

Cambridge Lab

# 2019 Market Insight Report



Winter/Spring '19

cresa 

# Market Overview

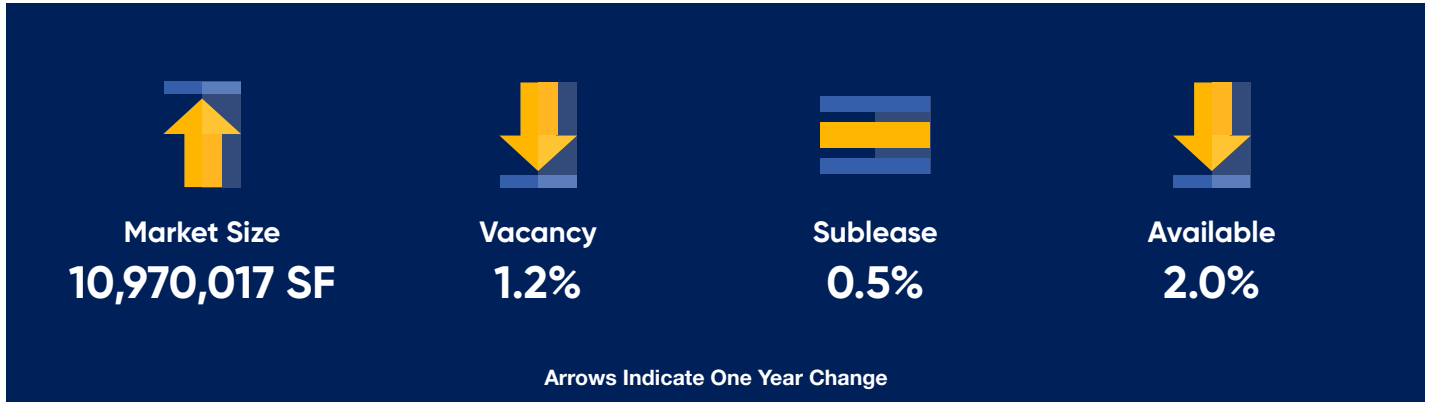


Photo Source: Cresa/Duncan Lake

## Market Trends

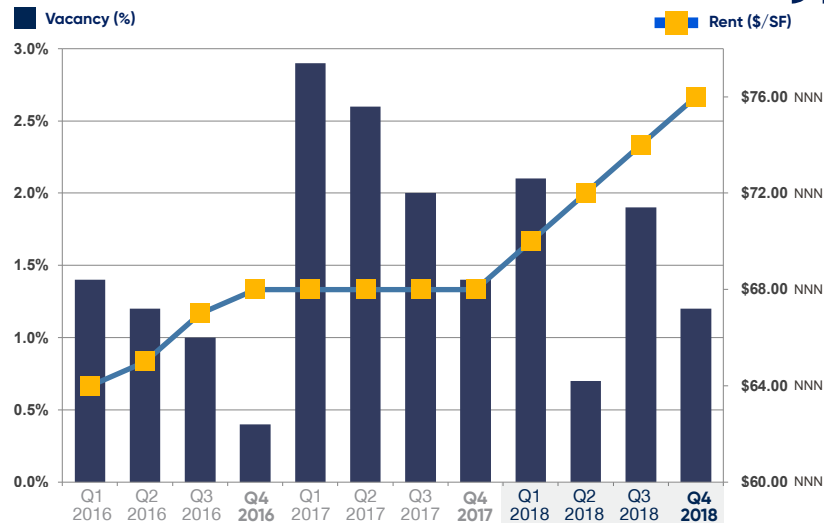
**Limited Supply**  
The demand for lab space in Cambridge remains high from both growing tenants and new ventures expanding out of the various incubators in the market. With virtually no availability in East Cambridge, all of these groups are forced to consider other submarkets.

**Maturing Clusters**  
With little to no available lab space in East Cambridge, other submarkets are responding by developing new “life science clusters.” The Watertown/Brighton area has seen a surge of new lab space, in large part due to Boylston Properties’ fully-leased, 185,000 SF LINX lab building. They are now completing 100,000 SF of new lab space at Arsenal Yards.

**The Sanofi Affect**  
Sanofi signed a lease to consolidate all its sites into 900,000 SF at Cambridge Crossing. With a phased occupancy into their new buildings during the latter half of 2021, Sanofi will make a significant amount of space available in the market.

## Historical Rent & Vacancy

“After rents flattened out in 2017, they spiked up again through 2018 with limited inventory and sharp increase in demand.”



