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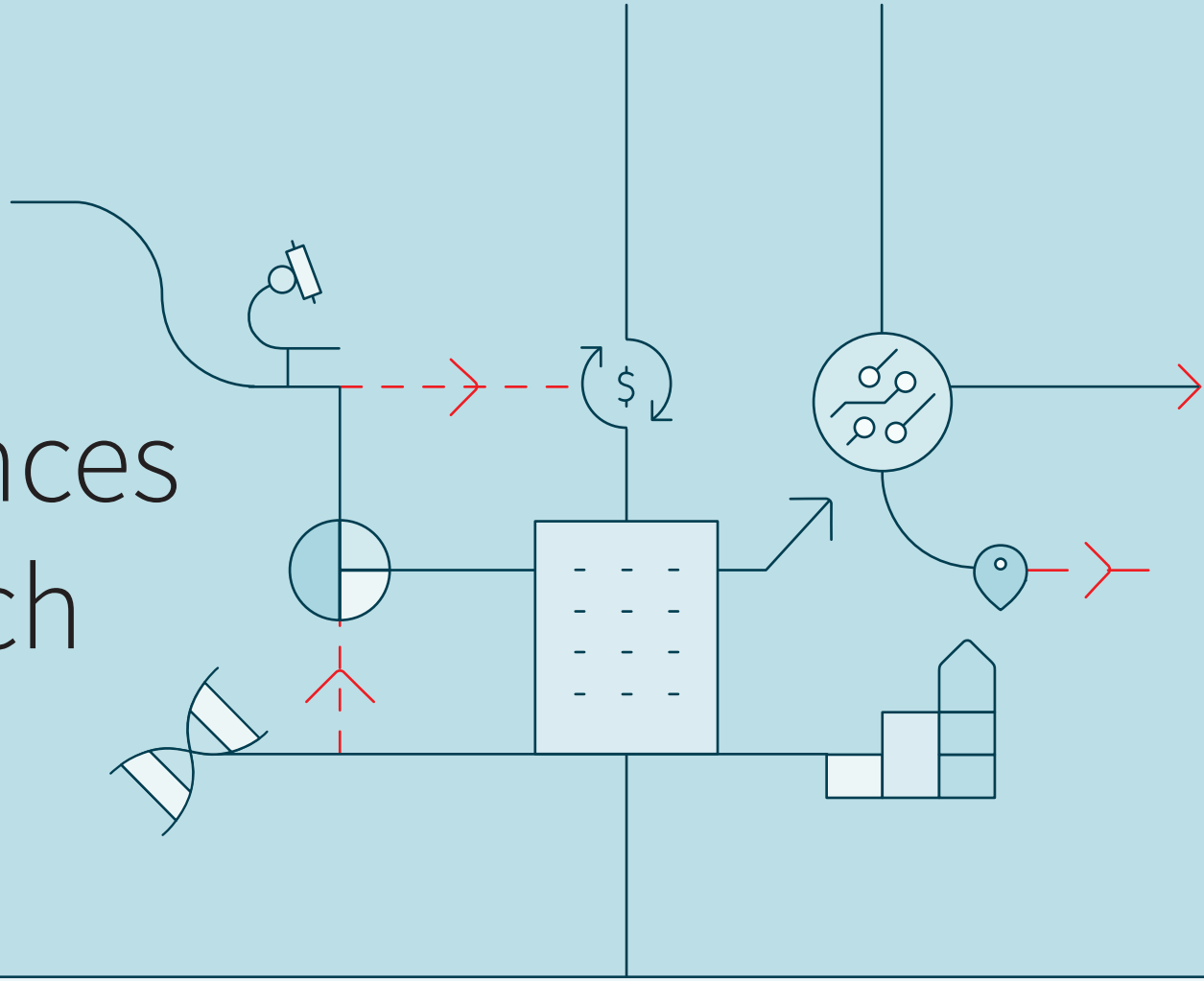
2024 Life Sciences Trends to Watch



