MARKETBEAT

SF BAY AREA

LIFE SCIENCES Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
29.0% Vacancy Rate	▼	▼
61.6K YTD Net Absorption, SF	▲	▲
$5.52 Asking Rent, PSF	▼	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
4.0M Bay Area Employment	▼	▲
3.9% Bay Area Unemployment Rate	▼	▬
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMIC OVERVIEW

Life sciences employment across the Bay Area, according to Lightcast, ended the second quarter of 2026 at 104,400 positions, with some of the largest employers in the region being BioMarin Pharmaceutical, Amgen, and Gilead Sciences. The Bay Area continues to be the top U.S. market in employment with Boston (101,900) and New York (87,000) following. Life sciences in the local region partially thrives from funding to universities from the National Institutes of Health (NIH); in the second quarter, Stanford ranked eighth while UCSF took the second spot, based on dollars awarded nationally.

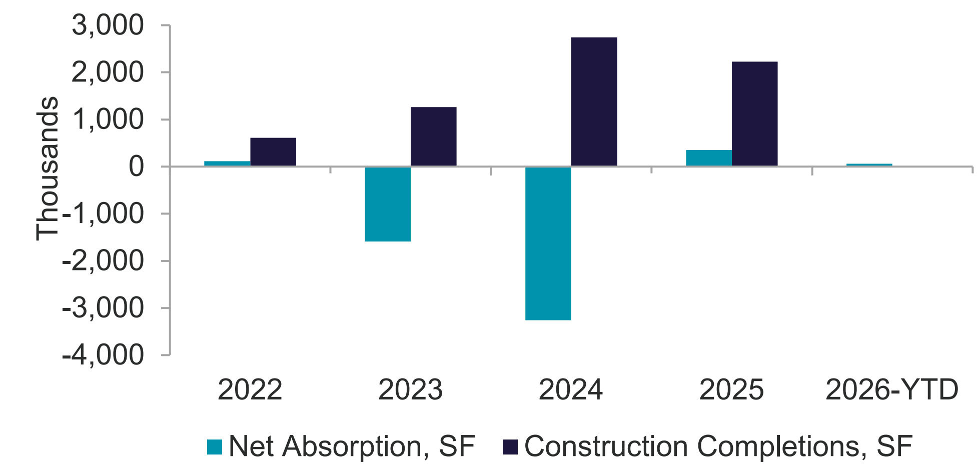
Venture capital funding into Bay Area life sciences companies in the second quarter came in at $2.2 billion, according to Pitchbook. During that period, Bay-Area headquartered companies received 24.0% of the total U.S. funding. The largest deals in the region went to two South San Francisco-based companies: NewLimit at $435.0 million and Cellares at $327.0 million.

SUPPLY & DEMAND: RISING VACANCY IN SAN MATEO COUNTY

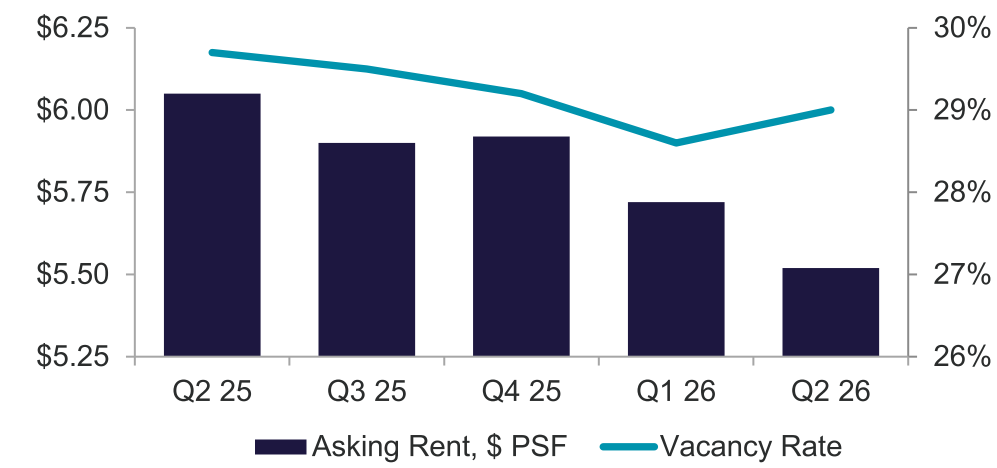
The overall vacancy rate at the end of the second quarter of 2026 was 29.0%, up 40 basis points (bps) from 28.6% in the previous quarter and down 100 bps from 30.0% one year ago. Direct vacancy had little change, hovering around 12.0 million square feet (msf). Sublease vacancy slightly increased quarter-over-quarter up to 2.5 msf. The East Bay vacancy rate increased the most year-over-year, up 230 bps or 273,275 square feet (sf) from the same quarter last year; largely due to the delivery of new construction projects that completed in 2025. Additional consolidations also contributed to vacancy over the last 18 months.

