



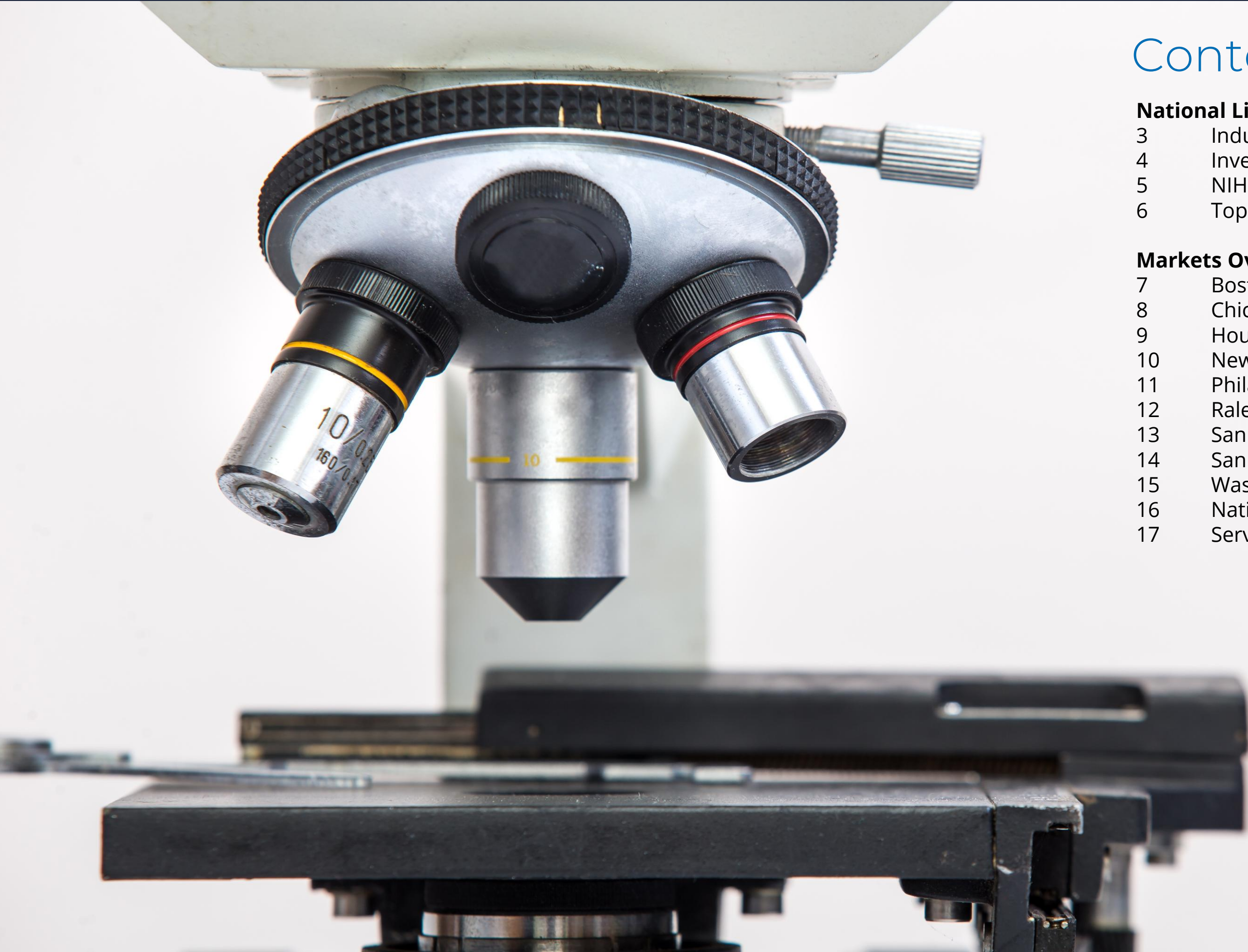
COMMERCIAL REAL ESTATE

U.S. Market Life Sciences

Q1 2026

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The Transwestern Takeaway

LIFE SCIENCES Q1 2026 REPORT

Performance across life science hubs continues to fluctuate

Life science hub performance continues to shift with construction deliveries. Eastern markets posted 740,550 SF of negative net absorption; while western markets recorded 355,170 SF of positive absorption.

Secondary markets continue to attract ongoing investment

Multiple pharmaceutical manufacturing projects announced in 2026, driven by policy shifts. Current stock underway should be largely completed within the next 12-months, allowing the markets to fully digest the excess inventory.

Disruptions to government funding have subsided

Many of the hurdles around funding uncertainty have been quelled, allowing for facility planning and educational funding to continue. The stability should allow budding science to start advancing without uncertainty.

↓ (462,974)

