

MARKET TRENDS

SILICON VALLEY

R&D

MARKET DRIVERS

Asking lease rates fell 3.1% year-over-year (YOY) to \$2.52 NNN.

The total vacancy rate increased 140 basis points (bps) to 11.8% YOY, with the highest increase occurring in Mountain View, climbing 120 bps to 14.4%.

Leasing activity is down 23.2% quarter-over-quarter (QOQ). Conversely, cumulative activity is 1.8% higher than the 2.3M SF recorded through this time last year.

Net absorption was measured at -374.7K SF, bringing the total for this year to -1.5M SF. At this point last year this was recorded at -451.8K SF.

Sales volume reached 710.8K SF, cumulatively, sales volume is up 8.7%, reaching 2.6M SF. The average price per SF for these transactions is \$281.19, while the 5-year average is \$358.81.

The R&D availability rate rose 80 bps to 13.6% QOQ, and 200-bps YOY. This marks the twelfth consecutive quarter of rising availability, the highest recorded since 2Q14.

ECONOMIC REVIEW

California's unemployment increased 20 bps to 5.5%, while Santa Clara County increased 80 bps to 4.7% between May and August.

San Jose-Sunnyvale-Santa Clara's manufacturing sector reported 122.3K jobs, marking a 3.0% decrease since 3Q24, but 0.5% higher than last quarter.

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Market Summary

	3Q25	2Q25	3Q24	YOY Change
Direct Vacancy Rate	11.8%	11.5%	10.4%	140 bps
Availability Rate	13.6%	12.8%	11.6%	200 bps
Asking Lease Rate	\$2.52	\$2.56	\$2.60	-3.1%
	3Q25	2025 YTD	2024 YTD	YOY Change
Gross Absorption (SF)	718,103	2,372,448	2,329,855	1.8%
Sales Volume (SF)	710,764	2,620,067	2,410,783	8.7%
Net Absorption (SF)	-374,691	-1,500,754	-451,780	232.2%

↓ **718K SF**
LEASING ACTIVITY

↑ **-374K SF**
NET ABSORPTION

↑ **11.8%**
VACANCY RATE

↑ **\$2.52**
ASKING RENT (AVG)

