Lab Market Remains Under Pressure as Vacancy Holds Near Cycle Highs

▼28.0%
Vacancy Rate

▲(117,186)
SF Net Absorption

▲642,000
SF Construction Delivered

▼2.7M
SF Under Construction

▼$80.95
NNN/YR Direct Lease Rate

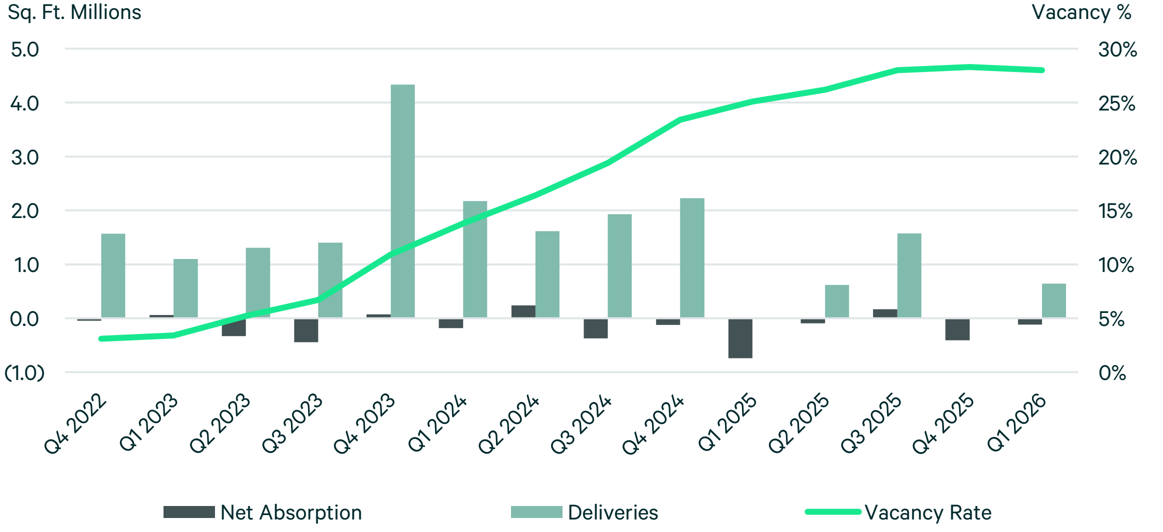
Note: Arrows indicate change from previous quarter.

Market Overview

The Greater Boston lab market continues to contend with elevated vacancy and negative absorption, reflecting constrained tenant demand and a prolonged adjustment following the prior expansion cycle. In Q1 2026, total market availability held at 32.7%, unchanged from Q4 2025 and up 70 basis points year-over-year, while vacancy edged down slightly to 27.9%, from 28.3% in Q4 2025, but remained materially above the 25.1% level recorded in Q1 2025. Net absorption remained negative at 117,186 sq. ft., an improvement from the -406,968 sq. ft. loss in Q4 2025, though still indicative of tenant retrenchment.

Despite marginal stabilization quarter-over-quarter, overall market conditions remain tenant-favorable. Since Q1 2025, Greater Boston has recorded more than 1.1 million sq. ft. of negative net absorption, underscoring the continued imbalance between occupied space and existing inventory during a period of muted leasing velocity.

