

# Life Sciences

## Q3 2024

Boston | Cambridge | Inner Suburbs | Route 128

### **Cautious optimism reemerges in a market still recovering from the aftereffects of the unprecedented development and funding boom of 2020-2022.**

The sharp increase in demand for lab space a few short years ago has proven to be an anomaly. The Boston region remains the epicenter for life sciences activity, but developers may have gotten a little ahead of themselves in recent years. Economic instability and overall uncertainty has VC firms doling out less capital and life sciences occupiers feeling more timid than years past. As a result, prime lab space is coming to market without tenant commitments. Now that we reenter a rate cutting cycle, hope is renewed for increased business activity across the board. There's quite a hole to dig out of, but the worst may be behind us.

11 Fan Pier Boulevard, Boston | Photo: CoStar



### **Pent-up Demand**

There are a few big fish in the sea right now, but most major movers continue to hold out on business expansion plans. The sub-30,000 SF range remains the sweet spot for tenants in the market.



### **More Relief in Sight**

The Fed's aggressive 50 basis point rate cut in September marks the first policy easing since the pandemic. With more cuts expected, real estate decisions could come back into focus as financial pressures ease in the years ahead.

Arrows indicate quarterly change



**Market Size**  
48,233,174 SF



**Vacancy**  
27.4%



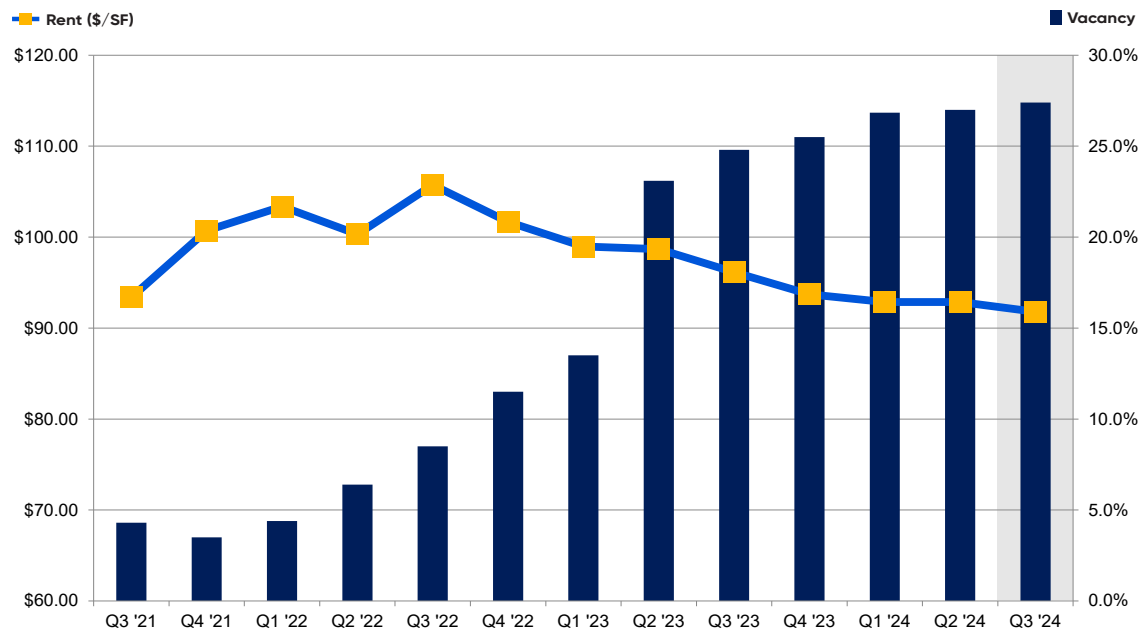
**Sublease**  
5.3%



**Available**  
32.6%

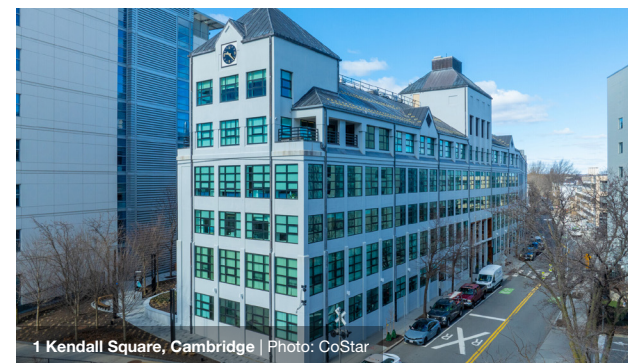
### Historical Rent and Vacancy

Since Q3 2022, the overall market has seen vacancy rise by 19 percentage points and rent dropping in return. With the term ‘oversupply’ being thrown around in headlines, it will take some time for us to find an equilibrium in the marketplace.



