

Q4 2022

Technology sector trends, uncovered.

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Markets

National

Atlanta

Austin

Boston

Denver

Los Angeles

New York

San Francisco

Seattle

Silicon Valley

Office leasing within the tech sector dwindled at the close of 2022, as venture capital funding stalled, industry layoffs surged, and companies continued contemplating how to use office space going forward.

As labor market dynamics shift, office utilization is paradoxically expected to rise as those employers wanting greater office attendance will have more leverage to get it. While this might not result in an increase in new demand for office space in the near term, astute leaders with a clear vision for how they want to use space will be able to take advantage of tenant-favorable market conditions to upgrade their employee experience for dramatically less than what it would have cost pre-pandemic.

Tech Trends to Watch in 2023

01

Low Office Demand

02

**Tenant-favorable
Conditions**

03

Return to Office

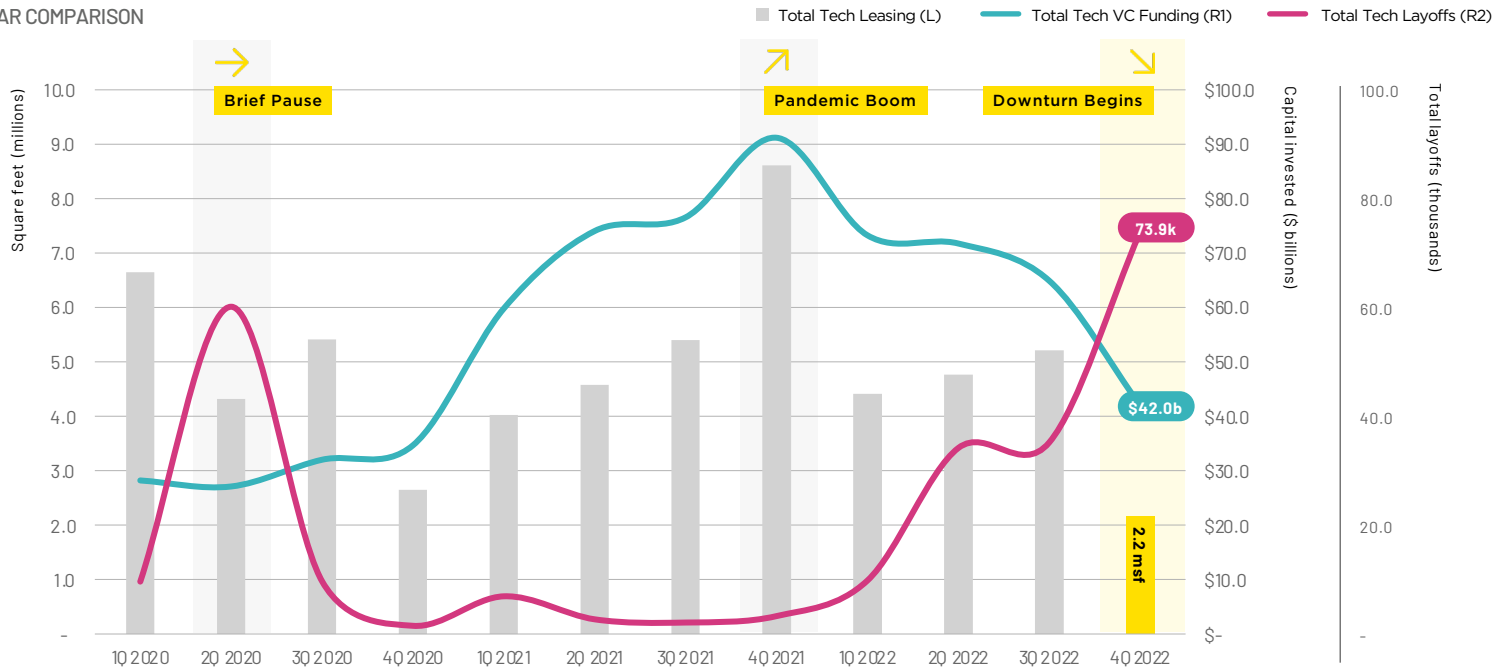
National

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Office leasing within the tech sector dwindled at the close of 2022, as venture capital funding stalled, industry layoffs surged, and companies continued contemplating how to use office space going forward.

Tech Leasing¹, VC Funding², and Layoffs³

3-YEAR COMPARISON



Note: Tech leasing includes leases over 20,000 square feet across Savills US office markets
Sources: ¹ Savills Research; ² Pitchbook; ³ Layoffs.fyi

Key Shifts

2020 → Brief Pause

Brief pause to tech growth in the earliest stages of the pandemic as leases were put on hold, investment was stifled, and jobs were cut as companies processed Covid-19 impacts. As the year ended, many tech companies resumed aggressive hiring, focusing on the opportunity to tap into new labor pools through the hiring of remote employees.

2021 ↗ Pandemic Boom

VC funding hit a record-high as 2021 closed, and tech behemoths and startups alike aggressively hired amid the war for talent. The increased adaption of remote work suppressed the correlation between employment growth and an equivalent growth in office demand seen pre-pandemic.

2022 ↘ Downturn Begins

Global economic volatility, inflation, high interest rates, earnings pressures, and a decrease in VC funding pushed the tech sector into cost-cutting mode. This resulted in significant layoffs and a marked slowdown in leasing activity as the year closed.

Tech Trends to Watch in 2023

01 Low Office Demand

Tech layoff announcements have continued, and companies within the industry are increasingly under pressure from investors and boards to control costs. Coupled with a shift towards remote-work styles, **office demand from the tech sector will likely be tempered in 2023.**

02 Tenant-favorable Conditions

As labor market dynamics shift, office utilization is paradoxically expected to rise as employers wanting greater office attendance will have more leverage to get it. **Astute company leaders who establish their "purpose of place" in the near-term will be able to take advantage of tenant-favorable market conditions and upgrade their employee experience for dramatically less than what it would have cost pre-pandemic.**

03 Return to Office

The novelty of remote work is wearing off for many tech employees who want further connection to their colleagues and organizations. As more companies establish coherent visions for how they intend to use office space going forward, **we expect tech workers to migrate to firms that align with how they want to work: in-office, hybrid or remote.**

Atlanta

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Despite a recent compression in technology company valuations, enthusiasm around Atlanta-based companies continues. Atlanta remains fundamentally sound as a tech-friendly market due to its high population growth, proximity to top research institutions and its continuation as a business-friendly environment.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

27.0%

+300 bps
(26.0%)

Availability

\$30.70

+1.6%
(\$30.24)

Overall Asking Rent (\$/SF)

1.6 msf

-0.9 msf
(2.5 msf)

Quarterly Leasing Activity

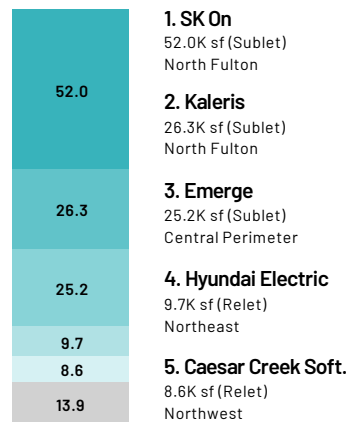
5.2 msf

+1.8 msf
(3.4 msf)

