



UC DAVIS
VENTURE CATALYST

Knowledge Exchange: How to Find the Right Office/Lab Space for Your Startup

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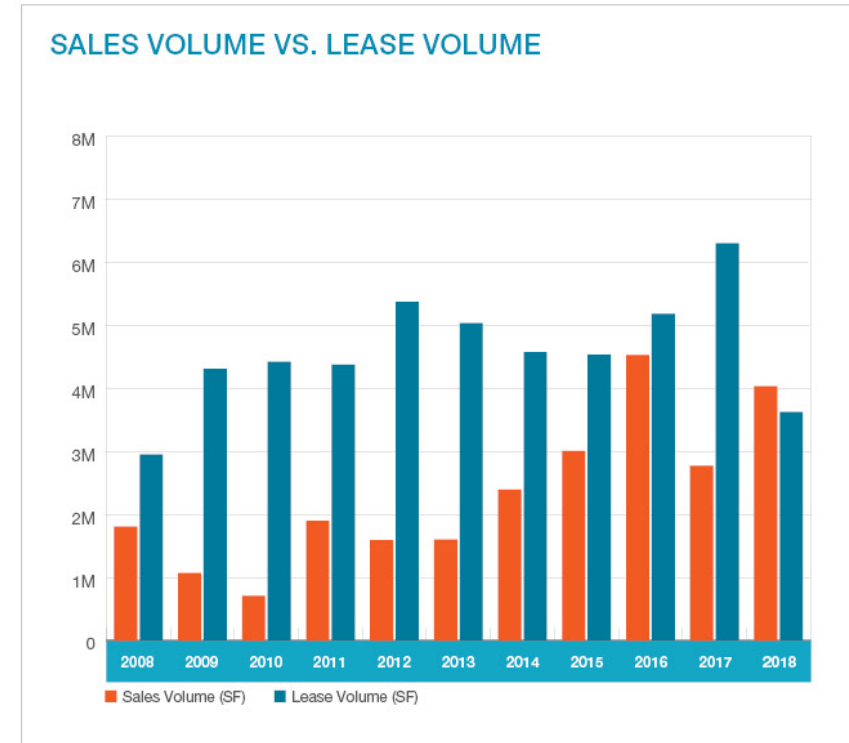
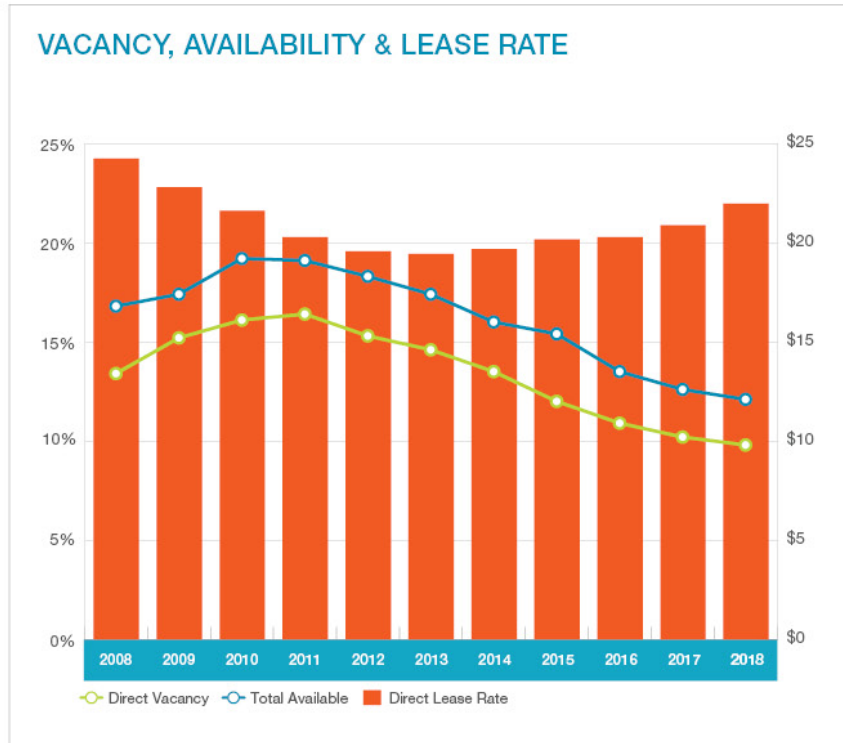
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Market Dynamics

