

APPENDIX III – DENSITY BONUS APPLICATION MATERIALS

I. Executive Summary

As confirmed in the SB 35 Approval and 2022 Modification, the Project qualifies for and has been granted a density bonus under the State Density Bonus Law (as implemented under Cupertino Municipal Code (“CMC”), Chapter 19.56). Under both the SB 35 Approval and 2022 Modification, the City granted a density bonus of 35 percent, yielding 623 additional market rate density bonus units, and granted three concessions.

Due to amendments to the State Density Bonus Law, the Project qualifies for a 50% density bonus, which is now reflected in this modification request. (See Gov. Code § 65915 et seq.) This modification request also includes minor revisions to two of the previously granted concessions, as well as a new waiver request for relief from setback requirements along arterial/boulevard curb lines. **Section II** below provides an overview of the legal framework applicable to this request; **Section III** provides details regarding the 50% density bonus request; **Section IV** provides details regarding the revisions to concessions request; and **Section V** provides details regarding the waiver request.

II. Applicable Legal Framework for the Density Bonus Request

The State Density Bonus Law establishes a statutory right to applicants seeking additional density and relief from otherwise conflicting development standards. Since the SB 35 Approval, the Density Bonus Law has been amended to strengthen its mandates and provide clarity to both applicants and local agencies in processing density bonus applications; additionally, California courts have issued additional binding decisions that further clarify and affirm key provisions of the statute. Importantly, both the statute and case law are clear that the State Density Bonus Law must be interpreted and implemented “liberally in favor of producing the maximum number of total housing units.” (Gov. Code § 65915(r).)

As a general principle under SB 35, additional density or other concessions, incentives, or waivers of development standards granted pursuant to the Density Bonus Law are not taken into account when evaluating compliance with the City’s “objective zoning standards” and “objective design review standards.” Further, when processing a modification application, the City must utilize the same “assumptions and analytical methodology” that it used when processing the original application to assess consistency with objective planning standards. (Gov. Code § 65913.4(g)(1)(C).) The City has previously approved a density bonus in connection with the SB 35 Approval and 2022 Modification, so this requirement extends to its review of this density bonus application.

The following requirements apply the City’s review of this density bonus request:

- **Density:** Under the State Density Bonus Law, the project qualifies for a 50% density bonus based on its incorporation of 15% of the “total units” as affordable to very low income (“VLI”) households. For purposes of determining the number of affordable units required to qualify for a particular density bonus or number of concessions, the statute defines the term “total units” to exclude units added by the density bonus. This 50% results in an increase of 890 market rate bonus units based on including 267 VLI units for a project total of 2,669 units.

- **Concessions/Incentives:**¹ Under the State Density Bonus law, the Project is entitled to three concessions. The City can only deny a concession if it finds that it would not result in identifiable and actual cost reductions; would have an unmitigable/unavoidable specific, adverse impact on public health and safety or any real property listed on the California Register of Historical Resources; or would violate state or federal law. The City has already granted the requested concessions, and they remain applicable, so that determination cannot be revisited. Moreover, since the SB 35 Approval, courts have affirmed that, with respect to identifiable and actual cost reductions, applicants do not bear the burden to prove that incentives would result in actual cost reductions; rather, requested incentives are presumed to result in cost reductions, and local governments must either accept this presumption or make written findings based on substantial evidence to the contrary. (See *Schreiber v. City of Los Angeles*, 69 Cal. App. 5th 549 (2021).)
- **Waivers:** Under the State Density Bonus law, the Project is entitled to a waiver of all development standards that would physically preclude the development at the density permitted and with the concession(s) granted. Unlike concessions, waivers are not limited in number. Under the State Density Bonus law, the City can only deny a waiver if it finds that it would have an unmitigable/unavoidable specific, adverse impact on public health and safety; would have an adverse impact on real property that is listed in a qualifying historic register; or would violate state or federal law. Recent case law has also affirmed the use of waivers; in 2022, a California appellate court clarified that density bonus projects are entitled to waive development standards that would prevent the project *as it is designed* from being built – meaning a waiver must be granted even if the project could theoretically be redesigned to comply with the relevant standard(s). (See *Bankers Hill 150 v. City of San Diego*, 74 Cal. App. 5th 755 (2022).) Accordingly, when making a request for a waiver in connection with this modification request, the Applicant need not demonstrate that the Project could be redesigned in a manner that complies with the standard from which it is seeking relief.

Although not required by state law, the City’s local density bonus code requires that the affordable units that are provided for density bonus purposes be dispersed throughout the Project. (See CMC § 19.56.050(G).) The modification request complies with this dispersal requirement by including affordable units in standalone buildings that are distributed throughout the west and east side of the Project site. This dispersal strategy allows for project financing through low-income housing tax credit programs, as well as for the provision and allocation of key services and amenities to those affordable units. Although the modified project continues to comply with this requirement, it is not obligated to because under SB 35, the requirement for the affordable units to be “dispersed throughout the project” is not objective because it involves personal judgment and there are no “uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal.”

III. Density Bonus Increase

The modification request includes a revision to utilize the 50% density bonus that is authorized under the State Density Bonus Law. Under the applicable General Plan Land Use Element policies, the “base density” for the Project site remains 1,779 units. Based on the Project’s base density of 1,779 units, a 50% density bonus yields 890 additional market rate density bonus units, thereby totaling 2,669 units. To achieve a 50% density bonus, the modification request includes 267 VLI units, which represents 15% of the base

¹ The statute uses the terms concession and incentive interchangeably. For simplicity, this application uses the term concession.

density of 1,779. As required by SB 35, the modification request also continues to provide 50% of the base units as affordable to at least 80% AMI households, totaling 890 affordable units (inclusive of the 267 VLI units). (See § 65913.4(k)(2)(B); see also HCD Guidelines § 402(b)(3).) See **Table 1** below for a summary of the density bonus calculation under this modification request as compared to the SB 35 Application.

Table 1: Density Bonus Summary Table

	Max Units Permitted (Base Density)	Max Units Permitted with Density Bonus	Total Units Proposed	Affordable Units by Income Level	Bonus Percentage	Concessions	Waivers	Bonus Units
Original SB 35 Approval	1,779	2,402	2,402	Very Low: 361 Low: 840	35%	3	0	623
Modification Request 2	1,779	2,669	2,669	Very Low: 267 Low: 623	50%	3	1	890

IV. Request for Three Concessions

The Project has been previously granted the following three concessions under the State Density Bonus Law based on the inclusion of 15% of the total units as affordable to VLI households:

1. A concession to allow the affordable units to be studios and one-bedroom units instead of a mix of units comparable to the units within the development pursuant to BMR Housing Mitigation Procedure Manual Section 2.3.4 (A);
2. A concession to allow the affordable units to be smaller in size than the market rate units pursuant to BMR Housing Mitigation Procedure Manual Section 2.3.4(B); and
3. A concession to allow 400,000 square feet of retail, a reduction of 200,000 square feet, where 600,000 square feet is required in the General Plan pursuant to Strategy LU-19.1.4.

This modification request continues to seek all three categories of concessions, but with changes to concessions #1 and #3 as shown in ~~striketrough~~/underline below:

1. A concession to allow the affordable units ~~to be studios and one-bedroom units instead of a mix of units~~ to deviate from the requirement that unit types be comparable to the market rate units within the development pursuant to BMR Housing Mitigation Procedure Manual Section 2.3.4(A).
2. [No Changes]
3. A concession to allow ~~200,000~~ 400,000 square feet of retail, a reduction of ~~400,000~~ 200,000 square feet, where 600,000 square feet is required in the General Plan pursuant to Strategy LU-19.1.4.

With respect to Concession #1, minor reconciling text changes are proposed to be consistent with the BMR Housing Mitigation Procedure Manual. With respect to Concession #3, the Applicant now seeks to obtain further relief from the retail requirement under Concession #3 above to instead allow a minimum of 200,000 square feet of retail, where 600,000 square feet would otherwise be required. To support this request, the Applicant and its consultant, The Concord Group, have conducted an updated Retail Opportunity Analysis, included here as **Attachment A (Retail Opportunity Analysis)**, that documents the retail demand in the Project's trade area, which has seen significant declines due to changes in consumer shopping preferences stemming from the COVID-19 pandemic. See **Attachment A** for additional details.

By providing over 200,000 square feet of retail, the Project will continue to provide a vibrant pedestrian retail environment and will retain the same approximate extent of the linear retail frontage as previously envisioned by reducing the depth of the retail floorplates. This revised retail typology reflects a modern retail demand profile that favors smaller retail experience in-lieu of big-box shopping and entertainment and will accommodate a diverse range of food and beverage tenants and customer-serving retail (boutiques, small businesses, etc.), allowing for an improved mix of retail opportunities for both tenants and the broader community.

V. Waiver Request

This modification request includes a request for a Density Bonus Law waiver for relief from the General Plan standard requiring that the "primary building bulk be maintained below a 1:1 slope line drawn from the arterial/boulevard curb line or lines." (See General Plan, Figure LU-2: Community Form Diagram.)

Under the modification request, certain portions of the primary bulk of the residential/retail buildings within Blocks 1, 2, 5, 8, 10, and 11 located along N. Wolfe Road and Stevens Creek Boulevard and the primary bulk of the office buildings within Blocks 13, 14 and 15 along N. Wolfe Road pierce the 1:1 slope to accommodate the Project land use program, while avoiding further increased heights particularly along neighboring properties that are developed with lower intensity residential uses. Sheets 508 and 508.1 of the **Appendix IV, Modification Request Plan Sets**, as excerpted for convenience in **Attachment B (Primary Bulk Waiver Diagrams)** provide a visual depiction of where the buildings pierce the 1:1 plane. With incorporation of this waiver request as authorized under the State Density Bonus Law, the modification would remain consistent with this General Plan requirement.

Overall, the Project endeavors to be sensitive to the neighboring properties, especially the single-family residential neighborhood to the west of the Project and to concentrate project density along the arterials/boulevards as a design strategy to minimize the perceived building heights from neighboring properties. Within the Project site, upper floors are set back to minimize perceived bulk and height. Taller buildings have been set back from the adjacent residential community and lower rise buildings have been located adjacent to the western edge of the Project. For example, the modification request has relocated townhomes along the westernmost area of the Project site adjacent to the Portal lower-density residential neighborhood.

**ATTACHMENT A:
RETAIL OPPORTUNITY ANALYSIS**



To: Vallco Property Owner, LLC
Attn: Reed Moulds, Managing Director and Laura Bowser, Director
From: The Concord Group
Date: December 2023
Re: Analysis of Cost Reductions Associated with Reduced Retail at the Vallco Mall Redevelopment in Cupertino, California

Vallco Property Owner, LLC (“VPO”) is pursuing the redevelopment of the “The Rise” (formerly Vallco Town Center) in Cupertino, California (the “Site”). As part of its original application approved in September 2018, the city granted a “concession” under the State Density Bonus Law to allow the project to include a minimum of 400,000 square feet of retail rather than the otherwise applicable requirement of 600,000 square feet. VPO has modified its application to make several changes to reflect updated market conditions, including a reduction of retail, and as a part of that modification request, VPO is asking for a modification to the concession to allow a minimum of approximately 200,000 square feet of retail. To qualify under the law, a concession must result in identifiable and actual cost reductions. The purpose of this report is to document the cost reductions that will be achieved by building a minimum of 200,000 square feet of retail instead of 600,000 square feet.

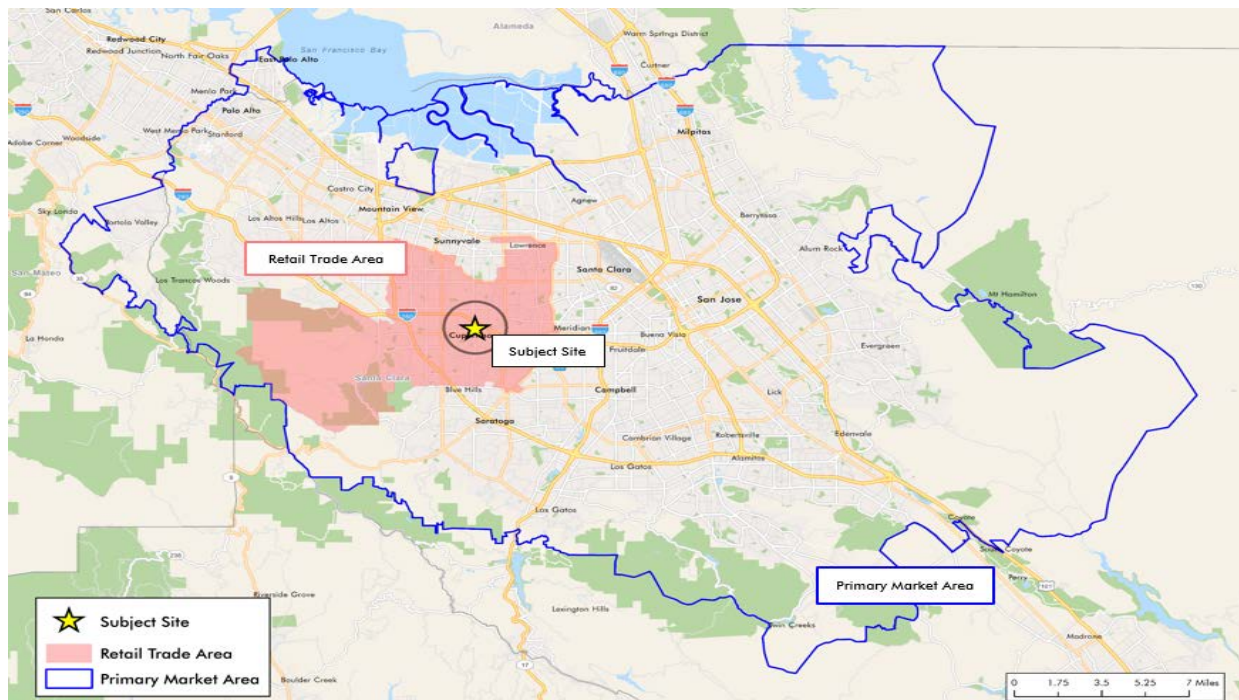
Our analysis was focused on:

1. Identifying the ideal, market-driven scale of retail development on the site, and;
2. Comparing key metrics regarding costs, feasibility, and market risks/opportunities of the 200,000 square feet of retail included in the “The Rise” plan versus the 600,000 square feet of retail specified in the General Plan for the Site.

