

## How Attys Are Riding The Mass. Biotech 'Roller Coaster'

By Chris Villani

*Law360 (September 23, 2025, 7:20 PM EDT)* -- The first half of 2025 saw the Massachusetts biotech industry post bleak numbers, including a dip in venture capital funding and merger activity, leaving attorneys looking for creative ways to help companies with fewer public and private dollars.

A recent report by industry group MassBio showed the Bay State shed more than 1,100 research and development jobs in 2024, the first recorded drop since the group began its annual industry snapshot.

Meanwhile, venture capital funding was down 17% through the first half of 2025. On the M&A front, there were 14 deals for Massachusetts companies totaling \$7.6 billion, significantly down from the 17 deals totaling \$28.9 billion during the same stretch in 2024.

Some of the drops are policy-driven, experts noted, pointing to uncertainty tied to the Trump administration's tariffs and a floated tax on patent royalties. According to the report, Massachusetts is also projected to take in \$463 million less in funding from the National Institutes of Health.

But Simpson Thacher & Bartlett LLP partner Joe Conahan said the decline was likely inevitable after a post-pandemic life sciences boom in Greater Boston's biotech hub.

"Things were just so frothy at the end of 2020 going into 2021 and part of 2022; it just wasn't sustainable in any stretch," Conahan said. "We've seen a return to more disciplined investment and capital deployment."

### The Cream Rising to the Top

Conahan said one of the biggest effects of the biotech ebb on the legal industry is what he called the "continued stratification" of law firms, with the big players taking on more work that, a few years ago, they may have not had the bandwidth to handle.

"We'd say that business development was picking up the phone after the second ring, instead of the third, because the deal flow was so intense," Conahan said. "It really taxed the systems of a lot of firms, where associates and partners were working so unbelievably hard, and that was also an unsustainable model for those couple of years."

The overall drop in dollars invested is also not necessarily a bad omen, said Nutter McClennen & Fish LLP partner Kathleen Williams, adding this may simply be the result of investors targeting earlier-stage

companies without a product on the market or in development. In that scenario, it's likely the backer will pony up less.

"I am seeing a lot of early-stage companies that are seeking money, and what I hear from investors is they are very selective and picky because they are uncertain of the economy and where this is going, especially government funding in healthcare," Williams said. "There's a lot of uncertainty that's driving investors to be very cautious. But I must say, when they do see a company they consider valuable to invest in, they put a lot of money into it."

The numbers in MassBio's industry snapshot seem to bear out that point. Although funding was down in the first half of 2025, the number of deals was virtually unchanged from the same period last year. The top 10 of the 93 total transactions accounted for more than half the dollars awarded, the report found.

David Dykeman, co-chair of Greenberg Traurig LLP's global life sciences and medical technology group, said the more targeted dollars being spent are aiding stronger companies.

"Companies with good science, a large unmet market need and a strong management team always find a way," Dykeman said. "It may not be the valuations that are astronomical, but there is always a need for good science to treat an unmet medical need, of which there are many."

### **The Only Constant is Change**

In some sense, the need to be flexible and responsive to a dynamic industry is nothing new, said Wiggin & Dana LLP partner Katie Rubino.

"During the COVID pandemic, there was a lot of uncertainty about legal services and a need for it if all of these companies were shut down, but COVID turned out to be one of the busiest times of the last few years," Rubino said. "We are in a similar area now, where you have to adapt to the changing field of what's going on."

Rubino pointed to policy changes and potential regulatory uncertainty as a driver of hesitancy in the market. Another, more concrete example is lab space, she added. Nearly 28% is vacant in Greater Boston and is starting to be repurposed for other uses.

Ken Itrato of Crowell & Moring LLP said it remains unclear how the market will adapt to a reduction in "traditional" venture capital funding sources.

"I don't think that ingenuity and human interest just disappears. Folks are going to have to figure out ways to progress their science," Itrato said. "That will affect the way that we have done business — but that's not just lawyers, that's the whole industry."

Itrato said companies may look to partner as a way to move forward and grow, or find different funding sources, such as angel investors. Artificial intelligence may also play a role as a way for companies to reduce cost, and therefore reduce the risk for potential investors, if work that had been done in a lab can be done more virtually, he added.

And Boston has the benefit of being an established life sciences nerve center, Itrato said, with a great deal of sophisticated capital and science all in one metropolitan area.

"The ecosystem tends to support itself really well around here, so I think that will be helpful," he said. "But I don't think it's going to fully insulate us."

While deals are getting done, the environment remains "fragile," said Simpson Thacher's Conahan. Attorneys and companies would be wise to not always hunt for a perfect deal at the risk of not making any deal at all, he said.

"Deals can evaporate in a heartbeat, so being able to move quickly, particularly on the sell side, and appreciating how fragile the deal environment is will serve clients and practitioners well," Conahan said, adding that he treats deals like a mosaic with thousands of pieces and tries not to get hung up on any one aspect.

"Look at the big picture and make sure you're happy with it overall," he said.

Greenberg Traurig's Dykeman likened his practice to riding a roller coaster.

"For the last five years, we were on an extended high point on the roller coaster, and now we are drifting downhill," he said. "But it's a fun ride, and you have to be in it for the long haul."

--Editing by Philip Shea and Kelly Duncan.