LOCATION CASE · DEFENSE AND DUAL-USE · SEPTEMBER 2026

Build it in *San Diego*

R&D, ENGINEERING AND TEST, AGAINST THE BAY AREA

42%
LOWER R&D ASKING RENT THAN SILICON VALLEY

$23.5M
LESS A YEAR TO RUN 500 PEOPLE

16–22%
LESS ENGINEERING PAY THAN SAN FRANCISCO

3.9×
THE BAY AREA'S DEFENSE CONTRACT FLOW

PREPARED FOR

A defense and dual-use hardware company

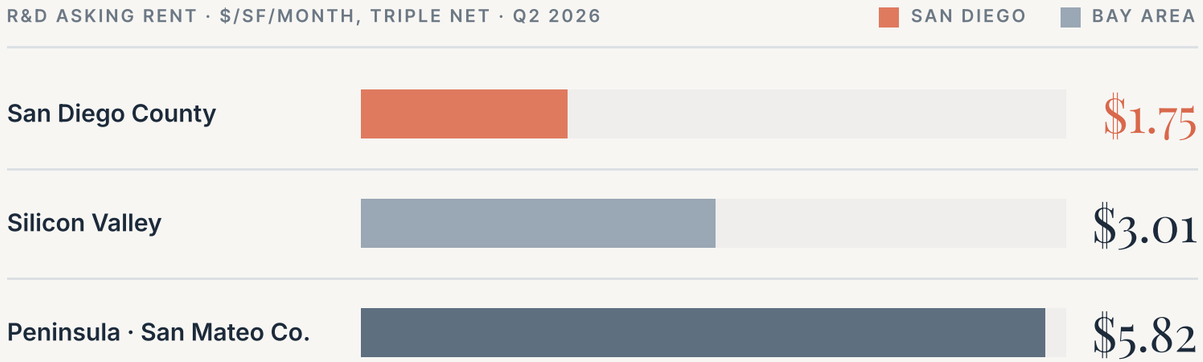
Choosing where to build its next R&D site

MERIDIAN
TENANT ADVISORS

01 WHAT THE SPACE COSTS

R&D asking rents run *42% below* Silicon Valley.

R&D ASKING RENT · $/SF/MONTH, TRIPLE NET · Q2 2026



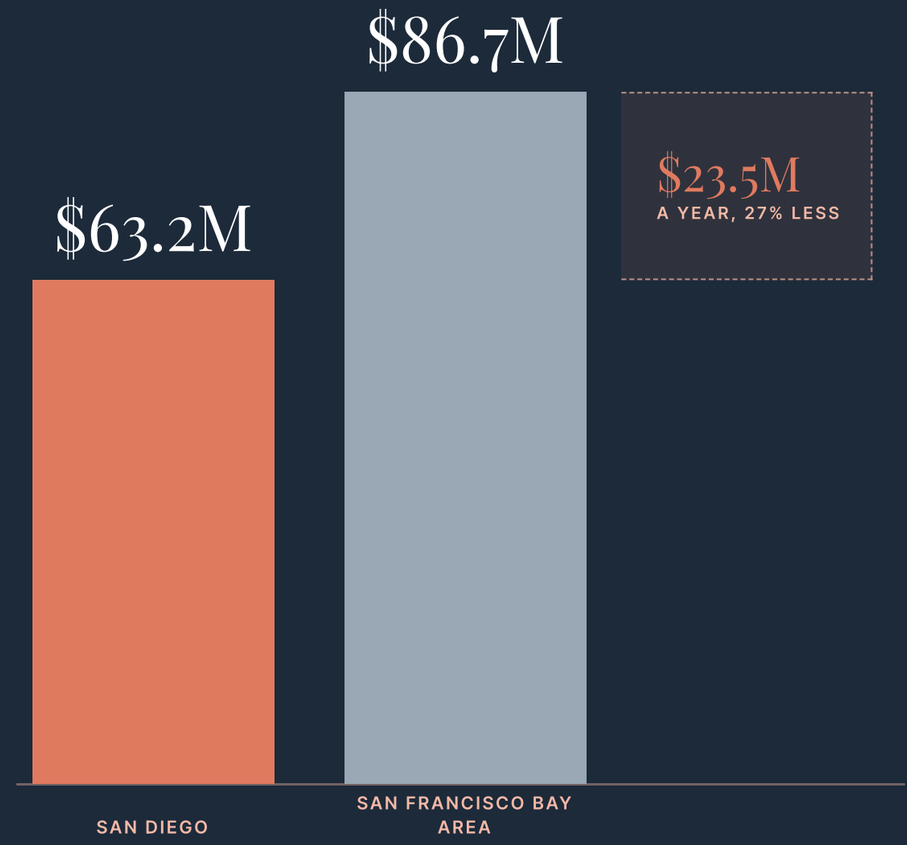
Silicon Valley is 1.7× the rate. San Diego and Silicon Valley come from the same firm, the same quarter and the same triple-net basis, with no conversion between them. The Peninsula figure is a different firm, and that inventory is weighted to South San Francisco lab space.

