



NEWMARK

# Boston Life Science Market Overview

4Q25

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# Market Observations



## 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.
- Select fundamentals have reversed course this quarter, with positive net absorption, and a 20-basis-point decrease in both vacancy and availability welcomed across the region.
- Leasing activity was flat 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, with sublease availability down 100 basis points on the year and are at their lowest level since the second quarter of 2023.
- IPO activity remained very limited on the year; however, venture capital funding saw a much welcome uptick in the second half of the year, outpacing the first half by 61.0%.
- The development pipeline continues to wind down, with 2025 seeing square feet under construction as a percentage of existing inventory decrease to levels not seen since 2011, hovering around 6.0%.
- 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.
- Effective rents have decreased significantly and asking rents are starting to follow suit, further declining across the Metro this quarter. Typically a last lever, this shows the increased willingness of Landlords to compete for existing demand.
- 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.

# Greater Boston Life Science Market Overview

Greater Boston's life science market welcomed some relief to fundamentals to close out the year in 2025. Metro-wide vacancy fell 20 basis points from the third quarter, marking a reversal after thirteen consecutive quarters of rising vacancy. Available square footage also declined 20 basis points quarter over quarter, ending a 15-quarter streak of increases. This quarter was also the first with positive net absorption since early 2024, reflecting guarded confidence that the market may have found a bottom, though any recovery remains in its very early stages.

During the boom, office-to-lab conversions drove much of the run-up in new inventory as demand peaked; the reverse is now underway. Landlords with vacant lab space are seriously considering alternative uses, including office, advanced manufacturing, multifamily, and other options. As a result, metro-wide inventory declined in the fourth quarter of 2025 for the first time since the second quarter of 2018, although the market has added more than 28 million SF of lab space since then.

Tenant activity remained relatively consistent across the metro compared with the prior quarter. Leasing volume ticked down slightly but finished essentially in line with the levels recorded in the third quarter of 2025. For the full year, leasing in 2025 came in modestly below 2024 but nearly 20% above 2023 levels, totaling more than 2.0 million SF. Even as fundamentals adjust in an oversupplied market, 2025 has seen notable bright spots, including long-term commitments in Cambridge from Biogen and Lila Sciences that together account for almost 800,000 SF of leases, both signed in 2025.

Several demand drivers for life science space—and for the fundamentals used to gauge the market—include local employer sentiment, job postings, venture capital funding, and local company IPOs. Employer sentiment is trending toward guarded confidence:

the Business Confidence Index from the Associated Industries of Massachusetts climbed to 48.5 in November from a pandemic-era low of 41.5 in April 2025. While a reading of 50 is considered neutral, local business leaders are moving in that direction based on the latest data. Life science job postings continue to drift lower, reflecting slower new company formation and more measured growth among existing firms. VC funding remained flat year over year, and the nearly 27% increase in average deal size from 2024 suggests that investors are prioritizing larger rounds in later-stage, lower-risk companies. Only three biotech IPOs emerged from the local ecosystem in 2025, tied with 2023 for the lowest annual total since 2011, forcing companies to seek alternative funding sources as public markets remain cautious on the sector.

Ultimately, oversupply is—and has been—the defining feature of the market's recent challenges. Speculative projects delivered just a bit too late, particularly in tertiary submarkets, have struggled the most. As the metro works through the remaining development pipeline of just over 3.0 million SF, new projects are unlikely to break ground in the near term without substantial pre-leasing. As obsolete product is converted to other uses, supply risk should diminish further, giving fundamentals room to stabilize and move back toward historical norms.

Despite the broader struggles, pockets of strength are emerging for select assets and submarkets. Overall demand and leasing remain below the peaks of a few years ago, yet 66 Galen Street in Watertown managed to lease essentially its entire 225,000-square-foot building in roughly two years. Takeda, AstraZeneca, and Biogen have all committed to active construction projects in Cambridge, underscoring the caliber of companies that still want to locate there. Time will tell whether these trends mark the start of a sustained, market-wide recovery in fundamentals.

