

U.S. LIFE SCIENCES MARKET

# 2024 Life Sciences Report

U.S. Research Report



Accelerating success.





# San Francisco Bay Area

California

The San Francisco Bay Area remains one of the global centers for life sciences, consistently receiving a significant share of U.S. venture capital investment. Nationally it is home to a number of the largest occupiers in the life sciences sector.

The area's life sciences market is segmented into four major regions, the San Francisco Peninsula, East Bay, Silicon Valley, and San Francisco. The San Francisco Peninsula is the largest, at 19.4 million SF; followed by East Bay, 13.4 million SF; Silicon Valley, 9.7 million SF; and San Francisco, 6.9 million SF.

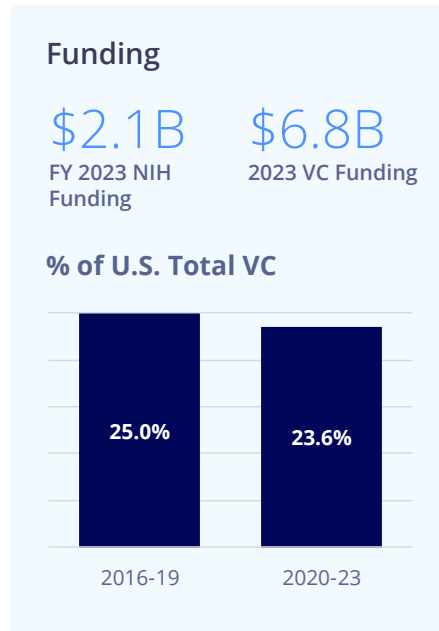
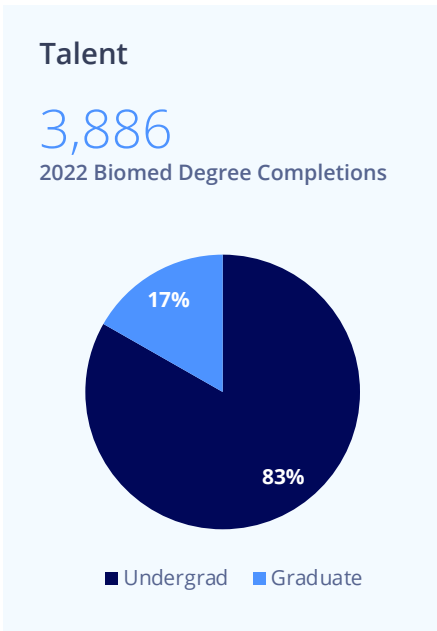
Life sciences assets have generally performed better than traditional office and R&D properties, considering high demand and limited supply. And

life sciences occupiers have not been as heavily impacted by the general shift to more remote work for traditional office users, since work in highly specialized lab space must be done in person. However, the sector has been impacted by a drop in demand from a general pullback in available venture capital caused by macroeconomic headwinds, including a high-interest-rate environment.

The long-term outlook for the San Francisco Bay Area remains optimistic, considering the strong talent pool, significant investment, and proximity to major research universities. The region is poised to capitalize on future demand as market fundamentals improve.

