

MarketCenter success

Residents find retail powerhouse within reach

Its official name is San Jose MarketCenter. Some know of it as Coleman Center. Whatever it is called, it has been downtown's retail powerhouse for more than a decade.

The 360,000-square-foot shopping center currently has 35 stores, many of which have been at the center since its opening March 2006.

"It's a great center," said **Todd Oliver** of Cushman & Wakefield, who has recruited tenants there since 2005. "It is unusual to have so many long-standing tenants."

"Most of the tenants are currently renewing," added **Sharlene Hassler**, the local property manager for Chicago-based JLL (Jones Lang LaSalle, Inc.), an investment firm specializing in real estate that acquired the MarketCenter in July 2010 for \$85 million from developer Cousins Properties.

Trader Joe's is one tenant signing up for another five years. The grocer initially received a rent decrease through the San Jose Redevelopment Agency.

"The MarketCenter has a great mix of tenants and food choices," Hassler said. "One key to the center's success was replacing the Chevy's with BJ's. They are doing really well."

Panera, Chili's Sweet Tomatoes, Una Mas, L&L Hawaiian Barbecue are all counted among the original food tenants still doing business there.

Judging by the 2010 purchase price and constant flow of shoppers to popular retailers such as Target, Michael's, Cost Plus World Market, Office Depot, PetSmart, Sleep Train and Marshall's, the center has emerged as a downtown success story.

Current revenue and sales tax numbers for the center were not disclosed. In 2005, then-RDA Director **Harry Mavrogenes** estimated that the project would generate hundreds of jobs and \$1.7 million per year in sales tax revenue for the City of San Jose.

Other national businesses that been with the center since its beginning include T-Mobile, Chase (nee WaMu) and GameStop. Several small privately owned businesses established in the center have also showed lasting power: Blue Mango, Diamond Dental: **Dr. Lannie Zarate-Reyes**, America Nail / Tan and Blu Cocoon MedSpa.



College students flock to the Coleman center's food businesses after weekday classes.

The center is expanding by 8,000 square feet with a new building under construction. It is expected to open in spring at the corner of Coleman Avenue and Taylor Street. The expansion includes a new Blaze Pizza, an up-and-coming chain of 150 stores nationwide partially owned by **LeBron James**, and a Wells Fargo Bank. A third new space of 2,369 square feet is the only unleased spot at the center, Oliver said.

The buildout includes the addition of some much-needed parking. "That portion of the center near Taylor Street (composed of Starbucks, Subway, Jamba Juice and El Pollo Loco) is extremely busy, especially at lunch and early evening," Hassler said.

The additional parking won't be ready for December, the busiest month for most of the stores.

"We have high visibility and a great location close to SAP Center and the Earthquakes," said BJ's Senior Manager **Roddy Lopez**. "And, it's a growing area." Open in 2013, this is the top-producing BJ's in the region, he added.

People from a five-mile radius – including Santa Clara – go to the Market Center, store managers confirmed. It is the "go-to" center for downtown residents and employees.

"I am a big fan of the MarketCenter," said **Maya McCray**, downtown resident. "I love that it is across the street from Rotary Playground, which gives me the opportunity to set up play dates for my on and accomplish errands in one quick sweep."

Letter from the President

Local measures boost center city

The passing of some of the local measures Nov. 8 will provide a boost for the San Jose Downtown Association's strategic initiatives for years to come:



Stan Vuckovich

◆ The Measure A Affordable Housing Bond will help us reduce the impact of our homeless population downtown by providing new funding to build

transitional and permanent supportive housing units. Reducing the impact of homelessness has become an increasing priority for the Association and our members.

◆ The Measure B transportation sales tax hike will provide funding for road repairs and completion of BART to downtown San Jose, which will have a significant positive impact on the long-term business climate in Silicon Valley's primary urban center.

◆ The approval of the Measure F pension modification plan will allow the City of San Jose to provide competitive benefits and compensation to our police and fire departments. This will allow us to reverse the trend of the last several years and begin staffing back up the police force. Public safety has consistently been a top priority for SJDA members.

◆ SJDA is working with the City of San Jose to ensure components of Measure G – the new business tax – will be re-invested in the city to stimulate business citywide (since 100 percent of this tax increase is paid by businesses).

While SJDA did not support the Measure E Opportunity to Work initiative because we did not feel it would be business-friendly for small- to medium-size companies, we are encouraged that our local policy-makers have heard our concerns and are working to make it flexible and simple to administer.

While the presidential election has created a great amount of anxiety and concern in our community, SJDA is celebrating the success of these local measures that will help make downtown San Jose a neighborhood for everyone in the city.

PBID board vets share insights

Richard Berg and **Elizabeth Mattson** wind up nine years on the Property-Based Improvement District Board of Directors this month. Berg, a former professor at Santa Clara University who owns several properties in SoFA, and Mattson, a 20-year Paseo Plaza resident who finds funding for programs at Stanford, have contributed to the PBID since its start in 2007.