## V.C. Spotlight

Boston & Cambridge 2018



**552**  
Deals



**\$8.376B**  
Invested

### Largest Deals

1. Kensho Technologies - \$550M
2. Relay Therapeutics - \$400M
3. American Well - \$290M
4. Indigo Agriculture - \$250M
5. Wuxi NextCODE - \$200M

# Market Movement

## Notable Transactions

Tenant	Address	Size (SF)	Type
Sanofi	Cambridge Crossing	900,000	Consolidation
Generation Bio	301 Binney Street	70,000	Relocation
Esai	35 Cambridgepark Drive	48,000	Relocation
FD Therapeutics	300 Technology Square	27,000	Relocation
Ribon Therapeutics	35 Cambridgepark Drive	25,000	Relocation

## Investment Sales

Buyer	Address	Size (SF)	Price/SF
Brookfield Asset Management	University Park Portfolio (12 bldgs.)	1,750,000	Part of a larger portfolio sale
TBD/Confidential	75-125 Binney Street	388,000	\$1,880
Invesco Advisors, Inc.	The Quad Portfolio (4 bldgs.)	200,000	\$363
HCP, Inc.	87 Cambridgepark Drive	64,000	\$1,110

## Market

### Predictions

- 1 Demand for lab space will remain high, as companies in the market today expand and new companies relocate from out of market. There are new developments underway but much of what is coming online is already spoken for. Cambridge Crossing now has commitments from Philips and Sanofi totaling more than 1.2M SF.
- 2 With minimal space available and rents soaring, the trend of companies leaving East Cambridge for other submarkets like the Seaport, West Cambridge, Watertown/Brighton and Lexington/Waltham will continue. As these life science submarkets continue to grow and mature, it will be an easier justification for companies as they'll be joining an established cluster vs. being an early pioneer.
- 3 With a number of large requirements in the market and exiting availability at a minimum, we will continue to see new developments in and around Cambridge move ahead either with commitments or on a speculative basis.

## Get to Know:

### Brighton/Watertown Lab Cluster



Brighton Bowl | Photo Source: Cresa/Duncan Lake



#### Branch Line

A neighborhood rotisserie and wood fire grill serving wine and beer, with outdoor bocce and patio seating available year-round.



#### Flatbread Brighton + Brighton Bowl

Enjoy nine candlepin bowling alleys and a wide selection of organic wood-fired pizza, located at the new Boston Landing.



#### Warrior Ice Arena

Home of the Boston Bruins' new training and practice facility, the state-of-the-art arena is also available for public skating.



#### Charles River Bike Path

This paved, 22-mile route hugs each side of the Charles River, crosses the Galen Street Bridge in Watertown and curves around Soldiers Field Road in Brighton.

# Project Highlight



## Addgene 490 Arsenal Street Watertown, MA

**Industry:**  
Life Science

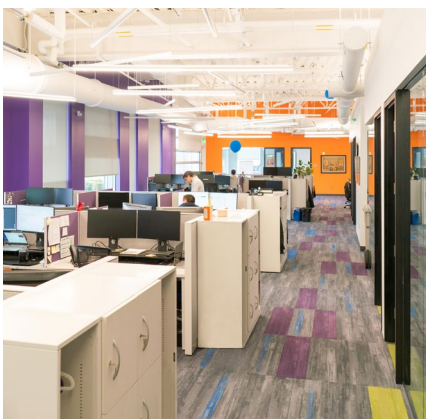
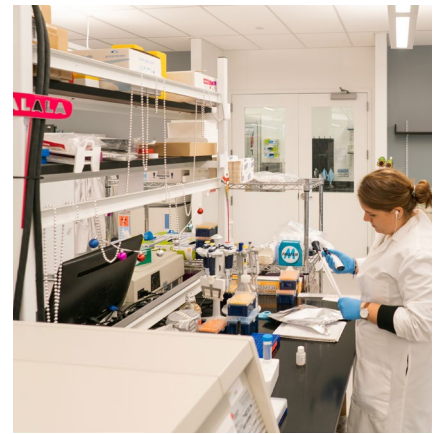
**Size:**  
40,000 SF

**Services:**  
Transaction Management

**Architect:**  
RE Dineen

**Space Features:**  
Great window line for abundant natural light, generous ceiling height, strategically took additional/future growth space and secured subtenant in the interim

