

Market Overview

San Diego Life Sciences

Q4 2025

CBRE RESEARCH

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Significant Market Impacts

Q4 2025



Leasing Velocity at Pre-Covid Norms

- 2025 leasing activity was slow through the first half, but the second half of the year improved significantly, bringing the 2025 total to nearly 1.14 million square feet. While this is 20% below the 10-year average, it falls in line with historical pre-COVID norms.
- The overall leasing activity was driven by the Novartis 467,000 sf build-to-suit and the Neomorph relocation (83,000 sf), representing nearly 50% of all leasing activity in 2025.
- Despite the solid amount of leasing activity, overall net absorption finished in the negative (-191,000 sf).
- This is the first time in over a decade that we've had negative net absorption for 2 out of the last 3 years.



Sale Activity Continues

- Over the last 2+ years we've seen an increase in sale activity in the core lab markets, primarily by Alexandria, as they have sold several non-core assets or sites and remain focused on their mega campus strategy.
- Kilroy Realty acquired the 4-building, approximately 225,000 SF Nautilus campus (Torrey Pines) in December 2025 for \$192M (\$852/SF) from Alexandria. This marks Kilroy's first acquisition and entry into the Torrey Pines submarket.



Rental Rates Continue to Pull Back

- 2025 has experienced a 7% drop in asking rates throughout Central San Diego, as tenant demand slowed. The current average asking rental rate stands at \$5.87 NNN, its lowest level since early COVID-19.
- Downward pressure on effective rents has continued, as concessions continue to increase with the rise in available inventory (which is currently near all-time highs).



Availability/Vacancy Rates Rise

- Central San Diego availability and vacancy rates have risen dramatically over the past four years. Since Q3 2021, the market rates have increased from historic lows of 4.2% availability and 2.2% vacancy to near record highs of 27.5% availability and 22.4% vacancy.
- We anticipate availability and vacancy rates will stabilize and gradually decline as funding conditions improve and tenant demand recovers. This is also supported by the lack of new supply expected in the market.



Tenant Demand Sluggish, Slow Moving

- Tenant demand was sluggish for all of 2025, as the macroeconomic environment has led to an abundance of caution from tenants looking for space.
- Overall tenant demand currently stands at 925,000 sf, over 26 requirements. However, a number of requirements are on hold, totaling ~400,000 sf.
- The majority of tour activity has come from requirements under 30,000 sf, which represents over 75% of the current requirements.



Sublease Space Remains Stagnant

- Over the last 12-18 months total available sublease space in the Central San Diego has hovered in the 1.0 - 1.3 million sf range.
- Despite the large amount of available sublease space on the market, there were only 6 transactions in 2025, 5 of which were under 6,000 sf in size.

San Diego Life Sciences 2026 Outlook

28.6%
Availability Rate

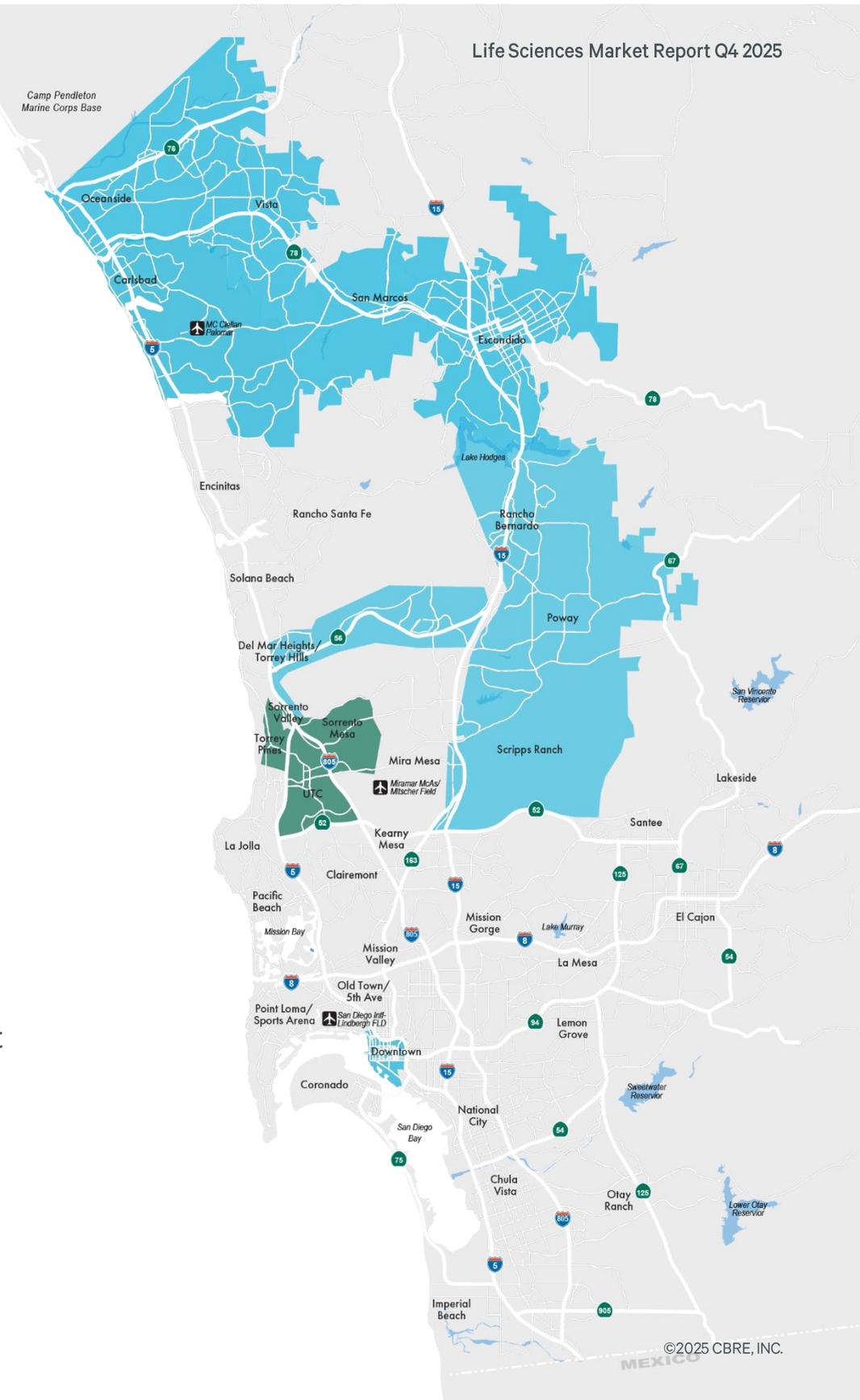
The surge of new life science supply delivered from 2024–2025 pushed San Diego availability to near all time highs (28.6%), mirroring conditions across the broader U.S. lab market. We expect 2026 to serve as a transition year—shifting from oversupply and cautious capital markets toward disciplined growth, tech enabled operational efficiency, and selective but measurable leasing recovery.

