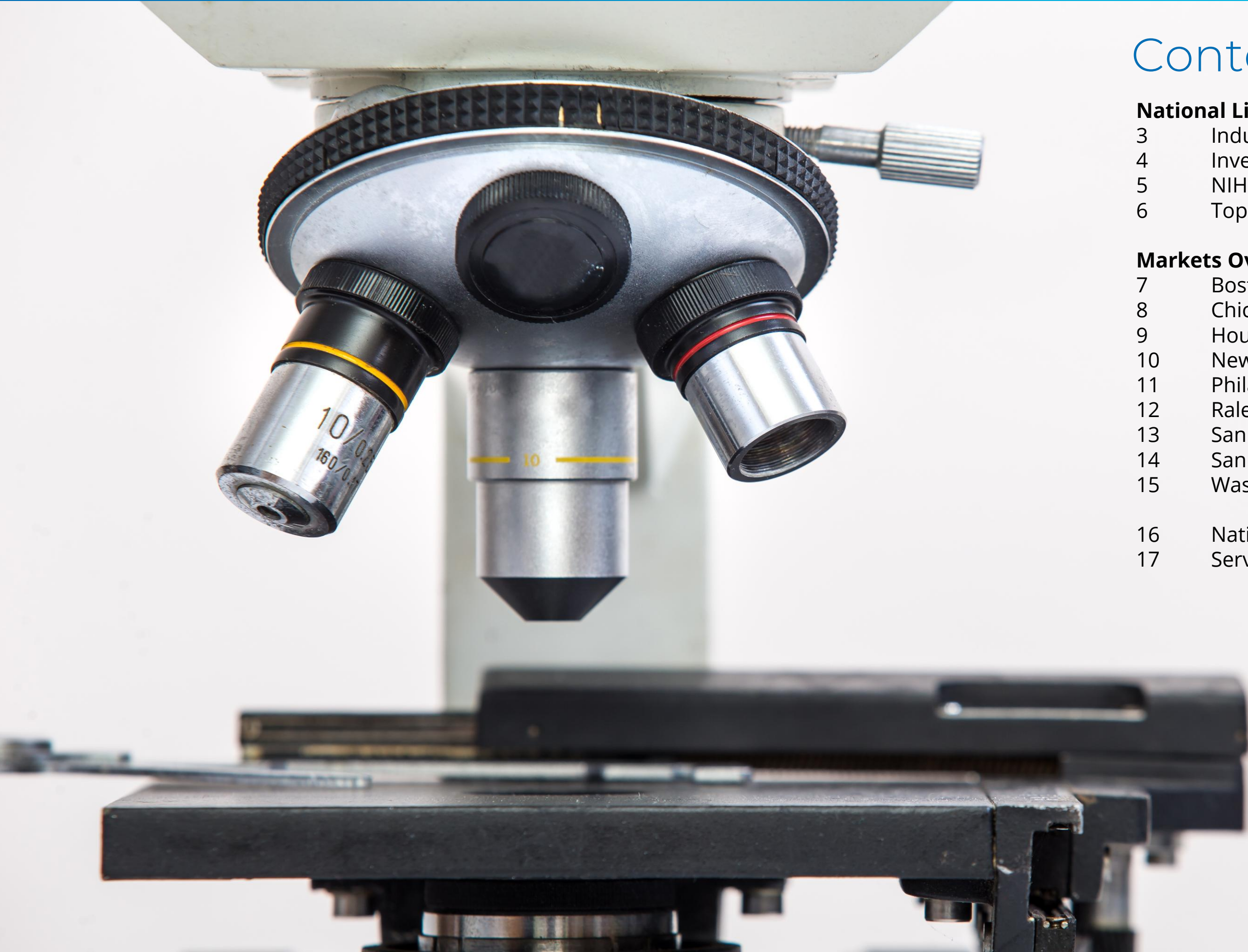




# U.S. MARKET | LIFE SCIENCES



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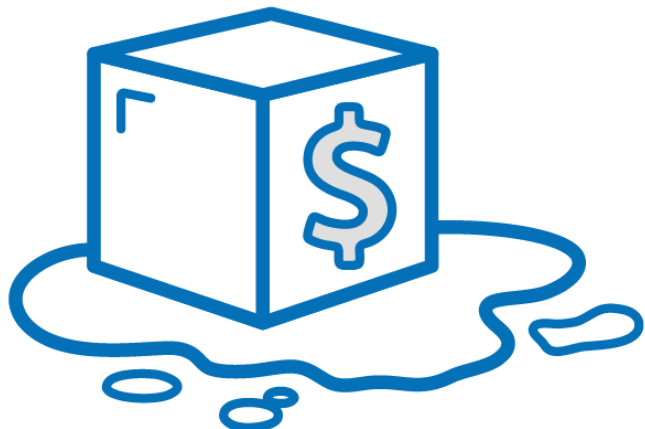
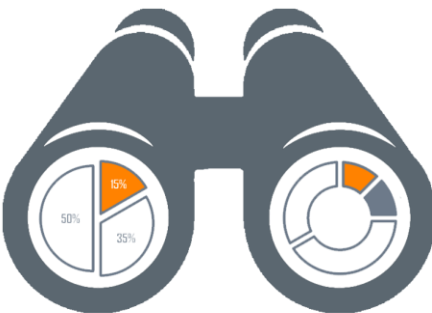
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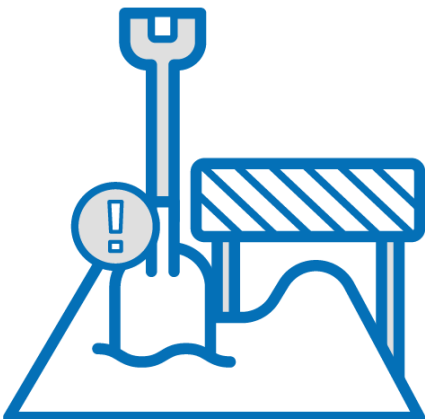
# THE VIEW FROM HERE



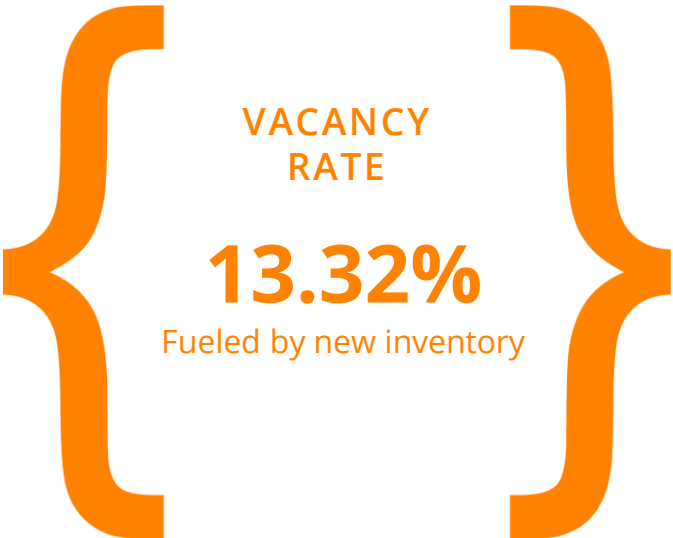
Federal capital has begun to flow, after a funding freeze at the beginning of the year.