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# 01

## Economy

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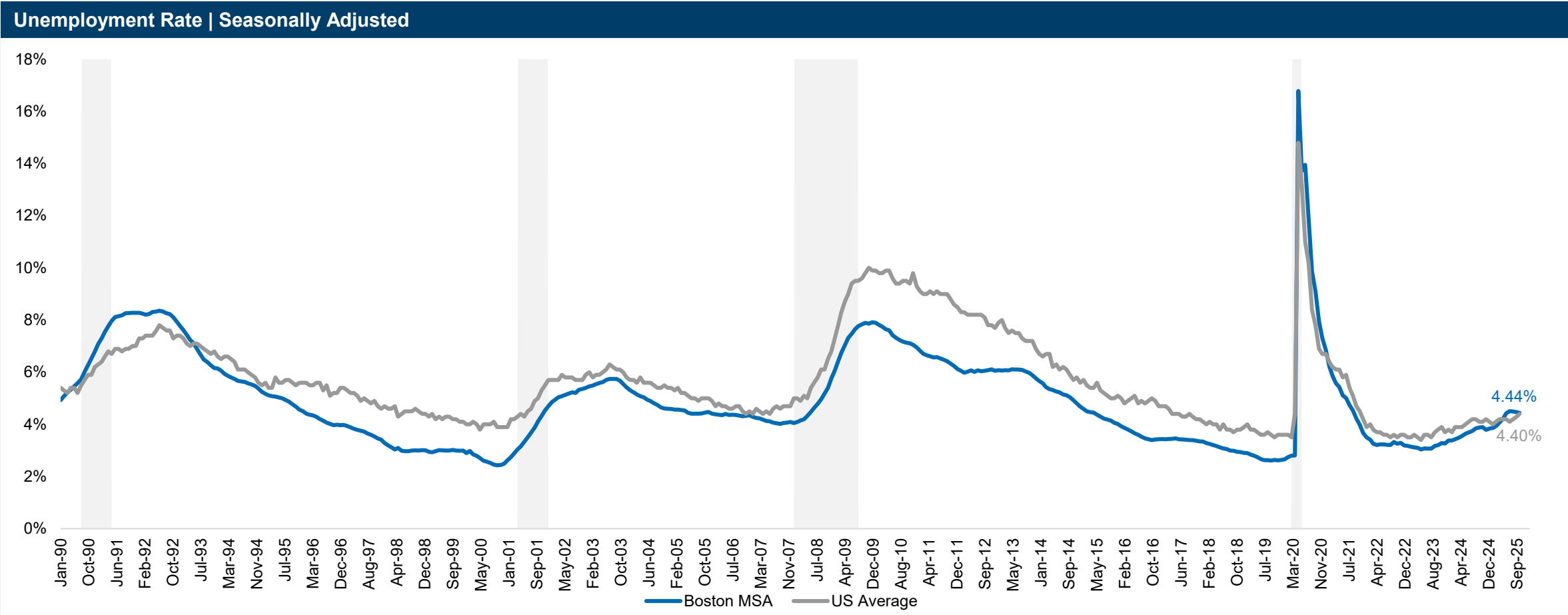
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# Boston Labor Market Shows Potential Signs of Stabilization

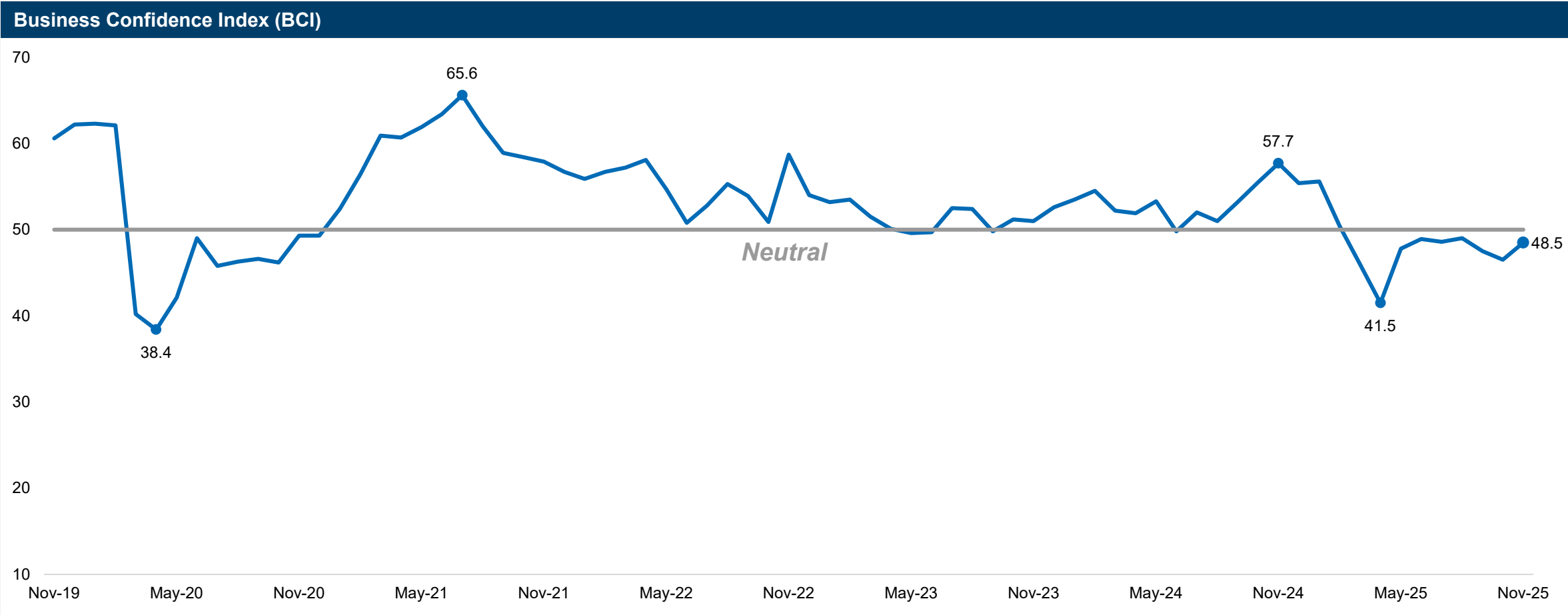
September 2025 marked the first month of decline in the Boston MSA unemployment rate since mid-2023, following a period when the rate climbed by approximately 140 basis points. Boston's unemployment figure remains close to the U.S. average, and the gap narrowing to about 0.04% signals that local conditions are improving. Although the labor market still feels slow, subtle shifts suggest growing stability. Companies are not aggressively hiring, but they are holding on to their current employees.



