



SILICON VALLEY OFFICE MARKET R E P O R T

2004
4th
Quarter

Volume 24: Silicon Valley Office Market

HUDSON JONES COMMERCIAL REAL ESTATE

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Net Absorption
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MARKET OVERVIEW

The enclosed market report contains a statistical analysis of all office space located in Santa Clara County. The market includes 88,049,724 square feet of space in 3,171 buildings. The information is updated on a daily bases by a team of researchers. Analysis of specific sub markets and product types is available upon request. For more information contact one of our office leasing specialist.



Hudson Jones Commercial Real Estate provides a full range of real estate services including: corporate real estate consulting, tenant lease representation, investment sales, leasing, land sales, property management and construction consulting.

With senior agents specializing in every aspect of the real estate industry (office, R&D, retail, industrial and investments) Hudson Jones Commercial Real Estate has developed a level of market knowledge and experience that is unsurpassed in the industry. Utilizing the latest market research techniques and sophisticated computer data bases, we are able to provide the most up to date and accurate market information available. A summary of this information is made available to current and potential clients through the publication of this semi-annual market report which outlines current market conditions and trends in a concise and useful format.

Hudson Jones was formed in order to offer our clients a level of professional and personal service that is unattainable in most traditional real estate firms. We take a great deal of pride in the quality of our service, and our ability to recognize clients needs and then negotiate the most favorable solution to their real estate requirements.

MARKETS

San Jose
Cupertino
Downtown San Jose
Mountain View
Santa Clara
Sunnyvale
Palo Alto
Campbell
Los Gatos / Saratoga

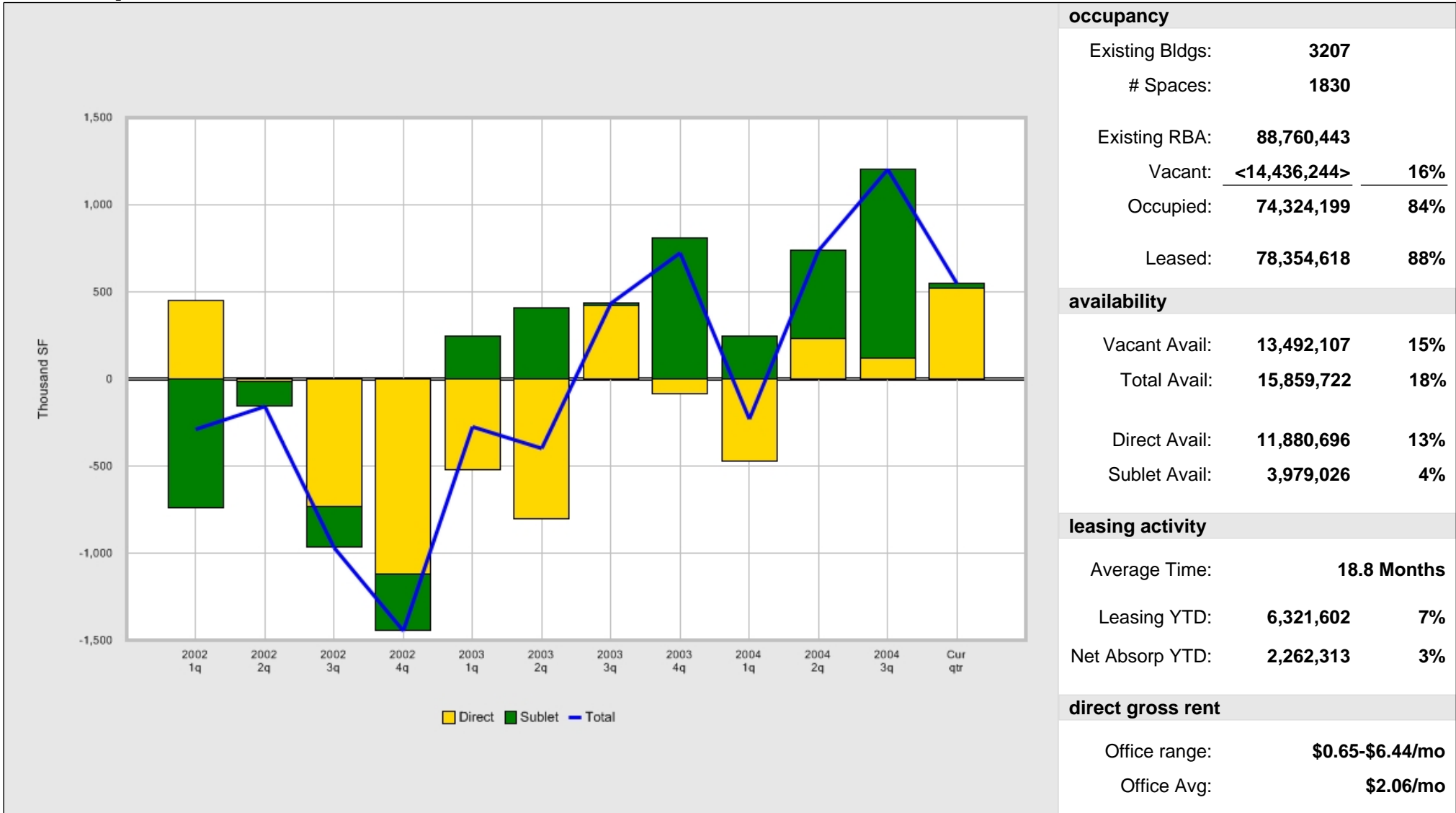
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San Jose, CA 95128
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HudsonJones.com

