



Office Market Report

San Jose - CA

PREPARED BY



OFFICE MARKET REPORT

Market Key Statistics	1
Leasing	2
Rent	7
Construction	10
Under Construction Properties	12
Sales	14
Sales Past 12 Months	16
Economy	18
Market Submarkets	23
Supply & Demand Trends	27
Rent & Vacancy	29
Sale Trends	31

12 Mo Deliveries in SF

3.7M

12 Mo Net Absorption in SF

(1.8M)

Vacancy Rate

15.4%

12 Mo Rent Growth

-0.9%

In the immediate aftermath of the pandemic, San Jose largely avoided the unprecedented collapse in tenant demand that emptied office buildings and caused vacancy to escalate in neighboring San Francisco. However, in 2023, low utilization of office space has been joined by economic challenges. Tech companies, faced with decreasing valuations and tighter availability of capital, have looked to reduce costs by laying off staff and cutting back on office space.

In 2023, the vacancy rate in San Jose ticked up to 15.4% in the fourth quarter, having hovered around the 12% mark for the previous two years. Availability has risen to 19.5% as tenants add sublet space and developers bring to the market newly-built spaces in speculative projects. Substantial space reductions have been initiated, first by Google and Meta in Mountain View and Moffett Park, and followed by downsizings by several other major tenants, such as Roku and LinkedIn.

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.

The delivery of new office space has continued at a high clip in San Jose, as projects that started before the current downturn are now completing. 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.

The largest speculative office project to complete in 2023 is developer Jay Paul's 950,000-SF 200 Park Ave. in Downtown San Jose. Construction of some other speculative office projects, such as BXP's Platform 16, has been delayed or suspended, pending an improvement in leasing conditions.

Weakening demand is also impacting rents, with average rent levels moving downwards over the past year. 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. However, overall pricing has stayed robust, with some properties trading above \$1,000/SF while others sell at much lower levels.

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	68,534,037	18.1%	\$65.26	22.4%	(101,636)	1,740,759	3,888,902
3 Star	51,081,287	13.5%	\$56.97	17.9%	(169,829)	0	114,342
1 & 2 Star	24,894,232	11.7%	\$47.02	14.2%	(416,866)	0	0
Market	144,509,556	15.4%	\$59.34	19.5%	(688,331)	1,740,759	4,003,244
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	3.4%	10.5%	20.0%	17.0%	2003 Q2	0.6%	2000 Q2
Net Absorption SF	(1.8M)	1,702,790	(1,502,200)	8,389,347	2000 Q2	(3,863,591)	2002 Q1
Deliveries SF	3.7M	2,730,447	1,477,472	7,756,121	2017 Q4	180,864	2012 Q1
Rent Growth	-0.9%	3.1%	-2.7%	27.6%	2000 Q4	-23.1%	2002 Q1
Sales Volume	\$620M	\$1.7B	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. Moreover, tenants are continuing to reduce their leased space in response to the changed nature and location of office work. While most occupiers have now settled on their space strategy, the process of delivering that strategy continues to play out as leases reach their expiration dates.

As of the fourth quarter, 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.

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 fourth quarter, vacancy is 15.4% and the availability rate is 19.5%. 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 7.9 million SF, an all-time high.

Year to date leasing volume is comparable to the low points of both the Pandemic and the Great Recession. Notably, the number of new leases is only slightly below the longer term average. Instead, it is the average lease size that has fallen. This pattern matches the national secular trend of companies downsizing to smaller spaces in response to their employees spending fewer days in the office.

Earlier in 2023, both Google and Meta pulled out of several buildings in Mountain View and Moffett Park.

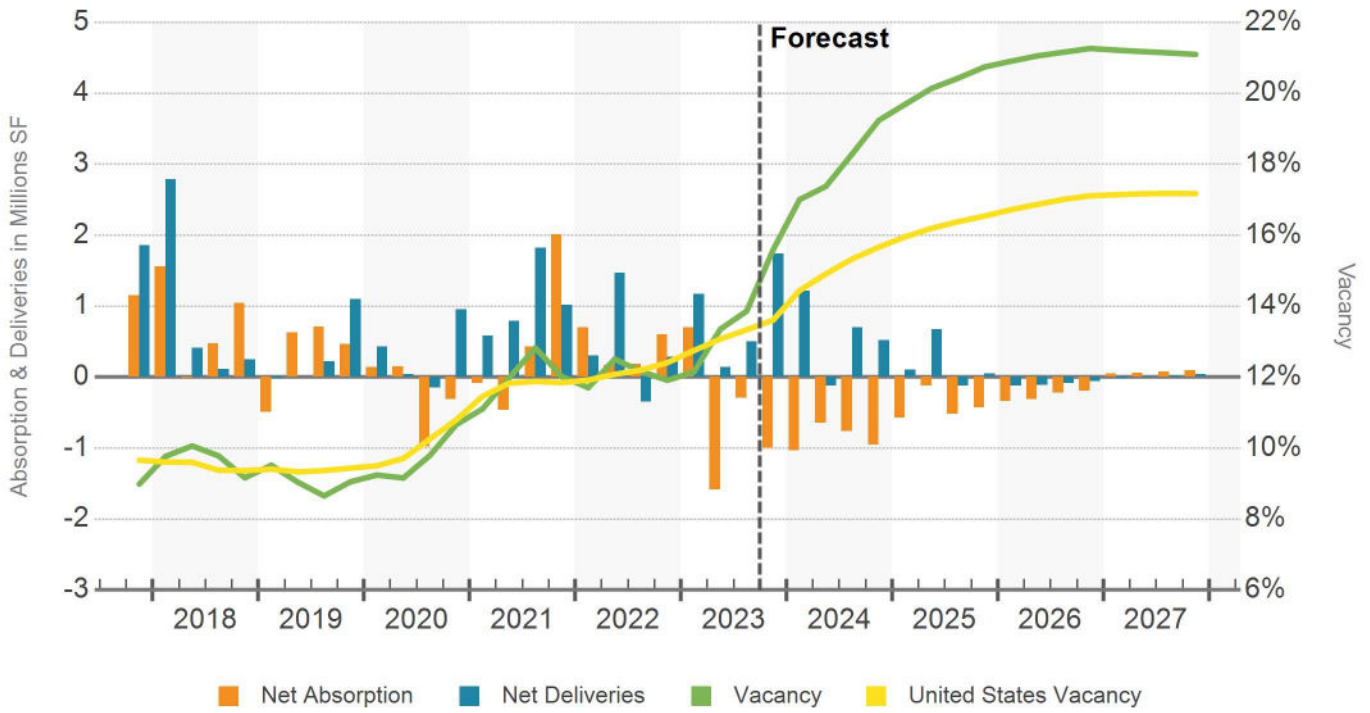
First, the 720,000-square-foot Moffett Green campus in Moffett Park hit the leasing market. Commonwealth Partners and CalPERS bought the four-building portfolio for \$867 million or \$1,200 per square foot in June 2022, at which time the entire campus was occupied by Meta on a lease than only started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

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.

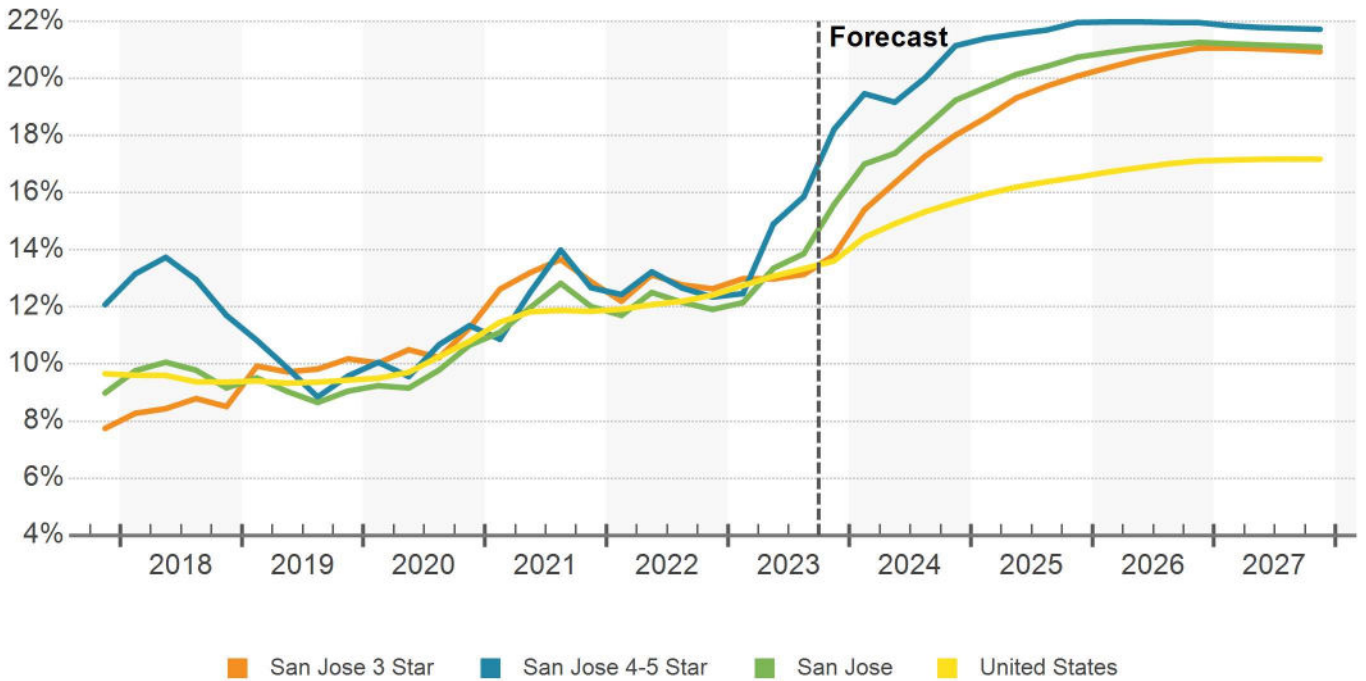
Among other notable tenants giving back space, LinkedIn has made two buildings available for sublease in Sunnyvale, Cloudera has exited spaces in Palo Alto and Santa Clara, and Veritas has put two of the three floors it leases at Santa Clara Square on the sublet market. In Downtown San Jose, Sage Intaact is subletting four floors at Riverside Towers, and Roku has added over 350,000 SF of sublet space at Coleman Highline.

On a more positive note, both Google and Amazon signed sizeable lease renewals in the fourth quarter.

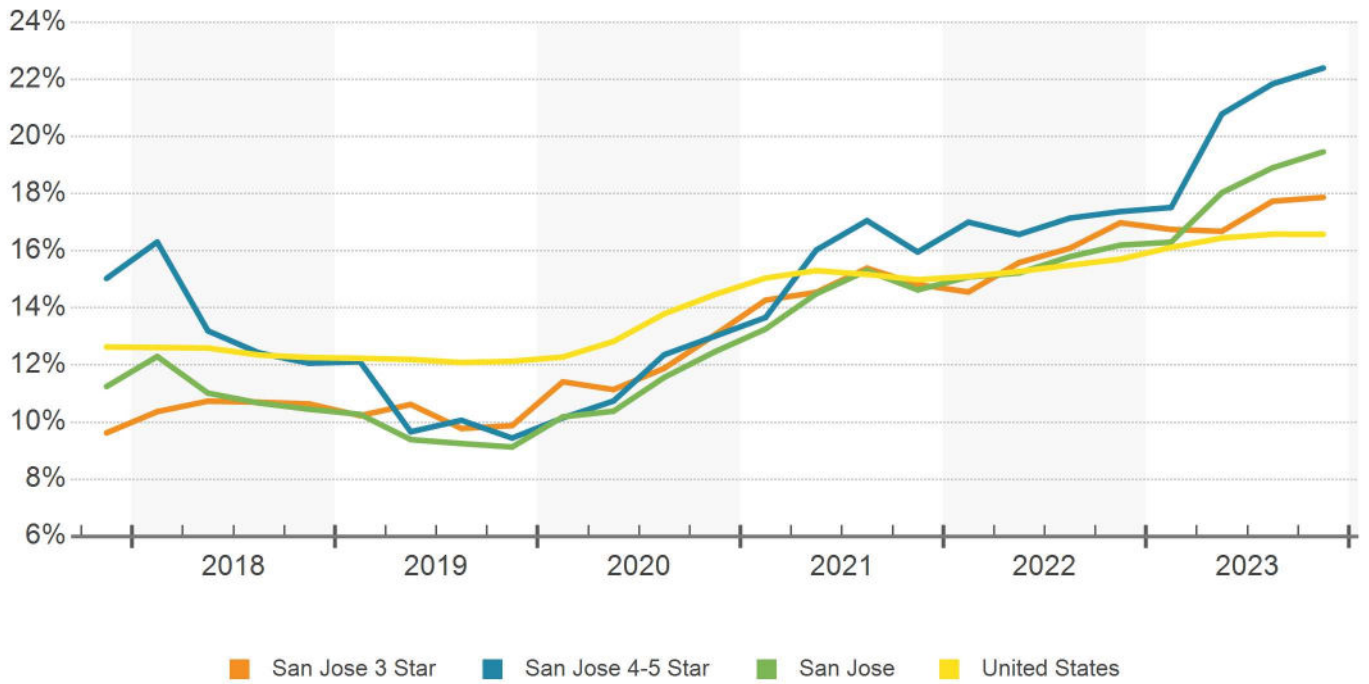
NET ABSORPTION, NET DELIVERIES & VACANCY



