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Harvard's federal funding and Boston's industrial real estate - by David Skinner

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David Skinner

For the seven years I have been writing for the New England Real Estate Journal, I have attributed the strength and growth of industrial real estate in New England to the following three trends: 1) the growth of innovation companies from the universities in Boston to the outer suburbs as companies grow, 2) the boom of e-commerce (the “Amazon” effect), and 3) the conversion of formerly industrial property in Boston to higher and better uses. Today, we are going to address #1. As it currently stands today, Harvard University is in a contentious discussion over federal funding and how President Trump will or will not work with Harvard moving forward. If Harvard’s federal funding is cut off or curtailed, there will very likely be a downstream effect on industrial real estate that tenants and landlords alike will feel.

At the heart of the issue lies a sobering figure: roughly 20% of the College of Science’s operating budget at Harvard comes directly from the federal government. If these cuts continue unabated, layoffs, first whispered in conference rooms, will soon echo down the halls of academia. That’s not just a Harvard problem; it’s a problem throughout New England.

This funding doesn’t just help a few tenured professors crank out white papers. According to one unnamed source in Harvard’s FAS Division of Science, every federal dollar flowing into the university generates approximately \$10 in economic activity across Greater Boston. That multiplier effect touches everyone - from lab equipment suppliers in Waltham, to robotics startups in Somerville, to the companies need the space to make it all possible.

Whether your tie is red, blue, or purple (what the president wears on inauguration day), this conversation between the federal government and Harvard will impact your industrial real estate interests. The bioengineering breakthroughs, next-gen battery startups, and AI ventures spilling out of Kendall Square don’t exist in a vacuum. Disrupting that ecosystem could stall the growth of our region’s industrial real estate sector, the same sector that has quietly fueled job creation and economic resilience across New England.

I do not mean to preach a sermon of hell, fire, and brimstone. However, from an industrial real estate in Greater Boston standpoint, this decision at Harvard will not only have real impact on both supply and demand for industrial real estate in Boston, but also for the way that universities interact with federal funding in the future.

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