



# Accelerating Wet Lab Construction in the Toronto Region

MAY 2025





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# About this playbook series

The 'Winning Formula' series offers an action plan for the Toronto region's life sciences sector, supported with four in-depth playbooks that identify the critical barriers holding the sector back.

The Toronto Region Board of Trade ('the Board') has long recognized the life sciences sector as a critical economic engine for the region. For over a decade, the Board has demonstrated thought leadership in this space, championing the sector's potential through events, reports, and rallying support across government, industry, and academia. This work is deeply aligned with the Board's broader mission to build a globally competitive, resilient economy anchored in innovation and inclusive growth.

## Toronto-Waterloo Corridor Definition

Throughout the series, the area described as the Toronto-Waterloo corridor or 'the region' refers, unless otherwise specified, to the Toronto Census Metropolitan Area (CMA), Oshawa CMA, Kitchener-Cambridge-Waterloo CMA, Hamilton CMA, and Guelph CMA. Together, these areas encompass a functionally integrated, urban economic region that

the Board defines as the Innovation Corridor. In cases where data collection and comparison are not possible for the region, smaller geographic units will be used, including the Greater Toronto Area and/or the City of Toronto.

## Stakeholders Consulted

Insights in this report are informed by extensive engagement with stakeholders across the Toronto-Waterloo life sciences ecosystem, including multinational corporations, home-grown companies, post-secondary institutions, and industry associations. Contributions took various forms: some stakeholders offered direct input through individual consultations, while others shared their experience as speakers and panelists at the Board's latest life sciences events, including the following:

- **Life Sciences Symposium:**  
[Can Toronto be the Next Boston?](#)
- **Life Sciences Breakfast Series:**  
[Medical Isotopes Revolution](#); [Attracting Capital Investment and Anchor Companies](#); and [Toronto's Regenerative Medicine Frontier](#)

The authors are grateful for the invaluable insights, inputs, and resources shared by a wide variety of stakeholders, including:

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Paradigm Capital

**Sigrun Watson**  
Canadian Entrepreneurs in Life  
Science

**Simona Chiose**  
University of Toronto



## Action plan and four playbooks to transform the life sciences sector

For too long, efforts to bolster the life sciences sector have been cautious and piecemeal—falling short in the scale and coordination required to build a world-leading life sciences ecosystem here in Toronto. This action plan lays out a path forward, recognizing that meaningful progress demands bold and simultaneous movement across four key pillars: capital, infrastructure, talent, and a fast path to market.

Building on this action plan, we developed four complementary playbooks that dive deeper into how each proposed action can address the sector's major challenges:



### PLAYBOOK 1

## Unlocking Capital

Life sciences companies in Ontario face barriers raising capital. Companies argue that the challenges boil down to a low risk tolerance amongst Canadian investors for the life sciences sector, given uncertainties with clinical trials and long product development cycles. Conversely, investors active in the sector often note that the challenge lies less in the availability of capital than in the state of readiness of companies for investment.

In the absence of opportunities to raise capital, firms increasingly look abroad for funding, taking with them the economic benefits of high-growth, high-potential companies (job creation, intellectual property, and export development capabilities).

**To unlock the capital needed for a growing sector, we must do three things:**

1. Strengthen the domestic investment ecosystem
2. Develop growth-focused programs to accelerate startups' development journey
3. De-risk investments through government incentives



### PLAYBOOK 2

## Accelerating Wet Lab Construction

Ontario's life sciences sector faces a critical shortage of wet lab space, meeting only 52% of the estimated two million sq. ft. demand causing innovative companies to stall growth or relocate. Wet lab facilities, essential for biotech and pharmaceutical research, cost up to five times more than standard office spaces, and developers typically require 60% pre-leasing with long-term commitments, an unrealistic ask for most startups.

**To accelerate wet lab construction, we must do five things:**

1. Increase construction incentives
2. Provide rental guarantees
3. Establish public-private partnerships
4. Expedite permitting and adjust land use policies
5. Better connect demand with supply



### PLAYBOOK 3

## Strengthening Talent Pipelines

Ontario's life sciences sector faces critical workforce gaps, including a shortage of C-suite executives, experienced market-ready scientists, and bio-manufacturing workers, with only 25% of bio-manufacturing positions projected to be filled in the next five years. Despite a 36% increase in life sciences graduates from 2017 to 2022, the region struggles to retain talent due to lower average wages and fewer job opportunities compared to key competitors such as Boston and San Francisco.

