

Science in the Spotlight

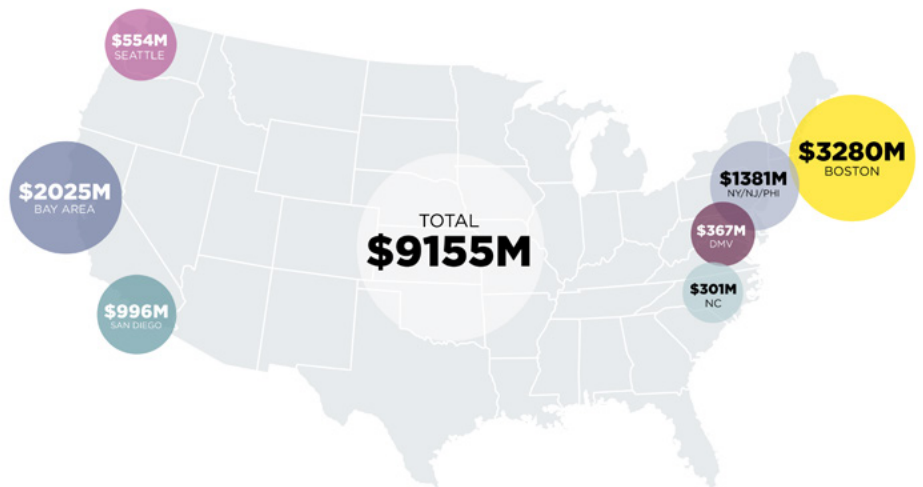
May 2022

The 18 months leading up to 2022 saw a record-smashing pace of investment dollars and company formations in the Biotech industry. Traditional Life Science markets such as Cambridge, MA, and South San Francisco, CA, already facing a shortage of lab space, began to drop below a 1% vacancy rate. Finding an appropriately sized and cost-effective lab to advance novel science is critical to the success of a biotech startup.

Young companies in crowded markets are faced with difficult real estate decisions including cost, square footage, and timing of their move-in. As the flow of public money into the industry slows, these choices can make or break a company as runways shorten. To examine the real estate choices companies are making in these conditions, we investigated over 200 Series A stage biotech companies in well-established and growing hubs across the country to compare their fundraisers, employee counts, real estate footprints, and the focus of their programs.

Biotech Boom

- 2020 and 2021 saw incredible investment and excitement around the industry as the development of numerous vaccines for COVID-19 brought live updates on the biotech news cycle into daily life for Americans.
- San Diego continued its upward trend towards becoming a major hotspot for company formation.
- The New York and Philadelphia metropolitan areas broke the \$1 billion mark in part thanks to the long-due emergence of a cluster developing around the University of Pennsylvania's Gene Therapy Research Programs.
- North Carolina, a popular choice for Big Pharma manufacturing sites, is seeing the benefits of its economic incentive plans with a quickly developing biotech ecosystem.



The historic industry centers of Boston and San Francisco lead the pack in total Series A investment dollars, and all regions saw elevated total amounts.



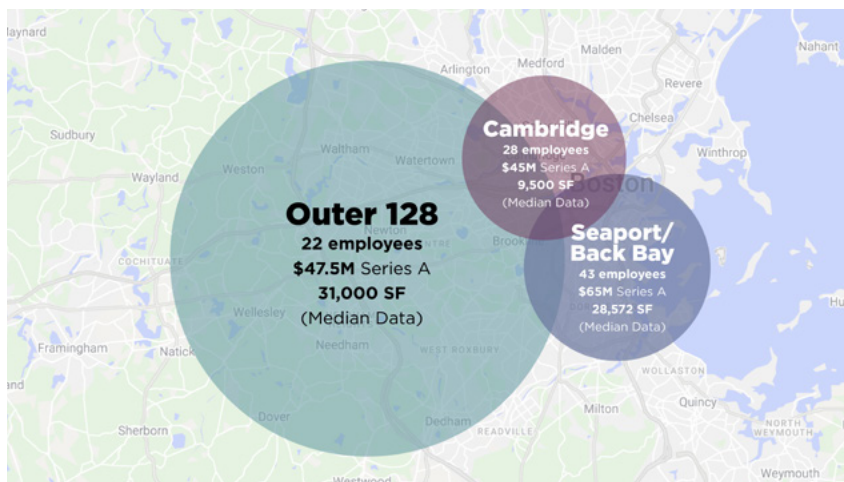
South San Francisco and Cambridge, two ubiquitous names in the biotech industry, have seen lab space become so expensive and scarce that recently founded companies are overflowing into the surrounding regions in the search for larger spaces and cheaper rents.

