



FILLING THE GAP

REDUCING VACANCY AND REVITALIZING RETAIL IN DOWNTOWN SAN JOSE

MICHAEL J. MCALISTER
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Filling the Gap: Reducing Vacancy and Revitalizing Retail in Downtown San Jose

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Michael J. McAlister

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Source: Matt Boeing, "High Atop the San Jose Marriot Looking to Airport," accessed April 15, 2015, www.flickr.com/photos/memoriesby-mike/9565462783.



CHAPTER 1

INTRODUCTION - DOWNTOWN SAN JOSE'S MISSING COMPONENT

Although it was originally founded in 1777, the San Jose of today was primarily defined, both in form and character, during the post-war era. This period was marked by the sweeping decentralization of urban America, largely driven by a rapidly expanding market for single-family housing, cheap energy, and massive public investment in roads and highways. The end result of this rush to the periphery of the city can be seen in the suburban landscape of the Santa Clara Valley, dominated by single-story ranch homes on cul-de-sacs, low-rise office parks, and wide-open boulevards lined with strip malls and parking lots.

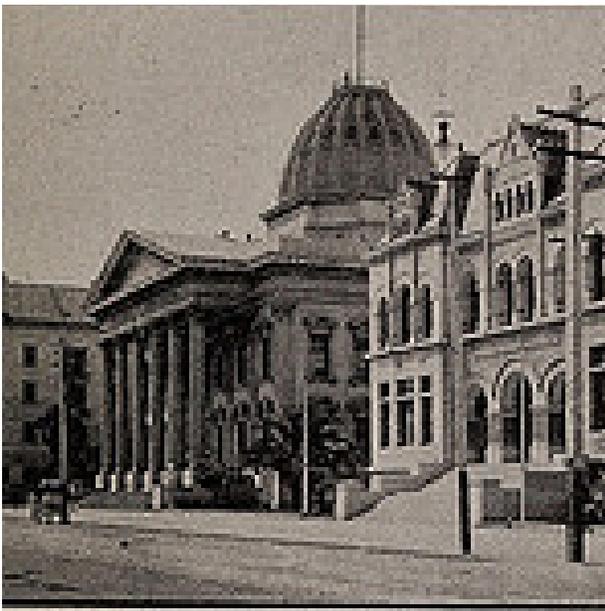


Figure 1-1 Urban and Suburban San Jose

Once a strong urban center with bustling commercial activity, Downtown San Jose diminished in importance as the city expanded and residents and businesses moved out to the suburbs.

Source: (Left) Image from page 12 of “Seeing San Jose and the Santa Clara Valley” (1904), accessed April 10, 2015, www.flickr.com/photos/Internetarchivebookimages/1480148014/; (Right) “Untitled,” by Sean O’Flaherty, accessed April 10, 2015, <https://www.flickr.com/photos/9717433@N07/3705299732/>.

Downtown San Jose, however, stands as a notable exception to the rule. As the historical urban center of the Santa Clara Valley, Downtown San Jose retains aspects of the pre-war paradigm of urban development that relied on a regular street grid and local streetcar connections. These inherited features, along with planning efforts on the part of the City of San Jose and its redevelopment agency since the 1980’s, have positioned Downtown San Jose as a unique and distinctly urban center in the South Bay, characterized by mixed-use development, access to transit, walkable sidewalks, and public plazas.

Despite these strengths, Downtown San Jose has struggled to establish itself as a retail destination. Sizable investment in Downtown, as well as a shift in focus on the part of City leaders and planners on reinforcing the core rather than the outer edges of the city has led

to a resurgence of Downtown, but the area still struggles to attract and retain retailers. Writing in 2003, Jay Claiborne described retail as the last “missing component” in Downtown San Jose’s rebirth since the 1970’s, a “fickle Holy Grail of downtown redevelopment schemes,” which San Jose had simply been unable to achieve.¹

The purpose of this report is investigate why this “missing component” remains elusive in Downtown San Jose, and what the City, as well as its partners in the non-profit sector, can do to remedy the situation. Specifically, this study seeks to provide a set of actionable recommendations that professionals working in planning and economic development can employ to increase the net absorption of retail space in Downtown, and ensure that vacancy rates for retail space will remain low in the future. This report is also intended to shed

light on the question of how other cities in California, as well as throughout the United States, can address the issue of weak retail markets in urban areas.

This investigation consists of (1) an assessment of current conditions in the market for retail space in Downtown, (2) a GIS-based analysis of the potential market for new retail establishments in the area, with consideration for the impact of competition from nearby shopping centers and malls, and (3) a

comparative review of potential revitalization strategies employed in other U.S. cities. This review of potential strategies serves as a source of recommendations for City and non-profit staff looking to support retail in Downtown, and is informed by the findings of both the current conditions assessment and GIS market study to ensure that these recommendations realistically complement the unique circumstances — both economic and regulatory — of Downtown San Jose.



Figure 1-2: Space for Lease
Despite numerous plans and redevelopment efforts, Downtown San Jose still struggles to attract retail tenants. Many storefronts, like this ground floor space on South 2nd Street, are now vacant.
Photo by Author.

SECTION 1.1

DEFINITIONS

Net Absorption

The research question of this report asks what strategies, policies and initiatives planners and economic development professionals can employ to increase the net absorption of retail space in Downtown San Jose. Net absorption refers to the net change in the amount of commercial space leased and vacated over a designated period of time, including newly constructed space.

A high net absorption rate indicates that a greater area of previously vacant or newly constructed space (in square feet) is being taken up by new tenants, while a negative net absorption rate indicates that the amount of vacant space has increased, either due to

tenants leaving the area, or an overall increase in supply. It should be noted that a low or zero net absorption rate would indicate that retail leasing activity has stagnated, either due to a lack of vacant space, or a downturn in the market for retail space.

In general, an increase in the supply of retail space built on a speculative basis can potentially decrease net absorption if it remains vacant. This does not imply, however, that efforts to curb the development of new retail space in Downtown San Jose would be considered worthwhile recommendations within this study. This report is intended to provide recommendations on how to increase net absorption both in the short term, and in years to come. Consideration is given to strategies that promote the leasing of currently vacant retail space, as well as retail space that is currently under construction, or has yet to be developed.

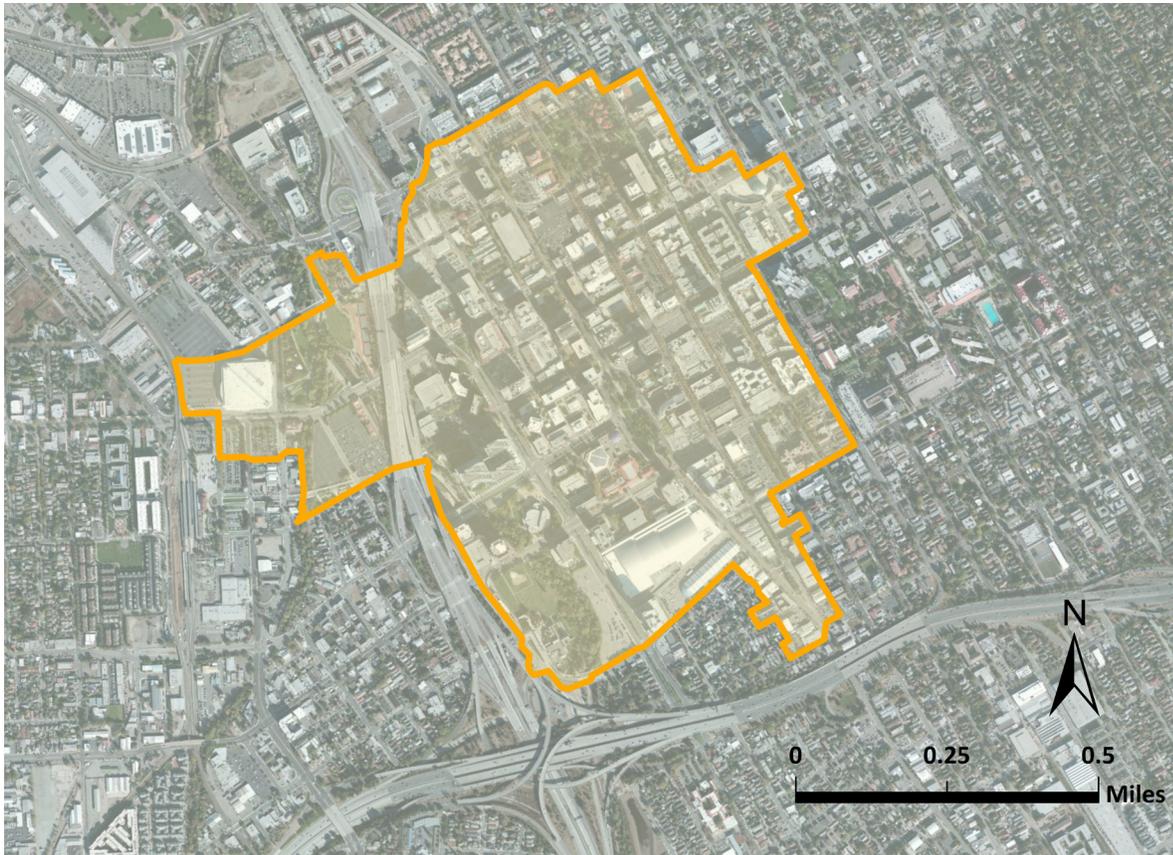


Figure 1-3: Area of Study

Source: Map created by Author using aerial imagery from Esri, www.esri.com.

Downtown San Jose - Context and Area of Study

For the purposes of this study, Downtown San Jose is defined by the boundaries of the San Jose Downtown Association's Property-Based Improvement District (PBID). This district, shown in Figure 1-3, straddles both the east and west sides of Highway 87, also known as Guadalupe Parkway. To the west of Highway 87, the district is roughly bounded by St. John Street to the north, and rear property lines along Santa Clara Street and San Fernando Street to the south. The western edge of the district is bounded by Los Gatos Creek south of

Santa Clara Street, and the SAP Center parking lot to the north. On the east side of 87, the district extends north to Devine Street, south to Reed Street, and east to 4th Street. The district also includes areas surrounding San Jose City Hall at 200 E Santa Clara Street.

This area has been chosen because it includes the commercial core of Downtown San Jose. It also aligns with the overlapping area where the City of San Jose and the San Jose Downtown Association both have authority to implement policies, influence development patterns, and partner on revitalization strategies.

SECTION 1.2

STRUCTURE OF THIS REPORT

The remainder of this report is divided into five chapters. Chapter 2 provides background information on the work that has been done in recent years by the City of San Jose and the San Jose Downtown Association to plan for future land use policy and transportation investments in and around the Downtown study area, as well as profiles of key institutional players that could potentially play a role in revitalizing Downtown retail.

Chapter 3 provides an overview of past literature and research on the history of Downtown San Jose's development, the factors that contribute to attractive and successful retail destinations, how retailers examine markets and select sites for their stores using GIS, and strategies that have been implemented in the past to bolster retail activity in urban commercial districts.

Chapters 4 and 5 make up the bulk of analysis in this report. Chapter 4 outlines an

assessment of current conditions in the market for retail space in Downtown, with special attention to vacancies, existing business mix, and new development. Chapter 5 departs from this assessment to analyze the consumer market for Downtown retail in relation to the location of current vacancies using GIS. Chapter 5 also includes sections addressing the impact of market competition on Downtown as well.

In Chapter 6, downtown retail revitalization strategies drawn from prior research in Chapter 3 are evaluated in terms of their reported effectiveness, the level to which they could feasibly be implemented in Downtown San Jose, and their congruence with the findings of the conditions assessment and market analysis discussed in Chapters 4 and 5. Chapter 6 also includes a concluding discussion of recommended strategies to be taken up by the City of San Jose and its non-profit partners in Downtown in their efforts to reduce the level of Downtown's ground floor retail vacancy.

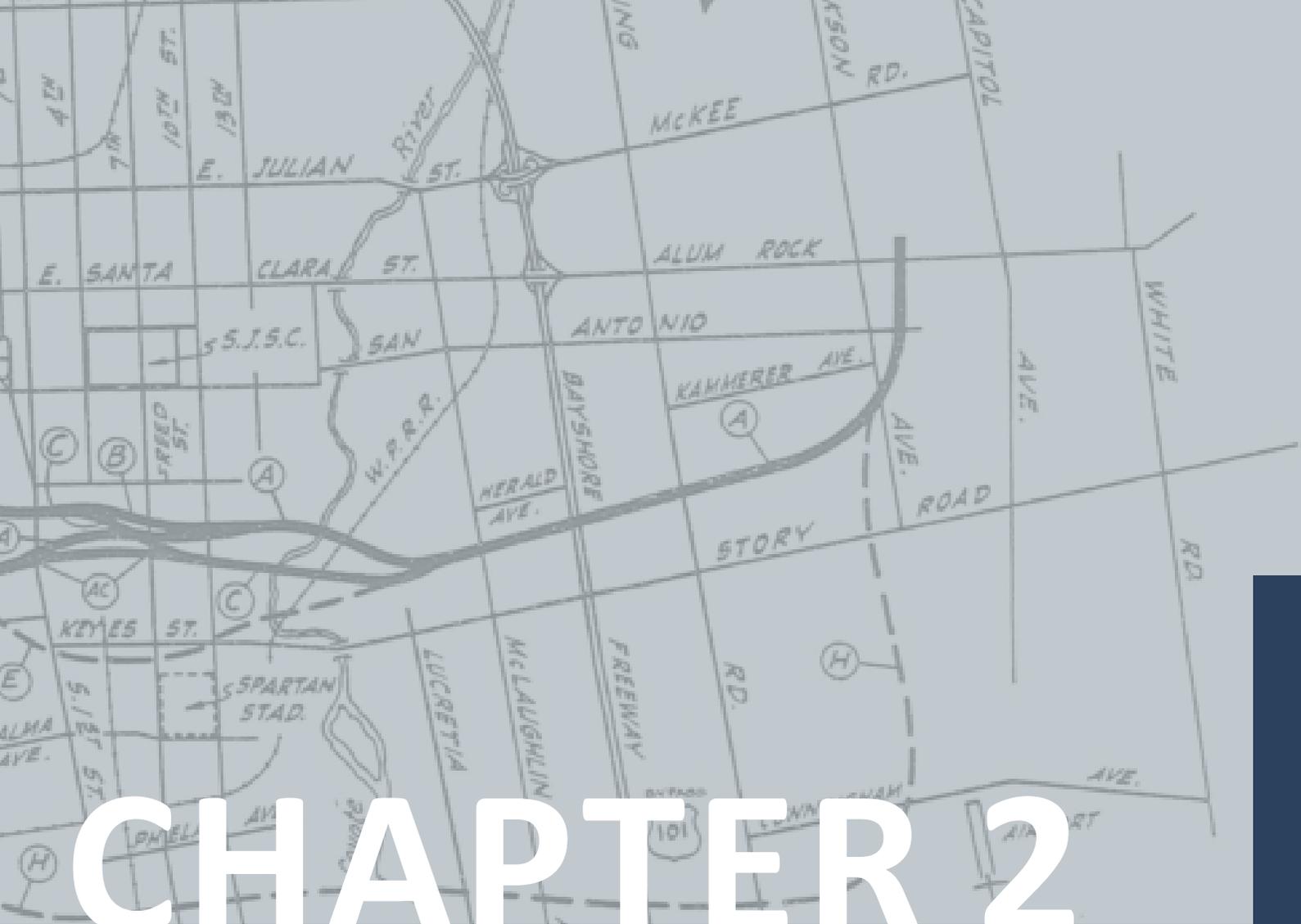
NOTES

1. Jay Claiborne, "Rebuilding Downtown San Jose: a Redevelopment Success Story," *Places* 15, no. 2 (2003): 11.

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Source: Eric Fischer, "Alternative Routes for Interstate 280 in San Jose," (1962), accessed April 11, 2015. <https://www.flickr.com/photos/walkingsf/5641673904>.



PLANS AND PLANNERS

Although Downtown San Jose has been neglected in certain periods of the city's history, in recent decades it has been the focus of numerous revitalization efforts, both on the part of the City of San Jose, and non-profit organizations oriented towards economic development and urbanism. This chapter provides an overview of Downtown's current context in terms of land use planning and urban design policy, as well as the main institutional actors that play a role in shaping and defining these policies. Section 2.1 describes Downtown's position within the City's land use and zoning regulations, as well as nearby specific plans and capital improvement programs, while Section 2.2 profiles the main authorities and advisory organizations that

govern Downtown’s development, or work to support local businesses and quality urban design. An thorough understanding of Downtown’s planning context, as well as the organizations involved in shaping Downtown policy and design, is essential to providing relevant and realistic policy recommendations.

SECTION 2.1

LAND USE AND TRANSPORTATION CONTEXT

General Plan

In its general plan, *Envision San Jose 2040*, the City of San Jose has singled out place-making and high-density development as key priorities in the Downtown area.¹ The City intends to heighten Downtown’s profile as a cultural and employment destination for the whole of Silicon Valley, and to facilitate the development of new housing to give Downtown a 24-7 population.² It also hopes to encourage sustainable modes of transportation within the Downtown area by making the district easy to traverse for pedestrians and cyclists.³

Interestingly, there is no explicit mention of conventional retailing uses in the plan’s discussion of “Major Strategy #9: Destination Downtown.” Rather, the plan fo-

cuses on Downtown’s role as an employment center, growing high-rise residential neighborhood, and “cultural center of the Silicon Valley.”⁴ This omission may indicate that the City sees the former Redevelopment Agency’s past goal of crafting Downtown as a premier retail destination the likes of Union Square in San Francisco or Horton Plaza in San Diego as futile, and that the City has instead chosen to focus on Downtown’s strength as a center for dining and entertainment.

In areas with the land use designation of “Downtown,” which include the entirety of the study area east of Highway 87, the City seeks to maximize density and promote quality urban design that enhances the experience of pedestrians from the street level.⁵ This “Downtown” land use designation allows for a maximum floor area ratio (FAR) of 15.0,⁶ a maximum height of 30 stories, and a maximum residential density of 350 dwelling units per acre.⁷ However, some parts of the Downtown core with the “Commercial” overlay designation are restricted from being developed for residential uses, and are set aside for office, entertainment, retail and hotel development.⁸ The sole instance in which retail is specifically noted as an important component of Downtown’s mixed-use development appears in policy LU-3.4, which states that the City of San Jose should “facilitate development of retail and service establishments in Downtown, and support regional- and local-serving businesses to further *primary* objectives of this plan”⁹ (emphasis added).

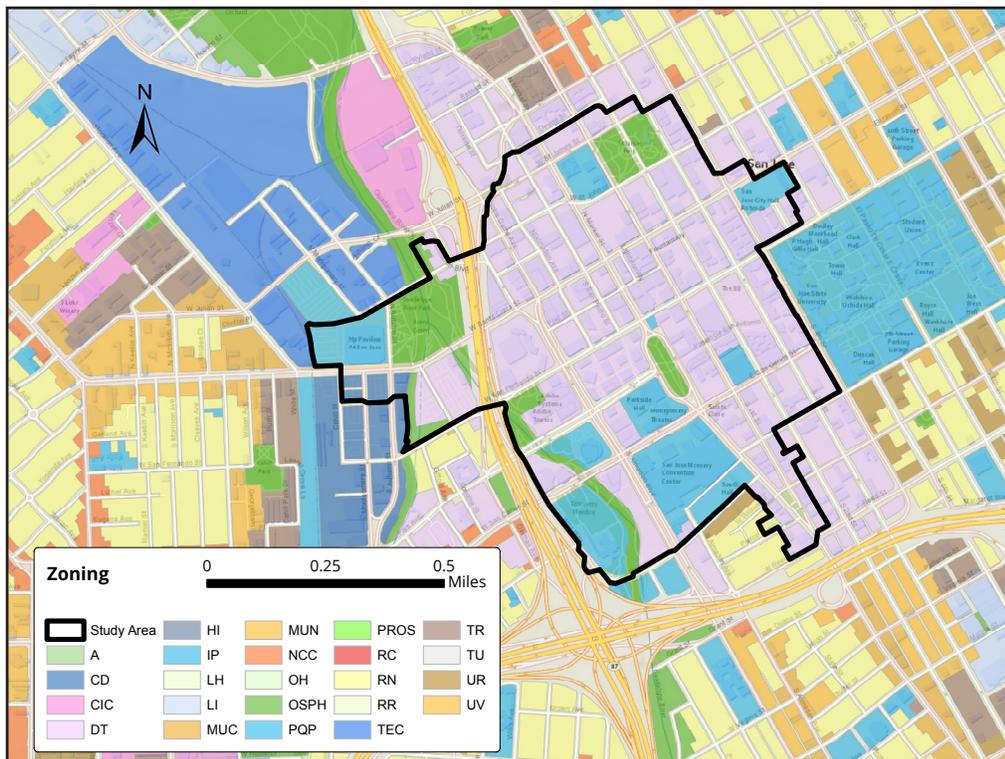


Figure 2-1: Downtown Zoning Map

Source: Map created by author using data from City of San Jose, "Data Downloads," accessed April 1, 2015, <https://www.sanjose-ca.gov/index.aspx?NID=3308>.

Zoning

East of Highway 87, the Downtown Area is currently zoned DC "Downtown Commercial," with the exception of a few smaller sections that are zoned as A(PD) "Planned Development" sites, a flexible zoning designation used by the City for master planned communities and larger, mixed-use development projects. The "Downtown Commercial" zone is flexible in terms of permitted uses, allowing for residential, office, retail and hotel development, with a few restrictions on check cashing and nightclub uses.¹⁰ It should also be noted that the DC "Downtown Commercial" zoning designation is also subject to a DG "Downtown Ground Floor" overlay zoning, which applies to the ground floor of Downtown buildings and includes additional restrictions limiting

ground floor uses to public facing retail and service businesses.¹¹

The majority of lands on the west side of Highway 87, on the other hand, are zoned HI "Heavy," and LI "Light Industrial." In these areas, retail uses are prohibited with the exception of supporting uses like eateries and banks that are completely enclosed in buildings primarily used for industrial purposes.¹² This means that before any extensive retail or ground floor commercial development could begin in the proximity of Diridon Station, the land would first need to be rezoned to DC "Downtown Commercial" or CG "General Commercial" in accordance with the *Diridon Station Area Master Plan*, discussed in further detail below.

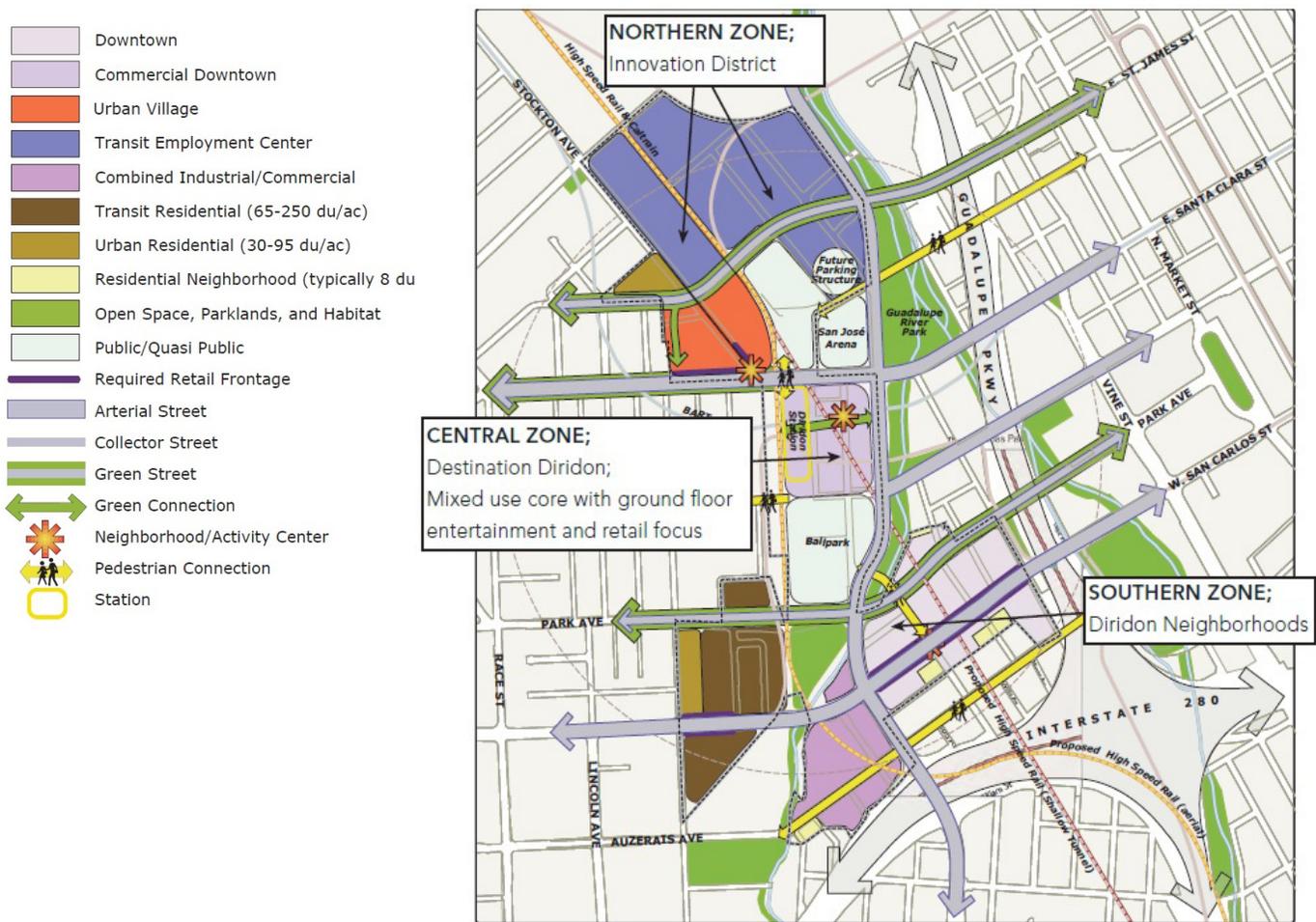


Figure 2-2: The Diridon Station Area Master Plan

The Diridon Station Area Master Plan divides the station area into three main zones. The study area of this report extends into the central “Destination Zone,” where the plan envisions high-density retail, commercial and entertainment uses.

Source: City of San Jose, “General Description Figure 2-2-1,” in *Diridon Station Area Master Plan* (San Jose, CA: City of San Jose, 2014), 2-2.

Diridon Station Area Master Plan

On the west side of Highway 87, the Downtown area as defined within this study is also subject to the *Diridon Station Area Master Plan* (adopted June 17th, 2014). This plan was prepared for the areas surrounding Diridon Station, currently served by Caltrain, Altamont Commuter Express (ACE), Amtrak, and VTA light rail services. In addition, the station also provides connections to private shuttles, and VTA, Santa Cruz Metro, Monterey Salinas Transit, and Amtrak Thruway

buses. In the future, the City of San Jose and the VTA envision Diridon as a major transfer point connecting these services with VTA’s planned BRT system, BART’s extension into San Jose, and the introduction of the California High Speed Rail project.¹³ It also seeks to prepare for the possible move of the Oakland Athletics to a new ballpark in San Jose, though this proposal has been hampered by numerous hurdles, uncertainties and legal challenges since its inception.¹⁴ The plan calls for new ground floor retail space to be developed within the station area, with an emphasis on enter-

tainment uses in the “Central Zone,” currently used as surface parking for Caltrain riders.

Downtown Street Life Plan

In January of 2014, the Downtown Association released its Downtown San Jose Street Life Plan, a 191-page document produced in conjunction with CMG Landscape Architecture. The document proposes a number of streetscape enhancements for the Downtown core.¹⁵ The overarching goals of this plan are to (1) improve connectivity between Downtown activity centers and landmarks, especially for pedestrians and cyclists, (2) to enhance the character and identity of Downtown and its respective sub-neighborhoods, and (3) to make improvements to the public realm that encourage Downtown workers, residents and visitors to utilize public parks, plazas, streets and paseos.¹⁶

The plan profiles Downtown’s assets, including parks and open spaces, major anchors like San Jose State University, the SAP Arena, San Jose Convention Center, and Caltrain at Diridon Station, as well as activity centers and neighborhoods like San Pedro Square, the South of First Area (SoFA), and the Paseo de San Antonio.¹⁷ Through streetscape improve-

ments and tactical urban design interventions, the plan seeks to draw connections between these existing activity centers, both to bring pedestrian activity to specific areas between these centers that exhibit less pedestrian activity, and to enhance the public realm throughout Downtown as a whole.¹⁸

Chapter 3 of the plan outlines a set of overarching initiatives to capitalize on Downtown’s existing assets, including plans to enhance open spaces and parks, establish pedestrian connections between isolated activity centers, and focus energy on promoting Downtown’s distinctive sub-districts.¹⁹ Using these plans as a point of departure, Chapters 4 and 5 go on to assess the current condition of Downtown’s public realm,²⁰ and provide a toolbox of streetscape enhancements, ranging from seating installations and wayfinding signage, to large scale public art and mural projects.²¹ Notably, the plan indicates what role the Downtown Association will play in implementing each proposed enhancement (e.g. as a leader, initiator, or advocate), and how much the initiative will likely costs in terms of planning, design, construction, and management costs.²² The plan thus provides an evaluation of the difficulty of implementation for each proposed initiative.

