

# PENINSULA Market Overview

FOURTH QUARTER 2023



# Market Analysis

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# Market Overview

FOURTH QUARTER 2023



# Supply



# SAN MATEO COUNTY Office/R&D Market Overview

FOURTH QUARTER 2023



## Market Summary | Q4 2023

Submarket	Building Base SF	Total Available SF	Vacancy	Avg. Asking (FS)
Daly City	582,150	31,485	5.4%	\$3.36
Brisbane	495,595	97,204	19.6%	\$6.28
S. San Francisco	1,953,395	350,006	17.9%	\$4.17
San Bruno/Millbrae	1,944,890	225,162	11.6%	\$4.28
Burlingame	3,175,307	266,354	8.4%	\$4.60
<b>North County</b>	<b>8,151,337</b>	<b>970,211</b>	<b>11.9%</b>	<b>\$4.50</b>
San Mateo	7,988,896	1,964,660	24.6%	\$5.51
Foster City	2,587,479	319,969	12.4%	\$5.86
Redwood Shores	4,802,799	971,824	20.2%	\$5.15
<b>Central County</b>	<b>15,379,174</b>	<b>3,256,453</b>	<b>21.2%</b>	<b>\$5.44</b>
Belmont/San Carlos	1,610,563	285,568	17.7%	\$6.03
Redwood City	5,988,333	1,290,844	21.6%	\$6.27
Menlo Park	8,808,880	1,909,588	21.7%	\$7.19
<b>South County</b>	<b>16,407,776</b>	<b>3,486,000</b>	<b>21.2%</b>	<b>\$6.76</b>
<b>Total</b>	<b>39,938,287</b>	<b>7,712,664</b>	<b>19.3%</b>	<b>\$5.92</b>

## Market Commentary

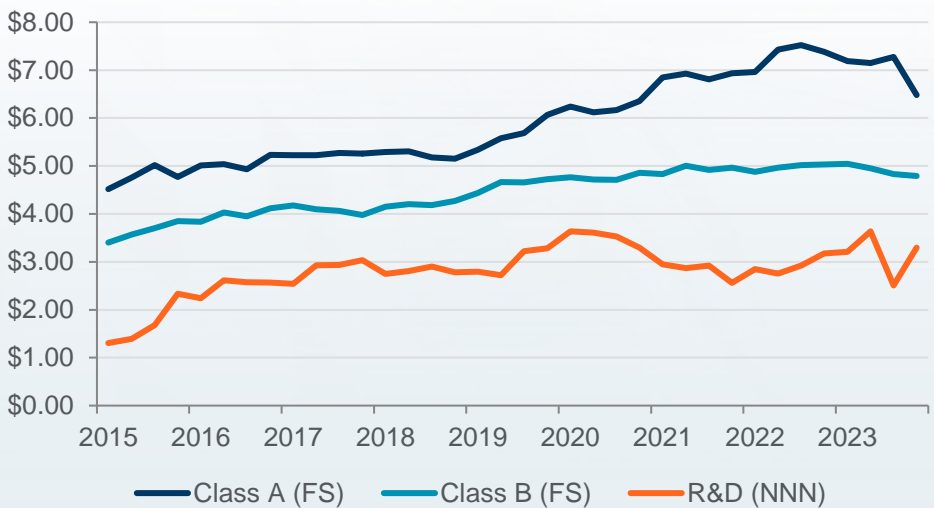
The San Mateo County combined office and R&D vacancy rate finished at 19.3% at the end of the fourth quarter of 2023, an increase of 190 basis points from the third quarter of 2023. Since Q4 2019, vacancy has steadily increased, topping out at 11.5% in Q2 2021, now back on the rise setting a new high. The current rate translates to 7.7 million square feet (msf) of vacancy. The percentage of vacant sublease space increased to 31.7% of all vacant space, an increase from the 28.0% year-over-year (YOY).

The San Mateo County overall asking rent closed at \$5.92 per square foot (psf) on a monthly, full-service basis in the fourth quarter. Rents have been steadily increasing for the last few years to a high \$6.55 in the third quarter of 2023; however, new large blocks of sublease space in the fourth quarter decreased the overall asking rent. The current rate is lower than the asking rent YOY at \$6.47. There has been a decrease in pricing within the Class A direct segment over the past year, down 10.0% YOY to \$6.95 psf. R&D direct asking rent was \$3.29 psf on a monthly, triple net basis. There has been, up to this point, a rise in asking rates found in downtown (mixed-use) markets and projects accessible to Caltrain stations.

Led by office tenants, gross absorption totaled 2,037,602 square feet (sf) year-to-date. SamTrans signed the largest deal in the fourth quarter at 157,000 sf.

- During the current downturn, expect overall market asking rents to lower and increased vacancy largely contributed to new deliveries and big blocks of direct and sublease space.

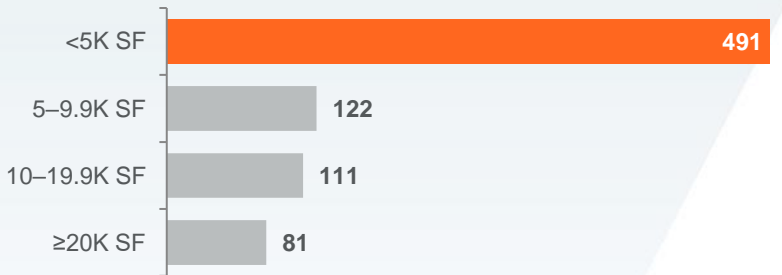
## Average Asking Rate Trend by Class



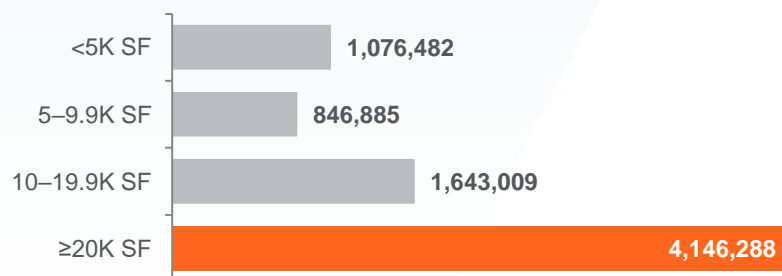
## Availability by Size Segment Breakdown | Q4 2023

By Size Segment	Total Square Feet	Total Availabilities	Average Size
<5,000 SF	1,076,482	491	2,192
5,000 – 9,999 SF	846,885	122	6,942
10,000 – 19,999 SF	1,643,009	111	14,802
≥20,000 SF	4,146,288	81	51,189
<b>Total</b>	<b>7,712,664</b>	<b>805</b>	<b>9,581</b>

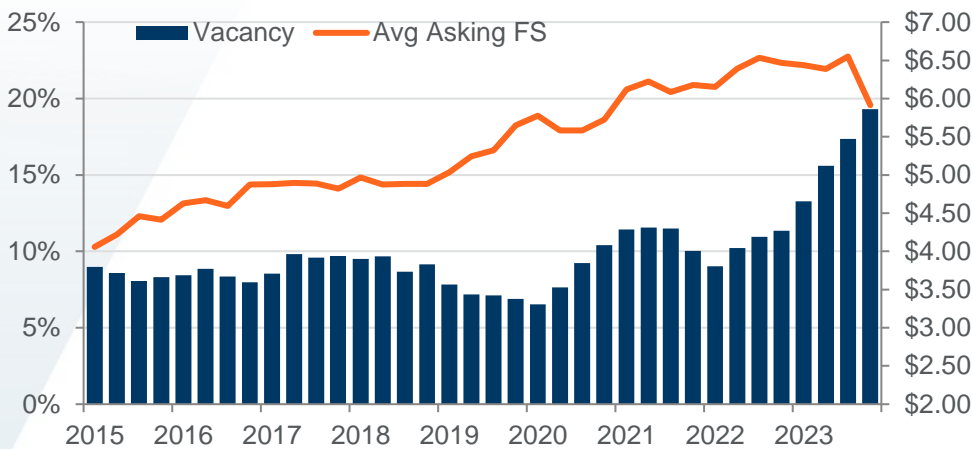
### Availabilities by Size Segment



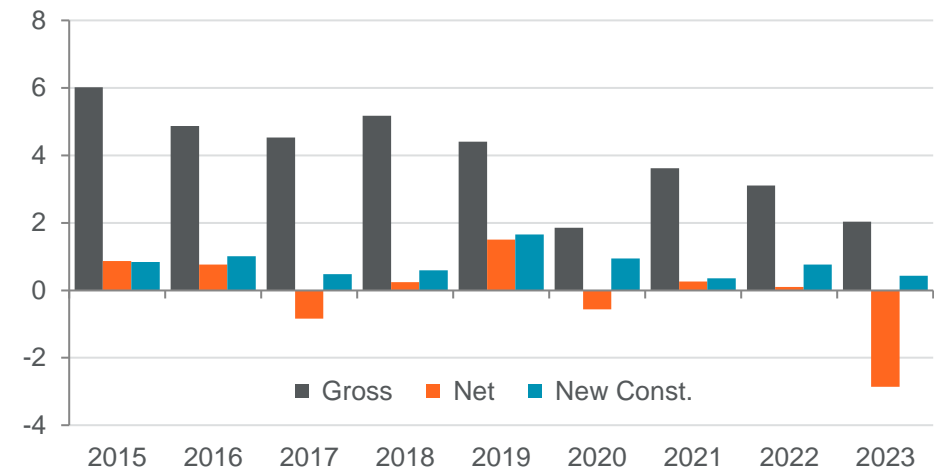
### Total Square Feet by Size Segment



## Vacancy & Average Asking Rate Trend



## Absorption and New Construction Trend (Millions SF)



## Largest Leases Signed in Q4 2023

Tenant	City	Square Feet	Effective	Term
SamTrans	Millbrae	157,000	\$6.27 NNN	146M
Robinhood	Menlo Park	65,435	\$5.08 NNN	22M
Davis Polk & Wardwell LLP	Redwood City	54,434	\$10.39 NNN	156M
Coherus Biosciences	Redwood Shores	27,532	Confidential	Conf.
Apixio	San Mateo	21,441	Confidential	Conf.
US Fertility	Menlo Park	21,102	\$8.62 NNN	188M
CheckPoint	Redwood Shores	20,967	\$3.99 FS	60M
Snaplogic	San Mateo	18,465	\$4.05 NNN	60M
RSE Corporation	San Mateo	15,891	\$3.45 FS	78M
GlaxoSmithKline	S San Francisco	12,440	Confidential	Conf.

# PENINSULA Life Science Market

FOURTH QUARTER 2023

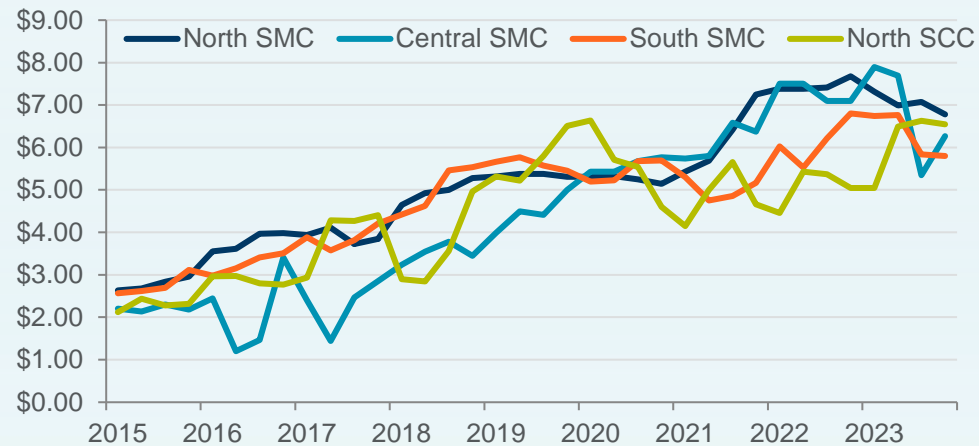


## Life Science Market Summary | Q4 2023

Submarket	Building Base SF	Total Available SF	Vacancy	Avg. Asking
North SMC	16,253,880	2,085,528	12.8%	\$6.78 NNN
Central SMC	4,948,149	633,451	12.8%	\$6.26 NNN
South SMC	4,434,428	992,570	22.4%	\$5.80 NNN
North SCC (PA-MV)	3,104,831	416,793	13.4%	\$6.55 NNN
<b>Total</b>	<b>28,741,288</b>	<b>4,128,342</b>	<b>14.4%</b>	<b>\$6.41 NNN</b>

SMC New Construction Leasing \$6.75 - \$8.25 NNN Range

## Average Asking Rate Trend by Region (NNN)



## Market Commentary

The Peninsula life sciences vacancy rate finished at 14.4% at the end of the fourth quarter of 2023, an increase of 180 basis points from the third quarter vacancy of 12.6%. Since the bottoming out at 3.3% in Q1 2022, vacancy has rapidly increased in 2023. The current rate translates to 4.1 million square feet (msf) of vacancy. The percentage of vacant sublease space slightly decreased to 25.3% of all vacant space, compared to 35.4% one year ago.

The Peninsula overall asking rent closed at \$6.41 per square foot (psf) on a monthly, triple net basis in the fourth quarter. Rents have been recently decreasing for the last four quarters from the high \$7.13 NNN in Q4 2022. Top tier asking rents are expected to increase in the near-term when new deliveries hit the market asking between \$6.75 - \$8.25 NNN.

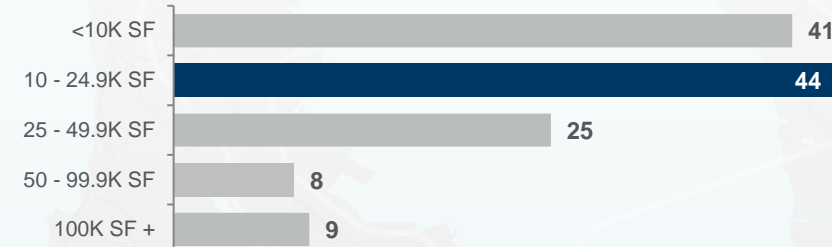
New leasing totaled 1,381,216 square feet (sf) year-to-date. Cargo Therapeutics signed the largest new deal this quarter at 99,577 sf in San Carlos. Renewals totaled 453,617 sf year-to-date, and Altos Labs lease extension took the top spot this quarter at 72,606 sf. Vacancy rates are expected to increase in select markets when new developments and conversions deliver without being fully pre-leased, large blocks of expiring space and a reduction in space requirements. During the current downturn, expect overall market asking rents steadily fall and vacancy climb.