This market report has been prepared to provide a concise overview of current office market conditions and trends. A more comprehensive annual report will be available at year end. If you have specific questions regarding the real estate market or your real estate requirements please, contact our office.

HUDSON JONES

Commercial Brokerage Inc.

Absorption, Direct & Sublet



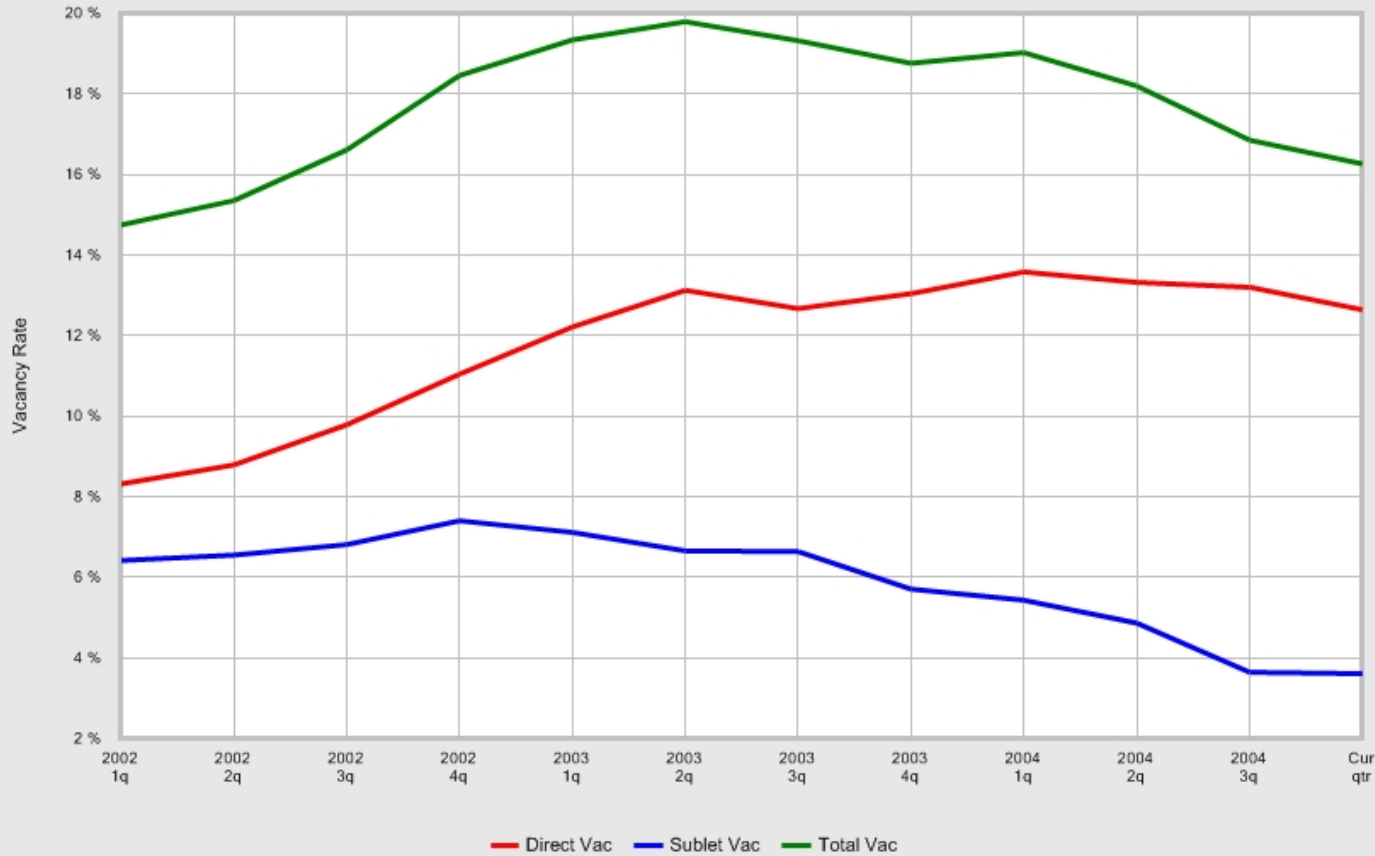
occupancy	
Existing Bldgs:	3207
# Spaces:	1830
Existing RBA:	88,760,443
Vacant:	<14,436,244> 16%
Occupied:	74,324,199 84%
Leased:	78,354,618 88%

