

## CORPORATE PROFILE

**LOCATIONS:** PLYMOUTH MEETING, PA  
BRIDGEWATER, NJ  
NEWARK, DE  
SALT LAKE CITY, UT

**MARKETS SERVED:** PHARMACEUTICAL, BIOTECHNOLOGY, NANOTECHNOLOGY, MEDICAL DEVICE, SEMICONDUCTOR, CHEMICAL, CONTRACT SERVICE ORGANIZATIONS (CSO'S), COMPOUND PHARMACIES, NUTRACEUTICALS, HOSPITALS, MEDICAL OFFICE BUILDINGS (MOB'S), UNIVERSITY, INNOVATION CENTERS, MIXED USE, FOOD AND DAIRY

**SPECIALTY AREAS:** SITE SELECTION ANALYSIS, MASTER PLANNING, DESIGN/BUILD, TARGET COSTING®, CONSTRUCTION MANAGEMENT, PROPERTY MANAGEMENT, INNOVATION CENTERS

**DATE ESTABLISHED:** 2005

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### LEADERSHIP:

CHRISTOPHER R. DIPAOLO, PRESIDENT AND FOUNDER  
JOHN (JAY) MCKENNA, P.E., LEED AP, VICE PRESIDENT

## PENNSYLVANIA: A PRIME DESTINATION FOR LIFE SCIENCES

CHRISTOPHER R. DIPAOLO | PRESIDENT AND FOUNDER

Pennsylvania is not new to the life sciences industry. The Keystone State has been a strong hub of pharmaceutical companies for several decades. This market already embraces the hi-tech fields, from the Schuylkill to the Ohio River, and there is an expansive talent pool to back it up. With big pharma companies like Merck, GSK and Pfizer downsizing their research and development and manufacturing capabilities, small life sciences companies and contract service organizations (CSO's) have been able to capitalize on the available real estate, talent, and outsourced work. Well-seasoned veterans of the life sciences and pharmaceuticals industry are abundant, serving as advisers to up-and-coming startups, founders of new innovative R&D companies, or financiers to growing young companies. In addition, Pennsylvania has a tremendous support structure of service providers that solely focus on the Life Sciences industry.

There are financial incentives for setting up shop in PA such as the tradeable R&D tax credits, Keystone Innovation Zone (KIZ) tax credits and tax-free financing program for manufacturing companies in PA. Due to the wealth throughout the state, there are many angel investment groups that will finance a new therapeutic or drug delivery technology. The state's administration established an affiliate VC fund focused specifically on the Life Sciences industry, allocating funds for early stage companies in therapeutics, diagnostics, medical devices, biotechnology tools and health-tech.

Pennsylvania's Life Sciences community is deeply nurtured by its university and affiliated healthcare system. Both public and private institutions have been instrumental in building the Philadelphia and Pittsburgh metropolitan areas into the life sciences incubators they are today. The University of Pennsylvania's Pennovation Center is a blend of office, collaboration and laboratory space that brings together innovators, researchers and entrepreneurs in a world-class facility with ample resources. Pennovation Works is in great company with the University City Science Center and Drexel University's Innovation Center @3401. Across the state, The Pittsburgh Innovation Center co-locates over 300 business and technology professionals in an agile work environment to focus on business innovation and to optimize core business processes for companies. Innovation in Life Sciences is nurtured by the University of Pittsburgh, CMU's grant for life sciences initiatives, the city's Innovation Works and the Pittsburgh Life Sciences Greenhouse.

Pennsylvania is in its formative years, on the cusp of worldwide recognition as one of the most productive life sciences centers yet. With about 80,000 employees in the life sciences field, 1,100 research, testing and medical labs and over 2,300 life sciences companies in the state, Pennsylvania is a prime destination for establishing, relocating or expanding a life sciences business. Better yet, PA boasts two diverse, robust and ground-breaking cities to elevate that business to unrivaled success.

## THE PROTECS APPROACH TO REAL ESTATE SITE SELECTION

CHRISTOPHER DIPAOLO | PRESIDENT AND FOUNDER

Locating your company operations to a new site is always an exciting time for an organization. Whether you are just starting your company, have grown out of your old space and need more, or your lease is up and you want an upgrade in appearance and company image, you should plan ahead and strategically approach this project as you would any other. Too many times in my 25+ year career, I have seen companies wait too long to begin the site selection process and/or they've tried to do it on their own with internal resources and without the use of a real estate broker, thinking they would get a better deal in the market. They may also know a friend who owns or knows someone who owns a building and just start looking at properties, not really knowing the amount of actual space their operations will require initially and to allow for growth over the term of the lease. I would like you to consider the following recommendations before you lease space:

### IDENTIFY YOUR PROGRAM SQUARE FOOTAGE

Hire a design/build professional to come in and assess your current operations and perform a preliminary master plan for your future space in a vacuum of any particular real estate property. This will provide you with an exact program of required space (SF) and also identify all required support systems with preliminary utility service capacities. The cost for these upfront services is very minimal compared to paying for more square footage than you need over a 3, 5 or 10 year period, and all associated costs by not allowing for contiguous expansion/growth and not having the required electrical and mechanical utility services to support your operations that require upgrades after the fact.

### HIRE A REAL ESTATE BROKER

In parallel with Step 1, interview several real estate brokerage firms and identify a seasoned professional who is knowledgeable in high-tech operations and facilities. Be sure to hire a firm that is clearly representing you exclusively and not any of the developers/landlords of the properties you are considering, to avoid a conflict of interest. The broker's interest is more aligned with the landlord because he can do multiple deals with them and only one with you every 5-10 years. Every lease proposal considers paying a brokerage fee and is included in the basis of the market lease rate, so you are paying for it anyway and by not using a broker, you will probably end up paying a higher lease rate by not having their advice and negotiating experience.

### PERFORM AN EFFICIENT ASSESSMENT OF REAL ESTATE PROPERTIES

Based on the information developed in Step 1, you have now armed your real estate broker with precise amounts of SF required for your occupancy along with the required electrical service, domestic water, sanitary and zoning for allowed use and parking. All of this information, in conjunction with identifying a geographic location radius, significantly narrows down and pre-qualifies the number of potential sites, thereby making the site selection process very efficient for everyone.

### TEST-FITTING YOUR PROGRAM INTO PROPERTIES

After you have narrowed your search to three sites, the only way to get an apples to apples comparison and make the most educated decision on which property to lease is to take the information agreed upon in Step 1 and pressure test each site with your program requirements (Note: Most landlords will pay 10 to 15 cents/SF for test-fitting services). Also, by using a design/build professional you will get cost estimates for each building site under consideration that can provide you the overall cost delta to set up your operations between each site based on leveraging existing conditions and infrastructure at each site. This all plays into making the correct financial determination for a lease agreement. You can get a great lease rate at one site, requiring demolition and rebuild of everything thus increasing your upfront capital costs, or you can get a higher lease rate at another that has existing office space and labs that can be repurposed for your use and reduce your capital costs but require higher long term leasing costs.

As you can see, choosing a site to locate your company is a very complicated and important decision, which is why I highly recommend that you engage key professionals to assist you with this process to achieve an outcome that meets all of your strategic objectives.