

Midwest health-care investments near record; officials hope it can withstand economic downturn

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As usual, Minneapolis and Cleveland have placed first and second in the Midwest race for health care venture capital so far this year, according to the [latest BioEnterprise survey](#) (pdf).

The logo for BioEnterprise, with "Bio" in blue and "Enterprise" in a gold/brown color.

As a region, 11 Midwestern states and one region won \$455 million in the third quarter, a record for health care investments since Northeast Ohio's health care company developer started tracking them in 2005.

For the first three quarters of the year, 113 health care startups in the Midwest had attracted nearly \$900 million in venture investing, according to the BioEnterprise Midwest Health Care Venture Investment Report.

Despite the nation's banking and stock market crises, BioEnterprise President Baiju Shah expects investors to [continue to actively invest](#) in Midwest health care startups for several reasons.

Companies in the health care sector are largely immune from recessions, Shah said. As a result, investors may shift more dollars into health care companies rather than fewer.

Investors continue to see health care start-ups in the Midwest as being overlooked, so investments in the companies still have room to grow. Also, investors who put their money in health care startups understand that they must wait five-to-seven years for a return, he said.

Shah does see a potential shift in investors to companies "that are a little bit more developed with the idea that there is a little less risk on the technology side of those companies," he said.

Twenty health care startups in the Minneapolis area had attracted \$289.9 million by Sept. 30 this year, while 26 Cleveland-area companies had attracted \$152.4 million, according to the BioEnterprise Midwest Health Care Venture Investment Report for the third quarter.

For the third quarter, Minneapolis companies had attracted \$176.8 million, and Ohio companies had attracted \$85.1 million.

For the fourth year in a row, Greater Cleveland has exceeded its goal of attracting \$150 million for its health care startups, and the year hasn't ended yet, Shah said.

As for the states surveyed by BioEnterprise, Minnesota was first with \$289.9 million investments in 20 companies so far this year, and Ohio was second with \$178 million investments in 37 companies.