28th Street/Little Portugal Station

Design Development Framework (DDF)

Market Memo

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Prepared For
Santa Clara Valley Transportation Authority and SITELAB Urban Studio

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1 Introduction

The Santa Clara Valley Transportation Authority (VTA), in collaboration with SITELAB Urban Studio, is currently in the process of creating a Design Development Framework (DDF) for the upcoming Transit-Oriented Development at the 28th Street/Little Portugal Station in East San Jose. The objective of this memorandum is to assess the market potential for various unique development types, including medical office buildings, grocery stores, live/work properties (including affordable artist housing), incubator/accelerator spaces, and office space near transit. As these properties require a more nuanced approach, EPS has conducted interviews (when possible) to gather additional information and combined it with collected real estate market data for a more comprehensive analysis. EPS has approached this task with an interest in both the market viability of the uses in general, as well as the potential for such uses to serve as "anchor tenants" that could help to define the character of the station area due to their scale and potential to attract patrons and transit riders.

In addition to these distinct use types, Strategic Economics is currently updating the previously conducted market assessment for the Little Portugal Station Area Playbook. Their analysis will encompass market updates for more traditional use types, including townhomes, duplexes, 4 to 8-plexes, multifamily high-rise, and commercial high-rise. To conduct future feasibility testing, EPS will utilize the information presented in this memorandum and the research findings of Strategic Economics.

This memorandum is organized into the following sections:

- Section 2: Summary of Findings
- Section 3: Medical Office
- Section 4: Grocery Retailers
- Section 5: Live/Work
- Section 6: Incubator Spaces
- Section 7: Transit Oriented Office Space

2 Executive Summary: Key Findings

- **Medical Office Building.** Though not adjacent to a major medical facility, the site is still well-suited for a large medical office building with a single institutional anchor tenant due to its favorable location, current market conditions, and potential partnership with the County. This would allow for essential health and social services to be provided to the community, while also providing a key anchor that drives activity at the station area.

- **Grocery Store.** EPS recommends considering a smaller, urban format grocery store as an ancillary tenant to fit the urban environment of the site, instead of a large-scale grocery store as an anchor tenant, which may not align with placemaking and anti-displacement efforts.

- **Live/Work and Artist Housing.** Market-rate live/work developments often prioritize residential use over commercial activity and are provided in low-density developments that may not be suitable as anchor tenants for a TOD but could serve as an ancillary use on smaller parcels. In contrast, artist live/work developments, although more complex to finance and require strong partnerships, can have the necessary scale to potentially serve as anchor tenants while providing a strong sense of place and connection to the neighborhood.

- **Incubator/ Accelerator Spaces.** The potential for different types of incubators to serve as an anchor tenant varies based on mission, size, and the prominence of remote work in the industry. A life science or other technology incubator could be an anchor tenant due to size and market viability, while community-oriented business incubators may serve important community needs but are likely to be smaller and require subsidies.

- **Transit Oriented Office Space.** Though there is no prominent office cluster currently in the study area, the 28th Street station will offer both transit and freeway access that can make the site very attractive to office users. Office use could serve as an anchor tenant, especially if the property were leased to a single tenant like at the West Dublin/Pleasanton BART Station. There is also potential for office space to be part of a mixed-use project, as at the Millbrae BART Station. Focusing on office users providing direct services to clients and limiting the amount of speculative office space may provide greater protection against future vacancies in office use due to remote work.

3 Medical Office

Despite the increased adoption of virtual care during the COVID-19 pandemic, recent research from the 2022 JLL Healthcare New Patient Consumer Survey[1] indicates that medical office buildings (MOBs) continue to be in high demand. The survey revealed that nearly three-quarters of healthcare services still require a physical location, and virtual appointments often lead to subsequent in-person visits. Combined with the aging population of Santa Clara County, findings indicate a sustained need for physical healthcare facilities within the region.

3.1 Medical Office Buildings by Size

Although medical office tenants can be found in a diverse range of buildings and locations[2] depending on the services provided, initial findings show that a "large" medical office building would be most sufficient to accommodate a future healthcare anchor tenant. Definitions and characteristics are provided by size for reference:

- Small MOBs (Less than 10,000 GSF): Cater to smaller healthcare practices, such as individual physician offices or small specialty clinics. They may be well-suited for serving local communities with limited healthcare needs or in areas with space constraints. These buildings typically have multiple tenants and command lower overall lease rates.

- Medium MOBs (10,000-50,000 GSF): Like small MOBs, medium medical office buildings are likely to have multiple tenants but offer a wider range of healthcare services and have a larger patient capacity.

- Large MOBs (50,000+ GSF): Typically occupied by a single institutional tenant with multiple specialty practices, outpatient surgery centers, diagnostic imaging facilities, and other ancillary services. They are designed to serve a significant patient population. Large MOBs may also have more sophisticated amenities, advanced technologies, and higher patient volumes.

3.2 Market Conditions and Trends

Data provided by Costar, shown in **Table 1**, indicates that there has been consistent growth of MOB inventory within the 1.5-mile radius of the site, and within the City and County. From 2006 through 2022, the County added nearly 1.2 million square feet of medical office building uses accompanied by an increase in rents of over 56 percent. The City of San Jose, which comprises nearly 45 percent of the overall County inventory, has experienced similar trends in MOB growth and rental rates.

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[1] 2022 Patient Consumer Survey: Convenience and choice drive patient decisions as new digital options take hold, March 2, 2022.

[2] This can include medical office buildings, hospital facilities, retail or commercial centers, and even virtual telehealth practices.

Although MOBs within a 1.5-mile radius of the site command only 76-79 percent of lease rates for the County and City respectively, the local MOB supply has grown more quickly, and rents have increased in rough proportion to the broader market area's increases. Increased lease rates paired with growing inventory reflect a strong demand for additional medical office space. Additionally, decreasing vacancy rates for all three areas suggest a tightening of the market where demand is outpacing supply, leading to fewer available spaces for lease and an opportunity for new development.

Table 1. Medical Office Building Market Context

	Year			Percent Change		
Location	**2006**	**2010**	**2022**	**2006-2010**	**2010-2022**	**2006-2022**
1.5 Mile Radius						
Buildings	66	67	68	1.5%	1.5%	3.0%
Inventory (Sq.Ft.)	646,218	768,343	802,588	18.9%	4.5%	24.2%
Gross Rents/ Sq.Ft.	$17.96	$20.08	$27.50	11.8%	37.0%	53.1%
Vacancy	18.4%	9.8%	8.5%	-46.7%	-13.3%	-53.8%
City of San Jose						
Buildings	369	375	384	1.6%	2.4%	4.1%
Inventory (Sq.Ft.)	3,898,606	4,104,174	4,362,689	5.3%	6.3%	11.9%
Gross Rents/ Sq.Ft.	$22.28	$22.82	$34.70	2.4%	52.1%	55.7%
Vacancy	6.9%	7.7%	6.3%	11.6%	-18.2%	-8.7%
Santa Clara County						
Buildings	811	826	845	1.8%	2.3%	4.2%
Inventory (Sq.Ft.)	8,585,530	8,995,269	9,776,856	4.8%	8.7%	13.9%
Gross Rents/ Sq.Ft.	$23.17	$24.12	$36.19	4.1%	50.0%	56.2%
Vacancy	7.5%	7.1%	5.4%	-5.3%	-23.9%	-28.0%

Source: CoStar (Accessed March 2023)

Of the existing medical office buildings, there are 34 buildings within the County classified as "large" (i.e. over 50,000 GSF) per available CoStar data. Most of the buildings are reported to be Class B or C, low-rise buildings. As shown in **Table 2**, single tenant occupied MOBs are typically larger and require larger floor plates as compared to medical office buildings with multiple tenants. This is due to the comprehensive services typically provided by single occupancy tenants usually accompanied with specialized facilities such as surgical suites, diagnostic imaging rooms, laboratories, and in-patient care. In contrast, multi-tenancy medical office buildings are designed to accommodate multiple tenants with smaller individual spaces, allowing for design flexibility and cost-sharing. Based on the average year built for these facilities, there is a noticeable trend in the market towards single occupancy medical office buildings.