Net Absorption

DRIVEN BY LIMITED LARGE LEASES

↔ 13.5%

Vacancy Rate

FUELED BY NEW INVENTORY

↑ 275.9 MSF

National Inventory

OVER 12 MARKETS

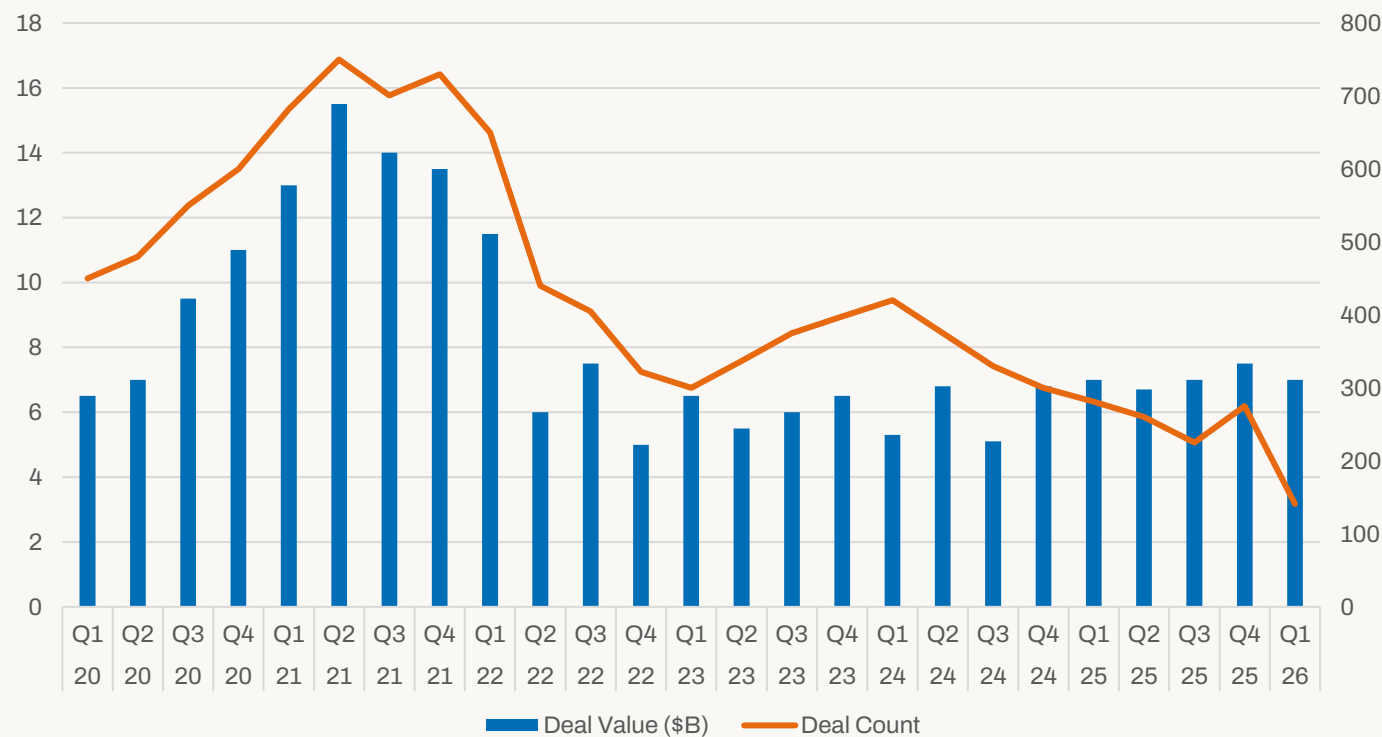
↔ \$53.50

Asking Rent

ANNUAL PSF

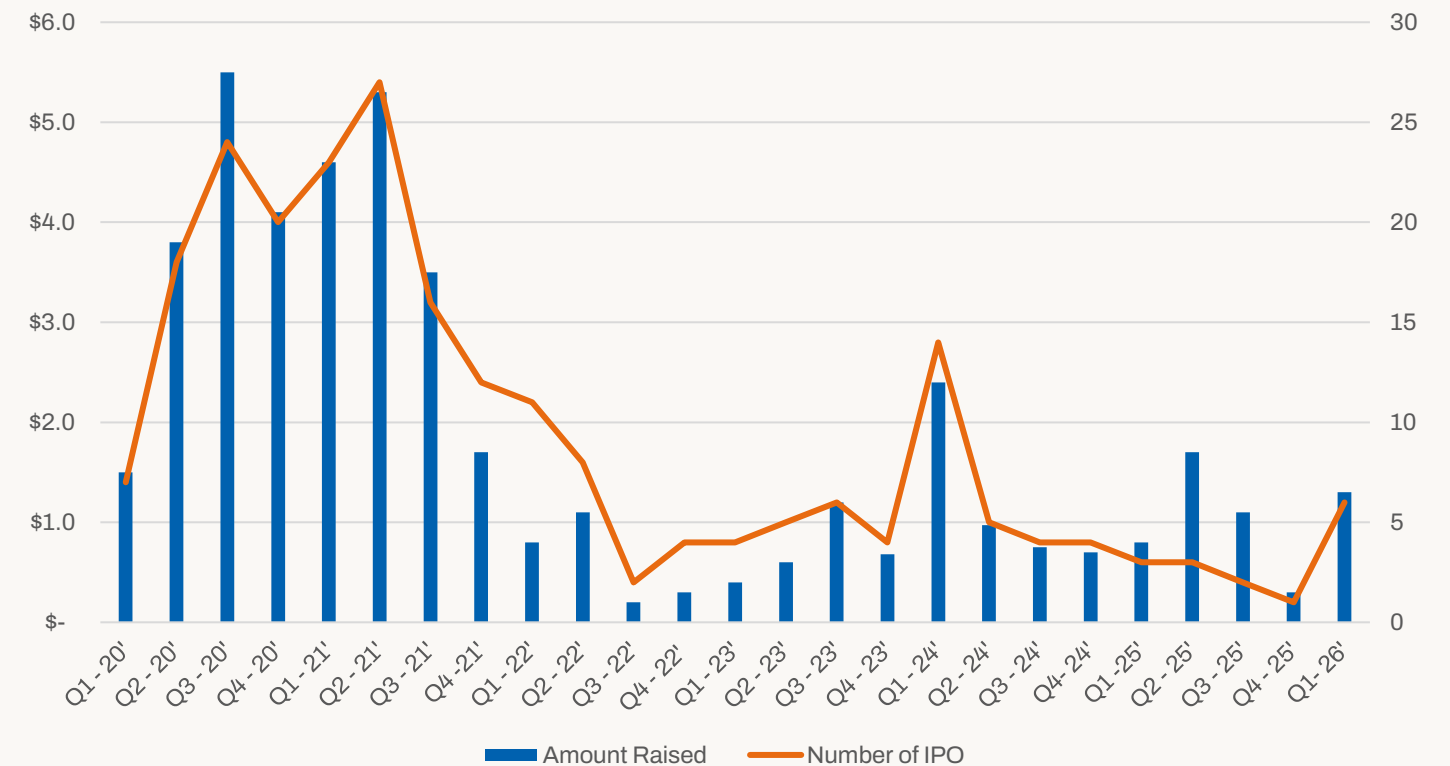
VENTURE CAPITAL FUNDING

In Q1 2026, U.S. life sciences companies raised approximately \$7.1B across 101 venture deals. Historically, venture dollars deployed have always performed stronger in the first quarter. This quarter's funding has matched 2024-2025 starts, while the number of deals continues to trend slightly lower YoY. The lower deal counts confirms the appetite for later stage, proven science and less risk. In 2025 the total 1,120 deals marked the lowest annual deal volume in nearly ten years. Despite the slowdown in activity, the size of individual investments remained substantial, over 80% of total capital was allocated to rounds exceeding \$37M. This reflects a more cautious and selective investment climate. 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. Institutional level private equity within the space saw a resurgence in Q1, as Blackstone closed a \$6.6B fund committed to late-stage investments.



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 a noteworthy increase in Q1. Six companies entered the public market with a total raise of \$1.6B. The quarter's IPO performance is a stark difference from the \$300M raised in Q4 2025. 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. Licensing activity, by contrast, remains robust. In Q1 2026, 15 R&D licensing transactions reported upfront payments exceeding \$100 million. Large-cap biopharma companies continue to rely on these deals to access differentiated assets, particularly in an environment where venture funding remains selective.