The following memorandum and technical appendix exhibit attached outline TCG’s findings and conclusions:

Market Feasibility Analysis, Depth of Demand and the Changing Nature of Retail

- **Market Areas:** For all retail product, the Retail Trade Area (“RTA”), represents the geographic source of competitive supply. For the subject property, the RTA is defined as zip codes effectively covering the City of Cupertino, parts of Sunnyvale and parts of Santa Clara. Future potential retail tenants at the Subject Site can expect to compete directly with other retail product in parts of Cupertino, Sunnyvale, Santa Clara, and San Jose. The Primary Market Area (“PMA”), is the area from which the majority of demand for retail product is expected to emanate (See map below, and Exhibit 1)



- *Retail Market Performance:* The RTA is currently home to 228,347 people, 10.8MM square feet of retail space, and more than \$4.6 Billion of annual retail sales.
 - With an ongoing out-migration of the Bay Area, the RTA is expected to lose more than 800 households each year through 2027.
 - As a high-affluence area proximate to the Cities of San Francisco and San Jose and their dynamic retail offerings, the RTA currently sees leakage of retail expenditures. Although \$5.5BB of retail spending is done by households within the RTA, only \$4.6BB is spent in the area. The largest leakage comes from large-format big-box or ecommerce sales categories that have been concentrated and pushed out of the RTA given the reorganization of consumer behaviors and preferences over the past several decades.
 - The RTA has seen *net* absorption of only 22,000 square feet over the past year and *negative net* absorption for three out of the past ten years, again a symptom of retail reorganization, consolidation and ecommerce impacting the landscape.
 - At current, vacancies in the RTA sit at 4%, slightly lower than the 4.6% across the PMA as a whole. This vacancy is so low due to existing retail product conversion, reposition, and destruction.
 - Retail rents have grown slowly over the past decade, hitting increases of 1.8% per year.
 - See Exhibits 2 & 3 for more detail.
- *Changing Nature of Retail:* Ecommerce has created seismic shift in the retail industry. According to the Census Bureau and the US Department of Commerce, the share of all retail spending conducted online has grown from 4.1% in 2010 to 15.4% this year with further growth to 23.2% projected through 2027. In real terms, this represents a cumulative *drop* of retail space demanded by the marketplace as sales (and resulting inventories, fulfillment, etc.) move increasingly online.
 - *Despite a growing population, the impact of this further ecommerce growth will mean a negative demand of 446,687 square feet of retail through 2027. See Exhibit 4 for more detail.*
 - Ecommerce, consolidation and eroding demand for traditional malls, shopping centers and key tenants have impacted a wide variety of retail spending categories. The result is a small list of *protected* retail spending classes/categories that offer experiential, immediate or entertainment opportunities, most notably Food and Beverage, Entertainment, Health/Personal Care/Wellness/Fitness, etc. Interestingly, these – and related – categories make up 62.5% of all retail spending in the region.
 - The transition of shopping habits from brick-and-mortar retail to online has been expedited due to Covid-19’s lasting impact on retail. Online shopping’s share of Total US Retail Sales has jumped from an 11.1% share in 2019 (pre-covid) to a 15.4% share in 2023 (post-covid). This change indicated a total 5-year growth of approximately 38.4%, (annually 7.7%).
- *Developer Reactions, Mixed Use Communities and Real-World Examples:* As the built environment adjusts to the new retail reality, developers are reacting to stay ahead of the trends and build for the new world. There are clear examples in the SF Bay Area alone.
 - Not far from the Site, Related Companies is pursuing the development of Cityplace, a large mixed-use master planned community. Originally contemplating 1.1MM square feet of retail anchored by high-end department stores amongst significant office, hotel and residential space, Related is currently considering reworking the retail plan to focus on Food and Beverage/Entertainment Uses, significantly reducing the likely footprint by around 27%.
 - Mission Point by Kylli is a mixed-use neighborhood in Northern Santa Clara which was proposed in 2019. Since then, the project has been redesigned and scaled back substantially, cutting overall retail square feet by 75%. Original plans called for nearly 400,000 retail square feet with just 100,00 square feet planned today.
- *Retail Demand:* TCG has conducted a demand/opportunity analysis for new retail in the Retail Trade Area made up of two component parts:
 - “Clawback” of retail spending categories currently leaking to other jurisdictions given lack of contemporary product, key tenants, or 24-hour environments.
 - This analysis yields a cumulative demand for 352,496 square feet over the next five years.
 - See Exhibit 6
 - Demand resulting from the change in households, population, and incomes. This change in demographics brings new spending and demand for new retail space.
 - This analysis yields a cumulative demand for 880 square feet of retail through 2027.
 - See Exhibit 6

- **All told, TCG forecasts the total demand throughout the entire RTA for the next 5 years to be 353,376 square feet of retail.**
- **Retail Demand Capture:** Given the narrowing of likely tenant types and the surge in online spending, competition is fierce for entertainment, food & beverage and health/wellness/fitness-driven dollars. Given all of this – and the real pipeline that will compete for customers across the region using similar concepts and anchors, it is *unreasonable to assume the subject property could capture 113% (400,000 sf) of the 353,376 square feet of net new demand for each of the next 5 years.*
- **Recommended Retail Footprint:** *TCG believes it is appropriate to assume the Site will capture no more than 55% to 60% of the total retail demand in the RTA over the next 5 years. Given the above factors, TCG believes the site can absorb +/- 200,000 square feet of retail (approximately 57% of total forecasted retail demand) during its development period and recommends +/- 200,000 square feet as the project's retail footprint based on today's conditions. The subject site's capture range is adjusted lower due to the general reconfiguration of the retail footprint in the modification application.*

Cost Reduction, 200,000sf vs, 600,000sf

- In simple terms, building less retail space in the project would significantly reduce the project's overall costs. Construction costs for retail components within dense mixed-use residential/ office over retail projects currently reach upwards of \$800 per square foot (all-in) *excluding land* (as attested to by the City of Cupertino's economic consultant, Economic & Planning Systems, Inc in a 2018 report).
 - *Using a conservative \$850 per gross square foot cost, a reduction of 400,000 square feet of retail would generate a primary cost reduction of \$327,200,000.*
- However, because a 600,000 square foot retail project would exceed the projected retail demand for the Site, adjustments must be made to economic assumptions for the difficult-to-lease 400,000 retail square feet surplus. VPO would in this case have two options:
 - (1) Allow the surplus 400,000 square feet of retail to remain vacant beyond the initial 5-year development period, either until a tenant is procured or, potentially, permanently. Both scenarios would result in extraordinarily high carry costs and/or operating losses for the Project.
 - (2) Incentivize lease-up of the surplus 400,000 retail square feet (to avoid the significant downtime described above) by agreeing to:
 - Fund above-market cash contributions toward a tenant's improvement of the space
 - Deliver retail spaces in "turnkey" condition, relieving the tenant from having to pay for such improvements, which are typically tenant costs.
 - Pay extraordinarily large leasing commissions to brokers who procure retail tenants.
 - Discount the project's rental rates beneath typical market rates to attract tenants.

Both options (1) and (2) to contend with the surplus 400,000 square feet of retail would result in (i) extraordinarily high "carry" costs and operating losses and (ii) extraordinarily high lease transaction and construction costs.

Assuming the typical soft cost per square foot of the retail component in a typical mixed-use project is approximately \$150, TCG estimates the soft costs for the incremental 400,000 square feet of surplus retail would be at least double the typical cost, or \$300 per square foot, and that such incremental costs would be 100% unrecoverable, which is to say they will not be recovered nor will they generate any return on investment, a pure loss. As such, the 200,000 square feet retail project will result in an incremental cost reduction of approximately \$120,000,000 in soft costs. Without the incremental \$120,000,000 reduction in soft costs directly resulting from the reduction in retail area from 600,000 to 200,000 square feet, the Valco Town Center project would be infeasible.

* * * *

This assignment was completed by Matthew Kim and Xander Boyd under the direction of Tim Cornwell. We have enjoyed working with you on this assignment and look forward to our continued involvement with your team. If you have any questions, please do not hesitate to call.

LIST OF EXHIBITS

I. RETAIL OPPORTUNITY ANALYSIS

1. Retail Regional Location
2. Retail Submarket Performance
3. Retail Macroeconomic Trends
4. Changing Nature of Retail Space
5. Consumer Spending Capacity and Retail Opportunity Gaps
6. Retail Demand
7. Selected Competitive Retail Inventory Space
8. Economic Implications

EXHIBIT I-1

REGIONAL LOCATION AND SUBMARKET DELINEATION
PRIMARY MARKET AREA AND RETAIL TRADE AREA
SEPTEMBER 2023

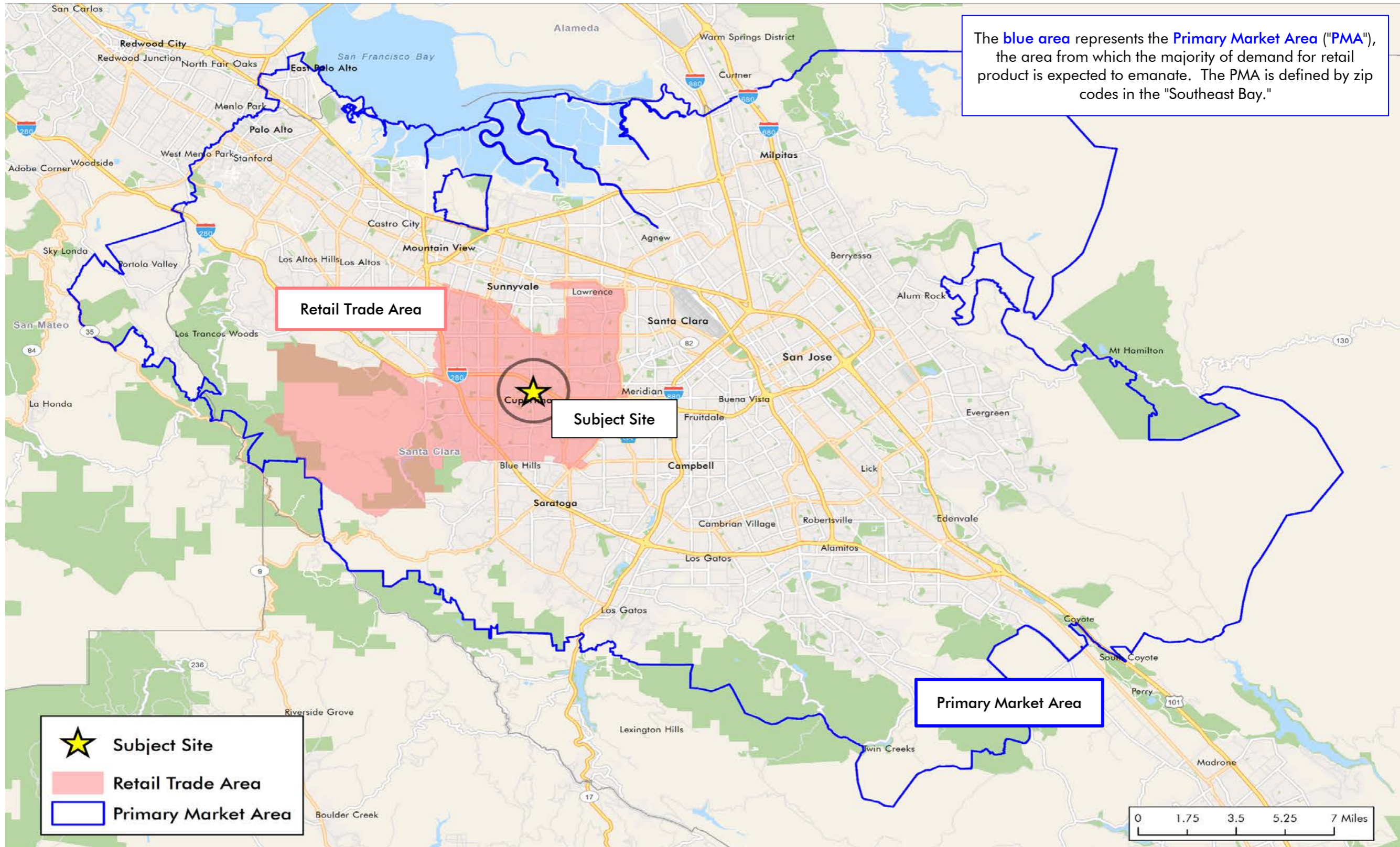


EXHIBIT I-1

REGIONAL LOCATION AND SUBMARKET DELINEATION
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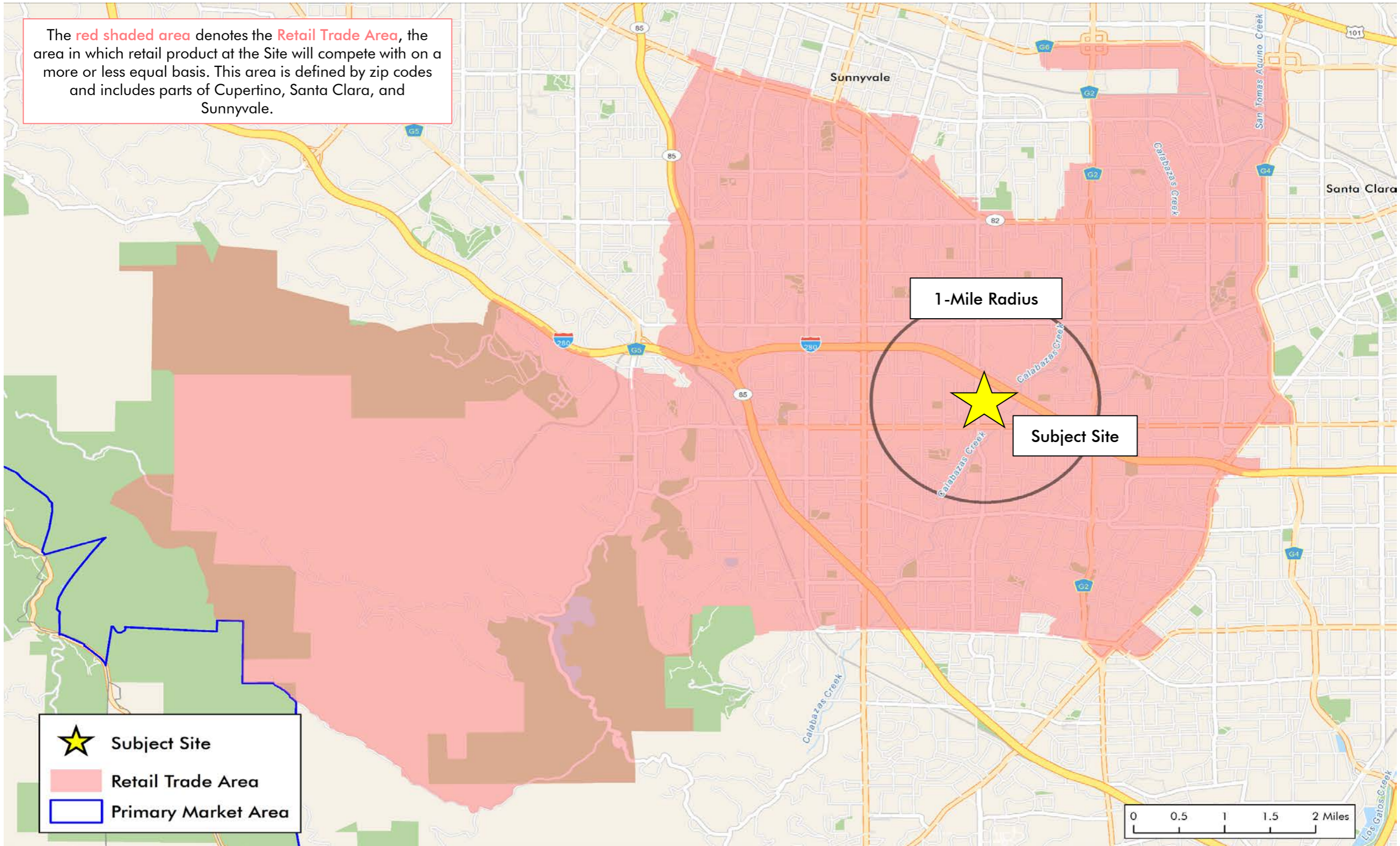


