

3Q25

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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 through the second half of 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 noticeable decline in asking rents.

While leasing activity doubled quarter-over-quarter, the lack of access to capital and limited exits as well as ongoing economic uncertainty are driving tenant cautiousness, limiting overall demand.

Select subleases are beginning to expire and revert to the landlords, putting upward pressure on direct availabilities, which have increased by more than 10% since the beginning of the year.

IPO activity remained very limited; however, venture capital funding saw a much welcome uptick on the quarter.

The development pipeline continues to wind down, with the delivery of two fully-available office-to-lab conversions representing the only new product to come online during the third quarter of 2025.

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

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

Sector-wide challenges continue to drag on the fundamentals of the Greater Boston laboratory market. By almost all metrics, there have been clear headwinds for the past several quarters, highlighting the outsized effect that muted demand and oversupply have caused in the market. Tracked laboratory demand significantly lags its historic peak and continues to post below pre-pandemic figures. Additionally, the inventory of laboratory space has doubled in five years, with 24.4 MSF of the 48.7 MSF we track having been built during this period. Included in this total are the newly renovated 55 Summer St. (149,800 SF) in Boston and 1 Riverside Rd. (121,085 SF) in Weston, both delivering in the third quarter with no preleasing. Remaining under construction product is mostly limited to projects with major tenant commitments, such as 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. Biogen-anchored 75 Broadway (570,000 SF), also in East Cambridge, notably broke ground this quarter. Sustained elevated demand would go a long way into reversing the trend of fundamentals, but recent, long-term commitments by the aforementioned companies suggest the Boston metro is still a prominent and relevant life science market.

Venture capital funded companies being more cautious in leasing space as well as concerns about tariffs policies and potential funding cuts to agencies such as the National Institutes of Health (NIH) and ARPA-H are having an outsized effect on demand. As the risk of recession rises, macroeconomic uncertainty will most likely continue to impact the life science sector in the short term. However, this quarter saw an almost doubling of VC funding from second quarter of 2025. On the other hand, only one local life science company has gone public, compared to seven last year, in 2025. These mixed signals are indicative of the overall life science market in the Boston metro.

Matching sentiment in life science funding, there are some mixed signals emerging in the leasing market. The third quarter of 2025 saw leasing totals more than double quarter-over-quarter, including Lila Sciences' over 200,000-SF lease at 5 Alewife Park in the West Cambridge submarket. However, without a corresponding increase in demand from other companies, active tenant requirements declined for a third straight quarter. Takeda, AstraZeneca, and Biogen-anchored buildings under construction, highlighting the relative strength of the Boston metro, and in particular East Cambridge and Kendall Square, as world-class companies are still committing to the area, however, they will be vacating their current space to do so, muting the overall effect.

Asking rents continue to decline and are likely to fall further, as many landlords have favored concessions—such as higher tenant improvement (TI) allowances, free rent, and phased rent schedules—over cutting face rates. However, with continued muted demand, landlords have started to move asking rents lower in attempt to attract tenants.

The laboratory market will continue to work through a supply-demand imbalance. 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 through the first three quarters 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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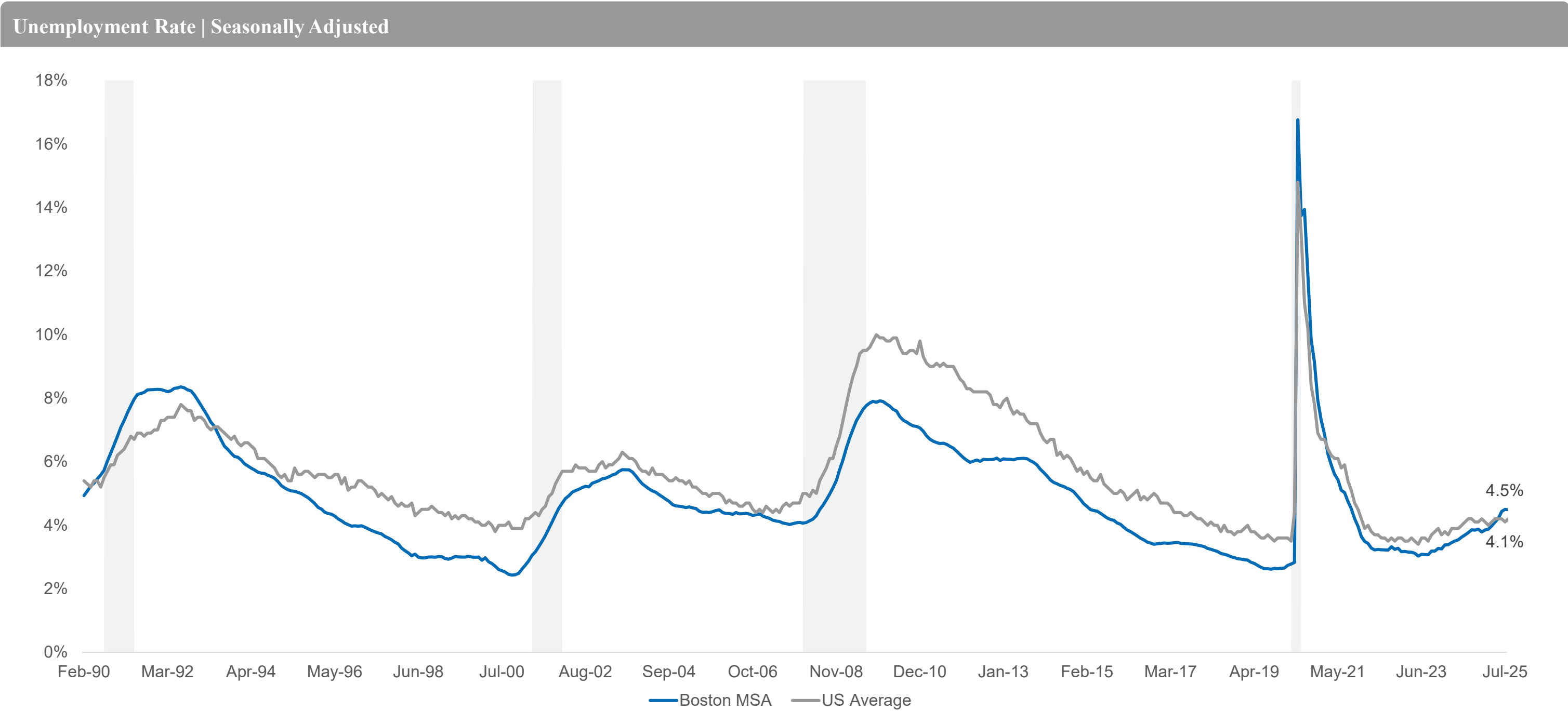
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Economy