NIH FUNDING HIGHLIGHTS

- The 2026 budget for NIH funding is \$48.3B, with \$1.0B in additional provisions. In early January, lawmakers approved an additional \$415M. Overall, both increases would raise the funding 2% over 2025 funding levels.
- The 2026 NIH funding increases are in stark difference to the proposed budget cuts of 37% in early 2025.
- 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.
- 2026 YTD – NIH Distributions have totaled \$7.15B

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

Department of Energy (DOE)
 Research budget \$7.2B (2026)
 Research budget \$8.1B (2025)

Federal Drug Administration (FDA)
 Research budget \$6.8B (2026)
 Research budget \$6.0B (2025)

National Institute of Allergy and Infectious Diseases (NIAID)
 Research budget \$4.2B (2026)
 Research budget \$5.8B (2025)

YTD 2026 NIH FUNDING | TOP RECIPIENTS

ORGANIZATION	CITY	STATE	AWARDS	FUNDING
UNIVERSITY OF MICHIGAN AT ANN ARBOR	ANN ARBOR	MI	303	\$215,951,025
JOHNS HOPKINS UNIVERSITY	BALTIMORE	MD	312	\$187,423,438
UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	SAN FRANCISCO	CA	312	\$163,271,313
WASHINGTON UNIVERSITY	SAINT LOUIS	MO	287	\$159,877,072
UNIVERSITY OF PENNSYLVANIA	PHILADELPHIA	PA	270	\$151,574,280
YALE UNIVERSITY	NEW HAVEN	CT	261	\$146,502,057
UNIV OF NORTH CAROLINA CHAPEL HILL	CHAPEL HILL	NC	231	\$141,669,881
COLUMBIA UNIVERSITY HEALTH SCIENCES	NEW YORK	NY	222	\$136,183,389
MASSACHUSETTS GENERAL HOSPITAL	BOSTON	MA	250	\$133,509,648
STANFORD UNIVERSITY	STANFORD	CA	244	\$124,628,776
UNIVERSITY OF PITTSBURGH AT PITTSBURGH	PITTSBURGH	PA	262	\$123,812,550
UNIVERSITY OF CALIFORNIA, SAN DIEGO	LA JOLLA	CA	217	\$123,153,684
ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	NEW YORK	NY	187	\$120,024,174
DUKE UNIVERSITY	DURHAM	NC	202	\$116,493,938
NEW YORK UNIVERSITY SCHOOL OF MEDICINE	NEW YORK	NY	158	\$109,309,800
FRED HUTCHINSON CANCER CENTER	SEATTLE	WA	68	\$106,221,443
UNIVERSITY OF WISCONSIN-MADISON	MADISON	WI	157	\$98,144,908
NORTHWESTERN UNIVERSITY AT CHICAGO	CHICAGO	IL	167	\$97,373,738
EMORY UNIVERSITY	ATLANTA	GA	198	\$95,536,477
UNIVERSITY OF WASHINGTON	SEATTLE	WA	179	\$94,347,530
UNIVERSITY OF CALIFORNIA LOS ANGELES	LOS ANGELES	CA	180	\$94,162,394
BRIGHAM AND WOMEN'S HOSPITAL	BOSTON	MA	158	\$88,704,097

NOTABLE TRANSACTIONS

- National leasing activity shifted course this quarter, snapping 12-month long stretch of averaged positive net absorption. Overall space take declined, pushing net absorption to negative 472,120 SF in Q1 2026. The underlying deal flow tells a more nuanced story. Large scale leases are still occurring, albeit at a slower pace, while a noticeable pickup in smaller transactions points to renewed momentum among early stage and growth oriented users highlighting a market operating along two distinct demand tracks.
- San Francisco extended its lead over Boston for the fifth straight quarter in total leasing volume, driven largely by a higher velocity of smaller transactions. Boston, however, captured the quarter’s headline deal, with TransMedics committing to approximately 498,000 square feet for a new headquarters, located at Assembly Innovation Park. Despite that outsized lease, Boston continues to report subdued net absorption, weighed down by limited pre-leasing in recently delivered projects and a continued shift in demand toward suburban submarkets.

Q1 2026 LEASE TRANSACTIONS

TENANT	TYPE	ADDRESS	SIZE	MARKET
Transmedics	New	188 Assembly Park Drive	498,000	Boston
Novartis	New	14 TW Alexander Drive	270,051	Raleigh/Durham
Novartis	New	2000 Science Drive	202,000	Gaithersburg
AstraZeneca	New	700 Quince Orchard Road	170,000	Philadelphia
Drexel University	New	2301 Cuthbert Street	150,741	North New Jersey
Teva Pharmaceuticals	New	47 Brunswick Avenue	113,161	San Francisco
Gladstone Institutes	New	1450 Owens Street	108,082	San Francisco
Stoke Therapeutics	Renewal	245 Fifth Avenue, Waltham	98,500	Philadelphia
Peli BioThermal	New	1215 Hausman Road	90,100	San Diego
NeoMorph	New	5810–5820 Nancy Ridge Drive	84,354	Raleigh/Durham
Humacyte	New	2525 East NC Highway 54	82,996	North New Jersey
Sandoz	New	777 Scudders Mill Road	78,391	Brighton
Genentech	Renewal	Enterprise Research Campus	70,000	South San Francisco
Mammoth Biosciences	Expansion	1000 Marina Boulevard	69,950	South San Francisco
Natera	New	1091 Industrial Road	62,901	San Carlos
GeneDx	New	930 Clopper Road	60,022	Gaithersburg
Agility Robotics	New	101 Right Avenue	59,891	San Jose
Lila Sciences	Renewal	1 Alewife Park	58,000	West Cambridge
Lyten	Renewal	9031 Water Way	57,976	Silicon Valley
BioCentriq	New	201 College Road East	56,845	North New Jersey
Zealand Pharma	New	35 CambridgePark Drive	52,800	Boston
AstraZeneca	New	4222 Emperor Boulevard	50,978	Raleigh/Durham
SI-BONE	New	2720 Orchard Parkway	50,485	San Jose

