



# Office Market Report

## San Jose - CA

PREPARED BY



**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**2M**

12 Mo Net Absorption in SF

**(864K)**

Vacancy Rate

**14.0%**

12 Mo Rent Growth

**-2.2%**

In the immediate aftermath of the pandemic, San Jose largely avoided the unprecedented collapse in tenant demand that emptied office buildings in neighboring San Francisco. However, low utilization of office space has been joined by a new challenge, as tech companies, faced with decreasing valuations and tighter availability of capital, look to reduce costs by laying off staff and cutting back on office space.

The vacancy rate in San Jose ticked up to 14.0% in the third quarter of 2023, having hovered around the 12% mark over the past year, and availability has risen to 18.9% as tenants add sublet space and developers bring to the market newly-built spaces in speculative projects. Recent months have also seen substantial space reductions by both Google and Meta in Mountain View and Moffett Park.

The relatively robust performance of San Jose's office market during the pandemic can be credited partly to the dispersed geography of the market. Office space is located in multiple employment centers throughout Silicon Valley, rather than being concentrated in a downtown central business district that relies on mass transit. Up until last year, the market also benefited from strong growth and hiring by tech firms. Since then, layoff announcements by tech firms have resulted in thousands of job losses in Silicon Valley, although these are just a fraction of the global reductions that have occurred.

Development activity has continued at a high clip in San

Jose. However, it should 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 several recently completed buildings have many spaces available for lease.

Weakening demand is also impacting rents, with average rent levels moving downwards over the past year, and rent growth is forecast to remain negative for the next several years.

Investment sales activity has slowed in the past year to about half its long term average. Up until fairly recently, high quality new properties with strong tenants were trading in excess of \$1,000/SF, keeping average market prices at their highest ever levels. However, no such deals have closed to date in 2023.

Looking ahead, continued uncertainty around weak tenant demand, 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	65,367,298	16.3%	\$65.12	22.3%	(110,614)	503,000	6,375,909
3 Star	51,077,227	13.0%	\$58.09	17.2%	(47,558)	0	114,342
1 & 2 Star	25,167,118	10.2%	\$47.05	12.9%	2,639	0	0
<b>Market</b>	<b>141,611,643</b>	<b>14.0%</b>	<b>\$59.62</b>	<b>18.9%</b>	<b>(155,533)</b>	<b>503,000</b>	<b>6,490,251</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.7%	10.5%	19.1%	17.1%	2003 Q2	0.6%	2000 Q2
Net Absorption SF	(864K)	1,709,470	(1,097,776)	8,388,534	2000 Q2	(3,864,281)	2002 Q1
Deliveries SF	2M	2,689,707	1,715,455	7,747,897	2001 Q4	179,912	2012 Q2
Rent Growth	-2.2%	3.1%	-3.2%	27.6%	2000 Q4	-23.0%	2002 Q1
Sales Volume	\$1.2B	\$1.8B	N/A	\$5.3B	2021 Q4	\$176.3M	2009 Q3

The San Jose leasing market has slowed over the past year, impacted by the sharp rise in interest rates that has hit tech company valuations and led them to prioritize cost cutting over expansion. As of the third quarter of 2023, most major tech companies have enacted staff layoffs and announced reductions in leased office space. While these layoffs cut across national and global locations, Silicon Valley has seen thousands of job losses. And in terms of office absorption, the first months of 2023 have seen lease exits and downsizing outweighing new leasing activity.

An uptick in companies exiting leases or putting space on the sublet market has seen vacancy and availability rise over the past year. As of the third quarter, vacancy is 14.0% and the availability rate is 18.9%. Vacancy is projected to rise above 16% by the end of 2023 as new speculative space is delivered to the market. Sublease space availability currently stands at 7.7 million SF, an all-time high.

In the third quarter, both Google and Meta pulled out of several buildings in Mountain View and Moffett Park.

First, the 720,000-square-foot Moffett Green campus in Moffett Park hit the leasing market. Commonwealth Partners and CalPERS bought the four-building portfolio for \$867 million or \$1,200 per square foot in June 2022, at which time the entire campus was occupied by Meta on a lease than only started in January of that year. The

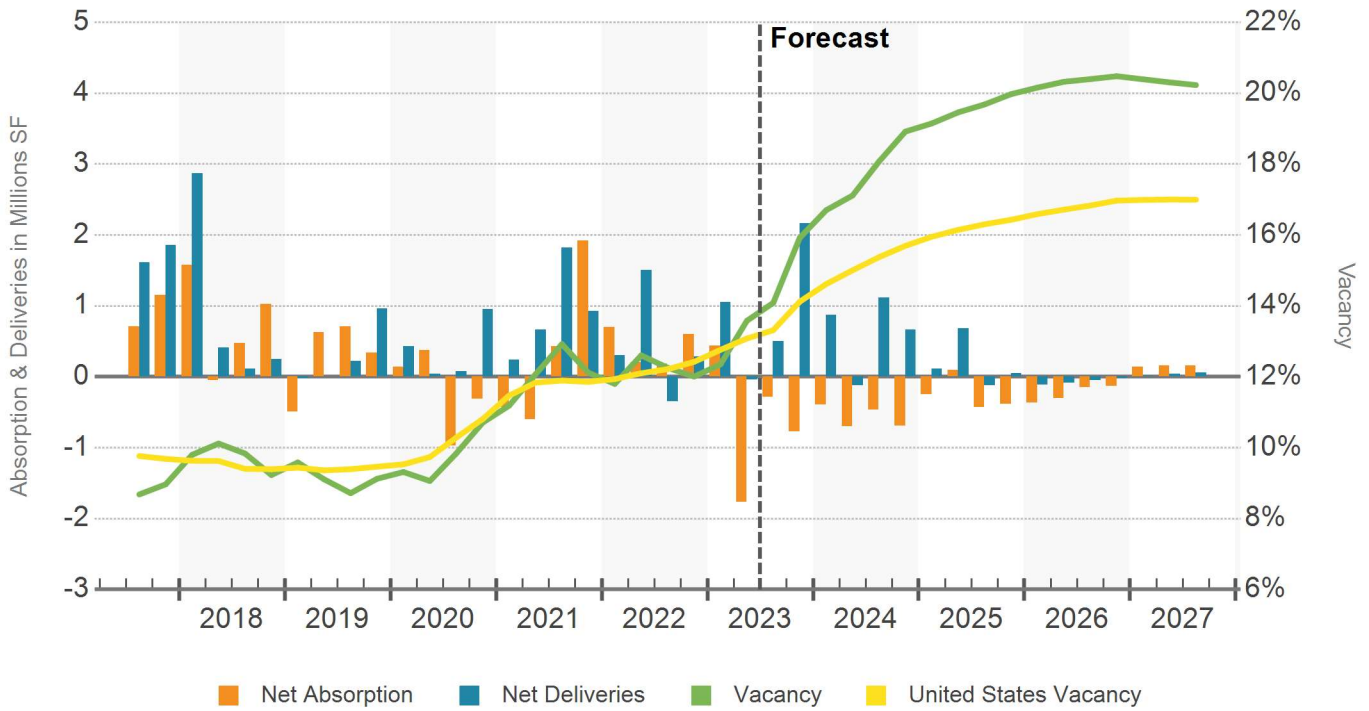
space formerly occupied by Meta is being marketed directly by the owners, which suggests Meta has paid to terminate the lease. Such a termination payment would run into hundreds of millions of dollars. In October 2022, Meta said it planned to incur \$2 billion to get out of office leases.

Then, another 1.3 million square feet of space across six buildings occupied by Google became available for sublease in Moffett Park and Mountain View. In Moffett Park, Google made available around 780,000 square feet of space across three buildings in Jay Paul's Moffett Towers complex. In Mountain View, Google added around 550,000 square feet of sublease space across three buildings at 600 Clyde Ave., 620 National Ave. and 750 Moffett Blvd.

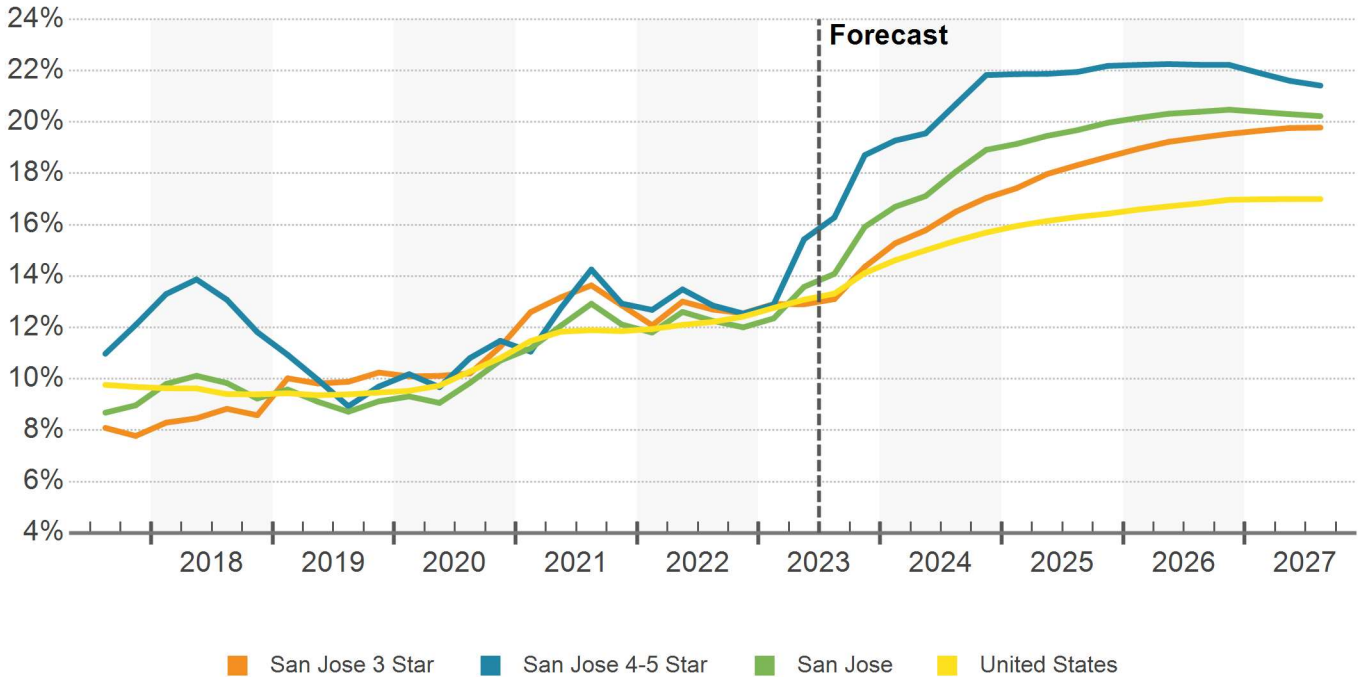
Among other notable tenants giving back space, LinkedIn has made two buildings available for sublease in Sunnyvale, Cloudera has exited spaces in Palo Alto and Santa Clara, and Veritas has put two of the three floors it leases at Santa Clara Square on the sublet market. In Downtown San Jose, Sage Intact is subletting four floors at Riverside Towers.

One of a small number of tenants expanding its office presence is Pure Storage, a maker of data storage hardware and software, which subleased 328,000 SF in two buildings from Analog Devices in the Santa Clara Square complex.

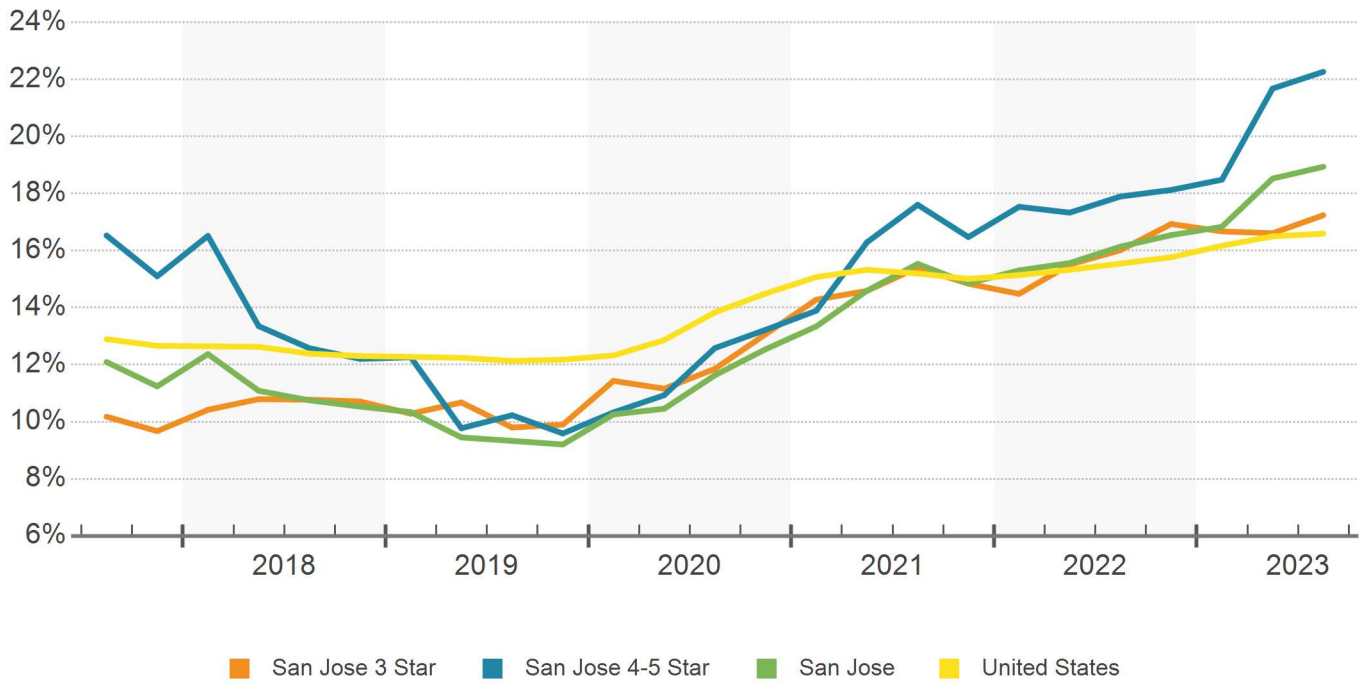
## NET ABSORPTION, NET DELIVERIES & VACANCY



