

Real Estate Market Review

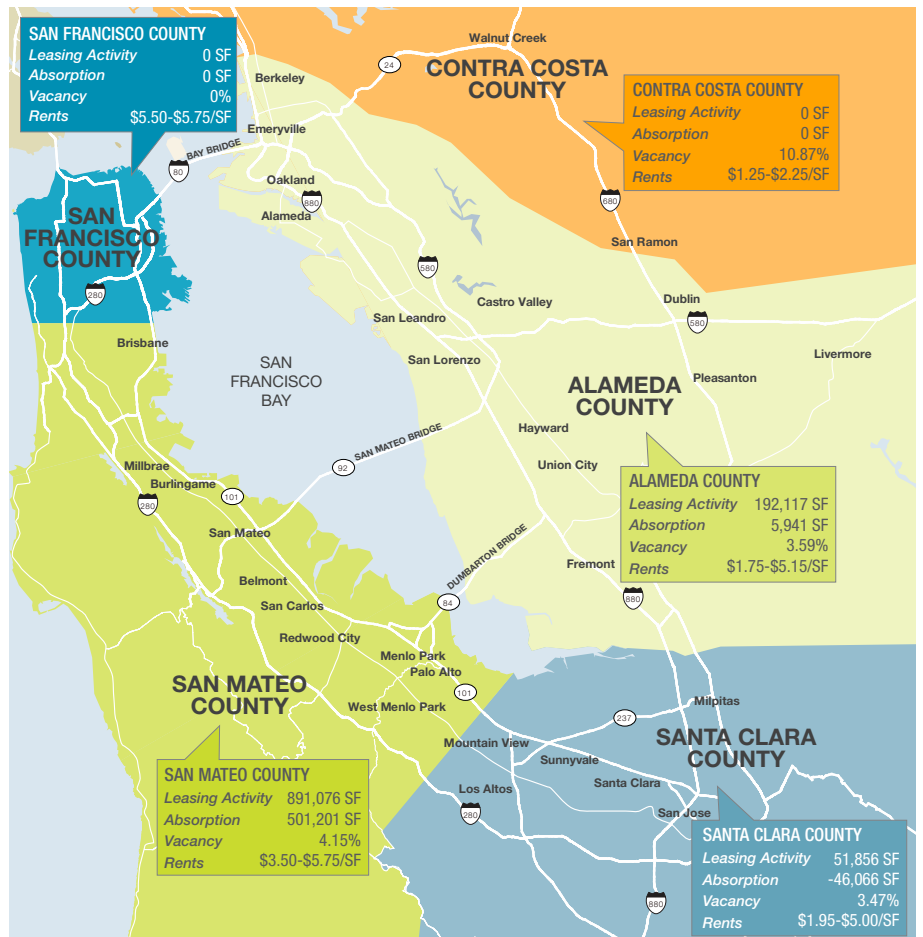
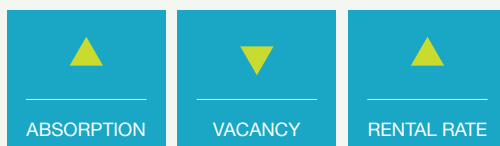
# Bay Area Life Science

The Bay Area life science market had the strongest quarter of the year thus far, finishing with 1,135,049 s.f. of gross absorption and 461,076 s.f. of positive net absorption. San Mateo and Alameda Counties dominated the Bay Area leasing activity, accounting for nearly 95% of all transactions. Market-wide vacancy/availability rose slightly to 3.83% over last quarter's rate of 3.03% due to the addition of new inventory. Leasing activity is expected to remain stable and positive looking into the next quarter, with 3.9 million s.f. of current demand from 47 tenants. Venture capital funding remains strong, as over \$4.3 billion was invested into biotech companies in 3Q.

