



# KEYSER MARSTON ASSOCIATES

## **DOWNTOWN SPECIFIC PLAN AMENDMENTS MARKET ANALYSIS Sunnyvale, CA**

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**City of Sunnyvale**

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## I. EXECUTIVE SUMMARY

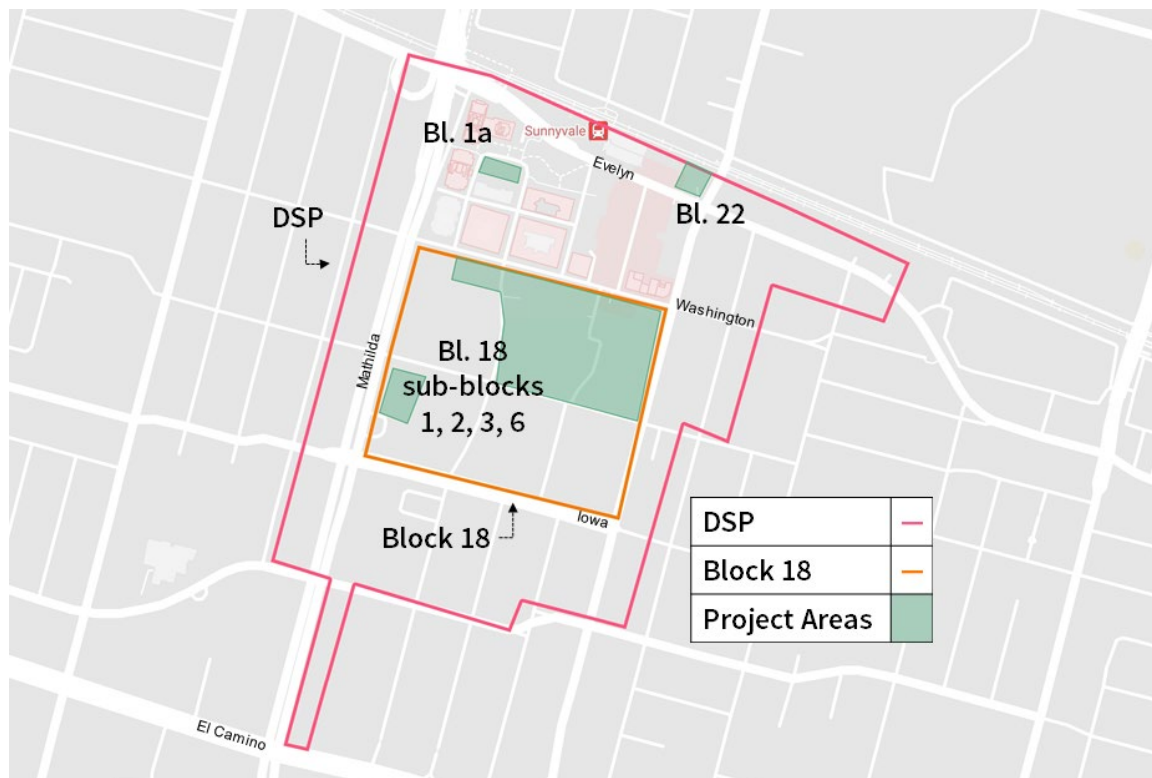
### A. Study Context

The City of Sunnyvale is currently reviewing proposed amendments to the Downtown Specific Plan (DSP) that would change the permitted land use mix and development intensity on six properties totaling approximately 16 acres. Keyser Marston Associates, Inc. (KMA) has prepared the following market analysis to understand the potential market demand in the next five years for currently allowed land uses and proposed land uses on the six properties.

#### *Study Boundaries*

The boundaries of the DSP area and the six properties are shown in the following map (see Appendix Figures 1 and 2 for additional detail). The DSP area comprises roughly 125 acres across 23 blocks in downtown Sunnyvale. The six properties, referred to as the project area, include a 0.5-acre property in Block 1a, a 1.5-acre property in Block 22, and four properties totaling 14 acres in Block 18.

#### **Study Boundaries**



## DSP Amendments

The existing DSP allows for the development of up to 2,200 residential units, 200 hotel rooms, 1,080,000 square feet of office, and 1,367,000 square feet of retail/commercial. On the six project area properties, development capacity remains for 43 residential units, 518,000 square feet of retail, 19,000 square feet of office, and all 200 hotel rooms. The requested amendments would modify the land use program in the project area to allow for an additional 750 residential units and 915,000 square feet of office while reducing allowable retail uses by 322,000 square feet and eliminating the 200 allowable hotel rooms. The changes would enable the development of specific proposals on the six properties.

### Proposed and Allowed Development in Project Area

Land Use	Proposed Development	Currently Allowed <sup>1</sup>	Net Change
Residential (Units)	793	43	750
Retail (SF)	196,000	518,000	-322,000
Office (SF)	934,000	19,000	915,000
Hotel (Rooms)	0	200	-200

Source: KMA interpretation of Notice of Preparation, Downtown Specific Plan Amendments and Specific Development EIR (May 2018). <sup>1</sup> Includes replacement of existing uses potentially subject to demolition.

## B. Approach and Assumptions

The following analysis focuses on the collective ability of the six project area sites to accommodate near-term market demand for retail, residential, office, and hotel uses. Market demand recommendations inform the land use alternatives evaluated in the fiscal analysis of proposed DSP amendments (presented in a separate report), which reflect the development potential achievable in the next five years under existing DSP entitlements versus DSP amendments.

Market demand recommendations are the culmination of both a technical analysis and KMA's experience and judgment. In performing the technical analysis, KMA evaluated historical and projected population and employment growth, regional economic and real estate trends, competitive developments in the current market, future development projects, as well as real estate market metrics such as rents, vacancy rates, absorption, and values. Data used in the analysis are from both public and confidential sources.

The market demand analysis is governed by the following key assumptions:

- Five-year horizon: The analysis is limited to a five-year horizon starting at the end of 2018 through the end of 2023, per direction from City staff to focus on near-term development opportunities.

- **Moderate economic growth:** The analysis compares the development potential of current and proposed entitlements under relatively favorable economic conditions. The analysis assumes that no recession occurs in the next five years and that employment grows at a moderate rate of 1% to 2% per year. If economic growth is less than assumed, the likely timing of development would shift to the following economic cycle.
- **Optimal physical conditions:** It is assumed that targeted land uses are developed under optimal physical conditions including:
  - pedestrian-friendly, mixed use environment as envisioned in the DSP
  - office floor plates above 25,000 square feet
  - premium onsite residential amenities
  - ample, low cost parking for retail customers
  - highly visible retail spaces with ceiling heights of at least 15 feet.
- **Net new development potential:** The analysis is based on net new development potential to the City of Sunnyvale and assumes that there will not be a transfer of business activity from elsewhere in the city to the project area. However, the relocation of sales/ business activity from elsewhere in the county is considered as a potential source of demand in certain cases.

### C. Summary of Near-Term Market Support

***KMA has identified near-term market support for up to 1,000 residential units, up to 225,000 square feet of retail, and up to 1 million square feet of office in the project area.***

Timing for a hotel in the project area is not likely to be realized within the study horizon given the number of hotel rooms already in the development pipeline.

As shown in the following table, ***land uses proposed by DSP amendments fall within the range of near-term development potential.*** There appears to be market support for slightly more retail development than proposed, but significantly less than current entitlements. As with the potential for a hotel, additional retail development may be supported beyond the five-year planning horizon.

#### Near-Term Market Support versus Proposed and Allowed Development in Project Area

Land Use	Max. Market Support	Proposed Development	Currently Allowed
Residential (Units)	1,000	793	43
Retail (SF)	225,000	196,000	518,000
Office (SF)	1,000,000	934,000	19,000
Hotel (Rooms)	0	0	200

Source: KMA projection

## Retail

The assessment of retail development potential focuses on Block 18, the site of Sunnyvale CityLine (formerly Town Center), a major mixed-use project to which most retail entitlements are allocated. Block 18 is currently developed with two department stores (Target and Macy's) and is adjacent to Murphy Avenue, a pedestrian-oriented street with over 30 restaurants. As detailed in KMA's 2015 market demand analysis of Block 18, there is a significant market opportunity for a regional shopping district due to affluent trade area demographics and the base of sales and foot traffic supported by existing retail anchors.

Several important changes are underway to the retail supply in Block 18. Construction has commenced on the first phase of CityLine, which will add approximately 215,000 square feet of retail and entertainment, including Whole Foods and an AMC movie theater. At the same time, Macy's will close its location in Block 18. Although a replacement department store is not likely, the project area can still achieve success as a regional shopping district by leveraging multiple anchors to drive foot traffic.

KMA recommends a retail program for the project area that builds on existing anchors and creates multiple reasons for shoppers to visit downtown, including:

- Regional retail focused on comparison goods, including a specialty collection of in-line shops anchored by Target;
- Eating, drinking, and entertainment anchored by Murphy Avenue and AMC movie theater;
- Local-serving retail anchored by Whole Foods, with the potential to add a drug store and a full-service fitness center.

***By the end of 2023, the project area's share of trade area expenditure potential within the above retail categories supports an estimated 620,000 square feet of retail.*** Development potential remains for approximately 225,000 square feet in addition to existing retail (Target) and retail under construction (phase one of the CityLine project).

### Near-Term Retail Development Potential in Project Area

Retail Category	Supported SF
Regional Retail	355,000
Eating, Drinking, & Entertainment	160,000
Local-Serving Retail	<u>105,000</u>
Total Supportable Retail	620,000
(Less) Existing & Under Construction*	<u>-395,000</u>
<b>Net Remaining Development Potential</b>	<b>225,000</b>

Source: KMA projection. \* Excluding Macy's (to close).

### *Office*

Notwithstanding Sunnyvale's sizable office development pipeline, there remains an opportunity for office development in the project area given the potential to attract office tenants relocating to downtown Sunnyvale from elsewhere in the county. Benefitting from downtown amenities and adjacency to Caltrain, office development in the project area would be in a strong position to attract tenants seeking a transit-oriented, mixed-use environment.

***The project area has the potential to accommodate between 600,000 and 1 million square feet of office development over the next five years*** driven by tenant relocations. The project area's capture of leasing activity is conditioned on development meeting all physical requirements of prospective tenants (adequate parking, floorplates, visibility, etc.).

### *Residential*

***Within the project area, housing development potential is estimated to range from 500 to 1,000 units over the next five years***, representing a 20% share of citywide development potential, net of units approved and under construction. The project area's estimated development potential is in addition to the approximately 200 units being completed as part of phase one of the CityLine project.

The project area's share of housing development potential is achievable for the following reasons:

- Proven ability of downtown apartment projects to command premium rents to offset construction costs;
- Historical absorption in downtown consistent projected growth, with over 700 apartment units delivered in the past five years and 200 more under construction;
- Transit access and proximity to urban amenities including Murphy Avenue restaurants, Whole Foods grocery store, movie theater, and additional ground floor retail.

### *Hotel*

The opportunity to develop an additional hotel in the DSP is contingent on market timing. Downtown's unique location makes it a competitive site for a select-service hotel, as is evidenced by the opening of Aloft in downtown Sunnyvale in 2015. ***While there remains a long-term opportunity to develop a 200-room, select-service hotel as allowed by the DSP, the city's current pipeline of planned and proposed hotels is more than sufficient to meet demand over the next five years.***

## II. RETAIL MARKET ASSESSMENT

### A. Downtown Development Status

The DSP allows for nearly 1.4 million square feet of retail, including over 1 million square feet within the project area. Other than 5,000 square feet in Block 1a, the project area's retail entitlements are allocated to Block 18, the site of Sunnyvale CityLine (formerly Town Center), a 36-acre mixed-use project oriented toward retail, dining, and entertainment. Originally approved by Sunnyvale City Council in 2007, the partially completed project was stalled in litigation for several years, until action by the California Supreme Court cleared the way for the sale of the property to a new developer. The new developer has commenced construction of the phase one "Minimum Project," which includes the completion of several partially built mixed-use buildings and a theater/retail building.

Block 18 is currently developed with a 180,000 square foot Target and a 177,000 square foot Macy's. The Macy's store will be closing due to department store consolidation. Meanwhile, the first phase of the CityLine project will add approximately 215,000 square feet of retail including an AMC movie theater, a Whole Foods grocery store, and 105,000 square feet of ground floor retail (located below three apartment buildings and in one standalone building underneath Target). Per the existing DSP, entitlements remain for an additional 518,000 square feet of retail within the project area, including the reuse or replacement of development capacity currently allocated to the Macy's store. Proposed DSP amendments would reduce net allowable retail entitlements to 196,000 square feet.

#### Existing and Under Construction Retail, Block 18

Category	Square Feet
Existing – Target (to remain)	180,000
Under Construction	<u>215,000</u>
<b>Subtotal, Target plus Under Construction</b>	<b>395,000</b>
Existing - Macy's (to close)	177,000

Source: KMA, CityLine Sunnyvale Work Area Diagram (November 2017).

#### Other Downtown Retail

Downtown Sunnyvale benefits from a cluster of approximately 30 restaurants and bars located along Murphy Avenue, a historic, pedestrian friendly "Main Street" one block from the project area. In addition, the recent completion of two recently luxury residential projects, Solstice and Loft House, added approximately 35,000 square feet of ground floor retail to downtown (largely restaurant uses).



## B. Retail Real Estate Conditions

Retail vacancy in Sunnyvale is very low and asking rents are above the county average. Absorption of retail space in Sunnyvale and the county has been modest during the current economic expansion. The county's occupied retail inventory has grown by less than 1% per year over the last five years, versus personal income growth of 3.5% per year over the same period.

### Retail Real Estate Market Conditions

	Current Inventory	Avg. Vacancy %	Avg. Asking Rent/ SF	Annual Net Absorption
Downtown	769,000 SF	0.9%	\$39	3,000 SF
Sunnyvale	5,135,000 SF	1.8%	\$39	-5,000 SF
County	78,532,000 SF	4.5%	\$31	442,000 SF

Source: Costar. Vacancy, rents, and absorption based on average of 2016 and 2017 performance.

## C. Sunnyvale Development Pipeline

Other than the first phase of the CityLine project (see above), Sunnyvale's retail development pipeline is limited to about 55,000 square feet, comprised of ground floor retail in mixed-use projects and standalone buildings. The average amount of retail space per planned/ proposed project is about 4,000 square feet. Outside of Sunnyvale, several major retail projects are anticipated to add roughly 1 million square feet, including the expansion of Westfield Valley Fair. These projects are discussed further in the assessment of regional retail.

## D. Project Area Development Potential

### Retail Concepts

Building on KMA's 2015 retail market study of Block 18, this analysis evaluates the development potential of three retail districts aimed at meeting the diverse retail and entertainment needs of nearby residents and workers, as well as the region at large:

1. *Regional shopping* focused on comparison goods, including a specialty collection of in-line shops anchored by Target;
2. *Eating, drinking, and entertainment* anchored by Murphy Avenue and the AMC movie theater;
3. *Local shopping* anchored by Whole Foods and supported by convenience goods and services.

Each district is oriented toward a distinct retail segment which differs in terms of trade area served (regional or local customers) as well as growth potential. Per the following table,

employment and sales trends since 2010 vary widely among targeted segments. Employment at regional retailers (e.g., comparison retailers such as clothing and department stores) has been flat across the county and taxable sales have not kept pace with per capita income growth (3.5% per year). In contrast, eating and drinking facilities have posted very strong sales growth of about 9% per year. Countywide local-serving retail sales (e.g., everyday goods and services, such as grocery stores) have tracked personal income growth. Finally, entertainment industry (bowling alleys and movie theaters) employment has declined, which most likely reflects the closure of outdated formats. Notwithstanding employment trends, entertainment investment has been strong with new theaters opening in San Jose, Mountain View, and Sunnyvale, and new, upscale bowling alleys in San Jose and Milpitas.

#### Retail Sales and Employment Indicators by Sector

Sector	Annual Job Growth, County 2010-2016	Annual Taxable Sales Growth, County 2010-2016	Annual Taxable Sales, City 2010-2016
Regional Retail	0.3%	1.2%	-2.4%
Local-Serving Retail	2.4%	4.1%	2.1%
Fitness Center	4.7%	n/a	n/a
Eating and Drinking	4.3%	8.6%	9.0%
Entertainment <sup>(1)</sup>	-1.6%	n/a	n/a

Source: California Board of Equalization and Quarterly Census of Employment and Wages.

<sup>(1)</sup> Based on movie theaters and bowling alleys.

Diverging sales and employment growth among retail segments is explained in part by increasing competition from e-commerce, which now accounts for about 13% of non-automotive retail sales nationwide, according to the US Census Bureau. While there will continue to be a need for “brick and mortar” retail as is evidenced by online retailers’ storefront expansions and the significant portion of online sales fulfilled or returned in-store, the emphasis of shopping centers has shifted toward experiences (e.g., eating, drinking, and entertainment).

#### Trade Area Demographics

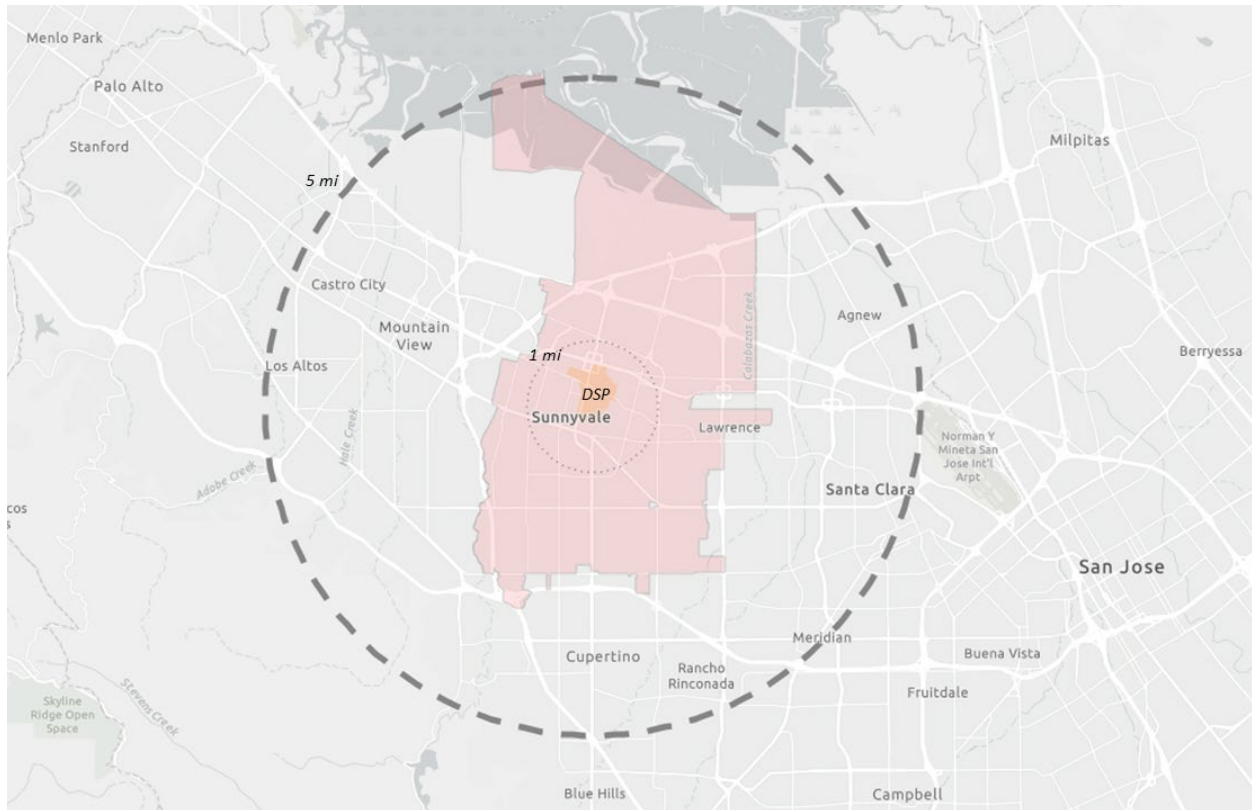
A trade area refers to the geographic area from which a retailer draws most of its customers. The trade area also contains or is proximate to principal sources of competition. Two trade areas were analyzed for purposes of understanding the expenditure potential available to support retail development in the project area:

- a) **Regional Trade Area** – Downtown’s regional trade area is estimated to comprise a five-mile radius from the project site. As illustrated by the map below, a five-mile radius includes all of Sunnyvale and most of Mountain View, Los Altos, and Santa Clara. Specialty/ comparison retailers (such as clothing and electronics) and some

entertainment uses are anticipated to draw from this trade area as consumers are willing to travel a greater distance for discretionary purchases.

- b) **Local Trade Area** – Downtown's local trade area consists of residents within the City of Sunnyvale as well as workers based within one mile of downtown. Eating and drinking and local-serving (convenience) retail uses are anticipated to draw primarily from the local trade area.

### Local and Regional Trade Areas



The regional trade area is projected to include approximately 500,000 residents by 2023, with a per capita income of over \$58,000. The local trade area is projected to reach approximately 166,000 residents by 2023 with a per capita income of about \$55,000. In addition, workers based near the downtown represent another segment of local demand, with a projected population of about 17,000 by 2023.