47%
Rise in XBI Biotech ETF

Market sentiment has improved meaningfully. The XBI Biotech ETF climbed 47% in the second half of 2025, historically a reliable leading indicator for future hiring and leasing activity. Economists also anticipate a resurgence in IPO activity, with 2026 projected to exceed combined IPO volume from 2024 and 2025, signaling a reopening of capital markets for later stage companies.

0 SF
Under Construction

A major storyline for 2026 will be the capital stack pressure on owners and investors who built aggressively on a speculative basis from 2020–2023. These projects must now secure permanent financing amid mismatched supply demand fundamentals, softened valuations, and stricter underwriting standards. This environment—combined with elevated vacancy—will drive differentiated asset strategies, recapitalizations, joint venture restructurings, and in some cases, discounted trades or foreclosures.

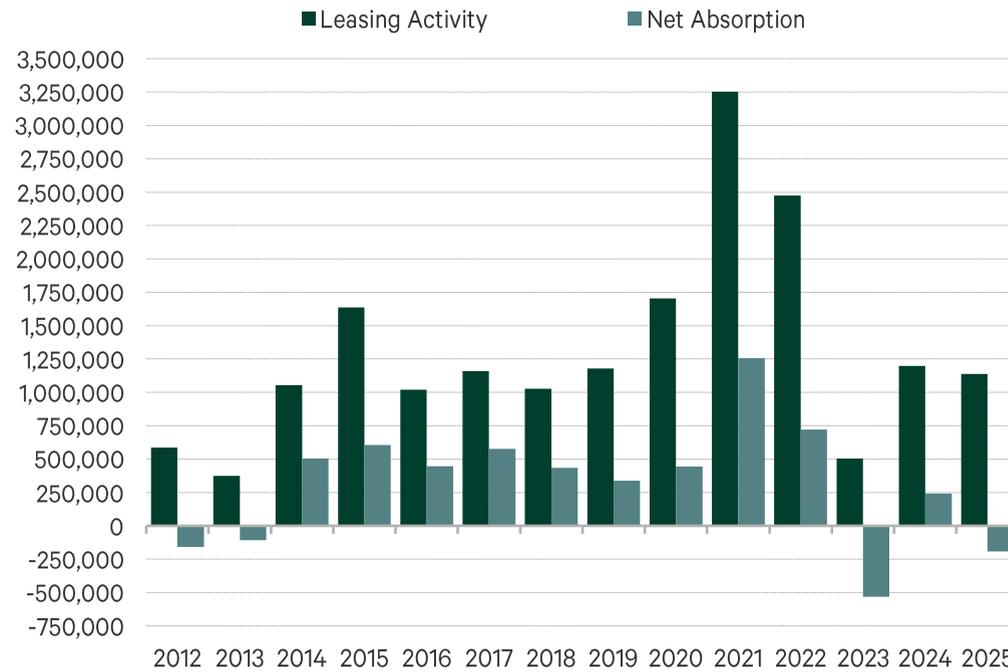


Lab Statistics Overview

ASKING RENT & LEASING ACTIVITY

- Leasing activity decreased from 612,693, SF in Q3 in the Central and Core markets to 173,666 SF in Q4.
- Asking rates declined this quarter to \$5.81 NNN. The previous peak was \$6.64 NNN at the end of Q2 2023.
- The Central Core Markets continue to be the most expensive life science market in the San Diego Metro, particularly Torrey Pines, Sorretno Mesa, and UTC with asking rates at \$6.05 NNN, \$5.85 and \$5.78 NNN respectively.

Central San Diego Historical Leasing Activity & Net Absorption



Source: CBRE

Central San Diego Historical Availability & Asking Lease Rate



Source: CBRE

Significant Lease Transactions (Last 12 Mos.)