- Low to no vacancy
- Limited existing lab space, often functional obsolescence
- If your funding is from UC, additional resources and requirements
- UC Davis Venture Catalyst DRIVE™ Program bridges gap in the market with incubation facilities
- Tenants driven to design/build their own spaces

Sacramento Region Market Snapshot

Sacramento Office Charts



Submarket Statistics

	Total Inventory	SF Under Construction	Direct Vacancy Rate	Total Vacancy Rate	Total Available Rate	4Q Overall Net Absorption	2018 Overall Net Absorption	4Q Leasing Activity	2018 Leasing Activity	Avg Rental Rate
Sacramento Total	97,910,232	1,160,037	9.8%	10.0%	12.1%	-81,913	681,467	987,371	3,629,921	\$21.96

Lab Types

- Ag biotech (plus greenhouse space)
- Biology, Chemistry, Analytical Chemistry
- Pharmacology
- Engineering / Medical Device, Robotics
- Vivarium
- cGMP Manufacturing
- Biosafety
- Cannabis

In general, labs can occupy industrial or office buildings, depending on lab type and zoning

Strategic Leasing Approaches



Direct Lease Existing Lab



- Quickest path



- Limited inventory



Sublease Existing Lab



- Minimize rent
- Quickest path
- Shared services



- Sublease risks/restrictions



Lease Larger Lab – Sublease Excess



- Room for growth



- Larger rent commitment
- Manage subtenants



Lease “Shell” – Build out space



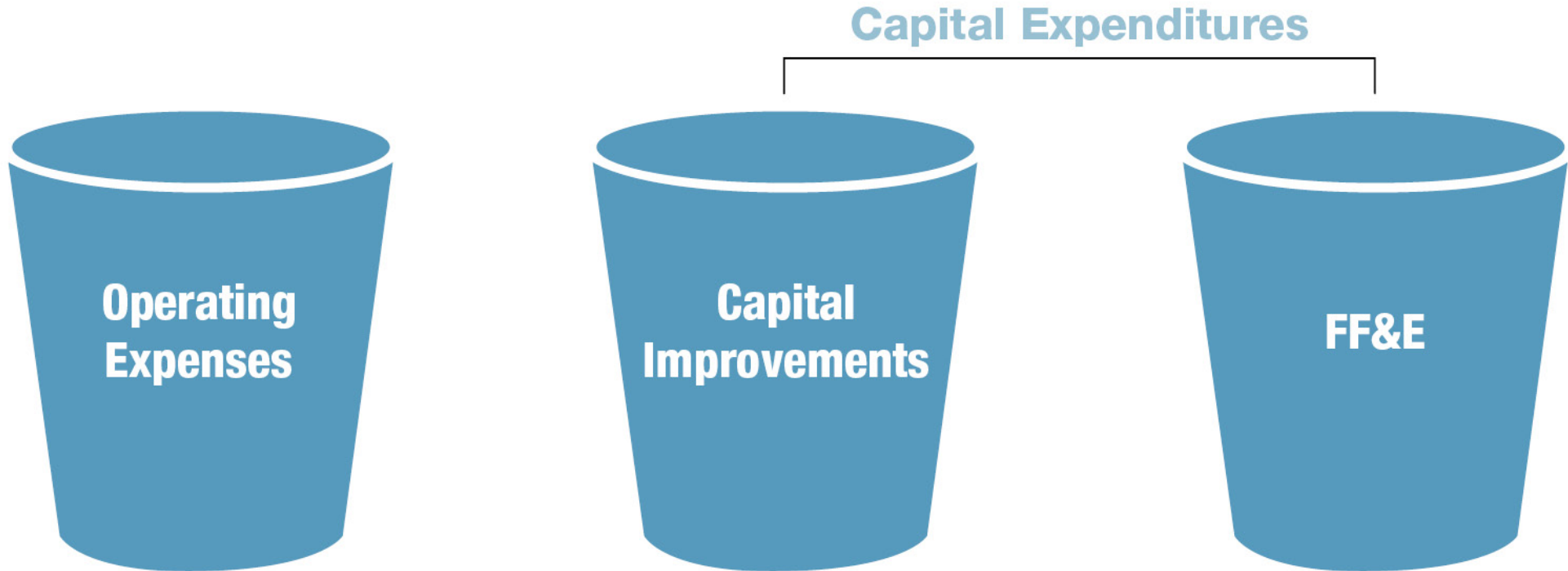
- Customized for you



- Time and money
- Longer term

Consider the path that is in alignment with your business stage, resource availability, and growth plans