## Retail Trade Area Overview

	2017	2023	% Growth
<u>Regional Trade Area <sup>(1)</sup></u>			
Residents (5 Mile Radius)	463,120	498,190	1.2%
Per Capita Income	\$55,050	\$58,440	1.0%
<u>Local Trade Area <sup>(1)</sup></u>			
Residents (City of Sunnyvale)	154,250	165,790	1.2%
Per Capita Income	\$51,610	\$54,790	1.0%
Workers (1 Mile Radius)	15,300	16,730	1.5%

Source: ESRI Business Analyst 2017.

<sup>(1)</sup> Regional retail and eating and drinking trade areas also include visitor spending at 15% of total expenditure potential.

Per the table below, demographics of both trade areas would be viewed favorably by prospective retail tenants. Median household income exceeds \$100,000. Approximately two-thirds of residents have bachelor's degrees. Sunnyvale is also the densest city in Santa Clara County, meaning that there are more residents per square mile than any other city.

## Demographic Overview: Local Trade Area, Regional Trade Area, and County

2017	1-mile radius	City	5-mile radius	County
Households	12,530	57,620	173,500	656,220
Residents	30,850	154,250	463,120	1,958,090
Workers	15,300	85,070	306,640	1,049,900
Median HH Income	\$102,000	\$104,000	\$108,000	\$99,000
Population Density (/sq. mi.)	9,820	6,800	5,900	1,520
Avg. Household Size	2.45	2.66	2.66	2.94
Bachelor's Degree %	65%	62%	64%	49%
Homeowner %	34%	46%	49%	56%

Source: ESRI Business Analyst, based on US Census data.

Despite significant trade area expenditure potential, Sunnyvale's retail sector is not currently capturing its expected share of this demand. At approximately \$6,700, taxable sales per capita in Sunnyvale are significantly below the county average of \$9,500. These findings indicate that Sunnyvale residents are spending a substantial portion of their incomes outside the boundaries of the city, thus presenting an opportunity for the project area to recapture unmet expenditure potential

### Taxable Retail Sales: Sunnyvale and County

	Sunnyvale	County
Per Capita Income (2016)	\$54,000	\$46,000
Retail Square Feet Per Capita	33 SF	40 SF
Total Taxable Sales (2016)	\$1.0 billion	\$17.8 billion
Taxable Sales Per Capita	\$6,700	\$9,500
<u>Taxable Sales as % of Income</u>	<u>13%</u>	<u>21%</u>
<i>Eating and Drinking</i>	4%	6%
<i>Grocery</i>	1%	1%
<i>Other (excluding Auto)</i>	8%	14%

Source: California Board of Equalization.

### 1. Regional Retail

***The project area has the potential to become a regional shopping destination anchored by Target, Murphy Avenue, and the AMC movie theater.*** Within the regional trade area, there is projected to be \$4.5 billion of expenditure potential for comparison goods by 2023. This expenditure category includes merchandise typically sold at department and specialty stores: general merchandise stores, apparel stores, furniture stores and other retail stores (abbreviated as GAFO). The project has the potential to capture 5% of regional demand for comparison goods, which translates to about \$220 million of sales.

***Projected expenditure potential would support 355,000 square feet of regional-serving retail by 2023,*** including the 180,000 square feet of space currently occupied by Target and up to 175,000 square feet of in-line/ specialty retail. Target is assumed to capture about 30% of total expenditure potential, leaving approximately \$160 million for in-line tenants. Sales productivity of in-line retailers is significantly higher than department stores and generally ranges from \$800 to \$1,200 per square foot within a newly constructed shopping district.

### Regional Retail Development Potential, Project Area

Regional Retail	2023
Trade Area Expenditure Potential	\$4.45 billion
DSP Market Share	5%
Target Sales Allowance	\$350/SF
In-Line Sales	\$160 million
In-Line Shops Square Feet	\$925/SF
Target Square Feet	<u>180,000 SF</u>
<b>Total Square Feet</b>	<b>355,000 SF</b>

Source: KMA projection based on spending data from ESRI/ Consumer Expenditure Survey.

KMA considered the project area's market position and the sales performance of competing centers to estimate its likely share of regional expenditure potential. Key factors influencing the project area's estimated share of regional sales are reviewed below.

### *Macy's Closure*

The Macy's store in downtown Sunnyvale will be closing, following a national trend of department store closures, including more than 120 Macy's locations since 2015. Another department store is not likely to replace Macy's based on recent examples (see table below), which suggest that department stores are most commonly replaced with dining, entertainment, and specialty retail. Consistent with these examples, the project area can achieve success as a regional shopping district despite the loss of Macy's by leveraging multiple shopping districts to drive foot traffic. However, the Macy's closure will limit the project area's potential share of trade area expenditure potential for goods traditionally sold at department stores, given challenges with attracting a similar, large-format retailer to the project area. Instead, reuse of the Macy's property would likely draw from the same tenant categories targeted for newly developed retail space.

### **Examples of Department Store Reuse: Completed, Planned, or Proposed**

Former Store	Project SF	Year	Description
Sears San Mateo	300,000	2018	Cinema, bowling alley, dining
Macy's San Francisco	286,000	TBD	Cinema, grocery store, specialty retail
Men's Macy's San Francisco	243,000	2020	Dining, fitness, food hall, specialty retail
Sears Orange County	200,000	TBD	Dining, entertainment, fitness
Macy's Minneapolis	200,000	2019	Food hall, fitness, specialty retail
Macy's Irvine	120,000	2019	30 tenants: dining, specialty retail

Source: KMA research.

### *Super-Regional Malls*

To achieve its regional sales target, the project area will have to differentiate itself from the region's two largest shopping centers, Stanford Shopping Center (9 driving miles northwest of downtown) and Westfield Valley Fair (7 driving miles southeast of downtown), both of which command substantial market power within the trade area. Combined, the two centers contain more than 2.7 million square feet of retail and generate approximately \$1.2 billion in taxable sales. Major department stores (e.g., Macy's, Nordstrom's, Nieman Marcus, Bloomingdale's) have a location at one or both centers and are unlikely to consider an additional location in the project area due to concerns of market saturation.

### *Precedent Shopping Districts*

Notwithstanding the dominance of Stanford Shopping Center and Westfield's Valley Fair, ***pedestrian-oriented shopping districts including downtown Palo Alto, downtown Los Gatos, and Santana Row have demonstrated the ability to be successful in a very competitive retail environment.*** These districts have achieved annual taxable sales ranging from approximately \$200 million to \$400 million per year (gross sales are higher), without the support of a large department-store anchor. By comparison, retailers in downtown Sunnyvale are achieving approximately \$100 million in annual taxable sales (including Target/ Macy's, Murphy Avenue, and retail on the ground floor of mixed-use buildings). The strong trade area demographics, current sales, and the success of these precedent shopping districts indicate a market opportunity for the project area to grow its retail sales base.

#### **Taxable Retail Sales in Precedent Shopping Districts**

	<b>Downtown Sunnyvale</b>	<b>Downtown Palo Alto</b>	<b>Downtown Los Gatos</b>	<b>Santana Row</b>
Dist. to Nearest Regional Mall (driving miles)	7.2	0.5	7.8	0.4
Taxable Retail Sales (\$millions)	\$102	\$394	\$207*	\$309

*Sources: City of Sunnyvale, City of Palo Alto, City of Los Gatos. \* Los Gatos figure adjusted from 2015 to 2018 dollars based on Bureau of Labor Statistics Consumer Price Index.*

### *Development Pipeline*

While absorption has so far been modest during this economic cycle, several major shopping center renovations/ expansions are targeted for completion in the next five years, including a 650,000 square foot expansion of Westfield Valley Fair due for completion in 2019. Valley Fair's expansion comprises a 150,000 square foot Bloomingdale's department store, a 10-screen movie theater, a new dining district, 80 to 100 new specialty stores, and the enhancement of open-air public spaces.

Longer-term regional competitors include the proposed revitalization of the Vallco Shopping Mall in Cupertino and the approved City Place project to be built on landfill just north of Levi's Stadium in Santa Clara, 3.5 miles northeast of the project area. The first phase of City Place will contain only 50,000 square feet, but an additional 1 million square feet of retail may be built over the next 10 to 30 years.



## Shopping Center Development Pipeline

Mall	Project Size	Completion Year	Driving Distance
Village at San Antonio	+144,000 SF	2018	5.1 mi
Valley Fair	+650,000 SF	2019	7.0 mi
Topgolf at Terra	+100,000 SF	2019	5.8 mi
Santana Row	+60,000 SF	2021	7.0 mi
City Place Santa Clara	+1.1M SF	10-30 yrs.	4.8 mi
Vallco Shopping Center	400,000 SF	TBD	4.0 mi

Source: KMA research. Note: expansions are indicated by a plus "+" sign. Vallco is a renovation of existing, largely vacant retail space.

## 2. Eating, Drinking, and Entertainment

Eating, drinking, and entertainment uses are critical components of a successful downtown. There is an opportunity to build upon downtown's emerging eating, drinking, and entertainment district anchored by Murphy Avenue restaurants and the AMC movie theater currently under construction.

### *Eating and Drinking Facilities*

Total trade area expenditure potential at eating and drinking facilities is estimated to reach \$560 million by 2023. The trade area includes Sunnyvale residents as well as downtown workers. Downtown has the potential to capture an estimated 15% of trade area demand. Assuming sales at Murphy Avenue and recently built mixed-use developments (Loft House and Solstice) keep pace with trade area demand, approximately \$39 million in expenditure potential is available to support development in the project area. Based on the typical sales performance of restaurants in new commercial buildings, the project area's share of eating and drinking expenditure potential would support 55,000 square feet of space, including restaurants being constructed in phase one of the CityLine project.

### Eating and Drinking Development Potential, Project Area

Eating and Drinking	2023
Trade Area Expenditure Potential	\$560 million
Downtown Capture	15% \$84 million
Allowance for Murphy Ave., Mixed-Use	\$45 million
Net Remaining Expenditure Potential	\$39 million
Eating & Drinking Square Feet	\$700/SF 55,000 SF

Source: KMA projection based on spending data from ESRI/ Consumer Expenditure Survey.



The project area can be complementary to Murphy Avenue restaurants, provided that space dedicated to eating and drinking is appropriately sized and the overall mix of shops, restaurants, and entertainment options attracts new visitors to downtown. The inclusion of entertainment and shopping options with a regional draw will add depth to the demand for downtown restaurants and expand Murphy Avenue's market potential. New restaurant space in the project area can be developed to fill gaps in the existing supply by catering to the tastes of Silicon Valley's changing demographics.

### *Entertainment*

In addition to the AMC movie theater under construction, the project area has the potential to support up to 50,000 square feet of specialty entertainment. A list of precedent specialty entertainment concepts is presented for consideration in the table below. Potential concepts include:

- **Bowling:** While visitation to traditional bowling alleys is on the decline, newly opened upscale centers are targeting young professionals with lounge seating, full-service dining, and ancillary entertainment such as live music and arcades. The chain Round One has opened about 20 upscale bowling centers in the United States in the past year and plans to open an additional 15 per year over the next several years. While bowling alleys of this format have recently opened in San Jose and Milpitas, none are located within five miles of the project area, indicating a potential market opportunity.
- **Interactive entertainment:** Other interactive entertainment concepts emphasize a broader range of activities including arcades, karaoke, or billiards, also in a contemporary, social atmosphere. For example, Punch Bowl Social in Sacramento features a bocce patio, shuffleboard, arcade, billiards, karaoke rooms, virtual reality lounges, several bowling lanes, and a bar/restaurant all within about 25,000 square feet. Several interactive entertainment centers have been built in Santa Clara County since 2010, but as with bowling, none within five miles of the project area.
- **Food hall:** A food hall is a retail concept which organizes specialty and gourmet food vendors within a large market hall with common customer seating, similar to a food court. The nearest major food hall to the project area is San Jose's San Pedro Square Market (11 miles from downtown Sunnyvale), a 25,000 square foot facility with 20 vendors in spaces ranging from 200 square feet to 2,000 square feet. The food hall is adjacent to Peralta Adobe Plaza, which is used for additional seating and for regular live performances.
- **Live entertainment:** Live entertainment venues showcase the performance arts such as music, comedy, and theater. As with other entertainment uses, venues are frequently paired with dining. For example, Yoshi's Restaurant in Oakland pairs jazz music with a sushi restaurant, while Irvine Improv, a recently built comedy club at the Irvine Spectrum Center, offers food and drinks from an adjacent restaurant. Existing live entertainment venues in Sunnyvale include Pure Nightclub on Murphy Avenue (live DJs and music) and Rooster T Feathers Comedy Club on El Camino Real.

### Examples of Recently Built Entertainment Concepts

Project	Year	SF	Description
Round 1 Eastridge Mall, San Jose	2014	50,000	Bowling, arcade, karaoke
Big Al's McCarthy Ranch, Milpitas	2018	46,000	Bowling, arcade, sports bar
San Pedro Square Market Downtown San Jose	2011	25,000	Food hall and event space
Plank Jack London, Oakland	2014	50,000	Bowling, arcade, bocce
Punch Bowl Social J Street, Sacramento	2017	24,000	Bowling, arcade, karaoke
Irvine Improv Irvine Spectrum Center	2014	15,000	Comedy club, restaurant

Source: KMA research.

Successful entertainment concepts are integrated with eating and drinking facilities, and in many cases, with outdoor spaces, such as public plazas, that are used for live music and other special events. Such uses can be management-intensive. For example, flexible space that can be adapted for live entertainment, as is found in public markets, requires significant investment by the property manager in programming events.

While eating and drinking is likely to comprise a significant component of entertainment sales, specialty entertainment would be complementary to traditional eating and drinking establishments on Murphy Avenue and in the project area given that entertainment uses would draw customers primarily from a regional trade area.

### *Total Eating, Drinking, and Entertainment Development Potential*

Including the AMC movie theater (under construction), other entertainment space, and traditional eating and drinking facilities, ***there is market potential for up to 160,000 square feet of eating, drinking, and entertainment uses in the project area.***

### Total Development Potential: Eating, Drinking, and Entertainment

Eating, Drinking, and Entertainment	2023
Eating & Drinking	55,000 SF
Other Entertainment	50,000 SF
Movie Theater	<u>55,000 SF</u>
<b>Total, Eating, Drinking, and Entertainment</b>	<b>160,000 SF</b>

Source: KMA projection.

### 3. Local-Serving Retail

The project area has the potential to support a local-serving shopping district, anchored by Whole Foods (under construction), offering everyday goods and services to nearby residents and workers. Development opportunities include a drug store, a fitness center, and personal and professional services (e.g., beauty salon, bank, etc.).

#### *Drug Store*

The DSP area is currently served by a CVS Pharmacy operated inside Target. The closest free-standing drug store is a Walgreen's on El Camino Real approximately 0.7 miles south of the project site (see Appendix Figure 3). A comparison of trade area expenditure potential with existing sales indicates there is a market opportunity for a free-standing drug store in the project area. Per the table below, a freestanding drug store has the potential to capture \$13 million in sales by 2023, representing 5% of trade area expenditure potential. This level of sales would support a drug store of approximately 15,000 square feet.

#### **Drug Store Development Potential, Project Area**

<b>Drug Store</b>		<b>2023</b>
Trade Area Expenditure Potential		\$256 million
DSP Market Share	5%	\$13 million
<b>Drug Store Square Feet</b>	<b>\$850/SF</b>	<b>15,000 SF</b>

*Source: KMA projection based on spending data from ESRI/ Consumer Expenditure Survey.*

#### *Fitness Center*

A fitness center is an additional local-serving use with the potential to be added to the project area over the next five years. KMA identified 17 fitness centers that serve Sunnyvale residents and workers. The two largest are 24 Hour Fitness Super-Sport (1 mile from downtown) and City Sports Club (2.4 miles from downtown; see Appendix Figure 4 for map). Downtown is currently served by two specialty fitness centers in the ground floor of Solstice Apartments, totaling 6,000 square feet. In addition to membership gyms, it is common for newer apartments as well as large corporate offices (e.g., Apple) to provide onsite fitness centers as an amenity.

Per the table below, the number of membership gyms per capita in Sunnyvale is greater than the national average but below the average for Santa Clara County. It is to be expected that Sunnyvale and the county can support more fitness centers per capita given that gym membership tends to be positively correlated with household income.

### Fitness Centers: Sunnyvale, County, and Nation

	Sunnyvale	County	Nation
Gyms Per 100,000 residents	11.7	13.1	10.5
Median Household Income	\$104K	\$99K	\$59K

Source: KMA research for Sunnyvale, Quarterly Census of Employment and Wages for other geographies.

The project area has the potential to support an additional 20,000 square foot, full-service gym, based on a combined 10% downtown market share of trade area gym members by 2023. A full-service gym would complement the two existing specialty fitness centers and drive foot traffic to downtown retailers.

### Fitness Center Development Potential, Project Area

Fitness Center	2023
Trade Area Population (Residents + Workers)	182,520
Gym Members	20% 36,500
Downtown Share	10% 3,650
Supportable Square Feet	7 SF/member 26,000
(less) Existing Fitness Square Feet	<u>-6,000</u>
<b>Development Potential (Square Feet)</b>	<b>20,000</b>

Source: KMA projection.

### Total Local-Serving Retail Development Potential

Including Whole Foods, a drug store, a fitness center, and an allowance for other personal and professional services, ***the project area has the potential to support approximately 105,000 square feet of local-serving retail over the next five years.***

### Local-Serving Retail Development Potential, Project Area

Local-Serving Retail	2023
Whole Foods	55,000 SF
Drug Store	15,000 SF
Fitness Center	20,000 SF
Allowance for Personal & Professional Services	<u>15,000 SF</u>
<b>Total Development Potential</b>	<b>105,000 SF</b>

Source: KMA projection.

## Total Retail Development Potential

Based on the recommended square footage for the previously described retail districts, ***the project area has the potential to support up to 620,000 square feet of retail and entertainment uses by the end of 2023***, or about 293,000 square feet less than what current entitlements allow. ***Development potential remains for approximately 225,000 square feet in addition to existing retail (Target) and retail under construction (CityLine).***

While additional retail development may be supported in the long-term, timing of this opportunity is not likely to be realized in the next five years.

### Near-Term Retail Development Potential in Project Area

Retail Category	Supported SF
Regional Retail	355,000
Eating, Drinking, & Entertainment	160,000
Local-Serving Retail	<u>105,000</u>
<b>Total Retail Square Feet</b>	<b>620,000</b>
(Less) Existing/ Construction	<u>-395,000</u>
<b>Net Remaining Square Feet</b>	<b>225,000</b>

Source: KMA projection.

The project area's ability to achieve the maximum near-term development potential is predicated on certain conditions including:

- **Multiple shopping districts:** Multiple districts create multiple reasons for residents and employees to visit. One concentration of several districts strengthens downtown's position in the marketplace and opportunity for success. The diversity of reasons for shoppers and residents to visit downtown is intended to distinguish the area from competition in the marketplace.
- **Continuous, pedestrian friendly shopping experience with a coordinated retail leasing strategy:** A coordinated leasing strategy must support a pedestrian oriented shopping experience and fulfill the space requirements of retailers. It is also important that there be a connection to Murphy Avenue.
- **Parking strategy:** Ample daytime and evening parking at favorable public parking rates is required to attract anchor tenants and realize the area's potential.

### III. OFFICE MARKET ASSESSMENT

#### A. Downtown Development Status

Office entitlements within the DSP area are nearly exhausted. In the project area, remaining entitlements allow for 19,000 square feet which is insufficient to support regional-serving office. No major office development has occurred in the downtown since the development of two buildings of 150,000 square feet each in Block 18 which are fully occupied by Nokia and Apple. DSP amendments propose allowing for an additional 915,000 square feet of office, which is anticipated to be regional-serving Class A office comparable to the Nokia and Apple buildings.

#### B. Real Estate Conditions

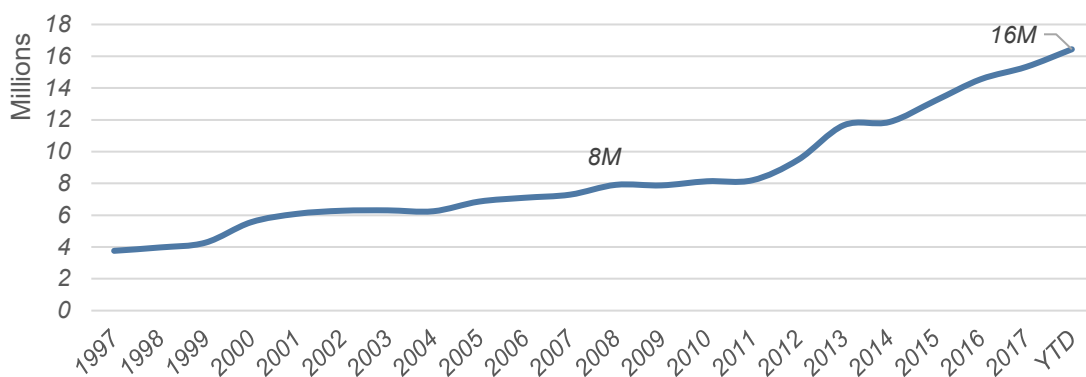
The real estate data firm Costar characterizes recent office leasing activity in Sunnyvale as an “arms race,” as major technology firms Apple, Google, Amazon, and Facebook, among others, compete for control of available space, driving vacancy to its lowest level in almost twenty years. The city has captured roughly a quarter of countywide office absorption in the past two years, and its total occupied space has doubled in ten years. (Higher vacancy in downtown is attributed to turnover at the Sunnyvale City Center office complex at 100-190 Mathilda Avenue.)