Sublease Space

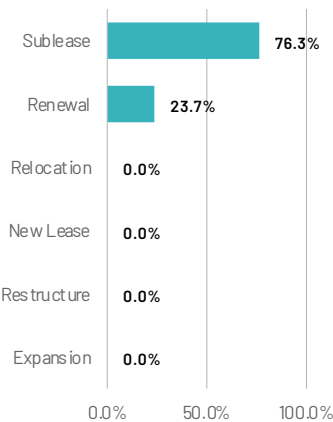
Top Tech Deals

2022

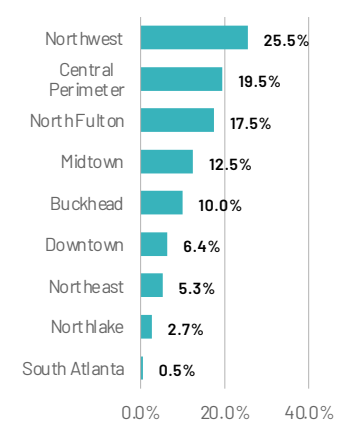


Deal Type Breakdown

2022



Sublet Blocks Available

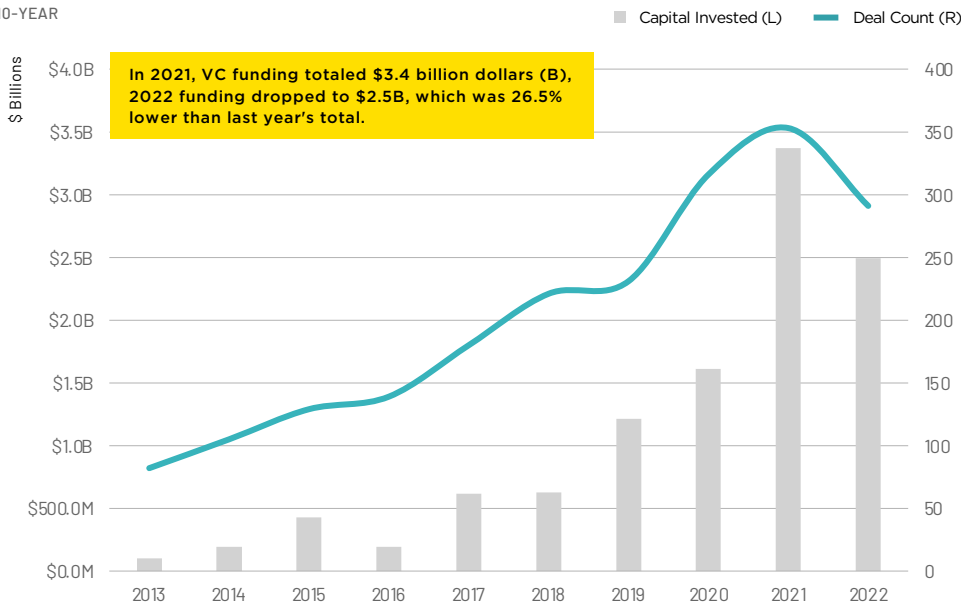


VENTURE CAPITAL ACTIVITY

Historical VC Activity

10-YEAR

Source: Pitchbook



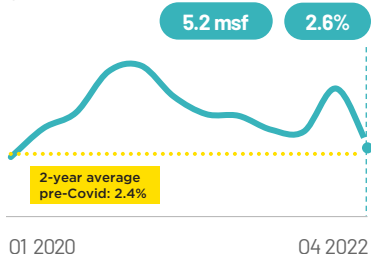
Major Funding Rounds

2022



Sublet Availability

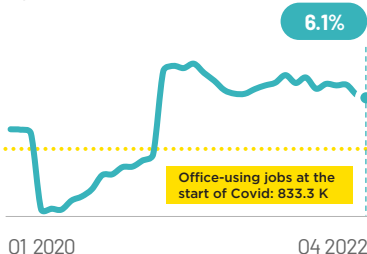
OVERALL



Office-Using Jobs

2022

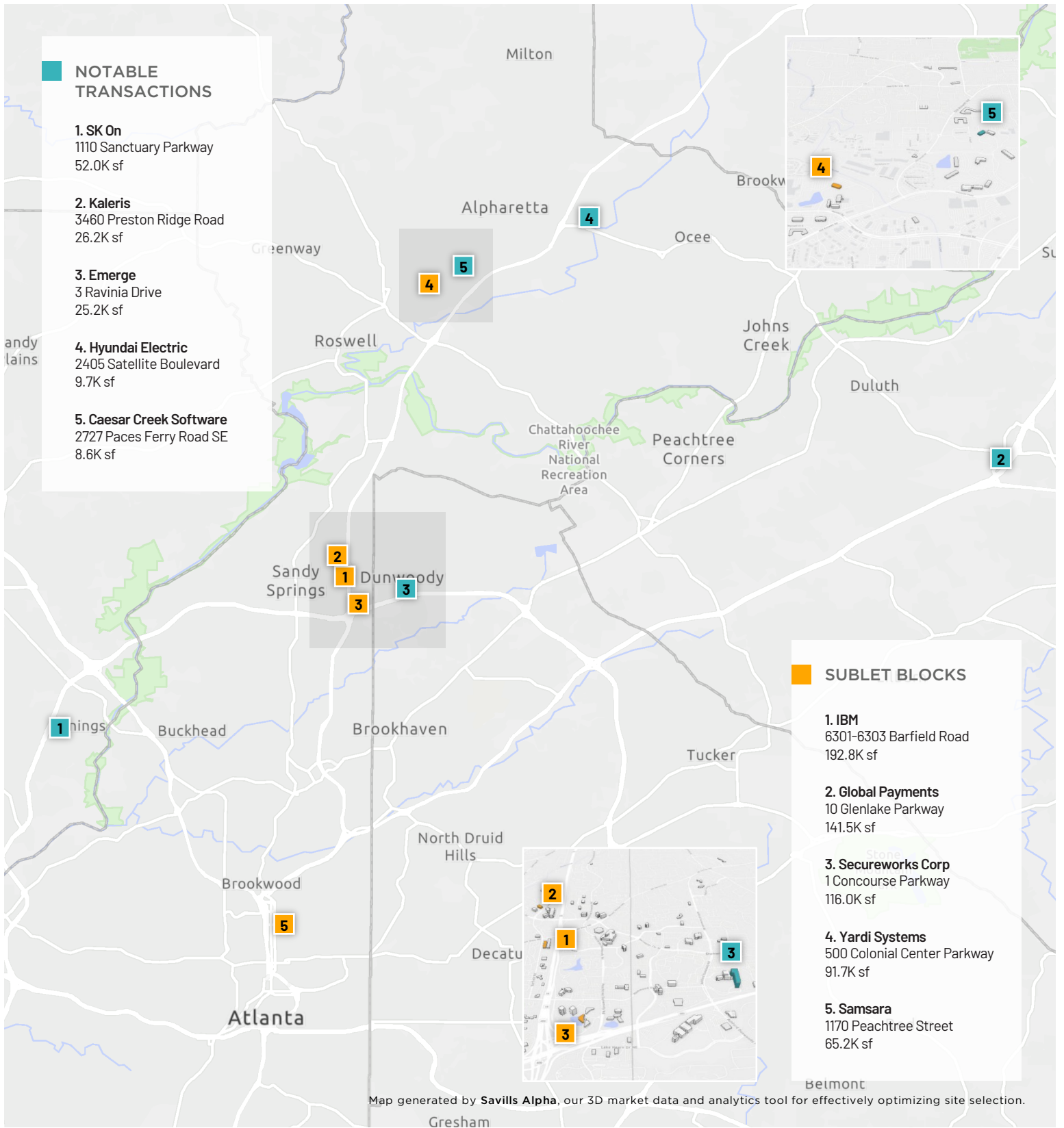
Y-O-Y CHANGE (%)



Savills Pulse & Perspective: Workforce Analysis

Despite sweeping tech sector layoffs due to adjustments in over-hiring and falling short of forecasted growth, unemployment rates remain low. For skilled labor in cloud computing, tech sales, and cyber security, it takes less than three months after a layoff to pivot into higher growth sectors among mature and digitally transformed organizations such as automotive, healthcare and logistics. A data-driven location and labor strategy across every industry remains critical to achieving financial and growth objectives.

Amy Fobes, Portfolio Solutions Group, Savills North America



- NOTABLE TRANSACTIONS**
- 1. SK On**
1110 Sanctuary Parkway
52.0K sf
 - 2. Kaleris**
3460 Preston Ridge Road
26.2K sf
 - 3. Emerge**
3 Ravinia Drive
25.2K sf
 - 4. Hyundai Electric**
2405 Satellite Boulevard
9.7K sf
 - 5. Caesar Creek Software**
2727 Paces Ferry Road SE
8.6K sf

- SUBLET BLOCKS**
- 1. IBM**
6301-6303 Barfield Road
192.8K sf
 - 2. Global Payments**
10 Glenlake Parkway
141.5K sf
 - 3. Secureworks Corp**
1 Concourse Parkway
116.0K sf
 - 4. Yardi Systems**
500 Colonial Center Parkway
91.7K sf
 - 5. Samsara**
1170 Peachtree Street
65.2K sf

Map generated by **Savills Alpha**, our 3D market data and analytics tool for effectively optimizing site selection.

Atlanta Q4 2022 - The Tech Tenant

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Austin

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Austin's office market, especially in the tech sector, experienced a slowdown in the final quarter of 2022. Amid economic concerns, quarterly leasing volume declined significantly, and the overall sublease availability increased to 4.8 MSF which exceeds 2.0% of office inventory. Macroeconomic concerns including recession fears, high interest rates and hybrid workplace model have decreased office demands for the tech industry.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

28.3% +730 bps
(21.0%)

Availability

\$45.53 +2.5%
(\$44.44)

Overall Asking Rent (\$/SF)

1.1 msf -2.1 msf
(3.2 msf)

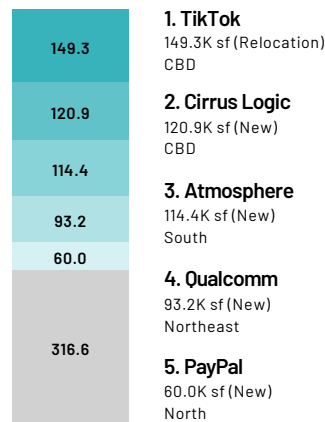
Quarterly Leasing Activity

4.8 msf +2.1 msf
(2.7 msf)

Sublease Space

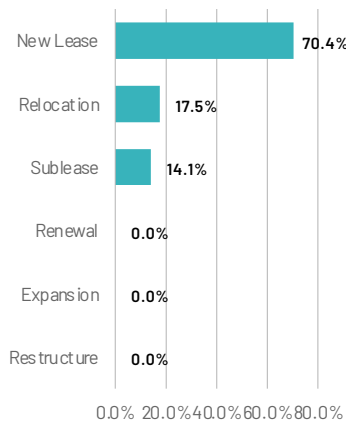
Top Tech Deals

2022

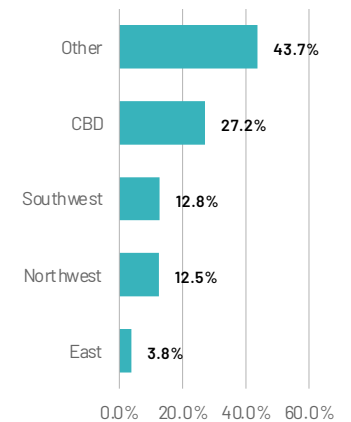


Deal Type Breakdown

2022



Sublet Blocks Available

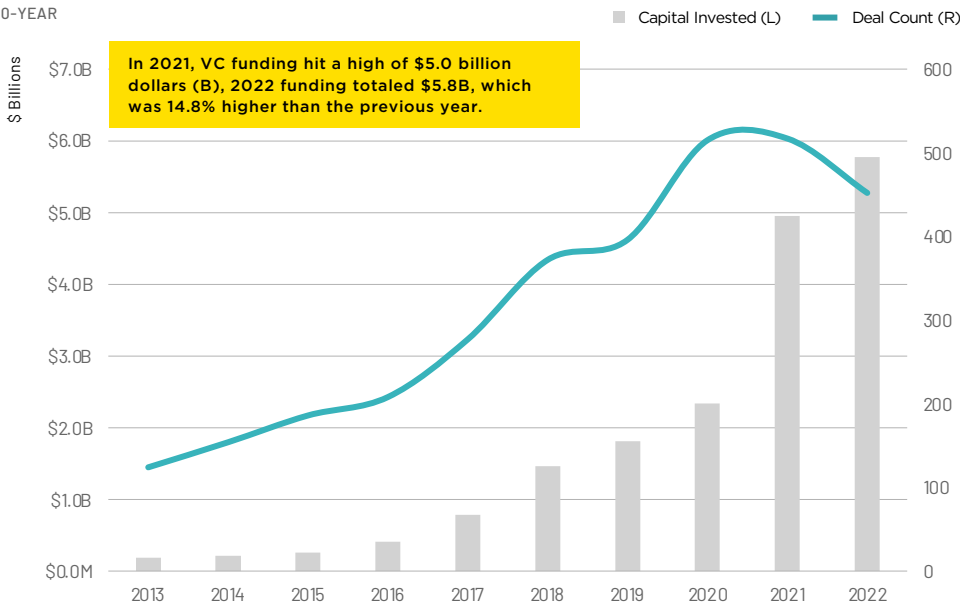


VENTURE CAPITAL ACTIVITY

Historical VC Activity

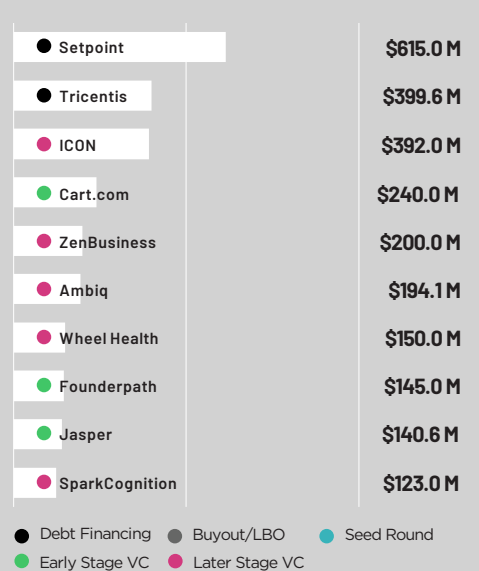
10-YEAR

Source: Pitchbook



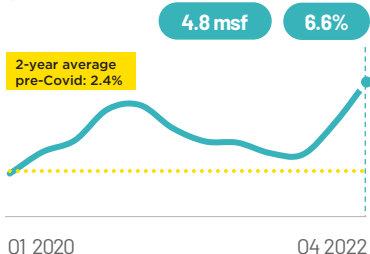
Major Funding Rounds

2022



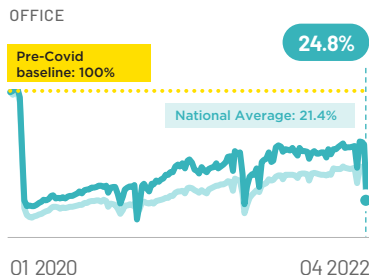
Sublet Availability

OVERALL



Occupancy

Source: Kastle Systems



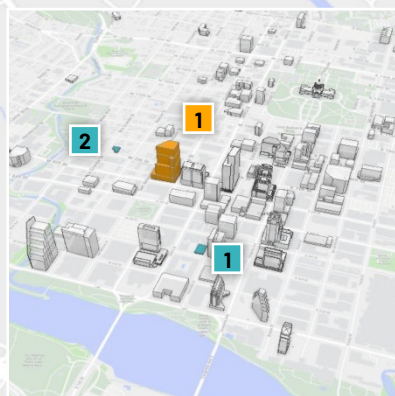
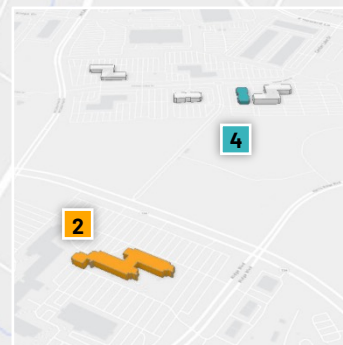
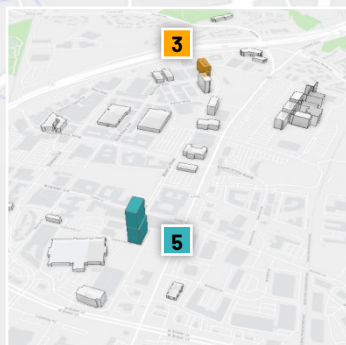
Savills Pulse & Perspective: Workforce Analysis

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Amy Fobes, Portfolio Solutions Group, Savills North America

NOTABLE TRANSACTIONS

1. **TikTok**
300 Colorado Street
149.3 K sf
2. **Cirrus Logic**
701 Rio Grande Street
120.9 K sf
3. **Atmosphere**
2043 S Lamar Boulevard
114.4 K sf
4. **Qualcomm**
13929 Center Lake Drive
93.2 K sf
5. **PayPal**
10025 Alterra Parkway
60.0 K sf



SUBLET BLOCKS

1. **Meta**
400 W 6th Street
574.1 K sf
2. **General Motors**
717 E Parmer Lane
169.7 K sf
3. **Expedia/Vrbo**
11800 Domain Boulevard
98.4 K sf
4. **Samsung Austin Semiconductor**
3900 N Capital of Texas Hwy
77.4 K sf
5. **Netspend**
5800 Airport Boulevard
75.7 K sf

Map generated by **Savills Alpha**, our 3D market data and analytics tool for effectively optimizing site selection.

