MARKETBEAT

SF BAY AREA

LIFE SCIENCES Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
28.5% Vacancy Rate	▼	▼
125.5K YTD Net Absorption, SF	▲	▲
$5.53 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 third 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 third quarter, Stanford ranked eighth while UCSF took the second spot, based on dollars awarded nationally.

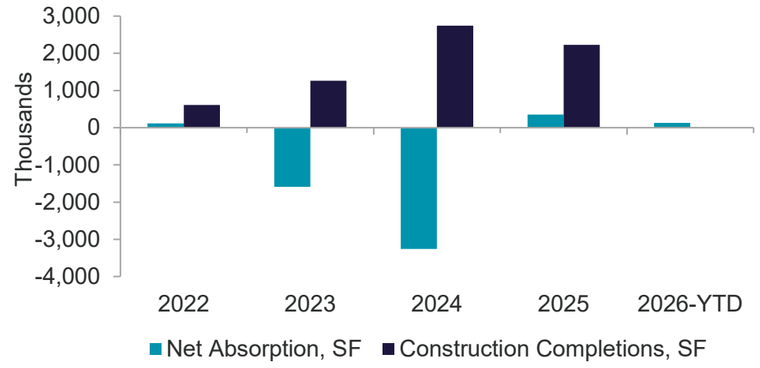
Venture capital funding into Bay Area life sciences companies in the third quarter came in at $2.1 billion, according to Pitchbook. During that period, Bay-Area headquartered companies received 28.0% of the total U.S. funding. The largest deals in the region went to San Francisco-based Chai Discovery at $400.0 million and South San Francisco-based Encoded at $275.0 million.

SUPPLY & DEMAND: RISING VACANCY IN THE EAST BAY

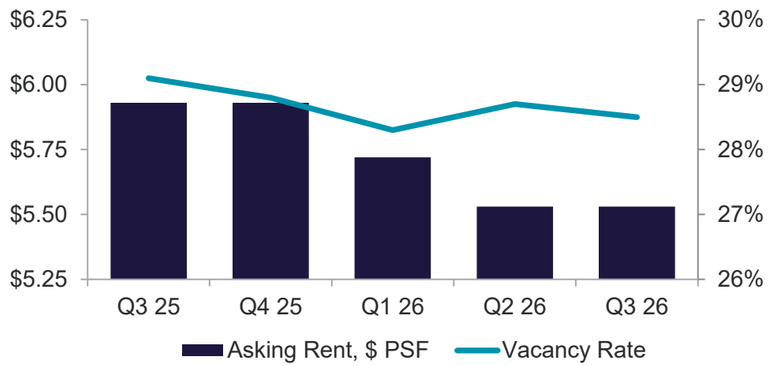
The overall vacancy rate at the end of the third quarter of 2026 was 28.5%, down 20 basis points (bps) from 28.7% in the previous quarter and down 60 bps from 29.1% one year ago. Direct vacancy stayed relatively flat around 11.5 million square feet (msf). Sublease vacancy was consistent quarter-over-quarter as well at 2.5 msf. East Bay Oakland vacancy increased the most year-over-year, up 230 bps or 255,104 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 828,511 sf of total leasing activity (new leases and renewals) for the third quarter, an increase from the 748,556 sf in the second quarter, and up from 783,364 sf during the same period last year. New leases made up 75.4% or 624,859 sf of the activity, while renewals made up the rest at 24.6% or 203,652 sf. New leases with Lilly Gateway Labs (South San Francisco) and Structure Therapeutics (South San Francisco) contributed significantly to activity this quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



