

FIGURES | SAN FRANCISCO PENINSULA R&D | Q1 2026

# One significant project leads to large occupancy losses

▲ 26.4%

Vacancy Rate

▼ (1.3M)

Sq. Ft. Net Absorption (SF)

▶ 0

Sq. Ft. Under Construction & Conversion

▼ \$5.68

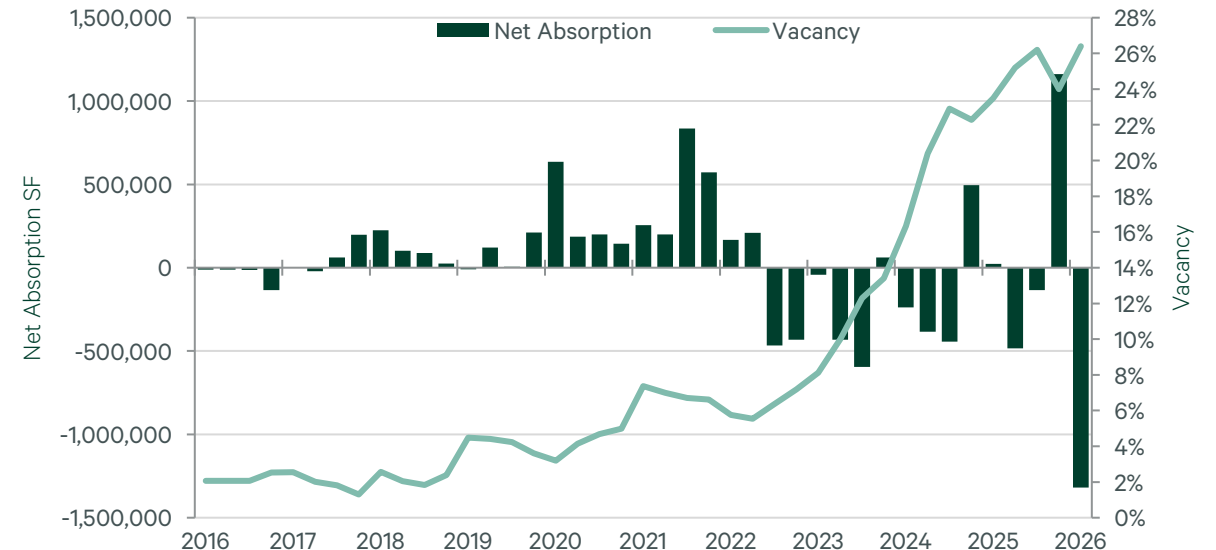
NNN / Lease Rate Existing Properties

Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

- The San Francisco Peninsula R&D/Life Science market recorded 1.3 million square feet (msf) of negative net absorption in Q1 2026, driven primarily by a large Stanford Research Park campus returning to the market as vacant.
- Vacancy rose 240 basis points (bps) quarter-over-quarter (QoQ) from 24.0% to 26.4%, while availability increased from 26.5% to 28.8%.
- Asking rents decreased to \$5.68 per sq. ft. on a monthly, direct, NNN basis.
- Active tenant demand stood at approximately 4.2 msf at quarter-end, with life science tenants accounting for roughly 54.0% of requirements; signaling meaningful underlying interest despite reduced leasing velocity.
- Leasing activity ended at roughly 529,000 sq. ft., and there were no leases signed above 100,000 sq. ft.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2026

## R&D OVERVIEW

The San Francisco Peninsula R&D/Life Science market closed Q1 2026 with a total inventory of 41.8 msf. Two major Life Science projects were repositioned into office use during the quarter. Vacancy and availability rose sharply, driven primarily by a single large block of space in Palo Alto. While the reduction in inventory from these repositioned assets partially offset the increase, vacancy nonetheless reached its highest level in recent history.

Net absorption totaled negative 1.3 msf in Q1 2026, a significant reversal from the positive 1.2 msf recorded in Q4 2025. Approximately 950,000 sq. ft. of negative absorption stemmed from a large campus portfolio in Stanford Research Park coming online as vacant. Absent this availability, Palo Alto would have posted modest occupancy gains, though the market overall still would have ended the quarter with substantial negative absorption. Redwood City led performance, posting the most positive net absorption at 48,454 sq. ft.

