**MARKET TRENDS | BAY AREA**

LIFE SCIENCE

**3RD QUARTER
2020**◀ **ABSORPTION** | ▼ **VACANCY** | ▲ **RENTAL RATE**

Market Forecast

The Bay Area life science market continues to remain robust despite the ongoing impact of the COVID-19 pandemic in the region. Third Quarter gross absorption totaled 774,934 s.f., with a positive net absorption of 524,771 s.f. Net absorption for the first three quarters of 2020 totaled 1.06 million s.f., down from 1.39 million s.f. over the same period in 2019, but a relatively modest decline given the impact of Covid-19.

Just over 2.9 million s.f. of life science product is currently under construction, focused in San Mateo and Alameda Counties. Vacancy rates rose slightly to 3.53%, up from last quarter's rate of 3.27%. Close to 250,000 s.f. of new available product came on the market in the Bay Area in Q3, concentrated within Alameda and San Mateo Counties. Life science demand remains strong in the region, with 3.73 million s.f. of tenant requirements currently being tracked by Kidder Mathews. Venture capital funding reached \$9.74 billion this quarter, with biotech companies Kronos Bio, Shattuck Labs and Spruce Biosciences going public, highlighting significant IPO activity in this industry.

SAN FRANCISCO COUNTY

Life science product continues to remain scarce in San Francisco County. Juul's former lab space at 1155 Bryant Street, a 28,137 s.f. building, is the only built-out availability currently on the market. Dropbox is offering three floors of shell space for sublease totaling approximately 80,000 s.f. that can be built out for labs at The Exchange

in Mission Bay. Due to a lack of space, prospective tenants are often forced to seek facilities in San Mateo and Alameda Counties to accommodate their growing need for space. The only new potential projects currently on the horizon are Alexandria's 88 Bluxome development in Central SOMA and 1450 Owens Street in Mission Bay, along with a 150,000 s.f. project at 300 Kansas that has applied for more flexible use definitions under the current PDR zoning. We do however anticipate more projects turning to life science use in the near future given current and projected future softness in the office/tech market.



The Bay Area life science market continues to remain robust despite the ongoing impact of the COVID-19 pandemic in the region.

SAN MATEO COUNTY

San Mateo County had an active quarter with 242,653 s.f. of gross absorption and 135,323 s.f. of positive net absorption. In Brisbane, Mammoth Bio leased 39,463 s.f. at 1000 Marina Blvd, occupying the 3rd and 6th floors, while MyoKardia agreed to a 31,000 s.f. sublease at 1200 Sierra Point Parkway. Sutro Biopharma subleased 115,466 s.f. from Five Prime Therapeutics at 111 Oyster Point Blvd in South San Francisco and Epic Bio completed a 14,834 s.f. lease at 7000 Shoreline Ct. in South San Francisco. Further down in Redwood City, Jasper Therapeutics agreed to a 7,700 s.f. lease at 2200 Bridge Parkway, while Kriya Therapeutics completed a 6,600 s.f. at 1100 Island Drive.

Third quarter vacancy rates fell slightly to 4.25%, compared to last quarter's rate of 4.54%. Asking rental rates stand between \$3.50/s.f. NNN and \$5.75/s.f. NNN.

SANTA CLARA COUNTY

Santa Clara County led all Bay Area regions, reporting 269,534 s.f. of gross absorption and 257,921 s.f. of positive net absorption. Guardant Health completed the largest lease of the quarter by agreeing to 249,549 s.f. at 3000 Hanover St. in Palo Alto. The biotech company is scheduled to occupy the space in Q4 2021. Additionally, Click Diagnostics leased 19,985 s.f. at 625 River Oaks Pkwy. in San Jose.

Vacancy rates stood at 3.32% in Q3, with asking rates between \$1.95/s.f. and \$5.00/s.f. NNN.

ALAMEDA COUNTY

Alameda County ended Q3 with a gross absorption of 262,747 s.f. and 131,527 s.f. of positive net absorption. Wareham Development Group saw strong activity in two of their East Bay properties: Perfect Day subleased 112,088 s.f. from Aduro Biotech at 740 Heinz Ave. in Berkeley, while Kyverna Therapeutics agreed to 20,761 s.f. at 5980 Horton St. in Emeryville. Other notable life science leases in the city of Alameda include Bay Area Disruptor & Startup Support