KEY INSTITUTIONAL PLAYERS

City of San Jose Department of Planning, Building and Code Enforcement: Planning Di- vision

The City of San Jose Planning Department is tasked with forecasting and planning for the City's growth. In this capacity, it engages in both long-range planning, and current planning through the review of development applications.²³ The Planning Department is thus divided into three main divisions: Long Range Planning, Environmental Review, and Development Review, along with support staff and a team of planners working in the City's Permit Center under the Building Department.²⁴

Currently, the Department's long-range planning efforts are largely focused on the Urban Village Program. The goal of this program, as defined by Major Strategy #5 in the General Plan, is to concentrate housing and employment growth in select areas throughout the city, with an emphasis on high-density, mixed-use development to support transit, bicycling, and walking.²⁵ The program also seeks to encourage high-quality design, redevelopment of under-utilized land, and direct engagement with local communities to shape each individual Urban Village plan to the needs and desires of local residents.²⁶

Of the 70 Urban Villages planned for San Jose, four are adjacent to downtown, including the East Santa Clara Street, Alameda, North 1st, and West San Carlos Urban Villages.²⁷ Both the Alameda and West San Carlos plans are currently under development, while the East Santa Clara Street plan is in its early stages. The North 1st plan, on the other hand, is reserved for a later planning stage. Due to their proximity to Downtown, these villages could potentially be planned to support Downtown as a commercial center, especially through transit corridors, such that local commercial uses and services were supplemented by Downtown retail.

Within the Downtown core itself, however, the Planning Department influences development primarily through current planning and development review. Using the General Plan's guidelines for Downtown, the municipal code, and the Downtown Design Guidelines as a reference, planning in Downtown is carried out on a project-by-project basis. In relation to retail, this means that the Planning Department could play a key role in influencing the

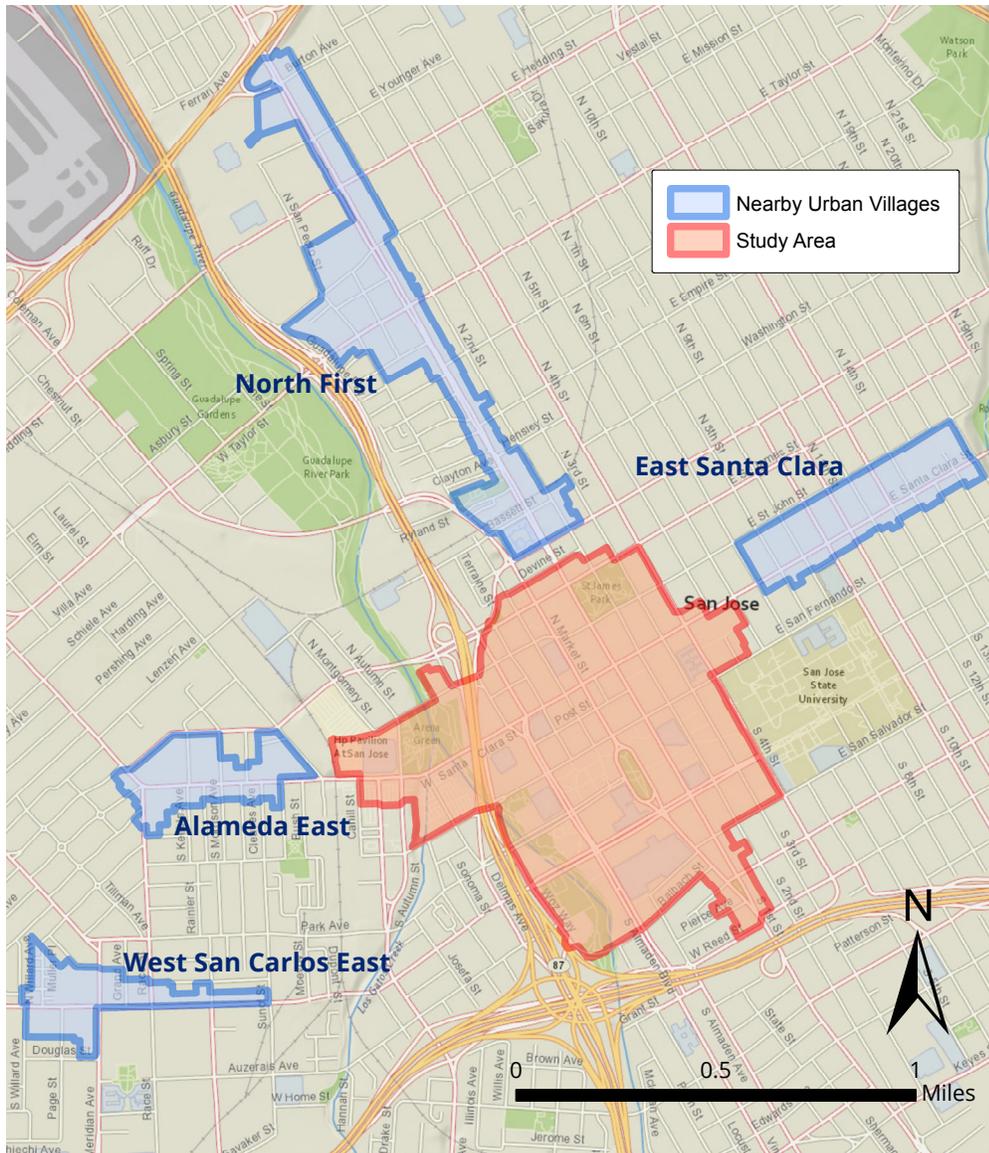


Figure 2-3: Urban Villages in the Downtown Area
The City of San Jose’s Urban Village Planning Program includes four villages adjacent to the Downtown core. Commercial and housing development in these villages could support further development activity in Downtown
 Source: Map created by Author using data from Esri, www.esri.com.

scale and design of new retail space in Downtown, as well as tenant improvement and rehabilitation projects in existing ground floor spaces. In addition, Planning staff could also potentially influence policies governing such projects by carrying out studies and recom-

mending amendments to the General Plan and municipal zoning code in the interest of supporting retail in Downtown. If approved by City Council, these amendments would have legal weight, and could be used to justify the approval or denial of entitlements and permits.

City of San Jose Office of Economic Development

The City of San Jose Office of Economic Development (OED) is an influential arm of municipal government charged with enhancing economic activity and prosperity at the municipal level. The office seeks to achieve these goals by promoting local arts and culture, providing assistance to local business owners, operating workforce development programs, and managing the City's real estate assets.²⁸ While the OED is in charge of fostering economic activity throughout the City of San Jose, Downtown has played a special role in its overall development strategy in the past, and continues to do so today.

The Office's *2010 Economic Strategy Update* sets two primary goals that specifically relate to Downtown. Goal #2, to "develop retail to full potential, maximizing revenue impact and neighborhood vitality," seeks to "further recruitment of a mix of retail businesses to Downtown," and posits that the City should encourage urban, multi-story formats for retail development where and whenever possible.²⁹ Goal #10 of the strategy calls on the OED to continue to "position Downtown as Silicon Valley's city center," and indicates that the City plans on investing in the San Pedro and SoFA neighborhoods where dining, entertainment and cultural activity is currently concentrated.³⁰

In an effort to enhance retail and reduce vacancy in both Downtown and neighborhood commercial districts city-wide, the OED has

instituted a number of grant programs to complement their business counseling services. The SJ Storefronts Initiative, for example, allows entrepreneurs, contractors, business and property owners to apply for up to \$250,000 in grant funding to offset City permits, fees and taxes.³¹ In addition, the Office of Cultural Affairs (a branch of the OED), also offers grants through the Center for Cultural Innovation's Creative Industries Incentive Fund (CIIF), which provides startup and expansion capital to commercial business with a focus on the arts in San Jose.³²

The OED plays a significant role in encouraging business activity in San Jose, and would be central to any effort to bring additional business to Downtown. The OED is especially influential in the hierarchy of San Jose's city government, and also leverages a great deal of expertise and capital that could be utilized in an effort to bring down commercial ground floor vacancies.

San Jose Downtown Association

Founded in 1986, the San Jose Downtown Association is a non-profit organization whose mission is to advocate for the interests of local business owners, and "enhance downtown's vitality and livability."³³ The Downtown Association is a membership-based organization that provides benefits and services to business and property owners in Downtown. Members of the organization are sourced from two districts: a Business Improvement District (for business owners), and a Property-based Improvement District (for property owners).

In effect, these two districts constitute the Downtown Association's constituency, and are also a major source of funding for the organization's operations.

Through the Business Improvement District (BID), the Downtown Association collects membership fees from businesses within the district's boundaries.³⁴ In exchange for these fees (ranging from \$150 to \$200 annually), the Downtown Association provides opportunities for businesses to promote themselves through event programming, sponsorship and directory listings. It also advocates on the part of business members to City Council, assists businesses with City permits, and connects business owners to City services, financial incentives, and grant programs.³⁵

The second organizational arm of the Downtown Association, the Property-based Improvement District (PBID), is funded by fees paid by property owners within the district as well as contract payments from the San Jose Office of Economic Development (OED).³⁶ Through the PBID, the Downtown Association manages and operates the Groundwerx program, which was initiated in 2008.³⁷ The primary purpose of this program is to keep downtown streets and building facades clean and free of litter and graffiti. In recent years, however, the PBID has taken on a project management role in developing streetscape improvements, including lighting installations, art crosswalks, and landscaping improvements.³⁸ Though the PBID's driving charge is to increase property values within

the PBID's boundaries, its work on keeping Downtown streets clean, safe, and aesthetically pleasing works in tandem with the BID's counterpart programs to enhance the overall image of downtown, and promote local businesses.

Because the Downtown Association is a privately run non-profit organization, it does not exercise the same power and authority to enact policies aimed at revitalizing Downtown retail corridors as do the City's Economic Development Office or Planning Department. Rather, the Downtown Association acts in an advisory capacity, and engages in public-private partnerships with the City of San Jose to attract commercial activity to Downtown and promote quality urban design. Having formed a Downtown Design Committee (DDC), the Downtown Association has effectively inserted itself as an unofficial party to the design review process for downtown projects. This committee encourages architects and private developers to harmonize their projects with existing development in Downtown, maximize density, and alter their design proposals to include retail space and engage pedestrians.

The Downtown Association is also able to provide substantial financial backing for its own projects and programs. In 2013, the Downtown Association brought in \$2,901,542 in revenue; 24 percent of this revenue was collected through BID membership fees, 13 percent through contract funding with the City of San Jose, and 63 percent through PBID membership fees and revenue from

programming activity (e.g. ticketing and sponsorship for downtown events and festivals).³⁹ Of this revenue, the Downtown Association spent \$2,806,475, 80 percent of which was directed towards events, marketing, promotions and beautification programs. The remaining 20 percent was spent on the Downtown Association's internal management and administrative expenses.⁴⁰

In the future, the San Jose Downtown Association could play a pivotal role in initiating some of the tactical streetscape interventions and place-based branding efforts that have become the bread and butter of BID organizations around the country.⁴¹ Although BIDs like the Downtown Association do not exercise the same authority as publicly funded municipal departments, they have been shown to be effective in promoting retail in downtowns across the United States through small-scale capital improvements, consumer marketing, and policy advocacy.⁴² In fact, the Downtown Association has already endeavored to do just that through its aforementioned Downtown San Jose Street Life Plan.

SPUR San Jose

San Jose is also home to SPUR, another non-profit organization, which functions as a think tank and advocacy group. SPUR's policy research and advocacy work address issues such as community planning, economic development, transportation, and urban sustainability, at both the municipal and regional level.⁴³ Originally based in San Francisco, SPUR is a relative newcomer to San Jose, and opened its San Jose branch office at 76 S 1st Street in Downtown in 2012, with the aim of expanding its influence to the regional level and playing a part in planning for San Jose's projected population and employment growth over the next 30 years.⁴⁴

Over the last few years, SPUR has been quick to engage with planning and economic development issues in San Jose, with a specific emphasis on the Downtown core. The organization has published two full-length reports on how San Jose can plan its transformation from a largely suburban city to a centralized, urban center for the South Bay, including *Getting to Great Places* (2013), and *The Future of Downtown San Jose* (2014).

While both reports call for the City of San Jose to implement planning regulations and fund programs that support walkable, urban environments with ground floor retail, SPUR's 2014 report specifically addresses the lack of traditional retail establishments in Downtown. The report notes that while many smaller downtowns in the Santa Clara Valley and the Peninsula are home to a wide assortment of retailers, San Jose's ground floor spaces are mostly occupied by eateries, bars, nightclubs and entertainment venues.⁴⁵

Rather than advocating for ground floor ordinances that restrict these uses and reserve vacant ground floor space for stores and outlets, SPUR has recommended that the City of San Jose remain flexible when it comes to what uses should be allowed in these spaces, as long as they are reserved for similarly "active" uses.⁴⁶ According to SPUR, a more hands-off approach on the part of planners at the City of San Jose could potentially result in a net decrease in ground floor vacancies, and allow for Downtown to be re-imagined as a Central Social District (CSD), as opposed to the more conventional model of downtowns as Central Business Districts (CBDs).⁴⁷

Like the Downtown Association, SPUR is not a public institution and, as such, it cannot exercise police power or define public policy. It has, however, begun to engage with public sector decision-makers in San Jose, and brings a wealth of experience in urban policy from its work in San Francisco. The organization has already proposed interesting changes to public policy with the aim of creating walkable urban places in San Jose and promoting neighborhood retail activity in Downtown and its surrounding neighborhoods,⁴⁸ and will likely be heavily involved in any attempt to revitalize Downtown's retail market in the future, even if in a limited, advisory role. SPUR's research provides context for a more comprehensive understanding the state of retail in Downtown San Jose, and its recommendations can also serve as a starting point for evaluating potential strategies for its revitalization.

NOTES

1. City of San Jose, "Chapter 1: Envision San Jose 2040," in *Envision San Jose 2040 General Plan* (San Jose, CA: City of San Jose, 2011), 23.

2. Ibid.

3. Ibid.

4. City of San Jose, "Chapter 4: Quality of Life," in *Envision San Jose 2040 General Plan*, 21.

5. Ibid.

6. FAR refers to the ratio of the covered area of a structure to the total area of the plot where it has been constructed. The FAR of 15.0 referenced above indicates that this land use designation would allow for the development of a 15 story building covering the entirety of a lot, or a number of stories higher than 15, depending on the area of the plot left undeveloped. For example, a 1 acre plot (10,890 sf) would allow for the development of fifteen times that area, or 163,350 sf of building space over 15+ stories.

7. City of San Jose, "Chapter 5: Interconnected City," in *Envision San Jose 2040 General Plan*, 6.

8. Ibid.

9. City of San Jose, "Chapter 6: Land Use and Transportation," in *Envision San Jose 2040 General Plan*, 9.

10. City of San Jose, "Chapter 20.70 - Downtown Zoning Regulations," in *San Jose, California – Code of Ordinances*, accessed December 11, 2014, https://www.municode.com/library/ca/san_jose/codes/code_of_ordinances?nodeId=TIT-20ZO.

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12. City of San Jose, "Chapter 20.50 - Industrial Zoning Districts," in *San Jose, California – Code of Ordinances*, accessed December 11, 2014, https://www.municode.com/library/ca/san_jose/codes/code_of_ordinances?nodeId=TIT20ZO.

13. City of San Jose, "Introduction," in *Dixon Station Area Master Plan* (San Jose, CA: City of San Jose, 2014), 1.

14. Ibid.

15. San Jose Downtown Association, *Downtown San Jose Street Life Plan* (San Jose, CA: San Jose Downtown Association, 2012), 10.

16. Ibid., 12.

17. Ibid., 39, 41.

18. Ibid., 40.

19. Ibid., 35.

20. Ibid., 51-65.

21. Ibid., 73-129.

22. Ibid., 68.

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25. City of San Jose, "Chapter 1: Envision San Jose 2040," in *Envision San Jose 2040 General Plan*, 19.

26. Ibid.

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29. City of San Jose, *Economic Strategy 2010*. San Jose, CA (2010): 51-52.

30. Ibid., 59.

31. City of San Jose. "SJ Storefronts Initiative," SanJoseCA.gov, accessed December 12 2014, <http://www.sanjoseca.gov/index.aspx?NID=3911>.

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33. San Jose Downtown Association, "Overview," SJDownTown.com, accessed December 12, 2014, <http://sjdowntown.com/overview/>.

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35. Ibid.

36. San Jose Downtown Association, "San Jose Downtown Association Statement of Revenue and Expenses FY 2013-14," SJDownTown.com, accessed December 12, 2014, <http://sjdowntown.com/wpsite/wp-content/uploads/2014/10/SJDAs-Revenue-and-Expenses-for-2013.pdf>.

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38. Ibid.; San Jose Downtown Association, *Downtown San Jose Street Life Plan* (San Jose, CA: San Jose Downtown Association, 2012), 11.

39. San Jose Downtown Association, "SJDownTown.com, accessed December 12, 2014, <http://sjdowntown.com/wpsite/wp-content/uploads/2014/10/SJDAs-Revenue-and-Expenses-for-2013.pdf>.

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41. Jerry Mitchell, "Business Improvement Districts and the 'New' Revitalization of Downtown," *Economic Development Quarterly* 15 (2001): 115-123.

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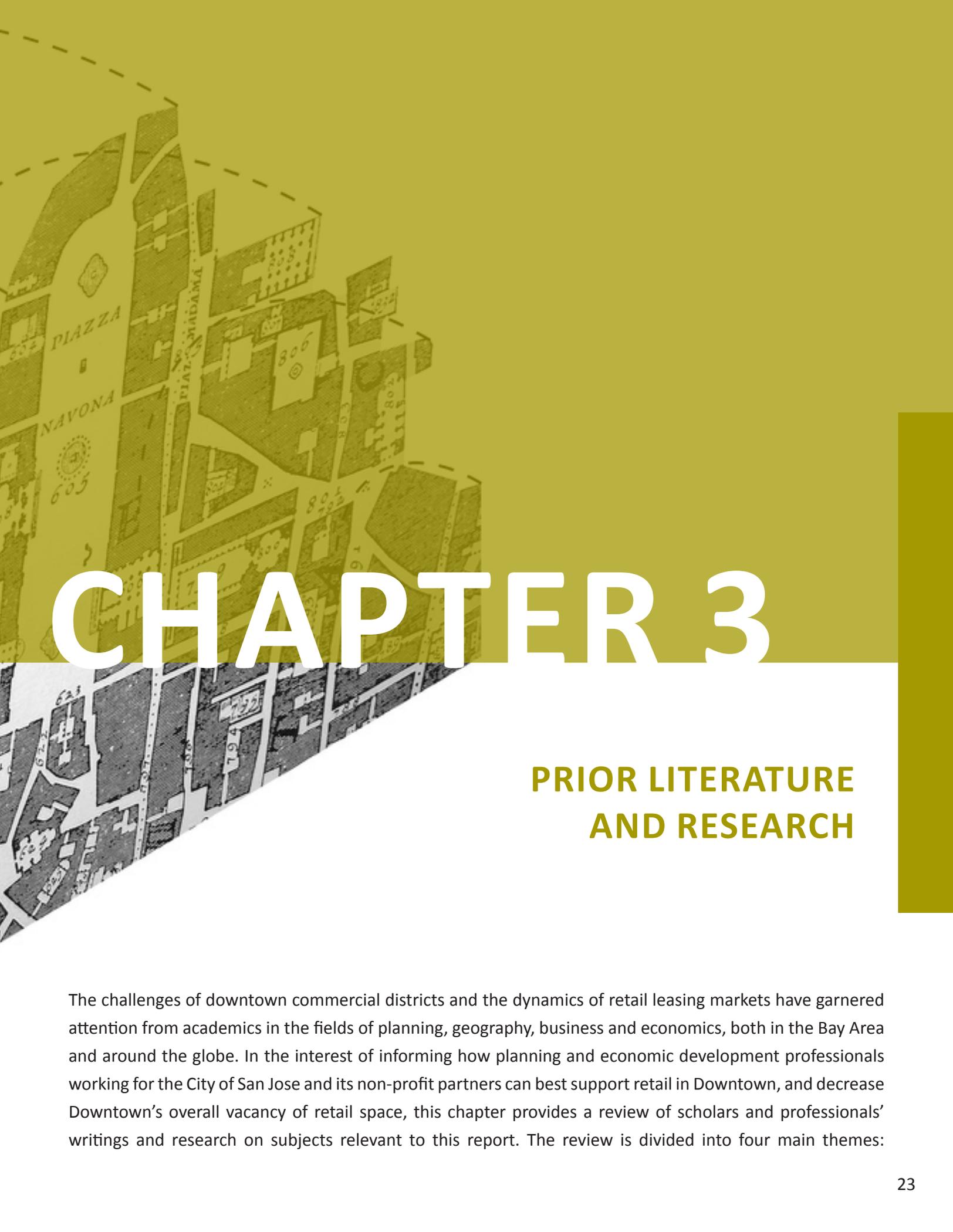
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CHAPTER 3

PRIOR LITERATURE AND RESEARCH

The challenges of downtown commercial districts and the dynamics of retail leasing markets have garnered attention from academics in the fields of planning, geography, business and economics, both in the Bay Area and around the globe. In the interest of informing how planning and economic development professionals working for the City of San Jose and its non-profit partners can best support retail in Downtown, and decrease Downtown's overall vacancy of retail space, this chapter provides a review of scholars and professionals' writings and research on subjects relevant to this report. The review is divided into four main themes:

(1) the history of development and retail in Downtown San Jose, (2) successful retail destinations, (3) retail site selection and spatial analysis, and (4) revitalizing downtown retail.

The first section of this chapter, 3.1, History of Development and Retail in Downtown San Jose, seeks to uncover how Downtown San Jose has developed over time, why it has suffered in terms of retail market share and vacancy, and what has been done in the past to promote retail activity Downtown, particularly by the San Jose Redevelopment Agency. Section 3.2, Successful Retail Destinations, looks to past literature to determine what factors make retail destinations, both in city centers and suburban areas, attractive to shoppers, economically resilient, and commercially successful. Section 3.3, Retail Site Selection and Spatial Analysis, examines how retail professionals in the private sector select sites for their stores, and what technological tools they use to inform these decisions, while Section 3.4, Revitalizing Downtown Retail, investigates how public and non-profit sector actors can play a role in revitalizing retail in downtown areas, and how effective their efforts have been in the past.

SECTION 3.1

HISTORY OF DEVELOPMENT AND RETAIL IN DOWNTOWN SAN JOSE

A review of past literature reveals that San Jose's historical development has garnered the attention of scholars and planning professionals primarily due to the dramatic and rapid changes it has undergone since the end of World War II. This rapid pace of transformation and its impact on Downtown as the city's commercial center is a major theme that frames the analysis of numerous authors and professional reports. As Matthews notes in "The Los Angeles of the North': San Jose's Transition from Fruit Capital to High-Tech Metropolis," (1999) San Jose was primarily an agricultural center up until the 1950's.¹ At that time, the city's economy was built on the plum, cherry, and apricot orchards that sprawled out across the Santa Clara Valley, and many San Joseans were employed in canning and food processing plants.²

The era of “The Valley of the Heart’s Delight,” a name given to the Santa Clara Valley for its annual blossom in the spring, came to an end with the onset of World War II. Claiborne (2003) and Matthews (1999) both present the war as the a key turning point in San Jose’s history, and explain its impact on the city in economic terms, specifically the decline of agriculture during the Great Depression, and the introduction of military manufacturing, and technology industry to the region at FMC (a prominent farming equipment manufacturer turned tank and artillery factory), Lockheed Martin, IBM, and the NASA Ames Research Center in Mountain View.³ Together with the return of soldiers from the war looking to start new families, these prominent employers spurred immense population growth and in-migration during the post-war period. San Jose’s total population grew from less than 60,000 in 1930, to just under 500,000 in 1970.⁴

This huge surge in population placed strains on the then small city, and created unprecedented demand for new housing. However, rather than concentrating development in the historic core of the city, San Jose sprawled outward into auto-oriented suburban tracts, a process facilitated by annexation of unincorporated areas of Santa Clara County, and major investment in highways and expressways on the part of federal and county governments.⁵

Rapid suburbanization took a toll on Downtown San Jose, which steadily declined in the 1960’s and 70’s. During this time, retailers like Hart’s Department Store left Downtown as

competitors arose in suburban shopping malls and commercial strips.⁶ Even City Hall left the area, opting for a brand new, suburban, campus-style facility on North 1st Street.⁷ In effect, suburbanization had hollowed out the city, leaving an empty and blighted Downtown in its wake.

This overarching narrative, of an agricultural city rapidly expanding beyond the limits of its existing infrastructure, and the decline of Downtown with the rise of the suburbs, is generally agreed upon in the literature; it appears repeatedly, in journal articles and reports included in this review that specifically cover San Jose (Claiborne 2003, Matthews 1999, Hess 2003). Literature on subsequent phases in San Jose’s development, however, reveals greater differences in opinion.

One of the most notable points of contention among scholars and writers is the legacy of the San Jose Redevelopment Agency (SJRDA). Claiborne, Hess and Kriken (2003) all examine the SJRDA’s efforts to revitalize Downtown economically, culturally, and aesthetically. Claiborne’s account of the agency’s track record is overwhelmingly positive; he applauds the agency’s work in beautifying Downtown parks like the Plaza de Cesar Chavez and St. James Park,⁸ and highlights strong political leadership and design prowess as key factors behind Downtown’s revival as a cultural center for the city.⁹

Hess and Kriken, on the other hand, are more hesitant to praise the SJRDA’s work. Hess is critical of the agency’s process of design

review for residential projects, arguing that many mid-rise buildings constructed in the late 1990's and early 2000's lack character, and do not contribute to active street life.¹⁰ He also criticizes the agency for its strategic missteps in providing large subsidies for ultimately unsuccessful retail projects (e.g. the Pavilion Shopping Center on South 1st and 2nd Streets), as well as its lack of concern for the preservation of historical structures with unique architectural character.¹¹ On the topic of downtown retail, Hess argues that the SJRDA failed to capitalize on existing assets in Downtown, including retail establishments operated by minority and immigrant community members. These business owners, he contends, were largely ignored by the SJRDA in its bid to attract high-class, premium retailers.¹²

Kriken echoes these criticisms, pointing out Downtown's failure to retain retailers in its efforts to become a mixed-use commercial center. However, rather than citing the SJRDA's failure to reach out to existing members of the community, Kriken posits that San Jose's position under the landing path for the nearby San Jose International Airport (SJC) and high water table make the establishment of a truly mixed-use downtown nearly impossible, as these physical constraints prohibit Downtown from reaching the level of density needed to support urban retail.¹³ In addition, he notes that the objectives of redevelopment in San Jose were somewhat unclear, as different stakeholders disagreed as to just how urban or suburban Downtown should aim to be in the future.¹⁴

In light of these constraints, Kriken recommends that planners in San Jose reject the mixed-use model as a viable goal for Downtown altogether, and instead focus on the area's special role as an entertainment, cultural and civic center for the region. Nevertheless, there is a consensus among the authors, including Claiborne, that even during an economic boom such as the Dot-Com bubble of the late 1990's and early 2000's, retail remains the key missing element in Downtown San Jose's endeavor to become a thriving regional hub.¹⁵

In recent years, the public sector's ability to guide or subsidize development in Downtown San Jose has been considerably curtailed. Recent reports on Downtown's development from SPUR call attention to new challenges posed by the dissolution of redevelopment agencies across California in 2012. Both *Getting to Great Places* (2013) and *The Future of Downtown San Jose* (2014) claim that the end of the SJRDA in San Jose leaves the city at a crossroads, where it must find new ways to encourage quality urban design, promote Downtown, and stimulate private investment.¹⁶

Foundational questions regarding the ideal vision for Downtown's future, similar to those posed by Hess (2003) in his critique of the mixed-use model as a viable goal for Downtown, or the debate between urban and semi-urban design of the 1980's described in Kriken (2003), persist. Today, the question, as posed by SPUR, is whether Downtown should aim to be a conventional Central Business

District (CBD) with daytime office uses that draw in commuters, or a Central Social District (CSD) focusing on cultural attractions, entertainment, dining and retail uses.¹⁷ Citing pros and cons for each, SPUR does not come to a decision between the two, instead offering the question as ‘food for thought’. This indecision highlights the fact that without the SJRDA, San Jose’s future development will be a much more collaborative and unorganized process, where no singular institution or political body exercises complete control over defining a vision for Downtown’s future.

The articles and reports profiled above provide valuable insights into Downtown San Jose’s historical background, as well as factors that will impact any effort to decrease the vacancy of retail space in Downtown. In evaluating specific strategies aimed at encouraging retail uses and commercial activity in downtown settings, it is important to keep in mind the historical roots behind Downtown San Jose’s weak retail market, and the impacts of previous attempts to promote and attract retail tenants. It is also necessary to consider the constraints posed on development and economic activity in Downtown by physical conditions (e.g. practical limits on height and density of development due to flight paths and a high water table), as well as fiscal and political constraints in the wake of the SJRDA’s dissolution.

SECTION 3.2

SUCCESSFUL RETAIL DESTINATIONS

Due to their importance to both real estate professionals in the private sector, and economic development departments in the public sector, scholars have given considerable thought to questions regarding shoppers’ decision-making process in choosing to shop at a particular location. Many scholars have conducted studies in order to determine what elements shoppers find most attractive and/or convenient in retail centers, including commercial corridors along city streets, indoor malls, and open-air shopping plazas. Their writing on the subject tends to revolve around three main topics: business mix, neighborhood character, and accessibility.