The negative absorption directly contributed to higher vacancy, which increased 240 bps QoQ and 160 bps YoY. Vacancy has fluctuated in recent quarters as large blocks of space cycle on and off the market. By the end of Q1 2026, more than 30 existing blocks larger than 100,000 sq. ft. were available, collectively accounting for roughly 65% of total availability.

Leasing activity totaled approximately 529,000 sq. ft. in Q1 2026. Transactions of 10,000 sq. ft. or less represented 55.3% of deal volume, while renewals accounted for 31.9% of total leased square footage. Life Science leasing comprised more than 70.0% of the top 15 transactions completed during the quarter.

The overall average direct asking rate for R&D/Life Science space along the San Francisco Peninsula decreased to \$5.68 on a weighted monthly, NNN, direct basis for blended R&D and Life Science product. Rather than reducing asking rates, landlords are repositioning their assets to broaden tenant appeal and offering competitive concessions to drive occupancy.

Although the R&D market softened to start 2026, the performance was largely driven by the availability of several large blocks of space. Many of these offerings have generated tenant interest, and leasing activity within these assets could quickly shift market dynamics. Development of new R&D and Life Science projects along the San Francisco Peninsula has effectively stalled. Given elevated availability and subdued demand, this trend is expected to persist in the near term.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Lease Rate (\$)	Current Net Absorption	YTD Net Absorption
Daly City/Brisbane	1,935,967	40.0	43.0	5.89	(59,734)	(59,734)
South San Francisco	11,983,699	30.8	31.6	5.81	(253,151)	(253,151)
San Bruno/Millbrae	994,309	62.6	63.3	6.20	1,195	1,195
Burlingame	1,308,228	39.0	47.8	6.02	7,021	7,021
<b>North County</b>	<b>16,222,203</b>	<b>34.5</b>	<b>36.2</b>	<b>5.88</b>	<b>(304,669)</b>	<b>(304,669)</b>
San Mateo	912,993	69.3	70.8	6.13	10,095	10,095
Foster City	976,300	4.1	4.1	0.00	0	0
Belmont/San Carlos	4,780,656	20.0	22.5	5.49	(17,237)	(17,237)
Redwood City	4,612,005	17.5	23.6	4.92	48,454	48,454
<b>Central County</b>	<b>11,281,954</b>	<b>21.6</b>	<b>25.2</b>	<b>5.45</b>	<b>41,312</b>	<b>41,312</b>
Menlo Park	3,292,302	21.5	21.5	5.55	(130,066)	(130,066)
Palo Alto/East Palo Alto	10,966,443	21.0	23.8	5.08	(925,996)	(925,996)
<b>South County</b>	<b>14,258,745</b>	<b>21.1</b>	<b>23.3</b>	<b>5.29</b>	<b>(1,056,062)</b>	<b>(1,056,062)</b>
<b>San Francisco Peninsula</b>	<b>41,762,902</b>	<b>26.4</b>	<b>28.8</b>	<b>5.68</b>	<b>(1,319,419)</b>	<b>(1,319,419)</b>

Source: CBRE Research, Q1 2026

FIGURE 3: Notable Lease Transactions Q1 2026

Tenant	Location	Leased Sq. Ft.	Type
Natera	1091 Industrial Rd San Carlos	62,969	New Lease
Billion to One	1140 O'brien Dr Menlo Park	31,254	Sublease
Confidential	South San Francisco	30,996	Expansion
Confidential	South San Francisco	24,909	New Lease
Epic Bio	7000 Shoreline Ct, South San Francisco	24,780	Renewal

Source: CBRE Research, Q1 2026

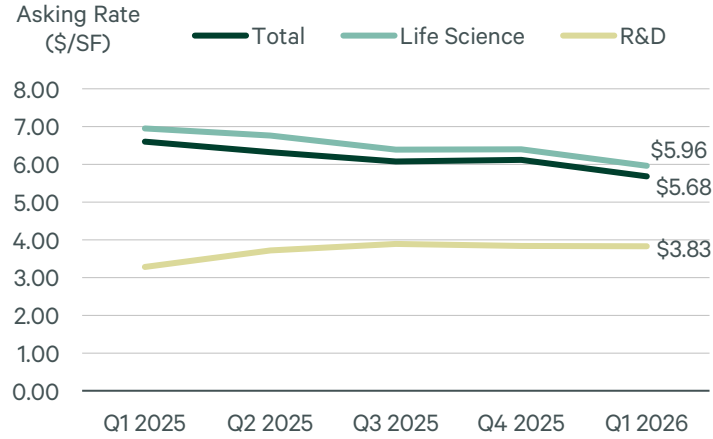
FIGURE 4: Notable Sale Transactions Q1 2026

