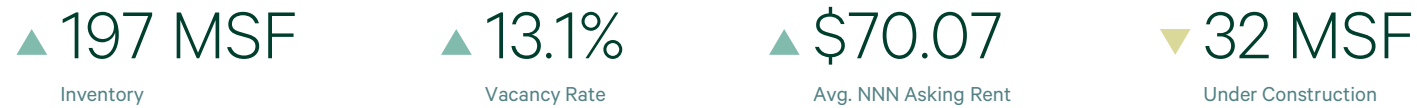


FIGURES | LIFE SCIENCES | Q4 2023

Return to Positive Absorption in Q4 May Signal Improving Life Sciences Market in 2024



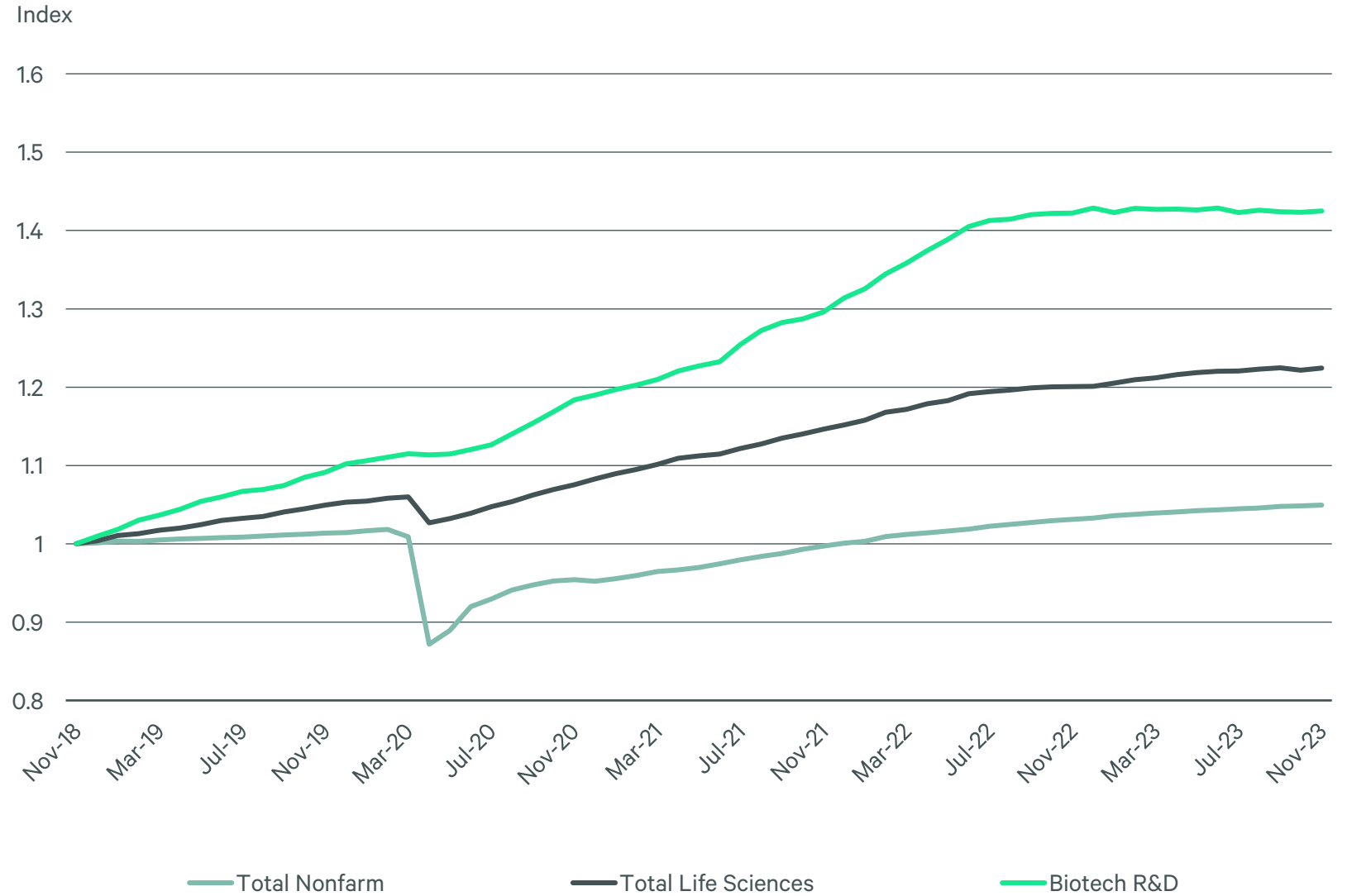
Note: Arrows indicate change from previous quarter.

Executive Summary

- Two percent annual life sciences job growth as of November was slightly more than the 1.8% increase in total U.S. nonfarm payrolls since January.
- Venture capital funding for life sciences companies decreased in Q4 after increasing in the previous two quarters. 2023 annual funding also was down year-over-year, although it was on par with early 2020 rolling-four-quarter totals.
- The lab/R&D vacancy rate increased by 2.3 percentage points quarter-over-quarter to 13.1%, well above the 8% average from 2016 through 2020. The sharp rise in vacancy was mainly due to 4.3 million sq. ft. of vacant construction deliveries in Q4.
- Most of the top 13 U.S. life sciences real estate markets recorded positive net absorption in Q4. San Diego led with 211,000 sq. ft., followed by Seattle with 194,000. While 2023 annual net absorption was negative 1.85 million sq. ft., the 491,000 sq. ft. of positive net absorption in Q4 helped soften the blow.
- With new top-tier space coming to market, average asking rent for the top 13 U.S. life sciences markets increased by 4.1% quarter-over-quarter to a record-high \$70.07 NNN per sq. ft.
- Lab/R&D space under construction fell to 32 million sq. ft. in Q4 after a record 40 million sq. ft. in Q2, with 20.7 million sq. ft. scheduled for delivery over the next 12 months. A record 7.7 million sq. ft. was delivered in Q4, 44% of it released.

Figure 1 Total U.S. & life sciences job growth

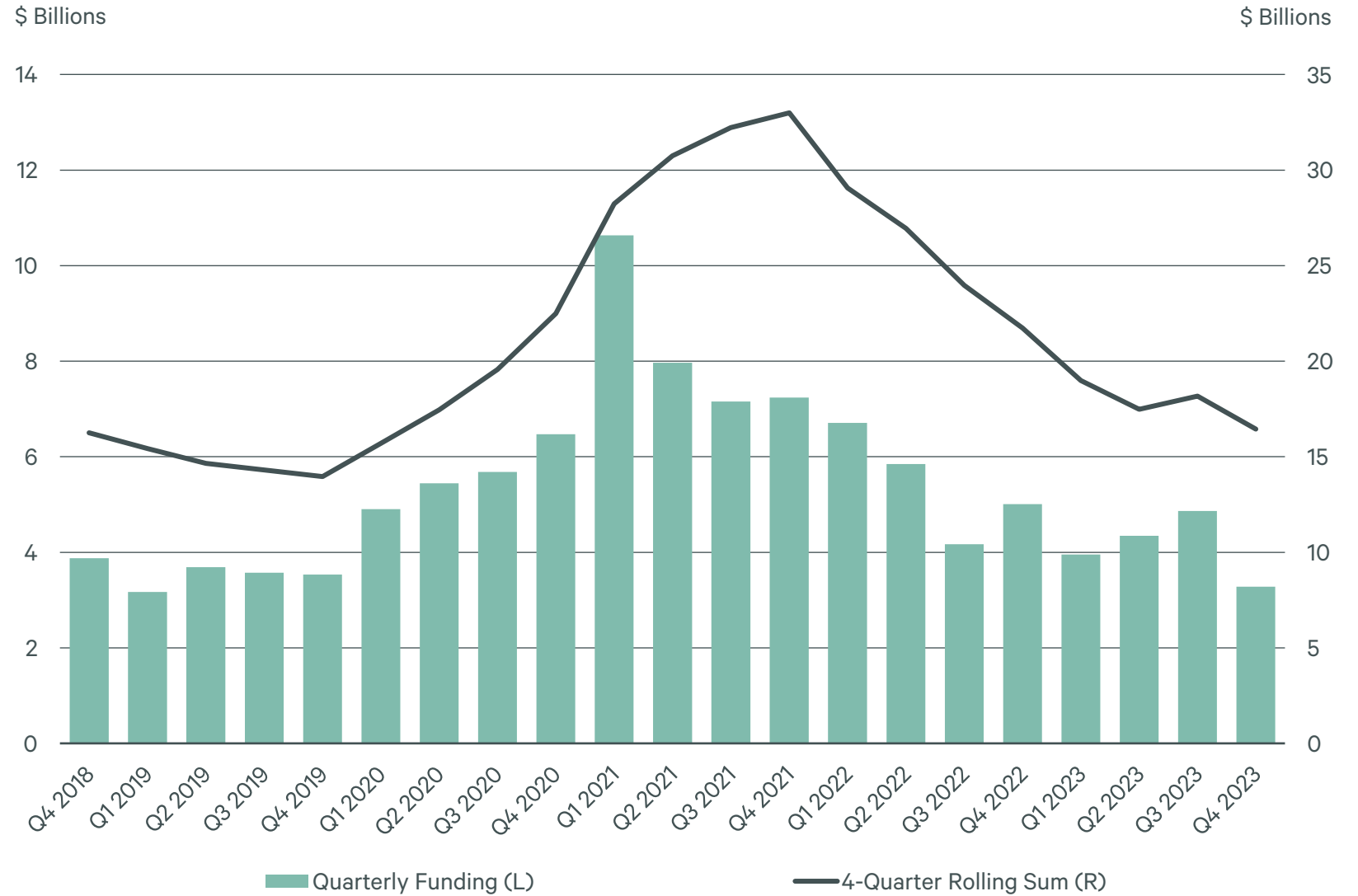
- Annual life sciences job growth of 2.0% as of November was slightly more than the 1.8% total nonfarm payroll growth. Life sciences employment grew by just 0.1% between August and November, with October having the first net loss of life sciences jobs since April 2020 before rebounding in November.
- Biotech R&D job growth from January to November 2023 was just 0.1%.



