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EAST BAY HOT SPOTS: TRI-VALLEY



ADAM PARDEE | SFBT

REBOOTING THE SUBURBS

Thousands of new homes. Retail to rival San Jose's Santana Row. And a concert venue. Sunset Development is rebuilding Bishop Ranch with a bold new vision

BY HANNAH
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As

Alex Mehran Jr. stood at the top of the parking garage at Bishop Ranch's City Center, the CEO of Sunset Development pointed to the empty lots and buildings behind him that he plans to redevelop. But in his bold effort to reinvent his family's legacy, a piece of the East Bay his father transformed, he's as concerned with what to keep as with what to tear down. ¶ "The whole frontage from I-680, across to that set of redwood trees right there, is Chevron Park," Mehran said, referring to the oil company's old headquarters. "I mentioned the beautiful trees at the entryway. They're right there, and we'll be retaining those."

Alex Mehran Jr., CEO of Sunset Development, wants to create a "10-minute neighborhood."

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EAST BAY HOT SPOTS: TRI-VALLEY

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Mehran, whose family has owned the 585-acre office park in San Ramon since 1978, is doubling down on his vision to transform the large corporate office park into a collection of walkable, neo-urban neighborhoods that promote a “10-minute lifestyle” – one that puts all of life’s necessities within a short walking distance. If it’s not an outright rejection of the Bay Area suburbs his family helped define – driving from single-family homes his grandfather built to office buildings his father built – it’s definitely a rethinking of that whole way of life.

Over the next two decades, Sunset Development aims to build 10,000 homes, another 300,000 square feet of retail space, a 250,000-square-foot Class A medical building, an outdoor amphitheater and a new hotel at Bishop Ranch, which is one of the country’s largest privately owned, master-planned communities.

“What we’re trying to do here is to be able to create a place that has all the amenities not just a commercial office park, not just a retail center, not just a subdivision with a bunch of houses, [but] an ecosystem that includes all of these uses,” Mehran said. “It reduces their day-to-day headache of transit and getting around.”

Making way for housing

Sunset Development recently announced plans to turn Chevron Park’s 1.3 million square feet of office space into a new neighborhood called the Orchards with 2,600 new housing units, a Santana Row-like retail corridor and a 2.5-acre public park.

The site, which Sunset purchased in 2023 for \$174 million, is slated to feature a range of housing types, including a pair of seven-story apartment buildings along Bollinger Canyon Road with ground-floor retail space, four- to five-story mid-rise townhomes and two- to three-story for-sale homes.

The first of Bishop Ranch’s homes are currently under construction a few blocks away from the Orchards on Camino Ramon Road at City Village: a 440-unit development from San Ramon-based Summerhill Homes. The developer will deliver roughly 100

An aerial view of Bishop Ranch.



homes a year, releasing new units in batches. In March, the first 16 homeowners are set to move in. The new homes being delivered are a key part of attracting people to Bishop Ranch, Mehran said.

Of the 440 homes at City Village, the cheapest among them will clock in at \$1.1 million, save for 20 affordable units to be managed by HouseKeys.

Another 4,500 homes were

approved in 2020 as part of the City Walk Master Plan, which spans 135 acres and includes a 169-room hotel and more than 170,000 square feet of retail. A senior housing development, Belmont Senior Living, will deliver room for 185 residents in early 2025 as well.

Sunset also has plans to turn a surface parking lot between its most popular Lakeside office park and its retail and dining hub, City

Center, into an outdoor performance theater that can accommodate up to 3,500 attendees.

“Our area really needs a smaller 2,000-, 3,000-person venue where we can have acts come in and perform. People love that type of thing, I think particularly postpandemic,” Mehran said. “It’s great to have people be able to come and enjoy things together – and we want to promote that on our site.”



More than 2,500 homes are slated to be built on the site of Chevron's former headquarters next to Bishop Ranch.



Sunset Development plans to build a 3,500-seat outdoor amphitheater at Bishop Ranch.