## Talent & Funding

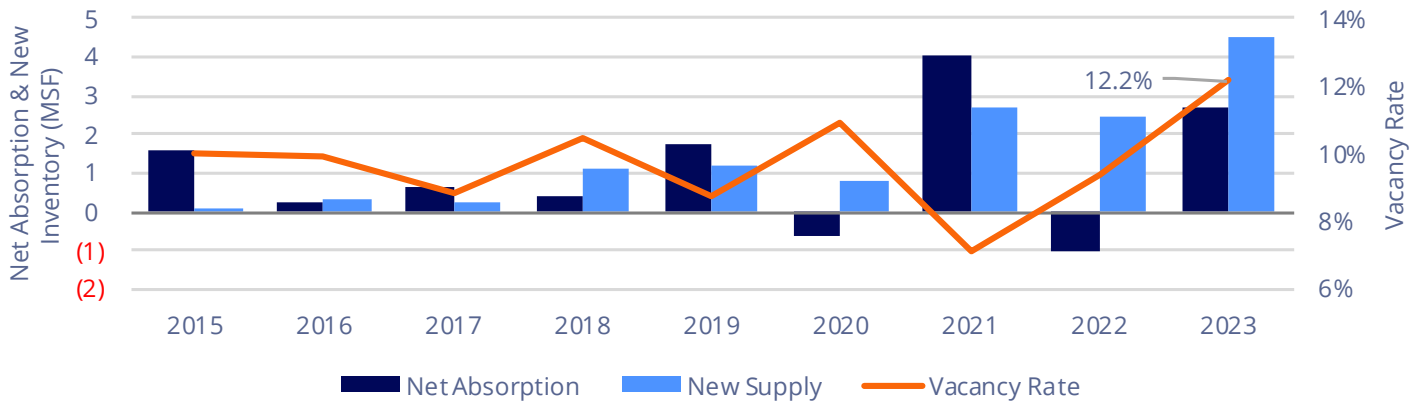
## 2024 Outlook & Key Stats



Sources: Colliers; EMSI; Pitchbook; National Institutes of Health

\*Assumes new 10-year lease, 1<sup>st</sup> generation space

## San Francisco Bay Area Life Sciences Market 2016-2023



## 2023 Market Activity

**Lease**

**Astellas**  
Vantage, South San Francisco  
456,000 SF  
Stockdale Capital

## Sale

**Sale**

2825 1st Street, San Jose  
52,000 SF  
\$34.1M

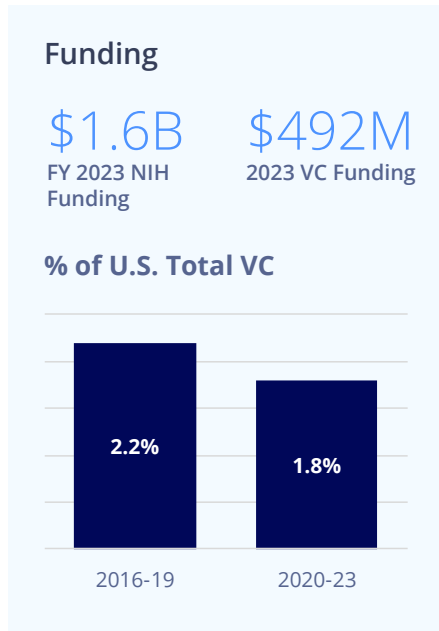
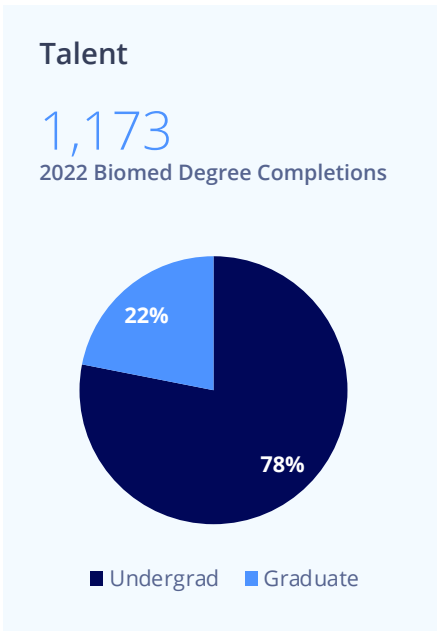
## Under Construction

