



SILICON VALLEY RESEARCH & FORECAST REPORT



Gearing Up

ACTIVITY STALLS AS MOMENTUM BUILDS IN THE PIPELINE

The economy was stable during the first quarter of 2014 posting moderate gains. Both the S&P 500 and the Nasdaq recorded their fifth straight quarter of gains. However moderate, it is a sign that the economy is off to a good start in 2014. The number of workers employed in the US reached 116 million people in March according to the Bureau of Labor Statistics, the highest number for private-sector payrolls since January 2008. In other words, the US has finally made up the 8.8 million jobs lost by the private sector during the great recession that began at the tail end of 2007. Here in the Silicon Valley, total employment rose by 41,200 jobs, or 4.4%, over the twelve month period between February 2013 and February 2014.

Measuring 4.8 million square feet, new leasing and user-sale activity during the first quarter of 2014 decreased 10.5% from levels recorded during the fourth quarter of 2013. Along with this decrease in activity, the Silicon Valley also measured a slight uptick in the amount of space being vacated during the quarter. Just over 5.0 million square feet of pre-improved space came onto the market in Q1, the first time in two years that the pipeline of pre-improved space has exceeded 5.0 million square feet in a single quarter. With the slight shift in these two pieces of the formula, the Silicon Valley recorded 124,133 square feet of negative net absorption during the year's first quarter, venturing into the red for the first time in two years.

Total available space climbed ever so slightly during the first quarter, increasing from 36.7 million square feet at the end of 2013 to 36.8 million square feet at the close of the first quarter 2014. The overall availability rate in the Silicon Valley continues to linger in the 11% range, closing the quarter with an 11.5% availability rate overall. Although available space increased during the first few months of the year, Colliers expects occupancy gains will begin to show up in the data over the remaining three quarters of 2014. Colliers and other Silicon Valley brokerage companies are continuing to track a high volume of active deals in the market and occupancy growth is bound to follow.

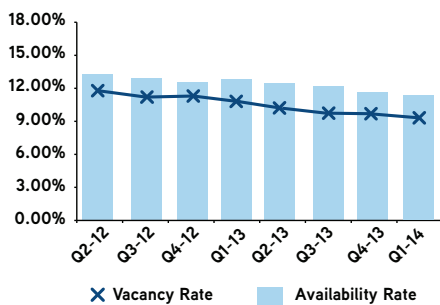
Unlike several recent quarters, the first quarter of 2014 did not have any blockbuster-sized transactions that tipped the scales. There was noteworthy activity during the quarter, but no new transactions were signed across all product types that were greater than 70,000 square feet. At the same time, there were seven newly available spaces above this same size threshold that were brought to the market during the quarter.

The expected bang of 2014 was not reflected in the results of the first three months of the year. Colliers agents agree that the quarterly results measured are not necessarily a reflection of the activity in the market. Many of them, busier than they have been in recent years, anticipate a build-up in activity lingering in the pipeline. While no sector recorded increases in activity, it can be argued that Q1 typically starts off sluggish and the posted results are neither alarming, nor do they tell the whole story of what is to come. With more than 1.9 million square feet of pending net absorption teed up for the remainder of 2014 in the form of pre-leased new construction, Colliers stands by its forecast that 2014 could eclipse records and activity levels measured in 2013.

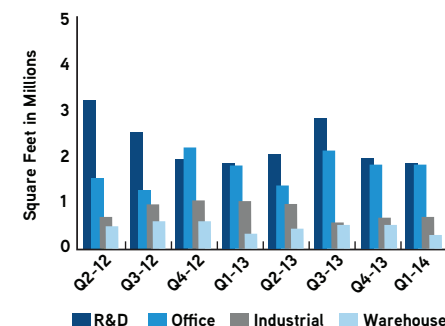
MARKET INDICATORS

	Q4 2013	Q1 2014	
Availability Rate	11.70%	11.51%	↓
Gross Absorption	5,446,379 SF	4,876,730 SF	↓
Net Absorption	564,359 SF	(124,133) SF	↓

SILICON VALLEY AVAILABILITY



SILICON VALLEY GROSS ABSORPTION



OFFICE

During the first quarter of 2014 office activity was steady in the Silicon Valley, registering a total of 1.77 million square feet of gross absorption. This level of activity is down less than 1% from activity recorded during the fourth quarter of 2013, yet is up 29.2% from the same period one year earlier. In fact, when comparing Q1 results over the past several years, the amount of gross absorption recorded during the first quarter of 2014 is the highest recorded in eight out of the last ten years.

As anticipated, the Silicon Valley office market recorded another occupancy gain during the first quarter, measuring 294,650 square feet. This is the tenth straight quarter that the office market has recorded positive net absorption. Although down from the prior quarter's occupancy gain, it is again 15.9% higher than the amount of net absorption recorded during the first quarter of 2013.

The office sector's availability rate continues to decline, closing the first quarter of the year at 14.2% overall. This is the fourth straight quarter that the office availability rate has dropped in the Silicon Valley, and the first time since 2008 that it has resided below 15%.

