

1Q25

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Boston Life Science Market Overview



Market Observations

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What We Know

The life science labor markets remain sluggish, with layoffs persisting and job postings continuing to decline into early 2025.

Fundamentals across region continued to unwind this quarter, albeit at a slower pace, with slight increases to vacancy, availability, net negative absorption, and a decline in asking rents.

Select submarkets continue to outperform, with the Fenway/LMA being the only submarket to boast a sub 10% vacancy rate. East Cambridge still commands asking rents north of \$100/SF NNN.

Select subleases are beginning to expire and revert back to the landlords, putting upward pressure on direct availabilities.

Following two years of record deliveries, inventory has stabilized, with no new deliveries this quarter and RBA under construction at its lowest level since the second quarter of 2020.

Biogen had the most newsworthy transaction of the quarter, committing long-term to a 585,000 SF build-to-suit at the Volpe site in East Cambridge, with plans to consolidate operations.

Many landlords of existing and potential laboratory sites are exploring alternative uses, such as office, flex, or multifamily, due to such limited demand in the life science leasing market.



What We Expect

Any changes to NIH funding will likely have an outsized effect on Massachusetts as it typically ranks first in the country in funding per capita, something that bears worth watching.

The market will continue to work through limited demand and oversupply, with some properties being converted to alternative uses and others sold, which may create a ‘basis-reset’ on the building.

Due to recent tariff policy announcements, interest is growing within the life science industry to expand domestic biomanufacturing operations, which could benefit clusters with existing talent and infrastructure.

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GREATER BOSTON LIFE SCIENCE MARKET

As Greater Boston's life science market continues its search for a bottom, a lack of new deliveries and modest negative net absorption led vacancies to increase by just 20 basis points during the first quarter of 2025. That said, the region's supply-demand imbalance has resulted in a vacancy rate of 34.3%. The metro area's laboratory inventory more than doubled over the last five years, while tenant demand moderated significantly. More scrutinous venture capital funding, limited exit strategies, and more recently, shift in federal funding priorities has muted demand-side drivers in the local life science market. Concerns continue to arise surrounding tariff policies and potential funding cuts to agencies such as the National Institutes of Health (NIH) and ARPA-H. As the risk of recession rises, macroeconomic uncertainty will most likely continue to impact the life science sector in the short term.

Following two years of record deliveries, inventory has stabilized, with no new deliveries this quarter and RBA under construction at its lowest level since the second quarter of 2020. Only 3.0 million SF of purpose-built laboratory space has yet to deliver this cycle, with the remaining projects concentrated in East Cambridge as well as Boston's Seaport and Fenway/LMA submarkets. Key projects slated to deliver over the next 12 to 18 months include the Takeda-anchored 585 Third Ave. (650,000 SF) and the AstraZeneca-anchored 290 Binney St. (570,000 SF), both in East Cambridge. Developers will be hesitant to move forward with any new groundbreakings without any sizeable anchor tenant.

Underlying laboratory demand remains muted despite an uptick in leasing activity. First-quarter leasing volumes reached the second highest rate since the end of 2022, driven largely by Biogen's 585,000-SF lease to anchor the redevelopment at the Volpe Center in East Cambridge. Roche's 30,000-SF

lease agreement at the Enterprise Research Campus in Allston represents another commitment to Boston from Big Pharma. Tenant demand has declined to its lowest level in more than year as a result of these large lease transactions. Headwinds in the macro economy will likely limit near-term growth prospects in Greater Boston's life science sector, particularly for early and mid-stage biotech companies.

Asking rents for laboratory space across the region declined further in the first quarter of 2025, reaching \$83.43/SF NNN. Compared to the height of the market in 2022, lease rates are down by 13.7%. The Cambridge markets posted above average rents losses during the same period, down 15.0% from the peak to the first quarter of 2025. New construction has likely kept asking rents elevated in the Urban Edge submarket where average asking rents have only declined by 11.3% since the peak. Landlords will likely continue to face pressure on rents as the supply-demand imbalance is expected to persist over the short term.

The laboratory market will continue to work through limited demand and oversupply. Risks remain to the downside, particularly surrounding the uncertainty of recent tariff policies and the potential reduction in federal funding for research and development. Growing recession concerns and uncertainty within the macroeconomic environment characterized Greater Boston late in the first quarter of 2025. While the shifting macroeconomic environment may negatively impact the life science industry, a potential green shoot for the sector may come in the form of growth in domestic biomanufacturing as companies look to mitigate increased costs related to tariffs and supply chain risk.