"When we first began, I was a PBID skeptic," said Berg. "I thought the government should be doing the work. But we stepped up and have done a



Richard Berg

terrific job."

The PBID formed when a majority of property owners agreed to pay a premium for clean, safe and beautification services. Mattson recalled the basic premise: "When I'm in other cities, I'm looking at its cleanliness first and

then some sort of beautification: statues, flowers, architecture or something else," she said. "That's



Elizabeth Mattson

what makes a city special. If they have those things, then I feel safe. If it isn't so clean, I don't feel so safe."

Berg, who had served the previous eight years on the Business Improvement District board, and Mattson, a founding member of the Downtown Residents Association, agreed to join

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Business News



Jose and Iliana Morales add spice to West Coast Cubans.

SoFA late-night stop: Cubamex Sandwiches, 325 S. First St., is getting five-star reviews on Yelp since its soft opening in September. **Jose Luis Morales** (Mex) and his wife, **Iliana** (Cuba) have created sandwiches of meat, sweet pickles and a magical assortment of spices, and serve them with chips and homemade pico de gallo that also receives rave reviews. Call (408) 320-1776.



Michael and Ricky Hobson are Rookies veterans.

The sporting life: Rookies Sports Lodge, a fixture on Meridian Avenue in Willow Glen, will open this month in the former Billy Berk's location at 99 S. First St., said owners **Michael and Tania Hobson**. Food, beer and drinks are served daily, with extended hours for breakfast on weekends during football season. The restaurant is being equipped with 30-plus TVs, said General Manager **Ricky Hobson**, Michael's brother. Check rookieslodge.com.

Grapes of Post: Divine Wineries moves into the space at 40 Post St. formerly occupied by Sherman Cellars and Red Light Wine Room. Taste handcrafted wines not available in stores from Santa Clara Valley and other Northern and Central California locations. **Kevin Holbrook** hosts. Check devinewineries.com.

Technical update: TechShop San Jose has raised \$1 million to bridge a construction budget gap and can now continue preparing the former Zanotto's on Second Street for Tech Shop's machinery. The historic building's power requires an upgrade. TechShop is on track now for an opening in spring 2017, said **Jim Newton**, founder and chairman. Check techshop.com.

SJDA News

Adding up: **Peggy Bradley** has been promoted to Director of Finance and Administration for San Jose Downtown Association. In addition to handling finance, accounting and budgeting duties for SJDA, she will oversee the administrative function including management of administrative staff. She joined SJDA two years ago as accounting manager.



Fountain Gallery Alley

Fountain Alley showed its potential as a community asset Nov. 12-13. A team led by **SJDA Street Life Manager Jason Su** turned the alley into an art gallery, attracting up to 150 people per hour over two days for live painting, music and games. **Knight Foundation, 8-80 Cities and SJDA supported the event.**

Public activation ideas welcome: SJDA offers funding for creative ideas that activate public spaces and contribute to downtown's uniqueness and vitality.

Past grantees of the Public Space Activation program include The Commons, Play on Words, MACLA's Afro-Peruvian Dance Party, San Jose Jazz's "pop-up" Boom Box and The Big Lunch.

The idea must take place outdoors in downtown San Jose, include a marketing plan and have sustainability beyond the initial grant.

The grants are made possible through the generosity of the **John S. and James L. Knight Foundation**. Email sjda@sjdowntown.com to apply.



New mural on dog park

Empire 7 Studio's Roam Victor of The Arsenal art store on The Alameda adds the finishing touches to the Hart's Dog Park on Santa Clara Street.

SJDA Year-in-Review Meeting

Hammer Theatre Center, Dec. 9: San Jose Downtown Association's Year-in-Review meeting is Dec. 9 at the Hammer Theatre Center, 101 Paseo de San Antonio, starting at 8 a.m.

The public meeting features a visual summary of downtown in 2016, the awarding of the Golden Nail for exemplary architectural merit, and recognition of termed-out SJDA and PBID board members.

The meeting includes a continental breakfast and is sponsored by the Hammer Theatre Center, SJSU Alumni Association and **Kelly Hattley**, Boston Properties, with catering by SJSU Spartan Catering. RSVP to sjdarsvp@sjdowntown.com.

Downtown News

Pay increase: California's minimum wage for workers increases to \$10.50 per hour starting Jan. 1.

The \$10.50 rate will be temporary. Starting July 1, 2017, in reaction to a recommendation by Cities Association of Santa Clara County, San Jose City Council approved a bump of the minimum wage to \$12 for most workers except youth in job training programs. The minimum wage approved by the City Council will be \$13.50 on Jan. 1, 2018, and \$15 on Jan. 1, 2019. Statewide, the wage will be \$15 on Jan. 1, 2022.

