

FIGURES | SAN FRANCISCO BAY AREA LIFE SCIENCES | Q3 2026

Vacancy plateaus as absorption turns positive

and the pipeline empties



Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

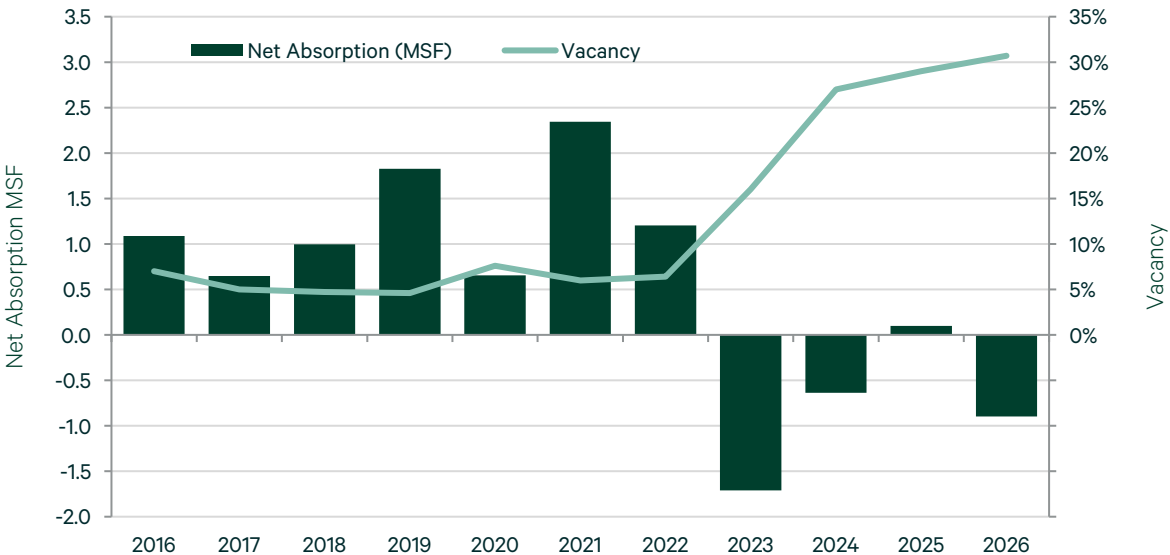
The San Francisco Bay Area life sciences market showed signs of stabilization in Q3 2026. Overall vacancy held essentially flat at 30.7%, and net absorption turned positive at 85,500 sq. ft., the first quarterly gain of the year after a combined 982,000 sq. ft. of negative absorption in Q1 and Q2. Leasing activity rose 11% quarter-over-quarter to 919,000 sq. ft., up 77% from a year ago, led by Silicon Valley and the San Francisco Peninsula.

The recovery remains uneven and tenant-favorable. Average direct asking rents fell 2.6% quarter-over-quarter to \$5.39 per sq. ft. monthly NNN, down 17% from the Q1 2025 peak, as landlords compete to fill space left over from the 2021 to 2022 speculative construction wave. Venture capital remains concentrated in mega-rounds for later-stage companies, NIH funding recalibration continues to weigh on early-stage and academic spinouts, and tariff uncertainty and elevated borrowing costs keep occupiers cautious about committing to new footprints.

Supply-side conditions, however, are clearly improving. With the final 138,500-sq.-ft. delivery on the Central Peninsula this quarter, no life sciences space is under construction in the Bay Area for the first time since early 2022. Sublease availability fell 3.2% to 2.5 million sq. ft., its lowest level since late 2023, and demand from adjacent sectors such as photonics, semiconductors, and advanced manufacturing is helping to backfill R&D space.



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



Source: CBRE Research, Q3 2026

MARKET OVERVIEW

The San Francisco Bay Area's life sciences market reached an inflection point in the third quarter of 2026. Overall vacancy edged down 3 basis points to 30.7%, and availability held at 32.8%, as the market recorded positive net absorption of 85,500 sq. ft. Although year-to-date net absorption remains negative at 897,000 sq. ft., the quarter broke a run of consecutive losses. Pricing continued to adjust: the average direct asking rate declined 2.6% quarter-over-quarter and 8.7% year-over-year to \$5.39 per sq. ft. monthly NNN, reflecting persistent concessions and owners' willingness to trade rate for occupancy.