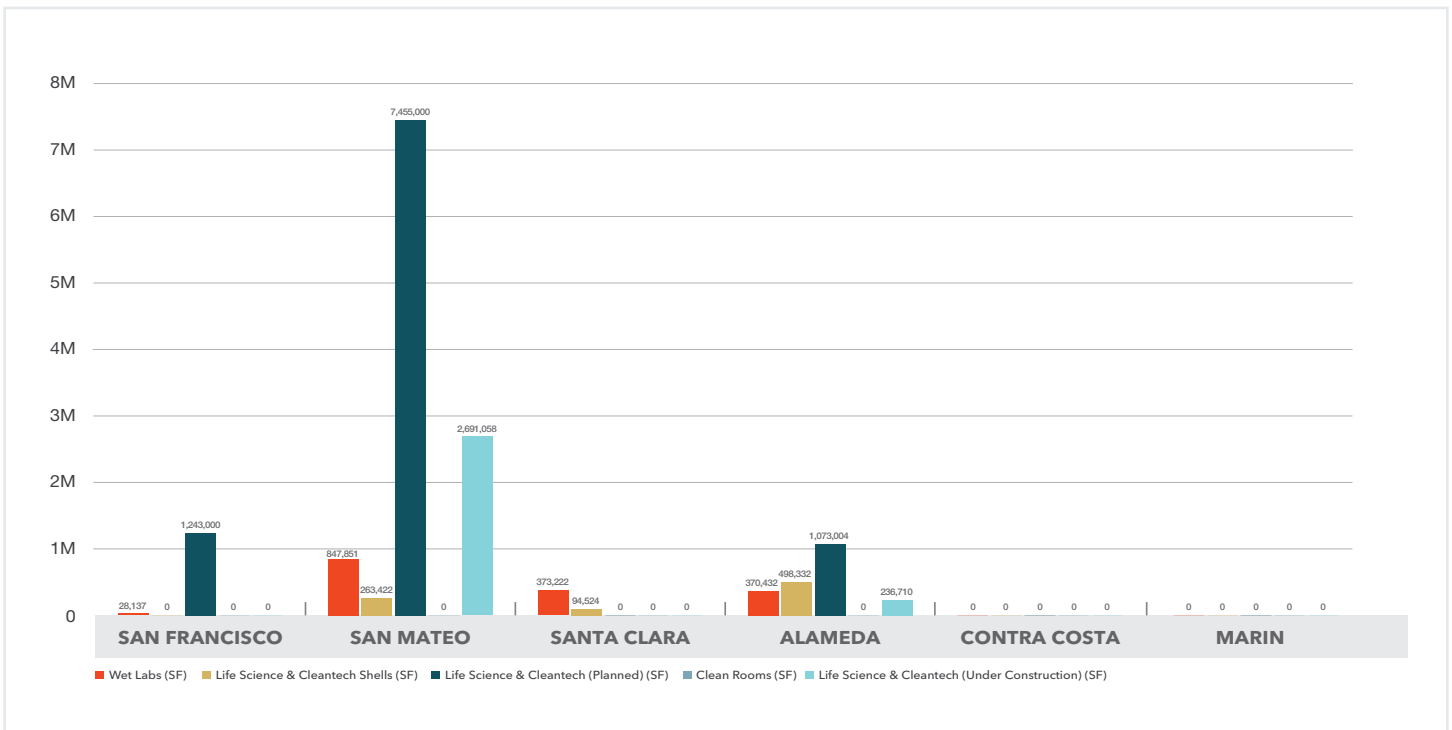
Labs leasing 21,255 s.f. at 1010 Atlantic Ave., IOTA Pharmaceuticals completing a 15,529 s.f. lease at 1020 Atlantic Ave., and Checkerspot occupying nearly 15,000 s.f. at 1250 Marina Village Parkway.

Vacancy rates rose to 3.36% at the end of Q3, up from last quarter's rate of 2.27%. This was due to nearly 130,000 s.f. of new availabilities coming on the market in this region, particularly 24590 Clawiter Rd. in Hayward. Asking rental rates remained between \$1.75/s.f. NNN and \$5.75/s.f. NNN.

CONTRA COSTA COUNTY

Life science activity remained inactive this quarter in Contra Costa County. With very minimal life science availabilities in the county and less drivers for company formation and growth, tenants often focus their search on neighboring Alameda County.

