RESEARCH 1Q 2022

Silicon Valley Industrial Market

Activity Remains High Despite Low Availability

The Silicon Valley industrial and warehouse markets began 2022 by building off the strong momentum from the end of 2021. Despite the low levels of available inventory, leasing activity in the industrial and warehouse markets remained healthy as both markets posted positive net absorption during the quarter. Average asking rates across both the industrial and warehouse markets increased quarter-over-quarter while vacancy rates decreased quarter-over-quarter.

Industrial Market

The Silicon Valley industrial market had its fourth consecutive quarter of positive net absorption with 124,255 square feet. Fremont and Milpitas had the most positive levels of net absorption during the quarter, with positive 84,090 square feet and positive 68,300 square feet, respectively. San Jose had the highest negative net absorption with negative 37,185 square feet. Gross absorption during the quarter was 674,819 square feet. San Jose and Fremont had the highest levels of gross absorption during the quarter, with 276,572 square feet and 192,121 square feet, respectively.

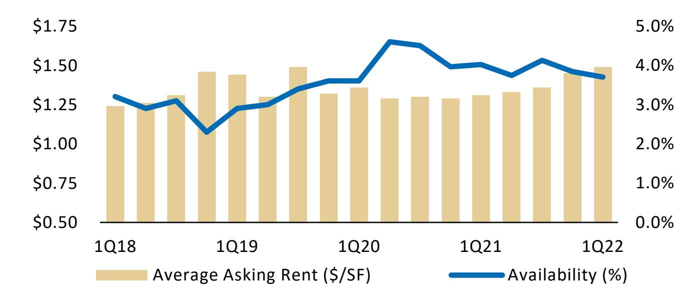
Vacancy rates decreased by 15 basis points to 3.7% during the quarter. This is the lowest level of vacancy since the first quarter of 2020 and is the second quarter in a row where vacancy rates have decreased. Milpitas and Campbell saw the largest changes in vacancy. Milpitas vacancy rates decreased 180 basis points to 0.7%, and Campbell vacancy rates decreased by 28 basis points to 14.0%. Average asking rates on a triple-net basis increased by $0.04/SF during the quarter. This is the fifth quarter in a row where asking rates have increased. The rates are the highest they have been since the third quarter of 2019. Mountain View and Campbell had the highest asking rates during the quarter, with $2.81/SF and $1.67/SF, respectively.

Market Summary

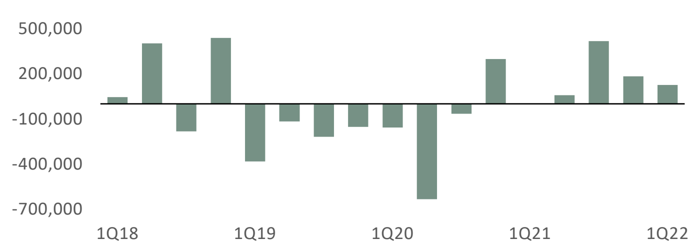
	Current Quarter		Year Ago Period	
	IND	WHS	IND	WHS
Vacancy Rate	3.69%	2.64%	4.02%	6.51%
Qtr Net Absorption	124KSF	533K SF	-4K SF	256K SF
Qtr Gross Absorption	675K SF	1.3M SF	681K SF	1.1MK SF
Avg NNN Asking Rent	$1.49/SF	$1.19/SF	$1.31/SF	$1.08/SF
Under Construction	410K SF	0 SF	1.2M SF	583KSF

Industrial Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



NEWMARK

Warehouse Market

The Silicon Valley's warehouse market remained strong in the first quarter of 2022, with positive 533,417 square feet of net absorption. This is the seventh consecutive quarter of positive net absorption and its highest level since the third quarter of 2019. Gross absorption during the quarter was 1,319,484 square feet. This represents a 91.0% quarter-over-quarter increase and is the highest level of gross absorption since the second quarter of 2021. Fremont and Milpitas saw the highest levels of gross absorption, with 482,312 square feet and 449,256 square feet, respectively.