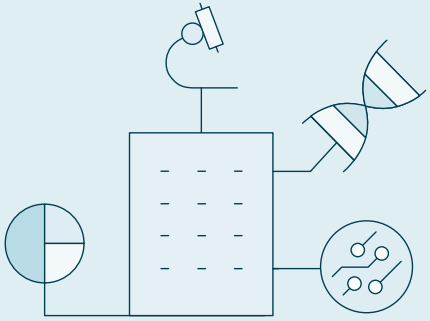
Explore six trends that will shape the industry within the categories of ecosystems and geographies, advancing innovation and strategic partnerships. **What will matter most in the year ahead?**

The life sciences industry is undergoing significant disruptions, fueled by **technological advancements** such as additive manufacturing, 3D printing, closed loop continuous systems and AI. New scientific discoveries, supply-demand dynamics, sustainable innovations and strategic partnerships are creating **numerous opportunities for life sciences companies, investors and developers.** This perfect storm of activity has the potential to revolutionize the utilization of real estate in the long run. This may require a comprehensive **reassessment of traditional real estate and facilities strategies,** creating an opportunity for forward-thinking organizations to carve a niche in the evolving industry landscape.

Ecosystems and geographies

01 Everything is hyperlocal

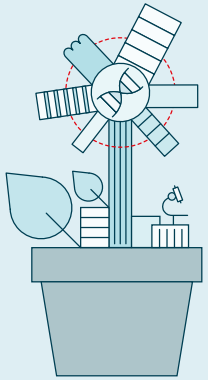
As the life sciences industry continues to thrive and evolve, an important trend for 2024 is the need for hyperlocal analysis of real estate metrics. Gone are the days of relying on sweeping generalizations about supply-demand dynamics at a macro level or even within a region. Data shows that the performance of life sciences facilities is intricately tied to hyperlocal factors, driving the need for a nuanced understanding of pricing, occupancy, venture capital funding, human capital and other key factors upon which successful life sciences real estate developments rely. In the dynamic landscape of the life sciences industry, hyperlocal analysis provides a more accurate and granular perspective, enabling stakeholders to make informed decisions, unlock new opportunities, mitigate risk and position themselves strategically in the dynamic and rapidly growing field of life sciences.



02 It’s an occupier’s market

In most major real estate markets, lab availability is poised to grow further in 2024. Whether you’re a startup or an established company, finding suitable physical space for your operations will likely become easier than ever before, fostering growth within the industry and acute competition at the asset and neighborhood level (see trend 1). Landlords are already proposing enticing terms, providing highly amenitized spaces, spec labs and/or access to innovation infrastructure networks (like incubators, for example). This will vary across regions in extremity according to market dynamics.

Advancing innovation



03 Sustainable design and operations

In 2024, the life sciences industry can expect a transformative landscape characterized by stick-built lab buildings, a shift toward multimodal fuel sources and integrated technology for operating efficiency. There will be an increased focus on lab sustainability through local zoning ordinances, heightened consideration of climate readiness in location analytics and data-driven approaches to forecasting. Tools like Carbon Pathfinder, recognized as the "Next Big Thing in Tech" by Fast Company, provide decarbonization planning technology, enable companies to forecast climate transition risk and inform asset prioritization and capital planning decisions. Embracing these trends will empower life sciences companies to stay at the forefront of innovation, maintain competitive advantage and contribute to a sustainable and resilient future.

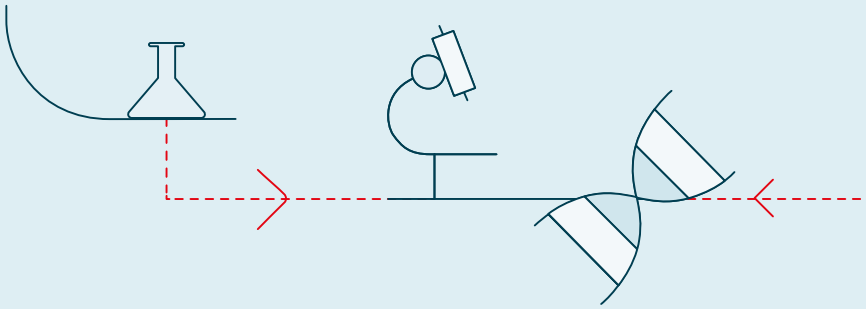
Life sciences companies are actively seeking sustainable and environmentally friendly alternatives to power their operations and facilities management. This trend not only aligns with their corporate social responsibility goals but also helps reduce costs and reliance on traditional energy sources. The speed, cost and operationalization of this transition will be highly geography dependent and even involuntary, in some cases, as local communities increasingly find creative ways to shape the design and operation of lab buildings.

