

Greater Boston Life Sciences

2021 Market Insight Report



Winter/Spring 2021

cresa

Greater Boston Life Sciences



Photo: Duncan Lake/Cresa

Life Sciences Overview

The Greater Boston Life Sciences market is stronger than ever. After a down year in 2019, 2020 saw a big rebound with significant funding pouring in. In the first half of the year alone, venture capital firms invested more than \$2.1B into Massachusetts biotech. **As both existing companies and new ventures look to expand their footprints to accommodate growth, the supply side is moving quickly in response.** With minimal space available in Cambridge, many groups must look elsewhere, causing life science clusters like Watertown and the Seaport to mature quickly. An increasing number of new, ground-up developments and large-scale office-to-lab conversions are in the pipeline. However, those looking for immediate space have limited options, even in these clusters outside Cambridge. Overall, the market inventory is growing, and tenants may need to be creative and patient in order to find the right solution.



Expanding Clusters

With availability low in the biotech epicenter of East Cambridge, life science clusters like the Seaport and Watertown continue to grow and attract companies with immediate needs.



New Developments

Lab space has unrelenting demand and limited availability. Several ground-up developments are expected in 2021-2022, with others set for 2023 and beyond.



Office-to-Lab Conversions

Demand for office space is down, but vacant office buildings with the appropriate ceiling heights and infrastructure are prime candidates for conversion to lab space.