**To close the talent gap, we must do three things:**

1. Leverage short-term executive expertise and advisory
2. Expand support for talent development and retention programs
3. Encourage entrepreneurship



### PLAYBOOK 4

## Streamlining the Path to Market

Accessing the Canadian life sciences market is challenging for life sciences companies given its fragmented regulatory, reimbursement, and procurement frameworks. While regulatory and reimbursement systems are complex to navigate, procurement policies focus on cost savings rather than value-added through innovation. For pharmaceuticals, this results in an average timeline of 2.5 years from global authorization to public reimbursement, compared to just eight months in the United States. For medical devices and other medical products, it means fewer opportunities to be commercialized, deterring the adoption of innovative technologies in the healthcare system.

**To accelerate companies' paths to market, we must do four things:**

1. Adopt international standards
2. Ensure transparency on pricing practices
3. Harmonize reimbursement processes
4. Adopt a value-based approach to procurement

**Meaningful progress demands bold and simultaneous action across four key pillars: capital, infrastructure, talent and a fast path to market.**

## Realizing the economic power of life sciences

Ontario's life sciences sector is a powerhouse of innovation, home to 3,500 firms contributing \$15 billion in GDP, and supporting 88,000 jobs with \$10 billion in wages. Yet, Ontario's potential remains underutilized. Despite generating \$86 billion in revenue and exporting \$13 billion in cutting-edge innovations worldwide, systemic barriers push promising companies to ecosystems like [California](#), whose mature market generated \$472 billion in economic output.

### Our Edge

The Toronto-Waterloo Corridor has the ingredients to lead in life sciences, including:

- Home to Canada's #1 life sciences research hub
- Five of Canada's top research hospitals
- 11 globally recognized universities and internationally renowned colleges
- A top 10 North American ranking in the Global Startup Ecosystem Index
- Home to the highest concentration of AI talent
- Over 720 university-spawned startups
- Robust pipeline of graduates in engineering, physical and biological sciences, mathematics, and AI
- #1 in active clinical trials per capita among all G7 nations
- Vast network of foreign and homegrown, high-potential companies



### Ontario's life sciences sector at a glance



**3,500**  
firms



**\$15B**  
in GDP



**\$86B**  
in revenue



**88,000**  
jobs



**\$10B**  
in wages



**\$13B**  
in exports

Source: TRBOT Calculations. For more information, check [The Winning Formula: An Action Plan to Unleash the Life Sciences Sector. Pages 25-29.](#)





# The lack of wet lab space is stalling companies

A thriving life sciences ecosystem requires multifaceted infrastructure that supports R&D, commercialization, and long-term growth across various stages of product development. One key piece in the infrastructure puzzle is wet labs, specialized laboratory spaces designed with unique features to advance experimental research and test new products.

A robust inventory of ready-built wet lab space is critical to the success of life sciences companies across all stages of development to accommodate their distinct phases of growth (see Figure 1).

## What is a wet lab?

**Wet labs are at the heart of life sciences research in multiple fields, including biotechnology, pharmaceuticals, chemistry, and molecular biology.**

These laboratories are designed for hands-on experimentation involving chemicals, biological materials, and other substances that require controlled environments to ensure safety and accuracy.

To meet the rigorous demands of scientific work, wet labs must be equipped with specialized equipment and features (e.g., high-power electrical systems, waste disposal, advanced HVAC systems) and safety protocols to manage risks associated with handling hazardous substances and biological contaminations.

**Figure 1: Wet lab requirements at each growth stage**

COMPANY PHASE	START-UP	STEP-UP	SCALE-UP	GROWTH
SIZE	1-5 employees	5-10 employees	10-50 employees	50+ employees
FINANCING	Pre-seed/Seed (\$500k-\$2M)	Series A (\$2M-15M)	Series B (\$10M-\$60M)	Series C (\$40M-\$100M)
SPACE REQUIREMENTS	A bench/desk to 1,000 sq. ft.	1,000 to 2,500 sq. ft.	2,500 to 10,000 sq ft.	10,000+ sq. ft.
LEASE TERMS	1 year	1-3 years	3+ years	7+ years
MAIN ACTIVITIES	Business strategy: idea validation	Clinical research	Phase I or II of clinical trials	Phase III of clinical trials or manufacturing
STAGE	Incubation	Graduation	Graduation	Development
TYPICAL LOCATION	University labs, shared offices, incubators	Purpose-built facilities, multi-tenant lab facilities, wet/dry lab co-working spaces	Purpose-built facilities, multi-tenant lab facilities, wet/dry lab co-working spaces	Custom-built HQs, industrial zones

Notes: All values provided are approximate and broadly meant to capture the various phases of development. Data correspond to early-stage research ventures to established biotech companies.

