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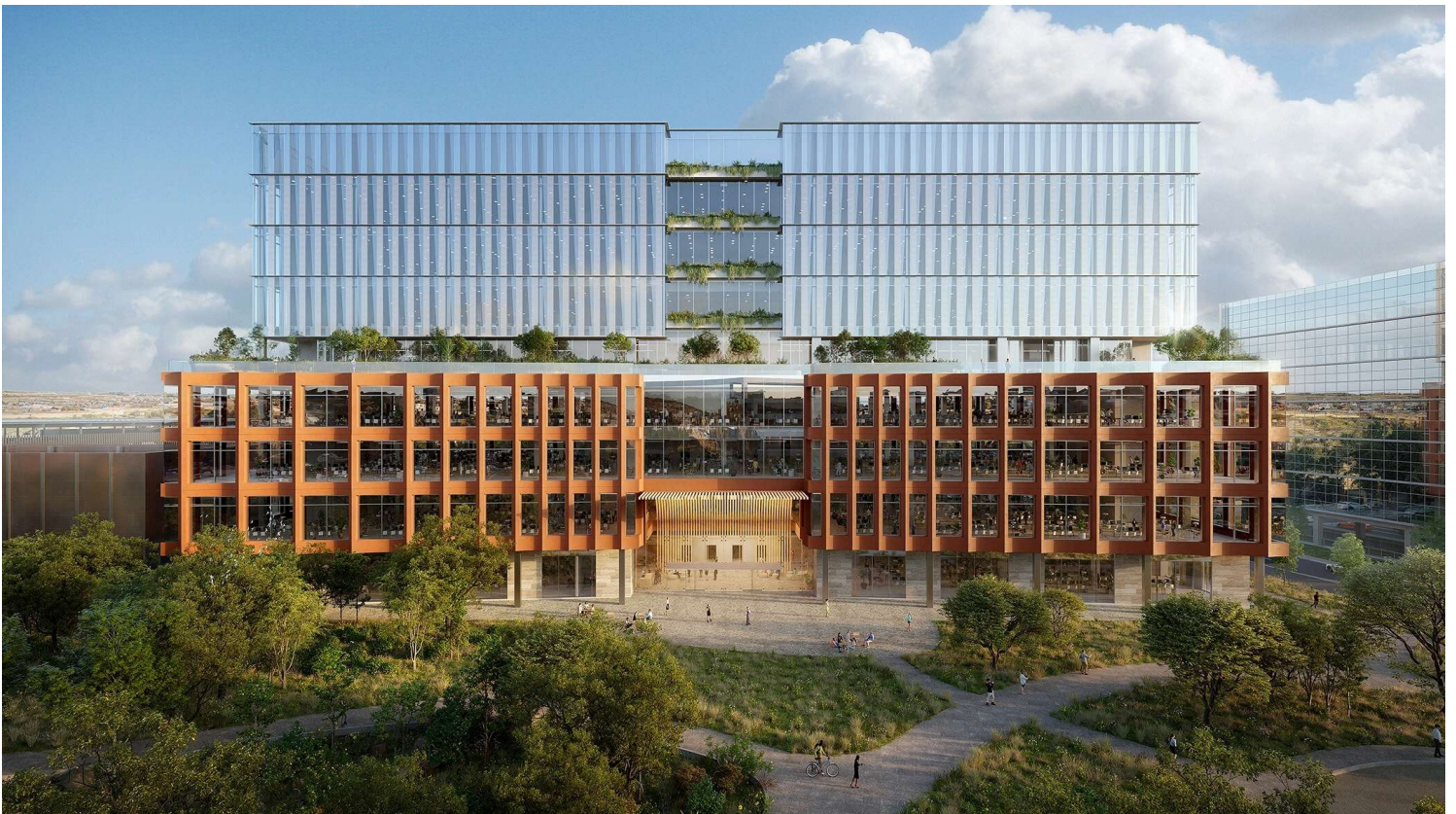
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These signs show recovery may be ahead for US biotech real estate

Alexandria among firms posting leasing gains during manufacturing boom



Alexandria Real Estate Equities this month announced the largest lease in its history for a planned San Diego building, with the tenant now known to be drugmaker Novartis. (Alexandria Real Estate Equities rendering)

By [Lou Hirsh](#)

CoStar News

July 23, 2025 | 5:04 P.M.



The nation's biotech real estate industry remains subdued, but landlords and brokers point to several signs the worst may be over.

