

# Zuckerberg cash is helping to propel Chicago's biotech ambitions

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For about a year, Northwestern University professor Shana Kelley and a group of more than 20 Chicago scientists met every Saturday morning to solve a complex challenge: how to win over Mark Zuckerberg and

Priscilla Chan.

The couple's philanthropic organization had just started a nationwide search for their first biomedical research hub outside San Francisco, and Chicago's top universities were determined to win. The \$250 million prize, which Kelley's team ultimately won, could propel the city's ambitions to follow in the footsteps of Boston to become a biotech leader.

Crucially, it could also help turn around a narrative that's taken hold since the pandemic, one of rising crime and a hollowed-out downtown. While Chicago has seen some big names in finance and corporate America quit, the city has quietly cultivated its biotech sector.

"We competed and won, and I think that really speaks volumes about the strengths of bioengineering and life sciences in Chicago," said Kelley, who was named president of the Chicago biohub. "Life sciences can really drive [economic development](#), and the more jobs we can create in Chicago, the more we're going to serve our community."

Chicago, which was up against 57 applications from 36 US cities for the Chan Zuckerberg project, is vying to become a hot spot for life sciences despite its well-publicized crime issues and a slowing economy. It's now the seventh-largest life sciences employer in the US, with ample university talent to tap. The biohub will be led by Northwestern, the University of Chicago and the University of Illinois Urbana-Champaign.

"Why did Boston become a biotech hub? Why did the Bay Area? It was because of the universities," Northwestern President Michael Schill said. "The universities provide the intellectual fuel to be able to grow the economy."

## **Development boom**

The National Institutes of Health has already poured \$5.8 billion into more than 12,000 research projects in Illinois over the past six years, according to a report by the Chicago Biomedical Consortium, nonprofit P33 and Cushman & Wakefield. Industry employment jumped 12% in that period.

That has lured developers. Real estate inventory dedicated to life sciences has jumped 90% in the past four years to 3.6 million square feet, Cushman & Wakefield data shows.

Trammell Crow Co., run by billionaire Harlan Crow, recently opened Fulton Labs, a 16-story complex in the trendy West Loop neighborhood meant to attract life sciences firms. That's where the Chan Zuckerberg biohub will be.

Sterling Bay's \$6 billion Lincoln Yards mega development will also target biotechnology. The 53-acre project, located along the north branch of the Chicago River near the Lincoln Park neighborhood, already has one building open. It's currently seeking new financing after delays in obtaining city approvals.

The Chicago [metropolitan area](#) is already home to some large health companies, notably Abbvie Inc. and Abbott Laboratories. And while it has historically had a lot of university labs, there hasn't been enough private space for startups, said Jonathan Metzl, Cushman & Wakefield's Chicago office lead.

Ramille Shah, co-founder of a startup spun out of Northwestern that's now based in Fulton Labs, said there were only two options when her firm, Dimension Inx, was looking for wet lab space in 2018.

"Northwestern let us rent space there for a year, but then we had to move out," she said. "Finding a space where we can do cell and tissue culture

and chemical synthesis, it was hard. Now you see infrastructure growing."

Suzet McKinney, director of life sciences at Sterling Bay, said a lack of lab space is a main reason startups coming out of local universities leave Chicago for the coasts, and the Lincoln Yards project seeks to fill that gap.

"We stepped out there, into the forefront, and said, 'We're going to develop high-quality lab space, we're going to do it on a speculative basis,' " she said in an interview.

## **Funding hurdles**

To be sure, Chicago's biotech bet faces a key obstacle as funding gets harder to secure. The US economy is slowing, interest rates are rising and regional banks have experienced a crisis. That sent US venture capital funding for life sciences down 34% last year, according to CBRE research.

"It's still difficult to get the attention of VC funding that the east and west coasts are getting," said Shah, who recently raised \$15 million for her company, which makes biomaterials that can be 3D-printed.

Perceptions of crime and the need for more state support also hold Chicago back, McKinney said. Neighboring Indiana has provided the most incentives for [life sciences](#), according to research from CBRE. That was followed by New York and North Carolina. Illinois isn't in the top 10.

Illinois says it has invested millions and is committed to growing as a hub for new technologies. This includes \$25 million for Chan Zuckerberg's new biohub and \$15.4 million for a program that backed eight new wet

labs.

## **Federal boost**

Federal funding will be key to Chicago's success. Bills including the CHIPS and Science Act—which includes \$200 billion for science, technology, engineering and R&D development—are set to propel the industry nationally.

Meera Raja, vice president of deep tech at P33, the nonprofit founded by former Secretary of Commerce Penny Pritzker and sister of Illinois Governor JB Pritzker, is working alongside the state to attract federal funds. While big companies such as Abbvie have traditionally anchored the region's health industry, it now has "a lot of growing startups," she said.

The Chan Zuckerberg biohub will be modeled after San Francisco's and focus on technologies to measure biological processes at the molecular level. The engineering-based approach is aimed at treating inflammation that underlies many diseases.

Michelle Hoffmann, executive director of the Chicago Biomedical Consortium, said the city has honed talent in the space where engineering and medicine overlap, and that has driven its success.

"Small companies, really, that's where you're seeing a lot of this cool stuff," she said, adding: "We have these amazing entrepreneurial academic scientists in the universities that are building things."

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