Starting rates remained flat from the end of 2013 through the first quarter of 2014, closing the quarter at \$3.48 per square foot, full service. However, when comparing the year-over-year change, average starting rents were up 11.5%. Average asking rents in the office sector followed

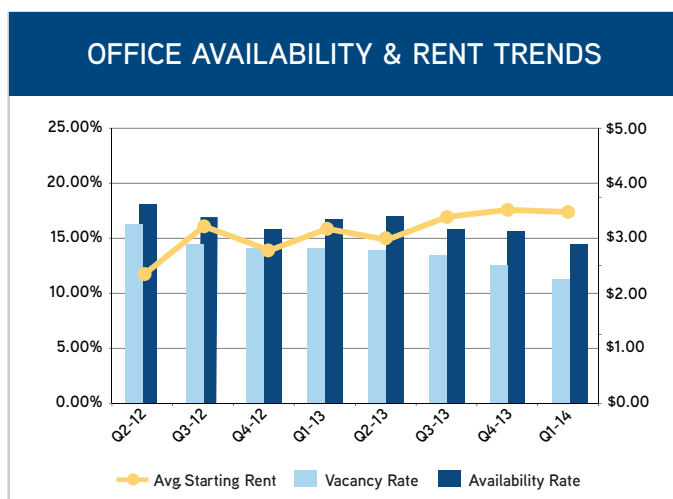
a similar trend line and are up 13% from averages measured during the same period of 2013. Office space in the Silicon Valley is now being marketed at an average rental rate of \$3.21 per square-foot, full service.

The Sunnyvale office market had mixed results during the first quarter of the year. Activity levels were up quarter-over-quarter, measuring

office availability rate in Sunnyvale is now 8.4% and there has been 3.3 million square feet of positive net absorption since 2011. Noteworthy transactions in Sunnyvale during the fourth quarter were the expansion of Lab126 into an additional 58,331 square feet and Baidu's lease of 15,287 square feet, both at Moffett Towers.

Activity was strong in the Santa Clara market. At 519,129 square feet of gross absorption, Santa Clara's level of office activity was more than twice the amount of activity recorded in both the prior quarter and during the same period one year earlier. This amount of demand translated to a significant net absorption gain of 384,148 square feet, the most in Santa Clara on a quarterly basis since the second quarter of 2002. Leading the way were the completion of Global Foundries' new 164,594 square-foot building at Santa Clara Gateway, and Imagination Technologies' lease of 66,106 square feet on Scott Boulevard.

Leasing and user-sale activity in San Jose slowed during the first quarter 2014. Office gross absorption in Silicon Valley's largest city totaled 404,476 square feet, down 39% from the 661,957 square feet recorded during the fourth quarter of 2013. As a result of the lower level of activity, the San Jose office market recorded an occupancy loss for the period totaling 23,336 square feet. Notable office deals in San Jose include Ensignten's lease of 28,930 square feet on Technology Drive and Electric Cloud signing-on



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134,141 square feet of gross absorption; this is a 5% increase from the final three months of 2013. Despite only a modest increase in the amount of activity, Sunnyvale recorded nearly three times the occupancy gain, at 88,858 square feet. This is a welcomed reversal from the occupancy loss measured during the fourth quarter of 2013. The

OFFICE LEASING & SALES ACTIVITY

SELECTED COLLIERS INTERNATIONAL TRANSACTIONS - Q1 2014

PROPERTY ADDRESS	SQUARE FEET	LANDLORD/SELLER	TENANT/BUYER	TYPE
1741 Technology Drive, San Jose	28,930	Equity Office Properties Trust	Ensignten, Inc.	Lease
35 S Market Street, San Jose	18,622	William and Jodine Ziering	Electric Cloud	Lease
1740 Technology Drive, San Jose	12,662	Equity Office Properties Trust	viPtela	Lease
75 E Santa Clara Street, San Jose	10,982	Zayo Group	Dealer CMO	Sublease
160 W. Santa Clara Street, San Jose	10,833	DiNapoli Capital Partners	Johanson & Yau Accountancy Corporation	Renewal
1975 W El Camino Real, Mountain View	9,800	El Camino Office Investments	Gridstore	Lease

for 18,622 square feet on South Market Street in downtown San Jose.

The Mountain View office market measured a moderate amount of activity during the first quarter of 2014, reaching 150,691 square feet of gross absorption. Demand for this sought-after office market has remained consistent. Total available space in the Mountain View office market now measures only 261,032 square feet, which translates to a 6.3% availability rate. During the first quarter, average office asking rates in Mountain View soared above the six dollar mark, to \$6.11 per square foot, full service, a 55% increase from averages recorded just one year earlier. New office construction plays a large role in this increase with several speculative Class A projects available for lease within the downtown corridor.

R&D

The Silicon Valley R&D sector experienced a minor drop-off in activity during the first quarter of 2014. Measuring 1.89 million square feet of gross absorption, this is 7.3% less than the 2.04 million square feet recorded the prior quarter and 10.9% less than one year earlier. While R&D demand decreased during the first quarter, so did occupancy levels. The R&D sector recorded just over a half-million square feet of negative net absorption, totaling 540,384 square feet of occupancy loss during the first quarter of the year. This is now the second quarter in a row that the R&D sector has recorded negative net

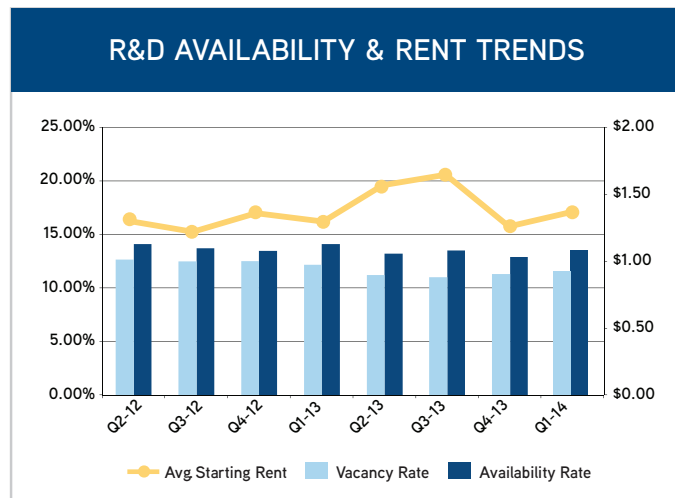
absorption and is the highest occupancy loss measured in a single quarter in more than two years.