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

# Local Employer Sentiment Rebounds in November

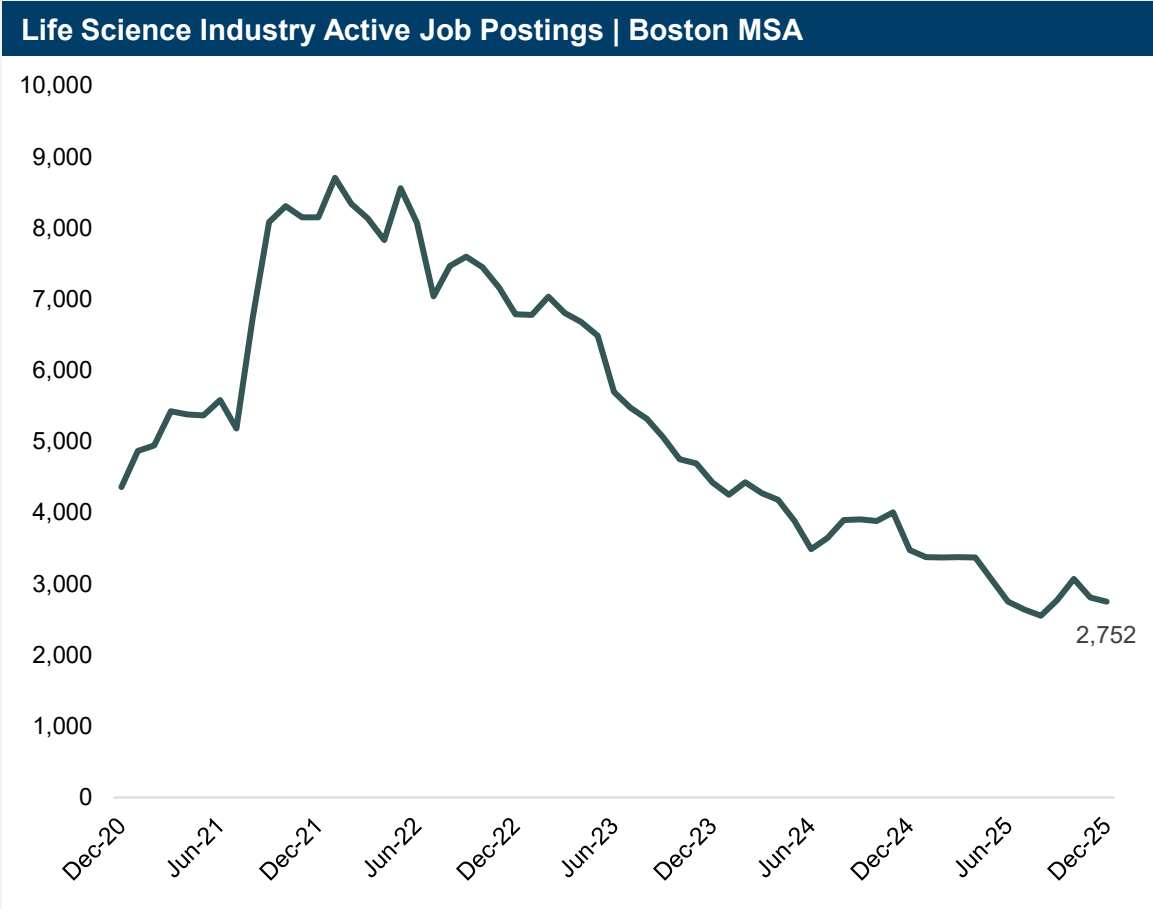
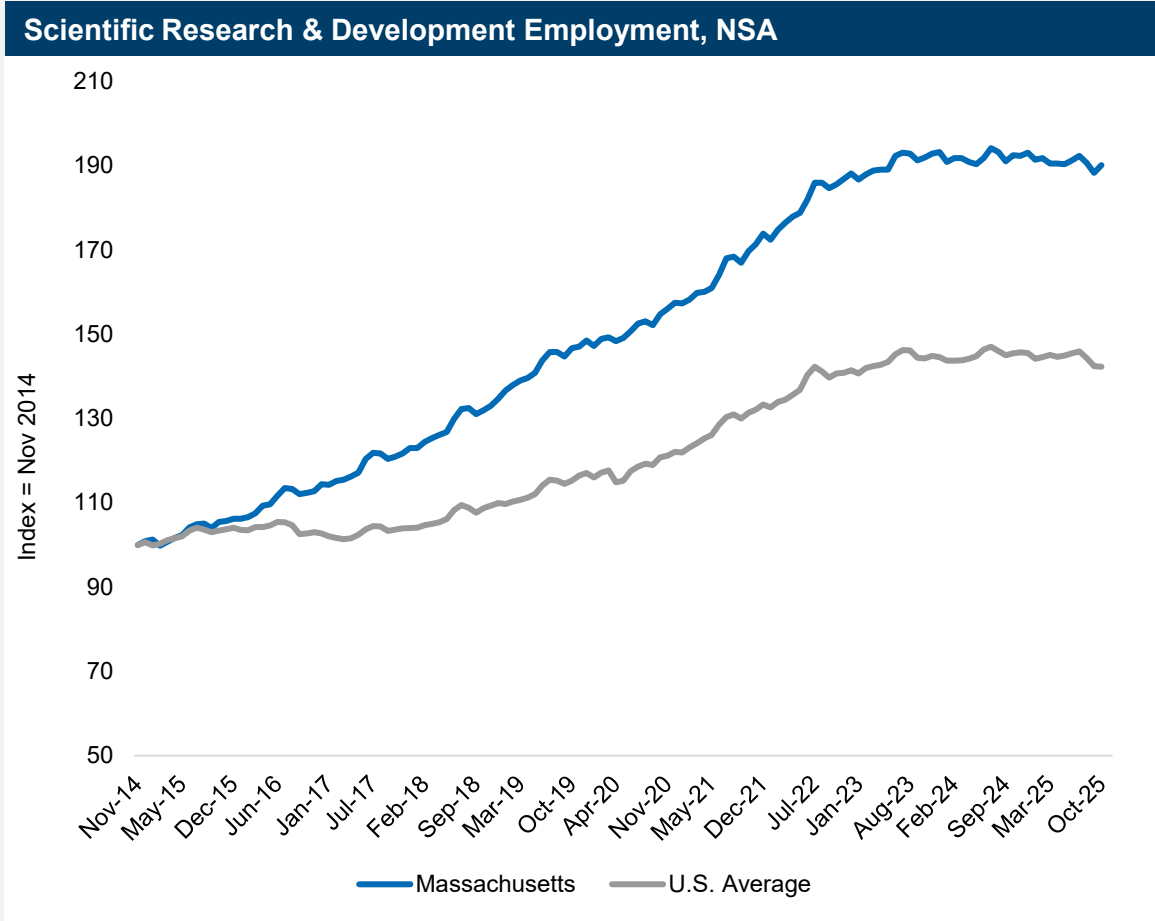
The Associated Industries of Massachusetts (AIM) Business Confidence Index increased in November. Despite this positive movement, manufacturing continues to weigh on overall confidence, and inflation remains a persistent challenge for local businesses. Employment growth in Greater Boston remains slow, limiting broader economic momentum. However, investment in AI and technology stands out as a bright spot, signaling optimism for future productivity gains.



