



**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>26.1%</b> Vacancy Rate	▲	▲
<b>-3.0M</b> YTD Net Absorption, SF	▼	▼
<b>\$6.02</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▼

**ECONOMIC INDICATORS**

	YOY Chg	12-Month Forecast
<b>4.1M</b> Bay Area Employment	▲	▲
<b>5.6%</b> Bay Area Unemployment Rate	▲	▼
<b>4.2%</b> U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

**ECONOMIC OVERVIEW**

Life sciences employment across the Bay Area ended the fourth quarter of 2024 at 117,512 positions, with some of the largest employers in the region being BioMarin Pharmaceutical, Amgen, and Gilead Sciences. Though not as significant as the technology layoffs reported since late last year, the industry recorded almost 2,000 job losses in the fourth quarter. Life sciences in the Bay Area partially thrives from funding to universities from the National Institutes of Health (NIH), and in the fourth quarter, Stanford ranked eighth while UCSF took the fourth spot, based on dollars awarded.

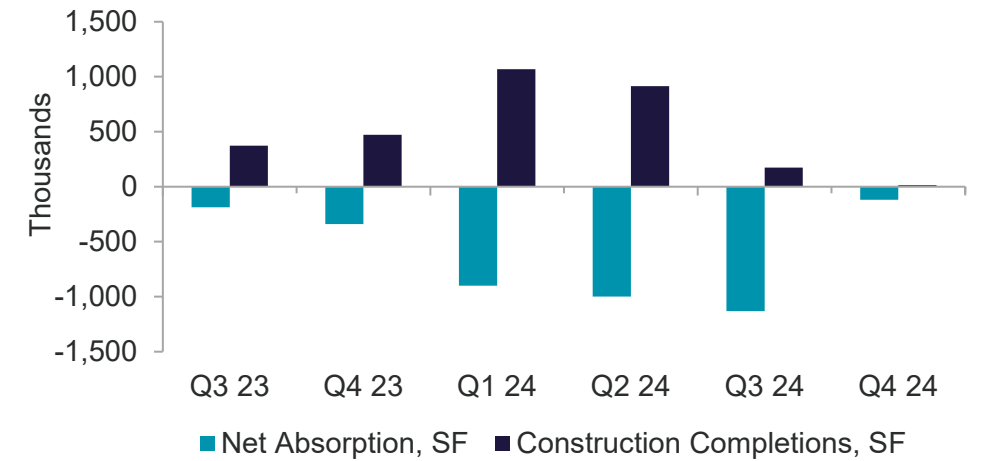
Venture capital funding into Bay Area life sciences companies in the fourth quarter came in at \$1.5 billion. During that period, Bay-Area headquartered companies received 21.5% of the U.S. funding; The largest deals in the region went to Redwood City-based Nuvig Therapeutics at \$161.0 million and Palo Alto-based Evonmune at \$115.0 million.

**SUPPLY & DEMAND: LEASING COMBATS RISING VACANCY IN SAN MATEO COUNTY**

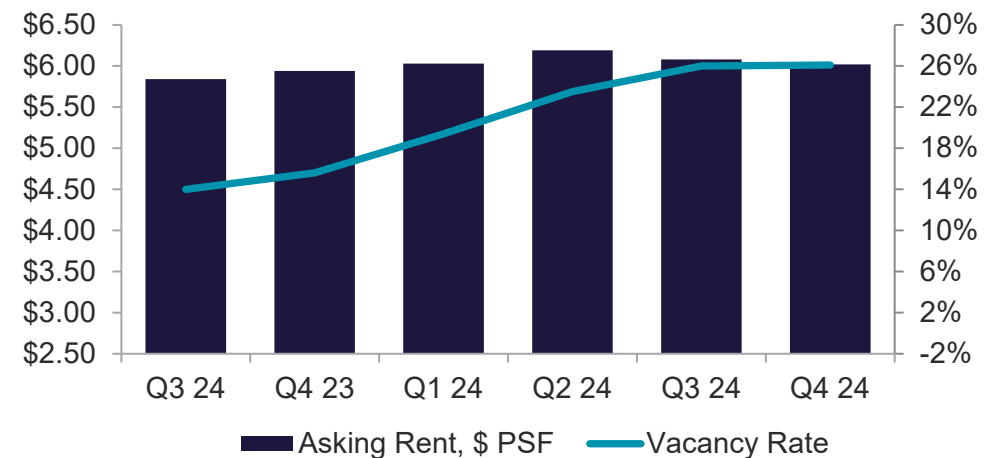
The overall vacancy rate at the end of the fourth quarter of 2024 reached 26.1%, up 30 basis points (bps) from 25.8% in the third quarter of 2024 and up 1,040 bps from 15.7% one year ago. Direct vacancy climbed to a new high of 9.6 million square feet (msf), up from 9.3 msf in the third quarter. Sublease vacancy quarter-over-quarter was stable at 3.1 msf, however a sharp increase from 2.0 msf one year ago. New construction deliveries, additional layoffs, and further economic instability will elevate vacancy into 2025.