MARKET INDICATORS



71.76 MSF
Inventory



(369,510) SF
Net Absorption



15.1%
Direct Vacancy



\$3.35 B
YTD NIH Grants



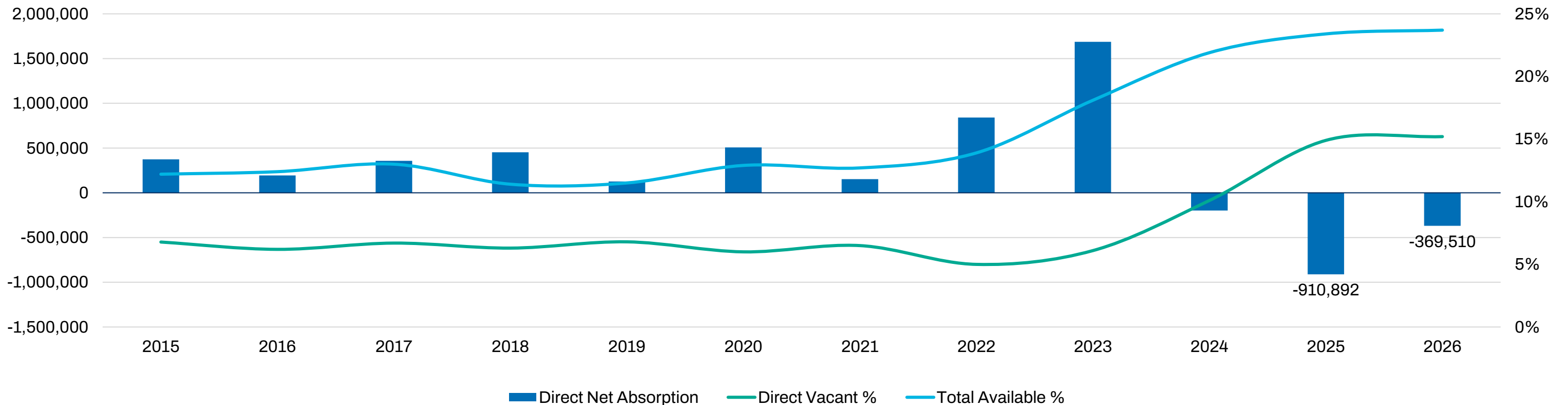
3.0 MSF
Under Construction



\$54.22 PSF
Asking Rent

MARKET HIGHLIGHTS

- Leasing volume increased 20% QoQ, with 369,100 SF of leasing activity over 21 deals. Sublease inventory accounts for over 3.1MSF of available inventory. Transactions mix comprised of 70% new, and only 30% renewal; subleased only recorded 10% of space taken within the quarter.
- The vacancy rate has remained elevated since 2022, as the growing pain of over expansion has not been fully absorbed. Leasing activity has yet to outpace deliveries with low preleasing, creating an unfavorable headwind. Tenant leverage remains high, allowing for deals to be had for those able to capitalize on opportunities.
- Asking rates have continued to decline for the fifth consecutive quarter, decreasing \$2.95 PSF (-5%) YoY. Since the peak of 2023, rental rates have decreased 15%.
- Boston has been disproportionately affected by NIH funding, given the high concentrating of academic users and university partners. 2025 yielded an 18% decreased of NIH grant dollars YOY.



Source: TW Research. CoStar, Revista
*YTD direct net absorption, vacancy percentage reflects Q1 2026

MARKET INDICATORS



14.85 MSF
Inventory



31,050 SF
Net Absorption



9.2%
Direct Vacancy



\$1.22 b
YTD NIH Grants



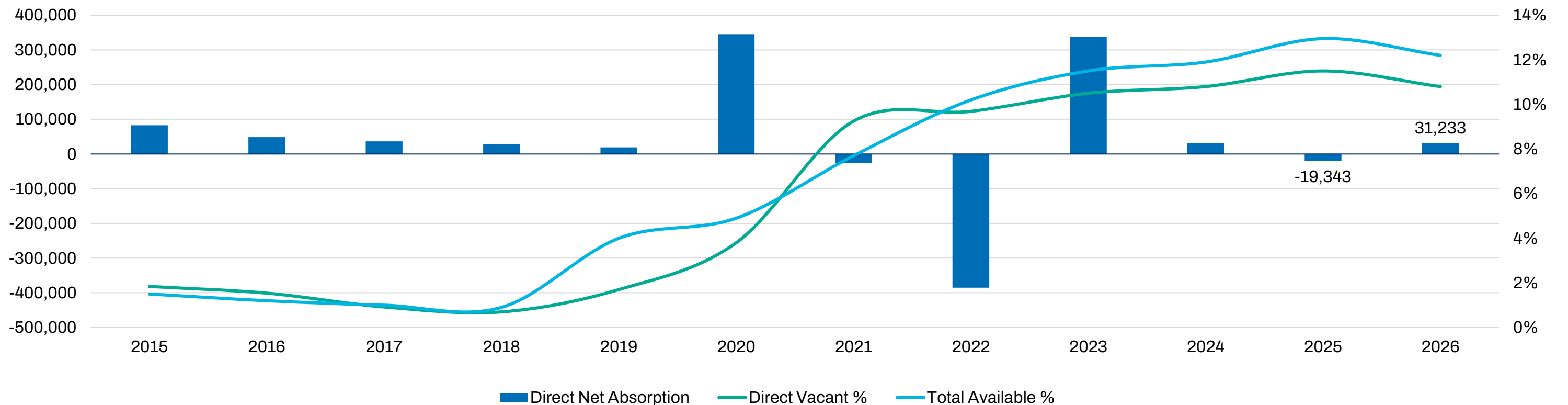
130 KSF
Under Construction



\$51.40PSF
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 2.5 MSF.
- Venture capital funding in the Chicago area experienced a slump in momentum, with only \$40.1M raised in the quarter, inked by 32 Biosciences; a slow start after a strong 2025 which totaled \$1.1 billion across 46 deals.
- The Kankakee biotherapeutics manufacturing campus received a \$1.5B investment from CLS. The expansion is estimated to be completed in 2031 and will create close to 350 jobs.
- Vacancy dipped 25 basis points QoQ, allowing renewed market dynamics among local stakeholders. Large blocks of space from speculative developments, continue to weigh on growth.



