

I-27 Corridor Lab Market Report

Scheer Partners
A Reputation for Results

Q4 2018

Market Summary

To say the 4th Quarter (Q4) of 2018 was extremely active would be a huge understatement. It was one of the most active quarters in the past 10 years. Of the 814,000 square feet (sf) of transactions completed in 2018, more than half of them were done in Q4. This was due largely to the REGENXBIO and Autolus leases, but there were also several smaller transactions done as well. Furthermore, 15 of the 32 transactions done in 2018 were completed in Q4

Forecast

Moving into 2019, there are still approximately 220,000 sf worth of lab transactions in the market with a few funding-related expansions expected to come to market early in the year. The existing demand is expected to further reduce the available lab inventory by 75,000 sf. From a supply perspective, there have been a few options created for lab users to accommodate several size ranges. However, there are still very few proven existing options that can accommodate a lab requirement in excess of 40,000 sf. New, ground-up development solutions will fill the void, but require significant lead time due to design and construction timeframes.

Market Metrics

Availability
293,450 SF [3.5%]

Absorption
11,703 SF
New Deliveries
217,000 SF

**Average Marketed
Rental Rate**
\$30.62, NNN

Major Transactions



REGENXBIO
9800 Medical Center Drive
132,000 SF



TISSUEGENE
9713 Key West Avenue
32,000 SF



VIAGENE
5 Research Court
16,000 SF



AUTOLUS
9950 Medical Center Drive
85,000 SF



KITE PHARMA
930 Clopper Road
33,000 SF

Talent in the Next Generation Lab Market

The extremely active lab real estate market is a bell-weather for the upcoming hyper-competitive talent market. Based on the recent real estate transactions and related hiring forecasts, we estimate the range of new positions in the Maryland life sciences market to be between 1,150 to 2,300 new hires in 2019.

Conversations with scientific industry staffing experts have alluded to an already tight talent pool. An overwhelming majority of their placements have been with candidates who are already employed. This trend is anticipated to continue and require increased recruitment from other scientific markets to fulfil the needed new positions. Nationally, other scientific hubs are experiencing a similar competitive market for employees, which means the BioHealth Capital Region will need to continue to grow its image and prestige in order to compete.

"Over the past few years the I-270 biotech corridor has seen tremendous growth in both investment dollars and in the caliber of clinical and commercial stage companies finding success here. The regional brand has also grown and caught the eyes of many economic developers, investors, and even the media, but its still shadowed by the glimmer of the Bay Area and Boston. The next stage of growth presents a great opportunity to set the Maryland market on a new trajectory for quality scientific talent and top-notch technologies."

~Chris Frew, CEO Workforce Genetics

To ensure Maryland life science companies can recruit and retain the best and brightest employees, there will be an emphasis on their facilities as a draw and differentiator. High finish levels, in-building comforts and entertainment to offer employees, access to exterior amenities and transit, prestigious address, etc. will all come into play in this next generation of the market.

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