

FIGURES | SAN FRANCISCO PENINSULA R&D | Q2 2025

Abundant supply outpaces altering demand

▲ 27.1%
 Vacancy Rate

▼ (728K)
 SF Net Absorption (SF)

▼ 843K
 SF Under Construction & Conversion

▼ \$6.32
 NNN / Lease Rate Existing Properties

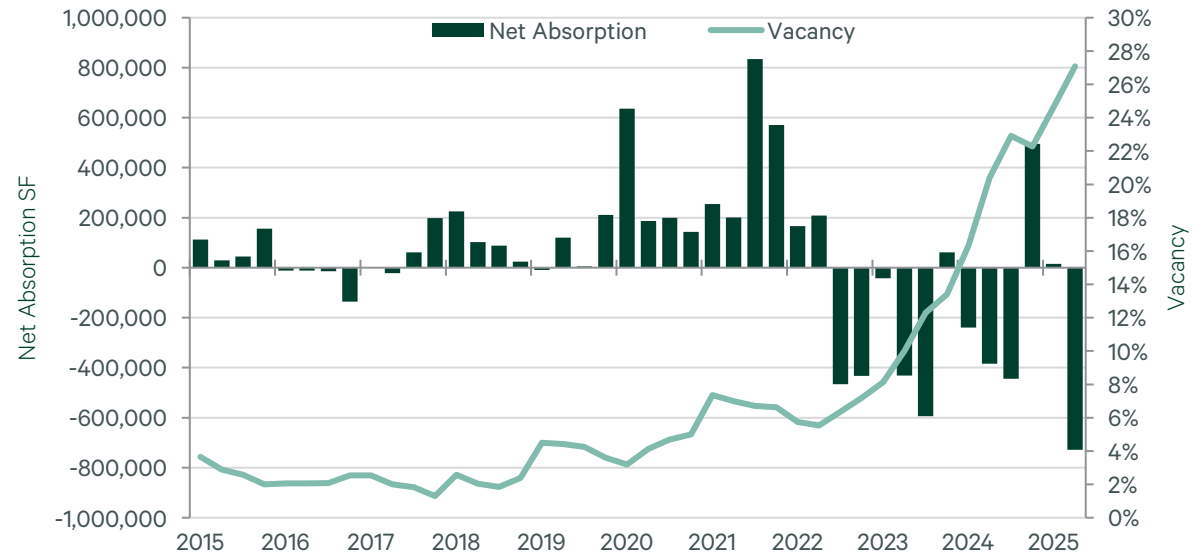
▲ 3.8%
 Unemployment Rate San Mateo County

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- San Mateo County’s labor force increased to 447,800 with 430,900 employed residents at the close of Q2 2025. The unemployment rate ended the quarter at 3.8%, a 20-basis-point (bps) increase year-over-year (YoY), and a 1-bps increase since Q1 2025.
- Net absorption for the San Francisco Peninsula R&D/Life Science market closed Q2 2025 with negative 728,348 square feet (sq. ft.) of occupancy losses.
- R&D/Life Science tenant requirements in the San Francisco Peninsula market increased by approximately 19.5% from Q1 2025, closing Q2 2025 at 2.37 million square feet (sq. ft.) of active demand. Life Science companies made up roughly 61.8% of this demand. Tech and software demand for R&D space gained momentum during the quarter.
- The total volume of R&D/Life Science projects under construction and conversion along the Peninsula fell to around 843,000 sq. ft. at the end of Q2 2025. With the current preleasing, these projects are set to add about 640,000 sq. ft. of vacant space within the next 12 months.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q2 2025

R&D OVERVIEW

The San Francisco Peninsula R&D/Life Science market base was 41.7 million sq. ft. in Q2 2025. The increasing supply has surpassed current demand as both vacancy and availability continued to climb while net absorption declined. The overall vacancy rate increased to 27.1%, a 35.5% YoY increase. Availability ended the quarter at 11.0% for R&D space and 40.1% of Life Science space.