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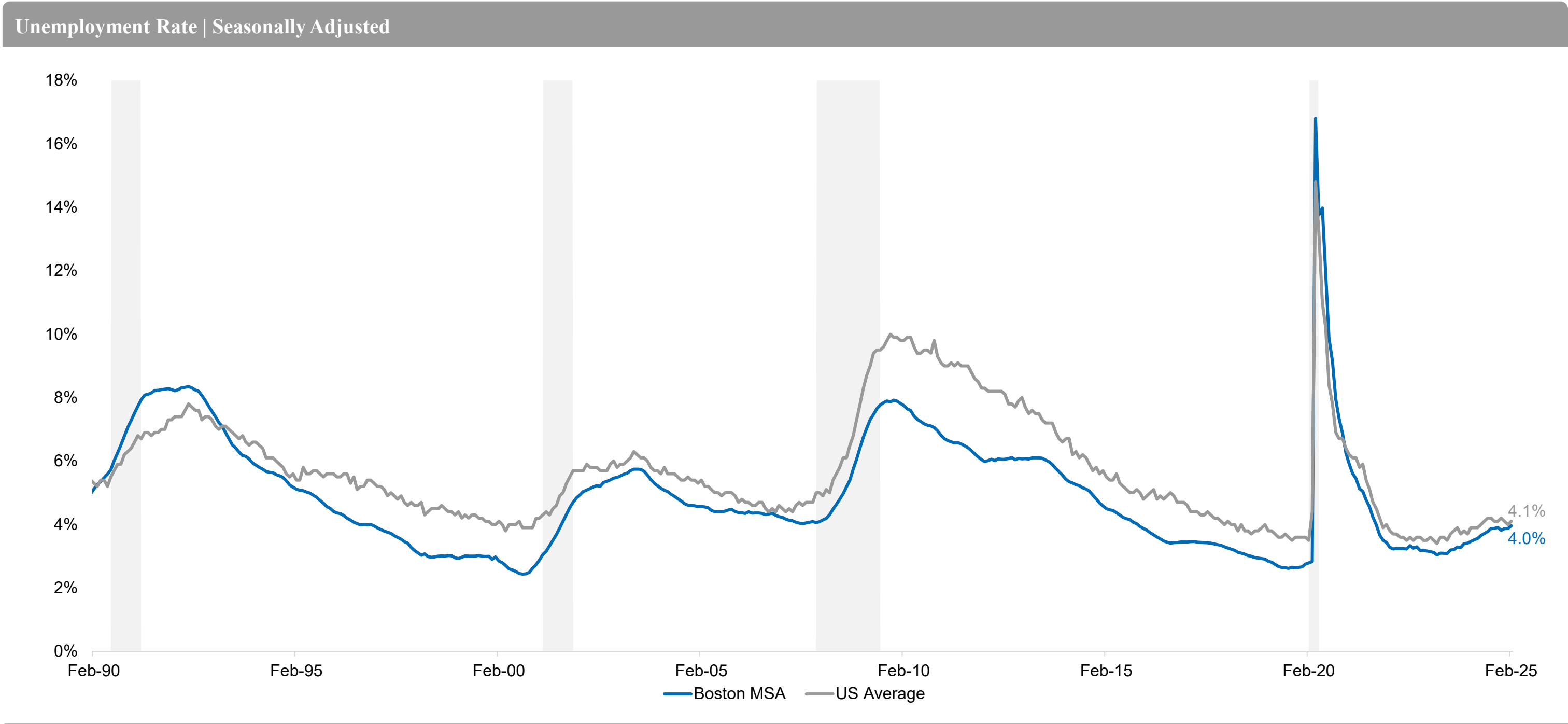
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Economy



Unemployment Is Rising, But Labor Markets Are Relatively Tight

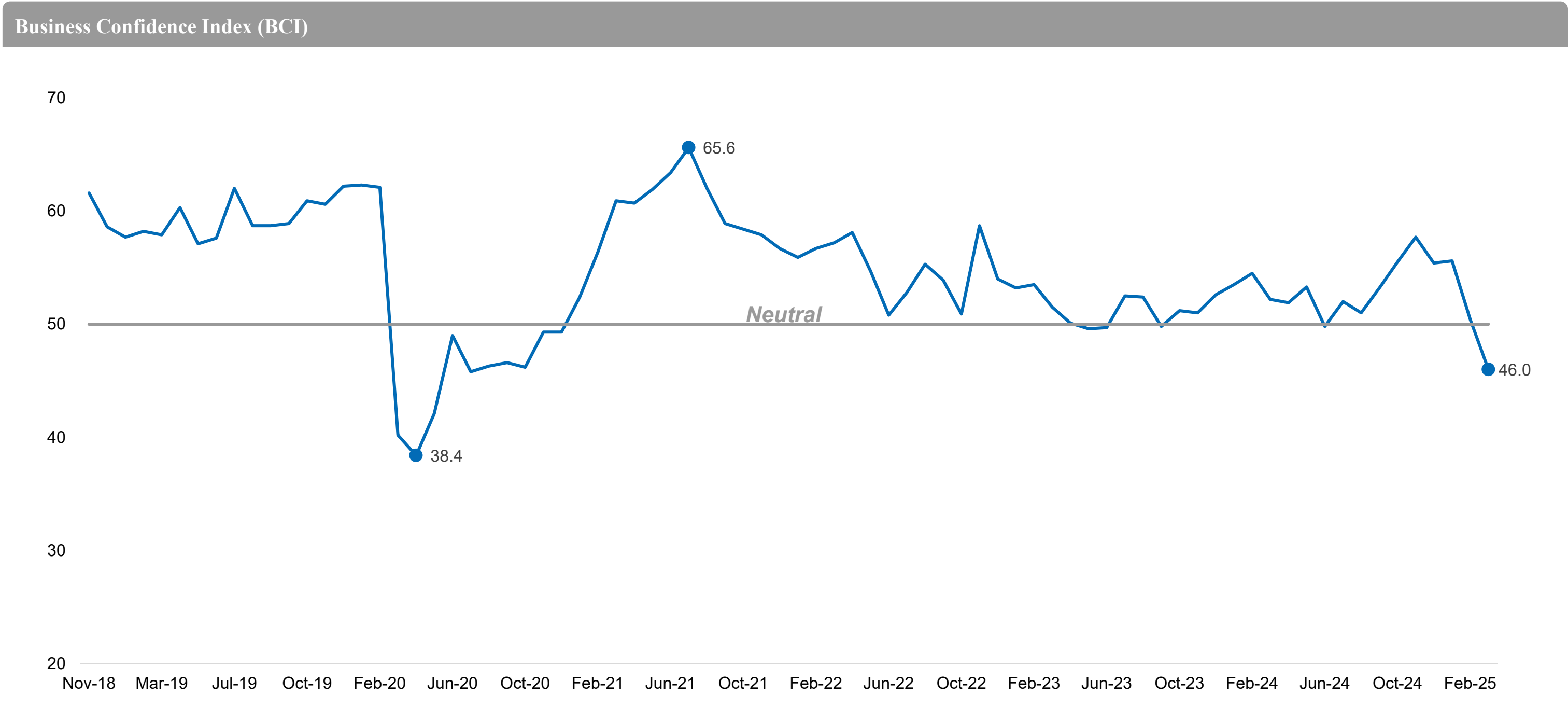
Over the past 24 months, Greater Boston's unemployment rate has risen by 100 basis points. At 4% in February 2025, the metro area's unemployment rate continues to track below the U.S. average—though the gap is narrowing. Weakness in key sectors such as technology and biotechnology are likely weighing on recent performance the region.



