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Q3 2024

Life Science Market Report

SUMMARY

The third quarter of 2024 finished with a modest level of activity, though signs point to future growth on the horizon. Several buildings finally delivered, venture firms announced massive new funds, and a fleet of new companies entered incubators.

In venture, total funding in the sector (excluding M&A deals) decreased by approximately 27.9 percent quarter over quarter. Sentiment from investors and companies appeared to be more optimistic than prior quarters as the year ends. Talus Bio bagged \$11.2 M from existing and new investors in a Series A – the biotech operates out of a lean lab on Swedish's Cherry Hill Campus. ZipBio, a new and stealthy company backed by NfX, landed \$4 M in Seed financing. Lyell Immunopharma spinout, Outpace Bio, raised a whopping \$144 M in Series B funding; the Seattle-based biotech leases the third floor (in the North Tower) of BioMed Realty's latest development, Dexter Yard. Microbiome supplement kit maker, Viome, raised another \$25 M in late stage funding. One of the original Baker-Lab spinouts, Arzeda, announced another key milestone with a \$38 M close this quarter to further its commercialization of several industrial products in the pipeline. Venture firms ARCH Venture Partners, Andreesen, TCG, Venrock, NEA, and more closed major new funds earmarked for early stage investing. Public sector funding nearly doubled quarter over quarter, with over \$495 M in awards allocated to Washington State recipients. In commercialization, licensing and IP deals forming new companies finally converted to real activity at the incubator level, hopefully paving the path for future growth of the ecosystem and space demand.

The region saw a slight downtick in M&A's and business development deals this quarter. Of note, TwinStrand Biosciences inked a deal with Exact Sciences to sublicense its duplex sequencing technology. TwinStrand occupies roughly 26,000 SF in Selig's 3131 Elliott, housing its corporate headquarters and labs; the space is now available for

sublease. Pluristyx landed yet another collaboration this quarter, reaching an agreement with Humacyte to further develop their regenerative medicine candidate (BVP). Just.Evotec expanded its partnership with Sandoz overseas, to further develop and manufacture biosimilars out of its recently opened Toulouse (FR) J.Pod® Facility. Connecting industry and academia, Absci announced a collaboration with Memorial Sloan Kettering Cancer Center to co-produce multiple drug candidates, leveraging Absci's novel AI discovery platform. Additional details on partnerships and BD deals can be found on page 5.

The pendulum continued its full swing in favor of the tenant this quarter. Laboratory / R&D space owners saw very few leasing commitments for new construction, second generation, and renewals. Net active demand remained at roughly 200,000 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 1.9 years at the time of this publication. This continues to be an unprecedented statistic for our region since inception.

Leasing activity slowed its pace this quarter. Of note, Curi Bio inked a new lease in 201 Elliott. BioMed Realty agreed to provide 13,942 sq. ft. of space on the second floor of the waterfront asset, which formerly housed NanoString, Alpine, and Parse. In Eastlake, Century Therapeutics came to an agreement with Alexandria and Vertex (Alpine) to terminate its 4,111 sq. ft. second floor lab premises to allow Vertex to expand in the building. On the Eastside, GH Labs renewed its full building lease on Eastgate Way. Up in Bothell, diagnostics startup, EG-Biomed, agreed to lease a new spec suite in Steelwave's Element Research Center. The 6,333 sq. ft. of lab and office space will be the new headquarters for the

Taiwan biotech. DPlex Bio renewed its lease in Monte Villa Farms with Alexandria and down the street, Sana Biotech announced the official opening (and ribbon cutting) of its clinical cGMP.

In sales, Alexandria and Fred Hutch announced a major agreement for several assets along Eastlake. The biotech REIT agreed to a near \$150 M sale price for its 1165 Eastlake building, recently delivered and built for Adaptive Biotechnologies. In addition, Fred Hutch acquired a majority (70%) stake in 1208 and 1201 Eastlake. 1208 Eastlake is home to Dendreon (which has had its space listed for sublease), and the Hutch occupies half of the first floor of the building. 1201 Eastlake, the "Steam Plant" was already leased and occupied by the Hutch.

In development, 222 Fifth and Chapter Building II both delivered. The former announced the completion of three floors of speculative lab suites ranging from approximately 11,222 sq. ft. to full floors. Lincoln and Intercontinental Real Estate began a formal push to meet market demand by transforming its third floor spec suite into Seattle's newest incubator, CoLabs. The incubator, led by former CoMotion director, Uly Rivera, will house shared labs, offer lab services, equipment, and more. Touchstone and Portman Holdings publicly announced the completion of its "lab-ready" 157,000 sq. ft. shell in the University District (Chapter Building II), and a biotech deal pending for (a venture capital firm that operates as an incubator). Alexandria's 701 Dexter "topped out" at floor eleven, the 227,000 sq. ft. project has yet to find preleasing commitments. 1916 Boren inched toward delivery and soon will boast spec suites of varying sizes from approximately 6,000 sq. ft. to half a floor. Wexford's "Brightwork" received permits to commence construction on a 345,000 sq. ft. development with ability to deliver a shell by early 2027.