$625
A YEAR

City business tax for a hundred-person company in San Diego, flat whatever the revenue. San Francisco taxes gross receipts above $5M at **0.250–1.512%** (manufacturing) or **1.000–1.680%** (scientific and technical services), plus a homelessness tax above $25M and a **$20,000** registration fee.

WHAT IT COSTS TO OPERATE

$23.5M less a year to run a 500-person company.



CBRE cost model: 500 technology employees, 60,000 SF of office, 2024 wages and office rents in each market. Hover a bar for the per-head and monthly figures.

Sample deliverable: the client is fictional. Figures are published market and government data, described on each page.

02 WHAT THE ENGINEERS COST

Engineers cost *16 to 22% less* than in San Francisco.

ANNUAL MEAN WAGE · ONE BLS RELEASE · THREE METROS — SAN DIEGO · SF–OAKLAND–FREMONT · SAN JOSE

SOFTWARE DEVELOPERS

16% under SF · 26% under San Jose

San Diego	**$163,300**
SF–Oakland–Fremont	**$193,430**
San Jose	**$221,710**

ELECTRICAL ENGINEERS

19% under SF · 31% under San Jose

San Diego	**$131,220**
SF–Oakland–Fremont	**$162,170**
San Jose	**$189,370**

MECHANICAL ENGINEERS

22% under SF · 25% under San Jose

San Diego	**$124,420**
SF–Oakland–Fremont	**$158,690**
San Jose	**$165,920**

25 to 31% under San Jose on the same three roles. All nine figures come from the same release, so the gaps are like for like.

AND THE PEOPLE ARE HERE

176,906

VETERANS IN SAN DIEGO COUNTY

6.9% of the adult population, and more than the whole SF–Oakland–Fremont metro at 108,380. Four times San Jose.

2,920

ENGINEERING DEGREES FROM UC SAN DIEGO

In 2024–25, out of 10,240 enrolled. UC San Diego is 4th nationally in federally financed R&D, ahead of Stanford (NSF HERD, FY2024).

26.1 MIN

MEAN ONE-WAY COMMUTE

Against 32.7 in San Francisco. About 55 hours a year back per employee, at 250 in-office days.

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03 THE CUSTOMER IS ALREADY HERE

$11.67B

Defense contract obligations on work performed in San Diego County, FY2025.



Four Bay Area counties do not reach *a third* of it.

DOD PRIME CONTRACT OBLIGATIONS BY PLACE OF PERFORMANCE · FY2025

San Diego County	$11.67B
SF, Santa Clara, Alameda & San Mateo	$3.02B

63
Navy ships homeported in the region, and one of every six sailors in the Navy.

109,000
Active-duty service members, plus 27,000 Department of Defense civilians.

5,200+
People on NIWC Pacific's workforce, which writes and awards its own contracts.

