

## Commercial Developer of the Year Winner: Hunter/Storm

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Even for Hunter/Storm LLC, one of the Valley's most prolific office and retail developers, the last 18 months have been busy.

Led by partners Derek "Deke" Hunter Jr., Ed Storm and Curtis Leigh, Cupertino-based Hunter/Storm — the development arm of Hunter Properties Inc. — has notched a string of successes across a range of projects. A sampling:

Signing dozens of tenants to Village Oaks, a 325,000-square-foot, Target-anchored shopping center in south San Jose.

Landing a Bass Pro Shops — one of the biggest retail fishes around — for its first store in Northern California, kick-starting a 350,000-square-foot retail center called Almaden Ranch.

Luring cloud computing company Box to Crossing/900, a 330,000-square-foot office project under construction (with partner **Kilroy Realty** Corp.) in downtown Redwood City, in one of the more significant Peninsula deals in years.

Pulling the trigger on Coleman Highline, a long-planned office campus adjacent to Mineta San Jose International Airport, the first phase of which will be built on spec.

"I think Ed, Curtis and I are running on 12 cylinders right now," Hunter said inside the sleek marketing office of Crossing/900 on a recent Wednesday, over the din of construction crews.

To an outside observer, it might appear to be a string of good luck or the mere winds of a resurgent real estate market. In reality, the company's success during this cycle results from groundwork laid years ago, unparalleled local knowledge and smart foresight, according to



Curtis Leigh and Derek "Deke" Hunter Jr., along with Ed Storm, not photographed, lead the team at Hunter/Storm. The development arm of Hunter Properties Inc. has been busy with commercial projects, such as the office project Crossing/900 in Redwood City.

those who closely follow their moves.

“They’re incredibly savvy, very grounded, and they understand community aspirations,” said Nanci Klein, deputy director of San Jose’s office of economic development. “They have a sense of what their contribution is — and not strictly about bottom-line profit, but getting the bigger picture of creating projects that have long lasting value over time.”

Take Crossing/900. Sensing promise in a city planning process that would allow more dense office projects downtown, and the growing popularity of Caltrain, Hunter/Storm snapped up two properties in Redwood City next to the downtown train station. Those parcels just happened to be next to a city-owned parking lot, and when the city in 2011 sought developer proposals for the 2.3-acre site, Hunter/Storm was able to present a more attractive project over competitors and won the deal.

Hunter/Storm partnered with Kilroy to start the two office buildings on spec, and was in negotiations with large tenants before topping out this summer.

Now other developers have rushed in with their own office projects for downtown Redwood City, but they’re well behind Hunter/Storm and Kilroy.

“When everyone else is zigging, they’re zagging,” said Chop Keenan, the veteran developer who leads Palo Alto-based Keenan Land Co. “Those guys are goers. They’ve got good taste. They’re technically adept. They’re great financial mechanics with debt and equity.”

The company’s roots in the Valley stretch back decades. Deke Hunter’s father, Derk, founded development firm Demmon-Hunter with partner Roy Demmon in 1960, and earned a reputation building projects for Silicon Valley pioneers like Digital Equipment Corp. and Control Data Corp. in Stanford Industrial Park.

The company evolved into Hunter Properties, with Deke joining his father in the early 1980s. Around 1990, the firm joined forces with Ed Storm of Storm Land Co. Together, they developed numerous office and retail projects throughout Santa Clara and San Mateo counties, including the region’s first power retail center, McCarthy Ranch Marketplace in Milpitas. There is also a self-storage division, Bay Area Self Storage, that is seeing slow and steady growth. Leigh joined in 2004 and became a partner in the last year. (Derk Hunter still comes into the office a couple of times a week.)

“There’s one unifying factor, and that’s San Mateo and Santa Clara counties,” Hunter said. “For us to manage risk, understand entitlement process, and know the brokers and bankers, we’ve stuck to those counties.”

Mike Sanford, a vice president with Kilroy, said the firm's integrity is key.

"Kilroy doesn't do a lot of partnerships, and for us to do one takes a lot of factors," Sanford said. "The most important one is the quality of the partnership. They've got a great reputation. They've worked with a lot of contractors. And their integrity is the utmost."

Leigh traces some of the company's recent successes to @First, the large retail and office project in San Jose's North First corridor that Hunter/Storm developed several years ago, bucking the recession. The retail component lured Target as an anchor, and **Brocade Communications Systems** plunked its headquarters there.

"We formed a lot of the relationships there," Leigh said. "At Village Oaks, some of those relationships helped us; a lot of the same tenants came over. On the office side, developing a successful project like Brocade through the downturn helped us produce a project like Crossing/900."

In the case of signing Bass Pro — a 150,000-square-foot behemoth sought after by cities for its tremendous sales-tax generation — Deke Hunter singles out a little luck and persistence.

Almaden Ranch, slated for 43 acres at Almaden Expressway and Highway 85, had been held up for several years by environmental lawsuits. By the time legal issues were cleared, Bass Pro Shops was in the market.

"As a result of those delays, we weren't obligated to anyone," Hunter said. "So those delays, while they were painful, resulted in Bass Pro exposing themselves and us being able to respond to it."

Hunter had already gotten on the retailer's radar by visiting its booth every year at the International Council of Shopping Centers conferences.

"We wanted to do something truly different and regional, whether that was an Ikea or a Bass Pro," he said. "Here we come with truly a regional site. The notion was, who is a tenant that's not in the area? What would that draw be and what would be the co-tenancy? We got their attention, and they analyzed the market."

Bass Pro liked the market enough to sign a lease without receiving city or state incentives, a tactic the retailer has used elsewhere, often attracting controversy.

### **A winning team**

Hunter/Storm's three partners are collaborative, but bring different strengths to the table: Storm leads entitlement efforts, Hunter is on dealmaking, and Leigh is on construction.

"They blend together, they're almost perfect together," said JB Cahoon, a partner with South Bay Construction, which has built projects for Hunter/Storm.

They're also hands on: "Deke and Ed and Curtis will drive job sites during the weekends," he said. "You'll get a message from them on a Sunday about, 'Why isn't this done or that done?' But they're people we want to work with. They're principle based. The end user wants to work with them, the contractors want to, the cities want to work with them."

In addition to their current projects, Hunter/Storm has plenty in the pipeline to keep them busy. They are leading the entitlements for one of the larger blank-slate parcels left in San Jose, a 76-acre site near Great Oaks and Highway 85, for office, retail and housing. And not all projects are supersized: In Menlo Park they are also planning a 27,000-square-foot office building and 16 housing units on the old Roger Reynolds Nursery site.

But whether big or small, there's one thing that runs through through each development, Hunter said.

"Our reputation — and the ability for us to deliver on our promises — is everything to us," he said.

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