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LIFE SCIENCES
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MARKET INTELLIGENCE REPORT

San Diego Life Sciences Lab / Office

Core Cluster market conditions, capital activity and tenant strategy

Q3 2026

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San Diego Life Sciences Market Intelligence Report · Q3 2026

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01 EXECUTIVE BRIEF

What happened, and what it means

Stabilization with mixed signals: signings rise, net absorption turns negative

Stronger signed leasing and lower marketed availability support stabilization, while negative Q3 net absorption leaves a sustained recovery unconfirmed.

CORE VACANCY	Q3 NET ABSORPTION	SIGNED LEASING	REPORTED AVAILABILITY
28.1%	(215,379) SF	437,771 SF	30.5%
Up 1.0 percentage point QoQ	Q2: +121,354 SF	19 records; up 140.9% QoQ	Down 1.1 percentage points QoQ

Q2's positive net absorption did not repeat. Vacancy rose from a restated 27.1% to 28.1%, and year-to-date net absorption fell to (197,224) SF. Sorrento Valley and UTC gained reported occupied space, while Sorrento Mesa and Torrey Pines lost it. Sustained occupancy growth remains unconfirmed.

Signed leases are a strong forward occupancy indicator. Of the 437,771 SF signed in Q3, 95.6% carries recorded move dates after September. Lower marketed availability adds a constructive signal. The net absorption benefit will depend on when tenants occupy space, whether they expand or relocate, and how much space they release elsewhere in the Core.

Capital and company activity cover the broader San Diego County life-science ecosystem; real-estate fundamentals cover the four-submarket Voit Core Cluster. County venture funding declined to \$391.55M across 16 companies. Two IPOs raised a combined \$614.55M in gross proceeds, reported separately from venture funding. Within the Core, no Q3 deliveries and one building under construction limit new supply pressure, while substantial existing availability preserves tenant choice.

KEY CONCLUSIONS

- 1 Net absorption has not confirmed a sustained turn.**
Positive Q2 net absorption reversed in Q3, leaving sustained occupancy growth unconfirmed.
- 2 Signed leases are a strong forward occupancy indicator.**
Their net market benefit depends on commencement timing, expansion, relocation, consolidation and prior-space releases.
- 3 Tenant choice remains substantial.**
Limited construction coexists with 6.41M SF of reported availability.

● TENANT ADVISOR · WHAT THIS MEANS FOR YOUR NEXT LEASE DECISION

Compare direct-lease and sublease spaces that meet your technical requirements and delivery schedule. Evaluate actual landlord and sublandlord offers for currently available comparable spaces, including total occupancy cost, buildout obligations and expansion or exit provisions. Base the lease decision on the terms and flexibility your operating plan requires. Q3 does not establish an imminent change in concessions.

Sources: CoStar and Voit, four-submarket Core Cluster, through September 30, 2026. Prior-quarter comparisons use CoStar's updated historical figures accompanying the Q3 report. Availability is reported by CoStar. County venture funding: Connect San Diego. IPO proceeds: Voit reconciliation of reported gross proceeds.

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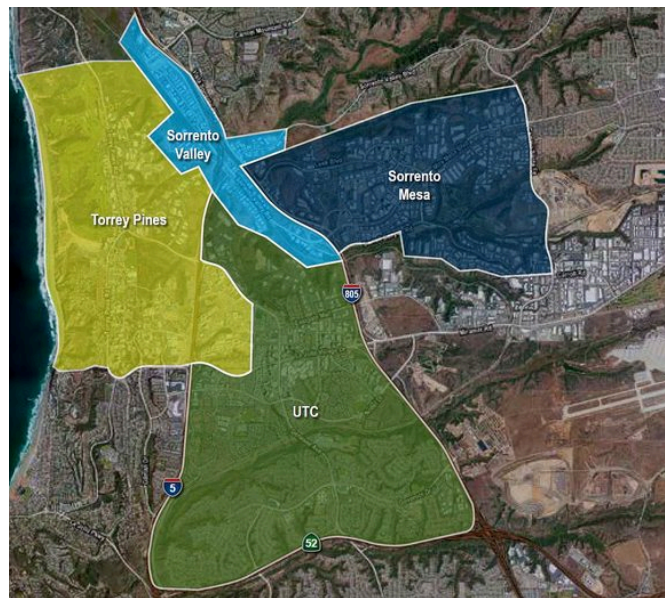
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02 CORE CLUSTER

Where does the market stand?

High vacancy, with sharply different local conditions

Across 338 buildings and 20.53M SF, Torrey Pines remains the tightest submarket while Sorrento Mesa carries the greatest vacancy.



Voigt Core Life Science Cluster: Torrey Pines, Sorrento Valley, Sorrento Mesa and UTC.

