

Green is Greater Boston's definitive resource for commercial laboratory real estate discussion & analysis.



TENANTS absorbed 53,000 sf in the 24th straight quarter of positive demand while vacancy rose to 2.3 percent on inventory expansion.

CAMBRIDGE has no existing Class A biotech-focused lab availabilities larger than 5,000 sf.

BULFINCH COMPANIES acquired three-building Osborne Triangle for \$1,625 per sf, valuing one of the assets at more than \$2,000 per sf.

BLUEBIRD BIO will expand its Cambridge HQ footprint to 541,000 sf as neighbor Sanofi vacates in a shift to Cambridge Crossing in 2021.

KING STREET purchased a 153,000 sf Framingham facility from Sanofi, which will vacate in 2021.

FOGPHARMA became the first group to lease space at Cambridge Discovery Park's 270,000 sf Building 400, taking 117,000 sf.

FOUNDATION MEDICINE agreed to lease a 491,000 sf facility to be developed by WS Development at 400 Summer Street in the Seaport.

KENDALL Class A rents have risen above \$100 per sf, on average, for existing space.

\$632 MILLION was invested this quarter in a series of asset purchases to assemble a biotechnology cluster of development in the Fort Point.

QUICK



Absorption
+53,000 sf

Absorption was positive for the 24th straight quarter



Vacancy
2.3% +0.8%

Vacancy rose on inventory expansion



Rents (Cam. A)
\$76-103

Rents continue to set new milestone high levels



BUYS BET ON BIO IN SEAPORT ...

Since the first quarter of 2018, transformative developers have been pouring into the Fort Point area of the Seaport, many of which have extensive lab experience. Could this be the start of the region's next biotech lab cluster?

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Fueled by runaway occupancy growth and a dearth of existing inventory and development sites, the globally recognized Cambridge brand continues to expand geographically within the Greater Boston market. While record transaction values continue to suggest East Cambridge as the bio center, additional areas are evolving as potential next frontiers for clusters of biotech groups. Most notable is the Seaport's Fort Point area, where numerous transactions this quarter by established lab developers acquired land with more than one million sf of partially 'shovel-ready' potential. As East Cambridge landlords prepare the last remaining sites for development, tenants react to primary choice shortages by bifurcating their footprints in numerous geographies, and by establishing locations for non-wet lab type uses in office structures. As the southern Fort Point becomes a clear next frontier of lab activity, Burlington and Quincy have emerged as potential next suburban bio clusters.

BIG BUYS FORETELL FORT POINT BIO CLUSTER

With debate over the location of the market's next Kendall-like bio cluster in full swing, numerous first-time purchases over the last six quarters by lab developers in Fort Point indicate it is already quickly taking shape. The area is Central Business District adjacent, is near large highly educated population centers, and is even convenient to MBTA Red Line stations, providing a direct connection with Kendall Square.

250,000 sf 105 W 1

Tishman Speyer is the new owner of this fully permitted site, having just agreed to acquire it from Ares for \$80 million. Marketed as an office building, lab interest in the area could attract a bio tenant for lab-light uses or for marketing. The project has been dubbed Parkside on A.

210,000 sf 99 A

Through two transactions two days apart, Alexandria Real Estate Equities and Anchor Line Partners acquire three adjacent parcels for a combined \$31 million. Their proposal to build a life sciences facility is presently under review...

