



Silicon Valley/ San Francisco Peninsula office market report

Q1 2025

**AVISON
YOUNG**

Silicon Valley/San Francisco Peninsula office market trends

1.2 msf

SV/SFP tenant leasing is cautious amid macroeconomic volatility.

Following a decade-high in leasing activity in Q4 2024, the San Francisco Peninsula returned to a more normalized pace in Q1. While Q4 was driven by headline deals from Snowflake and Robinhood, Q1 was characterized by smaller renewals and selective expansions. In Silicon Valley, demand remained steady, though subdued by high borrowing costs and global uncertainty stemming from newly imposed tariffs. Tenants remain active in the market but slower to commit, reflecting broader corporate caution as companies assess recession risks and reevaluate their long-term office needs.

-2.1%

Silicon Valley availability trends down but meaningful absorption remains elusive.

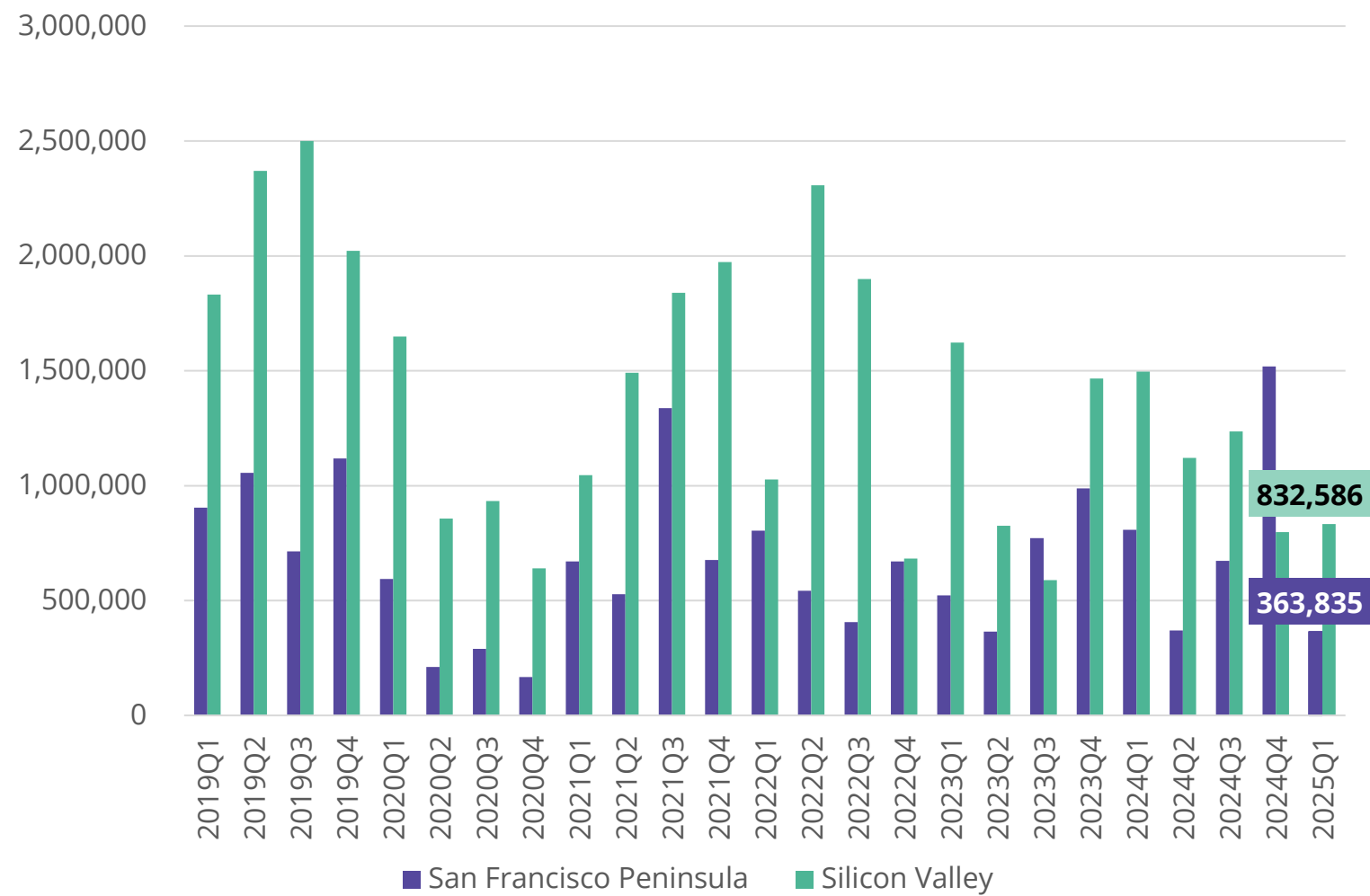
Availability in Silicon Valley declined again in Q1 2025, aided by a limited pipeline of new space and the absence of major move-outs. While this signals the early stages of stabilization, sustained improvement will depend on broader economic clarity. Developers have largely paused speculative projects in response to elevated construction costs and high interest rates, which has stemmed the flow of new supply. However, real momentum in vacancy compression will require a more robust recovery in job growth and occupier confidence.

