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# Office National Report

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# Life Science Development Slows

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- The hype that life sciences experienced over the past decade from the advancement of new biotechnologies led to a rise in investment and a glut of new property development. This has since calmed down, and new development has significantly dropped off in the past couple of years.
- There have been 47.3 million square feet of life science space delivered since 2020. Annual deliveries peaked at 13.9 million square feet in 2024 before falling to 11.2 million the next year. The pipeline consists of only 11.3 million square feet currently under construction, so yearly deliveries are on track to fall again in 2026. New supply continues to be concentrated in the Big Three life science markets. San Francisco delivered 3.3 million square feet in 2025 (28.9% of deliveries), while Boston delivered 2.3 million (20.3%) and San Diego 1.5 million (12.8%). New starts are also on the decline, falling from a peak of 15.4 million square feet in 2022 to 2.4 million in 2025.
- Investor interest in life science properties increased slightly after two years of declining sales from the peak in 2022. In 2025, there were 37 transactions with an average price of \$324 per square foot and a total of \$1.7 billion in sales. This is up from 14 transactions with an average price of \$426 per square foot and a total of \$600 million in sales in 2024. Despite the recent uptick in sales, investor activity is still low for the decade, and the price per square foot in 2025 was down 23.9% from the previous year.
- Uncertainty has plagued life sciences after changes were made to public funding of the National Institutes of Health. Last year, the Trump administration proposed cuts, citing the end of the pandemic as a justification; however, Congress rejected these and instead increased the budget for fiscal year 2026. Despite the increase, grant approvals have been falling and competition has grown due to a new policy from the Office of Management and Budget designating 50% of funds to fully funded multi-year research grants rather than approving research projects on an annual basis.
- The possibility of funding cuts as well as a winner-take-all approach to research grant approvals may cause issues in segments of life sciences more reliant on public funding, though it remains to be seen how that will play out. While overdevelopment continues to be an issue, the significant drop in construction starts over the past two years shows that the current glut of supply will be absorbed in time, and we expect life sciences to be a strong subset of the office market for the foreseeable future.

