

NEWMARK

# Boston Life Science Market Overview

4Q25

# 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.

---

# Table of Contents

Economy	01
Leasing Fundamentals	02
Submarket Overview	03

# 01

## Economy

---

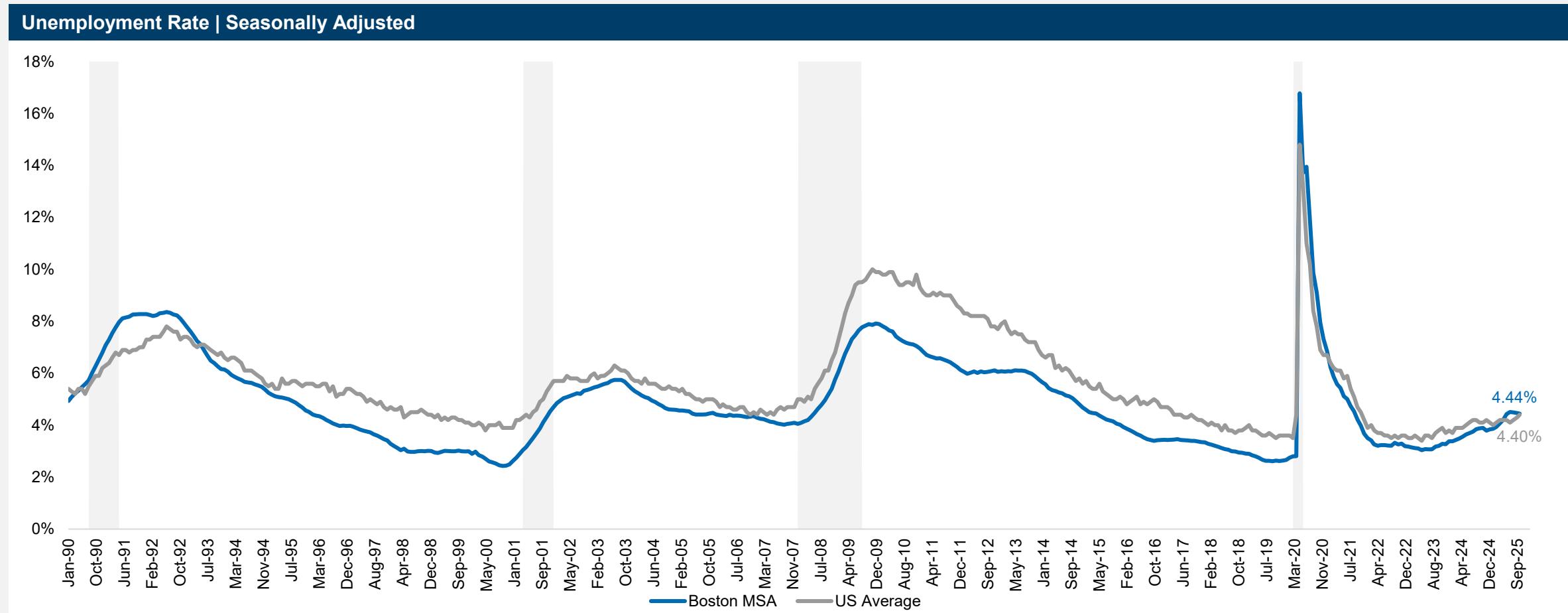
4Q25

NMRK.COM



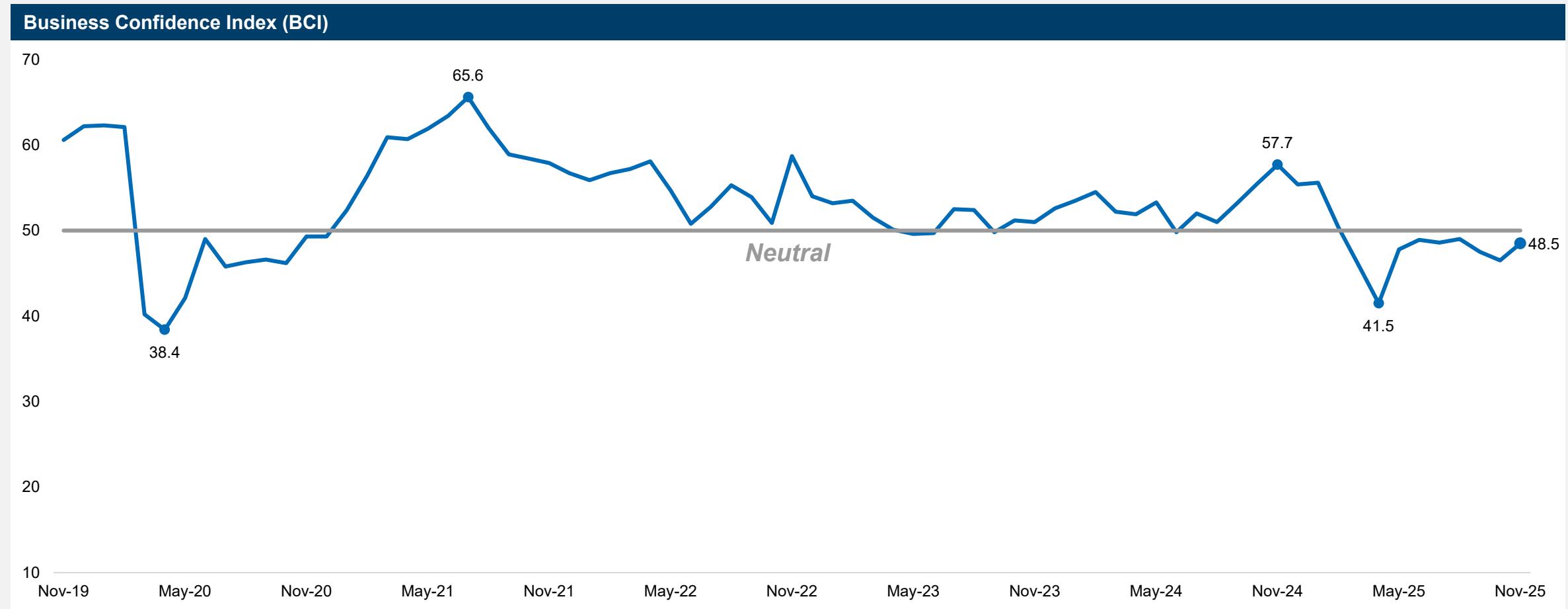
# Boston Labor Market Shows Potential Signs of Stabilization

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.



