

NEWMARK

Boston Life Science Market Overview

1Q26

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Market Observations: What We Know

Net Absorption

Greater Boston saw net negative absorption during the quarter, as companies continue to right-size and oversupply is worked through.

Tenant Demand

Tenant demand saw a meaningful uptick this quarter, with several sizable requirements active across the Metro.

Development

Active life science development is largely limited to build-to-suit projects, with new construction unlikely to proceed without meaningful pre-leasing commitments.



Leasing Velocity

The strongest leasing quarter since the third quarter of 2022, headlined by TransMedics' full-building lease in Somerville, also showed additional depth with several other sizable deals.

Asking Rents

Asking rents continue to slide as landlords become more aggressive in pursuing deals. They remained unusually elevated during the rapid rise in vacancy, so this may simply represent a reversion toward historical norms.

Capital Markets


This marked the second consecutive quarter in which a life science building was acquired by an owner-user, taking advantage of market conditions to secure long-term space for its operations.

Market Observations: What We Expect

AI continues to be top of mind for many life science companies, and its potential impact on how they conduct research will be worth watching.

1

ARTIFICIAL INTELLIGENCE

2

STABILIZATION

Fundamental leading indicators, namely leasing velocity and tenant demand, increased meaningfully this quarter, paving the way for stabilization and, ultimately, a reversal in market conditions.

Capital markets conditions remain cautious but are gradually improving, with investors selectively re-entering the space. Owner-users may continue to purchase assets where they can find value and create a long-term home.

4

CAPITAL MARKETS

3

NIH FUNDING

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, with the market currently feeling some uncertainty in this regard.

Table of Contents

Economy	01
Leasing Fundamentals	02
Submarket Overview	03

01

Economy

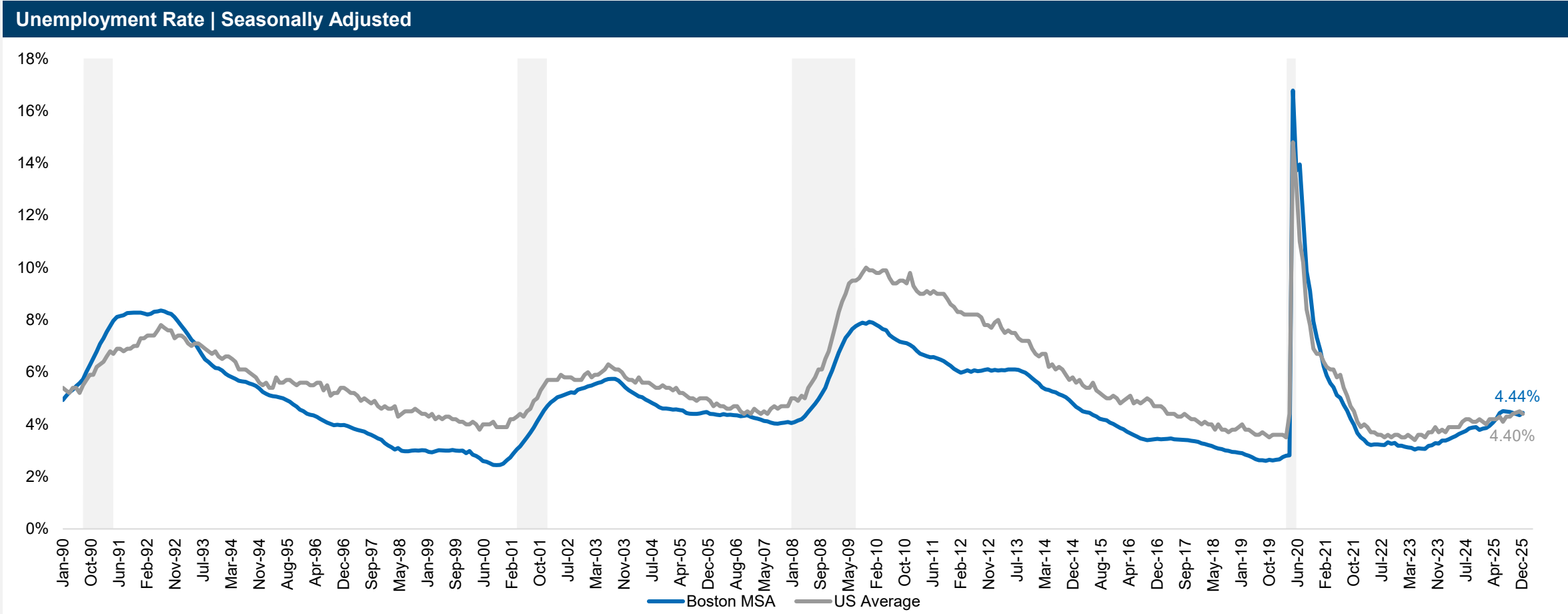
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Boston Unemployment Steady Amid Layoffs