Leasing activity totaled 961,000 sq. ft. across 40 transactions, the strongest quarter since Q4 2025. New leases accounted for 64% of volume, renewals and contractions 25%, and subleases 11%. Deal size remained modest, with 22 of 40 transactions under 20,000 sq. ft. and only seven at 50,000 sq. ft. or more. The largest deals included an 82,000-sq.-ft. confidential new lease on the Peninsula, Roche Molecular Systems' 68,000-sq.-ft. renewal in Silicon Valley, and Ayar Labs' two new leases totaling 91,000 sq. ft. Notably, several top transactions were signed by photonics, semiconductor, aerospace, and electronics firms, including Ayar Labs, Lanteris Space, Ensurge Micropower, and Qnity Electronics, underscoring how R&D demand from adjacent technology sectors is supporting the lab inventory.

Submarket performance diverged. Silicon Valley led the region with 182,000 sq. ft. of positive net absorption and 396,000 sq. ft. of leasing, nearly double the prior quarter, lowering vacancy 250 bps to 20.4%; Central Silicon Valley alone absorbed 160,000 sq. ft., cutting its vacancy to 14.7%. The I-680 Corridor (12.1%) and San Francisco (40.0%) also posted modest gains. The San Francisco Peninsula, the region's largest market, recorded the most leasing at 434,000 sq. ft. and sharply narrowed its losses to negative 80,000 sq. ft. from negative 304,000 sq. ft. in Q2, yet vacancy rose 60 bps to 35.6% as the 138,500-sq.-ft. Central Peninsula delivery arrived largely vacant and pushed that subregion to 41.6%. Oakland/East Bay softened, with negative 59,000 sq. ft. of absorption in the North 880 Corridor lifting vacancy to 28.8%.

Looking ahead, fundamentals are positioned to improve gradually into 2027. With the construction pipeline now fully exhausted and sublease availability down roughly 23% from its Q3 2024 peak of 3.2 million sq. ft., any sustained pickup in demand will translate more directly into lower vacancy. We expect vacancy to hover near 30% through year-end before beginning a more formidable decline in 2027, led by the Peninsula and Silicon Valley. Asking rents are likely to find a floor over the next several quarters before stabilizing. In the meantime, the market will remain competitive, favoring occupiers seeking quality, move-in-ready space on favorable terms and rewarding owners of well-located, functional buildings.

