Silicon Valley

Office Occupier's Guide | Q4 2025

After several years of elevated vacancy and muted leasing activity, the Silicon Valley office market is showing early signs of turning a corner. Vacancy declined for the fourth consecutive quarter, falling to 17.1%, a 0.1% quarter-over-quarter (QoQ) decrease, while also declining 0.3% year-over-year (YoY). Despite the declining vacancy, overall availability increased, rising 0.5% QoQ to 19.9%, though it remains below the 20.1% peak recorded in Q4 2024. Asking rents remained flat, increasing $0.05 QoQ to $5.10. While asking rents have fluctuated, they have trended downward since peaking at $5.44 in Q3 2023, a decline of 6.3%, during that period. Net absorption remained positive for quarter at SF 563K SF, marking the fourth consecutive quarter of positive absorption and bringing year-to-date (YTD) to 1.2M SF.

2025 was defined by increasing leasing momentum and artificial Intelligence. Supported by historic venture capital investment, increased leasing activity, and increasing future demand, AI and technology set the pace for leasing activity. Industry leaders such as xAI and Databricks executed significant space commitments, while NVIDIA continued to grow its real estate footprint and acquire assets in the Silicon Valley. With strong balance sheets and investor support, AI users are positioned to remain active and competitive in the office leasing market.

Quarterly Snapshot

Vacancy	Availability	Average Rent	Net Absorption
17.1%	19.9%	$5.10/SF	563,278 SF

*Arrows indicate changes from previous quarter

Submarket Movement

Direct Asking Rent ($/SF)		Total Vacancy Rate	QOQ Change
$4.65	Downtown San Jose | Class A	33.3%	-1.6% ▼
$4.05	Downtown San Jose | Class B	16.5%	1.5% ▲
$5.29	Santa Clara | Class A	8.7%	-1.3% ▼
$3.35	Santa Clara | Class B	17.9%	1.8% ▲
$6.65	Mountain View | Class A	17.1%	-4.1% ▼
$7.07	Mountain View | Class B	24.6%	1.5% ▼

Recent Transactions

Tenant	Size (SF)	Submarket	Lease Type	Sector
xAI	105,536	Palo Alto	New Lease	Technology
Stanford School Of Medicine	61,081	Palo Alto	Renewal	Healthcare
CrowdStrike	45,666	Sunnyvale	New Lease	Technology
CoreWeave	39,314	Sunnyvale	New Lease	Technology
Frank Rimmerman & Co.	34,882	Downtown San Jose	Renewal	Professional Services
ID.me	31,571	Mountain View/Los Altos	Sublease	Technology
Uniphore Technologies	26,661	Palo Alto	New Lease	Technology

Occupier's Perspective

Leasing activity among occupiers seeking larger footprints (20K+ SF) concentrated in Sunnyvale (25.0%) and Santa Clara (16.0%), driven by major commitments from firms such as Snapchat, CrowdStrike, and Zscaler. These submarkets offer well capitalized tenants' access to large blocks of space with flexibility for future expansion. Occupiers should expect increased competition in similar asset types.

Negotiating leverage is beginning to shift between occupiers and landlords. While tenants who searched during the Covid downturn may still expect aggressive concessions, improving fundamentals have made landlords more conservative, requiring occupiers to reduce concession expectations in certain highly competitive submarkets.

Recent footprint consolidation by major employers has expanded the supply of second-generation space across Silicon Valley and the Mid-Peninsula. This trend can be seen at office complexes such as Moffett Towers, Pacific Shores Center, and Ardenwood Corporate Commons. However, the pace of new second generation availability is expected to contract going forward.

