

# Silicon Valley

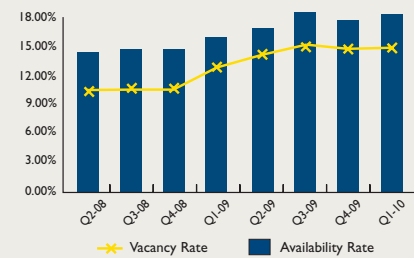
OVERVIEW | FIRST QUARTER | 2010



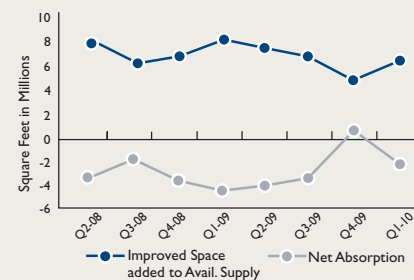
## MARKET INDICATORS

	4Q 2009	1Q 2010	
AVAILABILITY RATE	17.60%	18.25%	▲
GROSS ABSORPTION	5,805,898 SF	4,420,270 SF	▼
NET ABSORPTION	830,478 SF	(2,036,914)	▼

## SILICON VALLEY AVAILABILITY



## NET ABSORPTION VS. ROLLOVER SPACE



## 2010... Off and Running

With a positive start to 2010, the books are officially closed on one of the worst years in the history of Silicon Valley's commercial real estate market. Despite a glut of available space, a plethora of troubled loans and a 12% unemployment rate, deals are now getting done, activity is increasing and a general sense of optimism is sweeping the region.

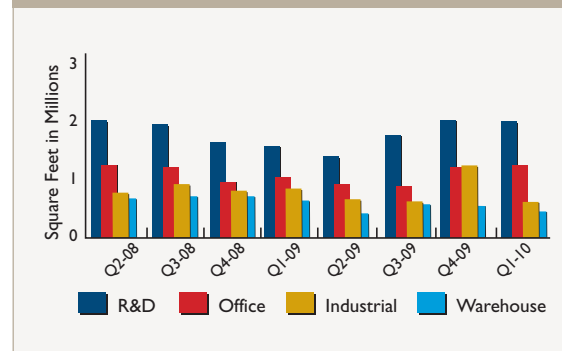
The 4.4 million square feet of first quarter gross absorption was down a bit from Q4 2009 results that had been skewed by two abnormally large deals. It was a much improved quarter however, from the results of any other quarter of 2009 and it was 23.9% greater than the 3.6 million square feet of activity generated in the first quarter last year.

First quarter gross absorption results were right in line with Colliers' annualized forecast of 18 million square feet. Net absorption was negative in Q1, to the tune of just over two million square feet. This occupancy loss was accelerated by a greater-than-expected addition of preimproved space added to the supply channel. During the year's first quarter, 6.46 million square feet of preimproved space came available and while that figure is down from the 2008 and 2009 averages, it is a bit more than we anticipated. We believe that this supply pipeline will narrow in the second quarter and beyond and as a result, occupancy losses over the balance of 2010 will be less and perhaps even venture into the black.

The overall softening of rents, induced by the economic beating the Valley took over the last year, has allowed many tenants to take advantage of attractive opportunities to move into higher quality space at attractive rental terms. This re-emergence of a flight to quality is continuing to gain momentum. Similarly, the owner-user market has rebounded and that is serving as a catalyst for new activity as well. While these dynamics are helpful, neither contributes to net absorption growth without employment gains; that remains a conundrum for Silicon Valley. As a result, activity levels will remain subdued overall in 2010 and occupancy levels are going to remain flat at best.

According to a recent Silicon Valley Leadership Group study, 90% of 153 Silicon Valley CEOs surveyed said they plan to hire in 2010. The San Jose Mercury News reports that 42% of Silicon Valley residents think the Valley's economy will improve over the next 12 months. While venture capital investment remains historically low, PricewaterhouseCoopers reports that venture capital funding for Silicon Valley companies increased 16% from Q1 2009, to \$1.53 billion, or 32% of the national figure. Of note is that Clean Technology experienced an 87% increase in investment and 44% in the number of deals nationally. These are all good signs for Silicon Valley.

## SILICON VALLEY GROSS ABSORPTION



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The increasing amount of R&D supply suggests that rents have yet to bottom out and that there is still downside momentum, particularly for secondary quality space in older buildings.

## R&D Market

R&D activity picked up where it left off over the last half of 2009, with 1.98 million square feet of gross absorption measured in the first quarter, 38% more than the activity measured during the same period last year. Total R&D availability in Silicon Valley measured 31.68 million square feet at the end of Q1, representing a 20.0% availability rate. It is the first time in 17 quarters that the R&D availability rate has hit 20.0%.