There was 1.8 msf of total leasing activity (new leases and renewals) for the fourth quarter, up significantly from both the 693,414 sf in the third quarter of 2024, and 366,424 sf from the same period last year. New leases made up 51.0% or 920,206 sf, while renewals made up 49.0% or 885,038 sf of total activity. The county with the highest gross absorption was South San Francisco at 749,332 sf, making up a dramatic 41.5% of total activity in the Bay Area.

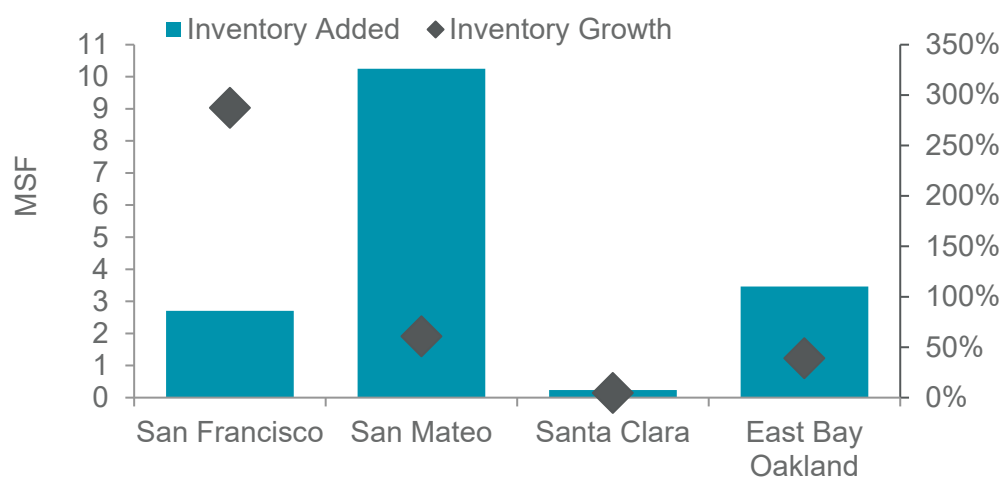
**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



**INVENTORY GROWTH SINCE 2015 (MSF)**

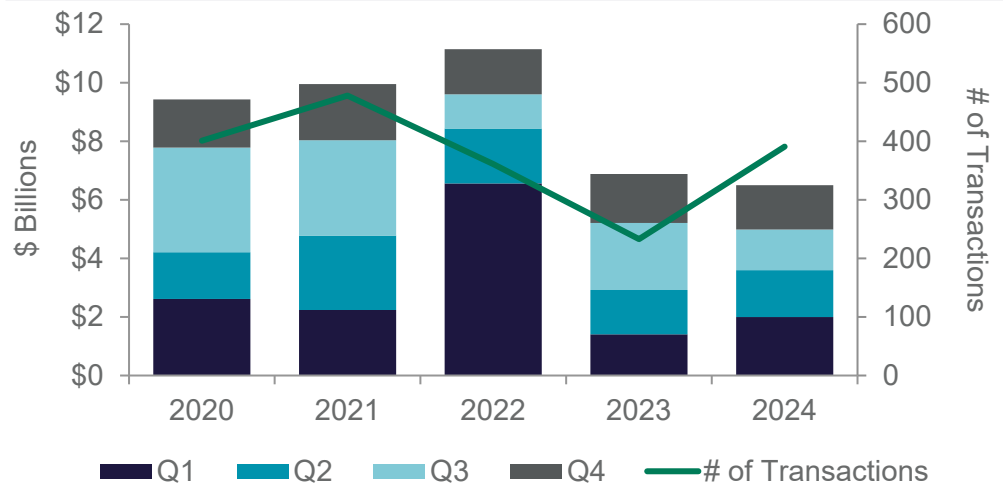


**SUPPLY: TWO MASSIVE PROJECTS ADDS ONE MILLION SQUARE FEET TO NORTH SAN MATEO COUNTY**

There were two ground-up developments completed in the fourth quarter of 2024: Kilroy Oyster Point Phase II (865,152 sf) in South San Francisco and ARE Millbrae Phase I (285,000) – with the latter project pre-leased to Eikon Therapeutics. A total of 2.6 msf is under construction with deliveries expected through 2025, with all projects being speculative. The largest ground-up developments include SPUR Phase I in South San Francisco (350,000 sf), and Avia Labs in Millbrae (315,000 sf).

Conversions were more active in the Bay Area in the fourth quarter with roughly 353,035 sf in the pipeline. Projects under renovation are GENESIS - Skyway (244,561 sf) in San Carlos and 2400-270 Charleston Road (108,474 sf) in Mountain View.

