

# Biotech Firm Halozyme Leases Sublet Space in San Diego Amid Rising Demand

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Biotech firm Halozyme Therapeutics leased more than 72,000 square feet of office space in San Diego for its new headquarters, the latest of several large local leases in the fast-growing life science industry.

San Diego-based Halozyme, which develops technologies that ease the dispersion and absorption of various injected drugs and fluids, took over a lease for 72,534 square feet at 12390 El Camino Real in the city's Del Mar Heights neighborhood, according to a filing with the Securities and Exchange Commission.

The space was sublet from locally based tech firm Seismic Software at Del Mar Corporate Centre, which is owned by Kilroy Realty. Seismic first occupied the space in January 2020 and placed it back on the market for subletting in mid-2021, according to CoStar data.

The regulatory filing said Halozyme's lease assumption agreement with Seismic takes effect Jan. 1, 2023, at which time the location will serve as Halozyme's new corporate headquarters. Monthly base rent will start at approximately \$338,000 and increase annually to approximately \$414,000 at the end of the lease term in November 2030.

CoStar data shows Halozyme currently occupies approximately 32,000 square feet at 11388 Sorrento Valley Road in San Diego's Sorrento Valley neighborhood. The company did not immediately respond to CoStar News' request to comment on plans for its new location.

Stoked by rising venture capital funding fueling growth of biotech companies in the region, San Diego last year saw record leasing of more than 4 million square feet in life science-related spaces. Major leaseings of 2022 have included Neurocrine Biosciences' taking more than 630,000 square feet in the Carmel Valley neighborhood and Bristol Myers Squibb taking 427,000 square feet in University Town Center.

Joshua Ohl, director of market analytics for CoStar News in San Diego, noted that local office subletting was generally in decline during 2021, after a peak of nearly 2.5 million square feet was put back on the market by tenants in late 2020 amid pandemic pullbacks.

However, regionwide subletting has been rising in the early months of 2022, now back above 2 million square feet for the first time since the second quarter of 2021. While relatively rare in the Del Mar Heights-Carmel Valley area, that neighborhood's available sublet space has exceeded 200,000 square feet during the current quarter and for the first time since 2014.

While some companies have pulled back on space, others have used sublet availabilities as opportunities to establish or expand their local operations in high-demand enclaves.

For instance, Apple last fall signed one of the region's largest lease deals for available office sublet space when it occupied 73,000 square feet in University Town Center that was put back on the market at the end of 2020 by biotech firm Illumina. Earlier in 2021, Apple took 50,000 square feet at another UTC property that was sublet by various tenants, according to CoStar data.