



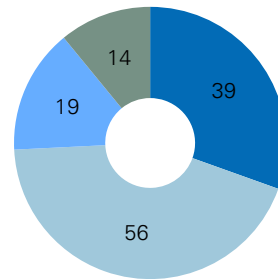
San Francisco Bay Area Life Science Market

The life science industry continues to be the primary source of leasing, investment, and development activity across the Bay Area; however, widespread speculation that the red-hot market might be cooling was apparent in the numbers reported for the first quarter. Market-wide vacancy increased to 7.5% this quarter, up from 7.1% in the previous quarter, while availability increased to 11.8%, up from 9.7% in the previous quarter. On the sublease front, vacancy counted for 3.0% of the total inventory, up from 2.5% in the previous quarter and up from 1.4% one year ago. The spike in sublease space, which is attributed to the current macroeconomic headwinds that arose in 2022, provides tenants flexibility and potentially discounted rental rates in addition to move-in ready lab spaces. Due to economic uncertainty, rising interest rates, and a pullback in capital markets, life science expansion in the Bay Area cooled off to start the year. Demand for lab space remains elevated well above pre-pandemic levels and was recorded at 5.3 million square feet this quarter, which is up slightly from 5.2 million square feet in the previous quarter. Tenants, however, are taking longer to transact on long-term real estate commitments due to the challenges associated with raising money and the current macroeconomic environment. Established companies with solid cash flows and those that have raised funds in the last three to six months will continue to provide the bulk of the new space requirements in the short-term.

Market Summary				
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	36.4M	35.8M	33.0M	↑
Availability Rate	11.8%	9.7%	6.6%	↑
Qtr Net Abs (SF)	(68K)	(98K)	(225K)	↓
Under Const (SF)	7.7M	7.7M	3.4M	↑

Tenant Demand

LIFE SCIENCE; 5.3 million SF of Total Demand*

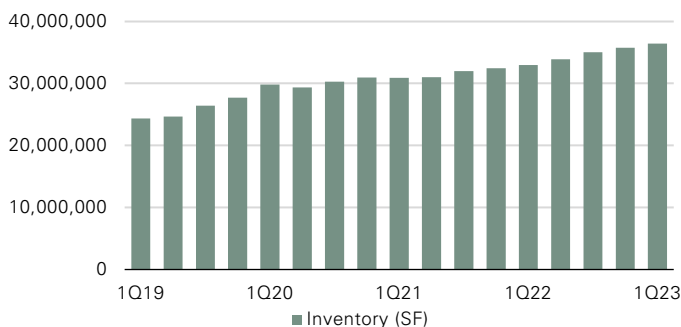


- 0 - 19,999 SF
- 20,000 - 49,999 SF
- 50,000 - 99,999 SF
- 100,000 SF +

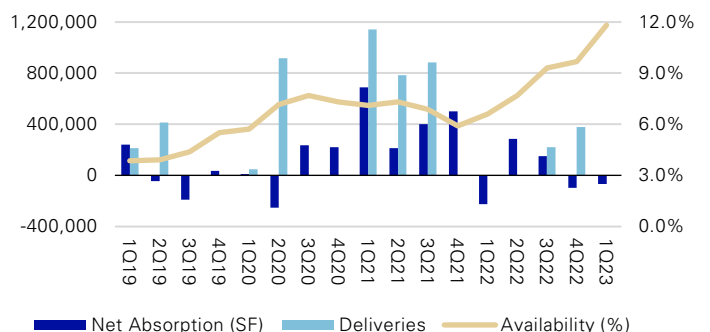
*Recorded demand is for the entire SF Bay Area

Market Analysis

INVENTORY



NET ABSORPTION V NEW CONSTRUCTION & AVAILABILITY RATE



RESEARCH Q1 2023

There was a total of 13 leases greater than 20,000 square feet executed this quarter, compared with 17 in the previous quarter and 5 one year ago. DNA testing company 23andMe completed the largest life science deal of the quarter at 349 Oyster Point Blvd., South San Francisco, renewing its 65,340-square-foot lease through January 2027. Tesla, a non-life science tenant, leased 319,699 square feet at 3000 Hanover St. in Palo Alto, a 556,700-square-foot lab-and-office project that was 45.0% occupied by blood testing company Guardant Health. The 319,699-square-foot space that was transacted on was currently in shell condition, being marketed with lab customization capability, and will be utilized as Tesla's global engineering headquarters.