### Notable Market Transactions

Tenant	Size (SF)	Submarket	Type
Vertex	1,100,000	Seaport	Direct - Renewal
Biogen	300,000	East Cambridge	Direct - Consolidation
Keros Therapeutics	20,000	Lexington	Sublease - Expansion
Nava Therapeutics	13,900	East Cambridge	Direct - Relocation
Indupro	11,000	East Cambridge	Direct - Relocation/Expansion
Ingenia Therapeutics	8,900	Watertown	Sublease - Relocation

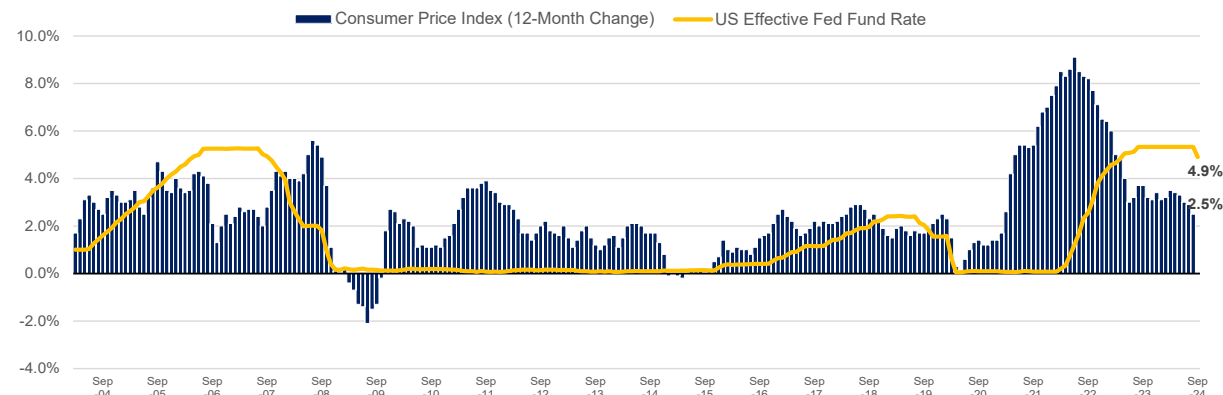


1 Kendall Square, Cambridge | Photo: CoStar

Companies are being precise with their market moves, taking advantage of a much more tenant-friendly environment than we've been used to in recent history.

### Economic Snapshot

The time has come... September's 50 basis point cut marks the first policy easing since the pandemic. With more cuts anticipated through December of 2025, hopeful anticipation takes over as we could be entering a new more optimistic business cycle with capital less restricted and an increased investor sentiment.



### VC Rounds

Company	Funding	Series
Cardurion	\$260.0M	B
Egenesis	\$191.0M	D
Third Arc Bio	\$165.0M	A
Scorpion Therapeutics	\$150.0M	C
Superluminal Medicines	\$120.0M	A

### IPOs

Company	Date	Funding	\$/Share	Trading
Bicara Therapeutics	9/13/24	\$362.3M	\$18	▲
Zenas BioPharma	9/13/24	\$258.8M	\$17	▲
*Artiva Biotherapeutics (CA)	7/19/24	\$167.0M	\$12	—
*MBX Biosciences (IN)	9/13/24	\$163.2M	\$16	▲
*Actuate Therapeutics (TX)	8/12/24	\$26.5M	\$9	▼

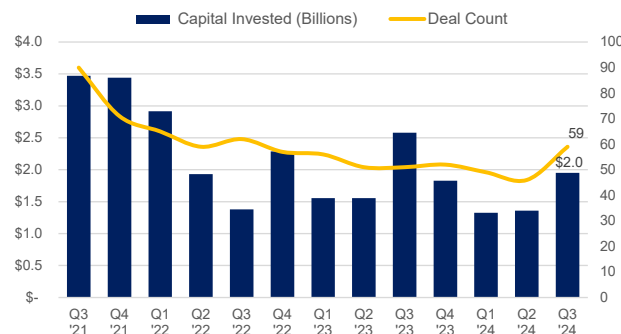
\*Out of Market

### M&A

Company	Acquired By	Price	Date
Cerevel Therapeutics	AbbVie	\$8.7B	8/1/24
Morphic Therapeutic	Eli Lilly	\$3.2B	8/16/24
BeiGene	Yuanda Pharmaceuticals	\$35.8M	7/17/24
Fluent BioSciences	illumina	Undisclosed	7/9/24

