

FIGURES | SAN FRANCISCO BAY AREA LIFE SCIENCES | Q2 2026

# Working through the supply overhang, stabilization ahead

▲ 31.1%

Vacancy Rate

▼ (679K)

SF Net Absorption

▶ 139K

SF Under Construction  
(includes conversions)

▼ \$5.46

Average Direct Lease Rate  
NNN / Sq. Ft., monthly

▲ 138K

Life Science Industry Employment  
San Francisco & San Jose MSA

▲ 2.4M

SF Tenants in the Market

Note: Arrows indicate change from previous quarter.

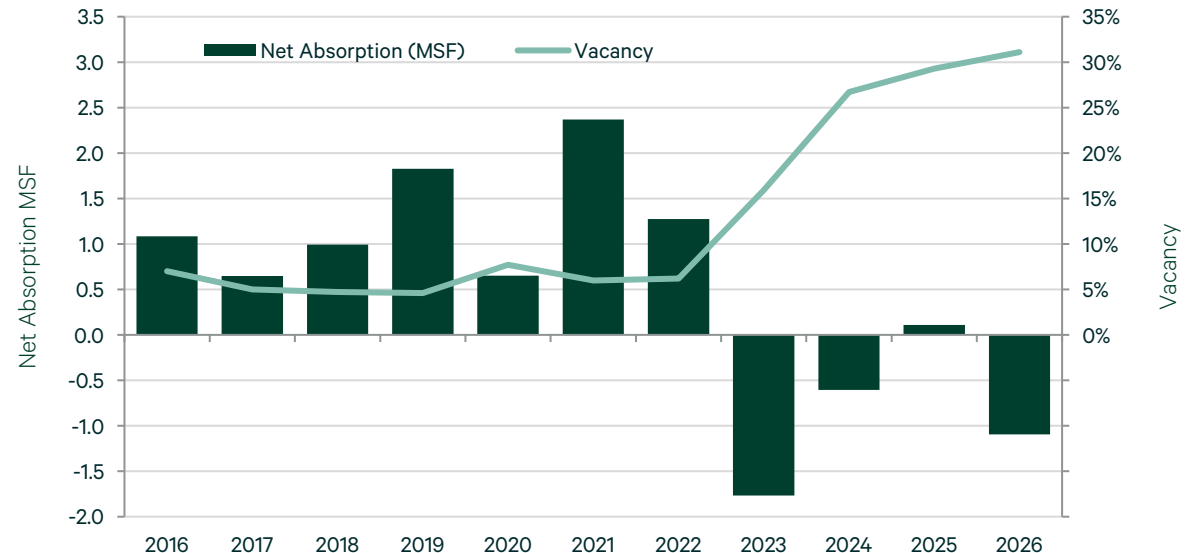
## MARKET HIGHLIGHTS

The San Francisco Bay Area life sciences market weakened further in Q2 2026, with vacancy rising to 31.1% (from 30.7% in Q1) as negative net absorption, slower leasing, and falling asking rents persisted. The core driver is a supply overhang from the 2021–2022 speculative construction boom: roughly a quarter of all U.S. life science space built since 2020 landed in the Bay Area, and over half of that national wave remains unleased, with dozens of buildings delivered since 2023 still fully vacant.

On the demand side, venture capital has concentrated heavily in mega-rounds going to already well-capitalized, established firms, leaving smaller and early-stage companies operating lean or priced out — muting overall leasing velocity even as capital markets improve. Companies broadly have prioritized capital preservation, driving consolidation, slower decisions, and more sublease space.

Still, tenant demand hasn't disappeared: institutional players, biomanufacturing needs, and even adjacent demand from robotics/advanced manufacturing are providing some support. New construction has essentially paused, setting up better absorption dynamics ahead — creating opportunity for occupiers and well-positioned owners as the cycle turns.

