

# Hayward Corridors Retail Growth Strategy

Final Presentation



A Retail Real Estate Consulting Firm

**Presentation**  
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MJB Consulting

# Final Product



- Guidance on how corridors are likely to evolve
- Identification of specific sites and nodes where retail would be viable
  - What kind and in what physical form?
- Strategies for changing perceptions within tenant and leasing communities

# Definitions and Concepts

- Tenanting potential
  - Focus on larger national and regional chains
    - Capable of underwriting redevelopment



# Definitions and Concepts

- Tenanting potential
  - Proprietary "filtering process" (submarkets)
    - Expanding with new stores
    - Tapping underserved trade areas
      - Avoiding cannibalization
    - Gravitating to co-tenancy and critical mass
    - Resembling comparable locations
    - Comparing to the alternatives
  - Based on *existing* conditions



# Definitions and Concepts



- Tenanting potential
  - Proprietary "filtering process" (site suitability / real estate)
    - Size and dimensions to accommodate prototypes, on-site parking
      - Versus shallow depth
    - Corner lots at signalized intersections
      - Versus mid-block
    - Automobile access from both directions
      - Versus restrictions (e.g. raised medians)
  - Based on *existing* conditions



# Definitions and Concepts

- Developer perspective
  - Development economics
    - Costs attendant to site preparation
      - Demolition of existing buildings
      - Remediation of contaminated land
      - Grading of hilly topography
    - Rents implied by such expenses



# Mission Boulevard

- Localized draw
  - No freeway access
  - Current anchors
  - Existing competition
  - Underserved populations



# Mission Boulevard

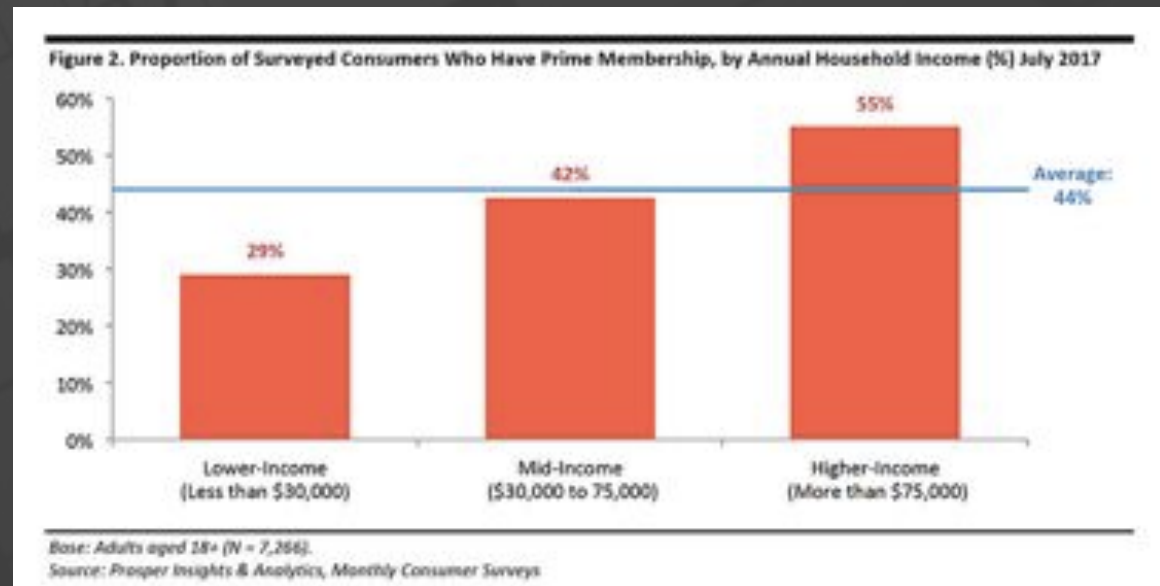
- Tenanting potential
  - Daily and weekly needs of adjoining neighborhoods and the CSUEB community
    - 45,000 sq ft of grocery
      - Value-oriented and/or ethnic
    - Discount variety
    - Food and beverage
      - Including "fast casual"
  - Auto dealerships