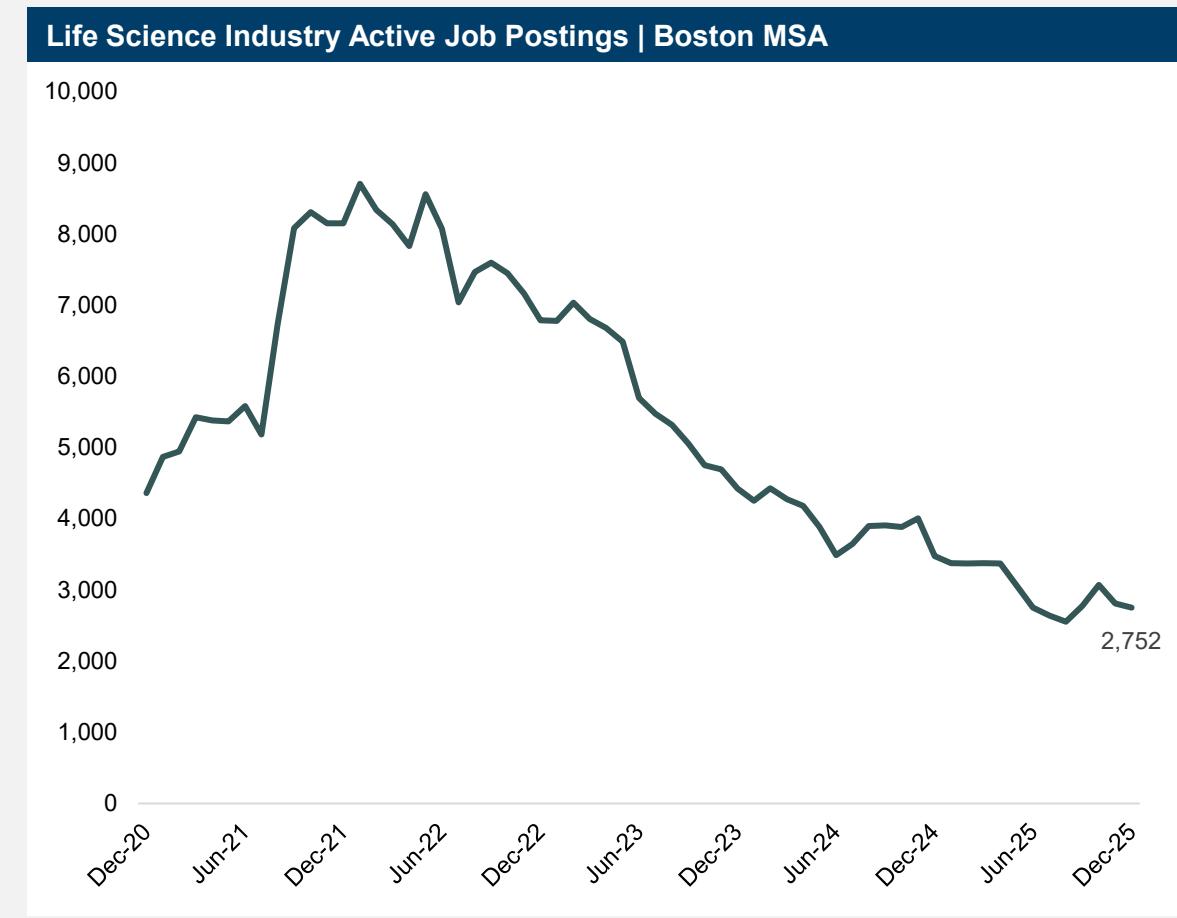
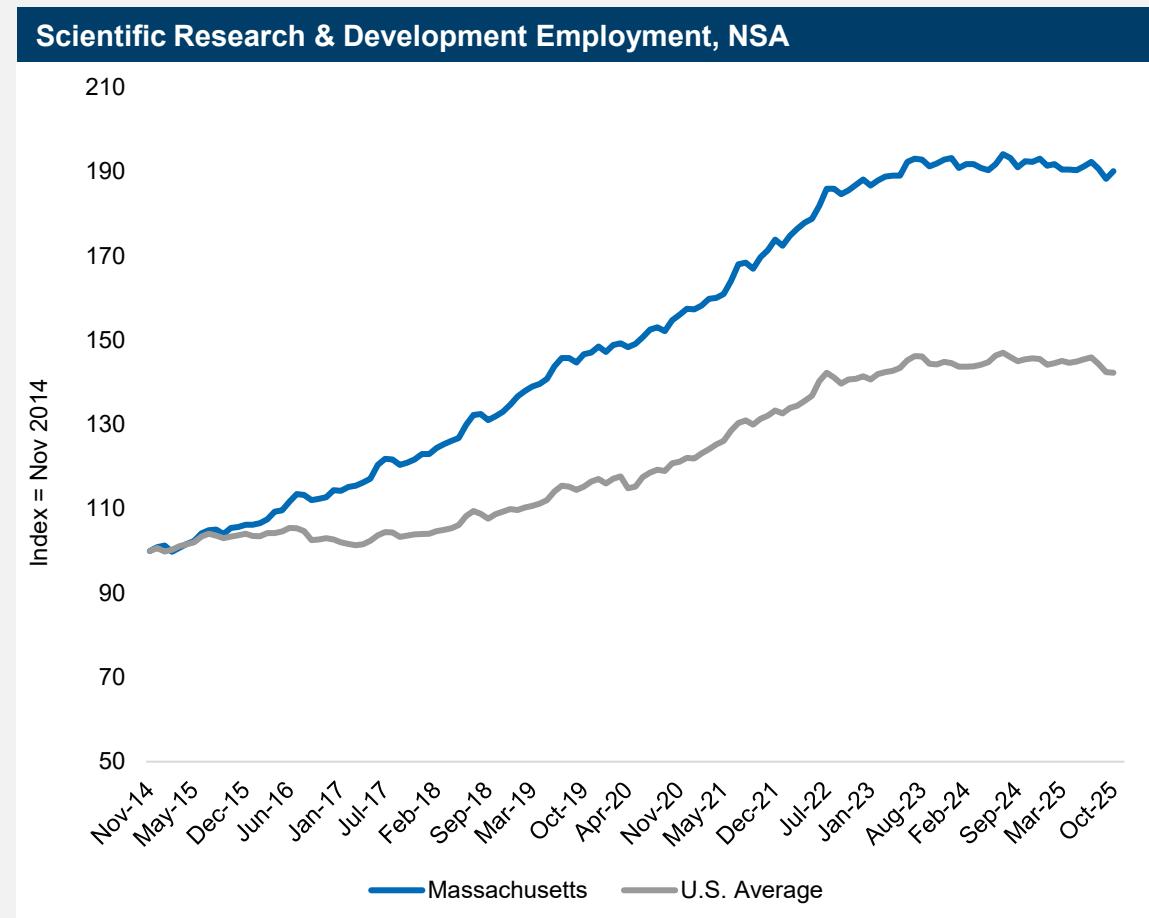
# Local Employer Sentiment Rebounds in November

