



NEWMARK

San Diego:

Life Science Market Overview

2Q26

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Access the Expanded 2Q26 San Diego Life Science Market Overview



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The expanded version of this report includes:

- **Biotech Industry Employment:** Insightful analysis on local employment in the life science sector and historical trends.
- **VC Funding and M&A Activity:** Details on venture capital funding, post-IPO capital investment and notable mergers and acquisitions in San Diego's biotech space.
- **Detailed Submarket Statistics:** A breakdown of rents, vacancy, absorption and construction in all of San Diego's core and emerging life science submarkets.
- **Vivarium Facilities:** Mapping the third-party operators who run vivarium facilities in San Diego's research core.

*Extensive content across 24 slides—a detailed presentation packed with **useful life science information and in-depth analysis.***

San Diego Life Science Market Observations



Economy

- Local unemployment was 3.9% in May 2026, down 20 basis points over the past year and the lowest level in two years. Total nonfarm employment increased by 13,400 jobs over the past year.
- Life science jobs have outperformed job growth in office-using industries over the past 20 years, although they have retreated 15.1% from the 2023 peak. The life science industry employed 66,495 workers in the region as of the end of 2025.
- San Diego-based life science companies raised \$625.3M in venture capital investment in the second quarter, bringing the year-to-date total to \$1.7B, already 83.0% of 2025's annual total. 44.8% of VC dollars in the second quarter went to companies with drugs in Phase 2 trials.



Major Transactions

- Radian Bio signed the largest lease of the quarter, taking 93K SF from Alexandria Real Estate Equities in Torrey Pines.
- Candid Therapeutics was acquired by Union Chimique Belge for \$2.0B, the largest life science acquisition of 2026 so far.
- cAMPfield Therapeutics lead the largest venture capital round of the quarter, raising \$180.0M to begin global Phase 2 clinical trials for its inflammatory disease treatment.
- Capital markets activity has slowed significantly; no life science projects have traded hands in the first half of the year.



Leasing Market Fundamentals

- The average asking rate rose to \$5.42/SF NNN as more expensive space hit the market, the first quarterly increase since 2023, though still down 1.8% over the past year.
- Net absorption turned positive at 96,206 SF, reversing the first quarter's losses.
- Total vacancy fell slightly to 25.4%, down 20 basis points over the past year. Vacancy has stabilized over the past year as speculative development has ceased.
- No new projects have delivered during 2026. The only active construction project in the life science core is a 466,592-SF building preleased to Novartis in UTC.
- Sublet availability rose slightly to 1.6 MSF (6.9% of inventory), but lower than the 1.9 MSF all-time high set in the first quarter of 2025.



Outlook

- Meaningful rent growth is unlikely to resume until leasing activity absorbs a larger share of the historic wave of vacant new space delivered over the past two years.
- No further speculative construction is likely until vacancy materially improves. Developers are only commencing construction on projects with signed leases in place.
- Venture capital investment has improved in the first half of 2026. Capital is increasingly targeting later-stage companies with lower risk, which traditionally require smaller real estate footprints.
- Large pharmaceuticals have been aggressively acquiring local companies to patch upcoming revenue lapses due to expiring patents. High-profile acquisitions are often a mixed blessing, demonstrating the long-term strength of the local life science ecosystem, but presenting short-term risks of layoffs and location closures.

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Economy

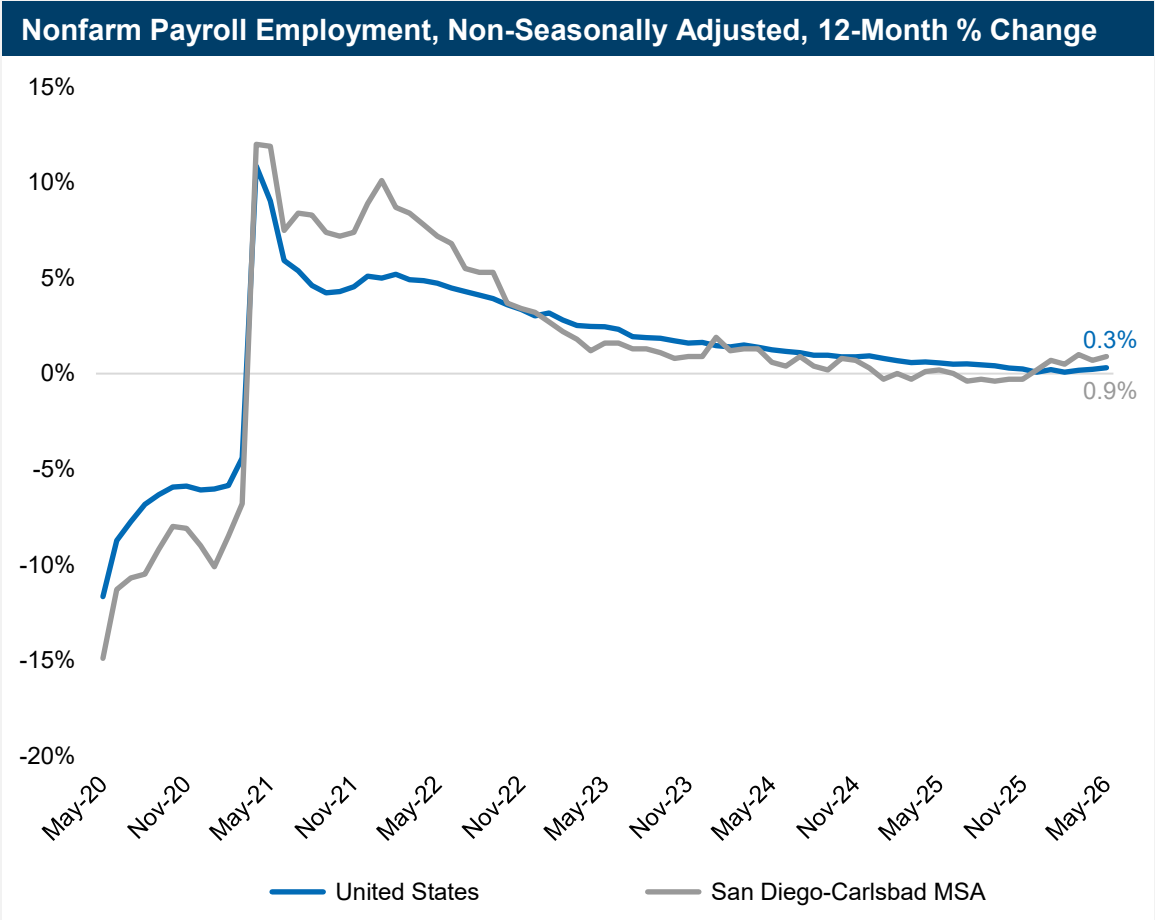
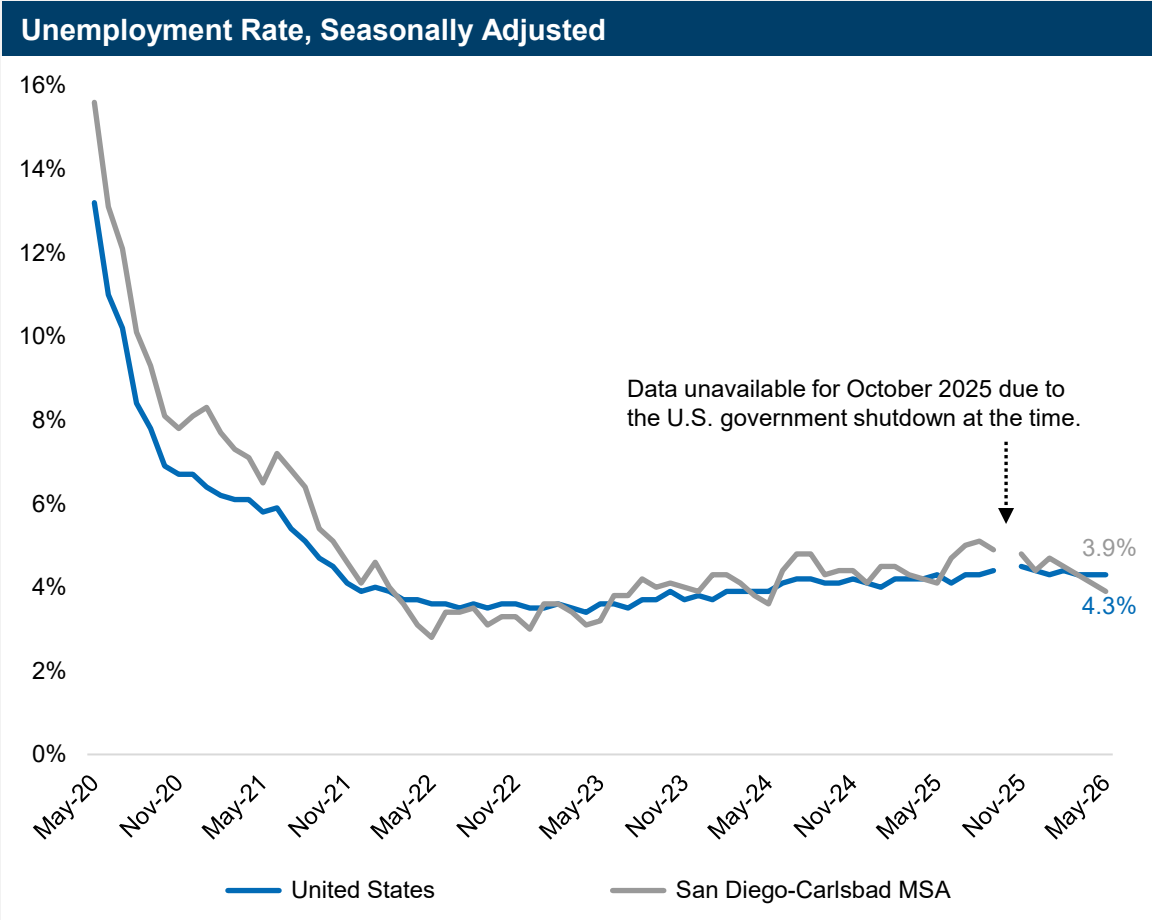
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Unemployment Dipped Below the National Average in the Second Quarter

