



Yardi<sup>®</sup> Matrix

# National Office Report

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# Life Sciences Still in Demand

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- Thanks in part to breakthroughs of mRNA and CRISPR technologies, billions of dollars of funding—both private and public—have been flowing into the life science sectors in recent years. Investors are paying top dollar for lab space, and developers are rushing to bring more to market. While there has been some concern in recent months that rising interest rates and general economic weakness could cause a slowdown in the sector, it has not yet manifested in the sales and supply data.
- Life science properties command high sale prices. According to Yardi Matrix, the average sale price of a life science facility in 2022 is \$645 per square foot, 150% higher than the overall average of \$258 for general office buildings. Buildings that are candidates for conversion into lab space can command higher prices, too. DivcoWest bought the 138,400-square-foot 5000 Shoreline Court in South San Francisco for \$164.5 million (\$1,188 per foot) and immediately began converting the building into lab space.
- Developers are rushing to build in life science markets, as supply of lab space lags demand. Including owner-occupied properties, 21.6 million square feet of lab space are underway nationally. Boston currently has 27 projects totaling 8.4 million square feet under construction, followed by San Diego (eight properties, 2.9 million square feet) and San Francisco (10 properties, 2.6 million square feet). New supply has also been growing in tertiary life science markets. PNB and Montgomery Street Partners announced they will be developing the first speculative life science property in Boulder County, Colorado, with the 365,000-square-foot Coal Creek Innovation Park. S3 Biotech is developing a 2.5 million-square-foot campus in Phoenix that includes life science, medical office and sports science facilities.
- A recent CommercialCafe analysis of data from the Bureau of Labor Statistics found that in 2021 life sciences employment was highest in Boston (23,900 jobs), New York (18,100) and San Francisco (14,200). The BLS also estimates employment in all science, technology, engineering and math occupations, giving a broader look at the number of science and tech workers in a particular metro. The metros with the most STEM workers in 2021 were New York (515,540), Washington, D.C. (364,140), Los Angeles (342,870) and San Francisco (289,960). Metros with the highest STEM jobs as a percentage of all employment were California-Lexington Park, Md. (24.4%), San Jose (22.1%) and Boulder (17.8%).

