



Moffett Park Specific Plan

Understanding the Future: Market Conditions





Topics and Content

- How the Market Matters
- COVID-19 Considerations
- Location and Context
- Market Conditions, Trends, and Opportunities

How the Market Matters in the Specific Plan

- Market analysis explains the “who, what, when, where, why” of growth
- Ensures a plan can be implemented
- Community priorities matter
- Growth is shaped through public investments and policies



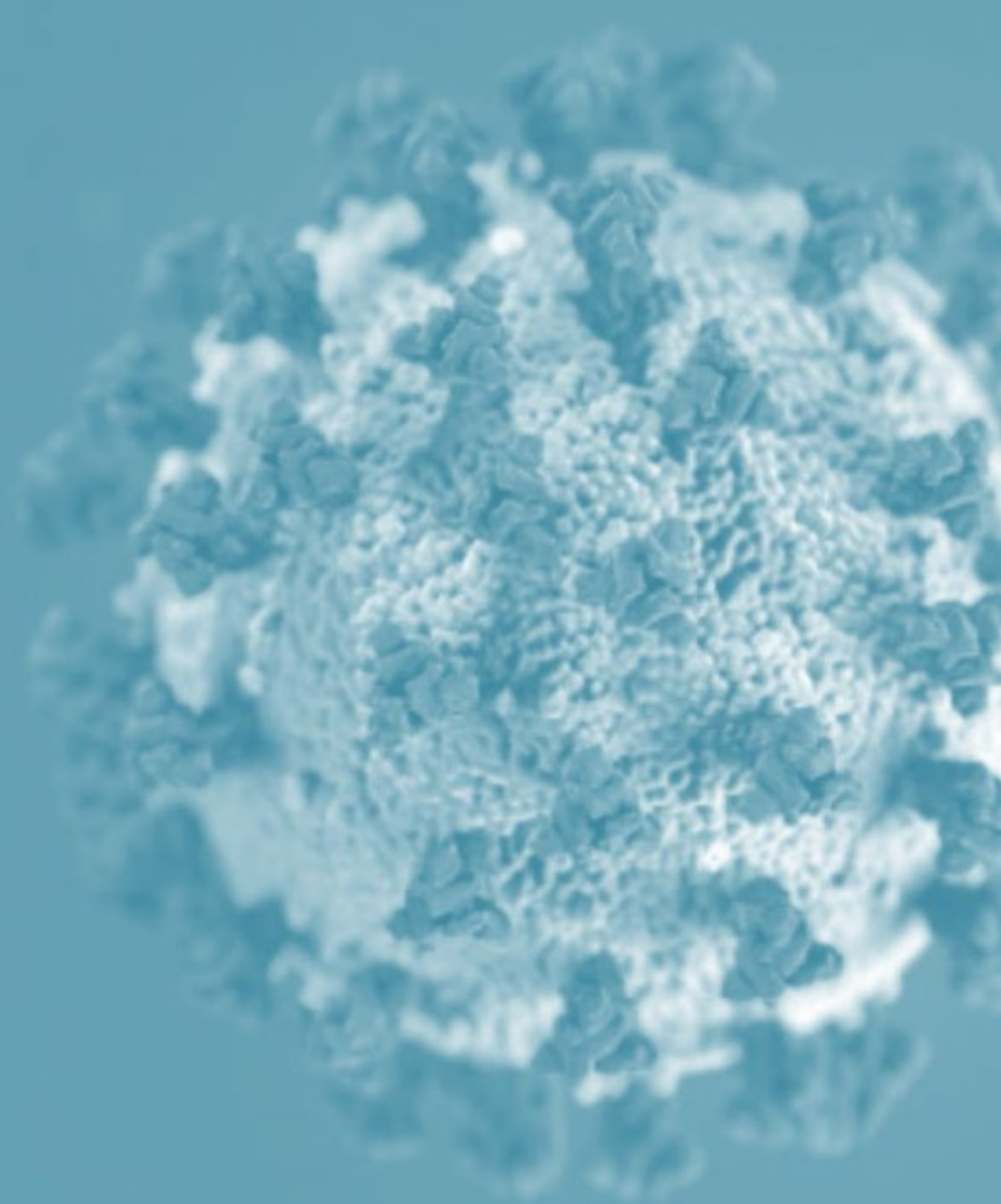
How might the impacts of COVID-19 affect market conditions in Moffett Park?

