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Q1 2024

Life Science Market Report

SUMMARY

The first quarter of the year proved far more active than prior quarters. The Northwest Region's life science hub pressed forward with the long-anticipated acceleration of M&A and partnership deals dominating headlines. Regional venture capital activity, public sector funding, and leasing velocity all showed signs of life this quarter as the year started on a positive note.

In venture, total funding in the sector (excluding M&A deals) increased by nearly 104% quarter over quarter – yet again, with most of the larger deals stemming from companies of later / growth stage (i.e. assets in the clinic). ProfoundBio kicked off '24 with a nine-figure Series B – Ally Bridge Group led the \$112 M financing with participation from the previous syndicate, which included OrbiMed and Lilly Asia. Shortly after, Sana Biotechnology announced a 2nd Public Offering, totaling \$119.75 M in funding and providing some cash insulation amidst market conditions. Healionics, Proniras, Alpenglow Biosciences, and Cyrus Biotechnology all picked-up multi-million dollar checks. Venture sentiment remained relatively consistent in Q1: early-stage companies continued to struggle in landing targeted larger rounds (Seed / A) and those financed at the height of the pandemic “bio-boom” battled for later-stage funding. Public sector funding nearly doubled quarter over quarter, with over \$200 M in awards allocated to Washington State recipients. The State climbed national ranks, placing seventh in overall NIH funding, which surpassed \$6 B. In commercialization, licensing and IP deals forming new companies seemed to slow its pace just slightly, however, incubator / small (single bench) space requirements persisted – fortunately, space supply levels in this category are relatively healthy.

As anticipated, M&A's, business development deals, and strategic partnerships

made a significant splash this quarter. In M&A, previously reported on Icosavax – AstraZeneca deal officially closed. Shortly after the end of the quarter, ProfoundBio announced its sale to Genmab, leveraging its momentum in the ADC space for a \$1.8 B price tag. Alpine Immune Sciences landed its big break, with a \$4.9 Billion acquisition by Vertex, to be further reported on in the next edition of this report. NanoString Technologies announced a \$220 M bankruptcy financing / buyout by Patient Square Capital. AI2 Incubator spinout, Modulus Therapeutics, announced its asset sale to Boston-based Ginkgo Bioworks. Regeneron picked up the local former bluebird bio team, which had only recently split off as 2Seventy Bio. In BD deals, local spinout Umoja Biopharma announced its major partnership with pharma giant, AbbVie, with the goal of using Umoja's platform as a catalyst for exclusive licenses / options on multiple CAR-T candidates.

The pendulum kept its swing toward tenant-favorable conditions in the first quarter. Direct space (both new and second generation) hit multi-quarter periods of continued vacancy, spec construction delivered with limited leasing activity, and net active demand remained less than 200,000 sq. ft. As such, institutional expectations started to temper on rates and concessions.

Leasing activity picked up from the prior quarter, with a handful of transactions reaching terms. Two stealth-stage companies inked leases in Alexandria's Eastlake cluster, both supported by Flinn Ferguson. Seattle-based non-profit, PATH, inked a lease in Fremont at HCG's West Dock, for over 50,000 sq. ft. The relocation deal will right-size PATH's presence in Seattle from their three floors at 2201 Westlake. Rodent model design and breeding services company, Taconic Biosciences, inked a lease in Alexandria's 1616 Eastlake, where the

former IDRI (and CRL / Explora) vivarium was. The 15,004 sq. ft. presence will put a Seattle location on the map for the New York-based bioservices company. In Bothell, BioLife Solutions inked a transaction for over 30,000 sq. ft. with Alexandria, expanding within their existing building at Monte Villa Farms. Flinn Ferguson was pleased to represent BioLife in the transaction. Further North, in Everett, Pfizer announced plans to halt Seagen's “LaunchPad” project. The 258,000 sq. ft. build-to-suit manufacturing center was nearly 80% complete on its interior tenant improvements when the decision was announced.

In development, Hess-CallahanGrey delivered Northlake Commons, a Lake Union-facing mass timber project, marketed to both light laboratory and office users. The 160,000 sq. ft. project delivered vacant, with interest / activity on two floors. Former F5 Headquarters, now named Unison Elliott, completed its conversion to laboratory use. The ownership group, RMR, built out three levels of speculative laboratory suites to accommodate both full floor and partial floor tenant requirements. 222 Fifth announced its further detailed plans to deliver three floors of spec suites (floors 2-4), to keep up with competitive supply. Alexandria's 701 Dexter put shovels back in the ground and resumed construction of their 227,000 sq. ft. laboratory development next to BioMed's Dexter Yard. Rumbblings of Wexford's Portage Bay Crossing / Brightwork building jumped headlines as an end to previously reported on litigation sparked a line of site to a construction start date. The Baltimore-based firm hopes to break ground this year on the 345,000 sq. ft. laboratory and office facility.

For additional information on included or other transactions, developments, or perspective, please inquire.