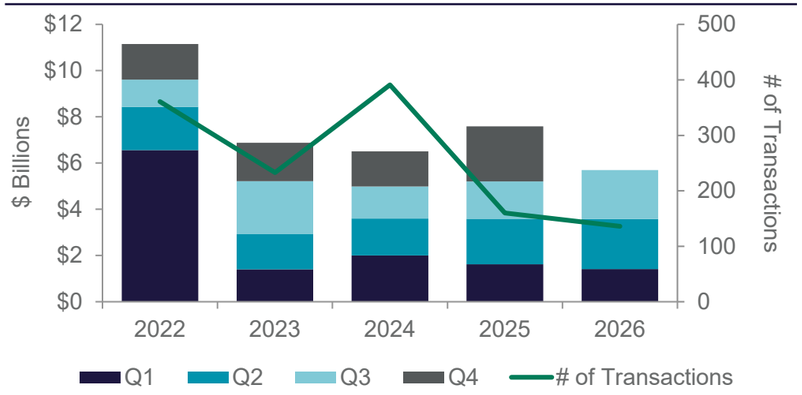
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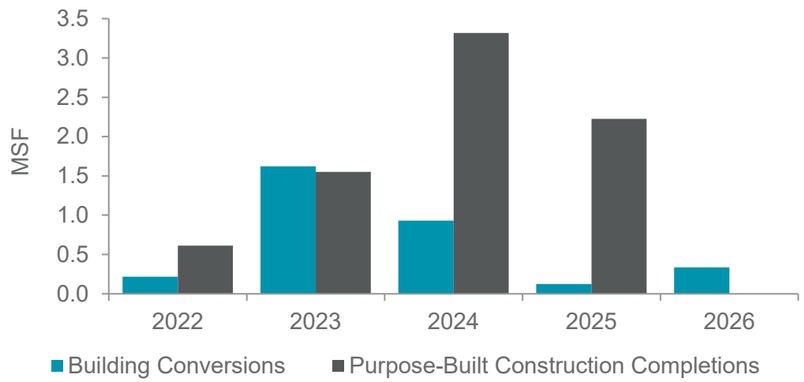
INVENTORY GROWTH SINCE 2015 (MSF)



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 since the beginning of 2025. 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 third 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 Avenue (54,800 sf) in Palo Alto.

PRICING: RENTS REMAIN MUTED

The overall average asking rate for Bay Area life sciences space closed out the third quarter at $5.53 per square foot (psf) on a monthly triple net basis, a decrease from $5.93 psf one year ago.

Overall average asking rates have been steadily decreasing in in the Santa Clara County and San Mateo County markets with the former having the largest change from $4.58 psf in the second quarter of 2026 to $4.32 psf in the third quarter. San Francisco County recorded a quarterly increase to its average asking rates due to several higher-end spaces that came to market including 1700 Owens Street.

TENANTS IN THE MARKET:

There were 54 life sciences tenants in the market throughout the Bay Area at the close of the third quarter of 2026, totaling 2.4 msf with an average requirement size of 44,676 sf. San Mateo County counted the most tenant requirements at 35, while also averaging the highest requirement size at 50,929 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.

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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	95,462	470,226	17.7%	24,630	-98,582	187,810	0	$7.68
San Mateo County	30,306,920	1,299,974	7,958,066	30.5%	60,155	338,779	1,351,317	0	$5.61
Santa Clara County	4,669,020	187,770	402,903	12.7%	57,345	10,346	298,397	0	$4.32
East Bay Oakland	11,094,309	896,474	2,712,740	32.5%	-16,401	-125,043	535,056	0	$4.78
BAY AREA TOTALS	**49,266,679**	**2,479,680**	**11,543,935**	**28.5%**	**125,729**	**125,500**	**2,372,580**	**0**	**$5.53**

**Rental rates reflect NNN asking*

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
279 E Grand Ave	South San Francisco	Lilly Gateway Labs	82,232	New Lease
181 Oyster Point Blvd	South San Francisco	Structure Therapeutics	73,035	Sublease
5945 Optical Ct	San Jose	Roche	67,807	Renewal
349 Oyster Point Blvd	South San Francisco	Ulysses	65,340	New Lease
130-150 Shoreline Dr	Redwood Shores	Alpfa Medica, Inc	54,602	New Lease
1555 Adams Dr	Menlo Park	Intersect ENT	50,373	Renewal
4400 Bohannon Dr	Menlo Park	Periodic Labs, Inc	49,065	New Lease
1145 Atlantic Ave	Alameda	Science Corporation	41,880	New Lease
1 Corporate Dr	South San Francisco	Aligos Therapeutics	38,675	Renewal
561-571 Eccles Ave	South San Francisco	Atum Works, Inc	36,754	New Lease