Figure 1: Historical Absorption, Deliveries, and Vacancy



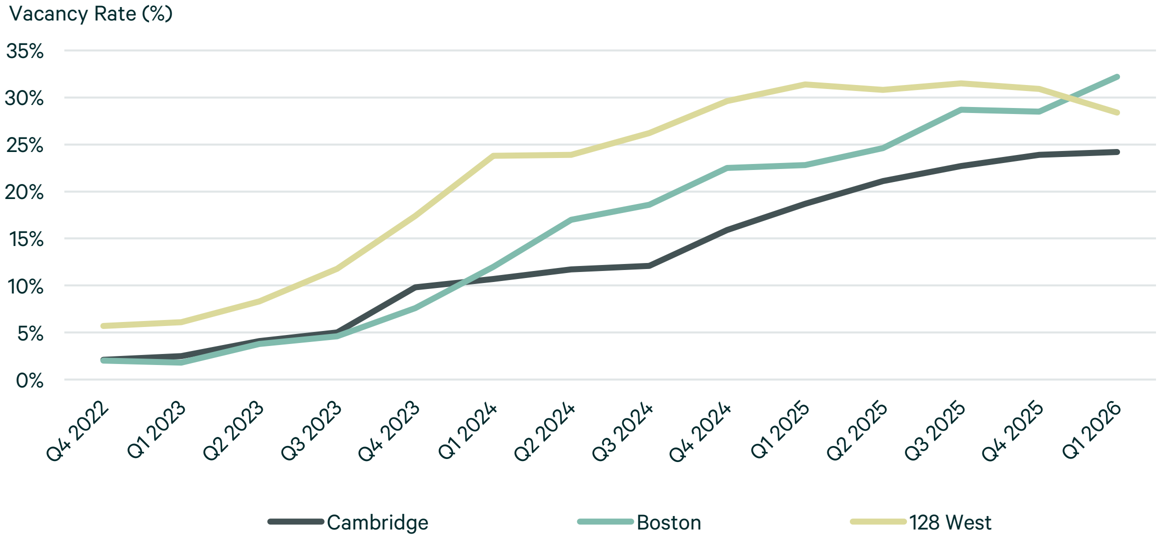
Source: CBRE Research, Q1 2026

Vacancy

Vacancy trends tightened modestly in early 2026 but remain near post-pandemic highs. Total vacancy declined 40 basis points quarter-over-quarter to 27.9%, following several consecutive quarters of upward pressure. On a year-over-year basis, however, vacancy increased 280 basis points, reflecting limited absorption against a backdrop of previously delivered space.

Availability remained unchanged at 32.7%, holding steady for a second consecutive quarter following incremental increases throughout 2025. The stability in availability suggests a slowing pace of new space introductions, even as demand remains constrained. Sublease space continues to account for a meaningful share of available inventory, totaling 3.9 million sq. ft., or 7.0% of overall inventory, up from 6.0% in Q4 2025 and 6.1% one year earlier, indicating continued occupier downsizing and portfolio rationalization.

Figure 2: Vacancy Rates by Class



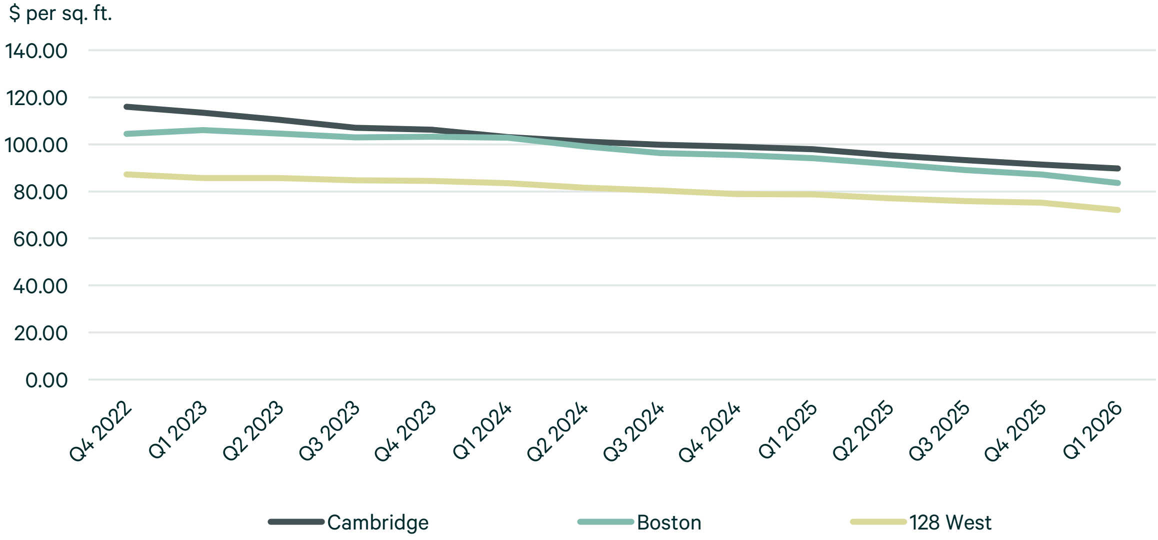
Source: CBRE Research, Q1 2026

Asking Rent

Pricing softened further as landlords responded to persistent vacancy and heightened competition. The average asking rent across Greater Boston declined to $80.95 per sq. ft. NNN in Q1 2026, down from $83.56 in Q4 2025 and $88.32 in Q1 2025, representing an 8.3% year-over-year decrease. This decline reflects growing pricing pressure across both direct and sublease offerings, particularly for second-generation lab space.

