

Lab Report

Boston | Cambridge | Suburbs

Q1 2025

Lincoln

Contents

02

Overview

06

Suburbs

03

Looking Forward

07

Development

04

Cambridge

08

Investment Sales

05

Boston

09

Lab Stats

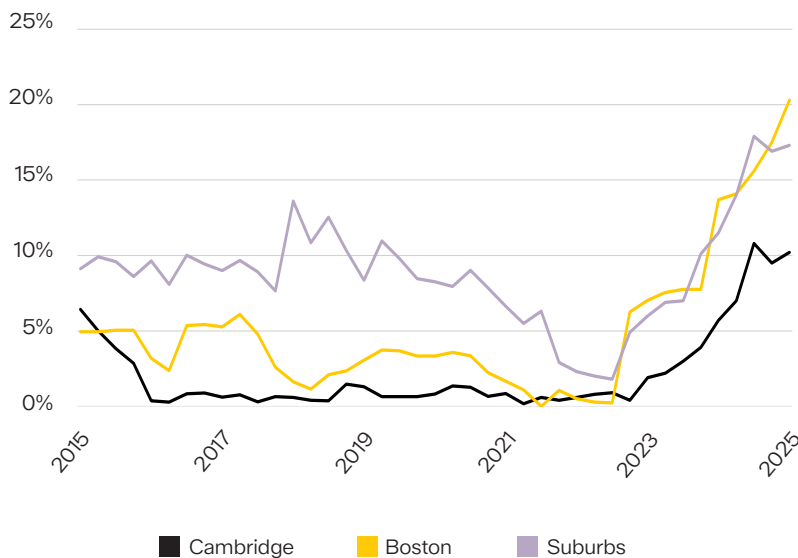
Overview

The Boston Lab Market continues to struggle, as substandard demand has not kept pace with a momentous supply wave. Vacancies increased by about 100 basis points in Q1 2025, as net absorption reached less than 100,000 square feet, compared with more than 600,000 square feet delivered. Sublet and total availability rates also slightly increased and finished the quarter at 7.4% and 26.5%, respectively. The Inner Suburbs North and West Cambridge submarkets have the highest vacancy rates in the metro, each at roughly 33%. Nearly 6 million square feet is vacant in properties delivered since the start of 2023, accounting for more than two-thirds of the market's overall vacancy. Supply pressures will continue for the foreseeable future, with more than 10 million square feet under construction, about 80% of which is still on the market. Rents have declined as the increase in vacancies provides more leverage to tenants. Rising vacancies and a challenging lending environment have limited investment activity, with last year's transaction volume falling to its lowest total in a decade and no trades occurring in Q1 2025.

Top Leases

	SF
Biogen 75 Broadway, Cambridge East Cambridge	580,000
Intellia Therapeutics 400 Technology Square, Cambridge East Cambridge	101,000
Roche/Greentech 100 Western Avenue, Boston Allston/Brighton	30,000
Aquyre Biosciences 610 Lincoln Street, Waltham 128 West	11,500

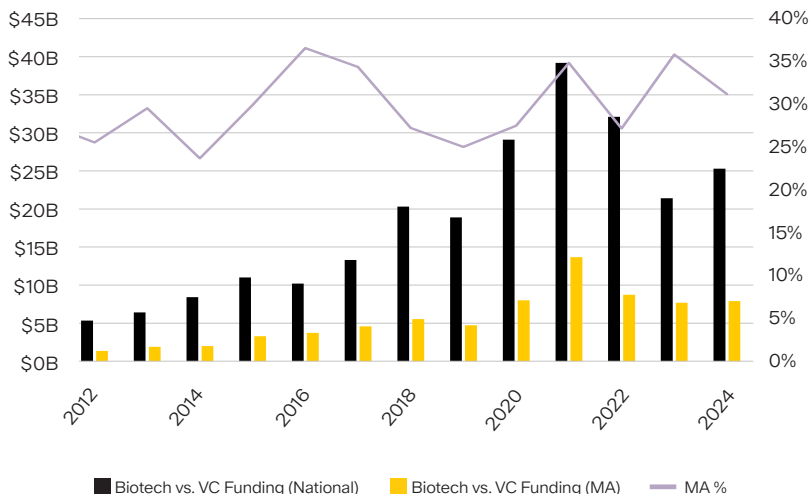
Cambridge, Boston & Suburban Direct Vacancy