V.C. Spotlight Q4 2020



36
Deals

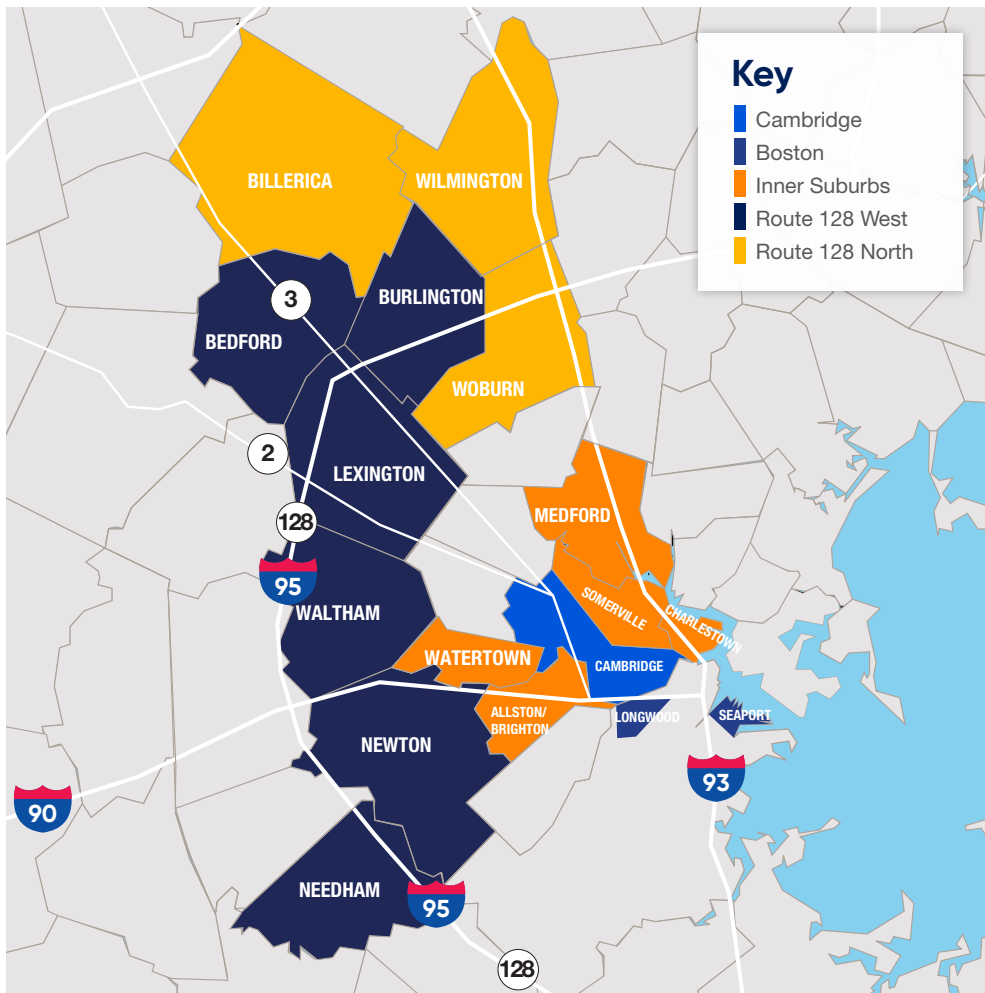


\$871M
Invested

Largest Deals

Scorpion Therapeutics	\$146,999,977
Adagio Therapeutics	\$129,899,816
Syros Pharmaceuticals	\$90,490,000
Dewpoint Therapeutics	\$77,097,477
Decibel Therapeutics	\$54,800,067
Summit Therapeutics	\$50,000,000
Solid Bioscience	\$39,999,996
Jounce Therapeutics	\$34,999,995