+37%

Silicon Valley job postings rebound from the prior quarter.

Job postings in Silicon Valley saw significant rebound in Q1 2025, led by renewed demand in tech and AI-related roles. Meanwhile, the Peninsula market has stabilized off prior lows, with hiring activity showing incremental gains but remaining subdued. Remote-friendly roles ticked up slightly in both regions, reflecting ongoing workplace flexibility even as some companies push for in-office returns. While encouraging, labor market momentum remains fragile in the face of broader economic uncertainty.

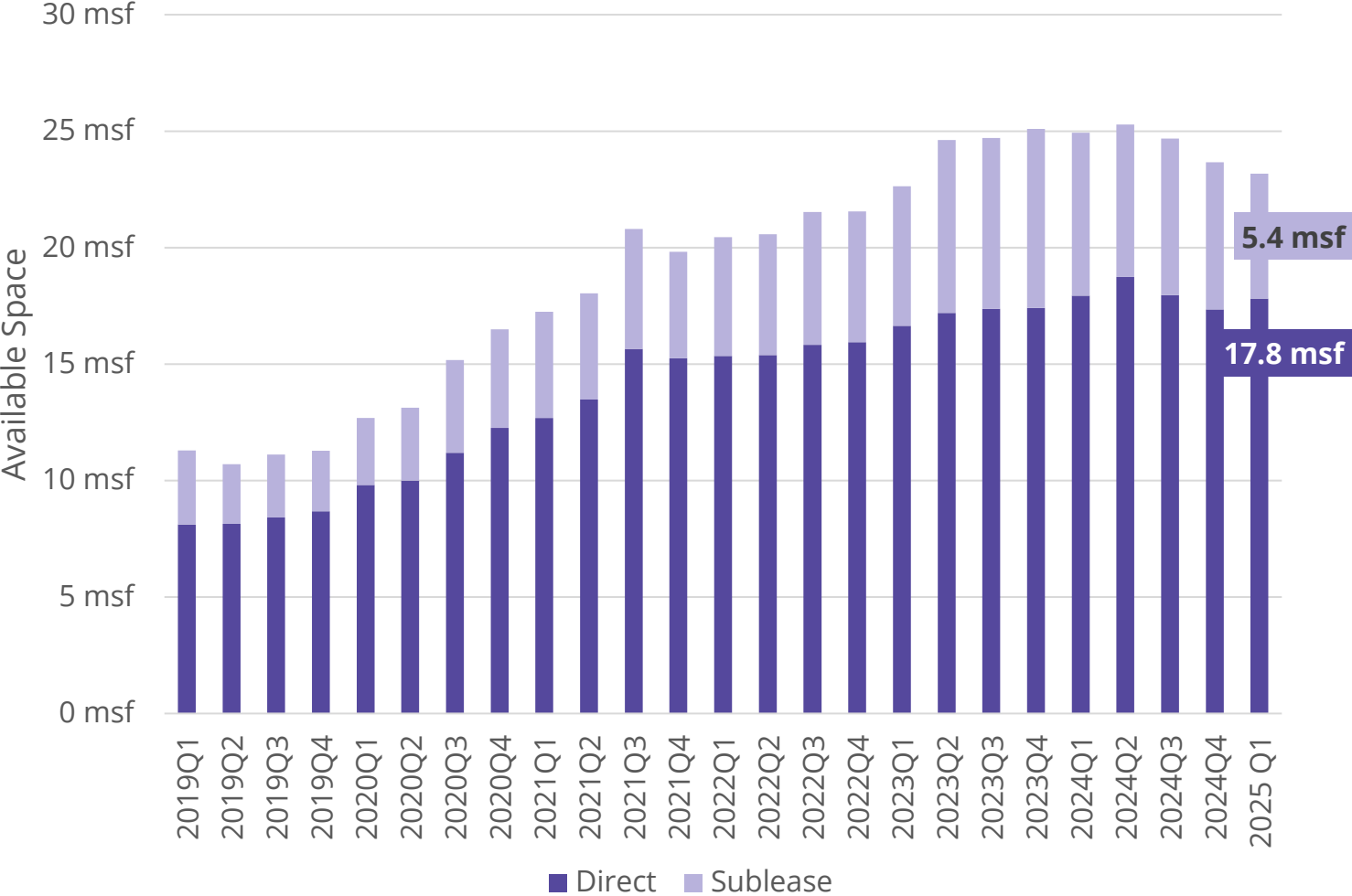
Leasing Activity



Leasing volume moderated in Q1 following a record-setting Q4, as tenants remained active but cautious.

Silicon Valley leasing held steady, while the Peninsula saw a return to typical activity levels after large headline deals late last year.

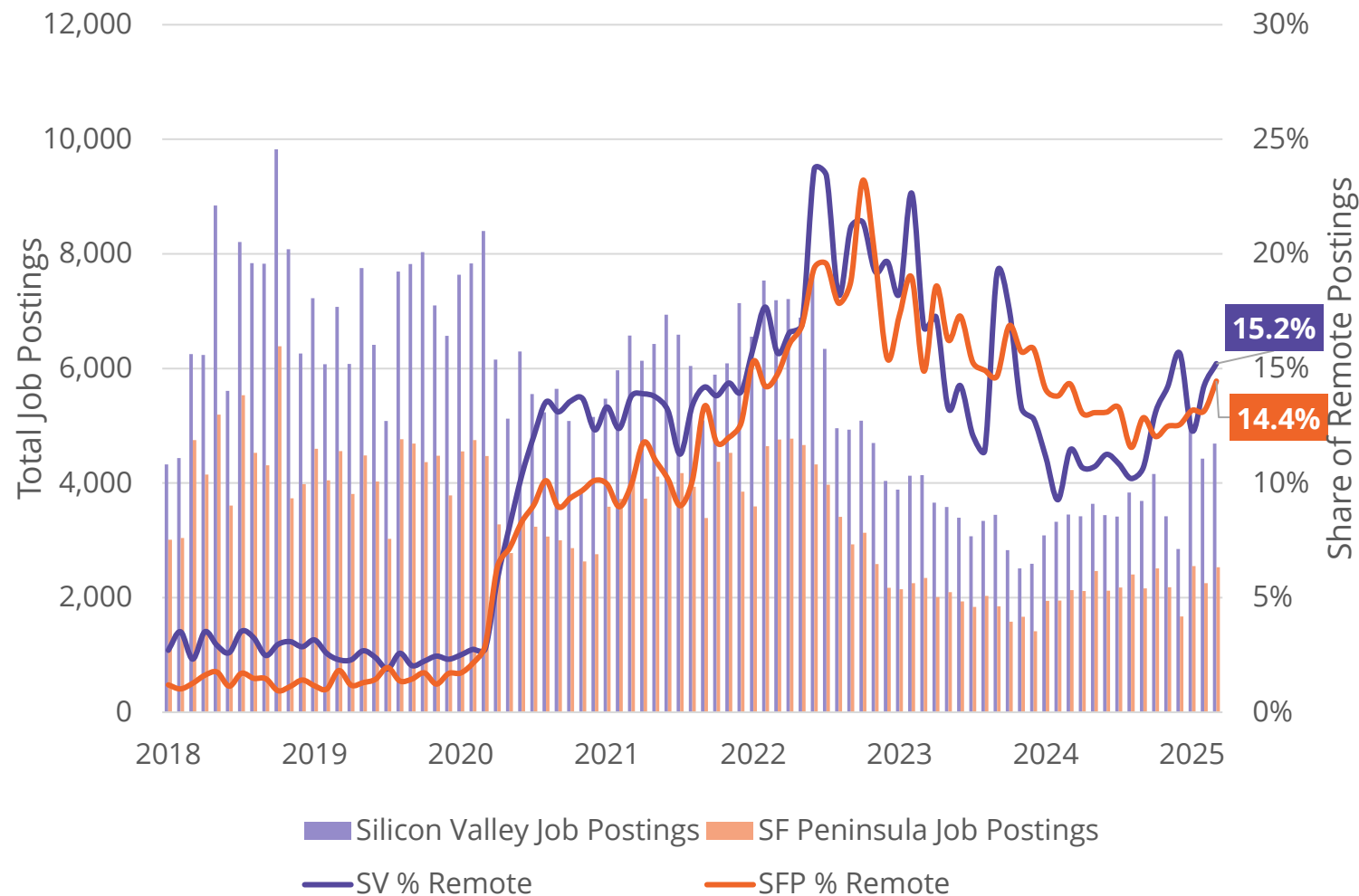
Silicon Valley Availability Rates Falls



Silicon Valley availability declined for the second consecutive quarter, signaling early signs of market stabilization. The Peninsula remained flat overall, with modest improvement in select submarkets.