Sector Slowdown Pushes Boston Unemployment Higher in 2025

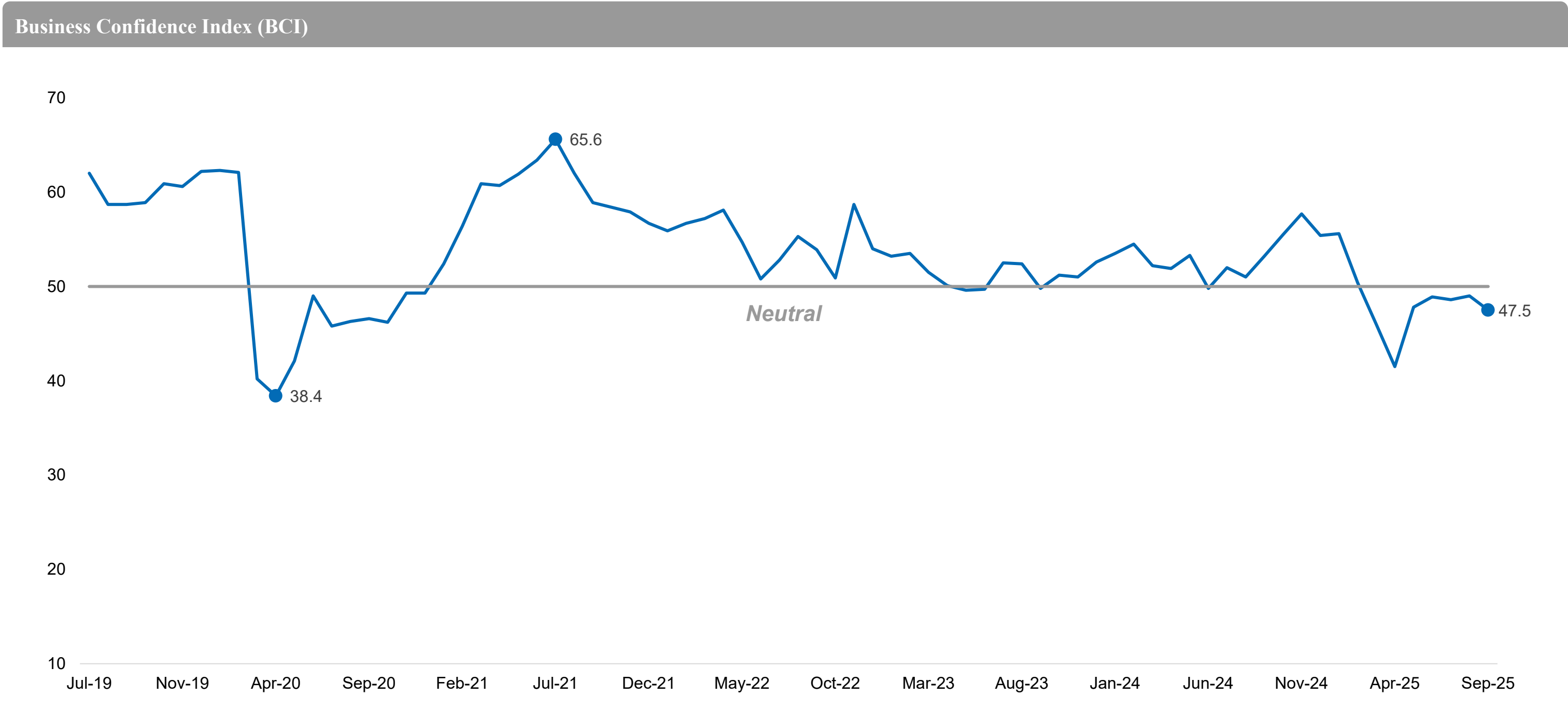
Since mid-2023, Greater Boston’s unemployment rate has climbed by approximately 140 basis points, reaching 4.5% as of July 2025. This marks the second consecutive quarter in which the metro has exceeded the national average, a threshold not crossed since December 2020. Weakness in key office-using sectors, particularly technology and biotechnology, appears to be a central factor behind the region’s recent labor market strain.



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

Local Employer Sentiment Remains Pessimistic

After rebounding earlier in the year, the AIM Business Confidence Index faltered again in September, which represents the seventh consecutive month the barometer has been in negative territory. Business leaders are still concerned about tariffs, persistent inflation, and federal budget deficits despite signs of continued economic growth. Uncertainty is ultimately perceived as an impediment to growth among businesses.

