

New Construction Increases Vacant Supply

- > Total available space has increased 14.9 percent year-over-year for all product types combined
- > There is now more than 10.3 million square feet of commercial space under construction in the Silicon Valley
- > 4.6 million square feet of improved space came onto the market during the first quarter of 2017

The first quarter came to a close and the Silicon Valley continued to thrive, despite many anticipating a slowdown to come in the new year. Unemployment in the Silicon Valley continues to remain at historic lows. According to the Bureau of Labor Statistics unemployment dipped to 3.6 percent in February, down from 3.7 percent the month prior. During the first quarter of 2017 Silicon Valley start-ups raked in more than \$2.7 billion from VC investment across 113 deals. Healthcare took claim to the highest percentage of investments, collecting more than \$1.1 billion, or just over 41 percent of all venture capital invested in the region during the three month period, according to data from PricewaterhouseCoopers.

Measuring strong leasing activity, gross absorption for all product types in the Silicon Valley totaled 4.8 million square feet. This amount of tenant demand is a 22.4 percent increase quarter over quarter. During the first quarter, the Silicon Valley measured an increase in total occupancy, totaling 243,116 square feet of positive net absorption. Total availability sits just above 28 million square feet in the Silicon Valley, this translates to an overall availability rate of 8.2 percent, 94 basis points higher than one year earlier.

Market Indicators - Santa Clara County

Average Household Income



Population Growth



White Collar Jobs



Market Trends

Relative to prior quarter

Q1 2017

Q2 2017*

	Q1 2017	Q2 2017*
Vacancy	↑	↓
Net Absorption	↑	↑
Construction	↑	↓
Rental Rate	↑	↔

*Projected

Summary Statistics

Q1 2017 Silicon Valley All Products

Previous Quarter

Current Quarter

Overall Vacancy Rate	5.68%	6.02%
Net Absorption	(214,553)	243,116
Construction Completed	785,665	2,278,424
Under Construction	11,869,661	10,394,903
Office Asking Rents*	\$4.23 FS	\$4.35 FS
R&D Asking Rents*	\$2.00 NNN	\$2.08 NNN
Industrial Asking Rents*	\$1.06 NNN	\$1.09 NNN
Warehouse Asking Rents*	\$0.87 NNN	\$0.84 NNN

*Asking Rents Reported Monthly

Economic Indicators

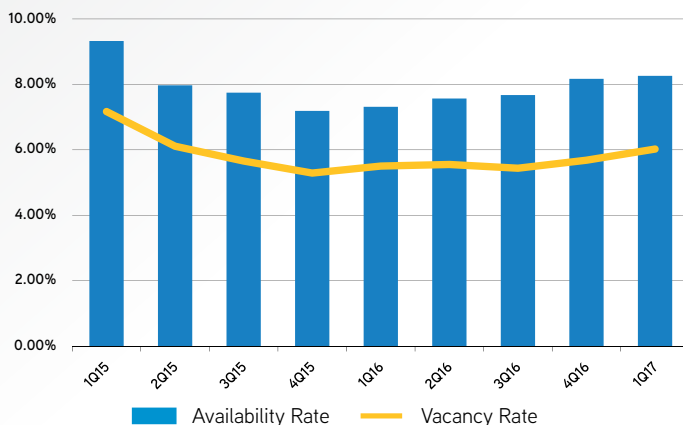
Previous Quarter

Current Quarter

Total VC Funding	\$1.1 Billion	\$2.7 Billion
Total Number of Deals	109	113
Unemployment Rate	3.4%	3.6%

Vacancy Vs. Availability Rates

Silicon Valley | All Products



Overall availability increased 9 basis points to 8.3% during the first quarter, while vacancy increased 34 basis points to 6.0%

Office

- > Leasing activity measured 1.7 million square feet during the first quarter of 2017.
- > The Silicon Valley's office market recorded its nineteenth consecutive occupancy gain.
- > Total vacant space has increased 27.9 percent year-over-year to an overall vacancy rate of 7.9 percent.

During the first quarter of 2017 office activity was steady in the Silicon Valley, registering a total of 1.73 million square feet of gross absorption. This level of activity is down 8.3 percent from that recorded during the fourth quarter of 2016, and down 28.6 percent from the same period one year earlier.

As anticipated, the Silicon Valley office market recorded another occupancy gain during the first quarter, measuring 164,090 square feet. This is the nineteenth straight quarter that the office market has recorded positive net absorption, bringing the total occupancy gain in the Valley to more than 11.6 million square feet over the nearly five year period of continued growth.

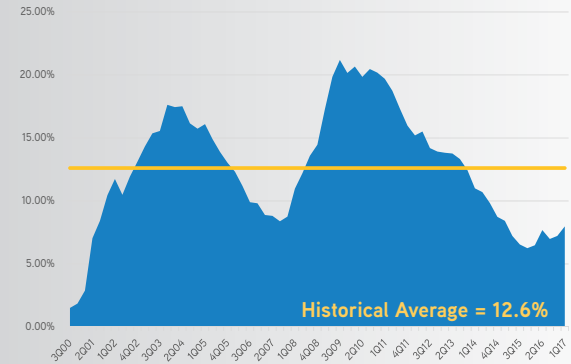
Despite the positive net absorption measured during the first quarter, the Silicon Valley office market measured an increase in vacancy. This is largely due to the completion of new office construction that has yet to be occupied by a tenant. Total available space in the Silicon Valley office market measures 9.8 million square feet. This amount of space translates to an overall availability rate of 11.7 percent, up 307 basis points from one year earlier when the availability rate stood at 8.6 percent.

Currently more than 9.8 million square feet of office space is under construction, with total potential development reaching more than an astounding 60 million square feet in the form of proposed developments. Speculative office space currently under construction totals 2.7 million square feet, with 2.1 million of that unspoken for, the availability rate for spec development stood at just over 76 percent at the close of the first quarter.

New projects breaking ground during the quarter included Broadreach Capital Partner's ±245,000 square foot office building on Plymouth Street in Mountain View, the projects is fully leased to Google. New completions during the quarter included phase II of Netflix's campus in Los Gatos totaling 258,750 square feet, and three buildings at Irvine's Santa Clara Square totaling 660,468 square feet, all three buildings remain unleased.