The largest lease signed in Q2 2025 was in Redwood City. Guardant Health renewed their roughly 163,000 sq. ft. of Life Science space in multiple buildings at Seaport Centre. Q2 2025 ended with roughly 571,000 sq. ft. of total leasing activity. Most of this was concentrated in Central County. South San Francisco contributed the largest positive net absorption of about 32,000 sq. ft. while Redwood City contributed the most negative net absorption due to various Life Science vacancies.

The overall average asking rate for R&D/Life Science space along the San Francisco Peninsula decreased 3.0% YoY to \$6.32 in Q2 2025 on a weighted monthly, NNN, direct basis. R&D and Life Science product averaged \$4.18 and \$6.75 respectively. North San Mateo County continued to lead the San Francisco Peninsula with the highest average asking rate of \$6.71 NNN.

The most notable sale transaction in Q2 2025 was a three-property portfolio in San Carlos. Lift Partners purchased a total of 52,143 sq. ft. from Premia Capital for \$12.1 million.

The only construction completion of the quarter was Menlo Labs Phase I at 1350 Adams Ct. in Menlo Park. Tarlton’s approximate 255,000 sq. ft. Class A Life Science building was delivered fully vacant. The R&D/LS pipeline remains stagnate as no new projects broke ground during the quarter. Projects have been paused awaiting a more favorable economic environment and occupier interest.

The historic increase in life science supply has created hesitancy to commit to full building conversions as office and R&D interest picks up. There were no new conversion starts or completions in Q2 2025. The three remaining ground up Life Science projects set to deliver in 2025 are currently 42.1% preleased.

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	40.8%	39.0 %	6.38	(32,147)	99,099
South San Francisco	12,267,839	35.2%	35.2%	6.71	32,367	(36,138)
San Bruno/Millbrae	1,012,309	64.2%	64.1%	6.76	(72,320)	(58,320)
Burlingame	1,274,061	49.8%	50.1%	6.92	4,822	(929)
North County	16,490,176	38.8%	38.6%	6.71	(67,278)	3,712
San Mateo	906,519	73.8%	73.8%	6.91	(182,981)	(182,981)
Foster City	976,300	3.7%	8.3%	N/A	(31,320)	(31,320)
Belmont/San Carlos	4,728,783	25.1%	25.4%	5.97	(1,117)	19,330
Redwood City	4,390,615	25.3%	26.1%	4.88	(380,614)	(422,295)
Central County	11,002,217	27.3%	28.1%	5.90	(596,032)	(617,266)
Menlo Park	3,321,829	18.3%	19.3%	5.74	(19,312)	(40,960)
Palo Alto/East Palo Alto	10,936,169	11.9%	13.8%	5.80	(45,726)	(53,332)
South County	14,257,998	13.4%	15.0%	5.78	(65,038)	(94,292)
San Francisco Peninsula	41,750,391	27.1%	27.8%	6.32	(728,348)	(707,846)

Source: CBRE Research, Q2 2025

FIGURE 3: Notable Lease Transactions Q2 2025

Tenant	Location	Leased Sq. Ft.	Type
Guardant Health	101 Saginaw-595 Penobscot, Redwood City	162,755	Renewal/Expansion
Dren Bio	825 835 Industrial Rd, San Carlos	99,557	Sublease
Nurix Therapeutics	1400 Sierra Point Pkwy, Brisbane	35,929	Expansion
Biogen	700 Gateway Blvd, South San Francisco	35,532	Sublease
PinkDX	2001 Junipero Serra Blvd, Daly City	26,461	Renewal