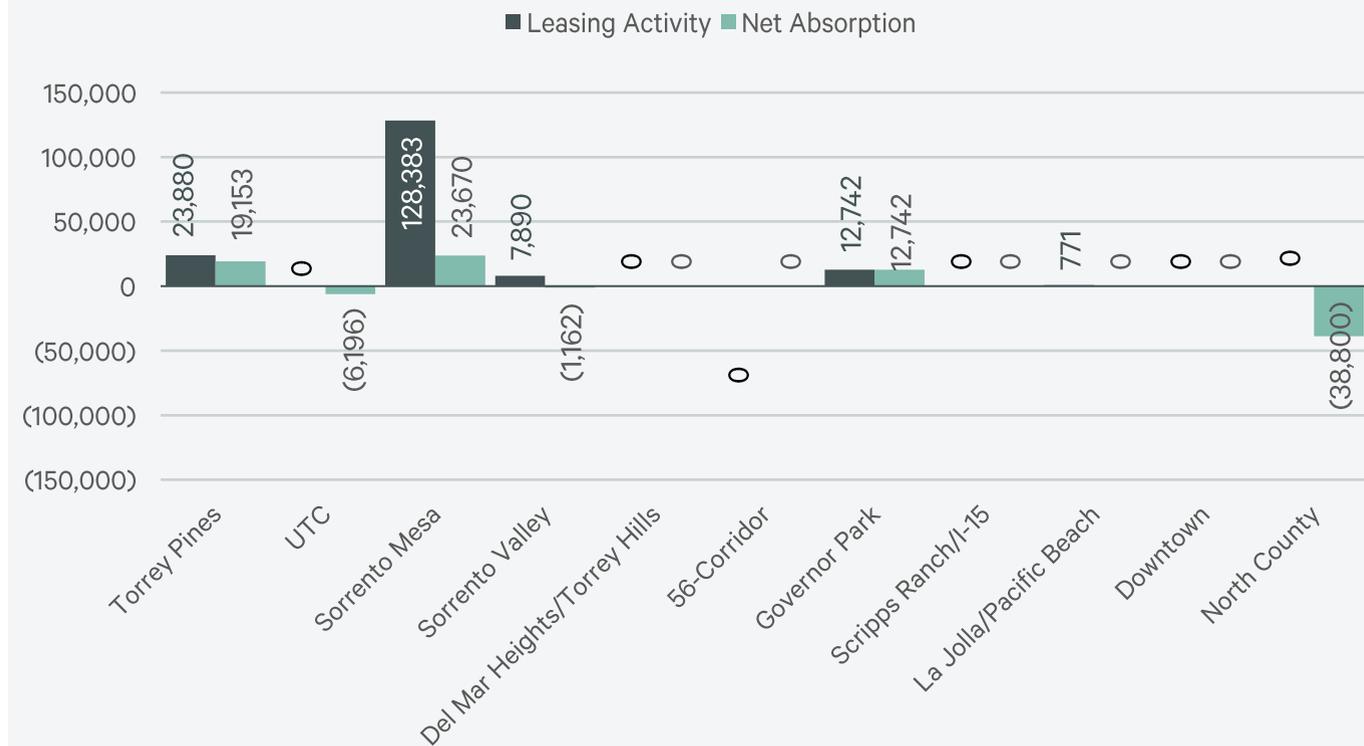
	TENANT	SQ.FT. LEASED	DEAL TYPE	LOCATION	LANDLORD
1	 NOVARTIS	466,598	New (BTS)	UTC	Alexandria
2	 Calibr	86,920	Renewal	Torrey Pines	DivCo West
3	NEOMORPH	83,354	New	Sorrento Mesa	Alexandria
4	 labcorp	82,500	Renewal	Torrey Pines	Healthpeak
5	 AVIDITY BIOSCIENCES	80,000	New/Subl./Exp.	Torrey Pines	Breakthrough/Healthpeak
6	 invivoscribe®	52,477	Renewal	Sorrento Mesa	Nuveen
7	 POSEIDA THERAPEUTICS	50,427	New/Expansion	UTC	Biomed Realty
8	J. Craig Venture	49,025	New	Downtown	IQHQ
9	 BOLT MEDICAL	46,353	New/Sublease	Carlsbad	Bentall Green Oak
10	 truviaan™	33,731	Renewal	UTC	Alexandria

Source: CBRE

Activity & Availability

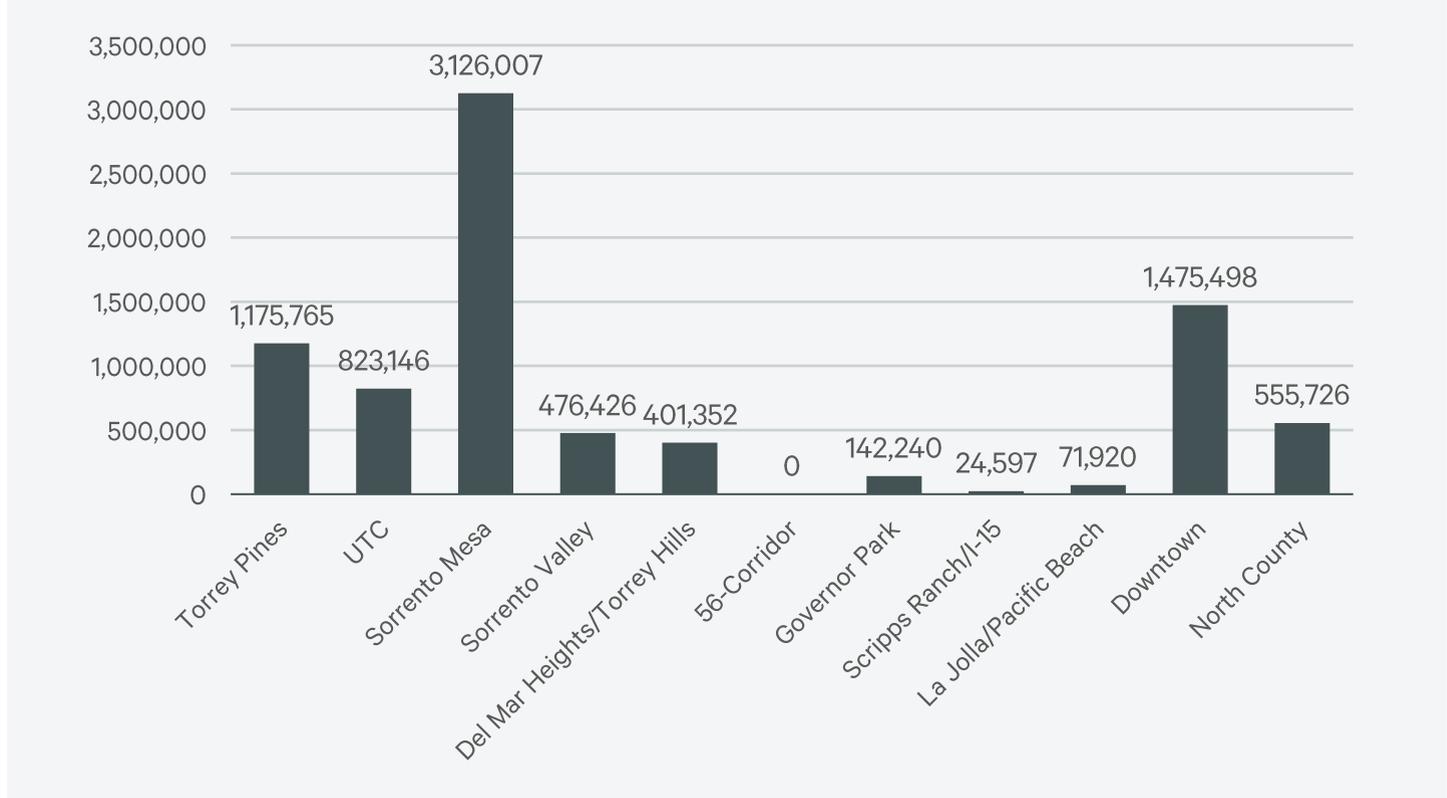
- Sorrento Mesa led this quarter in leasing activity with 128,383 sq. ft. leased.
- Three submarkets experienced negative absorption in Q4; UTC, Sorrento Valley, and North County.
- Sorrento Mesa has the most available space, at 3,126,007 sq. ft. (38%) of its 8.2M sq. ft. of net rentable area, up over 2,400,000 sq.ft. from Q1 2022.

