

2Q25

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# Boston Life Science Market Overview



# Market Observations

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## What We Know

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

Fundamentals across the 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.

The lack of access to capital and limited exits as well as ongoing economic uncertainty are driving tenant cautiousness, limiting overall leasing activity.

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

Key sector drivers such as venture capital funding and IPO activity retrenched further during the second quarter of 2025

109 Brookline St. (300,000 SF) in the Fenway and 305 Western Ave. (254,000 SF) in Allston both delivered this quarter, adding more than 500,000 SF of new inventory to the market.

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

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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.



# Market Overview

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## GREATER BOSTON LIFE SCIENCE MARKET

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Persistent sector headwinds continue to weigh on fundamentals in Greater Boston's laboratory market. New deliveries, though modest, coupled with diminished demand led vacancies led to increase by another 90 basis points during the second quarter of 2025. 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. While more leases have been executed in recent months, most tenants are reducing their real estate footprints or relocating within the region. 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 only two projects coming on line during the second quarter of 2025. With only 2.5 million SF of purpose-built product still under construction, supply-side fundamentals should be more favorable. Remaining projects are concentrated in East Cambridge as well as Boston's Seaport and Fenway/LMA submarkets, with the Takeda-anchored 585 Third Ave. (650,000 SF) and the AstraZeneca-anchored 290 Binney St. (570,000 SF), both in East Cambridge, set to deliver in the next 12 months. Developers will be hesitant to move forward with any new groundbreakings without a sizeable anchor tenant.

Underlying laboratory demand remains muted. Year-to-date more than one million SF of space has been leased throughout Greater Boston. However, most transactions were below 100,000 SF, and many represent a downsizing.

Renewals and extensions are commonplace as well. Tenant demand appears to have stabilized but remains well below historic norms. 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 second quarter of 2025, reaching \$83.80/SF NNN. Compared to the height of the market in 2022, lease rates have declined by 15.1%. The Cambridge markets posted above average rents losses during the same period, down more than 18.0% from the peak to the second quarter of 2025. New construction has likely kept asking rents elevated in the Urban Edge submarket where average asking rents have only declined by 11.2% since the peak. Landlords will likely continue to face pressure on rents as the supply-demand imbalance is expected to weigh on fundamentals performance in the near 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 half 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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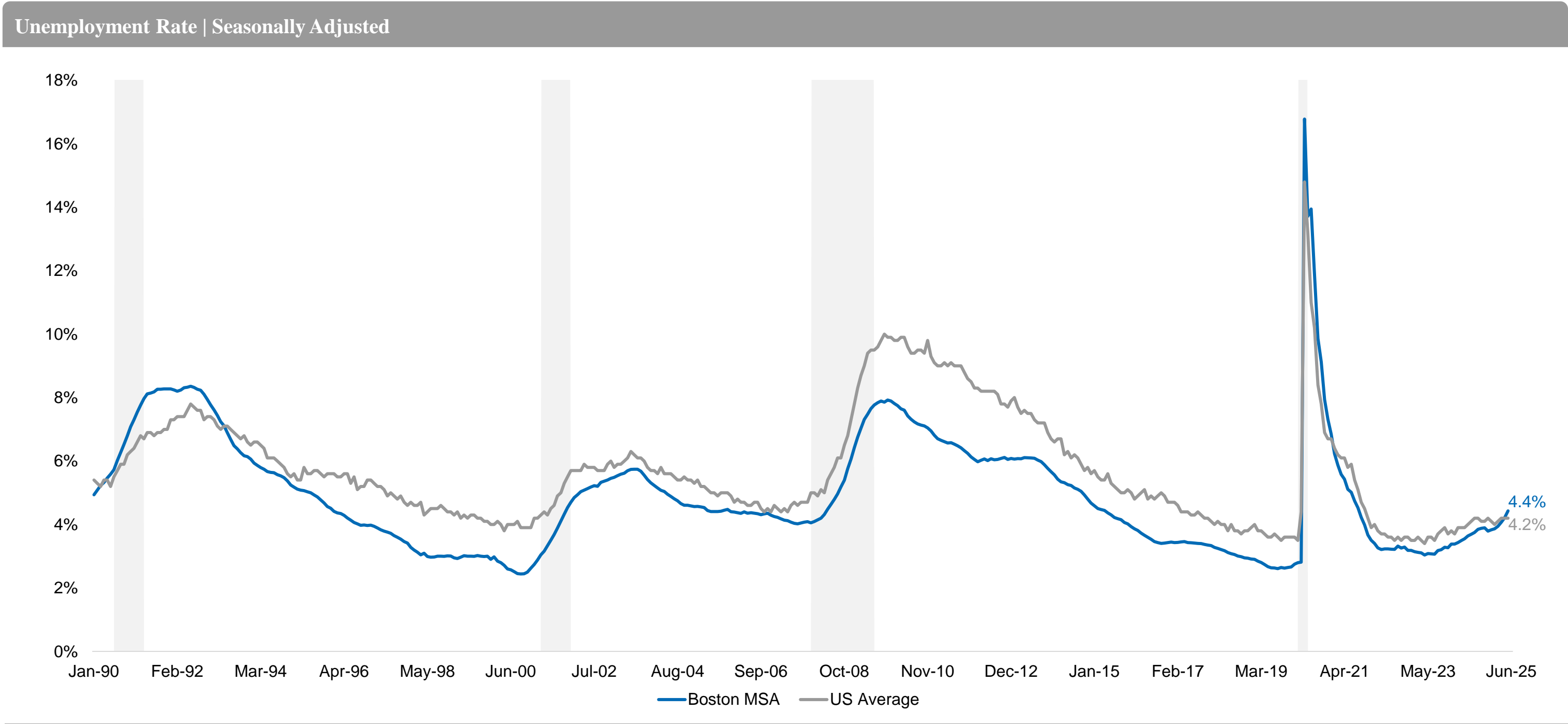
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# Economy



# Unemployment Is Rising, But Labor Markets Are Relatively Tight

Since mid-2023, Greater Boston’s unemployment rate has increased by roughly 140 basis points, reaching 4.4% in May 2025. This marks the first time the metro area has exceeded the national average since December 2020. Softness in key sectors—particularly technology and biotechnology—appears to be a primary driver of the region’s recent labor market challenges.