Source: Moody's Analytics, BLS, Newmark Research

Local Employer Sentiment Falls Sharply in The First Quarter

Business confidence declined by several percentage points and now rests at its lowest level since the onset of the pandemic. Uncertainty surrounding recent federal policy initiatives such as tariffs and funding cuts is weighing on employer sentiment in Massachusetts. Recession predictions are also more bearish and likely exacerbating the near-term outlook for many local businesses.

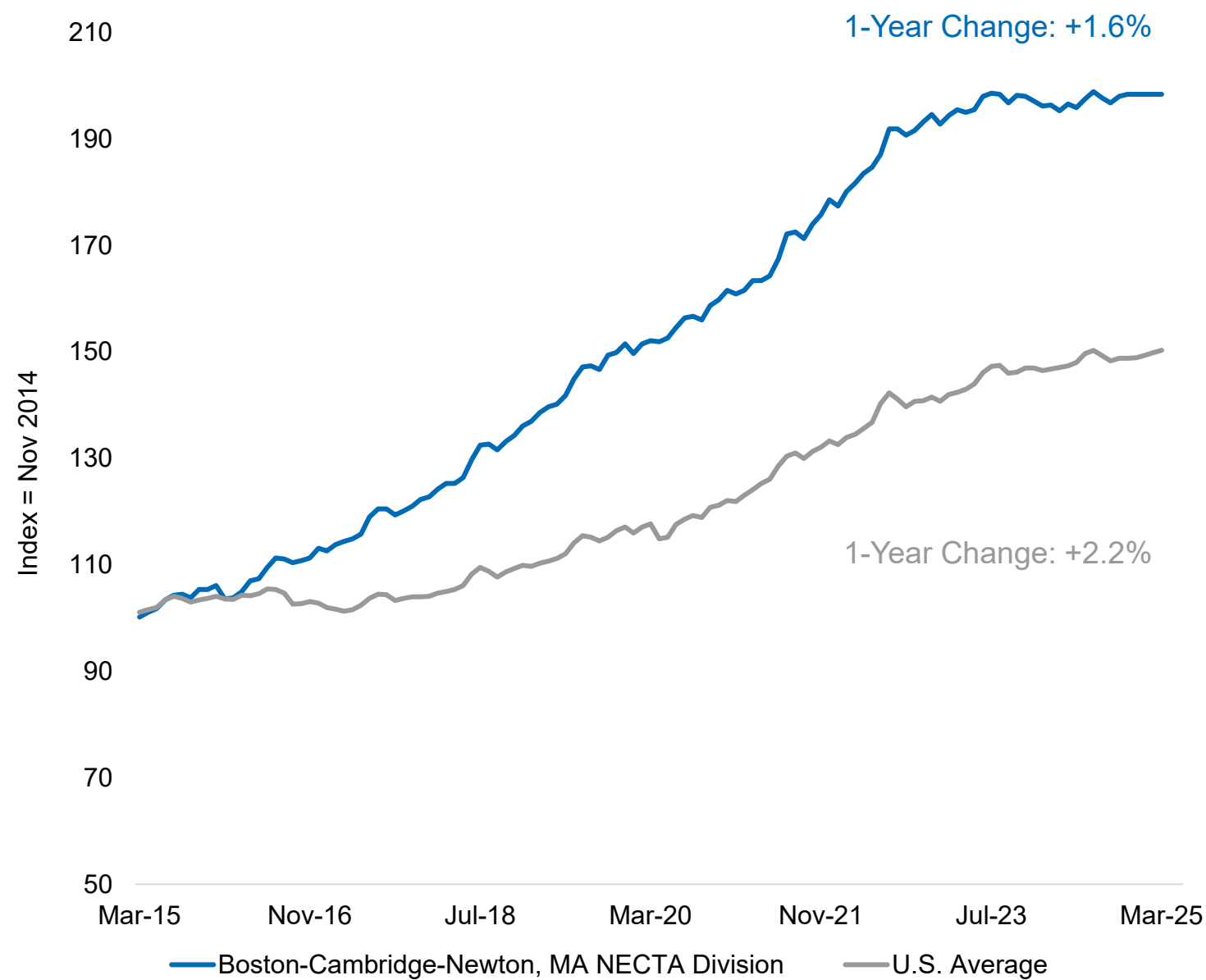


Source: AIM Board of Economic Advisors as of 4.1.25

Local Labor Market Conditions Remain Sluggish

Openings for life science-related occupations in the Boston metro area are still below peak levels and employment within the local research and development segment continues to trail the U.S. average. Job openings in the sector have fallen to a new cyclical low as well.

Scientific Research & Development Employment, NSA



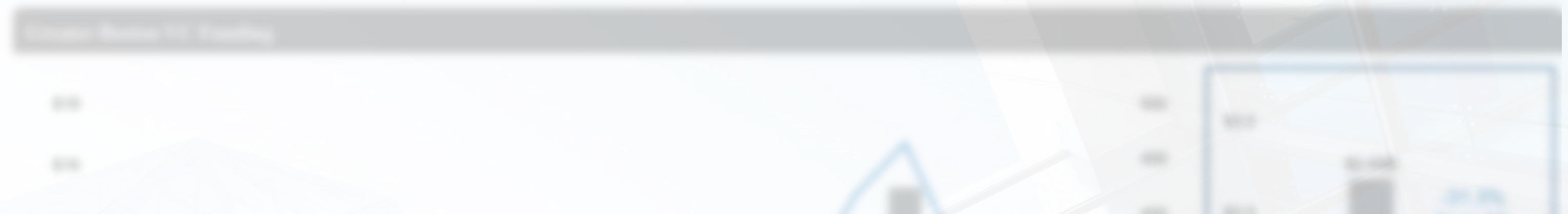
Life Science Industry Active Job Postings | Boston MSA



Source: Moody's Analytics, JobsEQ, Newmark Research

Larger Funding Rounds Hold Steady in The Life Science Sector

Investment in the life science sector has remained steady in the first quarter of 2024, with larger funding rounds continuing to dominate the landscape. The sector's resilience is evident as it maintains a strong position in the overall funding environment, despite challenges in other industries.