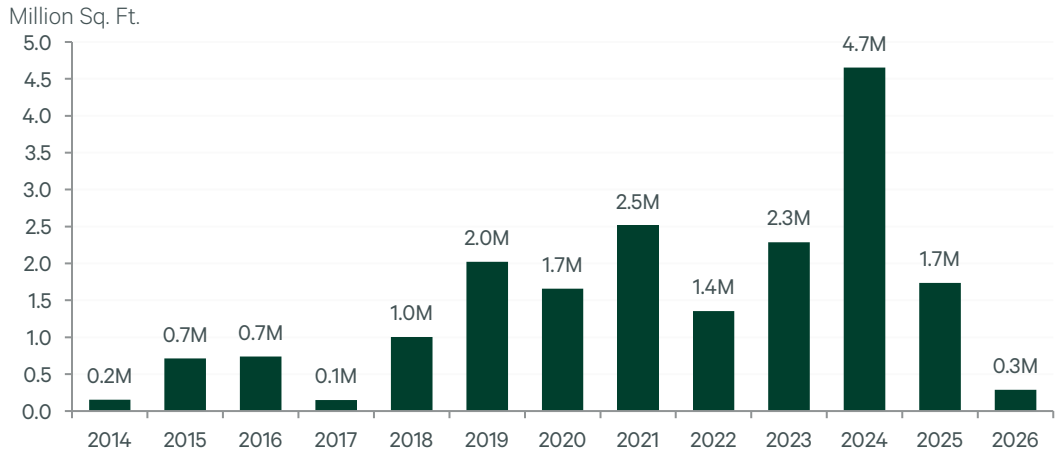
Source: CBRE Research, Q3 2026

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	1,650,862	203,167	31.7%	32.0%	\$5.64	-59,144	-272,679
Central 880 Corridor	2,235,073	334,902	135,146	21.0%	32.0%	\$3.61	0	68,271
Oakland	8,082,392	1,985,764	338,313	28.8%	32.0%	\$5.29	-59,144	-204,408
680 Corridor	2,027,704	192,627	51,919	12.1%	13.5%	\$2.25	37,225	9,708
South 880 Corridor	3,709,201	659,049	84,536	20.0%	23.5%	\$2.51	13,471	114,081
Central Silicon Valley	2,721,250	345,869	53,166	14.7%	17.3%	\$2.76	159,953	-204,178
Northern Silicon Valley	1,013,022	252,367	123,924	37.1%	37.1%	\$3.96	8,505	-48,041
Silicon Valley	7,443,473	1,257,285	261,626	20.4%	23.1%	\$2.84	181,929	-138,138
Northern Peninsula	14,785,256	4,382,512	785,892	35.0%	37.7%	\$5.65	-53,939	-254,700
Central Peninsula	6,002,750	2,157,555	336,633	41.6%	41.9%	\$5.25	-29,342	-172,189
Southern Peninsula	3,054,302	790,813	39,627	27.2%	27.2%	\$5.54	2,869	-202,334
Peninsula	23,842,308	7,330,880	1,162,152	35.6%	37.4%	\$5.52	-80,412	-629,223
San Francisco	1,192,837	350,902	126,285	40.0%	40.0%	\$8.10	5,938	65,151
Total Bay Area Market	42,588,714	11,117,458	1,940,295	30.7%	32.8%	\$5.39	85,536	-896,910

Source: CBRE Research, Q3 2026

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



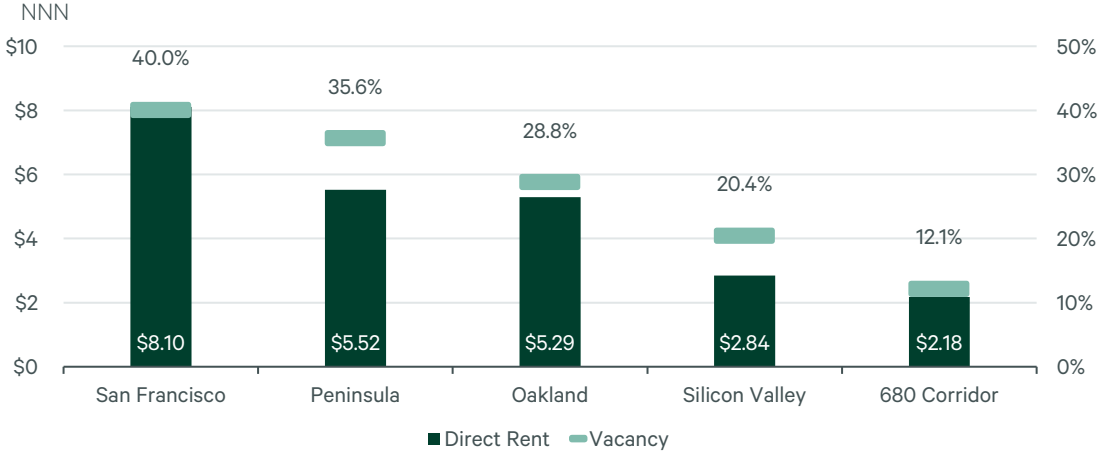
Source: CBRE Research, Q3 2026

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

Tenant	Submarket	SF Leased	Type
Confidential	San Francisco Peninsula	82,232	New Lease
Roche Molecular Systems	Silicon Valley	67,807	Renewal
Ayar Labs	Silicon Valley	66,487	New Lease
Alfa Medical	San Francisco Peninsula	56,000	New Lease
Lumilens Inc	Silicon Valley	54,180	Renewal/Contraction
Lanteris Space	Silicon Valley	51,711	Sublease
Intersect ENT	San Francisco Peninsula	50,373	Renewal
1AU Technologies	I-680 Corridor	42,620	New Lease
Confidential	San Francisco Peninsula	38,675	New Lease
Confidential	San Francisco Peninsula	38,109	New Lease