Construction Pipeline

Despite ongoing supply chain issues and historically high construction costs for the CRE industry, there have been no significant setbacks for life science development activity throughout the Bay Area. The region's life science development pipeline, which has more than doubled over the past year, currently stands at 7.7 million square feet of under-construction product. Of the notable ground-up construction, 13.3% is already spoken for or currently in negotiations to be leased. There were no deliveries to report this quarter. Brittan West, a 172,732-square-foot under-construction project in San Carlos owned by a

joint venture between Premia Capital and Prince Street Partners, is the most notable delivery on the horizon. As the life science sector's development landscape continues to mature, elevated construction levels in some markets pose risks of those markets becoming overbuilt should demand decline from its record peak as tenants become more sensitive to economic conditions.

Asking Rents

North Peninsula asking rates for existing product held steady this quarter, ranging between \$6.75/SF and \$7.60/SF triple-net. Mid-South Peninsula asking rates for existing product increased this quarter and now range between \$6.25/SF and \$7.75/SF. Deals for new construction and newly converted space between the North and South Peninsula markets were executed between \$6.75/SF and \$7.50/SF. Asking rates for existing product in the Northern part of the East Bay increased and currently stand in the \$5.45/SF to \$6.75/SF range, while deals for newly converted lab space range between \$6.50/SF and \$6.75/SF. Southern East Bay submarket rates remained steady in the \$4.25/SF to \$5.00/SF range. Despite industry-wide headwinds in the sector, average rental rates have not declined but remained stagnant or even increased in certain submarkets, rising at a pace well ahead of the Bay Area's general office market.

Peninsula Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
23andMe	349 Oyster Pt Blvd	South San Francisco	Renewal	65,340
Impossible Foods	500 Saginaw Dr	Redwood City	Renewal	40,049
Confidential Tenant	3400 Bridge Pkwy	Redwood Shores	Direct Lease	38,580
Element Science	301 Chesapeake Dr	Redwood City	Sublease	30,528
Lyterian Therapeutics	630 Gateway Blvd	South San Francisco	Direct Lease	28,087

East Bay Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Alexa Pharmaceuticals	6550 Dumbarton Cir	Fremont	Renewal	62,523
Lygos	25821 Industrial Rd	Hayward	Direct Lease	48,544
Glyphic Biotechnologies	3100 San Pablo Ave	Berkeley	Direct Lease	31,073
TibaRay	47633 Westinghouse Dr	Fremont	Direct Lease	24,213
Chronus Health	34175 Ardenwood Blvd	Fremont	Sublease	21,664