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Source: Pitchbook, Newmark Research

Public Markets Slow Start to 2025 Amid Uncertainty

Following a slow start to the year, public market offerings (IPOs) activity began to pick up in early 2025, but is still significantly below the levels seen in previous years. According to Newmark Research, IPO activity in 2025 was the lowest since the economic recovery in early 2020. While there is some hope for a resurgence in IPO activity this year, many investors are still wary of the market and are likely to remain cautious.

Source: Newmark Research, Newmark IPOs

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Challenges Face Public Funding Landscape in Massachusetts



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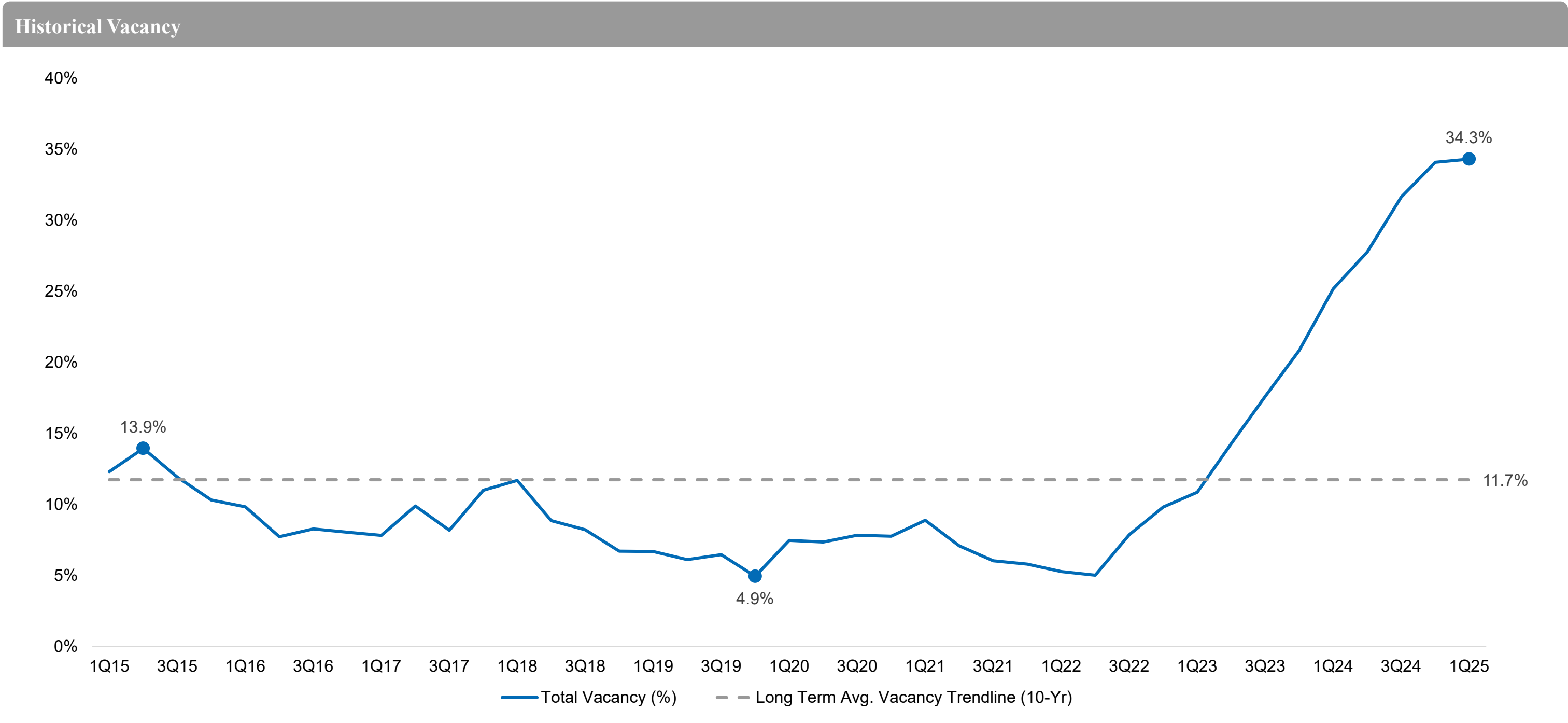
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Leasing Market Fundamentals



Laboratory Fundamentals Are Still Searching For A Bottom

The first quarter of 2025 marks the first quarter since 2022 with no laboratory space deliveries. This resulted in vacancies increasing by just 20 basis points quarter-over-quarter, a slower quarter-over-quarter rise than we’ve observed recently. Net absorption was moderately negative across the region as demand continues to wane and macroeconomic headwinds have intensified. Persistent demand-side weakness will keep vacancies elevated near historic levels over the short-term.