Source: AIM Board of Economic Advisors as of 11.25

# 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.

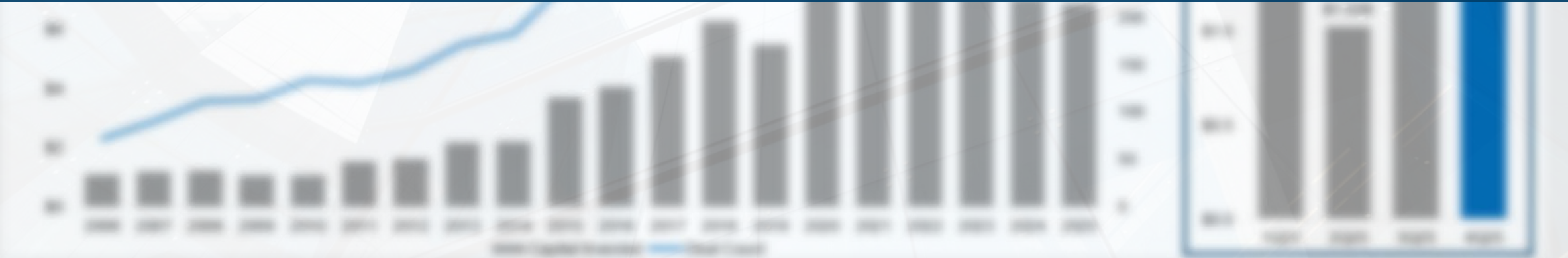




# Life Science Funding Flat Year-over-Year

On a national basis, Greater Boston VC funding declined only slightly from \$7.1 billion in 2020 to \$6.9 billion in 2021, effectively remaining flat year-over-year. However, 2021 ended on a stronger note, with two consecutive quarters each exceeding \$1.7 billion in funding and the second half of the year surpassing the first by 31.1%. Notably, 2021 generated almost the same total funding as 2020 but with far fewer deals, an average deal size rose 28.3%, indicating that investors are concentrating capital in less risky companies with more established science.

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# Biotech's IPO Slump Reverses in the Fourth Quarter-Overall Activity Remains Limited

The first quarter of 2023 followed the market's first quarter trend for IPOs of the year. The second and third quarters saw an additional softening, underlining the broader downturn in the IPO market. The year ultimately closed with two more hard IPOs - [Amgen](#) and [Novartis](#) - bringing the 2023 total to three Biotech IPOs. Following a strong 2022, overall activity in 2023 fell back to roughly 2021 levels, the weakest year since 2015.

Annual Biotech IPOs by Quarter

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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, risks remain to the downside in the near term.