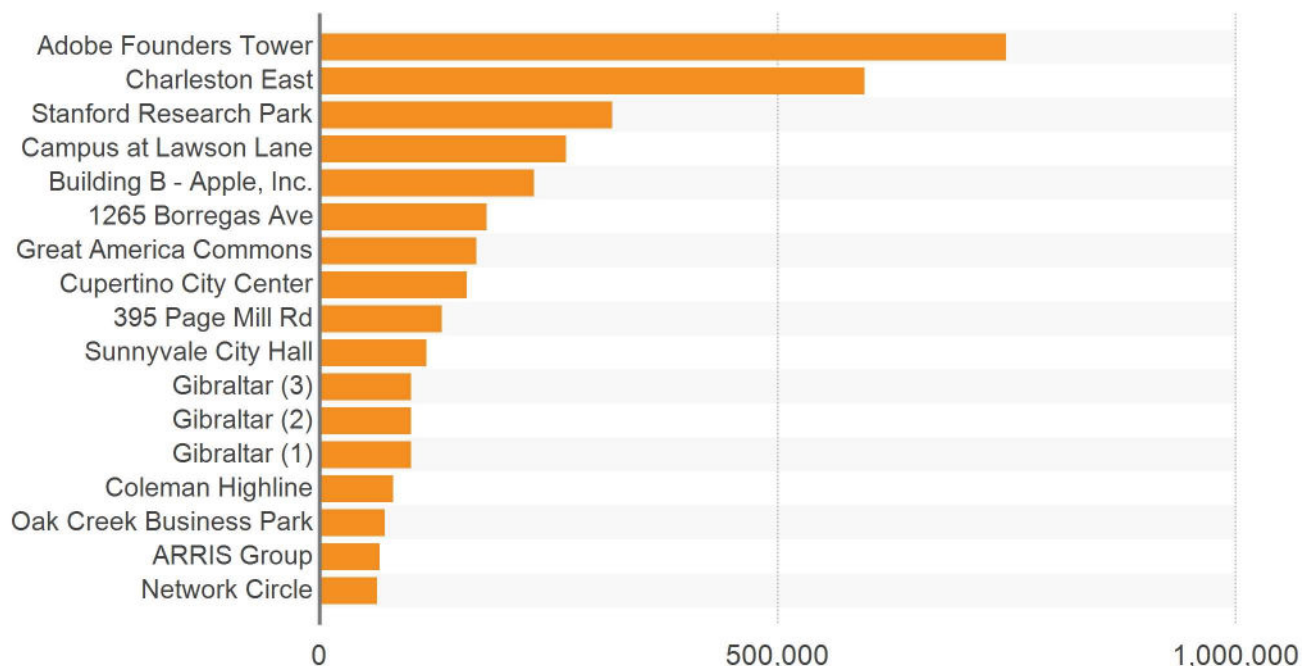
VACANCY RATE



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
Charleston East	Mountain View	595,000	0	0	0	0	595,000	595,000
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
1265 Borregas Ave	Moffett Park	182,500	0	0	182,500	0	0	182,500
Great America Commons	North Santa Clara	321,782	67,989	0	111,741	39,496	19,825	171,062
Cupertino City Center	Cupertino	160,837	0	0	0	160,837	0	160,837
395 Page Mill Rd	Palo Alto	224,852	47,149	133,868	0	0	0	133,868
Sunnyvale City Hall	Sunnyvale	117,000	0	117,000	0	0	0	117,000
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
Coleman Highline	North San Jose	647,934	0	81,000	0	0	0	80,576
Oak Creek Business Park	Milpitas	71,472	0	71,472	0	0	0	71,472
ARRIS Group	Central Santa Clara	65,840	0	0	65,840	0	0	65,840
Network Circle	North Santa Clara	63,290	0	0	63,290	0	0	63,290
Subtotal Primary Competitors		4,572,755	115,138	1,453,340	423,371	1,023,032	614,825	3,514,144
Remaining San Jose Market		139,936,801	22,103,562	(758,934)	(2,009,123)	(1,317,848)	(1,303,156)	(5,303,720)
Total San Jose Market		144,509,556	22,218,700	694,406	(1,585,752)	(294,816)	(688,331)	(1,789,576)

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
Crossman Campus	Moffett Park	198,298	Q4 23	Walmart	-	JLL
Crossman Campus	Moffett Park	192,293	Q4 23	Walmart	-	JLL
Crossman Campus	Moffett Park	189,944	Q4 23	Walmart	-	JLL
Mathilda Campus	Sunnyvale	156,785	Q1 23	Apple	-	Newmark
Crossman Campus	Moffett Park	138,146	Q4 23	Walmart	-	JLL
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
Santa Clara Square *	Central Santa Clara	61,457	Q1 23	Cambridge Industries Group	Cushman & Wakefield	The Irvine Company
3333 Scott	Central Santa Clara	41,252	Q4 23	Rivos	S5 Advisory	Newmark
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
Santa Clara Gateway	North Santa Clara	37,880	Q2 23	HCLTech	-	CBRE
Zanker Place	North San Jose	34,389	Q1 23	Light Labs	-	Cushman & Wakefield
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
Stanford Research Park	Palo Alto	31,408	Q1 23	Tacta	Newmark	Cushman & Wakefield
Santa Clara Gateway	North Santa Clara	30,531	Q3 23	Workday	Cushman & Wakefield	CBRE
Santana West	West San Jose	28,069	Q4 23	-	-	Newmark
Santa Clara Gateway	North Santa Clara	27,779	Q4 23	-	-	CBRE;Irvine Company...
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
Orchard Commons	North San Jose	23,530	Q2 23	Tests Assured	-	CBRE
Marriott Business Park *	North Santa Clara	22,282	Q2 23	Aviatrix	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
Riverpark Towers	Downtown San Jose	20,061	Q4 23	-	-	JLL
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	-	-	Cushman & Wakefield
Mission City Center	North Santa Clara	19,371	Q1 23	-	-	Cushman & Wakefield
800 California St	Mountain View	17,971	Q3 23	Stampli	-	Newmark
60 S Market St	Downtown San Jose	17,904	Q4 23	-	-	CBRE
Century Plaza	West San Jose	17,132	Q4 23	Teladoc	-	Cushman & Wakefield
3055 Orchard Dr	North San Jose	17,115	Q1 23	-	-	Newmark

Renewal

After holding up well during the pandemic, rent growth in San Jose turned negative in 2022. This has continued in 2023 and as of the fourth quarter, average asking rents are -0.9% 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.

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

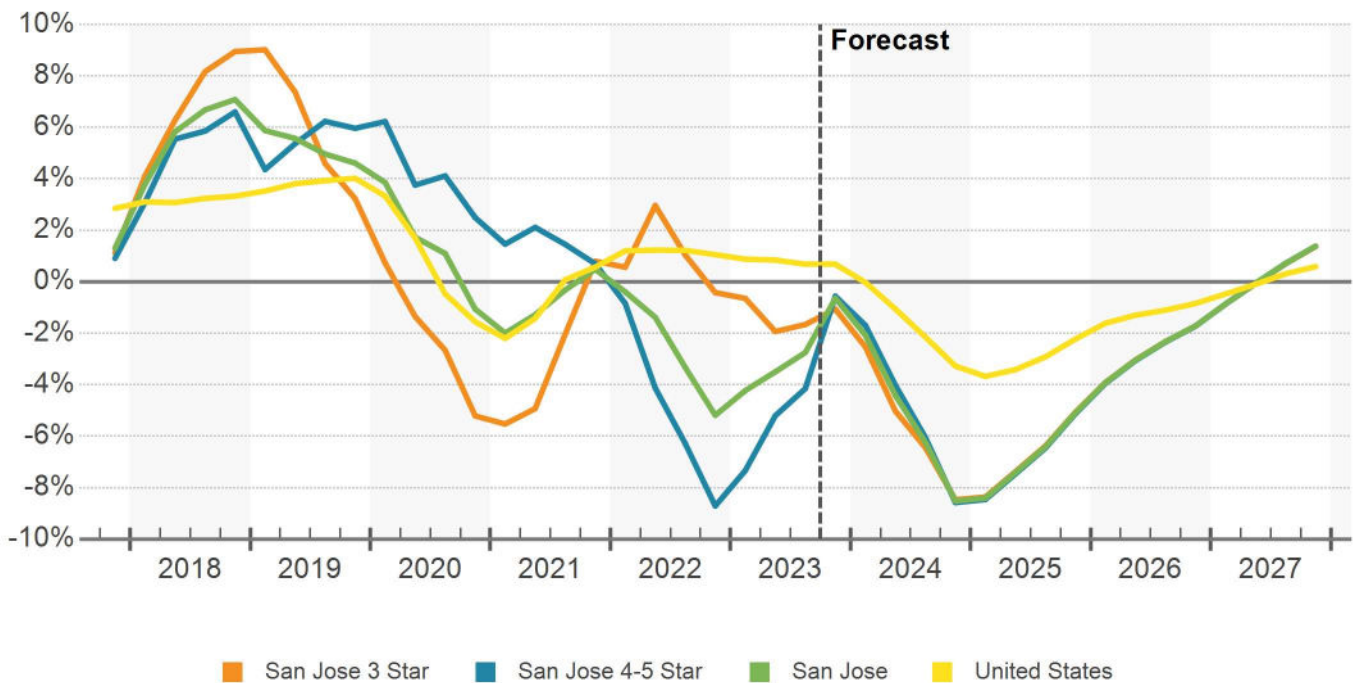
\$150/SF or more, in exchange for extended lease terms.

For example, in August, Ondas Networks signed a lease for 21,500 SF in Sunnyvale with a NNN starting rent of \$43.20 and 12 months of free rent for a six-year term.

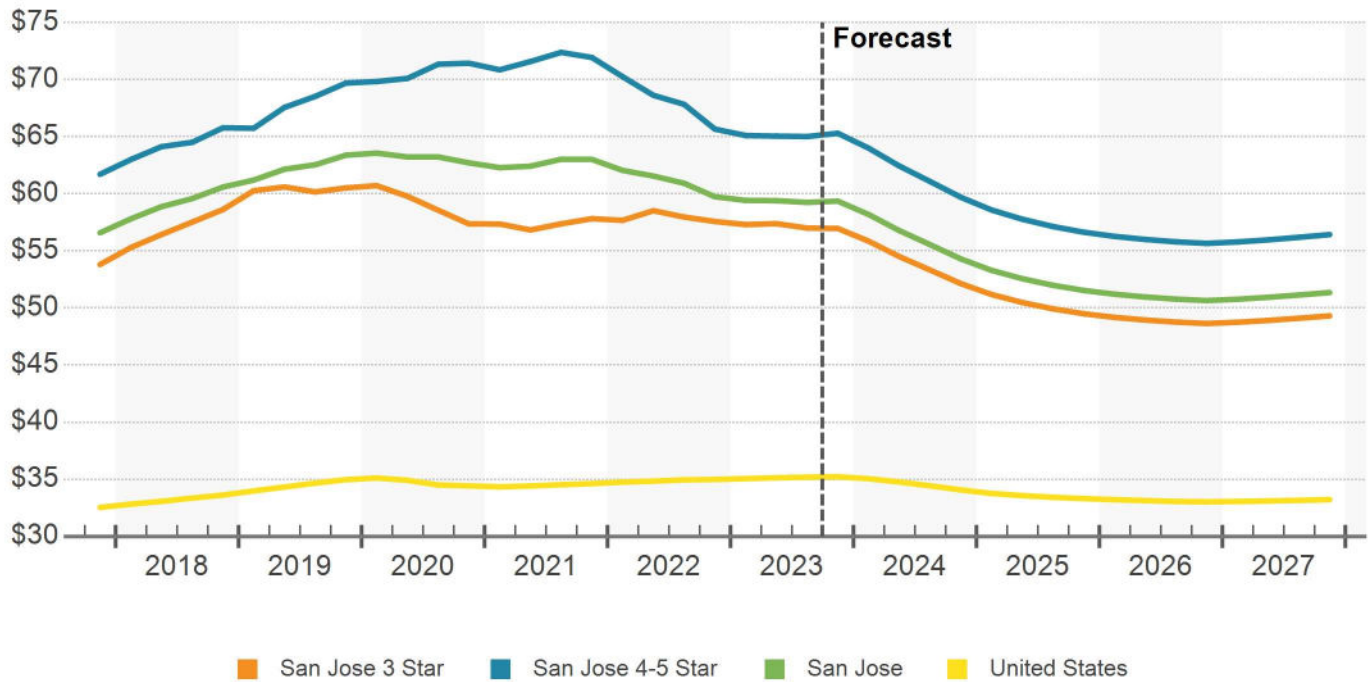
Current average market rates are \$59/SF on a full-service basis. While average rents are declining, San Jose remains one of the most expensive markets for office space in the nation. Higher-quality 4 & 5 Star product leases for an average \$65/SF, compared to the average across the US of \$45.00/SF 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
San Jose	\$0.86	\$1.66	\$1.37	\$8.93	\$4.09	\$16.91
Campbell/Los Gatos	\$0.46	\$2.43	\$0.97	\$9.16	\$5.44	\$18.46
Downtown San Jose	\$1.28	\$1.93	\$1.64	\$3.80	\$4.80	\$13.45
Milpitas	\$0.47	\$2.51	\$1	\$5.85	\$4.12	\$13.95
Mountain View/Los Altos	\$1	\$1.97	\$1.81	\$9.64	\$2.16	\$16.58
North San Jose	\$0.82	\$1.43	\$1.17	\$9.57	\$4.42	\$17.41
Palo Alto	\$0.96	\$1.90	\$1.74	\$17.59	\$3.69	\$25.88
Santa Clara	\$0.73	\$1.45	\$1.08	\$6.51	\$4.24	\$14.01
South San Jose	\$1.14	\$2.05	\$1.58	\$4.54	\$4.47	\$13.78
Sunnyvale/Cupertino	\$0.73	\$1.42	\$1.27	\$9.16	\$4.38	\$16.96