##### Office Real Estate Market Conditions

	Current Inventory	Avg. Vacancy %	Asking Rent/SF (Gross)	Annual Net Absorption
Downtown	973,000	9.2%	\$81	-17,000
Sunnyvale	17,523,000	4.4%	\$48	1,067,000
County	126,488,000	8.8%	\$42	4,085,000

Source: Costar. Vacancy, rents, and absorption based on average of 2016 and 2017 performance.

##### Occupied Office Square Feet, City of Sunnyvale

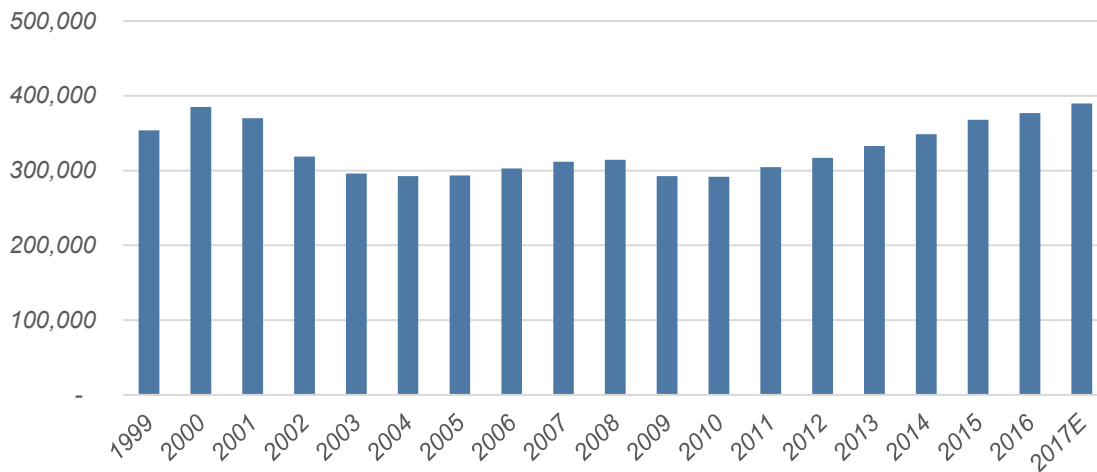


Source: Costar.

## C. Job Growth and Office Absorption

Demand for office space is driven by job growth in office-using industries such as information technology and professional services. Parallel to the rapid expansion of Sunnyvale's office inventory, office employment in Santa Clara County has grown by about 4% per year to reach a historical peak. Regional economic forecasts by UCLA Anderson and Beacon Economics project that employment growth in Santa Clara County will decelerate over the next few years. If projections bear out, net office absorption will potentially be less than recent performance.

### Office Employment, Santa Clara County



Source: Quarterly Census of Employment and Wages, National Industry-Specific Occupational Employment and Wage Estimates.

Assuming modest job growth of 1% to 2% per year, net countywide office absorption from the end of 2018 through the end of 2023 is estimated to range from about 6 million to 11 million square feet, or between 30% and 60% of the 19 million square feet that has been absorbed over the previous five years. While significantly less than recent absorption, this estimate is consistent with long-term trends. In the past twenty years, the county has averaged about 8 million square feet of net office absorption over a given five-year period.

### Employment-Driven Office Development Potential in Santa Clara County

	Low	High
Annual Job Growth Rate	1.0%	2.0%
Office Jobs Added (2018-2023)	24,000	47,000
SF/Job	225 SF	225 SF
Vacancy Factor	8%	8%
Net Office Absorption (SF)	5.8 million	11.4 million
Per Year	1.2 million	2.3 million

Source: KMA projection based on Bureau of Labor Statistics employment data.

## D. Sunnyvale Development Pipeline

Sunnyvale's office development pipeline includes about 850,000 square feet due for completion this year (all pre-leased) and an additional 5 million square feet targeted for delivery after 2018. Major projects include Moffett Towers II (1.7 million square feet on the former Lockheed Martin facility) and Pathline Park (1.5 million square feet in Peery Park.) Moffett Towers II has been entirely pre-leased to major technology tenants including Facebook, Google, and Amazon.

### City of Sunnyvale Office Development Pipeline

Item	Sq. Ft.	
2018 Construction Completions	850,000	<i>100% leased</i>
Pipeline After 2018		
Construction	1.0 million	<i>10% pre-leased</i>
Approved	2.9 million	<i>25% pre-leased</i>
Under Review	<u>1.4 million</u>	
Total Pipeline After 2018	5.3 million	

Source: City of Sunnyvale and Costar.

Sunnyvale's existing pipeline is likely sufficient to meet its share of employment-driven development potential. Sunnyvale has the potential to capture up to 4 million square feet of net office absorption over the next five years, which can be met almost entirely by projects approved and under construction.

### Employment-Driven Office Development Potential, City of Sunnyvale

		2023
County Office Absorption (upper-end)		11.4 million SF
Sunnyvale Share	35%	4.0 million SF
<u>Pipeline (After 2018)</u>		
Construction/ Approved		3.9 million SF
Under Review		1.4 million SF

Source: KMA projection.

## E. Project Area Development Potential

***Notwithstanding the sizable development pipeline, there remains an opportunity for office development to occur in the project area*** given the potential for office tenants to relocate to downtown Sunnyvale from elsewhere in the county. Downtown Sunnyvale is a competitive location for office relocations due to transit access and ample amenities (restaurants, shopping, public space). Office relocations are not conditioned on job growth but represent an important segment of office demand. Per the table below, it is estimated that over



the next five years, lease renewals are due for 45 million square feet of the county's 126 million square feet of office inventory.

#### Projected Five-Year County Office Leasing Activity

		Square Feet
County Inventory		126 million
Leasing Activity over 5 Years	7.5%/year	45 million

Source: KMA estimate based on Costar inventory data.

***The project area has the potential to support between 600,000 and 1 million square feet of office development over the next five years*** driven by tenant relocations. This level of development activity represents a relatively modest share of countywide leasing activity expected to occur over the next five years (about 1% to 2%). The project area's capture of leasing activity is conditioned on new development meeting all physical requirements of prospective tenants (adequate parking, floorplates, visibility, etc.).

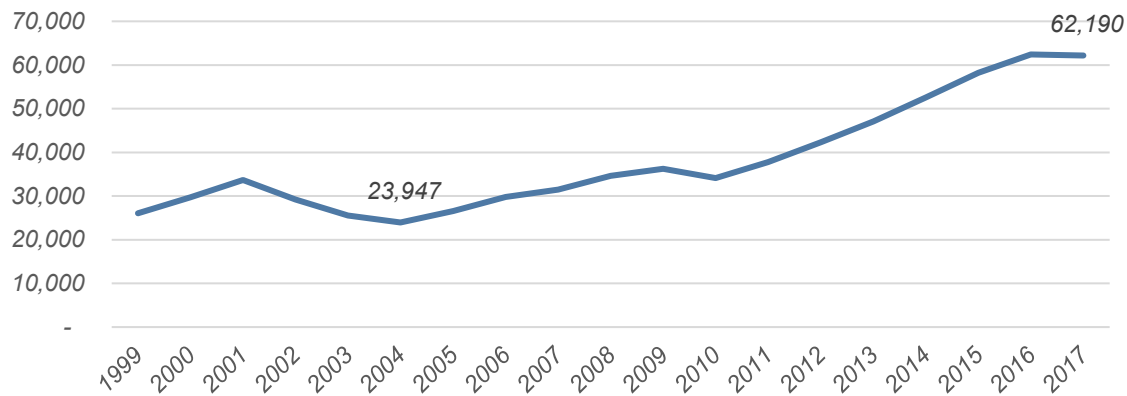
#### Relocation-Driven Office Development Potential, Project Area

Relocation Demand Potential		Low	High
5-Yr County Leasing Activity		45 million SF	45 million SF
Relocations to Sunnyvale %		3%	5%
		1.4 million SF	2.3 million SF
Project Area Share	45%	600,000 SF	1.0 million SF
As % of county		~1%	~2%

Source: KMA projection.

The opportunity for tenant relocations is facilitated in part by the project area's proximity to Caltrain. Given challenges with vehicle traffic, Caltrain has gained importance as a mode of transportation and as a location factor in site selection. Per the figure below, Caltrain's ridership has grown by about 7.6% per year since the introduction of Baby Bullet express service in 2004 compared to 2.5% annual growth in BART ridership. A Baby Bullet stop, Downtown Sunnyvale's level of service is comparable to that of Redwood City, Mountain View, and San Mateo.

### Caltrain Weekday Ridership



Source: Caltrain.

Office developers from San Jose to San Mateo have successfully leveraged Caltrain stations to attract tenants, as demonstrated by the following table of major leasing and development activity within a half-mile radius of Caltrain stations. Given amenities available in downtown Sunnyvale, development in the project area would be in a strong position secure similar tenants seeking a transit-oriented, mixed-use environment.

### Office Leasing and Development Activity within a Half-Mile Radius of Caltrain Stations

Station	Firm	Year	Square Feet
San Jose Diridon	Google	2025	6 - 8 million
Sunnyvale	23 and Me	2019	150,000
San Antonio (Mtn. View)	Facebook/ WeWork	2017	457,000
Palo Alto	Cloudera	2016	225,000
Redwood City	Box.com	2014	334,000
	Goodwin Procter LLP	2017	100,000
Hillsdale (San Mateo)	SurveyMonkey	2015	210,000
	Guidewire Software	2018	189,000
Hayward Park (San Mateo)	Medallia	2016	210,000

Source: KMA research.

## IV. RESIDENTIAL MARKET ASSESSMENT

### A. Project Area Development Status

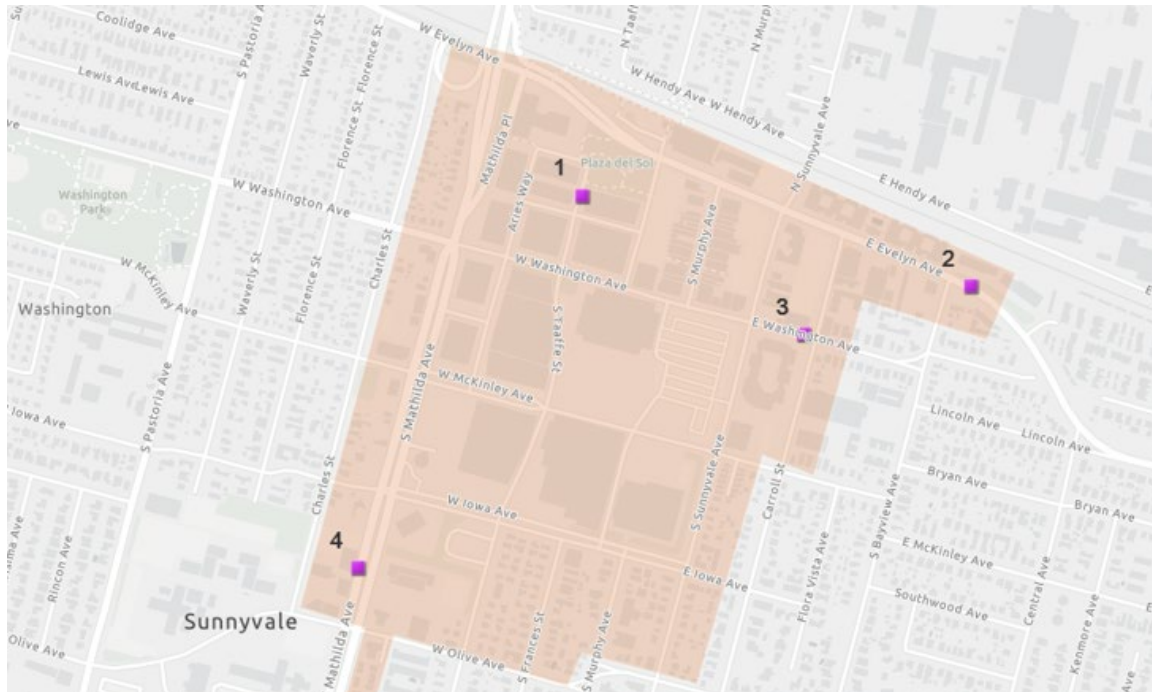
Residential entitlements in the DSP are approaching buildout, with most permitted residential units already developed. Within the project area, 198 apartments are being completed in sub-blocks 1 and 2 of Block 18 as part of phase one of the CityLine project, leaving about 20 units available for development, all in Block 1a. Proposed amendments to the DSP would increase residential entitlements in the project area by 750 units. The additional units are anticipated to be high density rental apartments, consistent with recent deliveries in the DSP area, identified in the table and map below.

#### Recently Built Multifamily Projects in Downtown Sunnyvale

Name	Year Built	Units	SF/ Unit	Rent/Unit <sup>(1)</sup>	Rent/SF <sup>(1)</sup>	Vacancy
1 Loft House	2014	133	924	\$4,005	\$4.33	2%
2 Ironworks	2017	184	1,105	\$4,526	\$4.10	3%
3 Solstice	2013	280	929	\$3,753	\$4.04	3%
4 481 On Mathilda	2016	105	874	\$3,238	\$3.70	6%

Source: Costar. <sup>(1)</sup> Effective rent, net of concessions.

#### Locations of Recently Built Multifamily Projects



## B. Residential Real Estate Conditions

***A review of current real estate market conditions suggests that downtown is a strong location for multifamily development.*** Since 2010, downtown has captured about 30% of citywide absorption of multifamily units and an even greater share over the past three years. Rents are higher and vacancies lower in downtown than city and county averages. The rent differential is driven by recently built projects identified above, which have achieved rents on the upper end of the market.

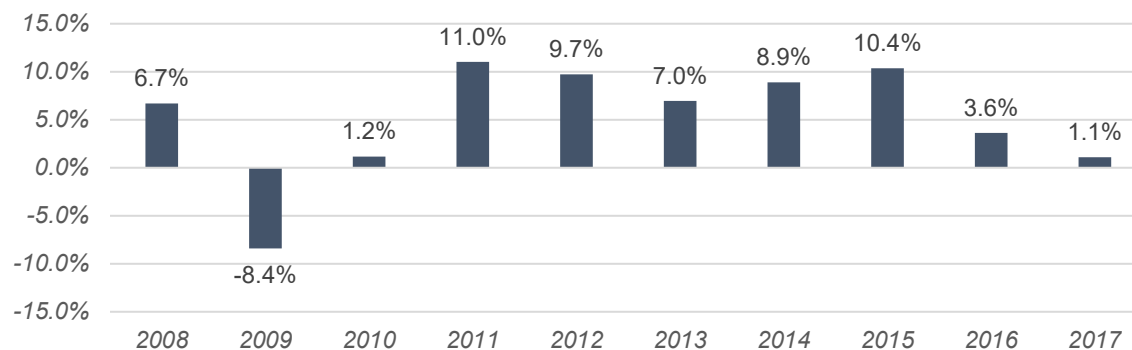
### Multifamily Real Estate Market Conditions

	Current Inventory	Avg. Vacancy %	Avg. Effective Rent	Annual Net Absorption
Downtown	930	3.8%	\$3,480	140
Sunnyvale	25,620	4.7%	\$2,450	220
County	152,480	5.2%	\$2,410	2,000

Source: Costar. Vacancy, rents, and absorption based on average of 2016 and 2017 performance.

Apartment rents posted very strong growth for several years from 2011 through 2015 throughout the Bay Area but have decelerated since then. As shown in the figure below, average rents of major properties in Santa Clara County and the Bay Area grew by approximately 1% in 2017 compared to an average annual growth rate of over 9% from 2011 to 2015. While it would appear the apartment market is maturing, demand continues to be strong, and is projected to exceed new supply countywide by about 75% over the next two years (Essex Property Trust Investor Presentation, March 2018). Downtown Sunnyvale is in a favorable position to capture residential development potential given the ability support premium rents needed to offset rising construction costs.

### Year Over Year Rent Growth of Major Properties – Santa Clara County & Bay Area



Sources: Average of same-property rent growth reported by Equity Residential (Bay Area), Avalon Bay (San Jose metro area), and Essex Apartment Homes (Santa Clara County).

### C. Sunnyvale Development Pipeline

There are approximately 6,000 housing units under construction, approved, or under review in the City of Sunnyvale. The pipeline includes about 1,100 units under construction (most of which are condominiums and townhomes) and about 1,200 units approved (predominantly apartments). More than half of the development pipeline consists of projects under review, only a portion of which are likely to receive approval and begin construction during this economic cycle.

#### City of Sunnyvale Residential Development Pipeline, 2018 to 2023

	Rental	For Sale	Mixed <sup>(1)</sup>	Total
Construction	264	827	49	1,140
Approved	1,158	50	-	1,208
Under Review	<u>1,150</u>	<u>766</u>	<u>1,817</u>	<u>3,733</u>
<b>Total</b>	<b>2,572</b>	<b>1,643</b>	<b>1,866</b>	<b>6,081</b>

Source: Costar, City of Sunnyvale.

<sup>(1)</sup> Projects that appear to include a combination of for-sale and rental product types.

### D. Project Area Development Potential

Assuming employment grows by 1% to 2% per year in Santa Clara County, Sunnyvale's housing development potential is estimated to range from 4,600 to 7,200 units over five years. The lower-end estimate falls slightly above what remains of Sunnyvale's 2015-2023 Regional Housing Needs Allocation (currently about 3,900 of 5,500 units) while the upper-end estimate reflects an optimistic growth outlook and the potential to offset the housing shortfall that has accrued during the current economic expansion. ***Within the project area, housing development potential is estimated to range from 500 to 1,000 units over five years, representing a 20% share of citywide development potential, net of units approved and under construction.*** The project area's estimated development potential is in addition to the approximately 200 units due for completion by the end of the year.

#### Housing Development Potential, Project Area

Housing Demand		Low (Units)	High (Units)
5-Year County Housing Demand		46,000	72,000
Sunnyvale Capture	10%	4,600	7,200
Less Approved/ Under Construction		<u>(2,350)</u>	<u>(2,350)</u>
Net Development Potential		2,250	4,850
<b>Project Area Share</b>	<b>20%</b>	<b>500</b>	<b>1,000</b>

Source: KMA projection.

The project area's share of remaining residential development potential is achievable for the following reasons:

- Proven ability of downtown apartment projects to command premium rents to support construction costs
- Historical absorption consistent projected growth, with over 700 apartment units delivered in the past five years and 200 more under construction
- Transit access and proximity to urban amenities including Murphy Avenue restaurants, Whole Foods grocery store, AMC movie theater, and additional ground floor retail.

## V. HOTEL MARKET ASSESSMENT

### A. Project Area Development Status

Downtown Sunnyvale contains one existing hotel, the 85-room Aloft completed in 2015 as an adaptive reuse of the former Pacific Inn property on Sunnyvale Avenue. The DSP provides entitlements for an additional 200-room hotel on sub-block 6 of Block 18 within the project area. This analysis focuses on the development potential for an upscale, select service hotel given that this hotel type is the most likely to be financed in the near term. Examples of upscale, select service hotel brands (in addition to Aloft) include Hilton Garden Inn, AC Hotel by Marriott, and Hyatt Place.

### B. Sunnyvale Hotel Market Conditions

***Hotel market conditions in the City of Sunnyvale are generally perceived as strong.***

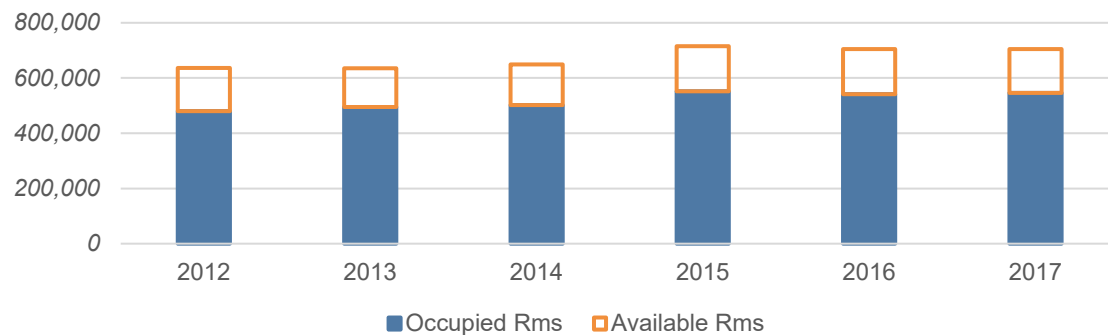
Sunnyvale's competitive hotel inventory generated nearly 550,000 room nights in 2017 and revenue per available room of approximately \$160. (Competitive inventory is defined as upper midscale and upscale hotels built since 1980, representing slightly more than half of the city's total inventory.) Room demand has grown by approximately 2.6% per year in the last five years and has the potential to accelerate with the completion of approximately four million square feet of approved office development in the pipeline.

