

Assembly at North First, the Transformational Redevelopment of the Former LAM Research Campus in North San Jose, Starts Construction

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(**EDITOR'S NOTE:** The total development cost of the project will be in excess of \$200 million, according to sources familiar with the project. None of the players in the ownership and redevelopment of the project would comment on the total cost of the project.)

North San Jose, CA – ProspectHill Group and **SKS Partners** with **Invesco Real Estate** (the "Partnership") announced today that redevelopment construction to transform the 27-acre former LAM Research campus on North First Street in San Jose has begun. This is the fourth venture undertaken by ProspectHill Group and SKS. Earlier projects include similar redevelopments in San Jose and San Francisco.

The partnership has branded the new North San Jose campus, **Assembly at North First** and is redeveloping it in two phases. The first phase entails the complete renovation of four buildings, two of which will be combined into a single 100,000-square-foot building. Interiors and exteriors will be extensively modernized and most importantly, the repositioned property will function as a cohesive office campus environment featuring an acre of landscaped outdoor amenity space and a definitive "main street" at the campus entrance. Elements of luxury residential and resort properties will be integrated into a commercial setting to create a pleasant ambiance throughout the campus.

When the first phase is completed, there will be approximately 300,000 square feet in three buildings where collaboration and teamwork are fostered by open and airy interiors in the physical environment of an intimate campus setting. Occupancy will be available in late summer of 2018.

"I congratulate and thank ProspectHill Group, SKS Partners and Invesco Real Estate on their significant investment to acquire and rehab this unique property in North San Jose," said **Mayor Sam Liccardo**. "Within walking distance to housing, light rail, a community park, restaurants and retail amenities, and with easy access to 101, 237, 880 and the new BART station that will open soon, *Assembly at North First* will undoubtedly garner a great deal of interest. The City of San Jose is committed to facilitating an expedited permit and inspection process for the construction that is currently under way and for future tenant improvements."

“Not every company is able to have their offices in a new high rise, so we need to encourage inspired renovations that turn the tilt-up tech campuses of the Valley’s past into light-filled, energy-efficient oases where people actually want to come to work. *Assembly at North First* is transforming a 35-year old research campus into transit-focused offices of tomorrow, surrounding an acre of outdoor space designed for work, play and quiet contemplation,” said **Dan Kingsley**, Managing Partner with SKS Partners.

Internationally renowned architectural firm, **Gensler**, is the project architect. Milpitas-based **XL Construction Corporation** is the general contractor. **Hart Howerton**, a global architecture, planning, and landscape architecture firm, is the landscape architect. The partnership has tapped **Michael Rosendin**, SIOR, CCIM, **Craig Fordyce**, SIOR, CCIM, and **Shane Minnis**, LEED AP from **Colliers International’s** San Jose office to market the *Assembly* buildings for lease. Asking rental rates have not been established at this time.

Interior building heights will range from approximately 18 feet at building perimeters to 22 feet or more at building centers. Interiors will have abundant natural light and large floorplates. One building – 4000 N. 1st St., will be two stories, while 3960 N. First St. and 3930 N. 1st St. are single-story structures. The Partnership is applying for LEED[®] Gold certification from the U.S. Green Building Council for the core and shell renovation.

The property is about a quarter of a mile from Highway 237 and 2.5 miles from Levi’s Stadium. The @First retail center, with numerous restaurants and shops, including Target, CVS, Chickfila, Panera, The Coffee Bean & Tea House, Five Guys, a Japanese steak house (Rok Steakhouse), and Hyatt House and Marriott-branded hotels, is directly across the street and to the north of *Assembly at North First*.

Architecturally the new office/R&D property will be unique for Silicon Valley, as it will honor the Valley’s legacy of both agriculture and post-World War II industrial production.

Building exteriors will have a definitive “Industrial Ag” look by combining smoothly finished cement plaster with weathered-looking wood paneling and some corrugated metal integrated into the siding. All of the windows will be replaced with contemporary, high performance glazing.

The 27-acre property will also include an onsite fitness center, upgraded locker rooms with showers and storage, and a one-acre outdoor park with multiple seating and gathering areas, intimate spaces for contemplation, an outdoor fire pit and a pizza oven.