The amount of preimproved R&D space added back to the market increased quarter-to-quarter by 13% to 2.93 million square feet in Q1. While the pipeline of rollover space increased at the start of 2010, it is still below 2009's quarterly average of 3.11 million square feet. The uptick in rollover space contributed to a net loss in R&D occupancy totaling 959,172 square feet. It marked the seventh consecutive quarter of negative R&D net absorption, though the occupancy loss failed to eclipse one million square feet for the second straight quarter.

In San Jose, 373,859 square feet of R&D gross absorption was recorded in Q1, 21% lower than the activity generated in Q1 2009 and 7% lower than the market's 2009 quarterly average of 400,825 square feet. Align Technology's 129,024 square foot lease on Orchard Parkway made up 35% of the city's Q1 R&D activity.

Sunnyvale's R&D gross absorption measured to 439,128 square feet, the highest level of quarterly activity in the past two years. Significant deals included a 36,461 square foot user-purchase by CISKO, LLC on North Pastoria Avenue and Juniper Networks' lease of two R&D buildings totaling 73,728 square feet on Borregas Avenue and Bordeaux Drive.

San Jose realized its sixth straight quarter of negative net absorption. The 300,564 square-foot

occupancy loss recorded in Q1 was the smallest loss during that span. After realizing positive net absorption in the previous quarter, Santa Clara and Fremont posted Q1 net absorption totals of -382,331 and -126,797 square feet, respectively. Mountain View's ninth straight occupancy loss measured to 51,191 square feet and Sunnyvale's eighth straight occupancy loss totaled 161,806 square feet.

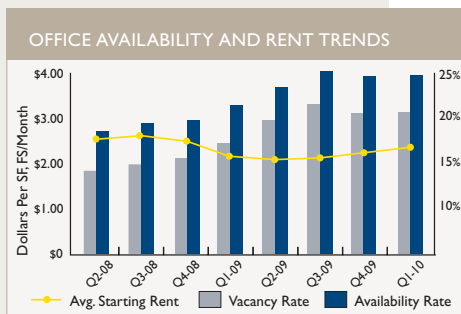
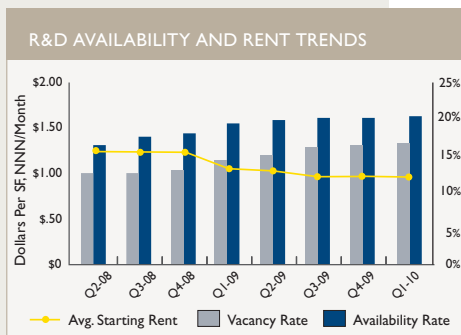
Starting rents for R&D deals completed in Q1 averaged \$0.98 per square foot, NNN, down \$0.01 compared to the previous quarter. The pace at which starting rents are falling has flattened and not fluctuated more than 1% in each of the past three quarters.

## Office Market

On the heels of four consecutive quarters of activity below 1.0 million square feet, Silicon Valley's office sector closed 2009 with fourth quarter gross absorption totaling 1.37 million square feet. The first quarter of 2010 followed up with 1.32 million square feet of gross absorption and is on pace to hit our 2010 forecast of 4.5 million square feet of office activity in the Valley.

The office availability rate for Silicon Valley increased 10 basis points from the previous quarter to 24.7% (14.98 million square feet available) in Q1. Office sublease space remains low and actually dropped to 1.79 million square feet in Q1, down 9% from the previous quarter and the lowest level of office sublease space since the end of 2008.

Silicon Valley's office sector closed the most-recent quarter with an occupancy loss of 308,524 square feet. Although 2009 ended with a fourth quarter net absorption gain of nearly 380,000 square feet, Colliers forecasted that net absorption would return to the red in the first part of 2010. The results were about what we expected. Available space continues



## SELECTED COLLIERS INTERNATIONAL TRANSACTIONS, Q1 2010

**Equity Office Properties** completed a 105,930 square foot office lease at 3975 Freedom Circle in Santa Clara. **NetLogic Microsystems, Inc.** is the tenant.

**Westcore Mission Falls, LLC** sold three R&D/office buildings totaling 128,286 square feet at 47065 Warm Springs Boulevard, 121-181 Mission Falls Lane & 47092-47132 Mission Falls Court in Fremont. **Northwestern Polytechnic University** is the buyer.

**CISKO, LLC** purchased a 36,461 square foot R&D building at 360 North Pastoria Avenue in Sunnyvale. **North Pastoria Sunnyvale, LLC** is the seller.

