



# Office Market Report

## San Jose - CA USA

PREPARED BY

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**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**3.4M**

12 Mo Net Absorption in SF

**(400K)**

Vacancy Rate

**15.6%**

Market Asking Rent Growth

**1.6%**

In the third quarter of 2024, the San Jose office market is showing signs of improvement over the downturn in performance that characterized 2023.

In 2023, low office worker attendance was joined by economic challenges, as high interest rates impacted tech company valuations, leading many to lay off staff and cut back on office space. Substantial space reductions were initiated by Google and Meta in Mountain View and Moffett Park, followed by downsizings by several other major tenants, such as Roku and LinkedIn. The combination of weakness in tenant demand and increased supply of newly built space caused vacancies to increase close to the high points established during the dot-com bust and the Great Recession. Rents trended downwards, and concessions increased.

Although downsizings and exits have continued in the past few months, there has also been some significant new leasing activity. In November 2023, Walmart leased the 700,000 SF Crossman Campus in Moffett Park. The buildings became available earlier in the year after Meta terminated its lease. Then, in March 2024, PwC leased 147,000 SF at One Santana West, and TikTok subleased 163,000 SF at Coleman Highline.

Google is playing an outsized part in the market as it

continues to build new company-owned office properties and exit leased spaces as these new buildings are completed. Over the past two years, Google has completed over 2 million SF of owned office space, and the company has over 1.5 million SF of additional space under construction. Accordingly, around 2.7 million SF of leased space previously occupied by Google has been returned to the market and is currently available.

The largest speculative office project to be completed in the past year is developer Jay Paul's 950,000-SF 200 Park Ave. in Downtown San Jose. Construction of other speculative office projects, such as Google's Downtown West and BXP's Platform 16, has been delayed or suspended, pending improved leasing conditions.

In the third quarter of 2024, the vacancy rate in San Jose is 15.6%, having increased by 2.2% over the past 12 months. In the year ahead, more downsizing is expected as tenant leases expire, causing vacancy to rise above the previous high of 17% set during the dot-com bust in 2003.

Continued uncertainty around weak tenant demand, elevated levels of speculative development, and the general economic slowdown present headwinds to market performance and asset values.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	69,749,146	18.5%	\$63.99	22.6%	(162,707)	0	4,281,123
3 Star	51,380,392	14.0%	\$54.03	17.5%	(26,154)	0	42,048
1 & 2 Star	24,390,511	10.5%	\$43.70	12.7%	(27,004)	0	0
<b>Market</b>	<b>145,520,049</b>	<b>15.6%</b>	<b>\$57.27</b>	<b>19.2%</b>	<b>(215,865)</b>	<b>0</b>	<b>4,323,171</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.2%	10.7%	19.4%	17.0%	2003 Q2	0.6%	2000 Q2
Net Absorption SF	(400K)	1,636,432	(418,053)	8,297,703	2000 Q2	(3,823,031)	2002 Q1
Deliveries SF	3.4M	2,752,117	1,264,592	7,988,121	2001 Q4	81,300	2012 Q1
Market Asking Rent Growth	1.6%	2.9%	0.7%	27.5%	2000 Q4	-22.9%	2002 Q1
Sales Volume	\$916M	\$1.7B	N/A	\$5B	2021 Q4	\$176.4M	2009 Q3

In the third quarter of 2024, despite a few keynote signings, leasing activity in San Jose remains low. The sharp rise in interest rates that started in 2022 hit tech company valuations and led them to prioritize cost-cutting over expansion. Employment in information and other office-using categories has declined. Moreover, tenants continue to reduce their leased space in response to office work's changed nature and location. 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.

An increase in the number of companies exiting leases or putting space on the sublet market caused vacancy and availability to rise over the past year. As of the third quarter, vacancy is 15.6%, an increase of 2.2% from a year ago, and the availability rate is 19.2%. Sublease space availability currently stands at 6.8 million SF, an all-time high.

The amount of space leased over the past 12 months is comparable to the low points of the pandemic and the Great Recession. Both the number of leases signed and the average lease size have fallen. This pattern matches the national trend of companies downsizing to smaller spaces in response to employees spending fewer days in the office.

Google, the largest space occupier in the market, has completed the construction of several new campus buildings over the past year and has exited around 2.7 million SF of leased space.

First, around 1.3 million SF across six buildings occupied by Google became available for sublease in Moffett Park and Mountain View. In Moffett Park, Google made around 780,000 SF of space available across three buildings in Jay Paul's Moffett Towers complex. Google

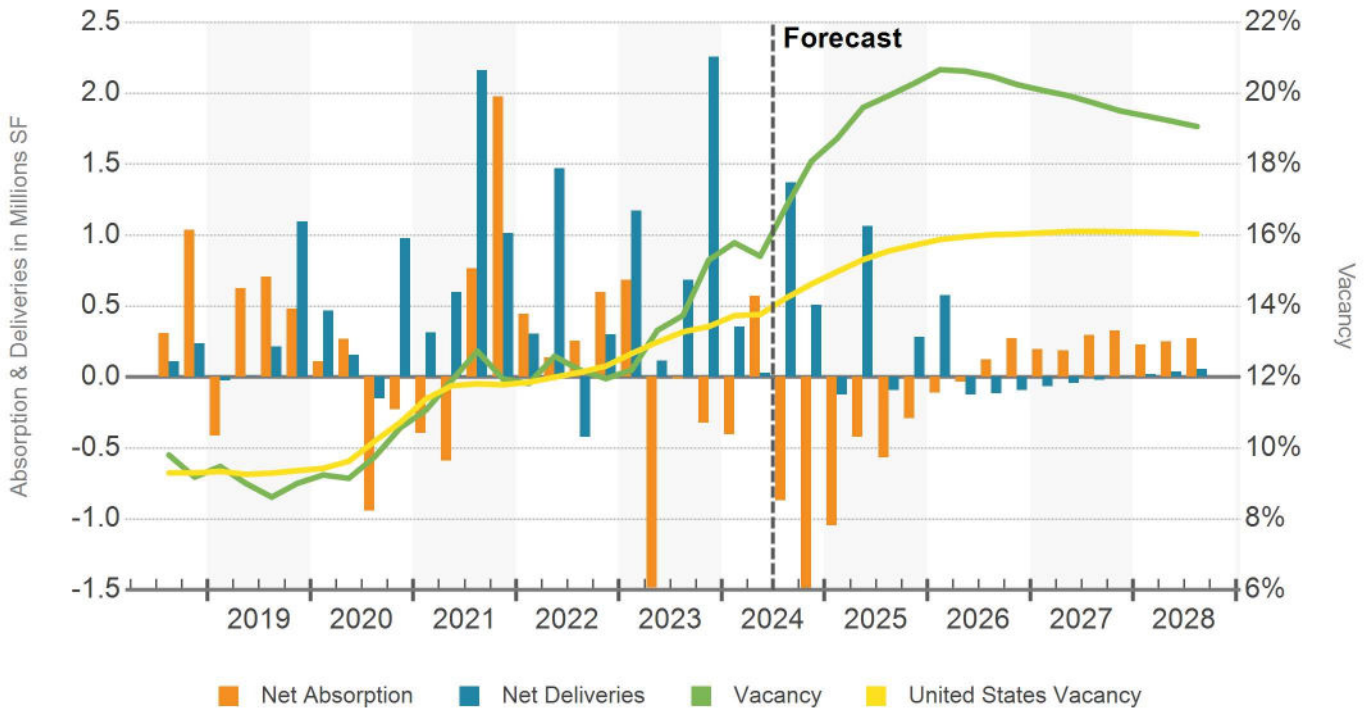
added around 550,000 SF of sublease space in Mountain View across three buildings. Google also exited several buildings at the Foothill Research Center in Palo Alto and vacated the company's Quad Campus in Mountain View and the Technology Corners campus in Moffett Park.

Also, in 23Q2, Meta terminated its lease at the 720,000-SF Moffett Green campus in Moffett Park. Commonwealth Partners and CalPERS bought the four-building portfolio for \$867 million, or \$1,200/SF, in June 2022, when Meta occupied the entire campus on a lease that started in January. In November 2023, the market's biggest new lease of the year, which took over the entire campus, was signed by Walmart.

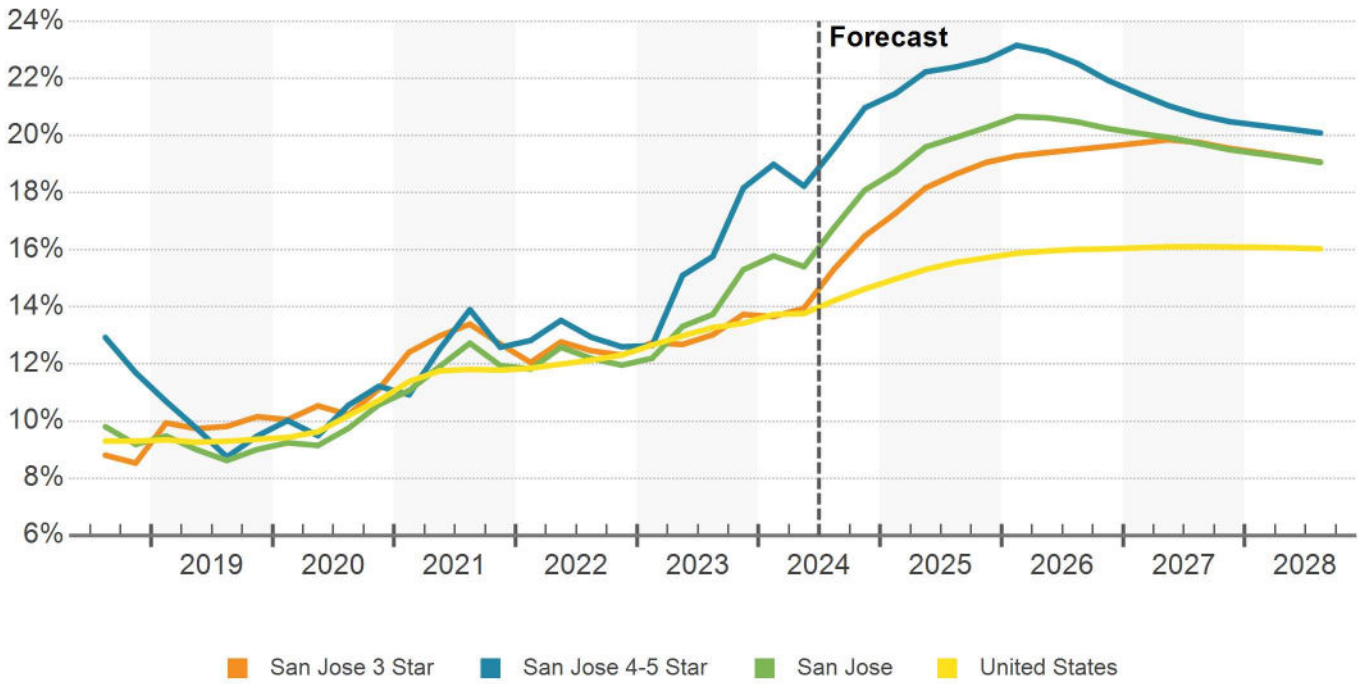
Among other notable tenants giving back space in the past 12 months, LinkedIn made two buildings available for sublease in Sunnyvale, Cloudera exited spaces in Palo Alto and Santa Clara, and Veritas put two of the three floors it leases at Santa Clara Square on the sublet market. In Downtown San Jose, Sage Intacct is subletting four floors at Riverside Towers, and Roku has added over 350,000 SF of sublet space at Coleman Highline.

Leasing brokers have had limited success finding single tenants to take over the whole building and large blocks of sublet space. In addition to the Walmart lease mentioned earlier, TikTok parent ByteDance has recently subleased one of the buildings made available by Roku at Coleman Highline. However, several large sublease spaces are now being divided to attract tenants. For example, the 151,000-SF office building at 620 National Ave. in Mountain View, made available by Google as a whole building sublease in 2023, is now being marketed as divisible into individual spaces as small as 10,000 SF.

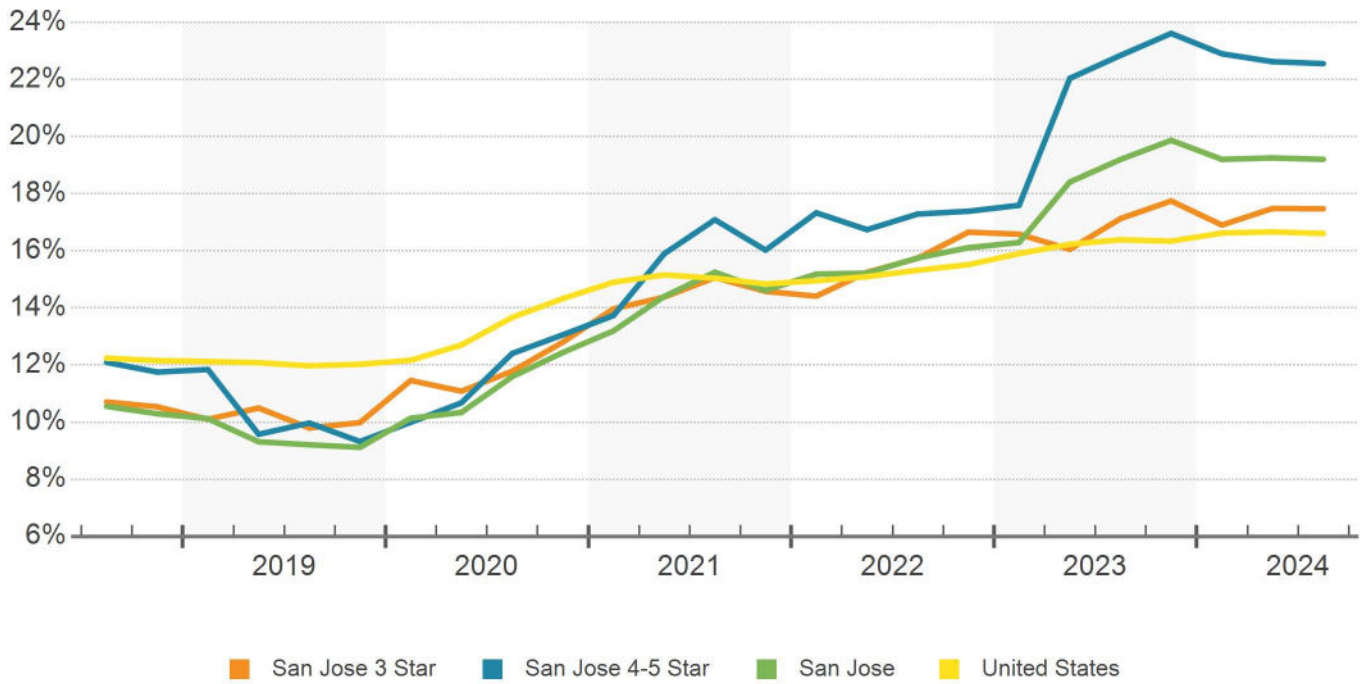
## NET ABSORPTION, NET DELIVERIES & VACANCY



