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Google San Jose village makes progress even as tech titan plans to ax office space

One building is completely removed as Google pushes ahead on new neighborhood



(SITELAB urban studio, Google)

Gateway section near Water Company Building within Google's Downtown West transit-oriented neighborhood in downtown San Jose, concept.



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SAN JOSE — Google says its plans to slash office space will not derail the massive transit village the company is planning to build on downtown San Jose's western edges.

The two endeavors, while both tied to Google's real estate holdings, are fundamentally distinct and have different goals and timelines, according to the tech titan. While cuts to office space are expected to hit in the Bay Area, Google still intends to break ground by the end of this year on the first phase of the transit village, according to a company spokesperson.

During a conference call to discuss fourth-quarter financial results for Alphabet and its principal operating unit Google, Chief Financial Officer Ruth Porat said the company intends to leave some currently leased spaces.

One of the goals of right-sizing Google and Alphabet is "optimizing how and where we work," Porat told Wall Street analysts and investors during Thursday's call.

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"In the first quarter of 2023, we expect to incur approximately \$500 million of costs related to exiting leases to align our office space with our adjusted global headcount look," Porat said. "We will continue to optimize our real estate footprint."

It was not immediately clear exactly which leases the company is seeking to end. But as part of the real estate downsizing, Google will primarily exit space that it has yet to occupy, a company spokesperson said.

In recent days, Google has also revealed plans to eliminate 12,000 workers worldwide. Google has sketched out plans to cut an estimated 1,608 jobs in the Bay Area, including 1,436 in Mountain View, 119 in San Bruno and 53 in Palo Alto, according to a Jan. 20 layoff notice Google sent to state labor officials.

Despite the company's flurry of efforts to reduce staffing, trim expenses and scale back its use of office space, the search giant's efforts in downtown San Jose are proceeding.

Google has already begun to demolish buildings in a formerly industrial part of town to clear the way for the first phase of its new transit-oriented neighborhood, which will consist of office buildings, homes, shops, restaurants, hotel facilities, open spaces, cultural attractions and entertainment hubs.

The search giant intends to employ up to 25,000 people in the transit village, officially known as Downtown West, near the Diridon train station and SAP Center.

Ahead of the full-fledged start of construction, Google will build an array of infrastructure, including water and sewer lines that are a prerequisite for the first phase of the company's new neighborhood. Google also plans to build a green energy plant to serve the ambitious development.

Big office building projects can easily take 24 to 27 months — potentially more than two years — to be completed, easily taking the completion dates to early or mid-2026. Such a timeframe is so distant that no analysts can credibly predict the conditions for the Bay Area economy or the tech sector at that point.

In recent days, Google completely demolished a building at 140 South Montgomery St. where a vendor of industrial gases had operated for decades. Across the street, the demolition of the old Sunlite Bakery Bread Depot building at 145 South Montgomery St. is well underway. A Google contractor has completely removed the back half of the building.

Google aims to salvage the Art Moderne-style entrance of the old bakery building and deploy it permanently somewhere else in the transit village project. The front half of the one-time bakery has been hollowed out on the inside with portions of walls and the roof already removed.

The shuttered Patty's Inn, a long-time watering hole at 102 South Montgomery St., is expected to be completely bulldozed.

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The former Hellwig Iron Works building, constructed sometime around 1935 at 150 South Montgomery Street, is slated to be reused, although some additions could be made to the structure.

After the ironworks company closed its doors, Navlet's Florists and a Taiko performance studio also operated in the distinctive brick building. It's likely that the Hellwig Ironworks could be expanded as part of the building's reuse, according to documents on file with city officials.

"One or more additions and adaptive reuse of the building to accommodate new arts and cultural uses" are envisioned as part of the Hellwig structure's future, the city documents show.

GOOGLE VILLAGE

Proposed land use as of 2019

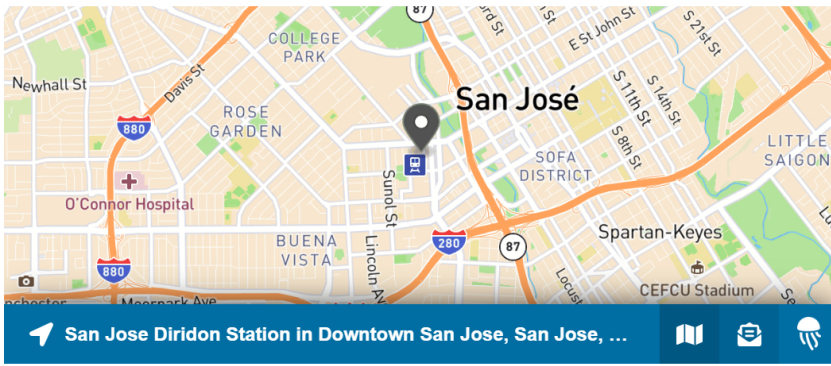
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Source: Google
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