While headline rents continue to adjust downward, effective rents are under even greater pressure as concession packages expand. Landlords are increasingly relying on tenant improvement allowances, free rent, phase-in's and flexible deal structures to maintain leasing momentum and increase building occupancy thresholds amid limited new requirements.

Figure 3: Avg. Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption remains subdued, though quarter-over-quarter performance improved in early 2026. Greater Boston recorded -117,186 sq. ft. of net absorption in Q1 2026, narrowing the loss from -406,968 sq. ft. in Q4 2025, and marking the smallest quarterly decline since Q3 2025. Despite this improvement, year-to-date absorption remained negative at -117,186 sq. ft., extending the market's negative absorption streak beyond a full year.

Despite the relatively flat quarter, in terms of absorption, Mid Cambridge saw over 600,000 sq. ft. of negative absorption due to Takeda adding space to the sublease market. Takeda added several large blocks of space in preparation for the relocation to their new lab building in Kendall Square in 2027.

The slowdown in space givebacks suggests that some occupiers are nearing the end of their contraction cycles, but the absence of sustained positive absorption indicates that meaningful recovery in demand has yet to materialize.

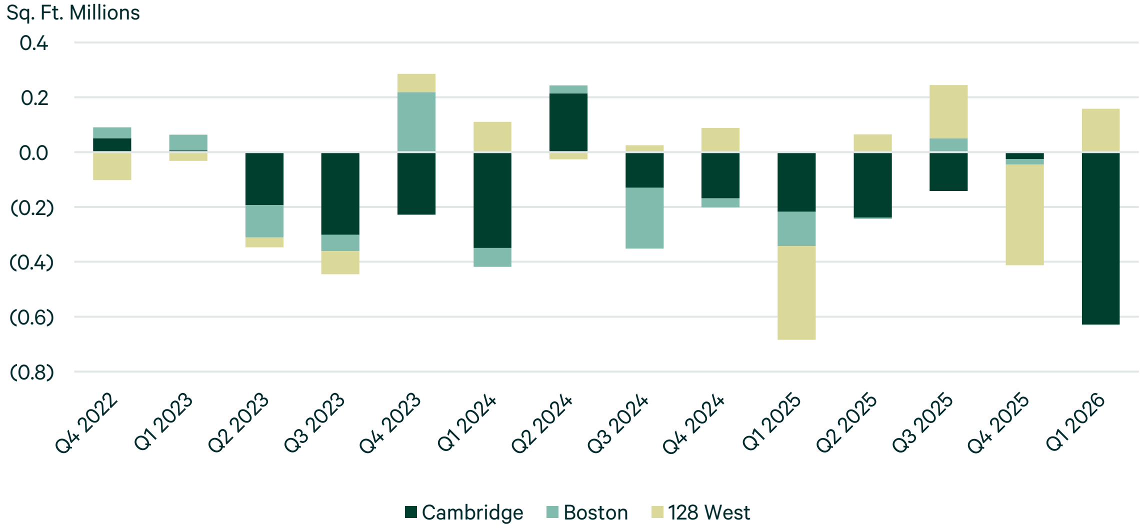
Demand

Tenant demand saw a 11% decrease since last quarter but is back in line with demand seen at the mid-point of 2025, ending at 2.2 million sq. ft. The number of tenants in the market for over 100,000 sq. ft. increased, helping to keep the demand level high, with several large pharma users opting to enter the market.