By the Numbers



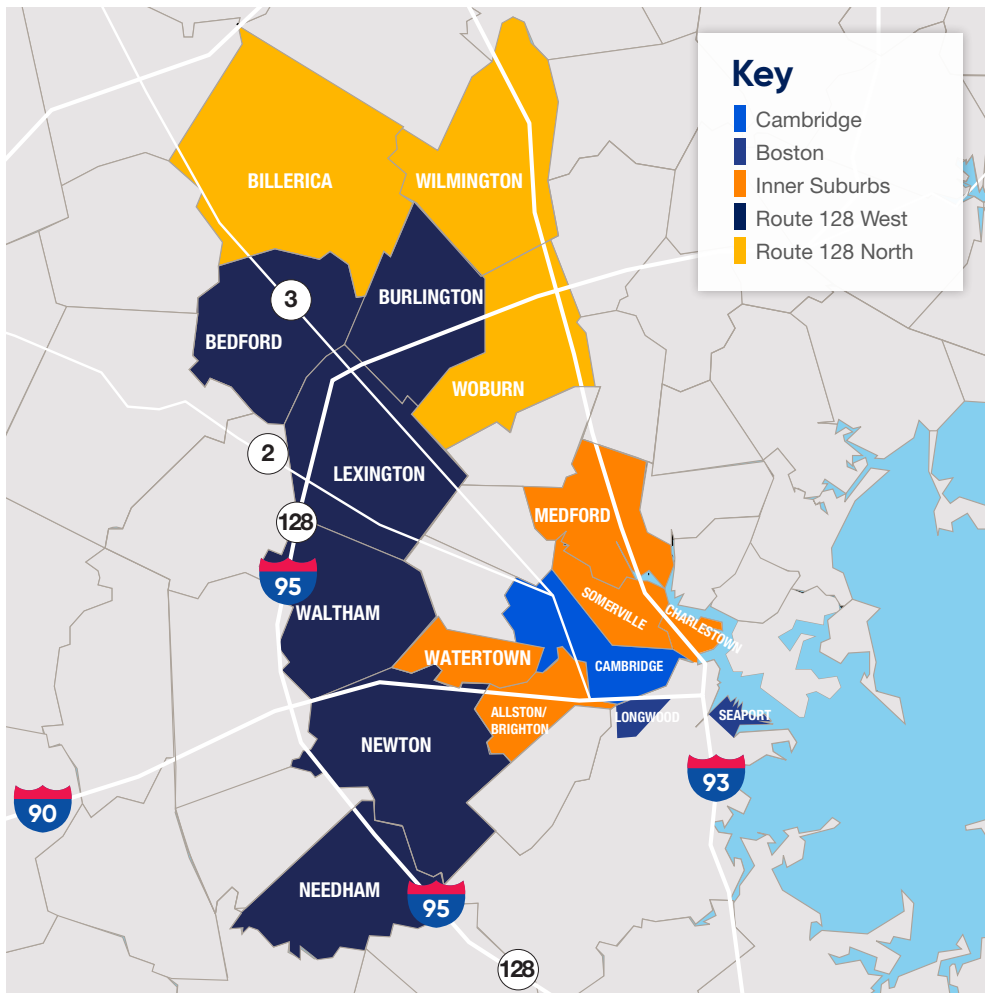
Cambridge

	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF NNN	Class B Rent/SF NNN
East Cambridge	7,193,802	0.1%	7.8%	8.7%	\$105.00	\$95.00
Mid Cambridge	3,205,139	0.1%	0.0%	1.1%	\$100.00	\$90.00
West Cambridge/Alewife	1,570,849	4.2%	6.2%	13.8%	\$82.00	\$75.00
Total	11,969,790	0.6%	5.5%	7.3%	\$96.00	\$88.00

Boston

	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF NNN	Class B Rent/SF NNN
Seaport/South Boston	2,505,867	6.3%	0.1%	7.2%	\$92.00	\$78.00
Longwood/Fenway/Kenmore	1,480,286	2.2%	0.0%	6.9%	-	-
Total	3,986,153	4.8%	0.1%	7.1%	-	-

By the Numbers



Inner Suburbs

	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF NNN	Class B Rent/SF NNN
Medford	247,830	3.7%	4.1%	7.8%	\$62.00	\$52.00
Somerville	0	0.0%	0.0%	0.0%	\$78.00	\$68.00
Charlestown	200,762	41.8%	0.0%	41.8%	\$65.00	\$58.00
Allston/Brighton	661,871	2.7%	7.1%	9.7%	\$82.00	\$75.00
Watertown	1,234,586	6.7%	1.1%	13.6%	\$82.00	\$75.00
Total	2,345,049	8.3%	3.0%	14.3%	\$76.00	\$68.00

Route 128 West

	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF NNN	Class B Rent/SF NNN
Bedford/Burlington	1,193,808	41.3%	0.0%	43.4%	\$48.00	\$42.00
Lexington/Waltham	5,428,010	9.2%	3.2%	13.1%	\$64.00	\$56.00
Newton/Needham	137,002	36.6%	0.0%	36.6%	\$32.00	\$28.00
Total	6,758,820	15.4%	2.6%	18.9%	-	-

Route 128 North

	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF NNN	Class B Rent/SF NNN
Wilmington	128,370	41.8%	0.0%	94.5%	\$25.00	\$20.00
Woburn	1,078,939	3.4%	3.1%	8.0%	\$35.00	\$25.00
Billerica	374,389	30.2%	0.0%	30.2%	\$18.00	\$16.00
Total	1,581,698	14.3%	2.1%	20.3%	-	-

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Notable Transactions

Tenant	Address	City/Town	Sector	Size (SF)	Type
Translate Bio	200 West Street	Waltham	Lab	138,000	Relocation
Constellation Pharmaceuticals	100 Talcott Avenue	Watertown	Lab	79,200	Relocation
Dyne Therapeutics	1560 Trapelo Road	Waltham	Lab	68,200	Relocation
Dewpoint Therapeutics	451 D Street	Boston	Lab	27,000	Relocation
Compass Therapeutics	80 Guest Street	Brighton	Lab	19,000	Relocation

Investment Sales

Buyer	Address	City/Town	Size (SF)	Price/SF
Blackstone/Biomed	University Park	Cambridge	2,300,000	\$1,500.00
Oxford	33 New York Avenue	Framingham	113,527	\$802.00
Biomed Realty	601 Congress Street	Boston	482,000	Undisclosed (Est. \$778)
TPG Global	152 Grove Street	Waltham	134,010	\$746.21
Related Beal	1 Design Center Place	Boston	1,400,000	\$507.14
Jumbo Capital	1 Patriots Park	Bedford	143,616	\$504.82

