

ArthroCare moving R&D operations from California to Austin

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AMERICAN-STATESMAN STAFF

Tuesday, May 3, 2011

ArthroCare Corp. disclosed Monday that it will move its main research and development operations from Sunnyvale, Calif., to its headquarters in Austin before the end of this year.

The company, which makes and markets "minimally invasive surgical products" for spinal and other surgeries, said last month that it had leased two buildings at 7000 W. William Cannon Drive, near its headquarters in Southwest Austin.

That lease, for more than 136,000 square feet, is more than three times the space ArthroCare now occupies.

ArthroCare employs just over 100 people in Austin and contemplates doubling that number, a spokeswoman said Monday.

The company is expected to provide more details in a conference call with analysts this morning.

Its current job postings in Austin include positions for a director of global service operations, a medical director and a director of research and development for electronic instruments.

The shift will continue the migration of jobs from California to Central Texas. In the past year, employers including Facebook, LegalZoom and SunPower Corp. have expanded or announced plans to expand in Central Texas. The companies have cited a strong talent pool and

the region's lower costs of doing business as attractions.

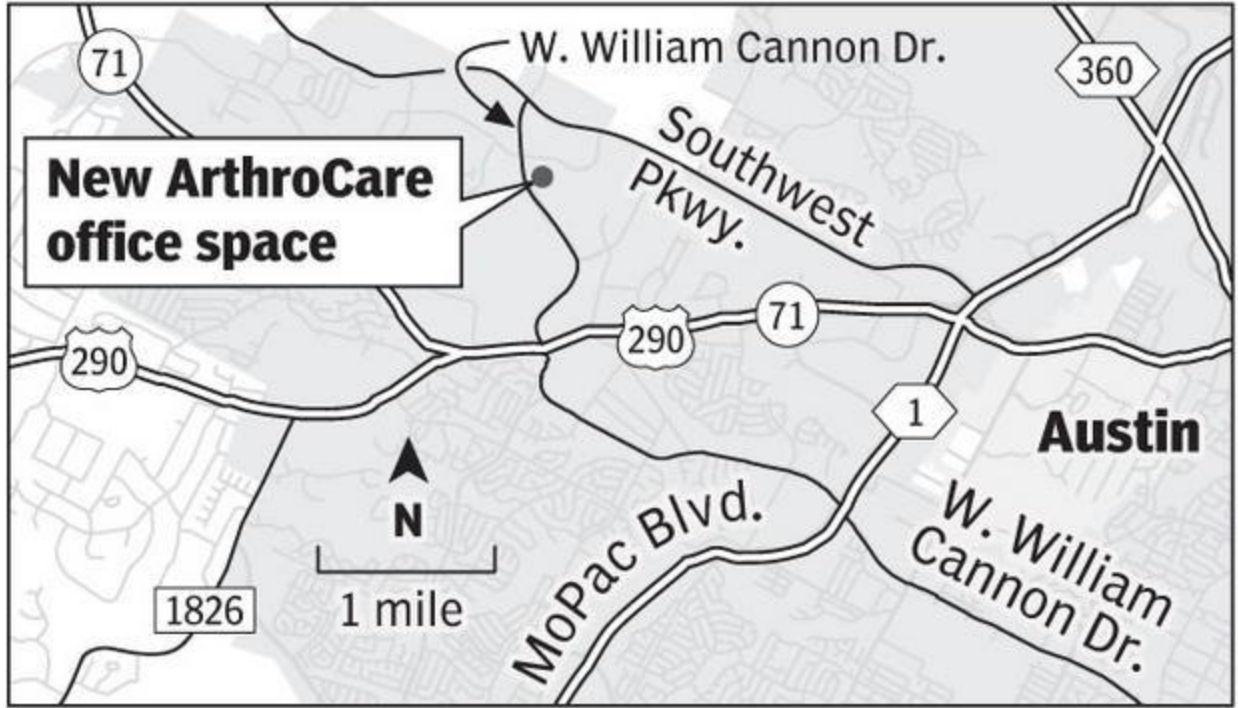
ArthroCare itself is a transplant, having moved its headquarters from Sunnyvale to Austin in 2004.

In its quarterly financial filing, the company estimated that the cost of the latest move, including employee severance, lease termination and relocation costs, will be between \$10 million and \$10.5 million.

The company said it employs 459 people in North America — in Austin, Sunnyvale and a third operation in Irvine, Calif., which is unaffected by the announced consolidation.

The new lease, with CarrAmerica Lantana, is for 130 months. The company will occupy two buildings that have been vacant for about two years. The lease rate starts at \$16.50 a square foot and climbs to \$21 a foot in the final year of the lease.

The company said Monday that it made a profit of \$11.9 million on revenue of \$87.9 million for the first quarter ended March 31.



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Courtesy of JB Goodwin