

U.S. Lab Property Report

An inflection point in the market cycle



Research

United States

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jll.com/lifesciences

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Where does lab real estate go from here?

The lab real estate sector is now four years into a market downturn with few precedents in commercial real estate history. East Cambridge, the epicenter of the U.S. life sciences market, sits at 32% vacant after holding below 1% from 2019 through 2022. Collective vacancy across Metro Boston, San Diego and the Bay Area has reached the same 32% mark. Demand for space, meanwhile, remains below pre-pandemic levels, before the run-up that defined the early 2020s.

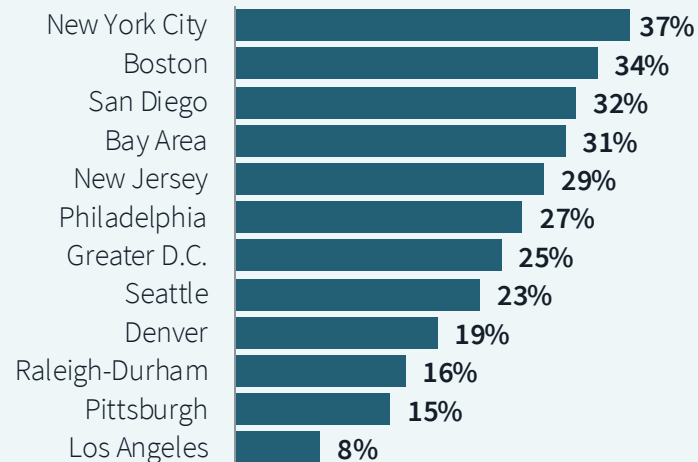
The good news: Nearly every indicator suggests the market has bottomed out and has begun to recover. Oversupply is easing as demand returns and leases get signed. Newly delivered buildings are seeing an influx of tenancy. Equity markets are receptive to biotech, and capital is flowing back into life sciences companies in a meaningful way. This shift in sentiment took hold in summer 2025 and has carried into Q1 2026. Industry optimism is beginning to translate into real estate momentum—modestly but unmistakably.

That optimism, however, cannot obscure the oversupply that persists in nearly every major market. The road to recovery has only just begun, and the path back to a normalized market will be a long one. Supply dislocation will continue, as over 6.2 m.s.f. of lab space

has already transitioned out of inventory and into other asset classes, with more repositioning ahead. Rents face several years of downward pressure, with the national supply-to-demand ratio sitting near 6:1. Landlords will need to compete aggressively for every deal for the foreseeable future.

The next 12 months hold promise of incremental—not material—growth. Regulatory concerns have eased considerably since this time last year. The market’s defining challenge is no longer demand. It is supply.