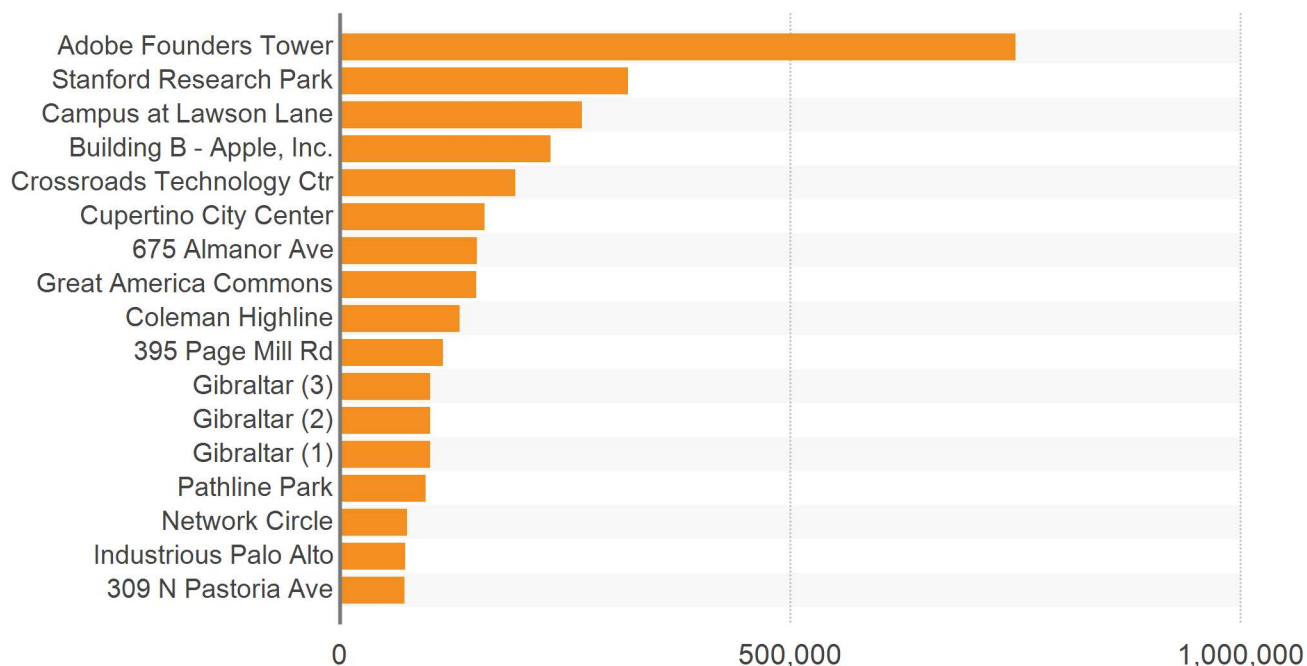
## VACANCY RATE



## 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
Adobe Founders Tower	Downtown San Jose	750,000	0	750,000	0	0	0	750,000
Stanford Research Park	Palo Alto	569,248	0	0	0	319,699	0	319,699
Campus at Lawson Lane	Central Santa Clara	269,000	0	0	0	269,000	0	269,000
Building B - Apple, Inc.	South Santa Clara	234,000	0	0	0	234,000	0	234,000
Crossroads Technology Ctr	Sunnyvale	194,850	0	0	0	0	0	194,850
Cupertino City Center	Cupertino	160,837	0	0	0	160,837	0	160,837
675 Almanor Ave	Sunnyvale	152,002	0	0	0	0	0	152,002
Great America Commons	North Santa Clara	321,782	87,814	0	111,741	39,496	0	151,237
Coleman Highline	North San Jose	647,934	0	81,000	0	0	0	133,325
395 Page Mill Rd	Palo Alto	224,852	47,149	133,868	0	0	0	114,192
Gibraltar (3)	Moffett Park	100,000	0	100,000	0	0	0	100,000
Gibraltar (2)	Moffett Park	100,000	0	100,000	0	0	0	100,000
Gibraltar (1)	Moffett Park	100,000	0	100,000	0	0	0	100,000
Pathline Park	Sunnyvale	95,000	0	0	0	0	0	95,000
Network Circle	North Santa Clara	74,702	0	0	74,702	0	0	74,702
Industrious Palo Alto	Palo Alto	72,662	0	0	0	0	0	72,662
309 N Pastoria Ave	Sunnyvale	144,858	0	0	0	0	0	71,715
<b>Subtotal Primary Competitors</b>		<b>4,211,727</b>	<b>134,963</b>	<b>1,264,868</b>	<b>186,443</b>	<b>1,023,032</b>	<b>0</b>	<b>3,093,221</b>
Remaining San Jose Market		137,399,916	19,685,926	(826,383)	(1,955,425)	(1,178,565)	0	(3,957,391)
<b>Total San Jose Market</b>		<b>141,611,643</b>	<b>19,820,889</b>	<b>438,485</b>	<b>(1,768,982)</b>	<b>(155,533)</b>	<b>0</b>	<b>(864,170)</b>

### TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Bascom Station	East San Jose-Willow Glen	231,579	Q1 23	Santa Clara Valley Medic...	HealthMed Realty	-
Great America Commons	North Santa Clara	205,774	Q1 23	Texas Instruments	-	Cushman & Wakefield
Mathilda Campus	Sunnyvale	156,785	Q1 23	Apple	-	Newmark
350 Cobalt Way	Sunnyvale	134,218	Q1 23	Fujitsu Computer System...	-	-
Tower 55 *	Downtown San Jose	123,940	Q1 23	U.S. Department of Com...	-	JLL
Cupertino City Center *	Cupertino	75,551	Q1 23	Amazon Web Services	-	Newmark
Building Type Changed 2013	Sunnyvale	68,608	Q2 23	Cerebras Systems, Inc.	-	Cushman & Wakefield
Bixby Technology Center	North San Jose	64,174	Q4 22	XPERI Inc.	-	-
Santa Clara Square *	Central Santa Clara	61,457	Q1 23	Cambridge Industries Group	Cushman & Wakefield	The Irvine Company
North First Commons	North San Jose	49,560	Q4 22	Ebay	-	-
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	Q2 23	Coinbase	-	Colliers;JLL;WeWork
The Village at San Antonio Center	Mountain View	39,834	Q4 22	Lacework	CBRE	Colliers;JLL;WeWork
Santa Clara Gateway	North Santa Clara	37,880	Q2 23	HCLTech	-	CBRE
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
Great America Commons	North Santa Clara	33,213	Q1 23	Citrix Systems, Inc.	-	-
Faber Place *	Palo Alto	32,820	Q3 23	Centrillion Technologies	-	CBRE
Moffett Park *	Moffett Park	31,628	Q2 23	Silk Road Medical, Inc.	-	Cushman & Wakefield
McCarthy Center	Milpitas	31,437	Q3 23	-	-	CBRE;Irvine Company...
Santa Clara Gateway	North Santa Clara	30,531	Q3 23	-	-	CBRE
521 W Julian St	Downtown San Jose	30,000	Q4 22	Housing Authority of the C...	-	-
Santa Clara Square	Central Santa Clara	28,930	Q3 23	GlobalLogic	-	-
BioSquare Silicon Valley	North San Jose	28,179	Q3 23	-	-	JLL
Santa Clara Gateway	North Santa Clara	27,723	Q3 23	-	-	Newmark
Santa Clara Gateway	North Santa Clara	27,715	Q2 23	Silergy Technology	Cushman & Wakefield	CBRE;Irvine Company...
Mountain Bay Plaza	Mountain View	27,186	Q1 23	Silicon Valley Community...	Colliers	Newmark
McCarthy Center	Milpitas	26,642	Q3 23	-	-	CBRE;Irvine Company...
4151 Middlefield Rd	Palo Alto	24,512	Q4 22	Valley Health Care	-	-
Orchard Commons	North San Jose	23,530	Q2 23	Tests Assured	-	CBRE
Marriott Business Park *	North Santa Clara	22,282	Q2 23	Aviatix	Newmark	Cushman & Wakefield
1288 Reamwood Ave *	Sunnyvale	22,226	Q2 23	Cosmopolitan Catering	Cushman & Wakefield	-
Oakmead West	Sunnyvale	21,537	Q3 23	Ondas Networks	Raise Commercial R...	Cushman & Wakefield
1302 N 4th St	North San Jose	20,480	Q2 23	Pacific Clinics	CBRE	Swenson
325 N Mathilda	Sunnyvale	20,000	Q1 23	Digicert	-	Cushman & Wakefield
Great America Commons	North Santa Clara	19,920	Q2 23	Fujitsu	JLL	Cushman & Wakefield
Great America Commons	North Santa Clara	19,825	Q1 23	Confidential	-	Cushman & Wakefield
Riverpark Towers	Downtown San Jose	19,739	Q3 22	-	-	Newmark
Mission City Center	North Santa Clara	19,371	Q1 23	-	-	Cushman & Wakefield
440 E Middlefield Rd	Mountain View	17,740	Q3 22	IGM Biosciences	Stetson Earhart	CBRE

Renewal



After holding up well during the pandemic, rent growth in San Jose has turned negative in the past year. As of the third quarter of 2023, average asking rents are -2.2% below where they were a year ago.

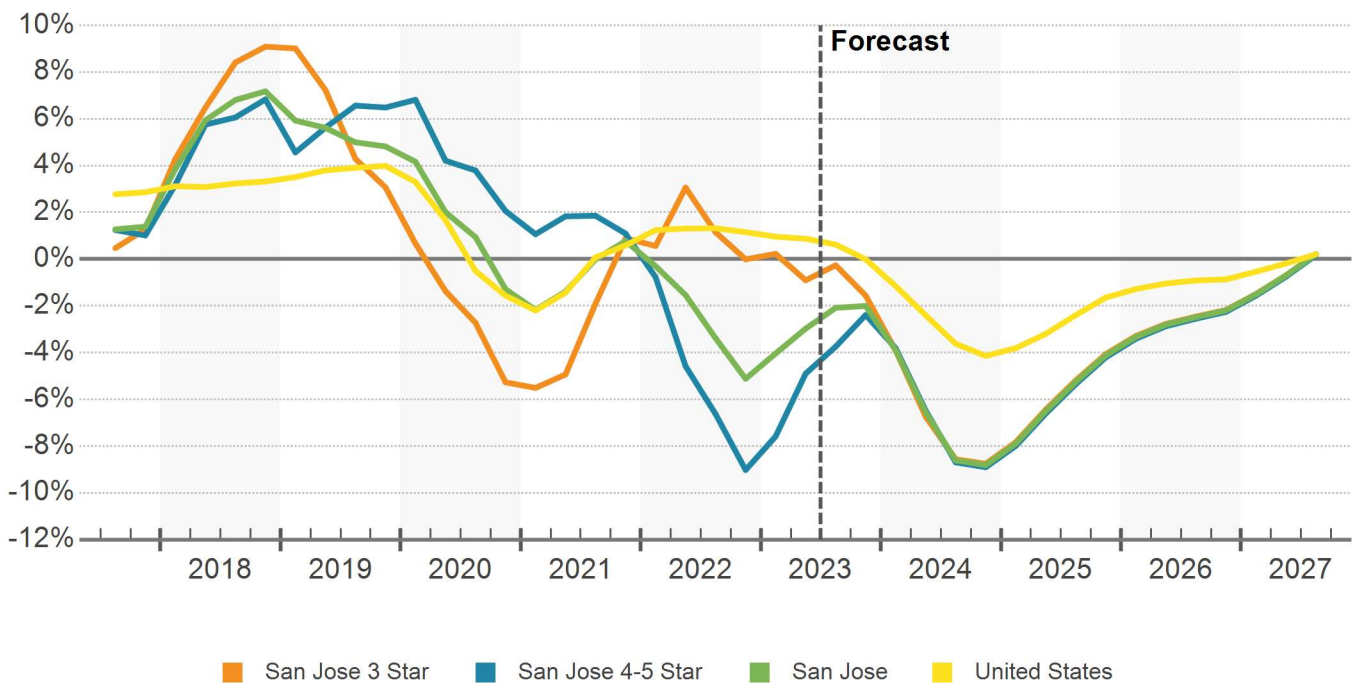
The current weakness in rents is a direct result of the economic headwinds facing tech companies. Rising interest rates have reduced tech company valuations and led to a focus on reducing costs, something many growing tech companies have never previously done. Cutting costs in the areas of staffing and real estate are high on the agenda for many office tenants. The resulting weakening of tenant demand, and the growth of cheap sublet space, are forcing landlords to offer lower rents. In addition, industry participants report that landlords are offering elevated concessions, including rent free periods

of up to 18 months and tenant improvement allowances of up to \$150/SF or more, in exchange for extended lease terms.

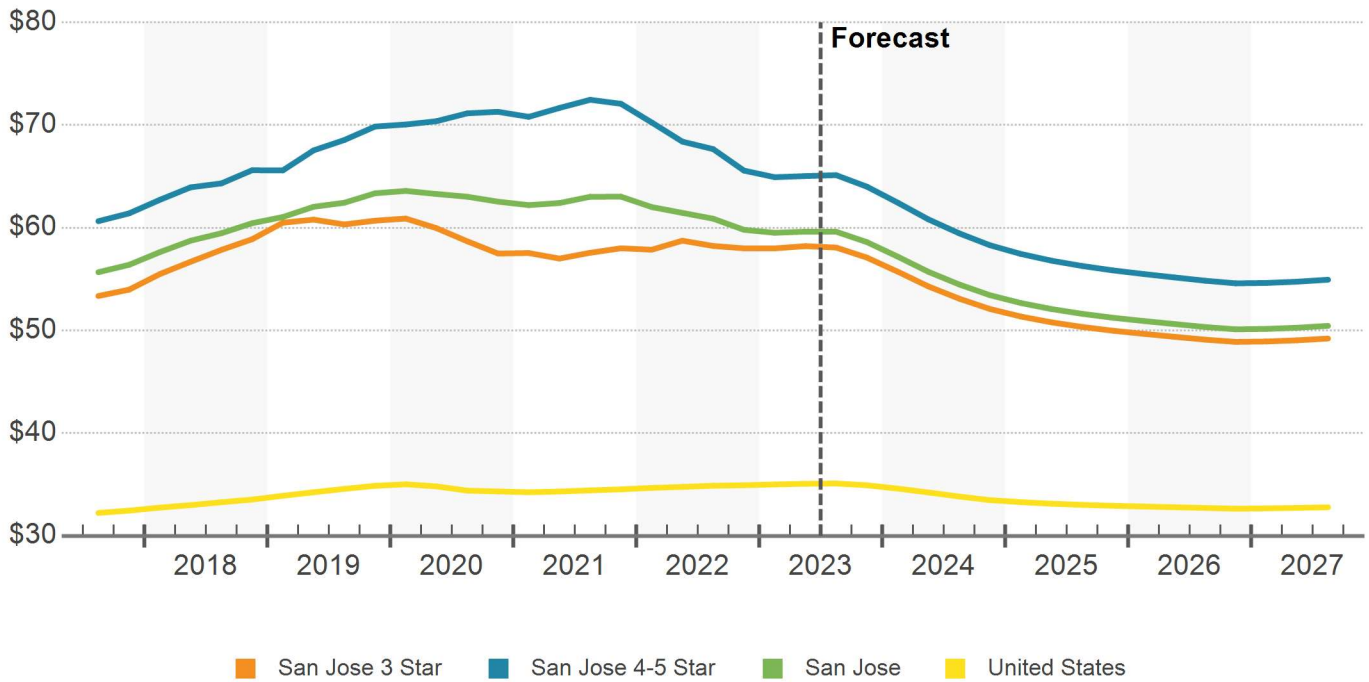
Current average market rates are \$60/SF on a full-service basis. While average rents are declining, San Jose remains one of the most expensive markets for office space in the nation. Higher-quality 4 & 5 Star product leases for an average \$65/SF, compared to the average across the US of \$45.00/SF for that subtype.