Looking Forward

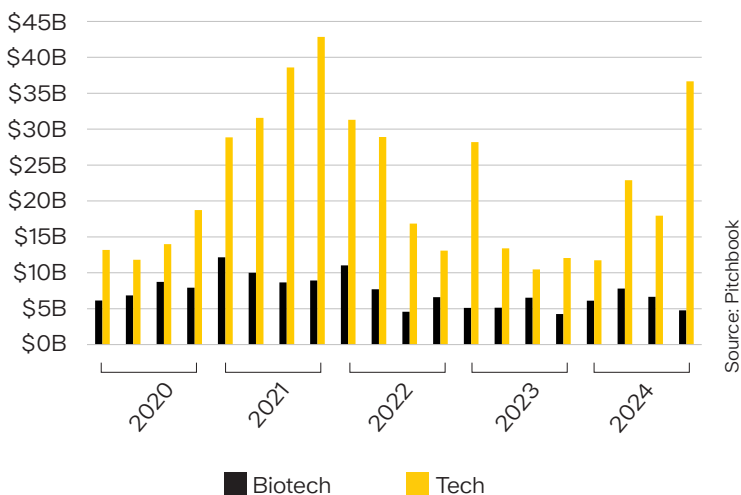
After declining in 2022 and 2023, life sciences venture capital investment increased in 2024 both nationally and in Massachusetts. The number of biotech IPOs and total IPO proceeds for Massachusetts companies also increased for the first time since 2020. Interest rate cuts in the second half of last year and a massive surge in venture capital investment for the tech industry in Q4 2024 have also sparked optimism. If capital continues to flow more freely in 2025, the Boston Lab Market could be poised to begin a much-welcomed rebound, although tariffs threaten to present economic and fundraising headwinds. The decline in fundraising is only part of the story and the market's struggles were amplified by the enormous supply wave that hit right as venture capital and IPO activity stalled. Supply pressures are waning, with under construction space and construction starts both declining in 2024. The process will take several quarters, and possibly years, to play out, but a normalization of supply and a leasing boost driven by increased fundraising should provide a winning combination for the lab market.

Massachusetts vs. National Biotech VC Funding (\$Billions)



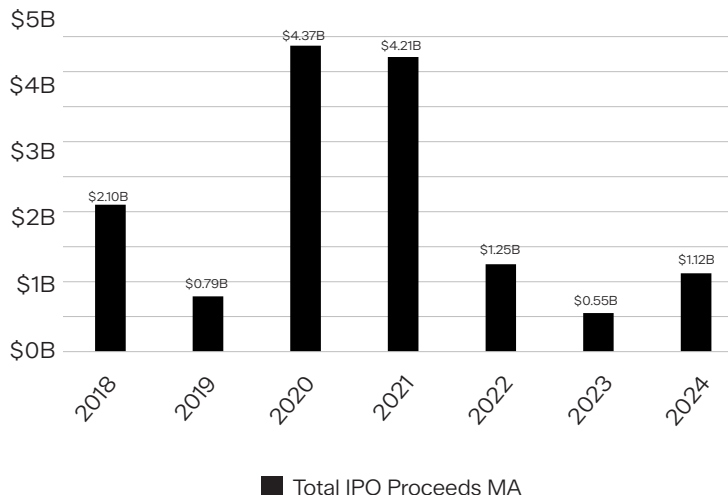
Source: Pitchbook

National VC Investment by Sector (\$Billions)



Source: Pitchbook

Total IPO Proceeds (\$Billions)



