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Bio-Business Incubator Eyed For Site Of Shuttered Stewartville Medtech Facility

Backers say wet lab conversion could tap buzzing Southeast Minnesota startup scene.

by Don Jacobson

November 30, 2016

A Twin Cities commercial real estate agent says he's putting together a plan to repurpose a nearly new medical device manufacturing building in Stewartville, into a bio-business incubator that could tap into the startup scene of nearby Rochester.

Tom Dunsmore of Avison Young told *TCB* he's working with a team of advisors and city officials on a vision to convert a two-year-old, 57,000-square-foot building now owned by New Jersey-based C.R. Bard Inc. (NYSE: BCR) into a multi-tenant startup incubator with wet lab facilities – something southeastern Minnesota now lacks.

"We're pretty confident we could get some takers, if the cost of converting it to enterprise lab space proves to be reasonable," said Dunsmore, who is representing Bard in its efforts to sell the former manufacturing facility. "We've launched a feasibility study on it, which should be completed by February. A lot of what has been done in this building can be re-used as a wet lab and coworking space as part of an incubator design."

If a new use could be found for the building, it would be something of a silver lining for Stewartville, a town of 6,000 located about 12 miles south of downtown Rochester along U.S. Hwy. 63.

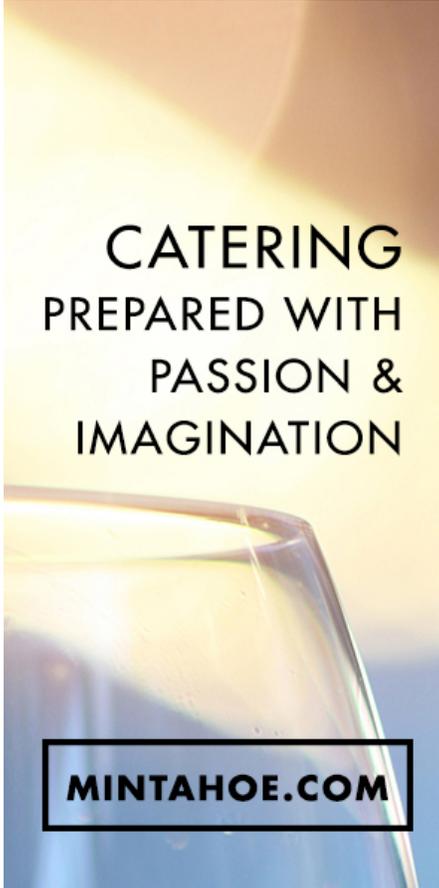
The town was once the bustling home of Rochester Medical Corp., which employed several hundred people at its corporate campus in the 39-acre Tebay's Industrial Park. The urinary catheter maker was founded in 1988 by former IBMer Anthony Conway and his brother Phillip, and by 2012 was logging annual sales of \$62 million.

Rochester Medical was purchased by medtech conglomerate Bard for \$262 million in 2013, and the very next year, Bard opened a sparkling new, \$17 million manufacturing facility—the third building on the corporate campus.

Shortly afterwards, however, signs emerged Bard was intent on moving the manufacturing jobs to Mexico. Some 67 jobs were relocated last year. Then the hammer fell in January, when it was announced Bard was shuttering the entire Stewartville operation with the loss of 185 more jobs. Since then, it has been shopping the buildings to potential buyers. It is asking only \$4.5 million for the hardly-used facility.

Dunsmore says he's closely studied what has become a nationwide trend of locating biotech startup incubators near major hospitals. He is convinced the site's proximity to Mayo Clinic combined with the relatively low cost structure of converting an existing building would make it a success as an incubator.

"One example I've looked at is the [University Enterprise Laboratories](#) in St. Paul," he said. "It started out on the University of Minnesota campus and then moved into a former distribution building off campus that was converted into wet-lab coworking space. It is now doing quite well."



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Indeed, UEL, located just west of Hwy. 280 in St. Paul's Midway area, announced earlier this year it is expanding its interior lab space by 14,000 square feet, including four new dry labs, a pair of new wet labs and two new offices. Should UEL decide to expand to southeast Minnesota, Dunsmore suggested, it would have a perfect candidate in the former Rochester Medical facility.

The building itself is in nearly pristine condition, and has "hardly been used," he said. Bard launched one catheter manufacturing line before quickly shuttering it, leaving a space that Dunsmore believes could be readily converted into a UEL-style multi-tenant wet lab building.

Among those anxiously awaiting the results of the feasibility study is the city of Stewartville, whose community development department has presented preliminary information about the potential costs of a conversion compiled by local architecture and engineering firm Wiseth Smith Nolting.

Of course, the Mayo Clinic is planning hundreds of thousands of square feet of new commercial and medical research space in downtown Rochester as part of the ambitious Destination Medical Center project—some of it could be dedicated to a bio-business incubator. Also downtown is the Minnesota BioBusiness Center, an eight-story, city-owned building leased mostly by Mayo.

Could a Stewartville incubator facility compete? "Yes," Dunsmore asserts.

"It's not an 'either-or' situation with downtown Rochester, despite what some might think," he said, emphasizing that the combination of wet lab facilities, a newer building and low rents would make the facility uniquely suited for startups, many of which may not be able to afford downtown.

"What some tenants could do is use this as a catalyst, and then move downtown if they are successful," he said. "There would be all kinds of creative uses for it and it could be very flexible."



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