Austin Q4 2022 - The Tech Tenant

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Boston

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During Q4 many tech companies have announced a reversal of their remote first policy, as they look to implement new workplace policies in the future that requires employees to be in the office for a fixed number of days during the week.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

17.0% +100 bps
(16.0%)

Availability

\$45.38 +16.8%
(\$38.85)

Overall Asking Rent (\$/SF)

2.5 msf -0.5 msf
(3.0 msf)

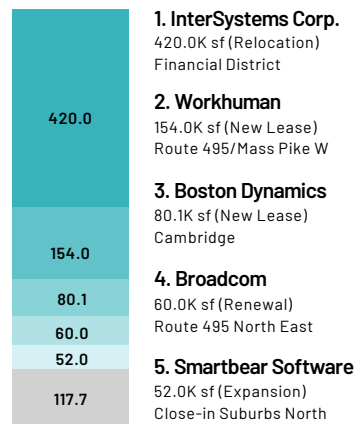
Quarterly Leasing Activity

10.1 msf +2.3 msf
(7.7 msf)

Sublease Space

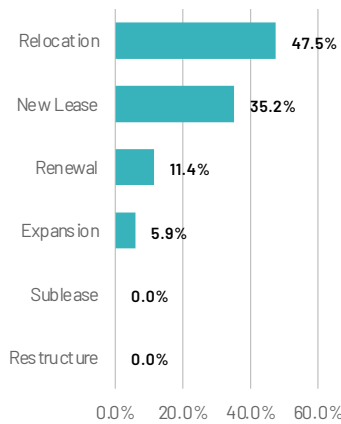
Top Tech Deals

2022

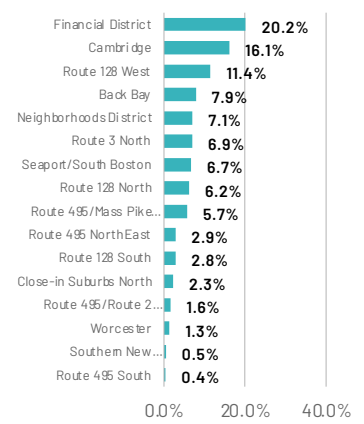


Deal Type Breakdown

2022



Sublet Blocks Available

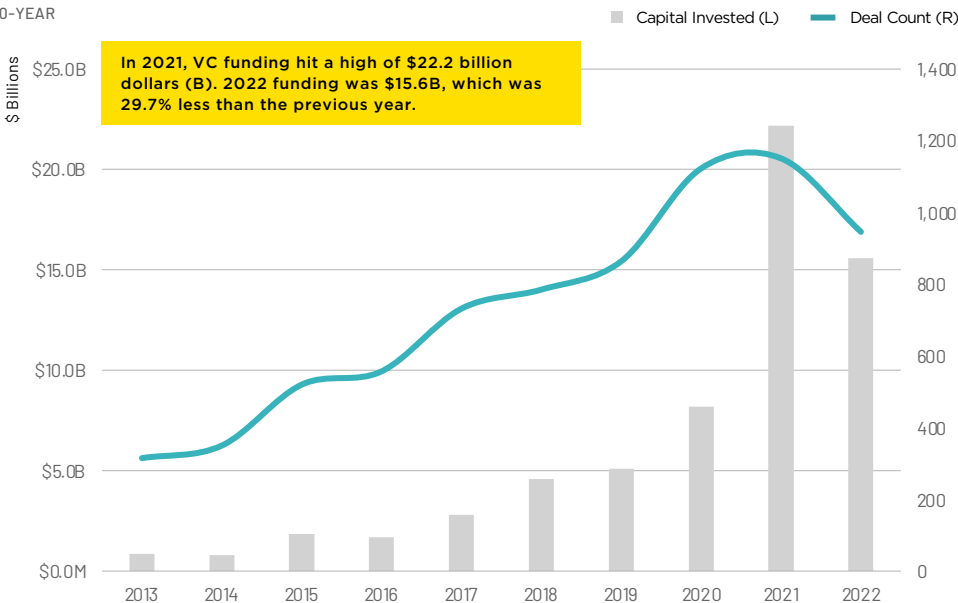


VENTURE CAPITAL ACTIVITY

Historical VC Activity

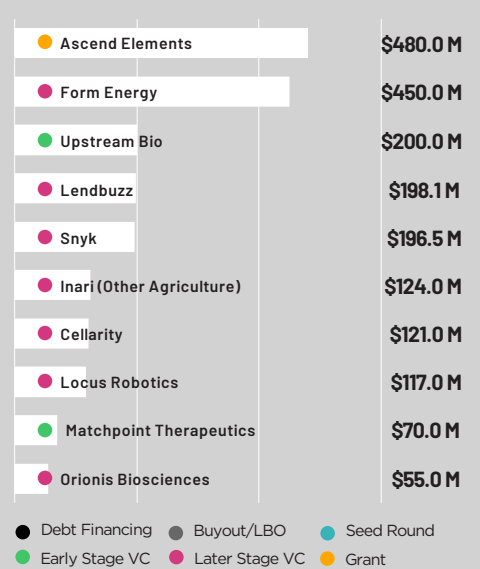
10-YEAR

Source: Pitchbook



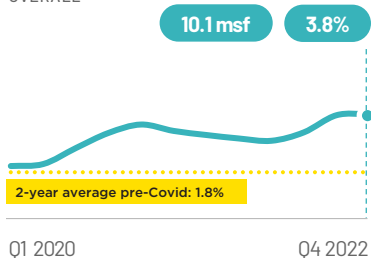
Major Funding Rounds

Q4 2022



Sublet Availability

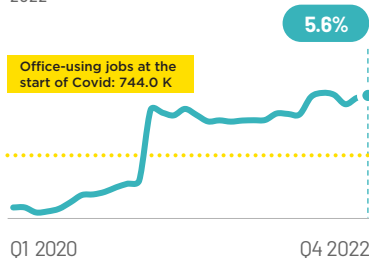
OVERALL



Office-Using Jobs

2022

Y-O-Y CHANGE (%)



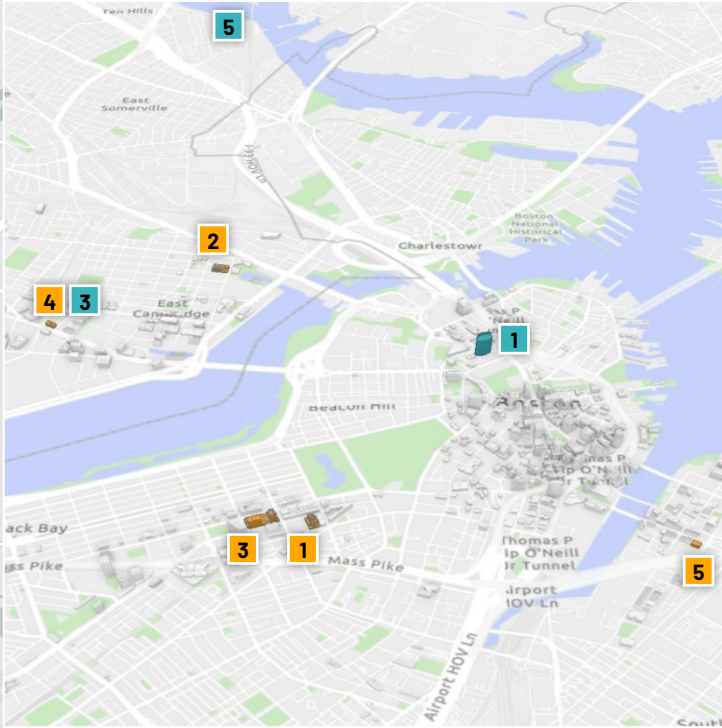
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Amy Fobes, Portfolio Solutions Group, Savills North America

NOTABLE TRANSACTIONS

- | | | |
|--|---|---|
| 1. InterSystems Corp.
1 Congress Street
420.0K sf | 2. Workhuman
100 Staples Drive
154.0K sf | 3. Boston Dynamics
145 Broadway
80.0K sf |
| 4. Broadcom
100 Brickstone Square
60.0K sf | 5. Smartbear Software
450 Artisan Way
52.0K sf | |



LARGEST SUBLET BLOCKS

- | | | | | |
|---|---|---|---|---|
| 1. Wayfair
10 Saint James Avenue
295.9K sf | 2. HubSpot
25 First Street
231.7K sf | 3. Wayfair
500 Boylston Street/
222 Berkeley Street
176.0K sf | 4. Akamai
145 Broadway
162.0K sf | 5. LogMeIn
333 Summer Street
117.8K sf |
|---|---|---|---|---|

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Boston Q4 2022 – The Tech Tenant

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Denver

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Denver's sublease availability reached an all-time high of 6.3 million square feet (msf), up 47% from 4.3 msf one year ago, as companies look to control costs and navigate economic uncertainty. As the technology sector pauses hiring practices, expect low office demand and tenant-favorable market conditions to remain in 2023.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

19.3%

+170 bps
(17.6%)

Availability

\$30.33

+4.6%
((\$29.01))

Overall Asking Rent (\$/SF)

2.2 msf

-0.8 msf
(3.0 msf)

Quarterly Leasing Activity

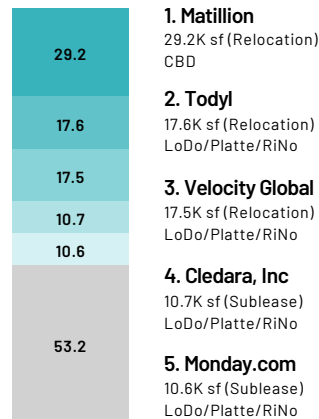
6.7 msf

+2.4 msf
(4.3 msf)