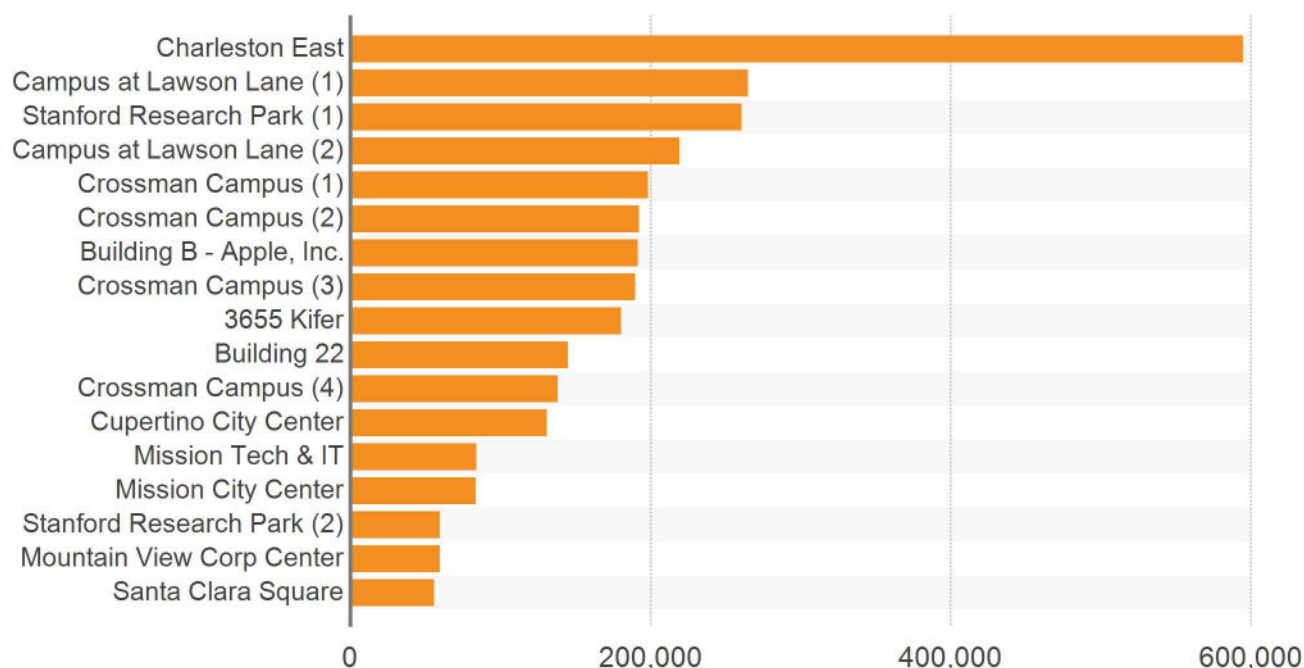
## VACANCY RATE



## 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
Charleston East	Mountain View	595,000	0	0	0	0	0	595,000
Campus at Lawson Lane (1)	Central Santa Clara	265,000	0	0	0	0	0	265,000
Stanford Research Park (1)	Palo Alto	569,248	0	0	0	0	0	260,624
Campus at Lawson Lane (2)	Central Santa Clara	269,000	0	0	0	0	0	219,293
Crossman Campus (1)	Moffett Park	198,268	0	0	198,268	0	0	198,268
Crossman Campus (2)	Moffett Park	192,479	0	0	192,293	0	0	192,293
Building B - Apple, Inc.	South Santa Clara	235,000	0	0	0	0	0	191,576
Crossman Campus (3)	Moffett Park	189,944	0	0	189,944	0	0	189,944
3655 Kifer	Sunnyvale	184,614	4,327	180,287	0	0	0	180,287
Building 22	Mountain View	178,000	0	0	0	0	0	145,109
Crossman Campus (4)	Moffett Park	138,146	0	0	138,146	0	0	138,146
Cupertino City Center	Cupertino	160,837	0	0	0	0	0	131,117
Mission Tech & IT	North Santa Clara	103,099	0	0	0	0	0	84,048
Mission City Center	North Santa Clara	155,102	0	0	83,596	0	0	83,596
Stanford Research Park (2)	Palo Alto	59,782	0	59,782	0	0	0	59,782
Mountain View Corp Center	Mountain View	59,702	0	0	59,702	0	0	59,700
Santa Clara Square	Central Santa Clara	171,861	41,563	0	32,492	(9,071)	0	55,903
<b>Subtotal Primary Competitors</b>		<b>3,725,082</b>	<b>45,890</b>	<b>240,069</b>	<b>894,441</b>	<b>(9,071)</b>	<b>0</b>	<b>3,049,686</b>
Remaining San Jose Market		141,794,967	22,591,680	(645,602)	(322,135)	(206,794)	0	(3,432,323)
<b>Total San Jose Market</b>		<b>145,520,049</b>	<b>22,637,570</b>	<b>(405,533)</b>	<b>572,306</b>	<b>(215,865)</b>	<b>0</b>	<b>(382,636)</b>

## TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name
Crossman Campus	Moffett Park	198,298	Q4 23	Walmart
Crossman Campus	Moffett Park	192,293	Q4 23	Walmart
Crossman Campus	Moffett Park	189,944	Q4 23	Walmart
Coleman Highline	North San Jose	162,557	Q1 24	TikTok
Santana West	West San Jose	147,353	Q1 24	PwC
Crossman Campus	Moffett Park	138,146	Q4 23	Walmart
The Village at San Antonio Center	Mountain View	119,502	Q2 24	Yahoo
Stanford Research Park	Palo Alto	59,782	Q4 23	Tesla
Mountain View Corp Center	Mountain View	59,702	Q1 24	Databricks
Great America Commons	North Santa Clara	52,677	Q1 24	San Francisco Forty Niners
Marriott Business Park *	North Santa Clara	51,320	Q1 24	Astera Labs
Montague Oaks	North San Jose	43,697	Q4 23	Eugenus Inc.
3333 Scott	Central Santa Clara	41,252	Q4 23	Rivos
395 Page Mill Rd	Palo Alto	38,322	Q3 23	-
Santa Clara Gateway	North Santa Clara	37,500	Q1 24	HCL Technologies
Stanford Research Park	Palo Alto	35,444	Q4 23	Tesla
395 Page Mill Rd	Palo Alto	35,067	Q1 24	Globality
1075 W Campbell Ave	Campbell	33,201	Q4 23	Campbell Church of Christ
Faber Place *	Palo Alto	32,820	Q3 23	Centrillion Technologies
Stadium Techcenter	North Santa Clara	30,644	Q2 24	-
Santa Clara Gateway	North Santa Clara	30,531	Q3 23	Workday
Terra Bella Tech Park *	Mountain View	29,670	Q4 23	Egnyte Inc.
North First Office Center	North San Jose	28,924	Q1 24	-
Santana West	West San Jose	28,069	Q4 23	Acrisure
Santa Clara Gateway	North Santa Clara	27,779	Q4 23	Tenstorrent
Metro Plaza	North San Jose	24,209	Q1 24	-
Sunnyvale CityLine	Sunnyvale	24,155	Q3 24	-
Sunnyvale CityLine	Sunnyvale	24,155	Q3 24	-
Metro Plaza	North San Jose	23,135	Q2 24	Indie Semiconductors
Saratoga Office Center	Los Gatos/Saratoga	22,995	Q2 24	-
18500 De Paul Dr	Morgan Hill	22,450	Q1 24	Santa Clara Valley Health...
Oakmead West	Sunnyvale	21,537	Q3 23	Ondas Networks
505 S Market Street	Downtown San Jose	20,623	Q1 24	California Miramar Univer...
495 Mercury Dr	Sunnyvale	20,480	Q2 24	-
Mission City Center	North Santa Clara	20,133	Q2 24	AESC Group
Santa Clara Towers	North Santa Clara	19,638	Q4 23	Aryka
Mountain Bay Plaza *	Mountain View	19,534	Q2 24	BCG
Santa Clara Square	Central Santa Clara	18,904	Q1 24	-
2055 Laurelwood Rd	North Santa Clara	18,841	Q1 24	-
Silicon Valley Center	North San Jose	18,805	Q1 24	FutureWei

\*Renewal



After holding up well during the pandemic, rent growth in San Jose turned negative in 2022. The negative trend continued in 2023 but has improved in recent months. As of the third quarter of 2024, average asking rents are essentially flat, at just 1.6% below where they were a year ago.

The downward movement in rent reflected the lower level of leasing activity in the market, which coincided with an increase in available sublet space and the delivery of new speculative space. Tenants with the upper hand in lease negotiations pushed for lower rents and greater concessions.

Industry participants report that landlords now offer rent-free periods of up to 18 months and tenant improvement allowances of up to \$150/SF or more. For example, in August, Ondas Networks signed a lease for 21,500 SF in Sunnyvale with a starting rent of \$43.20/SF NNN and 12 months of free rent for a six-year term.

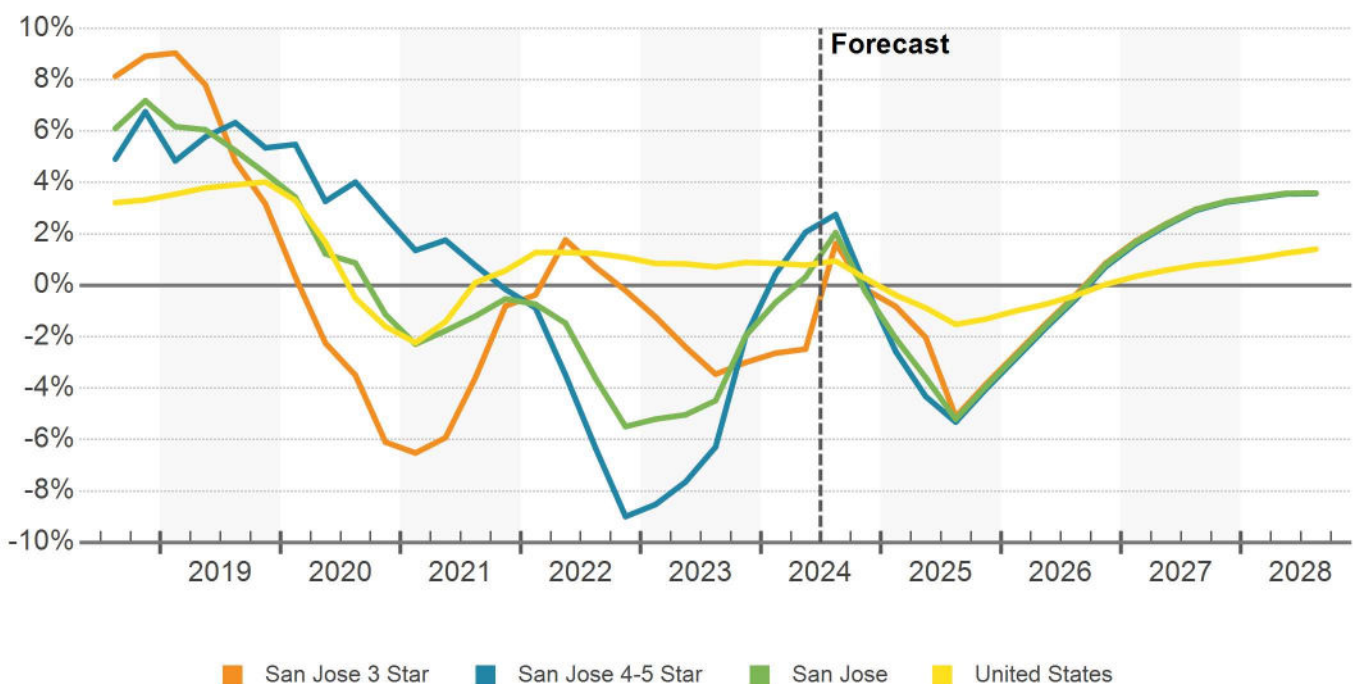
Current average market rates are \$57/SF on a full-

service basis. San Jose remains one of the nation's most expensive markets for office space. Higher-quality 4 & 5 Star product leases for an average of \$64/SF, compared to the average across the U.S. of \$45/SF. Rents in this segment have recovered the most in the past few months. Average rent for 4 & 5 Star buildings has increased by 2.9% over the past year.