Area Review



CONSTRUCTION ACTIVITY

Approximately 2.9 million s.f. of life science product remains under construction in the Bay Area, concentrated in San Mateo and Alameda Counties. Kilroy Realty's Oyster Point campus in South San Francisco, currently in its first phase of development, will add 636,000 s.f. by Q3/Q4 2021 in three buildings and is fully pre-leased to biotech tenant Cytokinetics and online payment company Stripe. Additionally, BioMed Realty's Gateway of Pacific development is underway with its second and third phases. Phase II will deliver 430,000 s.f. by late 2021 with Amgen committed to 241,000 s.f. as its anchor tenant. Phase III contains 360,000 s.f. and will also deliver in late 2021. Further down on the Peninsula, Alexandria's District for Science & Technology in San Carlos, a 2-building campus, is scheduled to deliver 556,000 s.f. by late 2020. The project has secured a number of tenants including Atreca, Allakos, ChemoCentryx, and Explora BioLabs. In the East Bay, Wareham Development's 999 Anthony Street in Berkeley is scheduled to bring 16,000 s.f. of new lab and office space by Q4 2020. Additionally, Exelixis is expanding their headquarters in Alameda, adding 220,000 s.f. of new life science space at 1951 Harbor Bay Pkwy.

INVESTMENT SALES

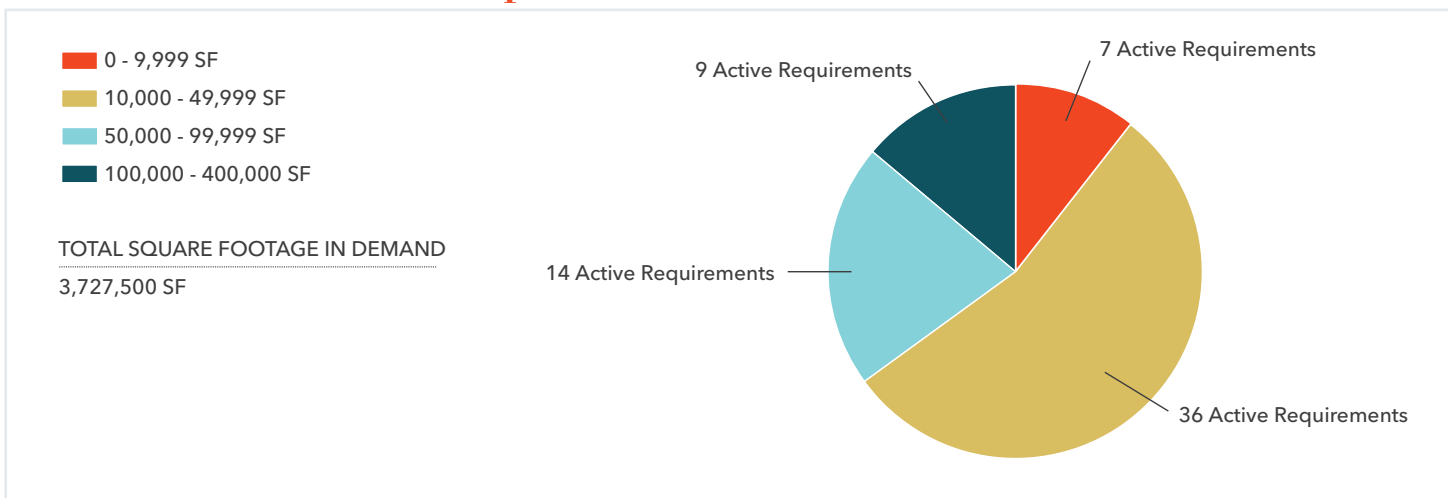
Investment activity remained active in the third quarter, with a few life science transactions closing in the Bay Area. In San Francisco, Paceline Investors acquired 1155 Bryant St. for an undisclosed amount from Rialto Capital Management. The 32,421 s.f. building was formerly occupied by Juul and is currently on the market for lease. Additionally, Alexandria Real Estate Equities, Inc. sold 935-965 Market St. to Ingka Centres for \$198 million, or \$774/s.f. Alexandria had acquired the vacant property in 2019 for \$179 million. In the East Bay, Atum Biotechnology purchased 8484 Central Ave. in Newark for \$8.8 million, or \$219/s.f.

