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Cover story: Transit-oriented development

Sunnyvale begins to realize decades-old downtown dream, creating a new transit-oriented urban center with CityLine project

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A long-in-the-making effort to revamp Sunnyvale’s downtown and turn it into a robust, transit-oriented community is finally coming together.

Since last fall, the developers behind CityLine Sunnyvale — a 36-acre mixed-use development in the city’s center that for years was more vision than reality — have completed a 75-unit apartment building and a two-story commercial structure that houses a Whole Foods and an AMC Theatre. More — much more — is on the way in this district that’s



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The Whole Foods market and AMC Theatre near The Flats apartment complex at CityLine Sunnyvale.

within a 5- to 10-minute walk of the city's Caltrain station.

"Sunnyvale really needs a downtown, and this is going to be the downtown," said Curtis Leigh, principal and partner at Cupertino-based Hunter Storm, which is responsible for commercial development on the site.

Hunter Storm started to demolish a shuttered Macy's department store in late May, with plans to replace it with two buildings that will contain about 500,000 square feet of office space and 50,000 square feet of retail. It aims to break ground on those buildings this fall, around the same time that Sares Regis Group of Northern California, Hunter Storm's partner on CityLine, plans to begin constructing two 12-story towers that will together include 479 apartments and 30,000 more square feet of retail space.

The redevelopment effort dates back to the beginning of the millennium, when the city wanted to replace a dying mall at the edge of downtown with a thriving urban-style development. Since then, the project has run into repeated financial trouble, changed hands multiple times and even gone through a name change. For years, the only signs of progress on what was formerly known as Sunnyvale Town Center were a new Target and a pair of office buildings that used to be home to Apple and Nokia.

But things have picked up quite a bit since Hunter Storm and Sares Regis, together with J.P. Morgan Asset Management, took control of the site in 2016 and rebranded it CityLine Sunnyvale a year later. The developers quickly resumed construction on stalled housing component and redesigned the overall project plans.

The site, which for years was a kind of ghost town on most days, has started to thrive. Nearly all the 198 apartments in the first three residential buildings Sares Regis completed in 2018 — dubbed The Flats — are occupied. And even before the developer received the city's permission to allow people to start moving into its new 75-unit apartment building — called Flats West — it had pre-leased nearly half of those residences, according to Dave

Hopkins, chief operating officer of residential development for the San Mateo-based firm. Available apartments in Flats West are being offered at a range of prices, from \$3,785 a month for a one-bedroom unit to \$5,195 a month for a two-bedroom unit.

It's the next phase of CityLine's development that's crucial to turning Sunnyvale into a truly transit-oriented urban center. Hunter Storm expects to complete demolition of the former Macy's store by mid-August and is looking to begin constructing the two office buildings that will replace it in mid-October, Leigh said.

Meanwhile, Sares Regis is preparing the site of its two 12-story residential buildings — currently a vacant lot just south of the Macy's parcel — for construction. Once completed, the structures will be the tallest buildings in downtown Sunnyvale.

That's not an accident: Taller buildings offer both density and room for open space, Hopkins said. Sares Regis also plans to create a 1.5-acre park next to the new residential towers.

"If you're using land wisely that has (a) connection to transit and services, and allows people to live a lifestyle without driving everywhere, you're getting the density that's deserved in those locations," he said.

Sunnyvale and other Bay Area cities have generally supported the creation of dense new developments that are a short walk from public transit, seeing them, in part, as a way to reduce single-occupancy car trips.

But the Covid-19 pandemic has walloped transit services. Caltrain ridership, for example, was reportedly just 9-10% of its pre-Covid levels as of late March. Ridership has started to pick back up with the reopening of the Bay Area economy and some of the offices in the area, though it's unclear when it will return to pre-pandemic levels.

But Leigh and Hopkins say they aren't worried. Transit ridership will rebound sooner than people think — likely by November, if not a month or two sooner, Leigh said. He expects Caltrain to be busy well before the summer of 2024, when the CityLine team

aims to have the four new office and residential buildings completed and ready to welcome tenants.

“The office buildings on transit will drive the ridership ... As (Leigh) said, this is the best office project in the city of Sunnyvale,” Hopkins said.

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