**Photography:**  
Cresa/Duncan Lake



# Development Pipeline



Development	Owner	Size (SF)	Status
1 Cambridge Crossing	Divco West	1,000,000	Permitted and Under Construction
2 314 Main Street	MITIMCo	350,000	Permitted and Under Construction
3 238 Main Street	MITIMCo	350,000	Permitted and Under Construction
4 400-500 Acorn Park Drive	Bulfinch	250,000	Permitted and Under Construction
5 35 Cambridgepark Drive	The Davis Companies	220,000	Permitted and Under Construction
6 40 Thorndike Street	Leggatt McCall	445,000	Permitted
7 55 Broadway (Volpe)	MITIMCo	1,700,000	Non-Permitted Development
8 303 Binney Street (Met Pipe)	Alexandria	400,000	Non-Permitted Development



314 Main Street | Photo Source: wbur.org



Cambridge Crossing Rendering | Rendering Source: Divco West

### Cambridge Lab

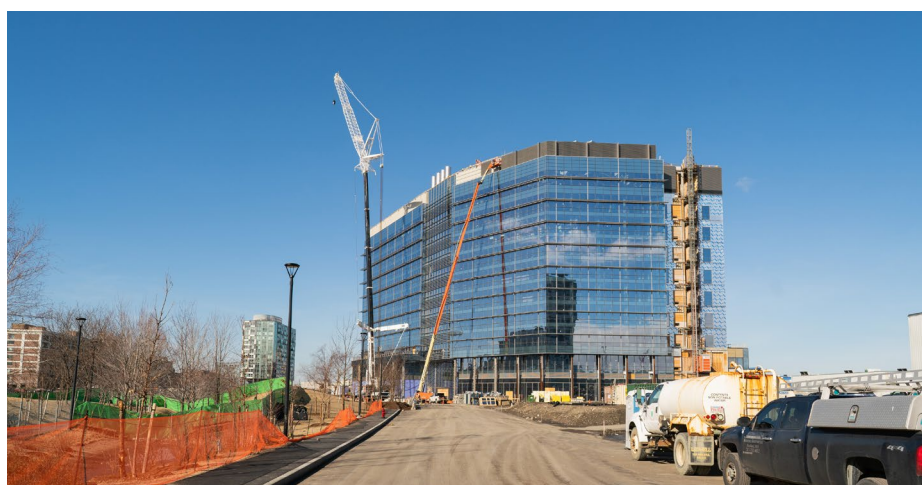
# For Life Sciences, the Momentum Continues

Formerly known as Northpoint, the Cambridge Crossing development site sat idle for decades. When Divco West broke ground on the site in 2017, they were counting on favorable market conditions – and their risk was rewarded. In 2018, Philips committed to moving their North American headquarters there, which was a big first step for the site. Later, Sanofi’s commitment to lease 900,000 SF in two buildings on the site solidified Cambridge Crossing as an established campus within the East Cambridge life science market. Sanofi’s deal to consolidate its sites in and out of Cambridge will have a significant and positive impact on the market.

The momentum that Cambridge Crossing has as a result of Sanofi’s commitment will only accelerate their leasing success. The constrained supply of the East Cambridge lab market desperately needs new inventory, and as the development at Cambridge Crossing continues to move ahead, it will provide a release valve for an extremely tight market. Even if all the new space built at Cambridge Crossing is committed before completion, it will likely be by companies already in Cambridge whose moves will create opportunities for other growing tenants to take over their space.

