

FIGURES | PHILADELPHIA LIFE SCIENCES | Q1 2026

Long-term outlook positive despite occupancy losses to start the year

▲ 22.8%
Vacancy Rate

▼ -288.9K
SF Net Absorption

▶ 0.5M
SF Construction

▲ \$57.04
NNN / Lease Rate

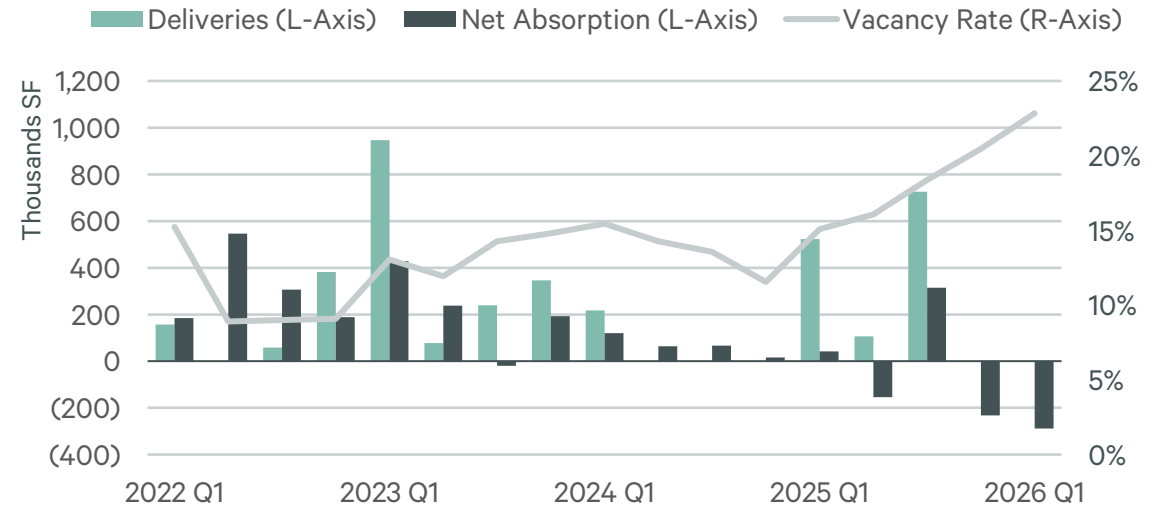
Note: Arrows indicate change from previous quarter.

- Two significant leases totaling more than 360,000 sq. ft. accounted for all of the leasing activity in Q1 2026.
- Philadelphia's biotech sector saw significant early-year investment in 2026, including notable funding rounds for Penn-BioNTech and Alveus Therapeutics, potentially indicating a positive shift in investor outlook.
- This quarter, a significant number of blocks became available at Discover Labs in King of Prussia, driving nearly all of the negative absorption to start the year.

Appreciable occupancy losses to start the year pushed vacancy higher, but long-term investments point toward a strong life sciences ecosystem in the Philadelphia metro area. Mostly concentrated in the suburbs, negative absorption of nearly 300,000 square feet (sq. ft.) pushed vacancy up to 22.8%, its highest level since CBRE started tracking life sciences in 2018. But, there were signs of stability on the horizon.

To start, most of the leasing activity taken place during the past few quarters were for larger manufacturing and research facilities backed by established, global pharmaceutical companies.

FIGURE 1: Supply vs. Demand



Source: CBRE Research, 2026.

Secondly, no speculative construction was underway, precluding oversupply fears from a development perspective. Finally, private equity capital started to flow back into the market, pointing toward future demand from the smaller-scale entities that had driven the expansion phase from 2020 through 2022.

Demand

Continuing 2025's trend of fewer but more impactful activity, two significant leases totaling more than 360,000 sq. ft. along with a 150-acre land purchase for future life sciences development accounted for all the demand posted in Q1 2026. Most notably, Terra Power, a nuclear innovation company founded by Bill Gates in 2006, signed a 250,000 sq.-ft. lease in the Bellwether District project in south Philadelphia. The company will build their flagship cGMP actinium-225 manufacturing facility there where the next generation of isotopes for use in cancer treatments will be produced.

Johnson & Johnson also committed to a new manufacturing facility in the region. Recently, Johnson & Johnson purchased 154 acres adjacent to Spring House Innovation Park for the purpose of developing a cell therapy manufacturing facility which is slated to create 500 skilled biomanufacturing jobs once it runs at full capacity.