**Under Construction**

**Kilroy Oyster Point**  
900,000 SF  
Kilroy Realty

## Talent & Funding

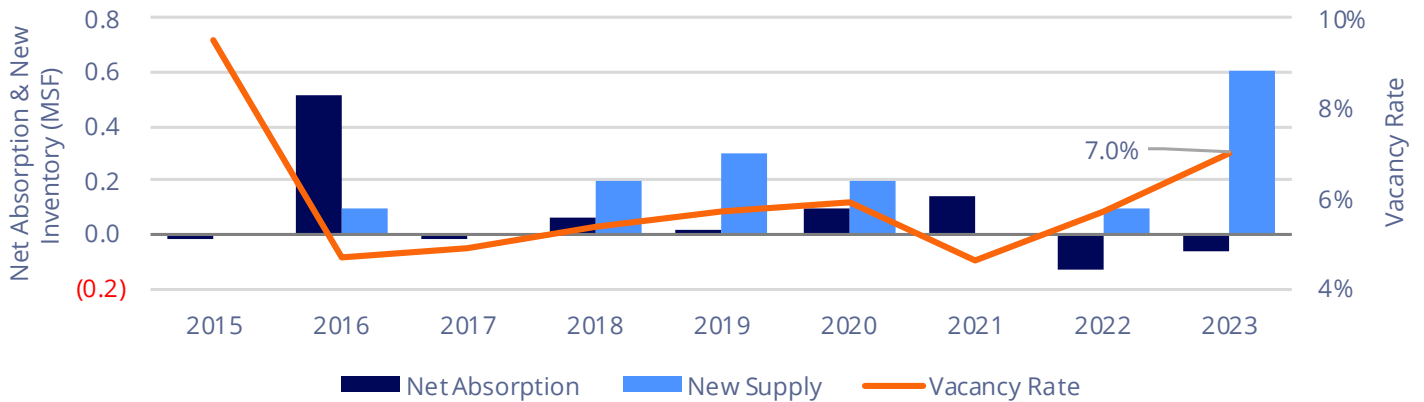
## 2024 Outlook & Key Stats



Sources: Colliers; EMSI; Pitchbook; National Institutes of Health

\*Assumes new 10-year lease, 1<sup>st</sup> generation space

## Suburban Maryland Sciences Market 2016-2023



## 2023 Market Activity

**Lease**

AstraZeneca  
700 Progress Way, Gaithersburg  
198,000 SF

**Under Construction**

9810 Darnestown Road  
192,000 SF  
Alexandria Real Estate Equities

**Under Construction**

1 Preserve Parkway  
194,000 SF  
Boston Properties



# Market Rank Hierarchy

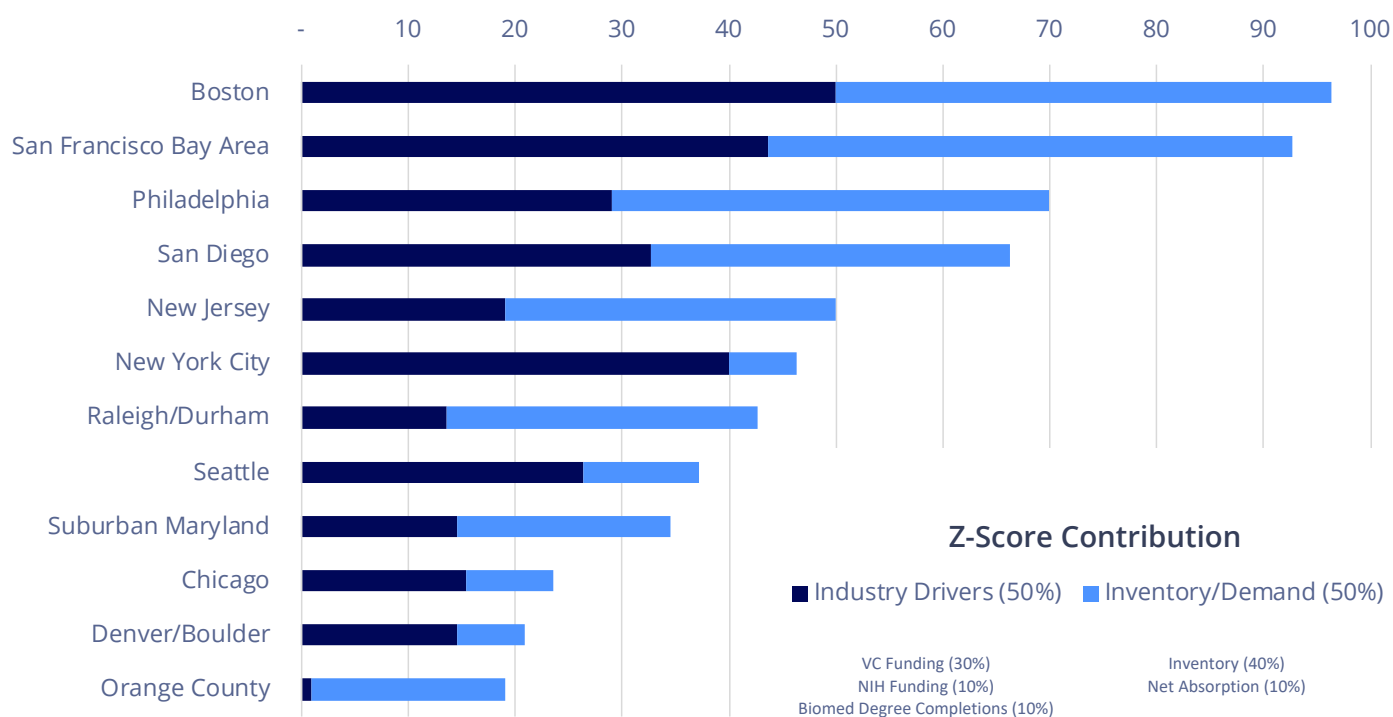
Conditions in each of the 18 markets in this report are conducive to both life sciences investments and leasing opportunities. This is especially true for the major markets, which contain the largest inventories in the nation. Colliers has created a Z-Score-based ranking system to provide further insight into the potential hierarchy of the major metro areas, using two groups of key criteria to determine the magnitude of opportunities.