FIGURE 1: San Francisco Bay Area Vacancy & Net Absorption Trend



Source: CBRE Research, Q2 2026

## MARKET OVERVIEW

The San Francisco Bay Area's life sciences market continued to work through a supply-demand imbalance in the second quarter of 2026. Overall vacancy rose to 31.1%, up 113 basis points from the prior quarter, driven by negative net absorption of 679,000 sq. ft. as occupiers continued to consolidate footprints. Pricing reflected this softness, with the average direct asking rate falling 2% quarter-over-quarter to \$5.46 per sq. ft. on a monthly, NNN basis.

The sector remains shaped by a challenging macro backdrop, including constrained NIH funding, lingering pharmaceutical tariffs, and a cautious capital markets environment. Every submarket recorded negative net absorption in Q2, with the San Francisco Peninsula hit hardest at nearly negative 400,000 sq. ft.; vacancy there climbed 100 bps to 35.4%, pushing asking rents down 4% quarter-over-quarter to \$5.96 NNN. Leasing activity slowed to 620,000 sq. ft., well below the 1.2 million sq. ft. recorded in Q4 2025 and the all-time quarterly peak of 1.9 million sq. ft. in Q3 2021.

Tenant interest, however, remained present beneath the surface. Active requirements totaled 2.4 million sq. ft. across 49 mandates, up slightly from the prior quarter, with drug development and therapy users accounting for 1.3 million sq. ft. of that demand, while nearly all the activity was directed toward standard bio facilities. The widening gap between active requirements and executed leases continues to reflect elongated decision-making timelines rather than a retreat in underlying tenant interest.

Several signals point toward improving fundamentals into late 2026 and 2027. Nationally and regionally, the construction pipeline has narrowed sharply from its 2023 peak, and venture capital investment has strengthened while space under construction continues to fall. Recovery is expected to emerge first in established hubs like the Bay Area, given deeper venture pools, experienced management teams, and proximity to research institutions. Locally, sublease availability has begun retreating and demand is diversifying: AI-driven biotech firms have signed leases in the 150,000–200,000 sq. ft. range in comparable hubs. Longer term, an approaching wave of pharmaceutical patent expirations is expected to sustain M&A- and licensing-driven demand, while global R&D investment sales rose 28% year-over-year, signaling early capital markets thaw.

Taken together, the Bay Area appears positioned to move gradually from correction toward stabilization. The pause in new development should allow existing supply to absorb more steadily as capital markets and tenant confidence improve. Near-term conditions will likely stay competitive, favoring well-located, functional buildings, giving occupiers a window to secure quality space on favorable terms while owners navigate an asset-specific recovery path.