Note: Indexed to 1.0 in November 2018.
Source: CBRE Research, U.S. Bureau of Labor Statistics, Q4 2023.

Figure 2 Life sciences venture capital funding

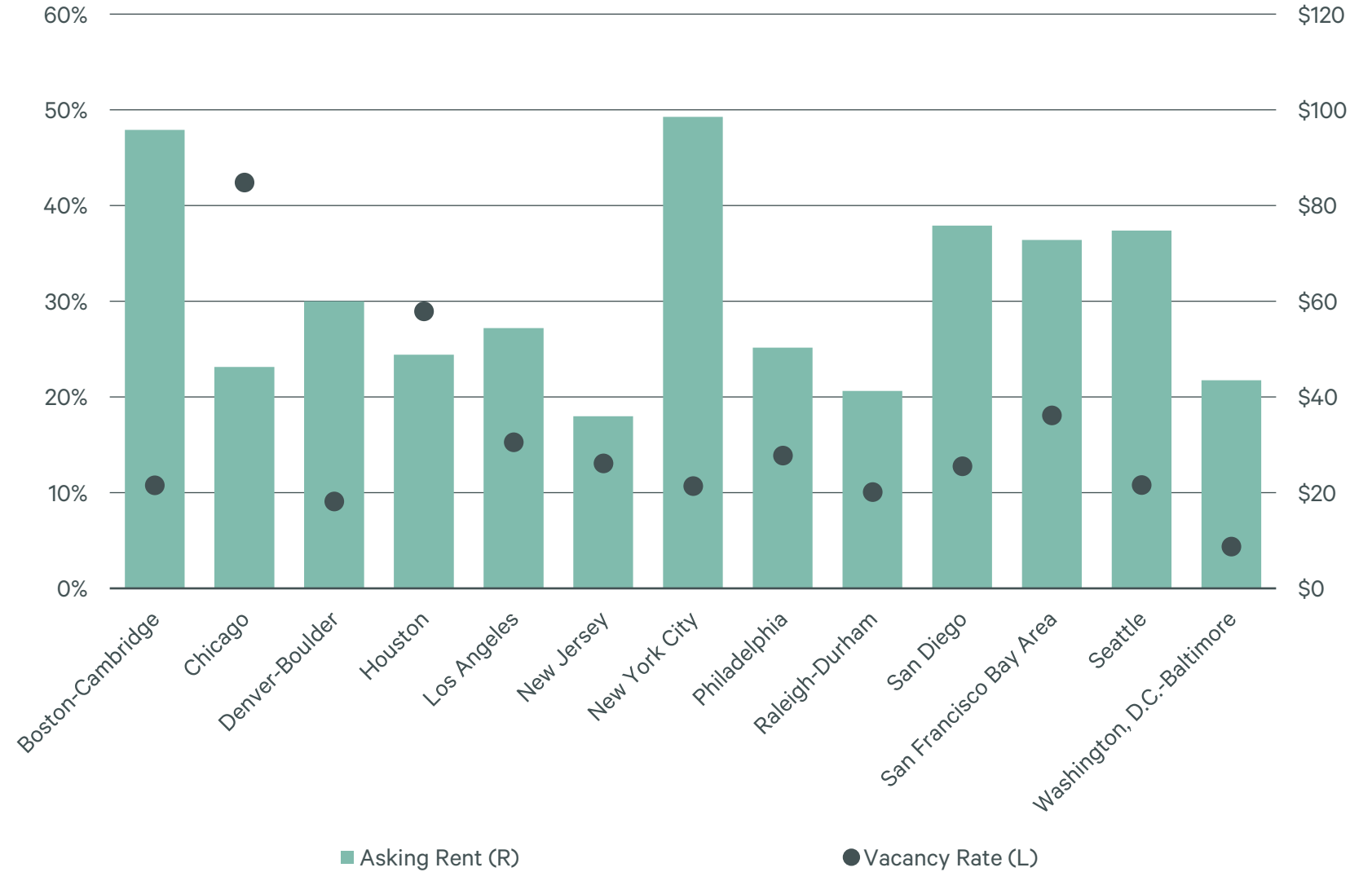
- Q4 venture capital funding for life sciences companies totaled \$3.3 billion, the lowest quarterly amount since Q1 2019. Annual VC funding totaled \$16.5 billion, down from \$21.7 billion in 2022.
- While annual funding decreased year-over-year in 2023, it was on par with early 2020 rolling-four-quarter totals.



Source: CB Insights, CBRE Research, Q4 2023.

