

Lab/R&D Vacancy Rises Despite More Favorable Life Sciences Industry Conditions

▲ 211.4 MSF

Inventory

▲ 23.2%

Vacancy Rate

▼ \$67.30

Avg. Asking Rent NNN

▼ 4.7 MSF

Under Construction

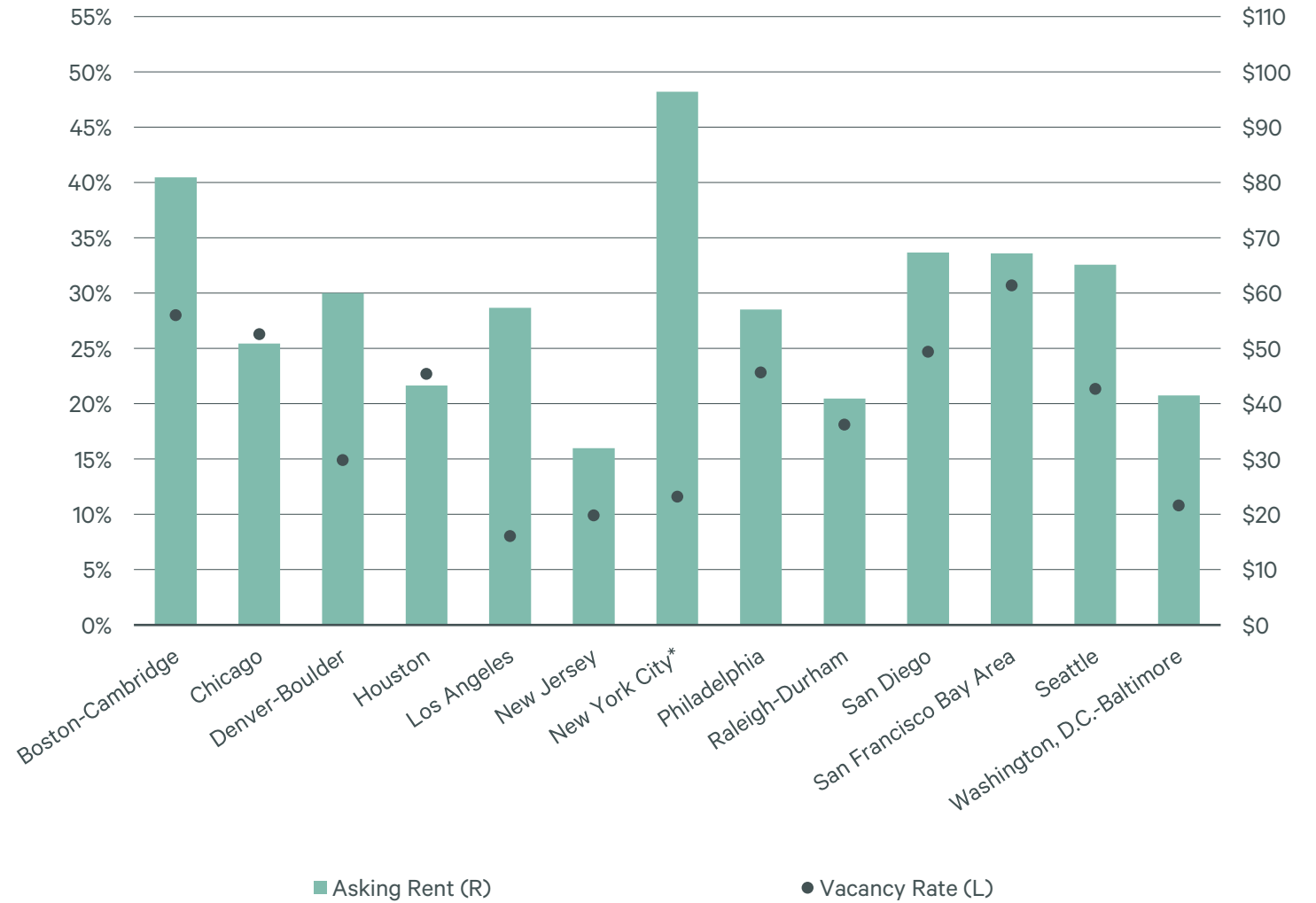
Note: Arrows indicate year-over-year change.