EXHIBIT I-2

RETAIL DEMOGRAPHIC AND MARKET SUMMARY
PRIMARY MARKET AREA
SEPTEMBER 2023

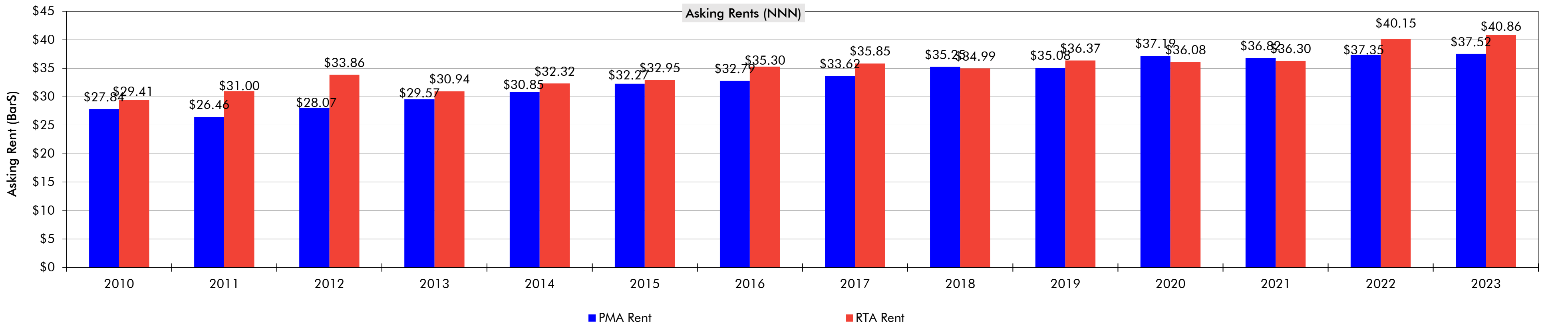
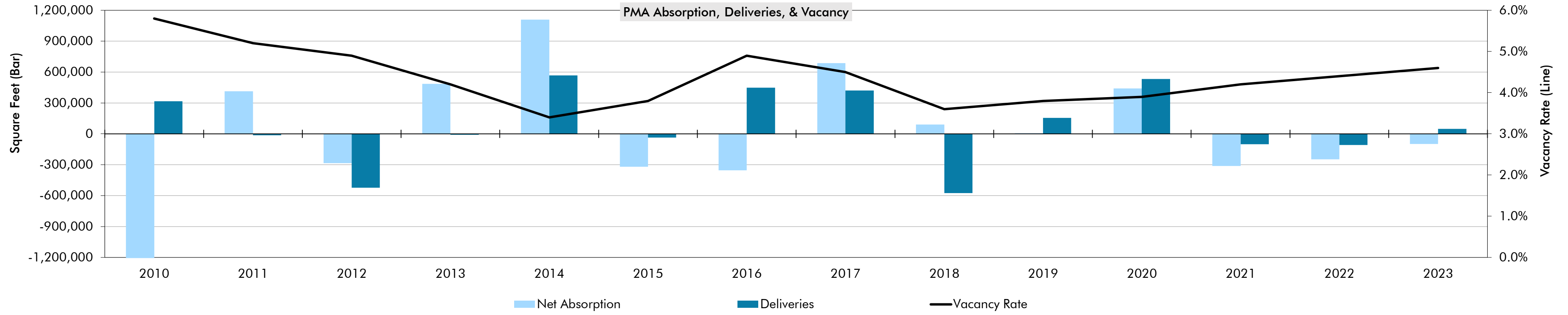
Geography	1 mile	Retail Trade Area	Primary Market Area
Demographics			
Population ('22)	23,046	228,347	1,857,431
Households ('22)	7,873	80,451	630,791
% PMA	1.2%	12.8%	--
Ann. Growth (#, '22-'27)	-172	-875	-2,425
% PMA	7.1%	36.1%	--
Over \$100K HH Growth	480	5,739	46,786
Under \$100K HH Growth	(652)	(6,614)	(49,211)
Ann. Growth (%,'22-'27)	(2.3%)	(1.1%)	(0.4%)
Household Size ('22)	2.93	2.84	2.94
Consumer Spending Patterns ('17)			
Consumer Expenditures (\$000)	\$574,071	\$5,536,414	\$38,064,280
Per Capita	\$24,910	\$24,246	\$20,493
Retail Sales (\$000)	\$206,030	\$4,688,691	\$30,921,897
Per Occupied Square Foot	\$252.48	\$450.06	\$452.17
Spending Inflow/ (Leakage)	(\$368,041)	(\$847,723)	(\$7,142,383)
Retail Market Performance (2023 Q3 QTD)			
Rentable Building Area (SF)	886,238	10,857,581	71,649,900
RBA per Capita (SF)	38	48	39
Annual Deliveries (SF)			
Last Four Quarters	0	10,285	107,158
Five-Year Average	0	87,146	1,868,471
Ten-Year Average	178,929	394,593	4,667,244
Annual Net Absorption (SF)			
Last Four Quarters	271	34,410	347,547
Five-Year Average	(162,855)	79,906	171,573
per Capita	(7.1)	0.3	0.1
Ten-Year Average	(1,098,577)	608,873	1,560,488
per Capita	(47.7)	2.7	0.8
Vacancy Rate	7.9%	4.0%	4.6%
Vacant Stock (SF)	70,230	439,569	3,263,929
Asking Rent (NNN)	\$47.40	\$40.54	\$37.52
Rent Growth			
Five-Year Average	-5.6%	2.7%	2.7%
Ten-Year Average	10.0%	6.6%	7.2%

Source: ESRI; US Census; CoStar

EXHIBIT I-3

RETAIL MARKET PERFORMANCE
PRIMARY MARKET AREA
2010 THROUGH AUGUST 2023

Market Factor (SF)	Annual														YTD (1) 2023	Quarterly				Averages (1)	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022 Q3		2022 Q4	2023 Q1	2023 Q2	5-Yr	10-Yr	
Primary Market Area																					
Inventory SF (RBA, 000s)	70,843	70,831	70,308	70,300	70,867	70,831	71,278	71,699	71,123	71,278	71,812	71,710	71,602	71,650	71,554	71,602	71,590	71,642	71,505	71,250	
Net Deliveries (000s)	315.6	-12.8	-522.8	-7.8	567.3	-36.8	447.6	420.5	-575.8	154.9	533.9	-101.7	-108.1	48.0	---	---	---	---	-19.3	129.4	
Net Absorption (000s)	-1,395.4	412.9	-284.7	484.7	1,110.4	-318.9	-353.5	686.7	90.2	6.8	441.8	-312.8	-246.8	-97.4	---	---	---	---	-4.2	158.9	
Total Vacancy Rate	5.8%	5.2%	4.9%	4.2%	3.4%	3.8%	4.9%	4.5%	3.6%	3.8%	3.9%	4.2%	4.4%	4.6%	4.4%	4.4%	4.2%	4.2%	4.0%	4.1%	
Vacant SF	4,109	3,683	3,445	2,953	2,409	2,692	3,493	3,226	2,560	2,709	2,801	3,012	3,150	3,296	3,148	3,150	3,007	3,009	2,846	2,900	
Asking Rents (NNN)	\$27.84	\$26.46	\$28.07	\$29.57	\$30.85	\$32.27	\$32.79	\$33.62	\$35.25	\$35.08	\$37.19	\$36.82	\$37.35	\$37.52	\$37.26	\$37.35	\$36.83	\$36.19	\$36.34	\$34.08	
% Change		-5.0%	6.1%	5.3%	4.3%	4.6%	1.6%	2.5%	4.8%	-0.5%	6.0%	-1.0%	1.4%	0.5%	---	0.2%	-1.4%	-1.7%	2.1%	2.9%	
Retail Trade Area																					
Inventory SF (RBA, 000s)	10,450	10,453	10,453	10,471	10,499	10,536	10,690	10,750	10,787	10,807	10,836	10,847	10,858	10,858	10,847	10,858	10,858	10,858	10,827	10,708	
Net Deliveries	58	3	0	18	28	37	154	60	37	20	29	11	10	0	---	---	---	---	22	40	
Net Absorption	-133	128	-115	17	268	4	180	101	-50	95	-102	-44	75	22	---	---	---	---	-5	54	
Total Vacancy Rate	5.8%	4.6%	5.7%	5.7%	3.4%	3.7%	3.4%	3.0%	3.8%	3.1%	4.3%	4.8%	4.2%	4.0%	4.1%	4.2%	4.0%	3.9%	4.0%	3.9%	
Vacant SF	606	481	596	597	357	390	363	322	410	335	466	521	456	434	445	456	434	423	438	422	
Asking Rents (NNN)	\$29.41	\$31.00	\$33.86	\$30.94	\$32.32	\$32.95	\$35.30	\$35.85	\$34.99	\$36.37	\$36.08	\$36.30	\$40.15	\$40.86	\$38.47	\$40.15	\$41.49	\$40.77	\$36.78	\$35.13	
% Change		2.5%	5.4%	9.2%	-8.6%	4.5%	1.9%	7.1%	1.6%	-2.4%	3.9%	-0.8%	0.6%	10.6%	1.8%	---	4.4%	3.3%	-1.7%	2.3%	

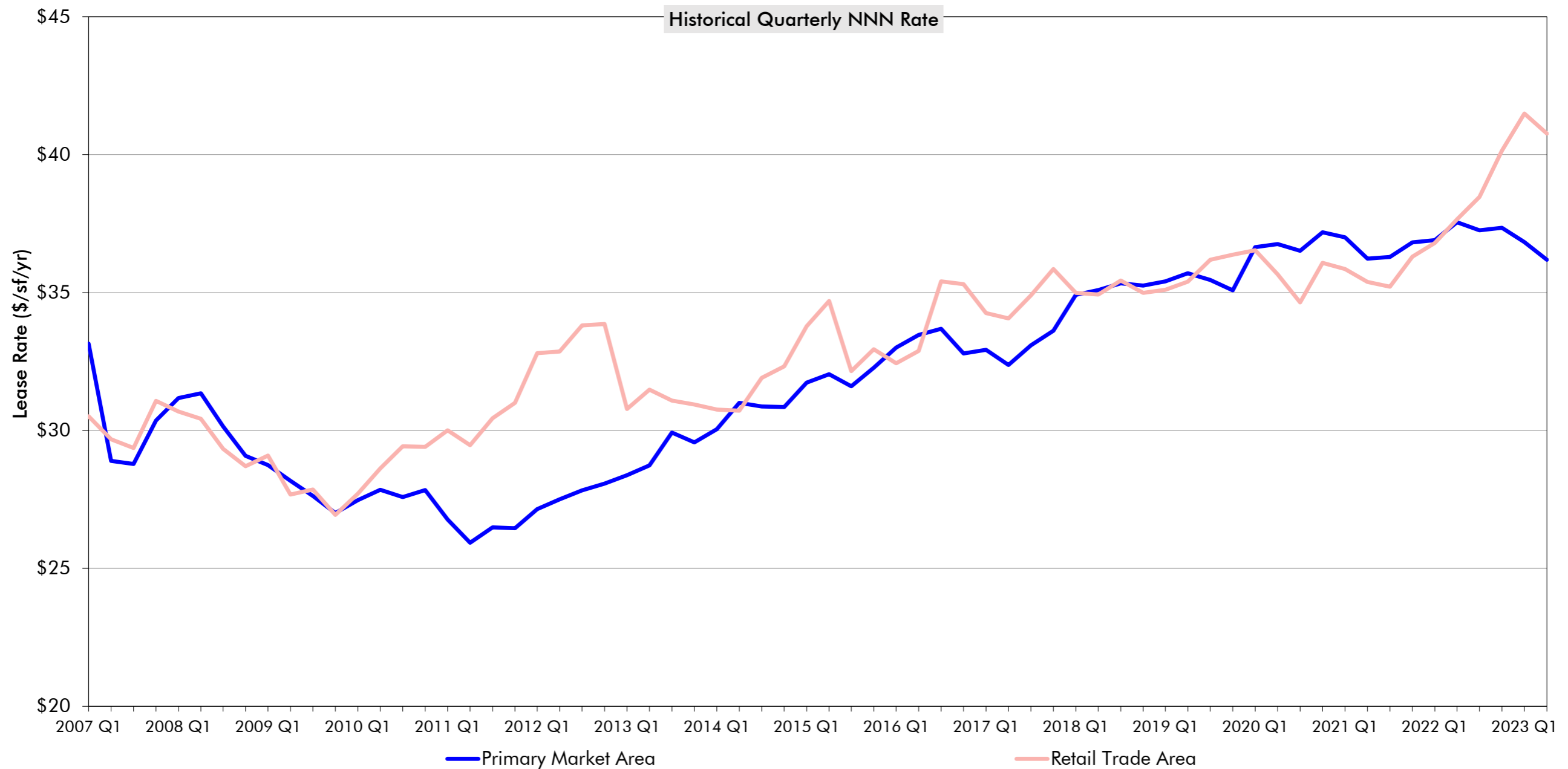


(1) Annual averages exclude YTD 2023 values, YTD 2023 = August 2023
Source: Costar

EXHIBIT I-3

RETAIL MARKET PERFORMANCE - VACANCY & RENT TRENDS
PRIMARY MARKET AREA & RETAIL TRADE AREA
2010 THROUGH AUGUST 2023

Market Factor	Annual														Annual Average	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2023	5-Yr	10-Yr
Primary Market Area																
Rental Rate (NNN)	\$27.84	\$26.46	\$28.07	\$29.57	\$30.85	\$32.27	\$32.79	\$33.62	\$35.25	\$35.08	\$37.19	\$36.82	\$37.35	\$37.52	\$36.34	\$34.08
Y/Y % Change	---	-5.0%	6.1%	5.3%	4.3%	4.6%	1.6%	2.5%	4.8%	-0.5%	6.0%	-1.0%	1.4%	0.5%	2.1%	5.9%
vs RTA	-5%	-15%	-17%	-4%	-5%	-2%	-7%	-6%	1%	-4%	3%	1%	-7%	-8%	-1%	-3%
Retail Trade Area																
Rental Rate (NNN)	\$29.41	\$31.00	\$33.86	\$30.94	\$32.32	\$32.95	\$35.30	\$35.85	\$34.99	\$36.37	\$36.08	\$36.30	\$40.15	\$40.86	\$36.78	\$35.13
Y/Y % Change	--	5.4%	9.2%	-8.6%	4.5%	1.9%	7.1%	1.6%	-2.4%	3.9%	-0.8%	0.6%	10.6%	1.8%	2.3%	3.5%