Figure 3
Q4 2023 lab/R&D vacancy rates
& asking rents, top 13 markets

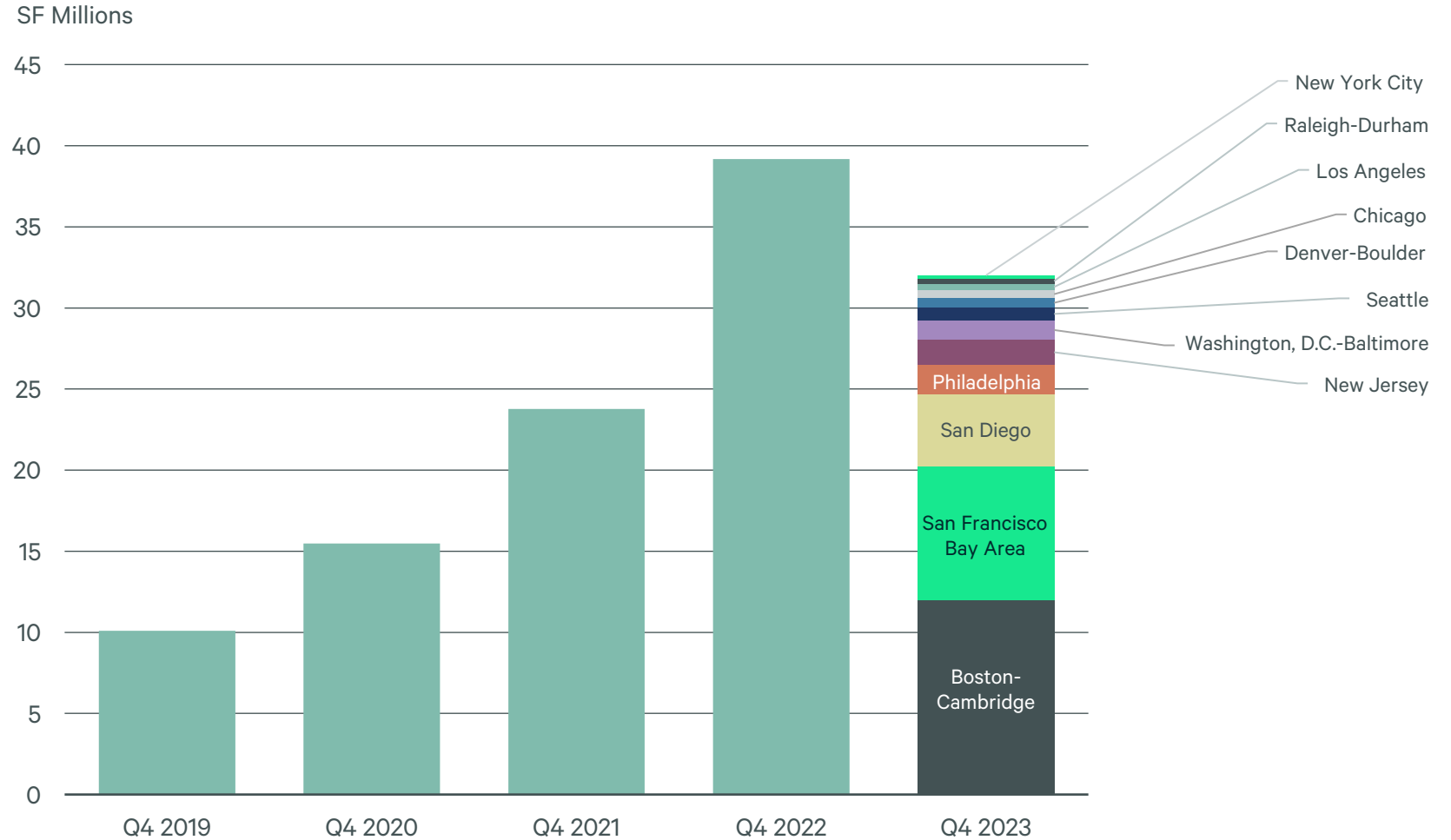
- The average lab/R&D vacancy rate for the top 13 markets tracked by CBRE rose by 2.3 percentage points quarter-over-quarter and more than 7 percentage points year-over-year to 13.1%. The increase was largely driven by nearly 4.3 million sq. ft. of vacant deliveries. Net absorption of nearly 500,000 sq. ft. in Q4 offset the impact of some of the new space.
- Average asking rent reached a record \$70.07 NNN per sq. ft. in Q4, up by 4.1% from Q3. While most markets either saw a decrease or no change in asking rent quarter-over-quarter, increases in Philadelphia, Raleigh-Durham, San Diego, San Francisco and Seattle drove the overall rate up. This may be in part due to the increase in top-tier space available in the markets.
- Leasing activity for spaces of more than 10,000 sq. ft. picked up in Q4 by nearly 500,000 sq. ft. from Q3. New leases increased by 972,000 sq. ft. quarter-over-quarter.



Source: CBRE Research, Q4 2023.

Figure 4 Lab space under construction

- Over 32 million sq. ft. of new life sciences space and conversions was under construction in Q4, with 24% of it preleased. 20 million sq. ft. of that space is scheduled for delivery over the next 12 months.
- A record 7.7 million sq. ft. of lab/R&D space was delivered in Q4, with 44% of it preleased.
- Total tenant requirements decreased by 3.4% quarter-over-quarter to 12.3 million sq. ft. However, Denver-Boulder, Los Angeles, Philadelphia and Raleigh-Durham all had more tenant demand in Q4 than in Q3.



Note: includes new development, conversions, speculative and build-to-suit projects.
Source: CBRE Research, Q4 2023.

Figure 5
Q4 2023 market indicators

Market	Inventory (SF)	Vacancy	Average Asking Rent (NNN)	Q4 Absorption	YTD Absorption	Tenants Seeking Space	Total Demand (SF)	Under Construction (SF of Lab/R&D)	Preleased (% of Under Construction)	Q4 Deliveries (SF of Lab/R&D)
Boston-Cambridge	55,580,025	10.8%	\$95.80	71,901	(612,739)	77	1,904,500	11,958,840	28.1%	4,221,272
Chicago	2,034,709	42.4%	\$46.29	38,162	321,258	36	1,180,000	479,963	11.5%	-
Denver-Boulder	3,154,462	9.1%	\$60.00	9,504	130,208	14	506,000	558,455	8.7%	16,715
Houston	2,822,810	29.0%	\$48.87	115,000	145,000	5	175,000	0	-	368,000
Los Angeles	5,962,707	15.3%	\$54.40	(118,805)	(117,610)	25	848,000	420,287	0.0%	-
New Jersey	17,519,200	13.1%	\$36.00	(103,925)	(564,718)	9	710,000	1,534,683	71.2%	-
New York City	3,049,495	10.7%	\$98.52	33,652	(149,771)	26	820,000	195,095	0.0%	47,584
Philadelphia	11,084,563	13.9%	\$50.34	92,518	665,557	30	1,326,000	1,839,928	27.4%	140,330
Raleigh-Durham	9,312,822	10.1%	\$41.29	2,949	64,988	20	760,600	310,366	4.2%	155,000
San Diego	24,750,217	12.8%	\$75.84	211,104	(524,915)	29	1,690,000	4,419,200	25.9%	519,270
San Francisco Bay Area	39,403,186	18.1%	\$72.84	(175,573)	(1,823,699)	42	1,798,000	8,289,385	10.8%	1,280,081
Seattle	9,023,801	10.8%	\$74.78	194,423	206,406	12	307,000	813,451	24.8%	501,627
Washington, D.C.-Baltimore	13,285,758	4.4%	\$43.50	120,185	408,568	11	241,500	1,188,775	38.9%	412,086
TOTAL	196,983,755	13.1%	\$70.07	491,095	(1,851,467)	336	12,266,600	32,008,428	24.3%	7,661,965

Source: CBRE Research, Q4 2023

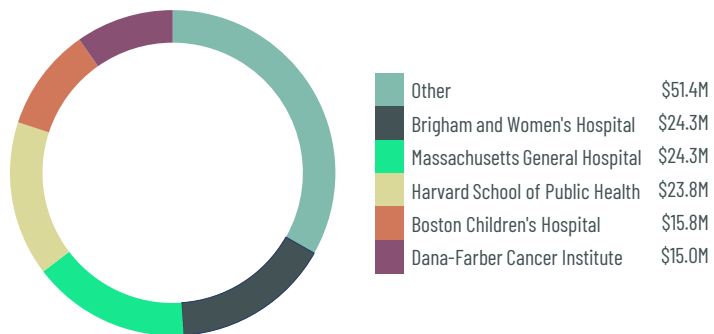
Q4 2023

Market Overviews

Market Overviews

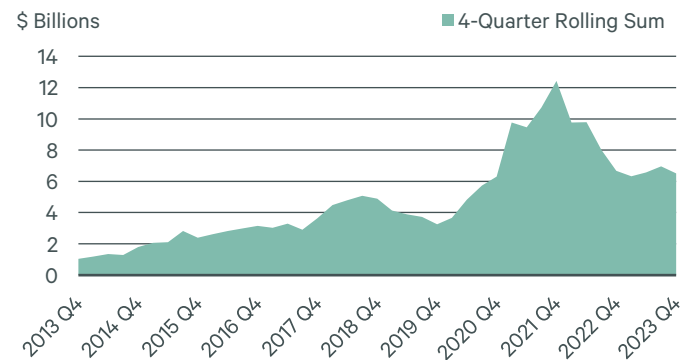
Boston-Cambridge

FY 2024 NIH Funding: \$155M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Cambridge	20,115,884	\$106.22	9.8%	(227,898)
Boston	15,369,813	\$103.19	7.6%	219,488
Route 128 – Core	17,534,922	\$86.42	15.8%	65,279
Route 495 – Core	2,559,406	\$51.23	4.3%	15,032
METRO (TOTAL)	55,580,025	\$95.80	10.8%	71,901

Q4 Lab/R&D Deliveries

Submarket	Size (SF)	BTS or Spec	% Pre-leased
East Cambridge	1,338,025	Spec	39.7%
Route 128 North	495,000	Spec	21.5%
Route 128 West	892,247	Spec	56.9%
Route 3 North	430,000	Spec	60.9%
Seaport	581,000	BTS	100%
	485,000	Spec	-
TOTAL	4,221,272		47.1%