CORE CLUSTER TODAY

Q3 2026

28.1%

TOTAL VACANCY

30.5%

REPORTED TOTAL
AVAILABILITY

25.2%

DIRECT VACANCY

The difference between Sorrento Mesa and Torrey Pines vacancy is approximately 28.7 percentage points.

AVAILABLE LAB SPACE: DIRECT AND SUBLEASE

SUBMARKET	DIRECT SF	SUBLEASE SF
Sorrento Mesa	3,305,060	610,719
Sorrento Valley	540,415	106,121
Torrey Pines	799,375	444,368
UTC	687,109	18,430
Core Cluster	5,331,959	1,179,638

Direct availability fell 182,657 SF quarter over quarter, driven primarily by Torrey Pines and UTC. Sublease availability fell 47,338 SF, with Sorrento Valley accounting for the decline.

SUBMARKET OVERVIEW

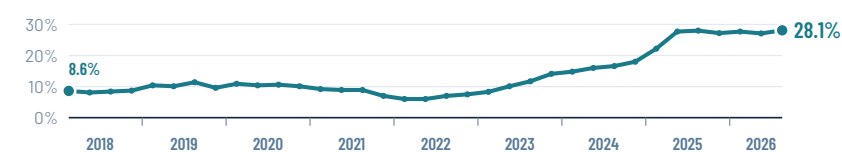
Q3 2026

SUBMARKET	INVENTORY SF	Q3 NET ABSORPTION SF	TOTAL VACANCY	CALCULATED AVAILABILITY ¹
Sorrento Mesa	8,507,833	(283,519)	41.4%	44.9%
Sorrento Valley	1,821,234	+72,124	31.6%	34.9%
Torrey Pines	6,204,328	(29,670)	12.7%	20.0%
UTC	3,995,465	+25,686	22.3%	15.8%
Core Cluster	20,528,860	(215,379)	28.1%	30.5%

Sorrento Valley and UTC gained reported occupied space; Sorrento Mesa and Torrey Pines lost it. These differences show uneven local conditions, but do not establish building quality as the cause.

VACANCY REMAINS ELEVATED

Q1 2018 TO Q3 2026



Reported vacancy rose to 28.1% in Q3 and has ranged from 27.1% to 28.1% over the past six quarters. Inventory changed during that period, so the narrow range alone does not establish a market bottom.

FUNDAMENTALS

METRIC	Q3 2026
Class A average direct asking rent	\$5.75/SF/month ²
Total vacant space	5,777,093 SF
Q3 / YTD net absorption	(215,379) / (197,224) SF
Q3 / YTD completions	0 / 0 SF
Under construction	466,592 SF

Source: CoStar and Voigt Core Cluster, Q3 2026; historical comparisons use CoStar's updated figures accompanying the Q3 report. CoStar reports 6,408,740 SF of total available space, 102,857 SF less than the sum of its separately reported direct and sublease figures. The source does not state the reason for the difference.

¹ Submarket availability rates divide available SF by existing inventory plus under-construction SF. This calculation reproduces CoStar's reported Core availability rate of 30.5% at the displayed precision; it is not a documented CoStar field definition. Vacancy rates use existing inventory.

² The \$5.75 Class A asking rent is a current Q3 measure. No prior-quarter comparison on the same reporting basis is presented. The rent service basis has not been verified.

Rent methodology: Asking rents are withheld for a substantial share of Core Cluster lab properties. Because disclosed asking rents may not represent the broader market, this report does not use published asking-rent averages as a market-wide historical trend measure.

03 WHAT CHANGED THIS QUARTER

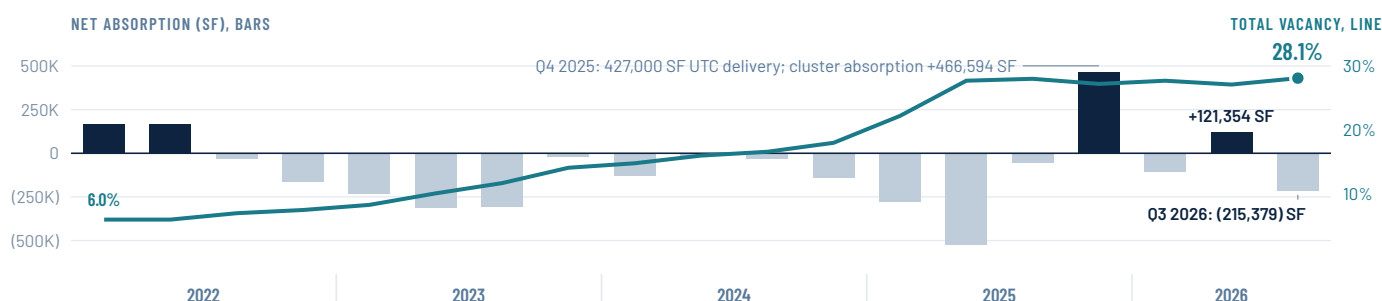
What moved, and does it matter?