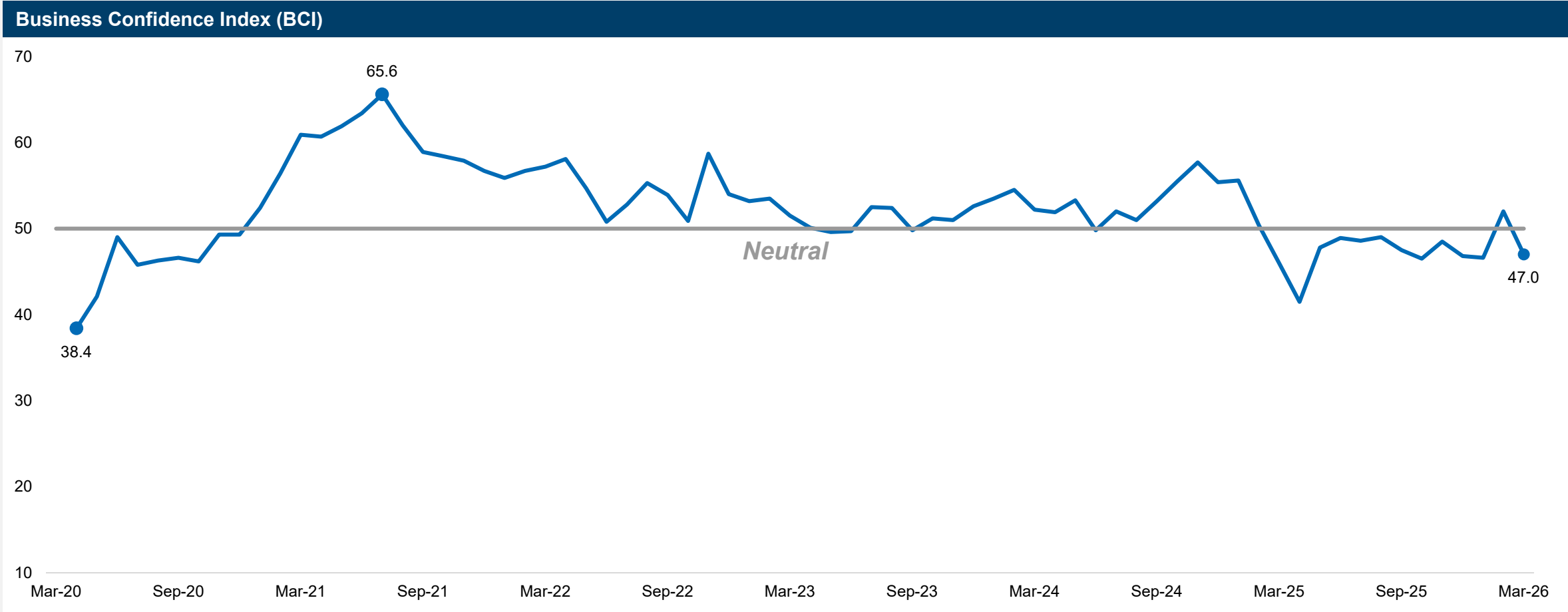
Boston’s unemployment rate has remained stable, experiencing only a modest increase by December 2025. Since the second quarter of 2025, the rate has fluctuated within a narrow band, averaging 4.45%. This stability points to a resilient local labor market. Notably, recent workforce reductions at Tessera Therapeutics, Takeda, and Thermo Fisher, primarily within the biotech sector, have not yet impacted Boston’s overall unemployment rate. The city’s unemployment rate remains closely aligned with the U.S. average, underscoring how local labor trends continue to mirror national patterns.



Source: Moody’s analytics, BLS, Newmark Research March 2026, Mass Gov Office of Labor and Workforce Development
 *Due to the government shutdown, there is no data for October 2025

