

# Focus

Business Education

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## Lab expansion a formula for business growth

By [Daniel Duggan](#)

When the U.S. government opened an oceanographic research facility in Ann Arbor in January, it represented much more than the addition of some new experimental equipment in the area.

With more than 10,000 square feet of laboratory space, the \$11 million facility helped feed the growing industry of companies in metro Detroit that builds, services and supplies laboratories.

Much of the new real estate development in the area involves educational institutions, government and medical companies — all of which have laboratory requirements, said Joe Vig, owner of Taylor-based **J.S. Vig Construction Co.**, the firm that built the **National Oceanic and Atmospheric Administration** facility in Ann Arbor.

“Where 10 years ago we were seeing a lot of data center and technology jobs, we’re seeing a lot more jobs now with a laboratory component,” said Vig.

With 14 labs in the NOAA building, it is an important job for Laura Clary, principal with Bloomfield Hills-based **iDesign Solutions L.L.C.**, a specialty architecture firm that designs only labs.

Clary’s company was the laboratory planning consultant hired by the Southfield-based architecture firm **Neumann Smith** on the job.

Clary formed iDesign with a colleague four years ago and had 10 projects in 2008 and eight so far this year. Her clients include the TechTown incubator in Detroit, the **National Institutes of Health** and **Wayne State University**.

Working on laboratories has been steady, as constantly changing government regulations mean labs need steady upgrades.

“Anything over 15 to 20 years old might not be compliant,” she said. “You can have entire buildings that are compliant, but labs that are not.”

Working with Clary on the NOAA project was Patrick Carraher, president of Troy-based **Detroit Technical Equipment Co.** The firm supplies cabinetry, fume hoods and other equipment to laboratories.

His firm started in 2007 and posted first-year revenue of \$4 million, jumping to \$6 million last year and prompting him to hire employees.

The NOAA project is like many lab-oriented projects in that it requires a lot of specialty preparation before the building can be used — a positive for commercial real estate brokers and consultants.

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"There really aren't a lot of options out there in terms of laboratories," said Mark Woods, managing director of Southfield-based **Signature Associates**, a commercial real estate brokerage firm. "Even when the space exists, it's not going to be in the format that will be useful to the tenant. They typically have to hire a lot of people to get it in shape."

The business of designing laboratories has been a crucial part of business for two national architecture firms based locally.

At any given time, designing laboratories or buildings that have laboratories can make up half of the business for Southfield-based **Harley Ellis Deveraux**.

The growing need for laboratories augments the growth in government facilities, medical systems and universities in the area, said Gary Skog, chief marketing officer for Harley Ellis Deveraux and founder of the science and technology studio at the firm 20 years ago.

"Research is the lifeline for so many organizations," he said. "It's really been interesting to watch, because it's changed so much. It went from being something obscure on college campuses, kind of tucked away in a corner, to becoming something that's front-and-center and a major business."

Though funding has slowed somewhat, he said, the demand for new and improved laboratories in the area has not slowed down.

His firm is currently architect of record for the \$46 million expansion and renovation of the Wayne State University Chemistry Building, which includes 96,000 square feet of lab space.

"There's pent-up demand right now," he said. "Research is what drives every company going forward, and I don't see it tailing off in any way."

The work is highly specialized — and highly expensive.

Laboratory space can cost around \$1,000 per square foot, compared with an office building that is closer to \$200 per square foot, said Jeff Hausman, office director at Detroit-based architecture firm **SmithGroup Inc.**

SmithGroup currently is working on lab projects for the Plant Sciences building expansion at **Michigan State University**, the Human Health building at **Oakland University** and a relocation of the Museum of Zoology at the **University of Michigan** — all of which have a lab component.

And while there has been a big slip in automotive demand for any new development, Hausman expects some need in the near future for prototyping facilities for auto suppliers and research facilities for the companies producing automotive batteries.

"You won't see the 25, 50 projects coming down all at once," he said. "But there will be projects, and they'll be smaller."

Terry Farnell, president of Troy-based **Farnell Equipment Co.**, said the current downturn has been more hurtful than past downturns to the lab business. His company is a supplier of laboratory equipment.

Farnell Equipment currently is supplying a project in Midland for **Hemlock Semiconductor** and recently finished a project to supply the W.K. Kellogg Eye Center at the **University of Michigan**.

While there is enough work to keep his company going, Farnell said there are a lot fewer jobs to be had since the Detroit 3 automakers have slowed down, Pfizer left town and universities began cutting budgets.

"There's a lot of work being planned, a lot of it in the discussion phase," he said.

Expect demand to continue to grow, as well.

Doug Smith, community and economic development director for Oakland County, said a lot of the companies being sought by economic-development authorities right now are in the field of nanotechnology and the life sciences, with many of the new companies involved heavily with research.

"So we'll be seeing a lot more in the future," he said of laboratory projects in metro Detroit.

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