



San Francisco Bay Area Life Science Market

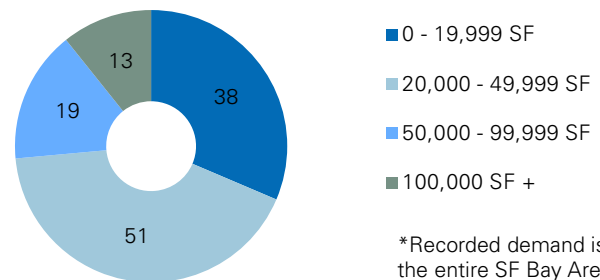
The combination of inflation and higher interest rates had minimal impact on the positive momentum the Bay Area Life Science Market had been experiencing since the inception of the pandemic in early 2020. Current demand for life science product was recorded at 5.2 million square feet this quarter, which is up slightly from 5.1 million square feet in the previous quarter and up from 4.5 million one year ago. Market-wide vacancy increased to 7.1% this quarter, up slightly from 7.0% in the previous quarter, while availability increased to 9.7%, up from 9.3% in the previous quarter. On the sublease front, vacancy counted for 2.5% of the total inventory, down five basis points from the previous quarter. After recording positive absorption in the prior two quarters, the Bay Area life science market took a minor step backwards, closing at negative 98,158 square feet. The swing in absorption is no cause for alarm and is relative to the 72,500-square-foot life science facility at 34175 Ardenwood Blvd. in Fremont and 34,988-square foot Harpoon Therapeutics at The Cove Project in South San Francisco becoming available this quarter. Omitting these new availabilities from the numbers would have resulted in 9,330 square feet of positive absorption for the quarter. There was a

Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	35.8M	35.0M	32.4M	↑
Availability Rate	9.7%	9.3%	5.9%	↑
Qtr Net Abs (SF)	(98K)	151K	500K	↓
Under Const (SF)	7.7M	7.0M	3.4M	↑

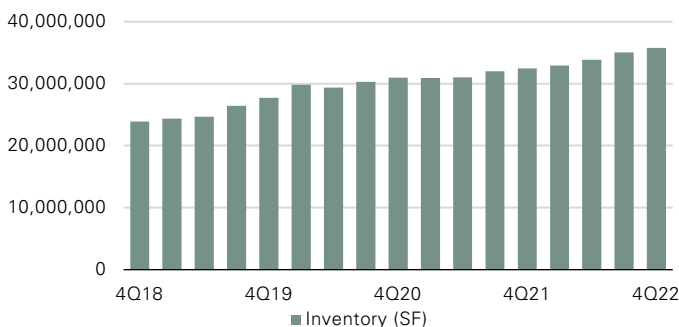
Tenant Demand

LIFE SCIENCE; 5.2 million SF of Total Demand*

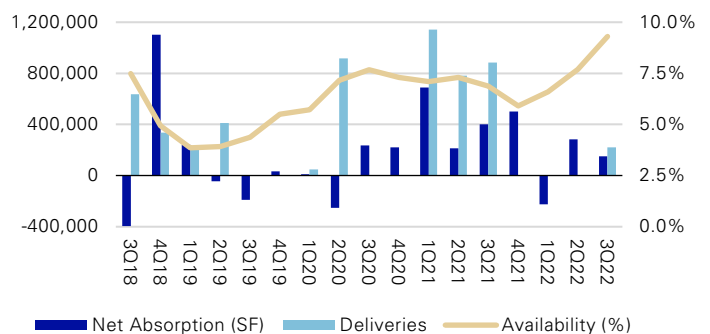


Market Analysis

INVENTORY



NET ABSORPTION V NEW CONSTRUCTION & AVAILABILITY RATE



RESEARCH Q4 2022

total of 17 leases greater than 20,000 square feet executed this quarter, compared with 15 in the previous quarter and 22 one year ago. Insitro completed the largest deal of the quarter at 279 E. Grand Ave., South San Francisco, renewing its 72,000-square foot lease and expanding into an additional 72,000 square feet for a total of 144,000 square feet transacted. The sale highlight of the quarter was made by Gemini Rosemont Commercial Real Estate, which acquired 1828 El Camino Real in Burlingame from Sansome Street Advisors for \$59.35 million, or \$902/SF.