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
San Jose	\$0.62	\$1.16	\$1.18	\$6.54	\$3.51	\$13.01
Campbell/Los Gatos	\$0.43	\$1.22	\$0.90	\$5.24	\$5.10	\$12.89
Downtown San Jose	\$0.77	\$1.74	\$0.95	\$4.09	\$2.55	\$10.10
Milpitas	\$0.33	\$0.95	\$0.70	\$7.10	\$3.81	\$12.89
Morgan Hill/Gilroy	\$0.42	\$1.19	\$0.88	\$4.20	\$4.68	\$11.37
Mountain View/Los Altos	\$0.79	\$1.33	\$1.70	\$7.86	\$3.27	\$14.95
North San Jose	\$0.53	\$1.28	\$1.01	\$5.08	\$1.99	\$9.89
Outlying Santa Clara Cnty	\$0.61	\$1.29	\$1.30	\$6.51	\$4.43	\$14.14
Palo Alto	\$0.81	\$1.37	\$1.74	\$10.79	\$3.51	\$18.22
San Benito County	\$0.45	\$1.29	\$0.95	\$4.01	\$5.01	\$11.71
Santa Clara	\$0.63	\$0.58	\$0.93	\$5.30	\$2.25	\$9.69
South San Jose	\$0.48	\$1.25	\$1.01	\$4.96	\$5.31	\$13.01
Sunnyvale/Cupertino	\$0.67	\$0.64	\$1.11	\$6.94	\$2.28	\$11.64

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
San Jose	\$0.59	\$1.20	\$1.06	\$5.77	\$1.91	\$10.53
Campbell/Los Gatos	\$0.42	\$1.20	\$0.88	\$5.96	\$3.04	\$11.50
Downtown San Jose	\$0.73	\$1.67	\$0.88	\$4.91	\$0.46	\$8.65
Milpitas	\$0.40	\$1.14	\$0.84	\$3.90	\$2.90	\$9.18
Morgan Hill/Gilroy	\$0.41	\$1.18	\$0.87	\$3.51	\$2.99	\$8.96
Mountain View/Los Altos	\$0.72	\$1.21	\$1.58	\$8.64	\$1.80	\$13.95
North San Jose	\$0.58	\$1.24	\$0.91	\$5.19	\$1.21	\$9.13
Outlying Santa Clara Cnty	\$0.54	\$1.12	\$0.64	\$6.07	\$2.27	\$10.64
Palo Alto	\$0.73	\$1.23	\$1.60	\$7.91	\$2.40	\$13.87
San Benito County	\$0.42	\$1.20	\$0.88	\$2.40	\$3.02	\$7.92
Santa Clara	\$0.64	\$0.63	\$0.98	\$5.23	\$1.50	\$8.98
South San Jose	\$0.48	\$1.21	\$0.92	\$5.48	\$2.20	\$10.29
Sunnyvale/Cupertino	\$0.67	\$0.63	\$1.01	\$5.69	\$1.68	\$9.68

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. As of the fourth quarter, 4.0 million SF of office space is under construction, representing 2.8% of the market's existing inventory, well above the national average of 1.3%.

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 3.6 million SF of new deliveries in the past 12 months. Most of this activity has been owner-build or preleased projects for single tenants.

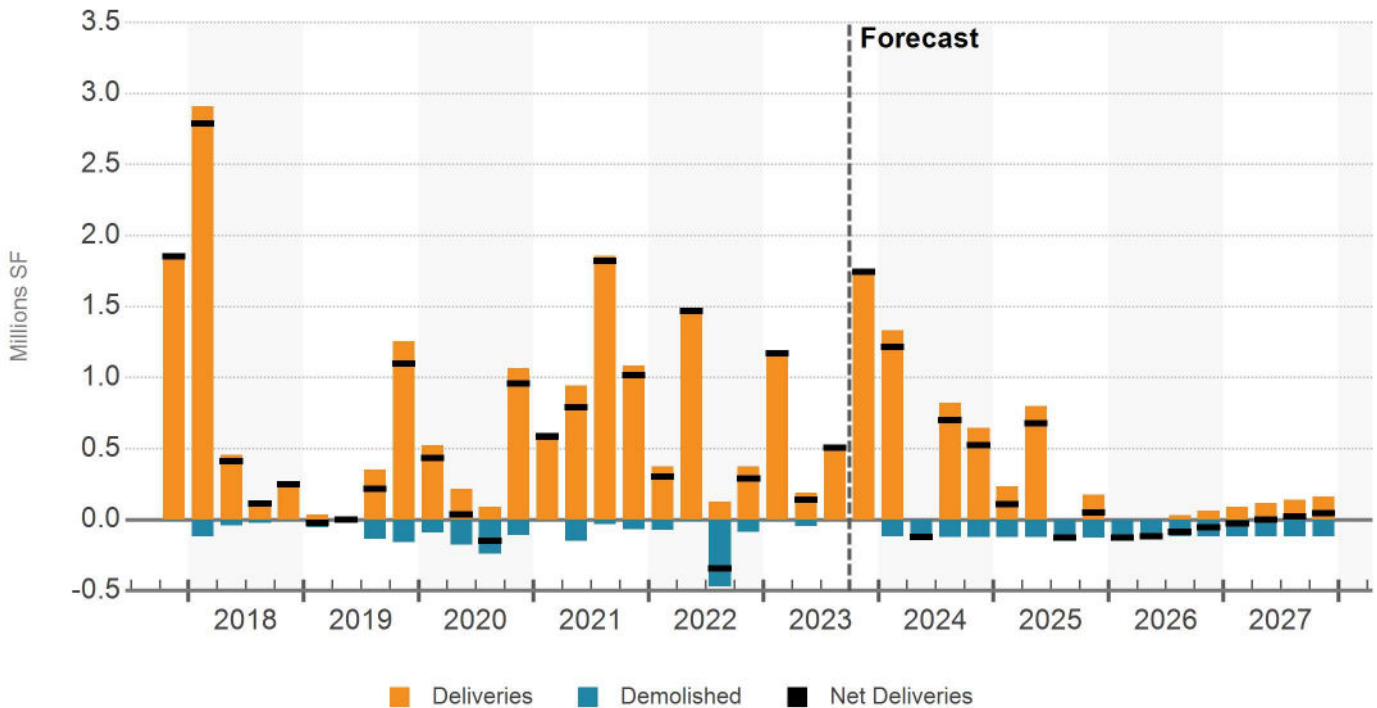
In 2023, Adobe took delivery of around 750,000 SF in its new Adobe Founders Tower in Downtown San Jose. Earlier, Also, Google completed its 600,000-SF Gradient Canopy headquarters building in Mountain View.

Downtown San Jose has the largest speculative office building. Developer Jay Paul Company is currently completing 200 Park Ave., a 950,000-SF office tower, which currently has no signed leases.

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 fourth quarter of 2023, the timing of vertical construction remains under review. Also in Downtown San Jose, Boston Properties has halted construction of its Platform 16 project at 325 Autumn Parkway, after preparing the building foundations earlier in 2023.

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

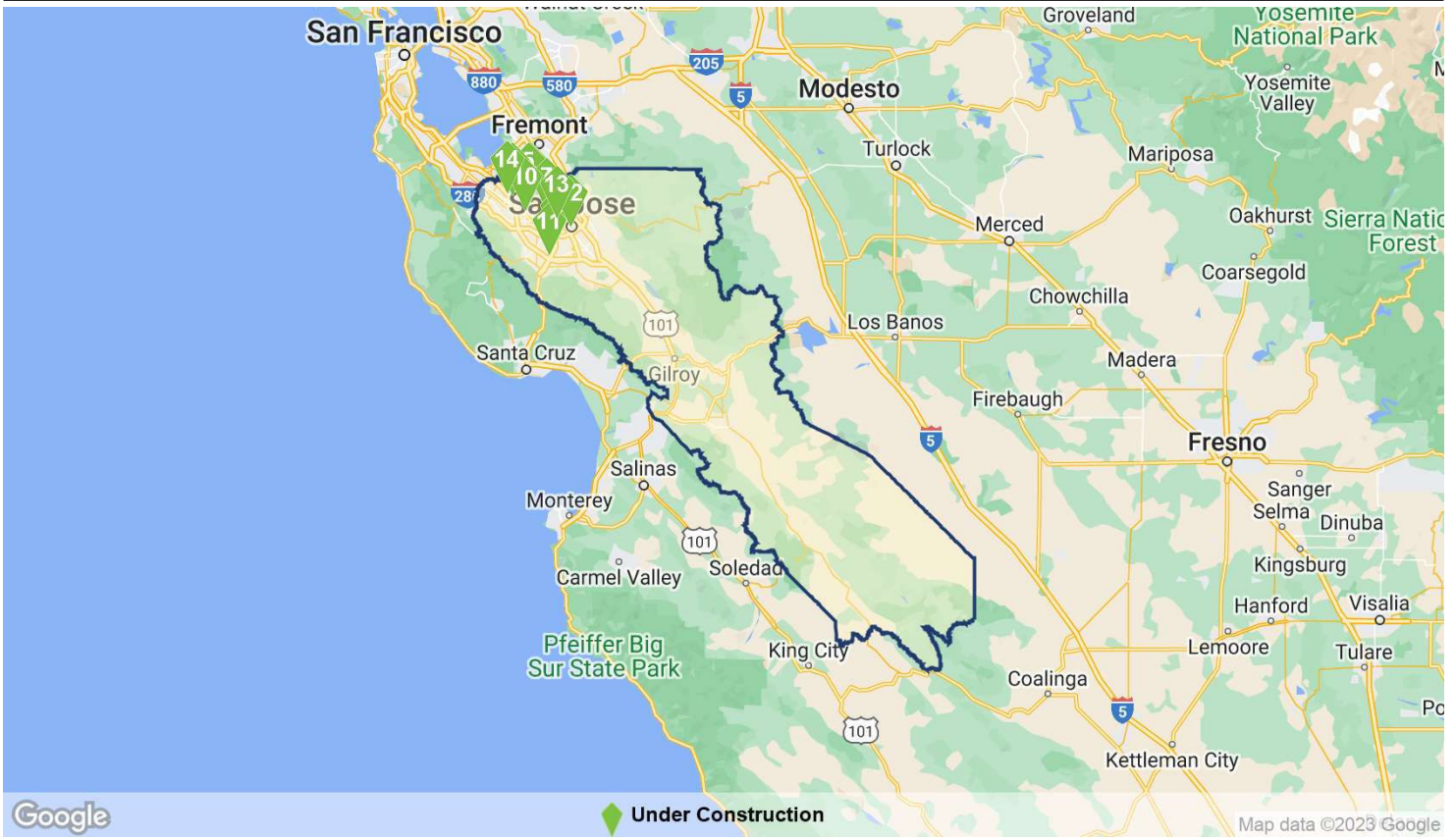
No.	Submarket	Under Construction Inventory				Average Building Size			
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Moffett Park	3	1,357	1,357	100%	1	187,622	452,358	1
2	Mountain View	3	1,040	799	76.9%	5	41,543	346,580	2
3	Sunnyvale	3	819	7	0.9%	7	47,955	272,894	3
4	Central Santa Clara	1	265	265	100%	1	80,245	265,000	4
5	East San Jose-Willow Glen	1	232	232	100%	1	8,456	231,579	5
6	Campbell	1	166	0	0%	8	15,326	165,984	6
7	Downtown San Jose	1	102	30	29.4%	6	38,667	102,294	7
8	North San Jose	1	23	23	100%	1	77,949	22,889	8
9	Central Sunnyvale	0	-	-	-	-	-	-	-
10	Cupertino	0	-	-	-	-	45,829	-	-
	All Other	0	-	-	-		20,516	-	
Totals		14	4,003	2,713	67.8%		31,024	285,946	

Under Construction Properties

San Jose Office

Properties	Square Feet	Percent of Inventory	Released
14	4,003,244	2.8%	67.8%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 2003 Landings Dr	★★★★☆	799,482	6	Dec 2022	May 2025	Google Google
2 Google 100 Caribbean Dr	★★★★☆	537,000	5	Mar 2022	Jan 2024	Google Google
3 Google 200 Caribbean Dr	★★★★☆	505,075	5	Sep 2021	Aug 2024	Google Google
4 200 W Washington Ave	★★★★★	338,254	7	May 2022	Oct 2024	Hunter Properties, Inc. Hunter Properties, Inc.
5 Google 399 W Java Dr	★★★★☆	315,000	6	Dec 2021	Jun 2024	Google Google
6 250 W Washington Ave	★★★★☆	305,429	7	Jun 2023	Oct 2024	- -
7 Bldg D 2200 Lawson Ln	★★★★☆	265,000	5	Jul 2021	Jan 2024	The Sobrato Organization The Sobrato Organization

Under Construction Properties

San Jose Office

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 Bascom Station 1410 S Bascom Ave	★ ★ ★ ★ ★	231,579	10	Nov 2022	Jan 2025	Bay West Development PMB Real Estate Services
9 Pear Village 1300 La Avenida St	★ ★ ★ ★ ★	228,210	6	Jun 2022	Jan 2024	- -
10 300 S Mathilda Ave	★ ★ ★ ★ ★	175,000	5	Apr 2022	Oct 2025	Hunter Properties, Inc. Hunter Properties, Inc.
11 1700 Dell Ave	★ ★ ★ ★ ★	165,984	4	Dec 2022	Jan 2024	Dollinger Properties Dollinger Properties
12 Gateway Paseo 201 S 2nd St	★ ★ ★ ★ ★	102,294	3	Dec 2021	Feb 2024	Swenson Urban Catalyst LLC
13 A2 Amenity Building 1161 Coleman Ave	★ ★ ★ ★ ★	22,889	3	Apr 2023	Feb 2024	Hunter Properties, Inc. City of San Jose
14 2019 Leghorn St	★ ★ ★ ★ ★	12,048	2	Oct 2022	Jan 2024	- 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 fourth quarter, 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, \$682 million, was well below the five-year annual average of \$3.4 billion. The number of transactions in the past year was 94, which compares to a five-year average of 190.

