

Downtown San Jose Retail Strategy

City of San Jose

Community and Economic Development Committee

February 25, 2019



Strategic Economics
Greensfelder Real Estate Strategy

Why This Effort?

- Important to have a retail “roadmap” for the next 3-5 years
- Anticipate and prepare for an evolving retail landscape
- Identify gaps in Downtown’s retail makeup and facilitate tenant attraction
- Compile important demographic information for use in marketing and broker requests

Retail Strategy Goals

- Assist with retail recruitment efforts
- Ensure that mixed use projects are required in viable locations and include appropriate active ground floor uses
- Contribute to place making and improve quality of life in Downtown



Strategy Development Process



Project Kick-Off
January 2018

CED Progress Report
April 2018

Stakeholder
Focus Groups
May 2018

**CED Presentation of
Retail Strategy
February 2019**



Downtown Retail Strategy Boundaries



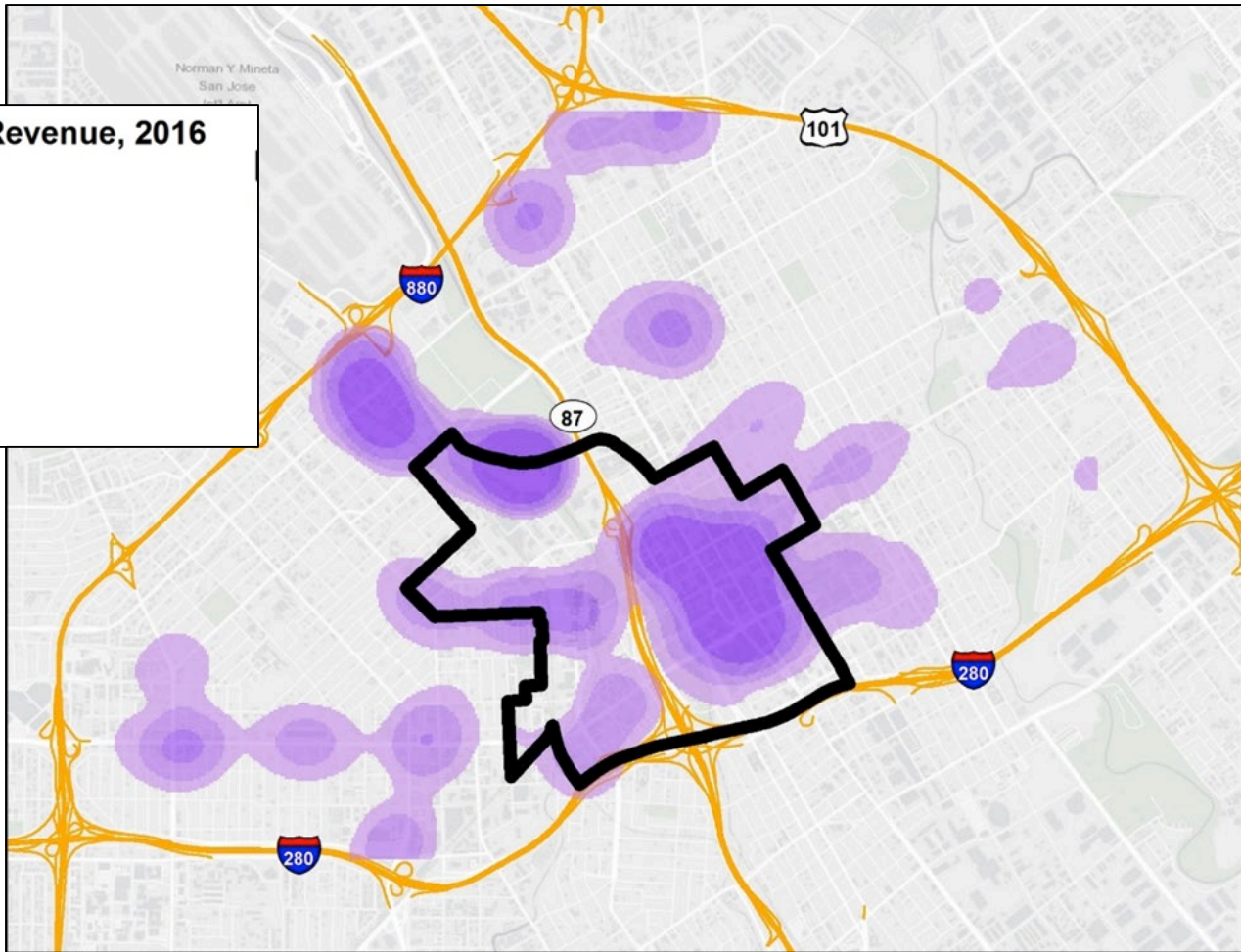
Downtown San Jose Context Map

- Final Study Area
- Parks
- Context Features
- VTA Light Rail Transit Station
- VTA Light Rail
- Bart Phase II Extension Sites
- Future Bart Line
- Caltrain
- Highways

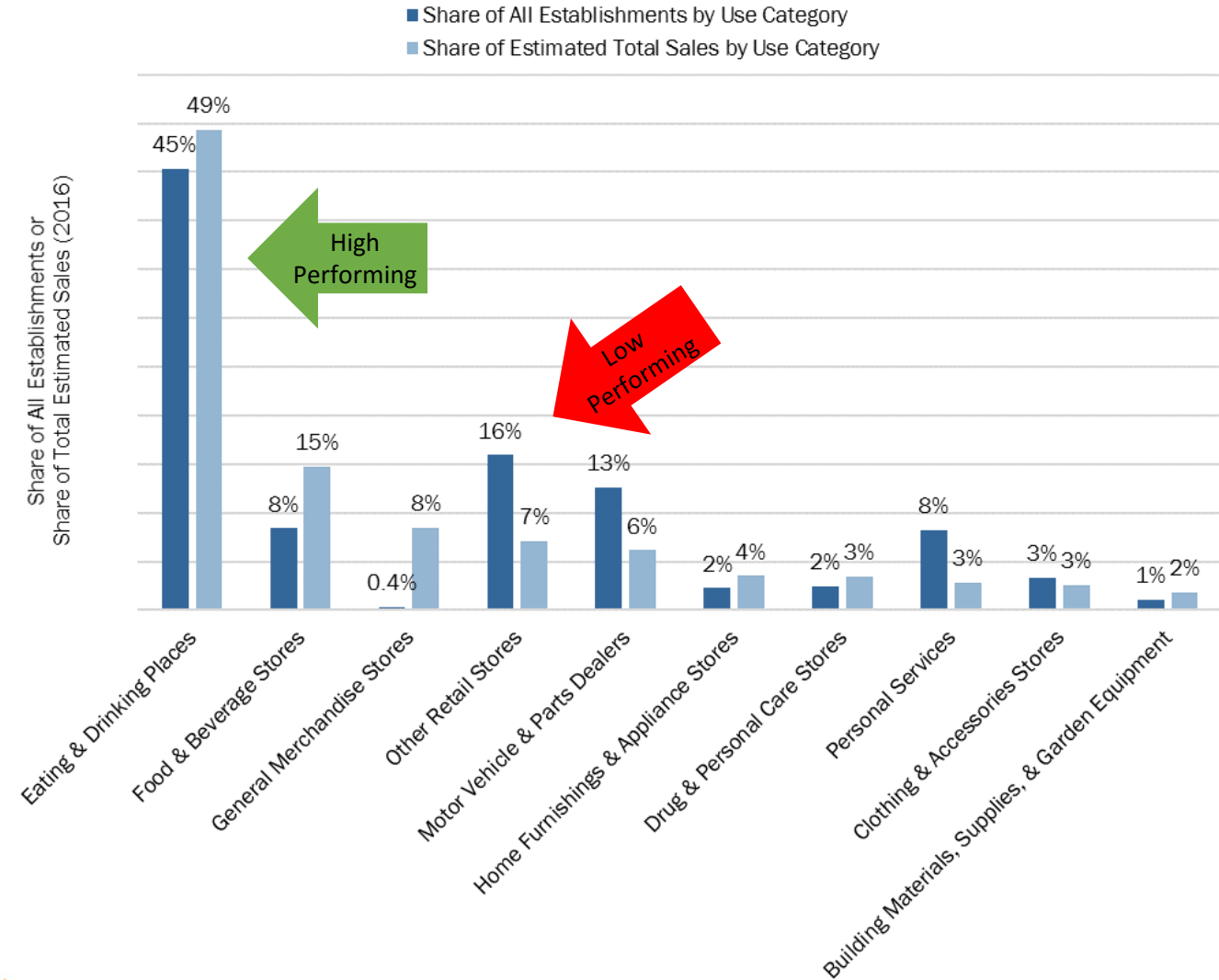
Existing Downtown Context: Retail Activity

Downtown San Jose Retail: Sales Tax Revenue, 2016
Sales Tax Revenue Per Sq. Mi.