Q3 net absorption turned negative as signed leasing strengthened

Sorrento Mesa's reported loss exceeded the Core's net decline, while stronger signings and lower marketed availability improved the forward indicators.

POSITIVE Q2 ABSORPTION DID NOT REPEAT

2022 TO Q3 2026



Net absorption moved from +121,354 SF in Q2 to (215,379) SF in Q3 as vacancy rose from 27.1% to 28.1%.

Source: CoStar

REPORTED OCCUPIED SPACE DECLINED

With inventory unchanged, vacant space increased by 215,379 SF. Direct vacancy drove the net loss. Sorrento Mesa recorded (283,519) SF of net absorption; the other three submarkets together offset 68,140 SF of that decline. The result identifies where reported occupied space fell, but does not establish each tenant's physical departure date or reason.

SIGNED LEASING STRENGTHENED THE FORWARD OCCUPANCY PIPELINE

Signed leasing rose 140.9% from Q2, although it remained 25.5% below Q3 2025. Excluding Capricor, the remaining 266,770 SF still exceeded Q2's entire total by 46.8%. With 95.6% of signed space carrying recorded move dates after Q3, the increase is a strong forward occupancy signal. Its net absorption benefit depends on expansion, relocation and prior-space releases.

MARKETED AVAILABILITY DECLINED

Available space declined by 234,089 SF, including a 47,338 SF reduction in sublease availability. Together with stronger signings, this indicates an easing in marketed supply. It does not establish an equivalent occupancy gain: space can leave marketing before a move-in or for other reasons.

SUBMARKET DIVERGENCE

SUBMARKET	REPORTED Q3 CONDITION
Sorrento Mesa	Largest absorption loss; 41.4% vacancy
Sorrento Valley	Strongest occupancy gain
Torrey Pines	Lowest vacancy; sublease occupancy losses more than offset direct-space gains
UTC	Modest occupancy gain; one large signed lease with a future move date

CYCLE INTERPRETATION

Stabilization with mixed signals. Q3 improved the indicators of future occupancy while reversing Q2's positive net absorption. The quarter strengthens the forward pipeline, but has not yet demonstrated sustained net growth in occupied space.

Conditional sensitivity: former BD facility. A Voit property-record review reports that 318,000 SF remained recorded as occupied through Q2 and changed to vacant in Q3, despite being marketed as vacant since late 2025. Excluding that reported entry would produce a conditional net absorption result of +102,621 SF. Interpreting this as the removal of an earlier vacancy event requires confirmation that the entire space was physically vacant before July 1; that has not been independently established. The calculation does not establish actual positive net absorption. Official Q3 net absorption remains (215,379) SF.

● TENANT ADVISOR · TEST THE SPACE, THEN THE TERMS

Do not assume every landlord faces the same conditions. Compare alternatives within the submarket and size range you can actually use, then test how each owner responds on buildout, free rent and flexibility. Keep a credible second option through negotiations.

Torrey Pines had the Core's lowest vacancy at 12.7%. Its (29,670) SF of Q3 net absorption reflected sublease space that became vacant; direct space recorded +30,017 SF. Lower vacancy may narrow suitable options, but neither statistic establishes the terms available for a specific space. Compare landlord offers and suitable subleases before deciding which concessions or flexibility provisions to accept.

Source: CoStar and Voit Core Cluster, through September 30, 2026, using the updated Q3 historical figures. The BD sensitivity reflects Voit's October 2 property-record review; the underlying records and date of full physical vacancy have not been independently verified. Reported market figures are unchanged.

04 DEMAND & LEASING

Who is actually taking space?

Leasing rebounded, led by a few larger signed leases

Nineteen lease records totaled 437,771 SF, with six records of at least 20,000 SF accounting for 83.9% of the space.