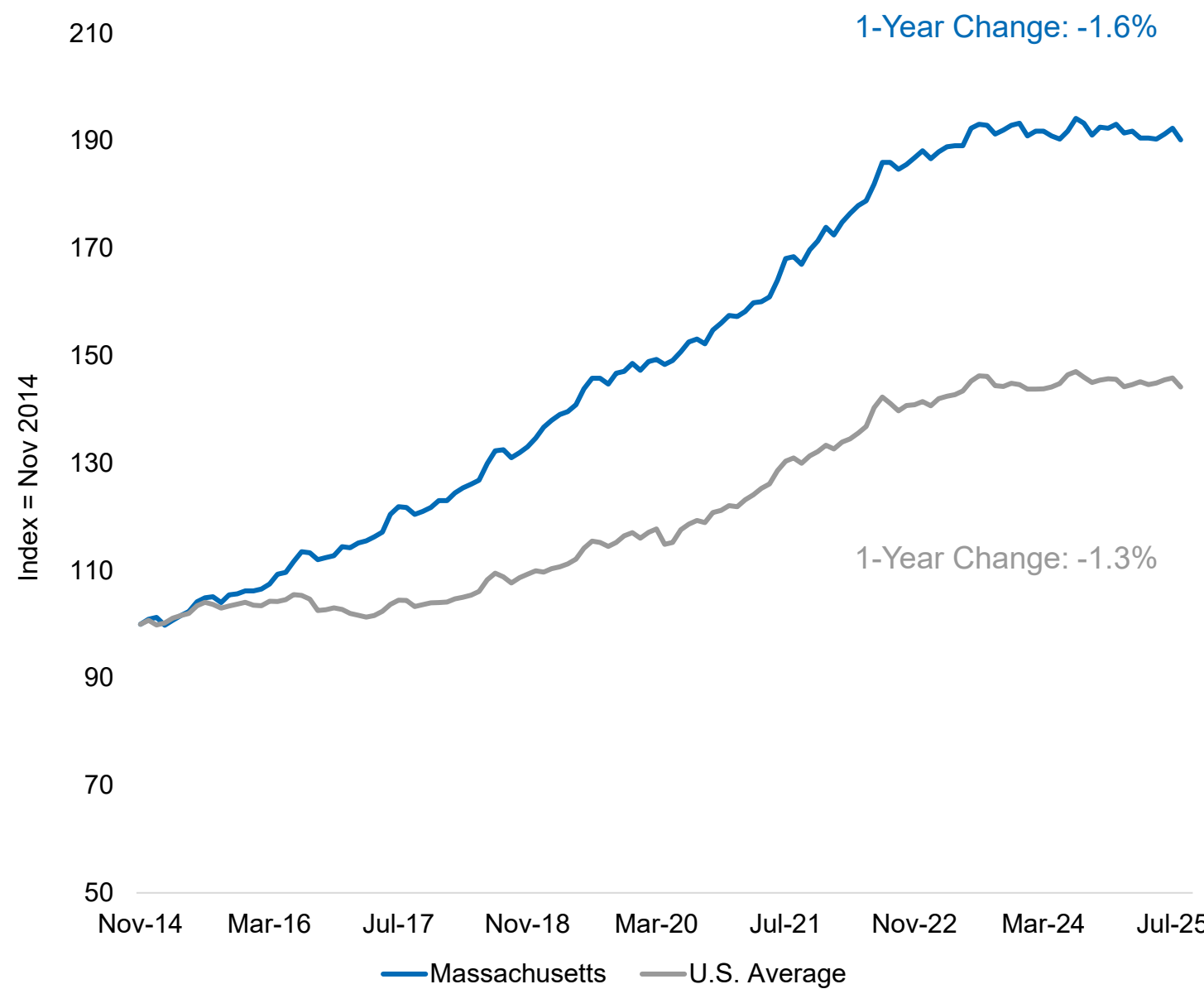


Source: AIM Board of Economic Advisors as of 9.1.25

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 Posts Strong Third-Quarter

Summary of the report covering the third quarter 2017. Funding in the life science sector has been strong, with a particular focus on early stage funding. The report highlights the growth in venture capital funding, which has increased by 15% compared to the same period last year. This growth is attributed to a number of factors, including the increasing number of startups in the sector and the growing interest in life science as a viable investment opportunity. The report also notes that the funding has been spread across a range of sub-sectors, with a particular focus on biotechnology and pharmaceuticals. Overall, the report suggests that the life science sector is well-positioned for continued growth in the coming years.



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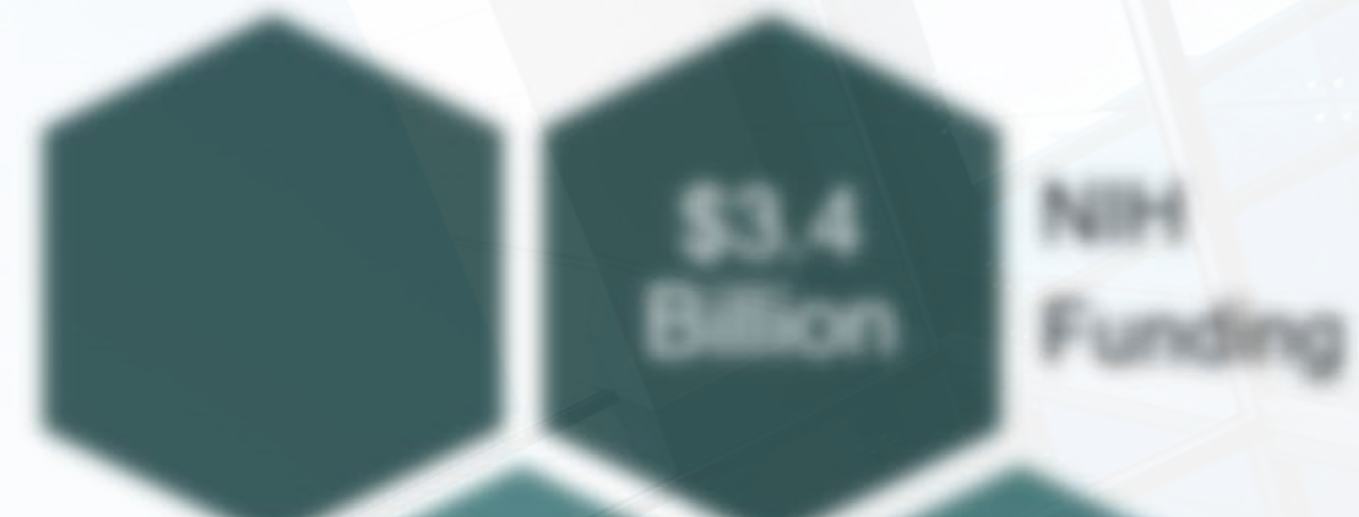
Biotech's IPO Slump Continues Through the Third Quarter

The number of biotech IPOs in the third quarter of 2019 was 12, down from 15 in the second quarter of 2019. Through the third quarter of 2019, 105 biotech IPOs have been completed, down from 115 in the third quarter of 2018. The number of biotech IPOs in the third quarter of 2019 was 12, down from 15 in the second quarter of 2019. Through the third quarter of 2019, 105 biotech IPOs have been completed, down from 115 in the third quarter of 2018.

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Challenges Face Public Funding Landscape in Massachusetts

Uncertainties 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 grants from the National Institutes of Health (NIH) in addition to funding from agencies such as MITRE.