availability	
Vacant Avail:	13,492,107 15%
Total Avail:	15,859,722 18%
Direct Avail:	11,880,696 13%
Sublet Avail:	3,979,026 4%

leasing activity	
Average Time:	18.8 Months
Leasing YTD:	6,321,602 7%
Net Absorp YTD:	2,262,313 3%

direct gross rent	
Office range:	\$0.65-\$6.44/mo
Office Avg:	\$2.06/mo

Vacancy Rates



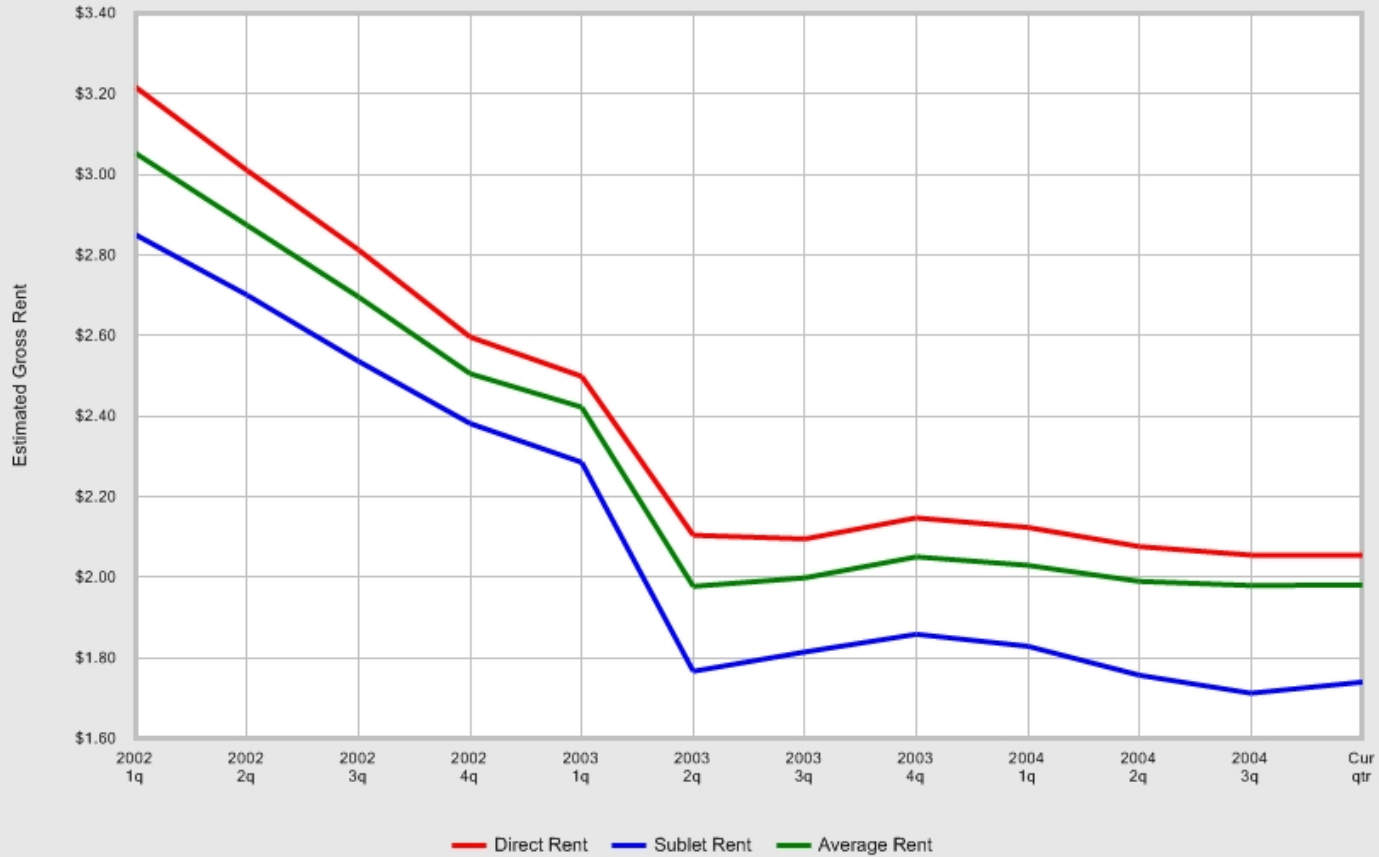
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