The IPO market experienced a near-term rebound in Q2, totaling \$1.7 billion.

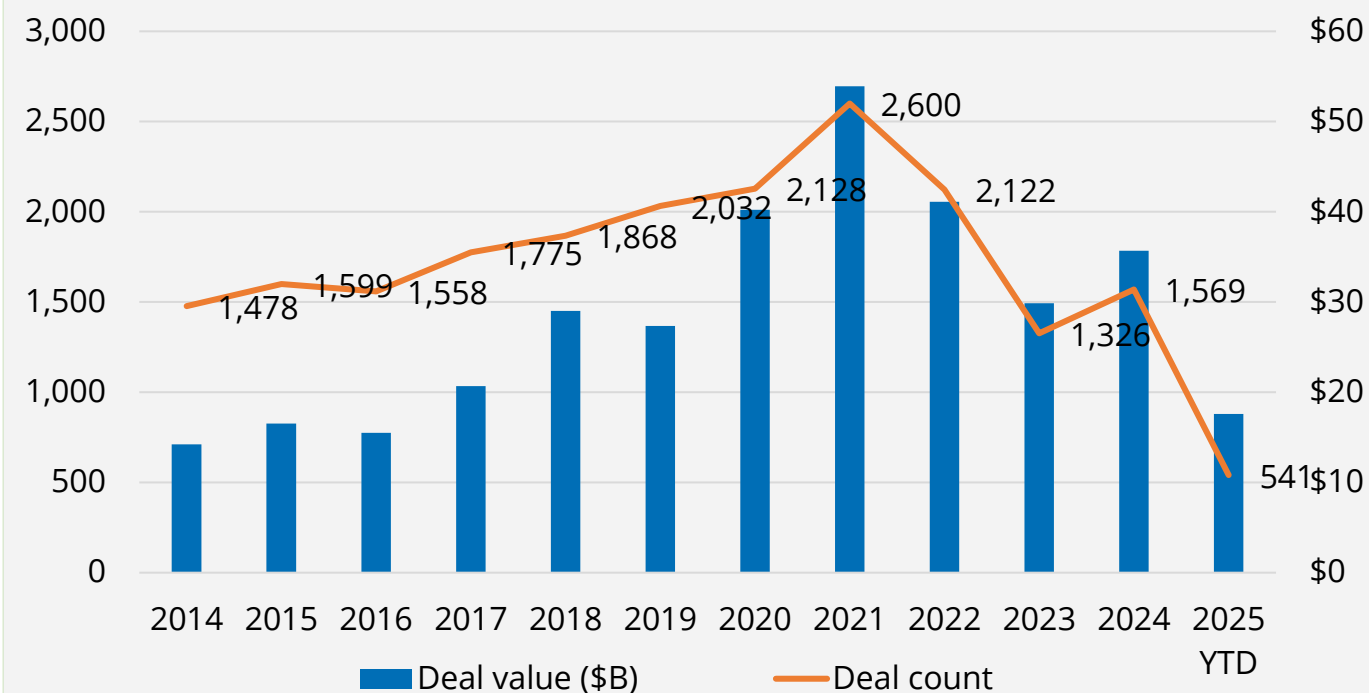


Construction starts in Q2 totaled 450K SF, a new 5-year low.



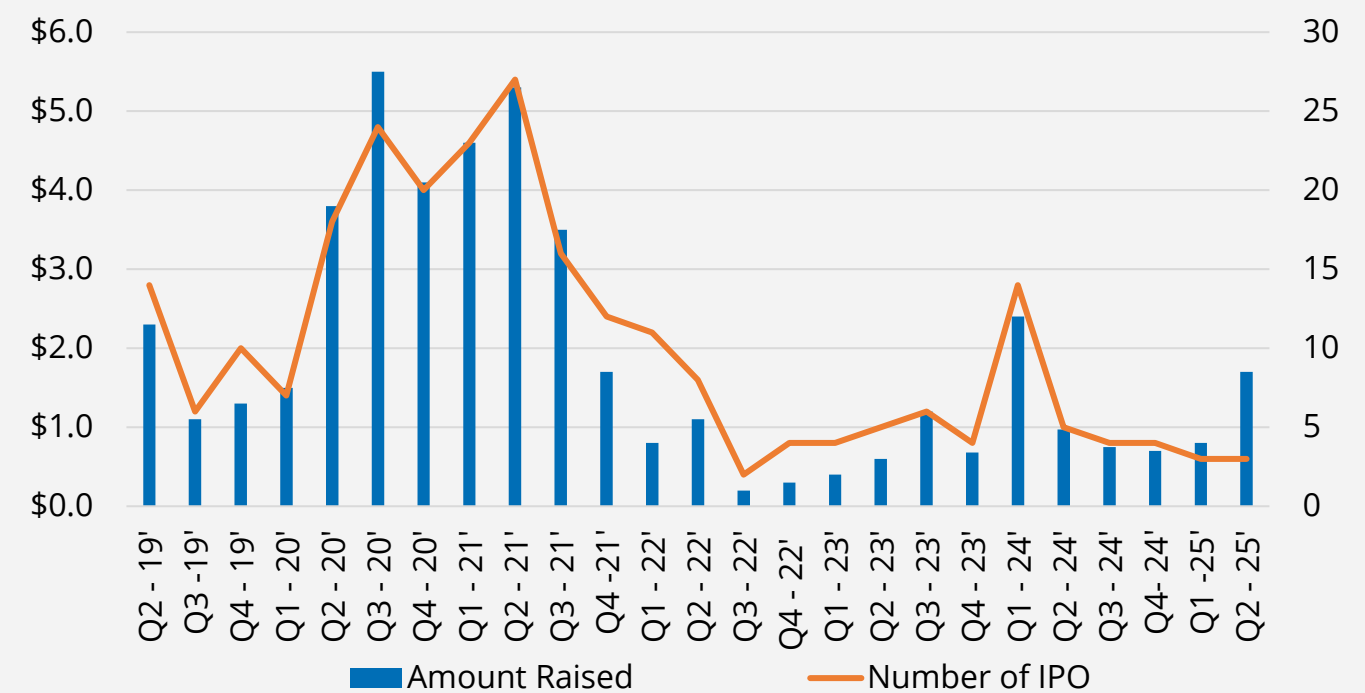
## VENTURE CAPITAL FUNDING

- In Q2 2025, U.S. life sciences companies raised approximately \$7.5B across 318 venture deals, marking the lowest quarterly deal volume in nearly ten years. Despite the slowdown in activity, the size of individual investments remained substantial, over 81% of total capital was allocated to rounds exceeding \$25M. This reflects a more cautious and selective investment climate, where capital is increasingly directed toward late-stage or de-risked companies. While early-stage startups saw less support, the sector maintained a significant share of overall VC funding due to the sheer scale of the larger transactions.
- Sectors within life sciences receiving the largest share of VC investment are digital diagnostic health, precision medicine and medical technology and devices.



