
NOVEMBER 2023

Life Science Market Overview

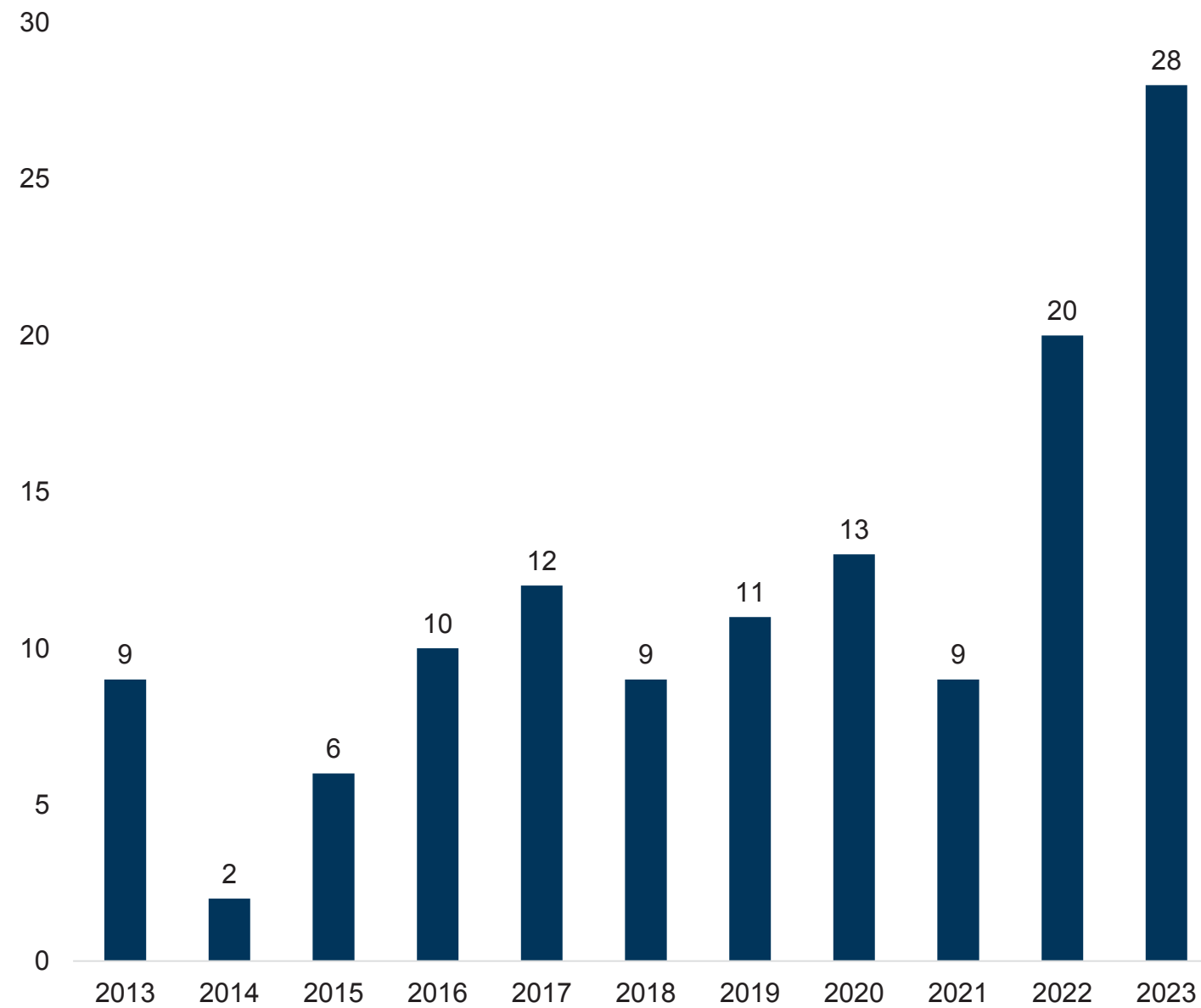


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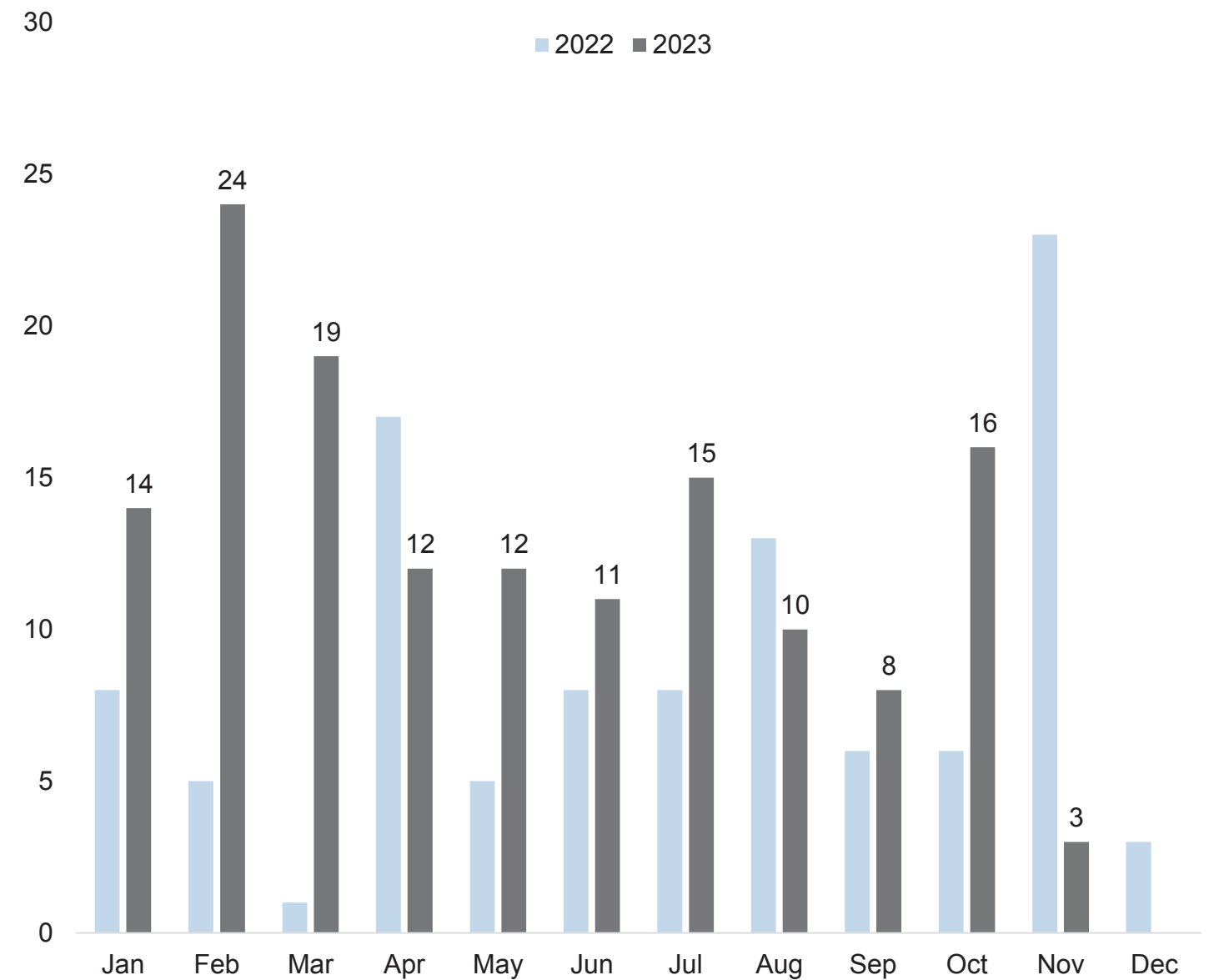
Macroeconomic Headwinds Persist in the Biotech Sector

Bankruptcies are at a 10-year high, and more biotech companies announced layoffs this year compared to 2022.