## Availability by Size Segment Breakdown | Q4 2023

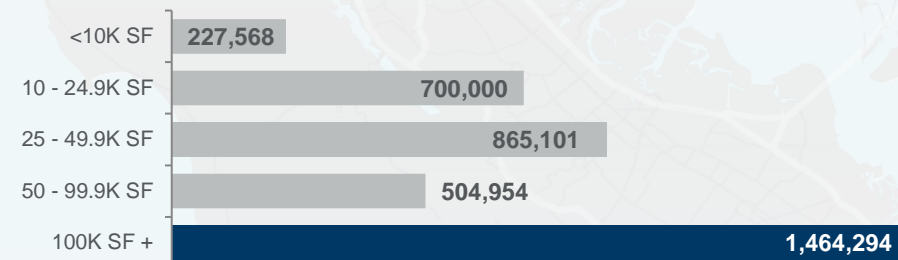
By Size Segment	Total Square Feet	Total Availabilities	Average Size
<10,000 SF	227,568	41	5,550
10,000 – 24,999 SF	700,000	44	15,909
25,000 – 49,999 SF	865,101	25	34,604
50,000 – 99,999 SF	504,954	8	63,119
100,000+ SF	1,464,294	9	162,699
<b>Total</b>	<b>3,761,917</b>	<b>127</b>	<b>29,621</b>

\*Not reflective of Peninsula MarketBeat tables

### AVAILABILITIES BY SIZE SEGMENT



### TOTAL SQUARE FEET BY SIZE SEGMENT

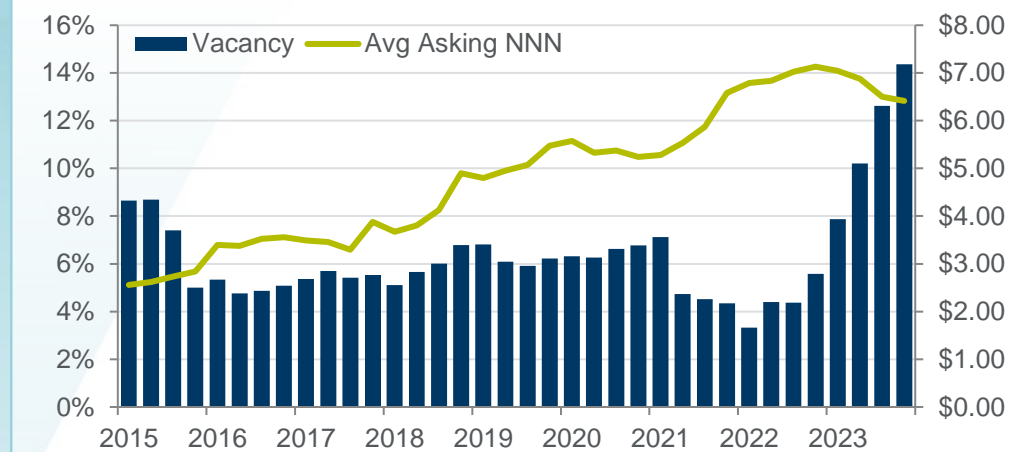


## Life Science Projects Under Construction

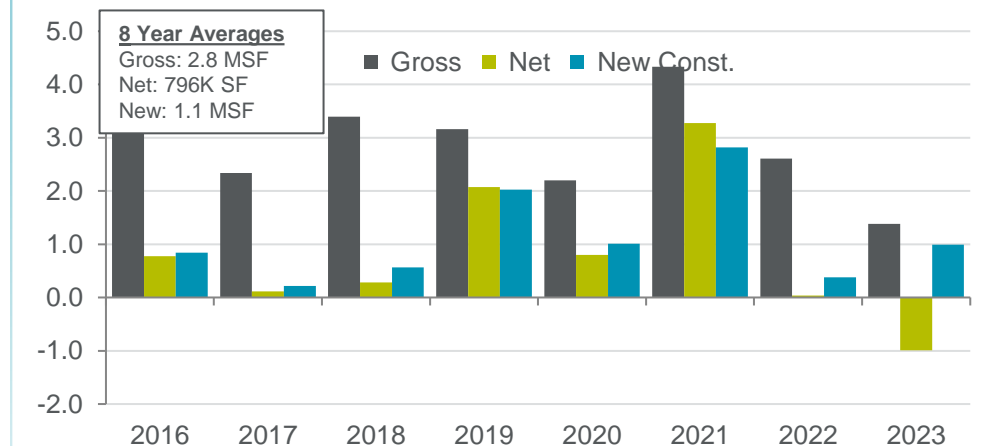
Project	City	SF	% Pre-Leased	Est. Delivery
Genesis Marina – Bldgs 1-3	Brisbane	570,000	61%	Q1 2024
The Landing	Burlingame	503,500	0%	Q4 2025
Menlo Labs (1350 Adams)	Menlo Park	268,486	0%	Q1 2025
ARE for Life Science Phase I	Millbrae	285,000	100%	Q4 2025
Avia Labs	Millbrae	315,000	0%	Q2 2025
ELCO Yards	Redwood City	464,000	0%	Q2 2025
200 Twin Dolphin	Redwood Shores	220,000	0%	Q4 2024
Kilroy Oyster Point N2	SSF	865,152	0%	Q1 2025
SPUR Phase 1	SSF	350,000	0%	Q2 2025
SouthLine Phase 1	SSF	350,000	0%	Q3 2025
Brittan West	San Carlos	174,000	0%	Q2 2024
1030 Brittan Avenue	San Carlos	96,175	100%	Q2 2024
Portal 405	San Carlos	240,411	0%	Q4 2024

4.5 MSF / 16.3% Pre-Leased

## Vacancy & Average Asking Rate Trend



## Absorption and New Construction Trend (Millions SF)



## Largest Leases Signed in Q4 2023

Tenant	City	Square Feet	Effective	Term
Cargo Therapeutics	San Carlos	99,577	\$5.28 NNN	87M
Soleil Labs	S San Francisco	32,113	\$5.52 NNN	84M
Initial Therapeutics	S San Francisco	31,328	\$5.87 NNN	24M
Addition Therapeutics	S San Francisco	25,831	Confidential	Conf.
Astellas	S San Francisco	23,000	\$7.97 NNN	120M
Link Cell Therapies	S San Francisco	15,212	Confidential	Conf.
Centivax	S San Francisco	14,209	Confidential	Conf.
Tenaya Therapeutics	S San Francisco	13,150	Confidential	Conf.

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# PENINSULA Downtown Office Market Overview

FOURTH QUARTER 2023



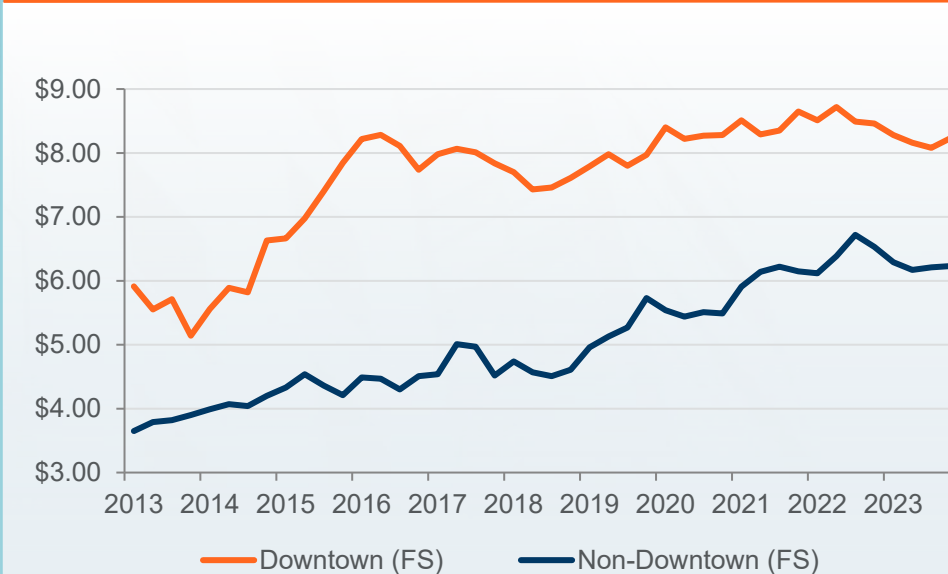
## Market Summary | Q4 2023

Submarket	Building Base SF	Total Avail SF	Vacancy	Avg. Asking (FS)
Downtown Burlingame	402,497	67,561	16.8%	\$7.36
Downtown San Mateo	940,552	243,924	25.9%	\$6.79
Downtown Redwood City	2,452,237	775,507	31.6%	\$7.26
Downtown Menlo Park	887,409	138,607	15.6%	\$9.30
<b>San Mateo County</b>	<b>4,682,695</b>	<b>1,225,599</b>	<b>26.2%</b>	<b>\$7.40</b>
Downtown Palo Alto	3,178,891	603,919	19.0%	\$9.90
Downtown Mountain View	1,748,328	620,018	35.5%	\$8.38
Downtown Sunnyvale	1,358,705	629,429	46.3%	\$8.11
<b>Santa Clara County</b>	<b>6,285,924</b>	<b>1,853,366</b>	<b>29.5%</b>	<b>\$8.78</b>
<b>Total</b>	<b>10,968,619</b>	<b>3,078,965</b>	<b>28.1%</b>	<b>\$8.23</b>

## Market Summary | Q4 2023

- The Peninsula Downtown Office market vacancy rate increased to **28.1%** at the end of the fourth quarter of 2023, an increase of nearly **150 bps** from the third quarter of 2023's vacancy of 26.5%. The current rate translates to **3.1 million square feet (msf)** of vacancy. The percentage of vacant sublease space was lower this quarter coming in at 26.1% of all vacant space, lower than the 29.2 % in the third quarter. Mountain View carries the highest amount of sublease space at 36.9% followed by Redwood City with 29.9%.
- The Peninsula Downtown Office Market overall asking rent closed at **\$8.23 per square foot (psf)** on a monthly, full-service basis in the fourth quarter of 2023. This is a slight decrease from the **\$8.10 psf FS** figure in the third quarter of 2023.
- Of all the Peninsula Downtown submarkets, Downtown Palo Alto and Menlo Park command the highest rents at **\$9.90** and **\$9.30 psf FS** respectively, while Downtown San Mateo recorded the lowest rents at **\$6.79 psf FS** followed by Downtown Redwood City at **\$7.26 psf FS**. The submarket with the biggest increase in average rents from one year ago was Downtown Menlo Park, increasing 4.9% to **\$9.30 psf FS** from the figure one year ago of **\$8.86 psf FS**.
- Leasing activity, or gross absorption, increased in the fourth quarter of 2023, coming in at **263,883 sf**, following **133,577 sf** recorded in the third quarter of 2023. The largest deal was Davis Polk Wardell's new lease in Downtown Redwood City at **54,434 sf**. Behind that was Tinder's new lease in Downtown Palo Alto for **30,636 sf**.

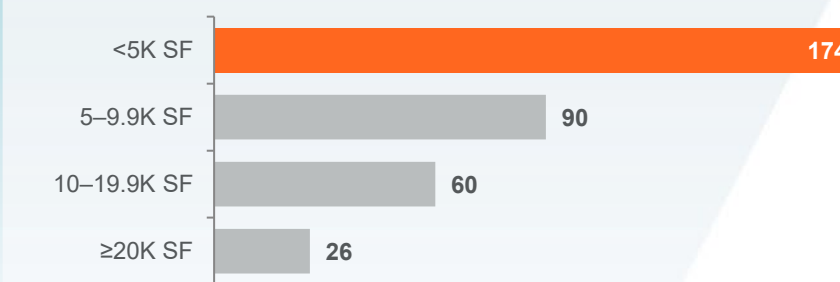
## Average Asking Rate Trend Downtown vs Non-Downtown



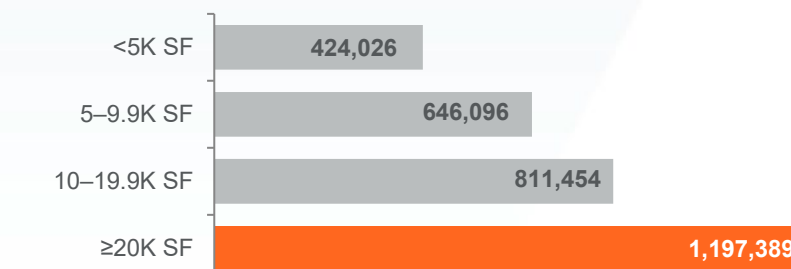
## Availability by Size Segment Breakdown | Q4 2023

By Size Segment	Total Square Feet	Total Availabilities	Average Size
<5,000 SF	424,026	174	2,437
5,000 – 9,999 SF	646,096	90	7,179
10,000 – 19,999 SF	811,454	60	13,524
≥20,000 SF	1,197,389	26	46,053
<b>Total</b>	<b>3,078,965</b>	<b>350</b>	<b>8,797</b>

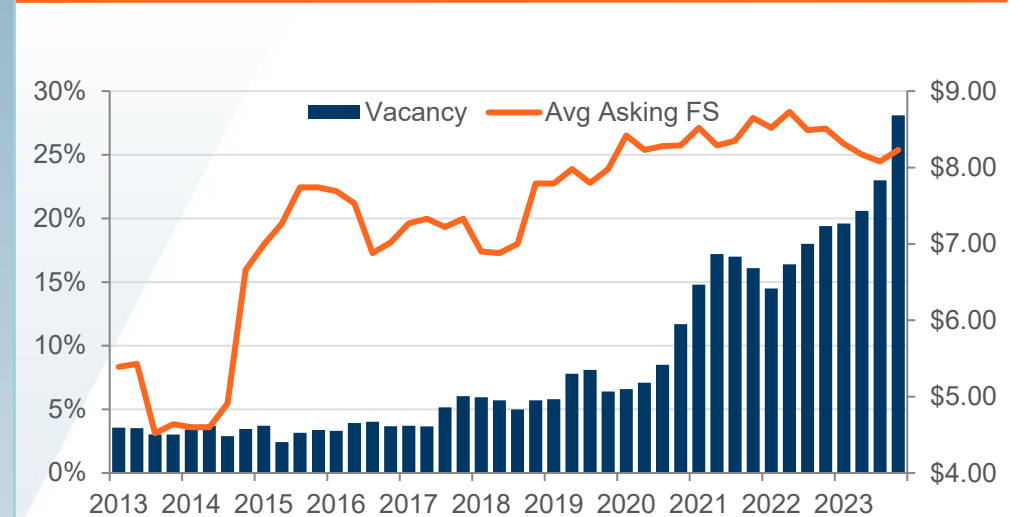
## AVAILABILITIES BY SIZE SEGMENT



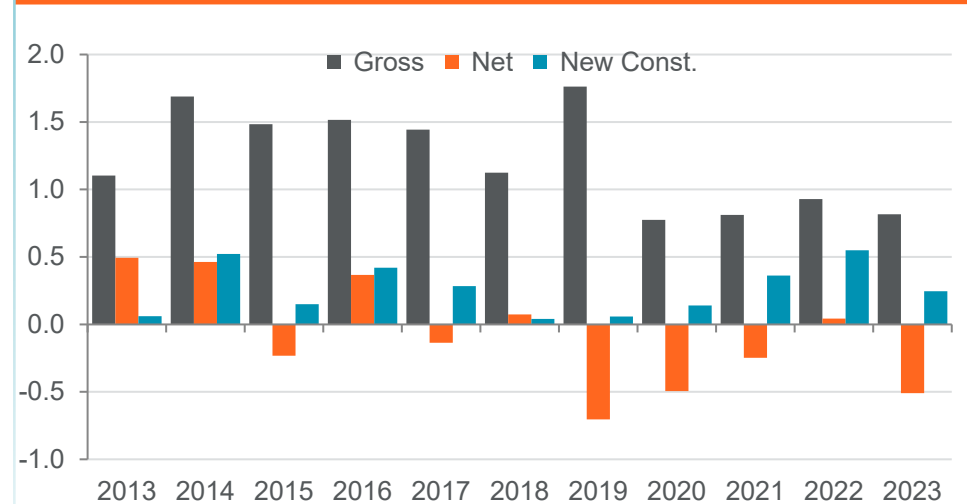
## TOTAL SQUARE FEET BY SIZE SEGMENT



## Vacancy & Average Asking Rate Trend



## Absorption and New Construction Trend (Millions SF)



## Largest Leases Signed in Q4 2023

Tenant	City	Square Feet	Effective	Term
Davis Polk Wardell LLP	Redwood City	54,434	\$10.39 NNN	156M
Tinder	Palo Alto	30,636	\$6.59 NNN	24M
American Express	Palo Alto	15,599	Conf.	Conf.
Lyte AI	Mountain View	12,978	\$3.84 FS	26M
Alphonso, Inc	Mountain View	10,671	\$4.91 FSG	31M

# PENINSULA Life Science Development Pipeline

FOURTH QUARTER 2023



## Top Life Science Projects Under Construction

Project	City	Square Feet	% Pre-Leased	Est. Delivery
Genesis Marina	Brisbane	560,000	58%	Q1 2024
SPUR Phase 1	SSF	350,000	0%	Q2 2025
Kilroy Oyster Point N2	SSF	865,152	0%	Q1 2025
Gateway of Pacific Phase V	SSF	320,000	0%	Q3 2024
SouthLine Phase 1	SSF	350,000	0%	Q3 2025
ARE for Life Science Phase I	Millbrae	285,000	100%	Q1 2024
Avia Labs	Millbrae	315,000	0%	Q2 2025
The Landing	Burlingame	503,500	0%	Q4 2025
200 Twin Dolphin	Redwood Shores	225,000	0%	Q4 2024
1030 Brittan Avenue	San Carlos	108,134	100%	Q2 2025
Portal 405	San Carlos	240,411	0%	Q4 2024
ELCO Yards	Redwood City	550,000	0%	Q2 2025
Menlo Labs (1350 Adams)	Menlo Park	260,000	0%	Q1 2025