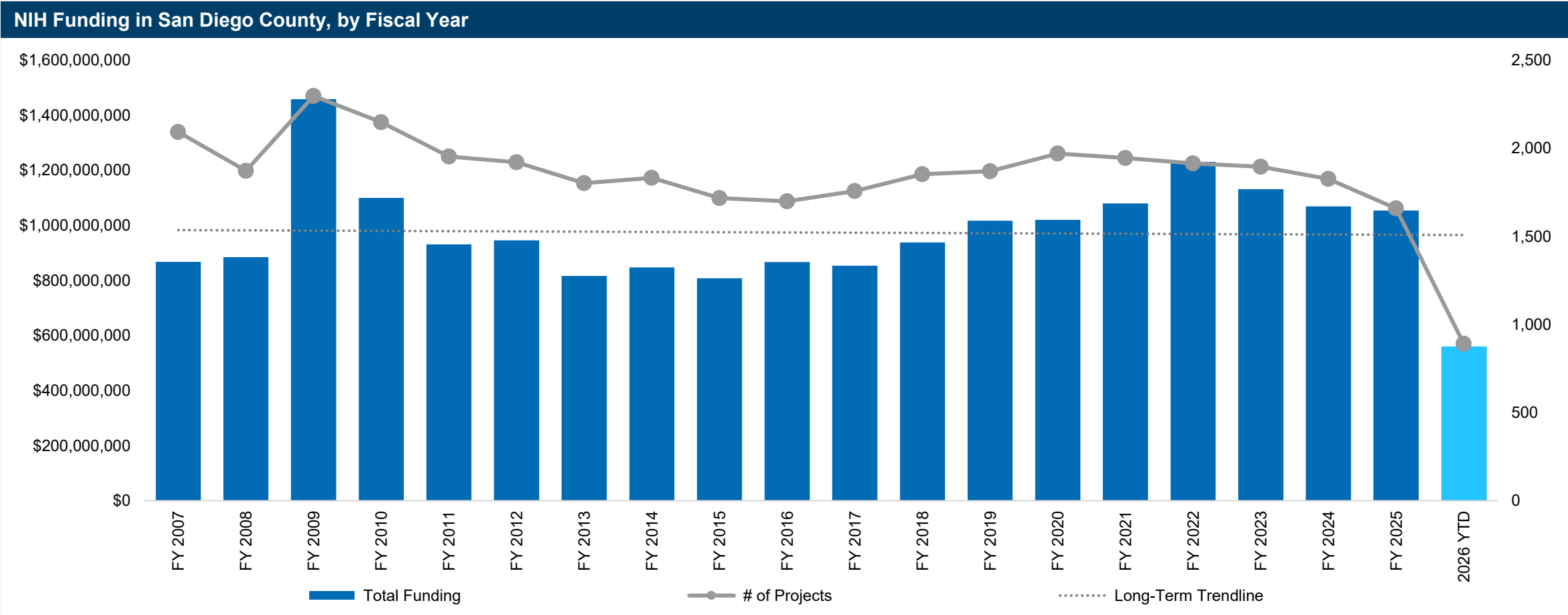
The local unemployment rate was 3.9% in May 2026, down 20 basis points over the past year and the lowest rate in two years. The local and national unemployment rates have leveled out since 2021. During the past year total nonfarm employment posted minimal gains: employers reported an additional 13,400 jobs, representing annual growth of 0.9%.



Source: U.S. Bureau of Labor Statistics, San Diego-Carlsbad MSA
Note: Local employment statistics for October 2025 are unavailable due to the federal government shutdown at the time.