Q1 2026 total availability rate



Source: JLL Research



Key findings

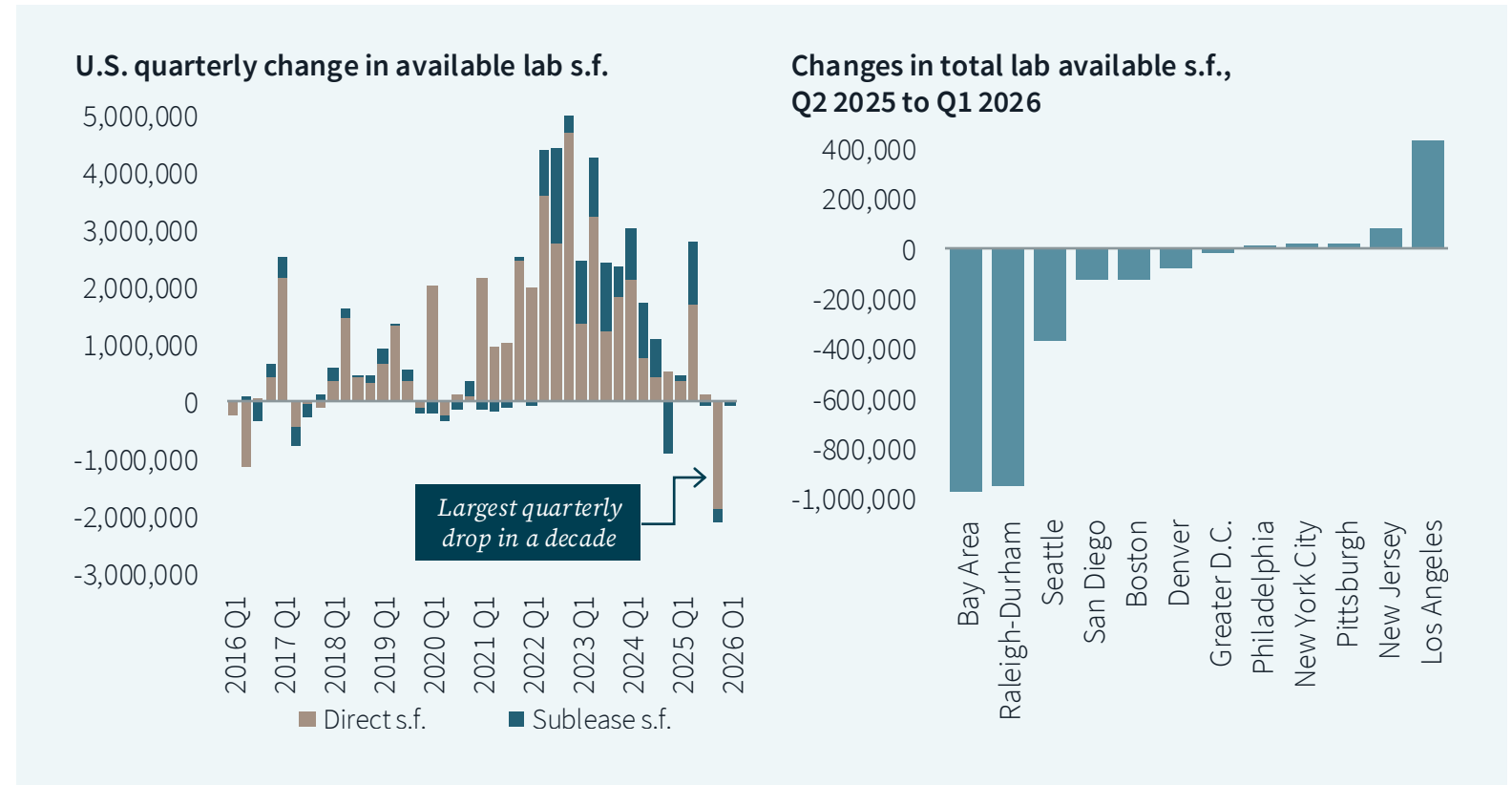
- 1** Lab availability has begun to contract, with the Bay Area and Raleigh-Durham leading the way
- 2** Flight-to-quality is here to stay as new builds see an influx of tenants
- 3** Massive oversupply has redefined what a lab lease looks like, with shorter terms and record concessions
- 4** Demand has grown across the top four markets but continues to slip in secondary markets
- 5** The big three markets have established a new, higher leasing baseline, setting the floor for the next growth cycle
- 6** Dry lab users are reshaping lab leasing as tough tech moves into lab R&D buildings



1 Lab availability has begun to contract, with the Bay Area and Raleigh-Durham leading the way

Lab availability across the U.S. has finally begun to contract after rising by 40 m.s.f. over the preceding five years. Growing tenant activity has driven a net reduction of 2 m.s.f. in the past nine months, suggesting availability peaked in mid-2025. The long path to recovery has begun.

Encouragingly, the pullback in supply has been broad-based, with nearly every market participating. The Bay Area's AI boom has absorbed meaningful lab space, while the reshoring of biomanufacturing has driven significant absorption in Raleigh-Durham. Together, the two markets account for 1.9 m.s.f. of space leaving the market since July 2025.