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Federal funding levels have yet to be determined within fiscal year 2024 and could impact funding. However, this report is the baseline for the year 2023.



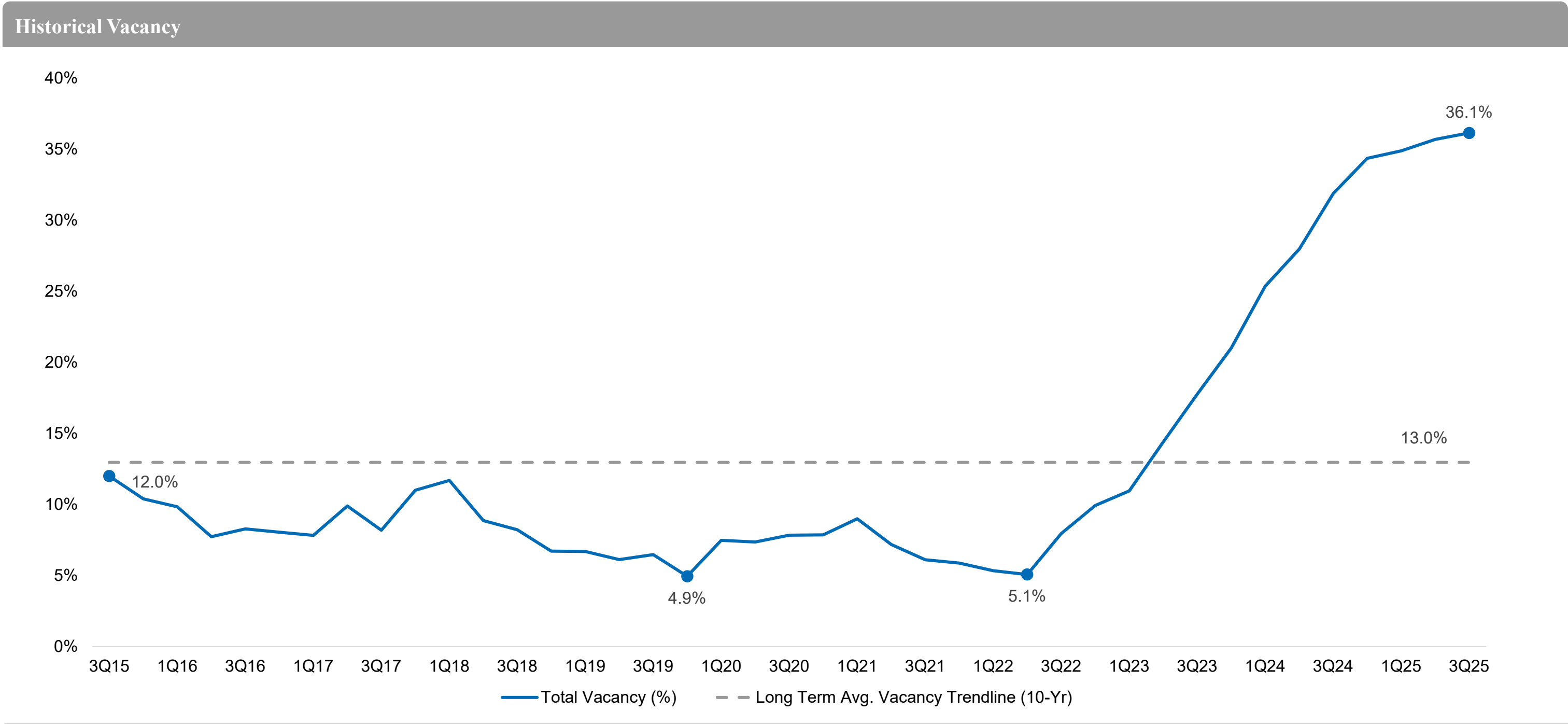
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Leasing Market Fundamentals



Laboratory Fundamentals Slowly Leveling Off

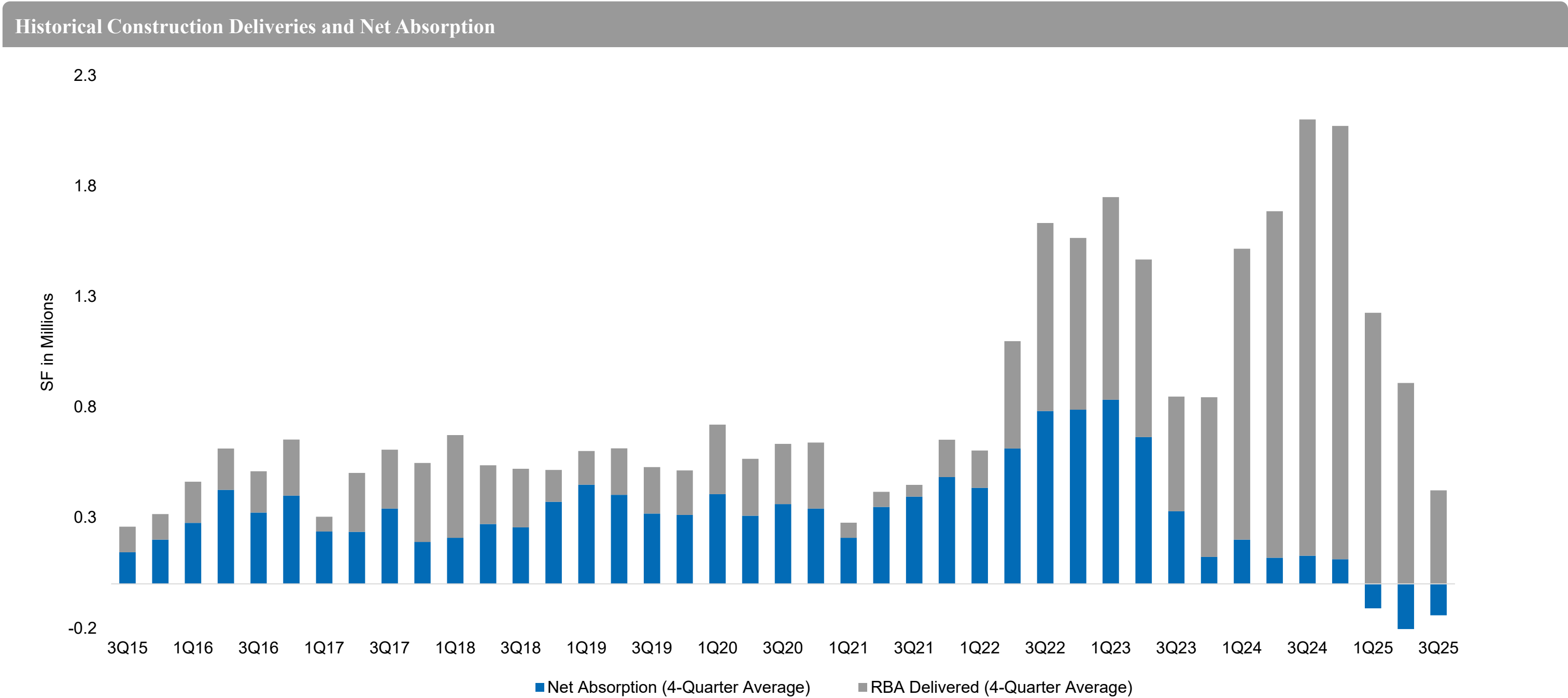
The life science market continues to struggle, posting a thirteenth consecutive quarter of rising vacancy, up to another historic high of 36.1%. Over those thirteen quarters, vacancy has risen 3,100-basis points, with a 40-basis point increase from last quarter. However, this quarter boasts the smallest quarter-over-quarter increase within that time period of rising vacancy. As spec lab building developments have fallen out of favor, an uptick in demand would have an outsized impact on reversing the vacancy trend.