Construction Activity

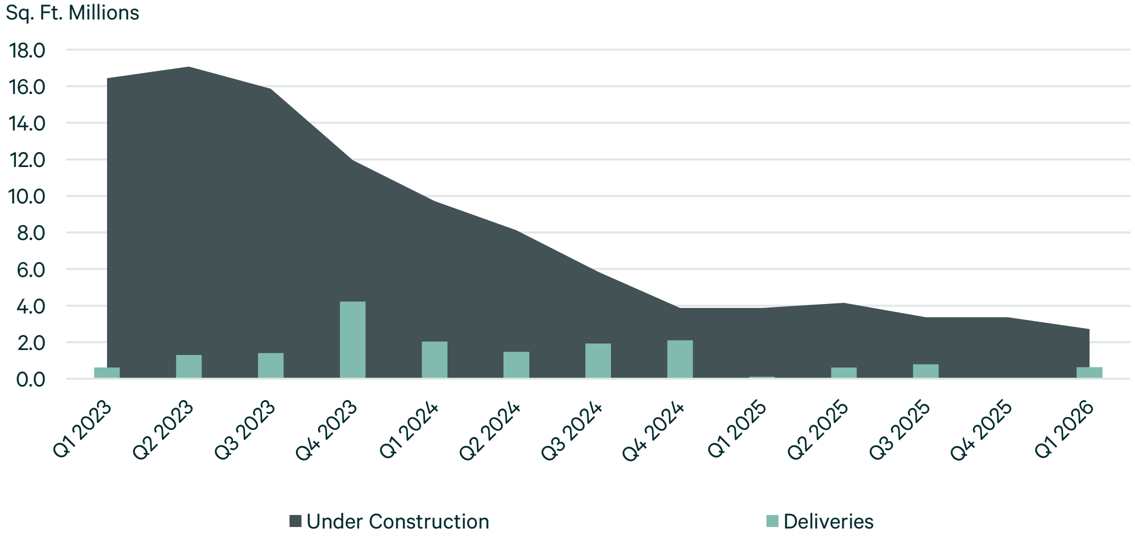
The construction pipeline across Greater Boston has continued to contract as developers pushed pause on new construction. Two projects, Enterprise Research Campus and 470 Atlantic Avenue, totaling 642,000 sq. ft. completed during the quarter bringing the total active construction pipeline to 2.7 million sq. ft. Of the five projects still under construction, four are build to suits for tenants like Takeda, Biogen, Vertex and AstraZeneca while the fifth, 421 Park in Fenway, is speculative ground-up lab construction. No new projects are expected to break ground in the foreseeable future due to high availability rates, ample available space and limited tenant demand.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 20256

Figure 5: Construction Activity



Source: CBRE Research, Q1 20256

Leasing Activity

Leasing activity rebounded in the first quarter and exceeded the total leasing velocity seen in the entire second half of 2025. The first three months of 2026 recorded nearly 1.1 million sq. ft. of activity across the metro area. Transmedics, who signed for nearly 500,000 sq. ft. with BioMed Realty for their new headquarters in Somerville, was the largest deal signed since the first quarter of 2025 when Biogen signed the lease for their new build-to-suit headquarters in Kendall Square at MITIMCo's Kendall Commons development. There were four other leases signed during the quarter that exceeded 50,000 sq. ft. spread across 128 West, West Cambridge and Allston/Brighton/Longwood.