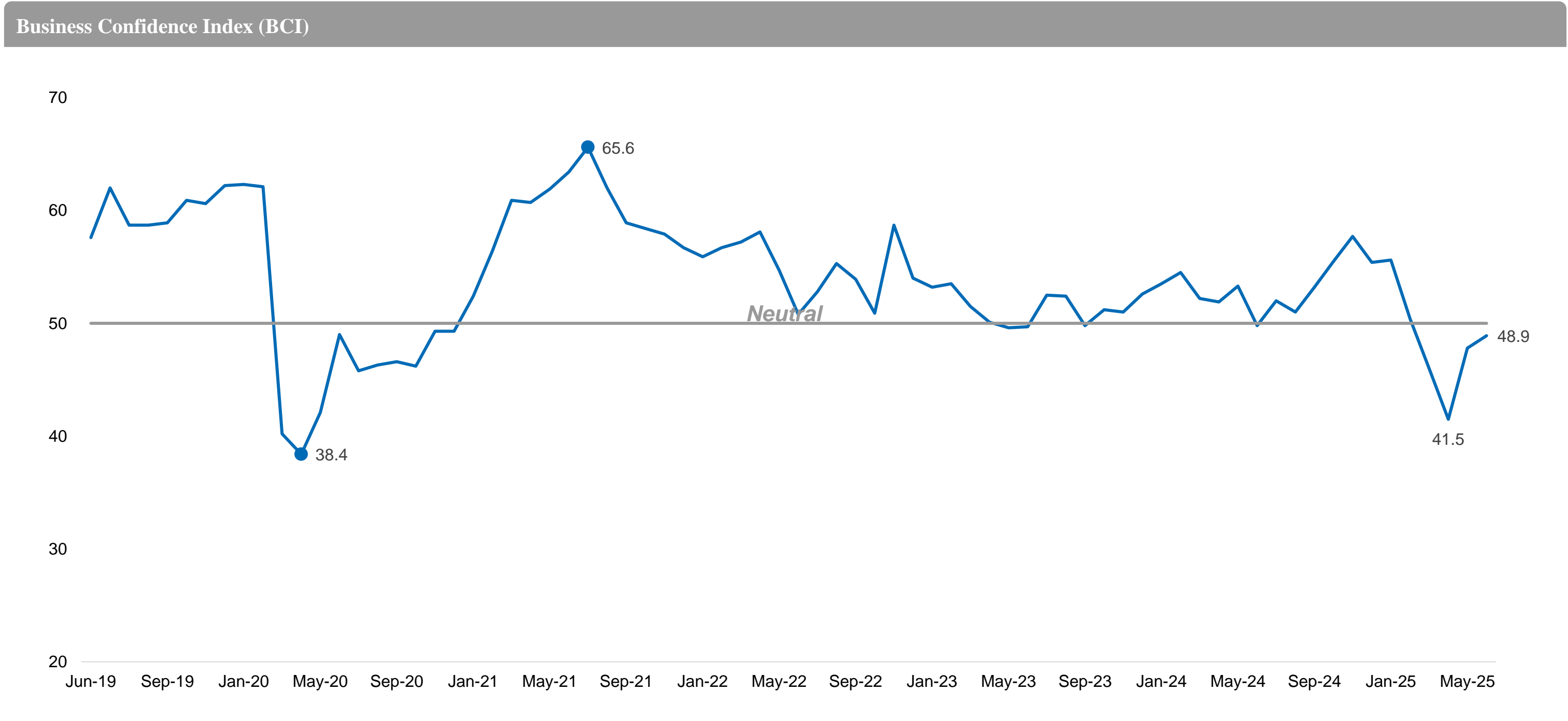


Source: Moody's Analytics, BLS, Newmark Research May 2025



# Local Employer Sentiment Rebounds after Sharp Fall Off

The Business Confidence Index has rebounded in the months following the lowest reading since April of 2020, the initial onset of the pandemic and accompanying policies. While still below a neutral level of 50, we can see the sharp rebound, as businesses may now have a better idea of the potential impact of tariffs and other policies of the new Presidential Administration.