Source: Newmark Research

Supply-Demand Imbalance Persists, Though Dwindles

On a 4-quarter-moving-basis, RBA delivered hit its lowest level since the first quarter of 2022, representing the correction in the oversupply issue felt throughout the region. In most cases, sites slated for lab development are either on hold or now considering other uses, as the supply-demand imbalance persists through the market. Though net absorption looks better than last quarter, as well as on a 4-quarter-moving-basis, it is still negative, representing the challenges that continue to remain in this segment.



Source: Newmark Research

Occupancy Losses Persist in Greater Boston

The Greater Boston area continues to see a significant number of significant vacancies and absorption, leading to a continued loss of occupancy in the area. This is due to a combination of factors, including a lack of new construction, a high level of competition, and a high level of demand for space. The area is also experiencing a high level of turnover, which is leading to a high level of vacancy. This is a significant challenge for the area, as it is leading to a loss of revenue and a loss of jobs. The area is also experiencing a high level of competition, which is leading to a high level of vacancy. This is a significant challenge for the area, as it is leading to a loss of revenue and a loss of jobs.



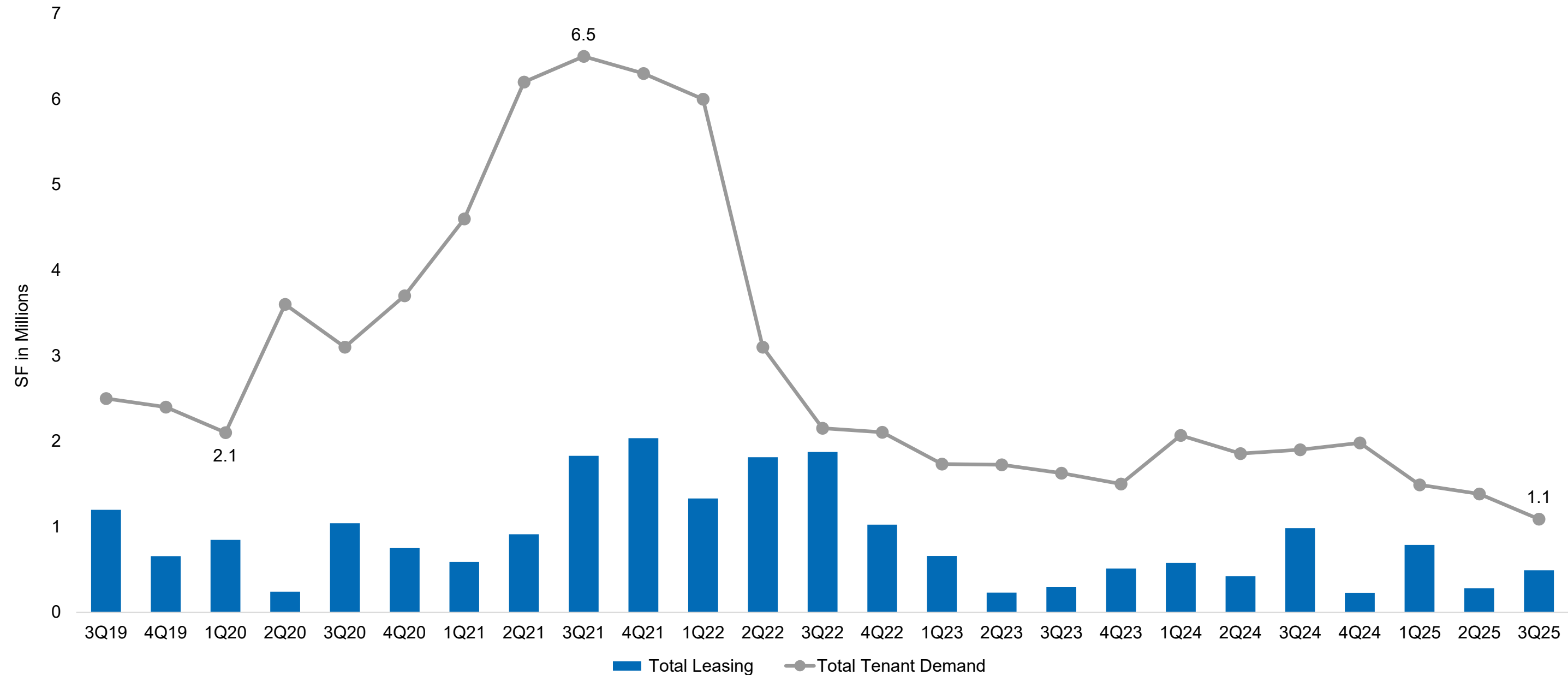
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Underlying Laboratory Demand Remains Muted, Though Leasing Picked Up

Lack of demand for lab space is still a trend in the market, with a third straight quarter of decrease following Biogen’s announcement and subsequent groundbreaking of their new build-to-suit space at 75 Broadway in East Cambridge. However, the third quarter of 2025 did see a pickup in leasing quarter-over-quarter, posting more than double the amount from the second quarter. Year-to-date leasing activity remains more than 20% lower than what was recorded through the first three quarters of 2024, highlighting the ongoing challenges of leasing in the market with limited demand.