EVIDENCE · Q3 2026 LEASE TRANSACTIONS

19 DEALS · 437,771 SF

TENANT / RECORD	ADDRESS	SUBMARKET	SIGNED	SF	TYPE
Not disclosed	4939 Directors Pl	Sorrento Mesa	Sep	28,944	Direct
Not disclosed	4939 Directors Pl	Sorrento Mesa	Sep	33,138	Direct
Avalon Bioventures	11099 N Torrey Pines Rd	Torrey Pines	Sep	34,336	Direct
Not disclosed	6330 Nancy Ridge Dr	Sorrento Mesa	Sep	5,045	Direct
Not disclosed	6185 Cornerstone Ct E	Sorrento Mesa	Sep	1,174	Direct
Not disclosed	10578 Science Center Dr	Torrey Pines	Sep	19,361	Direct
Not disclosed	11575 Sorrento Valley Rd	Sorrento Valley	Sep	1,087	Direct
Not disclosed	11585 Sorrento Valley Rd	Sorrento Valley	Sep	6,930	Direct
Somatek	9990 Mesa Rim Rd	Sorrento Mesa	Sep	4,296	Direct
Not disclosed	11010 Roselle St	Sorrento Valley	Aug	9,546	Sublease
Not disclosed	11149 N Torrey Pines Rd	Torrey Pines	Aug	48,696	Direct
Not disclosed	6197 Cornerstone Ct E	Sorrento Mesa	Aug	1,142	Direct
Not disclosed	6370 Nancy Ridge Dr	Sorrento Mesa	Aug	4,955	Direct
Not disclosed	6190 Cornerstone Ct E	Sorrento Mesa	Aug	4,522	Direct
Not disclosed	6195 Cornerstone Ct E	Sorrento Mesa	Jul	1,210	Sublease
Iambic Therapeutics	3545 Cray Ct	Torrey Pines	Jul	51,073	Direct
Calidi Biotherapeutics	5580 Morehouse Dr	Sorrento Mesa	Jul	9,038	Direct
Capricor Therapeutics	9625 Towne Centre Dr	UTC	Jul	171,001	Direct
MileCell	6185 Cornerstone Ct E	Sorrento Mesa	Jul	2,277	Direct
Total				437,771	19 deals

SUPPORTING ANALYSIS · DEALS BY SIZE

SIZE	DEALS	SHARE OF DEALS	SF
Under 5,000 SF	8	42.1%	20,663
5,000 to under 10,000 SF	4	21.1%	30,559
10,000 to under 20,000 SF	1	5.3%	19,361
20,000 SF and above	6	31.6%	367,188

Small deals dominate the count; larger signed leases dominate square footage.
Median deal: 6,930 SF.

INTERPRETATION · SIGNED LEASING VS. OCCUPANCY

The 437,771 SF signed in Q3 forms a meaningful forward occupancy pipeline, up 140.9% from Q2 but down 25.5% from Q3 2025. Recorded move dates place 95.6% of that space after quarter-end. Capricor's 171,001 SF lease lists January 2027; two Directors Place records totaling 62,082 SF list October 2028. Five records list move dates within Q3.

Signed leases are a strong indicator of future occupancy. Their net absorption impact depends on commencement timing, expansion versus relocation or consolidation, and space released elsewhere in the Core. Tenant names are unavailable for 13 of the 19 records shown, and prior footprints and space releases are not fully known. Signed square footage therefore cannot be treated as an equal amount of future positive net absorption.

● TENANT ADVISOR · USE TIMING AS A NEGOTIATING TOOL

Ask when a space can be delivered in the condition your team needs, and separate that date from signing and rent commencement. Longer-dated signed leases can remove choices before tenants move in. Keep alternatives under review, verify any remaining availability directly, and negotiate responsibility for fit-out delays. The lease should connect payment obligations to the delivery milestones that matter to your operations.

Source: CoStar lease records signed in Q3 2026 within the four-submarket Voit Core Cluster. The two floors at 4939 Directors Place are counted separately. Counts represent lease records, not necessarily distinct tenants. Recorded move dates indicate expected occupancy timing; signed SF is not a forecast of positive net absorption. Percentages may not sum to 100% because of rounding.

05 CAPITAL & COMPANY ACTIVITY

Is capital rebuilding future demand?

Capital is flowing selectively; its contribution to additional space demand is not yet established

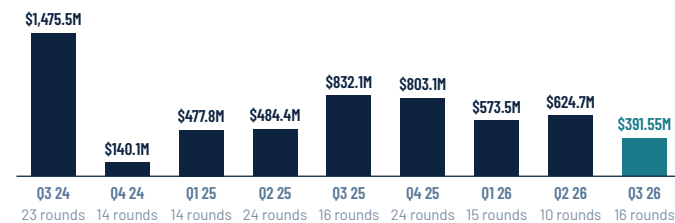
Within the San Diego County life-science ecosystem, more venture rounds and two completed IPOs support selected companies without establishing broader space-demand growth.

Capital and company activity cover the San Diego County life-science ecosystem. Real-estate fundamentals elsewhere in this report cover the four-submarket Voit Core Cluster.

A VENTURE FUNDING

\$391.55M across 16 companies

QUARTERLY VENTURE FUNDING, Q3 2024 TO Q3 2026



More rounds in Q3 did not offset the decline in disclosed dollars. Source: Connect San Diego

Q3 DOLLARS BY RECORDED STAGE



Rounds classified as Growth received 82.1% of disclosed venture funding.

Stage classifications follow Connect San Diego; Growth does not necessarily indicate a late clinical stage.

B M&A AND EXITS

Transaction value, not new capital

TRANSACTION	Q3 LIFECYCLE	VALUE / FINANCING DISTINCTION
Vertex / Crinetics	Announced July 6; closed September 1	Approximately \$10.0B acquisition value; one transaction
Werewolf / Ambros	Announced August 21; pending	Separate \$150M PIPE pending with merger
Skye / Redx	Announced August 17; pending	\$125M associated financing reported; transaction value undisclosed

Crinetics' facility outcome remains unknown. Pending combinations and their financing do not count as completed acquisitions or venture funding.