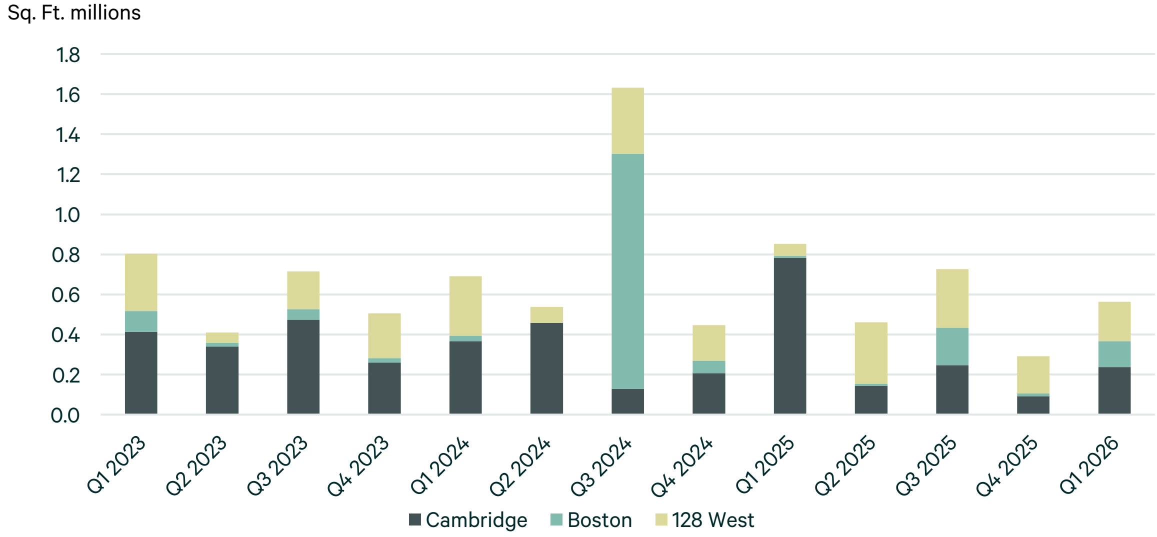
Outlook

The Greater Boston lab market remains in a correction phase, characterized by elevated availability, ongoing negative absorption, and softening rents. While Q1 2026 showed modest signs of stabilization, most notably in vacancy and absorption—market fundamentals continue to favor tenants in the near term. Meaningful improvement is likely contingent on capital markets stabilization, renewed venture funding activity, and clearer expansion signals from life sciences occupiers.

In the interim, competitive pressures are expected to persist, with landlords selectively adjusting pricing and concessions to secure creditworthy tenants. Sublease inventory and second-generation lab space are poised to remain key drivers of market dynamics through the remainder of 2026.

Source: CBRE Research, Q4 2025

Figure 6: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q1 2026

Figure 7: Key Lease Transactions

TENANT	ADDRESS	SQ. FT.	SUBMARKET	TYPE
Transmedics	188 Assembly Park Drive, Somerville	498,000	Close-In North	New
Stoke Therapeutics	245 Fifth Avenue, Waltham	98,500	128 West	New
Genentech	Enterprise Research Campus	70,000	Allston/Brighton/Longwood	Expansion
Lila Sciences	1 Alewife Park	58,000	West Cambridge	Expansion
Zealand Pharma	35 CambridgePark Drive	52,800	West Cambridge	New
TerrestrialBio	250 Western Avenue	42,000	Allston/Brighton/Longwood	New
Biocytogen	300 Third Avenue, Waltham	36,600	128 West	Expansion

Source: CBRE Research, Q1 2026

Cambridge

The Cambridge lab market recorded over 625,000 sq. ft. of negative absorption to begin the year, raising the availability rate to 30.5%, a 310 basis point (bps) increase from last quarter. Available sublease space was the main driver of the overall availability increase, as the sublease rate climbed 270 bps to 9.9%. Vacancy saw a much smaller increase of just 30 bps to 24.2%. Elevated availability and vacancy rates continued to put downward pressure on rents, which fell for the 16th consecutive quarter, ending Q1 at $89.73 per sq. ft. NNN.

East Cambridge saw 85,000 sq. ft. of negative absorption during the first quarter. The core submarket experienced limited leasing activity, totaling 43,600 sq. ft., and continued the trend of smaller deals as tenants remain cautious about committing to new space needs. Several larger blocks of space returned to the market as macroeconomic pressures persist, forcing biotech firms—both small and large—to face difficult shutdown decisions. Asking rents in East Cambridge saw a slight decrease since the end of 2025, ending Q1 at $101.55 per sq. ft. NNN. Vacancy increased 120 bps to 19.9%, while availability rose 70 bps to 22.2%, driven by negative absorption.

Mid Cambridge felt the greatest impact during the quarter, as Takeda looks to sublease over 600,000 sq. ft. of space ahead of its consolidation into Kendall Square. The submarket recorded 644,000 sq. ft. of negative absorption, causing the availability rate to jump nearly 20 percentage points to 51.1%. The increased availability caused asking rents to fall 530 bps to $84.03 per sq. ft. NNN.