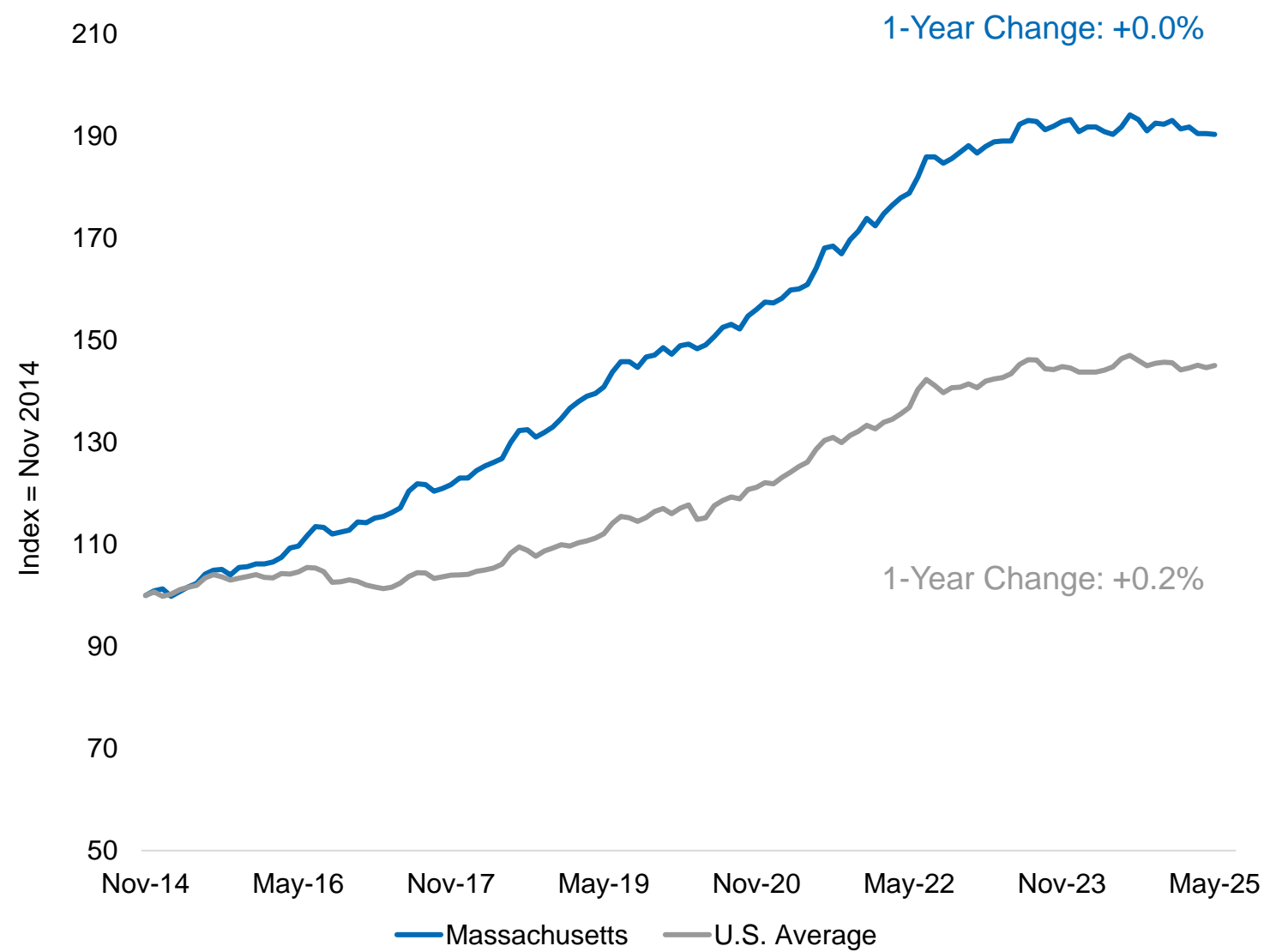


Source: AIM Board of Economic Advisors as of 4.1.25

# 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



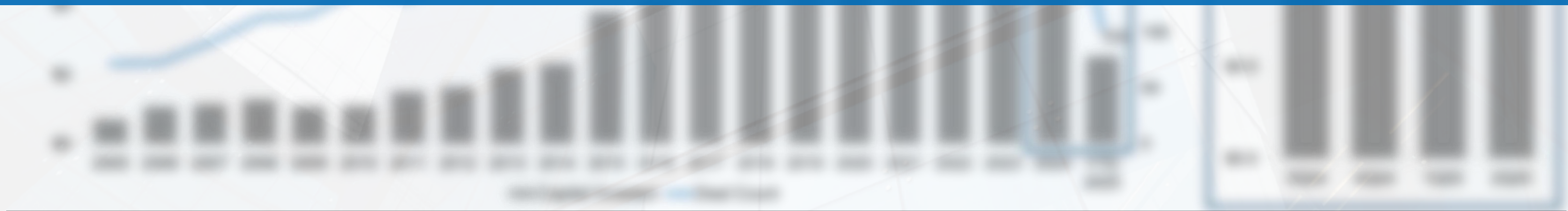
# Life Science Funding Retreats Further

The current market environment is challenging for life science companies, with funding rounds taking longer to complete and valuations being more conservative than in previous years. This is particularly true for early-stage companies, who are often facing a more difficult time raising capital. As a result, many companies are looking for alternative funding sources, such as government grants and venture capital, to help them get through this difficult time.

One of the most common ways for life science companies to raise capital is through venture capital. However, the current market environment has made it more difficult for these companies to find investors. As a result, many companies are looking for alternative funding sources, such as government grants and venture capital, to help them get through this difficult time.



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# Biotech's IPO Slump Has Carried into the Midyear

The biotech industry's IPO market has been in a slump since the end of 2018, with only a few companies raising significant capital through public offerings. This trend is expected to continue into the midyear, as investors remain cautious about the sector's prospects.



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# Challenges Face Public Funding Landscape in Massachusetts

Massachusetts is currently facing funding challenges that are resulting in increased costs for the health of the life sciences sector across the U.S. Locally, Massachusetts receives billions of dollars each year in grants from the National Institutes of Health (NIH) in addition to funding from agencies such as the CDC.



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NIH funding is critical to the life sciences sector and is a key driver of economic growth. However, the current funding landscape is challenging, with many agencies facing budget cuts and increased competition for funds.



