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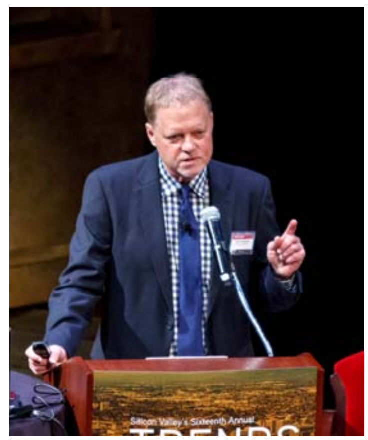
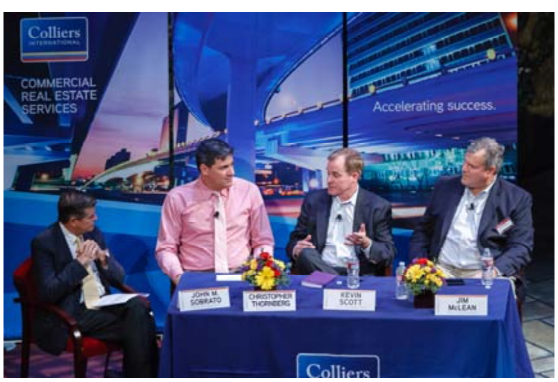
Colliers International Hosts Upbeat Silicon Valley Trends2015

Annual Commercial Real Estate Forecast Says Silicon Valley Will Remain Strong throughout 2015

San Jose, California – February 11, 2015 – Trends2015, Colliers International's 16th annual commercial real estate forecast, provided an outlook on Silicon Valley's commercial real estate market, whether or not we're approaching a bubble, and the economic and political landscape. More than 700 Colliers clients and industry professionals attended the highly anticipated forecast at the historic California Theatre in downtown San Jose on Monday, February 9, 2015.



Colliers International reported that total gross absorption in Silicon Valley was up nearly 13% in 2014, to 24.5 million square feet. The Valley's total occupancy gain measured nearly 4.0 million square feet, the second most since 2006, but down from the 5.7 million square feet reported in 2014. Jeff Fredericks, executive managing director with Colliers, was optimistic in his commercial real estate outlook for the Silicon Valley in 2015, especially in the office sector. "2015 will set new records for both net and gross absorption of office space" said Fredericks. Fredericks cited improvement in the number of transactions above and below 20,000 square feet. Absorption from projects currently under construction was also cited as a contributing factor. "There are 26 projects under construction in Silicon Valley and only 9 of those have no signed deals" said Fredericks. "That's 4.7 million square feet of done deals in the under construction pipeline that will be absorbed in 2015, including 3.9 million square feet of office space."



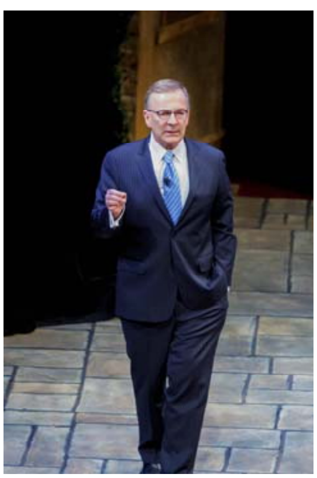
The event included a round table discussion about bubble trouble in Silicon Valley among a panel of speakers: Christopher Thornberg, founding partner of Beacon Economics, LLC; Jim McLean, founder and managing director of Silicon Valley Data Capital; Kevin Scott, managing director of Silicon Valley Bank Capital; and moderator, John M. Sobrato, chief executive officer of The Sobrato Organization. Following the panel discussion, keynote speaker Gregory Valliere, veteran Washington analyst and chief political strategist with Potomac Research Group, spoke on key Washington issues for investors and some big changes to expect in Washington during 2015.

