VANTAGE POINT

Q3 2026

Under the MICROSCOPE

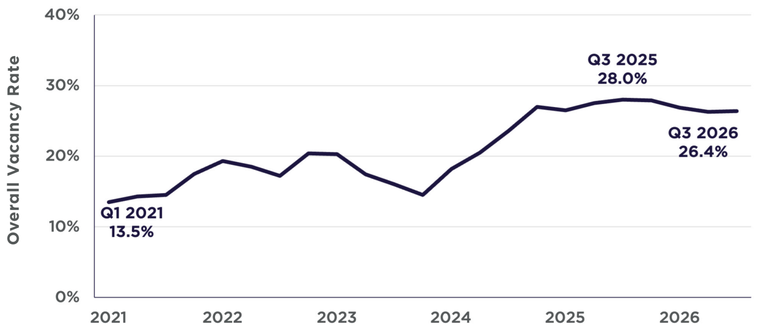
A Deeper Look at Raleigh-Durham's Life Sciences Market

CUSHMAN & WAKEFIELD

OVERVIEW

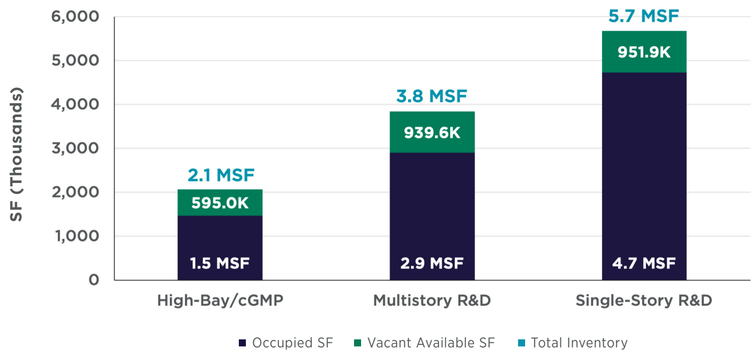
Raleigh-Durham's life sciences market is showing signs of stabilization following several years of elevated vacancy and speculative development. Improving occupancy and a pause in construction have helped rebalance market conditions, but the recovery is not uniform across property types and tenant requirements. This unevenness is reflected in growing interest from smaller R&D users alongside a recent pullback in large-scale manufacturing demand. Nevertheless, the region's competitive pricing, substantial talent base, and continued investment from major life sciences companies reinforce its position as a leading industry hub.

OVERALL VACANCY

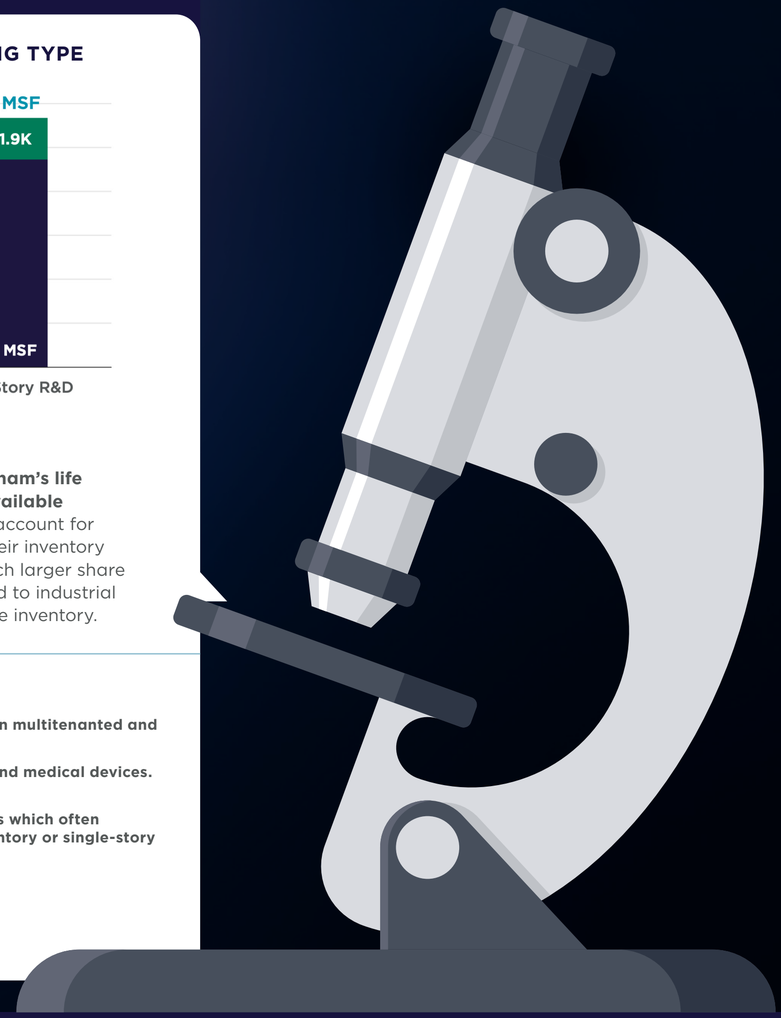


Raleigh-Durham's life sciences vacancy rate has declined 160 basis points from its Q3 2025 peak, reaching 26.4% in Q3 2026—**its lowest level in two years**. With no new construction underway, vacancy is expected to decline further as tenants occupy existing available space.