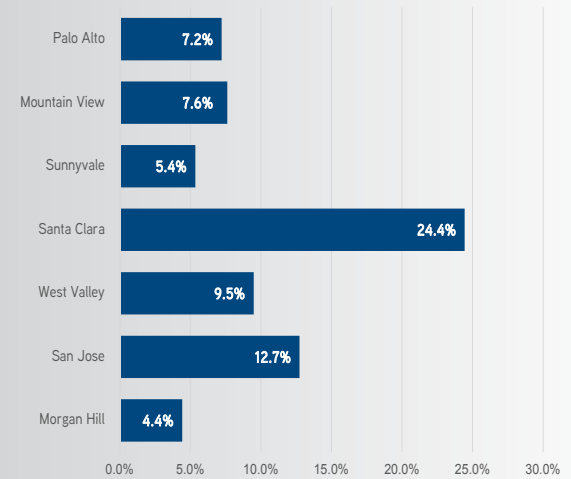
Weighted average asking rates for office space in the Silicon Valley continued their upward climb during the first quarter of the year. Closing the period at an average of \$4.35 per square foot, full service, this is a 9.0 percent increase year over year. Asking rates for Class A office space weigh in at \$4.58 per square foot full service and have measured a 6.1 percent increase year over year.

Historical Office Vacancy



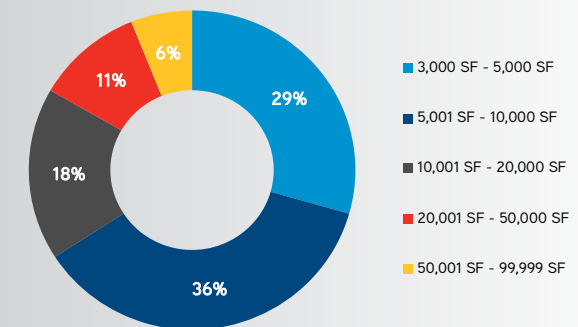
Source: Colliers International Research

Office Availability Rates Select Silicon Valley Cities



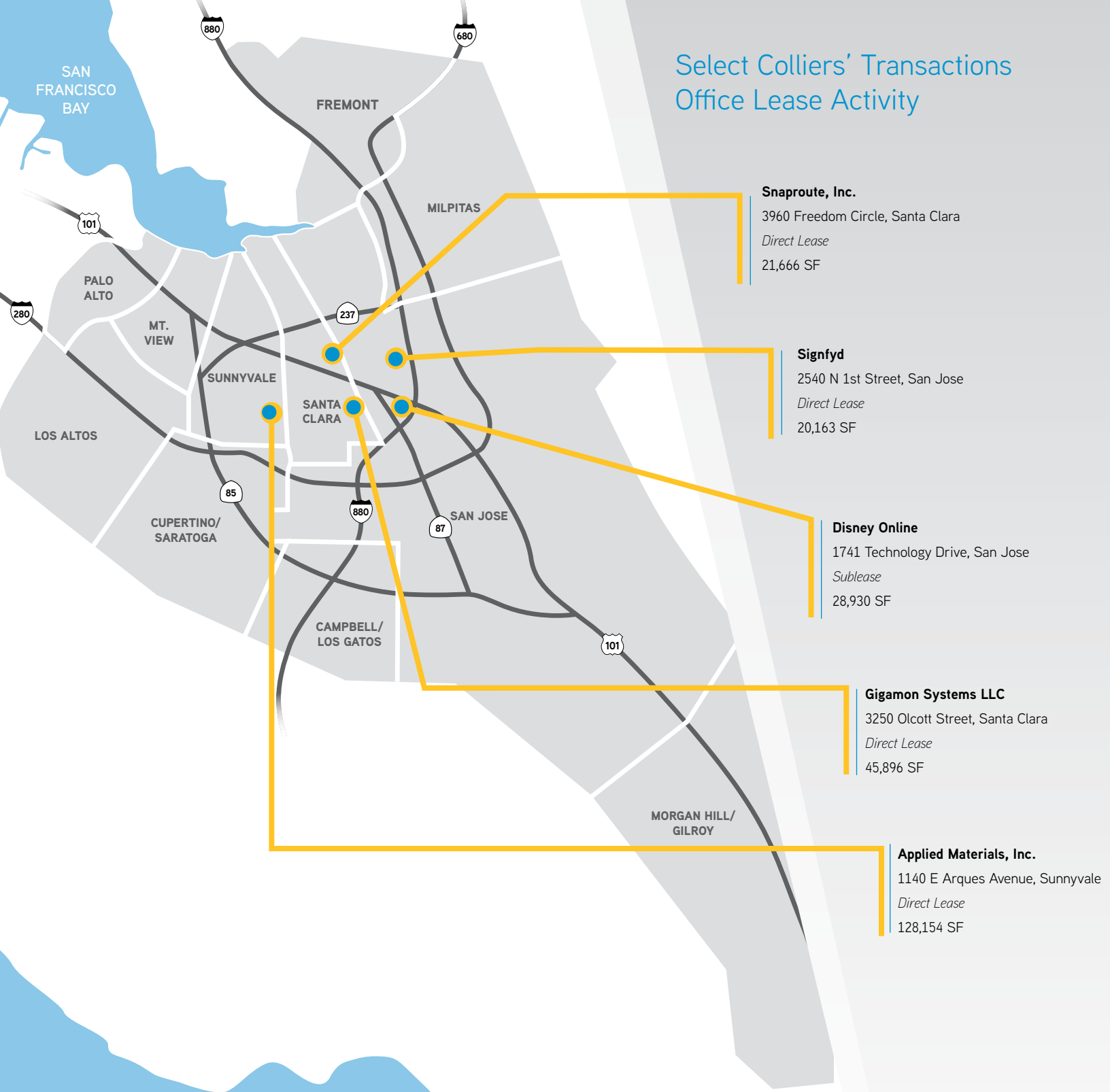
Source: Colliers International Research

Office Availability Breakdown by Size Range



Source: Colliers International Research

Select Colliers' Transactions Office Lease Activity



R&D

- > Total leasing activity increased 41.7 percent during the first quarter of the year.
- > The R&D availability rate sits at 9.8 percent, up 48 basis points from one year earlier.
- > The Silicon Valley R&D sector measured an occupancy gain during the first quarter.