NIH Funding

Since 2007 San Diego County has averaged \$995.8 million in annual NIH funding, and every fiscal year since 2019 has exceeded this average, although total funding has declined slightly each year since the pandemic high of 2022. Fiscal year 2025 saw a 1.4% decrease from fiscal year 2024’s funding. Year to date, 2026 has seen 891 projects receive \$559.5 million in funding.



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Market Fundamentals

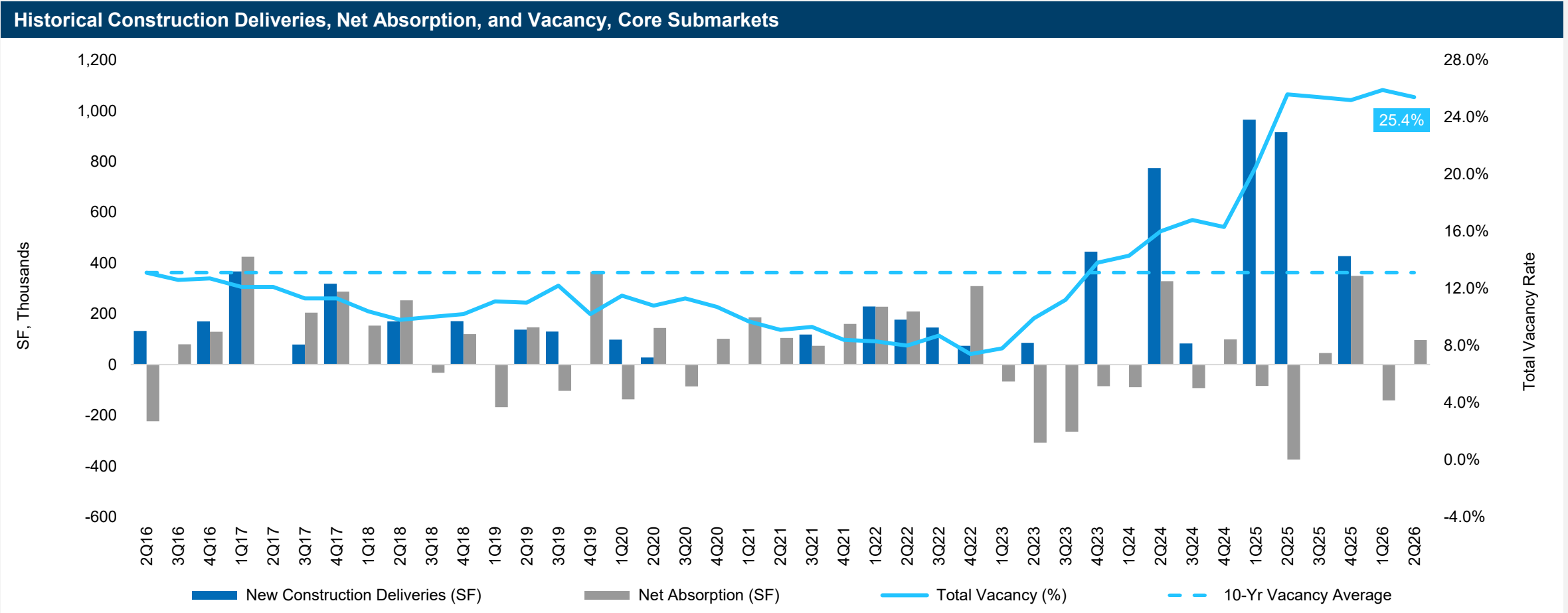
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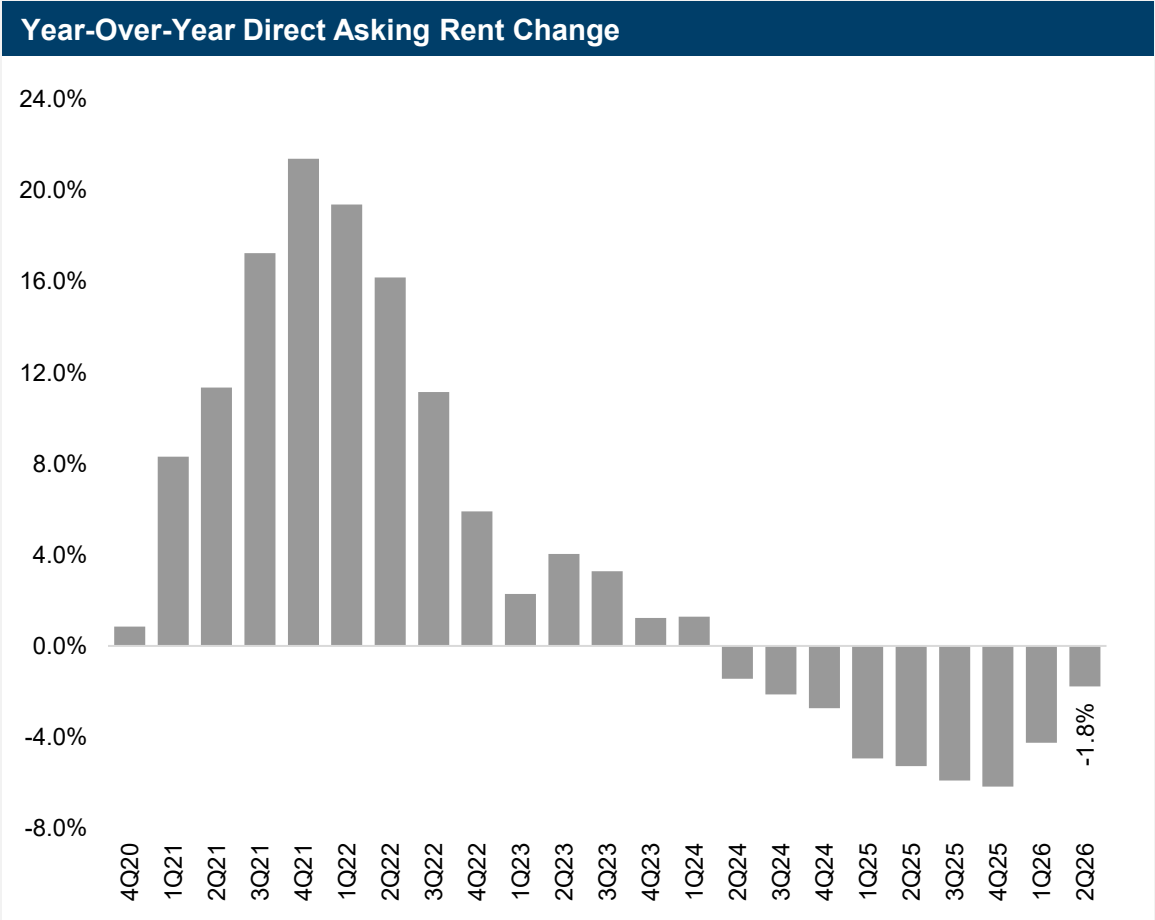
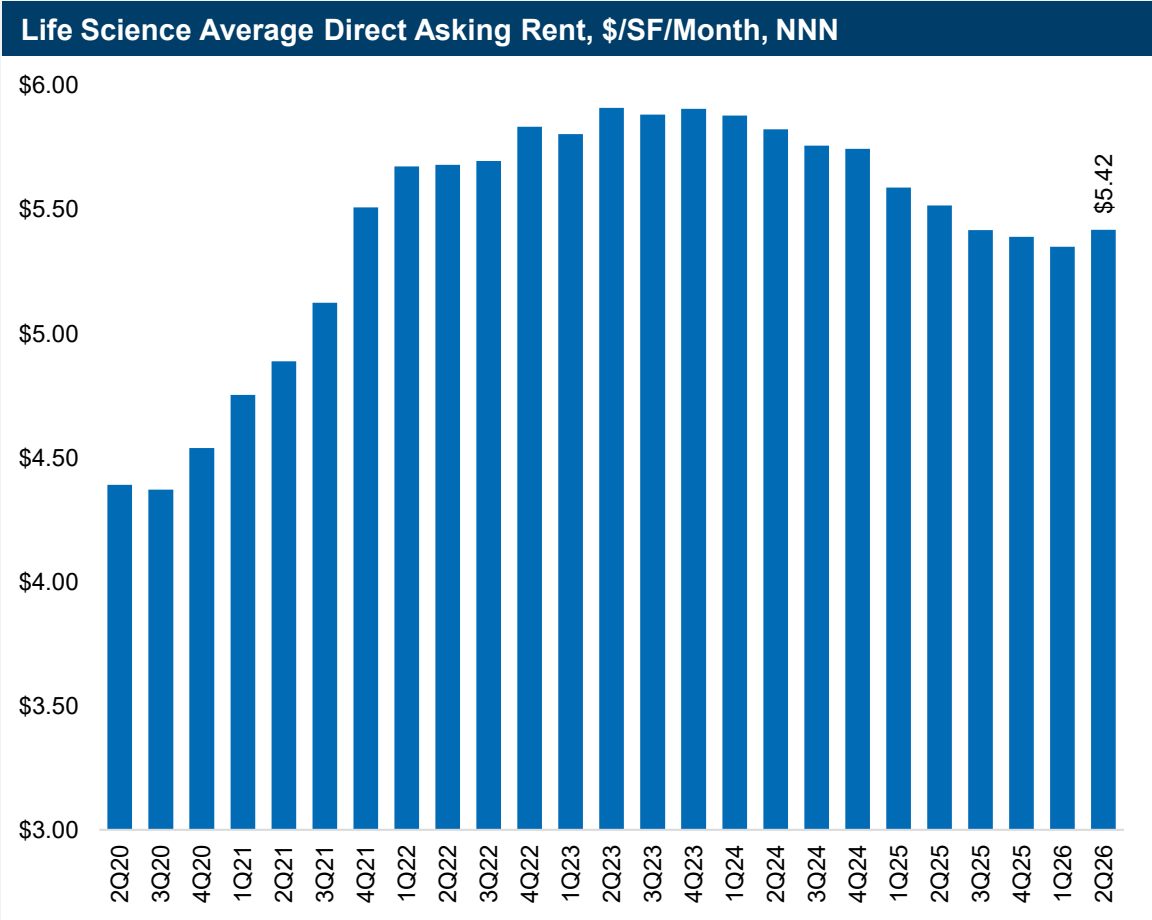
Vacancy Stabilizes As Speculative Deliveries Cease

