

CITY SPOTLIGHT

San Leandro opens arms to development

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San Leandro could be on the verge of a dramatic redevelopment.

The city was long a sleepy, blue-collar manufacturing center. It's now buzzing with a fresh technology focus. Word is spreading about a sturdy fiber-optic backbone running through the town and backers are making a marketing push that's savvy about tech startups, especially in a space for 3-D printer manufacturers and other "makers."

The city of 86,000 people has more than 1.2 million square feet of office, medical, retail and industrial space that is newly open, about to open, under construction or freshly

Surveying the future: Gaye Quinn, left, and Sunny Tong of Westlake Development Partners of San Mateo plan to build the San Leandro Tech Campus on this site.

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approved.

"I've always felt it was kind of a diamond in the rough," said Gaye Quinn, a managing director with Westlake Development Partners, which is developing the San Leandro Tech Campus, a Class A office project that was just approved.

In fact, San Leandro's real estate success has been years – and in some ways, decades – in the making.

Just ask David Irmer.

The head of the Innisfree Cos. started working back around the turn of the century on what eventually became the 235,000-square-foot Creekside Plaza Office Park, still San Leandro's only Class A office project. But some potential tenants were wary about the city when the project opened in 2010.

"We'd hear 'You're just a tad too far, just a tad too suburban and just a tad too blue collar,'" Irmer said. Irmer recently started construction on the Village, a 23,000-square-foot, \$10 million retail center on East 14th Street that will serve a walkable neighborhood nearby and opens up other retail development possibilities.

"What we've felt is a surge," Irmer said. "San Leandro has something happening."

Irmer's is just one of the projects sprouting in the city:

- Kaiser Permanente's San Leandro medical office building at 2500 Merced St. opened April 7, with another wave of new medical jobs and visitors expected in June when the adjacent hospital opens. Eventually the \$600 million project will bring an estimated 6,500 people each day to the area, and that's not counting the proposal for 387,000 square feet of retail and a hotel or 250 housing units sometime in the future on Kaiser's 25-acre site nearby.

- The city council this month approved the 500,000-square-foot San Leandro Tech Campus, a

Class A office project near the San Leandro BART station on the long-vacant site of a former Del Monte Foods cannery. It's been in the works for six years. The first building – with most of the space going to software maker OSIsoft LLC – could be complete in 2016 and the project eventually would bring 1,800 employees to three six-story buildings.

- Bridge Housing Corp. expects to break ground this fall on Corner-

stone at San Leandro Crossings, with 200 affordable housing units in two phases at 1400 San Leandro Blvd. near the BART station. Construction is expected to cost around \$50 million, with about \$30 million in public funding through redevelopment loans and state transit-oriented development grants.

- Landlord ScanlanKemperBard is within weeks of tearing out some

'It's an old manufacturing town, but the next generation of manufacturing is a completely different animal.'

PAT KENNEDY, Founder and CEO of OSIsoft

offices to create a community space where artists and tech innovators can meet, hang out and hybridize ideas inside its Gate project at 1933 Davis St. The Gate is a new endeavor in the million-square-foot West Gate office and retail complex (once an automobile plant) that's trying to attract some of the heady tech/creative ferment of SoMa at a fraction of the rents. It's already attracting startups such as 3-D printer manufacturer Type A

Machines.

"That's not the kind of business we would have been competitive for 10 years ago," said Jeff Kay, business development manager for the city.

"San Francisco and SoMa are experiencing pressure and growth, so we're becoming a pretty good value proposition over here," said David Holley, a Cushman & Wakefield broker who manages leasing at West Gate. San Leandro may not appeal to every SoMa tech firm, he said, but it's an especially good fit for "makers" and businesses with a manufacturing focus.