Market Trends

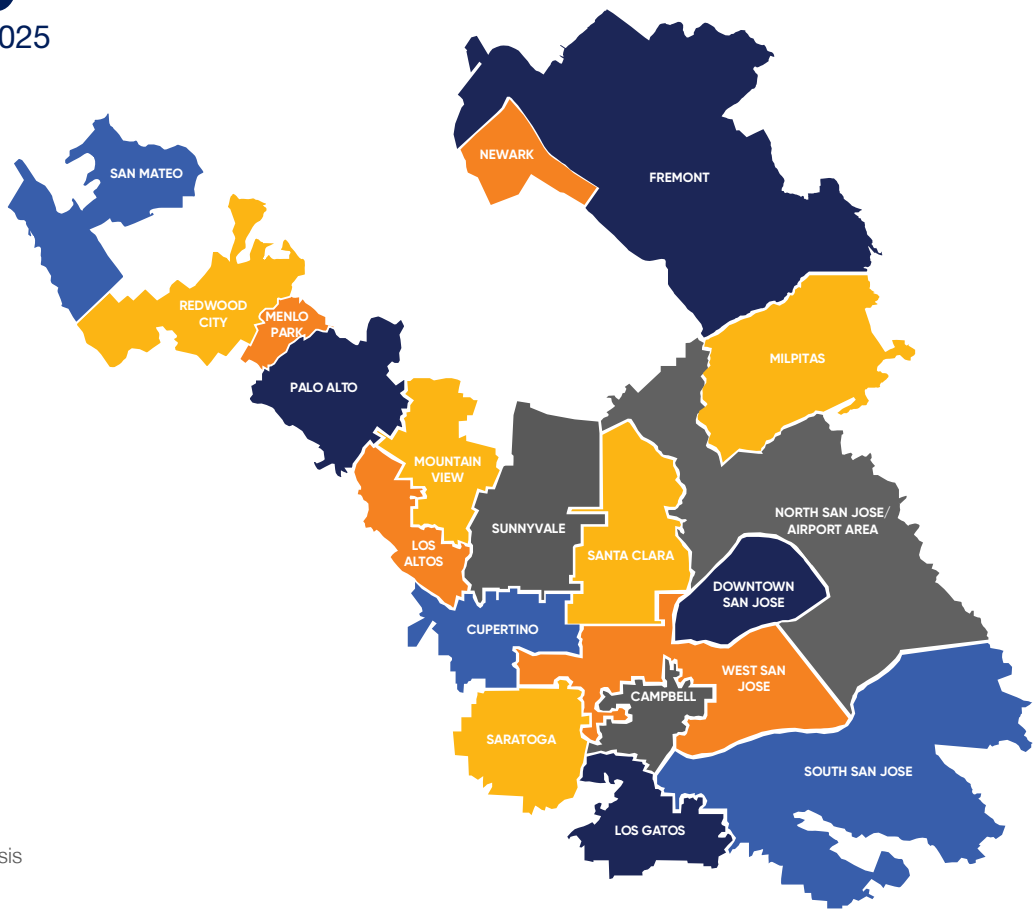
Asking rents have largely plateaued since Q4 2025, increasing 0.4% to $4.98 psf. By contrast, the Mid-Peninsula, where available inventory remains constrained, experienced a sharper correction, with average rents falling 7.7% to $5.58 over the same period.

SF Bay Area AI companies captured 33.2% of US VC Funding. In total SF Bay Area companies captured roughly $112.1B in VC funding, which makes up roughly 21.4% of total global VC funding. However, most of this investment ($95.8B) was captured by companies HQ'd in San Francisco.

Leasing activity in Downtown Palo Alto remains red-hot, driven by strong demand for top tier office space, though average asking rents fell 12.1% YoY, as remaining availability skews toward less desirable Class B product.

Silicon Valley

Office Submarket Statistics | Q4 2025



Cresa is the world's only global commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. Our purpose is to think beyond space, strengthening those we serve and enhancing the quality of life for our clients. Delivered across every industry, with over 1000 employees in more than 80 offices globally, Cresa partners with occupiers everywhere. For more information, please visit cresa.com.

For more information, contact:

Andrew McShea, Director, Research & Analytics
443.758.7893 | amcshea@cresa.com

Austin Tucker, Associate, Research & Financial Analysis
209.207.8235 | atucker@cresa.com

	Submarket	Inventory	Direct Asking Rent (FS)		Direct Vacancy	Sublease Vacancy	Total Vacancy		Total Availability	Total Net Absorption
Silicon Valley	Fremont/Newark	5,167,140	$2.88	=	12.8%	11.7%	24.5%	↓	24.6%	(9,132)
	Milpitas	3,946,456	$2.83	=	13.9%	3.8%	17.7%	↑	20.5%	(99,385)
	North San Jose/Airport Area	18,835,282	$4.15	=	13.5%	3.7%	17.2%	=	19.6%	38,435
	Downtown San Jose	13,133,254	$4.50	=	25.2%	0.6%	25.8%	=	27.3%	(26,505)
	South San Jose	3,023,849	$2.65	=	4.7%	0.0%	4.7%	=	7.2%	(7,628)
	West Valley (West San Jose, Campbell, Los Gatos, Saratoga)	8,619,462	$4.04	=	12.2%	2.7%	14.9%	=	17.7%	35,640
	Cupertino	6,738,503	$4.32	=	1.5%	0.1%	1.6%	=	2.1%	13,063
	Santa Clara	19,518,730	$4.59	=	9.9%	2.3%	12.2%	=	16.3%	(14,252)
	Sunnyvale	22,692,382	$5.23	=	10.3%	3.8%	14.0%	=	16.0%	268,935
	Mountain View/Los Altos	14,565,330	$6.88	=	15.2%	5.9%	21.1%	↓	26.6%	197,756
	Palo Alto	10,634,571	$7.03	↑	15.1%	1.3%	16.4%	=	20.3%	160,195
	Silicon Valley Total	**126,874,959**	**$4.98**		**13.0%**	**3.2%**	**16.2%**		**19.0%**	**557,122**
Mid-Peninsula	Menlo Park	7,735,756	$8.52	↑	7.3%	4.8%	12.0%	↑	14.1%	17,310
	Redwood City	11,815,432	$5.29	↑	24.7%	3.2%	27.9%	↑	30.2%	9,074
	San Mateo	8,886,610	$4.64	↑	16.1%	4.5%	20.6%	↑	25.1%	(20,228)
	Peninsula Total	**28,437,798**	**$5.58**		**17.3%**	**4.0%**	**21.3%**		**24.2%**	**6,156**
	Market Total	**155,312,757**	**$5.10**		**13.8%**	**3.4%**	**17.1%**		**19.9%**	**563,278**

*Arrows indicate changes from previous quarter.