John M. Sobrato opened the panel discussion on the "Bubble Trouble for Silicon Valley" and shared with the audience a few of his own thoughts on the phenomenon. He described a bubble as "the run-up in the price of an asset that is not justified by the fundamental balance of supply and demand and thus not sustainable." Sobrato continued his explanation, describing “most bubbles begin with a very rational idea, but it is simply taken to an irrational extreme.” Referencing the dot com era, he noted, “The bubble of 2000 began with a very rational idea that the internet would change the world, but then taken to an irrational extreme.” Sobrato went on to talk about the two risks that drive cycles and the risk that investors are worried about today is really just missing an opportunity. “So when I think about whether today’s rents and prices are sustainable, the question I ask myself is ‘How much optimism is priced into rents and building asset prices,’” he continued to say ”I can’t think of a time when people have been more optimistic than today–ever.”

Panelist Christopher Thornberg described his definition of a bubble to be when the trends we see are not supported by the fundamentals of the cycle. Thornberg stated that he did not believe this part of the cycle to be a bubble and that the economy would continue to grow over the next couple years. During the Q&A he warned that the major risk in the Silicon Valley will come internally. “The Bay Area is shockingly unwilling to densify.” He continued “As a result, the area is slowly but surely strangling itself with its own success.” “There are a whole bunch of tech companies now looking at the west L.A. area because they can’t be here, because there are not enough houses for the people they want to hire.”

Jim McLean described why this tech boom differs from the bubble of 2000, “The companies that are raising these massive amounts of money are much more sound today than those in 2000. They have profitable models, they have real customers and they’ve been around for five to seven years versus five month to seven months.”

Kevin Scott discussed the difference in capital flow since the dot com bust, “In 2000 there was $100 billion that was invested into the venture ecosystem and that was invested 8,000 companies. Last year,” he continued, “there was $30 billion invested, so it is a much different scale, and this was invested in only 4,000 deals. So the perspective of then versus now is quite stark.” He concluded with his view of what a threat to the Silicon Valley might be in the future: “The Valley is not going to stop supporting the knowledge worker. The question is, how do you accommodate the middle class?’”



Gregory Valliere, the final speaker for the event, discussed current economic conditions and the state of affairs in Washington with a new congress this year, the 2016 election year and geopolitics which Valliere notes as the one thing to worry about this year because of both the economic and political instability. “The recovery is gaining momentum and anyone who had any lingering doubts had to be impressed by the unemployment numbers last Friday. A huge jump in non-farm payrolls.” He noted that this was the beginning a trend and that the economy was on a sustainable growth path. Valliere also discussed the downside of the increased strength in the economy was the Fed would need to move on interest rates. “In the market there may be some suspicion that this year we will see the first of many moves as the Fed begins to ratchet up rates in the face of an economy that is finally beginning to grow.”

Valliere went on to discuss the greatest treat he sees in across the nation. “Domestically I think we are underrating the treat of cyber terrorism. I think that eventually we will have the cyber terrorism of 9/11.” Valliere continued, “I do think that Washington is not prepared for a major cyber terrorism attack. He warned about underfunded liabilities in the US and the economic risk of geopolitics. “What worries me more than anything else” he said, “is that we could be headed for a long soft patch economically, starting with the Chinese GDP growth slipping.” Valliere cited that further instability with the western European debt crisis could have a contagion effect in other regions, and this is something to watch in 2016.

For more information about the event please visit www.colliersparrish.com/trends2015 or contact Jennifer Vaux at jennifer.vaux@colliers.com.

About Colliers International

Colliers International is a global leader in commercial real estate services, with 15,800 professionals operating out of more than 485 offices in 63 countries. A subsidiary of FirstService Corporation, Colliers International delivers a full range of services to real estate users, owners and investors worldwide, including global corporate solutions, brokerage, property and asset management, hotel investment sales and consulting, valuation, consulting and appraisal services, mortgage banking and insightful research. The latest annual survey by the Lipsey Company ranked Colliers International as the second-most recognized commercial real estate firm in the world.

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