There was 585,538 sf of total leasing activity (new leases and renewals) for the second quarter, less than the 795,513 sf in the first quarter, and down from 690,732 sf from the same period last year. New leases made up 85.5% or 500,772 sf of the activity, while renewals made up the rest at 14.5% or 84,766 sf. New leases with Proactive (San Francisco) and BillionToOne (Union City) contributed significantly to activity this quarter.

SPACE DEMAND / DELIVERIES

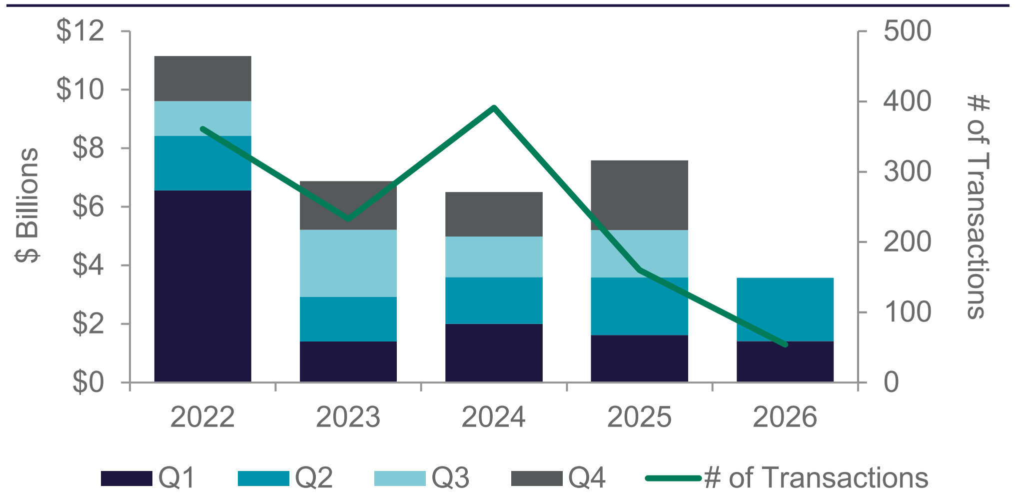


OVERALL VACANCY & ASKING RENT

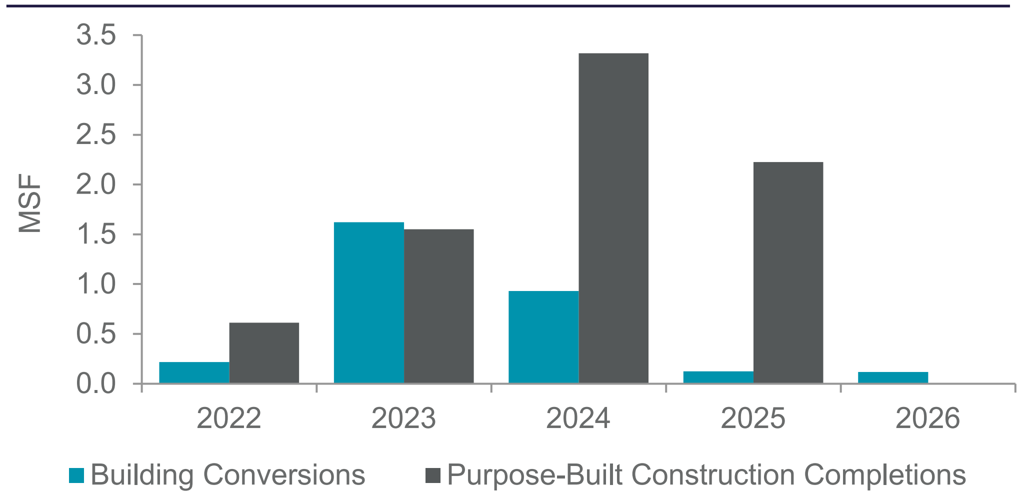


INVENTORY GROWTH SINCE 2015 (MSF)