Table 2. Existing Large Medical Office Buildings

Tenancy	Number of Properties	Avg. Year Built	Percent Occupied	Building Size			Floor Plate Size		
				Min.	Max.	Average	Min.	Max.	Average
Single Tenant	14	2001	100%	50,896	133,708	88,686	20,052	71,830	38,480
Multiple Tenants	20	1988	93%	50,000	122,125	72,213	9,100	76,095	32,080
Total	**34**	**1993**	**96%**	**n/a**	**n/a**	**78,996**			**34,715**

Source: CoStar (Accessed March 2023)

This trend is further underscored by examining the inventory of newly constructed medical office buildings as shown in **Table 3**. Over the past five years, the County of Santa Clara has seen construction of three new medical office buildings ranging from 30,200 to 90,100 square feet, including two buildings located within the City of San Jose. All three developments are occupied by a single tenant or have a master lease with a single tenant. A fourth development, also located in the City of San Jose, is currently under construction, though there has not been confirmation on the tenancy composition yet. In general, these four buildings have an average building size of 106,500 square feet and a weighted average floor plate of 27,500 square feet, well within the typical range of large MOB characteristics. Newly constructed medical office leases for single occupancy tenants in the City of San Jose can reach up to $67 per square foot on a triple net (NNN) basis, according to undisclosed proprietary information.

Table 3. New Construction of Medical Office Buildings (2018+)

Location	Building (Sq.Ft.)	Avg. Floor Plate	Year Built	Building Class	Parking per 1KSF	Stories	Tenancy
1410 S Bascom Ave, San Jose	231,579	29,228	UC*	A	N/A	10	Undisclosed
2506 Samaritan Ct, Los Gatos	70,000	23,333	2022	B	3.9	3	Single Tenant (Sutter Healthcare)
2121 Alexian Drive, San Jose	34,245	17,123	2021	B	N/A	2	Single Tenant (Satellite Healthcare)
5855 Silver Creek Valley, San Jose	90,085	30,028	2018	A	4.3	3	Single Tenant (VA San Jose Clinic)

Source: CoStar (Accessed March 2023)
*Under Construction

3.3 Potential Partnerships with Nearby Healthcare Institutions

Large medical office buildings typically have a single institutional tenant (e.g., Kaiser, Stanford, Sutter), which often results in the location of new medical office developments being near these institutions. This proximity offers various advantages, including convenient access for patients, more cohesion with hospital services, affiliated branding, and access to hospital resources. The

28th Street/ Little Portugal site may have an opportunity to capture this synergy by partnering with a nearby hospital such as the Regional Medical Center of San Jose located approximately 1.5 miles away or even with the County.

In interviewing staff from the County of Santa Clara Health System (CSCHS),[3] EPS found that many of the spatial requirements needed for them to be an anchor tenant aligned with the findings mentioned earlier. The County's Public Health Department within CSCHS currently has 23 locations offering services encompassing lab testing, the Women Infants and Children (WIC) program, traffic safety, food inspection, and violence prevention. The department is evidently looking to consolidate operations into a campus with lab, pharmacy, clinic, office, and community space. The office portion of such a development could house up to 500 full-time equivalent employees. The proximity to transit at the 28th Street site may be particularly appealing for a central campus because many of the department's clients rely on public transit to attend appointments. The Vietnamese American Service Center (VASC) exemplifies the type of facility that the department is seeking to develop. The VASC provides community wellness activities, healthcare services, and nutrition programs. The facility will soon offer legal, housing, work, and financial assistance as well. After discussing facility needs with the Public Health Department, EPS also met with the Facilities and Fleet Department which manages the facility needs for all departments within CSCHS.

In addition to a potential headquarters for the Public Health Department, the Facilities and Fleet department discussed the possibility of consolidating some of the CSCHS's existing leases into one location. The County currently maintains multiple leases within multiple Class B and C buildings, each with terms ranging from 5 to 10 years. The Facilities and Fleet department estimated that the space would need to be 50,000-100,000 square feet of building space for all programming, with at least 25,000 square foot floor plates. Like most medical office buildings, the space would need to have ample daylight, high floor to ceiling heights, full accessibility for visitors, and parking availability. Additionally, the County would require that any facility over 50,000 square feet provide childcare with both indoor and outdoor space. While consolidating into a single location could streamline operations for the Facilities and Fleet Department, careful planning would be required to align timelines effectively. Alternatively, the Facilities and Fleet department indicated that the CSCHS could potentially lease 10,000-20,000 square feet for smaller clinics dedicated to behavioral health, social services, or administrative areas, as an ancillary tenant in the station area.

While CSCHS has expressed potential interest in tenancy at the planned development, the department has limited budgetary resources. However, the County has previously issued General

[3] The County of Santa Clara Health System is the local healthcare safety net and provider of comprehensive care service and program to County residents. The Health System includes the Behavioral Health Services Department, Public Health Department, Santa Clara Valley Medical Center hospital and clinics, O'Connor Hospital, St. Louise Regional Hospital, Emergency Medical Services Agency, Custody Health Services Department, and Valley Health Plan.

Obligation bonds for previous capital programs. Additionally, the County has unique construction expectations that would need to be accommodated but appear to be generally compatible with transit-oriented development practices.[4]

3.4 Recommendation

The demand for medical office buildings remains strong, while demand for traditional offices faces uncertainty due to work-from-home trends. A large medical office building would be an appropriate use for this site, as smaller medical offices could only serve as ancillary tenants. Tenanting the building with an institutional single-tenant, particularly in partnership with the County, could be ideal. This would minimize the risk of vacancy and may result in competitive commercial lease rates. Additionally, it would be an opportunity to provide health and social services to existing and new residents. The site's proximity to transit also makes it an ideal location for a medical office building, enabling patients with mobility challenges and commuting staff to access it easily. Moreover, the site can be conveniently accessed from Highway 101 and Alum Rock Ave, a major thoroughfare.

[4] Ground-up construction for the CSCHS include, but are not limited to LEED Silver construction, backup power generator, electric vehicle parking, and childcare facility.

4 Grocery Store Retailers

Access to mid- and large-scale grocery options is crucial for community well-being and ensures that residents have convenient and affordable access to healthy food choices. The 28th Street/Little Portugal BART Station Area lacks such options, presenting an opportunity for a grocery store addition to the neighborhood. With anticipated population growth and development in the area, there is potential for a store to fulfill the need for easy access to everyday necessities, as highlighted in the 28th Street/Little Portugal BART Station Area Playbook.