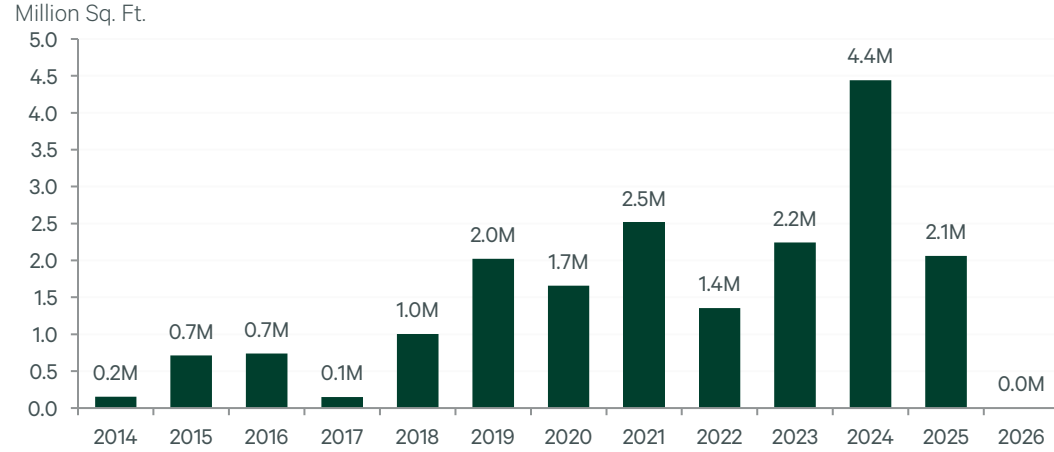
Source: CBRE Research, Q2 2026

FIGURE 2: San Francisco Bay Area Submarket Statistics

Submarket	Net Rentable Area (Sq. Ft.)	Direct Vacant (Sq. Ft.)	Sublease Vacant (Sq. Ft.)	Total Vacancy (%)	Total Availability (%)	Average Direct Lease Rate	Qrtly. Net Abs.	YTD Net Abs.
North 880 Corridor	5,847,319	1,574,563	203,167	30.4%	31.7%	\$5.56	-48,279	-190,630
Central 880 Corridor	2,169,113	334,902	138,346	21.8%	33.5%	\$3.61	7,678	6,118
<b>Oakland</b>	<b>8,016,432</b>	<b>1,909,465</b>	<b>341,513</b>	<b>28.1%</b>	<b>32.2%</b>	<b>\$5.23</b>	<b>-40,601</b>	<b>-184,512</b>
<b>680 Corridor</b>	<b>2,326,018</b>	<b>366,196</b>	<b>176,897</b>	<b>23.3%</b>	<b>23.3%</b>	<b>\$2.42</b>	<b>-27,113</b>	<b>-16,618</b>
South 880 Corridor	3,709,201	592,107	79,181	18.1%	22.5%	\$2.53	52,812	112,703
Central Silicon Valley	2,721,250	401,306	157,682	20.5%	23.0%	\$2.71	-227,332	-364,131
Northern Silicon Valley	1,048,537	279,977	123,924	38.5%	38.5%	\$3.87	32,701	-56,546
<b>Silicon Valley</b>	<b>7,478,988</b>	<b>1,273,390</b>	<b>360,787</b>	<b>21.9%</b>	<b>24.9%</b>	<b>\$2.85</b>	<b>-141,819</b>	<b>-307,974</b>
Northern Peninsula	14,800,256	4,378,944	800,967	35.0%	37.5%	\$5.90	8,636	-245,749
Central Peninsula	5,843,850	2,026,135	327,011	40.3%	40.9%	\$5.31	-319,695	-190,047
Southern Peninsula	3,090,400	822,509	46,898	28.1%	28.1%	\$5.69	-84,750	-205,203
<b>Peninsula</b>	<b>23,734,506</b>	<b>7,227,588</b>	<b>1,174,876</b>	<b>35.4%</b>	<b>37.1%</b>	<b>\$5.71</b>	<b>-395,809</b>	<b>-640,999</b>
<b>San Francisco</b>	<b>1,192,837</b>	<b>332,217</b>	<b>126,285</b>	<b>38.4%</b>	<b>38.4%</b>	<b>\$7.78</b>	<b>-73,833</b>	<b>55,480</b>
<b>Total Bay Area Market</b>	<b>42,748,781</b>	<b>11,108,856</b>	<b>2,180,358</b>	<b>31.1%</b>	<b>33.3%</b>	<b>\$5.46</b>	<b>-679,175</b>	<b>-1,094,623</b>

