



Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Rosalynn Hughey
Nanci Klein

SUBJECT: DOWNTOWN RETAIL STRATEGY

DATE: April 9, 2018

Approved

Date

April 11, 2018

RECOMMENDATION

Accept a verbal report on the work that has been done to date on the Downtown Retail Strategy.

OUTCOME

Committee members will receive an update on existing Downtown demographics and retail conditions, how these factors relate to citywide and national trends, and next steps and timeline for the Downtown Retail Strategy process.

BACKGROUND

On June 19, 2017, staff presented a Downtown Development Update to the Community and Economic Development Committee (CEDC) which announced efforts to secure a consultant to conduct a retail study to inform Downtown retail development. Strategic Economics was secured through PBCE's Master Agreement to leverage their work on the North San Jose and Citywide retail studies initiated in Spring 2017.

The consultant scope of work for the Downtown Retail Strategy includes:

- Existing Conditions Analysis
- National retail trends and implications
- Identifying missing retail types
- Retail working sessions/stakeholder conversations
- Preparing a Downtown retail strategy
- Preparing a Downtown retail strategy summary document

In early January 2018, staff from OED and PBCE met with Strategic Economic to kick-off the initial work and conducted a Downtown walking tour to view active development sites and better understand pedestrian flow and the existing urban landscape. Since that time Strategic Economics has been gathering demographic and existing conditions data and examining national retail trends.

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The attractiveness of Downtown's retail market continues to improve as the core draws new residents and office workers. About 2,300 residential units are currently under construction and downtown Class A office vacancy continues to hover around 10.2%. Several new coffee shops, restaurants, and service-oriented retailers have opened within the last year, including Academic Coffee, Chromatic Coffee, The Proper Cup, Earl of Sandwich, Bishop's Barber Shop, Tea Alley, and Formula Nutrition. Additional arrivals are expected as new investors renovate long-neglected buildings such as the Bank of Italy, 1 West Santa Clara, the former Bank of the West building, and the Saratoga Capital building. New residential towers will also bring additional retail patrons and modern ground-floor spaces.

Despite all of this positive momentum several key ground-floor spaces, both long-time and newly constructed, remain vacant. A cohesive Downtown Retail Strategy will help to ensure that city staff and retail and development partners can utilize a coordinated and comprehensive roadmap, maximizing the potential for retail success in our urban core.

/s/

ROSALYNN HUGHEY
Director of Planning, Building and
Code Enforcement

/s/

NANCI KLEIN
Assistant Director of
Economic Development

For general questions, please contact Sal Alvarez, Executive Analyst II, at (408) 793-6943.

For questions about the Downtown development, please contact Blage Zelalich,
Downtown Manager, at (408) 535-8172.