Business Confidence Fluctuates in Early 2026

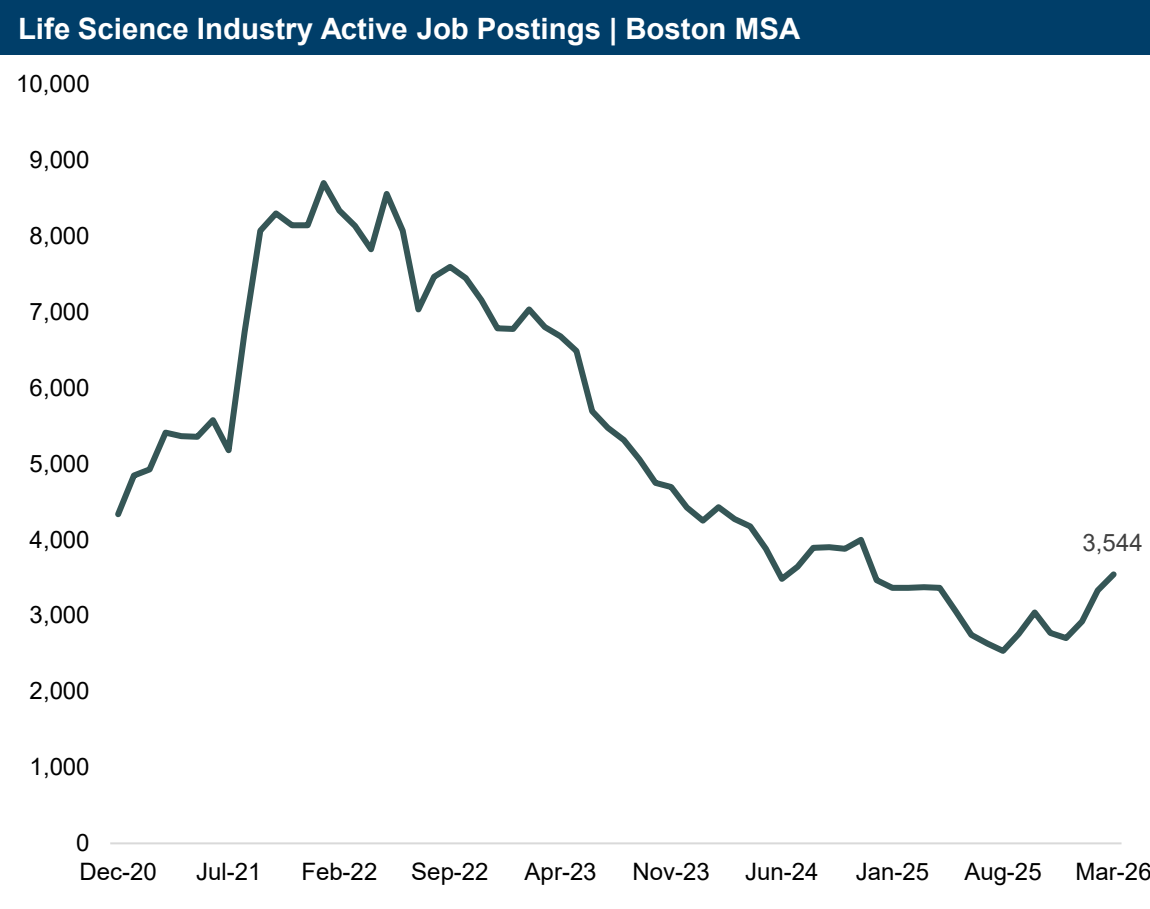
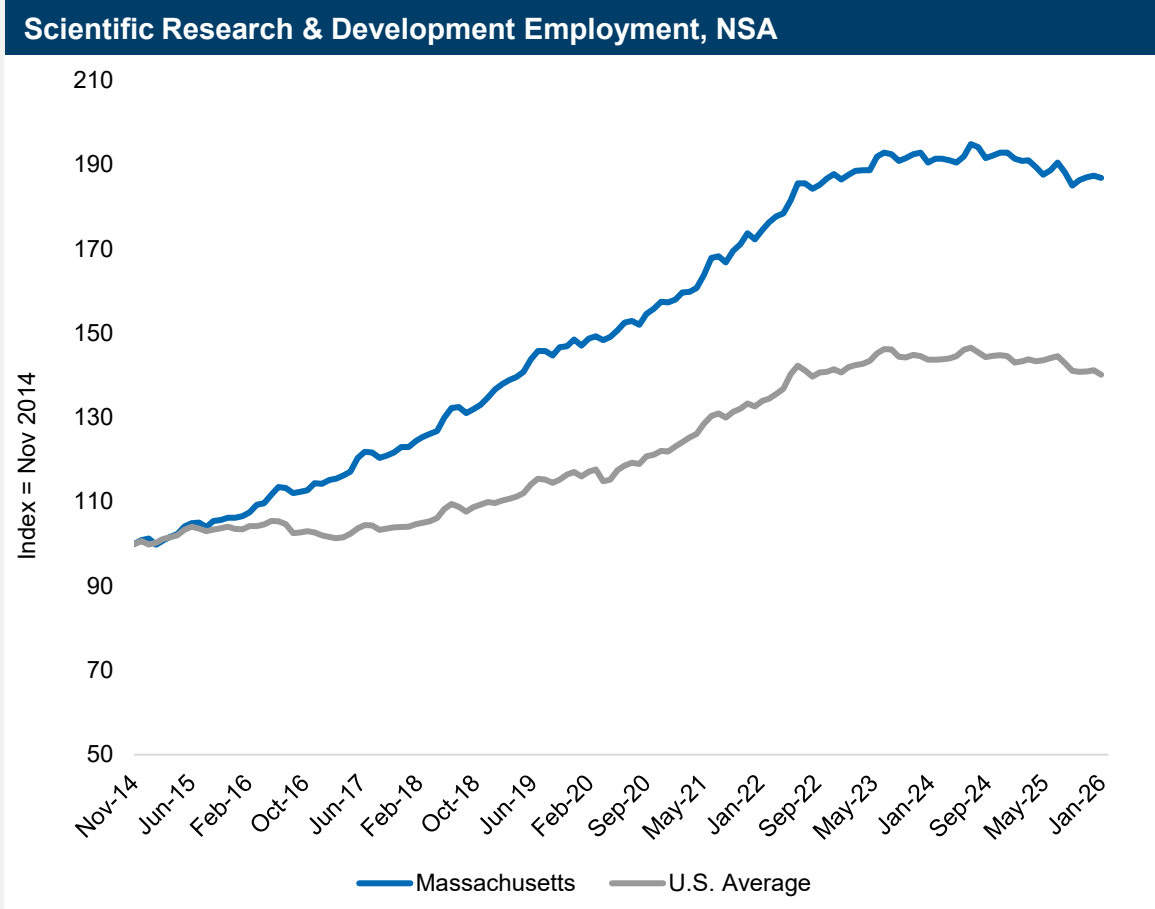
The Associated Industries of Massachusetts (AIM) Business Confidence Index surpassed neutral territory in February 2026 before reverting to below neutral on its latest reading in March. This is due to the escalation of the military conflict in the Middle East and in lieu of greater macroeconomic clarity; business confidence will likely remain muted.



Source: AIM Board of Economic Advisors as of 3.26

Local Labor Market Conditions Leveling off

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 tick along, seemingly leveling off. Interestingly, job openings have reversed course and have picked up since the end of 2025. Alongside elevated tenant demand and leasing this quarter, there are some signs of a turnaround in the Life Science market.



Life Science Funding Flat Year-over-Year

Despite modest life science VC funding started the year steady compared with the end of 2023, when both the third and fourth quarters averaged just above \$2.5 billion each quarter. However, funding in the first quarter of 2024 was only \$60 million dollars more than in the first quarter of 2023 and nearly \$200 million dollars higher than in the first quarters of 2022 and 2021. This trend that persists in the increase in average deal size, with this quarter totaling only slightly below the third quarter of 2023 for the highest average deal size since funding began. Investors continue to be risk by pulling large sums of more established companies, a dynamic that will be important to watch over the remainder of the year.

Source: Newmark VC Funding

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Biotech's IPO Slump Reversal Continues with Momentum

Following two consecutive quarters with no IPOs in the second and third quarters of 2020, we have now recorded a second consecutive quarter with two biotech IPOs (small molecule companies going public: Ionis Medicine and Vertex Biosciences) in the fourth quarter of 2020, and 2021. Oncology and Gene and Genome Biotechnology in the first quarter of 2021. If this pace were to continue, it would imply eight IPOs for the year, which would be the highest total since the coronavirus outbreak of 2020.