Number of Biotech Bankruptcies



Biotech Layoff Announcements

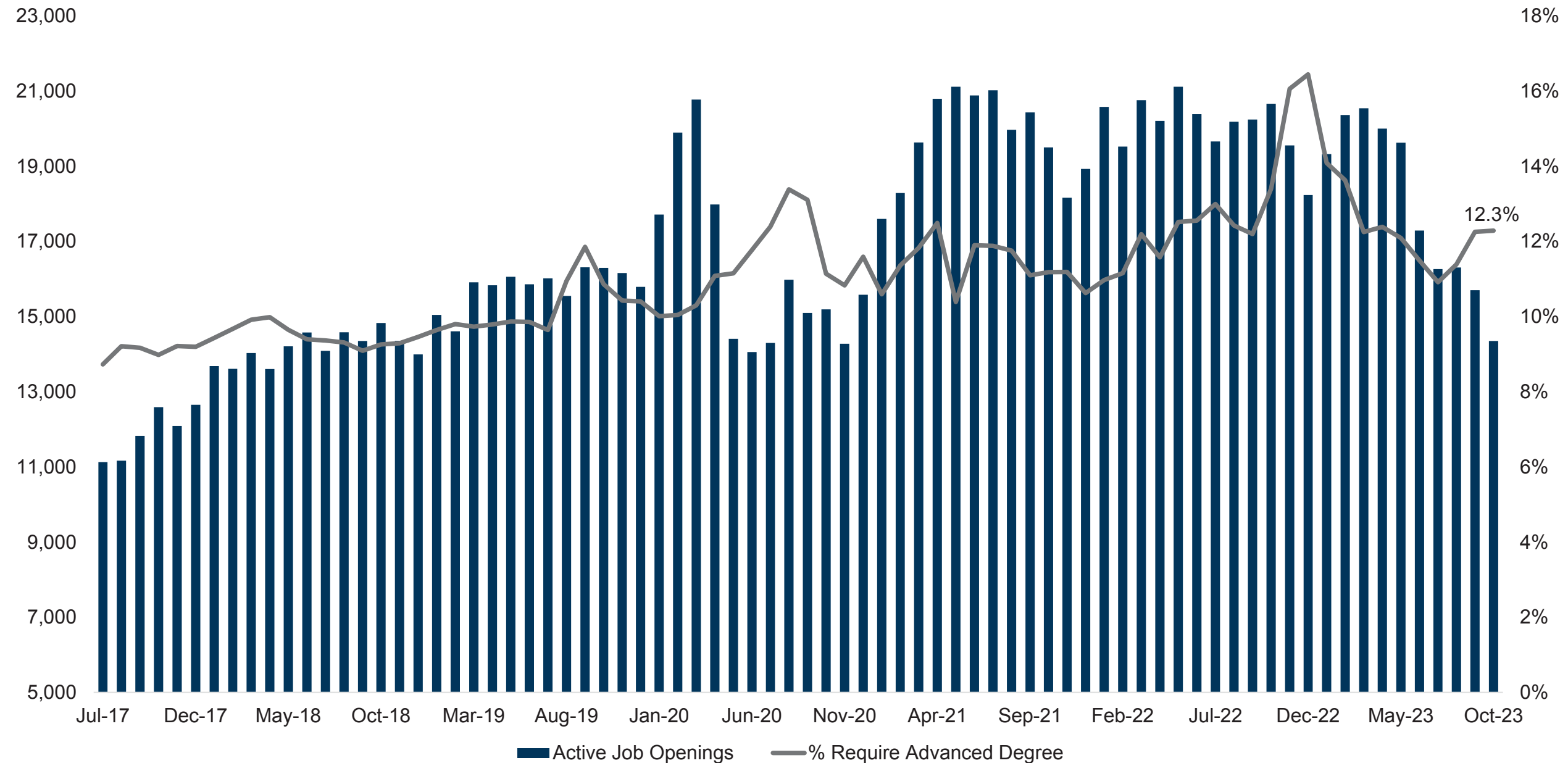


Source: BioSpace, Fierce Biotech, Newmark Research

Active Job Openings in the Sector Continue to Decline

The number of closed job ads is outpacing new ad listings within the biotech industry for a second-consecutive year.

Biotech-Related Active Job Openings

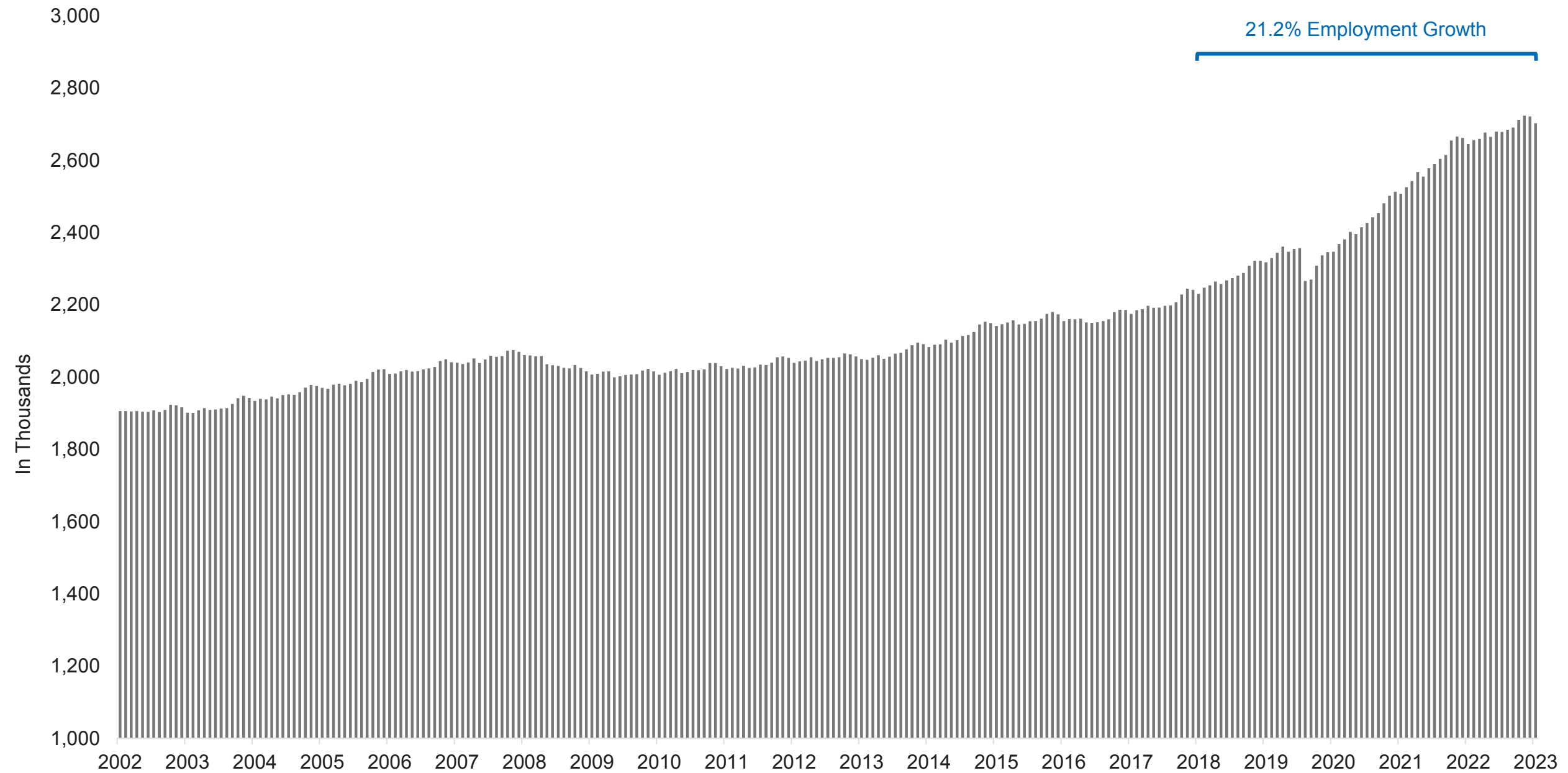


Source: JobsEQ, Newmark Research

Despite these Headwinds, Employment Growth Remains Positive

Life science employment expanded by 21.2% over the last five years, outpacing total U.S. employment growth of just 5.0%.