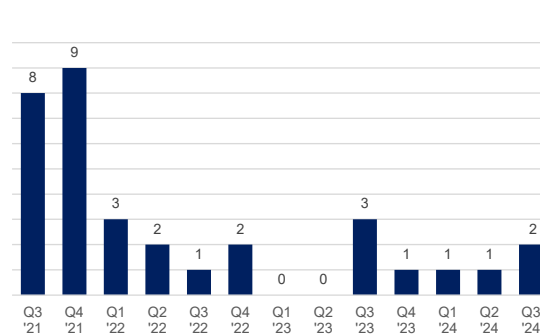
### Venture Capital Invested (\$ Billions)

Greater Boston Life Sciences Companies



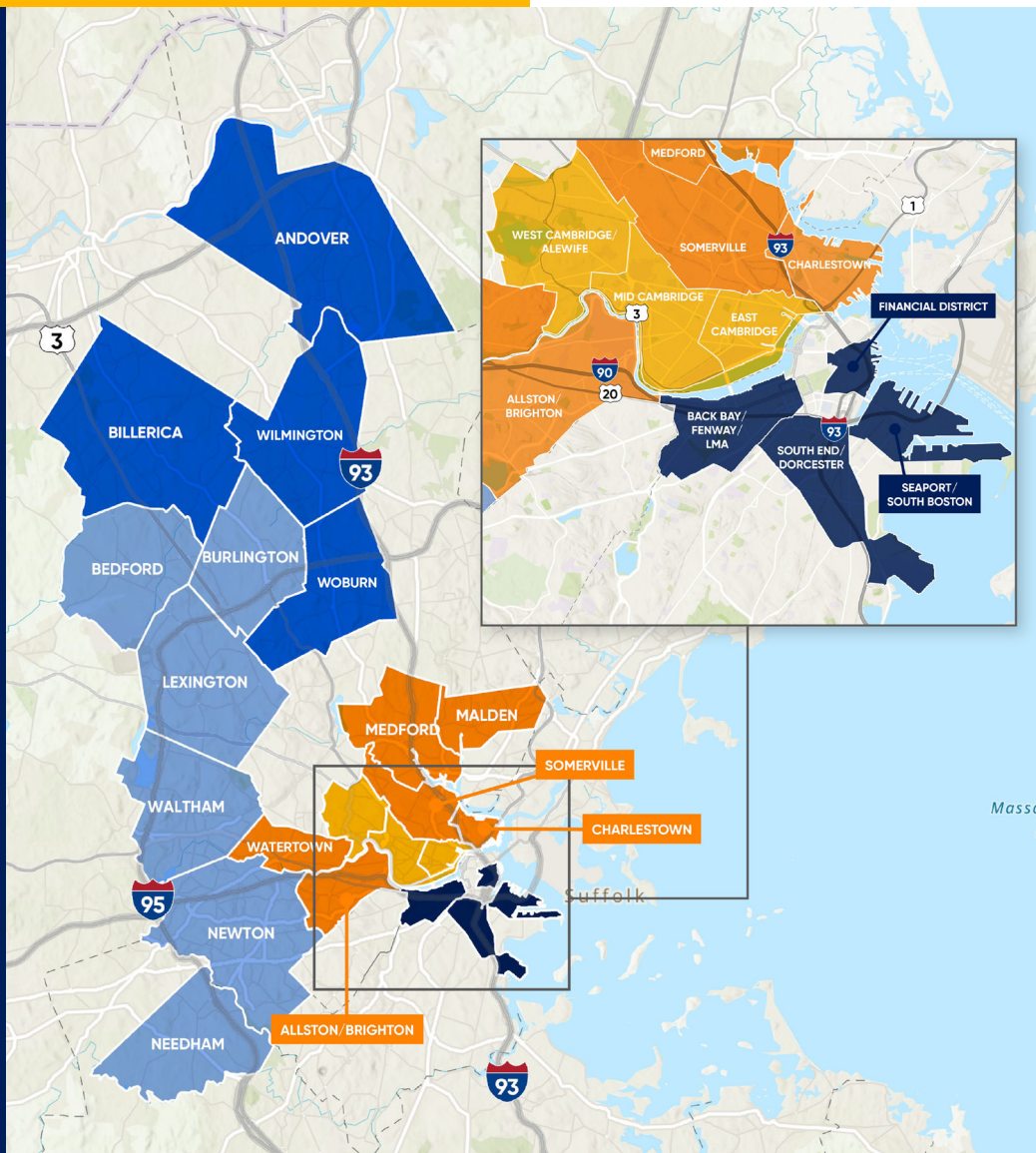
### Number of IPOs

Greater Boston Life Sciences Companies



This fall brought reenergized IPO activity, more than doubling the yearly total in Massachusetts. With two more local biotech companies unveiling plans in late September to go public, we could be heading towards an extended recovery in the IPO market alongside a more sustained uptick in VC funding volume and an increase in M&A activity as large pharmaceutical companies look to acquire firms to strengthen their pipelines.

# Life Sciences Q3 2024



						Rent/SF	
		Market Size (SF)	Vacant	Sublease	Available	Class A	Class B
Cambridge	East Cambridge	10,827,961	14.1%	6.3%	20.4%	\$108.00	\$90.00
	Mid Cambridge	3,497,415	16.8%	11.2%	27.9%	\$105.00	\$90.00
	West Cambridge/Alewife	2,673,204	35.0%	7.3%	42.3%	\$90.00	\$75.00
	<b>Total</b>	<b>16,998,580</b>	<b>18.0%</b>	<b>7.5%</b>	<b>25.42%</b>	<b>\$104.55</b>	<b>\$87.64</b>
Boston	Seaport/South Boston	5,316,538	23.0%	6.3%	29.3%	\$105.00	\$100.00
	Financial District	288,132	62.4%	6.9%	69.3%	\$100.00	\$95.00
	Back Bay/Fenway/LMA	1,764,249	16.9%	0.0%	16.9%	\$115.00	\$100.00