Historical Active Tenants in the Market and Leasing Activity



Source: Newmark Research

Tenants Continue to Exercise Caution When Leasing Space

While overall demand remains healthy, there is a lot of caution when leasing space. The biggest sign of this is the fact that many tenants are looking for space in the second half of the year. This is a sign of caution, as it means that tenants are not willing to commit to a long-term lease until they are sure they need the space. This is a sign of caution, as it means that tenants are not willing to commit to a long-term lease until they are sure they need the space.

Newmark Business Contact Information				
Tenant	Address	Submarket	Lease Type	Square Feet
Life Sciences	10000 Park Center	West Cambridge	Direct Lease	25,000

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Life Sciences Center	2000 Park Ave. Boston	North End	Lease Renewal	15,000
Pharma	1000 Park St. Boston	South End	Direct Lease	15,000

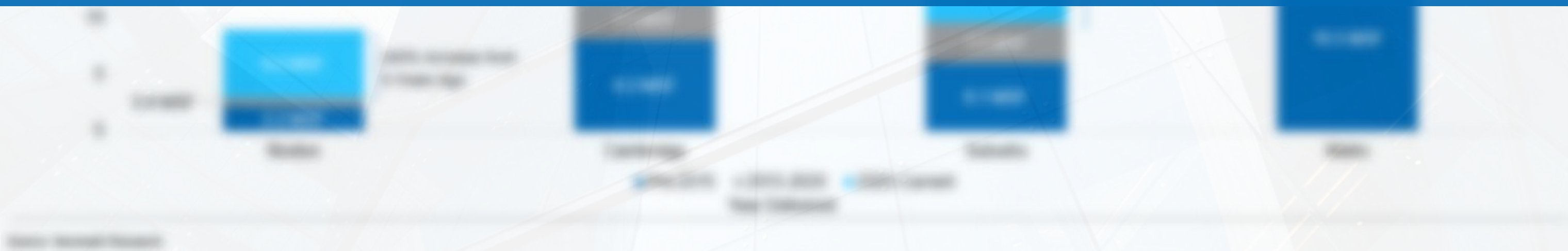
Unprecedented Development Cycle Drove Life Science Oversupply

The life science industry has experienced a period of unprecedented growth in the past few years, driven by a combination of factors including increased funding, technological advancements, and a focus on innovation. This growth has led to a significant increase in the number of life science companies and products entering the market, creating a state of oversupply. The industry's rapid expansion has also led to a shortage of experienced professionals, further exacerbating the oversupply problem. As a result, many life science companies are struggling to find the talent and resources needed to sustain their growth. This oversupply has led to a decline in the value of life science companies and a loss of confidence in the industry. The life science industry is currently in a state of oversupply, and this trend is likely to continue for the foreseeable future.