PHOTOS BY JULIE LOVETT | SUNSET DEVELOPMENT

The office, reimagined

While Sunset Development has torn down some of its office buildings to make way for housing and retail, it still operates 6 million square feet of office space at Bishop Ranch, which attracted blue-chip tenants like AT&T, GE, IBM and PG&E over the years. Mehran said its Class A office space, the Lakes, is currently 95% occupied, while the rest of the campus' portfolio is 80%

occupied, he said.

Office leasing across the Bay Area has suffered during and after the pandemic as companies downsize their office footprint in favor of hybrid work models. AT&T, for example, put 262,000 square feet up for sublease last year.

San Ramon's total office vacancy reached 21% in the fourth quarter of last year, which was slightly higher than the vacancy across

the I-680 corridor, which reached 20.4%, data from real estate services firm CBRE shows.

Class A office space saw the steepest decreases in rent, dropping from \$3.29 per square foot a month at the end of the third quarter to \$3.18 by the end of Q4 2023.

Mehran said there's been a "dramatic increase" in return to work since last fall, with several post-pandemic lease renewals.

"We really invest in our buildings," he said. "We built them ourselves over the years, and we update them every single year to make them better and better."

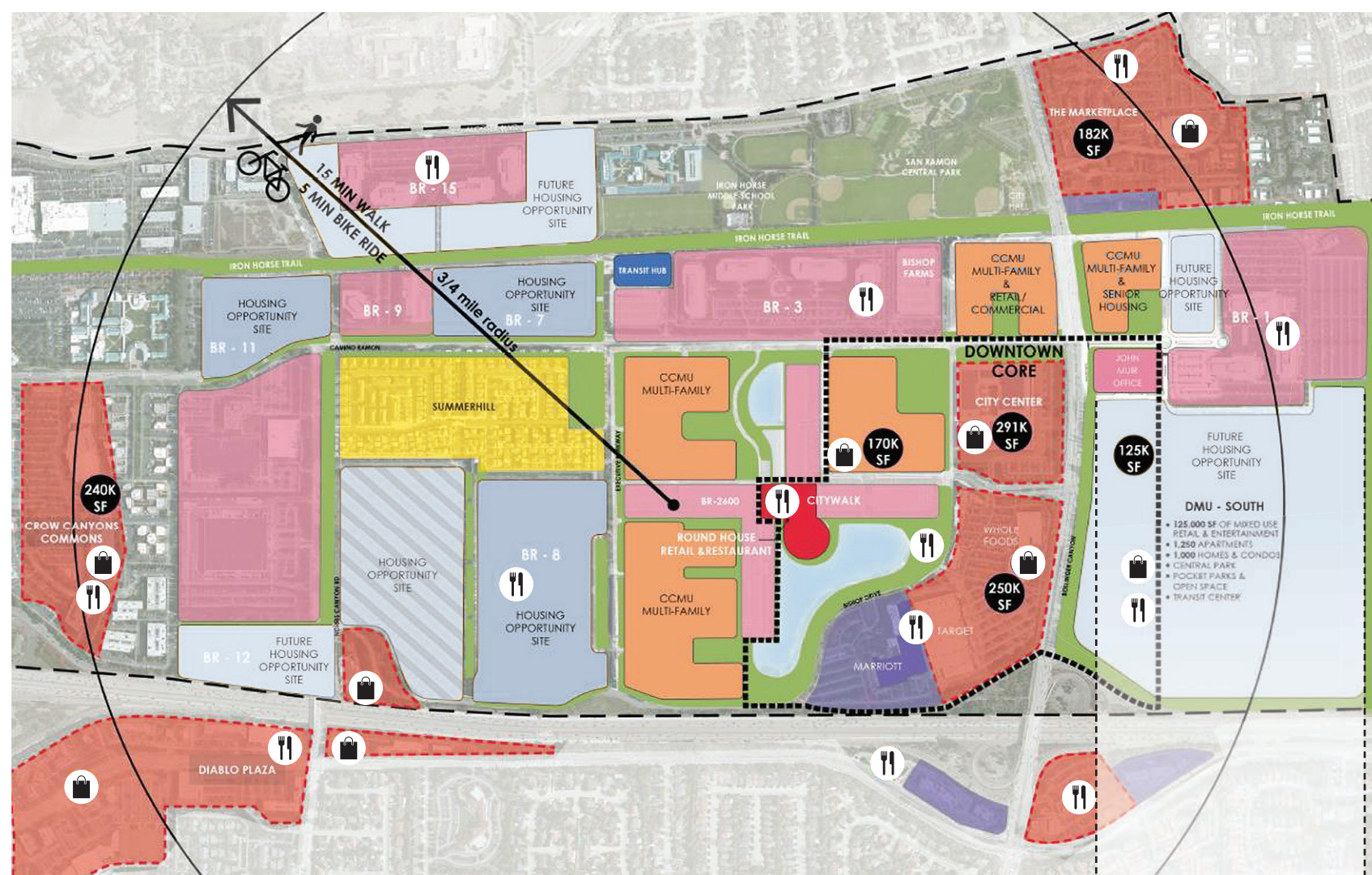
He credits a large part of Sunset's success with the developer's unlikely partnership with a boutique hotel and restaurant company, Palisades Hospitality Group,