Executive Summary

- The lab/R&D vacancy rate for the top 13 life sciences markets increased by 30 basis points (bps) to 23.2% in Q1 after declining last quarter for the first time since 2022.
- Nine of the 13 major markets recorded negative net absorption totaling 1.2 million sq. ft., including Boston-Cambridge, the San Francisco Bay Area and San Diego.
- Average triple-net asking rent for lab/R&D space declined to \$67.30 per sq. ft., the fifth consecutive quarterly drop.
- Space under construction increased to 4.7 million sq. ft. in Q1 with the start of a 700,000-sq.-ft. project in Los Angeles.
- Biotech R&D employment rose for the fifth consecutive month to a record level in February.
- Venture capital investment of \$7.4 billion in Q1 aligned with the two-year quarterly average, as funding over the past year reached its highest level since 2022.

Figure 1
Lab/R&D vacancy rates & asking rents, top 13 markets

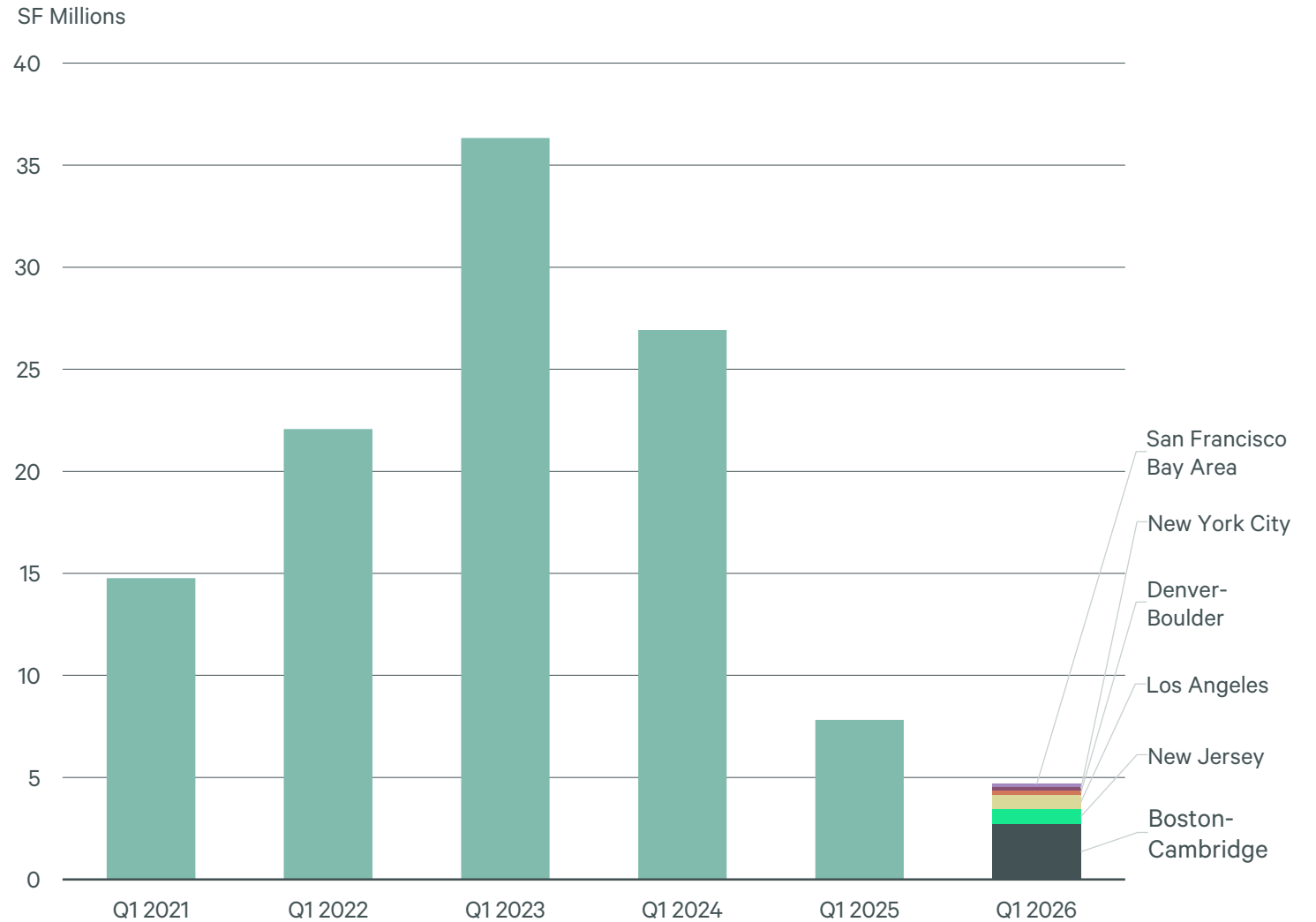
- The lab/R&D vacancy rate for the top 13 life sciences markets rose by 30 bps to 23.2%, partially driven by an increase in new construction completions. The rise reverses last quarter's decline for the first time since 2022.
- Vacancy rates increased quarter-over-quarter in eight of the 13 major markets.
- Negative net absorption totaling 1.2 million sq. ft. in Q1 reversed occupancy gains of 1 million sq. ft. in H2 2025.
- Average triple-net asking rent declined for the fifth consecutive quarter to \$67.30 per sq. ft. Asking rents declined quarter-over-quarter in five of the 13 major markets, with the biggest decreases in Boston-Cambridge, the San Francisco Bay Area and San Diego.
- Leasing activity increased to 3 million sq. ft. in Q1, well above the 2025 quarterly average of 2.6 million sq. ft.