4.1 Grocery Store Formats

The grocery store industry can be broadly categorized into two main types: smaller format and larger format stores. Larger format grocery stores typically range from 40,000 to over 100,000 gross square feet, while small format stores typically range from 1,000 to 40,000 gross square feet. Small format stores encompass various types, such as neighborhood or urban grocery stores, convenience stores, and specialty stores that specialize in specific types of foods, such as ethnic, health-oriented, or prepared foods. These smaller format stores differ from their larger counterparts not only in size, but also in terms of product assortment and customer experience. Due to their limited space, small format grocery stores typically prioritize convenience and efficiency in serving their customers. They often cater to urban areas and require less household spending to support their relatively smaller space. They focus on meeting the needs of customers who may have limited time or accessibility for shopping. On the other hand, larger format stores, including supermarkets and supercenters, focus on providing a wider range of products and a comprehensive shopping experience with their capacity.

4.2 Existing Grocery Store Inventory and Demand Analysis

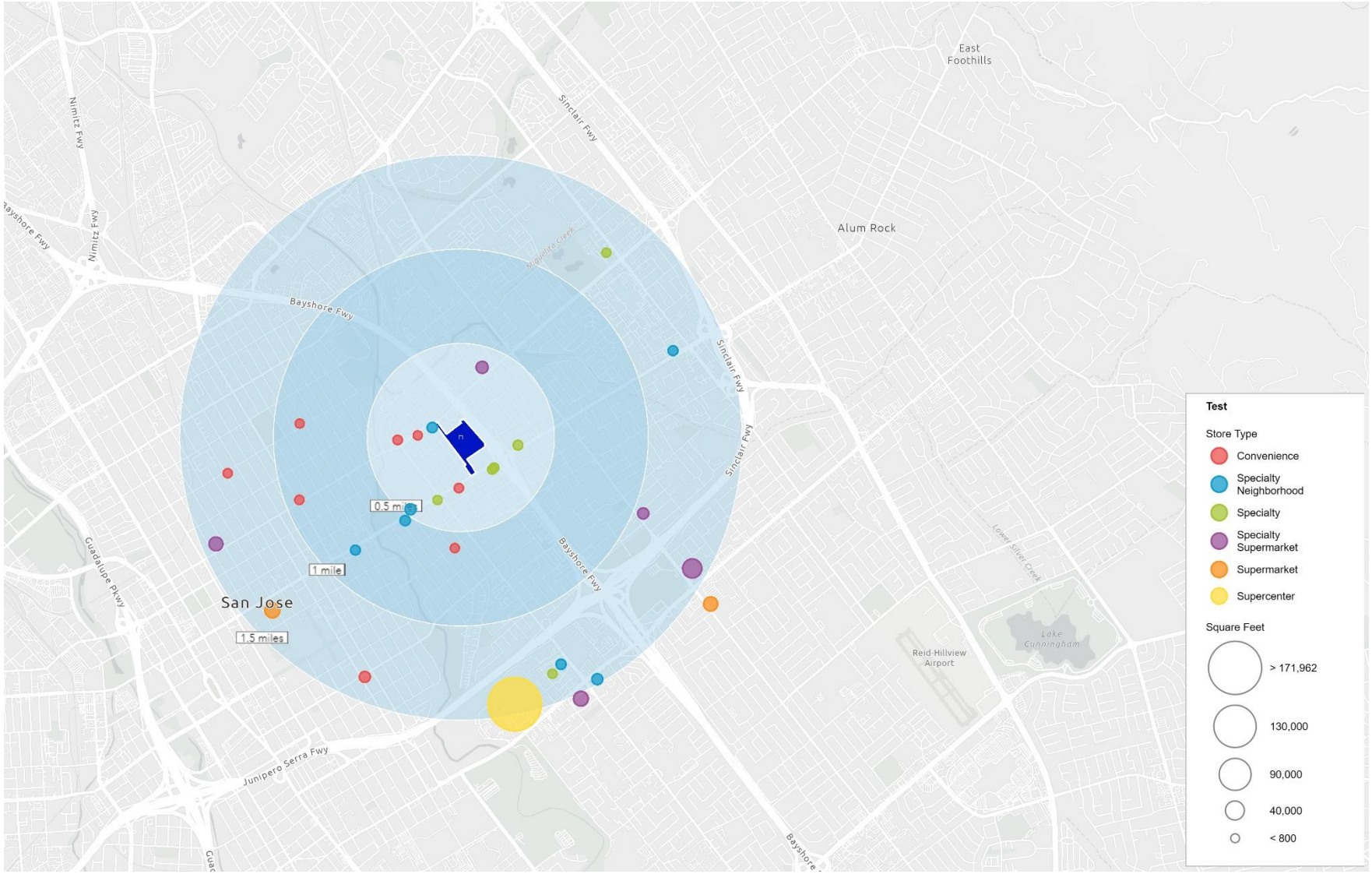
While smaller stores can contribute to the vibrancy of a neighborhood, the density, quantity, and diversity of products are crucial components. The analysis examined all the grocery stores located within three different radius distances (0.5-mile, 1.0-mile, and 1.5-miles) from the study area, as detailed in **Table 4** and **Figure 1**. The results show that there are already 11 stores located within a half-mile, or a walkable distance, from the site. These stores have an average size of 3,000 square feet, with each store being under 6,000 square feet in size. The smaller grocery stores found within the 0.5 mile radius are typically discount, specialty, or convenience stores that offer limited fresh produce, meats, and seafood options. As the radius is expanded to a drivable distance of 1.0 mile, the average store size increases to around 5,600 square feet with stores offering larger selections. Within the 1.5-mile radius, there are multiple grocery stores ranging in size from 20,000 to 40,000 square feet, and a Walmart Super Center that totals 172,000 square feet in size.

Table 4. Existing Grocery Stores

Name	Address	Square Footage	Parking per KSF	Year Built	Grocery Store Type
0.5 Mile Radius					
L&L Fish Market	1448 E Santa Clara St	1,592	2.51	1941	Specialty
Mi Tierra Mercado Y Carniceria	1130 E Santa Clara St	1,038	3.63	1995	Specialty
Bacalhau Grill & Trade Rite Market	1555 Alum Rock Ave	3,568	7.00	1945	Specialty
Kumar's Island Market	1440 E Santa Clara St	1,937	3.1	1938	Specialty
Rose Market	1250 E Santa Clara St	1,520	N/A	1920	Convenience
La Estrella Market	1306 E Julian St	5,764	1.97	1973	Specialty Neighborhood
Shan Market	1250 E Julian St	942	4.25	1924	Convenience
Bonfare Market	1175 E Julian St # 1	2,200	3.49	1989	Convenience
San Antonio Market	202 S 22nd St	1,010	1.98	1920	Convenience
Chapparral Supermarket	1001 E Santa Clara St	8,779	4.1	1946	Specialty Neighborhood
La Raza Super Market	960 E Santa Clara St	5,600	3.06	1939	Specialty Neighborhood
Total/ Average		**33,950**	**3.51**	**1948**	
1.0 Mile Radius					
Guru's Food and Liquor	501 N 17th St	800	Data N/A	1920	Convenience
AC Grocery	702 E Santa Clara St	3,981	1.27	1951	Specialty Neighborhood
Guru's Food and Liquor	300 N 13th St	1,500	0.75	1935	Convenience
Lucky 7 Supermarket	398 S King Rd	9,057	3.89	1955	Specialty Supermarket
Bill's Market	204 Oakland Ave	N/A	N/A	N/A	Convenience
Lucky 7 Supermarket	1625 Mckee Rd	12,512	6.47	1959	Specialty Supermarket
Total/ Average		**27,850**	**3.10**	**1944**	
1.5 Mile Radius					
Cardenas Market	235 E Julian St	19,600	8.54	1956	Specialty Supermarket
Cardenas Market	1745 Story Rd	40,105	6.75	1961	Specialty Supermarket
Eurasia Delight	1111 Story Rd	1,245	5.57	1959	Specialty
Grocery Outlet	272 E Santa Clara St	24,000	4.53	1966	Supermarket
Lion Supermarket	1070 Story Rd	23,063	5.89	1968	Specialty Supermarket
Paul's Market	412 E Empire St	1,205	n/a	1898	Convenience
Prime Time Nutrition	301 N Jackson Ave	1,000	5.52	1987	Specialty
Mi Ranchito Produce	2243 Alum Rock Ave	4,244	0.39	1955	Specialty Neighborhood
S & S Market	502 S 10th St	8,453	2.96	1918	Convenience
Smart & Final Extra!	1180 S King Rd	20,510	0.73	2005	Supermarket
Story Supermarket	1200 Story Rd	8,329	6.63	1992	Specialty Neighborhood
Battambang Oriental Grocery	1091 Mccreery Ave	N/A	4.69	1963	Specialty
Walmart Super Center	777 Story Road	171,962	4.35	1997	Supercenter
Maxim Market	955 McLaughlin Ave	5,000	6.2	1987	Specialty Neighborhood
Total/ Average		**328,716**	**4.83**	**1965**	