Business mix refers to the variety of different commercial tenants that cohabit a given retail center or district. Statistical studies have indicated that tenant mix is one of the most important factors behind shoppers’ decision to patronize an particular agglomeration of retailers.¹⁸ In their analysis of consumer preferences based on more than 2,000 on-site interviews with shoppers, Teller and Reutterer (2008) found that shoppers considered the variety of different retailers within a given retail agglomeration to be one of the most important

factors in choosing where to do their shopping.¹⁹ Sneed et al.'s (2008) survey of more than 800 shoppers in four Midwestern communities yielded similar results. The authors note that together with a coherent brand and marketing strategy, shopping centers in both urban and suburban centers were most successful in attracting customers when they boasted a long list of tenants selling merchandise in a wide variety of product categories.²⁰

In comparison to these statistical studies based on survey and interview data, writings intended for an audience of real estate professionals paint a more nuanced picture of the importance of tenant mix to the success of retail in urban areas. Adler (1999) speaks specifically to the question of retail's success in city-center infill projects, and supports the idea that a wide variety of tenants can help support retail in these projects.²¹ Adler adds, however, that the usual tenant mix property managers might seek to curate in suburban shopping centers and malls is not necessarily feasible in denser, urban areas.²² Instead, she recommends that property managers content themselves with lower rents from service-type retailers.²³ Also, whereas Teller and Reutterer concluded that non-retail tenant mix did not play a large role in attracting shoppers, Muhlebach and Muhlebach (2013) claim that in urban areas, where retailers are positioned along streets and pedestrian corridors, the congregation of restaurants, bars, entertainment and office uses support street retail by contributing to the unique character of the neighborhood.²⁴

Muhlebach and Muhlebach note that the unique character of urban retail corridors, in contrast to suburban shopping centers, often appeals to very specific market segments (e.g. college students, or a particular immigrant community).²⁵ This claim supports the notion that while suburban shopping centers depend on providing the maximum amount of variety to consumers, urban retail may be better suited for a mix of tenants that collectively attract a specific type of customer. In these cases, the character of a given shopping center or district can function as an integral part of its image and brand.

Notably, the results of a study conducted by Runyan and Huddleston (2006) on downtown shopping districts in the Midwest indicate that the competitive advantage of retail districts in urban settings over their suburban counterparts is largely based on place-based branding and character, rather than business mix.²⁶ It should be noted, however, that the distinctive brand and character of retail corridors develops organically over time, and is very difficult to reproduce in the short-term through land use or economic development policies and initiatives.²⁷

Past literature on the success of retail also points to another primary ingredient for successful retail: the accessibility of retail centers from and within larger transportation networks. Yilmaz (2004), for example, conducted a survey of 300 randomly selected consumers, concluding that the most important factors informing consumers' decision on where to do

their shopping are the distance between that shopping location and their residence, and how accessible a location is via transportation networks (e.g. freeway off-ramps or transit stations).²⁸

This conclusion is also echoed by Tsou and Cheng (2013) in their study of how retail activity interacts with transportation networks and land use planning in Taipei, Taiwan. In this study, the authors found that retail activity, measured in terms of actual sales, tends to concentrate in urban areas where major arterial roads provide access to compact areas of the street network with high connectivity and intersection density.²⁹ Similarly, on transit networks, retail is most successful where primary bus and rail transit routes provide opportunities for transfers.³⁰

Despite the agreement that retail must be easily accessible to its customers, the findings of past studies on the attractiveness and success of various retail centers are generally inconsistent. Much of this inconsistency, particularly when it comes to the issue of business or tenant mix, stems from the fact that although they may be treated equally in statistical studies, urban and suburban retail centers are in fact wholly different animals. For urban retail in particular, the literature indicates that specific segments of the population are attracted to urban street retail by an area's brand identity and neighborhood character — intangible qualities that are notoriously difficult to promote or contrive.

SECTION 3.3

RETAIL SITE SELECTION AND SPATIAL ANALYSIS

As noted in Clarke's (1998) review of retail site selection techniques from the 1960's onward, the techniques that retailers use to find suitable locations for their stores have become increasingly more complex over the last few decades. Whereas many retail site selections were guided by gut-feelings or simple checklist analyses during the 1960's, both Clarke (1998) and Hernandez (2007) note that Geographic Information Systems (GIS) software has come to the fore as the primary tool for selecting retail locations since the late 1980s and early 1990s.

Due to its proliferation as a fundamental element in store location planning, the academic community has taken great interest in the subject. A review of academic literature on GIS-based site selection techniques reveals three major themes: (1) The disparity between modern technological advances in GIS and the actual methods employed by retailers, (2) the manner in which GIS analysis interacts with retailers' internal decision-making processes, and (3) the importance of various market factors, including localized competition between shopping destinations, to GIS-based market analysis.

Four studies examined in this section have specifically examined how GIS-based platforms have developed over time and improved in terms of analytical precision and complexity. A 1997 review of various GIS software packages marketed to retailers, for instance, notes that multiple GIS software providers at the time had begun to include robust spatial interaction models in their products, allowing the user to analyze how different locations interact with nearby competitors, transportation networks, store sizes, etc.³¹ Another study, conducted in 1998, outlines how spatial modeling can be used to highlight potential store locations based on a number of detailed — and often interrelated — criteria. The criteria below, used to single out prime sites for a new Toyota dealership in the Seattle-Tacoma metro area, provide an illustrative example:

There must be a minimum and a maximum of two dealers in the region, with no new dealer allowed within 13 minutes drive time of an existing Toyota dealer; each new dealer to have a minimum of 300 new car sales per year and no potential customer should be more than 25 minutes away from a Toyota dealer.³²

Such detailed prescriptions have been made possible by the increased availability of data in recent years, both public and proprietary.

A more recent study, in which researchers conducted a market analysis for a potential supermarket in Murcia, Spain utilizes fine-grained, block-level data, allowing for a substantial increase in precision compared to census tract data used in previous studies,³³ while another study, which outlines the

development of new models integrating 3D visualization and dynamic spatiotemporal data, demonstrates how spatial analysis can be conducted down to the level of a single floor within a shopping mall. This type of model can provide insights into the sales performance of individual stores, as well as pedestrian behavior and traffic patterns.³⁴

Despite these recent technological advances, however, there seems to be a divide between the methods employed by professional geographers and academics, and those employed by retailers themselves. The literature provides numerous examples of how retailers may often forgo investment in more modern tools, and prefer to continue with simpler, traditional techniques such as rudimentary ‘buffer’ and ‘overlay’ analyses.³⁵ These less advanced techniques generally define a trade area for a given location (a ‘buffer’) based on drive times or mile distances, usually as the crow flies, or simply allow decision-makers to pick out what they deem to be preferable locations for their stores based on the ‘overlay’ of map layers associated with a particular criteria, e.g. average household size or median income by census tract.³⁶ Multiple studies note that this may be due to a more cavalier approach to site selection on the part of the company, or to an unwillingness or inability to invest in more advanced geospatial platforms and employee training.³⁷

According to Hernandez et al.’s (1998) survey of retailers in the United Kingdom, this delay in the adoption of more advanced spa-

tial models by retailers is in large part due to the dynamics of institutional decision-making in private companies and the nature of real estate transactions. Based on a survey of 240 retailers, Hernandez et al. concluded that a retailer's decision to lease a particular site or close on a piece of developable land is often made informally, and that GIS analysis is usually used as a supplement to this process, rather than its driving force.³⁸ They argued, in fact, that GIS analysis serves more as a means to retrospectively rationalize decisions that have already been finalized through an informal process by real estate professionals and executives.³⁹ These trends are compounded by the fact that sizable investments in property, in addition to the binding nature of contracts, may push retailers to continue with a particular location planning strategy, even where empirical studies using GIS suggest that the company ought to reconsider past decisions.⁴⁰

Nevertheless, GIS analysis does play a significant role in determining where retailers choose to locate their stores. The literature highlights three main factors to keep in mind when conducting such an analysis. One of the most prominent is an emphasis on the impact of competing retail locations on a site's viability, including those owned by the same company. The impact on a particular site's potential market share is a key element in Roig-Tierno et al.'s analysis of supermarket locations in Murcia (2013), and is described as an essential component of sound analysis in both Benoit and Clarke (1997) and Clarke (1998). In fact, Morrison and Abrahamse (1996) cite the

omission of competing retailers as a key limitation of their study, and note that competition may come from both competing companies' stores, as well as a company's own existing stores within the same market area.⁴¹ In addition to the usual demographic factors and site concerns like accessibility and visibility, Kimelberg and Williams also point out a number of key variables that they recommend as primary factors of analysis beyond demographics, including economic data on incomes and employment, housing tenure, and parking availability.⁴²

In developing a model for GIS-based market analysis, it is important to keep in mind both the variables of analysis that previous studies have deemed useful or essential (e.g. age demographics, site accessibility, income, consumer expenditures, impact of competitors etc.), as well as the way in which such market analyses actually inform a given retailer's decision to lease space or purchase property. Based on the themes evident in prior literature, a successful and realistic analysis would have to employ a set of analytical tools comparable to those currently used by retailers in the real world, account for the variables they deem most important, and control for the impact of nearby competitors.

SECTION 3.4

REVITALIZING DOWNTOWN RETAIL

According to Balsas (2014), Carey (1988), and Gittell (1990), retail in downtown central business districts has suffered due to municipal land use policies that facilitate commercial development on the periphery of cities. According to Carey, many retailers fled from city centers after World War II upon the realization that they were better positioned to increase sales if they followed the migration of city residents to suburban areas at the edge of cities.⁴³ This process was aided by many cities' willingness to approve large retail development projects in lower-density, far-flung neighborhoods.

The Central Valley city of Fresno, for example, tried to reinvigorate its historic city center with the development of a downtown promenade. It undermined its own efforts, however, by continuing to allow for the construction of large shopping centers on the edge of town.⁴⁴ Sacramento, CA, has experienced similar problems. Writing in 1988, Carey noted:

The main street of this city, with the exception of the department store and mini-mall at one end, was essentially under-developed with a high degree of vacancy. Yet this city allowed over 80 percent of its office and retail development to occur in the

suburbs over the past ten years, and then wondered what happened to the energy of the downtown.⁴⁵

According to Gittell (1990), cities' willingness to allow increased development in suburban areas has resulted in city centers, especially in industrial cities, that cannot provide sufficient jobs, housing and amenities to support city services and residents' quality of life.⁴⁶

Balsas' (2014) case study of downtown retail resiliency in Tempe, AZ demonstrates that this need to curtail suburban development in the interest of revitalizing downtowns is not unique to the era of post-war suburbanization. In his study, Balsas found that even with substantial investment in transit, urban design and streetscape improvements, Tempe's historic Mill District still suffered from competition from newly developed commercial centers in the suburbs in 2014.⁴⁷ Generally, these studies show that regardless of what course of action is taken to make downtowns more vibrant and attractive to retailers and shoppers, revitalization efforts must be supported by city policies that concentrate new development in city centers, and discourage the development of new competing centers in the periphery of the city.

When cities decide how they will go about revitalizing retail in their downtowns, the strategies at their disposal, as described in the literature, can be generally divided into two categories: those following a top-down approach, with large amounts of public investment in new flagship projects, or a more

bottom-up approach that relies on the work of business improvement districts (BIDs), selective planning policy, and smaller, tactical investments in the public realm and streetscape.

Top-down approaches to downtown revitalization are usually led by a single institution with strong control over city center development, and often involve public subsidies and/or financing for the construction and operation of large shopping centers, arenas, and cultural attractions in the city center. Gittell posits that centralization of power in the hands of one institution, when receptive to community input, makes the coordination of different projects more manageable, and ultimately results in more effective revitalization programs.⁴⁸

A review of past case studies reveals that in practice, most centralized redevelopment programs (like those of the SJRDA) often actually mimic best practices from suburban commercial development, and attempt to apply these to a more urban environment.⁴⁹ These include separating utilitarian functions from human ones, such that parking and storage are hidden from view from shopping areas and circulatory space for pedestrians, and the best spaces are set aside for human uses and shopping to maximize aesthetic appeal and comfort.⁵⁰ Many cities have experimented with projects like open-air pedestrian malls and downtown indoor shopping centers.⁵¹ Robertson (1997) claims that such projects have often yielded mixed results; pedestrian malls, for example,

provide quality outdoor space, but often fail to attract a proper mix of tenants and have difficulty providing adequate amounts of free or inexpensive parking to compete with suburban malls and shopping centers.⁵²

Downtown indoor shopping centers have faced similar challenges. In his profile of urban retail in Nottingham in the UK, Whysall (2013) claims that indoor shopping centers benefit in terms of tenant mix from having a centralized management structure,⁵³ but can also have a detrimental effect on street life and retail outside their walls if they are positioned as destinations in and of themselves, rather than anchors within a larger district.⁵⁴ This emphasis on integrating urban shopping centers into the wider urban fabric is echoed by Robertson (1997), who notes that the concentration of retailers in indoor spaces connected by hallways and sky-walks can result in a “fortress effect,” whereby the shopping center is isolated from the rest of the city.⁵⁵ A poor design that does not effectively integrate the shopping center into the wider urban fabric can potentially stifle activity elsewhere in the downtown area, resulting in a net decline in retail activity, even if the shopping center itself is successful.⁵⁶

Flagship cultural facilities, such as concert halls, theaters and public museums, can suffer from the same problems, as noted by Grodach and Loukaitou-Sideris (2007), who in their analysis of survey data from municipal agencies across the United States found that less than 30 percent of respondents indicated that public investment in flagship cultural facilities

induced more commercial activity and improved local quality of life than did smaller, grassroots projects and private venues.⁵⁷ They also observed that flagship projects provide limited benefits in comparison to the costs they impose on local governments.⁵⁸

Citing an example from Nottingham, Whysall (2013) argues that a “dumbbell” configuration for retail centers in urban areas can create positive externalities in terms of retail activity, and allows cities to best capitalize on public investment in downtown shopping centers.⁵⁹ This “dumbbell” configuration positions two larger shopping centers at either end on a linear axis, usually a city street or pedestrian mall, such that they effectively mimic the role of large anchor department stores in more conventional suburban malls.⁶⁰ By encouraging pedestrian activity between the anchors at the extremities, this model can encourage independent retailers to open shop along the street between them.⁶¹ This helps to combat Robertson’s “fortress effect” and situates indoor shopping centers as part a wider revitalization effort for an entire downtown.

According to all the authors cited above — Carey (1988), Robertson (1997), and Whysall (2013) — strict adherence to a typical suburban model for shopping centers is rarely effective in city centers. The tenant mix necessary for a shopping center’s success, for example, differs considerably in suburban and urban contexts, and special attention must be paid to how the shopping center interfaces with the rest of the downtown area.⁶² In short, while

they may be effective in some contexts, urban shopping centers are often difficult to implement effectively, and can actually have a negative impact on their surroundings.

A more promising model, as proposed by Carey and Robertson, is that of a downtown mixed-use center. These centers concentrate not only retail space, but also high-density office, hotel, and residential uses. The inclusion of these uses can help compensate for the fact that most urban shopping centers cannot provide the same amount of parking for shoppers as suburban malls.⁶³ Prominent examples of successful downtown mixed-use centers include San Diego’s Horton Plaza, the Arizona Center in Phoenix, and Indianapolis’ Circle Center.⁶⁴ However, as with indoor shopping centers, successful implementation crucially depends on quality urban design, engagement of city streets, and a focus on the pedestrian experience for shoppers both in and outside the center.⁶⁵

In recent decades however, large redevelopment projects like urban shopping centers and malls have become increasingly less popular. Rather, cities looking to revitalize urban commercial districts have come to rely more on decentralized strategies that engage with existing downtown businesses and non-profit organizations.⁶⁶ Mitchell (2001) describes these bottom-up approaches to revitalizing retail in downtown as being led by business improvement districts (BIDs), which collect private money from their members to solve public problems. BID-led revitalization programs are

usually more incremental and tactical in nature, and include streetscape improvements, local branding campaigns, and event programming.⁶⁷

Many BID-led revitalization programs emphasize a collective brand for local retailers.⁶⁸ A study by Ryu and Swinney (2012) found that effective place-based branding, through which local retailers collaborate on a collective image, logo, set of slogans, etc., can effectively increase individual businesses' commitment to downtown. This in turn fosters goodwill between business owners and shoppers who prefer to shop locally and support downtown businesses.⁶⁹ This creates a hard-fought competitive advantage for urban retailers over suburban shopping centers.⁷⁰ The authors note that a successful downtown brand depends on open and frequent communication between business owners.⁷¹

Multiple studies indicate that if BIDs are to be successful in promoting downtown retail through street beautification projects, events and branding, they must be backed up by complementary public policies and programs.⁷² In short, little gets done without partnership between public, and private players. As noted by Balsas (2014) extensive streetscape improvements, private investment, and marketing work on the part of BIDs cannot uphold downtown shopping districts as competitors to suburban centers if city planning officials allow for increased development in the periphery of their cities.⁷³ With this in mind, Balsas encourages city planning and economic development staff

to take a “town center first” approach to their work, and recognize that traditional city centers are worth protecting in the face of competition from new suburban shopping center developments.⁷⁴ This approach could consist of encouraging density and diversity of land uses within downtown areas, and discouraging increased development in the suburbs through zoning regulations, urban growth boundaries, and long-range land use planning.⁷⁵

Another way in which public agencies have sought to support the bottom-up revitalization efforts of local businesses and BIDs is through ground floor retail ordinances. Kline and Schutz (2001) examine a number of examples from around the United States where local planning agencies instituted ground floor retail ordinances calling for the preservation of existing retail space, and the inclusion of retail on the ground floor of all new development projects.⁷⁶ Kline and Schutz claim that ground floor ordinances, especially when paired with storefront improvement funding programs, can help to both protect existing retailers and promote retail activity in struggling areas by luring tenants.⁷⁷

Kline and Schutz also state, however, that when considering a ground floor retail ordinance, cities should be careful to consider their city's unique context and proceed with care, as a mandate for ground floor retail space can potentially lead to more vacancies if the retail market is weak.⁷⁸ This echoes points from Adler (1999) and Muhlebach and Muhlebach (2013), who state that genuinely

attractive and successful street retail districts are difficult to create or revive through government policy,⁷⁹ and that overzealous city policies to include retail on the ground floor of new developments can result in high vacancy rates, or a tenant mix that is limited to food chains and service-type retailers (e.g. banks, check-cashing, salons, etc.).⁸⁰



Past research shows that while there is generally a consensus among scholars as to why downtowns have struggled in the past to attract and support retail, there is little in the way of agreement as to how this problem should be addressed. The issue of suburban growth, competition from shopping malls and big box retail, and the rise of auto-oriented consumer behaviors factored into many authors' explanations as to why retail suffers in downtowns. When it comes to actual strategies or programs to address this problem, some advise large investment in the construction of new shopping or cultural centers that serve as anchors, providing suburban convenience in an urban setting, while others point to the costs of these projects, as well as their lack of congruence with their environments, and advocate more incremental changes through which cities enable existing businesses to help themselves, and retailers organize to make their own district more attractive as a whole.

In either of these scenarios, past research makes it clear that downtown revitalization efforts aimed at promoting retail must keep a careful eye on private markets, and that

cities must shape their policies accordingly. Studies examining the process by which retailers select locations for their stores indicate that GIS-based demographic analyses are central to this process, and should be taken into account when economic development staff attempt to sell retailers on their downtown. Planning policy should reinforce the work of economic development by encouraging the concentration of higher-density, mixed-use development in city centers.

Lastly, in examining how Downtown San Jose has developed over time, it is apparent that San Jose suffers from many of the same problems with retail as other cities across the United States, and that the city has already attempted to boost downtown retail with anchoring cultural facilities, downtown shopping centers and public realm improvements, mostly through the work of the San Jose Redevelopment Agency. Taking into account lessons from previous studies, this report attempts to determine how San Jose can learn from the mistakes of the past, and craft an economic development and planning policy for Downtown that is cost-effective, takes into account the private market, and fits into San Jose's medium-density, mixed-use pattern of development.

With this goal in mind, Chapters 4 and 5 delve into the questions of where Downtown's retail market stands today, and what a GIS-based analysis of the region as a whole can tell us regarding Downtown's potential as a retail

destination for the whole of the South Bay. These chapters draw on the findings of past literature to examine how Downtown currently fares in terms of retail assets, including business mix, vacancy, and street life, and use past studies in retail site selection and market analysis as a model for profiling Downtown's demographic market potential, and position amongst competing retail destinations.

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Source: Photo by Author.



CHAPTER 4

ASSESSING THE CURRENT CONDITION OF DOWNTOWN'S RETAIL MARKET

In order to address the problem of retail vacancy in Downtown San Jose, it is necessary to develop a thorough understanding of the current conditions of Downtown's retail market, including its current mix of existing businesses, and the square footage and spatial distribution of vacancies. This chapter is divided into two sections: Section 4.1 outlines the means by which data on Downtown's retail market was collected and analyzed, while Section 4.2 provides an overview of the overall trends and patterns this assessment brings to light. These findings will be useful in uncovering the root of Downtown's difficulties attracting retail tenants, and also provide the vacancy data necessary for a GIS-based market analysis, covered in Chapter 5.

SECTION 4.1

GETTING A PULSE: MEANS OF ASSESSMENT

The current state of Downtown’s retail market was assessed through an examination of what businesses are currently in operation in Downtown, and where development is underway to provide space for new businesses. Most importantly, the distribution of vacant ground floor retail space was also considered, both in terms of location and square footage. This assessment was based on data from the San Jose Downtown Association’s BID database, as well as firsthand observations within the study area. Special thanks are due to the staff of the Downtown Association, who made their private databases available for download and analysis for the purposes of this study upon the author’s request.

The Downtown Association’s BID database consists of records for each member business of the BID, including information on each business’ address, name, industry and business type, as well as whether the businesses is an independent local business, local chain, or state or nationwide chain. For those businesses that are included in both the BID and PBID, the database also includes the square footage of space leased by the business. Square footage, however, was not available for each and

every business in the database, including those that are included in both the BID and PBID. For a full view of data from the Downtown Association used in this study, refer to Appendices A, B and C.

Because the SJDA’s data on existing businesses and vacant retail spaces did not include a square footage figure for every ground floor vacancy, records from the database were supplemented by information on interior square footage from publicly available permit records from the City of San Jose.¹ These permit records contain project descriptions and plan sets that were used to determine or verify an interior square footage for each property.

Records available through the SJDA’s BID database were divided into three categories (In Use, In Development, and Vacant) and formatted as separate datasets, allowing for the analysis of size and use for existing Downtown businesses.

Data on existing businesses was analyzed in Excel to uncover quantitative patterns in term of industry and business type, while data on retail spaces currently under development or vacant were then imported to GIS to allow for geospatial analysis. Datasets in the form of spreadsheets were used as the tabular data for GIS feature classes, while an address locator was used to geocode property locations. Each record was verified for accuracy of address, business name and square footage through firsthand observation and cross-checks with City permit records, while errors in geolocation were corrected manually.

Once imported to GIS, data for vacant spaces and properties currently under development were used to create two maps, each displaying the geographical distribution of these spaces, as well as the size in square feet of each property using proportional symbols. GIS map layers for both vacancy and new development were clipped according to the boundaries of the study area. These maps were subsequently used to identify patterns in the distribution of vacancies and development activity. In addition, tabular data was used to organize properties by square footage to determine the total amount of retail space left vacant or under development, and the distribution of these properties in terms of size.

SECTION 4.2

DOWNTOWN'S CURRENT STATUS: KEY PATTERNS AND TRENDS

An examination of the geographic distribution of vacancies, retail spaces currently under development and existing businesses reveals a number of trends and patterns relating to retailers' demand for ground floor spaces, and the geographic distribution of occupancy in

different Downtown submarkets. Generally, there are strong indications that Downtown's retail sector is dominated by a small set of retail business types, and that the strength of the market for ground floor spaces varies considerably from block to block. The respective effects of these patterns on existing businesses, properties under development, and vacancies are examined in greater detail below.

Existing Businesses

A total of 350 retail businesses currently in operation were considered in this assessment of the Downtown retail market. Drawing on data from the SJDA's BID database, information is provided for each existing business' name, address, industry, business type, submarket, and square footage.

In terms of use and business type, Downtown's retail market is dominated by food-related businesses, including cafés, restaurants, and ice cream and frozen yogurt shops. In fact, food related businesses alone account for just under half of all Downtown businesses occupying ground floor retail space. The next most common businesses are general retail establishments, including convenience stores, and gift shops, among others, and retail services, such as salons, cleaners and banks. These types of businesses are typical of the service and eatery tenants that Adler (1999) cites as the most common tenants for ground floor space in mixed-use development in areas where the retail market is weak, or there is a surplus supply of retail space. To

Downtown’s credit, however, the vast majority of these businesses are local, independent establishments, as local and non-local chains account for only 18 percent of Downtown businesses.

Table 4-1: Existing Downtown Businesses by Business Type

Business Type	Count	Percent of Total
Culture	17	5%
Entertainment	31	9%
Food	170	49%
Gov./Non-Profit	4	1%
Prof. Services	21	6%
Retail	45	13%
Retail Services	62	18%

Table 4-2: Existing Downtown Businesses by Ownership Type

Ownership Type	Count	Percent of Total
Non-Local Chain	45	13%
Local Chain	17	5%
Independent	288	82%
Gov./Non-Profit	4	1%

An examination of the size of currently leased ground floor spaces also reveals a marked trend. Most Downtown businesses lease or own small-to-mid-size ground floor spaces. While a small number of larger restaurants inflate the average square footage for occupied retail spaces (5,221 square feet), the median square footage for existing businesses is currently 2,705 square feet, or about the size of a typical corner store or bodega. In fact, just

Table 4-3: Existing Downtown Businesses by Square Footage

Square Footage	Count	Percent of Total
< 1,000	41	18%
1,000 – 1,999	57	26%
2,000 – 2,999	34	15%
3,000 – 3,999	19	8%
4,000 – 4,999	19	9%
5,000 – 5,999	12	5%
6,000 – 6,999	8	4%
7,000 – 7,999	2	1%
8,000 – 8,999	10	4%
9,000 – 9,999	1	0.5%
10,000 + sf	20	9%
Total	223	100%
Average Square Feet	5,221	
Median Square Feet	2,705	

under two-thirds of all Downtown businesses occupy less than 3,000 square feet.

Retail Space Under Development

The market for retail space in Downtown is a mercurial one. As businesses outgrow their current homes or go out of business, new businesses move into the spaces they leave behind, often necessitating remodeling work and new tenant improvements. Currently there are twelve ground floor spaces in Downtown that are being remodeled. Of these, elev-

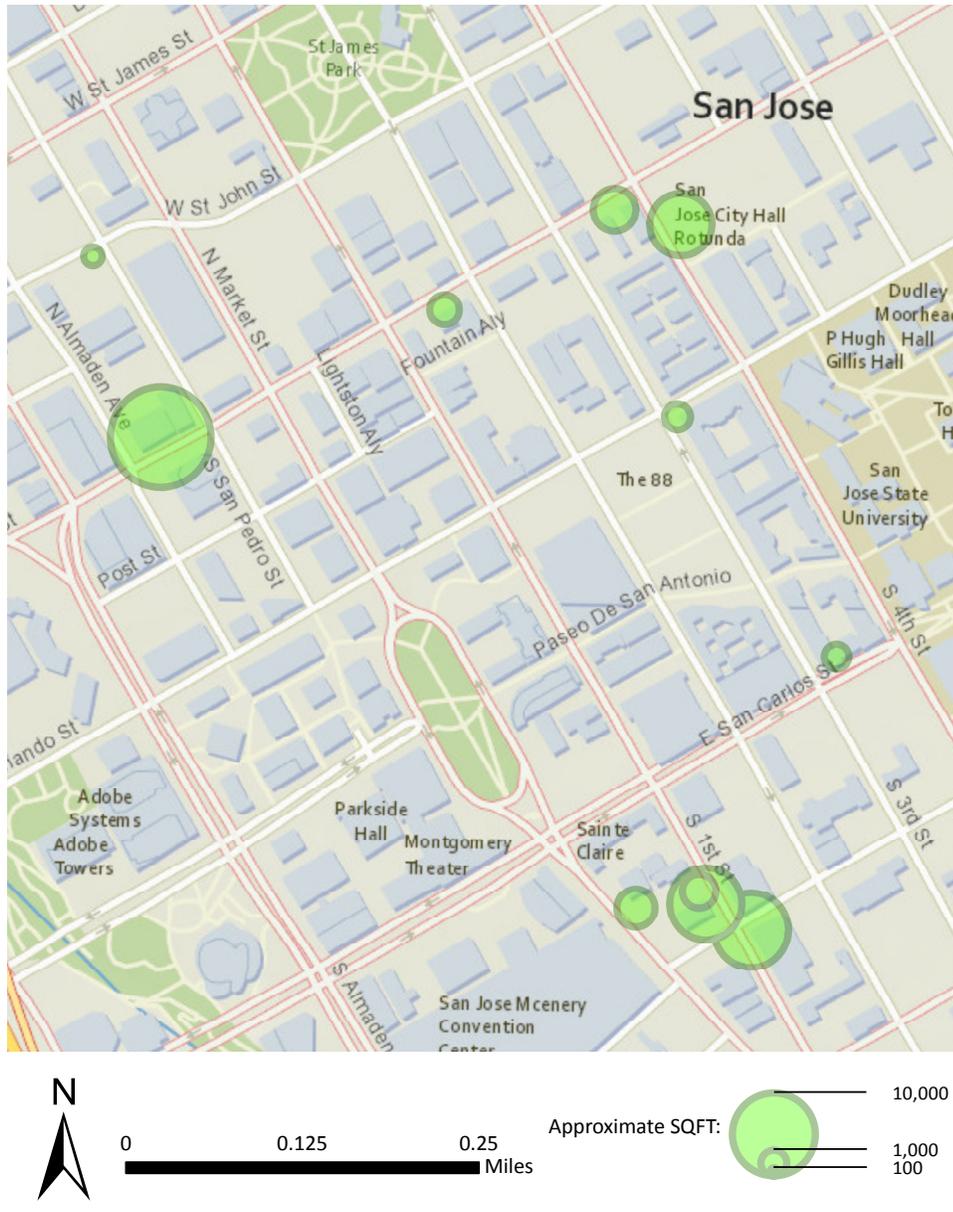


Figure 4-1: Retail Development in Downtown San Jose

Source: Map created by author using data from Esri, www.esri.com; San Jose Downtown Association BID Database.

en are being improved for a specific tenant, while one is being remodeled speculatively in order to be put on the market as restaurant space.