# Mission Boulevard

- Industry disruption
  - Limited impact of e-commerce
    - Daily and weekly needs
    - Lower-income consumers / deep-discount retailers



# Grocery Stores

Type (sq ft)	Concept	Market Leaders
Conventional (35-50K sq ft)	Mainstream product mix; moderate prices	<b>Safeway, Lucky, Raley's,</b> Wal-Mart Neighborhood Market
Upscale / Specialty (20-40K sq ft)	Emphasis on natural / organic; moderate to high prices	Whole Foods, Sprouts, 365 By Whole Foods,
Trader Joe's (15-20K sq ft)	Idiosyncratic mix of private-label products; low prices	Trader Joe's
Deep Discount (15-30K sq ft)	"No frills" setting; private labels and/ or national brands; low prices	<b>Grocery Outlet, Food Source,</b> <b>Smart &amp; Final Extra!, Food Maxx,</b> Pak N Save, Save-A-Lot, Aldi, Foods Co., WinCo Foods
Ethnic Specialty (10-25K sq ft)	Ethnicity-specific foods, services and atmosphere; low prices	<b>Chavez Supermarkets, Cardenas</b> <b>Markets, Seafood City,</b> <b>Island Pacific, 99 Ranch Market, H-</b> Mart, Marina Grocery

# Mission Boulevard

- Development potential
  - Preference for "second-generation" buildings
  - Need for motorist-friendly site plans



# Mission Boulevard

- S-bound side, from Jack-in-the-Box to Sycamore
  - Quick-service food and beverage
  - Automobile orientation
  - Would displace small businesses





# Mission Boulevard



- N-bound side, at Carlos Bee (2)
  - Fast-casual eateries and cafes
  - Architecturally-distinctive buildings "embracing" the intersection
  - Visible and easily accessible on-site parking

# Mission Boulevard



- S-bound side, at Harder (Kmart)
  - Supermarket (existing building) and fast-casual eateries
  - Architecturally-distinctive buildings "embracing" the intersection
    - Ideally includes corner out-parcel
  - Visible and easily accessible on-site parking

# Mission Boulevard



- N-bound side, at Tennyson
  - Small grocer, discount-variety store and/or restaurants
  - Automobile orientation
  - Would displace Saudagar



# Mission Boulevard

- S-bound side, at Industrial
  - Small grocer, discount-variety store and/or restaurants
  - Automobile orientation
  - Would require new connection to Industrial
    - Would displace some small businesses





# Mission Boulevard Marketing



- A story to tell...
  - Larger (and denser) trade area than previously thought
    - Includes affluent residents in the Hills
  - Captive and woefully underserved CSUEB community
  - New residential and hotel development

# Industrial / Whipple

- Regional draw
  - I-880 freeway access
  - Co-tenancy and critical mass
    - Union Landing



# Industrial / Whipple

- Industry disruption
  - E-commerce and "category killers"
    - Trade on selection and convenience





# Industrial / Whipple

- Industry disruption
  - Some larger-format retailers still expanding...
    - Treasure-hunt atmosphere
    - See, touch and feel
  - Desirable real estate *is* desirable real estate
    - Flexible zoning to allow for wide variety of future retail uses





# Category Killers

Category (sq ft)	Market Leaders
Books (20-40K sq ft)	Barnes & Noble
Electronics (20-60K sq ft)	<b>Best Buy</b> , Fry's Electronics
Office Supply (15-25K sq ft)	<b>Office Depot</b> , Staples
Pet Supply (15-25K sq ft)	<b>Petco</b> , Petsmart
Fabrics / Crafts (15-30K sq ft)	<b>Michaels</b> , Jo-Ann, Hobby Lobby
Bed & Bath (20-50K sq ft)	Bed Bath & Beyond
Sporting Goods (15-60K sq ft)	<b>Dick's</b> , <b>Big 5 Sporting Goods</b> , REI, Sports Basement, Sportsman's Warehouse, PGA Tour Superstore, Bass Pro / Cabelas
Party Supply (10-15K sq ft)	<b>Party City</b>
Home Improvement (100-150K sq ft)	<b>Home Depot</b> , <b>Lowe's</b>