The second phase of *Assembly at North First* does not have a current timeline for redevelopment. Currently, that portion of the property has approximately 200,000 square feet in three buildings of similar vintage to those in this first phase. Those three buildings are currently available for lease on a short-term basis and they could be renovated in a similar fashion to phase one. In total, *Assembly at North First* is entitled for up to 1.3 million square feet of office and R&D space, per a development agreement with the City of San Jose. The second phase can be demolished to produce 1 million square feet of new construction, or more, pursuant to the square footage capacity allowed in the City’s North San Jose Area Development Policy.

All seven buildings were constructed in the 1980s and 1990s. Novellus occupied the campus when it was acquired by LAM Research several years ago.

“As technology companies are forced to reckon with high rents and limited options to occupy space in Silicon Valley’s historic core of Palo Alto and Mountain View, those companies are increasingly migrating south. We firmly believe the North First Street corridor will become a prime location for corporate headquarter facilities, due to its proximity and amenities,” said **Gambhir Kaushek**, a Principal with ProspectHill Group.

About North San Jose

North San Jose is the city's pre-eminent innovation and employment district with over 2,500 high-tech companies headquartered within the area bounded by Route 237, Highway 101 and Inter-State 880 corridors with a daytime workforce of approximately 90,000 people. Major employers include Cisco Systems, PayPal, Broadcom, Google, Maxim Integrated and Samsung Semiconductor. Apple is entitled to build upwards of 4 million square feet in North San Jose as well.

Since 2011 almost 8,000 housing units, new hotels and restaurant/retail spaces (almost exclusively multifamily) have been built all within walking distance from *Assembly at North First*. The Vista Montana Park, which is directly across the street from this property, has more than five acres of playground space, basketball courts and soccer fields.

In December of this year, North San Jose will have transit access to the East Bay, when the Milpitas BART Station opens by the Great Mall at Capitol Avenue. There is an existing light rail (Valley Transportation Authority) station two blocks from *Assembly at North First*.

About ProspectHill Group

ProspectHill Group (PHG) is a private real estate investment company that has invested in real estate assets with a cumulative peak capital basis in excess of \$2 billion in the San Francisco Bay Area, Greater Los Angeles, Hawaii, and London. The principals of ProspectHill have been involved in the acquisition, leasing and repositioning of over 10 million square feet of commercial property in the Bay Area. For more information about the company, visit www.prospecthillgroup.com.

About SKS

Founded in 1992 and headquartered in San Francisco, SKS is an investor and developer of commercial real estate properties in the western United States. The firm has acquired, entitled, developed and operated over 11 million square feet of office, mixed-use, medical office, life science and multifamily projects and is consistently able to identify emerging demographic and market trends in advance of other market participants. For more information about the company, visit www.sksre.com.

About Invesco Real Estate

Invesco Real Estate is a global leader in the real estate investment management business with \$66 billion in real estate assets under management, 451 employees and 21 regional offices across the U.S., Europe and Asia. The firm was established in 1983 and has been actively investing in core, value-add and opportunistic real estate strategies since 1992. Invesco Real Estate is a business name of Invesco Advisers, Inc. which is an indirect, wholly owned subsidiary of Invesco Ltd., (NYSE: IVZ), one of the largest investment management firms in the world with \$834.8 billion in assets under management and on-the-ground presence in 29 cities worldwide. Information as of March 31, 2017.

About Colliers International

Colliers International Group Inc. (NASDAQ and TSX: CIGI) is an industry-leading global real estate services company with 15,000 skilled professionals operating in 68 countries. With an enterprising culture and significant employee ownership, Colliers professionals provide a full range of services to real estate occupiers, owners and investors worldwide. Services include strategic advice and execution for property sales, leasing and finance; global corporate solutions; property, facility and project management; workplace solutions; appraisal, valuation and tax consulting; customized research; and thought leadership consulting.

Colliers professionals think differently, share great ideas and offer thoughtful and innovative advice that help clients accelerate their success. Colliers has been ranked among the top 100 global outsourcing firms by the International Association of Outsourcing Professionals for 12 consecutive years, more than any other real estate services firm.