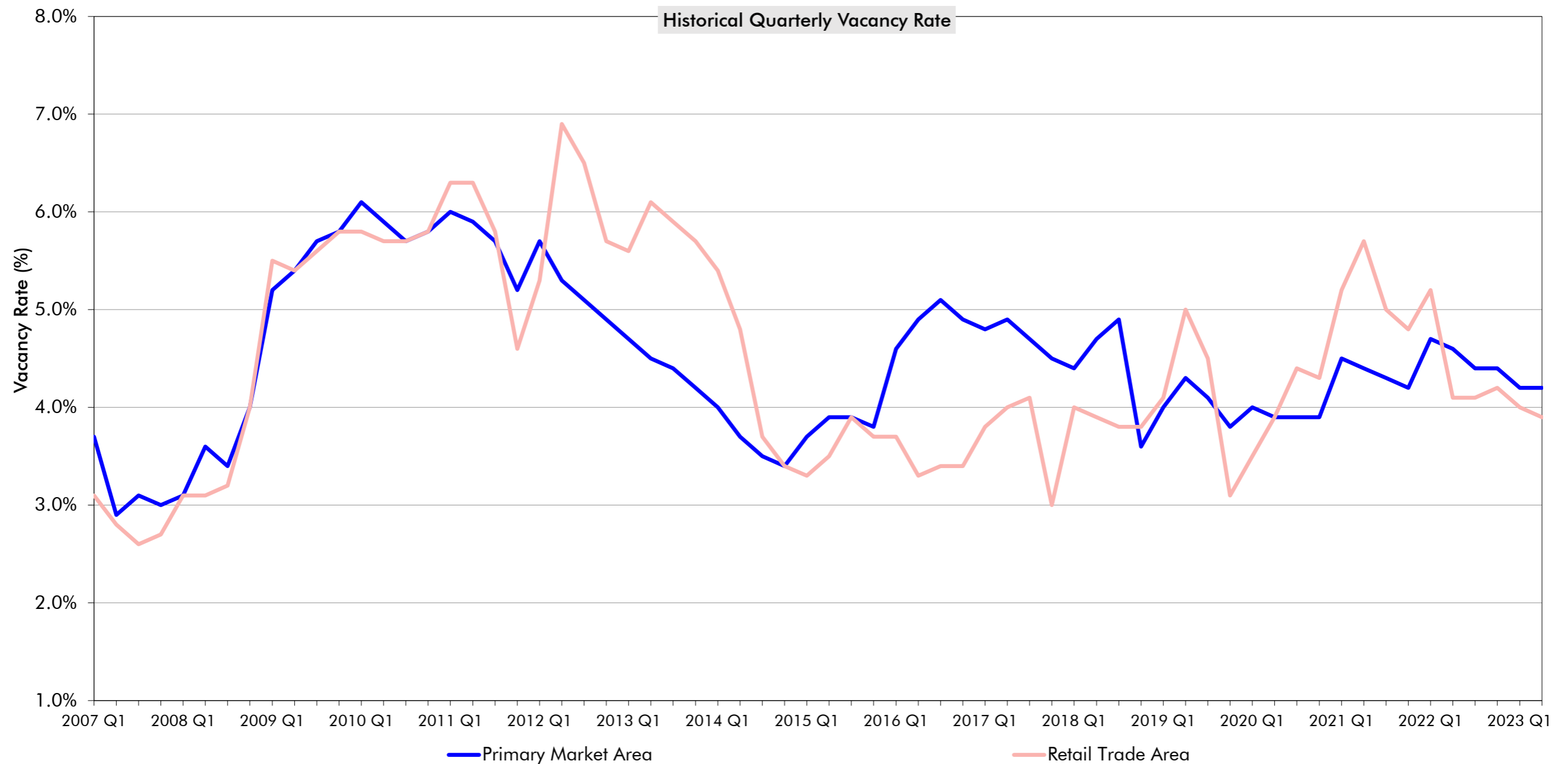


Source: CoStar

EXHIBIT I-3

RETAIL MARKET PERFORMANCE - VACANCY & RENT TRENDS
PRIMARY MARKET AREA & RETAIL TRADE AREA
2010 THROUGH AUGUST 2023

Market Factor	Annual													YTD 2023	Annual Average	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		5-Yr	10-Yr
Primary Market Area																
Vacancy Rate	5.8%	4.3%	5.0%	4.6%	3.5%	4.7%	7.2%	6.5%	2.5%	2.4%	3.0%	3.3%	2.8%	3.4%	2.8%	4.1%
Y/Y % Change	---	-25.9%	16.3%	-8.0%	-23.9%	34.3%	53.2%	-9.7%	-61.5%	-4.0%	25.0%	10.0%	-15.2%	21.4%	-15.5%	-10.9%
vs RTA	0%	-7%	-12%	-19%	3%	27%	112%	117%	-34%	-23%	-30%	-31%	-33%	-15%	-31%	3%
Retail Trade Area																
Vacancy Rate	5.8%	4.6%	5.7%	5.7%	3.4%	3.7%	3.4%	3.0%	3.8%	3.1%	4.3%	4.8%	4.2%	4.0%	4.0%	3.9%
Y/Y % Change	--	-20.7%	23.9%	0.0%	-40.4%	8.8%	-8.1%	-11.8%	26.7%	-18.4%	38.7%	11.6%	-12.5%	-4.8%	7.0%	-5.9%



Source: CoStar

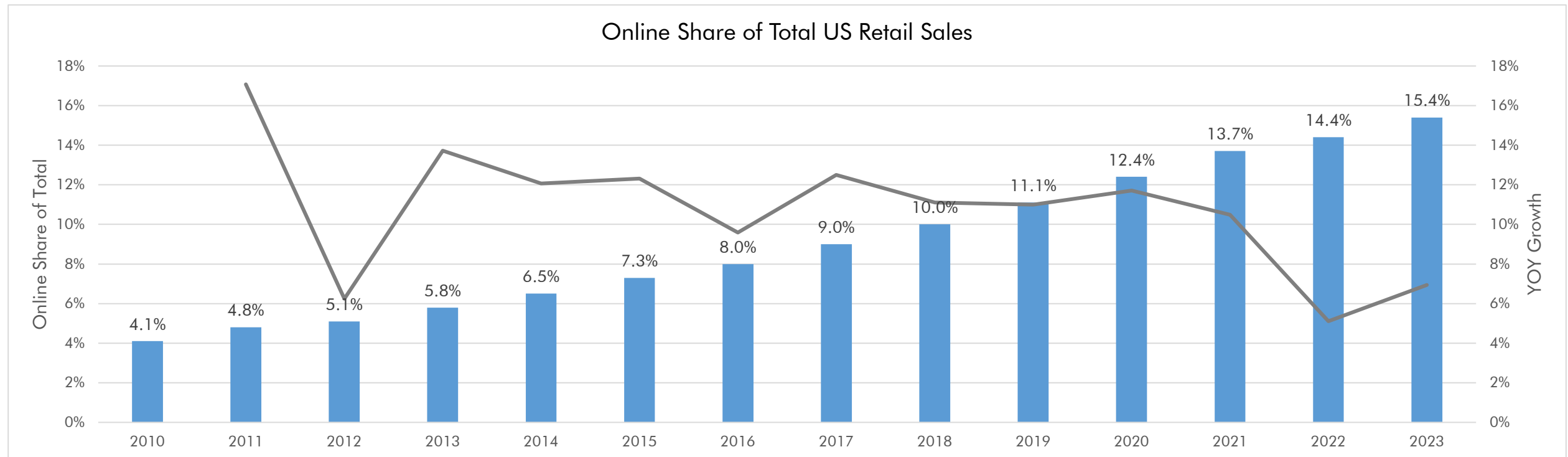
EXHIBIT I-4

CHANGING NATURE OF RETAIL AND IMPACT ON LOCAL RETAIL NEED
RETAIL TRADE AREA
2010 THROUGH 2023

I. Online Share of Total Retail Spending

Year	Share	Growth
2010	4.1%	
2011	4.8%	17.1%
2012	5.1%	6.2%
2013	5.8%	13.7%
2014	6.5%	12.1%
2015	7.3%	12.3%
2016	8.0%	9.6%
2017	9.0%	12.5%
2018	10.0%	11.1%
2019	11.1%	11.0%
2020	12.4%	11.7%
2021	13.7%	10.5%
2022	14.4%	5.1%
2023	15.4%	6.9%
Average YoY Growth		10.8%

Source: US Census & US Dept of Commerce



II. Square Footage Impact of Annual Change

Assumptions and Inputs

New Population per Year	-2,485
Trade Area Retail Spending per Person per Year	\$22,319
Total Retail Spending by Trade Area Consumers	\$2,019,401,589
Total Retail Space in Trade Area	10,857,581
Retail Spending per Square Foot	\$185.99

Sources

Nielsen/Claritas/US Census
Nielsen/Claritas/US Census
Nielsen/Claritas/US Census
Costar
Calculated

	2023	2024	2025	2026	2027	5 Yr
Population Added	-2,485	-2,485	-2,485	-2,485	-2,485	-12,425
x Retail Spending per Capita	\$22,319	\$22,319	\$22,319	\$22,319	\$22,319	\$22,319
= Total Retail Spending Added	-\$55,462,715	-\$55,462,715	-\$55,462,715	-\$55,462,715	-\$55,462,715	-\$277,313,575
Total Retail Spending (\$MM)	\$1,964	\$1,908	\$1,853	\$1,798	\$1,742	\$9,265
Online Share of Retail Spending	15.4%	17.1%	18.9%	20.9%	23.2%	19.0%
Online Spending (\$MM)	\$302	\$326	\$350	\$376	\$404	\$1,758
Incremental Online Spending	\$100,506,428	\$23,081,822	\$24,547,449	\$26,061,251	\$27,616,627	\$201,813,577
Resulting Brick & Mortar Spending	(\$155,969,143)	(\$78,544,537)	(\$80,010,164)	(\$81,523,966)	(\$83,079,342)	(\$479,127,152)
Resulting SqFt Impact	(838,589)	(422,305)	(430,185)	(438,324)	(446,687)	(2,576,091)

EXHIBIT I-5

CONSUMER SPENDING CAPACITY & RETAIL OPPORTUNITY GAPS
RETAIL TRADE AREA
2022

Spending Category	Consumer Spending Capacity			Actual Sales	Opportunity Gap	
	Total	Per Cap.	Share		\$	%
GAFO (1)						
Furniture	\$191,136,766	\$103	5.5%	\$96,250,391	\$94,886,375	49.6%
Sporting Goods/Hobby	\$140,981,027	\$76	4.1%	\$91,876,110	\$49,104,917	34.8%
Books & Music	\$22,175,372	\$12	0.6%	\$12,608,649	\$9,566,723	43.1%
Office Supplies, Gift Stores	\$43,344,188	\$23	1.3%	\$21,796,028	\$21,548,160	49.7%
Electronics/Appliances	\$190,441,426	\$103	5.5%	\$230,225,643	(\$39,784,217)	(20.9%)
Clothing & Accessories	\$377,705,648	\$203	11.0%	\$111,374,835	\$266,330,813	70.5%
Other General Merchandise	\$327,289,168	\$176	9.5%	\$77,580,893	\$249,708,275	76.3%
GAFO Total	\$1,293,073,595	\$696	37.5%	\$641,712,549	\$651,361,046	50.4%
Non-GAFO						
Eating & Drinking Places (Restaurants)	\$561,292,072	\$302	16.3%	\$367,352,757	\$193,939,315	34.6%
Other Misc. Stores	\$112,135,469	\$60	3.3%	\$36,335,650	\$75,799,819	67.6%
Florist	\$10,289,616	\$6	0.3%	\$3,136,877	\$7,152,739	69.5%
Used Merch	\$20,380,985	\$11	0.6%	\$4,255,336	\$16,125,649	79.1%
Health & Personal Care	\$339,721,136	\$183	9.9%	\$170,944,026	\$168,777,110	49.7%
Building/Garden Materials	\$309,818,710	\$167	9.0%	\$161,472,498	\$148,346,212	47.9%
Food & Beverage	\$797,810,417	\$430	23.2%	\$599,787,219	\$198,023,198	24.8%
Non-GAFO Total	\$2,151,448,405	\$1,158	62.5%	\$1,343,284,363	\$808,164,042	37.6%
Total Excluding Vehicle/Gas/Non-Store	\$3,444,522,000	\$1,854	100.0%	\$1,984,996,912	\$1,459,525,088	42.4%
	\$3,254,080,574			\$1,754,771,269	\$1,499,309,305	46.1%
Department Stores	\$505,516,698	\$272	14.7%	\$196,782,428	\$308,734,270	61.1%
Motor Vehicle/Gas/Non-Store						
Motor Vehicle	\$1,012,213,595	\$545	63.8%	\$2,209,596,832	(\$1,197,383,237)	(118.3%)
Gas Stations	\$421,834,891	\$227	26.6%	\$251,995,432	\$169,839,459	40.3%
Other Non-Store Retailers	\$152,326,391	\$82	9.6%	\$45,319,239	\$107,007,152	70.2%
Motor Vehicle/Gas/Non-Store Total	\$1,586,374,877	\$854	100.0%	\$2,506,911,503	(\$920,536,626)	(58.0%)
Total	\$5,030,896,877	\$2,709				

(1) GAFO = General Merchandise, Apparel, Furniture, and Other
Source: ESRI

EXHIBIT I-6

RETAIL DEMAND - CURRENT OPPORTUNITY GAPS
RETAIL TRADE AREA
2022

I. Consumer Spending Opportunity Gap Demand Potential

Spending Categories	Consumer Spending			Current Resident Spending Gap	Existing Retail Space (SF) (3)	Current Retail Sales per SF	Target Retail Sales per SF	Unfulfilled Retail Space Outflow (SF) @ \$533/SF	% Clawback Demand of Spending Gap 8.5%
	Consumer Demand	Actual Sales	Sales/Demand						
GAFO (1)									
Furniture	\$191,136,766	\$96,250,391	50%	\$94,886,375				291,958	24,816
Sporting Goods/Hobby/Books	\$140,981,027	\$91,876,110	65%	\$49,104,917				151,092	12,843
Books & Music	\$22,175,372	\$12,608,649	57%	\$9,566,723				29,436	2,502
Office Supplies, Gift Stores	\$43,344,188	\$21,796,028	50%	\$21,548,160				66,302	5,636
Electronics/Appliances	\$190,441,426	\$230,225,643	121%	(\$39,784,217)				0	0
Clothing & Accessories	\$377,705,648	\$111,374,835	29%	\$266,330,813				819,479	69,656
Other General Merchandise	\$327,289,168	\$77,580,893	24%	\$249,708,275				768,333	65,308
GAFO Total:	\$1,293,073,595	\$641,712,549	50%	\$651,361,046	2,535,973	\$253	\$325	2,126,601	180,761
Non-GAFO									
Eating & Drinking Places (Restaurants)	\$561,292,072	\$367,352,757	65%	\$193,939,315				484,848	41,212
Other Misc. Stores	\$112,135,469	\$36,335,650	32%	\$75,799,819				189,500	16,107
Florist	\$10,289,616	\$3,136,877	30%	\$7,152,739				17,882	1,520
Used Merch	\$20,380,985	\$4,255,336	21%	\$16,125,649				40,314	3,427
Health & Personal Care	\$339,721,136	\$170,944,026	50%	\$168,777,110				421,943	35,865
Building/Garden Materials	\$309,818,710	\$161,472,498	52%	\$148,346,212				370,866	31,524
Food & Beverage (Grocery Stores)	\$797,810,417	\$599,787,219	75%	\$198,023,198				495,058	42,080
Non-GAFO Total:	\$2,151,448,405	\$1,343,284,363	62%	\$808,164,042	4,219,415	\$318	\$400	2,020,410	171,735
Excl. Vehicle/Gas/Non-Store Total:	\$3,444,522,000	\$1,984,996,912	58%	\$1,459,525,088	6,755,388	\$294	\$363	4,147,011	352,496
Department Stores	\$505,516,698	\$196,782,428	39%	\$308,734,270	991,418	\$198	\$275	1,122,670	95,427
Gas/Motor Vehicle/Non-Store									
Motor Vehicle	\$1,012,213,595	\$2,209,596,832	218%	(\$1,197,383,237)				0	0
Gas Stations	\$421,834,891	\$251,995,432	60%	\$169,839,459				194,102	16,499
Other Non-Store Retailers (2)	\$152,326,391	\$45,319,239	30%	\$107,007,152				122,294	10,395
Gas/ Motor Vehicle/ Non-Store Total:	\$1,586,374,877	\$2,506,911,503	158%	(\$920,536,626)	3,111,194	\$806	\$875	316,396	26,894
All Spending Categories:	\$5,536,413,575	\$4,688,690,843	85%	\$847,722,732	10,858,000	\$414	\$533	5,586,077	474,817
Average Annual 5Y Demand (excluding Gas/Motor Vehicle/Non-Store):									70,499