Sources: CoStar; ArcGIS Business Analyst; Economic & Planning Systems

Figure 1. Map of Existing Grocery Stores



Still, supply and demand analysis indicates that these existing stores may not be adequate in meeting the demand of existing or future households. A leakage analysis was conducted to determine if there is unmet demand considering the current supply of grocery stores. Three different radius trade areas were used in the analysis, including 0.5-mile, 1.0 mile, and 1.5 mile. To assess the existing supply, an average sales productivity assumption of $550 per square foot was applied to the existing inventory of grocery stores in each radius.[5] This calculation is then compared to the reported ESRI/BLS household spending for each grocery store category.[6] The analysis presented in **Table 5** indicates that there is a leakage in all three trade areas, suggesting that the current supply of grocery stores does not meet the existing demand. The most significant leakage is observed in the 1.5 mile radius area, where there is a potential to add 120,000 square feet of new grocery store space. Additionally, the relatively lower leakage identified in the 0.5-mile trade area may increase significantly with planned development (i.e., new households and other spending potential), indicating a growing need for grocery stores in this smaller trade area as well.

Although the Site's visibility and accessibility from Highway 101 make it a prime location for a large grocery store, such a store's suitability for placemaking may be limited. Large-scale grocery stores typically require ample land, given their single-story structure and parking needs. Specifically, a grocery store occupying 60,000 square feet may need 4 or more acres of land to provide a minimum of three parking spaces per 1,000 square feet. However, if parking can be shared with other use types, the amount of land required may be reduced. Additionally, a large-scale grocery store may also result in displacement of smaller, existing grocers. Alternatively, an urban format grocery store, with a typical size ranging from 5,000 to 20,000 square feet, is likely better suited for this site. These smaller stores are able fit within limited urban sites and focus on serving the needs of urban consumers who rely on public transit and walking. Their smaller size can also minimize the displacement risk of existing businesses.

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[5] Sales productivity assumptions vary by different formats, ranging from $400 up to well over $1,000 per square foot. For example, Trader Joe's reports one of the highest grocery store sales of about $1,700 per square foot whereas Kroger's reports approximately $500 of sales per square foot.

[6] The reported household spending on each category is based on household income estimates for each trade area, with the 0.5 mile radius area showing lower income ($73,900) compared to the 1.0 and 1.5 mile radius areas ($75,800 and $75,700, respectively).

Table 5. Grocery Store Leakage Analysis

Item	0.5 Mile	1.0 Mile	1.5 Mile [1]
Supply			
Average PSF Spending for Grocery Stores		*$550*	
Total Grocery Store Square Footage	33,950	61,800	270,143
	$18,672,500	$33,990,000	$148,578,430
Demand			
Households	2,508	11,678	25,075
Estimated HH Income	$73,854	$75,825	$75,712
Estimated Grocery Spending per Household			
Food At Home	$6,236	$6,731	$6,678
Alcoholic Beverages [2]	$349	$381	$387
Housekeeping Supplies	$808	$892	$878
Personal Care Products	$557	$607	$603
Total	$7,950	$8,611	$8,546
Total Estimated Grocery Spending	$19,938,000	$100,561,000	$214,302,000
Leakage	($1,265,500)	($66,571,000)	($65,723,570)
Potential Grocery Store Demand (Sq.Ft.)	2,301	121,038	119,497

[1] Assumes that only 30 percent of the Walmart Super Center accounts for grocery goods.
[2] Assumes only half of alcoholic beverages are consumed at home.
Sources: CoStar; ArcGIS Business Analyst; Economic & Planning Systems

4.3 Retail Market Trends

Grocery stores are commonly categorized as retail stores, and they typically rent or lease space from retail buildings, shopping centers, or mixed-use developments. To evaluate the demand for additional retail space, EPS conducted a preliminary assessment of the existing retail market conditions in the City to better understand the local retail landscape and potential opportunities for grocery store development as shown in **Table 6**. While the 1.5-mile radius trade area has slightly higher vacancy rates than those for the City of San Jose, it is still relatively low, hovering around 7 percent as compared to the national average of 10 percent. This combined with a higher lease rate within the 1.5 mile trade area suggests a potential opportunity for further retail development at the 28th Street Station, particularly for a grocery store per the supply and demand analysis.

Table 6. Retail Market Trends

Location	Year 2010	Year 2022	Percent Change
1.5 Mile Radius			
Inventory (Sq.Ft.)	2,525,490	2,814,337	11.4%
Avg Sq.Ft. per Building	6,236	6,949	11.4%
NNN/ Rents/ Sq.Ft.	$2.55	$2.76	8.2%
Vacancy	5.1%	6.8%	33.3%
City of San Jose			
Inventory (Sq.Ft.)	34,879,169	36,351,456	4.2%
Avg Sq.Ft. per Building	11,288	11,730	3.9%
NNN/ Rents/ Sq.Ft.	$2.27	$2.68	17.9%
Vacancy	6.1%	5.6%	-8.2%

Source: CoStar (Accessed March 2023)

4.4 Recommendation

While there is an opportunity to introduce a grocery store as an anchor tenant, there is also a strong possibility of displacing existing businesses and minimizing placemaking efforts. One approach to mitigate displacement risk would be to select a smaller tenant as part of a mixed-use building, such as an urban format neighborhood grocer similar in size to a Trader Joe's [7], which can provide a diverse range of groceries while minimizing the impact on existing businesses due to its smaller size. At the same time, the City could minimize displacement risk by requiring subsidized retail spaces for legacy (i.e., existing) grocery businesses. It is also important to ensure that the pricing strategy of a new grocery store is inclusive and caters to households with varying income levels. This is particularly important when new future development is realized, as the demographics and income levels of the community may change. According to the HCD, Santa Clara County's median household income was $168,500 in 2022, well above the estimated household income of the three trade areas ($73,900-$75,800). As new households (likely from within the County) are added to the community, the income levels of the trade areas may rise, attracting a higher-priced supermarket. This could further exclude existing households from accessing affordable groceries. Instead, possible grocer tenants should include conventional supermarkets that serve households with diverse income levels, discount/value grocery stores that offer lower-priced products, or ethnic grocery stores that cater to specific cultural communities.

