

Google presence would be a boon for San Jose, but not everyone is impressed

16 June 2017, by George Avalos, The Mercury News



While San Jose city officials and property developers are over the moon about Google's quest to create a massive village of gleaming new tech offices and housing downtown, some local merchants fear the project could displace their shops and send them packing.

The city announced this month that the Mountain View-based search giant wants to create a huge tech campus, covering more than 6 million square feet on about 245 acres near Diridon Station, a rail depot, and the SAP Center athletic stadium. It said the project could accommodate up to 20,000 employees and transform downtown. But as real estate developers continue buying up properties in the area, amassing land that could end up in Google's hands, many local [business owners](#) have mixed feelings about what it might mean for them.

"I'm worried about having to move," said Edgar Salcedo, owner of Ed's Scientific Auto Body, which has been a fixture on South Autumn Street in the core area where Google intends to build a mega campus even larger than its Googleplex headquarters in Mountain View. "We'll make it work somehow. But I don't know if my customers will find us if we have to move."

The prospect of San Jose becoming another Google town would mean more employment opportunities, particularly for skilled tech workers, and would be an economic boon for the city's downtown.

"This is an unparalleled opportunity for San Jose," said Nanci Klein, San Jose's deputy director of economic development. "We are thrilled to have this interest from Google and to have this excellent partner, a world-class company that is committed to sustainability and great urban design."

Yet, depending upon how it is implemented, the project could bring more of the headaches that have accompanied the expansion of Silicon Valley's most innovative and disruptive companies: The same job boom that has driven Bay Area employment to record levels also has lifted home prices well out of reach for a growing number of residents, caused traffic jams and forced more people to flee the Bay Area altogether.

Nevertheless, Google would bring San Jose the prestige of being a key hub for one of the world's largest companies, and create a transit-focused village where people could work, live and play.

"We're excited to have the support of the San Jose City Council as we evaluate our options at Diridon Station," a Google spokesperson said in comments emailed to The Mercury News. "We look forward to collaborating with officials and community members."

Real estate experts believe Google's push into downtown San Jose would be a game-changer similar to the dramatic reshaping of San Francisco's eastern waterfront.

"Google is a digital nation-state, and they are going to transform Diridon Station the same way that Mission Bay in San Francisco has been transformed," said Mark Ritchie, president of San Jose-based real estate firm Ritchie Commercial.

Some businesses that own their properties have already struck deals with Trammell Crow, a developer and Google property-buying surrogate, to sell their land. Through affiliates, Trammell Crow has been quietly buying up properties in the 245-acre area near SAP Center and Diridon Station, primarily along and near Autumn and Montgomery streets.

Other merchants who rent their buildings might be forced to relocate or close if Trammell Crow snaps up the properties.

"Our family depends on this business, and if we lose the business, it would be catastrophic," said Rocio Salcedo, owner of Diamond Auto Detail on South Autumn Street and sister of Edgar Salcedo. Her business, next door to her brother's auto body shop, has served customers at the same location for about 30 years.

For the second time in a decade, Tito Hernandez, owner of World of Sports Memorabilia on South Montgomery Street, faces relocation because of a new development if his landlord decides to sell the property that contains his business.

"We used to be on Stockton Avenue, but I had to move when Whole Foods went in there" in 2010, Hernandez said. "I would love to stay in San Jose, but it looks like I might be moving again."

Some business owners in the Diridon Station neighborhood lament the dramatic changes that the technology industry has ushered in for the Bay Area.

"The whole culture of the Bay Area is being killed by this tech boom," said Charles Vela, co-owner of C&C Architectural Glass on South Autumn Street. "People in service businesses, people who flip burgers, are being forced out of San Jose, forced out of the Bay Area."

Nevertheless, Vela seemed to understand the motives of his company's landlord, whom he and his wife described as a nice lady.

"Trammell Crow offered our landlord a lot, and it's an opportunity for her, and we would probably do

the same thing if we were in her place," Vela said.

Eva Vela, co-owner of C&C Architectural Glass, said she and her husband might look for a new location in a nearby city where commercial rents won't be brutally high.

"We've been looking in Morgan Hill," Eva Vela said. "It would be nice to get some assistance from the city to help us move."

Several business owners in the area agreed, but the city suggested it would only be obliged to aid those displaced from government-owned properties.

It's possible that tenants renting from private property owners who sell their land in connection with the Google project could get no assistance.

"There are not that many tenants in this area that are on public property," Klein said. "The city only has an obligation to provide relocation assistance when tenant is on public land."

Google's plans for downtown San Jose have emerged as two groups of property investors have quietly launched a shopping spree for properties in the Diridon Station area, a land assembly that could eventually accommodate one or more mega-campuses for tech workers, along with housing and stores. The two groups of buyers have spent a combined \$124 million in the acquisition binge.

Several more sales are already in the works, with some deals due to close before the end of the summer. In some of those cases, the business owner also owns the property.

Jim Wagner, principal owner of Kearney Pattern Works and Foundry on South Montgomery, said his aluminum foundry has been in business for nearly a century, and he has mixed feelings about his decision to sell to Trammell Crow.

"We have had a feeling that we don't have much of a choice about staying, especially after Trammell Crow gobbled up all the properties on the other side of Los Gatos Creek," Wagner said. "If we didn't sell, the city might take the property through

eminent domain."

The company over the decades has served customers including Lockheed Missiles and Space, and the defense contractor's production of the famed Trident nuclear missile. Current customers include KLA Tencor and Lam Research, which have placed a steady stream of orders for their semiconductor equipment business.

"It's sad to think about closing the business," Wagner said.

Borch's Iron Works & Welding was planning to close anyway, but Allan Borch, owner of the metal business on South Autumn Street, said he too has mixed feelings - even though he and his family own the property and also are selling to Trammell Crow.

"There aren't a lot of people doing this kind of business in downtown San Jose anymore," Borch said.

©2017 The Mercury News (San Jose, Calif.)
Distributed by Tribune Content Agency, LLC.

APA citation: Google presence would be a boon for San Jose, but not everyone is impressed (2017, June 16) retrieved 24 June 2019 from <https://phys.org/news/2017-06-google-presence-boon-san-jose.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.