(1) GAFO=General Merchandise, Apparel, Furniture and Other
(2) Includes vending machine operators and direct-selling establishments (online sales)
(3) Estimated by % share of consumer demand spending total
Sources: ESRI; CoStar

EXHIBIT I-6

TOTAL RETAIL DEMAND
RETAIL TRADE AREA
2022 THROUGH 2027

II. Projected Retail Spending and Additional Supportable Demand - Retail Trade Area

Retail Trade Area Conditions	ESRI	Projected					Additional 5-Year Demand
	2022	2023	2024	2025	2026	2027	
I. Population and Income Growth							
Population	228,347	227,367	226,586	225,963	225,466	223,489	
Households	80,451	80,275	80,135	80,023	79,933	79,576	
Persons/HH	2.84	2.83	2.83	2.82	2.82	2.81	
Median Household Income	\$177,896	\$182,112	\$185,557	\$188,360	\$190,633	\$200,001	
Growth		2.4%	1.9%	1.5%	1.2%	4.9%	
Total Spending:							
Per Capita	\$20,493	\$20,979	\$21,376	\$21,698	\$21,960	\$23,039	
Per HH	\$58,166	\$59,419	\$60,441	\$61,271	\$61,943	\$64,706	
Aggregate Spending (000s)	\$4,679,509	\$4,769,860	\$4,843,395	\$4,903,039	\$4,951,282	\$5,149,050	
Added Spending Capacity		\$90,351	\$73,535	\$59,644	\$48,243	\$197,767	
Sales/ Square Foot		\$533	\$533	\$533	\$533	\$533	
Additional Supportable GLA (SF)		169	138	112	90	371	880
				Average Annual Additional Supportable GLA (SF)			176
				Average Retail Demand from Spending Gap (SF)			70,499

III. Total Demand - Retail Trade Area

Geography

Total 5-Year Demand from Opportunity Gap:	352,496	Annualized assuming 5-year absorption flow of current leakage	Total Annual Demand - RTA
Total 5-Year Demand from Population Growth	880		
	353,376		70,675

(1) GAFO = General Merchandise, Apparel, Furniture, and Other
Source: ESRI; TCG

EXHIBIT I-7

SELECT RETAIL INVENTORY - AVAILABLE LEASES
RETAIL TRADE AREA
SEPTEMBER 2023

Available Leases												
Name	Address	Property Type	Year Built/ Renov.	Class	Elev.	Typical Floor	Area Leased	Rentable Building Area (RBA)			Annual Lease Rate	
								Total	Avail.	% Lease	Rent	Type (2)
Retail Trade Area												
Biltmore	20030-20080 Stevens Creek Blv	Retail	2015	B	1s	7,045	5,774	7,045	1,271	82%	\$58.84	NNN
Loree Center	19050-19088 Stevens Creek Blv	Retail (Strip Center)	1951	B	1s	20,320	17,120	20,320	3,200	84%	\$56.11	NNN
Bldg A	118-126 E El Camino Real	Retail (Community Center)	2010	B	1s	10,000	8,500	10,000	1,500	85%	\$55.96	NNN
Pad B	10935 N Wolfe Rd	Retail (Neighborhood Center)	2016	B	1s	5,480	880	5,480	4,600	16%	\$52.37	NNN
Shop 6	19479-19499 Stevens Creek Blv	Retail (Neighborhood Center)	2016	B	1s	27,773	4,412	27,773	23,361	16%	\$51.37	NNN
1040-1060 E El Camino Real	1040-1060 E El Camino Real	Retail (Strip Center)	1977	C	1s	19,950	6,415	19,950	13,535	32%	\$51.02	NNN
10815 N Wolfe Rd	10815 N Wolfe Rd	Retail (Neighborhood Center)	2016	B	1s	14,978	12,586	14,978	2,392	84%	\$49.84	NNN
Bldg C	10885-10935 N Wolfe Rd	Retail (Neighborhood Center)	1968/1999	C	1s	21,492	20,375	21,492	1,117	95%	\$49.02	NNN
717 E El Camino Real	717 E El Camino Real	Retail	1985	B	2s	18,556	13,122	18,556	5,434	71%	\$45.78	NNN
20558 Stevens Creek Blvd	20558 Stevens Creek Blvd	Retail (Community Center)	1959	B	1s	20,901	0	20,901	20,901	0%	\$36.99	NNN
10 Comps						16,650	89,184	166,495	77,311	54%	\$51.61	
Primary Market Area												
375-379 University Ave	375-379 University Ave	Retail	1920/2020	B	2s	7,112	10,125	14,225	4,100	71%	\$94.20	NNN
3925-3943 Rivermark Plz	3925-3943 Rivermark Plz	Retail (Community Center)	2003	B	1s	14,464	12,918	14,464	1,546	89%	\$80.83	NNN
565 San Antonio Rd	565 San Antonio Rd	Retail (Community Center)	2013	B	5s	11,730	10,256	11,730	1,474	87%	\$78.58	NNN
500-504 Emerson St	500-504 Emerson St	Retail	1910/1965	A	2s	12,637	24,283	36,920	12,637	66%	\$78.54	NNN
3945-3973 Rivermark Plz	3945-3973 Rivermark Plz	Retail (Community Center)	2004	B	1s	12,368	10,998	12,368	1,370	89%	\$77.58	NNN
452-458 University Ave	452-458 University Ave	Retail	1920	C	2s	6,534	11,600	23,200	11,600	50%	\$68.61	NNN
445 Bryant St	445 Bryant St	Retail	2004	B	2s	3,705	0	7,410	7,410	0%	\$66.23	NNN
281 University Ave	281 University Ave	Retail	1930	B	1s	7,500	0	7,500	7,500	0%	\$64.84	NNN
558-560 Waverley St	558-560 Waverley St	Retail	1938	B	2s	6,000	5,850	12,000	6,150	49%	\$62.15	NNN
2190 W Bayshore Rd	2190 W Bayshore Rd	Retail (Neighborhood Center)	2014	B	1s	10,000	7,215	10,000	2,785	72%	\$61.32	NNN
2700-2740 Middlefield Rd	2700-2740 Middlefield Rd	Retail (Strip Center)	1951	C	1s	10,323	8,733	10,323	1,590	85%	\$55.47	NNN
2180 W Bayshore Rd	2180 W Bayshore Rd	Retail (Neighborhood Center)	2014	B	1s	8,300	6,440	8,300	1,860	78%	\$48.73	NNN
The Village	553 San Antonio Rd	Retail (Community Center)	2013	B	5s	2,885	8,570	14,424	5,854	59%	\$44.31	NNN
ICON Theatre+Retail	2575 California St	Retail (Community Center)	2018	B	2s	60,080	87,929	120,161	32,232	73%	\$42.35	NNN
Target	298 W McKinley Ave	Retail (Lifestyle Center)	2009	A	2s	140,000	177,908	180,000	2,092	99%	\$42.26	NNN
451 University Ave	451 University Ave	Retail	1938	A	2s	3,475	0	6,950	6,950	0%	\$41.46	NNN
Bank of America	440-444 S Mathilda Ave	Retail	1978	C	2s	31,691	0	31,691	31,691	0%	\$40.59	NNN
1165 W El Camino Real	1165 W El Camino Real	Retail (Neighborhood Center)	1984	C	1s	27,656	26,006	27,656	1,650	94%	\$40.46	NNN
157 S Murphy Ave	157 S Murphy Ave	Retail	1998	C	2s	3,078	3,656	6,156	2,500	59%	\$38.30	NNN
128 N Rengstorff Ave	128 N Rengstorff Ave	Retail (Neighborhood Center)	1960	B	1s	5,400	3,838	5,400	1,562	71%	\$38.27	NNN
917-921 E Arques Ave	917-921 E Arques Ave	Retail (Strip Center)	2017	B	2s	10,150	15,783	20,300	4,517	78%	\$28.85	NNN
Hamilton Plaza	1640 S Bascom Ave	Retail (Community Center)	1992	B	1s	9,786	7,343	9,786	2,443	75%	\$72.63	NNN
5760 Cottle Rd	5760 Cottle Rd	Retail (Community Center)	2014	A	1s	67,870	77,850	78,900	1,050	99%	\$67.70	NNN
501-515 E Hamilton Ave	501-515 E Hamilton Ave	Retail (Neighborhood Center)	2006	B	2s	25,481	10,963	50,963	40,000	22%	\$64.47	NNN
872-878 Blossom Hill Rd	872-878 Blossom Hill Rd	Retail (Neighborhood Center)	1994	B	1s	7,195	3,300	7,195	3,895	46%	\$62.82	NNN
P4	5640 Cottle Rd	Retail (Community Center)	2014	A	1s	5,000	3,759	5,000	1,241	75%	\$62.81	NNN
Pad 10	695 Coleman Ave	Retail (Power Center)	2005	B	1s	6,155	4,940	6,155	1,215	80%	\$61.67	NNN
1410-1440 El Paseo De Saratoga	1410-1440 El Paseo De Saratoga	Retail (Outlet Center)	1997	B	1s	8,195	6,995	8,195	1,200	85%	\$61.55	NNN
630 Blossom Hill Rd	630 Blossom Hill Rd	Retail (Community Center)	1995	B	1s	7,232	5,174	6,619	1,445	78%	\$60.91	NNN
Bascom Square Shopping Center	1554-1578 S Bascom Ave	Retail (Strip Center)	1996	B	1s	16,920	13,852	16,920	3,068	82%	\$60.87	NNN
830-840 Blossom Hill Rd	830-840 Blossom Hill Rd	Retail (Neighborhood Center)	1994	B	1s	16,433	14,410	16,433	2,023	88%	\$55.06	NNN
5506 Monterey Hwy	5506 Monterey Hwy	Retail (Community Center)	1990	B	1s	5,000	0	5,000	5,000	0%	\$54.66	NNN
CareMore Plaza	255 N White Rd	Retail	2007	A	2s	11,390	17,860	22,780	4,920	78%	\$51.00	NNN
5291-5293 Prospect Rd	5291-5293 Prospect Rd	Retail (Community Center)	1966	B	1s	11,000	9,950	11,000	1,050	90%	\$49.91	NNN
620 Blossom Hill Rd	620 Blossom Hill Rd	Retail (Community Center)	1995	B	1s	9,001	471	9,001	8,530	5%	\$49.55	NNN

