

San Francisco Bay Area Life Science Market

Market Overview

The San Francisco Bay Area life science market continues to experience unprecedented growth heading into the second half of 2022. Demand from life science companies continues to drive commercial real estate activity across the region and was recorded at 4.4 million this quarter, which is on par with the previous quarter, at 4.4 million square feet, but down from 5.4 million one year ago. Market-wide vacancy increased to 6.9% this quarter, up from 5.7% in the previous quarter, while availability increased to 7.7%, up from 6.6% in the previous quarter. On the sublease front, vacancy counted for 2.3% of the total inventory, compared to 1.4% in the previous quarter. There was a total of 13 leases greater than 20,000 square feet executed this quarter, compared with 5 in the previous quarter and 10 one year ago. Drug developer Eikon Therapeutics completed the largest deal of the quarter, pre-leasing 290,000 square feet at Alexandria's Center for Life Science campus development in Millbrae.

Construction Pipeline

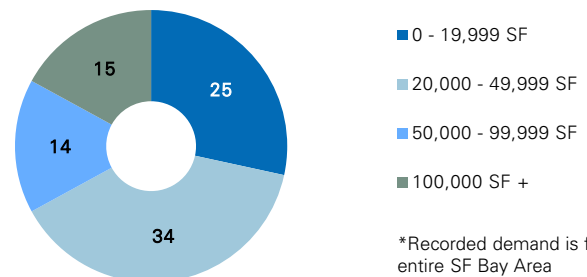
Interest in premium life science space showed no signs of abating across the Bay Area in the second quarter of 2022, with

Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	33.9M	33.0M	31.0M	↑
Availability Rate	7.7%	6.6%	7.3%	↓
Qtr Net Abs (SF)	284K	-225K	212K	↑
Under Const (SF)	5.6M	3.4M	3.3M	↑

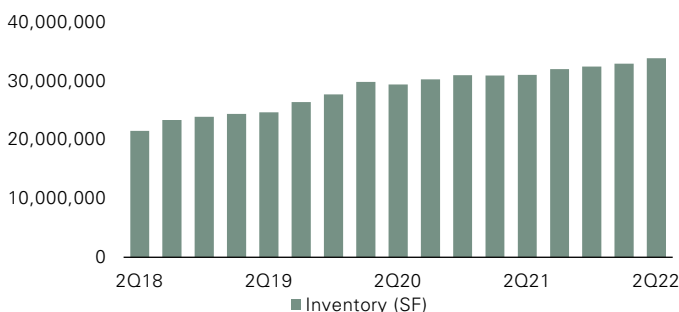
Tenant Demand

LIFE SCIENCE; 4.4 million SF of Total Demand*

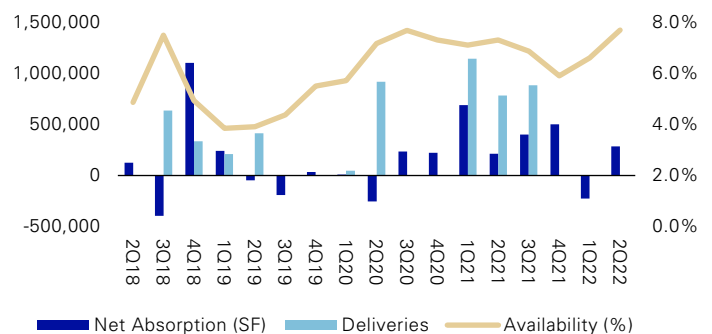


Market Analysis

INVENTORY



NET ABSORPTION V NEW CONSTRUCTION & AVAILABILITY RATE



more than 2.2 million square feet of new inventory now under construction, bringing the total up to a record high of 5.6 million square feet, compared to 3.4 million in the previous quarter. Of that 5.6 million square feet figure, 26.4% is already spoken for or currently in negotiations to be leased. That under-construction figure does not include roughly 44.4 million square feet of potential ground-up construction and convertible research and development space that is probable over the next five years, the largest amount in the region's history. It will be some time before most of the potential space hits the market. For the time being, the region's development pipeline is fully stocked with projects and able to meet demand.

The most notable development to break ground in the East Bay was Lane Partner's Berkeley Commons project. Located at 600 Addison St., the project will feature a two-building campus totaling approximately 540,000 square feet of mixed-use life sciences lab and office with core and shell delivered by mid-to late 2023 and occupancy likely in early 2024. On the Peninsula, Alexandria Real Estate broke ground on its three-building, 570,000-square-foot life science campus located on Adrian and Rollins Road in Millbrae this quarter, with Eikon locked in for nearly half of the project. Despite a rising inflationary and higher interest rate environment that continues to rock global markets,

investors continue to focus on real assets and the stability they provide, realizing the strong returns specifically for newly built life science developments as demand remains at historic levels in the Bay Area. In the larger metro areas such as San Francisco, conversion opportunities continue to be increasingly attractive to investors in the current environment due to faster turnaround time versus new construction. The most notable acquisition for life science repositioning was DivcoWest's purchase of the former Old Navy headquarters located at 550 Terry Francois Blvd. in San Francisco for \$356.0 million, or \$1,150/SF.

