

City draws Cambridge drug firm to Fan Pier

Vertex deal a key in remaking of waterfront area



Vertex Pharmaceuticals would occupy about 1.1 million square feet, filling a pair of 18-story buildings at Fan Pier. (Tsoi/Kobus & Associates (Left Building), Elkus Manfredi Architects)

By [Casey Ross](#)

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In one of the largest office deals in recent Boston history, drug maker Vertex Pharmaceuticals Inc. will move into two new buildings in the Seaport District, catapulting the city's effort to transform the waterfront into a neighborhood of technology companies, academic institutions, and medical firms.

Vertex yesterday signed a letter of intent to relocate its headquarters from Cambridge to the Fan Pier complex in late 2013. The 23-acre development has just one tower now, but is slated to have eight buildings of offices, residences, stores, and hotel rooms, as well as parks and a marina.

The deal is a watershed in Boston's campaign to court a biotechnology industry that has largely eluded it, with most drug companies preferring to be closer to Cambridge's prestigious universities or out in massive suburban office parks that offer cheaper rents and room for expansion.

Vertex's relocation is also a huge boost for Fan Pier developer Joseph Fallon, who will soon be able to resume construction after a recession that dried up funding for large-scale projects in Boston and across the country.

“This is a jump-start for the entire waterfront,” said Mayor Thomas M. Menino, who has been trying to remake the area into an “Innovation District” by offering incentives to companies to locate there. “Vertex has made the decision to be on the forefront of the Innovation District, and that decision will lead other companies to follow suit.”

Terms of the deal have not been disclosed, and the company has not yet signed the lease. The lease is contingent on an unusual clause: Vertex must receive federal approval of its first major in-house commercial drug, telaprevir, a treatment for hepatitis C. US regulators are expected to act on the company’s application by June.

Vertex would occupy about 1.1 million square feet, filling a pair of 18-story buildings at Fan Pier, with an option to expand into a third to be built there. Vertex’s portion of the \$2 billion Fan Pier complex is estimated at \$800 million, according to state officials.

State and city leaders are providing Vertex with a substantial tax break and other inducements to help close the deal. Vertex’s lease will require it to pay real estate taxes on the new buildings. Boston will provide Vertex with an \$11.8 million reduction in property taxes through 2018.

But even with that reduction, the new buildings will result in \$58.1 million in additional tax revenues for the city over that period, Boston officials said.

The state, meanwhile, will provide \$10 million in tax breaks in exchange for Vertex creating 500 additional full-time jobs by 2015. Massachusetts will also borrow \$50 million for roads, water and sewer, and other necessary infrastructure, to be repaid with tax revenues generated from Vertex’s buildings.