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Q2 2024

Life Science Market Report

SUMMARY

The second quarter of 2024 boasted several major national headlines for the Northwest. M&A activity made a splash in industry publications, brand new purpose-built facilities neared completion, new incubators were announced, and more. While leasing activity and demand for space in the ecosystem remained tempered, our regional scientific cluster showed a measured flurry of activity.

In venture, total funding in the sector (excluding M&A deals) decreased by approximately 20 percent quarter over quarter. The funding environment for many companies remains challenging – with later-stage companies holding on by scouring for BD / collaboration opportunities, cutting costs, etc. to extend cash runways while early-stage companies largely struggle to get ideas financed and onto the bench or into the clinic. One common thread remains: grants continue to be increasingly important for companies of all stages in extending runways and / or pushing product / scientific milestones forward. During these cycles, novel discoveries stand out and shape the industry in formulating its rebound. Related, Vilya, a computational biotech spawned by ARCH and IPD, raised \$71 M in Series A financing. Immusoft raised just over \$4M, Notch Therapeutics secured over \$15 M and RareCyte clinched \$20 M to expand its Orion™ Platform, among others. Public sector funding increased slightly, with over \$230 M in awards allocated to Washington State recipients. In commercialization, licensing and IP deals forming new companies showed slightly more signs of life than Q1, with potential new companies close to executing on term sheets.

The wave of M&A's and business development deals persisted. Of

note, long time Seattle biotech, Alpine Immune Sciences, announced a major acquisition deal; the company agreed to be acquired by Vertex Pharmaceuticals for nearly \$5 B, a major deal for the Northwest region. NanoString was bought out of bankruptcy by global research tools company, Bruker, which took ownership of the biotech for under \$400 M. In BD deals, HDT Bio structured a collaboration and partnership with Applied DNA, Just.Evotec landed another DOD partnership, and Parse worked to expand it's South American reach via an agreement with Gencell. Stealthy neuro company, Cajal, announced a widely reported deal with California-based Creyon Bio to develop oligonucleotide therapeutics. Additional details on partnerships and BD deals can be found on page 5.

Facility market dynamics for laboratory / R&D space remained largely in continued favor of tenants. Net active demand remained at roughly a quarter million sq. ft. in active requirements, the majority of which are either slower moving (far out to occupancy requirement or awaiting financing) and / or focused on pending transactions at specific locations. Supply of built out laboratory space available today (or soon to be), remained at over 1 M sq. ft., with an average "time on market" of approximately 1.82 years at the time of this publication. This continues to be an unprecedented statistic for our region since inception.

Leasing activity remained modest. Of note, PAI Life Sciences inked a sublease in 1551 Eastlake, for a small office and laboratory footprint. PAI subleased a portion of Adaptive Biotechnologies' second floor; the latter carries two floors of the building (its former HQ) under a long-

term lease. Allen Institute expanded in BioMed's Dexter Yard project, taking a critical floor recently built out on a speculative basis by the behemoth laboratory developer. The lease deal consisted of a 24,270 sq. ft. footprint in the North Tower of BMR's half-million sq. ft. Project. With the added footprint, Allen Institute's footprint and doubles in leased space at the Project (the other half of which is located in the South Tower). In Bothell, Immunome executed an expansion in the other half of Alloy's Bldg. 4, adding 14,996 sq. ft. to their new headquarters, and approximately doubling the biotech's facility scale. Panasonic renewed its lease in ARE's Monte Villa Farms, and several deals neared the finish line from early-stage biotech to large pharma.

In development, 222 Fifth neared delivery, as previously reported, with a focus on completion prior to end of year. The project formally announced its new "incubator" concept called CoLabs, to be located on the third floor of the building and offer short-term, small footprints to growing biotechs. More on this in a later edition. Alexandria's 701 Dexter picked up steam in construction, already completing several additional floors of the 227,000 sq. ft. project design since resuming construction in Q1. 1916 Boren refined its speculative lab suite design and made strides toward

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

MARKET TRENDS

- **Last of 'Bio-Boom Era' Development Pipeline Nears Delivery** with 87% Availability
- **Average Time on Market Hits 2 Years** for Built Out Lab Space
- **Suburban Markets See Activity** Amidst Quiet Core Demand
- **M&A Wave Continues** to Recharge Headlines
- **Cycle Triggers Scrutiny of Commercial Debt** on Life Science Assets