## INITIAL PUBLIC OFFERINGS

- The public markets play a critical role in the funding cycles within the life science industries. For the stakeholders and company, it allows talent and investors a method of receiving a return on their investment and the company receives a boost of capital to help the underlying science thrive in the marketplace.
- The life sciences IPO market experienced another muted quarter. Only three companies entered the public market with a total raise of \$1.7B. The quarter's performance notes an uptick within recent quarters but remains off pandemic highs.
- Companies that launched IPOs in the last 12-month period have been met with mixed investor sentiment, 55% are below their IPO target price. In contrast, the 45% that remain above their IPO price have outpaced the market averages.



## NIH FUNDING HIGHLIGHTS

- The 2025 budget for NIH funding is \$46.7B, with \$1.2B in additional provisions. Although early NIH grant distributions were held up due to administration changes, funding is now flowing again. YTD 2025 a total of \$18.75B has been distributed.
- The established academic institutions with noteworthy research arms continue to remain the top recipients of NIH grants. Academic institutions support their post-grad ecosystem with increased investment in incubator and graduation space.

Additional governmental institutions that contribute to the advancement of life sciences:

Department of Energy (DOE)  
 Research budget \$8.1B (2025)  
 Research budget \$7.8B (2024)

Federal Drug Administration (FDA)  
 Research budget \$1.2B (2025)  
 Research budget \$1.1B (2024)

National Institute of Allergy and Infectious Diseases (NIAID)  
 Research budget \$5.1B (2025)  
 Research budget \$5.0B (2024)

## YTD 2025 NIH FUNDING | TOP RECIPIENTS

ORGANIZATION	CITY	STATE	AWARDS	FUNDING
Johns Hopkins University	Baltimore	MD	766	\$493,451,015
University Of California, San Francisco	San Francisco	CA	780	\$465,601,342
University Of Michigan At Ann Arbor	Ann Arbor	MI	775	\$420,788,515
University Of Pennsylvania	Philadelphia	PA	704	\$392,408,426
Washington University	Saint Louis	MO	666	\$374,066,649
Yale University	New Haven	CT	639	\$372,472,846
University Of Pittsburgh At Pittsburgh	Pittsburgh	PA	685	\$362,708,481
Stanford University	Stanford	CA	647	\$358,830,119
University Of California Los Angeles	Los Angeles	CA	513	\$334,738,751
University Of California, San Diego	La Jolla	CA	587	\$332,080,153
Massachusetts General Hospital	Boston	MA	589	\$331,554,155
University Of Washington	Seattle	WA	527	\$321,510,790
Duke University	Durham	NC	494	\$298,747,023
University Of North Carolina Chapel Hill	Chapel Hill	NC	519	\$297,276,932
Emory University	Atlanta	GA	502	\$292,719,727
Icahn School Of Medicine At Mount Sinai	New York	NY	425	\$259,591,659
University Of Wisconsin-madison	Madison	WI	421	\$243,668,559
Vanderbilt University Medical Center	Nashville	TN	319	\$237,872,632
Columbia University Health Sciences	New York	NY	420	\$234,269,736
Brigham And Women's Hospital	Boston	MA	383	\$225,614,816
New York University School Of Medicine	New York	NY	341	\$216,795,953
University Of Minnesota	Minneapolis	MN	409	\$211,856,204

## NOTABLE TRANSACTIONS

- Nationally, this is the first positive net absorption quarter within the last six quarters, as the pace of new inventory deliveries slow; allowing demand to absorb space.
- San Francisco and San Diego outpaced Boston for leased space for the third consecutive quarter, denoting a demand shift toward the west coast.
- Total leasing volume remained above pre-pandemic quarterly averages, with smaller deals under 30,000 SF accounting for approximately 76% of all transactions. This shift toward modestly sized leases highlights growing tenant caution, more constrained budgets, and lengthier decision-making timelines across the life sciences sector.
- In Q2 2025, Pfizer sold its five-building, 631,000 SF campus on Science Center Drive in Torrey Pines, San Diego, to BioMed Realty for \$255 million. The deal was one of the most prominent life sciences transactions of the quarter, highlighting continued institutional interest in premier lab assets despite broader market headwinds.

## Q2 2025 LEASE TRANSACTIONS

TENANT	TYPE	ADDRESS	SIZE	MARKET
Guardant Health	Renewal	600-640 Galveston Drive	163,500	Redwood City
Shriners Children’s Research Institute	New	101 Nerem St NW	160,000	Atlanta
Forrester	Renewal	60 Acorn Park Drive	118,286	Boston
Dren Bio	New	835 Industrial Road	99,557	South San Francisco
AbbVie	Renewal	830 Winter Street	83,250	Boston
Avidity Biosciences	New	3030 Callan Road	79,998	San Diego
Excelsior Nutrition	New	1206 N Miller Street	77,753	Orange County
Entegris	New	1001 Pawtucket Blvd	76,202	Boston
Foghorn Therapeutics	New	99 Coolidge Ave	72,670	Boston
Liquidia Technologies	New	1000 Science Drive	70,131	Raleigh-Durham
AutoGenomics	Renewal	1600 Faraday Ave	59,680	San Diego
Advanced Cell Diagnostics	Renewal	7707 Gateway Boulevard	55,907	Newark
LanzaTech	New	8045 Lamon Ave	53,616	Chicago
Acadia Pharmaceuticals	New	210 Carnegie Ctr	52,771	New Jersey
Novartis	New	9360 Towne Centre Drive	50,780	San Diego
ElevateBio	New	200 Smith Street	44,343	Boston
City Therapeutics	New	399 Binney Street	44,336	Boston
AVS Pluse	Sublease	180 City Point	40,000	Waltham

## Q2 2025 SALE TRANSACTIONS

ADDRESS	TYPE	PRICE	PRICE/SF	MARKET
Science Center Drive	631,000	\$255,000,000	\$350.00	San Diego