What We Know

- Short term impacts are severe and vary by industry
- Moffett Park's basic competitive assets aren't going to change
- Need to incorporate economic recovery in the plan

What We Don't Know

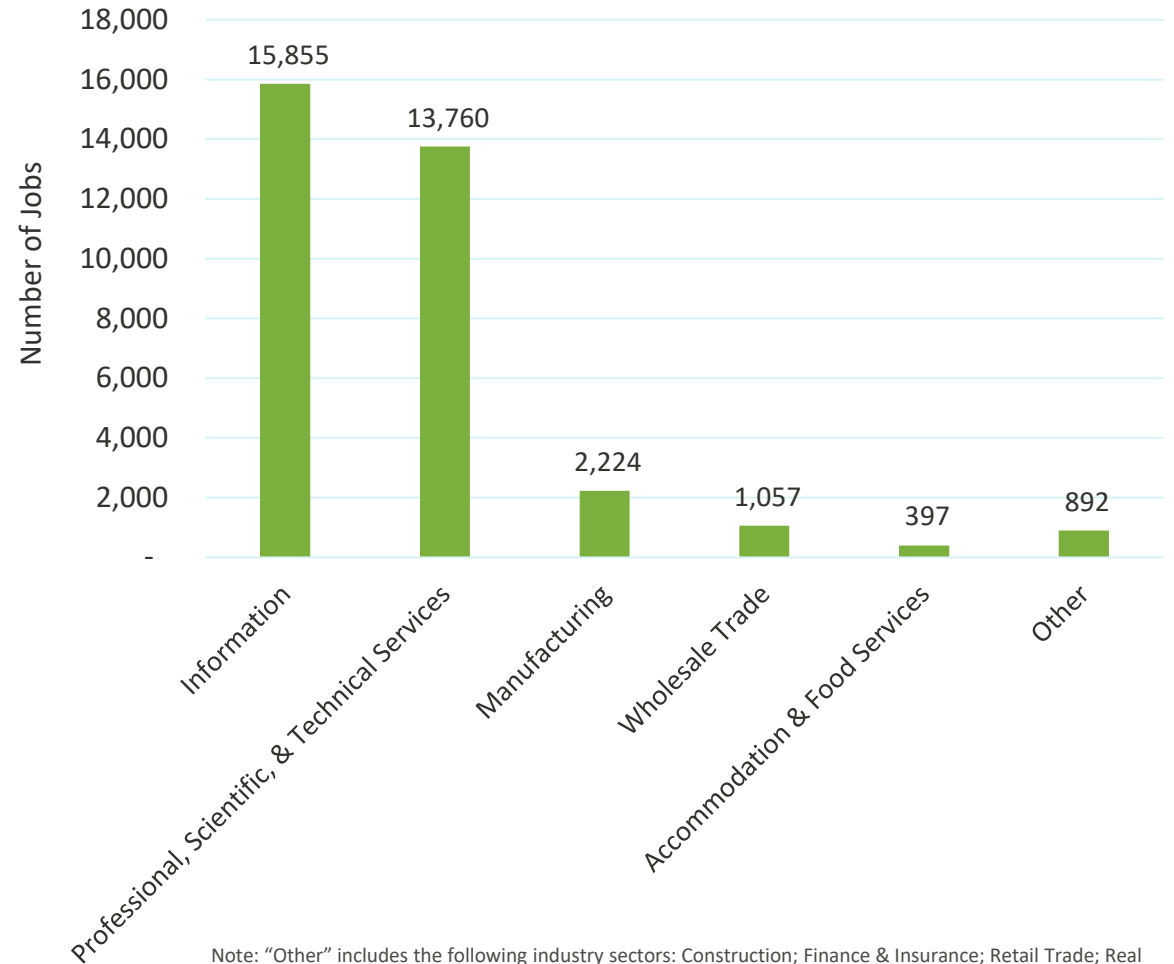
- Timely data
- Depth and length of economic and market impacts
- Long term changes in how we work and travel