*Vacancy rate for New York City is an "occupancy-ready, built availability rate" (lab exclusive space that is currently within 12 months of tenant fit out only). Lab exclusive availability rate for New York City is 27.5%.
 Source: CBRE Research, Q1 2026.

Figure 2 Lab space under construction

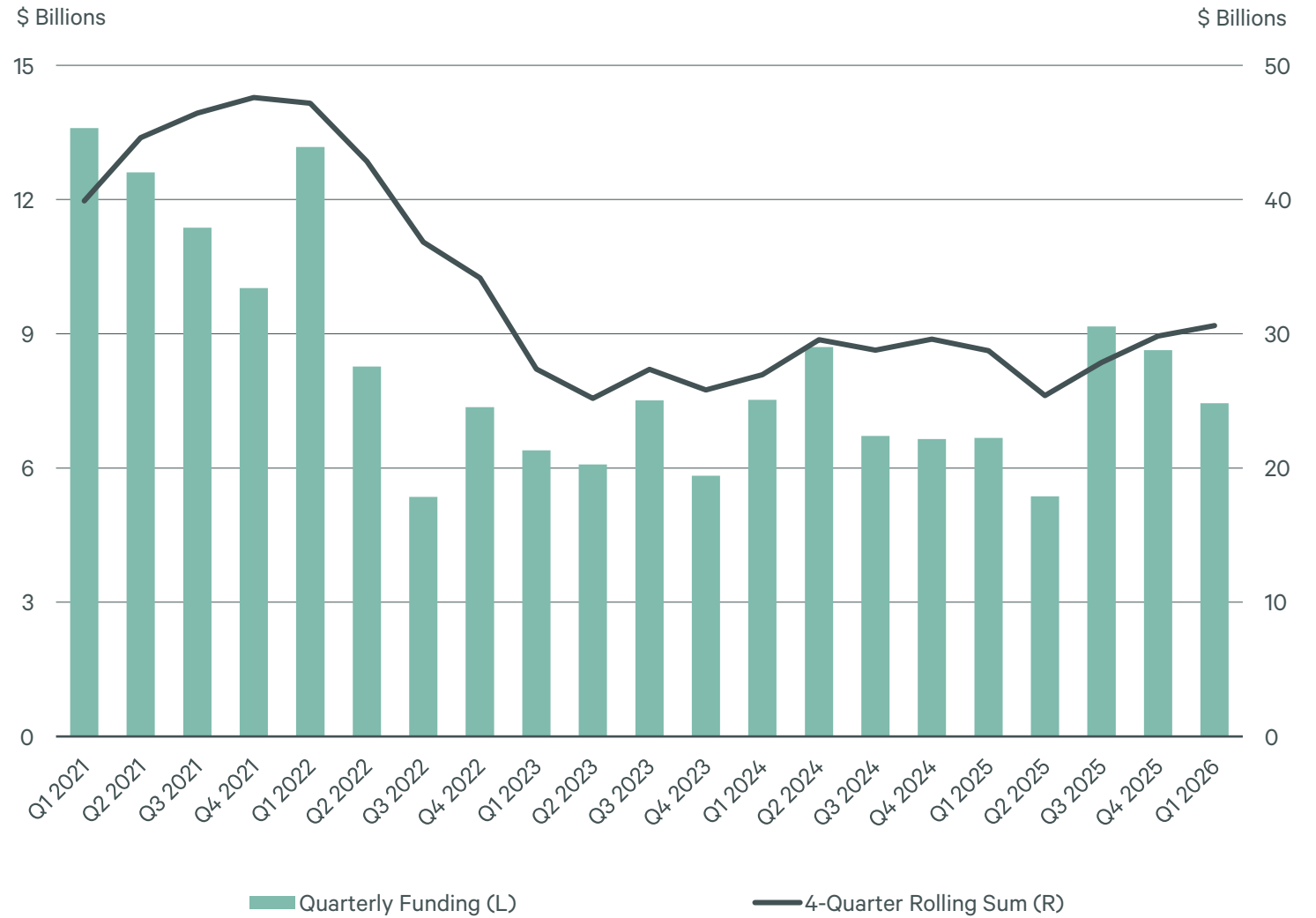
- Lab/R&D space under construction totaled 4.7 million sq. ft. in Q1 with the start of a 700,000-sq.-ft. project in Los Angeles.
- Approximately 72% of space under construction was preleased in Q1, up from 56% in Q4 2025.
- Construction completions totaling 773,000 sq. ft. in Q1 were in Boston-Cambridge and the San Francisco Bay Area.