Job Posting Trends

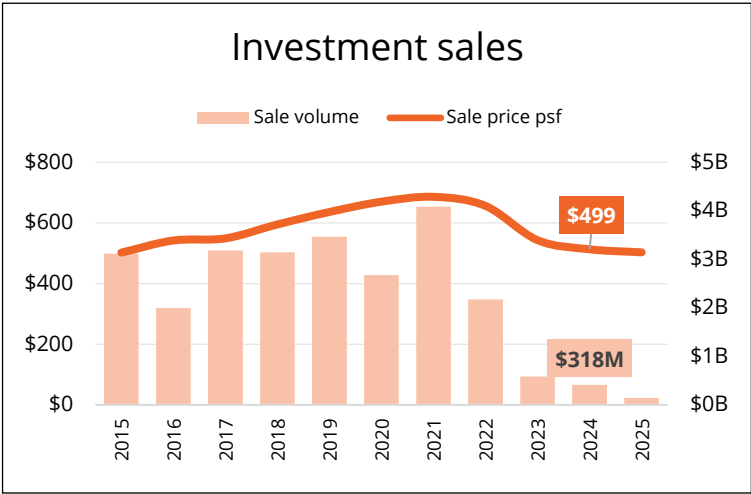
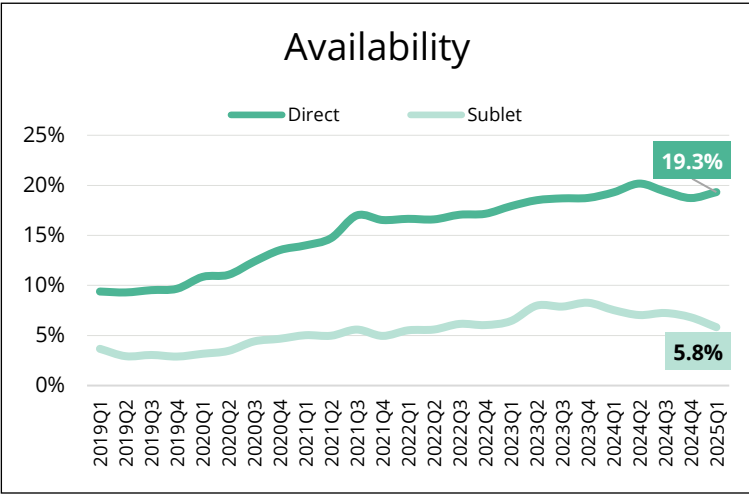
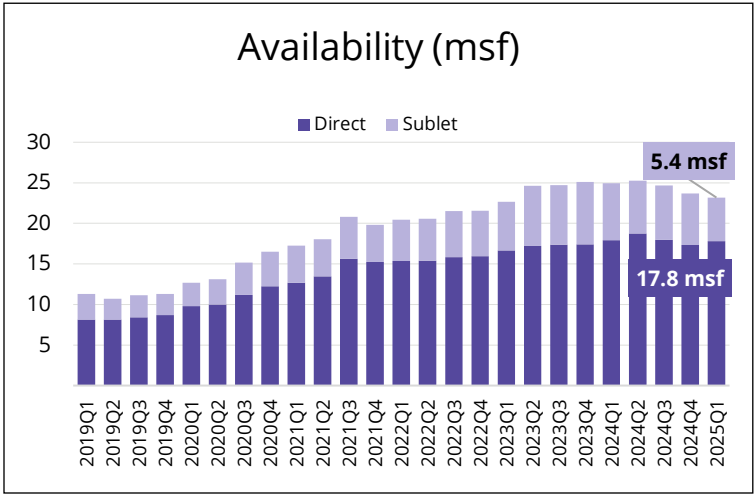
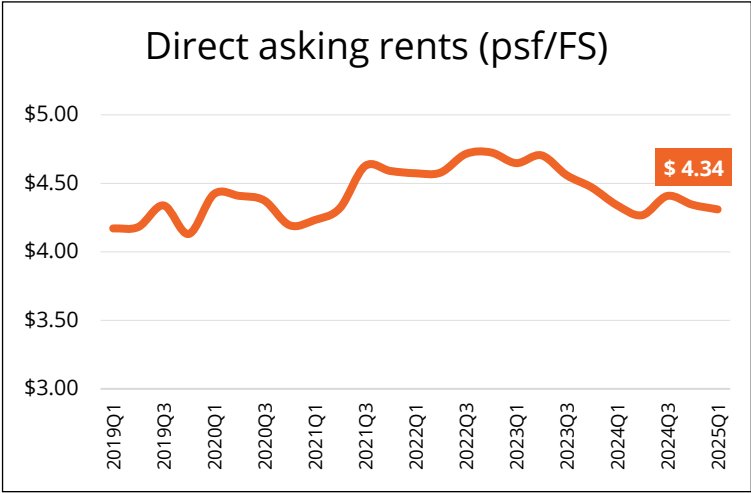
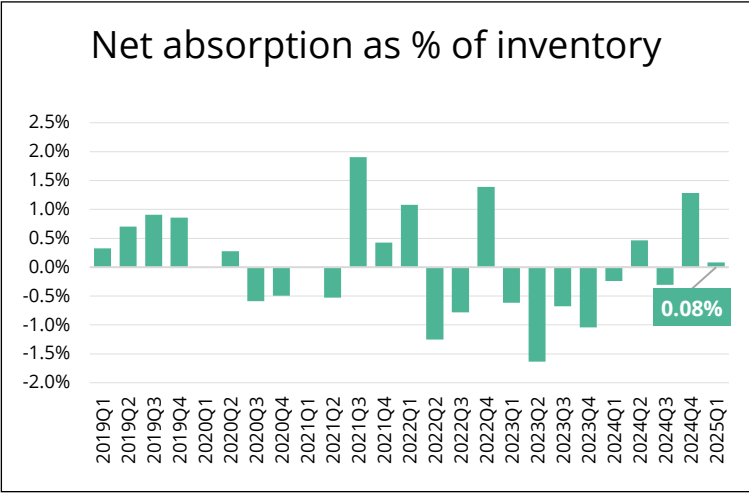
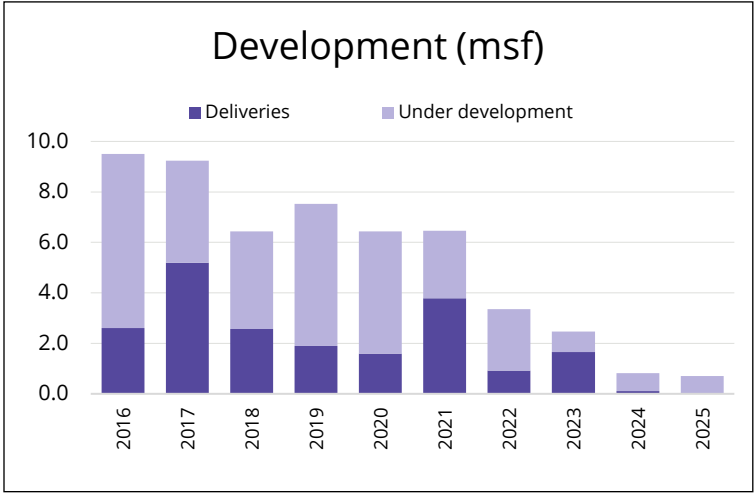
Total Job Postings and Percentage of Remote Positions by Market