Bay Area Focus

- South San Francisco, the “birthplace of biotech,” has millions of square feet in development but demand outpacing supply for years has skyrocketed rents and left startups scrambling for space.
- The East Bay with its industrial-heavy builds, has traditionally been a manufacturing location for larger pharma but now boasts clusters of fresh biotechs in Alameda, Berkeley, and Fremont.
- Many new companies emerging from the labs of Stanford are finding the real estate market more favorable closer to home on the lower Peninsula and San Jose.



With lab space at a premium in South San Francisco and developments springing up throughout the greater Bay Area, early stage companies are finding cheaper space and more room to grow in secondary markets.

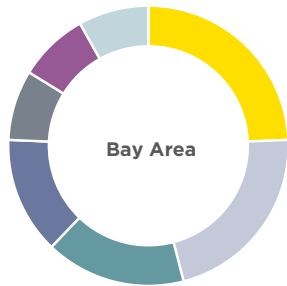


Greater Boston

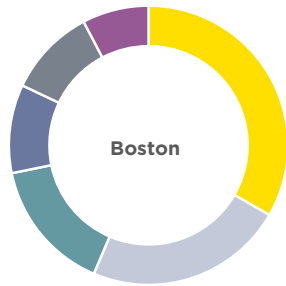
- A small hop across the harbor from Cambridge, the Seaport District rapidly became a biotech hotspot; nearly matching Cambridge in cost and famous pharma players.
- Biotech clusters in suburbs like Waltham and Woburn are not new but are seeing increased development and lower vacancy rates as more companies choose to locate in the I-95 corridor for larger spaces.
- Further out, Marlborough is undergoing a life science reinvention and developing biomanufacturing spaces.

Cambridge and Kendall Square are perhaps the most prestigious biotech markets of the late 2010s through 2021, however, as we saw in South San Francisco, development could never catch up to demand. Boasting proximity to some of the biggest names in the industry now comes with the highest real estate prices in the country.

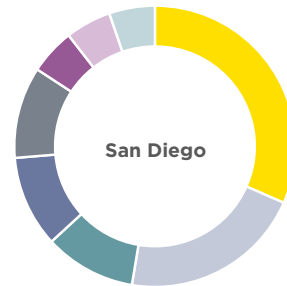
Distribution of Funds



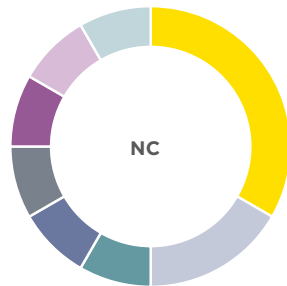
- Small Molecule
- Oncology
- Microbiome
- Synthetic Biology
- Platform
- Diagnostics
- Neurology



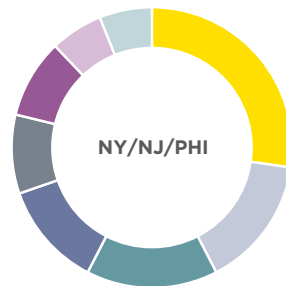
- Platform
- Oncology
- RNA Therapeutics
- Small Molecule
- Immunology
- Diagnostics



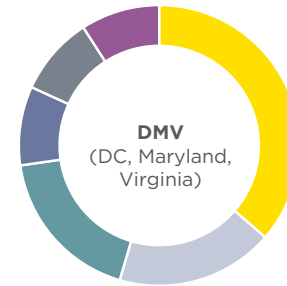
- Oncology
- Diagnostic
- Small Molecule
- Diagnostics
- Platform
- Neurology
- Dermatology
- Sequencing



- Oncology
- AgTech
- Ingredients
- Platform
- Microbiome
- CRISPR
- Med Device
- Synthetic Biology



- Oncology
- Small Molecule
- Food Tech
- Gene Therapy
- Diagnostics
- Neurology
- Platform
- RNA Therapeutics



- Small Molecule
- Platform
- Neurology
- Diagnostics
- Anti-Infective
- Oncology



- **Oncology and small molecule companies** have historically taken the lion's share of funding as advancements in science continue to bring better patient outcomes and efficacy.
- **Companies focused on developing a novel platform** rather than an initial product have taken off in recent years. They may be well-positioned in the current market as they often receive additional funding through licensing deals with larger companies rather than traditional fundraising.
- **Synthetic biology** is coming of age with a number of well-funded companies and industry buzz.