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.



# 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

Please reach out to your  
Newmark business contact for this information

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

Please reach out to your  
Newmark business contact for this information

## Challenges Face Public Funding Landscape in Massachusetts

Uncertainties surrounding federal funding priorities have resulted in increased concern for the health of the life sciences sector across the U.S. Locally, Massachusetts' recent budget deficit puts pressure on

Please reach out to your  
Newmark business contact for this information

local commercial real estate landlords. However, not unique to the  
dividends on the real estate

Per Capita  
NIH Funding

# 02

## Leasing Fundamentals

---

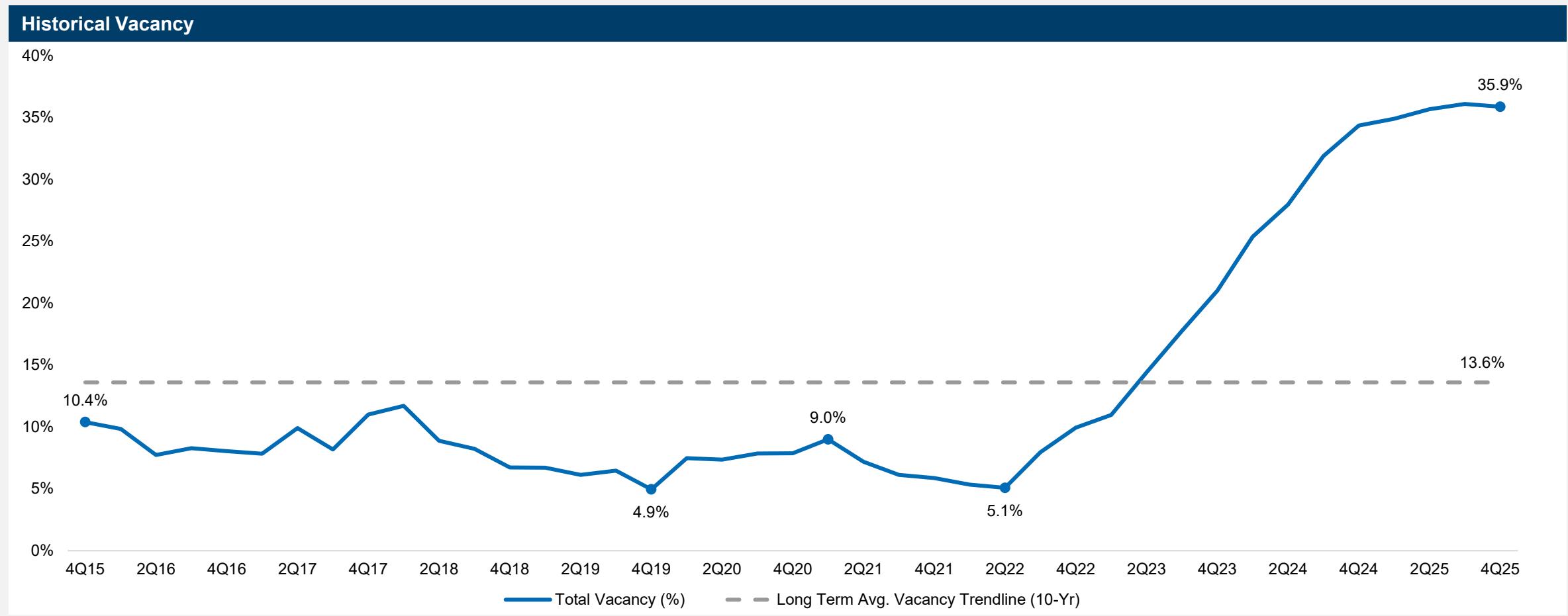
4Q25

NMRK.COM



# Laboratory Fundamentals Are Stabilizing

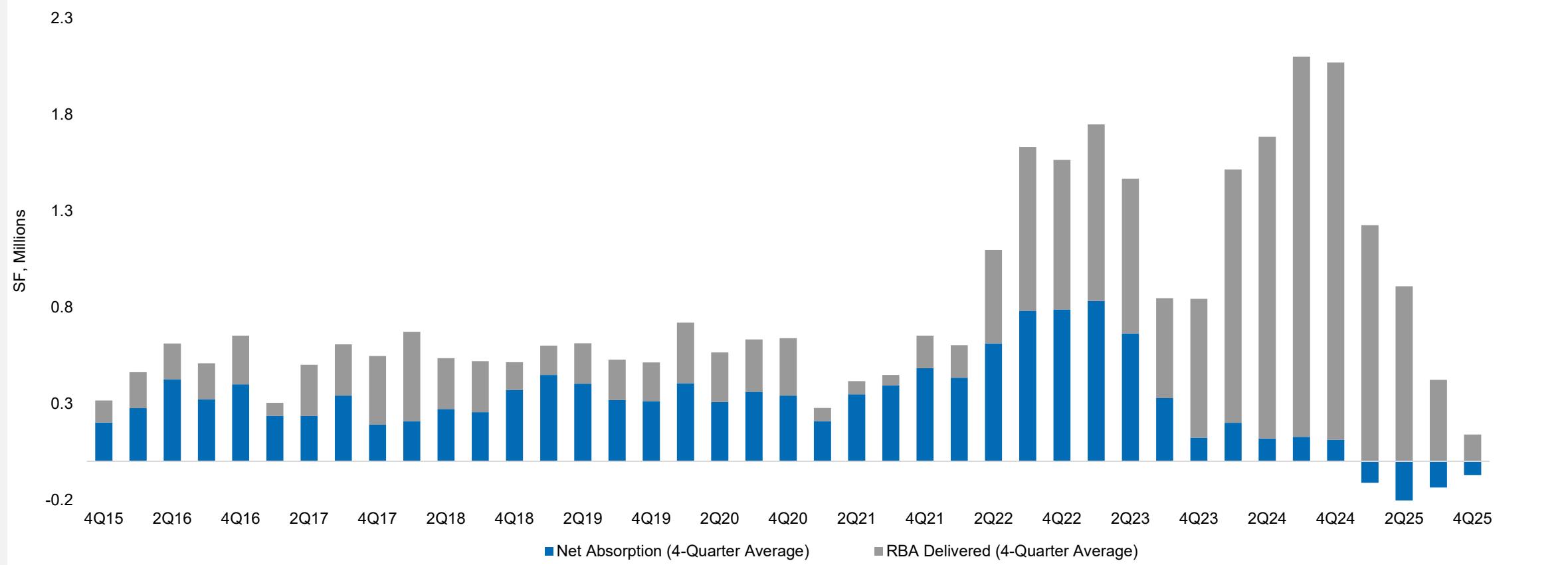
After several consecutive quarters of rising vacancy, the life science market reversed course and recorded a 20-basis-point decline in the overall vacancy rate. While there is still a long way to go before reaching the 10-year average, this is a welcome development for a market that has struggled with 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.