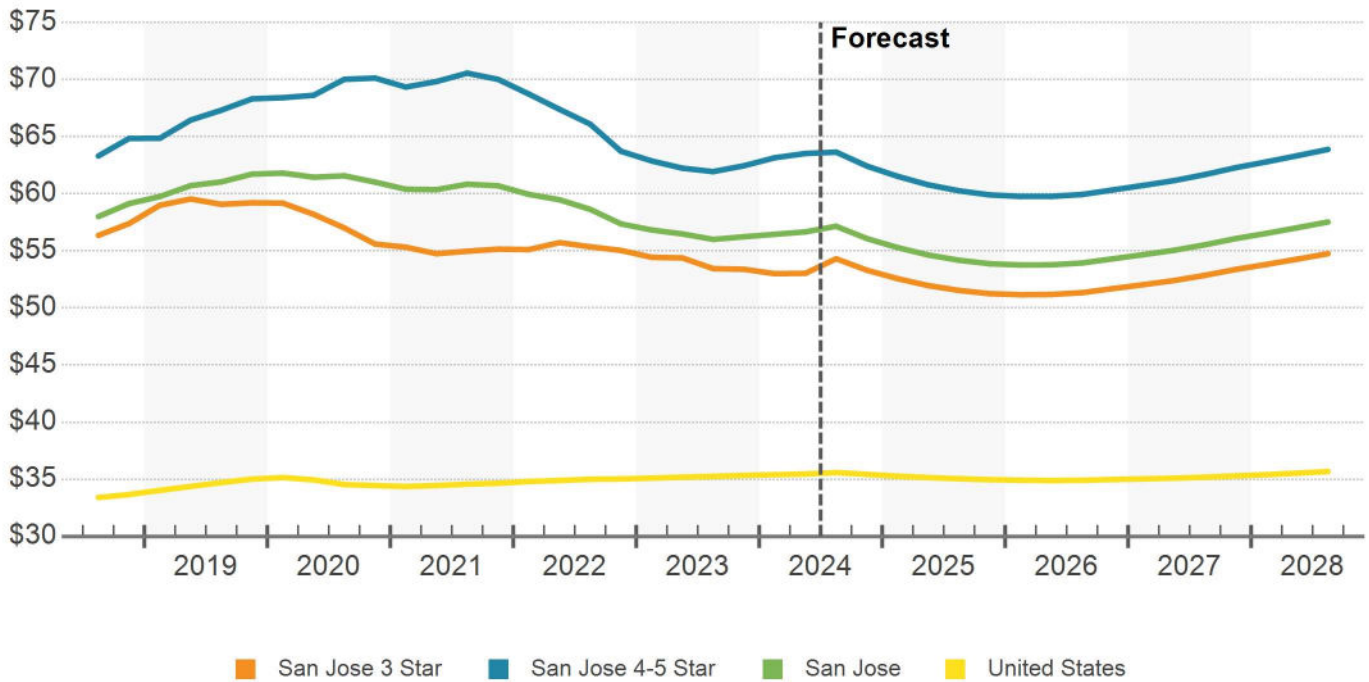
The decline in rent over the past three years has been highest in the core Silicon Valley submarkets, including Mountain View, Cupertino, and Sunnyvale. These submarkets also have the most office space and the highest rents in the metro area. By contrast, the smaller peripheral submarkets have seen flat rather than declining rents.

In the year ahead, expect to see a continuation of subdued leasing levels, negative net absorption, and the delivery of additional unleased speculative space. Accordingly, rents will likely resume their downward track in the coming quarters.

## MARKET ASKING RENT GROWTH (YOY)



## MARKET ASKING RENT PER SQUARE FEET



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

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>San Jose</b>	\$0.88	\$1.70	\$1.43	\$9.11	\$4.18	<b>\$17.30</b>
Campbell/Los Gatos	\$0.47	\$2.48	\$1	\$9.37	\$5.55	<b>\$18.87</b>
Downtown San Jose	\$1.28	\$1.93	\$1.66	\$3.82	\$4.79	<b>\$13.48</b>
Milpitas	\$0.48	\$2.56	\$1.04	\$5.98	\$4.21	<b>\$14.27</b>
Mountain View/Los Altos	\$1.01	\$1.99	\$1.86	\$9.64	\$2.20	<b>\$16.70</b>
North San Jose	\$0.84	\$1.46	\$1.21	\$9.84	\$4.50	<b>\$17.85</b>
Palo Alto	\$1.02	\$1.98	\$1.89	\$17.11	\$3.93	<b>\$25.93</b>
Santa Clara	\$0.76	\$1.50	\$1.13	\$6.81	\$4.37	<b>\$14.57</b>
South San Jose	\$1.19	\$2.07	\$1.66	\$4.81	\$4.59	<b>\$14.32</b>
Sunnyvale/Cupertino	\$0.74	\$1.45	\$1.32	\$9.37	\$4.47	<b>\$17.35</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>	\$0.63	\$1.18	\$1.21	\$6.74	\$3.55	<b>\$13.31</b>
Campbell/Los Gatos	\$0.43	\$1.25	\$0.93	\$5.18	\$5.18	<b>\$12.97</b>
Downtown San Jose	\$0.79	\$1.79	\$0.98	\$4.22	\$2.61	<b>\$10.39</b>
Milpitas	\$0.34	\$0.97	\$0.73	\$7.42	\$3.90	<b>\$13.36</b>
Morgan Hill/Gilroy	\$0.42	\$1.22	\$0.91	\$4.38	\$4.77	<b>\$11.70</b>
Mountain View/Los Altos	\$0.79	\$1.34	\$1.73	\$8.40	\$3.25	<b>\$15.51</b>
North San Jose	\$0.54	\$1.31	\$1.04	\$5.14	\$2.03	<b>\$10.06</b>
Outlying Santa Clara Cnty	\$0.62	\$1.31	\$1.34	\$6.65	\$4.52	<b>\$14.44</b>
Palo Alto	\$0.81	\$1.38	\$1.77	\$11.09	\$3.55	<b>\$18.60</b>
San Benito County	\$0.46	\$1.31	\$0.98	\$4.11	\$5.11	<b>\$11.97</b>
Santa Clara	\$0.64	\$0.60	\$0.96	\$5.53	\$2.28	<b>\$10.01</b>
South San Jose	\$0.49	\$1.27	\$1.04	\$5.13	\$5.40	<b>\$13.33</b>
Sunnyvale/Cupertino	\$0.68	\$0.65	\$1.14	\$6.98	\$2.32	<b>\$11.77</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>	\$0.61	\$1.23	\$1.09	\$5.88	\$1.96	<b>\$10.77</b>
Campbell/Los Gatos	\$0.43	\$1.22	\$0.91	\$6.17	\$3.12	<b>\$11.85</b>
Downtown San Jose	\$0.75	\$1.71	\$0.91	\$5.02	\$0.46	<b>\$8.85</b>
Milpitas	\$0.41	\$1.17	\$0.87	\$3.90	\$3.02	<b>\$9.37</b>
Morgan Hill/Gilroy	\$0.42	\$1.20	\$0.90	\$3.60	\$3.06	<b>\$9.18</b>
Mountain View/Los Altos	\$0.74	\$1.25	\$1.65	\$8.61	\$1.85	<b>\$14.10</b>
North San Jose	\$0.59	\$1.27	\$0.94	\$5.35	\$1.21	<b>\$9.36</b>
Outlying Santa Clara Cnty	\$0.55	\$1.15	\$0.66	\$6.21	\$2.32	<b>\$10.89</b>
Palo Alto	\$0.74	\$1.26	\$1.65	\$8.19	\$2.45	<b>\$14.29</b>
San Benito County	\$0.43	\$1.23	\$0.91	\$2.46	\$3.08	<b>\$8.11</b>
Santa Clara	\$0.66	\$0.65	\$1.01	\$5.27	\$1.56	<b>\$9.15</b>
South San Jose	\$0.49	\$1.23	\$0.95	\$5.61	\$2.26	<b>\$10.54</b>
Sunnyvale/Cupertino	\$0.68	\$0.64	\$1.04	\$5.76	\$1.71	<b>\$9.83</b>

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

In recent years, San Jose has been one of the nation's more active markets for office development. As of the third quarter, 3.5 million SF of office space is under construction, representing 3.0% of the market's existing inventory, well above the national average of 1.1%.

San Jose has also seen 3.2 million SF of new deliveries in the past 12 months. Most of this activity has been owner-build or preleased projects for single tenants.

The largest preleased project was handed over in 23Q1, when Adobe took delivery of around 750,000 SF in its new Adobe Founders Tower in Downtown San Jose. In 23Q3, Google completed its 600,000-SF Gradient Canopy headquarters in Mountain View, while the company also took delivery of several smaller buildings in Moffett Park and Mountain View.

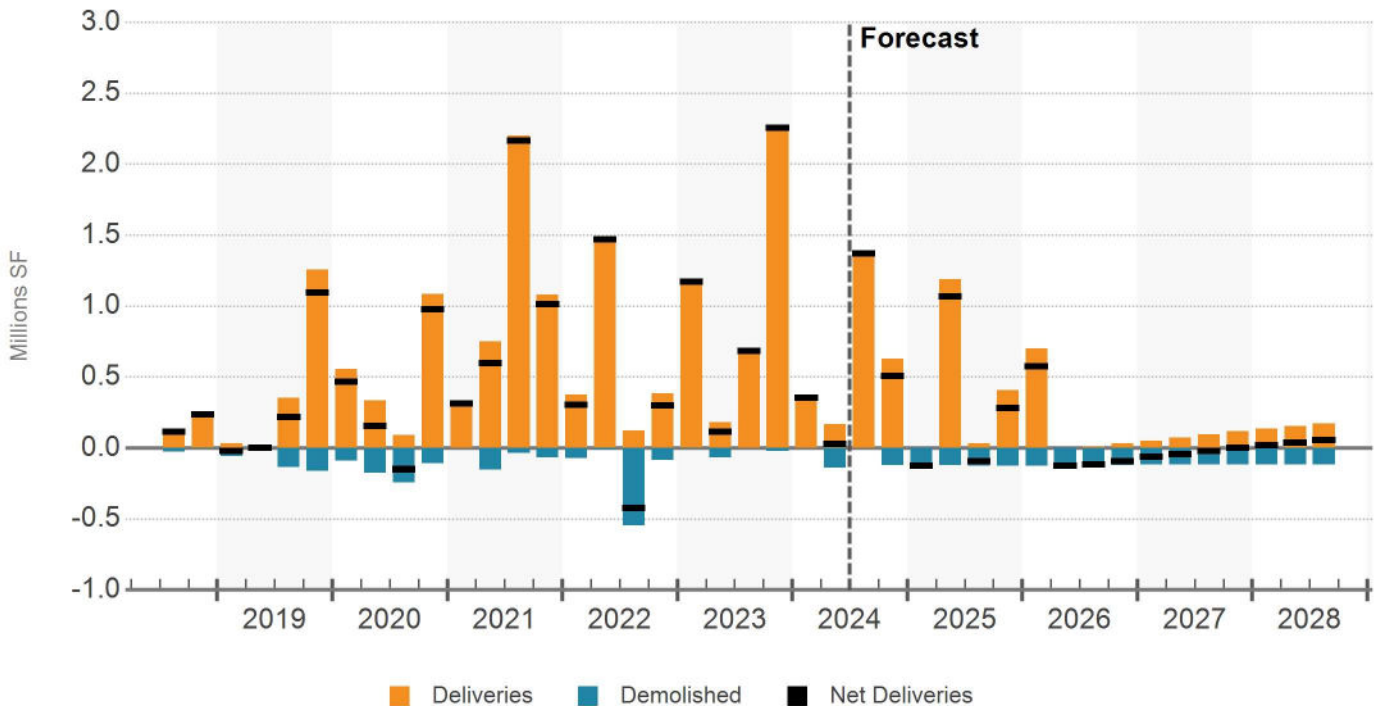
While speculative office projects have been quick to lease in the past, weaker demand from tech tenants in the current market has impacted leasing, particularly in Downtown San Jose, where much of the new product has been delivered. Most notably, in 23Q4, developer Jay Paul Company completed 200 Park Ave., a 950,000-SF office tower with no signed leases.

Google continues to lead the list of buildings currently under construction as of the first quarter of 2024, with several projects underway, including Google Landings in Mountain View and Google Caribbean in Moffett Park.

The weaker economic climate and uncertainty over future demand for office space have led some developers to pause activity in Downtown San Jose. One of the most notable projects now on hold is Downtown West, Google's massive transit-oriented village near Diridon Station, which started site preparation work in 22Q3. Also in Downtown San Jose, Boston Properties has halted construction of its Platform 16 project at 325 Autumn Parkway, after preparing the building foundations in 2023. Similarly, several large mixed-use proposed redevelopments, including Related Santa Clara and The Rise in Cupertino, have substantially cut their office components.

Reflecting the changed market sentiment, construction starts have dropped. In 2023, less than 300,000 SF broke ground, a marked reduction from the 2.5 million SF that started in 2022.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

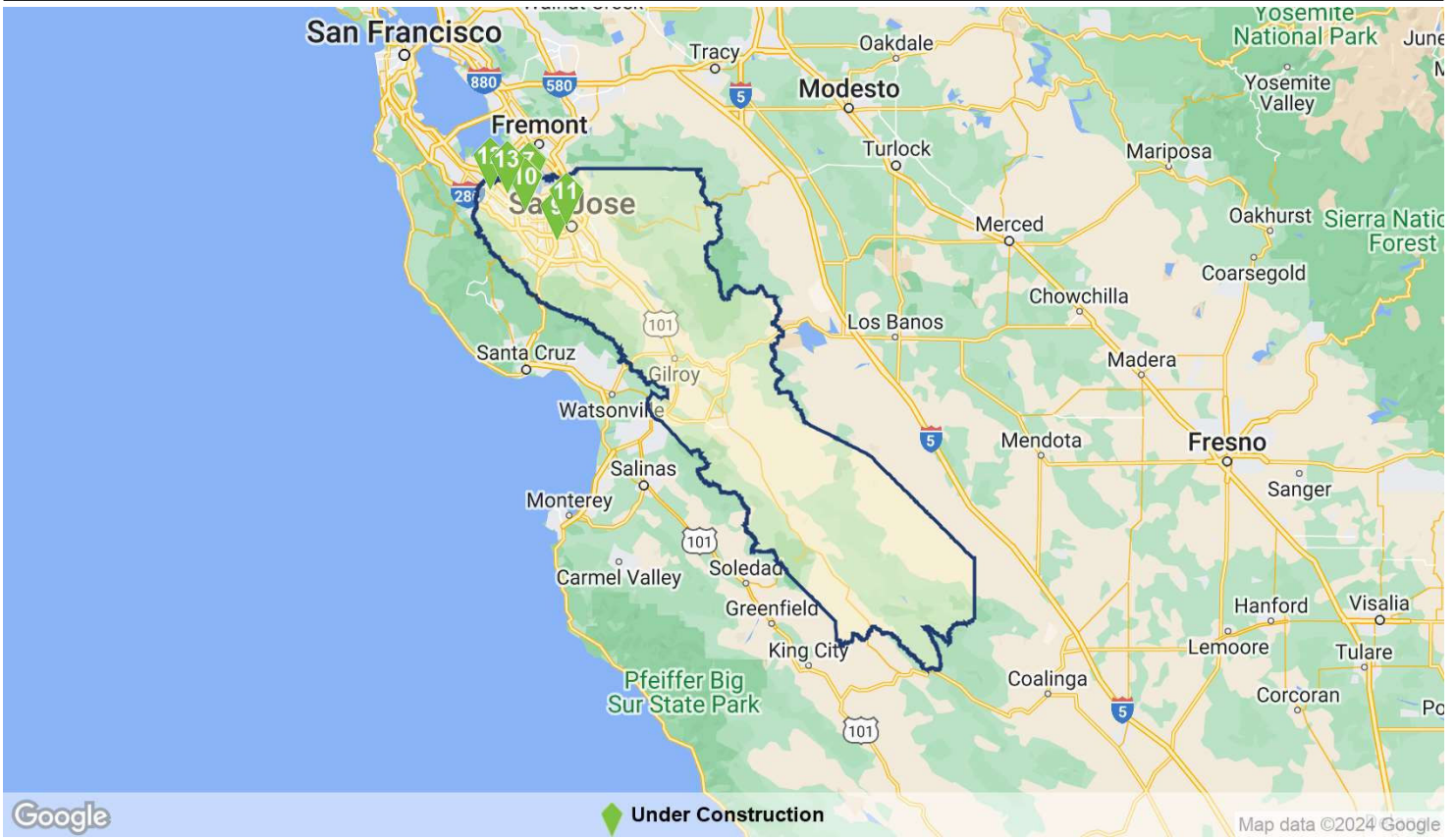
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Moffett Park	3	1,357	1,357	100%	1	188,933	452,358	1
2	Downtown San Jose	3	1,090	0	0%	6	40,111	363,333	3
3	Mountain View	2	812	799	98.5%	3	42,569	405,765	2
4	Sunnyvale	3	803	30	3.7%	5	46,804	267,662	4
5	East San Jose-Willow Glen	1	232	232	100%	1	8,459	231,579	5
6	Palo Alto	1	30	27	88.6%	4	34,266	30,000	6
7	Campbell	0	-	-	-	-	16,106	-	-
8	Central Santa Clara	0	-	-	-	-	82,049	-	-
9	Central Sunnyvale	0	-	-	-	-	-	-	-
10	Cupertino	0	-	-	-	-	45,449	-	-
	All Other	0	-	-	-		24,190	-	
<b>Totals</b>		<b>13</b>	<b>4,323</b>	<b>2,445</b>	<b>56.5%</b>		<b>31,301</b>	<b>332,552</b>	