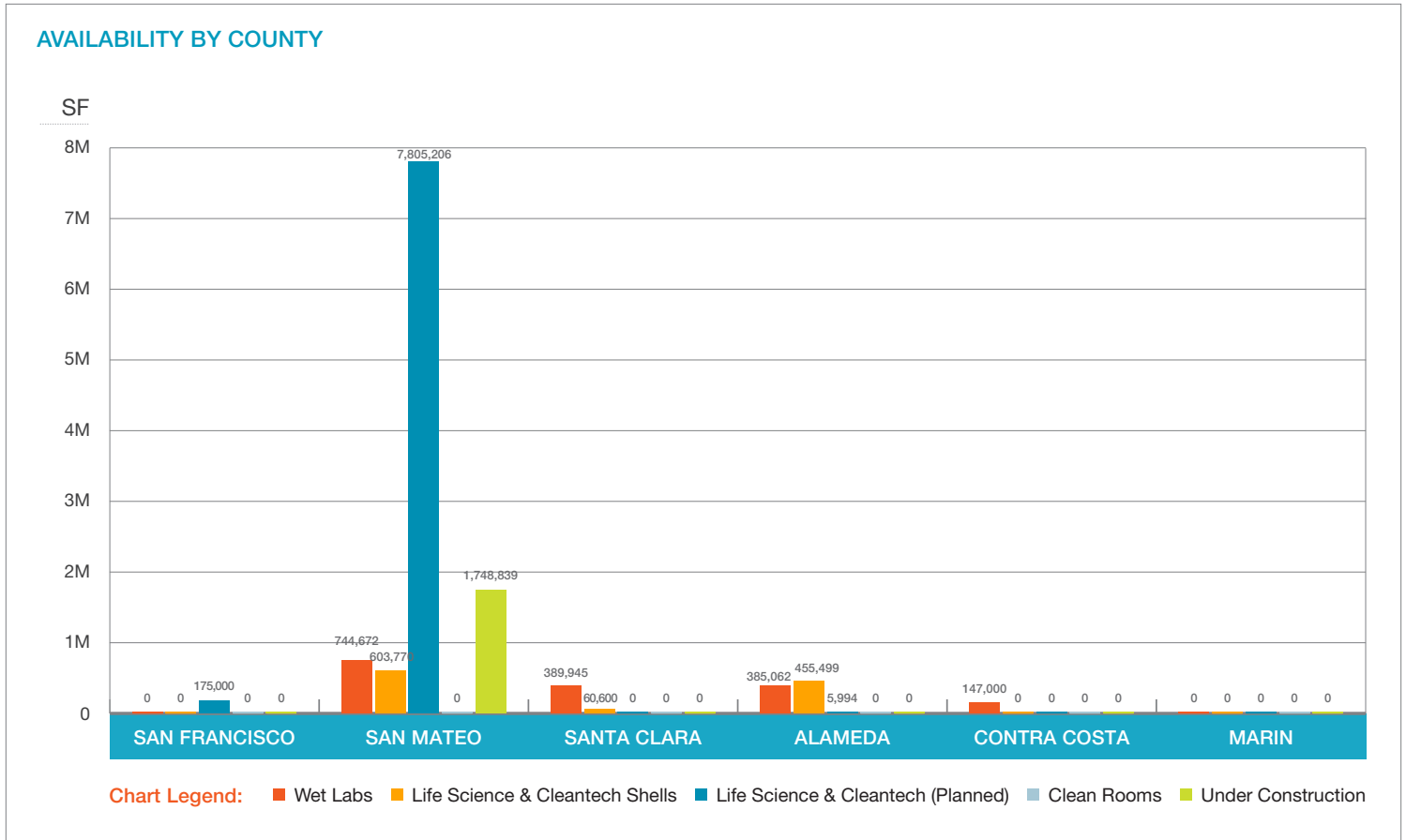
### Notable Lease Transactions

<b>Global Blood Therapeutics</b> 181 Oyster Point Boulevard South San Francisco 164,150 s.f.	<b>Allogene Therapeutics</b> 210 E. Grand Avenue South San Francisco 68,072 s.f.
<b>MyoKardia</b> 1000 Sierra Point Parkway Brisbane 129,846 s.f.	<b>Senti Bio</b> 2 Corporate Drive South San Francisco 42,000 s.f.
<b>Alector</b> 131 Oyster Point Boulevard South San Francisco 104,000 s.f.	<b>Frontier Bio</b> 151 Oyster Point South San Francisco 38,109 s.f.
<b>Adverum Biotechnologies</b> 800-900 Saginaw Drive Redwood City 81,412 s.f.	<b>Aligos</b> 1 Corporate Drive South San Francisco 36,000 s.f.
<b>Dynavax Technologies</b> 5959 Horton Street Emeryville 75,000 s.f.	<b>Ambys Medicines</b> 131 Oyster Point Boulevard South San Francisco 35,000 s.f.

### Market Forecast Trends



# Area Review



## SUBMARKET REVIEW

### San Francisco County

San Francisco had no transactions this quarter, as this submarket continues to offer no available inventory. With no immediate supply in this area, prospective tenants look to San Mateo and Alameda Counties to accommodate their growing need for space. Consistent with the prior quarter, vacancy rates remain at 0%, with theoretical asking rates between \$5.50/s.f. and \$5.75/s.f. NNN.

