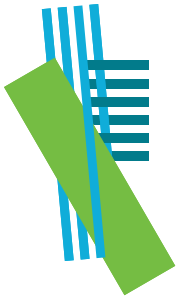


2024 San Diego Sector Snapshot



**CALIFORNIA
LIFE SCIENCES**



Top Global Life Sciences Hub

San Diego ranks as the ninth best startup ecosystem in the nation. San Diego is also ranked the fifth strongest life sciences labor market for research talent in the U.S., with the highest density of biochemists, biophysicists and chemists. Collectively, its startups have raised \$4 billion from venture capital in the last year. As the premier host of a vast number of small, young pharmaceutical startups, San Diego has made its mark as one of the fastest-rising life sciences hubs in the world.

Employment

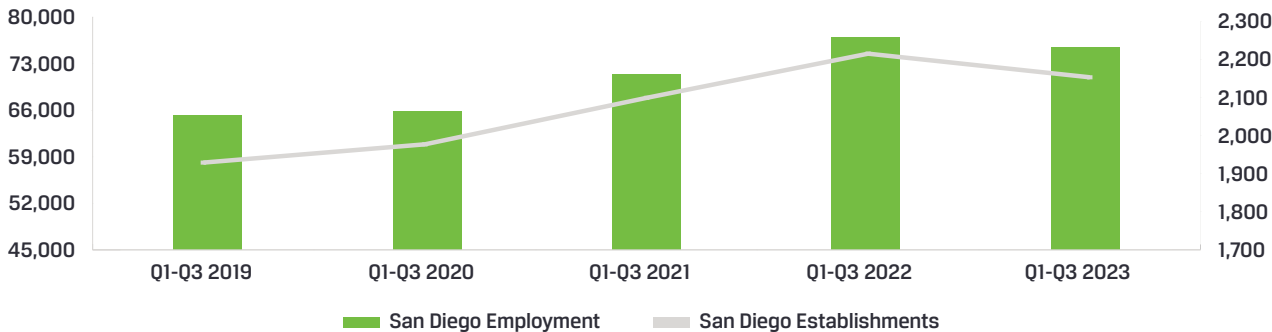
The number of life sciences establishments in San Diego dropped to 2,153 in the first three quarters of 2023, from 2,215 in the same period of 2022, reflecting a decline in biotech R&D. There was a similar trend in employment with jobs going from 76,983 to **75,458** year-over-year. The largest decline came from the biotech R&D sector, which lost about 800 jobs to come in at 49,789 at the end of the third quarter. The medical device sector remained strong, staying flat at about 11,000 jobs.

While establishments and employment were down across subsectors from 2022, they are up over a five-year period, adding more than 10,000 jobs between 2019 and 2023.

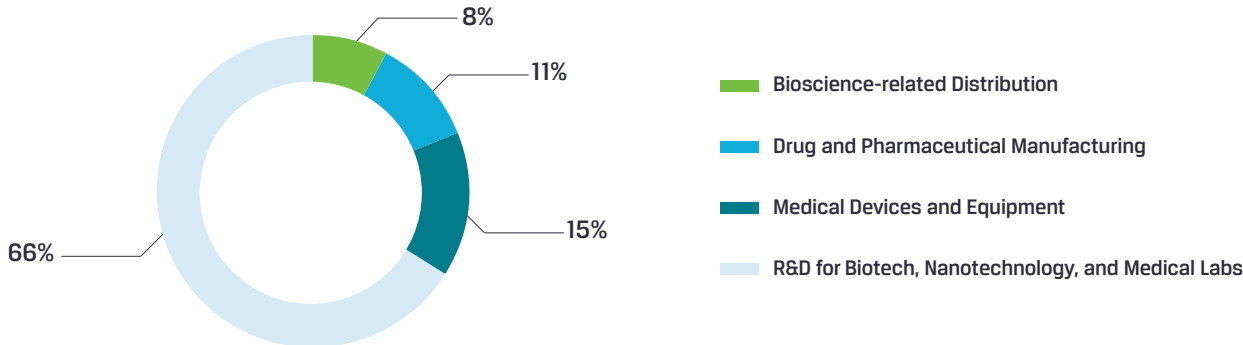
Even as businesses and employment were down, **average life sciences wages increased to \$160,990*** in 2023 from \$151,337 during the same period of 2022. The numbers reflected what has been happening in the broader industry. A slowdown in the availability of capital in 2022 and 2023, after two years of easily accessible cash, has meant that many biotechs have had to make tough decisions regarding staffing and ongoing operations. The number of public biotechs in the U.S. dropped 6% in 2023. At the same time, wage increases reflected the scarcity of skilled talent.

Source: EY analysis of The Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW) data
 *Average wage for 2023 calculated based on data from Q1-Q3

San Diego 2023 Employment and Establishments



San Diego 2023 Employment Breakdown by Sector



Investment and Economic Growth

Venture investment in **biotech and medical devices in the region reached nearly \$1.5 billion in 2023**, surpassing pre-COVID-19 historical norms, although falling below the highs seen in the outlier years of 2020 and 2021. The year was punctuated by larger investments going to a smaller number of companies. This aligns with trends throughout the industry. Follow-on financing for companies in the San Diego region was almost double that of private venture financing. Expect to see those numbers even out in 2024 as lower interest rates and increased dealmaking lead to an opening up of the biotech financing environment.