Source: Ontario Wet Labs Coalition.

## What is the Ontario Wet Labs Coalition?

The Ontario Wet Labs Coalition is a working group committed to tackling Ontario's lack of wet lab space to enable the accelerated growth of Ontario's life science sector.

The Board has been a committed supporter of the Coalition's initiatives since its inception. This playbook has been informed by valuable insights generously contributed by several members of the working group.

It is made up of

## 30+ organizations

Tackling Ontario's lack of wet lab space



**economic  
development  
organizations**



**commercial  
real estate**



**other private and  
non-governmental  
organizations**





Most early-stage life sciences activities are project-driven. As companies reach the proof-of-concept or trial stage, their space requirements can shift rapidly. Beyond the need for specialized facilities for continued testing and research, life sciences companies at the manufacturing stage face even greater demands. These include complex, high-cost buildings designed to support advanced production needs, which often require significant investment and long-term amortization.

In 2023, CBRE Canada confirmed a demand of 880,500 sq. ft. requested by 94 step-up and scale-up companies in the 'graduation' stage. After a review of 360 Ontario-based companies that had raised venture capital from 2019 to 2023, the Ontario Wet Labs Coalition concluded that there is an additional 1.35 million sq. ft. in demand. Even considering current market conditions, where demand has decreased, CBRE Canada's Fall 2023 report notes that tenant demand remains high while halved from its 2022 peak and continues to outpace available space.<sup>1</sup>

When evaluating the supply of wet lab space in Ontario, it becomes clear that the current availability falls far short of meeting demand. Despite being Canada's life sciences powerhouse, the province faces a critical shortage of wet lab facilities for companies ready to scale their operations beyond the incubator level. Companies in the graduation stage depend on access to wet labs to develop market-ready products. This stage, in particular, is marked by increased investment, team expansions, and intensified R&D. Without adequate space, firms face delays in advancing critical projects or are compelled to relocate to regions with greater access to these facilities.

The demand for wet lab space for growing companies in Ontario was estimated to be roughly two million sq. ft. in 2023.

Source: Ontario Wet Labs Coalition

Despite several prospective projects in the pipeline, the supply-demand imbalance remains. Ontario will only meet 52 percent of the total demand for wet labs by the end of 2025.

Source: TRBOT analysis (see Figure 2 for more information).

# Wet lab demand is growing, but space isn't being built

## The current and prospective supply of wet lab space in Ontario

- The Toronto-Waterloo corridor is home to prominent incubators, collectively with a capacity of 956,000 sq. ft. of wet lab space (see section A of Figure 2). However, most of these facilities are operating at full capacity, with waiting lists often extending beyond three years.
- Five major wet lab projects are underway, expected to provide 833,000 sq. ft. across the Toronto-Waterloo corridor by the end of 2025 (see section B of Figure 2).
- As of April 2025, only three facilities with a total capacity of 211,000 sq. ft. are available for lease in Mississauga and Toronto (see section C of Figure 2).
- 1.3 million sq. ft. of wet lab space is in the planning pipeline across the Greater Toronto Area. However, these projects lack confirmed delivery timelines and remain in the pre-leasing stages, making it uncertain whether they will move forward (see section D of Figure 2).

**Figure 2: Overview of the Toronto-Waterloo Innovation Corridor's life sciences infrastructure**

Note: The information presented in this table reflects updates as of early April 2025.

SECTION A: INCUBATORS WITH WET LAB SPACE		
FACILITY	LOCATION	TOTAL SQ. FT.
MaRS Discovery District	Toronto	700,000
The ATRIUM @ McMaster Innovation Park	Hamilton	186,000
Velocity — University of Waterloo	Waterloo	20,000
Jlabs	Toronto	40,000
SpinUp — University of Toronto Mississauga	Mississauga	10,000
Science Discovery Zone — Toronto Metropolitan University	Toronto	Unspecified
<b>Total</b>		<b>956,000*</b>

\*The reported figures for facilities represent the total square footage, encompassing not only wet lab space but dry lab space and offices. These numbers do not accurately reflect the actual availability of ready-to-use wet lab space, as the majority of these spaces operate at full capacity.