Under \$500,000	Downtown Study Area Highways
\$500,000 - \$1,000,000	
\$1,000,000 - 2,250,000	
\$2,250,000 - \$4,000,000	
Over \$4,000,000	



Existing Downtown Context: Retail Mix/Performance



Existing Downtown Context: Demographics

Timing	People	New Units
Current	19,500	N/A
By 2020	24,000	2,173
By 2025	N/A*	1,500-2,500 SJSU “New Beds”
Pipeline Buildout	33,500	5,800

*SJSU students living on campus are not counted in the downtown Population because the campus is not in the study area.



Existing Downtown Context: Employment

Timing	Jobs	Additional Square Feet
Current	43,000	N/A
Near-Term Buildout	30,000	8.1 million





Existing Downtown Context: Visitors

Visitor Destinations

- SAP Arena
- Convention Center
- Nine museums
- Multiple performing arts venues

Visitor Impacts

- Seven City-owned venues (not including SAP) drew 1.34M visitors in 2017 generating \$111M in expenditures
- SAP Arena averages 1.5M visitors per year generating \$400M in expenditures

Existing Downtown Context: Regulatory Environment

Existing Downtown Core Zoning Area

- DG Overlay Area
- ▨ Long Term Opportunity Sites

Context

Planned and Proposed Development, City's Data

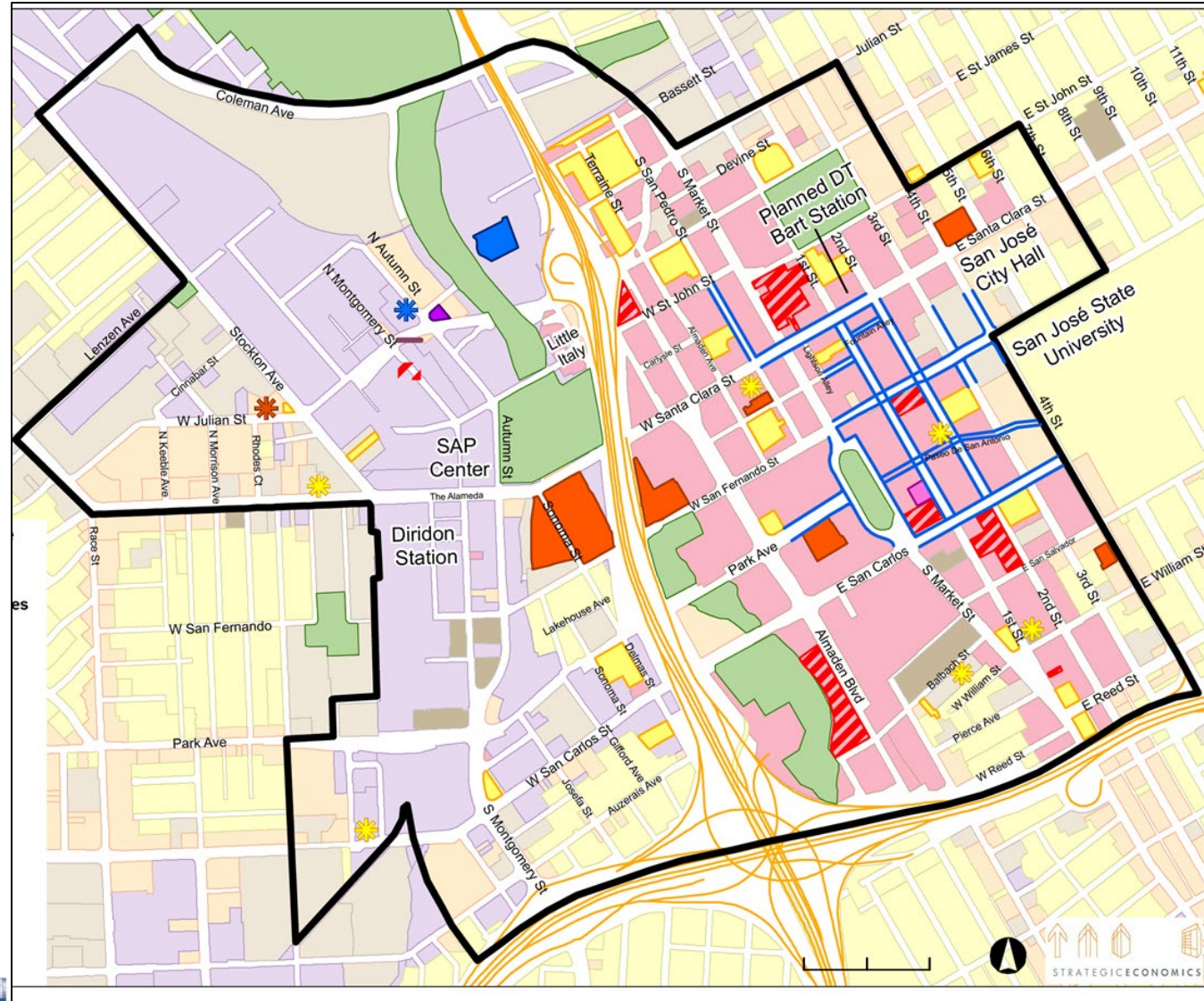
- Accommodation
- Mixed Use
- Office
- Other
- Residential