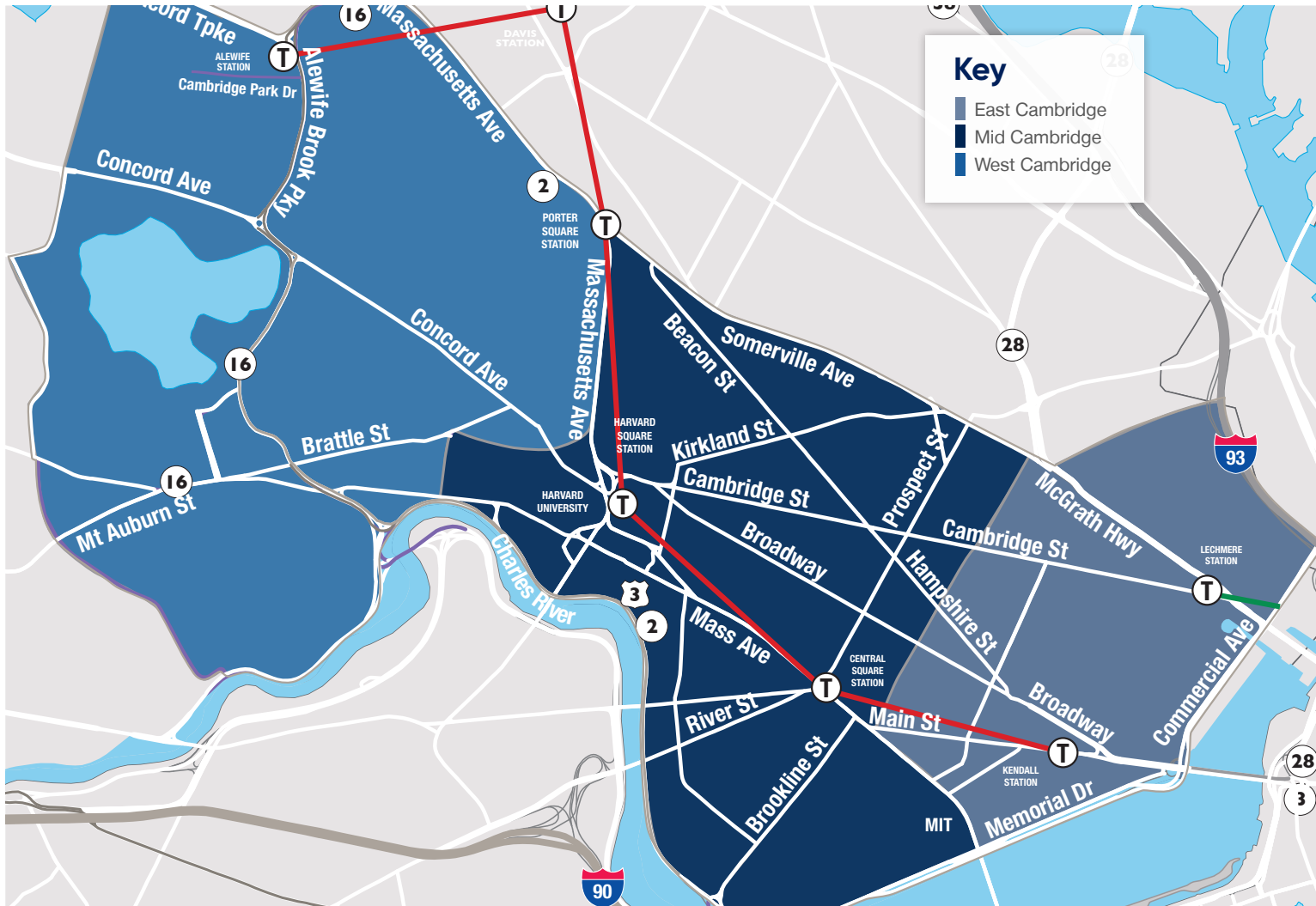
Today, Sanofi occupies more than 500,000 SF of space in Cambridge, all of which they are expected to vacate when they transition into their new buildings in the latter half of 2021. The Greater Boston life science market continues to grow at a rapid pace, with Kendall Square serving as the epicenter. However, the neighborhood’s development potential is limited, and if demand remains strong, the market must expand outward. Cambridge Crossing is an excellent example of the market’s potential.

**“The Greater Boston life science market continues to grow at a rapid pace, with Kendall Square serving as the epicenter.”**



Cambridge Crossing Construction | Photo Source: Cresa/Duncan Lake

# Lab by the Numbers



Submarket	Market Size (SF)	Vacant	Sublease	Available	Class A Rent/SF	Class B Rent/SF
East Cambridge	6,677,300	0.1%	0.1%	0.7%	\$88.00 NNN	\$82.00 NNN
Mid Cambridge	3,226,581	0.6%	0.3%	0.9%	\$88.00 NNN	\$78.00 NNN
West Cambridge	1,066,136	9.9%	3.5%	13.3%	\$66.00 NNN	\$54.00 NNN
<b>Total</b>	<b>10,970,017</b>	<b>1.2%</b>	<b>0.5%</b>	<b>2.0%</b>	<b>\$80.00 NNN</b>	<b>\$72.00 NNN</b>

## Tenants in the Market



400,000 SF



150,000 SF



100,000 SF



80,000 SF



40,000 SF

## About Cresa Boston

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### Contact

For more information about Cresa and the Cambridge Market, please contact:

**Cresa Boston**  
280 Congress Street  
Boston, MA 02210  
617.758.6000  
[cresa.com/boston](http://cresa.com/boston)

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