## MARKET INDICATORS



**71.46 MSF**  
Inventory



**(65,510) SF**  
Net Absorption



**14.0%**  
Direct Vacancy



**\$1.75 B**  
YTD NIH Grants



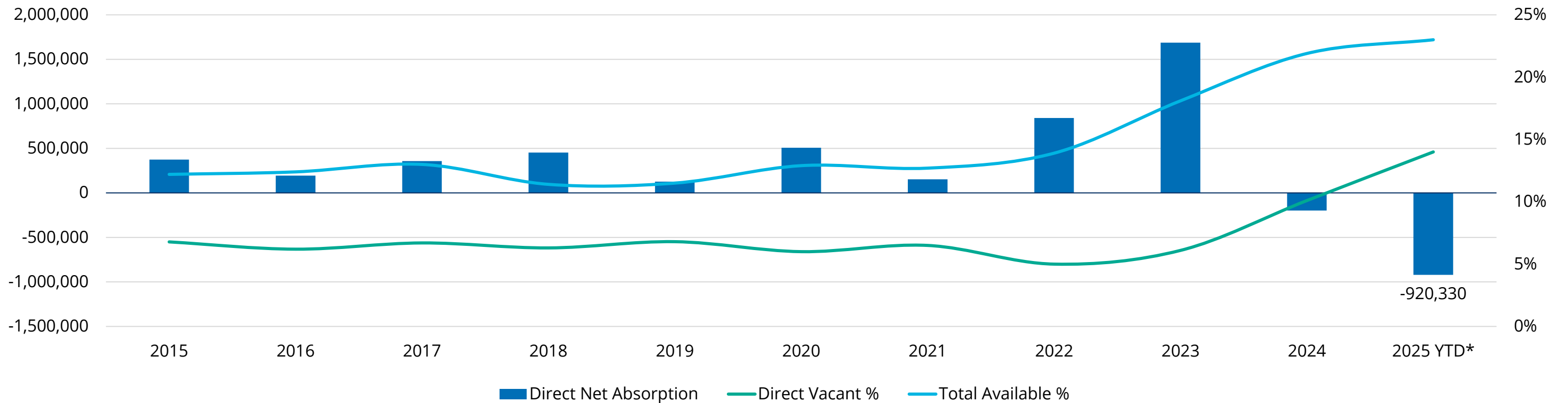
**4.7 MSF**  
Under Construction



**\$57.01 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- Leasing volume more than doubled in Q2 2025, with approximately 593,000 square feet transacted across 19 deals, significantly up from Q1 totals.
- Total lab demand reached 2 MSF, representing the strongest quarterly figure since 2022 and signaling renewed market engagement.
- Suburban markets like Somerville and Watertown led the activity, reflecting a continued shift in tenant preference away from urban cores toward more cost-effective, flexible locations.
- For the first time in five years the inventory contracted (800,000 SF) with multiple outdated buildings being converted into residential and medical.



Source: TW Research. CoStar, Revista  
\*YTD direct net absorption, vacancy percentage reflects Q2 2025

## MARKET INDICATORS



**14.85 MSF**  
Inventory



**58,558 SF**  
Net Absorption



**10.5%**  
Direct Vacancy



**\$910 M**  
YTD NIH Grants



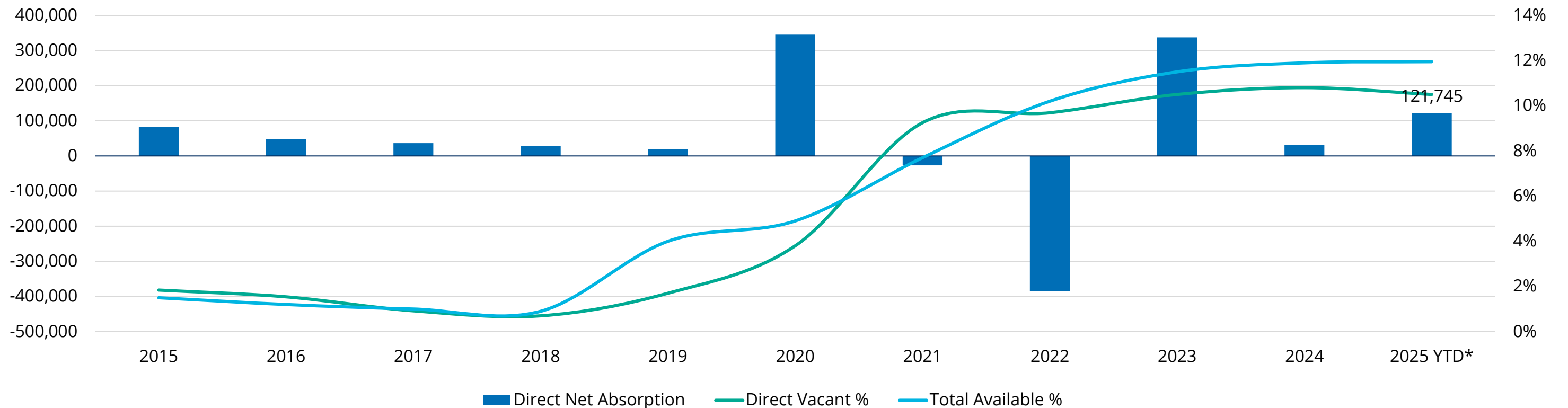
**302 KSF**  
Under Construction



**\$51.50 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- Chicago's life science ecosystem is home to three educational institutions and multiple large multinational firms. The market's growth has recently been from academic spin-offs that have been embraced by the local incubators. In the last five years, Chicago's inventory has grown by 2 MSF.
- LonzaTech inked the largest lease in Q2, totaling 53,616 SF at 8045 Lamon Ave. Lonza's mission is to recycle carbon with biology and recently raised \$40M in preferred capital.
- Venture capital funding in the Chicago area, after declining from its 2022 peak, has already rebounded in 2025 surpassing the full-year totals for both 2023 and 2024. As of Q2, the market recorded \$640.1 million across 24 deals, signaling renewed investor confidence in the region's biotech and research ecosystem.



Source: TW Research. CoStar, Revista  
\*YTD direct net absorption, vacancy percentage reflects Q2 2025