The first group of factors indicates the local ecosystem's ability to support and sustain growth in the industry. The individual criteria and weightings are as follows: 2020–23 venture capital funding (30% weight), FY 2023 NIH funding (10%), and 2022 biomed degree completions (10%). Venture capital is the lifeblood of many pre-revenue companies and startups as they develop new products to bring to market. It could be easier to secure funding in a metro that is already on venture capital firms' radars. Similarly, the presence of significant NIH investments is emblematic of metros where life sciences firms can

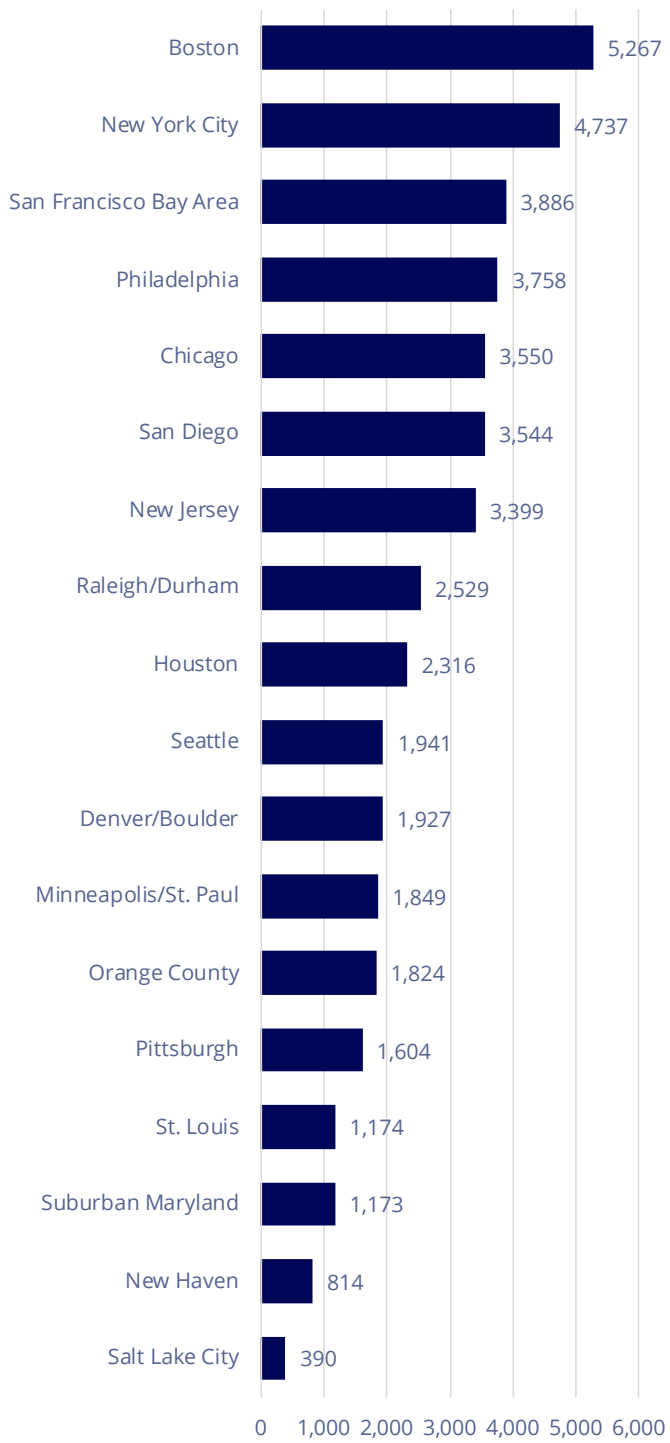
collaborate with other research-oriented institutions to advance their research and conduct clinical trials. The number of biomed or related degrees being earned locally is also a good indicator of future growth potential beyond the existing workforce. Markets with more graduates in related programs may hold an advantage, since firms are less likely to have to recruit new employees to the area in order to expand their workforces.

The second group of factors is related to the metro's life sciences real estate market. Specifically, the size of the inventory (40% weight) and the amount of space absorbed over the past three years (10%) are analyzed. The amount of life sciences space in the market is indicative of the magnitude of historical investments in the metro, the ability of companies to find leasing opportunities, and inasmuch as it is occupied, the scale of the existing workforce. The amount of space absorbed in recent years points to the market's trajectory and future growth prospects.