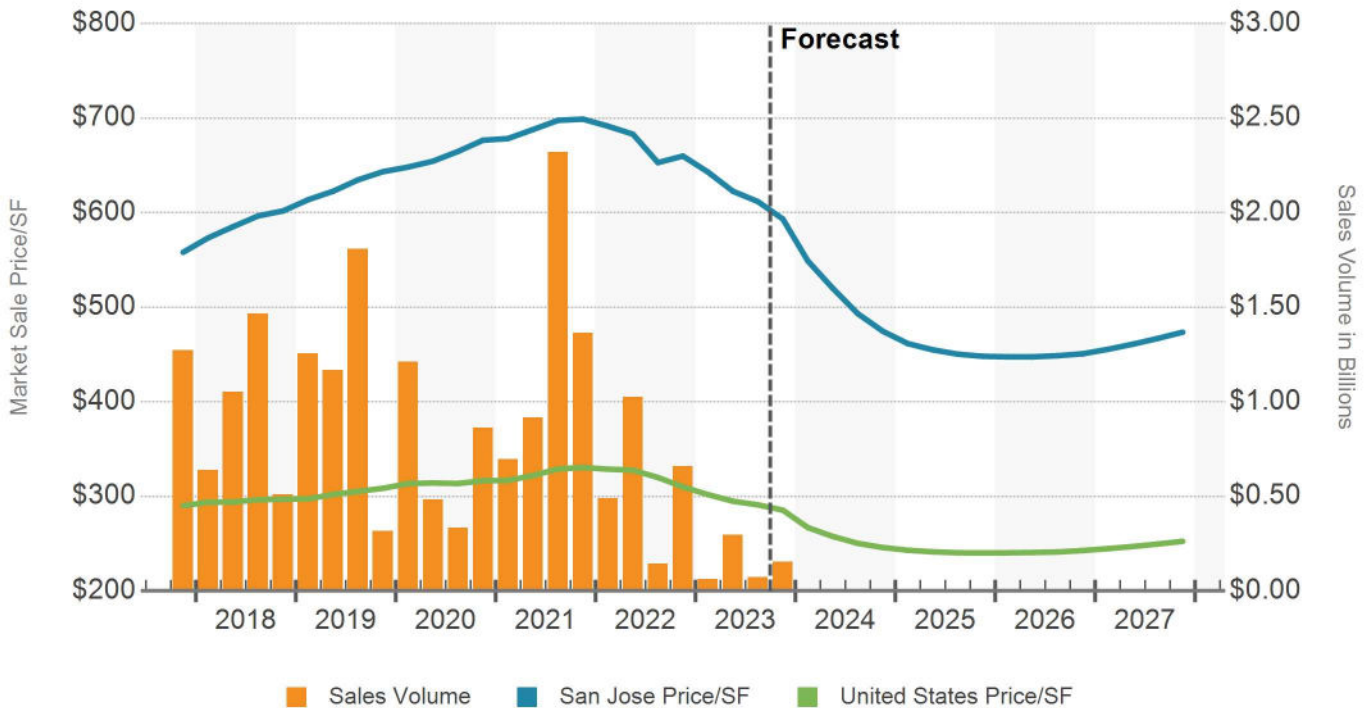
Year to date 2023 there have been 66 transactions, with a total sales volume of \$524 million, and an average sales price of \$587/SF. Despite the general softening in prices, several sales have achieved prices above \$1,000/SF. For example, in October, the 30,000-SF 2555 Park Blvd. in Palo Alto was acquired for \$58 million, or \$1,934/SF.

That said, owners are showing signs of acceptance that weak leasing conditions are set to continue in the immediate future and that office values have fallen substantially below their pre-pandemic levels. Thus, the gap between buyer and seller expectations is narrowing and many smaller sales have traded at lower prices. For instance, in September, 826 N Winchester Blvd. sold for \$6.54 million, or \$557/SF. The property had previously sold for \$10.75 million in December 2021.

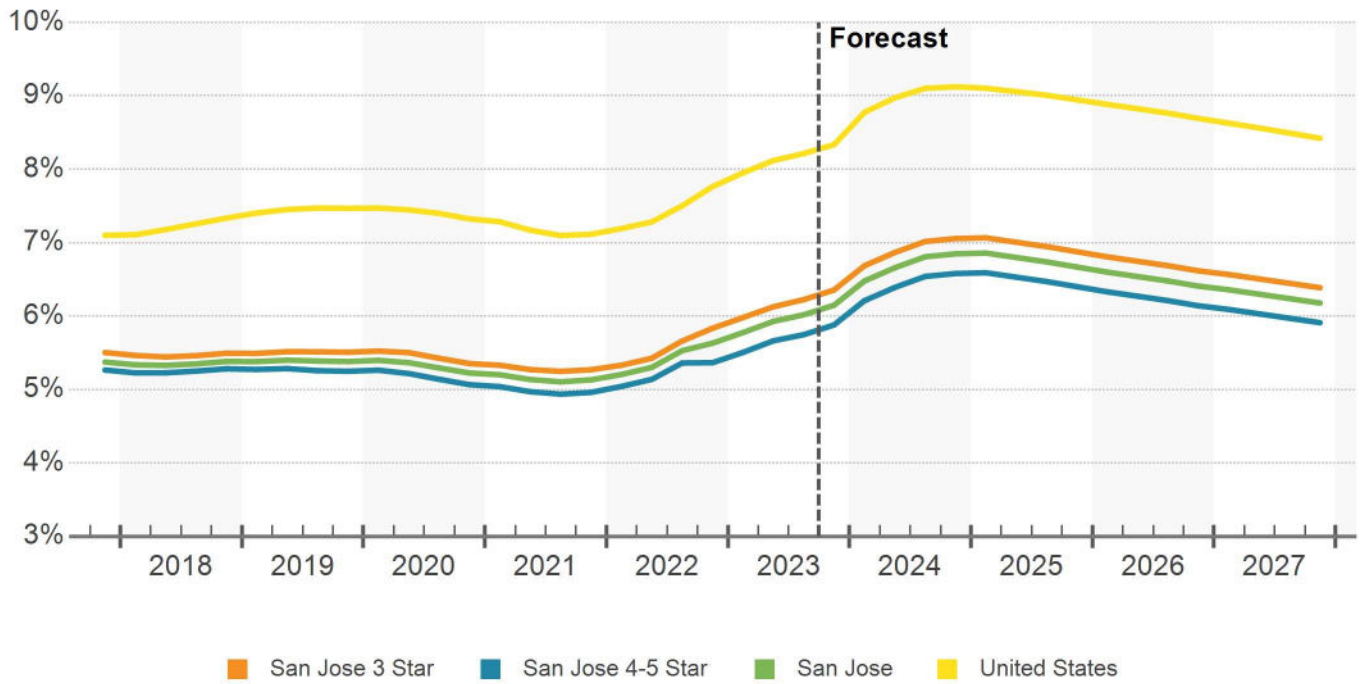
Overall, the 12-month average transaction price of \$570/SF is right in line with the five-year market average.

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

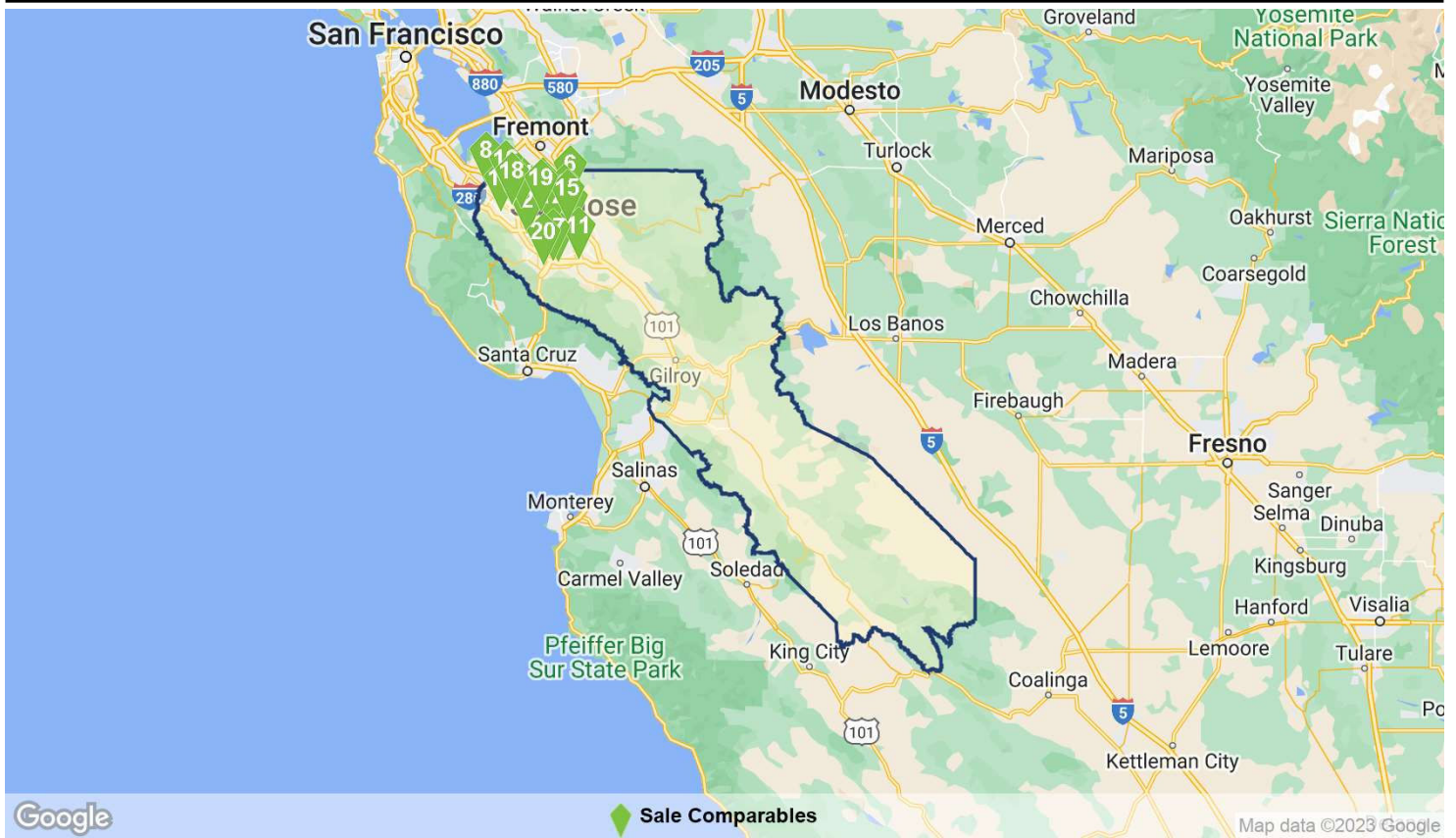
100

4.7%

\$529

22.2%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$230,000	\$9,104,654	\$2,737,000	\$182,500,000
Price/SF	\$116	\$529	\$585	\$2,529
Cap Rate	4.1%	4.7%	4.6%	5.5%
Time Since Sale in Months	0.1	5.8	5.6	12.0
Property Attributes	Low	Average	Median	High
Building SF	480	23,363	5,068	244,906
Stories	1	2	2	11
Typical Floor SF	480	8,278	3,879	40,818
Vacancy Rate At Sale	0%	22.2%	0%	100%
Year Built	1915	1973	1976	2022
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
1 3333 Scott Blvd	★★★★★	2017	244,906	0%	6/15/2023	\$182,500,000	\$745	-
2 Ten200 10200 S De Anza Blvd	★★★★★	1998	160,837	100%	6/29/2023	\$70,000,000	\$435	-
3 2555 Park Blvd	★★★★★	2018	29,989	0%	10/5/2023	\$58,000,000	\$1,934	-
4 303 Bryant St	★★★★★	2002	61,500	0%	2/15/2023	\$36,000,000	\$585	-
5 303 Almaden Blvd	★★★★★	1994	162,800	31.1%	11/16/2023	\$23,750,000	\$146	-
6 Centre Pointe Plaza @ 1... 1323 Great Mall Dr	★★★★★	2000	53,670	0%	7/6/2023	\$21,500,000	\$401	-
7 ARRIS Group 2450 Walsh Ave	★★★★★	1982	65,840	0%	11/1/2023	\$16,049,000	\$244	-
8 314 Lytton Ave	★★★★★	1960	8,552	0%	7/5/2023	\$12,500,000	\$1,462	-
9 Koll Lyon Plaza 1641 N 1st St	★★★★★	1983	45,932	0%	12/29/2022	\$11,000,000	\$239	-
10 4850 Union Ave	★★★★★	2000	20,848	0%	8/9/2023	\$9,000,000	\$432	-
11 5340 Thornwood Dr	★★★★★	1979	15,352	0%	11/8/2023	\$7,250,000	\$472	-
12 Winchester Professional... 826 N Winchester Blvd	★★★★★	1958	11,742	0%	9/21/2023	\$6,540,000	\$557	-
13 373 1st St	★★★★★	1992	3,600	0%	9/15/2023	\$6,380,000	\$1,772	-
14 1150 W Evelyn Ave	★★★★★	1978	15,000	0%	12/22/2022	\$6,200,000	\$413	-
15 Filice Building 738 N 1st St	★★★★★	1968	20,847	0%	12/5/2023	\$6,000,000	\$288	-
16 950-980 Industrial Ave	★★★★★	1972	6,300	0%	10/31/2023	\$5,795,000	\$920	-
17 2504 Samaritan Dr	★★★★★	1971	7,800	0%	3/23/2023	\$5,600,000	\$718	-
18 236-238 Castro St	★★★★★	1963	6,912	61.1%	12/20/2022	\$5,400,000	\$781	-
19 3300 Central Expy	★★★★★	1980	10,000	0%	12/6/2023	\$5,200,000	\$520	-
20 15861 Winchester Blvd	★★★★★	1965	3,450	0%	6/16/2023	\$4,700,000	\$1,362	-

As of the fourth 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 cloud computing 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 has led 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 -39,000 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, a slowing economy and 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.