Vacancy rates across Silicon Valley's warehouse market decreased by 99 basis points to 2.6% during the quarter. This is the lowest vacancy has been in recent history and is the seventh quarter in a row rates have decreased. Milpitas and Santa Clara had the greatest changes in vacancy during the quarter, decreasing 437 basis points to 3.3% and decreasing 198 basis points to 2.1%. Average asking rates across the market increased by $0.05/SF to $1.19/SF. Sunnyvale had the highest asking rate during the quarter with $1.48/SF.

Significant Transactions

The largest industrial lease signed during the quarter was SMTC Manufacturing's direct lease for 75,547 square feet at 1171 Montague Expy. in Milpitas. In the Trimble South area of San Jose, Tandem PV leased 21,936 square feet at 575 Dado St. on a direct basis. Moog, Inc. leased 21,763 square feet at 2577 Leghorn St. in Central Mountain View. In Fremont's Mission South submarket, Priority One Logistics acquired 20,922 square feet on a direct basis at 4811 Hannover Pl. Celestica signed the largest renewal during the quarter, staying in 19,618 square feet at 950 Rincon Cir. in San Jose's Trimble South submarket.

The largest industrial sale during the quarter was R&C Brown & Associates' portfolio purchase of 90,089 square feet across five properties at 451 Queens Ln., 1623 and 1628 Rogers Ave, 1610 and 1650 Old Bayshore Hwy in San Jose for $21.5 million, or $238/SF. In Fremont, JFG Capital Investments LLC purchased 17,984 square feet at 37390 Centralmont Pl. for $5.13 million, or $285/SF. Also in Fremont, Osgood Sable LLC paid $6.5 million, or $384/SF, for 16,932 square feet at 43160 Osgood Rd. An individual purchased 13,480 square feet for $5.4 million, or $401/SF, at 3440 De La Cruz Blvd. in Santa Clara. The eastern portions of Silicon Valley continued to see most of the warehouse leasing activity.

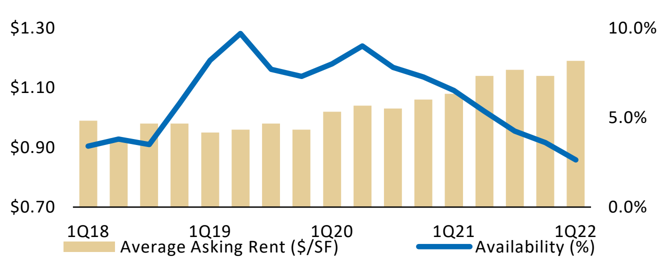
The largest warehouse lease of the quarter was S&M Moving Systems's blend and lease extension of 186,890 square feet across 48541-48551 Warm Springs Blvd. in Fremont. A confidential technology tenant leased 142,272 square feet on a direct basis at 240-270 Milpitas Blvd. in Milpitas' East 880 submarket. In Fremont, Quanta Computer signed a renewal to remain in 102,626 square feet at 41650-41660 Boscell Rd. Extron Logistics renewed its lease for 102,407 square feet at 450 Abbot Ave. in Milpitas's East 880 submarket. In South San Jose, Young's Market Company leased 90,229 square feet at 5995 Hellyer Ave.

There were only two significant warehouse sale transactions during the quarter. A confidential technology company purchased 105,000 square feet at 123 Uranium Dr. for $44.0 million, or $419/SF, in South Central Sunnyvale. In Newark, Blackstone paid over $20.6 million, or $343/SF, for 60,156 square feet at 37600 Filbert St.

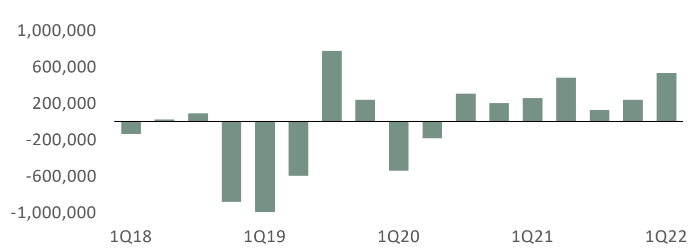
Overall, leasing and investment activity remained healthy in the first quarter of 2022. The only potential obstacle standing in the market's way is the lack of inventory.