MARKET INDICATORS



5.75 MSF
Inventory



(15,452) SF
Net Absorption



15.1%
Direct Vacancy



\$201M
YTD NIH Grants



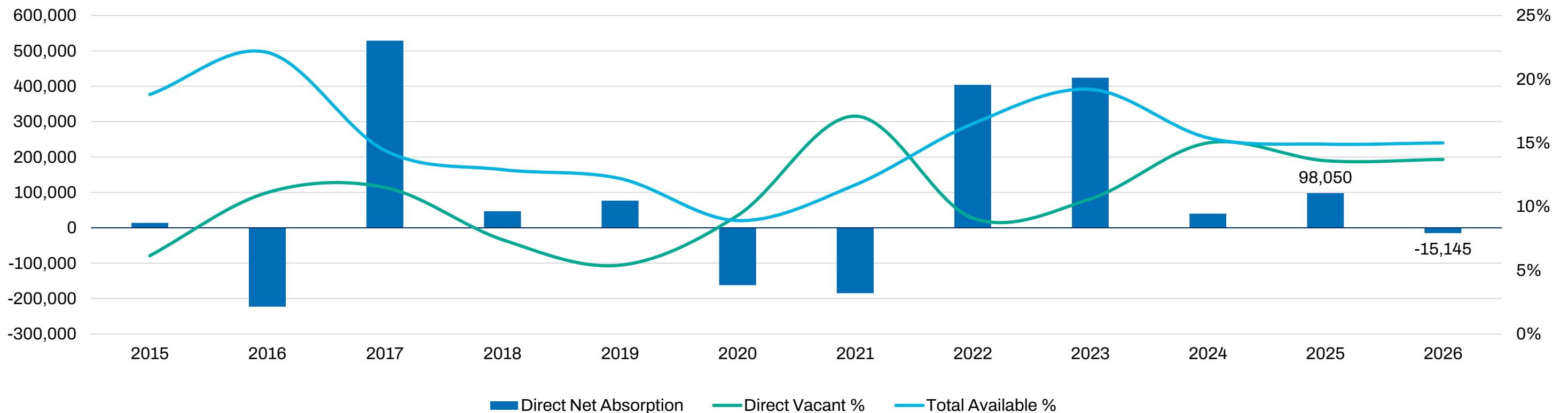
500K SF
Under Construction



\$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. announced plans for their \$6.5B new biomanufacturing facility at Generation Park in northeast Houston. The project is forecasted to create more than 4,000 construction jobs and 650 permanent roles, further positioning Houston as a rising center for biopharma and advanced manufacturing.
- VC firms deployed \$145M in Q1 2026 within Houston’s ecosystem, of which 20% was life science focused investment. The momentum for budding life sciences firms around the TMC and other academic partners hold tangible advancements and are primed for a strong 2026.



Source: TW Research. CoStar, Revista
*YTD direct net absorption, vacancy percentage reflects Q1 2026

MARKET INDICATORS



34.51 MSF
Inventory



(435,469) SF
Net Absorption



9.1%
Direct Vacancy



\$425 M
YTD NIH Grants



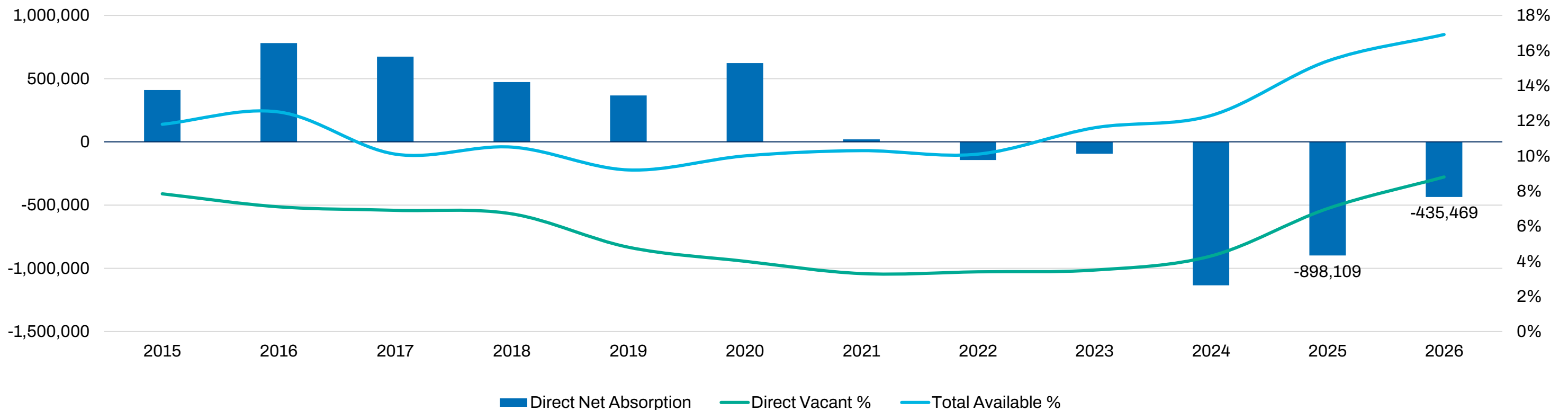
1.9 MSF
Under Construction



\$36.23 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.
- The direct vacancy rate rose by an additional 80 basis points QoQ, largely due to limited leasing activity within the quarter, 4 deals in Q1. Net absorption in Q1 totaled -359,151, which was 45% of the previous year total. The market availability is made up primarily of smaller blocks of space, with 55% being under 8,500 SF.
- Teva Pharmaceuticals inked the largest deal of the quarter, 113,000 SF 47 Brunswick Avenue, Middlesex.
- The largest private raise was QuantXraised's series B round for \$85M; the largest out of three deals totaling \$110M.



Source: TW Research. CoStar, Revista
*YTD direct net absorption, vacancy percentage reflects Q1 2026

