



RESEARCH 4Q 2020

San Francisco Bay Area Life Science Market

Market Overview

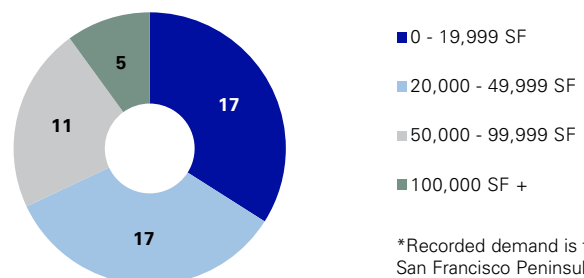
With a foot on the brake in the industrial and tech industries over the last 10 months, tremendous growth and opportunity in the life science sector remains prevalent in the San Francisco Bay Area. After exhibiting a robust third quarter that recorded 235,094 square feet of positive net absorption, the market continued its steady trend in the fourth quarter, as a rush of larger deals executed by notable life science tenants were recorded to close out the year. There was a total of 18 leases greater than 20,000 square feet executed this quarter, compared with six in the previous quarter, and 12 one year ago. VIR Biotechnology completed the largest lease transaction of the quarter, subleasing 133,896 square feet from Dropbox, Inc. at 1800 Owens Street in San Francisco. VIR intends to convert the subleased space to office and lab for their R&D operations. The sale highlight of the quarter was made by Ventas, Inc., which acquired the three life science properties located at 1 and 2 Tower Place and 4000 Shoreline Court in South San Francisco from Phase 3 Real Estate. The three properties, totaling 796,572 square feet, sold for \$1.02 billion, or \$1,280/SF. With demand growing and major new construction projects set to be delivered in the coming months, most of which are already pre-leased, expect net absorption to

Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	30.9M	30.0M	27.7M	↑
Availability Rate	7.3%	7.7%	5.5%	↓
Qtr Net Abs (SF)	221K	235K	33K	↑
Under Const (SF)	3.3M	3.3M	2.9M	↑

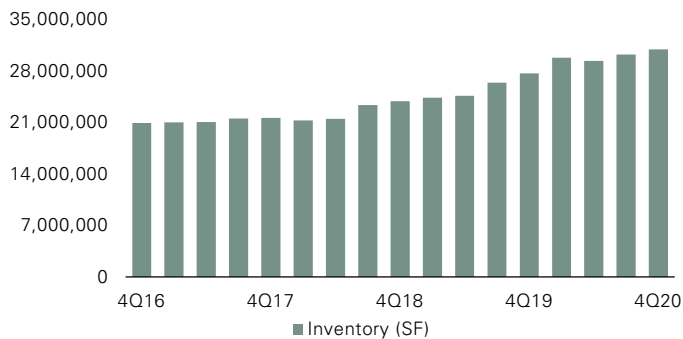
Tenant Demand

LIFE SCIENCE; 2.81 million SF of Total Demand

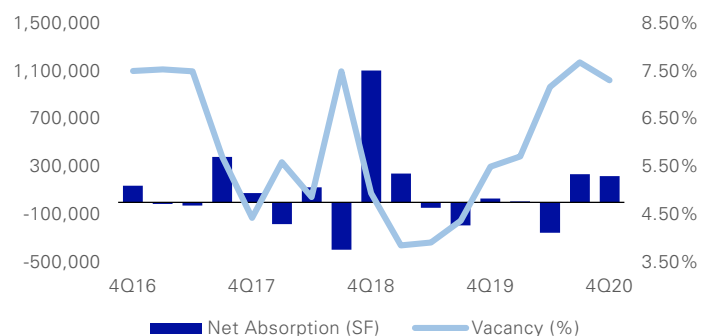


Market Analysis

INVENTORY



NET ABSORPTION



NEWMARK

hit record positive territory and peak level rents for the years to come. Demand for lab and medical space, which has only accelerated through the pandemic, is fully expected to carry over into next year and the years to come as vaccine research and drug manufacturing continue to drive the market.