#### Hotel Market Conditions, City of Sunnyvale, Upper Midscale\* and Above

	Inventory	Room Night Demand	Average Occupancy	Average RevPAR
2012	1,744	480,000	75%	\$95
2017	1,970	546,000	77%	\$161
Absolute Change	+226	+66,000	+2%	+\$71
Annual Growth %	2.1%	2.6%		11%

Source: STR. \* Hotels are classified by average daily rate. Upper midscale includes brands such as Hampton Inn and Holiday Inn.

#### Historical Growth in Room Nights, City of Sunnyvale, Upper Midscale and Above



Source: STR.

### C. Sunnyvale Development Pipeline

**Following years of limited hotel investment, Sunnyvale's hotel inventory is poised for expansion.** The number of hotel rooms in Sunnyvale's development pipeline is greater than the city's existing competitive inventory. Of the nearly 2,200 rooms in the pipeline, 85% are approved or under construction, including the 182-room AC Hotel (opening this year) and the 238-room Hilton Garden Inn (opening in 2019). To absorb the City's hotel pipeline in the next five years, room night demand would need to increase by over 15% per year, doubling in five years. This scenario is highly unlikely given that historical hotel growth in Sunnyvale and the county has ranged from 2% to 3% per year.

#### Demand Required to Support City of Sunnyvale Hotel Development Pipeline

2023		
<b>Current and Planned Supply (rooms)</b>		
Existing Competitive Inventory*		1,970
<u>Development Pipeline</u>		
Under Construction		420
Approved		1,454
Under Review		<u>320</u>
<b>Total Current &amp; Planned Supply</b>		<b>4,164</b>
<b>Room Nights Needed to Support Growth</b>		
Room Nights- Existing Hotels		554,000
Pipeline Room Nights (Implied)	77% occupancy	<u>616,000</u>
<b>Total Room Nights Required</b>	<b>16% annual growth</b>	<b>1,170,000</b>

Source: STR, City of Sunnyvale. \* Defined as hotels classified upper midscale and above built since 1980 (half of the city's total inventory).

### D. Project Area Development Potential

**The opportunity to develop an additional hotel in the DSP depends on market timing.**

Downtown's unique location makes it a competitive site for a hotel, as is evidenced by the opening of Aloft in downtown Sunnyvale in 2015. While there remains a long-term opportunity to develop the 200-room hotel allowed by the DSP, the current pipeline of planned and proposed hotels is more than sufficient to meet demand over the next five years.

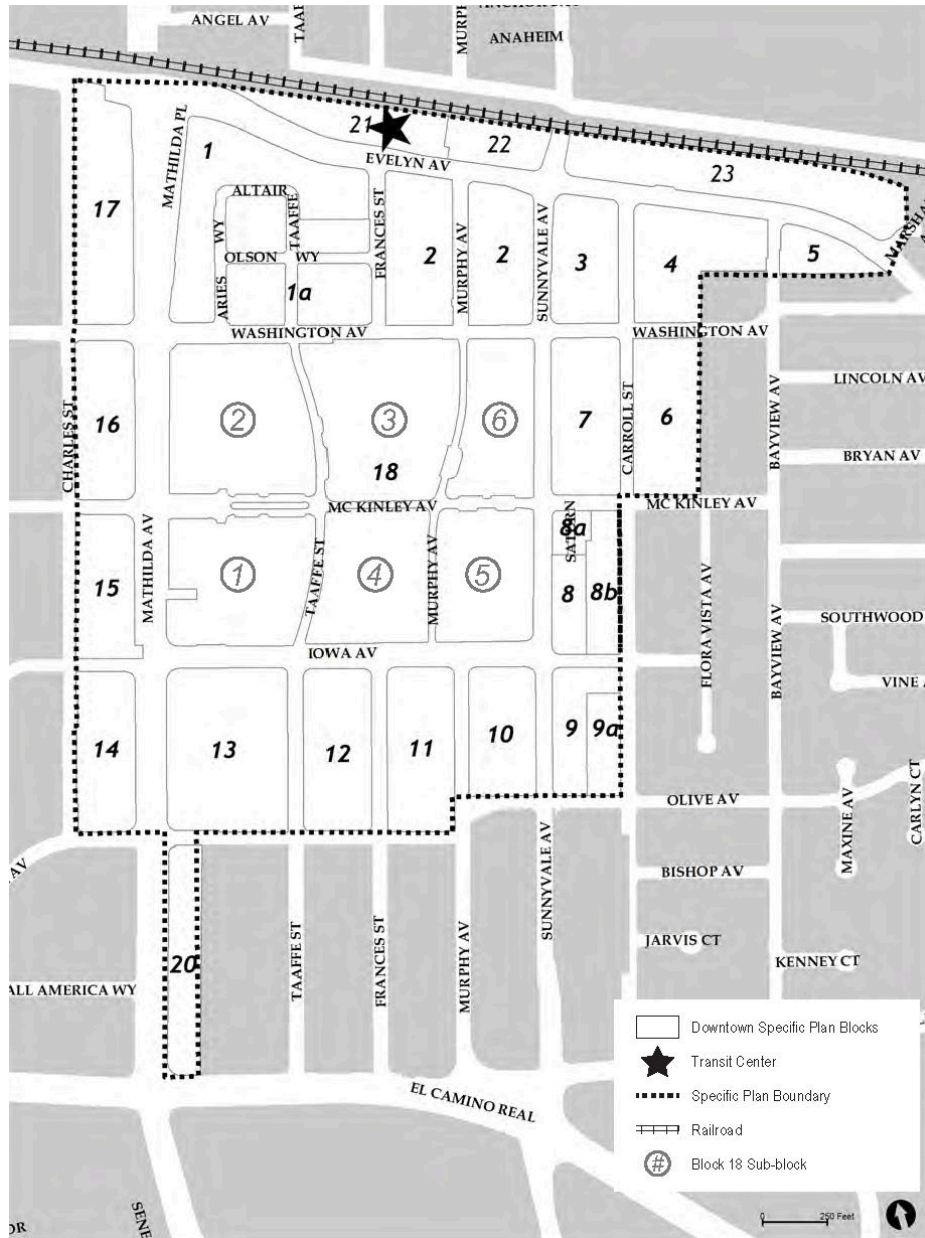


## **VI. LIMITING CONDITIONS**

1. The analysis, opinions, recommendations and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. It is the nature of forecasting that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.
2. The analysis was developed using currently available economic data, project specific data and other relevant information. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
3. The analysis assumes that neither the local nor national economy will experience a major recession. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.
4. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.
5. Market feasibility is not equivalent to financial feasibility; other factors apart from the level of demand for a land use are of crucial importance in determining feasibility. These factors include the cost of acquiring sites, relocation burdens, traffic impacts, remediation of toxics (if any), and mitigation measures required through the approval process.
6. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.

## VII. APPENDIX FIGURES

Appendix Figure 1. Specific Plan Boundary



Source: Notice of Preparation of a Draft Environmental Impact Report for the Downtown Specific Plan Amendments.

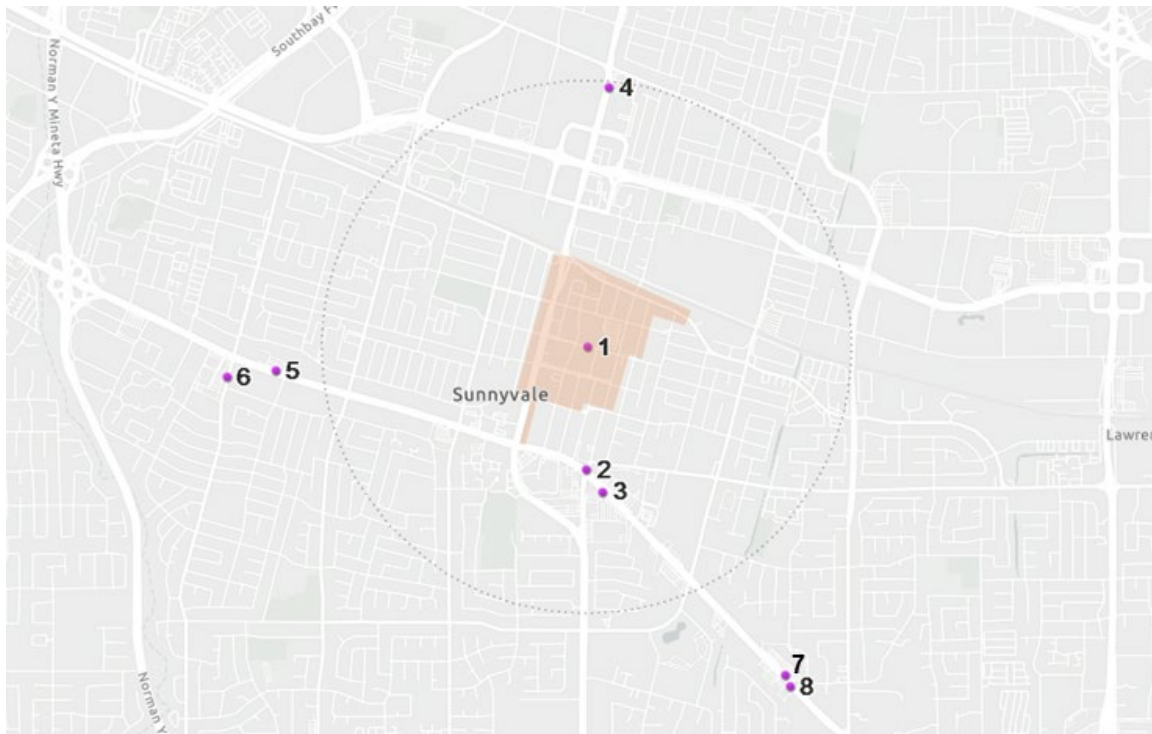
**Appendix Figure 2. Project Boundaries**



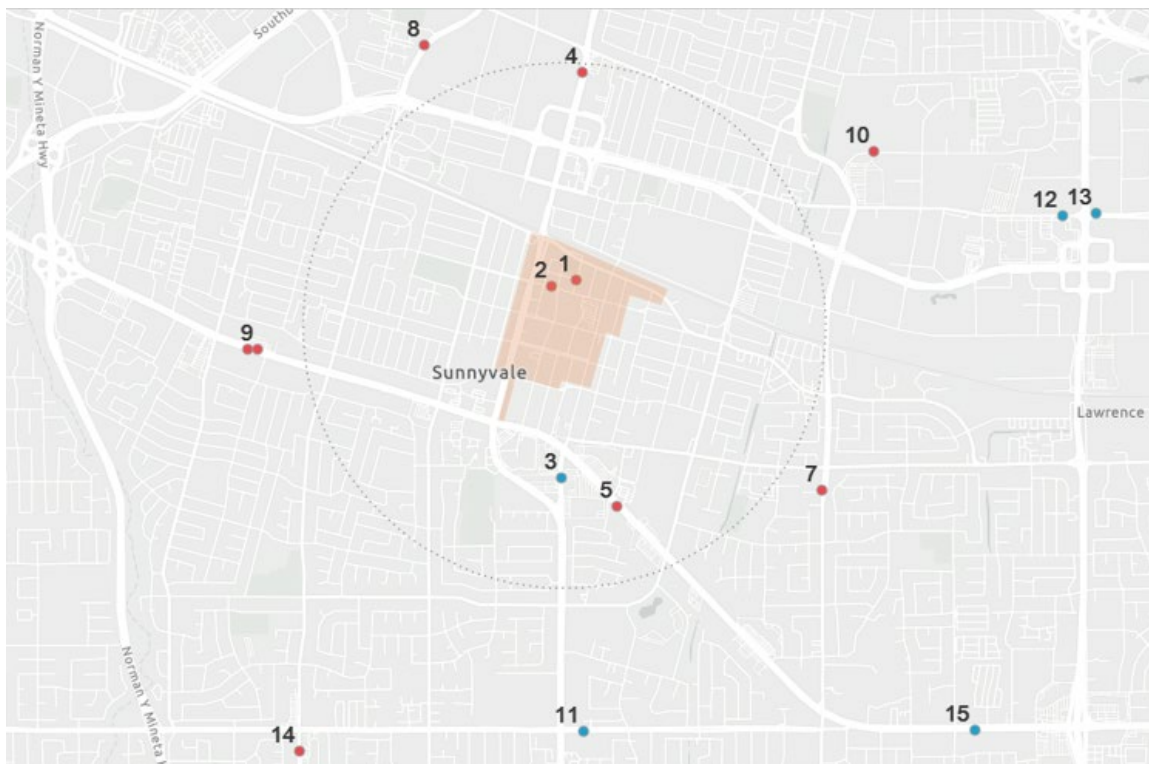
Source: Notice of Preparation of a Draft Environmental Impact Report for the Downtown Specific Plan Amendments.



**Appendix Figure 3. Drug Stores in Vicinity of Project Area (See Appendix Table B-2)**



**Appendix Figure 4. Fitness Centers in Vicinity of Project Area (See Appendix Table B-1)**



*Blue = larger, full-service gyms. Red = smaller, specialty gyms.*

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**D. Residential Market Data**

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- D-1 Multifamily Rental Market Statistics
- D-2 Recently Built Multifamily Rental Projects
- D-3 Residential Pipeline - Sunnyvale, Mountain View, And Cupertino
- D-4 Downtown Property Inventory: Multifamily Rental

**E. Hotel Market Data**

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- E-1 Sunnyvale Hotel Trends
- E-2 Recently Built & Pipeline Hotels - Sunnyvale, Mountain View, And Cupertino
- E-3 County & City Hotel Inventory - By Year Built

**F. Transactions Data**

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- F-1 Sales Of Recently Built Properties In Sunnyvale
- F-2 Recent Land Sales In Sunnyvale

# **A. MARKET DEMAND ASSESSMENT**

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**DSP AMENDMENTS - MARKET ANALYSIS**

**SUNNYVALE, CA**

**PREPARED BY KEYSER MARSTON ASSOCIATES**

**11/08/18**

**TABLE A-1**

**SUMMARY OF DEVELOPMENT POTENTIAL VS. CURRENTLY ALLOWED AND PROPOSED USES  
DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA**

**11/8/2018**

	<b><i>Additional Proposed <sup>(1)</sup></i></b>	<b><i>Additional Allowed <sup>(2)</sup></i></b>	<b><i>Max Market Support</i></b>	<b><i>5-Yr Market Potential</i></b>	
				<b><i>Proposed</i></b>	<b><i>Allowed <sup>(3)</sup></i></b>
<b>Total Project Area</b>					
Residential (Units) <sup>(3)</sup>	793	43	1,000	793	43
Retail (SF)	196,000	518,000	225,000	196,000	225,000
Office (SF)	934,000	19,000	1,000,000	934,000	19,000
Hotel (Rooms)	0	200	0	0	0

<sup>(1)</sup> Includes retail under construction in Block 18, sub-block 1.

<sup>(2)</sup> Including demolition credits

<sup>(3)</sup> Currently allowed uses with near-term market support.



**TABLE A-2**  
**SUMMARY RETAIL MARKET DEMAND FINDINGS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

	<u><b>Market Assessment</b></u>	
<b>Regional Retail</b>		
Macy's	0	
Target	180,000	
In-Line Shops	175,000	<i>Table A-3</i>
Total, Regional Retail	355,000	
<b>Eating &amp; Drinking</b>	55,000	<i>Table A-5</i>
<b>Entertainment</b>		
Cinema	55,000	
Other Entertainment	50,000	<i>See Table B-3 for precedents</i>
Total, Entertainment	105,000	
<b>Convenience Retail</b>		
Grocery	55,000	
Drug Store	15,000	<i>Table A-4; see Table B-2 for extg locations</i>
Pers/ Prof Services	15,000	<i>Table A-4</i>
Total, Convenience	85,000	
<b>Fitness Center</b>	20,000	<i>Table A-6; see Table B-1 for extg locations</i>
<b>Total, Blocks 18, 1a, and 22</b>	620,000	
(less) existing	-180,000	
(less) under construction	-215,000	
<b>Remaining Dev. Potential</b>	225,000	
(includes Macy's reuse)		

<sup>(1)</sup> Estimated allocation of retail uses, informed by applicant proposal for Block 18 (see Table B-2).

**TABLE A-3**  
**REGIONAL RETAIL MARKET ASSESSMENT**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

TRADE AREA EXPENDITURE POTENTIAL	Factor	2018	2023
<u>Residents</u>			
Resident Population (5 Mile Radius)	1.2% growth	468,792	498,192
Per Capita Income	1.0% growth	\$55,604	\$58,440
Aggregate Income		\$26,067,000,000	\$29,115,000,000
GAFO Expenditure Potential	13.0% of income	\$3,389,000,000	\$3,785,000,000
<u>Visitors</u>			
	15.0% of sales	\$598,000,000	\$668,000,000
Total Expenditure Potential		\$3,987,000,000	\$4,453,000,000
<hr/>			
DSP CAPTURE	Factor	2023	
<hr/>			
Total Expenditure Potential		\$4,453,000,000	
DSP Market Capture		5.00%	
DSP Share of Expenditure Potential		\$223,000,000	
<u>Anchor Share</u>			
Target Square Feet		181,000	
Sales PSF (Targeted)		\$350	
Anchor Expenditure Potential		\$63,000,000	
<u>In-Line Specialty Shops, Supportable SF</u>			
Expenditure Potential, Net Anchors		\$160,000,000	
Supportable Square Feet @	\$925 /SF	175,000	

**TABLE A-4**  
**CONVENIENCE RETAIL MARKET ASSESSMENT**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

<b>TRADE AREA EXPENDITURE POTENTIAL</b>	<b>Factor</b>	<b>2018</b>	<b>2023</b>
<u>Residents (City of Sunnyvale)</u>			
Population	1.2% growth	156,119	165,786
Per Capita Income	1.0% growth	\$52,134	\$54,794
Aggregate Income		\$8,139,000,000	\$9,084,000,000
Drug Store Expenditure Potential	2.75% of income	\$224,000,000	\$250,000,000
<u>Workers (1 mile radius)</u>			
Total Workers		15,528	16,729
Per Capita Spending Near Work		\$340	\$340
Drug Store Expenditure Potential		\$5,000,000	\$6,000,000
Total Drug Store Expenditure Potential		\$229,000,000	\$256,000,000

<b>DSP CAPTURE</b>	<b>Factor</b>	<b>2023</b>
Total Drug Store Expenditure Potential		\$256,000,000
DSP Capture	5%	\$13,000,000
Drug Store Supportable SF	\$850 PSF	15,000
<u>Other Convenience Retail</u>		
Whole Foods (under construction)		55,000
Allowance for Personal/ Professional Services		15,000
		70,000
Total Convenience Retail		85,000

**TABLE A-5**  
**EATING & DRINKING FACILITIES MARKET ASSESSMENT**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

TRADE AREA EXPENDITURE POTENTIAL	Factor	2018	2023
<u>Residents (City of Sunnyvale)</u>			
Population	1.2% growth	156,119	165,786
Per Capita Income	1.0% growth	\$52,134	\$54,793
Aggregate Income (\$M)		\$8,139,100,000	\$9,084,000,000
E&D Expenditure Potential	5% of income	\$407,000,000	\$454,000,000
<u>Workers (1 mi radius)</u>			
Total Workforce	1.5% growth	15,528	16,729
Per Capita Spending Near Work		\$1,325	\$1,325
E&D Expenditure Potential		\$21,000,000	\$22,000,000
<u>Visitors</u>	15% of total	\$76,000,000	\$84,000,000
Total Trade Area Expenditure Potential		\$504,000,000	\$560,000,000
DSP CAPTURE	Factor	2023	
Total Trade Area Expenditure Potential		\$560,000,000	
Downtown Capture	15% capture	\$84,000,000	
Allowance for Murphy Ave, Mixed Use Sales		-\$45,000,000	
Remaining Sales		\$39,000,000	
<u>Supportable Square Feet (not incl. Entertainment)</u>			
DSP Supportable Square Feet	\$700 PSF	55,000	

**TABLE A-6**  
**FITNESS CENTER MARKET ASSESSMENT**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

<b>TRADE AREA GYM MEMBERSHIP POTENTIAL</b>	<b>Factor</b>	<b>2018</b>	<b>2023</b>
Residents (City of Sunnyvale)	1.2% growth	156,119	165,786
Workers (1 mi radius)	1.5% growth	15,528	16,729
Trade Area Population		171,647	182,515
Gym Members	20.0% share	34,330	36,500
<b>DSP CAPTURE</b>	<b>Factor</b>		<b>2023</b>
Downtown Capture of Gym Members	10% share		3,650
Supportable Square Feet	7.0 SF/member		26,000
<Less> Existing Sq Ft - Flywheel, Orange Theory			6,000
Remaining Square Feet			20,000