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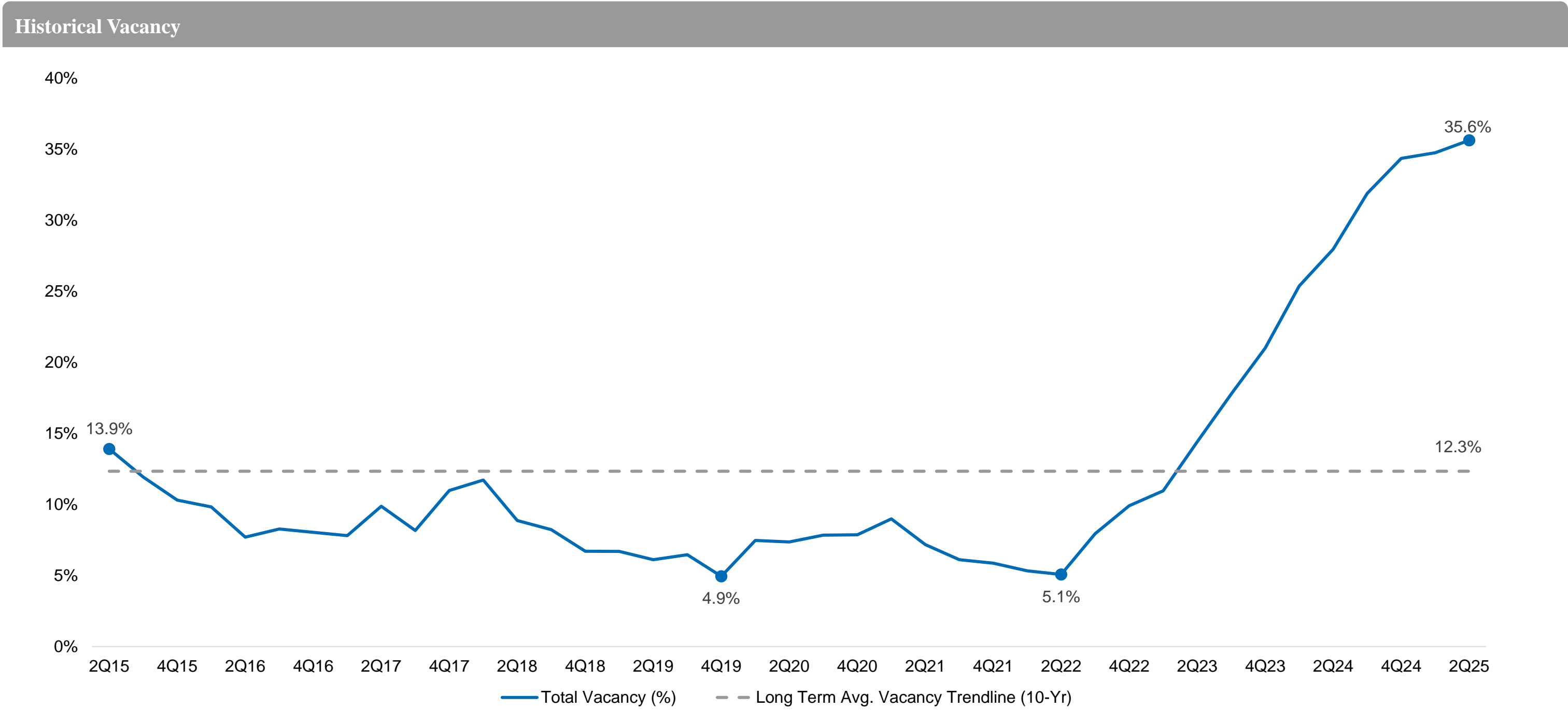
# Leasing Market Fundamentals





# Laboratory Fundamentals Continue to Search For A Bottom

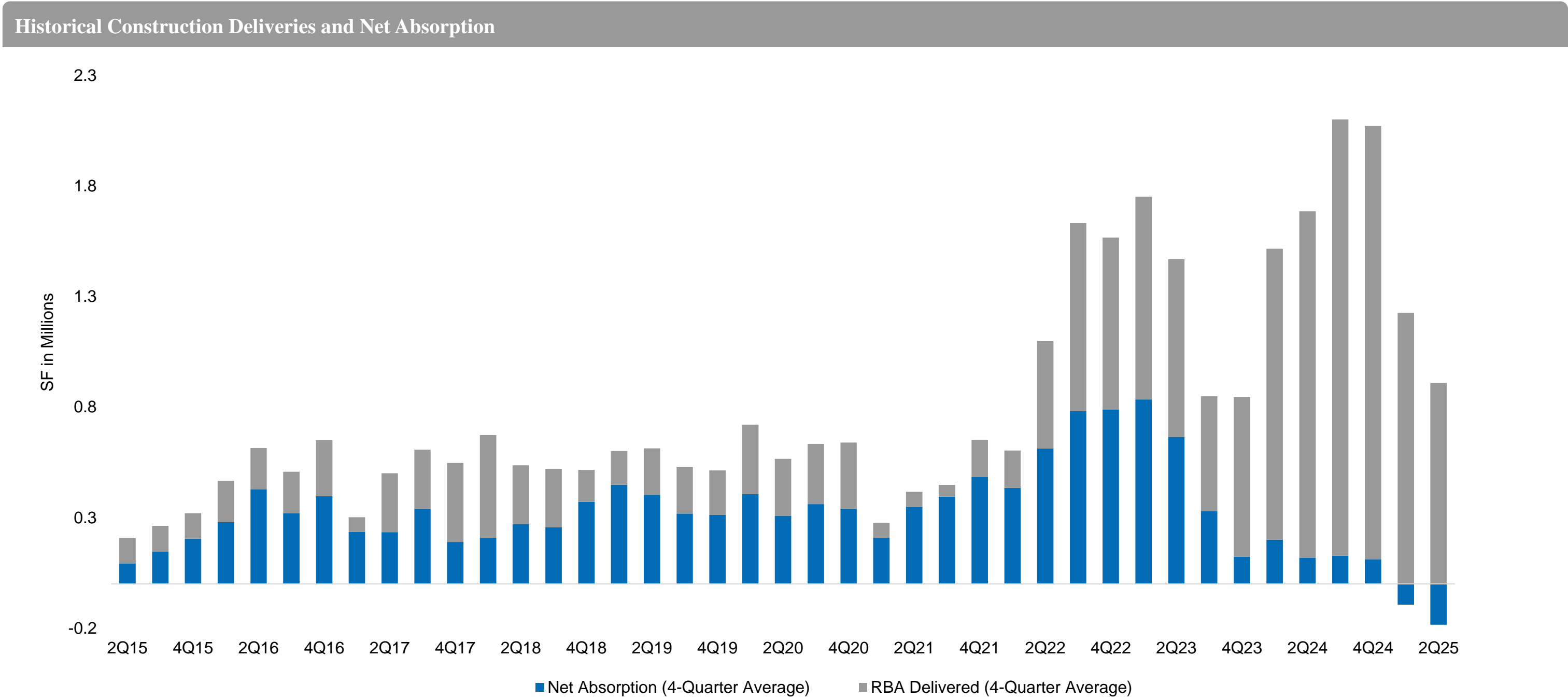
The life science market continues to struggle, posting a twelfth consecutive quarter of rising vacancy, bringing the overall rate to a historic high of 35.6%, representing a more 30-percentage point increase over that period and a 90-basis point increase from last quarter. Owner-user sales and the repositioning of select assets earmarked for laboratory space is mitigating the impact of new supply deliveries and continued negative net absorption.