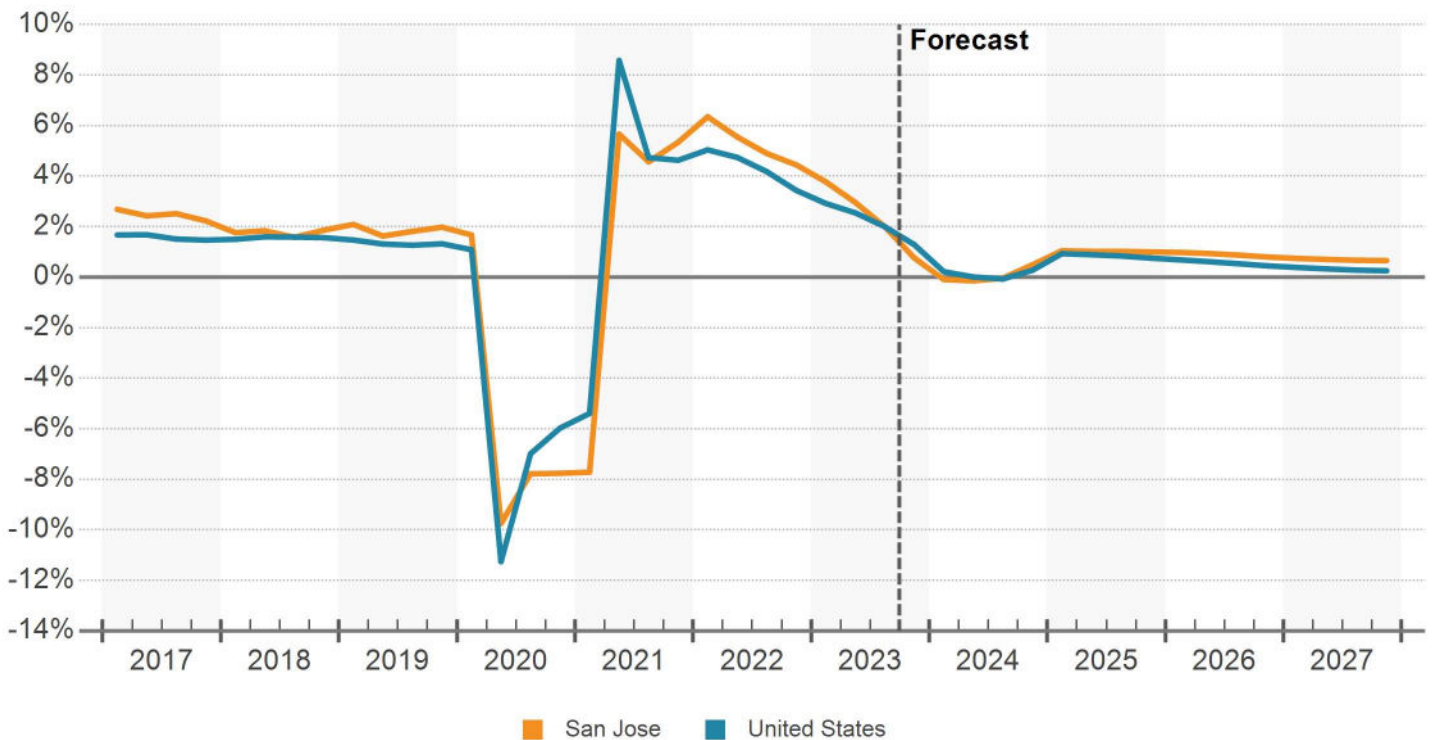
Venture capital funding to San Jose-based businesses reached a record level in 2021, but deal count and investment value have pulled back in the past year in response to higher interest rates and global economic uncertainty.

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	181	1.8	-0.94%	0.06%	1.32%	0.72%	0.10%	0.07%
Trade, Transportation and Utilities	122	0.6	0.35%	0.21%	-0.91%	1.07%	-0.10%	0.14%
Retail Trade	73	0.6	-0.13%	0.47%	-1.37%	0.25%	0.00%	0.09%
Financial Activities	38	0.5	-0.68%	0.61%	1.14%	1.46%	0.14%	0.14%
Government	96	0.6	0.72%	1.61%	0.57%	0.37%	0.37%	0.40%
Natural Resources, Mining and Construction	55	0.9	-0.21%	1.58%	3.59%	2.35%	1.01%	0.27%
Education and Health Services	198	1.0	3.52%	3.16%	2.98%	1.88%	1.22%	0.66%
Professional and Business Services	257	1.5	0.33%	0.79%	2.45%	2.02%	0.61%	0.50%
Information	104	4.5	-1.96%	-2.65%	5.90%	1.11%	1.70%	0.33%
Leisure and Hospitality	107	0.8	4.93%	3.11%	1.77%	1.49%	1.41%	0.83%
Other Services	26	0.6	3.84%	1.79%	-0.04%	0.64%	0.32%	0.27%
Total Employment	1,184	1.0	0.89%	1.36%	1.91%	1.31%	0.71%	0.40%

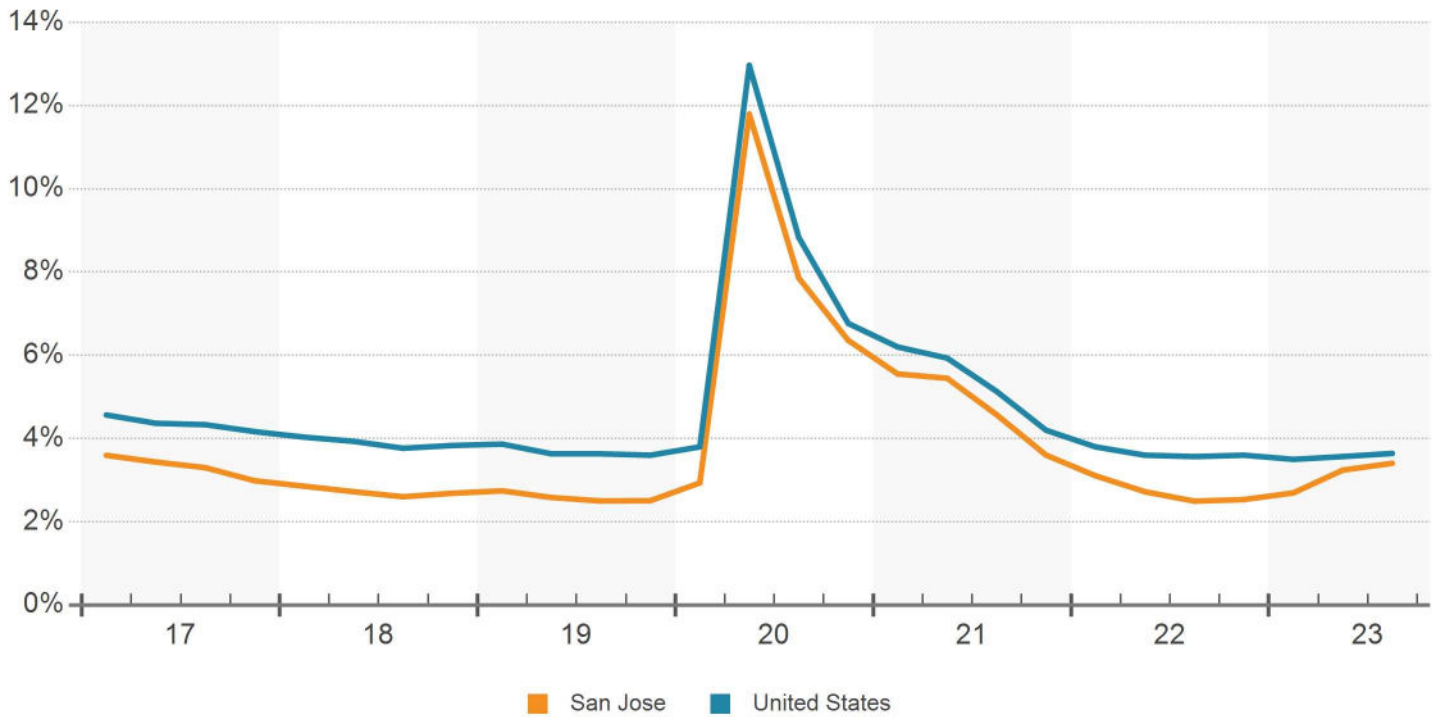
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

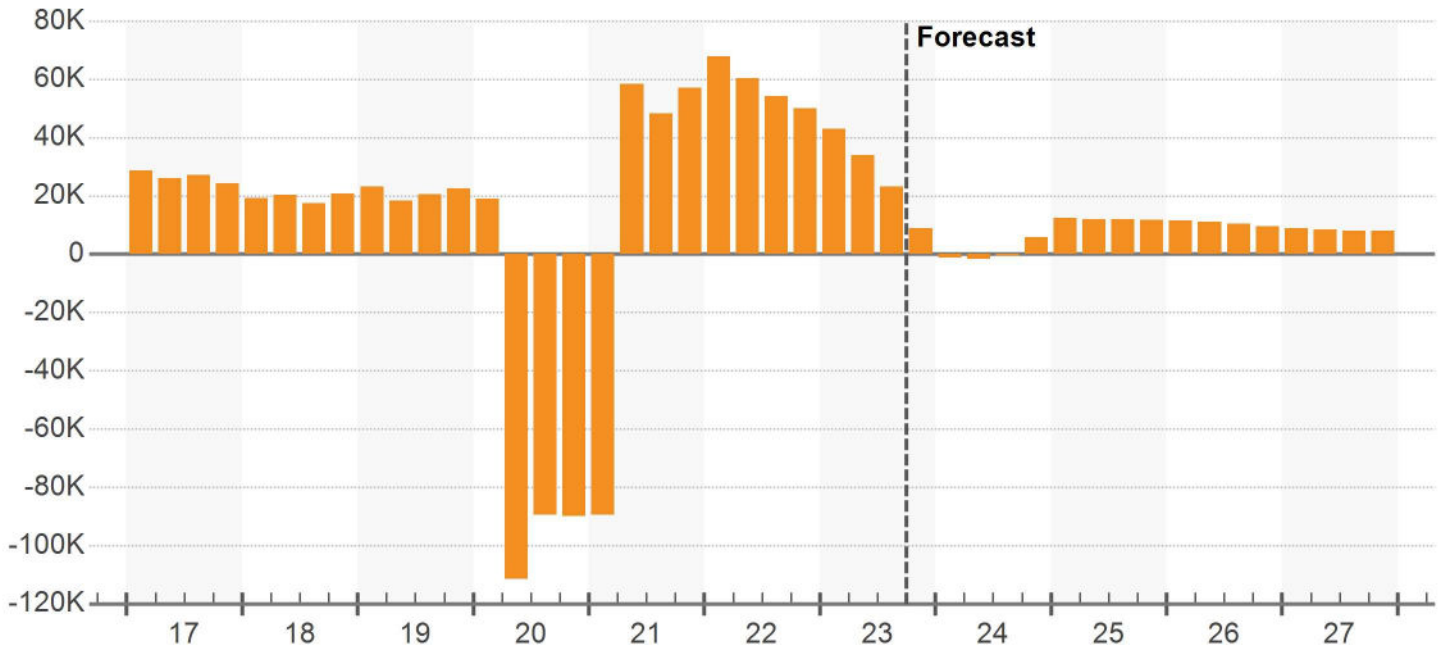


Source: Oxford Economics

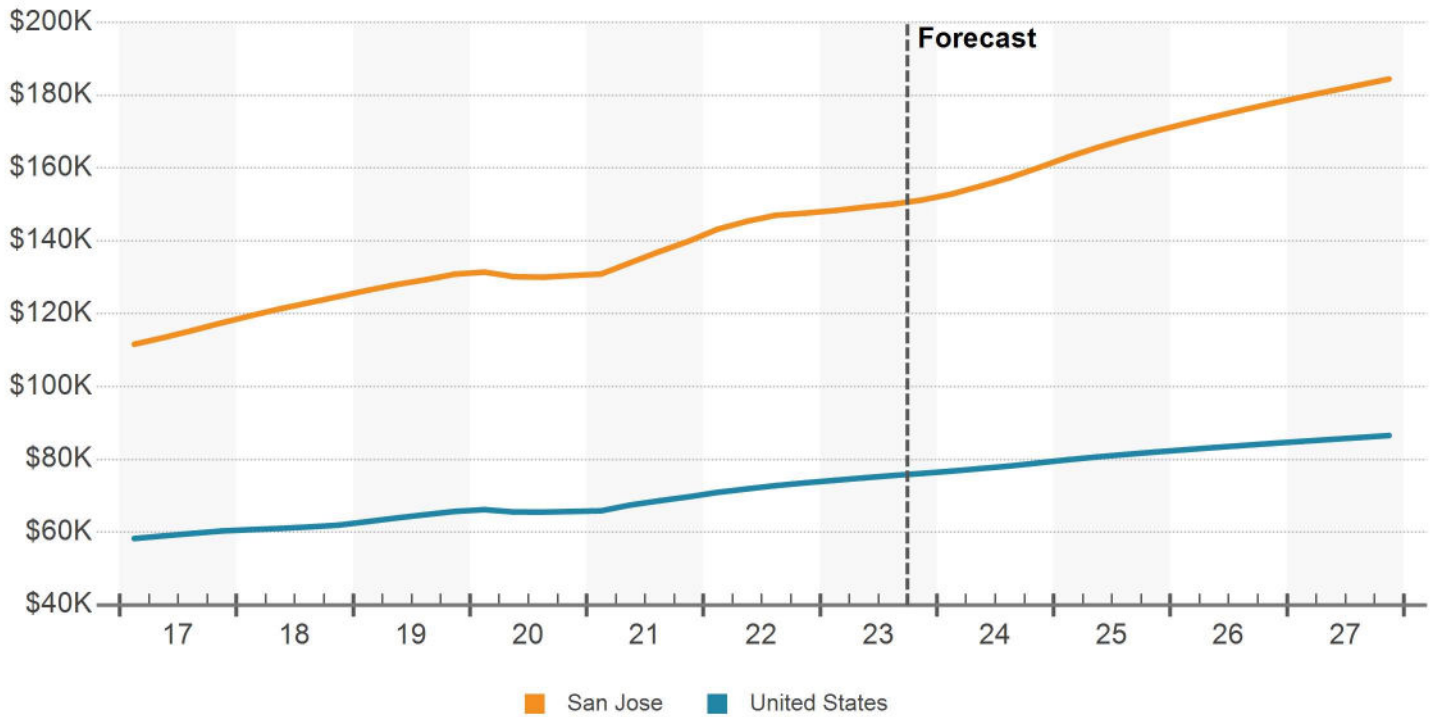
UNEMPLOYMENT RATE (%)