Total U.S. Biotech Employment

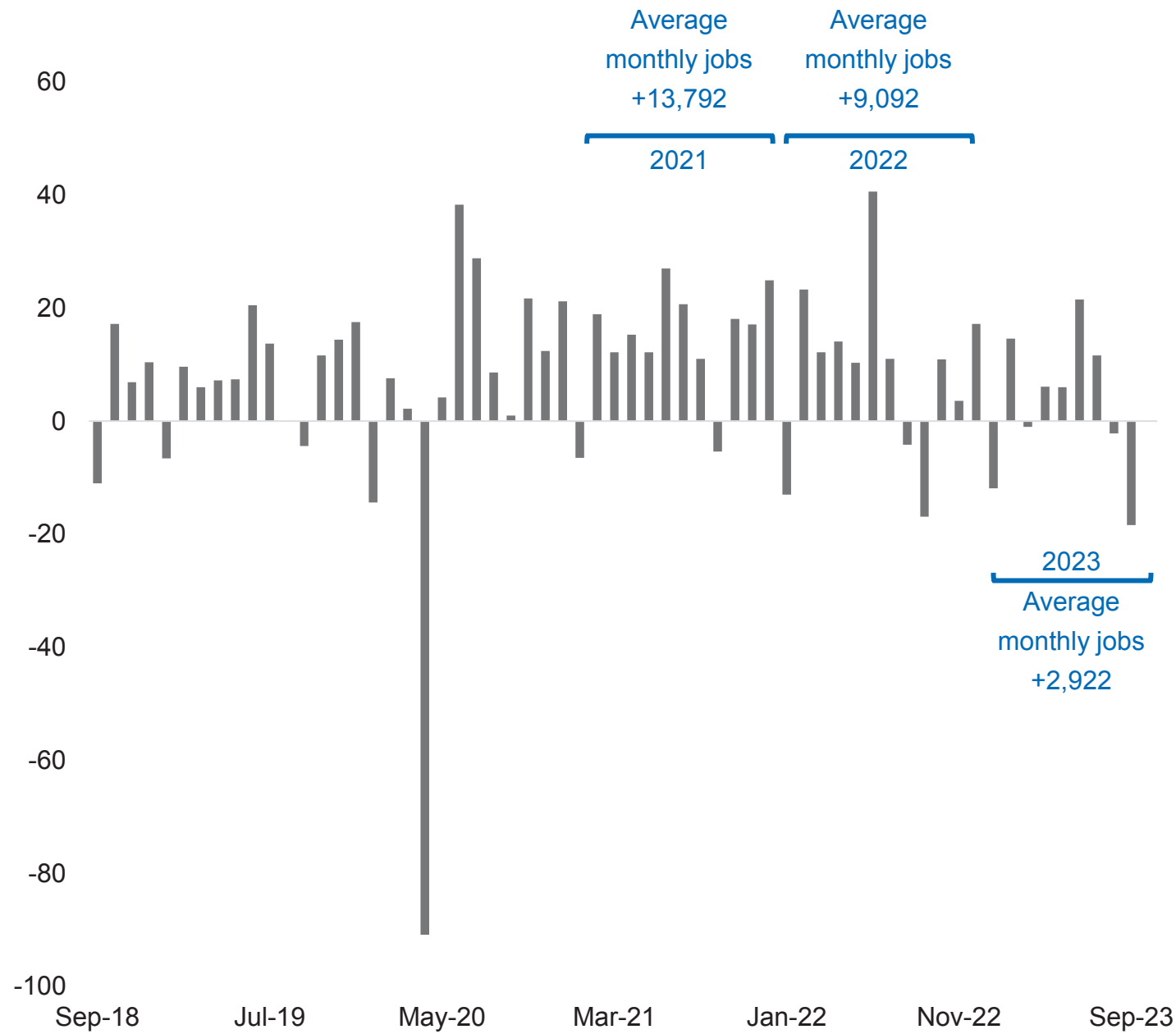


Source: BLS, Moody's Analytics, Newmark Research

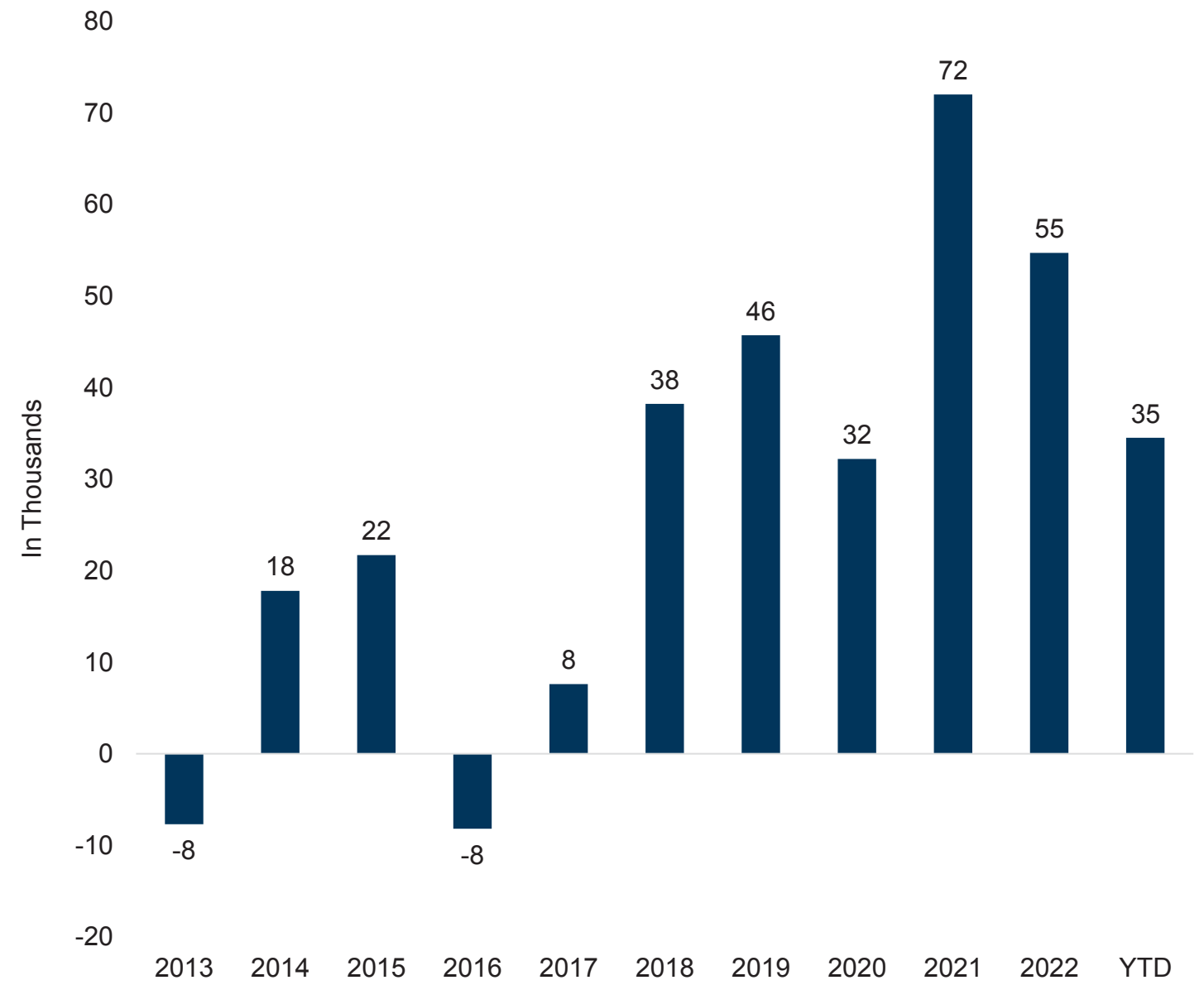
The Scientific R&D Subsector Continues to Grow

Though the life science sector posted growth during 5 out of the last 9 months, monthly gains are tracking below recent norms.