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

MARKET TRENDS

- **Supply Levels** Remain at All-Time Highs
- **Demand Shows** Signs of Improvement
- **Few Projects Remain** in the Active Construction Pipeline
- **Large Block Tenants** (Re)Engage the Market

RECENT ACTIVITY

- **Curi Bio inks lease** with BioMed Realty
- **Vertex Expands** in 188 E Blaine
- **Outpace Bio lands \$144 M** in Series B Funding
- **222 Fifth Ave Delivers & Debut's CoLabs**, Seattle's Newest Incubator
- **Fred Hutch Reaches Historic Real Estate Deal** with Alexandria

Q3 2024 SUMMARY

Q3 Total Investment*
\$227.60 M

*EXCLUDES M&A DEALS

Deal Count
12








Quarterly Change
↓ 27.9%

Q2 '24 \$400.55 M, Q1 2024 \$546 M

Annual Change
↓ 52.6%

Q3 '23 \$479.80 M RELATIVE TO Q3 '24
SOURCE: PITCHBOOK

TOP DEALS

	AMOUNT	TYPE	DATE
 kestra MEDICAL TECHNOLOGIES	\$196 M	PE GROWTH	JUL '24
 OUTPACE	\$144 M	SERIES B	JUL '24
 EndoGastric Solutions	\$105 M	M&A	JUL '24
 Arzeda.	\$38 M	SERIES C	JUL '24
 VIOME LIFE SCIENCES	\$25.44 M	SERIES C	AUG '24
 talusbio	\$11.2 M	SERIES A	AUG '24
 zipbio	\$4 M	SEED	SEP '24

SOURCE: PITCHBOOK

Q1 VENTURE COMPARATIVE*



*EXCLUDES M&A DEALS
SOURCE: PITCHBOOK

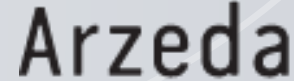
COMPANIES TO WATCH

 **zipbio**

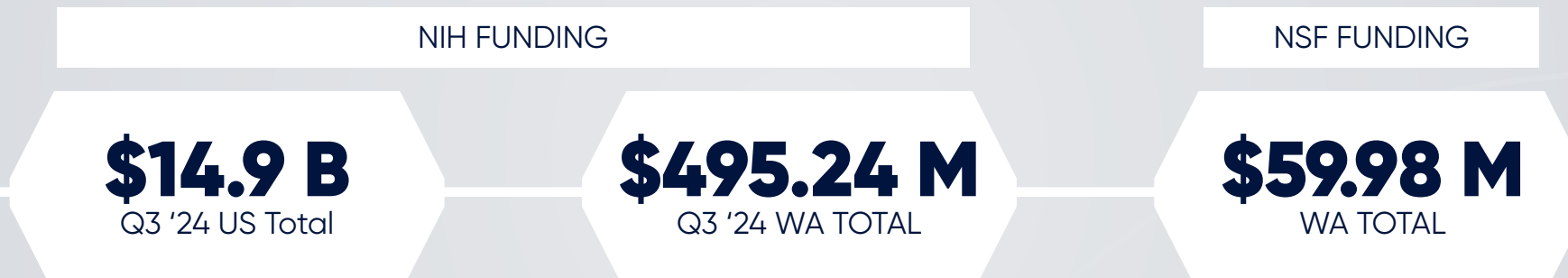
 **BrainChild Bio**

 **OUTPACE**

 **talusbio**

 **Arzeda.**

Q3 SUMMARY



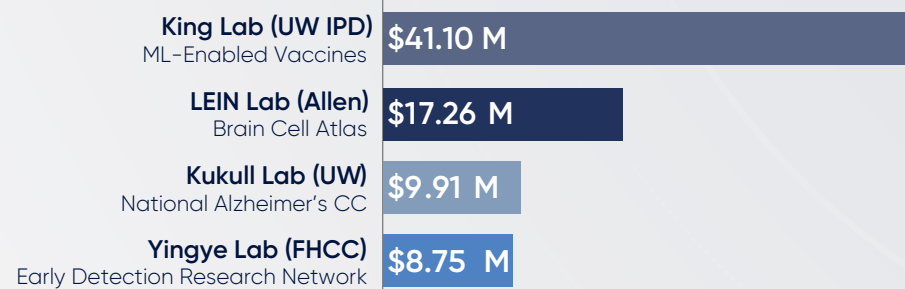
RANK	STATE	PROJECTS	FUNDING
1	CA	3,493	\$2,128,356,265
2	NY	2,395	\$1,498,879,946
3	MA	2,225	\$1,374,266,010
4	PA	1,659	\$920,879,435
5	TX	1,430	\$856,715,576
6	NC	1,118	\$649,146,063
7	MD	983	\$599,844,102
8	IL	987	\$588,112,761
9	WA	719	\$495,241,673
10	MO	617	\$429,625,445
11	OH	807	\$408,853,887
12	MI	735	\$368,205,656
13	FL	643	\$345,620,465
14	CT	611	\$319,161,347
15	GA	617	\$311,564,398