Tenants in the Market

 **200,000 SF**

 **200,000 SF**

 **150,000 SF**

 **150,000 SF**

 **150,000 SF**

 **130,000 SF**

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Development Pipeline

Development	City/Town	Developer/Owner	Size (SF)	▼ Delivery Timeline
1 135 Morrissey Boulevard "The Beat"	Boston	Nordblum	693,923	Q2 2021
2 100 Talcott Avenue	Watertown	Alexandria Real Estate	85,000	Q3 2021
3 101 South Street "Boyton Yards"	Somerville	DLJ	289,000	Q4 2021
4 201 Brookline Avenue	Boston	Samuels/Alexandria	506,000	Q2 2022
5 250 Water Street	Boston	DivcoWest	480,000	Q2 2022
6 321 Harrison Avenue	Boston	Nordblum	324,000	Q2 2022
7 601 Congress Street	Boston	Biomed Realty	485,000	Q4 2022
8 100 Forge Street	Watertown	Boylston Properties	168,000	Q4 2022
9 350 Summer Street	Boston	WS Development	425,000	Q1 2023

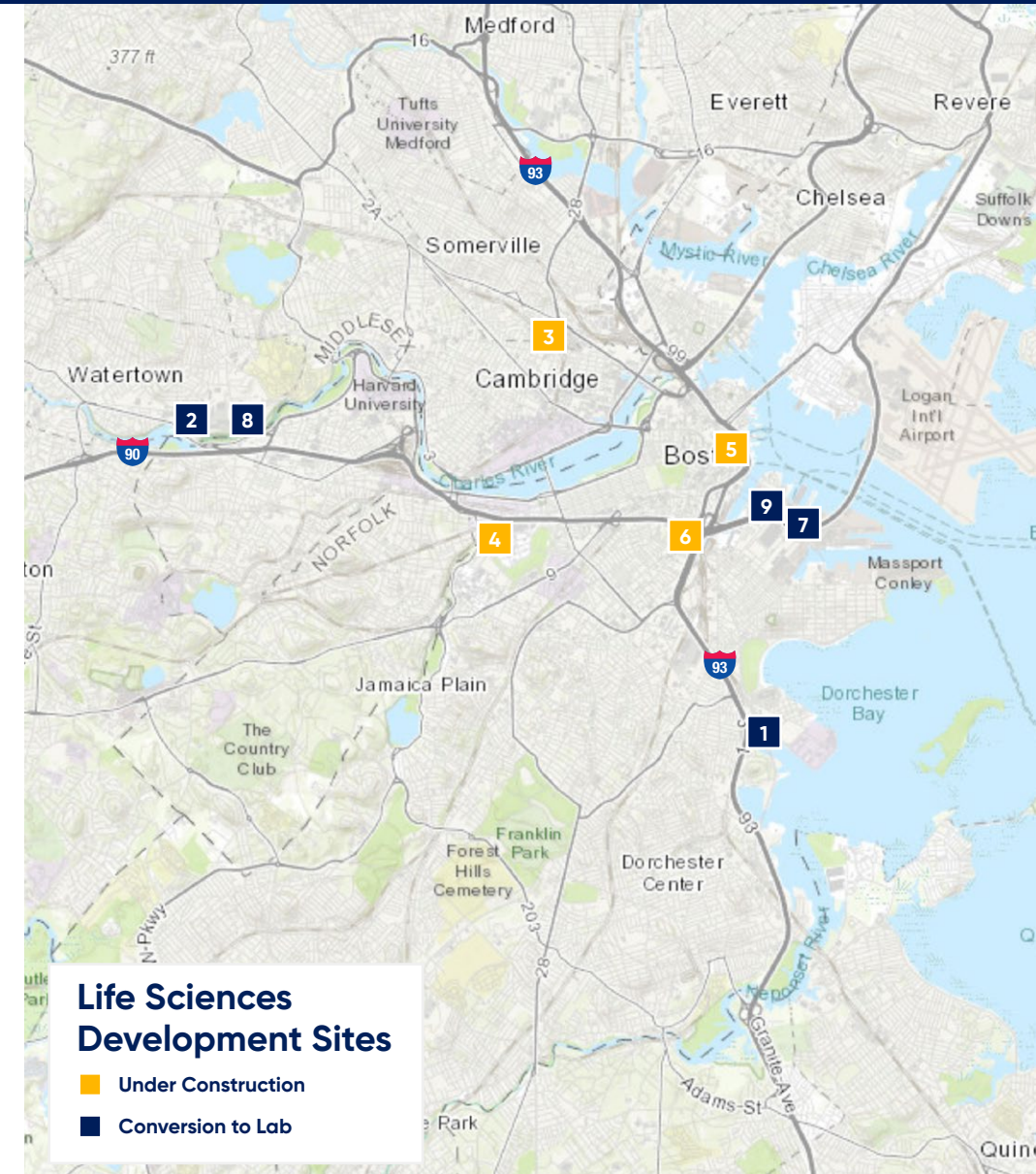
3,455,923 Total SF Under Development

Under
Construction

1,599,000 SF

Conversion
to Lab

1,856,923 SF



Greater Boston Life Sciences

Life Sciences Landlords Double Down on Greater Boston

Developing, owning and operating life sciences space is not for everyone. The up-front investment by ownership can be astronomical and the turnover from early-stage companies with a run rate can be difficult to underwrite. But when these companies are successful, their exponential growth can be quite rewarding.

Until recently, a vast majority of the life sciences real estate market in Greater Boston was controlled by a handful of landlords, with Alexandria Real Estate Equities and BioMed Realty Trust being two of the biggest. BioMed recently almost doubled its portfolio in Cambridge to 4.8 million SF by acquiring the 2.3 million SF University Park from Brookfield for \$3.45B. Alexandria's portfolio in Cambridge is approximately 4.5 million SF, with concentration in Kendall Square. Their footprint is expanding as well, and both firms are making acquisitions outside of Cambridge, where they historically focused their efforts.

In recent years, with sharp increases in funding for biotechs along with increasing rents for lab space, **a growing number of landlords that hadn't previously invested in life science real estate started dipping their toes in the water.** While the pool of owners has been somewhat diluted, established landlords like Alexandria and BioMed are doubling down and expanding their reach outside of Cambridge. In addition to BioMed's massive acquisition of