The Silicon Valley R&D sector kicked off the year with an increase in activity during the first quarter of 2017. Measuring 1.95 million square feet of gross absorption, this is a 41.7 percent jump from the 1.3 million square feet recorded during the fourth quarter of 2016 and a 9.4 percent increase from the same period one year earlier.

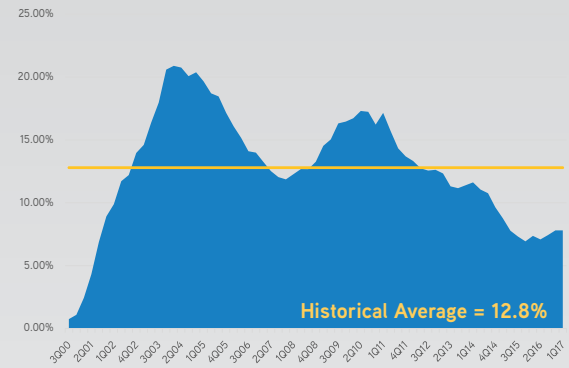
Despite the revived demand levels measured during the first quarter, it wasn't enough to tip the scale as the R&D sector measured a minor occupancy loss during the period. The Silicon Valley R&D market measured a 24,991 square foot decrease in occupancy levels during the first quarter of the year. Although occupancy levels remained relatively flat during the period, the amount of overall demand measured was the highest level recorded since the second quarter of 2016, indicating some strengthening in the R&D sector.

On the supply side, the pipeline of pre-improved R&D space that came on the market during the first quarter was relatively flat quarter over quarter. Tenants in the Silicon Valley only kicked back 1.9 million square feet of space during the first three months of the year. Total available space in the Silicon Valley R&D sector now measures 15.2 million square feet. This amount of space translates to an overall availability rate of 9.8 percent in the R&D sector.

The largest new deal signed for R&D space during the first quarter was a user sale. Velodyne purchased a 203,807 square foot building on Hellyer Avenue in San Jose, MWest Properties was the seller. Other notable transactions included Cavium Networks' lease of 118,000 square feet on Orchard Parkway in San Jose and Molecular Devices' lease of 101,582 square feet on North First Street, also in San Jose. Another contributor to absorption during the first quarter was the completion of two R&D buildings on the new Apple campus. The two new buildings total a combined 296,000 square feet. Apple is expected to start moving employees into the 2.8 million square foot spaceship in June of this year.

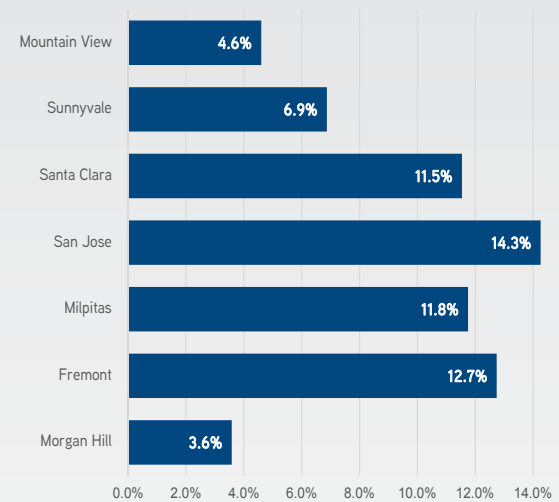
Starting rates for deals completed measured a slight dip during the first quarter of 2017, for a total decline of 7.7 percent during the period. Average starting rates recorded during the first quarter averaged \$1.78 per square foot, NNN, down from \$1.93 per square foot, NNN one year earlier. The weighted-average asking rent for R&D space is now \$2.05 per square foot NNN, up 11.2 percent from the same period one year earlier and 27.4 percent from the same period in 2015.