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	30	9,346,724	7,598,724	5,851,136	30.6%
Conversion	16	2,612,116	2,612,116	2,492,116	19.1%
TOTAL	46	11,958,840	10,210,840	8,343,252	28.1%

Top Lab/R&D Sale Transactions

Buyer	Size (SF)	Submarket	Price	\$/SF
Bain / Phase 3	82,330	Route 128 West	\$46.2M	\$561
BXP / Norges Bank*	810,000	East Cambridge	\$1.66B	\$2,049

*Recapitalization

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Novo Nordisk	165,900	Route 128 West	New
Alexion Pharmaceuticals	70,400	East Cambridge	Sublease
City Therapeutics	31,000	East Cambridge	New
TScan	25,500	Route 128 West	Renewal
Corner Therapeutics	13,000	Route 128 West	Renewal

Demand

	Q4 2023
# of TIMs	77
SF of Demand	1.9M

Class A+

	Urban	Suburban
Inventory	12MSF	7.5MSF
Asking Rate (NNN)	\$100 -115	\$75-90

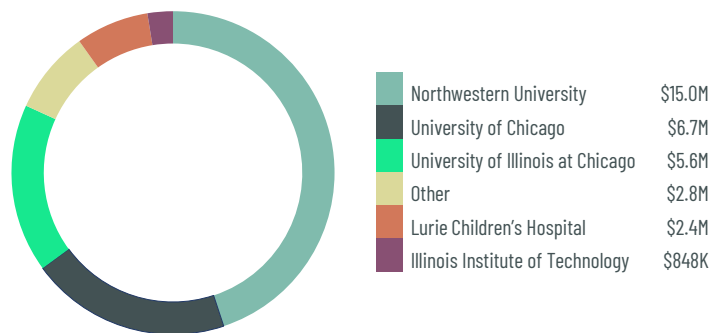
Key Trends/Big News

- In Q4, over 4 million sq. ft. of new product completed construction, with less than half preleased, being the main reason that vacancy increased.
- Asking rents held steady, while TIA and free rent have increased, causing an overall decrease in net effective rents.

Market Overviews

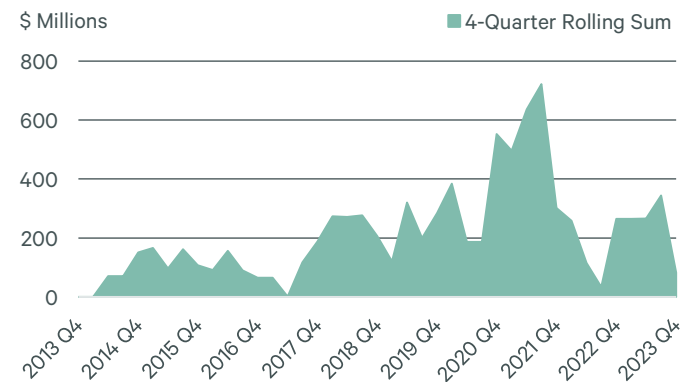
Chicago

FY 2024 NIH Funding: \$33.4M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Suburbs	724,779	\$37.00	20.9%	-
City	1,309,930	\$55.25	51.7%	38,162
METRO (TOTAL)	2,034,709	\$46.29	42.4%	38,162

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Illinois Institute of Chicago	34,400	City	New

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	2	479,963	479,963	479,963	11.5%
Conversion	-	-	-	-	-
TOTAL	2	479,963	479,963	479,963	11.5%

Demand

	Q4 2023
# of TIMs	36
SF of Demand	1.2M

Class A+

	Urban
Inventory	1,005,714
Asking Rate (NNN)	\$55

Key Trends/Big News

- New lab/R&D leasing continues to gravitate towards the region's hottest downtown submarket – Fulton Market. All of Chicagoland's new H2 2023 lab leasing, including sustainable materials company MonoSol and new academic labs out of the Illinois Institute of Technology and the University of Chicago, occurred in Fulton Market.

Market Overviews

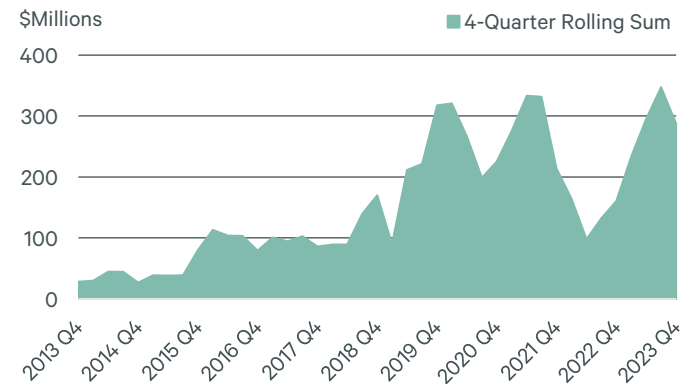
Denver-Boulder

FY 2024 NIH Funding: \$20.9M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Boulder	1,140,853	\$60-\$72	11.1%	9,504
Longmont	489,000	N/A	0.0%	-
North Central	177,033	N/A	0.0%	-
Northeast	326,000	\$55.00	14.3%	-
Northwest	856,131	\$50-\$60	13.1%	-
South Central	13,674	N/A	0.0%	-
Southeast	151,771	\$50.00	0.0%	-
METRO (TOTAL)	3,154,462	\$60.00	9.1%	9,504

Demand

	Q4 2023
# of TIMs	14
SF of Demand	506,000

Class A+

	Suburban
Inventory	404,680
Asking Rate (NNN)	\$60-72

Q4 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
Boulder 38 - 1745 38th St	Boulder	16,715	Breakthrough Properties	Spec	67%

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Foresight Diagnostics	25,700	Boulder	New
Atara Biotherapeutics	12,300	Northeast	Renewal

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	1	56,000	56,000	56,000	-
Conversion	7	502,455	502,455	461,392	9.7%
TOTAL	8	558,455	558,455	517,392	8.7%

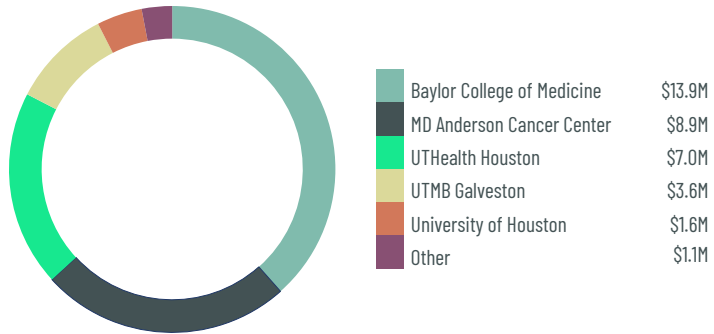
Key Trends/Big News

- VC funding among Denver-Boulder life sciences companies reached an all-time high in 2023.
- Vacancy is increasing slightly due to the steady delivery of speculative space.
- Activity is notably slower among larger users (+20,000 sq. ft.). Users below this size are driving demand with spec suites being a particular focus.

Market Overviews

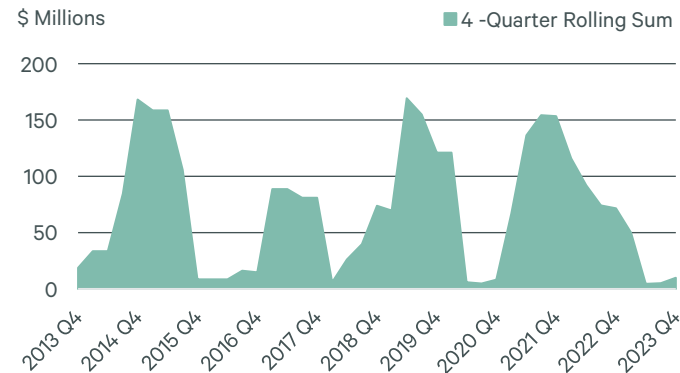
Houston

FY 2024 NIH Funding: \$36.0M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
South Inner Loop	56,509	\$15.00	14.3%	-
South Main/Medical Center	2,116,258	\$56.74	29.5%	-
Hwy 59/Hwy 90	25,038	\$12.00	0.0%	-
Southwest Far	468,895	\$20.00	17.1%	-
The Woodlands	124,110	\$52.00	59.4%	-
Webster	32,000	\$28.00	100.0%	-
LEASABLE	2,822,810	\$48.87	29.0%	-
OWNER-USER	170,765			
TOTAL	2,993,575			