Construction Pipeline

Currently, the construction pipeline holds approximately 3.3 million square feet awaiting completion with 2.2 million square feet expected to be delivered next quarter. The Emeryville Public Market, a 147,873-square-foot mixed use property located at 5959 Shellmound Avenue, was acquired this quarter by real estate developer Oxford Properties for \$125.0 million. Oxford intends on converting 60,000 square feet of office and retail space at the property to life science, growing the overall lab footprint to 90,000 square feet total. In San Francisco, Alexandria Real Estate received approval from the city's planning commission for its future 185,000-square-foot lab and office project at 1450 Owens Street, with construction anticipated to begin by mid-2022. Genesis 1900 Alameda De Las Pulgas in San Mateo, a recently converted 113,385-square-foot mixed lab and office property that was

acquired by Phase 3 Real Estate, is ready for occupancy next quarter as well.

Asking Rents

Life science product in the San Francisco market continues to be severely constrained, forcing prospective tenants to seek facilities in San Mateo, Santa Clara, and Alameda Counties to accommodate their requirements. South San Francisco and Brisbane remain the leading submarkets in the Bay Area, commanding triple net asking rates between \$5.25/SF and \$6.25/SF. South Peninsula asking rates remained steady this quarter, ranging between \$4.25/SF and \$7.85/SF. Asking rates range between \$4.25/SF and \$5.25/SF in the northern part of the East Bay and between \$1.75/SF and \$4.50/SF in the southern East Bay submarkets.

U.S. Venture Capital Investment

Life science companies raised \$34.9 billion, or 47.4%, of the U.S. venture capital invested through the fourth quarter of 2020. A total of 1,738 life science venture capital deals were recorded year-to-date.

Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
VIR Biotechnology	1800 Owens St	San Francisco	Sublease	133,896
Confidential Tenant	1800 Sierra Point Parkway	Brisbane	Direct Lease	109,237
Cytek Biosciences	47211 Lakeview Blvd	Fremont	Direct Lease	95,000
Agenus	6455 Christie Ave	Emeryville	Direct Lease	83,620
Ascendis Pharma	1050 Page Mill Rd	Palo Alto	Direct Lease	75,000
Annexon, Inc.	1400 Sierra Point Parkway	Brisbane	Direct Lease	65,818
Confidential Tenant	1555 Adams Dr	Menlo Park	Lease Renewal	50,373
Lyell Immunopharma	400 Jamie Ct. (E)	South San Francisco	Lease Renewal	49,263
TrueBinding	300 Lincoln Centre Dr	Foster City	Sublease	43,000

Select Investment Sale Transactions

Building(s)	Submarket	Sale Price	\$/SF	Square Feet
Genesis SSF & 4000 Shoreline Ct.	South San Francisco	\$1,020,000,000	\$1,290	796,572

Overall Submarket Statistics

	Total Inventory (RSF)	Total Lab Availability (SF)	Total Lab Availability Rate	Qtr Net Absorption (RSF)	YTD Net Absorption (RSF)
San Francisco	1,350,490	32,421	2.40%	0	-32,421
North Peninsula	11,741,222	713,240	6.07%	305,606	745,376
Brisbane	997,793	63,285	6.05%	175,055	476,400
South San Francisco	10,743,429	649,955	7.29%	130,551	268,976
Mid-Peninsula	4,493,765	512,069	11.40%	-38,448	-451,286
Burlingame	127,661	9,648	7.56%	0	0
San Mateo	113,285	113,285	100.00%	-113,285	-113,285
Foster City	1,827,173	107,000	5.86%	43,000	-107,000
San Carlos	1,171,934	282,136	24.07%	-7,246	-277,191
Redwood City	1,253,712	0	0.00%	39,083	46,190
South Peninsula	4,192,417	419,031	9.99%	57,672	243,519
Menlo Park	1,125,580	2,538	0.23%	20,752	-7,702
Palo Alto	2,219,087	381,848	17.21%	56,000	268,625
Mountain View	847,750	34,645	4.09%	-19,080	-17,404
East Bay North	4,571,161	212,328	4.64%	40,639	-33,545
Richmond	562,008	0	0.00%	0	0
Berkeley	960,420	16,000	1.67%	0	-32,000
Emeryville	1,902,664	79,000	4.15%	25,000	-95,921
Alameda	1,146,069	117,328	10.24%	15,639	94,376
East Bay South	4,614,502	376,438	8.16%	-144,545	-259,334
San Leandro	589,893	36,850	6.25%	0	-208,069
Hayward	1,041,070	195,043	18.73%	0	51,817
Union City	195,000	0	0.00%	0	0
Newark	813,789	0	0.00%	0	0
Ardenwood	1,090,226	55,588	5.10%	-55,588	-39,488
Central/South Fremont	884,524	88,957	10.06%	-88,957	-63,594
SAN FRANCISCO BAY AREA	30,963,557	2,233,106	7.32%	220,924	212,309

