Voit
REAL ESTATE SERVICES

LIFE SCIENCES
ADVISORY GROUP

FIRST QUARTER 2026
MARKET INTELLIGENCE REPORT

SAN DIEGO · LAB / OFFICE

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MARKET REPORT

CORE CLUSTER VACANCY	CLASS A ASKING RENT	Q1 2026 VC ACTIVITY	Q4 2025 M&A RECORD
27.9%	$5.75/SF	$178M	$22.7B
Near cycle highs	Down 15 consecutive qtrs	11 deals · vs. $758M in Q4 2025	National single-quarter record

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EXECUTIVE BRIEF — Q1 2026

Vacancy Rises, Concessions Hold, but Sector Fundamentals Signal Growth

The Tenant Opportunity

Three years of oversupply have produced market conditions that favor tenants in ways that are both real and time-bounded. Class A rents have declined 15 consecutive quarters. Landlords are delivering fully built-out, lab-ready space at or near their all-in cost. Free rent packages on multi-year deals represent 10–20% of total lease value.

The submarket picture matters. UTC and Torrey Pines are absorbing — anchored by Novartis's record 466,598 SF build-to-suit at Campus Point and BMS's 427,000 SF hub now fully occupied. Sorrento Mesa carries 48% of total sublease inventory. Where you sign matters as much as what you negotiate.

CLASS A ASKING RENT
$5.75/SF
15 consecutive quarters of decline

CORE CLUSTER VACANCY
27.9%
Near cycle peak · UTC absorbing, Mesa carrying the majority

CORE CLUSTER AVAILABILITY
31.4%
Down 1.0% from Q4 2025, after 15 consecutive quarters of increase

SUBLET AVAILABILITY
$1.18M SF
Down 20% from cycle peak (Q3 2025)

What This Means For Your Next Lease Decision

If you have a lease expiring in the next 18 months, a funding event behind you, or a footprint decision in front of you — this is the market to move in. We are active across all four submarkets with current deal intelligence, comp data, and submarket-specific positioning.

The Structural Shift

A rebounding exit environment marks a resilient underlying ecosystem. Q4 2025's record $22.7B in M&A confirms San Diego technologies are prime acquisition targets. Overall recycling of capital will fuel funding events for the next vintage of companies.

The window for extraordinary tenant economics is open through 2026 in most submarkets — and through 2027–2028 in the Sorrento corridor. Zero new supply plus recovering demand is a powerful combination. When it inflects, it will move faster than most tenants expect.

San Diego's Structural Advantages Remain Intact

San Diego directly employed 71,448 life science employees contributing $54.1B in economic output in 2025. There are nearly 2,000 companies in the San Diego ecosystem, and growing. Q4 2025's record $22.7B in M&A activity — Avidity ($12B), Cidara ($9.2B), Capstan ($2.1B) — is recycling capital into serial entrepreneurs who will need space within 12–24 months. The next wave of leasing demand is coming.

With Novartis' 466,592 SF Campus Point project in UTC as the only active construction, supply inventory will stabilize. When demand recovers — driven by a VC rebound, IPO window reopening, or biomanufacturing investment — San Diego will tighten faster than peer markets still carrying Boston's 4.2M SF or the Bay Area's 2.8M SF under construction.

Q4 2025 SAN DIEGO M&A ACTIVITY

$22.7 Billion — Q4 2025 National Record

Novartis/Avidity $12B · Merck/Cidara $9.2B · Sobi/Arthrosi $1.5B
Big Pharma targeting differentiated SD platforms ahead of $200B patent cliff. Platform differentiation is the defining currency of this M&A cycle.

