MARKETBEAT
RALEIGH-DURHAM
LIFE SCIENCES Q2 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
32.3% Vacancy Rate	▲	▲
-205.6K YTD Net Absorption, SF	▲	▲
$38.55 Asking Rent, PSF	▲	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.1M Raleigh-Durham Employment	▲	▲
3.2% Raleigh-Durham Unemployment Rate	▬	▲
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

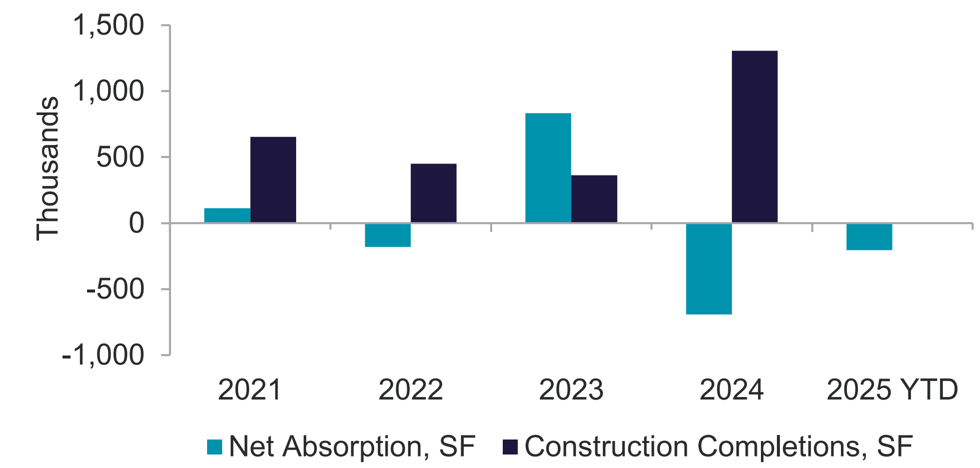
ECONOMY
The Raleigh-Durham economy has maintained momentum through the first half of 2025 as the labor force continued to expand and unemployment remained unchanged year-over-year (YOY) at 3.2%, notably lower than the national average of 4.2%. Economic confidence was further bolstered by Genentech's announcement to invest $700 million in a new biotechnology manufacturing facility in Holly Springs, a move that underscores the region's growing appeal as an established life sciences hub.

SUPPLY AND DEMAND
In Q2, the overall vacancy rate rose 30 basis points (bps) quarter-over-quarter (QOQ), driven primarily by a rise in sublease availability. Sublease offerings comprise 17.9% of all vacant space. Over 100,000 square feet (sf) of sublease space was added to the market in Q2, with Charles River Labs accounting for 70% of new sublease vacancy. However, the direct vacancy rate, which excludes sublease space, fell by 50 bps QOQ to 26.5% as occupiers locked in longer term leases in more permanent space. Notably, there is no life sciences construction currently underway, which should help stabilize the vacancy rate in the coming quarters as recently delivered properties offer occupiers attractive options for leasing.

