



# Office Market Report

## San Jose - CA

PREPARED BY



**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**3.6M**

12 Mo Net Absorption in SF

**1.8M**

Vacancy Rate

**12.6%**

12 Mo Rent Growth

**-1.6%**

San Jose's office market was one of the best performers in the nation in 2022, achieving positive net absorption despite significant delivery of new space. The vacancy rate in San Jose stabilized in the second half of 2021 and is currently 12.6%, having hovered around the 12% mark over the past year. Robust demand from established and new tech tenants has allowed a large volume of new space to be absorbed.

In a pandemic era characterized by flexible, hybrid, and in some cases permanent remote-based work, San Jose's office market has held up better than neighboring San Francisco, and the most coveted suburban submarkets popular with the world's largest tech companies remain exceptionally tight. The robust performance can be credited partly to the dispersed geography of the market, with office space located in multiple employment centers throughout Silicon Valley, rather than being concentrated in a downtown central business district that relies on mass transit. Further, the market has benefited up until recently from the strong growth and hiring by tech firms. Layoff announcements by major employers such as Google and Meta made headlines in the latter half of 2022 and early 2023, but the scale of layoffs was small compared to the large increase in hiring by these companies in 2020 and 2021. Nevertheless, continued retrenchment and associated space reductions are likely to have an impact on the market in the short term.

It should also be noted that a large proportion of new

space has been self-build and preleased by major tech players such as Google, Adobe, and Apple, and reflects long term campus expansions. Most office buildings delivered to the market in recent times were preleased. Developers and large owner/users are completing new office buildings to satisfy growing space needs that emerged in the 2010s expansion cycle. This pattern is now changing. While some projects nearing completion are spoken for, a growing number of active spec developments and recently completed buildings remain available for lease.

San Jose ranked as the second leading market in the country for 2010s expansion era rent growth, following San Francisco. Momentum slowed in 2019, and rent levels finally ticked slightly lower in 2020 as landlords responded to weaker tenant demand and leasing. Rents have been moving sideways since early 2021 and currently sit at \$62/SF.

Asset price growth moderated in 2022 as the economy slowed. Transaction value in 2021 was the greatest dollar volume ever. Well-leased assets witnessed robust demand, but investors also acquired value-add properties with lease-up risk or that required renovations.

Looking ahead, continued uncertainty around hybrid working, elevated levels of speculative development, and the general economic slowdown present headwinds to both market performance and asset values.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	65,121,442	13.2%	\$67.61	19.7%	(224,505)	0	7,273,883
3 Star	51,096,980	13.0%	\$60.30	16.7%	(62,847)	0	117,012
1 & 2 Star	25,416,085	10.1%	\$48.55	13.1%	(79,111)	0	0
<b>Market</b>	<b>141,634,507</b>	<b>12.6%</b>	<b>\$61.85</b>	<b>17.5%</b>	<b>(366,463)</b>	<b>0</b>	<b>7,390,895</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.7%	10.5%	13.9%	17.2%	2003 Q2	0.6%	2000 Q2
Net Absorption SF	1.8M	1,782,933	1,836,801	8,585,786	2000 Q2	(4,023,696)	2002 Q1
Deliveries SF	3.6M	2,744,744	2,916,069	7,961,155	2017 Q4	179,912	2012 Q2
Rent Growth	-1.6%	3.4%	1.6%	27.4%	2000 Q4	-23.0%	2002 Q1
Sales Volume	\$2B	\$1.8B	N/A	\$5.3B	2021 Q4	\$176.3M	2009 Q3

Growth in the San Jose office market moderated in 2022, having previously recorded strong leasing and absorption of new space without a corresponding increase in vacancy. Leasing activity has been impressive. San Jose was 20th in the nation for leasing volume in 19Q3 but improved to ninth in the nation in 22Q3. However, the current outlook is less rosy, as tech companies pull back on expansion plans in the face of weaker demand for their services. The talk now is of hiring freezes, layoffs, and cost cutting.

Current vacancy in San Jose, at 12.6%, remains above the pre-pandemic vacancy rate of 9%. Positive net absorption over the past 12 months of 1.8 million SF indicates there is continued solid demand for office space. Much of this absorption is through new construction of campus buildings for Apple, Google, and Meta in the tech hubs of Moffett Park, Mountain View, Central Santa Clara, and North San Jose. Looking forward, vacancy is expected to remain elevated for at least the near to midterm, reflecting the further delivery of new space and cost reduction initiatives of tech companies.

Until recently, mature tech giants with strong balance sheets maintained extensive office footprints in the market, reflecting robust hiring patterns. Leasing activity started to accelerate in 21Q2 and remained solid through 22Q2. In June 2022, Apple leased almost 360,000 SF in two buildings in the Mathilda Commons complex in Sunnyvale. Both buildings were developed by Jay Paul.

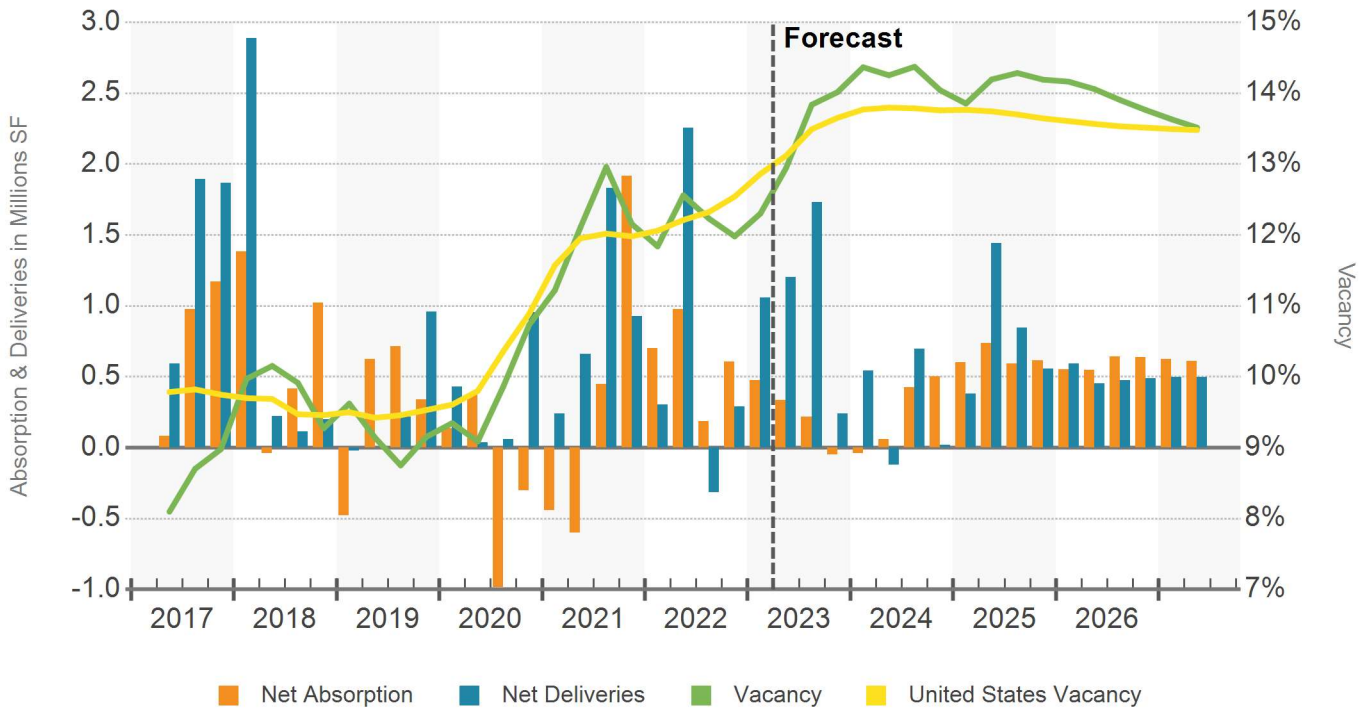
Meanwhile, Pure Storage, a maker of data storage hardware and software, subleased 328,000 SF in two buildings from Analog Devices in the Santa Clara Square complex. Pure Storage will move into the spaces in spring 2023.

The latter half of 2022 saw hiring freezes, layoffs, and associated reductions in office space from companies such as Google parent Alphabet and Apple, both of whom announced they would slow hiring. Further, in September 2022, Meta announced it would be reducing budgets and headcount over the next year. Soon afterward, the company terminated its 475,000-SF lease at 391 and 401 San Antonio Road in Mountain View. Google parent Alphabet also announced the layoff of 12,000 staff in January 2023, with approximately 1,500 of these positions located at the company's Mountain View headquarters.

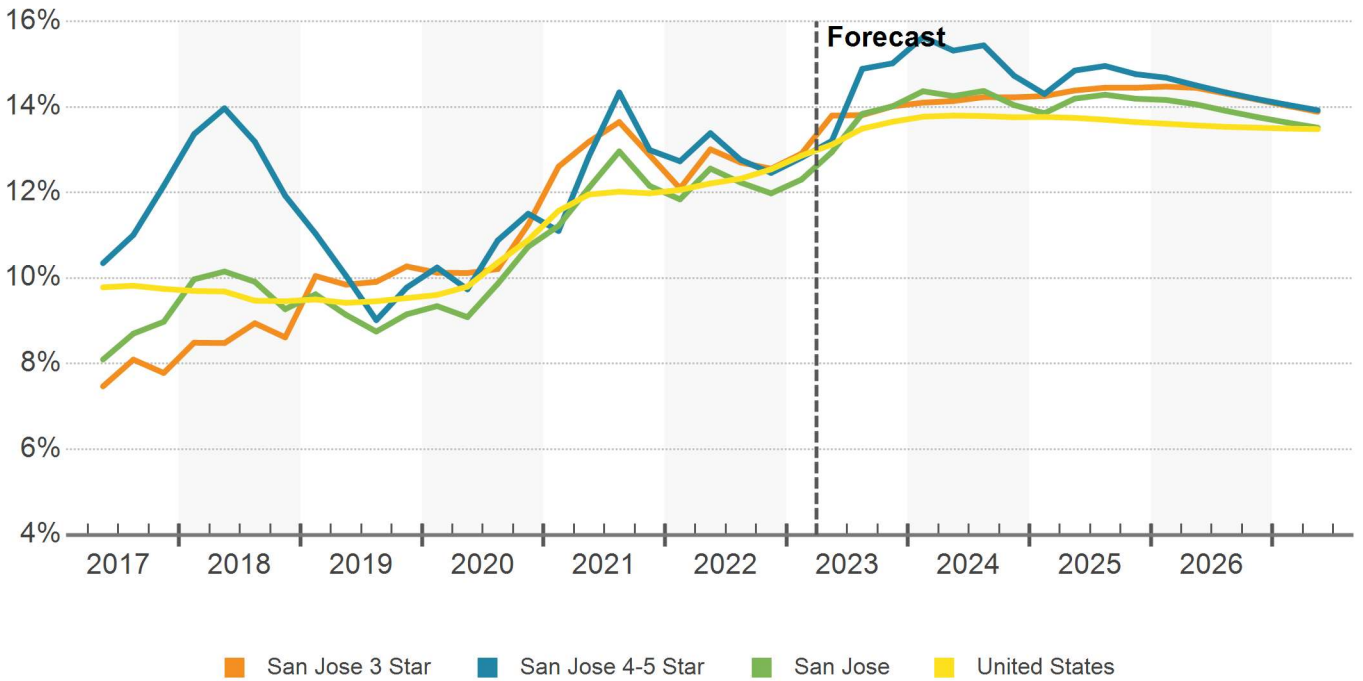
Other companies have been active in reducing their office footprints in response to the continued preference for hybrid and remote working. For example, in September 2022, Airbnb made 300,000 SF of space available for sublease at Great American Parkway in North Santa Clara. Sublease space availability currently stands at 6.1 million SF, an all-time high.

Looking forward, the combination of weak economic conditions and the delivery of approximately 2 million SF of new space in 2023, much of which is speculative, is projected to push the vacancy rate higher.

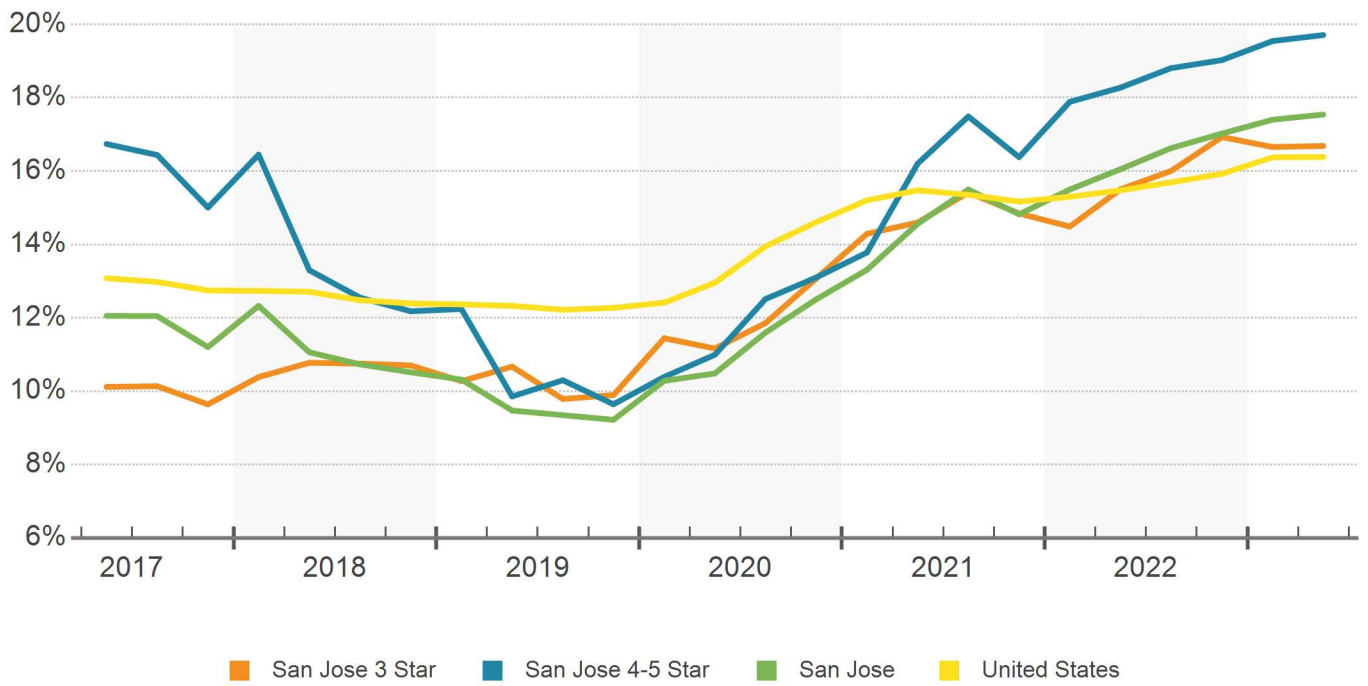
## NET ABSORPTION, NET DELIVERIES & VACANCY