## Z-Score Market Rankings



## 2022 Biomed Graduates

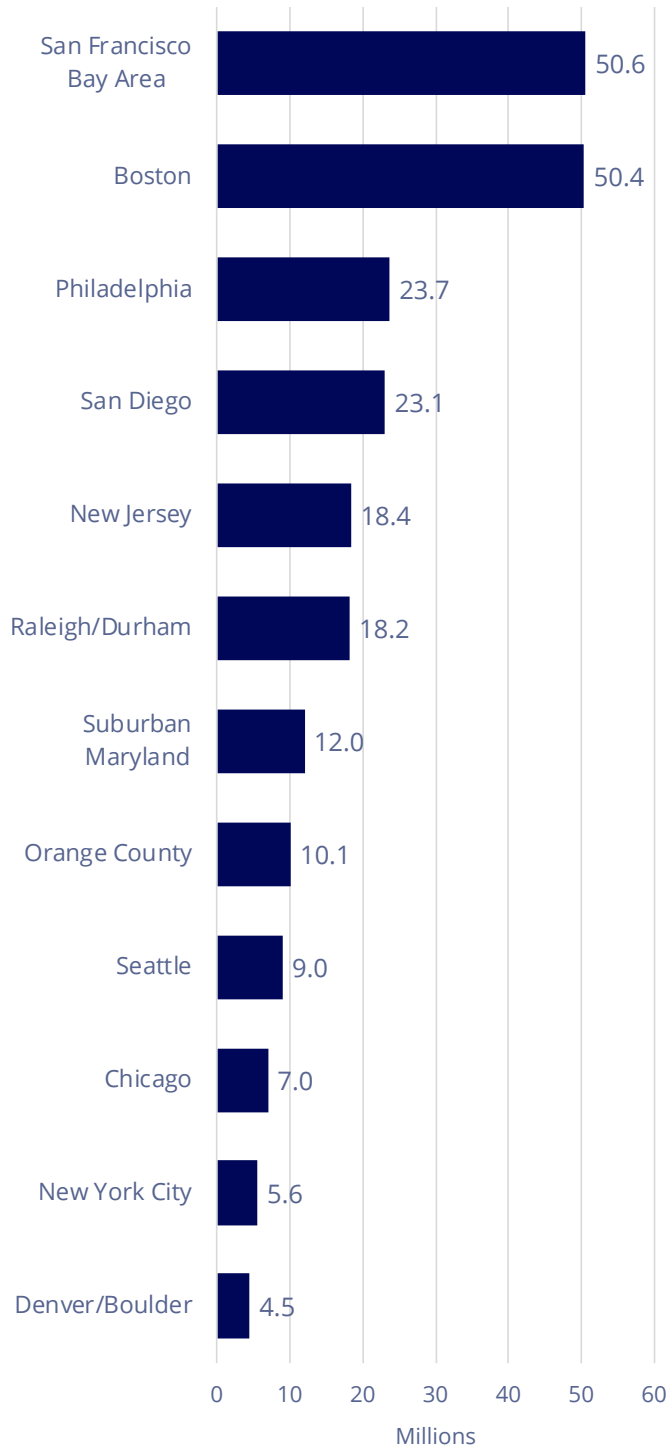


Sources: Colliers; EMSI

