VANTAGE POINT

2026

Under the MICROSCOPE

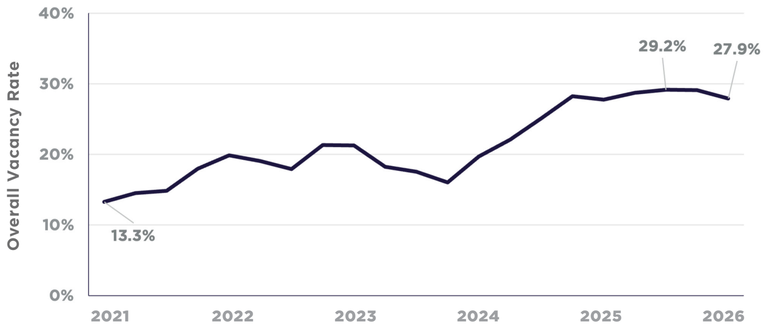
A Deeper Look at Raleigh-Durham's Life Sciences Market

CUSHMAN & WAKEFIELD

OVERVIEW

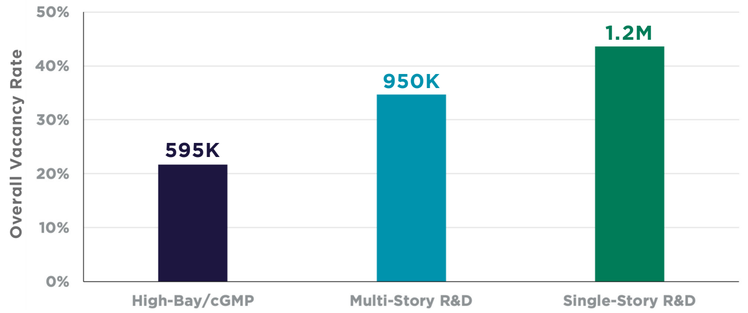
Vacancy in the Raleigh-Durham life sciences market peaked in late 2025, driven by the delivery of vacant, speculative buildings measuring 100,000 square feet (sf) or larger. However, vacancy began to decline in Q1 2026 as several of these larger speculative life science buildings were leased or purchased and occupied by life science companies such as Novartis, Ypsomed, or traditional industrial users, subsequently removing these assets from the life sciences inventory, resulting in lower vacancy for high-bay/cGMP space and an increased share of vacancy. Overall vacancy is concentrated in availabilities of 50,000 sf or greater, while demand remains strong and availability is tight for smaller size ranges.

OVERALL VACANCY



With no new construction underway, expect vacancy to continue to decrease in the coming quarters. For the past six quarters, **vacancy has held within a relatively narrow range**, indicating that market conditions are stabilizing following heightened speculative construction deliveries that pushed vacancy higher.

VACANCY BY BUILDING TYPE



Vacancy remains elevated in single-story R&D properties. The average available suite in these buildings is **approximately 34,000 sf** - significantly smaller than the averages for multi-story R&D and cGMP properties, which are **nearly 60,000 and 100,000 sf**, respectively. Historically, high-bay/cGMP properties accounted for the majority of vacancy; however, several of these assets were subsequently leased to industrial users or purchased by life science end users and removed from the inventory. This shift has effectively increased the share of vacancy attributed to single-story R&D properties.

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 multi-tenanted and multi-story structures.**

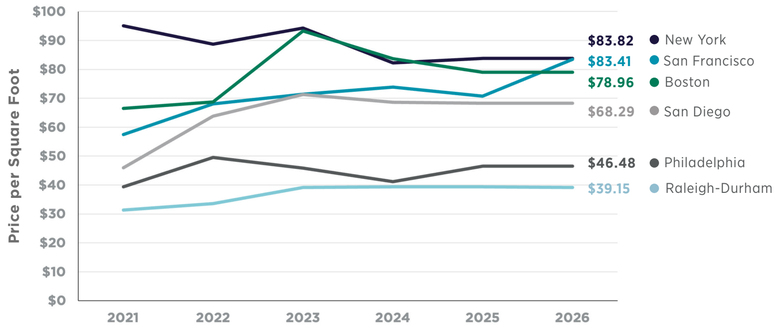
cGMP: **Product that abides by the Current Good Manufacturing Practice regulations enforced by the FDA. Space is designed to manufacture goods such as pharmaceutical products and medical devices. Typically features upgraded power and infrastructure and contains loading docks.**

Flex Conversion: **Former flex industrial product that has been upgraded to accommodate both R&D and smaller scale cGMP users. Properties are multi-tenanted, 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.**