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SAN DIEGO CORE CLUSTER AVAILABLE LAB SPACES: DIRECT VS. SUBLEASE

SORRENTO MESA

DIRECT:	3,354,662 SF	39.6%
SUBLEASE:	602,572 SF	7.1%

SORRENTO VALLEY

DIRECT:	532,355 SF	30.0%
SUBLEASE:	145,669 SF	8.2%

TORREY PINES

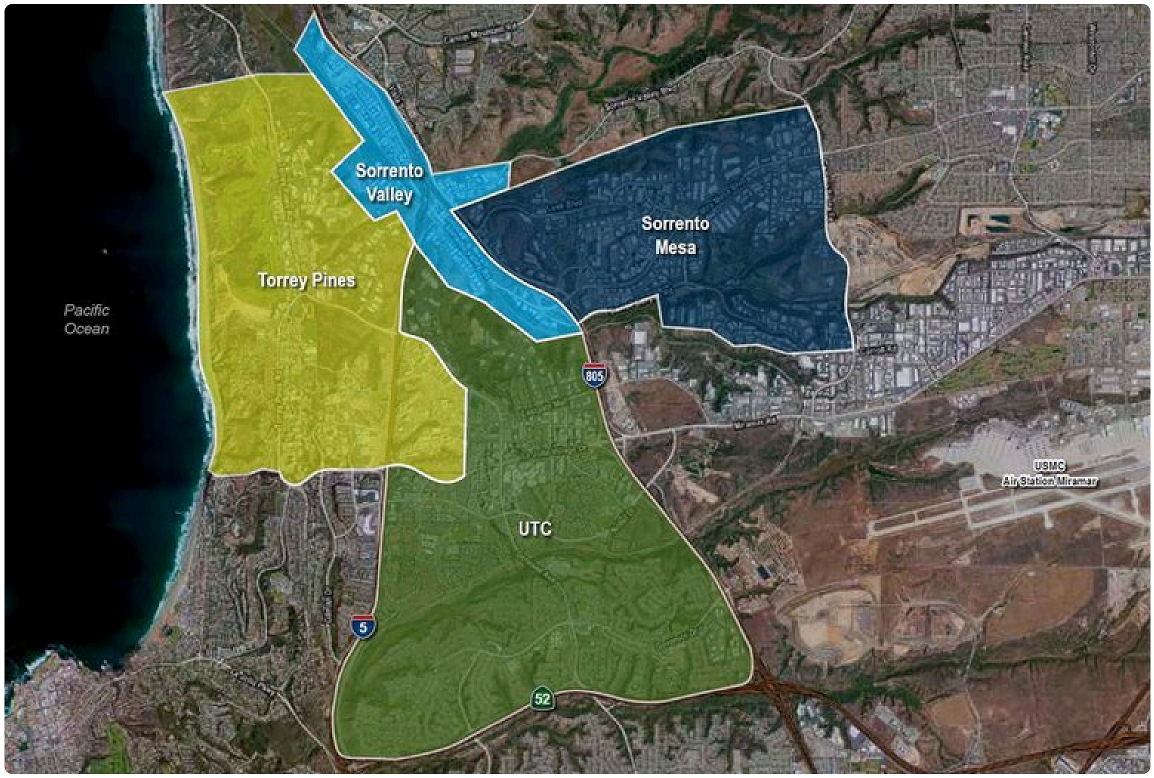
DIRECT:	823,254 SF	13.3%
SUBLEASE:	390,658 SF	6.3%