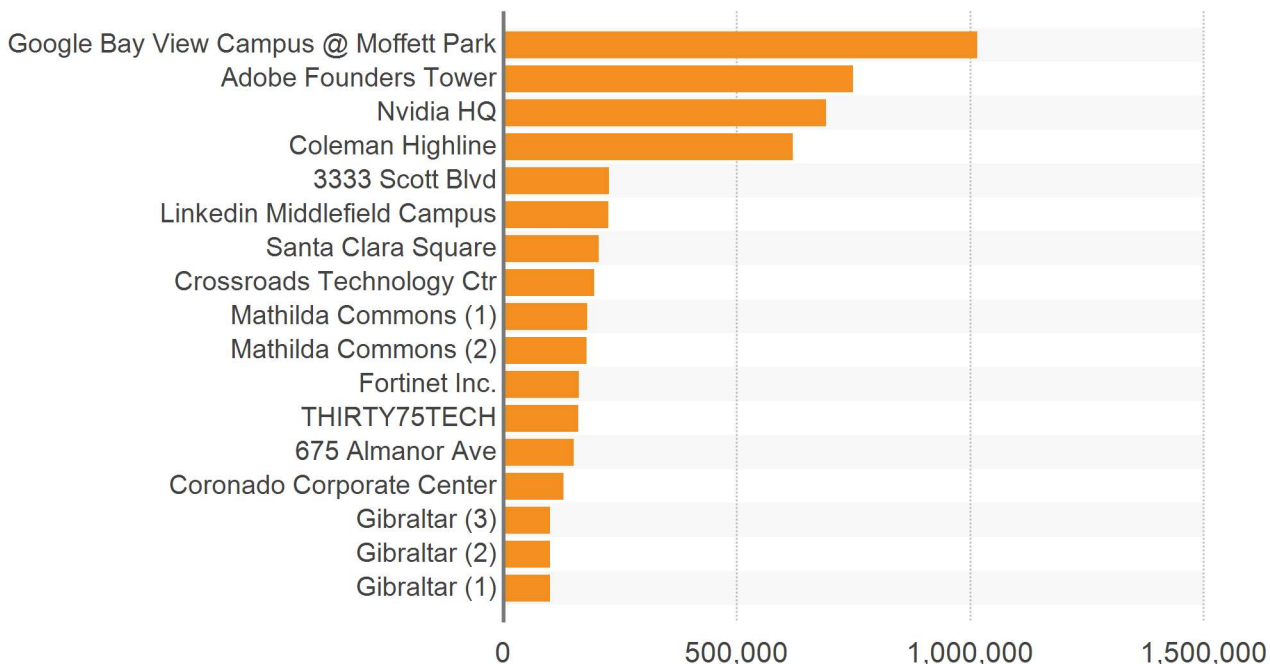
## VACANCY RATE



## AVAILABILITY RATE



## 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Google Bay View Campus @ M...	Mountain View	1,100,000	0	0	0	0	0	1,015,383
Adobe Founders Tower	Downtown San Jose	750,000	0	750,000	0	0	0	750,000
Nvidia HQ	Central Santa Clara	750,000	0	0	0	0	0	692,307
Coleman Highline	North San Jose	647,934	0	81,000	0	0	0	621,153
3333 Scott Blvd	Central Santa Clara	244,906	0	0	0	0	0	226,066
LinkedIn Middlefield Campus	Mountain View	244,788	0	0	0	0	0	225,957
Santa Clara Square	Central Santa Clara	222,528	0	0	0	0	0	205,410
Crossroads Technology Ctr	Sunnyvale	194,850	0	0	0	0	0	194,850
Mathilda Commons (1)	Sunnyvale	180,660	0	0	0	0	0	180,660
Mathilda Commons (2)	Sunnyvale	178,140	0	0	0	0	0	178,140
Fortinet Inc.	Sunnyvale	172,000	0	0	0	0	0	162,076
THIRTY75TECH	Central Santa Clara	259,234	0	0	0	0	0	160,611
675 Almanor Ave	Sunnyvale	152,002	0	0	0	0	0	150,754
Coronado Corporate Center	Central Santa Clara	129,546	0	0	0	0	0	129,546
Gibraltar (3)	Moffett Park	100,000	0	100,000	0	0	0	100,000
Gibraltar (2)	Moffett Park	100,000	0	0	0	0	0	100,000
Gibraltar (1)	Moffett Park	100,000	0	100,000	0	0	0	100,000
<b>Subtotal Primary Competitors</b>		<b>5,526,588</b>	<b>0</b>	<b>1,031,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,192,913</b>
Remaining San Jose Market		136,107,919	17,790,252	(557,390)	(366,463)	0	0	(3,396,274)
<b>Total San Jose Market</b>		<b>141,634,507</b>	<b>17,790,252</b>	<b>473,610</b>	<b>(366,463)</b>	<b>0</b>	<b>0</b>	<b>1,796,639</b>

### TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Coleman Highline	North San Jose	647,934	Q3 22	ByteDance	-	CBRE
Google	Moffett Park	537,000	Q3 22	Google	-	-
3333 Scott Blvd	Central Santa Clara	244,902	Q2 22	Applied Materials	Cushman & Wakefield	Cushman & Wakefield
Bascom Station	East San Jose-Willow Glen	231,579	Q1 23	Santa Clara Valley Medic...	-	-
Santa Clara Square	Central Santa Clara	222,528	Q2 22	Pure Storage Inc	JLL	Cushman & Wakefield
Airport Place *	North San Jose	215,857	Q3 22	Nutanix	Cushman & Wakefield	Colliers
The Campus in Milpitas	Milpitas	189,480	Q1 23	KLA Tencore	-	Cushman & Wakefield
Mathilda Commons	Sunnyvale	180,660	Q2 22	Apple	-	Newmark
Mathilda Commons	Sunnyvale	178,140	Q2 22	Apple	-	Newmark
Wilson, Sonsini, Goodrich & Rosati C...	Palo Alto	178,096	Q2 22	Wilson, Sonsini, Goodrich...	-	-
Bldg A	Mountain View	170,820	Q2 22	Waymo	-	-
LinkedIn Campus	Sunnyvale	156,785	Q1 23	Apple	-	-
350 Cobalt Way	Sunnyvale	134,218	Q1 23	Fujitsu Computer System...	-	-
Santa Clara Square	Central Santa Clara	111,265	Q2 22	Pure Storage	JLL	Cushman & Wakefield
Bixby Technology Center	North San Jose	64,174	Q4 22	XPERI Inc.	-	-
Santa Clara Square	Central Santa Clara	62,500	Q3 22	Advanced Micro Devices I...	-	CBRE
Santa Clara Square *	Central Santa Clara	62,000	Q1 23	Cambridge Industries Group	Cushman & Wakefield	The Irvine Company
Mountain View Corp Center	Mountain View	47,053	Q2 22	Databricks	Cushman & Wakefield	Savills
Purity Park	San Jose-Berryessa	42,365	Q4 22	CC Integration	Colliers	Cushman & Wakefield
1075 E Santa Clara St *	San Jose-Berryessa	40,100	Q1 23	Santa Clara County Multi...	-	Cushman & Wakefield
The Village at San Antonio Center	Mountain View	39,834	Q4 22	Lacework	CBRE	Colliers;JLL;WeWork
America Center II	North San Jose	38,901	Q2 22	-	-	Cushman & Wakefield
Concourse	North San Jose	38,592	Q3 22	-	-	Colliers
Sunnyvale Business Park	Sunnyvale	35,224	Q3 22	Eridan	Newmark	Colliers
60 S Market St *	Downtown San Jose	34,882	Q4 22	Frank, Rimerman & Co.	JLL	CBRE
Zanker Place	North San Jose	34,389	Q1 23	Light Labs	-	Cushman & Wakefield
521 W Julian St	Downtown San Jose	30,000	Q4 22	Housing Authority of the C...	-	-
Hamilton Plaza	Campbell	29,959	Q3 22	Firetide, Inc.	-	-
@Central *	Central Santa Clara	29,108	Q2 22	ATAC	-	Newmark
Mountain Bay Plaza	Mountain View	27,186	Q1 23	Silicon Valley Community...	Colliers	Newmark
McCarthy Center	Milpitas	26,642	Q2 22	-	-	Irvine Company Office...
McCarthy Center	Milpitas	26,642	Q2 22	-	-	Irvine Company Office...
4151 Middlefield Rd	Palo Alto	24,512	Q4 22	Valley Health Care	-	-
Gateway	North San Jose	22,659	Q1 23	-	-	Colliers
Gateway	North San Jose	22,461	Q1 23	-	-	Colliers
McCarthy Center	Milpitas	22,048	Q3 22	-	-	Cushman & Wakefield
450 Lambert Ave	Palo Alto	20,975	Q3 22	EverCharge Inc.	Avison Young	CBRE
Castro Station	Mountain View	20,255	Q2 22	-	-	Cushman & Wakefield
325 N Mathilda	Sunnyvale	20,000	Q1 23	Digicert	-	Cushman & Wakefield
Riverpark Towers	Downtown San Jose	19,739	Q3 22	-	-	Newmark

Renewal



San Jose experienced some of the strongest rent growth in the nation over the past decade, reflecting growing demand from tech companies for new high-end spaces. Asking rents declined slightly during the pandemic, and over the past 12 months rents fell by -1.6%, somewhat lower than the 1.3% positive growth presently seen nationally.

Nevertheless, rents in San Jose have held up better than in neighboring San Francisco during the past two years. Indeed, the San Jose market has not witnessed the same mass exodus of tech companies that has plagued San Francisco over the past three years.

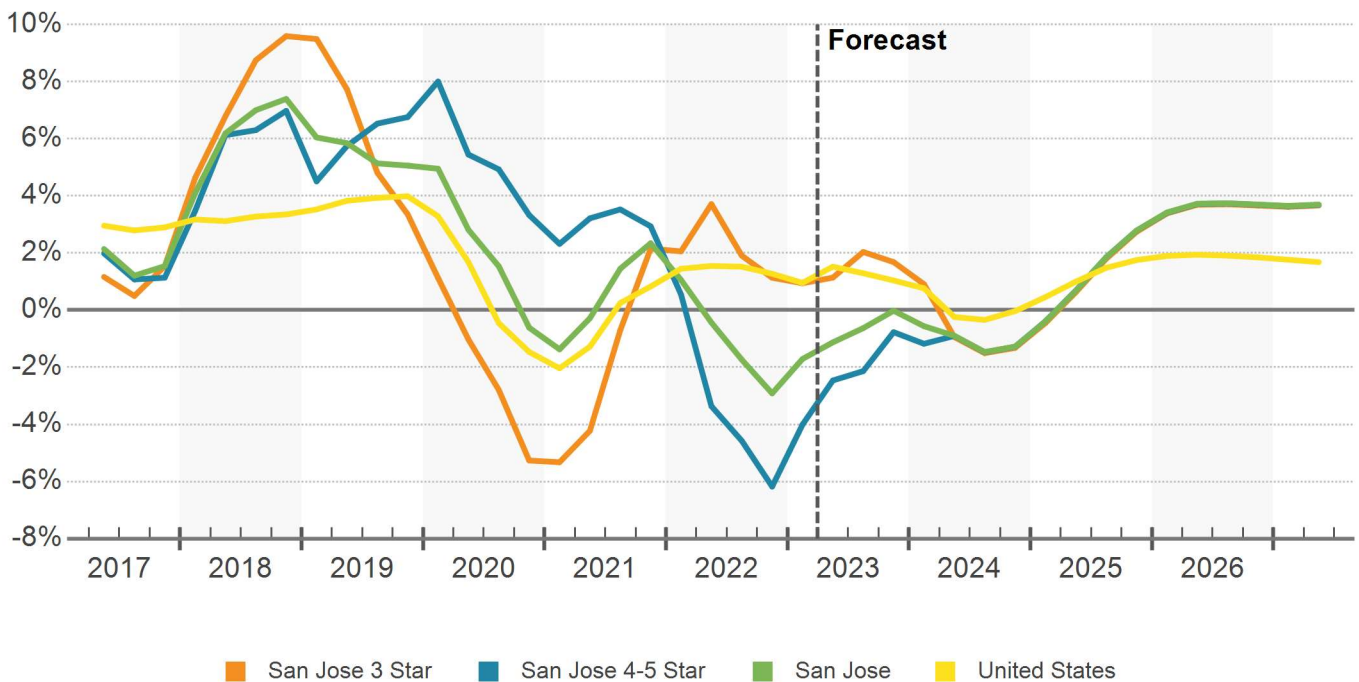
The more established and largest tech firms

headquartered in Silicon Valley have not relinquished much office space. With more robust fundamentals and tech giants committing to growing deeper roots, Silicon Valley landlords have had more success in holding up rental rates.

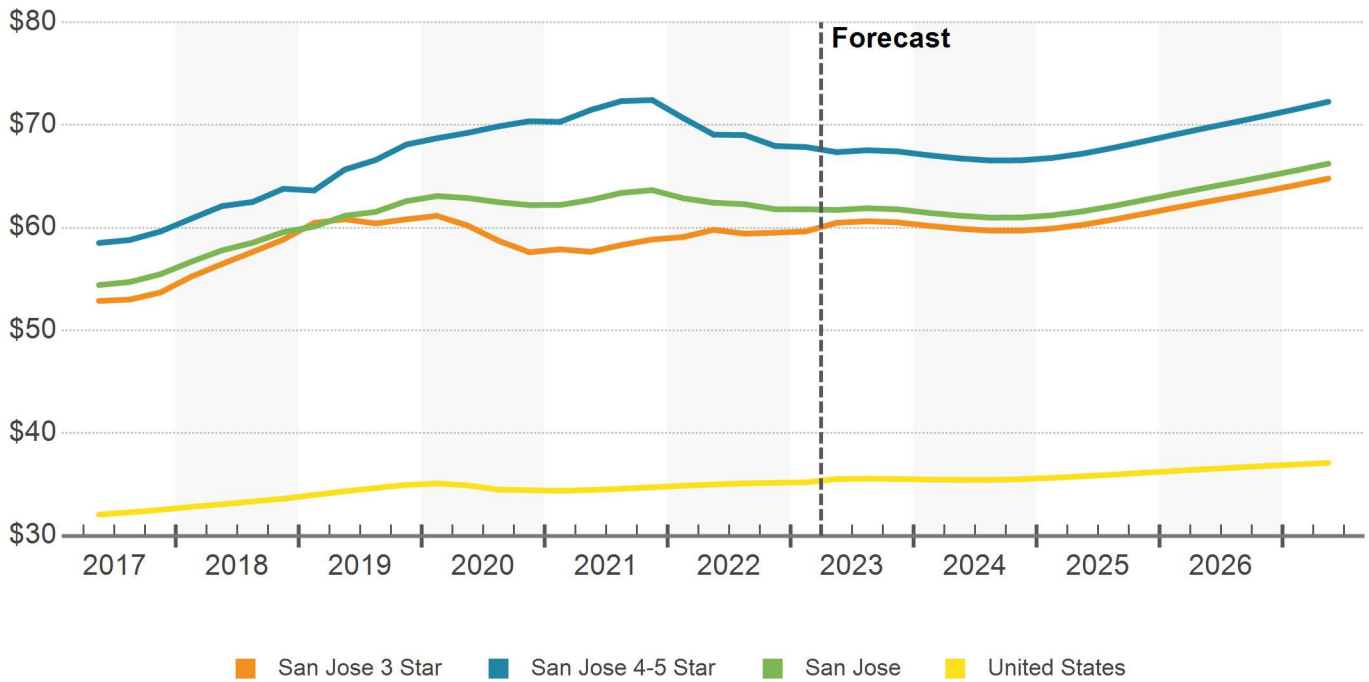
Current average market rates are \$62/SF on a full-service basis, making San Jose one of the most expensive markets for office space in the nation. Higher-quality 4 & 5 Star product leases for an average \$68/SF.

Going forwards, rent growth is expected to be constrained somewhat by the addition of new spec space that is currently under construction.

