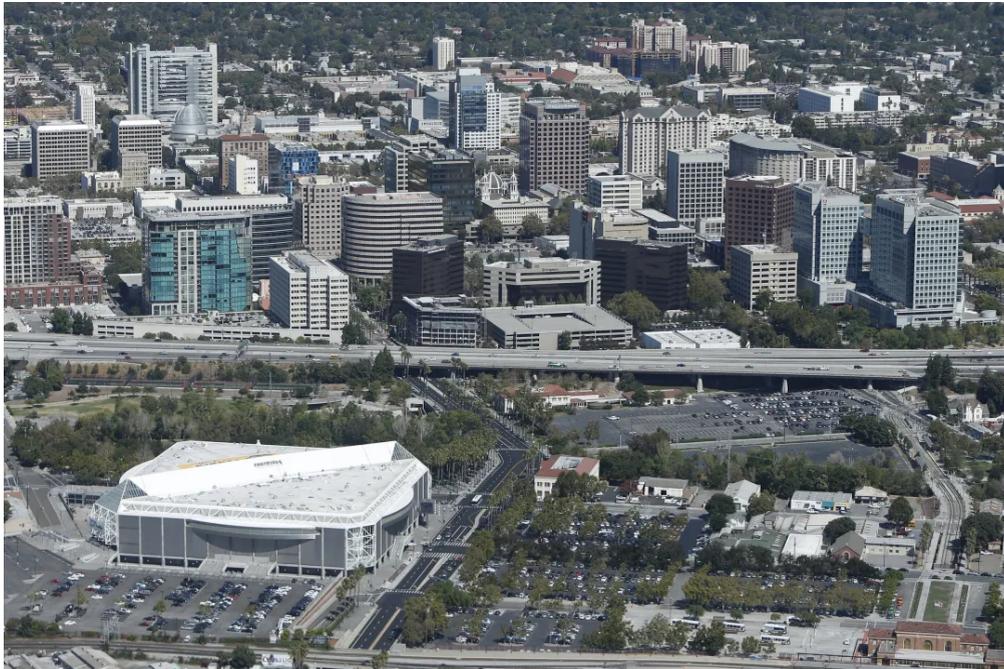


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Google and Lendlease end development pacts, including downtown San Jose project

Downtown West in San Jose, other huge Bay Area projects will proceed: Google



(Karl Mondon/Bay Area News Group)

Downtown San Jose, showing the core downtown district in the center and background, and the SAP Center and Diridon Station area, foreground.





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SAN JOSE — Google and its real estate partner Lendlease have terminated a partnership to develop four huge Bay Area projects, including a vast transit-oriented neighborhood in downtown San Jose — but all four projects will still proceed, Google says.

Mountain View-based Google said it is still working to move the projects forward, including the downtown San Jose transit village that is poised to be a game-changer for the Bay Area's largest city.

“Lendlease and Google announced today they have mutually reached an agreement to end the development services agreements of four master-planned districts,” Lendlease stated in the web post.

These are the four projects and their general locations involved in the now-terminated Google-Lendlease alliance:

- Downtown West, a downtown San Jose mixed-use transit village near the Diridon train station and the SAP Center.
- Sunnyvale, the Moffett Park area.
- Mountain View, Middlefield Park.
- Mountain View, North Bayshore.

“The decision to end these agreements followed a comprehensive review by Google of its real estate investments, and a determination by both companies

In the wake of the coronavirus outbreak in early 2020, state and local government agencies imposed wide-ranging business shutdowns to curb the spread of the virus, and those decisions chased office workers away from their places of employment.

While the coronavirus dangers have ebbed, the return to the office has occurred unevenly. Numerous tech companies have drastically scaled back their appetite for office space and expansions.

“As we’ve shared before, we’ve been optimizing our real estate investments in the Bay Area,” said Alexa Arena, Google’s senior director of development said Thursday. “Part of that work is looking at a variety of options to move our development projects forward and deliver on our housing commitment.”

Downtown San Jose’s economy has mounted a noticeable recovery from its coronavirus-linked maladies, though city leaders have acknowledged that challenges remain.

“San Jose has the fastest recovering downtown in California and third fastest in the nation,” San Jose Mayor Matt Mahan said. “And Google’s Downtown West campus will only add to this rapid recovery we are witnessing.”

In September, a top executive of Google’s parent company Alphabet joined a block party and made it clear the tech titan still aims to build a huge mixed-use neighborhood in downtown San Jose. Ruth Porat, president and chief investment officer with Alphabet, spoke at a Creekside Socials gathering that was the first of many planned as a way to bring people to the western edges of downtown San Jose where the transit village is slated to sprout.

“Here in Downtown West, with input from San Jose residents, businesses and civic leaders, we have created a multi-decade opportunity and development plan,” Porat said at the block party in September. “We did that because we believe in the people who live here, who work here and are committed to being here in San Jose.”

In February, Google said it was reassessing the development timeline for Downtown West, setting off speculation the tech giant might back out of the project. The company has not specified a new timeline for the downtown project, but Porat’s appearance along with other top-level company executives at the September event was a clear bid to publicly signal that Google intended to build

The Lendlease-Google announcement further demonstrates that the Downtown West project is evolving,” said Bob Staedler, principal executive with Silicon Valley Synergy, a land-use consultancy. “Google values its relationship with the neighborhoods and will honor its commitments. This makes sense in these changed times from when they signed the agreement with LendLease in 2019.”

In the wake of the Lendlease announcement, a Google spokesperson noted:

- Google has pledged to work with local governments to rezone \$750 million worth of Google land to help enable at least 15,000 homes.
- In an alliance with Lendlease, Google had paved the way for up to 12,900 units to be built in Mountain View and San Jose. The San Jose housing units would all sprout in the city’s downtown near the Diridon train station.
- Google is broadening its relationships and will work with both developers and capital partners to move the Bay Area developments forward.
- Google is also pushing ahead with mixed-use projects and investments in infrastructure.

Google’s transit village — in a formerly industrial area of low-slung, nondescript buildings — is expected to accommodate up to 7.3 million square feet of offices, 4,000 residential units, 500,000 square feet of retail space that would include shops and restaurants, 300 hotel rooms and 15 acres of open space. Google expects to employ up to 20,000 workers in the new neighborhood.

“We are going to continue to see the development of some really exciting efforts, office development, residential housing, and something I am particularly excited about — acres of public space,” Porat said at the September block party.

The Google-Lendlease announcement doesn’t derail the Downtown West neighborhood, in Mayor Mahan’s view.

“This news doesn’t change Google’s commitment to San Jose or their timeline,” Mahan said. “It simply gives them the flexibility needed to get the best possible developers on the project to build 4,000 new homes in our thriving downtown.”

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