# 02

## Leasing Fundamentals

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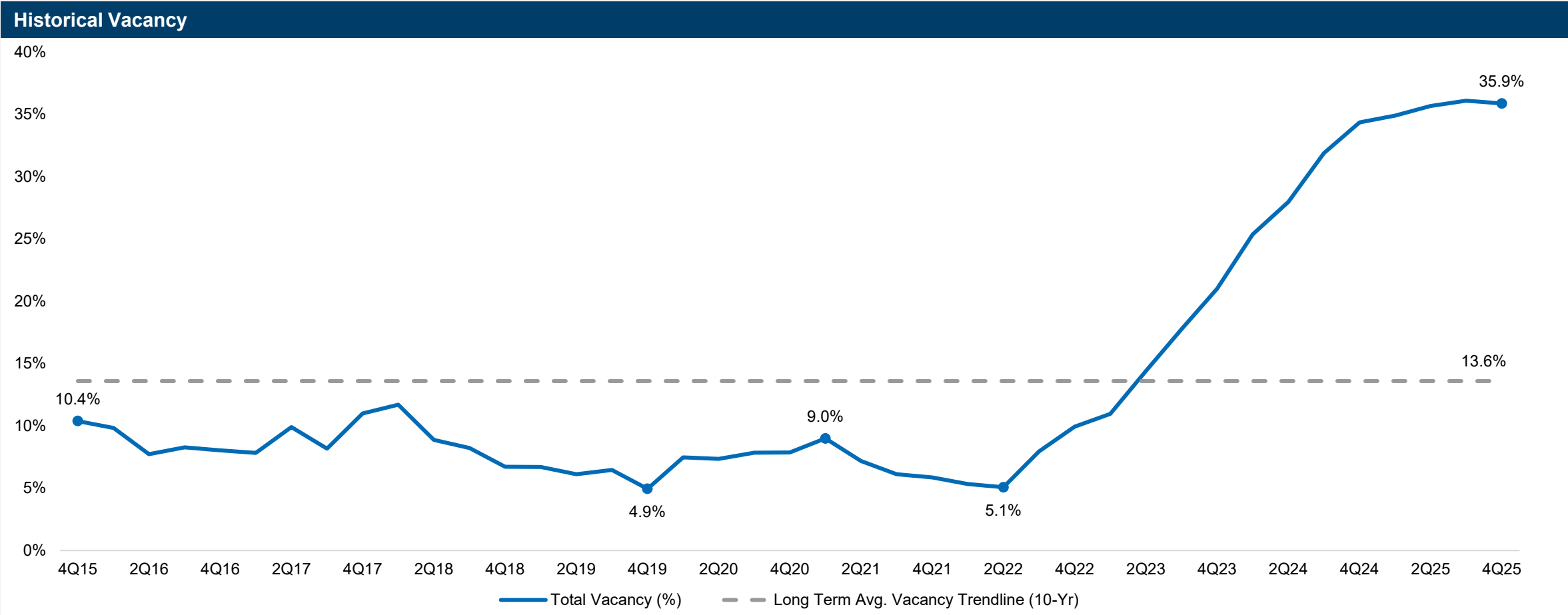
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# Laboratory Fundamentals Are Stabilizing

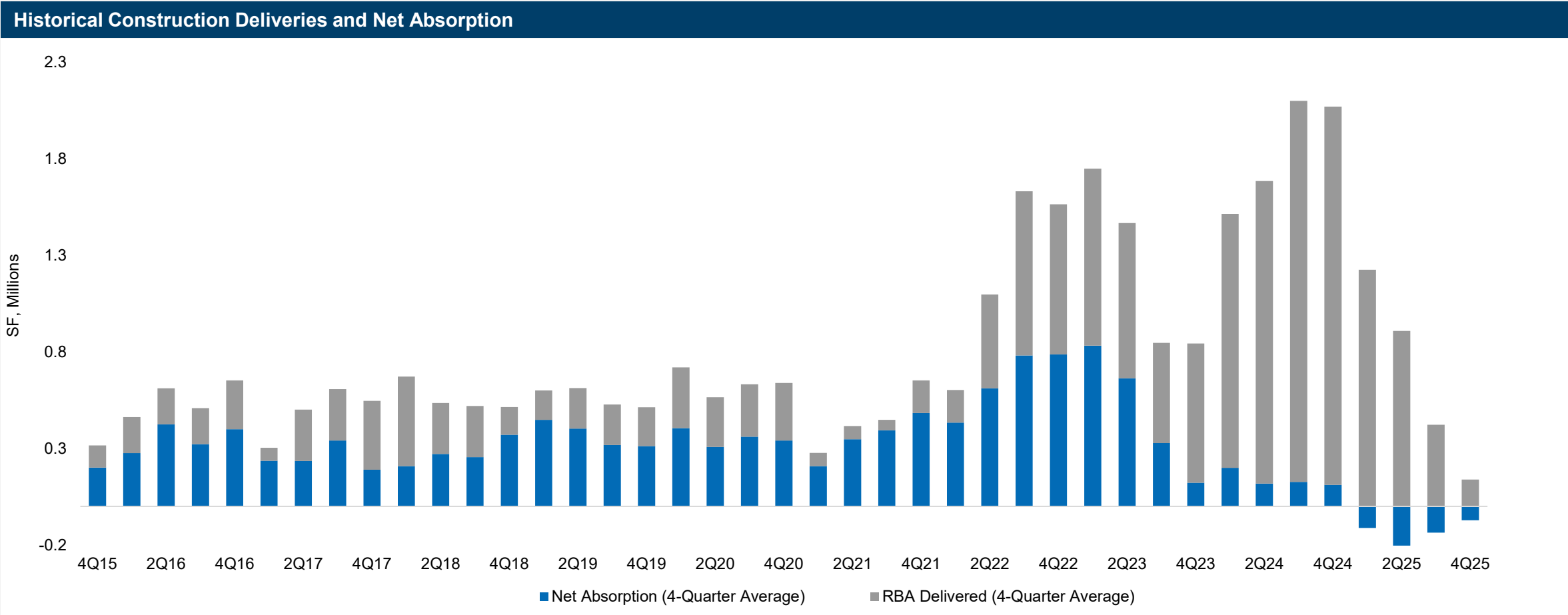
After several consecutive quarters of rising vacancy, the life science market reversed course and recorded a 20-basis-point decline in the overall vacancy rate. While there is still a long way to go before reaching the 10-year average, this is a welcome development for a market that has struggled with limited demand and an oversupply of space. Recent large leases should further support improvement as those tenants take occupancy, making the trajectory of the vacancy rate an important trend to watch in the coming quarters.





