



## **Current liquidity crises could impact investment decisions**

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The current liquidity crises in global credit markets could have a significant impact on investment decisions by companies and private developers. Projects that were ready to go a month ago, may be put on hold until greater stability is established in financial markets. No body knows if we are in the beginning of the credit crunch, or if we are climbing out. Until greater certainty is re-established however, credit will be tighter and more expensive.

For communities and states around the country, this may be a good time to evaluate their policies which help businesses that rely more on intellectual property than real property. In this regard, New York is well positioned to take advantage of competitive strengths that benefit strategic, high tech industries. While these businesses have real estate needs, other factors such as proximity to a research university, an educated and available workforce, and quality of life, tend to be more important factors. Businesses in high sectors such as nano tech, clean energy, and life sciences are inventing and investing in New York State. In the Capital District, for example, more than \$5 billion has been invested in the last eight years by organizations such as IBM, Phillips, Tokyo Electron, Sematech, SUNY Albany College of Nanoscale Engineering and Science

But, perhaps the strategic industry that may provide the greatest potential for New York State is life science. There are several key factors that drive the location and expansion process – labor costs, availability of a skilled work force, business-friendly environment, distribution accessibility, and, of course, incentives. In New York, we have all this and more to expand our growing bioscience industry. For starters, our exceptional research infrastructure - with more than 30 academic centers and \$38 million in research funding - supports hundreds of existing bioscience companies and is a key factor in attracting and retaining key research staff. New York offers a large, highly skilled talent pool, graduating more than 4,300 MDs and 136,000 PhDs annually; we've produced 130 Nobel Prize winners and 330 Howard Hughes Investigators.

Couple talent with a world-class medical network and the stage is set for fruitful collaboration, discovery, and commercialization. Today, N.Y. ranks second in the U.S. in three areas:

- \* Total university and R&D expenditure \$3.09 billion
- \* Life sciences R&D expenditures \$2.15 billion
- \* Biological scientists in the work force 38,200

New York ranks third in the country in:

- \* National Institute of Health funding \$1.96 billion
- \* Higher education degrees in biological sciences 6,760

From the urban centers Downstate to rural areas and small cities Upstate, every bio cluster is rich in academic resources, R&D, and a skilled work force.

There are more than 800 medical device and equipment, companies, employing more than 20,000 workers at every level. Many of these firms, such as AngioDynamics located in the foothills of the

Adirondacks and Welch Allyn in Central N.Y., have been in business since the 1950s and are on the second and third generation of local workers.

About 1,200 firms are engaged in research and testing (more than 27,000 workers); and a growing number of companies are working in the agricultural feedstock & chemical subsector (56 firms; 1,560 employees). The drugs and pharmaceuticals sector accounts for the largest work force, primarily Downstate, with more than 20,000 workers and over 150 companies. These businesses provide an average compensation of \$65,000. Here, you'll find U.S. headquarters for household names such as Pfizer and Bristol Myers Squibb, as well as entrepreneurial leaders such as OSI Pharmaceuticals and Intercept Pharmaceuticals.

The pharmaceutical and biotechnology industries pour \$846 million in tax revenue into New York State, investing more than \$530 million in factory expansions in 2005 alone. This amounts to the second largest capital expenditure industry in the state. Making New York attractive to biotechnology and pharmaceuticals will help build on the more than \$8.4 billion the industries now contribute to the state's economic output.

Bio tech offers the potential of rapid growth following discovery and commercialization. N.Y. is an international leader in this sector and can improve its position further through wise investments that grow human capital and facilitate research and development.

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