

San Francisco Business Times - August 31, 2009
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SAN FRANCISCO Business Times

Friday, August 28, 2009

Redwood City may spark office boom

Pacific Shores complex could double in size under new plan

San Francisco Business Times - by [J.K. Dineen](#)

Owners of sprawling Pacific Shores would be allowed to double the waterfront office complex to more than 3.4 million square feet under Redwood City's new general plan.

"Even right now there is capacity for more development there — surface parking lots can provide area for new buildings as well as decked parking structures while maintaining the integrity of the campus," said Redwood City Planning Director Jill Ekas.

The current proposed plan, which is slated for completion this fall, would boost Pacific Shores' allowable floor-area-ratio, or FAR, to 75 percent, meaning that for every square foot of ground there could be .75 square foot of building. The current campus has a FAR of about 34 percent.

In anticipation of the new zoning, Starwood has hired **Sares Regis Group of Northern California** to manage the entitlements for the new construction on the 106-acre waterfront campus. Redwood City planning officials say they have met with Jeffrey Birdwell, president of Sares Regis' commercial division, to begin general discussions on future expansion. Birdwell said no application has been filed and no decision has been made about when they may seek formal entitlements.

"We are in the preliminary stages of discussions with the city," said Birdwell. "We will do some land planning to look at what is an appropriate allocation of density. There is the potential to double the density."

Pacific Shores is one of three office campuses that Redwood City is looking at expanding as a way to grow tax revenue and create jobs in the city.

The others are the 46-acre Midpoint Technology Park, where **Stanford University** has proposed to build 1.5 million square feet of office space; and the 623,000-square-foot Seaport Center, where **Abbott Labs** entitled a 500,000-square-foot expansion, but allowed the entitlements to expire. All three projects feature vast surface parking lots that could be replaced with office buildings and decked parking garages. The Stanford proposal at Midpoint also calls for decked parking.

"We are considering a higher build-out in the future for those kinds of low- to mid-rise research and development and life science office parks," said Ekas.

Conceived during the turn-of-the-century dot-com boom, the massive waterfront office complex was 90 percent preleased before developer Jay Paul broke ground in 2000. By 2002, the bubble had burst, emptying roughly half the project.

Recent years have been kinder. Pacific Shores gradually filled back up with tech and biotech tenants like **PDI/DreamWorks** and Eidos. Starwood bought the 10 steel and glass buildings for \$800 million in 2006, later selling two to **Shorenstein Properties** for \$250 million.

While this recession has increased vacancies in the Redwood Shores submarket to 13.3 percent from 9 percent, Pacific Shores is holding up fairly well with about a 10 percent vacancy rate, according to Mike Moran of NAI BT Commercial, who is on the property leasing team. Moran said Pacific Shores has been forced to take a pass on three large leasing requirements this year because it lacked the space to accommodate the tenants.

“The fact that this project has weathered this significant downturn with 90 percent occupancy proves that the product works,” said Moran.

Ekas emphasized that major traffic issues would need to be addressed, particularly the interchange of U.S. 101 and Route 84. She said that one of the more exciting aspects of the new general plan is a proposed street car system that could shuttle workers along Seaport Boulevard between downtown and Pacific Shores and also along Broadway between Midpoint Technology Park. A freight rail spur already runs along Seaport Boulevard, which could make it easier to build a street car line there. The city is also looking at running ferry service to Pacific Shores as part of the existing **Bay Area Water Transit Authority** service.

Ekas said Starwood and Sares Regis could either file an application after the general plan is complete or file it now based on the existing draft. She said the city has been expecting the Pacific Shores owner to seek an expansion, but “was a little intrigued they are coming forward now when we would not expect office expansion.”

While the possibility of building housing at Pacific Shores has been discussed in the past, the current general plan does not envision any residential development there, said Ekas. Instead, planning officials are pushing housing downtown, where as many as 3,700 units could be built, as well as on transit corridors like El Camino Real and Woodside Road.

“We have a real focus on building a new kind of vibrant downtown,” Ekas said.

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