On the supply side, the pipeline of pre-improved R&D space that came on the market during the first quarter increased 6.4% from totals measured during the fourth quarter, to 2.4 million square feet. This increase in rollover

The weighted-average asking rent for R&D space is \$1.37 per square foot NNN, up 4.6% from the same period the prior year and 18.1% from the same period in 2012. Additionally, the weighted-average starting rent for R&D deals increased 8.6%, from the prior quarter's weighted-average start rate of \$1.27 per square foot NNN to \$1.38 per square foot.

San Jose measured 585,388 square feet of R&D gross absorption during the first quarter of the year. This amount of activity is down 3.5% from the 606,623 square feet of activity recorded during the fourth quarter and is 15.7% less than the 694,393 square feet of activity recorded one year earlier. As a result of this modest deal flow, San Jose's R&D sector posted an occupancy loss of 340,666 square feet in the first quarter of the year. Net absorption turned negative when a handful of large spaces were vacated during the quarter. To name a few, Nanosolar's former 203,807 square-foot space on Hellyer Avenue was brought to the market and Force 10 Networks vacated 96,710 square feet on Holger Avenue.

In comparison, Sunnyvale had a stronger quarter in the first months of the year. R&D gross absorption in this city was up 22.3% from the prior quarter, measuring 242,201 square feet. As a result of the increased activity, Sunnyvale tallied an occupancy gain of 57,944 square feet, a welcomed change after two consecutive quarters of negative net absorption. Two notable transactions signed in



The weighted-average asking rent for R&D space is \$1.37 per square foot NNN, up 4.6% from the same period the prior year and 18.1% from the same period in 2012.

space, coupled with the lower levels of demand, combined to produce a disappointing start for the R&D sector's year. The R&D availability rate made a slight up-tick during the quarter, finishing at 13.6%. Total available space in the R&D sector increased to 20.5 million square feet.

R&D LEASING & SALES ACTIVITY

SELECTED COLLIERS INTERNATIONAL TRANSACTIONS - Q1 2014

PROPERTY ADDRESS	SQUARE FEET	LANDLORD/SELLER	TENANT/BUYER	TYPE
611-697 River Oaks Parkway, San Jose	262,357	Eagle Ridge Partners	SFF Montague Oaks, LLC	Investment Sale
201-219 Moffett Park Drive, Sunnyvale	152,844	Applied Micro Circuits Corp.	RW9 REIT Acquisition	Investment Sale
4209 Technology Drive, Fremont	129,883	Inland American	Hewlett Packard	Renewal
1820-1840 McCarthy Boulevard, Milpitas	111,685	Eagle Ridge Development Corporation	Rialto Capital	Investment Sale
888 & 892 Ross Drive, Sunnyvale	95,557	Hines Interest	Proofpoint	Renewal/Expansion
1272 Borregas Avenue, Sunnyvale	94,386	Rockpoint Fund III Acquisitions, LLC	Swift Realty Partners	Investment Sale

Sunnyvale during the first quarter include Apple’s lease of 68,930 square feet on San Gabriel Drive, and Proofpoint’s expansion into an additional 21,219 square feet on Ross Drive where they now occupy a total of 95,557 square feet.

Santa Clara posted modest results during the first quarter. R&D gross absorption dropped nearly 55% in Santa Clara to record only 104,099 square feet of new activity during the period. This now marks the third straight quarter of declining R&D demand for Santa Clara. As a result, Santa Clara recorded its second straight quarter of occupancy loss, measuring 42,006 square feet. Average asking rates in Santa Clara have increased 10.2% since the same period in 2013 and 21.8% since 2012, to the current average of \$1.74 per square foot, NNN.

Milpitas experienced a fair amount of activity during the first quarter. Capturing 187,795 square feet of gross absorption, this is down slightly from the 194,292 square feet recorded at the end of 2013. Despite the minor decrease in activity, the Milpitas R&D sector still recorded an occupancy gain totaling 87,929 square feet, nearly double the occupancy gain recorded during the prior quarter. Noteworthy transactions during the first quarter include Fire Eye’s lease of 52,812 square feet on Alder Drive and Micron Technologies lease of 43,487 square feet, also on Alder Drive.

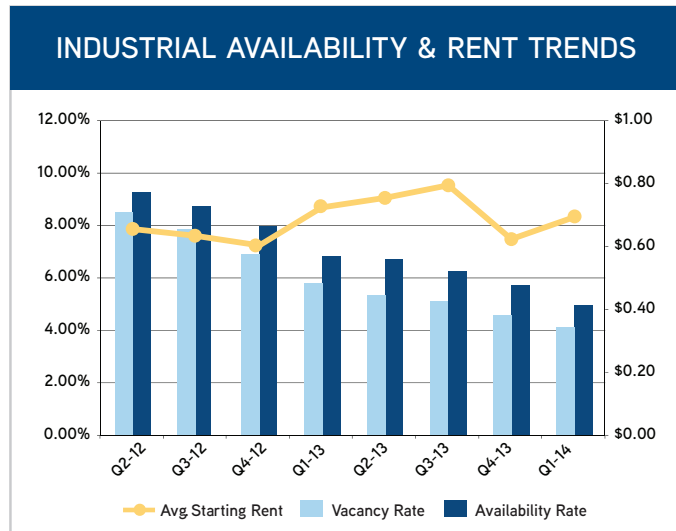
Fremont posted the second largest amount of new user activity in the Silicon Valley’s R&D

sector with 521,730 square feet of R&D gross absorption. This is an 8.9% increase from activity measured during the prior quarter, and nearly 75% more than the amount of activity recorded during the first quarter of 2013. Despite this increase, Fremont’s R&D sector posted an occupancy loss measuring 250,876 square feet during the first quarter. One of the largest spaces that became vacant during Q1

INDUSTRIAL

It was a modest quarter for the Silicon Valley’s industrial sector. Activity was up 9.5% from the previous quarter, measuring 678,748 square feet of gross absorption. Despite the increased level of activity, the industrial sector closed the first quarter with 66,090 square feet of negative net absorption, ending a seven-quarter streak of positive net absorption. As anticipated, it will be tough for the industrial market to see large occupancy gains quarter-over-quarter if the amount of available space on the market remains at historically low levels. Total available space in the industrial market measures only 2.94 million square feet, representing an availability rate of 4.9%. The last time the industrial availability rate was this low was back in 2000, during the height of the dot-com boom.