### San Mateo County

Leasing activity was very strong this quarter, as San Mateo County experienced 891,076 s.f. of gross absorption and 501,201 s.f. of positive net absorption. South San Francisco remains the leading submarket with the highest amount of activity, posting 632,055 s.f. of gross absorption and 390,013 s.f. of positive net absorption. Global Blood Therapeutics signed the largest deal of the quarter, committing to the entire 164,150 s.f. Building 5 (181 Oyster Point) at HCP's The Cove at Oyster Point. Also of note was Alector's 104,000 s.f. lease at Building 7 at 131 Oyster Point. Ambys Medicines and Harpoon Therapeutics each leased 35,000 s.f. at this building as well. HCP's Sierra Point campus in Brisbane secured its first

tenant, with MyoKardia agreeing to 129,846 s.f. Further down the Peninsula, Adverum Biotechnologies leased 81,412 s.f. at 800-900 Saginaw Drive in Redwood City.

Approximately 1.75 million s.f. is currently under construction, with all the projects in Brisbane and South San Francisco. Phase 3 Properties' Genesis North Tower was delivered this quarter and has approximately 335,000 s.f. of Class A lab space available. BioMed Realty's Gateway of Pacific project will add 512,000 s.f. in its first phase by early next year. Phase 3 of HCP's The Cove is scheduled to deliver close to 335,000 s.f. next year between two buildings, although both buildings have been pre-leased. Vacancy rates rose to 4.15%, compared to the prior quarter's rate of 3.10% due to several large subleases brought to the market by Achaogen in South San Francisco and Illumina in Foster City. Asking rates continue to hold between \$3.50/s.f. to \$5.75/s.f. NNN.

### Santa Clara County

Leasing activity in Santa Clara County slowed down this quarter, as the County experienced only 51,856 s.f. of gross absorption. Applied Stemcells leased 22,774 s.f. at 521 Cottonwood Drive, while IGeneX committed to 20,480 s.f. at 556 Gibraltar Drive. With no major development plans in

the pipeline, life science space remains limited within Santa Clara County. However, existing “flex” spaces may accommodate prospective biotech tenants. Vacancy rates rose 50 basis points to 3.47%, with asking rates falling between \$1.95/s.f. to \$5.00/s.f. NNN.

### Alameda County

Alameda County had an active third quarter, finishing with 192,117 s.f. of gross absorption. Wareham Development’s EmeryStation West saw strong activity this quarter, as two tenants agreed to a total of 93,000 s.f. in the seven-story building. Dynavax Technologies agreed to 75,000 s.f. on the 6th and 7th floors, while Profusa leased 18,000 s.f. Genome editing company Caribou Biosciences will be expanding into 23,500 s.f. at 2929 7th Street in Berkeley, increasing their footprint to 50,000 s.f. at this property. Over in Newark, Quark Pharmaceuticals leased 32,515 s.f. in Building 7 at the Pacific Research Center. Finally, Intarcia Therapeutics took 20,500 s.f. at 24600 Industrial Boulevard in Hayward. Vacancy rates increased to 3.59%, compared to 2.60% from the previous quarter. Larger-sized spaces were added to the market this quarter, such as the entire 42,000 s.f. lab building at 6560 Trinity Court in Dublin and around 130,000 s.f. of sublease space from Amneal Pharmaceuticals’ Impax Hayward Campus. Asking rates are currently between \$1.75/s.f. and \$5.15/s.f. NNN.

### Contra Costa County

Consistent with the prior quarters, Contra Costa remained inactive, with vacancy rates at 10.87%. Asking rates fall between \$1.25/s.f. and \$2.25/s.f. NNN.

### Investment Sales

Genentech acquired four life science properties from HCP for \$269.4 million, or \$806/s.f. in South San Francisco. Located at 620, 640, 645 & 660 E. Grand Avenue, the buildings total around 335,000 s.f. and were all occupied by Genentech at the time of the sale. Terms of the sale were not “open-market” as they were pursuant to a purchase option that was contained in Genentech’s original lease for the buildings.

Data Source: CoStar

### 3Q Venture Capital Financing

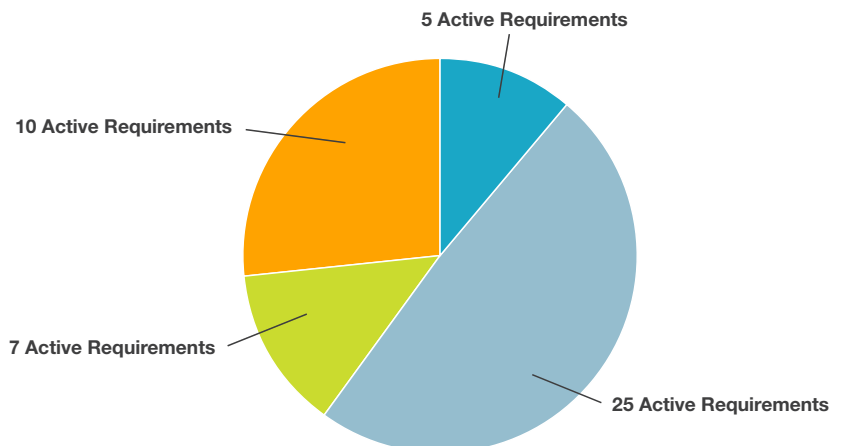
Series Type	\$ Funded
Seed Stage	\$8,960,000
Series A	\$184,000,000
Series B	\$437,420,000
Series C	\$360,900,000
Series D	\$15,550,000
Series E	\$274,400,000
Series F	\$0
Series G	\$0
Mezzanine	\$0
Undisclosed	\$0
Acquisition	\$699,640,000
Debt / Equity Financing	\$12,800,000
IPO	\$491,260,000
PIPE	\$1,850,000,000
Research Grant	\$3,760,000
Corporate Partnership	\$0
<b>Total</b>	<b>\$4,338,690,000</b>

