

# HOUSTON LIFE SCIENCES MARKET

WINTER-SPRING 2024

TRENDLINES	YEAR END 2023	YEAR END 2022	YEAR END 2022 Y-O-Y
HOUSTON CPRIT FUNDING	\$117.5 M	\$135.5 M	↓
HOUSTON VENTURE CAPITAL FUNDING	\$362.8 M	\$455.9 M	↓
HOUSTON NIH FUNDING	\$812.6 M	\$613.1 M	↑
LIFE SCIENCES UNDER CONSTRUCTION	0 SF	1,170,499	↓

Source: Cancer Prevention & Research Institute of Texas (CPRIT), Pitchbook, Bureau of Labor Statistics, CoStar, Real Capital Analytics, National Institutes of Health (NIH), Transwestern. Arrow color palette indicates property sector agency leasing, management and investor trending assessment(s).

## HOUSTON'S LIFE SCIENCES BUILDING FOR THE LONG TERM

### TMC Helix Park Debuts Two New Life Sciences Properties

TMC Helix Park officially opened with the debut of 250,000 square foot TMC3 Collaborative Building, a state of the art property designed to facilitate collaboration between its founding institutions. Construction on Dynamic One, a 350,000 square foot industry building sitting across from TMC3 Collaborative, was completed shortly afterwards. Two Houston health giants, Baylor College of Medicine and Houston Methodist, have signed leases at the property.

### Houston #1 in 2023 CPRIT Funding

Houston ranked first for awards granted from The Cancer Prevention & Research Institute of Texas (CPRIT) in 2023 totaling \$117.5 million, making up more than 62 percent of total 2023 CPRIT Funding awarded throughout all Texas markets. Venture Capital flows for the metro reached \$362.8 million for 2023, adding more than \$100 million since September. Houston obtained \$812.6 million from the National Institutes of Health (NIH).

Houston's life sciences industry received a major talent and research investment from the state in 2023 with the establishment of the Texas University Fund, an endowment of \$3.9 billion to public universities in the state including Texas Tech University, Texas State University, the University of Houston, and the University of North Texas to enhance their research capabilities.

## INDUSTRY NEWS & ANNOUNCEMENTS

### Research Universities Score State Funding, BioTech Workforce Training, and Several Grand Openings

- In November, Texas voters approved a state constitutional amendment to establish the Texas University Fund, a \$3.9 billion endowment that will provide increased funding for research universities in the state including Texas Tech University, Texas State University, the University of Houston, and the University of North Texas.
- San Jacinto College recently broke ground on its 10,000 square foot Center for Biotechnology at Generation Park Campus which will train and provide skilled workers for Houston's life sciences industry. The center will begin hosting NIBRIT-licensed biotechnology programs starting in 2025 and offer students experience in developing industry sectors.
- TMC Helix Park formally opened in October with TMC3 Collaborative Building, 250,000 square feet of space specifically designed to foster collaboration between biomedical researchers with shared laboratories and coworking space for four founding institutions: MD Anderson, Texas A&M University Health Center, the University of Texas Health Center at Houston, and TMC. In December, Dynamic One, a 350,000 square foot building located across from the TMC3 Collaborative, was completed. The property is anchored by Baylor College of Medicine, occupying 114,000 square feet.
- Of Houston's nearly 160,000 square feet of existing speculative suite space, 136,200 square feet was completed in 2023 and an additional 41,331 square feet delivered in the first months of 2024. These suites range from 6,000 to 30,000 square feet, featuring office, lab and flex space and are 64.4 percent leased. An additional 43,000 square feet of speculative suite space is under development, planned or in permitting.

## Market Activity



In October, leading Life Sciences developer, Alexandria Real Estate Equities, Inc., held the grand opening of its first Houston Campus, Alexandria Center for Advanced Technologies located at 8800 Technology Forest Place, in The Woodlands. The redeveloped campus includes Class A lab infrastructure and is anchored by Nurix Therapeutics, a clinical-stage biopharmaceutical company leasing approximately 47,000 square feet at Building 100.



Houston Methodist signed a 75,800 square foot lease at newly constructed Dynamic One, a 350,000 square foot Life Sciences property in TMC Helix Park. The health system giant will occupy two floors dedicated to biomedical research and innovation in cardiovascular sciences, orthopedics, and RNA therapeutics.