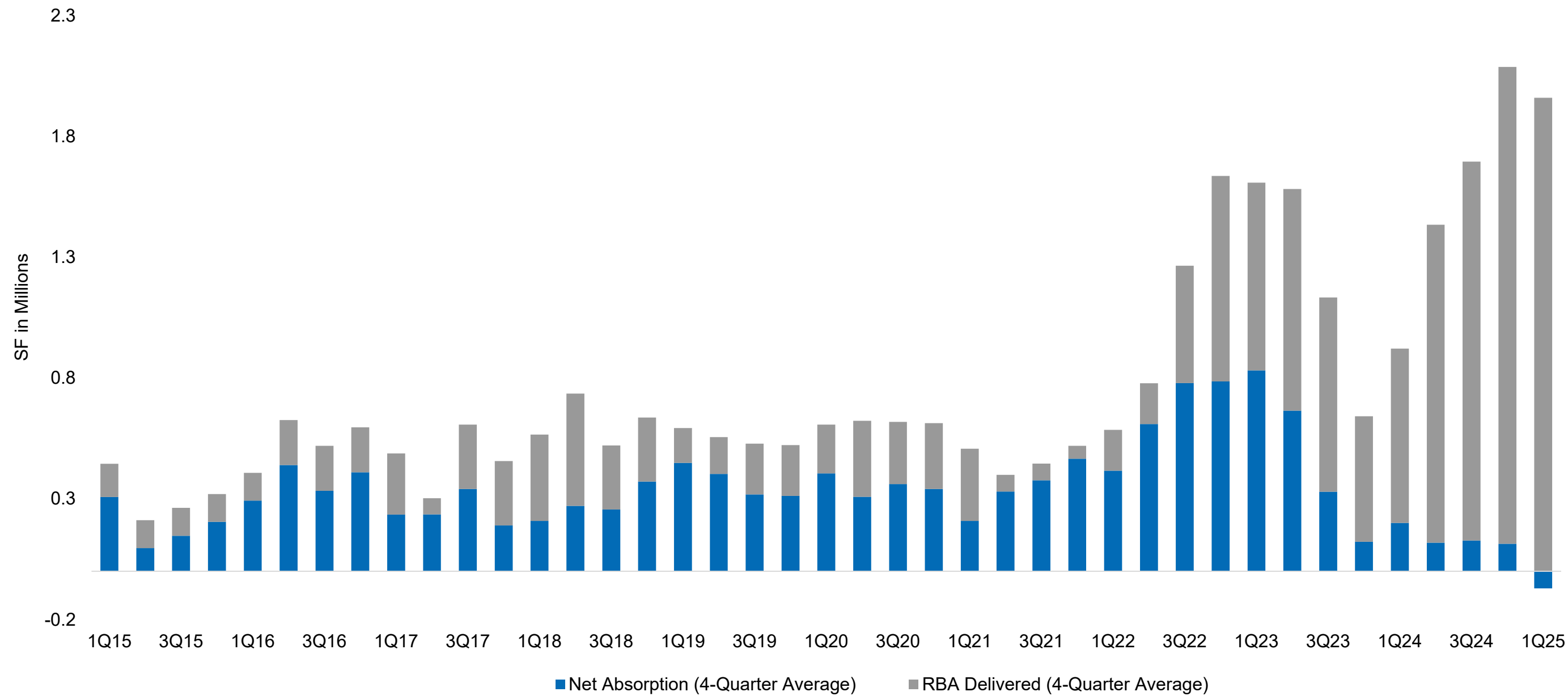


Source: Newmark Research

Supply-Demand Imbalance Persists

On a 4-quarter-moving-basis, net absorption across the region has been waning for two years and is now at a 10-year low. With only 3.0 million SF of projects still under construction, new supply will remain muted in the near term as Greater Boston’s development cycle is waning.

Historical Construction Deliveries and Net Absorption



Source: Newmark Research

Occupancy Losses Are Still Prevalent in Greater Boston

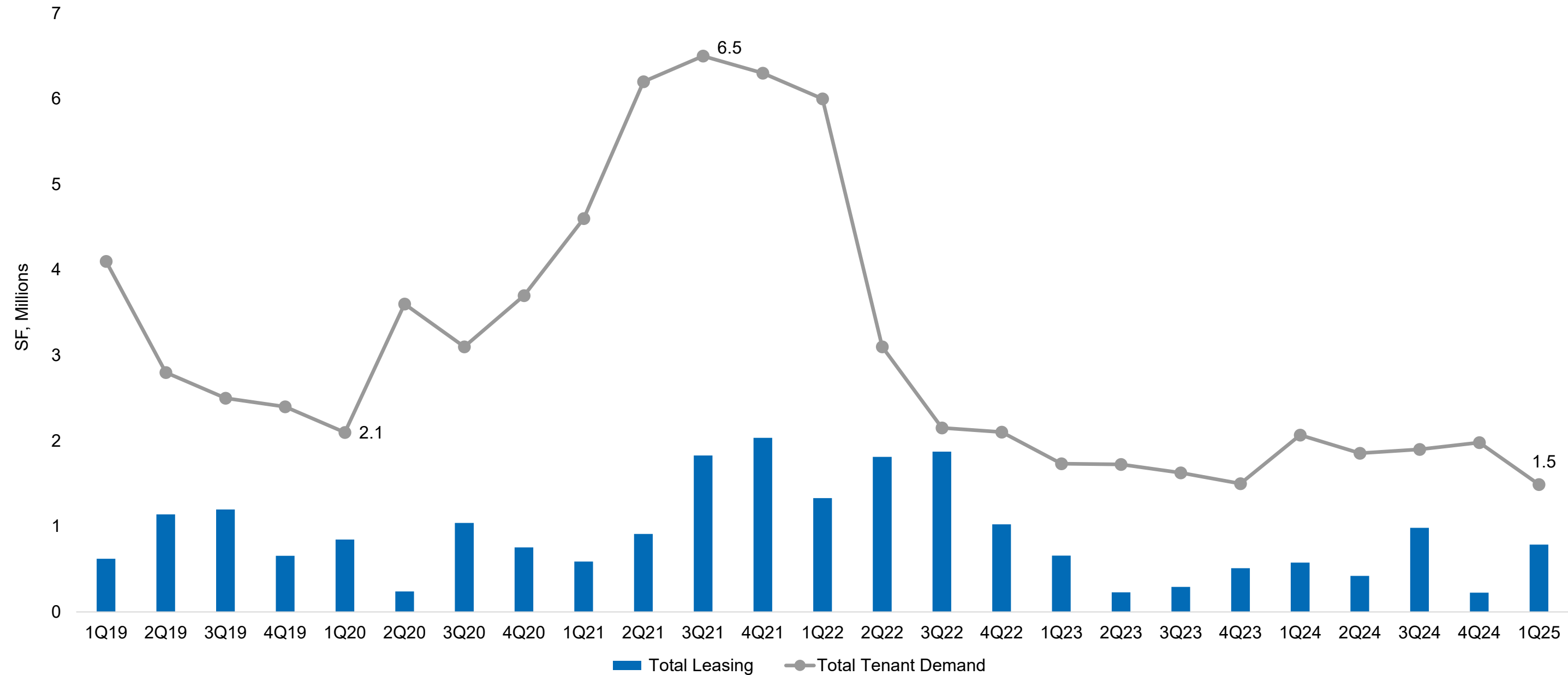


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Underlying Laboratory Demand Remains Muted

Leasing velocity improved considerably during the first quarter of 2025, with Biogen and Intellia executing two of the largest transactions of the quarter. Biogen’s 585,000-SF commitment to 75 Broadway at the Volpe Development accounted for more than half of total leasing volume and reduced tenant demand to 1.5 million SF. Intellia is also planning to consolidate its operations in Kendall Square, taking down 147,192 SF at 400 Technology Square.