The total vacancy rate fell slightly to 25.4% in the second quarter on the back of modest positive net absorption, 20 basis points lower than a year ago. Two years ago vacancy was only 16.0%; the dramatic increase was fueled by an influx of new speculative projects, which totaled 2.3 MSF in 2025 and increased existing inventory by 11.6%, the largest amount of new life science deliveries in San Diego’s history.



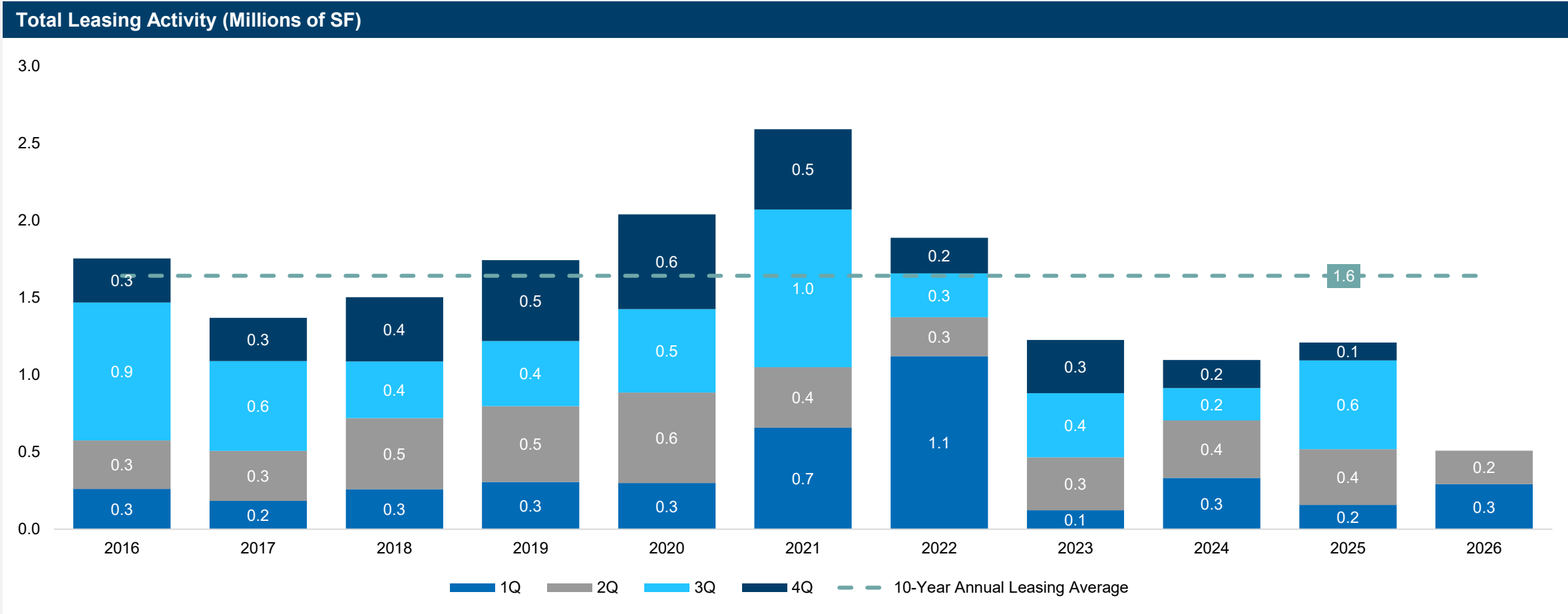
Average Asking Rent Stabilizes for the First Time Since 2023

Rents increased rapidly from 2020 to 2022, but rising vacancy starting in 2022 put strong downward pressure on rents. The average asking rate rose slightly in the second quarter of 2026 to \$5.42/SF NNN, snapping nine consecutive quarters of declines, although this average was still down 1.8% from the previous year. Significant rent growth is unlikely to resume until leasing activity has a chance to absorb a meaningful portion of the historic amount of newly delivered speculative space on the market.