## FUNDING LANDSCAPE

### Greater Houston's Venture Capital and Research

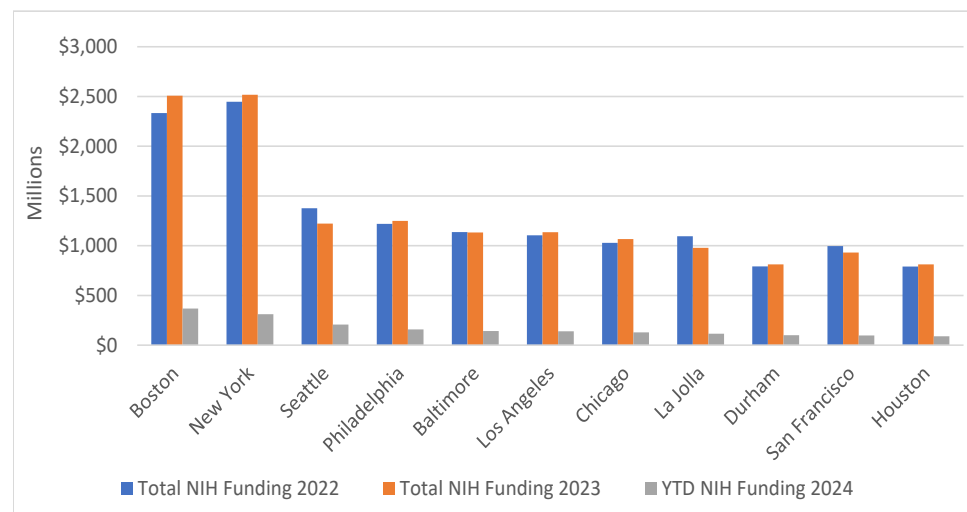
- Venture capital inflows matured during the year as Houston's life sciences ecosystem continues to establish itself. Capsule Corporation, a company which developed a digital pharmacy platform designed to facilitate the delivery of prescription medication, raised \$100 million in funding in 2023.
- Indapta Therapeutics, a biotech company designed to treat cancer, raised \$80 million of Series A funding in a transaction led by Leaps by Bayer, Pontifax Venture Capital and RA Capital Management. The funding pushed the company's pre-money valuation to \$40 million. Houston-based IPS Heart, a biopharmaceutical company developing induced pluripotent stem cells focused on heart disease obtained \$30 million in venture funding to date. Previously, the company procured approximately \$7 million of Series A venture funding 2021.
- Transwestern Research identified an additional three companies, each of which amassed \$15+ million in their latest round of funding: Empower Clinic Services raised \$20 million led by Harbert Credit Solutions, Spark Biomedical raised \$16.23 million in Series A funding from Capital Factory, Waco Ventures, Southwest National Pediatric Device Innovation Consortium among others, and VenoStent raised \$16.06 million through a combination of Series A and Series A1 funding led by IAG Capital Partners and Good Growth Capital.
- Houston's top three National Institutes of Health (NIH) recipients for 2023 include Baylor College of Medicine, University of Texas MD Anderson Cancer Center, and University of Texas Health Science Center Houston with a combined grant award totaling over \$676.0 million. As of February 2024, the three institutes have amassed a total of \$73.8 million in additional funding.

## TOP TEN VC FUNDED COMPANIES FOR HOUSTON LIFE SCIENCES

Company	Industry	2023 Funding (\$ Millions)	Total Funding All Years (\$ Millions)
<b>CAPSULE CORPORATION</b>	Pharmaceutical	\$100.0	\$690.00
<b>INDAPTA THERAPEUTICS INC.</b>	BioTech	\$80.0	\$89.00
<b>IPS HEART INC.</b>	Pharmaceutical/BioTech	\$30.0	\$55.00
<b>EMPOWER CLINIC SERVICES, LLC</b>	Pharmaceutical	\$20.0	\$50.00
<b>SPARK BIOMEDICAL, INC.</b>	Med Device	\$16.2	\$16.34
<b>VENOSTENT, INC.</b>	Med Device	\$16.1	\$18.83
<b>ONCORESPONSE, INC.</b>	Pharmaceutical/BioTech	\$13.3	\$174.04
<b>TACHYON THERAPEUTICS, INC.</b>	BioTech	\$11.5	\$11.51
<b>PULMOTECT, INC.</b>	BioTech	\$8.9	\$17.25
<b>MEMGEN, INC.</b>	BioTech	\$8.1	\$35.92
<b>TOP 10 GRAND TOTAL</b>		<b>\$304.1</b>	<b>\$1,157.9</b>
<b>ALL HOUSTON TOTAL</b>		<b>\$362.8</b>	<b>\$1,578.8</b>