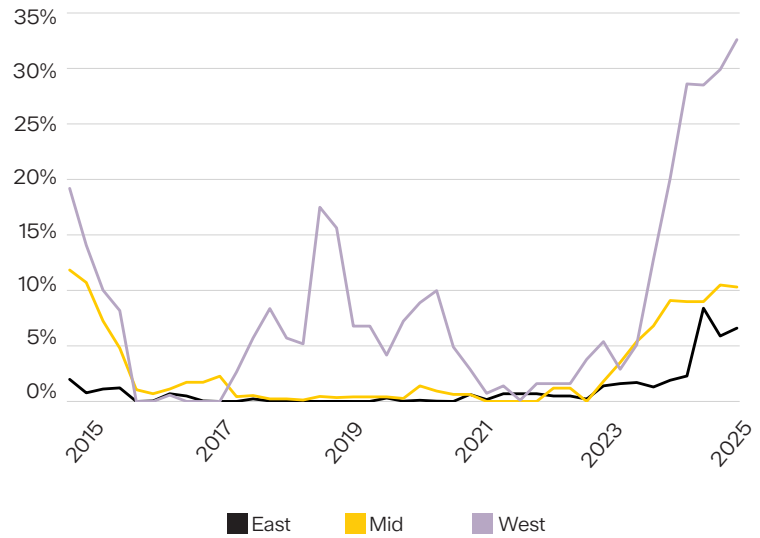
Source: Biopharma Dive

Cambridge

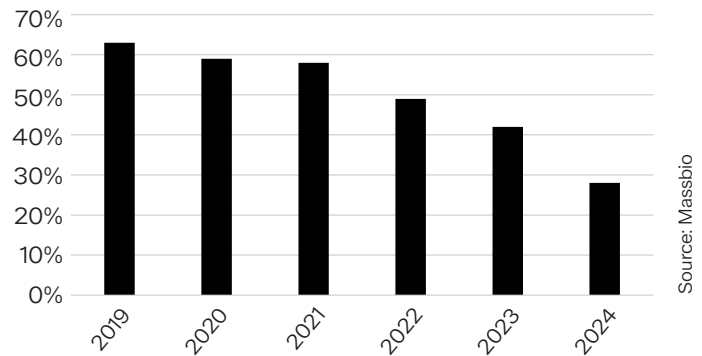
Cambridge vacancies have increased for nine consecutive quarters since bottoming out at near 0% at the end of 2022 and finished Q1 2025 at 10.2%. Net absorption was negative by nearly 300,000 square feet in the quarter and by more than 700,000 square feet over the last 12 months. Vacancies are still lower than those of Boston or the suburbs, but this gap has shrunk and Cambridge has the highest sublet rate in the metro. The city's slump is showing up in fundraising as well. Per Pitchbook, Cambridge-based companies received just 28% of Massachusetts' total biotech venture capital investment in 2024, down from 42% in 2023 and from 63% in 2019. Two major leases were signed in Cambridge in Q1 2025, but each reflected a desire to downsize from their respective tenants. Biogen leased 580,000 square feet at 75 Broadway, a permitted development in East Cambridge, where it will centralize operations. Intellia Therapeutics leased 101,000 square feet at 400 Technology Square, with an option to add 46,000 additional square feet at a future date, but will vacate its space at other locations in Cambridge and Waltham.

The East Cambridge/Kendall Square submarket is arguably the premier life sciences cluster in the world, but that prestige also makes it an expensive location from which to operate. Price-sensitive tenants are looking to the suburbs or elsewhere in Cambridge. KalVista Pharmaceuticals signed a 32,110-square foot lease in Q3 2024 to relocate from Cambridge to Framingham. In saving on rent, the company was able to triple its footprint. Four of the five largest leases signed in Cambridge last year were outside of East Cambridge. These included two sublease deals—GC Therapeutics for 32,688 square feet and Skylark Bio for 26,148 square feet—and a renewal—Vedanta Biosciences for 23,000 square feet—in Mid Cambridge. QurAlis's lease for 29,642 square feet at 35 Cambridgepark Drive in West Cambridge was the largest direct new lease signed in the city last year. East Cambridge recorded its worst year of leasing since 2009. The largest lease was Takeda's 222,025-square foot extension at 75-125 Binney Street, with few other notable deals occurring.