**VENTURE CAPITAL FUNDING (\$ BILLIONS)**



**PRICING: RENTS REMAINED MUTED**

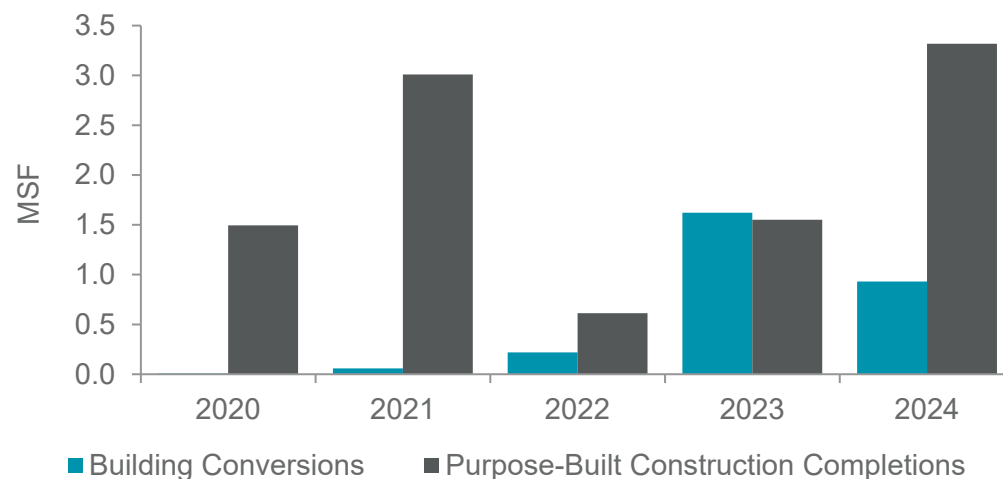
The overall average asking rent for Bay Area life sciences space closed out the fourth quarter at \$6.02 per square foot (psf) on a monthly triple net basis, down 1.1% from the third quarter, though up 1.3% from one year ago.

San Francisco continued to lead the Bay Area with the highest rents at \$7.17 psf. This was mostly due to large new blocks of vacancy including 200 Kansas Street, 1800 Owens Street, and 1450 Owens Street. Though San Francisco was the top county, Redwood Shores was the submarket that commanded the highest rent at \$7.25 psf.

**TENANTS IN THE MARKET:**

There were 79 life sciences tenants in the market throughout the Bay Area at the close of the fourth quarter of 2024, totaling 2.3 million sf with an average requirement size of 29,440 sf. San Mateo County counted the most tenant requirements at 51 while Santa Clara County had the highest average requirement size at just over 44,000 sf.

**CONVERSIONS / DELIVERIES**



**OUTLOOK**

- New construction and conversion deliveries in 2025 are expected to raise the overall asking rent, though also increase vacancy.
- Life sciences building sales will likely be muted in 2025 due to high interest rates and market volatility.
- Sublease availability is projected to increase over the next few quarters as life sciences companies give back space in an attempt to conserve cash in this challenging funding environment.
- Venture capital funding remains a primary driver for the market as this funding leads to growth and increased leasing activity. It is expected to be a key factor in the market's recovery.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL TYPES)*
San Francisco County	3,649,326	280,522	466,191	20.5%	38,967	-71,816	65,589	0	\$7.17
San Mateo County	27,135,623	1,889,585	4,947,463	25.2%	-769,521	-1,771,759	2,580,073	2,560,420	\$6.46
Santa Clara County	5,401,505	185,527	662,756	15.7%	-118,610	-385,111	550,116	0	\$4.86
East Bay Oakland	12,321,598	757,491	3,475,076	34.4%	-283,089	-799,940	490,992	0	\$5.14
<b>BAY AREA TOTALS</b>	<b>48,508,052</b>	<b>3,113,125</b>	<b>9,551,486</b>	<b>26.1%</b>	<b>-1,132,253</b>	<b>-3,028,626</b>	<b>3,686,770</b>	<b>2,560,420</b>	<b>\$6.02</b>

\*Rental rates reflect NNN asking

\*\*Delivery of Kilroy Oyster Point and ARE Millbrae is reflected in revised statistics

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
825 Industrial Rd	San Carlos	Vaxcyte	258,581	Renewal
751 Gateway Blvd	South San Francisco	Genentech	230,592	Renewal
3410-3420 Central Expy	Santa Clara	Intuitive Surgical	212,899	Renewal
1100 Veterans Blvd	South San Francisco	Cellares	112,539	New Lease
ELCO Yards	Redwood City	Chan Zuckerberg Institute	110,817	New Lease