Sublease Space

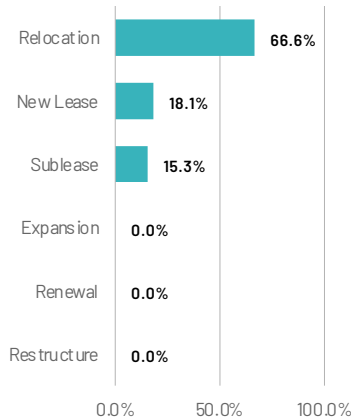
Top Tech Deals

2022 YTD

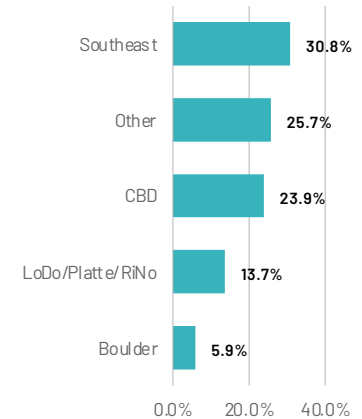


Deal Type Breakdown

2022 YTD



Sublet Blocks Available

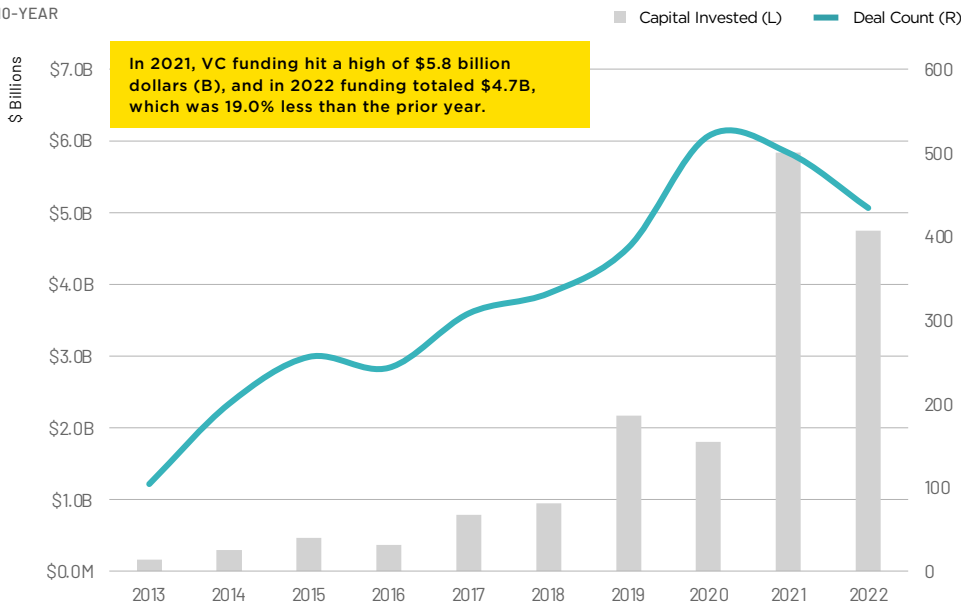


VENTURE CAPITAL ACTIVITY

Historical VC Activity

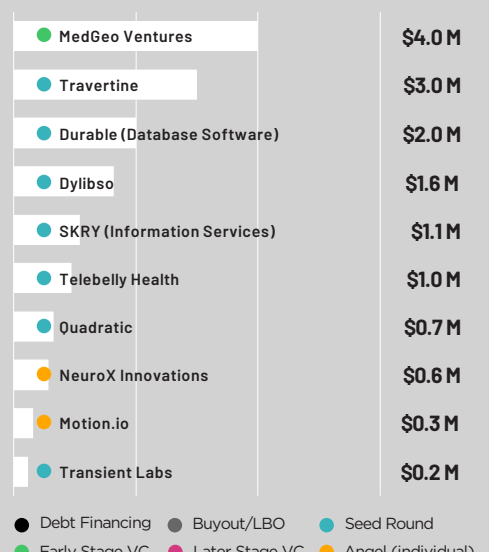
10-YEAR

Source: Pitchbook



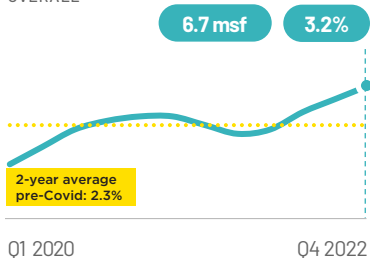
Major Funding Rounds

2022 YTD



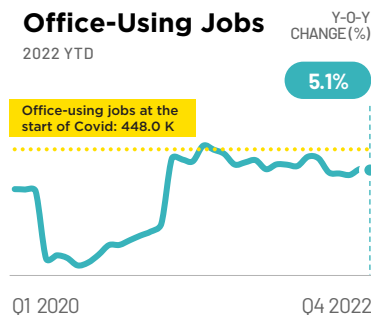
Sublet Availability

OVERALL



Office-Using Jobs

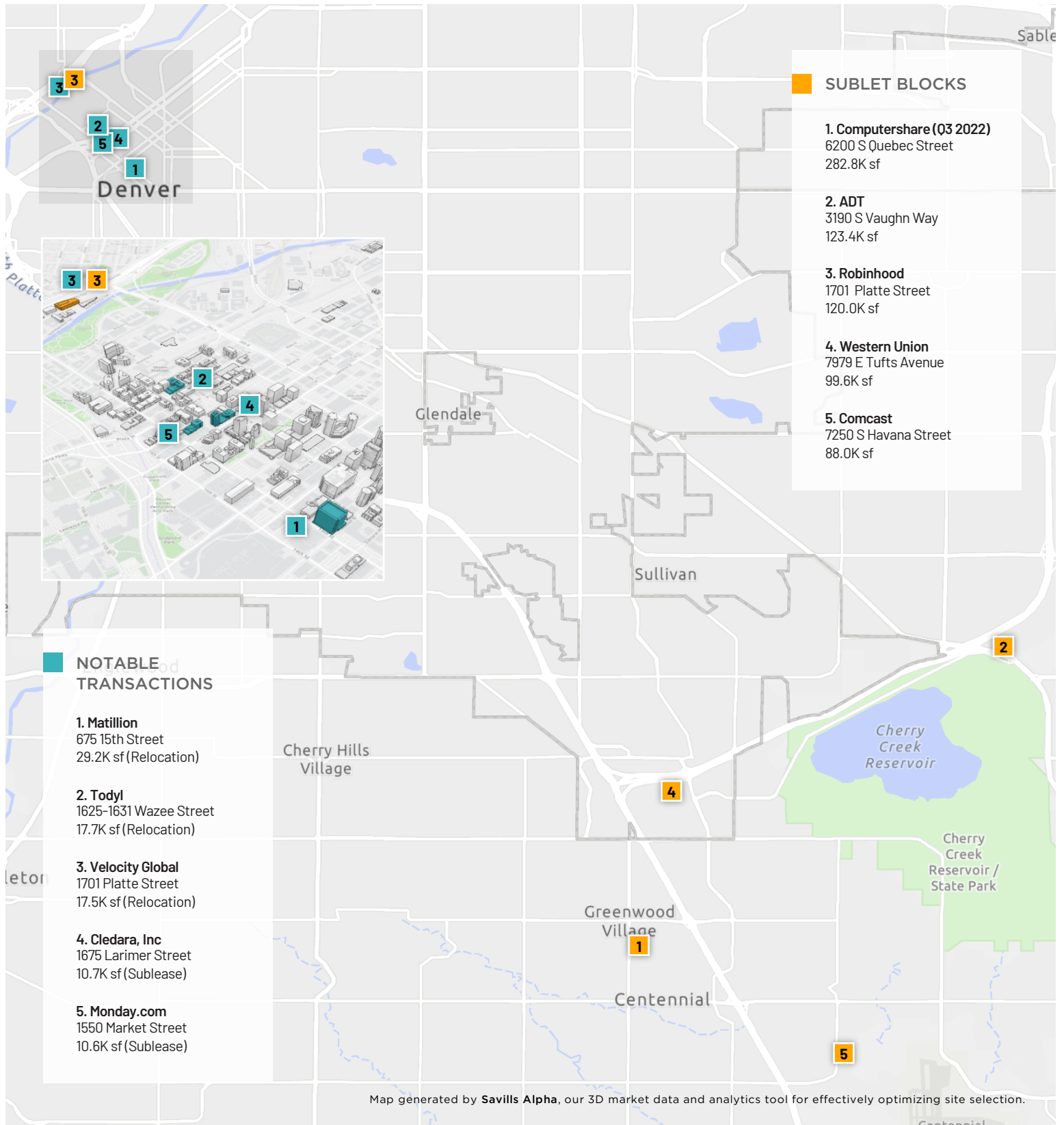
2022 YTD



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Denver Q4 2022 - The Tech Tenant

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Los Angeles

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With the current correction in the technology sector now leading to tens of thousands of layoffs, high-profile office spaces are being put on the market for sublease or leases are being terminated altogether. As office tech space requirements are being put on hold, the Los Angeles office market will be even more tenant-favorable as demand is forecasted to remain low going into 2023.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

26.0%

+160 bps
(24.4%)

Availability

\$46.56

+0.8%
(\$46.20)

Overall Asking Rent (\$/SF)

3.6 msf

+0.6 msf
(2.9 msf)

Quarterly Leasing Activity

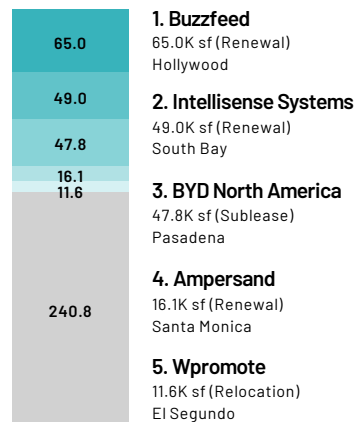
10.3 msf

+0.7 msf
(9.6 msf)