Source: Newmark Research

# Supply-Demand Imbalance Persists

On a 4-quarter-moving-basis, net absorption across the region is at a 10-year low. Although the pipeline of lab buildings is dwindling, RBA Delivered on a 4-quarter-moving-basis is still elevated above historic levels, save for 2023 through 2024, which saw unprecedented levels of lab buildings deliver and is the basis for the oversupply observed currently in the market.



Source: Newmark Research

# Occupancy Losses Are Still Prevalent in Greater Boston

The Greater Boston area has seen a significant increase in occupancy losses, with a particularly sharp rise in the last quarter. This trend is largely attributed to the ongoing economic challenges and the impact of the pandemic. The data shows that while some sectors have managed to maintain occupancy, others have experienced substantial declines, leading to a net increase in losses across the region.



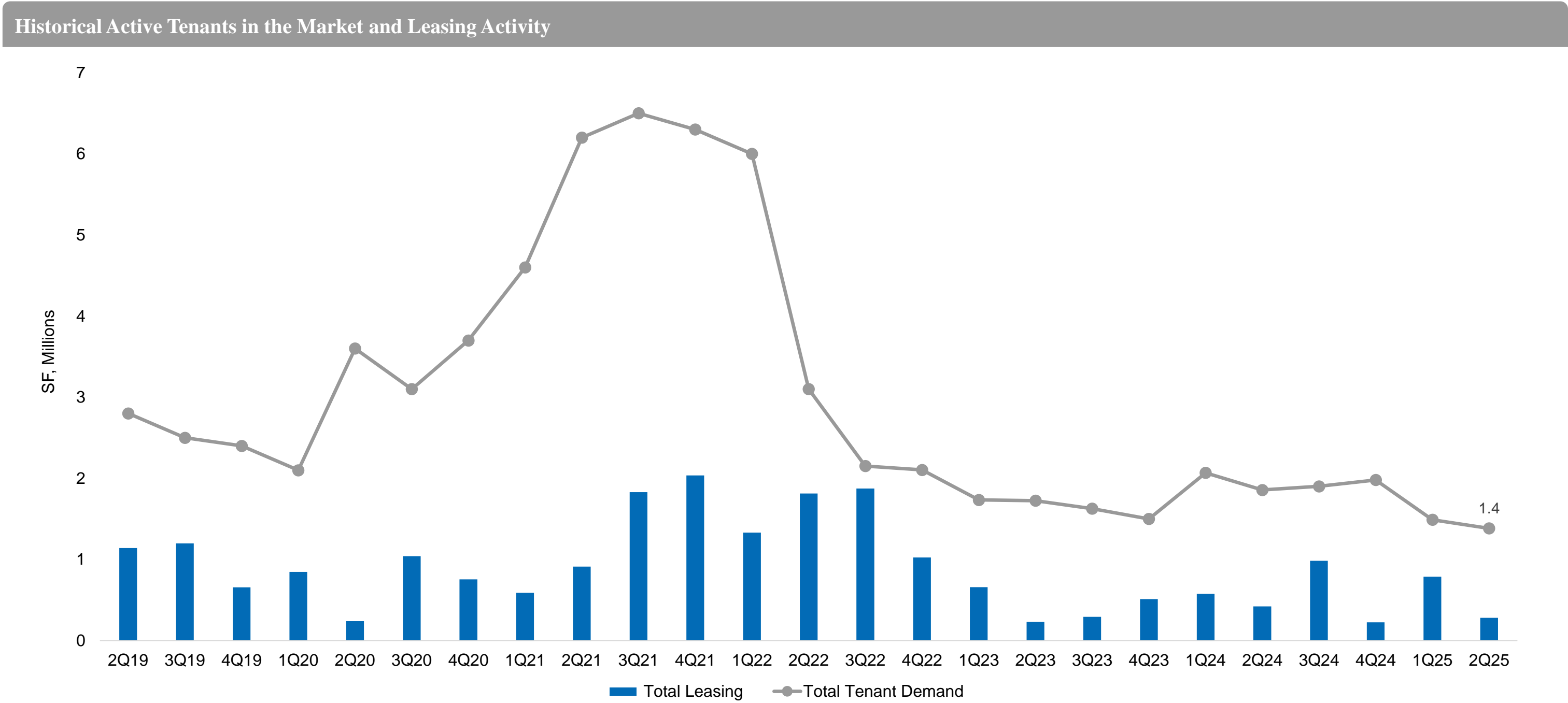
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# Underlying Laboratory Demand Remains Muted

Leasing demand searches for a new steady state, as Biogen’s 585,000 SF commitment last quarter reduced tenant demand by roughly one-third. Additionally, as that lease buoyed the first quarter velocity, that metric fell considerably quarter-over-quarter, and is in line with the levels seen in the fourth quarter of 2024. While direct deals represented the lion’s share of lease transactions during the first half of 2025, most users are relocating within region. Foghorn Therapeutics’ recent lease in Watertown is indicative of this trend.