Leasing Activity & Net Absorption by Submarket (Q4 2025)



Source: CBRE

Total Available SF by Submarket (Q4 2025)



Source: CBRE

Lab Statistics Overview

Q4 2025 MARKET DATA SNAPSHOT

San Diego Metro Life Sciences Market

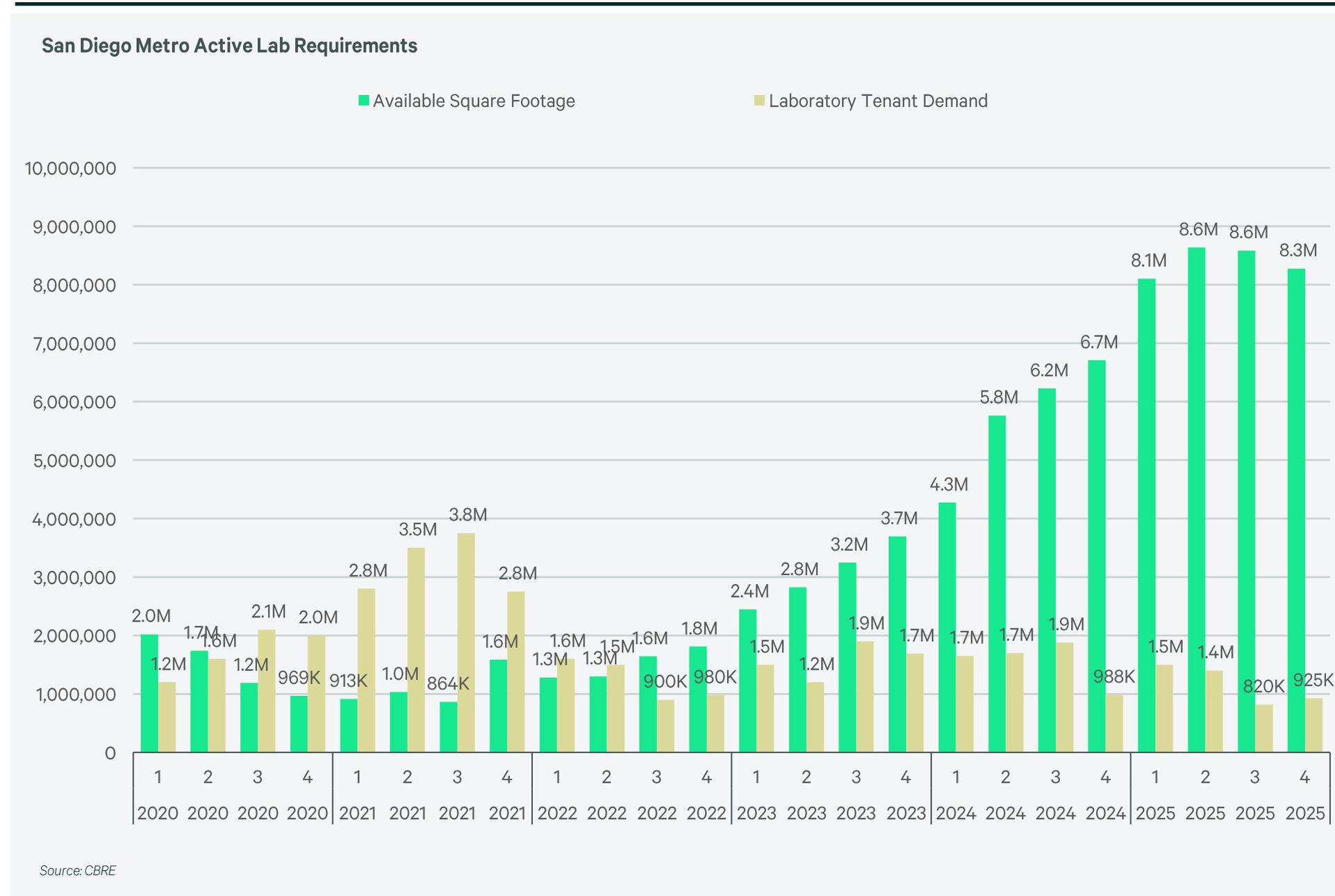
SUBMARKET	TOTAL RBA	TOTAL VACANT (SQ. FT.)	OVERALL VACANCY (%)	TOTAL AVAILABLE (SQ. FT.)	TOTAL AVAILABLE (%)	AVG. ASKING LEASE RATES (NNN)	UNDER CONSTRUCTION (SQ. FT.)	% COMMITTED (LOI/PRE-LEASED)	* LEASING ACTIVITY (Q4 2025)	NET ABSORPTION (Q4 2025)	* LEASING ACTIVITY (YTD)	NET ABSORPTION (YTD)
Torrey Pines	6,327,109	672,997	10.6%	1,175,765	18.6%	\$6.05	-	-	23,880	19,153	201,907	(19,963)
UTC	4,314,255	542,367	12.6%	823,146	19.1%	\$5.78	-	-	-	(6,196)	526,620	233,309
Sorrento Mesa	8,199,201	2,807,421	34.2%	3,126,007	38.1%	\$5.85	-	-	128,383	23,670	298,489	(137,172)
Sorrento Valley	1,346,894	433,917	32.2%	476,426	35.4%	\$5.70	-	-	7,890	(1,162)	50,398	(68,271)
CORE MARKET TOTALS	20,187,459	4,456,702	22.1%	5,601,344	27.7%	\$5.86	-	-	160,153	35,465	1,077,414	7,903
Del Mar Heights/Torrey Hills	1,204,153	401,352	33.3%	401,352	33.3%	\$6.12	-	-	-	-	28,769	(214,135)
56-Corridor	535,042	0	0.0%	0	0.0%	-	-	-	-	-	-	-
Governor Park	162,922	142,240	87.3%	142,240	87.3%	\$6.25	-	-	12,742	12,742	20,682	20,682
Scripps Ranch/I-15	441,543	24,597	5.6%	24,597	5.6%	\$5.00	-	-	-	-	-	-
La Jolla/Pacific Beach	176,936	51,309	29.0%	71,920	40.6%	\$4.75	-	-	771	-	10,750	(5,116)
CENTRAL & CORE TOTALS	22,708,055	5,076,200	22.4%	6,241,453	27.5%	\$5.87	-	-	173,666	48,207	1,137,615	(190,666)
Downtown	1,683,659	1,475,498	87.6%	1,475,498	87.6%	\$6.41	-	-	-	-	49,025	49,025
North County	4,555,654	338,743	7.4%	555,726	12.2%	\$3.74	-	-	-	(38,800)	-	108,012
OVERALL TOTALS	28,947,368	6,890,441	23.8%	8,272,677	28.6%	\$5.81	-	-	173,666	9,407	1,186,640	(33,629)

