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Market Report MD

Available Lab Space Has Peaked as Specialized Demand Reshapes the Market

How the shift from R&D toward specialized space is redefining the regional lab market

By **Devin Zitelman,** Vice President, Science & Technology
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KEY TAKEAWAYS

1. Purpose-built lab demand is displacing generic flex/lab supply

Market demand continues to shift away from broad speculative lab supply and toward specialized environments designed around specific operational needs, including manufacturing, GMP-enabled space, and diagnostic facilities. Companies are similarly prioritizing second-generation or otherwise adaptable spaces that can accelerate occupancy, reduce upfront capital costs, and minimize delivery risk.

2. Large-block activity could offset uneven leasing momentum

I-270 leasing remains uneven. Smaller users continue to show interest in taking additional space but often lack the funding, contracts, or operational urgency to move forward. Along with that, they remain hesitant, taking longer to move from tours to executed leases. By contrast, stronger demand is coming from later-stage companies nearing Phase 3, commercialization, or scale-up, where larger requirements could absorb meaningful blocks of space, limit future options, and rebalance competition.

3. Rental rate decline intensifies and tenant improvement allowances begin to recede

Rental rates have continued to decline into the high $30s as second-generation and sublease space compete for limited demand. Landlords are lowering tenant improvement allowances as they more fully account for the cost of capital required to fund buildouts. New investors with lower cost bases are further increasing competition among landlords to differentiate, since they can more easily adopt creative deal structures.

4. Selective capital keeps early-stage occupiers cautious with real estate commitments

Capital is still entering the market, but investors remain selective, favoring companies with late-stage data, platform validation, or specialized therapeutic focus. Early-stage formation continues, but startups are prioritizing shared infrastructure and capital-efficient growth, causing management teams to delay real estate decisions.

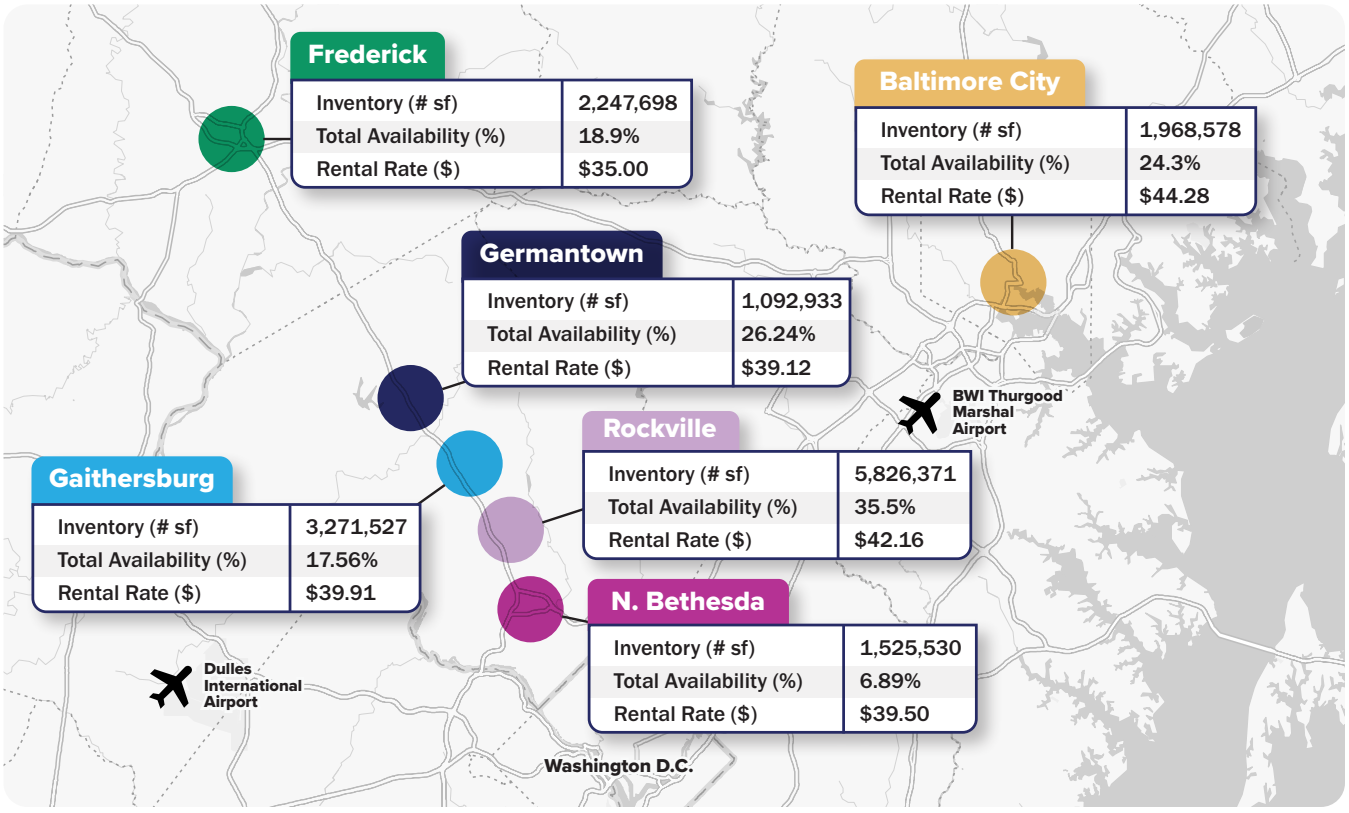
Existing Inventory (SF)	Total Availability (SF)	Availability Rate (%)	Direct vs Sublease (%)	Avg. Asking Rents ($)
11,716,361	**3,034,372**	**25.90**	**19.58 vs. 6.32**	**$40.61**