Moffett Park Business Mix and Assets

- Major Silicon Valley employment district
- Two-thirds of jobs are at Google, Lockheed Martin, Juniper Networks, Amazon
- 60% of businesses have fewer than 20 employees
- No housing, minimal retail and services
- Excellent highway access
- VTA light rail stations

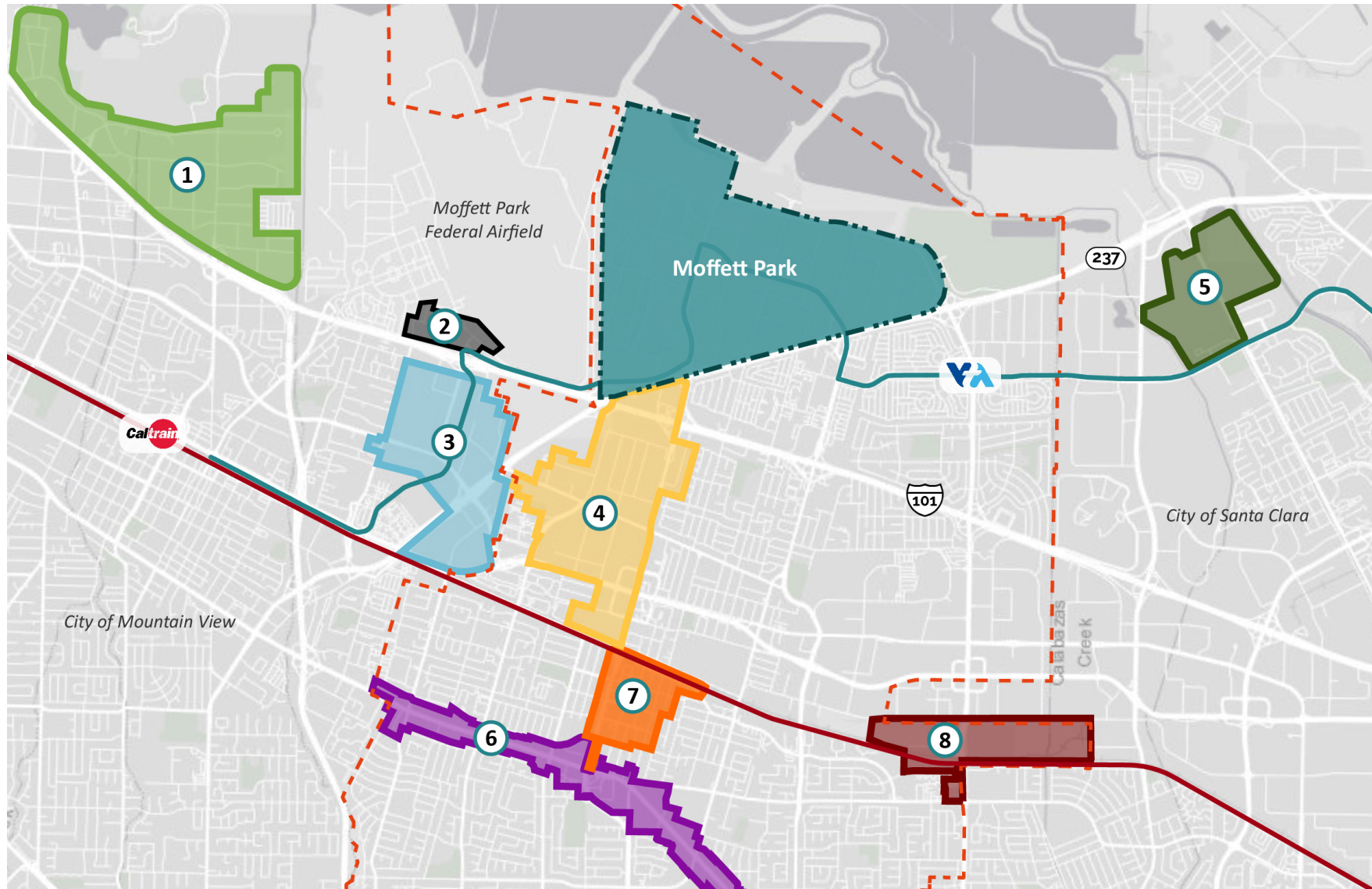
TOP INDUSTRIES IN MOFFETT PARK, 2019



Note: "Other" includes the following industry sectors: Construction; Finance & Insurance; Retail Trade; Real Estate & Rental & Leasing; Administrative & Waste Management; Arts, Entertainment, and Recreation; Utilities; Other Services (except Public Administration); Public Administration; Educational Services; Health Care and Social Assistance.