[7] Most locations of Trader Joe's average between 10,000 to 15,000 square feet.

5 Live/Work

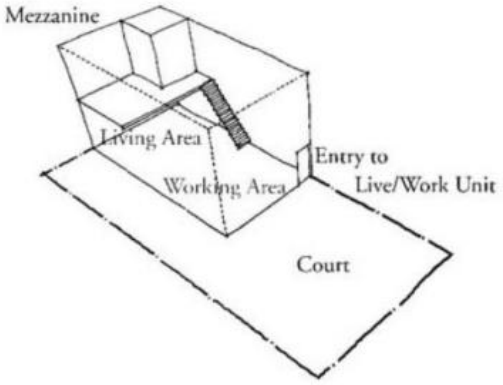
The Bay Area has a rich history of live/workspaces that can be traced back to the early 20th century when artists converted industrial buildings into multifunctional living and working spaces. In recent years, the growth of the region's technology industry, coupled with the high cost of living, has increased demand for live/work units among a broader range of urban dwellers. While many live/work units in the market are redevelopments or renovations of existing buildings, this portion of the study focuses on new construction within the Bay Area.

5.1 Live/Work Spatial Categories

The layouts and sizes of live/work units can vary greatly, with design considerations driven by the intended purpose of the space. EPS has identified several live/work typologies that may align with the DDF goals.

Ground-Floor Live/Work Lofts

Ground-floor live/work lofts, inspired by repurposed industrial spaces, are popular in urban and mixed-use developments. A live/work loft is typically a single space that includes a mezzanine/ sleeping area, above a large contiguous working space. This typology aligns with planning efforts that prioritize ground floor commercial uses to activate streetscapes while mitigating the risk of vacant retail spaces. These units are typically found as part of a larger residential development and serve as the "commercial" component.



Source: Thomas Dolan Architects

In general, new construction of live/work lofts in the Bay Area tend to be on the smaller side, ranging from 500 to 1,200 square feet.[8] These lofts are characterized by open, unencumbered spaces and ample natural lighting, making them ideal for artists, telecommuters, or small businesses that require flexible space. These units are often preferred by tenants who live alone and desire commercial foot traffic.

Live/work lofts may face the "curtain effect" where large windows meant for commercial street-level activation are obscured by closed curtains for residential privacy. To some extent, the internal activity and its interface with the public realm can be addressed through zoning requirements, such as Oakland's limit of 33% residential use[9] or Palo Alto's requirement that

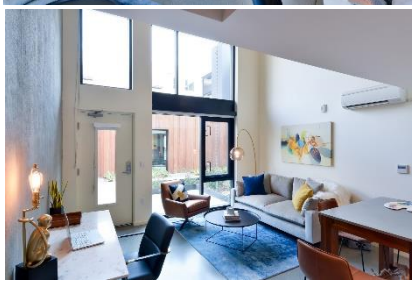
[8] Larger live/work lofts may be found in industrial or warehouse conversions.

[9] City of Oakland Municipal Code: 17.73.040.

live/work spaces include at least 60% residential use.[10] However, such policy tools also limit a developer's or project's flexibility to respond to market forces at construction and over time.

Case Study: Union Flats (For Rent)

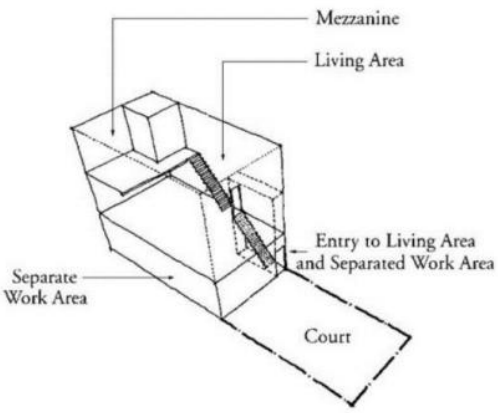
Union City invested over $163 million in the redevelopment of a brownfield as part of the City's Station District. The District includes plans for 1,700 housing units, 1.2 million square feet of commercial uses, and a plaza fountain. Union Flats, situated on 2.5 acres within the Station District, completed construction in 2018 and offers 243 market-rate units, including 28 live/work lofts. The project also offers a large ground floor commercial space that can be leased to an anchor tenant but is being used as a community art gallery.



Item	Description
Development, City	Union Flats, Union City
Number of Units	243 total units including 28 live/work lofts
Rent Restrictions	Market Rate
Sq.Ft./ Unit	620-660 Sq.Ft.
Workspace	450 Sq.Ft.
Layout	Mezzanine over workspace
Special Features/ Amenities	**Communal:** swimming pool, pavilions for leasing and coworking, fitness center, dog spa, community art gallery **Per Unit:** pre-wiring phone and data lines, high ceilings, hardwood siding distinguished from traditional units above; large windows facing 11th Street promenade
Live/Work Market Rent per Unit	$2,370-$2,460
Year Built	2018

Source: https://theunionflats.com/, Windflower Properties

[10] City of Palo Alto Municipal Code: 18.34.0404.



Source: Thomas Dolan Architects

Separated Live/Work Units

Live on top/work on bottom typology is also a popular configuration for live/work units where the living and working components are on separate floors. This provides greater flexibility for renting or sharing residential and workspace and minimizes exposure to hazardous materials or high-impact work activities. Additionally, it allows for commercial uses like small retail or client-facing activities without disturbing housemates. These units are typically larger, ranging from 900 square feet to 2,500 square feet depending on the number of residential levels. Although these larger units allow for much greater flexibility for tenant occupancy, it also limits the amount of density. Although less common in market-rate live/work projects, this typology could be expanded to an entire mixed-use building with shared workspace on the ground floor, though this would require a community of residents with similar work, thus limiting market flexibility.

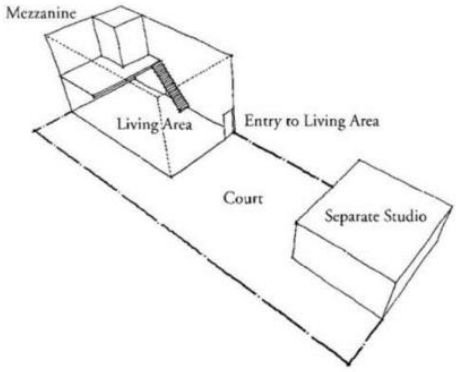
Case Study: Artisan Cove (For Rent)

Artisan Cove, located in the Richmond Marina district, is an entire community of new construction live/work units. The property sits on 5 acres and has 8 buildings consisting of 51 live/work units. These units are 2 stories (1-2 BR, 2.5 Baths) with the ground floor zoned as a workspace for entrepreneurs, artisans, and artists. Each unit has large windows and skylights to provide natural light with ground floor entrances opening to two reserved parking spots for client access. Additionally, the spaces have commercial type glass door entrances and glass paneled roll-up doors. The community is located near the San Francisco- Richmond Ferry and within a 15-minute walk to the Richmond BART station.