SOURCE: NIH REPORTER

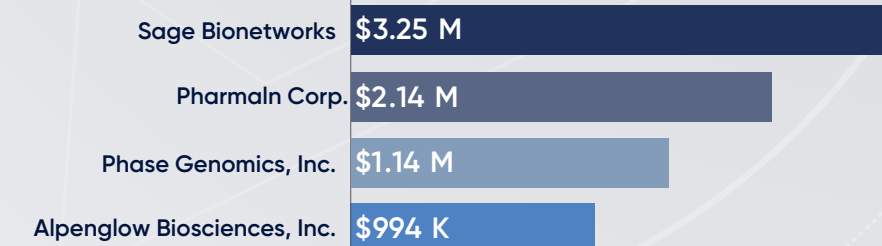
TOP RECIPIENTS



TOP PROJECT AWARDS



NOTABLE A WARDS TO PRIVATE ORGANIZATIONS



SOURCE: NIH REPORTER



MARKET STATS

SEATTLE

BOTHELL

INVENTORY
(ALL)

7.77 M

3.17 M

INVENTORY
(INVESTOR OWNED)

4.05 M

2.17 M

VACANCY*
(DIRECT & SUBLEASE)

37.59%

10.98%

AVAILABILITY*
(DIRECT & SUBLEASE)

43.87%

12.81%

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 **46.12%**

LPC WEST **13.75%**

OTHER **12.51%**

BIOMED **10.41%**

ALEXANDRIA **8.52%**






RMR GROUP **4.61%**

OXFORD PROPERTIES **4.10%**

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

RECENT NOTABLE LEASE TRANSACTIONS

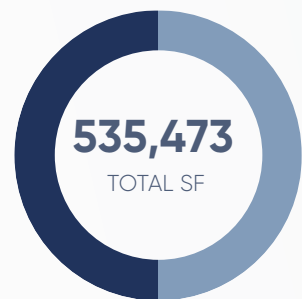
COMPANY	BLDG NAME	OWNER / SUBLANDLORD	SIZE	TYPE	DATE
 VERTEX	188 E BLAINE	ALEXANDRIA	4,111 SF	EXPANSION	Q3 '24
 curi bio	201 ELLIOTT	BIOMED REALTY	13,942 SF	NEW LEASE	Q3 '24
 EG BIOMED	ELEMENT RESEARCH CENTER	STEELWAVE	6,333 SF	NEW LEASE	Q3 '24
DPLEX BIO	MONTE VILLA FARMS	ALEXANDRIA	6,300 SF	RENEWAL	Q3 '24



RECENT NOTABLE SALE TRANSACTIONS

ADDRESS	BUYER	SELLER	BUILDING SIZE	PRICE / PRICE PER SF
1165 EASTLAKE AVE E	 Fred Hutch Cancer Center	 ALEXANDRIA.	100,086 SF	\$149.99 M / \$1,498.56
1201 EASTLAKE AVE E	 Fred Hutch Cancer Center	 ALEXANDRIA.	106,003 SF	JV (70% SALE*)
1208 EASTLAKE AVE E	 Fred Hutch Cancer Center	 ALEXANDRIA.	105,360 SF	JV (70% SALE*)
428 WESTLAKE AVE N	 ALEXANDRIA.	COMMONWEALTH	85,514 SF	\$47.60 M / \$537.77

UNDER CONSTRUCTION

BY OWNER

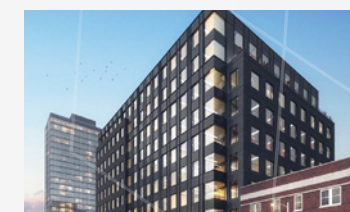


	TRAMMEL CROW	50.16%
	ALEXANDRIA	49.84%

BY PROJECT

PROJECT	ADDRESS	CITY	SIZE	TIMING	OWNER	% LEASED
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			535,473 SF			

RECENT DELIVERIES



THE CHAPTER BUILDINGS
BLDG 2

ADDRESS
4536 BROOKLYN AVE

RBA
157,944 SF

OWNER
TOUCHSTONE



222 FIFTH

ADDRESS
222 5TH AVE N

RBA
197,216 SF

OWNER
LPC WEST

Our company

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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.