Source: City of Sunnyvale, 2020; Strategic Economics, 2020.

Competitive Context



Major Area Plans

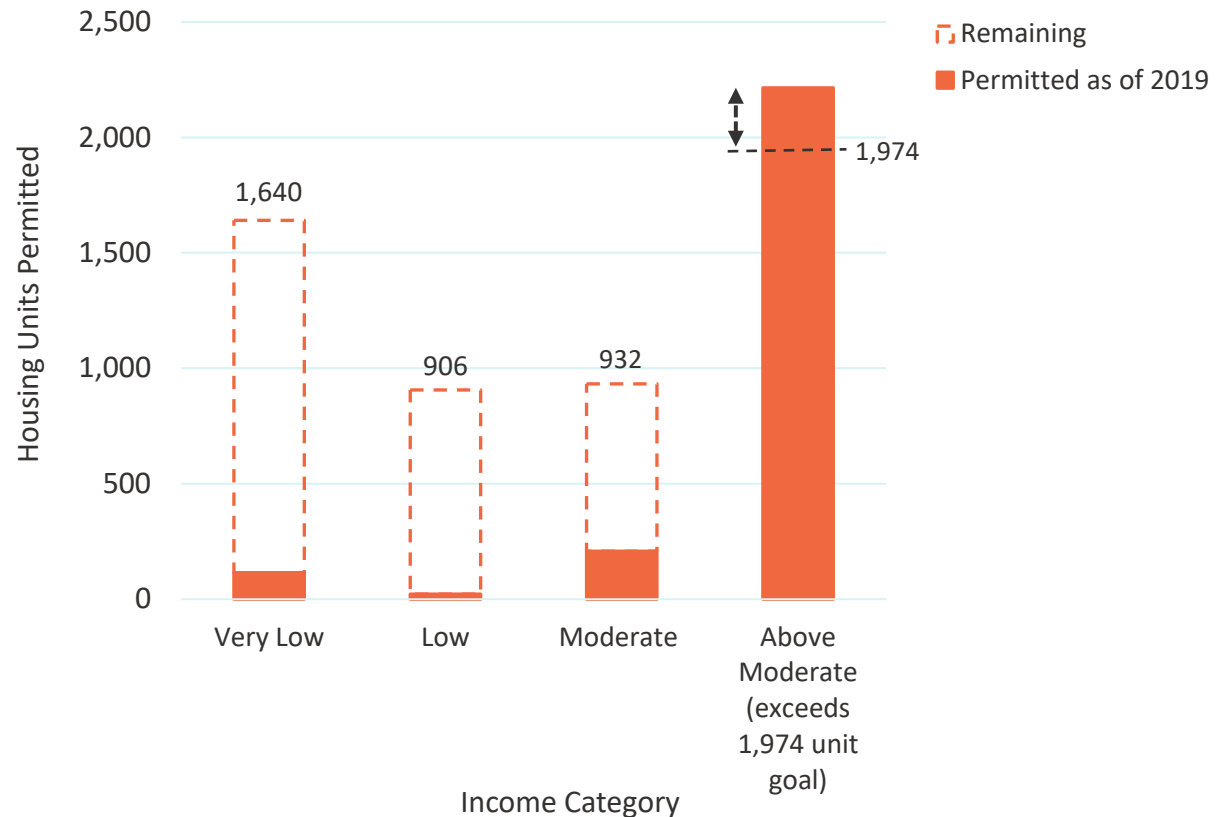
- ① **North Bayshore**
Residential + Office + Commercial
- ② **NASA Ames Development**
Residential + Office
- ③ **East Whisman**
Residential + Office + Commercial
- ④ **Peery Park**
Residential + Office
- ⑤ **Related Santa Clara**
Residential + Office + Commercial
- ⑥ **El Camino Real**
Residential + Commercial
- ⑦ **Downtown Sunnyvale**
Residential + Office + Commercial
- ⑧ **Lawrence Station**
Residential + Office + Commercial