Weighted average asking rates remained flat during the first quarter of 2014 in the industrial sector. At the close of the quarter, average asking rates were 1.3% less than those recorded at the close of 2013. This decline can be directly correlated to the lack of quality space available on the market; with mostly subpar space available, these lower-rent spaces drag down the weighted average. When comparing average starting rates for deals closed, the weighted average was up by 11.3% during the first quarter, from \$0.62 per square foot to \$0.69 per square foot, NNN.



Total available space in the industrial market measures only 2.94 million square feet, representing an availability rate of 4.9%. The last time the industrial availability rate was this low was back in 2000, during the height of the dot-com boom.

was SGI’s former facility totaling 117,504 square feet on Landing Parkway. Four of the five largest transactions in Fremont during the quarter were user-sales. These included The Reid Family’s purchase of 61,178 square feet on Milmont Drive, and C&H International’s purchase of 51,767 square feet on Bayside Parkway.

INDUSTRIAL LEASING & SALES ACTIVITY

SELECTED COLLIERS INTERNATIONAL TRANSACTIONS - Q1 2014

PROPERTY ADDRESS	SQUARE FEET	LANDLORD/SELLER	TENANT/BUYER	TYPE
1200-1300 Memorex Drive, Santa Clara	215,424	PNC Mac 2001	1200 Partners LLC	Investment Sale
1021-1101 Cadillac Court, Milpitas	30,455	PS Business Parks, LP	Sears Logistics Services, Inc	Renewal
44153 Grimmer Boulevard, Fremont	21,724	Acme MicroSystems	United Sheet Metal	User Sale
255 Commercial Street, San Jose	20,000	Lencar Investments	Consolidated Electrical Dist.	Renewal
662 Giguere Court, San Jose	17,027	662 Giguere Ct, LLC	Ainokea 01, LLC	User Sale
8155 Swanston Lane, Gilroy	16,600	Steven Charron	Lark Industries	Lease

Gross absorption in San Jose’s Industrial sector was stable during the first quarter of the year. Measuring 312,672 square feet, this is a 13.7% increase from activity recorded during the prior quarter and a 30.4% increase from one year earlier. Despite this increase in activity, San Jose finished with 32,351 square feet of negative net absorption, closing the first quarter of the year about where it started. During the first quarter Stericycle leased 19,600 square feet on Stauffer Boulevard.

Santa Clara’s industrial sector measured a significant increase in activity during the first quarter of 2014, but this city’s industrial presence is not what it once was. Measuring just 107,978 square feet of gross absorption, this nominal level of activity was still 84.8% more than the 58,416 square feet tallied during the fourth quarter of 2013. With a small available supply to draw from, Santa Clara recorded a second consecutive quarter of occupancy loss that measured 97,755 square feet for the quarter. Some notable transactions completed during the first quarter of 2014 were Strouss Brothers Construction’s lease of a 17,800 square foot space on Comstock Street and RSJ Machining leasing 14,400 square feet on Edwards Avenue.

The Fremont industrial market continues to make strides in its recovery from the Solyndra fallout of 2011. With an increase in overall activity, Fremont posted 135,995 square feet of gross absorption and 73,951 square feet of net absorption, both

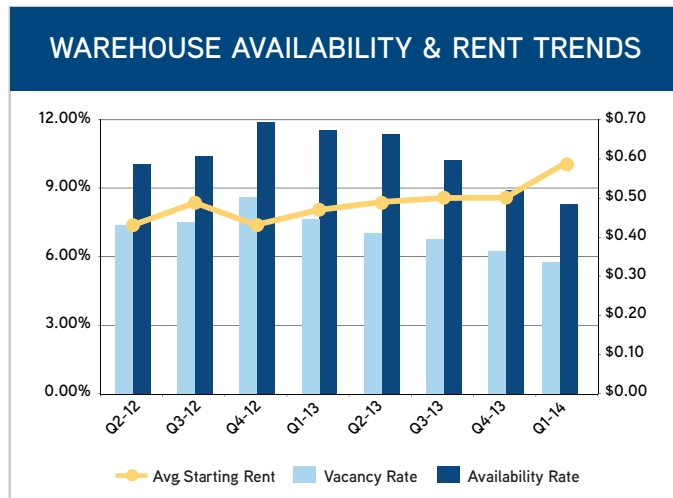
representing increases from levels measured during the prior quarter. Fremont’s industrial availability rate continued to fall during the first quarter of the year. Dropping 109 basis points during the period, Fremont closed the quarter with an industrial availability rate of 10.1%. Total available space in the Fremont industrial sector is now just below the one million square-foot mark, at 941,336 square feet overall. This is the first time since the

WAREHOUSE

Activity in the Silicon Valley warehouse sector was down 46% during the first quarter of the year, recording 533,975 square feet of gross absorption, but up 15% from one year earlier. While noting that activity levels are down, it also bears mentioning that the fourth quarter of 2013 marked the first time in over 15 quarters that warehouse activity surpassed the one million square-foot mark. The end result was that warehouse absorption checked in at a level consistent with Colliers’ annualized forecast.

After four consecutive quarters of positive net absorption, the warehouse sector extended this streak to five with an occupancy gain totaling 187,691 square feet. Despite the occupancy gain being 12% less than that recorded during the prior quarter, the warehouse market seems to have found its balance as it continues to post modest gains quarter-over-quarter.

