**MARKET TRENDS | BAY AREA**

LIFE SCIENCE

**1ST QUARTER
2021****▲ ABSORPTION | ▼ VACANCY | ▲ RENTAL RATE**

Market Forecast

The life science industry continues to be very robust in the Bay Area, despite the ongoing impact of the COVID-19 pandemic. Q1 2021 gross absorption totaled 1.55 million SF, with positive net absorption of 839,786 SF. This follows a strong 2020 gross absorption of 2.94 million SF and 1.73 million SF of positive net absorption.

San Mateo County led all Bay Area regions with 1.05 million SF of gross absorption and 460,486 SF of positive net absorption. New life science development remains active in the Bay Area, with just over 3.71 million SF under construction, focused in San Francisco, San Mateo, and Alameda Counties. In addition, a number of new conversions to life science use are under way or planned. Vacancy rates rose slightly to 3.76%, up from last quarter's rate of 3.46%. Biotech demand continues to be very active, with 4.23 million SF of tenant requirements currently being tracked by Kidder Mathews. Venture capital funding reached \$6.63 billion in Q1 2021, a testament to the continued interest in the Bay Area life science industry.

SAN FRANCISCO COUNTY

San Francisco County reported 91,804 SF of gross absorption in the first quarter of 2021. Genetic information company Invitae agreed to 39,200 SF at 444 De Haro Street, while BridgeBio, although executed in late Q4 2020, subleased 52,604 SF at 1800 Owens St (The Exchange). Life science product continues to remain scarce in San Francisco, with Juul's former lab space at 1155 Bryant Street, a 32,421 SF building, being the only built-out availability currently

on the market. However, new projects currently on the horizon are Tishman's 290,000 SF Mission Rock Building B, Alexandria's 88 Bluxome development in Central SOMA and 1450 Owens Street in Mission Bay (190,000 SF), along with a 150,000 SF project at 300 Kansas that has received planning authorization for more flexible use definitions under the current PDR zoning. In addition, the recent acquisition of The Exchange at 1800 Owens in Mission Bay by KKR and Longfellow will likely provide additional lab space options as the DropBox lease is re-structured. Kidder Mathews anticipates more projects turning to life science use in the near future given current and projected future softness in the office/tech market.

SAN MATEO COUNTY

Life science activity continues to be dominant in San Mateo County, with this area reporting 1.05 million SF of gross absorption and 460,486 SF of positive net absorption. Beginning in

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Brisbane, Arcus Bio agreed to 109,000 SF at Healthpeak's The Shore at Sierra Point project, located at 1800 Sierra Point Pkwy. In South San Francisco, R&D biotech company Calico renewed 94,000 SF at 1130 Veterans Blvd, while Applied Molecular Transport leased 84,321 SF at 450 E Jamie Ct. Additionally, Plexikon leased 55,602 SF at 329 Oyster Point Blvd and Mission Bio agreed to 44,000 SF at 400 E Jamie Ct. Moving further down the Peninsula, biotech tenants Protoniq and Calysta leased 13,875 SF and 13,584 SF, respectively at Phase 3's Genesis Alameda building, located at 1900 Alameda de las Pulgas in San Mateo. Alexandria Real Estate saw strong activity at their District for Science & Technology project in San Carlos, welcoming four tenants: Vaxcyte (77,734 SF), Iovance Biotherapeutics (49,918 SF), Codexis (49,918 SF), and Nautilus (46,000 SF).

Vacancy rates rose slightly to 4.52%, up from 4.06% in the prior quarter. Asking rental rates stand between \$3.50 NNN and \$6.25 NNN.

SANTA CLARA COUNTY

Santa Clara County had an uptick of activity in Q1 2021 with 94,100 SF of gross absorption and

46,580 SF of positive net absorption. Auris completed a 76,000 SF lease at 170 Baytech Dr in San Jose, while IGM Bioscience leased 18,100 SF at 500 Ellis St in Mountain View. Due to strong overall demand and a lack of available product, Kidder Mathews anticipates that additional life science development will emerge in Santa Clara County from North San Jose up to Palo Alto.

Vacancy rates stand at 3.50%, up slightly from the prior quarter's rate of 3.37%. This was due to 47,520 SF of life science product becoming available in Sunnyvale at 995-997 E Arques Ave. Asking rental rates range between \$1.95 NNN and \$7.50 NNN.