From the Archives

10 years ago – December 2006 – As the result of flood-mitigation work along the Guadalupe River about 4,200 property owners along its banks were relieved from a requirement to pay \$1,000 per year in additional insurance, FEMA declared.

15 years ago – December 2001 – Exterior renovation work was completed on nine houses of the River Street Historic District in what is now known as Little Italy.

20 years ago – December 1996 – The Beautification, Historic Preservation, Architecture Design (BHAD) Committee created the Golden Nail Award to "acknowledge entrepreneurs who contribute to the beautification of downtown by renovating, improving buildings and maintaining clean storefronts."

25 years ago – December 1991 – Anchor tenant Deloitte and Touche, USA, was first to move into the recently completed 341,631-square-foot "Opus Center"

Downtown Facts

Downtown hotels: average daily room rate (ADR)

Month	2006	2016	Change
June	\$136	\$239	76%
July	\$138	\$217	57%
August	\$137	\$210	53%

Revenue per available room (ADR x occupancy rate)

June	\$84	\$203	142%
July	\$75	\$175	133%
August	\$84	\$168	100%

Source: Team San Jose

Downtown for the Holidays

Ice, palms and skates come together: Hawaiian Airlines / **Kristi Yamaguchi** Downtown Ice, presented by The Sobrato Organization, continues to operate daily in December in the Circle of Palms, 120 S. Market St. Starting Dec. 16, hours expand to 11 a.m.-midnight, through Jan. 7, with special times on the holiday dates. Admission is \$15 for children 10-under and \$17 for skaters 11-older. Special programs and discounts are available throughout the season.

Besides primary partners Hawaiian Airlines, Kristi Yamaguchi and her Always Dream Foundation, and Sobrato Organization, other key sponsors include: PG&E, Huawei, City of San Jose, C2K Architecture, KT Urban, Insight Realty Co., Martinelli's, Ernst and Young, Hyatt Place and CH Reynolds. Thanks to media partners NBC Bay Area, The Mercury News, Silicon Valley Community Newspapers, Clear Channel Outdoor, Univision, El Observador, KQED, Content magazine and Mix 106.5 and K-BAY 94.5.

TIVO Santa Run Silicon Valley: The 5-kilometer run/walk serves as a fast-paced holiday parade through downtown's streets. On Dec. 18, up to 5,000 runners are expected – the majority in holiday costumes. It's fun for the whole family, with the littlest ones taking off at 2:20 p.m. Register at santarunsv.com. Silicon Valley Leadership Group produces the race that benefits both Downtown Ice and Christmas in the Park.



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PBID Board vets

From Front Page

PBID President **Chuck Hammers**, a city and redevelopment representative and seven other private property owner representatives on the 11-member board.

"I tried to represent residents, but not any one group, rather the everyman," Mattson said of her role on the board.

The board dug in, focusing at first on Groundwerx cleaning and ambassador services, and then expanding into tree-trimming, beautification and business development operations.

"We take it seriously, make sure every district gets its share and we debate everything, right down to the details of the budget," Berg said.

"Whatever idea is brought up is discussed, massaged and made better," Mattson added. "Everybody contributes and there's very little negativity."

Mattson believes the PBID upped its value with two new programs:

- A business development program designed to recruit and retain businesses and simplify permitting processes with local government, and;

More Downtown for the Holidays events

Daily – Christmas in the Park and Winter Wonderland
Dec. 2 – South First Fridays

Dec. 17-18 – SJMADE Holiday Craft Fair at San Jose Convention Center; sanjosemade.com

Performing Arts:

Through Dec. 11 – The Night Alive; thestage.org

Through Dec. 4 – Nutz Remixed; Hammer Theatre

Through Dec. 18 – Calendar Girls; cltc.org

Dec. 2 – The Nutcracker by San Jose Dance Theater

Dec. 2-11 – Hairspray; cmtsj.org

Dec. 2-16 – A Dickens of a Christmas Mashup; tabardtheatre.org

Dec. 10 – Carols in the California

Dec. 12 – You-Sing-It Messiah at California Theatre
Dec. 12-23 – Season of Hope at Cathedral Basilica of St. Joseph; stjosephcathedral.org

Dec. 15 – Cirque Musica Holiday Spectacular at SAP Center; cirquemusica.com/holiday-spectacular

Dec. 16-24 – The Nutcracker; symphonysiliconvalley.org

Dec. 16-24 – SJ Nutcracker by New Ballet School

Dec. 17-18 – Big Band Christmas Surprise; tabardtheatre.org

Dec. 29-30 – **Val Kilmer** introduces Cinema Twain; thestage.org

Dec. 31 – **Will Durst** – The Big Fat Year-End Kiss-Off Comedy Show; tabardtheatre.org

DOWNTOWN DIMENSION

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