Q4 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
Dynamic One at TMC Helix Park	South Main/Medical Center	368,000	Beacon Capital Partners	Spec	53%
Levit Green Phase 1*	South Main/Medical Center	296,000	Hines	Spec	3.4%

*Delivered in Q3

Demand

	Q4 2023
# of TIMs	5
SF of Demand	175,000

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
HMRI	75,000	South Main/Medical Center	New
Portal Innovations	30,000	South Main/Medical Center	New
Confidential	28,000	South Main/Medical Center	New

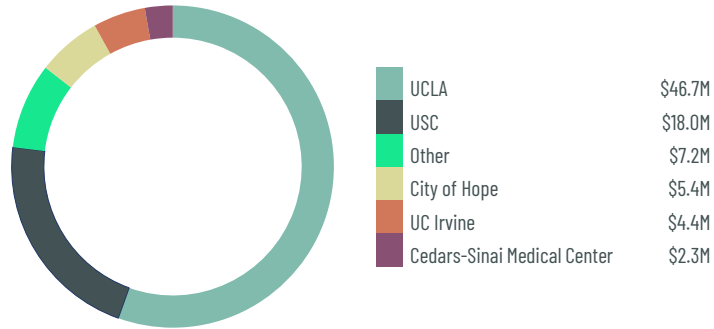
Key Trends/Big News

- Research and medical institutions continue to fuel the life sciences growth in Houston.

Market Overviews

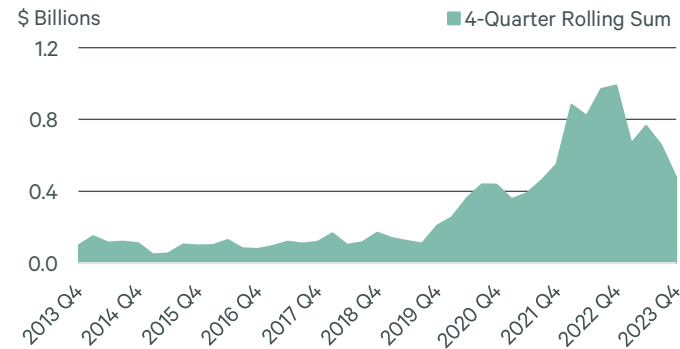
Los Angeles

FY 2024 NIH Funding: \$84.1M



Source: National Institutes of Health. Funding includes Los Angeles-Long Beach-Anaheim and Oxnard-Thousand Oaks-Ventura MSAs

VC Funding



Source: CB Insights. Funding includes Los Angeles-Long Beach-Anaheim and Oxnard-Thousand Oaks-Ventura MSAs

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Conejo Valley	635,134	\$49.92	28.9%	(24,056)
South Bay	608,898	\$45.84	35.6%	(18,443)
West Los Angeles	596,221	\$57.27	18.0%	(56,306)
Tri-Cities/Glendale	547,827	\$52.92	15.1%	(20,000)
Mid Counties	389,867	-	0.0%	-
Central Los Angeles	90,240	\$47.40	23.6%	-
West Ventura County	179,620	\$45.00	0.0%	-
San Fernando Valley	1,457,617	\$57.00	8.8%	-
San Gabriel Valley	1,457,283	\$43.92	7.9%	-
LEASABLE	5,962,707	\$54.40	15.3%	(118,805)
OWNER-USER	4,785,791			
TOTAL	10,748,498	N/A	8.5%	N/A

Demand

	Q4 2023
# of TIMs	25
SF of Demand	848,000

Class A+

	Urban	Suburban
Inventory	90,240	5,757,467
Asking Rate (NNN)	\$47.40	\$54.64

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	4	291,000	-	-	0.0%
Conversion	2	129,287	129,287	129,287	0.0%
TOTAL	6	420,287	129,287	129,287	0.0%

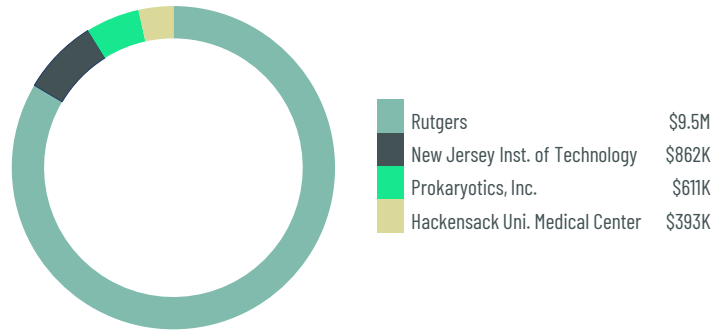
Key Trends/Big News

- UCLA acquired Westside Pavilion from Hudson Pacific Properties for \$700 million with plans to develop the site into a campus to house the California Institute for Immunology and Immunotherapy and the UCLA Center for Quantum Science and Engineering.
- Higher interest rates, a more difficult fundraising environment, and economic uncertainty have slowed general leasing activity. Companies are in cash conservation mode throughout the region pending additional liquidity in the capital markets.
- Graymark Capital is constructing their purpose-built 98,776 sq. ft. lab project at 120 Via Merida, "Westlake Labs". The project will deliver in May 2024 and will be a new Class A lab development in the Conejo Valley.

Market Overviews

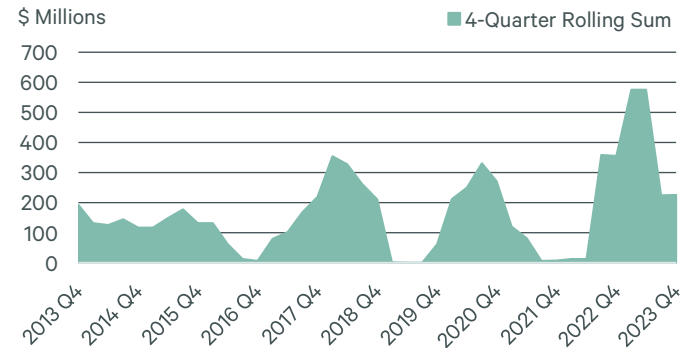
New Jersey

FY 2024 NIH Funding: \$11.3M



Source: National Institutes of Health. Funding is only for cities in New Jersey of the New York-Newark-Jersey City MSA

VC Funding



Source: CB Insights. Funding is only for cities in New Jersey of the New York-Newark-Jersey City MSA

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
METRO (TOTAL)	17,519,200	\$36.00	13.1%	(103,925)

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Nokia Bell Labs	360,000	New Brunswick	Pre-Lease
ROCHE Molecular Systems	82,000	Western Rt. 78	Renewal
AECOM	12,100	Piscataway	Renewal

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	3	952,626	378,626	98,000	70.5%
Conversion	3	582,057	-	378,000	72.2%
TOTAL	6	1,534,683	378,626	476,000	71.2%

Demand

	Q4 2023
# of TIMs	9
SF of Demand	710,000

Class A+

	Suburban
Inventory	400,000
Asking Rate (NNN)	\$36

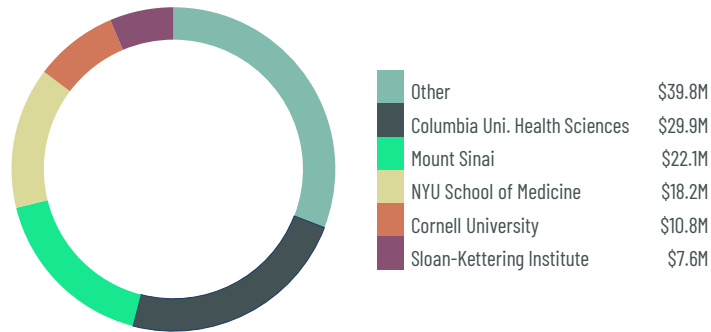
Big News

- The HELIX NJ is approaching the second phase of build-to-suit lab and office space. This phase leased to Nokia Bell Labs who will be relocating from Murray Hill. The Helix phase one building is still under construction and will be occupied by the NJ Innovation Hub, the Rutgers Robert Wood Johnson Medical School, and a Rutgers translational research facility. The project represents the largest investment in life sciences and medical education in New Jersey's history.