ALAMEDA COUNTY

Alameda County had a strong first quarter, reporting 313,416 SF of gross absorption and 240,916 SF of positive net absorption. Tenaya Therapeutics leased 94,000 SF at 33498 Central Ave in Union City for a manufacturing facility, while the plant-based food company, Eat Just, completed two separate leases in Alameda: 77,130 SF at 300 Wind River Way and 39,397 SF at 1145 Atlantic Ave. Finally, in Emeryville, gene editing startup Metagenomi agreed to 23,851

SF at 1545 Park Ave.

Vacancy rates rose slightly to 3.54% this quarter, primarily driven by a 72,500 SF single tenant life science building coming on the market in the Ardenwood Technology Park in Fremont.

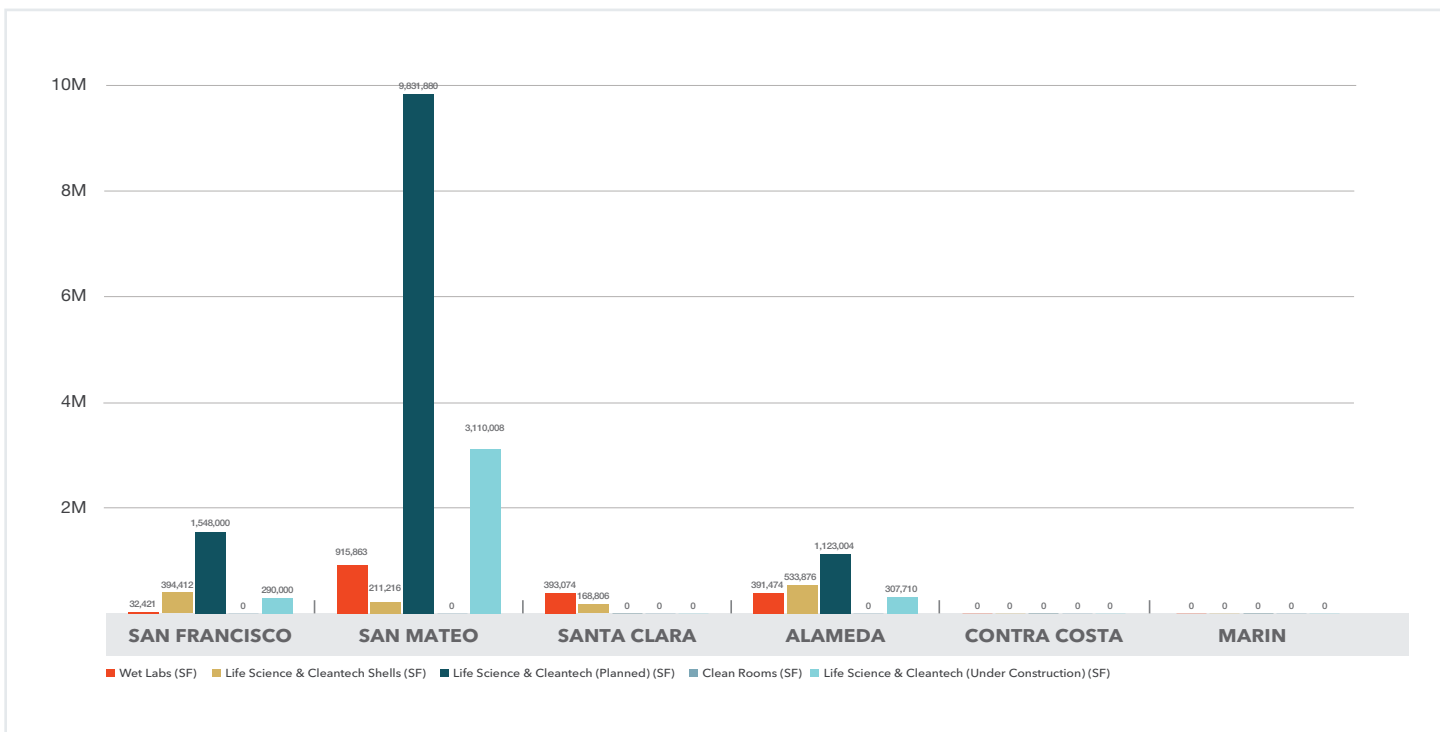
CONTRA COSTA COUNTY

Contra Costa County had no life science activity in the first quarter. 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.

CONSTRUCTION ACTIVITY

Approximately 3.71 million SF of life science product is under construction in the Bay Area, with projects focused in San Francisco, 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 SF by Q3/Q4 2021 in three buildings and is fully pre-leased to biotech tenant Cytokinetics and the online payment company, Stripe. Additionally, BioMed Realty's Gateway of Pacific development is underway with its second and third phases. Phase II will deliver

Area Review



430,000 SF by late 2021 with Amgen committed to 241,000 SF as its anchor tenant. Phase III contains 350,000 SF 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 SF by mid-2021 and is fully leased to several tenants including Atreca, Allakos, ChemoCentryx, and Nautilus. In the East Bay, Exelixis is expanding their headquarters in Alameda, adding 220,700 SF of new life science space at 1951 Harbor Bay Pkwy.