UTC

DIRECT:	773,776 SF	17.3%
SUBLEASE:	40,691 SF	0.9%

TOTAL AVAILABLE SF

DIRECT:	5,484,047 SF	27.3%
SUBLEASE:	1,179,590 SF	5.7%



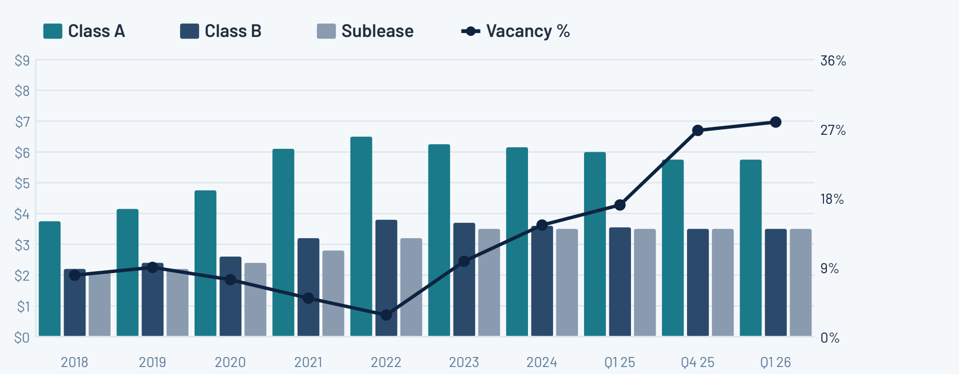
SUBMARKET OVERVIEW

SUBMARKET	INVENTORY (SF)	# BLDGS	Q1 2026 NET ABSORB.	2026 YTD NET ABSORB.	DIRECT VACANCY	TOTAL VACANCY	TOTAL AVAIL.	ASKING RENT ($/SF/Mo NNN)	2026 COMPLETIONS	UNDER CONSTR.
Sorrento Mesa	8,477,394	161	(75,404)	(75,404)	34.5%	39.8%	45.6%	\$5.00 – \$6.50	–	–
Sorrento Valley	1,775,828	67	18,800	18,800	27.3%	33.4%	37.6%	\$4.25 – \$5.75	–	–
Torrey Pines	6,166,965	75	(47,286)	(47,286)	12.1%	15.1%	19.7%	\$5.25 – \$6.50	–	–
UTC	3,995,465	35	(5,272)	(5,272)	18.6%	18.8%	18.3%	\$5.00 – \$5.85	–	466,592
Core Cluster	**20,410,995**	**337**	**(109,162)**	**(109,162)**	**24.3%**	**27.9%**	**31.4%**	**–**	**–**	**466,592**

FUNDAMENTALS

METRIC	VALUE	FCST
Total Vacancy %	**27.9%**	↑
Class A Avg Direct Ask Rent	**\$5.75**	↓
Class B Avg Direct Ask Rent	**\$3.50**	↓
Sublease Avg Asking Rent	**\$3.50**	↓
Under Construction (UC)	**466,592 SF**	↓

CORE CLUSTER VACANCY & NNN (A-B) RENT TRENDS



SD Q1 2026
2026

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RECENT LEASE TRANSACTIONS

6,744 SF
PassPort Technologies
11025 N Torrey Pines Rd · Torrey Pines

✦ VOIT REPRESENTED
12,149 SF
Satomic
3390 Carmel Mountain Rd · Sorrento Valley

✦ VOIT REPRESENTED
12,194 SF
NAAG Forensic PC
6335 Ferris Square · Sorrento Mesa

✦ VOIT REPRESENTED
21,120 SF
Singular Genomics
10010 Mesa Rim Rd · Sorrento Mesa

45,437 SF
Iambic Therapeutics
3545 Cray Ct · Sorrento Mesa

Q1 2026 DEALS BY SIZE

Under 5k SF	56.5%
5k – 10k SF	13.0%
10k – 20k SF	26.1%
Over 20k SF	4.3%

Total deals: 23 · Avg deal size: 7,586 SF · Median: 4,505 SF

SAN DIEGO VC ACTIVITY — Q1 2026

NUMBER OF DEALS
11

TOTAL $ RAISED
$178.0M

LARGEST DEALS

#1 **Rakuten Medical**
$100M · Growth · Therapeutics

#2 **Primmune Therapeutics**
$23.3M · Growth · Drug Discovery

#3 **Recludix Pharma**
$21.5M · Growth · Therapeutics

#4 **Spinogenix**
$10.6M · Growth · Drug Discovery

#5 **MDHOW**
$6.0M · Seed · HealthTech

#6 **Qureator**
$6.7M · Growth · Drug Discovery

#7 **Sarmal**
$5.0M · Series A · Diagnostics

M&A ACTIVITY — Q4 2025 (MOST RECENT)

TOTAL M&A VALUE
$22.7B

NATIONAL RANKING
#1 Qtr

▶ **Novartis / Avidity** — $12B · RNA Therapeutics

▶ **Merck / Cidara** — $9.2B · Antifungal Platform

▶ **Sobi / Arthrosi** — $1.5B · Gout / Rare Disease

Big Pharma's $200B patent cliff continues to drive record M&A. San Diego platforms in RNA therapeutics, oncology, and rare disease are primary targets. Acquirers are paying premium valuations for differentiated assets with clear regulatory paths.