Source: CBRE Research, Q2 2026

FIGURE 3: San Francisco Bay Area Life Sciences Construction Deliveries Trend



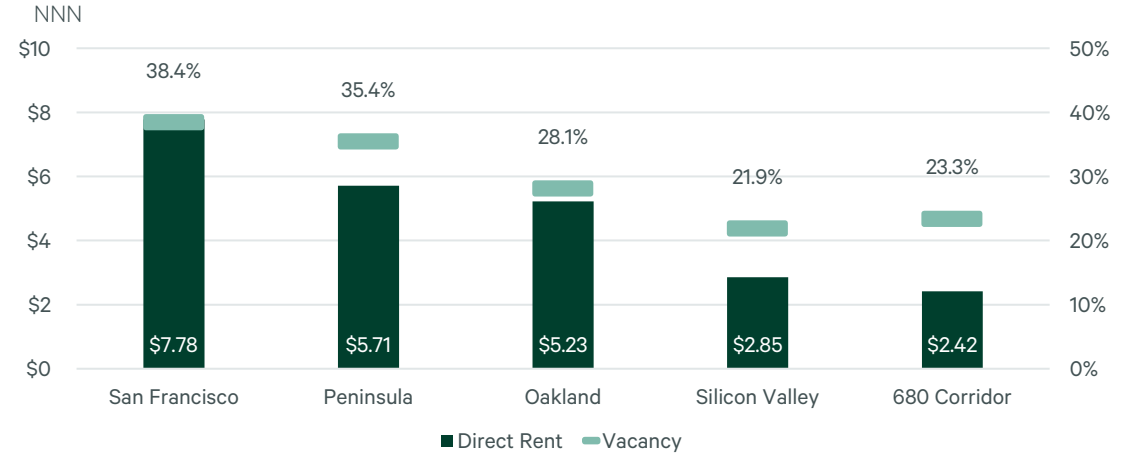
Source: CBRE Research, Q2 2026

FIGURE 5: San Francisco Bay Area Notable Life Sciences Lease Transactions Q2 2026

Tenant	Submarket	SF Leased	Type
BillionToOne	Oakland	62,659	New Lease
Alamar Biosciences	Silicon Valley	61,824	New Lease
Senti Biosciences	Oakland	45,955	Renewal/Contraction
Olema Oncology	San Francisco Peninsula	38,176	New Lease
T-Rex Bio	San Francisco Peninsula	37,532	New Lease
CathX Medical, Inc	Silicon Valley	32,688	Renewal
LBNL	Oakland	30,995	New Lease
Confidential	San Francisco Peninsula	28,591	New Lease
Confidential	San Francisco Peninsula	24,218	Renewal
Confidential	San Francisco Peninsula	21,793	Renewal