MARKET INDICATORS



28.67 MSF
Inventory



(286,073) SF
Net Absorption



10.8%
Direct Vacancy



\$2.29 B
YTD NIH Grants



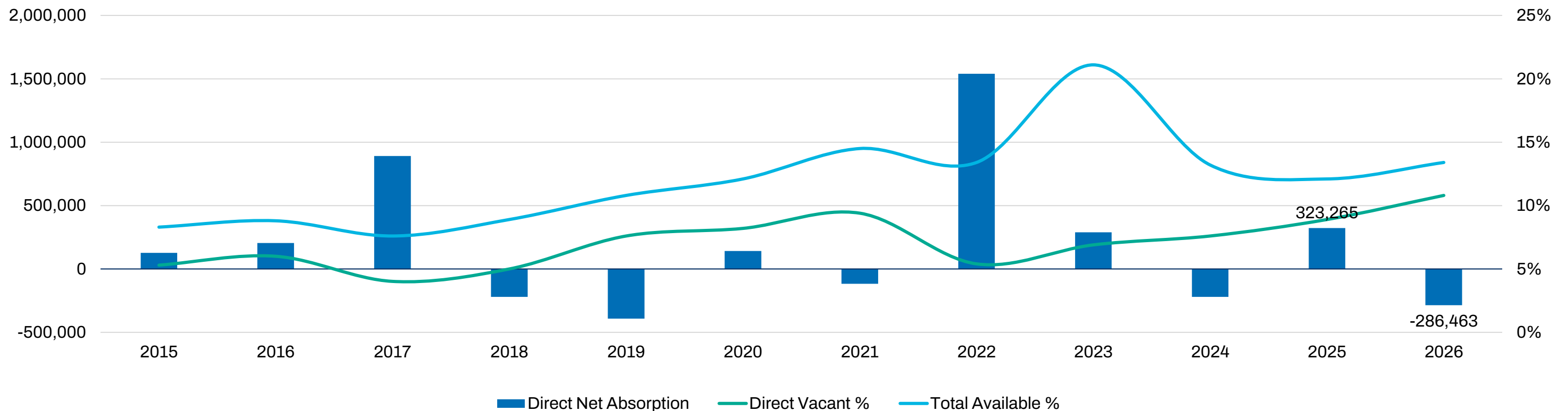
1.1 MSF
Under Construction



\$40.53 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.
- University Place Associates has abandoned its previously proposed 400,000 SF project at 4055 Market Street, pivoting away from life sciences development in favor of a residential strategy.
- The largest lease in Q1 was from Drexel University, 150,000 SF in University City, as part of the school's expansion the sciences.
- Philadelphia delivered a standout quarter for venture investment, with total funding reaching approximately \$729M; a significant portion of that activity was driven by Third Arc Bio, which secured a \$217M raise, one of the largest rounds in the market.



Source: TW Research. CoStar, Revista
*YTD direct net absorption, vacancy percentage reflects Q1 2026

MARKET INDICATORS



19.63 MSF
Inventory



246,210 SF
Net Absorption



8.9%
Direct Vacancy



\$1.60 B
YTD NIH Grants



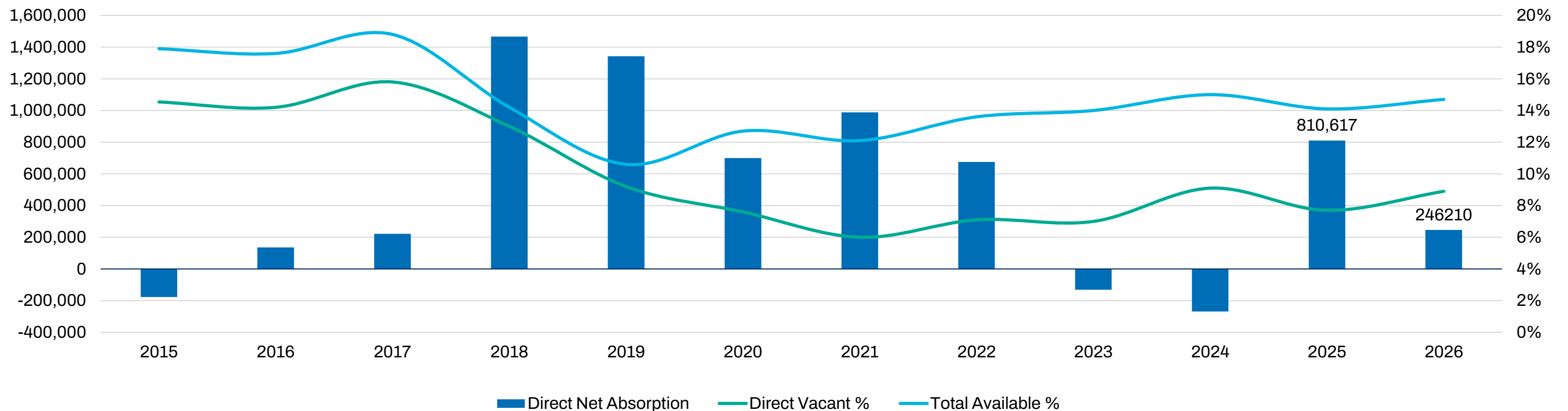
1.8 MSF
Under Construction



\$29.68 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. NIH grant funding fell 18% lower (-325M) in 2025, compared to 2024 levels. In total, the region received \$1.6B. Available space within the market are largely made up of either large blocks, or smaller suites, acting as a barbell effect. 39% of spaces are less than 5,000 SF, and 36% are over 50,000 SF.
- Novartis took 470,050 SF of space for the last 4 months, the largest occupier in the market increasing their footprint, the largest was 270,000 SF, located at 14 Alexander Drive in the RTP.
- Merck & Co. is cutting roughly 150 roles at its Durham vaccine plant as softer demand for its HPV vaccine Gardasil leads the company to scale back manufacturing output and recalibrate operations at the site.



Source: TW Research. CoStar, Revista
*YTD direct net absorption, vacancy percentage reflects Q1 2026

MARKET INDICATORS



23.32 MSF
Inventory



(41,260) SF
Net Absorption



16.3%
Direct Vacancy



\$1.82 B
YTD NIH Grants



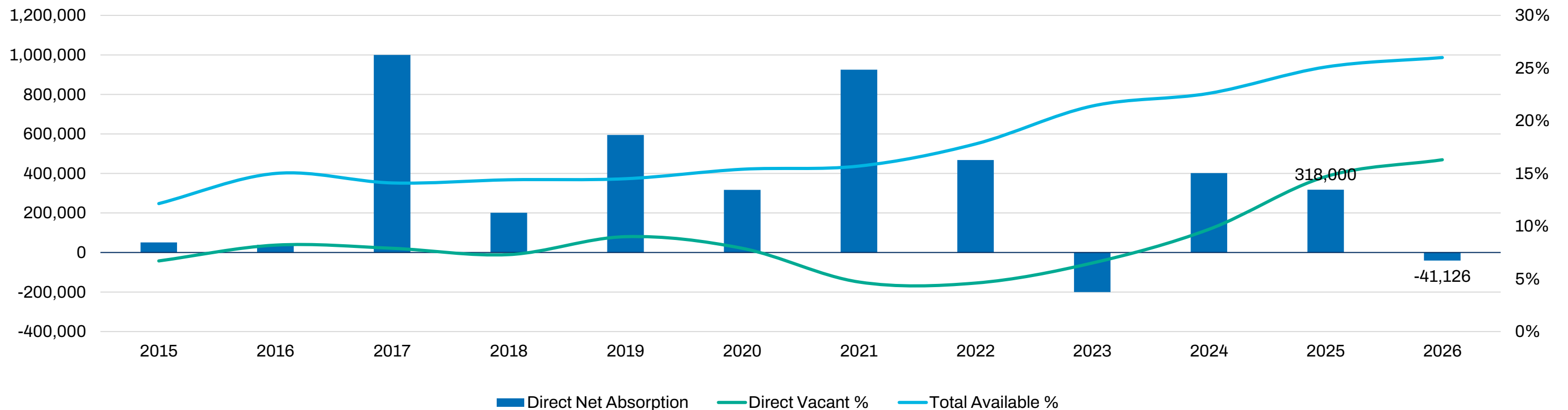
250K SF
Under Construction



\$52.11 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. Much of the available space is well allotted through different suite sizes, with the largest being 34% under 5,000 SF, while only 10% being over 50,000 SF.
- The market's latest shift is beginning to lean away from fund rising, early-stage discovery and more toward into mature firms looking to increase their capacity and hone their operations. Following the pandemic San Diego was starting to compete with San Francisco for the R&D market, less so within the last 12-months.
- Last quarters delivery of 3100 Campus Point Drive, the 466,000 SF development, cut the remaining development pipeline by 50%. The remaining 450,000 Sf of projects are spread out throughout the entire county; with limited large blocks of space remaining, the market should start to digest the excess inventory.
- Local employment trends remain positive, with 12,000 jobs added in the last 12-months. In total, the San Diego's region employs 100,000 life science professionals.