Sublease Space

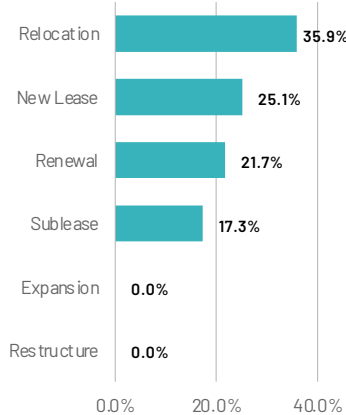
Top Tech Deals

2022

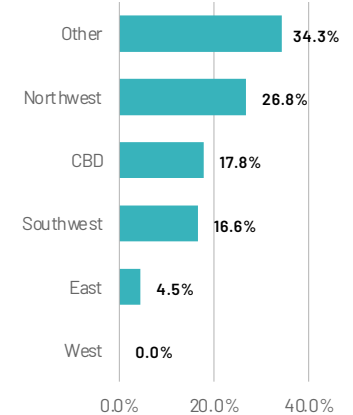


Deal Type Breakdown

2022



Sublet Blocks Available

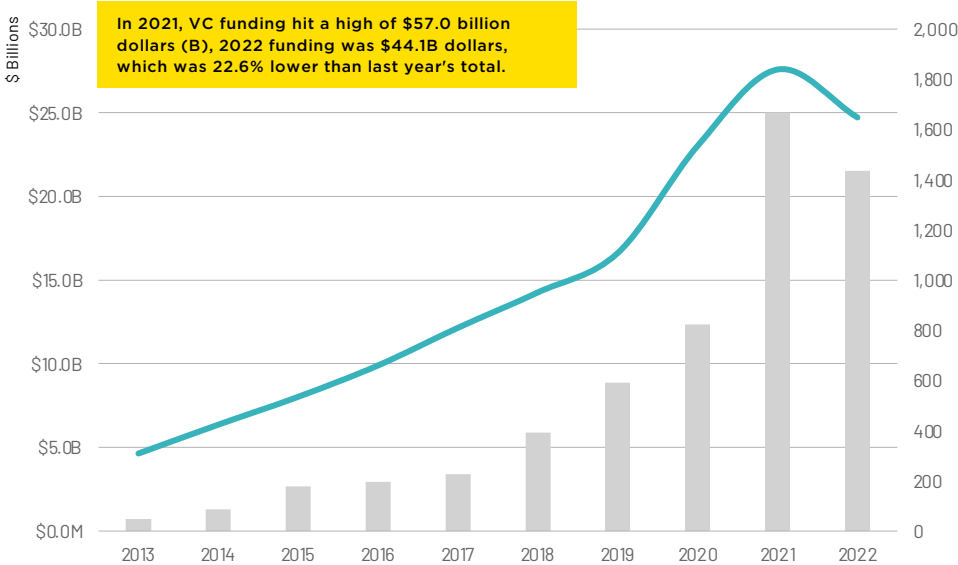


VENTURE CAPITAL ACTIVITY

Historical VC Activity

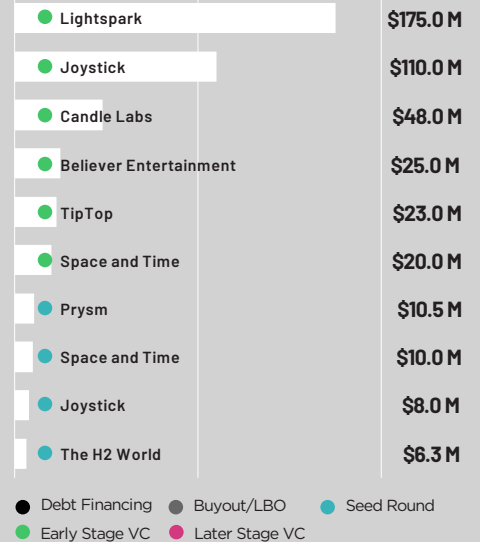
10-YEAR

Source: Pitchbook



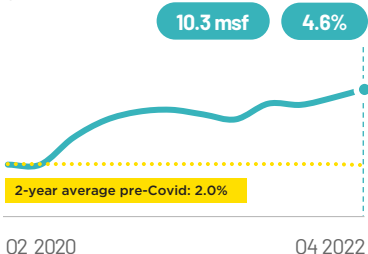
Major Funding Rounds

2022



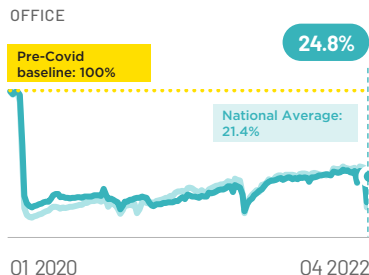
Sublet Availability

OVERALL



Occupancy

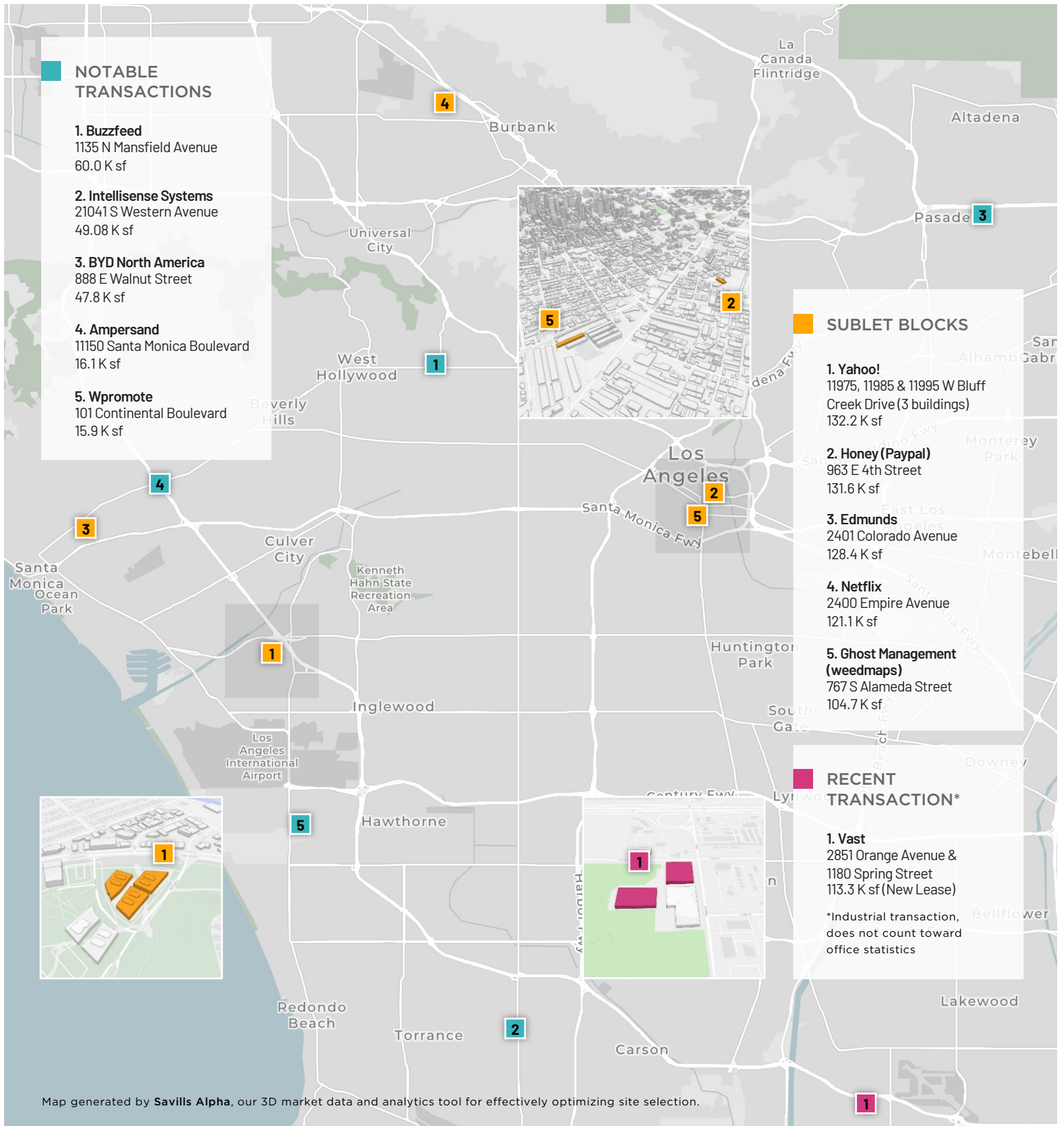
Source: Kastle Systems



Savills Pulse & Perspective: Workforce Analysis

Despite sweeping tech sector layoffs due to adjustments in over-hiring and falling short of forecasted growth, unemployment rates remain low. For skilled labor in cloud computing, tech sales, and cyber security, it takes less than three months after a layoff to pivot into higher growth sectors among mature and digitally transformed organizations such as automotive, healthcare and logistics. A data-driven location and labor strategy across every industry remains critical to achieving financial and growth objectives.

Amy Fobes, Portfolio Solutions Group, Savills North America



NOTABLE TRANSACTIONS

- Buzzfeed**
1135 N Mansfield Avenue
60.0 K sf
- Intellisense Systems**
21041 S Western Avenue
49.08 K sf
- BYD North America**
888 E Walnut Street
47.8 K sf
- Ampersand**
11150 Santa Monica Boulevard
16.1 K sf
- Wpromote**
101 Continental Boulevard
15.9 K sf

SUBLET BLOCKS

- Yahoo!**
11975, 11985 & 11995 W Bluff
Creek Drive (3 buildings)
132.2 K sf
- Honey (Paypal)**
963 E 4th Street
131.6 K sf
- Edmunds**
2401 Colorado Avenue
128.4 K sf
- Netflix**
2400 Empire Avenue
121.1 K sf
- Ghost Management (weedmaps)**
767 S Alameda Street
104.7 K sf

RECENT TRANSACTION*

- Vast**
2851 Orange Avenue &
1180 Spring Street
113.3 K sf (New Lease)

*Industrial transaction, does not count toward office statistics



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Los Angeles Q4 2022 - The Tech Tenant

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New York

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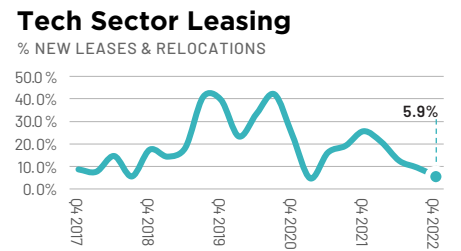
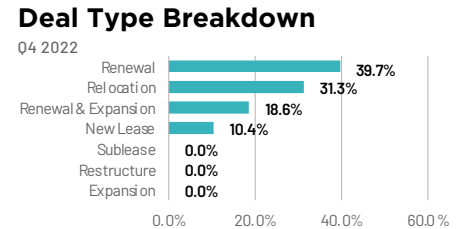
The threat of a recession and mass layoffs by the industry's largest corporations led to a slowdown in leasing in the fourth quarter among New York's tech sector, with renewals outpacing new leases and relocations, as the majority of closed transactions were expiration-driven.

Key Stats	Y-O-Y CHANGE (Q4 2021)	Y-O-Y CHANGE (Q4 2021)	
Midtown South		Downtown	
19.2%	+80 bps (18.4%)	23.7%	+120 bps (22.5%)
Availability			
\$82.77	+2.5% (\$80.73)	\$59.77	-1.7% (\$60.81)
Overall Asking Rent (\$/SF)			
1.6 msf	-0.93 msf (1.9 msf)	0.7 msf	-0.4 msf (1.1 msf)
Quarterly Leasing Activity			
3.7 msf	-0.3 msf (4.0 msf)	6.1 msf	+1.3 msf (4.8 msf)
Sublease Space			

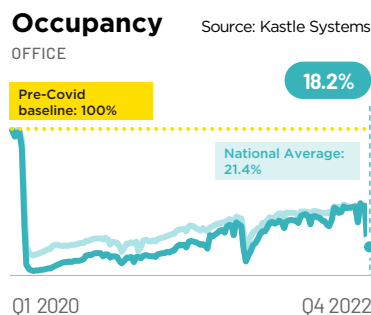
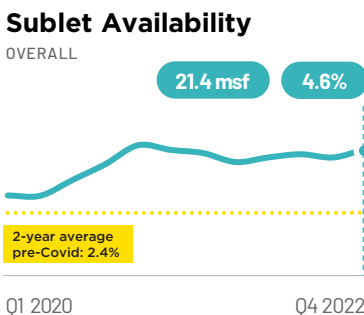
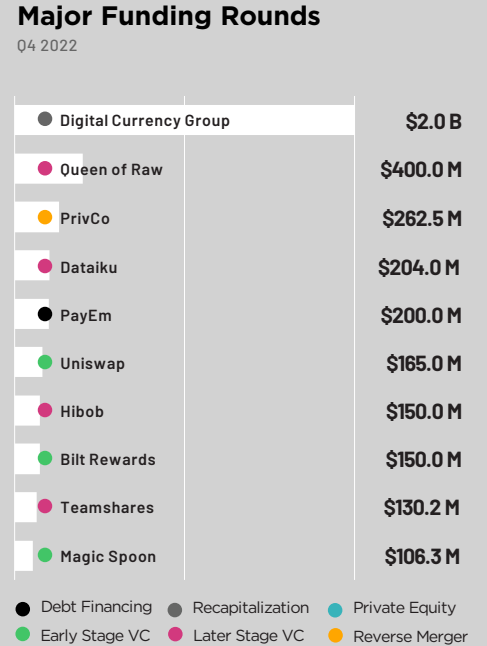
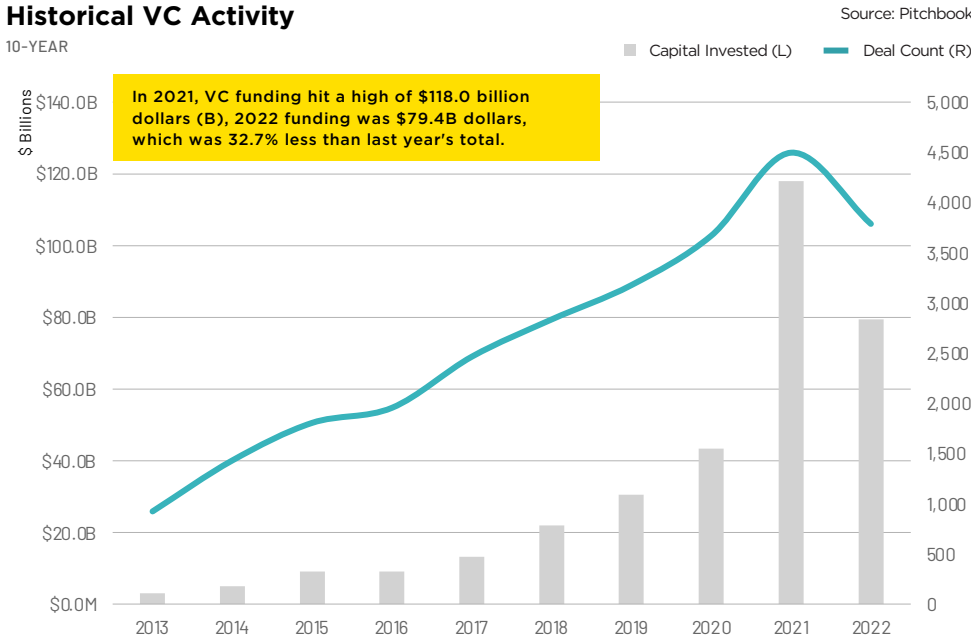
Top Tech Deals

Q4 2022

- 1. Medidata Solutions**
176.5K sf (Renewal)
Hudson Square
- 2. ROKT**
67.7K sf (Ren. & Exp.)
Hudson Square
- 3. CompStak**
25.6K sf (Relocation)
Flatiron
- 4. Koneksa Health**
25.6K sf (Relocation)
WTC/Brookfield Place
- 5. GameChanger**
25.5K sf (Relocation)
Union Square