Annual Biotechnology Sector IPOs

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Challenges Face Public Funding Landscape in Massachusetts

Uncertainty surrounding federal funding priorities have resulted in increased concerns for the health of the life science sector across the U.S. Locally, Massachusetts receives billions of dollars each year in



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local commercial real estate fundamentals. However, other trends in the



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Leasing Fundamentals

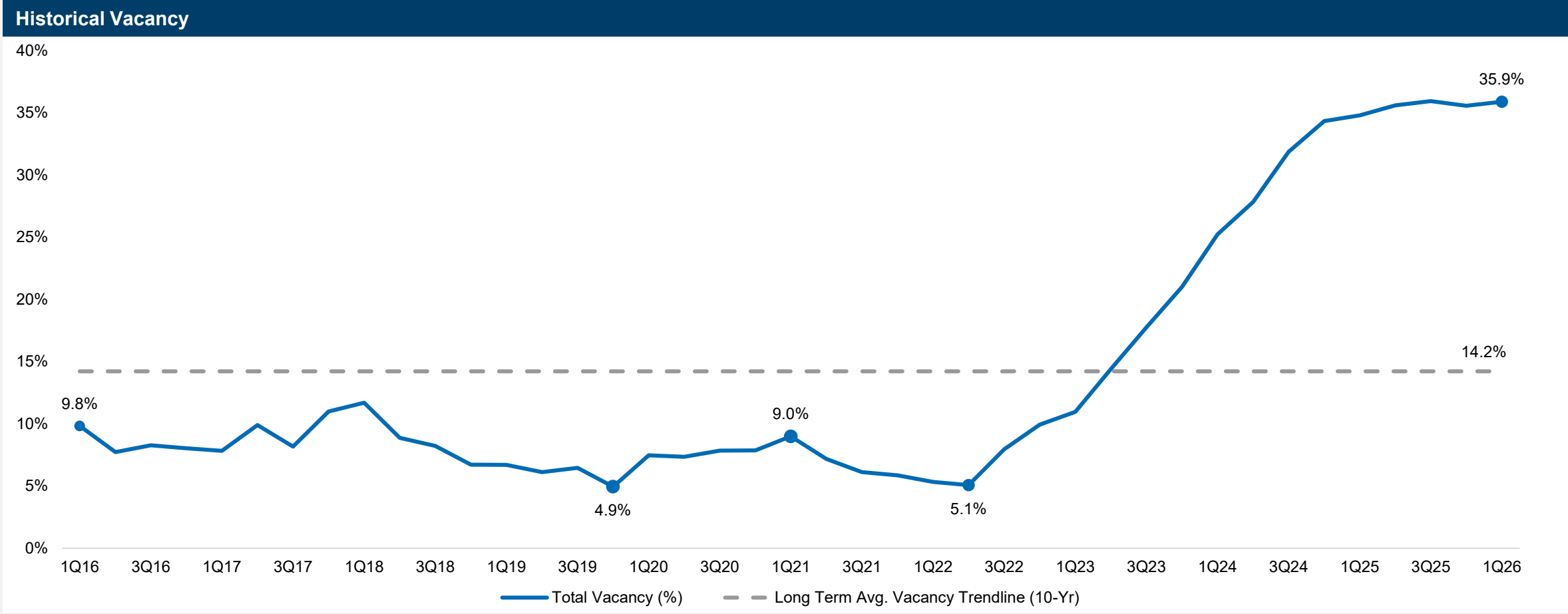
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Laboratory Fundamentals Continue to Stabilize

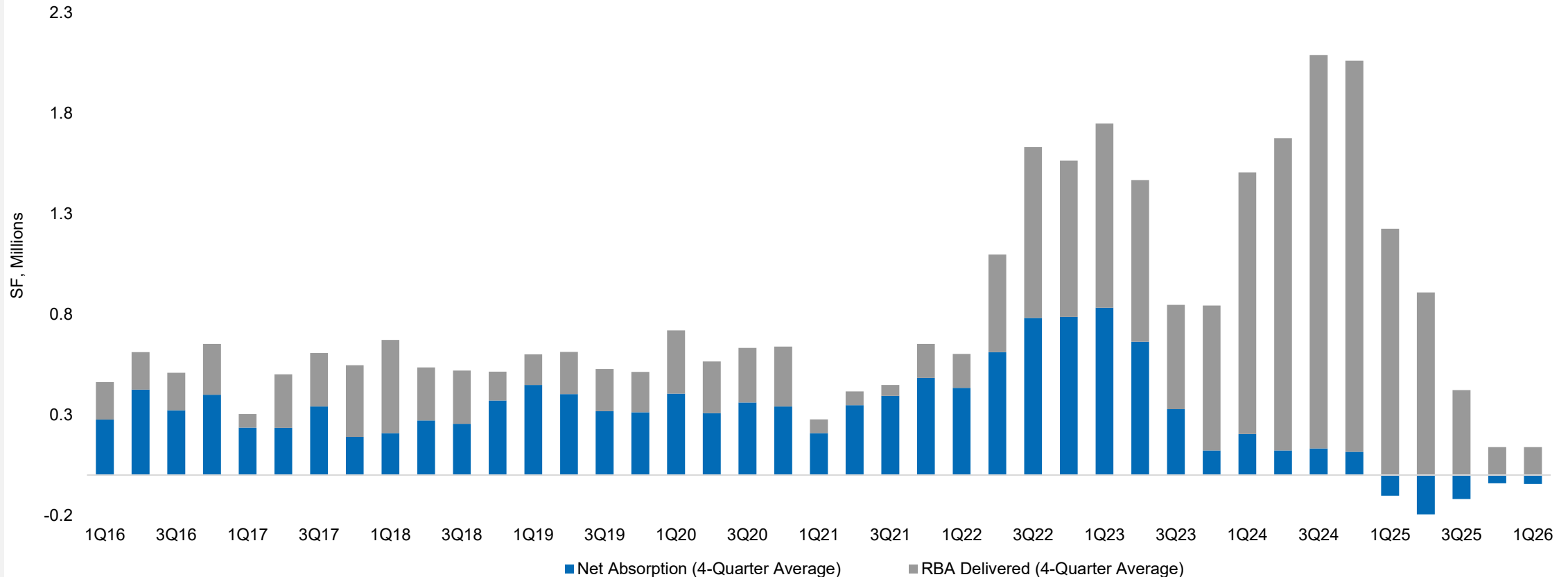
Following a sustained period of rising vacancies, the life science market recorded its first decrease in the fourth quarter of 2025. Although that trend reversed in the first quarter of 2026, the overall vacancy rate increased by only 30 basis points from the end of 2025, remaining consistent with the level recorded in the third quarter of 2025. An uptick in leasing velocity this quarter should help reduce the elevated vacancy rate as tenants begin occupying their new spaces over the next few quarters.



