

FIGURES | PUGET SOUND LIFE SCIENCES | Q3 2024

Investment boost after rate cut may spur market rebound

▲ 15.2%

Total Vacancy Rate

▲ 45K

SF Net Absorption

▼ 767K

SF Under Construction

▼ \$73.73

Class A Direct Asking Lease Rate
SF/Year, NNN,
Seattle Close-In

▲ 42.00

Direct Asking Lease Rate
SF/Year, NNN,
Bothell

▲ 27,155

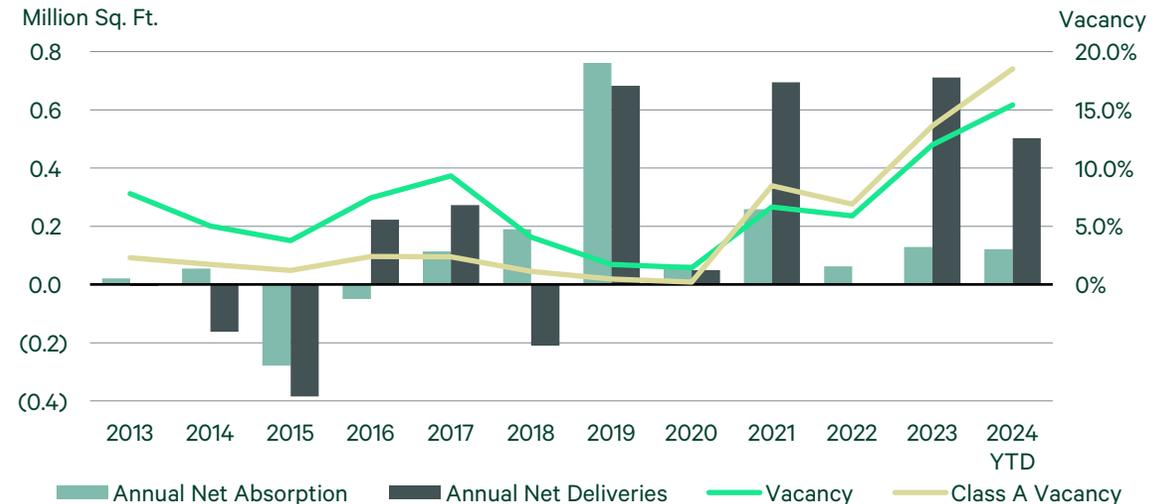
Life Science Employment
Seattle Metro Area
(Updated Annually in Q2)

Note: Arrows indicate change from previous quarter or year.

The Seattle life sciences market faced a quiet third quarter in 2024. Despite challenges in rental rates and leasing activity, increased venture capital funding and strategic transactions are promising signs of recovery, pointing toward a resilient foundation for future growth.

- Washington’s biotechnology sector saw \$241 million in venture capital investments, a 91 percent improvement from Q2 2024. This was likely aided by a September interest rate cut of 50 basis points from the Federal Reserve.
- Notable sale transactions included Fred Hutch purchasing Eleven65 at \$1,498 per square foot and KKR acquiring 330 Yale from Invesco Real Estate at \$766 per square foot.
- Two projects – the Chapter Buildings in the University District and 222 Fifth in Lower Queen Anne – delivered this quarter with no pre-leasing. This, along with more tenants marketing quality laboratory space for sublease, contributed to a surge in the vacancy rate in Q3.
- The direct asking rate for Class A lab space in Seattle Close-In dropped \$7.65 per sq. ft. to \$73.73 after a period of stability in the low-to-mid \$80s since mid-2021. This decline underscores the shifting dynamics within the market, as landlords adjust their pricing strategies in response to prolonged low demand.

FIGURE 1: Vacancy vs Absorption and Deliveries



Source: CBRE Research, Q3 2024.