VENTURE CAPITAL FUNDING ($ BILLIONS)



CONVERSIONS / DELIVERIES



SUPPLY: EIGHT LARGE-SCALE PROJECTS COMPLETED IN 2025 & 2026

There were eight ground-up developments, all speculative and totaling approximately 2.0 msf, completed in the last twelve months. These included Avia Labs (315,000 sf) in Millbrae, SPUR Phase I (330,350 sf) in South San Francisco, and The Landing (503,500 sf) in Burlingame. Along with those were 1030 Brittan Ave (108,134 sf) in San Carlos which was preleased to MBC Biolabs in 2022, Portal 405 (240,000 sf) in San Carlos, Menlo Park Labs (268,468 sf), and 200 Twin Dolphin (234,000 sf) in Redwood Shores. Finally, the last project that completed construction was ELCO Yards – The Shop in Redwood City, totaling 225,878 sf.

Conversions were more active in the Bay Area in the second quarter with roughly 336,433 sf in the pipeline. Projects under renovation are 2400-2470 Charleston Road (108,474 sf) in Mountain View, Island Parkway (179,172 sf) in Redwood Shores, and 901 California Ave (54,800 sf) in Palo Alto .

PRICING: RENTS REMAINED MUTED

The overall average asking rate for Bay Area life sciences space closed out the first quarter at $5.52 per square foot (psf) on a monthly triple net basis, a decrease from $5.72 psf in the first quarter of 2026, and down from $6.06 psf one year ago.

Overall average asking rates have been steadily decreasing in in the Santa Clara County and San Mateo County markets with San Mateo County having the largest change from $5.90 psf in the first quarter of 2026 to $5.60 psf in the second quarter. The East Bay recorded a quarterly increase to their average asking rates due to several higher-end spaces that came to market such as Mt. Eden Business Park in Hayward and South Loop Center in Alameda.

TENANTS IN THE MARKET:

There were 55 life sciences tenants in the market throughout the Bay Area at the close of the second quarter of 2026, totaling 2.5 msf with an average requirement size of 45,264 sf. San Mateo County counted the most tenant requirements at 32, however, East Bay averaged the highest requirement size at 83,000 sf.

OUTLOOK

- Life sciences building sales will likely be muted in the second half of 2026 due to elevated interest rates and market volatility.
- Sublease availability is projected to increase over the next few quarters as life sciences companies give back space in an attempt to conserve cash in a challenging funding environment.
- Venture capital funding remains important for the industry as this has historically led to growth and increased leasing activity. It is expected to be a key factor in the market's continuing recovery.
- Biotechnology and pharmaceuticals will represent most of the life sciences leasing activity in the market, though the medical device and health tech sectors will also be extremely active.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL TYPES)*
San Francisco County	3,196,430	90,522	438,230	16.5%	-28,356	-61,646	119,756	0	$7.37
San Mateo County	30,381,615	1,335,936	7,982,259	30.7%	-95,568	278,624	750,645	0	$5.60
Santa Clara County	4,685,547	187,770	463,162	13.9%	26,286	-49,913	178,644	0	$4.59
East Bay Oakland	11,622,057	905,575	3,072,249	34.2%	24,521	-105,501	332,006	0	$4.95
BAY AREA TOTALS	**49,885,649**	**2,519,803**	**11,955,900**	**29.0%**	**-73,117**	**61,564**	**1,381,051**	**0**	**$5.52**

