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### Google stays committed to downtown San Jose, mayor and tech titan say

Search giant says reassessment of Downtown West neighborhood remains ongoing



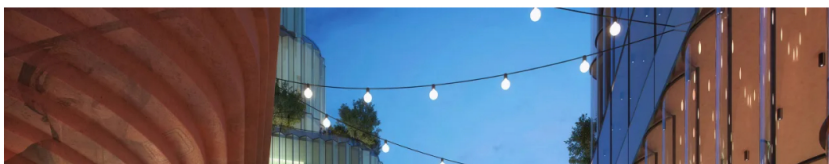
(George Avalos/Bay Area News Group)

Front facade and entryway of former Sunlite Bakery Bread Depot building at 145 South Montgomery Street in San Jose that is within the footprint of Google's proposed transit-oriented neighborhood in downtown San Jose, March 2023.

By **GEORGE AVALOS** | gavalos@bayareanewsgroup.com | Bay Area News Group  
UPDATED: April 24, 2023 at 2:53 p.m.



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#### TRENDING NATIONALLY



Gathering areas in Downtown West, a mixed-use neighborhood of office buildings, homes, shops, restaurants and entertainment hubs near the Diridon train station in downtown San Jose, concept. (Google LLC)

SAN JOSE — Google and San Jose Mayor Matt Mahan both said Friday the search giant remains fully committed to its ambitious new neighborhood in downtown San Jose — although the project's timeline and starting date are still being reassessed.

Speculation about the company's ongoing development plans in Silicon Valley emerged ahead of a conference call scheduled by the tech titan for Tuesday.

Google, as it has been doing for several months, continues to reassess the timeline for the vast development near Diridon Station and the SAP Center, a company spokesperson said Friday.

"There is actually no news, which is good news," Mahan said Friday afternoon during a meeting with media to discuss the current status of the project, which is known as Downtown West.



San Jose Mayor Matt Mahan in his office with the city's skyline in the background, March 2023. (Nhat V. Meyer/Bay Area News Group)

The mayor said he was in contact with key officials at Google on Friday to get the latest regarding the project.

"Google remains fully committed to San Jose in the long term and San Jose is fully committed to Google," Mahan said. "We are very excited about future prospects."

"The speed at which they move forward ebbs and flows, depending on the macroeconomic situation," Mahan said. "They speed up when there is growth. When companies are contracting, pulling back a little bit after a period of over-hiring, they slow down capital investments."

The tech giant's interest in the Downtown West neighborhood hasn't wavered and is as solid as ever, the Google spokesperson said. Google's last earnings call produced a flurry of updates regarding the company's plans for the spaces that it leases and the properties that

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it owns.

During a February 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 the call.

“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 clear exactly which leases the company is seeking to end. But as part of the real estate downsizing, Google will primarily exit office spaces that it had leased but has yet to occupy, a company spokesperson said.

Soon after that call, this news organization reported that Google had launched a reassessment of the timeline for the Downtown West development. That reassessment is still ongoing, the company said Friday.

It’s unknown whether the next earnings report might similarly produce fresh updates regarding the company’s hiring plans, expansion or cutbacks.

In a January filing with state labor officials, Google revealed plans to eliminate 1,608 jobs, in cutbacks affecting workers in Mountain View, Moffett Field, San Bruno and Palo Alto. Those job cuts occurred on March 31.

Mahan noted that during the fourth-quarter earnings call in February, Sundar Pichai, chief executive officer of Google and its owner Alphabet, indicated that the search giant would undertake space cutbacks primarily directed at rented office space and not in properties that the company owns.

“While they are shedding some of their leased property, they are doubling down on the property that they own,” Mahan said. “I would argue that as the company looks to future expansion, there is no owned property that is more strategically located than Downtown West.”

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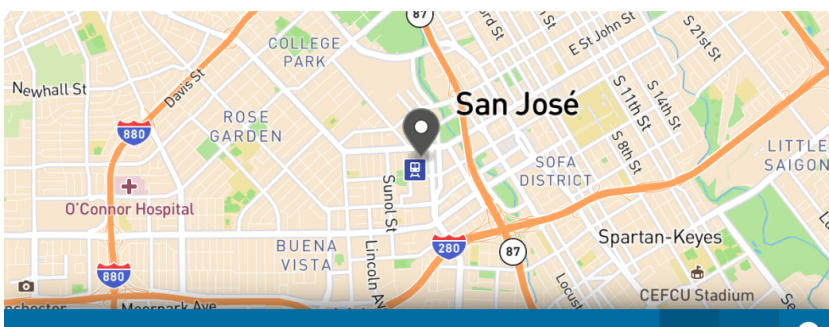
**Google ready to launch downtown San Jose village**

Downtown West is expected to sprout on 80 acres on the western edges of San Jose’s urban core near an already busy Diridon train station that will someday accommodate a BART stop.

Google’s transit village is slated to create a new neighborhood along a narrow stretch of land that’s currently dotted with older commercial and industrial buildings, homes, junkyards, former retail sites, warehouses, empty structures and vacant lots.

Downtown West is expected to accommodate up to 7.3 million square feet of offices, 4,000 residential units, 500,000 square feet of retail space that would include shops and restaurants, 300 hotel rooms and 15 acres of open space.

“This is a campus that we always knew would easily take 15 to 20 years to build out,” Mahan said. “The rationale for this is as strong as ever. Nothing has changed.”



Originally Published: April 21, 2023 at 6:15 p.m.



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