Notable Mergers and Acquisitions and Funding Rounds

- Outpace Bio raised \$144 million in an oversubscribed Series B financing, now totaling \$200 million since its founding in 2020.
- Arzeda raised \$38 million in an oversubscribed funding round to address market demand for its products.
- Viome raised \$25 million in an internal Series D funding round to establish a diagnostics division.
- Oisín Biotechnologies raised \$15 million in a Series A round to develop therapies for age-related diseases.
- Talus Bioscience raised \$11 million in Seed+ funding to enhance its drug discovery programs and AI platform.

FIGURE 2: Asking Lease Rate and Vacancy



Source: CBRE Research, Q3 2024.

FIGURE 3: Puget Sound Submarket Statistics

Submarkets	Net Rentable Area (SF)	Direct Vacancy (%)	Total Vacancy (%)	Total Availability (%)	Q3 2024 Net Absorption (SF)	Last Four Quarters Net Absorption (SF)	Under Construction or Renovation (SF)	Wtd. Average Asking Rent, NNN (\$/SF/Yr)	Class A Wtd. Average Asking Rent, NNN (\$/SF/Yr)
Seattle Close-In	6,751,027	16.9%	19.3%	22.8%	(34,981)	159,169	509,328	\$70.78	\$73.73
Investor Owned	3,610,723	31.6%	37.0%	42.7%					
User Owned	3,140,304	0.0%	0.0%	0.0%					
Bothell	2,233,378	4.2%	5.4%	5.1%	80,216	84,280	0	\$42.00	-
Investor Owned	1,218,674	6.7%	8.9%	9.4%					
User Owned	1,014,704	0.0%	0.0%	0.0%					
Other Eastside	236,256	0.0%	0.0%	4.1%	0	0	0	-	-
Northend	87,386	0.0%	0.0%	0.0%	0	0	257,770	-	-
Southend	30,000	0.0%	0.0%	0.0%	0	0	0	-	-
Tacoma	20,008	0.0%	0.0%	0.0%	0	0	0	-	-
Puget Sound	9,358,055	13.2%	15.2%	17.8%	45,235	243,449	767,098	\$68.49	\$73.73

Source: CBRE Research, Q3 2024.

FIGURE 4: Puget Sound Notable Projects Under Construction

 <p>Chapter II Building Developer: Touchstone, Portman Holdings Lab Space: 149,500 sq. ft. Pre-Leased: 0% DELIVERED IN Q3</p>	 <p>222 Fifth Developer: LPC West, Intercontinental Real Estate Corp. Lab Space: 197,919 sq. ft. Pre-Leased: 0% DELIVERED IN Q3</p>	 <p>1916 Boren Developer: Trammell Crow Lab Space: 282,741 sq. ft. Pre-Leased: 44% Estimated Delivery: Q1 2025</p>	 <p>701 Dexter Developer: Alexandria Real Estate Equities Lab Space: 226,587 sq. ft. Pre-Leased: 0% Estimated Delivery: Q3 2025</p>
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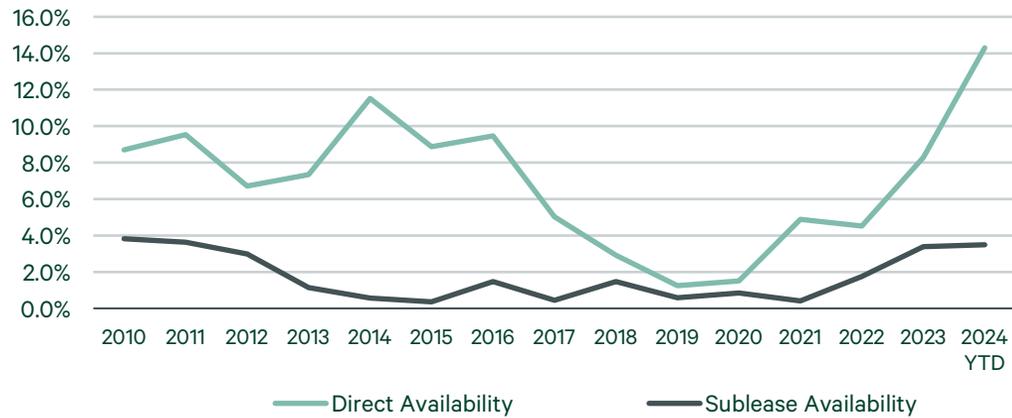
Source: CBRE Research, Q3 2024.

