

From: General Plan <generalplan@cityofsanmateo.org>
Sent: Wednesday, June 16, 2021 7:32 PM
To: 'Trombold, Jessica' [REDACTED] General Plan
<generalplan@cityofsanmateo.org>
Subject: RE: City of San Mateo General Plan - Bridgepointe Owner Letter - Study Area 10

Hi Jessica,

Thank you for sending the owner's letter. I will share it with our project team. Your input, along with other community comments, will be uploaded to the project website and shared with the GPS prior to their meeting on Thursday, June 17, 2021.

Thank you.
Julia



Strive San Mateo | General Plan
Planning Division | Community Development Department
330 W. 20th Ave., San Mateo, CA 94403
650-522-7225 | generalplan@cityofsanmateo.org



From: Trombold, Jessica [REDACTED]
Sent: Tuesday, June 15, 2021 3:29 PM
To: General Plan <generalplan@cityofsanmateo.org>
Cc: Julia Klein <jklein@cityofsanmateo.org>; Linda Ly <lly@cityofsanmateo.org>
Subject: City of San Mateo General Plan - Bridgepointe Owner Letter - Study Area 10

Good Afternoon,

I am a representative of Nuveen Real Estate, the primary owner of Bridgepointe Shopping Center in San Mateo. Please see attached owner letter regarding land use alternatives for Bridgepointe as part of the 2040 General Plan process. Please do not hesitate to reach out with any questions.

Thank you for your consideration.

Kind Regards,
Jessica

Jessica Trombold (formerly Fagerberg)
Director, Mixed-Use Investment Management, Americas



Nuveen Real Estate



June 15, 2021

RE: Strive San Mateo General Plan 2040, Study Area 10

City of San Mateo Planning and Economic Development Staff:

As the primary property owner of Bridgepointe Shopping Center (PA 6.3), Nuveen is sending this correspondence to respectfully advocate for a land use alternative that will enable a flexible and diverse mixture of uses that is responsive to consumer demand. We believe residential will be a critical component of the overall site uses, ideally with density of 100 du/acre which we believe corresponds to the high-end and low-end of the “mixed use medium” and “mixed use high” land use typologies, respectively. In contrast to the piecemeal/ bifurcated land use alternatives, we also support a cohesive land use designation across Bridgepointe Shopping Center.

We have shared extensive data with City staff, community stakeholders and individual council members detailing the drastic changes to retail both regionally and nationally. Bankruptcies among retailers which once existed in high square footage spaces have risen exponentially, online shopping has become the norm for consumers and the retail experience itself is evolving. [See Attachment 1, The New Retail.](#)

We believe that property owners and municipalities must work together to pivot and address these changes proactively, with an eye toward future economic sustainability. We are carefully considering what changes can be made to the center such that it can better serve the community; not only as it relates to retail, but also as it relates to the City’s critical housing needs and neighborhood improvements.

We envision creating a more walkable and connected sense of place; creating spaces, neighborhood amenities and retail uses that attract residents and adjacent employees. We envision creating housing which not only responds to San Mateo’s regional housing needs assessment (RHNA) requirements, but also provides these homes in close proximity to jobs and commerce. [See Attachment 2, Precedents for Mixed-Use.](#)

We will continue to participate in the General Plan public process. Our hope is that this site (designated as study area 10 in the Strive San Mateo General Plan program) is ultimately able to meet the City of San Mateo’s residential and consumer demand, and contribute to a thriving community by operating at its optimal potential. This benefits everyone.

Thank you,

Jessica Trombold & Kerrie Weis
Nuveen Real Estate

RETAIL REAL ESTATE – WHAT'S NEXT?



RETAIL STATE OF THE UNION

FACT: Retail space exists to suit consumer needs and demand.