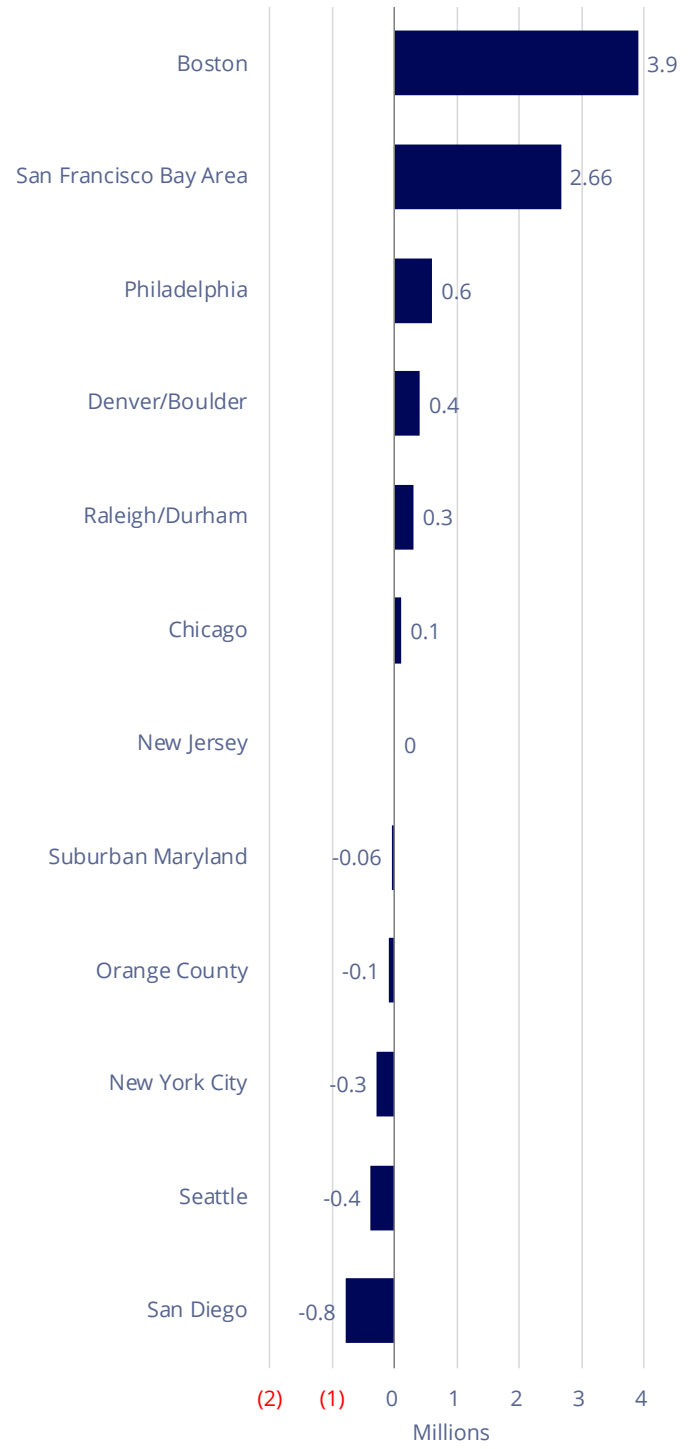


# CRE Fundamentals

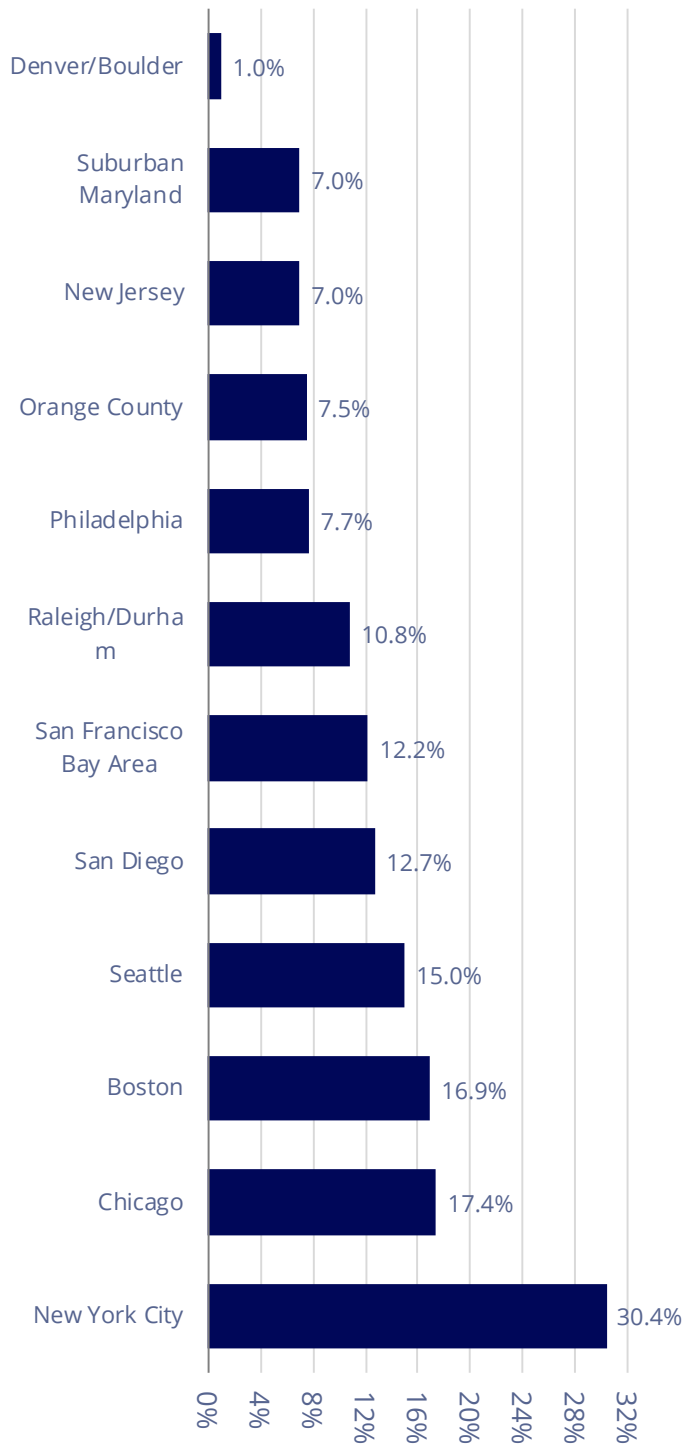
## Inventory (MSF)