Source: Pitchbook, Transwestern

## NATIONAL INSTITUTES OF HEALTH (NIH), TOTAL FUNDING



Source: NIH, Transwestern. Annual calendar year funding, sorted by 2023 in descending order. \*Total NIH Funding YTD is through February 2024.



**FUNDING CONTINUED**

**Houston 2023 CPRIT Awards**

- Houston continues to lead the state in funding grants from the Cancer Prevention & Research Institute of Texas (CPRIT), exceeding a total of \$117.5 million out of the \$187.7 million granted in 2023. The University of Texas M.D. Anderson Cancer Center received a total of \$25.2 million in funding with the top awards given for research on lung and bronchus, ovary, skin, brain and other nervous systems.
- The University of Texas Southwestern Medical Center received \$16.7 million for breast, cervix, gallbladder, liver, and HPV-related research, and Houston-based 7 Hills Pharma Inc. and OncoResponse, were each awarded more than \$13 million in 2023. Allterum Therapeutics received a \$11.7 million grant for leukemia research.

- Four Houston bioscience startups made news after collecting nearly \$43 million in pending grants. Stingray Therapeutics was awarded \$13.9 million, March Biosciences received \$13.3 million, Mongoose Bio was granted \$10.6 million, and FixNip was awarded \$4.8 million.

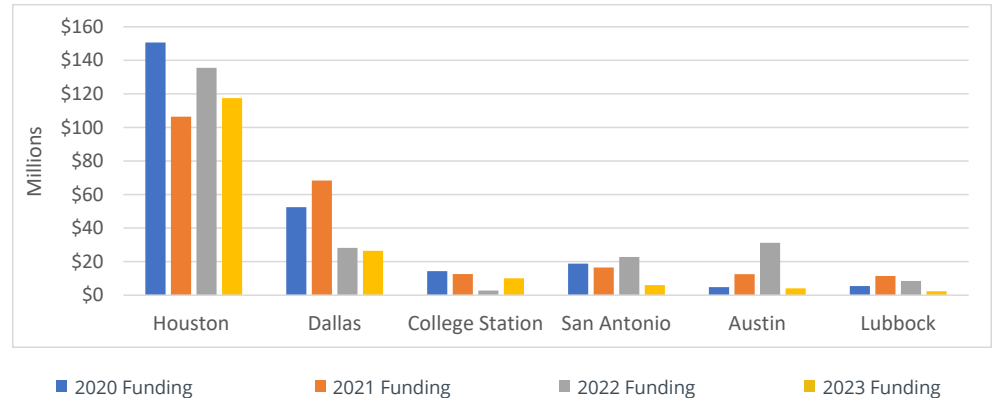
**CANCER PREVENTION & RESEARCH INSTITUTE OF TEXAS, TOP 10**

Rank	2023 Top CPRIT Recipients	Amount
1	THE UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER	\$25,160,188
2	THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER	\$16,673,837
3	7 HILLS PHARMA INC.	\$13,439,001
4	ONCORESPONSE	\$13,259,174
5	ALLTERUM THERAPEUTICS, LLC	\$11,721,150
6	THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON	\$9,948,705
7	RESILIENCE TEXAS LLC DBA CTMC	\$9,100,000
8	PULMOTECT, INC.	\$8,851,165
9	TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER AT EL PASO	\$8,699,437
10	TEXAS A&M UNIVERSITY SYSTEM HEALTH SCIENCE CENTER	\$7,998,422

Source: CPRIT, Transwestern. 2023 funding, sorted by awarded amount in descending order.

