

‘Sand Hill Road 2.0’ doubles roster of office tenants

Mixed-use Springline project three miles away from iconic address draws mix of VC, financial firms

San Francisco / By Matthew Niksa

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A rendering of Springline at 1300-1302 El Camino Real and 550 Oak Grove Avenue with Presidio Bay Ventures' K. Cyrus Sanandaji and Structure Capital's Jacob Shea (NAIOP, General Assembly, Presidio Bay Ventures)

A mixed-use project near downtown Menlo Park seeking to compete with the city's iconic Sand Hill Road has added four more office tenants, doubling its roster with a recent addition of three venture capital firms and an investment bank.

CenterView Partners, Highland, Decathlon Capital Partners and Structure Capital signed onto the Springline project in February and March, developer Presidio Bay Ventures told *The Real Deal*.

Decathlon and Structure are the first two members of Springline's Canopy workplace, a 20,000-square-foot shared office within the development. Canopy leased the space from **Presidio Bay last year** and offers monthly and annual memberships starting at \$480 a month to businesses to rent out its private offices or personal desks.



A rendering of Springline from El Camino Real (Presidio Bay Ventures)

CenterView, an investment banking firm with Bay Area offices in San Francisco and Palo Alto, accounts for the most space of the four recent deals, taking about 17,400 square feet, Presidio Bay wrote in an email before declining to disclose terms of the leases.

Venture capital firm Highland, which also has a Palo Alto office, signed a 2,600-square-foot lease, Presidio Bay said. Highland executives didn't respond to a request for comment.

Structure signed up for a monthly Canopy membership with a year-long commitment for a two-desk office at Springline, Jacob Shea, a partner in the San Francisco-based venture capital firm, told *The Real Deal*.

Decathlon, a VC firm with offices in Palo Alto and Utah, didn't respond to a request for comment. While Presidio Bay didn't disclose the exact size of its office, it said all Canopy deals at its Menlo Park project are 200 square feet and under.

The deals bring Presidio Bay closer to its goal of making Springline "Sand Hill Road 2.0" — a reference to a one-mile strip of Menlo Park to the south that's **long been considered** the center of the world's venture capital industry.

Presidio Bay is looking to fill some gaps in the landscape of Sand Hill Road, which lacks nearby public transit and restaurants and shops within walking distance, and features relatively old office buildings. The firm's Springline is a **two-minute walk** from Caltrain and includes 183 apartments, 200,000 square feet of offices and **eight restaurants and cafes**, not including one final retail lease that's in the works, it said.

Several landlords on Sand Hill Road declined comment on the push by Springline.

Presidio Bay's strategy, in any case, has found some success: Menlo Ventures, one of Silicon Valley's earliest venture capital firms — and a resident of a Sand Hill Road home **for more than two decades** — is moving its headquarters to Springline, Presidio Bay **said** in January. About two-thirds of the project's office component is now leased, and its developer told *The Real Deal* it expects prospective tenants will grab what's left before the end of this year.

"Our opportunity was to come in and deliver a project that would make the decision a relatively easy one for firms that realize there's a significant advantage to being at Springline versus Sand Hill Road," Presidio Bay's K. Cyrus Sanandaji said. "The firms that are looking at Springline are absolutely the firms that would have otherwise ended up on Sand Hill Road."

To be sure, one venture capital firm leaving the road for Springline is not enough to suggest it's losing its allure. Andreesen Horowitz, Kleiner Perkins, Sequoia Capital and several of the Bay Area VC sector's biggest players all still have offices in the area. Moreover, food delivery services like DoorDash and Uber Eats help to offset its dearth of fast-casual restaurants.

Yet for firms that value a modern Menlo Park office in an urban environment more than the prestige of a Sand Hill Road address, Springline offers a clear-cut alternative — if they can afford it. Rents at Springline are up to 50 percent higher than Sand Hill Road's average asking rates of \$10.30 a square foot a month at the end of last year, according to Sanandaji and **Newmark data**. That suggests a top price of more than \$15 a square foot monthly at Springline, on par with 1 Vanderbilt in Manhattan and other exclusive corporate addresses in the U.S.

Structure's Canopy membership costs about \$4,000 a month, said Shea, who lives in Menlo Park. It's a high-end package that includes free parking and other perks ranging from a fitness center to a golf simulator to an on-site dog park. The firm's Springline membership deepens its ties to Canopy, which its seed fund and limited partners have invested more than \$1 million since 2018. Structure rents its San Francisco office from Canopy and Shea is a member of the co-working firm's board.

"What we love about young, hip downtowns is that they have these spaces where people can group together and share ideas and have events," he said. "I don't feel Sand Hill Road has that. It's kind of siloed off, and we don't want to be siloed off."

Still, Shea said he doesn't think the venture capital industry is moving on from Sand Hill Road, adding that its sector and the Bay Area's have matured and become more focused on large enterprise business-to-business companies and platforms. Presidio Bay's Sanandaji said the world's innovation capital spreads between Sand Hill Road and Springline, simultaneously acknowledging the road's significance and his project's ability to attract the types of companies that have made it so renowned.

"This area has and will continue to be the most preeminent location driving life-changing technology and innovation globally," he said. "The activity we have had at Springline in the last two years is indicative of that very fact."