Historical R&D Vacancy



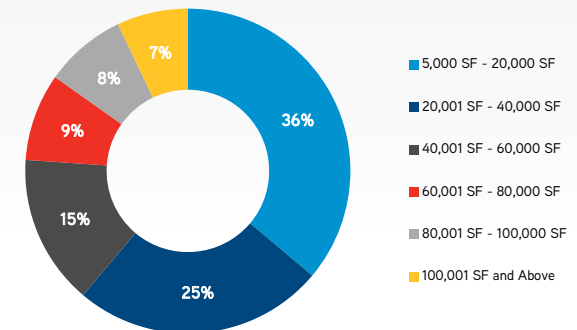
Source: Colliers International Research

R&D Availability Rates Select Silicon Valley Cities

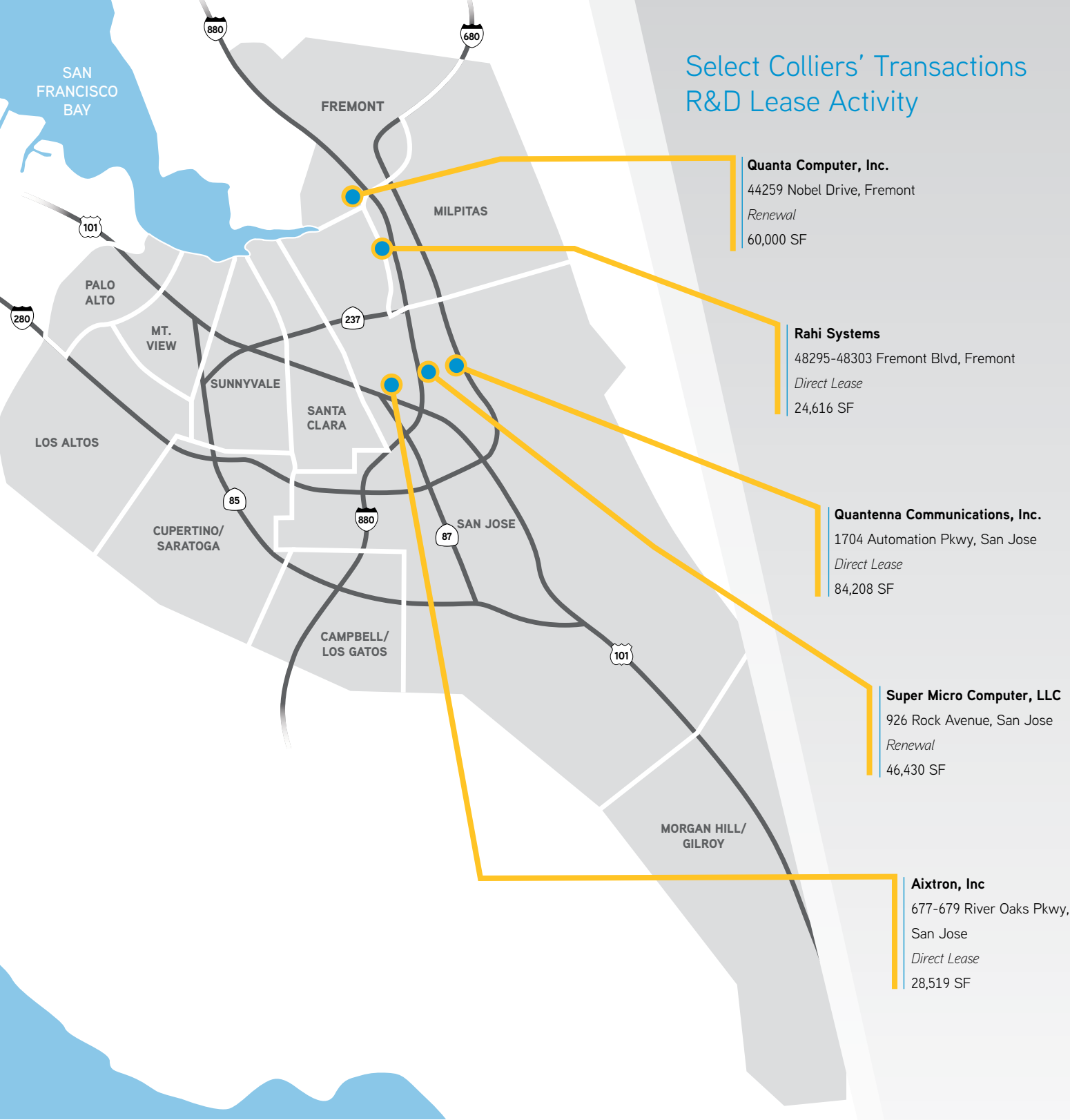


Source: Colliers International Research

R&D Availability Breakdown by Size Range



Source: Colliers International Research



Select Colliers' Transactions - R&D Sale Activity

PROPERTY ADDRESS	SIZE	SELLER	BUYER
5215-5225 Hellyer Avenue, San Jose	351,902	Professors Capital	Vertical Ventures LLC
5521 Hellyer Avenue, San Jose	203,807	MWest Properties	Velodyne
2710-2790 Walsh Avenue, Santa Clara	108,459	Swift Real Estate Partners	Equus Capital Partners, LTD
45531-45551 Northport Loop, Fremont	17,100	MEPT Northport	Dollinger Properties

Industrial

- > Leasing activity measured 664,792 square feet during the third quarter of 2016.
- > The industrial sector measured an occupancy gain totaling 53,661 square feet.
- > New vacant space coming back to the market measured 611,131 square feet in Q1.
- > Overall availability in the industrial market remained below 4 percent for the eighth consecutive quarter.

Activity was stable during the first quarter of 2017 in the Silicon Valley industrial sector. Tenant demand was up 51.5 percent from the previous quarter, topping out at 664,792 square feet of gross absorption for the first three months of the year. New user activity measured during the first quarter was the highest recorded on a quarterly basis in the industrial sector since the first quarter of 2015 when gross absorption totaled 968,738 square feet.

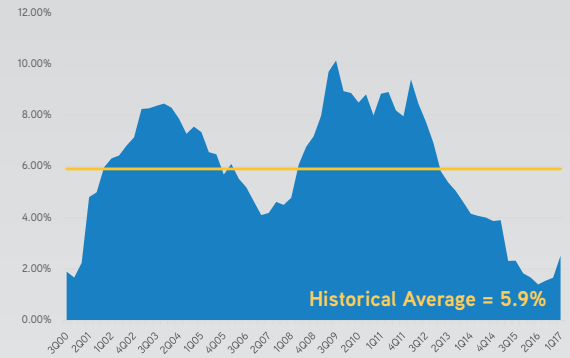
The pipeline of pre-improved rollover space increased 10.8 percent to 611,131 square feet, up from the 551,574 square feet that tenants kicked back to the market during the first quarter of 2016. This is the largest amount of industrial space to find its way onto the market since the first quarter of 2016, when pre-improved space measured just over 1.0 million square feet.

Despite the increase in pre-improved rollover space during the first quarter, the additional increased level of activity was enough to tip the scale and the industrial sector closed the first quarter with 53,661 square feet of positive net absorption. The occupancy gain realized in the first quarter put to bed a two quarter streak of negative net absorption in the Silicon Valley's industrial sector.

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 Silicon Valley Industrial market sits at only 2.0 million square feet. This translates to an overall availability rate of only 3.3 percent, up 50 basis points from the end of the fourth quarter 2016. Contributing to the increase in vacancy during the first quarter was the completion of Trammel Crow's Midpoint @237, the three building industrial project in North San Jose totals 563,211 square feet and remains unleased at the completion of construction.

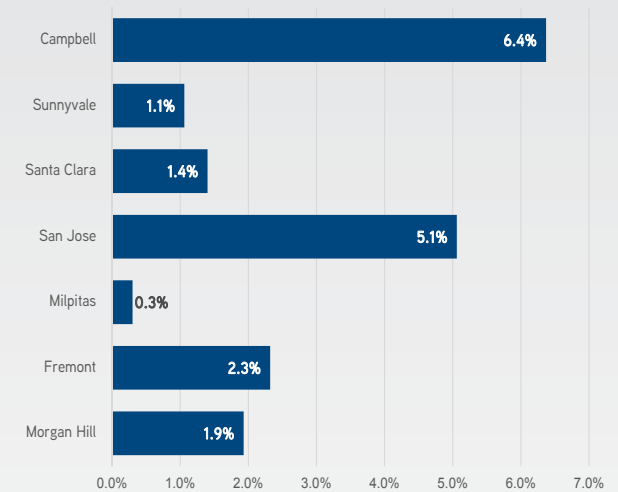
Weighted average asking rates in the industrial sector continue to climb in the Silicon Valley. At the close of the quarter, average asking rates stood at \$1.09 per square foot, NNN, up 2.5 percent from the previous quarter. When comparing average starting rates for deals closed, the weighted average increased during the first quarter to \$1.01 per square foot, NNN. This is up 4.1 percent quarter-over-quarter from the \$0.97 per square foot average measured at the end of the fourth quarter of 2016.