MARKET TRENDS

- **More spec suites** & shell supply delivers
- **Developers face headwinds** amidst slow leasing environment
- **The M&A wave hits** the Northwest
- **Venture capital landscape improves** gradually
- **Demand for space remains quiet** as laboratory supply sits vacant

RECENT ACTIVITY

- **Two early - stage companies expand** in ARE's Eastlake portfolio
- **PATH inks full-building lease** in Fremont
- **Taconic Biosciences signs lease** in Eastlake
- **BioLife Solutions expands** in Bothell
- **Pfizer shuts down Seagen's “Launchpad” Project**
- **ProfoundBio makes a splash** with Genmab M&A

Q1 2024 SUMMARY

Q1 Total Investment*
\$546.32 M

*EXCLUDES M&A DEALS

Deal Count
19

Quarterly Change
↑103.97%

Q1 '24 \$546 M, Q3 2023 \$267 M

Annual Change
↑563.41%

Q1 '24 \$546 M, Q1 '23 \$82.37 M
SOURCE: PITCHBOOK

TOP DEALS

	AMOUNT	TYPE	DATE
 Sana Biotechnology	\$119.75 M	2PO	FEB '24
 ProfoundBio	\$112 M	B	FEB '24
 nanoString	\$220 M	LPO	MAR '24
 absci	\$86.42 M	2PO	MAR '24
 ProfoundBio	\$1.8 B	M&A	APR '24

SOURCE: PITCHBOOK

Q1 VENTURE COMPARATIVE*

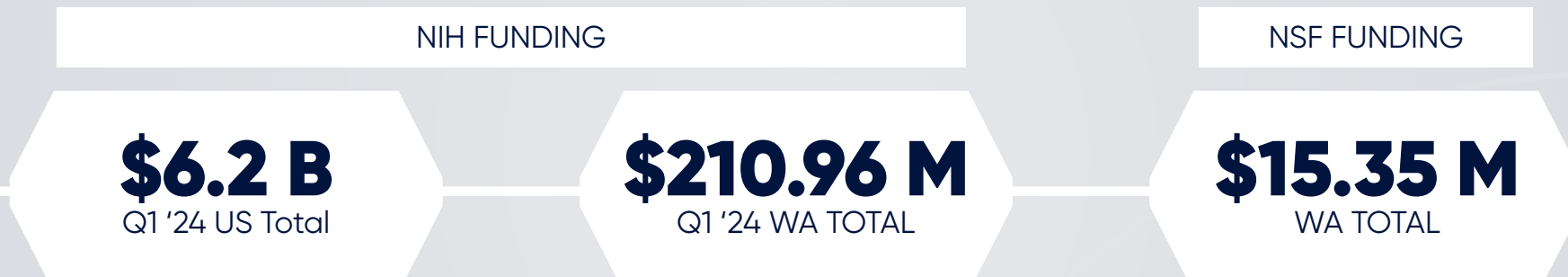


*EXCLUDES M&A DEALS
SOURCE: PITCHBOOK

COMPANIES TO WATCH



Q1 SUMMARY



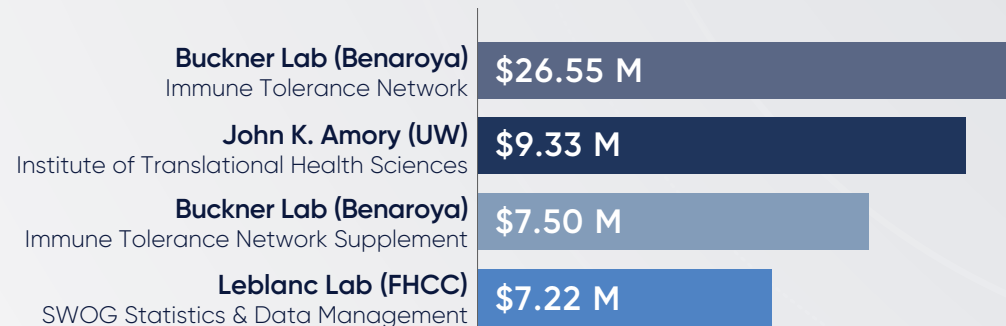
RANK	STATE	PROJECTS	FUNDING
1	CA	1,759	\$801,332,245
2	NY	1,303	\$614,874,982
3	MA	1,179	\$594,523,820
4	NC	602	\$569,776,759
5	PA	822	\$372,972,830
6	TX	762	\$308,094,318
7	WA	347	\$210,955,843
8	IL	474	\$199,571,639
9	MD	489	\$197,184,520
10	MI	422	\$185,628,038
11	OH	406	\$179,534,698
12	FL	321	\$143,421,145
13	TN	291	\$141,674,051
14	CT	299	\$137,087,901
15	GA	319	\$136,644,014

