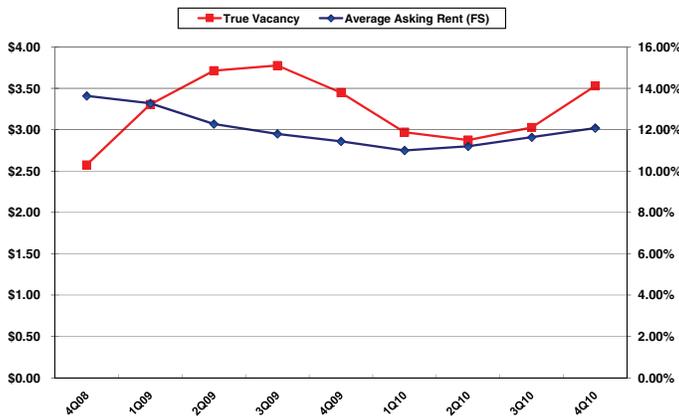


MOUNTAIN VIEW Market Report



HISTORICAL RENT VS. VACANCY



RECENT TRANSACTIONS

- Mozilla leased an additional 14,600 sf in downtown Mtn View
- Accuray leased 25,000 sf of R&D space in Shoreline Park
- Diamond Systems leased 28,000 sf of R&D space

RESOURCES

www.mikecobb.com

Commercial Real Estate Blog focused on the SF Peninsula

www.ci.mtnview.ca.us

City of Mountain View website

www.ilovemv.org

Goings-on in Mountain View

www.colliersparrish.com/mcobb

About Mike Cobb

www.twitter.com/mcobbcolliers

Real time updates on the local market



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➢ The Downtown Major Building Vacancy Index spiked to 12.35% to open the year, largely because of a substantial block of sublease space recently brought to market. Based on the exceptional level of activity reported on this square footage, we project that the Index will return to $\pm 7.5\%$ by the close of Q1. Upward pressure continues on lease rates for buildings in the downtown area.

The dichotomy between core downtown locations and broader markets seen throughout the region is also evident in Mountain View. The overall office available rate has increased over the past two quarters, now at 14.12%. Average asking rates (currently \$2.93 Fully Served) have been essentially flat for over a year. Since the very solid downtown lease rates, which represent over 20% of the overall office market in Mountain View, are incorporated into these statistics, the market for Class 'B' office space has clearly degraded somewhat over the course of the year.

The market for R&D space has remained largely flat over the course of the past year. While a mid-year spike in leasing activity locally has not sustained itself, some major projects do report better activity. The current average asking rate of \$1.48 NNN is only nominally lower than a year ago. The vacancy rate in this sector at the close of 2010 was 15.25%.

MARKET TRENDS		
Downtown Vacancy Index	12.25%	↑
Office Vacancy Rate	14.12%	↑
Industrial Avg Asking Rent	.81 NNN	↓
OFFICE AVAILABILITY RATE, ADJACENT CITIES		
Palo Alto	16.79%	↓
Los Altos	22.50%	↑