

Silicon Valley

Commercial Real Estate Snapshot

June 2025

This month's newsletter highlights market insights for San Jose, California, the tenth largest city in the U.S.

Gary Nobile specializes in commercial real estate within the Silicon Valley (south of San Francisco) market. An area native, Gary has served the local area for 20+ years.

Gary's preferred approach to serving his customers is by building relationships over time. He provides real time transparent market insights that serve his clients' needs. Direct and to the point, nothing is ever sugar coated. Even when there are challenges, he produces results with a friendly, positive attitude.

If you'd like to know more about how he can help you with your commercial real estate needs, please reach out by phone or e-mail.



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ICON PROPERTIES
COMMERCIAL

San Jose Commercial Real Estate June 2025

| | <u>Inventory</u> | <u>Availability</u> | <u>Under Construction</u> | <u>12 Mo. Net Absorp.</u> | <u>Vacancy</u> | <u>Market Asking Rent</u> | <u>Sale Price</u> | <u>CAP Rate</u> |
|---------------------|------------------|---------------------|---------------------------|---------------------------|----------------|---------------------------|-------------------|-----------------|
| Industrial | 202M SF | 19.8 SF | 3.8M SF | 339k SF | 8.4% | \$25.48 per SF/yr. | \$359 /SF | 6.4% |
| Retail | 80.1M SF | 4.0M SF | 251k SF | -13k SF | 4.6% | \$41.99 per SF/yr. | \$504 /SF | 5.5% |
| Office | 146M SF | 24.7M SF | 2.6M SF | -676k SF | 16.1% | \$54.52 per SF/yr. | \$493 /SF | 6.9% |
| Multi-Family | 163,607 Units | 8,835 Units | 2,505 Units | 4,311 Units | 5.4% | \$3,210 /mo. | \$497 k/Unit | 4.5% |

Industrial Summary:

Subdued demand due to weaker consumer markets. Vacancy up slightly. Companies are delaying expansion plans. Industrial rents amongst the highest in the nation, but rent growth is slightly negative. Supply constraints may drive future rent increases as economy rebounds.

Retail Summary:

A decrease in resident population and non-store purchases stifled retail spending. Low levels of new supply combined with a minimal demand change suggests no changes anticipated for several quarters.

Office Market Summary:

in 2025, rent growth is expected to remain modest while vacancy rates rise due to downsizing and new supply. Vacancy of 4 & 5 star properties stands higher than average at 19.8%.

Multi-Family Market Summary:

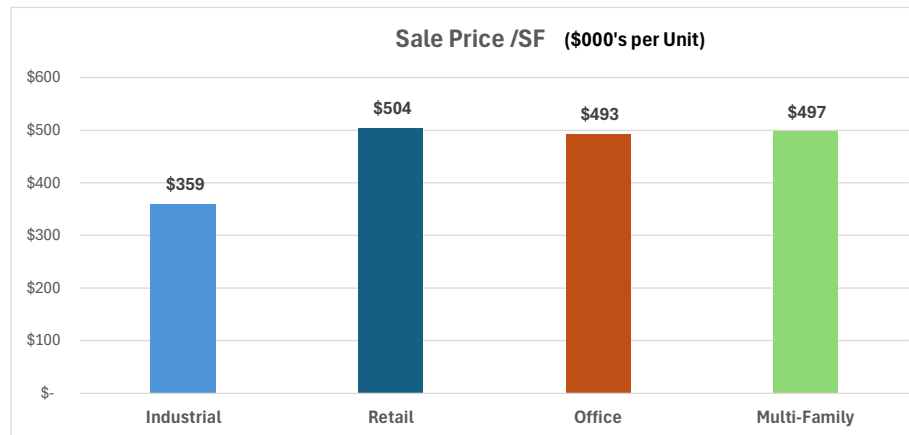
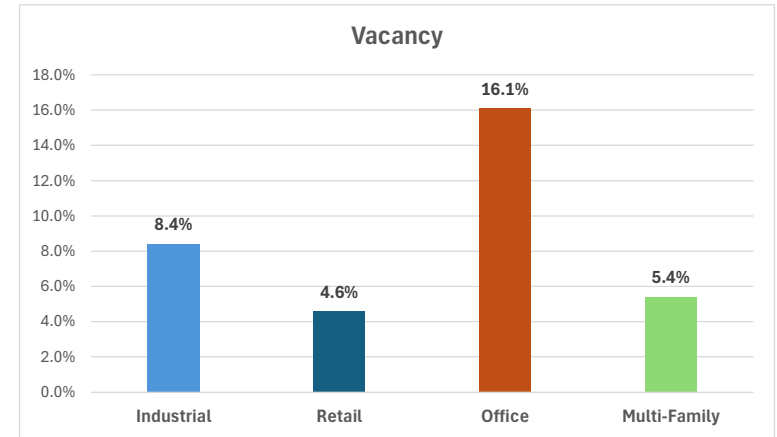
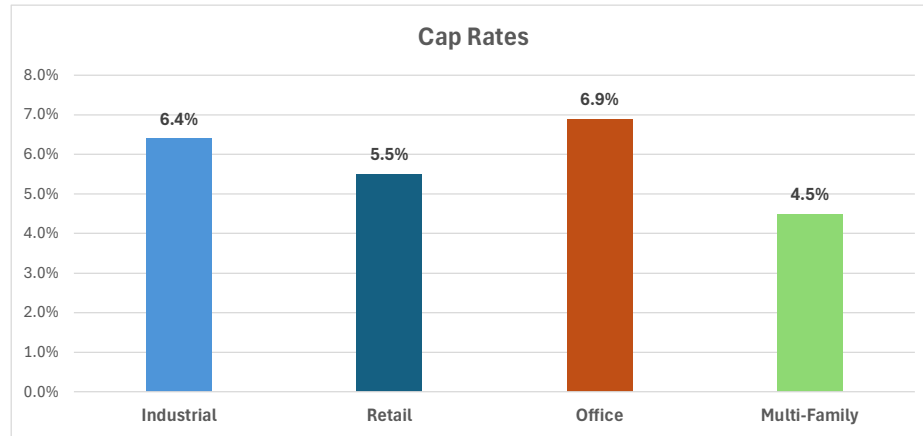
Silicon Valley's high tech sector is driving the housing demand in both rents and sale prices. Demand is catching up to recently completed units. Absorption jumped from 2,300 units in 2024 to 4,300 units in 2025. Construction starts are down as many larger projects are completed. New completions coincide with an uptick in demand. Vacancies are expected to remain low and allow for positive rent growth.

Why Consider Selling Now?

1. Despite rate pressures, **asset values held firm** in key submarkets.
2. **Strong buyer pool** (institutional and 1031 investors).
3. Obtain a **better performing asset** with greater depreciation write off.
4. **Tax Planning:** Sell before 2025 Tax code changes (under debate).

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Corcoran Icon Properties Commercial

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Ready to Explore Your Options?

We offer complimentary property valuations, tailored market insights, and a discreet seller representation process.

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