



BUILDING CLASSIFICATIONS

OFFICE BUILDINGS are built for occupants with sole office needs and do not have storage, assembly or manufacturing functions within the building. Office buildings traditionally have four sides of glass and offer a minimum 3.5/1,000 parking ratio. Office buildings will normally achieve higher rents than R&D product and provide better access to amenities and services.

Class “A” Office - Steel and concrete construction with a minimum of three stories, a good glass line, high-end lobbies and common areas, quality landscaping, excellent amenities and location along with premium rents.

Class “B” Office - Often under three stories with wood or concrete construction, Class “B” office buildings have fair to good common areas and finishes with average landscaping.

Class “C” Office - Poorly maintained and older office product, average to poor common areas, and often in a secondary location.

R&D BUILDINGS are typically concrete tilt construction with no more than two stories and usually have two or more sides of glass. 18’ or less clear height, with a minimum parking ratio of 2.5/1000. R&D buildings are usually improved with office space and either manufacturing, warehouse and/or assembly space.

Class “A” R&D - Modern construction with well maintained building exterior and landscaping. Traditionally 3 sides of extensive glass and often occupied entirely as office space.

Class “B” R&D - Older construction, primarily mid 1970’s through late 1980’s. Buildings are often renovated but show design practices of their time such as limited glass and aggregate or slate exterior.

Class “C” R&D - Poorly maintained R&D buildings with older construction (similar to Class B), but in a secondary location. Class C buildings show their age through their design, tiring exterior and poorly maintained parking lot, landscaping and interiors.

INDUSTRIAL BUILDINGS are typically used for warehousing, heavy manufacturing and/or assembly purposes. Normally provide less than 2/1000 parking, 18’ or greater clear height, limited glass, multiple dock and/or grade level doors, and minimal office buildout.

DEFINITIONS

Silicon Valley - includes Fremont, Milpitas, Mountain View, Newark, San Jose, Santa Clara and Sunnyvale.

Direct Space - Space which is being marketed for lease by the property owner.

Sublease - Space which is being marketed for lease by existing tenant.

Building Base - Represents the aggregate square footage in a given market or the total standing inventory.

Vacancy - A ratio of the total vacant square footage (both direct and sublease) divided by the Building Base.

Gross Absorption - Measures the activity in the market. Represents total square footage either leased or sold in a given time period.

Net Absorption - Measures the change in occupied square footage in a given market over a given time period.

Previously Occupied - A building that has housed at least one tenant in the past.

Average Time on the Market - Represents the average number of days a space remains on the market until leased or sold.

Average Asking Rate - Measured in either NNN, Industrial Gross or Full Service. Represents the average asking price for all relevant space currently on the market.

Triple Net (NNN) - On top of the base rent paid by tenant to landlord, tenant assumes all costs regarding the operation, taxes and maintenance of the building and premises.

Industrial Gross (IG) - Rental rate includes all costs associated with operating the building including property tax, property insurance and maintenance.

Full Service (FS) - Rental rate contains all costs associated with occupying the premises, including property taxes, property insurance, maintenance, janitorial and utilities.