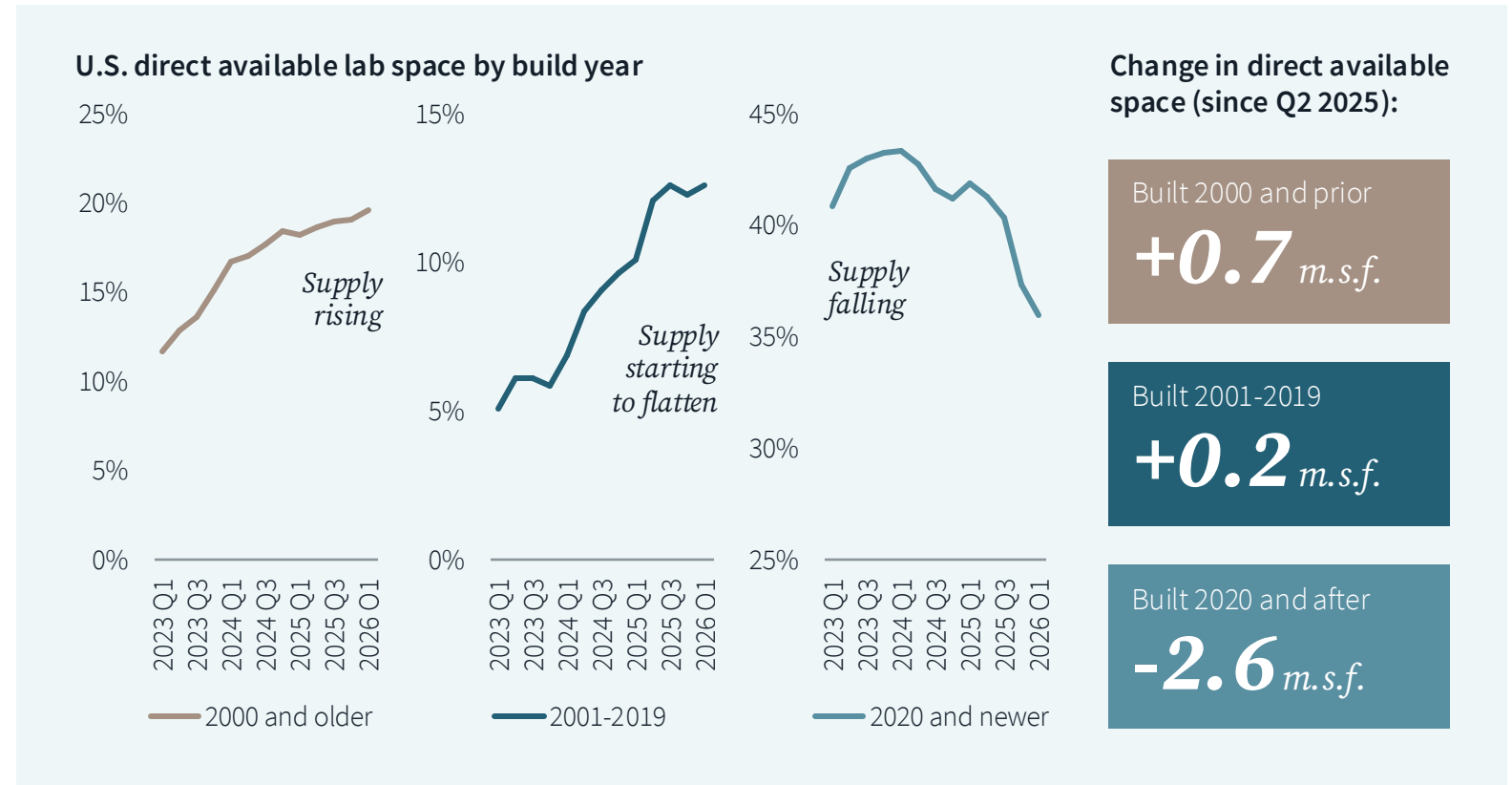
Source: JLL Research; U.S. = Boston, Bay Area, San Diego, Raleigh-Durham, Greater D.C., Los Angeles, New Jersey, Seattle, Philadelphia, Denver, New York City, Pittsburgh

2 Flight-to-quality is here to stay as new builds see an influx of tenants

A great reshuffling is underway. In an oversupplied market, tenants are trading up to the best available product, in strong locations, with quality landlords. Echoing the post-COVID office market, lab tenants today have options, and they are choosing building quality.

Buildings completed this decade have seen their availability rate drop 6 percentage points in just 12 months, with new builds shedding a 2.6 m.s.f. since Q2 2025. Older product is moving in the opposite direction, but more slowly.

Expect lab tenants to continue choosing new, well-amenitized buildings over well-located but dated assets through the end of the decade amid a glut of supply.