Item	Description
Development, City	Artisan Cove, Richmond
Number of Units	51 live/work units; 1-2 BR
Rent Restrictions	Market Rate
Sq.Ft./ Unit	2,250 Sq.Ft.
Workspace	1,050 Sq.Ft.
Layout	Two stories (ground floor work area)
Special Features/ Amenities	**Communal:** 2 parking spots per unit, on site community center, community of makers/ artists **Per Unit:** 12-23 foot high ceilings, large windows on both elevations plus skylights, commercial glass door entrance, paneled roll-up door, rear glass doors to patio area
Live/Work Market Rent per Unit	$3,800-$4,200
Year Built	2016

Source: City of Richmond, https://www.artisancovelivework.com/

Separate Live Units and Work Units



Source: Thomas Dolan Architects

A less common, but still prevalent type of live/work design separates the living component from the working component with a short distance. This could be across a courtyard, to a converted garage or other accessory structures. These units offer similar advantages to the separated live/work typology, allowing for shared workspaces among residents or, if land acreage allows, separate private workspaces. This configuration is often preferred by maker live/work communities, including artists, as it allows for the workspace to be purposefully designed for high-intensity work. These units are also more suitable for client visits and larger employee numbers. The choice between separate workspaces or a communal workspace can also impact the unit density of the total development. This typology can be built as a single live unit + work unit or as a live building + work building which would limit the amount of land needed.

Case Study: Foothill Live/work (For Sale)

Although there are not many recent examples within the Bay Area of separate live units and work units due to the high cost of land, the Foothill live/work project located in north-west Cupertino was completed in 2017. The project redeveloped a 0.87 gross acre commercial site with five live/work spaces and one stand-alone single-family residence. Each live/work unit has approximately 3,100 square feet including a detached 435 square foot workplace fronting Foothill Boulevard. The live component is setback behind the workspace and accessed through an interior driveway off Silver Oak Way. The workspace includes a kitchenette, full bath, and large windows. Each work unit has one parking space in addition to the two spaces for the residential component.

Item	Description
Development, City	Foothill Live-Work, Cupertino
Number of Units	6 total units including live/work units; 3 BR, 3.5 BA
Sale Restrictions	Market Rate
Sq.Ft./ Unit	3,100 Sq.Ft. Total
Workspace	435 Sq.Ft.
Layout	Two story live component, one story workspace
Special Features/ Amenities	**Communal:** each workspace allows for 1 client meeting at a time, with a amaximum of 5 metings **Per Workspace:** 10 foot high ceilings, fronting Foothill Blvd., large windows, commercial glass door entrance, courtyard pathway to residential component
Live/Work Market Sale Price per Unit	$2.3-$2.7 million
Year Built	2017

Source: City of Cupertino, Zillow

5.2 Artist Live/Work Communities

As shown by the case studies, many new market-rate live/work units do not serve as community hubs. Instead, they have characteristics more typical of a traditional residential unit with a functional home office. Thus, EPS examined live/work projects that also emphasize social connections including artist communities such as the Tannery in Santa Cruz and the WAV (Working Artists Ventura). These communities exemplify the concept of integrating living and working spaces in a way that fosters community engagement and collaboration. However, these projects require strong partnerships with local communities to identify market needs, potential sites, and sources of financing. Most of these projects require a combination of private investment, government grants, tax credits, individual and community philanthropic support and at times, land subsidization from a public entity.

To further understand the process, EPS interviewed Artspace staff,[11] who explained that a project begins with identifying communities with artists who need housing. Rather than respond to RFPs, Artspace's project locations are based on an analysis of an area's creative market after a community expresses interest. Consequently, projects vary significantly by community. Typically, the projects are mixed-use buildings with housing on the upper floors and non-residential space on the lower floors and separate common spaces like galleries and green space to encourage tenant interaction (i.e. a combination of the two latter live/work typologies aforementioned). Compared to typical market units, Artspace designs housing with higher ceilings, wider elevators and doors, and open floor plans to accommodate artwork. Typically, Artspace's live/work units consist of 1-bedroom apartments that range from 600 to 800 square feet. The number of units per project usually falls between 50 and 100.

Artspace developments are usually funded through LIHTC and rely on targeted advertising to attract artists. Most housing units are affordable to households earning at or below 60 percent of Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development. In general, anyone who qualifies for affordable housing may apply for residency, but preference is given to artists. Potential residents are then interviewed by a Selection Committee that seeks applicants committed to their art and who could be positive contributors to the building and community.

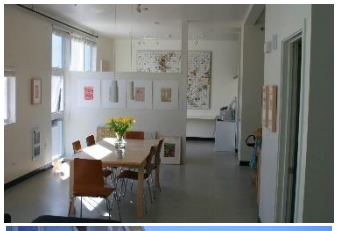
If Artspace were to explore the potential for live/work housing at the 28th Street station, the process would require consultation with local artist organizations. However, Artspace typically requests that an interested community propose 5-8 sites, so the predetermined development area in this case would be atypical. Additionally, on an average year, the Artspace Consulting Team makes 15 to 20 feasibility visits to cities around the country with two to four resulting in projects. Artspace states that their decisions "are primarily based on the feasibility and viability of the project, as well as community support and engagement."

[11] Artspace creates, fosters, and preserves affordable and sustainable spaces for artists and arts organizations including the development of live/work projects.

Case Study: The Tannery (For Rent)

The Santa Cruz Tannery Center project encompasses 8.3 acres of both commercial and residential space for artists to live, work, and build community. The 150-year old Salz Tannery closed in 2002 and the planning for the reuse of the site as a center for arts began immediately with three phases: 1) The Tannery Artists' Lofts (housing for artists); 2) The Digital Media and Creative Arts Centers (i.e. working spaces); and 3) The Performing Arts Center (200 seat theater). The Tannery Artists' Lofts opened in 2009 after 8 years of pre-development work to offer 100 units of affordable live/work lofts. These units are spread along two buildings covering a total area of 180,000 square feet. In 2012, the 24,000-square foot Arts Center opened to provide studio and retail space for a broad range of mediums. The 28 studio spaces for artists and creative businesses were in two renovated historic buildings. The project was finally completed in 2015 to include the Colligan Theater. The project was a joint effort by the former Redevelopment Agency of the City of Santa Cruz, Artspace, and the Tannery Arts Center (TAC)[12]. The property was acquired by the Redevelopment Agency which leased a portion to Artspace for the construction of the lofts. The Redevelopment Agency then renovated the historic tannery buildings to create the working studio buildings. These work buildings were then master leased to Artspace to operate these artist studios separately from the residential live/work buildings. Throughout the process, the TAC guided the overall direction of the project.

Item	Description
Development, City	Tannery Lofts, Santa Cruz
Number of Units	100 live/work units; 1-3 BR
Rent Restrictions	Affordable
Sq.Ft./ Unit	600-1,200
Workspace	In-unit not separated; additional studio space available from 780-915 sq. ft.
Layout	Open floor plan live/work units with commercial studios for rent
Special Features/ Amenities	**Communal:** resident garden and meeting spaces, larger campus includes the Colligan Theater and studios for rent in the Digital Media and Creative Arts Center **Per Workspace:** high ceilings, wide doors, open floor plans
Live/Work Market Rent per Unit	Studio workspace available for an average of $2/sq. ft. per month
Year Built	2009



Source: City of Santa Cruz, Artspace, Tannery Arts Center

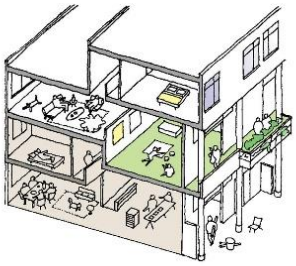
[12] Local nonprofit organization governed by a board of directors representing stakeholders.