Note: Includes new development, conversions, speculative and build-to-suit projects.
Source: CBRE Research, Q1 2026.

Figure 3 Life sciences venture capital funding

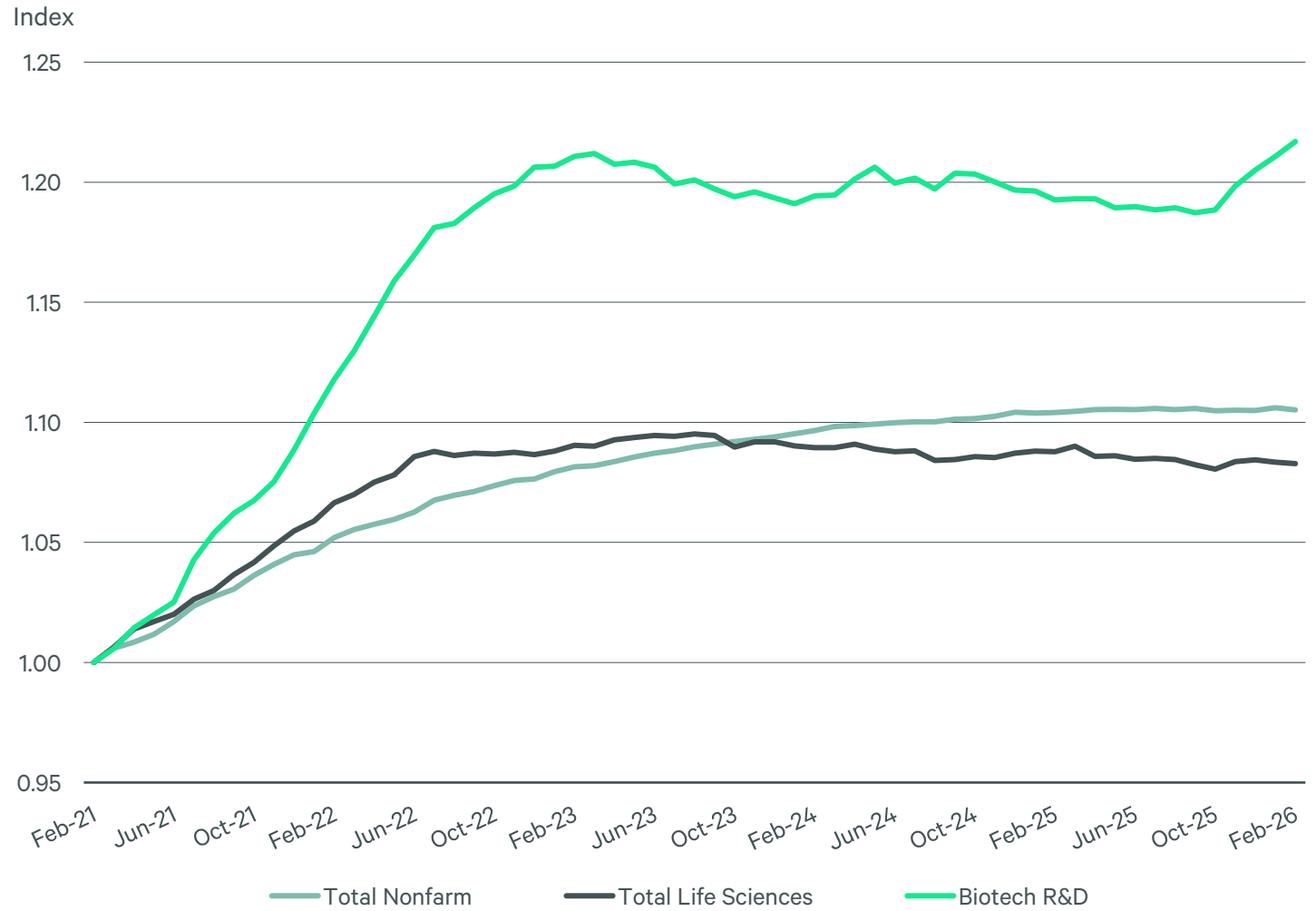
- Life sciences venture capital funding decreased by 14% quarter-over-quarter but increased by 12% year-over-year to \$7.4 billion in Q1.
- Rolling-four-quarter venture capital funding rose to its highest level since 2022 but was concentrated in larger deals.