SECTION B: PROJECTS UNDER CONSTRUCTION		
FACILITY	LOCATION	TOTAL SQ. FT.
<a href="#">Seeker Labs</a> — Catalyst Delivery date: Spring 2025	Toronto	155,000
<a href="#">606 Aberdeen Avenue</a> @ McMaster Innovation Park Delivery date: Q2 2025	Hamilton	280,000
<a href="#">44 Frid Street</a> @ McMaster Innovation Park Delivery date: Q2 2025	Hamilton	258,982
<a href="#">191 Longwood Road</a> @ McMaster Innovation Park Delivery date: Q3 2025	Hamilton	119,705
<a href="#">Spec Labs</a> Delivery date: Q3 2025	Mississauga	20,000
<b>Total</b>		<b>833,687</b>
SECTION C: STAND-LAB SPACE (READY FOR LEASE)		
FACILITY	LOCATION	TOTAL SQ. FT.
<a href="#">2488 Dunwin St</a>	Mississauga	22,003
<a href="#">CREM Co Labs</a>	Mississauga	2500
<a href="#">Exploration Labs</a> — 700 University Avenue	Toronto	187,000
<b>Total</b>		<b>211,503</b>
SECTION D: SPACE AVAILABLE FOR REDEVELOPMENT AND PLANNED BUILDINGS (PENDING PRELEASING OR PROPOSED)		
FACILITY	LOCATION	TOTAL SQ. FT.
<a href="#">Arcadis</a> — 777 Bay St Prospective delivery date: unknown	Toronto	40,000*
<a href="#">Leaside Innovation Campus</a> — 154 Wicksteed Avenue Prospective delivery date: 2026	Toronto	75,000
<a href="#">720 Bay St</a> Prospective delivery date: unknown	Toronto	221,960
<a href="#">Square One District Phase 2</a> — 100 City Centre Dr Prospective delivery date: unknown	Mississauga	235,000
<a href="#">The CORE at Sheridan Research Park</a> — 2395 Speakman Drive Prospective delivery date: 2025	Mississauga	400,000 160,000 (phase 1) + 240,000 (phase 2)
<a href="#">Schwartz-Reisman Innovation Centre Phase 2</a> Prospective delivery date: 2027	Toronto	400,000
<b>Total</b>		<b>1,371,960</b>
*This number does not accurately reflect the square footage for wet labs only. It includes office space on two floors converted into a wet and dry laboratory.		



## University incubators supporting life sciences startups in Toronto

Universities serve as powerful engines of startup creation. Within the life sciences sector, numerous incubators throughout the Toronto-Waterloo corridor play a critical role in supporting the early-stage growth of hundreds of companies each year. In Toronto, some of the most prominent examples include:



A nonprofit organization within the University of Toronto that has supported more than 15,000 founders in several streams (e.g., advanced therapies, agrifood, Artificial Intelligence, energy and climate) with 1,200 mentors in 11 locations across Canada, the United States and Europe.

**+15,000** founders

**1,200** mentors

in 11 locations across Canada, the U.S. & Europe



A specialized life sciences incubator that has also demonstrated substantial impact. Since its inception, the incubator has supported 148 early-stage companies and generated \$77.5 million through sales, investment, contracts, and grants.

**148** early-stage companies supported

**\$77.5 M**

generated through sales, investment, contracts & grants

If the demand-supply imbalance of wet lab space persists, Ontario risks losing its next generation of life sciences companies to regions like the San Francisco Bay Area or the Greater Boston Area. At the end of Q2 of 2024, the total inventory of life sciences facilities in the Bay Area stood at nearly 42 million sq. ft.<sup>2</sup> Similarly, in just two years, the amount of lab space in Boston has skyrocketed by 57%, with nearly 18 million sq. ft. of new space opening from the Seaport to Worcester Lab space, which now accounts for over one-fifth of all office and life-sciences space in Eastern Massachusetts.<sup>3</sup>

## Ontario Wet lab projects are trapped in a broken cycle

In Ontario, life sciences entrepreneurship has outpaced infrastructure development, leaving thousands of companies without space to grow. According to the [2024 Global Startup Ecosystem Index](#), Toronto is the highest-ranked innovation ecosystem in Canada, 9<sup>th</sup> in North America, and 22<sup>nd</sup>

worldwide. One engine of startup creation has been the post-secondary sector. The Council of Ontario Universities (COU) found that more than 720 life sciences startups were created from 2017 to 2022, across ten universities in Ontario, including more than 290 research-based and 300 student-led companies.<sup>4</sup>

Big ideas need room to grow. Currently, those 720 life sciences startups might be approaching a pivotal stage in their development. If they remain in the province, they'll require between 2.5 million and 9 million sq. ft. of wet lab space, depending on how quickly they scale.