## Historical Construction Deliveries and Net Absorption

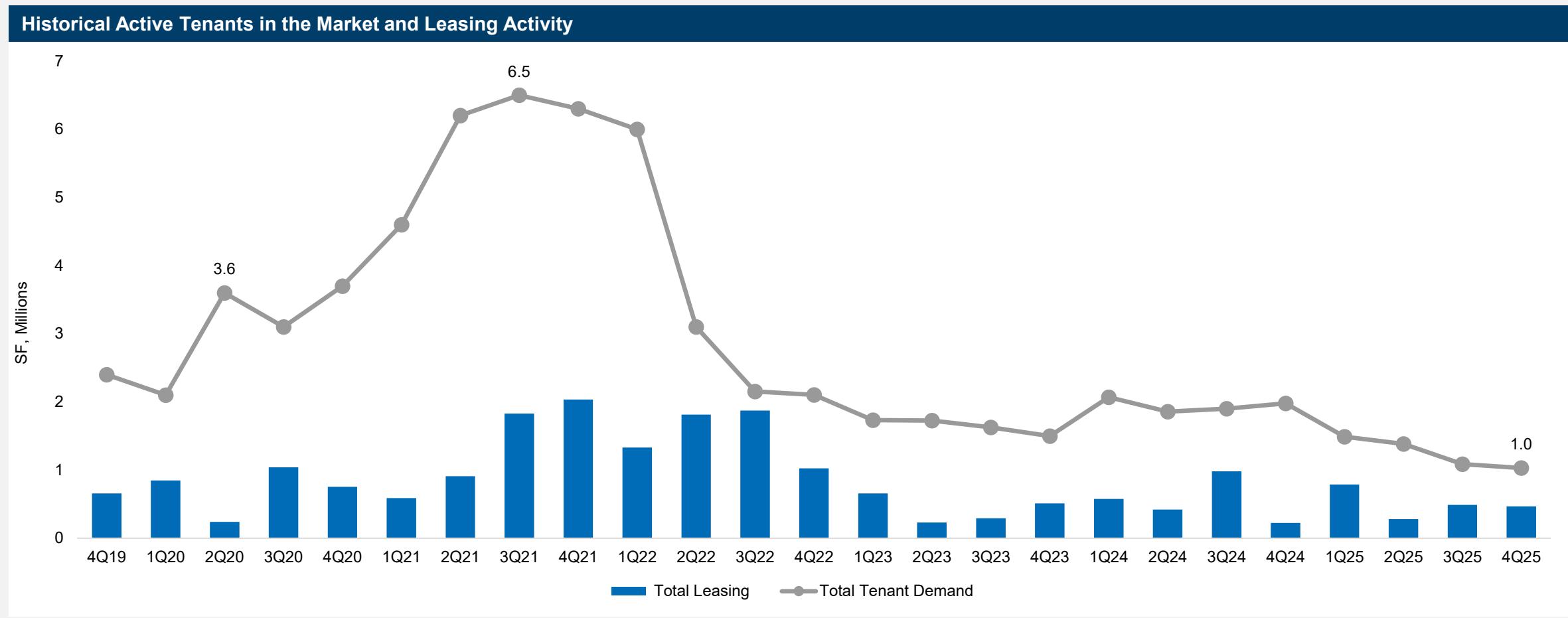


## Occupancy Losses Persist in Greater Boston, Select Submarkets Outperform

Please reach out to your  
Newmark business contact for this information