Construction Pipeline

Life science development across the Bay Area continued to quicken in the fourth quarter of 2022, recording 1.2 million square feet of new inventory now under construction, bringing the pipeline total up to 7.7 million square feet of inventory, compared with 7.0 million in the previous quarter. Of the notable ground-up construction in the Bay Area, 13.2% is already spoken for or currently in negotiations to be leased. That under-construction figure does not include roughly 43.1 million square feet of potential ground-up construction and convertible research and development space that is probable over the next five to ten years. Life science development across the Bay Area has nearly doubled year over year and with additional high-profile projects in the pipeline securing city approvals or near ground-breaking, the

pipeline anticipates reaching a record 8.0 million by the end of 2023. Well-positioned sites near major highways and public transportation are ripe for mixed-use lab and office development and will continue to attract the attention of developers who look to capitalize on the unabated demand and record-high rents. North Peninsula submarkets South San Francisco and Brisbane currently account for more than 53.0% of the Bay Area inventory currently under construction and continue to be a focal point for life science developers.

Asking Rents

North Peninsula asking rates for existing product increased this quarter and now range between \$7.20/SF and \$7.75/SF triple-net. Mid- to South Peninsula rates for existing product held steady this quarter, continuing to stand in the \$6.25/SF to \$7.75/SF range. Deals for new construction and newly converted space between the North and South Peninsula markets were executed between \$7.50/SF and \$8.00/SF. Asking rates for existing product in the Northern part of the East Bay increased and currently stand in the \$5.10/SF to \$6.85/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 \$4.00/SF to \$4.95/SF range.

Peninsula Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Insitro	279 E. Grand Ave	South San Francisco	Renewal/Expansion	144,000
Kezar Life Sciences	4000 Shoreline Ct	South San Francisco	Renewal/Expansion	48,714
Septerna	250 E. Grand Ave	South San Francisco	Renewal/Expansion	44,819
Impossible Foods	500 Saginaw Dr	Redwood City	Renewal	40,049
Galvanize Therapeutics	3200 Bridge Pkwy	Redwood Shores	Sublease	39,793

East Bay Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Exelixis	1410 Harbor Bay Pkwy	Alameda	Expansion	100,000
Metagenomi	5959 Horton St	Emeryville	Sublease	78,000
Vivani Medical	1350 South Loop Rd	Alameda	Direct Lease	43,645
Discovery Life Sciences	1640 South Loop Rd	Alameda	Direct Lease	25,864
Arcadia	3100 San Pablo Ave	Berkeley	Direct Lease	22,213

Peninsula & East Bay Select Investment Sale Transactions

Building(s)	Market	Sale Price	\$/SF	Square Feet
1828 El Camino Real	Burlingame	\$59,350,000	\$902	65,804

