

MARKET FUNDAMENTALS, Q3

	YOY Chg	Outlook
23.9% Vacancy Rate	▲	▼
\$62.85 Asking Rent, PSF	▼	▼
-5.6% Rent Growth, YOY	▼	▲
5.2M Under Construction <small>(Overall, All Property Classes)</small>	▼	▬

MARKET INDICATORS, Q3

	YOY Chg	Outlook
\$3.0B Investment Sales	▲	▼
\$7.9B Venture Capital Funding	▼	▲

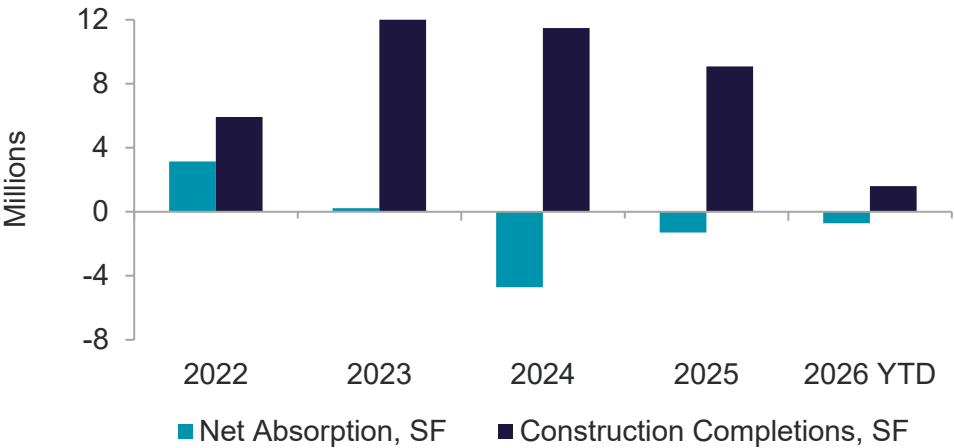
Source: Cushman & Wakefield Research, MSCI/
Real Capital Analytics, Pitchbook

KEY TRENDS

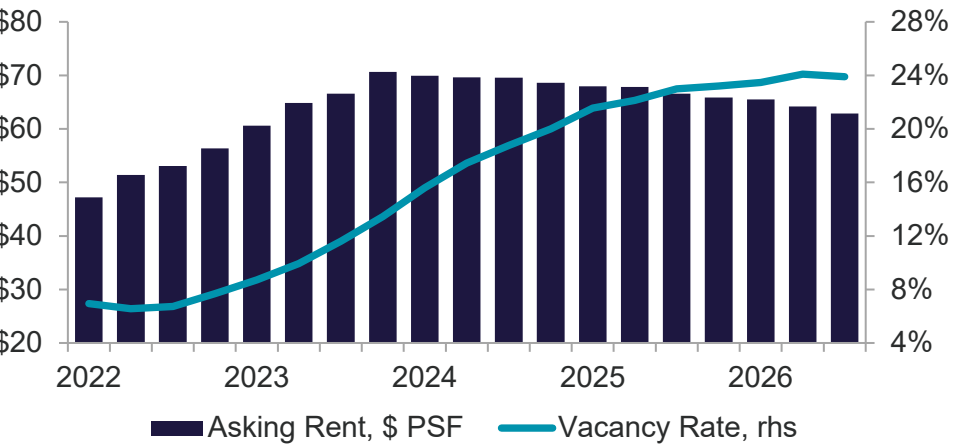
The life sciences sector is showing early signs of recovery. Overall vacancy declined in Q3 after four years of steady increases, suggesting a potential market inflection point. Improving fundamentals are laying the foundation for more sustained long-term growth.

- Absorption turned positive in Q3, totaling nearly 500,000 square feet (sf). Leasing activity also accelerated, increasing 11% quarter-over-quarter (QOQ). Despite stronger demand this quarter, total net absorption remained negative for the year.
- Asking rents continue to soften, falling 5.6% year-over-year (YOY) to \$62.85 per square foot (psf). Some markets, including Los Angeles-Orange County and Philadelphia, saw asking rents grow on a YOY basis. However, rents are expected to continue to soften in the near term until demand strengthens further.
- The overall vacancy rate dropped 20 basis points (bps) QOQ to 23.9%, marking the first quarterly decline in four years and indicating that vacancy has likely peaked. While there may be some short-term volatility, we expect the vacancy rate to trend lower over the next year.
- The construction pipeline continues shrink with close to 5.2 million square feet (msf) currently under construction, down 40% from a year ago. The pipeline is overwhelmingly focused on build-to-suit (BTS) projects, which account for 73% of the pipeline.
- R&D property sales totaled \$3 billion in Q3, up 50% YOY, while pricing increased 13% YOY. Deal activity was driven largely by buyers making opportunistic purchases, though interest rate uncertainty may temper activity in the near term.
- Quarterly venture capital funding declined to \$7.9 billion in Q3. However, year-to-date (YTD) funding is up 6% YOY. Average deal size fell 18% YOY to \$17 million, indicating that capital may be flowing to early-stage companies. The IPO market remains active, with \$7.3 billion in deal volume YTD, nearly four times higher than the same period last year.