**TABLE A-7**  
**OFFICE MARKET ASSESSMENT**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Page 1 of 2

<b>DEVELOPMENT POTENTIAL: JOB GROWTH</b>		<b>Low</b>	<b>High</b>
<u>Baseline Jobs</u>			
County Jobs, 2017 (est.)		984,300	984,300
County Jobs, 2018 (proj.)		1,004,000	1,004,000
<u>Job Growth</u>			
2019-2023 Private Sector Job Growth Rate		1.0%	2.0%
2023 Jobs		1,057,000	1,108,000
Jobs Added 2018-2023		53,000	104,000
Office-Using Employment %		45%	45%
Office Jobs		23,900	46,800
<u>Space Need (Countywide)</u>			
SF/Job		225	225
Vacancy Factor		8%	8%
Supportable Office Space (SF)		5,800,000	11,400,000
Per Year		1,160,000	2,280,000
<u>Sunnyvale Capture of Demand</u>			
Capture of Demand		35%	35%
5 Years		2,000,000	4,000,000
Per Year		400,000	800,000
<u>Pipeline (2019-)</u>			
Construction		1,029,000	1,029,000
Approved		2,868,000	2,868,000
Under Review	40%	559,600	559,600
		4,456,600	4,456,600
Unmet Office Demand Based on Growth		0	0
Downtown Share	35%	0	0
<b>DEVELOPMENT POTENTIAL: RELOCATIONS</b>		<b>Low</b>	<b>High</b>
2018 County Office Inventory (SF)		126,000,000	126,000,000
Annual Turnover %		7.5%	7.5%
Leasing Activity/Year		9,000,000	9,000,000
Leasing Activity Over 5 Years		45,000,000	45,000,000
Relocations to Sunnyvale		3.0%	5.0%
Relocation Demand Potential		1,400,000	2,300,000
Downtown Capture		45%	45%
Downtown Development Potential		600,000	1,000,000
% of County Inventory		0.5%	0.8%

**TABLE A-8**  
**RESIDENTIAL DEMAND PROJECTION**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

<b>DEVELOPMENT POTENTIAL: HOUSING</b>		<b>Factor</b>	<b>Low</b>	<b>High</b>
<u>Historical Deficit</u>				
County Job Growth 2010-2017			228,000	228,000
Workers Per Household			1.77	1.77
Worker Households			128,800	128,800
Commute Adjustment			88%	88%
Housing Units			113,000	113,000
Housing Production			36,000	36,000
Historical Deficit (units)			77,000	77,000
To Recapture	20%	of deficit	15,000	15,000
<u>Additional Need</u>				
County Job Growth 2018-2023			53,000	104,000
Workers Per Household			1.77	1.77
New Households			29,900	58,700
Commute Adjustment			88%	88%
Worker HHs Residing in County			26,300	51,500
Other Households			10%	5%
Housing Demand			29,200	54,400
Vacancy Adjustment			5%	5%
Supportable Development (units)			31,000	57,000
5-Year Hsg Dev Potential - County			46,000	72,000
<b>SUNNYVALE CAPTURE: HOUSING</b>			<b>Low</b>	<b>High</b>
Sunnyvale Capture			10.0%	10.0%
Housing Units Over Five Years			4,600	7,200
<u>Sunnyvale Pipeline to Be Built</u>				
Under Construction			1,140	1,140
Approved			1,210	1,210
Total (excl under review)			2,350	2,350
Net Development Potential			2,250	4,850
Downtown Capture	20%	of net	500	1,000

**TABLE A-9**  
**SUNNYVALE HOTEL DEMAND ESTIMATE**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: STR. Upper midscale and above.*

<b>ROOM NIGHT DEMAND</b>	<b>Factor</b>	<b>2018</b>	<b>2023</b>	<b>Growth</b>
<u>Hotel Room Demand</u>				
Room Nights	16% growth <sup>1</sup>	554,000	1,170,000	616,000
Room Demand	77% occupancy	1,970	4,163	2,193
<u>Room Supply</u>				
Existing		1,970	1,970	
Under Construction			420	
Approved			1,454	
Under Review			320	
Total Potential Supply		1,970	4,164	2,194
Room Surplus/(Deficit)			1	

<sup>1</sup> Growth rate required to fully absorb development pipeline.



## **B. RETAIL MARKET DATA**

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**DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA  
PREPARED BY KEYSER MARSTON ASSOCIATES**

**11/08/18**

**TABLE B-1**  
**NEARBY GYMS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

<b>Gym Name / Addresss</b>	<b>Driving Distance (mi)</b>	<b>Size/ Comments</b>
<i>Page 1 of 2</i>		
1 Orangetheory Fitness 155 S Frances St Sunnyvale, CA 94086	0.0	Small ground floor
2 Flywheel Sports - Sunnyvale 331 W Washington Ave Sunnyvale, CA 94086	0.0	Small ground floor Indoor cycling
3 24 Hr Fitness - Sunnyvale Super-Sport 762 Sunnyvale Saratoga Rd Sunnyvale, CA 94087	1.0	Large standalone Full service
4 Ironwill Extreme Fitness 477 N Mathilda Ave Sunnyvale, CA 94085	1.0	Large standalone
5 Jazzercise 458 E El Camino Real Sunnyvale, CA 94087	1.0	Medium standalone Dance fitness
6 CrossFit Tuff Luv 1124 W El Camino Real Sunnyvale, CA 94087	1.0	Medium second floor Training gym
7 UFC GYM Sunnyvale 733 S Wolfe Rd Sunnyvale, CA 94086	1.5	Medium standalone
8 The Barre Code Sunnyvale 415 North Mary Ave Sunnyvale, CA 94085	1.5	Small standalone
9 Pilates V Sunnyvale 1111 W El Camino Real Sunnyvale, CA 94087	1.6	Small standalone Pilates
10 Planet Granite 815 Stewart Dr Sunnyvale, CA 94085	1.8	Large standalone Climbing

**TABLE B-1  
NEARBY GYMS  
DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA**

**11/8/2018**

<b>Gym Name / Addresss</b>	<b>Driving Distance (mi)</b>	<b>Size/ Comments</b>
<i>Page 2 of 2</i>		
11 24 Hour Fitness 150 E Fremont Ave Sunnyvale CA 94087	1.8	Large standalone Full service
12 City Sports Club 1165 E Arques Ave Sunnyvale, CA 94085	2.4	Large standalone Full service
13 24 Hour Fitness 1211 E Arques Ave Sunnyvale, CA 94085	2.4	Large standalone Full service
14 Active Age Fitness 1320 S Mary Ave Sunnyvale, CA 94087	2.6	small standalone personal training
15 Fitness 19 1060 E El Camino Real Sunnyvale, CA 94087	2.7	Medium standalone
16 Crunch Fitness 1651 Hollenbeck Ave Sunnyvale, CA 94087	3.0	Large standalone Full service
17 Sunnyvale Fitness 1253 Birchwood Dr Ste C Sunnyvale, CA 94089	4.0	Medium standalone Training gym
18 Smash Gyms 1239 Reamwood Ave Sunnyvale, CA 94089	4.8	Medium standalone Fitness classes
<b><i>Gyms per 100,000 residents</i></b>		
Sunnyvale	11.7	
Santa Clara County	13.1	
United States	10.5	

**TABLE B-2**  
**NEARBY DRUG STORES**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

<u>Store Name/ Address</u>	<u>Driving Dist. (mi)</u>
1 CVS (inside Target) 298 W Mc Kinley Ave Sunnyvale, CA 94086	0.0
2 Walgreens 105 E El Camino Real Sunnyvale, CA 94087	0.7
3 Safeway Pharmacy 150 E El Camino Real Sunnyvale, CA 94087	0.9
4 Lucky Pharmacy 484 N Mathilda Ave Sunnyvale, CA 94085	1.1
5 CVS 1165 W El Camino Real Sunnyvale, CA 94087	1.6
6 Safeway 639 S Bernardo Ave Sunnyvale, CA 94087	1.8
7 Safeway Pharmacy 785 E El Camino Real Sunnyvale, CA 94087	1.8
8 Walgreens 780 E El Camino Real Sunnyvale, CA 94087	1.9

**TABLE B-3**  
**EXAMPLES OF BUILT/ PROPOSED ENTERTAINMENT CENTERS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Name/ Location	Driving Dist. (miles)	Year (to be) Built	Description
<b>Santa Clara County</b>			
Round 1 <sup>(1)</sup> Eastridge Mall, San Jose	15.0	2014	50,000 SF Bowling, arcade, karaoke
Vallco Revitalization (Proposed) Vallco Mall, Cupertino	4.0	TBD SB35 App.	100,000+ SF entertainment district Bowling, ice rink, cinema, market
Dave & Busters <sup>(2)</sup> Milpitas, Great Mall	9.8	1999	60,000 SF Billiards, arcade, bowling
Bowlero Park Victoria Dr, Milpitas	10.8	2017 (renov.)	33,000 SF Bowling, arcade
Big Al's McCarthy Ranch, Milpitas	9.1	2018	46,000 SF Bowling, arcade, sports bar
San Pedro Square Market Downtown San Jose	9.3	2011	25,000 SF Food hall and event space
<b>Other Examples</b>			
Plank Jack London Square, Oakland		2014	35,000 SF + 15,000 SF beer garden Bocce, bowling, arcade
Pinstripes Bowling Alley Hillsdale Mall, San Mateo		2019	Bowling, bocce, food
Punch Bowl Social J Street, Sacramento		2017	24,000 SF Bowling, arcade, karaoke
August Hall & Fifth Arrow Mason Street, San Francisco		2018	20,000 SF Bowling, restaurant, concerts
Emporium Bar Arcade Divisadero St, San Francisco		2017	15,000 SF Bar, arcade
SPiN Folsom Street, San Francisco		2016	12,000 SF Ping pong, bar

<sup>(1)</sup> Additional location opened in Sunvalley Mall, Concord in 2016.

<sup>(2)</sup> Additional location opened in Serramonte Mall, Daly City, in 2016.

**TABLE B-4**  
**DEMOGRAPHIC OVERVIEW**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: ESRI Business Analyst based on block-level Census data*

	<b><u>1 Mile Radius</u></b>	<b><u>3 Mile Radius</u></b>	<b><u>5 Mile Radius</u></b>	<b><u>Sunnyvale city</u></b>	<b><u>County</u></b>
<b><u>2017 Population</u></b>					
Residents	30,852	220,280	463,123	154,254	1,958,087
Households	12,530	83,904	173,499	57,620	656,221
Workers	15,299	130,894	306,644	85,068	1,049,900
2017-2022 Pop. Growth %	1.4%	1.2%	1.2%	1.2%	1.2%
<b><u>Resident/HH Characteristics</u></b>					
Per Capita Income	\$53,857	\$54,014	\$55,053	\$51,618	\$46,199
Median Household Income	\$102,298	\$105,455	\$107,743	\$104,418	\$99,069
HHs w/ Income over \$100K	52%	53%	54%	53%	50%
Median Age	36	37	38	37	37
Asian American %	45%	44%	45%	46%	36%
Hispanic Origin %	19%	17%	16%	18%	26%
Average Household Size	2.45	2.61	2.66	2.66	2.94
Households w/ Children %	30%	34%	36%	35%	38%
Bachelors Degree or Higher %	65%	63%	64%	62%	49%
Homeowner %	34%	46%	49%	46%	56%
Population Density (per sq mi)	9,820	7,791	5,897	6,801	1,518

**TABLE B-5**  
**COMPARISON OF TAXABLE SALES**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: California Board of Equalization, US Census. Excluding auto retail.*

	<i><b>Eating &amp; Drinking</b></i>	<i><b>Grocery Store</b></i>	<i><b>Other Retail</b></i>	<i><b>Total</b></i>
<u>Retail Sales (\$000s)</u>				
County	\$4,678,454	\$1,250,059	\$11,895,929	\$17,824,442
Sunnyvale	\$337,838	\$82,494	\$582,992	\$1,003,325
San Jose	\$1,940,194	\$559,060	\$4,757,984	\$7,257,239
Santa Clara	\$448,437	\$102,602	\$796,776	\$1,347,815
Mountain View	\$377,849	\$68,561	\$516,970	\$963,379
Milpitas	\$278,139	\$49,640	\$697,441	\$1,025,220
Palo Alto	\$393,323	\$47,662	\$798,284	\$1,239,269
Cupertino	\$176,251	\$49,234	\$364,709	\$590,194
Campbell	\$186,664	\$51,460	\$381,105	\$619,230
Los Gatos	\$126,786	\$60,293	\$140,670	\$327,749
<u>Per Capita Sales</u>				
County	\$2,482	\$663	\$6,311	\$9,456
Sunnyvale	\$2,258	\$551	\$3,897	\$6,707
San Jose	\$1,922	\$554	\$4,714	\$7,190
Santa Clara	\$3,654	\$836	\$6,492	\$10,982
Mountain View	\$4,793	\$870	\$6,558	\$12,221
Milpitas	\$3,787	\$676	\$9,496	\$13,959
Palo Alto	\$5,901	\$715	\$11,977	\$18,594
Cupertino	\$2,923	\$817	\$6,049	\$9,788
Campbell	\$4,576	\$1,262	\$9,344	\$15,182
Los Gatos	\$4,158	\$1,977	\$4,613	\$10,749
<u>As % of Aggr. Income</u>				
County	5.5%	1.5%	14.1%	21.1%
Sunnyvale	4.3%	1.1%	7.5%	12.9%
San Jose	5.2%	1.5%	12.9%	19.6%
Santa Clara	7.7%	1.8%	13.7%	23.1%
Mountain View	8.0%	1.4%	10.9%	20.3%
Milpitas	10.7%	1.9%	26.7%	39.3%
Palo Alto	7.6%	0.9%	15.4%	24.0%
Cupertino	4.9%	1.4%	10.2%	16.5%
Campbell	9.1%	2.5%	18.7%	30.3%
Los Gatos	5.6%	2.7%	6.3%	14.6%

**TABLE B-6**  
**TAXABLE SALES TRENDS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: California Board of Equalization. Excluding auto retail.

Taxable Sales	2010	2011	2012	2013	2014	2015	2016	CAGR 2010-16
<u>Santa Clara County (\$000s)</u>								
Eating and Drinking	\$2,848,824	\$3,097,359	\$3,355,097	\$3,669,125	\$4,031,458	\$4,426,069	\$4,678,454	8.6%
Food Stores	\$984,824	\$1,022,790	\$1,066,463	\$1,110,420	\$1,169,209	\$1,227,355	\$1,250,059	4.1%
Other Retail (Excl Auto)	\$9,219,417	\$9,844,996	\$10,535,172	\$11,007,609	\$11,585,435	\$11,684,773	\$11,895,929	4.3%
Total, County	\$13,053,065	\$13,965,144	\$14,956,732	\$15,787,154	\$16,786,102	\$17,338,196	\$17,824,442	5.3%
<i>Eating and Drinking Share</i>	22%	22%	22%	23%	24%	26%	26%	
<u>Sunnyvale (\$000s)</u>								
Eating and Drinking	\$200,970	\$224,802	\$239,825	\$262,552	\$290,573	\$322,662	\$337,838	9.0%
Food Stores	\$72,810	\$75,486	\$79,052	\$81,225	\$79,125	\$80,775	\$82,494	2.1%
Other Retail (Excl Auto)	\$636,810	\$649,739	\$739,115	\$669,164	\$664,710	\$626,583	\$582,992	-1.5%
Total, City	\$910,590	\$950,027	\$1,057,992	\$1,012,942	\$1,034,408	\$1,030,020	\$1,003,325	1.6%
<i>Eating and Drinking Share</i>	22%	24%	23%	26%	28%	31%	34%	
<u>Downtown (\$000s)*</u>								
Eating and Drinking			\$25,776	\$27,656	\$31,523	\$37,139	\$41,484	<b>2012-16</b> 12.6%
<i>Downtown Capture of City</i>			11%	11%	11%	12%	12%	

\* Includes Murphy Avenue and retail on the ground floor of Loft House.



**TABLE B-7**  
**E-COMMERCE SHARE OF NATIONAL RETAIL SALES**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: US Census, \$millions*

	<b>Total Retail</b>	<b>E-Commerce<sup>1</sup></b>	<b>% E-Commerce</b>	<b>% E-Commerce excl. auto<sup>2</sup></b>
2017	\$5,080,032	\$452,076	9%	13%
2016	\$4,846,686	\$389,847	8%	12%
2015	\$4,723,960	\$339,251	7%	11%
2014	\$4,634,764	\$297,610	6%	10%
2013	\$4,458,473	\$259,957	6%	9%
2012	\$4,296,636	\$229,559	5%	8%
2011	\$4,102,193	\$198,573	5%	7%
2010	\$3,816,460	\$169,170	4%	5%
2009	\$3,612,912	\$144,921	4%	6%
2008	\$3,927,482	\$141,865	4%	5%
2007	\$3,997,532	\$135,839	3%	5%
2006	\$3,876,685	\$112,785	3%	4%
2005	\$3,686,669	\$91,049	2%	4%
2004	\$3,460,875	\$72,367	2%	3%
2003	\$3,261,711	\$56,947	2%	3%
2002	\$3,129,672	\$44,461	1%	2%
2001	\$3,062,281	\$34,160	1%	2%
2000	\$2,979,347	\$27,416	1%	1%

<sup>1</sup> Per the International Council of Shopping Centers, nonstore retailers represent up to 60% of e-commerce sales. Remainder fulfilled by omni-channel retailers that may allow for in-store pickup/ return. See "New Census Dataset Breaks out Warehouse-Fulfilled Online Sales" (April 2018).

<sup>2</sup> E-commerce share excluding auto-related retail from basis (under the assumption that vehicle and gasoline sales comprise a very small share of online sales).

**TABLE B-8**  
**COUNTY EMPLOYMENT TRENDS: RETAIL, FOOD, AND SERVICE SECTORS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Quarterly Census of Employment and Wages. Excludes auto retail.

	2006	2008	2010	2012	2014	2015	2016	CAGR
<u>Growing Retail Sectors</u>								
Health and Personal Care, excl Drug Store	1,151	1,150	1,139	3,431	3,579	3,654	3,563	12.0%
Warehouse Clubs	2,619	2,830	3,229	6,257	6,921	6,284	6,255	9.1%
Shoe Stores	1,462	1,527	1,642	1,752	2,125	2,310	2,642	6.1%
Grocery Stores	12,708	13,682	13,868	14,652	15,149	15,696	15,481	2.0%
Sporting Goods Stores	1,429	1,551	1,552	1,636	1,660	1,784	1,819	2.4%
Subtotal, Growing Retail	19,369	20,740	21,430	27,728	29,434	29,728	29,760	4.4%
<u>Declining Retail Sectors</u>								
Clothing	7,833	7,807	6,620	7,976	7,524	7,415	7,213	-0.8%
Specialty Food Stores	1,330	1,527	1,691	1,486	1,090	1,035	1,221	-0.9%
Jewelry, Luggage, & Leather Goods	1,001	956	897	1,086	1,056	1,058	889	-1.2%
Building Material & Garden Supply Stores	6,616	5,864	5,550	5,641	5,734	5,643	5,671	-1.5%
Misc Retail: Florist, Office Supply	4,244	4,099	3,806	4,180	4,265	4,230	4,037	-0.5%
Drug Stores	3,592	3,625	3,295	3,107	2,887	2,854	2,930	-2.0%
Department Stores	10,410	10,280	10,541	7,963	7,722	8,371	7,642	-3.0%
Furniture/ Home Furnitures	3,580	3,110	2,781	2,606	2,279	2,355	2,346	-4.1%
Electronics and Appliance	8,293	6,997	5,090	5,225	4,392	4,468	4,593	-5.7%
Hobby/ Book/ Music Stores	3,411	3,331	2,495	2,190	2,262	2,280	2,115	-4.7%
Subtotal, Declining Retail	50,310	47,596	42,766	41,460	39,211	39,709	38,657	-2.6%
Total Retail	69,679	68,336	64,196	69,188	68,645	69,437	68,417	-0.2%
<u>Non-Retail Sectors (All Growing)</u>								
Personal Care Services (Hair, Nail)	3,393	3,646	3,744	4,253	4,637	4,947	5,222	4.4%
Fitness and Recreational Sports Centers	3,267	3,400	3,369	3,862	4,113	4,287	4,445	3.1%
Eating and Drinking	53,566	56,020	53,741	60,208	66,836	69,590	71,895	3.0%
Subtotal, Non-Retail	60,226	63,066	60,854	68,323	75,586	78,824	81,562	3.1%
Total, with Non-Retail	129,905	131,402	125,050	137,511	144,231	148,261	149,979	1.4%