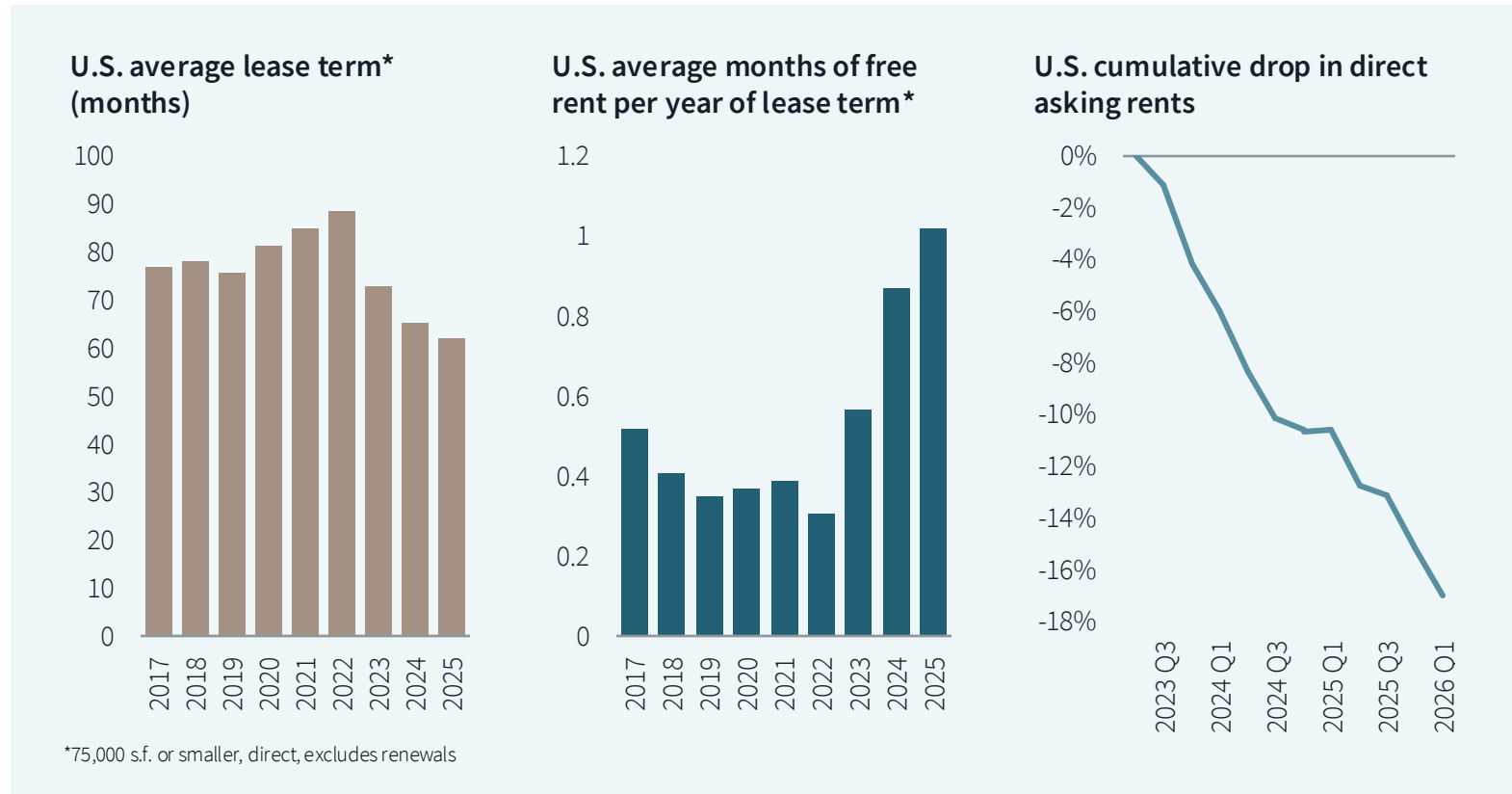


Source: JLL Research; U.S. = Boston, Bay Area, San Diego, Raleigh-Durham, Greater D.C., Los Angeles, New Jersey, Seattle, Philadelphia, Denver, New York City, Pittsburgh

3 Massive oversupply has redefined what a lab lease looks like, with shorter terms and record concessions

Despite modest growth in demand, substantial oversupply persists across the U.S. Tenants have no shortage of viable options, while landlords face intense competitive pressure on every lease. The market has never been more tenant-favorable.