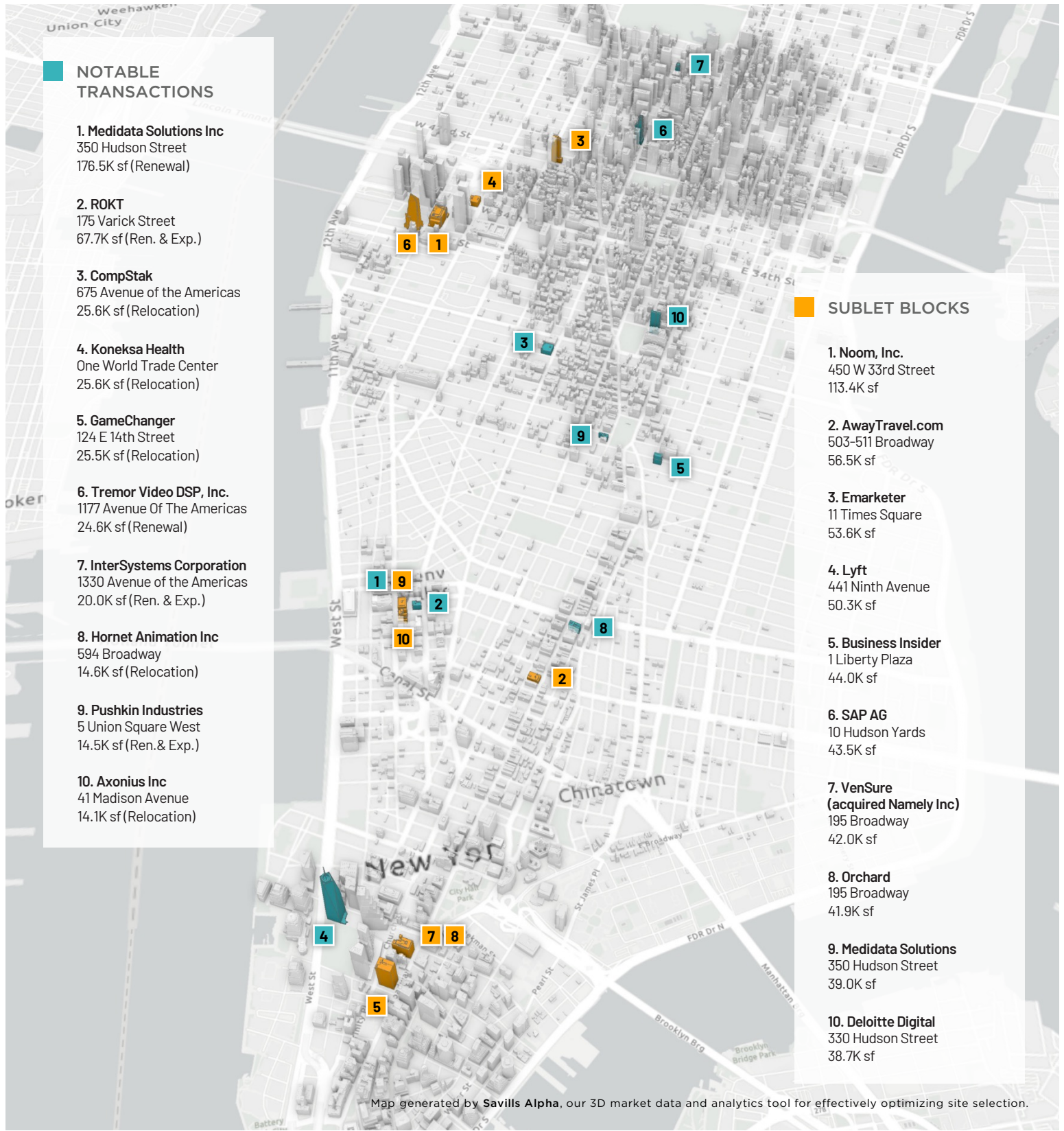
VENTURE CAPITAL ACTIVITY



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Amy Fobes, Portfolio Solutions Group, Savills North America



NOTABLE TRANSACTIONS

- 1. Medidata Solutions Inc**
350 Hudson Street
176.5K sf (Renewal)
- 2. ROKT**
175 Varick Street
67.7K sf (Ren. & Exp.)
- 3. CompStak**
675 Avenue of the Americas
25.6K sf (Relocation)
- 4. Koneksa Health**
One World Trade Center
25.6K sf (Relocation)
- 5. GameChanger**
124 E 14th Street
25.5K sf (Relocation)
- 6. Tremor Video DSP, Inc.**
1177 Avenue Of The Americas
24.6K sf (Renewal)
- 7. InterSystems Corporation**
1330 Avenue of the Americas
20.0K sf (Ren. & Exp.)
- 8. Hornet Animation Inc**
594 Broadway
14.6K sf (Relocation)
- 9. Pushkin Industries**
5 Union Square West
14.5K sf (Ren.& Exp.)
- 10. Axonius Inc**
41 Madison Avenue
14.1K sf (Relocation)

SUBLET BLOCKS

- 1. Noom, Inc.**
450 W 33rd Street
113.4K sf
- 2. AwayTravel.com**
503-511 Broadway
56.5K sf
- 3. Emarketer**
11 Times Square
53.6K sf
- 4. Lyft**
441 Ninth Avenue
50.3K sf
- 5. Business Insider**
1 Liberty Plaza
44.0K sf
- 6. SAP AG**
10 Hudson Yards
43.5K sf
- 7. VenSure
(acquired Namely Inc)**
195 Broadway
42.0K sf
- 8. Orchard**
195 Broadway
41.9K sf
- 9. Medidata Solutions**
350 Hudson Street
39.0K sf
- 10. Deloitte Digital**
330 Hudson Street
38.7K sf

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New York Q4 2022 – The Tech Tenant

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San Francisco

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Nearly one-third of all office space in San Francisco is now available for lease as the tech sector slowdown persists. Expect the technology sector correction to keep office demand low as both tech giants and private startups are now in cost-cutting mode.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

32.1%

+600 bps
(26.1%)

Availability

\$71.23

-1.8%
(\$72.54)

Overall Asking Rent (\$/SF)

1.4 msf

-0.4 msf
(1.8 msf)

Quarterly Leasing Activity

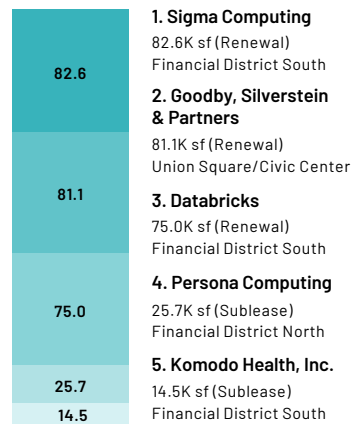
8.2 msf

+0.1 msf
(8.1 msf)