**Kace Networks, Inc.** leased 16,388 square feet of office space at 1981 Landings Drive in Mountain View. **Broadreach Capital** is the landlord.

**Seagate Technology, LLC** sold a 39,218 square foot office building located at 155 South Milpitas Boulevard in Milpitas to **GDK Enterprises, LLC**.

to grow but at a much slower pace than had been occurring for most of 2008 and 2009.

Santa Clara was the one major Silicon Valley city to record positive net absorption in Q1 with an office occupancy gain measuring 185,660 square feet. Santa Clara's occupancy gain was owing to the 468,049 square feet of gross absorption generated in Q1, which was more than three times the activity recorded in the prior quarter and the most quarterly gross absorption since Q1 2005. Two deals made up 74% of the office activity in Santa Clara: McAfee's 240,910 square foot lease on Mission College Boulevard and NetLogic Microsystems' 105,930 square foot lease on Freedom Circle.

Cupertino's office activity also increased quarter-to-quarter in Q1, to 130,910 square feet, 30% higher than the city's quarterly average over the past five years. The stand-out office deal in Cupertino was Panasonic's 50,322 square foot lease on Tantau Avenue.

San Jose, Palo Alto and Sunnyvale produced lower gross absorption results in Q1, with office activity totaling 246,475 square feet, 100,615 square feet and 8,649 square feet respectively in those cities. All three posted losses in occupancy in Q1 after realizing positive net absorption in the previous quarter.

Starting rents for office deals completed in Q1 averaged \$2.39 per square foot, full service, a 6% increase from the previous quarter. The recent upward trend in completed office leases is attributable to more activity in the higher-rent, class-A product type.

**Industrial Market**

Silicon Valley's industrial sector got off to a bit of a slow start in 2010, with gross absorption

measuring 662,715 square feet in Q1. Although this figure compares favorably to other quarterly results in 2008/09, it is a bit shy of the runrate we expected for 2010. Still, momentum is positive and in particular, the owner-user market is showing signs of life for the first time since early 2008.

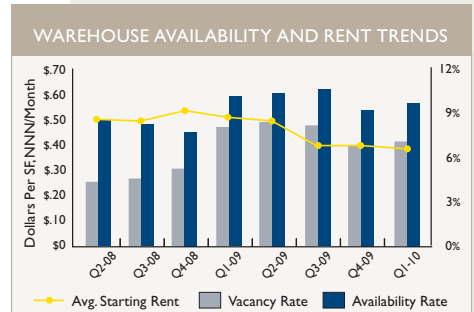
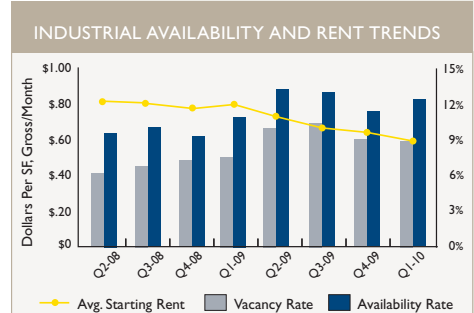
Added industrial inventory from preimproved space that came available in Q1 totaled 1.07 million square feet, the ninth time in the past ten quarters that rollover space has exceeded 1.0 million square feet. When combined with the modest activity level, results on the net absorption side were less than stellar. The first quarter industrial occupancy loss measured 408,140 square feet. It was the eleventh time in the past 12 quarters that net absorption has been negative in the industrial sector.

After posting strong activity totals in the previous quarter, both San Jose and Fremont generated modest industrial gross absorption totals in Q1, 324,569 and 84,016 square feet, respectively. San Jose and Fremont also realized Q1 losses in industrial occupancy (146,523 and 1,698 square feet, respectively) after posting gains in occupancy in the previous quarter.

Santa Clara's industrial gross absorption totaled 183,876 square feet in Q1, which was the most for that city since Q4 2007. Highlighting Santa Clara's industrial activity was Axin's purchase of a 44,865 square foot industrial building on Scott Boulevard. Despite decent activity in Santa Clara, a loss in occupancy of 69,765 square feet was realized, marking the seventh consecutive quarter that industrial net absorption has been negative in Santa Clara.

In Q1, industrial starting rents for completed deals in Silicon Valley averaged \$0.57 NNN, 14% lower from the previous quarter and below \$0.60 for the

*Available industrial supply measured to 6.97 million square feet at the end of Q1 increasing the Valley's industrial availability rate to 12.4%, from 11.4% the previous quarter.*



**SELECTED COLLIERS INTERNATIONAL TRANSACTIONS, Q1 2010**

**Terreno Realty Corporation** purchased two industrial buildings totaling 141,440 square feet located at 48603-48663 Warm Springs Boulevard in Fremont from **PEN Associates**.

**Becton, Dickinson and Company** purchased a 61,940 square foot R&D building at 2150 Commerce Drive in San Jose. **2150 Commerce Drive, LLC** is the seller.

**Terrence J. Rose and Don Pearlman** sold a 71,600 square foot industrial building at 2190 Fortune Drive/2401-2407 Qume Drive in San Jose. **Terreno Capital Partners, LLC** is the buyer.

**RREEF** completed a 110,025 square foot warehouse lease at 1025-1035 Walsh Avenue in Santa Clara. **First Solar, Inc.** is the tenant.

**AMB Property Corporation** leased two R&D buildings totaling 73,728 square feet at 1143 Borregas Avenue and 1160 Bordeaux Drive in Sunnyvale. **Juniper Networks** is the tenant.

first time since Q3 2004. The Q1 average may be a bit of an anomaly due to the low transaction volume in Q1 and we would not be surprised to see industrial starting rents back above \$0.60 per square foot in Q2.

There were 117 industrial lease and user-sale transactions recorded in Q1, resulting in an average industrial deal size of 5,664 square feet. The average number of deals is up from 2009's quarterly average of 100 deals. At the same time, the average size of deals is down from 2009's quarterly average of 8,373 square feet and the 7,757 square foot average of the past five years.

## Warehouse Market

Silicon Valley's warehouse gross absorption was a little slow out of the gates in 2010, measuring 464,419 square feet. While this level of activity is not bad when compared to some of the dreadful results over the past two years, it was not enough to get us to our 2.5-million square foot annualized forecast nor was it enough to generate positive net absorption.

Silicon Valley's warehouse sector realized a loss in occupancy of 361,078 square feet in Q1 and the current availability rate for warehouse space now stands at 9.6%. The supply of available warehouse space in Silicon Valley grew 5% from the previous quarter to 3.69 million square feet at the end of Q1.

The cities of San Jose, Fremont and Santa Clara accounted for 91% of the Valley's Q1 warehouse gross absorption. San Jose generated 169,494 square feet of activity, down 39% from the previous quarter. Fremont's Q1 activity measured to 142,280 square feet, slightly ahead of the city's 10-year quarterly average of 132,087 square feet. Fremont realized back-to-back quarters of positive net absorption with a gain in warehouse occupancy of 57,748 square feet in Q1. On the other hand, San Jose realized an occupancy loss totaling 334,855 square feet after back-to-back quarters of positive net absorption.

Santa Clara's warehouse gross absorption totaled 110,025 square feet in Q1, eclipsing the 100,000 square-foot mark for the first time since Q4 2007. It took all of one deal to make that happen, a 110,025 square foot warehouse lease on Walsh Avenue to First Solar, Inc. As a result, Santa Clara generated warehouse positive net absorption of 32,198 square feet.

Warehouse deals completed in Q1 had an average starting rent of \$0.37 per square foot, NNN, falling 8% from the previous quarter. Warehouse rents are close to bottoming out, however, and the market is relatively tight, as evidenced by a sub-10% availability rate.

## UNDERSTANDING ABSORPTION

**Colliers uses several measurements to track market conditions and deal flow. While related, the formulas to arrive at these measurements differ. Using the results of the most recent quarter, here is how Colliers measures change in availability, net absorption and effective net absorption.**

**Change in Availability:** This measurement is simply the difference between the amounts of space available at the end of one period to the next. The table below shows that total available space increased by 2,058,549 square feet in the year's First Quarter. Note that "change in availability" includes adjustments for space that is "taken off the market". Space "taken off the market" is not a factor in net absorption measurements.

Total Available end of 4Q09	55,266,097
Plus: Vacant & occupied space that came available in IQ10	6,789,554
Plus: New Shell added in IQ10	0
4Q09 Available + Newly Available in IQ10	62,055,651
Less: IQ10 Gross Absorption	-4,420,270
Less: IQ10 Taken off the Market	-310,735
Total Available end of IQ10	57,324,646

**Net Absorption:** Net absorption measures the change in occupied space from one period to the next. In this measurement, it is important to distinguish that a building may be "available", but not vacant (often the case in a sublease situation, for example). Therefore, occupancy is not reduced (negative net absorption) until the space is vacated, and sometimes that does not happen until the space is leased, creating a net absorption "wash" for the deal and for that particular period.

Vacant Space that came available IQ10	-3,681,326
Previously available space that was vacated in IQ10	-2,775,858
IQ10 Total Vacant Added (occupancy loss)	-6,457,184

IQ10 Gross Absorption (occupancy gain)	4,420,270
IQ10 Net Absorption (change in occupancy)	-2,036,914

**Effective Net Absorption:** In 2003, Colliers created a measurement of "effective net absorption". Effective net absorption uses the same formula as the net absorption formula, except that it treats any space that comes available as if it is vacant, whether it is or it isn't. The purpose of the measurement is to get a better "real time" gauge of occupancy flow in and out of the market, acknowledging that space that is available for lease is likely to be vacated shortly and underutilized presently.

Vacant space that came available IQ10	-3,681,326
Occupied space that came available IQ10	-3,108,228
IQ10 Total Available Added	-6,789,554

IQ10 Gross Absorption	4,420,270
IQ10 Effective Net Absorption	-2,369,284



480 OFFICES IN 61 COUNTRIES  
ON 6 CONTINENTS

USA 135  
Canada 39  
Latin America 17  
Asia Pacific 194  
EMEA 95

\$154 billion in annual transaction volume  
2.4 billion square feet under management  
15,052 Professionals

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OFFICE MARKET STATISTICS  
FIRST QUARTER 2010

EXISTING PROPERTIES			VACANT AVAILABLE		OCCUPIED AVAILABLE		TOTAL AVAILABILITY			NET ABSORPTION		CONSTRUCTION		RENT
Type	Bldgs	Total Inventory Sq Ft	Direct Vacant	Sublease Vacant	Direct Occupied	Sublease Occupied	Sq Ft	Rate Q1-2010	Rate Q4-2009	Q1-2010	YTD	Completed Q1-2010	Under Constr	FS Wtd Avg Asking
<b>SUB MARKETS</b>														
<b>CAMPBELL / LOS GATOS</b>														
A	19	1,123,609	197,658	24,512	57,163	-	279,333	24.9%	29.5%	33,125	33,125	-	-	\$2.37
B	89	1,705,002	271,126	9,400	113,316	-	393,842	23.1%	25.8%	13,410	13,410	-	-	\$1.93
C	13	172,155	36,026	-	3,650	-	39,676	23.0%	20.2%	(3,922)	(3,922)	-	-	\$0.90
Total	121	3,000,766	504,810	33,912	174,129	-	712,851	23.8%	26.8%	42,613	42,613	-	-	\$2.12
<b>CUPERTINO / SARATOGA</b>														
A	8	734,525	58,929	58,984	7,337	-	125,250	17.1%	27.1%	73,578	73,578	-	-	\$3.21
B	83	2,530,294	550,916	68,315	26,078	8,511	653,820	25.8%	13.8%	(305,198)	(305,198)	-	-	\$2.80
C	22	290,394	7,160	-	-	-	7,160	2.5%	2.5%	-	-	-	-	\$2.35
Total	112	3,555,213	617,005	127,299	33,415	8,511	786,230	22.1%	15.6%	(231,620)	(231,620)	-	-	\$2.85
<b>FREMONT / MILPITAS</b>														
A	15	805,847	259,214	-	17,045	24,892	301,151	37.4%	34.0%	(46,158)	(46,158)	-	-	\$2.04
B	38	1,179,040	213,014	14,139	34,384	-	261,537	22.2%	22.4%	10,944	10,944	-	-	\$1.72
C	35	675,178	69,280	-	10,811	-	80,091	11.9%	9.7%	(3,867)	(3,867)	-	-	\$1.70
Total	88	2,660,065	541,508	14,139	62,240	24,892	642,779	24.2%	22.7%	(39,081)	(39,081)	-	-	\$1.87
<b>GILROY / MORGAN HILL</b>														
A	16	311,036	43,334	-	32,344	-	75,678	24.3%	22.1%	(7,153)	(7,153)	-	-	\$1.97
B	7	120,088	49,640	-	-	-	49,640	41.3%	44.9%	-	-	-	-	\$1.88
C	29	285,730	54,350	-	3,300	-	57,650	20.2%	22.9%	7,837	7,837	-	-	\$1.35
Total	52	716,854	147,324	-	35,644	-	182,968	25.5%	26.3%	684	684	-	-	\$2.06
<b>LOS ALTOS</b>														
A	9	231,534	6,414	2,979	-	-	9,393	4.1%	4.3%	645	645	-	-	\$3.88
B	18	380,906	60,443	3,740	12,540	-	76,723	20.1%	20.9%	7,167	7,167	-	-	\$2.95
C	39	498,356	22,948	-	-	-	22,948	4.6%	7.4%	12,642	12,642	-	-	\$2.65
Total	66	1,110,796	89,805	6,719	12,540	-	109,064	9.8%	11.4%	20,454	20,454	-	-	\$2.98
<b>MOUNTAIN VIEW</b>														
A	22	2,196,395	79,002	20,420	28,360	22,149	149,931	6.8%	9.0%	56,628	56,628	-	-	\$3.26
B	45	1,085,736	231,835	3,617	9,469	3,913	248,834	22.9%	24.8%	(34,260)	(34,260)	-	-	\$2.47
C	45	482,537	39,990	5,478	2,910	-	48,378	10.0%	10.8%	(2,250)	(2,250)	-	-	\$2.19
Total	112	3,764,668	350,827	29,515	40,739	26,062	447,143	11.9%	13.8%	20,118	20,118	-	-	\$2.75
<b>PALO ALTO</b>														
A	63	2,806,466	270,234	79,290	71,273	49,459	470,256	16.8%	14.5%	(65,414)	(65,414)	-	186,202	\$4.80
B	104	2,400,415	300,132	92,744	143,096	18,943	554,915	23.1%	22.3%	(48,890)	(48,890)	-	-	\$4.05
C	83	929,756	61,550	6,184	46,581	-	114,315	12.3%	9.2%	13,199	13,199	-	-	\$3.51
Total	250	6,136,637	631,916	178,218	260,950	68,402	1,139,486	18.6%	16.7%	(101,105)	(101,105)	-	186,202	\$4.27
<b>SAN JOSE</b>														
A	80	10,712,694	2,507,590	143,432	650,310	187,993	3,489,325	32.6%	31.4%	(86,417)	(86,417)	-	172,007	\$2.59
B	239	8,586,576	1,072,836	55,825	168,992	16,897	1,314,550	15.3%	15.9%	(63,224)	(63,224)	-	-	\$1.94
C	187	4,193,337	731,496	32,978	124,604	-	889,078	21.2%	22.7%	18,713	18,713	-	-	\$1.73
Total	503	23,492,607	4,311,922	232,235	943,906	204,890	5,692,953	24.2%	24.2%	(130,928)	(130,928)	-	172,007	\$2.31
<b>SANTA CLARA</b>														
A	31	4,431,204	458,943	198,840	144,558	12,416	814,757	18.4%	24.2%	313,374	313,374	-	365,000	\$2.72
B	130	4,050,125	1,100,059	61,305	48,314	16,425	1,226,103	30.3%	29.9%	(119,199)	(119,199)	-	-	\$1.78
C	40	660,949	123,612	-	8,400	-	132,012	20.0%	18.7%	(8,515)	(8,515)	-	-	\$1.50
Total	201	9,142,278	1,682,614	260,145	201,272	28,841	2,172,872	23.8%	26.4%	185,660	185,660	-	365,000	\$2.22
<b>SUNNYVALE</b>														
A	35	5,325,330	2,233,931	242,418	7,301	266,082	2,749,732	51.6%	50.9%	(36,547)	(36,547)	-	336,699	\$3.27
B	57	1,372,356	167,352	38,464	6,618	-	212,434	15.5%	12.6%	(39,072)	(39,072)	-	-	\$1.97
C	24	471,440	112,279	-	20,144	-	132,423	28.1%	28.2%	300	300	-	-	\$1.79
Total	116	7,169,126	2,513,562	280,882	34,063	266,082	3,094,589	43.2%	42.1%	(75,319)	(75,319)	-	336,699	\$3.16
<b>SILICON VALLEY TOTALS</b>														
A	298	28,678,640	6,115,249	770,875	1,015,691	562,991	8,464,806	29.5%	30.1%	235,661	235,661	-	1,059,908	\$3.01
B	810	23,410,538	4,017,353	347,549	562,807	64,689	4,992,398	21.3%	20.3%	(578,322)	(578,322)	-	-	\$2.22
C	517	8,659,832	1,258,691	44,640	220,400	-	1,523,731	17.6%	18.0%	34,137	34,137	-	-	\$1.90
Total	1,625	60,749,010	11,391,293	1,163,064	1,798,898	627,680	14,980,935	24.7%	24.6%	(308,524)	(308,524)	-	1,059,908	\$2.67
<b>QUARTERLY COMPARISON AND TOTALS</b>														
IQ-10	1625	60,749,010	11,391,293	1,163,064	1,798,898	627,680	14,980,935	24.7%	24.6%	(308,524)	(308,524)	-	1,059,908	\$2.67
4Q-09	1625	60,749,010	11,190,686	1,058,841	1,774,345	919,023	14,942,895	24.6%	25.1%	379,539	(2,518,890)	-	1,076,398	\$2.66
3Q-09	1625	60,749,010	11,490,436	1,383,243	1,437,527	938,664	15,249,870	25.1%	24.1%	(708,234)	(3,254,328)	485,094	1,104,851	\$2.74
2Q-09	1622	60,263,916	10,606,359	1,353,905	1,538,833	1,046,812	14,545,909	24.1%	22.4%	(1,558,514)	(2,546,094)	420,710	1,736,143	\$2.83
1Q-09	1620	59,843,206	9,293,440	1,049,720	1,739,140	1,317,277	13,399,577	22.4%	20.0%	(987,580)	(987,580)	776,513	2,143,713	\$3.04

## R&D, INDUSTRIAL & WAREHOUSE MARKET STATISTICS

### FIRST QUARTER 2010

EXISTING PROPERTIES			VACANT AVAILABLE		OCCUPIED AVAILABLE		TOTAL AVAILABILITY			NET ABSORPTION		CONSTRUCTION		RENT
Type	Bldgs	Total Inventory Sq Ft	Direct Vacant	Sublease Vacant	Direct Occupied	Sublease Occupied	Sq Ft	Rate Q1-2010	Rate Q4-2009	Q1-2010	YTD	Completed Q1-2010	Under Constr	NNN Wtd Avg Asking
<b>SUB MARKETS</b>														
<b>CAMPBELL</b>														
R&D	69	1,462,027	213,360	-	129,690	19,859	362,909	24.8%	20.5%	(20,978)	(20,978)	-	-	\$1.16
IND	40	465,815	58,573	-	13,917	-	72,490	15.6%	13.1%	(9,857)	(9,857)	-	15,318	\$1.12
TOTAL	109	1,927,842	271,933	-	143,607	19,859	435,399	22.6%	18.7%	(30,835)	(30,835)	-	15,318	\$1.16
<b>CUPERTINO</b>														
R&D	50	3,439,813	119,712	29,592	167,490	-	316,794	9.2%	7.7%	-	-	-	-	\$1.67
TOTAL	50	3,439,813	119,712	29,592	167,490	-	316,794	9.2%	7.7%	-	-	-	-	\$1.67
<b>FREMONT</b>														
R&D	345	18,649,034	4,116,934	114,677	399,504	255,743	4,886,858	26.2%	26.6%	(126,797)	(126,797)	-	118,535	\$0.80
IND	353	8,682,412	348,042	30,700	116,402	-	495,144	5.7%	6.4%	(1,698)	(1,698)	-	-	\$0.72
WSE	50	7,638,159	293,643	15,000	177,380	-	486,023	6.4%	7.0%	57,748	57,748	-	-	\$0.45
TOTAL	748	34,969,605	4,758,619	160,377	693,286	255,743	5,868,025	16.8%	17.3%	(70,747)	(70,747)	-	118,535	\$0.76
<b>GILROY</b>														
R&D	9	373,694	77,216	-	54,670	-	131,886	35.3%	36.9%	-	-	-	-	\$0.95
IND	72	1,342,937	177,732	-	180,458	-	358,190	26.7%	25.1%	(13,550)	(13,550)	-	-	\$0.73
WSE	18	3,224,101	169,341	-	-	-	169,341	5.3%	5.3%	-	-	-	-	\$0.38
TOTAL	99	4,940,732	424,289	-	235,128	-	659,417	13.3%	13.0%	(13,550)	(13,550)	-	-	\$0.58
<b>LOS GATOS</b>														
R&D	20	475,159	105,869	35,395	-	-	141,264	29.7%	28.7%	(4,805)	(4,805)	-	-	\$1.35
TOTAL	20	475,159	105,869	35,395	-	-	141,264	29.7%	28.7%	(4,805)	(4,805)	-	-	\$1.35
<b>MILPITAS</b>														
R&D	233	14,005,916	2,412,715	728,895	169,330	277,072	3,588,012	25.6%	26.9%	94,989	94,989	-	1,526	\$0.79
IND	117	2,872,595	408,531	-	458,738	-	867,269	30.2%	15.4%	(23,171)	(23,171)	-	-	\$0.72
WSE	37	4,761,248	398,975	156,627	344,567	31,000	931,169	19.6%	15.9%	(36,056)	(36,056)	-	-	\$0.46
TOTAL	387	21,639,759	3,220,221	885,522	972,635	308,072	5,386,450	24.9%	22.9%	35,762	35,762	-	1,526	\$0.78
<b>MORGAN HILL</b>														
R&D	62	2,688,925	368,581	-	117,652	-	486,233	18.1%	18.4%	4,311	4,311	-	-	\$0.76
IND	77	2,042,576	279,198	-	93,956	-	373,154	18.3%	13.6%	(15,500)	(15,500)	-	-	\$0.59
WSE	5	384,880	92,003	-	47,000	-	139,003	36.1%	24.4%	(45,033)	(45,033)	-	-	\$0.41
TOTAL	144	5,116,381	739,782	-	258,608	-	998,390	19.5%	17.0%	(56,222)	(56,222)	-	-	\$0.68
<b>MOUNTAIN VIEW</b>														
R&D	274	13,971,801	983,931	563,550	463,719	154,794	2,165,994	15.5%	14.2%	(51,191)	(51,191)	-	-	\$1.56
IND	148	2,698,054	229,985	-	60,959	-	290,944	10.8%	8.9%	(57,844)	(57,844)	-	-	\$0.99
TOTAL	422	16,669,855	1,213,916	563,550	524,678	154,794	2,456,938	14.7%	13.3%	(109,035)	(109,035)	-	-	\$1.53
<b>PALO ALTO</b>														
R&D	59	10,292,315	82,597	425,678	155,445	23,814	687,534	6.7%	5.7%	(10,000)	(10,000)	-	-	\$2.49
TOTAL	59	10,292,315	82,597	425,678	155,445	23,814	687,534	6.7%	5.7%	(10,000)	(10,000)	-	-	\$2.49
<b>SAN JOSE</b>														
R&D	645	47,449,305	9,436,020	742,079	1,111,127	228,806	11,518,032	24.3%	23.3%	(300,564)	(300,564)	-	-	\$0.96
IND	1,089	22,646,103	1,668,470	62,888	542,979	149,375	2,423,712	10.7%	10.6%	(146,523)	(146,523)	-	-	\$0.66
WSE	179	16,365,906	1,294,765	12,995	310,540	14,580	1,632,880	10.0%	8.9%	(334,855)	(334,855)	-	-	\$0.48
TOTAL	1,913	86,461,314	12,399,255	817,962	1,964,646	392,761	15,574,624	18.0%	17.3%	(781,942)	(781,942)	-	-	\$0.89
<b>SANTA CLARA</b>														
R&D	374	21,787,116	2,861,191	215,903	958,958	33,300	4,069,352	18.7%	15.0%	(382,331)	(382,331)	-	-	\$1.09
IND	615	11,000,628	941,449	34,300	115,565	1,415	1,092,729	9.9%	10.5%	(69,765)	(69,765)	-	-	\$0.75
WSE	30	3,229,532	83,734	14,875	50,860	-	149,469	4.6%	11.0%	32,198	32,198	-	-	\$0.42
TOTAL	1,019	36,017,276	3,886,374	265,078	1,125,383	34,715	5,311,550	14.7%	13.3%	(419,898)	(419,898)	-	-	\$1.04
<b>SUNNYVALE</b>														
R&D	507	23,632,946	2,528,661	308,187	467,455	19,339	3,323,642	14.1%	14.5%	(161,806)	(161,806)	-	-	\$1.23
IND	186	3,349,093	535,796	16,920	63,704	6,160	622,580	18.6%	16.7%	(71,232)	(71,232)	-	-	\$0.68
WSE	34	2,606,972	159,250	-	-	-	159,250	6.1%	4.3%	(47,700)	(47,700)	-	-	\$0.56
TOTAL	727	29,589,011	3,223,707	325,107	531,159	25,499	4,105,472	13.9%	13.8%	(280,738)	(280,738)	-	-	\$1.15
<b>SILICON VALLEY TOTALS</b>														
R&D	2,647	158,228,051	23,306,787	3,163,956	4,195,040	1,012,727	31,678,510	20.0%	19.2%	(959,172)	(959,172)	-	120,061	\$1.05
IND	2,828	56,386,252	4,837,339	162,708	1,814,069	156,950	6,971,066	8.0%	8.0%	(408,140)	(408,140)	-	15,318	\$0.73
WSE	361	38,696,973	2,518,711	199,497	930,347	45,580	3,694,135	9.5%	9.1%	(361,078)	(361,078)	-	-	\$0.47
TOTAL	5,836	253,311,276	30,662,837	3,526,161	6,939,456	1,215,257	42,343,711	16.7%	15.9%	(1,728,390)	(1,728,390)	-	135,379	\$0.97