INVENTORY & VACANT AVAILABILITY BY BUILDING TYPE



Single-story R&D properties comprise nearly half of Raleigh-Durham's life sciences inventory but a considerably smaller share of vacant available space. In contrast, multistory R&D and high-bay/cGMP properties account for disproportionately large shares of vacant availability relative to their inventory footprints. Historically, high-bay/cGMP buildings represented a much larger share of the market's vacant space, but several were subsequently leased to industrial users or purchased by life sciences end users and removed from the inventory.



KEY TERMINOLOGY

R&D: Optimized for scientific discovery. Often has a mix of office and "wet lab" space for advanced scientific research and development or experimentation. These properties are often multitenanted and multistory structures.

cGMP: Product that abides by the Current Good Manufacturing Practice regulations enforced by the FDA. Space is designed to manufacture goods such as pharmaceutical products and medical devices. Typically features upgraded power and infrastructure and contains loading docks.

Flex Conversion: Former flex industrial product that has been upgraded to accommodate both R&D and smaller scale cGMP users. Properties are multitenanted, single-story structures which often feature at least one rear-access loading dock per suite, utilize surface parking, and provide separately metered utilities. These types of properties are either in the cGMP building inventory or single-story R&D inventory depending on use.

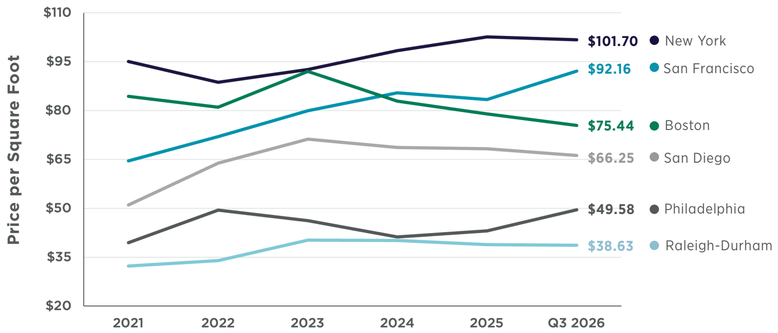
High-Bay: Property with a ceiling clear height of 32' or higher.

Vacancy: Share of inventory that is physically unoccupied, whether the space is available for lease or already committed to an incoming tenant.

Vacant Availability: Space that is physically vacant and immediately available to lease.

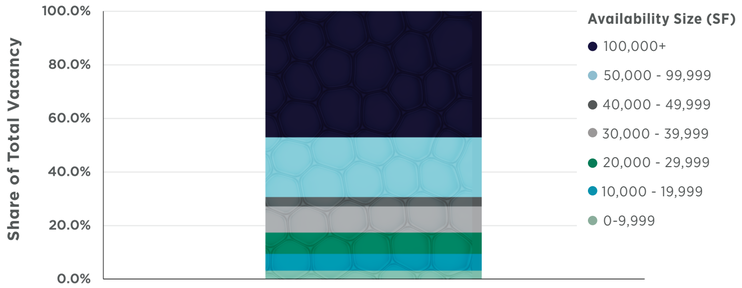
SUPPLY

COMPETITIVE MARKET RENTS



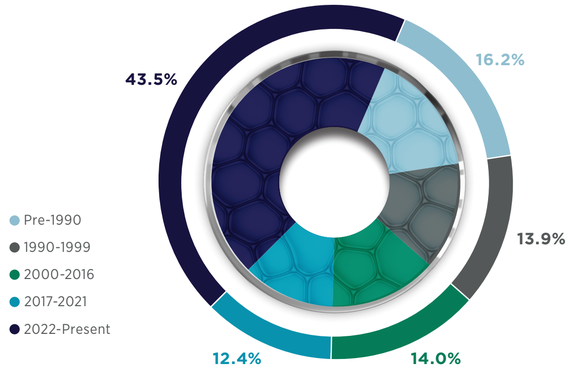
Raleigh-Durham remains the most affordable of the nation's key life sciences markets, with asking rents 22.1% below Philadelphia, the next lowest-cost market. Despite rental growth since 2021, local asking rates remain less than half the average recorded in New York, San Francisco, and Boston, reinforcing the region's significant cost advantage.