KEY SALE TRANSACTIONS Q3 2026

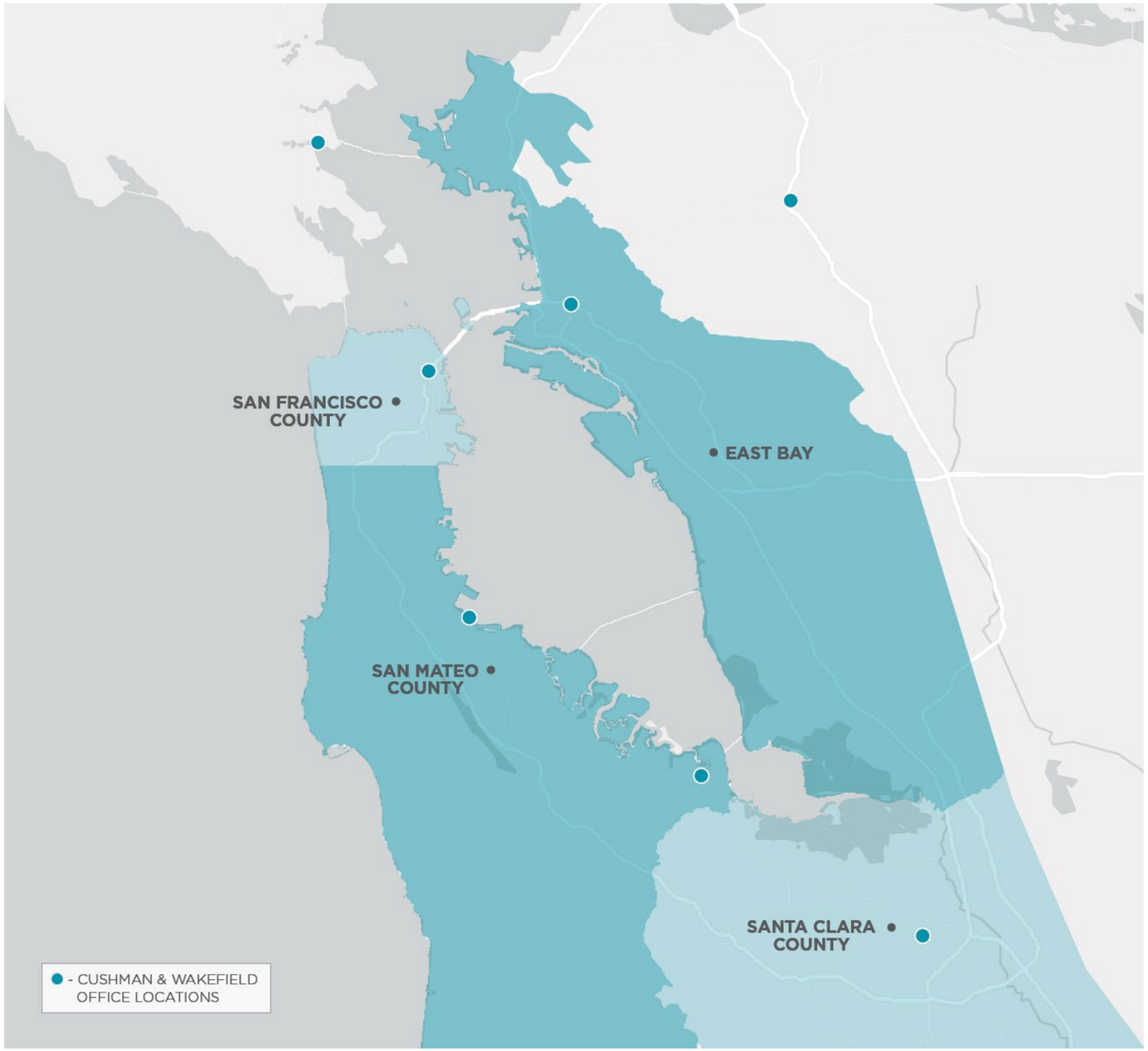
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE/ $ PSF
300 Kansas St*	San Francisco	Spear Street Capital/Lincoln Property Company	151,777	$62M/$407
6550 Dumbarton Cir	Fremont	DivcoWest/New York Life Insurance	100,187	$49M/$489

**Deed in lieu of foreclosure*

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LIFE SCIENCE SUBMARKETS



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