A moderate growth scenario suggests demand from these startups could reach approximately 5.76 million sq. ft. Based on average timelines, most of these companies will enter—or already be in—the graduation stage between 2023 and 2028. Yet as of April 2025, just 211,000 sq. ft. is available across the Toronto-Waterloo region. Even if all current projects stay on schedule, the total supply will rise to only ~1 million sq. ft. by the end of 2025.

# Barriers to building more wet labs

## High building and retrofitting costs

From the perspective of developers, wet lab projects present a higher level of complexity and risk compared to standard commercial real estate projects. Costs associated with construction or conversion can vary widely, influenced by factors such as location, market conditions, building requirements, scale of the project, but most importantly the quantifiable market need for the space being developed (see Figure 3).

**Figure 3: Cost comparison between wet lab and standard office projects (Values in CAD)**

	WET LABS	STANDARD OFFICE
CONSTRUCTION COSTS (PER SQ. FT.)	\$500 to \$800	\$200 to \$300
FIT-OUT COSTS (PER SQ. FT.)	\$100 to \$850	\$110 to \$315
CONVERSION COSTS (PER SQ. FT.)	\$100 to \$600	\$207

Sources: [Avison Young](#); [CBRE](#); [Cushman & Wakefield](#); [Buildit](#)

Wet labs are highly specialized, capital-intensive, and subject to stringent regulatory and technical requirements. Proven market demand—through signed leases, expressions of interest or occupancy waitlists—is critical in de-risking investments and securing financing. Lenders are far more likely to support projects with clear evidence of occupancy, and the wet lab steep price tag makes developers understandably cautious.

## Companies can't meet lease commitments developers require

To move projects forward, many require anchor tenants with strong financeable covenants, to bring projects to market. In fact, many Ontario developers ask for at least 60% of the space pre-leased with 10-year commitments before they will break ground.<sup>5</sup>

This model leaves startups on the outside looking in. These companies often need immediate access to space but are unable to sign decade-long leases or pre-commit to square footage they may quickly outgrow. Even when they are backed by venture capital, those funds are earmarked for R&D, hiring costs, and regulatory pathways—not real estate. Most companies operate on runways of just 18 to 36 months, making long-term obligations and upfront capital expenditures for fit-out costs unrealistic.

**Ontario's life sciences sector is caught in a paradox. Developers need proven demand to advance new builds. Yet, that very demand is slipping away as companies are increasingly forced to leave. The result is a misleading narrative that demand does not exist, when in fact, it is being lost to other markets.**

While ~1.3 million sq. ft. of projects are in the planning pipeline, there is momentum but also hesitation. Developers remain cautious, concerned about the financial risk of building specialized facilities that may remain vacant. Unless space is built in advance of or in parallel to demand, the cycle will persist: companies will continue to leave, demand will remain unproven, and critical real estate projects will remain stalled.



# Canada's pension funds are betting on life sciences—just not at home

Canada's pension funds are active and experienced investors in life sciences real estate, but much of that investment is currently directed toward foreign markets. Through their real estate subsidiaries, these institutions are supporting the development of R&D space in major global hubs in Europe and the United States. This trend reflects a strong confidence in the asset class, but it also shows a missed opportunity in Canada. Despite Canada's growing life sciences sector, domestic projects have seen relatively limited engagement from pension-backed capital. Some examples of projects outside of Canada include:

## **Oxford Properties Group, the real estate subsidiary of OMERS**

Oxford Properties made a significant entry into the U.K. life sciences market with a \$4.3 billion investment and has since secured \$6.8 billion of follow-on life sciences development opportunities. A notable [recent project](#) includes the conversion of a historic office building in London into a life sciences hub, showcasing Oxford's commitment to revitalizing underutilized urban spaces for cutting-edge industries like life sciences.

In the United States, Oxford Properties acquired a [136,000 sq. ft. office building](#) in Seattle to be converted into a fully dedicated life sciences facility, a [five-building conglomerate](#) "Research Commons",

and a [95,500 sq. ft. biomanufacturing facility](#) in the heart of Research Triangle Park in Raleigh-Durham. Oxford's strategic decisions to invest in these two jurisdictions have already yielded positive results, with tenant security months before the expected completion of the projects. Overall, Oxford has committed over \$3 billion since 2021, which opened the door for up to \$5 billion in follow-on development opportunities in North Carolina's life sciences sector.