Source: CBRE

Lab Statistics Overview

DEMAND IN THE MARKET

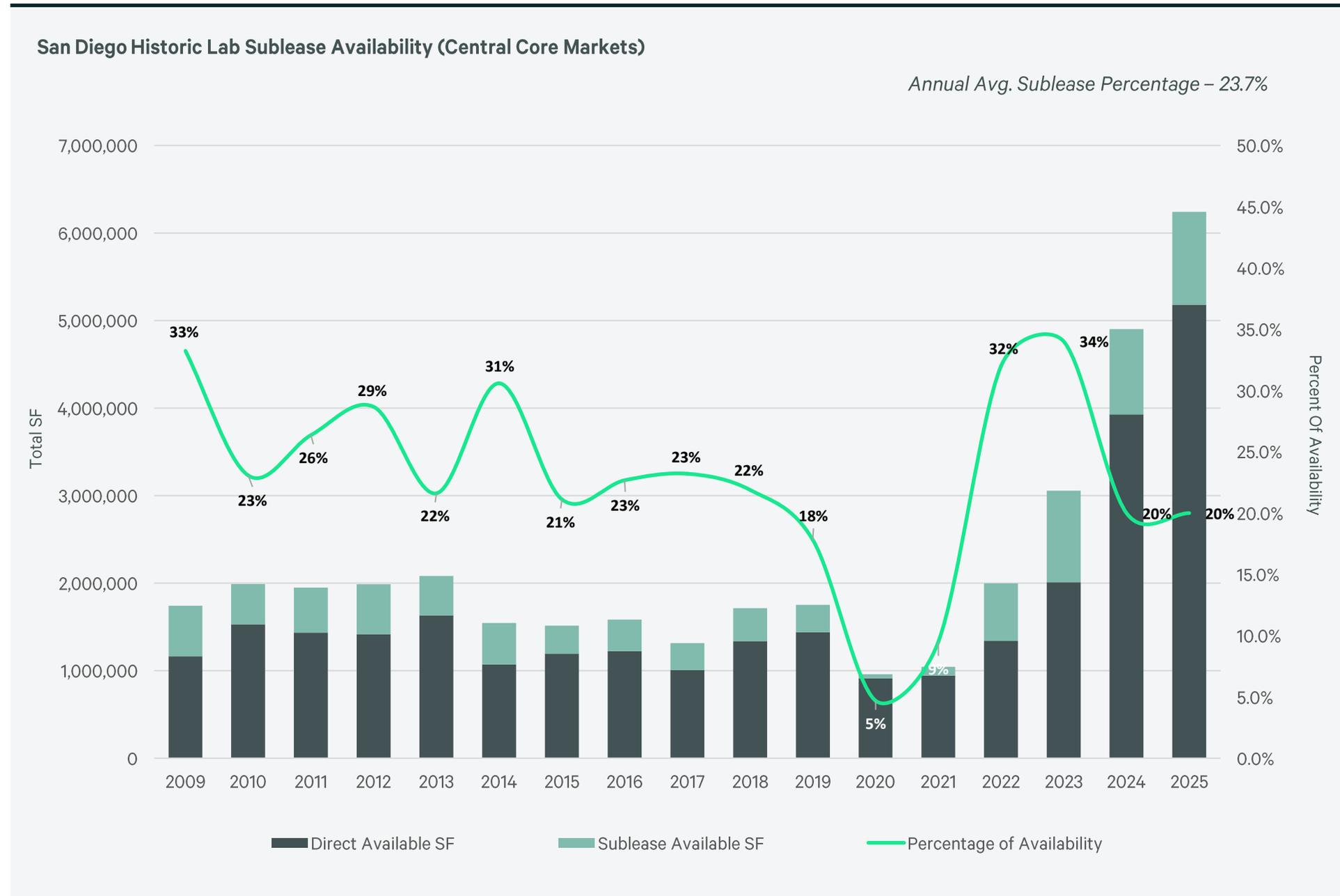
- Demand for lab space increased to 925,000 sq.ft. in Q4 2025. However, many requirements are on hold due to macroeconomic headwinds and VC funding temporarily becoming more selective.
- In Q4 2025, the total number of tenants in the market stood at 26, totaling 925,000 sq.ft.



Sublease Inventory Growing

PERCENTAGE OF OVERALL AVAILABILITY

- At the end of 2025, total available sublease space in the Core Markets decreased from 1,289,862 sf in Q3 to 1,060,684 sf in Q4.
- 86% of all sublease space in the County resides in the core markets, where it accounts for ~20% of all available space (a figure that was as high as 42% in 2022).