Month Funded	# of Companies
July	21
August	21
September	14
<b>Total</b>	<b>56</b>

### DEMAND FOR LIFE SCIENCE SPACE

- 0 - 9,999 SF
- 10,000 - 49,999 SF
- 50,000 - 99,999 SF
- 100,000 - 800,000 SF

TOTAL SQUARE FOOTAGE IN DEMAND  
3,994,000 SF



# KIDDER MATHEWS LIFE SCIENCE

## A Commitment to Excellence

Kidder Mathews is a corporate real estate advisory and brokerage firm. Our Life Sciences real estate practice specializes in the unique requirements of companies within this industry sector. We partner with our clients to define and refine an acquisition strategy and then develop a real estate solution that best fits the company's business model and growth. Kidder Mathews' superior market knowledge delivers more options to our clients, which have enabled them to achieve better transaction economics, and a reduction of capital costs while minimizing their out of pocket expense.

Key strategic real estate decisions focus on:

- The type of facilities required
- The timing of the requirement
- How to acquire the real estate and the occupancy costs
- How to finance the tenant improvements

The Kidder Mathews Life Science advantage:

- Strategic real estate planning
- Real estate acquisition services
- Financial analysis
- Real estate disposition services
- Specialized LABS database

Our objective is to assist our clients in developing real estate strategies and solutions to support overall business objectives and to enhance shareholder value.

**Strategic Advantage** – Increases our client's leverage during the negotiation process. The strategic planning process results in optimal real estate occupancy cost savings.

A well conceived real estate strategy becomes the blueprint for a successful real estate transaction. This is where Kidder Mathews positions the client to continue its development and growth without the company's real estate becoming a physical or financial constraint.

We have developed the most comprehensive life science database in the commercial real estate industry. Kidder Mathews' specialized database provides clients with the following key strategic advantages:

- Tracks current available wet laboratory spaces
- Tracks wet laboratory spaces that will be coming on-line over the next twenty-four (24) month period
- Tracks lease expiration dates of current life science tenants
- Tracks current life science requirements in the market
- Tracks companies that are getting funded
- Tracks companies that are in the midst of re-structuring and M&A discussions

Kidder Mathews' Life Science real estate practice has a combined experience of 90 years in executing complex real estate solutions that meet our clients' real estate needs. Kidder Mathews would like to be your real estate and facilities strategic partner. Let us handle all of your real estate and facilities needs while you remain focused on driving your company's success.

## Kidder Mathews Services

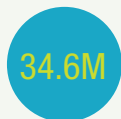
Kidder Mathews realizes that a lease transaction is only part of a larger process, and that life science tenants require a wide range of other high quality specialized service providers. To assist our clients, we have relationships with experts in all of the required disciplines: corporate business strategizing, project/construction management, licensing, permits, and code compliance, furniture and equipment, manufacturing systems advisory, third party improvement financing, legal, recruitment, moving, telecommunications, and architecture.

Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with more than 700 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.

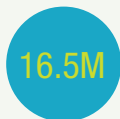
### COMMERCIAL BROKERAGE



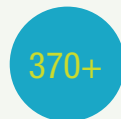
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ANNUAL  
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# BROKERS

### PROPERTY MANAGEMENT

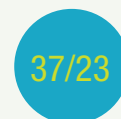


MANAGEMENT  
PORTFOLIO

### VALUATION ADVISORY



ASSIGNMENTS  
ANNUALLY



TOTAL #  
APPRAISERS/MAI'S

## Contact

**Jerry Holdner**  
Director of Research  
949.557.5050  
jholdner@kiddermathews.com

**Eric Luhrs**  
Executive VP, Brokerage  
415.229.8888  
eluhrs@kiddermathews.com

Designated Broker  
Mark Read | LIC # 00572743

[kiddermathews.com](http://kiddermathews.com)



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