INVESTMENT SALES

The first quarter of 2021 saw several investment sales in the Bay Area. In San Francisco, KKR acquired 1800 Owens St (The Exchange) from Kilroy Realty for \$1.08 billion, or \$1,439/SF. Originally fully leased to Dropbox in 2017, the tech company placed approximately 270,000 SF for sublease in mid-2020 and more space later in the year. Within Santa Clara County, Bioscience Properties and Harrison Street Capital purchased 303 Ravendale Dr in Mountain View for \$40.8 million, or \$608/SF. The buyers plan to convert this R&D building into life science due to strong demand for biotech lab facilities. Over in Alameda County, Oxford Properties Group purchased the Emeryville Public Market in Emeryville for \$118.8 million, or \$781/SF and will convert the asset into biotech space. Finally, 10x Genomics acquired 1701 Springdale Avenue in Pleasanton, the site of the former Pleasanton Plaza retail complex, for \$29.4 million, or \$157/SF. The biotech company is planning on transforming this property into three new buildings for their use, totaling 381,000 SF.

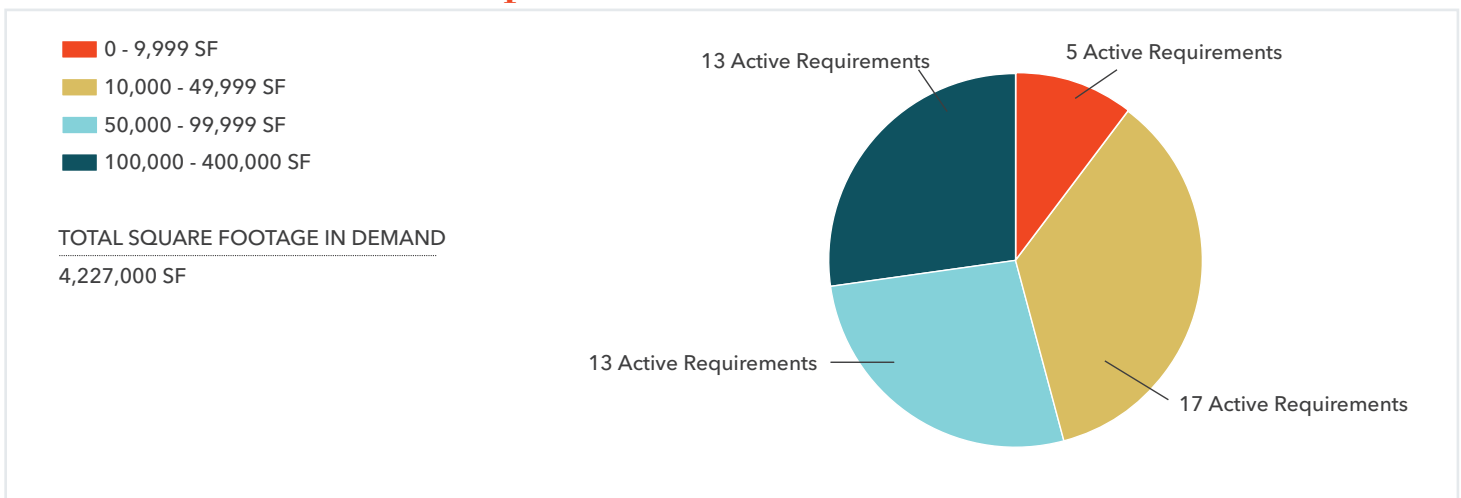
Sources: San Francisco Business Times

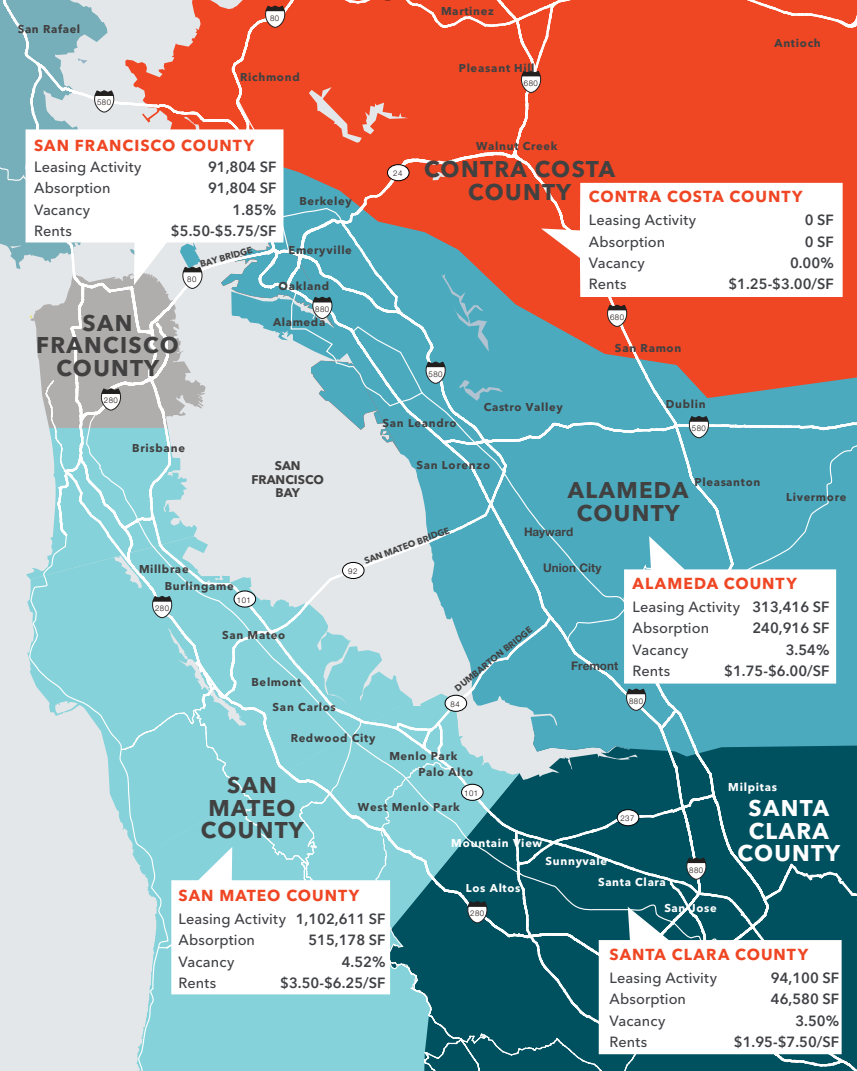
1Q Venture Capital Financing

Series Type	\$Funded
Seed Stage	\$28,780,000
Series A	\$310,840,000
Series B	\$666,170,000
Series C	\$309,010,000
Series D	\$456,620,000
Series E	\$10,870,000
Series F	\$69,000,000
Series G	\$132,000,000
Mezzanine	\$0
Series Undisclosed	\$0