Cambridge Direct Vacancy Rate



Cambridge % of Total MA Venture Capital Funding



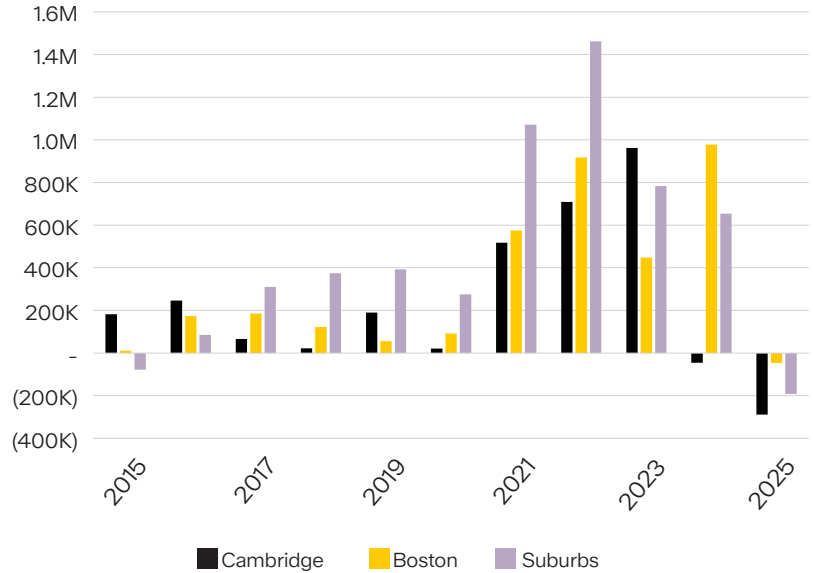
Source: Massbio

Boston

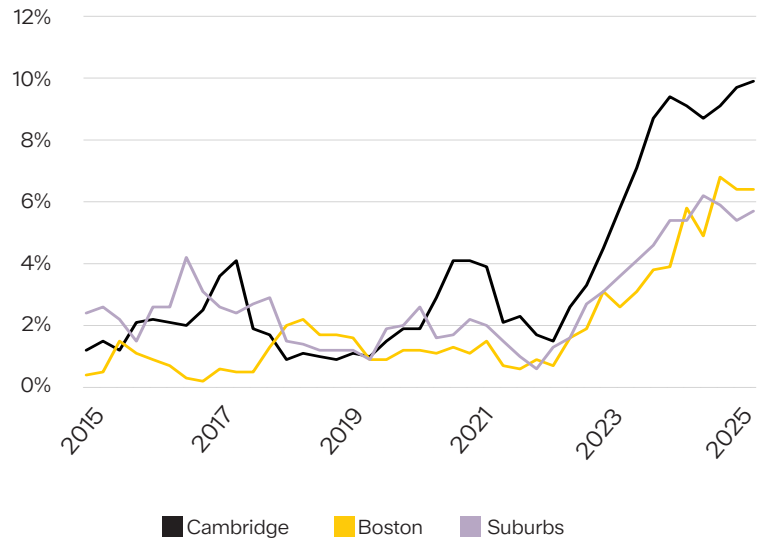
Vacancies increased slightly in Q1 2025 in Boston, as the market took on about 325,000 square feet of new inventory while experiencing slightly negative net absorption. Vacancies have increased by more than 600 basis points since the start of 2024, with more than 2.5 million square feet delivered in this time. The sublet rate held level last quarter, while total availabilities slightly declined, although both have significantly increased over the last year. Roughly 60% of the more than 2.5 million square feet delivered in the city since the start of 2024 is vacant. Supply pressures will continue, with about 3.5 million square feet under construction.

The largest lease of Q1 2025 was a deal for new construction. Roche/Genentech leased 30,000 square feet at 100 Western Avenue in Allston, the future Harvard Enterprise Research Center being developed by Tishman Speyer. Aside from this deal, leases for new construction have been rare in recent quarters. The largest lease of last year was Vertex Pharmaceuticals' renewal of its combined 1.1 million-square foot spaces at 11 Fan Pier Boulevard and 50 Northern Avenue in the Seaport. The deal was the largest lab lease signed in Greater Boston in several years, and Vertex stayed put after previously announcing it would explore other locations in Boston.