City of Sunnyvale

Housing

- Desirable location due to job access
- Potential to capture demand for at least 21,000 additional housing units through 2040
- Strong demand for apartments and condominiums
- Need for affordable housing
- Need for schools and parks

PROGRESS IN MEETING 2015-2023 HOUSING NEEDS ALLOCATION, 2019



Source: City of Sunnyvale, 2020; Strategic Economics, 2020.

Office

- Demand driven by technology industry
- Significant recent development
- Additional demand for 11-31 million square feet in the “market area” through 2040
- Moffett Park is a competitive location
- Dependent on decisions of major property owners
- Need for additional infrastructure and transportation investments

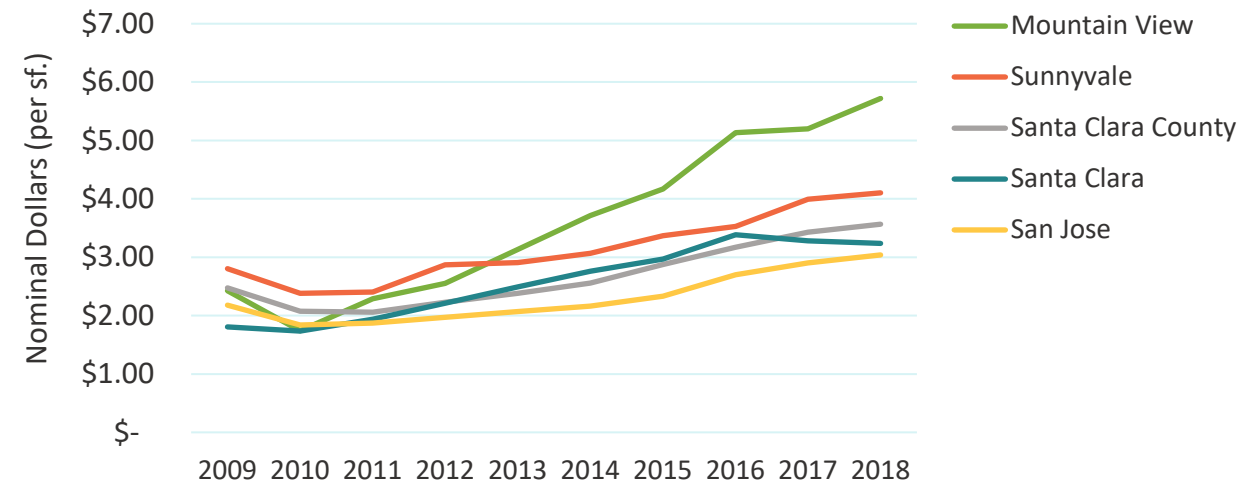


1212 Bordeaux (Photo source: Parabola Architecture)



Moffett Towers (Photo source: DES Architects + Engineers)