The terms tell the story. Excluding large deals, direct relocations now average 62 months—20% shorter than the late 2010s and 30% shorter than at peak. Landlords in nearly every market must deliver move-in-ready space, absorb compression in first-year rents and offer record amounts of free rent within the lease term. Early-stage tenants can now align their leases with their funding cycles. These pressures will not ease over the next few years.



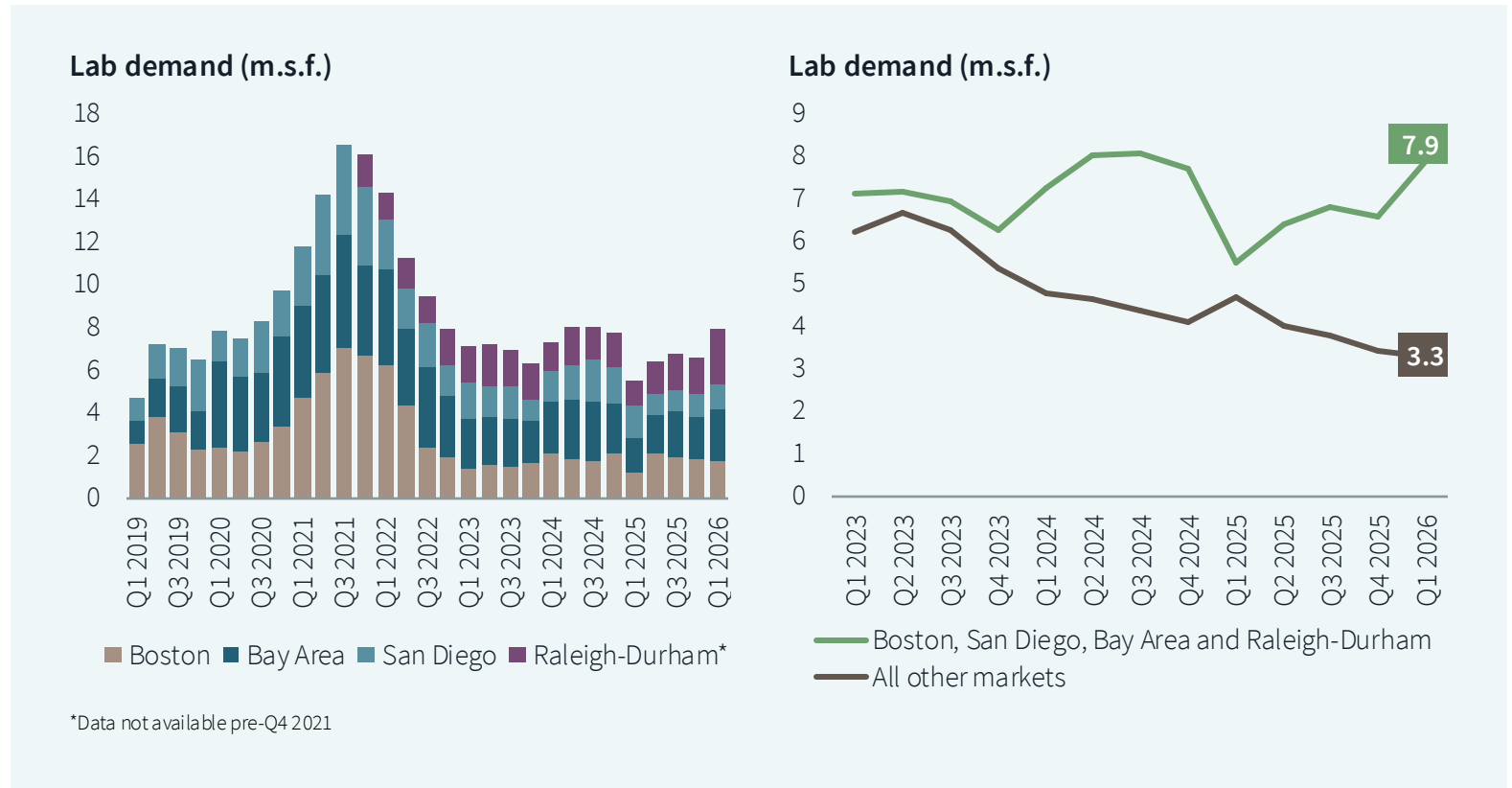
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4 Demand has grown across the top four markets but continues to slip in secondary markets

Demand fundamentals are showing encouraging signs. The S&P Biotech ETF (XBI) is up more than 50% year-over-year, public financings sit near record levels, U.S. biotech M&A activity has grown substantially, and reshoring incentives continue to expand.