## MARKET INDICATORS



**5.75 MSF**  
Inventory



**(13,650) SF**  
Net Absorption



**13.6%**  
Direct Vacancy



**\$531M**  
YTD NIH Grants



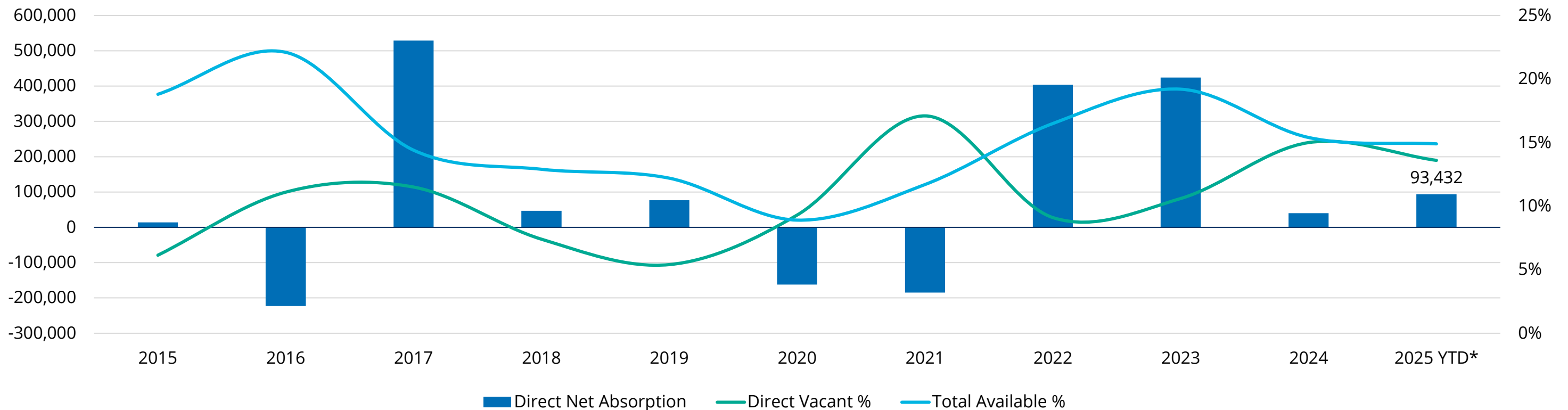
**1.2 MSF**  
Under Construction



**\$46.15 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- Houston's life sciences inventory is predominantly made up of leasable space, accounting for nearly 80% of the market, while non-educational owner-user facilities remain scarce. With limited new construction underway, current market dynamics are expected to remain relatively stable.
- Eli Lilly & Co. is considering the development of a \$5.9B biomanufacturing facility at Generation Park in northeast Houston, near Beltway 8. If the project moves forward, it could create more than 2,000 construction jobs and 600 permanent roles, further positioning Houston as a rising center for biopharma and advanced manufacturing. The site is strategically located within a life sciences growth corridor and stands to benefit from its proximity to the planned Center for Biotechnology at San Jacinto College.
- Overall lab leasing deal volume remains above pre-pandemic levels, supported primarily by a steady flow of smaller leases under 30,000 SF. This trend suggests that while large scale commitments are limited, early-stage firms and established players with modest space needs are still actively transacting.



Source: TW Research, CoStar, Revista  
\*YTD direct net absorption, vacancy percentage reflects Q2 2025

## MARKET INDICATORS



**34.51 MSF**  
Inventory



**(332,450) SF**  
Net Absorption



**6.3%**  
Direct Vacancy



**\$341 M**  
YTD NIH Grants



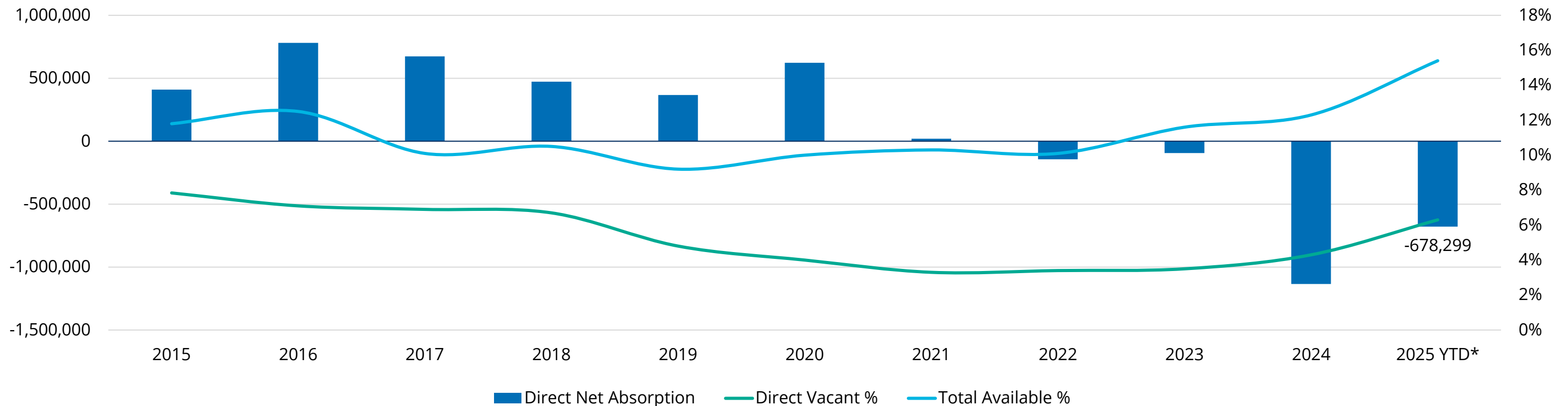
**1.9 MSF**  
Under Construction



**\$36.80 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- New Jersey is poised for continued growth as calls for national onshoring remain, further driven by newly established tariffs. The existing pharmaceutical manufacturing sector will be driven by capacity efficiencies, allowing space for new stakeholders. The state is home to over 3,500 life sciences companies, employing 415,000 professionals, including 125,000 with specialized life science degrees. While the market operates in the shadow of larger life sciences hubs, it continues to defy national trends with steady demand and long-term stability.
- GRIN Therapeutics, one of the highest-funded neurodevelopmental biotech firms this quarter, entered a partnership with Angelini Pharma to advance and commercialize its therapy outside of North America. The treatment, currently under investigation for neurodevelopmental disorders, will benefit from Angelini's international reach and commercialization expertise.
- In May, Acadia Pharmaceutical's Princeton location recently expanded their footprint by double, inking a 12-year 52,000 SF lease.



Source: TW Research. CoStar, Revista  
\*YTD direct net absorption, vacancy percentage reflects Q2 2025