Supply–Demand Imbalance Persists but Continues to Ease

On a four-quarter moving basis, RBA delivered remains at its lowest level since the third quarter of 2021, reflecting the ongoing correction of the region’s oversupply. In many cases, sites previously slated for lab development are either on hold or being reconsidered for alternative uses as the supply-demand imbalance persists. Net absorption was negative this quarter and remains slightly negative on a four-quarter average, underscoring the mixed currents shaping the market.

Historical Construction Deliveries and Net Absorption



Occupancy Losses Persist in Greater Boston

The absorption market 2020 continues to struggle, as landlords, most notably universities, persist with a high level of occupancy loss over the market's peak. The market's vacancy rate has risen from 10% in early 2020, adding roughly 20 million square feet in terms of unoccupied space. The market's vacancy rate is now 15%, well above the historical high recorded in the second quarter of 2014, meaning there has never been a time in the market's history when more office space was occupied. However, the market continues to move with a limited construction pipeline and select owners exploring alternative uses for their properties.

12 Month Net Absorption by Submarket

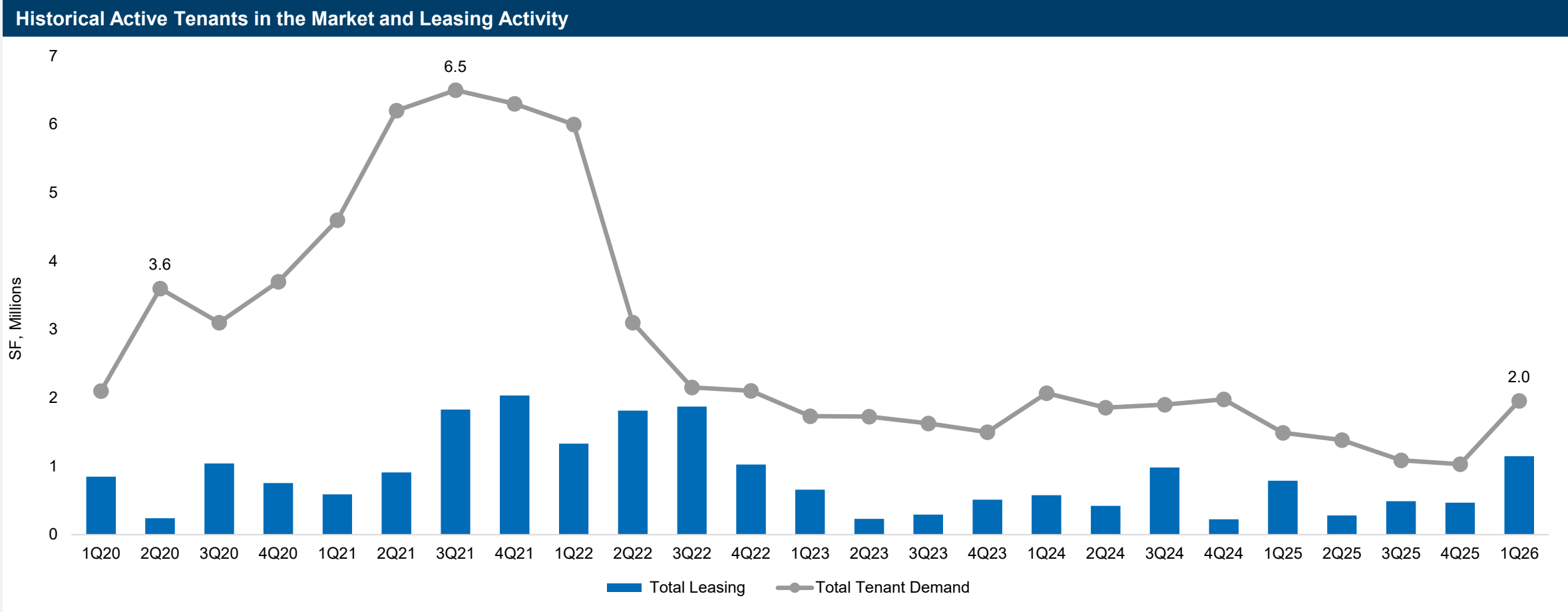
12 Month Net Absorption - Cambridge

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Laboratory Demand and Leasing Starts the Year Out Strong

Laboratory demand and leasing activity both started 2026 on a strong note, with first-quarter data showing demand levels not seen since the fourth quarter of 2024 and the most active leasing quarter since the third quarter of 2022. The quarter was headlined by TransMedics' full-building lease at 188 Assembly Park Drive in Somerville, totaling 495,000 square feet. In addition, six more leases above 40,000 square feet added depth to this quarter's leasing velocity. Both demand and leasing volume are leading indicators of market fundamentals, reflecting tenant decisions that will translate into occupancy in the coming quarters.



Elevated Leasing Levels Across the Metro

Leasing activity continued to improve quarterly level across the third quarter of 2022 to over 200, with just under 1.2 million square feet of laboratory space recorded. The overall market is showing a strong recovery, with activity now well above the 2021 trough. The prevalence of direct leases has increased this quarter, with several tenants reporting their budgets. 2023 growth demand also remains, as called by the vaccine fundamentals appear increasingly positive looking forward.

