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Sunnyvale wins Alpha & Omega

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Up until the day **Alpha & Omega Semiconductor Inc.** signed a 10-year lease with **Orchard Partners**, Silicon Valley landlords were aggressively pursuing the deal.

Alpha & Omega will lease 57,000 square feet at 475 Oakmead Parkway in Sunnyvale, a deal that allows the company to consolidate from two sites nearby totaling 35,000 square feet and to expand.

Roughly 125 employees will move in May, and there is room for more.

Tom Sweeney, a broker with **Cornish & Carey Commercial**, said he and the fabless semiconductor firm toured about 60 sites in the six-month effort to find a building that would put all employees under one roof.

“It got so competitive, there were so many landlords bidding for their business,” Sweeney said. “It was cutthroat.”

Vacancy rates in the valley average 20 percent and the competition for business is fierce. Sweeney said assessing all the offers from landlords, as well as counteroffers, was challenging.

“It’s very competitive in the 40,000- to 100,000-square-foot range. We got offers from developers on buildings we didn’t even look at,” Sweeney said. “Up until the day we signed, we got an unsolicited offer from one of the biggest landlords in the valley. But we didn’t want to lose focus, we have already gone through the architectural designs.”

Financial terms of the deal were not released, but Sweeney said it was the willingness of Mike Biggar, Orchard’s managing partner, to sign Alpha & Omega for 10 years that persuaded the executives to go with Orchard.

“It’s a positive sign when you can get a landlord willing to do a long-term lease; some landlords will do five years with a five-year option, but they are usually very reluctant to lock in crummy rates for 10 years,” Sweeney said.

Fourth quarter reports from Cornish & Carey showed vacancy in Sunnyvale’s research and development market is 20 percent and asking rates are $1.19 a square foot. Recent deals have been rumored to be signed for considerably less than $1 a square foot.

Colliers International brokers Jim Beeger and Ken Tsukahara represented Orchard in the transaction. Beeger did not want to comment. Chad Leiker, a broker with GVA Kidder Mathews, was Sweeney’s partner on the deal.

In a press release, Biggar credited the recent renovations to the property for convincing privately held Alpha & Omega to sign. “The property turned out to be ideally suited for Alpha & Omega due to its location and existing improvements,” he said.

Executives for Alpha & Omega did not return calls seeking comment.

Sweeney said he was reluctant to comment about whether the market is headed up but said it’s a very opportunistic time for tenants.

“I can’t guess the market,” he said, “but I’ve got to believe it’s close to the bottom.”

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