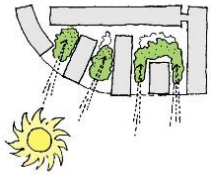
Case Study: The WAV (For Rent)

The Working Artists Ventura (WAV) community opened in 2009 to revitalize downtown Ventura as "California's New Art City." The property was developed by PLACE (Projects Linking Art, Community and Environment), designed by Santos Prescott and Associates and provides 54 units of affordable artist housing, 15 units of supportive housing for households exiting homelessness and the foster care system and 13 market rate units. The project was specifically designed for community engagement by clustering each residential section around shared open greenspace bordered by walkways. Each live/work loft unit has a 15 foot-high working space and ample natural light optimal for artists. The community plaza and gallery space host exhibits and performances including an open studios event every first Friday of the month. The WAV currently maintains a waitlist for all unit types with the longest wait being for three and four bedroom units as these units rarely have turnover.

The WAV received significant support from the City of Ventura both for its contribution of affordable artist housing and its innovative focus on sustainability. The project meets high standards of green building technology (LEED Silver Award). Additionally, the development is built with recycled materials, designed to conserve water and energy, and powered by solar panels.

Item	Description
Development, City	The WAV, Ventura
Number of Units	82 total units, 54 live/work units, 15 units of supportive housing, 13 market rate units; studio-4 BR
Rent Restrictions	Affordable units available to residents and families earning less than 45%, 50%, or 60% of area median income (AMI).
Sq.Ft./ Unit	400-1,500
Workspace	15 foot-high workspaces in each unit; Two ground-floor studios available for rent
Layout	in-unit workspace separated from living space, additional outdoor work spaces and lobby studio space for rent
Special Features/ Amenities	**Communal:** Café and gallery **Per Workspace:** large, flexible floor plans, high ceilings, large windows, and durable surfaces
Live/Work Market Rent per Unit	Based on income level, size of family, and apartment size
Year Built	2009





Source: Santos Prescott, John Stewart Company

5.3 Live/Work Market Conditions and Other Design Trends

Currently, there are two proposed projects in the City of San Jose that include live/work units, in addition to several existing projects, demonstrating both City and market interest in this housing typology. Additionally, the lease rates and sale prices of market-rate live/work units are similar to those achieved by traditional market-rate residential units of comparable size, indicating that such live/work units are competitive in the residential market. The table below seeks to provide insight into the types of activities and tenants common to different live/work project categories based on the type of work conducted within the live/work units.

Table 7. Illustrative Characteristics of Live/Work Project Categories

Category	Description	Example of Businesses
Client Based	Work that requires foot traffic and space for client-facing meetings	Personal service businesses including hair stylists, tutors, doctors, therapists, daycares, small retailers, manicurists
Non Client Based	Office or service work with few or no impacts, no employees, no direct retail sales	Teleworkers, consultants, researchers, software developers, analysis, writers, accountants, sales representatives, digital artists
Industrial Live/Work	Goods production or services with lower impacts and no employees	Makers, jewelers, garment making, small leather goods, printing, small good repair, some production and recording studios
Artist Live/Work	Artists and craftspersons working in low impact media	Painters, graphic artists, photographers, print artists, certain potters, carvers, musicians

To achieve a successful live/work project, other design elements should be incorporated to fit the needs of the tenant and community goals. Drawing from various case studies, some key design elements have emerged, including:

- Street Lining/ Publicly Accessible
- Larger Windows/ Proper Ventilation and Good Lighting
- Open Floor Plans or Flexible Design
- Adequate Parking and Storage Facilities
- Community Spaces/ Business Centers
- Open Floor Plans
- Live/Work Intimacy Gradient[13]

[13] Thomas Dolan Architects: The more public function a space is, the closer it is to the entrance. The more intimate or private functions (i.e. residential purposes) should be located further inward.

5.4 Recommendations

Live/work space is likely to be a market-viable use for the 28th Street station area, given the strong demand for housing in general both locally and regionally and the proven market interest in these types of units. Still, it is important to consider whether new construction of market-rate live/work units would provide the placemaking elements expected in a transit-oriented, urban context. As new construction (rather than renovations of existing structures), these developments are often in loft or townhouse styles that tend to be relatively low-density structures compared to newer multifamily construction types seen at many transit stations throughout the Bay Area and may be appropriate for shallow or otherwise uniquely shaped parcels for which higher-density developments may be impossible or inefficient.

However, a higher-density artist community, similar to the Tannery or the WAV, could be a more viable anchor tenant for a transit station area. These communities typically have a minimum unit requirement for development and often include shared communal spaces, such as performance spaces or art galleries, that can be open to the larger community. Artist communities can also be more flexible in terms of shared space design since the residents often have similar work. Artist communities do often require a complex financial structure, potential subsidization, and strong local partnerships to become a reality.

6 Incubator/ Accelerator Spaces

Incubators are organizations that provide a range of support services to help early-stage companies and new business ideas grow. The focus of incubators can vary in scale, from providing resources and guidance for individuals with business ideas to offering funding, networking, and workspace opportunities for more mature businesses looking to scale up production or expand their market share. The primary goal of an incubator is to accelerate a business's growth by providing key resources and support, such as mentorship, funding, and networking opportunities.

6.1 Incubator/ Accelerator Categories

EPS evaluated the landscape of incubator spaces in the Bay Area and identified four main categories of incubator industries: community-oriented, tech, life sciences, and ghost kitchens. This part of the study evaluates the potential for different types of incubators to serve as anchor tenants of the planned development based on market research and interviews. Community-oriented incubators are subsidized by the government to serve small businesses and entrepreneurs in need of licensing to operate official businesses. Tech incubators, on the other hand, are typically funded by venture capital and connect early-stage tech companies with investors and industry experts. Life science incubators are especially prominent in the Bay Area, with two already located in San Jose. These incubators help small and mid-stage biotech companies commercialize their research. Ghost kitchens are a unique form of incubator that provide delivery fulfillment services for restaurants looking to expand their reach. Variations between physical development of each incubator type are described below.

6.2 Market Conditions, Trends, and Findings

La Cocina, Source: SF Chronicle

Typically, community-oriented incubators operate in traditional office spaces or converted industrial buildings with government subsidies for tenant improvements. La Cocina, a food-oriented incubator in San Francisco, is an example of a community-oriented incubator. Its mission is to support low-income women entrepreneurs and create local jobs. La Cocina operates both an incubator kitchen that provides subsidized commercial kitchen space and technical assistance and a marketplace for the more mature businesses to sell goods. The 4,400 square foot incubator kitchen space includes 2,400 square feet of kitchen space, 800 square feet of dry storage, and 1,200 square feet of bathroom and office space. The marketplace, shown in the photograph, recently opened in a converted post office after years of fundraising for additional space. EPS discovered that La Cocina's biggest challenge is finding permanent space for its entrepreneurs once they outgrow the small incubator location. Such a space would ideally be ten to fifteen thousand square feet with five or so businesses occupying workstations of about a thousand square feet and sharing a storage space for consumer-packaged goods. Proximity to transit and offices is especially important for La Cocina's entrepreneurs because most of their

businesses rely heavily on catering. The mission of incubators like La Cocina aligns well with the goals for the 28th Street development and the organization's vision for a larger market space indicates that a business of a similar type could potentially be an ancillary tenant at the property.