RESEARCH Q4 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)	Total NNN Asking Rent (Price/SF)
San Francisco	1,380,490	0	0.00%	38,942	2.82%	0	-
North Peninsula	13,433,993	642,437	4.78%	1,124,639	8.37%	(55,256)	\$7.34
Daly City	383,123	0	0.00%	143,100	37.35%	26,439	\$7.50
Brisbane	1,403,458	38,699	2.76%	184,438	13.14%	53,013	\$7.75
So. San Francisco	11,647,412	603,738	5.18%	797,101	6.84%	(134,708)	\$7.21
Mid-Peninsula	5,526,256	454,660	8.23%	555,074	10.04%	17,894	\$6.98
Millbrae	300,000	10,000	3.33%	10,000	3.33%	0	\$7.50
Burlingame	216,025	19,915	9.22%	30,749	14.23%	0	\$6.25
San Mateo	113,285	0	0.00%	0	0.00%	0	\$7.25
Foster City	1,836,117	4,472	0.24%	4,472	0.24%	(4,472)	\$7.75
San Carlos	1,223,308	265,739	21.72%	320,548	26.20%	(9,554)	\$6.88
Redwood City	1,837,521	154,534	8.41%	189,305	10.30%	31,920	\$7.21
South Peninsula	3,869,349	517,628	13.38%	609,977	15.76%	(59,369)	\$7.41
Menlo Park	992,821	36,959	3.72%	102,798	10.35%	(3,000)	\$6.75
Palo Alto	2,298,062	376,068	16.36%	402,578	17.52%	(56,369)	\$8.00
Mountain View	578,446	104,601	18.08%	104,601	18.08%	0	\$5.81
East Bay North	6,188,837	202,799	3.28%	405,757	6.56%	73,982	\$6.06
Richmond	562,008	0	0.00%	0	0.00%	0	-
Berkeley	1,534,969	71,181	4.64%	77,136	5.03%	22,213	\$6.82
Emeryville	2,163,621	41,766	1.93%	153,700	7.10%	68,559	\$6.75
Alameda	1,928,239	89,852	4.66%	174,921	9.07%	(16,790)	\$5.11
East Bay South	5,360,034	702,744	13.11%	728,576	13.59%	(75,409)	\$3.96
San Leandro	589,893	39,002	6.61%	39,002	6.61%	(14,712)	\$4.25
Hayward	1,286,932	296,182	23.01%	296,182	23.01%	11,803	\$4.19
Union City	378,066	0	0.00%	0	0.00%	0	-
Newark	914,017	50,000	5.47%	50,000	5.47%	0	\$4.95
Ardenwood	1,087,264	164,565	15.14%	164,565	15.14%	(72,500)	\$4.50
Cent/So Fremont	1,103,862	152,995	13.86%	178,827	16.20%	0	\$2.75
SF BAY AREA	35,758,959	2,520,268	7.05%	3,462,965	9.68%	(98,158)	\$6.35

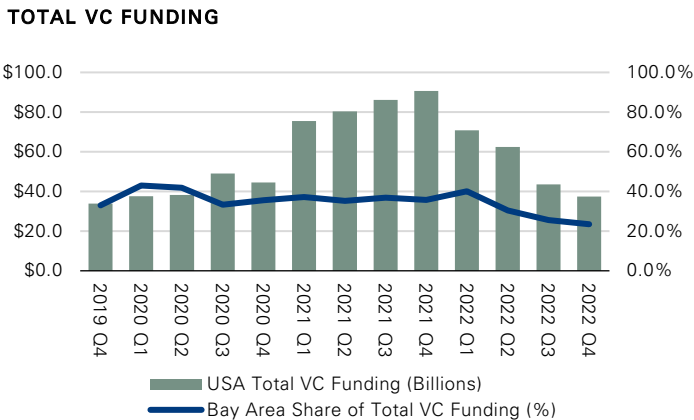
Biotech VC Funding Increases Nationwide While Bay Area Funding Continues to Consolidate

Overall venture capital investment throughout the country was recorded at \$37.4 billion in the fourth quarter of 2022. The Bay Area accounted for 23.5% of that total, or roughly \$8.7 billion. This follows the previous quarter in which more than \$43.6 billion was raised nationwide; the Bay Area captured 25.6% of that total, or \$11.2 billion.

Nationwide, the life sciences sector accounted for 21.2%, or \$7.9 billion, of all U.S. investment in the fourth quarter of 2022 versus \$7.3 billion and 16.7%, respectively, in the previous quarter. Biotech venture capital funding and private investment funding in the Bay Area market continued to cool off in the fourth quarter of 2022, recording \$1.5 billion capital raised, down from \$1.7 billion in the previous quarter.