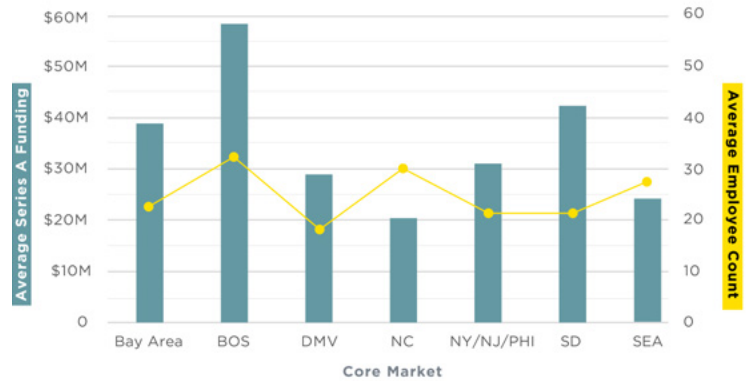
Battle for Talent & Space

2021 Average Number of Employees

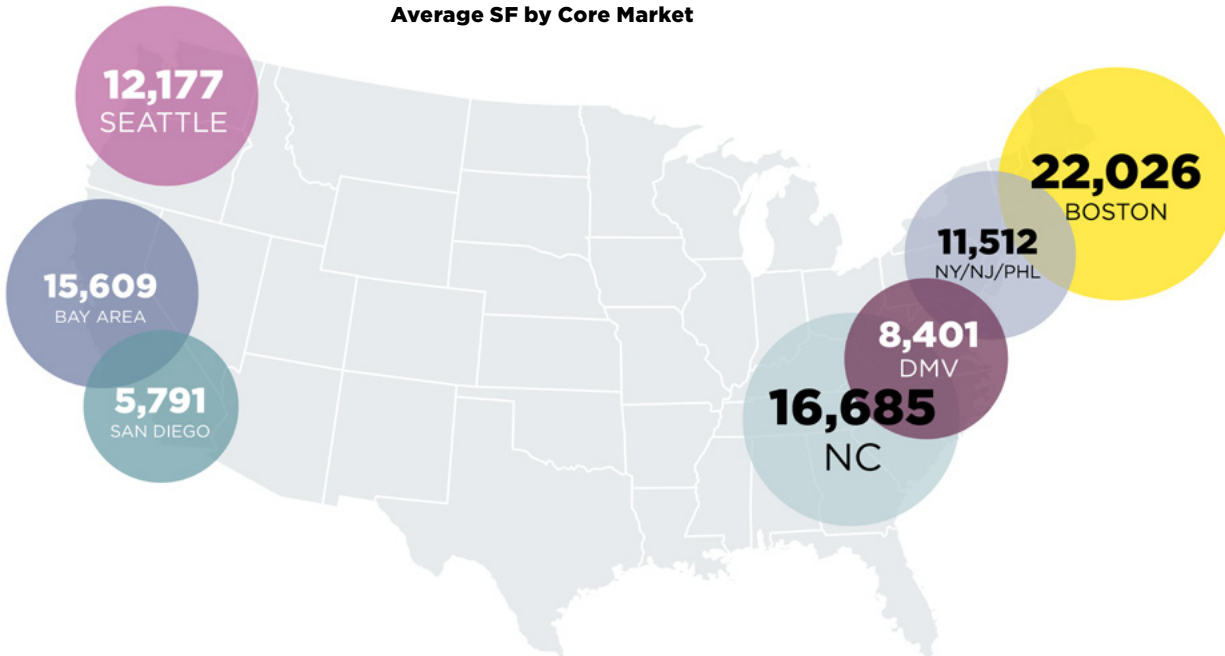


- With the greater Boston area leading the way in average funding amount and square footage, it is no surprise that they also typically have the highest employee counts.
- Surprisingly, North Carolina comes in second. Despite lower than average funding, the area comes in second highest by employee count as well as square footage.
- Seattle is another outlier when looking at funding versus total employee count. Companies are able to hire more with slightly lower A rounds than markets like San Francisco or New York.

Average Funding & Employee Count in Core Markets



Average SF by Core Market



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