AVAILABLE PROJECTS

PROJECT	AVAILABILITY	RATE
Pacific Center	13,000–174,000 SF	$6.25/SF + OpEx
Vista Sorrento Labs	8,933–115,761 SF	$6.00/SF + OpEx
Directors Science Park	10,174–83,944 SF	$5.75/SF + OpEx
TechCenter@TheRidge	4,955–18,924 SF	$3.50/SF + OpEx
Cornerstone Research Ctr	1,174–7,337 SF	$3.15/SF + OpEx

TENANT OPPORTUNITY SNAPSHOT

TI ALLOWANCE
Turnkey
Landlord-delivered buildout

FREE RENT
2-3 Mo
per year of lease term

MARKET STATUS
Strongly Tenant-Favorable
Rents ↓ 15 qtrs

Recent Voit representation resulted in a concession package that included a turn-key buildout, 65 month term, equivalent of 10 months of base rent abatement, and waiver of remaining lease obligation. Conditions expected to remain tenant-favorable through mid-2027.

DIRECT LEASE VS. SUBLEASE — KNOW YOUR OPTIONS

	DIRECT LEASE	SUBLEASE
Avg. Asking Rent	$5.75/SF (Class A)	$3.50/SF avg.
TI Allowance	Turnkey	Negotiable
Free Rent	2–3 Mo / Year	Multi-month concessions
Term Flexibility	3+ yrs typical	Shorter terms available
Lab Customization	Full — designed to spec	Limited — existing layout
Best For	Funded companies locking in long-term space economics	Capital-conserving teams needing space now, shorter horizon

SUBMARKET QUALITY TIER

TIER 1 — ABSORBING Least leverage

Torrey Pines
15.1% vacancy
Sublease contracting
Stabilizing

UTC
18.8% vacancy
Availability falling
Only submarket w/ UC

TIER 2 — TRANSITIONAL Negotiate hard

Sorrento Valley
33.4% vacancy — only submarket with positive Q1 absorption (+18,800 SF).

TIER 3 — OVERSUPPLIED Max concessions

Sorrento Mesa
39.8% vacancy · 45.6% availability · (75,404 SF) absorbed in Q1. Landlords most motivated.

WHY REPRESENTATION MATTERS

CONCESSIONS ARE NON-STANDARD

Every deal carries a different TI structure, free rent treatment, and escalation schedule. The gap between a landlord's first proposal and what's achievable with current comp data is real — and it's not public information.

SUBMARKET SELECTION IS CONSEQUENTIAL

A Sorrento Mesa deal vs. Torrey Pines at similar asking rent carries meaningfully different long-term economics — on effective rent, exit optionality, and asset quality. That decision requires live market intelligence.

THE WINDOW IS REAL — BUT NOT UNLIMITED

Nationally, sublease inventory has contracted 20% from its 2024 peak. Construction has stopped. When demand recovers this market will tighten faster than it softened.

SAN DIEGO IN CONTEXT — TOP 3 U.S. LIFE SCIENCE CLUSTERS

MARKET	TOTAL VACANCY	CLASS A ASKING RENT	YTD NET ABSORPTION	RENT PREMIUM VS. OFFICE	UNDER CONSTRUCTION
San Diego	27.9%	$5.75/SF	(109,162 SF)	+68%	466,592 SF*
Boston / Cambridge	28.0%	$6.40/SF	(1.2M+ SF)	+61%	4.2M SF
San Francisco Bay Area	33.0%	$5.50/SF	(2.1M+ SF)	+52%	2.8M SF

SD Q1 2026
2026

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SD ECOSYSTEM SIGNALS — LEADING INDICATORS FOR FOUNDERS, CEOS & CFOS

SD LIFE SCIENCE JOBS
71,448
#3 cluster nationally
$54.1B economic output (2024)
Sub-2% sector unemployment

Q1 2026 VC FUNDING
$178M
11 deals · vs. $758M in Q4 2025
Rakuten Medical anchors at $100M
Early-stage severely compressed

Q4 2025 M&A (RECORD)
$22.7B
Record single-quarter total
3 mega-deals closed
Big Pharma targeting SD platforms

AVG LIFE SCIENCE WAGE
$120K+
Per year in San Diego
Significantly above regional median
Deep talent pipeline

WHERE WE ARE IN THE CYCLE

PEAK (2022) — CORRECTION (2023) — TROUGH / OPPORTUNITY ◀ NOW — RECOVERY

Peak vacancy. Zero new construction. Concessions at cycle highs. The setup for recovery is forming — supply has stopped while demand drivers including M&A, AI-native biotech, and biomanufacturing onshoring are all accelerating simultaneously.