Annual Net Absorption (SF)



Sublet Vacancy

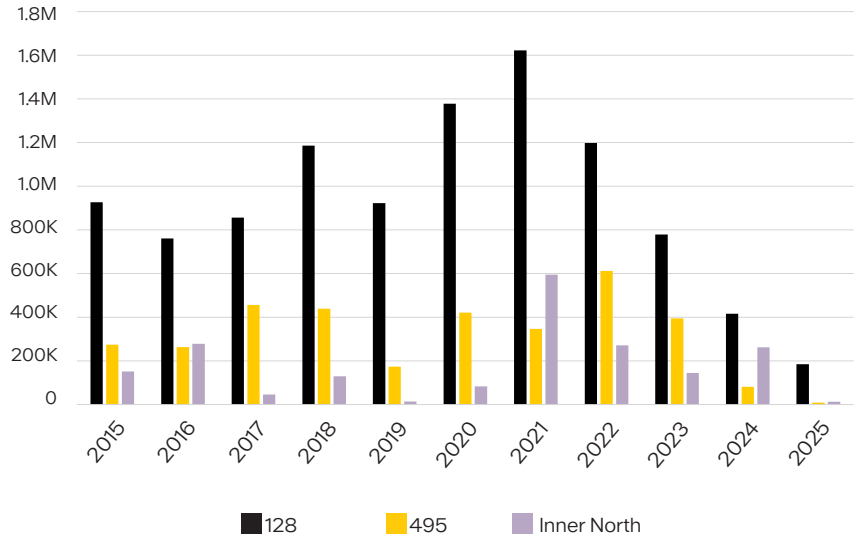


Suburbs

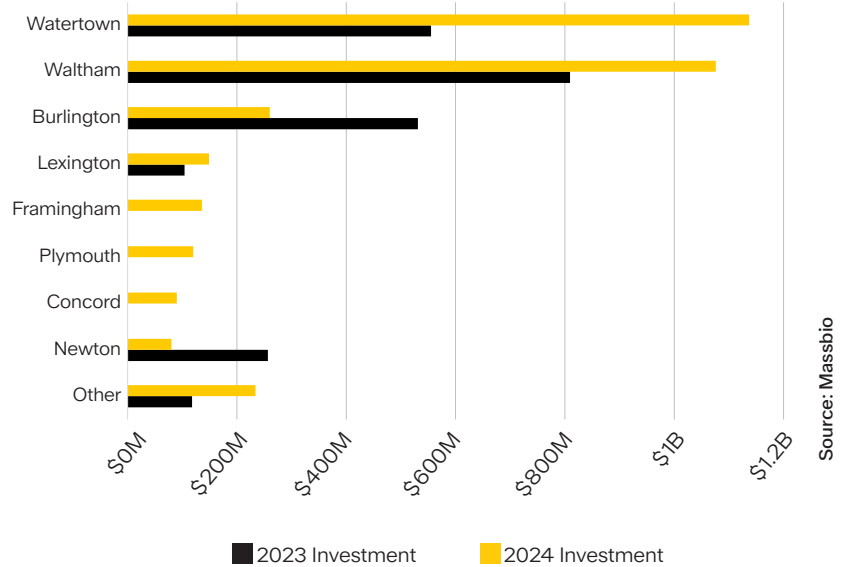
Suburban vacancies increased by 40 basis points in Q1 2025, finishing the quarter at 17.3%. Few notable leases were signed last quarter, and leasing volume reached one of its lowest totals of the decade. Sublet space and total availabilities also slightly increased, finishing the quarter at 5.7% and 29.2%, respectively. The suburban lab market has taken on a large supply wave in recent years, and available space in new inventory has led to vacancy expansion. The Class A market has a 21.7% vacancy rate and a nearly 40% availability rate, compared with 13% and 20%, respectively, for Class B. Submarkets that have received large shares of the recent supply additions, like Inner Suburbs North and 128 West, have among the highest vacancy rates of all locations in the metro area.