# Under Construction Properties

San Jose Office

Properties	Square Feet	Percent of Inventory	Released
<b>13</b>	<b>4,323,171</b>	<b>3.0%</b>	<b>56.5%</b>

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>2003 Landings Dr</b>	★ ★ ★ ★ ★	799,482	6	Dec 2022	May 2025	Google Google
2 <b>Google</b> 100 Caribbean Dr	★ ★ ★ ★ ★	537,000	5	Mar 2022	Aug 2024	Google Google
3 <b>B</b> 325 Autumn Pky	★ ★ ★ ★ ★	530,000	6	Jun 2023	Dec 2025	TMG Partners CPP Investments
4 <b>Google</b> 200 Caribbean Dr	★ ★ ★ ★ ★	505,075	5	Nov 2022	Aug 2024	Devcon Construction Google
5 <b>A</b> 375 Autumn Pky	★ ★ ★ ★ ★	390,000	6	Jun 2023	Mar 2025	TMG Partners CPP Investments
6 <b>200 W Washington Ave</b>	★ ★ ★ ★ ★	338,254	7	May 2022	Oct 2024	Hunter Properties, Inc. Hunter Properties, Inc.
7 <b>Google</b> 399 W Java Dr	★ ★ ★ ★ ★	315,000	6	Dec 2021	Aug 2024	Devcon Construction, Inc. Google



# Under Construction Properties

San Jose Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>250 W Washington Ave</b>	★ ★ ★ ★ ★	289,733	7	Jun 2023	Oct 2024	-
9 <b>Bascom Station</b> 1410 S Bascom Ave	★ ★ ★ ★ ★	231,579	10	Nov 2022	Oct 2025	Bay West Development PMB Real Estate Services
10 <b>300 S Mathilda Ave</b>	★ ★ ★ ★ ★	175,000	6	Apr 2022	Oct 2025	Hunter Properties, Inc. Hunter Properties, Inc.
11 <b>C</b> 455 W Julian St	★ ★ ★ ★ ★	170,000	6	Jun 2023	Dec 2025	TMG Partners CPP Investments
12 <b>380-410 Cambridge Ave</b>	★ ★ ★ ★ ★	30,000	3	Jun 2024	Jun 2025	Greenheart Land Company Greenheart Land Company
13 <b>2019 Leghorn St</b>	★ ★ ★ ★ ★	12,048	2	Oct 2022	Aug 2024	- MDE Electric

In common with most U.S. markets, investment sales activity slowed sharply over the past 18 months, as rising interest rates and economic uncertainty made investors cautious and deals difficult to price.

Office sales volume in San Jose during the past 12 months on a dollar basis, \$945 million, was well below the five-year annual average of \$2.9 billion. The number of transactions in the past year was 100, compared to a five-year average of 170.

Despite a general price softening, 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. However, these sales tend to be outliers. In this example, the private equity fund that acquired the building intends to occupy it.

In most cases, however, buyers are acquiring properties at a discount to the prices achieved in previous years. For example, in June 2023, Preylock Holdings acquired the 4 Star 3333 Scott Blvd. in Santa Clara for \$182 million, or \$745/SF. The 240,000-SF building is fully leased to Applied Materials. While this price is one of the highest for 4 & 5 Star sales in the past year, it is well below the pricing of several comparable transactions in 2022, which were above \$1,000/SF.

Properties at lower points in the quality spectrum also

see reduced sales prices. For example, in September, the 2 Star 826 N Winchester Blvd. sold for \$6.54 million, or \$557/SF. The property had previously sold for \$915/SF in December 2021.

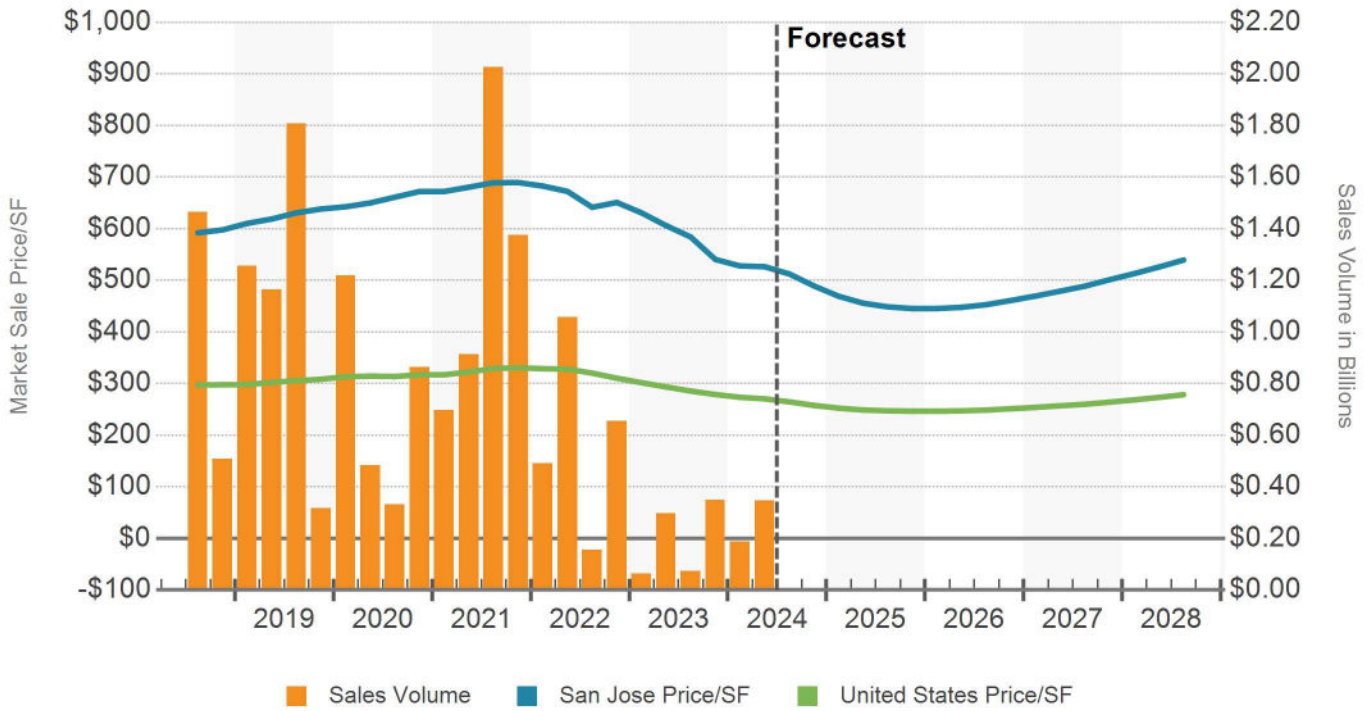
Moreover, lower pricing in the market is allowing occupiers to acquire buildings for potential future expansion. For instance, in December, Intuitive Surgical acquired three adjacent properties close to its headquarters on Kifer Road in Sunnyvale, paying \$157 million, or \$460/SF. Another owner/user that has stepped in to acquire buildings it currently occupies is AI chipmaker NVIDIA, which bought a 7-property portfolio of office and flex buildings in Santa Clara in May 2024 for \$374 million, or \$598/SF.

Distressed sales have also become part of the transaction mix in the past year, with several over-leveraged owners either giving properties back to the lender or selling at reduced prices. For example, in December, 303 Almaden Blvd. in Downtown San Jose was sold for \$23.75 million, or \$146/SF. The 162,800-SF building previously sold for \$492/SF in 2017.

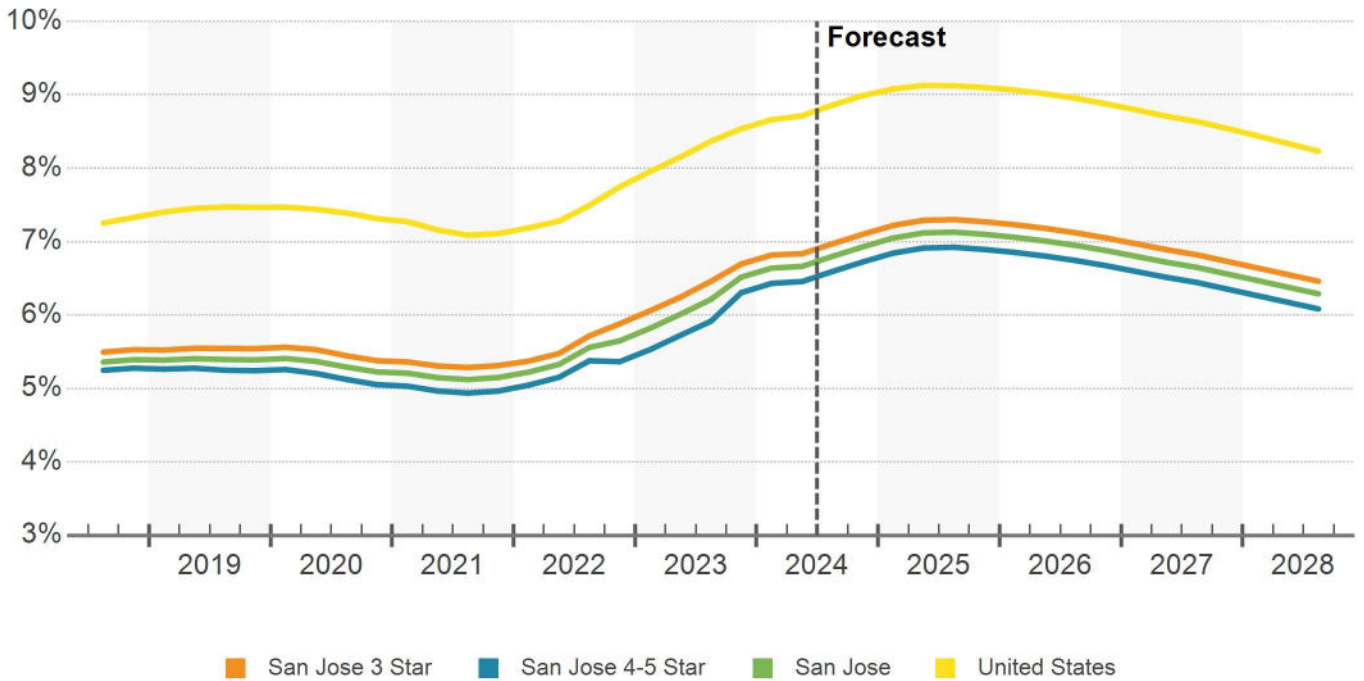
Given the outlook for continued uncertainty around office utilization, the elevated vacancy caused by new space being delivered to the market, and the growing wall of loan maturities, pricing is projected to move further downwards over the next year.



