

Minnesota edges out Ohio in biomedical start-up investment

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PD FileA recent BioEnterprise survey

showed that Minnesota surpassed Ohio in biomedical investments in 2008. Investments fell throughout the Midwest last year.

Ohio narrowly lost the Midwest biomedical crown to Minnesota in 2007. But last year, the state got tromped.

Investment in Ohio health-care start-ups dropped 36 percent last year to \$189 million, according to the [2008 Midwest Healthcare Venture Report](#) by Cleveland-based [BioEnterprise](#). Meanwhile, biomedical investment in Minnesota jumped from \$296 million in 2007 to \$331 million last year.

The states have traded places before, with Ohio on top in 2005.



Plain Dealer file **"We held steady in a year when other regions have been**

concerned about the amount of venture investment." -- Baiju Shah BioEnterprise president

"If a deal happens in one year or another year, it can have huge difference," BioEnterprise President Baiju Shah said. "Minnesota has had two very good years in a row. I think Ohio has had a very good year, too, but not as many deals as Minnesota had."

Overall, biomedical investment fell throughout the Midwest.

Last year, investment in 10 Midwestern states, plus western Pennsylvania, totaled \$1.09 billion, according to the survey. In 2007, the total take was \$1.22 billion, making the regional decline for last year 10.7 percent.

Last year, investors funded 43 Ohio companies -- including \$163 million to 31 Cleveland ventures. The year before, they spent \$295 million on 44 Ohio companies, including \$241 million on 28 Cleveland ventures. In 2006, investment was \$114 million and in 2005, \$185 million.

In contrast, Minneapolis, the traditional king of the Midwest biomedical industry, reaped \$290 million in 2008, a slight decrease from \$296 million in 2007.

The Midwest ranks third among eight health-care regions in the country in new health-care investment, according to the survey.

Medical-device companies received 48 percent of Midwest investment, while biopharmaceutical companies received 35 percent and software and service companies received 17 percent.

BioEnterprise attributes the investment to the region's excellent research and clinical institutions, which perform more than one-quarter of all National Institutes of Health and university-funded research in the United States.

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