

ECONOMIC VITALITY COMMITTEE REPORT

December 19, 2024
Economic Development

TITLE: RECEIVE RETAIL DEVELOPMENT PROGRAM UPDATE

BACKGROUND

In August 2023, the City Council adopted the updated Economic Development Strategic Plan (EDSP) which the Economic Vitality Committee uses as the foundation for its work. The plan comprises of 5 Implementation Plan Priorities:

- 1.0 Economic Development Capacity Building
- 2.0 Business Retention, Expansion & Attraction
- 3.0 Local Revenue Growth
- 4.0 Entrepreneurship & Innovation Outreach
- 5.0 Major Projects Accelerator Program

There are specific actions items under 3.0 Local Revenue Growth that are related to a retail development program:

3.1 Expand Citywide Retail and Tenant Support Program

The City will conduct a retail assessment to obtain retail sales and shopping center performance data to establish focus areas for assistance. The City should also explore the demand for expedited tenant improvement (TI) permitting for cosmetic modifications to help catalyze retail development.

Pleasanton's quality of life can be attributed to its strong job base and diversity of land uses which provide public revenues for high-quality services and amenities. The City contains retail centers, employment centers, and hotel properties, all of which contribute to the City's economic resilience. Historically within the Tri-Valley, Pleasanton generated the highest volume of taxable retail sales, one of the indicators of economic health. However, over the last several years the City has faced increasing competition for retail and commercial development compounded by the effects of a global pandemic. At the same time, the number of available sites for new development has decreased and some of the smaller, unanchored centers may require reinvestment to achieve healthy sales. The goal for this Priority Area is to sustain Pleasanton's economic health and long-term resilience, so that it can continue to provide high-quality public services and amenities.

DISCUSSION

An overview of this new initiative and the retail landscape was provided to the EVC at its meeting on June 20, 2024, by the City's consultant, Alex Greenwood of Alex Greenwood Group. Several key tasks have been completed since this meeting which are part of the Scope of Work.

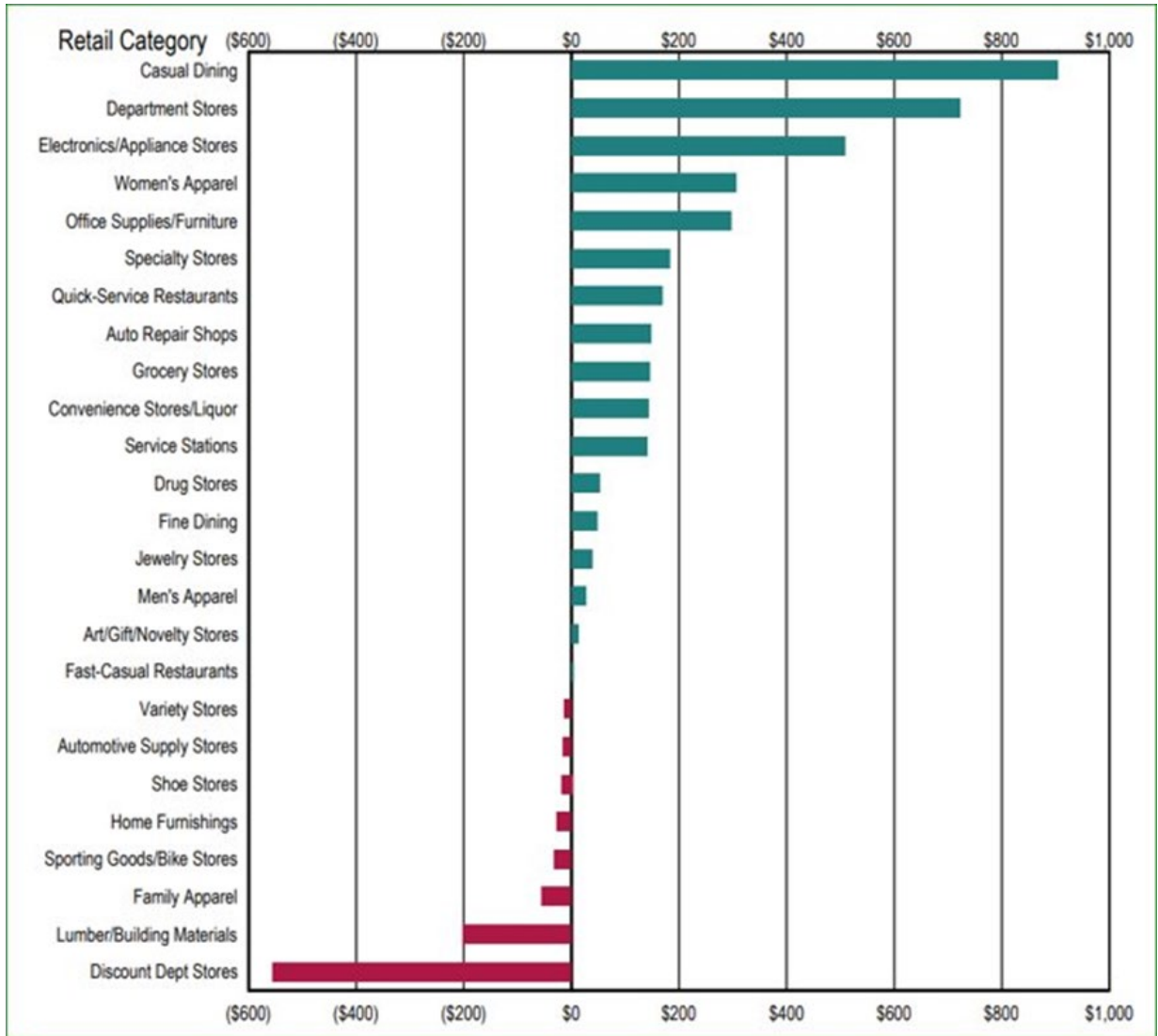
On July 18, 2024, Economic Development staff and Mr. Greenwood conducted a retail centers tour to assess vacancies throughout the city. Twenty retail centers were visited:

1. Pleasanton Square
2. Gateway Square
3. Crossroads
4. Val Vista
5. Hopyard Village
6. Gene's Fine Foods/Rite Aid
7. Pleasanton Gateway
8. Bernal Plaza
9. Downtown District
10. Pleasant Plaza
11. Oak Hills Shopping Center
12. Vintage Hills Shopping Center
13. Santa Rita Square/Meadow Plaza
14. Mission Plaza/Valley Plaza
15. Amador Center
16. Metro 580
17. Rose Pavilion
18. Trader Joe's Plaza
19. Vintage Plaza
20. Pacific Pearl

Approximately 60 vacant spaces were noted which were compiled in a database to assist staff in identifying opportunities for targeted businesses. Multiple vacant spaces were noted at Pleasanton Square, Hopyard Village, Rose Pavilion, and Pacific Pearl.

The next step in the program development was a void analysis, which is an analytic tool used by retail brokers and developers to identify the types of retail tenants that are missing from the community and, therefore, may have potential for retail attraction. Two different void analyses were used and cross referenced with each other. The void analyses were screened to focus on specific stores where the distance to the nearest existing store is much greater than the typical, average distance between stores in the chain. The results were cross referenced with the sales tax surplus and leakage analysis performed by the City's sales tax consultant, HdL shown below in Figure 1.

Figure 1: Sales Tax Leakage Analysis (HdL)



The void analyses were further screened to account for retail trends, market forces, potential synergy with Pleasanton's retail goals, and other factors. The results include a list of 18 retail categories that show the greatest potential for attracting new retail tenants in Pleasanton, noted in Table 1 below.

All of these the categories, along with specific tenants identified in each category, merit further study and exploration, but 11 of the categories are recommended to receive special focus and priority as the City develops its retail attraction plans. These categories include Apparel & Footwear, Auto Parts & Automotive, Convenience Stores & Gas Stations, Discount Department Stores, Health & Fitness, Healthcare & Clinics, Home Improvement & Building Materials, Housewares & Home Furnishings, Personal Care & Beauty, Restaurants & Specialty Food, and Sporting Goods & Apparel.

Table 1: Retail Categories & Tenants with the Greatest Potential

Apparel & Footwear	Entertainment & Experiential	Housewares & Home Furnishings
Auto Parts & Automotive	Financial Services	Jewelry
Child Care, Education & Community	Grocery	Office & Computer
Convenience Stores & Gas Station	Health & Fitness	Personal Care & Beauty
Discount Department Store & Wholesale	Healthcare & Clinics	Restaurants & Specialty Food
Electronics / Distributors	Home Improvement / Building Materials	Sporting Goods & Apparel

The third step in the program development included a high-level scan of Pleasanton's retail market outlook, including regional trends, market conditions, and general recommendations. Mr. Greenwood will provide an overview of these findings and recommendations for next steps in the program.

The EVC is asked to provide feedback on the information presented.

ACTION: RECEIVE RETAIL DEVELOPMENT PROGRAM UPDATE