Also contributing to the warehouse sector’s positive results during the first quarter was the lower levels of pre-improved space that came onto the market during the period. The amount of vacated space that found its way back to the market during the first quarter was nearly half the amount that was measured the prior quarter. This 346,284 square feet of rollover space, coupled with the consistent level of activity, struck just the right balance for the warehouse market to record positive net absorption.



After four consecutive quarters of positive net absorption, the warehouse sector extended this streak to five with an occupancy gain totaling 187,691 square feet.

Solyndra fallout, which dumped over one million square feet of vacant space onto the market, that total available space has dropped below this threshold. During the first quarter of 2014, United Sheet Metal purchased 21,724 square feet of space on Grimmer Boulevard, and Allied Auto Stores subleased 19,488 square feet on Hannover Place.

WAREHOUSE LEASING & SALES ACTIVITY

SELECTED COLLIERS INTERNATIONAL TRANSACTIONS - Q1 2014

PROPERTY ADDRESS	SQUARE FEET	LANDLORD/SELLER	TENANT/BUYER	TYPE
631-641 Brennan Street, San Jose	36,000	Terreno Realty Corporation	Air Filter/Control, Inc.	Lease
2038 Concourse Drive, San Jose	30,830	Westlake Realty Group	Esteson Corp.	Lease
18145 Peet Road, Morgan Hill	30,000	Hasu & Harsad Patel	G. Lopez Transportation	Renewal
901 Cadillac Court, Milpitas	28,878	PS Business Parks, LP	Office Solution Interiors, Inc	Lease
40547 Albrae Street, Fremont	28,800	IIT Acquisitions, LLC	Seasons Leisure Pool Patio & More Inc	Renewal
1732 Rogers Avenue, San Jose	28,800	Galleher Corporation	California Service Tool	Sublease

Available warehouse space decreased by 7.7% during the first three months of the year to finish the quarter at 3.1 million square feet available. This is the lowest amount of available space since the first quarter of 2008. The overall availability rate now sits at 8.25% in the warehouse sector, the lowest it has been in more than five years. Average asking rates experienced a slight increase during the quarter, ending 3.6% higher than at the close of 2013 at \$0.57 per square-foot, NNN.

Activity in San Jose's warehouse sector decreased quarter-over-quarter to only 261,877 square feet of gross absorption. This is nearly half the amount of activity experienced during the final quarter of 2013. San Jose nevertheless contributed the largest increase in warehouse occupancy during the first quarter of 2014. Totalling 126,380 square feet, this is now the fifth straight quarter of positive net absorption for the Valley's largest city. San Jose was home to two of the Valley's five largest warehouse deals during the first quarter. These were Bedrosians Tile's purchase of 51,500 square feet on Junction Avenue, and Esteson Corporation lease of 30,830 square feet of warehouse space on Concourse Drive.

Fremont posted a warehouse occupancy loss of 10,860 square feet during the first quarter. This comes as no surprise as activity dropped by 87% from the previous quarter to measure only 46,260 square feet. Total available space now sits just above a half-million square feet, representing a 7.9% availability rate in the Fremont warehouse sector. Only two new deals were signed during the first quarter of the year: Bruker Corporation leased 28,260 square feet on Albrae Street and Blue Earth leased 18,000 square feet on Christy Street, accounting for all of Fremont's warehouse absorption for the period.

Milpitas reclaimed its place in the warehouse market during the first quarter of 2014, accounting for a total occupancy gain of 71,966 square feet, a turnaround from the 122,946 square foot loss recorded during the fourth quarter of 2013. Gross absorption was also up quarter-over-quarter in Milpitas. Colliers recorded 137,132 square feet of new-user activity in the first quarter, up 47.3% from the prior quarter. Andrews Air Corporation completed the largest warehouse lease in Milpitas during the quarter, signing on for 36,288 square feet on Milpitas Boulevard. Following not too far behind was VIP Motors' lease of 31,166 square feet on Sinclair Frontage Road.

UNDERSTANDING ABSORPTION

Colliers uses several measurements to track market conditions and deal flow. While related, the formulas to arrive at these measurements differ. Using the results of the most recent quarter, here is how Colliers measures change in availability, net absorption and effective net absorption.

Change in Availability: This measurement is simply the difference between the amounts of space available at the end of one period to the next. The table below shows that total available space increased by 1,339,905 square feet in the year's first quarter. Note that "change in availability" includes adjustments for space that is "taken off the market". Space "taken off the market" is not a factor in net absorption measurements.

Total Available end of 4Q13	36,745,721
Plus: Vacant & Occupied Space that came available in 1Q14	4,594,347
Plus: New Shell added in 1Q14	465,283
4Q13 Available + Newly Available in 1Q14	41,805,351
Less: 1Q14 Gross Absorption	-4,876,730
Less: 1Q14 Adjustments/Taken off Market	1,157,005
Total Available end of 1Q14	38,085,626

Net Absorption: Net absorption measures the change in *occupied* space from one period to the next. In this measurement, it is important to distinguish that a building may be "available", but not vacant (often the case in a sublease situation, for example). Therefore, occupancy is not reduced (negative net absorption) until the space is vacated, and sometimes that does not happen until the space is leased, creating a net absorption "wash" for the deal and for that particular period.

New Vacant Space that came available 1Q14	-1,340,271
Previously Available Space that was vacated in 1Q14	-3,660,592
1Q14 Total Vacant added (Occupancy Loss)	-5,000,863

4Q13 Gross Absorption (occupancy gain)	4,876,730
1Q14 Net Absorption (change in Occupancy)	-124,133

Effective Net Absorption: In 2003, Colliers created a measurement of "effective net absorption". Effective net absorption uses the same formula as the net absorption formula, except that it treats any space that comes available as if it is vacant, whether it is or it isn't. The purpose of the measurement is to get a better "real time" gauge of occupancy flow in and out of the market, acknowledging that space that is available for lease is likely to be vacated shortly and underutilized presently.