## 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

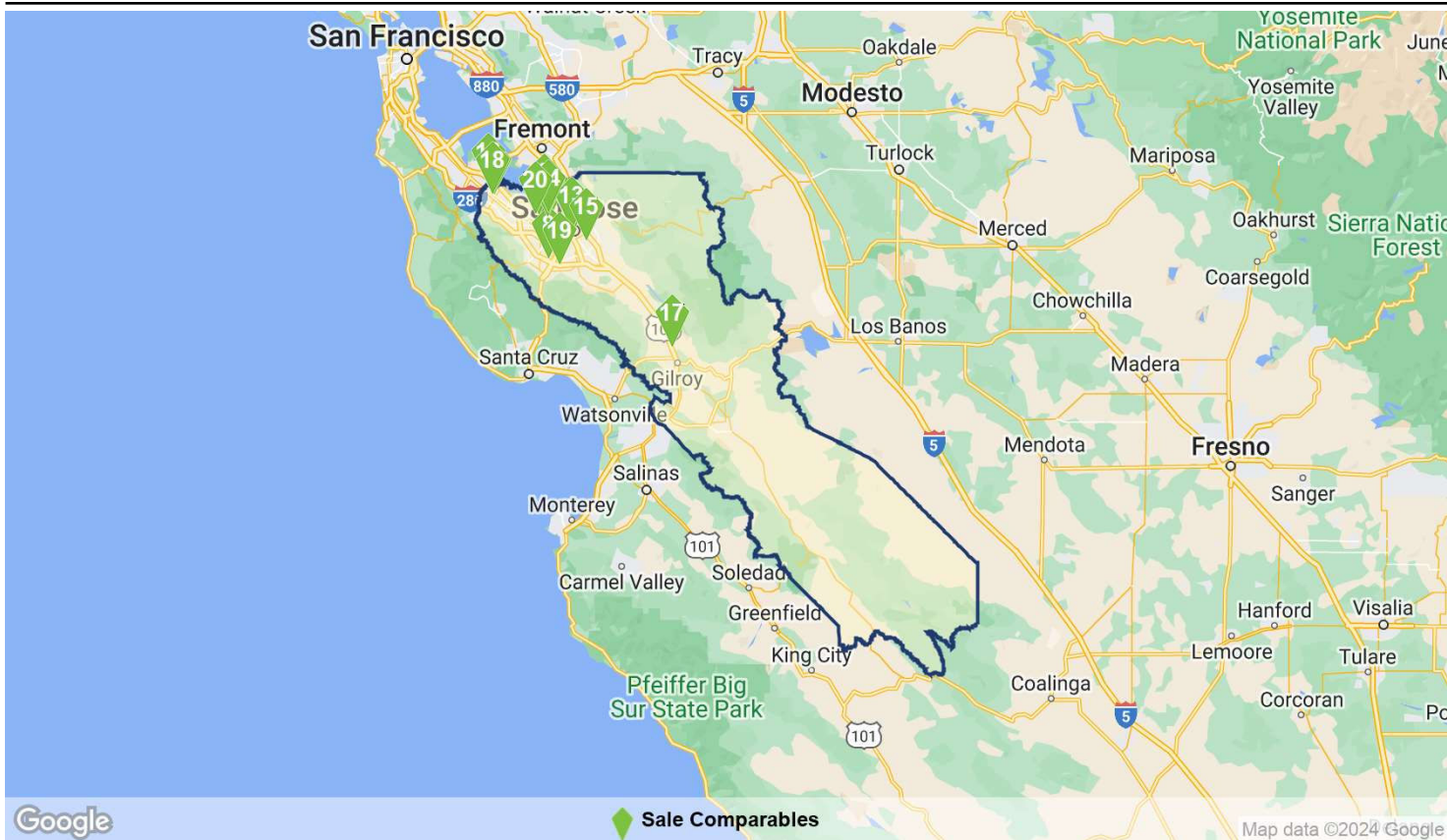
**102**

**5.7%**

**\$421**

**20.2%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$196,382	\$11,541,916	\$4,225,000	\$107,692,012
Price/SF	\$23	\$421	\$532	\$1,934
Cap Rate	5.5%	5.7%	5.6%	6.0%
Time Since Sale in Months	0.2	6.1	7.0	11.3
Property Attributes	Low	Average	Median	High
Building SF	792	32,145	7,617	200,000
Stories	1	2	1	12
Typical Floor SF	792	13,101	5,429	100,000
Vacancy Rate At Sale	0%	20.2%	0%	100%
Year Built	1900	1973	1978	2021
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.4	★ ★ ★ ★ ★	★ ★ ★ ★ ★



# Sales Past 12 Months

San Jose Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 <b>Building R</b> 2880 Scott Blvd	★★★★★	1994	200,000	0%	5/2/2024	\$107,692,012	\$538	-
2 <b>2900 Semiconductor Dr</b>	★★★★★	1976	178,000	0%	1/26/2024	\$83,759,141	\$471	-
3 <b>3689 Kifer Rd</b>	★★★★★	2002	140,440	0%	12/22/2023	\$81,000,000	\$577	-
4 <b>3655 Kifer</b> 3655 Kifer Rd	★★★★★	2021	184,614	100%	12/22/2023	\$71,000,000	\$385	-
5 <b>2555 Park Blvd</b>	★★★★★	2018	29,989	0%	10/5/2023	\$58,000,000	\$1,934	-
6 <b>Building E</b> 2800 Scott Blvd	★★★★★	1995	99,800	0%	5/2/2024	\$54,628,893	\$547	-
7 <b>Building K</b> 2886 Scott Blvd	★★★★★	2000	75,000	0%	5/2/2024	\$48,261,000	\$643	-
8 <b>Los Gatos Medical Offic...</b> 555 Knowles Dr	★★★★★	1995	55,927	0%	4/2/2024	\$41,500,000	\$742	-
9 <b>2901-2929 Patrick Henry Dr</b>	★★★★★	1978	82,278	0%	1/18/2024	\$26,394,500	\$321	-
10 <b>303 Almaden Blvd</b>	★★★★★	1994	162,800	31.1%	11/16/2023	\$23,750,000	\$146	-
11 <b>Market Square Tower I/S...</b> 111 W Saint John St	★★★★★	1963	155,695	39.7%	2/29/2024	\$18,279,887	\$117	-
12 <b>ARRIS Group</b> 2450 Walsh Ave	★★★★★	1982	65,840	0%	11/1/2023	\$16,049,000	\$244	-
13 <b>Market Square Tower II...</b> 111 N Market St	★★★★★	1967	159,995	13.9%	2/29/2024	\$15,920,113	\$100	-
14 <b>3250 Olcott St</b>	★★★★★	1982	45,896	0%	4/24/2024	\$13,850,000	\$302	-
15 <b>614 Tully Rd</b>	★★★★★	1979	25,632	0%	1/24/2024	\$13,200,000	\$515	6.0%
16 <b>540 University Ave</b>	★★★★★	1982	15,452	20.5%	6/5/2024	\$12,800,000	\$828	-
17 <b>South Valley Medical Ce...</b> 9460 No Name Uno	★★★★★	1991	36,583	0%	6/5/2024	\$11,250,000	\$308	-
18 <b>450 Cambridge Ave</b>	★★★★★	2009	9,775	0%	6/4/2024	\$9,350,000	\$957	-
19 <b>4850 Union Ave</b>	★★★★★	2000	20,848	0%	8/9/2023	\$9,000,000	\$432	-
20 <b>158 Commercial St</b>	★★★★★	1956	10,000	0%	6/20/2024	\$8,690,000	\$869	-



As of the third quarter of 2024, the San Jose economy faces the same economic headwinds slowing growth across much of the nation. In Silicon Valley, high interest rates have forced tech companies to cut costs and investors to reduce the capital available for startups.

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, rising interest rates softened demand, and under pressure to manage costs, employers started to initiate hiring freezes, layoffs, and office space reductions. Information sector layoffs have continued into the third quarter of 2024, and weaker demand has also led retail and industrial tenants to reconsider their expansion plans.

The pandemic also caused many people to leave San Jose, as lockdowns and health concerns impacted their lives and work. In the past year, the metro area's population has started to grow again but remains -52,000 short of the total population of five years ago.

The unemployment rate declined to a historic low of just 2.5% in 2022, reflecting high worker demand. More

recently, a slowing economy and tech layoffs across Silicon Valley have caused unemployment to rise above 4%. After two decades of strong growth, employment in the metro's information sector has seen negative growth for most of the past 18 months.

San Jose remains the nation's largest and most prestigious market for tech companies. Highly educated graduates flock to the region, seeking employment at one of Silicon Valley's leading tech companies or startups. The market has one of the highest educational attainment rates in the country, with over 50% of its working-age population possessing a college degree.

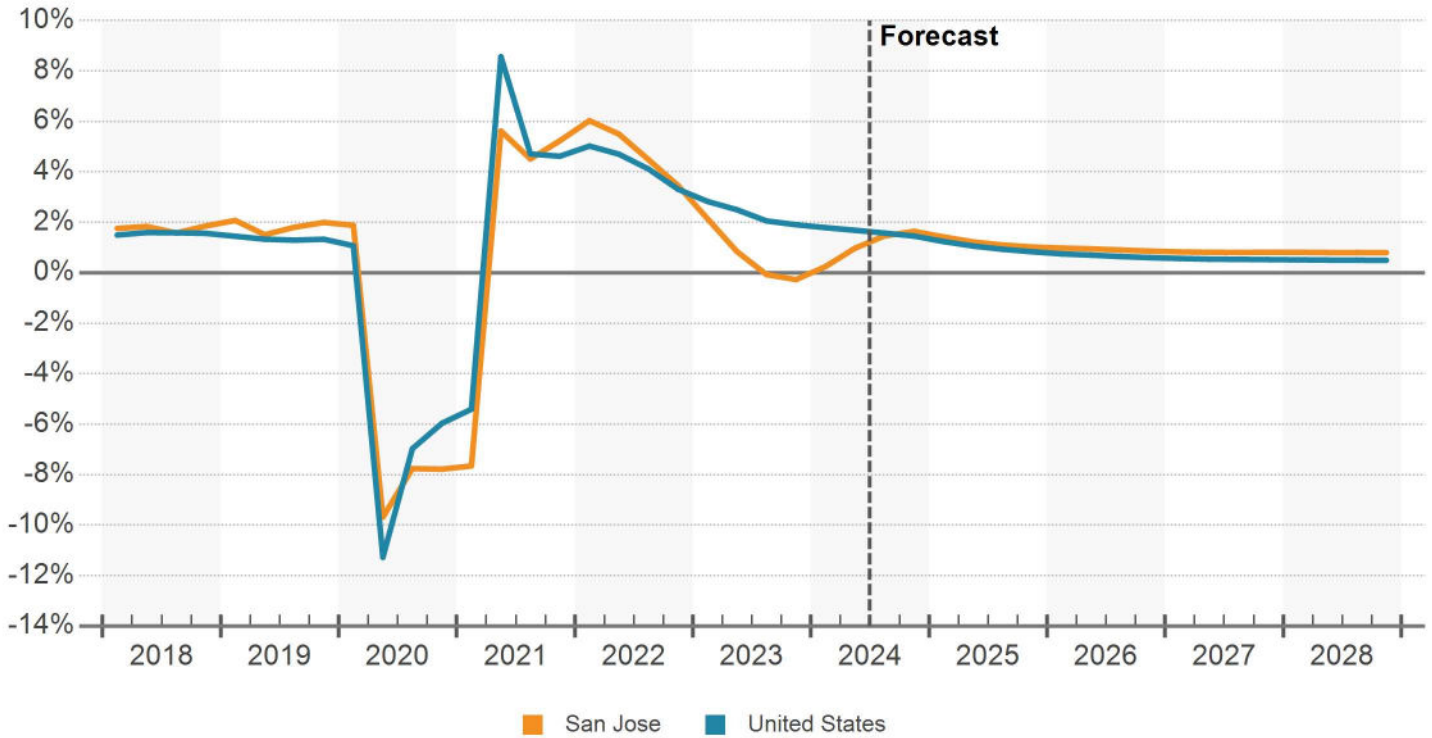
Despite the market's current economic headwinds, San Jose is expected to remain a leading innovation and economic growth center. Over the past 10 years, San Jose saw an average annual increase in GDP of 8.3%, the highest rate among the largest 20 metro areas in the nation and twice the U.S. average. The metro is expected to continue to lead the nation in key measures, such as venture capital investment and new information technology patents. The current surge of growth in AI has led to massive capital injections for Silicon Valley-based companies such as NVIDIA.

## 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	179	1.9	-0.93%	0.50%	1.07%	0.67%	0.34%	0.44%
Trade, Transportation and Utilities	120	0.6	-1.48%	0.38%	-1.22%	1.01%	0.04%	0.36%
Retail Trade	74	0.6	-0.32%	0.52%	-1.42%	0.25%	0.14%	0.25%
Financial Activities	38	0.6	-0.93%	0.57%	1.13%	1.51%	0.35%	0.37%
Government	98	0.6	1.29%	2.39%	0.70%	0.63%	0.68%	0.68%
Natural Resources, Mining and Construction	55	0.8	2.13%	2.42%	3.31%	2.34%	1.04%	0.85%
Education and Health Services	201	1.0	3.07%	3.59%	2.85%	2.03%	1.39%	0.80%
Professional and Business Services	249	1.5	1.30%	0.72%	1.82%	1.87%	0.89%	0.72%
Information	100	4.5	0.79%	-0.35%	4.76%	1.08%	1.93%	0.64%
Leisure and Hospitality	105	0.8	3.34%	2.81%	1.22%	1.50%	1.38%	0.99%
Other Services	26	0.6	1.72%	1.55%	-0.13%	0.59%	0.73%	0.54%
<b>Total Employment</b>	<b>1,171</b>	<b>1.0</b>	<b>1.07%</b>	<b>1.66%</b>	<b>1.55%</b>	<b>1.34%</b>	<b>0.91%</b>	<b>0.65%</b>

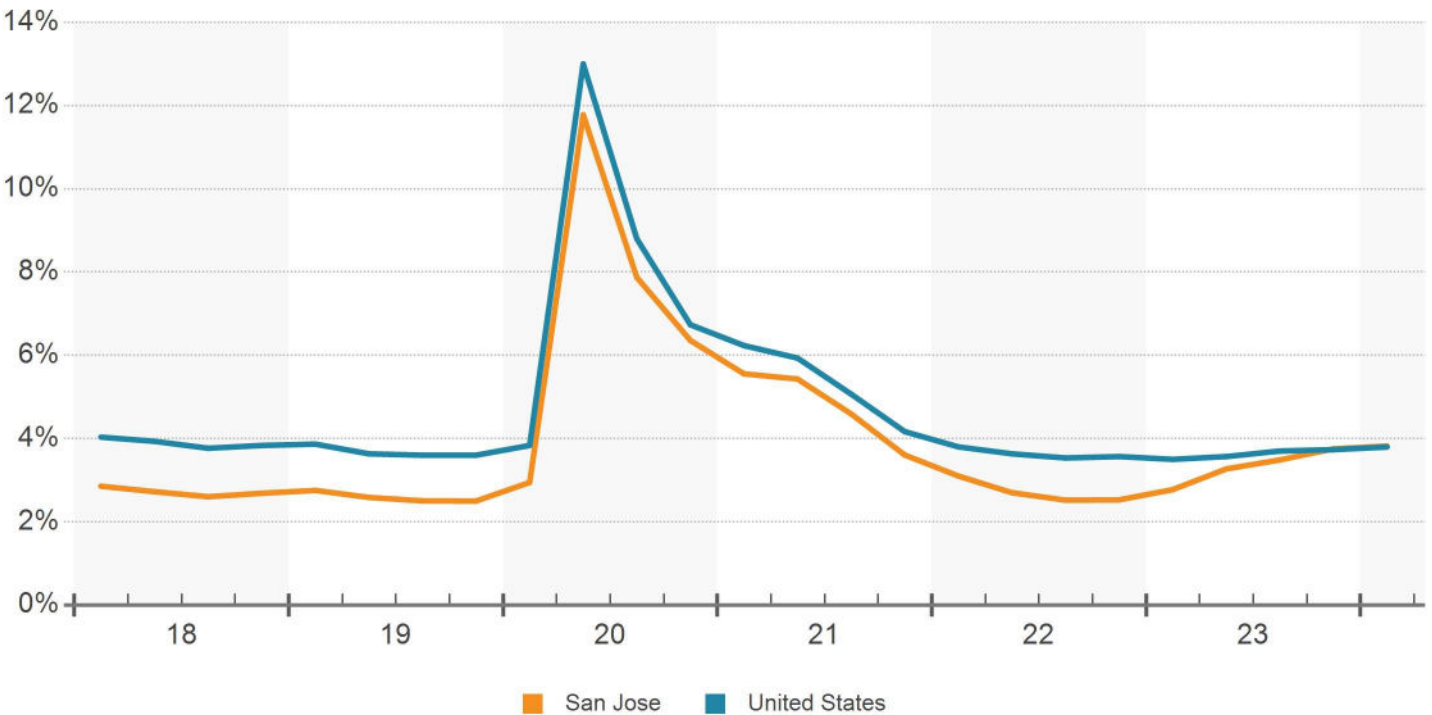
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