Q3 2022 Leasing Transactions

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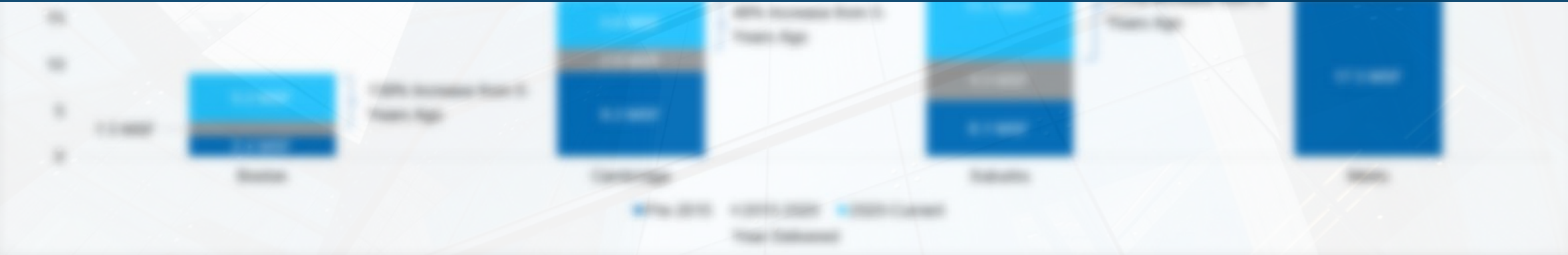
Endo Pharmaceuticals	25 Cambridgeport Drive, Cambridge	New Cambridge	Direct Lease	12,000
Roche	100 Brattleway Street, Cambridge	New Cambridge	Direct Lease	11,000
Moderna Therapeutics	100 CityPoint, Waltham	New - Boston 128	Direct Lease	45,000

Unprecedented Development Cycle Drove Life Science Oversupply

The first quarter of 2020 saw the lowest number of new drug applications (NDAs) submitted by developers in over a decade following an 87% increase in filings across the US in 2019. The 2020 NDA backlog has grown from 1,000 in early 2020 to 1,500 in early 2021. While supply has continued to meet and the backlog of new projects entering the pipeline remains low, there is still considerable product to work through in the market. A sustained increase in demand, along with the completion of underperforming properties, will be key to bringing market fundamentals back in line with historical norms.

Continued by Submitter

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Core-and-Shell Space Concentrated in Select Submarkets

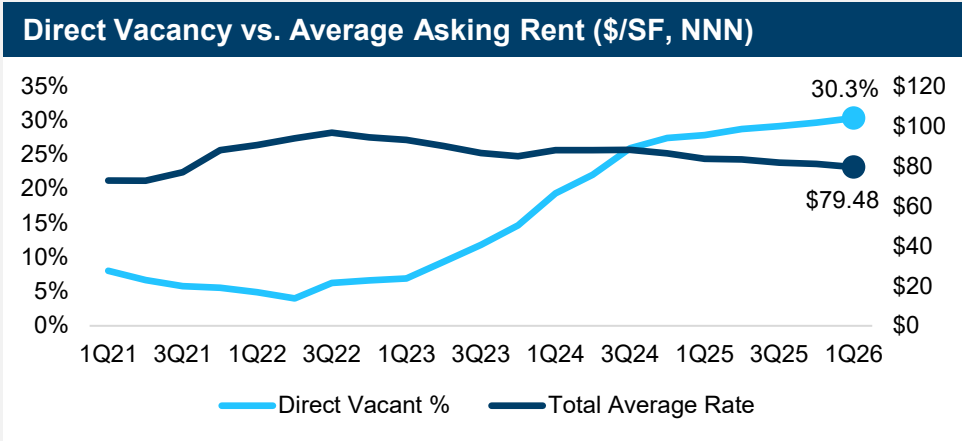
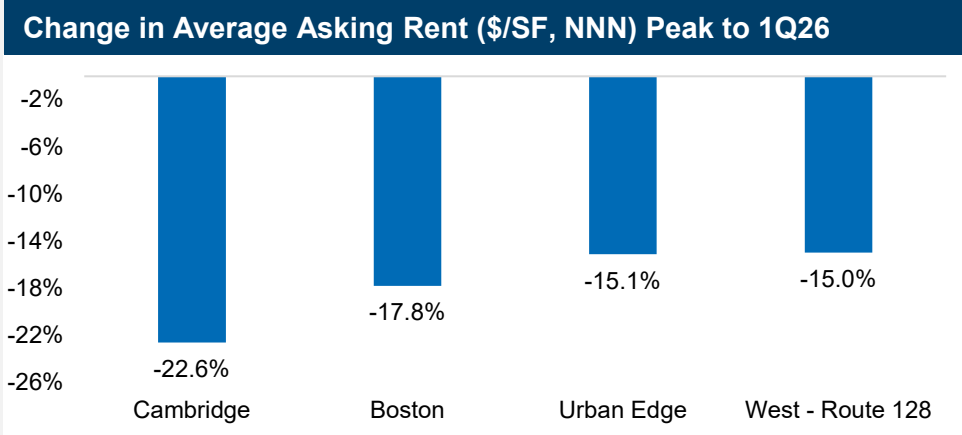
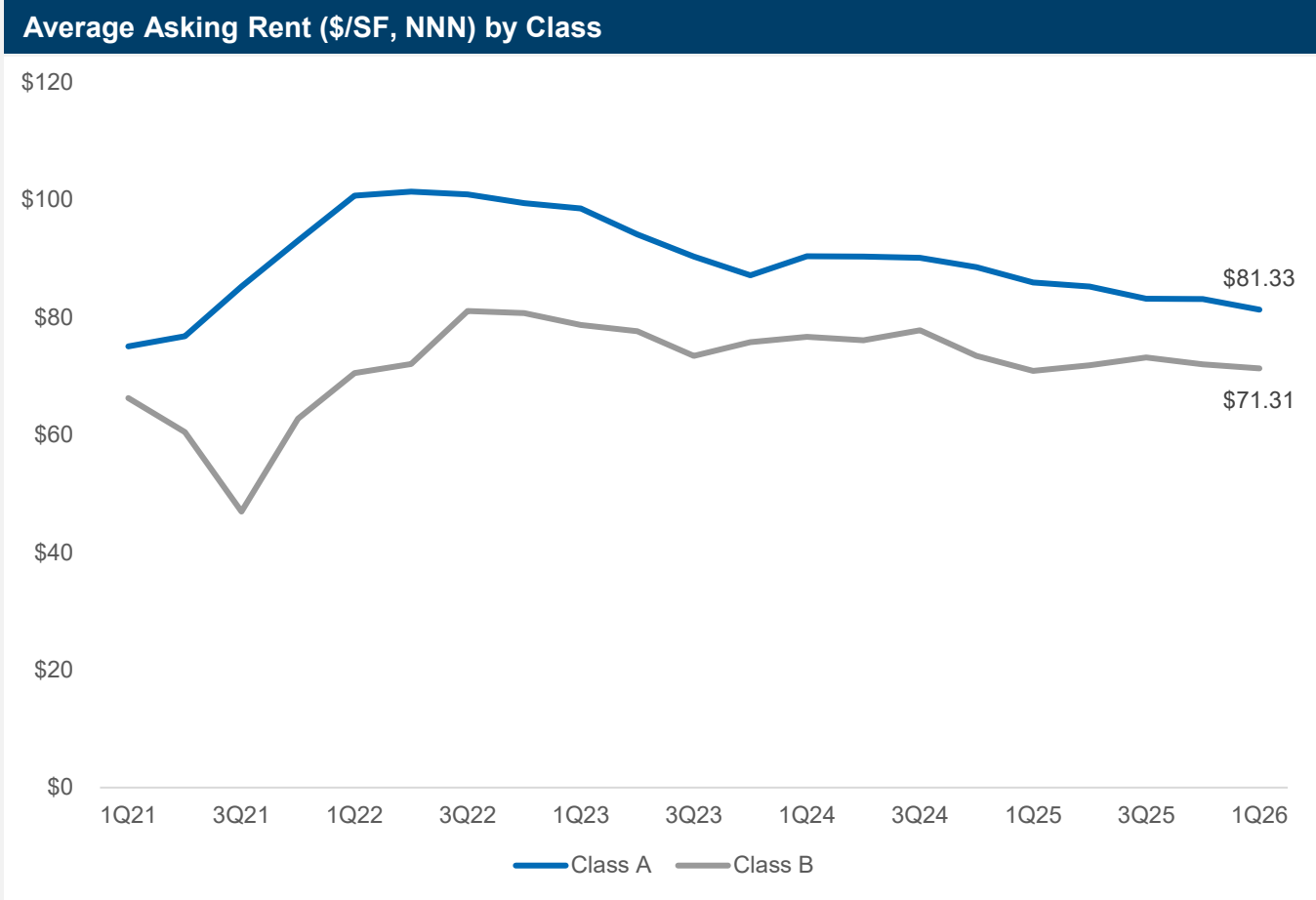
The composition of today's available laboratory space varies across submarkets. Cambridge, with about 1.2 million SF of laboratory space available, has comparatively less core and shell space. This is due to comparatively lower construction levels. By contrast, most of the available space in the Boston submarkets is core and shell, reflecting a recent vintage of product. While core and shell space is theoretically more able to convert to other uses, users often are faced the cost of occupying new shell vs. subleasing their existing space.