**CPRIT FUNDING BY TEXAS METRO 2020 - 2023**

Location	2020 Funding	2021 Funding	2022 Funding	2023 Funding
HOUSTON	\$150,659,803	\$106,435,373	\$135,550,932	\$117,504,935
DALLAS	\$52,448,736	\$68,316,485	\$28,196,499	\$26,473,837
COLLEGE STATION	\$14,320,044	\$12,609,211	\$2,737,468	\$10,044,189
SAN ANTONIO	\$18,772,436	\$16,444,802	\$22,797,823	\$6,041,457
AUSTIN	\$4,749,616	\$12,482,808	\$31,247,839	\$4,050,000
LUBBOCK	\$5,427,427	\$11,457,349	\$8,456,656	\$2,298,491
REMAINING TX	\$4,731,250	\$13,905,671	\$9,209,044	\$21,304,243
<b>Totals</b>	<b>\$246,378,062</b>	<b>\$227,746,028</b>	<b>\$238,196,261</b>	<b>\$187,717,152</b>



Source: CPRIT, Transwestern. Annual calendar year funding, sorted by 2023 in descending order.

## PURPOSE BUILT LIFE SCIENCES BUILDINGS

### Under Construction

In 2023, Houston completed four life sciences properties, amounting to nearly 1.0 million square feet of purpose-built lab space.

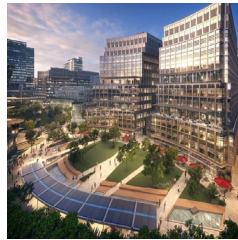
### TMC3 COLLABORATIVE BUILDING

A four-story, 250,000 square foot, state-of-the-art building delivered in October 2023. The building includes a 43,000 square foot joint research lab, office/co-working space along with a shared IT infrastructure to facilitate synergistic research initiatives for four founding institutions: MD Anderson, Texas A&M University Health Science Center, the University of Texas Health Science Center at Houston, and TMC.



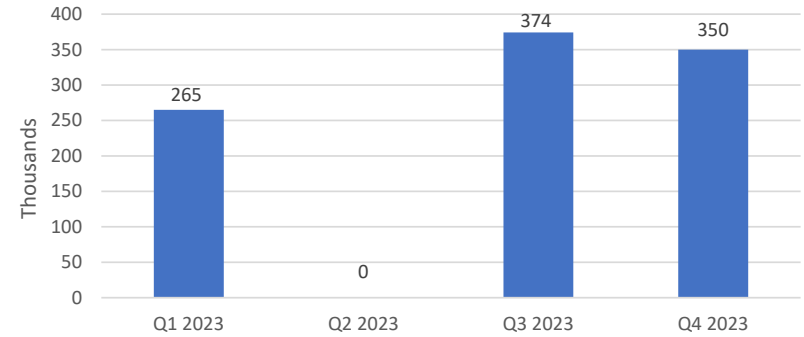
### DYNAMIC ONE

The first of four industry research buildings planned for TMC Helix Park, spanning 350,000 square feet, came online in December of 2023, with a large 114,000 square foot pre-lease from Baylor College of Medicine. Shortly after completion, Houston Methodist signed a 75,800 square foot lease for biomedical research and beside innovation at the property.

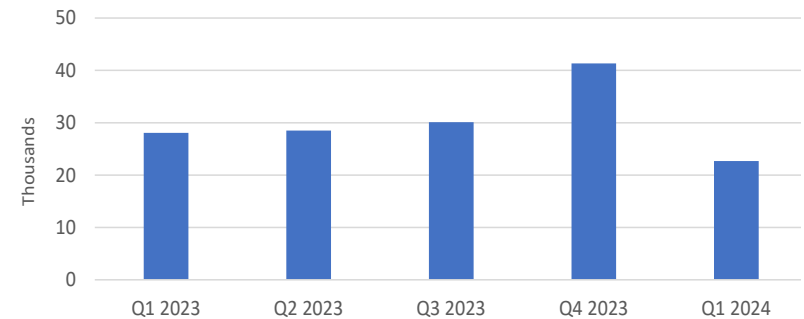


## DELIVERY SCHEDULE

### Purpose Built Lab Buildings



### Class A Speculative Labs



Source: Transwestern. RBA: Rentable Building Area.