EXHIBIT I-7

SELECT RETAIL INVENTORY - AVAILABLE LEASES
RETAIL TRADE AREA
SEPTEMBER 2023

Available Leases												
Name	Address	Property Type	Year Built/ Renov.	Class	Elev.	Typical Floor	Area Leased	Rentable Building Area (RBA)			Annual Lease Rate	
								Total	Avail.	% Lease	Rent	Type (2)
Primary Market Area Continued.												
1455-1487 Landess Ave	1455-1487 Landess Ave	Retail	1989	B	1s	10,000	8,500	10,000	1,500	85%	\$49.35	NNN
1455-1487 Landess Ave	1455-1487 Landess Ave	Retail	1989	B	1s	10,000	8,500	10,000	1,500	85%	\$49.35	NNN
El Paseo de Saratoga	600-1750 Saratoga Ave	Retail (Outlet Center)	1997	B	1s	210,000	180,000	210,000	30,000	86%	\$47.96	NNN
2471-2481 Berryessa Rd	2471-2481 Berryessa Rd	Retail (Strip Center)	1979	B	1s	8,868	7,606	8,868	1,262	86%	\$46.04	NNN
1200 El Paseo De Saratoga	1200 El Paseo De Saratoga	Retail (Outlet Center)	1997	B	1s	6,560	5,060	6,560	1,500	77%	\$45.37	NNN
5265-5279 Prospect Rd	5265-5279 Prospect Rd	Retail (Community Center)	1970	B	1s	17,512	15,912	17,512	1,600	91%	\$45.04	NNN
686-690 Blossom Hill Rd	686-690 Blossom Hill Rd	Retail (Community Center)	1991	B	1s	5,357	5,088	6,088	1,000	84%	\$44.99	NNN
1007-1027 E Capitol Expy	1007-1027 E Capitol Expy	Retail (Neighborhood Center)	1979	B	1s	24,048	20,898	24,048	3,150	87%	\$44.88	NNN
Pacific Rim Plaza II	1701 Lundy Ave	Retail (Neighborhood Center)	1994	B	2s	12,381	23,703	24,763	1,060	96%	\$44.58	NNN
Bassler Haynes & Beach Buildings	9 N 2nd St	Retail	1876	B	3s	5,961	3,309	17,885	14,576	19%	\$44.38	NNN
10-130 E Hamilton Ave	10-130 E Hamilton Ave	Retail	1985	B	1s	14,594	10,962	14,594	3,632	75%	\$44.19	NNN
1330-1390 El Paseo De Saratoga	1330-1390 El Paseo De Saratoga	Retail (Outlet Center)	1997	B	1s	15,091	13,253	15,091	1,838	88%	\$44.01	NNN
Brokaw Commons	1085 E Brokaw Rd	Retail (Neighborhood Center)	2012	B	1s	11,772	10,000	12,500	2,500	80%	\$42.56	NNN
2435 S King Rd	2435 S King Rd	Retail	1983	B	1s	15,000	13,750	15,000	1,250	92%	\$42.05	NNN
Evergreen Plaza	3235-3281 S White Rd	Retail (Neighborhood Center)	1986	B	1s	16,000	13,900	16,000	2,100	87%	\$42.00	NNN
1685 Tully Rd	1685 Tully Rd	Retail (Neighborhood Center)	1974	B	1s	26,500	0	26,500	26,500	0%	\$41.94	NNN
Lion Supermarket	1031 E Capitol Expy	Retail (Neighborhood Center)	1979	B	1s	35,100	32,600	35,100	2,500	93%	\$41.72	NNN
1910 Camden Ave	1910 Camden Ave	Retail (Strip Center)	1976	B	2s	3,340	6,493	7,593	1,100	86%	\$41.51	NNN
3725 Union Ave	3725 Union Ave	Retail	2006	B	2s	7,564	12,115	15,236	3,121	80%	\$40.95	NNN
14800 Camden Ave	14800 Camden Ave	Retail (Community Center)	1953	B	1s	19,000	0	19,000	19,000	0%	\$40.92	NNN
932 Blossom Hill Rd	932 Blossom Hill Rd	Retail (Neighborhood Center)	1977	B	1s	33,810	15,310	33,810	18,500	45%	\$40.53	NNN
1173-1187 Redmond Ave	1173-1187 Redmond Ave	Retail (Strip Center)	1976	B	1s	8,954	8,079	8,954	875	90%	\$40.43	NNN
18-20 N 1st St	18-20 N 1st St	Retail	1980	B	2s	9,000	7,700	9,000	1,300	86%	\$40.36	NNN
2699 Union Ave	2699 Union Ave	Retail (Neighborhood Center)	2013	B	1s	9,420	5,286	9,420	4,134	56%	\$39.00	NNN
7030 Santa Teresa Blvd	7030 Santa Teresa Blvd	Retail (Neighborhood Center)	2021	B	1s	7,000	5,500	7,000	1,500	79%	\$38.88	NNN
330 S 2nd St	330 S 2nd St	Retail	2020	B	1s	14,800	5,459	14,800	9,341	37%	\$38.59	NNN
5502 Monterey Hwy	5502 Monterey Hwy	Retail (Community Center)	1990	B	1s	96,524	65,467	96,524	31,057	68%	\$38.34	NNN
Bldg 700	4400 N First Ave	Retail (Community Center)	2011	B	1s	5,000	2,453	5,000	2,547	49%	\$36.85	NNN
472-488 Blossom Hill Rd	472-488 Blossom Hill Rd	Retail (Neighborhood Center)	1900	B	1s	13,761	12,311	13,761	1,450	89%	\$36.62	NNN
Building 12	171 Curtner Ave	Retail (Power Center)	2008	B	1s	6,493	4,795	6,493	1,698	74%	\$36.46	NNN
Building 30	2131 Monterey Rd	Retail (Power Center)	2008	B	1s	7,152	5,159	7,152	1,993	72%	\$36.26	NNN
501 Earthquake Way	501 Earthquake Way	Retail	2019	A	1s	7,719	4,634	7,719	3,085	60%	\$36.25	NNN
Building 25	1 Curtner Ave	Retail (Power Center)	2008	B	1s	11,222	8,526	11,222	2,696	76%	\$35.72	NNN
Building 26	2199 Monterey Rd	Retail (Power Center)	2008	B	1s	11,449	10,200	11,449	1,249	89%	\$35.68	NNN
Building 16	111 Curtner Ave	Retail (Power Center)	2008	B	1s	12,165	10,844	12,165	1,321	89%	\$35.65	NNN
1080 Saratoga Ave	1080 Saratoga Ave	Retail (Strip Center)	1966	B	1s	19,750	17,805	19,750	1,945	90%	\$35.27	NNN
Great Mall	248-1400 Great Mall Dr	Retail (Super Regional Mall)	1994/2006	B	1s	1,201,519	1,194,756	1,201,519	6,763	99%	\$33.12	NNN
519 Coleman Ave	519 Coleman Ave	Retail (Power Center)	2006	B	1s	5,720	0	5,720	5,720	0%	\$32.93	NNN
261 Jacklin Rd	261 Jacklin Rd	Retail (Neighborhood Center)	1988	B	1s	5,971	971	5,971	5,000	16%	\$31.21	NNN
Cambrian Park Plaza	14388-14458 Union Ave	Retail (Community Center)	1953/1994	B	1s	80,440	77,440	80,440	3,000	96%	\$29.66	NNN
1020-1080 S White Rd	1020-1080 S White Rd	Retail (Community Center)	1987/1998	B	1s	153,493	147,391	153,493	6,102	96%	\$27.71	NNN
Building 28	2189 Monterey Rd	Retail (Power Center)	2008	B	2s	7,167	3,229	9,540	6,311	34%	\$26.24	NNN
Primary Market Area Total/Average: 77 Comps						36,428	2,613,939	3,078,365	464,426	87%	\$39.63	
Total/Average: 87 Comps						34,154	2,703,123	3,244,860	541,737	76%	\$40.02	

(1) Asterisk denotes Full Service and Modified Gross leases weighted to represent equivalent of Triple Net leases. Rents with no data on lease type were assumed to be NNN

EXHIBIT I-8
ECONOMIC IMPLICATIONS
VALLCO
SEPTEMBER 2023

I. Likely Retail Rental Rate

Tenant Type	Right Sized 200,000sf Scenario			Right Sized 400,000sf Scenario			600,000sf Scenario		
	Mix	Size	NNN Rent/Year	Mix	Size	NNN Rent/Year	Mix	Size	NNN Rent/Year
In Line Shops	35%	70,000	\$60.00	35%	140,000	\$50.00	35%	210,000	\$45.00
Entertainment	10%	20,000	\$55.00	10%	40,000	\$45.00	10%	60,000	\$40.00
Food & Beverage	25%	50,000	\$75.00	25%	100,000	\$70.00	25%	150,000	\$60.00
Anchor Spaces	30%	60,000	\$40.00	30%	120,000	\$40.00	30%	180,000	\$30.00
	100%	200,000	\$57.25	100%	400,000	\$51.50	100%	600,000	\$43.75

II. Return on Cost

Potential Gross Income	\$57.25	\$51.50	\$43.75
Likely Vacancy	7.50%	10.00%	12.50%
Vacancy Loss	\$4.29	\$5.15	\$5.47
Effective Gross Income	\$52.96	\$46.35	\$38.28
Operating Cost Ratio (% of EGI)	10%	10%	10%
Operating Costs	\$5.30	\$4.64	\$3.83
NOI	\$47.66	\$41.72	\$34.45
Approx. Build Costs per SqFt (Excluding Land)	\$850	\$835	\$818
Hypothetical Return on Hard Costs (Excluding Land)	5.6%	5.0%	4.2%
Incremental Annual Revenue	-	\$7,153,875	\$11,139,750
Incremental Costs	-	\$167,000,000	\$327,200,000
Incremental Return on Costs	-	4.3%	3.4%



Newport Beach

140 Newport Center Dr, #210
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(949) 717-6450

San Francisco

180 Montgomery St, #2350
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(415) 397-5490

Atlanta

999 Peachtree St, #300
Atlanta, GA 30309
(404) 879-5000

Austin

201 W 5th St, 11th Floor #21
Austin, TX 78701
(512) 287-4530

**ATTACHMENT B:
PRIMARY BULK WAIVER DIAGRAMS**

NOTE
STREET SECTIONS ARE ILLUSTRATIVE. REFER TO CIVIL, LANDSCAPE, AND LIGHTING DRAWINGS FOR SITE INFORMATION.

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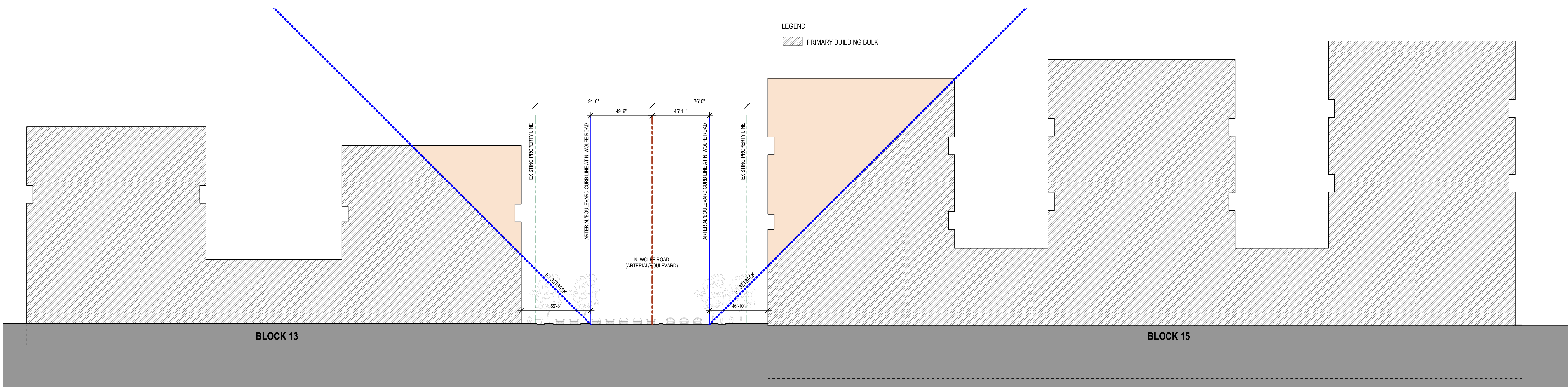
MEP
MEYERS+ ENGINEERS
98 BATTERY STREET, SUITE 500
SAN FRANCISCO, CA 94111
TEL: 415.432.8101

Geotechnical
DANGHAN
1 ALMADEN BOULEVARD, SUITE 500
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TEL: 408.263.3000

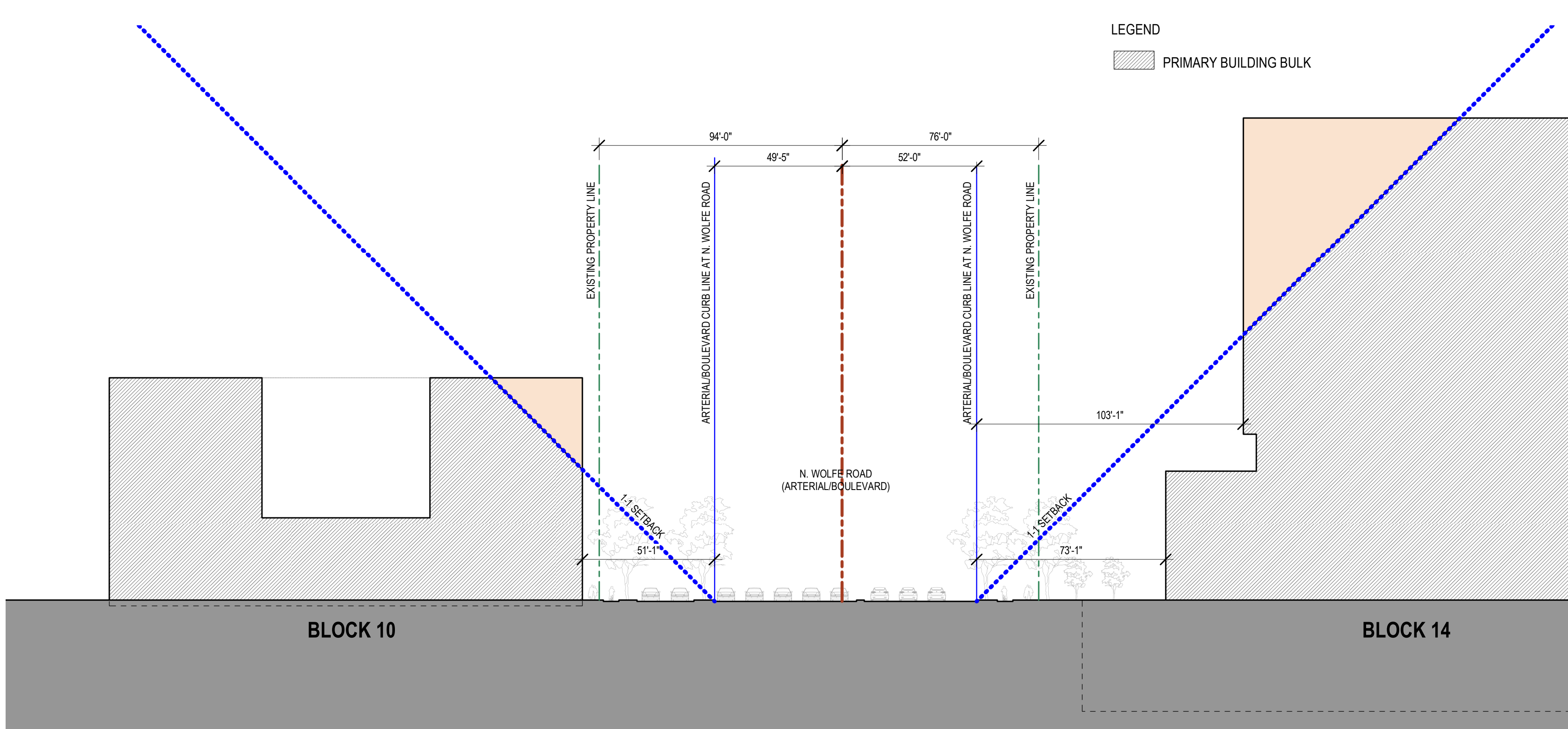
Traffic
KIMLEY-HORN
10 SOUTH ALMADEN BOULEVARD, SUITE 1250
SAN JOSE, CA 95113
TEL: 989.800.4130

Parking Engineering
WATRY DESIGN, INC.
2099 GATEWAY PLACE, SUITE 550
SAN JOSE, CA 95110
TEL: 833.917.7275