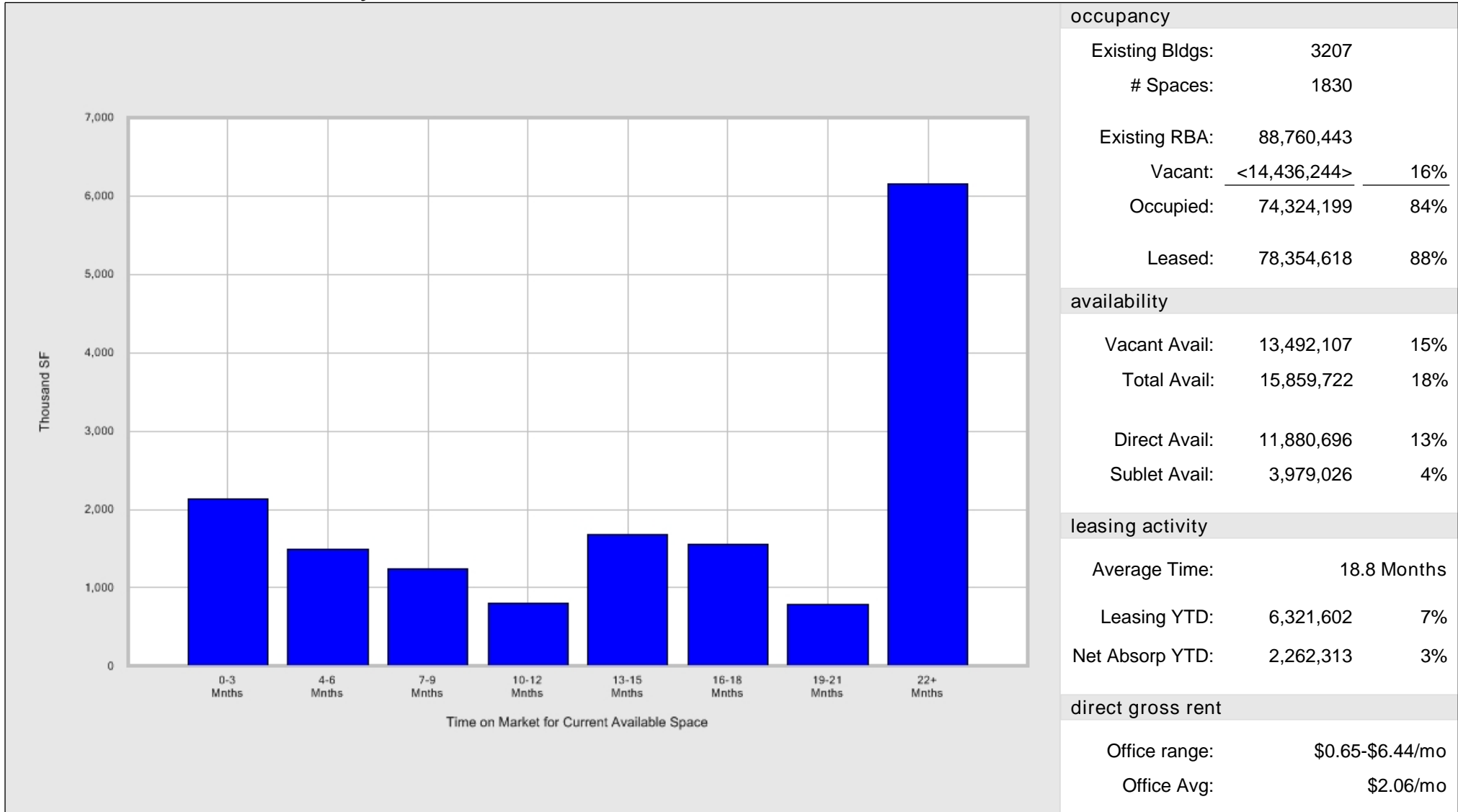
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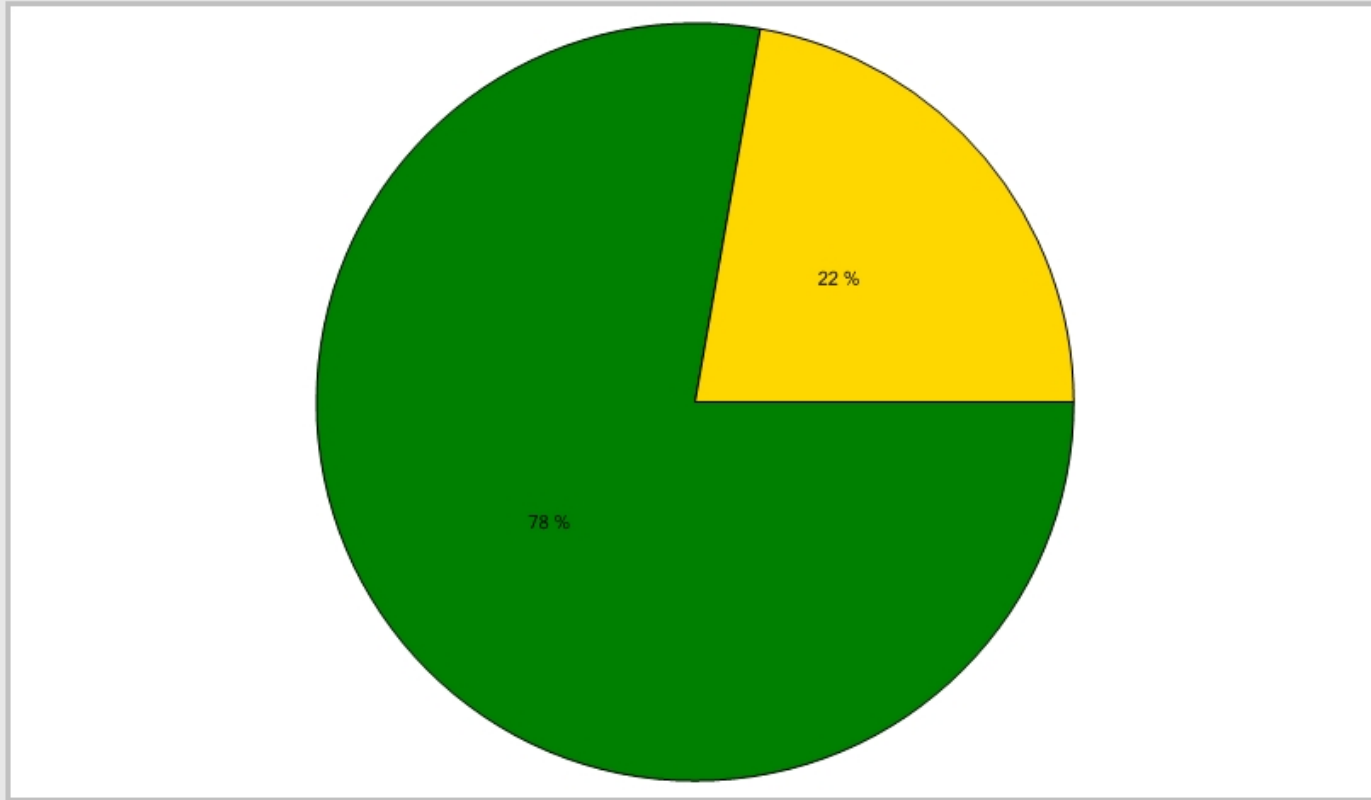
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Time On Market Analysis