**TABLE B-9**  
**RETAIL MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

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**CITY OF SUNNYVALE**

	<u>Inventory SF</u>	<u>Occupancy SF</u>	<u>Total Vacant %</u>	<u>NNN Direct Rent</u>	<u>SF Under Construction</u>	<u>Deliveries SF</u>	<u>Absorption SF</u>
<b>Sunnyvale</b>							
YTD	5,134,786	5,011,906	2.4%	\$37	302,836	0	-69,632
2017	5,134,786	5,081,538	1.0%	\$39	284,836	0	75,866
2016	5,134,786	5,005,672	2.5%	\$40	275,000	0	-7,962
2015	5,162,003	5,013,634	2.9%	\$36	0	52,500	29,431
2014	5,112,671	4,984,203	2.5%	\$30	52,500	45,149	85,511
2013	5,079,907	4,898,692	3.6%	\$31	0	16,920	84,981
2012	5,062,987	4,813,711	4.9%	\$32	12,520	24,280	24,386
2011	5,042,257	4,789,325	5.0%	\$32	24,280	36,571	48,065
2010	5,005,686	4,741,260	5.3%	\$27	36,571	18,339	-16,578
2009	4,987,347	4,757,838	4.6%	\$26	14,091	184,973	105,333
2008	4,802,374	4,652,505	3.1%	\$28	4,973	24,381	-25,531
2007	4,792,621	4,678,036	2.4%	\$26	23,634	116,000	137,073
2006	4,804,828	4,540,963	5.5%	\$26	116,000	18,764	-813,909

**TABLE B-9**  
**RETAIL MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

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**DOWNTOWN SUNNYVALE**

	<u>Inventory SF</u>	<u>Occupancy SF</u>	<u>Total Vacant %</u>	<u>NNN Direct Rent</u>	<u>SF Under Construction</u>	<u>Deliveries SF</u>	<u>Absorption SF</u>
<b><u>Downtown</u></b>							
YTD	768,515	756,687	1.5%	\$48	275,000	0	-1,217
2017	768,515	757,904	1.4%	\$41	275,000	0	-7,490
2016	768,515	765,394	0.4%	\$36	275,000	0	-3,121
2015	768,515	768,515	0.0%	-	0	0	0
2014	771,683	768,515	0.4%	\$38	0	0	1,077
2013	771,683	767,438	0.6%	\$36	0	0	4,550
2012	771,683	762,888	1.1%	\$35	0	24,280	16,985
2011	747,403	745,903	0.2%	-	24,280	0	500
2010	747,403	745,403	0.3%	\$16	0	0	13,265
2009	747,403	732,138	2.0%	-	0	180,000	166,735
2008	567,403	565,403	0.4%	-	0	0	-12,628
2007	582,031	578,031	0.7%	-	0	0	-30,349
2006	707,880	608,380	14.1%	\$15	0	0	-789,489

**TABLE B-9**  
**RETAIL MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

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**SANTA CLARA COUNTY**

	<u>Inventory SF</u>	<u>Occupancy SF</u>	<u>Total Vacant %</u>	<u>NNN Direct Rent</u>	<u>SF Under Construction</u>	<u>Deliveries SF</u>	<u>Absorption SF</u>
YTD	78,532,259	75,050,434	4.4%	\$33	959,992	208,299	-28,307
2017	78,325,765	75,078,741	4.1%	\$32	1,125,603	631,161	1,029,286
2016	77,758,124	74,049,455	4.8%	\$30	1,321,284	669,826	-144,758
2015	77,272,085	74,194,213	4.0%	\$30	811,986	410,744	120,058
2014	76,921,763	74,074,155	3.7%	\$29	603,953	836,153	1,351,731
2013	76,160,892	72,722,424	4.5%	\$28	551,038	321,653	622,017
2012	76,070,264	72,100,407	5.2%	\$26	317,409	249,898	415,551
2011	75,870,780	71,684,856	5.5%	\$26	226,822	315,966	664,639
2010	75,719,719	71,020,217	6.2%	\$27	303,768	471,146	434,466
2009	75,294,824	70,585,751	6.3%	\$27	426,569	543,342	-1,104,198
2008	74,904,859	71,689,949	4.3%	\$28	219,849	1,414,915	757,938
2007	73,558,137	70,932,011	3.6%	\$28	1,121,805	1,118,806	2,078,266
2006	72,597,871	68,853,745	5.2%	\$27	1,390,823	1,093,202	-422,522

**TABLE B-10**  
**LARGEST SHOPPING CENTERS WITHIN 10 MILE DRIVING RADIUS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Silicon Valley Business Journal

#	Name	Driving Dist (mi)	GLA	Anchor Tenants
1	Westfield Valley Fair 2855 Stevens Creek Blvd. Santa Clara, CA 95050	7.0	1.5 million	Nordstrom, Macy's, Tiffany & Co., Louis Vuitton
2	Great Mall 447 Great Mall Dr. Milpitas, CA 95035	9.3	1.37 million	Last Call by Neiman Marcus, Saks 5th Avenue OFF 5th, Burlington Coat Factory, Bed Bath & Beyond
3	Stanford Shopping Center 660 Stanford Shopping Center Palo Alto, CA 94304	9.7	1.35 million	Neiman Marcus, Bloomingdale's, Crate and Barrel, The Container Store
4	Vallco Shopping Mall 10123 N. Wolfe Rd. Cupertino, CA 95014	4.0	1.2 million (mostly vacant)	Bowlmor, AMC Cupertino Square 16
5	Santana Row 356 Santana Row San Jose, CA 95128	7.0	728,000	Sephora, Crate and Barrel, CineArts Theatre, The Container Store
6	Westgate Center 1600 Saratoga Ave. San Jose, CA 95129	7.5	645,000	Nike Factory Store, Gap Factory Store, J. Crew Mercantile, Walmart
7	San Jose MarketCenter 543 Coleman Ave. San Jose, CA 95110	8.3	350,000	Cost Plus World Market, Michaels, Office Depot, Marshalls

**TABLE B-11**

**RECENTLY BUILT/ PROPOSED REGIONAL SHOPPING CENTER RENOVATIONS/ EXPANSIONS  
DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA**

**11/8/2018**

<b>Name/ Address</b>	<b>Driving Dist (mi)</b>	<b>Year</b>	<b>Expansion/ Renovation GLA</b>	<b>Description</b>
Main Street Cupertino Cupertino	4.4	2016 complete	+133,000 SF development	Target, eating & drinking
Stanford Shopping Cntr Palo Alto	9.7	2016 complete	220,000 SF renovation	Bloomingdale's relocation, 45 new stores
Village at San Antonio Mountain View	5.1	2018	+144,000 SF expansion	Movie theater, retail, eating & drinking
Valley Fair San Jose	7.0	2018/ 2019	+650,000 SF expansion	Cinema, stores, restaurants, event space, Bloomingdale's
Santana Row San Jose	7.0	2019/ 2021	+60,000 SF expansion	Ground floor retail w/ office
CityPlace Santa Clara Santa Clara	4.8	10-30 years	+1.1M SF development 50,000 SF phase I	Retail, eating & drinking, entertainment
Vallco Shopping Center Cupertino	4.0	TBD	400,000 SF renovation	Cinema, ice rink, bowling alley, market hall, retail shops

**TABLE B-12**

**RECENTLY BUILT RETAIL PROJECTS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO  
DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA**

**11/8/2018**

<b>Building Address</b>	<b>Building Name</b>	<b>GLA</b>	<b>Year Built</b>	<b>Vacancy</b>
<u>Sunnyvale</u>				
1152 Bordeaux Dr	Moffett Place	52,500	2015	0%
550 W El Camino Real		4,400	2013	0%
1180 N Fair Oaks Ave	The Shops at Via	14,091	2011	0%
125 N Frances St		24,280	2012	5%
460 Persian Dr		22,480	2011	0%
108-116 E El Camino Real	Bldg B	8,339	2010	0%
118-126 E El Camino Real	Bldg A	10,000	2010	0%
1165 E Arques Ave	The Shops at Lawrence	45,149	2014	0%
927 E Arques Ave	Arques Square	12,520	2013	0%
<u>Cupertino</u>				
20625 Alves Dr	Apple Cafeteria	21,468	2014	0%
10200 N De Anza Blvd		4,864	2010	0%
20030-20080 Stevens Creek Blvd	Biltmore	7,045	2015	18%
21725 Stevens Creek Blvd		14,500	2018	0%
19399-20745 Stevens Creek	Main Street Cupertino	132,845	2016	3%
10815 N Wolfe Rd	Cupertino Village	23,553	2016	31%
20803 Stevens Creek Blvd	Saich Way Station	15,673	2015	0%
<u>Mountain View</u>				
1905 El Camino Real	Walgreen's	9,641	2012	0%
260 Moffett Blvd		2,740	2014	0%
545-685 San Antonio Rd	Village at San Antonio	138,813	2013	12%



TABLE B-13

**PIPELINE RETAIL PROJECTS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO  
DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA**

11/8/2018

Building Address	Description	GLA	Year	Building Status
<u>Downtown</u>				
Block 18, Sub-block 1	CityLine Min Project	32,000	2019	Under Construction
Block 18, remainder	CityLine Min Project	184,000	2019	Under Construction
311 S. Mathilda Ave	Denny's (rebuild)	5,000		Under Review
		221,000		
<u>Other Sunnyvale</u>				
215 Moffett Park Drive	Google	5,000	2018	Built
696 W El Camino Real		9,836	2018	Under Construction
803 W. El Camino Real		5,662		Under Construction
840 E El Camino Real	Civic Square	10,350	2018	Approved
1120 Innovation Way	Restaurant	4,500		Approved
777 Sunnyvale-Saratoga Rd.	Amazon grocery	11,600		Approved
520 Almanor Ave.		4,000		Approved
1120 Kifer Rd.		7,400		Approved
675 Almanor Ave.		2,500		Approved
871 and 895 E. Fremont Ave.		6,934		Approved
1023 N. Fair Oaks	Restaurant (demo)	-7,600		Approved
1210 Kifer Rd.	Restaurant (demo)	-7,500		Under Review
1155 Aster Ave		2,300		Under Review
		54,982		
<u>Mountain View</u>				
2464 Old Middlefield Way		25,000	2019	Proposed
393 San Antonio Rd	Village at San Antonio	144,000	2018	Under Construction
		169,000		
<u>Cupertino</u>				
Vallco Redevelopment		400,000	TBD	Proposed

**TABLE B-14**  
**DOWNTOWN RETAIL INVENTORY**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

Building Address	Primary Tenant	Year Built	GLA <sup>(1)</sup>	Vacancy
<i>Page 1 of 2</i>				
<u>Block 18/ Town Center</u>				
298 W McKinley Ave	Target	2009	181,000	0%
200 W Washington Ave	Macy's	1979	177,800	0%
Total, Block 18	100% General Merch		358,800	
<u>Mixed-Use</u>				
Loft House (confirmed)	100% Eating & Drinking	2012	7,000	
Solstice	75% E&D; 25% fitness	2013	22,000	
Total, Mixed-Use	80% E&D		29,000	
<u>Mathilda Ave</u>				
205 S Mathilda Ave	Bank	1986	4,937	0%
295 S Mathilda Ave	Bank	1978	10,038	0%
410 S Mathilda Ave	Bank	1976	17,180	0%
425 S Mathilda Ave	Bank	1975	6,077	0%
495 S Mathilda Ave	Bank	1975	8,685	0%
380 S Mathilda Ave	Bank	1972	6,870	0%
311 S Mathilda Ave	E&D (Denny's)	1967	4,464	0%
249-251 S Mathilda Ave	Professional Services	1962	2,215	0%
241-247 S Mathilda Ave	Professional Services	1962	5,537	0%
460 S Mathilda Ave	Bank	1900	26,022	0%
Total, Mathilda Ave	95% Financial Svcs		92,025	
<u>Murphy Ave</u>				
157 S Murphy Ave	Professional Services	1998	6,156	0%
140 S Murphy Ave	Eating & Drinking	1998	10,750	38%
100 S Murphy Ave	Eating & Drinking	1994	22,200	25%
141 S Murphy Ave	Eating & Drinking	1986	5,720	0%
151-189 S Washington Ave	Eating & Drinking	1976	14,303	0%
146 S Murphy Ave	Eating & Drinking	1965	15,000	0%
168 S Murphy Ave	Eating & Drinking	1957	2,287	0%
175-181 S Murphy Ave	Eating & Drinking	1957	5,707	0%
160 S Murphy Ave	Personal Services	1956	2,493	0%
165 S Murphy Ave	Personal Services	1956	4,053	0%
141-149 E Washington Ave	Personal Services	1956	2,022	0%
111 S Murphy Ave	Eating & Drinking	1955	8,115	0%
163 S Murphy Ave	Eating & Drinking	1955	5,942	0%
151 S Murphy Ave	Eating & Drinking	1948	2,447	0%
121 S Murphy Ave	Bookstore	1939	2,480	0%
123-127 S Murphy Ave	Personal Services	1939	3,929	0%
133 S Murphy Ave	Eating & Drinking	1939	1,972	0%

**TABLE B-14**  
**DOWNTOWN RETAIL INVENTORY**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: Costar*

<b>Building Address</b>	<b>Primary Tenant</b>	<b>Year Built</b>	<b>GLA <sup>(1)</sup></b>	<b>Vacancy</b>
<i>Page 2 of 2</i>				
114 S Murphy Ave	Misc Retail	1935	4,463	0%
118 S Murphy Ave	Eating & Drinking	1935	4,089	0%
121-127 W Washington Ave	Personal Services/E&D	1927	15,962	0%
185-187 S Murphy Ave	Eating & Drinking	1926	3,800	0%
130 S Murphy Ave	Eating & Drinking	1925	2,971	0%
171-173 S Murphy Ave	Eating & Drinking	1924	1,070	0%
178 S Murphy Ave	Eating & Drinking	1923	1,911	0%
135 S Murphy Ave	Eating & Drinking	1913	1,281	0%
139 S Murphy Ave	Eating & Drinking	1913	3,500	0%
182 S Murphy Ave	Eating & Drinking	1913	3,800	0%
101-105 S Murphy Ave	Eating & Drinking	1910	10,998	0%
172 S Murphy Ave	Eating & Drinking	1905	1,860	0%
186-198 S Murphy Ave	Eating & Drinking	1905	16,000	0%
199 W S Murphy Ave	Eating & Drinking	1901	3,318	0%
548 S Murphy Ave	Sports/Fitness		3,113	0%
558-562 S Murphy Ave	Eating & Drinking		5,975	0%
152-156 S Sunnyvale Ave	Eating & Drinking		4,500	0%
215-219 E Washington Ave	Eating & Drinking		4,800	0%
<b>Total, Murphy Ave</b>	<b>80% E&amp;D</b>		<b>208,987</b>	

<sup>(1)</sup> May include some second-floor space in Murphy Ave buildings.

**TABLE B-15**  
**SELECTED EXAMPLES OF DEPARTMENT STORE REUSE**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

<b>Project/ Address</b>	<b>Project GLA</b>	<b>Year (to be) Completed</b>	<b>Description</b>
Former Sears + parking lot Hillsdale Mall San Mateo, CA	300,000 SF	2018	Cinema, bowling alley, eating & drinking
Former Macy's Stonestown San Francisco, CA	286,000 SF	TBD	Cinema, grocery store, 7 small retail spaces
Macy's Men's Store Union Square San Francisco, CA	243,000 SF	2020	Food hall, 6 small retail spaces, rooftop restaurant, health club or museum
Former Sears Brea Mall Orange County, CA	200,000 SF+	TBD	Dining, entertainment and 120K SF fitness center
Former Macy's Downtown Minneapolis, MN	200,000 SF	2019	Specialty retail, food hall on LL; health club and office on 2L
Former Macy's Irvine Spectrum Center Irvine, CA	120,000 SF	2019	30 tenants, 4 buildings; eating & drinking, specialty
Former Kohl's Millbrae Plaza Millbrae, CA	90,000 SF	2017	Re-lease to Living Spaces (furniture store)
Former Macy's Furniture Vintage Oaks Shopping Cntr Novato, CA	50,000 SF	2017	Re-lease to Sports Basement

**TABLE B-16**  
**SALES PER SQUARE FOOT METRICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: Westfield, City of Palo Alto*

	<b>Sales</b>	<b>Square Feet</b>	<b>Sales/SF</b>
<u>Westfield Valley Fair (2017)</u>			
Specialty < 10,000 SF			\$1,206
Specialty > 10,000 SF			
Total Specialty	\$499,000,000	642,917	\$776
Anchor	\$363,000,000	734,728	\$494
Total Mall	\$862,000,000	1,377,645	\$626
<u>Westfield Oakridge</u>			
Specialty < 10,000 SF			\$621
Specialty > 10,000 SF			
Total Specialty	198,000,000	614,967	\$322
Anchor	204,000,000	526,744	\$387
Total Mall	402,000,000	1,141,711	\$352
<u>Westfield San Francisco</u>			
Specialty < 10,000 SF			\$1,014
Specialty > 10,000 SF			
Total Specialty	235,000,000	525,154	\$447
Anchor	256,000,000	892,083	\$287
Total Mall	491,000,000	1,417,237	\$346
<u>Taxable Sales (2016/Q4- 2017/Q3)</u>			
Valley Fair	\$649,200,000	1,377,645	\$471
Stanford Shopping Ctr	\$551,600,000	1,347,935	\$409
Oakridge Mall	\$362,600,000	1,417,237	\$256
Santana Row	\$309,100,000	584,395	\$529
Hillsdale	\$212,500,000	1,173,072	\$181

## **C. OFFICE MARKET DATA**

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**DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA  
PREPARED BY KEYSER MARSTON ASSOCIATES**

**11/08/18**

**TABLE C-1**  
**OFFICE MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

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## CITY OF SUNNYVALE

	<i>Inventory SF</i>	<i>Occupancy SF</i>	<i>Total Vacant %</i>	<i>Gross Rent (Direct)</i>	<i>SF Under Construction</i>	<i>Deliveries SF</i>	<i>Absorption SF</i>
YTD	17,522,947	16,439,469	6.2%	\$51	1,631,663	1,758,377	1,107,908
2017	15,764,570	15,331,561	2.7%	\$49	2,609,040	266,316	780,084
2016	15,498,254	14,551,477	6.1%	\$48	1,674,030	1,147,653	1,353,752
2015	14,350,601	13,197,725	8.0%	\$41	1,147,653	1,033,085	1,333,437
2014	13,317,516	11,864,288	10.9%	\$40	1,808,171	925,429	202,128
2013	12,422,131	11,662,160	6.1%	\$37	925,429	1,037,436	2,171,752
2012	11,384,695	9,490,408	16.6%	\$35	1,037,436	318,000	1,287,273
2011	11,066,695	8,203,135	25.9%	\$36	675,481	0	66,314
2010	11,066,695	8,136,821	26.5%	\$27	0	313,920	259,001
2009	10,752,775	7,877,820	26.7%	\$31	313,920	750,189	-34,361
2008	10,012,451	7,912,181	21.0%	\$35	1,064,109	1,811,910	616,216
2007	8,208,541	7,295,965	11.1%	\$32	2,379,994	189,869	196,189
2006	8,049,845	7,099,776	11.8%	\$24	1,012,865	25,570	241,311
2005	8,044,175	6,858,465	14.7%	\$21	215,358	159,076	607,021
2004	7,885,099	6,251,444	20.7%	\$22	133,716	0	-55,059
2003	7,885,099	6,306,503	20.0%	\$24	0	72,456	23,362
2002	7,812,643	6,283,141	19.6%	\$29	72,456	409,449	197,418
2001	7,403,194	6,085,723	17.8%	\$37	409,449	1,565,366	527,851
2000	5,837,828	5,557,872	4.8%	\$71	1,623,366	1,424,265	1,283,854
1999	4,413,563	4,274,018	3.2%	\$38	1,549,441	382,168	301,120
1998	4,043,095	3,972,898	1.7%	\$34	508,928	4,632	211,295
1997	4,069,463	3,761,603	7.6%	\$23	131,392	297,908	53,031
20-Year Average							578,677
5-Year Average							1,168,231

**TABLE C-1**  
**OFFICE MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

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**DOWNTOWN SUNNYVALE**

	<u>Inventory SF</u>	<u>Occupancy SF</u>	<u>Total Vacant %</u>	<u>Gross Rent (Direct)</u>	<u>SF Under Construction</u>	<u>Deliveries SF</u>	<u>Absorption SF</u>
YTD	973,126	619,093	36.4%	\$79	0	0	-268,277
2017	973,126	887,370	8.8%	\$79	0	0	7,641
2016	973,126	879,729	9.6%	\$82	0	0	-42,478
2015	973,126	922,207	5.2%	\$70	0	0	14,692
2014	973,126	907,515	6.7%	\$57	0	0	-40,145
2013	973,126	947,660	2.6%	\$63	0	0	19,781
2012	973,126	927,879	4.6%	\$55	0	0	148,963
2011	973,126	778,916	20.0%	\$46	0	0	97,694
2010	973,126	681,222	30.0%	\$40	0	313,920	119,490
2009	659,206	561,732	14.8%	\$25	313,920	0	-12,961
2008	669,071	574,693	14.1%	\$38	313,920	0	34,111
2007	677,071	540,582	20.2%	\$25	313,920	0	114,944
2006	677,071	425,638	37.1%	\$21	0	0	80,866
2005	677,071	344,772	49.1%	\$27	0	0	-1,248
2004	677,071	346,020	48.9%	\$27	0	0	41,587
2003	677,071	304,433	55.0%	\$27	0	0	-137,163
2002	677,071	441,596	34.8%	\$40	0	347,949	126,247
2001	329,122	315,349	4.2%	\$42	347,949	0	1,733
2000	329,122	313,616	4.7%	\$44	0	133,221	121,219
1999	195,901	192,397	1.8%	\$32	133,221	0	796
1998	207,601	191,601	7.7%	\$31	0	0	8,065
1997	207,601	183,536	11.6%	-	0	0	-7,368
20-Year Average							19,463
5-Year Average							-8,102