MARKET INDICATORS



53.72 MSF
Inventory



394,230 SF
Net Absorption



15.9%
Direct Vacancy



\$2.25 B
YTD NIH Grants



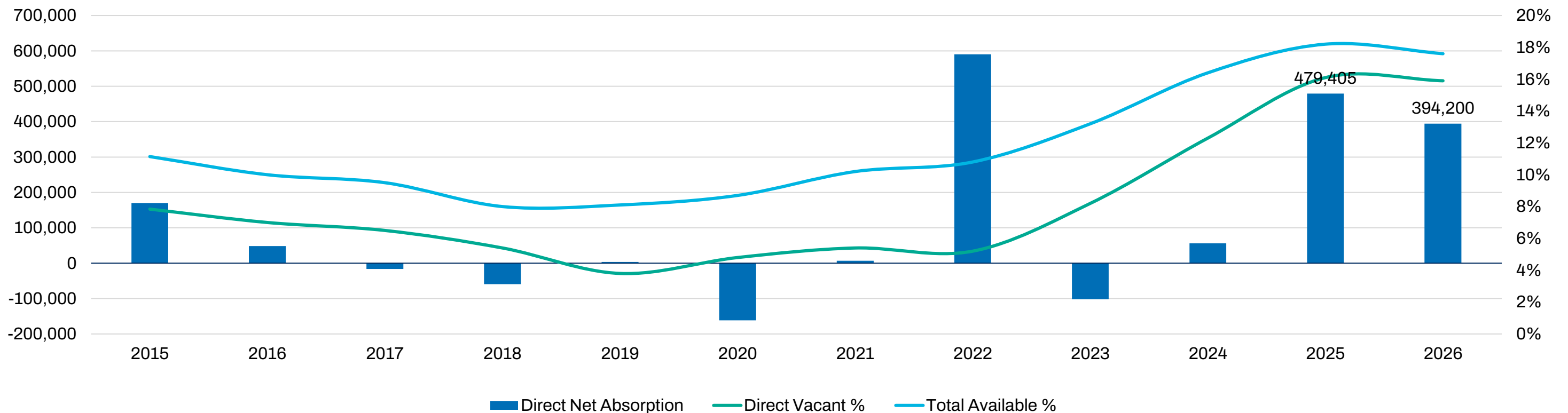
2.0 MSF
Under Construction



\$56.37 PSF
Asking Rent

MARKET HIGHLIGHTS

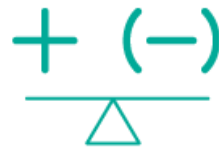
- The San Francisco Bay Area life sciences market continued to show positive momentum. Positive net absorption and a healthy mix of renewal and new leasing activity illustrates the demand for space. In Q1, total availability decreased 80 basis points QoQ, 21.3%, a welcome shift in vacancy trends. This quarter, smaller leases drove the market activity with only one lease over 100K SF, deals less than 20,000 SF accounted for 60% of the activity.
- Life science employment within the region has leveled off, recording 1.4% growth at the end of 2025. The employment headwinds are a symptom of sector's challenges and are rooted in companies being reserved with capital expenditures.
- Local life science VC funding in Q1 remained flat recording \$3.4B, over 65 deals. Therapeutics and digital diagnostic platforms utilizing AI tools helped to lead most of the capital.
- Rents decreased for the fourth consecutive quarter, down \$0.38 PSF in Q1. The decrease had been largely driven by sublease space, dragging on the total averages; however, Q1 noted a 5% decrease in sublease space.