Historical Active Tenants in the Market and Leasing Activity



Source: Newmark Research

Can Leasing Velocity Persist Throughout 2025?

This quarter saw current leasing demand take a sizable hit from last quarter and that is due to Biogen committing to just under 600,000 SF at 75 Broadway in East Cambridge. While a significant chunk of demand is no longer in the market looking for space, this is a huge win for Cambridge with Biogen committing to a long-term lease for a significant amount of space in the heart of Kendall Square. While the market changes, world-class companies are still committing to Cambridge.

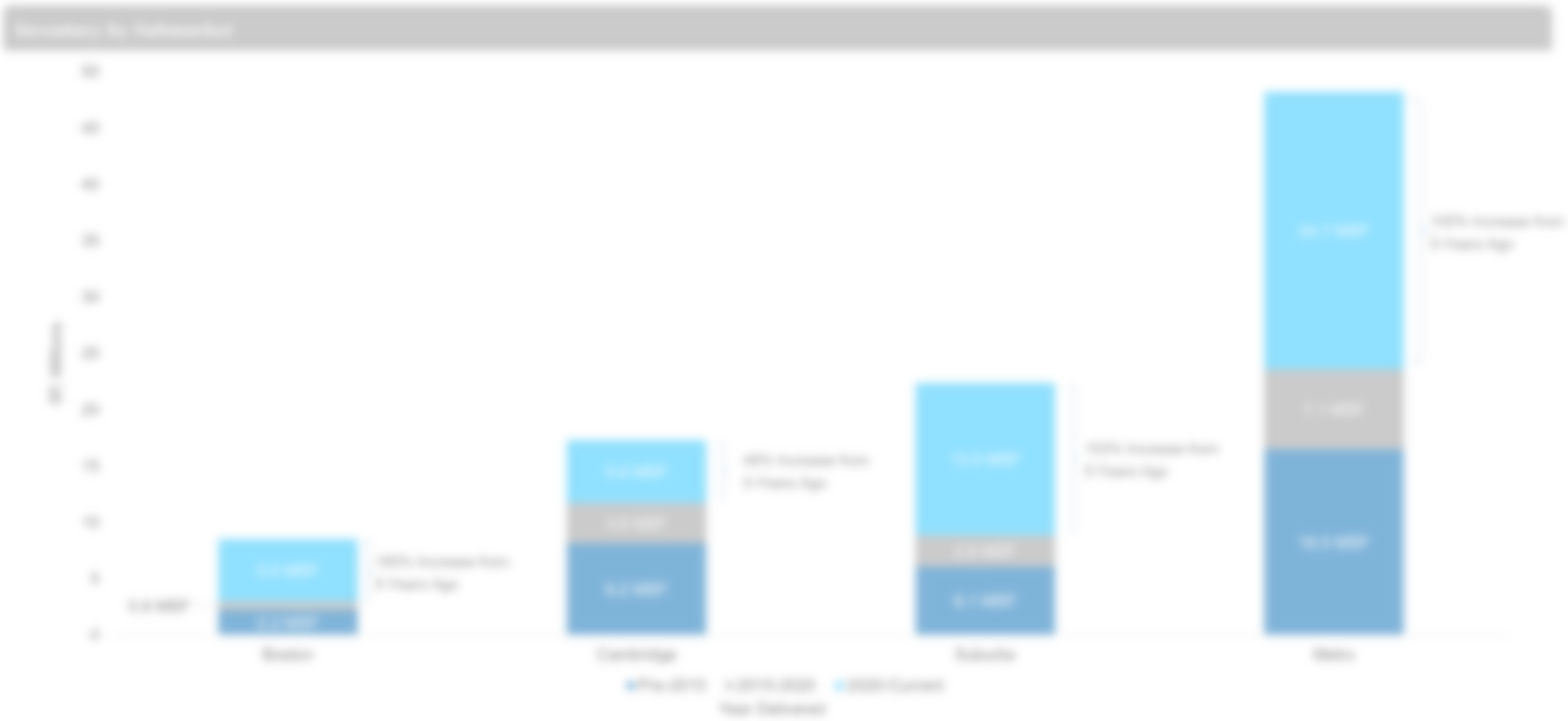
Notable 1Q25 Lease Transactions

Tenant	Address	Submarket	Lease Type	Square Feet
Biogen	75 Broadway	East Cambridge	Direct Lease	585,000
Intellia Therapeutics	400 Technology Square	East Cambridge	Direct Lease	147,192
Roche	One Milestone	Urban Edge	Direct Lease	30,000
AIRNA Corporation	200 Technology Square	East Cambridge	Direct Lease	18,998
Axoft	148 Sidney Street	Mid Cambridge	Direct Lease	15,000
Nanite	21-25 Drydock Ave	Boston – Seaport	Direct Lease	9,000