Current Crane Watch Proposed Projects

- Mixed Use
- Office
- Residential

Zoning

- Agricultural (Planning District)
- Commercial
- Residential
- Downtown Core
- Industrial
- Open Space
- Public/ Quasi Public
- Parks
- Highways
- Downtown Study Area



Existing Downtown Context: Stakeholder Concerns

**Two focus groups, and written
citizen input:**

- Policy and Regulatory Environment
- Identity
- Promotion
- Vibrancy/sustainability
- Quality of Life



Existing Downtown Context: National Industry Trends

- The **retail industry** overall is undergoing a major **reorganization** in response to consolidation and on-line shopping trends.
- **San Jose has survived** these trends with only minor damage.
- **Americans** are increasingly **spending money on experiences**, such as food away from home, health and wellness, entertainment.
- **Brick and mortar** retail environments with **robust and high-quality built environments** are highly desirable.
- **Successful retail districts** are supported by a **management entity** who can be responsible for keeping the area clean and providing a sense of safety.



Retail Strategy Key Findings

1. Downtown San Jose has a **unique set of assets**.
2. Downtown could continue to **build on its strength** as an **entertainment and visitor destination** by making it **fun and easy to move around** from place to place.
3. Existing Downtown **policies and regulations should be revised** to better address current retail industry.
4. The City needs to require **higher quality retail spaces** in new (including mixed-use) buildings.



Retail Strategy Key Findings (cont.)

5. Future retail attraction efforts should focus on making Downtown a **distinct retail destination offering an authentic experience.**
6. The City and its Partners should create a clear and coherent identity for Downtown.
7. Despite significant growth in projected retail demand, **future retail supply will grow slowly**, due in part, to changing industry trends (new equilibrium).
8. Future plans for the **Diridon Station Area** should connect to and **build on this retail strategy.**



Downtown Retail Strategies

1: Create and Promote a Strong
“Brand” Identity for Downtown

2: Continue to Incubate Small
Retailers in Downtown

3: Target Attracting Emerging
Brands to Downtown

4: Revise the Downtown Zoning
Regulations

5: Prepare a Downtown
Developer’s Manual



Downtown Retail Strategies (cont.)