Source: Newmark Research

# Tenants Continue to Exercise Caution When Leasing Space

Outside of Biogen’s large commitment in early 2025 leasing totals have been consistent over the past three quarters, with volumes averaging roughly 235,000 SF per quarter. While big pharma could drive more leasing activity going forward, expectations are for further downsizing and consolidating among early and mid-stage life science companies.

## Notable 2Q25 Lease Transactions

Tenant	Address	Submarket	Lease Type	Square Feet
Foghorn Therapeutics	99 Coolidge Ave., Watertown	Urban Edge	Direct Lease	72,846
City Therapeutics	399 Binney St., Cambridge	East Cambridge	Lease Expansion	45,939
General Biologics	285 Bear Hill Rd., Waltham	West – Route 128	Direct Lease	26,287
Mariana Oncology	500 Forge St., Watertown	Urban Edge	Direct Lease	25,000
X-Chem	100 Beaver St., Waltham	West – Route 128	Lease Extension	22,713
Terrain Bio	640 Memorial Dr., Cambridge	Mid Cambridge	Direct Lease	13,227

Source: Newmark Research

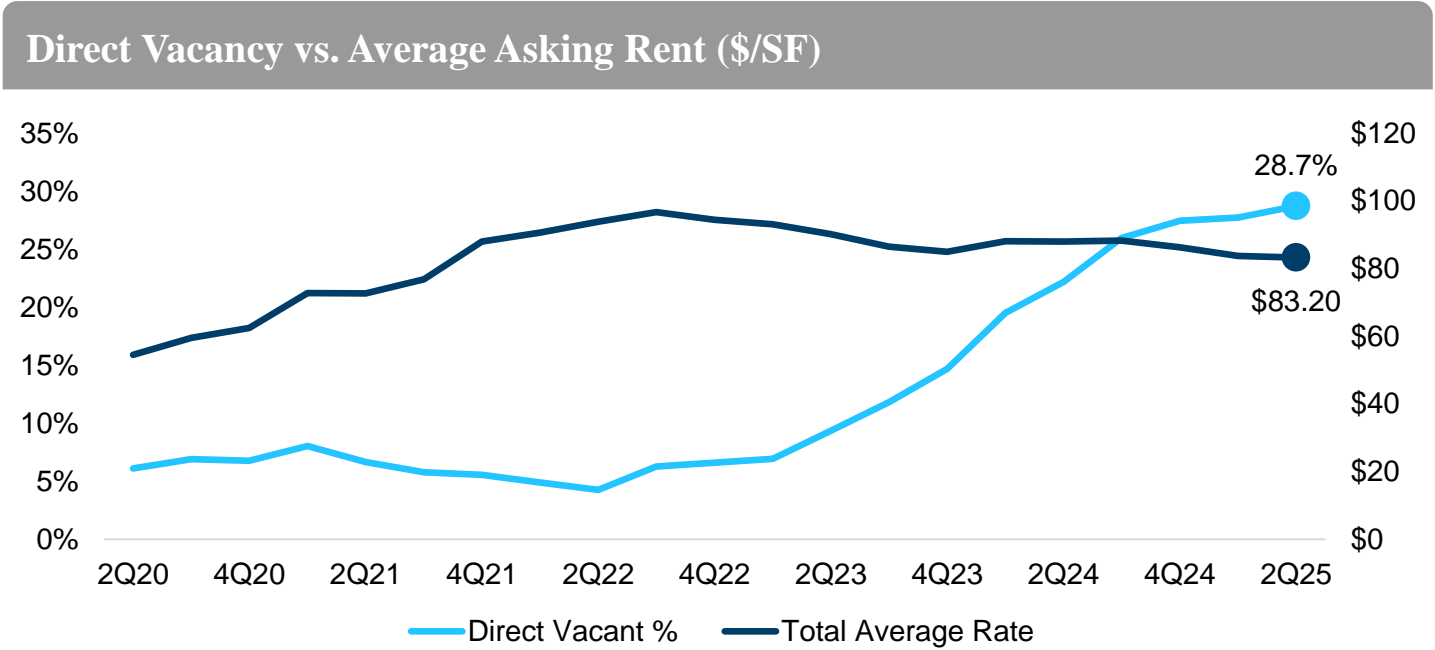
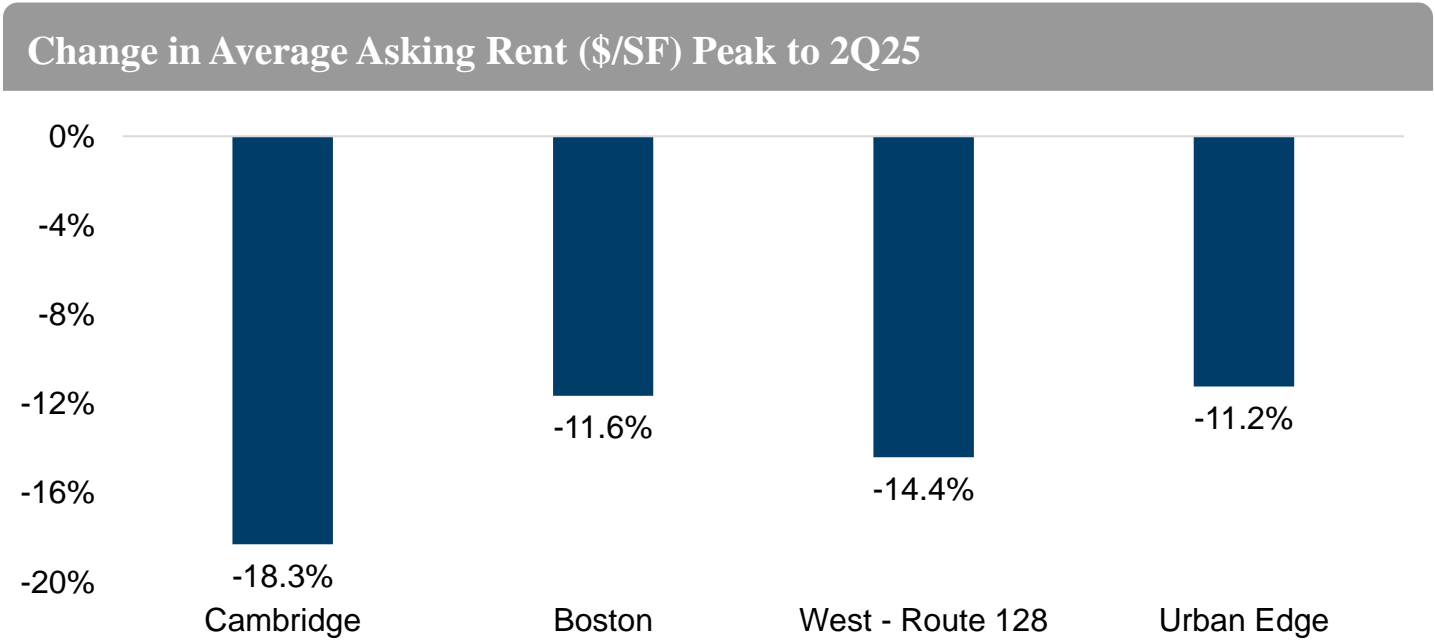
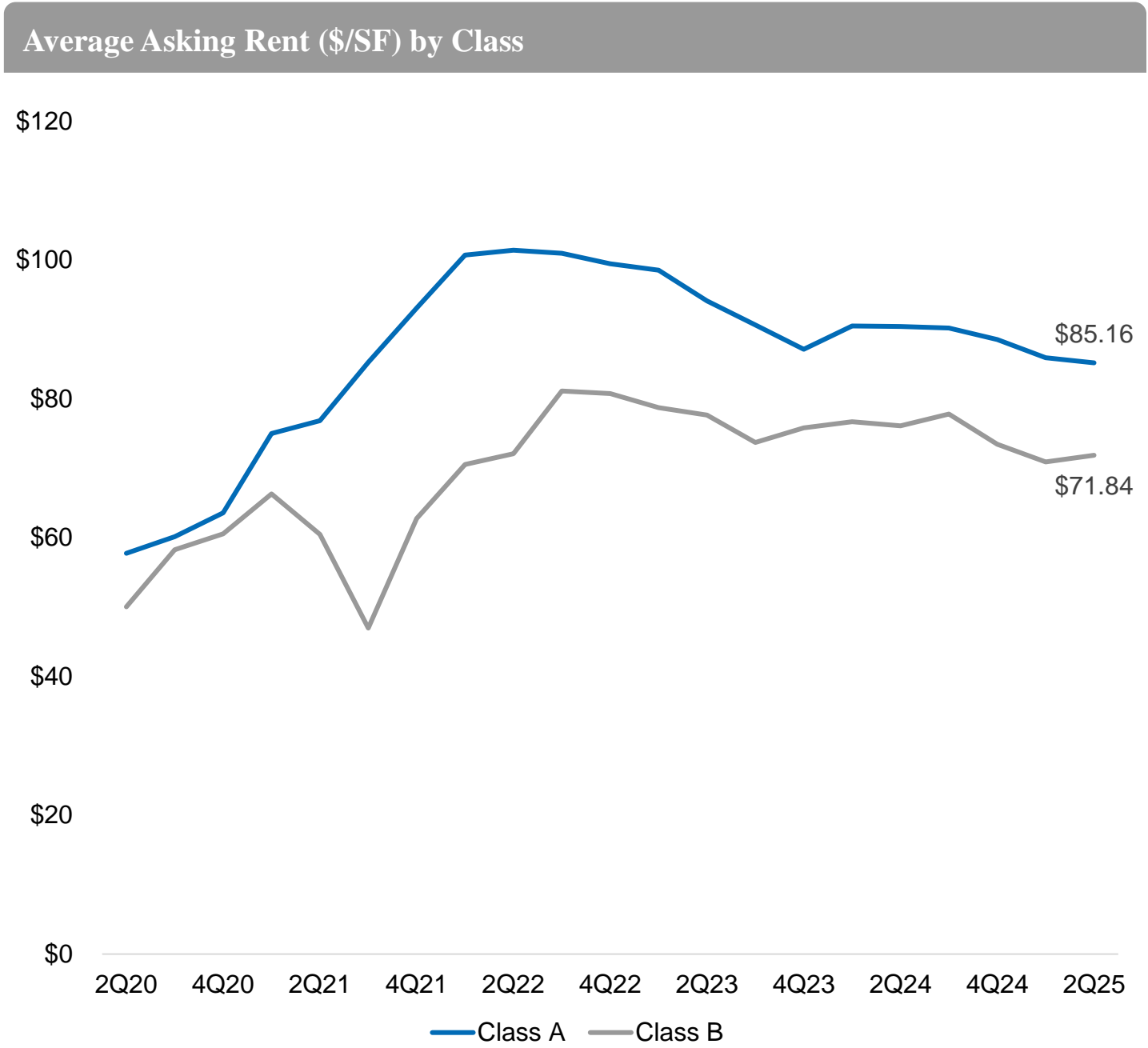
# Unprecedented Development Cycle Drove Life Science Oversupply

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# Overall Laboratory Rents Continue to Slide

Overall asking rents for laboratory space continue to slide across the region, dropping modestly from last quarter to \$83.20/SF. While all major submarkets have asking rents over 10% lower than peak lease rates, the Urban Edge and Boston lab submarkets reported a modest pricing increase this quarter while West – Route 128 and Cambridge experienced continued declines in pricing.