Historical Industrial Vacancy



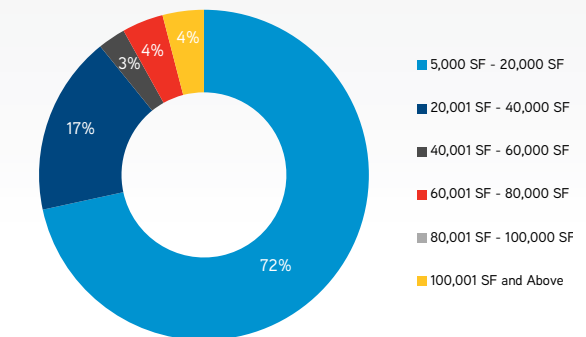
Source: Colliers International Research

Industrial Availability Rates Select Silicon Valley Cities



Source: Colliers International Research

Industrial Availability Breakdown by Size Range



Source: Colliers International Research

Select Colliers' Transactions Industrial Lease Activity



Select Colliers' Transactions - Industrial Sale Activity

PROPERTY ADDRESS	SIZE	SELLER	BUYER
5870 Monterey Road, Gilroy	44,103	Susan L. Uecker	Ashraf Hussain Ali
1999 Stone Avenue, San Jose	23,724	Vida Anello	Joseph Chen
917 Kifer Road, Santa Clara	10,010	Hirsch Properties LLC	Fortinet
1254 Birchwood Drive, Sunnyvale	6,000	Gene Ramsen	Anthony & Karin Vattune

Warehouse

- > Leasing activity measured 524,419 square feet of new tenant demand during the first quarter.
- > The warehouse availability rate is the lowest it has been since Colliers began tracking warehouse statistics in 1988.
- > Net absorption in the warehouse sector was positive for the ninth consecutive quarter.
- > Total available warehouse space measures less than 1.0 million square feet in the Silicon Valley

The Silicon Valley warehouse sector kicked off the year with strong tenant demand in the first quarter of 2017. Totalling nearly two fold the amount demand measured during the fourth quarter of 2016, the Silicon Valley warehouse sector measured 524,419 square feet of gross absorption during the first three months of the year.

This increase in demand translated to an occupancy gain for the warehouse sector, totaling 50,356 square feet. This is now the ninth consecutive quarter that the warehouse sector has measured an occupancy gain in the Silicon Valley in which more than 3.2 million square feet of warehouse space has been absorbed by Silicon Valley tenants.

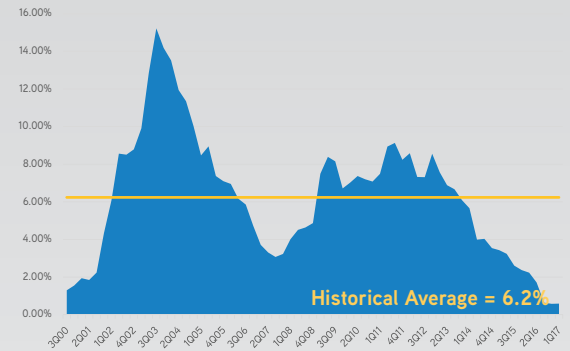
Contributing to the occupancy gain during the quarter was the completion of DBI Beverages build-to-suit facility in South San Jose. The company completed construction on their 174,900 square foot facility in South San Jose on Piercy Road.

During the first quarter the warehouse market measured an increase in the levels of pre-improved space coming onto the market. Up more than 80 percent from the fourth quarter, warehouse tenants in the Silicon Valley only kicked back 474,063 square feet of vacant space to the market. Despite the increase this level of roll-over space measured on a quarterly basis remains extremely low in a historically tight warehouse market.

Total available industrial space in the Silicon Valley industrial market measures less than 1.0 million square feet, totaling just 985,258 square feet. The overall availability rate in the Silicon Valley warehouse market stands at 2.4 percent, down 171 basis points from one year earlier.

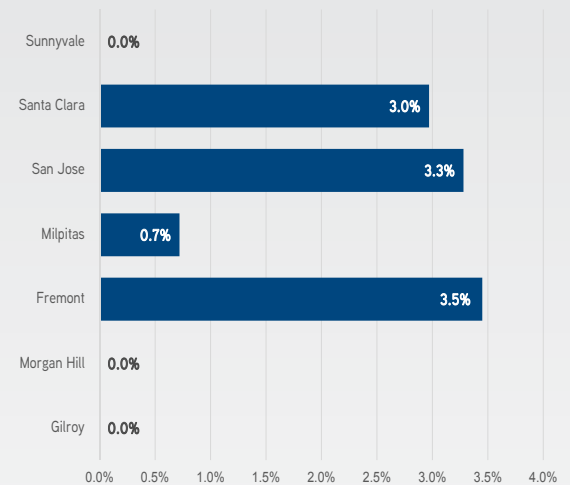
With limited supply, weighted average asking rates for warehouse space are beginning to increase throughout the Silicon Valley. At the close of the first quarter, average asking rates for warehouse were \$0.84 per square-foot, NNN, up 15.5 percent year over year. Average starting rates for deals completed in the warehouse sector also measured an increase during the first quarter. Up 14.6 percent quarter over quarter, starting rates for deals completed tallied \$0.86 per square foot, NNN.