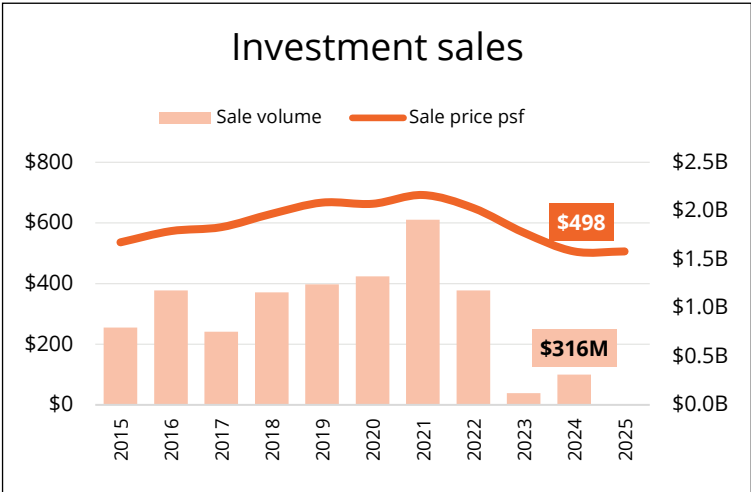
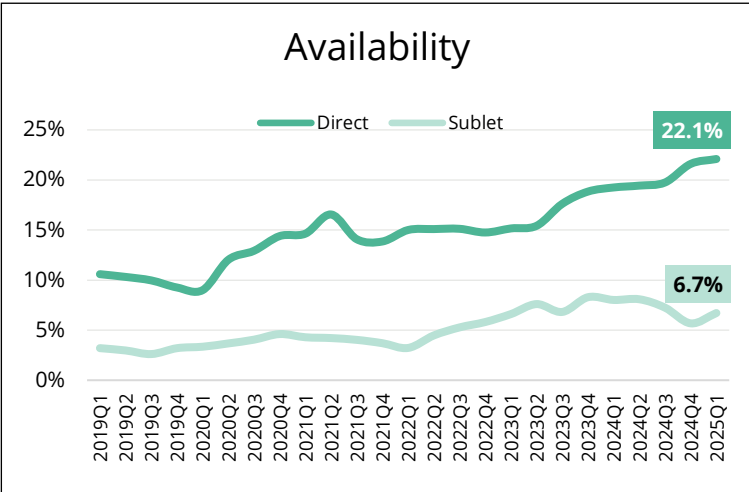
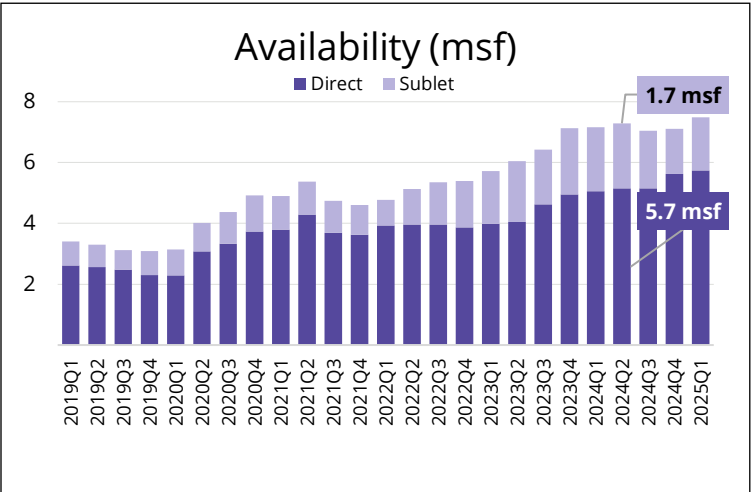
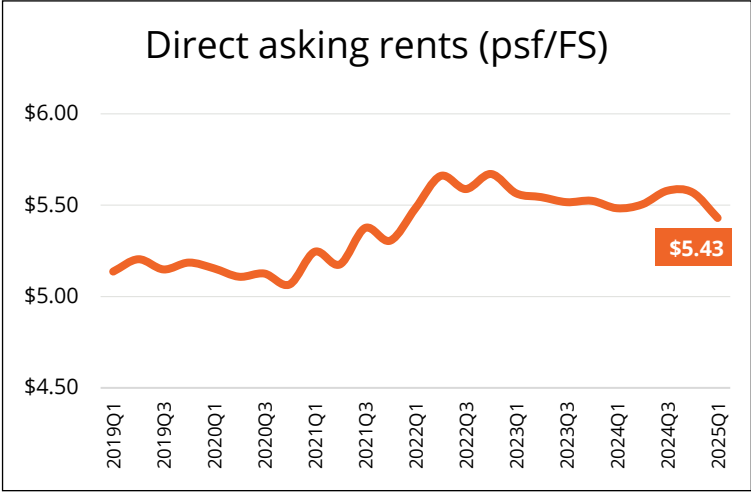
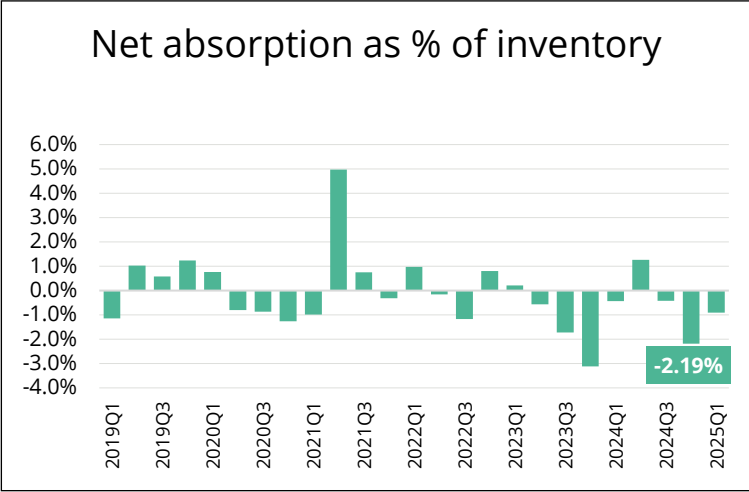
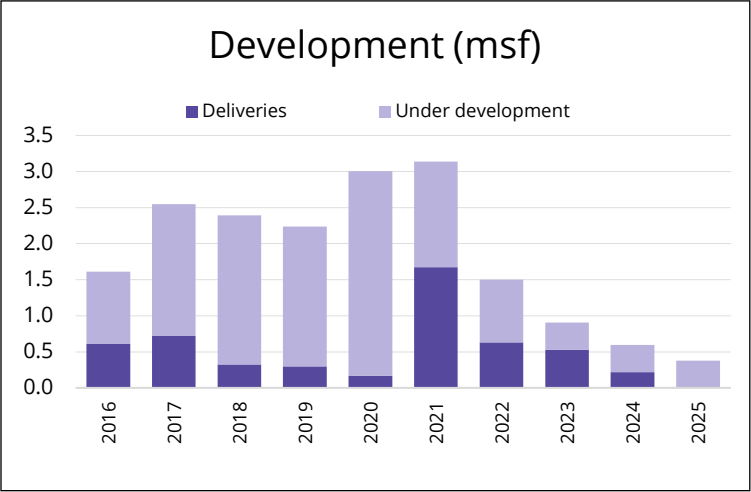
Job postings in Silicon Valley rebounded in Q1, while the Peninsula held steady after prior lows. Remote job listings edged higher in both markets, highlighting the persistence of flexible work models.

Note: Job Postings are for full-time, office occupational roles
Source: Avison Young Market Intelligence, Lightcast

Silicon Valley office market indicators



San Francisco Peninsula office market indicators



Appendix



Silicon Valley office market stats

	Inventory			Availability			Net absorption (sf)		Direct Asking Rent (FS psf/mo)		
	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct	Sublet	Total	QTD	YTD	Class A	Class B	Total
Campbell	1,948,438	0	161,870	33.6%	9.6%	43.2%	33,423	33,423	\$4.71	\$3.46	\$3.83
Central San Jose	387,483	0	0	3.6%	0.0%	3.6%	15,674	15,674	\$5.00	\$2.91	\$3.33
Cupertino	2,501,902	0	0	7.4%	0.0%	7.4%	5,273	5,273	\$5.33	\$4.09	\$4.29
Gilroy	148,268	0	0	2.0%	0.0%	2.0%			-	\$2.36	\$2.36
Los Altos	605,920	0	0	13.4%	0.2%	13.6%	10,644	10,644	-	\$4.44	\$4.58
Los Gatos/Saratoga	1,350,273	0	0	18.3%	11.3%	18.3%	-66,570	-66,570	-	\$3.64	\$3.67
Milpitas	3,938,990	0	0	10.7%	2.8%	13.5%	4,987	4,987	-	\$2.31	\$2.31
Morgan Hill	434,757	0	0	2.2%	0.0%	2.2%			-	\$2.06	\$2.06
Mountain View	5,190,456	0	0	24.4%	20.6%	44.6%	87,791	87,791	\$4.49	\$4.55	\$4.46
Mountain View Downtown	1,380,810	0	0	32.6%	6.0%	38.6%	-6,460	-6,460	\$8.57	\$6.67	\$7.63
Mountain View Shoreline	1,322,342	0	0	15.2%	0.0%	15.2%			\$5.44	-	\$5.44
Palo Alto	2,465,237	0	30,000	22.2%	5.6%	27.8%	-15,409	-15,409		\$6.53	\$4.85
Palo Alto Downtown	1,635,396	0	0	10.9%	3.4%	14.3%	44,218	44,218	\$10.53	\$9.09	\$9.35

Silicon Valley office market stats

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Palo Alto Stanford Research Park	5,410,043	0	0	10.8%	8.4%	19.2%	191,559	191,559	-	\$6.13	\$6.13
San Jose Downtown	12,743,792	0	0	30.4%	1.5%	31.9%	782	782	\$5.00	\$4.05	\$4.61
San Jose IBP	388,713	0	0	8.4%	0.1%	8.5%	-294	-294	-	\$1.99	\$1.99
San Jose North	11,960,015	0	0	25.6%	5.3%	29.1%	323,626	323,626	\$3.60	\$3.73	\$3.69
San Jose West	3,187,769	0	0	15.7%	1.6%	17.3%	45,951	45,951	\$4.83	\$3.37	\$3.96
Santa Clara Marriott	7,159,359	0	0	24.6%	9.8%	34.4%	-56,968	-56,968	\$3.92	\$2.85	\$3.50
Santa Clara North	646,567	0	0	2.7%	0.0%	2.7%			\$4.29	\$2.57	\$2.57
Santa Clara South	7,662,189	0	0	8.0%	4.9%	11.9%	-2,161	-2,161	-	\$2.82	\$3.51
South San Jose	1,257,051	0	0	4.6%	6.6%	11.2%	-8,130	-8,130	\$7.00	\$2.16	\$2.15
Sunnyvale	3,466,906	0	513,254	30.2%	0.0%	30.2%	-378	-378	\$3.93	\$3.74	\$5.92
Sunnyvale Moffett Triangle	8,945,531	0	0	13.6%	9.5%	23.0%	-243,116	-243,116	-	\$3.54	\$3.87
Sunnyvale Peery Park	5,400,889	0	0	10.7%	3.8%	14.4%	-289,570	-289,570	-	\$4.53	\$4.49
Market Total	91,535,096	0	705,124	19.3%	5.8%	24.6%	74,872	74,872	\$6.24	\$4.52	\$4.31

San Francisco Peninsula office market stats

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Belmont	154,345	0	0	0.0%	0.0%	0.0%	-	-	-	-	-
Brisbane	643,901	0	0	26.1%	3.1%	29.2%	-15,138	-15,138	-	-	-
Burlingame	2,992,343	0	0	12.9%	9.6%	22.5%	9,799	9,799	-	\$4.19	\$4.13
Daly City	278,929	0	0	8.1%	0.0%	8.1%	-343	-343	-	\$2.64	\$2.64
East Palo Alto	721,086	0	0	47.8%	0.0%	47.8%	15,069	15,069	-	-	-
Foster City	1,924,132	0	0	27.1%	9.4%	36.6%	-177,276	-177,276	\$4.36	\$4.23	\$4.32
Menlo Park	3,633,289	0	0	14.2%	11.9%	26.0%	-15,760	-15,760	\$4.54	\$7.24	\$6.98
Millbrae	216,321	0	0	5.1%	0.0%	5.1%	-3,016	-3,016	-	-	\$3.00
Redwood City	6,899,071	0	376,050	29.6%	4.2%	33.8%	29,546	29,546	\$6.26	\$6.45	\$6.33

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San Bruno	407,706	0	0	9.5%	0.0%	9.5%	0	0	-	\$4.65	\$4.46
San Carlos	398,017	0	0	43.6%	35.8%	72.9%	-8,247	-8,247	\$5.87	\$3.59	\$5.64
San Mateo - Downtown	566,174	0	0	13.3%	3.3%	16.6%	6,024	6,024	-	\$5.66	\$5.66
San Mateo - East	911,516	0	0	2.4%	5.5%	7.9%	16,356	16,356	\$5.75	-	\$5.75
San Mateo - Hayward Park	1,814,164	0	0	25.1%	7.6%	32.8%	-93,096	-93,096	\$2.87	\$3.75	\$3.68
San Mateo - South of 92	3,096,149	0	0	23.3%	4.8%	28.1%	-16,951	-16,951	\$5.73	\$4.03	\$4.50
San Mateo - West	320,093	0	0	17.8%	6.2%	24.0%	21,488	21,488	\$6.17	\$4.95	\$5.39
South San Francisco - East of 101	467,365	0	0	15.6%	0.0%	15.6%	0	0	\$3.95	-	\$3.95
South San Francisco - West of 101	168,404	0	0	3.0%	0.0%	3.0%	-1,550	-1,550	-	\$2.25	\$2.40
Market Total	25,613,005	0	375,050	22.6%	6.4%	28.9%	-233,095	-233,095	\$5.73	\$5.25	\$5.43

Office insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

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