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Source: Newmark Research
Note: Inner Suburbs contains Watertown, Allston, and Somerville while Outer Suburbs contains Waltham, Lexington, Woburn, Weston, Andover, Bedford, and Burlington.

Overall Laboratory Rents Correcting from Peak Pricing

Overall asking rents for laboratory space fell below \$80 per square foot for the first time since the third quarter of 2021, declining just under 2% quarter-over-quarter. The decrease was broad-based, with both Class A and Class B asking rents down from the end of 2025. Despite elevated vacancy levels, asking rents in recent quarters have remained relatively stable, defying the typical inverse relationship between vacancy and pricing. With leasing activity and tenant demand both strengthening, rent trends will be important to monitor in the quarters ahead.

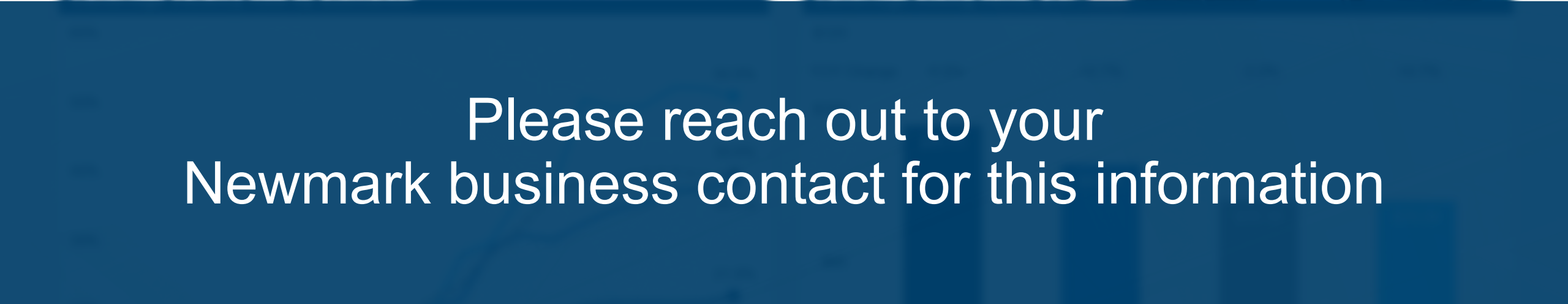


Despite Unwinding, Cambridge Remains Sought After Amongst Quality Tenants

While Cambridge continues to feel the effects of the cost-of-living crisis, several metrics highlight its relative strength compared to the broader market. Excluding Cambridge, the rest of the Metro region's vacancy rate of 18.2%, notably higher than Cambridge's 10.2% rate in the first quarter of 2023. While Cambridge is the only sub-market with vacancy levels below the Metro average, and even then, by just a slight margin. 2023 saw record investment in that sub-market, as Cambridge sub-market has exceeded the Metro's asking rents as demand for its high-quality lab space remains strong.

