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## **Surge in Demand Fuels Increase of 1.6 Million Square Feet in Montgomery County, Maryland's Life Sciences Lab Inventory**

### ***Investment in New Facilities Signals Growth for 'The Immunology Capital Next to the Nation's Capital'***

**Rockville, Md.** — Montgomery County, Maryland, home of the National Institutes of Health (NIH), the Food and Drug Administration (FDA) and more than 480 life sciences companies, continues its momentum as a magnet for new life sciences development with a major surge in leasing and investment. With rising demand and just 5.2% availability for the county's existing lab space, an additional 1.6 million square feet (SF) of lab space is in development—joining the current 10.6 million SF of total lab inventory already in Montgomery County.

The anchor of the 4<sup>th</sup> largest life sciences hub in the United States, Montgomery County's I-270 corridor's life sciences leasing is increasing at a rapid pace, including companies like MaxCyte, TCR<sup>2</sup>, Vigene Biosciences, On Demand Pharmaceuticals and Adaptive Phage Therapeutics. According to Pete Briskman, Executive Managing Director of JLL, price is a major factor: "Compare our rents to the top three. We are nearly half what those rents are in Boston and San Francisco. There's a reason why people want to come here."

#### **Funding and science breakthroughs on the rise**

The pandemic put an international spotlight on Montgomery County, as many local companies including Novavax, Qiagen, Altimune and Emmes took the lead on COVID-19 vaccines, therapies and testing. In 2020 alone, **[close to \\$8 Billion](#) in federal, private and foundational funding** was invested in life sciences companies with a Montgomery County presence for coronavirus vaccine research and other immunotherapeutic developments. Four of the top 10 recipients of Operation Warp Speed for coronavirus vaccine research are in Montgomery County.

Life science breakthroughs extend beyond the pandemic: three Montgomery County companies—Supernus, United Therapeutics and Aurinia—were responsible for developing **17% of FDA-approval pharmaceuticals** in the first quarter of 2021.

The ideal combination of assets draws life science companies to Montgomery County, "the Immunology Capital Next to the Nation's Capital." From competitive rents to a highly educated workforce to access to capital to the presence of top federal health agency headquarters and labs—developers enjoy the necessary tools to build new properties, expand portfolios and fuel success in the designated scientific areas of their tenants.

## **Speed to market**

Getting things done faster is another key factor in the county's life science growth. Montgomery County recently approved a consolidated approval process, ensuring that the speed to market for developers and others is much faster than in previous years. Douglas M. Firstenberg, a Principal at Stonebridge, notes that a project that could have taken three years could now be cut in half.

Federal Realty's VP of Development, Jay Brinson, also supports the county's new efforts. "The county has been great to work with, especially over the last couple of years. They get it. I have found the leadership at Montgomery Planning and DPS [Department of Permitting Services] very accommodating to achieve necessary goals in a certain timeline."

Brinson notes that Federal Realty has also been paying close attention to the tremendous growth of life sciences in the county and is working with Scheer Partners to develop 935 Prose at Pike & Rose, an amenity rich lab facility to accommodate early-stage clinical manufacturing companies and R&D operations. The proposed building capitalizes on the bustling mixed-use location of Pike & Rose, with walkable retail, restaurants and office space.

## **Hub for leading federal health agency headquarters**

Montgomery County's life sciences companies also have unique access to the world's largest researcher of human health. The NIH, which includes the National Cancer Institute, is at the forefront of conducting the basic research necessary to enable the next clinical breakthroughs—and it's located in Montgomery County, Maryland. So is the FDA, the world's largest regulator of drugs and vaccines. Proximity to these powerhouse agencies offers life science companies opportunities for relationship-building and real-time access to the latest developments and research.

Firstenberg cites "tremendous growth and immediate opportunities for many companies here" as developers look to take advantage of a location near NIH and FDA. "The reality of the pandemic is it brought tremendous focus to Montgomery County as the global immunology capital," says Firstenberg.

## **A focus on middle stage company growth**

GlenLine Investments and its primary investors collectively have a 20-year track record in developing life science spaces. Led by Managing Principal Scott Nudelman, GlenLine has several properties in Montgomery County including TwinLabs, the former home of a decommissioned National Institute of Allergy and Infectious Disease (NIAID) research facility, adjacent to the Twinbrook Metro and HHS headquarters. GlenLine is significantly renovating the existing space and will deliver 80,000 SF this summer, targeting middle stage companies, a need the developer sees as particularly strong.

