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From the Silicon Valley Business Journal:

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Splunk signs lease for entire new office building at Santana Row

Aug 27, 2018, 9:03am PDT Updated: Aug 27, 2018, 9:25am PDT

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Splunk Inc. has agreed to take over more than 300,000 square feet at the newest office building currently being built at the popular Santana Row mixed-use shopping center in San Jose.

The 301,000-square-foot lease at the eight-story 700 Santana Row project was announced Monday morning by the center's owner, Federal Realty Investment Trust. The deal marks a major expansion of Splunk's existing footprint at Santana Row, which is significant because the growing software company was the first major office tenant to sign a full-building lease at the development in 2015, when it took over 234,000 square feet next door to its newest building at 500 Santana Row. The newest deal shows the development is able not only to attract tenants, but retain them, too.

"Santana Row's mixed-use live-work-play environment and amenities coupled with its superb Silicon Valley location have become an integral part of Splunk's culture, providing significant advantages in employee recruitment and retention as well as employee productivity and satisfaction," Jan Sweetnam, Federal Realty's senior vice president and West Coast chief operating officer, said Monday in a statement.

The shopping center today is home to about 690,000 square feet of office space, including 700 Santana Row, 500 Santana Row, a third office building at 300 Santana Row as well as other mixed-use buildings, according to Federal Realty.

To-date the development has been able to attract companies like Ireland-based Altify, which last year opted to relocate its Bay Area office to San Jose from San Francisco's flashy Financial District, and Software firm BroadSoft Inc., which last year leased 33,000 square feet of office space at Santana Row. Commercial real estate firms Cushman & Wakefield and Newmark Knight Frank along with apartment REIT AvalonBay Communities also have offices in the development.

Taken together, Santana Row has about 2 million square feet of commercial and residential space, 50 different retailers, 30 restaurants, a 215-room boutique hotel, a 7,000-square-foot fitness center and more than 830 residential units.

The building at 700 Santana Row is scheduled to be ready for occupancy by 2019, but in an interview earlier this year, Sweetnam told the Business Journal that the first three office floors of the building — each with 50,000-square-foot floorplates — would be open by this October. The upper floors of the building — which will have approximately 30,000-square-foot floorplates — are slated to open in either late first quarter or early second quarter of 2019. The development will also include a parking garage with about 1,300 spaces.

"We are proud that Splunk's continued growth is bringing more jobs to the Bay Area and that our employees have great places to work like Santana Row," Dave Conte, chief financial officer at Splunk, said in a statement Monday. "700 Santana Row will expand our presence in San Jose. Federal Realty has been a trusted partner of Splunk, and we are grateful and excited to be working with them."

Todd Shaffer, Tracey Solari and Randy Gabrielson of Newmark marketed the office space. The development was designed by San Francisco-based WRNS Studio and is currently being built by Milpitas-based Devcon Construction.



COURTESY IMAGE

A rendering of what the completed 700 Santana Row project will look like.

Federal Realty looks to more expansion

As the Maryland-based developer works to wrap up 700 Santana Row for its new tenant, the company has already started thinking about additional projects around the sprawling shopping center across the street from the popular Valley Fair mall.

Freshly untangled from the lengthy, tit-for-tat legal battles over its planned Santana West development, Federal Realty has also gone back to the drawing board on the nearly 1 million-square-foot development across the street from its existing shopping center.

There, a trio of domed theater buildings sit, one of which was designated in 2014 as a city landmark and is eligible for listing on the National Register of Historic Places.

That building, known as the Century 21 Theater, will remain on the site as one or more glassy buildings rise around it. The new development would be topped with sprawling green space and amenities like outdoor yoga spaces and gym equipment dotted along a long, meandering walking path, according to early renderings of the project submitted to the city of San Jose this year.

The remaining two theater buildings, known as the Century 22 and 23, would be demolished to make room for the project.

"We are happy to get that [lawsuit] behind us, and we are in the market now for a large, 800,000-to-1 million-square-foot office build-to-suit," Sweetnam said in an interview earlier this year.

Then, in June, the developer submitted to the city revamped plans to build hundreds of residential units around their signature shopping hub.

A proposal for the nearly 3-acre site at 358 Hatton St., known colloquially as Lot 12, show Federal Realty Investment Trust aims to build 300 residential units in two six-story buildings stretched along Hatton Street between Olson Drive and Hemlock Avenue.

Those figures are increases from the developer's current entitlements for the site. In 2016 the city approved a project for the site that would stand 5.5 stories high and include 258 residential units.

Since then, however, the city has passed the Santana Row/Valley Fair Urban Village Plan, which encompasses the land where the new residential units would rise. Urban village plans in San Jose generally allow for higher density developments and taller buildings.

But Sweetnam told the Business Journal earlier this year that before Federal Realty was ready to dig in on other projects, the group was focused on filling 700 Santana Row, a goal it has now officially hit.

"In the intervening three years since we executed our first lease with Splunk, they have shown tremendous growth in all facets of their business — customers, product innovation, and shareholder value," Jeff Berkes, president for the West Coast at Federal Realty, said in a statement Monday. "We deeply appreciate Splunk's continued commitment to Santana Row and are equally grateful to the City of San Jose, the Mayor and council, and the city staff for their continued support and partnership in making Santana Row one of the Country's most successful mixed-use neighborhoods."

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