Monthly Change in Life Science Employment



Scientific Research & Development Jobs Added Per Year

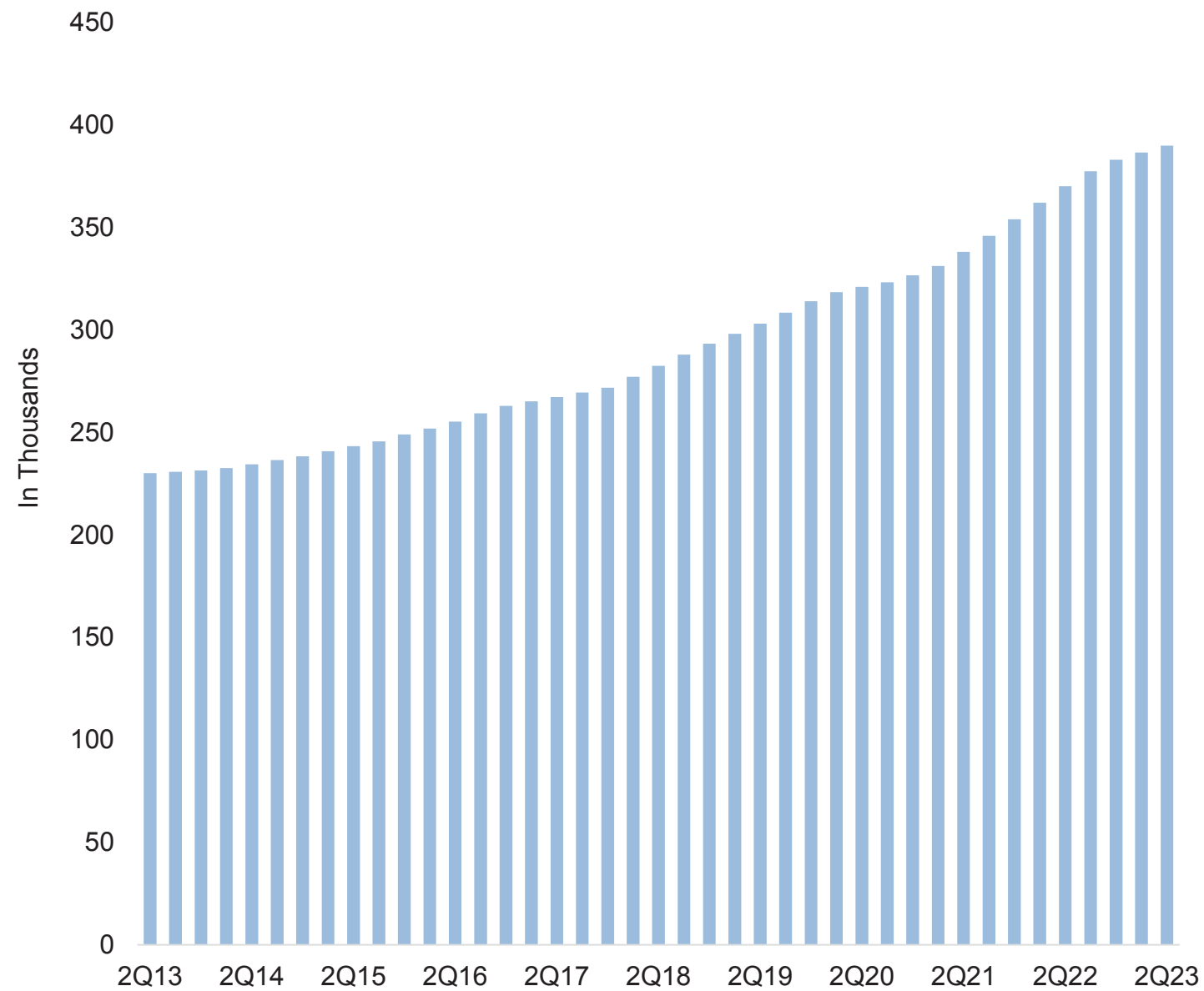


Source: BLS, Moody's Analytics, Newmark Research

While Growth Is Slowing in Key Clusters, Trends Are Still Positive

The top four life science hubs in the U.S. added roughly 160,000 biotech jobs to local payrolls over the last 10 years.

Total Biotech Employment in Top 4 Markets*



Biotech Location Quotient by Metro

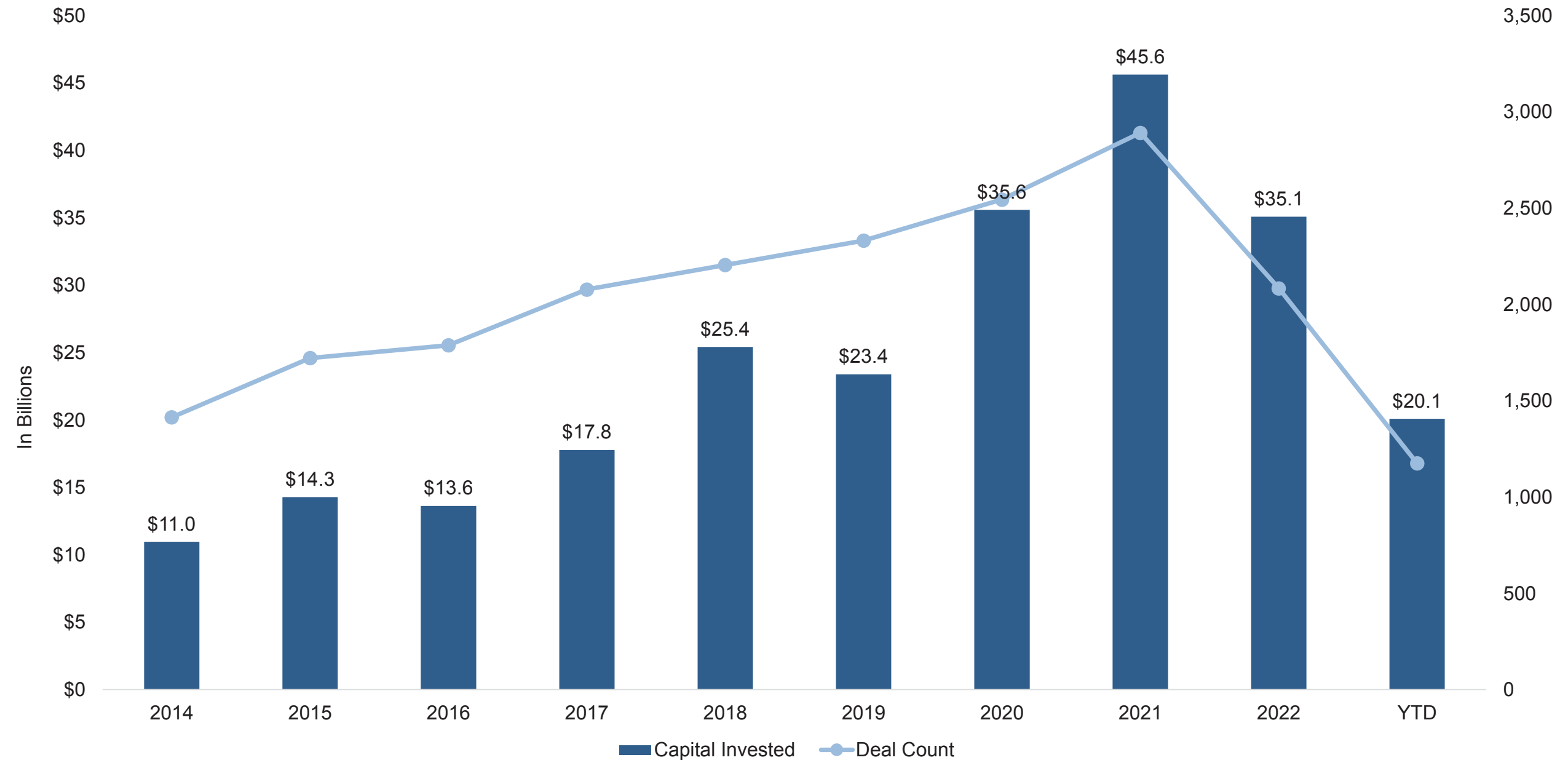
Metro	Biotech Employment	Location Quotient
Boston	143,849	3.22
San Diego	78,559	3.02
Bay Area	116,620	2.85
Research Triangle	50,830	2.76
Northern New Jersey	102,407	1.92
Philadelphia	72,969	1.53
Los Angeles	119,711	1.12
Maryland/Mid-Atlantic	87,461	1.08
Seattle	37,228	1.08
Chicago	77,071	1.03
Denver	24,492	0.92
Houston	37,323	0.69
New York City	26,586	0.35