OFFICE RENTS, SUNNYVALE AND MARKET AREA, 2009-2018

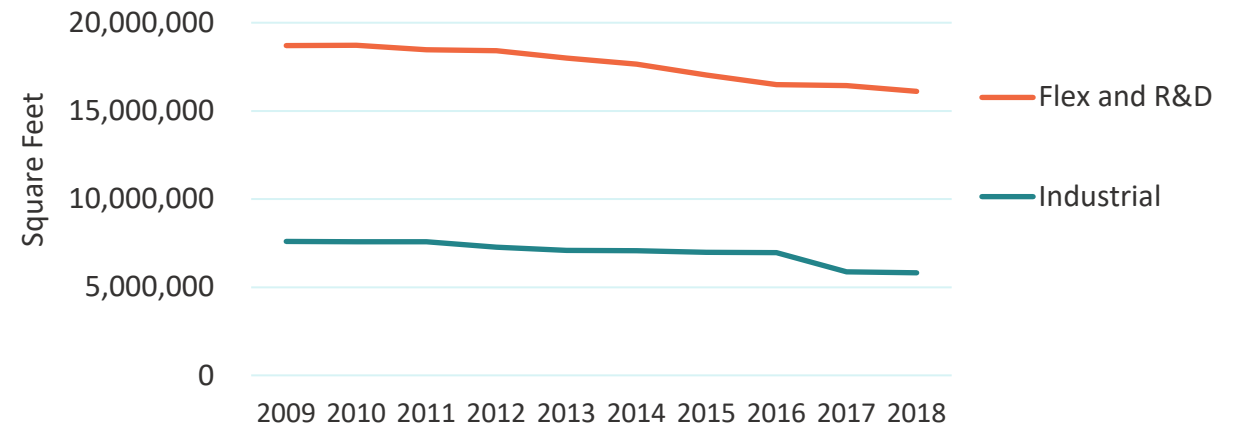


Source: Costar, 2019; Strategic Economics, 2020.

Industrial, Flex, R&D

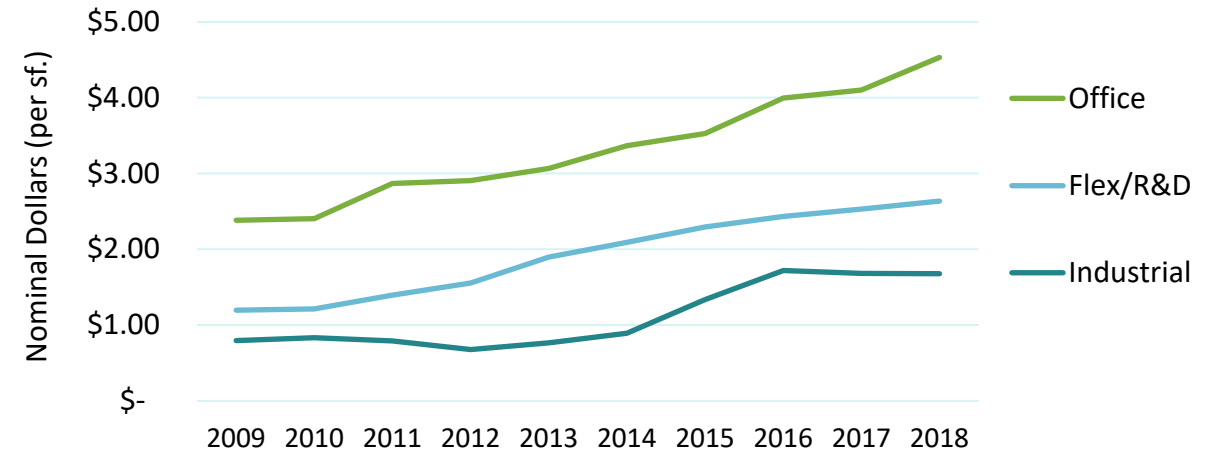
- Strong demand exists
- However, it is difficult to retain this space due to competition with office uses
- Space accommodates diverse uses linked to research, advanced manufacturing, distribution
- Tied into core Silicon Valley industries
- Loss due to redevelopment could reduce business/economic diversity

INDUSTRIAL, FLEX AND R&D INVENTORY, SUNNYVALE, 2009-2018



Source: Costar, 2019; Strategic Economics, 2020.