Cambridge vacancy rate by sub-market

Cambridge asking rents by sub-market



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Cambridge Price Premium Weakens to Begin 2026

Cambridge continues to command pricing premiums over the rest of the market, though the spread between the two is one of its lowest points since a similar reading in the fourth quarter of 2021. Selling costs in Cambridge remain 18.1% higher than the Metro average, down notably from the highs reached in the second quarter of 2022. However, given its relative concentration of top-tier companies and proximity to MIT and Harvard, Cambridge's pricing remains strong potential for growth investment over market conditions regions.

Historical Selling Costs

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Kendall Square (Maybe Unsurprisingly) Outperforms Cambridge and Broader Metro

Taking it a step further, Kendall Square outperforms the rest of Cambridge, Boston, and the suburbs. Historically a world-class life science hub, its performance has improved over the past several quarters, surpassing the broader Metro life science market. However, conditions remain relatively strong in Kendall Square, with significantly more research funds and awarded grants. Companies seeking top-of-the-line laboratory space will generally be more than ready and willing to continue searching in the Kendall Square area.

2024 Total Leasing Area

2024 Awarding Area

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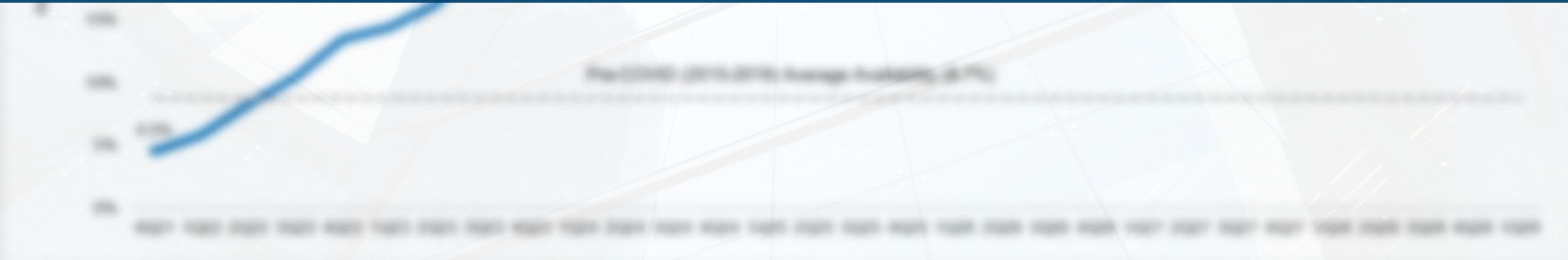


The (Slow) Return to Norm | A Forward Look on the Greater Boston Lab Market

Following a historic low of 0.0% at the end of 2021, lab availability in Greater Boston rose rapidly and now stands at more than four times the pre-COVID average, declining slightly from the end of 2022 to 30.0% as of the first quarter of 2023. This three-year trajectory highlights the challenges facing the market segment, forecasted as momentum begins to build. While it is possible to see a steady availability forecasted throughout 2023, early signs of a market rebound.

Greater Boston Lab Availability: From Historic Lows to a Slow Rebound

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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

Submarket Summary



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03

Submarket Overviews

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Cambridge Market Overview

Executive Summary

	Year-to-Date	This Month	Year-to-Date
Commercial	1.1%	1.1%	1.1%
Residential	1.1%	1.1%	1.1%



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Top Transactions

Year	Volume	Price
2018	1,200,000 sq. ft.	\$1.2M
2017	1,100,000 sq. ft.	\$1.1M
2016	1,000,000 sq. ft.	\$1.0M
2015	900,000 sq. ft.	\$0.9M
2014	800,000 sq. ft.	\$0.8M



Boston Market Overview



Market Segment	2018	2019	2020
Commercial	100	100	100
Industrial	100	100	100
Multi-Family	100	100	100
Office	100	100	100
Public Works	100	100	100
Residential	100	100	100
Retail	100	100	100
Specialty	100	100	100



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Top Transactions	Year	Value	Type
1000000	2018	1000000	Commercial
1000000	2019	1000000	Commercial
1000000	2020	1000000	Commercial



Suburban Market Overview

Market Name	Year 2019	Year 2020	Year 2021
Market A	100	100	100
Market B	100	100	100

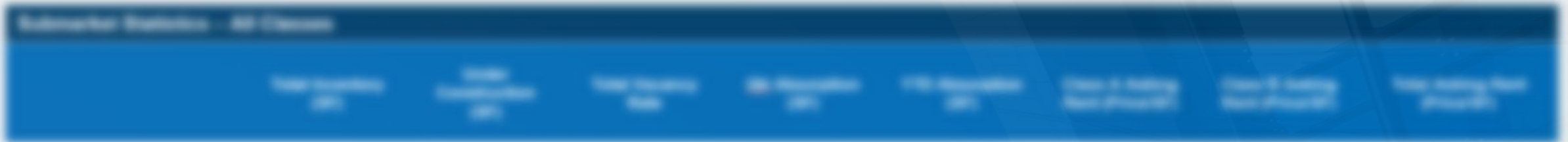


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Year	Value	Type
2021	\$1,200,000,000	Residential
2020	\$1,100,000,000	Residential
2019	\$1,000,000,000	Residential
2018	\$900,000,000	Residential
2017	\$800,000,000	Residential



Submarket Overview



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Market	2018 Total	2019 Total	% Change	2020 Total	2021 Total	2022 Total	2023 Total	2024 Total
Route 128 Total	1,100,000	1,100,000	0%	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Route 128 - Class 1	1,000,000	1,000,000	0%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Route 128 - Class 2	100,000	100,000	0%	100,000	100,000	100,000	100,000	100,000
Route 128 - Class 3	0	0	0%	0	0	0	0	0
Route 128 - Class 4	0	0	0%	0	0	0	0	0
Route 128 - Class 5	0	0	0%	0	0	0	0	0
Route 128 - Class 6	0	0	0%	0	0	0	0	0
Route 128 - Class 7	0	0	0%	0	0	0	0	0
Total	1,100,000	1,100,000	0%	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000

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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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