Source: JobsEQ, Newmark Research
*Includes Boston, Bay Area, San Diego and Raleigh

Venture Capital Continues to Fund U.S. Life Science Companies

As of October 2023, VC funding is only about 14.0% below 2019 levels and has already surpassed annual capital raised prior to 2018. The number of deals is still well below historic norms and the average funding round has reached a 10-year high.

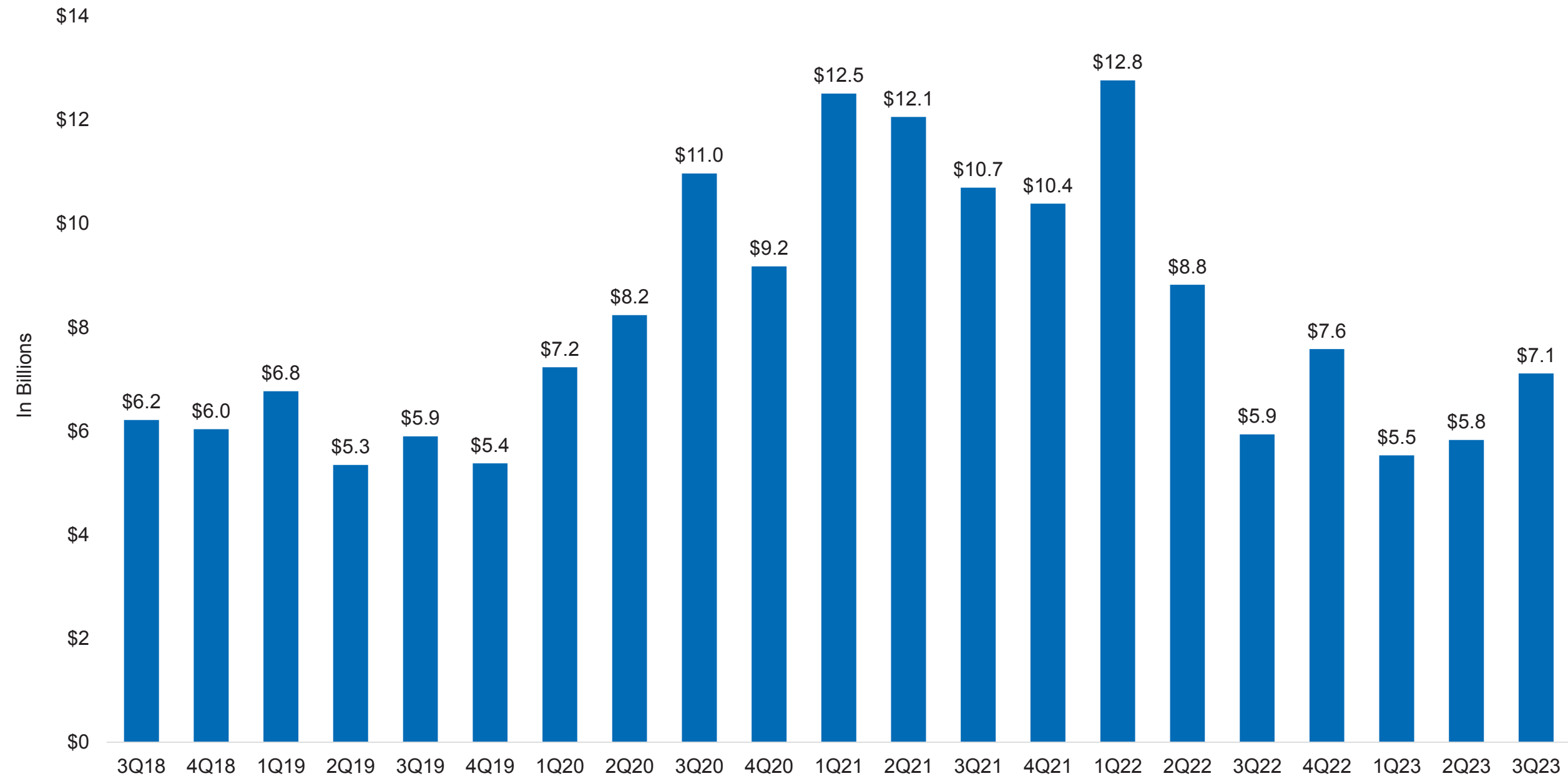
U.S. Life Science Venture Capital Funding



Venture Capital Continues to Fund U.S. Life Science Companies

U.S. life science companies have recorded two consecutive quarters of growth in venture capital funding, with the third quarter of 2023 representing the highest level reached since year-end 2022.