C PUBLIC MARKET ACCESS

COMPANY	GROSS IPO PROCEEDS	COMPLETED
ADARx	\$446.25M	September 2026
BlossomHill	\$168.30M	August 2026
Combined	\$614.55M	Q3 2026

BlossomHill includes its Q3 partial option exercise. ADARx excludes the October 1 option exercise. IPO proceeds are separate from venture funding.

These offerings demonstrate public-market access for selected companies. They do not establish a broad reopening or associated Q3 facility expansion.

D RESEARCH FUNDING

UC San Diego reported nearly \$1.8B in FY2026 sponsored awards across all disciplines, alongside continuing Q3 institutional grants. National NIH funding commitments accelerated late in the fiscal year after an earlier lag. These measures support research activity, although the timing of funding remains relevant to program planning. They do not measure capital raised by local companies or additional commercial space demand.

DEMAND CONVERSION

Capital availability and additional space demand are separate questions. Funding can support work within existing facilities or outsourced programs, including clinical trials conducted outside the United States, without expanding a company's San Diego footprint. Acquisition integration may also consolidate space. Additional demand in 2027-2028 remains conditional on funded programs creating requirements beyond existing capacity; it is not a forecast.

● TENANT ADVISOR · CONNECT THE LEASE TO OPERATING NEEDS

Size a commitment around the laboratory program your funded plan can support, and identify what would trigger additional space. Treat financing as a reason to reassess runway and flexibility, rather than an automatic expansion signal. Compare the cost of taking extra space now with a negotiated expansion option. Track the time needed for permitting, fit-out and commissioning before setting a target move date.

Venture funding and stage classifications: Connect San Diego, San Diego County life sciences. IPO proceeds: Voit reconciliation of reported gross proceeds. M&A and research: published company, institutional and news reporting. Acquisition values, pending transaction financing, IPOs and research awards are shown separately from venture funding and are not added into a single capital total.

06 SUPPLY & COMPETITIVE LANDSCAPE

What will tenants be choosing from?

Existing space defines the near-term choice set

Limited active construction does not yet mean scarce tenant options across the Core Cluster.

The Core has 6.41M SF of reported availability; practical choices depend on lab suitability, contiguous space and delivery readiness.

UNDER CONSTRUCTION

466,592 SF

One UTC building under construction

NEAR-TERM PIPELINE STATUS

0 SF delivered in Q1-Q3 2026

Bridgewest remains proposed/entitled

NEXT POTENTIAL NEW AVAILABILITY

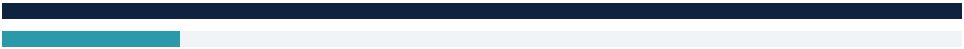
Delivery timing unconfirmed

Precommitted Novartis project; not future tenant inventory

Prior reports associate the remaining construction with a precommitted Novartis project. Its current delivery schedule and the timing of new space available to other tenants have not been confirmed. With 6.41M SF already reported available, the immediate question is how well existing buildings meet tenant requirements and how quickly that space is absorbed.

WHAT TENANTS CHOOSE FROM: DIRECT AND SUBLEASE AVAILABILITY

SF BY SUBMARKET

Sorrento Mesa		3,305,060 SF direct 610,719 SF sublease
Sorrento Valley		540,415 SF direct 106,121 SF sublease
Torrey Pines		799,375 SF direct 444,368 SF sublease
UTC		687,109 SF direct 18,430 SF sublease

Sorrento Mesa contains the most direct availability; Torrey Pines retains 444,368 SF of sublease competition despite having the Core's lowest vacancy.

■ Direct ■ Sublease

LARGE REQUIREMENTS DEPEND ON CONTIGUOUS, SUITABLE SPACE

The Core contains 6.41M SF of reported availability, including 3.31M SF of direct availability in Sorrento Mesa. These totals establish substantial marketed space, but not the number of contiguous blocks a tenant can use. A large requirement still needs verification of remaining area, laboratory condition and delivery date. Q3 signed leases can change the choices before recorded move dates occur.

MARKET SEGMENTATION BY AVAILABILITY SIZE

Q3 2026

AVAILABILITY SIZE	<1,000 SF	1,001-5,000 SF	5,001-10,000 SF	10,001-20,000 SF	20,001-50,000 SF	50,001+ SF
No. properties	4	33	48	67	81	35
No. available spaces	35	70	70	119	165	104

Available-space counts are highest in the 10,001-50,000 SF ranges, while the market also retains 104 listed spaces above 50,000 SF.

