



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)	VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONST (SF)	OVERALL AVG ASKING RENT*
Menlo Park	3,907,913	0	81,622	2.1%	(11,590)	(11,590)	0	0	\$5.54
Palo Alto	10,376,792	229,988	688,425	8.9%	127,250	127,250	169,207	85,420	\$7.22
Mountain View	14,647,264	425,380	383,457	5.5%	(177,273)	(177,273)	92,100	1,218,372	\$4.47
Cupertino	5,698,336	0	28,000	0.5%	16,490	16,490	406,903	0	\$4.25
Westside	2,284,992	9,950	116,040	5.5%	(18,816)	(18,816)	8,879	0	\$2.71
Sunnyvale	23,217,675	207,649	732,073	4.0%	223,574	223,574	457,570	1,354,211	\$3.80
Santa Clara	21,622,991	681,253	2,128,554	13.0%	(480,914)	(480,914)	423,947	750,000	\$2.59
North San Jose	36,050,172	1,464,648	3,805,871	14.6%	165,437	165,437	814,777	0	\$2.29
South San Jose	10,256,937	151,798	805,268	9.3%	(44,336)	(44,336)	39,955	0	\$1.44
Milpitas	12,724,444	187,900	2,102,799	18.0%	143,022	143,022	139,082	0	\$2.22
Fremont	20,685,146	197,097	1,694,229	9.1%	(153,792)	(153,792)	246,354	0	\$1.71
Newark	3,047,685	204,828	122,353	10.7%	(47,347)	(47,347)	0	0	\$2.35
Morgan Hill/Gilroy	3,583,090	27,246	146,329	4.8%	4,575	4,575	7,575	0	\$1.18
TOTALS	168,103,437	3,787,737	12,835,020	9.9%	(253,720)	(253,720)	2,806,349	3,408,003	\$2.69

*Rental rates reflect triple net asking

*Market indicators are not reflective of US MarketBeat tables

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	LANDLORD	SF	TYPE
Results Way	Cupertino	Apple, Inc.	RREEF Funds	383,747	Renewal
200 Holger & 100 Headquarters	North San Jose	Raytheon	KBS REIT II	142,710	New Lease
3481 Warren Ave	Fremont	Enovix	Westcore Properties	68,658	New Lease
4009 Miranda Ave	Palo Alto	Google, Inc.	Hudson Pacific Properties	56,329	New Deal
88 Plumeria	North San Jose	Automation Anywhere	Florida State Board of Admin.	50,485	Sublease

KEY SALES TRANSACTIONS Q1 2020

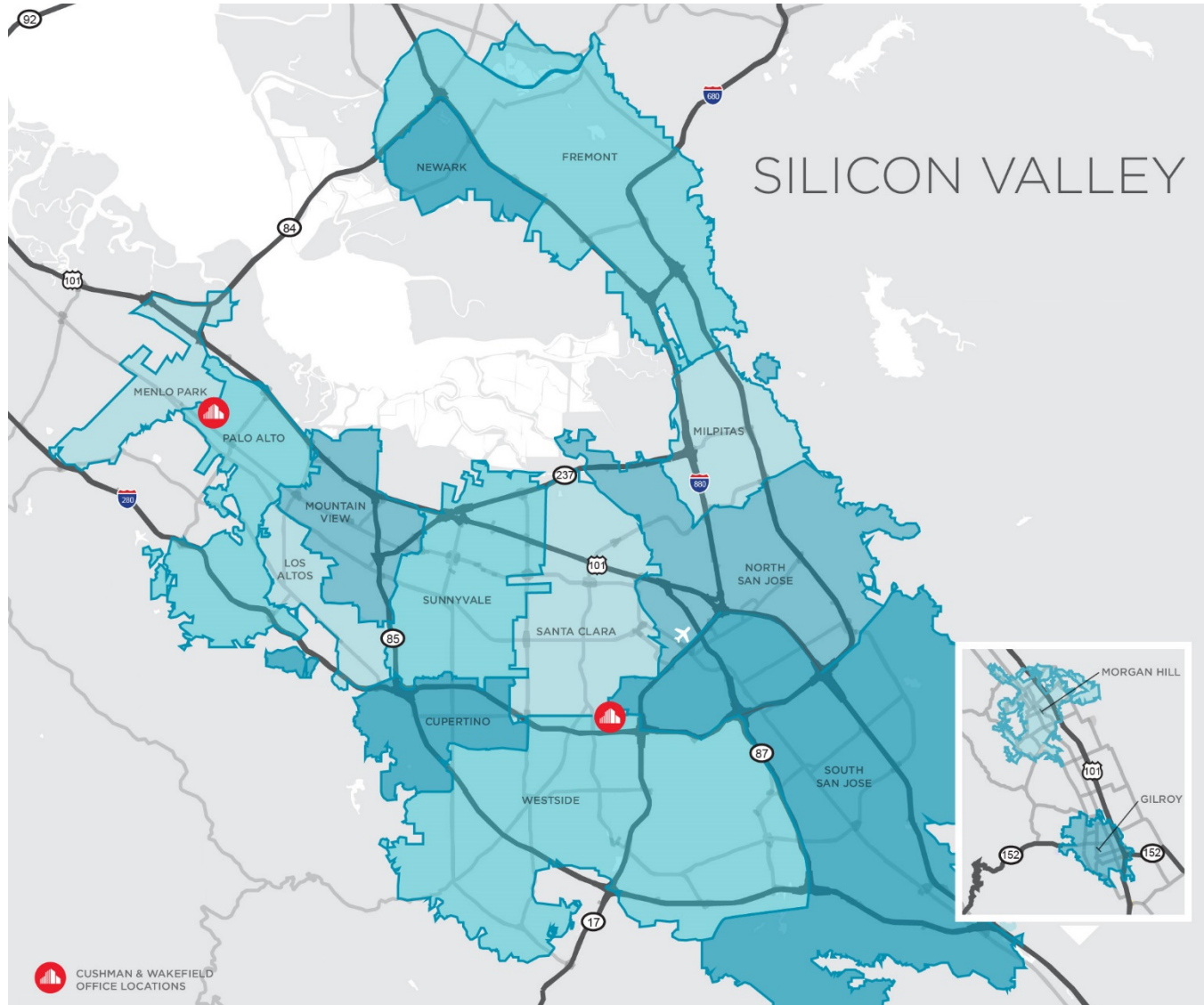
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
The Quad	Santa Clara	JP Morgan / TMG Partners	407,140	\$152M / \$373
Murphy Crossing	Milpitas	Embarcadero Partners / Soma Capital Partners	352,358	\$130M / \$369
Hellyer Oaks Technology Park	South San Jose	Vertical Ventures / Swift Real Estate Partners	346,098	\$55.7M / \$160
225 Tasman Dr	North San Jose	Cisco / Google, Inc.	133,901	Unknown
3412 & 3330 Hillview	Palo Alto	Northwestern Mutual Life / Alexandria Real Estate	106,316	\$75.9M / \$714

Silicon Valley

R&D Q1 2020

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R&D SUBMARKETS



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