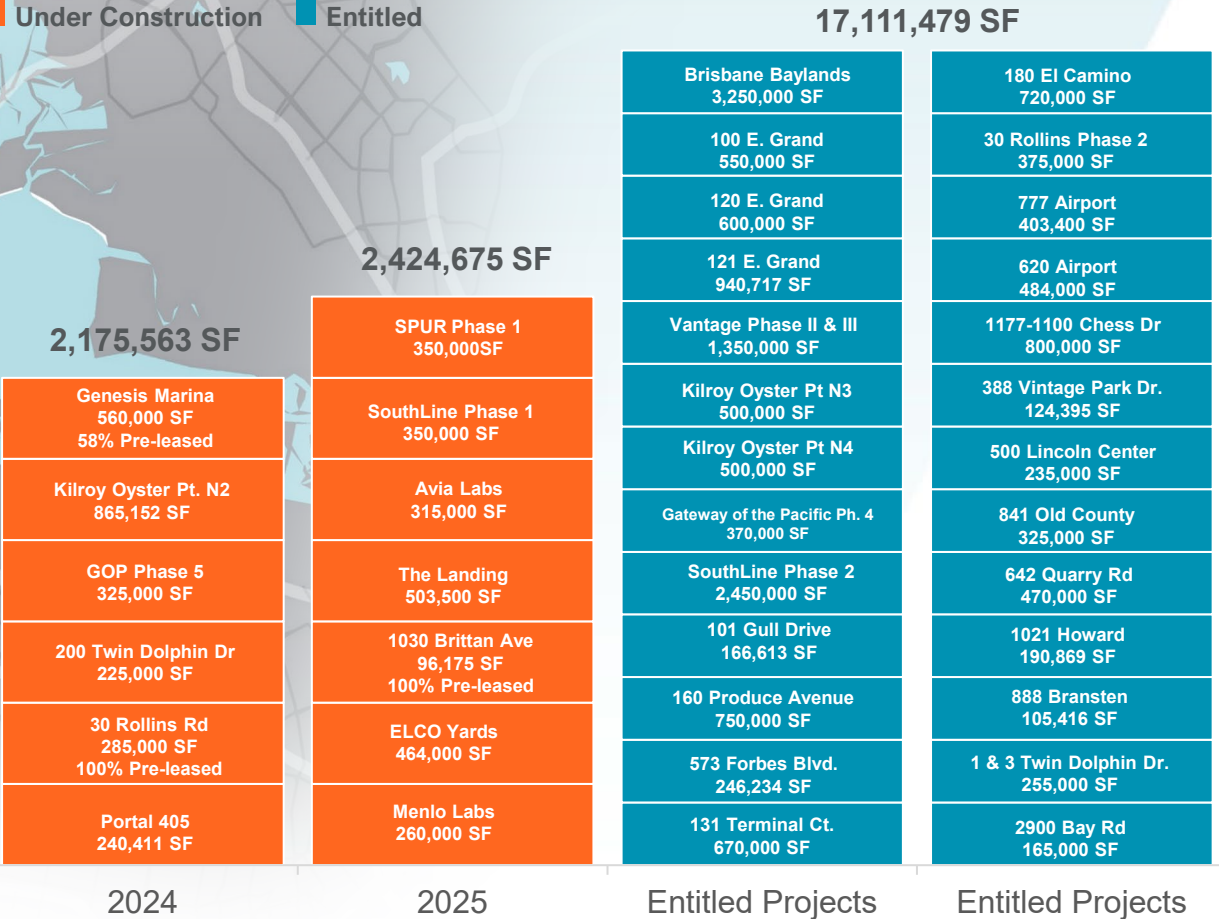
Range of LOI Terms Trading North County: TBD

Range of LOI Terms Trading Central County: TBD

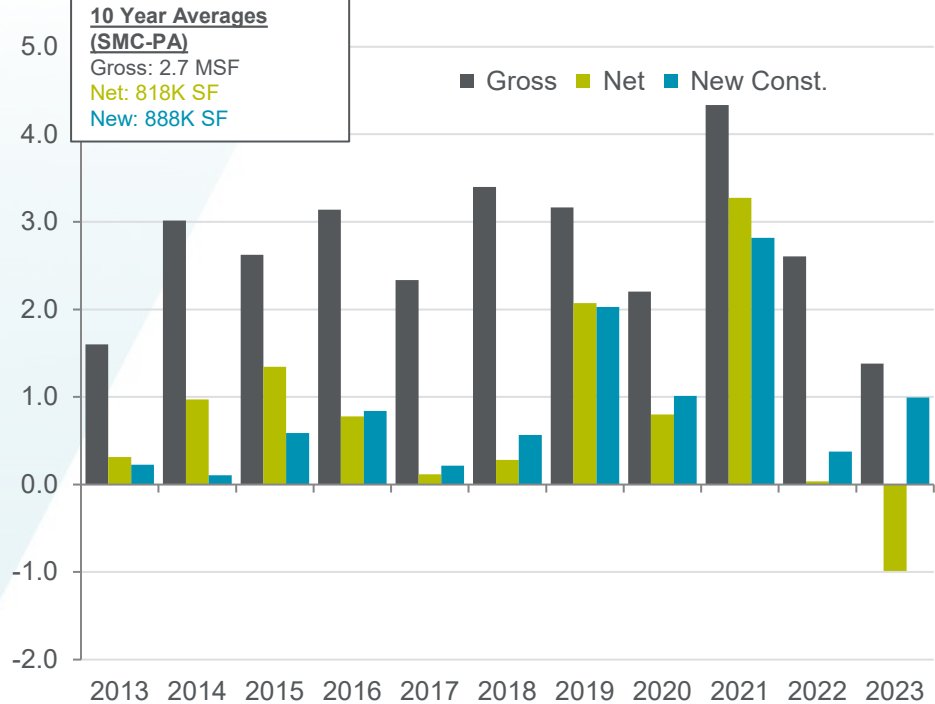
Range of LOI Terms Trading South County: TBD

## Under Construction Pipeline by Delivery Date

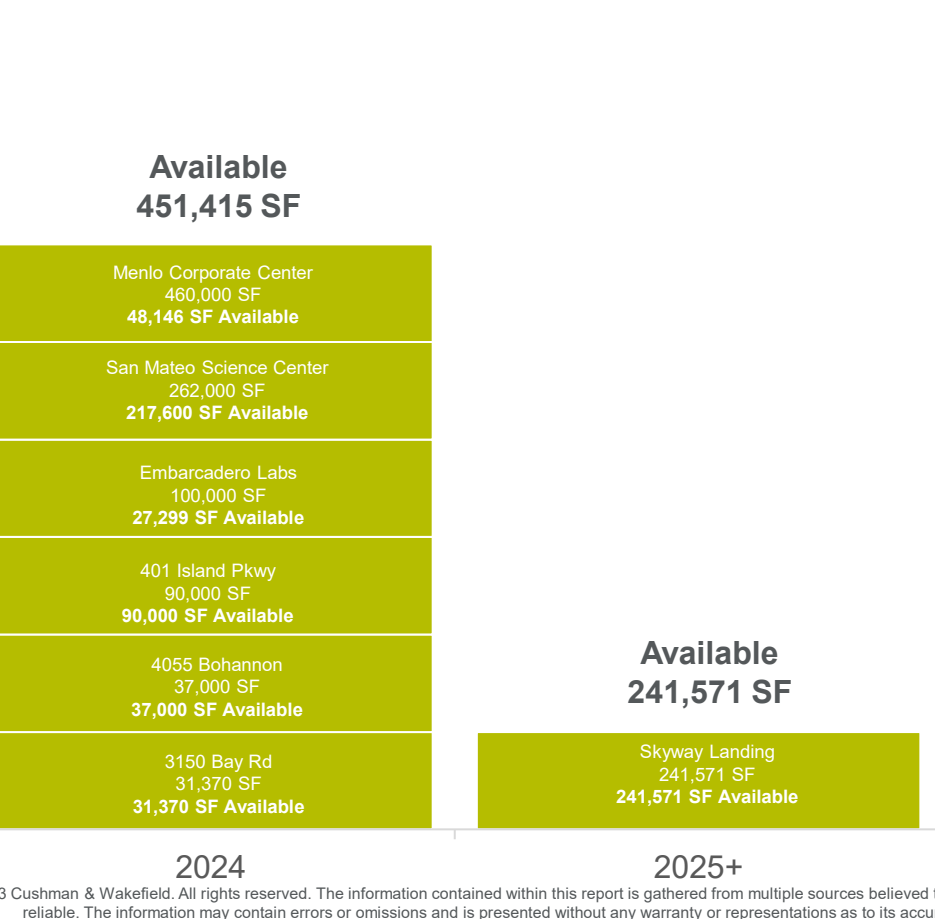
Under Construction Entitled



## Absorption and New Construction Trend (Millions SF)



## Conversion Pipeline by Delivery Date



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# PENINSULA Office Development Pipeline

FOURTH QUARTER 2023



## Office Projects Under Construction

Project	City	Square Feet	% Pre-Leased	Est. Delivery
YouTube Campus	San Bruno	440,000	100%	Q4 2024
220 Park Rd	Burlingame	170,000	0%	Q1 2024
567 Airport Blvd	Burlingame	255,219	100%	Q4 2024
300 Ellsworth	San Mateo	26,000	0%	Q1 2024
Elco Yards	Redwood City	120,000	0%	Q2 2025
TOTAL		1,011,219	69%	

## Spot Market New Construction Pricing

Range of LOI Terms Trading North County: \$6.25-\$8.50 NNN, 10 yrs, \$150 - \$200 TI

Range of LOI Terms Trading Central County: \$7.50-\$8.00 NNN, 10 yrs, \$150 - \$200 TI

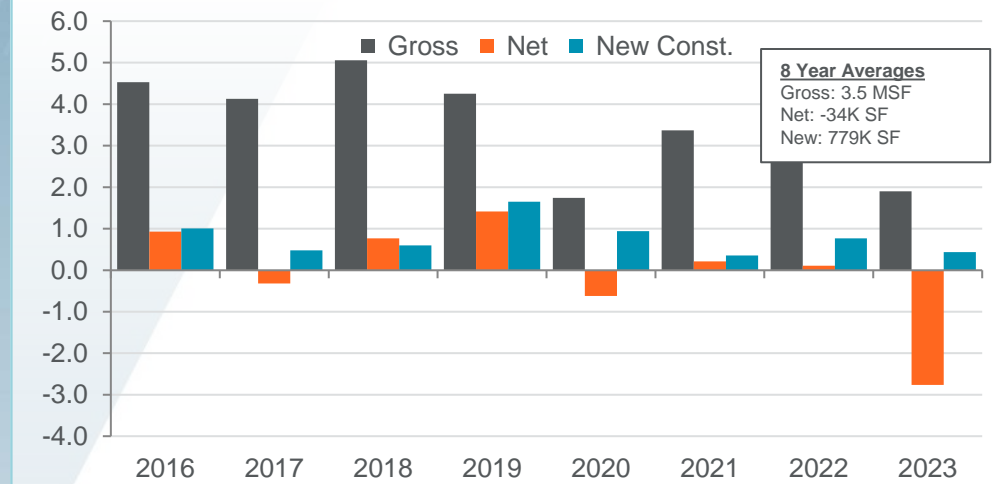
Range of LOI Terms Trading South County: \$8.25-\$12.00 NNN, 10 yrs, \$150 - \$200 TI

## Under Construction Pipeline by Delivery Date

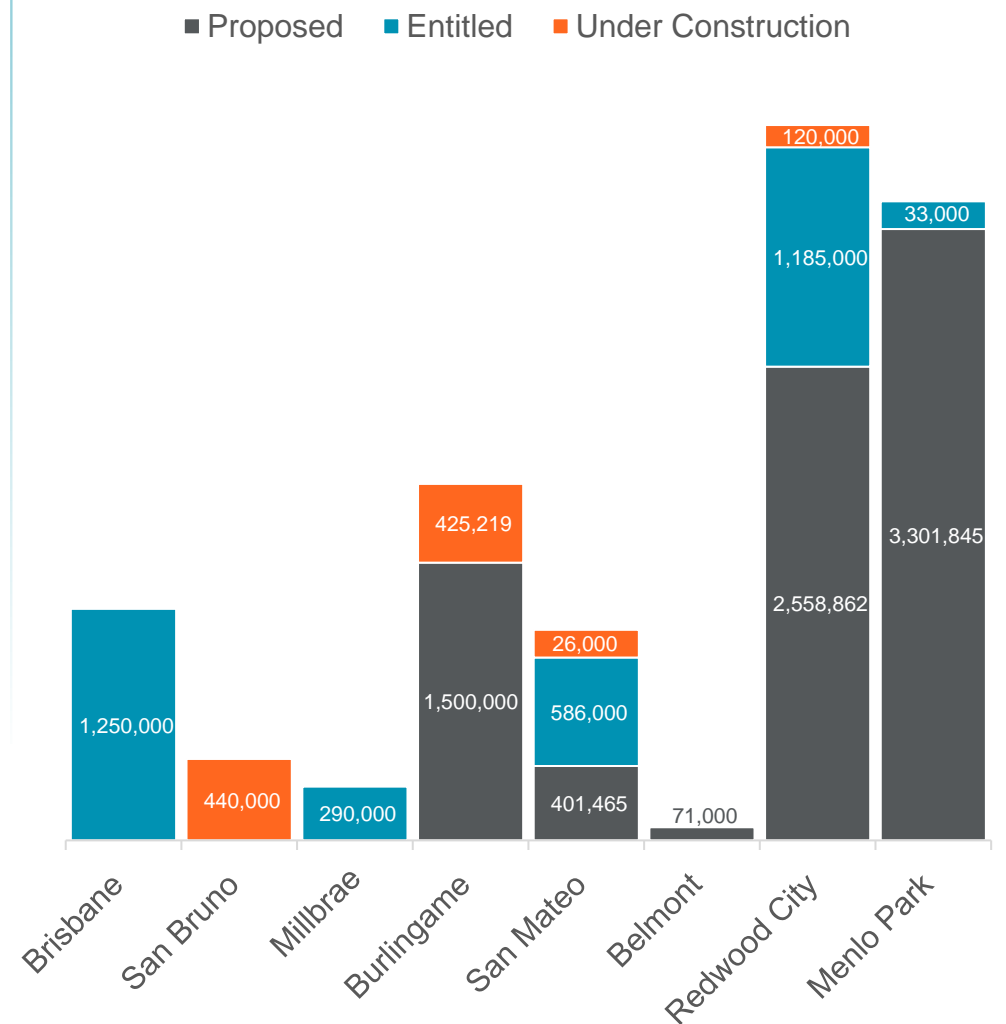
Under Construction Entitled



## Absorption and New Construction Trend (Millions SF)



## Proposed Pipeline by City



Under Construction

1,011,219

ENTITLED

3,344,000

PROPOSED

7,833,172

TOTAL

12,188,391



# THE TRANSIT EFFECT - BAY AREA - Q4 2023

DOWNTOWN/CORE VS OVERALL MARKET (ALL CLASSES)



## Downtown Oakland

Vacancy: 29.6%  
Avg. Asking: \$4.60 FS  
Inventory: 13,134,475 SF

Market Vacancy: 21.1%  
Mkt. Avg. Asking: \$4.25 FS  
Mkt. Inventory: 28,264,302 SF



## Downtown San Francisco

Vacancy: 31.5%  
Avg. Asking: \$5.91 FS  
Inventory: 55,105,211 SF

Market Vacancy: 32.5%  
Mkt. Avg. Asking: \$5.82 FS  
Mkt. Inventory: 85,970,246 SF



## Downtown Burlingame

Vacancy: 16.8%  
Avg. Asking: \$7.36 FS  
Inventory: 402,497 SF

Market Vacancy: 8.4%  
Mkt. Avg. Asking: \$4.60 FS  
Mkt. Inventory: 3,002,788 SF



