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The Plant to Bloom in San Jose

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A former General Electric motor factory under redevelopment in the Silicon Valley will re-open later this year as the largest retail power center in San Jose, Calif.

Target Corp. is the latest retailer to commit to the 646,000 sq. ft. shopping complex at The Plant, a 55.4-acre, mixed-use project under development by a joint venture of San Francisco-based Westrust Ventures LLC, Pacific Coast Capital Partners and Vornado Realty Trust. In a deal announced Jan. 23, Target purchased 10 acres at the site to develop its own 138,000 sq. ft. store and parking lot. Stores committed to lease anchor space in Westrust's \$142 million retail center include Home Depot, Best Buy and PetSmart.

Westrust executives decline to discuss specific leases under negotiation, but Sean Whiskeman, the company's managing director of leasing and marketing, describes the number of deals in the works as significant. "Leasing has been very strong," he says.

San Jose, California's third-largest city boasts average annual household incomes in excess of \$97,000 but offers surprisingly few retail venues for its size. The vacancy rate for community shopping centers was a scant 1.6% in the third quarter, according to Reis Inc.

Ricardo Capretta, co-managing partner of Westrust, describes the city as a diverse retail market that has been underserved by major retailers. "While adding attractive shopping and dining options for surrounding communities, The Plant will create hundreds of jobs, an outstanding economic boon for the city of San Jose," he says.

Large retailers have typically clustered in a few areas, including Eastridge, Oakridge and the central business district. "The components of retail have focused around those core areas, and it has certainly left a lot of holes around the market," Whiskeman says. "What we're seeing now are some corners that are being freed up and redeveloped. [The Plant] is a re-entitlement and repositioning of a property to its highest and best use for the community."

The Plant is a good example of how retail is spreading through redevelopment. Once a manufacturing site for agricultural and power plant components, all but one

building of the original complex have been razed to make way for the mixed-use project. The development borrows Art Moderne architectural elements from the remaining structure: Erected in 1948, the 17,000 sq. ft. building will reopen with first-floor retail topped by offices.

Having so much space to work with in a market with limited retail sites available has aided marketing efforts for the project, Whiskeman says. "Entitled retail dirt in San Jose is very valuable, and we've been fortunate enough to assemble 55 acres."

Plans for The Plant call for a 2,000 sq. ft. community center and a Town Square with a central park, restaurants and boutiques. In addition, The Plant will offer 141,000 sq. ft. of specialty retail and dining options, 8,000 sq. ft. of offices and a gas service station. Most of the anchors and specialty retailers are expected to open by this fall. Architecture firm Kenneth Rodrigues Partners of Mountain View, Calif., designed the project.

According to the Sedway Group of San Francisco, The Plant is expected to generate \$243 million in annual sales revenue.