

Shopping center will soon break ground at site of huge San Jose mixed-use center

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The developers of a \$2.5 billion mixed-use project adjacent to the Berryessa BART station will on Monday break ground on a shopping center at the project's north side that will be anchored by a Safeway grocery store and a CVS Pharmacy.

Totalling nearly 11 acres, or 100,692 square feet, the shopping center will be bounded by Mercado Way to the north and west, Sierra Road to the east and Berryessa Road to the south. It will also include a Chase bank, two buildings with a combined total of 17,640 square feet of retail space, and 449 parking spaces, according to Chris Anderson, a broker at San Jose-based Borelli Investment Co., and Bruce Frazer, senior vice president of SRS Real Estate Partners' San Jose office.



MARKET PARK SAN JOSE

Anderson said the two buildings will be built on spec and that Safeway, CVS and Chase bank have combined to lease about 83 percent of the shopping center's available retail space.

Borelli Investment Co. and SRS are developing the mixed-use project, called Market Park San Jose. Borelli Investment Co. is managing the project and handling office leasing, and Frazer is listed as the exclusive listing agent of three of Market Park's residential complexes and of its shopping center on a marketing brochure on Market Park's website.

The 65,000-square-foot, full-service Safeway will be located on a part of Market Park called "North Village." It will be built to suit by Tilton Pacific Construction and is designed by Kenneth Rodrigues & Partners, the architect and designer for the entire Market Park project. Safeway is also building an adjacent gas station with nine fuel pumps.

Ralph Borelli, chairman of Borelli Investment Co., said he envisions having about 15 tenants — including the Chase bank, Safeway and CVS — in the shopping center after it has been fully leased, and plans for the center to offer a "food and service mix." He said SRS and Borelli Investment Co. are in conversations with a couple of salons and have received inquiries from "food-type" retailers about leasing space in the center.

Once built, the Safeway would be located about two miles southwest of an existing Safeway at 2558 Berryessa Road. The existing store was recently remodeled and will remain open after the one at Market Park opens. Anderson said Safeway feels there is enough demand to accommodate both stores because the newer Safeway will feature its latest design with a larger square footage compared to the existing Safeway, which he said totals about 40,000 square feet.

Neighboring projects

Market Park San Jose is the largest construction project in Silicon Valley, totaling 5.23 million square feet. It is being built at the intersection of Berryessa and Sierra roads on a portion of the San Jose Flea Market owned by the Bumb family since 1960.

Located along the south side of the project site is the Berryessa Transit Center at the corner of Mabury and Berryessa roads. The transit center will include one of two new BART stations that are part of the 10-mile Berryessa extension, which will connect the BART station in North San Jose with the Warm Springs station in Fremont.

BART service at the Berryessa transit center is expected to begin by year's end, although recent reports suggest that service may be delayed until 2020.

Residential homebuilding company KB Home has built and sold 449 detached single-family homes and townhomes on the 120-acre Market Park project site, Borelli said. Multifamily home builder Western National Group is building a mid-rise apartment complex in the North Village called "The Platform" that will eventually be comprised of 551 one-, two- and three-bedroom apartment units and 36,500 square feet of ground-floor retail space.

Western National Group has already built 318 apartment units for its Platform complex and is in the process of renting them out. The rest of the units are expected to be completed in either May 2020 or June 2020, Borelli said.

Entitlements for sections of the project are tied to the approval of what the city of San Jose calls the "Berryessa BART Urban Village Area Plan," which will be used to guide future development in an area in northeast San Jose bounded by Shore Drive to the north, Lundy Avenue to the east, Coyote Creek to the west and Mabury Road to the south. The Berryessa BART station is located in the center of the urban village plan area, which totals roughly 270 acres.

Community workshops were held in November 2018 and in May, and the city unveiled concept plans for the urban village plan at the May meeting. A draft of the urban village plan will be presented to community members at the third and final workshop sometime this fall before the city's planning department presents the plan to the San Jose Planning Commission and City Council for approval.

Borelli said he hopes the city council can vote on whether to approve the plan by fall 2020.

One part of Market Park that is going through the urban village plan approval process is the "Facchino Property," which would offer about 700 apartment units and 140 affordable housing units, Borelli said. The property is located adjacent to the east side of The Platform, facing Berryessa Road.

The site plan for the Facchino Property says it would also include a four-story medical office building totaling about 184,800 square feet. Borelli said he is working with First Community Housing, a San Jose-based nonprofit that designs, develops and manages affordable housing for low-income households, on the property's affordable housing component.

The other part of Market Park whose entitlement process is tied to the urban village plan is its "South Village" area. San Jose-based Schoennauer Co., which is handling permitting for Market Park, submitted a planned development zoning application to the San Jose planning department in January 2018 to rezone the South Village, totaling 60.7 acres, from a planned development zoning district to a commercial pedestrian zoning district, which allows for mixed residential/commercial development.

An environmental impact report is being prepared for the project. If the rezoning application is approved, Borelli would be able to build up to 3,450 residential units and dedicate up to 3.4 million square feet in the South Village for commercial use. He said the housing market is going to determine how much housing is built in the South Village and what construction type he chooses for that area.

Borelli and SRS also plan to make Market Park a potential new home for corporate tenants. The project developers are planning to build five Class A office towers in the transit village, each between six to 10 stories tall and each totaling 198,000 to 336,000 square feet. Three mid-rise structures next to the towers will provide up to 2,750 parking spaces.

Market Park will also include two approved public parks totaling about 7.2 acres and will be home to a VTA bus transit center that is expected to open at the Berryessa Transit Center in December. The mixed-use center will also connect to the Penitencia Creek Bike Trail and to Coyote Creek Trail.

Construction of the Market Park shopping center is expected to be completed by Q3 2020 or Q4 2020, Frazer of SRS said.

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