

Ohio leads Midwest in health-care investments

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Plain Dealer graphic

Ohio has joined perennial leader Minnesota in the race to win the most investment dollars for health care companies in the Midwest, according to a BioEnterprise report.

Thirty-five Ohio companies attracted \$261.2 million in the first three quarters of the year, according to the latest installment of the BioEnterprise Midwest Health Care Venture Investment Report.

Ohio's health care companies were 23 percent ahead of their peers in Minnesota, the well-established Midwestern leader in this investment category, according to BioEnterprise. Seventeen Minnesota companies have raised \$212.7 million so far this year.

The Cleveland region - essentially Northeast Ohio, for purposes of the report - ran a close second to Minneapolis in gaining health care investments through the third quarter.

Investment in Cleveland trailed Minneapolis by \$700,000, as of Sept. 30.

As usual, the Cleveland area accounted for the lion's share of health care investments in Ohio - 81 percent in the first three quarters.

"I think we are clearly recognized, in venture capital, as a peer region with Minneapolis and as a state with Minnesota," said Baiju Shah, president of BioEnterprise, the health-care-company developer in Northeast Ohio.

By industry, biopharmaceutical companies in the Midwest have recruited \$591 million; medical-device companies, \$251 million; and health care software and service companies, \$158 million, since Jan. 1.

In all, 11 Midwestern states and Western Pennsylvania have raked in \$1 billion in health care investments since the beginning of the year, according to the BioEnterprise report.

In venture capital circles, "the idea that Midwest startups would raise \$1 billion is a big deal," Shah said. That's more than Boston raised in that time, he said. Boston is one of the nation's biotechnology hotbeds and regularly attracts more than \$1 billion a year in investments for its companies.

Despite maintaining its lead, Ohio saw only modest health care investment growth in the third quarter - \$16.9 million. The Cleveland area added only \$12.9 million in that time.

Shah believes Ohio became a co-leader with Minnesota in health care investments in 2005. "In 2006, we dipped a little bit," he said.

"In '07, we're right back there as a peer region."

The challenge for Northeast Ohio is to maintain its leadership, the way Minneapolis has since the mid-1990s.

"We have made great strides because of a significant, coordinated investment across the region and the state in building this venture pipeline," Shah said. "What's required is continued focus and continued collaboration."

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