While supply additions have stressed fundamentals, first generation spaces have also driven much of the top leasing activity in recent quarters. In Q3 2024, LifeMine Therapeutics leased 117,000 square feet for 12 years at 66 Galen Street in Watertown, which opened earlier in the year. The drug discovery company received a strategic investment from GSK in 2022, highlighting how Big Pharma merger and acquisition activity has benefited the lab market during the venture capital downturn. Another notable move at new construction was the ADA Forsyth Institute's Q1 2024 lease for 75,476 square feet at 100 Chestnut Street in Somerville, which delivered in Q4 2023. The oral health research organization will relocate from Kendall Square on a 15-year term once the deal commences in early 2025. Also in Q1 2024, Lincoln Property Company signed BPG Bio to 70,000 square feet at 300 Third Avenue in Waltham. The AI-powered company will relocate from Framingham when its lease begins in June 2025. Lincoln Property Company has now filled 75% of 300 Third, compared with an average lease up rate of 53% for all non-Cambridge deliveries since the start of 2023.

Suburban Leasing (SF)



Biotech VC Investment by Town



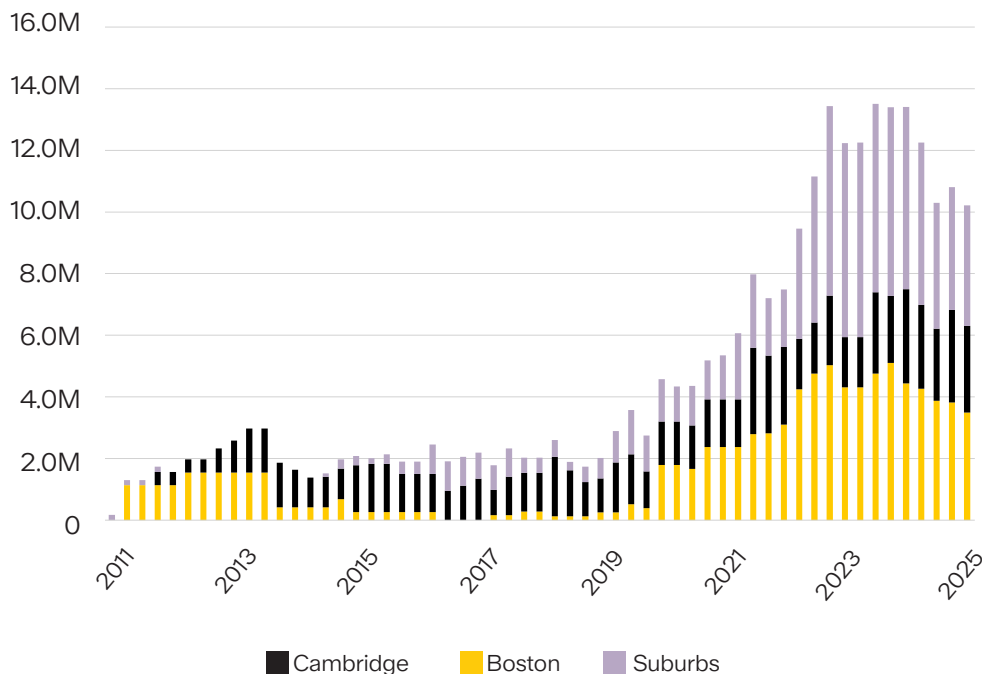
Source: Massbio

Development

The amount of space under construction has declined by about 3 million square feet over the last year, amidst demand and financing challenges, but the pipeline remains loaded with more than 10 million square feet underway. Boston development is primarily targeting the Seaport and neighborhoods west of Downtown, like Fenway and Allston/Brighton. Cambridge construction is mostly in East Cambridge, while about one-third of underway suburban space is in the 128 West submarket. As fundamentals have softened, conversions are less common compared with a few years ago. Less than 15% of the space under construction across Greater Boston is in conversion projects, compared with about 45% of space delivered from 2021-2024.