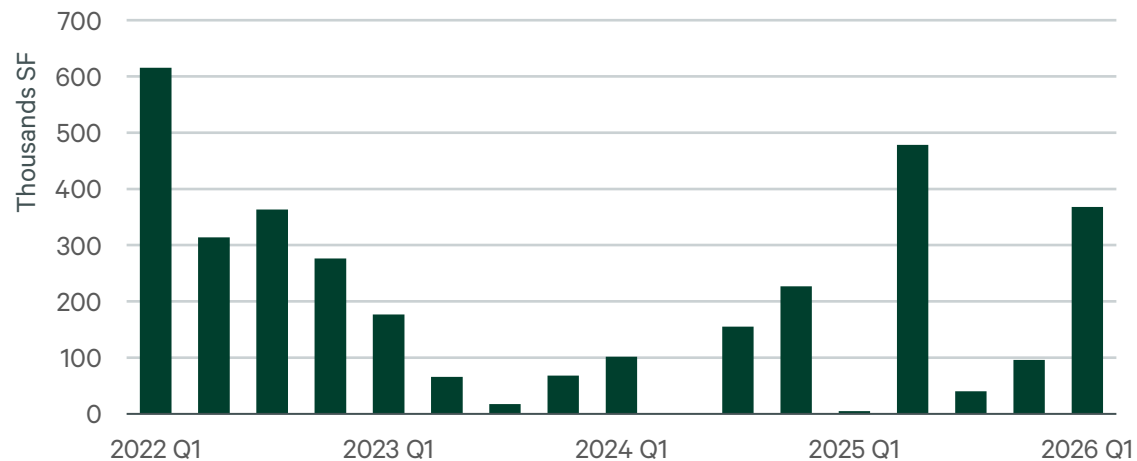
Finally, the Philadelphia Police's forensic laboratory leased 118,000 sq. ft. at 3.0 University Place. After a lengthy touring and selection process, the city's lab will occupy the top floors of 4101 Market Street, a building that had sat vacant since completing in 2023.

Supply

Despite nearly 400,000 sq. ft. of leasing activity, the market still posted nearly 300,000 sq. ft. of negative absorption as vacancy rose 230 basis points to settle at 20.5%. Nearly all of the added vacancy in the market took place in the King of Prussia/Valley Forge submarket. Specifically, 235,000 sq. ft. of available space came to market at Discovery Labs, the former GSK facility.

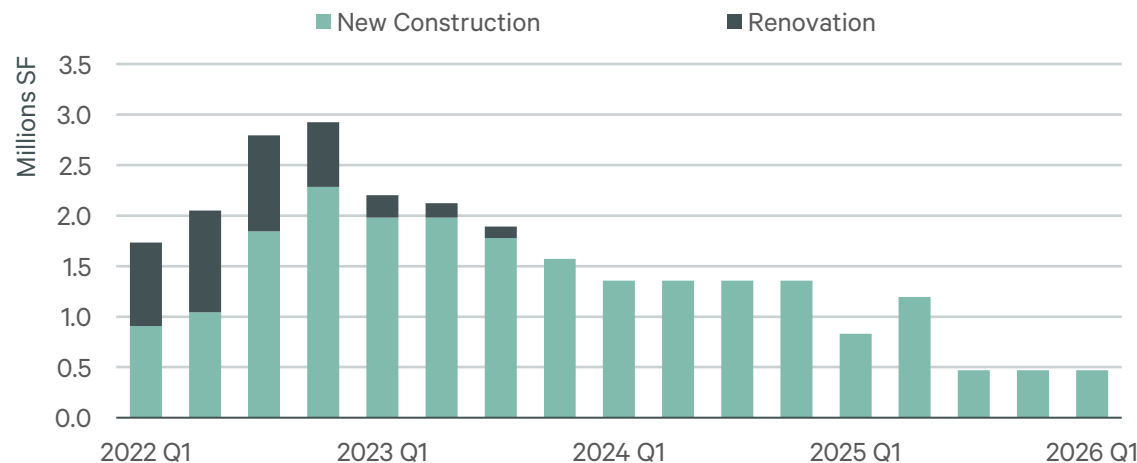
While a robust construction pipeline delivering mostly empty space to the market during 2024 and 2025 pushed vacancy well-above even pre-pandemic levels, demand softening in the past

FIGURE 2: Leasing Activity



Source: CBRE Research, 2026.

FIGURE 3: Active Construction Pipeline



Source: CBRE Research, 2026.