	Building Name	Address	RBA (SF)	Delivered	Percent Leased	Quoted Rate	OPEX	Spec Lab (SF)
Recently Delivered	LEVIT GREEN - PHASE 1	3131 Holcombe Blvd	265,000	JAN 2023	4.0%	\$65.00	\$22.00	30,065
	8800 TECHNOLOGY - BLDG 100	8800 Technology Forest Pl	124,110	AUG 2023	37.5%	\$50.00	\$18.00	30,067
	TMC3 COLLABORATIVE BUILDING	7255 Helix Park Ave	250,000	OCT 2023	100%	\$65.00	\$20.00	-
	DYNAMIC ONE	1840 Dynamic Way	350,000	DEC 2023	54.3%	\$65.00	\$25.00	33,944
	<b>TOTAL</b>			<b>989,110</b>		<b>53.4%</b>	<b>\$63.12</b>	<b>\$22.05</b>



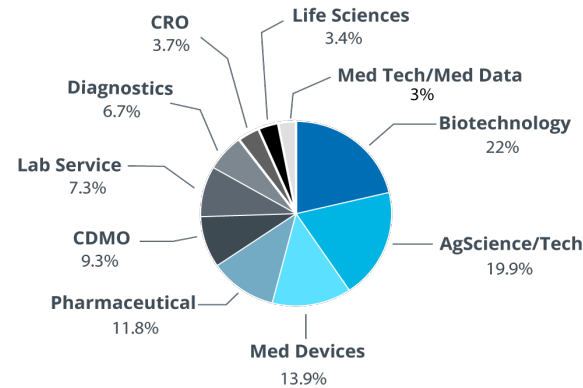
LIFE SCIENCES OCCUPIERS BY PROPERTY TYPE & SQUARE FEET

Life Sciences Subcategory	Industrial	Flex*	Office	Total
BIOTECH	180,511	179,324	1,031,160	1,390,995
AG SCIENCE	1,254,881	-	3,017	1,257,898
MEDDEVICE	365,033	175,430	337,139	877,602
PHARMACEUTICAL	416,390	147,397	184,037	747,824
CDMO	187,421	89,431	310,099	586,951
LAB SERVICE	128,914	296,913	151,447	577,274
DIAGNOSTICS	-	112,868	310,817	423,685
CRO	114,904	26,042	102,425	243,371
GENERAL LIFE SCIENCES	151,593	17,392	54,842	223,827
MED TECH/MED DATA	2,000	18,369	177,683	198,052
<b>GRAND TOTAL</b>	<b>2,801,647</b>	<b>1,063,166</b>	<b>2,662,666</b>	<b>6,527,479</b>

Source: Transwestern, Costar

\*Flex A type of building(s) designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and includes distribution uses.

HOUSTON LIFE SCIENCES COMPOSITION



Life Sciences Category	SF Occupied
BioTech	1,390,995
Ag Science	1,257,898
MedDevice	877,602
Pharmaceutical	747,824
CDMO	586,951
Lab Service	577,274
Diagnostics	423,685
CRO	243,371
General Life Sciences	223,827
Med Tech/Med Data	198,052
<b>TOTAL</b>	<b>6,527,479</b>

Source: Pitchbook, Bureau of Labor Statistics, Real Capital Analytics, Revista, Transwestern, Costar. Does not equal 100% due to rounding.