Unlike East and Mid Cambridge, West Cambridge recorded positive absorption and was home to two of the largest leases during the quarter. The submarket posted 100,000 sq. ft. of growth as Zealand Pharma and Lila Sciences both signed leases exceeding 50,000 sq. ft. Despite the positive absorption, asking rents continued to slide, dropping to $71.38 per sq. ft. NNN. Availability and vacancy both saw material decreases, falling to 47.4% and 46.4%, respectively.

Boston

The Boston life science market had a relatively quiet quarter in terms of absorption, recording just 1,600 sq. ft. of contraction. Availability increased 10 bps from last quarter to 35.3%, while vacancy jumped 370 bps to 32.2%. The increase in vacancy was largely driven by the completion of two projects, Enterprise Research Campus and 470 Atlantic where Nan Fung Life Science Real Estate converted several floors, that delivered more than 550,000 sq. ft. of vacant space to the market. Asking rents continued to feel pressure from higher availability, falling to $83.56 per sq. ft. NNN, down 400 bps quarter over quarter.

The two most active submarkets during Q1 were Allston/Brighton/Longwood and the Seaport. Allston/Brighton/Longwood recorded 102,000 sq. ft. of positive absorption, while the Seaport posted 103,000 sq. ft. of negative absorption. Allston/Brighton/Longwood was home to the two largest deals in the Boston market during the quarter, while the Seaport saw an entire building hit the market with the potential to be made fully available at 6 Tide Street. The Seaport also saw Gillette announce its decision to locate its new Boston headquarters at 232 A Street along the Fort Point Channel. Although it will be several years before the company moves into the new research and development facility, parent company Procter & Gamble announced a $1 billion investment in the project.

Suburban

The suburban life science market of Greater Boston recorded 513,000 sq. ft. of positive absorption during the first quarter, marking the third positive quarter out of the last four. This growth caused availability to decline 320 bps quarter over quarter to 32.9%, while vacancy saw a steeper decline of 430 bps, falling to 28.3%. Available sublease space in the suburbs decreased 10 bps to 5.3%. Similar to the broader market, rents declined, dropping 400 bps since last quarter to $72.04 per sq. ft. NNN.

The inner suburban city of Somerville was home to the largest lease of the quarter and the largest suburban lab lease in the past ten years. TransMedics announced it will be relocating from its Andover headquarters to BioMed Realty's Assembly Innovation Park project. The 498,000 sq. ft. lease represents a significant expansion for the company and had a material impact on the city's life science market.

The core suburban cities of Waltham and Lexington started the year on a positive note after ending 2025 with strong negative absorption. The two cities combined for 181,000 sq. ft. of positive absorption, driven primarily by Waltham, which recorded several large deals, including Stoke Therapeutics, Biocytogen, and Akebia. The positive absorption caused availability to drop 350 bps to 27.6%, while vacancy decreased 340 bps to 20.1%. Asking rents continued their downward trend, falling 180 bps to $70.33 per sq. ft. NNN.

