

Technology Office Outlook

Silicon Valley | 2015



MARKET SCORE AND LOCATOR MATRIX POSITION



Supply 67,273,110 total inventory (s.f.)	Office cost \$41.68 overall direct asking rent	Employee cost \$211,906 average wage 2014	Total cost per employee \$7,294 annual real estate cost (175 s.f./person)
12.8% total vacancy	3.0% 12-month rent growth	8.2% annual wage growth 2014	\$219,200 all-in cost (real estate and wages)
Venture capital \$5.4B total funding Q314-Q215	Population 1,894,605 total population	Talent pool 46.5% % of population with bachelor's or higher	Lifestyle \$2,614 average monthly apartment rent
15.7% share of U.S. funding	4.1% unemployment rate	21.6% share of millennials (work age, 20-34)	7 market dynamism (0-14)

TOP LEASE TRANSACTIONS

3325-3333 Scott Boulevard Santa Clara Tenant: Palo Alto Networks Size: 1,021,953 s.f. Expansion in market	Moffett Gateway Phase I Sunnyvale Tenant: Google Size: 945,816 s.f. Expansion in market	Central@Wolfe Sunnyvale Tenant: Apple Size: 777,000 s.f. Expansion in market
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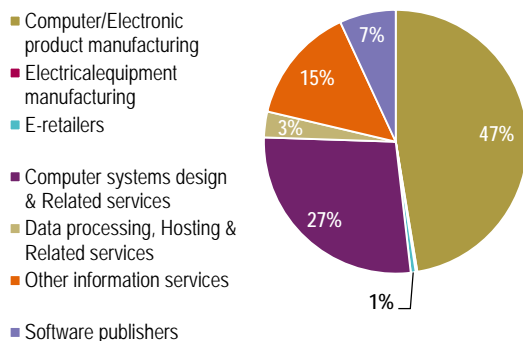
OPPORTUNITY

The Valley's reputation in the tech sector and access to venture capital continues to foster innovation. Despite the high cost of entry, aspiring start-ups and established tech companies have been expanding at an aggressive rate, prompting new development and the revitalization of older areas of the Valley like North San Jose. This is creating additional future expansion opportunities for tenants that area looking to grow their presence in the Valley.

CHALLENGE

The supply-demand imbalance in areas like Palo Alto and Mountain View are making it difficult for tech tenants wanting to locate in hot innovation hubs. Big name tech companies like Google and LinkedIn have been aggressively leasing large blocks of space, pushing tenants south along the 101 corridor. New construction is pre-leasing quickly and offering little relief to strong demand.

EMPLOYMENT COMPOSITION



"Silicon Valley has seen 19 consecutive quarters in occupancy gains, more than what was recorded during the dot.com boom."

- Christian Basconillo
Research Manager

Employment 228,658 high-tech employment 2014	7.0% annual high-tech employment growth
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