As may be seen in Figure 4-1, these remodel projects vary considerably in size,

ranging from 500 to 14,689 square feet. They are also concentrated along two main Downtown corridors: in the north, four projects, including the planned branch location for the United States Patent Office and a hybrid video gaming lounge, bar and restaurant con-

cept, are located on or in close proximity to Santa Clara Street, Downtown San Jose's primary east-west thoroughfare, while to the south, a number of projects are underway in a neighborhood known as SoFA (South of First Area). In both of these corridors, prospective tenants are mostly eateries and entertainment venues, including the AFK Gamer Lounge, the Ritz concert venue and club, Voltaire Coffee, and the SoFA Market and Bar. Along with the planned Patent Office, these projects indicate that there is a growing trend in San Jose to rethink how ground floor retail spaces should be used, and to consider less conventional uses, including multi-tenant market places and ground-floor office space, as opposed to conventional retail shops and storefronts.

Vacant Retail Space

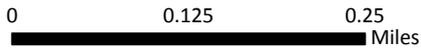
Vacant retail space can be found on most streets in Downtown San Jose. There are, however, a number of clusters and notably vacancy-free zones within the city which indicate that there is a relationship between the distribution of vacant space and the built environment. This is evident in the concentration of vacant space on certain blocks and corridors, as well as the distribution of vacant square footage per space.

Once individual vacancies have been geocoded, it is clear to see that there is a significant concentration of vacancies along the 2nd Street corridor, particularly between East Santa Clara and East San Fernando Streets. This block alone accounts for 54,457 square feet, or 23 percent of Downtown's total

ground floor vacancy by square foot. Together with other vacancies along the 2nd Street corridor, this figure rises to 146,613 square feet, or 63 percent of Downtown vacancy.

This particular section of Downtown may be particularly high in vacancy due to the size and proportion of the ground floor spaces along 2nd Street. The 54,475 square feet of vacant retail space along 2nd Street from East Santa Clara to East San Fernando is only comprised of seven individual spaces. Many of these spaces, including the ground floor of the Globe Apartments at 20 South 2nd Street (17,500 square feet) or the former Zannotto's Supermarket next door at 40 South 2nd Street (13,692 square feet) are much larger than the average downtown retail space. This may indicate that there is not sufficient demand in the market to support retail spaces of this size, which are usually utilized by mid-size apparel and grocery stores.

Another pattern to consider, which may be a factor in determining why certain Downtown spaces remain vacant, is that many of these vacant spaces were constructed by private developers in partnership with the San Jose Redevelopment Agency, or during the housing boom of the early-to-mid-2000's. The ground floor of the Globe Apartments for instance, was originally planned as a bowling alley. This plan did not come to fruition, however, and the space has never had a tenant since construction. The same can be said for 9,665 square feet of concrete shell space at 72 South 2nd Street, and ground floor spaces



Approximate SQFT:

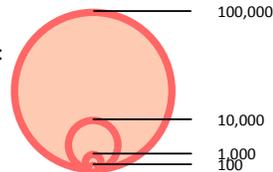


Figure 4-2: Current Retail Market in Downtown San Jose

Source: Map created by author using data from Esri, www.esri.com; San Jose Downtown Association BID Database.

in the 88 and 360 Residences residential towers, accounting for a total 11,605 square feet. With the exception of a former lobby space in the 88 condominium tower at 3rd Street and East San Fernando, all of these spaces have remained unfinished concrete shells since

their initial construction, and have failed to attract tenants for at least five years.

Despite the difficulties faced by the 2nd Street corridor, there are a number of sub-districts in the Downtown area that have been relatively successful in leasing up retail space and

reducing vacancy, including San Pedro Square, SoFA, the 1st Street corridor, and Paseo de San Antonio. The San Pedro submarket, for example, contains only one vacancy — the former home of La Piñata Restaurant — which just recently came on the market and has already garnered attention from potential new tenants. Otherwise, the submarket is entirely leased out. SoFA, the 1st Street corridor and the Paseo de San Antonio are not without their own scattered vacancies, but generally these submarkets are strong; even with the vacancies they contain, it is not readily apparent to the average passer-by that there are many empty storefronts, as the density of existing businesses and pedestrian traffic masks the occasional gap in occupancy.

Notably, leased space in these submarkets tends to be composed of narrower storefronts and smaller-scale retailers, which could indicate that vacancy in terms of square footage could be significantly reduced if the number of discreet, divided spaces within said square footage were increased. If smaller spaces are in higher demand than especially large or wide spaces, then conversion of larger spaces may result in an increase in net absorption, albeit by way of smaller, incremental leases. In

other words, within existing spaces, an increase in the number of individual vacancies through subdivision may paradoxically result in a lower overall vacancy by square foot. In the following chapter, GIS will be used as a tool to gauge the market potential for retail in Downtown San Jose based on the square footage of currently retail space, and the market areas these vacancies could potentially draw on for customers.

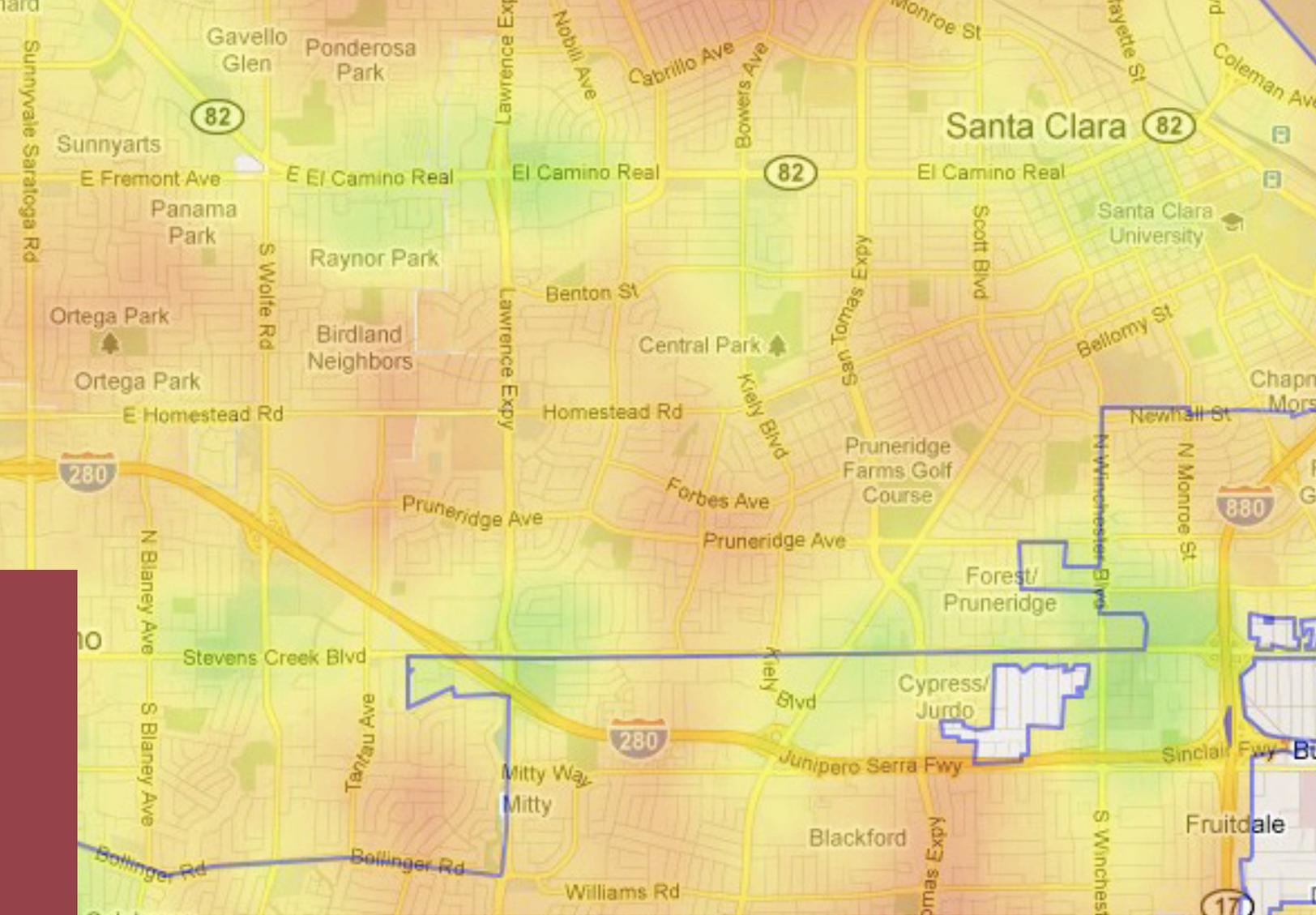


An assessment of Downtown’s retail base reveals that while Downtown has had difficulties attracting certain types of retail businesses, food- and service-related businesses, most of which are local and independently-owned, are doing relatively well. It also reveals that there is a relationship between the distribution of ground floor vacancies, and the size and layout of each building, such that Downtown’s overall square footage of vacant space is disproportionately comprised of larger shell spaces over 3,000 square feet in size, many of which are relatively new construction. In Chapter 5, vacancies of all sizes are analyzed using GIS to determine their potential customer base and market potential.

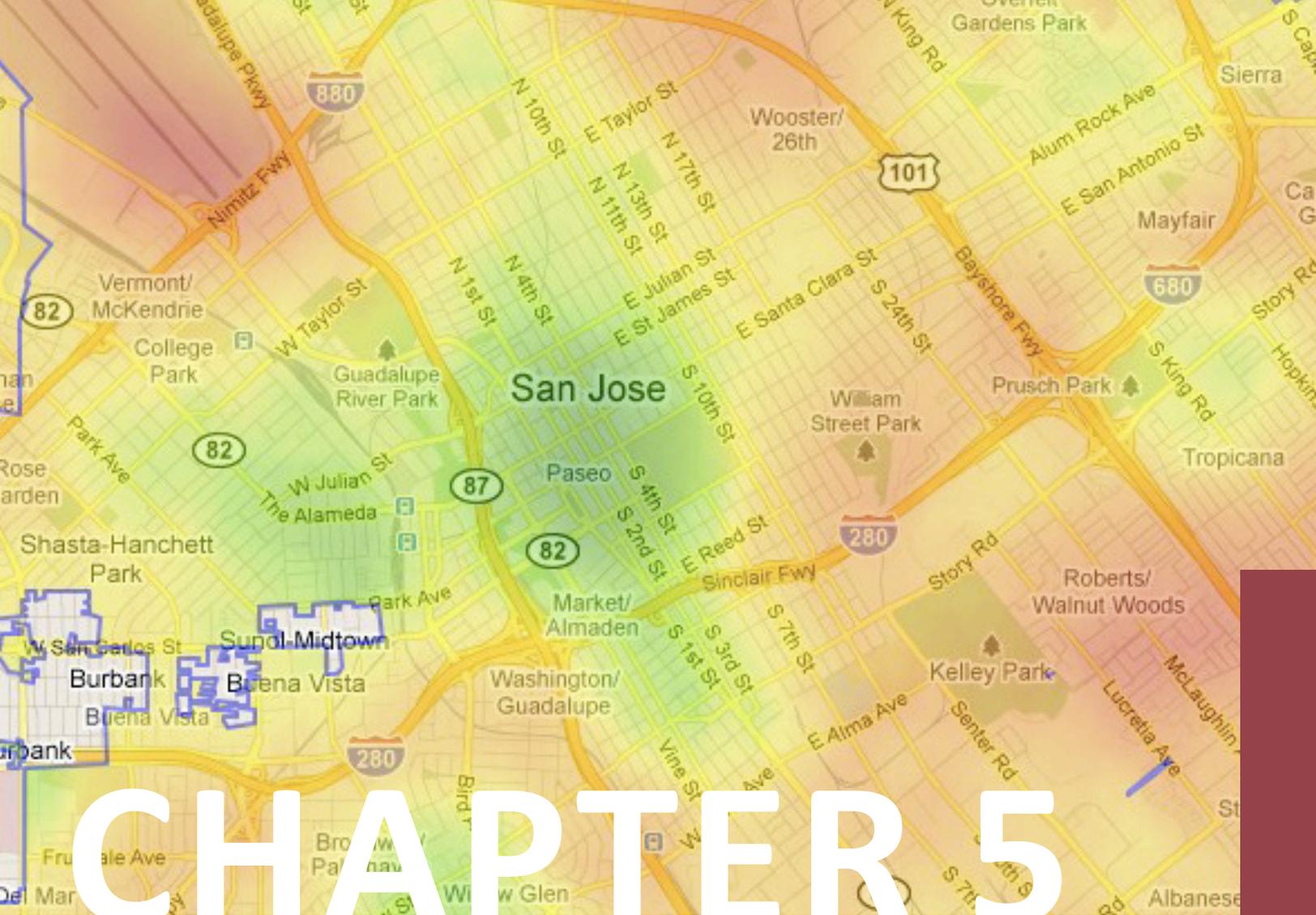
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Source: Tim Bonnemann, "San Jose Neighborhoods Walk Score," accessed April 12, 2015, <https://www.flickr.com/photos/planspark/5351341412>.



A GEOSPATIAL ANALYSIS OF CONSUMER MARKETS AND RETAIL COMPETITION

As has been noted by scholars in planning and retail studies, GIS has become an invaluable tool for both public sector professionals and retailers themselves to determine the market potential for retail uses, gauge the impact of competition on a particular store or shopping center's potential sales, and select ideal sites for new retail establishments. Drawing on vacancy data analyzed in the previous chapter, this chapter shows how GIS can be employed as a tool to determine what level of support retail may find in Downtown San Jose's consumer market, and how this consumer market is impacted by competition from other retail destinations. Section 5.1 describes the process by which this GIS analysis was conducted, while Section 5.2 explores the findings of this analysis, both in terms of the consumer market supporting Downtown, and the impact of regional competition.

SECTION 5.1

MAPPING THE DOWNTOWN MARKET: METHODS OF ANALYSIS

The second stage of examining the retail market potential for Downtown consisted of a GIS-based analysis of Downtown’s position within the larger, regional retail market, and the demographic and expenditure patterns within its trade area. This market analysis was based on the SJDA’s data on vacant ground floor retail space, and demographic and market data from the 2010 U.S. Census, extrapolated estimates for 2014, and Esri market data accessed using the company’s online Community Analyst platform. In addition, information on competing retail centers was also gathered through first-hand observation, the City of San Jose’s online permit records, property management websites, and brokerage listings and brochures.

First, Downtown vacancies were manually classified into five separate size categories by square footage, each associated with a travel distance or drive time trade area. Table 5-1 outlines the specific means of classification for vacant properties, as well as the trade areas

associated with each size category. This distinction between catchment areas for different classes of retail space by square footage is based on a similar classification scheme used in Roig-Tierno et al.’s retail site location analysis in which catchment areas were based on the floor area of the store such that smaller establishments (between 300 and 600 square meters) were given catchment areas roughly corresponding to a 5-minute walk (333 meters), and larger establishments (2,500 square meters) were given a catchment of 1,200 square meters.¹ The classification used in this study was designed to reflect the habits of urban residents in the United States, who may walk, bike, or take a short transit trip up to a mile to access shops and restaurants, but are more likely to drive to access larger, big-box retailers and shopping malls.

Table 5-1: Classification of Vacancies by Size and Trade Area

Vacancy Size (sf)	Trade Area Type	Trade Area
0-1,000	Travel Distance	0.5 mile
1,001-3,000	Travel Distance	1 mile
3,001-5,000	Drive Time	5 minutes
5,001-10,000	Drive Time	10 minutes
10,000+	Drive Time	15 minutes

With each individual vacancy now classified by square footage, ArcGIS’s “mean center” spatial statistics tool was used to calculate a single point location representing multiple vacancies. This tool calculates the location of

this single representative point by averaging the X and Y coordinates of each input point. The mean center for each size classification was then imported to ESRI's Community Analyst platform, and catchment areas were produced for each mean center according to its associated trade area as outlined in Table 5-1.

One of the core functions of Community Analyst is its ability to produce trade or catchment areas that align to the physical layout of street and path networks. Essentially, the program follows streets within the network in all possible directions up to a predefined absolute distance or travel time by automobile. In the case of travel times by automobile, the program relies on speed limits associated with individual line segments in the street network to derive catchment areas that respond to variations in travel speed and throughput on different streets. While the accuracy of these travel time catchment areas is somewhat limited by the lack of consideration for real-world traffic conditions or variation in the driving styles of individuals, it does result in a more accurate and detailed depiction of how the physical design of a street network impacts access to a given site, as opposed to simple straight-line buffers. For the purposes of this study, a network-defined catchment area was used for each class of vacancies. Absolute distances along the network were used for vacancies less than 3,000 square feet in size, and drive times for vacancies 3,001 square feet or larger, to account for differences in travel mode (e.g. walking vs. driving).

With catchment areas in hand for each class of vacancies, Community Analyst's "report" function was used to download a "Community Profile" and "Market Profile" for each catchment area, which provide detailed data on demographics, housing, employment, income, and expenditures for 2014. For the purposes of comparison, this data was imported to a master spreadsheet of market data for each catchment area (See Appendix D).

Competing retail center sites were also imported into Community Analyst to examine the overlap of their respective catchment areas on the Downtown retail market. These sites were selected manually from an aerial view in Google Maps, and included indoor shopping malls, auto-oriented retail plazas, newer mixed-use developments emphasizing retail uses, and more traditional neighborhood retail corridors where retail businesses cluster together within San Jose, and the bordering cities of Milpitas, Santa Clara, and Campbell. In ArcGIS, the boundaries of the Downtown Property-Based Improvement District (PBID), the study area of this report, were buffered by five miles to designate a general sphere of competition, which was then used to select from a set of manually digitized points representing each potential competitor site. This selection yielded 13 competitor locations to Downtown retail. Similarly to Downtown vacancies, each competitor is associated with a catchment area according to the size of its largest tenant, as shown in Table 5-2.

Table 5-2: Competing Retail Centers by Type and Trade Area

Name	Site Type	Largest Tenant	Largest Tenant (sf)	Trade Area (Drive Time)
Almaden Plaza Shopping Center	Retail Plaza	Target	120,130	15 minutes
Capitol Square Mall	Retail Plaza	Target	135,000	15 minutes
Downtown Campbell	Town Center	Recycled Books	3,800	5 minutes
Eastridge Mall	Shopping Mall	Sears	251,000	15 minutes
Grand Century Mall & Vietnam Town	Retail Plaza	Walmart	171788	15 minutes
Great Mall Milpitas	Shopping Mall	Kohl's	91,843	15 minutes
Lincoln Avenue	Town Center	BevMo	4,000	5 minutes
Oakridge Mall	Shopping Mall	Macy's	235,129	15 minutes
The Plant	Retail Plaza	Target	120,000	15 minutes
The Pruneyard	Retail Plaza	Sports Basement	40,000	15 minutes
San Jose Market Center	Retail Plaza	Target	120,130	15 minutes
Santana Row	Mixed-Use Center	Best Buy	51,913	15 minutes
Valley Fair Mall	Shopping Mall	Macy's	316,000	15 minutes

Point locations for each competitor site were loaded into Community Analyst, and catchment areas for each were rendered for drive times and distances. Note that while a simple buffer of five miles was used to select competitor sites, the catchment areas for individual sites necessitate a more fine-grained analysis, and were produced using Community Analyst’s drive time network function to mirror the method used for Downtown

vacancies. The resulting shapes provide a visual and geographic representation of how the draw of different competitor sites encroaches on the demand for retail in Downtown, and may also be used to examine how Downtown competes with different types of retail centers, including shopping malls, big-box retail plazas, and neighborhood commercial corridors.

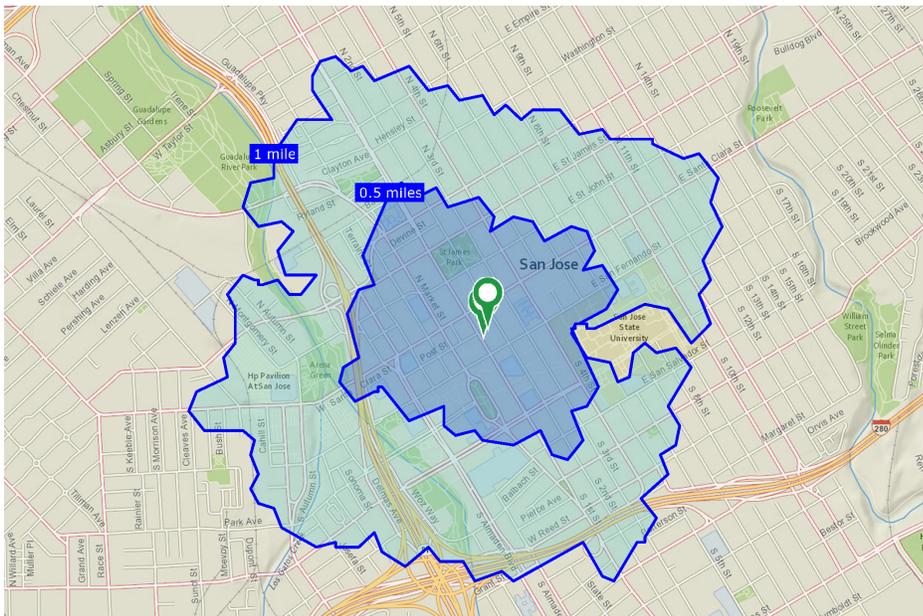


Figure 5-1: Retail Trade Areas for Vacancies under 3,000 Square Feet
The map above displays trade areas for the mean center of retail vacancies of retail vacancies between 0 and 1,000 square feet (0.5-mile distance) and those between 1,001 and 3,000 square feet (1-mile distance). These trade areas are rendered using travel distance rather than time to reflect variation in travel time (e.g. walking, cycling, or short transit trips).
 Source: Map created by author using data from Esri, www.esri.com; San Jose Downtown Association BID Database.

SECTION 5.2

THE MARKET FOR DOWNTOWN RETAIL: CONSUMER PROFILES AND MARKET TRENDS

The GIS-based market study for Downtown retail vacancies conducted in this study accounts for both the potential consumer

market for Downtown, as well as the impact of competition from surrounding retailers throughout San Jose and suburban areas outside the city limits. The results of this analysis points to both a strong retail market trade area for Downtown, but also indicates that competition from competing retail centers may limit the extent to which Downtown can capitalize on demand from the entirety of its surrounding residential neighborhoods. This section is divided into two main subsections: (1) an analysis of the consumer market for Downtown retail in relation to the size of Downtown vacancies, and (2) an examination of Downtown’s position within the larger geography of retail supply in the Santa Clara Valley.

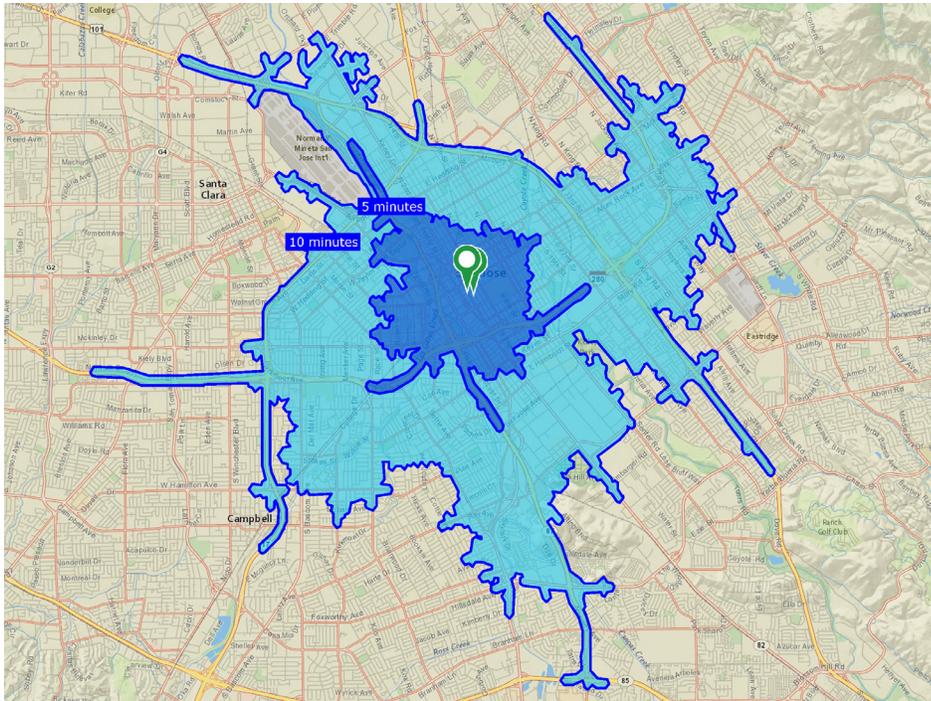


Figure 5-2: Retail Trade Areas for Vacancies between 3,000 and 10,000 Square Feet

The map below displays trade areas for the mean center of retail vacancies between 3,001 and 5,000 square feet (5-minute drive time) and those between 5,001 and 10,000 square feet (10-minute drive time). As shown on the map, the South Bay's extensive highway and expressway system significantly expands the trade area between 5- and 10-minute drive times.

Source: Map created by author using data from Esri, www.esri.com; San Jose Downtown Association BID Database.

Trade Areas for Downtown Vacancies

The Downtown retail trade area has been examined for five different classes of retail vacancies, categorized by size and associated geographic market areas:

- **For vacancies running under 1,000 square feet and between 1,001 and 3,000 square feet**, trade areas are defined by 0.5- and 1-mile walking distances, respectively. These trade areas have been defined in terms of distance, rather than time, in order to reflect how smaller retail establishments like small eateries and corner stores tend to attract neighboring residents within walking distance

of the business' location. These businesses generally serve a smaller geographic area, and are frequented by local customers who can walk, bike, or take a short transit ride to reach the store, as they are unlikely to sell large items or bulk commodities that would require transport by car. The trade areas for these smaller stores, rendered based on travel distance from the mean center of Downtown vacancies within each size category, are displayed in Figure 5-1.

- **For vacancies of more than 3,000 square feet**, trade areas have been defined according to driving times, rather than travel distance. These vacancies are divided

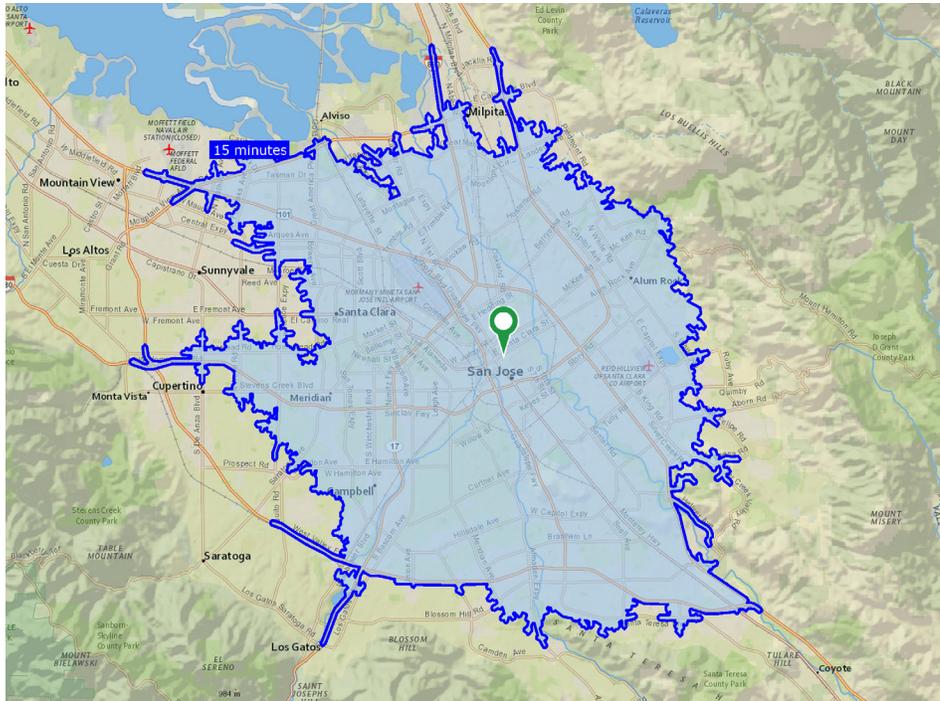


Figure 5-3: Retail Trade Areas for Vacancies over 10,000 Square Feet
This map displays trade areas for the mean center of retail vacancies over 10,000 square feet in size, corresponding to a 15-minute drive time. This trade area includes nearly the entirety of the City of San Jose, as well as large portions of Campbell, Santa Clara, Cupertino, Sunnyvale and Los Gatos.
 Source: Map created by author using data from Esri, www.esri.com; San Jose Downtown Association BID Database.

into size categories (3,001-5,000 square feet, 5,001-10,000 square feet, and 10,000 square feet or more) and their trade areas have been defined as 5-, 10- and 15-minute drive times from the mean center of each vacancy category. Due to their larger size, these retail spaces have the potential to serve as destination retail businesses, which may draw customers from beyond immediately surrounding neighborhoods. Their size also facilitates the sale of larger items or more substantial purchases, such as furniture or groceries in bulk, which must be hauled away in personal vehicles. Figure 5-2 displays the trade area covered within 5- and 10-minute

drive times, while Figure 5-3 displays the trade area within a 15-minute drive (without traffic).