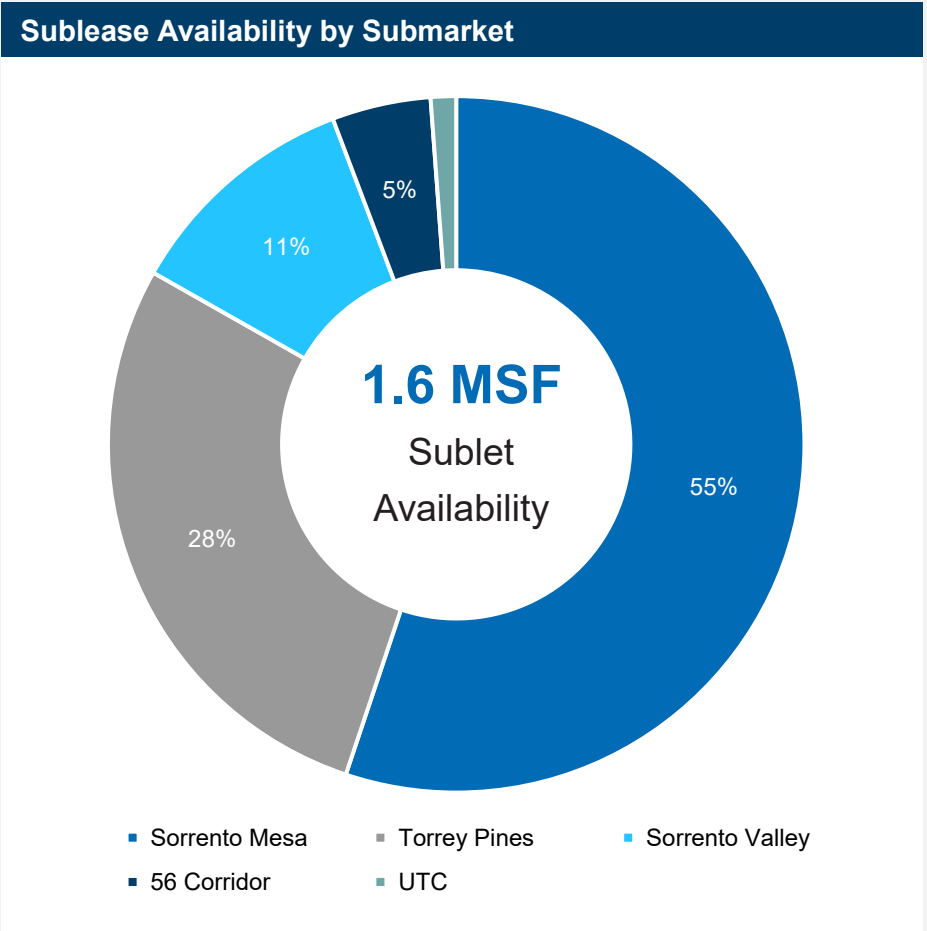
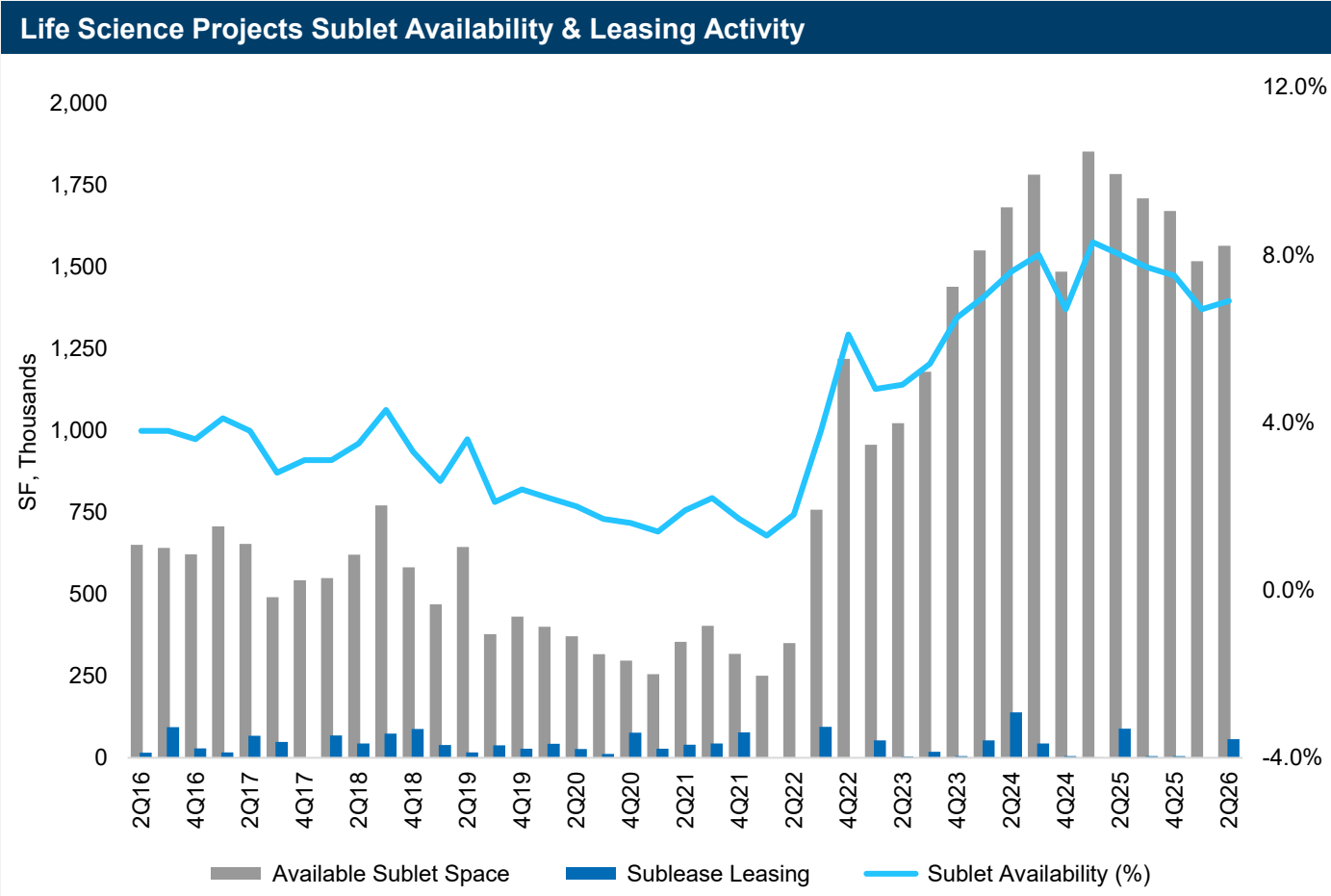
Leasing Activity Remains Low by Historical Standards

Leasing activity has declined since the record-setting year of 2021 and has fallen below the 10-year average of 1.6 MSF every year since 2023. The market has seen 509K SF of leasing so far in 2026. The flight to quality projects and new construction in recent leasing deals has been pronounced as older construction and converted projects struggle to compete with the large supply of modern, purpose-built projects.



