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First look: XBiotech to expand Austin HQ with more offices, state-of-the-art R&D facility

Biopharma company also adding warehouse space



XBiotech is planning an expansion that includes a new, state-of-the-art research and development facility. The company is also planning to add more office and warehouse space at 5217 Winnebago Lane.

By Paul Thompson – Assistant managing editor, Austin Business Journal, December 23, 2020

XBiotech Inc. is planning a major expansion of its Southeast Austin headquarters.

The Austin-based biopharmaceutical company, which at the end of 2019 sold a dermatological drug candidate in a deal valued at up to \$1.35 billion, is now using some of those funds to grow its facility at 5217 Winnebago Lane. The expansion will include construction of a two-story office building, 3,000 to 4,000 square feet of warehouse space and a state-of-the-art research and development facility, according to a company representative.

Katherine Sasser, corporate and public relations manager at XBiotech, said an email that the R&D program "is fundamental to the uniquely innovative nature of our company."

"The entirely new state-of-the-art facility is all about supporting our R&D department and research initiatives," Sasser added.

The expansion is set to coincide with new clinical initiatives being undertaken by the company in 2021. XBiotech is on target to re-enter the clinic with a new therapy next year, Sasser said.

XBiotech declined to provide a specific cost estimate for the expansion.

The existing HQ campus — a \$21.4 million, 40,000-square-foot facility completed in 2016 — has attracted accolades. It was one of Austin Business Journal's 2019 Commercial Real Estate Award winners.

The XBiotech expansion is another sign of Austin's expanding influence in biopharma. An October report from CBRE Group Inc. named Austin among the top emerging life science clusters in the country, while a February study from New Jersey-based site selection consultant The Boyd Company tabbed Austin as the No. 2 most affordable U.S. city to operate a biopharma facility, behind only the Raleigh-Durham metro.

And companies such as Shattuck Labs and Triumvira Immunologics are responsible for some of the largest Austin funding rounds of 2020. XBiotech (Nasdaq: XBIT) on Dec. 15 filed an application with the city of Austin for the first phase of the campus expansion, which will include the additional office and warehouse space. Thomas Land Engineering is listed as the engineer on the project. The general contractor is TG Edwards Construction and the architecture firm is Moman Design.

The extra space will accommodate the company's growing headcount, which has already increased from 65 employees in February to 94 at present. The company intends to add another 20 employees over the course of 2021. XBiotech is currently looking to hire a clinical data associate, a quality control associate, a contract clinical research associate and a clinical site manager.



XBiotech has also filed paperwork with the city for a new, two-story office addition.

Sasser said Dec. 23 that XBiotech is still accepting bids related to the construction of its R&D facility. Interested parties are encouraged to reach out to the company at publicrelations@xbiotech.com.

XBiotech's \$1.35 billion deal for its dermatological drug, called Bermekimab, allowed the company to generate revenue for the first time since it was founded in 2005. The deal offered roughly five years of runway, CEO John Simard said in February. The sale to Janssen Pharmaceutical Cos., a Johnson & Johnson (NYSE: JNJ) subsidiary, included an agreement for XBiotech to manufacture Bermekimab.

"We've got a very nice arrangement where we're providing manufacturing, supply and critical services to J&J," Simard said at the time. "It's a very nice income stream, and we're going to be profitable for the foreseeable future."

After the Bermekimab deal, stock options were granted to all employees. That led to a to \$9.98 million bounty for Simard, which catapulted him to the top of Austin Business Journal's 2019 list of the area's highest-paid public company CEOs.