Source: Newmark Research

Unprecedented Development Cycle Drives Life Science Supply

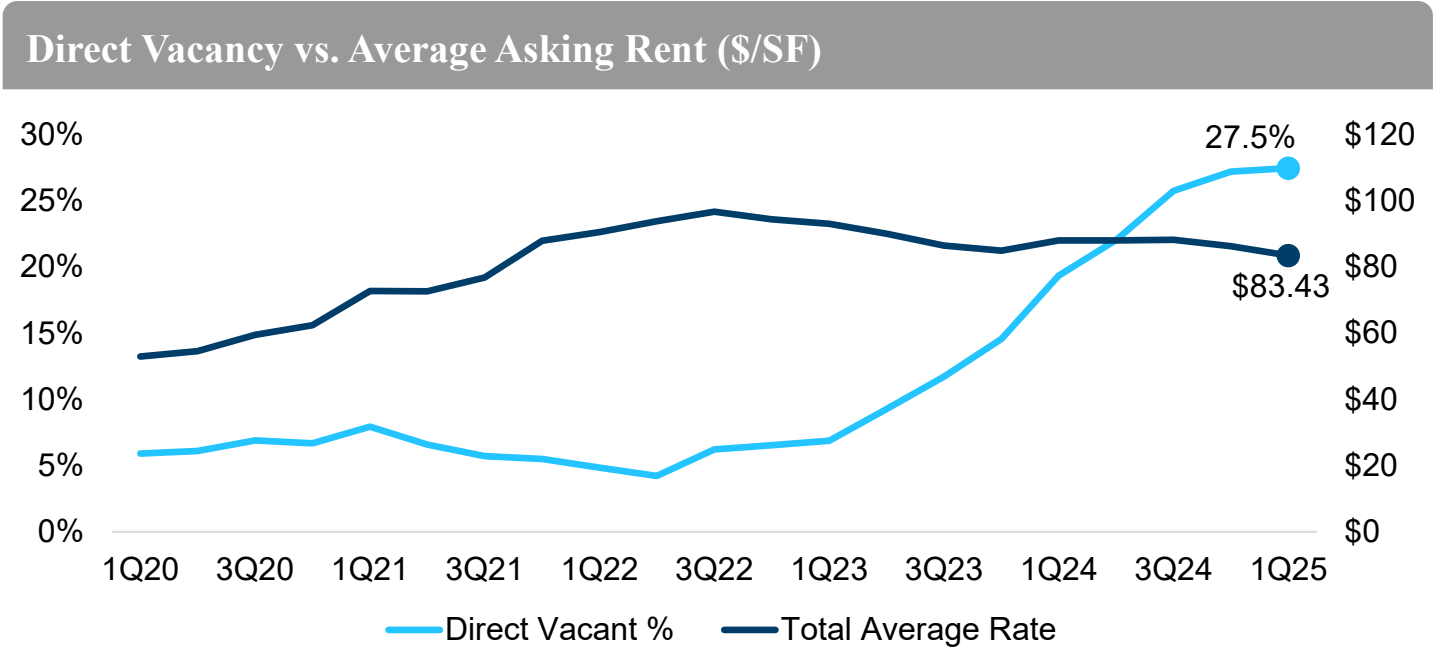
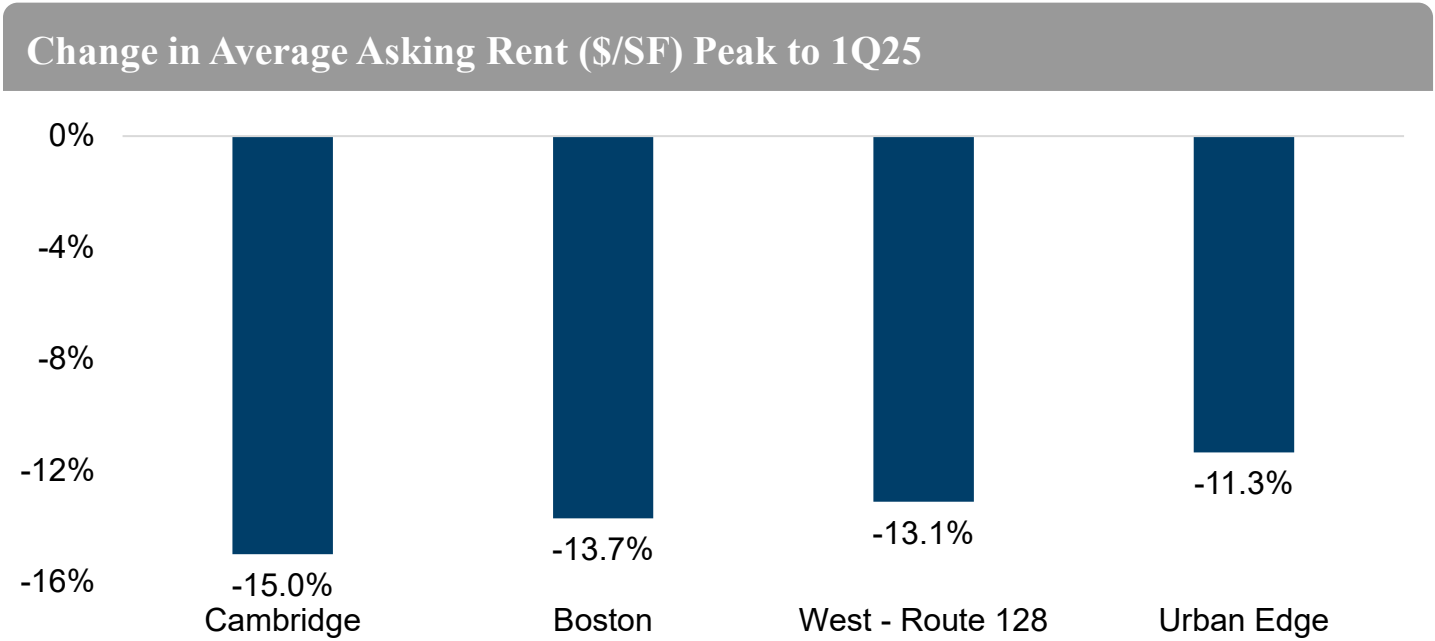
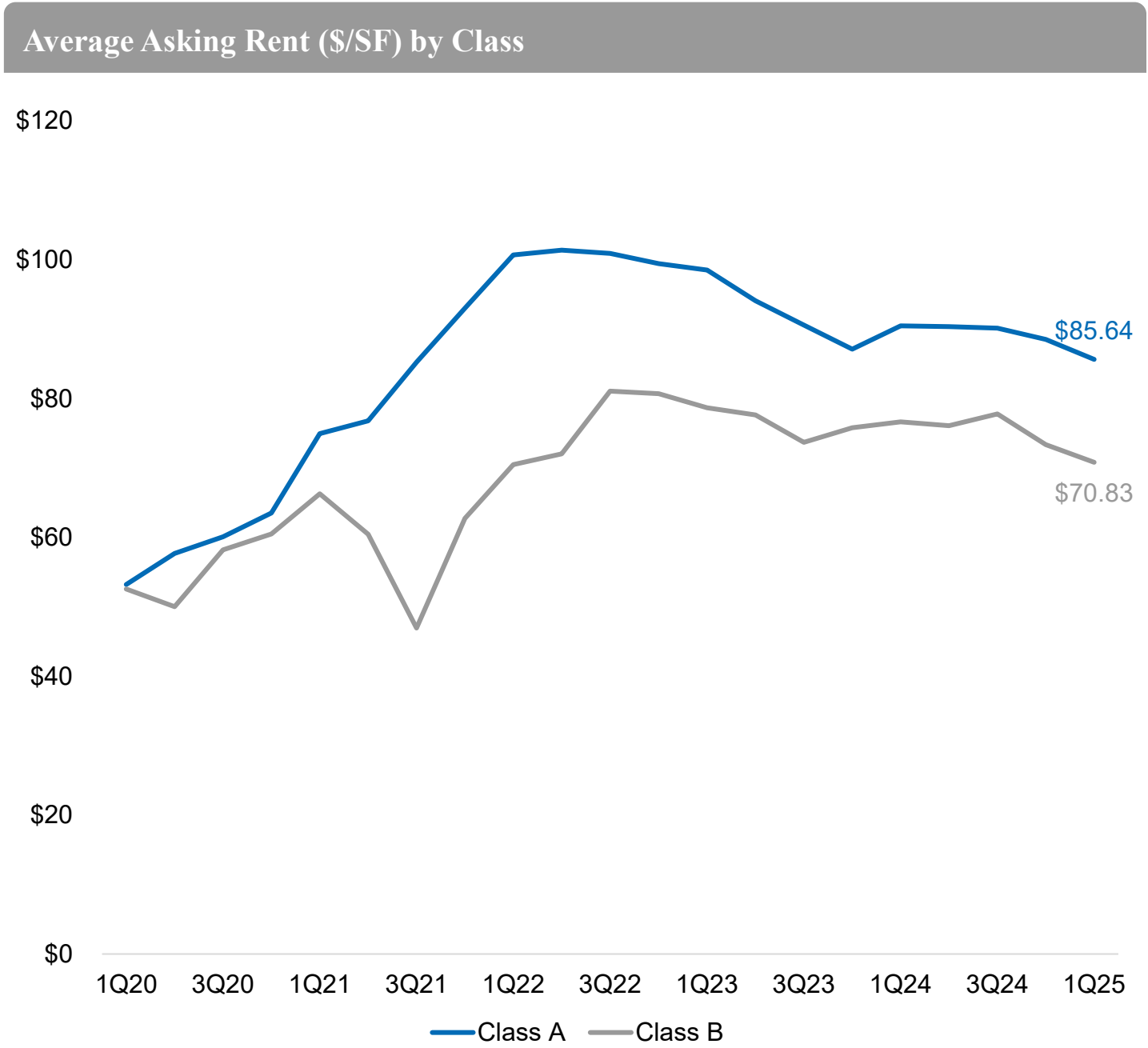
Although the first quarter of 2023 saw no new building deliveries, the region is still feeling the effects of limited demand concentrating inventory of lab space. Over the past 5 years, laboratory inventory across Greater Boston has more than doubled in size, adding roughly 26.7 million SF of purpose-built and converted laboratory product. Cambridge showed the most percentage increase, reflecting a more robust starting point, but still added almost 50% of existing inventory in the past five years, going from 11.7 million SF to 17.2 million SF.