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Vacancy By Space Type



■ Direct SF
 ■ Sublet SF

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Aggregate Historical Vacancy Report

Summary totals for existing properties

Period	Properties	RBA	SF Vacant			% Vacant			SF Vacant Available			% Vacant Available			Average Rate		
			Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total
Current	3,207	88,760,443	11,225,176	3,211,068	14,436,244	12.6%	3.6%	16.3%	10,405,825	3,086,282	13,492,107	11.7%	3.5%	15.2%	\$2.06/fs	\$1.74/fs	\$1.97/fs
2004 Q3	3,206	88,733,967	11,717,765	3,240,304	14,958,069	13.2%	3.7%	16.9%	10,652,340	3,089,743	13,742,083	12.0%	3.5%	15.5%	\$2.06/fs	\$1.71/fs	\$1.97/fs
2004 Q2	3,204	88,719,398	11,823,305	4,324,050	16,147,355	13.3%	4.9%	18.2%	10,568,612	3,945,500	14,514,112	11.9%	4.4%	16.4%	\$2.08/fs	\$1.76/fs	\$1.98/fs
2004 Q1	3,203	88,712,337	12,052,432	4,826,398	16,878,830	13.6%	5.4%	19.0%	10,874,690	4,435,909	15,310,599	12.3%	5.0%	17.3%	\$2.12/fs	\$1.83/fs	\$2.03/fs
2003 Q4	3,202	88,704,927	11,572,724	5,070,317	16,643,041	13.0%	5.7%	18.8%	10,832,091	5,022,593	15,854,684	12.2%	5.7%	17.9%	\$2.15/fs	\$1.86/fs	\$2.05/fs
2003 Q3	3,200	88,424,091	11,208,569	5,878,060	17,086,629	12.7%	6.6%	19.3%	10,575,235	5,750,848	16,326,083	12.0%	6.5%	18.5%	\$2.10/fs	\$1.82/fs	\$1.99/fs
2003 Q2	3,199	88,399,226	11,606,202	5,890,812	17,497,014	13.1%	6.7%	19.8%	10,552,726	5,689,159	16,241,885	11.9%	6.4%	18.4%	\$2.11/fs	\$1.77/fs	\$1.97/fs
2003 Q1	3,199	88,399,226	10,802,821	6,297,165	17,099,986	12.2%	7.1%	19.3%	9,770,910	5,164,392	14,935,302	11.1%	5.8%	16.9%	\$2.50/fs	\$2.29/fs	\$2.42/fs
2002 Q4	3,195	87,775,630	9,698,437	6,505,146	16,203,583	11.0%	7.4%	18.5%	9,397,117	6,234,535	15,631,652	10.7%	7.1%	17.8%	\$2.60/fs	\$2.38/fs	\$2.51/fs
2002 Q3	3,194	87,562,835	8,574,905	5,972,079	14,546,984	9.8%	6.8%	16.6%	8,251,359	5,608,753	13,860,112	9.4%	6.4%	15.8%	\$2.81/fs	\$2.54/fs	\$2.70/fs