# 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

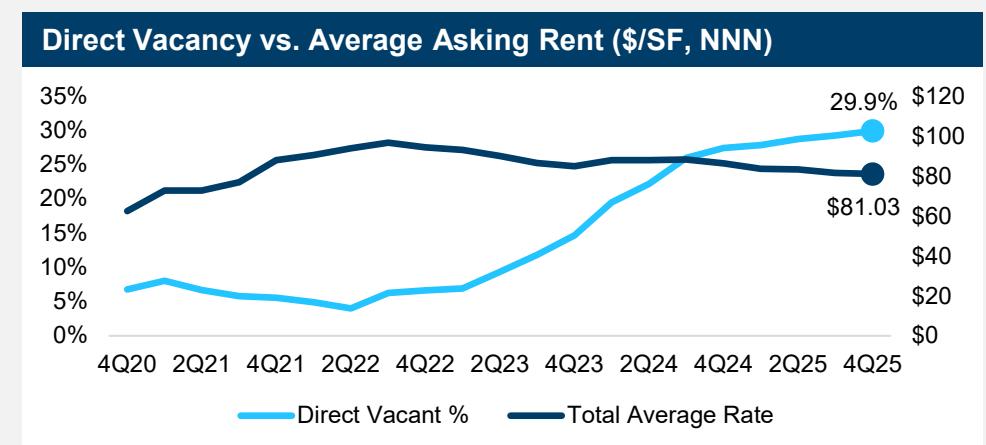
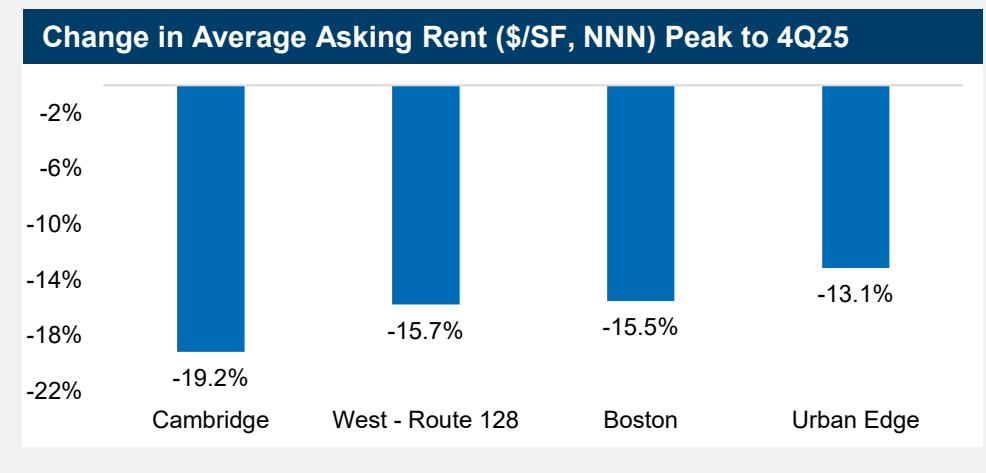
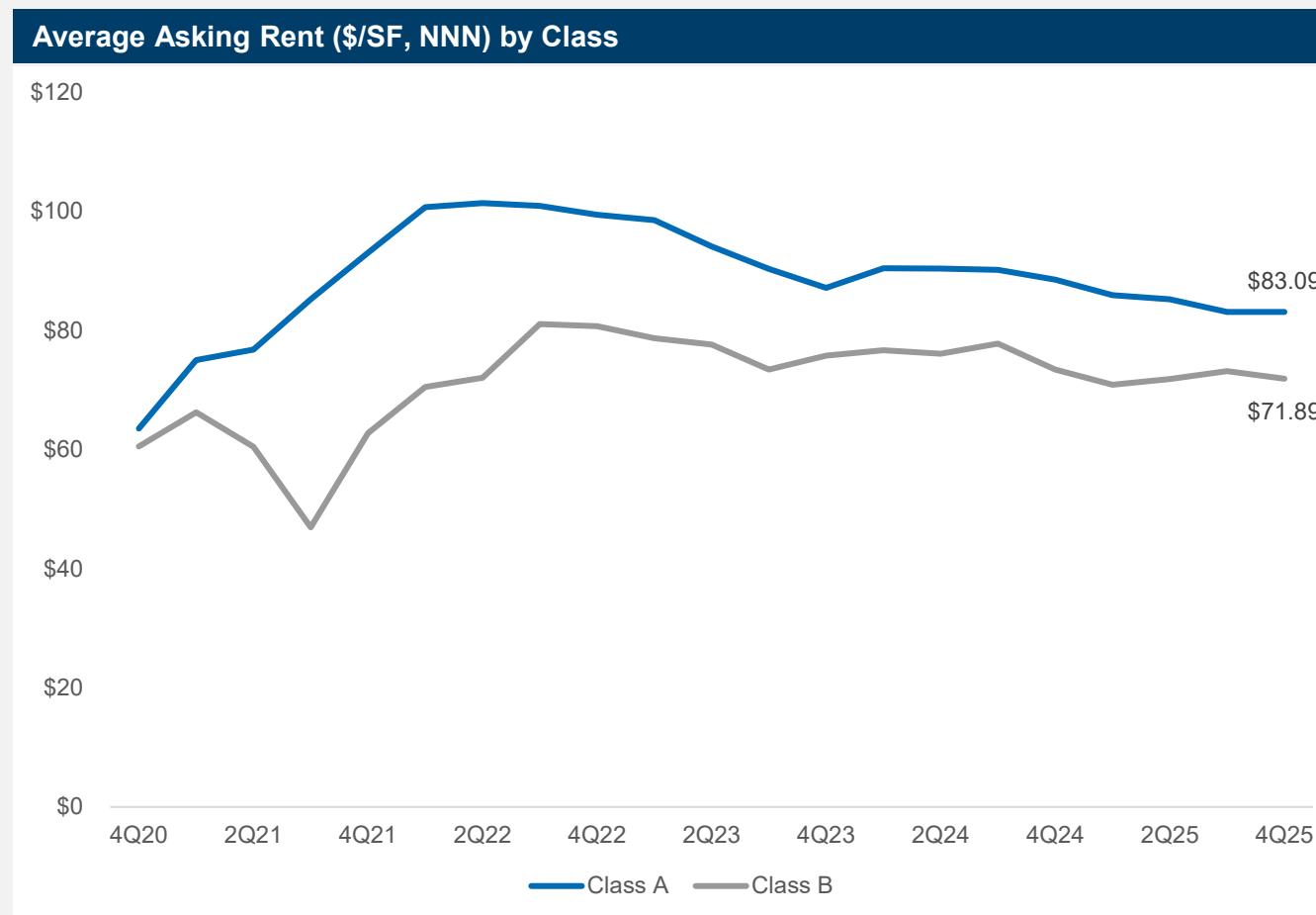
Please reach out to your  
Newmark business contact for this information