## MARKET RENT GROWTH (YOY)



## MARKET RENT PER SQUARE FEET



## 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>San Jose</b>	\$0.85	\$1.65	\$1.34	\$8.81	\$4.09	<b>\$16.74</b>
Campbell/Los Gatos	\$0.45	\$2.39	\$0.95	\$9.02	\$5.36	<b>\$18.17</b>
Downtown San Jose	\$1.26	\$1.90	\$1.61	\$3.74	\$4.73	<b>\$13.24</b>
Milpitas	\$0.47	\$2.47	\$0.98	\$5.76	\$4.06	<b>\$13.74</b>
Mountain View/Los Altos	\$1	\$1.99	\$1.78	\$9.39	\$2.10	<b>\$16.26</b>
North San Jose	\$0.81	\$1.43	\$1.15	\$9.24	\$4.35	<b>\$16.98</b>
Palo Alto	\$0.96	\$1.91	\$1.71	\$17.54	\$3.82	<b>\$25.94</b>
Santa Clara	\$0.72	\$1.47	\$1.06	\$6.47	\$4.23	<b>\$13.95</b>
South San Jose	\$1.22	\$2.03	\$1.63	\$4.58	\$4.53	<b>\$13.99</b>
Sunnyvale/Cupertino	\$0.72	\$1.42	\$1.25	\$9.10	\$4.36	<b>\$16.85</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>San Jose</b>	\$0.61	\$1.14	\$1.15	\$6.53	\$3.46	<b>\$12.89</b>
Campbell/Los Gatos	\$0.42	\$1.21	\$0.88	\$5.23	\$5.04	<b>\$12.78</b>
Downtown San Jose	\$0.76	\$1.71	\$0.93	\$4.03	\$2.52	<b>\$9.95</b>
Milpitas	\$0.32	\$0.93	\$0.68	\$6.99	\$3.76	<b>\$12.68</b>
Morgan Hill/Gilroy	\$0.41	\$1.18	\$0.86	\$4.14	\$4.62	<b>\$11.21</b>
Mountain View/Los Altos	\$0.77	\$1.31	\$1.65	\$7.77	\$3.23	<b>\$14.73</b>
North San Jose	\$0.52	\$1.27	\$0.99	\$5.01	\$1.97	<b>\$9.76</b>
Outlying Santa Clara Cnty	\$0.60	\$1.27	\$1.27	\$6.41	\$4.38	<b>\$13.93</b>
Palo Alto	\$0.80	\$1.35	\$1.70	\$10.63	\$3.44	<b>\$17.92</b>
San Benito County	\$0.44	\$1.27	\$0.93	\$3.95	\$4.94	<b>\$11.53</b>
Santa Clara	\$0.63	\$0.58	\$0.93	\$6.05	\$2.23	<b>\$10.42</b>
South San Jose	\$0.48	\$1.23	\$0.98	\$4.89	\$5.24	<b>\$12.82</b>
Sunnyvale/Cupertino	\$0.66	\$0.62	\$1.08	\$6.86	\$2.25	<b>\$11.47</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>San Jose</b>	\$0.58	\$1.18	\$1.03	\$5.70	\$1.88	<b>\$10.37</b>
Campbell/Los Gatos	\$0.41	\$1.18	\$0.87	\$5.86	\$3	<b>\$11.32</b>
Downtown San Jose	\$0.72	\$1.65	\$0.86	\$4.84	\$0.46	<b>\$8.53</b>
Milpitas	\$0.39	\$1.13	\$0.83	\$3.84	\$2.86	<b>\$9.05</b>
Morgan Hill/Gilroy	\$0.40	\$1.16	\$0.85	\$3.46	\$2.95	<b>\$8.82</b>
Mountain View/Los Altos	\$0.71	\$1.19	\$1.54	\$8.51	\$1.77	<b>\$13.72</b>
North San Jose	\$0.57	\$1.23	\$0.89	\$5.11	\$1.19	<b>\$8.99</b>
Outlying Santa Clara Cnty	\$0.53	\$1.11	\$0.63	\$5.98	\$2.24	<b>\$10.49</b>
Palo Alto	\$0.72	\$1.21	\$1.56	\$7.77	\$2.37	<b>\$13.63</b>
San Benito County	\$0.41	\$1.18	\$0.87	\$2.37	\$2.97	<b>\$7.80</b>
Santa Clara	\$0.63	\$0.62	\$0.95	\$5.38	\$1.48	<b>\$9.06</b>
South San Jose	\$0.47	\$1.19	\$0.90	\$5.41	\$2.16	<b>\$10.13</b>
Sunnyvale/Cupertino	\$0.66	\$0.62	\$0.99	\$5.55	\$1.63	<b>\$9.45</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

San Jose is one of the more active markets in the nation for office development. Currently, 7.4 million SF of office space is under construction, representing 5.2% of the market's existing inventory, well above the national average of 1.6%. While speculative office projects have been quick to lease in the past, weakening demand from tech tenants in 2023 may present leasing challenges, particularly in Downtown San Jose, where much of the speculative development is set to deliver.

Construction levels remained robust during the pandemic, albeit with lockdown-enforced delays to starts and deliveries. Coming out of the pandemic restrictions, several prominent developers initiated construction starts in 2021, keeping active construction levels steady. Recent deliveries include both large self-build and preleased projects, as well as speculative projects that were successful in finding tenants. This has encouraged continued development.

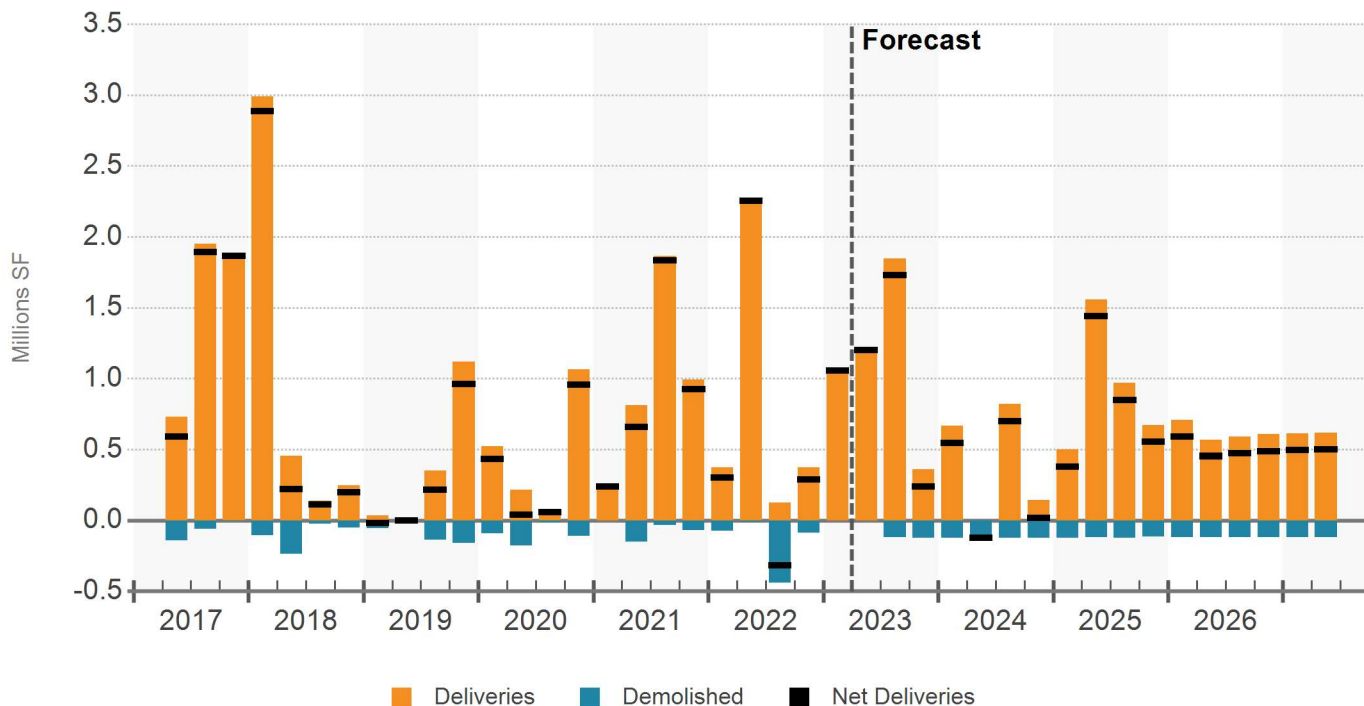
In 2022, Google completed its 1 million-SF Bay View Campus in Moffett Park, and it is close to completing its nearby 600,000-SF Charleston East campus. In

Sunnyvale, four single-tenant buildings were completed in 2022 for Nokia, LinkedIn, Apple, and Fortinet.

Downtown San Jose has the largest share of the construction pipeline, at 2.7 million SF, of which only the 700,000-SF Adobe Tower, which is currently being delivered, is preleased. Developers and Google have targeted Downtown San Jose for substantial growth in the upcoming decades. One of the most notable projects is Downtown West, Google's massive transit-oriented village near Diridon Station, which started site preparation work in 22Q3, although the timing of vertical construction is currently being reviewed.

Among development firms, the Jay Paul Company has positioned itself to build a wealth of new office space around Downtown San Jose. The firm acquired several redevelopment targets, including the 1.4-acre 200 Park Ave. site in 2018 for \$100 million, on which a 937,000-SF office tower is underway. Across the street, Jay Paul plans to redevelop the nine-building Cityview Plaza, which it acquired for \$284 million in 2018, into a 19-story, 3.4 million-SF mixed-use campus.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

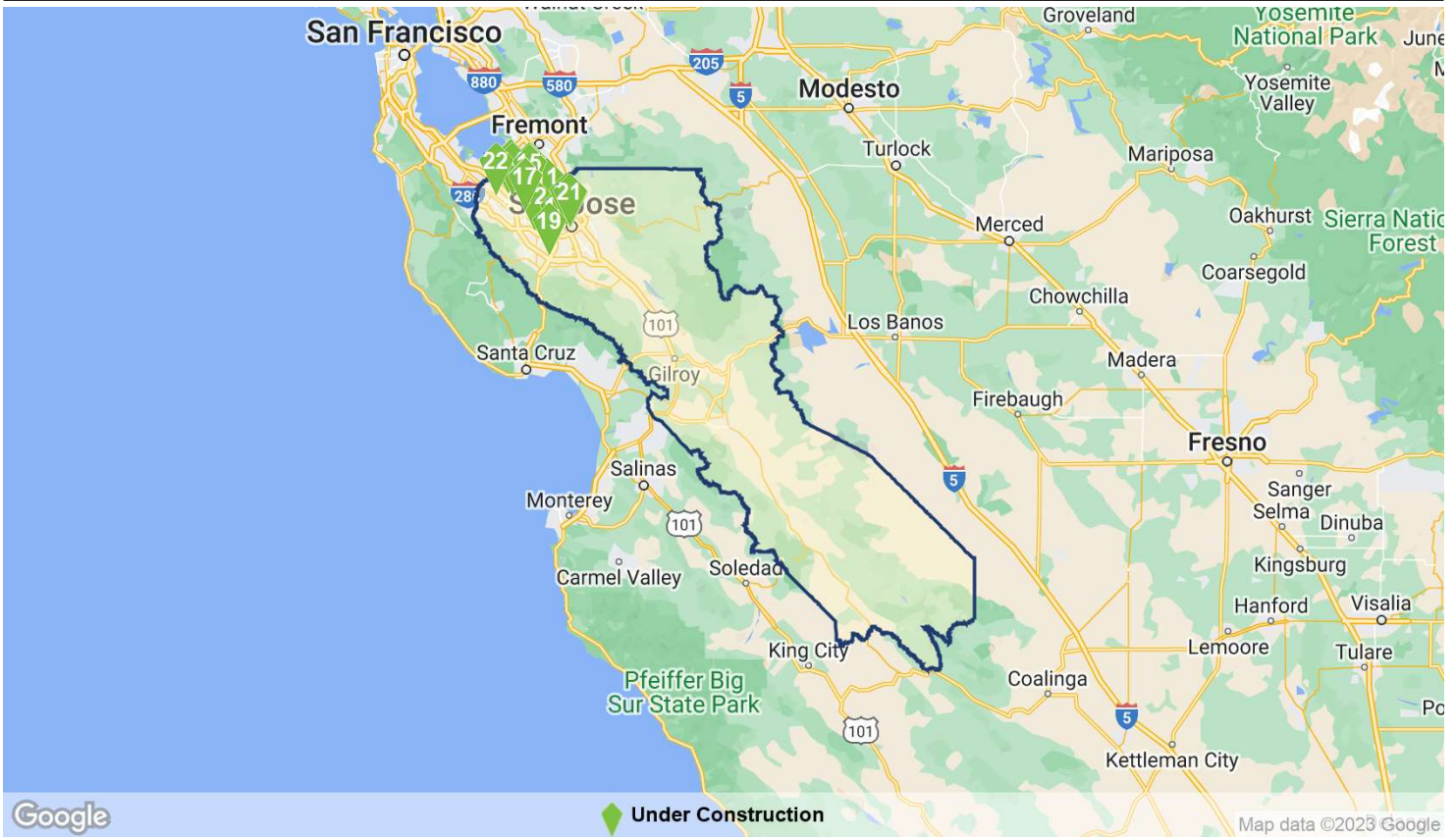
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Downtown San Jose	6	2,194	95	4.3%	7	36,364	365,716	3
2	Mountain View	3	1,623	1,394	85.9%	5	39,792	540,897	1
3	Moffett Park	4	1,540	1,540	100%	1	187,920	384,894	2
4	Sunnyvale	3	854	20	2.3%	8	47,476	284,684	4
5	Central Santa Clara	2	534	534	100%	1	84,235	267,000	5
6	South Santa Clara	1	234	234	100%	1	11,239	234,000	6
7	East San Jose-Willow Glen	1	232	232	100%	1	8,410	231,579	7
8	Campbell	1	166	0	0%	9	15,391	165,984	8
9	Palo Alto	1	15	13	85.1%	6	34,220	14,718	9
10	Central Sunnyvale	0	-	-	-	-	-	-	-
	All Other	0	-	-	-		26,024	-	
<b>Totals</b>		<b>22</b>	<b>7,391</b>	<b>4,061</b>	<b>54.9%</b>		<b>30,498</b>	<b>335,950</b>	

# Under Construction Properties

San Jose Office

Properties	Square Feet	Percent of Inventory	Released
<b>22</b>	<b>7,390,895</b>	<b>5.2%</b>	<b>54.9%</b>

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>200 Park</b> 200 Park Ave	★★★★★	937,000	19	Jun 2021	Jun 2023	Jay Paul Company Jay Paul Company
2 <b>2003 Landings Dr</b>	★★★★☆	799,482	6	Dec 2022	May 2025	Google Google
3 <b>New Google HQ</b> 2000 N Shoreline Blvd	★★★★★	595,000	2	Jun 2017	May 2023	Google Google
4 <b>Google</b> 100 Caribbean Dr	★★★★☆	537,000	5	Mar 2022	May 2023	Google Google
5 <b>B</b> 325 Autumn Pky	★★★★☆	530,000	6	Jun 2022	Jun 2025	TMG Partners Canada Pension Plan Investments
6 <b>Google</b> 200 Caribbean Dr	★★★★☆	505,075	5	Sep 2021	Aug 2024	Google Google
7 <b>200 W Washington Ave</b>	★★★★★	499,775	7	May 2022	Jan 2024	Hunter Properties, Inc. Hunter Properties, Inc.