Going forwards, the potential for rent growth is expected to be constrained further by the addition of new speculative space that is currently under construction. Accordingly, positive rent growth is not forecast to return before 2027.

## 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	\$1.66	\$1.35	\$8.85	\$4.10	<b>\$16.81</b>
Campbell/Los Gatos	\$0.45	\$2.41	\$0.96	\$9.09	\$5.40	<b>\$18.31</b>
Downtown San Jose	\$1.27	\$1.92	\$1.63	\$3.77	\$4.77	<b>\$13.36</b>
Milpitas	\$0.47	\$2.49	\$0.99	\$5.80	\$4.09	<b>\$13.84</b>
Mountain View/Los Altos	\$1.01	\$1.99	\$1.80	\$9.48	\$2.10	<b>\$16.38</b>
North San Jose	\$0.81	\$1.44	\$1.15	\$9.39	\$4.39	<b>\$17.18</b>
Palo Alto	\$0.97	\$1.92	\$1.73	\$17.68	\$3.84	<b>\$26.14</b>
Santa Clara	\$0.73	\$1.45	\$1.07	\$6.53	\$4.23	<b>\$14.01</b>
South San Jose	\$1.13	\$2.03	\$1.56	\$4.51	\$4.45	<b>\$13.68</b>
Sunnyvale/Cupertino	\$0.72	\$1.42	\$1.26	\$9.12	\$4.37	<b>\$16.89</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	\$1.15	\$1.16	\$6.51	\$3.48	<b>\$12.91</b>
Campbell/Los Gatos	\$0.42	\$1.21	\$0.89	\$5.27	\$5.07	<b>\$12.86</b>
Downtown San Jose	\$0.76	\$1.72	\$0.94	\$4.06	\$2.54	<b>\$10.02</b>
Milpitas	\$0.33	\$0.94	\$0.69	\$7.04	\$3.78	<b>\$12.78</b>
Morgan Hill/Gilroy	\$0.41	\$1.19	\$0.87	\$4.17	\$4.65	<b>\$11.29</b>
Mountain View/Los Altos	\$0.78	\$1.32	\$1.67	\$7.83	\$3.24	<b>\$14.84</b>
North San Jose	\$0.52	\$1.27	\$1	\$5.05	\$1.98	<b>\$9.82</b>
Outlying Santa Clara Cnty	\$0.60	\$1.28	\$1.28	\$6.46	\$4.40	<b>\$14.02</b>
Palo Alto	\$0.80	\$1.36	\$1.72	\$10.73	\$3.46	<b>\$18.07</b>
San Benito County	\$0.44	\$1.28	\$0.94	\$3.98	\$4.98	<b>\$11.62</b>
Santa Clara	\$0.63	\$0.58	\$0.92	\$5.24	\$2.23	<b>\$9.60</b>
South San Jose	\$0.48	\$1.24	\$1	\$4.92	\$5.28	<b>\$12.92</b>
Sunnyvale/Cupertino	\$0.67	\$0.63	\$1.09	\$6.93	\$2.26	<b>\$11.58</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>	\$0.59	\$1.19	\$1.04	\$5.73	\$1.89	<b>\$10.44</b>
Campbell/Los Gatos	\$0.41	\$1.19	\$0.88	\$5.91	\$3.02	<b>\$11.41</b>
Downtown San Jose	\$0.73	\$1.66	\$0.87	\$4.87	\$0.46	<b>\$8.59</b>
Milpitas	\$0.39	\$1.13	\$0.83	\$3.87	\$2.89	<b>\$9.11</b>
Morgan Hill/Gilroy	\$0.41	\$1.17	\$0.86	\$3.48	\$2.98	<b>\$8.90</b>
Mountain View/Los Altos	\$0.71	\$1.20	\$1.56	\$8.57	\$1.79	<b>\$13.83</b>
North San Jose	\$0.58	\$1.23	\$0.90	\$5.15	\$1.20	<b>\$9.06</b>
Outlying Santa Clara Cnty	\$0.53	\$1.11	\$0.63	\$6.02	\$2.26	<b>\$10.55</b>
Palo Alto	\$0.72	\$1.22	\$1.58	\$7.84	\$2.38	<b>\$13.74</b>
San Benito County	\$0.42	\$1.19	\$0.87	\$2.38	\$3	<b>\$7.86</b>
Santa Clara	\$0.64	\$0.63	\$0.97	\$5.19	\$1.48	<b>\$8.91</b>
South San Jose	\$0.48	\$1.20	\$0.91	\$5.46	\$2.17	<b>\$10.22</b>
Sunnyvale/Cupertino	\$0.66	\$0.62	\$1	\$5.61	\$1.65	<b>\$9.54</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 currently one of the more active markets in the nation for office development. As of the third quarter of 2023, 6.5 million SF of office space is under construction, representing 4.6% of the market's existing inventory, well above the national average of 1.4%. While speculative office projects have been quick to lease in the past, weakening demand from tech tenants in 2023 is presenting leasing challenges, particularly in Downtown San Jose, where much of the new product is set to deliver.

The active construction market has seen 1.8 million SF of new deliveries in the 12 months prior to 22Q3. Most of this activity has been owner-build or preleased projects for single tenants.

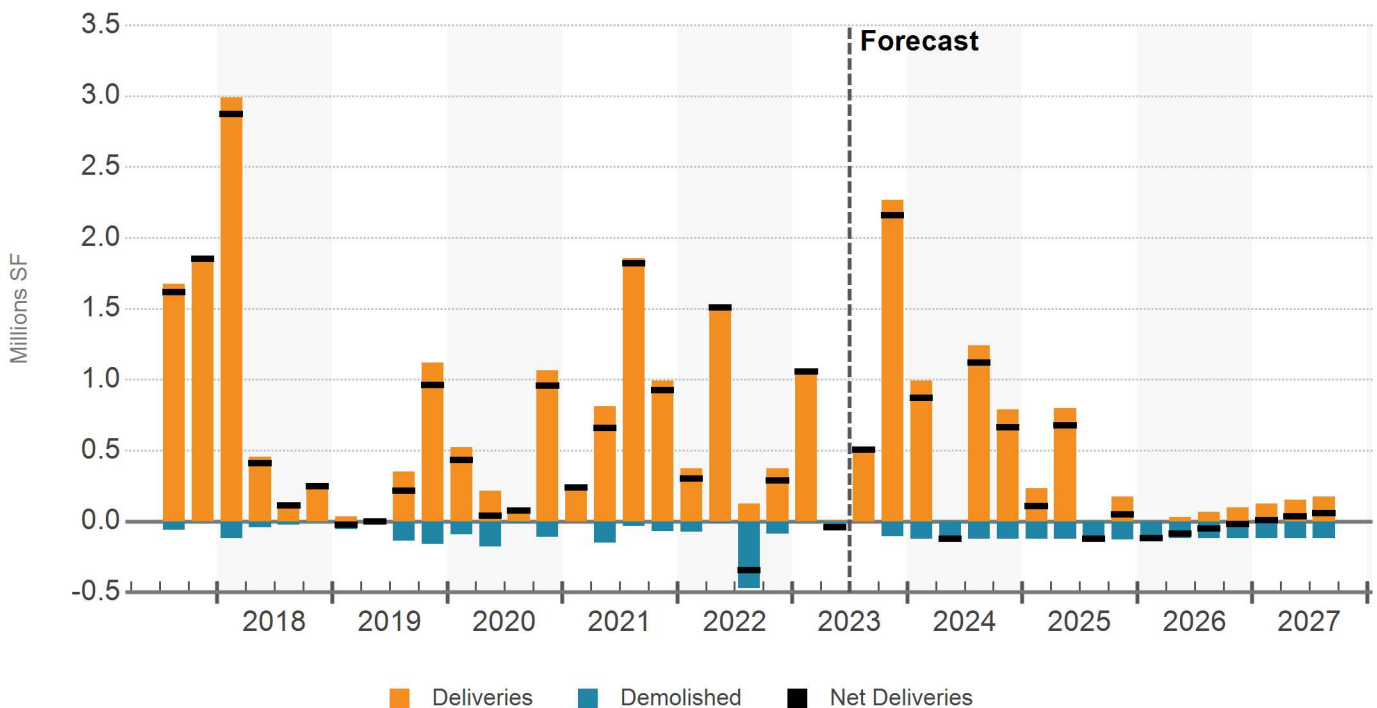
In 2023, Adobe took delivery of around 750,000 SF in its new Adobe Founders Tower in Downtown San Jose. Earlier, in 2022, Google completed its 1 million-SF Bay View Campus in Moffett Park, and is close to completing its nearby 600,000-SF Charleston East campus. In Sunnyvale, four single-tenant buildings were completed in 2022 for Nokia, LinkedIn, Apple, and Fortinet.

Downtown San Jose has the largest share of the current construction pipeline, at around 2 million SF. Developer Jay Paul Company is involved with several projects, including the 1.4-acre 200 Park Ave. site, on which a 937,000-SF office tower is underway. Across the street, Jay Paul has 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.

The weaker economic climate has led some developers to pause activity in Downtown San Jose. One of the most notable projects that is now on hold is Downtown West, Google's massive transit-oriented village near Diridon Station, which started site preparation work in 22Q3. As of the third quarter of 2023, the timing of vertical construction remains under review.

Meanwhile, Google continues to build out its campus space, with several projects underway, including Google Landings in Mountain View, and Google Caribbean in Moffett Park.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

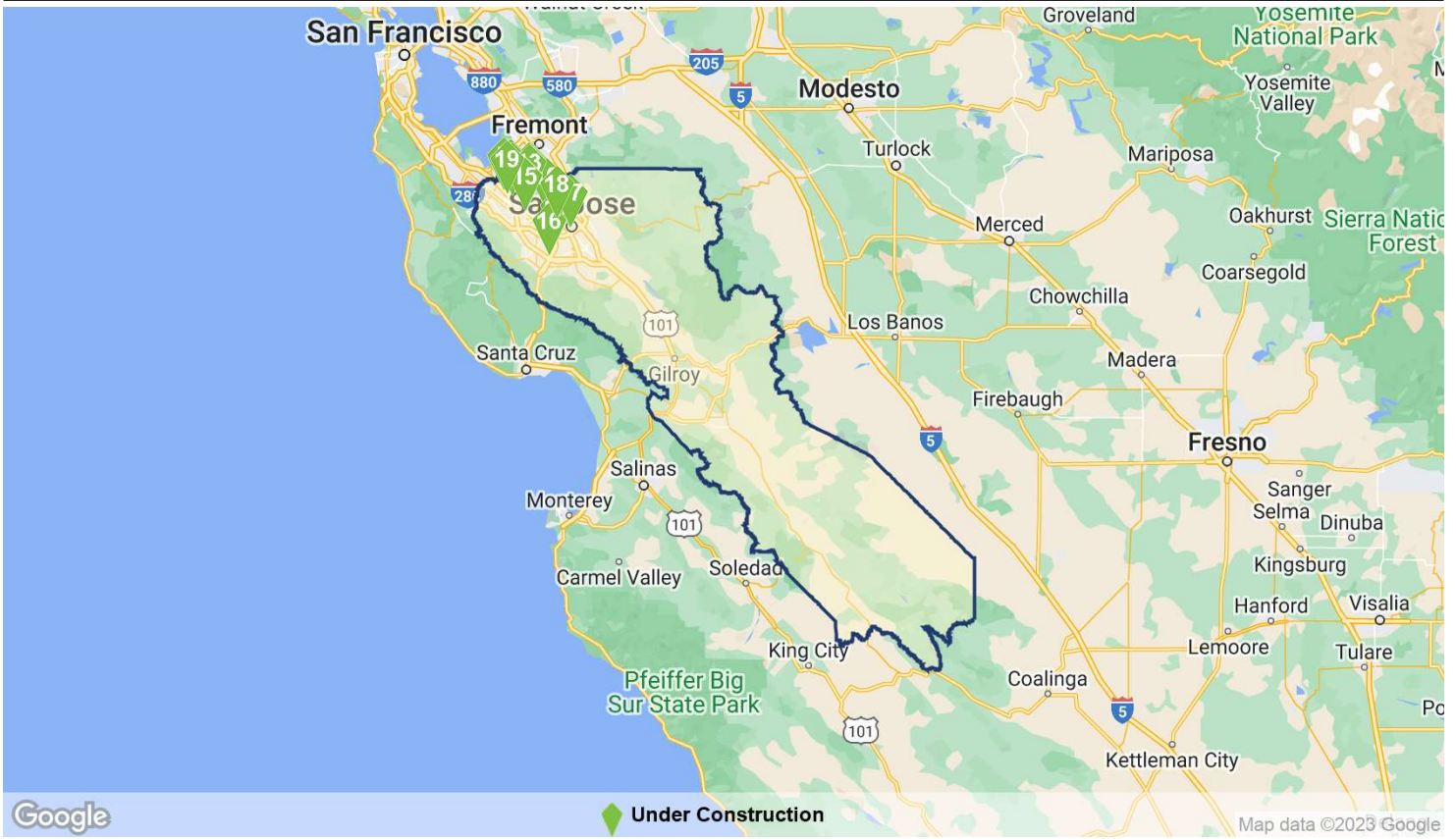
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Mountain View	4	1,635	1,394	85.3%	6	39,576	408,685	3
2	Moffett Park	4	1,540	1,540	100%	1	187,700	384,894	4
3	Sunnyvale	4	1,142	211	18.4%	7	47,591	285,552	5
4	Downtown San Jose	2	1,068	58	5.5%	8	36,288	533,818	1
5	Palo Alto	1	421	421	100%	1	34,196	420,640	2
6	Central Santa Clara	1	265	265	100%	1	78,324	265,000	6
7	East San Jose-Willow Glen	1	232	232	100%	1	8,442	231,579	7
8	Campbell	1	166	0	0%	9	15,279	165,984	8
9	North San Jose	1	23	23	100%	1	77,975	22,889	9
10	Central Sunnyvale	0	-	-	-	-	-	-	-
	All Other	0	-	-	-		20,266	-	
<b>Totals</b>		<b>19</b>	<b>6,490</b>	<b>4,143</b>	<b>63.8%</b>		<b>30,441</b>	<b>341,592</b>	

# Under Construction Properties

San Jose Office

Properties	Square Feet	Percent of Inventory	Released
<b>19</b>	<b>6,490,251</b>	<b>4.6%</b>	<b>63.8%</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	★★★★★	965,342	19	Jun 2021	Oct 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 2019	Oct 2023	Google Google
4 <b>Google</b> 100 Caribbean Dr	★★★★☆	537,000	5	Mar 2022	Jan 2024	Google Google
5 <b>Google</b> 200 Caribbean Dr	★★★★☆	505,075	5	Sep 2021	Aug 2024	Google Google
6 <b>200 W Washington Ave</b>	★★★★★	499,775	7	May 2022	Oct 2024	Hunter Properties, Inc. Hunter Properties, Inc.
7 <b>3825 Fabian Way</b>	★★★★☆	420,640	2	Jun 2023	Jul 2024	Alexandria Real Estate Equities, I... Alexandria Real Estate Equities, I...