Sublease Space Remains Near All-Time High

Sublet availability has soared since 2022 as companies shed excess space from overly aggressive preleasing of development projects, closures caused by bankruptcies, and company mergers leading to consolidation. The amount of available sublet space rose slightly to 1.6 MSF in the second quarter, 6.9% of existing inventory, down from the all-time high of 1.9 MSF set in the first quarter of 2025. Sorrento Mesa is home to more than half (55.1%) of the core’s available sublet space, 863K SF.



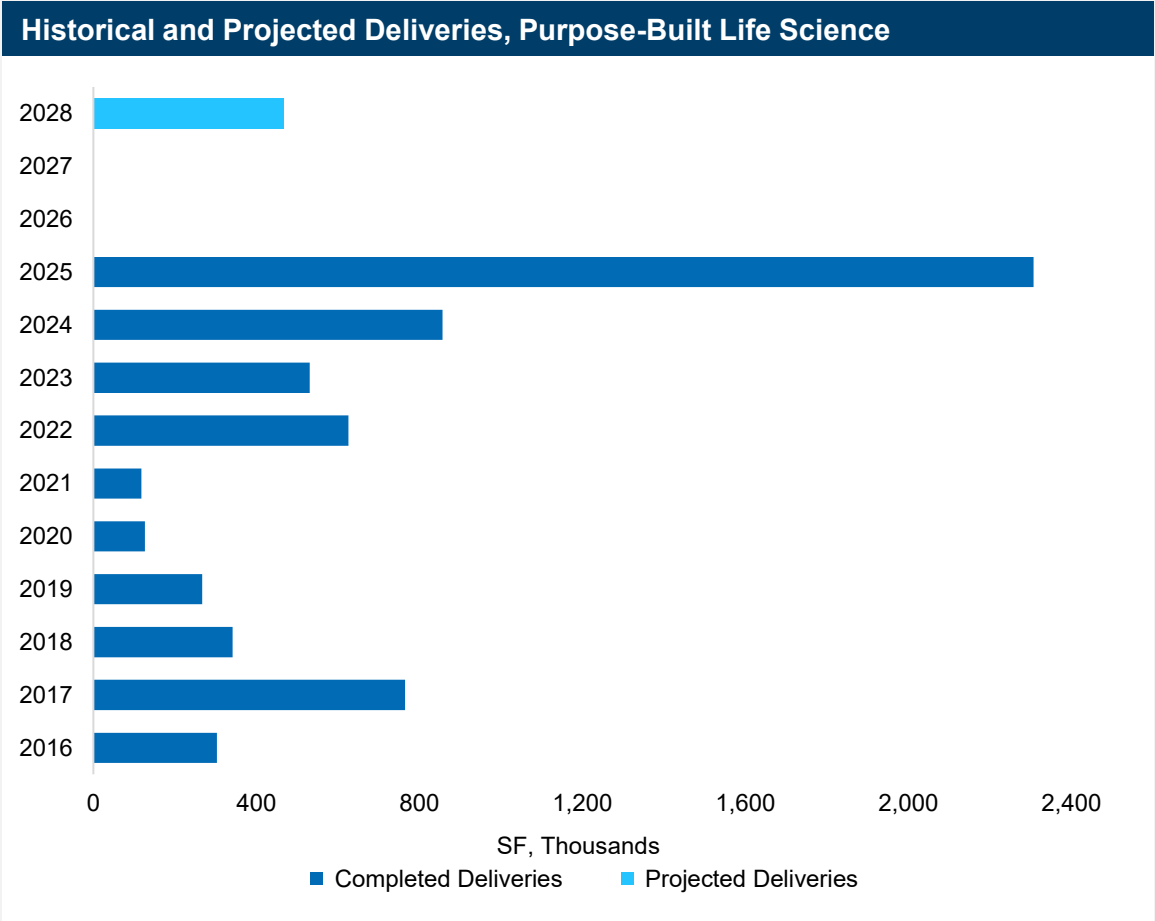
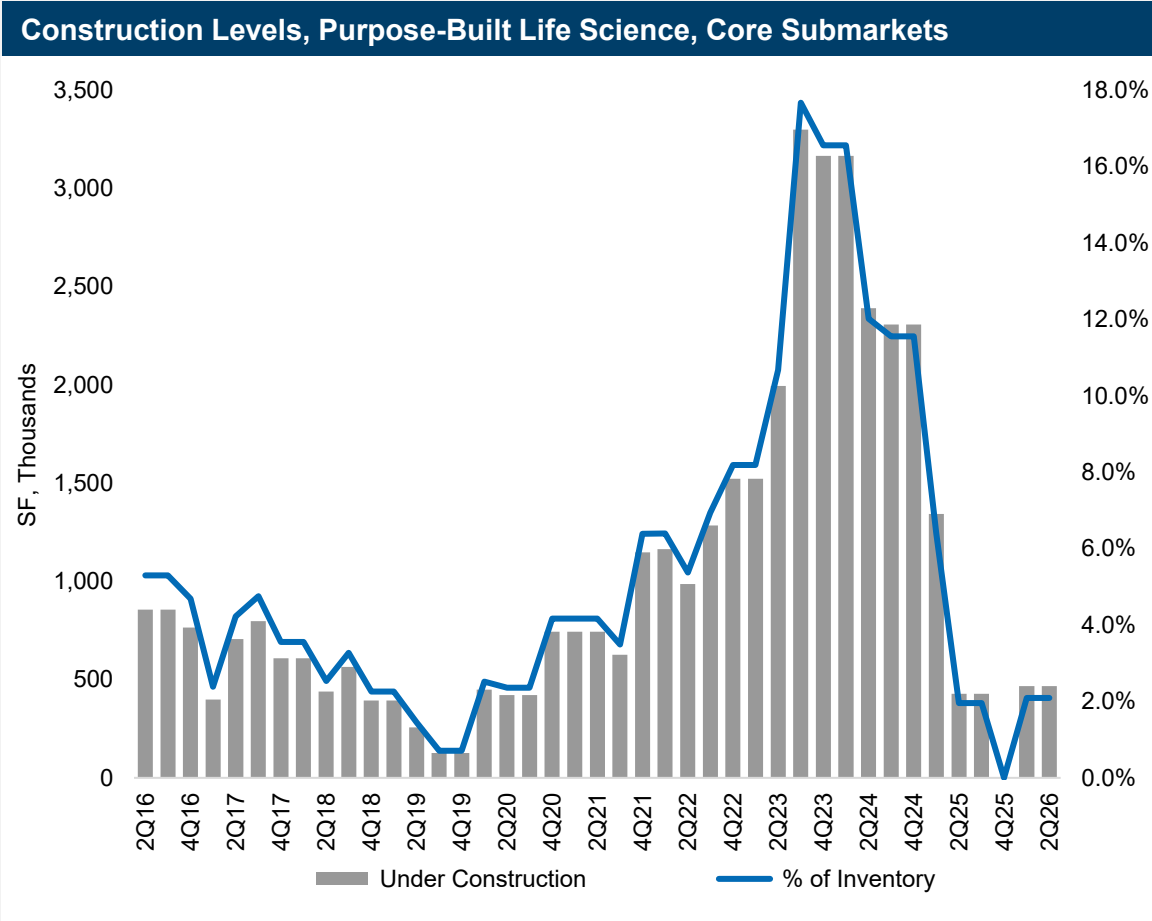
A Few Large Leases Signed But Many Large Spaces Remain Available