CONTEXT · MAJOR U.S. LIFE-SCIENCE CLUSTERS

Q2 2026

CBRE-DEFINED MARKET, Q2 2026	TOTAL VACANCY	UNDER CONSTRUCTION
Boston-Cambridge	28.7%	2,109,000 SF
San Francisco Bay Area	31.1%	138,500 SF
San Diego, CBRE-defined	26.3%	466,598 SF

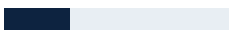
Source: CBRE, Q2 2026, market-wide laboratory and R&D properties. CBRE's San Diego market covers 28.54M SF and differs from the Voit Core Cluster. These figures provide prior-quarter context, not a Q3 market ranking or a comparison of recovery speed.

07 KEY THEMES

What matters beyond this quarter?

Market-wide slack remains substantial; opportunity depends on fit, timing and operating needs

Three forces explain how stronger forward leasing signals, substantial tenant choice and selective company activity can coexist.

THE FORCE	EVIDENCE	TENANT IMPLICATION
01 MARKET Stabilization signals have strengthened; sustained recovery remains unconfirmed Stronger quarterly signed leasing and lower marketed availability support stabilization, while negative net absorption shows that those forward signals have not yet produced sustained market-wide occupancy growth.	FORWARD SIGNALS 437,771 SF signed in Q3, +140.9% QoQ; 95.6% carries move dates after Q3 (234,089) SF change in marketed availability REALIZED OCCUPANCY (215,379) SF Q3 net absorption 28.1% vacancy, up from 27.1%	→ Suitable space can be leased before a broad recovery appears in vacancy or net absorption. Stronger signings are constructive, but they do not yet establish sustained market-wide tightening.
02 PROPERTY & REQUIREMENT Substantial tenant choice does not translate into uniform negotiating leverage Existing inventory provides extensive near-term choice, but the alternatives a tenant can actually use depend on submarket, technical suitability, contiguous size, readiness and delivery timing.	Sorrento Mesa  41.4% Torrey Pines  12.7% ~28.7 pts vacancy spread 6.4M SF reported availability Torrey Pines retains 444,368 SF of sublease space 0 SF delivered Q1-Q3 2026; 466,592 SF under construction is precommitted	→ Leverage comes from executable alternatives and actual competing offers, not the Core vacancy rate alone. High aggregate availability does not give every requirement the same choices or negotiating position.
03 COMPANY Capital supports selected companies; footprint growth depends on operating needs Financing and corporate activity can support programs and reshape companies, but additional local space demand depends on funded operating requirements, existing capacity, outsourcing and integration decisions.	\$391.55M County VC across 16 companies; down 37.3% QoQ; top three rounds 58.7% of disclosed funding \$614.55M gross from two completed IPOs, separate from VC ~\$10B Vertex / Crinetics; facility outcome unknown <i>San Diego County capital activity, not Core Cluster real-estate statistics.</i>	→ Capital creates potential demand, but footprint decisions should follow funded programs, required capacity and the company's operating plan.

WHAT TIES THESE THEMES TOGETHER

San Diego still offers substantial tenant choice, but the decisions that matter are specific to the requirement: which spaces are actually usable, when they can be delivered, and whether the company's operating plan supports the commitment.

The practical advantage comes from testing credible alternatives early and structuring the lease around the company's actual milestones.

Structure the lease around your milestones and cash needs

Q3 leaves substantial tenant choice, with negotiating strength determined by the space, the owner and the commitment you can make.

CONCESSION REFERENCE POINTS FOR Q3 NEGOTIATIONS

BUILDOUT	FREE RENT	OFFER COMPARISON
Turnkey buildout packages are a negotiating reference; compare delivered specifications and tenant-funded work.	Documented examples include 2–3 months of abatement per lease year. The amount and timing depend on the offered lease package.	Compare actual landlord and sublandlord offers for currently available comparable spaces, including buildout, free rent, term and security requirements.

Source: Voit Q2 2026 report and Voit market observations through Q3 2026. Quantified examples were documented in Q2; these structures remain relevant to Q3 negotiations based on Voit market observations. They are negotiating reference points, not a measured Q3 market standard or guaranteed terms.

LEASE STRUCTURING CONSIDERATIONS

- Early Termination Option**
 Request a one-time termination option around month 18 or 24 if that aligns with a financing or regulatory decision. Evaluate the termination fee, notice period and any required repayment of concessions before assessing the option's value. Compare the total cost with a shorter initial term.
- Expansion Through Lease Replacement**
 When expanding within a project, ask for a replacement lease covering the combined footprint. A single expiration and delivery plan can simplify operations. Reopen the concession discussion, then compare the combined cost and remaining obligations with an expansion amendment or a move.
- Milestone-Based Security Deposit Reductions**
 Propose staged reductions tied to clearly defined funding or payment milestones. Specify the amount released, timing, documentation and conditions. Prior examples cited reductions of 25%–50%; these are negotiating reference points, not established Q3 market terms. Assess whether the release schedule returns cash when the operating plan requires it.
- Letter of Credit as Lease Security**
 Compare a letter of credit with a cash deposit using the bank's actual fees and collateral requirements. A letter of credit preserves operating liquidity only to the extent that required cash collateral is lower than the cash deposit it replaces. Negotiate draw conditions, expiration, renewal and reductions together, then compare total cost and accessible cash under both structures.