# Other Large-Format Retailers

Category (sq ft)	Market Leaders
Supercenter (150-200K sq ft)	Wal-Mart, Target, Kmart
Warehouse Club (100-200K sq ft)	Costco, Sam's Club
Freestanding Department Store (60K sq ft+)	J.C. Penney, Kohl's, Old Navy
Off-Price Fashion (20-40K sq ft)	Ross Dress For Less, Burlington, Famous Footwear, T.J. Maxx, Marshalls, Nordstrom Rack, Stein Mart, DSW Designer Shoe Warehouse
Home Furnishings (15-60K sq ft)	La-Z-Boy, ANA Furniture, Ethan Allen, Bassett Home Furnishings, Ashley HomeStore, Living Spaces, IKEA
Home Decor (15-40K sq ft)	HomeGoods, Cost Plus World Market, At Home

# Industrial / Whipple

- Tenanting potential
  - Regional draw
    - Off-price / cheap-chic fashion
    - Furniture / home
    - (Select) category killers
    - Entertainment venues
  - Daily and weekly needs



# Industrial / Whipple



- Development potential
  - Medium-box vacancies at Union Landing
    - "First dibs" on interested tenants
  - Room for supersized floorplates
  - High redevelopment costs



# Industrial / Whipple

- Whipple, E-bound, from self-storage to Amaral St
  - Larger-format retailers, entertainment venues
  - Automobile orientation
  - Land-assemblage costs
  - Would displace small businesses



# Industrial / Whipple

- Industrial SW, NE-bound, from Target to FoodMaxx
  - Larger-format retailers, entertainment venues
  - Automobile orientation
  - Remediation and access costs



# Industrial / Whipple

- Industrial SW, SW-bound ("Manheim site")
  - Larger-format retailers, entertainment venues, mixed-use
  - Automobile orientation
  - Existing owner / tenant
  - New freeway off-ramp (City)



# Industrial / Whipple



- Industrial W, on NW corner at Huntwood Drive
  - Quick-service eateries (with drive-thru)
  - Automobile orientation
  - Would displace Tacos Uruapan



# Industrial / Whipple

- City initiatives and improvements
  - Tall and large freeway-side pylon signs
  - Smaller navigation / way-finding signs
  - Rationalization of busy intersection



# Industrial / Whipple Marketing

- Reframing the opportunity
  - Freeway interchange, co-tenancy and critical mass
  - Sizeable, dense, affluent, high-spending trade area
- Potential for supersized floorplates
- City improvements in visibility and access

# Tennyson Road

- Hyper-localized draw
  - Current anchors
  - Existing competition
  - Small trade area population
    - Ranks *below* Mission Boulevard as a retail location



# Tennyson Road

- Tenanting potential
  - Discount variety
  - Quick-service eateries (with drive-thru)





# Tennyson Road



- Development potential
  - Constraints on lot size and depth
  - Challenges and costs of land assembly
  - Limited upside upon re-tenanting

# Tennyson Road



- Will remain mostly *as is...*
  - Smaller floor-plates in older strip malls
  - Independently-owned, entrepreneur-driven small businesses
  - Above-average turnover yet steady tenant demand

# Tennyson Road



- W-bound, between Huntwood Drive and Ledig Court ("Superway site")
  - Discount-variety store, fast-food eateries, small businesses
  - Would require cross-subsidy of some sort
    - Effective eastern gateway plus blight = role for the City?

# Tennyson Road



- E-bound, on SE corner at Ruus Road (City)
  - Unlikely to achieve desired retail mix
  - Would displace small businesses



# Tennyson Road Marketing

- Very high population density
  - ... compared to major cities
- Spending power per acre
  - ... compared to affluent suburbs
- High occupancy levels
- Traffic-generating anchors
- Abundance of small businesses
  - Favorable climate for fledgling entrepreneurs

# Recommendations

- Zoning and land use policy
  - Requiring retail as a *primary* use
  - Allowing for flexibility and experimentation
    - ... in light of changing conditions and trends
  - Revisiting and updating regularly



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