RECENT ACTIVITY

- **Allen Institute Expands** in Dexter Yard
- **Vertex Enters Seattle** with its Acquisition of Alpine Immune Sciences
- **Baker Lab Spinout**, on a Mission to "Compute Beyond Nature" Bags \$70M
- **Alloy Properties Secures Growth** for Immunome
- **Small to Mid-Sized Deals Loom** in Seattle & Bothell
- **Nanostring Finds a Suitor** in Bruker

Q2 2024 SUMMARY

Q2 Total Investment*

\$400.55 M

*EXCLUDES M&A DEALS

Deal Count

31

Quarterly Change

↓ 25.4%

Annual Change

↑ 11.0%

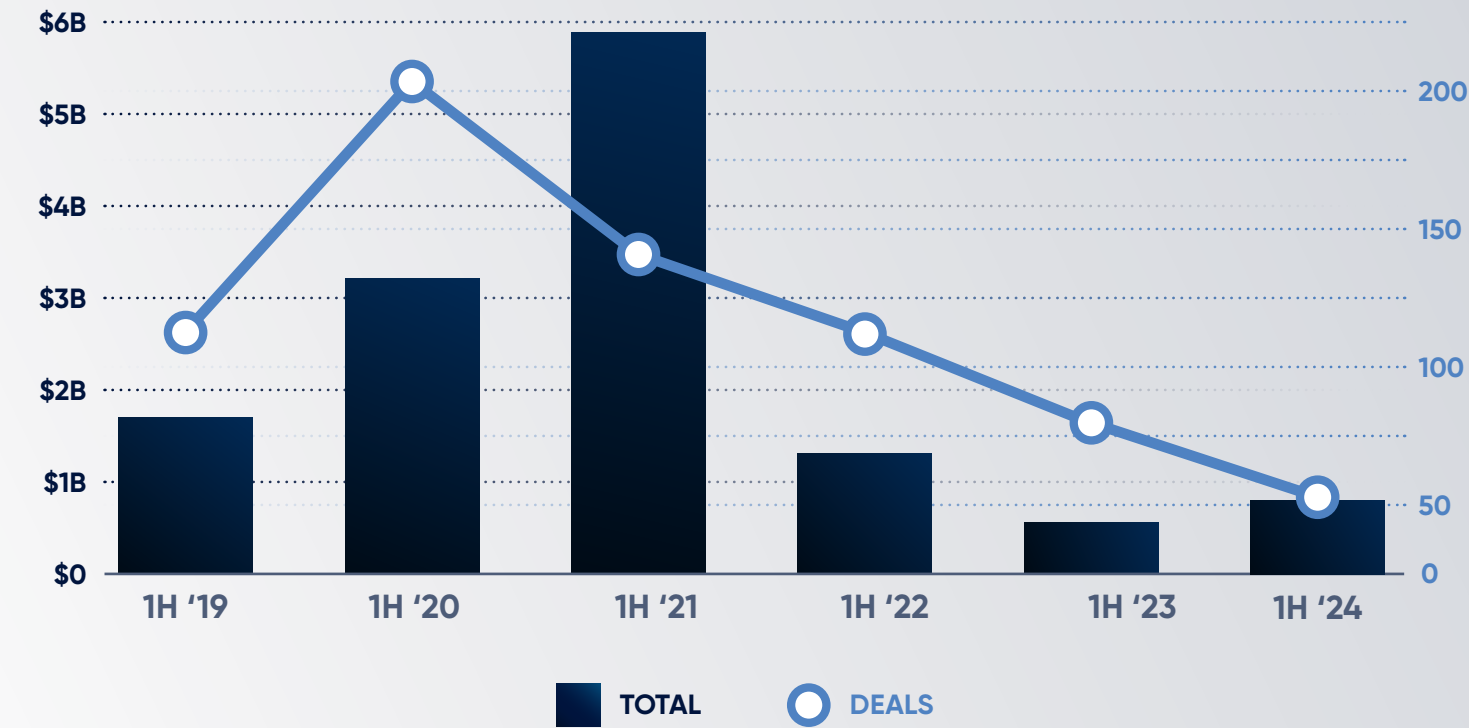
Q2 '23 \$315.24 M RELATIVE TO Q2 '24
SOURCE: PITCHBOOK

