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Report: Austin among top emerging life science cities in US

Two cities rank higher than Austin; Covid putting sector in high gear

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Arnold Wells/Staff

Austin is among the top emerging cities in the life sciences sector, according to a new report from CBRE.

Austin is among the top emerging U.S. cities for activity in the life science sector, according to a new report from CBRE.

The Texas capital ranks No. 3 on the CBRE Group Inc. (NYSE: CBRE) list of Top 10 U.S. emerging life sciences clusters, behind only Pittsburgh and Houston. Detroit and Phoenix round out the top 5, with the Dallas/Fort Worth metro coming in at No. 6. The report focuses on up-and-coming markets, and points out that Boston-Cambridge, the Bay Area and San Diego remain the top life sciences metros in the country, according to the study.

The report bolsters recent funding trends surrounding Austin's burgeoning life science sector, which has been notably resilient to the economic hardships that the Covid-19 pandemic has brought with it.

For instance, biopharmaceutical company Triumvira Immunologics Inc. raised \$55 million in August, and Shattuck Labs was valued at about \$647 million after its Oct. 8 initial public offering on the Nasdaq. California blood-testing company Genalyte Inc., which has its largest office in the Texas capital, Babson Diagnostics and Luminex Corp. are all examples of biotech companies with local ties that have earned Emergency Use Authorization from the Food and Drug Administration for Covid-19 antibody tests.

Nationwide, the life sciences sector saw employment dip by 1.3% from its peak in March, according to the CBRE report. Total nonfarm employment dropped by 7.6% in the same period. Biotech R&D employment has actually seen a 5% increase, CBRE found. Meanwhile, commercial laboratory space

has grown 12% to 95 million square feet. Austin-based at-home health testing startup Everlywell Inc. in the summer of 2020 completed construction of a new R&D lab in Dallas.

Austin's reputation in the life sciences sector was improving even before the Covid-19 pandemic threw the industry into the spotlight. The Texas capital can thank its robust tech-oriented workforce and business-friendly environment for its gains in the life sciences sector, said Ian Anderson, senior director of research at CBRE.

"Perhaps not surprisingly, Austin had the nation's fastest growth in total life sciences employment (16.1% vs 4.2% U.S.) and R&D employment (16.1% vs 6.3% U.S.) between 2018-2019," Anderson wrote in an Oct. 22 email.

"Fueling the growth is increasing amounts of venture capital into local Austin life sciences companies over the last couple of years, a still relatively small absolute amount, but likely a spillover from local high-tech investors."

A report in early 2020 from site selection consultant The Boyd Company found that Austin was among the most affordable major U.S. cities to operate a biomanufacturing facility. That report found that Austin already housed "over 200 biopharma companies in the region and a workforce of some 15,000."

In December 2019, Austin-based biopharma company XBiotech (Nasdaq: XBIT) sold a new drug candidate for up to \$1.35 billion to Janssen Pharmaceutical Cos., a subsidiary of Johnson & Johnson. That deal offered

considerable runway to the biopharma company and helped make CEO John Simard the highest-paid public company CEO in Austin for 2019.

Other notable life sciences companies operating in the Austin area include Allergan, Grifols, Experian Healthcare and Zimmer Biomet.