6: Prepare a Future Retailer's Guide to Downtown

7: Identify and Create Distinctive Pedestrian Routes Between Key Downtown Anchor Destinations

8: Address Quality of Life in Downtown

9: Identify Specific Actions to address long-term retail vacancies

10: Ensure that Downtown Continues to Have Daily Needs Retailers

11: Consider Adopting a Policy Regarding Corporate Cafeterias



Recommend Zoning Changes

Three proposed zoning classifications:

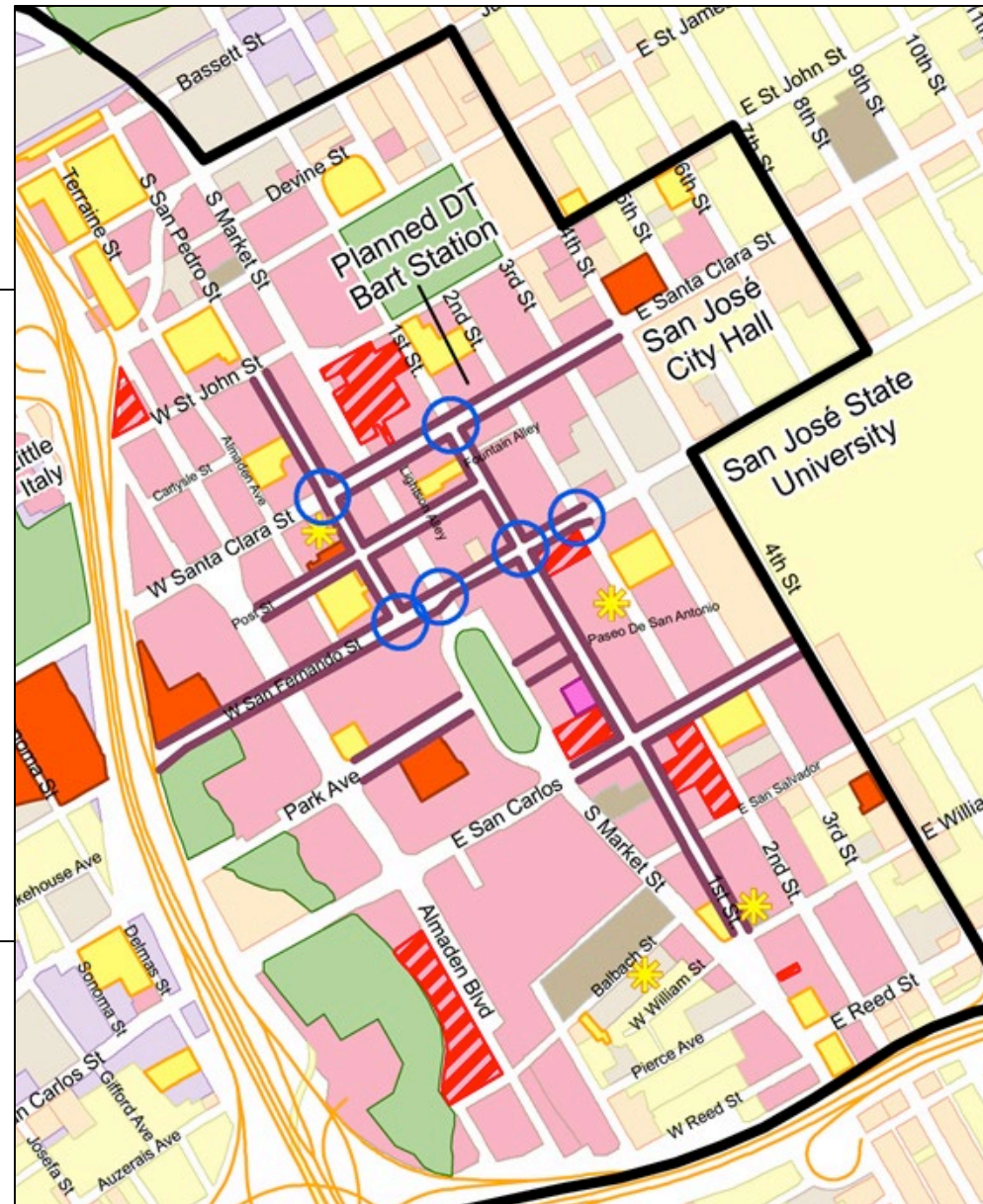
