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Tight Lab Market Forces Life Science Firms to Make Hard Choices

By [John Jordan](#) | Boston

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Evan Gallagher, director of life sciences, NAI Hunneman

BOSTON—The booming life sciences sector in Cambridge and Greater Boston is causing some companies to look to other neighboring markets for suitable space.

With vacancy rates in the single digits in Cambridge and only approximately 600,000 square feet of available lab space in the prime markets of Boston, Cambridge, Watertown, Medford, Somerville and Charlestown, life sciences companies are making sacrifices, according to Evan Gallagher, executive vice president and director of life sciences of brokerage firm NAI Hunneman.

“It is pretty dire out there,” says Gallagher, who represents venture capital companies as well as entrepreneurs who are searching for lab space in the Boston area. “I think we are in historic times right now. We are at a 1% vacancy rate and dropping in the Cambridge market for lab space.” He adds that a host of firms are competing for every available space in the prime life sciences and biotech markets here. “It’s a challenge everywhere,” Gallagher says.

He notes that prospective tenants usually want to be on the Red Line in Cambridge, which he characterized as the “spine of innovation.” They also want to be near other life sciences companies as well as MIT and Harvard University. However, “due to the supply and demand imbalance, we are seeing a very volatile market that is causing the biotech industry to really consider making sacrifices in both location and space,” Gallagher says.

Because these companies refuse to make concessions regarding the quality of their highly specialized lab space, they are now considering existing or perhaps redeveloped space in emerging suburban Boston markets, he says.

Gallagher says that among the existing markets where he sees life science clusters beginning to take shape include: Waltham where Boston Properties has enjoyed strong leasing growth with life science companies. He adds that a lab cluster is forming along Bear Hill Road and Second

Avenue there.

Another existing market that has seen growth is Hartwell Ave. in Lexington. He specifically cited 115 Hartwell Ave. as a top property there. He notes that Hartwell Avenue is easily accessible off Route 2 for workers coming from Cambridge. “Also, ‘placemaking,’ which is a theme developed by King Street Properties, is effective in Lexington. This is when a high-energy collaborative community is created with shared amenities that bring people together. The key to this is the high-level designs that make you feel like you’re in Kendall Square,” he notes.

Other prime properties for life sciences concerns include Longfellow Real Estate Partners’ One Patriot Park in Bedford, 19 President Way in Woburn and the Linx project in Watertown.

Because of the dearth of high quality lab space in Greater Boston and Cambridge, Gallagher predicts that perhaps the Seaport District, Somerville, Needham, Medford, Charlestown and Newton could be the next emerging markets for life science companies in the next five years.

He says that those markets will likely provide life science companies with lab space by redeveloping existing product as well as new construction.

About Our Columnist



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