For more information:

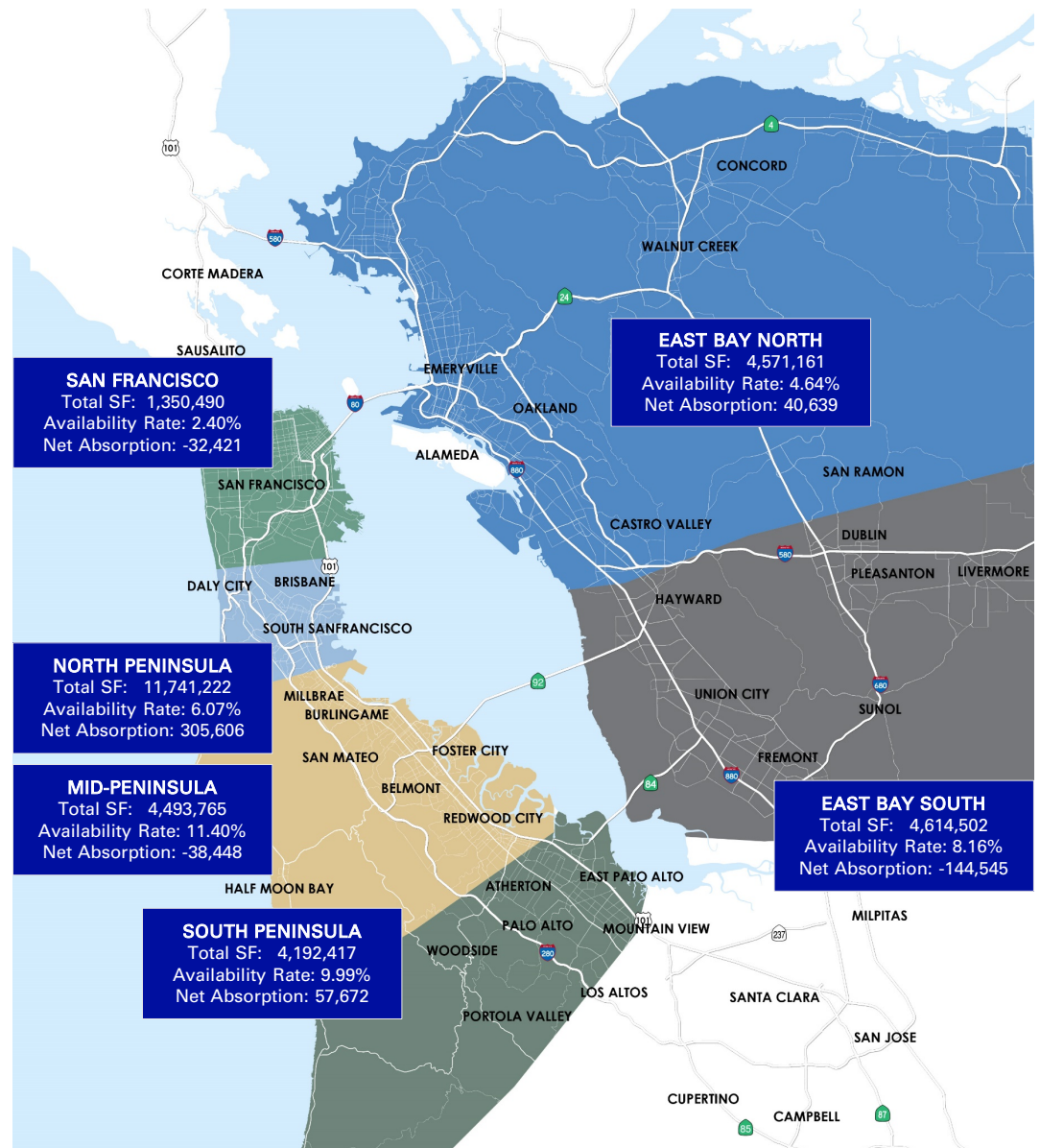
Newmark

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

Chris Teranishi

Research Analyst
cteranishi@ngkf.com

nmrk.com



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