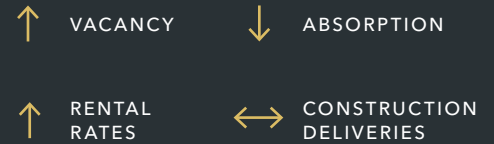


MARKET TRENDS

SILICON VALLEY INDUSTRIAL



Year-Over-Year Change

MARKET DRIVERS

Since the last quarter, availability rates rose 10 basis points (bps) to 5.1% for industrial spaces, while warehouse dropped 40-bps to 7.2%.

Direct vacancy rate for both properties grew since last quarter. Industrial reached 4.0%, a 50-bps change, and warehouse had a 60-bps increase to 4.4%. For industrial, this is the highest recorded since 2012. Warehouse is still below the 6.1% high recorded in 2Q21.

Direct asking rates are down 3.6% since 1Q24, reaching \$1.90. Despite the drop, this rate is still significantly higher than the 5-year average of \$1.67. Warehouse is up 4.5% in the same time frame, reaching \$1.61, a new record high for the product type.

For Industrial, leasing activity is 28.8% lower than 1Q24, but only 4.3% lower than last quarter. Conversely, Warehouse activity is just 7.5% lower than 1Q24, but more than twice as high than it was in 4Q24. In a similar light, warehouse leases did not reach the previous quarter or year's volume and is down 31.9% cumulatively. Although both are slightly below average, they aren't strong indicators of decreasing demand for the respective products.

Sales volume for both industrial and warehouse properties were poor this quarter, industrial is down 86.2% compared to last year, and 13.4% to last quarter, and warehouse is down in the same time frames 28.3% and 29.2% respectively. There has yet to be a bump in investments that were hoped for from the lower interest rates.

One bright spot for Industrial was direct net absorption, which was 357.8K SF, significantly higher than the 45,5K SF last quarter, and the -29.3K SF in 1Q24. Warehouse dropped to -361.4K SF which is lower than last quarter's negative 190.0K SF, and 1Q24's 7.6K SF.

ECONOMIC OVERVIEW

From October to January 2025, California's unemployment rate decreased by 10 basis points to 5.4%, while Santa Clara County's rate rose by 20 basis points, reaching 4.3%.

The San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) has been on a downward trend for manufacturing jobs and for the trade, transportation, and utilities. The manufacturing sector reported 122.8K jobs, marking a 1.2% dip since last quarter and a 2.4% decrease since 1Q24. The trade, transportation, and utilities sector recorded 124.8K jobs, 1.4% lower than last quarter, but 0.8% higher than last year.

NEAR-TERM OUTLOOK

Silicon Valley's industrial and warehouse sector continues to evolve as stakeholders navigate a dynamic mix of investment, development, and economic pressure. Significant transactions, such as Ingrasys Technology USA's \$128M purchase of six Sunnyvale buildings, underscore investor interest in locations proximate to semiconductor and AI infrastructure.

continued on page 3

INDUSTRIAL MARKET BREAKDOWN

| | 1Q25 | 4Q24 | 1Q24 | YOY Change |
|-----------------------|---------|---------|---------|----------------|
| Direct Vacancy Rate | 4.0% | 3.5% | 2.5% | 150 bps |
| Availability Rate | 5.1% | 5.0% | 4.2% | 90 bps |
| Asking Lease Rate | \$1.90 | \$1.97 | \$1.97 | -3.6% |
| | 1Q25 | 4Q24 | 1Q24 | YOY Change |
| Leased SF | 358,576 | 374,730 | 503,365 | -28.8% |
| Sold SF | 56,941 | 65,778 | 411,203 | -86.2% |
| Direct Net Absorption | 357,775 | 45,492 | -29,291 | N/A |

WAREHOUSE MARKET BREAKDOWN

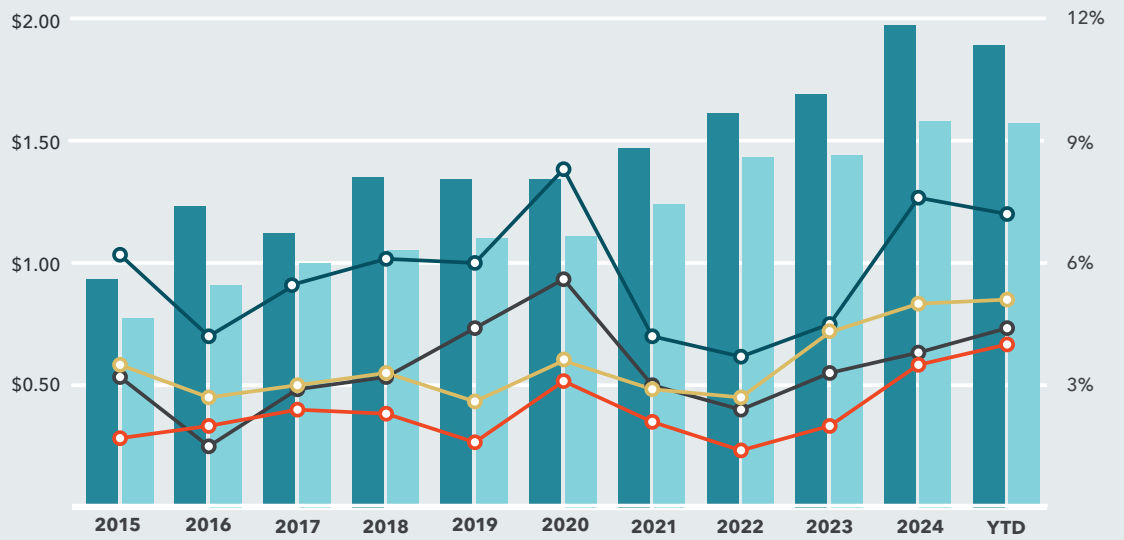
| | 1Q25 | 4Q24 | 1Q24 | YOY Change |
|-----------------------|----------|----------|---------|----------------|
| Direct Vacancy Rate | 4.4% | 3.8% | 3.6% | 80 bps |
| Availability Rate | 7.2% | 7.6% | 4.6% | 260 bps |
| Asking Lease Rate | \$1.61 | \$1.60 | \$1.54 | 4.5% |
| | 1Q25 | 4Q24 | 1Q24 | YOY Change |
| Leased SF | 773,289 | 342,008 | 836,015 | -7.5% |
| Sold SF | 92,332 | 130,336 | 128,846 | -28.3% |
| Direct Net Absorption | -361,403 | -190,013 | 7,632 | N/A |

LEASE RATE, VACANCY & AVAILABILITY

INDUSTRIAL **WAREHOUSE**

Lease Rate
Vacancy
Availability

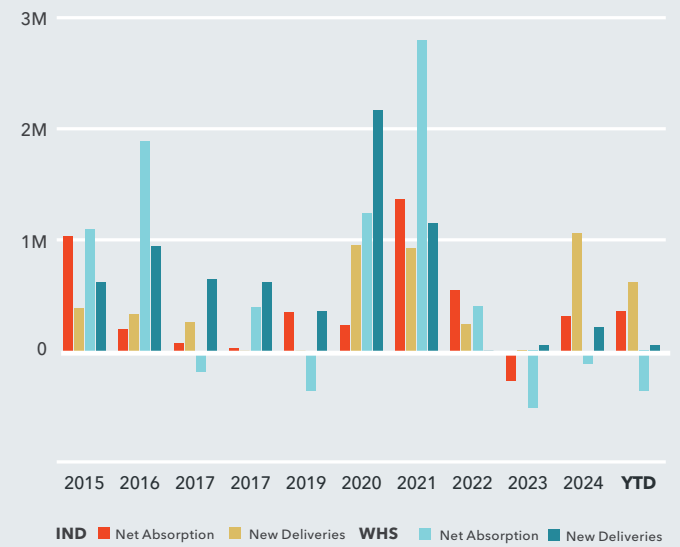
Lease Rate
Vacancy
Availability



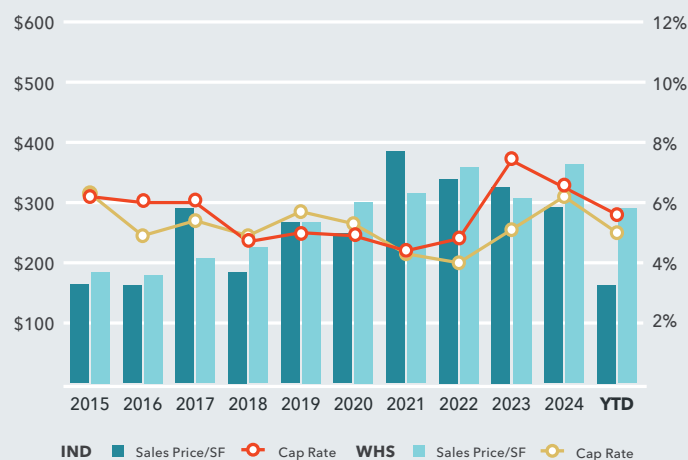
BIGGEST SALE OF THE QUARTER

2132-2129 Monterey Hwy, San Jose

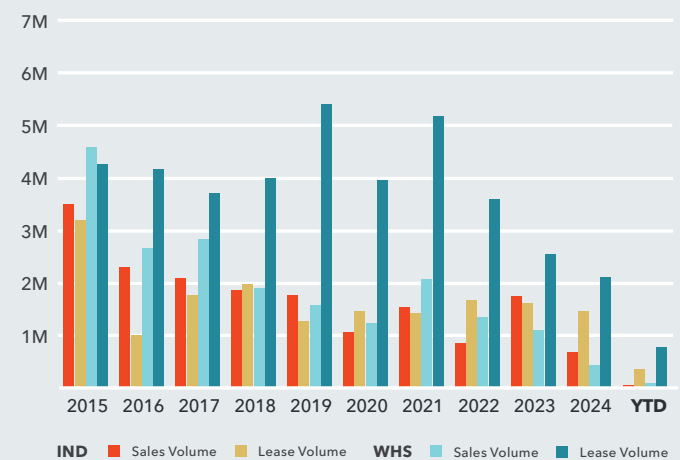
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

| Submarket | Total Inventory | SF Under Construction | Direct Vacancy Rate | Total Vacancy Rate | Total Available Rate | 1Q25 Direct Net Absorption | 2024 Direct Net Absorption | 1Q25 Gross Absorption | 2024 Gross Absorption | Rental Rate |
|--|-------------------|-----------------------|---------------------|--------------------|----------------------|----------------------------|----------------------------|-----------------------|-----------------------|---------------|
| Campbell | 992,153 | - | 5.1% | 5.9% | 6.0% | 5,000 | -49,060 | 0 | 62,681 | \$1.91 |
| Cupertino | 537,376 | - | 0.0% | 0.0% | 0.0% | 0 | 0 | 0 | 15,400 | - |
| Fremont | 11,825,090 | 46,839 | 4.3% | 5.2% | 6.0% | 229,671 | -68,926 | 192,740 | 340,926 | \$1.86 |
| Milpitas | 2,648,445 | - | 3.3% | 3.3% | 3.4% | 123,574 | -65,518 | 0 | 175,076 | \$2.54 |
| Mountain View | 745,089 | - | 4.8% | 4.8% | 0.0% | -16,458 | -4,142 | 35,500 | 43,028 | \$3.03 |
| Newark | 3,616,102 | - | 5.9% | 5.9% | 7.8% | 5,000 | -156,538 | 0 | 13,210 | \$1.53 |
| Palo Alto | 1,393,802 | - | 0.0% | 0.0% | 5.3% | 0 | 5,000 | 11,568 | 10,000 | \$2.87 |
| San Jose | 15,593,827 | 770,422 | 5.1% | 5.1% | 6.5% | -7,297 | 33,536 | 30,187 | 181,725 | \$1.71 |
| Santa Clara | 9,200,269 | - | 3.1% | 3.5% | 4.0% | 33,557 | 494,938 | 69,881 | 455,196 | \$1.62 |
| Sunnyvale | 4,185,852 | - | 0.4% | 0.4% | 0.4% | -15,272 | 34,950 | 18,700 | 42,637 | \$2.46 |
| Silicon Valley Industrial Total | 50,738,005 | 817,261 | 4.0% | 4.3% | 5.1% | 357,775 | 224,240 | 358,576 | 1,339,879 | \$1.90 |
| Campbell | 744,399 | - | 1.2% | 1.2% | 2.8% | -690 | 16,630 | 0 | 31,809 | \$1.85 |
| Cupertino | 149,461 | - | 0.0% | 0.0% | 0.0% | 0 | 0 | 0 | 0 | - |
| Fremont | 17,104,712 | 615,385 | 3.9% | 6.7% | 6.7% | -83,202 | 158,229 | 284,711 | 445,281 | \$1.53 |
| Milpitas | 6,503,235 | - | 3.9% | 4.2% | 3.8% | -55,272 | -94,211 | 35,230 | 241,348 | \$1.51 |
| Mountain View | 854,023 | - | 8.9% | 9.6% | 9.7% | -1,676 | -19,623 | 16,500 | 25,350 | \$2.65 |
| Newark | 5,609,437 | - | 7.5% | 11.8% | 13.8% | 14,601 | -297,884 | 219,538 | 98,285 | \$1.52 |
| Palo Alto | 554,406 | - | 0.2% | 0.2% | 0.2% | 0 | 0 | 0 | 3,250 | \$2.00 |
| San Jose | 26,148,252 | 302,843 | 4.7% | 5.0% | 8.4% | -233,782 | 148,481 | 188,792 | 897,746 | \$1.48 |
| Santa Clara | 6,176,591 | - | 1.9% | 2.2% | 3.8% | -5,991 | -2,031 | 4,225 | 152,478 | \$1.59 |
| Sunnyvale | 2,114,210 | - | 4.7% | 4.7% | 3.6% | 4,609 | -37,341 | 24,293 | 30,687 | \$2.51 |
| Silicon Valley Warehouse Total | 65,958,726 | 918,228 | 4.4% | 5.7% | 7.2% | -361,403 | -127,750 | 773,289 | 1,926,234 | \$1.57 |

In Fremont, which leads California in manufacturing jobs, Mayor Raj Salwan is advancing policies to streamline permitting and bolster industrial development. These efforts align with broader regional momentum, as industrial areas adapt to post-pandemic trends and new logistical demands. Similarly, revitalization projects, like Magnussen's Toyota redevelopment in Mountain View, reflect a continued focus on repositioning aging assets for modern use.

However, not all signals point to growth. Distress is emerging in pockets of the market, most notably in Mountain View where Zappettini Capital's 100,000 SF portfolio faces foreclosure risk amid rising vacancies and maturing debt. While loan activity in Silicon Valley's commercial and industrial (C&I) banking sector surged over the past year—reaching \$1.32T as of Q3 2024—these figures do not reflect underlying performance issues in all corners of the market. At the same time, a resurgence in demand for flexible, sustainable facilities is prompting developers to pursue net-zero and mixed-use industrial assets, particularly in San Jose's urban core. This signals a shift in occupier preference, especially among advanced manufacturing and logistics firms seeking more integrated, high-performance environments.

Policy uncertainty, however, continues to cloud the near-term outlook. A sweeping set of tariffs—including new levies on imports from Canada, Mexico, and China—has introduced volatility into supply chains and construction pricing. Industrial occupiers are reevaluating expansion plans, and construction costs are projected to rise by 4%–8% according to Skanska's latest analysis. Currently, there is uncertainty about which direction the market could head in. With many proposed policies including tariffs, decreased corporate taxes, and deregulation all having possible effects but not being implemented yet, it's difficult to project where things will go. Once there are answers to what policies will be implemented, there will be more clarity on the overall effects on the market and allow decision makers to act accordingly.

SIGNIFICANT SALE TRANSACTIONS 1Q 2025

| Property | Submarket | SF | Sale Price | \$/SF | Buyer | Seller |
|------------------------|-----------|--------|--------------|----------|---|----------------------------------|
| 2123-2129 Monterey Hwy | San Jose | 58,534 | \$13,000,000 | \$222.09 | Tk Holdings, Inc. | Menlo Land & Capital Xia Llc |
| 37444 Sycamore St | Newark | 56,941 | \$9,300,000 | \$163.33 | Newark Industrial Park, LLC | 37444 Sycamore, LLC |
| 1028 W Evelyn Ave | Sunnyvale | 12,000 | \$5,975,000 | \$497.92 | Escudero Sunnyvale West, LLC | Trago Investments, LLC |
| 760 San Antonio Rd | Palo Alto | 11,186 | \$5,525,000 | \$493.92 | Smtkd, LLC | Bach Investment Co. |
| 1472 Gladding Ct | Milpitas | 8,224 | \$2,550,000 | \$310.09 | Tuyen Chung & Suping Zeng Revocable Trust | Silicon Valley World Trade Corp. |

SIGNIFICANT LEASE TRANSACTIONS 1Q 2025

| Property | Submarket | SF | Transaction Date | Landlord | Tenant | Renewal |
|--------------------|-----------|---------|------------------|---|-------------------------------|-----------|
| 47550 Kato Rd | Fremont | 261,242 | February 2025 | Fortress Investment Group | AIVRES | New Lease |
| 48350 Fremont Blvd | Fremont | 246,450 | February 2025 | Prologis, Inc. | Supermicro Computer, Inc. | New Lease |
| 40541 Albrae St | Fremont | 190,503 | February 2025 | Ares Industrial R.E. Income Trust, Inc. | Mitac Industrial | New Lease |
| 6955 Mowry Ave | Newark | 161,000 | January 2025 | Vivico Partnership | Valassis Digital, Inc. | New Lease |
| 38505 Cherry St | Newark | 103,645 | January 2025 | Prologis, Inc. | Columbia Steel Services, Inc. | New Lease |

SIGNIFICANT UNDER CONSTRUCTION

| Property | City | SF | Delivery Date | Owner |
|---------------------------|----------|---------|---------------|---|
| Edenvale Industrial Park | San Jose | 635,833 | June 2025 | Hines |
| Fremont Technology Center | Fremont | 395,125 | January 2025 | Ares Industrial R.E. Income Trust, Inc. |
| 5853 Rue Ferrari | San Jose | 302,843 | January 2025 | Prologis, Inc. |
| 49000 Milmont Dr | Fremont | 267,099 | May 2025 | Milmont Owner, LLC |
| 5920 Hellyer Ave | San Jose | 134,589 | June 2025 | Oaktree Capital Management |

Data Source: ycharts.com, data.bls.gov, bizjournals.com



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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

58M SF

MANAGEMENT
PORTFOLIO SIZE

850+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400+

AVERAGE
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS

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