

APRIL 2020

COVID-19'S EFFECT ON THE BAY AREA

Outlined as follows, within the last 30 days, several Bay Area commercial developments are continuing to move forward and the biggest companies in technology have committed to ramp up their hiring needs. Additionally, Bay Area commercial real estate transactions are advancing and Congress approved a second round of their federal PPP funding program of about \$310 billion, providing relief to small businesses impacted by COVID-19.

TECHNOLOGY NEWS

GOOGLE lists more than 600 current roles in the Bay Area, ramping up their hiring needs in this region, while Salesforce currently has 2,200 open roles and is prioritizing hiring those that have been directly affected by COVID-19.

FACEBOOK is aggressively hiring across its product and engineering teams, aiming to bring on 10,000 people. The social media giant is also planning to resume their Burlingame, Menlo Park, and Fremont office expansions.

AMAZON has hired more than 80,000 warehouse workers in their fulfillment centers to keep up with the increasing demand for shipped items and says it's looking to hire 175,000 new workers for its fulfillment centers and delivery network.

DEVELOPMENT NEWS

SAN FRANCISCO BOARD OF SUPERVISORS accept initial approvals for the Potrero Power Station redevelopment project on the Central Waterfront. Developer Associate Capital proposes mixed-use project in phases, consisting of 1.2 million s.f. of office and R&D space; 100,000 s.f. of retail; 200-room hotel; 2,600 homes.

KILROY REALTY CORP. continuing with Flower Mart redevelopment at Sixth and Brannan Streets in San Francisco. The 2.3 million s.f. office and retail project will break ground in late 2021 and is anticipated to arrive by the end of 2024.

SILICON VALLEY DEVELOPER KT URBAN presents plans for two 20-story office towers in downtown San Jose. If approved, the development will consist of 1.3 million s.f. of prime office space; 6,000 s.f. of retail; and 30,000 s.f. of outdoor terraces.

GOOGLE hits pause on their potential lease at San Francisco's Pier 70 Development, a massive 2.27 million s.f. project. The company was in discussion with developer Brookfield Properties to lease up 1.5 million s.f. of office space, but will resume negotiations in the fall.





COVID-19's Effect on the Bay Area

TRANSACTION NEWS

MORGAN STANLEY ACQUIRES PAGE TECHNOLOGY CENTER in Fremont for \$110.2 million, making it one of the largest Fremont property sales since 2015. The building is currently occupied by Tesla.

GOOGLE PURCHASES A SUNNYVALE OFFICE BUILDING for \$28.5 million, adding to its Sunnyvale portfolio of more than 50 properties acquired in the last three years.

JAY PAUL COMPANY AFFILIATE ACQUIRES 121 S. Market Street from Wells Fargo in downtown San Jose for \$42 million, or \$569/s.f. This eight-story office building is anticipated to become part of Jay Paul's massive Cityview Plaza development, a mixed-use campus totaling 3.4 million s.f.

LENDING NEWS

LENDERS ARE VERY FOCUSED ON LOAN PORTFOLIOS and due to the current economic situation; many are pausing on providing new commercial real estate loans.

U.S. CONGRESS APPROVED THE SECOND ROUND of the Paycheck Protection Program (PPP) after the first round of \$349 billion ran out in two weeks. California businesses took the largest share of federal PPP money (\$33.4 billion) than any other state.

WELLS FARGO Q1 EARNINGS take hit, reporting net income of \$653 million, down from last quarter's \$5.9 billion. However, the bank has been coming under scrutiny on how it has prioritized loan applications for the PPP funding.

Sources: San Francisco Business Times, Silicon Valley Business Times, The Mercury News, SF Registry, Wall Street Journal, The San Francisco Chronicle

Contact

JOHN CHA

Director of Research

206.248.7338

john.cha@kidder.com

Written by Nicole O'Keefe
Kidder Mathews Research

KIDDER.COM

This information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of income and expenses. CONSULT YOUR ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL ADVISOR.

“Within the last 30 days, several Bay Area commercial developments are continuing to move forward and the biggest companies in technology have committed to ramp up their hiring needs.”