TOP DEALS

	AMOUNT	TYPE	DATE
 Revalesio	\$25.51 M	P/E	APR '24
 ALPINE ImmuneSciences™	\$4.9 B	M&A	APR '24
 nanoString	\$392.6 M	M&A	MAY '24
 OMEROS	\$92.1 M	DEBT	JUN '24
 VILYA	\$71 M	SERIES A	JUN '24
 Notch THERAPEUTICS	\$15.5 M	SERIES B+	JUN '24
 RARECYTE Precision Biology for Life Sciences	\$20 M	LATE STAGE VC	JUN '24

SOURCE: PITCHBOOK

1H VENTURE COMPARATIVE



SOURCE: PITCHBOOK

COMPANIES TO WATCH

xaira

Wayfinder
BIOSCIENCES

SYNTHESIZE.BIO

INDUPRO

HDTbio

Q2 SUMMARY

NIH FUNDING

NSF FUNDING

\$8.3 B
Q2 '24 US Total

\$231.10 M
Q2 '24 WA TOTAL

\$18.3 M
WA TOTAL

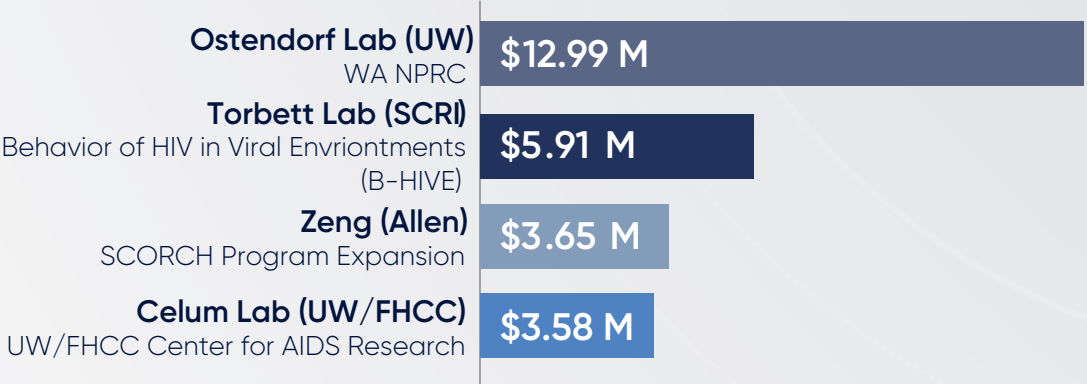
RANK	STATE	PROJECTS	FUNDING
1	CA	2,145	\$1,251,980,127
2	NY	1,430	\$820,484,927
3	MA	1,348	\$798,747,699
4	PA	957	\$540,215,891
5	TX	861	\$439,939,069
6	MD	550	\$372,935,764
7	NC	590	\$321,344,679
8	IL	554	\$276,746,925
9	MI	490	\$258,738,488
10	WA	417	\$231,102,289
11	OH	438	\$215,900,496
12	FL	407	\$212,732,695
13	TN	328	\$198,331,057
14	GA	393	\$195,007,813
15	CT	333	\$190,502,133