# Under Construction Properties

San Jose Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>A</b> 375 Autumn Pky	★ ★ ★ ★ ★	390,000	6	Mar 2022	Mar 2025	TMG Partners Canada Pension Plan Investments
9 <b>Google</b> 399 W Java Dr	★ ★ ★ ★ ★	315,000	6	Dec 2021	Jun 2024	Google Google
10 <b>Bldg C</b> 2200 Lawson Ln	★ ★ ★ ★ ★	269,000	5	Dec 2019	May 2023	The Sobrato Organization The Sobrato Organization
11 <b>Bldg D</b> 2200 Lawson Ln	★ ★ ★ ★ ★	265,000	5	Jul 2021	Aug 2023	The Sobrato Organization -
12 <b>Building B - Apple, Inc.</b> 5403 Stevens Creek Blvd	★ ★ ★ ★ ★	234,000	6	Jun 2021	Jun 2023	- Peery-Arrillaga
13 <b>Bascom Station</b> 1410 S Bascom Ave	★ ★ ★ ★ ★	231,579	10	Nov 2022	Jan 2025	Bay West Development PMB Real Estate Services
14 <b>Pear Village</b> 1300 La Avenida St	★ ★ ★ ★ ★	228,210	6	Jun 2022	Jun 2023	- -
15 <b>1265 Borregas Ave</b>	★ ★ ★ ★ ★	182,500	5	Apr 2021	Oct 2023	Google Google
16 <b>100 Altair Way</b>	★ ★ ★ ★ ★	179,278	7	Aug 2021	Oct 2023	- Minkoff Group
17 <b>300 S Mathilda Ave</b>	★ ★ ★ ★ ★	175,000	5	Apr 2022	Oct 2025	Hunter Properties, Inc. Hunter Properties, Inc.
18 <b>C</b> 455 W Julian St	★ ★ ★ ★ ★	170,000	6	Jan 2023	Dec 2025	TMG Partners Canada Pension Plan Investments
19 <b>1700 Dell Ave</b>	★ ★ ★ ★ ★	165,984	4	Dec 2022	Dec 2023	Dollinger Properties Dollinger Properties
20 <b>Gateway Paseo</b> 201 S 2nd St	★ ★ ★ ★ ★	102,294	3	Dec 2021	Jul 2023	Urban Catalyst LLC Urban Catalyst LLC
21 <b>Fountain Alley Building</b> 30 S 1st St	★ ★ ★ ★ ★	65,000	6	Aug 2021	Jun 2023	Urban Catalyst LLC Urban Catalyst LLC
22 <b>4115 El Camino Real</b>	★ ★ ★ ★ ★	14,718	3	Jan 2022	Jun 2023	Jing Li Jing Li

Office sales volume in San Jose during the past 12 months on a dollar basis, \$1.9 billion, was below the 10-year annual average of \$3.3 billion and was down from the record \$5.3 billion in transactions in 2021.

San Jose ranks among the most expensive office markets in the nation, with average asset pricing of \$710/SF. The higher-quality 4 & 5 Star assets carry an average of \$820/SF, but pricing can easily exceed \$1,000/SF for the area's best properties. Cap rates in the market currently average 5.1%, significantly below the national average of 7.1%.

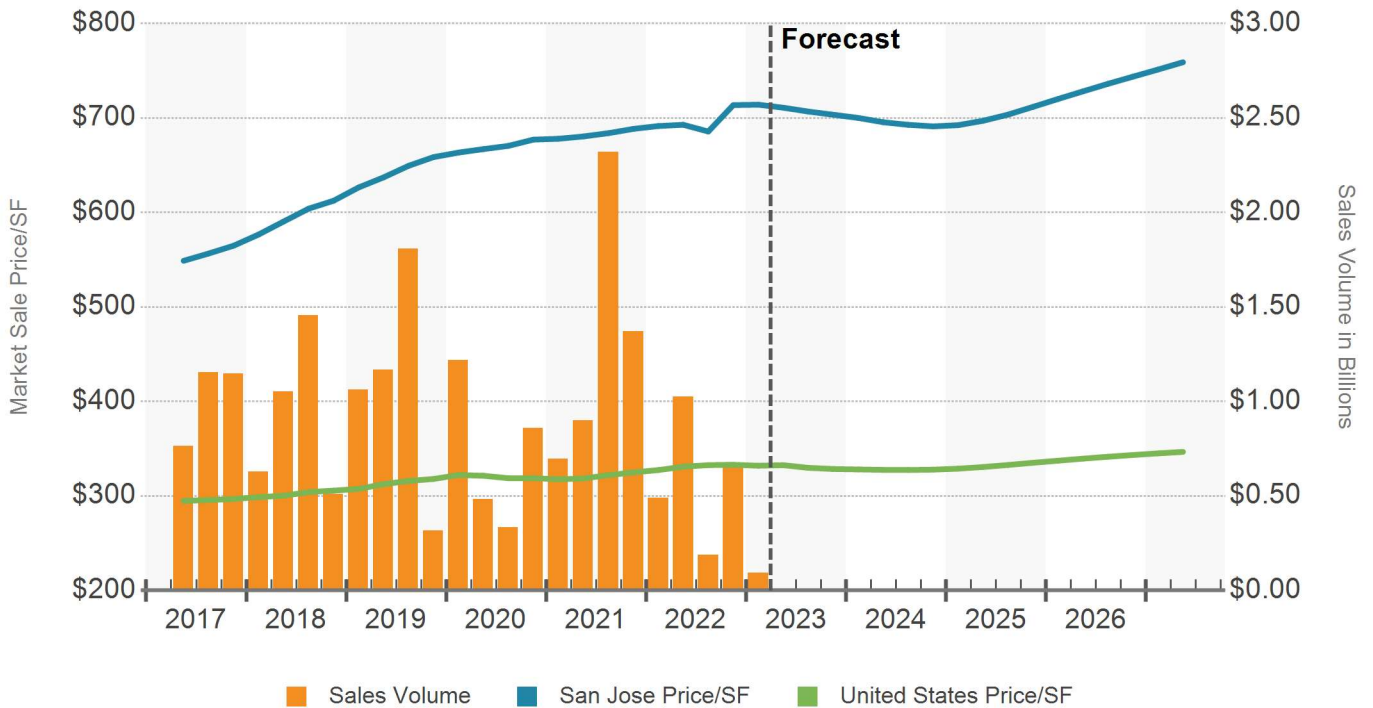
Looking at recent notable transactions, in June 2022, Commonwealth Partners purchased a four-building complex in Moffett Park comprising 719,000 SF from Tishman Speyer for \$707 million (\$985/SF). The property was 100% leased to Facebook parent Meta at the time of sale. The transaction provided a strong return for Tishman Speyer, having purchased the property in June

2021 for \$365 million (\$510/SF).

Several recent sales demonstrate that investors see opportunities in renovating and repositioning assets in the market. In January 2022, Alexandria Real Estate Equities acquired a portfolio of four properties in the Palo Alto Research & Technology Center from Morgan Stanley. The ground-leased buildings at 3301-3307 Hillview Ave. sold for \$267.6 million (\$915/SF). Alexandria intends to redevelop the buildings into office/laboratory space upon the expiration of the existing in-place leases.

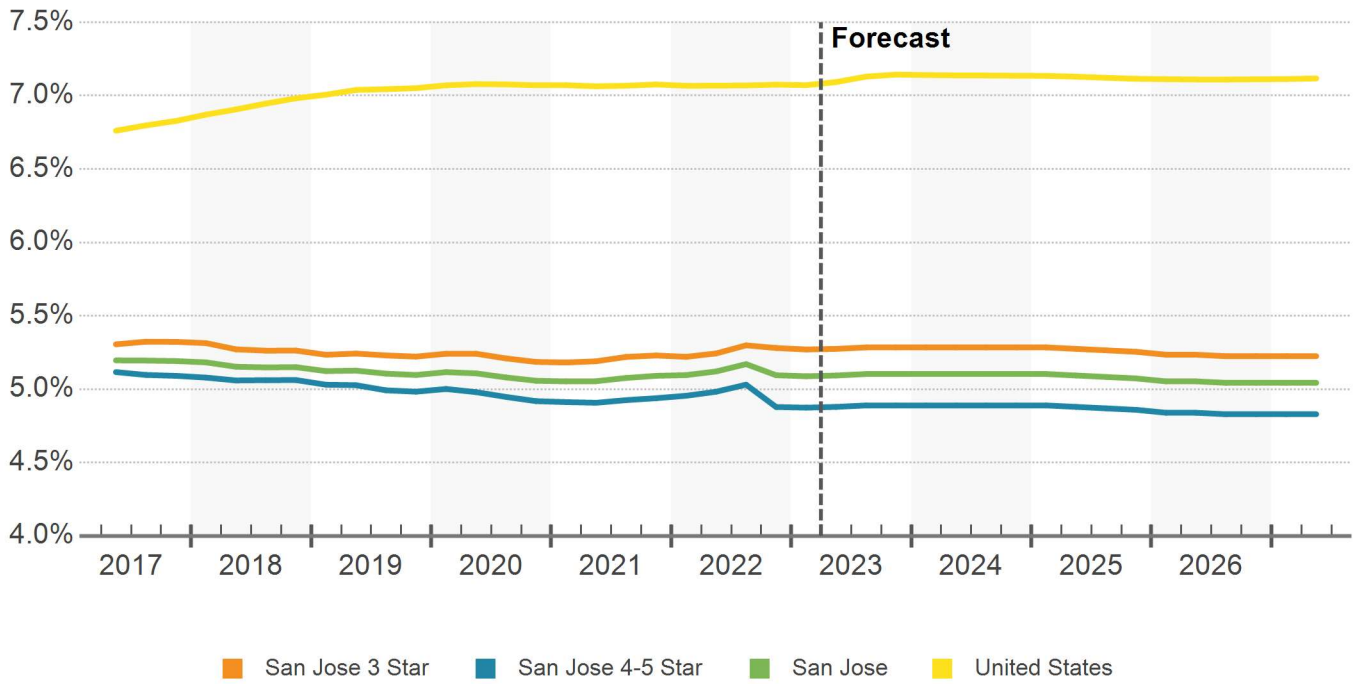
Transaction price growth remained positive during the pandemic. Given the outlook for continued uncertainty around office utilization, the elevated vacancy caused by the extensive volume of new space being delivered to the market, and the general economic slowdown, pricing is projected to remain flat for the next two to three years.

**SALES VOLUME & MARKET SALE PRICE PER SF**





## MARKET CAP RATE



# Sales Past 12 Months

San Jose Office

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

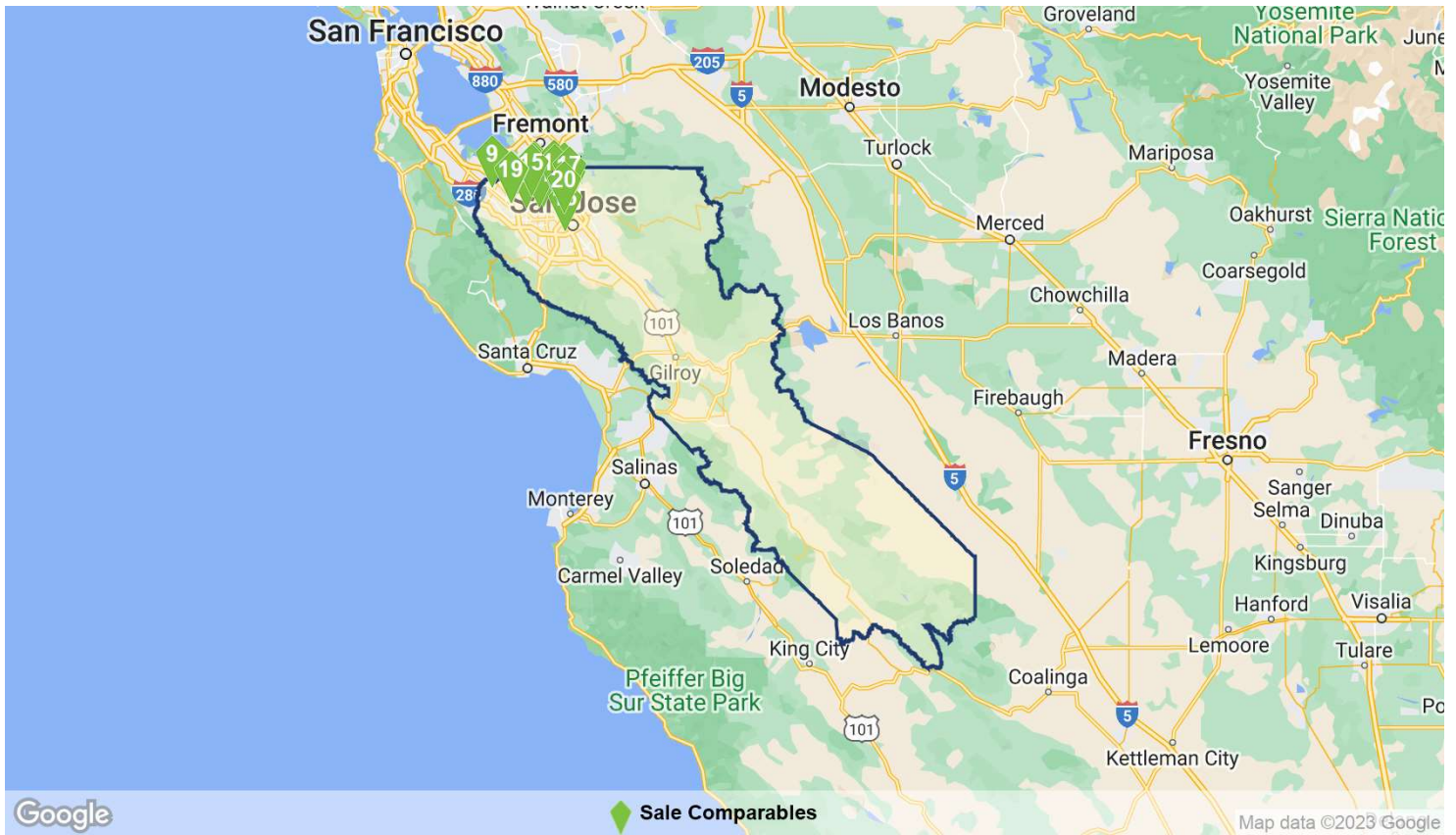
136

4.9%

\$777

11.5%

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$300,000	\$21,968,919	\$3,912,500	\$268,841,464
Price/SF	\$14	\$777	\$552	\$2,145
Cap Rate	3.8%	4.9%	4.8%	6.4%
Time Since Sale in Months	0.1	7.0	7.3	12.0
Property Attributes	Low	Average	Median	High
Building SF	800	31,548	7,811	329,742
Stories	1	2	2	16
Typical Floor SF	800	11,506	4,935	67,109
Vacancy Rate At Sale	0%	11.5%	0%	100%
Year Built	1920	1974	1974	2021
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.4	★ ★ ★ ★ ★	★ ★ ★ ★ ★

