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Virginia targets biotech sector in growth efforts

By [Steven Overly](#), Published: June 26

When Cohava Gelber left the ATCC bioresource center in Manassas to launch her own venture earlier this year, she defied the magnetic pull of the region's biotechnology epicenter: Maryland's Interstate 270 corridor.

Instead, Caerus Discovery established its headquarters in Northern Virginia where Gelber has developed partnerships with George Mason University and touts the pace of life and cost of living as more conducive to attracting staff.

Her four-person firm is the kind of company that the commonwealth aims to cultivate with a [handful of financial incentives](#) and other efforts initiated in recent years to stimulate the life sciences sector.

The legislature passed the state's first-ever research and development tax credit and reimbursement program earlier this year so that biotech start-ups can recoup a portion of expenses.

The state also budgeted \$10 million for investments in tech-centric companies with market-driven products or that partner with state universities. A fifth of that money is set aside to match grants given to life science firms by the National Institutes of Health.

The initiatives build on measures passed in previous legislative sessions that eliminated capital gains taxes and offered tax credits for investors in Virginia-based technology and life science start-ups.

"This is heavily a grow-your-own strategy," said Mark Herzog, executive director of VaBIO, the state's industry group. "To the extent that venture capitalists would want to locate their [portfolio] companies in Virginia ... that's an added benefit. But that's not the main goal. It really is to support and grow our own companies in the commonwealth."

But in many ways Virginia is at a significant disadvantage to its neighbor across the Potomac. Maryland houses the preeminent federal labs and regulators, including NIH and the Food and Drug Administration. Baltimore-based Johns Hopkins University attracts more NIH grants than any other institution in the country.

The result has been a vast ecosystem of mostly small biotechnology firms and financial investors that over the years has spawned a collection of banner companies, including MedImmune, Martek and most recently Human Genome Sciences.

Indeed, a [2010 report](#) commissioned by the U.S. Biotechnology Industry Organization reported 20, 257 biotechnology jobs across Virginia in 2008. That same report counted 32, 383 jobs in Maryland that year.

[Avison Young](#) principal Dan Gonzalez has conducted commercial real estate deals for Virginia's biotech sector for more than a decade. He's behind what Herzog called Northern Virginia's first lab space dedicated to small biotech firms.

Gonzalez, who sits on the VaBIO board, said about 10,000 square feet in a 45,000-square-foot project set to begin this summer at the Innovation Technology Park in Prince William County will be dedicated to labs. Several smaller biotechs have committed to space if a second building is constructed, he said.

"I think the ingredients are there for it to start growing," Gonzalez said of the industry. "But it's not like the Internet. It's not the next military advancement. These things take a long time in that industry."

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