## Downtown San Mateo

Vacancy: 25.9%  
Avg. Asking: \$6.79 FS  
Inventory: 940,552 SF

Market Vacancy: 24.6%  
Mkt. Avg. Asking: \$5.51 FS  
Mkt. Inventory: 7,974,142 SF



## Downtown Redwood City

Vacancy: 31.6%  
Avg. Asking: \$7.26 FS  
Inventory: 2,452,237 SF

Market Vacancy: 21.6%  
Mkt. Avg. Asking: \$6.26 FS  
Mkt. Inventory: 4,906,734 SF



## Downtown Palo Alto

Vacancy: 19.0%  
Avg. Asking: \$9.90 FS  
Inventory: 3,178,891 SF

Market Vacancy: 22.0%  
Mkt. Avg. Asking: \$8.53 FS  
Mkt. Inventory: 10,452,809 SF



## Downtown Menlo Park

Vacancy: 15.6%  
Avg. Asking: \$9.30 FS  
Inventory: 887,409 SF

Market Vacancy: 21.7%  
Mkt. Avg. Asking: \$7.19 FS  
Mkt. Inventory: 6,248,216 SF



## Downtown Berkeley

Vacancy: 11.5%  
Avg. Asking: \$3.72 FS  
Inventory: 2,327,660 SF

Market Vacancy: 21.1%  
Mkt. Avg. Asking: \$4.25 FS  
Mkt. Inventory: 28,264,302 SF



## Walnut Creek (BART)

Vacancy: 29.6%  
Avg. Asking: \$3.86 FS  
Inventory: 2,351,447 SF

Market Vacancy: 25.1%  
Mkt. Avg. Asking: \$3.13 FS  
Mkt. Inventory: 13,921,235 SF



## Downtown Walnut Creek

Vacancy: 14.1%  
Avg. Asking: \$3.52 FS  
Inventory: 1,885,260 SF

Market Vacancy: 25.1%  
Mkt. Avg. Asking: \$3.13 FS  
Mkt. Inventory: 13,921,235 SF



## Downtown Mountain View

Vacancy: 35.5%  
Avg. Asking: \$8.38 FS  
Inventory: 1,748,328 SF

Market Vacancy: 31.7%  
Mkt. Avg. Asking: \$7.44 FS  
Mkt. Inventory: 5,928,474 SF



## Downtown Sunnyvale

Vacancy: 46.3%  
Avg. Asking: \$8.11 FS  
Inventory: 1,358,705 SF

Market Vacancy: 19.1%  
Mkt. Avg. Asking: \$6.15 FS  
Mkt. Inventory: 13,506,231 SF



## Downtown San Jose

Vacancy: 30.7%  
Avg. Asking: \$4.97 FS  
Inventory: 10,746,415 SF

Market Vacancy: 23.4%  
Mkt. Avg. Asking: \$4.47 FS  
Mkt. Inventory: 31,256,392 SF

## THE TRANSIT EFFECT

### DOWNTOWN/CORE MARKET MOVEMENTS IN Q4 2023

- Three Downtown/Core markets recorded lower vacancy rates in Q4 2023 - Menlo Park, Redwood City, and Walnut Creek Downtown.
- Six Downtown/Core markets recorded higher asking rents in Q4 2023 - San Mateo, Burlingame, Redwood City, Sunnyvale, Palo Alto, and Walnut Creek BART.
- Eight Downtown/Core Markets have higher vacancy rates than their Overall markets - San Mateo, Burlingame, Mountain View, Redwood City, Sunnyvale, San Jose, Oakland, and Walnut Creek BART.
- One Downtown/Core Market has a lower asking rent than their Overall market - Berkeley.

### LEGEND

	Route	Station
	Route	Station
	Route	Station

For purposes of this report, Silicon Valley market - inventory tracked is 5,000 SF and greater.  
San Francisco, Peninsula, and East Bay markets - inventory tracked is 10,000 SF and greater.  
Asking rents are quoted as full service on a monthly basis.



# Market Overview

FOURTH QUARTER 2023



# Demand



# SAN MATEO COUNTY Office/R&D/Life Science Tenants in the Marketplace

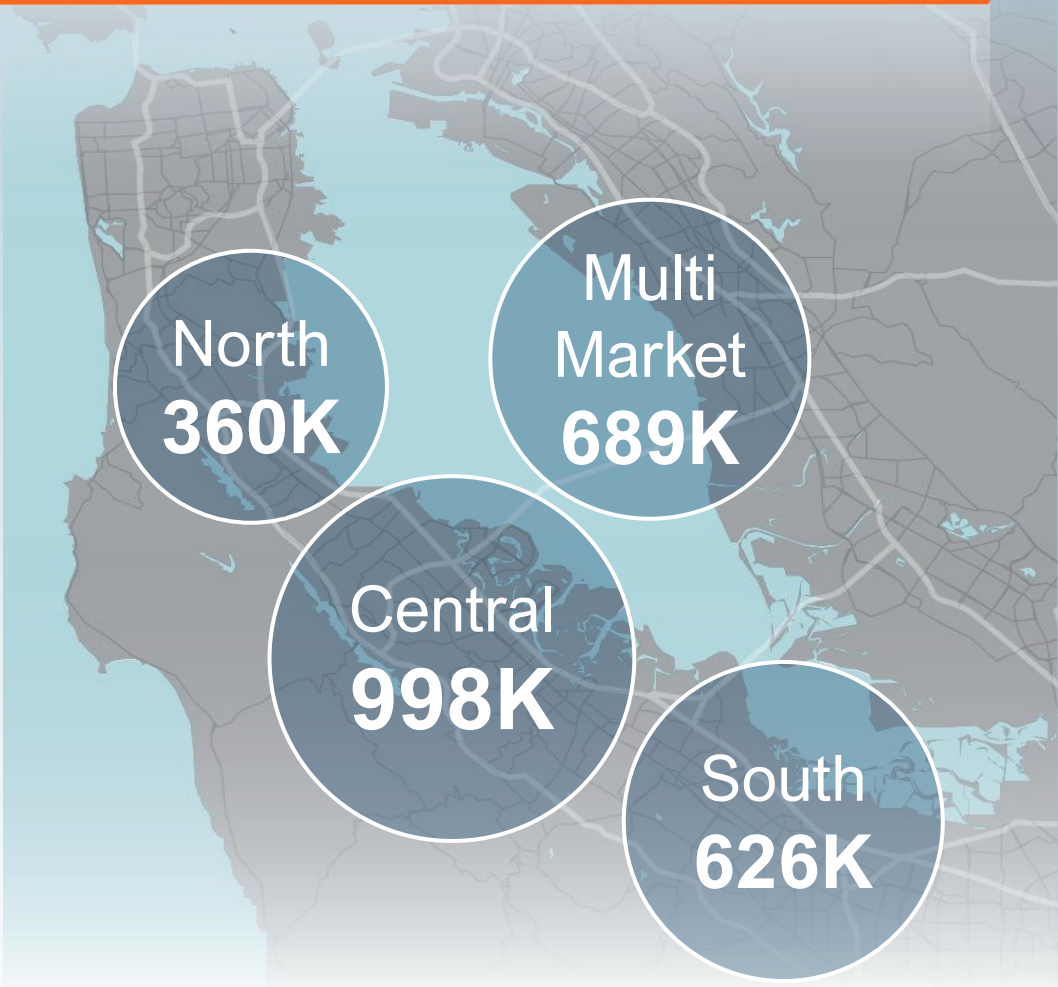
FOURTH QUARTER 2023



## Snapshot

By Geography	Total Requirements	Total Square Feet	Average Size
North SMC	24	360,000	15,000
Central SMC	38	998,000	26,263
South SMC	19	625,500	32,921
Multi-Market	17	689,000	40,529
Total	98	2,672,500	27,270

## Geography Breakdown

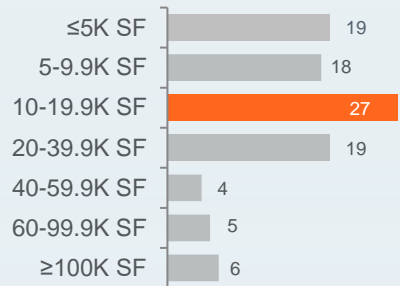


## Largest Tenant Requirements

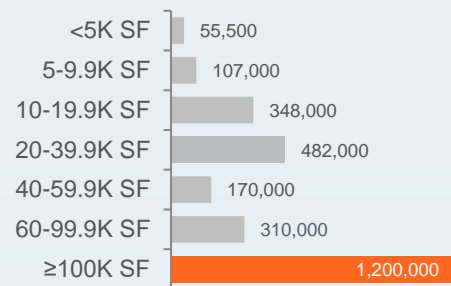
## Requirements by Size Segment

By Size Segment	Total Requirements	Total Square Feet	Average Size
<5,000 SF	19	55,500	2,921
5,000 - 9,999 SF	18	107,000	5,944
10,000 - 19,999 SF	27	348,000	12,889
20,000 - 39,999 SF	19	482,000	25,368
40,000 - 59,999 SF	4	170,000	42,500
60,000 - 99,999 SF	5	310,000	62,000
≥100,000 SF	6	1,200,000	200,000
Total	98	2,672,500	27,270

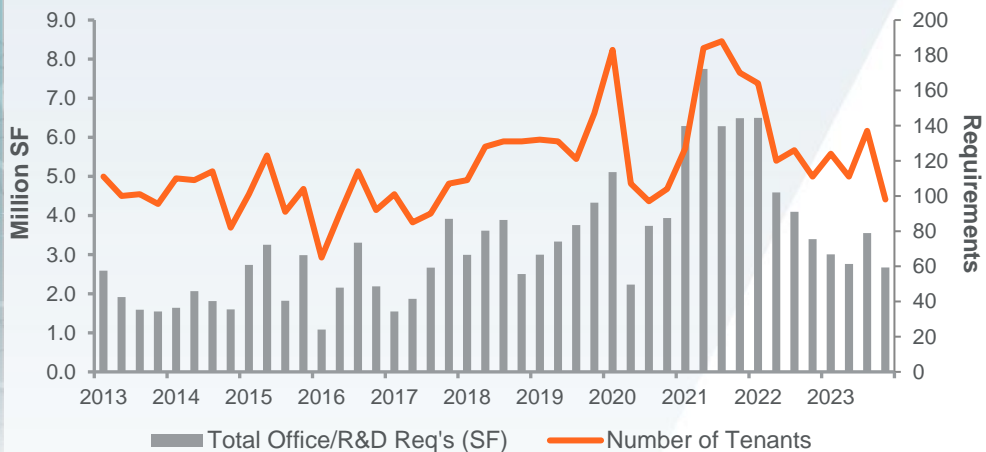
REQUIREMENTS BY SIZE SEGMENT



REQUIREMENTS BY SQUARE FOOTAGE



## Historical Summary

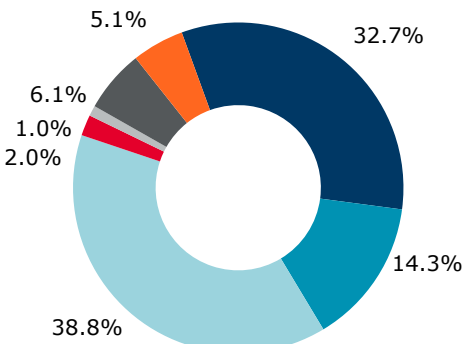


## Requirements by Industry

By Industry	Total Requirements	Total Square Feet	Average Size
Prof. Services	32	461,000	14,406
Software/Internet	14	600,500	42,893
Life Science	38	1,335,000	35,132
Hardware/Tech	2	151,500	75,750
Government/Education	1	10,000	10,000
Communications/Media	0	0	0
Consumer Prod./Svcs	1	7,000	7,000
Medical/Health Care	5	72,000	14,400
Construction/Industrial Services	0	0	0
Undisclosed	5	35,500	7,100
Total	98	2,672,500	27,270

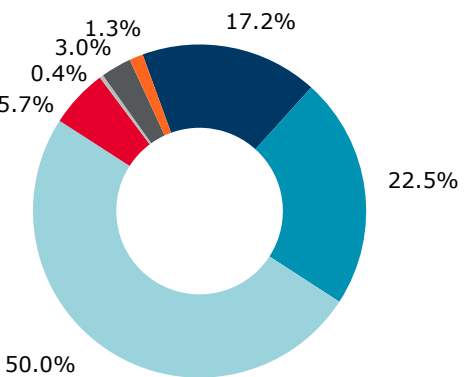
## INDUSTRY TYPE BY TOTAL REQUIREMENTS

- Prof. Services
- Software/Internet
- Life Science
- Hardware/Tech
- Government/Education
- All Others
- Undisclosed



## INDUSTRY TYPE BY TOTAL SQUARE FEET

- Prof. Services
- Software/Internet
- Life Science
- Hardware/Tech
- Government/Education
- All Others
- Undisclosed