Big Pharma tenants have driven a large share of preleasing in new developments and these companies tend to favor East Cambridge and the Seaport. In East Cambridge, Takeda, Biogen, and AstraZeneca/Alexion have each committed to between 570,000-600,000 square feet in new developments. In the Seaport, Vertex Pharmaceuticals leased 319,000 square feet in a new building expected to open in the first half of 2025. These deals follow move-ins in 2024 from Eli Lilly at 15 Necco Street in the Seaport and Astellas Pharma at 441 Morgan Street in East Cambridge's Cambridge Crossing development.

Cambridge, Boston & Suburban Lab Under Construction (SF)



Investment Sales

Challenging market and lending conditions continue to deter investment, with no trades recorded in Q1 2025, after sales volume fell to its lowest total in more than a decade last year. Most deals in recent quarters have involved Alexandria, as the REIT downsizes its non-core portfolio. Moderna acquired its technology campus in Norwood, which it had previously leased from Alexandria. The campus consists of office, lab, and biomanufacturing space and sold for \$369.4 million. Alexandria also sold a 3-property portfolio in Kendall Square to BioMed Realty for \$250 million (\$425 per square foot).

The largest asset in the deal was 215 First Street, which is about 380,000 square feet and was about 45% available for lease at the time of the sale. Also included was 150 Second Street, which was occupied by Foundation Medicine at the time of closing, but will be vacated when the tenant fully moves to its new headquarters in the Seaport. Alexandria also sold 60-100 Minuteman Road in Andover to The Davis Companies for \$67.3 million. The mixed-use property was acquired by Alexandria in 2022 for a planned biomanufacturing campus, which was later withdrawn.

Top Sales

	Price	PSF	Buyer	Seller
--	-------	-----	-------	--------

No trades recorded in Q1 2025

Lab Stats Q1 2025

Submarket	RSF	% Vacant	% Sublease	% Avail	Net Absorption	12-Month Absorption	Leasing Activity	12-Month Leasing	(NNN) Asking Rate
Seaport	5,977,900	24.0%	10.8%	40.6%	(17,379)	462,965	-	1,105,420	\$106.00
Fenway	3,618,783	6.4%	0.4%	7.8%	(5,800)	(104,817)	-	16,304	-
Other Boston	3,565,288	28.2%	4.2%	30.2%	(22,780)	(215,269)	30,000	59,836	-
Boston Total	13,161,971	20.3%	6.4%	29.4%	(45,959)	177,079	30,000	1,181,560	\$107.50
East Cambridge	13,423,891	6.6%	9.1%	17.9%	(285,966)	(716,881)	681,000	832,257	\$117.25
Mid-Cambridge	4,897,562	10.3%	10.9%	21.7%	45,172	61,822	-	48,256	\$107.50
West Cambridge	2,076,693	32.6%	12.8%	46.2%	(47,696)	(121,268)	5,000	59,657	\$95.84
Cambridge Total	20,298,146	10.2%	9.9%	21.7%	(288,490)	(736,271)	686,000	940,170	\$108.00
128 North	2,220,696	4.7%	6.9%	19.9%	(6,865)	50,356	5,906	120,029	\$50.00
128 West	10,379,992	18.2%	8.1%	30.0%	(41,266)	(159,378)	179,440	377,190	\$73.50
128 Total	12,867,733	15.5%	7.7%	27.7%	(48,131)	(109,022)	185,346	429,349	\$68.25
495 North	2,391,130	16.3%	2.1%	18.8%	46,601	155,613	-	39,079	\$45.05
495 West	3,239,004	4.1%	1.2%	6.2%	(41,071)	82,966	-	36,866	\$44.65
495 Total	5,661,016	9.4%	1.5%	11.6%	5,530	238,579	9,528	85,493	\$44.70
Inner Suburbs North	4,386,974	33.0%	5.2%	54.0%	(149,383)	(190,795)	12,895	176,180	\$53.25
Suburban Total	22,915,723	17.3%	5.4%	29.2%	(191,984)	(61,238)	11,500	562,623	\$60.00
All Lab	56,475,840	15.4%	7.4%	26.5%	71,268	691,457	961,294	2,918,747	\$87.40

Adin Perera
Research Director
53 State Street, 8th Floor
Boston, MA 02109

www.lpc.com

Lincoln