

# Life Sciences

## OUTLOOK

Life sciences is one of the fastest-growing industry sectors with a record \$70 billion of private and public capital poured into life sciences-related companies in the U.S. in 2020; this was a whopping [93% increase](#) from the previous record of \$36 billion received in 2018.

According to [PWC](#), the life sciences sector is projected to continue investing in oncology, gene therapy, neurology, and cardiology for the foreseeable future. A report by Green Street Advisors\* showed NOI growth for the past decade for this sector at well-above the average for other property sectors which “looks repeatable the next five years given the tailwinds in the sector.”

Keeping the numerous data points in mind regarding the ever-growing potential of this sector, we are bullish on life sciences going into 2022 and beyond.

*\*Green Street Advisors - Life Science Insights, 2021*



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## OPPORTUNITY

A unique aspect of life sciences occupiers is that they tend to cluster around specific areas. We see opportunities near bustling urban environments, especially in areas with top talent, high intellectual capital, and the presence of top research universities. In a [report by CBRE](#), the top markets for life sciences real estate include Boston, the San Francisco Bay Area, and San Diego, where demand grew by more than 34% since mid-2020, with significant rent growth, tightening vacancies, and pre-leasing in new projects. See which life sciences

markets we're the most excited about in our [2022 Best Places to Invest](#) report.

Life sciences tenants require highly specialized real estate, which is tough to come by—appropriate ceiling heights, robust power, high floor load capacity, venting, excess plumbing, and freight elevators. In addition, life sciences tenants need to consider the overall feasibility of the building for their specialized operations. Currently, there is a limited supply for lab space and R&D facilities nationwide, which has translated into tremendous excess demand in this sector, leading to rising rents and record development. The Boston-Cambridge life sciences market, for instance, has the [tightest vacancy in the nation at one percent](#). In clusters where we see demand outstripping current supply, we will seek to fund ground-up developments.

In addition to ground-up development, we see creative opportunities to reposition existing properties when they are suitable for conversion. Converting existing office properties to life sciences uses is complex, so we're placing heightened sensitivity on the experience of the sponsor.

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