RESEARCH Q1 2023

Overall Submarket Statistics

	Total Inventory (SF)	Total Lab Vacancy (SF)	Total Lab Vacancy Rate	Total Lab Availability (SF)	Total Lab Availability Rate	Qtr Net Absorption (SF)	Total NNN Asking Rent (Price/SF)
San Francisco	1,429,490	17,099	1.20%	144,648	10.12%	13,087	\$7.25
North Peninsula	13,907,591	1,133,824	8.15%	2,274,005	16.35%	(499,023)	\$7.49
Daly City	383,123	152,400	39.78%	152,400	39.78%	(152,400)	\$6.75
Brisbane	1,403,458	58,523	4.17%	256,923	18.31%	(19,824)	\$7.61
So. San Francisco	12,121,010	922,901	7.61%	1,864,682	15.38%	(326,799)	\$7.54
Mid-Peninsula	5,558,376	414,584	7.46%	501,313	9.02%	84,498	\$6.66
Millbrae	300,000	10,000	3.33%	10,000	3.33%	0	\$7.50
Burlingame	216,025	21,988	10.18%	32,822	15.19%	(2,073)	\$6.27
San Mateo	113,285	0	0.00%	8,405	7.42%	0	\$7.25
Foster City	1,836,117	4,472	0.24%	4,472	0.24%	0	\$7.75
San Carlos	1,223,028	272,398	22.27%	324,767	26.55%	(7,154)	\$6.36
Redwood City	1,869,921	105,726	5.65%	120,847	6.46%	93,725	\$7.44
South Peninsula	3,872,580	262,603	6.78%	302,916	7.82%	279,385	\$6.72
Menlo Park	965,440	92,052	9.53%	92,052	9.53%	(61,345)	\$6.11
Palo Alto	2,327,606	69,002	2.96%	109,315	4.70%	336,610	\$7.69
Mountain View	579,534	101,549	17.52%	101,549	17.52%	4,120	\$6.24
East Bay North	6,266,174	442,051	7.05%	568,037	9.07%	(91,447)	\$6.46
Richmond	562,008	0	0.00%	0	0.00%	0	-
Berkeley	1,536,731	111,311	7.24%	111,311	7.24%	38,510	\$6.75
Emeryville	2,238,861	289,631	12.94%	330,607	14.77%	(217,836)	\$6.75
Alameda	1,928,574	41,109	2.13%	126,119	6.54%	87,879	\$5.45
East Bay South	5,398,184	477,913	8.85%	511,253	9.47%	144,915	\$3.95
San Leandro	589,893	44,734	7.58%	44,734	7.58%	(5,732)	\$4.25
Hayward	1,286,932	167,871	13.04%	167,871	13.04%	73,395	\$5.00
Union City	378,066	0	0.00%	0	0.00%	0	-
Newark	914,017	25,000	2.74%	25,000	2.74%	0	\$4.95
Ardenwood	1,087,264	87,313	8.03%	87,313	8.03%	77,252	\$5.00
Cent/So. Fremont	1,142,012	152,995	13.40%	186,335	16.32%	0	\$2.30
SF BAY AREA	36,432,395	2,748,074	7.54%	4,302,172	11.81%	(68,585)	\$6.78

Bay Area Biotech VC Funding Continues to Cool While Also Recording an Uptick in Recorded Deals

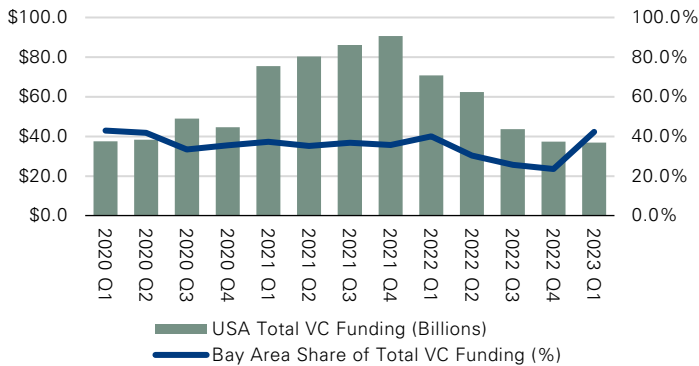
Overall venture capital investment throughout the nation continued to drop for a fifth consecutive quarter and was recorded at \$36.9 billion in the first quarter of 2023. The Bay Area accounted for 42.3% of that total, or roughly \$15.6 billion. This follows the previous quarter in which more than \$37.4 billion was raised nationwide; the Bay Area captured 23.5% of that total, or \$8.7 billion. Nationwide, the life sciences sector accounted for 18.8%, or \$6.9 billion, of all U.S. investment in the first quarter of 2023 versus \$7.9 billion and 21.2%, respectively, in the previous quarter. Biotech venture capital funding in the Bay Area market continued to decline to start the year, recording \$1.47 billion capital raised, down from \$1.52 billion in the

previous quarter and down from \$6.78 billion one year ago. Despite the weak fundamentals that are plaguing the Bay Area’s tech sector, biotech is still showing relative strength, capturing 21.2% of national life sciences VC funding this quarter, up from 19.1% in the previous quarter. Bay Area-wide, there was a total of 96 completed life science deals, compared with 72 in the previous quarter and 80 one year ago.