## **Cadillac Fairview (CF), the real estate subsidiary of the Ontario Teachers' Pension Plan**

CF has committed over [\\$4 billion of capital](#) to invest in the United Kingdom as part of CF's international expansion plan. Recent investments include the \$1.1 billion Oxford North Development, a life-sciences-led, mixed-use innovation district near St John's College of the University of Oxford. Opening in 2025, [Oxford North](#) will be an innovation district purposefully designed to enable life sciences and technology discoveries across 1 million sq. ft. of state-of-the-art laboratory and working space. CF also secured two investments in prime life sciences campuses in the U.K.: [White City Place](#), a collection of buildings for life sciences tenants in London, and a group of properties within [Cambridge Science Park](#) in Cambridge. These acquisitions have been timely for the development of scarce infrastructure in the local market while also complementing CF's existing portfolio in other cities in the U.K.



### **CPP Investments, a Crown corporation overseeing and investing the funding contributed to and held by the Canada Pension Plan**

The Canada Pension Plan (CPP) established a [joint venture](#) with International Property Group Lendlease to invest in a significant real estate portion of the Milano Innovation District (MIND) in Milan, Italy. In 2021, CPP invested ~ \$335 million (EUR 221 million) for the development of a 356,000 sq. ft. mixed-use office space area for life sciences researchers working and living at MIND. This was seen as an opportunity for CPP Investments to expand its life sciences portfolio, building on CPP's previous experience in other similar real estate projects (i.e., [Milton Park in the U.K.](#)).

## **Why aren't Canadian pension funds investing in domestic life sciences infrastructure?**

In today's investment climate, investors have exceptional freedom to allocate capital across countries, sectors, and asset classes. Canadian pension funds carefully balance the complex risk-return trade-off of their investments, which has led to a growing trend of global diversification and more strategically balanced portfolios. Canadian pension funds, like the Canada Pension Plan Investment Board (CPPIB) and the Public Sector Pension Investment Board (PSPIB), are mandated to maximize returns without undue risk of loss. This fiduciary duty often leads them to seek opportunities globally rather than focusing domestically, if international investments offer better risk-adjusted returns. The perceived risk-return profile of Canadian infrastructure investments has not always been competitive with alternatives available globally.<sup>6</sup>

On average, the eight largest Canadian pension plans have ~\$3 trillion in assets, of which only [25%](#) are invested in Canada. Other markets have been successful in capturing Canadian capital, largely due to the availability of infrastructure assets for sale and the favourable conditions that allow pension funds to access profitable, large-scale infrastructure projects.



## **Pension funds' investment trends raises important policy questions:**



What **conditions, incentives, or risk-sharing mechanisms are in place in other jurisdictions** that successfully attract pension capital to life sciences infrastructure?