500,000 sf 280 A

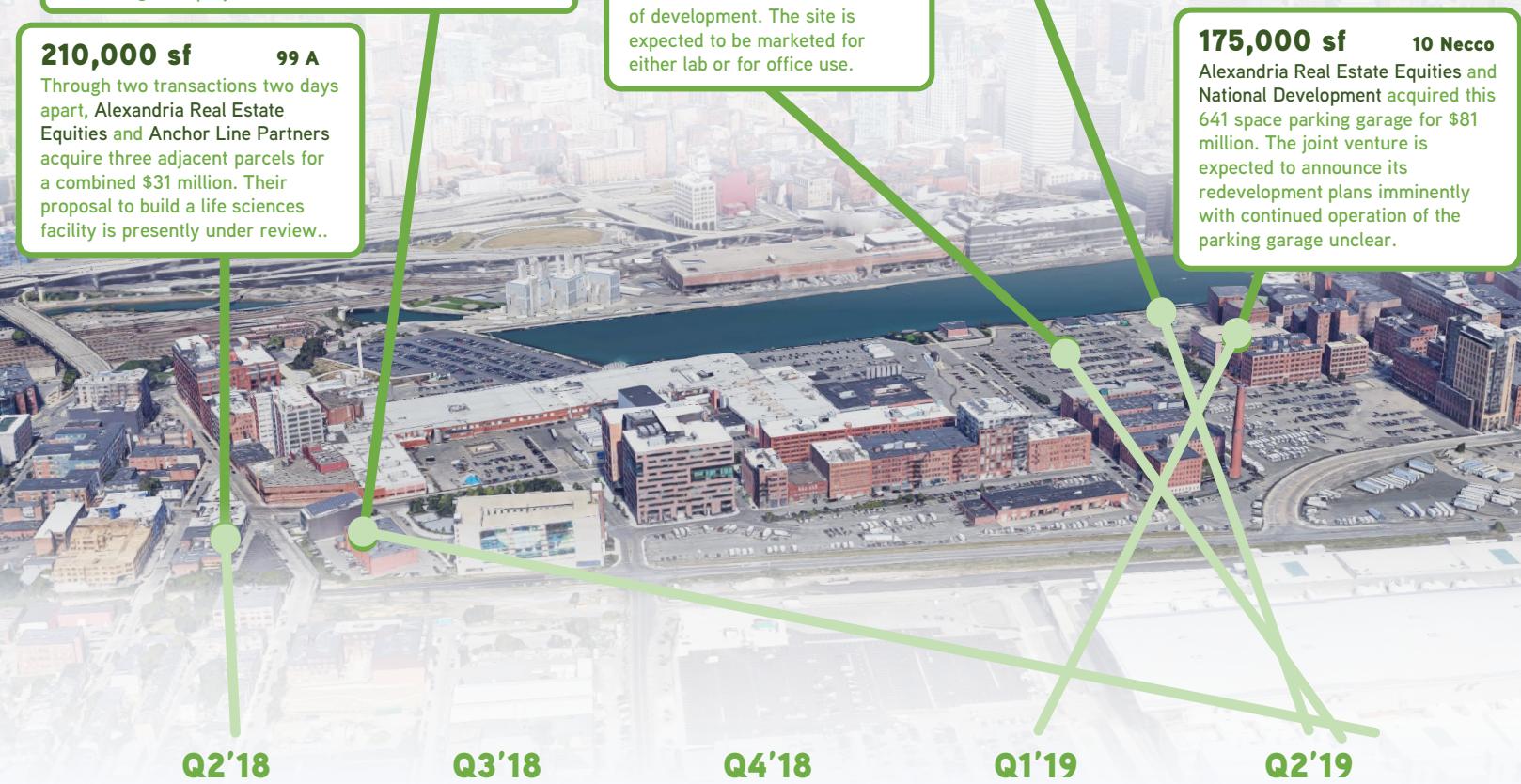
RelatedBeal acquired a 6.5 acre site from Gillette for \$218 million. Early documentation suggests the site can accommodate a half a million sf of development. The site is expected to be marketed for either lab or for office use.

293,000 sf 15 Necco

Alexandria Real Estate Equities and National Development acquired the under construction future GE Headquarters site and an adjacent site permitted for a 293,000 sf lab development for \$252 million.

175,000 sf 10 Necco

Alexandria Real Estate Equities and National Development acquired this 641 space parking garage for \$81 million. The joint venture is expected to announce its redevelopment plans imminently with continued operation of the parking garage unclear.



Flashback to Q1 ...

Tenants absorbed 161,000 sf, the 23rd straight quarter of rising occupancy levels as vacancy remained stable at 1.5 percent. Foundation Medicine was believed to be close to a lease for 491,000 sf in a Seaport build-to-suit facility. SQZ Biotech became the latest biotech firm to fuel leasing momentum at Watertown's Arsenal Yards. HCP acquired 87 Cambridgepark Drive for \$81 million, or \$1,110 per sf, the group's second area acquisition in six quarters. Gillette's factory and adjacent areas may be emerging as a biotech frontier following a series of acquisitions and other events.

this quarter

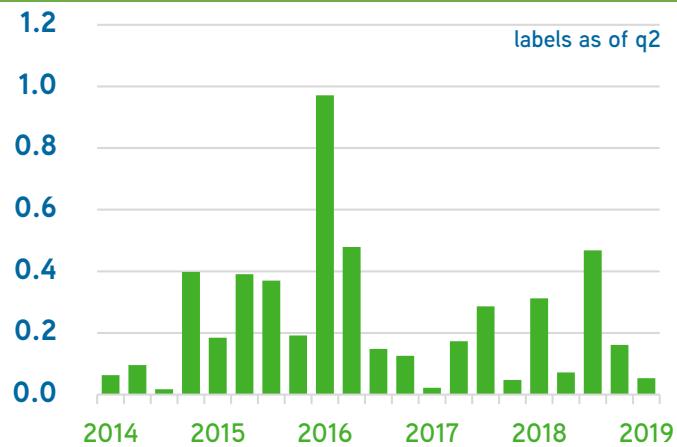
in cambridge ...

