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# Pleasanton is creating an ecosystem for biotechs big and small

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Mention key life sciences hubs in the Bay Area and places like Genentech's home base of South San Francisco, San Francisco's Mission Bay and the East Bay's Emeryville immediately spring to mind.

But how about Pleasanton – that sprawling, well-heeled suburb on the outer edge of Alameda County?

Indeed, Pleasanton is making its mark as a life sciences hotspot, drawing on its history as a central site for longtime industry giants Roche Molecular Systems, which creates diagnostic and blood screening tests products, and scientific instrument and consumables company Thermo Fisher Scientific Inc. More recently it's proven to be a stable home for fast-growing life science startups looking for runway to expand.



SPENCER BROWN FOR SFBT

Kevin Beaumonte, vice president at Hughes Marino, an East Bay-based commercial real estate services firm, pictured at the Hacienda Business Park in Pleasanton, home to a number of life science companies.

The city is helping to foster a particular area of focus within the Bay Area life sciences ecosystem: medical diagnostics and scientific instruments. Experts say the trajectory is similar to Fremont, another East Bay suburb with a maturing biotech presence.

Pleasanton has the second most biomedical employment in Alameda County (after Fremont) with nearly 5,000 jobs – not counting those from health systems Kaiser Permanente and Stanford Healthcare. More than half of Pleasanton's life sciences companies and employees work specifically in the medical diagnostics and equipment arena.

Gregory Theyel, program director for industry group East Bay Biomedical Manufacturing Network, partly attributed that development to the momentum generated by Roche Molecular choosing Pleasanton as a location some 30 years ago.

Similar companies increasingly followed suit into Pleasanton, creating a "gravitational force of industry agglomeration," Theyel said.

"For a long time, there have been larger players here like Roche," said Kevin Beaumonte, East Bay-based vice president at commercial real estate services firm Hughes Marino. "From there, you had some companies that expanded into this region. In the last decade, you have companies starting in Pleasanton and the Tri-Valley. In the past three to five years, it's ramped up with startups to midlevel companies."

Pleasanton has seen the number of life sciences companies that are headquartered or have branches in the city climb to more than 60, according to the Biomedical Manufacturing Network.

There are a few reasons. First is location. The city is easily accessible by multiple freeways as well as public transit and is located midway between the tech and knowledge centers of the East Bay and the manufacturing and labor force present in San Joaquin County. Pleasanton's life sciences sector has also fed off a large, well-educated talent pool drawn to the appealing communities in the Tri-Valley region.

Plus, Pleasanton is also near to Lawrence Livermore and Sandia national laboratories, two major research centers that are

increasing “offering technology transfer opportunities via spinout companies and technology licensing agreements,” Theyel said.

He suggested that Pleasanton has the resources or talent that are more suited for the medical-diagnostics space than, say, pharmaceuticals. In general, diagnostics companies can find the engineers, technicians and assemblers they need in the area instead of biologists.

“Pleasanton has complementary assets that well support medical diagnostics and equipment,” Pleasanton Deputy City Manager Pamela Ott said. Those assets include high-value commercial space, a rich supply of executive management, and experienced professional and skilled technical talent.

Part of the overall life sciences growth in Pleasanton is likely due to a tight or more pricey real estate market in other places in the Bay Area, experts say.

According a Q1 2021 life sciences report by commercial real estate services firm Kidder Mathews, San Mateo County led all Bay Area markets with more than 1 million square feet of gross absorption with a vacancy rate of 4.5% and asking rents between \$3.50 and \$6.25 per square foot on a monthly basis. San Francisco had about 92,000 square feet of gross absorption with a vacancy of 1.9% and rents at about \$6.

Alameda County recorded more than 300,000 square feet of gross absorption with a 3.5% vacancy and rents between \$1.75 and \$6, according to the Kidder Mathews report.

In the Tri-Valley specifically, Beaumonte said, R&D/flex space is the type of product most life sciences companies occupy. The total size of this submarket in this region right now is about 7 million square feet with an availability rate of approximately 14% and rents ranging from \$1.50 to \$2.25.

The overall life sciences demand in the Bay Area has spiked amid a market surge fueled to a large extent by vaccine development and aftereffects arising from the pandemic.

Additionally, city leaders have been promoting life sciences growth.

“We have developed actions and goals to brand Pleasanton as a center of innovation-driven businesses and entrepreneurship,” Pleasanton Economic Development Manager Lisa Adamos told me.

One of the City Council’s two-year work priorities is expanding the life sciences industry in Pleasanton, Adamos said. The city has already supported a life sciences summit and has partnerships with Innovation Tri-Valley and i-GATE – business organizations targeting technology and life sciences.

Among the most prominent life sciences movers and shakers in Pleasanton are 10x Genomics and Unchained Labs, both companies in the diagnostics and scientific supply space. Other life sciences companies include Veeva Systems Inc., Apton Biosystems, Astex Pharmaceuticals, Gritstone Oncology and Bio-Rad Laboratories’ Digital Biology Group.

Started in 2015, Unchained Labs is looking to expand in the wake of its \$435 million acquisition by global investment firm The Carlyle Group in April.

10x Genomics, which focuses on manufacturing gene sequencing technology, plans to convert the former Pleasanton Plaza into a 381,000-square-foot, three-building complex of labs and office space. The company founded in 2012 is also eyeing an additional building in the Pleasanton Corporate Commons business park for labs.

10x’s growth plans underscore one of the challenges that life sciences companies find when looking to set up shop in Pleasanton. Although the Tri-Valley may have more space for life sciences construction or conversion compared to other Bay Area markets, the city still lacks an abundance of already built-out lab space, according to Beaumonte.

“A company has to find office, R&D or flex space to build out the space specific to their use,” Beaumonte said.

Still, most experts say, the future appears bright for Pleasanton’s status as a life sciences hub.

“It will continue to grow organically,” Beaumonte said. “I see more companies expanding here with satellites, especially when work-from-home becomes a must-have as an option for employees.”

“A key characteristic of Pleasanton’s growing life sciences sector is the capacity for success as companies start and scale here, cost competitively, compared to other parts of the region,” Ott said.

“Pleasanton is already developing a pattern of homegrown companies spinning off from established firms to produce the next generation of startups.”