# Sales Past 12 Months

San Jose Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
<b>1</b> <b>Java 7</b> 1345 Crossman Ave	★★★★★	2007	198,468	0%	6/7/2022	\$268,841,464	\$1,355	-
<b>2</b> <b>Java 8</b> 1375 Crossman Ave	★★★★★	2009	192,479	0%	6/7/2022	\$263,770,271	\$1,370	-
<b>3</b> <b>1395 Crossman Ave</b>	★★★★★	2008	189,944	0%	6/7/2022	\$258,158,317	\$1,359	-
<b>4</b> <b>Catalyst - Phase I</b> 684 W Maude Ave	★★★★★	2021	194,624	0%	10/28/2022	\$222,000,000	\$1,141	-
<b>5</b> <b>200 S Mathilda Ave</b>	★★★★★	2010	156,960	0%	11/3/2022	\$193,250,000	\$1,231	-
<b>6</b> <b>3303 Scott Blvd</b>	★★★★★	2016	83,590	0%	10/28/2022	\$85,000,000	\$1,017	-
<b>7</b> <b>Java 2</b> 1275 Crossman Ave	★★★★★	1990	138,146	0%	6/7/2022	\$76,229,948	\$552	-
<b>8</b> <b>350 Holger Way</b>	★★★★★	1999	96,502	0%	11/28/2022	\$54,000,000	\$560	6.4%
<b>9</b> <b>250 Cambridge Avenue</b> 250 Cambridge Ave	★★★★★	1986	34,558	67.5%	5/25/2022	\$39,300,000	\$1,137	-
<b>10</b> <b>303 Bryant St</b>	★★★★★	2002	61,500	0%	2/15/2023	\$36,000,000	\$585	-
<b>11</b> <b>350 Cobalt Way</b>	★★★★★	1980	134,218	21.7%	1/20/2023	\$31,005,000	\$231	-
<b>12</b> <b>880 Ridder Park Dr</b>	★★★★★	1996	83,841	0%	8/26/2022	\$26,444,181	\$315	-
<b>13</b> <b>501 Sycamore Dr</b>	★★★★★	1983	71,472	100%	10/3/2022	\$26,190,750	\$366	-
<b>14</b> <b>3553 N 1st St</b>	★★★★★	1984	89,409	96.3%	9/28/2022	\$24,500,000	\$274	-
<b>15</b> <b>385 Moffett Park Dr</b>	★★★★★	1985	79,362	62.2%	9/20/2022	\$23,198,130	\$292	-
<b>16</b> <b>625 Lincoln Ave</b>	★★★★★	2001	35,272	0%	9/2/2022	\$19,500,000	\$553	-
<b>17</b> <b>SV13</b> 2030 Fortune Dr	★★★★★	1983	72,249	0%	10/31/2022	\$18,100,000	\$251	-
<b>18</b> <b>707 California St</b>	★★★★★	1966	10,942	0%	5/12/2022	\$14,000,000	\$1,279	-
<b>19</b> <b>565 Castro St</b>	★★★★★	1955	8,882	0%	4/14/2022	\$13,660,000	\$1,538	-
<b>20</b> <b>Koll Lyon Plaza</b> 1641 N 1st St	★★★★★	1983	45,932	0%	12/29/2022	\$11,000,000	\$239	-

The San Jose economy has fared well in recent years. Tech companies recorded strong earnings growth, and employment recovered from losses incurred during the pandemic.

Employment in the San Jose metro fell 13% immediately following the coronavirus outbreak. While stark, job losses were even more pronounced across the state of California and the nation overall. San Jose's job losses are also lighter than San Francisco's and the East Bay's, due to its concentration of employment in technology companies rather than harder hit sectors like leisure, hospitality, and retail, which make up only around 20% of San Jose's employment base.

Growth in demand for tech products and services led tech companies to hire rapidly during 2020 and 2021. By the middle of 2022, however, with demand softening, and under pressure to manage costs, employers started to initiate hiring freezes and staff layoffs. As these trends continue, companies are evaluating their space needs and identifying office spaces to give up.

Many people left the Bay Area during the pandemic, as their lives and work were impacted by lockdowns and health concerns. In 2023, the metro's population is once again growing but remains -24,000 short of the total population three years ago.

The rate of unemployment declined to a historical low of just 2.2% in the past year, reflecting a high demand for workers. The recent series of tech layoffs across Silicon Valley should provide some much-needed liquidity to the metro's job market.

San Jose and, more broadly, the Bay Area, has firmly established itself as the nation's largest and most prestigious market for tech companies. Highly educated, STEM-field graduates (science, technology, engineering, and mathematics) flock to San Jose and the greater San

Francisco Bay Area in pursuit of employment at one of the many leading tech companies or startups headquartered in Silicon Valley. As a result, the market boasts one of the highest rates of educational attainment in the country, with over 50% of its working-age population possessing a college degree, more than 1.5 times the national rate.

Several factors led to San Jose's prominence in technology. The market is home to one of the nation's premier educational institutions, Stanford University, as well as San Jose State and several other large universities. In conjunction with the culture of innovation that Stanford and Silicon Valley foster, venture capital investment is a key component of the market's success. Technological advancements incubated locally are funded by the nation's largest collection of venture capital firms, many of which are located along Sand Hill Road in Menlo Park. The relationship between tech and venture capitalists in San Jose is symbiotic, with between 30% and 40% of total U.S. venture capital funding typically going to Bay Area-based companies. Venture capital funding to San Jose-based businesses reached a record level in 2021, but deal count and investment value pulled back in 2022 in response to higher interest rates and global economic uncertainty.

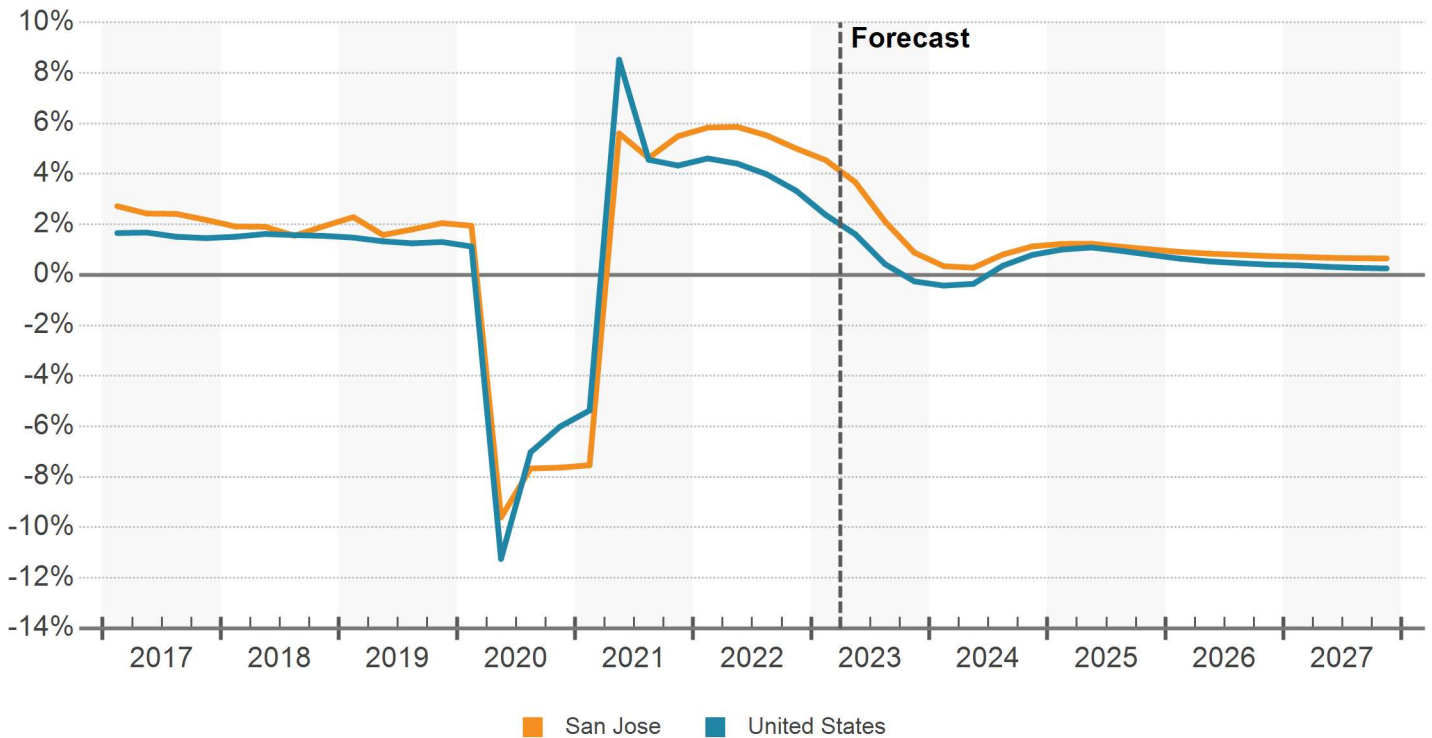
Prohibitive living and business costs are not the only issues of concern for San Jose's economy. While the talent pool associated with the tech industry remains the market's key source of strength, remote working provides the potential for companies to adjust their operating models to comprise a more mobile and distributed workforce, thus diminishing their reliance on local talent pools. The tech industry of today is more mature and profitable than ever before, but the San Jose/Silicon Valley market could potentially see slowing growth if mobile work is adopted at scale permanently, allowing companies to spread their recruiting efforts far and wide.

## SAN JOSE EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	177	1.8	2.21%	2.46%	1.22%	0.77%	0.03%	-0.03%
Trade, Transportation and Utilities	125	0.6	2.82%	0.86%	-0.64%	1.16%	0.00%	0.07%
Retail Trade	79	0.6	3.37%	-0.03%	-0.61%	0.54%	0.20%	0.08%
Financial Activities	37	0.5	-1.68%	1.36%	1.10%	1.39%	0.12%	0.08%
Government	96	0.6	2.59%	1.17%	0.59%	0.25%	0.58%	0.55%
Natural Resources, Mining and Construction	56	0.9	4.21%	2.62%	4.20%	2.40%	0.79%	0.21%
Education and Health Services	194	1.0	4.70%	3.35%	3.13%	1.72%	1.23%	0.53%
Professional and Business Services	263	1.5	4.85%	2.37%	3.13%	2.07%	0.60%	0.33%
Information	115	4.8	5.94%	4.56%	7.61%	1.31%	1.69%	0.22%
Leisure and Hospitality	105	0.8	11.06%	4.71%	1.96%	1.35%	1.71%	1.03%
Other Services	26	0.6	8.55%	2.54%	0.30%	0.59%	1.14%	0.30%
<b>Total Employment</b>	<b>1,195</b>	<b>1.0</b>	<b>4.48%</b>	<b>2.31%</b>	<b>2.28%</b>	<b>1.28%</b>	<b>0.77%</b>	<b>0.37%</b>

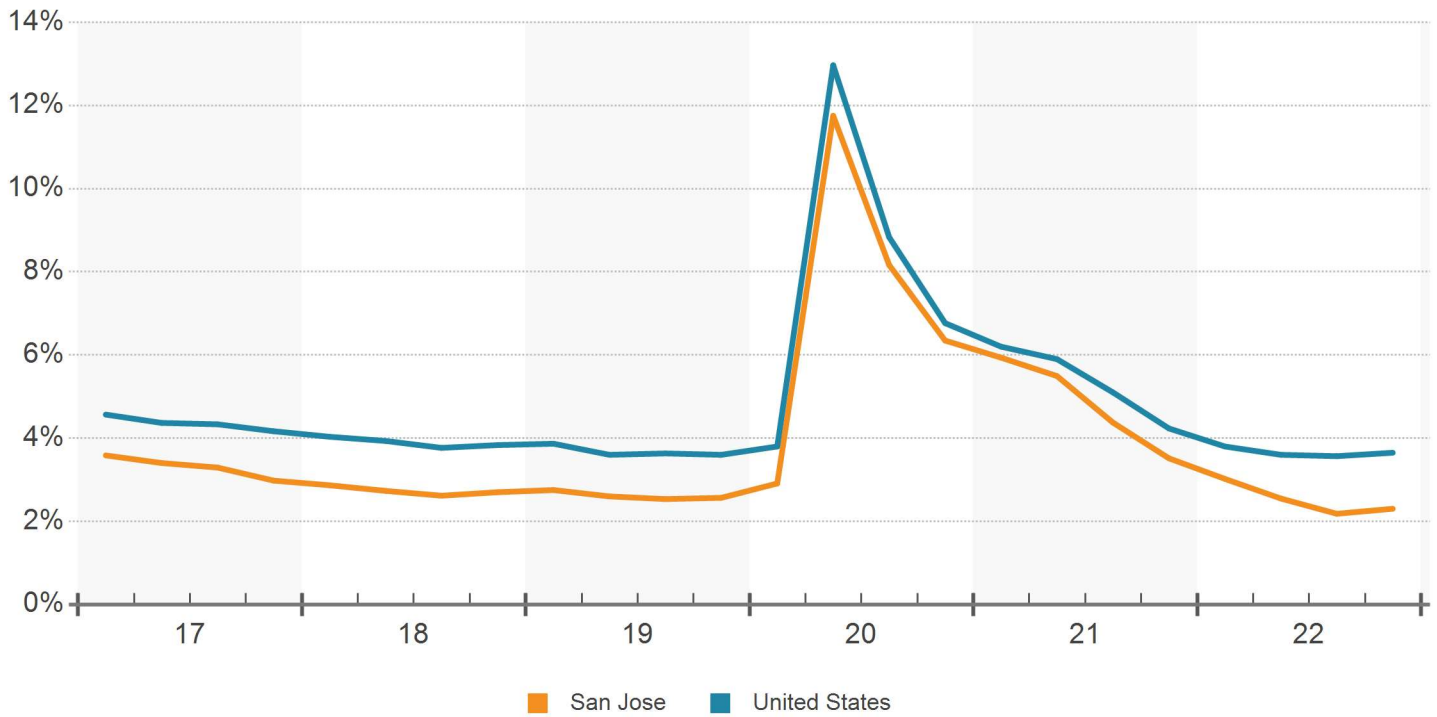
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