Source: CBRE

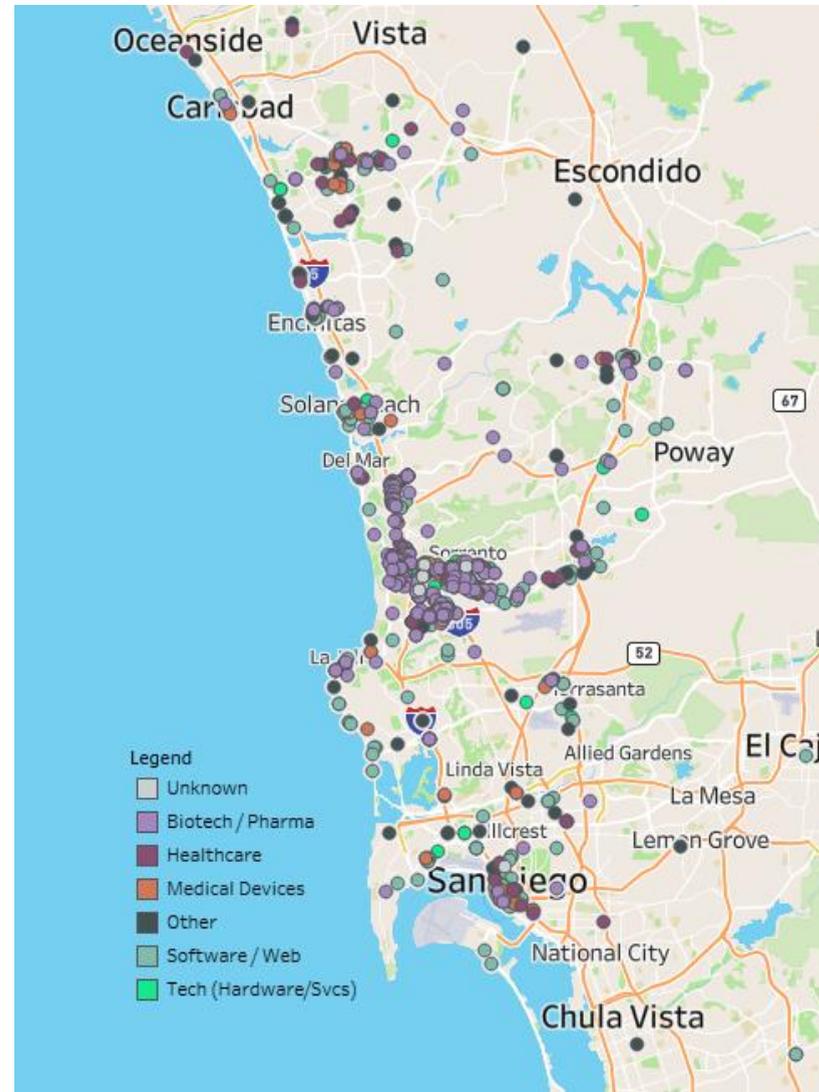
Venture Capital Funding

\$422M

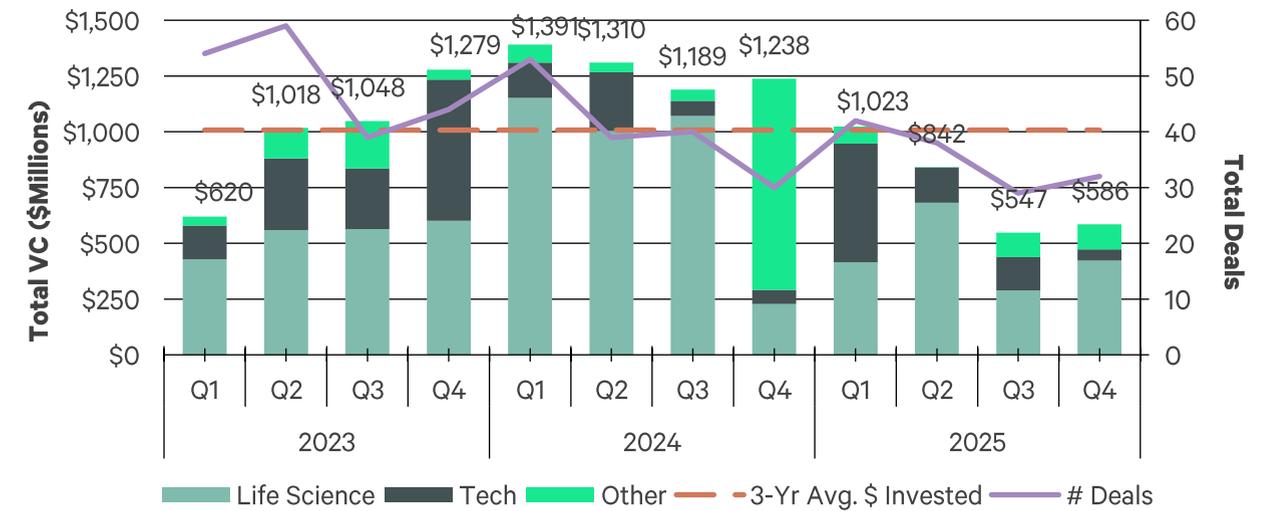
Q4 2025 Life Sciences VC Funding

- Life Science funding accelerated to \$422.0 million in Q4, the year's second-highest quarterly total. However, annual Life Science investment reached just \$1.81 billion, the lowest figure since 2019 (\$1.50 billion). The modest annual total resulted from smaller funding rounds rather than fewer deals, as transaction volume matched 2024 levels and exceeded the 2022-24 average.
- Life Science funding was led by the UTC-located Protego Biopharma. The company, which has developed a small molecule therapeutics platform, brought in \$130 million from Series B and B-1 deals. Protego will use the funds to advance its lead candidate, a treatment for AL amyloidosis, into a pivotal clinical trial. Torrey Pines-based Aspen Neuroscience, which develops autologous cell therapies and personalized medicines, picked up \$115 million through a Series C round. Another Torrey Pines-located firm, BlossomHill Therapeutics, raised \$84.0 million via a Series B deal. BlossomHill is a biopharmaceutical company designed to develop treatments for oncology and autoimmune diseases.