Large pharmaceutical companies are showing interest in San Diego as well, with a multitude of deals announced in 2023 and 2024. For instance, Johnson & Johnson started off the year by acquiring San Diego-based Ambrx Biopharma for \$2 billion. Bristol-Myers Squibb bought two San Diego companies last year – Mirati Therapeutics for \$5.8 billion and RayzeBio for \$4.1 billion. Novartis also acquired DTx Pharma for \$500 million up-front, plus another \$500 million in earn-outs, and Merck & Co. picked up Prometheus Biosciences last June for \$11 billion.

National Institutes of Health grants awarded to the region reached \$1.1 billion from 1,749 awards.

Source: CapIQ, accessed March 2024; NIH database

Real Estate

Gross leasing of laboratory space in the region was 1.25 million square feet for 2023, according to real estate firm JLL, below pre-COVID-19 historical levels of 1.75 million square feet. Yet tenant demand increased as the year went on, and that trend is expected to continue throughout 2024. Pfizer announced in early 2024 that it signed a 15-year lease for a 230,000-square-foot research space in the Torrey Pines section of San Diego for its growing oncology division after it closed its acquisition of Seagen. The space will include wet labs, flexible offices and collaboration space. Other tenants in the three-building complex include medical device maker Becton, Dickinson & Co. In 2023, Neurocrine Biosciences, which focuses on treatments for neurology and neuropsychiatric disorders, began moving into the 535,000-square-foot San Diego space it leased in 2022.

Source: JLL



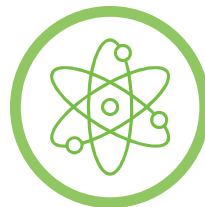
California Stats



\$57 billion

Total estimated wages paid to life sciences employees in 2023

Average wage
\$166,538



\$5.03 billion

California biotechs garnered \$5.03 billion through 157 venture raises in 2023, up from \$4.03 billion in 2022.

Total number of
life sciences establishments

18,078



Total direct life sciences
employment (Q1-Q3 2023)

441,770



Life Sciences Definition

CLS asked Ernst & Young LLP to use the definition of life sciences sector and employment sharing factors for industries that are partially attributable to life sciences based on research conducted by TEconomy. Ernst & Young LLP did not perform independent research to verify the completeness or accuracy of the definition or the employment sharing factors, which were provided by TEconomy.

TEconomy's definition of life sciences includes 25 six-digit North America Industry Classification System (NAICS) industry codes. Out of the 25 NAICS industry codes, 6 of them were classified as partially attributable to life sciences, with less than 100.0 percent of Quarterly Census of Employment and Wages (QCEW) employment and wage attributable to the life sciences definition. The life sciences NAICS codes along with their respective "employment sharing" percentages are shown below.

2022 NAICS Code	NAICS Description	Category
311221	Wet Corn Milling and Starch Manufacturing	Agricultural Feedstock & Industrial Biosciences
311224	Soybean and Other Oilseed Processing	Agricultural Feedstock & Industrial Biosciences
325193	Ethyl Alcohol Manufacturing	Agricultural Feedstock & Industrial Biosciences
325311	Nitrogenous Fertilizer Manufacturing	Agricultural Feedstock & Industrial Biosciences
325312	Phosphatic Fertilizer Manufacturing	Agricultural Feedstock & Industrial Biosciences
325314	Fertilizer (Mixing Only) Manufacturing	Agricultural Feedstock & Industrial Biosciences
325320	Pesticide and Other Agricultural Chemical Manufacturing	Agricultural Feedstock & Industrial Biosciences
325411	Medicinal and Botanical Manufacturing	Drugs & Pharmaceuticals
325412	Pharmaceutical Preparation Manufacturing	Drugs & Pharmaceuticals
325413	In Vitro Diagnostic Substance Manufacturing	Drugs & Pharmaceuticals
325414	Biological Product (except Diagnostic) Manufacturing	Drugs & Pharmaceuticals
334510	Electromedical and Electrotherapeutic Apparatus Manufacturing	Medical Devices & Equipment
334516	Analytical Laboratory Instrument Manufacturing	Medical Devices & Equipment
334517	Irradiation Apparatus Manufacturing	Medical Devices & Equipment
339112	Surgical and Medical Instrument Manufacturing	Medical Devices & Equipment
339113	Surgical Appliance and Supplies Manufacturing	Medical Devices & Equipment
339114	Dental Equipment and Supplies Manufacturing	Medical Devices & Equipment
423450	Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	Bioscience-related Distribution
424210	Drugs and Druggists' Sundries Merchant Wholesalers	Bioscience-related Distribution
424910	Farm Supplies Merchant Wholesalers	Bioscience-related Distribution
541380	Testing Laboratories and Services	Research, Testing, & Medical Laboratories
541713	Research and Development in Nanotechnology	Research, Testing, & Medical Laboratories
541714	Research and Development in Biotechnology (except Nanobiotechnology)	Research, Testing, & Medical Laboratories
541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	Research, Testing, & Medical Laboratories
621511	Medical Laboratories	Research, Testing, & Medical Laboratories

California Life Sciences (CLS) is the state's most impactful life sciences membership organization, advocating for the sector and its diverse innovation pipeline. For more than 30 years, CLS has served the community by supporting companies of all sizes, from early-stage innovators and startups to established industry leaders in the fields of biotechnology, pharmaceuticals, and medical technology. CLS also works closely with universities, academic and research institutions, the investment community, and other critical partners that promote this vibrant sector. CLS works to shape public policy, improve access to breakthrough technologies, educate lawmakers, and advance equity within our ecosystem by championing innovative solutions for some of the most pressing challenges of our times. In doing so, CLS fulfills its mission to protect and nurture California's life sciences industry, empowering discoveries that lead to healthier lives around the world.

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