snowflake

GRAIL



Zipline



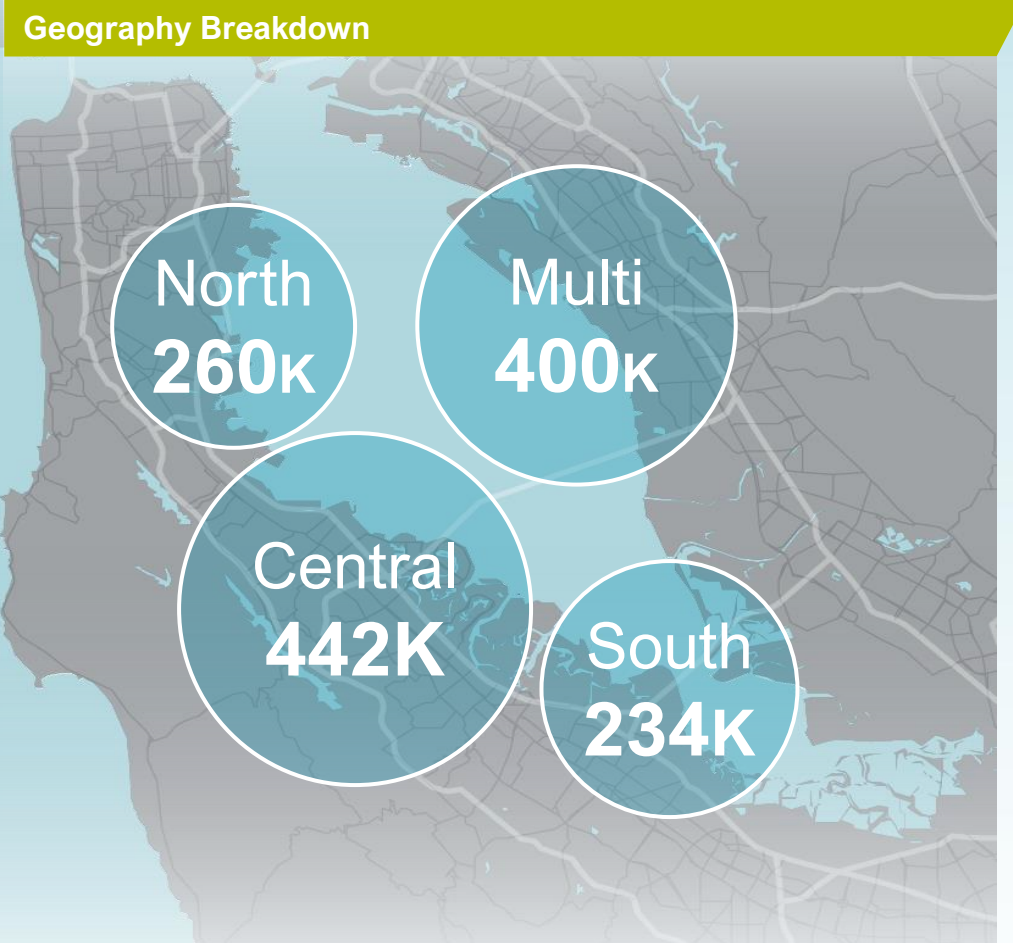


# PENINSULA Life Science Tenants In The Marketplace

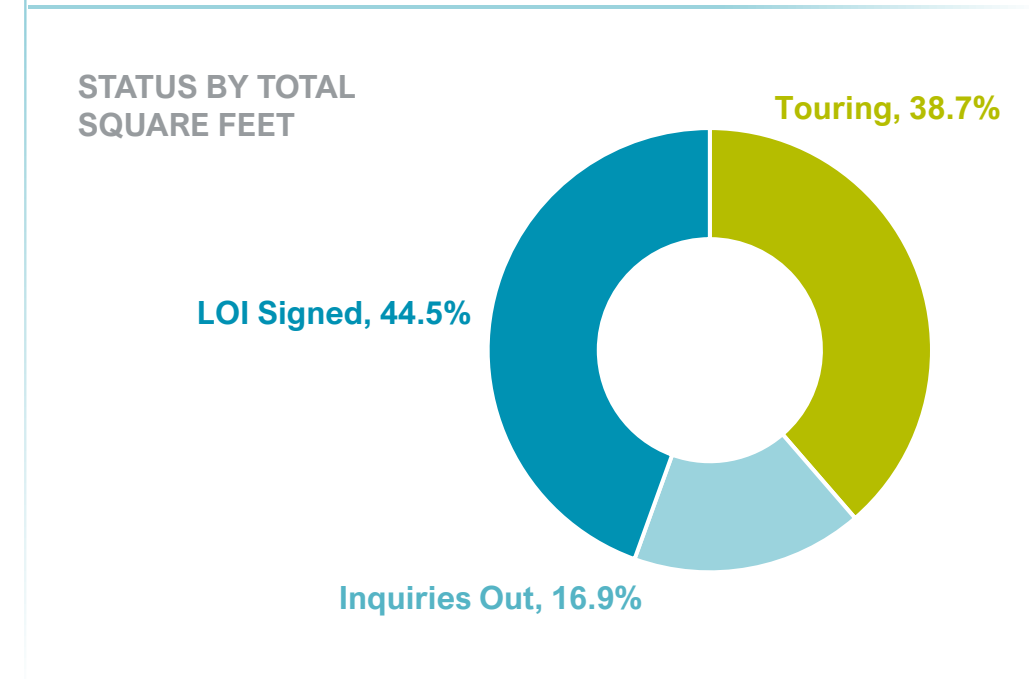
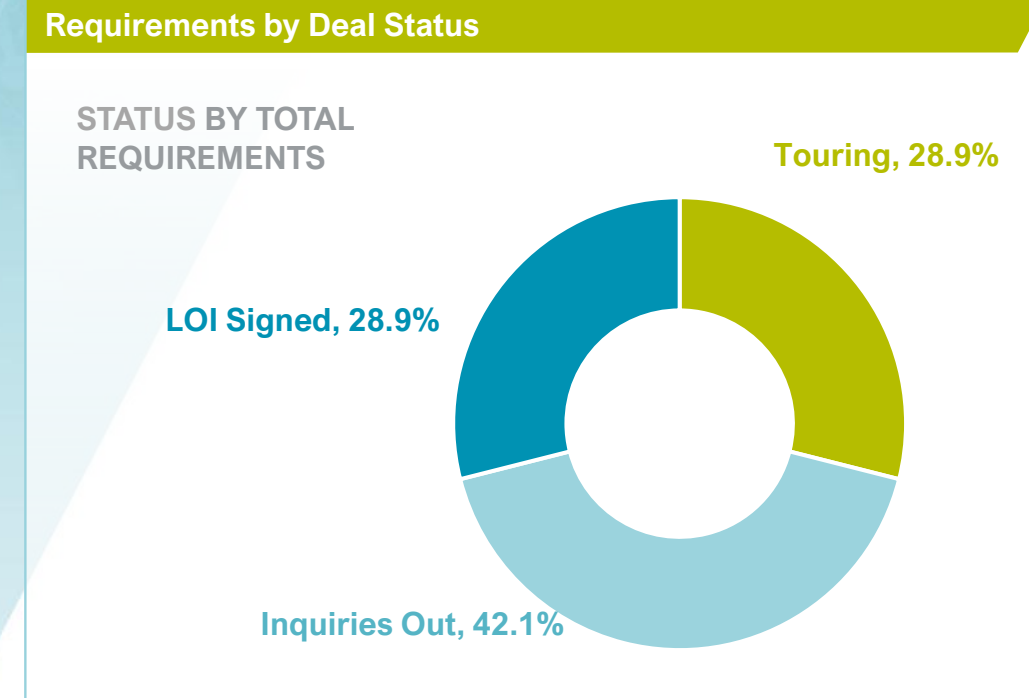
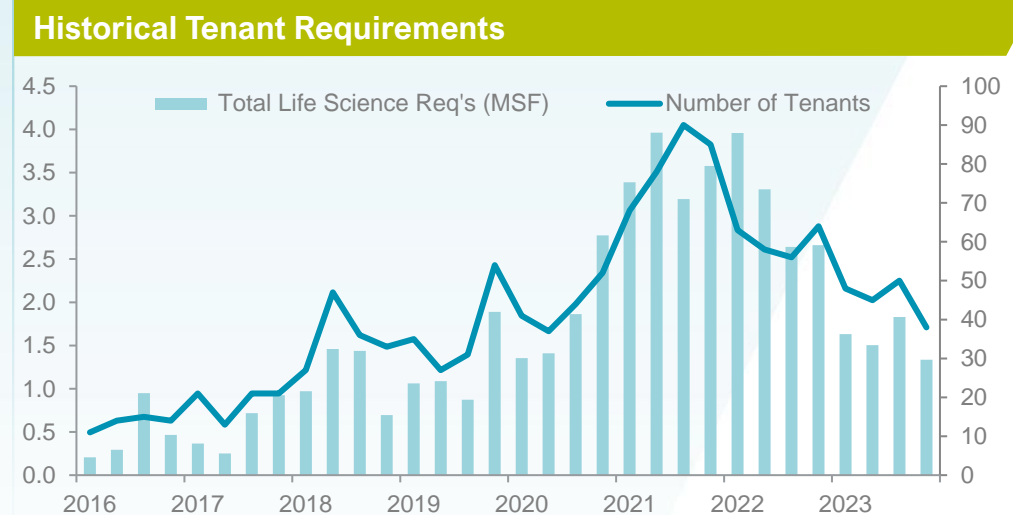
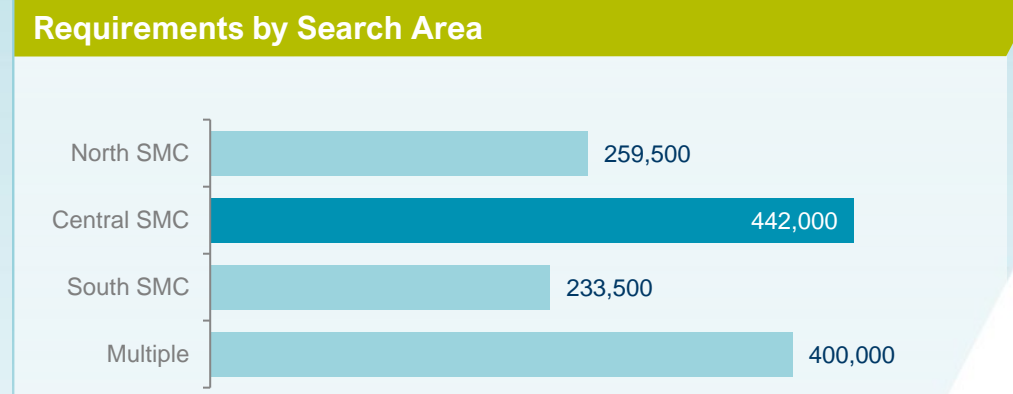
FOURTH QUARTER 2023



Snapshot			
By Geography	Total Requirements	Total Square Feet	Average Size
North SMC	14	259,500	18,536
Central SMC	8	442,000	55,250
South SMC	9	233,500	25,944
Multi Search Areas	7	400,000	57,143
<b>Total</b>	<b>38</b>	<b>1,335,000</b>	<b>35,132</b>



Requirements by Size Segment			
By Size Segment	Total Requirements	Total Square Feet	Average Size
<10,000 SF	9	33,000	3,667
10,000 - 19,999 SF	11	154,000	14,000
20,000 - 39,999 SF	10	258,000	25,800
40,000 - 59,999 SF	1	40,000	40,000
60,000 - 99,999 SF	4	250,000	62,500
≥100,000 SF	3	600,000	200,000
<b>Total</b>	<b>38</b>	<b>1,335,000</b>	<b>35,132</b>



## Largest Tenant Requirements





# Venture Capital Funding

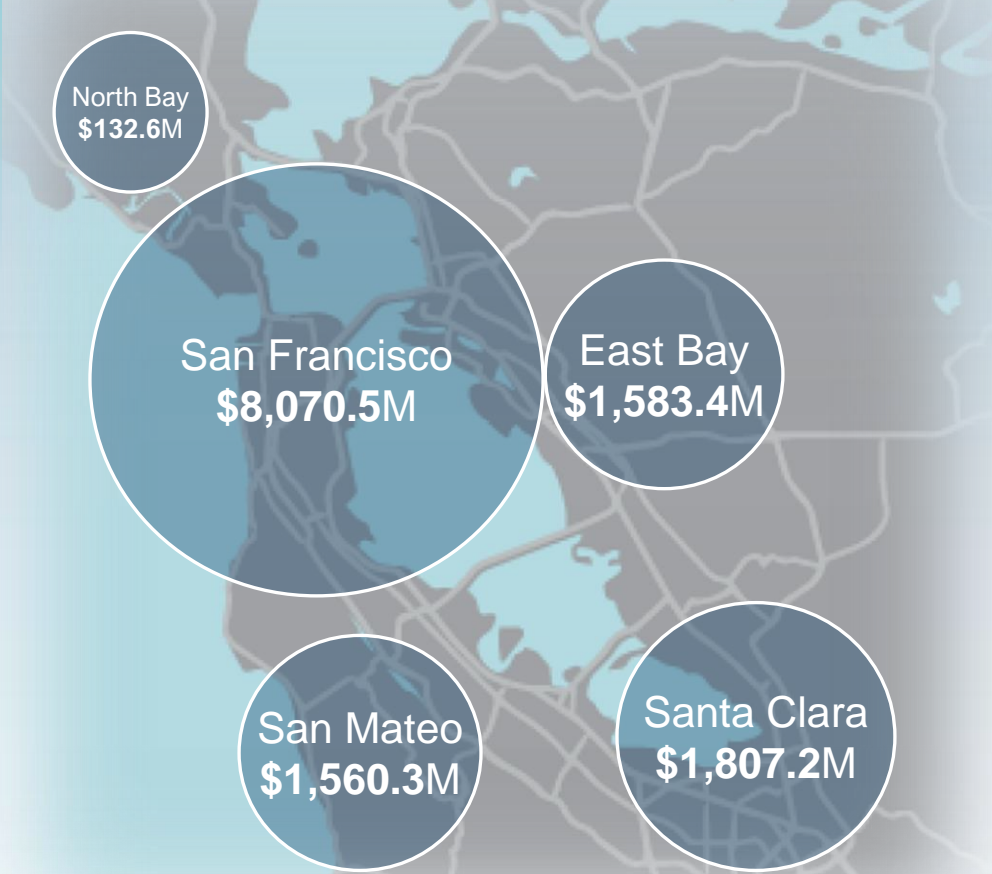
BAY AREA | FOURTH QUARTER 2023



## Bay Area Snapshot Q4 2023

By Geography	Total Funding	Total Deals	Average Deal Size
San Francisco	\$8,070.5M	259	\$31.2M
Santa Clara	\$1,807.2M	119	\$15.2M
East Bay	\$1,583.4M	91	\$17.4M
San Mateo	\$1,560.3M	81	\$19.3M
North Bay	\$132.6M	19	\$7.0M

**Total Bay Area**      **\$13,154.0M**      **569**      **\$23.1M**



## Top 5 Bay Area Deals Q4 2023

Company	Funding	Location	Industry Code (Vertical)
1. Anthropic	\$2,000.0M	San Francisco	Media and Information Services (AI)
2. Commure	\$1,323.1M	San Francisco	Enterprise Systems (Healthcare)
3. Generate	\$1,071.0M	San Francisco	Specialty Financial Services
4. Databricks	\$684.6M	San Francisco	Business/Productivity Software (AI)
5. Hinge Health	\$400.0M	San Francisco	Clinics/Outpatient Services

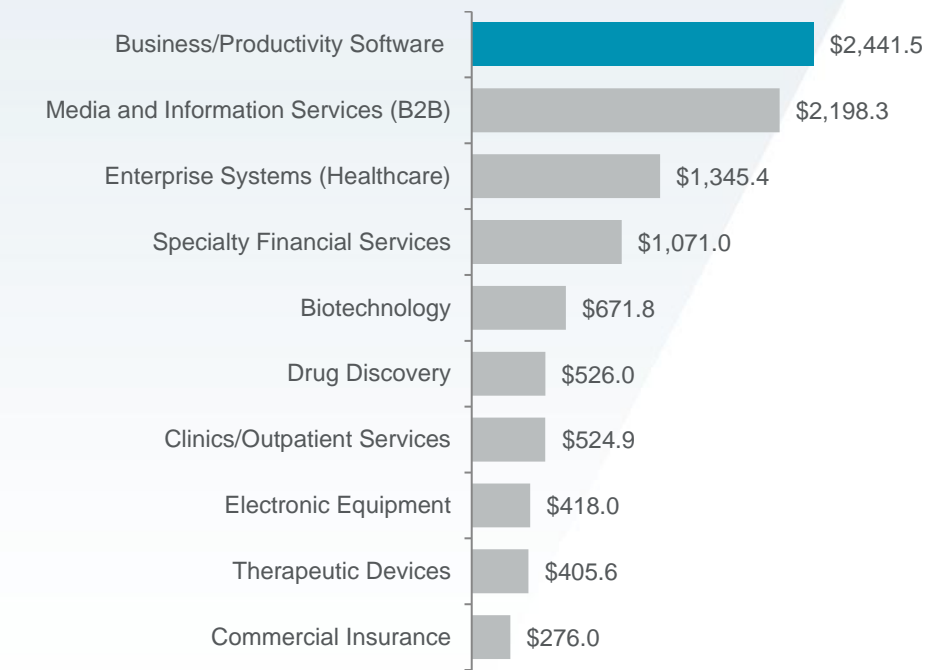
## Thanks to AI, Bay Area Receives Bigger Slice of the VC Pie

U.S. funding to companies via venture capital eased to \$38.1 billion (B) in Q4 2023, down 8.4% from a revised \$41.6B in Q3 and the lowest since the \$33.1B in Q2 2018, according to PitchBook. Deal count for Q4 was 3,355, down from an (adjusted) 4,146 in Q3, and the fewest deals since the 2,586 in Q4 2012. Artificial intelligence & machine learning (AI) far outpaced every other industry vertical (contained across all the primary industries) in Q4, taking in \$13.4B, 49.8% greater than the next highest vertical which was SaaS (software as a service).

The top deal in the U.S. in Q4 was San Francisco-based AI company Anthropic with a \$2.0B late-stage round. That was followed by Los Angeles-based AI company Metropolis, with a \$1.7B late-stage round and San Francisco-based digital healthcare company Commure with a \$1.3B late-stage round. Five of the top 10 U.S. deals during the quarter were all to San Francisco companies.

The Bay Area was by far the leader of the pack within the U.S. for companies receiving venture capital in Q4 taking in 34.6% of the funding. Both the Bay Area and San Francisco proper received a bigger slice of the U.S. VC pie during the quarter. For the full year, the Bay Area received more funding than the next six North American markets combined. In addition, funding was three times greater than the next highest market, the New York City combined statistical area.