University Park, they recently acquired 601 Congress Street in Boston's Seaport District, known as the 482,000 SF former headquarters of John Hancock. Currently office space, BioMed has plans to convert the building to lab. Alexandria has also made some recent large acquisitions with the Arsenal on the Charles complex in Watertown and existing buildings on Sylvan Road in Waltham. In both cases, Alexandria plans to convert existing office space to accommodate lab users and utilize capacity at each site to construct new lab buildings.

As demand for life science space in Greater Boston remains strong and space in Cambridge scarce, these clusters outside of Cambridge, like the Seaport and Watertown, will continue to expand and make it even easier for companies to justify moving there. Having experienced landlords like Alexandria and BioMed in those markets delivering quality, lab-ready products will help the booming life science sector continue to grow.



601 Congress Street | Rendering: BioMed Realty

“Until recently, a vast majority of the life sciences real estate market in Greater Boston was controlled by a handful of landlords.”



Kendall Square, Nerve Center Sculpture | Photo: Duncan Lake/Cresa

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Looking Ahead to 2021



Workplace Realty Reimagined

In March of 2020, millions of people shifted to working from home almost overnight and found that, more often than not, their work could be performed successfully without leaving the house. “This will inform corporate decision-making regarding the use of offices for years to come,” says Cresa Boston Managing Principal Adam Subber. Does the rise of work-from-home mean the end of offices? We predict major industry real estate shifts – including extraordinary office space opportunities – in a post-pandemic world.

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Occupier's Perspective



Buyer Beware

With many inexperienced landlords advertising their buildings as accommodating lab users, tenants should ensure space they consider has the necessary base building upgrades in place.



Power of Now

As tenants quickly take space, a building's power can be a missed detail. There may be enough initially, but that can change as other tenants arrive.



Out of Pocket

Early stage biotechs do not prefer to spend funding building out facilities. Fortunately, more landlords understand this and true “turnkey” solutions are becoming increasingly common.

Meet the Team

 Click to learn more about our advisors



Greg Lewis
Principal



John Coakley
Principal



Paul Delaney
Principal



Carter Swaebe
Associate Advisor



Adam Subber
Managing Principal



Dan Sullivan
Managing Principal

About Cresa Boston

Cresa is the world’s largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants’ needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

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