These tailwinds have driven demand higher in recent months across the top four markets—Boston, San Diego, the Bay Area and Raleigh-Durham—to nearly 8 million s.f., a 44% increase from Q1 2025. Early-stage activity has led the recovery.

Secondary market demand has fallen by nearly 3 million s.f. in the past three years, while available space has increased by 4.4 million s.f.

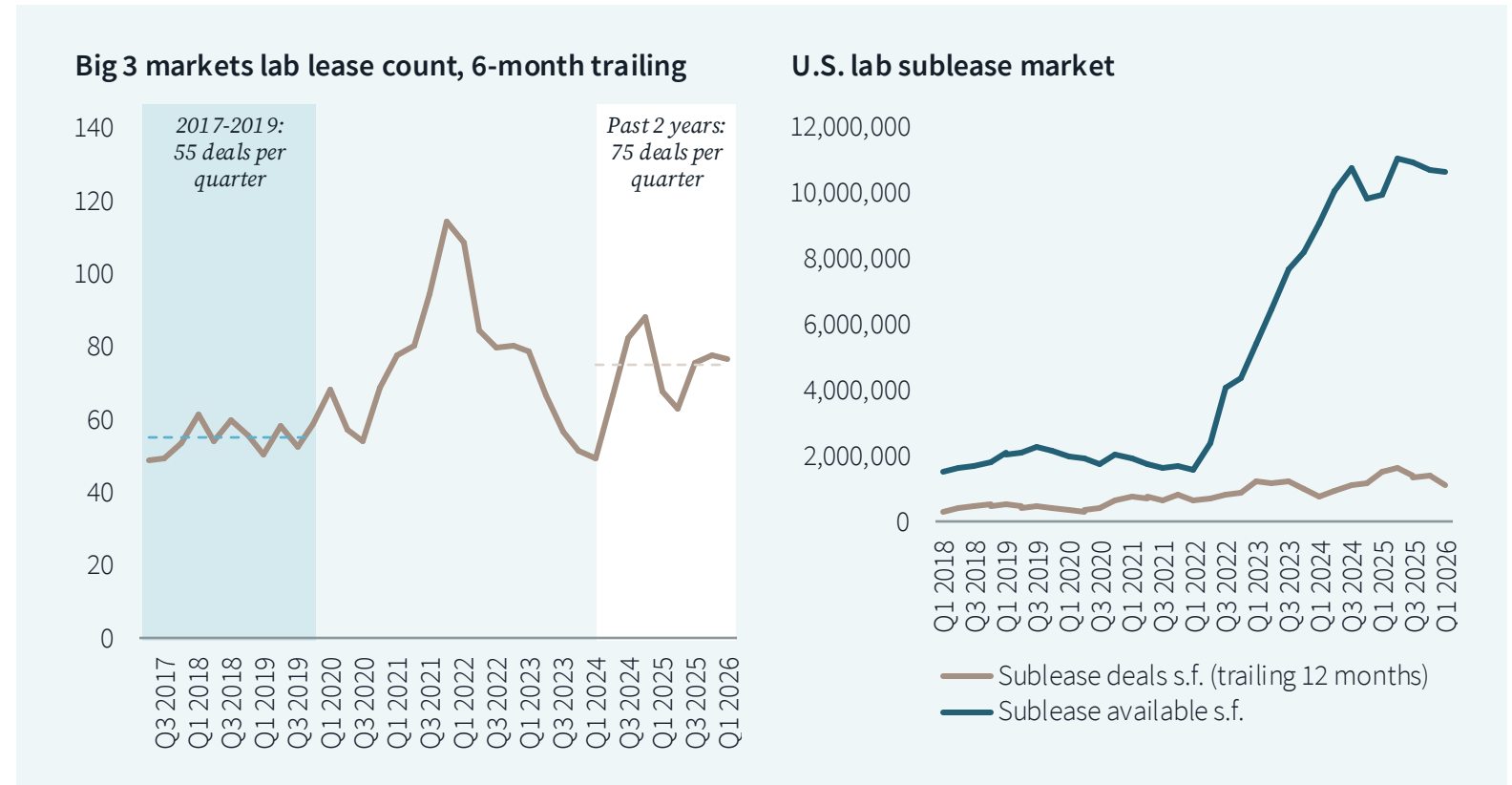


Source: JLL Research; All other markets = Greater D.C., Los Angeles*, New Jersey, Seattle, Philadelphia (*Q1 2026 demand populated with Q4 2025 data)

5 The big three markets have established a new, higher leasing baseline, setting the floor for the next growth cycle

The big three markets (Boston, San Diego and the Bay Area) have averaged 75 deals per quarter over the past two years—a 35% step-up from pre-pandemic levels. With many early-stage occupiers now activating their real estate plans, this baseline is poised to climb further.

Deal mix is shifting as well. Subleases have fallen to roughly 12% of all U.S. lab deals, even as 1.1 m.s.f. of sublease space was leased over the past year. Total available sublease inventory remains stuck at 11 m.s.f., leaving sublandlords in a difficult position as they compete against landlords aggressively marketing direct space.