Source: PitchBook, CBRE Research, Q1 2026.

Figure 4 Total U.S. & life sciences employment growth

- Biotech R&D employment reached a new record level in Q1 after increasing for five consecutive months, its longest growth streak since H1 2023.
- Broader life sciences employment fell by 0.4% year-over-year in February.



Note: Indexed to 1.0 in February 2021.
Source: CBRE Research, U.S. Bureau of Labor Statistics, Q1 2026.

Figure 5
Q1 2026 market indicators

Market	Inventory (SF)	Vacancy	Avg. Asking Rents (NNN)	Q1 2026 Net Absorption	2026 Total Net Absorption	Q1 2026 Leasing Activity	2026 Total Leasing Activity	Tenants Seeking Space	Total Demand (SF)	Under Construction (SF of Lab/R&D)	Preleased (% of Under Construction)	Q1 Deliveries (SF of Lab/R&D)
Boston-Cambridge	56,055,054	28.0%	\$80.95	(117,186)	(117,186)	1,075,666	1,075,666	59	2,169,000	2,717,588	87.5%	642,000
Chicago	2,040,494	26.3%	\$50.89	-	-	178,955	178,955	55	950,000	-	N/A	-
Denver-Boulder	3,378,348	14.9%	\$60.00	-	-	84,502	84,502	11	312,000	221,382	18.5%	-
Houston	3,499,684	22.7%	\$43.29	(16,725)	(16,725)	63,735	63,735	-	-	-	N/A	-
Los Angeles	5,630,342	8.0%	\$57.34	(11,514)	(11,514)	2,018	2,018	17	516,000	700,000	100.0%	-
New Jersey	19,296,120	9.9%	\$31.94	213,011	213,011	-	-	11	1,120,000	729,321	13.7%	-
New York City	2,932,044	11.6%	\$96.43	(5,071)	(5,071)	26,611	26,611	21	319,000	155,000	100.0%	-
Philadelphia	12,267,480	22.8%	\$57.04	(288,902)	(288,902)	368,000	368,000	21	761,500	-	N/A	-
Raleigh-Durham	9,594,316	18.1%	\$40.95	(31,461)	(31,461)	53,799	53,799	6	204,000	-	N/A	-
San Diego	28,684,544	24.7%	\$67.32	(432,043)	(432,043)	169,557	169,557	27	880,000	-	N/A	-
San Francisco Bay Area	43,574,408	30.7%	\$67.20	(454,559)	(454,559)	769,658	769,658	38	2,158,000	138,500	0.0%	131,000
Seattle	10,079,263	21.3%	\$65.12	(12,280)	(12,280)	104,039	104,039	6	236,700	-	N/A	-
Washington, D.C.-Baltimore	14,331,487	10.8%	\$41.50	2,650	2,650	67,557	67,557	13	357,500	-	N/A	-
TOTAL	211,363,584	23.2%	\$67.30	(1,154,080)	(1,154,080)	2,964,097	2,964,097	285	9,983,700	4,661,791	72.4%	773,000

Note: Vacancy rate for New York City is an "occupancy-ready, built availability rate" (lab exclusive space that is currently within 12 months of tenant fit out only). Lab exclusive availability rate for New York City is 27.5%.

Source: CBRE Research, Q1 2026

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