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Scott Jacobs photographed on a scissor lift 50 feet high overlooking the future site of the Central & Wolfe campus.

NO ORDINARY DEVELOPER

Third-generation developer takes bold design further, and Silicon Valley approves it

SCOTT JACOBS is CEO of Landbank Investments LLC, a third-generation, family-owned commercial real estate development company. Landbank has acquired, developed, leased, managed and provided over 4 million square feet of office and R&D space to technology companies in the Bay Area since 1957. The company builds “user-centric environments that are thoughtful, sustainable, amenity rich and transit served—extraordinary places that create opportunities for extraordinary experiences.” Its most ambitious project is Central & Wolfe, a 770,000-square foot office campus in Sunnyvale. It will replace a nine-building, 1970s office park built by Jacobs’ father.

TR: *In November of 2014, Sunnyvale’s City Council approved a major project of yours, the Central & Wolfe campus. Approval proceedings are never easy and take months to complete. What has this process taught you about the development business in the Bay Area?*

JACOBS: Looking back on the 18-month entitlement process, I can say with a pretty high degree of certainty that if we had designed the Central & Wolfe Campus to be just another standard, high-density cookie-cutter project, then I think we would have had little chance of getting it approved. Some people might have thought that the bold design of the Central & Wolfe Campus was risky. However, I think that the bigger risk would have been to go with an ordinary design. We want to create unexpected projects—something new, something beyond the ordinary.

Most of Silicon Valley was originally zoned for relatively low-rise, low-density developments. But that’s changing. As a result, we’ve adapted our approach to project design, the entitlement process and addressing community interests.

Increasingly, many Bay Area cities expect higher quality design and more substantial community benefits from new construction projects. I think new developments should try and exceed these expectations from the outset of a project, rather than forcing communities to drag them there kicking and screaming. It makes the entitlement process a whole lot more enjoyable for everyone involved.

Similar to many of today’s leading technology companies, our goal is to create a well-designed product that delivers an extraordinary user experience. Central & Wolfe’s “users” include not only the tenants, but also their employees, Mother Nature, and the surrounding community.

A user-centric approach to project design, as opposed to a developer-centric one, can greatly increase the odds of getting a high-density infill project approved. Real estate projects, especially large ones, can have a significant and lasting impact on the character of a city, as well as on the quality of the community members’ experiences within it. That’s why we think it’s important to adopt a community leadership mindset during the design and entitlement process.

“I’m a big believer in the value of being personally involved in all aspects of the entitlement process, from bi-weekly calls and meetings with city staff to community outreach and hearings.”

■ SCOTT JACOBS, CEO, LANDBANK INVESTMENTS

The community is a key stakeholder in our projects—they’re our partner, just as we are theirs. It’s important to choose your partners carefully. Sunnyvale was a great partner throughout the entitlement process for our Central & Wolfe Campus. They’re a fantastic business- and resident-friendly community with a strong sense of their history, as well as their future as a global center for innovation and technology.

My team and I worked really closely with city staff and the community during the entitlement process in order to make the Central & Wolfe Campus even better than when we first presented it to them.

I’m a big believer in the value of being personally involved in all aspects of the entitlement process, from bi-weekly calls and meetings with city staff to community outreach and hearings. Principal-to-principal interaction can be invaluable. Listening to the community’s thoughts, desires and concerns firsthand really helps me better understand the community’s interests. If you show the community that you truly care about them, then they’re much more likely to care about you and your project.

Another important aspect of the entitlement process is the ability to tell your project’s story well. Every exciting and innovative project has an interesting story behind it. Discover your project’s story and tell it with genuine enthusiasm. People tend to remember and share stories, more so than dry facts.

Get involved with projects that you truly believe in. Be passionate about them. Fall in love with your projects. If you don’t, how can you expect the community to?

TR: *We know that CBRE and CTBT already have started marketing the project. What interest have you received so far? Are you satisfied with the level and quality of interest from potential occupiers?*

JACOBS: The discussions we’re having with Silicon Valley’s leading technology

companies are overwhelmingly positive. Sunnyvale’s office vacancy rate is a scant 4.8 percent, and 73 percent of the 9 million square feet of office/R&D space currently under construction valley-wide is either pre-leased or user-owned. So from where I stand, things look great.

I think the reason why technology users are really excited about Central & Wolfe is because it incorporates so many of the major recurring design themes found in today’s user-driven campuses: enhanced sustainability; the elimination of surface parking; abundant open space; rooftop gardens; lots of amenities; really large floor plates; a healthy, comfortable environment; and unique architecture.

Why are all these design themes so important? Take large floor plates for example. Leading-edge technology companies understand that collaboration and interaction are key drivers of innovation. Having more employees on one highly walkable floor plate helps remove psychological barriers to interaction. However, when you separate people by different floors and different buildings, collaboration drops off precipitously. That’s why companies such as Google, Facebook, Apple and Nvidia are building their own campuses with massive floor plates. And, larger floor plates are more space-efficient than smaller floor plates. That means that you can have more employees per 1,000 square feet of space, which in turn reduces a projects’ asking rent per employee.

There’s a huge gap in the market today between what large technology users really want and what spec developments are delivering.