NEGOTIATING CONSIDERATIONS BY SUBMARKET

SUBMARKET	Q3 EVIDENCE	NEGOTIATING APPROACH
Sorrento Mesa	41.4% vacancy; negative net absorption	Compare total occupancy costs and flexibility across suitable available spaces.
Sorrento Valley	31.6% vacancy; reported occupied space increased	Compare available spaces and offered terms in light of Q3 occupancy gains.
UTC	22.3% vacancy; modest reported occupancy gain	Compare delivery condition, tenant-funded buildout and lease term across suitable alternatives.
Torrey Pines	12.7% vacancy; sublease occupancy losses more than offset direct-space gains	Evaluate technical fit, expansion rights and suitable sublease alternatives.

● TENANT ADVISOR · ALIGN LEASE TERMS WITH THE OPERATING PLAN

Negotiate lease economics and flexibility against actual landlord and sublandlord offers for currently available comparable spaces. Match the lease term, security requirements and expansion commitments to business milestones, and retain a workable alternative. Q3 supports a competitive search, but does not establish that every concession or structure will be available. Commit when suitable space, delivery timing and total occupancy cost support the operating plan.

09 MARKET OUTLOOK

What happens next?

Base case: stabilization, with net absorption the next test

Scheduled occupancy will test whether stronger signed leasing produces net gains after relocations, consolidations and prior-space givebacks.

BASE CASE AND CYCLE POSITION

Q3 2026



Stabilization with mixed signals. The base case is an uneven adjustment across existing buildings, with continued tenant choice. Q3 signed leases provide a strong forward occupancy indicator, but a stronger recovery assessment requires sustained positive net absorption after relocations, consolidations and prior-space releases. Repeated occupancy losses, rising vacancy and renewed growth in marketed availability would weaken the stabilization case.

SUPPORTING EVIDENCE

- 1 Signed leasing rose 140.9% QoQ; excluding Capricor, volume still exceeded Q2's entire total by 46.8%.
- 2 Reported available SF fell 234,089; sublease availability fell 47,338 SF QoQ.
- 3 No deliveries occurred in Q1-Q3; one 466,592 SF building remains under construction.
- 4 Positive Q2 net absorption remains valid in CoStar's updated historical figures, providing evidence of an earlier improvement that Q3 did not repeat.

RISKS AND COUNTEREVIDENCE

- 1 Q3 net absorption was (215,379) SF; vacancy rose to 28.1%; year-to-date net absorption was (197,224) SF.
- 2 Only two submarkets gained occupancy. Leasing is below Q3 2025 and concentrated in a few records.
- 3 Most signed SF is scheduled beyond Q3; the net benefit depends on relocation, expansion and the timing of prior-space givebacks.
- 4 County VC dollars declined; research-funding timing and acquisition integration could affect future requirements.
- 5 Comparable Q3 evidence does not establish a market-wide change in concessions or effective occupancy costs; current workforce evidence is also incomplete.