Acquisition	\$3,221,000,000
Debt/Equity Financing	\$0
IPO	\$1,362,120,000
PIPE	\$41,700,000
Private/Share Placement	\$0
Research Grant	\$18,000,000
Corporate Partnership	\$0
Total	\$6,626,110,000

Month Funded	# of Companies
January	18
February	22
March	20
Total	60

Demand for Life Science Space





Notable Lease Transactions

ARCUS BIO 1800 Sierra Point Pkwy, Brisbane
109,000 SF

CALICO 1130 Veterans Blvd, South San Francisco
94,000 SF (Renewal)

TENAYA 33498 Central Ave, Union City
94,000 SF

APPLIED MOLECULAR TRANSPORT 450 E Jamie Ct,
South San Francisco | 84,321 SF

VAXCYTE 825 Industrial Rd, San Carlos
77,734 SF

23ANDME 349 Oyster Point, South San Francisco
65,340 SF (Renewal)

BRIDGEBIO 1800 Owens St, San Francisco
52,604 SF (Q4 2020 deal)

PLEXXIKON 329 Oyster Point Blvd,
South San Francisco | 55,602 SF

NAUTILUS 825 Industrial Rd, San Carlos
46,000 SF

MISSION BIO 400 E Jamie Ct, South San Francisco
44,000 SF



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 21 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

Written by Nicole O'Keefe
Kidder Mathews Research

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

23M

ANNUAL SALES SF

460+

NO. OF BROKERS

\$8B

ANNUAL TRANSACTION VOLUME

42M

ANNUAL LEASING SF

VALUATION ADVISORY

1,800+

APPRAISALS ANNUALLY

40/19

TOTAL NO. APPRAISERS/MAI'S

PROPERTY MANAGEMENT

70M+

MANAGEMENT PORTFOLIO SF

\$12B+

IN ASSETS UNDER MANAGEMENT

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