Rental rates reflect NNN asking

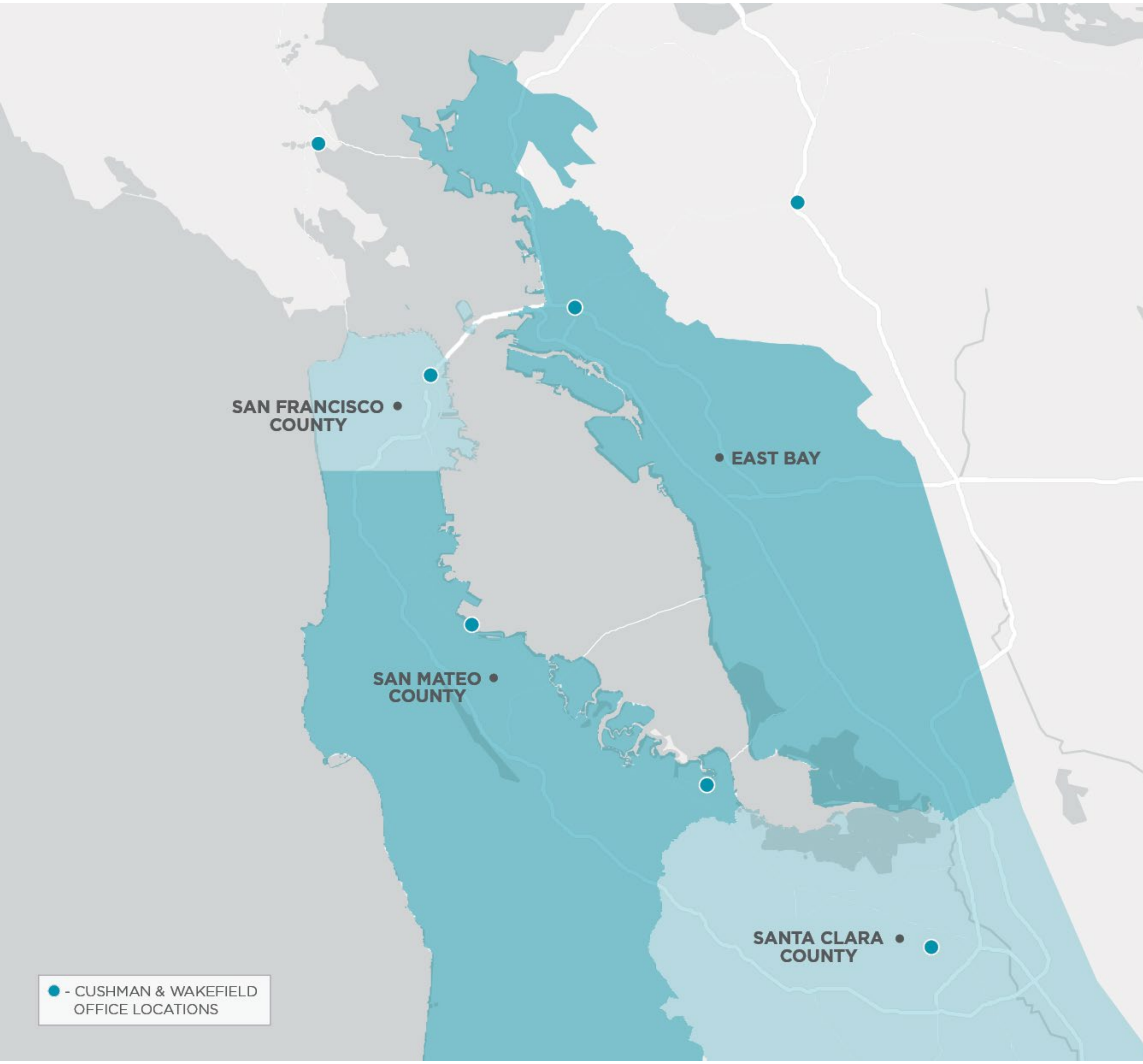
KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3260 Whipple Rd	Union City	BillionToOne	62,659	New Lease
365 Oyster Point Blvd	South San Francisco	Olema Oncology	38,176	New Lease
269 Grand Ave	South San Francisco	Trex Bio	33,780	New Lease
490-494 Forbes Blvd	South San Francisco	MapLight Therapeutics	33,482	New Lease
3100 San Pablo Ave	Berkeley	Intercontinental Great Brands	28,491	Renewal
7000 Shoreline Ct	South San Francisco	Epicrispr Biotechnolgies	24,614	Renewal
220 E Grand Ave	South San Francisco	Link Cell Therapeutics	21,793	Sublease
901 Gateway Blvd	South San Francisco	Endpath Radiotherapeutics	21,000	Sublease
490-494 Forbes Blvd	South San Francisco	Tahoe Therapeutics	18,809	New Lease
3350 W Bayshore Rd	Palo Alto	Exai Bio	15,382	Renewal

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE/ $ PSF
1650 65th St	Emeryville	SFF Realty Partners/Graymark Capital	127,000	$27M/$212
47200 Bayside Pkwy	Fremont	Graymark Capital/Delta Electronics	54,094	$23M/$425
901 Heinz Ave	Berkeley	Agenus, Inc/Zydus Pharmaceuticals	25,400	$7M/$271

LIFE SCIENCE SUBMARKETS



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