22.2%
Of San Diego's gross regional product is military-related: $61.3B, on $39.3B of direct spending.

NAVWAR buys networks, C2, cyber and information warfare from its Old Town campus. NIWC Pacific's labs sit on Point Loma.

Third Fleet runs West Coast experimentation from Naval Base Point Loma.

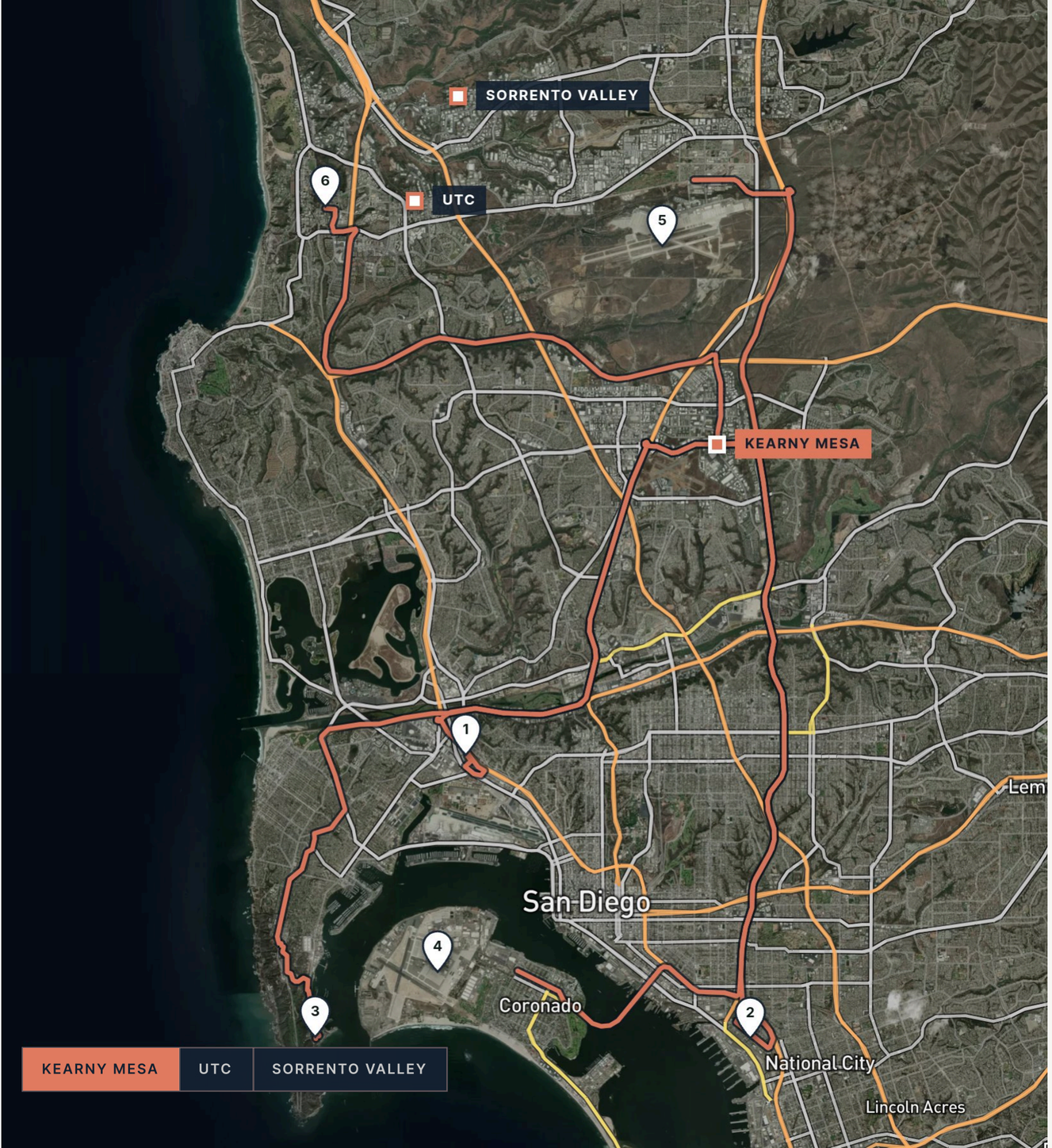
Coronado holds carrier aviation, Naval Special Warfare and the San Clemente Island range.