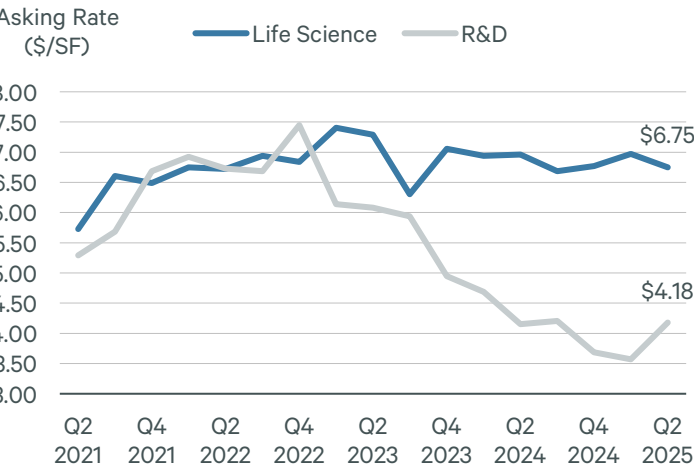
Source: CBRE Research, Q2 2025

FIGURE 4: Notable Sale Transactions Q2 2025

Buyer	Location	Sold Sq. Ft.	Sale Price \$/SF
Lift Partners	Bayport & Howard Portfolio San Carlos	52,142	\$12.1M \$232
Genentech	The Courtyard South San Francisco	34,187	\$42.5M \$1,243
Beam Reach Partners	155 Jefferson Dr Menlo Park	32,466	\$11.0M \$339

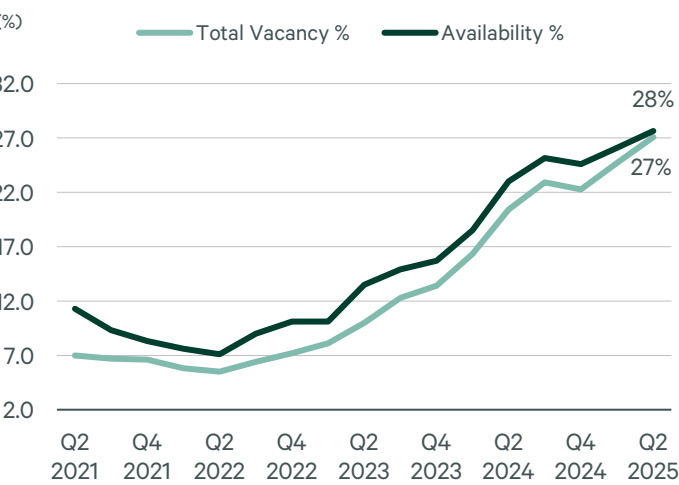
Source: CBRE Research, Q2 2025

FIGURE 5: Lease Rates



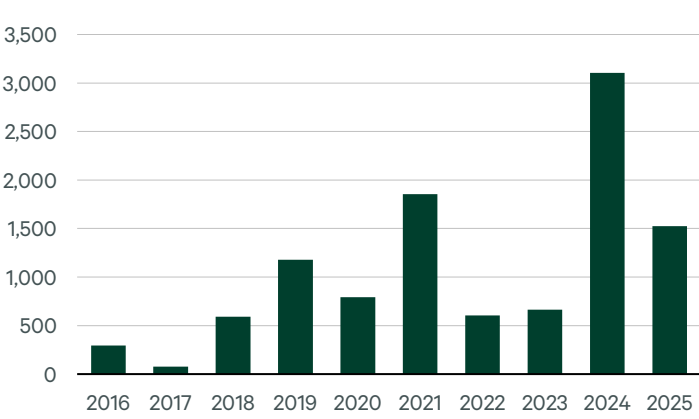
Source: CBRE Research, Q2 2025

FIGURE 6: Vacancy & Availability



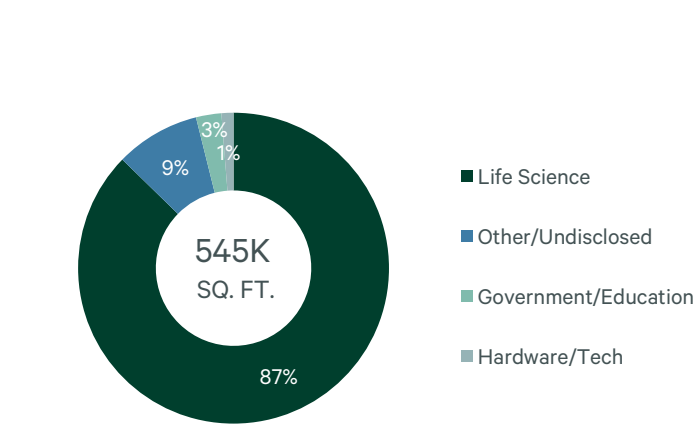
Source: CBRE Research, Q2 2025

FIGURE 7: Construction Completions
Sq. Ft. (000's)