Radian Bio signed the largest lease of the quarter, leasing 93K SF from Alexandria Real Estate Equities in Torrey Pines. Despite widespread availability of large floor plates in new speculative developments, there have been relatively few large leases signed. There are currently 25 spaces of 40K SF or more available in the core submarkets, while only five deals larger than 40K SF have been executed so far year to date.

Notable 2Q26 Lease Transactions				
Tenant	Building(s)	Submarket	Lease Type	Square Feet
Radian Bio	10955 Alexandria Way	Torrey Pines	New Lease	92,572
Biotech startup leased the former Boundless Bio space in Torrey Pines.				
Quantum-Si	9955 Pacific Heights Blvd	Sorrento Mesa	New Lease	54,374
Next-generation protein sequencing company signed the first lease at Sterling Bay's Pacific Center project in Sorrento Mesa.				
Truvian	10300 Campus Point Dr	UTC	Renewal	33,731
Automated benchtop platform provider renewed the lease for its headquarters in UTC.				
Sarmal	9276 Scranton Rd	Sorrento Mesa	New Lease	26,024
Genomics company signed a lease at Longfellow Real Estate Partners' Biovista project.				
n-Lorem	10201 Wateridge Cir	Sorrento Mesa	New Lease	23,273
Nonprofit foundation dedicated to treating rare diseases at no cost to the patient signed a new lease at The Elements at Wateridge.				

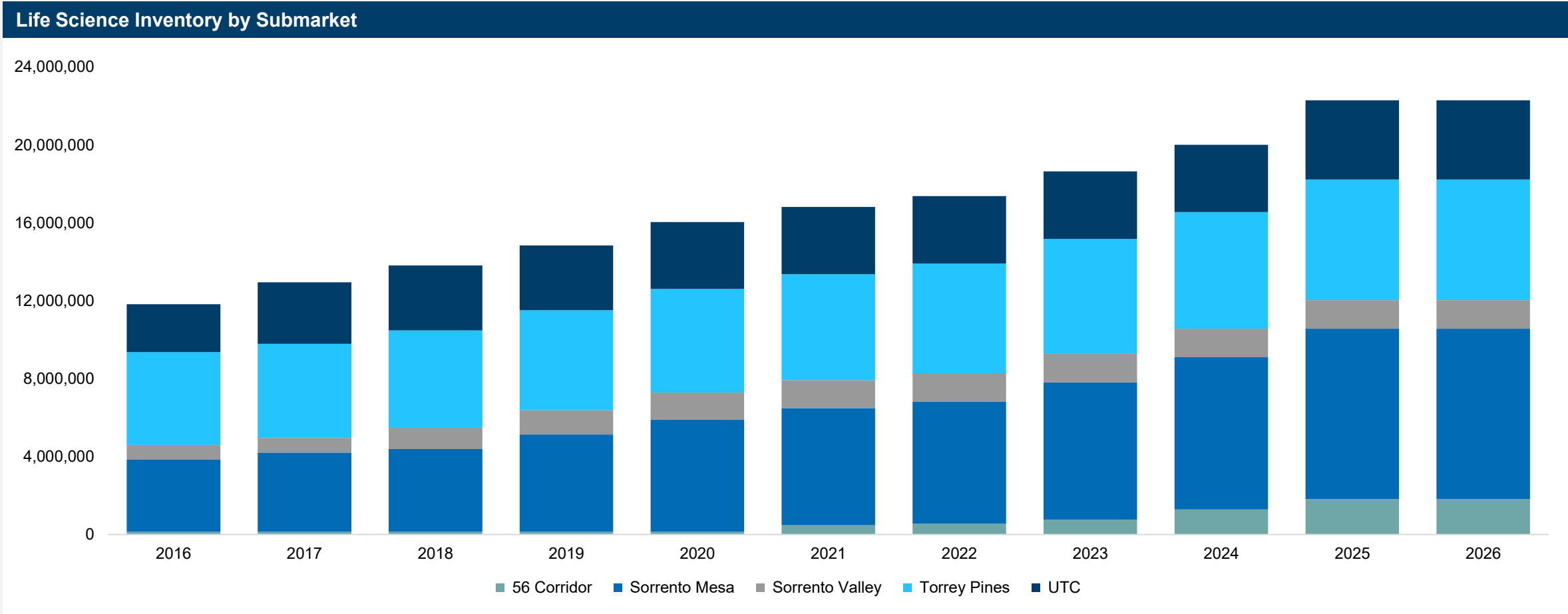
Purpose-Built Construction

Starting in 2021, life science development increased significantly, reaching a peak of 3.3 MSF in the third quarter of 2023, 17.7% of existing inventory at the time. Construction activity has fallen significantly after 2.3 MSF of new product delivered during 2025, an all-time annual record. Only one 467K SF project – fully preleased – is currently under construction in the life science core, representing 2.1% of existing inventory. In the current market environment, developers are unlikely to break ground on new construction unless they have a lease commitment in place.