FORECAST

Maryland's lab market is expected to remain tenant-favorable through the second half of 2026, with larger blocks likely to capture demand first as active requirements over 30,000 SF take advantage of favorable market conditions. Smaller users continue to tour but remain slower to commit. This marks a notable shift for a historically R&D-driven market, where demand has typically been led by 3,000–15,000 SF users, toward larger, manufacturing-driven requirements tied to expansion and consolidation of established companies. Decision-making stays slow as boards and management teams carefully manage operations, growth plans, and financials.

Purpose-built R&D space was once a valuable differentiator, but in today's market it is increasingly viewed as a commodity. Maryland's lab market is increasingly defined by specialization, and the recovery is unlikely to be uniform. Properties with residual manufacturing infrastructure that can reduce delivery time and upfront costs, including commercial or pilot-scale capacity, second generation suites, and greenfield sites with existing infrastructure, are best positioned to capture activity as conditions improve. The strongest assets will meet specific infrastructure needs today while offering flexibility for future users.

SUBMARKET MAP



NOTABLE TRANSACTIONS

Champions Oncology
50,000 SF
Extension
1330 Piccard Dr.

Underwriters Laboratories
30,000 SF
New Lease
9708 Medical Center Dr.

Kaigene
13,000 SF
Expansion
9800 Medical Center Dr.

Gene DX
60,000 SF
Sublease
930 Clopper Rd.

NOTABLE FUNDING

Cartesian Therapeutics
$150M
Non-dilutive Credit
K2 HealthVentures

Secretome Therapeutics
$30M
Series A
RA Capital Management

Pearl Diagnostics
$11.2M
Series A
Undisclosed

Shuttle Pharma
$9.58M
PIPE/Private
Undisclosed

EXPERT THOUGHT PIECE - STATE OF THE MARKET

Maryland's lab market has likely bottomed out, but the recovery will look different than the last cycle, when "lab ready" was enough because capital was cheap and demand was broad. Now, demand is way more disciplined and specific. The stakes have changed and the premium has moved to "process ready." This matters because the supply we have in the I-270 Corridor is not equipped to land many of these companies.

The last several quarters were defined by a simple imbalance: too much available lab space and too few tenants ready to commit. While the environment remains similar, the requirements have inverted. Tenants now want existing infrastructure over capital-intensive buildouts. There is a premium that is put on residual infrastructure and that premium comes in the form of done deals as represented by Samsung, Gilead acquiring Arcellx, plus AstraZeneca's and GSK's continued expansion.

Activity is increasingly being shaped by larger requirements tied to manufacturing, commercialization, and consolidation. This does not mean all assets benefit equally. The assets that stand out are the ones with residual infrastructure like leftover power, water, and GMP-adjacent bones from prior tenants that reduce time, cost, and execution risk. The strongest landlords will move beyond generic lab positioning and clearly show how their assets solve operational problems for today's users. The challenge is no longer having "lab-ready" space, it's being "process ready."

For the companies driving this demand, the implication cuts the other way: the space that solves your operational problem is scarce, and you're not the only one looking for it. The old habit of assuming optionality doesn't hold for process-ready requirements. The search must start earlier, and the right building may not be there when you expect it.

There's a longer-term benefit here, too. Process infrastructure is very sticky. Once a tenant builds real operational capacity into a space, they don't walk away from it easily. That retention stabilizes supply and, in aggregate, the market. It's why attracting these companies matters beyond any single lease, and why we should be diversifying the corridor's base.

“Maryland’s next growth cycle will be driven by process-ready space, not simply lab-ready space.

MATT BRADY
President
301.980.0641
mbrady@scheerpartners.com

DREW DAVIS
Senior Vice President
203.803.7283
adavis@scheerpartners.com

DEVIN ZITELMAN
Vice President, Science & Technology
301.873.6700
dzitelman@scheerpartners.com

ANDREW COMEAU
Associate, Scientific Brokerage
301.802.4512
acomeau@scheerpartners.com

Scheer Partners
34 Years Strong *A Reputation for Results*

15245 Shady Grove Rd. Suite 210
Rockville, MD 20850

301.337.4700

scheerpartners.com

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