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## **How COVID-19 is impacting life sciences real estate - by Cole, Galvin and Keogh**

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While all business, including commercial real estate, has been negatively impacted by the pandemic, the life sciences sector has recovered from the shock and accelerated more quickly than anticipated. Over the past three months, new themes have developed that provide a more nuanced outlook on the impacts to the life sciences sector that will play out over the remainder of the year and beyond.

After the initial shock that caused drug development companies to restrict all non-critical activities and attempt to forecast what the new rules of engagement would be, these companies have begun

to formulate for the new “normal.” These firms have a better understanding of both best and worst-case scenarios and have returned their attention to achieving their timelines for developing therapies. This is evidenced by the reinvigorated pipeline of active requirements for new lab space lab building owners are seeing and the recent announcements of executed leases.

**Demand Remains Strong Despite Broader Challenges:** Early and ongoing concerns about social distancing and a safe work environment had an initial impact on demand and activity at incubators and shared lab facilities. Operators have responded quickly to the safety and support needs of their resident companies by providing operational protocols, necessary PPE and sanitization supplies, safe separation strategies and regularly scheduled communications and community conferences. But with 24/7 coverage on the race for a vaccine, widespread testing and antibody testing, the Life Sciences have consistently been headline news. We have seen a significant increase in inquiries from investors, developers, lenders and private equity seeking to better understand the Life Sciences sector and whether it is feasible to consider repurposing some of their existing portfolio to life science related facilities. These owners have engaged engineers to evaluate the infrastructure capacity, suitability and cost of repositioning these assets.

In fact, this is being called an “epic” time for raising capital for pre-revenue early and clinical stage companies, particularly companies focused on Advanced Therapeutic Medicinal Products (ATMP).

**New England Continues to Lead:** Greater Boston, and Cambridge specifically is the global epicenter of life science R&D. It’s from this core that the larger Boston life science market has expanded. Early and mid-stage firms are actively looking for space across the market, from Boston, to Cambridge, to the thriving suburbs. Lab space, as well as GMP manufacturing are both in high demand.

The demand continues to broaden geographically. In New Haven, Conn., Winstanley Enterprises, a developer behind several life sciences projects, received approvals this month to build a second 500,000 s/f tower that is slated for completion in 2022. This building is planned to include 40,000 s/f of laboratory incubator space for use by start-up companies. The rest is likely to be leased by one or more of a handful of larger lab users in the market.

We expect demand in both investment and leasing to only pick up speed from here. In response to the pandemic, the FDA initiated the Coronavirus Treatment Acceleration Program (CTAP) to move new treatments to patients as rapidly, efficiently and safely as possible. As of May 11, the FDA is tracking 144 active trials of therapeutic agents and 457 development programs for therapeutic agents in the planning stages. Through this initiative, the FDA has redeployed key staff to teams dedicated in reviewing COVID-19 therapies, involved senior management in the review process and dramatically reduced the turnaround time associated with requests, reviews and assessments. While this model was developed for a crisis response, it provides the blueprint for an accelerated process for the future review of other critical non-COVID therapies that will expedite delivering cures to patients.

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