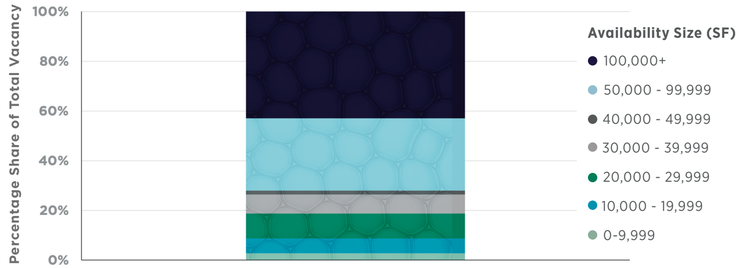
SUPPLY

COMPETITIVE MARKET RENTS



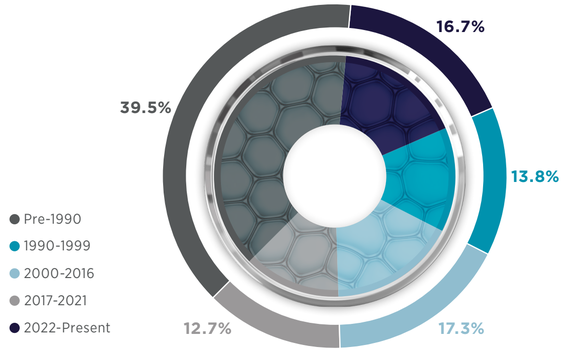
Life sciences rental rates in the Raleigh–Durham market remain significantly below the asking rents in competing markets—**18.7% lower** than the next lowest-cost market, Philadelphia, and less than half the average asking rent recorded in New York, San Francisco, and Boston.

SHARE OF CURRENT VACANCY BY AVAILABILITY



Large spaces of **50,000 sf** or more are the main contributors to the market's elevated vacancy rate, accounting for **72.1%** of total available inventory. In contrast, conditions across smaller size segments remain tight. Vacancy among these larger spaces persists due to significant blocks of newly built product continuing to sit unoccupied.

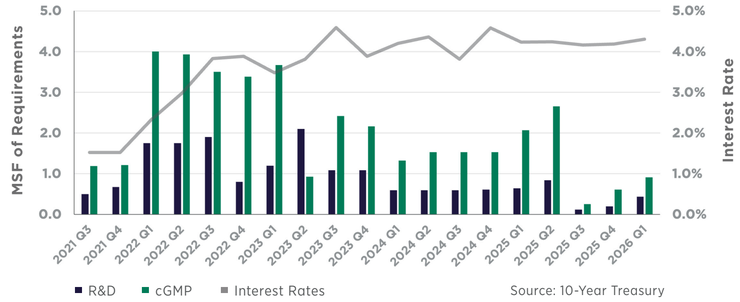
VACANT SPACE BY BUILDING VINTAGE



Buildings delivered since 2022 account for **39.5%** of the market's vacant space. Of the **15** buildings completed during this period, **six** remain fully vacant.

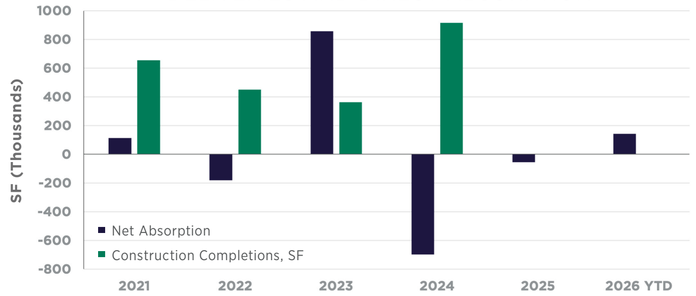
DEMAND

TENANTS IN THE MARKET AND INTEREST RATES



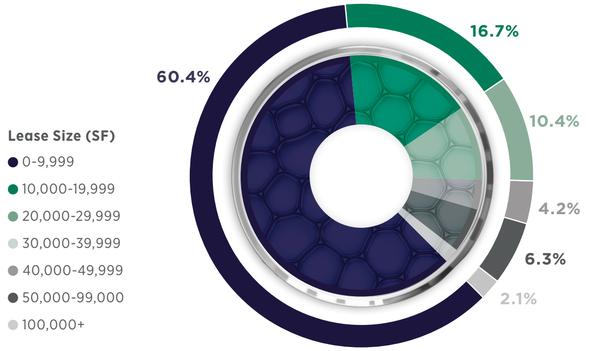
Following strong growth in 2022-2023, R&D and cGMP tenant demand **softened** amid **elevated interest rates** and increased uncertainty surrounding NIH funding and research grant availability.