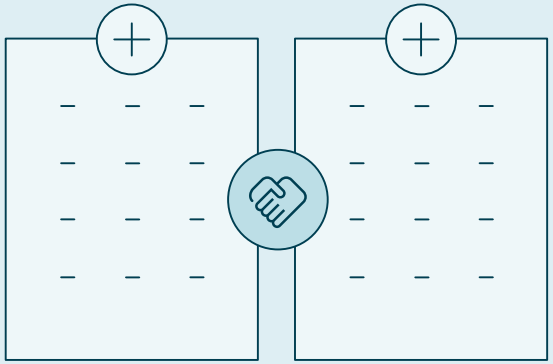
04 Doing more with less

In 2023, we felt the effects of intense pressures on biopharma companies to be judicious stewards of capital as VC firms and the public markets retrenched. Heading into 2024, a parallel effort will emerge as the life sciences industry centers itself around maximizing value and scale through space and portfolio optimization and the adoption of cutting-edge technology. With occupiers increasingly prioritizing workplace strategy, there is a newfound emphasis on the efficient utilization of space. This trend will take time to effectuate and will place pressure on entire ecosystems to create highly effective environments that foster commercial scientific endeavors.

To achieve this objective, the industry is aggressively embracing new technology tools, with a particular focus on artificial intelligence (AI) and lab automation. By leveraging AI and automation, the life sciences sector will begin a long, much sought after transition of scaling "UP", not just "OUT", its operations from research and development to manufacturing. These technologies enable an increasing number of high value tasks, in and out of the lab, to be performed with increased efficiency and scale, focused use of human capital and potentially greater cost savings over time.

Strategic partnerships





05 Wave of new modalities

The life sciences industry in 2024 is set to experience tailwind effects as three modalities burst on to the scene—GLP-1 agonists for weight loss, antibody-drug conjugates (ADCs) and radiopharma. These modalities, which have been in development for over two decades, are now showing both clinical efficacy and blockbuster potential. With many dozens of companies in clinical trial across these three modalities alone, a cascade of scientific and economic outcomes will manifest in real estate infrastructure, from the need for more lab spaces to logistics and manufacturing infrastructure worldwide. At stake are billions of dollars in licensing deals, big ticket M&A opportunities, scale-up manufacturing and CDMO infrastructure and pharmaceutical sales. Infrastructure will trade hands and/or need to be built to physically accommodate commercialization and growth within these modalities.

06 Patent cliff is the perfect storm for M&A in 2024

Into 2024, we expect to see continued M&A activity. Large pharmaceutical companies are targeting innovative start-ups, acquiring valuable intellectual property from early-stage companies facing a difficult fundraising environment. As the economic outlook remains arduous, we expect to see this trend continue into 2024. The forthcoming patent cliff, with $51.2 billion in revenues exposed to generic or biosimilar competition on average each of the next six years, will also spur large biopharmas to seek ways to expand their pipelines through M&A activity.

Effects of increased M&A activity can vary depending on the specific circumstances. It can create larger companies with increased research and development capabilities, positively impacting market demand. It also can lead to consolidation and downsizing of product lines or research programs, negatively impacting market demand. From a financial perspective, M&A activity can upgrade credit ratings, enhance financial stability and improve the ability of companies to sustain themselves in a challenging funding environment.

These trends have a unique and long-term impact on your locations, workplace environments and overall portfolio. Discover how to optimize your real estate strategy and facilities operations by contacting our experts.

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