Historical Warehouse Vacancy



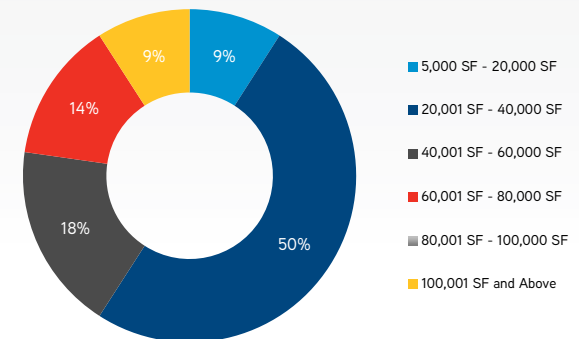
Source: Colliers International Research

Warehouse Availability Rates Select Silicon Valley Cities



Source: Colliers International Research

Warehouse Availability Breakdown by Size Range



Source: Colliers International Research

Select Colliers' Transactions Warehouse Lease Activity



Unipak Designs

200-230 Railroad Avenue, Milpitas

Renewal

21,825 SF

Legacy Transportation Services, Inc.

938-940 Remillard Court, San Jose

Renewal

47,040 SF



Market Comparisons – Silicon Valley

OFFICE MARKET

CLASS	TOTAL INVENTORY SF	DIRECT VACANT SF	SUBLEASE VACANT SF	DIRECT OCCUPIED SF	SUBLEASE OCCUPIED SF	TOTAL AVAILABLE SF	AVAILABILITY RATE CURR QTR	AVAILABILITY RATE PREV QTR	NET ABSORPTION CURR QTR	NET ABSORPTION YTD	COMPLETED CURR QTR	UNDER CONST. SF	FS WTD AVG ASKING
CAMPBELL / LOS GATOS													
A	1,749,275	54,721	45,561	57,634	40,670	198,586	11.4%	9.7%	242,300	242,300	258,750	177,815	\$4.46
B	2,247,650	87,269	14,464	35,541	11,544	148,818	6.6%	6.0%	(20,331)	(20,331)	-	-	\$3.45
C	235,572	11,054	-	-	-	11,054	4.7%	5.9%	(544)	(544)	-	-	\$3.68
Total	4,232,497	153,044	60,025	93,175	52,214	358,458	8.5%	7.4%	221,425	221,425	258,750	177,815	\$4.15
CUPERTINO / SARATOGA													
A	1,209,483	32,559	50,150	29,660	19,089	131,458	10.9%	13.0%	11,898	11,898	-	3,090,500	\$4.31
B	3,011,648	91,568	56,156	3,496	20,343	171,563	5.7%	5.1%	(2,807)	(2,807)	-	-	\$3.77
C	163,052	5,319	2,969	982	-	9,270	5.7%	5.3%	-	-	-	-	\$3.50
Total	4,384,183	129,446	109,275	34,138	39,432	312,291	7.1%	7.3%	9,091	9,091	-	3,090,500	\$3.99
FREMONT / MILPITAS													
A	884,510	155,025	9,343	32,090	-	196,458	22.2%	21.9%	1,022	1,022	-	-	\$2.33
B	1,758,436	152,732	-	24,990	18,756	196,478	11.2%	11.7%	(4,197)	(4,197)	-	-	\$2.35
C	591,508	12,913	-	1,444	-	14,357	2.4%	2.6%	-	-	-	-	\$-
Total	3,234,454	320,670	9,343	58,524	18,756	407,293	12.6%	12.8%	(3,175)	(3,175)	-	-	\$2.34
GILROY / MORGAN HILL													
A	418,491	10,650	-	-	-	10,650	2.5%	3.1%	(2,027)	(2,027)	-	-	\$2.29
B	397,907	6,960	-	-	-	6,960	1.7%	2.0%	(711)	(711)	-	-	\$1.84
C	290,522	22,690	-	-	-	22,690	7.8%	11.7%	3,054	3,054	-	-	\$2.25
Total	1,106,920	40,300	-	-	-	40,300	3.6%	5.0%	316	316	-	-	\$2.14
LOS ALTOS													
A	295,515	23,787	-	2,456	-	26,243	8.9%	8.5%	1,350	1,350	-	-	\$7.96
B	510,397	45,100	-	4,347	2,034	51,481	10.1%	8.7%	(7,608)	(7,608)	-	-	\$4.95
C	386,152	3,595	-	12,842	-	16,437	4.3%	5.2%	3,471	3,471	-	-	\$5.38
Total	1,192,064	72,482	-	19,645	2,034	94,161	7.9%	7.6%	(2,787)	(2,787)	-	-	\$5.83
MOUNTAIN VIEW													
A	3,894,056	170,737	26,280	59,421	39,441	295,879	7.6%	5.5%	(10,120)	(10,120)	-	929,638	\$7.43
B	1,318,264	62,715	1,250	43,410	7,098	114,473	8.7%	9.7%	(427)	(427)	-	-	\$5.83
C	512,873	10,094	3,300	3,385	8,866	25,645	5.0%	4.4%	(700)	(700)	-	-	\$4.92
Total	5,725,193	243,546	30,830	106,216	55,405	435,997	7.6%	6.4%	(11,247)	(11,247)	-	929,638	\$7.19
PALO ALTO													
A	4,998,328	75,515	9,118	62,576	230,505	377,714	7.6%	7.1%	227,189	227,189	214,052	193,312	\$8.62
B	4,284,686	67,582	34,758	67,876	148,329	318,545	7.4%	6.9%	142	142	-	-	\$6.97
C	1,260,310	25,554	-	22,854	16,731	65,139	5.2%	6.6%	3,192	3,192	-	-	\$7.87
Total	10,543,324	168,651	43,876	153,306	395,565	761,398	7.2%	6.9%	230,523	230,523	214,052	193,312	\$7.90
SAN JOSE													
A	14,173,297	1,407,078	131,606	337,787	382,330	2,258,801	15.9%	16.1%	81,369	81,369	-	1,630,904	\$3.75
B	9,668,404	650,533	32,995	176,237	109,911	969,676	10.0%	9.4%	(46,610)	(46,610)	-	-	\$2.86
C	4,004,577	274,264	4,112	39,843	-	318,219	7.9%	9.0%	3,277	3,277	-	-	\$2.38
Total	27,846,278	2,331,875	168,713	553,867	492,241	3,546,696	12.7%	12.8%	38,036	38,036	-	1,630,904	\$3.51
SANTA CLARA													
A	8,542,042	1,466,959	539,802	194,153	438,151	2,639,065	30.9%	23.7%	(263,754)	(263,754)	660,468	2,076,312	\$4.19
B	4,139,597	411,875	9,547	53,718	50,250	525,390	12.7%	12.2%	(19,228)	(19,228)	-	-	\$3.18
C	632,494	74,436	-	14,662	-	89,098	14.1%	11.7%	(2,409)	(2,409)	-	-	\$1.98
Total	13,314,133	1,953,270	549,349	262,533	488,401	3,253,553	24.4%	19.4%	(285,391)	(285,391)	660,468	2,076,312	\$4.00
SUNNYVALE													
A	10,521,463	101,772	64,004	141,027	186,006	492,809	4.7%	4.9%	87,471	87,471	-	1,744,812	\$5.21
B	1,553,772	146,265	6,283	19,748	6,188	178,484	11.5%	3.0%	(120,172)	(120,172)	-	-	\$3.89
C	490,595	1,800	-	720	-	2,520	0.5%	0.4%	-	-	-	-	\$2.60
Total	12,565,830	249,837	70,287	161,495	192,194	673,813	5.4%	4.5%	(32,701)	(32,701)	-	1,744,812	\$5.03
SILICON VALLEY TOTALS													
A	46,686,460	3,498,803	875,864	916,804	1,336,192	6,627,663	14.2%	12.6%	376,698	376,698	1,133,270	9,843,293	\$4.58
B	28,890,761	1,722,599	155,453	429,363	374,453	2,681,868	9.3%	8.4%	(221,949)	(221,949)	-	-	\$3.70
C	8,567,655	441,719	10,381	96,732	25,597	574,429	6.7%	7.4%	9,341	9,341	-	-	\$2.98
Total	84,144,876	5,663,121	1,041,698	1,442,899	1,736,242	9,883,960	11.7%	10.6%	164,090	164,090	1,133,270	9,843,293	\$4.35
QUARTERLY COMPARISON AND TOTALS													
1Q-17	84,144,876	5,663,121	1,041,698	1,442,899	1,736,242	9,883,960	11.7%	10.6%	164,090	164,090	1,133,270	9,843,293	\$4.35
4Q-16	82,861,783	5,143,457	843,462	1,041,630	1,782,172	8,810,721	10.6%	9.6%	501,669	1,682,577	785,665	10,607,669	\$4.23
3Q-16	82,403,798	5,058,592	697,639	1,100,560	1,058,077	7,914,868	9.6%	10.3%	610,155	1,180,908	255,694	9,023,145	\$4.08
2Q-16	81,622,131	5,606,836	669,552	1,318,233	783,509	8,378,130	10.3%	8.7%	38,528	570,753	1,144,432	8,203,116	\$4.14
1Q-16	80,860,687	4,310,000	627,151	1,095,155	641,057	6,673,363	8.7%	8.4%	532,225	532,225	964,086	6,597,257	\$3.99