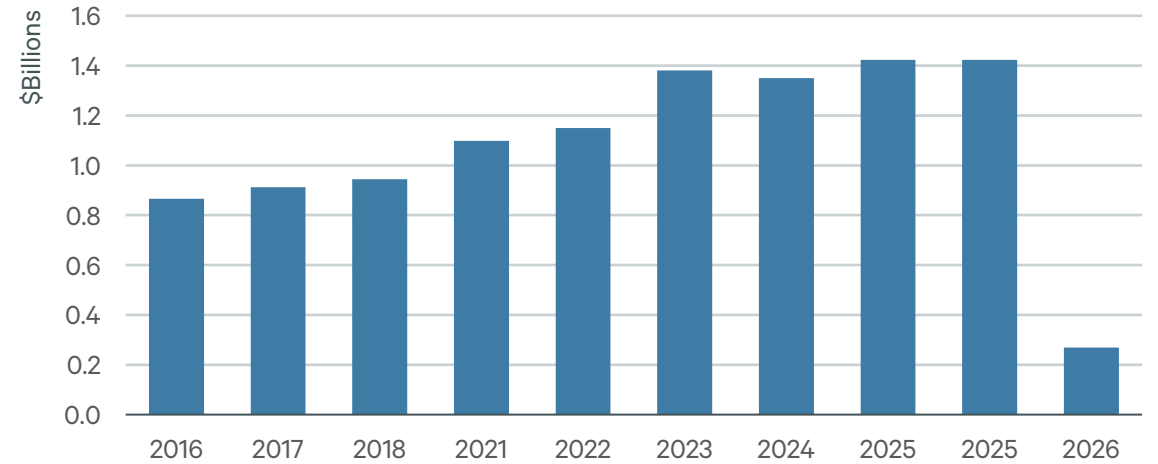
few quarters accounted for shrinking occupancy within the life sciences real estate market. While there are several large deals that will positively impact occupancy in the long term, short-term demand mostly struggled as a function of diminished private equity funding over the past two years. But there were signs that this capital drought may be over soon, pointing toward more stable short-term occupancy and supply.

Funding

Investments from Private equity drove the pandemic-era life sciences expansion in Philadelphia and in other metros. But during the past two years, interest started focusing on artificial intelligence, reducing the potential capital flowing into the life sciences market. But 2026 started with several notable private equity funding events. To start, Alveus Therapeutics announced its second and final closing of its Series A financing, bringing the round total to \$197 million according to a press release from Alveus who is headquartered in Philadelphia.

The University of Pennsylvania, BioNTech, and Osage University Partners also announced the formation of a new venture capital fund focused on early-stage life sciences companies originating from the University of Pennsylvania. The fund was designed to accelerate the transition from potential science breakthroughs to real-world treatments and therapies. The fund had more than \$800 million under management to start.

FIGURE 4: NIH Funding Awarded in Philadelphia MSA



Source: National Institute of Health.

FIGURE 5: Submarket Statistics

	#of Buildings	Inventory (SF)	Vacancy Rate (%)	Availability Rate (%)	Net Absorption (SF)	Deliveries (SF)	Under Construction/ Renovation (SF)	Avg. Asking Rent (\$/SF/Yr., NNN)
King of Prussia/ Valley Forge	24	2,920,049	19.9	28.1	(255,622)	0	0	58.47
Malvern	12	775,786	5.9	6.5	(11,160)	0	0	18.83
Horsham/ Spring House	18	1,048,240	21.8	21.8	0	0	0	44.66
Exton/ West Chester	10	675,554	4.2	5.8	0	0	0	25.83
New Castle County	7	503,844	0.0	0.0	0	0	470,000	-
Lower Bucks County	9	460,547	3.3	10.9	0	0	0	25.00
Suburban Total	80	6,384,020	14.1	18.6	(266,782)	0	470,000	50.47
University City	17	3,410,123	39.1	38.5	(22,120)	0	0	63.20
Navy Yard	10	1,089,238	26.2	31.3	0	0	0	46.42
Greater Northeast	3	646,399	0.0	0.0	0	0	0	-
Center City	5	737,700	38.4	38.4	0	0	0	59.72
Urban Total	35	5,883,460	32.3	32.9	(22,120)	0	0	59.80
Philadelphia Total	115	12,267,480	22.8	25.5	(288,902)	0	470,000	57.04

Source: CBRE Research, 2026.

Market Area Overview

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