



U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**. [Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy. [Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL ABSORPTION (SF)	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONST (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Menlo Park	5,900,689	190,209	282,485	8.0%	(8,925)	(8,925)	100,436	436,463	\$7.77	\$8.85
Palo Alto	10,432,326	393,234	489,450	8.5%	(166,459)	(166,459)	61,286	255,362	\$7.72	\$8.12
Los Altos	1,161,081	3,515	66,717	6.0%	(2,661)	(2,661)	20,910	0	\$5.48	\$5.42
Mountain View	5,251,275	125,624	269,060	7.5%	(55,019)	(55,019)	300,697	411,974	\$6.91	\$7.30
Cupertino	4,452,718	71,849	77,148	3.3%	(13,761)	(13,761)	21,071	0	\$5.56	\$6.06
Campbell	2,617,270	62,203	233,899	11.3%	243,072	243,072	27,278	10,400	\$4.30	\$4.49
Los Gatos/Saratoga	2,440,102	18,908	41,261	2.5%	12,179	12,179	16,214	0	\$3.81	\$3.80
West San Jose	4,676,732	40,799	165,517	4.4%	3,405	3,405	105,268	375,000	\$3.46	\$4.40
Sunnyvale	12,701,698	34,536	139,642	1.4%	150,949	150,949	601,746	440,272	\$5.67	\$8.00
Santa Clara	9,833,579	699,163	1,139,198	18.7%	121,140	121,140	297,647	580,206	\$4.56	\$4.70
San Jose Airport	4,716,479	318,679	239,244	11.8%	366,964	366,964	58,407	643,990	\$3.56	\$3.64
North San Jose	5,733,667	186,809	922,241	19.3%	(87,960)	(87,960)	130,697	242,320	\$3.63	\$3.82
Alameda/Civic Center	1,959,039	0	67,164	3.4%	(5,544)	(5,544)	6,419	32,307	\$2.74	\$4.25
South San Jose	1,747,170	5,796	55,908	3.5%	(7,654)	(7,654)	16,113	0	\$2.53	\$3.50
Downtown San Jose	8,774,429	82,237	1,177,834	14.4%	(133,805)	(133,805)	208,036	2,255,985	\$4.56	\$5.16
Milpitas	926,189	4,649	46,185	5.5%	1,834	1,834	35,082	0	\$3.09	\$3.60
Fremont	2,038,924	60,859	87,587	7.3%	(42,088)	(42,088)	34,382	0	\$2.55	\$2.17
CLASS BREAKDOWN										
Class A	50,874,978	1,949,085	3,285,186	10.3%	466,374	466,374	1,386,780	5,684,279	N/A	\$5.26
Class B	20,101,766	321,947	1,417,174	8.7%	(159,254)	(159,254)	654,909	N/A	N/A	\$4.84
TOTALS	85,363,367	2,299,069	5,500,540	9.1%	375,667	375,667	2,041,689	5,684,279	\$4.96	\$5.26

