January 30, 2023

The Honorable Michelle Wu
Mayor, City of Boston
City Hall
Boston, MA 02201

Dear Mayor Wu:

On behalf of MassBio, I appreciate the opportunity to offer comments to the City’s proposed changes to the commercial linkage policy, specifically as it relates to increased fees for lab space.

MassBio represents the premier global life sciences and healthcare hub, with 1,600+ members dedicated to preventing, treating, and curing diseases through transformative science and technology that brings value and hope to patients. MassBio’s mission is to advance Massachusetts’ leadership in the life sciences to grow the industry, add value to the healthcare system, and improve patient lives.

MassBio has serious concerns about changes that will increase the cost of development and commercial rents in the City at a time when construction expenses have never been higher, demand for lab space is down from record levels, and the City already has some of the most expensive rents for life sciences space in the country. While the lab linkage fee increase may seem reasonable in a vacuum, it comes on the heels of and in advance of many other cost burdens newly placed on developers, and through to tenants, that collectively will become too much.

In the existing biotech market environment, companies must preserve cash for much longer than in the previous years due to a combination of smaller VC rounds on longer time horizons, a closed IPO window for biotech companies to go public, and a significant devaluation of already public biotech companies. These biotech companies, which are largely emerging biotech companies with less than 50 employees that are privately funded and pre-revenue, are being forced to make tough decisions about how to utilize existing resources with lab leases being one of their bigger expenses. The quick rise of subleases in the lab market over the last 6+ months is a clear indication of this trend.

At the same time, the significant imbalance between lab supply and demand that was the hallmark of the last few years in Cambridge and Boston – with vacancy rates hovering near 0% -- is abating. This will allow prospective tenants to be pickier about location and size of lab/office space – a good thing for the health of those companies and the industry at large – but a bad thing for certain markets which are disadvantaged due to costs, location, or burdensome regulations.

As we have shared with you and your Administration in our past discussions, we recognize that the long-term competitiveness of the Massachusetts economy depends on the affordability and availability of housing, and a strong and diverse workforce pipeline. We understand that your goal is to use these increased linkage fees to create and preserve the City’s affordable housing, as well as to support the job training and job readiness needs of Boston’s residents.

We hope we can find the right balance between these competing priorities while partnering to advance a life sciences sector that not only delivers for patients and regional economic development, but also boasts a biotech workforce that better represents the neighborhoods around it.
We encourage the City to adopt regulations that are suitable for the future of the life sciences in Boston, not for the unusual market environment that we have lived through over the last few years. In this case, we hope the City does not adopt the proposed linkage fee. MassBio and our members want to work with the City, and all the relevant stakeholders, to be part of crafting a real solution that achieves our shared goals.

Sincerely,

Kendalle Burlin O'Connell
CEO & President, MassBio