VACANT AVAILABILITY BY SIZE

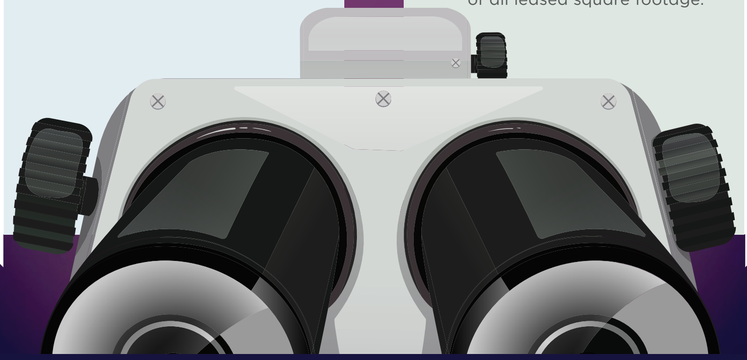


Large blocks of space remain the primary contributors to elevated vacant availability, with just seven spaces of 100,000 sf or more accounting for nearly half of the market's vacant available space. **Smaller options remain relatively limited, while larger availabilities are concentrated in recently delivered speculative buildings.**

VACANT SPACE BY BUILDING VINTAGE

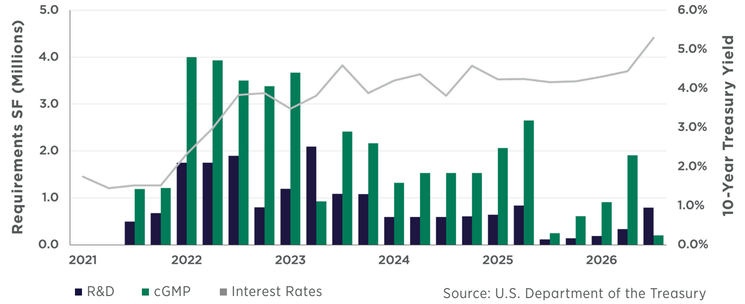


Buildings delivered since 2022 account for 43.5% of the market's vacant available space. Of the 15 buildings completed during this period, six remain fully vacant.



DEMAND

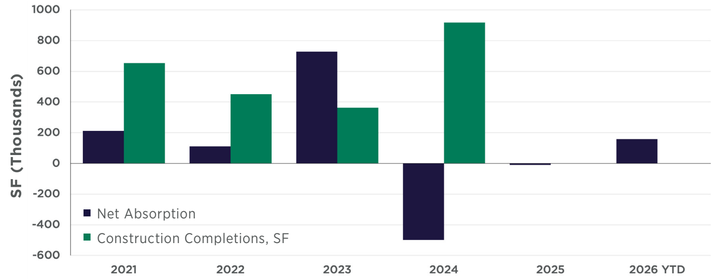
TENANTS IN THE MARKET AND INTEREST RATES



Source: U.S. Department of the Treasury

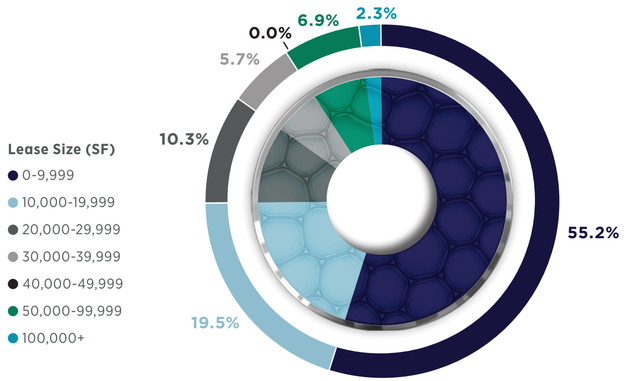
Demand shifted toward smaller R&D requirements in Q3 2026, with 18 new prospective tenants entering the market, averaging 36,000 sf each. Meanwhile, **cGMP requirements declined sharply** after three consecutive quarters of growth, as several large manufacturing users paused their searches or selected other markets. The pullback coincided with a rise in the 10-year Treasury yield, a potential additional headwind for capital-intensive projects.