## Q4 2023 Bay Area Top Funding by Primary Industry Code (Millions)



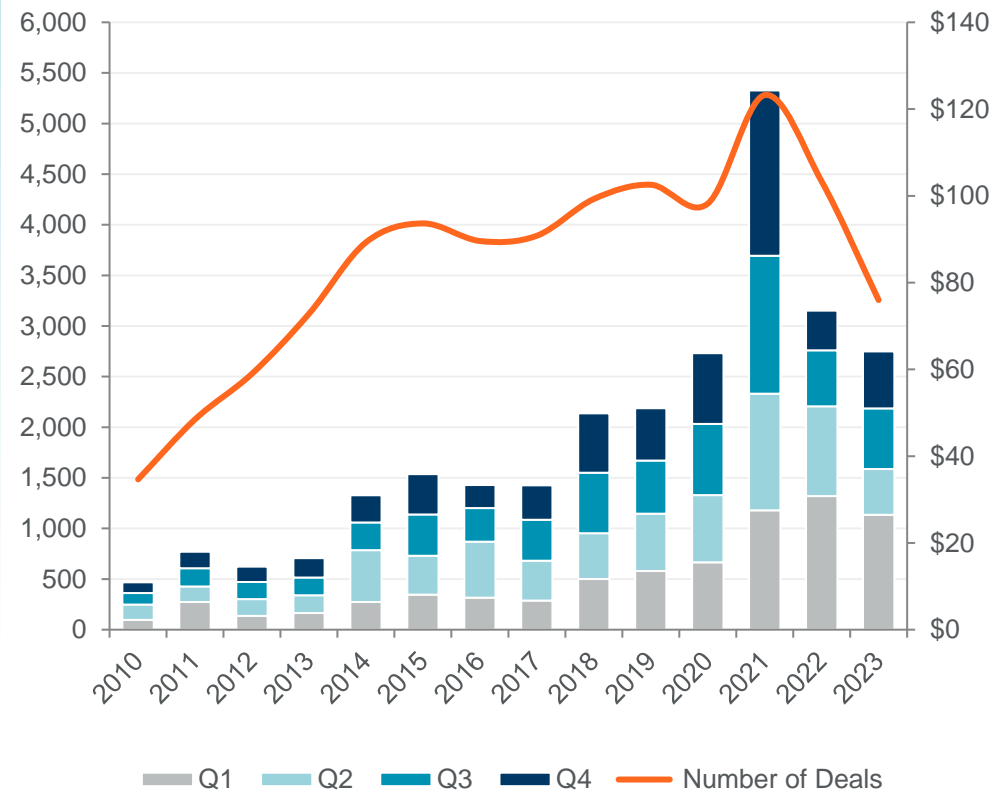
## U.S. Regional Snapshot Q4 2023

Region	Total Funding	Total Deals	Average Deal Size
West Coast	\$20,238.6M	1,104	\$18.3M
Mid Atlantic	\$6,931.1M	778	\$8.9M
New England	\$3,563.3M	292	\$12.2M
Southeast	\$1,874.1M	365	\$5.1M
South	\$1,854.7M	270	\$6.9M
Great Lakes	\$1,798.0M	265	\$6.8M
Mountain	\$1,588.2M	229	\$6.9M
Midwest	\$211.6M	52	\$4.1M

**Total**      **\$38,059.6M**      **3,355**      **\$11.3M**

## Bay Area Historical Trend

### TOTAL DEALS & FUNDING IN BILLIONS



Source: PitchBook

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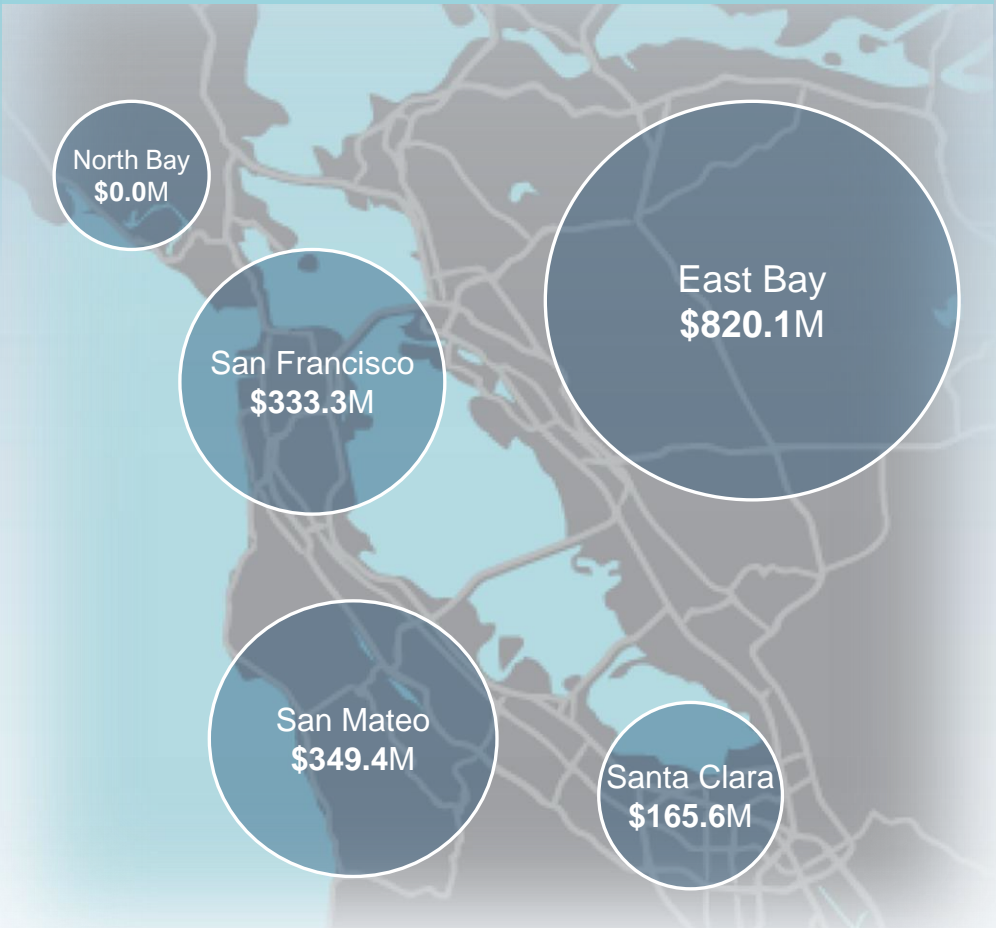
# Life Sciences Venture Capital Funding

BAY AREA | FOURTH QUARTER 2023



## Bay Area Snapshot Q4 2023

By Geography	Total Funding	Total Deals	Average Deal Size
East Bay	\$820.1M	15	\$54.7M
San Mateo	\$349.4M	9	\$38.8M
San Francisco	\$333.3M	9	\$37.0M
Santa Clara	\$165.6M	8	\$20.7M
North Bay	\$0.0M	0	\$0.0M
Total Bay Area	\$1,668.4M	41	\$40.7M



## Top 5 Bay Area Deals Q4 2023

Company	Funding	Location	Industry Code
1. Neuralink	\$323.2M	Fremont	Therapeutic Devices (AI)
2. Aiolos Bio	\$245.0M	San Francisco	Biotechnology
3. MapLight	\$225.0M	Redwood City	Drug Discovery
4. Kyverna	\$152.0M	Emeryville	Biotechnology
5. RefleXion	\$106.7M	Hayward	Biotechnology

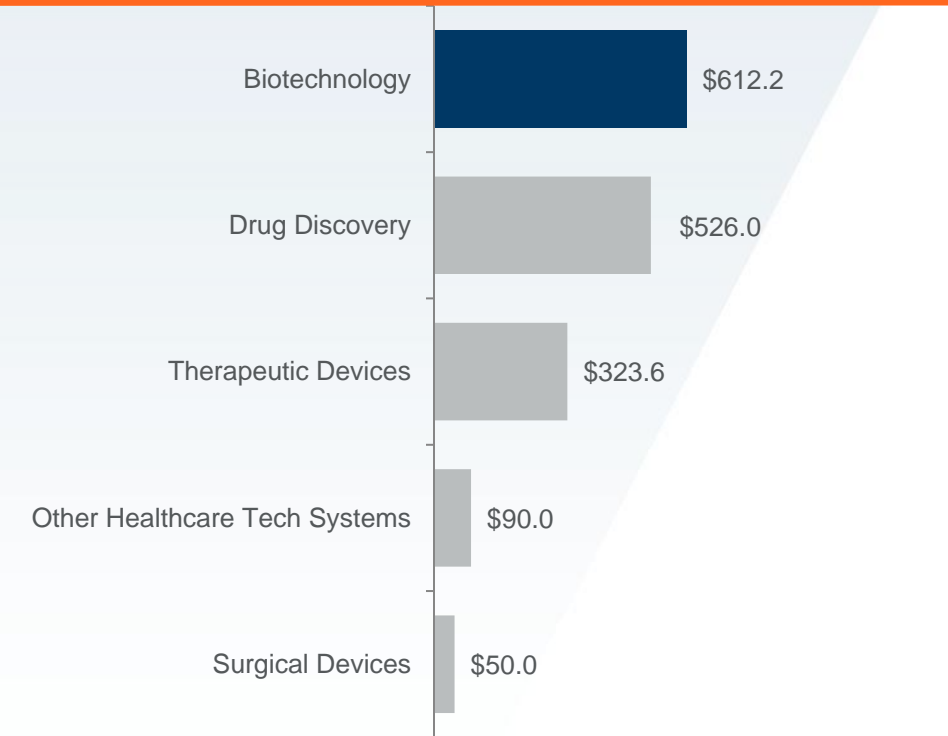
## 2023 An Improvement Over Pre-Pandemic Years

VC funding into life sciences companies in the U.S. slowed to \$5.3 billion (B) in Q4 2023, down 36.6% from the adjusted \$8.4B in Q3, according to PitchBook. For the full year, VC funding closed with \$26.0B in funding, down substantially from the core pandemic years of 2020-2022 which ranged from \$36.0B to \$48.3B. That said, the 2023 figure was substantially higher than the average for the five pre-pandemic years which was \$20.2B. The top industry categories in terms of funding in Q4 remained the drug discovery (41.5%) and biotechnology (30.4%) fields. For Q4, 31.2% of the funding and 12.7% of the deals were to Bay Area-headquartered companies compared to the U.S.

For the full year it was San Mateo County that took in the majority of the \$6.9B (42.1%) absorbed by Bay Area life sciences companies. Like the U.S., Bay Area funding was lower than the years 2020-2022 though higher than the average of \$5.3B in the five years previous to the pandemic.

The largest deal the U.S. in Q4 was to Fremont-based therapeutic device (AI) company Neuralink in a \$323.2 million (M) late-stage round. Next up was San Francisco-based biotechnology company Aiolos Bio in a \$245M early-stage round. Four of the top 10 deals were into Bay Area-based companies with the rest going to San Diego, Boston or Baltimore.

## Q4 2023 Bay Area Top Funding by Primary Industry Code (Millions)

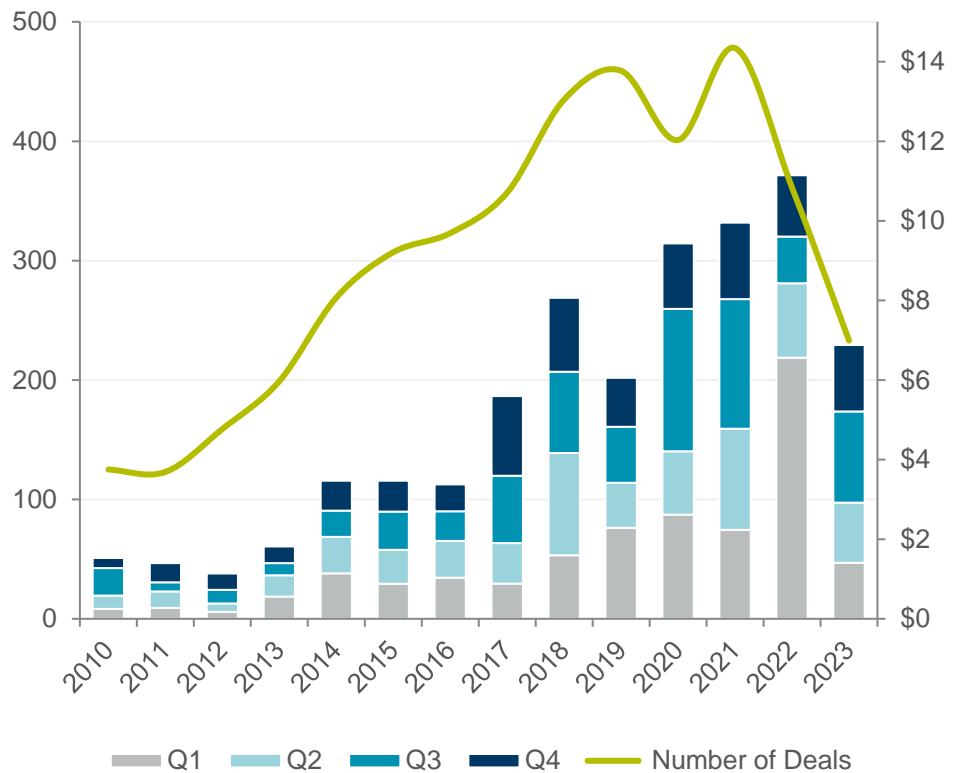


## U.S. Regional Snapshot Q4 2023

Region	Total Funding	Total Deals	Average Deal Size
West Coast	\$2,494.4M	106	\$23.5M
New England	\$1,486.8M	68	\$21.9M
Mid Atlantic	\$649.1M	61	\$10.6M
Great Lakes	\$286.8M	29	\$9.9M
Southeast	\$167.1M	18	\$9.3M
Mountain	\$122.4M	19	\$6.4M
South	\$85.8M	17	\$5.0M
Midwest	\$48.8M	4	\$12.2M
Total	\$5,341.2M	322	\$16.6M

## Bay Area Historical Trend

### TOTAL DEALS & FUNDING IN BILLIONS



Source: PitchBook

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# IPO Tracker

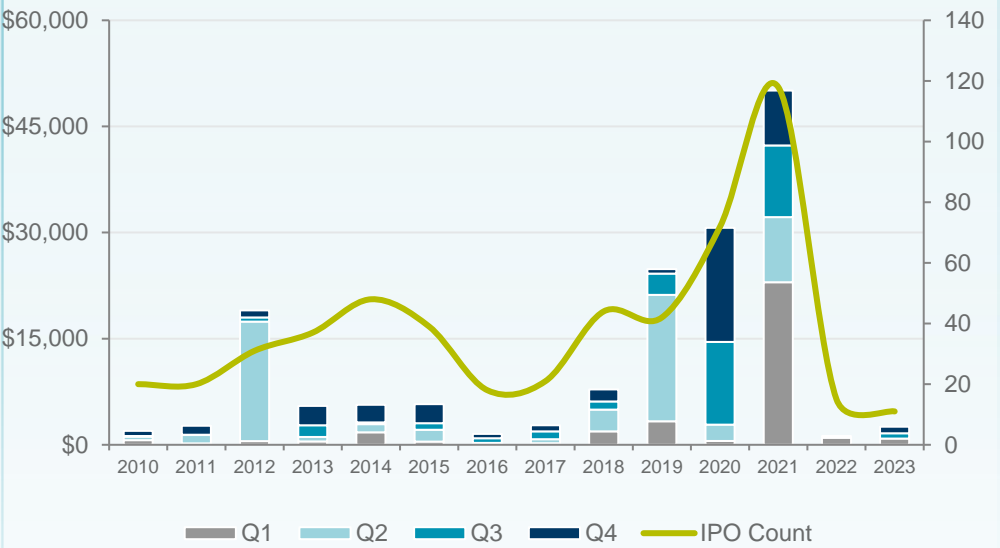
BAY AREA | FOURTH QUARTER 2023



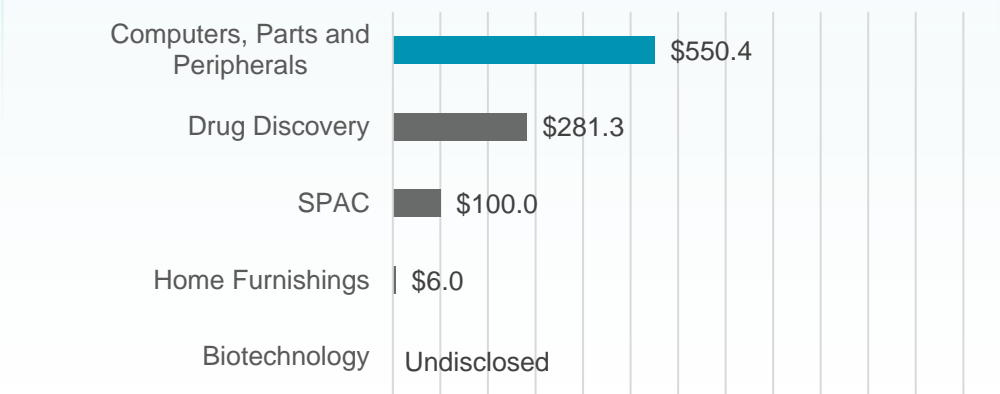
## Bay Area IPOs Q4 2023

Company	Industry Code	Date	Location	Deal Size
1 SuperMicro Computer	Computers, Parts and Peripherals	4-Dec	San Jose	\$550.4M
2 Cargo Therapeutics	Drug Discovery	9-Nov	San Mateo	\$281.3M
3 Spark 1 Acquisition	SPAC	6-Oct	Palo Alto	\$100.0M
4 Northann	Home Furnishings	19-Oct	Elk Grove	\$6.0M
5 ABVC Biopharma	Biotechnology	17-Nov	Fremont	Undisclosed
Total Q4 2023 IPOs: 5   \$937.7M				

## Bay Area IPO Historical Trends (\$M)



## Bay Area Q4 2023 IPOs by Primary Industry Code



## Bay Area IPO Locations Q4 2023



## Deal Count at Lowest Level Since 1989

It was a quiet year in the U.S. IPO world in 2023 with just \$24.0 billion (B) raised in 151 deals. That is the lowest deal count since the 124 in 1989 and the lowest amount raised since the \$21.3B in 2002.