*Rental rates reflect full service asking

*Market indicators are not reflective of US MarketBeat tables

KEY LEASE TRANSACTIONS Q1 2020

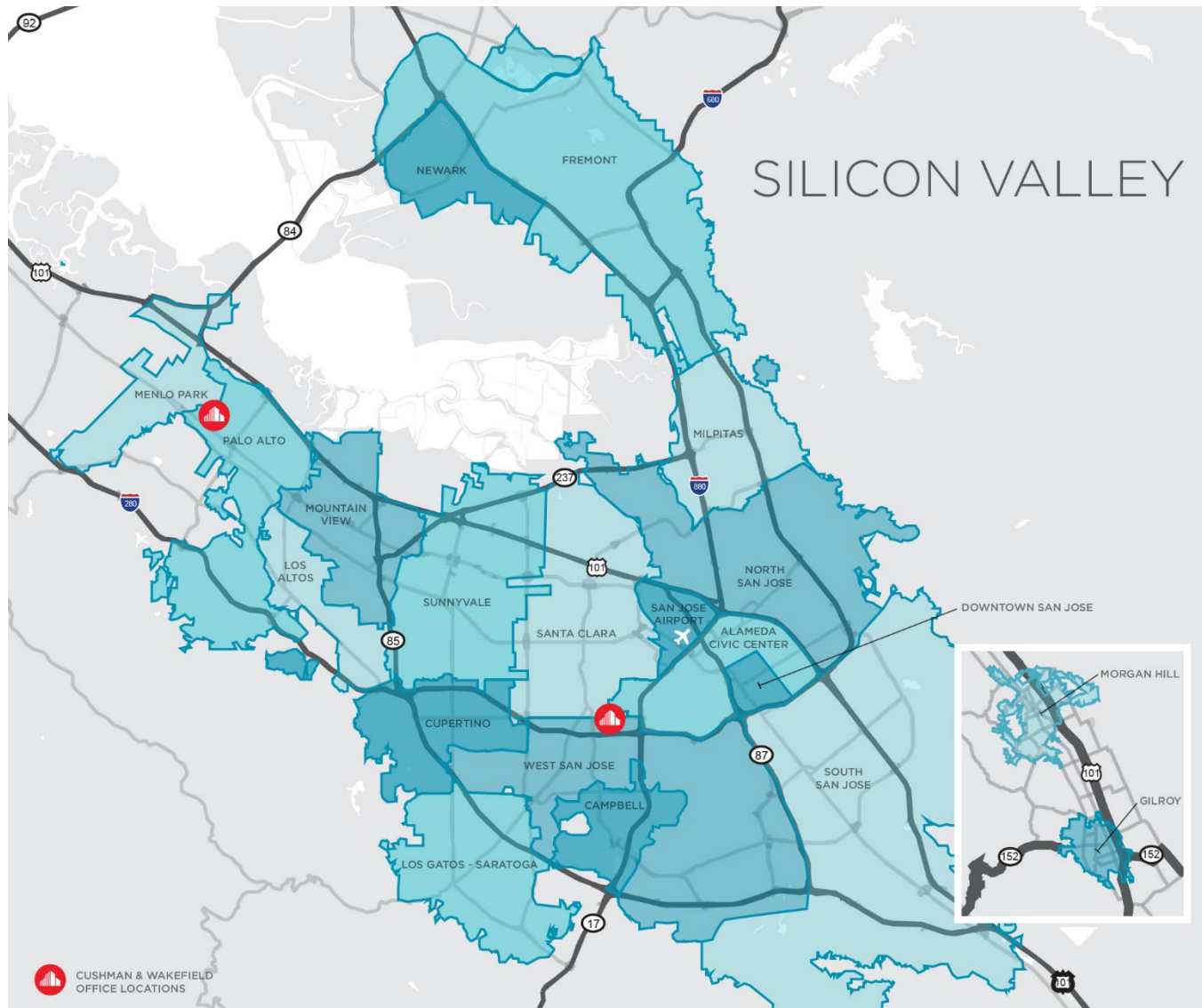
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1020 & 1050 Enterprise	Sunnyvale	Google, Inc.	498,362	New Lease
750 Moffett Blvd	Mountain View	Google, Inc.	222,000	New Lease
5405 Stevens Creek Blvd	Santa Clara	Apple, Inc.	147,500	Expansion
5300 Stevens Creek Blvd	San Jose	Apple, Inc.	88,000	New Lease
275 Middlefield Rd	Menlo Park	Robinhood	41,637	Sublease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Santa Clara Towers	Santa Clara	Tishman Speyer / Hines & Oaktree	431,418	\$195.2M / \$452
The Campus at Lawson Lane	Santa Clara	Sobrato Development / Northridge Capital LLC	310,388	\$276.3M / \$890
2700-2770/3000 Sand Hill Rd	Menlo Park	Ford Land Co. / DivcoWest Properties	297,826	\$610M / \$2,048
675 Creekside Way	Campbell	South Bay Development / Joss Realty Partners	177,815	\$139M / \$781

Silicon Valley

Office Q1 2020

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