Real estate deals are rebounding in some of the nation's hottest life science markets; drugmakers are investing in United States manufacturing sites; and the nation's largest biotech property owner, Alexandria Real Estate Equities, is celebrating a blockbuster lease that recently marked "a seminal moment in the history" of the company, founder and Executive Chairman Joel Marcus told analysts on its most recent earnings call.

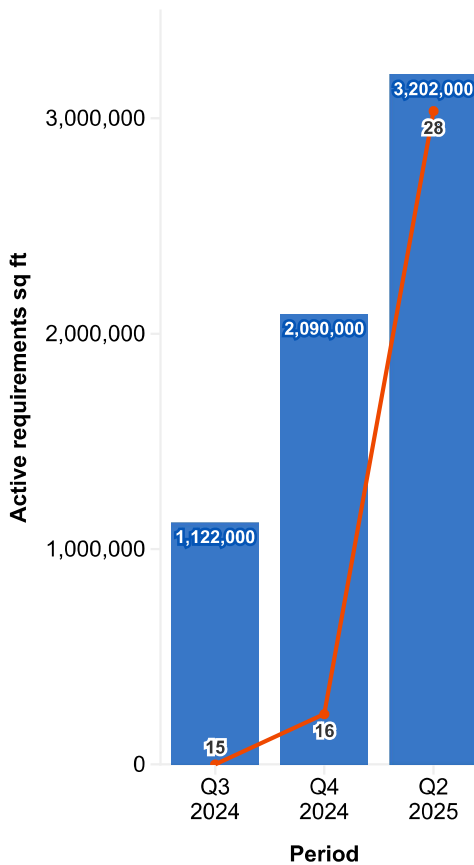
Alexandria, the Pasadena, California-based real estate investment trust that owns more than 40 million square feet of this type of real estate, said this month it signed the biggest single lease in its three-decade history with an unnamed longtime multinational pharmaceutical tenant that professionals tell CoStar News [is Swiss drugmaker Novartis](#); it will occupy the entirety of a planned 466,598-square-foot, build-to-suit research building at Alexandria's Campus Point complex in San Diego. Novartis did not respond to requests from CoStar News to comment.

Novartis is also one of at least 15 global drugmakers that through mid-May announced [more than \\$270 billion](#) in planned new production and research facilities across several states, joining Johnson & Johnson, Eli Lilly, Roche, Bristol Myers Squibb, Merck and Novo Nordisk.

Biotech property owners including Alexandria could be among big beneficiaries as major global drug makers increasingly establish production facilities in the United States to avoid future effects of import tariffs, putting recovery in view for a real estate category that has struggled in the post-pandemic era.

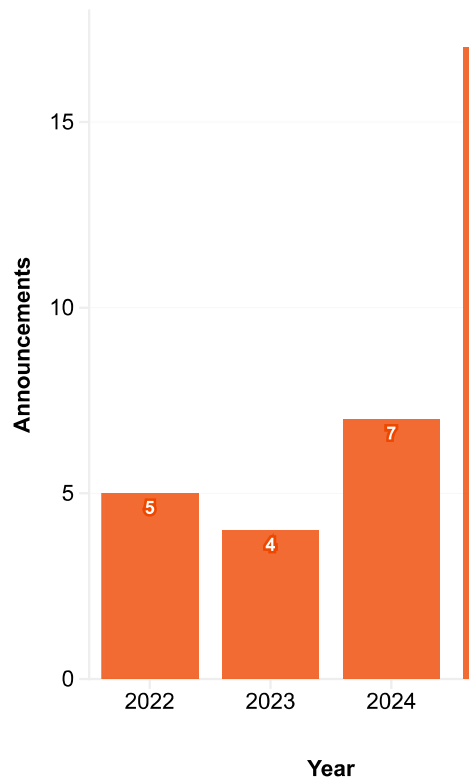
US biomanufacturing tenant requirements

Active requirement count
Active requirements sq ft



Note: Data is for the areas of Boston, Bay Area, San Diego, Greater D.C., Philadelphia, New Jersey and Raleigh-Durham.

Major US biomanufacturing investment announcements



Note: JLL research said 2 more global companies made investment announcements July 22, 2025, adding to the original YTD 2025 number of 15.

Source: JLL Research, 2025
Chart: Parker Leipzig



Still, a number of small and-mid-sized biotech firms are still holding off on big leases or developments as they await effects of shifting government trade and tax policies that could bring manufacturing plants back to the United States.

“I would probably just bore everyone with the ‘cautious optimism’ phrasing, noting that with a streamlined Food and Drug Administration, onshoring investments of \$600 billion-plus and likely a trillion over time, we have a lot of

potential upside,” Greg Bisconti, executive managing director for real estate services firm JLL in San Diego, told CoStar News. “I personally think the worst of it is behind us, and it will take time.”