OFFICE, INDUSTRIAL, AND FLEX/R&D RENTS, SUNNYVALE, 2009-2018

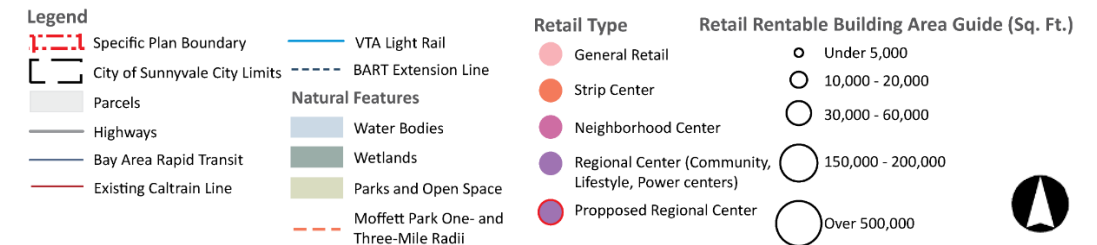
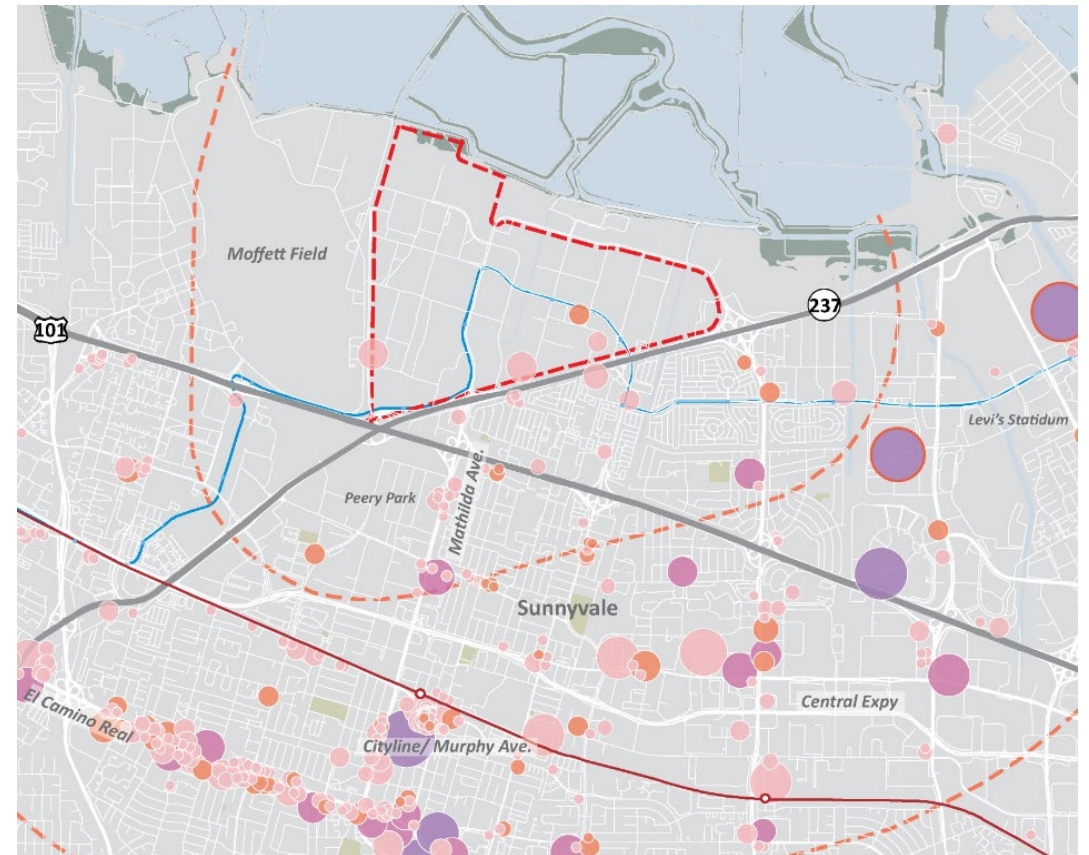


Source: Costar, 2019; Strategic Economics, 2020.