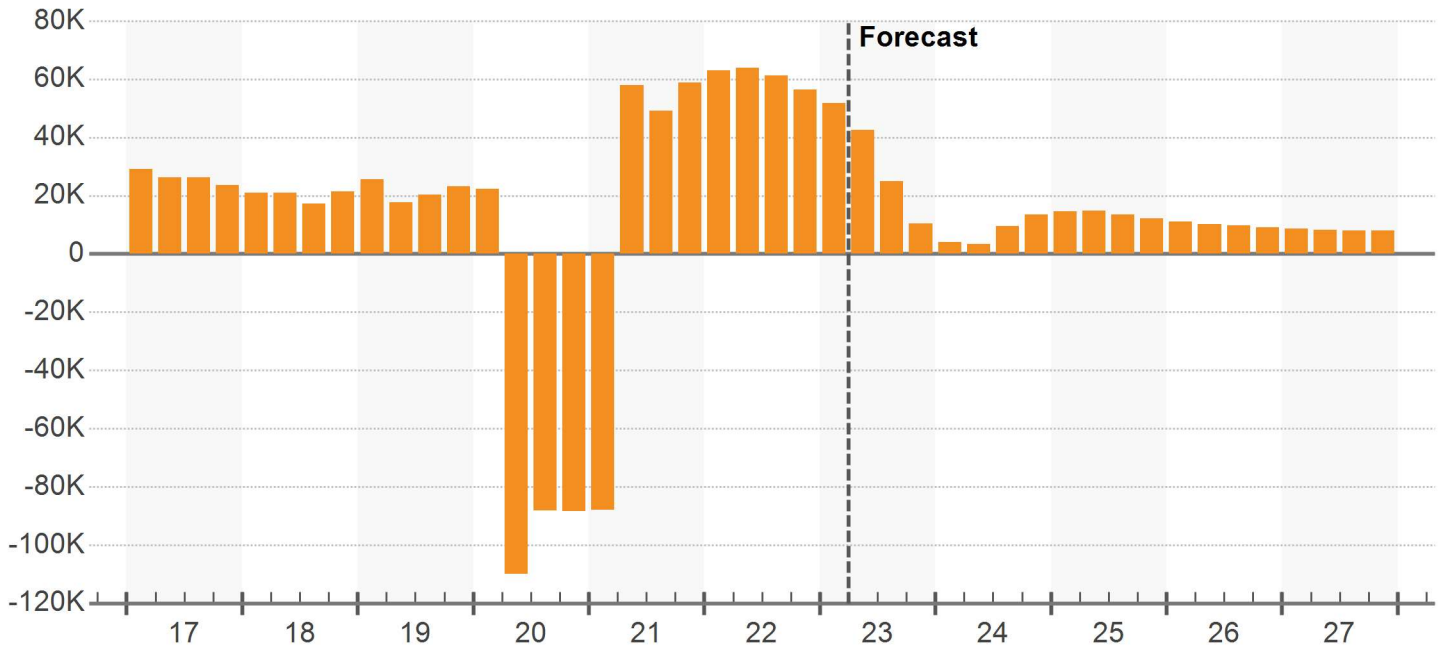


Source: Oxford Economics

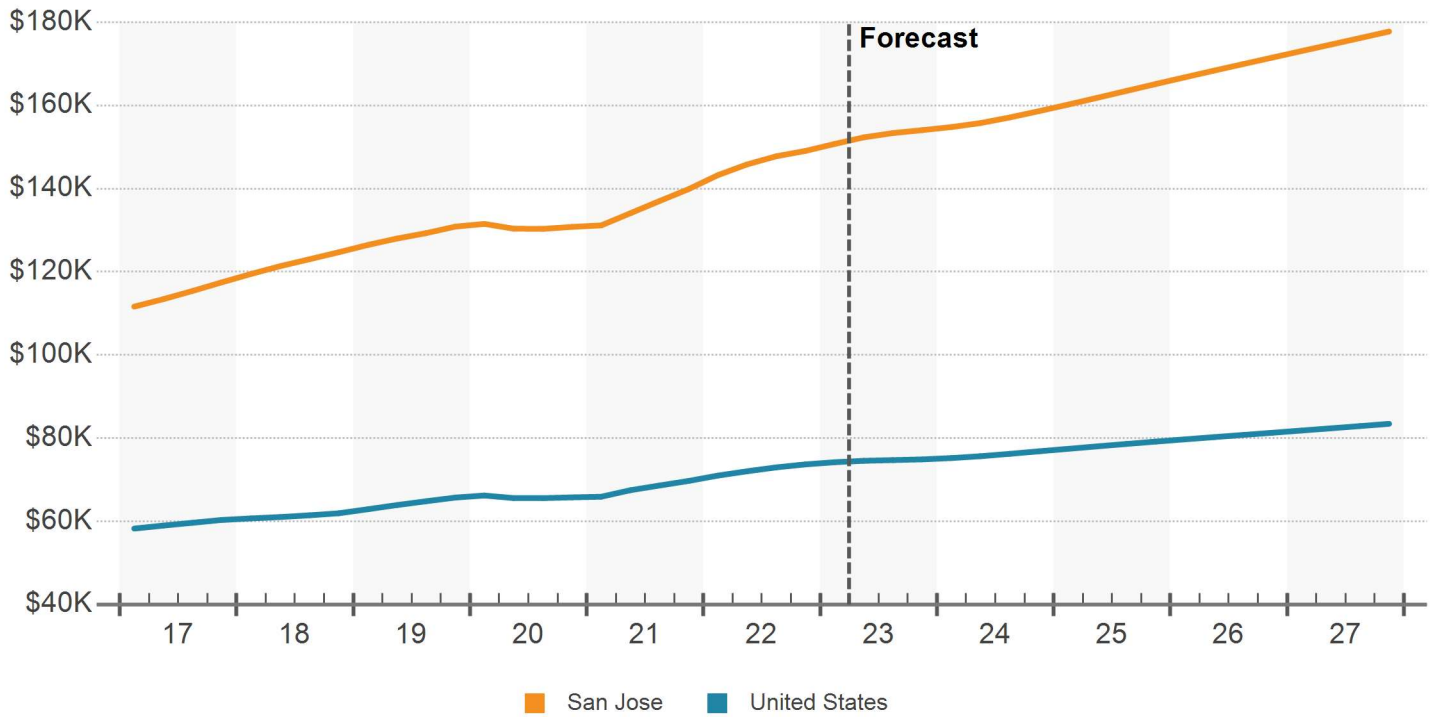
## UNEMPLOYMENT RATE (%)



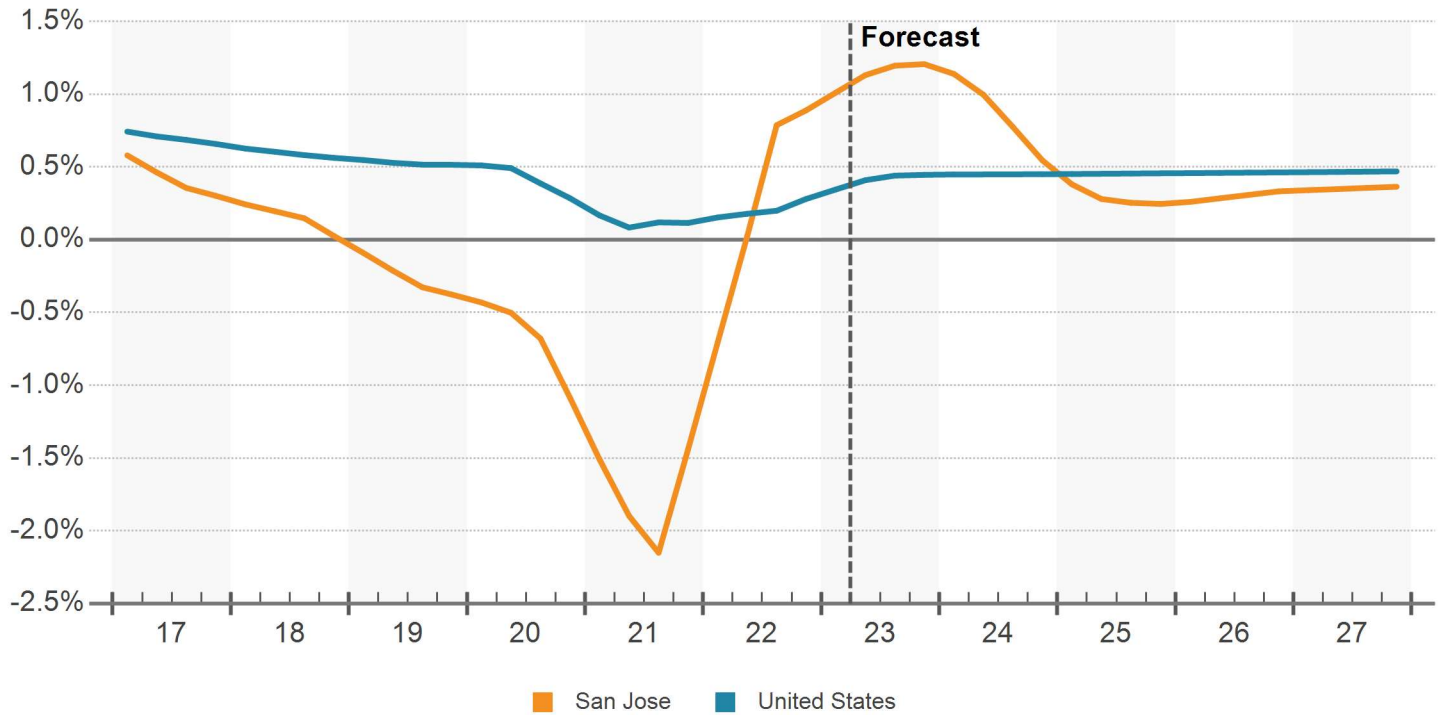
## NET EMPLOYMENT CHANGE (YOY)



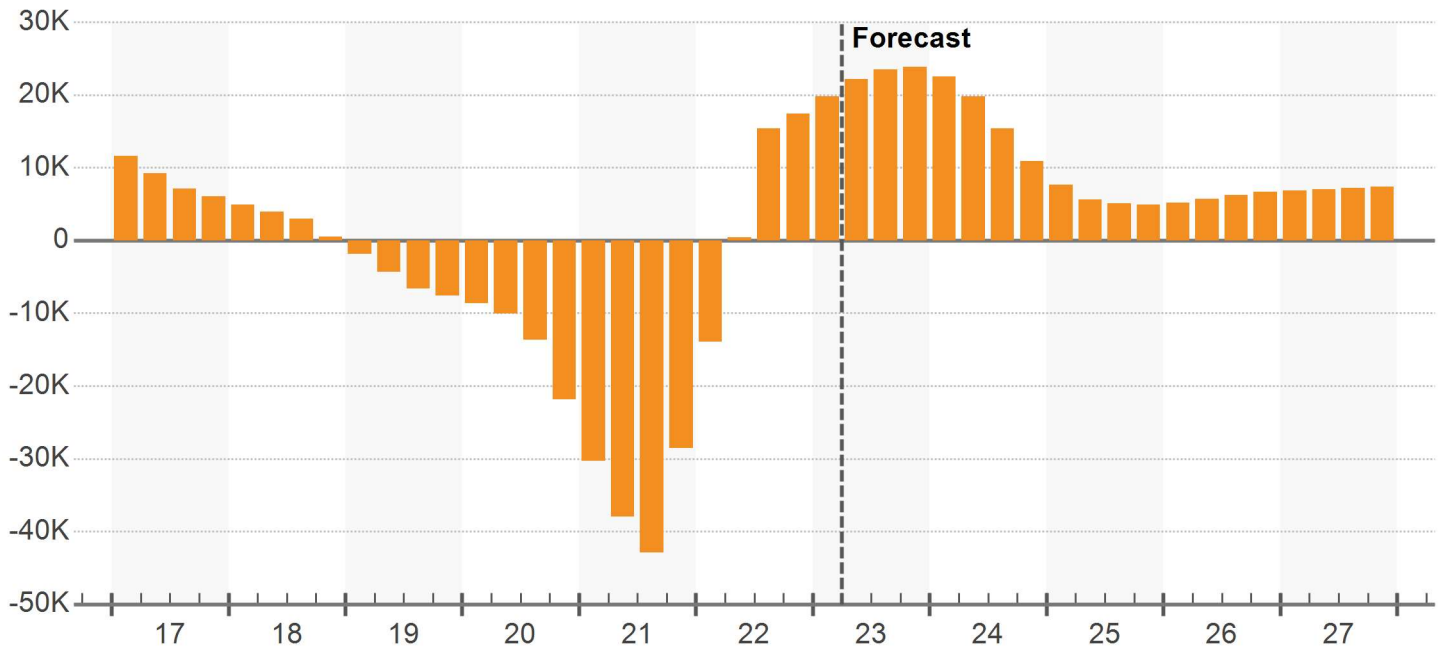
## MEDIAN HOUSEHOLD INCOME



## POPULATION GROWTH (YOY %)



## NET POPULATION CHANGE (YOY)

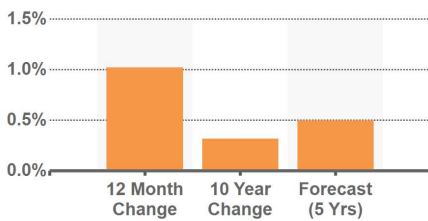


## DEMOGRAPHIC TRENDS

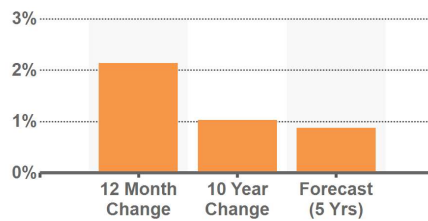
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,979,648	333,325,500	1.0%	0.3%	0.3%	0.5%	0.5%	0.5%
Households	687,127	129,349,414	1.5%	0.9%	0.5%	0.8%	0.6%	0.6%
Median Household Income	\$150,866	\$74,245	5.2%	4.4%	5.2%	3.7%	3.5%	2.5%
Labor Force	1,096,923	165,160,672	2.1%	0.7%	1.0%	0.6%	0.9%	0.4%
Unemployment	2.3%	3.7%	-0.7%	-0.1%	-0.5%	-0.4%	-	-