FIGURE 5: Key Lease Transactions of the Quarter

Tenant	Transaction Type	Sq. Ft.	Building	Property Type	Area
Cytek Biosciences	Renewal	28,306	645 Elliott – North Bldg	Life Science Labs	Lower Queen Anne
Curi Bio	New Lease	13,904	201 Elliott	Life Science Labs	Lower Queen Anne
Plant Health Care	Renewal	8,838	Elliott Bay Labs	Life Science Labs	Lower Queen Anne
EG BioMed US	New Lease	6,333	Element Research Center	Life Science Labs	Bothell
Cisco Genetics	New Lease	6,220	Northway Square West	Office	North Seattle/ Interbay

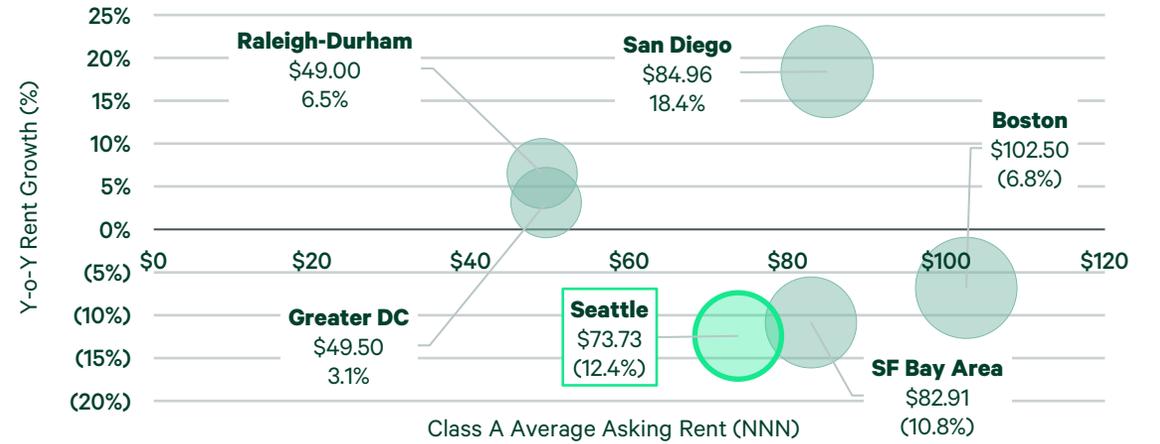
Source: CBRE Research, Q3 2024.

FIGURE 6: Puget Sound Availability



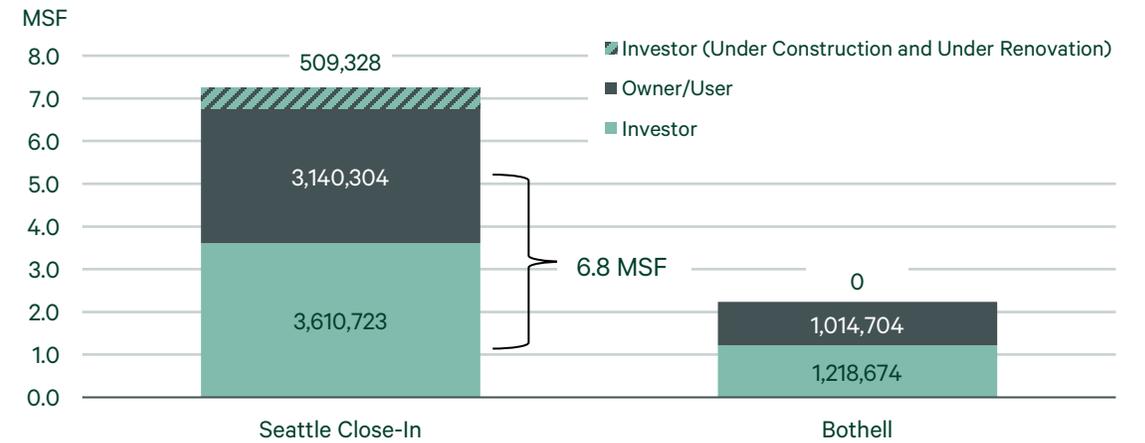
Source: CBRE Research, Q3 2024.