Warehouse Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



Select Industrial Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
SMTC Manufacturing	1171 Montague Expressway	Milpitas - East 880	Direct	75,547
Tandem PV Inc	575 Dado St	San Jose - Trimble South	Direct	21,936
Moog, Inc	2577 Leghorn St	Mountain View - Central Expressway	Direct	21,763
Priority One Logistics	4811 Hanover Pl	Fremont - Mission North	Direct	20,922
Celestica	950 Rincon Cir	San Jose - Trimble South	Renewal	19,618

Select Industrial Sale Transactions

Building(s)	Submarket	User/Investment Sale	Reported Sale Price	Approx. $/SF	Square Feet
451 Queens Ln, 1623 & 1628 Rogers Ave, 1610 & 1650 Old Bayshore Hwy	San Jose - Brokaw South	Investment Sale	$21,500,000	$238	90,089
37390 Centralmont Pl	Fremont - Downtown	Investment Sale	$5,130,000	$285	17,984
43160 Osgood Rd	Fremont - Warm Springs	Investment Sale	$6,500,000	$384	16,932
3440 De La Cruz Blvd	Santa Clara - 101 South	Investment Sale	$5,400,000	$401	13,480

Select Warehouse Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
S&M Moving Systems	48541-48551 Warm Springs Blvd	Fremont - Mission South	Blend/Extend	186,890
Confidential Tech Company	240-270 Milpitas Blvd	Milpitas - East 880	Direct	142,272
Quanta Computer	41650-41660 Boscell Rd	Fremont - Auto Mall North	Renewal	102,626
Extron Logistics	450 Abbott Ave	Milpitas - East 880	Renewal	102,407
Young's Market Company	5995 Hellyer Ave	San Jose - South	Direct	90,229

Select Warehouse Sale Transactions

Building(s)	Submarket	User/Investment Sale	Reported Sale Price	Approx. $/SF	Square Feet
123 Uranium Dr	Sunnyvale - South Central	Investment Sale	$44,000,000	$419	105,000
37600 Filbert St	Newark	Investment Sale	$20,633,508	$343	60,156

Industrial Submarket Statistics

	Total Inventory (SF)	Total Vacancy (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacancy Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	Total NNN Asking Rent (Price/SF)
Campbell	**1,024,988**	**143,625**	**143,625**	**0**	**14.01%**	**12,625**	**2,854**	**$1.67**
Fremont	**10,946,720**	**367,682**	**306,179**	**61,503**	**3.36%**	**192,121**	**84,090**	**$1.27**
Auto Mall North	3,757,566	130,368	81,345	49,023	3.47%	144,739	70,561	$1.19
Bayside	1,052,424	0	0	0	0.00%	0	0	$0.00
Mission North	1,866,875	29,913	29,913	0	1.60%	30,122	7,709	$1.05
Mission South	2,015,088	72,776	72,776	0	3.61%	0	5,820	$0.00
Warm Springs	2,254,767	134,625	122,145	12,480	5.97%	17,260	0	$1.75
Los Gatos	**63,378**	**0**	**0**	**0**	**0.00%**	**0**	**0**	**$0.00**
Milpitas	**3,904,400**	**28,083**	**22,233**	**5,850**	**0.72%**	**76,625**	**68,300**	**$1.26**
East 880	2,721,757	28,083	22,233	5,850	1.03%	76,625	68,300	$1.26
Oak Creek	1,182,643	0	0	0	0.00%	0	0	$0.00
Morgan Hill	**1,016,382**	**2,064**	**2,064**	**0**	**0.20%**	**6,250**	**0**	**$1.20**
Mountain View	**2,300,482**	**96,091**	**89,691**	**6,400**	**4.18%**	**32,043**	**870**	**$2.81**
Central	1,177,965	55,333	55,333	0	4.70%	32,043	870	$2.80
Shoreline	454,826	0	0	0	0.00%	0	0	$0.00
Middlefield	667,691	40,758	34,358	6,400	6.10%	0	0	$2.82
Newark	**4,014,425**	**85,937**	**85,937**	**0**	**2.14%**	**48,447**	**4,131**	**$1.27**
San Jose	**17,349,144**	**775,384**	**712,884**	**62,500**	**4.47%**	**276,572**	**-37,185**	**$1.32**
North	726,459	19,248	19,248	0	2.65%	0	0	$1.50
Trimble South	3,343,717	162,230	118,227	44,003	4.85%	92,634	11,483	$1.36
Int'l Business Park	1,292,435	11,030	11,030	0	0.85%	0	0	$1.32
Brokaw South	4,922,676	136,477	117,980	18,497	2.77%	37,747	-22,099	$1.40
Central	6,365,262	410,396	410,396	0	6.45%	49,938	-32,593	$1.26
South	698,595	36,003	36,003	0	5.15%	96,253	6,024	$1.51
Santa Clara	**10,698,056**	**453,569**	**417,249**	**36,320**	**4.24%**	**30,136**	**1,195**	**$1.54**
Central Expy N	48,494	23,100	23,100	0	47.63%	0	0	$0.00
101 North	4,367,492	101,045	95,045	6,000	2.31%	16,095	9,595	$1.41
101 South	5,248,432	223,655	219,655	4,000	4.26%	14,041	-8,400	$1.51
Central Expy S	1,033,638	105,769	79,449	26,320	10.23%	0	0	$1.57
Sunnyvale	**2,708,890**	**43,211**	**41,250**	**1,961**	**1.60%**	**0**	**0**	**$1.49**
Peery Park	200,066	0	0	0	0.00%	0	0	$0.00
Moffett Park	43,500	0	0	0	0.00%	0	0	$0.00
The Woods	1,025,415	39,971	38,010	1,961	3.90%	0	0	$1.49
Oakmead	536,653	3,240	3,240	0	0.60%	0	0	$0.00
South Central	903,256	0	0	0	0.00%	0	0	$0.00
Silicon Valley	**54,026,865**	**1,995,646**	**1,821,112**	**174,534**	**3.69%**	**674,819**	**124,255**	**$1.49**

