

Identifying Opportunities in SAN DIEGO'S LIFE SCIENCES MARKET

San Diego's **life sciences** market, one of the largest in the nation, has **experienced exponential growth** in the last five years.

Strong demand for space by life sciences occupiers has resulted in decreasing vacancy rates in the San Diego market.

Over the last **five years**, vacancy has fallen by 300 basis points to the current 5.7%. Of the 755,953 square feet (sf) of construction due to be completed this year, **61% is already pre-leased and 39% is build-to-suit (BTS).**

Projects under construction have accelerated to accommodate the increasing demand.

The current construction pipeline includes **3.7 msf of projects**, nearly double the 2020 pipeline and **more than five times the levels from five years ago.**



Inventory has grown by 10% and the asking rents **increased by 79%.**



Recent volatility in the equity markets has **resulted in falling market capitalization** for many companies.

- This has created a **cash crunch** for some biotech companies whose market cap has fallen below their cash on hand.
- These companies will need to be **judicious with their expenses** going forward, thereby creating opportunities for other biotech occupiers who may have been sitting on the sidelines.
- **Additional opportunities may develop** in the labor market. Job postings for life sciences occupations in San Diego have nearly doubled on a year-over-year basis. The war for talent continues to make filling these positions very challenging. The potential for increased M&A activity may alleviate some of these labor difficulties.



Biotech Share Price



Source: Moody's Analytics, Cushman & Wakefield Research

The San Diego life sciences market **will continue to attract investors, talent** to its over 1,700 life sciences companies and more than **80 independent and university-affiliated research institutes.**

Year-to-date, San Diego has received over **\$700 million in venture capital funding** and NIH grants totaling close to **\$600 million**. Funding should continue to support life sciences, providing additional capital to the sector.

The San Diego market will remain competitive with opportunities beyond traditional life sciences submarkets growing. Limited supply has encouraged developers to convert older buildings to lab or build new speculative projects to meet rising demand.



For more insights on life sciences, visit Cushman & Wakefield's national report: [VIEW REPORT](#)