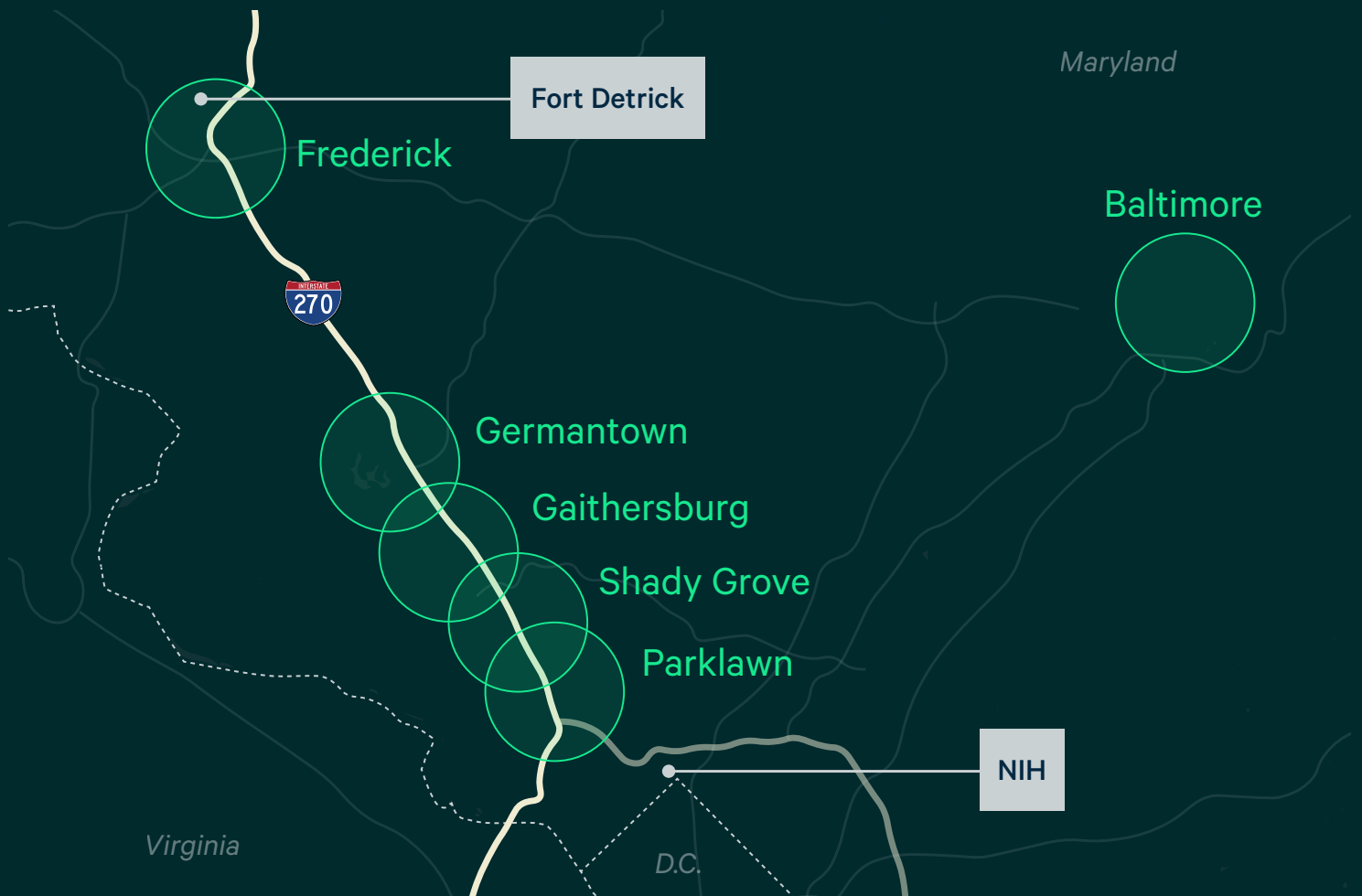


# Maryland Life Sciences Q1 2023 Report



SUPPLY  
**15.7M SF**

VACANCY RATE  
**3.3%**

YTD ACTIVITY  
**497K SF**

PENDING ACTIVITY  
**200K SF**

# Demand

- Q1 activity totaled **497K SF** (311K SF net absorption), evenly split between R&D and GMP uses.
- **200K SF** of additional deals are at lease, however, those processes have elongated as users navigate the current economic environment.
- Expansions represent the bulk of activity. Including pending deals, 13 tenants have or are in process of expanding with an average footprint increase of **39K SF**.
  - » **R&D Expansions:** 10 users | 288K SF total | 29K SF Avg.
  - » **GMP Expansions:** 3 users | 209K SF total | 70K SF Avg.
- As anticipated, GMP requirements have increased exponentially. In addition to the 209K SF of completed activity in Q1, active tenants in the market total **3.3M SF**. While many of these requirements are multi-market searches, MD has become a preferred option and has been the recipient of six new inquiries in the last 2Qs totaling over 2M SF.