Demographic Patterns and Economic Trends by Trade Area

The entirety of San Jose is home to a large and diverse population. As one moves increasingly farther out from Downtown, however, there are noticeable changes in demographic patterns, pointing to a distinctive profile of the average customer for trade areas of various sizes. These distinctions are most readily apparent when compared by age, education, household size, housing tenure, income, and consumer spending patterns.

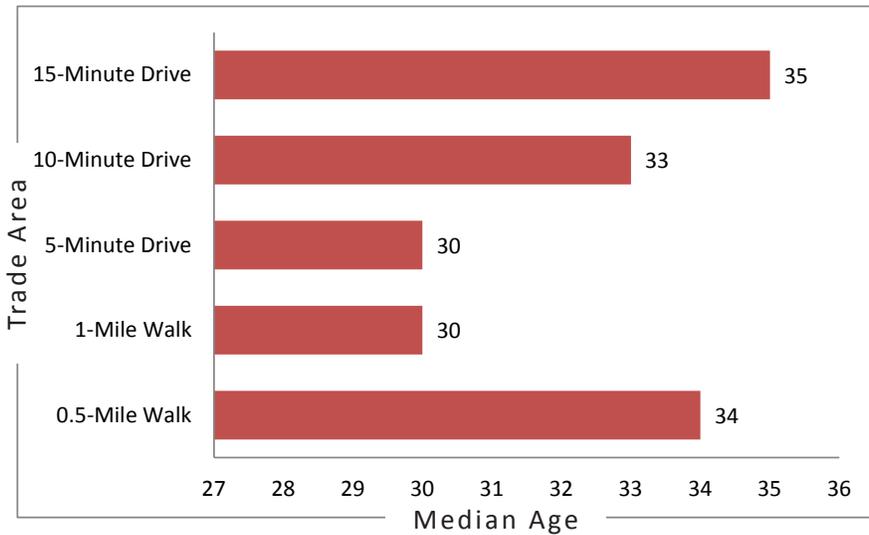


Figure 5-4: Median Age by Trade Area

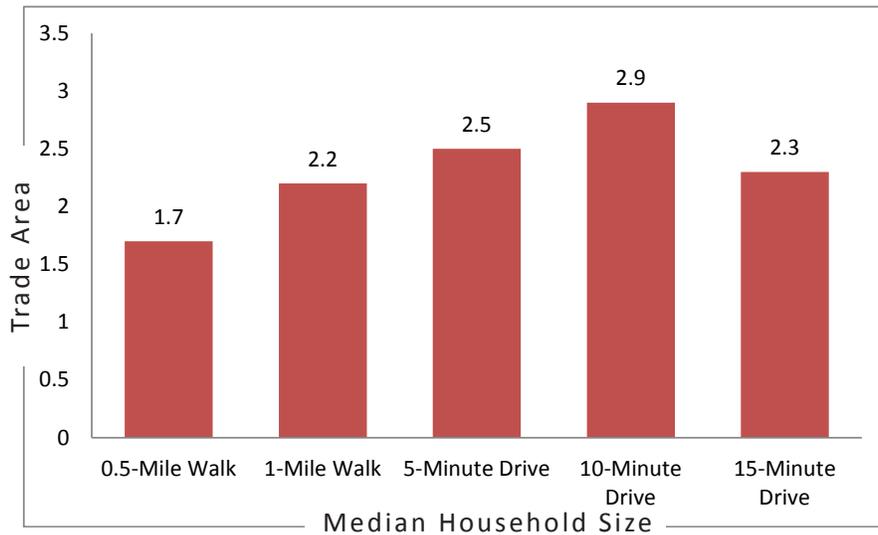


Figure 5-5: Median Household Size by Trade Area

The median age of residents between a 0.5-mile and 15-minute drive time of Downtown retail vacancies ranges from 30 to 35 years of age. There is considerable variation from trade area to trade area, as shown in Figure

5-4. Downtown’s most immediate and walkable trade area has a relatively high median age (35), while an additional half mile reduces the median age by five years (30). This is likely due to the large numbers of students

in and around San Jose State University, many of whom reside just outside of Downtown in the Julian-St. James, Naglee Park and University South neighborhoods. Within a 5-, 10- and 15-minute drive of Downtown however, median age steadily rises from 30 to 35.

These trends are reflected in the shifts in average household size by trade area as well. With the exception of the largest trade area for Downtown retail (15-minute drive time), average household size generally increases as one moves out from the Downtown core. Within a 0.5-mile walk from Downtown, the average household size is 1.7, indicating that most Downtown residents live alone, with one roommate, or in couples. Within a 10-minute drive time of Downtown, however, the average household size increases to 2.9, likely due to the number of families living in single-family suburban neighborhoods outside Downtown's immediate environs.

When looking at the number of residents with bachelors and graduate degrees, an inverse trend is apparent, by which the immediate Downtown core has the highest percentage of highly educated residents, whereas the

suburban fringe's percentage is substantially lower. Over half of the residents within a half mile of Downtown have a degree of higher education, while a 10-minute drive time out of Downtown reduces this figure to less than one-third.

The demographic trends described above are accompanied by a complementary set of trends in terms of housing tenure, incomes, and consumer spending patterns. Housing tenure, for example, displays a near linear correlation between renting vs. owning one's home, and the distance of that home from the city center. Within one mile of Downtown, more than 70 percent of housing units are occupied by renters, while expanding the Downtown trade area to include residential neighborhoods within a 15-minute drive time reduces the percentage of renter occupied housing to less than 50 percent. This trend is likely tied to the increase in median age and average household size that occurs in more distant neighborhoods, where more residents are likely to be families living in single family homes, or retirees who have lived in the neighborhood for years and paid off their homes.

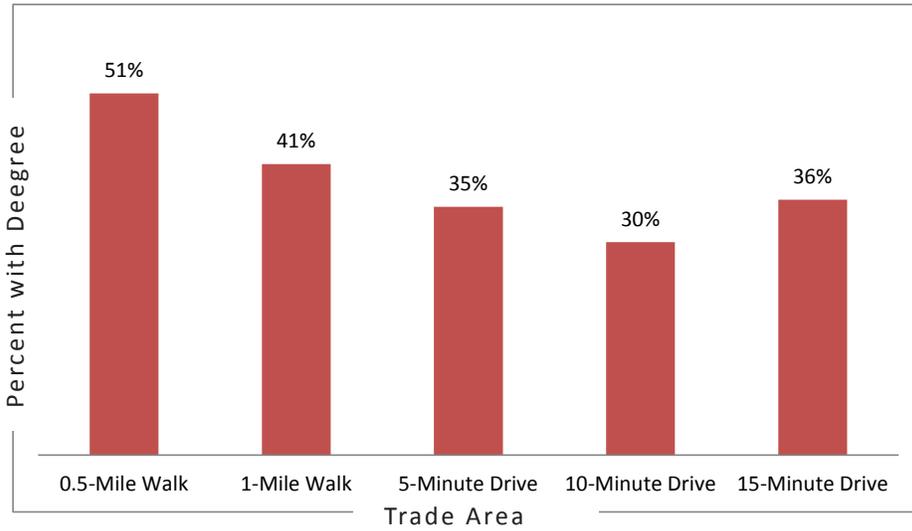


Figure 5-6: Percent of Residents with a Bachelors or Graduate Degree by Trade Area

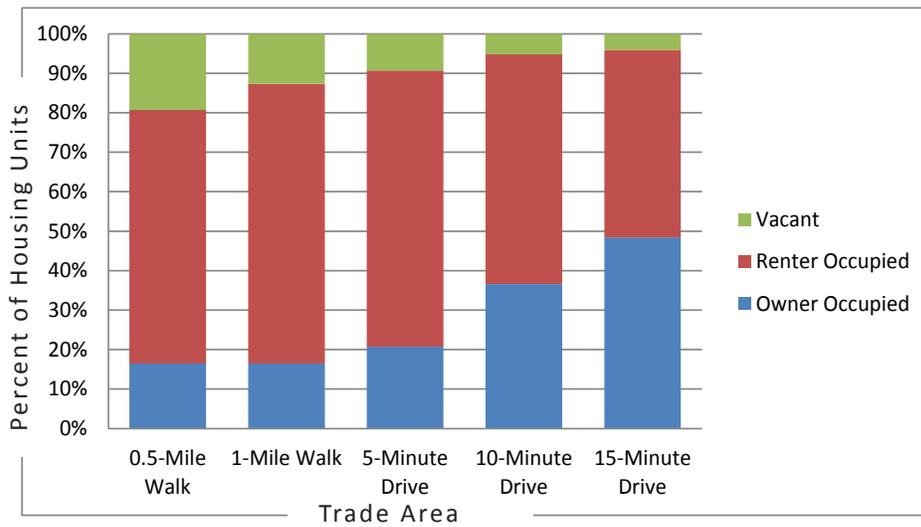


Figure 5-7: Housing Tenure by Trade Area

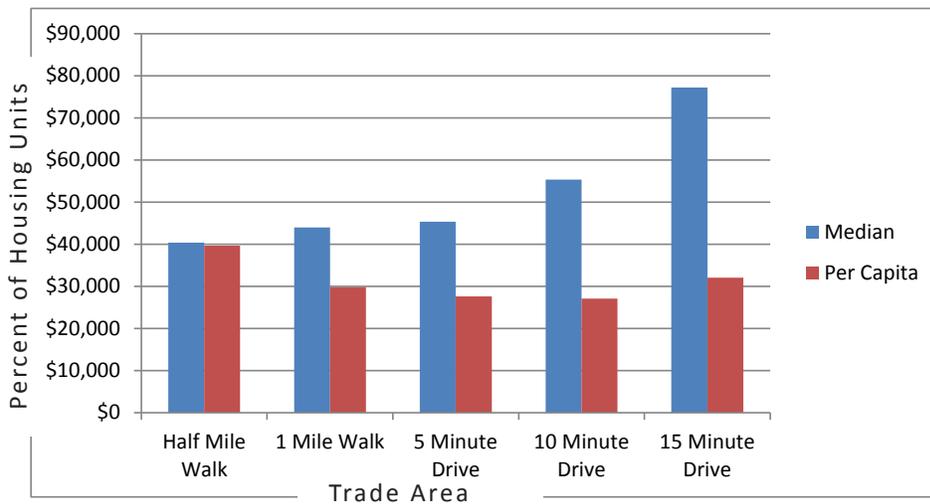


Figure 5-8: Comparing Median and Per Capita Income by Trade Area

Differences in median and per capita income by trade area are similarly correlated with trends in median age and average household size. As shown in the Figure 5-8, median income per census block generally rises as the trade area for Downtown expands. Interestingly, however, the opposite is true for income per capita, which rises as the trade area contracts in on the Downtown core. This is likely due to the fact that while residents in Downtown itself may not have as high incomes as those in suburban neighborhoods, they are more likely to live alone, or with one other person, meaning their spending power per person is higher. Larger families in the suburbs, however, have high median incomes, but must spread these incomes over a greater number of family members, thus reducing the purchasing power of each individual. This means that median income as a means to gauge the retail market potential in the Downtown core may be misleading, as these residents may have fewer dependents, and thus more disposable income despite their lower salaries.

In addition to differing in terms of disposable income, residents in different trade areas differ

on how they prefer to spend that disposable income as well. Table 5-3 contains a score for each trade area by type of expenditure. This score is relative to the nationwide average; a score of 0 indicated that consumer spending within a given category is approximately equal to the U.S. average expenditure per capita in that category. Positive and negative numbers, on the other hand, indicate that expenditure is either significantly higher (green scores) or lower (red scores) than the U.S. average.

Within the largest Downtown trade area (15-minute drive time), expenditures are the highest in all categories. Although apparel and services receives a negative score, it is still relatively higher than other trade areas closer to the Downtown core. Within this core, expenditures are highest for computers and accessories, entertainment, recreation, groceries, and dining out, while spending on media (books, music, movies, etc.) matches U.S. averages. Demand for furniture, household furnishings, apparel, and general retail goods is the weakest across all trade areas, but especially within walking distance of Downtown.

Generally, retail demand is strong in areas surrounding Downtown San Jose, especially in those areas furthest out from the city center, within a 10- or 15-minute drive. Incomes are high, as are expenditures in these areas, and there is strong demand for retail goods and services in almost every consumption category. As one centers in on the Downtown core, however, lower median incomes and

expenditures are coupled with a young, highly-educated population, living in rental housing, with smaller household sizes and higher income per capita. This consumer market within walking distance of Downtown is smaller in terms of potential sales, but it also constitutes a distinctive and more easily targeted base of customers.

Table 5-3: Consumer Expenditures per Product Category by Trade Area

	0.5 Mile Walk	1 Mile Walk	5 Minute Drive	10 Minute Drive	15 Minute Drive
Apparel & Services	-27	-29	-28	-20	-7
Computers & Accessories	6	4	6	19	41
Entertainment & Recreation	17	13	15	27	50
Groceries	1	-1	2	15	33
Dining Out	6	3	4	17	38
Household Furnishings & Equipment	-13	-16	-15	-3	17
General Retail Goods	-10	-12	-11	2	23
Media	0	-3	-2	9	28
Automotive	5	-6	-4	11	34

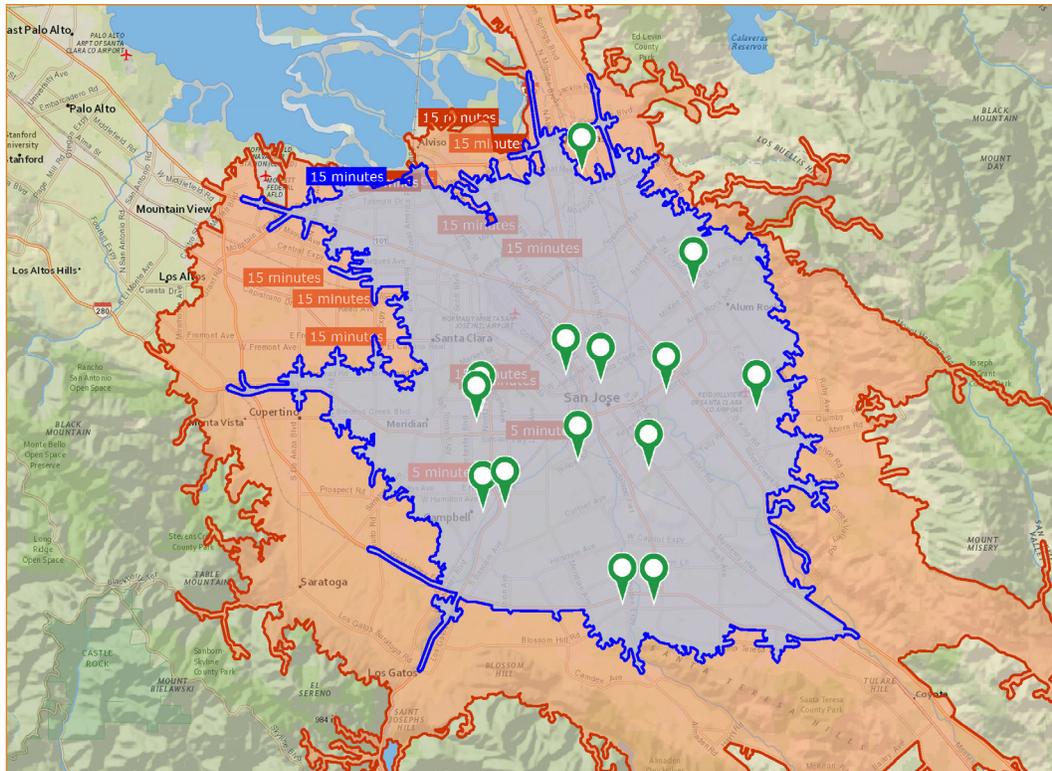


Figure 5-9: Trade Areas of Large Competitors
Trade areas were developed for 13 regional competitors to Downtown retail. These 15-minute drive time trade areas are displayed in red, with the counterpart 15-minute drive time trade area for Downtown in blue.
 Source: Map created by author using data from Esri, www.esri.com; San Jose Downtown Association BID Database.

Trade Areas in Light of Competing Retail Centers

This market study takes into account the impact of thirteen competing retail destinations within five miles of Downtown, including shopping malls such as Valley Fair and the Great Mall in Milpitas, as well as big-box

retail plazas and major neighborhood centers. The same method has been used to map the trade areas for each of these competitors as was used for Downtown vacancies, except that only one trade area was produced, according to the size in square feet of the competitors’ largest respective tenants.

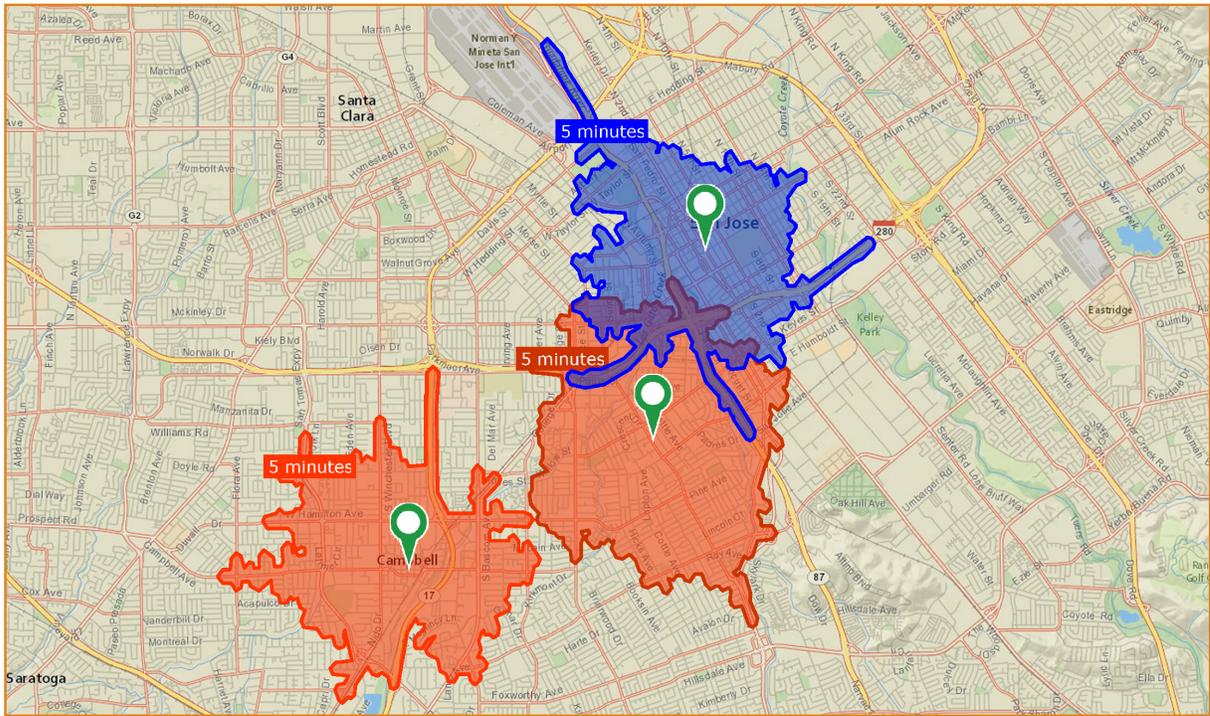


Figure 5-10: Trade Areas for Nearby Commercial Town Centers

When focusing on nearby commercial town centers like Downtown Campbell and Lincoln Avenue in Willow Glen, the level of trade area overlap is considerably less than that of large-format retail centers and vacancies. Downtown Campbell and Lincoln Avenue’s 5-minute drive trade areas are show in red, along with the corresponding trade area for Downtown vacancies between 3,001 and 5,000 square feet in blue.

Source: Map created by author using data from Esri, www.esri.com; San Jose Downtown Association BID Database.

Of the thirteen competitor sites, eleven were assigned trade areas for large anchor stores of 10,000 or more square feet (15-minute drive time), while the remaining two, Lincoln Avenue in Willow Glen and Downtown Campbell, were given trade areas for tenants leasing 3,001-5,000 square feet of space, or a 5-minute drive time. Figures 5-9 and 5-10 display the trade areas for larger competitor sites, and for smaller town center competitors.

Not surprisingly, Downtown’s trade area for vacancies of over 10,000 square feet is heavily impacted by competition from nearby

shopping malls and bog-box retail centers. It also faces competition from Santana Row, a mixed-use retail center that stands out as a unique competitor to Downtown, as it offers a similar walkable, urban experience to visitors, albeit master planned rather than organic or historic. In fact, the 15-minute trade area for Downtown vacancies is completely subsumed by the sum of trade areas for comparable competitors. In turn, these large retail centers cannibalize each other’s trade areas as well, indicating that there is a large supply of large format retail space in San Jose

and surrounding towns. Given this oversupply of space it is difficult to imagine Downtown attracting large tenants and chain retailers. As such, competition from nearby retailers limits the ability of Downtown retailers to capitalize on the size of consumer markets with substantial purchasing power in the suburban fringes of the city.

Competition from nearby town centers and retail corridors, however, allows Downtown retail much more breathing room. Because Lincoln Avenue in Willow Glen and Downtown Campbell are home to smaller retail tenants, many of which are locally owned, independent businesses, their trade areas are more neighborhood focused, and are limited to a short 5-minute drive. The incursion of Lincoln Avenue's trade area on that of Downtown's mid-size 3,001 to 5,000 square foot vacancies is minimal, limited to more sparsely populated industrial areas off Interstate 280 in Midtown, while Downtown Campbell's trade area does not intersect with that of Downtown San Jose at all.

Given the lack of strong competition of town center retail conglomerations, retailers looking for sub-5,000 square foot spaces could potentially thrive in Downtown San Jose without the need to worry about sales leeching out to competing businesses. While the market and trade area is admittedly smaller for these spaces, demographic and spending trends within a 5-minute drive of Downtown could potentially allow businesses to specifically target younger, highly educated customers with high per capita incomes that reside immediately in and around Downtown.

NOTES

1. Normat Roig-Tierno, Amparo Baviera-Puig, Juan Buitrago-Vera, and Francisco Mas Verdu, "The Retail Site Location Decision Process Using GIS and the Analytical Hierarchy Process," *Applied Geography* 40 (2013): 192.



Source: Photo by Author.



CHAPTER 6

ASSESSING THE CURRENT CONDITION OF DOWNTOWN'S RETAIL MARKET

According to prior literature and research reviewed in this report, cities around the country have utilized myriad strategies to revitalize their downtowns and urban commercial corridors, especially in regard to ground floor retail. These strategies range from top-down, project-focused initiatives to construct urban shopping centers and cultural attractions in downtown areas, to smaller scale efforts to promote collective brands for downtown businesses, or beautify streetscapes block by block.

PROMOTING A FLAGSHIP MIXED- USE CENTER TO ANCHOR DOWNTOWN

For the purposes of this study, three key overarching strategies have been drawn from the literature, so that they may be evaluated as potential options for the City of San Jose and local non-profits involved in planning and economic development looking to decrease retail vacancies in Downtown San Jose: (1) promoting the development of a flagship, retail oriented mixed-use project within the Downtown core, (2) coordinating businesses to develop a collective brand and image for Downtown San Jose as Silicon Valley's Central Social District (CSD), and (3) implementing a ground floor retail ordinance for Downtown. Each of these strategies has been evaluated according to the extent to which it has been effective in the past, its feasibility of implementation in Downtown San Jose, and its compatibility with the findings of the market analysis from Chapter 5.

One way cities have sought to revitalize the retail sector in their downtowns has been by partnering with developers to construct urban shopping centers and retail-centered, mixed-use projects. These projects, especially in heavily urbanized city centers, are usually large in scope, requiring substantial amounts of both public and/or private capital. In recent decades, as mixed-use development has grown in popularity, they often include retail uses accessible to pedestrians on the ground floor, along with high-rise residential, office, or hotel uses. Such projects are often lauded for creating a destination point within struggling downtowns, thus drawing in a large pool of potential visitors and customers that might not otherwise frequent city centers.



Figure 6-1: San Pedro Square Market
Downtown San Jose's San Pedro Square Market has become a destination for Downtown visitors. Its ability to attract customers by combining multiple tenants under one roof could potentially serve as a small-scale model for a downtown mixed-use shopping center.
Source: Adam Schultz, "IMG_1294," accessed April 10, 2015, <https://www.flickr.com/photos/adamrschultz/8843636095/>.

Effectiveness in Reducing Vacancy and Boosting Retail Activity

While not a direct, one-to-one counterpart for urban shopping centers, an example of this draw of destination retail on a large market of customers can be seen on a relatively smaller scale in the San Pedro Market, located on the northwest side of Downtown. The San Pedro Market benefits from a centralized property management system, similar to the centralized systems that

can lend larger urban shopping centers a competitive advantage in the retail market in terms of tenant mix.¹ The market has been successful in marketing a collective, professionally managed space for eateries in search of smaller retail spaces for their businesses (often less than 500 square feet). By bringing these small businesses to the market, management at San Pedro has been able to capitalize on the demand from businesses for smaller spaces and combine the draw of these businesses to create a

larger whole that attracts customers from throughout the city. The market's success has also played a role in reducing retail vacancy in its immediate environs as well, in addition to spurring investment in nearby mixed-use residential projects.

If a flagship retail center were to be as successful as the San Pedro Market has been, however, special consideration must be given to its location, and the way the design of the project interacts with the public realm outside its walls. A “fortress effect,” by which the design of urban shopping centers isolates the development from surrounding neighborhoods (and may even have a net negative impact on the retail market in general), has been noted by numerous writers examining their implementation in cities both here in the United States and abroad.² In order to be successful, an urban shopping center or mixed-use project in Downtown San Jose must be designed to engage pedestrians at the street level, and respond to the architecture of existing structures and circulatory routes nearby.

Although there is a possibility that a flagship retail center could effectively put Downtown on the map as a shopping destination, there are a number of important factors related to design and pedestrian connectivity that must be carefully considered to avoid the risk of failure. If successful, such a center would do a great deal for downtown's retail market, both by drawing in new customers and by radiating market strength beyond its walls to nearby

retail corridors. If such a project was not properly implemented, however, it could also have a negative impact on net absorption, and further discourage other retailers from locating in Downtown. Due to the complex nature of mixed-use and large-scale retail development in urbanized areas, betting on the success of a flagship Downtown project would be a risky proposition for San Jose. One need look no further than the Redevelopment Agency's Pavilion Shopping Center to see how these types of projects may not live up to the expectations of planners and developers.

Feasibility in Downtown San Jose

Despite its position as the most dense and urban part of San Jose, Downtown actually provides a substantial number of potential sites for large developments in the very core of the city. As may be seen in Figure 6-2, the San Jose Downtown Association has identified 25 separate potential sites for large-scale projects. These sites include underutilized lots, surface parking lots, and sites occupied by temporary structures.

In addition to their size, many of these developable sites are also located on, or in close proximity to existing clusters of retail in the San Pedro Square, Historic District, and SoFA areas. Due to the variety of sites, there is potential for the construction of multiple smaller shopping centers that could serve as anchors in a “dumbbell” configuration, a pattern of development that has been shown in other cities to foster the informal cohesion of retail along struggling corridors between

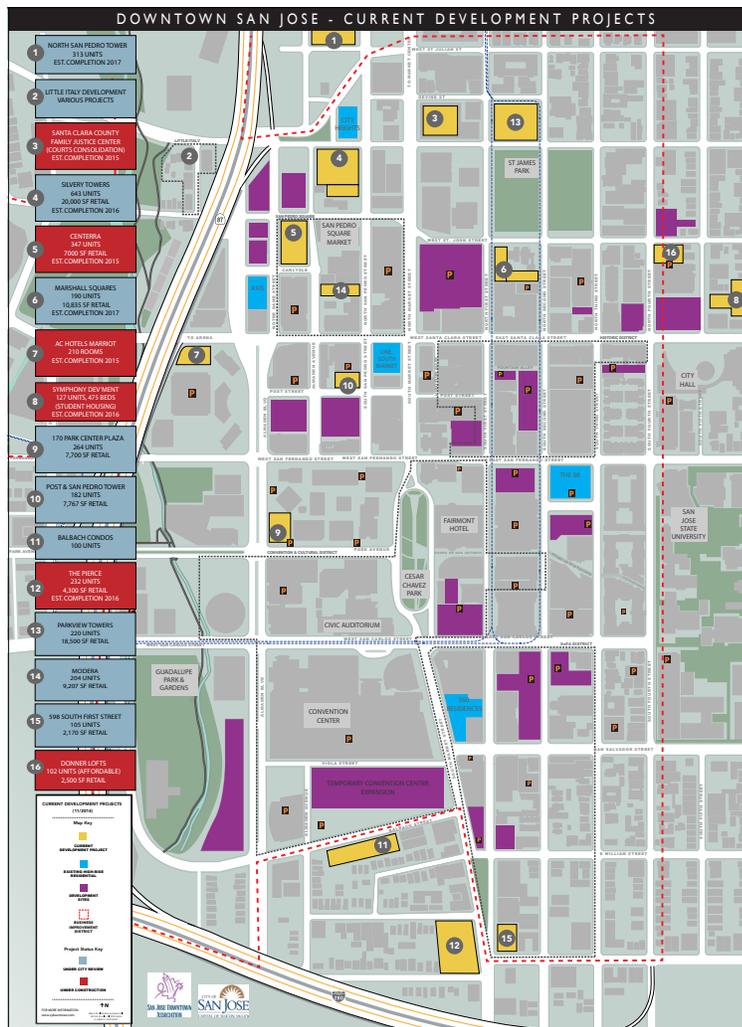


Figure 6-2: Potential Downtown Development Sites

Downtown contains a number of different under-utilized sites that are ripe for redevelopment. This map from the San Jose Downtown Association’s website outlines these potential development sites in purple (current development projects in yellow).