Unprecedented Development Cycle Drove Life Science Oversupply

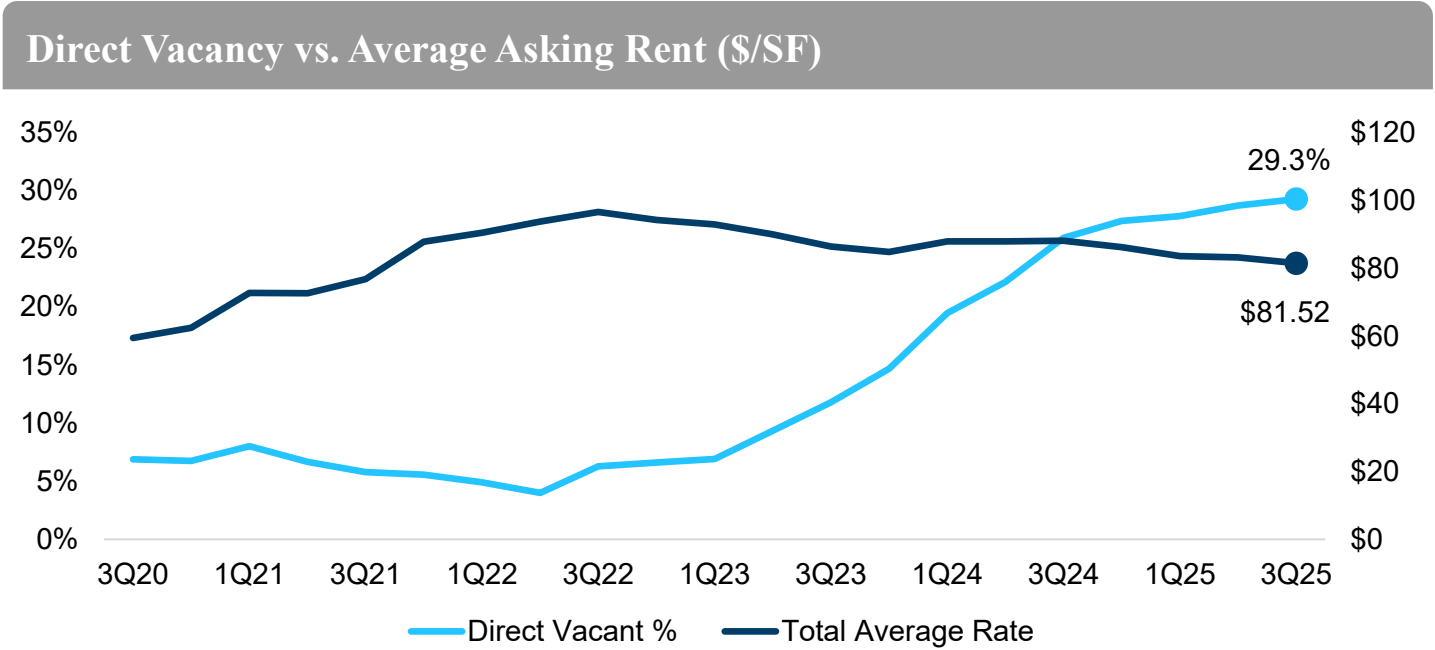
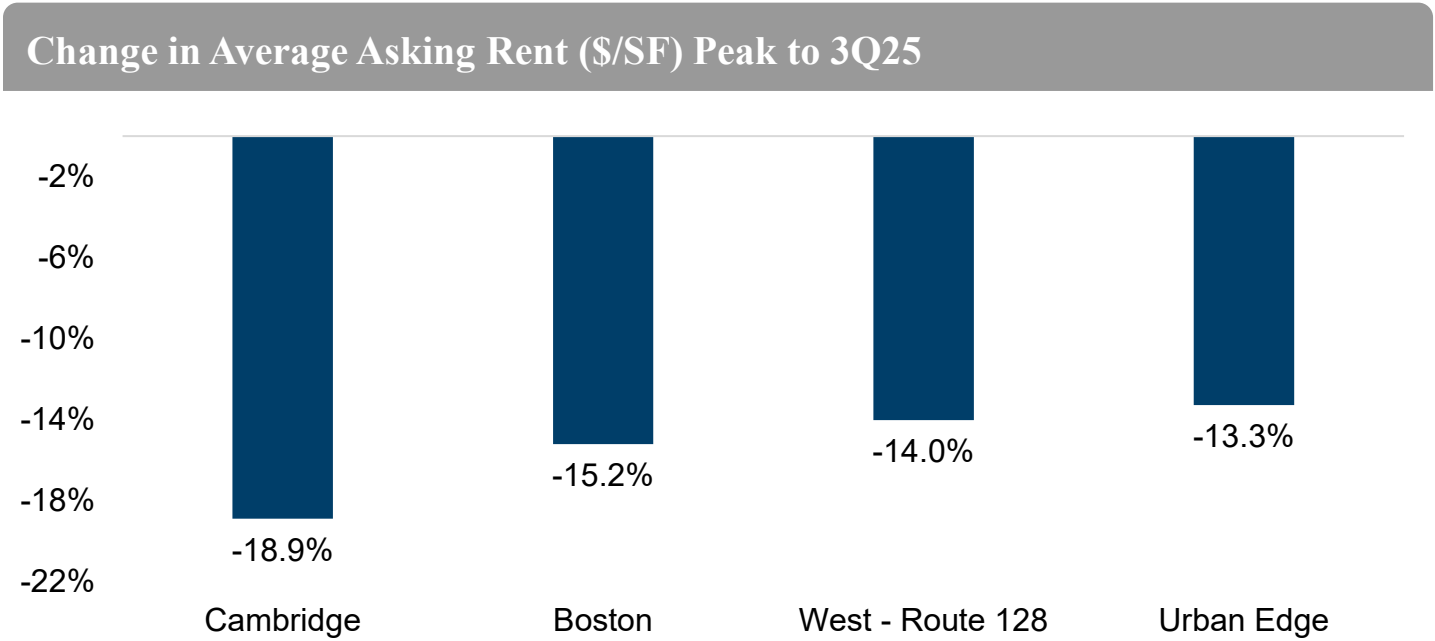
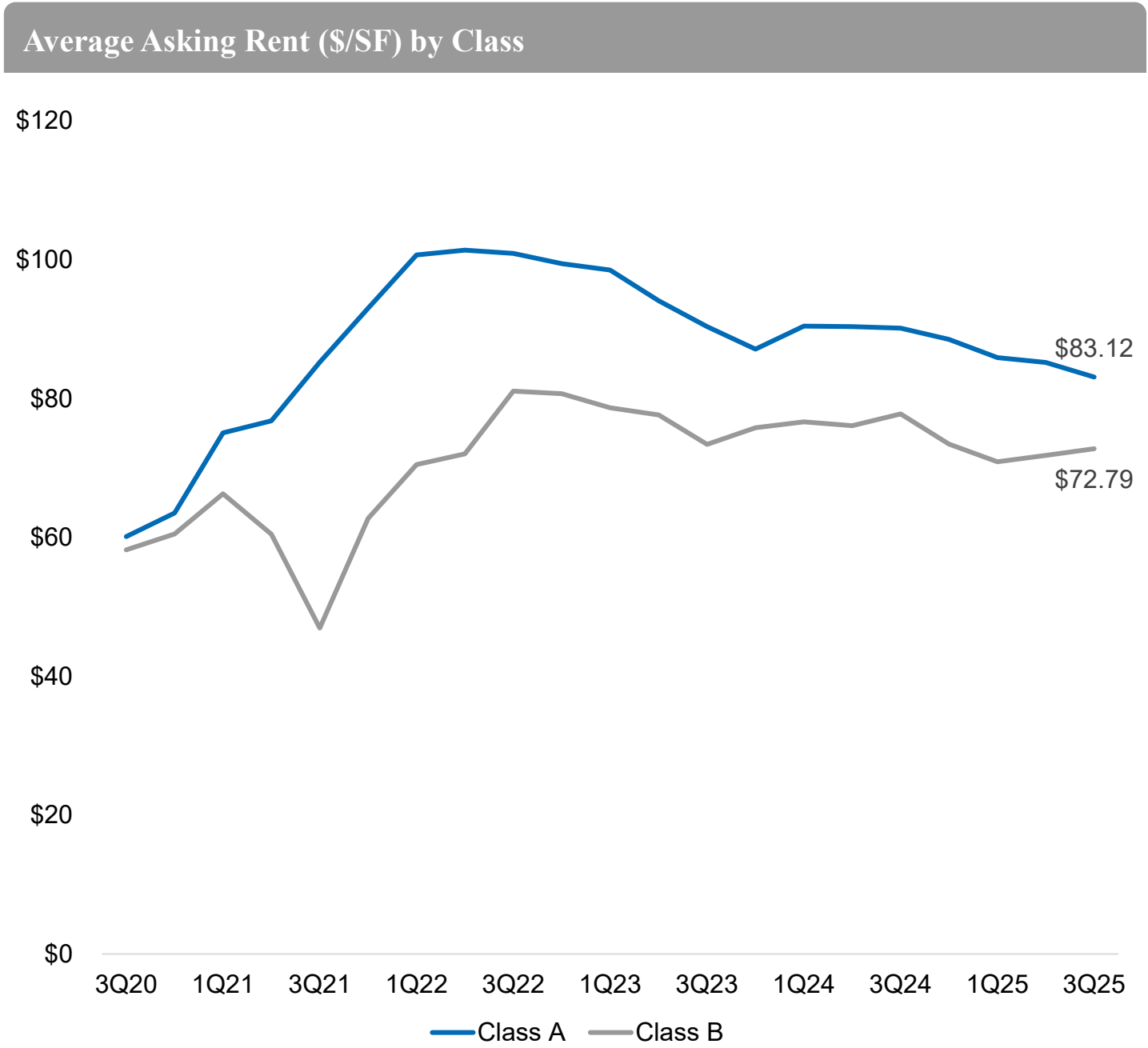