## NOTABLE TRANSACTIONS

### R&D



**123K SF**  
Renewal at 9704  
Medical Center Dr. in  
Shady Grove



**78K SF**  
Renewal & Expansion  
(35K SF) at 6951  
Executive in Frederick



**60K SF**  
Prelease at 4 MLK in  
Baltimore

### GMP



**100K SF**  
Expansion of owned  
facility in Urbana



**85K SF**  
Expansion at 7601  
Lindbergh Dr. in Shady  
Grove



**24K SF**  
Expansion at 15803  
Gaither Rd. in  
Gaithersburg

# Supply

- Supply remains constrained with an overall vacancy rate of **3.3%** and an availability\* rate of 9.8%.

	Vacancy	Availability*
R&D	2.6%	7.7%
GMP	6.1%	17.7%

- R&D projects under development total 1.5M SF and are collectively **53%** preleased. Precommitments have resulted in a dearth of large blocks, with just three 50K+ SF available options currently under construction in Maryland.
- Sublease inventory has increased with **278K SF** recently hitting the market with an average term of 10.3 years. However, **33%** of this inventory is at lease to be backfilled. This is consistent with historical trends, as MD users have often used sublease availability as an opportunity for immediate expansion given the lack of space options.
- Spillover demand from industrial/logistics users continue to impact GMP supply; in the past 6 months, they have committed to **302K SF** of inventory originally slated for GMP use.
- 4MLK, a speculative expansion of the UM BioPark is underway in Baltimore. The development team of Ventas and Wexford is scheduled to deliver the core and shell of this **252,000 SF** trophy R&D building in Q3 2024.



4MLK is 35% precommitted, anchored by University of Maryland, Baltimore.

\*Availability rate includes all existing, under development and sublease space.

# Capital Markets



- There were no institutional capital markets transactions in Q1. Deal activity was comprised of two user-acquisitions to accommodate manufacturing expansions totaling **\$18.3M**.
- There are five life science opportunities actively being marketed representing approximately **\$200M** in potential deal volume.
- Capital markets volatility will continue to impact transaction volume; however, financing remains available for projects in dynamic submarkets with strong sponsorship.

Kite Pharma purchased 11-acres adjacent to their new 279K SF biologics manufacturing facility in Urbana. The \$4.5M acquisition will facilitate a 100K SF expansion which will accommodate an additional 100 employees.

# By the Numbers

Maryland Life Science Market				
	Existing Supply	Vacancy Rate	Under Development	Availability Rate
<i>I-270 Corridor</i>	12,172,482	4.0%	1,627,346	10.4%
<i>Baltimore</i>	2,542,922	1.0%	453,000	9.8%
<i>MD-Other</i>	214,115	0.0%	-	0.0%
<b>TOTAL</b>	<b>15,675,789</b>	<b>3.3%</b>	<b>2,080,346</b>	<b>9.8%</b>

R&D Lab Market				
I-270 Corridor				
	Existing Supply	Vacancy Rate	Under Development	Availability Rate
<i>Shady Grove</i>	3,864,842	2.5%	807,803	6.7%
<i>Gaithersburg</i>	2,907,977	0.1%	135,000	4.5%
<i>Frederick</i>	1,177,012	7.9%	-	7.9%
<i>Parklawn</i>	1,214,274	9.2%	-	9.2%
<i>Germantown</i>	732,040	0.3%	134,543	17.0%
<b>I-270 TOTAL</b>	<b>9,896,145</b>	<b>3.1%</b>	<b>1,077,346</b>	<b>7.3%</b>
BALTIMORE				
	Existing Supply	Vacancy Rate	Under Development	Availability Rate
<b>BALTIMORE TOTAL</b>	<b>2,542,922</b>	<b>3.1%</b>	<b>1,077,346</b>	<b>7.3%</b>
MARYLAND-OTHER				
	Existing Supply	Vacancy Rate	Under Development	Availability Rate
<b>MARYLAND-OTHER TOTAL</b>	<b>214,115</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>

GMP Market				
I-270 Corridor				
	Existing Supply	Vacancy Rate	Under Development	Availability Rate
<i>Shady Grove</i>	475,899	0.0%	-	0.0%
<i>Gaithersburg</i>	124,688	0.0%	450,000	78.3%
<i>Frederick</i>	1,675,750	10.9%	100,000	10.3%
<i>Parklawn</i>	-	0.0%	-	0.0%
<i>Germantown</i>	-	0.0%	-	0.0%
<b>I-270 TOTAL</b>	<b>2,276,337</b>	<b>8.0%</b>	<b>550,000</b>	<b>22.4%</b>
BALTIMORE				
	Existing Supply	Vacancy Rate	Under Development	Availability Rate
<b>BALTIMORE TOTAL</b>	<b>746,270</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>

**Notes:**

Under Development: includes all ground up and conversion projects currently under construction.  
Availability Rate: includes all existing, under development and sublease inventory.

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