Users have also been extremely receptive to Central & Wolfe’s focus on creating healthy, comfortable indoor environments that are free of toxins and filled with high-quality air, lighting, acoustics, daylight and connections to nature. Given everything that we’re doing on this front, we’re also considering pursuing WELL Building certification.

Historically, Silicon Valley hasn’t exactly been a hotbed of exciting, creative and innovative office/R&D architecture. The building designs definitely haven’t kept pace with the innovation going on inside. That’s changing though, and it’s the large technology users that are leading the way. These companies are increasingly coming to view the real estate that they occupy as a fantastic opportunity to influence their brand while also projecting their goals and values to their customers and employees.

In today’s ultra-tight technology labor market, the single biggest challenge that most companies face is attracting and retaining the best and brightest. I think that in order to help meet that challenge, companies need to focus more on the quality of their employees’ user experience.

Let’s say that I’m an employee trying to decide between working for Company A or Company B. Company A is located in a cookie-cutter office park. Company B is headquartered in an exciting, next-generation workplace environment, a place that has its own gravitational attraction and makes you say, “Wow, that’s so cool!” Now all other things being equal, I’m going to be pretty tempted to go work for Company B, since Company B’s workplace environment suggests that Company B really cares about the quality of my daily experience.

Inspiring real estate can be a compelling HR tool, and the companies we’re talking to get that.

TR: *This project approval took a lot of energy for you personally and the organization. What is next? Where will Landbank as an organization focus in the next 12 to 18 months?*

JACOBS: 2015 is all about the construction and leasing of the Central & Wolfe campus. This is no small feat. Central & Wolfe is the largest project that Landbank has developed, and a campus of this scale and complexity requires an experienced team. So over the past two and a half years we’ve engaged and partnered with some of the



This 48,000 square foot building is located at the corner of Wolfe Rd and Arques Ave in Sunnyvale. It's one of the nine buildings that will be demolished as part of the development of the Central & Wolfe Campus.

best minds and most experienced people in their respective fields. We've assembled a seasoned A-team that has millions of square feet currently under development. Just recently, Bob McIntire, Bob Olson, and Nova Partners' construction management group joined our Central & Wolfe team. We're ready to execute on this project and see this campus through to completion.

Beyond that, I've got several new and exciting project concepts that I'm working on, so stay tuned.

TR: As a developer, what excites you about the Bay Area, and what does not?

JACOBS: I absolutely love the Bay Area. I love the creativity, innovation, technology, disruption, reinvention, resilience, unbridled optimism and the sense that almost anything is possible.

I love the Bay Area's casual unpretentiousness, the natural outdoor wonders, the climate and the people.

I love the startup culture, the desire that people have to want to help others succeed, that it's OK to move fast and break things, and that there's no shame in trying hard and failing—just dust yourself off and try again.

I love the hyper-growth potential for many leading-edge technology companies as well as the boom-and-bust opportunities that come with it. Many of these companies are also at the forefront of the evolution of workplace strategy.

These are just a few of the things that get my inner developer going. The Bay Area sets the stage for new and exciting real estate concepts and opportunities. I'm very lucky to live in this time and place.

TR: Are you optimistic about the industry in the short run?

JACOBS: My crystal ball is hazy at best and filled with cracks. So for what it's worth, I'm very positive about the near-term outlook for well-located Bay Area real estate. Barring some unforeseen disaster, I can't point to any catalysts today that I think are likely to cause a sudden change in the positive Bay Area market conditions in the near-term.

We try to position ourselves to thrive in all markets—up, down, sideways. In particular, we strive to remain disciplined by not getting too caught up and overextended in white-hot markets. The temptation to lever up and buy into momentum can be really strong during the good times. At some point though, this market—just as with all markets—will eventually turn. One thing that I'm certain of is that the catalysts for that turn will catch a lot of people off guard.

TR: What challenges do you foresee for the region going forward? How can we mitigate those?

JACOBS: Some of the biggest challenges I see for the region are climate change—this is a global challenge that will affect all regions, high cost of living—especially housing, income inequality, traffic and education. In order to address these issues, we're going to need strong, open-minded, forward-thinking leadership, community-level support and a willingness to make individual sacrifices for the greater good.

We also need to stave off complacency. Silicon Valley doesn't have an inalienable

right to its great fortune and success. It's possible to recreate Silicon Valley somewhere else, and believe me, there are lots of other well-funded places trying to do just that. If you think I'm crazy, then go talk to Detroit. In 1960, Detroit had the highest per-capita income amongst all major American cities. Today, Detroit's unemployment rate stands at around 15 percent, down from a whopping 28 percent in 2009.

We need to constantly reinvest in, reinvent, retool and reimagine this wonderful, dynamic place we live in. The nature of the universe is change. Don't ever take what we have for granted.

TR: What else should we be asking that we are not asking?

JACOBS: Here are a few questions that I've been asking myself:

How will a near-future with self-driving cars and a shift away from the car-ownership era, towards the car-as-a-service era, affect the way in which we design expensive structured parking solutions today? What will the car-as-a-service era eventually do to today's increasing parking ratio requirements?

How will we meet California's 2020 and 2030 Net Zero Energy goals for all new buildings in light of the current trend towards higher-density developments?

What can I do to help prevent catastrophic climate change? This, in my opinion, is the biggest challenge that the world will face for many, many decades to come. Let's get on it. ☑