



THE CITY OF SAN DIEGO
Planning Department

From Controversy to Solution Public Forum

**Dollars and Sense:
The Future of Commercial Development in San Diego
March 25, 2004**

Panel Discussion

Bill Andersen

Regional Malls are a dying breed, only one more is likely to be built in San Diego County.

A variety of new center types are replacing Regional Malls, these include lifestyle centers, entertainment centers, factory direct/outlet centers, ethnic centers, specialty/destination centers (ex. Faneuil Hall or Seaport Village) and unique districts (Hillcrest).

Power Centers, collections of big box stores with low prices, are being developed to replace malls. The newest incarnations also incorporate entertainment and pedestrian oriented design components that make the centers a more desirable destination. The geographic area that Power Centers draw from is continually expanding.

Lifestyle Centers were originally malls without anchor stores that targeted upper middle income shoppers. Recently centers have been developed that target different socioeconomic classes.

Malls and other centers are counteracting the attraction of big box low prices and internet convenience with an emphasis on fun.

Inner-city markets are the new frontier for commercial center development.

Grayfield mall sites are being redeveloped with mixed-use.

Stores are tracking consumers' purchasing habits to provide more targeted products and services.

Choice, value, convenience, service, security, quality and fun are factors in determining where consumers shop. Relative priorities among these factors combined with how often the item is purchased, the cost of the item, consumer's income, access to shopping destination and whether the shopping is necessary or recreational are all considered in a consumer's decision of where to shop.

Commercial development can tie a neighborhood together by providing a place to see neighbors, improve the image of a neighborhood, increase the property values of surrounding uses and provide venues for small business incubation.

Retail is an important source of secondary, lower-skilled jobs.

Market does not act a sole determinant of commercial development, government can play a role in preventing opportunistic development and removing damaging subsidies

Market analysis should be done when commercial development is planned for and all the different commercial functions need to be planned for.

Alan Gin

Two dominant factors in a consumer's choice of where to shop: price and time. Consumers are more price conscious and there is greater price competition in the marketplace. Consumers have more demands on their time and less time to spend shopping.

Both the Regional Mall and Community Shopping Centers are dying.

One Stop Shopping is replacing both types of Centers, Wal-Mart is the main example.

Smaller centers serving immediate needs of a neighborhood will provide some of the services lost as community shopping centers decrease.

Specialty centers, such as lifestyle, ethnic and entertainment centers, will fill in the gap between neighborhood and one-stop shopping.

Internet will contribute to bifurcation

Globalism doesn't affect retailing, but office jobs are in imminent danger of being affected by outsourcing. This could have serious implications for village development since office jobs are a major source of employment in mixed use settings.

Carolyn Smith

In urban communities that have lost commercial services the buildings that used to house businesses are still in existence and can be retrofitted for new tenants. There are also opportunities for infill of vacant parcels.

SEDC is in the unique position of being able to provide office space near downtown.

If City of Villages is implemented as planned it will increase neighborhood services, reduce traffic and keep dollars inside the community.

Reg Kobzi

The main tradeoff for consumers in choosing where to shop is price versus experience.

The term “lifestyle” has changed its meaning from being an upper income center that has mall tenants without anchors to a recreational shopping experience that provides amenities (parks, fountains, benches) with little traveling.

Power Centers attract buyers who are looking for certain types of items.

Traditional supermarkets are in trouble because of competition from one-stop shopping mega food stores – for daily consumables price matters. The result of this trend is that commercial development will be further and further apart and commercial goods within walking distance will decrease.

Community Planning Groups are an integral part of the commercial planning process.

Michael Zucchet

Redevelopment – has to be mixed used to activate communities.

It is very important to support small businesses and older business districts, they form the fabric of the economy and community.

Policies need to be tailored to individual communities.

The city needs to create the infrastructure to support future development, our existing infrastructure is insufficient.

Super centers would have a devastating affect on the San Diego community. The City Council is considering an ordinance to limit supercenter development.

Public Comment

How can we deal with the lack of affordable housing and commuters driving 2 to 3 hours a day?

Response (Gin): The City of Villages Strategy is the only hope.

How can we keep up with infrastructure investments while cutting taxes?

Response (Zucchet): San Diego is currently a low tax city that either does not charge or has low taxes for utilities, trash pickup, Transient Occupancy Tax (TOT) and other services. Two thirds of San Diego residents must approve a ballot measure to increase taxes, which is nearly impossible. The Planning Department is developing a financing plan for the City of Villages plan.

Development planned and built in Mission Hills is too dense and there isn't enough infrastructure to support it.

Response (Andersen): The recently developed Mission Hills Common is a wonderful project and the existing infrastructure is adequate. However, infrastructure planning and financing should not be done on a project by project basis to provide sufficient infrastructure.

What does a retailer need in order to locate somewhere?

Response (Kobzi): Retailers need to know how many households will shop in a store and how much money they have to spend – they assume 60% of households in the trade area will shop in their store and if there is an existing competitor they would have to split those dollars with the competitor.

(Smith): Freeway visibility and site readiness (dual zoning can be helpful) are very important. Retailers need to be willing to take risks.

The Serra Mesa community is having trouble retaining commercial tenants in the local shopping center.

Response (Gin): Price competition is decreasing the number of retailers and in the future stores will be spread further and further apart unless there is structural change from governments that impedes supercenter development.

(Kobzi): Even if Supercenters are not developed in San Diego, their nationwide effect on competing retailers will impact the San Diego region.

How far can city and community planners push retailers for quality design and tenants without making it impossible for them to locate in an area?

Response (Andersen): There is still a role for neighborhood retail if it is of a high enough quality to compete with regional centers. Basically, retailers will go where the money is.

Retail zoning needs to accurately reflect what level of commercial development can be supported, retail impact studies are a possibility for new commercial establishments that might have a large effect on surrounding development. Some jurisdictions have limited big box or regional uses within a certain distance of small business districts.

Supermarkets have been increasing in size for the last thirty years and there are no local grocers left.

Response (Zucchet): Point Loma is a case where there are currently 6-7 grocery stores in the community, some of which are independent. If a Wal-Mart supercenter were developed in the Sports Arena area, half of these stores might close, resulting in less choice and more traffic. In other communities with an existing deficiency of commercial services the impact could be quite different.

What can be done to preserve ethnic retail?

Response (Smith): The type of retail is driven by the market. If people are willing to embrace diversity, there are live, work and play opportunities available in the southeastern community.

More parking is needed in the Mission Hills trolley station, properties should not be upzoned and vertical mixed use developments are ghost towns.

Closing Comments

Reg Kobzi: Community Planning Groups are an important part of the commercial development process.

Carolyn Smith: More incentives are needed to promote the type of commercial development that San Diegans want. Flexibility is very important.

Bill Andersen: Analysis of the appropriate types and amount of commercial development for an area is very important.

Alan Gin: Retailing trends will lead to lower prices, but fewer and more spread out retailers.

Michael Zucchet: Community planning groups are an important part of the planning process and the City Council is always willing to listen to community members needs and concerns.