Current market conditions and a higher interest rate environment present significant funding challenges for companies who continue to be more conservative when raising capital. However, there is also considerable amounts of investor dry powder waiting on the sidelines that is anticipated to be deployed once market conditions improve.

Venture Capital Funding / Bay Area VC Share

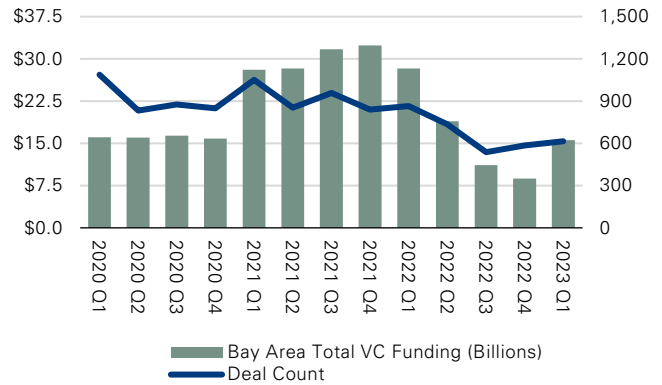
TOTAL VC FUNDING



Source: PitchBook-National Venture Capital Association

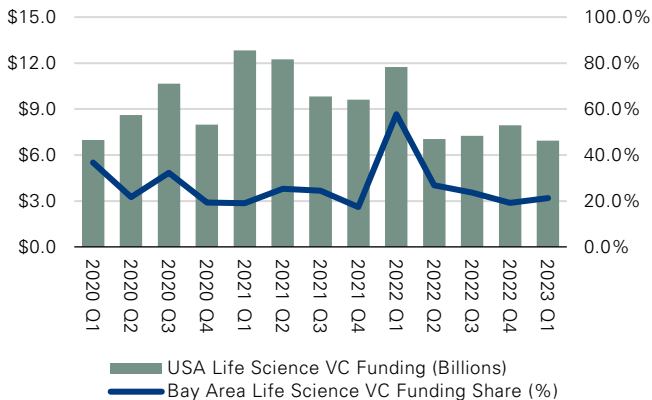
Bay Area Venture Capital Funding / Deal Count

TOTAL BAY AREA VC FUNDING



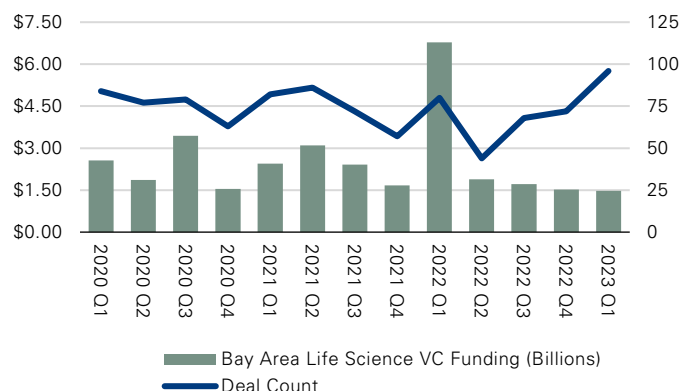
Source: PitchBook-National Venture Capital Association

LIFE SCIENCE VC FUNDING



Source: PitchBook-National Venture Capital Association

LIFE SCIENCE BAY AREA VC FUNDING



Source: PitchBook-National Venture Capital Association

For more information:

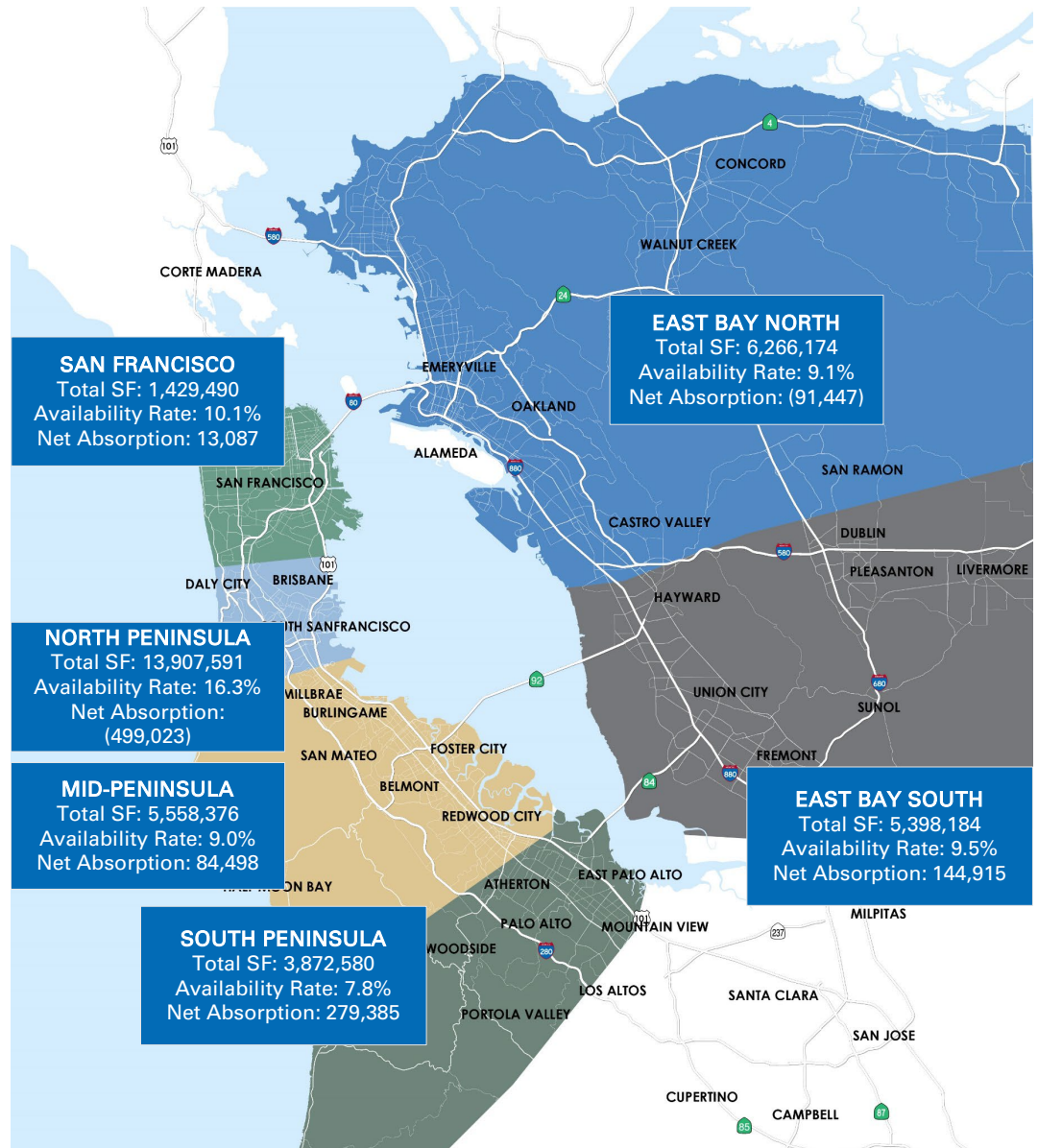
Newmark

2950 South Delaware Street
 Suite 125
 San Mateo, CA 94403
 t 650-341-5800
 Corporate CA RE #: 00832933

Chris Teranishi

Senior Market Analyst
 Chris.Teranishi@nmrk.com

nmrk.com



All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.