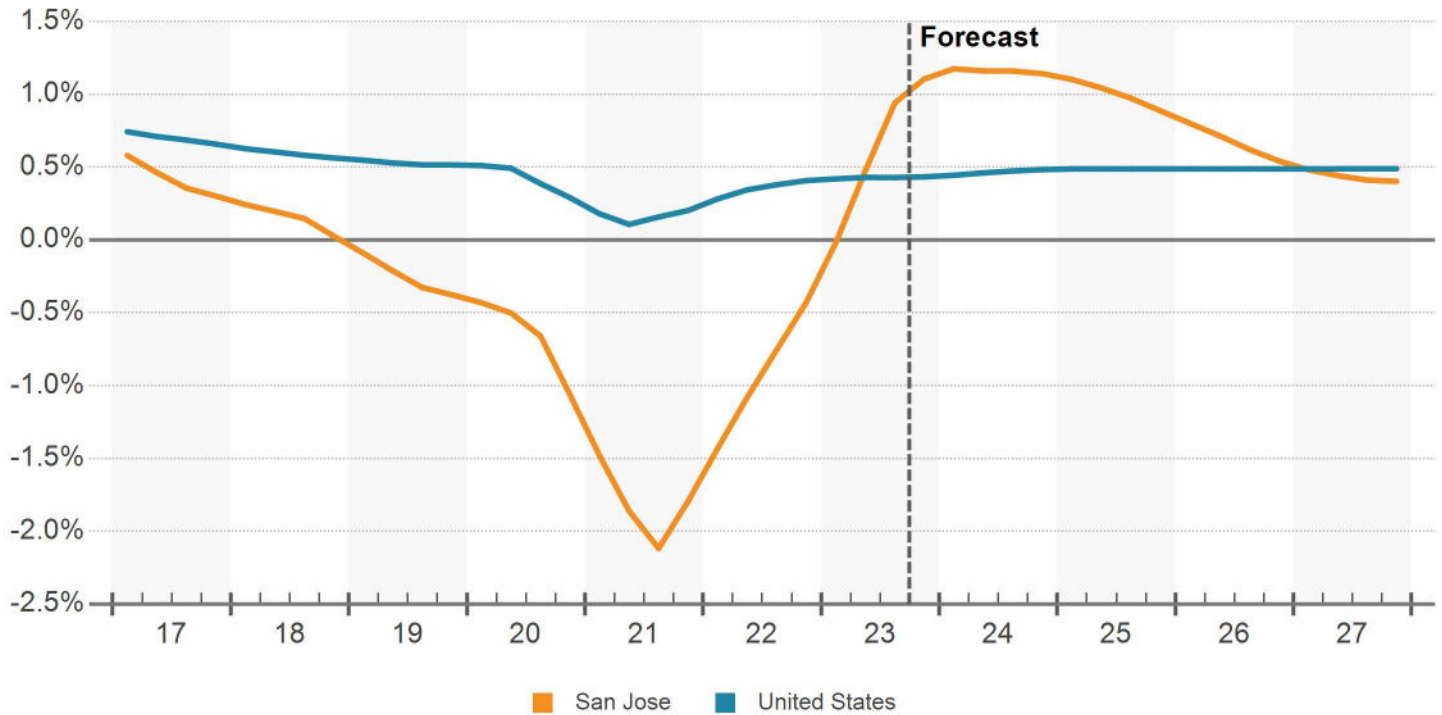
NET EMPLOYMENT CHANGE (YOY)



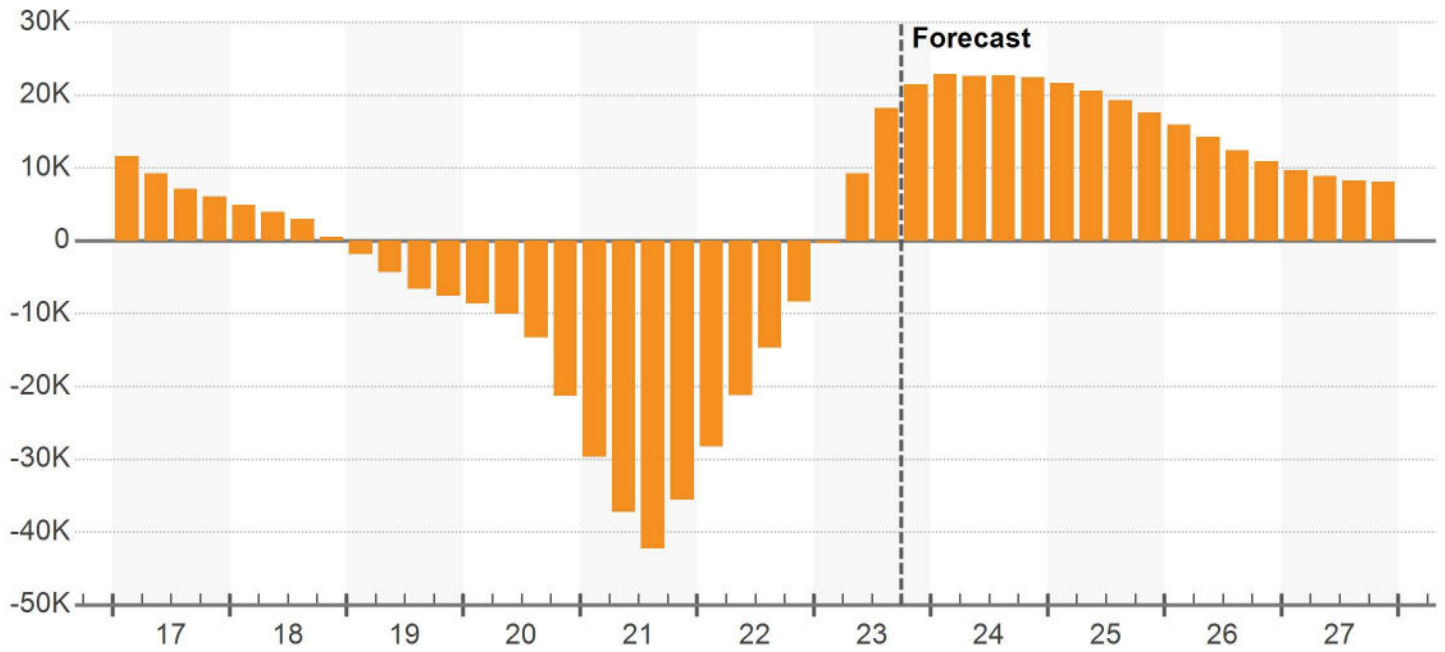
MEDIAN HOUSEHOLD INCOME



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	1,961,810	335,061,719	1.1%	0.4%	0.1%	0.5%	0.7%	0.5%
Households	685,380	130,809,484	1.3%	0.6%	0.6%	0.9%	0.8%	0.6%
Median Household Income	\$151,085	\$76,080	2.4%	3.6%	5.1%	3.8%	4.8%	3.1%
Labor Force	1,094,874	167,575,594	1.1%	1.8%	0.9%	0.8%	0.4%	0.2%
Unemployment	3.4%	3.6%	0.9%	0%	-0.3%	-0.3%	-	-

Source: Oxford Economics

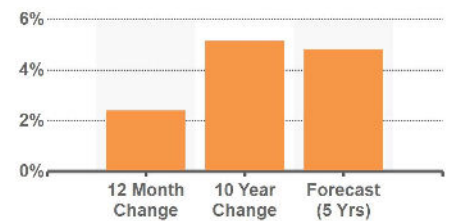
POPULATION GROWTH



LABOR FORCE GROWTH



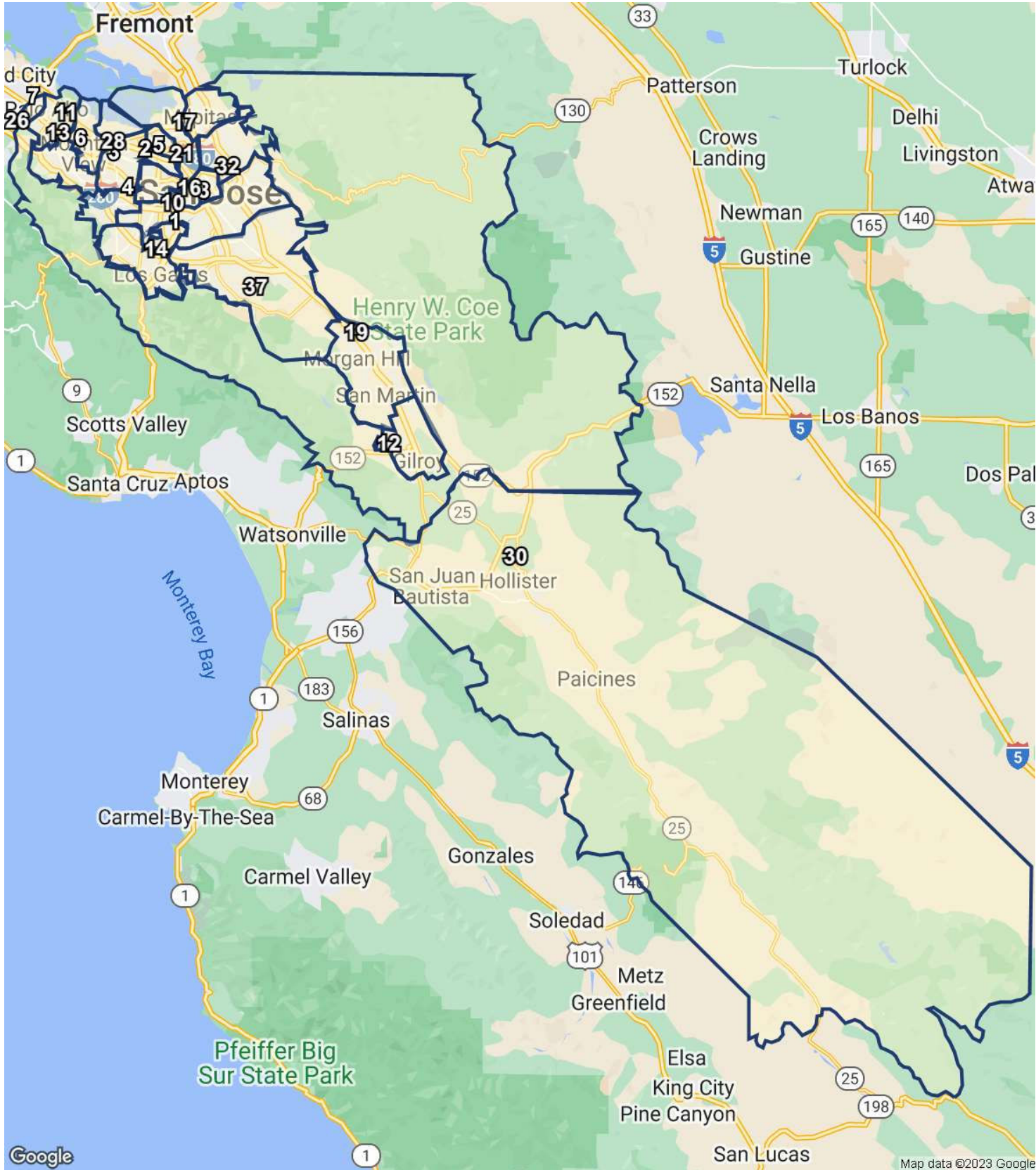
INCOME GROWTH



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	196	3,004	2.1%	16	0	0	0%	-	1	166	5.5%	6
2	Central Santa Clara	102	8,185	5.7%	8	1	269	3.3%	5	1	265	3.2%	4
3	Central Sunnyvale	0	-	0%	-	0	0	-	-	0	-	-	-
4	Cupertino	169	7,745	5.4%	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	3,907	2.7%	12	0	0	0%	-	0	-	-	-
8	Downtown San Jose	363	14,036	9.7%	3	2	1,715	12.2%	1	1	102	0.7%	7
9	East Arques Ave Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
10	East San Jose-Willow Glen	409	3,459	2.4%	14	1	2	0.1%	10	1	232	6.7%	5
11	Embarcadero/101	0	-	0%	-	0	0	-	-	0	-	-	-
12	Gilroy	105	723	0.5%	23	0	0	0%	-	0	-	-	-
13	Los Altos	140	1,418	1.0%	20	0	0	0%	-	0	-	-	-
14	Los Gatos	0	-	0%	-	0	0	-	-	0	-	-	-
15	Los Gatos/Saratoga	281	3,143	2.2%	15	1	6	0.2%	8	0	-	-	-
16	Midtown San Jose	264	2,549	1.8%	17	0	0	0%	-	0	-	-	-
17	Milpitas	108	4,878	3.4%	10	0	0	0%	-	0	-	-	-
18	Moffett Park	64	12,008	8.3%	4	4	483	4.0%	3	3	1,357	11.3%	1
19	Morgan Hill	112	1,316	0.9%	21	0	0	0%	-	0	-	-	-
20	Mountain View	361	14,997	10.4%	2	1	595	4.0%	2	3	1,040	6.9%	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	227	17,695	12.2%	1	0	0	0%	-	1	23	0.1%	8
24	North Santa Clara	117	10,549	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	10,671	7.4%	6	1	5	0%	9	0	-	-	-
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	-	-	-
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	4,417	3.1%	11	1	10	0.2%	7	0	-	-	-
38	South Santa Clara	155	1,962	1.4%	18	1	234	11.9%	6	0	-	-	-
39	Sunnyvale	241	11,557	8.0%	5	3	338	2.9%	4	3	819	7.1%	3
40	Sunnyvale Triangle	0	-	0%	-	0	0	-	-	0	-	-	-
41	West Mountain View	0	-	0%	-	0	0	-	-	0	-	-	-
42	West San Jose	224	3,660	2.5%	13	0	0	0%	-	0	-	-	-