Source: CBRE Research, Q2 2026

FIGURE 4: San Francisco Bay Area Life Sciences Rental Rate by Market



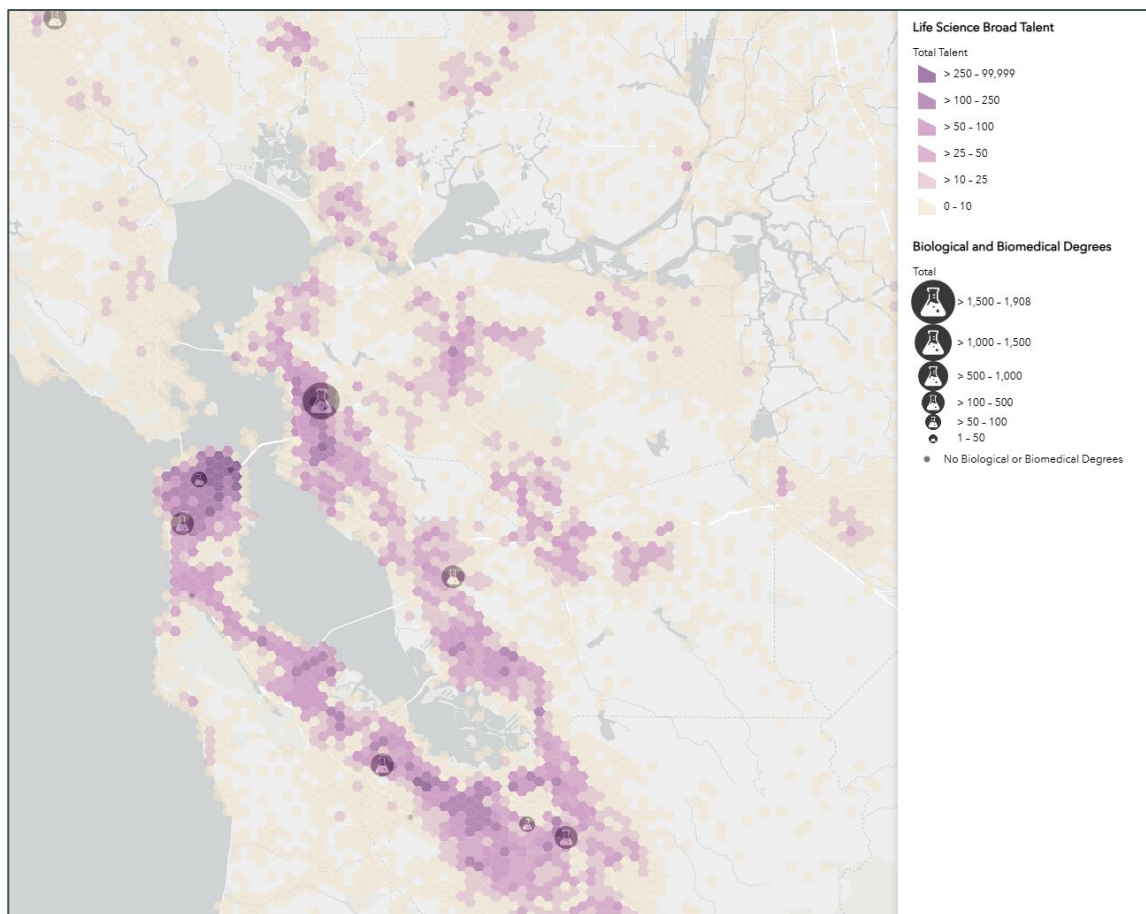
Source: CBRE Research, Q2 2026

FIGURE 6: San Francisco Bay Area Top Life Sciences Occupiers

Company Name
Genentech
Johnson & Johnson
Intuitive
Amgen Inc.
Gilead Sciences, Inc.
Bio-Rad
Abbott
Penumbra, Inc.
Roche
Eikon Therapeutics
BioMarin Pharmaceutical, Inc.
10X Genomics
Exelixis
Cepheid
AbbVie
Merck
SRI International
The J. David Gladstone Institutes
Thermo Fisher Scientific
Zeiss

Source: CBRE Research, Q2 2026

### Market Map (Bay Area Life Sciences Talent Density & Biological / Biomedical Degrees)



Source: CBRE Research, Location Intelligence, Q1 2026

#### Definitions

**Life Sciences Methodology:** highly specialized facilities with exceptional power, plumbing, ventilation, and extensive laboratory buildout, which meets current life sciences user needs.

**Leasable Inventory SF:** specialized life sciences inventory or lab space that is owned by an investor / developer and leased to a life sciences company, **Direct Vacant SF:** available vacant space marketed by a landlord of a life sciences facility. **Sublease Vacant SF:** available vacant space marketed by a sublessor of a life sciences facility. **Vacancy Rate:** sum of direct and sublease vacant SF divided by leasable inventory SF. **Availability Rate:** total available occupied and vacant space marketed by a landlord or sublessor divided by leasable inventory SF. **Average Direct Lease Rate:** average direct rent for speculative and second and third generation life sciences build-out on a NNN / sq. ft., monthly basis. **Under Construction:** projects currently under development and scheduled for completion beyond reporting quarter. **Deliveries:** projects delivered over a specified timeframe. **Net Absorption:** change in previously occupied space, measured in SF and recorded as a positive value for occupancy growth or negative for reduction. Life science occupations are in pharmaceutical and medicine manufacturing and scientific research and development services. **Life Science Industry Employment:** Pharmaceutical and medicine manufacturing; Scientific research and development services; and navigational, measuring, electromedical, and control instruments manufacturing. **Geographies:** North 880 Corridor (Richmond, Berkeley, Emeryville, and Alameda); Central 880 Corridor (San Leandro, Hayward, and Union City); 680 Corridor (Livermore and Pleasanton); South 880 Corridor (Newark, Fremont, and Milpitas); Central Silicon Valley (San Jose, Santa Clara, Campbell, and Los Gatos); Northern Silicon Valley (Cupertino, Sunnyvale, and Mountain View); Southern Peninsula (Palo Alto and Menlo Park); Central Peninsula (San Mateo, Foster City, Redwood City, Belmont, San Carlos); Northern Peninsula (Brisbane, South San Francisco, and Burlingame); and San Francisco.

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