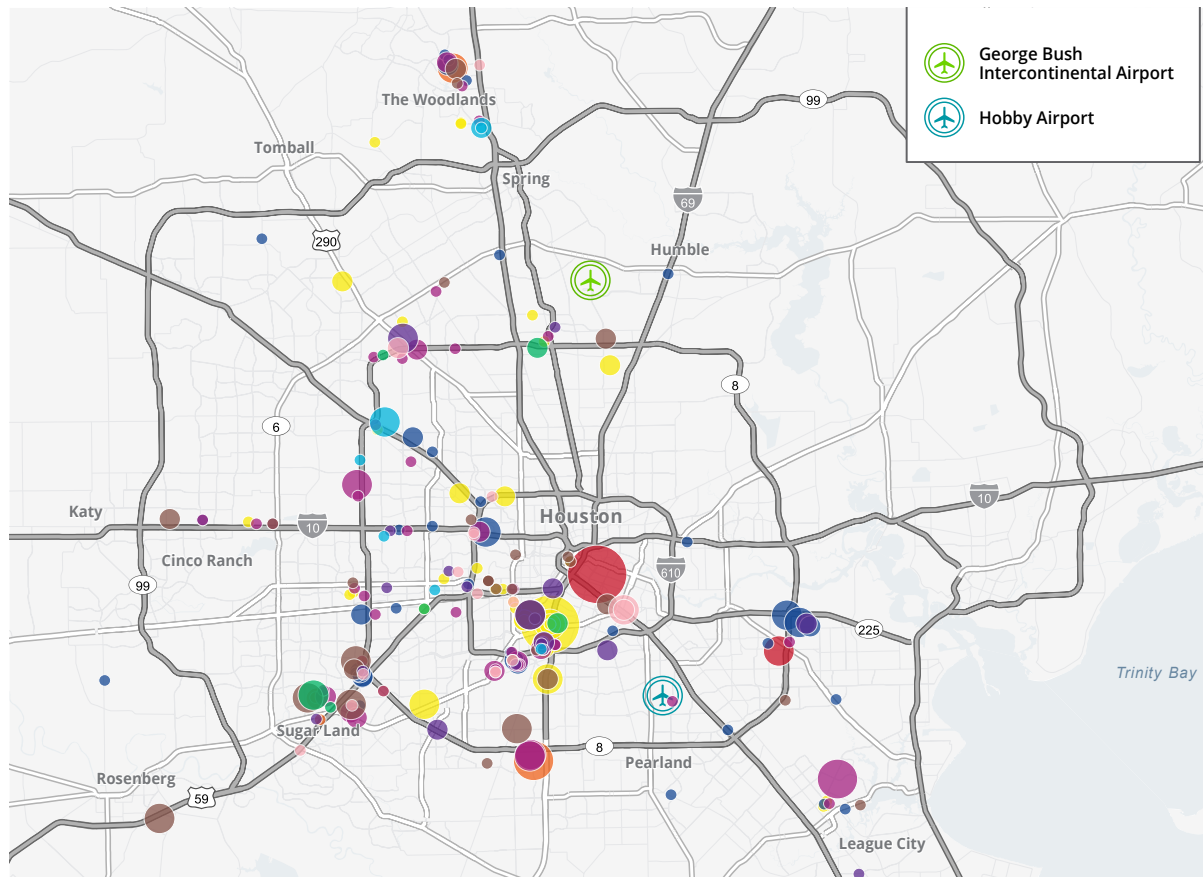
TOP LIFE SCIENCES EMPLOYERS IN HOUSTON



SUBMARKET	Industrial		Flex*		Office		Total	
	RBA	% Leased	RBA	% Leased	RBA	% Leased	RBA	% Leased
BAYTOWN/CHANNELVIEW	300,000	100.0%	-	-	-	-	300,000	100.0%
CLEAR LAKE	-	-	-	-	47,229	100.0%	47,229	100.0%
NEAR SOUTHWEST	-	-	903,093	91.7%	100,449	59.2%	1,003,542	88.5%
SOUTH	56,117	100.0%	91,366	100.0%	276,770	100.0%	424,253	100.0%
THE WOODLANDS/CONROE	-	-	390,764	100.0%	424,107	60.3%	814,871	79.3%
TMC	-	-	28,252	79.3%	2,583,996	82.8%	2,612,248	82.8%
<b>HOUSTON GRAND TOTAL</b>	<b>356,117</b>	<b>100.0%</b>	<b>1,413,475</b>	<b>94.3%</b>	<b>3,432,551</b>	<b>81.0%</b>	<b>5,202,143</b>	<b>85.9%</b>

### Q4 2023 PURPOSE BUILT LIFE SCIENCES PROPERTIES BY SUBMARKET & SQUARE FEET

Source: Transwestern, Costar  
\*Flex A type of building(s) designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and includes distribution uses.



### HOUSTON LIFE SCIENCES OCCUPANCY BY LOCATION

- AgScience/Tech
- BioManufacturing - CDMO
- BioTech
- CRO
- Diagnostics
- Lab Services
- General Life Sciences
- Med Device
- Med Tech/Med Data
- Pharmaceutical

Source: Transwestern, Costar, ZoomInfo.  
\*Size of circle is relative to SF occupied

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