Warehouse Submarket Statistics

	Total Inventory (SF)	Total Vacancy (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacancy Rate	Qtr Gross Absorption (SF)	Qtr Net Absorption (SF)	Total NNN Asking Rent (Price/SF)
Fremont	**10,468,999**	**159,359**	**38,524**	**120,835**	**1.52%**	**482,312**	**206,819**	**$1.00**
Auto Mall North	4,169,107	0	0	0	0.00%	102,626	0	$0.00
Bayside	1,778,225	41,000	41,000	0	2.31%	41,000	0	$0.00
Mission North	450,801	0	0	0	0.00%	0	0	$0.00
Mission South	2,352,804	24,960	24,960	0	1.06%	336,286	24,626	$1.25
Warm Springs	913,180	0	0	0	0.00%	2,400	0	$0.00
Milpitas	**5,252,838**	**175,650**	**175,650**	**0**	**3.34%**	**449,256**	**229,600**	**$1.25**
East 880	5,145,488	175,650	175,650	0	3.41%	449,256	229,600	$1.25
Oak Creek	107,350	0	0	0	0.00%	0	0	$0.00
Morgan Hill	**396,734**	**0**	**0**	**0**	**0.00%**	**0**	**0**	**$0.00**
Newark	**4,180,920**	**161,680**	**161,680**	**0**	**3.87%**	**61,156**	**60,156**	**$1.20**
San Jose	**15,266,584**	**447,303**	**353,538**	**93,765**	**2.93%**	**243,348**	**36,842**	**$1.09**
Trimble South	3,714,113	99,683	99,683	0	2.68%	160,386	39,118	$1.45
Int'l Business Park	1,182,505	0	0	0	0.00%	0	0	$0.00
Brokaw South	4,094,931	158,361	130,591	27,770	3.87%	68,861	-2,276	$1.29
Central	6,275,035	189,259	123,264	65,995	3.02%	14,101	0	$1.00
Santa Clara	**2,530,504**	**54,136**	**54,136**	**0**	**2.14%**	**83,412**	**0**	**$1.18**
101 North	560,271	0	0	0	0.00%	0	0	$0.00
101 South	1,313,565	21,758	21,758	0	1.66%	0	0	$0.88
Central Expy S	656,668	32,378	32,378	0	4.93%	83,412	0	$1.39
Sunnyvale	**1,289,064**	**41,200**	**0**	**41,200**	**3.20%**	**0**	**0**	**$1.48**
Peery Park	113,074	0	0	0	0.00%	0	0	$0.00
Moffett Park	613,184	0	0	0	0.00%	0	0	$0.00
South Central	562,806	41,200	0	41,200	7.32%	0	0	$1.48
Silicon Valley	**39,385,643**	**1,039,328**	**783,528**	**255,800**	**2.64%**	**1,319,484**	**533,417**	**$1.19**