U.S. Life Science Venture Capital Funding by Quarter

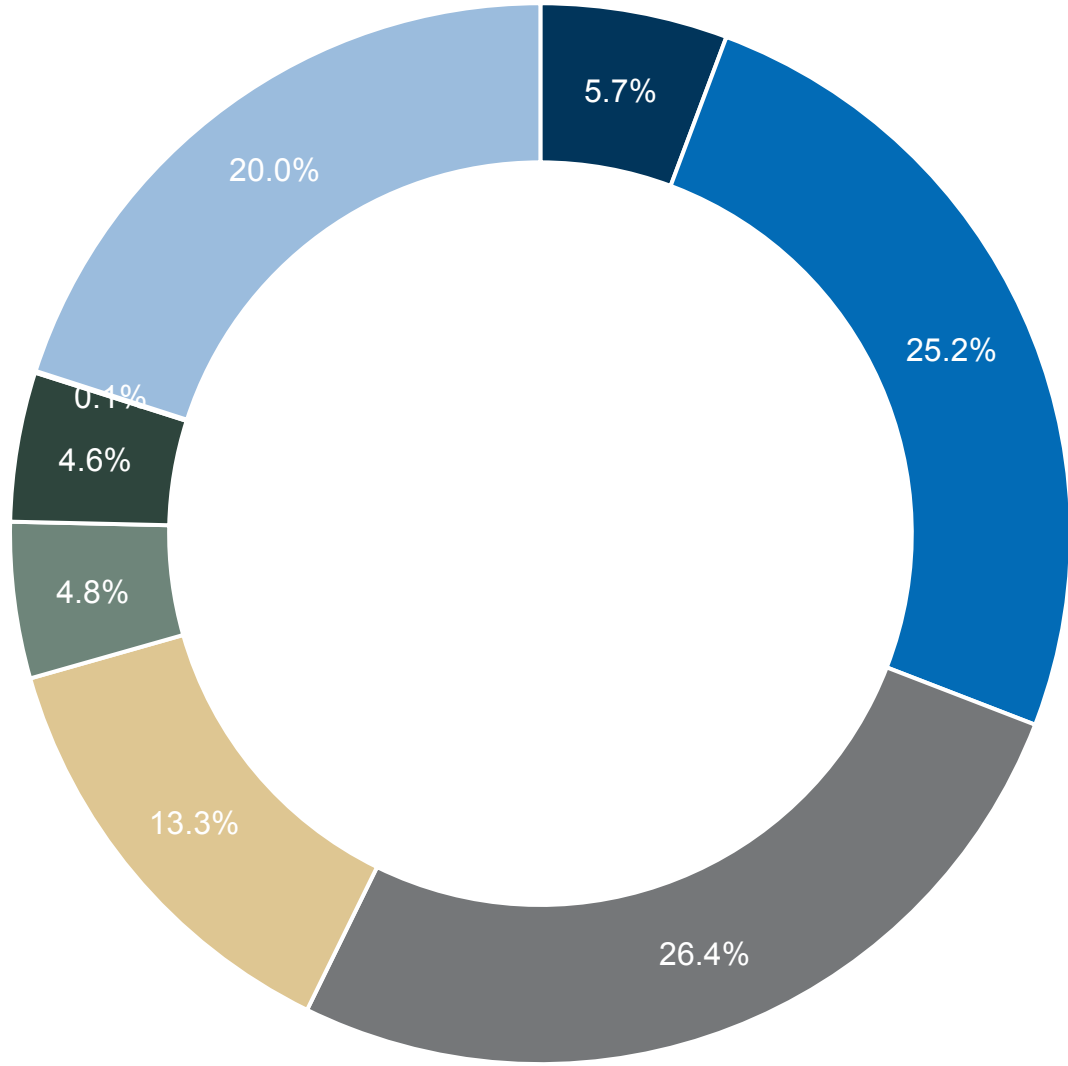


Source: Pitchbook, Newmark Research

Series A and B Rounds Represent the Lion's Share of Funding

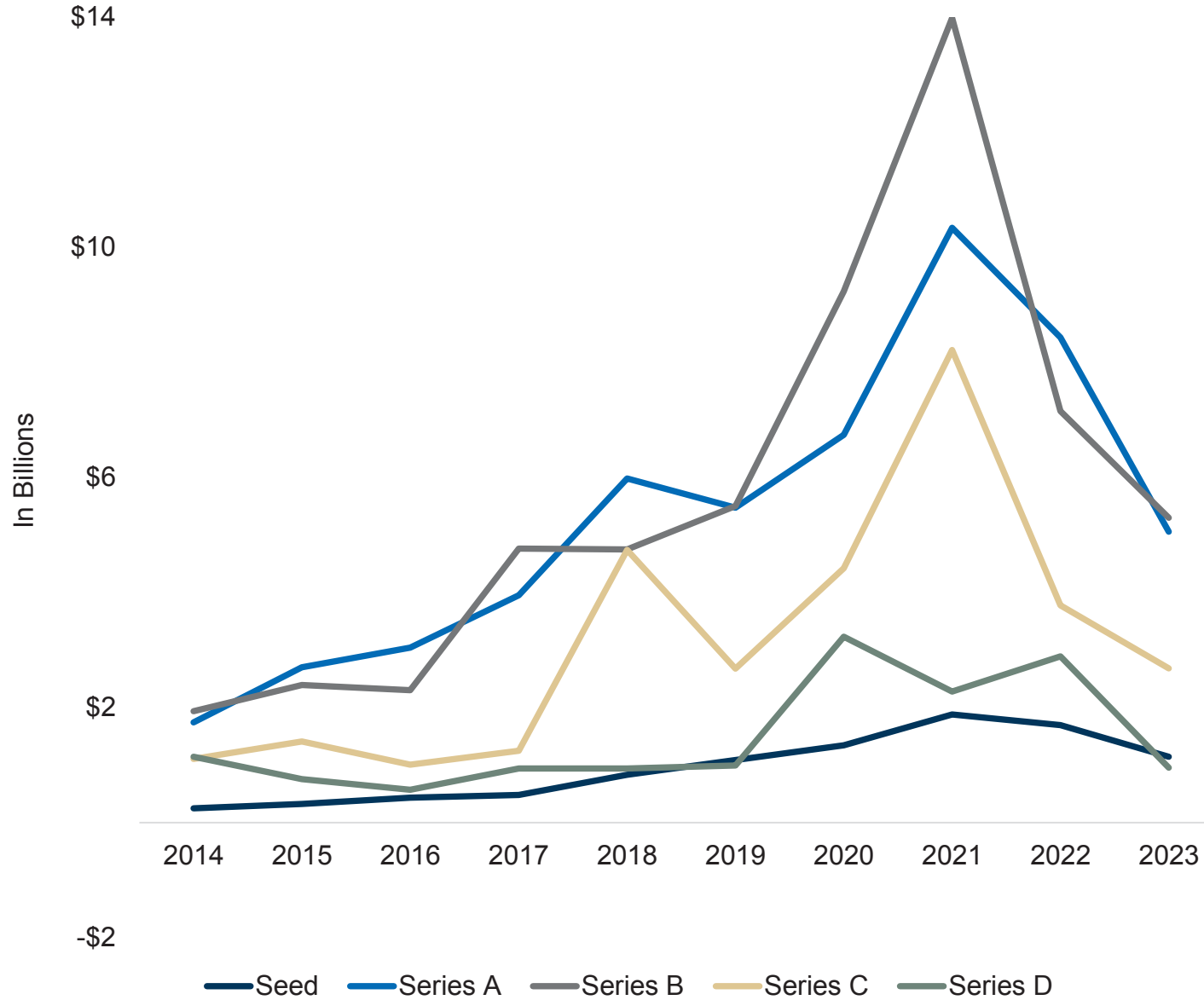
Seed and Series D funding for U.S. life science companies has remained comparatively stable, while on a nominal basis Class B funding has decreased the most.

2023 Life Science VC Funding by Series



■ Seed ■ Series A ■ Series B ■ Series C ■ Series D ■ Series E-K ■ Series 1-3 ■ All Other