## MARKET INDICATORS



**28.67 MSF**  
Inventory



**36,490 SF**  
Net Absorption



**8.2%**  
Direct Vacancy



**\$1.21 B**  
YTD NIH Grants



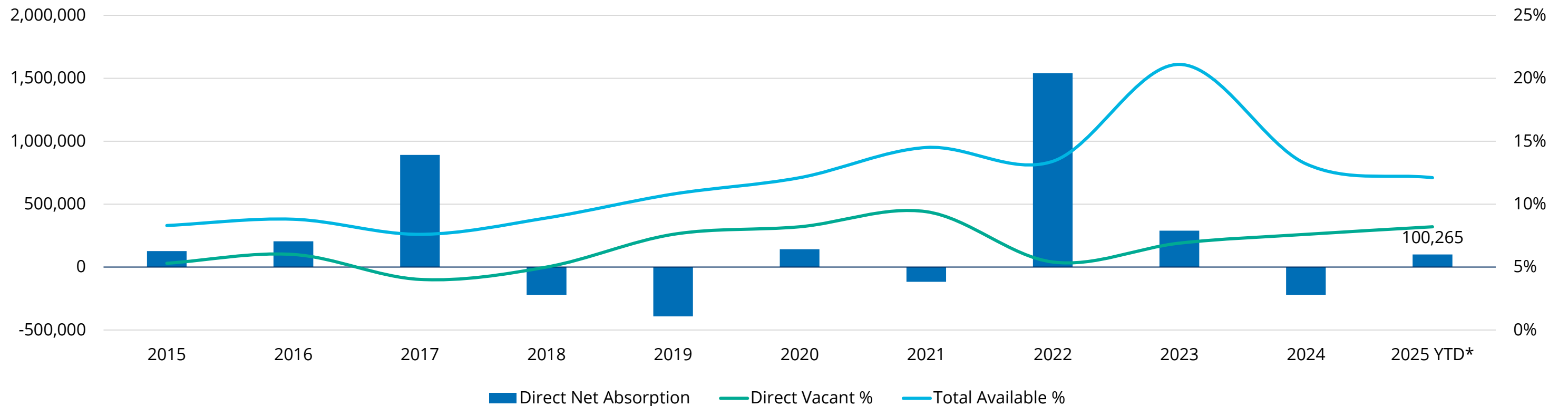
**2.4 MSF**  
Under Construction



**\$41.53 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- The Philadelphia life sciences market has seen stable and methodical rise over the last decade. Commercial partnerships with top-tier research institutions have fostered a unique ecosystem poised to see lasting success. Philadelphia has benefited from its proximity to the New Jersey, New York and the Washington DC markets, allowing for ample opportunities for growth.
- Delivered in Q2, Building 14 at Spring House Innovation Park, a 106,000 SF facility, with nearly 48% of the space pre-leased to Nucleus Radiopharmaceuticals. This deal underscores tenant interest in newly built, high-spec lab space, even as broader leasing activity remains selective.
- NIH funding for 2025 YTD totaling \$1.21B is on track to surpass 2024 totals, reinforcing Philadelphia's growth trajectory with the funding growth.



## MARKET INDICATORS



**19.63 MSF**  
Inventory



**840,500 SF**  
Net Absorption



**8.6%**  
Direct Vacancy



**\$837 M**  
YTD NIH Grants



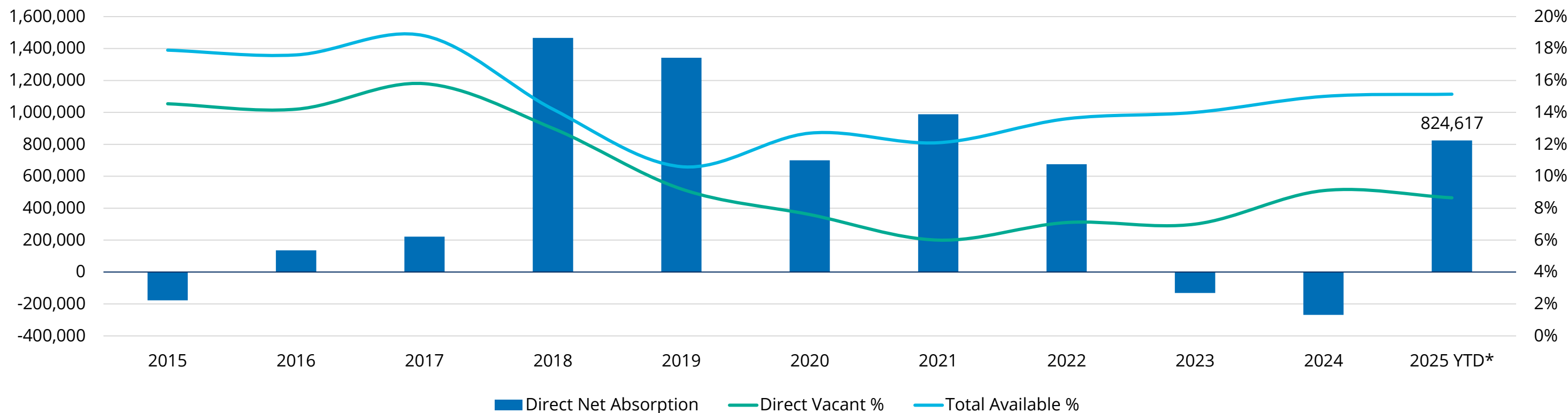
**1.8 MSF**  
Under Construction



**\$29.66 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- Raleigh-Durham's life sciences market is advancing steadily, driven by a combination of strong venture capital investment, robust academic partnerships, and purposeful development initiatives. While vacancy rates have increased, the region continues to distinguish itself as a leading mid-sized life sciences hub in the U.S., supported by consistent biotech deal flow and a deepening innovation ecosystem.
- Venture capital investment reached \$674M across 51 transactions in Q2, making it one of the most active quarters in Raleigh-Durham's history. The majority of funding targeted companies in gene therapy, diagnostics, and cell-based technologies sectors that continue to fuel demand for adaptable, state-of-the-art lab space tailored to advanced research needs.
- Genentech plans to invest \$700M in a new manufacturing facility in Holly Springs, a project anticipated to create more than 400 new jobs and further strengthen the region's growing biomanufacturing footprint.



Source: TW Research, CoStar, Revista  
\*YTD direct net absorption, vacancy percentage reflects Q2 2025

### MARKET INDICATORS



**23.32 MSF**

Inventory



**(283,750) SF**

Net Absorption



**14.7%**

Direct Vacancy



**\$679 M**

YTD NIH Grants



**1.75 MSF**

Under Construction

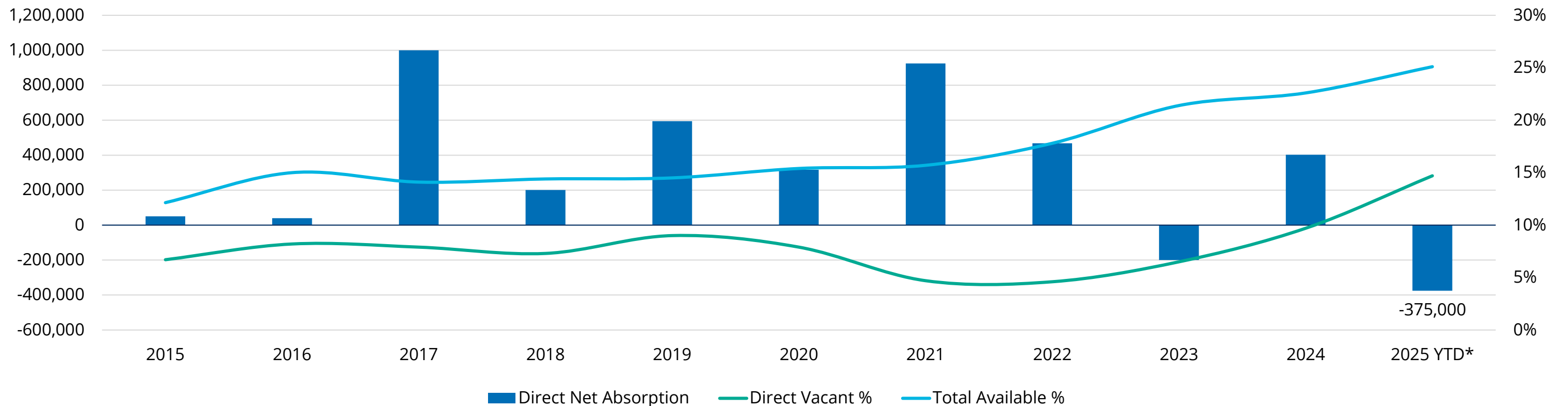


**\$52.80 PSF**

Asking Rent

### MARKET HIGHLIGHTS

- San Diego's life science market activity continues to be focused on the north county, despite the efforts to draw users back to San Diego's downtown submarket.
- In Q2, local VC life sciences funding totaled \$580M over 28 deals. The rebound from a sluggish Q1, paired with strong leasing activity denotes the region's strength.
- Sterling Bay and Harrison Street have completed the first phase of Pacific Center in Sorrento Mesa, delivering 690,000 square feet of new life sciences space to the market.