**TABLE C-1**  
**OFFICE MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

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**SANTA CLARA COUNTY**

	<i>Inventory SF</i>	<i>Occupancy SF</i>	<i>Total Vacant %</i>	<i>Gross Rent (Direct)</i>	<i>SF Under Construction</i>	<i>Deliveries SF</i>	<i>Absorption SF</i>
YTD	126,488,253	113,948,758	9.9%	\$43	3,358,068	2,182,877	1,243,756
2017	124,309,293	112,705,002	9.3%	\$43	4,886,945	8,262,031	6,249,813
2016	116,101,245	106,455,189	8.3%	\$41	10,397,240	3,151,701	1,921,087
2015	113,039,739	104,534,102	7.5%	\$38	8,784,705	3,988,487	6,101,905
2014	109,517,832	98,432,197	10.1%	\$35	9,314,055	1,590,704	1,751,138
2013	108,513,460	96,681,059	10.9%	\$31	3,049,930	2,439,533	3,128,852
2012	106,191,267	93,552,207	11.9%	\$29	2,501,782	968,478	3,393,314
2011	105,286,706	90,158,893	14.4%	\$27	1,285,166	87,829	2,739,886
2010	105,224,023	87,419,007	16.9%	\$24	398,509	1,401,236	1,579,540
2009	103,869,275	85,839,467	17.4%	\$27	1,694,505	1,789,453	-2,195,576
2008	102,693,741	88,035,043	14.3%	\$30	3,385,119	2,355,426	324,373
2007	100,514,400	87,710,670	12.7%	\$27	3,451,219	529,817	968,988
2006	100,313,991	86,741,682	13.5%	\$22	1,321,693	281,581	1,099,724
2005	100,132,590	85,641,958	14.5%	\$23	471,080	965,613	2,835,344
2004	99,272,443	82,806,614	16.6%	\$23	907,780	456,131	1,918,511
2003	99,085,858	80,888,103	18.4%	\$25	959,655	737,384	-190,647
2002	98,350,192	81,078,750	17.6%	\$31	906,886	3,078,993	-1,806,853
2001	95,520,089	82,885,603	13.2%	\$41	3,302,217	7,002,543	-3,878,563
2000	88,531,054	86,764,166	2.0%	\$48	8,315,305	5,882,743	7,098,259
1999	82,650,935	79,665,907	3.6%	\$36	7,036,935	4,895,548	5,754,472
1998	77,821,122	73,911,435	5.0%	\$34	6,093,969	4,934,318	3,267,036
1997	73,088,988	70,644,399	3.3%	\$25	5,490,189	1,191,708	849,248
20-Year Average							2,006,982
5-Year Average							3,830,559

**TABLE C-2**  
**PIPELINE PROJECTS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: City of Sunnyvale, Costar

Building Address	Park/Bldg	Year	RBA	Building Status
<u>Sunnyvale</u>				
221 N Mathilda Ave	Grove 221	2018	150,000	Under Construction
11th Ave/ Discovery Wy	Moffett Towers II (Bldg 2/3)	2018	700,663	Under Construction
5th Ave/ Discovery Wy	Moffett Towers II (Bldg 4/5)	2020	701,326	Approved
760 Mary Ave	Pathline Park (Bldg 1-6)	2019	681,000	Under Construction
760 Mary Ave	Pathline Park (Remaining)	TBD	790,400	Approved
1212 Bordeaux Ln		2019	100,000	Under Construction
520 Almanor Ave		2020	231,000	Approved
625 N Mathilda Ave	Mathilda Commons	2019	327,773	Approved
1184 N Mathilda Ave		2019	248,259	Under Construction
675 Almanor Ave		2020	150,000	Approved
265 Sobrante Way			120,740	Approved
589 W. Java	Verizon campus		315,000	Approved
623 Pastoria Ave.			56,817	Approved
684 W. Maude Ave.			174,545	Approved
1230 Oakmead Pkwy			23,874	Under Review
360 Caribbean Dr.	Google - Caribbean		362,665	(net) Under Review
401 E. Hendy Ave.			20,500	Under Review
465 N. Mary Ave.			173,000	Under Review
901 Kifer Rd.			172,672	Under Review
1689 S. Wolfe Rd.			5,016	Under Review
840 W. California Ave			641,020	Under Review

Construction, 2018	851,000	100% pre-leased
Construction, 2019 onward	1,029,000	10% pre-leased
Approved	2,868,000	24% pre-leased
Under Review	1,399,000	

Cupertino

20475 Stevens Creek	Cupertino City Center	2020	200,000	Proposed
Vallco Redevelopment		TBD	1.8M SF	Proposed/ SB35

Mountain View

599 Castro St		2018	109,701	Under Construction
401 San Antonio Rd	The Village at San Antonio	2018	218,800	Under Construction
La Avenida		2019	230,000	Proposed
750 Moffett Blvd	Ameswell	2019	218,000	Proposed
N Shoreline Blvd	Google	2022	1,600,000	Proposed
2000 N Shoreline Blvd	Google	2019	595,000	Proposed
1075 Terra Bella Ave	Calvano Development, Inc.	2019	23,372	Proposed

**TABLE C-3**  
**RECENTLY BUILT PROJECTS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

Building Address	Park/ Building	Year	RBA	Floor Size	Vacancy
<i>Page 1 of 2</i>					
<u>Sunnyvale</u>					
815 11th Ave	Technology Corners (6)	2014	219,000	43,800	0%
1237 E Arques Ave		2013	68,608	68,608	0%
1152 Bordeaux Dr	Moffett Place	2015-18	1,890,712	39,400	0%
1225 Crossman Ave	Moffett Gateway	2016	596,844	42,560	0%
1100 Enterprise Way	Moffett Towers (D)	2013	357,481	44,685	0%
1133 Innovation Way	Juniper Networks	2013	636,712	39,750	0%
505 N Mathilda Ave	LinkedIn Campus	2014	581,429	35,000	0%
596 Carroll St	Sutter Health	2013	116,450	37,260	0%
200-250 S Mathilda	CityLine Sunnyvale	2010	313,920	30,000	0%
580 N Mary Ave		2014	125,000	25,000	0%
415 N Mathilda Ave		2015	34,875	17,437	0%
431 N Mathilda Ave		2016	91,245	30,415	0%
433 N Mathilda Ave		2016	121,872	30,468	0%
815 W Maude Ave		2016	23,340	7,780	0%
237 Moffett Park Dr		2017	266,316	133,158	0%
307 N Pastoria Ave		2013	71,715	23,905	0%
479 N Pastoria Ave		2015	52,394	12,089	0%
384 Santa Trinita Ave		2013	104,470	26,117	0%
222 N Wolfe Rd	Central & Wolfe	2018	777,170	189,687	0%
1100 Discovery Way	Moffett Towers II (Bldg 1)	2018	350,663	43,832	0%
			6,800,000		
<u>Cupertino</u>					
10052 Orange Ave		2010	3,800	3,800	0%
N Wolfe Rd	Apple Park	2017	2,800,000	700,000	0%
19319 Stevens Creek Blvd	Main Street Cupertino	2016	260,000	32,500	0%
			3,064,000		
<u>Mountain View</u>					
250 Bryant St		2015	78,000	26,000	0%
605 Castro St		2015	29,924	6,982	0%
787 Castro St		2013	5,363	5,363	0%
645 Clyde Ave	Cypress Business Park	2015	385,729	30,576	0%
412 W El Camino Real		2016	8,426	8,426	0%
150 W Evelyn Ave	Castro Station	2014	49,052	16,351	0%
899 W Evelyn Ave		2013	70,232	16,500	0%
331 Fairchild Dr	Mntn View Technology Cntr	2013	87,565	29,188	0%
1987 Leghorn St		2014	10,870	10,870	0%
2600 Marine Way		2016	185,000	46,250	0%

**TABLE C-3**  
**RECENTLY BUILT PROJECTS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: Costar*

<b>Building Address</b>	<b>Park/ Building</b>	<b>Year</b>	<b>RBA</b>	<b>Floor Size</b>	<b>Vacancy</b>
<i>Page 2 of 2</i>					
<u>Mountain View Continued</u>					
590 E Middlefield Rd		2012	99,880	33,293	0%
690 E Middlefield Rd		2015	340,913	34,018	0%
620 National Ave		2016	151,998	37,999	100%
1255 Pear Ave		2015	156,317	31,263	0%
1625 Plymouth St		2018	225,000	37,500	0%
1001 N Shoreline Blvd		2017	111,443	27,861	0%
2019 Stierlin Ct	Shoreline Technology Park	2013	70,000	70,000	0%
900 Villa St		2014	21,750	5,437	0%
340 E Middlefield Rd		2012	18,272	9,136	0%
391 San Antonio Rd	Village at San Antonio	2017	239,006	36,466	0%
			<u>2,345,000</u>		

**TABLE C-4**  
**DOWNTOWN PROPERTY INVENTORY: OFFICE**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Building Address	Park/ Building	Year Built	RBA	Vacancy	Asking Rent
Page 1 of 2					
<u>CityLine</u>					
200 S Mathilda Ave	Nokia	2010	156,960	0%	
250 S Mathilda Ave	Apple	2010	156,960	0%	
			313,920		
<u>Sunnyvale City Center</u>					
100 Mathilda Pl	Bldg 3	2002	213,405	93%	\$71 NNN
150 Mathilda Pl	150 Mathilda Pl	2002	134,544	6%	\$71 NNN
190 Mathilda Pl	Bldg 1	2000	133,221	100%	\$71 NNN
			481,170		
<u>Sunnyvale Business Park</u>					
640 W California Ave		2001	58,394	49%	\$58 FS
600 W California Ave		1985	75,265	0%	
400 W California Ave		1954	34,862	0%	
			168,521		
<u>Sutter- Sunnyvale Center</u>					
201 Old San Francisco Rd		1996	14,338	0%	
301 Old San Francisco Rd			60,047	0%	
401 Old San Francisco Rd		1994	15,667	0%	
			90,052		
<u>Local-serving</u>					
438 S Murphy Ave	Law Offices	1987	9,612	0%	
260 S Sunnyvale Ave		1984	11,000	29%	\$42 FS
111 W Evelyn Ave	Murphy Square	1982	41,899	5%	
500 S Murphy Ave		1978	3,410	0%	
150 W Iowa Ave		1981	11,896	0%	
300 W Iowa Ave		1980	11,646	0%	
298 S Sunnyvale Ave	De Anza Bldg	1978	27,000	28%	\$45 FS
480 S Mathilda Ave		1976	7,000	0%	
355 W Olive Ave		1976	13,392	0%	
533-535 S Murphy Ave		1972	1,800	0%	
444 S Mathilda Ave		1971	2,611	0%	
505 W Olive Ave	Sunnyvale Office Cntr	1962	35,721	2%	
510 S Mathilda Ave		1956	8,883	0%	
584 S Mathilda Ave		1956	3,665	0%	
539-543 S Murphy Ave		1953	2,940	0%	
499 S Sunnyvale Ave		1953	2,412	0%	
146-148 W Iowa Ave		1948	4,000	0%	
514 S Murphy Ave		1945	1,550	0%	
422 S Murphy Ave		1942	3,191	0%	
414 S Murphy Ave		1941	712	0%	

**TABLE C-4**  
**DOWNTOWN PROPERTY INVENTORY: OFFICE**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Building Address	Park/ Building	Year Built	RBA	Vacancy	Asking Rent
Page 2 of 2					
<u>Local Serving, Cont.</u>					
510 S Murphy Ave		1937	2,116	0%	
562 S Mathilda Ave		1930	1,347	0%	
130 S Sunnyvale Ave		1928	2,072	0%	
405 S Sunnyvale Ave		1928	1,960	0%	
415 S Murphy Ave		1926	3,204	0%	
421 S Sunnyvale Ave		1926	1,270	0%	
110 Iowa Ave		1925	3,335	0%	
481 S Murphy Ave		1925	1,672	0%	
563 S Murphy Ave		1925	1,548	0%	
321 E Washington Ave		1925	800	0%	
421 W Washington Ave		1925	1,064	0%	
464 S Sunnyvale Ave		1922	792	0%	
433 S Murphy Ave		1911	2,160	0%	
519 S Murphy Ave		1901	3,251	0%	
520-522 S Murphy Ave			1,487	0%	
101 W Olive Ave			1,800	0%	
456 W Olive Ave			32,352	0%	
650 W Olive Ave			20,330	0%	
			<hr/> 286,900		

**TABLE C-5**  
**RECENT OFFICE LEASING/ DEVELOPMENT ACTIVITY NEAR CALTRAIN**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

<u>Station/ Firm Name</u>	<u>Year</u>	<u>Square Feet</u>	<u>Distance To Caltrain (mi)</u>
<u>San Jose Diridon</u>			
Google	2025	6-8M SF <i>Proposed</i>	0.3
<u>Sunnyvale</u>			
23 and Me	2019	150,000	0.4
<u>San Antonio (Mountain View)</u>			
Facebook/ WeWork	2017	457,000	0.4
<u>Palo Alto</u>			
Cloudera	2016	225,000	0.4
<u>Redwood City</u>			
Box.com	2014	334,000	0.2
Goodwin Procter LLP	2017	100,000	0.3
<u>Hillsdale (San Mateo)</u>			
SurveyMonkey	2015	210,000	0.3
Guidewire Software	2018	189,000	0.3
<u>Hayward Park (San Mateo)</u>			
Medallia	2016	210,115	0.1

**TABLE C-6**  
**EMPLOYMENT TRENDS IN SANTA CLARA COUNTY**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: Quarterly Census of Employment and Wages*

	<b>Office-Using <sup>(1)</sup></b>	<b>Remaining</b>	<b>Total Jobs</b>	<b>Office %</b>
1999	353,803	531,863	885,665	40%
2000	385,096	558,478	943,574	41%
2001	370,086	541,042	911,128	41%
2002	318,521	493,258	811,779	39%
2003	295,839	465,948	761,787	39%
2004	292,398	464,768	757,166	39%
2005	293,499	472,844	766,343	38%
2006	302,917	485,228	788,145	38%
2007	311,988	494,528	806,516	39%
2008	314,311	501,190	815,501	39%
2009	292,721	467,623	760,344	38%
2010	291,695	464,890	756,585	39%
2011	304,698	479,086	783,784	39%
2012	316,787	504,426	821,213	39%
2013	332,944	522,746	855,690	39%
2014	348,794	541,217	890,011	39%
2015	367,853	563,006	930,859	40%
2016	376,896	580,653	957,549	39%
2017 est.	389,882	594,426	984,308	40%
<u>Growth</u>	<u>CAGR</u>	<u>CAGR</u>	<u>CAGR</u>	<u>% of growth</u>
1999-2017	0.5%	0.6%	0.6%	37%
2010-2017	4.2%	3.6%	3.8%	43%

<sup>(1)</sup> Based on National Industry-Occupation Matrix published by BLS and local employment by industry.



**TABLE C-7**  
**CALTRAIN AND BART RIDERSHIP TRENDS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: BART and Caltrain*

**Average Weekday Riders**

	<b>CalTrain</b>	<b>BART</b>
1999	26,028	274,681
2000	29,728	309,205
2001	33,691	331,586
2002	29,178	310,725
2003	25,577	295,158
2004	23,947	306,570
2005	26,533	310,717
2006	29,760	322,965
2007	31,507	339,359
2008	34,611	357,775
2009	36,232	356,712
2010	34,120	334,984
2011	37,779	345,256
2012	42,354	366,565
2013	47,060	392,293
2014	52,611	399,145
2015	58,245	423,120
2016	62,416	433,394
2017	62,190	423,395
<b><u>Growth</u></b>	<b><u>CAGR</u></b>	<b><u>CAGR</u></b>
1999-2017	5.0%	2.4%
2010-2017	9.0%	3.4%

*Sunnyvale % of Caltrain Riders*

**5.3%**

**TABLE C-8**  
**JOB GROWTH FORECASTS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

Year	Caltrans Santa Clara Co.	CBPR San Jose Metro	UCLA Anderson Santa Clara Co.	Beacon South Bay	UCLA Anderson Bay Area (2018)
2018	2.05%	1.90%	1.70%	1.50%	2.10%
2019	1.42%	1.40%	1.50%		"slow down"
2020	1.18%	1.20%	0.80%		"slow down"
2021	0.97%		0.30%		
2022	0.99%		0.00%		
2023	0.92%				
2019-23	1.10%				

## **D. RESIDENTIAL MARKET DATA**

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**DSP AMENDMENTS - MARKET ANALYSIS**

**SUNNYVALE, CA**

**PREPARED BY KEYSER MARSTON ASSOCIATES**

**11/08/18**

**TABLE D-1**  
**MULTIFAMILY RENTAL MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

Page 1 of 3

**CITY OF SUNNYVALE**

	<i><u>Inventory du</u></i>	<i><u>Occupied du</u></i>	<i><u>Total Vacant %</u></i>	<i><u>Effective Rent/du</u></i>	<i><u>Units Under Construction</u></i>	<i><u>Units Delivered</u></i>	<i><u>Units Absorbed</u></i>
YTD	25,620	24,539	4.4%	\$2,643	-	-	150
2017	25,620	24,389	5.0%	\$2,515	-	389	679
2016	25,231	23,710	6.4%	\$2,387	389	291	-240
2015	24,940	23,950	4.1%	\$2,436	680	144	144
2014	24,796	23,806	4.2%	\$2,277	334	563	780
2013	24,233	23,026	5.2%	\$2,072	660	652	372
2012	23,606	22,654	4.2%	\$1,903	880	-	-71
2011	23,652	22,725	4.1%	\$1,750	336	284	181
2010	23,368	22,544	3.7%	\$1,628	284	-	250
2009	23,368	22,294	4.8%	\$1,507	-	-	-52
2008	23,368	22,346	4.6%	\$1,720	-	41	-336
2007	23,327	22,682	2.8%	\$1,679	41	90	-19
2006	23,237	22,701	2.4%	\$1,542	126	50	268
2005	23,187	22,433	3.4%	\$1,395	140	-	379
2004	23,187	22,054	5.1%	\$1,327	-	123	251
2003	23,064	21,803	5.8%	\$1,360	123	-	-25
2002	23,076	21,828	5.7%	\$1,500	-	-	47
2001	23,076	21,781	5.9%	\$1,719	-	-	-812
2000	23,076	22,593	2.1%	\$1,978	-	-	-133

**TABLE D-1**  
**MULTIFAMILY RENTAL MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

Page 2 of 3

**DOWNTOWN SUNNYVALE**

	<i><u>Inventory du</u></i>	<i><u>Occupied du</u></i>	<i><u>Total Vacant %</u></i>	<i><u>Effective Rent/du</u></i>	<i><u>Units Under Construction</u></i>	<i><u>Units Delivered</u></i>	<i><u>Units Absorbed</u></i>
YTD	932	900	3.6%	\$3,798	-	-	5
2017	932	896	4.0%	\$3,584	-	184	252
2016	748	644	16.1%	\$3,380	184	129	27
2015	619	593	4.4%	\$3,646	313	-	-2
2014	619	595	4.0%	\$3,492	184	133	304
2013	486	291	67.0%	\$3,048	133	280	92
2012	206	198	4.0%	\$2,957	280	-	0
2011	206	199	3.5%	\$1,763	-	-	0
2010	206	199	3.5%	\$1,737	-	-	2
2009	206	198	4.0%	\$1,644	-	-	-1
2008	206	199	3.5%	\$1,863	-	5	-2
2007	201	196	2.6%	\$1,827	5	-	-1
2006	201	197	2.0%	\$1,701	-	-	2
2005	201	195	3.1%	\$1,587	-	-	4
2004	201	192	4.7%	\$1,542	-	-	1
2003	201	191	5.2%	\$1,633	-	-	0
2002	201	191	5.2%	\$1,819	-	-	0
2001	201	191	5.2%	\$2,220	-	-	-6
2000	201	197	2.0%	\$2,017	-	-	-1