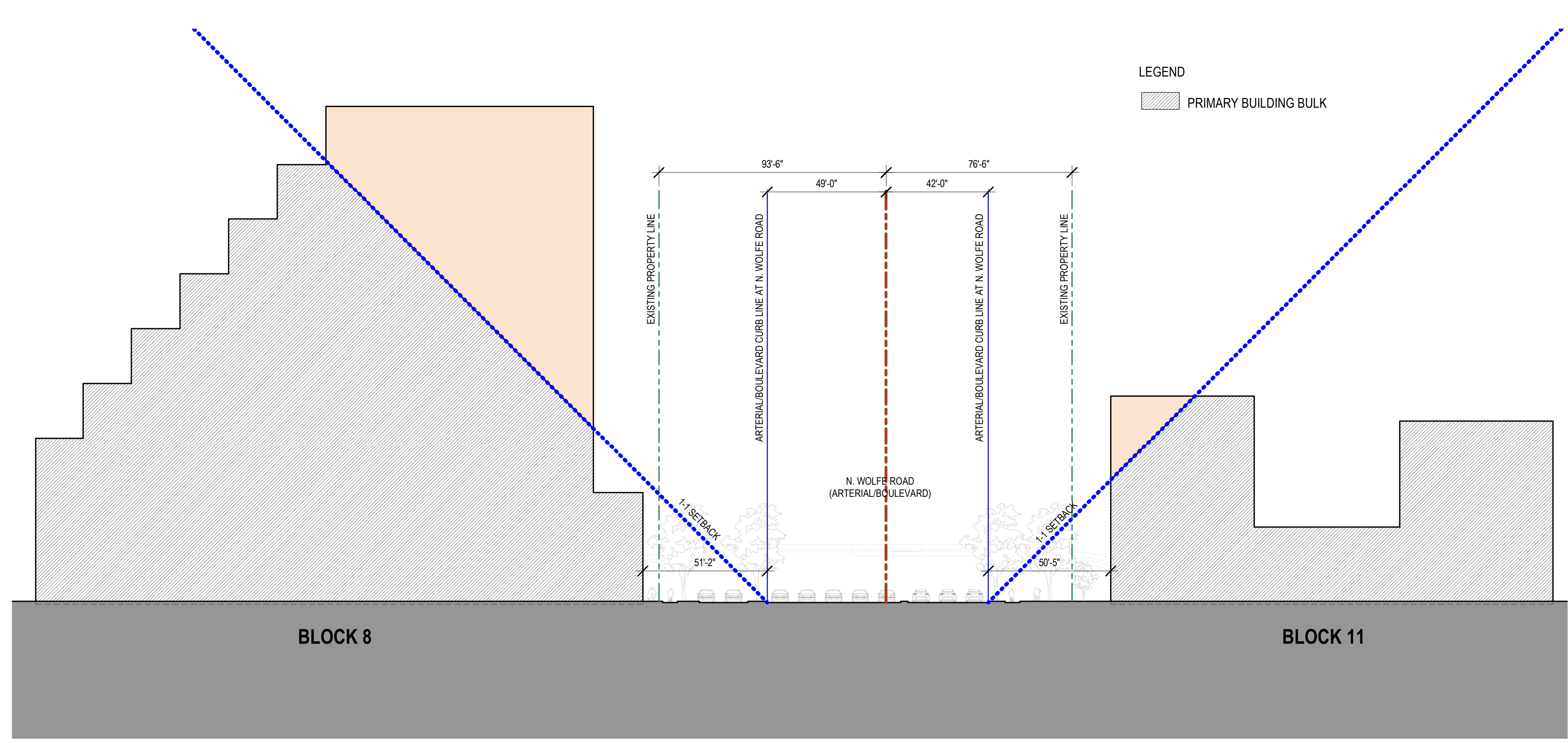
Logistics
ARUP
400 MISSION STREET, SUITE 700
SAN FRANCISCO, CA 94105
TEL: 415.957.9445



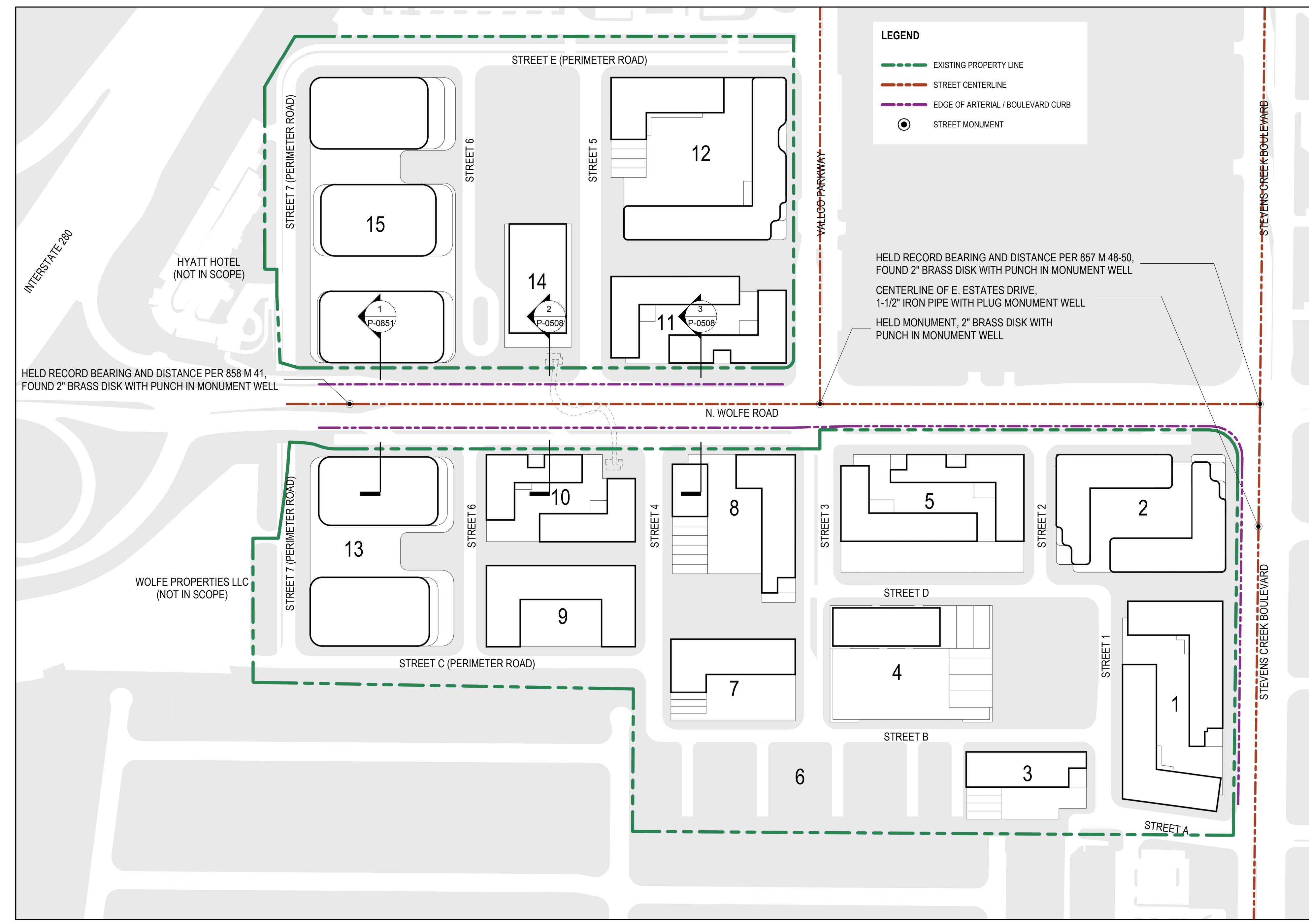
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SCALE: 1/32" = 1'-0"



2 SETBACK DIAGRAM - BLOCKS 10 & 14
SCALE: 1/32" = 1'-0"



3 SETBACK DIAGRAM - BLOCKS 8 & 11
SCALE: 1/32" = 1'-0"



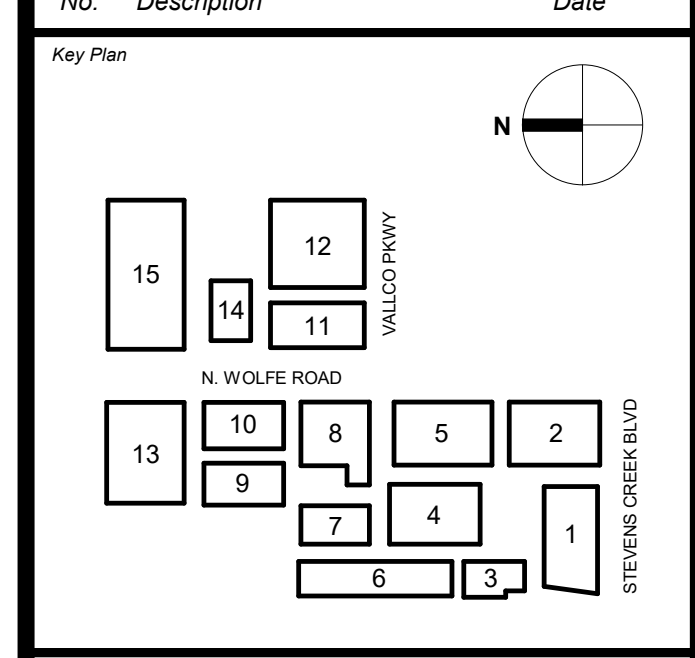
4 PLAN DIAGRAM
SCALE: 1" = 160'

SB 35 MODIFICATION APPLICATION

Revision

Rev.	Description	Date
REV. 4	SB-35 MODIFICATION APPLICATION	12/04/2023
REV. 3	SB-35 MODIFICATION APPLICATION	09/22/2022
REV. 2	SB-35 APPLICATION - CONFORM SET	09/15/2018
REV. 1	SB-35 APPLICATION - REVISION	07/31/2018
REV. 0	SB-35 DEVELOPMENT APPLICATION	03/27/2018

Prep. Plan



Scale & Symbols

NOT FOR CONSTRUCTION

Issue Date: 03/27/2018 Project No: 3462
Scale: N.T.S.

Drawing Title
SITE DIAGRAMS - SETBACK COMPLIANCE - BLOCKS 8, 10, 11, 13, 14 & 15

P-0508

NOTE
STREET SECTIONS ARE ILLUSTRATIVE. REFER TO CIVIL, LANDSCAPE, AND LIGHTING DRAWINGS FOR SITE INFORMATION.

THE RISE

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Architecture
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Lighting Design
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MEP
MEYERS+ ENGINEERS
98 BATTERY STREET, SUITE 500
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TEL: 415.432.8101

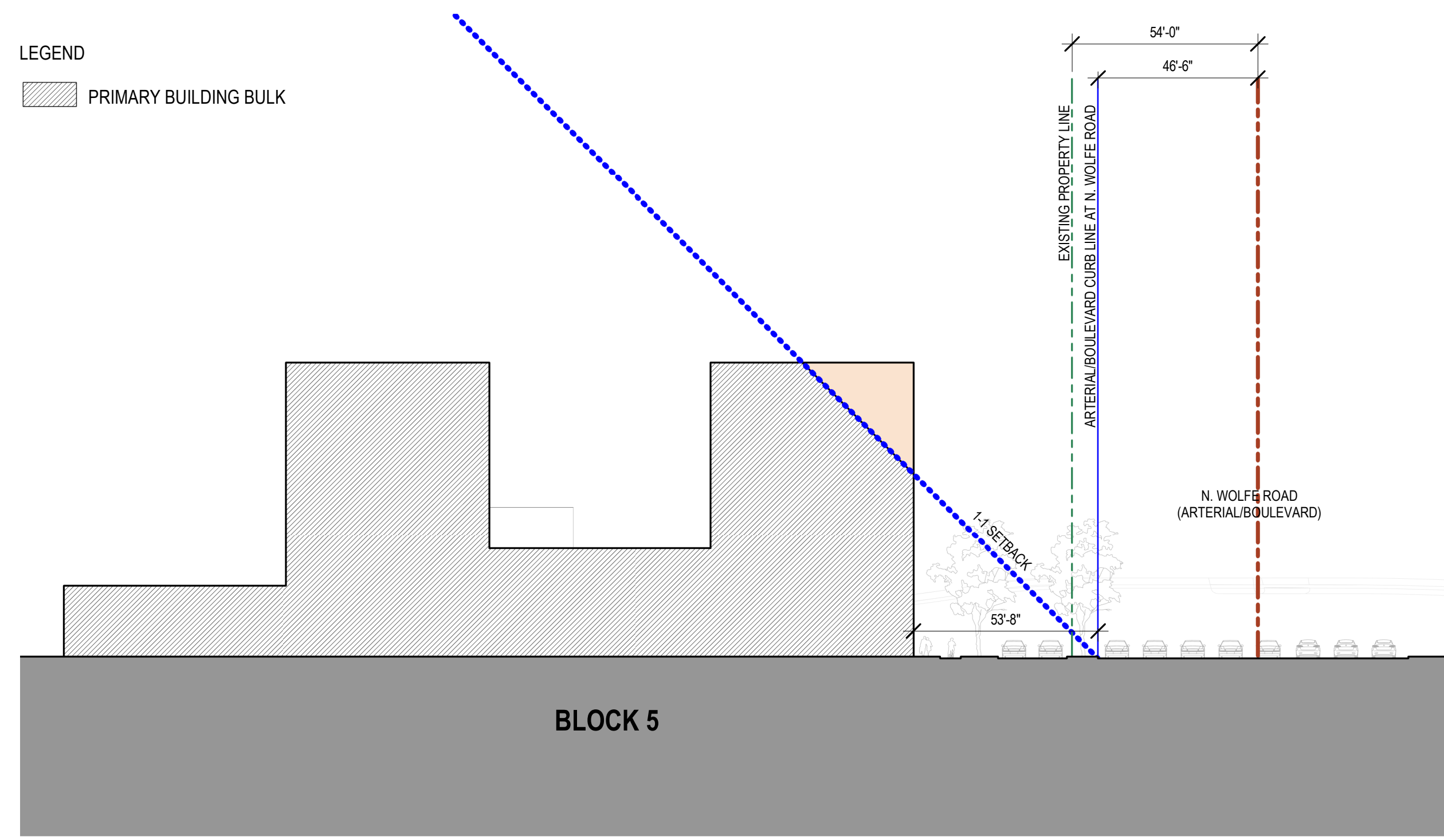
Geotechnical
LANGRAN
1 ALMADEN BOULEVARD, SUITE 500
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Traffic
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10 SOUTH ALMADEN BOULEVARD, SUITE 1250
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Parking Engineering
WATRY DESIGN, INC.
2099 GATEWAY PLACE, SUITE 550
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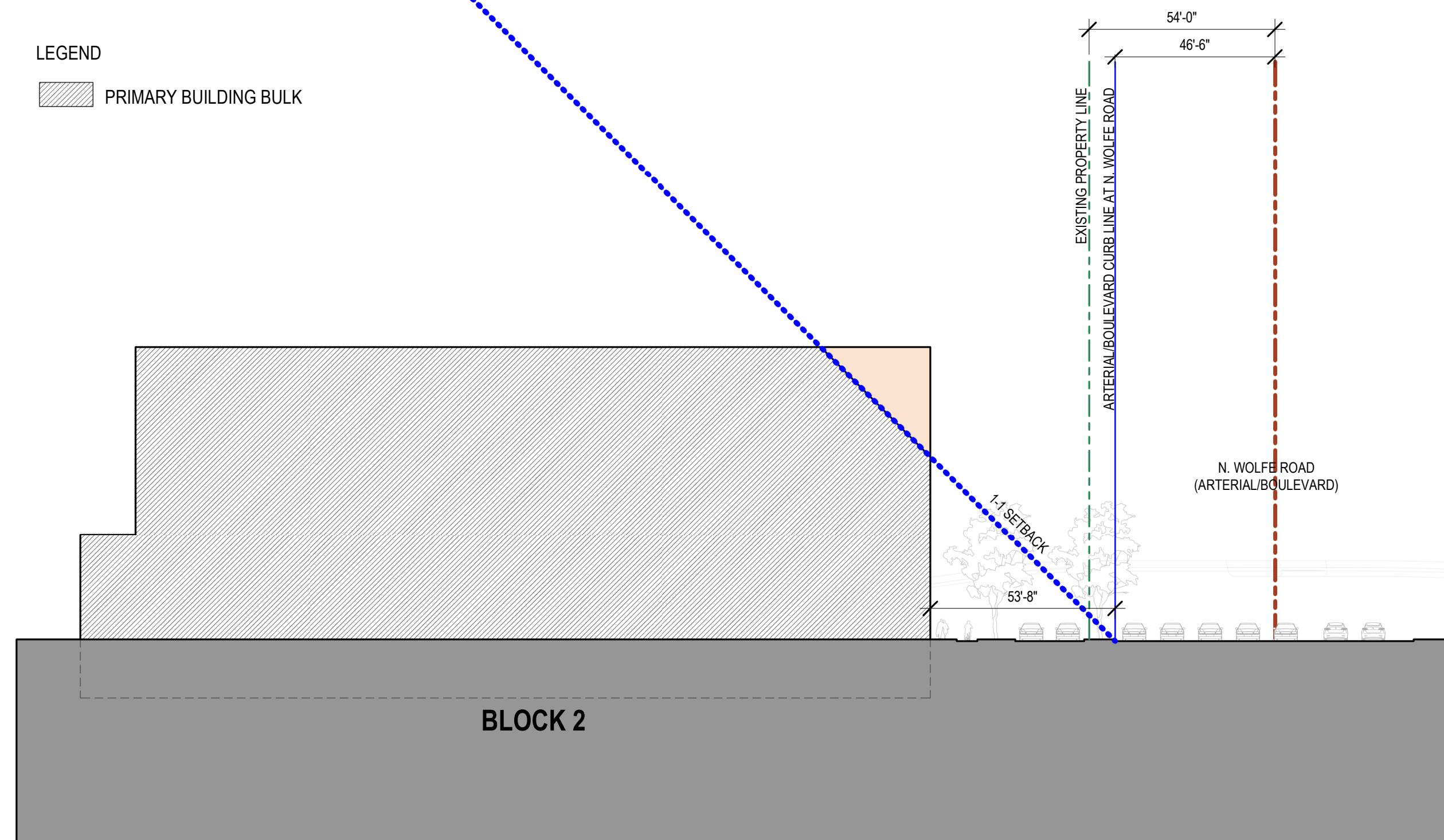
Logistics
ARUP
400 MISSION STREET, SUITE 700
SAN FRANCISCO, CA 94105
TEL: 415.857.9445