SOURCE: NIH REPORTER

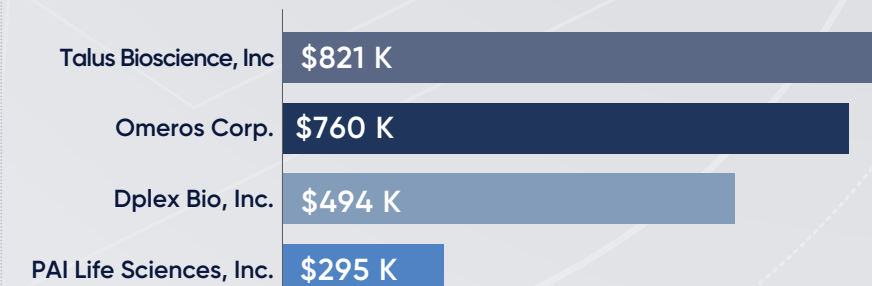
TOP RECIPIENTS



TOP PROJECT AWARDS



NOTABLE AWARDS TO PRIVATE ORGANIZATIONS



SOURCE: NIH REPORTER

ProfoundBio



MARKET STATS

SEATTLE

BOTHELL

INVENTORY
(ALL)

7.40 M

3.17 M

INVENTORY
(INVESTOR OWNED)

3.69 M

2.17 M

VACANCY*
(DIRECT & SUBLEASE)

34.01%

24.81%

AVAILABILITY*
(DIRECT & SUBLEASE)

34.66%

17.12%

RENT

MID \$50'S TO
MID \$80'S

MID \$20'S TO
HIGH \$30'S

TI'S

\$200 - \$280

\$90 - \$150

*STATISTICS CALCULATED OFF OF INVESTOR-OWNED INVENTORY

AVAILABLE LAB SPACE

SUBLEASE **35.68%**

BIOMED **21.46%**

LPC WEST **15.11%**

ALEXANDRIA **10.49%**

OTHER **7.71%**



RMR GROUP **5.06%**

OXFORD PROPERTIES **4.50%**

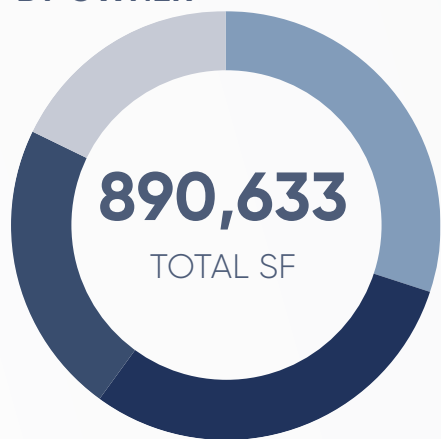
*FIGURE ONLY INCLUDES BUILT OUT LABORATORY SPACE; CURRENTLY AVAILABLE OR SOON TO BE





RECENT NOTABLE LEASE TRANSACTIONS

COMPANY	BLDG NAME	OWNER / SUBLANDLORD	SIZE	TYPE	DATE
 PATH	WEST DOCK	LOCAL OWNERSHIP	52,190 SF	NEW LEASE	Q1 '24
 Xaira	DEXTER YARD NORTH TOWER	BIOMED REALTY / (PARSE BIOSCIENCES)	10,567 SF	SUBLEASE	Q1 '24
 TACONIC BIOSCIENCES	1616 EASTLAKE	ALEXANDRIA	15,004 SF	NEW LEASE	Q1 '24
 zeno	219 TERRY	ALEXANDRIA	15,960 SF	NEW LEASE	Q1 '24
 BIOLIFE SOLUTIONS cell and gene therapy tools	MONTE VILLA FARMS	ALEXANDRIA	34,806 SF	EXPANSION	Q1 '24

UNDER CONSTRUCTION

BY OWNER



	TRAMMEL CROW	30.16%
	ALEXANDRIA	29.97%
	LPC WEST	22.14%
	TOUCHSTONE	17.73%

BY PROJECT

PROJECT	ADDRESS	CITY	SIZE	TIMING	OWNER	% LEASED
222 FIFTH	222 5TH AVE N	SEATTLE	197,216 SF	Q3 '24	LPC	0%
CHAPTER BLDGS - BLDG 2	12TH & BROOKLYN	SEATTLE	157,944 SF	Q3 '24	TS	0%
1916 BOREN	1916 BOREN AVE	SEATTLE	268,575 SF	Q4 '24	TCC	43%
701 DEXTER	701 DEXTER AVE N	SEATTLE	266,898 SF	Q3 '25	ARE	0%
TOTAL			890,633 SF			

RECENT DELIVERIES



NORHLAKE COMMONS



UNISON ELLIOTT



ELEVEN50



CASCADIAN

Our company

Flinn Ferguson Cresa has established itself as Seattle and Bellevue's most active and experienced Tenant Advisory Firm.

Our mission is to listen to the client's core objectives, customize a complimentary real estate strategy, and leverage our shared experience to ensure that the most favorable real estate outcome is achieved.