Source: Newmark Research

## Submarket Summary

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# Despite Unwinding, Cambridge Still Commands a Premium in Greater Boston

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# Cambridge Continues to Command a Price Premium, Although Declining

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

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# Submarket Overviews

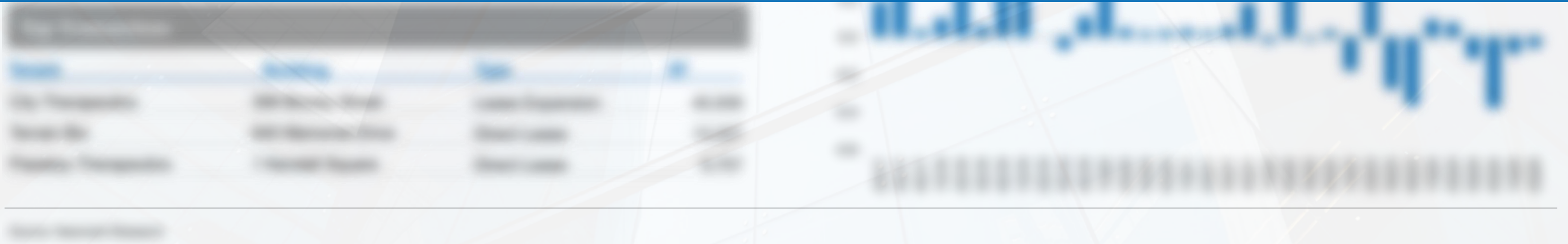




# Cambridge Market Overview



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# Boston Market Overview



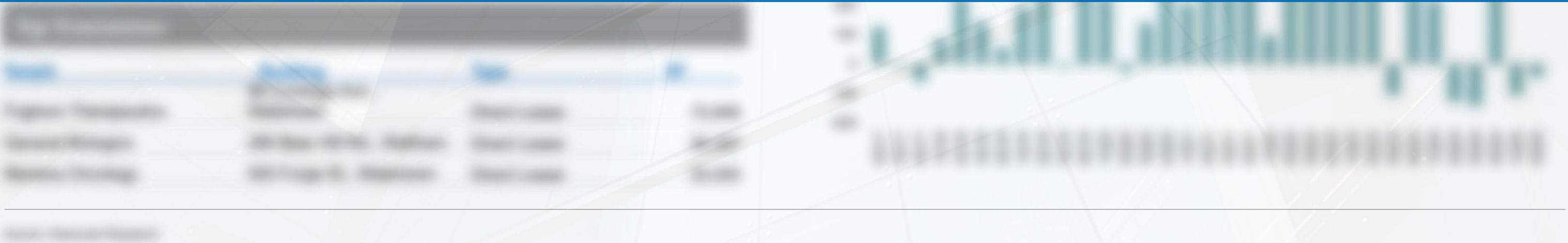
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# Suburban Market Overview



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Year	2010	2011	2012	2013	2014	2015	2016	2017
2010-2011	100	100	100	100	100	100	100	100
2011-2012	100	100	100	100	100	100	100	100
2012-2013	100	100	100	100	100	100	100	100
2013-2014	100	100	100	100	100	100	100	100
2014-2015	100	100	100	100	100	100	100	100
2015-2016	100	100	100	100	100	100	100	100
2016-2017	100	100	100	100	100	100	100	100
2017-2018	100	100	100	100	100	100	100	100
2018-2019	100	100	100	100	100	100	100	100
2019-2020	100	100	100	100	100	100	100	100
2020-2021	100	100	100	100	100	100	100	100
2021-2022	100	100	100	100	100	100	100	100
2022-2023	100	100	100	100	100	100	100	100
2023-2024	100	100	100	100	100	100	100	100
2024-2025	100	100	100	100	100	100	100	100
2025-2026	100	100	100	100	100	100	100	100
2026-2027	100	100	100	100	100	100	100	100
2027-2028	100	100	100	100	100	100	100	100
2028-2029	100	100	100	100	100	100	100	100
2029-2030	100	100	100	100	100	100	100	100
2030-2031	100	100	100	100	100	100	100	100
2031-2032	100	100	100	100	100	100	100	100
2032-2033	100	100	100	100	100	100	100	100
2033-2034	100	100	100	100	100	100	100	100
2034-2035	100	100	100	100	100	100	100	100
2035-2036	100	100	100	100	100	100	100	100
2036-2037	100	100	100	100	100	100	100	100
2037-2038	100	100	100	100	100	100	100	100
2038-2039	100	100	100	100	100	100	100	100
2039-2040	100	100	100	100	100	100	100	100
2040-2041	100	100	100	100	100	100	100	100
2041-2042	100	100	100	100	100	100	100	100
2042-2043	100	100	100	100	100	100	100	100
2043-2044	100	100	100	100	100	100	100	100
2044-2045	100	100	100	100	100	100	100	100
2045-2046	100	100	100	100	100	100	100	100
2046-2047	100	100	100	100	100	100	100	100
2047-2048	100	100	100	100	100	100	100	100
2048-2049	100	100	100	100	100	100	100	100
2049-2050	100	100	100	100	100	100	100	100
2050-2051	100	100	100	100	100	100	100	100
2051-2052	100	100	100	100	100	100	100	100
2052-2053	100	100						



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