

Silicon Valley

Office – Q3 2026

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Silicon Valley leasing activity reaches new heights

Leasing activity accelerated sharply in Q3 2026, reaching 4.9 million square feet (msf), up from 3.0 msf in the previous quarter and more than double the 2.3 msf recorded a year ago. The quarter marked a new post-pandemic high for leasing volume, bringing year-to-date activity to approximately 11.1 msf. Sunnyvale was the primary driver, accounting for more than half of quarterly volume, supported by several large transactions from major technology firms. While AI-related companies continue to contribute to Silicon Valley office demand, Q3 2026 leasing activity also included sizable commitments from established technology companies such as Google, Hewlett Packard Enterprise and Microsoft Corporation, underscoring the continued contribution of large technology occupiers alongside AI-related demand.

Class A assets capture the majority of tenant demand

Overall availability declined to 21.8% in Q3 2026, down 180 basis points (bps) from the previous quarter and 280 bps from a year ago, as strong leasing activity continued to reduce available office space across Silicon Valley. Demand remained concentrated among Class A and trophy assets as occupiers prioritized amenitized, move-in-ready properties, while sublease availability continued to recede, leaving tenants seeking premier space with a limited pool of options. Class A properties accounted for 71.2% of leasing activity in the third quarter, underscoring the continued preference for high-quality office space.

Flight to quality strengthens landlord pricing power

Competition for premier office space is beginning to shift pricing dynamics in favor of landlords in Silicon Valley's strongest submarkets. Robust Class A leasing, declining availability in locations such as Sunnyvale and a limited pipeline of new office development are reducing tenants' options for top-tier space and supporting stronger asking rents for premier assets. However, concessions and competitive pricing remain important for properties facing higher availability. Tenant demand nevertheless remains concentrated in higher-quality assets, reinforcing the market's continued flight-to-quality trend.

KEY STATISTICS

	Q3 2025	Q3 2026	Y-O-Y
Inventory	85.8 msf	85.0 msf	-0.8 msf
Availability rate	24.6%	21.8%	-280 bps
Asking rental rate	\$5.32	\$5.72	+7.5%
Class A asking rental rate	\$5.49	\$5.81	+5.8%
Quarterly leasing activity	2.3 msf	4.9 msf	+2.6 msf
Available sublease space	4.5 msf	2.7 msf	-1.8 msf

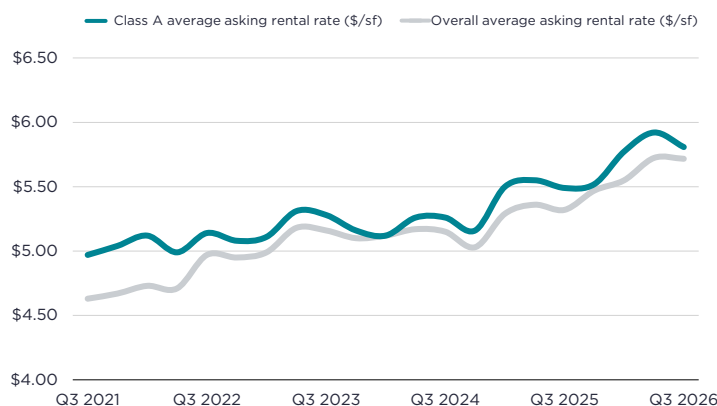
Note: Rents quoted are monthly

Outlook

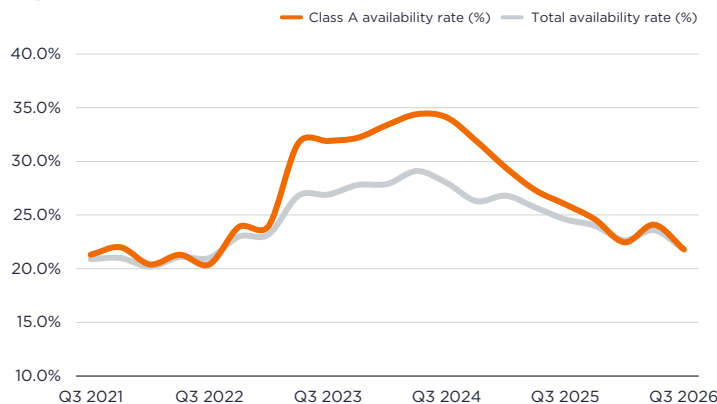
- 01** Tenant preferences continue to shift toward speed and flexibility, driving increased demand for move-in-ready Class A space.
- 02** Asking rents are expected to rise, particularly in submarkets where availability remains constrained and demand for high-quality space supports pricing.

- 03** Declining sublease space and a limited construction pipeline should chip away at excess supply and improve overall market balance.