# Under Construction Properties

San Jose Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>Google</b> 399 W Java Dr	★★★★☆	315,000	6	Dec 2021	Jun 2024	Google Google
9 <b>250 W Washington Ave</b>	★★★★☆	288,155	7	Jun 2023	Oct 2024	- -
10 <b>Bldg D</b> 2200 Lawson Ln	★★★★☆	265,000	5	Jul 2021	Dec 2023	The Sobrato Organization The Sobrato Organization
11 <b>Bascom Station</b> 1410 S Bascom Ave	★★★★☆	231,579	10	Nov 2022	Jan 2025	Bay West Development PMB Real Estate Services
12 <b>Pear Village</b> 1300 La Avenida St	★★★★★	228,210	6	Jun 2022	Oct 2023	- -
13 <b>1265 Borregas Ave</b>	★★★★★	182,500	5	Apr 2021	Oct 2023	Google Google
14 <b>100 Altair Way</b>	★★★★☆	179,278	7	Aug 2021	Oct 2023	- Minkoff Group
15 <b>300 S Mathilda Ave</b>	★★★★☆	175,000	5	Apr 2022	Oct 2025	Hunter Properties, Inc. Hunter Properties, Inc.
16 <b>1700 Dell Ave</b>	★★★★☆	165,984	4	Dec 2022	Dec 2023	Dollinger Properties Dollinger Properties
17 <b>Gateway Paseo</b> 201 S 2nd St	★★★☆☆	102,294	3	Dec 2021	Oct 2023	Urban Catalyst LLC Urban Catalyst LLC
18 <b>A2 Amenity Building</b> 1161 Coleman Ave	★★★★☆	22,889	3	Apr 2023	Feb 2024	Hunter Properties, Inc. City of San Jose
19 <b>2019 Leghorn St</b>	★★★☆☆	12,048	2	Oct 2022	Oct 2023	- MDE Electric

In common with most US markets, investment sales activity has slowed sharply over the past year as rising interest rates and economic uncertainty made investors cautious and deals difficult to price. As of the third quarter of 2023, both the number and volume of transactions that closed in the past year are around half the long term average.

Office sales volume in San Jose during the past 12 months on a dollar basis, \$1.1 billion, was well below the 5-year annual average of \$3.6 billion. The number of transactions in the past year was 89, which compares to a five-year average of 200.

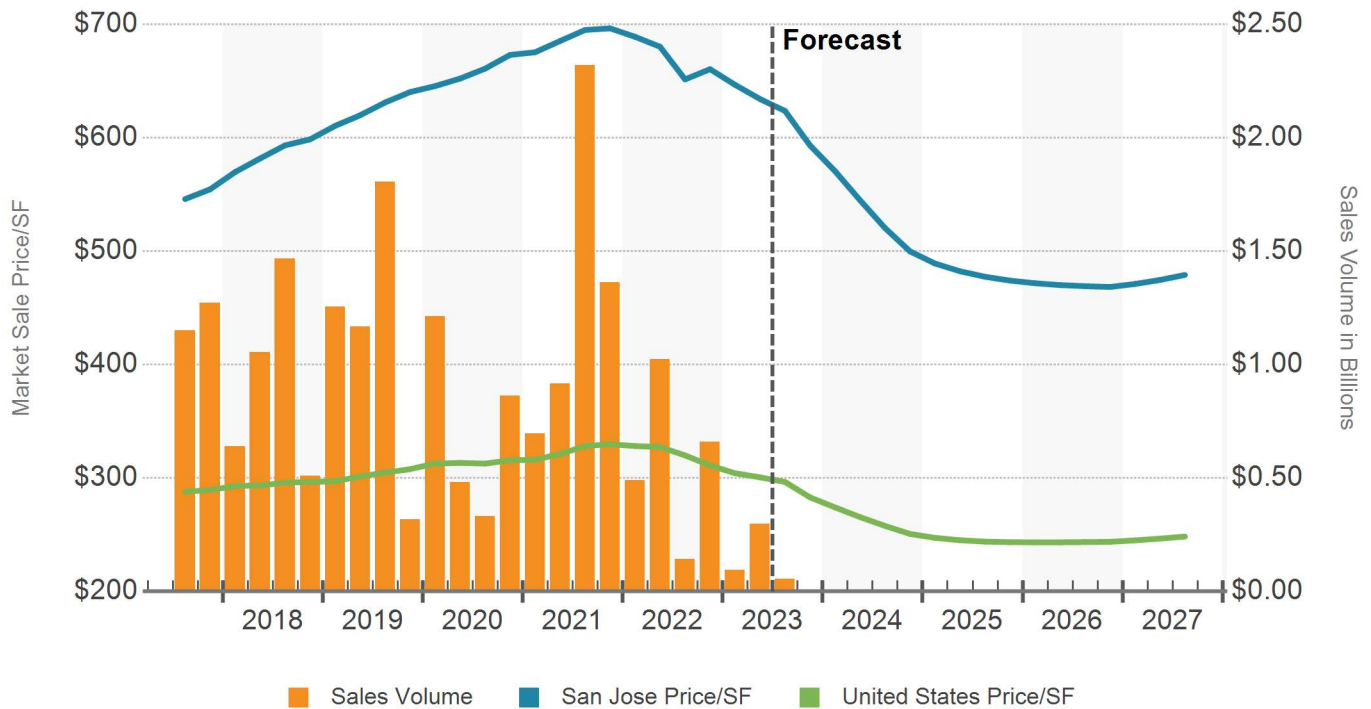
Pricing was maintained somewhat by the transaction of several premium properties in 22Q4 for above \$1,000/SF. In November 2022, Drawbridge Realty paid \$193 million, or \$1,231/SF for 200 S Mathilda Ave. in Sunnyvale. The 157,000 SF property was built in 2021

and is leased to Uber. Also in Sunnyvale, Metzler Real Estate acquired the LinkedIn-occupied 684 W Maude Ave. in October 2022. The purchase price was \$222 million, or \$1,140/SF.

Year to date 2023 there have been 53 transactions, with a total sales volume of \$460 million, and an average sales price of \$534/SF. While some smaller sales have achieved prices above \$1,000/SF, most larger sales have seen lower rates. For instance, in June 2023, Preylock Holdings acquired 3333 Scott Blvd. in Santa Clara. The 245,000 SF building, leased to Applied Materials, sold for \$182.5 million, or \$745/SF.

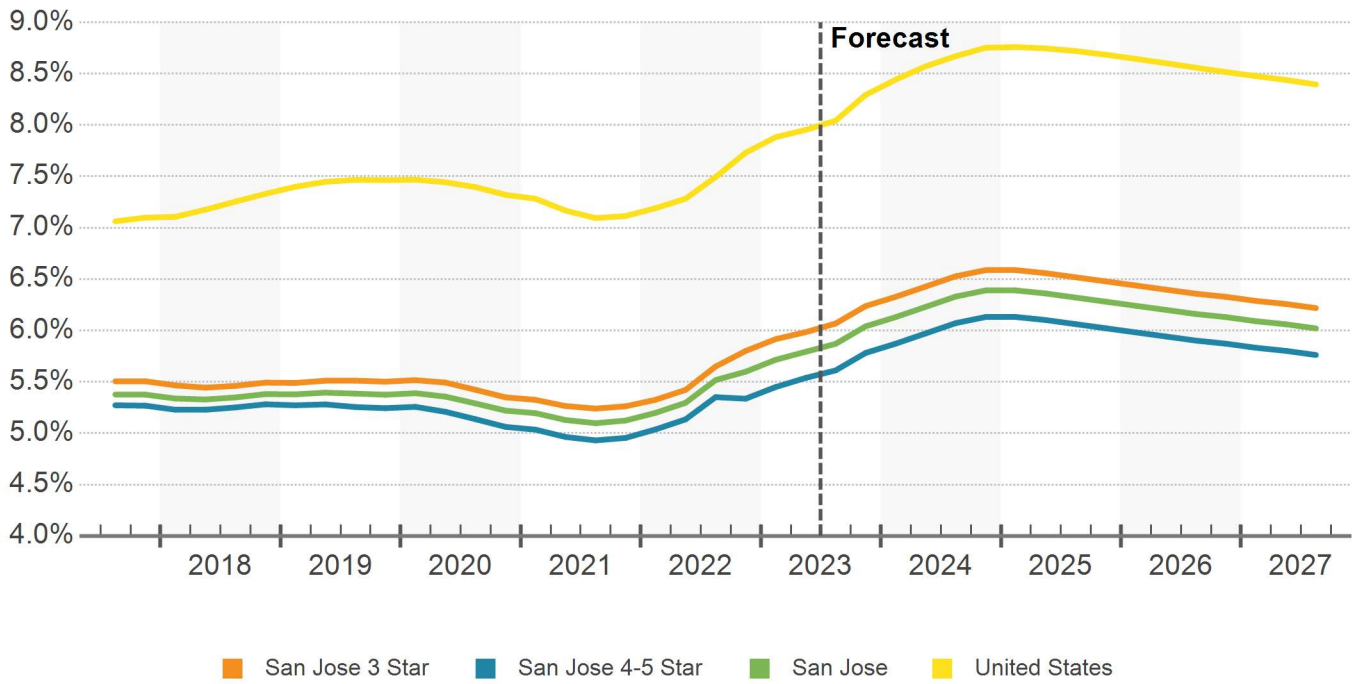
Given the outlook for continued uncertainty around office utilization, the elevated vacancy caused by the extensive volume of new space being delivered to the market, and the general economic slowdown, pricing is projected to move downwards over the next two to three years.

## 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

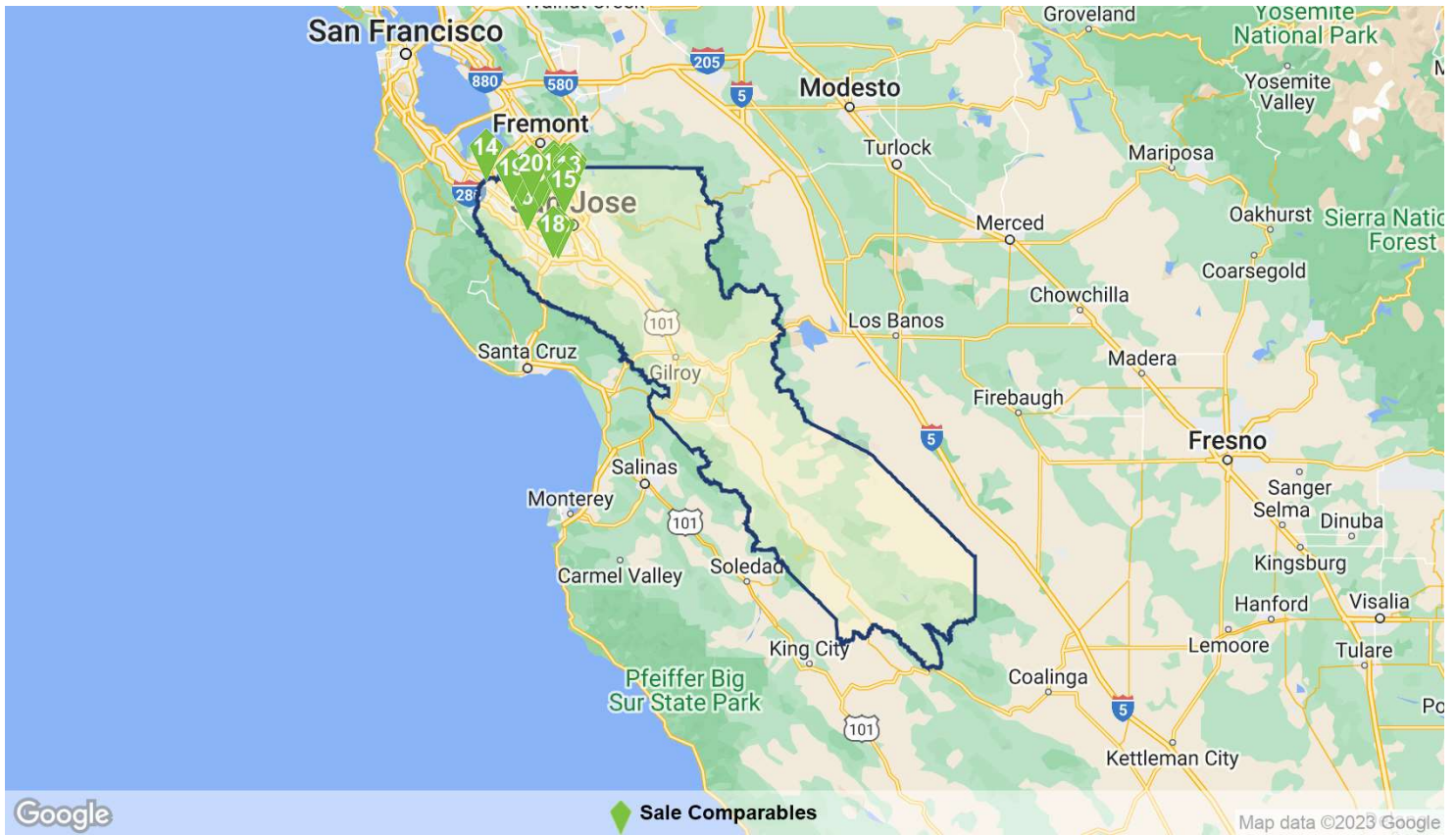
94

4.9%

\$628

21.0%

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$547,500	\$18,472,862	\$3,316,000	\$222,000,000
Price/SF	\$116	\$628	\$540	\$2,529
Cap Rate	4.1%	4.9%	4.6%	6.4%
Time Since Sale in Months	0.7	7.0	7.7	12.0
Property Attributes	Low	Average	Median	High
Building SF	836	29,385	6,051	244,906
Stories	1	2	2	6
Typical Floor SF	836	10,855	4,431	67,109
Vacancy Rate At Sale	0%	21.0%	0%	100%
Year Built	1924	1976	1977	2022
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.5	★ ★ ★ ★ ★	★ ★ ★ ★ ★

