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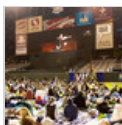
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3 of 10



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By PUI-WING TAM

How well a Silicon Valley town is faring can often be seen in how full its office spaces are. By that score, Mountain View is doing particularly well.

For Rent

Second quarter vacancy rates for Class A office space

Mountain View	4.5%
Palo Alto	14.0
Santa Clara	14.5
Menlo Park	14.8
Redwood City	28.9
San Jose	37.7
Sunnyvale	42.6

Source: Cornish & Carey Commercial

Of all Silicon Valley cities from as far north as Redwood City to as far south as San Jose, Mountain View had the lowest vacancy rate for its premium office properties—known as Class A office space—for the three months ended June 30. According to data from real-estate brokerage Cornish & Carey Commercial, Mountain View's vacancy rate for such properties was just 4.5% in the second quarter, down from 5.5% a year earlier.

Nearby Sunnyvale's Class A buildings had a vacancy rate of 42.6%, and downtown San Jose had a vacancy rate of 37.7% in the second quarter. Even popular Palo Alto had a vacancy rate of 14% in the same period, while Redwood City's premium office vacancy rate came in at 28.9%, according to Cornish & Carey.

Mountain View has long had a lower vacancy rate than many Silicon Valley towns, helped by its central location. More recently, its high occupancy

has been further fueled by the comeback of the technology industry, with some large companies taking more space in the city and many small start-ups moving into downtown Mountain View near lively Castro Street, say tech executives, landlords and real-estate brokers. It helps that rent in Mountain View is cheaper than in pricey Palo Alto, they add.

"Mountain View is doing much better than other areas, and we're seeing very fast improvement" in occupancy, says James Teng, who runs leasing for real-estate investment firm DivcoWest, which owns about one million square feet of space in the Bay Area. "For the rest of the Bay Area, it's not near to that level yet."

DivcoWest owns two buildings in Mountain View, says Mr. Teng. One, located outside the downtown area, has been fully occupied for the past few years because of a long-term lease with a tech company. The other property, located downtown, was 85% full in March but has since rapidly filled up and is now 100% full with start-ups and other companies, Mr. Teng



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says.

One new arrival in Mountain View is Dave McClure, a start-up investor at his firm 500 Startups. In July, Mr. McClure signed a lease for a more than 10,000-square-foot space on the top floor of a 12-story building at 444 Castro St.

Mr. McClure says he chose a Mountain View office because of the proximity to big tech companies such as Google Inc., which has its headquarters in Mountain View, as well as Facebook Inc. in nearby Palo Alto. It helps that Mountain View isn't as expensive as Palo Alto, he adds, with Cornish & Carey data showing that downtown Mountain View's asking rents are at \$3.18 a square foot versus \$5.45 in downtown Palo Alto.

"We get full 360-degree views from our office," says Mr. McClure. "We're psyched about the space."

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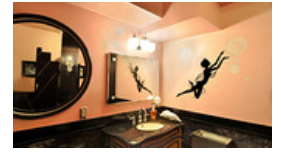
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