# Supply-Demand Imbalance Persists, though Continues to Wane

On a four-quarter moving basis, RBA delivered has fallen to 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 evaluated for alternative uses as the supply-demand imbalance persists. Although net absorption has improved compared with last quarter and on a four-quarter moving basis, it remains negative, underscoring the challenges still facing the sector. With supply risk now diminishing, any uptick in demand would have an outsized positive impact on the market.





# Occupancy Losses Persist in Greater Boston, Select Submarkets Outperform

After five consecutive quarters of negative net absorption, the Greater Boston sub-market posted a near-sightless return to positive absorption in the fourth quarter of 2020. Leading the way was the Collins Bridge sub-market, where the successful leasing of 141,000 sq ft of new space as of December 31st was a testament to the fact that certain pockets of the market are still performing well. Although Cambridge continues to record the largest occupancy losses in absolute terms, much of this reflects its historically low vacancy at the peak – down to just 1.7% in the third quarter of 2020 – and its status as the region's largest sub-market, so the decline in loss volume when viewed as a percentage of total inventory.

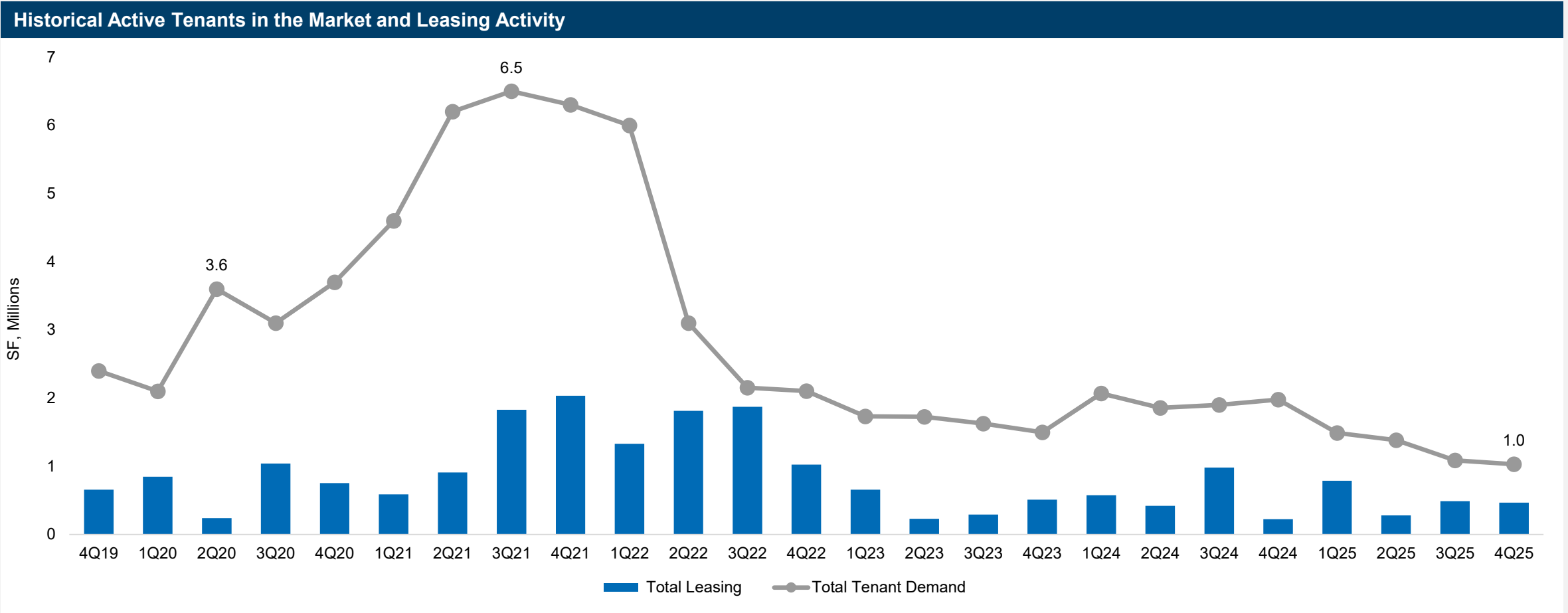


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# Laboratory Demand and Leasing Searches for a Bottom

Leasing activity declined from the third quarter of 2025, but only by 4.6%. Aside from the largest transaction of the quarter—Organogenesis’ renewal across two buildings in Canton—activity was driven by a flurry of 10,000 to 25,000 square-foot direct deals. While total leasing in 2025 trailed 2024, it was still up nearly 20.0% compared with 2023. Lab demand appears to be nearing a bottom, ticking down slightly from the third quarter, and greater clarity around funding along with increased VC activity would provide much-needed support for future life science demand.



# Suburban Market Leads the Way in Leasing

Five of the six largest deals were signed in the Greater Washington market, led by the 1.1-million-sq-ft West and South 128 - South commercial development. The project's largest transaction for leasing its construction at two buildings in Fairfax, **Leidos** secured a sizable lease at 40 Union Street in Washington - a property that has experienced a very successful leasing pace in 2019 delivery. In Lexington, 20 Maguire Road secured a single significant lease this quarter, reflecting **United** interest from its increasing e-commerce and retail footprint.