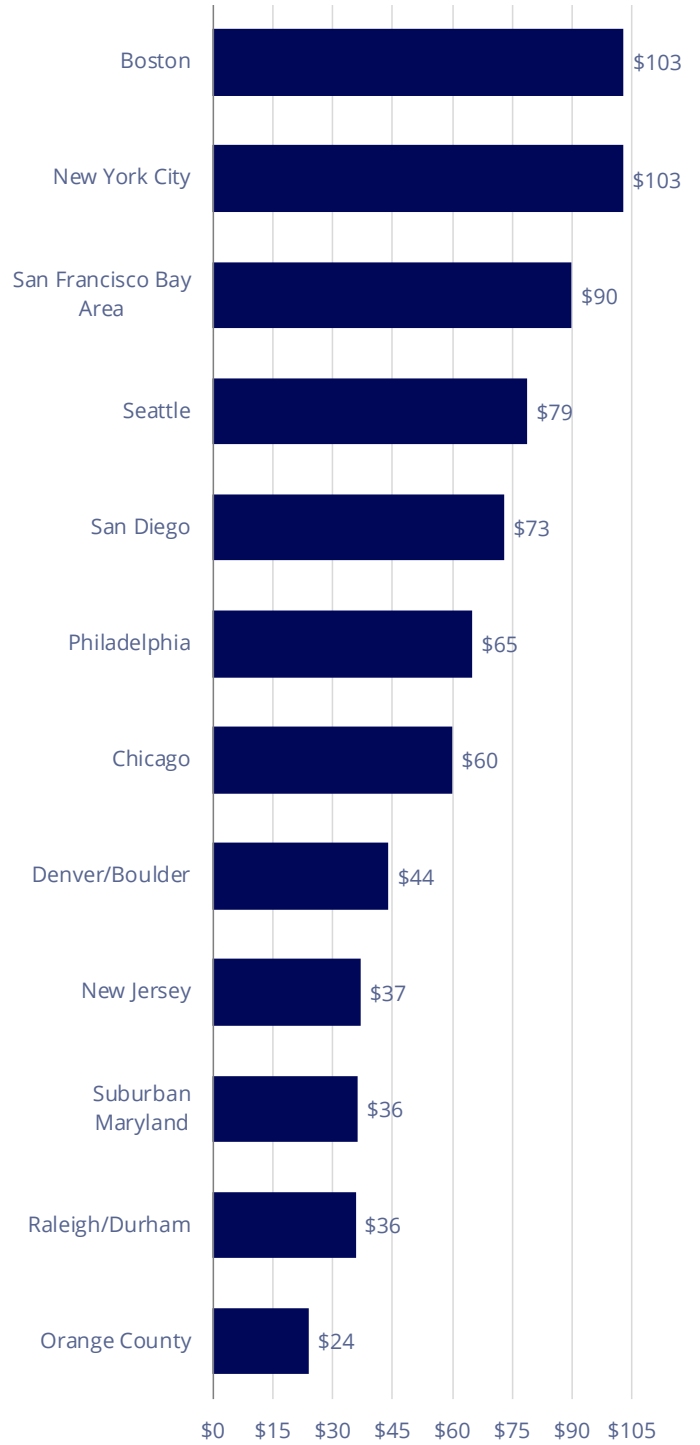
## 2023 Net Absorption (MSF)