Market Overviews

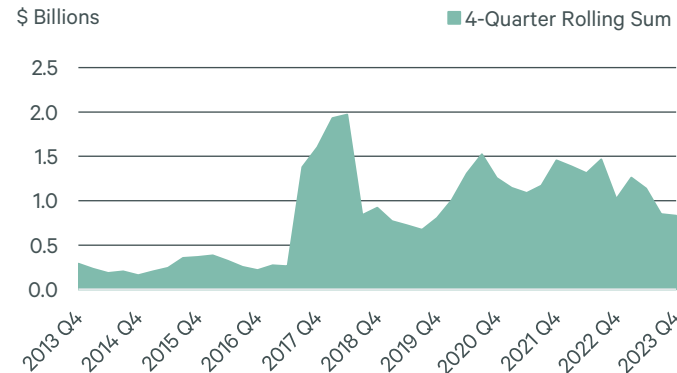
New York City

FY 2024 NIH Funding: \$129M (\$118M to NY)



Source: National Institutes of Health. Funding is for entire New York-Newark-Jersey City MSA, but only NY organizations are called out

VC Funding



Source: CB Insights. Funding is for entire New York-Newark-Jersey City MSA

Inventory Lab/R&D*

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Pre-Built Vacancy Rate	Q4 2023 Absorption
Manhattan	2,228,679	\$107.84	28.7%	4.2%	24,741
NYC (TOTAL)	3,049,495	\$98.52	35.1%	10.7%	33,652

* Stats are reflective of lab-exclusive space that is currently within 12 months of tenant fit out only

Demand

	Q4 2023
# of TIMs	26
SF of Demand	820,000

Class A+

	Urban
Inventory	1,539,555
Asking Rate (NNN)	\$98.23

Q4 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
325 Hudson Street	Manhattan	47,584	Divco West	Spec	0%

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	1	195,095	195,095	195,095	0.0%
Conversion	0	-	-	-	-
TOTAL	1	195,095	195,095	195,095	0.0%

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Weill Cornell Medicine	259,700	Manhattan	New
Icahn School of Medicine	9,300	Manhattan	New

Top Lab/R&D Sale Transactions

Buyer	Size (SF)	Submarket	Price	\$/SF
CM LIC STUDIOS 30TH STREET II LLC*	160,000	Queens	\$19.1M	\$119

*This building was slated to go lab by seller, Alexandria Real Estate Equities

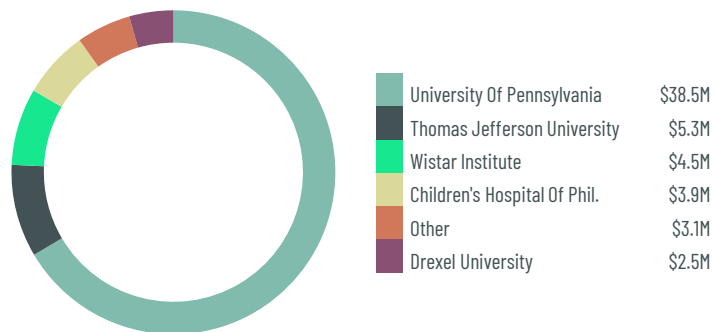
Key Trends/Big News

- While long-term fundamentals supporting future growth are strong, VC funding and companies' need to preserve capital resulted in a slowdown in leasing in 2023 relative to the prior year.
- Depressed capital markets are playing a huge role in lack of demand. Boards are forcing companies to lengthen their runways.
- Academic/medical institutions remained active in 2023; early-stage companies continued to seek smaller footprints (<10,000 sq. ft.) for their initial graduation spaces.

Market Overviews

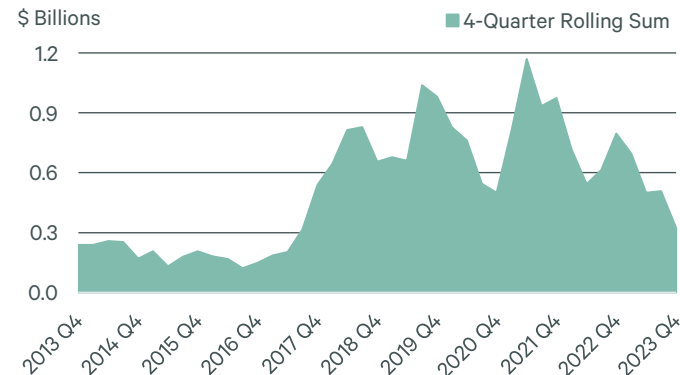
Philadelphia

FY 2024 NIH Funding: \$57.9M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Exton/West Chester	649,091	\$34.06	24.7%	63,500
Center City	509,000	\$59.76	27.6%	8,500
University City	2,401,719	\$61.99	14.2%	27,330
Malvern	1,110,103	\$34.22	5.3%	(1,488)
King of Prussia/Valley Forge	2,835,044	\$41.18	8.2%	(10,324)
Navy Yard	952,238	\$50.47	13.7%	-
Horsham/Spring House	1,022,665	\$39.92	22.7%	5,000
New Castle County	322,743	\$36.00	0.0%	-
Greater Northeast	771,828	\$36.00	30.2%	-
Lower Bucks County	510,132	\$25.00	2.9%	-
METRO (TOTAL)	11,084,563	\$50.34	13.9%	92,518

Q3 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
240 Sierra Dr	Exton/West Chester	113,000	The Hankin Group	Spec	100%
Cira Centre	University City	27,330	Brandywine Realty Trust	Spec	100%

Top Lab/R&D Sale Transactions

Buyer	Size (SF)	Submarket	Price	\$/SF
Protecs	35,155	Lower Bucks County	\$7.1M	\$201

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Code Biotherapeutics	25,600	Horsham/Spring House	New
Tela Bio	20,100	Malvern	New
Tela Bio	15,900	Malvern	Expansion

Demand

	Q4 2023
# of TIMs	30
SF of Demand	1.3M

Class A+

	Urban	Suburban
Inventory	2,790,000	1,470,000
Asking Rate (NNN)	\$60-65	\$40-45

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	4	1,285,796	1,285,796	559,985	20.4%
Conversion	6	554,132	554,132	519,449	43.5%
TOTAL	10	1,839,928	1,839,928	1,079,434	27.4%

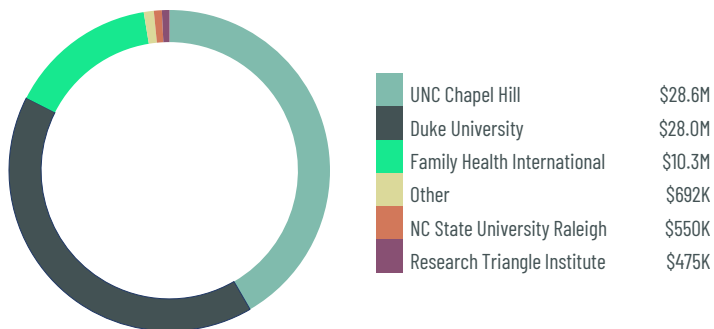
Key Trends/Big News

- While leasing activity cooled during 2023 as cost of capital remained high and overall VC funding shrank, an uptick at the end of the year in tenant requirements point toward increased demand in 2024.
- Given the region's approximately 1.8 million sq. ft. of R&D space under construction, Philadelphia is positioned to see future leasing activity given its depth in the cell and gene therapy arena. In fact, current development in the pipeline is nearly 30% pre-leased, pointing toward persistent demand in the market.
- Landlords continue to invest in constructing pre-built spec lab suites, as the strategy proves successful in capturing demand that typically requires immediate occupancy and flexible lease terms.