Tying many of the projects together is Lit San Leandro, a lightning-fast fiber-optic network that went live in

2012 and moves data like a fire-hose moves water. Pat Kennedy, founder and CEO of industrial software company OSIsoft, put up \$3 million to thread the network through city-owned utility conduits to around 80 buildings all over San Leandro. The fiber network has become a key talking point in efforts to attract technology and next-wave manufacturing businesses.

"It's an old manufacturing town,

SAN LEANDRO'S PIPELINE



VILLAGE RETAIL CENTER

Construction has started on Innisfree Cos.' 23,000-square-foot project at 1550 E. 14th St., a \$10 million center anchored by a CVS pharmacy that includes restaurants and a community space with wi-fi connection. David Irmner of Innisfree has been working for years to develop the former Lucky grocery site.

KAISER PERMANENTE SAN LEANDRO MEDICAL CENTER

A 275,000-square-foot medical office building at 2500 Merced St. opened April 7. The adjacent six-story, 437,000-square-foot hospital is set to open in June, bringing 6,500 daily visitors.



THE GATE

Construction should start by mid-summer to clear out about 8,000 square feet of offices at 1933 Davis St. to create community space where makers, artists, techies and visionaries can swap ideas in a million-square-foot former auto plant. The Gate is part of ScanlanKemperBard Companies' West Gate retail/office project, offering some 275,000 square feet of low-priced smaller spaces.



SAN LEANDRO TECH CAMPUS

Westlake Development Partners LLC won approval for a three-building Class A office complex of up to 500,000 square feet, with the first building anchored by San Leandro software company OSISOFT LLC expected to start construction in August. The first building would be completed in 2016 at an estimated cost of \$50 million.

CORNERSTONE AT SAN LEANDRO CROSSINGS

Bridge Housing Corp. expects to start construction by autumn on Phase 1 of 200 affordable apartments at the site of a parking lot on San Leandro Boulevard across from the BART station. The project — 115 units in the \$50 million first stage and 85 senior-housing units later — would include underground parking.

21ST AMENDMENT BREWERY

Production would start late this year at the 95,000-square-foot new 21st Amendment Brewery site in an old Kellogg's cereal plant at 2010 Williams St., with work on a restaurant and event space the following year. The new site brings about a hundred jobs and will sit near the existing Drake's Brewing Co.

but the next generation of manufacturing is a completely different animal," said Kennedy. High-speed data is as vital a piece of infrastructure today as sewers or streets, he said.

Kennedy also is a development partner in the San Leandro Tech Campus project.

"The introduction of the fiber-optic loop has given San Leandro a new way to look at itself," said Deborah Acosta, the city's chief innovation officer. "We have an asset nobody else has. ... So what can we do with that in a place where people make things?"

City planners, local businesses and boosters may be stressing technology these days, but the resurgence in this postwar East Bay industrial and manufacturing mainstay has deep and diverse roots.

The city has infrastructure in place. Old warehouses and factories are close to Interstates 580 and 880, rail and the Port of Oakland; supported by urban sewer, street and other services; and ripe for redevelopment.

It also benefits from its location, with millions of people within a 20-minute commute and good transit connections at a time when space demand in San Francisco has spiked the cost of housing and office

rent alike.

A grab bag of other factors also plays a part, from the process of rebuilding hospitals that don't meet seismic codes to generational changes in where young employees want to live and work.

But technology gave San Leandro a new lens through which business could see the city. Westlake's Quinn is leading the development of the Tech Campus project, but she has also been a planner for San Leandro and worked with the Chamber of Commerce on identifying new business development strategies. "There's a big San Leandro story, and we're just part of it," said Quinn of Westlake's role.

"Our narrative used to be about prosperity and jobs and industrial manufacturing, and then when that went away we didn't really have anything to replace it for a while," Quinn said. "When Patrick Kennedy came along with Lit San Leandro, it was so suited to the time we live in and the geography San Leandro has, coupled with this ripe-for-change real estate that this community has, there was a real 'a-ha' moment for a lot of people in this community."

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