KEY LIFE SCIENCE MARKET TRENDS — SAN DIEGO | Q1 2026

CAPITAL IS CONCENTRATING, NOT DISAPPEARING

San Diego's VC market remains active — but the character has changed. The median "early-stage" deal has risen 77% to $26.6M — clinical-stage, not seed. Genuine preclinical financing has compressed to its lowest share of deal volume in a decade.

The Trend. AI-native biotechs now represent one-sixth of biotech VC deals and lease one-third less space per employee. Each VC dollar drives less absorption than in 2019–2022.

The Driver. Capital gravitates to late-stage, de-risked assets with clear regulatory paths. Seed and Series A financing under $50M remains sparse.

2026 Implication. SD's 2025 M&A exits — Avidity ($12B), Cidara ($9.2B), Capstan ($2.1B) — are recycling into serial entrepreneurs who will need space within 12–24 months. The next demand wave is coming. The lag is real.

THE NIH DISRUPTION IS SAN DIEGO'S PROBLEM SPECIFICALLY

Federal funding uncertainty is hitting San Diego's research institutions directly. UCSD — the cluster's largest NIH recipient at ~$560M annually — has paused $565M in planned research construction and imposed a university-wide hiring freeze.

The Trend. UCSD's cancer center received $10.8M in NCI grants at mid-year FY2026 vs. $46.8M for all of FY2025 — a 77% shortfall. Sanford Burnham Prebys, Salk, and Scripps report similar gaps.

The Driver. The issue is not Congressional appropriations — OMB has been throttling delivery of already-approved grants. The volatility alone is disrupting hiring and planning cycles.

2026 Implication. With 25%+ of NIH-funded researchers nationally having laid off lab members, fewer discoveries will reach commercialization. The pipeline impact is 5–10 years out. The urgency is now.

BIG PHARMA IS DOUBLING DOWN ON SAN DIEGO — SPECIFICALLY

The reshoring narrative is already local. Novartis's 466,598 SF build-to-suit at Campus Point — Alexandria's largest-ever life science lease — is under construction as part of a $1.1B SD research complex.

The Trend. BMS's 427,000 SF hub at Campus Point reached full occupancy in Q4 2025. J&J's JLABS hosts 60+ portfolio companies at Torrey Pines. Bora Biologics, TriLink BioTechnologies, and Tanvex CDMO (100k+ SF) anchor a growing Sorrento Valley/Mesa CDMO corridor.

The Driver. Big Pharma faces a $230B+ patent cliff and pays premium for differentiated platforms — RNA therapeutics, drug-Fc conjugates, cell/gene medicine. SD's cluster density makes it a preferred anchor destination.

2026 Implication. Sorrento Mesa and Sorrento Valley — today's highest-vacancy submarkets — are best positioned for biomanufacturing demand. Oversupply that looks like a liability could become an asset as demand shifts toward hybrid lab-manufacturing.

FLIGHT TO QUALITY IS PERMANENT, NOT CYCLICAL

Every major brokerage is reporting the same dynamic: demand has bifurcated between premier lab environments and everything else. UTC and Torrey Pines are absorbing while Sorrento Mesa holds 48% of total sublease inventory.

The Trend. The gap is about talent pipelines, proximity to pharma campuses, and credibility signals. Plug-and-play is gaining: Breakthrough's StudioLabs, Lilly's Gateway Labs, and Alexandria's turnkey suites all command a premium.

The Driver. Early-stage companies pay for functional space that shortens time from signing to first experiment. In a tight fundraising environment, speed to data beats lease economics.

2026 Implication. Torrey Pines and UTC rents recover first. Sorrento Mesa offers aggressive economics the longest — and for the right company, that oversupply is a genuine strategic opportunity. Knowing which tier fits your stage, science, and runway is what the market requires.

SAN DIEGO'S

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