Source: TW Research. CoStar, Revista  
 \*YTD direct net absorption, vacancy percentage reflects Q2 2025

## MARKET INDICATORS



**53.72 MSF**  
Inventory



**44,850 SF**  
Net Absorption



**13.8%**  
Direct Vacancy



**\$1.63 B**  
YTD NIH Grants



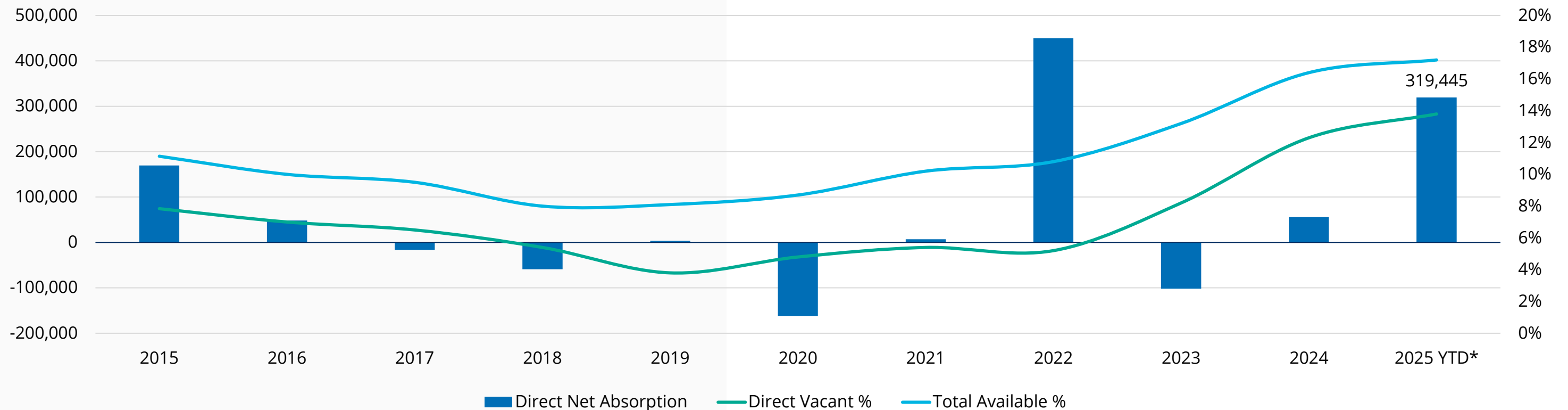
**2.7 MSF**  
Under Construction



**\$56.80 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- The San Francisco Bay Area life sciences market continued to show positive momentum. Positive net absorption and a health mix of renewal and new leasing activity illustrates a robust demand for space.
- Life science employment within the region has leveled off, recording little to no growth within 2025. The employment headwinds are a symptom of sector's challenges and a rooted in companies being reserved with capital expenditures.
- The largest lease in Q2 was an extension on Chesapeake Drive (Seaport-Centre) in Redwood City. The tenant, Guardant Health, a precision oncology company renewed for a 10-year term.
- Sales activity was limited in Q2, Deerfield Realty Corporation sold 155 Jefferson Drive in Menlo Park transacted at \$338 PSF (\$11M) to Beach Reach Partners.



Source: TW Research, CoStar, Revista  
\*YTD direct net absorption, vacancy percentage reflects Q2 2025

## MARKET INDICATORS



**17.74 MSF**  
Inventory



**(75,150) SF**  
Net Absorption



**7.9%**  
Direct Vacancy



**\$.925 B**  
YTD NIH Grants



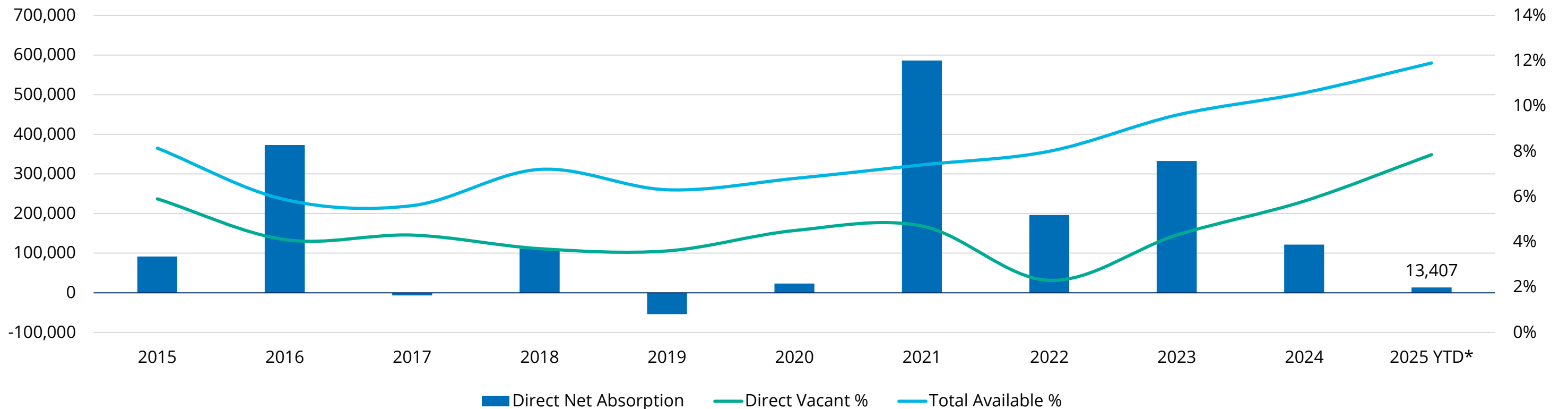
**550K SF**  
Under Construction



**\$53.30 PSF**  
Asking Rent

## MARKET HIGHLIGHTS

- The Greater Washington, D.C. life sciences market continues to be well-positioned for growth. The market's lack of excess inventory sets it apart from other major hubs, boasting a nearly empty construction pipeline. Sublease availability remains low, as tenants favor flexibility, over longer commitments.
- George Mason University has unveiled its new 131,200-square-foot Life Science and Engineering Building; the facility features more than 30 advanced laboratories that are designed to support their microbiology, chemistry, engineering, forensic science, and robotics programs.
- The region's VC activity remained stable quarter to quarter, Q2 recording \$345M across 33 deals. ReAlta Life Sciences, a developer of treatments for acute and rare diseases, secured the largest VC investment in Q2, raising \$66.9M.