Sublease Space

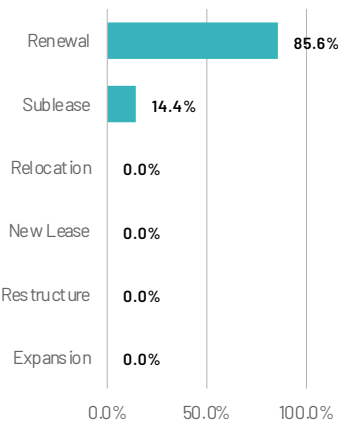
Top Tech Deals

Q4 2022

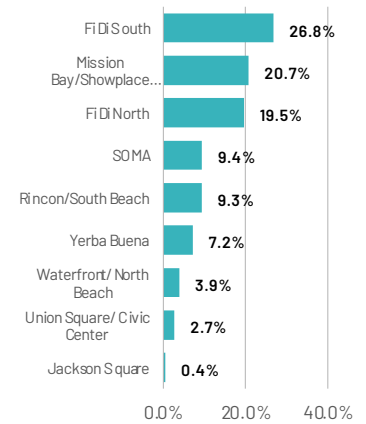


Deal Type Breakdown

Q4 2022



Sublet Blocks Available

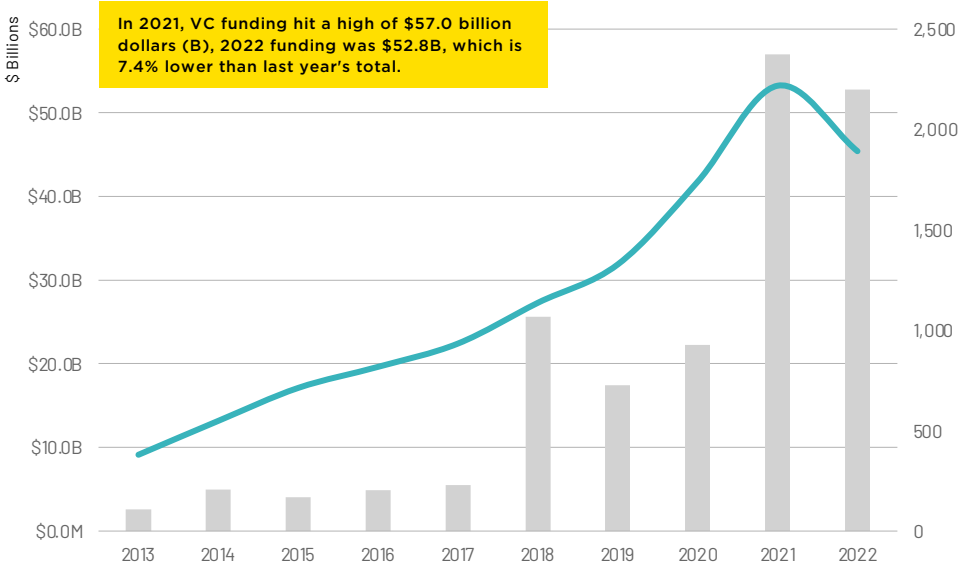


VENTURE CAPITAL ACTIVITY

Historical VC Activity

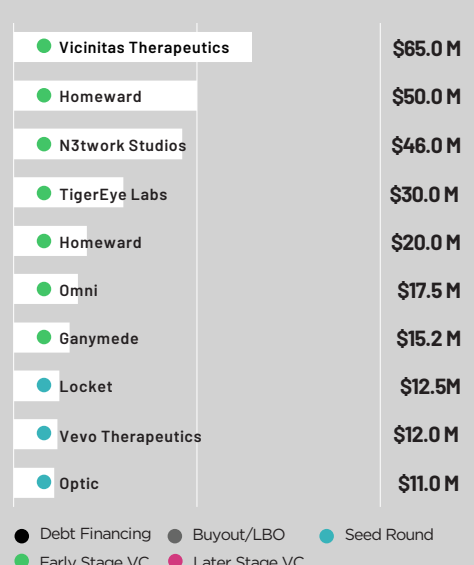
10-YEAR

Source: Pitchbook



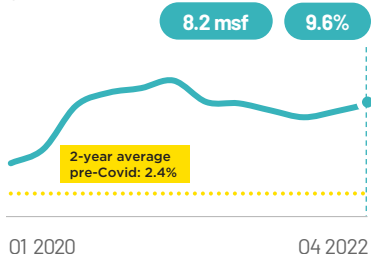
Major Funding Rounds

2022



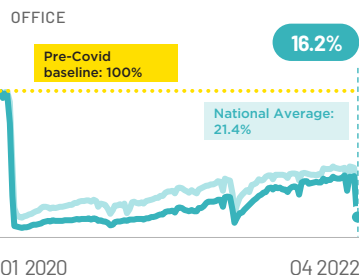
Sublet Availability

OVERALL



Occupancy

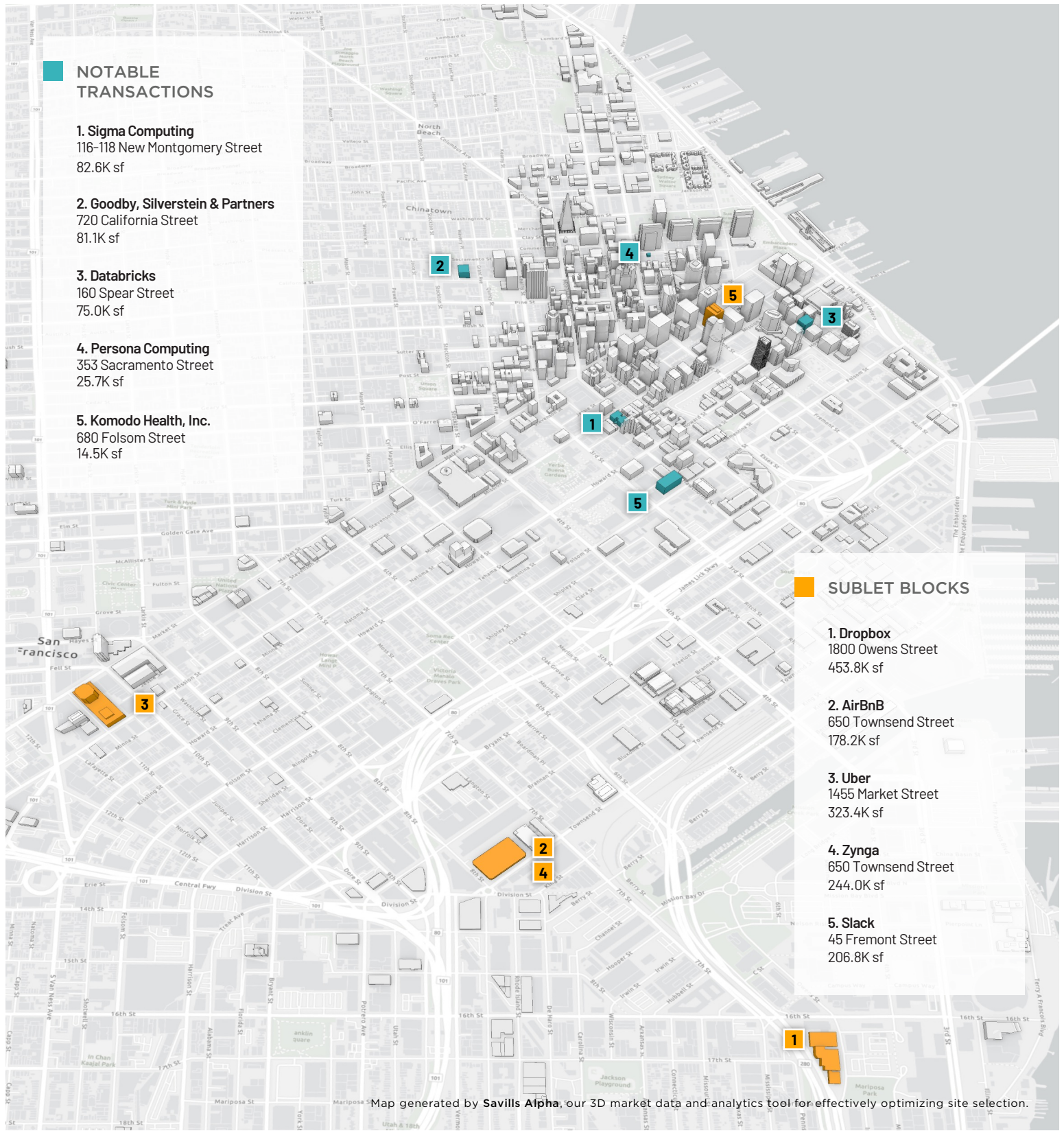
Source: Kastle Systems



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Amy Fobes, Portfolio Solutions Group, Savills North America



- NOTABLE TRANSACTIONS**
- 1. Sigma Computing**
116-118 New Montgomery Street
82.6K sf
 - 2. Goodby, Silverstein & Partners**
720 California Street
81.1K sf
 - 3. Databricks**
160 Spear Street
75.0K sf
 - 4. Persona Computing**
353 Sacramento Street
25.7K sf
 - 5. Komodo Health, Inc.**
680 Folsom Street
14.5K sf

- SUBLET BLOCKS**
- 1. Dropbox**
1800 Owens Street
453.8K sf
 - 2. AirBnB**
650 Townsend Street
178.2K sf
 - 3. Uber**
1455 Market Street
323.4K sf
 - 4. Zynga**
650 Townsend Street
244.0K sf
 - 5. Slack**
45 Fremont Street
206.8K sf

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San Francisco Q4 2022 - The Tech Tenant

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Seattle

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The Seattle/Puget Sound technology sector experienced a sharp decline in tech transactions in the second half of 2022, and more tenants returned space to market in the form of subleases, further elevating availability. Occupiers have an exceptional window of opportunity to choose from an abundance of high-quality space options and secure extremely tenant-favorable terms.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

22.3%

+200 bps
(20.3%)

Availability

\$44.36

+4.8%
(\$42.29)

Overall Asking Rent (\$/SF)

1.0 msf

-0.9 msf
(1.9 msf)

Quarterly Leasing Activity

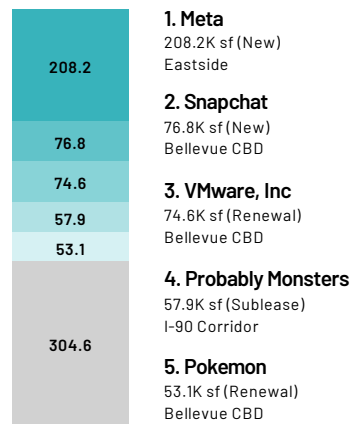
6.8 msf

+1.1 msf
(5.7 msf)

Sublease Space

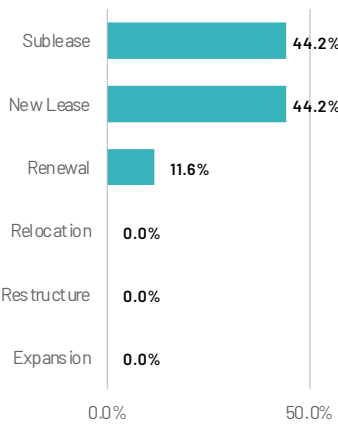
Top Tech Deals

2022

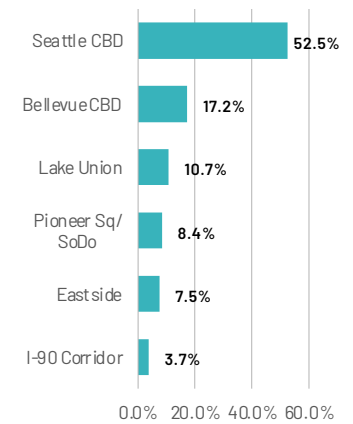


Deal Type Breakdown

2022



Sublet Blocks Available

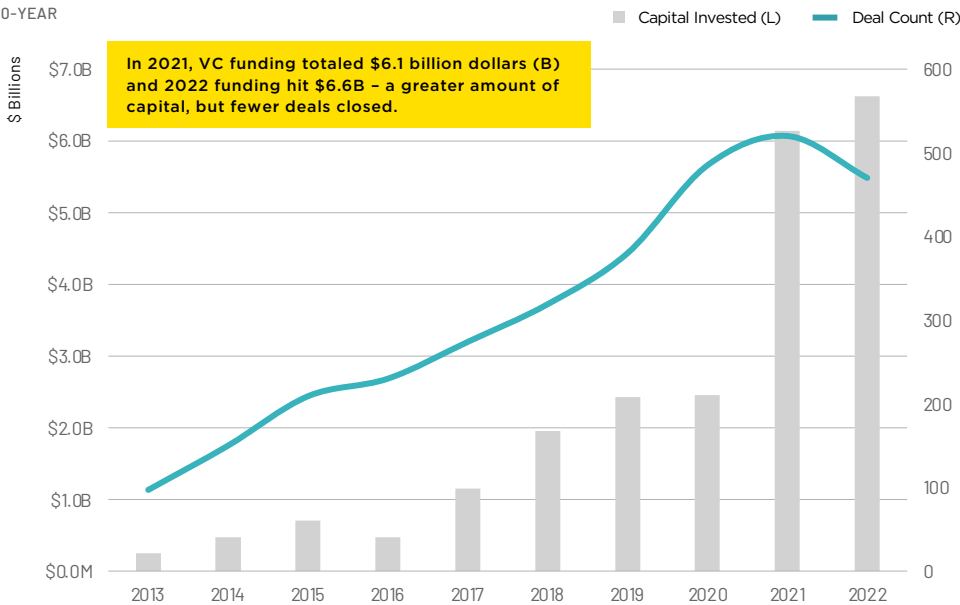


VENTURE CAPITAL ACTIVITY

Historical VC Activity

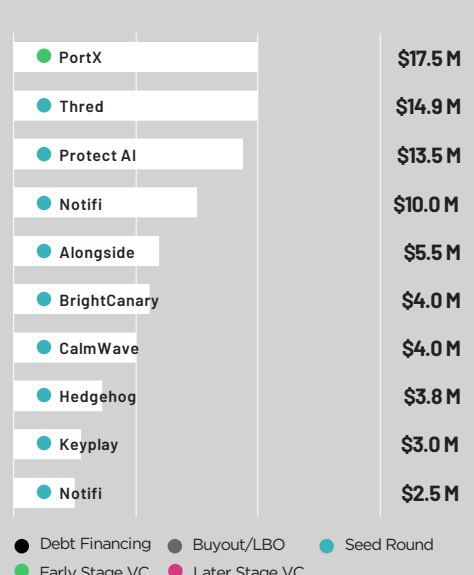
10-YEAR

Source: Pitchbook



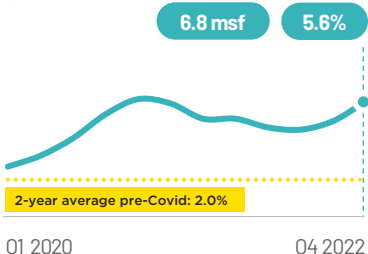
Major Funding Rounds

2022



Sublet Availability

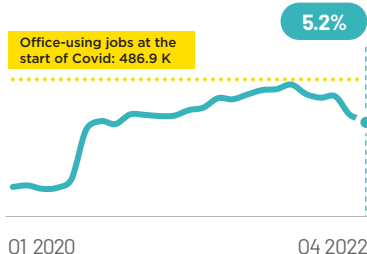
OVERALL



Office-Using Jobs

2022

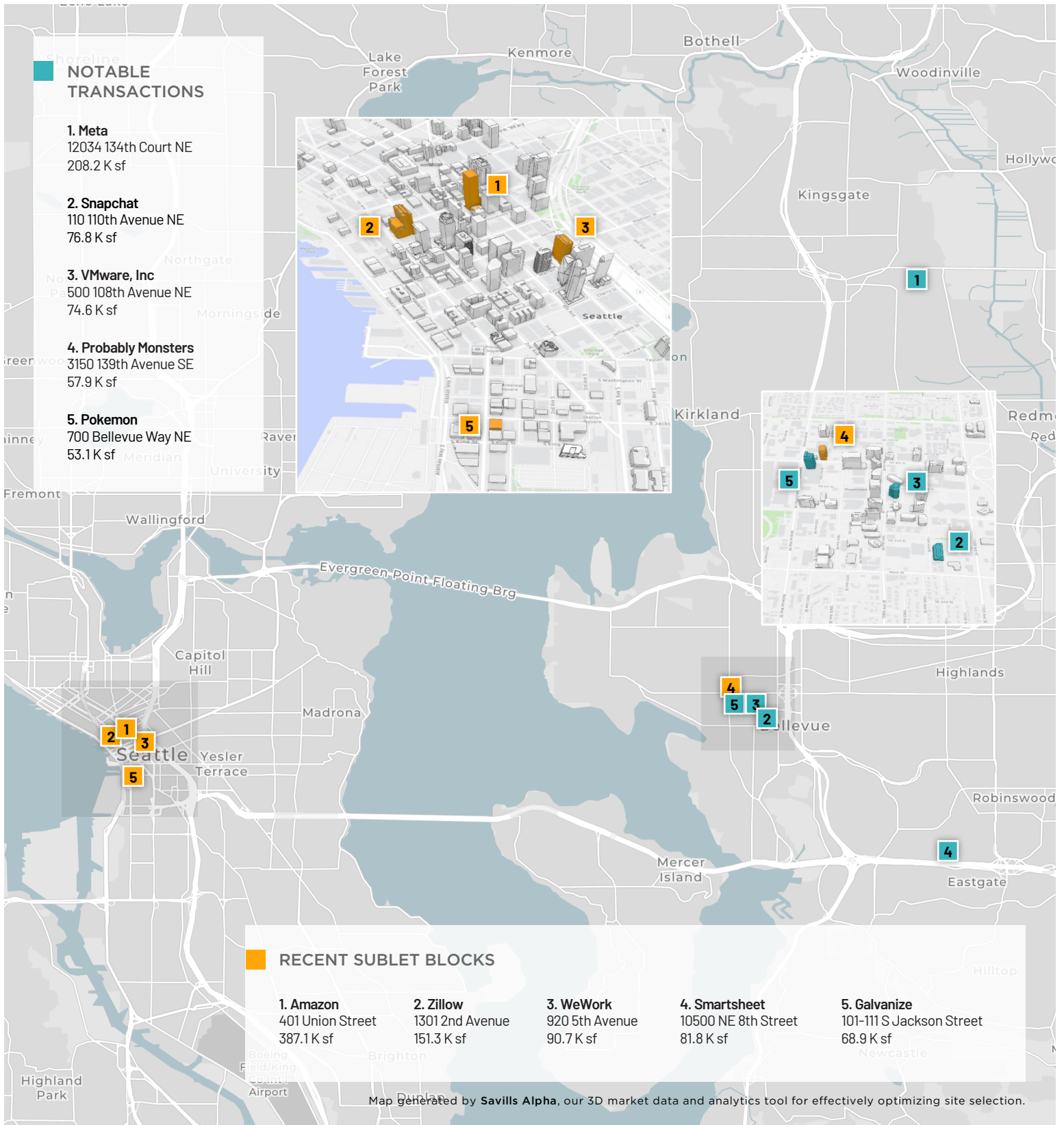
Y-O-Y CHANGE (%)



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Amy Fobes, Portfolio Solutions Group, Savills North America



Seattle Q4 2022 - The Tech Tenant

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Silicon Valley

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The technology sector correction that began mid-2022 is still ongoing with market demand expected to remain slow moving into 2023. There is a window of opportunity for tenants to lease office space for dramatically less than what it would have cost pre-pandemic with abundant space options to choose from.