Retail

- Demand driven by household growth
- Demand will exist for “neighborhood” retail
- Not a competitive location for “regional” retail
- Phasing and location challenges:
 - Difficult to support retail until residential growth occurs
 - Early demand will be for sites near the freeway in traditional shopping center formats

ALL RETAIL PROPERTIES NEAR MOFFETT PARK, 2019



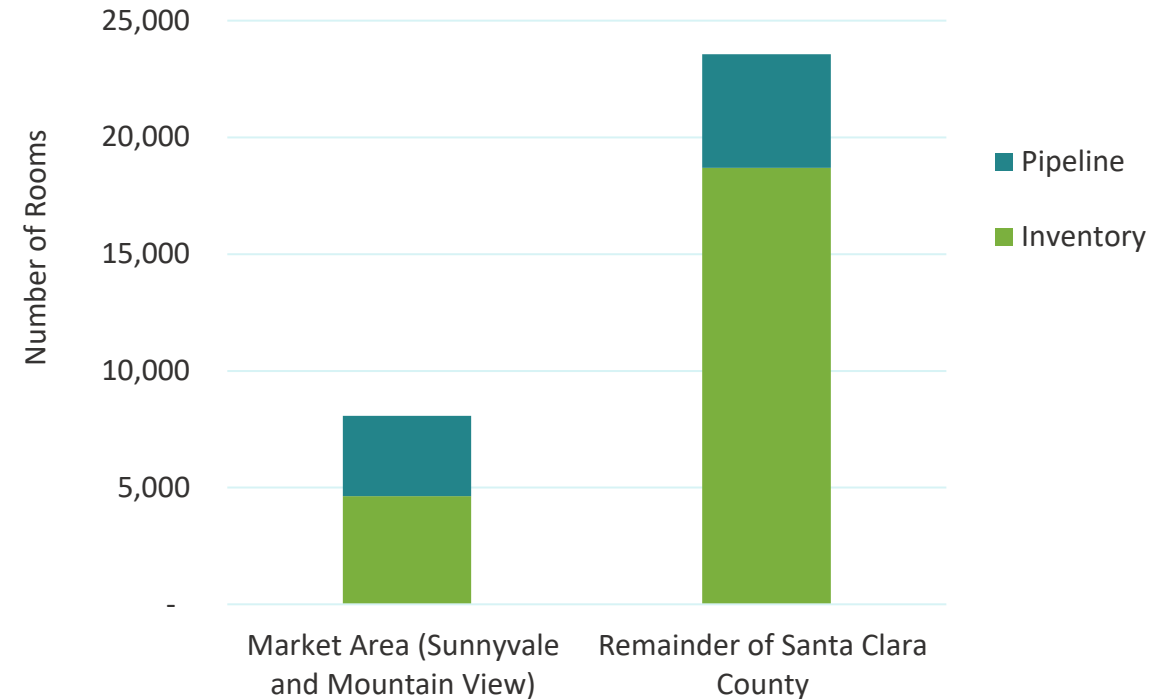
Source: Costar, 2019; Strategic Economics, 2020.



Hotel

- Demand for hotel stays driven by proximity/access to major tech employers
- Demand was extremely strong pre-COVID-19
- Long-term, Moffett Park will still be competitive due to its location and concentration of jobs

HOTEL ROOM INVENTORY AND PROJECTED GROWTH IN SANTA CLARA COUNTY, 2020



Source: STR, 2020; Hotel-Online.com, 2019; Strategic Economics, 2020.

Considering Market Findings in the Specific Plan

Market Conditions

Strong office demand

Strong market rate housing demand

Impacts of the COVID-19 pandemic

Community Priority Examples

Maintaining business diversity

Meeting affordable housing needs

Creating a “complete community” with retail, housing, jobs

Physical Context

Sea level rise

Creating a walkable community / transportation alternatives

Adding public parks and amenities



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