Asking Rents

North Peninsula asking rates for existing product now stand between \$6.50/SF and \$7.50/SF triple-net. Mid- to South Peninsula rates for existing product increased and currently stand in the \$5.75/SF and \$7.75/SF range. Deals for new construction between the North and South Peninsula markets were executed between \$7.00/SF and \$7.50/SF. Asking rates for existing product in the Northern part of the East Bay increased this quarter and now stand between \$4.50/SF and \$7.25/SF, while deals for newly converted lab space ranged between \$6.25/SF to \$7.25/SF. Southern East Bay submarket rates remained steady in the \$3.75/SF to \$4.95/SF range.

Peninsula Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Eikon Therapeutics	230 Harriet Tubman Rd	Millbrae	Direct Lease	290,000
InterVenn Biosciences	499 Forbes Blvd	South San Francisco	Direct Lease	148,000
NewLimit	901 Gateway Blvd	South San Francisco	Sublease	80,000
Calico Life Sciences	1170 Veterans Blvd	South San Francisco	Direct Lease	74,000
ArcellX	800 Bridge Pkwy	Redwood Shores	Direct Lease	51,822

East Bay Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
BillionToOne	3200 Whipple Rd- Bldg. B	Union City	Direct Lease	89,020
Eikon Therapeutics	24590 Clawiter Rd	Hayward	Direct Lease	52,945
Sound Agriculture	6401 Hollis St	Emeryville	Direct Lease	33,532
Orbillion Bio	965 Atlantic Ave	Alameda	Direct Lease	23,911
Neuralink	6453 Kaiser Dr	Fremont	Direct Lease	20,970

RESEARCH Q2 2022

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)
San Francisco	1,380,490	0	0.00%	0	0.00%	0
North Peninsula	12,767,767	746,976	5.85%	970,477	7.60%	3,455
Daly City	383,123	14,011	3.66%	183,550	47.91 %	17,450
Brisbane	1,007,458	110,377	10.96%	110,377	10.96%	(38,699)
So. San Francisco	11,377,186	622,588	5.47%	676,550	5.95%	24,704
Mid-Peninsula	5,253,246	376,310	7.16%	388,479	7.40%	234,949
Millbrae	300,000	10,000	3.33%	10,000	3.33%	290,000
Burlingame	127,661	19,915	15.60%	19,915	15.60%	(19,915)
San Mateo	113,285	0	0.00%	0	0.00%	0
Foster City	1,827,173	0	0.00%	0	0.00%	0
San Carlos	1,223,308	274,939	22.48%	274,939	22.48%	(45,300)
Redwood City	1,661,819	71,456	4.30%	83,625	5.03%	10,164
South Peninsula	3,569,894	359,930	10.08%	359,930	10.08%	2,069
Menlo Park	954,197	6,252	0.66%	6,252	0.66%	(3,752)
Palo Alto	2,104,764	319,699	15.19%	319,699	15.19%	5,821
Mountain View	510,933	33,979	6.65%	33,979	6.65%	0
East Bay North	5,402,667	112,822	2.09%	122,126	2.26%	125,462
Richmond	562,008	0	0.00%	0	0.00%	0
Berkeley	1,062,859	68,225	6.42%	68,225	6.42%	49,965
Emeryville	2,111,580	6,832	0.32%	16,136	0.76%	51,586
Alameda	1,666,220	37,765	2.27%	37,765	2.27%	23,911
East Bay South	5,500,322	732,407	13.32%	765,025	13.91 %	(81,572)
San Leandro	589,893	45,053	7.64%	73,153	12.40%	0
Hayward	1,378,042	303,962	22.06%	303,962	22.06%	63,354
Union City	378,066	0	0.00%	0	0.00%	0
Newark	914,017	50,000	5.47%	54,518	5.96%	0
Ardenwood	1,136,442	154,565	13.60%	154,565	13.60%	0
Central/South Fremont	1,103,862	178,827	16.20%	178,827	16.20%	(144,926)
SF BAY AREA	33,874,386	2,328,445	6.87%	2,606,037	7.69%	284,363

Nationwide and Bay Area VC Funding Cools Off in 2Q22

Overall venture capital investment throughout the country was recorded at \$62.36 billion in the second quarter of 2022. The Bay Area accounted for 30.3% of that total, or \$18.9 billion. This follows the previous quarter in which more than \$70.8 billion was raised nationwide; the Bay Area captured 40.0% of that total, or \$28.3 billion.