Submarkets

San Jose Office

SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Campbell	\$51.29	12	-0.6%	11	0.4%	12
2	Central Santa Clara	\$53.73	9	-0.5%	10	1.6%	2
3	Central Sunnyvale	-	-	-	-	-	-
4	Cupertino	\$66.13	6	-1.0%	20	1.3%	3
5	De La Cruz	-	-	-	-	-	-
6	Downtown Mountain View	-	-	-	-	-	-
7	Downtown Palo Alto	\$93.85	1	-1.0%	19	-0.1%	17
8	Downtown San Jose	\$50.12	13	-0.8%	17	0.9%	7
9	East Arques Ave Corridor	-	-	-	-	-	-
10	East San Jose-Willow Glen	\$45.66	17	0.1%	1	-0.2%	18
11	Embarcadero/101	-	-	-	-	-	-
12	Gilroy	\$39.42	22	-0.2%	4	-0.2%	19
13	Los Altos	\$64	7	-0.3%	6	-0.4%	21
14	Los Gatos	-	-	-	-	-	-
15	Los Gatos/Saratoga	\$55.86	8	-0.4%	8	0.3%	13
16	Midtown San Jose	\$42.02	20	-0.7%	13	-0.1%	16
17	Milpitas	\$45.62	18	-0.6%	12	0.4%	11
18	Moffett Park	\$66.77	5	-1.5%	22	1.7%	1
19	Morgan Hill	\$38.62	23	-0.5%	9	-0.3%	20
20	Mountain View	\$74.41	3	-0.7%	15	1.2%	5
21	N. San Jose - Brokaw	-	-	-	-	-	-
22	N.E. Santa Clara	-	-	-	-	-	-
23	North San Jose	\$49.21	15	-1.3%	21	0.8%	8
24	North Santa Clara	\$49.92	14	-0.8%	16	1.1%	6
25	Oak Creek	-	-	-	-	-	-
26	Outlying Santa Clara Cnty	\$53.24	10	-0.8%	18	-0.4%	22
27	Palo Alto	\$79.49	2	-1.8%	24	0.1%	14
28	Peery Park	-	-	-	-	-	-
29	Plumeria Drive	-	-	-	-	-	-
30	San Benito County	\$35.42	24	0%	2	-0.8%	24
31	San Jose East	-	-	-	-	-	-
32	San Jose, IBP East	-	-	-	-	-	-
33	San Jose-Berryessa	\$41.78	21	-1.6%	23	-0.6%	23
34	Scott Blvd Corridor	-	-	-	-	-	-
35	Shoreline Corridor North	-	-	-	-	-	-
36	Shoreline Corridor South	-	-	-	-	-	-
37	South San Jose	\$45.57	19	-0.2%	5	0%	15
38	South Santa Clara	\$47.37	16	-0.4%	7	0.6%	10
39	Sunnyvale	\$67.83	4	-0.7%	14	1.3%	4
40	Sunnyvale Triangle	-	-	-	-	-	-
41	West Mountain View	-	-	-	-	-	-
42	West San Jose	\$52.89	11	-0.1%	3	0.6%	9

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Campbell	682,989	22.7%	21	(32,383)	-1.1%	36	-
2	Central Santa Clara	523,017	6.4%	8	188,411	2.3%	3	1.4
3	Central Sunnyvale	-	-	-	0	-	-	-
4	Cupertino	180,484	2.3%	2	158,603	2.0%	4	-
5	De La Cruz	-	-	-	0	-	-	-
6	Downtown Mountain View	-	-	-	0	-	-	-
7	Downtown Palo Alto	499,979	12.8%	14	(182,506)	-4.7%	39	-
8	Downtown San Jose	3,261,992	23.2%	22	462,695	3.3%	1	3.7
9	East Arques Ave Corridor	-	-	-	0	-	-	-
10	East San Jose-Willow Glen	166,642	4.8%	7	37,125	1.1%	7	-
11	Embarcadero/101	-	-	-	0	-	-	-
12	Gilroy	20,977	2.9%	3	(9,247)	-1.3%	30	-
13	Los Altos	165,524	11.7%	13	3,009	0.2%	10	-
14	Los Gatos	-	-	-	0	-	-	-
15	Los Gatos/Saratoga	277,011	8.8%	11	(10,198)	-0.3%	31	-
16	Midtown San Jose	211,082	8.3%	10	(21,205)	-0.8%	34	-
17	Milpitas	510,034	10.5%	12	(17,708)	-0.4%	33	-
18	Moffett Park	1,750,007	14.6%	16	(841,910)	-7.0%	40	-
19	Morgan Hill	27,682	2.1%	1	(13,396)	-1.0%	32	-
20	Mountain View	2,848,817	19.0%	19	(946,137)	-6.3%	42	-
21	N. San Jose - Brokaw	-	-	-	0	-	-	-
22	N.E. Santa Clara	-	-	-	0	-	-	-
23	North San Jose	3,879,713	21.9%	20	(901,845)	-5.1%	41	-
24	North Santa Clara	2,996,455	28.4%	23	98,433	0.9%	5	-
25	Oak Creek	-	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	-	-	-	0	0%	-	-
27	Palo Alto	1,579,545	14.8%	17	(26,079)	-0.2%	35	-
28	Peery Park	-	-	-	0	-	-	-
29	Plumeria Drive	-	-	-	0	-	-	-
30	San Benito County	27,221	3.7%	4	3,628	0.5%	9	-
31	San Jose East	-	-	-	0	-	-	-
32	San Jose, IBP East	-	-	-	0	-	-	-
33	San Jose-Berryessa	120,102	6.5%	9	(50,205)	-2.7%	37	-
34	Scott Blvd Corridor	-	-	-	0	-	-	-
35	Shoreline Corridor North	-	-	-	0	-	-	-
36	Shoreline Corridor South	-	-	-	0	-	-	-
37	South San Jose	163,370	3.7%	5	(65,186)	-1.5%	38	-
38	South Santa Clara	89,021	4.5%	6	265,661	13.5%	2	0.9
39	Sunnyvale	1,550,730	13.4%	15	80,487	0.7%	6	3.7
40	Sunnyvale Triangle	-	-	-	0	-	-	-
41	West Mountain View	-	-	-	0	-	-	-
42	West San Jose	686,306	18.7%	18	30,374	0.8%	8	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	147,171,458	33,578	0%	278,533	0.2%	0.1
2026	147,137,880	(385,742)	-0.3%	(1,070,576)	-0.7%	-
2025	147,523,622	704,130	0.5%	(1,644,099)	-1.1%	-
2024	146,819,492	2,309,936	1.6%	(3,399,805)	-2.3%	-
2023	144,509,556	3,554,499	2.5%	(2,183,488)	-1.5%	-
YTD	144,509,556	3,554,499	2.5%	(1,874,493)	-1.3%	-
2022	140,955,057	1,712,128	1.2%	1,651,534	1.2%	1.0
2021	139,242,929	4,206,011	3.1%	1,890,663	1.4%	2.2
2020	135,036,918	1,270,435	0.9%	(1,016,372)	-0.8%	-
2019	133,766,483	1,392,239	1.1%	1,308,857	1.0%	1.1
2018	132,374,244	3,554,451	2.8%	3,057,160	2.3%	1.2
2017	128,819,793	7,465,714	6.2%	5,490,381	4.3%	1.4
2016	121,354,079	2,863,876	2.4%	1,682,269	1.4%	1.7
2015	118,490,203	3,142,561	2.7%	5,827,097	4.9%	0.5
2014	115,347,642	1,115,144	1.0%	1,645,150	1.4%	0.7
2013	114,232,498	2,346,788	2.1%	2,955,266	2.6%	0.8
2012	111,885,710	440,336	0.4%	2,769,580	2.5%	0.2
2011	111,445,374	(1,421,111)	-1.3%	1,294,043	1.2%	-

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	72,984,803	493,920	0.7%	556,865	0.8%	0.9
2026	72,490,883	83,597	0.1%	65,882	0.1%	1.3
2025	72,407,286	1,198,130	1.7%	356,662	0.5%	3.4
2024	71,209,156	2,675,119	3.9%	103,438	0.1%	25.9
2023	68,534,037	3,476,259	5.3%	(977,760)	-1.4%	-
YTD	68,534,037	3,476,259	5.3%	(927,070)	-1.4%	-
2022	65,057,778	2,280,783	3.6%	2,203,951	3.4%	1.0
2021	62,776,995	4,350,870	7.4%	3,025,644	4.8%	1.4
2020	58,426,125	1,852,683	3.3%	643,634	1.1%	2.9
2019	56,573,442	1,435,387	2.6%	2,466,853	4.4%	0.6
2018	55,138,055	3,717,506	7.2%	3,475,069	6.3%	1.1
2017	51,420,549	7,658,900	17.5%	6,035,461	11.7%	1.3
2016	43,761,649	3,140,080	7.7%	1,340,739	3.1%	2.3
2015	40,621,569	3,814,168	10.4%	5,025,918	12.4%	0.8
2014	36,807,401	1,925,183	5.5%	1,517,366	4.1%	1.3
2013	34,882,218	2,497,316	7.7%	3,322,549	9.5%	0.8
2012	32,384,902	498,820	1.6%	1,670,098	5.2%	0.3
2011	31,886,082	99,564	0.3%	526,216	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	51,196,077	382	0%	65,347	0.1%	0
2026	51,195,695	66	0%	(504,042)	-1.0%	-
2025	51,195,629	0	0%	(1,056,028)	-2.1%	-
2024	51,195,629	114,342	0.2%	(2,053,598)	-4.0%	-
2023	51,081,287	127,688	0.3%	(490,083)	-1.0%	-
YTD	51,081,287	127,688	0.3%	(314,941)	-0.6%	-
2022	50,953,599	(209,239)	-0.4%	(54,574)	-0.1%	-
2021	51,162,838	51,326	0.1%	(782,527)	-1.5%	-
2020	51,111,512	(312,884)	-0.6%	(835,262)	-1.6%	-
2019	51,424,396	173,170	0.3%	(797,299)	-1.6%	-
2018	51,251,226	(128,548)	-0.3%	(453,998)	-0.9%	-
2017	51,379,774	(148,496)	-0.3%	(430,636)	-0.8%	-
2016	51,528,270	(64,397)	-0.1%	177,153	0.3%	-
2015	51,592,667	(248,327)	-0.5%	937,336	1.8%	-
2014	51,840,994	(458,540)	-0.9%	(26,883)	-0.1%	-
2013	52,299,534	45,587	0.1%	(359,125)	-0.7%	-
2012	52,253,947	110,336	0.2%	1,015,876	1.9%	0.1
2011	52,143,611	(1,258,964)	-2.4%	648,370	1.2%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	22,990,578	(460,724)	-2.0%	(343,679)	-1.5%	-
2026	23,451,302	(469,405)	-2.0%	(632,416)	-2.7%	-
2025	23,920,707	(494,000)	-2.0%	(944,733)	-3.9%	-
2024	24,414,707	(479,525)	-1.9%	(1,449,645)	-5.9%	-
2023	24,894,232	(49,448)	-0.2%	(715,645)	-2.9%	-
YTD	24,894,232	(49,448)	-0.2%	(632,482)	-2.5%	-
2022	24,943,680	(359,416)	-1.4%	(497,843)	-2.0%	-
2021	25,303,096	(196,185)	-0.8%	(352,454)	-1.4%	-
2020	25,499,281	(269,364)	-1.0%	(824,744)	-3.2%	-
2019	25,768,645	(216,318)	-0.8%	(360,697)	-1.4%	-
2018	25,984,963	(34,507)	-0.1%	36,089	0.1%	-
2017	26,019,470	(44,690)	-0.2%	(114,444)	-0.4%	-
2016	26,064,160	(211,807)	-0.8%	164,377	0.6%	-
2015	26,275,967	(423,280)	-1.6%	(136,157)	-0.5%	-
2014	26,699,247	(351,499)	-1.3%	154,667	0.6%	-
2013	27,050,746	(196,115)	-0.7%	(8,158)	0%	-
2012	27,246,861	(168,820)	-0.6%	83,606	0.3%	-
2011	27,415,681	(261,711)	-0.9%	119,457	0.4%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$51.34	139	1.4%	-19.0%	31,046,781	21.1%	-0.2%
2026	\$50.64	137	-1.7%	-20.1%	31,287,000	21.3%	0.5%
2025	\$51.53	139	-5.1%	-18.7%	30,596,996	20.7%	1.5%
2024	\$54.29	147	-8.5%	-14.3%	28,243,138	19.2%	3.6%
2023	\$59.35	160	-0.6%	-6.4%	22,527,780	15.6%	3.7%
YTD	\$59.34	160	-0.9%	-6.4%	22,218,700	15.4%	3.5%
2022	\$59.73	161	-5.2%	-5.7%	16,789,708	11.9%	-0.1%
2021	\$63	170	0.5%	-0.6%	16,729,114	12.0%	1.4%
2020	\$62.70	169	-1.1%	-1.1%	14,393,705	10.7%	1.6%
2019	\$63.37	171	4.6%	0%	12,107,290	9.1%	-0.1%
2018	\$60.58	163	7.1%	-4.4%	12,128,515	9.2%	0.2%
2017	\$56.58	153	1.3%	-10.7%	11,573,858	9.0%	0.9%
2016	\$55.85	151	6.5%	-11.9%	9,773,334	8.1%	0.8%
2015	\$52.42	141	14.2%	-17.3%	8,591,727	7.3%	-2.5%
2014	\$45.89	124	11.4%	-27.6%	11,273,679	9.8%	-0.6%
2013	\$41.21	111	7.7%	-35.0%	11,803,685	10.3%	-0.8%
2012	\$38.25	103	10.6%	-39.6%	12,412,424	11.1%	-2.1%
2011	\$34.58	93	10.4%	-45.4%	14,741,668	13.2%	-2.2%