2002 Q2	3,191	87,404,494	7,688,374	5,733,431	13,421,805	8.8%	6.6%	15.4%	7,381,526	5,723,544	13,105,070	8.4%	6.5%	15.0%	\$3.01/fs	\$2.70/fs	\$2.87/fs
2002 Q1	3,186	86,966,796	7,240,384	5,587,273	12,827,657	8.3%	6.4%	14.8%	6,978,752	5,450,318	12,429,070	8.0%	6.3%	14.3%	\$3.22/fs	\$2.85/fs	\$3.05/fs
2001 Q4	3,179	86,251,924	6,978,752	4,846,419	11,825,171	8.1%	5.6%	13.7%	6,267,878	4,695,251	10,963,129	7.3%	5.4%	12.7%	\$3.43/fs	\$3.12/fs	\$3.30/fs
2001 Q3	3,167	85,197,041	5,247,152	3,955,041	9,202,193	6.2%	4.6%	10.8%	4,963,655	3,648,572	8,612,227	5.8%	4.3%	10.1%	\$3.79/fs	\$3.47/fs	\$3.65/fs
2001 Q2	3,151	84,072,849	3,902,557	2,724,299	6,626,856	4.6%	3.2%	7.9%	3,252,983	2,548,226	5,801,209	3.9%	3.0%	6.9%	\$4.20/fs	\$3.97/fs	\$4.12/fs
2001 Q1	3,127	81,476,266	2,326,570	1,208,176	3,534,746	2.9%	1.5%	4.3%	2,187,923	1,178,466	3,366,389	2.7%	1.4%	4.1%	\$4.36/fs	\$4.64/fs	\$4.43/fs
2000 Q4	3,111	80,337,357	1,179,879	332,384	1,512,263	1.5%	0.4%	1.9%	1,070,577	282,556	1,353,133	1.3%	0.4%	1.7%	\$4.11/fs	\$4.29/fs	\$4.14/fs
2000 Q3	3,104	79,769,332	992,929	292,854	1,285,783	1.2%	0.4%	1.6%	553,240	249,906	803,146	0.7%	0.3%	1.0%	\$3.30/fs	\$4.02/fs	\$3.38/fs
2000 Q2	3,097	79,086,819	428,151	110,061	538,212	0.5%	0.1%	0.7%	416,208	110,061	526,269	0.5%	0.1%	0.7%	\$2.99/fs	\$2.93/fs	\$2.99/fs
2000 Q1	3,087	78,370,753	961,366	264,389	1,225,755	1.2%	0.3%	1.6%	963,553	264,389	1,227,942	1.2%	0.3%	1.6%	\$2.98/fs	\$2.86/fs	\$2.96/fs
1999 Q4	3,069	77,539,834	2,113,865	517,320	2,631,185	2.7%	0.7%	3.4%	2,120,756	517,320	2,638,076	2.7%	0.7%	3.4%	\$2.97/fs	\$2.94/fs	\$2.97/fs
1999 Q3	3,061	76,982,134	2,769,804	674,304	3,444,108	3.6%	0.9%	4.5%	2,778,025	674,304	3,452,329	3.6%	0.9%	4.5%	\$2.96/fs	\$2.88/fs	\$2.94/fs
1999 Q2	3,055	76,376,979	2,716,239	1,234,573	3,950,812	3.6%	1.6%	5.2%	2,722,583	1,231,257	3,953,840	3.6%	1.6%	5.2%	\$2.91/fs	\$2.75/fs	\$2.87/fs