Nationwide, the life sciences sector accounted for 11.3%, or \$7.1 billion, of all U.S. investment in the second quarter of 2022 versus \$11.7 billion and 16.6%, respectively, in the previous quarter. After setting a record level of \$6.8 billion in biotech venture capital funding and private investment across the Bay Area market in the previous quarter, the life science market cooled off

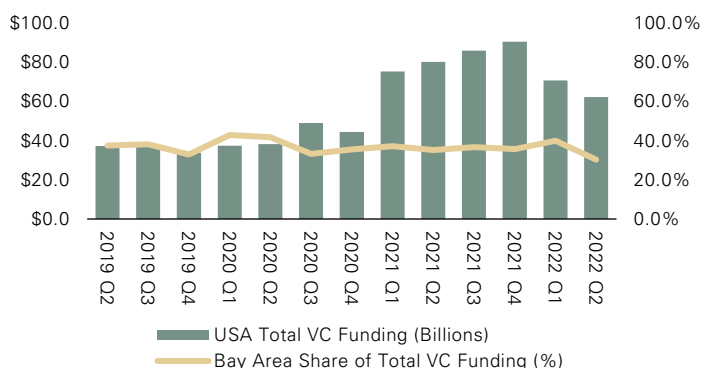
in the second quarter of 2022, recording \$1.9 billion of capital raised.

Nationwide, there was a total of 270 completed life science deals completed this quarter, compared to 346 in the previous quarter. Bay Area-wide, there was a total of 44 completed life science deals, compared to 80 in the previous quarter.

Despite the macro headwinds and negative sentiment driving the economy, funding in the private and public biotech sector has remained resilient as investors continue to recognize the stability of the life science sector, while constantly looking to diversify their VC portfolios.

Venture Capital Funding / Bay Area VC Share

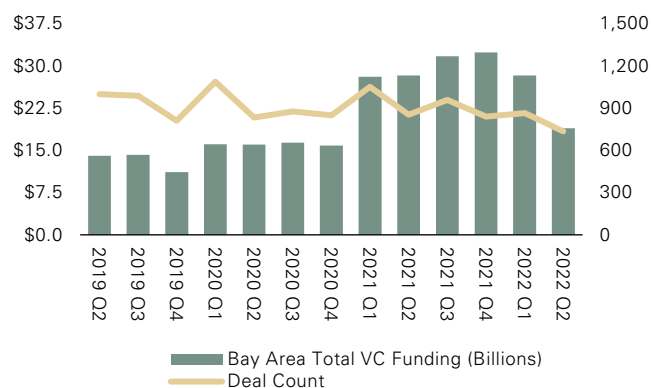
TOTAL VC FUNDING



Source: PitchBook-National Venture Capital Association

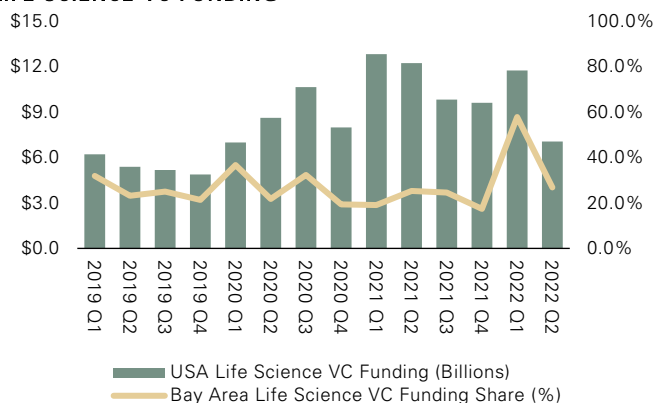
Bay Area Venture Capital Funding / Deal Count

TOTAL BAY AREA VC FUNDING



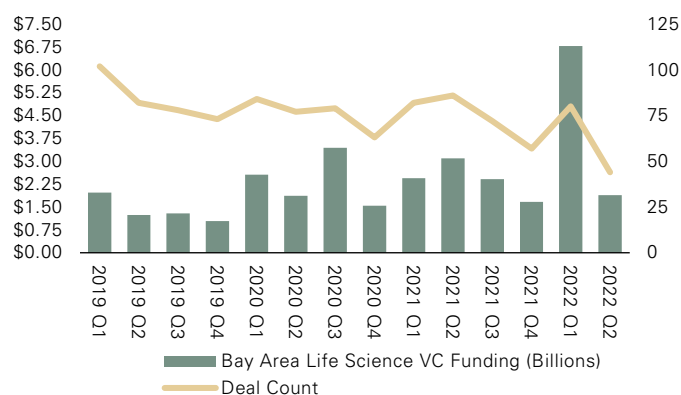
Source: PitchBook-National Venture Capital Association

LIFE SCIENCE VC FUNDING



Source: PitchBook-National Venture Capital Association

LIFE SCIENCE BAY AREA VC FUNDING



Source: PitchBook-National Venture Capital Association

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The map illustrates the San Francisco Bay Area, divided into five distinct regions, each with its own color and associated data. The regions are: San Francisco (green), East Bay North (blue), North Peninsula (orange), Mid-Peninsula (yellow), and East Bay South (grey). The map also shows major highways and surrounding cities.

Region	Total SF	Availability Rate	Net Absorption
San Francisco	1,380,490	0.0%	0
East Bay North	5,402,667	2.26%	125,462
North Peninsula	12,767,767	7.60%	3,455
Mid-Peninsula	5,253,246	7.40%	234,949
East Bay South	5,500,322	13.91%	(81,572)
South Peninsula	3,569,894	10.08%	2,069

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