Key Stats

Y-O-Y CHANGE
(Q4 2021)

22.7%

+180 bps
(20.9%)

Availability

\$4.95

+6.0%
(\$4.67)

Overall Asking Rent (\$/SF)

0.5 msf

-1.5 msf
(2.0 msf)

Quarterly Leasing Activity

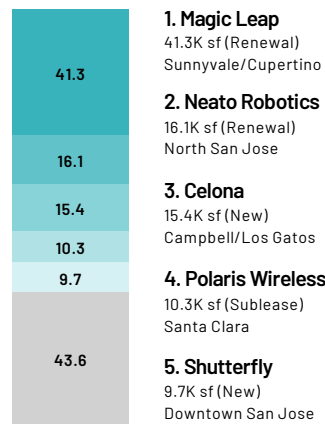
5.2 msf

+0.9 msf
(4.1 msf)

Sublease Space

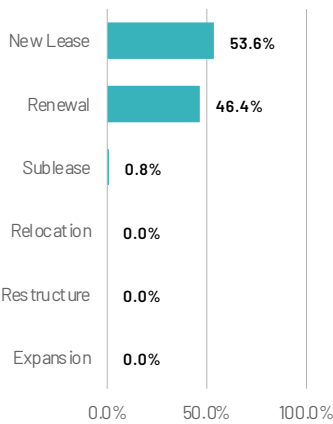
Top Tech Deals

Q4 2022

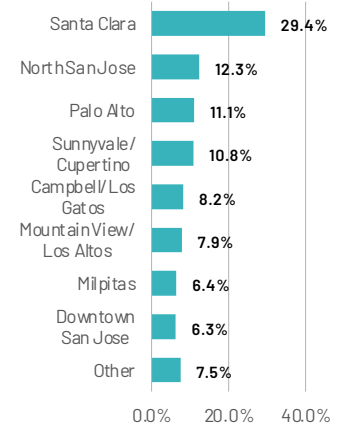


Deal Type Breakdown

Q4 2022



Sublet Blocks Available

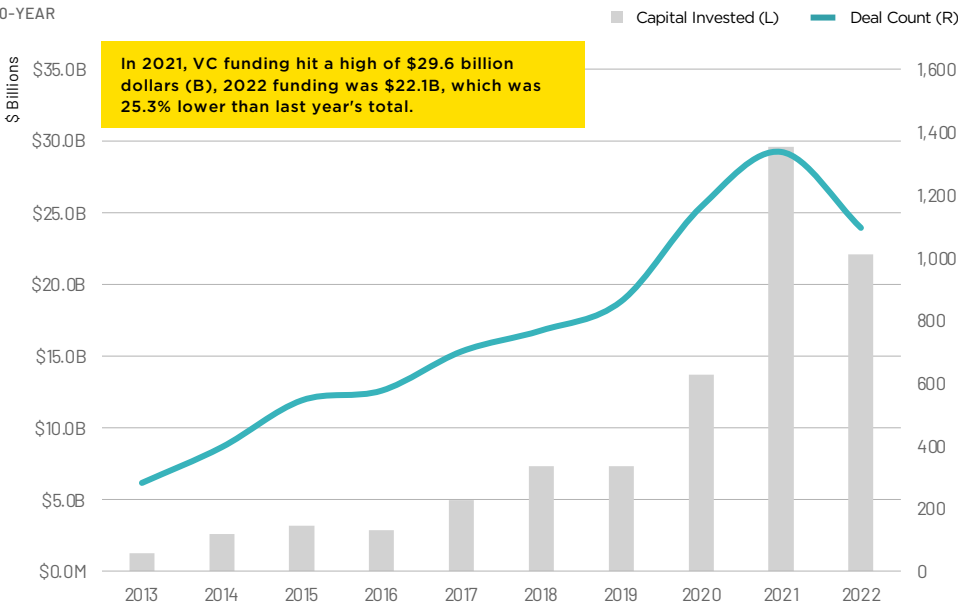


VENTURE CAPITAL ACTIVITY

Historical VC Activity

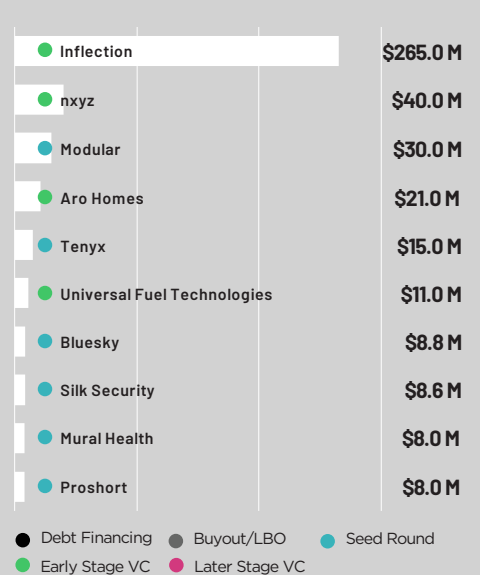
10-YEAR

Source: Pitchbook



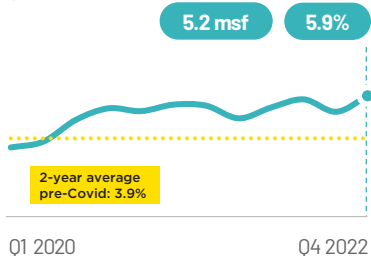
Major Funding Rounds

Q4 2022



Sublet Availability

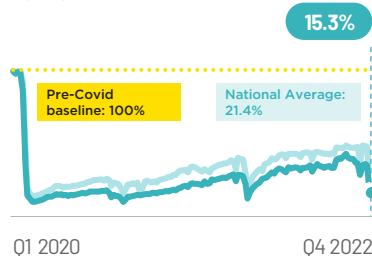
OVERALL



Occupancy

Source: Kastle Systems

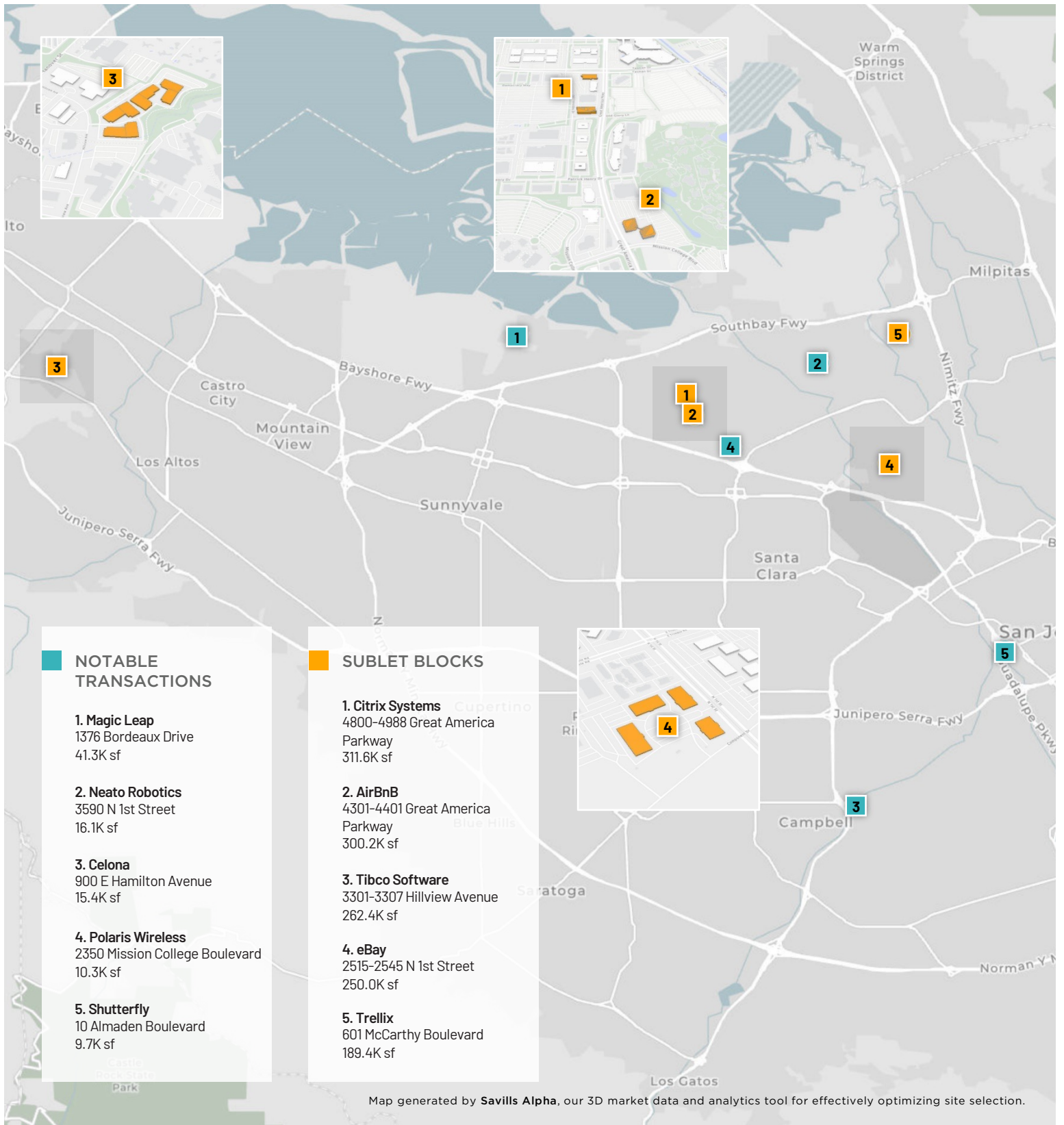
OFFICE



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NOTABLE TRANSACTIONS

- 1. Magic Leap**
1376 Bordeaux Drive
41.3K sf
- 2. Neato Robotics**
3590 N 1st Street
16.1K sf
- 3. Celona**
900 E Hamilton Avenue
15.4K sf
- 4. Polaris Wireless**
2350 Mission College Boulevard
10.3K sf
- 5. Shutterfly**
10 Almaden Boulevard
9.7K sf

SUBLET BLOCKS

- 1. Citrix Systems**
4800-4988 Great America Parkway
311.6K sf
- 2. AirBnB**
4301-4401 Great America Parkway
300.2K sf
- 3. Tibco Software**
3301-3307 Hillview Avenue
262.4K sf
- 4. eBay**
2515-2545 N 1st Street
250.0K sf
- 5. Trellix**
601 McCarthy Boulevard
189.4K sf

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Q4 2022

Technology sector trends, uncovered.

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