**How can governments and market investors work together** to create a competitive investment environment in Canada?

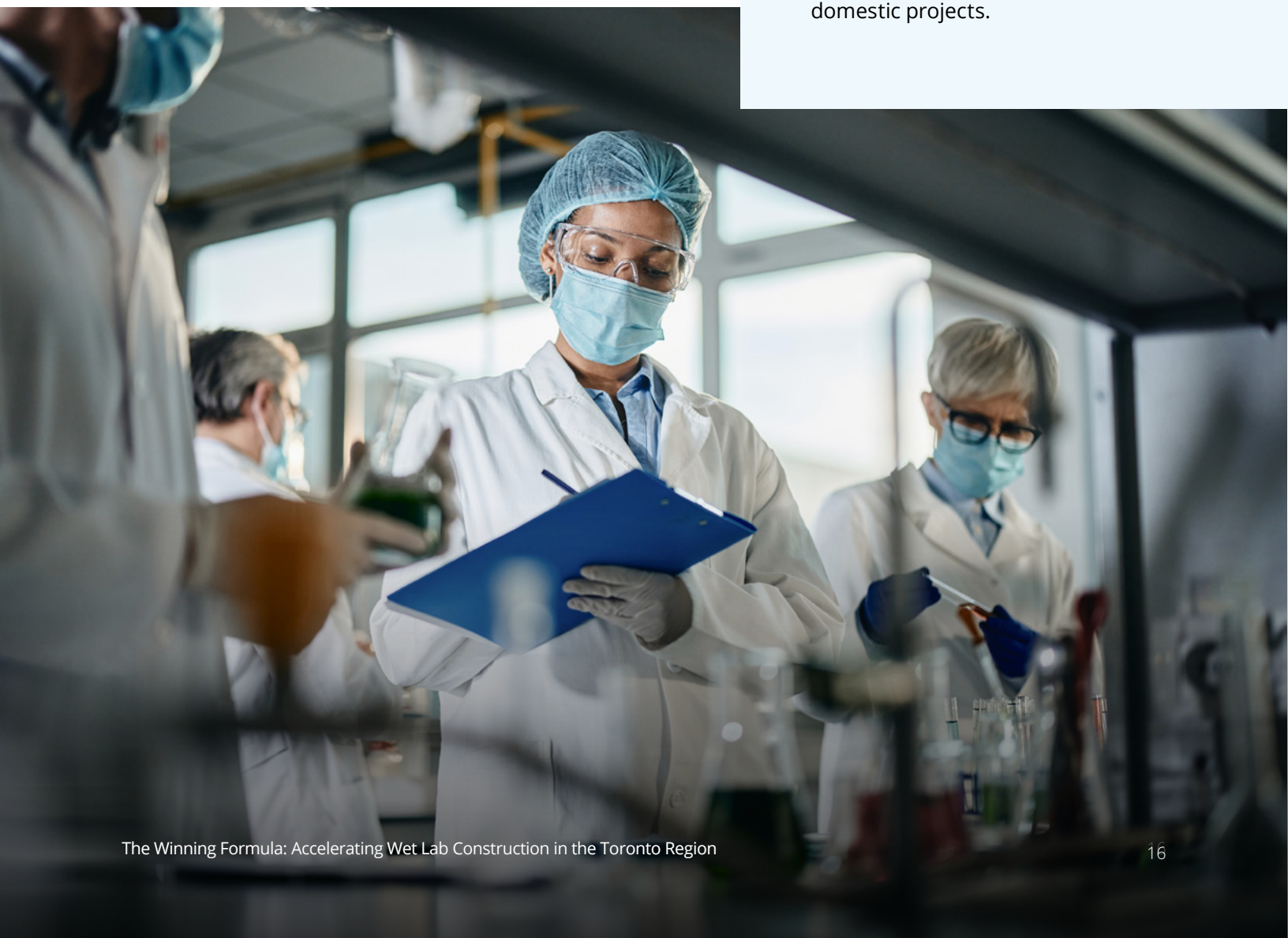
In the [2024 Fall Economic Statement](#), the federal government announced some steps to incentivize domestic pension funds to invest in Canada, including removing restrictions on holding more than 30% of voting shares of Canadian companies. If implemented, it could move the needle in the right direction for domestic investment.

The partnership between CPP Investments and Lendlease, structured as a 50:50 joint venture, offers a strong example of how pension funds can strategically invest in life sciences real estate. Through the agreement, CPP secured ownership of 150,000 sq. ft. of research space in Italy—gaining influence over key decisions while sharing the financial risk. Other pension funds, like Oxford Properties, have taken a different approach, making direct acquisitions in global life sciences markets.

## A 30% restriction rule on voting shares limits pension funds from taking larger equity stakes in Canadian companies.



With that cap lifted, pension funds could pursue more significant investments at home, allowing them to take on roles in strategic decision-making and unlock capital for direct deployment in more domestic projects.







## What's at stake

Ontario is on a tight timeline to address the critical gap in wet lab infrastructure. Even with 833,000 sq. ft. of space currently under construction and expected by the end of 2025, the province will still fall ~956,000 sq. ft. short of meeting its confirmed demand of 2 million sq. ft. To close this gap by 2030, and without accounting for an increase in demand, 191,200 sq. ft. of new wet lab space needs to be delivered each year over the next five years.

Meeting Ontario's wet lab demand could create 5,700 to 8,000 jobs in the life sciences sector (scientists, R&D staff, lab technicians, and related jobs), assuming roughly one employee uses 250-300 sq. ft. of wet lab space. In addition, it could spur thousands of indirect and induced jobs (construction, lab equipment supply, facilities management, and related jobs), bringing the total employment impact to an estimated 15,000-20,000 jobs across the province. Economic impact studies of life sciences sectors in other jurisdictions consistently find that the life sciences sectors generate employment multipliers. For example, the overall employment multiplier in South Carolina's life sciences sector is about 2.9— meaning for every 10 direct jobs, an additional 19 jobs are created elsewhere in the economy. North Carolina reports a similar multiplier ~2.84 (each biotech job supports ~1.84 extra jobs).

Failing to close the infrastructure gap means watching investment-ready, job-creating startups leave the province. They will be forced to leave—not because they're drawn elsewhere, but because we've failed to give them a reason to stay. Without infrastructure to house advanced research, scale innovation, and support commercialization, Ontario risks falling further behind leading global hubs, undermining its ability to attract and retain capital investment, top talent, and anchor companies.