Source: San Jose Downtown Association, “Downtown San Jose – Current Development Projects,” accessed January 15, 2015, http://sj-downtown.com/wpsite/wp-content/uploads/2014/12/Web_DowntownSanJose_CURRDEV_12.12.14.jpg.

anchors.³ The parking lot on the west side of 2nd Street between East Santa Clara and San Fernando Streets would be a prime lot for a such a development due to its large size (1.25 acres), and access to transit and pedestrian routes along Fountain Alley. It could also serve as a dumbbell anchor along with similar developments further west on Santa Clara, or south

in the SoFA neighborhood, bringing increased pedestrian traffic to areas of 2nd and Santa Clara Streets where ground floor vacancies are currently concentrated.

There are, however, a number of serious obstacles facing the development of a mixed-use downtown shopping center on these lots.

First of all, the dissolution of the San Jose Redevelopment Agency has removed both the primary agent and source of funding that would otherwise support such development. This means that there is no viable public partner for projects backed by public-private partnerships, at least in terms of financial backing. This means that the City of San Jose, if it intended to promote such a project, would have to go through an RFQ/P process, and wait for private developers to determine that a mixed-use downtown shopping center would yield an attractive return on investment. In this case, it is more likely that private investment would cautiously shy away from such a project due to the current weakness of Downtown's retail market.

Compatibility with Downtown's Retail Market and Level of Competition

One of the main advantages of having a full-fledged shopping center in a downtown area is the ability of such centers to create a destination point, heightening a downtown's profile in the retail market, and drawing in a larger market of customers. In San Jose, this ability to draw in customers from a larger market area would be particularly useful, as it is in the trade area for the largest retail spaces (within 15-minute drive time of Downtown) that consumers' incomes and yearly expenditures on retail goods is the

highest. If a downtown mixed-use center was able to draw on a substantial amount of customers within this trade area, retailers would be able to capitalize on a market where the median household income exceeds \$75,000 per year, and consumers spend on average between 20 and 50 percent more per year on retail goods, dining, entertainment, and electronics.⁴

There is, however, a considerable amount of competition from competing retail centers in the region that may make it difficult for a downtown shopping center to stand out as a viable retail destination. Though many competing centers are malls and big-box plazas that may not compete directly with a mixed-use shopping center, it is likely that Santana Row, which seeks to create a similarly urban atmosphere for shoppers, would significantly impact a downtown mixed-use center's ability to draw customers from throughout the city. In short, while a mixed-use shopping center would allow Downtown retail to capitalize on a wider market with greater purchasing power, it would have to contend with formidable competition from other commercial centers in San Jose, which could potentially weaken the resiliency of Downtown's retail market through economic downturns.

INSTITUTING A GROUND FLOOR RETAIL ORDINANCE AND PROVIDING GRANTS FOR PROPERTY IMPROVEMENTS

In some cities where retail has struggled to come to the fore as a primary use for ground floor space, planning departments have instituted ground floor retail ordinances that mandate the inclusion of retail space on the ground floor of new development, and that existing ground floor space may only be used by retail businesses. Often times such ordinances are paired with economic development grants and incentive programs for facade improvements. Ground floor retail may be inserted as an amendment to development and zoning codes, as well as design guideline documents drafted for downtown and neighborhood commercial districts, and are intended to protect existing retail businesses, promote pedestrian traffic, and ensure that the design of new developments complements existing ground floor uses.

Effectiveness in Reducing Vacancy and Boosting Retail Activity

As noted by Kline and Schutz (2001), the institution of a ground floor retail ordinance can play a major role in fostering retail activity and pedestrian traffic in existing commercial areas where retail has struggled in the past.⁵ These ordinances serve to bolster retail districts in two ways. First, they require that ground floor space be used exclusively by retail tenants and restrict the incursion of office, professional service, and other non-public-facing uses. This reduces the amount of competition for real estate faced by retail businesses, effectively reducing their operational costs and making it easier for retail tenants to gain a foothold and remain in business over time. When coupled with incentives and grants for facade improvements, these businesses can also lower the costs that go into improving their spaces, which is ultimately beneficial to the neighborhood as a whole, and can help to attract additional businesses.⁶

Retail ordinances also operate by regulating the form of new development in commercial districts. Most often, they demand a minimum amount of ground floor street frontage to be dedicated to customer-oriented retail space. In some cases, an ordinance may operate through municipal zoning codes or approved design guidelines to more precisely specify the form these spaces should take within the building, and how they ought to engage with the street wall and public spaces in the districts. This attention to the impact of a

consistently active street wall on both the function and aesthetics of retail corridors can help to reinforce the character of commercial corridors, and allows retail businesses to cluster together to attract more customers, as opposed to being separated by parking garages, blank walls, and other examples of non-active street frontage.

The extent to which retail ordinances can be successful in supporting and attracting retail tenants depends, however, on the current level of demand for retail space. While such ordinances can be especially useful in areas where retail struggles due to competition for ground floor space from other commercial tenants such as offices and professional service locations, they may be more problematic in districts where the market for ground floor space is relatively weak, regardless of tenants' preferred use.⁷ In these cases, retail ordinances can potentially backfire, and result in an increase in the number of vacant ground floor spaces.⁸ Otherwise, the tenant mix for ground floor space, especially in new developments, tends to be dominated by chain and retail service businesses, which are not generally the types of businesses that draw in large amounts of customers, or substantially contribute to the overall character and vibrancy of downtowns.⁹

Considering the already high level of vacancy in Downtown San Jose, as well as the lack of formidable competition for retail space amongst office users, it is unlikely that a retail ordinance limiting the types of businesses that could utilize ground floor spaces would be effective in drawing more retailers to downtown. Currently, office use is permitted by right in ground floor spaces under 20,000 square feet that do not front street intersections,¹⁰ and yet government, non-profit, and professional service businesses account for only 7 percent of all ground floor tenants in Downtown San Jose.¹¹ Because demand for retail space, especially large spaces, is so low, increased restrictions would likely have a net negative impact on the absorption of retail space in Downtown, even if an emphasis on quality design in new developments did help to tie existing centers of retail activity together.

Feasibility in Downtown San Jose

If decision makers involved in planning and economic development in San Jose did in fact want to institute a ground floor retail ordinance, and there was sufficient buy-in on the part of local political leaders, the process would be relatively simple. A retail ordinance could be instituted as an amendment to the

municipal zoning code, specifically to the DC-DG Downtown Commercial zoning designation in Section 20.700.100. Within this section of the code, there are already restrictions on certain non-retail uses in Downtown ground floor spaces, including business support uses, research and development, arcades and pool rooms, and it is not unthinkable that more restrictive measures could be put in place.

A zoning amendment would need to be examined and evaluated by City staff, and approved by the San Jose Planning Commission and City Council before it could be implemented. Through this process, the ordinance would be examined in regards to its adherence to the goals of San Jose's *Envision 2040 General Plan*. Considering the General Plan includes positioning Downtown as a walkable, active entertainment and cultural destination for the city as a whole,¹² a reasoned argument could be provided for a ground floor retail ordinance, due to the impact such ordinances have had in other cities in revitalizing downtown retail and urban commercial centers.

Compatibility with Downtown's Retail Market and Level of Competition

Ground floor retail ordinances are simultaneously intended to impose a regulation on the

market for commercial space to protect existing retail corridors when the market is strong and demand is high, and also on the construction of retail space in new development when demand for such spaces may be considerably weaker. In its current state, the Downtown market more closely resembles the latter, as there are large swaths of vacant properties along Downtown streets, and strong competition from other retailers located farther out in the suburbs of the Santa Clara Valley.

As such, the final results of implementing a ground floor retail ordinance in Downtown San Jose would likely be mixed. On one hand, a mandate that ground floor retail space be included in all new development projects, along with grant programs for facade treatments and property improvements, would likely serve to strengthen Downtown as a center for retail businesses in years to come, once the market grows sufficiently to support these businesses. In the short-term however, further restrictions on the use of ground floor space for customer-facing businesses, along with the development of even more retail space in future developments could have a serious and negative impact on the commercial real estate market, leaving even more retail spaces empty along Downtown's streets.

BUILDING A BRAND FOR SAN JOSE'S CENTRAL SOCIAL DISTRICT

In its report, *The Future of Downtown San Jose: How the South Bay's Urban Center Can Achieve its Potential*, SPUR raises the question as to whether Downtown San Jose should be thought of as a conventional central business district (CBD), with daytime office uses and eateries for workers, or rather as a central social district (CSD) where residents gather for dining, entertainment, and cultural attractions.¹³ Ideally, Downtown would have elements of both, but the distinction brings up the question of how Downtown ought to distinguish itself as a unique regional destination. There is potential for Downtown San Jose to capitalize on its status as a social center for the region, and actively brand itself as the center for urban living, dining, and entertainment in the South Bay. A branding exercise of this nature would include a coordinated effort on the part of Downtown businesses to align their promotional messaging to this end, as well as a concerted effort on the part of the City and non-profits involved in business development to actively target potential new tenants that would support Downtown as the region's CSD.

Effectiveness in Reducing Vacancy and Boosting Retail Activity

Most branding strategies consist of a selecting a collective set of logos, imagery, slogans, etc. that represent the district as a whole, and are used by organizations representing downtowns, as well as individual businesses. When implemented successfully, a strong downtown brand can be instrumental in raising the area's profile in the wider market for retail goods in a city. Cohesive, specific branding efforts can be effective in encouraging businesses to relocate and commit to a downtown area, which in turn fosters goodwill with segments of the public looking to support unique, independent, local businesses.¹⁴

Though a strong and cohesive brand could help to reduce vacancy by attracting new retailers and customers, it is difficult to gauge how effective a marketing strategy would ultimately be. The genuine brand and sense-of-place that many shoppers find most attractive about thriving urban commercial corridors is difficult to reproduce artificially through marketing, even if it is based on an area's real and unique assets.¹⁵ Ultimately, a branding campaign centered on marketing Downtown as a hotspot for urban living, dining and entertainment would not be a risky proposition, but it must be backed up by supportive policies on the part of the City of San Jose, whereby commercial development outside the Downtown area is limited, or least de-emphasized, in favor of a "town-center" approach that concentrates new development in Downtown.

Feasibility in Downtown San Jose

A branding campaign for downtown businesses stands out as an attractive option for City staff and non-profits looking to boost retail activity in Downtown San Jose largely because it has the potential to yield a return on investment that is high relative to its costs. A Downtown branding strategy would require more in the way of creativity than capital from the City of San Jose or Downtown businesses themselves. It is also a project that is familiar to staff from the City's Office of Economic Development, as well as the Downtown Association, who frequently produce marketing materials to promote business development.

The San Jose Downtown Association, in particular, would be well positioned to lead the effort to re-brand Downtown as San Jose's CSD, as it represents and works directly with the existing Downtown businesses that must be brought to the table in order to produce a branding strategy that engages both businesses and customers, and is true to the area. The Downtown Association would be able to foster communication between these businesses and involve them directly in the creative work behind the brand. Such a project could be initiated immediately, with little capital cost.

Compatibility with Downtown's Retail Market and Level of Competition

A Downtown place-based branding strategy would be particularly cost effective within a small geographic area, as it would be easiest to reach target markets that already

live in and around Downtown, but may not frequent Downtown businesses. These areas would roughly correspond to the market for retail space under 3,000 square feet, within a 0.5- to 1-mile walk from Downtown. Fortunately, these walkable areas of the city, where banners and advertisements could be directed toward pedestrians in public spaces, are the market areas for Downtown retail that face the least amount of competition from other retail centers in the region.

Within this walkable area of relatively low regional competition, residents tend to be younger, live in small households, and spend large amounts of their income on dining out, entertainment and recreational activities. This segment of the consumer market is also highly educated, and includes many students from San Jose State University living in neighborhoods near campus. Focusing on Downtown's role as a center of social activity, entertainment, dining, and an active urban lifestyle could be especially effective for students and young-to-middle-aged professionals in this market segment who are less likely to have large families and dependents. These residents would likely respond well to efforts to re-brand Downtown San Jose as a hotspot for entertainment, nightlife, and good food.

FINAL RECOMMENDATIONS FOR DOWNTOWN SAN JOSE

Each of the revitalization strategies for retail profiled above has its own strengths and weaknesses. The development of a flagship mixed-use retail center in the Downtown core, for example, could be a huge boon for Downtown as a whole, and could allow the retailers in the area to capitalize on larger number of visitors such a project would likely draw to Downtown, but would require massive amounts of capital and control over the development process that the City of San Jose simply no longer has at its disposal without the Redevelopment Agency. Branding Downtown as San Jose's CSD, on the other hand, would be much less capital intensive, and could be implemented on a smaller scale, but the actual impact of a localized marketing strategy may not be adequate to address the real problems with retail vacancy that Downtown currently faces.

The prospect of introducing a ground floor retail ordinance in Downtown San Jose stands as a uniquely direct and feasible option for the City of San Jose. Local non-profits could play a role in advocating for specific provisions of the ordinance, while the City could easily make minor changes to its zoning code and implement them through the design-review process for both new development and renovation projects. The City's Office of Economic Development also already has a grant program for storefront rehabilitation projects, through which property and business owners can have their permit fees waived, which would pair well with a retail ordinance aimed at revitalizing retail along existing commercial corridors in Downtown like Santa Clara and 2nd Streets.

One of the main problems with instituting a ground floor retail ordinance, however, is that use restrictions aimed at protecting and promoting retail uses may actually result in higher number of vacancies if the language of the policy is not specifically drafted so as to flexibly allow for changes in demand for ground floor commercial space. In order to account for this lack of flexibility, the City of San Jose would be well advised to consider

the institution of a ground floor retail ordinance that focuses on the form of ground floor spaces, rather than their use, at least in the short-term while demand for retail space is low. The following recommendations lay out a set of policies and initiatives that the City and its non-profit partners could implement or advocate, in the interest of crafting and supporting a ground floor ordinance that supports retail uses, and lowers vacancy. Main institutional players that could potentially lead each effort are indicated in parentheses:

- 1** Lower restrictions on unconventional uses of ground floor retail space (e.g. ground floor offices, medical and veterinary uses, arcades etc.) in Downtown, and streamline or eliminate the need for conditional and special use permits for these uses. (Planning Department).
- 2** Advocate for the inclusion of retail space on the ground floor of all new developments, such that Downtown street walls are active and transparent (San Jose Downtown Association, Planning Department).
- 3** Advocate for retail in new developments to be divided into manageable sized spaces for which there is market demand (San Jose Downtown Association, SPUR).
- 4** Expand funding for the Storefronts Initiative, and provide fee waivers and grants for interior subdivision and finishing of large vacant retail spaces, as well as building facades (Office of Economic Development).

In effect, these recommendations would institute a reverse ground floor retail ordinance, whereby use regulations are made more permissive, rather than restrictive. Currently, the City of San Jose's DC-DG zoning code (for ground floor spaces zoned DC Downtown Commercial), places restrictions, ranging from special use permit requirements to outright prohibition on a number of uses which might otherwise fill up retail vacancies in downtown, including second-hand retailers, offices, business support services, animal and pet care, pool rooms, arcade entertainment, publishing, and drinking establishments. While there are a number of conditions for these uses that are reasonable and prudent, lowering restrictions on some, if not all, of these uses could allow more potential tenants to utilize long-vacant ground floor spaces in Downtown.

These recommendations also consider the form of ground floor space, rather than just the use. As indicated in Chapter IV's assessment of current market conditions in Downtown, there is a relationship between vacancy rates and the size of individual retail spaces, as it is more difficult to find tenants for larger spaces, especially those over 5,000

square feet. As such, it would be advisable for the City of San Jose Planning Department, the Downtown Association, and SPUR to work together to engage developers and advocate not just for the inclusion of ground floor retail space, but for retail spaces that are shaped and sized according to demonstrated demand in the market (3,000 square feet or less). This would allow the City of San Jose to allow for expansion of the Downtown retail market in future years by providing ground floor space in new developments, while ensuring that this space will lease as quickly as possible, rather than languishing empty for years in search of one large anchor tenant.

In addition, the Office of Economic Development's Storefront Initiative could be used as a model for similar grant and fee waiver programs for the interior improvement and subdivision of empty Downtown storefronts. In Downtown San Jose, there are a number of storefronts and facades that have benefited from these programs, but there are others that cannot find viable tenants despite exterior beautification work because their interiors are large, awkwardly proportioned, and unfinished. If funding for the storefront program was extended to include interior

renovations and subdivisions, the program could work in tandem with decreased use regulations and design-review advocacy work to diversify the types of businesses that occupy the ground floor, and align Downtown properties to market demand.



As opposed to suburban setting where successful retail depends on providing the greatest variety of goods and services to the widest variety of customers, urban retail relies on strong place-based branding and character, which is notoriously difficult to contrive in practice,¹⁶ and relies upon a targeted appeal to specific segments of consumers.¹⁷ With this in mind, as well as the competitive advantage Downtown holds on attracting customers from its immediate geographic vicinity, it seems that Downtown would be best positioned to cater to the growing population of young professionals, students and retirees that call Central San Jose Home, and focus revitalization around the attraction of entertainment, dining and culture.

As evidenced by the impact of San Jose's past forays into downtown revitalization, creating a strong retail market that engages a

critical mass of customers and capitalizes on the economic vitality of the region as a whole is a complicated and multi-faceted endeavor. The results of large public investments, master plans and regulatory interventions often result in unforeseen consequences and uncertain returns.

Amending the zoning code to open up ground floor spaces to a wider variety of tenants, and directing carefully managed funds to align the current supply of space with the needs of tenants could potentially allow the City to address the issue of retail vacancy in a manner that is flexible enough to respond to changes in the market, and does not incur high capital costs. In the end however, it is people that drive the success of retail markets, and not buildings, plans, and policies. Along with the policy recommendations of this report, increased, high-density housing and commercial development in Downtown and its immediate surroundings is the most dependable way to lower the rate of vacancy, and draw a larger proportion of nearby residents to shop along Downtown's streets.

NOTES

1. Paul Whysall, "Retail Planning and Retail Change in Central Nottingham Since the 1970s," *Town Planning Review* 84, no. 6 (2013): 789.

2. *Ibid.*, 790; Robertson (1997): 394.

3. Whysall, "Retail Planning and Retail Change," 791.

4. See Figure 5-7 and Table 5-3 for comparisons of median income and consumer spending by market area, respectively.

5. Kline and Schutz, "Getting in on the Ground Floor," 14-17.

6. *Ibid.*, 16.

7. *Ibid.*, 17.

8. *Ibid.*

9. Adler, "Everyone goes. . . Downtown," 1.

10. City of San Jose, "Chapter 20.70 - Downtown Zoning Regulations," in *San Jose, California – Code of Ordinances*, accessed December 11, 2014, https://www.municode.com/library/ca/san_jose/codes/code_of_ordinances?nodeId=TIT-20ZO.

11. See Table 4-1: "Existing Downtown Business by Business Type".

12. City of San Jose, "Chapter 1: Envision San Jose 2040," in *Envision San Jose 2040 General Plan* (San Jose, CA: City of San Jose, 2011), 23.

13. SPUR, *The Future of Downtown San Jose: How the South Bay's Urban Center Can Achieve its Potential* (San Jose, CA: SPUR, 2014), 13.

14. Ryu and Swinney, "Aligning Business Owners for a Successful Downtown Brand," 106.

15. Muhlebach and Muhlebach, "The 'Malling' of American Retail," 24.

16. *Ibid.*

17. *Ibid.*; Runyan and Huddleston, "Getting Customers Downtown," 58.

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APPENDIX A: EXISTING BUSINESSES

Source: San Jose Downtown Association, Business Improvement District (BID) Membership Database, March 21, 2015.

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
CAMERA 12 CINEMAS	ENTERTAINMENT	MOVIE THEATRE	Local	201	S. SECOND ST	PASEO DE SAN ANTONIO	70300
CAMERA 3	ENTERTAINMENT	MOVIE THEATRE	Local	288	S. SECOND ST	PASEO DE SAN ANTONIO	
SCOTT'S SEAFOOD	FOOD	RESTAURANT	Local	185	PARK AVE	CITY CENTER	6000
TOGO'S	FOOD	RESTAURANT	Local	18	N. SAN PEDRO ST	SAN PEDRO	5600
AMICI'S	FOOD	RESTAURANT	Local	225	W. SANTA CLARA ST	SAN PEDRO	3698
IKE'S SANDWICHES	FOOD	RESTAURANT	Local	75	E. SANTA CLARA ST	E SANTA CLARA	1957
CREMA COFFEE ROASTING CO.	FOOD	CAFÉ/RESTAURANT	Local	50	W. SAN FERNANDO ST	CITY CENTER	1850
PHILZ COFFEE	FOOD	CAFÉ	Local	118	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	1500
PIZZA MY HEART	FOOD	RESTAURANT	Local	117	E. SAN CARLOS	UNIVERSITY WEST	1400
CREAM	FOOD	ICE CREAM/YOGURT	Local	49	S. FIRST ST	HISTORIC DISTRICT	900
PEGGY SUE'S	FOOD	RESTAURANT	Local	185	PARK AVE	CITY CENTER	
SPECIALTY'S BAKERY & CAFÉ	FOOD	CAFÉ/BAKERY	Local	115	S. MARKET ST	CITY CENTER	
AK'S MARKET	FOOD	CONVENIENCE	Local	11	S. SECOND ST	HISTORIC DISTRICT	
THERE THERE	RETAIL	CLOTHING	Local	15	N. SECOND ST	HISTORIC DISTRICT	
UMPQUA BANK	RETAIL SERVICES	FINANCIAL SERVICES	Local	225	W. SANTA CLARA ST	W SANTA CLARA	3554
MERIWEST BANK	RETAIL SERVICES	FINANCIAL SERVICES	Local	1	N. FIRST ST	HISTORIC DISTRICT	2500
GOLDEN ONE CREDIT UNION	RETAIL SERVICES	FINANCIAL SERVICES	Local	185	PARK AVE	CITY CENTER	1972
CHILDREN DISCOVERY MUSEUM	CULTURAL	MUSEUM	No	180	WOZ WAY	CONVENTION CENTER	52000
CALIFORNIA THEATRE	CULTURAL	THEATRE	No	345	S. FIRST ST	SOFA	17695
ZERO GARAGE	CULTURAL	GALLERY	No	439	S. FIRST ST	SOFA	10220
SAN JOSE ICA	CULTURAL	MUSEUM	No	560	S. FIRST ST	SOFA	7800
KALEID GALLERY	CULTURAL	GALLERY	No	22	S. FOURTH ST	SAN FERNANDO	6100
SJ STAGE	CULTURAL	THEATRE	No	490	S. FIRST ST	SOFA	5306
HIGHER FIRE CLAYS-PACE & GALLERY	CULTURAL	GALLERY	No	499	S. MARKET ST.	SOFA	4500
MACLA	CULTURAL	GALLERY	No	510	S. FIRST ST	SOFA	4200
CINEQUEST	CULTURAL	MOVIE	No	410	S. FIRST ST	SOFA	3600
NOMAD/ANNO DOMINI	CULTURAL	GALLERY	No	366	S. FIRST ST	SOFA	3600
SJ MUSEUM OF TEXTILES & QUILTS	CULTURAL	MUSEUM	No	520	S. FIRST ST	SOFA	2673
LE PETIT TRIANON THEATRE	CULTURAL	THEATRE	No	72	N. FIFTH ST	E SANTA CLARA	
BALLET SAN JOSE	CULTURAL	DANCE	No	40	N. FIRST ST	HISTORIC DISTRICT	
THEATRE ON SPS - TABARD THEATRE	CULTURAL	THEATRE	No	29	N. SAN PEDRO ST	SAN PEDRO	
SJ CENTER FOR THE PERFORMING ARTS	CULTURAL	MUSEUM	No	255	S. ALMADEN BLVD	CONVENTION CENTER	
ART GLASS CENTER OF SAN JOSE	CULTURAL	GALLERY	No	465	S. FIRST ST	SOFA	
CITY LIGHTS THEATRE	CULTURAL	THEATRE	No	529	S. SECOND ST	SOFA	