FIGURE 7: Market Comparison of Asking Rent and Year-over-Year Rent Growth



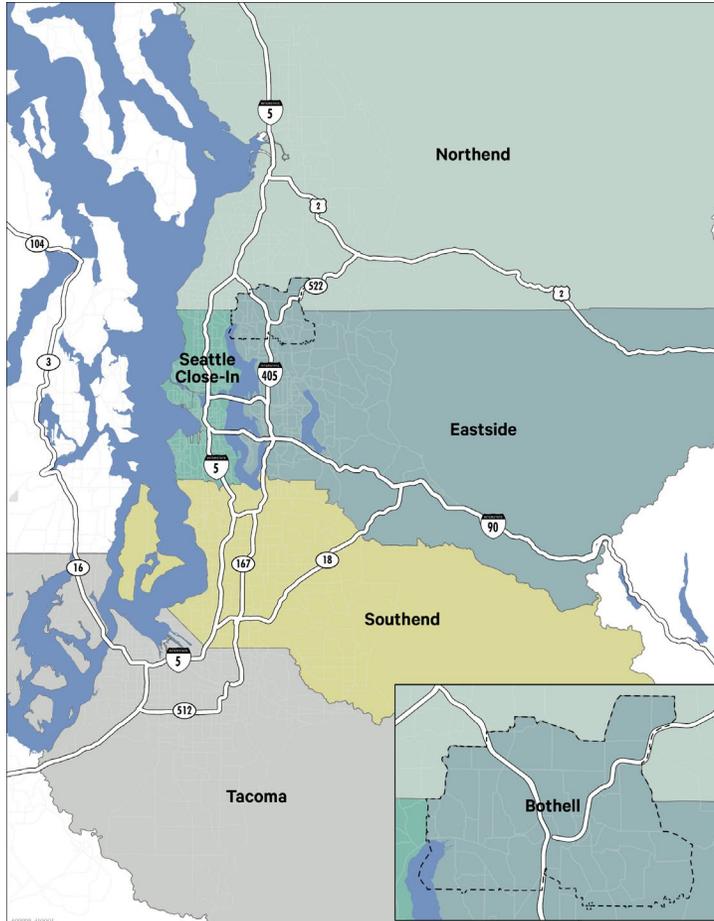
Source: U.S. Life Sciences Figures, CBRE Research, Q3 2023 and Q3 2024.

FIGURE 8: Inventory by Ownership Type



Source: CBRE Research, Q3 2024.

Market Area Overview



Definitions

Net Absorption: The change in occupied square feet from one period to the next with occupancy recognized at the move-in date or delivery of new construction, not lease signing date.

Vacancy: Space that is physically vacant where a move-out has occurred or first-generation space in an existing building.

Available: Space that is marketed that may or may not be vacant, in an existing building.

Triple Net Rent: Tenant pays real estate taxes, insurance, and maintenance expenses (operating expenses) separately from the base rent.

Average Asking Rent Rate: A calculated average of the asking rent, adjusting full service or triple net rents by the operating expenses in order to be equivalent, weighted by the available square footage.

Survey Criteria

Survey includes competitive life science buildings over 10,000 sq. ft. utilized for research of life sciences or lab manufacturing.

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