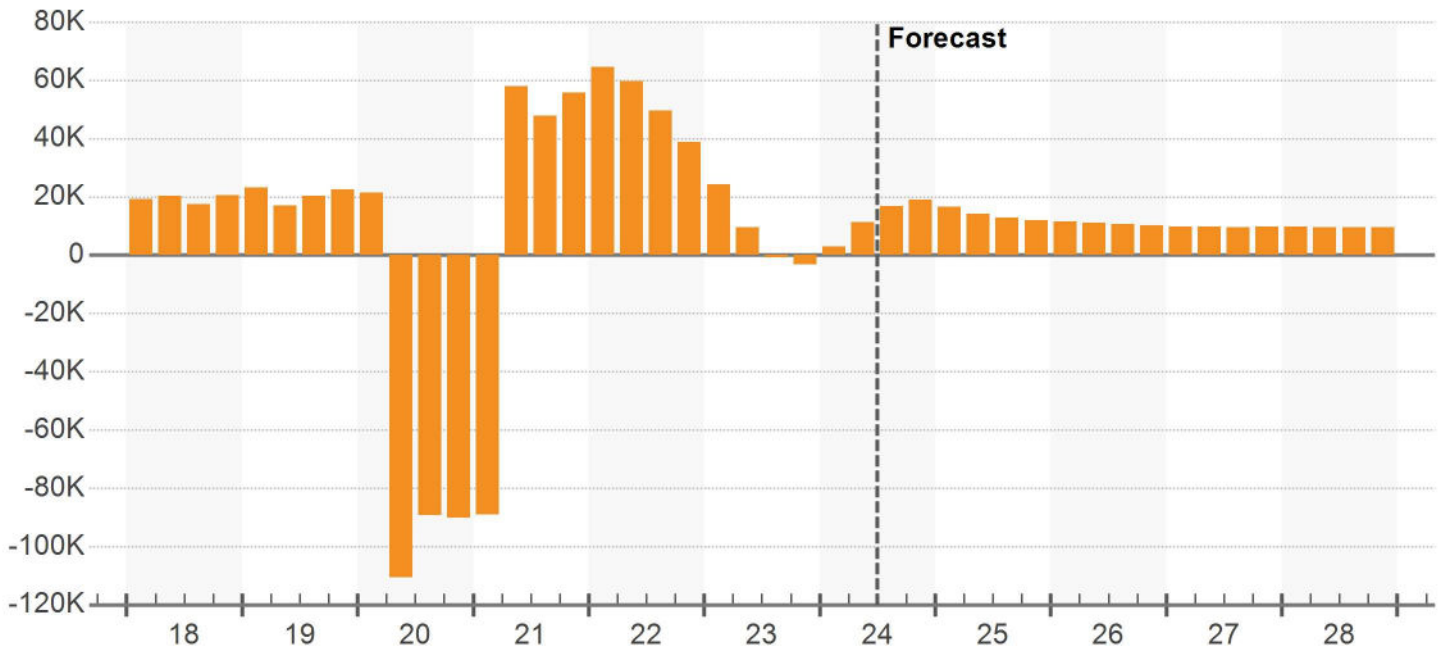


Source: Oxford Economics

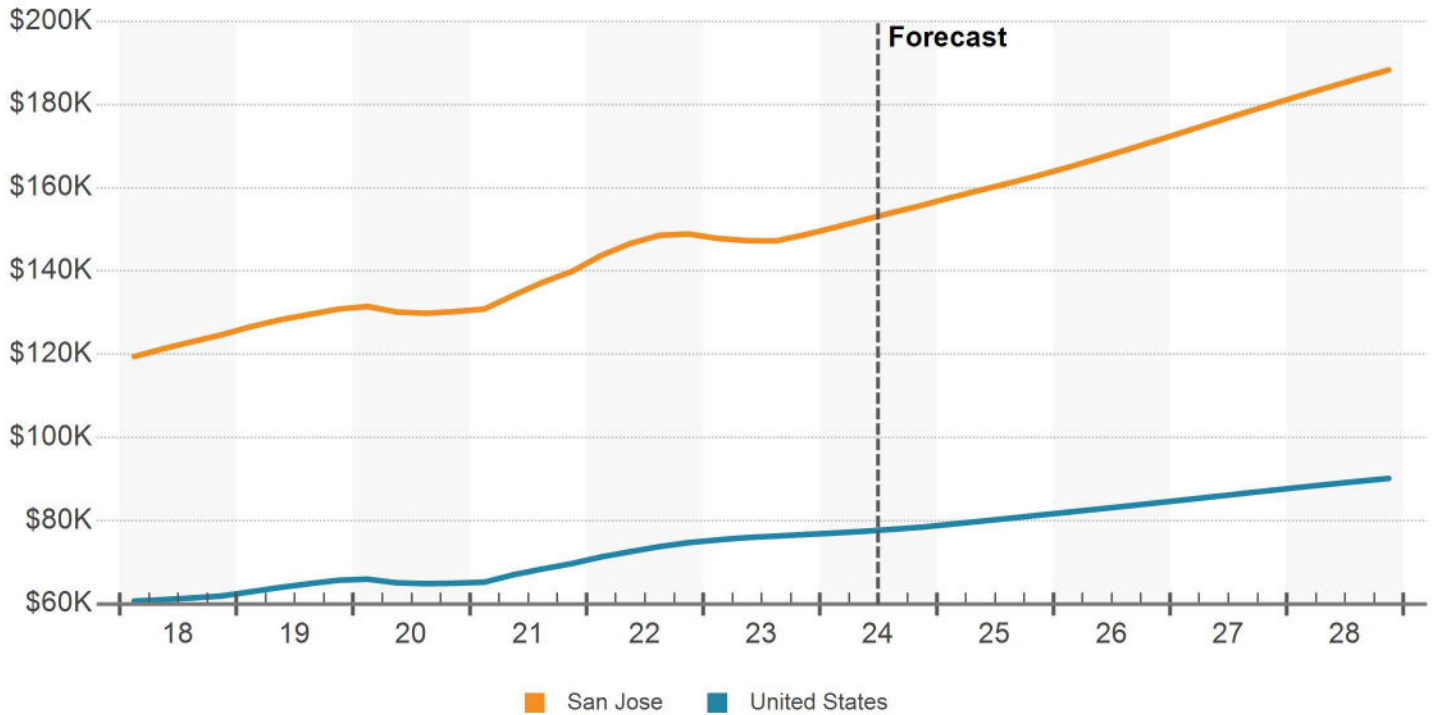
## UNEMPLOYMENT RATE (%)



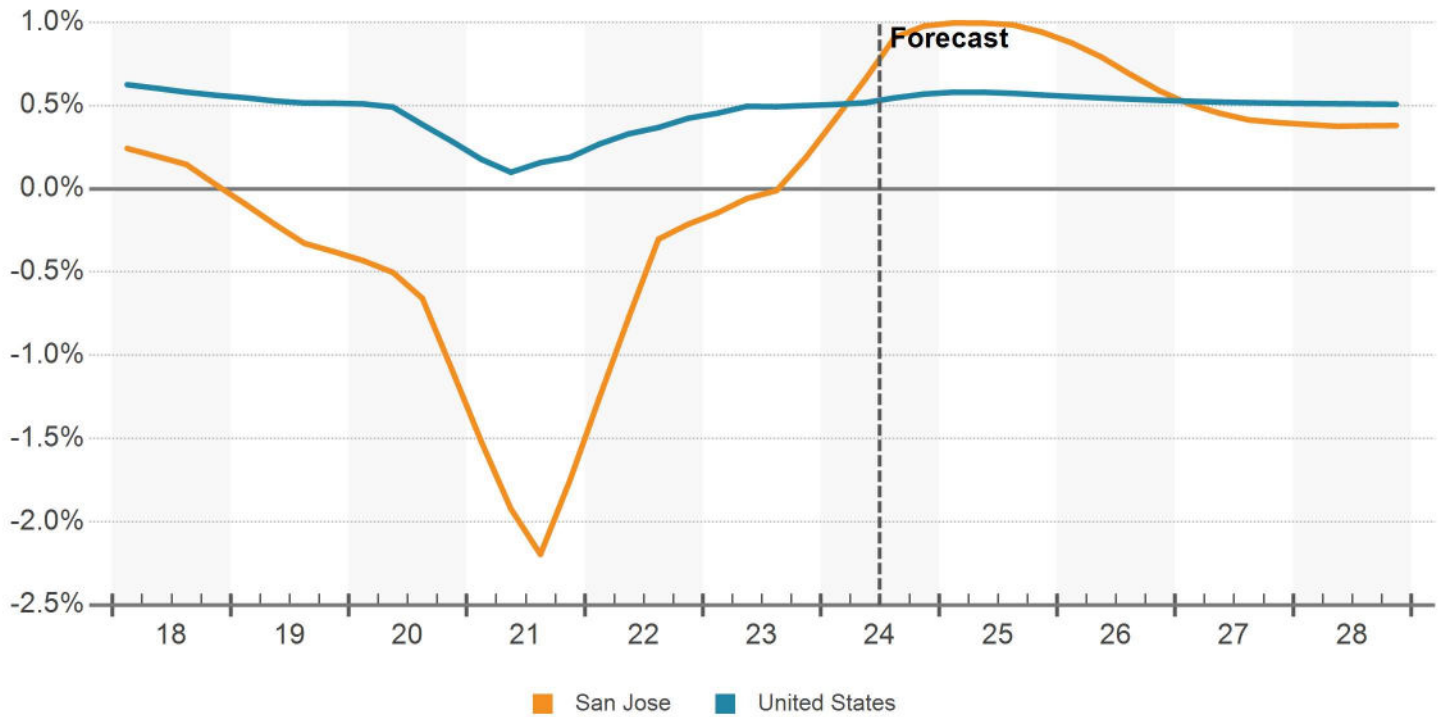
## NET EMPLOYMENT CHANGE (YOY)



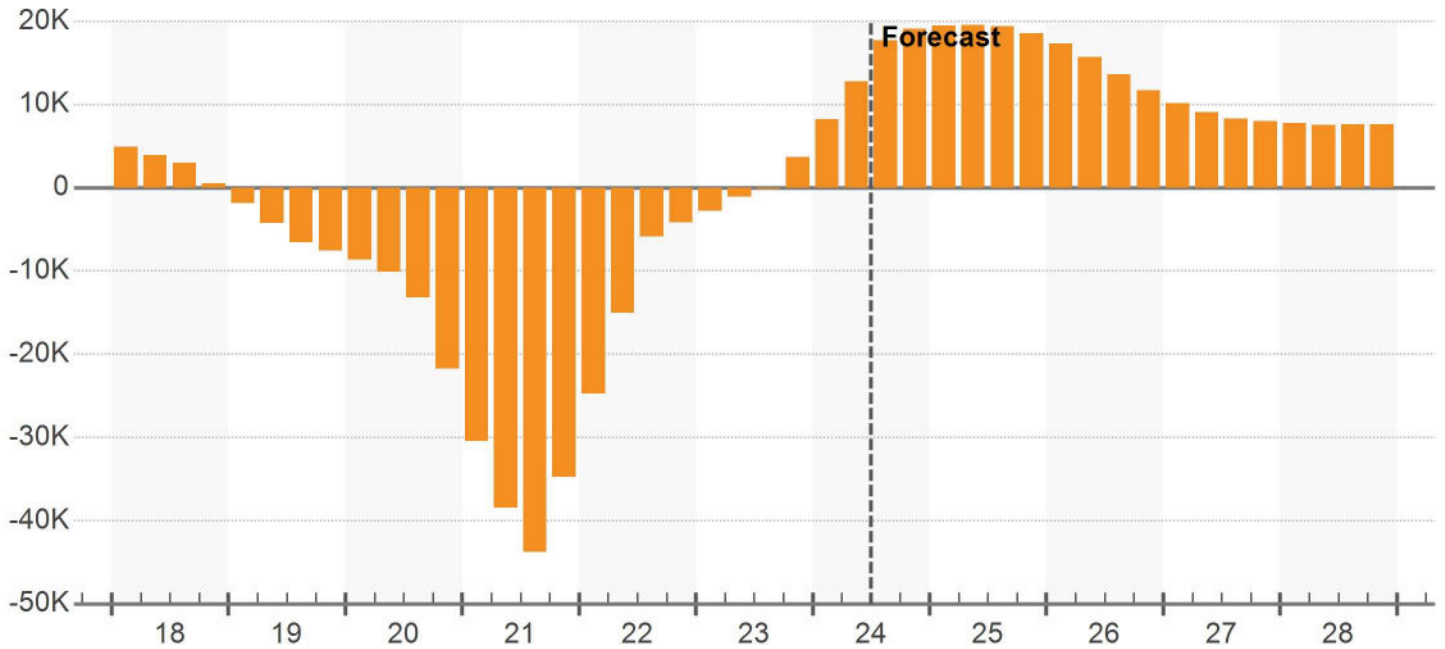
## MEDIAN HOUSEHOLD INCOME



## 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	1,959,494	336,346,094	0.7%	0.5%	0%	0.5%	0.6%	0.5%
Households	686,298	131,419,313	0.9%	0.7%	0.5%	0.9%	0.7%	0.6%
Median Household Income	\$152,609	\$77,565	3.6%	2.0%	5.0%	3.9%	4.8%	3.4%
Labor Force	1,088,612	167,938,938	0.2%	0.6%	0.7%	0.8%	0.6%	0.5%
Unemployment	3.8%	3.8%	0.5%	0.2%	-0.1%	-0.2%	-	-