**TABLE D-1**  
**MULTIFAMILY RENTAL MARKET STATISTICS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

Page 3 of 3

**SANTA CLARA COUNTY**

	<i><u>Inventory du</u></i>	<i><u>Occupied du</u></i>	<i><u>Total Vacant %</u></i>	<i><u>Effective Rent/du</u></i>	<i><u>Units Under Construction</u></i>	<i><u>Units Delivered</u></i>	<i><u>Units Absorbed</u></i>
YTD	152,484	144,945	5.2%	\$2,563	9,266	1,123	697
2017	151,361	144,008	5.1%	\$2,449	8,671	2,192	1,800
2016	149,404	141,562	5.5%	\$2,379	8,100	2,824	2,203
2015	146,580	139,283	5.2%	\$2,393	6,080	5,060	3,799
2014	141,525	135,123	4.7%	\$2,236	6,685	3,618	3,600
2013	137,981	131,204	5.2%	\$2,076	6,762	3,052	2,539
2012	135,001	128,547	5.0%	\$1,922	6,601	2,423	1,514
2011	132,659	126,986	4.5%	\$1,777	5,098	557	185
2010	132,128	126,799	4.2%	\$1,652	923	270	1,372
2009	131,871	125,433	5.1%	\$1,552	453	724	-363
2008	131,415	125,317	4.9%	\$1,725	724	1,616	-1,160
2007	129,810	125,740	3.2%	\$1,692	1,891	212	-433
2006	129,819	125,959	3.1%	\$1,556	1,258	985	1,990
2005	128,842	123,635	4.2%	\$1,419	1,387	455	1,998
2004	128,387	121,455	5.7%	\$1,364	870	745	1,053
2003	127,642	120,202	6.2%	\$1,404	745	598	653
2002	127,056	119,550	6.3%	\$1,527	800	1,347	973
2001	125,709	118,473	6.1%	\$1,737	1,945	607	-3,897
2000	125,102	122,358	2.2%	\$1,872	1,019	857	128

**TABLE D-2**

**RECENTLY BUILT MULTIFAMILY RENTAL PROJECTS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO**

**DSP AMENDMENTS - MARKET ANALYSIS**

**SUNNYVALE, CA**

**11/8/2018**

Address	Building Name	Year	Units	Size (SF)	Avg. Eff. Rent/du	Eff. Rent PSF	Vacancy
Page 1 of 2							
<u>Sunnyvale</u>							
959 Stewart Dr	Stewart Village Apartments	2014	202	794	\$3,602	\$4.53	1%
150 S Taaffe St*	Loft House	2014	133	924	\$4,005	\$4.33	2%
457 E Evelyn Ave*	Ironworks	2017	184	1,105	\$4,526	\$4.10	3%
1101 N Fair Oaks Ave	Anton 1101	2015	97	855	\$3,505	\$4.10	5%
1095 W El Camino Real	Naya	2016	156	857	\$3,500	\$4.09	5%
299 E Washington Ave*	Solstice	2013	280	929	\$3,753	\$4.04	3%
550 E Weddell Dr	Encasa Apartments	2016	465	969	\$3,729	\$3.85	6%
1180-1190 N Fair Oaks Ave	Shops at Via	2011	284	911	\$3,388	\$3.72	3%
481 S Mathilda Ave*	481 On Mathilda	2016	105	874	\$3,238	\$3.70	6%
1271-1281 Lawrence Stat. Rd	Lawrence Station	2013	336	895	\$3,273	\$3.66	2%
610 E Weddell Dr	6tenEAST	2017	205	995	\$3,515	\$3.53	10%
916 De Guigne Dr	Nova at The Vale	2017					
238 Carroll St*	Classics at Town Plaza	2016	24	1,304			
585 Old San Francisco Rd		2016	6	1,772			
470 Persian Dr	Solaire	2015	47				
592 Santa Rosalia Ter	Fusion	2014	228	1,198			
637 E Taylor Ave	Lotus Townhomes	2013	36				

\* = Downtown Sunnyvale

Cupertino

19600-19900 Vallco Pky	Nineteen 800	2014	204	1,378	\$5,089	\$3.69	4%
19550 Vallco Pky	Main Street Cupertino Lofts	2018	120	1,092	\$4,370	\$3.64	76%

**TABLE D-2**

**RECENTLY BUILT MULTIFAMILY RENTAL PROJECTS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO**

**DSP AMENDMENTS - MARKET ANALYSIS**

**SUNNYVALE, CA**

**11/8/2018**

<b>Address</b>	<b>Building Name</b>	<b>Year</b>	<b>Units</b>	<b>Size (SF)</b>	<b>Avg. Eff. Rent/du</b>	<b>Eff. Rent PSF</b>	<b>Vacancy</b>
Page 2 of 2							
<u>Mountain View</u>							
100 Moffett Blvd	100 Moffett	2016	184	897	\$4,621	\$5.15	6%
1030 Castro St	Elan Mountain View	2018	164	763	\$3,964	\$5.03	
455 W Evelyn Ave	Madera Apartments	2013	203	995	\$4,675	\$4.70	6%
1720 W El Camino Real	Montrose	2016	228	884	\$3,900	\$4.41	7%
2650 W El Camino Real	Domus on the Boulevard	2015	193	886	\$3,786	\$4.27	3%
2020 W El Camino Real	Verve	2017	155	1,113	\$4,743	\$4.26	3%
555 San Antonio Rd	Carmel The Village	2013	330	854	\$3,490	\$4.09	3%
420 Ferguson Dr	Radius	2018	113	1,617			
1101 W El Camino Real		2017	52				
827 N Rengstorff Ave	Newton Square	2016	24				
865-881 E El Camino Real	Oakwood Mountain View	2015	149	868			



**TABLE D-3**  
**RESIDENTIAL PIPELINE - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar, City of Sunnyvale

Address	Year	Stories	Units	Type	Status
<i>Page 1 of 2</i>					
<u>Sunnyvale</u>					
345 W Mc Kinley Ave	2018	5	74	MF Rental	Construction
350 W Mc Kinley Ave	2018	5	74	MF Rental	Construction
320 W Washington Ave	2018	5	50	MF Rental	Construction
460 Persian Dr.		4	66	MF Afford.	Construction
680 E. Taylor Ave.			66	THs	Construction
701-729 E. Evelyn Ave.			204	THs	Construction
711 E. Evelyn Ave.			11	THs	Construction
755 E. Evelyn Ave.			42	THs	Construction
915 De Guigne Dr.			450	THs	Construction
803 W. El Camino Real			49	MF + SF	Construction
1122 Aster Ave.		3	34	THs	Construction
625 E. Taylor Ave.		3	20	THs	Construction
871 E Fremont Ave	2019	8	138	MF Rental	Approved
1139 Karlstad Dr	2019	4	250	MF Rental	Approved
1130 Kifer Rd	2019	5	520	MF Rental	Approved
1250 Lakeside Dr	2019	6	250	MF Rental	Approved
1023 N. Fair Oaks		3	14	THs	Approved
1111 Karlstad Dr.		3	18	THs	Approved
160 Persian Dr.			18	THs	Approved
740 San Aleso Ave	2020		118	MF Rental	Under Review
1008 E El Camino Real	2019	5	108	MF Rental	Under Review
1124 W. El Camino Real		4	66	MF Rental	Under Review
1155 Aster Ave		3-5	743	MF/Condo/TH	Under Review
311 S. Mathilda Ave.		5	75	MF Rental	Under Review
840 W. California Ave			615	Condos	Under Review
1 AMD Place (Irvine)			1,074	THs/ MF	Under Review
1142 Dahlia			58	SF	Under Review
1154 Sonora Ct.		5	173	MF Rental	Under Review
1162 Sunnyvale-Saratoga Rd.		3	14	THs	Under Review
1235 Wildwood Ave.			288	MF Rental	Under Review
210 W. Ahwanee Ave.		4	14	Condos	Under Review
245 W. Weddell Dr.			24	MF Afford.	Under Review
370 San Aleso Ave.		3	65	THs	Under Review
528 S. Mathilda Ave.			30	MF Rental	Under Review
655 S. Fair Oaks Ave.			268	MF Rental	Under Review

Cupertino

10310 N Foothill Blvd	2018	2	15		Construction
19500 Pruneridge Ave	2020	5	942		Proposed
10122 Bandle Dr	2019	4	188		Proposed
Vallco Redevelopment	TBD		2,402		Proposed

Prepared by Keyser Marston Associates, Inc.

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**TABLE D-3**  
**RESIDENTIAL PIPELINE - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar, City of Sunnyvale

Address	Year	Stories	Units	Type	Status
<i>Page 2 of 2</i>					
<u>Mountain View</u>					
400 San Antonio Rd	2020	5	583		Construction
500 Ferguson Dr	2019	4	348		Construction
1701 W El Camino Real	2018	5	67		Construction
779 E Evelyn Ave	2018	4	116		Construction
1313-1347 El Camino Real	2020	4	24		Proposed
2268-2280 El Camino Real	2020	4	206		Proposed
2700 W El Camino Real	2020	5	211		Proposed
555 W Middlefield Rd	2020	3	341		Proposed
777 W Middlefield Rd	2020	5	711		Proposed
2296 Mora Dr	2020	2	75		Proposed
1255 Pear Ave	2020	6	800		Proposed
881 Castro St	2019	4	14		Proposed
2645-2655 Fayette Dr	2019	4	26		Proposed
325-339 Franklin Ave	2019	2	15		Proposed
231-235 Hope St	2019	4	9		Proposed
394 Ortega Ave	2019	4	144		Proposed
1001 N Shoreline Blvd	2019	7	100		Proposed
1001 N Shoreline Blvd	2019	7	203		Proposed

**TABLE D-4**  
**DOWNTOWN PROPERTY INVENTORY: MULTIFAMILY RENTAL**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

Building Address	Building Name	Year Built	Units	Unit SF	Avg. Eff. Rent/Unit	Avg. Eff. Rent/SF	Vacancy
<i>Page 1 of 3</i>							
150 S Taaffe St	Loft House	2014	133	924	\$4,005	\$4.33	2.3%
457 E Evelyn Ave	Ironworks	2017	184	1,105	\$4,526	\$4.10	3.3%
299 E Washington Ave	Solstice	2013	280	929	\$3,753	\$4.04	3.2%
481 S Mathilda Ave	481 On Mathilda	2016	105	874	\$3,238	\$3.70	5.7%
141-370 Altair Way		1986	20	613	\$3,114	\$3.58	5.0%
220-260 N Mathilda Ave	Wildwood Manor	1973	185	665	\$2,066	\$3.11	1.6%
280 W California Ave		1974	20	600	\$1,858	\$3.10	5.0%
555 E Washington Ave	Heritage Park	1986	508	790	\$2,390	\$3.03	1.2%
355 E Evelyn Ave	Villa Del Sol	2001	124	970	\$2,926	\$3.02	0.8%
364-366 W Olive Ave	Civic Center	1960	30	875	\$2,270	\$2.59	6.7%
158 N Sunnyvale Ave	Villa Oaks Apartments	1970	40	847	\$2,078	\$2.45	7.5%
263 Waverly St		1963	6	546	\$1,125	\$2.06	0.0%
341-343 Angel Ave			8	817	\$1,367	\$1.67	0.0%
183 S Bayview Ave	Uptown Apartments	1959	15				6.7%
231 S Bayview Ave	Bayview Apartments	1964	21	755			4.8%
461-469 S Bayview Ave		1948	9				0.0%
315 Beemer Ave		1962	7	557			0.0%
384-388 Beemer Ave		1956	2				0.0%
458 Bryan Ave		1928	3		\$1,244		0.0%
129 W California Ave		1946	3				0.0%
220-228 W California Ave		1941	10	500			0.0%
238 W California Ave		1979	3				0.0%
245 W California Ave	Francis Garden	1976	15				6.7%
274-278 W California Ave			6				0.0%
134 Carroll St	Carroll Street Villas	1997	11				
238 Carroll St	Classics at Town Plaza	2016	24	1,304			
141 Charles Ave		1942	3				0.0%

**TABLE D-4**

**DOWNTOWN PROPERTY INVENTORY: MULTIFAMILY RENTAL**

**DSP AMENDMENTS - MARKET ANALYSIS**

**SUNNYVALE, CA**

**11/8/2018**

Source: Costar

Building Address	Building Name	Year Built	Units	Unit SF	Avg. Eff. Rent/Unit	Avg. Eff. Rent/SF	Vacancy
Page 2 of 3							
215 Charles Ave		1971	7				0.0%
245-247 Charles Ave		1947	3	750			0.0%
387-395 Charles Ave		1947	3	678			0.0%
215 Charles St	215 Charles Street	1971	9				0.0%
333 S Fair Oaks Ave		1968	13				7.7%
112 Florence St		1989	6				0.0%
428 S Frances St		1947	4				0.0%
585 Iowa Ave		1962	14				7.1%
339-341 Kenmore Ave		1949	2				0.0%
358-360 Kenmore Ave		1956	2				0.0%
386 Kenmore Ave		1956	2				0.0%
129-145 S Mathilda Ave	Mathilda Garden	1949	9		\$1,129		0.0%
345-347 S Mathilda Ave		1949	5				0.0%
528 S Mathilda Ave		1950	8				0.0%
345 W Mc Kinley Ave	Building E	2018	74				
350 W Mc Kinley Ave	Building F	2018	74				
355 E McKinley		1966	2				0.0%
524-528 E McKinley Ave		1955	2				0.0%
182 N Murphy Ave		1964	11				9.1%
183 N Murphy Ave		1962	10				10.0%
193 N Murphy Ave		1963	5				0.0%
453 S Murphy Ave		1941	4				0.0%
463 S Murphy Ave		2008	5	2,144			
478 S Murphy Ave		1992	6				0.0%
489 S Murphy Ave		1925	4				0.0%
561 Old San Francisco Rd	Cathedral Heights	1978	9	889			0.0%
585 Old San Francisco Rd		2016	6	1,772			0.0%
215 W Olive Ave		1970	9	719			0.0%
360 W Olive Ave		1960	12				0.0%

Prepared by Keyser Marston Associates, Inc.

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**TABLE D-4**  
**DOWNTOWN PROPERTY INVENTORY: MULTIFAMILY RENTAL**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: Costar

Building Address	Building Name	Year Built	Units	Unit SF	Avg. Eff. Rent/Unit	Avg. Eff. Rent/SF	Vacancy
<i>Page 3 of 3</i>							
161 N Sunnyvale Ave		1916	7				0.0%
390 S Sunnyvale Ave		1970	15	592			0.0%
415 S Sunnyvale Ave		1962	4				0.0%
430 S Sunnyvale Ave		1922	4				0.0%
365 E Washington Ave		1965	6				0.0%
320 W Washington Ave	Building D	2018	50				
161 Waverly		1940	4				0.0%
440-444 Waverly St		1953	2				0.0%
267 W California Ave	Stoney Pine Apartments	2002	23	694	\$1,694	\$2.44	4.4%
174 Carroll St	Carroll Inn	1994	122	239	\$523	\$2.18	4.9%
200 E Washington Ave	Plaza De Las Flores	1984	100	610	\$1,896	\$3.11	1.0%
			2,432				

## **E. HOTEL MARKET DATA**

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**DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA  
PREPARED BY KEYSER MARSTON ASSOCIATES**

**11/08/18**

**TABLE E-1**  
**SUNNYVALE HOTEL TRENDS**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: STR. Upper midscale and above.*

	<b>Occupancy</b>	<b>RevPAR</b>	<b>Room Nights</b>	<b>Inventory</b>
2012	75%	\$95	480,104	1,744
2013	78%	\$110	494,960	1,742
2014	77%	\$124	501,587	1,779
2015	77%	\$146	552,126	1,958
2016	77%	\$154	541,566	1,931
2017	77%	\$161	546,026	1,931
2018 (ytd)	75%	\$166	132,963	1,970
2012-2017			2.6% growth	

**TABLE E-2**

**RECENTLY BUILT & PIPELINE HOTELS - SUNNYVALE, MOUNTAIN VIEW, AND CUPERTINO  
DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA**

**11/8/2018**

*Source: Costar, City of Sunnyvale*

<b>Building Address</b>	<b>Year</b>	<b>Status</b>	<b>Brand Name</b>	<b>Net Rooms</b>
<u>Sunnyvale</u>				
660 W El Camino Real	2014	Existing	Courtyard Sunnyvale Mountain View	145
170 S Sunnyvale Ave	2015	Existing	<u>Aloft (Downtown Sunnyvale)</u>	85
725 S Fair Oaks Ave	2018	Construction	AC Hotel	182
767-69 N. Mathilda Ave.	2019	Construction	Hilton Garden Inn	238
1250 Lakeside Dr	2019	Approved	Millennium Hotel	260
1080 Stewart Drive	2019	Approved	Marriott Residence Inn (expansion)	109
1101 Elko Dr.		Approved		51
750 Lakeway Drive	2019	Approved	Residence Inn by Marriott (expansion)	79
830 E. El Camino Real		Approved	Hilton Homewood Suites	127
861 E. El Camino Real		Approved	Hampton Inn	162
1235 Bordeaux Dr. (a)	2020	Approved	AC Hotel	164
1235 Bordeaux Dr. (b)	2020	Approved	Courtyard Marriott	186
1120 Innovation Way		Approved		180
590 W. El Camino Real		Approved		85
803 W. El Camino Real		Approved	Grand Hotel (expansion)	51
1100 N. Mathilda Ave.		Under Review	Sheraton Sunnyvale (expansion)	185
1296 Lawrence Station Rd.		Under Review		135
<u>Cupertino</u>				
10165 N De Anza Blvd	2013	Existing	Aloft Cupertino	123
19429 Vallco Pky	2017	Existing	Residence Inn by Marriott	180
10380 Perimeter Road	2018	Construction	Hyatt House	148
Wolfe Road	2019	Approved	Boutique hotel	185
De Anza Boulevard	2019	Approved		156
<u>Mountain View</u>				
1625 N Shoreline Blvd	2019	Proposed	Shashi Hotel	200



**TABLE E-3**  
**COUNTY & CITY HOTEL INVENTORY - BY YEAR BUILT**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

11/8/2018

Source: STR.

	<b>County</b>			<b>Sunnyvale</b>			<b>Sunnyvale Share of County</b>		
	Before 1980	After 1980	Total	Before 1980	After 1980	Total	Before 1980	After 1980	Total
Economy Class	2,338	3,171	5,509	166	379	545	7%	12%	10%
Midscale Class	769	763	1,532	225	222	447	29%	29%	29%
Subtotal	3,107	3,934	7,041	391	601	992	13%	15%	14%
Upper Midscale Class	1,272	3,033	4,305	153	332	485	12%	11%	11%
Upscale Class	517	7,324	7,841	-	973	973	0%	13%	12%
Upper Upscale Class	1,958	4,032	5,990	205	664	869	10%	16%	15%
Luxury Class	526	1,772	2,298				0%	0%	0%
Subtotal	4,273	16,161	20,434	358	1,969	2,327	8%	12%	11%
Grand Total	7,380	20,095	27,475	749	2,570	3,319	10%	13%	12%

## **F. TRANSACTION DATA**

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**DSP AMENDMENTS - MARKET ANALYSIS  
SUNNYVALE, CA  
PREPARED BY KEYSER MARSTON ASSOCIATES**

**11/08/18**

**TABLE F-1**  
**SALES OF RECENTLY BUILT PROPERTIES IN SUNNYVALE**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

Property Address	Yr Built	Yr Sold	Bldg SF	Acres	Units	Price	\$/SF	\$/Unit	Cap Rate
<u>Multifamily</u>									
150 S Taaffe St	2014	2017	146,000	1.6	133	\$104,000,000	\$712	\$781,955	3.9%
<u>Office</u>									
237 Moffett Park Dr*	2017	2017	266,316	9.5		\$206,506,151	\$775		
384 Santa Trinita Ave	2013	2015	104,470	4.6		\$60,125,000	\$576		
200 S Mathilda Ave *	2010	2015	156,960	1.5		\$154,170,020	\$982		
250 S Mathilda Ave *	2010	2015	156,960	1.5		\$115,829,980	\$738		
525 Almanor Ave	2008	2013	166,300	5.8		\$94,000,000	\$565		5.7%
<u>Retail</u>									
883 Borregas Ave	2009	2015	4,973	0.4		\$3,050,000	\$613		5.1%
780 E El Camino Real St	2008	2012	14,820	1.6		\$10,050,000	\$678		5.6%
798-820 E El Camino Real	2008	2012	5,720	0.8		\$4,450,000	\$778		6.0%

\* Part of multi-property sale.

**TABLE F-2**  
**RECENT LAND SALES IN SUNNYVALE**  
**DSP AMENDMENTS - MARKET ANALYSIS**  
**SUNNYVALE, CA**

**11/8/2018**

*Source: Costar*

Property Address	Year	Land Acres	Sale Price	Price/SF
<u>Residential</u>				
916 De Guigne Dr	2017	5.4	\$63,000,000	\$270
715 E Homestead Rd	2017	0.2	\$1,475,000	\$169
423 E Maude Ave	2015	0.5	\$2,200,000	\$98
620 E Taylor Ave	2014	1.2	\$5,060,000	\$95
585 Old San Francisco Rd	2013	0.3	\$1,835,000	\$152
560 S Mathilda Ave	2012	0.2	\$700,000	\$73
221 Town and Country	2011	2.5	\$13,000,000	\$119
201 Town And Country	2010	2.4	\$19,000,000	\$182
<u>Office</u>				
1350 Geneva Dr *	2017	5.1	\$26,347,144	\$118
945 E Kifer Rd	2014	15.0	\$45,000,000	\$69
1116-1130 Matilda Ave	2012	6.6	\$21,000,000	\$73
399 W Java Dr	2010	6.9	\$17,750,000	\$59
303 W El Camino Real	2010	0.2	\$825,000	\$118
<u>Hotel</u>				
590 W El Camino Real	2014	0.6	\$2,850,000	\$119
<u>Retail</u>				
1101 Elko Dr	2014	0.5	\$960,000	\$43

\* Part of multi-property sale.