

## Life Sciences

## Life Sciences in the Suburbs

Suburbs

June 2018

## Funding and Discovery

Unlike office tenants, who tend to consider relocation only when a lease expires, a lab-using life science company's decisions are based on two things: scientific discovery and funding. Once one of these is achieved, the company is on a fast track to rapid expansion. Build-to-suit doesn't typically work for these types of firms as their time frames are too short. They need space as soon as possible and existing or under-construction options are the only ones that typically work.

## Squeezed Out of Cambridge

## Westward Migration

Driven in large part by high prices and limited availability in Cambridge, the suburbs have experienced a surge of life science leasing activity in the last two years. At last count, over 2.0 MSF of new leases have been executed since 2016.

This increasing demand means suburban R&D vacancy now stands at 11.3% - the lowest rate in over a decade. As a result, high-end R&D and lab space now commands about \$50 NNN PSF – a 20% increase in the past 24 months.

## New Construction

There are several new spec buildings underway in the suburbs: the Davis Companies' 35 Cambridge Park Drive (225,000 SF) and King Street Properties' 828 Winter Street in Waltham (144,000 SF) and 33 New York Avenue in Framingham (105,000 SF). 33 New York Avenue is a conversion from an office/manufacturing building to a GMP lab and manufacturing space and has already been 60% preleased to a life sciences tenant.

King Street also has a large-scale renovation underway at the former Cubist/Merck facility on Hayden Avenue in Lexington. The project already has two leases in place – one with Concert Pharmaceuticals (55,000 SF) and another with Accent Pharmaceuticals (20,000 SF).

**2 MSF**NEW SUBURBAN LIFE SCIENCE  
LEASES IN THE PAST 24  
MONTHS**50%**AMOUNT OF NEW SUBURBAN  
CONSTRUCTION LEASED BY LIFE  
SCIENCE COMPANIES IN THE LAST  
2 YEARS**2:1**RATIO BY WHICH DEMAND FOR  
LAB SPACE OUTPACES  
SUPPLY**\$50 NNN**AVERAGE EFFECTIVE RENT OF  
A NEW SUBURBAN LIFE  
SCIENCE LEASE

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**ROUTE 128 LIFE SCIENCE USERS**

**117 Life Science/  
Pharmaceutical Companies  
between Needham and  
Burlington that occupy 22%  
of the inventory or 8.5 MSF**

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