	South End/Dorchester	929,000	53.8%	6.2%	60.0%	\$90.00	\$85.00
	<b>Total</b>	<b>8,297,919</b>	<b>26.5%</b>	<b>5.0%</b>	<b>31.5%</b>	<b>\$105.27</b>	<b>\$98.15</b>
Inner Suburbs	Charlestown	814,901	44.3%	1.3%	45.6%	\$85.00	\$80.00
	Medford/Malden	790,618	48.9%	4.8%	53.7%	\$55.00	\$50.00
	Somerville	2,471,603	74.9%	0.1%	75.0%	\$95.00	\$90.00
	Watertown	3,433,694	43.7%	6.3%	50.0%	\$90.00	\$85.00
	Allston/Brighton	1,501,412	61.1%	0.0%	61.1%	\$95.00	\$90.00
<b>Total</b>	<b>9,012,228</b>	<b>55.6%</b>	<b>3.0%</b>	<b>58.6%</b>	<b>\$88.68</b>	<b>\$83.68</b>	
Route 128 West	Bedford/Burlington	3,011,795	33.1%	6.6%	39.7%	\$68.00	\$58.00
	Lexington/Waltham	7,913,587	15.7%	4.3%	20.1%	\$78.00	\$65.00
	Newton/Needham	540,342	26.5%	0.0%	26.5%	\$65.00	\$60.00
	<b>Total</b>	<b>11,465,724</b>	<b>20.8%</b>	<b>4.7%</b>	<b>25.5%</b>	<b>\$74.76</b>	<b>\$62.93</b>
Route 128 North	Wilmington	128,370	4.4%	0.0%	4.4%	\$30.00	\$25.00
	Woburn	1,278,381	10.5%	2.1%	12.6%	\$54.00	\$40.00
	Billerica	385,763	14.8%	0.0%	14.8%	\$28.00	\$26.00
	Andover	666,209	53.0%	2.2%	55.2%	\$55.00	\$45.00
	<b>Total</b>	<b>2,458,723</b>	<b>22.4%</b>	<b>1.7%</b>	<b>24.1%</b>	<b>\$48.94</b>	<b>\$38.38</b>

# Meet the Team



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