



Cambridge Discovery Park

Market Facts

1,830,000 SF

is currently under construction

16%

of lab space under construction
is preleased

454,000 SF

was absorbed on a net basis in
Q1' 2019

2.0 %

Of lab space is currently vacant
on a direct or sublet basis

<\$2.1 Billion

was invested in the MA
healthcare sector this quarter

The life science engines provides further reaffirmation that healthcare is Greater Boston's economic mainstay

Funding, net absorptions, and lab development showed no signs of deceleration

The Greater Boston Area (GBA) life science engine experienced another banner quarter in terms of funding, net absorption, and lab development as the sector reaffirms its position as the region's economic backbone. Funding mirrored Q4' 2018 in term of VC and PE capital, while grants from the National Institute of Health (NIH) continued to pour into the GBA with MGH, Brigham & Woman's, Dana-Farber, Boston Children's, and UMass Medical who have all been awarded upwards of \$50 million so far this year. Net absorption showed no signs of slowing with 454,000 SF absorbed throughout the market, driven by lab building deliveries in both Kendall and Alewife. While most of this new construction was leased by companies new to the Greater Boston market or expanding within, a large block of lab space was vacated by Eisai in Andover with a move to the newly built 35 Cambridgepark Drive. In terms on new

development, the supply pipeline is struggling to keep up with demand. Speculative lab construction is now being seen beyond the 128 Belt while the brunt of development is still taking place in the lab market's nucleus, Cambridge. Most specifically, Cambridge Crossing is now over 50% leased and expected to breach 70% by year-end, while the recent "spec" success in Alewife has given way to new development at Cambridge Discovery Park. Looking ahead, the lab market is not expected to slow down in the short-term but developers should be wary of new clusters starting to arise such as "Southie", South End/Bio Square, Alewife, and Somerville, all competitive submarkets with direct access to transit. As traffic times increase in the GBA and the need to be within striking distance to East Cambridge becomes more indispensable, developers will have to get creative in effort to form the next Kendall Square.

First Quarter 2019 Performance

\$298

million in priced IPOs
occurred for life science
companies in MA

\$873

million in NIH grants
have been awarded to
entities in MA

< \$1

billion of VC & PC capital
injected into the MA
life-science industry

*as of April 22nd, 2019

First Quarter Spotlight: "Big Pharma" Revenue

\$ in the billions



Why does this matter?

Aside from public, private, and venture capital along with NIH funding, the Big Pharma companies are also driving the Greater Boston lab market. While many life science companies in the early stage may hope to grow independently, large corporations are pouring funding into partnering with these companies, acquiring them, or buying select intellectual capital such as patents. With almost every large Big Pharma company in the Top 10 increasing revenue from 2017 to 2018, it is expected a healthy amount of this revenue will be placed in the GBA. With downward pressure on drug prices now being seen on a global level, Big Pharma needs to deploy capital in effort to create new revenue streams and Greater Boston's science ecosystem is the top place to do so.

Notable Life Science Deals

Company	Address	City	Square Feet	Focus	Deal Type
Cyclerion	301 Binney St	Cambridge	115K	Biopharmaceuticals	New
Dicerna Pharmaceuticals	33 Hayden Ave	Lexington	81K	Biotech	New
Rentschler Inc.	27 Maple St	Milford	76K	Biopharmaceuticals	New
Codiak Biosciences	35 Cambridgepark Dr	Cambridge	68K	Biotech	New
SQZ Biotech	485 Arsenal St	Watertown	63k	Biotech	New
Bayer AG	238 Main St	Cambridge	62k	General Life Sciences	New

*square footage in the thousands rounded to the nearest hundredth.

First Quarter IPOs

Company	Date	Filed Price	Focus	Headquarters
Kaleido Biosciences	2.28.19	\$75 Million	Biotech	Lexington, MA
Stealth Biotherapeutics	2.14.19	\$78 Million	Pharmaceuticals	Newton, MA
Avedro	2.14.19	\$70 Million	Medical Devices	Waltham, MA
TCR2	2.13.19	\$75 Million	Biotech	Cambridge, MA

*requirements are based on space inquiries, lease expiration dates, and company press releases.

*RBA in the thousands.

Buildings Under Construction

Project Name	Submarket	Developer	Devliery (Est)	RBA	% Leased
The BEAT	Dorchester	Nordblom	Q1 2020	694k	0%
238 Main St	Cambridge	MIT	Q2 2021	387k	17% (Bayer AG)
Cambridge Discovery Park (400/500)	Cambridge	Bulfinch	Q1 2020	250k	0%
75 Hayden Ave	Lexington	HCP	Q3 2020	214k	0%
Innovation Square Phase I	Seaport	Related Beal	Q4 2019	125k	84% (Puretech, Smartlabs)
1075 Worcester St	Fram./Natick	Exponent	Q2 2019	61k	53% (Exponent)

*sublease space is not included in the % leased.

*square footage in the thousands rounded to the nearest hundredth

*projects are subject to being leased by a traditional office user without a lab component

Market Statistics

	Inventory (SF)	Overall Vacancy	Quarterly Net Absorption	12 Month Net Absorption	Under Construction	Percent Pre-leased	12 Month Completions
TOTAL MARKET	23,833	2.3%	597	1,237	1,830	16%	1,281
Cambridge	11,958	0.1%	396	1,044	637	10%	816
Kendall	7,095	0.0%	178	649	387	16%	596
Central	4,001	0.2%	(9)	148	0	-	0
Alewife	863	0.6%	227	247	250	0%	220
Boston & The Ring	4,203	2.4%	(10)	315	819	12%	320
128 Belt	3,778	7.3%	(9)	28	214	0%	145
495 Belt	2,585	3.0%	69	31	61	53%	0
Worcester West	1,308	0.5%	8	13	100	100%	0



GREATER BOSTON LAB MARKET EXISTING & EMERGING CLUSTERS

ESTABLISHED LAB CLUSTER



EMERGING LAB CLUSTER



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