New Vacant Space that came available 1Q14	-1,340,271
Occupied Space that came available 1Q14	-3,254,076
1Q14 Total Available added	-4,594,347

1Q14 Gross Absorption	4,876,730
1Q14 Effective Net Absorption	282,383

485 offices in 63 countries on 6 continents

United States: 146
Canada: 44
Latin America: 25
Asia Pacific: 186
EMEA: 84

- \$2.1 billion in annual revenue
- 1.46 billion square feet under management
- Over 15,800 professionals

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MARKET COMPARISONS

OFFICE MARKET

CLASS	TOTAL INVENTORY SQ FT	DIRECT VACANT	SUBLEASE VACANT	DIRECT OCCUPIED	SUBLEASE OCCUPIED	TOTAL AVAILABLE SQ FT	AVAILABILITY RATE Q1-2014	AVAILABILITY RATE Q4-2013	NET ABSORPTION Q1-2014	NET ABSORPTION YTD	COMPLETED Q1-2014	UNDER CONSTR	FS WTD AVG ASKING
CAMPBELL / LOS GATOS													
A	1,251,015	109,419	20,448	8,520	16,459	154,846	12.4%	16.8%	(10,834)	(10,834)	-	-	\$3.19
B	2,097,033	117,618	3,000	39,915	900	161,433	7.7%	8.1%	(38,977)	(38,977)	-	-	\$2.64
C	223,662	8,335	-	-	3,000	11,335	5.1%	28.3%	(3,328)	(3,328)	-	-	\$2.56
Total	3,571,710	235,372	23,448	48,435	20,359	327,614	9.2%	12.6%	(53,139)	(53,139)	-	-	\$2.93
CUPERTINO / SARATOGA													
A	854,856	17,590	-	95,000	1,942	114,532	13.4%	3.3%	(2,969)	(2,969)	-	260,000	\$4.74
B	2,774,399	40,462	-	23,782	-	64,244	2.3%	1.9%	(9,932)	(9,932)	-	-	\$3.14
C	156,752	1,389	-	-	-	1,389	0.9%	0.4%	(294)	(294)	-	-	\$3.25
Total	3,786,007	59,441	-	118,782	1,942	180,165	4.8%	2.0%	(13,195)	(13,195)	-	260,000	\$4.58
FREMONT / MILPITAS													
A	886,512	166,252	-	26,976	-	193,228	21.8%	26.2%	18,112	18,112	-	-	\$1.83
B	1,566,859	264,375	11,092	8,441	2,667	286,575	18.3%	24.2%	967	967	-	-	\$1.75
C	730,153	32,347	4,048	2,680	-	39,075	5.4%	5.7%	7	7	-	-	\$1.61
Total	3,183,524	462,974	15,140	38,097	2,667	518,878	16.3%	20.3%	19,086	19,086	-	-	\$1.77
GILROY / MORGAN HILL													
A	578,491	170,962	900	-	-	171,862	29.7%	35.4%	(10,776)	(10,776)	-	-	\$1.65
B	170,249	23,924	2,500	-	-	26,424	15.5%	26.9%	(2,500)	(2,500)	-	-	\$1.81
C	308,326	37,142	2,088	10,300	-	49,530	16.1%	15.6%	-	-	-	-	\$1.80
Total	1,057,066	232,028	5,488	10,300	-	247,816	23.4%	27.8%	(13,276)	(13,276)	-	-	\$1.67
LOS ALTOS													
A	256,016	27,834	2,581	-	-	30,415	11.9%	12.6%	1,201	1,201	-	21,199	\$5.46
B	418,853	7,755	2,034	5,393	-	15,182	3.6%	13.3%	18,049	18,049	-	-	\$3.60
C	364,365	4,851	-	-	-	4,851	1.3%	0.5%	(2,352)	(2,352)	-	-	\$3.45
Total	1,039,234	40,440	4,615	5,393	-	50,448	4.9%	7.4%	16,898	16,898	-	21,199	\$4.95
MOUNTAIN VIEW													
A	2,442,939	11,367	126,188	1,930	11,566	151,051	6.2%	2.2%	(118,003)	(118,003)	-	515,715	\$6.76
B	1,217,100	66,100	-	5,979	11,188	83,267	6.8%	8.8%	(635)	(635)	-	-	\$3.51
C	472,555	18,214	-	6,000	2,500	26,714	5.7%	6.6%	5,600	5,600	-	-	\$2.84