The largest transaction of 2023 was by consumer products company SharkNinja (Needham, MA) spun-off from its parent company in a \$6.5B deal. The largest deal of Q4 was by SuperMicro Computer (San Jose, CA) raising \$550.4 million.

The taps are expected to open more in 2024 and raise both the deal count and the capital invested. There are currently 178 companies in registration with seven of the top 50 (in order of last known valuation) located in the Bay Area.

## U.S. Q4 2023 IPOs by Region

Region	Total Funding	Total Deals	Average Size
West Coast	\$1,038.7M	10	\$103.9M
New England	\$656.8M	4	\$164.2M
Mid Atlantic	\$651.5M	6	\$108.6M
South	\$205.6M	3	\$68.5M
Southeast	\$178.3M	6	\$29.7M
Great Lakes	\$45.9M	5	\$9.2M
Midwest	\$41.3M	1	\$41.3M
Mountain	\$32.0M	7	\$4.6M
Total	\$2,850.1M	42	\$67.9M

## U.S. Largest Pending IPOs (Registration)

Company	Industry Code	Location	Last Known Valuation
Lineage Logistics Holdings	Logistics	Novi, MI	\$17,992.4M
Ingram Micro	IT Consulting	Irvine, CA	\$7,200.0M
Xplor Technologies	Financial Software	Creve Coeur, MO	\$5,000.0M
Apex Fintech Solutions	Financial Software	Dallas, TX	\$4,700.0M
MSG Networks	Broadcasting	New York, NY	\$3,870.0M
Astera Labs	Application Specific Semiconductors (AI)	Santa Clara, CA	\$3,150.0M
Carmot Therapeutics	Biotechnology	Berkeley, CA	\$3,100.0M
Triller	Entertainment Software (AI)	Los Angeles, CA	\$3,000.0M
Waystar Health	Enterprise Systems (Healthcare)	Louisville, KY	\$2,700.0M
Wellness Pet	Consumer Non-Durables	Tewksbury, MA	\$2,500.0M

Total Pending IPOs (Registration): 178



# Life Sciences IPO Tracker

BAY AREA | FOURTH QUARTER 2023

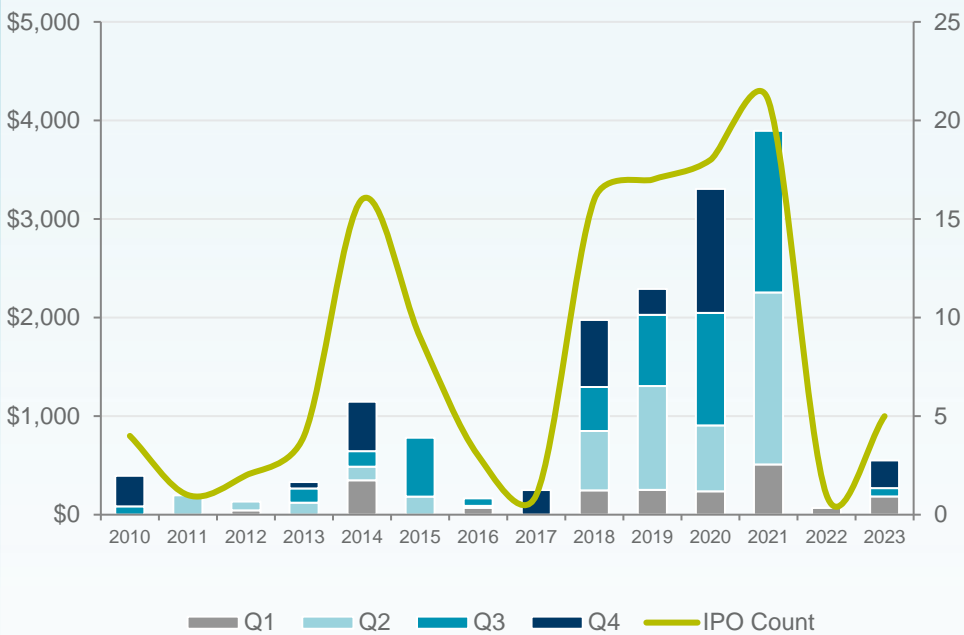


## Bay Area IPOs 2023

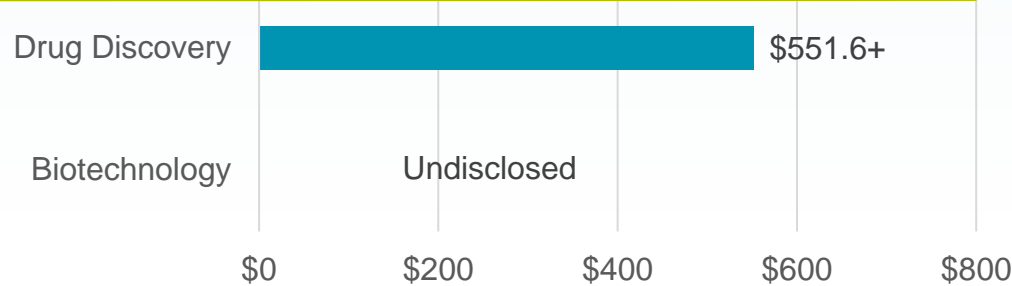
Company	Industry Code	Quarter	Location	Deal Size
1 Cargo Therapeutics	Drug Discovery	Q4	San Mateo	\$281.3M
2 Structure Therapeutics	Drug Discovery	Q1	South San Francisco	\$185.3M
3 Sagimet Biosciences	Drug Discovery	Q3	San Mateo	\$85.0M
4 ABVC Biopharma	Biotechnology	Q3	Fremont	Undisclosed
5 Acepodia	Drug Discovery	Q3	Alameda	Undisclosed

Total 2023 IPOs: 5 | \$551.6M

## Bay Area IPO Historical Trends (\$M)



## Bay Area 2023 IPOs by Primary Industry Code



## Top Bay Area IPO Locations 2023



## Slow Times Hold In 2023

It continued to be slow times in the IPO world in 2023 though at least there was some improvement over 2022 in money raised. For the year, there were just 23 deals in the U.S. with only five of those in the Bay Area. The IPOs across the U.S. raised just over \$4.7 billion (B) in funding after a 2022 that also recorded 23 deals but only \$1.5B in funding.

The largest deal in the nation in 2023 was GE Healthcare, involved with diagnostic equipment and based in Chicago, IL, at \$2.0B followed by ACELYRIN, a drug discovery company out of Los Angeles, CA, at \$540.0 million.

There are 26 companies in IPO registration in the U.S. going into 2024 (two in the Bay Area) with several at relatively high valuations than those of the past two years.

## U.S. 2023 IPOs by Region

Region	Total Funding	Total Deals	Average Size
Great Lakes	\$2,000.0M	1	\$2,000.0M
West Coast	\$1,503.6M	10	\$150.4M
New England	\$838.1M	7	\$119.7M
Mid Atlantic	\$383.0M	4	\$95.8M
Southeast	Undisclosed	1	Undisclosed
South	N/A	0	N/A
Mountain	N/A	0	N/A
Midwest	N/A	0	N/A
<b>Total</b>	<b>\$4,724.7M</b>	<b>23</b>	<b>\$205.6M</b>

## U.S. Largest Pending IPOs (Registration)

Company	Industry Code	Location	Last Known Valuation
Carmot Therapeutics	Biotechnology	Berkeley, CA	\$3,100.0M
RefleXion	Biotechnology	Hayward, CA	\$1,306.7M
Fractyl Health	Biotechnology	Lexington, MA	\$870.0M
CG Oncology	Drug Discovery	Irvine, CA	\$625.0M
Advanced Biomed	Biotechnology	New York, NY	\$562.5M
TriSalus Life Sciences	Drug Delivery	Westminster, CO	\$390.0M
LENZ Therapeutics	Drug Discovery	Del Mar, CA	\$233.5M
Origin	Devices and Supplies	Princeton, NJ	\$219.6M
OS Therapies	Drug Discovery	Rockville, MD	\$125.0M
Acesis Biomed	Drug Discovery	Lone Tree, CO	\$80.6M
Neonc Technologies	Drug Discovery	Los Angeles, CA	\$70.0M
Emulate Therapeutics	Devices and Supplies	Bellevue, WA	\$69.3M

Total Pending IPOs (Registration): 26



# SAN FRANCISCO Office Market Overview

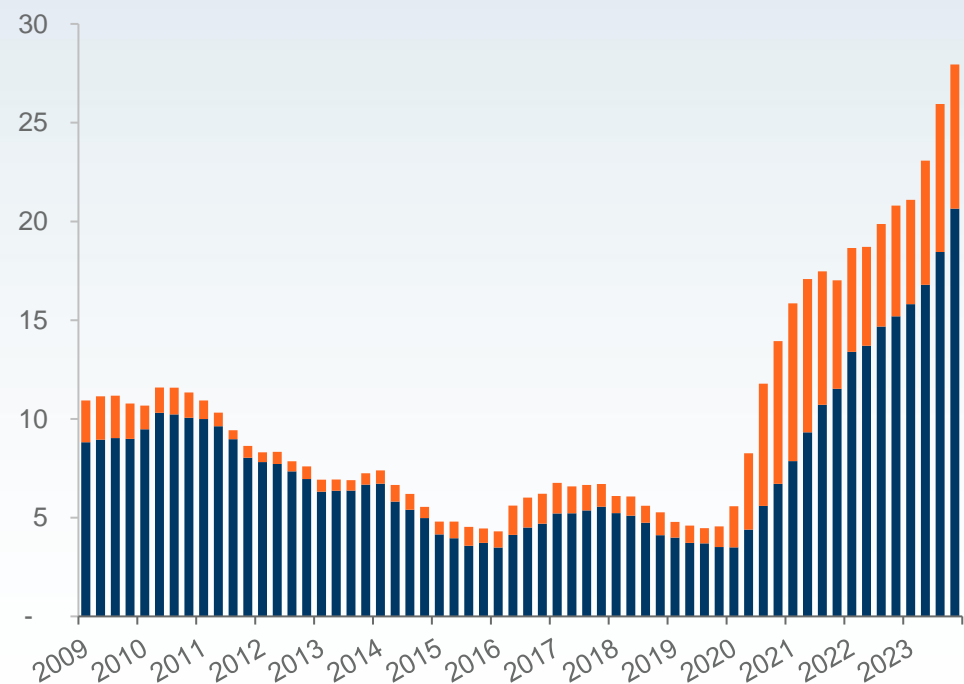
FOURTH QUARTER 2023



## Market Summary | Q4 2023

Submarket	Inventory SF	Overall Vacancy	Overall Availability	Avg. Asking (FSG)
North Financial	26,866,662	33.0%	35.2%	\$70.14
South Financial	28,238,549	30.0%	33.4%	\$71.70
<b>CBD TOTALS</b>	<b>55,105,211</b>	<b>31.5%</b>	<b>34.3%</b>	<b>\$70.90</b>
Jackson Square	2,044,625	22.9%	22.5%	\$61.92
North Waterfront	4,761,055	33.1%	38.0%	\$70.15
SOMA	2,051,060	45.7%	52.3%	\$71.18
The Presidio	3,352,964	9.5%	10.7%	\$111.96
Union Square	4,009,521	22.9%	29.5%	\$63.57
Van Ness Corridor	728,356	13.6%	14.0%	\$41.17
Showplace Sq./ Potrero Hill	4,009,521	37.8%	43.1%	\$64.41
Mission Bay	2,051,060	2.7%	2.70%	\$83.00
Mid-Market	4,631,437	47.9%	57.0%	\$63.36
Third Street Corridor	406,482	0.0%	0.0%	N/A
<b>NON-CBD TOTALS</b>	<b>30,865,035</b>	<b>34.4%</b>	<b>39.6%</b>	<b>\$67.92</b>
<b>Total</b>	<b>85,970,246</b>	<b>32.5%</b>	<b>36.2%</b>	<b>\$69.87</b>