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
THE IMPROV	ENTERTAINMENT	COMEDY CLUB	No	64	S. SECOND ST	HISTORIC DISTRICT	15657
STUDIO 8	ENTERTAINMENT	CLUB/LOUNGE	No	8	S. FIRST ST	HISTORIC DISTRICT	14000
SOUTH FIRST BIL-LIARDS	ENTERTAINMENT	CLUB/LOUNGE	No	420	S. FIRST ST	SOFA	13884
GLASS HOUSE EVENT SPACE	ENTERTAINMENT	EVENT SPACE	No	84	W. SANTA CLARA ST	W SANTA CLARA	12000
BESO'S NIGHCLUB + MIAMI BC	ENTERTAINMENT	CLUB/LOUNGE	No	417	S. FIRST ST	SOFA	11598
MOTIF	ENTERTAINMENT	CLUB/LOUNGE	No	389	S. FIRST ST	SOFA	8500
CLUB MILANO	ENTERTAINMENT	CLUB/LOUNGE	No	394	S. SECOND ST	SOFA	6656
FREDDIE J'S	ENTERTAINMENT	CLUB/LOUNGE	No	97	E. SANTA CLARA ST	E SANTA CLARA	5000
THE SWINGING HOOKAH	ENTERTAINMENT	CLUB/LOUNGE	No	386	S. FIRST ST	SOFA	5000
LIDO NIGHT CLUB	ENTERTAINMENT	CLUB/LOUNGE	No	30	S. FIRST ST	HISTORIC DISTRICT	4800
TEMPLE BAR	ENTERTAINMENT	CLUB/LOUNGE	No	52	S. FIRST ST	HISTORIC DISTRICT	4500
SAN JOSE GRILL	ENTERTAINMENT	CLUB/LOUNGE	No	85	S. SECOND ST	HISTORIC DISTRICT	4200
55 SOUTH	ENTERTAINMENT	CLUB/LOUNGE	No	55	S. FIRST ST	HISTORIC DISTRICT	4000
FAHRENHEIT ULTRA LOUNGE	ENTERTAINMENT	CLUB/LOUNGE	No	99	E. SAN FERNANDO ST	SAN FERNANDO	3883
AGENDA	ENTERTAINMENT	CLUB/LOUNGE	No	399	S. FIRST ST	SOFA	3618
THE CONTINENTAL	ENTERTAINMENT	CLUB/LOUNGE	No	349	S. FIRST ST	SOFA	2865
DIVE BAR	ENTERTAINMENT	CLUB/LOUNGE	No	78	E. SANTA CLARA ST	E SANTA CLARA	1916
PADDY'S BAR	ENTERTAINMENT	CLUB/LOUNGE	No	29	E. SANTA CLARA ST	E SANTA CLARA	
JOHNNY V'S	ENTERTAINMENT	CLUB/LOUNGE	No	31	E. SANTA CLARA ST	E SANTA CLARA	
HOOKAH BEATS	ENTERTAINMENT	CLUB/LOUNGE	No	115	N. FOURTH ST	ST JAMES	
SHISHA LOUNGE	ENTERTAINMENT	CLUB/LOUNGE	No	84	N. MARKET ST	SAN PEDRO	
WOLFPACK ENCLAVE	ENTERTAINMENT	GAMING CAFÉ	No	17	N. SECOND ST	HISTORIC DISTRICT	
MAC'S CLUB	ENTERTAINMENT	CLUB/LOUNGE	No	41	POST ST	HISTORIC DISTRICT	
SPLASH	ENTERTAINMENT	CLUB/LOUNGE	No	65	POST ST	HISTORIC DISTRICT	
CARAVAN LOUNGE	ENTERTAINMENT	CLUB/LOUNGE	No	98	S. ALMADEN BLVD	CITY CENTER	
SINGLE BARREL	ENTERTAINMENT	CLUB/LOUNGE	No	43	W. SAN SALVADOR	SOFA	
COMEDY SPORTZ	ENTERTAINMENT	COMEDY CLUB	No	288	S. SECOND ST	PASEO DE SAN ANTONIO	
BLUSH RAW	FOOD	BAR/RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
LITTLE CHEESE SHOPPE	FOOD	RETAIL	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
TREATBOT	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
CHOCATOO	FOOD	CAFÉ	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
AREPA SWING	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
BRAY BUTCHER & BISTRO	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
KONJOE BURGER	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
PHONOMINAL	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
SAN PEDRO SQUARE MARKET BAR	FOOD	BAR/RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
LOTERIA TACO BAR	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
LITTLE CHEF COUNTER	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
ON A ROLL	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
TREABOT FLOAT BAR	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
CRE-PARIS	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
CREWNERS	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
ROBEE'S FALAFEL	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
CALIDOG	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
SAMA ZAMA	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
PIZZA BOCCA LUPO	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
GARAGE BAR	FOOD	BAR/RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
B2 COFFEE	FOOD	CAFÉ	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
MARKET BEER CO.	FOOD	BAR/RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
SAFEWAY MARKET	FOOD	LARGE FORMAT GROCERY STORE	No	100	S. SECOND ST	SAN FERNANDO	24219
IL FORNAIO	FOOD	RESTAURANT	No	302	S. MARKET ST	CONVENTION CENTER	8927
OLD WAGON SALOON & GRILL	FOOD	BAR/RESTAURANT	No	73	N. SAN PEDRO ST	SAN PEDRO	8819
GORDON BIRSCH	FOOD	RESTAURANT	No	33	E. SAN FERNANDO ST	HISTORIC DISTRICT	8000
M LOUNGE BAR & RESTAURANT	FOOD	RESTAURANT	No	98	S. SECOND ST	HISTORIC DISTRICT	6800
BILLY BERK'S	FOOD	RESTAURANT	No	99	S. FIRST ST	HISTORIC DISTRICT	6595
MOSAIC RESTAURANT	FOOD	RESTAURANT	No	211	S. FIRST ST	PASEO DE SAN ANTONIO	6482
THE GRILL ON THE ALLEY	FOOD	RESTAURANT	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	6089
HANUMAN THAI CUISINE	FOOD	RESTAURANT	No	1	E. SAN FERNANDO ST	HISTORIC DISTRICT	5862
NEMEA	FOOD	RESTAURANT	No	92	S. FIRST ST	HISTORIC DISTRICT	5829
PAPER PLANE	FOOD	BAR/RESTAURANT	No	72	S. FIRST ST	HISTORIC DISTRICT	5800
MYTH TAVERNA	FOOD	RESTAURANT	No	152	POST ST	HISTORIC DISTRICT	5400
SP2	FOOD	BAR/RESTAURANT	No	72	N. ALMADEN AVE	SAN PEDRO	5318
WHISPERS	FOOD	RESTAURANT	No	150	S. SECOND ST	PASEO DE SAN ANTONIO	5070
SONOMA CHICKEN COOP	FOOD	RESTAURANT	No	31	N. MARKET ST	SAN PEDRO	5000
THE LOFT	FOOD	RESTAURANT	No	90	S. SECOND ST	HISTORIC DISTRICT	4608
FLAMES DINER	FOOD	RESTAURANT	No	88	S. FOURTH ST	SAN FERNANDO	4600
CITY BAR & GRILL	FOOD	RESTAURANT	No	300	S. ALMADEN BLVD	CONVENTION CENTER	4423
ORIGINAL JOE'S	FOOD	RESTAURANT	No	301	S. FIRST ST	SOFA	4229
TRES GRINGOS	FOOD	RESTAURANT	No	83	S. SECOND ST	HISTORIC DISTRICT	4200
LIQUID RESTAURANT & LOUNGE	FOOD	BAR/RESTAURANT	No	32	S. THIRD ST	E SANTA CLARA	4140
THE FARMERS UNION	FOOD	BAR/RESTAURANT	No	151	W. SANTA CLARA ST	SAN PEDRO	4082
CAFÉ EDEN	FOOD	RESTAURANT	No	2	N. FIRST ST	HISTORIC DISTRICT	3992
4TH STREET PIZZA	FOOD	RESTAURANT	No	150	E. SANTA CLARA ST	E SANTA CLARA	3840
BIJAN BAKERY	FOOD	CAFÉ/BAKERY	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	3471
BRITANNIA ARMS	FOOD	BAR/RESTAURANT	No	173	W. SANTA CLARA ST	SAN PEDRO	3400
DA KINE ISLAND GRILL	FOOD	RESTAURANT	No	23	N. MARKET ST	SAN PEDRO	3200
FOUNTAIN CAFÉ	FOOD	RESTAURANT	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	3200
CARL'S JR	FOOD	RESTAURANT	No	15	S. FIRST ST	HISTORIC DISTRICT	3122
CHACHO'S RESTAURANT	FOOD	RESTAURANT	No	87	E. SAN FERNANDO ST	SAN FERNANDO	3100
PAGODA BAMBOO LOUNGE	FOOD	RESTAURANT	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	3100
SMOKE EATERS	FOOD	RESTAURANT	No	29	S. THIRD ST	HISTORIC DISTRICT	2926
AK'S IN & OUT MINI-MARKET	FOOD	CONVENIENCE	No	17	E. SANTA CLARA ST	HISTORIC DISTRICT	2668
PIZZA #1	FOOD	RESTAURANT	No	33	S. FIRST ST	HISTORIC DISTRICT	2639
PEKING HOUSE	FOOD	RESTAURANT	No	45	POST ST	HISTORIC DISTRICT	2520

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
PHO 69	FOOD	RESTAURANT	No	321	S. FIRST ST	SOFA	2500
MEZCAL	FOOD	RESTAURANT	No	25	W. SAN FERNAN- DO ST	CITY CENTER	2478
TANDOORI OVEN	FOOD	RESTAURANT	No	150	S. FIRST ST	PASEO DE SAN ANTONIO	2418
BACK A YARD	FOOD	RESTAURANT	No	80	N. MARKET ST	SAN PEDRO	2382
TAKE ONE PIZZA	FOOD	RESTAURANT	No	177	W. SANTA CLARA ST	SAN PEDRO	2300
ORCHESTRIA PALM COURT	FOOD	RESTAURANT	No	27	WILLIAM ST	SOFA	2156
FUJI SUSHI	FOOD	RESTAURANT	No	56	W. SANTA CLARA ST	W SANTA CLARA	2128
CITY BAGELS	FOOD	RESTAURANT	No	52	W. SANTA CLARA ST	W SANTA CLARA	2128
LA VICTORIA TAQUERIA	FOOD	RESTAURANT	No	140	E. SAN CARLOS	UNIVERSITY WEST	2100
CHINA WOK	FOOD	RESTAURANT	No	9	N. MARKET ST	SAN PEDRO	2100
PEGGY SUE'S	FOOD	BAR/RESTAURANT	No	29	N. SAN PEDRO ST	SAN PEDRO	2100
NOMIKAI	FOOD	BAR/RESTAURANT	No	48	S. FIRST ST	HISTORIC DISTRICT	2021
TAURINUS	FOOD	RESTAURANT	No	167	W. SAN FERNAN- DO ST	CITY CENTER	2000
VYNE BISTRO	FOOD	RESTAURANT	No	110	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	1953
LA VICTORIA	FOOD	RESTAURANT	No	131	W. SANTA CLARA ST	SAN PEDRO	1860
IGUANAS TAQUERIA	FOOD	RESTAURANT	No	330	S. THIRD ST	UNIVERSITY WEST	1800
ISO BEERS	FOOD	BAR/RESTAURANT	No	75	E. SANTA CLARA ST	E SANTA CLARA	1756
FIREHOUSE #1	FOOD	BAR/RESTAURANT	No	69	N. SAN PEDRO ST	SAN PEDRO	1733
GRANDE PIZZERIA RESTAURANT	FOOD	RESTAURANT	No	150	E. SAN CARLOS	UNIVERSITY WEST	1694
LA LUNE SUCREE	FOOD	CAFÉ/RESTAURANT	No	116	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	1620
TAQUERIA SAN JOSE	FOOD	RESTAURANT	No	235	E. SANTA CLARA ST	E SANTA CLARA	1600
HOAGIE STEAK OUT	FOOD	RESTAURANT	No	304	S. THIRD ST	UNIVERSITY WEST	1600
PAULI'S HOT DOGS	FOOD	RESTAURANT	No	312	S. THIRD ST	UNIVERSITY WEST	1500
CAFÉ STRITCH	FOOD	BAR/RESTAURANT	No	374	S. FIRST ST	SOFA	1452
AGAVE MEXICAN GRILL	FOOD	RESTAURANT	No	17	S. FOURTH ST	E SANTA CLARA	1450
AMIR'S MED. GRILL	FOOD	RESTAURANT	No	86	N. MARKET ST	SAN PEDRO	1435
CITY FISH	FOOD	RESTAURANT	No	30	E. SANTA CLARA ST	E SANTA CLARA	1430
POWER BOWL	FOOD	RESTAURANT	No	132	E. SAN FERNAN- DO ST	SAN FERNANDO	1428
NICK THE GREEK	FOOD	RESTAURANT	No	143	W. SANTA CLARA ST	SAN PEDRO	1416
SAN PEDRO SQUARE BISTRO AND WINE BAR	FOOD	BAR/RESTAURANT	No	20	N. ALMADEN AVE	SAN PEDRO	1400
SMILE SUSHI	FOOD	RESTAURANT	No	86	S. FIRST ST	HISTORIC DISTRICT	1362
CURRY PUNDITS	FOOD	RESTAURANT	No	30	E. SANTA CLARA ST	E SANTA CLARA	1344
O'FLAHERTY'S IRISH PUB	FOOD	BAR/RESTAURANT	No	25	N. SAN PEDRO ST	SAN PEDRO	1336
SEVEN SEAS SUSHI	FOOD	RESTAURANT	No	130	E. SANTA CLARA ST	E SANTA CLARA	1300
ORIGINAL GRAVITY	FOOD	BAR/RESTAURANT	No	66	S. FIRST ST	HISTORIC DISTRICT	1283
K ZZANG	FOOD	RESTAURANT	No	78	S. FIRST ST	HISTORIC DISTRICT	1277
DON PEDRO'S	FOOD	RESTAURANT	No	43	POST ST	HISTORIC DISTRICT	1177
GARLIC BREAD	FOOD	RESTAURANT	No	27	FOUNTAIN ALLEY	HISTORIC DISTRICT	1116
71 SAINT PETER MEDITERRANEAN GRILL	FOOD	BAR/RESTAURANT	No	71	N. SAN PEDRO ST	SAN PEDRO	1100
CAFFE FRASCATI	FOOD	CAFÉ/RESTAURANT	No	315	S. FIRST ST	SOFA	1016

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
QUICKLY TEA CAFÉ	FOOD	CAFÉ	No	140	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	1015
AMOR CAFÉ	FOOD	CAFÉ	No	120	E. SAN FERNANDO ST	SAN FERNANDO	1000
GOOD KARMA	FOOD	BAR/RESTAURANT	No	37	S. FIRST ST	HISTORIC DISTRICT	948
HYDRATION	FOOD	CAFÉ	No	310	S. THIRD ST	UNIVERSITY WEST	897
THE CHEESESTEAK SHOP	FOOD	RESTAURANT	No	76	E. SANTA CLARA ST	E SANTA CLARA	564
SPUD'S	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO	500
AJ'S HOT DOGS	FOOD	RESTAURANT	No	325	S. FIRST ST	SOFA	200
MEXICO BAKERY	FOOD	RESTAURANT/BAKERY	No	87	E. SANTA CLARA ST	E SANTA CLARA	
MUCHO'S	FOOD	RESTAURANT	No	72	E. SANTA CLARA ST	E SANTA CLARA	
ANZO'S CAFÉ & DELI	FOOD	CAFÉ	No	11	FOUNTAIN ALLEY	HISTORIC DISTRICT	
EAGLE CAFÉ	FOOD	CAFÉ/RESTAURANT	No	115	N. FOURTH ST	ST JAMES	
LOUISIANA BISTRO	FOOD	RESTAURANT	No	19	N. MARKET ST	SAN PEDRO	
TOWERS CAFÉ	FOOD	CAFÉ	No	111	N. MARKET ST	SAN PEDRO	
ANGELOU'S MEXICAN GRILL	FOOD	RESTAURANT	No	21	N. SECOND ST	HISTORIC DISTRICT	
FRESHLY BAKED	FOOD	RESTAURANT/BAKERY	No	152	N. THIRD ST	ST JAMES	
MID GOGO	FOOD	RESTAURANT	No	185	PARK AVE	CITY CENTER	
TENGU SUSHI	FOOD	RESTAURANT	No	111	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	
HYATT RESTAURANT	FOOD	RESTAURANT	No	282	S. ALMADEN BLVD	CONVENTION CENTER	
THE BLUE CHIP	FOOD	RESTAURANT	No	315	S. FIRST ST	SOFA	
ZANOTTO'S EXPRESS	FOOD	RESTAURANT	No	80	S. FIRST ST	HISTORIC DISTRICT	
DOSA & CURRY CAFÉ	FOOD	RESTAURANT	No	345	S. FOURTH ST	UNIVERSITY WEST	
BIJAN CAFÉ	FOOD	CAFÉ/BAKERY	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	
CAFÉ - SJ MUSEUM OF ART	FOOD	CAFÉ	No	110	S. MARKET ST	PASEO DE SAN ANTONIO	
CAFÉ PRIMAVERA	FOOD	RESTAURANT	No	201	S. MARKET ST	CONVENTION CENTER	
SMALL INTERNAL CAFÉ	FOOD	CAFÉ	No	60	S. MARKET ST	CITY CENTER	
MILANO RESTAURANT	FOOD	RESTAURANT	No	394	S. SECOND ST	SOFA	
PAOLO'S RESTAURANT	FOOD	RESTAURANT	No	333	W. SAN CARLOS	CONVENTION CENTER	
ARCADIA	FOOD	RESTAURANT	No	100	W. SAN CARLOS ST	CONVENTION CENTER	
PIZZA CHICAGO	FOOD	RESTAURANT	No	155	W. SAN FERNANDO ST	CITY CENTER	
LA PASTAIA	FOOD	RESTAURANT	No	223	W. SANTA CLARA ST	W SANTA CLARA	
DAC PHUC	FOOD	RESTAURANT	No	198	W. SANTA CLARA ST	W SANTA CLARA	
PICASSO'S TAPAS	FOOD	RESTAURANT	No	62	W. SANTA CLARA ST	W SANTA CLARA	
HENRY'S HIGH LIFE	FOOD	RESTAURANT	No	301	W. ST. JOHN ST	LITTLE ITALY	
PSYCHO DONUTS	FOOD	CAFÉ/BAKERY	No	288	S. SECOND ST	PASEO DE SAN ANTONIO	
PAESANO RISTORANTE ITALIANO	FOOD	RESTAURANT	No	350	W. JULIAN ST	LITTLE ITALY	
BEL BACIO	FOOD	CAFÉ	No	350	W. JULIAN ST	LITTLE ITALY	
HENRY'S HIGH LIFE	FOOD	RESTAURANT	No	301	W. ST. JOHN ST	LITTLE ITALY	
THE LGBTQ YOUTH SPACE	GOVERNMENT/ NON-PROFIT	NON-PROFIT	No	452	S. FIRST ST	SOFA	3400
SPUR	GOVERNMENT/ NON-PROFIT	NON-PROFIT	No	76	S. FIRST ST	HISTORIC DISTRICT	1660

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
AIA ARCHITECTS	GOVERNMENT/ NON-PROFIT	NON-PROFIT	No	325	S. FIRST ST	SOFA	
VTA HEADQUARTERS	GOVERNMENT/ NON-PROFIT	GOVERNMENT SERVICES	No	55	W. SANTA CLARAST	W SANTA CLARA	
BCA ARCHITECTS	PROFESSIONAL SERVICES	ARCHITECTURE	No	505	S. MARKET ST.	SOFA	20048
BLACK ARROW	PROFESSIONAL SERVICES	ADVERTISING	No	65	N. SAN PEDRO ST	SAN PEDRO	9000
NEXTSPACE	PROFESSIONAL SERVICES	INCUBATOR	No	97	S. SECOND ST	HISTORIC DISTRICT	8715
METRO NEWSPAPERS	PROFESSIONAL SERVICES	NEWSPAPER	No	380	S. FIRST ST	SOFA	4000
POSIQ	PROFESSIONAL SERVICES	ADVERTISING	No	169	W. SANTA CLARA ST	W SANTA CLARA	2730
EL OBSERVADOR	PROFESSIONAL SERVICES	NEWSPAPER	No	99	N. FIRST ST	ST JAMES	
NOTARY PUBLIC	PROFESSIONAL SERVICES	PROFESSIONAL	No	115	N. FOURTH ST	ST JAMES	
NGUYEN LAW OFFICES	PROFESSIONAL SERVICES	LEGAL	No	15	N. MARKET ST	SAN PEDRO	
LAW OFFICES	PROFESSIONAL SERVICES	LEGAL	No	111	N. MARKET ST	SAN PEDRO	
REEL GROBMAN & ASSOCIATES ARCHI- TECTURE	PROFESSIONAL SERVICES	ARCHITECTURE	No	96	N. SECOND ST	HISTORIC DISTRICT	
WHIPSAW	PROFESSIONAL SERVICES	INDUSTRIAL DESIGN AND ENGI- NEERING	No	434	S. FIRST ST	SOFA	
DECAROLIS DESIGN	PROFESSIONAL SERVICES	ADVERTISING	No	476	S. FIRST ST	SOFA	
IN FOCUS OPTOM- ETRIST	PROFESSIONAL SERVICES	HEALTH & BEAUTY	No	42	S. FIRST ST	HISTORIC DISTRICT	
LE PHOTOGRAPHY	PROFESSIONAL SERVICES	PHOTOGRAPHY	No	42	S. FIRST ST	HISTORIC DISTRICT	
CORE GENERAL CON- TRACTORS	PROFESSIONAL SERVICES	CONTRACTOR	No	470	S. MARKET ST	SOFA	
CHECK CASHING	PROFESSIONAL SERVICES	FINANCIAL SER- VICES	No	19	S. SECOND ST	HISTORIC DISTRICT	
THOMAS, LYDING, CARTIER & GAUS	PROFESSIONAL SERVICES	LEGAL	No	320	S. THIRD ST	UNIVERSITY WEST	
RITCHIE COMMERCIAL	PROFESSIONAL SERVICES	BROKERAGE	No	34	W. SANTA CLARA ST	W SANTA CLARA	
THE POPPY FARM	RETAIL	ARTS & CRAFTS	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
THE SHOWROOM	RETAIL	GIFT SHOP	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
AY DIOS MIO	RETAIL	GIFT SHOP	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
SAN PEDRO SQUARE GIFT SHOP	RETAIL	GIFT SHOP	No	87	N. SAN PEDRO ST	SAN PEDRO	N/A
HANK COCOA'S FURNI- TURE STORE	RETAIL	FURNITURE	No	82	E. SANTA CLARA ST	E SANTA CLARA	12000
SAN JOSE ROCK SHOP	RETAIL	MUSIC	No	30	N. THIRD ST	E SANTA CLARA	8000
KBM WORKSPACE	RETAIL	FURNITURE	No	160	W. SANTA CLARA ST	W SANTA CLARA	8000
BRIXTON HUE BOU- TIQUE	RETAIL	SHOPPING	No	96	S. THIRD ST	SAN FERNANDO	2332
HOUDINI'S SMOKE SHOP	RETAIL	SMOKE SHOP	No	118	E. SANTA CLARA ST	E SANTA CLARA	2082
IMINUSD BICYCLE SHOP (RIDE)	RETAIL	BICYCLE	No	112	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	2000
CELL PHONE STORE	RETAIL	CELL PHONE	No	25	E. SANTA CLARA ST	E SANTA CLARA	1775

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
CRAZE-4-TOYS	RETAIL	ADULT BOOK STORE	No	49	E. SANTA CLARA ST	E SANTA CLARA	1775
THE SLIDING DOOR COMPANY	RETAIL	FURNITURE	No	355	S. FIRST ST	SOFA	1518
LA CASA DE SALUD	RETAIL	HEALTH & BEAUTY	No	16	N. THIRD ST	HISTORIC DISTRICT	1380
TANGERINE HOOKAH BAR	RETAIL	SMOKE SHOP	No	31	FOUNTAIN ALLEY	HISTORIC DISTRICT	1379
DESTINY'S TREASURES	RETAIL	GIFT SHOP	No	14	FOUNTAIN ALLEY	HISTORIC DISTRICT	1100
ACAPULCO JEWELERS	RETAIL	JEWELRY	No	27	POST ST	HISTORIC DISTRICT	1000
ROSIES POSIES FLORIST	RETAIL	FLORIST	No	98	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	930
CIRCLE-A SKATE SHOP	RETAIL	SKATE SHOP	No	108	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	930
MLK LIBRARY GIFT SHOP	RETAIL	GIFT SHOP	No	150	E. SAN FERNANDO ST	UNIVERSITY	
A & A GIFT SHOP	RETAIL	GIFT SHOP	No	124	E. SANTA CLARA ST	E SANTA CLARA	
DIAZ MEN'S WEAR	RETAIL	CLOTHING	No	70	E. SANTA CLARA ST	E SANTA CLARA	
AMA'S BOOKS	RETAIL	BOOKS	No	20B	N. FIRST ST	HISTORIC DISTRICT	
MEXICAN GIFTS	RETAIL	SHOPPING/GIFTS	No	115	N. FOURTH ST	ST JAMES	
SEEING THINGS GALLERY	RETAIL	ART & CRAFTS	No	30	N. THIRD ST	E SANTA CLARA	
GIFT OF GAB	RETAIL	SHOPPING	No	30	N. THIRD ST	E SANTA CLARA	
ROOM TWO	RETAIL	ARTS & CRAFTS	No	30	N. THIRD ST	E SANTA CLARA	
ANDY'S PET SHOP	RETAIL	PETS	No	51	NOTRE DAME AVE	SAN PEDRO	
DREAM JEWELERS	RETAIL	JEWELRY	No	21	POST ST	HISTORIC DISTRICT	
SHERMAN CELLARS	RETAIL	WINE TASTING ROOM	No	50	POST ST	HISTORIC DISTRICT	
ST. CLAIRE NEWSTAND	RETAIL	SHOPPING/GIFTS	No	311	S. FIRST ST	SOFA	
HAMMER & LEWIS FASHIONS	RETAIL	SHOPPING	No	19	S. FIRST ST	HISTORIC DISTRICT	
R&J JEWELRY AND LOAN	RETAIL	PAWN SHOP	No	14	S. FIRST ST	HISTORIC DISTRICT	
STAR JEWELERS	RETAIL	JEWELRY	No	40	S. FIRST ST	HISTORIC DISTRICT	
MOSHER'S LTF	RETAIL	CLOTHING	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	
FAIRMOUNT HOTEL/SJ GIFT SHOP	RETAIL	GIFT SHOP	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	
GIFT SHOP - SJ MUSEUM OF ART	RETAIL	SHOPPING	No	110	S. MARKET ST	CITY CENTER	
TECH MUSEUM GIFT SHOP	RETAIL	GIFT SHOP	No	201	S. MARKET ST	CONVENTION CENTER	
CATHEDRAL GIFT SHOP	RETAIL	GIFT SHOP	No	80	S. MARKET ST	CITY CENTER	
TECH SHOP SAN JOSE	RETAIL SERVICES	CO-WORKING SPACE	No	300	S. SECOND ST	UNIVERSITY WEST	17000
3RD SPACE FITNESS & WELLNESS	RETAIL SERVICES	FITNESS	No	550	S. FIRST ST	SOFA	11050
STUDIO CLIMBING	RETAIL SERVICES	HEALTH & BEAUTY	No	384	S. FIRST ST	SOFA	8080
T&B AUTO REPAIR	RETAIL SERVICES	AUTOMOTIVE	No	36	ALMADEN AVE	ALMADEN	5200
CAR WASH PACIFIC	RETAIL SERVICES	AUTOMOTIVE	No	21	N. FIFTH ST	E SANTA CLARA	4500
LE DUYEN HEALTH SPA	RETAIL SERVICES	HEALTH & BEAUTY	No	74	S. FIRST ST	HISTORIC DISTRICT	4500
WESTERN DENTAL	RETAIL SERVICES	MEDICAL/DENTAL	No	48	E. SANTA CLARA ST	HISTORIC DISTRICT	3900
DOWNTOWN YOGA SHALA	RETAIL SERVICES	HEALTH & BEAUTY	No	450	S. FIRST ST	SOFA	2844
UMBRELLA SALON	RETAIL SERVICES	HEALTH & BEAUTY	No	2	N. MARKET ST	SAN PEDRO	2705

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
PREMIER ONE CREDIT UNION	RETAIL SERVICES	FINANCIAL SERVICES	No	88	S. FOURTH ST	SAN FERNANDO	2400
TANGERINE SALON	RETAIL SERVICES	HEALTH & BEAUTY	No	119	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	2350
GROUNDWERX	RETAIL SERVICES	NON-PROFIT	No	99	N. FIRST ST	ST JAMES	2100
MARTIAL ARTS STUDIO	RETAIL SERVICES	HEALTH & BEAUTY	No	20A	N. FIRST ST	HISTORIC DISTRICT	2000
SANTA CLARA COUNTY CREDIT UNION	RETAIL SERVICES	FINANCIAL SERVICES	No	140	E. SAN FERNANDO ST	SAN FERNANDO	1920
ANGELIC READINGS	RETAIL SERVICES	PSYCHIC	No	144	E. SANTA CLARA ST	E SANTA CLARA	1764
BEDLAM BEAUTY & BARBER	RETAIL SERVICES	HEALTH & BEAUTY	No	200	S. FIRST ST	PASEO DE SAN ANTONIO	1704
ENTERPRISE RENT-A-CAR	RETAIL SERVICES	AUTOMOTIVE	No	598	S. FIRST ST	SOFA	1395
ALOOKS SALON	RETAIL SERVICES	HEALTH & BEAUTY	No	30	POST ST	HISTORIC DISTRICT	926
BLACK LAGOON TATTOO	RETAIL SERVICES	TATTOO	No	118	E. SANTA CLARA ST	E SANTA CLARA	742
HAIR COLOR & SALON	RETAIL SERVICES	HEALTH & BEAUTY	No	54	W. SANTA CLARA ST	W SANTA CLARA	500
DEATH BEFORE DISHONOR	RETAIL SERVICES	TATTOO	No	110	E. SAN CARLOS	UNIVERSITY WEST	
THE HEEL BAR	RETAIL SERVICES	SHOES/SHOE REPAIR	No	130	E. SANTA CLARA ST	E SANTA CLARA	
NGAN'S TAILORING	RETAIL SERVICES	TAILORING	No	105	E. SANTA CLARA ST	E SANTA CLARA	
FIXALAPTOP	RETAIL SERVICES	COMPUTER REPAIR	No	124	E. SANTA CLARA ST	E SANTA CLARA	
HIBISCUS STUDIO	RETAIL SERVICES	HEALTH & BEAUTY	No	136	E. SANTA CLARA ST	E SANTA CLARA	
D'TOWN PRESS & CLEANERS	RETAIL SERVICES	LAUNDRY	No	15	FOUNTAIN ALLEY	HISTORIC DISTRICT	
SJ 420 EVALUATION	RETAIL SERVICES	MEDICAL/DENTAL	No	115	N. FOURTH ST	ST JAMES	
STAR CLEANERS	RETAIL SERVICES	LAUNDRY	No	111	N. MARKET ST	SAN PEDRO	
CHEAP SQUAD	RETAIL SERVICES	COMPUTER REPAIR	No	25	N. SECOND ST	HISTORIC DISTRICT	
EVOLUTION FITNESS	RETAIL SERVICES	HEALTHY & BEAUTY	No	196	N. THIRD ST	ST JAMES	
AMBITIOUS INK	RETAIL SERVICES	TATTOO	No	30	N. THIRD ST	E SANTA CLARA	
FRANK DA BARBER	RETAIL SERVICES	HEALTH & BEAUTY	No	30	N. THIRD ST	E SANTA CLARA	
FAMILY LIFE CHIROPRACTIC	RETAIL SERVICES	HEALTH & BEAUTY	No	115	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	
SENSI HERBAL CAFÉ	RETAIL SERVICES	SMOKE SHOP	No	21	POST ST	HISTORIC DISTRICT	
ANGEL'S CLEANERS	RETAIL SERVICES	LAUNDRY	No	50	POST ST	HISTORIC DISTRICT	
HEROES MARTIAL ARTS	RETAIL SERVICES	HEALTH & BEAUTY	No	451	S. FIRST ST	SOFA	
POLY CLEANERS	RETAIL SERVICES	LAUNDRY	No	493	S. FIRST ST	SOFA	
THC MEDICAL	RETAIL SERVICES	MEDICAL/DENTAL	No	32	S. FIRST ST	HISTORIC DISTRICT	
BARBER SHOP	RETAIL SERVICES	HEALTH & BEAUTY	No	42	S. FIRST ST	HISTORIC DISTRICT	
LIQUID AGENCY	RETAIL SERVICES	ADVERTISING	No	448	S. MARKET ST	SOFA	
TOVA DAY SPA	RETAIL SERVICES	HEALTH & BEAUTY	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	
MG IMAGE (HAIRSA-LON)	RETAIL SERVICES	HEALTH & BEAUTY	No	170	S. MARKET ST	PASEO DE SAN ANTONIO	
MARKET AUTO BODY	RETAIL SERVICES	AUTOMOTIVE	No	428	S. MARKET ST.	SOFA	
UNITED STATES POST OFFICE	RETAIL SERVICES	PROFESSIONAL	No	200	S. THIRD ST	PASEO DE SAN ANTONIO	
HEADCASE SALON	RETAIL SERVICES	HEALTH & BEAUTY	No	151	W. ST. JAMES ST	SAN PEDRO	
CHRISTINA CHRISTNER SKIN CARE & SPA	RETAIL SERVICES	HEALTH & BEAUTY	No	350	W. JULIAN ST	LITTLE ITALY	
THE GOLD CLUB	ENTERTAINMENT	CLUB/LOUNGE	Yes	81	W. SANTA CLARA ST	W SANTA CLARA	4511