Total	4,132,594	95,681	126,188	13,909	25,254	261,032	6.3%	4.6%	(113,038)	(113,038)	-	515,715	\$6.11
PALO ALTO													
A	4,492,590	404,231	42,349	53,924	26,799	527,303	11.7%	21.3%	66,910	66,910	-	94,450	\$5.20
B	4,048,104	168,561	12,915	61,614	9,413	252,503	6.2%	10.2%	(70,141)	(70,141)	-	-	\$5.53
C	1,159,113	17,302	4,150	1,173	10,112	32,737	2.8%	5.3%	4,875	4,875	-	-	\$4.25
Total	9,699,807	590,094	59,414	116,711	46,324	812,543	8.4%	14.6%	1,644	1,644	-	94,450	\$5.27
SAN JOSE													
A	12,320,504	1,647,978	227,297	682,649	60,827	2,618,751	21.3%	22.8%	(42,053)	(42,053)	-	-	\$2.82
B	9,290,424	1,091,158	53,454	227,400	92,494	1,464,506	15.8%	15.8%	15,175	15,175	-	-	\$2.05
C	3,951,063	458,028	4,461	39,740	-	502,229	12.7%	14.1%	3,542	3,542	-	-	\$1.77
Total	25,561,991	3,197,164	285,212	949,789	153,321	4,585,486	17.9%	18.7%	(23,336)	(23,336)	-	-	\$2.48
SANTA CLARA													
A	6,042,834	1,302,677	42,118	326,876	196,231	1,867,902	30.9%	24.4%	306,021	306,021	465,283	653,283	\$3.56
B	4,235,495	439,943	5,908	58,774	45,636	550,261	13.0%	17.2%	74,769	74,769	-	-	\$2.83
C	609,955	93,269	-	9,698	-	102,967	16.9%	15.5%	3,358	3,358	-	-	\$1.58
Total	10,888,284	1,835,889	48,026	395,348	241,867	2,521,130	23.2%	21.1%	384,148	384,148	465,283	653,283	\$3.32
SUNNYVALE													
A	7,654,978	386,544	76,988	12,383	77,394	553,309	7.2%	9.0%	88,815	88,815	-	792,000	\$3.94
B	1,335,474	55,495	16,278	43,470	9,057	124,300	9.3%	9.4%	(6,136)	(6,136)	-	-	\$3.65
C	490,595	113,581	-	3,651	5,143	122,375	24.9%	30.0%	6,179	6,179	-	-	\$3.69
Total	9,481,047	555,620	93,266	59,504	91,594	799,984	8.4%	10.2%	88,858	88,858	-	792,000	\$3.85
SILICON VALLEY TOTALS													
A	36,780,735	4,244,854	538,869	1,208,258	391,218	6,383,199	17.4%	18.0%	296,424	296,424	465,283	2,305,928	\$3.56
B	27,153,990	2,275,391	107,181	474,768	171,355	3,028,695	11.2%	13.2%	(19,361)	(19,361)	-	-	\$2.65
C	8,466,539	784,458	14,747	73,242	20,755	893,202	10.5%	12.2%	17,587	17,587	-	-	\$2.17
Total	72,401,264	7,304,703	660,797	1,756,268	583,328	10,305,096	14.2%	15.5%	294,650	294,650	465,283	2,305,928	\$3.21
QUARTERLY COMPARISON AND TOTALS													
1Q-14	72,401,264	7,304,703	660,797	1,756,268	583,328	10,305,096	14.2%	15.5%	294,650	294,650	465,283	2,305,928	\$3.21
4Q-13	64,187,305	7,166,414	820,798	1,521,880	430,583	9,939,675	15.5%	15.7%	473,072	2,194,816	268,482	2,336,647	\$3.18
3Q-13	63,707,287	7,642,010	839,871	1,095,577	433,301	10,010,759	15.7%	16.9%	643,001	1,721,744	481,576	2,332,372	\$3.16
2Q-13	63,467,191	7,964,482	768,169	1,188,100	783,550	10,704,301	16.9%	16.5%	824,512	1,078,743	1,055,719	312,579	\$2.99
1Q-13	62,649,478	7,881,931	774,557	992,759	708,851	10,358,098	16.5%	15.5%	254,231	254,231	318,000	2,531,264	\$2.84