MARKET INDICATORS



17.74 MSF
Inventory



24,174 SF
Net Absorption



9.1%
Direct Vacancy



\$1.62 B
YTD NIH Grants



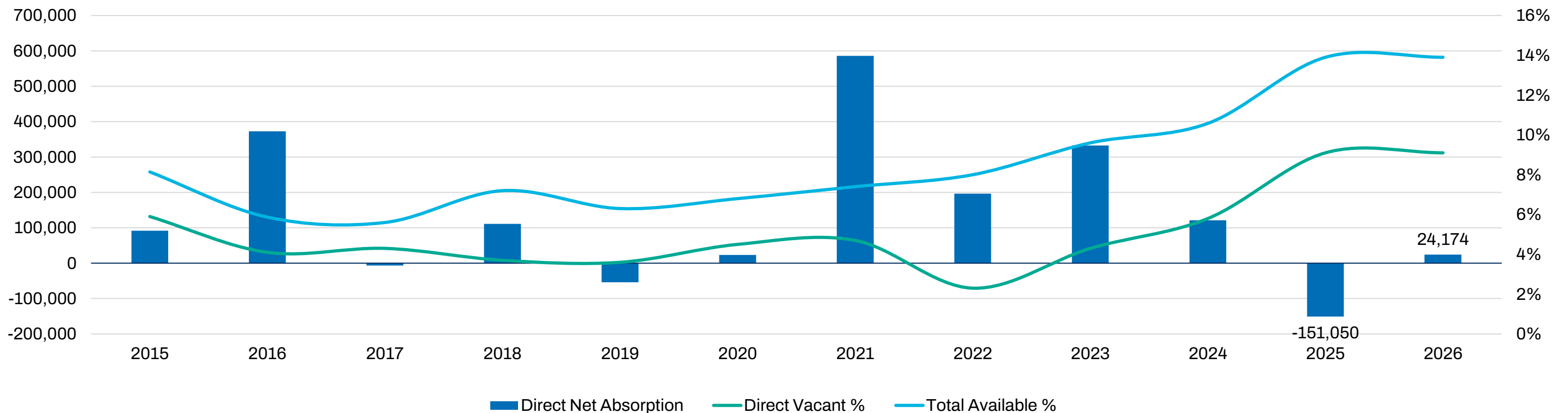
550K SF
Under Construction



\$53.20 PSF
Asking Rent

MARKET HIGHLIGHTS

- The Greater Washington, D.C. life sciences market remains favorably positioned for continued expansion, supported by a notably constrained supply environment. Unlike many peer markets, D.C. has largely avoided overbuilding, with a minimal development pipeline and limited speculative inventory. FY2027 budget directs \$74.0 million toward expanding research infrastructure, incubators, and lab development at the University of Maryland to accelerate the state’s innovation ecosystem
- Sublease availability is also relatively tight, reflecting a tenant base that is prioritizing shorter-term flexibility but not broadly shedding space. Most sublease offerings approx. 60% are concentrated in smaller suites ranging from 3,000 to 10,000 SF, aligning with early stage and growth-oriented users. In contrast, large contiguous blocks are scarce, with spaces exceeding 75,000 square feet representing just 2% of total availability, underscoring the limited options for scaled occupiers.
- Charles River Laboratories is winding down operations at its cell therapy CDMO site in Hanover, Maryland, a move that will eliminate roughly 40 positions. The closure is part of a broader effort to streamline its service portfolio and reallocate resources toward higher-priority growth areas.



Source: TW Research, CoStar, Revista
*YTD direct net absorption, vacancy percentage reflects Q1 2026

MARKET SUMMARIES

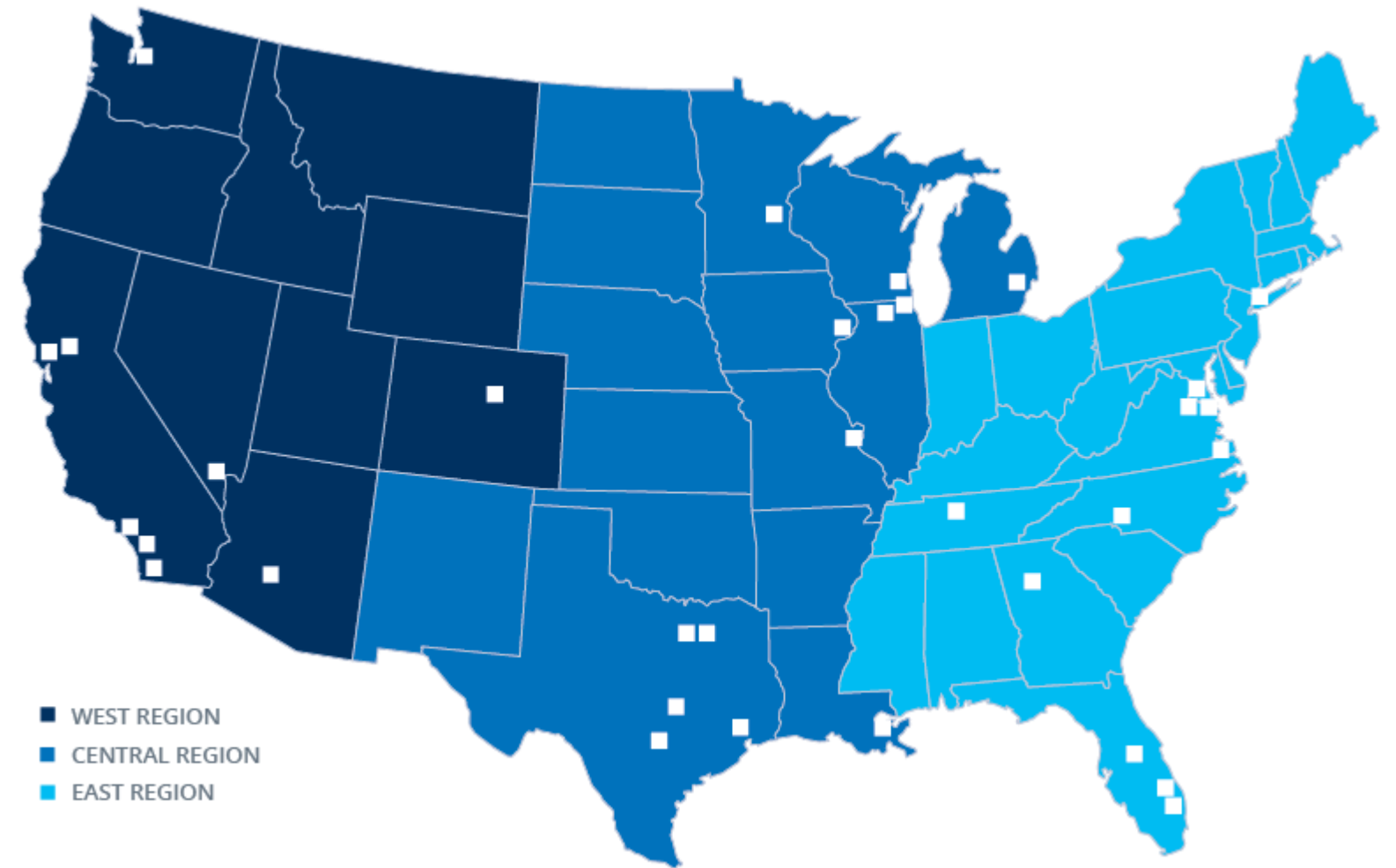
Market	Inventory Square Feet	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rents	Annual Rent Change	Under Construction
Boston	71,760,050	15.1%	(369,120)	121,490	\$54.22	(6%)	3,040,000
Chicago	14,850,100	9.2%	31,050	175,250	\$51.40	0%	130,000
Houston	5,750,800	15.1%	(15,452)	61,325	\$46.15	1%	500,000
New Jersey	34,510,500	9.1%	(435,469)	(828,450)	\$36.23	(2%)	1,925,000
New York	3,643,810	22.7%	(14,210)	150,174	\$55.91	1%	650,000
Philadelphia	28,670,200	10.8%	(286,073)	(12,780)	\$40.53	(2%)	1,145,000
Raleigh/Durham	19,630,500	8.9%	246,210	1,036,000	\$29.68	(1%)	1,800,000
Phoenix	2,290,500	6.7%	2,973	31,750	\$41.75	2%	350,000
San Diego	23,320,500	16.3%	(41,260)	117,150	\$52.11	0%	250,000
San Francisco	53,720,750	15.9%	394,230	159,245	\$56.37	(7%)	2,025,000
Washington DC	17,740,000	9.1%	24,174	(87,655)	\$53.20	(1%)	550,000
TOTAL	275,877,210	13.5%	(462,974)	923,499	\$53.50	(3.0%)	13,405,000

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

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$64 billion¹ in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

¹ Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

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.