



Alnylam Expands With 45,000-SF Lease

By Naomi Grossman

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CAMBRIDGE, MA-In one of the largest deals so far this year, locally based **biotech start-up Alnylam Pharmaceuticals Inc. is leasing 45,000 sf at 300 Third St.**, a building that has been vacant since it was developed two years ago.

The 120,000-sf building is owned by Beal Cos. About 100,000 sf was preleased to Palm Inc., a California-based developer of hand-held computers, but the company's expansion plans didn't pan out and it never occupied the space. Because of Alnylam's interest in the space, Palm negotiated a termination deal with Beal for the 45,000 sf enabling Alnylam to negotiate a direct lease deal with Beal.

Roy Hirshland, president and CEO of T3 Realty Advisors, represented Alnylam in the transaction. He tells GlobeSt.com that despite the fact that some sublease deals tend to command a lower lease rate, in this case it was not in Alnylam's interest to sublease space. He points out that there is a risk inherent in sublease deals and with space for life sciences companies requiring a higher capital investment, it wasn't worth it. He adds that Alnylam was able to negotiate for the rest of Palm's seven-and-a-half year term on the lease, and that the company got a "great rate" as well as an allowance from Beal for a build out of the space. **"We got our cake and ate it too," says Hirshland.** Joe Flaherty of Meredith & Grew represented Palm in the transaction while Mike Manzo of Beal Cos. represented his firm.

Hirshland declined to reveal the lease rate but notes that the average rate for this type of space ranges from the high \$30s per sf to the mid \$40s per sf. Alnylam's rate is within the range, he says.

The deal does not demonstrate that the area's life sciences market is on an upswing, adds Hirshland. "I think over the next year the life sciences real estate market will be stable," he says. "There will be some demand but it will be less than in the past." Hirshland believes that there are companies, like Alnylam, looking for space, but there also are companies that are contracting and giving back space. Lease rates, he says, will remain stable as well for the next nine to 12 months.

Alnylam is currently housed in the Alexandria Science Hotel, an incubator for start-ups at 790 Memorial Dr. John Conley, vice president of strategy and finance for Alnylam, tells GlobeSt.com that this is the company's first big move since it was formed a little over a year ago. One of the company's main priorities, he says, was that it needed to remain in Cambridge.

According to Grubb & Ellis's most recent statistics, Cambridge's lab market's vacancy rate remains a relatively high 26%.