Source: TW Research. CoStar, Revista  
\*YTD direct net absorption, vacancy percentage reflects Q2 2025

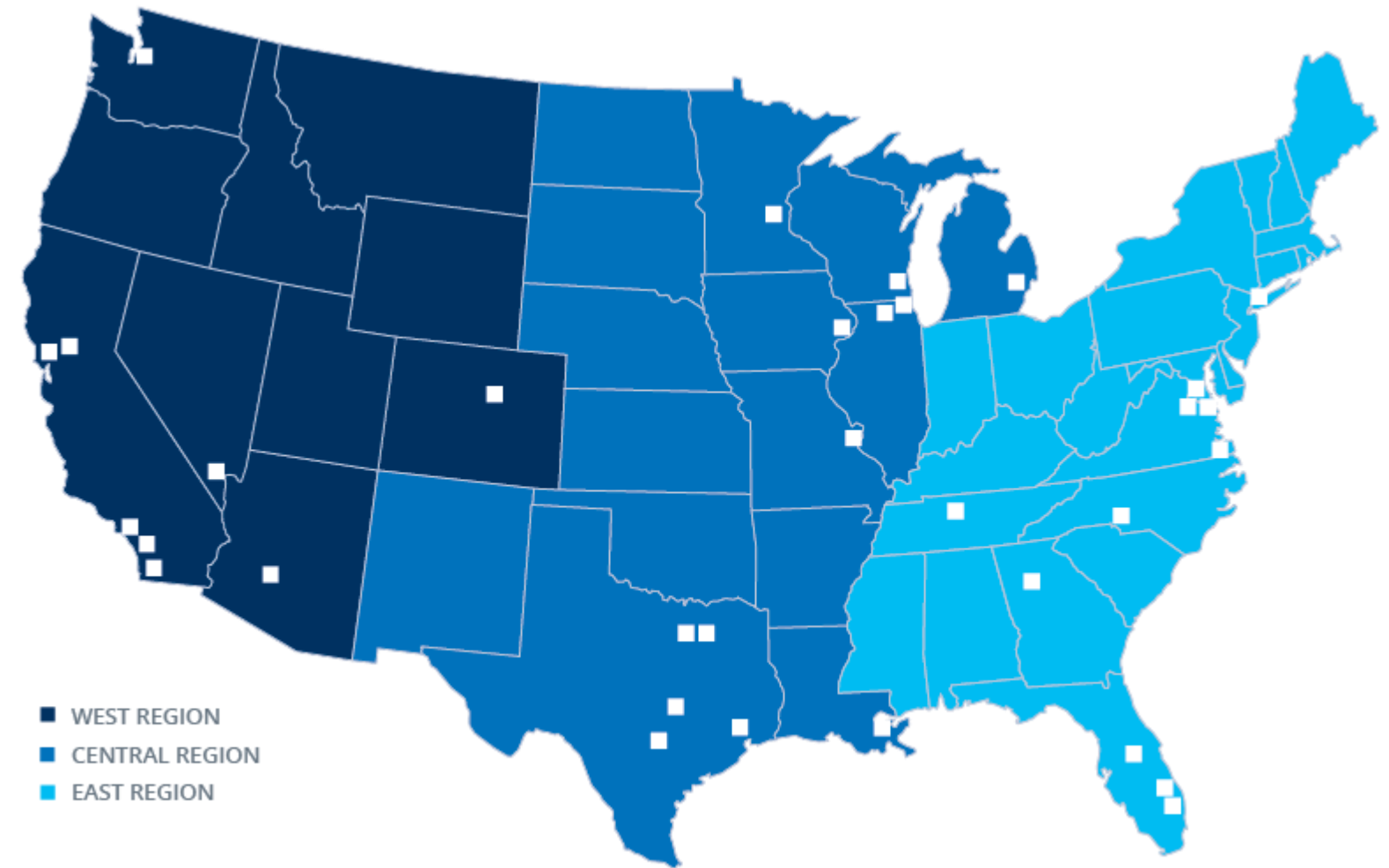
Market	Inventory Square Feet	Overall Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rents	Annual Rent Change	Under Construction
<b>Boston</b>	71,461,050	14.20%	(65,510)	121,500	\$57.01	(3%)	5,760,000
<b>Chicago</b>	14,805,750	10.50%	58,558	175,250	\$45.80	2%	300,000
<b>Houston</b>	5,751,800	13.60%	(13,650)	140,500	\$46.15	3%	1,125,000
<b>New Jersey</b>	34,510,500	16.30%	(332,450)	(428,000)	\$36.85	3%	1,900,000
<b>New York</b>	3,643,810	32.68%	(24,350)	150,000	\$55.91	1%	850,000
<b>Philadelphia</b>	28,198,100	8.22%	36,940	248,000	\$41.53	(1%)	2,400,000
<b>Raleigh/Durham</b>	19,620,000	8.65%	844,250	1,136,000	\$29.76	1%	1,750,000
<b>Phoenix</b>	2,290,500	6.69%	1,750	31,750	\$41.75	3%	350,000
<b>San Diego</b>	23,320,500	14.60%	(283,100)	127,500	\$52.68	2%	1,750,000
<b>San Francisco</b>	53,720,750	13.87%	44,860	(459,000)	\$56.80	2%	3,725,000
<b>Washington DC</b>	12,820,000	8.13%	(75,150)	(115,000)	\$53.31	(2%)	550,000
<b>TOTAL</b>	<b>270,142,050</b>	<b>13.32%</b>	<b>190,750</b>	<b>1,385,000</b>	<b>\$54.31</b>	<b>2%</b>	<b>20,460,000</b>

# National Coverage

## 33 Offices – 3 Regions

Transwestern’s research team has sorted through tens of thousands of buildings to amass a qualified building inventory. Our aim is to identify the entire life sciences market inventory by including owner users, suburban markets and outliers that are vital to understanding the entire ecosystem.

At Transwestern, our insights are rooted in granular data that is evaluated and envisioned to identify, execute and deliver tangible value for our clients and industry partners. Please feel free to connect with our team, as we embrace industry collaboration within the life sciences community.





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## ABOUT TRANSWESTERN

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at [transwestern.com](https://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern).

## RESEARCH METHODOLOGY

The information in this report is a compilation of life science properties including office, industrial and flex. Qualified properties must include one of the following spaces, laboratory, cleanroom, dry laboratory or GMP space. All properties are in select U.S. metropolitan areas. Government and on-campus academic owned buildings are excluded from analysis. All rents are reported as triple net and can be skewed, in some cases, due to factors including, but not limited to, the level of new construction and the amount of available space with no listed asking rents.