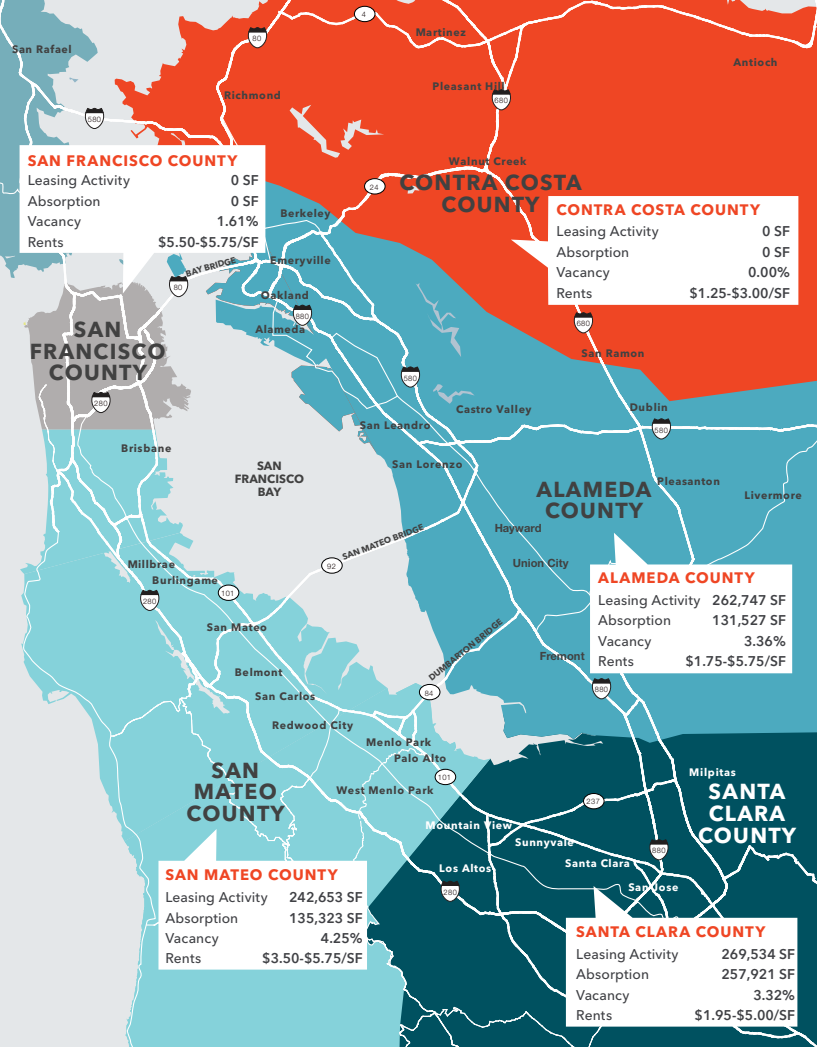
3Q Venture Capital Financing

Series Type	\$Funded
Seed Stage	\$35,050,000
Series A	\$491,490,000
Series B	\$385,230,000
Series C	\$572,220,000
Series D	\$585,000,000
Series E	\$0
Series F	\$0
Series G	\$0
Mezzanine	\$0
Series Undisclosed	\$0
Acquisition	\$5,090,000,000
Debt/Equity Financing	\$50,000
IPO	\$2,484,060,000
PIPE	\$89,380,000
Private/Share Placement	\$0
Research Grant	\$5,480,000
Corporate Partnership	\$0
Total	\$9,737,960,000

Month Funded	# of Companies
July	25
August	18
September	28
Total	71

Demand for Life Science Space





Notable Lease Transactions

GUARDANT HEALTH 3000 Hanover Street, Palo Alto
249,549 s.f.

SUTRO BIOPHARMA 111 Oyster Point Boulevard,
South San Francisco | 115,466 s.f.

PERFECT DAY 740 Heinz Avenue, Berkeley
112,088 s.f.

MAMMOTH BIO 1000 Marina Boulevard, Brisbane
39,463 s.f.

MYOKARDIA 1200 Sierra Point Parkway, Brisbane
31,000 s.f.

BAY AREA DISRUPTOR & STARTUP SUPPORT LABS
1010 Atlantic Avenue, Alameda | 21,255 s.f.

KYVERNA THERAPEUTICS, INC. 5980 Horton Street,
Emeryville | 20,761 s.f.

CLICK DIAGNOSTICS 625 River Oaks Parkway,
San Jose | 19,985 s.f.

IOTA PHARMACEUTICALS 1020 Atlantic Avenue,
Alameda | 15,529 s.f.



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 22 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, property management, consulting, project and construction management, and debt equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

GARY BARAGONA
Director of Research
415.229.8925
gary.baragona@kidder.com

ERIC LUHRS
Regional President, Brokerage
Northern California & Nevada
415.229.8888
eric.luhrs@kidder.com

Designated Broker
Mark Read | LIC N° 00572743

KIDDER.COM

COMMERCIAL BROKERAGE

27M ANNUAL SALES SF
\$9.6B ANNUAL TRANSACTION VOLUME
450+ NO. OF BROKERS
42M ANNUAL LEASING SF

VALUATION ADVISORY

1,680+ APPRAISALS ANNUALLY
37/23 TOTAL NO. APPRAISERS/MAI'S

PROPERTY MANAGEMENT

70M+ MANAGEMENT PORTFOLIO SF
\$12B+ IN ASSETS UNDER MANAGEMENT

This information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of income and expenses. CONSULT YOUR ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL ADVISOR.