Historical Industrial Vacancy Rates

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**4.55%**	**4.54%**	**3.96%**	**4.02%**	**3.74%**	**4.13%**	**3.84%**	**3.69%**
Campbell	2.99%	3.50%	3.31%	3.00%	13.61%	12.98%	14.29%	14.01%
Fremont	9.03%	9.46%	5.98%	5.49%	4.61%	4.51%	3.35%	3.36%
Los Gatos	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Milpitas	4.93%	5.50%	5.39%	5.25%	3.30%	3.41%	2.52%	0.72%
Morgan Hill								0.20%
Mountain View	4.83%	4.28%	3.67%	5.46%	5.03%	3.94%	4.21%	4.18%
Newark	2.72%	2.34%	5.01%	6.80%	6.05%	2.50%	2.20%	2.14%
San Jose	3.46%	2.96%	3.12%	3.10%	3.16%	4.37%	4.25%	4.47%
Santa Clara	2.66%	2.87%	2.82%	2.78%	2.31%	4.06%	4.39%	4.24%
Sunnyvale	1.80%	1.80%	1.80%	1.65%	1.51%	1.60%	1.60%	1.60%

Historical Industrial NNN Asking Rents

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**$1.29**	**$1.30**	**$1.29**	**$1.31**	**$1.33**	**$1.36**	**$1.45**	**$1.49**
Campbell	$1.74	$1.64	$1.65	$1.63	$1.66	$1.67	$1.68	$1.67
Fremont	$1.18	$1.18	$1.19	$1.21	$1.23	$1.23	$1.27	$1.27
Los Gatos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Milpitas	$1.14	$1.15	$1.15	$1.15	$1.05	$1.06	$1.12	$1.26
Morgan Hill								$1.20
Mountain View	$3.10	$3.10	$2.68	$2.75	$2.79	$2.88	$2.80	$2.81
Newark	$1.35	$1.38	$1.28	$1.15	$1.41	$1.54	$1.29	$1.27
San Jose	$1.17	$1.23	$1.23	$1.26	$1.19	$1.25	$1.30	$1.32
Santa Clara	$1.39	$1.29	$1.29	$1.22	$1.25	$1.34	$1.52	$1.54
Sunnyvale	$1.57	$1.50	$1.55	$1.49	$1.49	$1.49	$1.49	$1.49

Historical Industrial Net Absorption

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**-634,920**	**-67,483**	**297,665**	**-3,923**	**57,064**	**415,168**	**182,705**	**124,255**
Campbell	-7,244	-5,084	1,851	3,162	-109,263	1,944	-13,415	2,854
Fremont	-517,580	-40,180	420,951	41,697	37,482	128,817	171,625	84,090
Los Gatos	0	0	0	0	0	0	0	0
Milpitas	0	-24,170	4,024	5,040	62,957	384,738	34,753	68,300
Morgan Hill								0
Mountain View	-40,174	-19,632	14,307	-40,568	0	-17,951	-12,307	870
Newark	-21,150	12,719	-109,959	-14,363	30,702	146,378	12,280	4,131
San Jose	-4,733	91,351	-29,203	2,887	-19,510	-108,961	20,226	-37,185
Santa Clara	-14,471	-82,487	-4,306	-5,803	50,824	-117,465	-30,457	1,195
Sunnyvale	-29,568	0	0	4,025	3,872	-2,332	0	0

