

U.S. Site Selection Profile: Life Sciences Industry

by **Michaela Martin**, on Nov 9, 2023 9:30:00 AM

A variety of industries have contributed to unprecedented site selection activity in the U.S. since the COVID-19 pandemic, but among the most consistent has been the life sciences industry. Life sciences is a diverse and dynamic industry that continues to evolve with technological advances and growing market demands.

Site Selection Group, a full-service location advisory, real estate and economic incentive services firm, is active in the life sciences industry and proactively follows national site selection trends. While life sciences may be a catch-all term, it is crucial to distinguish between the many sectors investing in the U.S.

The many sectors of the life sciences industry

- **Biotechnology** uses living organisms, parts of organisms, and biological processes from plants, mammalian cells and bacteria to develop new products and processes utilized in the agricultural, industrial and environmental industries. Examples include food additives, protein engineering, pesticides, GMOs and biosensors.
- **Pharmaceuticals** are any drug produced or used for medicinal purposes. Pharmaceutical components can be copied and reproduced for generic forms of medicine. The essential differences between biopharma and traditional pharma are the ingredients and drug

development process.

- **Biopharmaceuticals** are drugs made from living cells or organisms used to treat and prevent critical human health issues such as cancer, diabetes and autoimmune diseases. Human insulin was the first biopharmaceutical created and approved in the U.S.
- **Medical devices/Medtech** involves the development, manufacturing and distribution of medical devices, equipment, and diagnostic tools and testing. Examples include prosthetics, pacemakers and radiation therapies.

Top site selection considerations for current life sciences projects

While every life sciences site selection project is driven by a set of criteria unique to that company, there are several broad themes. The following list represents the three drivers prevalent in most life sciences projects:

1. **Workforce:** Access to critical talent is arguably the most influential site selection driver for life sciences sectors across the United States. A skilled workforce with STEM knowledge and skills is required across the value chain, from researchers and data scientists to expert production technicians and engineers. In addition to having an available talent pool, access to workforce training to develop a long-term talent pipeline is vital.
2. **Established ecosystem cluster:** A concentration of research universities and institutions, industry associations and other compatible companies provide the necessary support for this rapidly evolving sector. This established presence supports innovative scientific development, capital funding, third-party lab space and overall collaboration. Currently, there is tremendous activity on the periphery of large population bio-markets across the United States. This leverages proximity to established ecosystems.
3. **Favorable operating environments and economic incentives climates:** Modern life sciences projects tend to be capital intensive. Therefore, a substantial ongoing cost burden for most companies is related to state and local taxes. It is no coincidence that newer life sciences markets are blossoming in more business-friendly states, as well as states that are willing to reward job creation and capital investment with economic incentives.

Recent life sciences site selection announcements

The following represents five notable life sciences site selection announcements from the last six months. The common thread was geographic location on the periphery of a prominent life sciences hub anchored by established and emerging ecosystems supported by a talent pipeline.

- **Eli Lilly and Company (Lebanon, IN)**

Investing \$1.6 billion and creating 200 new jobs with two new manufacturing facilities to expand its network for active ingredients and the latest therapeutic modalities, such as genetic medicines.

- **ProKidney (Greensboro, NC)**

Investing \$485 million and creating 330 new jobs to establish a new biomanufacturing facility for chronic kidney disease.

- **Meissner Filtration Products (Meissner Corp.) (Athens, GA)**

Investing \$250 million and creating 1,700 jobs to produce advanced microfiltration and therapeutic manufacturing systems at a new facility.

- **Trendco USA (Tuskegee, AL)**

Investing \$43 million and creating 292 jobs to produce nitrile medical gloves at a new facility.

- **Isotopia Molecular Imaging (Westfield, IN)**

Investing \$20 million and creating 50 jobs at the first U.S. facility to produce a radioactive medical isotope used in pharmaceuticals for targeted cancer treatment.

Economic incentive packages vary by state and locale

While operational factors such as access to a skilled workforce and an established ecosystem drive site selection early in the process, economic incentives can often be the differentiation between candidate locations. Using fDi Intelligence, Site Selection Group tracks economic

incentive packages in the life sciences industry. The following represents several incentive deals completed in the last four years (top three per year).

Company	State	Year	Capital Investment (\$M)	Job Creation
Eli Lilly and Company	IN	2023	1.6	200
ProKidney	NC	2023	458	330
Meissner Filtration Products	GA	2023	250	1700
Eli Lilly and Company	NC	2022	1	600
Nighthawk Biosciences	KS	2022	650	500
Global Life Science Solutions	MI	2022	430	200
FUJIFILM Diosynth Biotechnologies U.S.A.	NC	2021	2	725
Amgen	NC	2021	550	335
Arrowhead Pharmaceuticals	WI	2021	250	250
Eli Lilly and Company	NC	2020	470	462
Elanco Animal Health	IN	2020	300	573
Cognate BioServices	TN	2020	212	461

**These values typically reflect publicly announced state-supported incentives and may not reflect local and other support.*

Overall, economic incentive assertiveness can differ considerably by region. The following represents the most common types of incentives currently being leveraged by companies.

- **Property tax assistance:** Whether in property tax abatements, refunds or payment in lieu, offsetting property taxes can be a meaningful incentive for these large capital investment projects.
- **Infrastructure and development assistance:** The most popular mechanism to offset upfront capital investment is assistance aimed at infrastructure and or civil development costs.

- **Job creation cash grants:** While the most coveted by companies, upfront cash assistance is becoming less popular among states and communities. However, several states still offer closing fund assistance based on job creation and payroll.

Life sciences site selection outlook for 2024

The COVID pandemic showed the volatility of the global supply chain, shipping and logistics channels, causing the re-evaluation of onshore and nearshoring efforts of many critical components required to support the life sciences industry. This activity resulted in record growth in life sciences from 2020 through 2022.

As the industry growth starts to level out due to financing turmoil, inflation and political uncertainty in some countries, Site Selection Group sees the life sciences industry continuing to stay stable with steady demand for product development, M&A activity, clinical trials and research and development-supported venture capital funding. Given market activity and the fierce competition for resources, it's more important than ever for life sciences companies to employ an objective and rigorous framework for their location decisions.

Topics: Industrial

Comments



More

Blog Posts →





Read

News →



View

Success Stories →

Company

- About Us
- Our Team
- Careers
- Newsroom
- Site Map
- Privacy Policy

Solutions

- Call Centers
- Manufacturing Operations
- Corporate Headquarters
- Distribution Centers
- Software Development
- Data Centers
- Food & Beverage Industry
- Shared Service Centers
- Life Sciences



- Private Equity
- Medical Facilities
- Retail
- Bank Branches

Services

- Location Advisory
- Economic Incentives
- Corporate Real Estate
- Economic Development

Resources

- Blog
- Subscribe
- Success Stories
- Whitepapers
- Brochures
- Tools
- Videos

© 2023 Site Selection Group, LLC / All Rights Reserved.