Market Comparisons – Silicon Valley

R&D, INDUSTRIAL & WAREHOUSE MARKETS

TYPE	TOTAL INVENTORY SF	DIRECT VACANT SF	SUBLEASE VACANT SF	DIRECT OCCUPIED SF	SUBLEASE OCCUPIED SF	TOTAL AVAILABLE SF	AVAILABILITY RATE CURR QTR	AVAILABILITY RATE PREV QTR	NET ABSORPTION CURR QTR	NET ABSORPTION YTD	COMPLETED CURR QTR	UNDER CONSTR. SF	NNN WTD AVG ASKING
CAMPBELL													
R&D	1,378,087	84,697	7,034	40,000	-	131,731	9.6%	10.5%	(2,903)	(2,903)	-	-	\$2.49
IND	995,329	36,459	-	26,920	-	63,379	6.4%	7.3%	(27,205)	(27,205)	-	-	\$2.07
TOTAL	2,373,416	121,156	7,034	66,920	-	195,110	8.2%	9.2%	(30,108)	(30,108)	-	-	\$2.32
CUPERTINO													
R&D	3,168,483	3,622	-	13,220	-	16,842	0.5%	0.6%	296,000	296,000	296,000	-	\$2.82
TOTAL	3,168,483	3,622	-	13,220	-	16,842	0.5%	0.6%	296,000	296,000	-	-	\$2.82
FREMONT													
R&D	20,335,646	1,963,311	4,348	506,653	116,620	2,590,932	12.7%	13.6%	59,352	59,352	-	-	\$1.55
IND	9,933,864	107,885	25,353	88,953	8,504	230,695	2.3%	3.0%	41,106	41,106	-	-	\$0.92
WSE	8,446,029	-	149,758	141,803	-	291,561	3.5%	2.0%	(140,808)	(140,808)	-	-	\$0.79
TOTAL	38,715,539	2,071,196	179,459	737,409	125,124	3,113,188	8.0%	8.3%	(40,350)	(40,350)	-	-	\$1.44
GILROY													
R&D	372,087	18,821	-	8,221	-	27,042	7.3%	5.6%	2,110	2,110	-	-	\$0.90
IND	1,624,737	17,537	-	10,500	-	28,037	1.7%	1.5%	(1,200)	(1,200)	-	-	\$1.00
WSE	3,837,953	-	-	-	-	-	0.0%	0.0%	-	-	-	-	\$-
TOTAL	5,834,777	36,358	-	18,721	-	55,079	0.9%	0.8%	910	910	-	-	\$0.91
LOS GATOS													
R&D	337,327	1,400	-	-	-	1,400	0.4%	0.4%	-	-	-	-	\$3.00
TOTAL	337,327	1,400	-	-	-	1,400	0.4%	0.4%	-	-	-	-	\$3.00
MILPITAS													
R&D	13,661,370	1,327,406	35,937	113,679	127,562	1,604,584	11.7%	12.3%	(9,283)	(9,283)	-	-	\$1.70
IND	2,939,092	1,078	-	7,871	-	8,949	0.3%	0.4%	10,018	10,018	-	450,610	\$0.92
WSE	4,715,290	-	-	33,820	-	33,820	0.7%	0.0%	-	-	-	-	\$0.90
TOTAL	21,315,752	1,328,484	35,937	155,370	127,562	1,647,353	7.7%	8.0%	735	735	-	450,610	\$1.51
MORGAN HILL													
R&D	2,874,930	102,991	-	-	-	102,991	3.6%	3.6%	(24,487)	(24,487)	-	-	\$1.11
IND	2,365,893	28,866	-	16,885	-	45,751	1.9%	7.7%	69,007	69,007	-	-	\$1.23
WSE	482,538	-	-	-	-	-	0.0%	0.0%	-	-	-	-	\$-
TOTAL	5,723,361	131,857	-	16,885	-	148,742	2.6%	5.0%	44,520	44,520	-	-	\$1.15
MOUNTAIN VIEW													
R&D	13,930,191	211,549	142,203	75,065	211,401	640,218	4.6%	3.7%	(68,212)	(68,212)	-	-	\$4.00
IND	1,712,168	49,744	-	15,290	5,660	70,694	4.1%	3.2%	(1,989)	(1,989)	-	-	\$2.42
TOTAL	15,642,359	261,293	142,203	90,355	217,061	710,912	4.5%	3.7%	(70,201)	(70,201)	-	-	\$3.91
PALO ALTO													
R&D	13,731,990	29,476	120,000	17,300	152,415	319,191	2.3%	1.7%	(77,634)	(77,634)	-	-	\$5.36
TOTAL	13,731,990	29,476	120,000	17,300	152,415	319,191	2.3%	1.7%	(77,634)	(77,634)	-	-	\$5.36
SAN JOSE													
R&D	42,239,870	4,301,186	543,435	451,756	725,709	6,022,086	14.3%	16.1%	112,562	112,562	-	101,000	\$1.83
IND	24,512,556	960,725	87,253	191,576	-	1,239,554	5.1%	3.1%	(26,515)	(26,515)	674,254	-	\$0.94
WSE	16,970,730	48,588	-	452,894	54,441	555,923	3.3%	4.7%	153,360	153,360	174,900	-	\$0.82
TOTAL	83,723,156	5,310,499	630,688	1,096,226	780,150	7,817,563	9.3%	10.1%	239,407	239,407	849,154	101,000	\$1.62
SANTA CLARA													