## Direct & Sublease Vacant Space (SF)

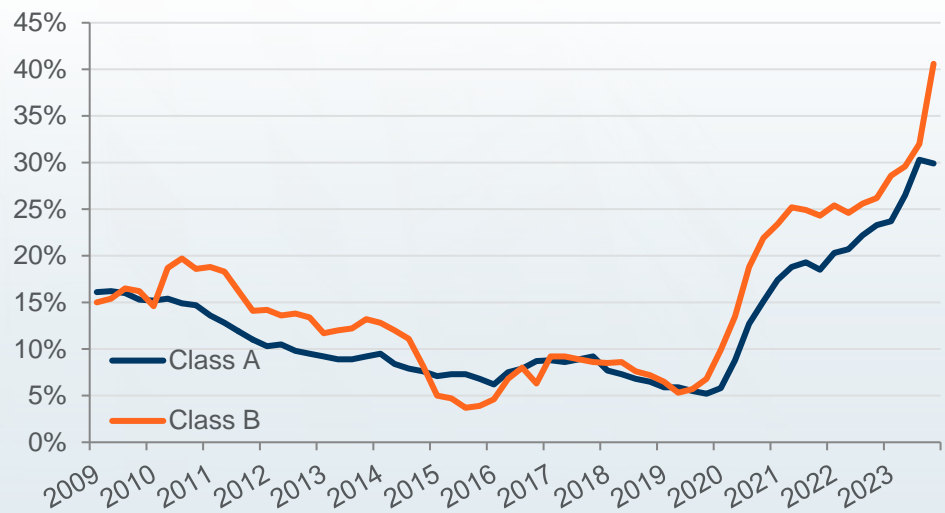


\*In millions of square feet

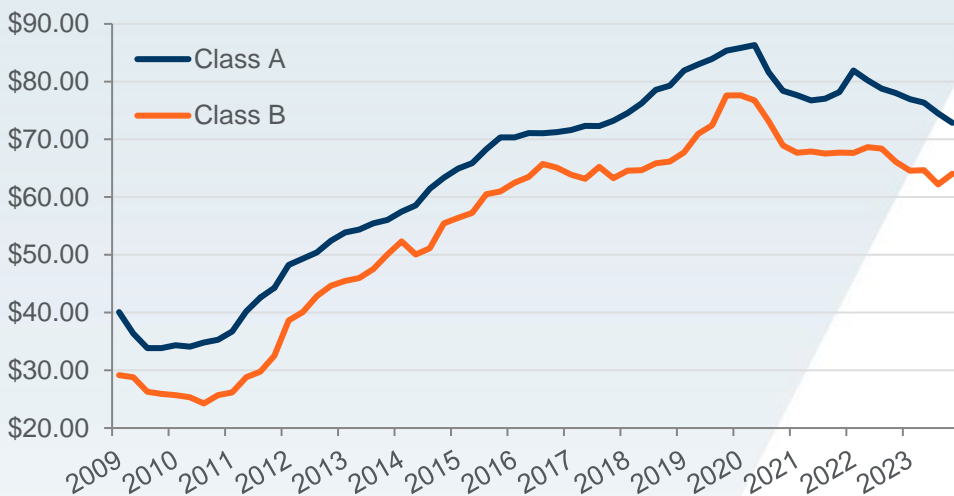
■ Direct

■ Sublease

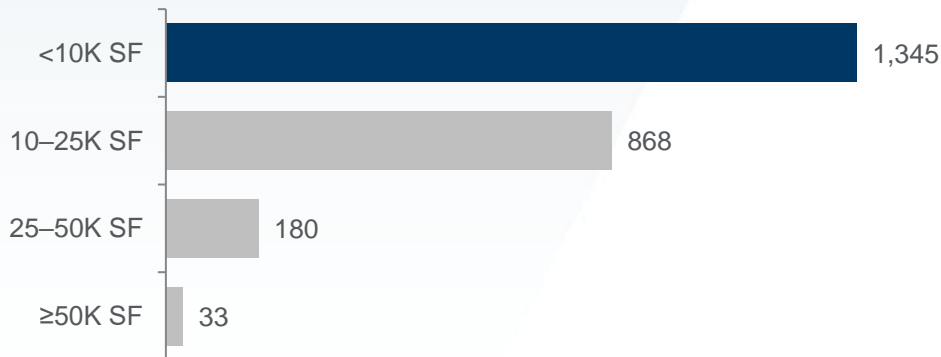
## Overall Vacancy Trend



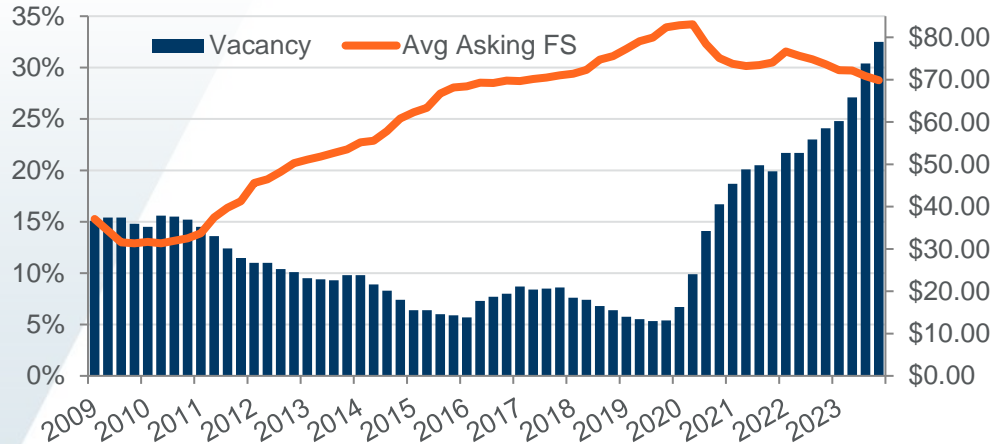
## Overall Average Asking Rate Trend



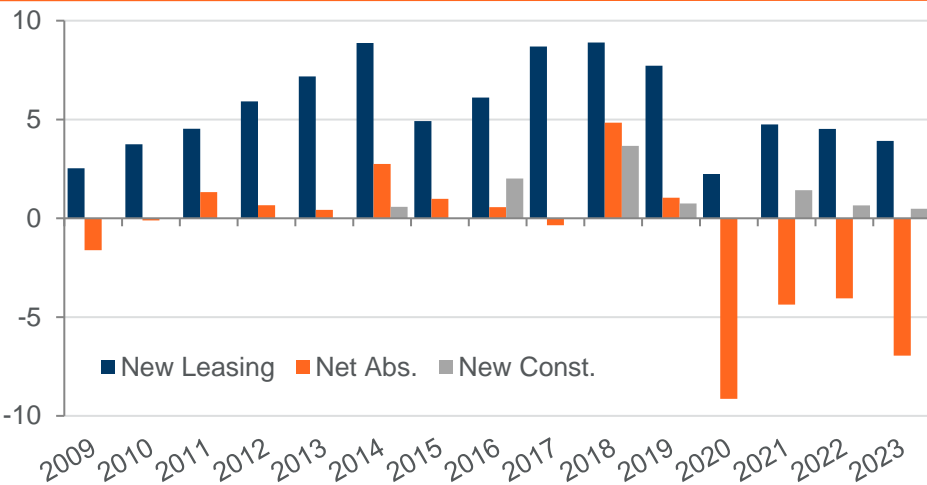
## Vacant Availabilities by Size Segment Breakdown | Q4 2023



## Overall Vacancy & Average Asking Rate Trend



## Absorption and Construction Completions Trend (Thousands SF)



## Largest Lease Transactions | Q4 2023

Tenant	Building	RSF
OpenAI	1515 3rd Street	486,600
Anthropic	500 Howard Street	230,325
HUD	One Sansome Street	55,732
First Citizens Bank	222 Second Street	50,808
Patreon	600 Townsend Street	41,403
Debevoise & Plimpton	650 California Street	39,516
JMP Group Inc.	600 Montgomery Street	37,808
Navan (Trip Actions)	181 Fremont Street	36,467
Osaro	500 Third Street	30,332

Disclaimer: The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

\*Source: Cushman & Wakefield Research & Brokerage Services

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# SILICON VALLEY OFFICE/R&D

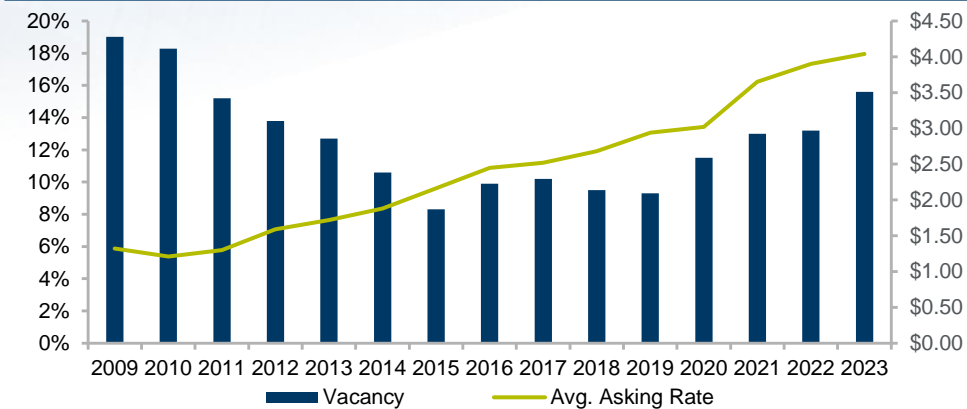
Market Overview | Q4 2023



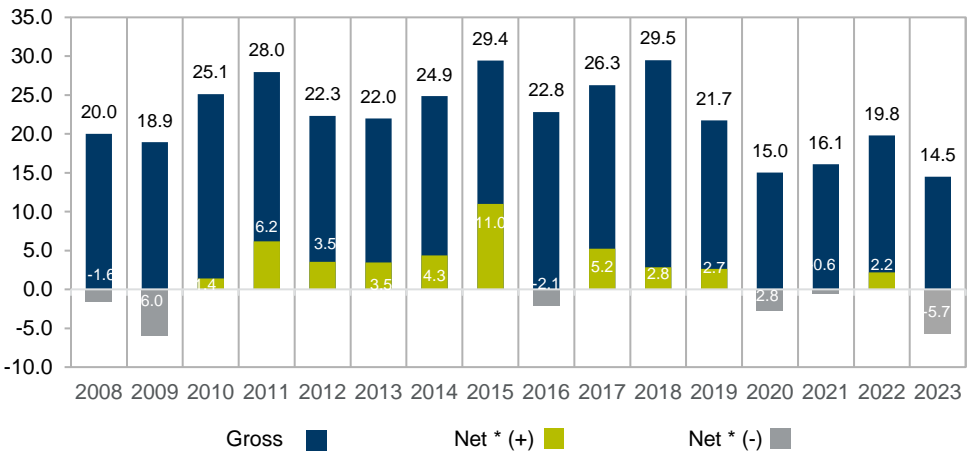
## Market Snapshot Q4-2023

Submarket	Inventory	Vacancy	Asking Rent (NNN)	2023 Absorption	
				Gross	Net
Menlo Park	8.8M	21.7%	\$6.44	436K	-1.2M
Palo Alto	19.2M	18.4%	\$7.09	892K	-801K
Los Altos	1.2M	12.8%	\$4.73	50K	31K
Mountain View	22.1M	19.3%	\$5.76	1.3M	-1.2M
Cupertino	10.1M	2.3%	\$3.91	576K	184K
Westside	12.4M	17.9%	\$3.51	804K	-235K
Sunnyvale	37.9M	12.8%	\$4.59	2.6M	-1.2M
Santa Clara	31.9M	20.8%	\$3.19	2.4M	665K
North San Jose	46.8M	16.4%	\$2.97	2.2M	-693K
South San Jose	24.0M	19.8%	\$3.25	942K	-361K
Milpitas	13.2M	12.5%	\$2.35	1.2M	-113K
Fremont	20.9M	5.8%	\$1.82	1.0M	-483K
Newark	2.2M	17.5%	\$2.52	27K	-218K
Morgan Hill/Gilroy	3.6M	7.5%	\$1.48	35K	23K
Total	254.4M	15.6%	\$4.04	14.5M	-5.7M

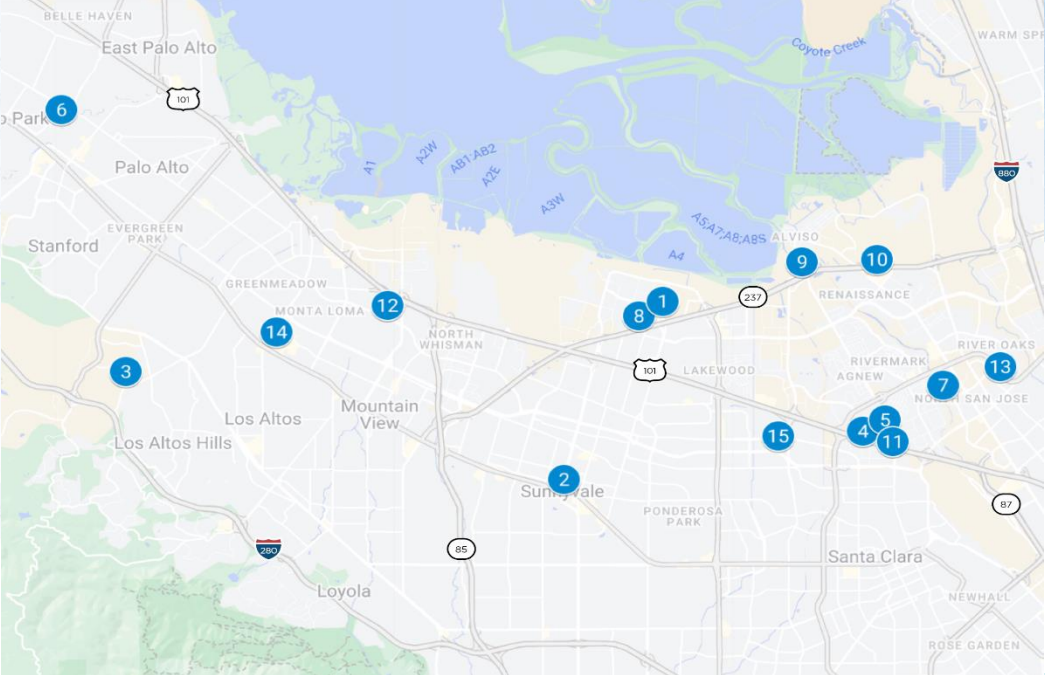
## Vacancy & Average Asking Rate (NNN) Trend



## Absorption Trend (Million SF)



## Lease Transactions Q4-2023



#	Address	Submarket	Tenant	RSF	Space Type
1	1275-1395 Crossman Ave	Sunnyvale	Walmart	719,037	Office
2	505 & 555 Mathilda Ave	Sunnyvale	Apple*	424,644	Office
3	3475 Deer Creek Rd	Palo Alto	Tesla	108,588	R&D
4	3301-3521 Leonard Ct	Santa Clara	Thermo Fisher Scientific*	90,095	R&D
5	3560 Bassett St	Santa Clara	Intevac*	75,376	R&D
6	275 Middlefield Rd	Menlo Park	Robinhood*	65,435	Office
7	3025 Orchard Pkwy	North San Jose	Adeia Holdings*	61,926	R&D
8	217 Humboldt Ct	Sunnyvale	Infinera Corporation*	60,448	R&D
9	2100 Gold St	San Jose	Omniva LLC	56,018	R&D
10	140 Baytech Dr	San Jose	Biomeriux	51,711	R&D
11	3540-3548 Bassett St	Santa Clara	EOTech Inc	51,694	R&D
12	1330 Terra Bella Ave	Mountain View	Brightdrop	49,400	R&D
13	677-679 River Oaks Pkwy	San Jose	Eugenus Inc*	43,697	R&D
14	391 San Antonio Rd	Mountain View	Lacework*	42,798	Office
15	3315 Scott Blvd – Bldg C	Santa Clara	Rivos	41,252	R&D

\* Indicates Renewal

## Market Synopsis Q4-2023

- The Bay Area has struggled to return to its pre-pandemic economic strength. Technology companies have been both a blessing and curse for the region, though more of the latter recently, with layoffs prevalent among Big Tech and startups. One bright spot is the recent push of many companies to mandate a hybrid work situation with at least some time during the week spent in office. All this fluidity in the workforce has caused tenants and landlords alike to pause and reassess space needs moving forward. For the San Jose MSA, the unemployment rate was up 100 basis points (bps) year-over-year (YOY) finishing at 3.6% in the fourth quarter. Despite this recent rise, there was still an increase of 11,900 jobs YOY.
- For the third time this year, combined Office/R&D vacancy rose to 15.6% in Q4 from 15.3% last quarter, representing 39.7 msf of availabilities. Contributing to this increase is the addition of several large blocks of sublease space which now constitutes 32.1% of total available space in the Valley up from 31.8% last quarter. New subleases added during the quarter included two of Meta's buildings at Menlo Gateway, totaling 521,000 square feet (sf).
- Leasing activity increased in Q4, coming in at 3.8 msf during the three-month period. This compares to the annual 2022 gross absorption of 19.8 msf, which surpassed 2020 and 2021's annual totals at 15.0 and 16.1 msf respectively. The top new lease of the quarter was Walmart's 719,000 sf sublease from Meta on Crossman Avenue in Sunnyvale, while the biggest renewal of the quarter was Apple keeping 425,000 sf on Mathilda Avenue also in Sunnyvale. Net absorption slightly improved, though is still in the red at negative 763,000 of occupancy loss for Q4. The 2023 annual net figure is the lowest since the start of the pandemic at negative 5.7 msf.
- New product under construction across the region currently stands at 2.4 msf, breaking down to 1.6 msf of build-to-suit projects and 761,000 sf of speculative projects. The largest speculative project under construction is Cityline Downtown Sunnyvale, totaling 595,000 sf with completion expected by the end of 2024. There has yet to be any preleasing within all speculative projects and we anticipate it will push vacancy higher in the near-term.

## Sale Transactions Q4-2023

#	Property	Submarket	Seller / Buyer	SF	Price/PSF
1	3655 & 3689 Kifer Rd	Sunnyvale	Bayview Development / Intuitive Surgical	320,727	\$152.0M / \$474
2	303 Almaden Blvd	Downtown San Jose	AEW Capital Management / Steerpoint Capital	157,537	\$23.8M / \$150
3	48603-48633 Warm Springs Blvd	Fremont	Seagate Properties / Hines	141,440	\$40.4M / \$285
4	2450 Walsh Ave	Santa Clara	The RMR Group / Joseph J Albanese Inc	65,840	\$16.0M / \$243
5	307 Orchard City Dr	Campbell	Imwalke Properties / Premia Capital	56,082	\$6.1M / \$108