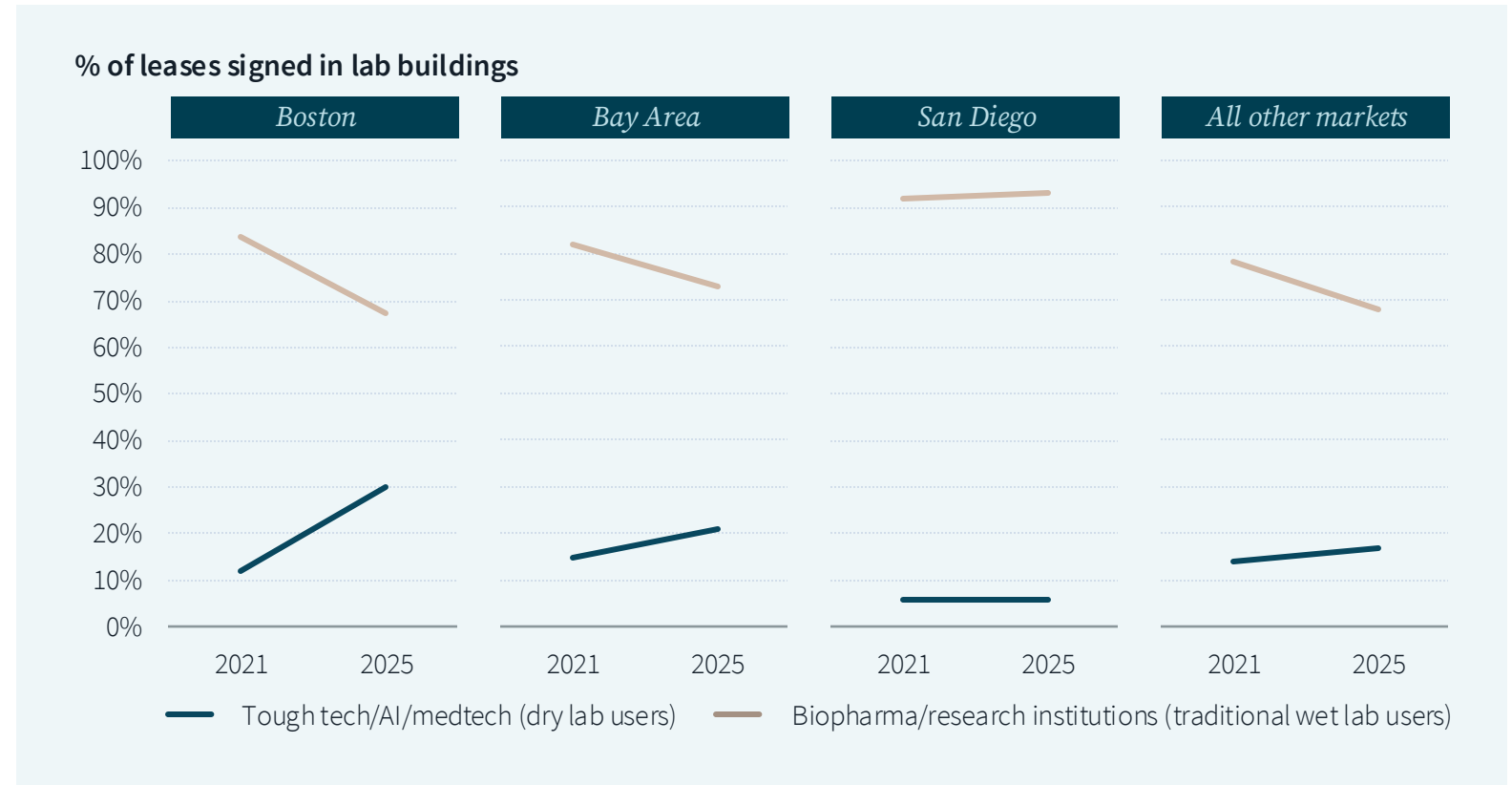


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6 Dry lab users are reshaping lab leasing as tough tech moves into lab R&D buildings

A surge in funding for “tough tech” is pushing new demand into lab R&D buildings. AI, robotics, medtech, aerospace and defense companies increasingly require dry lab infrastructure to prototype their technologies—and the scarcity of heavy-power “makerspace” in innovation markets has positioned lab buildings to meet a portion of this growing demand.

In 2025, 30% of Boston lab building leases went to these alternative users—triple the share four years earlier. A similar trend is taking hold across the Bay Area’s Silicon Valley and Mid-Peninsula submarkets as AI-powered hardware start-ups scale. The lab of the future will not be the sole domain of biopharma wet lab users.



Source: JLL Research; All other markets = Raleigh-Durham, Greater D.C., Los Angeles, New Jersey, Seattle, Philadelphia, Denver, New York City, Pittsburgh

U.S. Lab Market Statistics

Research
United States
Lab | Q1 2026