Manufacturing boom

With second-quarter revenue on par with the year-earlier period at \$762 million, Alexandria executives said the company is so far navigating an ever-shifting industry now responding to import trade tariffs, rapid consolidation and significant restructuring of federal government agencies.

Alexandria completed more than 527,000 square feet of space nationwide in the first half of 2025, with 96% now occupied or in negotiations to be leased. Another 1.1 million square feet is slated to be completed between the current quarter and year-end 2026, already 84% leased or in negotiations. The company’s overall North American portfolio was 90.8% occupied as of June 30, down from 94.6% a year ago.

The developer plans to begin construction in 2026 on the planned Novartis building in San Diego; financial terms of the 16-year lease were not disclosed.

Alexandria Chief Financial Officer Marc Binda credited the company’s nationwide development pipeline that’s focused on a “mega campus” strategy, for enabling the company to match the new tenant’s development timeline requirements.

Novartis in April announced plans for \$23 billion in manufacturing and research developments in the United States over the next five years. While not disclosing a specific location, Novartis said its plans include a new \$1.1 billion research complex in San Diego, set to open between 2028 and 2029.

The Basel, Switzerland-based drugmaker, with its United States headquarters in New Jersey, also plans to build or expand five manufacturing plants in the country geared to its radioligand therapy, a type of cancer treatment that enables radiation to be targeted directly on tumors while minimizing damage to healthy

tissue. Those facilities are in Florida, Texas, New Jersey, Indiana and Southern California.

Novartis expects its upcoming projects to create 1,000 jobs at the company and about 4,000 more jobs in the United States at firms that support its expanded manufacturing and research capacity, such as supply and service providers.

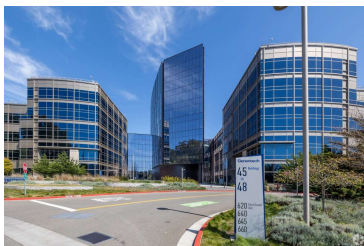
“The policies have made a huge impact on business strategy, and hundreds of billions of dollars will now land” in the United States that “otherwise might have ended up abroad,” JLL's Bisconti said.

Lingering biotech vacancies

Bisconti, who has tracked the national biotech industry for more than 20 years, said initial effects could be tough to pinpoint at a time when biotech space demand has slowed significantly from what turned out to be overly eager new construction nationwide. But he said corporate discussions now taking place at the executive board and management levels could have profound effects in the United States, with many more investments in bringing manufacturing back to American shores likely to be announced in coming months.

“If interest rates get dropped, the tariffs don’t create lag, and inflation doesn’t kick in, we could see things turn on within a couple of quarters,” Bisconti said.

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[Drugmakers plan \\$270 billion in US manufacturing investment >>](#)

The latest drugmaker to announce manufacturing plans in the United States is United Kingdom-based AstraZeneca. The company said it will invest \$50 billion in the United States by 2030, largely in Virginia with manufacturing and research facilities also being planned in several other states.

Joshua Ohl, senior director of market analytics for CoStar in San Diego, said it's too early to quantify the effects of development projects that have yet to begin. But San Diego is coming off a second quarter that included its strongest biotech leasing volume in more than a year.

“That said, several recent deals are more lateral moves in terms of occupancy, so they won't really alter the narrative for the near term,” Ohl said. “Venture capital for smaller, pre-revenue companies which helped drive expansion in the industry following the pandemic has still not returned, which has stifled demand to the upside that we had been accustomed to.”

With many of the nation's small- and mid-sized biotech firms holding back on big relocations and pulling back on space requirements — in many cases putting space back on the market for subleasing — cures for what ails major biotech hubs could still be well in the future.

JLL last month reported direct biotech vacancy at the end of this year's first quarter was 26.4% in the Boston region, 26.3% in the San Francisco Bay Area and 22.3% in San Diego. Numbers for the nation's three largest biotech hubs go even higher when available sublease space is factored in: 32.1% for Boston, 31.1% for San Francisco and 26.6% for San Diego.

Several regions are still struggling to fill newly constructed biotech space that was planned before the pandemic but has now been met with drastically slowed demand. Ohl noted San Diego at the end of June still had 1.5 million square feet of available new inventory in the UC San Diego area, the region's biggest hub for biotech companies, “that we have to work through, which will take some time and several large requirements to fill.”

Ohl added that “but anytime we have a tenant like Novartis choose San Diego for a significant development deal, it has the potential to bring others along on its coattails and is good news for the region.”