## Vacancy Rate



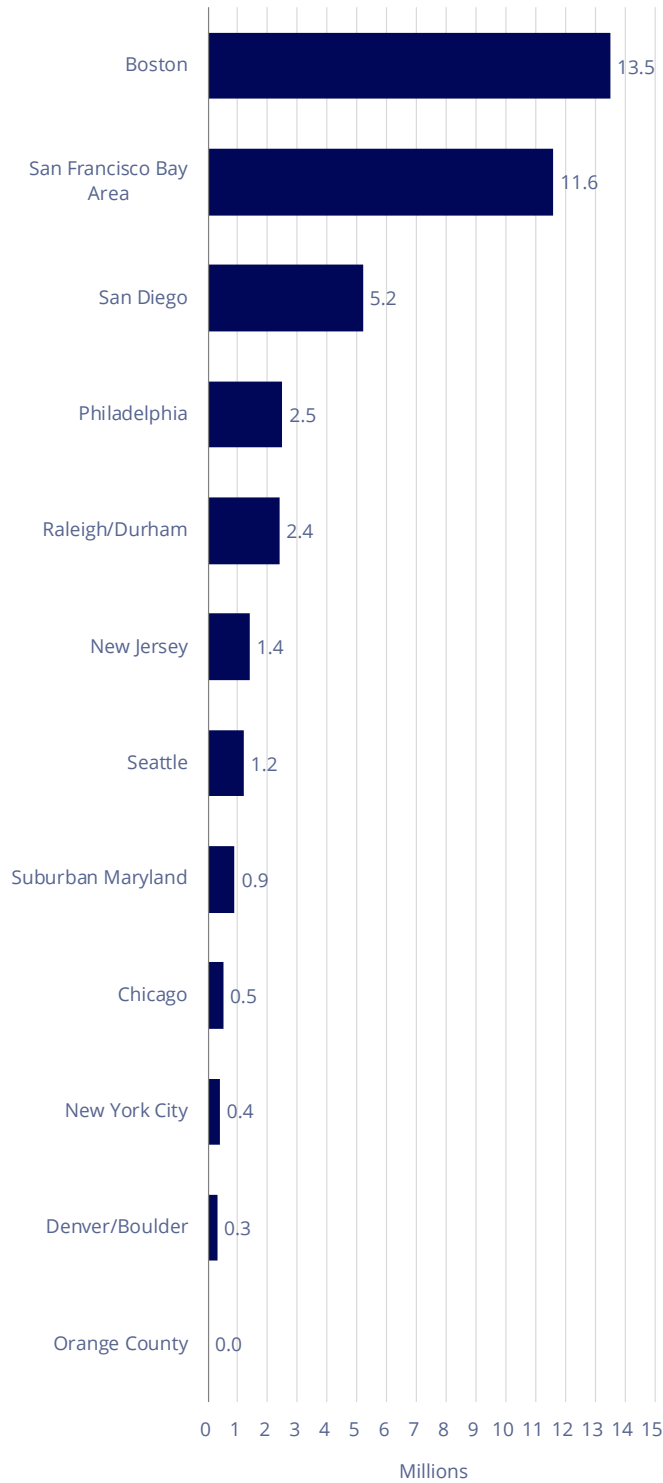
## Avg. NNN Rent



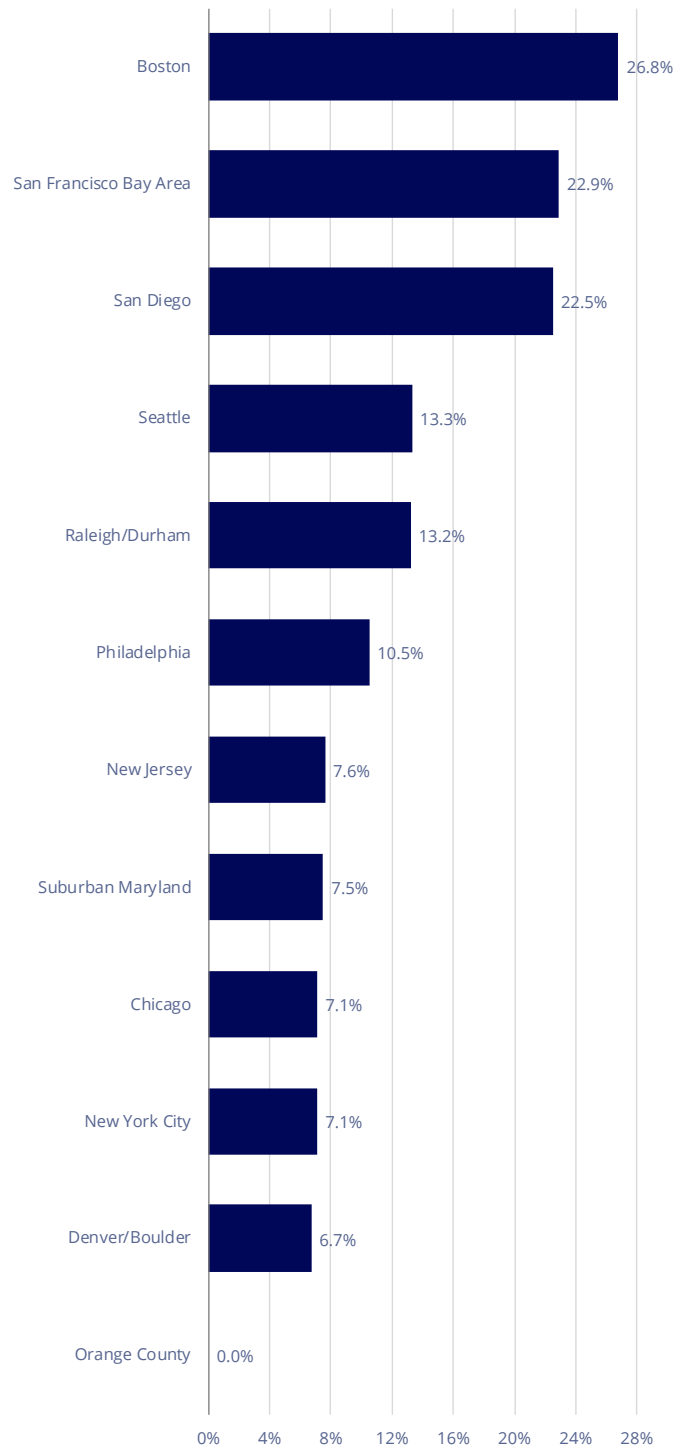


# CRE Fundamentals

SF Under Construction (MSF)



% of Inventory Under Construction



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