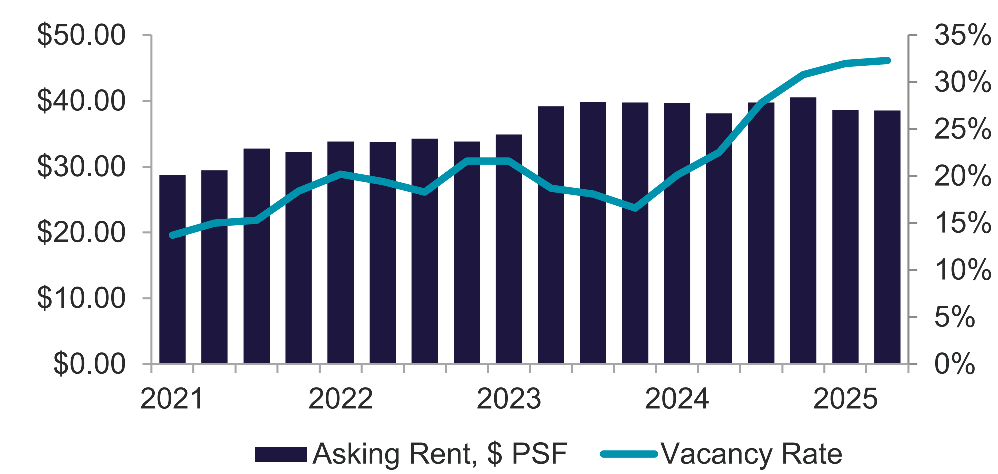
In Q2, there was more than 30,000 sf of direct absorption however, overall absorption which includes sublease space was nearly -64,000 sf for Q2, bringing the overall year-to-date figure to nearly 206,000 sf of occupancy losses. Leasing activity remained stable, reaching 75,000 sf for the second consecutive quarter and bringing the mid-year total to nearly 150,000 sf. With Liquidia signing for 65,000 sf and other pharma manufacturing leases rumored to be imminent in the coming quarters, the long-anticipated cGMP demand is starting to materialize. Meanwhile, renewal activity increased, with over 57,000 sf of renewals signed, reflecting tenants' continued commitment to staying in market. Leasing is expected to increase as tour activity in the market has risen in the first half of 2025.

PRICING
Rental rates decreased by 0.2% QOQ, dropping to $38.55 per square foot (psf), largely driven by the introduction of discounted sublease space to the market. Currently, sublease space is being offered at a 27.3% discount to direct space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Cary	95,369	30,369	0	31.8%	0	0	0	0	0	$35.00
Chapel Hill (Orange County)	30,000	0	0	0.0%	0	0	0			-
Downtown Durham	774,173	220,793	0	28.5%	0	0	7,378	0	0	$42.72
Eastern Wake County	0	0	0	0.0%	0	0	0	0	0	-
North Durham	185,753	39,032	0	21.0%	0	0	0	0	0	-
RTP/I-40 Corridor	10,214,928	3,102,765	677,844	30.4%	-34,153	-175,365	142,287	0	0	$37.49
Six Forks Rd	100,466	0	0	0.0%	0	0	0	0	0	-
South Durham	65,001	0	0	0.0%	0	0	0	0	0	-
Southern Wake County	592,233	592,233	30,233	100.0%	-30,233	-30,233	0	0	0	$42.11
US 1/Capital Blvd	95,056	0	0	0.0%	0	0	0	0	0	-
US 70/Glenwood	30,000	0	0	0.0%	0	0	0	0	0	-
West Raleigh	226,773	19,488	9,888	8.6%	0	0	0	0	0	$30.00
Downtown Raleigh	0	0	0	0.0%	0	0	0	0	0	-
Falls of Neuse Rd	0	0	0	0.0%	0	0	0	0	0	-
TOTAL	**12,409,752**	**4,004,680**	**717,965**	**32.3%**	**-64,386**	**-205,598**	**149,665**	**0**	**0**	**$38.55**