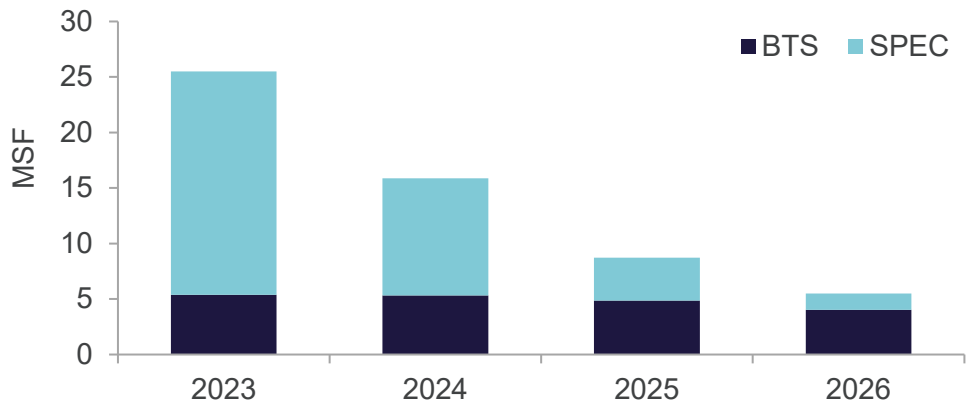
SPACE DEMAND/DELIVERIES



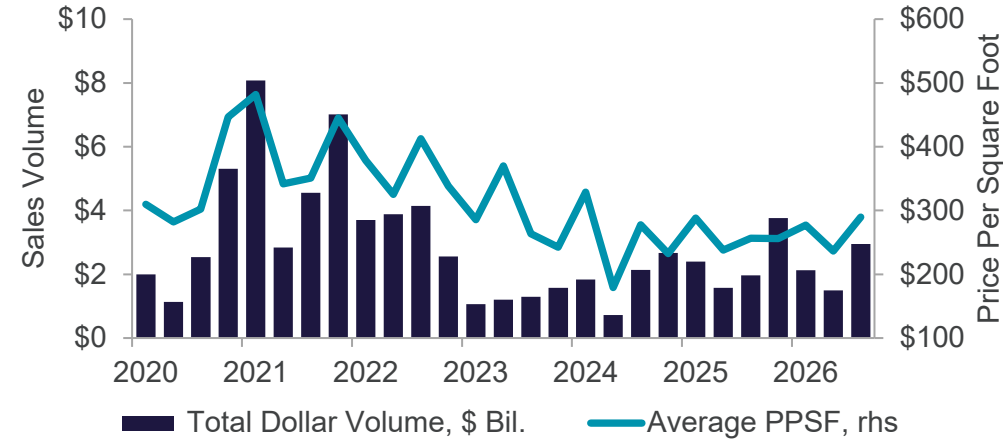
OVERALL VACANCY AND ASKING RENTS



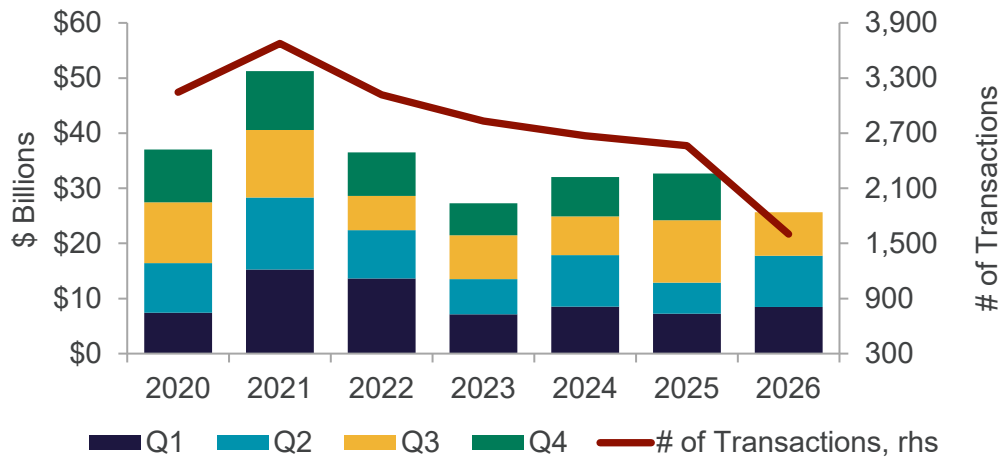
UNDER CONSTRUCTION



SALES VOLUME/PRICE PSF



VENTURE CAPITAL FUNDING



INVENTORY AND DEMAND INDICATORS Q3 2026

	INVENTORY	DELIVERIES	UNDER CONSTRUCTION	NET ABSORPTION	LEASING ACTIVITY
United States	238,896,826	426,927	5,168,477	483,520	2,894,132
Boston	50,983,384	0	2,172,502	137,769	905,827
Chicago	8,439,684	0	160,000	-29,571	0
Denver	6,525,423	0	198,000	-13,903	22,453
Los Angeles-Orange County	8,591,505	0	0	-10,563	0
New Jersey	20,640,570	0	573,400	-38,813	54,453
New York City	3,858,129	0	0	316,232	36,785
Philadelphia	28,334,034	0	1,220,000	-138,017	38,347
Raleigh-Durham	11,583,057	0	0	46,283	191,442
San Diego	26,703,929	426,927	844,575	168,591	346,200
San Francisco Bay Area	49,266,679	0	0	125,729	828,511
Seattle	11,395,929	0	0	-64,649	404,574
Suburban Maryland	12,574,503	0	0	-15,568	65,540

VACANCY RATES AND ASKING RENTS Q3 2026

	OVERALL VACANCY RATES				OVERALL ASKING RENTS			
	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2025	Q1 2026	Q2 2026	Q3 2026
United States	23.2%	23.5%	24.1%	23.9%	\$65.88	\$65.53	\$64.18	\$62.85
Boston	33.3%	34.2%	35.0%	34.8%	\$78.65	\$79.45	\$78.47	\$75.44
Chicago	22.4%	20.2%	18.6%	18.9%	\$55.37	\$53.62	\$54.18	\$53.79
Denver	17.7%	15.8%	15.9%	16.1%	\$30.02	\$30.57	\$30.27	\$31.05
Los Angeles-Orange County	3.4%	4.1%	3.6%	3.8%	\$37.64	\$32.65	\$33.32	\$33.32
New Jersey	14.8%	15.9%	19.1%	19.3%	\$38.84	\$38.65	\$38.74	\$38.09
New York City	39.3%	39.9%	39.5%	31.3%	\$83.92	\$84.26	\$82.93	\$70.92