Source: Oxford Economics

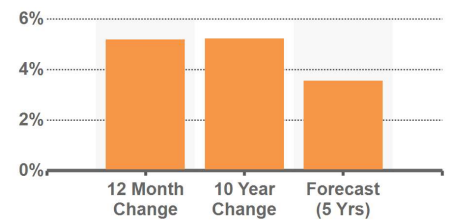
### POPULATION GROWTH



### LABOR FORCE GROWTH



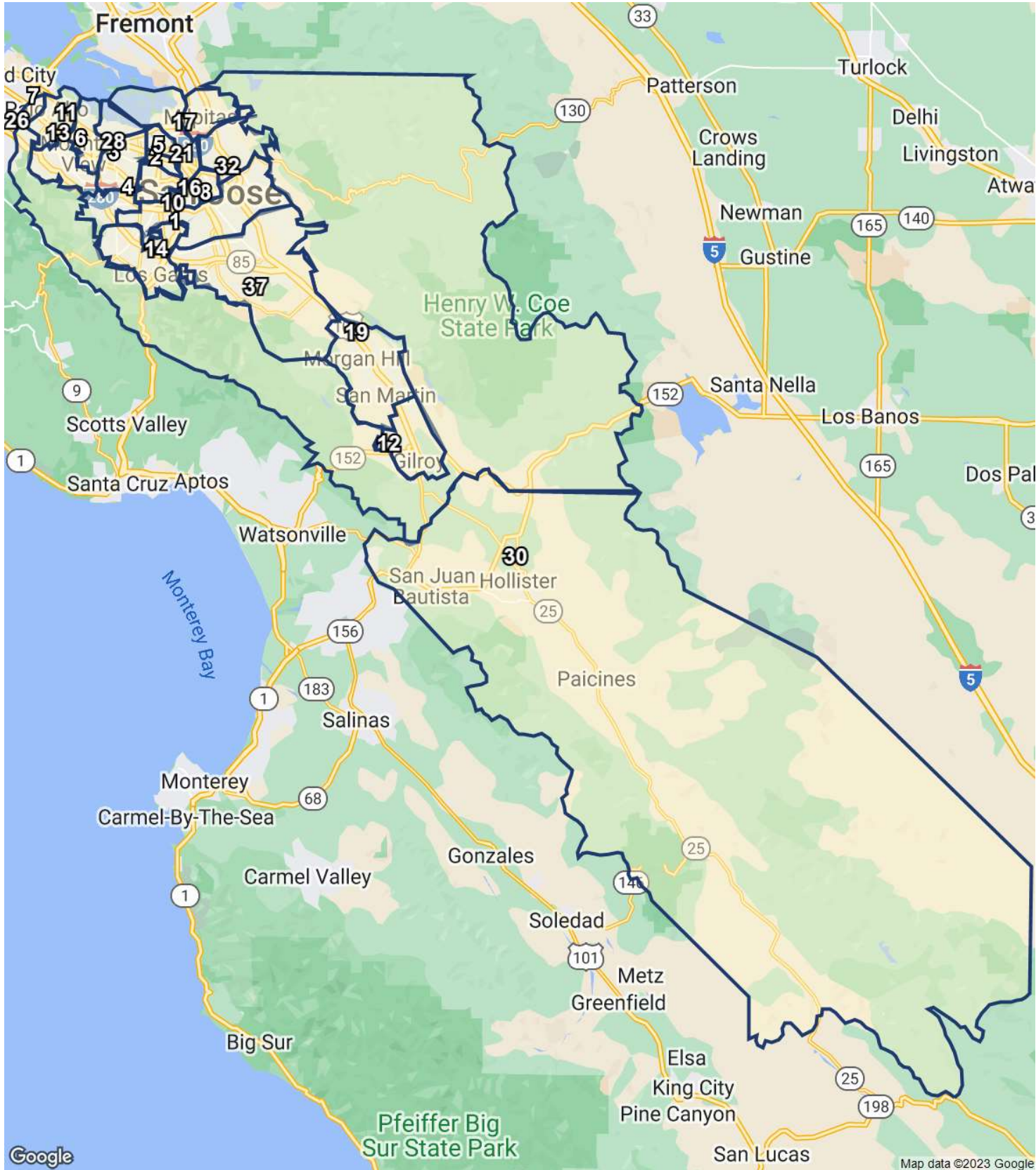
### INCOME GROWTH



Source: Oxford Economics



## SAN JOSE SUBMARKETS



# Submarkets

San Jose Office

## SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Campbell	194	2,986	2.1%	16	0	0	0%	-	1	166	5.6%	8
2	Central Santa Clara	99	8,339	5.9%	8	1	692	8.3%	3	2	534	6.4%	5
3	Central Sunnyvale	0	-	0%	-	0	0	-	-	0	-	-	-
4	Cupertino	169	7,745	5.5%	9	0	0	0%	-	0	-	-	-
5	De La Cruz	0	-	0%	-	0	0	-	-	0	-	-	-
6	Downtown Mountain View	0	-	0%	-	0	0	-	-	0	-	-	-
7	Downtown Palo Alto	263	3,842	2.7%	12	0	0	0%	-	0	-	-	-
8	Downtown San Jose	360	13,091	9.2%	3	1	750	5.7%	2	6	2,194	16.8%	1
9	East Arques Ave Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
10	East San Jose-Willow Glen	410	3,448	2.4%	14	1	14	0.4%	7	1	232	6.7%	7
11	Embarcadero/101	0	-	0%	-	0	0	-	-	0	-	-	-
12	Gilroy	105	724	0.5%	23	0	0	0%	-	0	-	-	-
13	Los Altos	142	1,455	1.0%	20	0	0	0%	-	0	-	-	-
14	Los Gatos	0	-	0%	-	0	0	-	-	0	-	-	-
15	Los Gatos/Saratoga	282	3,211	2.3%	15	1	6	0.2%	8	0	-	-	-
16	Midtown San Jose	263	2,547	1.8%	17	0	0	0%	-	0	-	-	-
17	Milpitas	108	4,892	3.5%	10	0	0	0%	-	0	-	-	-
18	Moffett Park	63	11,839	8.4%	4	4	400	3.4%	5	4	1,540	13.0%	3
19	Morgan Hill	111	1,298	0.9%	21	0	0	0%	-	0	-	-	-
20	Mountain View	357	14,206	10.0%	2	3	1,265	8.9%	1	3	1,623	11.4%	2
21	N. San Jose - Brokaw	0	-	0%	-	0	0	-	-	0	-	-	-
22	N.E. Santa Clara	0	-	0%	-	0	0	-	-	0	-	-	-
23	North San Jose	226	17,565	12.4%	1	0	0	0%	-	0	-	-	-
24	North Santa Clara	115	10,258	7.2%	7	0	0	0%	-	0	-	-	-
25	Oak Creek	0	-	0%	-	0	0	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	5	53	0%	24	0	0	0%	-	0	-	-	-
27	Palo Alto	311	10,642	7.5%	6	0	0	0%	-	1	15	0.1%	9
28	Peery Park	0	-	0%	-	0	0	-	-	0	-	-	-
29	Plumeria Drive	0	-	0%	-	0	0	-	-	0	-	-	-
30	San Benito County	117	743	0.5%	22	0	0	0%	-	0	-	-	-
31	San Jose East	0	-	0%	-	0	0	-	-	0	-	-	-
32	San Jose, IBP East	0	-	0%	-	0	0	-	-	0	-	-	-
33	San Jose-Berryessa	104	1,822	1.3%	18	0	0	0%	-	0	-	-	-
34	Scott Blvd Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
35	Shoreline Corridor North	0	-	0%	-	0	0	-	-	0	-	-	-
36	Shoreline Corridor South	0	-	0%	-	0	0	-	-	0	-	-	-
37	South San Jose	220	4,207	3.0%	11	1	70	1.7%	6	0	-	-	-
38	South Santa Clara	154	1,731	1.2%	19	0	0	0%	-	1	234	13.5%	6
39	Sunnyvale	242	11,489	8.1%	5	3	449	3.9%	4	3	854	7.4%	4
40	Sunnyvale Triangle	0	-	0%	-	0	0	-	-	0	-	-	-
41	West Mountain View	0	-	0%	-	0	0	-	-	0	-	-	-
42	West San Jose	224	3,502	2.5%	13	0	0	0%	-	0	-	-	-

## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Campbell	\$52.51	12	-1.0%	16	-7.0%	18
2	Central Santa Clara	\$56.81	9	-3.1%	23	-12.0%	21
3	Central Sunnyvale	-	-	-	-	-	-
4	Cupertino	\$67.89	6	-3.0%	22	-10.3%	20
5	De La Cruz	-	-	-	-	-	-
6	Downtown Mountain View	-	-	-	-	-	-
7	Downtown Palo Alto	\$100.89	1	1.1%	4	39.1%	1
8	Downtown San Jose	\$51.72	14	-2.2%	19	-5.9%	17
9	East Arques Ave Corridor	-	-	-	-	-	-
10	East San Jose-Willow Glen	\$46.64	19	1.1%	5	4.3%	8
11	Embarcadero/101	-	-	-	-	-	-
12	Gilroy	\$42.98	22	1.2%	3	3.1%	10
13	Los Altos	\$65.30	7	0.7%	8	2.7%	11
14	Los Gatos	-	-	-	-	-	-
15	Los Gatos/Saratoga	\$58.17	8	-0.4%	13	-1.0%	12
16	Midtown San Jose	\$43.91	21	0.4%	11	-12.7%	22
17	Milpitas	\$48.85	17	-0.1%	12	18.3%	4
18	Moffett Park	\$71.13	4	-4.0%	24	-15.9%	23
19	Morgan Hill	\$41.73	23	1.4%	1	13.5%	6
20	Mountain View	\$74.63	3	-2.3%	20	-2.9%	13
21	N. San Jose - Brokaw	-	-	-	-	-	-
22	N.E. Santa Clara	-	-	-	-	-	-
23	North San Jose	\$51.79	13	-1.8%	17	3.2%	9
24	North Santa Clara	\$51.41	15	-2.2%	18	-3.6%	14
25	Oak Creek	-	-	-	-	-	-
26	Outlying Santa Clara Cnty	\$55.61	10	1.3%	2	27.1%	2
27	Palo Alto	\$86.83	2	0.6%	9	19.2%	3
28	Peery Park	-	-	-	-	-	-
29	Plumeria Drive	-	-	-	-	-	-
30	San Benito County	\$38.71	24	0.7%	7	-30.9%	24
31	San Jose East	-	-	-	-	-	-
32	San Jose, IBP East	-	-	-	-	-	-
33	San Jose-Berryessa	\$45.89	20	0.8%	6	16.3%	5
34	Scott Blvd Corridor	-	-	-	-	-	-
35	Shoreline Corridor North	-	-	-	-	-	-
36	Shoreline Corridor South	-	-	-	-	-	-
37	South San Jose	\$46.85	18	0.5%	10	8.1%	7
38	South Santa Clara	\$49.37	16	-0.7%	14	-4.7%	16
39	Sunnyvale	\$69.55	5	-2.3%	21	-4.5%	15
40	Sunnyvale Triangle	-	-	-	-	-	-
41	West Mountain View	-	-	-	-	-	-
42	West San Jose	\$54.44	11	-0.8%	15	-8.8%	19

# Submarkets

San Jose Office

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Campbell	651,859	21.8%	22	(198,369)	-6.6%	40	-
2	Central Santa Clara	489,769	5.9%	9	1,155,080	13.9%	1	-
3	Central Sunnyvale	-	-	-	0	-	-	-
4	Cupertino	356,121	4.6%	7	11,108	0.1%	12	-
5	De La Cruz	-	-	-	0	-	-	-
6	Downtown Mountain View	-	-	-	0	-	-	-
7	Downtown Palo Alto	404,135	10.5%	14	(147,821)	-3.8%	39	-
8	Downtown San Jose	2,139,283	16.3%	19	546,424	4.2%	3	1.4
9	East Arques Ave Corridor	-	-	-	0	-	-	-
10	East San Jose-Willow Glen	178,664	5.2%	8	22,180	0.6%	9	0.6
11	Embarcadero/101	-	-	-	0	-	-	-
12	Gilroy	5,798	0.8%	1	11,305	1.6%	11	-
13	Los Altos	153,911	10.6%	15	13,442	0.9%	10	-
14	Los Gatos	-	-	-	0	-	-	-
15	Los Gatos/Saratoga	292,865	9.1%	12	(111,356)	-3.5%	38	-
16	Midtown San Jose	197,043	7.7%	11	(3,134)	-0.1%	32	-
17	Milpitas	449,420	9.2%	13	104,268	2.1%	6	-
18	Moffett Park	446,628	3.8%	3	305,638	2.6%	5	1.0
19	Morgan Hill	23,555	1.8%	2	(4,612)	-0.4%	34	-
20	Mountain View	1,505,478	10.6%	16	529,035	3.7%	4	-
21	N. San Jose - Brokaw	-	-	-	0	-	-	-
22	N.E. Santa Clara	-	-	-	0	-	-	-
23	North San Jose	3,080,328	17.5%	20	(381,357)	-2.2%	41	-
24	North Santa Clara	3,261,293	31.8%	23	(609,885)	-5.9%	42	-
25	Oak Creek	-	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	-	-	-	0	0%	-	-
27	Palo Alto	1,509,297	14.2%	18	(93,389)	-0.9%	36	-
28	Peery Park	-	-	-	0	-	-	-
29	Plumeria Drive	-	-	-	0	-	-	-
30	San Benito County	30,849	4.2%	6	(7,885)	-1.1%	35	-
31	San Jose East	-	-	-	0	-	-	-
32	San Jose, IBP East	-	-	-	0	-	-	-
33	San Jose-Berryessa	69,724	3.8%	4	(3,183)	-0.2%	33	-
34	Scott Blvd Corridor	-	-	-	0	-	-	-
35	Shoreline Corridor North	-	-	-	0	-	-	-
36	Shoreline Corridor South	-	-	-	0	-	-	-
37	South San Jose	164,010	3.9%	5	30,317	0.7%	7	2.3
38	South Santa Clara	112,943	6.5%	10	25,294	1.5%	8	-
39	Sunnyvale	1,519,660	13.2%	17	705,406	6.1%	2	0.4
40	Sunnyvale Triangle	-	-	-	0	-	-	-
41	West Mountain View	-	-	-	0	-	-	-
42	West San Jose	747,619	21.3%	21	(101,865)	-2.9%	37	-

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	153,161,036	1,990,999	1.3%	2,404,581	1.6%	0.8
2026	151,170,037	2,007,405	1.3%	2,375,865	1.6%	0.8
2025	149,162,632	3,220,598	2.2%	2,549,123	1.7%	1.3
2024	145,942,034	1,137,560	0.8%	942,786	0.6%	1.2
2023	144,804,474	4,225,855	3.0%	976,759	0.7%	4.3
YTD	141,634,507	1,055,888	0.8%	107,147	0.1%	9.9
2022	140,578,619	2,528,692	1.8%	2,465,106	1.8%	1.0
2021	138,049,927	3,653,174	2.7%	1,320,697	1.0%	2.8
2020	134,396,753	1,481,745	1.1%	(777,371)	-0.6%	-
2019	132,915,008	1,259,728	1.0%	1,197,591	0.9%	1.1
2018	131,655,280	3,414,856	2.7%	2,777,416	2.1%	1.2
2017	128,240,424	7,670,748	6.4%	5,753,710	4.5%	1.3
2016	120,569,676	2,861,902	2.4%	1,698,837	1.4%	1.7
2015	117,707,774	2,976,521	2.6%	5,639,737	4.8%	0.5
2014	114,731,253	1,117,661	1.0%	1,646,708	1.4%	0.7
2013	113,613,592	2,343,331	2.1%	2,951,903	2.6%	0.8
2012	111,270,261	403,564	0.4%	2,742,993	2.5%	0.1
2011	110,866,697	(1,421,111)	-1.3%	1,285,406	1.2%	-

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	78,864,886	2,458,759	3.2%	2,499,057	3.2%	1.0
2026	76,406,127	2,469,698	3.3%	2,549,226	3.3%	1.0
2025	73,936,429	3,695,510	5.3%	3,122,378	4.2%	1.2
2024	70,240,919	1,627,489	2.4%	1,587,576	2.3%	1.0
2023	68,613,430	4,541,988	7.1%	2,219,558	3.2%	2.0
YTD	65,121,442	1,050,000	1.6%	465,229	0.7%	2.3
2022	64,071,442	3,046,051	5.0%	2,992,128	4.7%	1.0
2021	61,025,391	3,798,033	6.6%	2,452,831	4.0%	1.5
2020	57,227,358	1,852,807	3.3%	684,380	1.2%	2.7
2019	55,374,551	1,302,876	2.4%	2,335,212	4.2%	0.6
2018	54,071,675	3,801,507	7.6%	3,465,394	6.4%	1.1
2017	50,270,168	7,863,934	18.5%	6,329,870	12.6%	1.2
2016	42,406,234	3,140,080	8.0%	1,339,453	3.2%	2.3
2015	39,266,154	3,814,068	10.8%	5,029,154	12.8%	0.8
2014	35,452,086	1,927,700	5.8%	1,523,126	4.3%	1.3
2013	33,524,386	2,493,859	8.0%	3,317,445	9.9%	0.8
2012	31,030,527	498,820	1.6%	1,665,356	5.4%	0.3
2011	30,531,707	99,564	0.3%	522,795	1.7%	0.2

# Supply & Demand Trends

San Jose Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	51,033,186	7,304	0%	268,070	0.5%	0
2026	51,025,882	6,829	0%	147,746	0.3%	0
2025	51,019,053	4,664	0%	(109,914)	-0.2%	-
2024	51,014,389	397	0%	(107,917)	-0.2%	-
2023	51,013,992	(77,100)	-0.2%	(610,464)	-1.2%	-
YTD	51,096,980	5,888	0%	(237,775)	-0.5%	-
2022	51,091,092	(185,892)	-0.4%	(1,380)	0%	-
2021	51,276,984	51,326	0.1%	(785,352)	-1.5%	-
2020	51,225,658	(102,698)	-0.2%	(592,777)	-1.2%	-
2019	51,328,356	173,170	0.3%	(788,204)	-1.5%	-
2018	51,155,186	(271,594)	-0.5%	(619,447)	-1.2%	-
2017	51,426,780	(148,496)	-0.3%	(457,999)	-0.9%	-
2016	51,575,276	(64,397)	-0.1%	196,409	0.4%	-
2015	51,639,673	(422,455)	-0.8%	744,922	1.4%	-
2014	52,062,128	(458,540)	-0.9%	(26,883)	-0.1%	-
2013	52,520,668	45,587	0.1%	(360,731)	-0.7%	-
2012	52,475,081	104,918	0.2%	1,017,576	1.9%	0.1
2011	52,370,163	(1,258,964)	-2.3%	639,892	1.2%	-