**Rental rates reflect NNN asking*

KEY LEASE TRANSACTIONS 2025

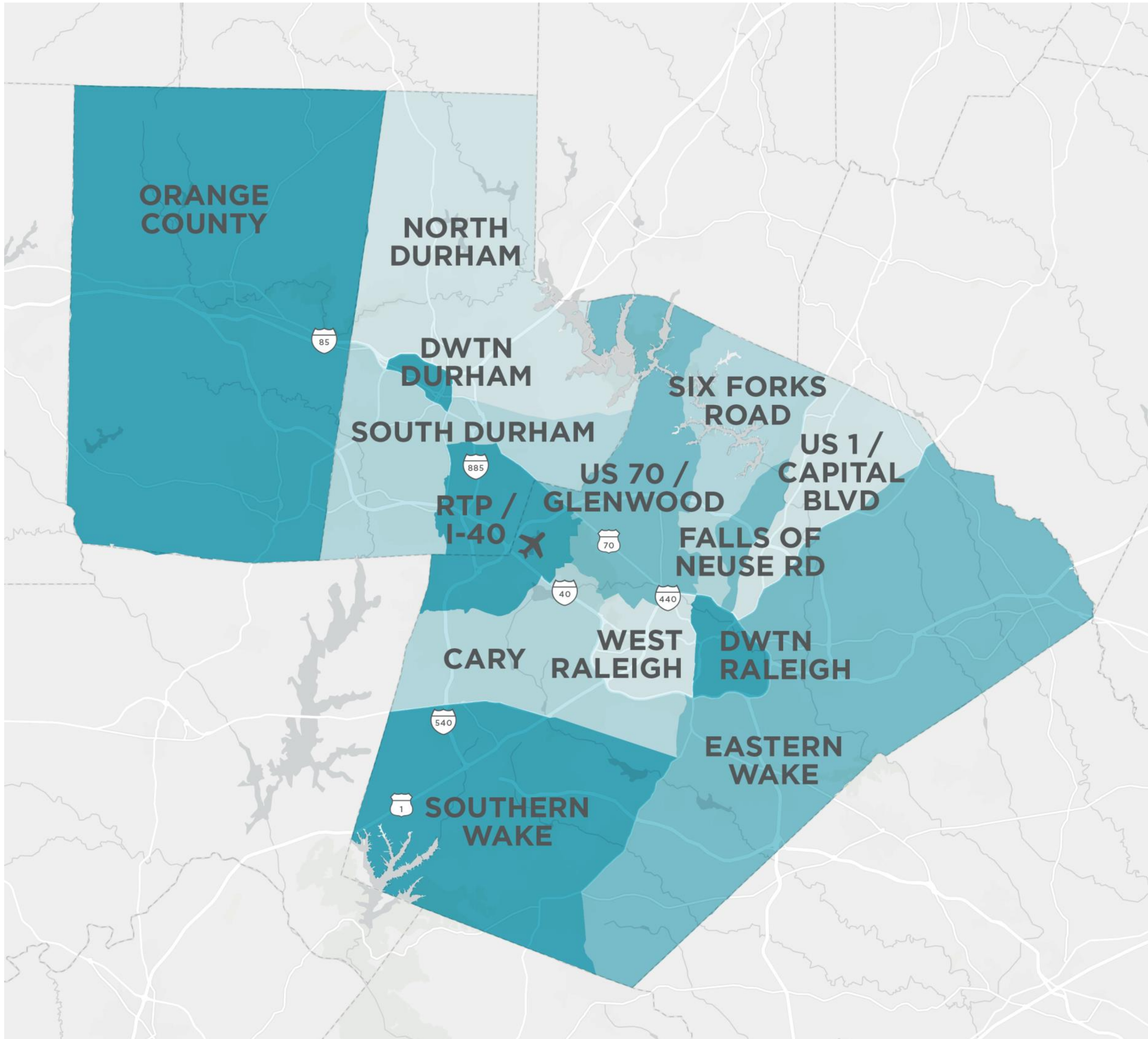
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Pathway Building 1 BMF	RTP/I-40 Corridor	Liquidia	65,000	New Lease
Eastridge Bldg 100	RTP/I-40 Corridor	JF Petroleum	18,363	Renewal*
Southport 10	RTP/I-40 Corridor	ProKidney	8,449	Renewal*

**Renewals not included in leasing statistics*

KEY METRIC YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS (ALL CLASSES)*	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	YTD COMPLETIONS (SF)	UNDER CONSTRUCTION (SF)
Q2 2024	11,480,594	22.5%	$38.09	(337,155)	185,100	404,000	901,650
Q2 2025	12,409,752	32.5%	$38.55	(205,598)	149,665	0	0

LIFE SCIENCE SUBMARKETS



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