Failing to close the infrastructure gap means watching investable, job-creating startups leave the province. They will be forced to leave—not because they're drawn elsewhere, but because we've failed to give them a reason to stay.





# Five actions to accelerate wet lab construction

A market-informed, cross-sector approach is key to ensuring new construction of wet labs aligns with real demand, while also meeting developers' requirements for financial and operational viability. With collaboration and shared commitment at its core, Ontario can create a thriving environment where innovation does not just happen— it scales and stays.

## ACTION 1

### Increase construction incentives

- **The federal government should implement a refundable tax credit or provide grants for life sciences infrastructure embedded in post-secondary institutions.** Universities and colleges are at the forefront of scientific discovery, technological advancement, and workforce development. As funding constraints for the post-secondary sector remain, governments should provide the financial vehicles to offset the high costs of construction and equipment associated with state-of-the-art infrastructure projects. Examples of tax credits and grants offered in other jurisdictions to support the development of wet labs include:
  1. **Massachusetts Life Sciences Investment Tax Credit (ITC)**  
Offers a 10% tax credit on eligible costs related to the purchase, construction, or installation of qualified property.
  2. **National Institutes of Health (NIH) Research Facilities Construction Grant**  
Provides up to 75% in matching federal funds for construction or major remodeling to create new research facilities.
  3. **Ireland R&D Tax Credit**  
Offers a 30% tax credit on the full amount incurred for the construction or refurbishment of qualifying R&D buildings.
- **The provincial government should offer R&D tax relief for businesses that make capital investments in research facilities and laboratory equipment.** One financial vehicle, borrowing from an approach implemented in the UK, would be to provide R&D capital allowances, offering businesses 100% first-year tax relief on the costs associated with construction or purchasing research facilities.
- **The provincial government should increase capital support for the [Ontario Wet Labs Program \(OWLP\)](#)'s conditional grants** from the proposed 33% to up to 50% of total eligible project costs, consistent with funding models for critical innovation infrastructure. In other infrastructure grant programs, governments often fund between 40% and 50% of eligible costs. Examples include Canada's Strategic Innovation Fund and the U.S.'s NIH facility grants.



## ACTION 2

### Provide rental guarantees

The provincial government should create a rental guarantee program to support pre-revenue, scaling companies in securing leases for wet lab space. The program would act as a backstop on leases for qualified startups, reducing capital constraints for startups while minimizing default risk for developers. In exchange for a modest program fee (1-2% of annual rent), eligible companies would receive government-backed financing covering 50% of an eligible startup's lease obligation for up to 3 years. Eligible early-stage companies would need credible financing backing (e.g., Series A or B funding), and a defined commercialization pathway (e.g., business plan outlining clear milestones for product development, market entry, and revenue generation).

## ACTION 3

### Establish public-private partnerships

The federal government, through Canada's Infrastructure Bank (CIB), should establish a public-private partnership with real estate developers to combine public funds with private sector expertise. To incentivize developer participation and de-risk private investment, the CIB should provide low-interest, flexible financing tailored to lab infrastructure projects.

## ACTION 4

### Expedite permitting processes and adjust land use policies

Ontario municipalities should review and amend zoning laws and land use policies, to streamline the approval process for wet lab projects, and allow life-sciences labs in mixed-use innovation districts. Municipal zoning bylaws often treat labs as industrial uses, limiting where they can be located. An example from another jurisdiction is the amendments made to [New York zoning laws](#) to allow lab-related work outside of manufacturing districts and enable the development of commercial wet labs in more districts (e.g., in office and commercial zones).

## ACTION 5

### Better connect demand with supply

Industry associations and post-secondary institutions should work together to proactively consolidate and share data on demand and availability for wet lab space from their network of companies, researchers, and startups. Demand should be communicated regularly to developers and investors to inform development decisions. A live inventory of available lab space across Ontario will also help companies quickly connect with suitable facilities while supporting evidence-based decision-making by policymakers.



# Looking ahead

Addressing this infrastructure gap is long overdue. If Ontario is to remain competitive in the North American life sciences sector, access to commercialization space is required. Companies ready to scale cannot wait years for space to become available. At the same time, developers cannot move forward with projects based on assumptions alone. They require validated signals of demand supported by reliable market data and growth projects to justify investment. As an anchor player, governments can enable wet lab development through targeted policy tools while providing funding mechanisms for companies to access available space when they need it most.





## Endnotes

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