Market Overviews

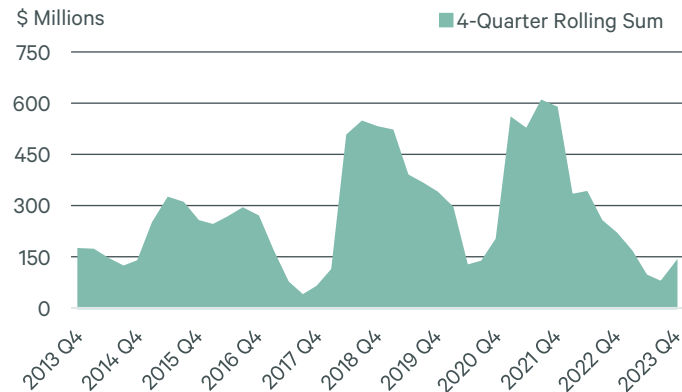
Raleigh-Durham

FY 2024 NIH Funding: \$68.6M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
RTP/I-40 Corridor	7,542,231	\$38-45	10.5%	696
Central Durham	742,823	\$46-50	4.4%	5,104
Suburban Durham	429,817	\$30.00	10.1%	(2,851)
Cary	193,143	\$30.00	15.7%	-
West Raleigh	221,823	\$35.00	18.5%	-
U.S. 1/Capital Boulevard	82,985	N/A	0.0%	-
Midtown Raleigh	100,000	N/A	0.0%	-
LEASABLE	9,312,822	\$41.29	10.1%	2,949
OWNER-USER	1,620,322			
TOTAL	10,933,144			

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	3	310,366	297,366	310,366	4.2%
Conversion	-	-	-	-	-
TOTAL	3	310,366	297,366	310,366	4.2%

Q4 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
Spark R&D Phase 1	RTP/I-40 Corridor	155,000	Trinity Capital/Starwood	Spec	-

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Precision Biosciences	71,300	Central Durham	Renewal
Donaldson Co.	25,000	RTP/I-40 Corridor	New
Confidential	10,600	RTP/I-40 Corridor	New
Advanced Animal Diagnostics	10,000	RTP/I-40 Corridor	New

Demand

	Q4 2023
# of TIMs	20
SF of Demand	760,600

Class A+

	Urban	Suburban
Inventory	648,731	1,098,235
Asking Rate (NNN)	\$46-50	\$42-45

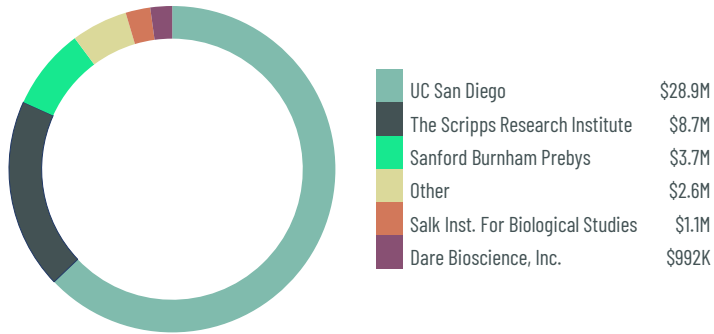
Key Trends/Big News

- One lab building totaling 155,000 sq. ft. and two GMP buildings totaling 372,000 sq. ft. were delivered at Phase 1 of the Spark development in the RTP/I-40 Corridor in Q4 2023. No tenants have been signed to date. Additional deliveries scheduled for the first half of the year will push vacancy higher. While several projects are in the planning stages, no additional speculative developments are slated to break ground in the near term.
- The bulk of leasing activity continues to be driven by smaller tenants and spec suites. The only GMP lease signed in 2023 was with an EV-related company rather than a life science tenant.
- FUJIFILM Diosynth Biotechnologies announced in November that Janssen Supply Group will be the CDMO's first client at a \$2 billion facility currently underway in Southern Wake County. Upon completion in 2025, FUJIFILM'S project will be the largest cell-culture CDMO facility in North America.

Market Overviews

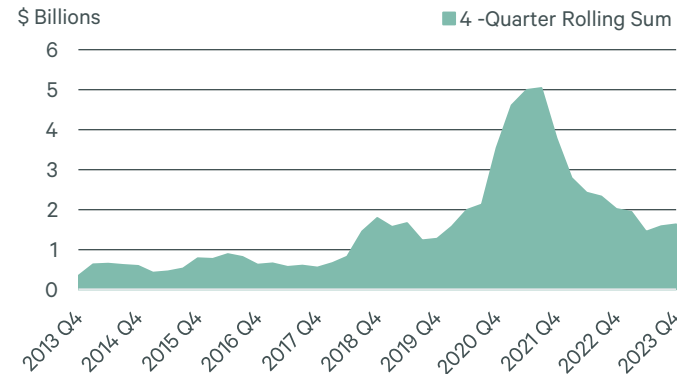
San Diego

FY 2024 NIH Funding: \$46.0M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Torrey Pines	5,971,154	\$82.92	10.6%	(47,078)
UTC	3,876,298	\$81.84	6.8%	17,006
Sorrento Mesa	6,630,998	\$79.20	15.5%	(36,832)
Sorrento Valley	1,335,636	\$70.44	20.3%	(42,039)
Del Mar Heights/Torrey Hills	1,188,150	\$84.36	35.5%	290,738
56-Corridor	229,042	N/A	0.0%	-
Governor Park	161,000	\$76.80	100%	-
Scripps Ranch/I-15	441,543	\$66.00	5.6%	-
La Jolla/Pacific Beach	176,936	\$57.00	15.9%	8,305
Downtown	203,439	\$71.76	60.7%	1,500
North County	4,536,021	\$43.68	4.6%	19,504
METRO (TOTAL)	24,750,217	\$75.84	12.8%	211,104

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	11	4,419,200	3,222,200	2,468,400	25.9%
TOTAL	11	4,419,200	3,222,200	2,468,400	25.9%

Demand

	Q4 2023
# of TIMs	29
SF of Demand	1.7M

Class A+

	Urban	Suburban
Inventory	203,439	20,010,757
Asking Rate (NNN)	\$71.76	\$79.80

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Ionis	165,000	North County	Pre-Lease
Acon Labs	97,200	Sorrento Mesa	Sublease
Velia Therapeutics	31,100	Sorrento Mesa	Pre-Lease
Pipeline Therapeutics	24,700	Torrey Pines	New
IAVI	17,000	UTC	New

Q4 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
Torrey View	Del Mar Heights/Torrey Hills	519,270	Breakthrough Properties	Spec	56%

Top Lab/R&D Sale Transactions

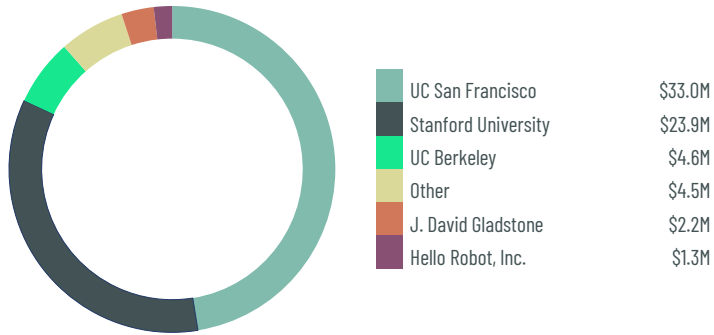
Buyer	Size (SF)	Submarket	Price	\$/SF
Phase 3 Properties	40,129*	Sorrento Valley	\$9.5M	\$237

*Industrial Flex sold for conversion

Market Overviews

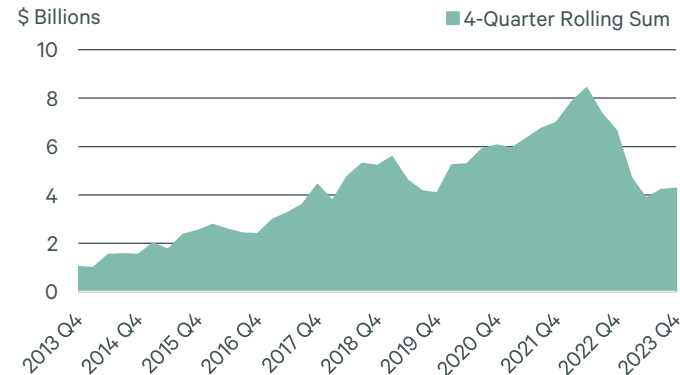
San Francisco Bay Area

FY 2024 NIH Funding: \$69.5M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Oakland	8,945,125	\$66.48	17.0%	(76,704)
I-680 Corridor	2,503,936	\$29.28	8.7%	49
Silicon Valley	7,691,805	\$50.64	13.1%	(40,157)
San Francisco Peninsula	18,327,644	\$83.76	17.6%	13,154
San Francisco	1,934,676	\$88.56	59.5%	(71,915)
LEASABLE	39,403,186	\$72.84	18.1%	(175,573)
OWNER-USER	6,464,464			
TOTAL	45,867,650			