Philadelphia	7.0%	7.6%	7.7%	6.8%	\$43.04	\$46.98	\$46.29	\$49.44
Raleigh-Durham	27.9%	26.9%	26.3%	26.4%	\$38.83	\$38.99	\$38.52	\$38.63
San Diego	25.1%	26.9%	27.0%	27.6%	\$68.30	\$67.73	\$67.10	\$66.25
San Francisco Bay Area	28.8%	28.3%	28.7%	28.5%	\$71.19	\$68.64	\$66.32	\$66.32
Seattle	22.8%	22.3%	22.2%	22.8%	\$63.56	\$63.20	\$61.53	\$61.46
Suburban Maryland	14.6%	15.0%	17.8%	18.0%	\$43.13	\$42.06	\$42.70	\$42.01

METHODOLOGY

Cushman & Wakefield’s quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The market statistics are calculated from an inventory that includes laboratory and cGMP spaces in office buildings and industrial properties, based on our proprietary methodology. The inventory includes some owner-occupied properties. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

EXPLANATION OF TERMS

- Total Inventory:** The total amount of lab and cGMP space in office and industrial buildings as well as some owner-occupied properties.
- Overall Vacancy Rate:** The amount of unoccupied space (new, relet, and sublet) expressed as a percentage of total inventory. Unoccupied space does not include owner occupied properties.
- Absorption:** The net change in occupied space between two points in time. (Total occupied space in the present quarter minus total occupied space from the previous quarter, quoted on a net, not gross, basis.)
- Leasing Activity:** The sum of all leases over a period of time. This includes pre-leasing activity as well as expansions. It does not include renewals.
- Overall Weighted Asking Rents:** Net average asking rents weighted by the amount of available direct and sublease space.

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