Historical Industrial Gross Absorption

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**760,141**	**960,912**	**662,188**	**680,981**	**584,913**	**703,595**	**718,239**	**674,819**
Campbell	7,717	16,838	3,363	6,525	2,888	2,888	2,888	12,625
Fremont	23,730	189,581	467,015	416,815	118,272	113,916	274,882	192,121
Los Gatos	0	0	0	0	0	0	0	0
Milpitas	425,145	13,680	17,446	29,268	151,993	151,993	151,993	76,625
Morgan Hill								6,250
Mountain View	4,341	19,211	14,307	45,563	0	0	0	32,043
Newark	70,576	77,636	0	29,715	64,836	187,874	41,552	48,447
San Jose	148,447	323,235	94,989	60,458	119,381	119,381	119,381	276,572
Santa Clara	74,378	320,731	62,655	83,612	117,581	117,581	117,581	30,136
Sunnyvale	5,807	0	2,413	9,025	9,962	9,962	9,962	0

Historical Warehouse Vacancy Rates

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**9.02%**	**7.82%**	**7.26%**	**6.51%**	**5.35%**	**4.25%**	**3.63%**	**2.64%**
Fremont	5.15%	4.81%	5.01%	5.00%	3.00%	3.50%	1.52%	1.52%
Milpitas	15.07%	12.61%	10.30%	11.49%	10.61%	5.01%	7.71%	3.34%
Newark	24.38%	21.64%	19.66%	12.22%	7.02%	5.30%	5.31%	0.00%
Morgan Hill								3.87%
San Jose	4.94%	4.29%	4.06%	4.27%	4.44%	3.65%	3.17%	2.93%
Santa Clara	10.27%	7.03%	7.03%	4.30%	4.30%	4.36%	4.12%	2.14%
Sunnyvale	10.63%	10.63%	10.63%	10.63%	10.63%	10.63%	3.20%	3.20%

Historical Warehouse NNN Asking Rents

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**$1.04**	**$1.03**	**$1.06**	**$1.08**	**$1.14**	**$1.16**	**$1.14**	**$1.19**
Fremont	$1.00	$1.08	$1.08	$1.07	$1.04	$1.07	$1.00	$1.00
Milpitas	$0.95	$0.94	$0.94	$1.03	$1.12	$1.14	$1.23	$1.25
Morgan Hill								$0.00
Newark	$1.03	$0.97	$1.07	$1.11	$1.18	$1.18	$1.32	$1.20
San Jose	$1.13	$1.14	$1.13	$1.09	$1.17	$1.19	$1.07	$1.09
Santa Clara	$0.99	$0.97	$0.97	$0.96	$0.96	$1.00	$1.42	$1.18
Sunnyvale	$1.26	$1.23	$1.23	$1.27	$1.51	$1.51	$1.15	$1.48

Historical Warehouse Net Absorption

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**-185,392**	**303,885**	**199,474**	**255,950**	**478,998**	**126,896**	**237,625**	**533,417**
Fremont	-115,234	35,501	-20,948	-23,328	210,014	-31,242	206,819	206,819
Milpitas	-160,561	94,579	120,965	-62,448	46,000	166,372	-142,272	229,600
Morgan Hill								0
Newark	0	114,682	82,536	373,454	76,162	0	0	60,156
San Jose	90,403	20,623	16,921	-31,728	146,822	-6,716	70,806	36,842
Santa Clara	0	38,500	0	0	0	-1,518	6,500	0
Sunnyvale	0	0	0	0	0	0	95,772	0

Historical Warehouse Gross Absorption

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Silicon Valley	**458,618**	**931,883**	**806,622**	**1,052,489**	**1,597,521**	**594,723**	**689,580**	**1,319,484**
Fremont	67,920	162,953	95,214	61,340	453,745	71,384	166,241	482,312
Milpitas	166,600	233,351	149,285	273,553	215,195	215,195	215,195	449,256
Morgan Hill								0
Newark	0	166,296	394,529	414,968	620,437	0	0	61,156
San Jose	224,098	275,783	167,594	91,871	308,144	308,144	308,144	243,348
Santa Clara	0	103,500	0	210,757	0	0	0	83,412
Sunnyvale	0	0	0	0	0	0	0	0

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