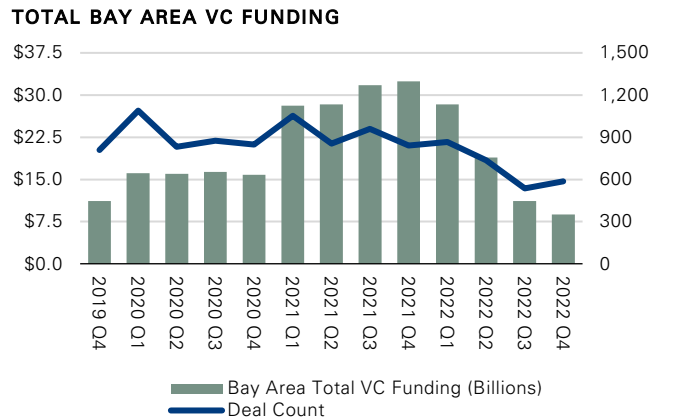
Nationwide, there was a total of 435 completed life science deals completed this quarter, compared to 486 in the previous quarter. Bay Area-wide, there was a total of 72 completed life science deals, compared with 68 in the previous quarter. Overall venture capital funding across the nation is in the midst of its fourth quarter-over-quarter decline while funding geared specifically towards life science has moderately increased over the last two quarters. Overall funding throughout the Bay Area has decreased for four consecutive quarters while funding geared towards life science has decreased for three consecutive quarters. The challenging fundraising environment has reduced investor appetite in the short-term and is directly correlated to the global slump in M&A activity, lack of exits via initial public offerings in the equities market, and the steep decline in company valuations.

Venture Capital Funding / Bay Area VC Share



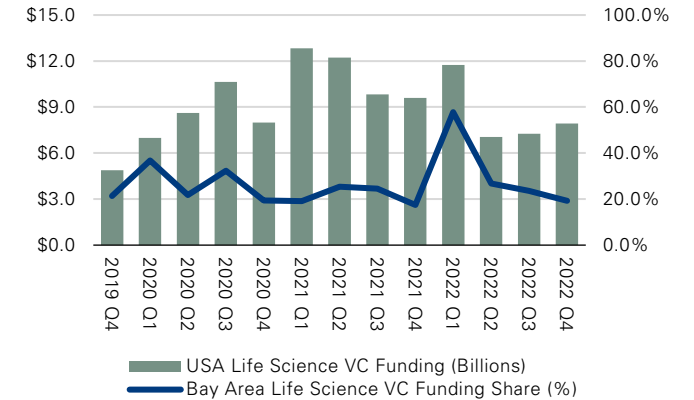
Source: PitchBook-National Venture Capital Association

Bay Area Venture Capital Funding / Deal Count



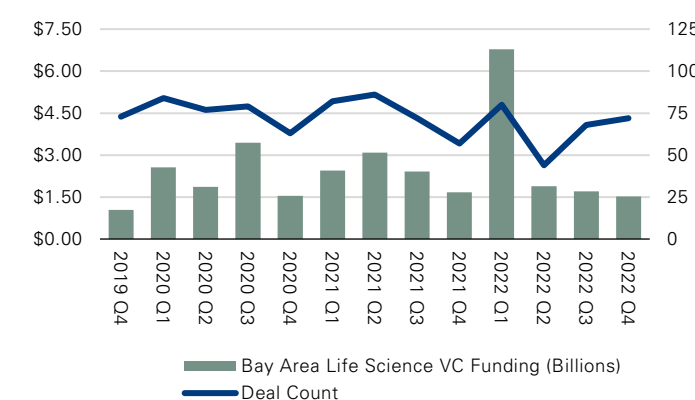
Source: PitchBook-National Venture Capital Association

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:

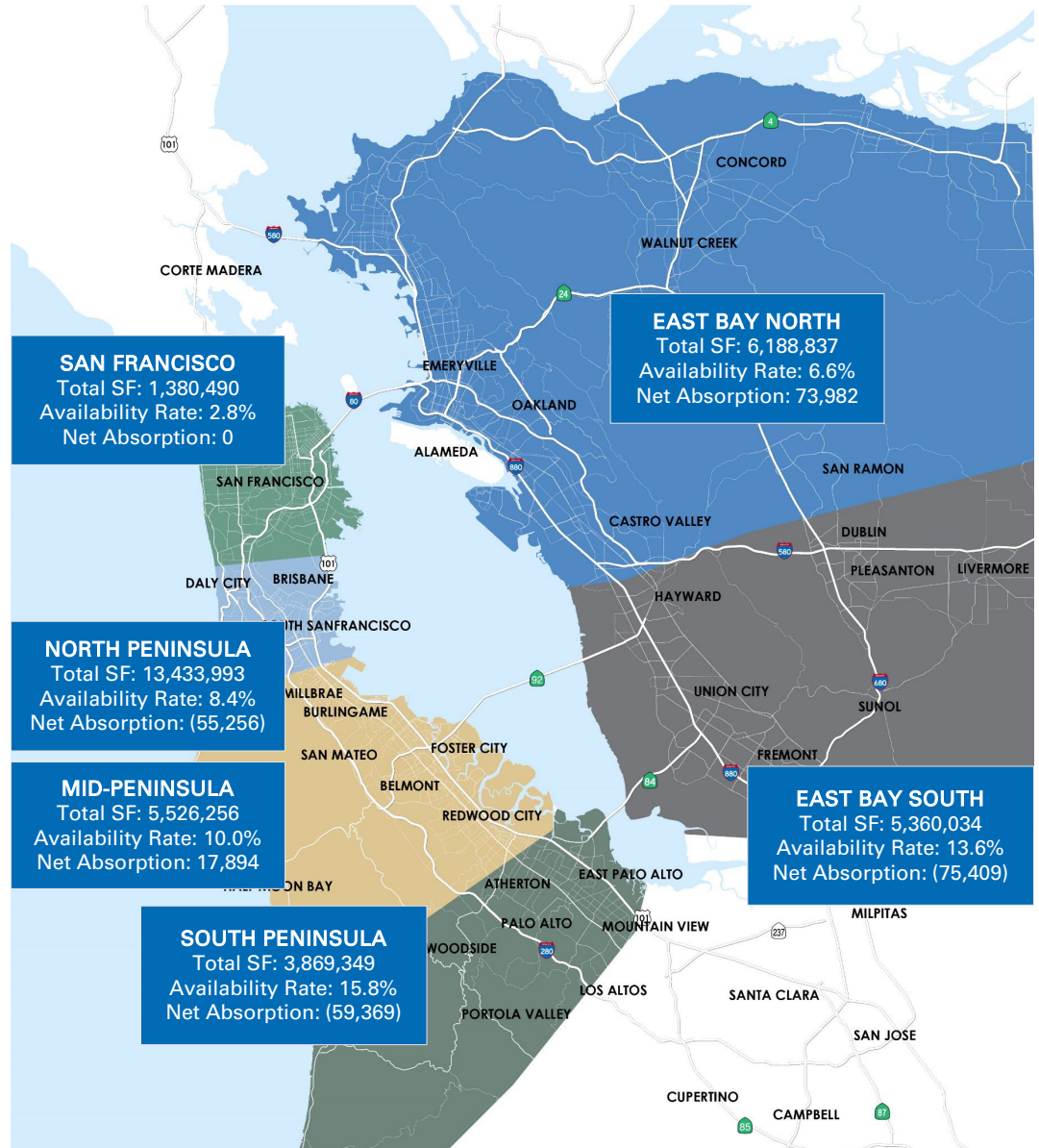
Newmark

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



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