Location of VC funded Companies



San Diego Metro Total VC Funding



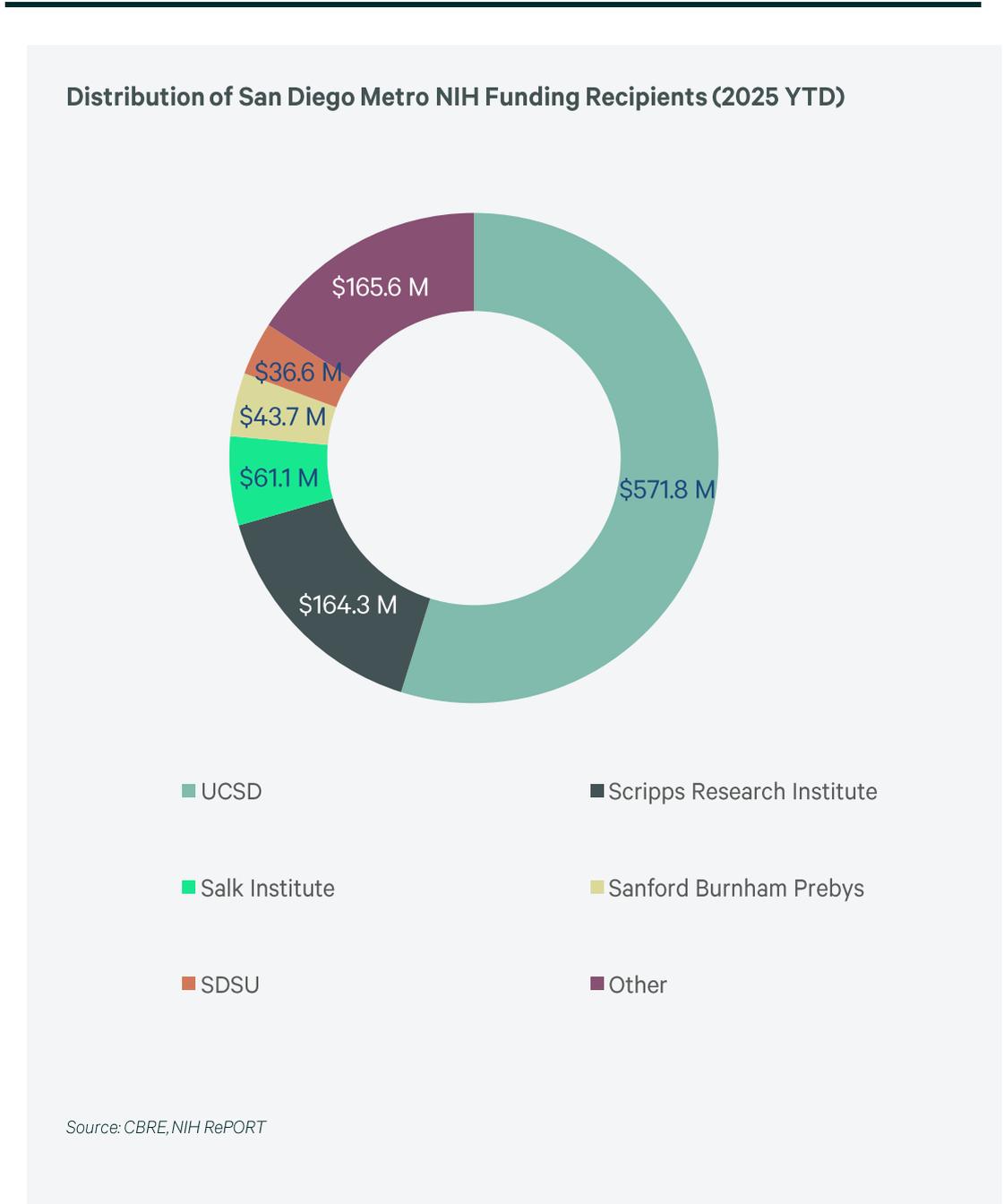
Q4 2025 Top Five VC Deals

Company	\$, Millions	Round	Industry
Protego Biopharma	130	B & B-1	Biotech / Pharma
Aspen Neuroscience	115	C	Biotech / Pharma
Blossomhill Therapeutics	84	B	Medical Devices
VasoRx	28	N/A	Biotech / Pharma
Paulex Bio	19	N/A	Biotech / Pharma

Source: CBRE, Pitchbook

NIH Funding Impacts

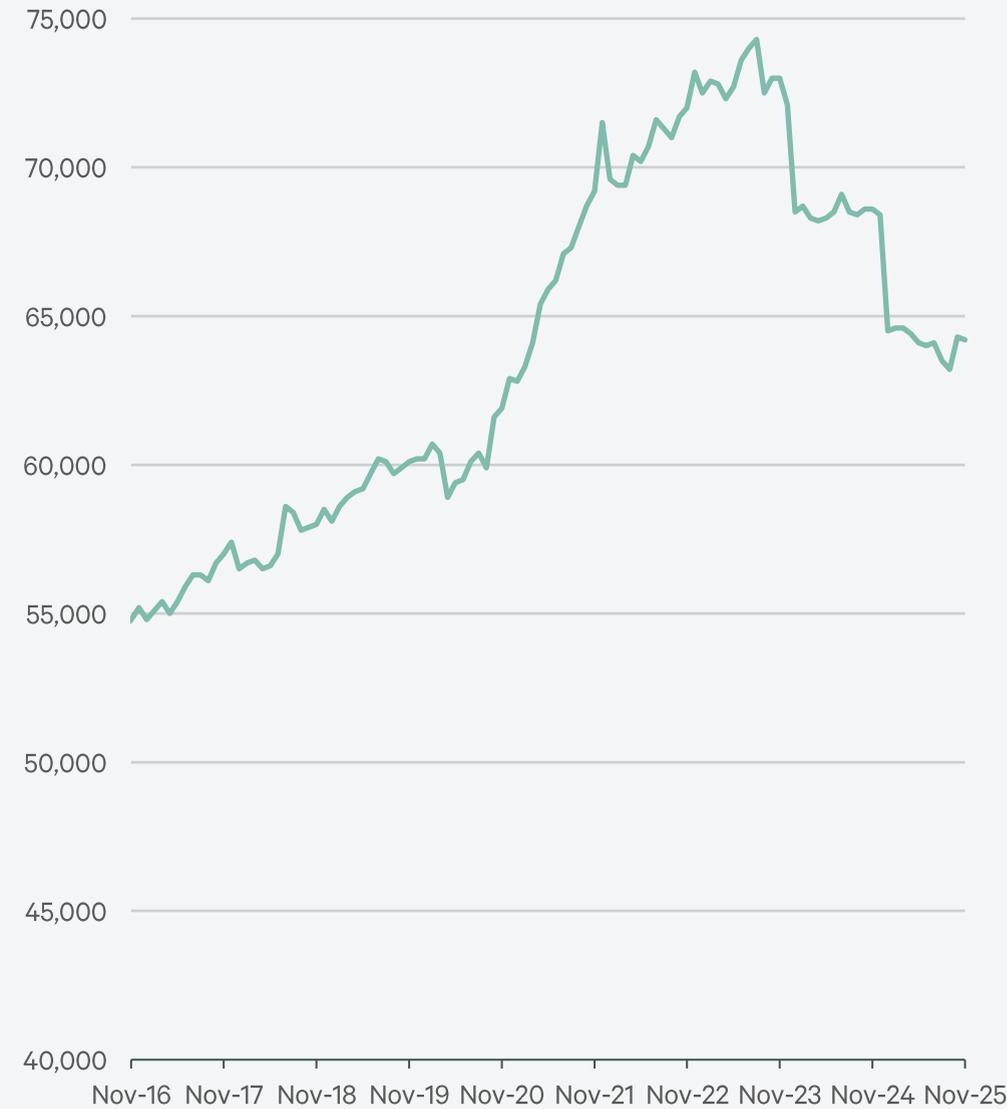
- San Diego’s NIH funding reached over \$1.0B for the seventh consecutive year in 2025. San Diego has received at least \$1B in NIH funding since 2019, significantly up compared to historical norms, further proving to be a life sciences leader.
- UCSD, Scripps Research Institute, and Salk Institute continue to be the local leaders, accounting for \$877M (84%) of total funding in 2025.