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Overall Laboratory Rents Continue to Slide

Overall asking rents for laboratory space decreased significantly from last quarter, falling 2.1%, quarter-over-quarter to \$81.52/SF. Interestingly, this was driven by the Class A market, as the Class B market saw modest rental growth from last quarter. While landlords have been hesitant to lower rents in favor of other concessions, the misalignment of supply and demand is forcing many landlords to begin the lowering of asking rent to try to gain occupancy.



Source: Newmark Research

Submarket Summary

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Despite Unwinding, Cambridge Remains Sought After Amongst Quality Tenants

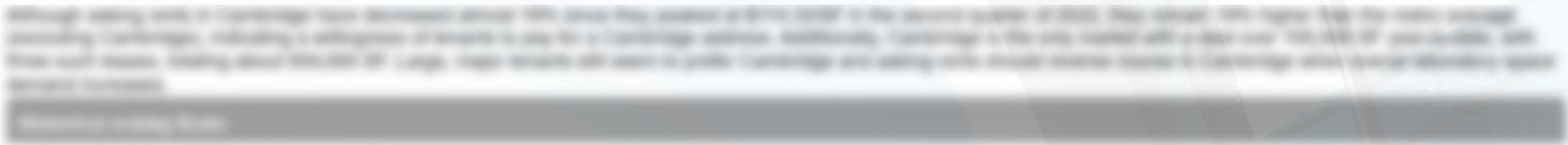
Cambridge remains a sought after location for quality tenants, despite the unwinding of the market. The market is still recovering from the impact of the pandemic, and the market is still recovering from the impact of the pandemic. The market is still recovering from the impact of the pandemic, and the market is still recovering from the impact of the pandemic.



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Cambridge Continues to Command a Price Premium



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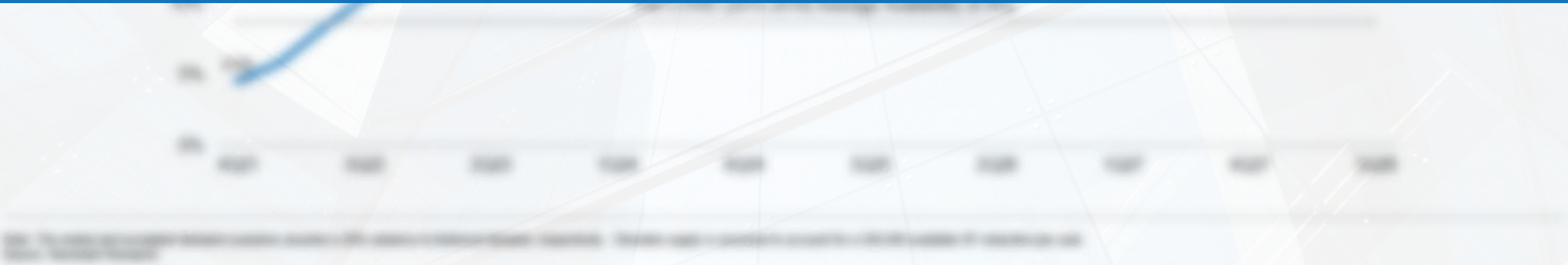
The (Slow) Return to Norm | A Forward Look on the Greater Boston Lab Market

Summary of a recent report by a leading research firm, which provides a detailed analysis of the Greater Boston Lab Market. The report highlights the challenges faced by the market and offers insights into the future outlook. It also includes a list of key players and their respective roles in the market.

Executive Summary: The Greater Boston Lab Market is currently experiencing a period of slow growth, with a focus on research and development. The market is expected to continue to grow, but at a slower pace than in previous years.



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Submarket Overviews



Cambridge Market Overview



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Boston Market Overview



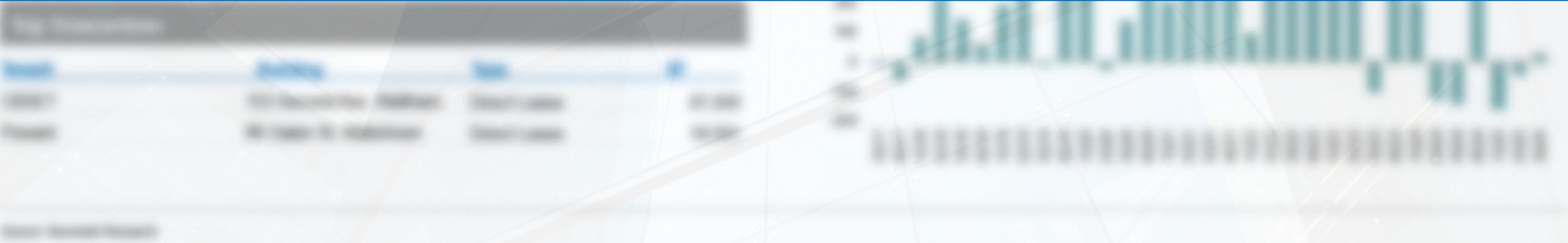
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Suburban Market Overview



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Submarket Overview

Laboratory Buildings - All Markets								
	2019	2020	2021	2022	2023	2024	2025	2026
Operating Total	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Non-Operating	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567

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Route 128 Total	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Route 128 - South	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Route 128 - North	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Route 128 - East	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567
Route 128 - West	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567	1,234,567

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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