- ◊ Tenants absorbed 31,000 sf as vacancy rose 1.6 percent to 1.8 percent.
- ◊ Ribon Therapeutics moved into 27,000 sf at 35 Cambridgepark Drive; Codiak, Eisai, Glympse Bio and Syros are set to take occupancy at the newly opened 224,000 sf asset in future quarters.
- ◊ There are no Class A availabilities larger than 5,000 sf.
- ◊ Cambridge inventory is set to reach 14 million sf by 2021, a doubling from 2006 inventory levels.
- ◊ Bayer has become the latest global biopharma to announce an expansion of its Cambridge presence from an initial, minimal office; they will occupy 62,000 sf at the under construction 238 Main Street.
- ◊ FogPharma signed a lease for 115,000 sf at the under development Building 400 at Cambridge Discovery Park, set for completion and occupancy in the first quarter of 2020.
- ◊ The construction pipeline of 2.1 million sf represents an increase from just 821,000 sf underway four quarters earlier and is the largest since 2015; the pipeline is 69 percent pre-leased.
- ◊ Bluebird Bio will expand into space being vacated by Sanofi when it leaves for Cambridge Crossing in 2021; the move will make the bio the lone tenant at the 2017-built 521,000 sf two-building complex.
- ◊ Class A net effective rents have eclipsed \$100 per sf NNN, on average, for scarcely available existing space in Kendall.
- ◊ A joint venture including The Bulfinch Companies acquired the three-building Osborne Triangle from MITIMCO (\$990 million, 677,000 sf, \$1,625 per sf), assigning a \$2,081 per sf valuation to 1 Portland Street, the market's first lab asset trading for more than \$2,000 per sf.

in boston & the rings ...

- ◊ Streetcar Ring vacancy dropped to 0.0 percent on 17,000 sf of demand as 128 Ring vacancy rose 0.5 percent to 4.5 percent on 16,000 sf of negative absorption and 495 Ring vacancy dipped 1.2 percent to 5.2 percent on 22,000 sf of positive absorption.
- ◊ Ironwood Pharmaceuticals leased 39,000 sf at 100 Summer Street in Boston to serve as the group's headquarters.
- ◊ French biopharma giant Servier took occupancy of its new, 14,000 sf US headquarters at 140 Northern Avenue in Boston.
- ◊ Lab-focused developers acquired numerous formerly Gillette-owned parcels in the Fort Point in the quarter for an aggregate \$632 million.
- ◊ King Street Properties acquired 1-5 The Mountain Road in Framingham (\$20.5 million, 153,000 sf, \$134 per sf); the group intends a redevelopment of the property after former owner Sanofi vacates the facility in connection with its move to Cambridge Crossing.

absorption (sf in millions)



construction (sf in millions)



vacancy %





sf in thousands	rba	vac%	absorption		construction**		
			q2'19	ltm	uc	lease%	ltm
total market	20,778	2.3%	53	754	2,775	63%	821
cambridge	11,905	1.8%	31	770	2,072	69%	821
kendall	7,199	0.0%	10	611	812	39%	597
central	3,772	0.4%	(6)	130	0		0
harvard	84	0.0%	0	0	0		0
alewife	850	23.7%	27	30	270	43%	224
streetcar belt	3,405	0.0%	17	17	125	74%	0
gateway	251	0.0%	0	0	0		0
longwood	1,792	0.0%	17	17	0		0
crosstown	1,362	0.0%	0	0	125	74%	0
128 belt	3,619	4.5%	(16)	(60)	579	38%	0
north shore	307	0.0%	0	6	0		0
128 core	3,267	4.9%	(16)	(66)	579	38%	0
9 west	45	0.0%	0	0	0		0
495 belt	1,849	5.2%	22	27	0		0
3 north	603	0.0%	15	15	0		0
the boroughs	404	21.1%	7	12	0		0
framingham natick	805	1.3%	0	0	0		0
95 south	36	0.0%	0	0	0		0

rba = rentable building area ltm = last twelve months ** preleased % & last twelve months completions

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