# 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
1 <b>Catalyst - Phase I</b> 684 W Maude Ave	★★★★★	2021	194,624	0%	10/28/2022	\$222,000,000	\$1,141	-
2 <b>200 S Mathilda Ave</b>	★★★★☆	2010	156,960	0%	11/3/2022	\$193,250,000	\$1,231	-
3 <b>3333 Scott Blvd</b>	★★★★☆	2017	244,906	0%	6/15/2023	\$182,500,000	\$745	-
4 <b>3303 Scott Blvd</b>	★★★★☆	2016	83,590	0%	10/28/2022	\$85,000,000	\$1,017	-
5 <b>Ten200</b> 10200 S De Anza Blvd	★★★★☆	1998	160,837	100%	6/29/2023	\$70,000,000	\$435	-
6 <b>350 Holger Way</b>	★★★★☆	1999	96,502	0%	11/28/2022	\$54,000,000	\$560	6.4%
7 <b>303 Bryant St</b>	★★★★☆	2002	61,500	0%	2/15/2023	\$36,000,000	\$585	-
8 <b>350 Cobalt Way</b>	★★★☆☆	1980	134,218	21.7%	1/20/2023	\$31,005,000	\$231	-
9 <b>501 Sycamore Dr</b>	★★★☆☆	1983	71,472	100%	10/3/2022	\$26,190,750	\$366	-
10 <b>3553 N 1st St</b>	★★★☆☆	1984	89,409	96.3%	9/28/2022	\$24,500,000	\$274	-
11 <b>385 Moffett Park Dr</b>	★★★☆☆	1985	79,362	62.2%	9/20/2022	\$23,198,130	\$292	-
12 <b>Centre Pointe Plaza @ 1...</b> 1323 Great Mall Dr	★★★☆☆	2000	53,670	0%	7/6/2023	\$21,500,000	\$401	-
13 <b>SV13</b> 2030 Fortune Dr	★★★☆☆	1983	72,249	0%	10/31/2022	\$18,100,000	\$251	-
14 <b>314 Lytton Ave</b>	★★★☆☆	1960	8,552	0%	7/5/2023	\$12,500,000	\$1,462	-
15 <b>Koll Lyon Plaza</b> 1641 N 1st St	★★★☆☆	1983	45,932	0%	12/29/2022	\$11,000,000	\$239	-
16 <b>4850 Union Ave</b>	★★★☆☆	2000	20,847	0%	8/9/2023	\$9,000,000	\$432	-
17 <b>1150 W Evelyn Ave</b>	★★★☆☆	1978	15,000	0%	12/22/2022	\$6,200,000	\$413	-
18 <b>2504 Samaritan Dr</b>	★★★☆☆	1971	7,800	0%	3/23/2023	\$5,600,000	\$718	-
19 <b>236-238 Castro St</b>	★★★☆☆	1963	6,912	61.1%	12/20/2022	\$5,400,000	\$781	-
20 <b>333 Moffett Park Dr</b>	★★★☆☆	1985	11,224	0%	9/20/2022	\$4,801,870	\$428	-

As of the third quarter of 2023, the San Jose economy is facing headwinds, as rising interest rates force tech companies to cut costs and investors to reduce the amount of capital available for start-ups. Moreover, the collapse earlier in the year of Silicon Valley Bank made investors nervous and disrupted the flow of financing to businesses.

This is a change from the past few years, during which time tech companies recorded strong earnings growth, and employment recovered from losses incurred during the pandemic. 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, staff layoffs, and office space reductions. Similarly, softening demand is leading retail and industrial tenants to reconsider expansion plans.

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 -49,000 short of the total population of three years ago.

The rate of unemployment declined to a historical low of just 2.5% in the past year, reflecting high demand for workers. More recently, tech layoffs across Silicon Valley have caused unemployment to rise again, and this 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.

Despite the current economic headwinds facing the market, San Jose is expected to retain its position as a leading center for innovation and economic growth. Over the past ten years, San Jose saw an average annual increase in GDP of 8.3%, the highest rate among the largest 20 metro areas in the nation, and twice the US average.

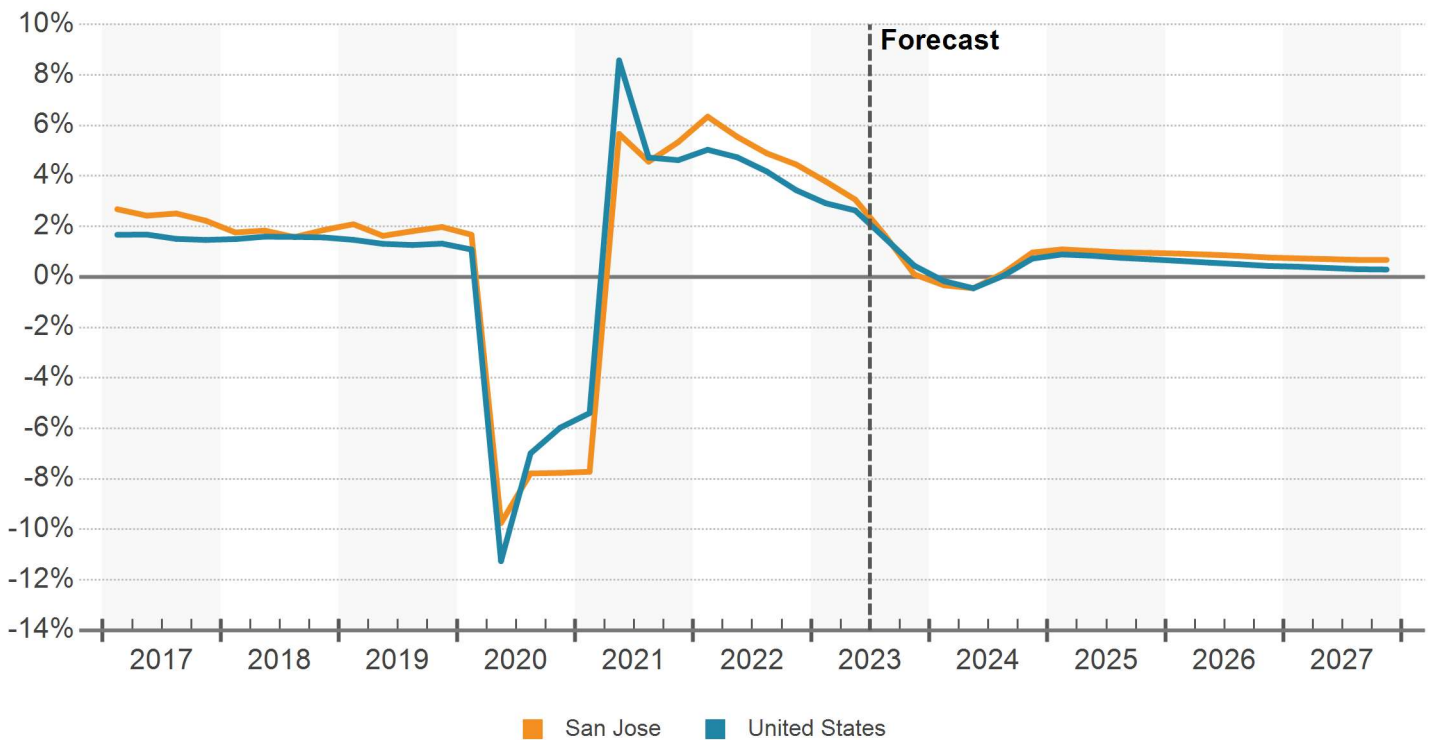
Several factors led to San Jose's prominence in technology. The market is home to one of the nation's premier educational institutions, Stanford University, as well as San Jose State and several other large universities. In conjunction with the culture of innovation that Stanford and Silicon Valley foster, 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 have pulled back in the past year in response to higher interest rates and global economic uncertainty.

## 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	182	1.9	0.34%	0.47%	1.40%	0.75%	0.06%	0.06%
Trade, Transportation and Utilities	123	0.6	1.15%	0.39%	-0.76%	1.14%	-0.16%	0.10%
Retail Trade	74	0.6	0.63%	0.24%	-1.18%	0.30%	-0.06%	0.09%
Financial Activities	38	0.5	1.01%	0.55%	1.23%	1.44%	0.06%	0.12%
Government	96	0.6	0.24%	1.46%	0.72%	0.32%	0.39%	0.42%
Natural Resources, Mining and Construction	56	0.9	4.09%	1.87%	3.90%	2.40%	0.83%	0.22%
Education and Health Services	194	1.0	3.19%	2.95%	2.92%	1.78%	1.21%	0.68%
Professional and Business Services	257	1.5	1.29%	1.34%	2.61%	2.09%	0.50%	0.36%
Information	105	4.5	-0.12%	-1.29%	6.25%	1.25%	1.49%	0.28%
Leisure and Hospitality	105	0.8	6.59%	4.41%	1.82%	1.52%	1.55%	0.89%
Other Services	26	0.6	0.68%	1.99%	0.00%	0.62%	0.18%	0.28%
<b>Total Employment</b>	<b>1,183</b>	<b>1.0</b>	<b>1.78%</b>	<b>1.64%</b>	<b>2.02%</b>	<b>1.32%</b>	<b>0.65%</b>	<b>0.38%</b>

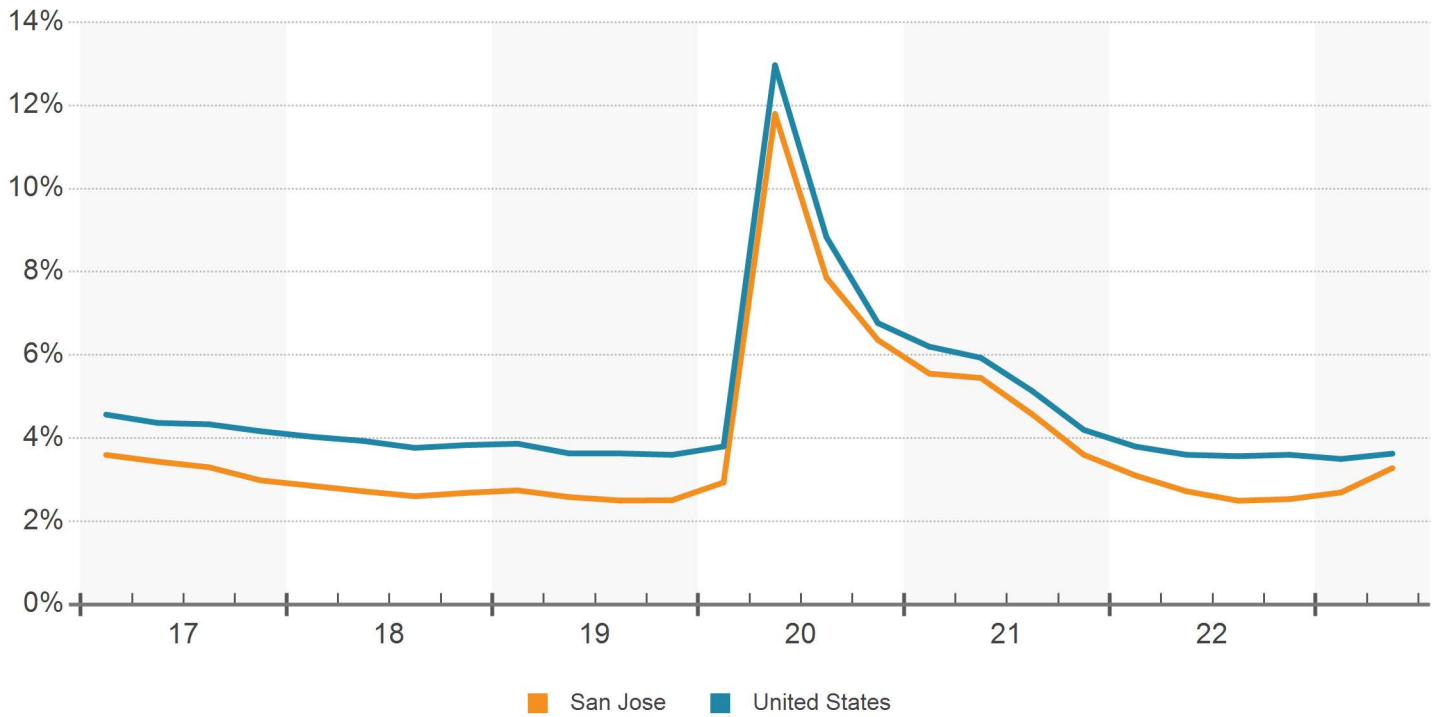
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