Historical Life Science VC Funding by Select Series

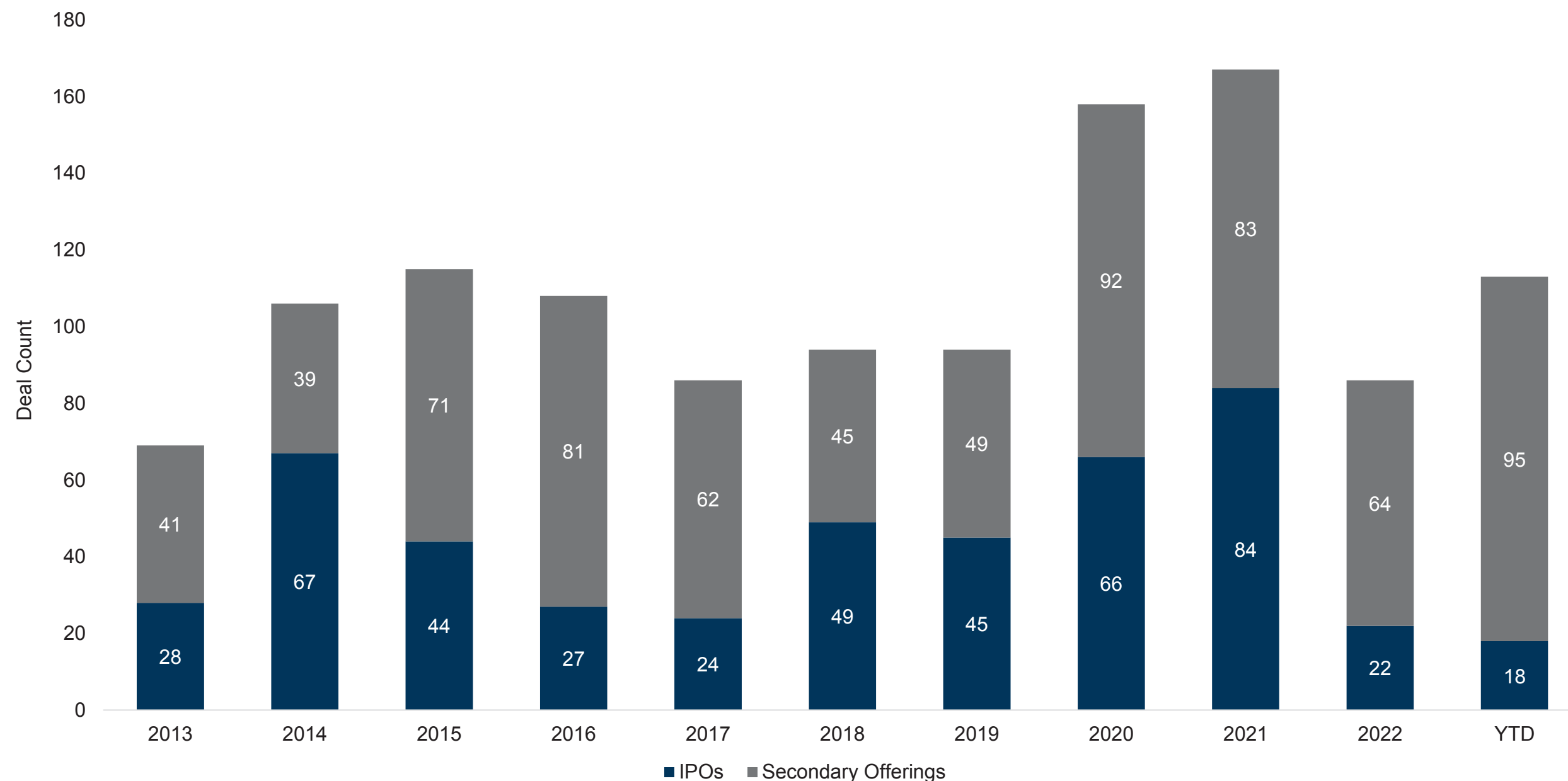


Source: Pitchbook, Newmark Research

The IPO Market Appears to be Thawing, Signaling a Busier Year End

For biotech IPOs, 2022 and 2023 are among the slowest on record. Year-to-date, 18 biotech companies have gone public, with total capital raised surpassing the previous year. Investors will likely remain focused on the highest quality companies to avoid downside risks.

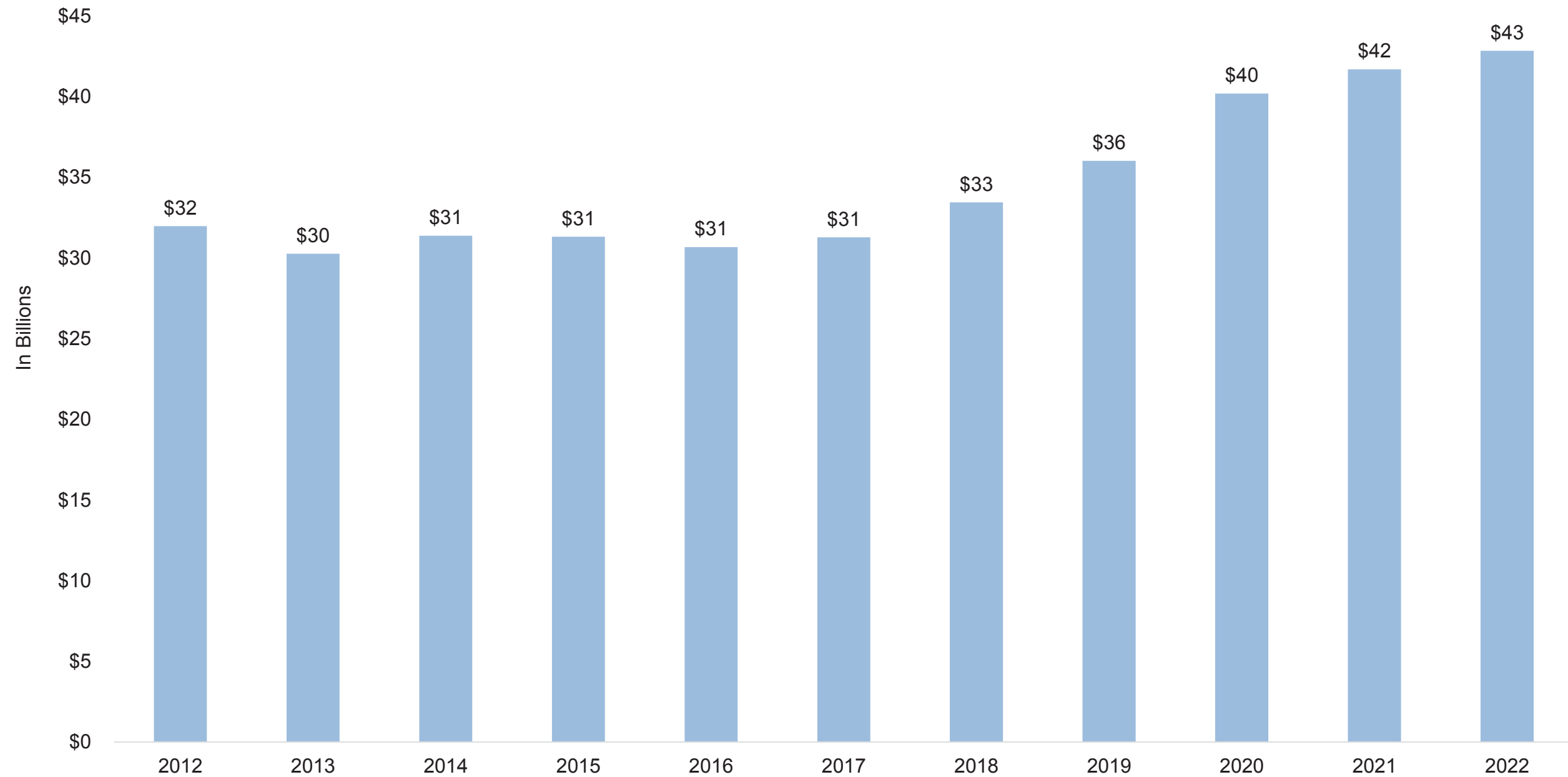
Public Sources of Capital



Increased Federal Funding Bodes Well For the Life Science Sector

From increased NIH funding to the newly-developed ARPA-H program, the federal government continues to dedicate more capital to the domestic biotech and biomanufacturing sector.

Public Sources of Capital



Source: National Institutes of Health, Newmark Research

As of October 2023

The Newly-Formed ARPA-H Program Could Drive Growth in Several Markets

Cambridge, Dallas and the Washington D.C. area represent the three regional hubs and will act as epicenters of the new agency. A network of “spokes” will also be established to help facilitate breakthroughs in science and medicine.