Buyer	Location	Sold Sq. Ft.	Sale Price \$/SF
Healthpeak*	Gateway Commons South San Francisco	1,354,775	\$600M \$443

\*Part of multi-property and multi-type sale

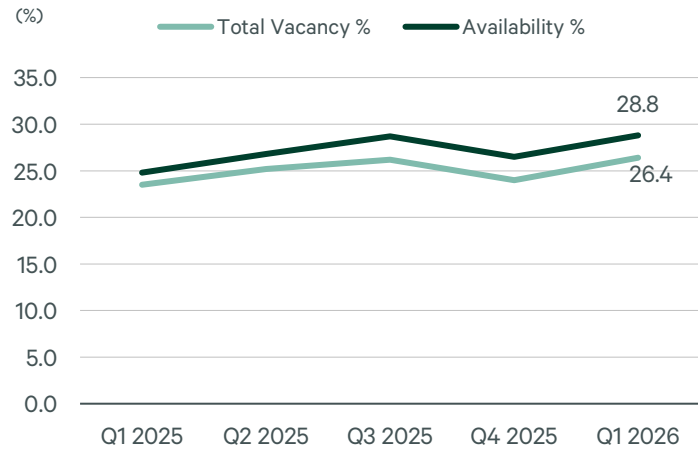
Source: CBRE Research, Q1 2026

FIGURE 5: Lease Rates



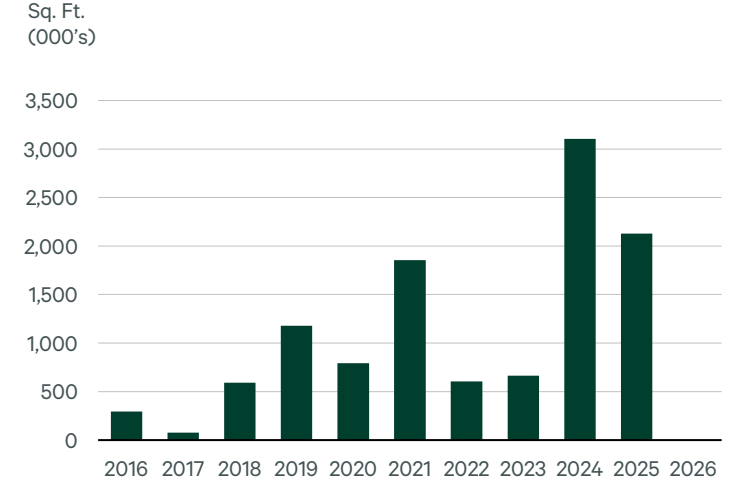
Source: CBRE Research, Q1 2026

FIGURE 6: Vacancy & Availability



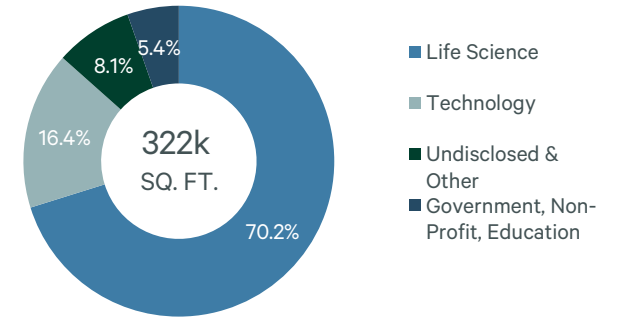
Source: CBRE Research, Q1 2026

FIGURE 7: Construction Completions



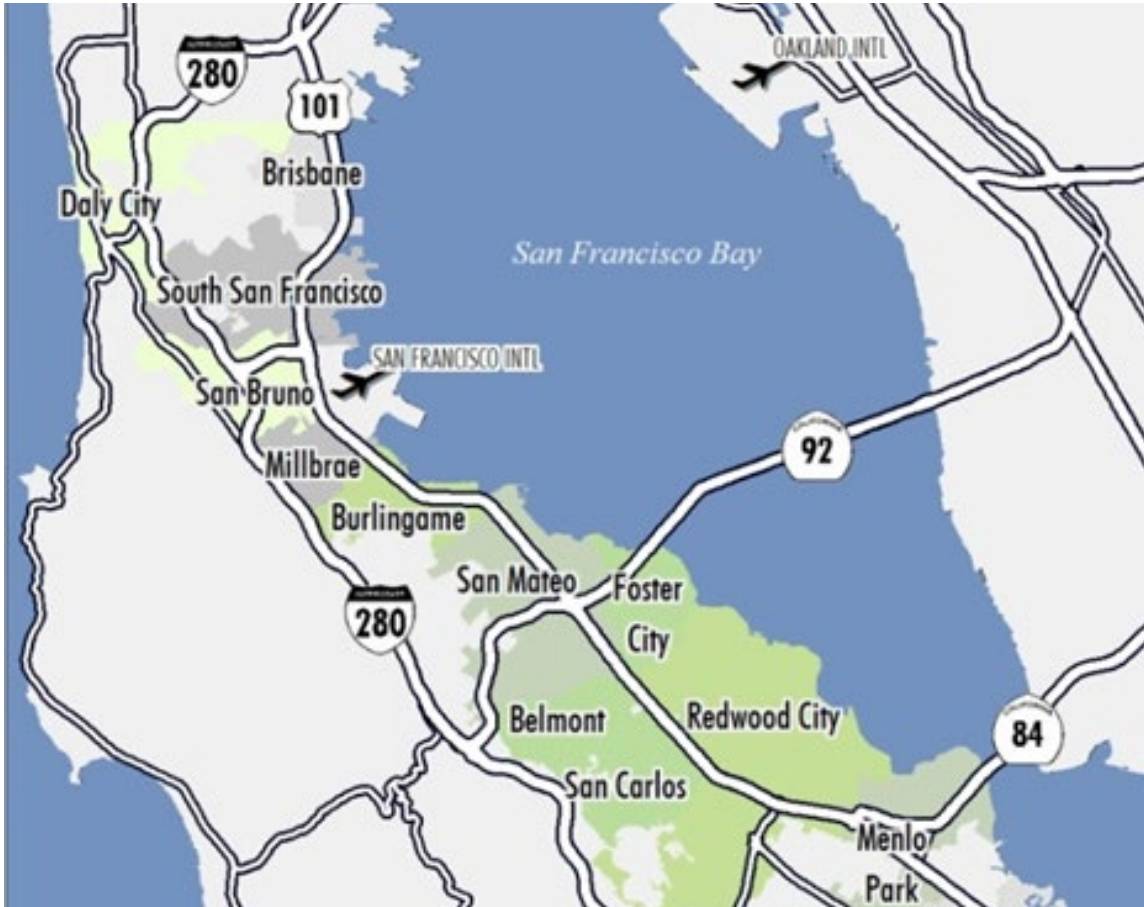
Source: CBRE Research, Q1 2026

FIGURE 8: Top 15 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2026

**Submarket Map**



Source: CBRE Research, Location Intelligence

**Definitions**

Average Asking Rate Direct Monthly Lease Rates, Triple Net (NNN).

Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

R&D inventory is typically low-rise construction and comprised of large, open floor plates. These facilities primarily support technology and life sciences uses and include lab, cleanroom, and upgraded ventilation and building infrastructure, systems compared to traditional office buildings.

CBRE's market report analyzes existing single- and multi-tenant R&D buildings that total 7,500+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

**Contacts**

**Wilson Fields**

Field Research Analyst  
Wilson.Fields@cbre.com

**Giovanni Giannotta**

Research Manager  
+1 408 790 5410  
giovanni.giannotta@cbre.com

**San Francisco Peninsula Office**

400 Hamilton Ave, 4<sup>th</sup> Floor  
Palo Alto, CA 94031

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