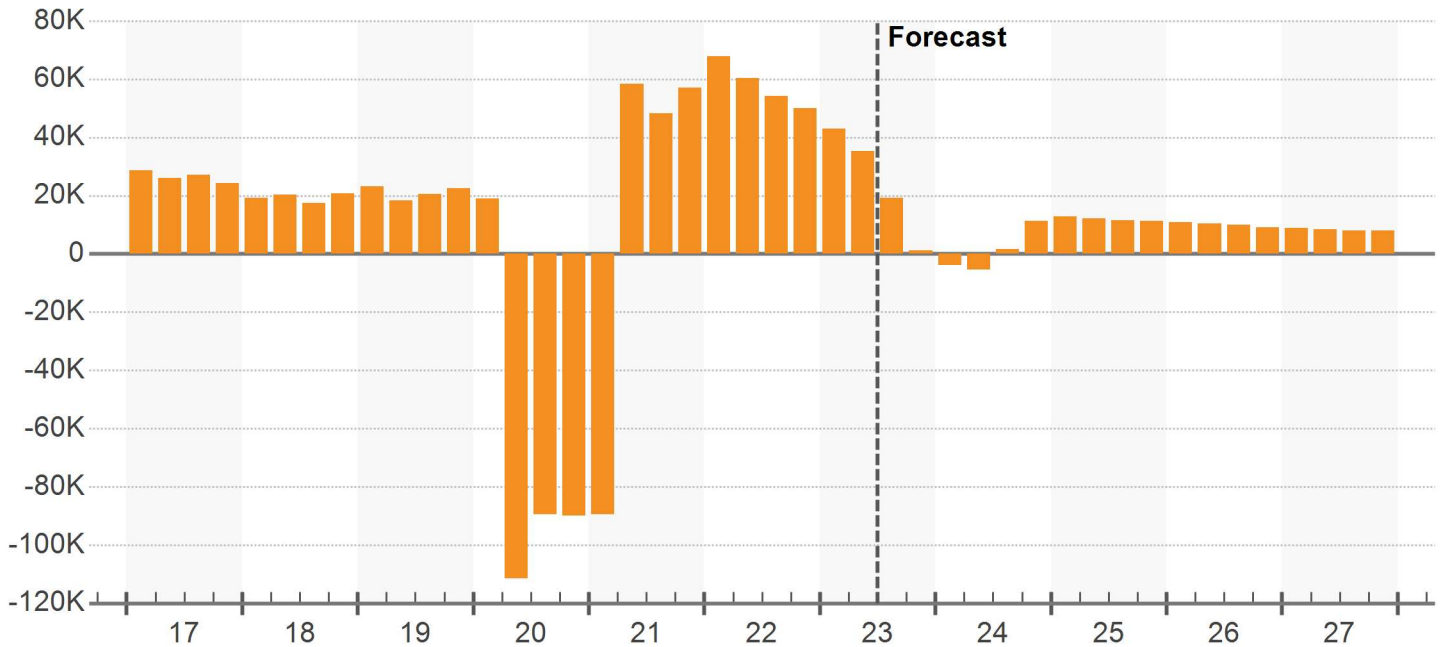


Source: Oxford Economics

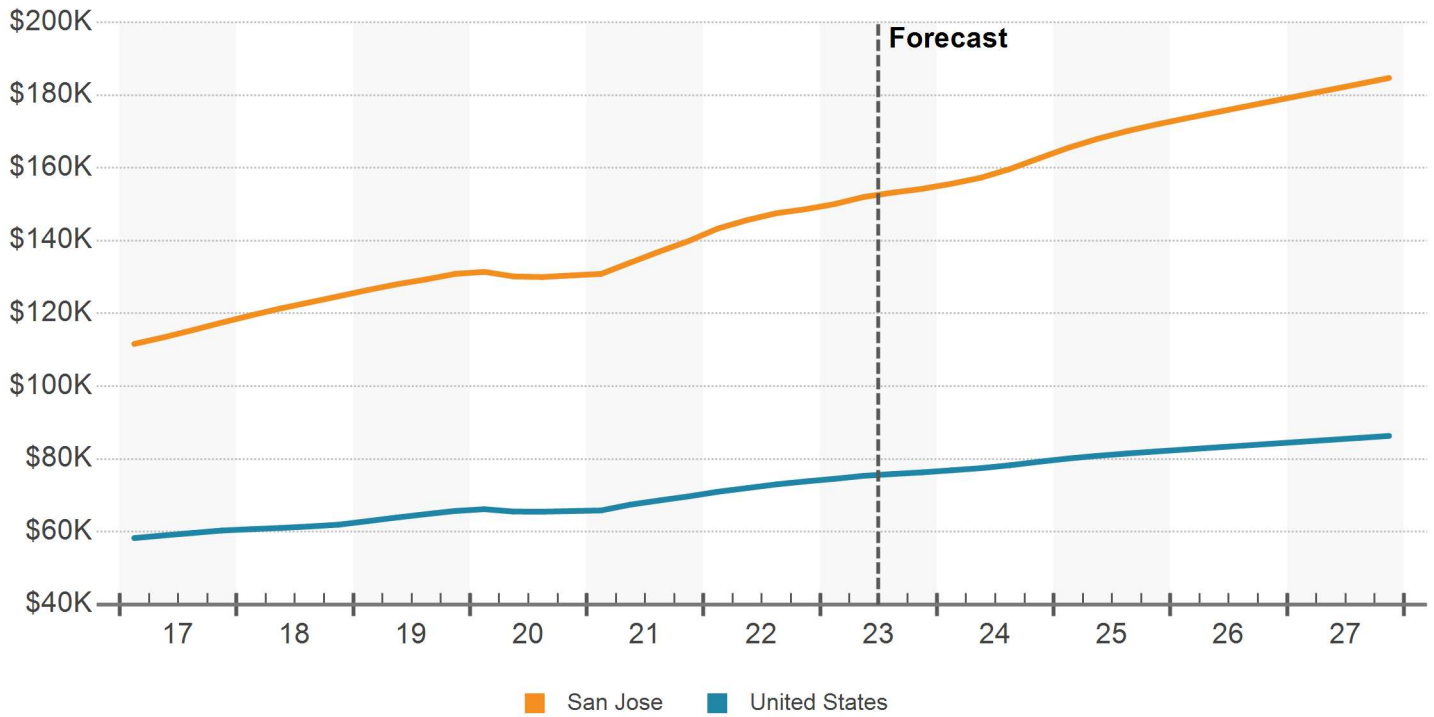
## UNEMPLOYMENT RATE (%)



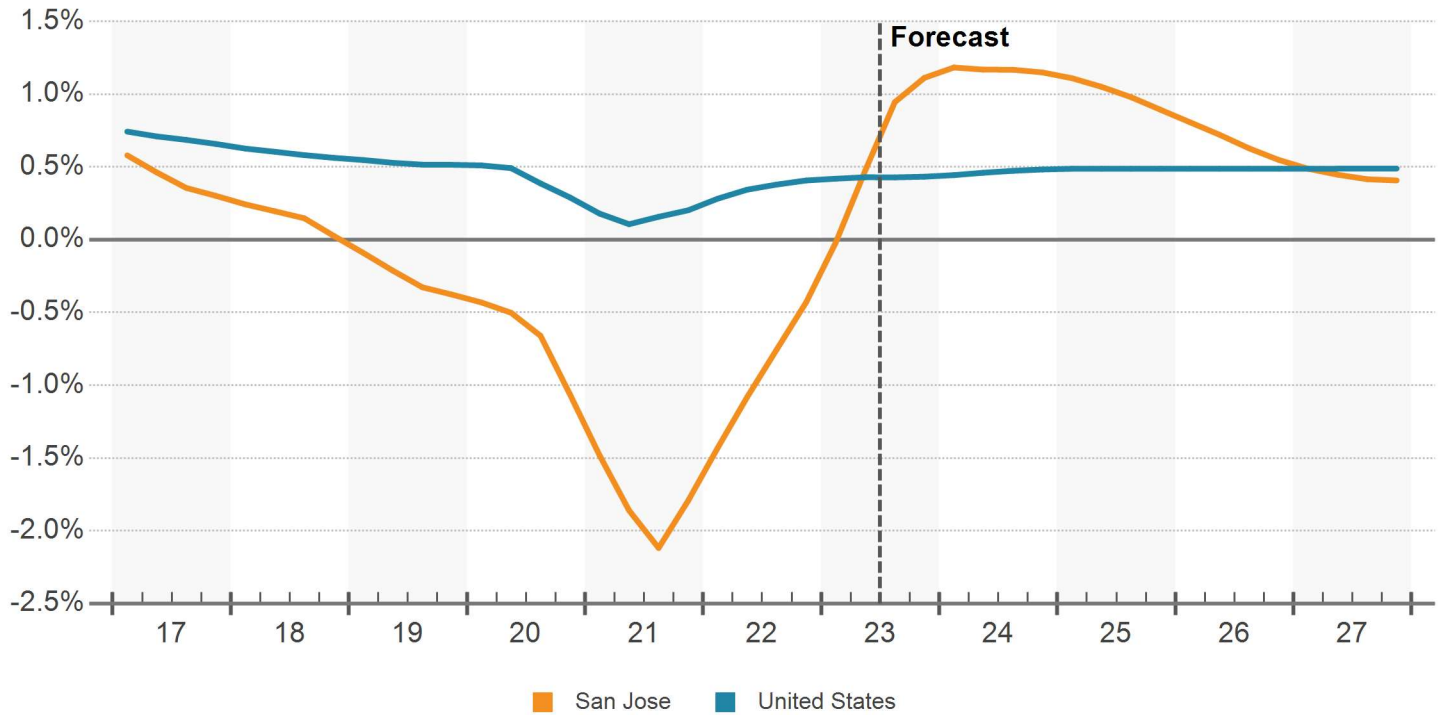
## NET EMPLOYMENT CHANGE (YOY)



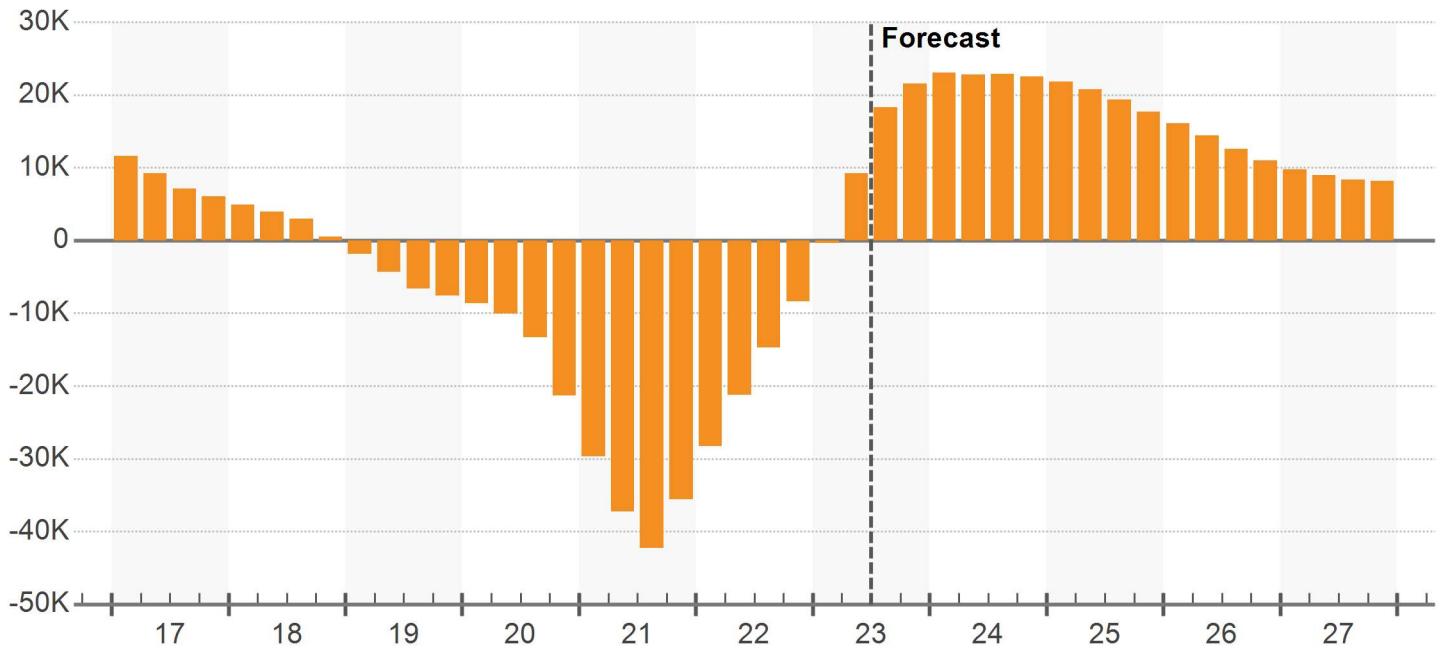
## MEDIAN HOUSEHOLD INCOME



## POPULATION GROWTH (YOY %)



## NET POPULATION CHANGE (YOY)

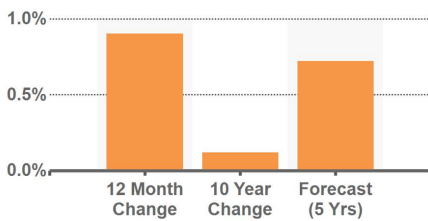


## DEMOGRAPHIC TRENDS

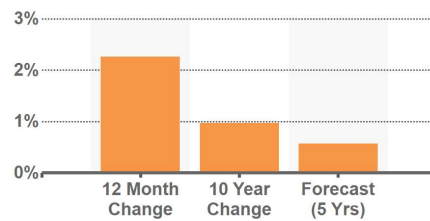
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,956,419	334,695,844	0.9%	0.4%	0.1%	0.6%	0.7%	0.5%
Households	679,541	129,975,961	1.1%	0.6%	0.5%	0.9%	0.8%	0.6%
Median Household Income	\$153,095	\$75,823	3.9%	4.0%	5.3%	3.8%	4.4%	3.0%
Labor Force	1,098,158	165,913,797	2.3%	0.9%	1.0%	0.6%	0.6%	0.4%
Unemployment	3.3%	3.6%	0.8%	0.1%	-0.3%	-0.4%	-	-