↔ **0 SF**
NEW DELIVERIES

Year-Over-Year Trend

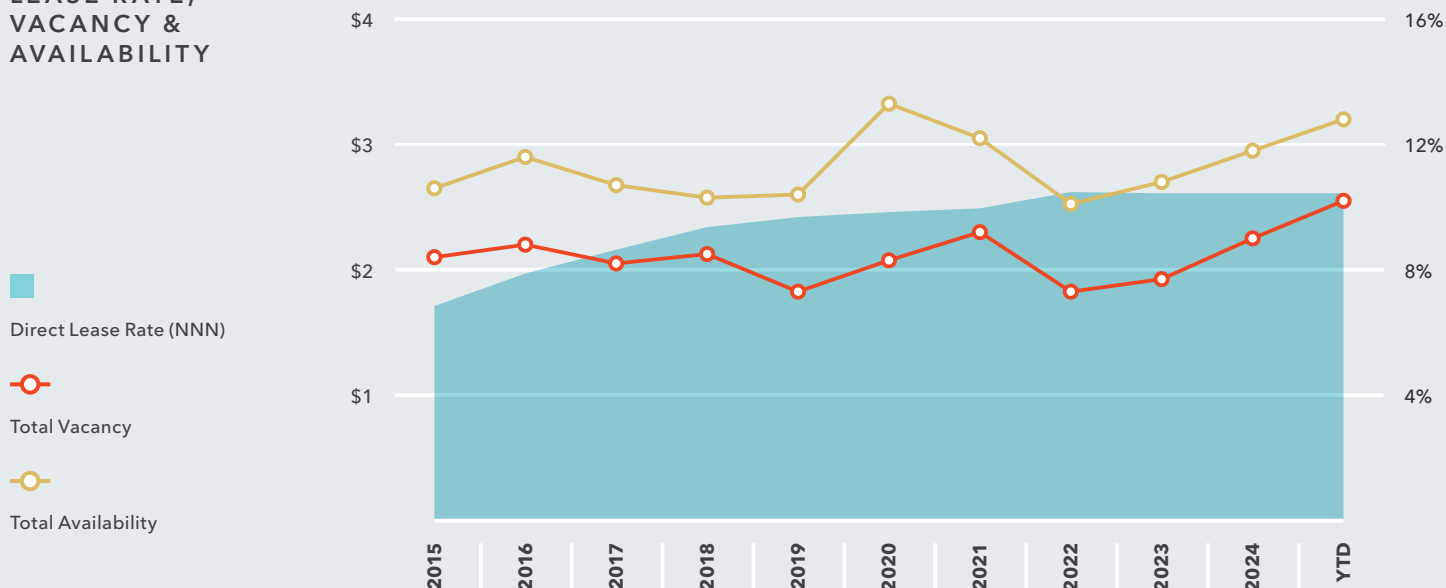
Market Highlights

ASKING LEASE RATES
dropped to \$2.52 PSF NNN
quarter-over-quarter

THE VACANCY RATE
is up 30 bps
quarter-over-quarter

SALES VOLUME decreased
quarter-over-quarter from
1.0M SF to 710.8K SF

LEASE RATE, VACANCY & AVAILABILITY

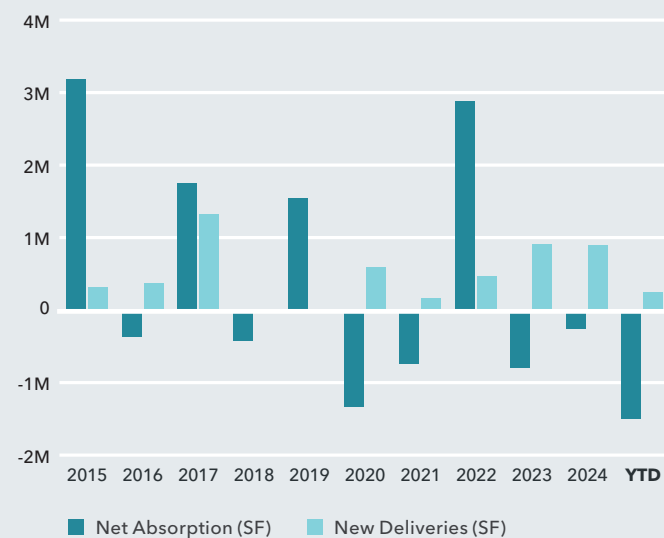


BIGGEST SALE OF THE QUARTER

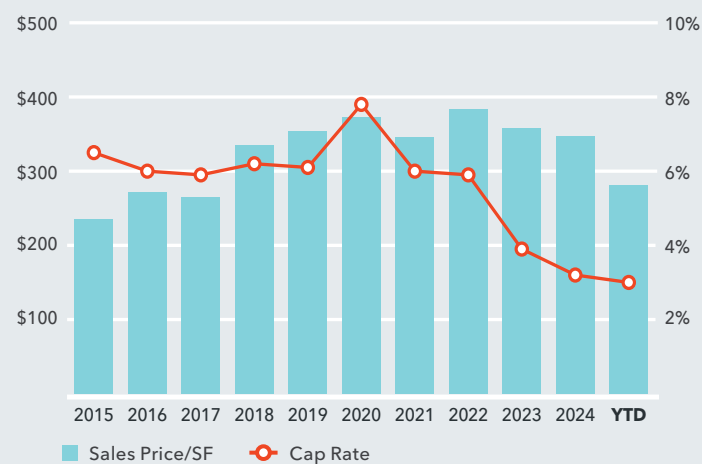
995 999 E Arques Ave, Sunnyvale



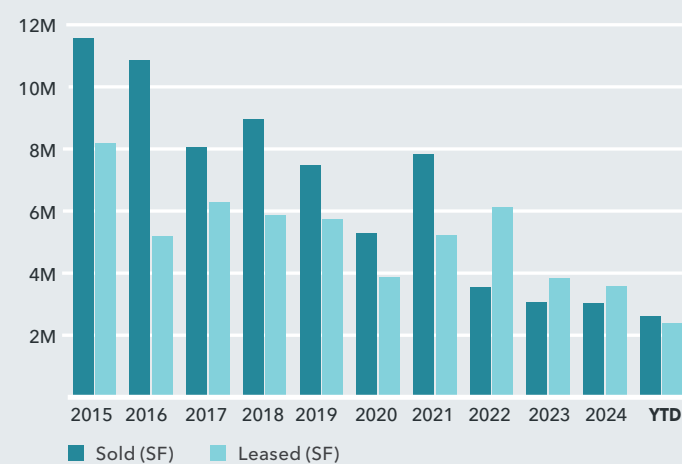
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	SF Under Const.	Direct Vacancy Rate	Total Vacancy Rate	Total Available Rate	3Q25 Direct Net Absorption	3Q25 Total Net Absorption	YTD Direct Net Absorption	YTD Total Net Absorption	3Q25 Gross Absorption	YTD Gross Absorption	Avg NNN Rental Rate
Campbell	1,406,476	0	4.1%	4.1%	3.1%	-1,352	-1,352	-10,357	-10,357	14,810	34,620	\$2.54
Cupertino	2,094,396	0	1.8%	1.8%	1.8%	0	0	0	0	0	0	\$2.50
Fremont	17,950,386	0	10.5%	13.0%	14.8%	-109,639	-77,418	-510,718	-632,547	124,647	406,035	\$1.95
Milpitas	9,043,806	0	11.2%	13.1%	11.4%	46,090	46,420	62,572	38,090	20,650	40,380	\$2.28
Mountain View	7,866,380	0	13.2%	14.4%	16.2%	-107,554	-107,554	-347,398	-292,430	19,988	203,102	\$3.74
Newark	3,071,214	0	11.2%	13.5%	13.1%	25,060	25,060	1,339	-17,365	54,161	78,682	\$2.33
Palo Alto	5,226,725	0	5.7%	7.3%	9.4%	58,670	58,670	84,586	105,270	36,718	118,732	\$5.57
San Jose	39,283,267	136,600	10.5%	12.5%	16.7%	-193,316	-400,576	-320,279	-687,036	367,718	722,296	\$2.23
Santa Clara	18,183,967	300,000	9.5%	10.5%	10.9%	-9,723	28,417	7,922	-7,206	47,489	455,666	\$2.57
Sunnyvale	13,572,632	1,027,000	10.7%	11.0%	11.3%	47,065	53,642	-89,189	2,827	31,922	312,935	\$2.90
Total	117,699,249	1,463,600	10.2%	11.8%	13.6%	-244,699	-374,691	-1,121,522	-1,500,754	718,103	2,372,448	\$2.52