Differentiating among various costs

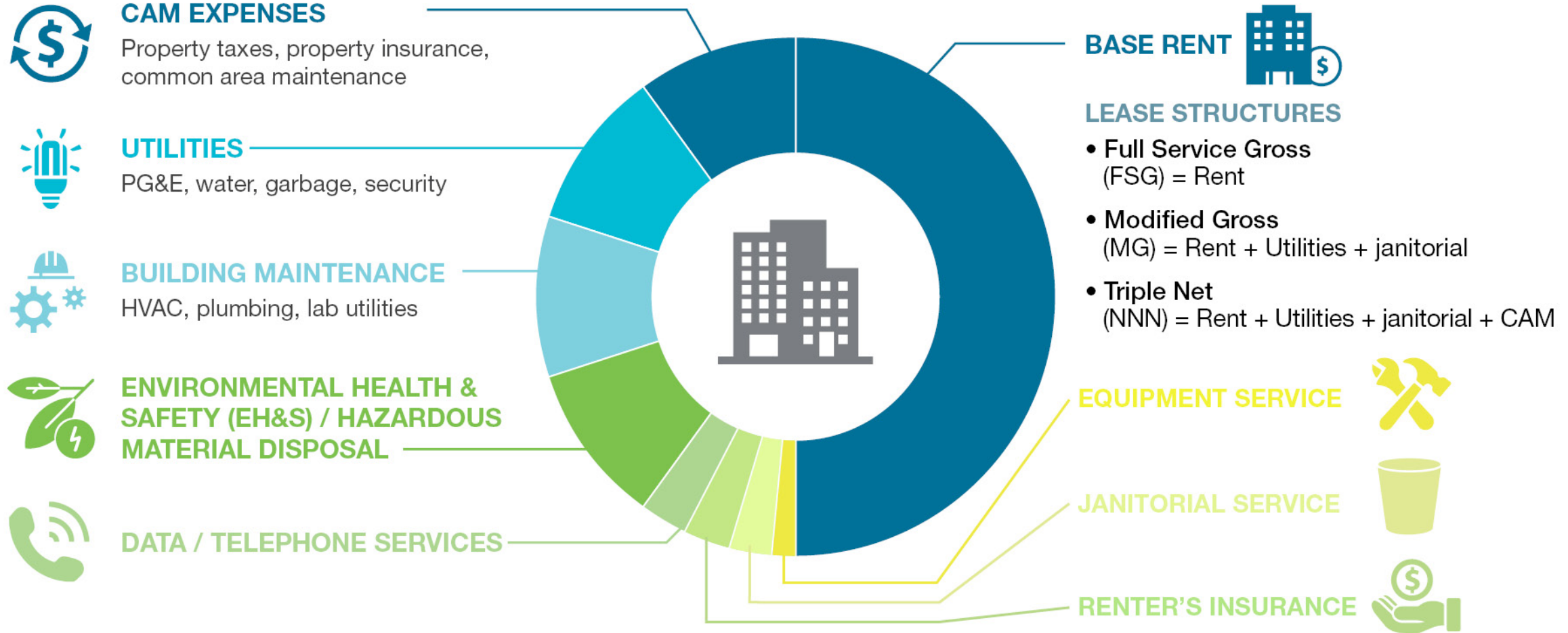


Operating Expenses = recurring monthly expenses including base rent

Capital Improvements = structural changes to the space

FF&E = Furniture, Fixtures and Equipment

Total Occupancy Cost & Lease Structures



Capital Improvements

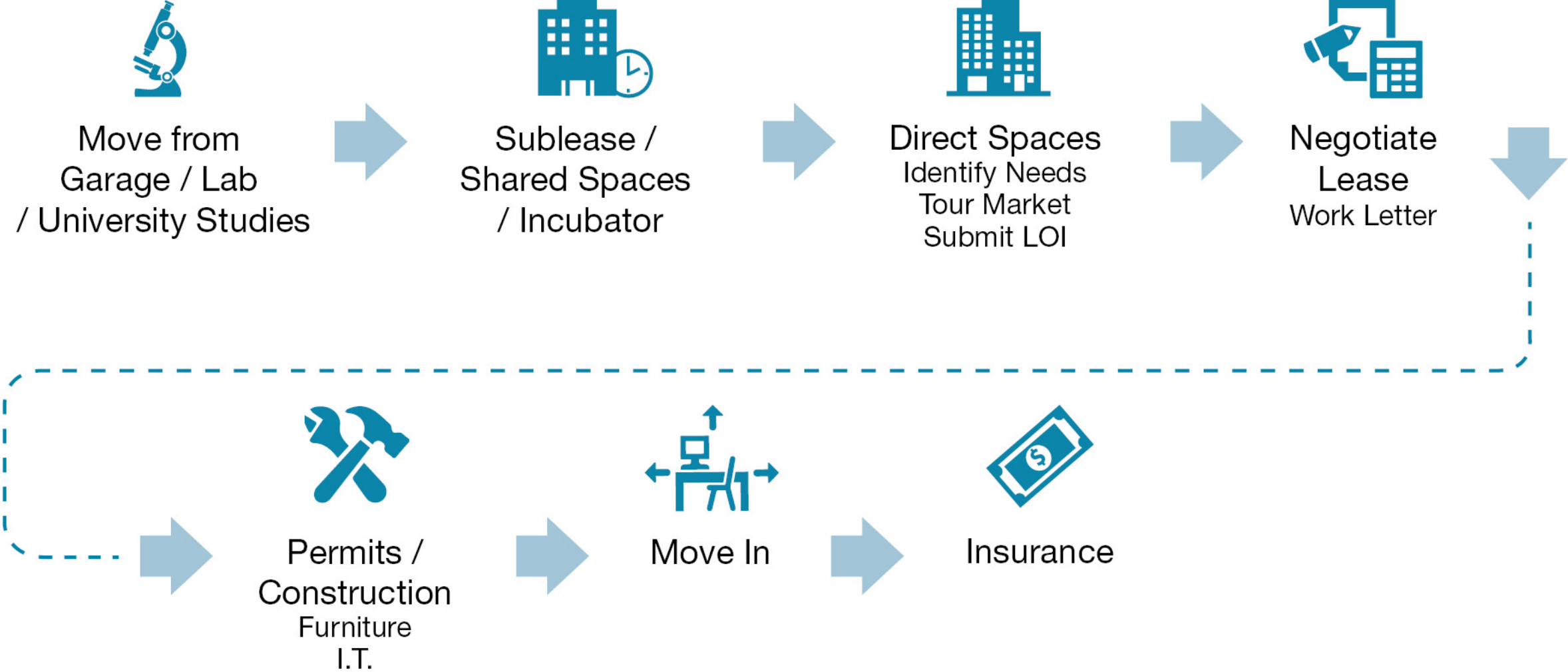
- Average lab improvements = \$100-250/SF
- Average office improvements = \$60-\$90/SF
- Example 2,000 SF lab space x \$250/SF = \$500,000
- The Landlord doesn't want to be your banker

Securing Funds for Improvements

- Your money, friends, and family
- Your investors
- Business loan, non-traditional lender
- Home equity loan
- SBIR/STTR Awards

Funding improvements is a significant hurdle to overcome in a successful lease

General Process



Working with a Commercial Real Estate Broker

- Advocate, guide, market expert
- Matches your needs with market availability
- Review of agency rules (listing, procuring, dual agent)
- Separate legal representation
- Choose someone specializing in commercial vs. residential
- Compensated for success, generally by Landlord

Parting Advice

- Budget for total occupancy cost
- Secure funding for initial capital expenses and FF&E
- Explain your science to non-science people
- Create list of lab equipment / cut sheets
- Develop chemical and quantity list
- Surround yourself with an experienced team