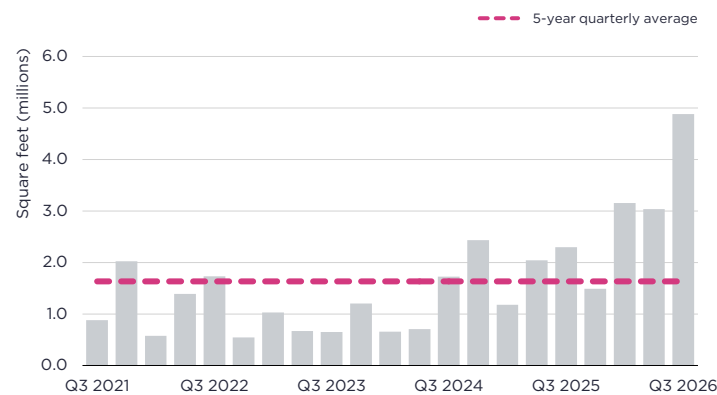
ASKING RENT



AVAILABILITY



LEASING ACTIVITY

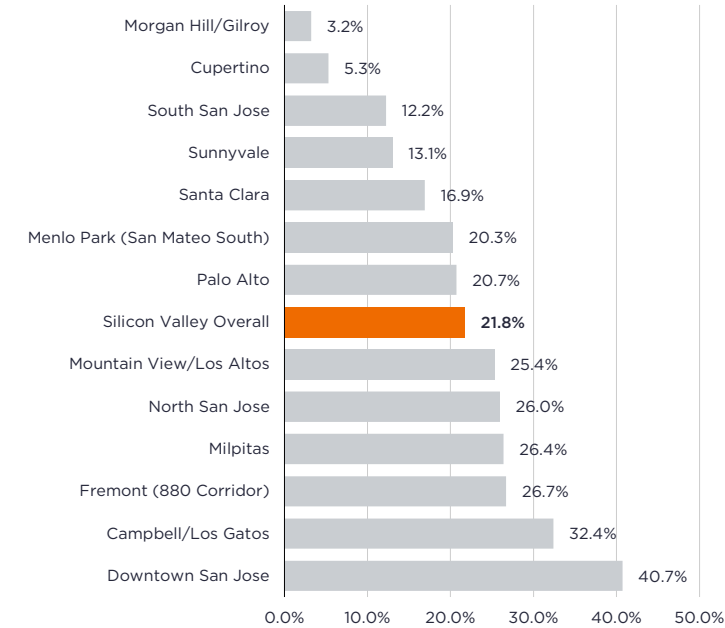


NOTABLE LEASES

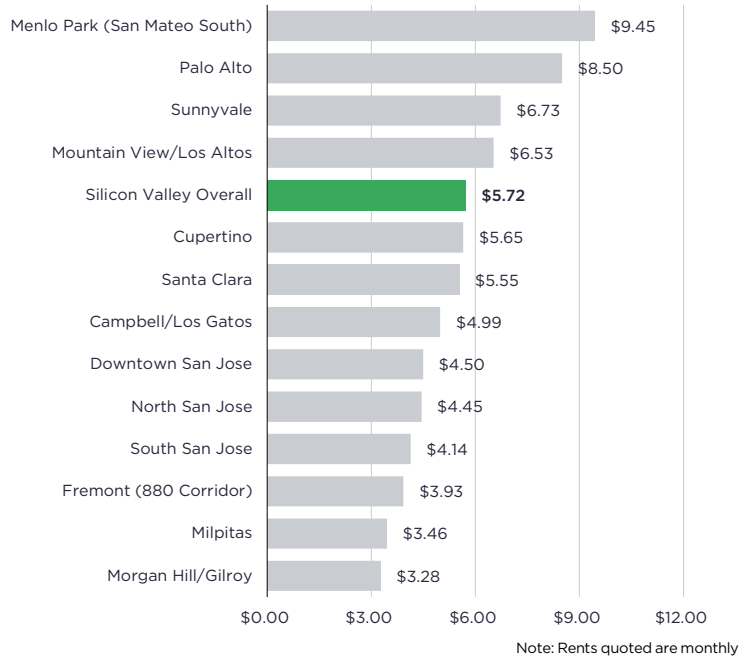
*Trophy building **Sublease

Tenant	Industry	Submarket	Address	Size (SF)	Transaction type
Google	Technology, Advertising, Media & Information	Sunnyvale	Moffett Place	1,576,360	Renewal
Google	Technology, Advertising, Media & Information	Sunnyvale	1225 and 1265 Crossman Avenue	597,848	Renewal
Amazon	Retail	Sunnyvale	1000 Enterprise Way*	318,255	New Location
Hewlett Packard Enterprise	Technology, Advertising, Media & Information	Sunnyvale	1133 Innovation Way	318,172	Sale-Leaseback
Physical Intelligence	Technology, Advertising, Media & Information	Mountain View/Los Altos	1300 La Avenida Street	233,543	New Location
Google	Technology, Advertising, Media & Information	Mountain View/Los Altos	1255 Pear Avenue	160,379	Renewal
NXP Semiconductors	Technology, Advertising, Media & Information	North San Jose	350 Holger Way	96,502	Renewal
Microsoft Corporation	Technology, Advertising, Media & Information	Santa Clara	3201 Scott Boulevard	66,106	Renewal
Aria Networks	Technology, Advertising, Media & Information	Sunnyvale	400 W California Avenue	35,233	New Location
Rednote	Technology, Advertising, Media & Information	Mountain View/Los Altos	200 W Evelyn Avenue	33,557	New Location

AVAILABILITY RATE COMPARISON (%)
SILICON VALLEY SUBMARKETS



RENTAL RATE COMPARISON (\$/SF)
SILICON VALLEY SUBMARKETS



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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory. The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research. Copyright © 2026 Savills