Source: Newmark Research

Laboratory Rents Continued to Slide

Asking rents for laboratory space continue to slide across the region, with asking rents in Cambridge, Boston, and the Suburbs down quarter-over-quarter and year-over-year. Oversupply effects continue to ripple through the market, although that will likely subside in the coming quarters as the pipeline empties out. New construction may keep asking rates elevated, but expectations are for further price reductions in the coming quarters.



Source: Newmark Research

Submarket Summary

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Despite Unwinding, Cambridge Still Commands a Premium in Greater Boston

Cambridge's office market continues to command a premium, with rents in the city's office market up 1.5% in the first quarter, compared to a 0.5% increase in the rest of the region. This is despite the fact that the city's office market has been unwinding for some time, with rents in the city's office market down 1.5% in the first quarter, compared to a 0.5% increase in the rest of the region.



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Cambridge Continues to Command a Price Premium

While selling costs across Cambridge have risen as a significant proportion since selling first took place in the relevant quarter of 2000, there is still a considerable premium to pay in order to get up and in Cambridge. When looking over the past 10 years in Greater London, selling costs are still roughly 20% less than what is being asked in Cambridge today, indicating investors are willing to pay up to maintain a Cambridge address.



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The (Slow) Return to Norm | A Forward Look on the Greater Boston Lab Market



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Note: The muted and escalated demand scenarios assume a 20% variance to historical demand, respectively. Obsolete supply is assumed to account for a 200,000 available SF reduction per year.
Source: Newmark Research

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Submarket Overviews



Cambridge Market Overview



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Boston Market Overview



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Suburban Market Overview



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Submarket Overview

Laboratory Buildings - All Markets								
	Inventory	Value	Count	Inventory	Value	Count	Inventory	Value
Inventory Total	11,204,100	1,170,000	27,000	11,204,100	1,170,000	27,000	11,204,100	1,170,000
Cost Inventory	11,204,100	1,170,000	27,000	11,204,100	1,170,000	27,000	11,204,100	1,170,000
Net Inventory	1,000,000	0	25,000	1,000,000	0	25,000	1,000,000	0

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North - Boston 128	1,000,000	0	25,000	1,000,000	0	25,000	1,000,000	0
North - Boston 128	1,000,000	0	25,000	1,000,000	0	25,000	1,000,000	0
North - All Total	1,000,000	0	25,000	1,000,000	0	25,000	1,000,000	0
South	11,204,100	1,170,000	27,000	11,204,100	1,170,000	27,000	11,204,100	1,170,000

Source: Newmark Research

* Route 128 Total statistics include several laboratory buildings located in the South - Route 128 market. Boston Total statistics include several laboratory buildings located outside of the Seaport and Fenway/LMA

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at [nmrk.com/insights](#).

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