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	23,262,964	(475,064)	-2.0%	(362,546)	-1.6%	-
2026	23,738,028	(469,122)	-1.9%	(321,107)	-1.4%	-
2025	24,207,150	(479,576)	-1.9%	(463,341)	-1.9%	-
2024	24,686,726	(490,326)	-1.9%	(536,873)	-2.2%	-
2023	25,177,052	(239,033)	-0.9%	(632,335)	-2.5%	-
YTD	25,416,085	0	0%	(120,307)	-0.5%	-
2022	25,416,085	(331,467)	-1.3%	(525,642)	-2.1%	-
2021	25,747,552	(196,185)	-0.8%	(346,782)	-1.3%	-
2020	25,943,737	(268,364)	-1.0%	(868,974)	-3.3%	-
2019	26,212,101	(216,318)	-0.8%	(349,417)	-1.3%	-
2018	26,428,419	(115,057)	-0.4%	(68,531)	-0.3%	-
2017	26,543,476	(44,690)	-0.2%	(118,161)	-0.4%	-
2016	26,588,166	(213,781)	-0.8%	162,975	0.6%	-
2015	26,801,947	(415,092)	-1.5%	(134,339)	-0.5%	-
2014	27,217,039	(351,499)	-1.3%	150,465	0.6%	-
2013	27,568,538	(196,115)	-0.7%	(4,811)	0%	-
2012	27,764,653	(200,174)	-0.7%	60,061	0.2%	-
2011	27,964,827	(261,711)	-0.9%	122,719	0.4%	-

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$67.59	186	4.0%	6.2%	20,392,159	13.3%	-0.4%
2026	\$65.01	179	3.7%	2.1%	20,803,985	13.8%	-0.4%
2025	\$62.70	172	2.8%	-1.5%	21,167,485	14.2%	0.1%
2024	\$61	167	-1.3%	-4.2%	20,491,893	14.0%	0%
2023	\$61.79	170	0%	-2.9%	20,293,409	14.0%	2.0%
YTD	\$61.85	170	-1.6%	-2.8%	17,790,252	12.6%	0.6%
2022	\$61.80	170	-2.9%	-2.9%	16,841,511	12.0%	-0.2%
2021	\$63.66	175	2.3%	0%	16,777,925	12.2%	1.4%
2020	\$62.20	171	-0.6%	-2.3%	14,425,387	10.7%	1.6%
2019	\$62.59	172	5.1%	-1.7%	12,166,663	9.2%	-0.1%
2018	\$59.58	164	7.4%	-6.4%	12,209,133	9.3%	0.3%
2017	\$55.48	152	1.5%	-12.9%	11,514,327	9.0%	0.9%
2016	\$54.64	150	6.4%	-14.2%	9,772,098	8.1%	0.8%
2015	\$51.33	141	14.0%	-19.4%	8,609,033	7.3%	-2.5%
2014	\$45.02	124	11.5%	-29.3%	11,271,988	9.8%	-0.6%
2013	\$40.37	111	7.8%	-36.6%	11,801,035	10.4%	-0.8%
2012	\$37.47	103	10.5%	-41.1%	12,409,868	11.2%	-2.2%
2011	\$33.90	93	10.3%	-46.8%	14,749,297	13.3%	-2.2%

## 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$73.74	191	4.0%	1.8%	10,795,704	13.7%	-0.5%
2026	\$70.93	184	3.7%	-2.1%	10,836,708	14.2%	-0.6%
2025	\$68.41	177	2.8%	-5.5%	10,916,916	14.8%	0%
2024	\$66.56	172	-1.3%	-8.1%	10,344,469	14.7%	-0.3%
2023	\$67.43	175	-0.8%	-6.9%	10,304,743	15.0%	2.6%
YTD	\$67.61	175	-4.2%	-6.7%	8,567,076	13.2%	0.7%
2022	\$67.95	176	-6.2%	-6.2%	7,982,305	12.5%	-0.5%
2021	\$72.43	188	2.9%	0%	7,928,382	13.0%	1.5%
2020	\$70.36	182	3.3%	-2.8%	6,583,180	11.5%	1.7%
2019	\$68.10	176	6.8%	-6.0%	5,414,753	9.8%	-2.1%
2018	\$63.79	165	7.0%	-11.9%	6,447,089	11.9%	-0.2%
2017	\$59.63	155	1.1%	-17.7%	6,110,976	12.2%	1.1%
2016	\$58.97	153	6.3%	-18.6%	4,693,712	11.1%	3.7%
2015	\$55.49	144	15.4%	-23.4%	2,893,085	7.4%	-4.2%
2014	\$48.08	125	11.8%	-33.6%	4,108,171	11.6%	0.5%
2013	\$43.01	111	6.5%	-40.6%	3,703,597	11.0%	-3.5%
2012	\$40.39	105	11.7%	-44.2%	4,527,183	14.6%	-4.1%
2011	\$36.16	94	11.3%	-50.1%	5,693,719	18.6%	-1.5%

## 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$66.10	184	3.9%	8.7%	6,969,051	13.7%	-0.5%
2026	\$63.60	177	3.7%	4.6%	7,229,930	14.2%	-0.3%
2025	\$61.35	171	2.7%	0.9%	7,370,940	14.4%	0.2%
2024	\$59.72	166	-1.3%	-1.8%	7,256,468	14.2%	0.2%
2023	\$60.52	169	1.7%	-0.5%	7,148,178	14.0%	1.5%
YTD	\$60.30	168	2.0%	-0.8%	6,658,438	13.0%	0.5%
2022	\$59.52	166	1.1%	-2.1%	6,414,775	12.6%	-0.3%
2021	\$58.85	164	2.1%	-3.2%	6,599,287	12.9%	1.6%
2020	\$57.62	161	-5.3%	-5.3%	5,762,609	11.2%	1.0%
2019	\$60.82	170	3.3%	0%	5,272,922	10.3%	1.7%
2018	\$58.85	164	9.6%	-3.2%	4,407,098	8.6%	0.8%
2017	\$53.70	150	1.5%	-11.7%	4,002,668	7.8%	0.5%
2016	\$52.89	147	5.8%	-13.0%	3,751,174	7.3%	-0.5%
2015	\$49.98	139	12.6%	-17.8%	4,011,980	7.8%	-2.2%
2014	\$44.38	124	11.3%	-27.0%	5,179,096	9.9%	-0.7%
2013	\$39.88	111	8.6%	-34.4%	5,610,753	10.7%	0.8%
2012	\$36.73	102	9.6%	-39.6%	5,204,696	9.9%	-1.8%
2011	\$33.52	93	10.5%	-44.9%	6,117,354	11.7%	-3.3%

## 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$53.08	169	4.1%	5.2%	2,627,404	11.3%	-0.2%
2026	\$50.98	163	3.8%	1.1%	2,737,347	11.5%	-0.4%
2025	\$49.11	157	2.9%	-2.7%	2,879,629	11.9%	0.2%
2024	\$47.72	152	-1.2%	-5.4%	2,890,956	11.7%	0.4%
2023	\$48.28	154	-1.2%	-4.3%	2,840,488	11.3%	1.7%
YTD	\$48.55	155	0.6%	-3.8%	2,564,738	10.1%	0.5%
2022	\$48.87	156	1.1%	-3.1%	2,444,431	9.6%	0.9%
2021	\$48.33	154	0.3%	-4.2%	2,250,256	8.7%	0.7%
2020	\$48.17	154	-4.5%	-4.5%	2,079,598	8.0%	2.4%
2019	\$50.45	161	2.9%	0%	1,478,988	5.6%	0.5%
2018	\$49.04	157	3.9%	-2.8%	1,354,946	5.1%	-0.2%
2017	\$47.21	151	3.0%	-6.4%	1,400,683	5.3%	0.3%
2016	\$45.82	146	8.6%	-9.2%	1,327,212	5.0%	-1.4%
2015	\$42.21	135	12.2%	-16.3%	1,703,968	6.4%	-0.9%
2014	\$37.61	120	11.2%	-25.4%	1,984,721	7.3%	-1.7%
2013	\$33.83	108	10.5%	-32.9%	2,486,685	9.0%	-0.6%
2012	\$30.62	98	8.5%	-39.3%	2,677,989	9.6%	-0.9%
2011	\$28.22	90	6.5%	-44.1%	2,938,224	10.5%	-1.3%



## OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$775.61	271	5.0%
2026	-	-	-	-	-	-	\$743.54	260	5.0%
2025	-	-	-	-	-	-	\$711.62	248	5.1%
2024	-	-	-	-	-	-	\$690.96	241	5.1%
2023	-	-	-	-	-	-	\$703.28	246	5.1%
YTD	23	\$93.5M	0.2%	\$6,676,893	\$377.10	4.5%	\$714.27	249	5.1%
2022	148	\$2.4B	2.2%	\$17,471,497	\$817.46	4.8%	\$713.47	249	5.1%
2021	209	\$5.3B	5.5%	\$26,837,731	\$743.07	4.5%	\$688.31	240	5.1%
2020	133	\$2.9B	3.4%	\$23,683,262	\$640.74	5.1%	\$676.94	236	5.1%
2019	279	\$4.4B	5.9%	\$23,647,619	\$581.64	5.4%	\$658.43	230	5.1%
2018	289	\$3.6B	5.7%	\$19,815,277	\$590.51	5.2%	\$612.29	214	5.2%
2017	312	\$3.8B	6.8%	\$21,239,119	\$482.91	5.4%	\$564.74	197	5.2%
2016	288	\$2.5B	5.7%	\$11,794,678	\$411.96	5.3%	\$542.82	190	5.2%
2015	326	\$3.7B	11.0%	\$16,643,231	\$459.38	5.7%	\$499.26	174	5.3%
2014	238	\$2B	5.5%	\$10,565,521	\$369.28	5.4%	\$438.36	153	5.5%
2013	286	\$2.5B	6.8%	\$12,041,632	\$364.68	7.1%	\$383.60	134	5.9%
2012	288	\$1.2B	5.5%	\$8,605,542	\$269.25	6.6%	\$342.72	120	6.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$888.77	275	4.8%
2026	-	-	-	-	-	-	\$852.08	264	4.8%
2025	-	-	-	-	-	-	\$815.39	252	4.9%
2024	-	-	-	-	-	-	\$791.59	245	4.9%
2023	-	-	-	-	-	-	\$805.66	249	4.9%
YTD	-	-	-	-	-	-	\$820.27	254	4.9%
2022	9	\$1.5B	2.0%	\$164,389,851	\$1,180.46	-	\$819.84	254	4.9%
2021	19	\$3.2B	6.7%	\$168,861,182	\$790.50	-	\$773.82	239	4.9%
2020	17	\$1.7B	4.2%	\$101,902,185	\$728.61	5.2%	\$757.99	235	4.9%
2019	27	\$2B	6.4%	\$76,892,182	\$572.80	5.0%	\$728.19	225	5.0%
2018	16	\$1.1B	3.9%	\$84,957,790	\$767.55	4.9%	\$670.15	207	5.1%
2017	39	\$2.4B	8.8%	\$82,042,420	\$545.86	5.6%	\$620.06	192	5.1%
2016	15	\$705.1M	4.4%	\$47,009,745	\$380.65	6.0%	\$594.99	184	5.1%
2015	42	\$2B	15.0%	\$75,247,719	\$597.29	5.5%	\$547.33	169	5.2%
2014	11	\$592.8M	5.3%	\$74,101,346	\$371.02	5.1%	\$480.84	149	5.4%
2013	19	\$940.8M	6.8%	\$52,269,185	\$430.85	7.7%	\$425.17	132	5.8%
2012	10	\$436.3M	5.0%	\$43,633,805	\$279.59	6.8%	\$379.89	118	6.2%

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(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$676.36	262	5.2%
2026	-	-	-	-	-	-	\$648.75	251	5.2%
2025	-	-	-	-	-	-	\$621.43	241	5.3%
2024	-	-	-	-	-	-	\$603.97	234	5.3%
2023	-	-	-	-	-	-	\$615.22	238	5.3%
YTD	7	\$45.9M	0.2%	\$7,651,667	\$490.97	4.1%	\$620.74	240	5.3%
2022	60	\$613.8M	2.4%	\$12,034,419	\$559.80	5.4%	\$618.68	240	5.3%
2021	86	\$1.7B	5.5%	\$22,074,825	\$729.20	3.9%	\$610.32	236	5.2%
2020	51	\$974.3M	3.5%	\$19,485,861	\$566.07	5.7%	\$603.15	234	5.2%
2019	94	\$2B	6.4%	\$27,242,269	\$621.77	5.4%	\$589.59	228	5.2%
2018	103	\$1.8B	7.4%	\$22,149,248	\$507.42	5.6%	\$553.14	214	5.3%
2017	73	\$1.1B	5.6%	\$19,072,424	\$399.25	5.9%	\$506.57	196	5.3%
2016	106	\$1.3B	7.1%	\$16,378,838	\$434.96	5.3%	\$487.07	189	5.3%
2015	127	\$1.3B	9.8%	\$13,817,252	\$363.45	6.0%	\$449.38	174	5.4%
2014	104	\$989.7M	5.5%	\$11,924,337	\$386.41	6.0%	\$398.68	154	5.6%
2013	112	\$1.2B	7.3%	\$15,003,829	\$358.78	6.2%	\$346.72	134	6.0%
2012	98	\$615.5M	5.9%	\$9,326,415	\$285.80	6.0%	\$311.99	121	6.4%

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(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$652.56	274	5.3%
2026	-	-	-	-	-	-	\$624.68	262	5.3%
2025	-	-	-	-	-	-	\$597.07	251	5.3%
2024	-	-	-	-	-	-	\$578.99	243	5.3%
2023	-	-	-	-	-	-	\$588.47	247	5.3%
YTD	16	\$47.6M	1.0%	\$5,945,813	\$308.13	4.6%	\$600.83	252	5.3%
2022	79	\$265.4M	2.4%	\$3,538,508	\$495.47	4.0%	\$600.78	252	5.3%
2021	104	\$356.8M	2.9%	\$3,568,341	\$513.30	4.7%	\$601.29	252	5.2%
2020	65	\$182.7M	1.7%	\$3,322,323	\$444.95	4.4%	\$594.23	249	5.2%
2019	158	\$336M	3.9%	\$4,000,443	\$448.99	5.5%	\$597.91	251	5.2%
2018	170	\$769.6M	6.0%	\$8,457,362	\$618.97	5.0%	\$566.22	238	5.2%
2017	200	\$354.5M	5.1%	\$3,771,450	\$422.68	4.6%	\$523.93	220	5.2%
2016	167	\$456.8M	5.0%	\$3,972,566	\$401.27	5.1%	\$506.12	212	5.2%
2015	157	\$425.7M	7.2%	\$4,215,027	\$368.28	5.0%	\$462.48	194	5.3%
2014	123	\$467.2M	5.8%	\$4,535,731	\$335.76	4.8%	\$397.01	167	5.6%
2013	155	\$315.3M	5.9%	\$2,974,918	\$261.29	8.7%	\$339.23	142	6.0%
2012	180	\$195.9M	5.3%	\$2,839,451	\$212.98	7.0%	\$298.54	125	6.4%

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