R&D	19,226,108	1,879,541	147,880	71,811	119,880	2,219,112	11.5%	11.5%	(186,799)	(186,799)	-	-	\$2.19
IND	11,589,292	94,754	-	54,914	13,068	162,736	1.4%	1.3%	(19,429)	(19,429)	-	-	\$1.20
WSE	3,505,235	-	38,800	65,154	-	103,954	3.0%	4.0%	(18,969)	(18,969)	-	-	\$1.10
TOTAL	34,320,635	1,974,295	186,680	191,879	132,948	2,485,802	7.2%	7.3%	(225,197)	(225,197)	-	-	\$2.11
SUNNYVALE													
R&D	22,864,624	931,673	177,304	119,900	341,991	1,570,868	6.9%	6.3%	(125,697)	(125,697)	-	-	\$2.55
IND	6,162,125	43,117	-	12,284	10,060	65,461	1.1%	1.1%	(1,872)	(1,872)	-	-	\$1.99
WSE	1,702,227	-	-	-	-	-	0.0%	3.2%	56,773	56,773	-	-	\$-
TOTAL	30,728,976	974,790	177,304	132,184	352,051	1,636,329	5.3%	5.1%	(70,796)	(70,796)	-	-	\$2.54
SILICON VALLEY TOTALS													
R&D	154,120,713	10,855,673	1,178,141	1,417,605	1,795,578	15,246,997	9.9%	10.4%	(24,991)	(24,991)	296,000	101,000	\$2.05
IND	63,040,944	1,476,179	1,102,412	448,322	49,292	2,086,399	3.3%	2.8%	53,661	53,661	674,254	450,610	\$1.09
WSE	40,090,321	48,588	188,558	693,671	54,441	985,258	2.5%	2.9%	50,356	50,356	174,900	-	\$0.84
TOTAL	257,251,978	12,380,440	1,479,305	2,559,598	1,899,311	18,318,654	7.1%	7.4%	79,026	79,026	1,145,154	551,610	\$1.88
QUARTERLY COMPARISON AND TOTALS													
1Q-17	257,251,978	12,380,440	1,479,305	2,559,598	1,899,311	18,318,654	7.1%	7.4%	79,026	79,026	1,145,154	551,610	\$1.88
4Q-16	255,798,490	12,156,427	1,102,412	3,543,600	2,056,995	18,859,434	7.4%	7.1%	(716,222)	(7,402)	-	1,261,992	\$1.83
3Q-16	256,471,062	11,377,688	1,293,887	3,632,197	1,785,892	18,089,664	7.1%	6.7%	(115,732)	708,820	150,000	909,067	\$1.77
2Q-16	256,252,645	11,353,715	1,129,372	3,121,314	1,591,499	17,195,900	6.7%	6.9%	1,499,096	824,552	1,092,988	1,059,424	\$1.76
1Q-16	254,499,838	12,226,365	989,590	3,082,075	1,215,645	17,513,675	6.9%	6.8%	(674,544)	(674,544)	302,400	1,616,981	\$1.65

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 decreased by 427,165 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 4Q16	32,495,464
Plus: Vacant & Occupied Space that came available in 1Q17	3,474,137
Plus: New Shell added in 1Q17	2,278,424
4Q16 Available + Newly Available in 1Q17	38,248,025
Less: 1Q17 Gross Absorption	-4,876,968
Less: 1Q17 Adjustments/Taken off Market	1,302,758
Total Available end of 1Q17	32,068,299

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 1Q17	-400,302
Previously Available Space that was vacated in 1Q17	-4,233,550

1Q17 Total Vacant added (Occupancy Loss) -4,633,852

1Q17 Gross Absorption (occupancy gain)	4,876,968
1Q17 Net Absorption (change in Occupancy)	243,116

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 is not. 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 1Q17	-400,302
Occupied Space that came available 1Q17	-3,073,835
1Q17 Total Available added	-3,474,137

1Q17 Gross Absorption	4,876,968
1Q17 Effective Net Absorption	1,402,831

396 offices in
68 countries on
6 continents

United States: **153**
Canada: **29**
Latin America: **24**
Asia Pacific: **79**
EMEA: **111**

\$2.6
billion in
annual revenue*

2.0
billion square feet
under management

15,000
professionals
and staff

* All statistics are for 2016 and include affiliates

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