## Unprecedented Development Cycle Drove Life Science Oversupply

Please reach out to your  
Newmark business contact for this information

# 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

Please reach out to your  
Newmark business contact for this information

## Cambridge Price Premium Persists

Please reach out to your  
Newmark business contact for this information

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

Please reach out to your  
Newmark business contact for this information

## Submarket Summary

Please reach out to your  
Newmark business contact for this information

# 03

## Submarket Overviews

---

4Q25



# Cambridge Market Overview

Please reach out to your  
Newmark business contact for this information

## Boston Market Overview

Please reach out to your  
Newmark business contact for this information

## Suburban Market Overview

Please reach out to your  
Newmark business contact for this information



## Submarket Overview

Please reach out to your  
Newmark business contact for this information

Submarket	Seaport	South - Route 128	Route 128	Boston	North - Route 128	West - Route 128	West - Fenway	Seaport - Fenway	Other
Seaport	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South - Route 128	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Route 128	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Boston	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
North - Route 128	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
West - Route 128	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
West - Fenway	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Seaport - Fenway	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Other	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

**Liz Berthelette**  
*Head of Northeast*  
*Boston Research*  
[elizabeth.berthelette@nmrk.com](mailto:elizabeth.berthelette@nmrk.com)

**Michael Roberts**  
*Senior Research Analyst*  
*Boston Research*  
[michael.roberts@nmrk.com](mailto:michael.roberts@nmrk.com)

**Hailey Roche**  
*Research Analyst*  
*Boston Research*  
[hailey.roche@nmrk.com](mailto:hailey.roche@nmrk.com)

**Izzy Giuliano**  
*Research Analyst*  
*Boston Research*  
[izzy.guiliano@nmrk.com](mailto:izzy.guiliano@nmrk.com)

**Boston**  
225 Franklin Street  
Boston, MA 02110  
t 617-863-8090

**New York Headquarters**  
125 Park Ave.  
New York, NY 10017  
t 212-372-2000

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](http://nmrk.com/insights). All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.