DELIVERIES AND DIRECT ABSORPTION

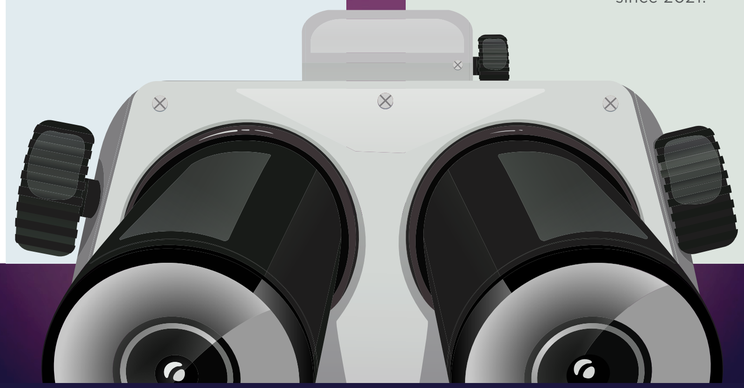


Development activity has significantly outpaced tenant demand since 2021, with nearly **2.4 msf** delivered compared to less than **180,000 sf** of net absorption. As a result, the construction pipeline has paused while the market absorbs excess supply.

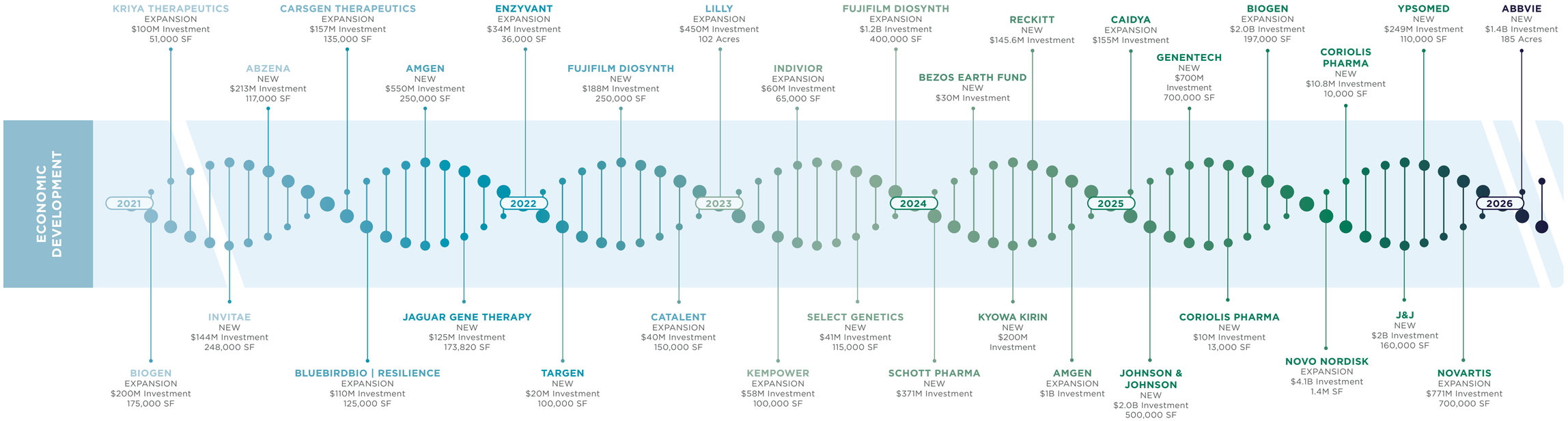
COUNT OF LEASING ACTIVITY BY DEAL SIZE - LAST 12 MONTHS



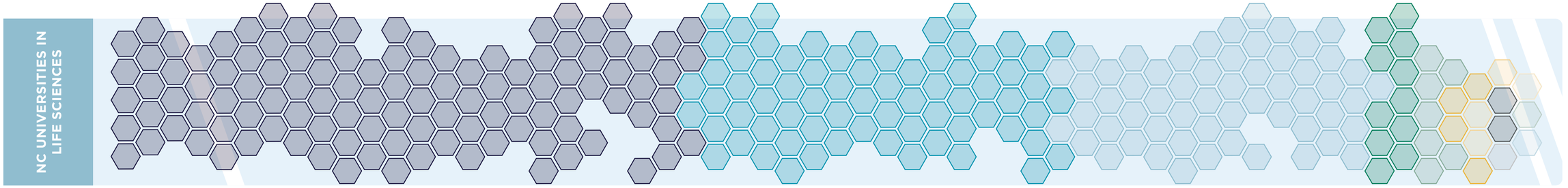
Smaller tenants continued to drive leasing activity over the past 12 months, with **77.1%** of executed leases totaling **less than 20,000 sf**—consistent with average deal size trends since 2021.



Raleigh-Durham remains a great place to invest. Leading global life sciences firms continue to contribute to the **DNA of the market.**



North Carolina universities have cultivated **184 life sciences** and related companies since 2014 which are operational today.
This underscores the critical role the state's academic institutions play in advancing innovation, supporting startup formation, and developing and retaining life sciences talent across North Carolina.



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

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