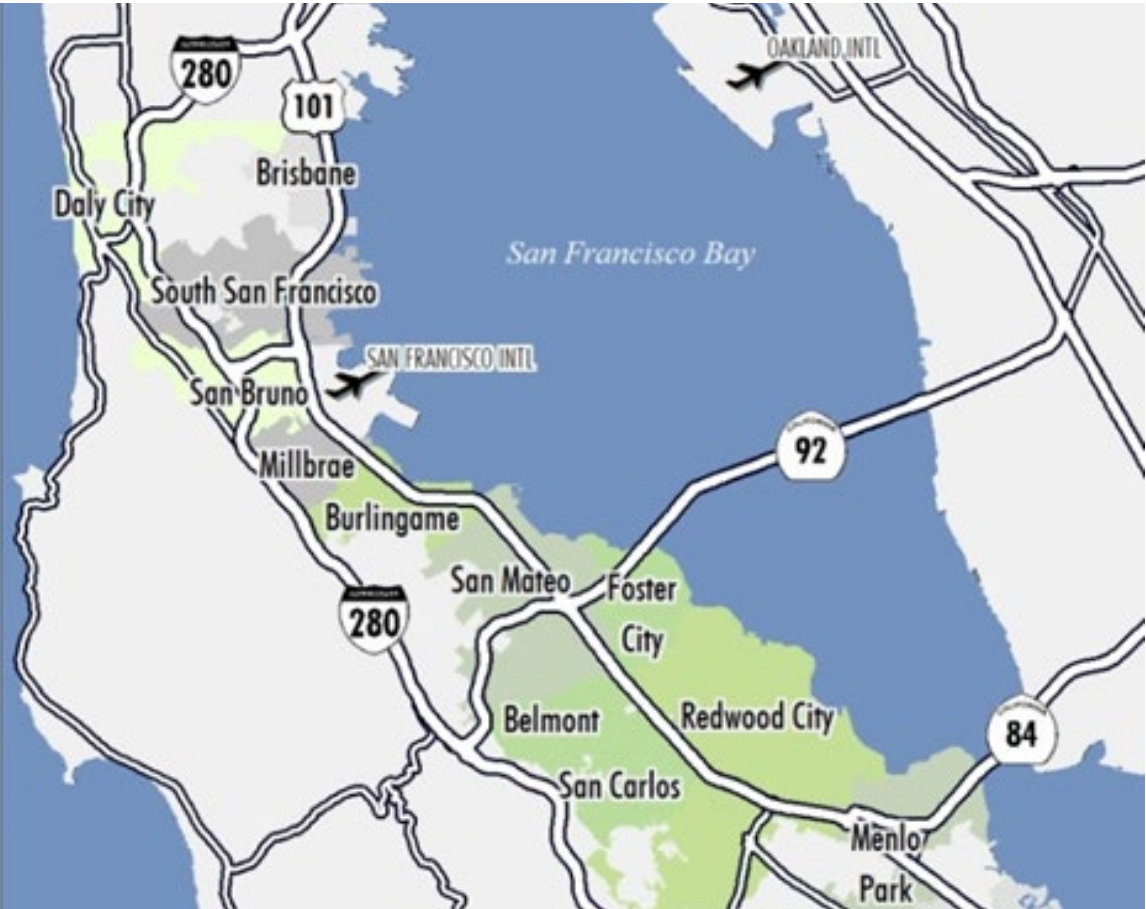
Source: CBRE Research, Q2 2025

FIGURE 8: Top 20 Leases of the Quarter by Industry



Source: CBRE Research, Q2 2025

Submarket Map



Source: CBRE Research, Location Intelligence

© Copyright 2025 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE’s Global Chief Economist.

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

Emiko Akama-Garren
Senior Research Analyst
+1 650 494 5180
Emiko.AkamaGarren@cbre.com

San Francisco Peninsula Office
400 Hamilton Ave, 4th Floor
Palo Alto, CA 94031