Quarterly 2019 Lease Transactions

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<b>Contract</b>	20 Maguire Rd, Lexington	West - South 128	Direct Lease	24,372
Healthcare Development	20 Maguire Rd, Lexington	West - South 128	Direct Lease	22,861
Medical Development	100 Technology Sq, Cambridge	East Cambridge	Direct Lease	20,222

# Unprecedented Development Cycle Drove Life Science Oversupply

The fourth quarter of 2022 saw an even addition to the life science inventory, and as a first quarter warning sign. While demand is at its lowest level since the third quarter of 2020, from us, the overall life science has grown 10% in size since the fourth quarter of 2020. The Boston information continues to give the largest percentage increase, reflecting its relatively small starting base five years ago. Given current conditions, it is highly unlikely that new speculative life science projects will already under construction will really grow with the existing supply is absorbed as before the space is significantly pre-booked.

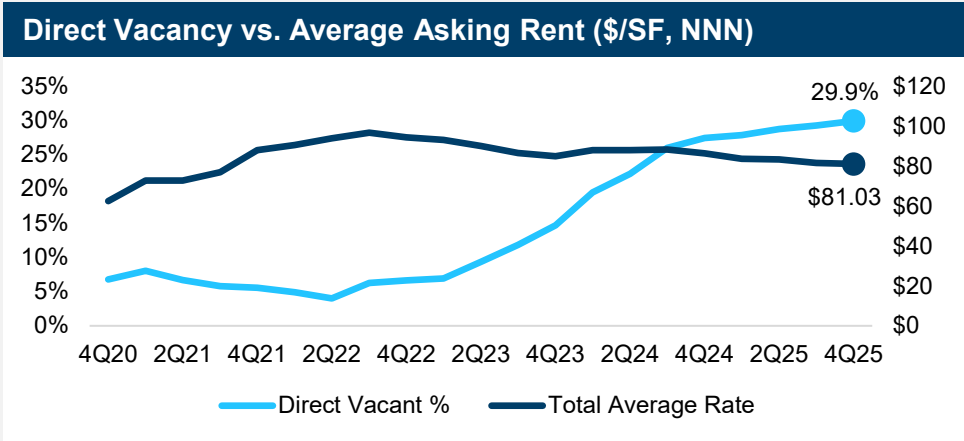
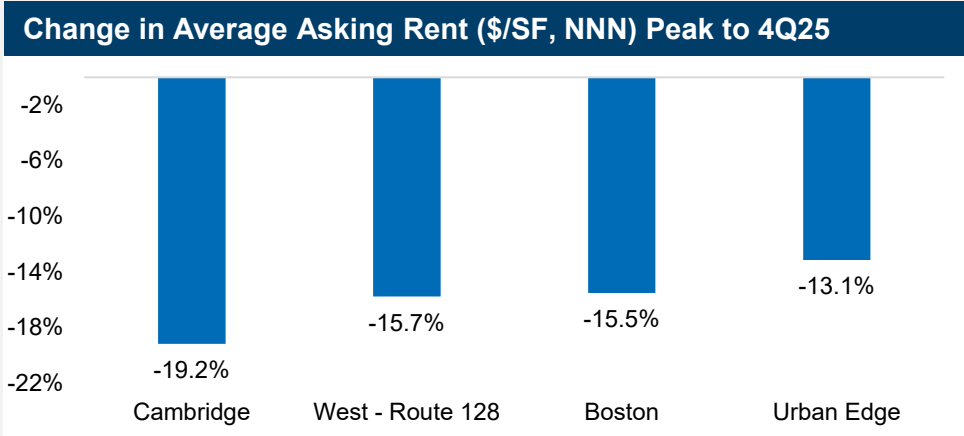
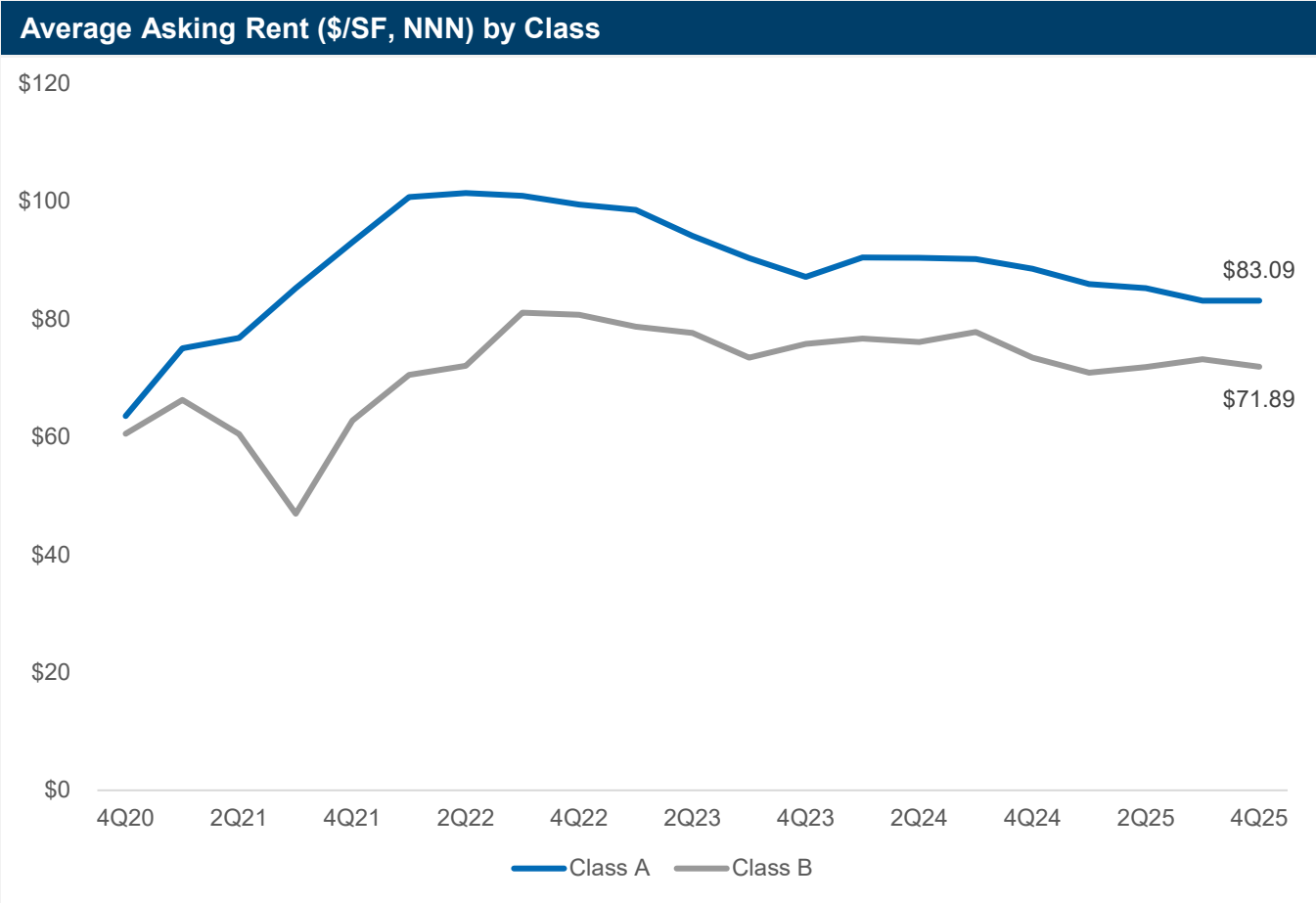
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# Overall Laboratory Rents Flatten Out, Though Still Trail Peak Pricing