Miramar holds 3rd MAW, minutes from the R&D submarkets. Camp Pendleton puts I MEF within an hour north.

Saronic opened an 80,000 SF facility downtown in 2025. San Diego-based Firestorm Labs and Seasats raised Series A rounds in 2025 and 2026 to scale production.

Contract figures: federal award data, obligations by place of performance.

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04 WHERE THE CUSTOMER IS

Every gate inside *half an hour* of the R&D submarkets.

Pick a submarket to draw its routes. Hover a row to find the site on the map.

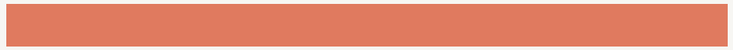
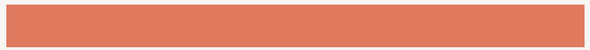
	MINUTES, FREE-FLOW	KEARNY MESA	UTC SORRENTO VALLEY	
1	**NAVWAR** Buys networks, C2, cyber and information warfare	12 10.0 mi	14 11.9 mi	17 14.2 mi
2	**Naval Base San Diego** Main gate on 32nd Street, at the fleet piers	15 11.6 mi	20 16.9 mi	22 19.0 mi
3	**Naval Base Point Loma** Third Fleet experimentation and NIWC Pacific's labs	23 16.0 mi	26 20.0 mi	28 22.1 mi
4	**Naval Air Station North Island** Carrier aviation and Naval Special Warfare	16 14.2 mi	21 19.6 mi	23 21.7 mi
5	**MCAS Miramar** Marine aviation, on the I-15 corridor	9 7.0 mi	14 10.8 mi	15 13.0 mi
6	**UC San Diego** 2,920 engineering degrees a year; 4th nationally in federally financed R&D	12 11.4 mi	5 2.0 mi	7 4.8 mi

Free-flow drive time at posted speed limits on the Mapbox road network, from the center of each submarket to the main gate or campus. Peak-hour times run longer. Imagery © Mapbox © Maxar. Streets © OpenStreetMap.

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05 AND THE BAY IS STILL A MORNING AWAY

337 nonstops a week to the Bay Area.

NONSTOP DEPARTURES A WEEK FROM SAN DIEGO INTERNATIONAL		SCHEDULED TIME	
SFO San Francisco		1h42m	140
SJC San Jose		1h34m	112
OAK Oakland		1h46m	85

About 48 a day. Alaska and Southwest fly all three; United and Frontier serve SFO. Investors and Bay Area program offices stay close.

FREE-FLOW DRIVE TIME FROM THE TERMINAL

6 MIN	8 MIN	17 MIN	17 MIN	18 MIN
DOWNTOWN	NAVWAR	KEARNY MESA	UTC · LA JOLLA	SORRENTO VALLEY

The airport sits three miles from downtown, so the whole defense corridor is a short drive from the terminal.

NEXT STEPS

From the case to a shortlist.

01 SHORTLIST
R&D and flex buildings in Kearny Mesa, UTC and Sorrento Valley, screened against the program: lab, high bay, test yard, secure space.

02 SECURE SPACE
Confirm SCIF and facility clearance needs with the program office before touring. It narrows the buildings that work.

03 TOUR
The shortlist in one day, with the drives to NAVWAR, the 32nd Street gate and Miramar on the clock.

04 COMPARE
Occupancy cost on the finalists against the Bay Area option, on the same term, allowance and escalation.

Nadia Ferrante, Principal
Meridian Tenant Advisors · (619) 555-0134 · nferrante@meridian.example

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