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EAST BAY HOT SPOTS: TRI-VALLEY

Sunset Development is revamping its Bishop Ranch office park and the adjoining former Chevron headquarters to make it a 24/7, walkable community, with shopping, entertainment and housing.

BISHOP RANCH 2.0



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who have helped the office park develop unique food options and worked with tenants to host events, like a Star Wars-themed happy hour or a TED Talk-style speaker series.

Palisades prides itself on the “little details,” Matt Stuhl, senior vice president of restaurant operations at Palisades, said, like developing an authentic Detroit-style pizza at the Lakes’ Roundhouse Market.

"I think what differentiates us and our approach is we've always taken a hotel and a restaurant approach to the food here. And by that it comes down to personnel," Stuhl said. "We have our executive chef here, and our general manager of our food program here both come from a hotel background."

High-end office buildings in San Francisco have increasingly













emphasized amenities like gyms and lounges to lure tenants, but Sunset's complexwide approach to amenities stands out in the suburban office market.

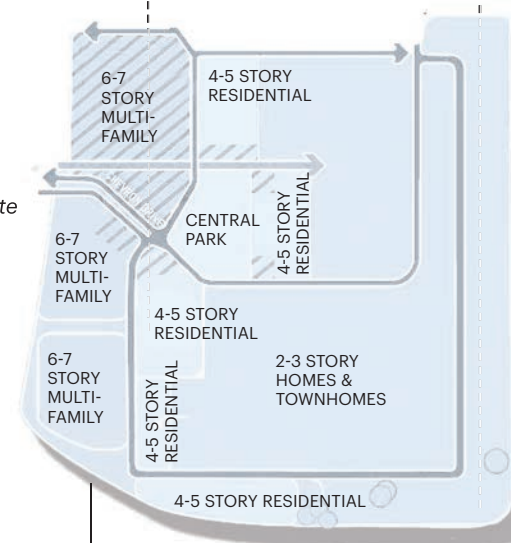
Sunset will also debut the Studios, free flex workspaces outfitted with all the things a remote worker needs, like quiet work areas, team environments, and a coffee bar. Mehran likened the spaces to a “first-class lounge” but with a more “residential” feel.

But Bishop Ranch's ongoing reinvention is about more than these distinctive perks and high-end touches. It's how they all add up to a new model for the suburbs: space to live, work and play without having to spend hours in traffic.

It's a smart reinvention of an asset Mehran's family built over decades. It may also be crucial to keeping the vision of Bishop Ranch lively and relevant for future generations. **Z**

LEGEND

-  City Center mixed use
-  Housing opportunity site
-  Future housing opportunity site
-  Residential
-  Retail
-  Commercial
-  Hotel
-  Transit hub
-  Non-Sunset controlled land
-  General merchandise
-  Cafe/restaurants
-  Square feet of retail



THE ORCHARDS

In place of Chevron Park, the oil company's old, 1.3 million-square-foot headquarters, will come thousands of housing units, a major retail corridor and a public park.

SOURCE: Sunset Development, SFBT research