LEGEND
PRIMARY BUILDING BULK



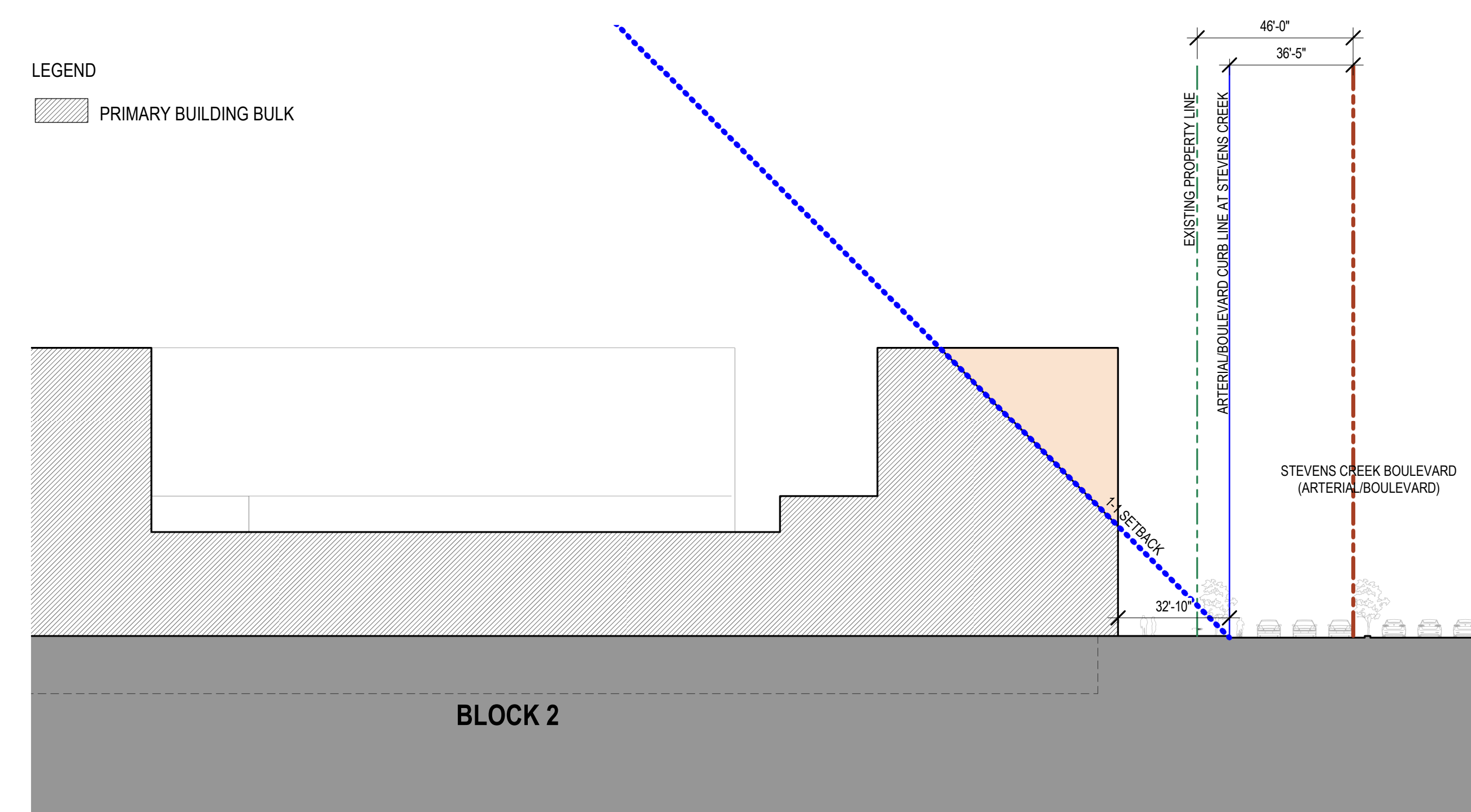
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PRIMARY BUILDING BULK



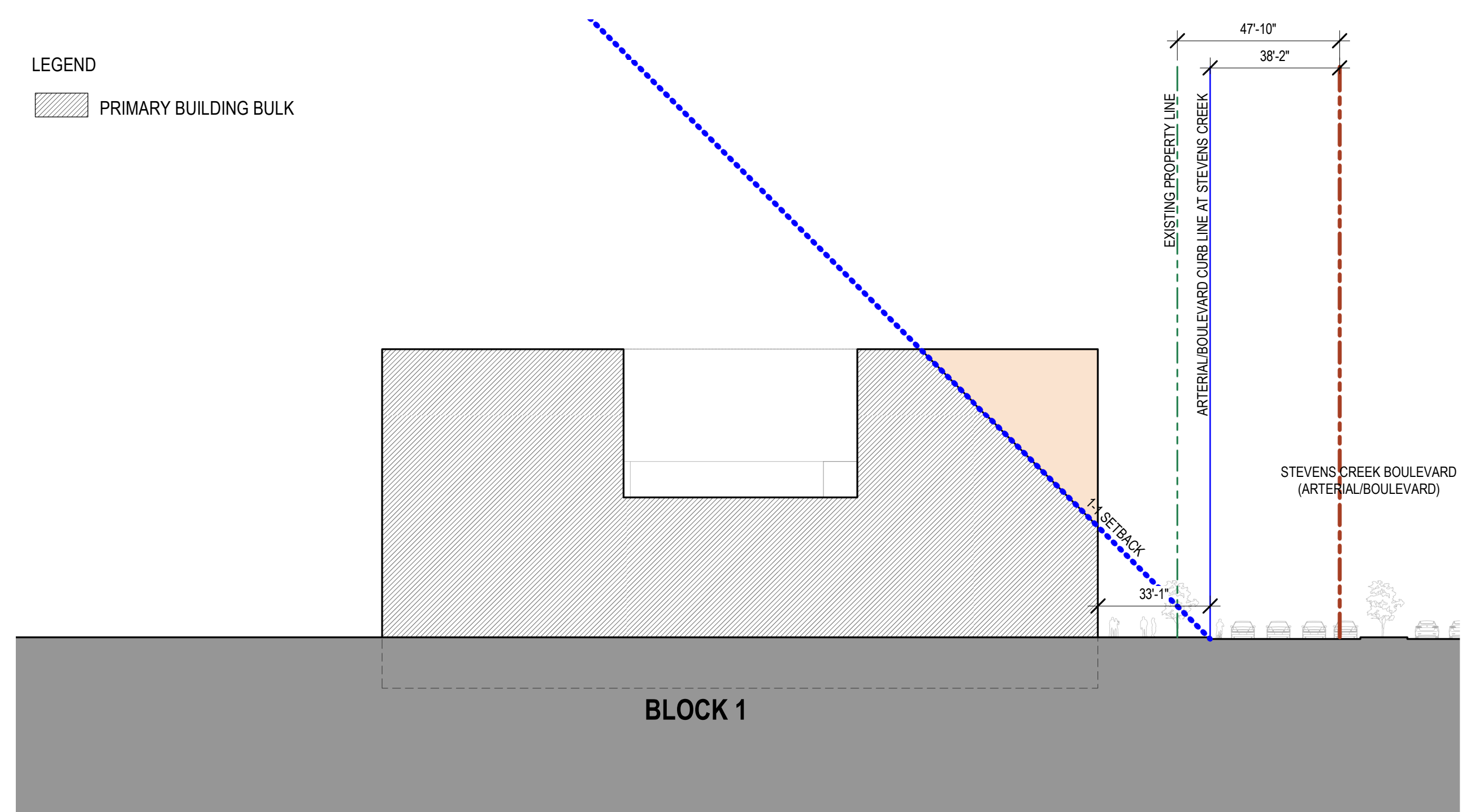
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LEGEND
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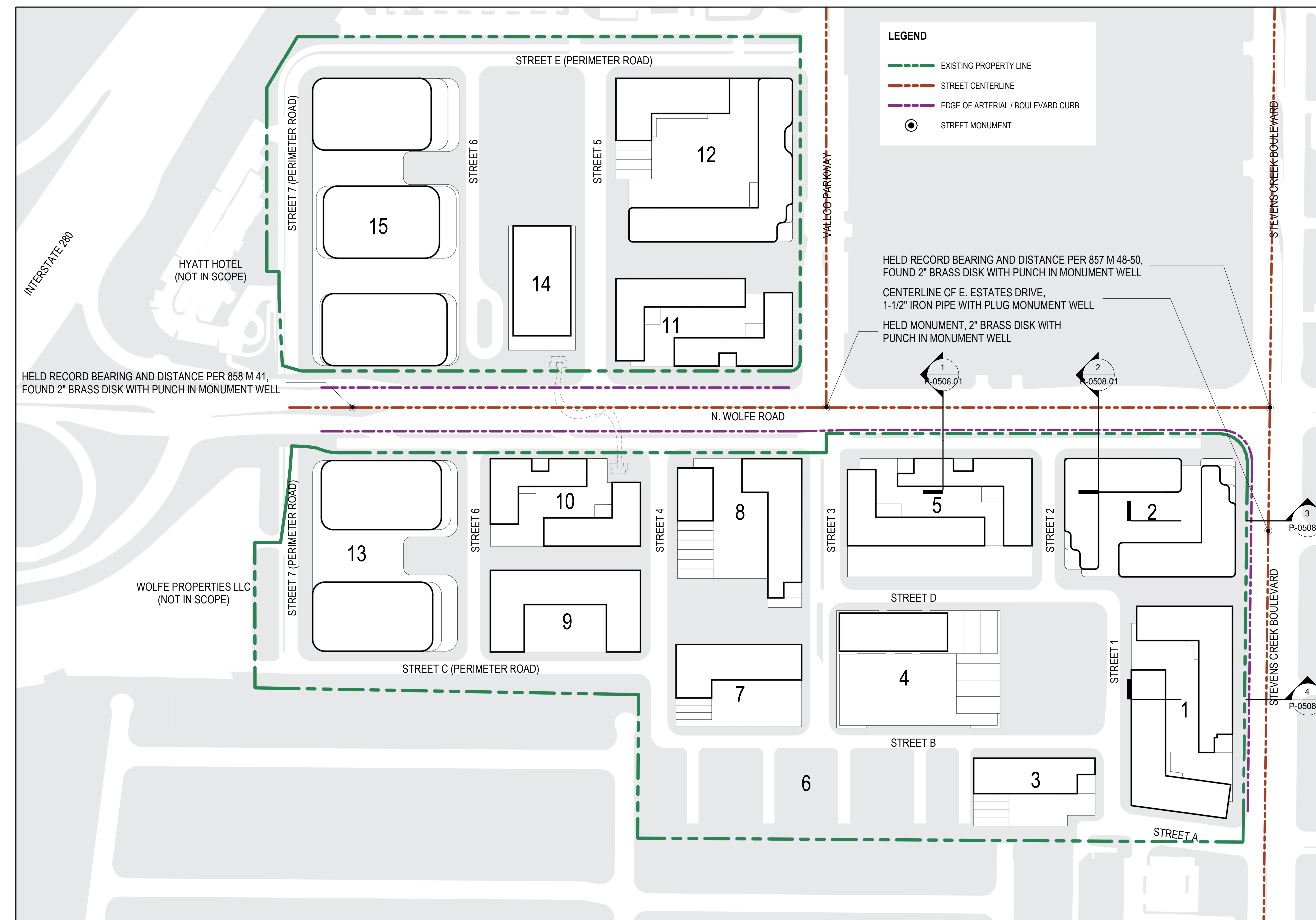


3 SETBACK DIAGRAM - BLOCK 2
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LEGEND
PRIMARY BUILDING BULK



4 SETBACK DIAGRAM - BLOCK 1
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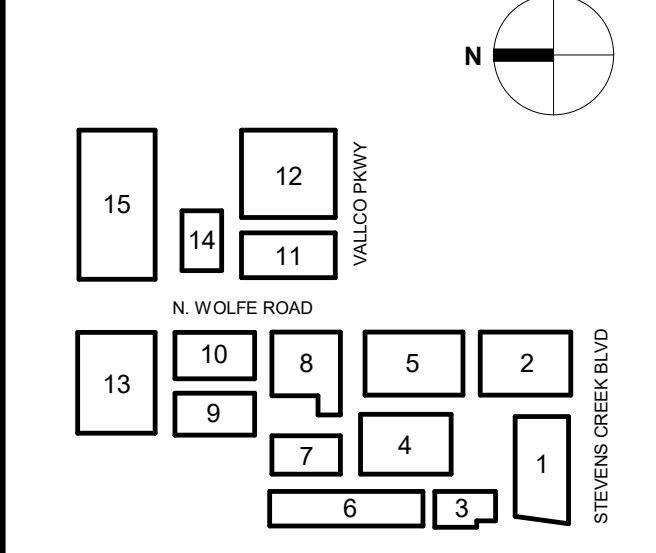
5 PLAN DIAGRAM
SCALE: 1" = 1600'

SB 35 MODIFICATION APPLICATION

Revision

Rev. No.	Description	Date
REV-1	SB-35 MODIFICATION APPLICATION	12/04/2023
REV-2	SB-35 MODIFICATION APPLICATION	03/22/2022
REV-3	SB-35 MODIFICATION APPLICATION	03/22/2022

Site Plan



Scale & Signature

NOT FOR CONSTRUCTION

Issue Date: 03/23/2023 Project No: 3462
Scale: N.T.S.

SITE DIAGRAMS - SETBACK COMPLIANCE - BLOCKS 1, 2 & 5

P-0508.01