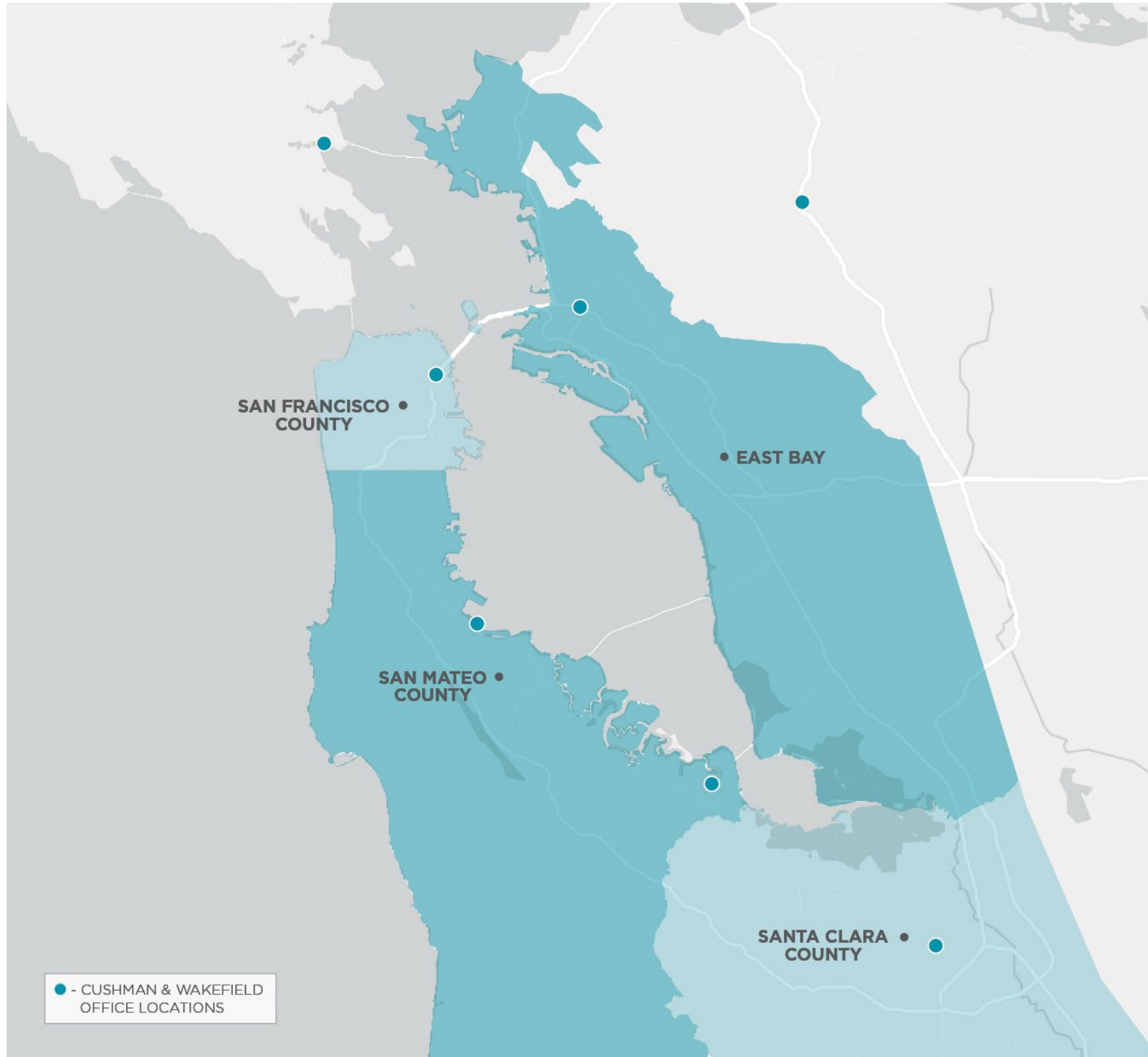
KEY CONVERSION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
901-951 Mariners Island Blvd	San Mateo	Curve Bio	193,500	Longfellow Real Estate Partners
2955 Campus Dr	San Mateo	N/A	140,389	Tarlton Properties

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Kilroy Oyster Point Phase II	South San Francisco	N/A	865,152	Kilroy Realty Corporation
Genesis Marina	Brisbane	Freenome	570,000	Phase 3 Real Estate Partners
600 Addison St	Berkeley	N/A	539,000	Lane Partners & Beacon Capital Partners
20 Tanforan Ave	South San Francisco	N/A	375,000	Lane Partners
Emery Yards	Emeryville	N/A	285,000	BioMed Realty
ARE Millbrae Phase I	Millbrae	Eikon Therapeutics	285,000	Alexandria Real Estate
1450 Owens	San Francisco	N/A	212,796	Alexandria Real Estate
Brittan West	San Carlos	N/A	172,715	Premia Capital and Prince Street

**LIFE SCIENCE SUBMARKETS**



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