Source: CBRE Research, Q3 2026

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



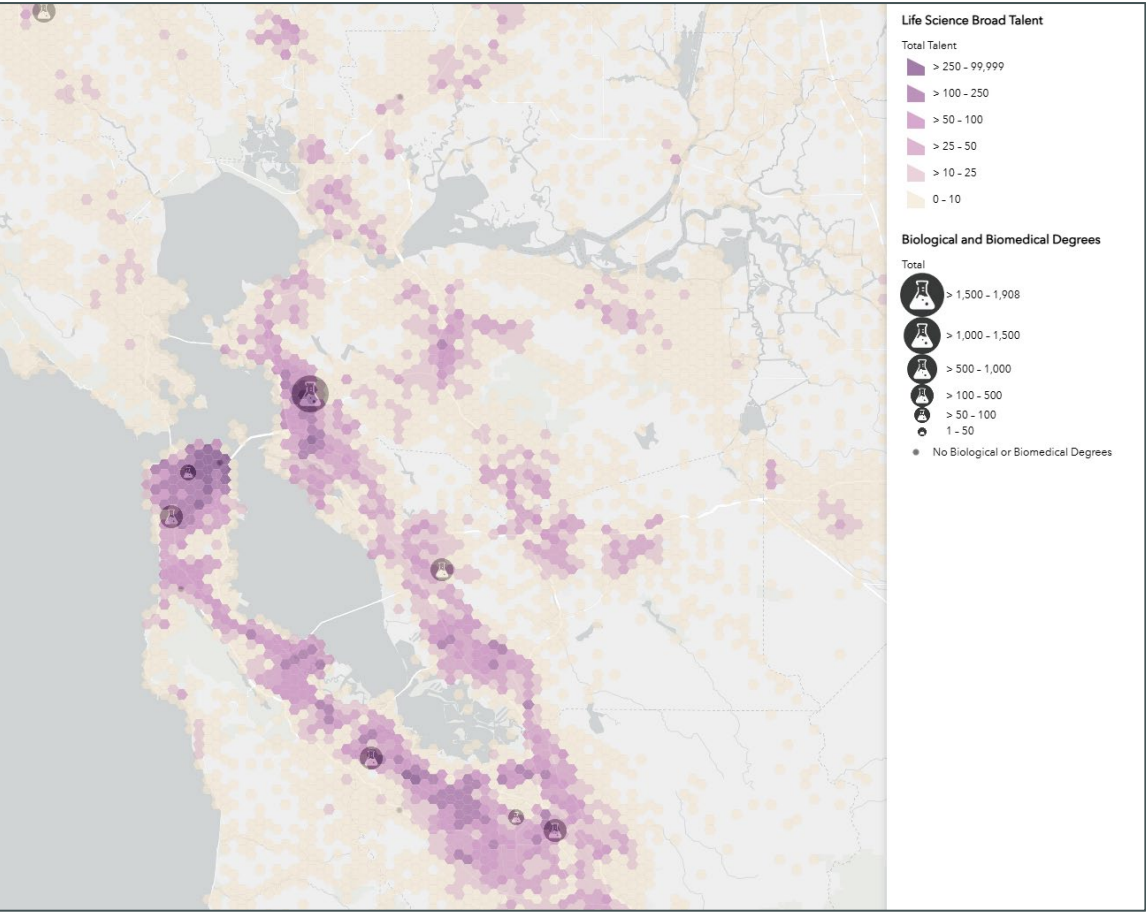
Source: CBRE Research, Q3 2026

FIGURE 6: San Francisco Bay Area Top Life Sciences Occupiers

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

Source: CBRE Research, Q3 2026

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



Source: CBRE Research, Location Intelligence, Q3 2026

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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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