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## Final piece of Santana Row project underway

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San Jose's **Santana Row** may be best known for its upscale retail experience, but the last open parcel on the mixed-use center's main thoroughfare will be filled with an office building.

At 11 a.m. today, Santana Row owner **Federal Realty Investment Trust** will hold a groundbreaking ceremony to mark the beginning of construction on 700 Santana Row, an eight-story, 284,000 square-foot office building scheduled to be completed by Q3 2018.

Federal Realty is building the project without yet having secured a tenant. It did the same with neighboring 500 Santana Row, a 232,000 square-foot building that broke ground in Nov. 2014 and was fully leased to data mining company Splunk in August 2015.

"That building got snapped up quicker than we thought," said Jan Sweetnam, Federal Realty's Western regional COO, explaining the company's decision to build another office space on spec. "The market's still hot. Not quite as white hot as it was, but still strong."

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Sweetnam said the building's location in the mixed-use center and its proximity to Highway 280 make Federal Realty comfortable that they'll be able to fill the space.

700 Santana Row, which will cost an estimated \$205 million to \$215 million, represents a progression in Federal Realty's approach to office space at Santana Row. The company bought the property for the site in 1997 and opened the center in 2002 with a number of two-level spaces intended to be filled by retail.

Sweetnam said retail found it hard to work above street level. When Federal Realty decided to try leasing the space out as office, they had such strong demand that it led them to build 300 Santana Row, which has 65,000 square feet of office above 15,000 square feet of retail.



COURTESY IMAGE

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

That building took a little time to lease up due to its opening during the Great Recession in 2009, but the experience made Federal Realty comfortable enough to go ahead with 500 Santana Row and eventually 700 Santana Row.

"Office at Santana Row isn't new," Sweetnam said. "It's evolved over time, it's just getting bigger."

While a tenant wanting to lease the whole building wouldn't be turned down, Sweetnam implied that a multi-tenant situation is more likely, saying there's strong demand for spaces between 50,000 and 100,000 square feet.

The site where the new building will be located is currently a parking lot with 300 spaces. A new six-level parking garage with a total of 1,300 spaces will also be built as part of the new project. Four of the floors will be reserved for office tenants during normal weekday office hours, with the remaining levels always being available for the public.

**Devcon Construction** is the general contractor for the project and WRNS Studio is the architect.

**Newmark Cornish & Carey** is the leasing agent.

Federal Realty still has entitlements for additional residential, office and retail space in Santana Row. A residential project on Hatton Street is likely the next project to get started, but Sweetnam said it's unlikely for any additional projects to get off the ground in 2017.

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