NEAR-TERM OUTLOOK

Silicon Valley's R&D market recorded notable transactions this quarter with both life sciences and semiconductor players active in Sunnyvale. Thermo Fisher Scientific sold its 24,000 SF building at 490 Lakeside Drive to Realm, a real estate investment platform backed by family offices, for an estimated \$6M. Realm, which invests in key innovation hubs across the country, plans to lease the single-story property, which offers high power capacity, parking, and visibility from the street. The building had been owned by Thermo Fisher since 2010 following its acquisition of chromatography systems manufacturer Dionex.

Meanwhile, Applied Materials continued to expand its Sunnyvale holdings with the \$25M purchase of 999 East Arques Avenue from MetLife. The 80,000 SF industrial office property includes two buildings and is located across from the company's under-construction EPIC Center, a 600,000 SF R&D facility. The acquisition adds to Applied's growing cluster of properties along East Arques Avenue and Scott Boulevard, which now spans more than 10 buildings used for offices, research, and manufacturing. Applied has steadily assembled real estate in the area over the past several years, solidifying Sunnyvale as its long-term campus hub.

SIGNIFICANT SALE TRANSACTIONS 3Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
995-999 E Arques Ave	Sunnyvale	112,032	\$25,100,000	\$224.04	Applied Materials, Inc.	MetLife, Inc
3000-3030 Orchard Pky	San Jose	130,994	\$23,000,000	\$175.58	Rosendin	Orchard Parkway, LLC
1321 Ridder Park Dr	San Jose	36,030	\$13,250,000	\$367.75	SuperMicro	Alfa Tech
3040 Oakmead Village Dr	Santa Clara	24,172	\$13,003,500	\$537.96	Qualcomm	Cambrios Real Estate Holdings, LLC
Bayshore Pkwy Office	Mountain View	98,482	\$11,000,000	\$111.70	Blox Ventures	Alexandria Real Estate Equities, Inc.

SIGNIFICANT LEASE TRANSACTIONS 3Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant	Lease Type
10 W Tasman Dr	San Jose	105,039	August 2025	TDA Investment Group	Archer Aviation	New Lease
5302 Betsy Ross Dr	Santa Clara	85,000	July 2025	W.F. Batton Management Co., Inc.	Confidential	New Lease
1750 Automation Pkwy	San Jose	80,642	July 2025	Peninsula Land & Capital, LLC	MiTAC Information Systems Corp.	New Lease
51 Rio Robles	San Jose	60,566	July 2025	Office Properties Income Trust	Maxeon	New Lease
47467 Fremont Blvd	Fremont	42,711	August 25	Prologis, Inc.	Weee Inc	Renewal

SIGNIFICANT UNDER CONSTRUCTION

Property	Submarket	SF	Delivery Date	Owner
Intuitive Surgical Campus	Sunnyvale	847,000	November 2025	Intuitive
Sutter East Santa Clara Campus	Santa Clara	300,000	April 2026	Klein Investments Family, LP
EPIC Center	Sunnyvale	180,000	May 2026	Applied Materials, Inc.
2000 Trade Zone Blvd	San Jose	136,600	June 2026	Blue Rise Ventures

Data Source: CoStar; bizjournals.com, ycharts.com, data.bls.gov, Forbes



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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

53M SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400+

AVERAGE ANNUAL
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS