

FIGURES | SILICON VALLEY OFFICE | Q1 2026

Artificial intelligence bolsters occupancy gains

▼ 15.4%

Vacancy Rate

▲ 770K

Sq. Ft. Net Absorption

▲ 324K

Sq. Ft. Under Construction

▼ \$5.31

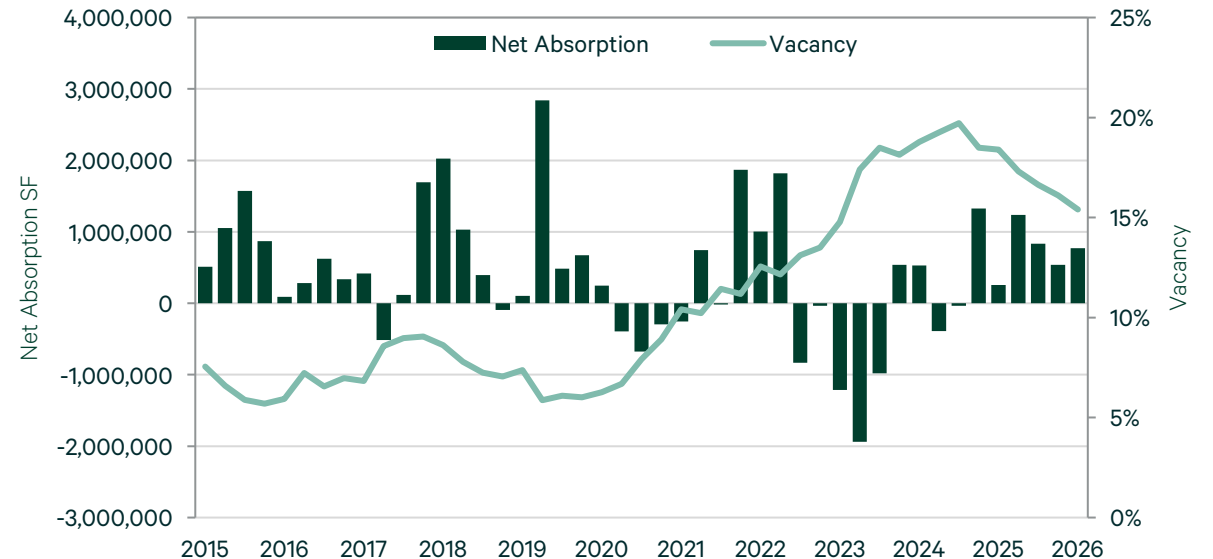
Average Asking Rate \$/SF (FSG)

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- There were no construction deliveries during Q1 2026 with one project breaking ground in Santa Clara.
- Tenant demand for office and R&D space ended Q1 2026 at 8.6 million square feet (msf) which is a decrease from the 10.6 msf posted at the end of 2025.
- Net absorption for the Silicon Valley office market recorded 769,556 square feet (sq. ft.) in Q1 2026.
- The vacancy decreased from 16.1% to 15.4% Quarter-over-Quarter (QoQ). Similarly, the availability rate decreased from 18.2% to 17.4%.
- The average direct asking rate in Silicon Valley ended Q1 2026 at \$5.31 on a monthly, direct Full-Service Gross (FSG) basis.
- Approximately 72.6% of all leased sq. ft. signed in Silicon Valley during Q1 2026 were new leases with 23.0% being renewals. The remaining 4.4% of leased sq. ft. was subleases.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2026

OFFICE OVERVIEW

The Silicon Valley office market encompassed approximately 106.7 msf. There were no construction deliveries this quarter. One owner-user project broke ground in Q1, and it is 324,000 sq. ft.

Vacancy rates decreased for the sixth consecutive quarter in Q1 2026, declining by 70 basis points QoQ to 15.4%. Availability continued to decrease as Q1 2026 closed at 17.4% which is down from 18.2%. Net absorption for the quarter ended at 769,556 sq. ft. Mountain View/Los Altos and Sunnyvale registered the largest occupancy gains, due to large leases by artificial intelligence companies. The two most notable AI deals were, OpenAI’s deal at 350 Ellis St. in Mountain View and Databricks at 100 Altair Way in Sunnyvale. San Jose – Downtown CBD registered the largest occupancy loss due to a few full-floor vacancies.

Leasing activity totaled 2.3 msf at the end of Q1 2026, an increase of roughly 800,000 sq. ft. QoQ. Mountain View/Los Altos, Sunnyvale, and Santa Clara comprised 60.0% of overall leasing activity in the quarter. Class A properties made up 80.1% of the total square footage leased, further driving the flight to quality sentiment. A.I./A.I. ecosystem tenants accounted for 24.5% of the deals signed in Q1 2026.

Active requirements for office and R&D space at the end of the quarter totaled 8.6 msf, a decrease from 10.6 msf in Q4 2025. This decrease is attributable to deals being signed instead of tenants no longer looking for space. Consistent with the previous quarter, the hardware, software, and A.I. sectors comprised approximately 56.0% of demand in Q1. Large block demand remains a defining feature of the market with 29 tenants in the market seeking spaces of 100,000 square feet or greater.

The overall average asking rate for office space in Silicon Valley decreased 5.2% QoQ to \$5.31 per month (Full-Service Gross, direct basis) in Q1 2026. Palo Alto continued to ask the highest overall average rent at \$9.34 FSG. The overall decrease in asking rates is attributable to concentrated leasing within high-quality Class A product, rather than reflecting a broad weakening of market fundamentals.

The Silicon Valley office market continued its momentum from 2025 as leasing activity and net absorption increased while vacancy and availability decreased. Traditional AI firms have increased their footprint across Silicon Valley, with no clear signs of this activity slowing. Class A assets demonstrated continued stability, alongside further tightening of high-end space. Together, these dynamics are contributing to evolving market conditions.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average FSG Direct Asking Rate (\$)	Current Net Absorption	YTD Net Absorption
San Jose - Downtown CBD	10,098,099	33.0	34.0	4.30	(78,183)	(78,183)
Class A	5,876,185	35.8	37.1	4.50	(38,801)	(38,801)
San Jose - Central	2,755,924	17.2	17.6	2.62	(1,114)	(1,114)
Class A	231,579	-	-	-	-	-
San Jose - North	15,149,794	16.7	19.4	4.00	99,901	99,901
Class A	9,219,868	13.4	17.2	4.73	139,195	139,195
San Jose - South	2,651,459	6.3	6.6	2.81	(22,815)	(22,815)
Class A	440,838	-	-	-	-	-
IBP/Milpitas	2,365,058	6.3	6.3	2.42	4,847	4,847
Class A	-	-	-	-	-	-
Cupertino	7,187,306	2.6	2.7	4.90	(1,549)	(1,549)
Class A	5,641,006	0.3	0.4	6.29	-	-
West Valley	6,622,325	18.7	23.3	4.36	22,555	22,555
Class A	2,681,280	15.6	25.9	5.21	26,826	26,826
Santa Clara	15,341,998	13.9	16.9	4.72	132,332	132,332
Class A	12,027,479	13.9	16.8	5.34	126,800	126,800
Sunnyvale	21,995,459	10.9	10.9	5.99	365,712	365,712
Class A	20,256,503	10.5	10.5	6.23	360,364	360,364
Mountain View/Los Altos	12,110,956	16.8	20.5	7.60	255,912	255,912
Class A	9,177,578	15.1	18.7	8.29	269,296	269,296
Palo Alto	7,987,787	17.4	21.0	9.34	(5,886)	(5,886)
Class A	4,635,011	20.4	25.6	10.16	8,492	8,492
Fremont/Newark	2,440,029	18.6	18.6	2.90	(2,156)	(2,156)
Class A	325,310	58.4	58.4	3.18	-	-
Silicon Valley	106,706,194	15.4	17.4	5.31	769,556	769,556
Class A	70,512,637	14.3	16.6	6.26	892,172	892,172

Source: CBRE Research, Q1 2026

FIGURE 3: Notable Lease Transactions Q1 2026

Tenant	Location	Leased Sq. Ft	Type
OpenAI	350 Ellis St, Mountain View	449,006	New Lease
Confidential	Santa Clara	445,058	New Lease
Infineon Technologies	6001 America Center, San Jose	219,208	New Lease
Databricks	100 Altair Way, Sunnyvale	180,417	New Lease
Pinterest	285 Sobrante Way, Sunnyvale	125,000	New Lease

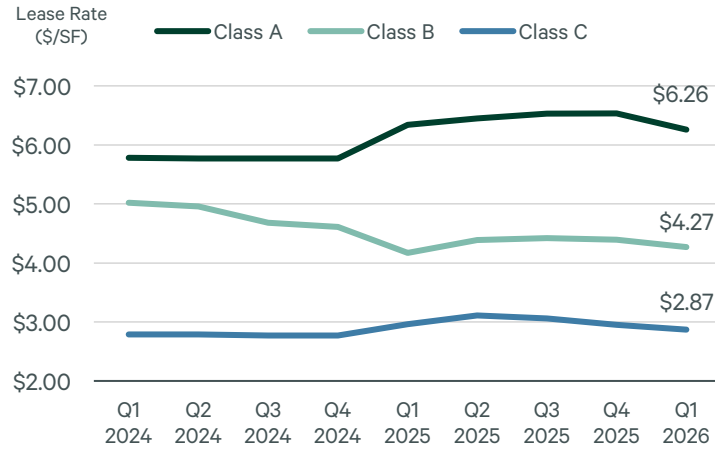
Source: CBRE Research, Q1 2026

FIGURE 4: Notable Sale Transactions Q1 2026

Buyer	Location	Sold Sq. Ft.	Sale Price \$/SF
Valley Health Center San Jose	1410 S Bascom Ave, San Jose	231,579	\$340.0M \$1,468
The Hanover Company	19230 Stevens Creek Blvd, Cupertino	11,857	\$11.1M \$936
Individual Private Buyer	310 W Hamilton, Campbell	8,172	\$3.5M \$422

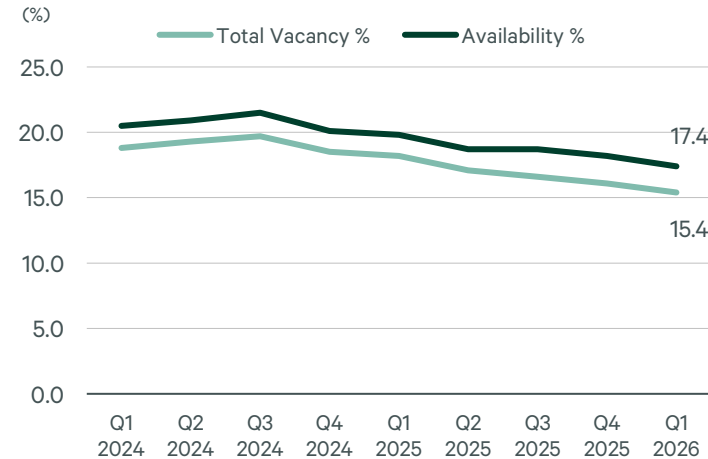
Source: CBRE Research, Q1 2026

FIGURE 5: Lease Rates



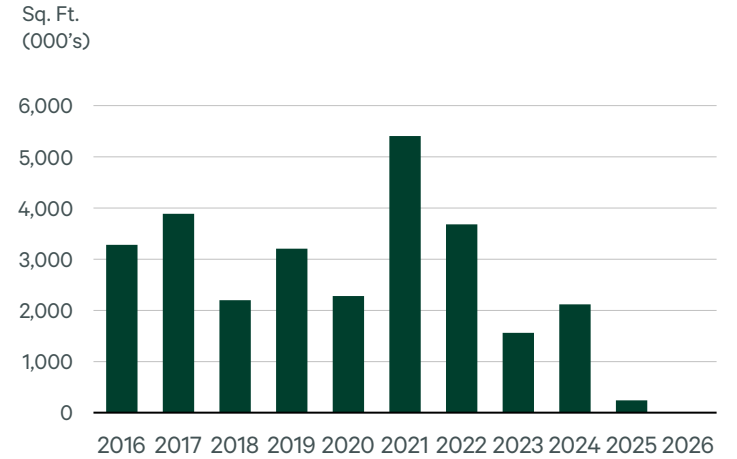
Source: CBRE Research, Q1 2026

FIGURE 6: Vacancy & Availability



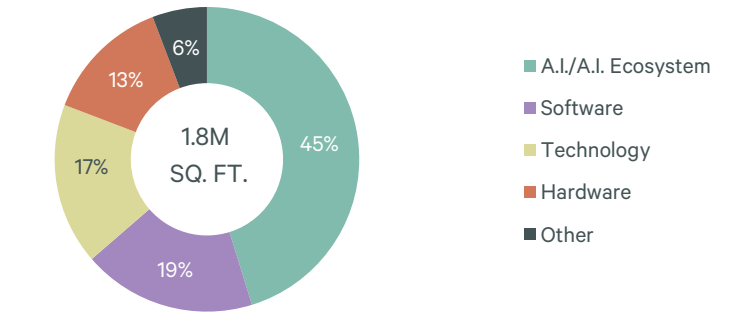
Source: CBRE Research, Q1 2026

FIGURE 7: Construction Completions



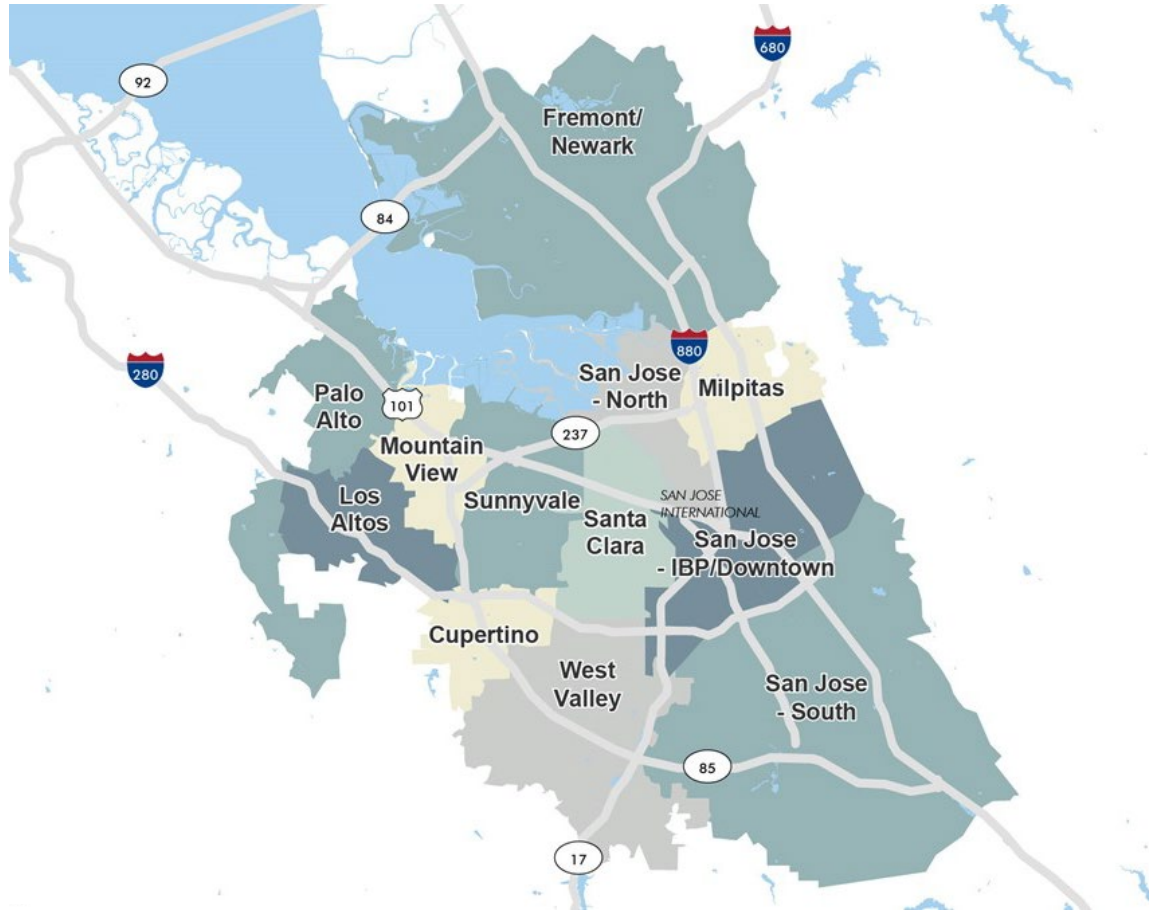
Source: CBRE Research, Q1 2026

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2026

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions and Methods

Average Asking Rate Direct Monthly Lease Rates., Full-Service Gross (FSG). Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE's market report analyzes existing single- and multi-tenant Office buildings that total 10,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

During the first quarter of 2025, a revision to our calculation methodologies was implemented, leading to a significant shift in our results on a quarter-over-quarter basis. This updated approach will be utilized for all future periods, providing a consistent and transparent framework for calculating asking rates going forward.

A building reclassification project occurred in Q1 2025, which caused a shift in Net Rentable Area among classes.

Effective 2025, our reporting methodology will be updated to include owner/user deliveries in the calculation of gross absorption, providing a more comprehensive and accurate representation of market activity.

Contacts

Rebecca Schmid
Senior Research Analyst
Rebecca.Schmid@cbre.com

Suzy Malburg
Research Analyst
Suzy.Malburg@cbre.com

Cole Bryant
Research Analyst
Cole.Bryant@cbre.com

Giovanni Giannotta
Research Manager
+1 408 790 5410
Giovanni.Giannotta@cbre.com

Silicon Valley Office

225 W. Santa Clara Street
12th Floor
San Jose, CA 95113

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