"Once you outgrow incubator space or are standing up a first location in the U.S. and prefer an independent environment but are not yet ready for a 10 to 15-year commitment, we have put in the lab infrastructure to let those companies plug in and start working on their science immediately," said Nudelman.

## **Building on spec in a hot life science market**

In response to bio growth, the Matan Companies, under the Progress Labs name, has started construction in Germantown at what will become Milestone Innovation Park. Fronting the I-270 stretch of Montgomery County, the 532,000 SF life science offering will add much needed bio-manufacturing space to the heart of the area's bio corridor. Delivery is slated for summer 2023. "This is not a simple rebranding or office conversion," said Mark Matan of the Matan Companies. "We are going to deliver three next-generation biomanufacturing and research buildings."

Matan is also delivering 500,000 SF of spec bio-manufacturing space in two buildings at 700 N. Frederick Avenue in Gaithersburg, site of the former Leidos campus. Construction is underway on that project as well and is expected to deliver in late 2022.

## Taking over existing manufacturing spaces

Other companies are taking smart advantage of existing facilities. The first building of the new Novavax Vaccines Innovation Campus and global headquarters in Gaithersburg is a prime example of an adaptive reuse; it was originally built for a high-tech communications equipment company. Alexandria Real Estate Equities, Inc. is the owner of a 170,000 SF Class A lab/manufacturing/office building which Novavax is currently renovating. Utilizing local speed-to-market, the building will be delivered in early 2022.

“The investment by local developers in these projects demonstrates how quickly the demand is rising for life sciences companies looking to locate, expand and grow in Montgomery County,” said Benjamin H. Wu, MCEDC President and CEO. “The county is fast becoming an international Immunology Capital, drawing companies from across the country and around the world. Global leaders choose the area for our highly educated workforce and proximity to NIH and the FDA.”

## The place to develop and commercialize products

Hundreds of cell and gene therapy, vaccine and other immunotherapeutic-focused companies have already located in Montgomery County, where they can rapidly develop and commercialize products. Several novel treatments for lupus originate here, as did the first gene therapy for sickle cell disease (NIH), and the first cell therapy for COVID-19 (Cartesian Therapeutics). Other developments include MacroGenics' FDA-approved breast cancer medicine; MaxCyte's technology for cell therapy development; and Novavax's promising coronavirus vaccine and influenza candidates.

## Access to talent, innovation and capital

Montgomery County companies have access to more than 40,000 life science workers—exceptional talent to shape the workforce. The county ranks number one for percentage of residents with a masters, Ph.D., or other advanced degree among counties with over one million people.

A recently launched Memorandum of Understanding between the county and academia, including the University System of Maryland and Montgomery College, will provide new opportunities for students to gain workplace experience and participate in cutting edge research.

At universities in the area including University of Maryland, College Park, Georgetown, George Washington, Johns Hopkins and Howard, there is an uptick in **STEM degrees awarded—nearly a 30% increase from 2015 to 2019.**

Access to capital is always top of mind in choosing a location. “Our tenants love the access to capital available, which has jumped 800% in Maryland within the last five years, from \$100 million to \$800 million,” said JLL's Pete Briskman, noting Montgomery County companies make up most of Maryland's life sciences funding recipients.

## International companies are joining the Immunology Capital

The strong position of Montgomery County attracts companies from around the world. International companies with a U.S. headquarters or a major presence in Montgomery County, Maryland, include Aurinia (Canada); Autolus, AstraZeneca and GlaxoSmithKline (U.K.); Qiagen (Germany); Nobelpharma (Japan); Genetron and Tasly Pharmaceuticals (China); GMED (France); and MacroGen (South Korea).

They'll soon have more company. Multiple real estate developers are taking advantage of the long-term opportunities for investment and expansion in Montgomery County's life sciences space. It's a good bet, as their tenant companies can find the entire pipeline for immunology innovation here—and a richly diverse community with access to three international airports, great parks, cultural amenities and award-winning schools that enroll students from 157 different countries. From local to global, a

wide array of immunology companies can attest to the many important reasons to call Montgomery County, MD home.

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**About MCEDC**

The Montgomery County Economic Development Corporation (MCEDC) is the official public-private economic development organization representing Montgomery County, Maryland. Created in 2016, MCEDC is led by a Board of Directors of business executives. Its mission is to help businesses start, grow and relocate in Montgomery County by helping them gain access to top talent, business and market intelligence and prime locations. For more information, visit our website. Follow us on Twitter, Facebook, and LinkedIn.