Source: SF Chronicle

Ghost kitchens typically operate out of converted warehouses, retail storefronts, and restaurants. Facilities focus on delivery and take-out services with stations of 200 to 300 square feet for each restaurant to prepare food. Properties vary significantly in size, with some ghost kitchens providing service from only a couple of businesses and others like the Oakland Food Hall, pictured here, offering more than 20 restaurants. Oakland Food Hall occupies 18,200 square feet of space, making it one of the largest ghost kitchens in the area. Ghost kitchens show potential market opportunity due to their prevalence across the Bay, but the focus on takeout and delivery makes for less foot traffic and community building than a traditional food market.

Life science incubators operate in buildings designed for R&D labs and offices. BioCube South San Jose is a recently expanded 68,521 square foot lab space helping small and mid-stage biotech companies commercialize their research. The facility provides companies with small workstations ranging from 100 square feet of wet lab bench space[14] to 1,300 square foot individual suites. BioCube North recently opened to provide 35,000 square feet of experimental lab space for up to 20 life science companies. The North facility includes wet lab suites with around 4,500 square feet per individual lab. Both locations provide on-site support services to connect researchers and grow companies. With BioCube South's expansion and the opening of BioCube North, the market demand for life science incubators in the San Jose area appears to be strong, indicating the potential for such a property to serve as an anchor tenant at 28th Street.

Source: San Jose BioCube

[14] A wet lab bench is a work bench made of materials resistant to corrosion and chemical damage to accommodate work in lab settings where experiments are conducted. Wet lab benches typically have a number of features to facilitate laboratory work, such as integrated sinks for disposing of liquids, built-in electrical outlets for powering laboratory equipment, and storage cabinets for storing equipment and supplies.

Source: SkyDeck

Unlike the unique development needs of the other incubator types, tech incubators operate in traditional office spaces ranging in size depending on the number of businesses being incubated and the format of the services. For example, Sky Deck, a tech incubator at UC Berkeley operates in 11,000 square feet of space in the penthouse of an office building. That amount of space allows the program to provide a 6-month acceleration process for 20-25 startups at a time. The traditional development needs and size of tech incubators suggest that such a development would most aptly serve as an ancillary tenant among other office uses.

Apart from the incubator opportunities discussed above, Cristo Rey High School has expressed interest in developing a coworking space for its students in their work-study program. Such a space would host around 40 students working remotely each day. In addition to workstations, the facility would require a snack area and storage space for student computers. Over the next four years, the school's faculty is evaluating the need for additional space and would likely be interested in expanding to accommodate student workspace.

6.3 Recommendations

The potential for different types of incubators to serve as an anchor tenant varies based on mission and size. A life science incubator could be an anchor tenant in terms of size and market viability, but there are several of these facilities currently serving the area. Community-oriented business incubators are generally ancillary but also show potential to serve as an anchor tenant but would require subsidies. For example, La Cocina's funding comes from a variety of federal and state grants, foundations, and individual donations and its space was donated by San Francisco along with money for tenant improvements. Cristo Rey High School also presents strong potential to create significant foot traffic and contribute to community cohesion in the area. With ample planning time for Cristo Rey to fundraise, the school would be able to pay for development.

The viability of different incubator types as potential tenants depends also on the prominence of remote work in the industry. Since the beginning of the COVID-19 pandemic, many companies have reevaluated the need for physical offices and shifted to remote work as a long-term solution. For some industries like tech, remote work seems to have significantly altered the norm to rely less heavily on in-person work. For other industries, like life science R&D, some level of in-person work remains essential due to the need for lab space and access to specified facilities. For the most robust station area at 28th Street, it may be prudent to prioritize employment uses that will continue to prioritize and rely on in-person activity.

7 Transit Oriented Office

VTA requested that EPS explore the market for transit-oriented development projects on BART sites to examine the potential viability of office use at the planned development. As mentioned in the previous section, remote work has significantly impacted the office real estate market. However, office development is expected to continue and proximity to transit provides a competitive advantage for many office users in providing convenient access for office workers and clients.

6.3 Transit Oriented Offices by Tenant Type

BART's transit-oriented development projects often include office space as part of mixed-use development projects. The offices vary in size and function. The two main types of transit-oriented office developments are modern office facilities and mission-driven complexes.

Source: Workday

Modern offices, such as Millbrae Gateway Station and West Dublin/Pleasanton Station are outfitted with the latest technology and designed with collaborative work and recreation spaces. For example, the West Dublin/Pleasanton Station office building is home to the Workday Headquarters and boasts an outdoor amphitheater and several open spaces for employees to enjoy. The Millbrae Station office development demonstrates a more recent example of this TOD approach that opened in late 2022. This property is part of a larger mixed-use development with 400 housing units and a 164-room hotel in addition to the 150,000 square foot office space, designed with open floor plans to encourage collaboration and creativity.

Source: Gateway at Millbrae

Source: BART.gov

As an alternative to the modern office development style that emphasizes "forward-thinking" workspaces, BART station areas have also included mission-driven office facilities like the Ashby/Ed Roberts campus at Ashby Station in Berkeley. Located at a fully accessible station, the Ed Roberts Campus is dedicated to supporting independent living for people with disabilities. The Campus houses offices for non-profit organizations as well as fully accessible meeting rooms and

Source: SF Gate

a child development center. The Ed Roberts Campus is adjacent to two BART parking lots, both of which are currently being considered for new TOD projects.

6.2 Market Conditions, Trends and Findings

Table 8 shows the dimensions and characteristics of each of the three BART station office developments discussed above. As indicated, the office building floor plates at these sites range from 43,000 to 68,000. Additionally, both "modern" office properties have effective rents higher than the average office in their city's markets, indicating a market premium placed on proximity to transit and modern design features. Despite proximity to BART however, parking remains prominent at the two most recently developed sites with parking ratios ranging from 1.7 to 3.2 per 1,000 square feet. While the Ed Roberts station does not have parking, Millbrae's property has a garage and West Dublin has both surface and garage parking that services several buildings in the area. Both the West Dublin and Millbrae developments are subject to BART's Transportation Demand Management Program (TDM) which sets requirements for developments on BART owned property to help reduce vehicle miles travelled and increase BART ridership. The TDM program requires that all parking be unbundled and rented to users on a daily or hourly basis.

Table 8. BART Station Office Characteristics

BART Station	Type	NNN Office Rent		Total GSF	Floor Plate Sq.Ft.	No. of Stories	Year Built	Percent Vacancy	Office Designated Parking Spaces	Parking Ratio
		Citywide	Property							
Millbrae	Modern	$63.39	$78.00	173,000	52,500	7	2022	91.10%	288	1.7
West Dublin/Pleasanton	Modern	$35.65	$39.12	410,000	68,300	6	2019	0%	1,307	3.2
Ashby/Ed Roberts Campus	Mission-driven	NA	NA	86,000	43,000	2	2010	0%	0	0.0

Sources: CoStar, BART, Watry Design

6.3 Recommendation

As indicated by recent office developments at BART stations, new office space at 28th Street could serve as either a primary feature of the station area or just one use in a mixed-use environment. At West Dublin, the property was designed specifically for a single tenant's large headquarters, whereas the other locations provide space for multiple tenants. The Millbrae station development offers an example of the potential for a comparatively reduced parking program for office that is well-served by transit, but still suggests that office parking will be important for attracting most types of office tenants to the space.

One potential for office development to contribute to the development's mission could be a partnership between Cristo Rey and office tenants to provide internships for students in the work study program. Students interning at the businesses on the property could work in-person while students interning for other businesses could work remotely in the same building, creating opportunities for student connection and unified programming. With a student coworking space

and office tenants, the property could blend the modern office TOD concept with community-oriented development.