Source: Oxford Economics

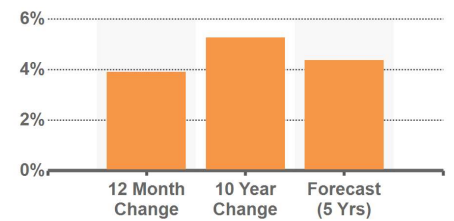
### POPULATION GROWTH



### LABOR FORCE GROWTH



### INCOME GROWTH

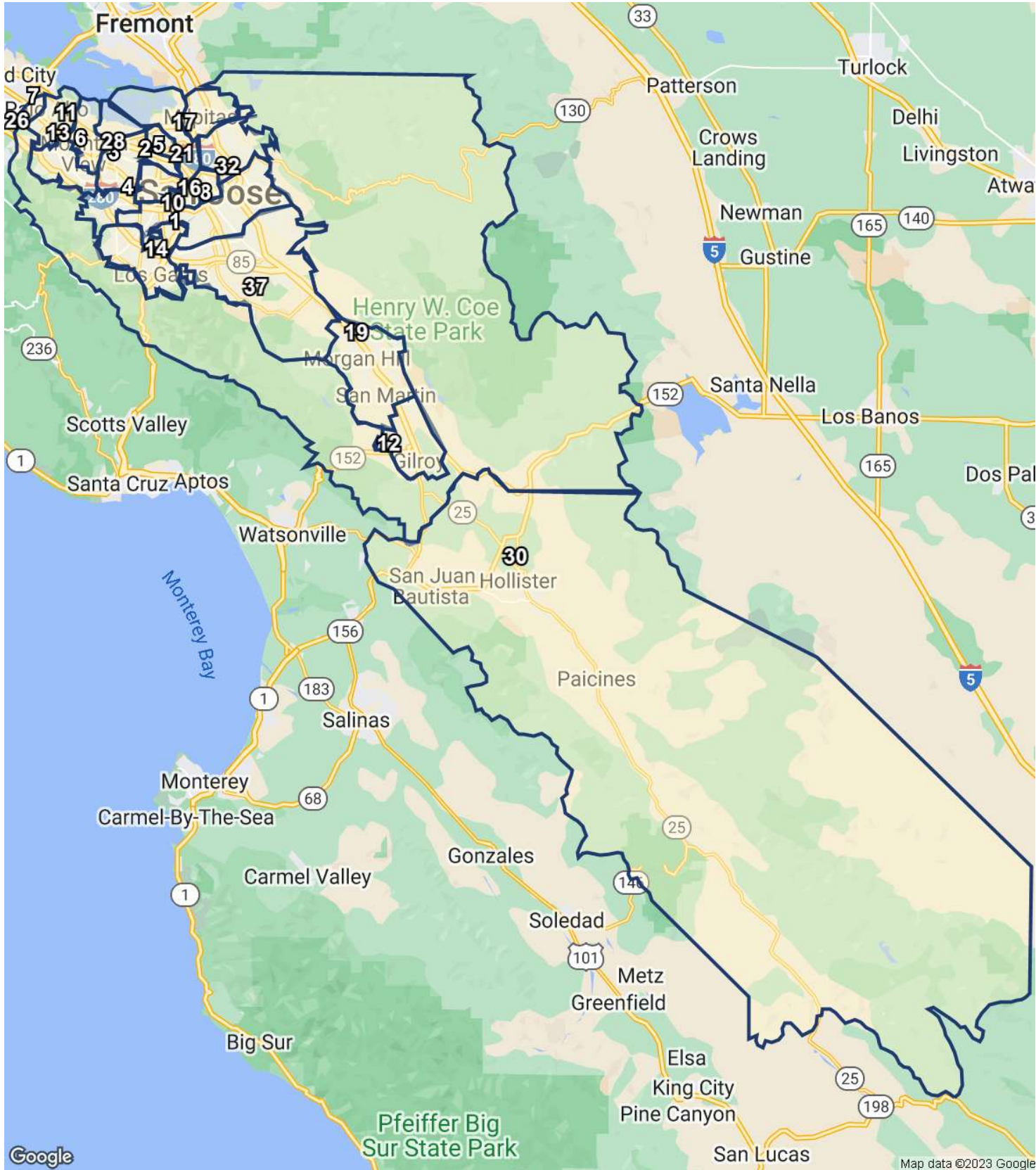


Source: Oxford Economics



# Submarkets

## 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	195	2,979	2.1%	16	0	0	0%	-	1	166	5.6%	8
2	Central Santa Clara	101	7,911	5.6%	8	1	269	3.4%	4	1	265	3.3%	6
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	3,847	2.7%	12	0	0	0%	-	0	-	-	-
8	Downtown San Jose	360	13,064	9.2%	3	1	750	5.7%	1	2	1,068	8.2%	4
9	East Arques Ave Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
10	East San Jose-Willow Glen	409	3,453	2.4%	14	1	14	0.4%	7	1	232	6.7%	7
11	Embarcadero/101	0	-	0%	-	0	0	-	-	0	-	-	-
12	Gilroy	105	723	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	281	3,142	2.2%	15	1	6	0.2%	8	0	-	-	-
16	Midtown San Jose	264	2,545	1.8%	17	0	0	0%	-	0	-	-	-
17	Milpitas	108	4,879	3.4%	10	0	0	0%	-	0	-	-	-
18	Moffett Park	63	11,825	8.4%	4	4	311	2.6%	2	4	1,540	13.0%	2
19	Morgan Hill	112	1,316	0.9%	21	0	0	0%	-	0	-	-	-
20	Mountain View	359	14,208	10.0%	2	1	3	0%	10	4	1,635	11.5%	1
21	N. San Jose - Brokaw	0	-	0%	-	0	0	-	-	0	-	-	-
22	N.E. Santa Clara	0	-	0%	-	0	0	-	-	0	-	-	-
23	North San Jose	227	17,700	12.5%	1	0	0	0%	-	1	23	0.1%	9
24	North Santa Clara	116	10,405	7.3%	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	312	10,669	7.5%	6	1	5	0%	9	1	421	3.9%	5
28	Peery Park	0	-	0%	-	0	0	-	-	0	-	-	-
29	Plumeria Drive	0	-	0%	-	0	0	-	-	0	-	-	-
30	San Benito County	117	741	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	1,838	1.3%	19	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	219	4,165	2.9%	11	1	70	1.7%	6	0	-	-	-
38	South Santa Clara	155	1,957	1.4%	18	1	234	12.0%	5	0	-	-	-
39	Sunnyvale	241	11,469	8.1%	5	2	290	2.5%	3	4	1,142	10.0%	3
40	Sunnyvale Triangle	0	-	0%	-	0	0	-	-	0	-	-	-
41	West Mountain View	0	-	0%	-	0	0	-	-	0	-	-	-
42	West San Jose	225	3,522	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	\$51.35	12	-1.1%	13	0.1%	9
2	Central Santa Clara	\$54.14	9	-3.2%	23	0.7%	1
3	Central Sunnyvale	-	-	-	-	-	-
4	Cupertino	\$65.97	6	-3.0%	22	0.2%	6
5	De La Cruz	-	-	-	-	-	-
6	Downtown Mountain View	-	-	-	-	-	-
7	Downtown Palo Alto	\$94.06	1	-1.3%	14	-0.3%	14
8	Downtown San Jose	\$50.03	13	-2.1%	17	0.2%	5
9	East Arques Ave Corridor	-	-	-	-	-	-
10	East San Jose-Willow Glen	\$45.70	18	0.5%	1	-0.5%	18
11	Embarcadero/101	-	-	-	-	-	-
12	Gilroy	\$39.19	22	0.1%	4	-0.4%	17
13	Los Altos	\$64.35	7	-0.1%	5	-0.4%	16
14	Los Gatos	-	-	-	-	-	-
15	Los Gatos/Saratoga	\$55.99	8	-0.9%	11	-0.1%	10
16	Midtown San Jose	\$43	21	-0.6%	8	-0.3%	15
17	Milpitas	\$46.13	17	-1.0%	12	-0.1%	12
18	Moffett Park	\$67.69	4	-4.1%	24	0.5%	2
19	Morgan Hill	\$38.28	23	0.1%	3	-0.6%	20
20	Mountain View	\$73.66	3	-2.3%	19	0.1%	7
21	N. San Jose - Brokaw	-	-	-	-	-	-
22	N.E. Santa Clara	-	-	-	-	-	-
23	North San Jose	\$49.88	15	-2.3%	18	-0.5%	19
24	North Santa Clara	\$49.93	14	-2.4%	20	0.4%	4
25	Oak Creek	-	-	-	-	-	-
26	Outlying Santa Clara Cnty	\$53.74	10	-0.2%	7	-0.9%	23
27	Palo Alto	\$80.57	2	-1.8%	16	-0.6%	22
28	Peery Park	-	-	-	-	-	-
29	Plumeria Drive	-	-	-	-	-	-
30	San Benito County	\$35.62	24	0.2%	2	-0.2%	13
31	San Jose East	-	-	-	-	-	-
32	San Jose, IBP East	-	-	-	-	-	-
33	San Jose-Berryessa	\$43.19	20	-0.7%	9	-1.6%	24
34	Scott Blvd Corridor	-	-	-	-	-	-
35	Shoreline Corridor North	-	-	-	-	-	-
36	Shoreline Corridor South	-	-	-	-	-	-
37	South San Jose	\$45.11	19	-0.1%	6	-0.6%	21
38	South Santa Clara	\$47.40	16	-1.3%	15	-0.1%	11
39	Sunnyvale	\$67.58	5	-2.4%	21	0.4%	3
40	Sunnyvale Triangle	-	-	-	-	-	-
41	West Mountain View	-	-	-	-	-	-
42	West San Jose	\$52.39	11	-0.9%	10	0.1%	8

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Campbell	651,345	21.9%	22	(46,609)	-1.6%	36	-
2	Central Santa Clara	526,535	6.7%	9	229,182	2.9%	5	1.0
3	Central Sunnyvale	-	-	-	0	-	-	-
4	Cupertino	191,458	2.5%	3	133,610	1.7%	6	-
5	De La Cruz	-	-	-	0	-	-	-
6	Downtown Mountain View	-	-	-	0	-	-	-
7	Downtown Palo Alto	490,040	12.7%	15	(198,696)	-5.2%	40	-
8	Downtown San Jose	2,310,812	17.7%	19	417,395	3.2%	1	1.8
9	East Arques Ave Corridor	-	-	-	0	-	-	-
10	East San Jose-Willow Glen	178,704	5.2%	6	48,903	1.4%	8	0.2
11	Embarcadero/101	-	-	-	0	-	-	-
12	Gilroy	5,798	0.8%	1	5,649	0.8%	11	-
13	Los Altos	160,958	11.1%	12	8,308	0.6%	9	-
14	Los Gatos	-	-	-	0	-	-	-
15	Los Gatos/Saratoga	288,151	9.2%	11	(42,782)	-1.4%	34	-
16	Midtown San Jose	213,582	8.4%	10	(31,270)	-1.2%	33	-
17	Milpitas	549,576	11.3%	13	(43,612)	-0.9%	35	-
18	Moffett Park	1,711,020	14.5%	16	(972,171)	-8.2%	41	-
19	Morgan Hill	30,725	2.3%	2	(9,070)	-0.7%	32	-
20	Mountain View	2,324,183	16.4%	18	(1,062,806)	-7.5%	42	-
21	N. San Jose - Brokaw	-	-	-	0	-	-	-
22	N.E. Santa Clara	-	-	-	0	-	-	-
23	North San Jose	3,329,367	18.8%	20	(150,030)	-0.8%	39	-
24	North Santa Clara	2,718,537	26.1%	23	310,726	3.0%	3	-
25	Oak Creek	-	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	-	-	-	0	0%	-	-
27	Palo Alto	1,597,937	15.0%	17	60,487	0.6%	7	-
28	Peery Park	-	-	-	0	-	-	-
29	Plumeria Drive	-	-	-	0	-	-	-
30	San Benito County	25,249	3.4%	4	4,730	0.6%	12	-
31	San Jose East	-	-	-	0	-	-	-
32	San Jose, IBP East	-	-	-	0	-	-	-
33	San Jose-Berryessa	121,689	6.6%	8	(52,643)	-2.9%	37	-
34	Scott Blvd Corridor	-	-	-	0	-	-	-
35	Shoreline Corridor North	-	-	-	0	-	-	-
36	Shoreline Corridor South	-	-	-	0	-	-	-
37	South San Jose	171,315	4.1%	5	7,818	0.2%	10	2.9
38	South Santa Clara	113,738	5.8%	7	253,313	12.9%	4	0.9
39	Sunnyvale	1,386,053	12.1%	14	356,107	3.1%	2	0.8
40	Sunnyvale Triangle	-	-	-	0	-	-	-
41	West Mountain View	-	-	-	0	-	-	-
42	West San Jose	724,117	20.6%	21	(90,709)	-2.6%	38	-

# Supply & Demand Trends

San Jose Office

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	146,912,160	178,724	0.1%	622,570	0.4%	0.3
2026	146,733,436	(275,668)	-0.2%	(959,455)	-0.7%	-
2025	147,009,104	709,445	0.5%	(969,313)	-0.7%	-
2024	146,299,659	2,529,185	1.8%	(2,253,574)	-1.5%	-
2023	143,770,474	3,673,071	2.6%	(2,392,574)	-1.7%	-
YTD	141,611,643	1,514,240	1.1%	(1,486,030)	-1.0%	-
2022	140,097,403	1,750,743	1.3%	1,690,850	1.2%	1.0
2021	138,346,660	3,640,334	2.7%	1,324,985	1.0%	2.7
2020	134,706,326	1,499,483	1.1%	(772,811)	-0.6%	-
2019	133,206,843	1,256,608	1.0%	1,176,942	0.9%	1.1
2018	131,950,235	3,637,451	2.8%	3,023,157	2.3%	1.2
2017	128,312,784	7,382,405	6.1%	5,474,617	4.3%	1.3
2016	120,930,379	2,861,902	2.4%	1,679,913	1.4%	1.7
2015	118,068,477	3,144,884	2.7%	5,827,097	4.9%	0.5
2014	114,923,593	1,116,278	1.0%	1,646,284	1.4%	0.7
2013	113,807,315	2,346,788	2.1%	2,955,266	2.6%	0.8
2012	111,460,527	403,564	0.4%	2,742,993	2.5%	0.1
2011	111,056,963	(1,421,111)	-1.3%	1,293,523	1.2%	-

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	72,581,979	645,455	0.9%	1,175,461	1.6%	0.5
2026	71,936,524	193,317	0.3%	123,185	0.2%	1.6
2025	71,743,207	1,206,061	1.7%	686,037	1.0%	1.8
2024	70,537,146	3,019,518	4.5%	256,354	0.4%	11.8
2023	67,517,628	3,703,330	5.8%	(926,989)	-1.4%	-
YTD	65,367,298	1,553,000	2.4%	(1,066,974)	-1.6%	-
2022	63,814,298	2,296,051	3.7%	2,246,763	3.5%	1.0
2021	61,518,247	3,785,193	6.6%	2,459,967	4.0%	1.5
2020	57,733,054	1,852,833	3.3%	643,784	1.1%	2.9
2019	55,880,221	1,299,756	2.4%	2,331,222	4.2%	0.6
2018	54,580,465	3,800,506	7.5%	3,494,189	6.4%	1.1
2017	50,779,959	7,575,591	17.5%	6,019,315	11.9%	1.3
2016	43,204,368	3,140,080	7.8%	1,340,409	3.1%	2.3
2015	40,064,288	3,814,168	10.5%	5,024,248	12.5%	0.8
2014	36,250,120	1,926,317	5.6%	1,518,500	4.2%	1.3
2013	34,323,803	2,497,316	7.8%	3,324,249	9.7%	0.8
2012	31,826,487	498,820	1.6%	1,668,398	5.2%	0.3
2011	31,327,667	99,564	0.3%	527,463	1.7%	0.2

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	51,194,382	2,185	0%	(107,881)	-0.2%	-
2026	51,192,197	628	0%	(458,543)	-0.9%	-
2025	51,191,569	0	0%	(818,764)	-1.6%	-
2024	51,191,569	0	0%	(1,373,156)	-2.7%	-
2023	51,191,569	125,030	0.2%	(816,475)	-1.6%	-
YTD	51,077,227	10,688	0%	(217,095)	-0.4%	-
2022	51,066,539	(185,892)	-0.4%	(4,022)	0%	-
2021	51,252,431	51,326	0.1%	(782,528)	-1.5%	-
2020	51,201,105	(84,986)	-0.2%	(589,135)	-1.2%	-
2019	51,286,091	173,170	0.3%	(789,604)	-1.5%	-
2018	51,112,921	(128,548)	-0.3%	(474,227)	-0.9%	-
2017	51,241,469	(148,496)	-0.3%	(438,331)	-0.9%	-
2016	51,389,965	(64,397)	-0.1%	177,483	0.3%	-
2015	51,454,362	(248,327)	-0.5%	939,006	1.8%	-
2014	51,702,689	(458,540)	-0.9%	(26,883)	-0.1%	-
2013	52,161,229	45,587	0.1%	(360,825)	-0.7%	-
2012	52,115,642	104,918	0.2%	1,017,576	2.0%	0.1
2011	52,010,724	(1,258,964)	-2.4%	651,370	1.3%	-