Q4 Lab/R&D Deliveries

Submarket	Size (SF)	BTS or Spec	% Pre-leased
Emeryville	410,890	Spec	-
Mission Bay	215,000	Spec	-
Palo Alto	112,191	Spec	-
San Mateo	200,000	Spec	6.5%
South San Francisco	342,000	Spec	52%
TOTAL	1,280,081		15%

Demand

	Q4 2023
# of TIMs	42
SF of Demand	1.8M

Class A+

	Metro
Asking Rate (NNN)	\$87-96

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Cargo Therapeutics	99,600	San Carlos	New
Rani Therapeutics	33,300	Fremont	New
Confidential	32,100	South San Francisco	Sublease
Durect Corp.	30,100	West Valley	Renewal
Confidential	29,800	South San Francisco	Renewal

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	19	6,224,605	6,099,605	3,182,991	12.0%
Conversion	11	2,064,780	2,064,780	1,690,780	7.2%
TOTAL	30	8,289,385	8,164,385	4,873,771	10.8%

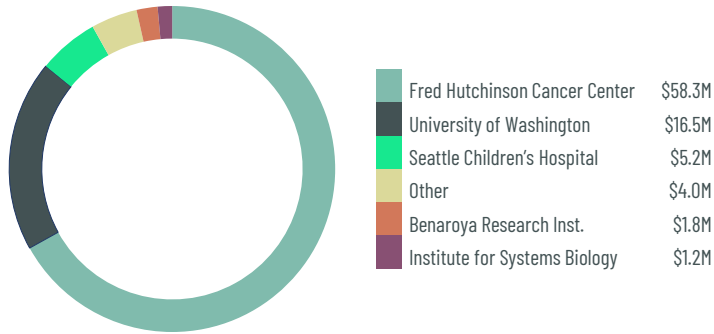
Key Trends

- Occupancy loss slowed quarter-over-quarter despite a decrease in leasing activity.
- The delivery of multiple vacant new-construction and conversion projects placed upward pressure on vacancy.
- Tenant demand declined quarter-over-quarter following a significant decrease in VC funding.

Market Overviews

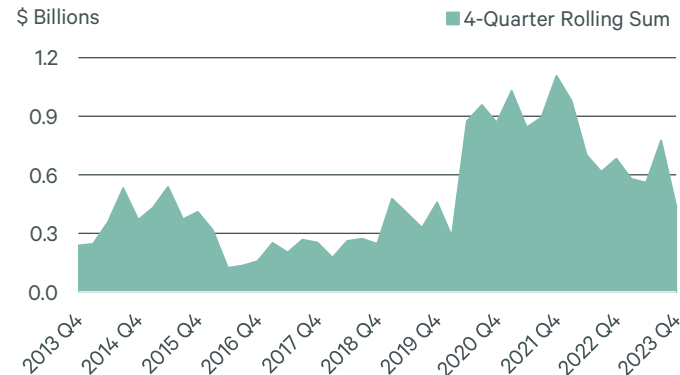
Seattle

FY 2024 NIH Funding: \$87.1M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Seattle	6,478,708	\$79.50	13.3%	194,423
Bothell	2,155,378	\$38.00	5.3%	-
Other Puget Sound	389,715	N/A	0.0%	-
METRO (TOTAL)	9,023,801	\$74.78	10.8%	194,423

Q4 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
1150 Eastlake	Downtown Seattle	311,552	Alexandria Real Estate Equities	Spec	100%
401 & 501 Elliott	Downtown Seattle	190,075	RMR	Spec	44%

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	4	735,451	494,500	518,451	16.8%
Conversion	1	78,000	-	78,000	100%
TOTAL	5	813,451	494,500	596,451	24.8%

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
Immunome	29,300	Bothell	New

Demand

	Q4 2023
# of TIMs	12
SF of Demand	307,000

Class A+

	Urban
Inventory	5,854,730
Asking Rate (NNN)	\$83.59

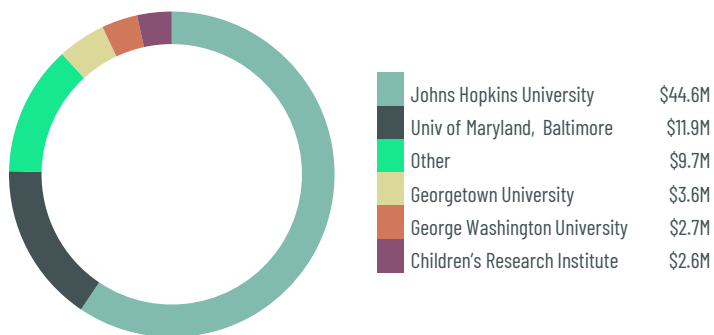
Key Trends/Big News

- The conservation of capital by tenants has curtailed expanding their real estate footprint in Seattle. This trend has been evident for 12 months but persists despite hope of a soft landing by the economy.
- Seattle has yet to record asking rents decrease given the extremely low transaction volume.
- The lack of VC funding available has an outsized impact on the Seattle life sciences community where the majority of users are early stage.

Market Overviews

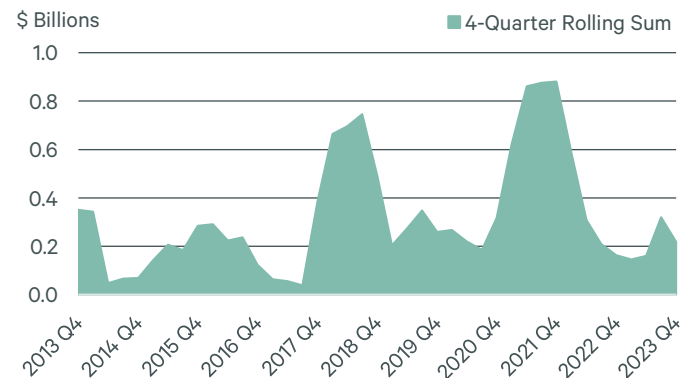
Washington, D.C.- Baltimore

FY 2024 NIH Funding: \$75.0M



Source: National Institutes of Health

VC Funding



Source: CB Insights

Inventory Lab/R&D

	Inventory (SF)	Avg. Asking Rents (NNN)	Vacancy Rate	Q4 2023 Absorption
Shady Grove	4,060,709	\$48.00	2.8%	-
Gaithersburg	3,042,977	\$46.00	4.5%	-
Twinbrook	1,177,012	\$42.00	1.3%	60,000
Germantown	896,583	\$41.00	16.2%	14,513
Frederick	1,214,274	\$37.00	6.6%	29,358
Baltimore	2,680,088	\$42.00	3.8%	16,314
Other Maryland	214,115	N/A	0.0%	-
METRO (TOTAL)	13,285,758	\$43.50	4.4%	120,185

Q4 Lab/R&D Deliveries

Development	Submarket	Size (SF)	Developer	BTS or Spec	% Pre-leased
9810 Darnstown Rd	Shady Grove	192,000	ARE	BTS	100%
735 W Watkins	Germantown	135,000	Monument/Nuveen	Spec	-
20521 Seneca Meadows Pky	Germantown	73,166	Minkoff Dev. Corp.	Spec	-
50 W Gude	Shady Grove	11,920	Thor Equities	Spec	100%

Future Supply Lab/R&D

Under Construction	# of Projects	Total Size (SF)	Total Spec Size (SF)	Delivering in 2024 (SF)	% Pre-leased
New	3	536,500	252,000	536,500	13.8%
Conversion	6	652,275	652,275	652,275	69.5%
TOTAL	9	1,188,775	904,275	1,188,775	38.9%

Demand

	Q4 2023
# of TIMs	11
SF of Demand	241,500

Class A+

	Suburban
Inventory	975,508
Asking Rate (NNN)	\$47-49

Top Lab/R&D Lease Transactions

Tenant	Size (SF)	Submarket	Type
NIH	92,000	Gaithersburg	Renewal
AstraZeneca	72,000	Gaithersburg	Renewal
ATCC	10,400	Gaithersburg	New

Top Lab/R&D Sale Transactions

Buyer	Size (SF)	Submarket	Price	\$/SF
Srisai Bio*	43,876	Frederick	\$6,775,000	\$154
American Red Cross*	58,880	Parklawn	\$6,200,000	\$105

*Owner-User Purchase

Key Trends

- Supply remains constrained with just a 10% availability rate, over 50% below the National Average.
- Demand returned to close to the peak levels of 2021, with Q4 activity pushing the 2023 YTD total to 825,000 sq. ft.

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