Source: Oxford Economics

### POPULATION GROWTH



### LABOR FORCE GROWTH



### INCOME GROWTH



Source: Oxford Economics



# Submarkets

## SAN JOSE SUBMARKETS



## 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	3,157	2.2%	15	1	166	5.3%	6	0	-	-	-
2	Central Santa Clara	103	8,451	5.8%	8	2	484	5.7%	3	0	-	-	-
3	Central Sunnyvale	0	-	0%	-	0	0	-	-	0	-	-	-
4	Cupertino	169	7,681	5.3%	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	3,908	2.7%	12	0	0	0%	-	0	-	-	-
8	Downtown San Jose	361	14,480	10.0%	3	2	1,350	9.3%	1	3	1,090	7.5%	2
9	East Arques Ave Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
10	East San Jose-Willow Glen	406	3,434	2.4%	14	1	3	0.1%	7	1	232	6.7%	5
11	Embarcadero/101	0	-	0%	-	0	0	-	-	0	-	-	-
12	Gilroy	105	735	0.5%	23	0	0	0%	-	0	-	-	-
13	Los Altos	137	1,418	1.0%	20	0	0	0%	-	0	-	-	-
14	Los Gatos	0	-	0%	-	0	0	-	-	0	-	-	-
15	Los Gatos/Saratoga	281	3,147	2.2%	16	0	0	0%	-	0	-	-	-
16	Midtown San Jose	265	2,621	1.8%	17	0	0	0%	-	0	-	-	-
17	Milpitas	110	4,844	3.3%	10	0	0	0%	-	0	-	-	-
18	Moffett Park	64	12,092	8.3%	4	0	0	0%	-	3	1,357	11.2%	1
19	Morgan Hill	110	1,212	0.8%	21	0	0	0%	-	0	-	-	-
20	Mountain View	364	15,495	10.6%	2	3	974	6.3%	2	2	812	5.2%	3
21	N. San Jose - Brokaw	-	-	0%	-	0	0	-	-	0	-	-	-
22	N.E. Santa Clara	0	-	0%	-	0	0	-	-	0	-	-	-
23	North San Jose	230	17,852	12.3%	1	0	0	0%	-	0	-	-	-
24	North Santa Clara	118	10,717	7.4%	6	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	307	10,520	7.2%	7	0	0	0%	-	1	30	0.3%	6
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	103	1,820	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	221	4,471	3.1%	11	0	0	0%	-	0	-	-	-
38	South Santa Clara	154	1,955	1.3%	18	1	192	9.8%	4	0	-	-	-
39	Sunnyvale	239	11,186	7.7%	5	1	180	1.6%	5	3	803	7.2%	4
40	Sunnyvale Triangle	0	-	0%	-	0	0	-	-	0	-	-	-
41	West Mountain View	0	-	0%	-	0	0	-	-	0	-	-	-
42	West San Jose	221	3,530	2.4%	13	0	0	0%	-	0	-	-	-

## SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Campbell	\$49.76	11	1.0%	12	17.1%	24
2	Central Santa Clara	\$53.60	8	3.4%	1	19.7%	20
3	Central Sunnyvale	-	-	-	-	-	-
4	Cupertino	\$62.74	6	2.0%	4	22.7%	13
5	De La Cruz	-	-	-	-	-	-
6	Downtown Mountain View	-	-	-	-	-	-
7	Downtown Palo Alto	\$93.48	1	0.5%	20	24.4%	10
8	Downtown San Jose	\$49.60	12	1.7%	6	19.7%	18
9	East Arques Ave Corridor	-	-	-	-	-	-
10	East San Jose-Willow Glen	\$43.57	18	0.7%	13	28.3%	7
11	Embarcadero/101	-	-	-	-	-	-
12	Gilroy	\$36.11	23	0.6%	18	24.3%	11
13	Los Altos	\$61.49	7	0.2%	22	25.5%	8
14	Los Gatos	-	-	-	-	-	-
15	Los Gatos/Saratoga	\$53.48	9	1.1%	10	24.9%	9
16	Midtown San Jose	\$40.29	20	0.7%	15	22.2%	15
17	Milpitas	\$44	17	0.7%	14	31.5%	5
18	Moffett Park	\$62.90	5	2.6%	2	19.7%	19
19	Morgan Hill	\$37.62	22	0.2%	21	33.1%	4
20	Mountain View	\$71	3	1.9%	5	23.5%	12
21	N. San Jose - Brokaw	-	-	-	-	-	-
22	N.E. Santa Clara	-	-	-	-	-	-
23	North San Jose	\$47.78	15	1.1%	9	22.3%	14
24	North Santa Clara	\$48.78	14	1.7%	7	19.1%	21
25	Oak Creek	-	-	-	-	-	-
26	Outlying Santa Clara Cnty	\$49.60	13	0%	23	40.2%	1
27	Palo Alto	\$78.25	2	0.6%	17	33.1%	3
28	Peery Park	-	-	-	-	-	-
29	Plumeria Drive	-	-	-	-	-	-
30	San Benito County	\$28.16	24	0.7%	16	17.1%	23
31	San Jose East	-	-	-	-	-	-
32	San Jose, IBP East	-	-	-	-	-	-
33	San Jose-Berryessa	\$39.32	21	-0.2%	24	38.4%	2
34	Scott Blvd Corridor	-	-	-	-	-	-
35	Shoreline Corridor North	-	-	-	-	-	-
36	Shoreline Corridor South	-	-	-	-	-	-
37	South San Jose	\$42.12	19	0.5%	19	31.0%	6
38	South Santa Clara	\$44.74	16	1.1%	11	20.4%	17
39	Sunnyvale	\$65.55	4	2.1%	3	21.6%	16
40	Sunnyvale Triangle	-	-	-	-	-	-
41	West Mountain View	-	-	-	-	-	-
42	West San Jose	\$52.15	10	1.2%	8	18.0%	22

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Campbell	891,774	28.2%	23	(93,001)	-2.9%	38	-
2	Central Santa Clara	506,459	6.0%	9	513,637	6.1%	1	0.5
3	Central Sunnyvale	-	-	-	0	-	-	-
4	Cupertino	216,151	2.8%	2	92,516	1.2%	6	-
5	De La Cruz	-	-	-	0	-	-	-
6	Downtown Mountain View	-	-	-	0	-	-	-
7	Downtown Palo Alto	452,324	11.6%	13	11,374	0.3%	8	-
8	Downtown San Jose	3,657,886	25.3%	22	(46,597)	-0.3%	37	-
9	East Arques Ave Corridor	-	-	-	0	-	-	-
10	East San Jose-Willow Glen	140,506	4.1%	4	38,674	1.1%	7	0.1
11	Embarcadero/101	-	-	-	0	-	-	-
12	Gilroy	8,856	1.2%	1	(3,058)	-0.4%	29	-
13	Los Altos	185,026	13.0%	15	(45,443)	-3.2%	36	-
14	Los Gatos	-	-	-	0	-	-	-
15	Los Gatos/Saratoga	335,833	10.7%	11	(41,541)	-1.3%	35	-
16	Midtown San Jose	430,724	16.4%	16	(222,453)	-8.5%	40	-
17	Milpitas	501,359	10.3%	10	(1,525)	0%	28	-
18	Moffett Park	2,001,110	16.5%	17	(473,228)	-3.9%	41	-
19	Morgan Hill	55,537	4.6%	6	(27,255)	-2.2%	34	-
20	Mountain View	3,212,662	20.7%	19	(219,121)	-1.4%	39	-
21	N. San Jose - Brokaw	-	-	-	0	-	-	-
22	N.E. Santa Clara	-	-	-	0	-	-	-
23	North San Jose	3,865,288	21.7%	20	(626,861)	-3.5%	42	-
24	North Santa Clara	2,584,706	24.1%	21	207,640	1.9%	2	-
25	Oak Creek	-	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	-	-	-	0	0%	-	-
27	Palo Alto	1,325,099	12.6%	14	192,436	1.8%	5	-
28	Peery Park	-	-	-	0	-	-	-
29	Plumeria Drive	-	-	-	0	-	-	-
30	San Benito County	30,505	4.1%	5	(3,136)	-0.4%	30	-
31	San Jose East	-	-	-	0	-	-	-
32	San Jose, IBP East	-	-	-	0	-	-	-
33	San Jose-Berryessa	91,843	5.0%	8	(11,217)	-0.6%	32	-
34	Scott Blvd Corridor	-	-	-	0	-	-	-
35	Shoreline Corridor North	-	-	-	0	-	-	-
36	Shoreline Corridor South	-	-	-	0	-	-	-
37	South San Jose	176,965	4.0%	3	(9,512)	-0.2%	31	-
38	South Santa Clara	90,199	4.6%	7	206,888	10.6%	3	-
39	Sunnyvale	1,233,786	11.0%	12	202,570	1.8%	4	0.9
40	Sunnyvale Triangle	-	-	-	0	-	-	-
41	West Mountain View	-	-	-	0	-	-	-
42	West San Jose	642,972	18.2%	18	(24,426)	-0.7%	33	-

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	148,811,803	182,272	0.1%	1,041,840	0.7%	0.2
2027	148,629,531	(130,713)	-0.1%	1,001,640	0.7%	-
2026	148,760,244	238,269	0.2%	251,541	0.2%	0.9
2025	148,521,975	1,126,232	0.8%	(2,332,699)	-1.6%	-
2024	147,395,743	2,254,661	1.6%	(2,194,255)	-1.5%	-
YTD	145,520,049	378,967	0.3%	(49,092)	0%	-
2023	145,141,082	4,220,907	3.0%	(1,136,754)	-0.8%	-
2022	140,920,175	1,646,428	1.2%	1,435,015	1.0%	1.1
2021	139,273,747	4,084,078	3.0%	1,755,059	1.3%	2.3
2020	135,189,669	1,446,569	1.1%	(797,645)	-0.6%	-
2019	133,743,100	1,392,167	1.1%	1,396,399	1.0%	1.0
2018	132,350,933	3,439,594	2.7%	2,793,876	2.1%	1.2
2017	128,911,339	7,395,397	6.1%	5,623,116	4.4%	1.3
2016	121,515,942	2,874,739	2.4%	1,599,936	1.3%	1.8
2015	118,641,203	3,184,482	2.8%	5,920,138	5.0%	0.5
2014	115,456,721	1,190,765	1.0%	1,835,203	1.6%	0.6
2013	114,265,956	2,373,303	2.1%	2,984,681	2.6%	0.8
2012	111,892,653	459,153	0.4%	2,623,876	2.3%	0.2

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	75,050,875	647,926	0.9%	918,511	1.2%	0.7
2027	74,402,949	334,837	0.5%	1,338,275	1.8%	0.3
2026	74,068,112	737,843	1.0%	1,105,087	1.5%	0.7
2025	73,330,269	1,596,061	2.2%	22,910	0%	69.7
2024	71,734,208	2,384,589	3.4%	(63,026)	-0.1%	-
YTD	69,749,146	399,527	0.6%	117,458	0.2%	3.4
2023	69,349,619	4,189,917	6.4%	(191,409)	-0.3%	-
2022	65,159,702	2,215,083	3.5%	1,924,530	3.0%	1.2
2021	62,944,619	4,230,492	7.2%	2,894,934	4.6%	1.5
2020	58,714,127	2,046,529	3.6%	832,215	1.4%	2.5
2019	56,667,598	1,435,487	2.6%	2,522,709	4.5%	0.6
2018	55,232,111	3,611,649	7.0%	3,234,361	5.9%	1.1
2017	51,620,462	7,588,583	17.2%	6,041,510	11.7%	1.3
2016	44,031,879	3,150,943	7.7%	1,271,651	2.9%	2.5
2015	40,880,936	3,856,089	10.4%	5,102,980	12.5%	0.8
2014	37,024,847	1,973,059	5.6%	1,696,367	4.6%	1.2
2013	35,051,788	2,526,263	7.8%	3,362,743	9.6%	0.8
2012	32,525,525	517,637	1.6%	1,708,364	5.3%	0.3

# Supply & Demand Trends

San Jose Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	51,422,440	0	0%	335,461	0.7%	0
2027	51,422,440	0	0%	34,069	0.1%	0
2026	51,422,440	0	0%	(287,236)	-0.6%	-
2025	51,422,440	30,000	0.1%	(1,300,146)	-2.5%	-
2024	51,392,440	127,443	0.2%	(1,299,854)	-2.5%	-
YTD	51,380,392	115,395	0.2%	(36,941)	-0.1%	-
2023	51,264,997	102,338	0.2%	(643,458)	-1.3%	-
2022	51,162,659	(149,599)	-0.3%	69,962	0.1%	-
2021	51,312,258	51,326	0.1%	(766,433)	-1.5%	-
2020	51,260,932	(330,596)	-0.6%	(791,678)	-1.5%	-
2019	51,591,528	173,170	0.3%	(775,463)	-1.5%	-
2018	51,418,358	(137,548)	-0.3%	(489,603)	-1.0%	-
2017	51,555,906	(148,496)	-0.3%	(270,359)	-0.5%	-
2016	51,704,402	(64,397)	-0.1%	160,046	0.3%	-
2015	51,768,799	(248,327)	-0.5%	993,850	1.9%	-
2014	52,017,126	(457,740)	-0.9%	(59,393)	-0.1%	-
2013	52,474,866	45,587	0.1%	(405,191)	-0.8%	-
2012	52,429,279	110,336	0.2%	1,094,227	2.1%	0.1

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	22,338,488	(465,654)	-2.0%	(212,132)	-0.9%	-
2027	22,804,142	(465,550)	-2.0%	(370,704)	-1.6%	-
2026	23,269,692	(499,574)	-2.1%	(566,310)	-2.4%	-
2025	23,769,266	(499,829)	-2.1%	(1,055,463)	-4.4%	-
2024	24,269,095	(257,371)	-1.0%	(831,375)	-3.4%	-
YTD	24,390,511	(135,955)	-0.6%	(129,609)	-0.5%	-
2023	24,526,466	(71,348)	-0.3%	(301,887)	-1.2%	-
2022	24,597,814	(419,056)	-1.7%	(559,477)	-2.3%	-
2021	25,016,870	(197,740)	-0.8%	(373,442)	-1.5%	-
2020	25,214,610	(269,364)	-1.1%	(838,182)	-3.3%	-
2019	25,483,974	(216,490)	-0.8%	(350,847)	-1.4%	-
2018	25,700,464	(34,507)	-0.1%	49,118	0.2%	-
2017	25,734,971	(44,690)	-0.2%	(148,035)	-0.6%	-
2016	25,779,661	(211,807)	-0.8%	168,239	0.7%	-
2015	25,991,468	(423,280)	-1.6%	(176,692)	-0.7%	-
2014	26,414,748	(324,554)	-1.2%	198,229	0.8%	-
2013	26,739,302	(198,547)	-0.7%	27,129	0.1%	-
2012	26,937,849	(168,820)	-0.6%	(178,715)	-0.7%	-

## OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$58.04	159	3.5%	-6.0%	28,134,411	18.9%	-0.6%
2027	\$56.07	153	3.3%	-9.1%	28,989,111	19.5%	-0.7%
2026	\$54.30	148	0.8%	-12.0%	30,116,379	20.2%	0%
2025	\$53.86	147	-3.9%	-12.7%	30,124,400	20.3%	2.2%
2024	\$56.07	153	-0.3%	-9.1%	26,659,683	18.1%	2.8%
YTD	\$57.27	157	1.6%	-7.2%	22,637,570	15.6%	0.3%
2023	\$56.23	154	-2.0%	-8.9%	22,206,622	15.3%	3.3%
2022	\$57.36	157	-5.5%	-7.1%	16,851,850	12.0%	0%
2021	\$60.69	166	-0.5%	-1.7%	16,640,437	11.9%	1.4%
2020	\$61.01	167	-1.1%	-1.1%	14,291,357	10.6%	1.6%
2019	\$61.71	169	4.4%	0%	12,047,535	9.0%	-0.2%
2018	\$59.13	162	7.2%	-4.2%	12,156,374	9.2%	0.3%
2017	\$55.17	151	0.4%	-10.6%	11,453,290	8.9%	0.8%
2016	\$54.93	150	5.8%	-11.0%	9,855,818	8.1%	0.9%
2015	\$51.92	142	15.2%	-15.9%	8,581,015	7.2%	-2.6%
2014	\$45.06	123	11.4%	-27.0%	11,314,087	9.8%	-0.7%
2013	\$40.43	111	7.3%	-34.5%	11,958,525	10.5%	-0.8%
2012	\$37.67	103	10.4%	-39.0%	12,570,164	11.2%	-2.0%

## 4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$64.44	160	3.5%	-8.1%	14,971,986	19.9%	-0.5%
2027	\$62.28	155	3.2%	-11.2%	15,243,186	20.5%	-1.4%
2026	\$60.33	150	0.7%	-14.0%	16,247,233	21.9%	-0.7%
2025	\$59.89	149	-4.0%	-14.6%	16,614,787	22.7%	1.7%
2024	\$62.42	155	0%	-11.0%	15,041,636	21.0%	2.8%
YTD	\$63.99	159	2.9%	-8.7%	12,876,075	18.5%	0.3%
2023	\$62.44	155	-2.0%	-10.9%	12,594,006	18.2%	5.6%
2022	\$63.71	158	-9.0%	-9.1%	8,212,680	12.6%	0%
2021	\$70.01	174	-0.2%	-0.2%	7,922,127	12.6%	1.4%
2020	\$70.12	174	2.7%	0%	6,586,569	11.2%	1.7%
2019	\$68.30	170	5.4%	-2.6%	5,372,255	9.5%	-2.2%
2018	\$64.83	161	6.8%	-7.5%	6,459,477	11.7%	-0.1%
2017	\$60.73	151	-0.5%	-13.4%	6,082,189	11.8%	1.2%
2016	\$61.02	152	5.2%	-13.0%	4,651,916	10.6%	3.8%
2015	\$57.98	144	17.2%	-17.3%	2,772,624	6.8%	-4.1%
2014	\$49.47	123	11.3%	-29.5%	4,019,515	10.9%	0.2%
2013	\$44.45	110	6.2%	-36.6%	3,742,823	10.7%	-3.4%
2012	\$41.87	104	11.1%	-40.3%	4,579,303	14.1%	-3.9%

## 3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$55.24	158	3.5%	-6.7%	9,719,202	18.9%	-0.7%
2027	\$53.37	153	3.3%	-9.9%	10,054,663	19.6%	-0.1%
2026	\$51.69	148	0.9%	-12.7%	10,088,732	19.6%	0.6%
2025	\$51.24	147	-3.9%	-13.4%	9,801,496	19.1%	2.6%
2024	\$53.30	153	-0.2%	-10.0%	8,471,350	16.5%	2.7%
YTD	\$54.03	155	-0.3%	-8.7%	7,196,341	14.0%	0.3%
2023	\$53.38	153	-3.0%	-9.8%	7,041,116	13.7%	1.4%
2022	\$55.03	158	-0.2%	-7.0%	6,298,209	12.3%	-0.4%
2021	\$55.15	158	-0.8%	-6.9%	6,517,770	12.7%	1.6%
2020	\$55.59	159	-6.1%	-6.1%	5,700,011	11.1%	1.0%
2019	\$59.20	170	3.2%	0%	5,239,321	10.2%	1.6%
2018	\$57.38	165	8.9%	-3.1%	4,386,238	8.5%	0.8%
2017	\$52.69	151	1.0%	-11.0%	3,977,606	7.7%	0.1%
2016	\$52.16	150	5.8%	-11.9%	3,913,752	7.6%	-0.4%
2015	\$49.31	141	13.2%	-16.7%	4,138,195	8.0%	-2.3%
2014	\$43.55	125	11.8%	-26.4%	5,380,111	10.3%	-0.7%
2013	\$38.97	112	8.0%	-34.2%	5,778,458	11.0%	0.8%
2012	\$36.08	103	10.0%	-39.1%	5,327,941	10.2%	-1.9%

## 1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$44.49	154	3.6%	-5.3%	3,443,223	15.4%	-0.8%
2027	\$42.92	148	3.4%	-8.7%	3,691,262	16.2%	-0.1%
2026	\$41.51	144	1.0%	-11.7%	3,780,414	16.2%	0.6%
2025	\$41.08	142	-3.7%	-12.6%	3,708,117	15.6%	2.6%
2024	\$42.65	147	-1.6%	-9.2%	3,146,697	13.0%	2.5%
YTD	\$43.70	151	0.6%	-7.0%	2,565,154	10.5%	0%
2023	\$43.36	150	0.9%	-7.7%	2,571,500	10.5%	1.0%
2022	\$42.96	149	-2.6%	-8.6%	2,340,961	9.5%	0.7%
2021	\$44.10	152	-1.5%	-6.2%	2,200,540	8.8%	0.8%
2020	\$44.79	155	-4.7%	-4.7%	2,004,777	8.0%	2.3%
2019	\$47	162	3.3%	0%	1,435,959	5.6%	0.5%
2018	\$45.51	157	4.6%	-3.2%	1,310,659	5.1%	-0.3%
2017	\$43.51	150	2.9%	-7.4%	1,393,495	5.4%	0.4%
2016	\$42.27	146	8.4%	-10.0%	1,290,150	5.0%	-1.4%
2015	\$39	135	11.9%	-17.0%	1,670,196	6.4%	-0.8%
2014	\$34.85	121	11.3%	-25.8%	1,914,461	7.2%	-1.9%
2013	\$31.31	108	10.7%	-33.4%	2,437,244	9.1%	-0.8%
2012	\$28.27	98	8.2%	-39.9%	2,662,920	9.9%	0.1%



## 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
2028	-	-	-	-	-	-	\$553.63	194	6.2%
2027	-	-	-	-	-	-	\$501.23	175	6.6%
2026	-	-	-	-	-	-	\$461.10	161	6.9%
2025	-	-	-	-	-	-	\$445.38	156	7.1%
2024	-	-	-	-	-	-	\$489.25	171	6.9%
YTD	41	\$535.2M	0.9%	\$13,380,140	\$410.80	5.7%	\$525.80	184	6.7%
2023	108	\$783.4M	1.5%	\$8,246,072	\$507.20	4.6%	\$540.53	189	6.5%
2022	147	\$2.4B	2.2%	\$18,116,369	\$816.10	4.8%	\$650.95	228	5.6%
2021	211	\$5B	5.5%	\$25,552,002	\$762.41	4.7%	\$689.54	241	5.2%
2020	139	\$2.9B	3.4%	\$23,919,475	\$633.15	5.1%	\$672.25	235	5.2%
2019	278	\$4.5B	5.9%	\$24,823,300	\$609.95	5.4%	\$638.31	223	5.4%
2018	290	\$3.7B	5.7%	\$19,807,590	\$590.05	5.3%	\$597.80	209	5.4%
2017	308	\$3.8B	6.7%	\$21,732,270	\$489.11	5.4%	\$554.69	194	5.4%
2016	288	\$2.5B	5.6%	\$11,896,665	\$415.60	5.3%	\$550.90	193	5.2%
2015	324	\$3.7B	11.0%	\$16,616,640	\$457.25	5.7%	\$511.15	179	5.2%
2014	240	\$2.1B	5.6%	\$10,583,847	\$364.14	5.4%	\$442.98	155	5.5%
2013	286	\$2.5B	6.8%	\$12,142,023	\$363.03	7.1%	\$385.12	135	5.9%

(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
2028	-	-	-	-	-	-	\$624.78	194	6.0%
2027	-	-	-	-	-	-	\$565.21	175	6.4%
2026	-	-	-	-	-	-	\$519.64	161	6.7%
2025	-	-	-	-	-	-	\$501.93	156	6.9%
2024	-	-	-	-	-	-	\$551.93	171	6.7%
YTD	4	\$196.5M	0.9%	\$49,130,226	\$319.29	-	\$595.42	185	6.5%
2023	9	\$486.3M	1.9%	\$81,041,667	\$526.48	-	\$613.76	190	6.3%
2022	10	\$1.5B	2.0%	\$151,459,556	\$1,173.05	-	\$761.43	236	5.4%
2021	21	\$2.9B	6.6%	\$163,592,338	\$831.52	4.8%	\$786.58	244	5.0%
2020	17	\$1.7B	4.2%	\$101,939,663	\$707.56	5.2%	\$763.19	237	5.1%
2019	27	\$2.2B	6.3%	\$84,375,884	\$632.71	5.0%	\$715.14	222	5.2%
2018	18	\$1.1B	4.0%	\$76,437,779	\$755.07	4.9%	\$662.21	205	5.3%
2017	39	\$2.5B	8.8%	\$85,805,944	\$555.75	5.7%	\$614.95	191	5.3%
2016	17	\$805.9M	4.5%	\$47,407,777	\$408.80	5.7%	\$608.33	189	5.1%
2015	39	\$1.8B	14.1%	\$78,338,040	\$602.08	5.5%	\$563.06	175	5.2%
2014	13	\$592.8M	5.7%	\$74,101,346	\$356.97	5.1%	\$488.23	151	5.4%
2013	21	\$1B	7.0%	\$51,442,416	\$438.40	7.7%	\$428.22	133	5.8%

(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
2028	-	-	-	-	-	-	\$486.74	191	6.4%
2027	-	-	-	-	-	-	\$441.61	174	6.7%
2026	-	-	-	-	-	-	\$406.95	160	7.1%
2025	-	-	-	-	-	-	\$393.36	155	7.3%
2024	-	-	-	-	-	-	\$431.57	170	7.1%
YTD	19	\$274.7M	1.1%	\$15,261,286	\$505.82	5.8%	\$459.78	181	6.9%
2023	28	\$111.2M	0.6%	\$4,448,365	\$490.88	4.1%	\$470.72	185	6.7%
2022	59	\$591.9M	2.4%	\$12,079,271	\$528.67	5.4%	\$549.33	216	5.9%
2021	85	\$1.7B	5.4%	\$21,858,084	\$730.54	4.6%	\$596.22	234	5.3%
2020	57	\$978.6M	3.5%	\$19,970,500	\$572.16	5.7%	\$584.87	230	5.4%
2019	94	\$2B	6.5%	\$27,369,853	\$620.94	5.5%	\$558.57	220	5.5%
2018	101	\$1.8B	7.3%	\$22,144,771	\$506.50	5.6%	\$528.49	208	5.5%
2017	74	\$1B	5.5%	\$18,029,004	\$393.82	5.9%	\$487.68	192	5.5%
2016	107	\$1.3B	6.9%	\$15,709,058	\$425.84	5.3%	\$485.45	191	5.3%
2015	130	\$1.5B	10.3%	\$14,971,491	\$374.57	5.8%	\$453.87	178	5.4%
2014	105	\$1.1B	5.5%	\$12,554,032	\$397.09	6.0%	\$396.94	156	5.6%
2013	115	\$1.1B	7.3%	\$13,947,525	\$345.89	6.2%	\$343.21	135	6.0%

(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
2028	-	-	-	-	-	-	\$478.74	198	6.5%
2027	-	-	-	-	-	-	\$432.77	179	6.8%
2026	-	-	-	-	-	-	\$397.62	165	7.1%
2025	-	-	-	-	-	-	\$383.46	159	7.4%
2024	-	-	-	-	-	-	\$420.62	174	7.2%
YTD	18	\$64M	0.6%	\$3,554,530	\$443.46	5.5%	\$453.74	188	7.0%
2023	71	\$185.9M	1.9%	\$2,904,964	\$471.42	4.8%	\$465.48	193	6.8%
2022	78	\$248.6M	2.4%	\$3,502,086	\$523.34	4.0%	\$529.90	219	6.0%
2021	105	\$380.5M	3.1%	\$3,766,909	\$525.70	4.7%	\$591.76	245	5.4%
2020	65	\$182.7M	1.7%	\$3,322,323	\$443.81	4.4%	\$580.51	240	5.4%
2019	157	\$323.5M	3.9%	\$3,897,853	\$450.29	5.3%	\$573.25	237	5.5%
2018	171	\$746.3M	6.2%	\$8,291,730	\$624.94	4.9%	\$548.43	227	5.5%
2017	195	\$348.6M	5.1%	\$3,789,296	\$423.45	4.7%	\$513.06	212	5.4%
2016	164	\$431.8M	4.9%	\$3,821,508	\$399.70	5.1%	\$514.60	213	5.2%
2015	155	\$421.6M	7.6%	\$4,173,844	\$365.21	5.5%	\$474.37	196	5.3%
2014	122	\$402M	5.6%	\$3,940,946	\$305.18	4.8%	\$402.69	167	5.6%
2013	150	\$292.3M	5.8%	\$2,893,913	\$257.24	8.7%	\$342.68	142	6.0%

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