1. DC Downtown Primary Commercial Zone



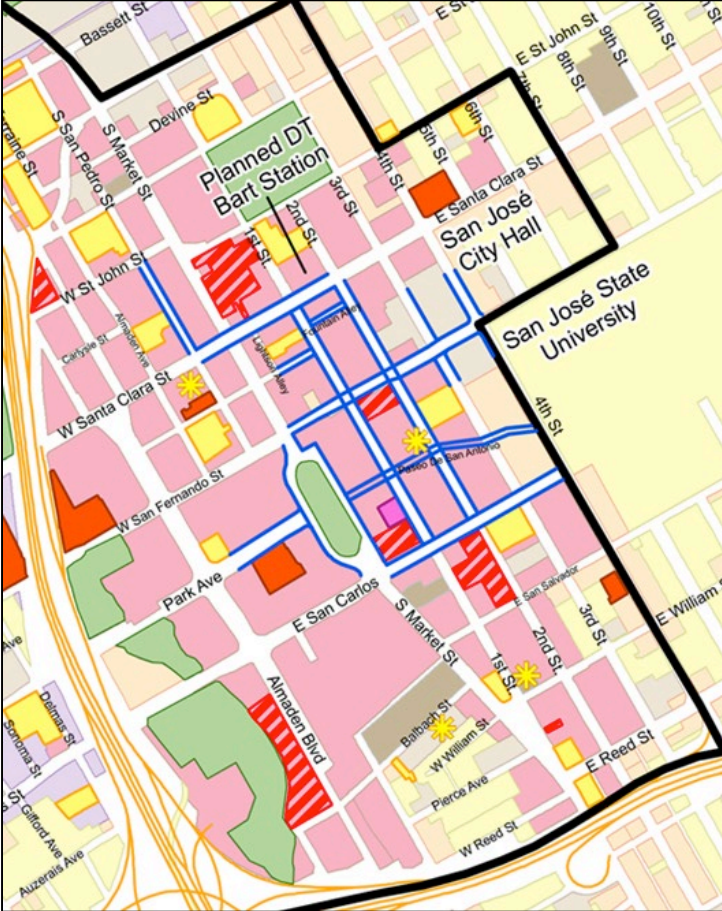
2. Primary Active Use/Transparency Zone



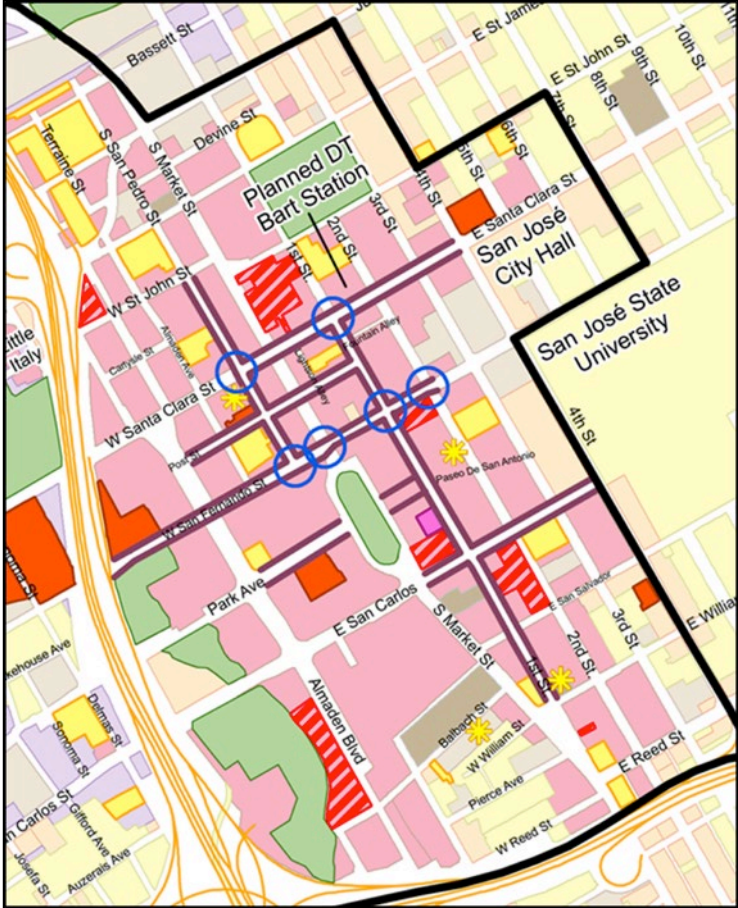
3. Retail Required Zone



Current and Proposed Zoning



Current DC and DG Overlay



Proposed Rezoning

Next Steps

- Cross-referenced to March 12, 2019 City Council
- Will be heard in conjunction with the Citywide Retail Strategy



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