1999 Q1	3,045	75,572,733	2,566,200	1,414,242	3,980,442	3.4%	1.9%	5.3%	2,485,426	1,410,926	3,896,352	3.3%	1.9%	5.2%	\$2.95/fs	\$2.74/fs	\$2.89/fs
1998 Q4	3,020	73,935,116	2,437,710	1,332,130	3,769,840	3.3%	1.8%	5.1%	2,438,294	1,328,894	3,767,188	3.3%	1.8%	5.1%	\$2.80/fs	\$2.63/fs	\$2.76/fs
1998 Q3	3,003	72,680,765	1,587,046	785,703	2,372,749	2.2%	1.1%	3.3%	1,591,166	782,837	2,374,003	2.2%	1.1%	3.3%	\$2.68/fs	\$2.60/fs	\$2.67/fs
1998 Q2	2,989	71,710,993	2,325,699	654,383	2,980,082	3.2%	0.9%	4.2%	2,399,290	667,606	3,066,896	3.3%	0.9%	4.3%	\$2.71/fs	\$2.61/fs	\$2.69/fs
1998 Q1	2,984	71,028,460	1,483,342	602,970	2,086,312	2.1%	0.8%	2.9%	1,505,987	600,027	2,106,014	2.1%	0.8%	3.0%	\$2.68/fs	\$2.41/fs	\$2.63/fs
1997 Q4	2,960	68,788,399	1,443,134	347,562	1,790,696	2.1%	0.5%	2.6%	1,463,397	353,089	1,816,486	2.1%	0.5%	2.6%	\$1.90/fs	\$1.95/fs	\$1.91/fs
1997 Q3	2,955	68,467,874	2,010,751	333,308	2,344,059	2.9%	0.5%	3.4%	2,107,356	372,998	2,480,354	3.1%	0.5%	3.6%	\$2.00/fs	\$2.04/fs	\$2.00/fs
1997 Q2	2,951	68,261,224	2,294,172	458,918	2,753,090	3.4%	0.7%	4.0%	2,309,468	476,671	2,786,139	3.4%	0.7%	4.1%	\$2.06/fs	\$2.09/fs	\$2.06/fs
1997 Q1	2,945	67,850,763	1,514,139	433,212	1,947,351	2.2%	0.6%	2.9%	1,515,517	434,346	1,949,863	2.2%	0.6%	2.9%	\$2.19/fs	\$2.49/fs	\$2.24/fs
1996 Q4	2,926	67,446,067	90,914	34,019	124,933	0.1%	0.1%	0.2%	90,618	34,019	124,637	0.1%	0.1%	0.2%	\$2.70/fs	\$2.51/fs	\$2.65/fs
1996 Q3	2,926	67,446,067	85,090	34,019	119,109	0.1%	0.1%	0.2%	84,794	34,019	118,813	0.1%	0.1%	0.2%	\$2.66/fs	\$2.40/fs	\$2.60/fs
1996 Q2	2,926	67,446,067	84,387	34,019	118,406	0.1%	0.1%	0.2%	84,091	34,019	118,110	0.1%	0.1%	0.2%	\$2.54/fs	\$2.35/fs	\$2.50/fs
1996 Q1	2,926	67,446,067	76,784	16,719	93,503	0.1%	0.0%	0.1%	76,488	16,719	93,207	0.1%	0.0%	0.1%	\$2.16/fs	\$2.41/fs	\$2.21/fs