

Sunnyvale / Santa Clara

MINIMAL VACANCY DRIVING RENTS HIGHER

Takeaway

Tenants continue to face extremely challenging conditions in Sunnyvale and Cupertino. Much of the rental rate growth occurred in 2016, but frenetic demand from both top tech firms and rapidly expanding startups has kept competition for space very heated. Landlords pulled back slightly on free rent and extended generous tenant improvements only for larger, creditworthy firms. Companies will face added rent hikes in 2018.

Negotiated Rent

\$64.75

TOTAL GROSS RENT

2.8%

Concessions

\$61.00

-3.2%

\$40.00

IMPROVEMENT
ALLOWANCE
AVERAGE

4.5

FREE RENT
AVERAGE
(MONTHS)

Tenant Effective Rent

\$55.77

3.8%

Building Expenses

\$11.80

OPEX

1.7%

\$4.68

RE TAXES

1.7%

Landlord Effective Rent

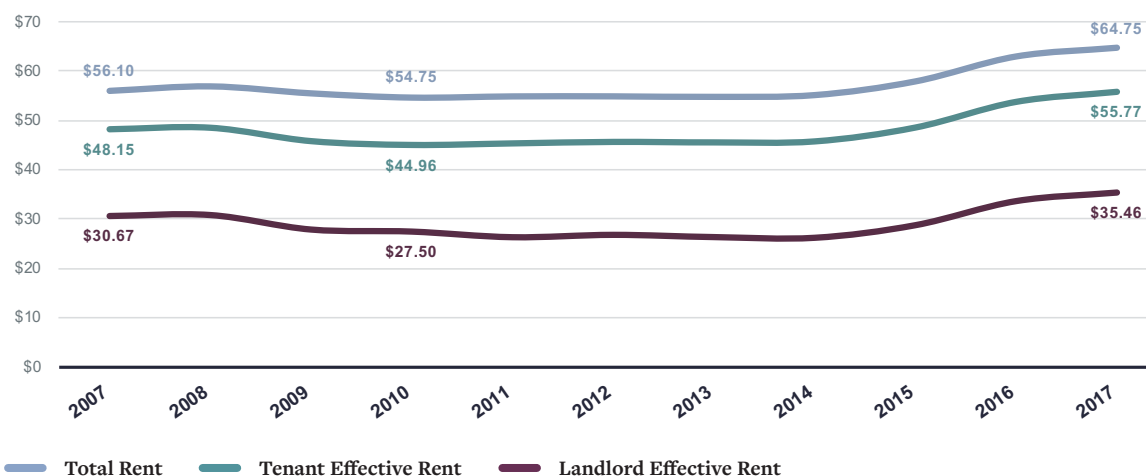
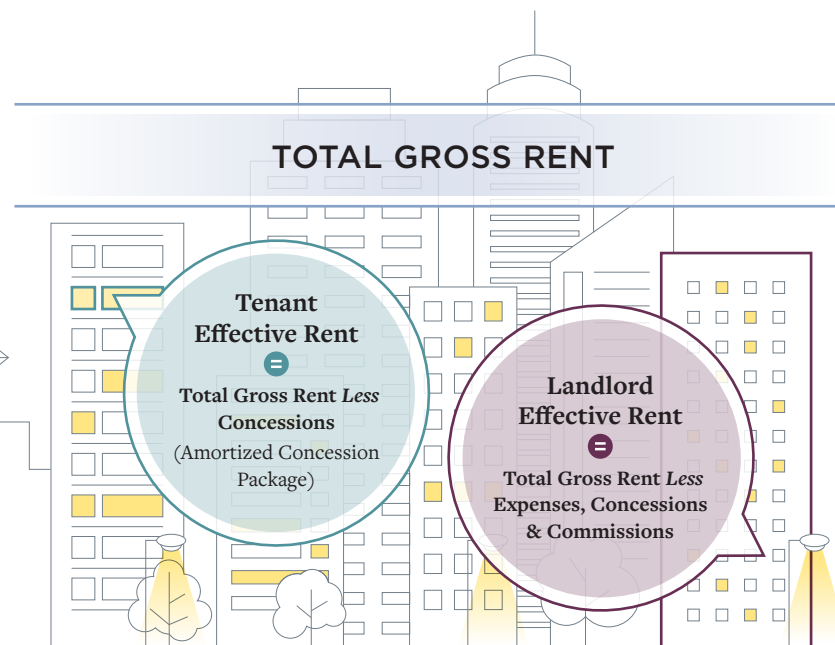
\$35.46

5.2%



RENT SENSIBLY.

DO YOU KNOW WHERE
YOUR RENT GOES?



METHODOLOGY

The *Effective Rent Index* tracks what tenants truly pay for top tier Class A office space (tenant effective rent) and what landlords ultimately walk away with (landlord effective rent) once building expenses and leasing costs are deducted from net rent. Derived from negotiated office leases, the index provides critical insight into the health of each market and its position along the 'landlord-tenant favorable' spectrum. For more information about the report or detailed methodology visit: www.savills-studley.com/research/us/effective-rent-indexes.aspx.