SOURCE: NIH REPORTER

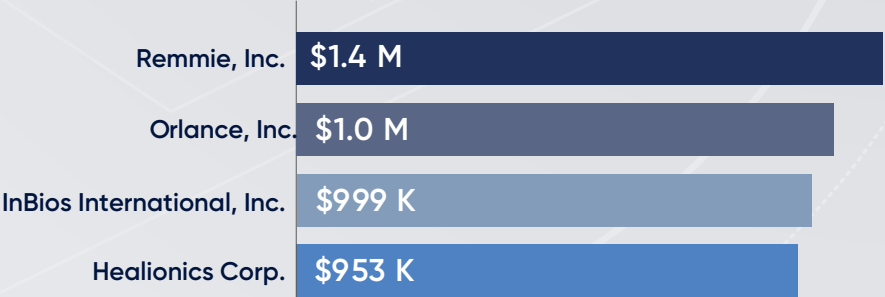
TOP RECIPIENTS



TOP PROJECT AWARDS



NOTABLE AWARDS TO PRIVATE ORGANIZATIONS



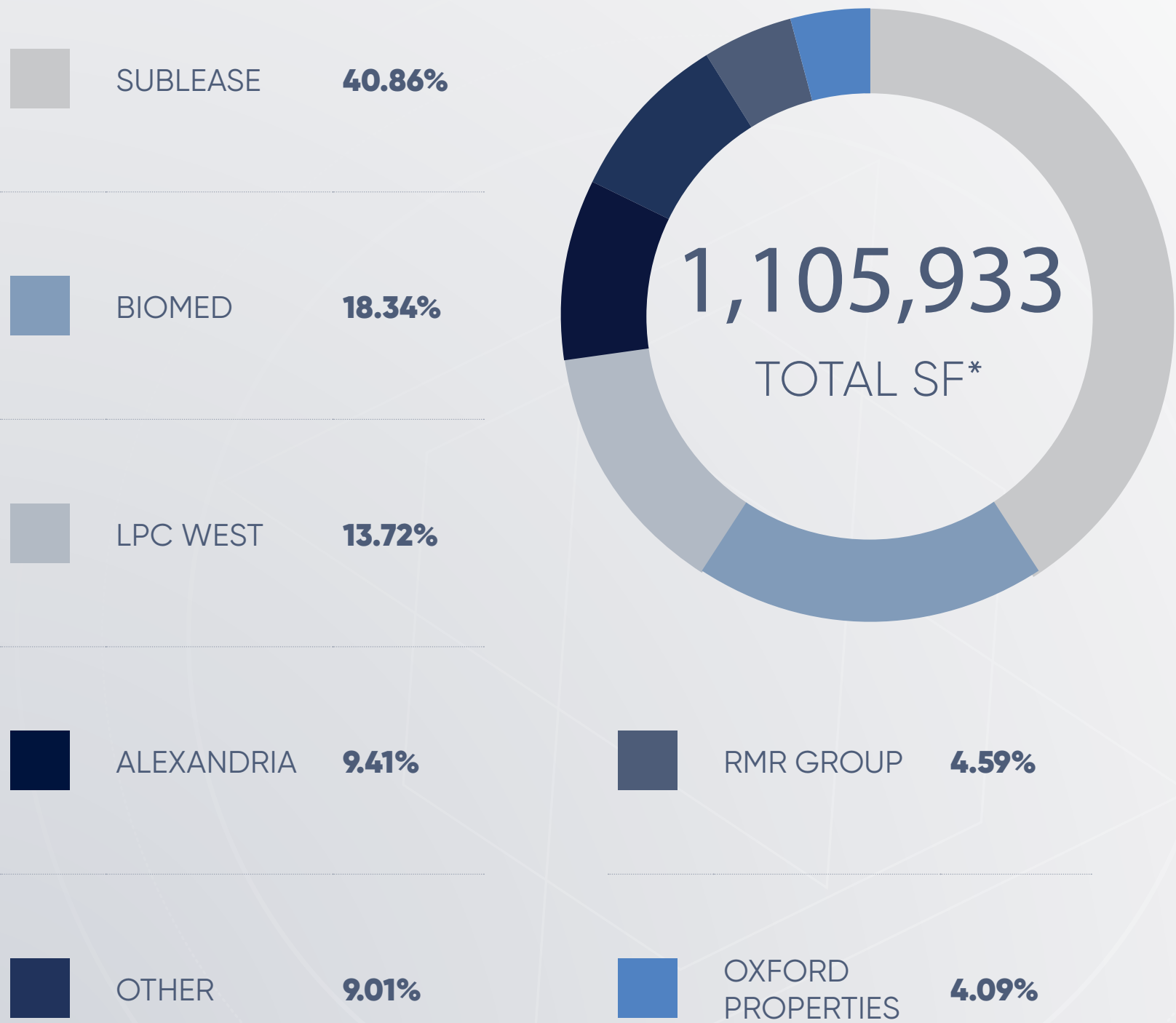
SOURCE: NIH REPORTER



MARKET STATS	SEATTLE	BOTHELL
INVENTORY (ALL)	7.41 M	3.17 M
INVENTORY (INVESTOR OWNED)	3.69 M	2.17 M
VACANCY* (DIRECT & SUBLEASE)	33.30%	26.73%
AVAILABILITY* (DIRECT & SUBLEASE)	34.55%	18.98%
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



*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
		1551 EASTLAKE	ALEXANDRIA / ADAPTIVE	2,750 SF	SUBLEASE	Q2 '24
		ALLOY INNOVATION CENTER	ALLOY PROPERTIES	14,996 SF	EXPANSION	Q2 '24
		219 TERRY	ALEXANDRIA	2,147 SF	RENEWAL	Q2 '24
		DEXTER YARD	BIOMED REALTY	24,270 SF	EXPANSION	Q2 '24
		188 E BLAINE	ALEXANDRIA / CENTURY TX	6,063 SF	SUBLEASE	Q2 '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



NORTHLAKE 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.