Life Sciences Talent

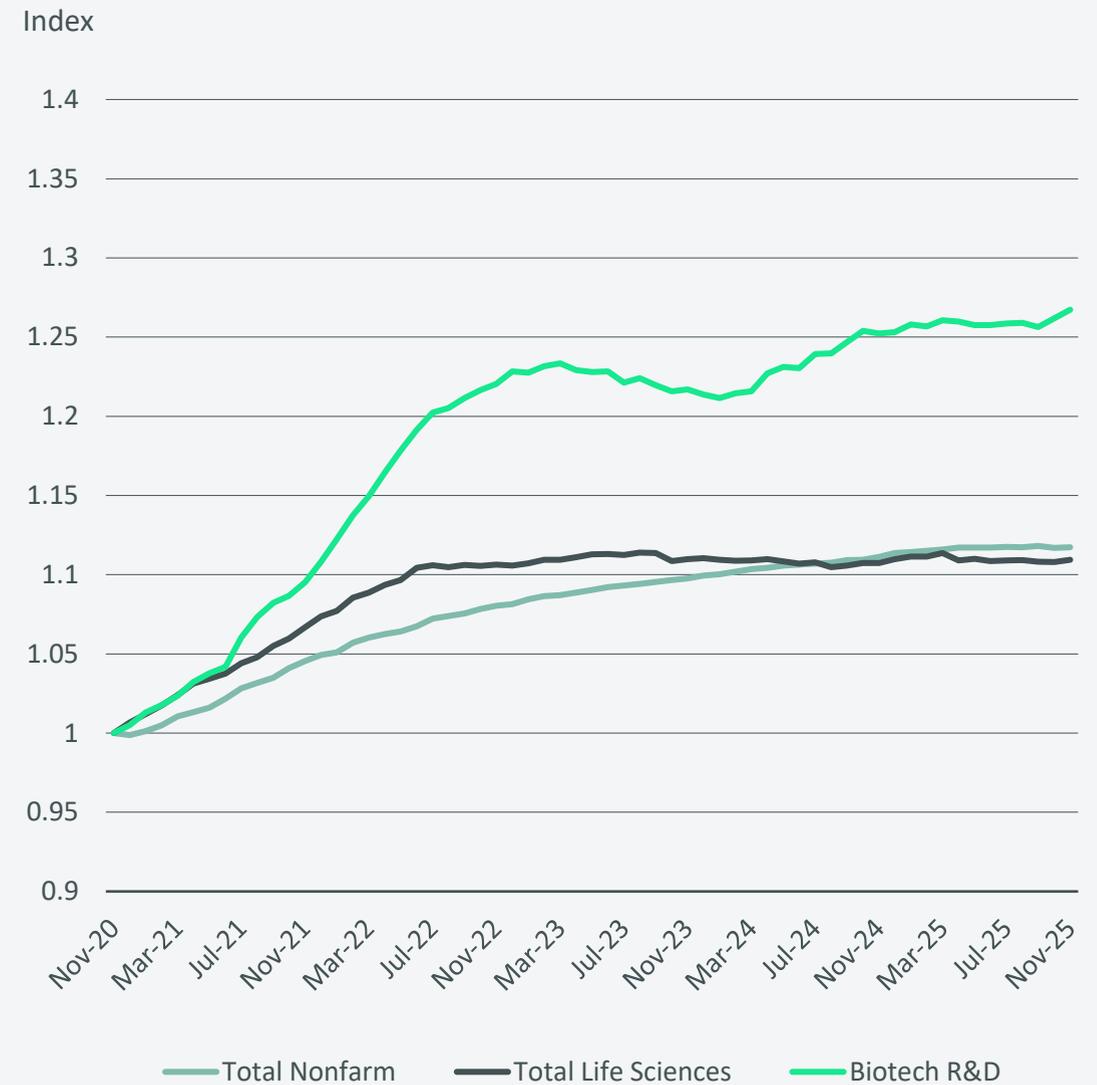
- Life Sciences jobs in San Deigo increased to 64,200 in November 2025, 10,100 less than the previous high of 74,300 in August of 2023.
- Life Sciences jobs were up 4,500 (+7.5%) since February 2020, reflective of the ongoing life sciences growth even during the pandemic.
- Amid a slowing pace of total U.S. employment growth, the life sciences sector posted job growth of just 0.2% year-over-year in November 2025.
- Biotech R&D employment accelerated for two consecutive months as of November, growing by 1.2% year-over-year.

San Diego Metro Total Life Sciences Employment



Source: California EDD, CBRE

Total U.S. & Life Sciences Employment Growth Index



Source: U.S. Dept. of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System, CBRE Research, Q2 2024.

Contacts

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Definitions

Incubator Space – Lab space that caters to startups coming out of medical or academic research institutions.

Availability — Space that is being actively marketed and is available for tenant build-out within 12-24 months. Includes space available for sublease as well as space in buildings under construction.

Number of Buildings — The number of buildings in the current inventory where a portion of the building or the entire building includes lab exclusive or lab capable space.

NNN Average Asking Rent — Weighted average NNN asking rent. NNN asking rents are generally lower than full service gross rents since tenant assumes responsibility for proportional real estate tax, insurance, and maintenance expenses in addition to the base rent.

Inventory/Supply – A specific set of known laboratory buildings (includes lab space or sometimes lab capable space, and lab/bio manufacturing buildings occupied by tenants in the life science sector.

Demand – Tenants who are actively looking, or made it known that they'll be actively looking for space to lease, or purchase, for laboratory-related space.

Acquisition – Property acquired for life sciences utilization either as existing product, or immediate or future conversion potential.

Total Under Construction – Tracked similarly to office and industrial tracking, includes conversion and new construction (Build to Suit, Spec Development).

Delivery – that specific time in which lab conversion components are completed, including speculative builds, which may or may not effect when the entire building/project is added to LSc inventory.

Conversion – A building or project in which the intent to convert the existing condition/use into laboratory-related product has been communicated to the marketplace.

Planned Conversion – the time between acquisition and beginning of actual conversion demo/construction

Under Construction – actively converting the building/project from the present state to ab product.