

Identifying Opportunities in the BAY AREA'S LIFE SCIENCES MARKET

The Bay Area's **life sciences** market, the **largest in the nation**, has **experienced exponential growth** in the last five years.

Inventory has **grown by 21%** and asking rents **increased 105%**.



Projects under construction **continue to accelerate** to accommodate increasing demand. The current construction pipeline includes **2.7 msf of projects**, 53% higher than the 2020 pipeline.



From early-stage startups through the largest life sciences companies, **demand has outpaced existing supply** in most Bay Area markets 2-to-1. Strong demand for space by life sciences occupiers has resulted in **over 7.9 million square feet (msf) of new inventory** delivered over the last six years. Of the 426,000 square feet (sf) of construction due to be completed this year, **76% is already pre-leased**.

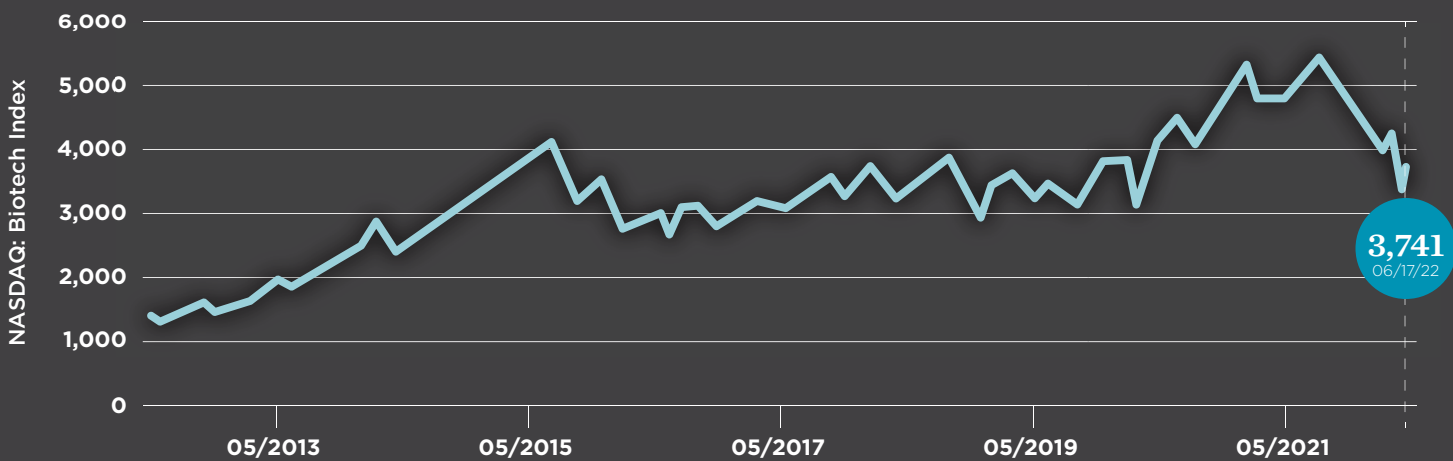


Recent volatility in the equity markets has **resulted in falling market capitalization** for many companies.

- This has created a **cash crunch** for some biotech companies whose market cap has fallen below their cash on hand.
- These companies will need to be **judicious with their expenses** going forward, thereby creating opportunities for other biotech occupiers who may have been sitting on the sidelines.
- **Additional opportunities may develop** in the labor market. Job postings for life sciences occupations in the Bay Area are at a five-year high, up 54% on a year-over-year basis. The war for talent continues to make filling these positions very challenging. The potential for increased M&A activity may alleviate some of these labor difficulties.



Biotech Share Price



Source: The Nasdaq Stock Market, Inc. (NASDAQ), Moody's Analytics, Cushman & Wakefield Research

Takeaways

The Bay Area market is a magnet for life sciences investment capital. Year-to-date, the Bay Area has received over **\$8.1 billion in venture capital funding**, nearly double the same period in 2021, and **NIH grants totaling close to \$1.0 billion**. Funding should continue to accelerate through the year, providing additional capital to the sector.

Despite volatility in the biotech equity markets, **funds continue to flow into the Bay Area's life sciences sector**. This influx of capital should **continue to drive demand for lab space**, ensuring that new spec space delivered continues to be taken up.



For more insights on life sciences, visit Cushman & Wakefield's national report: [VIEW REPORT](#)

Contact



Jason Karbelk
Research Manager
jason.karbelk@cushwake.com