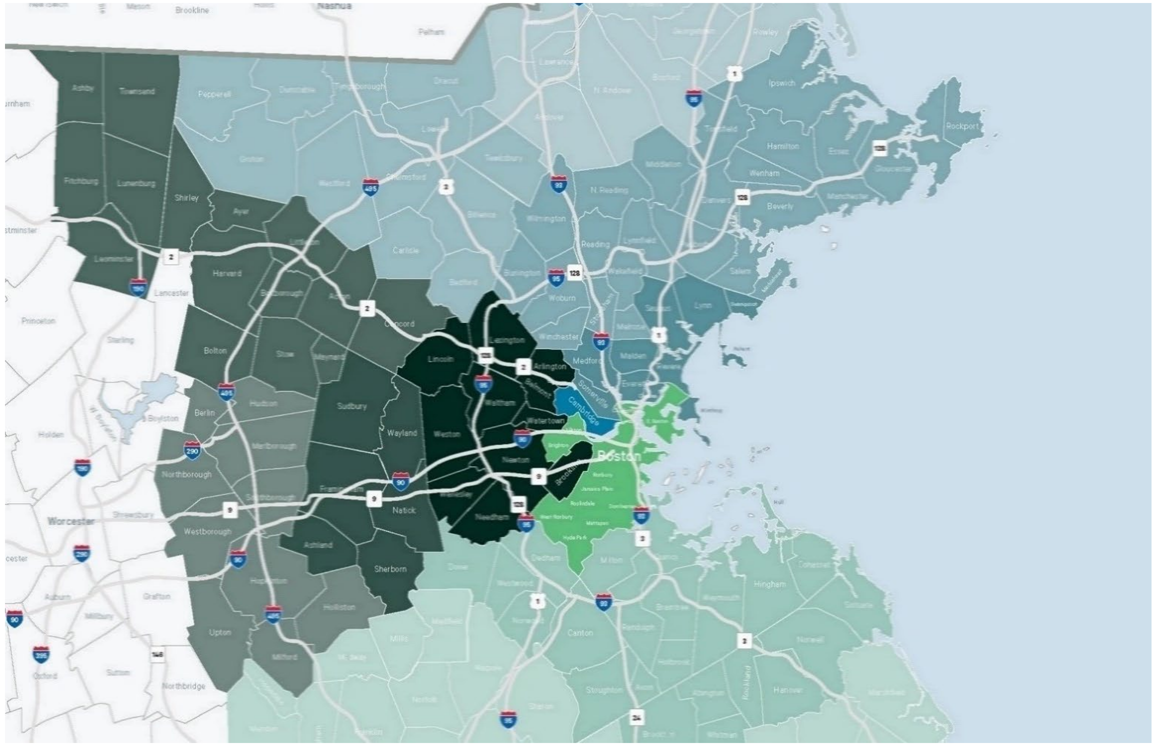
Market Statistics by Submarket

Figure 8:

	Total SqFt	Available (%)	Vacant (%)	Sublease (%)	Quarter Absorption	YTD Absorption	Avg Asking Rent ($ NNN)	Deliveries	Under Construction
Cambridge - East	14,143,113	22.2	19.9	5.8	(85,192)	(85,192)	101.55	-	1,765,000
Cambridge - Mid	3,597,660	51.1	25.0	26.6	(644,322)	(644,322)	84.03	-	-
Cambridge - West	2,591,146	47.4	46.4	9.3	100,859	100,859	71.38	-	-
Overall Cambridge Lab	**20,331,919**	**30.5**	**24.2**	**9.9**	**(628,655)**	**(628,655)**	**89.73**	**-**	**1,765,000**
Seaport	5,654,714	41.0	39.2	10.1	(103,611)	(103,611)	85.06	-	344,000
Fenway/Kenmore Square	1,910,588	41.6	24.9	1.7	0	0	94.68	-	608,588
North Station/Waterfront	579,090	0.0	0.0	0.0	0	0	—	-	-
Charlestown/East Boston	1,481,894	25.9	21.8	5.8	0	0	53.13	-	-
Dorchester/South Boston	1,552,364	29.0	29.0	4.4	0	0	56.41	-	-
Allston/Brighton/Longwood	4,146,744	31.7	31.7	1.1	102,000	102,000	91.32	510,000	-
Others	930,188	50.4	48.7	4.4	0	0	—	132,000	-
Overall Boston Lab	**16,255,582**	**35.3**	**32.2**	**5.2**	**(1,611)**	**(1,611)**	**83.56**	**642,000**	**952,588**
Close-In Suburbs North	2,809,553	53.1	51.8	0.5	498,286	498,286	80.05	-	-
Route 128 - North	1,116,215	38.2	38.2	4.7	48,642	48,642	60.86	-	-
Route 495 - Northeast	120,330	56.0	56.0	0.0	0	0	55.00	-	-
Route 3 - North	2,284,960	19.8	18.1	3.5	(38,000)	(38,000)	55.75	-	-
Route 128 - West	10,887,082	34.6	28.4	7.8	158,572	158,568	72.08	-	-
Framingham - Natick	784,140	2.2	0.0	0.0	0	0	60.00	-	-
Route 495 - Mass Pike West	1,465,273	12.6	4.0	2.8	(154,420)	(154,420)	--	-	-
Overall Suburban Lab	**19,467,553**	**32.9**	**28.3**	**5.3**	**513,080**	**513,076**	**72.04**	-	-

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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