DIRECT NET ABSORPTION AND DELIVERIES



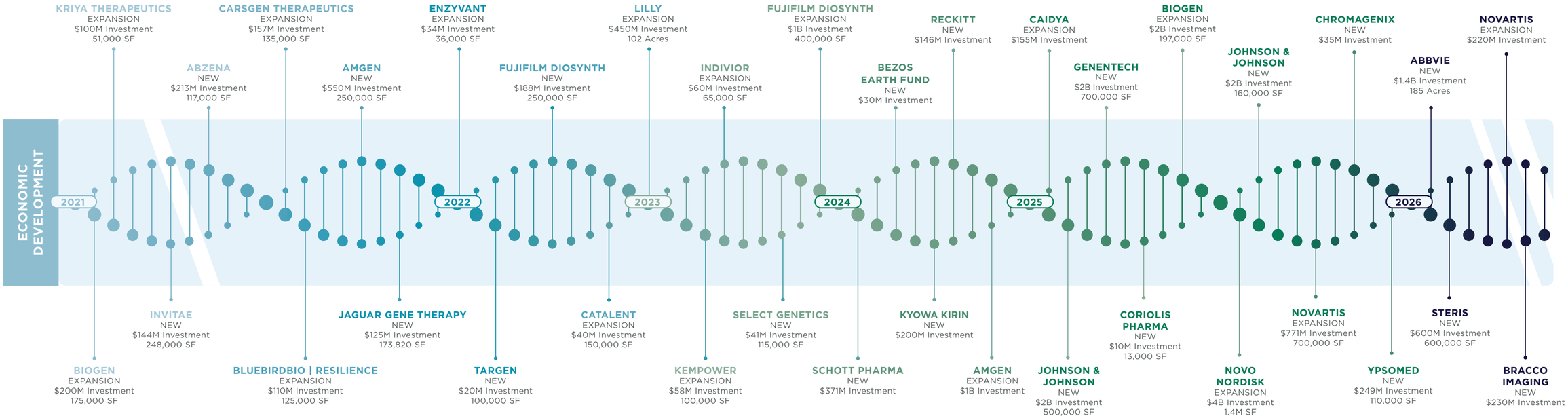
Nearly 2.4 msf of new life sciences space has delivered since 2021, significantly outpacing cumulative direct net absorption of just over 701,000 sf. Following substantial occupancy losses in 2024, **absorption turned positive again in 2026**, while construction remains paused as the market continues to work through excess supply.

COUNT OF LEASING ACTIVITY BY DEAL SIZE: 2025 - 2026 YTD

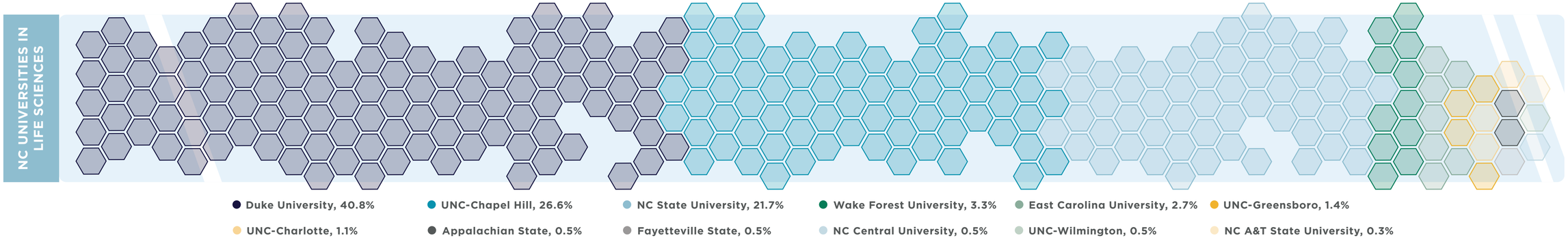


Smaller transactions continued to dominate leasing activity, with 74.7% of deals signed since the start of 2025 totaling less than 20,000 sf. However, larger deals had an outsized impact on leasing volume, as just eight transactions of 50,000 sf or more accounted for nearly half of all leased square footage.

Major investments from leading global life sciences companies continue to strengthen Raleigh-Durham's position as a manufacturing and innovation hub, contributing to the DNA of the regional ecosystem.



North Carolina universities have cultivated 184 life sciences and related companies since 2014, highlighting their role in supporting startup formation, advancing innovation, and developing the state's life sciences talent pipeline.



Source(s): Cushman & Wakefield Research, NC Biotech

Under the MICROSCOPE

A Deeper Look at Raleigh-Durham's Life Sciences Market

Q3 2026

AUTHORS

MADELYN DAVIS TREFSGAR
Senior Research Analyst
+1 919 439 5148
madelyn.davis@cushwake.com

JP PRICE
Senior Research Manager, Carolinas
+1 704 335 4433
jp.price@cushwake.com

Better never settles

CUSHMAN & WAKEFIELD

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

©2026 Cushman & Wakefield. All right reserved. The information contained within this report is gathered from multiple sources belived to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.