

The MOMENT Project: Micro-retailing helped San Jose entrepreneurs thrive during pandemic

In 2015, Knight Foundation awarded a grant to the San Jose Downtown Association (SJDA) to study and implement options to transform the ground floor of the San Pedro Square parking garage into a vibrant retail incubator. Like many parking structures, the San Pedro Square garage interrupted the contiguity of the street and rendered the east side of the street lifeless. This was during a time when the San Pedro Square Market was itself beginning to bustle. The SJDA wanted to explore two innovations:

- Could small, supported retail spaces with direct street access attract new entrepreneurs and help establish them in San Jose's downtown?
- Could existing under-utilized spaces be converted to very small-footprint operations that would be affordable for entrepreneurs and create a vital streetscape?

The [MOMENT](#) Project was born. It was conceived as four small retail spaces where entrepreneurs could launch a small business, created by removing parking spaces on the ground floor of the parking garage. Once opened, MOMENT provided an immediate boost to the vitality of San Pedro Street in downtown San Jose.

Fast forward to 2021. San Jose is moving through one of its greatest disruptions to downtown life since the 1989 Loma Prieta Earthquake. It's a time when the threats to peoples' health and livelihoods are real and public spaces have emerged as places to recharge, connect and enjoy food. In the case of San Pedro Square, one might say that outdoor dining for downtown residents has helped keep restaurants and businesses on life support while people who normally worked and attended events nearby stayed away from downtown.

During Fall of 2020, Knight and Gehl studied MOMENT and six other public space projects in Philadelphia, Detroit and Akron to identify what made them [successful and offer recommendations for building resilient, inclusive cities](#) that can challenge systemic racial inequities and connect people. We launched the study because we are an opportunistic social investor: We seek innovative and sustainable objectives that align with our objectives. As such, Knight is constantly seeking to understand by studying the success and failure of our investments, and honoring both.

A couple of key takeaways stood out in the report. MOMENT proved that micro-retail could work in San Jose. By placing this project adjacent to San Pedro Square and the downtown Farmer's Market, MOMENT was able to capitalize on the traffic generated by both, while becoming a draw in its own right. However, it also exposed a concern that could guide future projects; the retail mix needs to complement the primary use of the adjacent space. Site limitations at MOMENT and low sales volumes meant that retailers often operated as sole proprietors without staff and often couldn't keep operating hours to capture the busiest periods at San Pedro

Square Market. Furthermore, early on in the project, downtown residential density was still light, meaning that retail sales were dependent on whether customers were willing to carry their purchase with them to work, to an event, or out to dinner. With increasing neighborhood residential density, this concern is becoming mitigated.

During the pandemic, San Pedro Street has been partially closed to traffic. This has improved the viability of nearby restaurants and has improved MOMENT's visibility and usability. For example, MOMENT businesses have been able to conduct outdoor workshops.

MOMENT illustrated that retrofitting urban spaces for micro-retail would be cost-prohibitive without philanthropic support. This meant that any innovations that are informed by MOMENT need to be built into new construction. This is something that has not yet been reflected in the new construction projects in San Jose. The project also illustrated the importance of co-locating micro-retail near other strong attractions with urban density—and direct street access.

MOMENT also reinforces the importance of micro-retail as a vehicle to establish financial security for entrepreneurs. The collaborative spirit of the project and the commitment from the City of San Jose and SJDA to keep rents low has helped ensure its financial sustainability, though operational challenges faced both by tenants and operators make it hard to sustain tenants for long-term leases. However, as long as tenants can make short-term leases work, the space operations—although challenging—are a much lower barrier to entry than would be faced at a mainstream storefront. Compared to the set-up of other brick-and-mortars, MOMENT lets tenants hop operational hurdles and be creative with operations.

As the community re-imagines the revitalization of the SoFA District and the proposed Google campus nearby, there's a lot to be learned from the innovation at MOMENT—and from the six other public space projects across the U.S surveyed in the Knight report—all of which can be read about [here](#). Later in April, the SJDA and Gehl will discuss the MOMENT Project in more detail during a community meeting; you can watch the events feed at sjdowntown.com for more information.

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