Public Sources of Capital



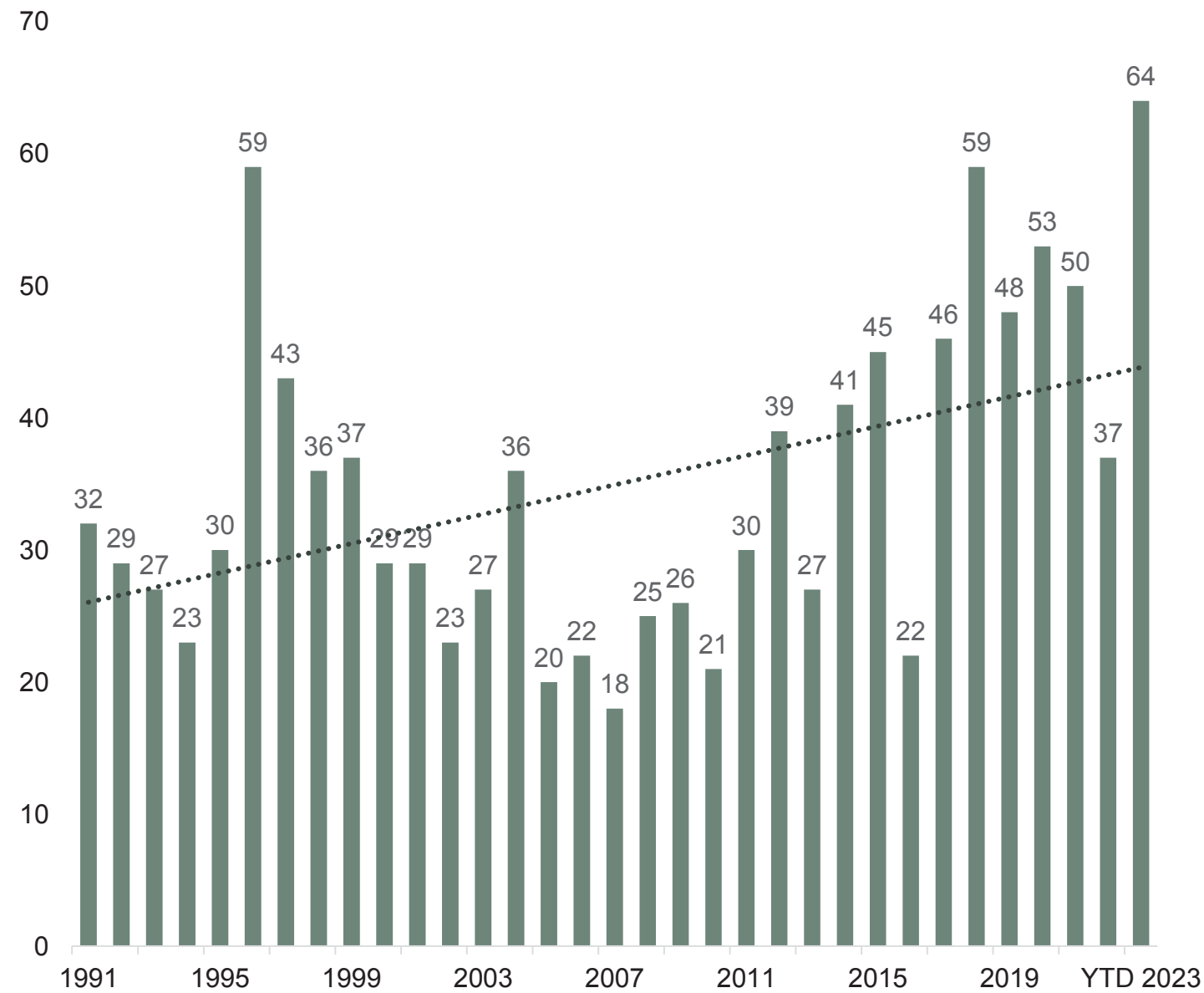
*Some of the initial ARPANET-H spokes include:

- Southern Research (Birmingham, Alabama)
- Mountain Pacific (Anchorage, Alaska)
- National Resilience, Inc. (San Diego, California)
- UHealth CARE Innovation Center (Aurora, Colorado)
- Orlando Health (Orlando, Florida)
- Mayo Clinic Platform (Rochester, Minnesota)
- Cherokee Nation Health Service (Tahlequah, Oklahoma)
- University City Science Center (Philadelphia, Pennsylvania)
- Access to Advanced Health Institute (Seattle, Washington)
- University of Wisconsin Milwaukee (Milwaukee, Wisconsin)

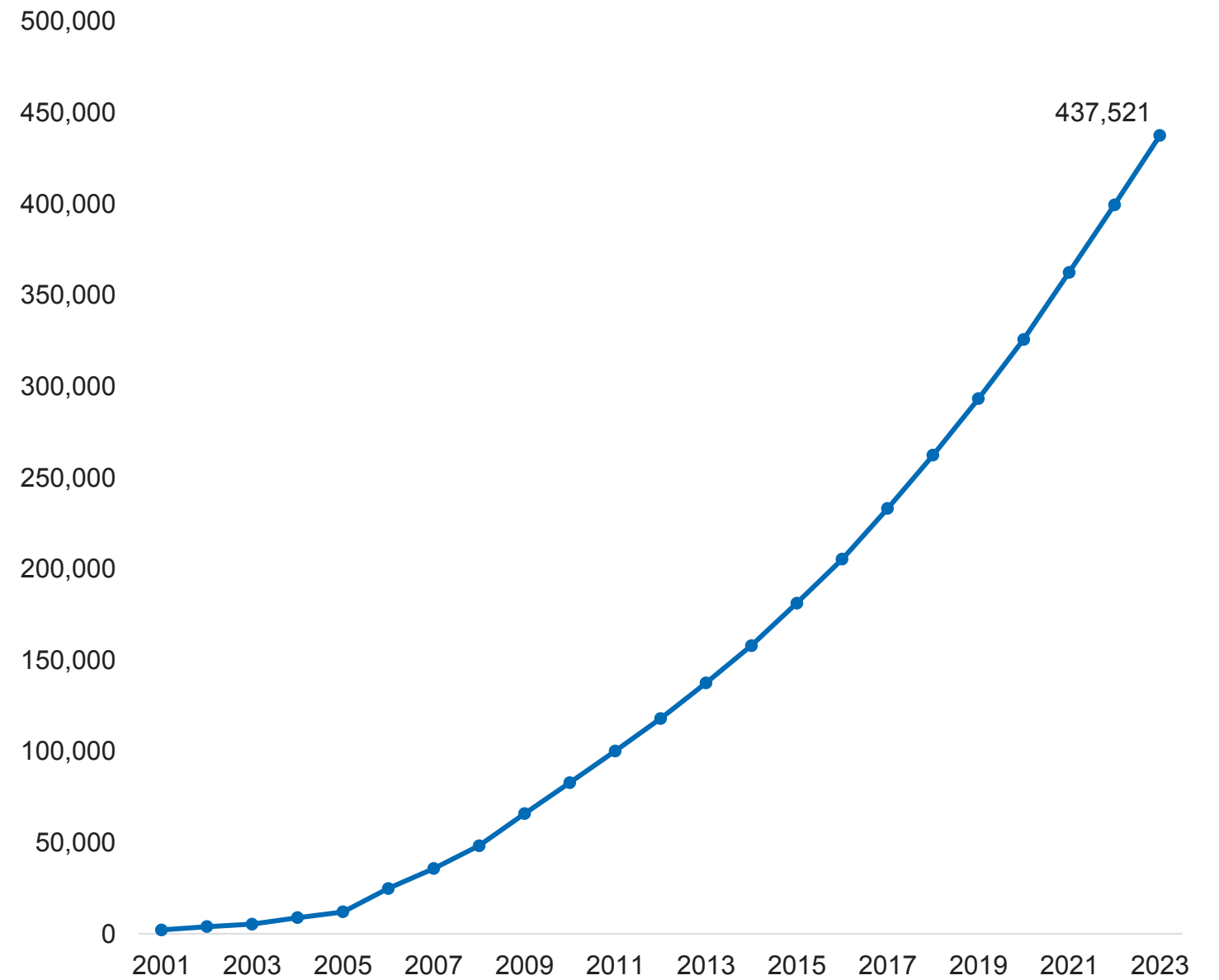
Increasing FDA Approvals and Clinical Trials Will Bolster Future Lab Demand

New drug approvals from the FDA saw a healthy uptick during the third quarter of 2023 and the number of registered clinical trials continues to expand to new heights, which bodes well for long-term growth within the biotech sector.

FDA Annual New Drug Approvals



Number of Registered Studies



Source: Clinicaltrials.gov, FDA, Healthpeak Properties, Newmark Research

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