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	23,135,799	(468,916)	-2.0%	(445,010)	-1.9%	-
2026	23,604,715	(469,613)	-2.0%	(624,097)	-2.6%	-
2025	24,074,328	(496,616)	-2.0%	(836,586)	-3.5%	-
2024	24,570,944	(490,333)	-2.0%	(1,136,772)	-4.6%	-
2023	25,061,277	(155,289)	-0.6%	(649,110)	-2.6%	-
YTD	25,167,118	(49,448)	-0.2%	(201,961)	-0.8%	-
2022	25,216,566	(359,416)	-1.4%	(551,891)	-2.2%	-
2021	25,575,982	(196,185)	-0.8%	(352,454)	-1.4%	-
2020	25,772,167	(268,364)	-1.0%	(827,460)	-3.2%	-
2019	26,040,531	(216,318)	-0.8%	(364,676)	-1.4%	-
2018	26,256,849	(34,507)	-0.1%	3,195	0%	-
2017	26,291,356	(44,690)	-0.2%	(106,367)	-0.4%	-
2016	26,336,046	(213,781)	-0.8%	162,021	0.6%	-
2015	26,549,827	(420,957)	-1.6%	(136,157)	-0.5%	-
2014	26,970,784	(351,499)	-1.3%	154,667	0.6%	-
2013	27,322,283	(196,115)	-0.7%	(8,158)	0%	-
2012	27,518,398	(200,174)	-0.7%	57,019	0.2%	-
2011	27,718,572	(261,711)	-0.9%	114,690	0.4%	-

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$50.64	138	1.1%	-20.1%	29,610,426	20.2%	-0.3%
2026	\$50.11	136	-2.2%	-20.9%	30,049,466	20.5%	0.5%
2025	\$51.24	140	-4.1%	-19.1%	29,360,581	20.0%	1.1%
2024	\$53.44	145	-8.8%	-15.7%	27,676,100	18.9%	3.0%
2023	\$58.60	160	-2.0%	-7.5%	22,887,420	15.9%	3.9%
YTD	\$59.62	162	-2.2%	-5.9%	19,820,889	14.0%	2.0%
2022	\$59.80	163	-5.1%	-5.6%	16,820,619	12.0%	-0.1%
2021	\$63.02	172	0.8%	-0.5%	16,760,726	12.1%	1.4%
2020	\$62.54	170	-1.3%	-1.3%	14,425,316	10.7%	1.6%
2019	\$63.35	172	4.8%	0%	12,153,414	9.1%	-0.1%
2018	\$60.44	165	7.2%	-4.6%	12,178,355	9.2%	0.3%
2017	\$56.39	154	1.4%	-11.0%	11,506,695	9.0%	0.9%
2016	\$55.62	151	6.6%	-12.2%	9,773,716	8.1%	0.8%
2015	\$52.19	142	14.2%	-17.6%	8,591,727	7.3%	-2.5%
2014	\$45.70	124	11.6%	-27.9%	11,273,679	9.8%	-0.6%
2013	\$40.96	112	7.8%	-35.3%	11,803,685	10.4%	-0.8%
2012	\$38.01	103	10.8%	-40.0%	12,412,424	11.1%	-2.1%
2011	\$34.31	93	10.5%	-45.8%	14,751,853	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	\$55.15	140	1.0%	-23.5%	15,454,987	21.3%	-0.9%
2026	\$54.59	139	-2.3%	-24.3%	15,985,756	22.2%	0%
2025	\$55.85	142	-4.2%	-22.5%	15,916,189	22.2%	0.4%
2024	\$58.30	148	-8.9%	-19.1%	15,396,165	21.8%	3.1%
2023	\$64	163	-2.4%	-11.2%	12,633,001	18.7%	6.2%
YTD	\$65.12	166	-3.9%	-9.6%	10,622,646	16.3%	3.7%
2022	\$65.56	167	-9.0%	-9.0%	8,002,672	12.5%	-0.4%
2021	\$72.07	184	1.1%	0%	7,953,384	12.9%	1.4%
2020	\$71.29	182	2.1%	-1.1%	6,628,158	11.5%	1.8%
2019	\$69.85	178	6.5%	-3.1%	5,419,109	9.7%	-2.1%
2018	\$65.60	167	6.8%	-9.0%	6,450,575	11.8%	-0.3%
2017	\$61.40	156	1.0%	-14.8%	6,144,258	12.1%	1.2%
2016	\$60.79	155	6.5%	-15.7%	4,704,782	10.9%	3.6%
2015	\$57.06	145	15.7%	-20.8%	2,905,111	7.3%	-4.1%
2014	\$49.31	126	11.7%	-31.6%	4,115,191	11.4%	0.6%
2013	\$44.13	112	6.6%	-38.8%	3,707,374	10.8%	-3.4%
2012	\$41.41	105	12.1%	-42.5%	4,534,307	14.2%	-4.0%
2011	\$36.94	94	11.5%	-48.7%	5,703,885	18.2%	-1.4%

## 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$49.40	137	1.1%	-18.6%	10,112,379	19.8%	0.2%
2026	\$48.89	136	-2.2%	-19.4%	10,002,425	19.5%	0.9%
2025	\$49.98	139	-4.1%	-17.6%	9,543,303	18.6%	1.6%
2024	\$52.09	145	-8.8%	-14.2%	8,724,539	17.0%	2.7%
2023	\$57.09	159	-1.6%	-5.9%	7,351,383	14.4%	1.8%
YTD	\$58.09	161	-0.3%	-4.3%	6,637,624	13.0%	0.4%
2022	\$58	161	0%	-4.4%	6,409,841	12.6%	-0.3%
2021	\$58	161	0.9%	-4.4%	6,591,711	12.9%	1.6%
2020	\$57.49	160	-5.3%	-5.3%	5,757,857	11.2%	1.0%
2019	\$60.69	169	3.1%	0%	5,254,100	10.2%	1.7%
2018	\$58.88	164	9.1%	-3.0%	4,386,876	8.6%	0.8%
2017	\$53.97	150	1.3%	-11.1%	3,984,620	7.8%	0.5%
2016	\$53.29	148	5.8%	-12.2%	3,752,794	7.3%	-0.5%
2015	\$50.39	140	12.6%	-17.0%	3,994,674	7.8%	-2.3%
2014	\$44.74	124	11.4%	-26.3%	5,181,746	10.0%	-0.7%
2013	\$40.16	112	8.5%	-33.8%	5,613,403	10.8%	0.8%
2012	\$37.01	103	9.7%	-39.0%	5,207,252	10.0%	-1.8%
2011	\$33.74	94	10.6%	-44.4%	6,119,910	11.8%	-3.3%

## 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$40.32	130	1.2%	-19.8%	4,043,060	17.5%	0.3%
2026	\$39.84	129	-2.0%	-20.7%	4,061,285	17.2%	1.0%
2025	\$40.66	131	-3.9%	-19.1%	3,901,089	16.2%	1.7%
2024	\$42.31	137	-8.6%	-15.8%	3,555,396	14.5%	2.9%
2023	\$46.28	150	-1.6%	-7.9%	2,903,036	11.6%	2.0%
YTD	\$47.05	152	0.1%	-6.4%	2,560,619	10.2%	0.6%
2022	\$47.02	152	-0.9%	-6.4%	2,408,106	9.5%	0.9%
2021	\$47.46	153	-0.8%	-5.6%	2,215,631	8.7%	0.8%
2020	\$47.86	155	-4.8%	-4.8%	2,039,301	7.9%	2.2%
2019	\$50.25	162	2.7%	0%	1,480,205	5.7%	0.6%
2018	\$48.91	158	4.0%	-2.7%	1,340,904	5.1%	-0.1%
2017	\$47.02	152	3.1%	-6.4%	1,377,817	5.2%	0.2%
2016	\$45.62	147	8.7%	-9.2%	1,316,140	5.0%	-1.4%
2015	\$41.98	136	12.3%	-16.5%	1,691,942	6.4%	-1.0%
2014	\$37.38	121	11.4%	-25.6%	1,976,742	7.3%	-1.8%
2013	\$33.57	108	10.7%	-33.2%	2,482,908	9.1%	-0.6%
2012	\$30.33	98	8.5%	-39.6%	2,670,865	9.7%	-0.9%
2011	\$27.94	90	6.8%	-44.4%	2,928,058	10.6%	-1.2%



## 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	-	-	-	-	-	-	\$484.20	171	6.0%
2026	-	-	-	-	-	-	\$468.45	165	6.1%
2025	-	-	-	-	-	-	\$474.09	167	6.3%
2024	-	-	-	-	-	-	\$499.84	176	6.4%
2023	-	-	-	-	-	-	\$593.26	209	6.0%
YTD	54	\$446.6M	0.6%	\$9,924,227	\$536.38	4.6%	\$627.84	221	5.8%
2022	148	\$2.3B	2.2%	\$17,804,450	\$844.47	4.8%	\$660.44	233	5.6%
2021	209	\$5.3B	5.5%	\$26,864,890	\$743.25	4.7%	\$696.42	246	5.1%
2020	139	\$2.9B	3.4%	\$23,864,767	\$638.50	5.1%	\$673.01	237	5.2%
2019	279	\$4.5B	5.9%	\$24,706,238	\$607.39	5.4%	\$640.25	226	5.4%
2018	291	\$3.7B	5.7%	\$19,711,256	\$589.18	5.2%	\$598.57	211	5.4%
2017	312	\$3.9B	6.8%	\$21,925,433	\$493.99	5.4%	\$554.53	196	5.4%
2016	288	\$2.5B	5.6%	\$11,788,812	\$412.18	5.3%	\$547.17	193	5.2%
2015	326	\$3.7B	11.1%	\$16,650,811	\$457.66	5.7%	\$506.07	178	5.3%
2014	238	\$2.1B	5.5%	\$10,571,387	\$369.95	5.4%	\$442.12	156	5.5%
2013	288	\$2.5B	6.8%	\$12,004,064	\$366.24	7.1%	\$384.97	136	5.9%
2012	289	\$1.3B	5.6%	\$8,629,972	\$267.18	6.6%	\$341.25	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	-	-	-	-	-	-	\$556.11	175	5.7%
2026	-	-	-	-	-	-	\$537.74	169	5.9%
2025	-	-	-	-	-	-	\$544.07	171	6.0%
2024	-	-	-	-	-	-	\$573.71	180	6.1%
2023	-	-	-	-	-	-	\$682.30	214	5.8%
YTD	2	\$252.5M	0.6%	\$126,250,000	\$622.32	-	\$722.68	227	5.6%
2022	9	\$1.5B	2.0%	\$164,389,851	\$1,180.79	-	\$763.95	240	5.3%
2021	21	\$3.2B	6.6%	\$154,137,343	\$791.46	4.8%	\$785.94	247	5.0%
2020	17	\$1.7B	4.2%	\$101,939,663	\$721.91	5.2%	\$755.79	238	5.1%
2019	27	\$2.2B	6.4%	\$84,375,884	\$628.71	5.0%	\$709.32	223	5.2%
2018	17	\$1.1B	4.0%	\$81,728,480	\$755.42	4.9%	\$655.43	206	5.3%
2017	41	\$2.6B	9.3%	\$83,464,907	\$555.38	5.6%	\$607.93	191	5.3%
2016	16	\$729.7M	4.4%	\$45,606,011	\$383.64	5.9%	\$597.81	188	5.1%
2015	42	\$2B	15.2%	\$75,247,719	\$591.14	5.5%	\$552.61	174	5.2%
2014	11	\$592.8M	5.1%	\$74,101,346	\$371.02	5.1%	\$483.13	152	5.4%
2013	20	\$944.8M	6.7%	\$49,728,685	\$432.14	7.7%	\$424.93	134	5.8%
2012	12	\$439.9M	6.0%	\$43,985,499	\$273.49	6.8%	\$376.10	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	-	-	-	-	-	-	\$422.71	165	6.2%
2026	-	-	-	-	-	-	\$409.47	160	6.3%
2025	-	-	-	-	-	-	\$414.77	162	6.5%
2024	-	-	-	-	-	-	\$437.46	171	6.6%
2023	-	-	-	-	-	-	\$517.98	202	6.2%
YTD	18	\$91.8M	0.4%	\$5,736,453	\$469.24	4.1%	\$547.58	214	6.0%
2022	60	\$583.1M	2.4%	\$11,900,811	\$580.11	5.4%	\$572.76	224	5.8%
2021	85	\$1.7B	5.6%	\$22,199,996	\$723.19	4.6%	\$617.66	241	5.3%
2020	57	\$971.9M	3.5%	\$19,835,405	\$568.29	5.7%	\$600.30	235	5.3%
2019	94	\$2B	6.5%	\$27,244,498	\$620.98	5.4%	\$574.30	224	5.5%
2018	103	\$1.8B	7.4%	\$22,154,054	\$506.89	5.6%	\$542.02	212	5.5%
2017	73	\$986.7M	5.3%	\$17,940,438	\$401.93	5.9%	\$498.87	195	5.5%
2016	107	\$1.3B	7.1%	\$16,174,463	\$434.53	5.3%	\$492.61	192	5.3%
2015	127	\$1.3B	9.8%	\$13,886,479	\$365.27	6.0%	\$457.29	179	5.4%
2014	104	\$993.7M	5.5%	\$11,972,671	\$387.97	6.0%	\$403.41	158	5.6%
2013	113	\$1.2B	7.4%	\$15,058,861	\$362.23	6.2%	\$348.98	136	6.0%
2012	98	\$615.8M	5.5%	\$9,330,649	\$285.73	6.0%	\$311.69	122	6.4%

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## 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	-	-	-	-	-	-	\$404.24	168	6.3%
2026	-	-	-	-	-	-	\$390.90	162	6.5%
2025	-	-	-	-	-	-	\$395.22	164	6.6%
2024	-	-	-	-	-	-	\$416.10	173	6.7%
2023	-	-	-	-	-	-	\$492.50	204	6.4%
YTD	34	\$102.3M	1.2%	\$3,789,146	\$442.38	4.8%	\$520.68	216	6.2%
2022	79	\$251.9M	2.4%	\$3,499,029	\$521.97	4.0%	\$543.70	226	5.9%
2021	103	\$346.1M	2.8%	\$3,495,954	\$518.75	4.7%	\$601.41	249	5.3%
2020	65	\$182.7M	1.7%	\$3,322,323	\$443.81	4.4%	\$584.89	243	5.4%
2019	158	\$336.1M	3.9%	\$4,000,976	\$449.05	5.5%	\$577.48	240	5.5%
2018	171	\$749.8M	6.0%	\$8,149,680	\$618.80	5.0%	\$551.50	229	5.4%
2017	198	\$350.5M	5.1%	\$3,768,993	\$421.74	4.6%	\$515.48	214	5.4%
2016	165	\$431.4M	4.8%	\$3,818,029	\$399.32	5.1%	\$513.74	213	5.2%
2015	157	\$420.8M	7.3%	\$4,166,573	\$364.17	5.0%	\$472.55	196	5.3%
2014	123	\$464.3M	5.8%	\$4,507,832	\$335.39	4.8%	\$403.96	168	5.6%
2013	155	\$311.3M	5.9%	\$2,936,597	\$257.92	8.7%	\$344.27	143	6.0%
2012	179	\$195.7M	5.3%	\$2,835,770	\$212.71	7.0%	\$302.02	125	6.4%

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