Overall asking rents for laboratory space have leveled off, declining just 0.7% from the third quarter of 2025 after several quarters of notable decreases. Class A space was even more stable, with asking rents essentially flat over the quarter. On a year-over-year basis, however, overall rents are down 6.1% as landlords compete for a still-limited pool of demand. With other concessions already elevated, many owners are now beginning to reduce asking rents, a step that typically follows an earlier focus on increasing concessions.





# Despite Unwinding, Cambridge Remains Sought After Amongst Quality Tenants

Even if Cambridge remains the only U.S. city with vacancy rates below the sector average, and if Cambridge as a whole is still 11% less grossed up than the sector, as that U.S. city is by far the largest of the three submarkets. The 102,000 square feet of new space was added in the third quarter of 2023, as the West Cambridge submarket – is expected to successfully reduce vacancy rates over the next six months, given the submarket's relatively small size. East Cambridge, which has the highest in the sector and has held up well over the past year.

Cambridge Vacancy Rate by Submarket      Cambridge Renting Rates, 2017 - 2023

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# Cambridge Price Premium Persists

Although asking rents in Cambridge have fallen nearly 10% from their peak of \$11.14 in Q3 '16 to the second quarter of 2022, they remain about 10% higher than the nation average (excluding Cambridge), indicating that tenants are still willing to pay a premium for a Cambridge address. In the same time, recent leasing activity in other markets – such as Massachusetts – suggests that some tenants are prioritizing more favorable economics. Even so, the largest deals of the year occurred in Cambridge and Boston, where tenants and landlords all have had to act quickly following their addressing market class compression. Continued demand in the Cambridge market.

Massachusetts Leasing Trends

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

Coming off a historic low of 0.0% at the end of 2021, lab availability in Greater Boston rose rapidly, peaking at 17.0% in the third quarter of 2022. This quarter's 1.0% drop reflects the fact that peak demand was achieved in the second half of 2022. Although it will likely be a long process to get to the pre-2020 level, a steady average availability of 0.0% over the next few years is a reasonable alternative view for the lab space, and a more aggressive scenario of steady supply would help guide availability back toward historical levels.

Greater Boston Lab Availability - From Historic Low to a 1.0% Peak

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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



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# Boston Market Overview

Statistical Summary			
	Current Month	Prev. Month	Year-to-Date
Inventory (sq. ft.)	1,100	1,100	1,100
Leaseable	2,100	2,100	2,100



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Top Transactions			
Name	Address	Type	Size
Long Point	225 South Street	Office	100,000





# Suburban Market Overview

Statistical Summary			
	Current Month	Prev Month	Year To Date
Transactions	1,234	1,156	12,345
Average Price	\$245,000	\$240,000	\$242,000



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Top Transactions			
Name	Address	Type	Price
1234 Main St	1234 Main St, Suite 100	Commercial	\$1,200,000
5678 Oak St	5678 Oak St, Unit 200	Commercial	\$850,000
9012 Elm St	9012 Elm St, Unit 100	Commercial	\$600,000
3456 Maple St	3456 Maple St, Unit 100	Commercial	\$450,000
7890 Pine St	7890 Pine St, Unit 100	Commercial	\$300,000



# Submarket Overview

Submarket Statistics - All Classes							
12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012

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12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
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12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012

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