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REAL ESTATE DEALS OF THE YEAR

*The chairman of
Sunset Development
Co., Alex Mehran Sr.,
wins our Lifetime
Achievement
Award, Page 20*

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REAL
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YEAR

LIFETIME ACHIEVEMENT

ALEX MEHRAN SR.

The former CEO of Sunset Development helped build Bishop Ranch's early vision

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Long before the pandemic, Alex Mehran Sr. was rethinking the amount of office space at his corporate office park. The then-CEO of Sunset Development Co., the firm that developed the East Bay's largest corporate office park, Bishop Ranch, saw the writing on the wall after visiting one of his tenants in the early 2000s.

"I remember walking into the office of one of my customers and seeing on the wall 'New York, London, Mumbai, San Ramon,' – and I thought 'This is a problem,'" Mehran Sr. said.

California's cost of living was spiking and some companies moved out of state to save costs, while globalization caused others to outsource some of their workers. The world was changing, and Bishop Ranch needed to change with it. So, Mehran Sr. made the call to tear down some of his office buildings to make way for the next wave at Bishop Ranch: mixed-use retail.

The tough choice was one of many Mehran Sr. made throughout his time helming Sunset Development Company, taking over for his father and later handing it off to his son – and one that proved to pay off after the pandemic fundamentally changed work culture and put the office market in limbo.

As the property owner, developer, and operator all in one, Sunset Development built Bishop Ranch into one of the region's premier corporate campuses, housing thousands of jobs, and later transformed it into a mixed-use community hub with upscale retail and restaurants. In its next chapter, Sunset Development plans to build 10,000 homes there over the next two decades and become a first-of-its-kind live-work-play community that rethinks what the suburbs can be.

That mentality – being agile and willing to make big changes – was one that Mehran used to differentiate Sunset Development, and kept it thriving for more than four decades across three generations.

"Embracing change is probably one of the hallmarks of this

company – that we listen, and understand, and change, and adapt to what the public wants," Mehran Sr. said. "There's always a market, and you have to listen to Mr. Market very, very carefully."

Building Bishop Ranch

At the time Sunset Development purchased the sprawling 585-acres in San Ramon, Mehran Sr. said he and his father considered building everything from residential to industrial to office space. But the community surrounding the land was promised an employment base by the land's prior owner, Western Electric, and expected Sunset Development to deliver the same.

"After one particularly contentious meeting, my Dad and I went to Trader Vic's and had a couple of mai tais and thought, there is an office market. We don't know how deep it is, but we need to test it. So let's build 100,000 square feet of office space – which was a lot – and see how it goes," Mehran Sr. said.

It went well. Sunset Development started building office space there in 100,000-square-foot chunks and selling property to companies like Chevron, Beckman Instruments and Toyota. It steadily grew its inventory of millions of square feet of office space through the '70s, '80s and '90s.

Over the years, Bishop Ranch became one of the largest, most successful corporate office parks in the East Bay, where many San Francisco-based companies stocked their back offices, including AT&T, GE, IBM and PG&E. Mehran Sr. credits part of that success to the company's branding efforts and attention to the look and feel of the buildings. He hired branding consultant Landor Associates, known as the pioneer of branding in America, early on to hone the office park's image.

"There wasn't a lot of office space out here," Mehran said. "We wanted people to know if you want an office space in the East Bay, this is the place you're going to come."

As early as the 1990s, Sunset started embedding mixed-use elements, like some retail and a Marriott hotel. In the 2010s,

Mehran Sr. decided to tear down 200,000 square feet of office space to build 250,000 square feet of upscale retail at the City Center Bishop Ranch. Around this time, San Ramon opened a new city hall in Bishop Ranch as well.

"The city is fortunate to have a development area where the property owner, the developer and the operator are all one entity," Steven Spedowski, San Ramon city manager, told the Business Times. "It's a benefit to the city to have a collaborative partner of this scale that cares about the quality of their development and long-term investment in the community."

Meanwhile, Mehran Sr. and his son, who joined the team in 2009, started thinking about the future of Bishop Ranch and decided a key element would be building homes on the property to make it a more integrated place. Mehran Jr. worked with the city to entitle 4,500 housing units on the property in the mid 2010s.

Then the pandemic hit, throwing a curveball that solidified the vision to transform Bishop Ranch beyond an office park and into a mixed-use neighborhood that felt like downtown in the suburbs.

"Our conclusion was that this was going to be a structural change in the office business," Mehran Sr. said. "At that point he went into overdrive in entitling additional residential where we'll be taking some buildings down and repurposing them for retail and residential."

In the past four years, Bishop Ranch built high-density retail and broke ground on the first of 10,000 homes it plans to build there over the next two decades. Another 300,000 square feet of retail space, a 250,000-square-foot Class A medical building, an outdoor amphitheater and a new hotel are also on the horizon.

"Reaching the conclusion that you're going to clear out millions of feet of office space is not an easy conclusion. But I have to say that if you are the child of parents who have picked up sticks from a comfortable life in Persia and moved to California in order to build a better way of life, you





ABOUT ALEX MEHRAN SR.

Title:
Chairman of the Board

Company:
Sunset Development Co.

Age:
73

Residence:
San Francisco

Education:
Harvard University, Cambridge University

Resume:
Morgan Guaranty, Sunset Development

Favorite Restaurant:
Slanted Door

realize that there is change that is available to all people ... you have to embrace it," Mehran Sr. said.

That philosophy led Mehran into extensive community service, founding the Contra Costa Economic Partnership, chairing the Bay Area Council and serving on the board of the Federal Reserve Bank of San Francisco, among many other roles over the years.

Building a family legacy

Mehran Sr. joined his father's business after spending a few years working as a banker in New York City – a decision he said was one of the best he's made. His father, Masud Mehran, started Sunset Development Company in 1951 after immigrating to the United States from Iran in 1944. Mehran Sr. says the company was more than just his father's work – it was his family's stake in the ground in America.

"When I thought about that, I realized that I had a responsibility to take on that platform and continue it on after my father was in charge," Mehran Sr. said.

Decades later, his son Alex Mehran Jr. likewise joined the family business after a brief stint at Goldman Sachs. Together they watched the construction of retail and now residential at Bishop Ranch, and strategized on the project's next chapter.

"One of my dad's classic lines is 'We have to have a standard so that we can break it,'" Mehran Jr. told the Business Times in 2021.

Mehran Jr. told me earlier this year during a trip to Bishop Ranch that there was a short time when all four generations of the Mehran family – grandfather, father, himself and his son – were working in the office.

"When I made that decision in 1977 to join with my father, that was a decision to create a multi-generational business," Mehran Sr. said. "Had I chosen not to do that, my dad would have had his business, I would have had my business, my son would have gone on and done something successful. But I think I'm proudest of having enabled a multigenerational company and platform for our family." ❧