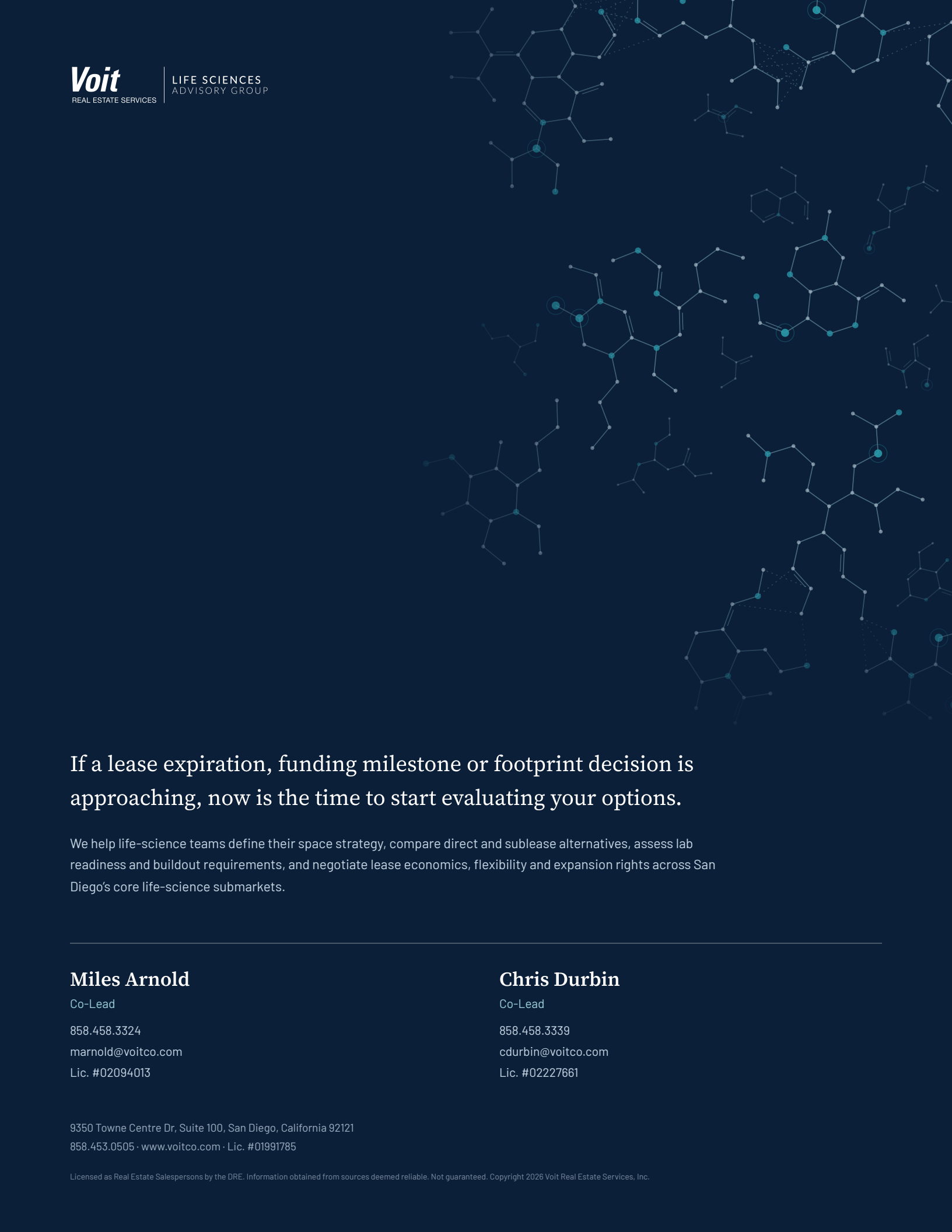
CONDITIONS THAT WOULD CHANGE THE OUTLOOK

INDICATOR	Q3 POSITION	WHAT WOULD CHANGE THE ASSESSMENT
Sustained occupancy growth	(215,379) SF net absorption; 28.1% vacancy	Two consecutive future quarters of positive net absorption with falling vacancy would strengthen the recovery case. Repeated losses and rising marketed availability would weaken stabilization.
Breadth of occupancy gains	Two of four submarkets recorded positive net absorption	Positive net absorption in at least three submarkets for two consecutive future quarters would indicate a broader improvement.
Net impact of Q3 lease commitments	418,641 SF carries recorded move dates after Q3	Scheduled occupancy in Q4 and 205,337 SF scheduled for 2027 would strengthen demand if gains exceed associated prior-space releases. Delays or offsetting releases would reduce the net benefit.
Marketed and sublease availability	6,408,740 SF total; 1,179,638 SF sublease	Sustained declines would reduce marketed supply; repeated increases would indicate renewed pressure.
Capital translating into space	County VC of \$391.55M across 16 companies	Verified additional space requirements, expansion leases and net occupancy gains among funded companies would support a 2027-2028 demand contribution.
Negotiated lease economics	No comparable Q3 series	Consistent changes in free rent, buildout contributions and total occupancy cost across comparable offers and executed leases would indicate changing negotiating conditions.

● TENANT ADVISOR · PLAN FOR SEVERAL OUTCOMES

Build a footprint plan that works if the market improves gradually or remains soft. Secure space for committed programs and negotiate options for uncertain growth. Align funding milestones, lease notices and buildout decisions. Reassess the plan when operating requirements, market occupancy or actual landlord and sublandlord offers for comparable available spaces change. A single quarterly headline is not sufficient reason to accelerate a long-term commitment.

The two-quarter and submarket thresholds are judgment-based indicators for this outlook, not statistically validated rules or forecasts. Recorded move dates indicate expected timing; net absorption also reflects space released elsewhere. Future comparisons should use consistent definitions and updated historical figures.

The background of the entire page is a dark blue gradient. Overlaid on this are several complex, light blue molecular structures. These structures consist of interconnected lines representing bonds and small circles representing atoms. Some atoms are highlighted with a slightly different shade of blue. The molecules are scattered across the upper and right portions of the page, creating a scientific and technological aesthetic.**Voit**

REAL ESTATE SERVICES

LIFE SCIENCES
ADVISORY GROUP

If a lease expiration, funding milestone or footprint decision is approaching, now is the time to start evaluating your options.

We help life-science teams define their space strategy, compare direct and sublease alternatives, assess lab readiness and buildout requirements, and negotiate lease economics, flexibility and expansion rights across San Diego's core life-science submarkets.

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