

Banker & Tradesman

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Naysayers Laid To Rest At Vertex Groundbreaking

Joe Fallon and the team behind Vertex Pharmaceutical's move to Boston's Fan Pier broke ground on the company's 1.1 million-square-foot headquarters this morning, kickstarting construction on a project that many said would never happen.

Vertex's 15-year lease sets into motion the wheels to construct the second and third buildings at the site. The company plans to relocate its headquarters to the South Boston Waterfront in late 2013.

The 23-acre swath currently holds just one tower, but is slated for eight buildings of offices, residences, stores, and hotel rooms alongside public parks and a marina.

During the ceremony, Gov. Deval Patrick pointed out Mayor Thomas Menino's unfettered joy over the groundbreaking and the fact the Vertex deal is the largest private construction contract in the country, bringing thousands of construction-related jobs to the city.

"The mayor is so happy, he's singing," Patrick told the crowd. "I've never heard you sing before."

"You know why I'm singing," replied the mayor. "This was a piece of property everybody had dreams about. My administration has tried everything we could to pull the lever on development here. Now those dreams are being realized."

On top of the Vertex groundbreaking, Menino said he spoke with 10 clean technology companies just last night that are thinking of moving to Fan Pier, although he did not say what firms.

Vertex is expected to pay an average of \$72.5 million in rent for its office and lab space during the next 15 years. Vertex's portion of the \$2 billion Fan Pier complex is estimated at \$800 million, according to reports.

State and city leaders provided Vertex with a hearty tax break and other incentives to help close the deal. Vertex's lease requires that the company pay real estate taxes on its new buildings, but Boston will give the company an \$11.8 million reduction in property taxes through 2018. Even so, Vertex will be paying about \$58 million in taxes on the new buildings during that period.

And then there are the commonwealth's incentives. The state is giving \$10 million in tax breaks in exchange for the 500 additional full-time employees Vertex promised to create by 2015. The state is also borrowing \$50 million for infrastructure improvements that are supposed to be repaid with tax revenues the buildings generate.