4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$56.42	142	1.4%	-21.6%	15,852,330	21.7%	-0.2%
2026	\$55.65	140	-1.7%	-22.6%	15,916,044	22.0%	0%
2025	\$56.63	142	-5.1%	-21.3%	15,898,682	22.0%	0.8%
2024	\$59.68	150	-8.6%	-17.0%	15,057,213	21.1%	2.9%
2023	\$65.29	164	-0.6%	-9.2%	12,485,531	18.2%	5.9%
YTD	\$65.26	164	-1.1%	-9.3%	12,434,828	18.1%	5.8%
2022	\$65.65	165	-8.7%	-8.7%	8,031,499	12.3%	-0.3%
2021	\$71.92	181	0.7%	0%	7,954,667	12.7%	1.3%
2020	\$71.42	179	2.5%	-0.7%	6,629,441	11.3%	1.8%
2019	\$69.68	175	6.0%	-3.1%	5,420,392	9.6%	-2.1%
2018	\$65.76	165	6.6%	-8.6%	6,451,858	11.7%	-0.4%
2017	\$61.69	155	0.9%	-14.2%	6,209,421	12.1%	1.3%
2016	\$61.14	154	6.6%	-15.0%	4,702,782	10.7%	3.6%
2015	\$57.36	144	15.8%	-20.2%	2,903,441	7.1%	-4.0%
2014	\$49.54	124	11.4%	-31.1%	4,115,191	11.2%	0.6%
2013	\$44.45	112	6.5%	-38.2%	3,707,374	10.6%	-3.4%
2012	\$41.75	105	11.7%	-41.9%	4,532,607	14.0%	-3.9%
2011	\$37.36	94	11.3%	-48.1%	5,703,885	17.9%	-1.4%

3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$49.30	137	1.4%	-18.5%	10,717,946	20.9%	-0.1%
2026	\$48.64	135	-1.7%	-19.6%	10,782,923	21.1%	1.0%
2025	\$49.49	137	-5.1%	-18.2%	10,278,820	20.1%	2.1%
2024	\$52.13	144	-8.5%	-13.8%	9,222,792	18.0%	4.2%
2023	\$56.95	158	-1.1%	-5.9%	7,054,852	13.8%	1.2%
YTD	\$56.97	158	-1.1%	-5.8%	6,879,674	13.5%	0.8%
2022	\$57.57	160	-0.4%	-4.9%	6,437,045	12.6%	-0.3%
2021	\$57.81	160	0.8%	-4.5%	6,591,710	12.9%	1.6%
2020	\$57.35	159	-5.2%	-5.2%	5,757,857	11.3%	1.1%
2019	\$60.51	168	3.2%	0%	5,235,871	10.2%	1.7%
2018	\$58.61	162	8.9%	-3.1%	4,360,952	8.5%	0.8%
2017	\$53.80	149	1.1%	-11.1%	3,978,925	7.7%	0.5%
2016	\$53.20	147	5.6%	-12.1%	3,754,794	7.3%	-0.5%
2015	\$50.36	140	12.6%	-16.8%	3,996,344	7.7%	-2.2%
2014	\$44.74	124	11.2%	-26.1%	5,181,746	10.0%	-0.7%
2013	\$40.23	111	8.5%	-33.5%	5,613,403	10.7%	0.8%
2012	\$37.06	103	9.7%	-38.7%	5,208,952	10.0%	-1.8%
2011	\$33.79	94	10.5%	-44.2%	6,114,492	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	\$40.78	131	1.4%	-19.9%	4,476,505	19.5%	-0.1%
2026	\$40.22	130	-1.7%	-21.0%	4,588,033	19.6%	1.1%
2025	\$40.90	132	-5.0%	-19.7%	4,419,494	18.5%	2.2%
2024	\$43.05	139	-8.4%	-15.4%	3,963,133	16.2%	4.2%
2023	\$46.99	151	0.1%	-7.7%	2,987,397	12.0%	2.7%
YTD	\$47.02	151	0.1%	-7.6%	2,904,198	11.7%	2.4%
2022	\$46.96	151	-1.6%	-7.7%	2,321,164	9.3%	0.7%
2021	\$47.73	154	-1.2%	-6.2%	2,182,737	8.6%	0.8%
2020	\$48.32	156	-5.1%	-5.1%	2,006,407	7.9%	2.2%
2019	\$50.90	164	2.7%	0%	1,451,027	5.6%	0.6%
2018	\$49.55	160	4.5%	-2.7%	1,315,705	5.1%	-0.3%
2017	\$47.39	153	3.3%	-6.9%	1,385,512	5.3%	0.3%
2016	\$45.89	148	8.6%	-9.8%	1,315,758	5.0%	-1.4%
2015	\$42.27	136	12.3%	-17.0%	1,691,942	6.4%	-1.0%
2014	\$37.62	121	11.4%	-26.1%	1,976,742	7.4%	-1.8%
2013	\$33.78	109	10.8%	-33.6%	2,482,908	9.2%	-0.6%
2012	\$30.49	98	8.5%	-40.1%	2,670,865	9.8%	-0.9%
2011	\$28.10	90	6.9%	-44.8%	2,923,291	10.7%	-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	-	-	-	-	-	-	\$473.57	166	6.2%
2026	-	-	-	-	-	-	\$450.74	158	6.4%
2025	-	-	-	-	-	-	\$448.09	157	6.7%
2024	-	-	-	-	-	-	\$474.58	166	6.8%
2023	-	-	-	-	-	-	\$593.16	208	6.1%
YTD	90	\$589M	1.2%	\$7,853,389	\$545.04	4.6%	\$602.39	211	6.1%
2022	148	\$2.3B	2.2%	\$17,804,450	\$844.28	4.8%	\$659.70	231	5.6%
2021	209	\$5.3B	5.5%	\$26,861,326	\$748.51	4.7%	\$698.75	245	5.1%
2020	139	\$2.9B	3.4%	\$23,864,767	\$636.61	5.1%	\$676.45	237	5.2%
2019	279	\$4.5B	5.9%	\$24,706,238	\$607.39	5.4%	\$643.19	225	5.4%
2018	291	\$3.7B	5.7%	\$19,712,126	\$589.03	5.2%	\$601.73	211	5.4%
2017	312	\$3.9B	6.8%	\$21,924,310	\$493.47	5.4%	\$558.01	195	5.4%
2016	288	\$2.5B	5.6%	\$11,788,812	\$412.12	5.3%	\$551.12	193	5.2%
2015	326	\$3.7B	11.0%	\$16,651,554	\$457.53	5.7%	\$509.78	179	5.3%
2014	238	\$2.1B	5.4%	\$10,571,299	\$369.95	5.4%	\$444.96	156	5.5%
2013	288	\$2.5B	6.8%	\$11,994,481	\$365.43	7.1%	\$387.63	136	5.9%
2012	289	\$1.3B	5.6%	\$8,627,214	\$267.07	6.6%	\$343.47	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	-	-	-	-	-	-	\$547.86	170	5.9%
2026	-	-	-	-	-	-	\$520.92	162	6.1%
2025	-	-	-	-	-	-	\$517.34	161	6.4%
2024	-	-	-	-	-	-	\$547.70	170	6.6%
2023	-	-	-	-	-	-	\$686.67	213	5.9%
YTD	7	\$334.3M	1.5%	\$83,562,500	\$558.45	-	\$697.25	217	5.8%
2022	9	\$1.5B	1.9%	\$163,921,729	\$1,176.93	-	\$768.20	239	5.4%
2021	21	\$3.2B	6.5%	\$154,137,343	\$791.43	4.8%	\$793.75	247	5.0%
2020	17	\$1.7B	4.1%	\$101,939,663	\$717.90	5.2%	\$764.61	238	5.1%
2019	27	\$2.2B	6.3%	\$84,375,884	\$628.71	5.0%	\$717.49	223	5.2%
2018	18	\$1.1B	4.0%	\$76,384,477	\$753.63	4.9%	\$663.63	206	5.3%
2017	41	\$2.6B	9.2%	\$83,464,907	\$555.37	5.6%	\$616.24	192	5.3%
2016	16	\$729.7M	4.3%	\$45,606,011	\$383.64	5.9%	\$606.55	189	5.1%
2015	42	\$1.9B	15.0%	\$74,972,113	\$588.97	5.5%	\$560.79	174	5.2%
2014	12	\$592.8M	5.4%	\$74,101,346	\$371.02	5.1%	\$489.64	152	5.4%
2013	21	\$1B	7.0%	\$51,414,873	\$438.24	7.7%	\$430.63	134	5.8%
2012	12	\$439.9M	5.9%	\$43,985,499	\$273.49	6.8%	\$380.78	118	6.2%

(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.

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	-	-	-	-	-	-	\$409.04	160	6.4%
2026	-	-	-	-	-	-	\$389.99	152	6.6%
2025	-	-	-	-	-	-	\$388.35	152	6.9%
2024	-	-	-	-	-	-	\$411.68	161	7.1%
2023	-	-	-	-	-	-	\$512.34	200	6.4%
YTD	27	\$108.8M	0.6%	\$4,534,219	\$487.90	4.1%	\$520.35	203	6.3%
2022	60	\$587.4M	2.4%	\$11,986,792	\$584.31	5.4%	\$566.67	221	5.8%
2021	85	\$1.7B	5.5%	\$22,190,878	\$738.89	4.6%	\$614.26	240	5.3%
2020	57	\$971.9M	3.5%	\$19,835,405	\$568.29	5.7%	\$598.06	233	5.4%
2019	93	\$2B	6.4%	\$27,534,834	\$622.06	5.4%	\$571.86	223	5.5%
2018	103	\$1.8B	7.4%	\$22,150,426	\$506.63	5.6%	\$540.01	211	5.5%
2017	73	\$986.7M	5.3%	\$17,940,438	\$400.66	5.9%	\$497.65	194	5.5%
2016	108	\$1.3B	7.1%	\$16,174,463	\$434.52	5.3%	\$491.94	192	5.3%
2015	128	\$1.3B	9.8%	\$13,917,022	\$367.19	5.8%	\$456.68	178	5.4%
2014	103	\$993.7M	5.3%	\$11,971,782	\$387.94	6.0%	\$402.58	157	5.6%
2013	112	\$1.1B	7.1%	\$14,169,953	\$352.53	6.2%	\$348.48	136	6.0%
2012	98	\$615.8M	5.5%	\$9,330,649	\$285.66	6.0%	\$311.21	121	6.4%

(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.

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	-	-	-	-	-	-	\$390.18	162	6.5%
2026	-	-	-	-	-	-	\$371.54	154	6.8%
2025	-	-	-	-	-	-	\$369.50	153	7.0%
2024	-	-	-	-	-	-	\$391.24	162	7.2%
2023	-	-	-	-	-	-	\$487.36	202	6.5%
YTD	56	\$145.9M	1.4%	\$3,104,956	\$563.25	4.8%	\$495.17	205	6.4%
2022	79	\$251.9M	2.4%	\$3,499,029	\$521.86	4.0%	\$535.42	222	6.0%
2021	103	\$346.1M	2.8%	\$3,495,954	\$518.75	4.7%	\$596.15	247	5.3%
2020	65	\$182.7M	1.7%	\$3,322,323	\$443.81	4.4%	\$581.20	241	5.4%
2019	159	\$342.1M	4.0%	\$4,025,082	\$447.95	5.5%	\$573.74	238	5.5%
2018	170	\$748.7M	6.0%	\$8,226,969	\$620.48	5.0%	\$548.59	227	5.4%
2017	198	\$350.3M	5.1%	\$3,766,831	\$421.50	4.6%	\$512.74	213	5.4%
2016	164	\$431.4M	4.8%	\$3,818,029	\$398.97	5.1%	\$511.55	212	5.2%
2015	156	\$425.3M	7.4%	\$4,210,425	\$363.69	5.5%	\$470.60	195	5.3%
2014	123	\$464.4M	5.9%	\$4,508,382	\$335.43	4.8%	\$402.15	167	5.6%
2013	155	\$311.1M	6.0%	\$2,935,328	\$257.81	8.7%	\$343.05	142	6.0%
2012	179	\$195.3M	5.3%	\$2,829,973	\$212.27	7.0%	\$301.30	125	6.4%

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