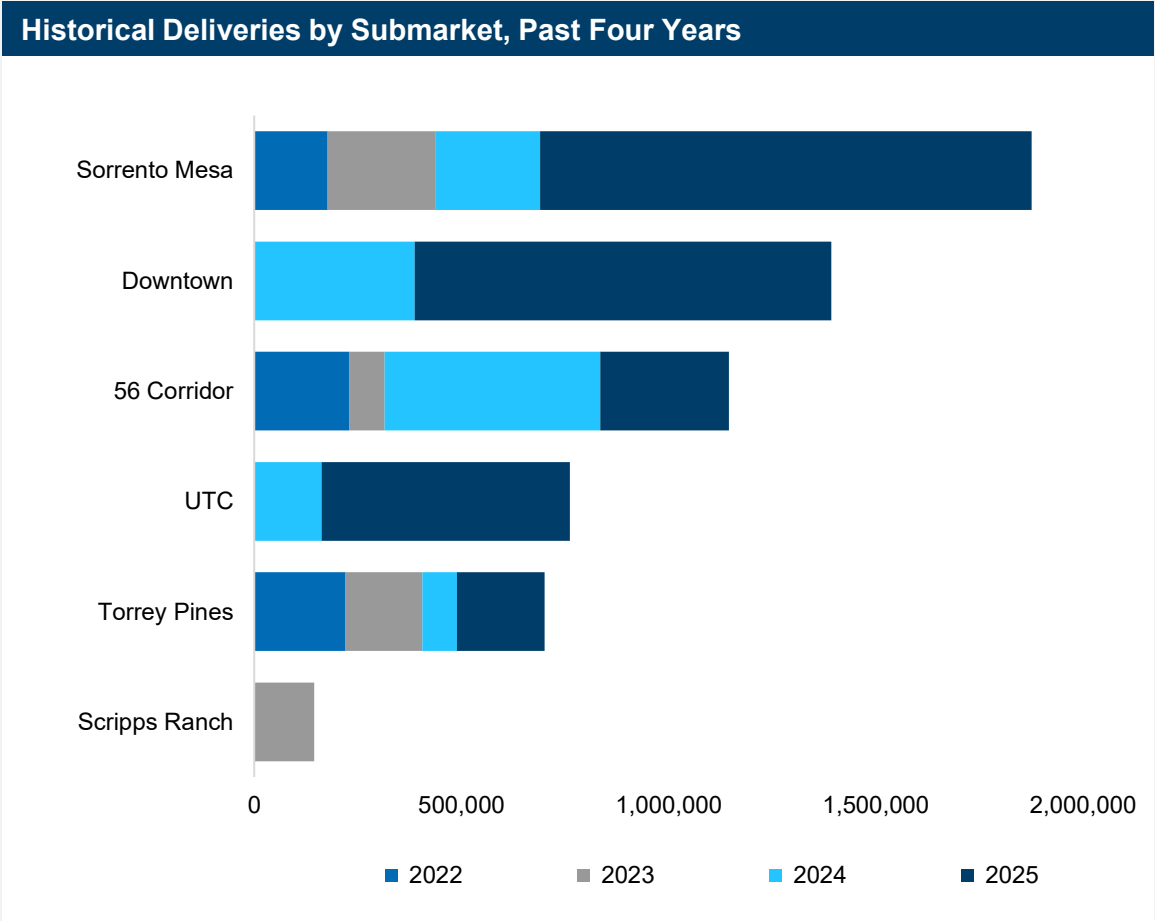
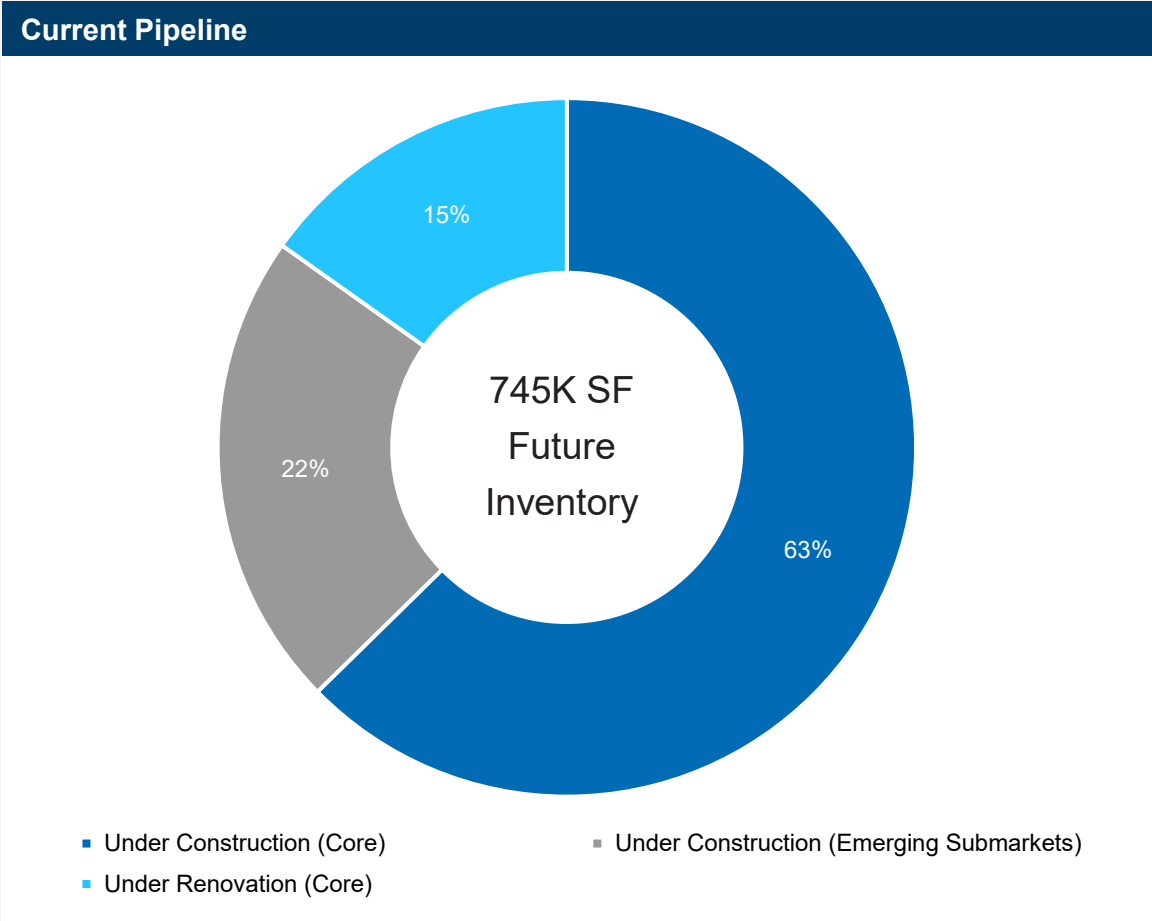
Historical Inventory Growth

Sorrento Mesa and Torrey Pines are the largest submarkets by inventory, as the total life science inventory of the core submarkets has grown from 11.8 MSF in 2016 to 22.3 MSF in 2026. Sorrento Mesa grew substantially in 2025 with the delivery of several large projects. Over the past five years the 56 Corridor has emerged as a new viable submarket as firms have expanded north into converted office projects in Del Mar Heights and large ground-up developments off El Camino Real and Highway 56.



Current Pipeline Slows as Speculative Development Ends

The development pipeline has almost completely cleared out after delivering 4.5 MSF in the core and 1.4 MSF in Downtown since 2022. These deliveries have caused vacancy to climb from 8.0% in the second quarter of 2022 to 25.4% in the second quarter of 2026, leading developers to pause further speculative development. The only active construction project in the core is a 467K SF build-to-suit project for Novartis in UTC, scheduled for delivery by 2028.



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