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
OLD SPAGHETTI FACTORY	FOOD	BAR/RESTAURANT	Yes	51	N. SAN PEDRO ST	SAN PEDRO	13785
MORTON'S STEAK-HOUSE	FOOD	RESTAURANT	Yes	177	PARK AVE	CITY CENTER	8073
JOHNNY ROCKETS	FOOD	RESTAURANT	Yes	150	S. FIRST ST	PASEO DE SAN ANTONIO	3566
BAJA FRESH	FOOD	RESTAURANT	Yes	150	S. FIRST ST	PASEO DE SAN ANTONIO	3000
JACK IN THE BOX	FOOD	RESTAURANT	Yes	148	E. SAN CARLOS	UNIVERSITY WEST	2844
MCDONALD'S	FOOD	RESTAURANT	Yes	90	E. SAN CARLOS ST	UNIVERSITY WEST	2780
ERIK'S DELI CAFÉ	FOOD	RESTAURANT	Yes	2	N. MARKET ST	SAN PEDRO	2278
TOGO'S	FOOD	RESTAURANT	Yes	123	PASEO DE SAN ANTONIO	PASEO DE SAN ANTONIO	2000
THIRST TEA	FOOD	CAFÉ/BAKERY	Yes	150	S. FIRST ST	PASEO DE SAN ANTONIO	1725
STARBUCKS	FOOD	CAFÉ	Yes	101	E. SANTA CLARA ST	E SANTA CLARA	1607
YOGURT LAND	FOOD	ICE CREAM/YO-GURT	Yes	125	E. SAN CARLOS	UNIVERSITY WEST	1500
STARBUCKS	FOOD	CAFÉ	Yes	145	W. SANTA CLARA ST	SAN PEDRO	1400
SUBWAY	FOOD	RESTAURANT	Yes	152	S. SECOND ST	PASEO DE SAN ANTONIO	1342
BEN & JERRY'S	FOOD	ICE CREAM/YO-GURT	Yes	115	E. SAN CARLOS	UNIVERSITY WEST	1025
SUBWAY	FOOD	RESTAURANT	Yes	350	S. MARKET ST	SOFA	1012
STARBUCKS	FOOD	CAFÉ	Yes	150	S. FIRST ST	PASEO DE SAN ANTONIO	904
SUBWAY	FOOD	RESTAURANT	Yes	41	S. FIRST ST	HISTORIC DISTRICT	810
SUBWAY	FOOD	RESTAURANT	Yes	103	E. SANTA CLARA ST	E SANTA CLARA	584
STARBUCKS	FOOD	CAFÉ	Yes	125	S. MARKET STREET	PASEO DE SAN ANTONIO	
TULLY'S COFFEE	FOOD	CAFÉ	Yes	150	E. SAN FERNANDO ST	UNIVERSITY	
MCCORMICK & SCHMICK'S	FOOD	RESTAURANT	Yes	170	S. MARKET ST	PASEO DE SAN ANTONIO	
PEET'S COFFEE	FOOD	CAFÉ	Yes	115	S. MARKET ST	CITY CENTER	
SUBWAY	FOOD	RESTAURANT	Yes	165	W. SAN FERNANDO ST	CITY CENTER	
PITA PIT	FOOD	RESTAURANT	Yes	151	S. SECOND ST	PASEO DE SAN ANTONIO	
SIR SPEEDY	PROFESSIONAL SERVICES	PRINTING	Yes	185	PARK AVE	CITY CENTER	
RANDSTAD STAFFING	PROFESSIONAL SERVICES	STAFFING	Yes	185	PARK AVE	CITY CENTER	
BOSTON PRIVATE BANK & TRUST COMPANY	PROFESSIONAL SERVICES	FINANCIAL SERVICES	Yes	60	S. MARKET ST	CITY CENTER	
ROSS	RETAIL	LARGE FORMAT	Yes	27	S. FIRST ST	HISTORIC DISTRICT	25000
WALGREEN'S	RETAIL	CONVENIENCE	Yes	2	S. FIRST ST	HISTORIC DISTRICT	11400
MUJI	RETAIL	SHOPPING	Yes	170	S. MARKET ST	PASEO DE SAN ANTONIO	7030
METRO PCS	RETAIL	CELL PHONE	Yes	91	E. SANTA CLARA ST	E SANTA CLARA	
VERIZON	RETAIL	CELL PHONE	Yes	65	S. FIRST ST	HISTORIC DISTRICT	
WELLS FARGO BANK	RETAIL SERVICES	FINANCIAL SERVICES	Yes	121	S. MARKET ST	CITY CENTER	96600
EVOLUTION FITNESS	RETAIL SERVICES	HEALTH & BEAUTY	Yes	150	S. FIRST ST	PASEO DE SAN ANTONIO	12243
CHASE BANK	RETAIL SERVICES	FINANCIAL SERVICES	Yes	55	W. SANTA CLARA ST	W SANTA CLARA	10000
BANK OF THE WEST	RETAIL SERVICES	FINANCIAL SERVICES	Yes	50	W. SAN FERNANDO ST	CITY CENTER	8425
CITIBANK	RETAIL SERVICES	FINANCIAL SERVICES	Yes	10	ALMADEN AVE	ALMADEN	6511

BUSINESS	INDUSTRY	SUB-TYPE	CHAIN	NUMBER	STREET	AREA	SQ FT
FREMONT BANK	RETAIL SERVICES	FINANCIAL SERVICES	Yes	160	W. SANTA CLARA ST	W SANTA CLARA	4901
BANK OF AMERICA	RETAIL SERVICES	FINANCIAL SERVICES	Yes	99	S. FOURTH ST	SAN FERNANDO	4880
POSTAL ANNEX+	RETAIL SERVICES	PROFESSIONAL	Yes	123	E. SAN CARLOS	UNIVERSITY WEST	1676
UPS	RETAIL SERVICES	PROFESSIONAL	Yes	88	S. THIRD ST	SAN FERNANDO	1260
CHEVRON	RETAIL SERVICES	AUTOMOTIVE	Yes	147	E. SANTA CLARA ST	E SANTA CLARA	
COMERICA BANK	RETAIL SERVICES	FINANCIAL SERVICES	Yes	333	W. SANTA CLARA ST	W SANTA CLARA	
CINEBAR	ENTERTAINMENT	CLUB/LOUNGE	No	69	E. SAN FERNANDO ST	SAN FERNANDO	
MY MILKSHAKE	FOOD	RESTAURANT	No	151	S. SECOND ST	PASEO DE SAN ANTONIO	914
SJ COPY	RETAIL SERVICES	PROFESSIONAL	No	109	E. SANTA CLARA ST	E SANTA CLARA	1070
PAUL MITCHELL SCHOOL	RETAIL SERVICES	HEALTH & BEAUTY	Yes	130	S. ALMADEN BLVD	CITY CENTER	

APPENDIX B: GROUND FLOOR VACANCIES

Source: San Jose Downtown Association, Business Improvement District (BID) Membership Database, March 21, 2015; City of San Jose, "City of San José Online Permits," SJPermits.org, accessed March 9, 2015, <http://www.sjpermits.org/permits/>; Author.

NUMBER	STREET	SQFT	DESCRIPTION	AREA
150	S. FIRST ST	787	FORMER DISCOVER SAN JOSE	PASEO DE SAN ANTONIO
44	S. ALMADEN AVE	2470	FORMER BLANK CLUB	POST ST
81	E. SAN FERNANDO ST	2300	FORMER SPARTA BAR	SAN FERNANDO
73	E. SAN FERNANDO ST	2800	FORMER AZUCAR	SAN FERNANDO
93	E. SANTA CLARA ST	600	FORMER GRUB SHACK	SANTA CLARA ST
17	N. SAN PEDRO ST	7575	FORMER LA PINATA	SAN PEDRO
70	N. SECOND ST	22381	FORMER HOFFMAN AGENCY	HISTORIC DISTRICT
58	S. FIRST ST	6000	FORMER BELLA MIA	HISTORIC DISTRICT
100	S. FIRST ST	3333	FORMER BLACKBIRD TAVERN	PASEO DE SAN ANTONIO
384	S. SECOND ST	8000	FORMER SJSU INTERNATIONAL AND EXTENDED STUDIES	SOFA
151	S. SECOND ST	3775	FORMER HOUSE OF SIAM	PASEO
101	PASEO DE SAN ANTONIO	58000	FORMER SAN JOSE REP THEATER	PASEO DE SAN ANTONIO
18	S. ALMADEN AVE	2000	FORMER CHACHO'S	POST ST
35 C	E. SANTA CLARA ST	1223	DR. EU BUILDING	HISTORIC DISTRICT
35 B	E. SANTA CLARA ST	1151	DR. EU BUILDING	HISTORIC DISTRICT
49	E. SANTA CLARA	2575	DR. EU BUILDING	HISTORIC DISTRICT
75	E. SANTA CLARA ST	2517	NW CORNER OF LEGACY BUILDING	HISTORIC DISTRICT
52	E. SANTA CLARA ST	1150	ADJACENT TO FORMER TOONS	HISTORIC DISTRICT
1	N. FIRST ST	1000	NORTHEAST CORNER OF BUILDING	HISTORIC DISTRICT
31	POST ST	2000	FORMER ACE LOAN	POST ST
280	S. FIRST ST	500	FORMER FEDERAL BUILDING CAFE	PASEO DE SAN ANTONIO
300	S. FIRST ST	9000	CORNER TITLE BUILDING	SOFA
300	S. FIRST ST	7000	CORNER TITLE BUILDING	SOFA
42	S. FIRST ST	1200	ALONG PASEO	HISTORIC DISTRICT
360	S. MARKET ST	1611	360 RESIDENCES GROUND FLOOR	SOFA
340	S. MARKET ST	2676	360 RESIDENCES GROUND FLOOR	SOFA
55	S. MARKET ST	2400	GOLD BUILDING GROUND FLOOR	MARKET ST
55	S. MARKET ST	1000	GOLD BUILDING GROUND FLOOR	MARKET ST
95	S. MARKET ST	3868		MARKET ST
96	E. SAN FERNANDO	2558	THE 88 GROUND FLOOR	SAN FERNANDO
100	S. THIRD ST	4760	THE 88 GROUND FLOOR	SAN FERNANDO
17	S. SECOND ST	500	FORMER BETTY'S	HISTORIC DISTRICT
72	S. SECOND ST	9665		ADJACENT TO THE IMPROV
40	S. SECOND ST	6500	ADJACENT TO ZANNOTTO'S	HISTORIC DISTRICT
40	S. SECOND ST	13692	FORMER ZANNOTTO'S GROCERY	HISTORIC DISTRICT
20	S SECOND ST	17500	GLOBE GROUND FLOOR	HISTORIC DISTRICT
14	S. SECOND ST	4000	FORMER VOODOO LOUNGE	HISTORIC DISTRICT
4	S. SECOND ST	2600	FORMER TOON'S	HISTORIC DISTRICT
157	W. SAN FERNANDO ST	3900		SAN FERNANDO
66	W. SANTA CLARA	1909	FORMER PEET'S COFFEE	SANTA CLARA
194	W. SANTA CLARA	3530		SANTA CLARA
11	S. THIRD ST	500	FORMER SJ COPY	SANTA CLARA
18	N. FIRST ST	680	FORMER KARATE STUDIO	HISTORIC DISTRICT

APPENDIX C: GROUND FLOOR SPACE UNDER DEVELOPMENT

Source: San Jose Downtown Association, Business Improvement District (BID) Membership Database, March 21, 2015; City of San Jose, "City of San José Online Permits," SJPermits.org, accessed March 9, 2015, <http://www.sjpermits.org/permits/>; Author.

BUSINESS	INDUSTRY/PREVIOUS USE	SUB-INDUSTRY USE	CHAIN (Yes/No/Local)	ADDRESS NUMBER	STREET NAME	ADDITIONAL	SQ FT
US PATENT OFFICE	GOVERNMENT/ NON-PROFIT	FEDERAL GOVERNMENT	No	10	S. FOURTH ST	CITY HALL RETAIL SPACE	5,633
LITTLE ITALY CULTURAL CENTER	CULTURAL	MUSEUM	No	323	W. JULIAN ST	LITTLE ITALY	1,234
RESTAURANT/CAFÉ	FOOD	RESTAURANT	No	350	W. JULIAN ST	LITTLE ITALY	
ITALIAN BAKERY/DELI	FOOD	RESTAURANT/BAKERY	No	317	W. JULIAN ST	LITTLE ITALY	
I-TALENT	PROFESSIONAL SERVICES	STAFFING	No	27A	DEVINE ST		1,200
ENOTECA LA STORIA	FOOD	RESTAURANT	No	99	N. ALMADEN BLVD	LITTLE ITALY	
BRAZILLIAN BLOWOUT BAR	RETAIL SERVICES	HEALTH & BEAUTY	No	498	S. MARKET STREET		
FORMER HESTIA'S (with hood)	FOOD	RESTAURANT		30	E. SANTA CLARA ST		1,265
AFK GAMER LOUNGE	FOOD	BAR/RESTAURANT	No	163	W. SANTA CLARA ST		14,689
SPECTRUM	ENTERTAINMENT	CLUB/LOUNGE	No	400	S. FIRST ST	SOFA	8,080
LOU'S BEACH SHACK	FOOD	RESTAURANT	No	87	N. SAN PEDRO ST	SAN PEDRO SQ - MARKET HALL	N/A
SOFA MARKET	RETAIL	MARKET	No	377	S. FIRST ST	SOFA	7,500
SUPERCUTS	RETAIL SERVICES	HEALTH & BEAUTY	Yes	121	E. SAN CARLOS		886
SECOND STORY BAKESHOP	FOOD	CAFE-BAKERY		138	E. SANTA CLARA ST		2,644
T-MOBILE	RETAIL	CELL PHONE		100	E. SAN FERNANDO ST		4,500
JP IMPRESSIONS				365	S. FIRST ST	SOFA	1,650
VOLTAIRE COFFEE	FOOD	CAFÉ		370	S. MARKET ST	360 RESIDENCES	2,129

APPENDIX D: DEMOGRAPHIC AND MARKET DATA

U.S. Census Bureau, Census 2010; Esri forecasts for 2014 and 2019; Census 2000 data converted for 2010 geography, accessed via ArcGIS Online Community Analyst – Market Profile Reports - <http://communityanalyst.arcgis.com/>.

Basic Demographics

		Sub 1,000 SF		1,000-3,000 SF		3,001-5,000 SF		5,001-10,000 SF		10,000 SF Plus	
		Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
Population	Total	6267	100.00%	24436	100.00%	47202	100.00%	261125	100.00%	995596	100.00%
Sex	Females	2831	45.17%	11017	45.09%	20784	44.03%	126360	48.39%	492733	49.49%
	Males	3436	54.83%	13419	54.91%	26418	55.97%	134766	51.61%	502863	50.51%
Age	Median	33.5	-	29.7	-	30.2	-	33	-	34.9	-
	0 - 4	207	3.30%	1026	4.20%	2502	5.30%	19323	7.40%	71683	7.20%
	5 - 9	119	1.90%	831	3.40%	2124	4.50%	18279	7.00%	68696	6.90%
	10 - 14	81	1.30%	611	2.50%	1746	3.70%	15929	6.10%	63718	6.40%
	15 - 24	990	15.80%	6378	26.10%	10762	22.80%	38908	14.90%	131419	13.20%
	25 - 34	1949	31.10%	6011	24.60%	11045	23.40%	47525	18.20%	164273	16.50%
	35 - 44	752	12.00%	3006	12.30%	6608	14.00%	38908	14.90%	153322	15.40%
	45 - 54	583	9.30%	2492	10.20%	5239	11.10%	32641	12.50%	133410	13.40%
	55 - 64	508	8.10%	1882	7.70%	3682	7.80%	25068	9.60%	105533	10.60%
	65 - 74	457	7.30%	1100	4.50%	1888	4.00%	13840	5.30%	60731	6.10%
	75 - 84	420	6.70%	758	3.10%	1133	2.40%	7050	2.70%	30863	3.10%
	85+	194	3.10%	367	1.50%	519	1.10%	3395	1.30%	12943	1.30%
	18+	5784	92.30%	21577	88.30%	39886	84.50%	198977	76.20%	757649	76.10%
Race/Ethnicity	White Alone	2788	44.50%	10898	44.60%	21194	44.90%	115156	44.10%	411181	41.30%
	Black Alone	345	5.50%	1466	6.00%	2502	5.30%	9662	3.70%	31859	3.20%
	American Indian Alone	56	0.90%	293	1.20%	614	1.30%	3134	1.20%	8960	0.90%
	Asian Alone	2149	34.30%	6182	25.30%	9204	19.50%	53008	20.30%	319586	32.10%
	Pacific Islander Alone	25	0.40%	122	0.50%	189	0.40%	1306	0.50%	4978	0.50%
	Other Race Alone	602	9.60%	4179	17.10%	10809	22.90%	64759	24.80%	167260	16.80%
	Two or More Races	295	4.70%	1320	5.40%	2643	5.60%	13840	5.30%	51771	5.20%
	Hispanic Origin	1410	22.50%	8699	35.60%	21430	45.40%	130824	50.10%	349454	35.10%
Education (Age 25+)	Less than 9th Grade	501	10.30%	1824	11.70%	4033	13.40%	24788	14.70%	66075	10.00%
	9th – 12th Grade	326	6.70%	1450	9.30%	3190	10.60%	18886	11.20%	54843	8.30%
	High School Graduate	700	14.40%	2152	13.80%	4575	15.20%	30690	18.20%	112328	17.00%
	GED	49	1.00%	343	2.20%	993	3.30%	4216	2.50%	13215	2.00%
	Some College	574	11.80%	2339	15.00%	4906	16.30%	29510	17.50%	126865	19.20%
	Associates Degree	233	4.80%	1060	6.80%	1866	6.20%	10792	6.40%	50878	7.70%
	Bachelors Degree	1576	32.40%	4116	26.40%	6712	22.30%	32377	19.20%	148670	22.50%
	Graduate Degree	914	18.80%	2308	14.80%	3822	12.70%	17369	10.30%	87880	13.30%
Marital Status (Age 15+)	Never Married	2798	47.80%	12414	56.50%	22032	53.90%	87796	42.30%	283510	35.80%
	Married	1926	32.90%	6635	30.20%	13489	33.00%	89457	43.10%	399923	50.50%
	Widowed	416	7.10%	923	4.20%	1472	3.60%	10170	4.90%	38012	4.80%
	Divorced	714	12.20%	1999	9.10%	3924	9.60%	20340	9.80%	70481	8.90%

Housing and Households

		Sub 1,000 SF		1,000-3,000 SF		3,001-5,000 SF		5,001-10,000 SF		10,000 SF Plus	
		Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
Households	Total	3607	100.00%	9393	100.00%	16603	100.00%	85752	100.00%	325552	100.00%
	Average Size	1.7	-	2.2	-	2.5	-	2.9	-	3.0	-
Families	Total	1104	100.00%	3453	100.00%	7177	100.00%	52926	100.00%	225261	100.00%
	Average Size	2.39	-	3.1	-	3.3	-	3.6	-	3.5	-
Housing Units	Total	4469	100.00%	10755	100.00%	18312	100.00%	90439	100.00%	339317	100.00%
	Owner Occupied	737	16.50%	1775	16.50%	3791	20.70%	33101	36.60%	164229	48.40%
	Renter Occupied	2869	64.20%	7615	70.80%	12800	69.90%	52635	58.20%	161176	47.50%
	Vacant	863	19.30%	1366	12.70%	1703	9.30%	4703	5.20%	13912	4.10%
Home Value	Median	\$583,636	-	\$515,684	-	\$492,089	-	\$473,793	-	\$498,681	-
	Average	\$637,807	-	\$577,338	-	\$548,958	-	\$539,086	-	\$554,976	-
	< \$50,000	1	0.10%	12	0.70%	30	0.80%	397	1.20%	1478.061	0.90%
	\$50,000 - \$99,999	7	1.00%	62	3.50%	171	4.50%	1721	5.20%	6240.702	3.80%
	\$100,000 - \$149,999	3	0.40%	46	2.60%	129	3.40%	1754	5.30%	11660.259	7.10%
	\$150,000 - \$199,999	4	0.50%	39	2.20%	99	2.60%	1225	3.70%	7554.534	4.60%
	\$200,000 - \$249,999	6	0.80%	57	3.20%	144	3.80%	1523	4.60%	6569.16	4.00%
	\$250,000 - \$299,999	15	2.00%	87	4.90%	205	5.40%	1953	5.90%	7718.763	4.70%
	\$300,000 - \$399,999	90	12.20%	241	13.60%	535	14.10%	4469	13.50%	19707.48	12.00%
	\$400,000 - \$499,999	150	20.30%	311	17.50%	637	16.80%	4733	14.30%	21349.77	13.00%
	\$500,000 - \$749,999	276	37.40%	533	30.00%	1122	29.60%	8341	25.20%	43027.998	26.20%
	\$750,000 - \$999,999	105	14.30%	192	10.80%	356	9.40%	3310	10.00%	20200.167	12.30%
	\$1,000,000 +	79	10.70%	197	11.10%	368	9.70%	3674	11.10%	18393.648	11.20%
	Asian Alone	2149	34.30%	6182	25.30%	9204	19.50%	53008	20.30%	319586	32.10%
	Pacific Islander Alone	25	0.40%	122	0.50%	189	0.40%	1306	0.50%	4978	0.50%
	Other Race Alone	602	9.60%	4179	17.10%	10809	22.90%	64759	24.80%	167260	16.80%
	Two or More Races	295	4.70%	1320	5.40%	2643	5.60%	13840	5.30%	51771	5.20%
	Hispanic Origin	1410	22.50%	8699	35.60%	21430	45.40%	130824	50.10%	349454	35.10%

Employment

		Sub 1,000 SF		1,000-3,000 SF		3,001-5,000 SF		5,001-10,000 SF		10,000 SF Plus	
		Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
Civilian Population 16+	Total	4011	100.00%	13950	100.00%	25964	100.00%	136970	100.00%	523849	100.00%
	Employed	3759	93.30%	12929	92.10%	24130	92.40%	127296	92.40%	489122	92.90%
	Unemployed	269	6.70%	1102	7.90%	1973	7.60%	9674	7.60%	34728	7.10%
By Industry	Agriculture/ Mining	0	0.00%	26	0.20%	97	0.40%	509	0.40%	1467	0.30%
	Construction	180	4.80%	776	6.00%	1665	6.90%	9547	7.50%	28858	5.90%
	Manufacturing	680	18.10%	1720	13.30%	2896	12.00%	17694	13.90%	87064	17.80%
	Wholesale Trade	128	3.40%	310	2.40%	555	2.30%	2801	2.20%	10272	2.10%
	Retail Trade	308	8.20%	1280	9.90%	2268	9.40%	13748	10.80%	51358	10.50%
	Transportation/Utilities	158	4.20%	427	3.30%	869	3.60%	4073	3.20%	15652	3.20%
	Information	128	3.40%	388	3.00%	724	3.00%	3437	2.70%	14185	2.90%
	Finance/Insurance/Real Estate	263	7.00%	634	4.90%	1086	4.50%	5728	4.50%	23478	4.80%
	Service	1737	46.20%	6943	53.70%	13272	55.00%	66321	52.10%	244072	49.90%
	Public Administration	173	4.60%	427	3.30%	676	2.80%	3437	2.70%	12228	2.50%
By Occupation	White Collar										
	Management/Business/Financial	846	22.50%	2133	16.50%	3716	15.40%	17312	13.60%	75325	15.40%
	Professional	1034	27.50%	3517	27.20%	6081	25.20%	26605	20.90%	123259	25.20%
	Sales	436	11.60%	1332	10.30%	2316	9.60%	12984	10.20%	47445	9.70%
	Administrative Support	387	10.30%	1319	10.20%	2630	10.90%	15021	11.80%	60162	12.30%
	Services	391	10.40%	2237	17.30%	4923	20.40%	28896	22.70%	91955	18.80%
	Blue Collar										
	Farming/Forestry/Fishing	0	0.00%	26	0.20%	72	0.30%	255	0.20%	978	0.20%
	Construction/Extraction	158	4.20%	711	5.50%	1424	5.90%	8147	6.40%	23478	4.80%
	Installation/Maintenance/Repair	56	1.50%	272	2.10%	555	2.30%	3564	2.80%	14185	2.90%
	Production	297	7.90%	789	6.10%	1351	5.60%	8274	6.50%	31793	6.50%
	Transportation/Materials Moving	158	4.20%	582	4.50%	1086	4.50%	6365	5.00%	20543	4.20%

Income and Spending

	Sub 1,000 SF			1,000-3,000 SF			3,001-5,000 SF			5,001-10,000 SF			10,000 SF Plus		
	Value	Percent	Index	Value	Percent	Index	Value	Percent	Index	Value	Percent	Index	Value	Percent	Index
Income															
Household Median	\$40,383	-		\$43,972	-		\$45,319	-		\$55,306	-		\$77,228	-	
Household Average	\$71,007	-		\$68,841	-		\$70,086	-		\$80,353	-		\$96,761	-	
Per Capita	\$39,675	-		\$29,762	-		\$27,621	-		\$27,055	-		\$32,032	-	
Household Income Base	3607	-		9393	-		16603	-		85752	-		325552	-	
<\$15,000	1010	28.00%		2198	23.40%		3453	20.80%		12434	14.50%		30276	9.30%	
\$15,000 - \$24,999	397	11.00%		1090	11.60%		1943	11.70%		8318	9.70%		22463	6.90%	
\$25,000 - \$34,999	285	7.90%		770	8.20%		1527	9.20%		7718	9.00%		24091	7.40%	
\$35,000 - \$49,999	274	7.60%		967	10.30%		1860	11.20%		10891	12.70%		35485	10.90%	
\$50,000 - \$74,999	386	10.70%		1249	13.30%		2192	13.20%		12520	14.60%		45577	14.00%	
\$75,000 - \$99,999	307	8.50%		949	10.10%		1644	9.90%		9518	11.10%		41345	12.70%	
\$100,000 - \$149,000	552	15.30%		1249	13.30%		2275	13.70%		13120	15.30%		69343	21.30%	
\$150,000 - \$199,999	170	4.70%		395	4.20%		830	5.00%		5745	6.70%		30927	9.50%	
\$200,000+	227	6.30%		526	5.60%		880	5.30%		5488	6.40%		25719	7.90%	
Total		Average	Index		Average	Index		Average	Index		Average	Index		Average	Index
Consumer Spending	\$5,980,468	\$1,658	73	\$15,081,164	\$1,606	71	\$26,997,764	\$1,626	72	\$55,367,192	1811.82	80	685745042	2106.41	93
Apparel and Services	\$975,613	\$270	106	\$2,489,873	\$265	104	\$4,480,623	\$270	106	25880661	301.81	119	685745042	359.92	141
Computers and Accessories	\$6,272,900	\$1,739	117	\$15,794,738	\$1,682	113	\$28,429,373	\$1,712	115	161623162	1884.77	127	724199475	2224.53	150
Education	\$11,101,399	\$3,078	95	\$28,096,721	\$2,991	93	\$50,744,494	\$3,056	95	303575143	3540.15	110	1410394719	4332.32	134
Entertainment and Recreation	\$18,620,954	\$5,162	101	\$47,555,403	\$5,063	99	\$85,813,639	\$5,169	102	500774161	5839.8	115	2211981951	6794.56	133
Food at Home	\$12,229,868	\$3,391	106	\$30,979,325	\$3,298	103	\$55,565,470	\$3,347	104	321051320	3743.95	117	1435689734	4410.02	138
Dining Out	\$14,005,983	\$3,883	84	\$35,348,361	\$3,763	81	\$64,003,068	\$3,855	83	389467827	4541.79	98	1833810658	5632.93	122
Health Care	\$5,617,266	\$1,557	87	\$14,154,676	\$1,507	84	\$25,387,056	\$1,529	85	148760074	1734.77	97	684281817	2101.91	117
Household Furnishings and Equipment	\$8,210,695	\$2,276	85	\$22,476,070	\$2,393	89	\$44,329,670	\$2,670	99	313686288	3658.06	136	1557465348	4784.08	178
Investments	\$80,499,902	\$22,318	90	\$204,329,839	\$21,753	88	\$368,156,148	\$22,174	89	2171191715	25319.43	102	9950553702	30565.17	123
Retail Goods	\$62,953,740	\$17,453	109	\$159,492,235	\$16,980	106	\$287,367,575	\$17,308	108	1696034502	19778.37	123	7604302679	23358.18	146
Shelter	\$4,602,293	\$1,276	100	\$11,622,360	\$1,237	97	\$20,778,001	\$1,251	98	118724676	1384.51	109	529926771	1627.78	128
Media	\$6,386,375	\$1,771	93	\$16,081,183	\$1,712	90	\$29,197,414	\$1,759	92	181565480	2117.33	111	869475233	2670.77	140
Travel	\$3,731,531	\$1,035	95	\$9,559,445	\$1,018	94	\$17,323,615	\$1,043	96	103233559	1203.86	111	475002354	1459.07	134
Vehicle Maintenance and Repair															