	Inventory (s.f.)	Total net absorption (s.f.)	Total net absorption % of stock	Direct vacancy (%)	Total vacancy (%)	YoY change in total available s.f.	Average direct asking rent (\$ p.s.f.)	YoY change in direct asking rent	Completions (s.f.)	Under development (s.f.)
Boston	51,328,863	-392	0.0%	26.1%	33.3%	-2.1%	\$76.72	-9.7%	530,000	3,140,955
Bay Area	41,797,888	-210,280	0.5%	27.6%	32.3%	-3.0%	\$68.64	-9.0%	130,122	919,538
San Diego	27,709,119	234,342	0.8%	25.0%	29.0%	12.3%	\$64.30	-6.3%	0	893,598
Raleigh-Durham	20,017,517	101,230	0.5%	15.4%	17.5%	-19.6%	\$37.77	-0.1%	0	700,000
Greater D.C.	14,387,868	-72,851	0.5%	12.1%	16.8%	-0.7%	\$43.38	1.7%	0	0
Los Angeles	11,742,354	-84,293	0.7%	3.5%	6.1%	181.7%	\$44.14	-13.2%	0	83,864
New Jersey	10,794,936	-59,213	0.5%	27.2%	31.2%	7.1%	\$29.87	1.3%	0	924,889
Seattle	8,997,224	-15,858	0.2%	19.4%	24.6%	0.2%	\$58.34	-17.4%	0	0
Philadelphia	8,688,491	30,273	0.3%	23.8%	27.2%	-0.2%	\$52.05	3.4%	0	883,000
Denver	3,365,933	-6,809	0.2%	12.8%	18.1%	-18.5%	\$47.13	-6.2%	0	25,384
New York City	2,476,433	16,709	0.7%	33.4%	36.6%	-4.1%	\$99.17	-7.4%	0	0
Pittsburgh	1,664,868	0	0.0%	16.2%	16.2%	13.2%	\$43.25	-1.7%	0	185,000
Total	202,971,494	-67,142	0.0%	22.4%	27.1%	0.0%	\$64.96	-7.2%	660,122	7,756,228

Source: JLL Research



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