



## COMMERCIAL REAL ESTATE

Developer to swap small Santa Clara office park for tall tech building



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## TECHNOLOGY

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## Exclusive: Developer plans to swap single-story office park for tech tower in Santa Clara

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A new glassy office tower is set to rise in Santa Clara, replacing four single-story, multi-tenant commercial buildings about a half-mile from the growing Santa Clara Square Marketplace retail and restaurant hotspot.

Developer Terrence J. Rose Inc., which is currently based in the existing four-building Santa Clara complex at 3375 Scott Blvd., aims to fill its planned six-story, 250,000-square-foot structure with a single corporate tenant. A new four-story parking structure will be tucked in the back, away from Scott Boulevard.



Construction on the \$125 million project is scheduled to start as early as first quarter next year and wrap up by the end of 2019.

The 76,600-square-foot complex currently provides space for small companies in Silicon Valley – a scarce commodity in a region where entire office campuses have been known to get gobbled up by tech behemoths before construction cranes come down.

Today, in addition to Terrence J. Rose Inc., more than 40 tenants occupy the four 1970s-era buildings that make up Garrett Business Center. Among the tenants are small tech companies and startups, like Joy Run Inc., EvolveWare Inc., Qvivr Inc. and Roboterra Inc.

But the buildings also sit like an alcove in the middle of several tech-filled structures reaching between four- to eight-stories high. Companies like Palo Alto Networks, Aruba Networks and Realtor.com occupy the surrounding offices.

Redevelopment is a natural next step for the six-acre site about 1.5 miles from the Lawrence Station Caltrain stop, said [Tom Siewert](#), vice president at Terrence J. Rose.

“This area of Santa Clara is undergoing a massive transformation from older generation, single-story office and service center product to modern, mid-rise headquarter facilities and offices that are desirable to today’s technology companies,” Siewert said in a statement. “Given the demand in the market place, we think the timing is good to redevelop this property.”

The new building will include 41,500-square-foot floor plates and a rooftop deck with an outdoor kitchen. On the ground floor, the development will include three outdoor kitchens, an area for food trucks and a fireplace. The site will also have two horseshoe courts and a rose garden.

### **Santa Clara's office boom**

The project's announcement comes as office development is booming in Santa Clara, leading to a more than 30 percent Class A office space availability rate as of the end of last quarter, according to a recent Colliers International report.

Colliers' report shows that more than 660,000 square feet of office space was completed in the city during the first quarter of 2017. Another 2.07 million square feet is under construction now.

In that number is the Irvine Cos.' huge multiphase Santa Clara Square development off of Highway 101, a short jaunt from Terrence J. Rose's newest project.

The first phase of Santa Clara Square included three buildings with about 220,000 square feet of office space each, which were completed last year. The second phase, underway now, will include five more buildings and more than 1 million square feet of office space.

Those first three buildings in Irvine Cos.' development have been almost fully leased by Ericsson, Advanced Micro Devices and Cambridge Industries Group. No tenants have been announced for the second phase of the development.

[Todd Hedrick](#), regional vice president at Irvine Cos., said in an interview last month that he'd recently seen more interest from small companies looking to fill part of the buildings than large tenants seeking a structure all to themselves.

"I think it's just a pause period right now in the market," he said. "But we have a lot of activity in terms of single-floor and multi-floor users, so we're starting to see that piece of the market."

Irvine is still looking out for larger tenants to fill Santa Clara Square, but for now will start creating some pre-built space on spec for smaller office users to move into faster. The recent shift doesn't have Hedrick worried about leasing in the long-term, he said.

"I haven't seen any underlying tones in the market that people are feeling like we're going into a downturn or anything like that," he said. "It just feels like it is a lot more consistent."

Indeed, giants like [Facebook](#), [Amazon](#) and [Google](#) have continued to lease or seek Silicon Valley space in recent months, signaling that there may still be demand for large, Class A buildings geared toward a single tech tenant.

Nvidia is gearing up to move into its new two-story, 500,000-square-foot headquarters in Santa Clara. The company will consolidate some of its workers, currently scattered in more than a dozen offices around San Tomas Expressway, into the new building when it opens, likely by November.

[Mike Rosendin](#), executive vice president at Colliers International, said in a statement Friday that the Terrence J. Rose development about 1.5 miles from Nvidia's new headquarters and within a three-mile radius of more than 50,000 residential units, would be a prime location for employers looking to attract talent.

“Their employees can live in any direction and get here with a reasonably short commute,” he said in a statement. “And once on site, they can walk to amenities or relax in a private, secure environment.”

Colliers will be marketing the new building with a team led by Rosendin, Craig Fordyce and Shane Minnis. The architect behind the project is San Jose-based Arc Tec. A general contractor hasn't yet been hired for the development.



From left to right: Mike Rosendin (Colliers), Craig Fordyce (Colliers) Tom Siewert (Terrence J. Rose Inc.) and Shane Minnis (Colliers) stand in front of one of the four existing multi-tenant buildings along Scott Boulevard in Santa Clara that will be demolished to make way for a new development aimed at attracting a single tech tenant.

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