Due to a change in reporting standards, variations in the total building base during the first quarter 2014 are not reflective of actual changes in the market

MARKET COMPARISONS

R&D, INDUSTRIAL & WAREHOUSE MARKETS

TYPE	TOTAL INVENTORY SQ FT	DIRECT VACANT	SUBLEASE VACANT	DIRECT OCCUPIED	SUBLEASE OCCUPIED	TOTAL AVAILABLE SQ FT	AVAILABILITY RATE Q1-2014	AVAILABILITY RATE Q4-2013	NET ABSORPTION Q1-2014	COMPLETED YTD	COMPLETED Q1-2014	UNDER CONSTR	NNN WTD AVG ASKING
CAMPBELL													
R&D	1,361,576	72,135	7,921	91,468	-	171,524	12.6%	14.7%	34,028	34,028	-	-	\$1.54
IND	853,235	20,331	11,309	13,704	-	45,344	5.3%	10.8%	7,192	7,192	-	-	\$1.50
TOTAL	2,214,811	92,466	19,230	105,172	-	216,868	9.8%	13.4%	41,220	41,220	-	-	\$1.54
CUPERTINO													
R&D	2,945,136	2,932	-	-	-	2,932	0.1%	0.2%	3,622	3,622	-	-	\$-
TOTAL	2,945,136	2,932	-	-	-	2,932	0.1%	0.2%	3,622	3,622	-	-	\$-
FREMONT													
R&D	19,060,662	3,735,470	236,412	192,437	240,586	4,404,905	23.1%	24.2%	(250,876)	(250,876)	-	-	\$0.85
IND	9,319,515	813,313	64,024	63,999	-	941,336	10.1%	11.2%	73,951	73,951	-	275,000	\$0.70
WSE	6,823,144	257,373	-	256,886	30,988	545,247	8.0%	6.4%	(10,860)	(10,860)	-	-	\$0.59
TOTAL	35,203,321	4,806,156	300,436	513,322	271,574	5,891,488	16.7%	17.1%	(187,785)	(187,785)	-	275,000	\$0.77
GILROY													
R&D	369,154	76,000	-	-	-	76,000	20.6%	20.3%	-	-	-	-	\$-
IND	1,523,425	111,711	-	-	-	111,711	7.3%	9.6%	16,600	16,600	-	-	\$0.57
WSE	3,535,110	301,992	33,310	164,021	-	499,323	14.1%	15.5%	-	-	-	-	\$0.40
TOTAL	5,427,689	489,703	33,310	164,021	-	687,034	12.7%	14.2%	16,600	16,600	-	-	\$0.43
LOS GATOS													
R&D	331,504	-	-	-	-	-	0.0%	0.0%	-	-	-	-	\$-
TOTAL	331,504	-	-	-	-	-	0.0%	0.0%	-	-	-	-	\$-
MILPITAS													
R&D	13,530,150	1,030,731	311,171	352,091	45,090	1,739,083	12.9%	13.3%	87,929	87,929	-	-	\$0.91
IND	2,987,471	152,306	14,346	49,731	-	216,383	7.2%	7.7%	(35,809)	(35,809)	-	-	\$0.88
WSE	4,661,490	234,700	-	201,903	36,595	473,198	10.2%	11.5%	71,966	71,966	-	-	\$0.58
TOTAL	21,179,111	1,417,737	325,517	603,725	81,685	2,428,664	11.5%	12.1%	124,086	124,086	-	-	\$0.84
MORGAN HILL													
R&D	2,635,606	157,152	-	-	-	157,152	6.0%	6.2%	8,503	8,503	-	-	\$0.81
IND	2,193,747	64,533	-	-	-	64,533	2.9%	3.7%	1,419	1,419	-	-	\$0.63
WSE	482,538	49,434	-	-	-	49,434	10.2%	13.5%	-	-	-	-	\$0.49
TOTAL	5,311,891	271,119	-	-	-	271,119	5.1%	5.8%	9,922	9,922	-	-	\$0.69
MOUNTAIN VIEW													
R&D	13,634,307	329,362	205,225	-	136,210	670,797	4.9%	5.0%	(82,497)	(82,497)	-	-	\$2.34
IND	1,624,992	45,364	-	-	-	45,364	2.8%	2.5%	3,146	3,146	-	-	\$1.62
TOTAL	15,259,299	374,726	205,225	-	136,210	716,161	4.7%	4.6%	(79,351)	(79,351)	-	-	\$2.30
PALO ALTO													
R&D	13,260,030	38,323	67,905	-	107,632	213,860	1.6%	1.9%	(16,365)	(16,365)	-	111,100	\$5.12
TOTAL	13,260,030	38,323	67,905	-	107,632	213,860	1.6%	1.9%	(16,365)	(16,365)	-	111,100	\$5.12
SAN JOSE													
R&D	40,701,609	6,711,980	564,340	392,797	92,649	7,761,766	19.1%	16.6%	(340,666)	(340,666)	-	-	\$1.33
IND	22,142,196	564,039	5,732	141,111	100,000	810,882	3.7%	4.4%	(32,351)	(32,351)	-	-	\$0.68
WSE	16,622,929	866,090	120,000	121,503	-	1,107,593	6.7%	8.7%	126,380	126,380	-	-	\$0.53
TOTAL	79,466,734	8,142,109	690,072	655,411	192,649	9,680,241	12.2%	11.9%	(246,637)	(246,637)	-	-	\$1.22
SANTA CLARA													
R&D	19,830,508	2,192,927	155,137	394,890	236,934	2,979,888	15.0%	12.7%	(42,006)	(42,006)	-	-	\$1.74
IND	11,391,920	290,979	43,624	46,264	13,222	394,089	3.5%	2.9%	(97,755)	(97,755)	-	-	\$0.65
WSE	3,180,158	145,636	-	109,552	-	255,188	8.0%	6.3%	205	205	-	-	\$0.67
TOTAL	34,402,586	2,629,542	198,761	550,706	250,156	3,629,165	10.5%	9.3%	(139,556)	(139,556)	-	-	\$1.60
SUNNYVALE													
R&D	23,231,603	1,493,756	161,039	584,744	83,468	2,323,007	10.0%	9.2%	57,944	57,944	-	-	\$1.90
IND	6,062,968	164,501	-	39,013	1,700	205,214	3.4%	6.7%	349	349	-	-	\$1.11
WSE	1,712,254	113,584	-	50,880	-	164,464	9.6%	6.3%	-	-	-	-	\$0.85
TOTAL	31,006,825	1,771,841	161,039	674,637	85,168	2,692,685	8.7%	8.7%	58,293	58,293	-	-	\$1.77

SILICON VALLEY TOTALS

R&D	150,891,845	15,840,768	1,709,150	2,008,427	942,569	20,500,914	13.6%	13.0%	(540,384)	(540,384)	-	111,100	\$1.37
IND	59,244,153	2,322,996	139,035	368,403	114,922	2,945,356	5.0%	5.7%	(66,090)	(66,090)	-	275,000	\$0.76
WSE	37,487,942	1,968,809	153,310	904,745	67,583	3,094,447	8.3%	8.7%	187,691	187,691	-	-	\$0.57
TOTAL	247,623,940	20,132,573	2,001,495	3,281,575	1,125,074	26,540,717	10.7%	10.7%	(418,783)	(418,783)	-	386,100	\$1.21

QUARTERLY COMPARISON AND TOTALS

1Q-14	247,623,940	20,132,573	2,001,495	3,281,575	1,125,074	26,540,717	10.7%	10.7%	(418,783)	(418,783)	-	386,100	\$1.21
4Q-13	249,939,618	20,734,330	1,917,715	3,113,306	1,040,695	26,806,046	10.7%	11.4%	91,287	3,525,241	371,245	386,100	\$1.21
3Q-13	250,221,838	21,482,504	1,297,392	4,233,440	1,636,243	28,649,579	11.4%	11.5%	532,578	3,433,954	-	527,800	\$1.15
2Q-13	251,303,594	22,067,435	1,314,490	4,062,925	1,391,526	28,836,376	11.5%	12.1%	1,845,548	2,901,376	-	288,100	\$1.17
1Q-13	251,655,806	24,076,069	1,486,381	3,566,754	1,304,419	30,433,623	12.1%	12.1%	1,055,828	1,055,828	-	181,100	\$1.15

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