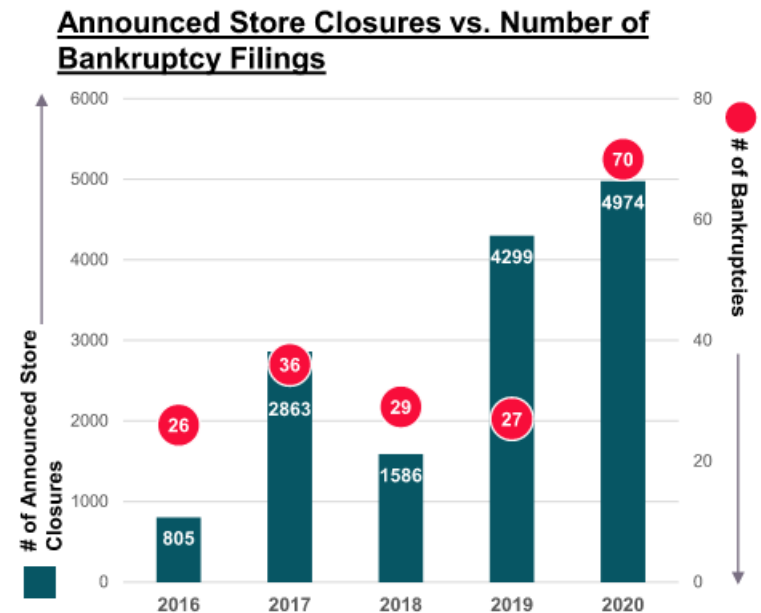
Consumer needs and demand have been evolving but are now forever changed as a result of COVID-19.

COVID-19 rapidly altered the way people shop and think about shopping.

On-line shopping has evolved 10 years inside of 2020.

Although retail sales are rebounding, store closings and bankruptcies have permanently changed the retailer landscape.

Fewer retailers → smaller footprints → optimized store fleets for efficiency.



Store closures increased dramatically through 2020.

But bankruptcies spiked at an alarming rate and continue into 2021.

THE NEW RETAIL

FACT: Consumers seek experiences, services and convenience.

It is expected that retail sales will remain low in certain important sectors:

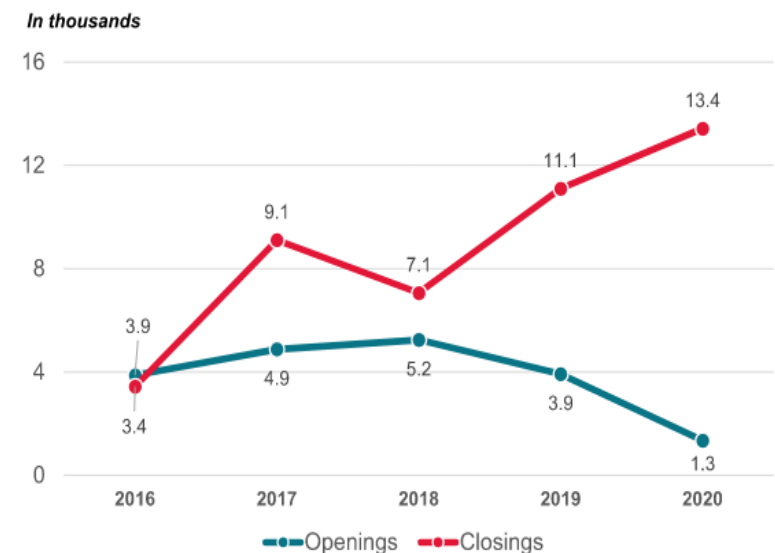
- *department stores, full-price apparel, office supplies, toys and books, electronics retailers and many entertainment concepts, among others*

Goods and services that are not available or less manageable on-line will reign supreme for physical retail.

There will be 20% less retail real estate by 2025 (CBRE).

With far more closings than openings coupled with the US's oversupply of shopping center space, owners and municipalities will need to work together and respond accordingly.

There are numerous near-retail categories that owners and municipalities should be open to in order to meet this generational challenge.



Store closures trended upward at a concerning rate through 2020.

New store openings fell to new lows.

THE NEW RETAIL (trending uses)

Big/Mid Box:

- Academic uses
- Governmental uses
- Repositioned to Mixed-use/multi-family
- Large-format medical uses (emergency care and small hospitals)
- Logistics, Distribution and Fulfillment uses (digital business focus) → Last mile order fulfillment
- Co-working/Co-warehousing
- Automotive showrooms
- Community uses
- Grocery (historically atypical in a mall but becoming more common)
- Experiential concepts (models that can sustain post-COVID-19)

Shop Space/In-line:

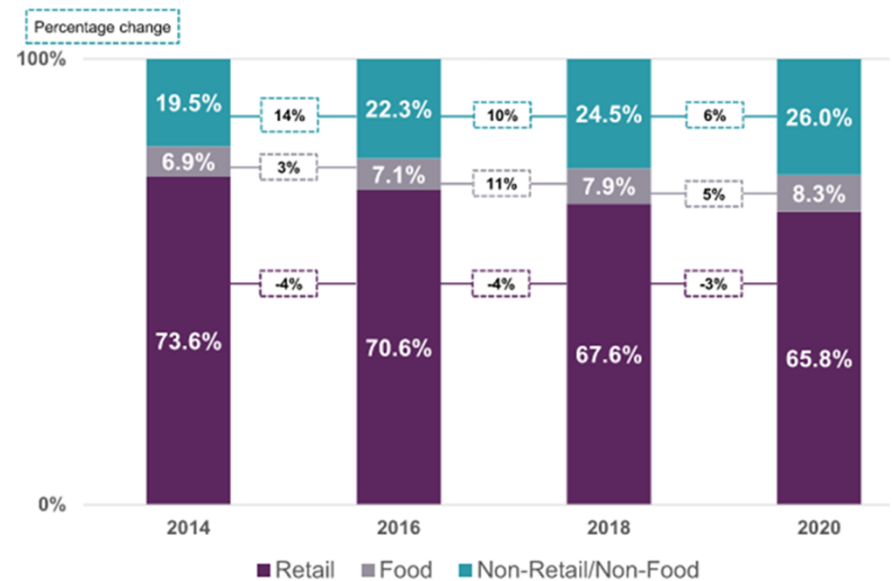
- Local, limited grocery
- Ghost kitchens
- Specialty retail
- Medical and near-medical retail (doc-in-a-box, urgent care, branded medical networks, clinics, labs)
- Health and wellness/med-spa uses
- Novel fitness concepts
- Service operations that would ordinarily not have been permitted into strictly retail space (law firms, accounting firms, real estate firms, financial management firms)
- “Learning” uses (can be recreational, experiential or traditional)
- Co-working (micro suites)



THE NEW RETAIL (trending concepts)

Retail is metamorphosing to meet new consumer demands. We are witnessing the conceptual evolution of retail due to very real and documented changes in consumer shopping habits, needs and desires. New retail conceptual categories are on the rise as the graph at the right shows.

- Pop-up stores/short term leases:
The Poundshop, Birchbox, Organic Valley Coffee Shop
- Concept showrooms as extension of on-line marketplace:
Tesla, Bonobos, ModCloth, Nike, Casper
- Hybridized concept venues:
Brand-in-a-brand/multipurpose concepts such as Apple stores and Ulta inside of Target
- Self-serve/Self-selection concepts:
Amazon Go, Ikea, 7-Eleven
- More drivethrough:
safe/convenient – curbside pick up will likely transition to expanded drive-through



This table shows how the complexion of retail uses over the last several years has been migrating toward more restaurant and substantially more non-traditional retail uses. COVID has only accelerated this transition.

MEETING THE CHALLENGE - TOGETHER

BOTTOM LINE:

- Pre-existing trend toward non-traditional uses of retail property has accelerated.
- Human behavior has been forever altered by COVID-19.
- Retail destinations must evolve to meet post-COVID consumer demand.
- Landlords must pivot to stay relevant.
- Owners and municipalities should embrace a partnership approach in order to meet the challenge.

THREATS TO CHANGE:

Internal

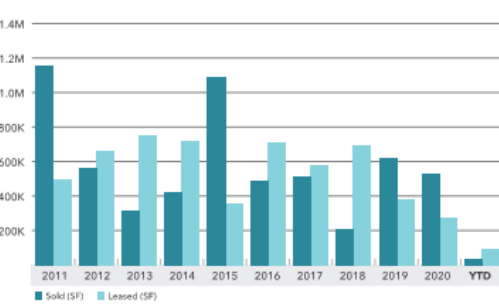
- Consumer reluctance
- Lack of ownership vision
- Lack of resources
- Slowness to respond/internal bureaucracy

External

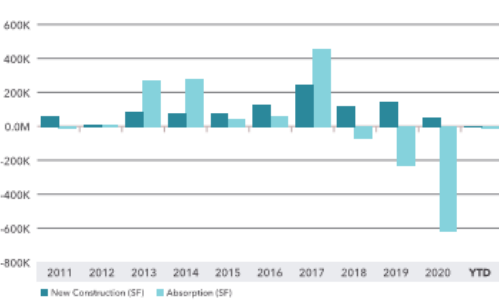
- Need for enlightened zoning strategy
- Visionary leadership
- Consumer demand

RETAIL IMPACT - SAN MATEO

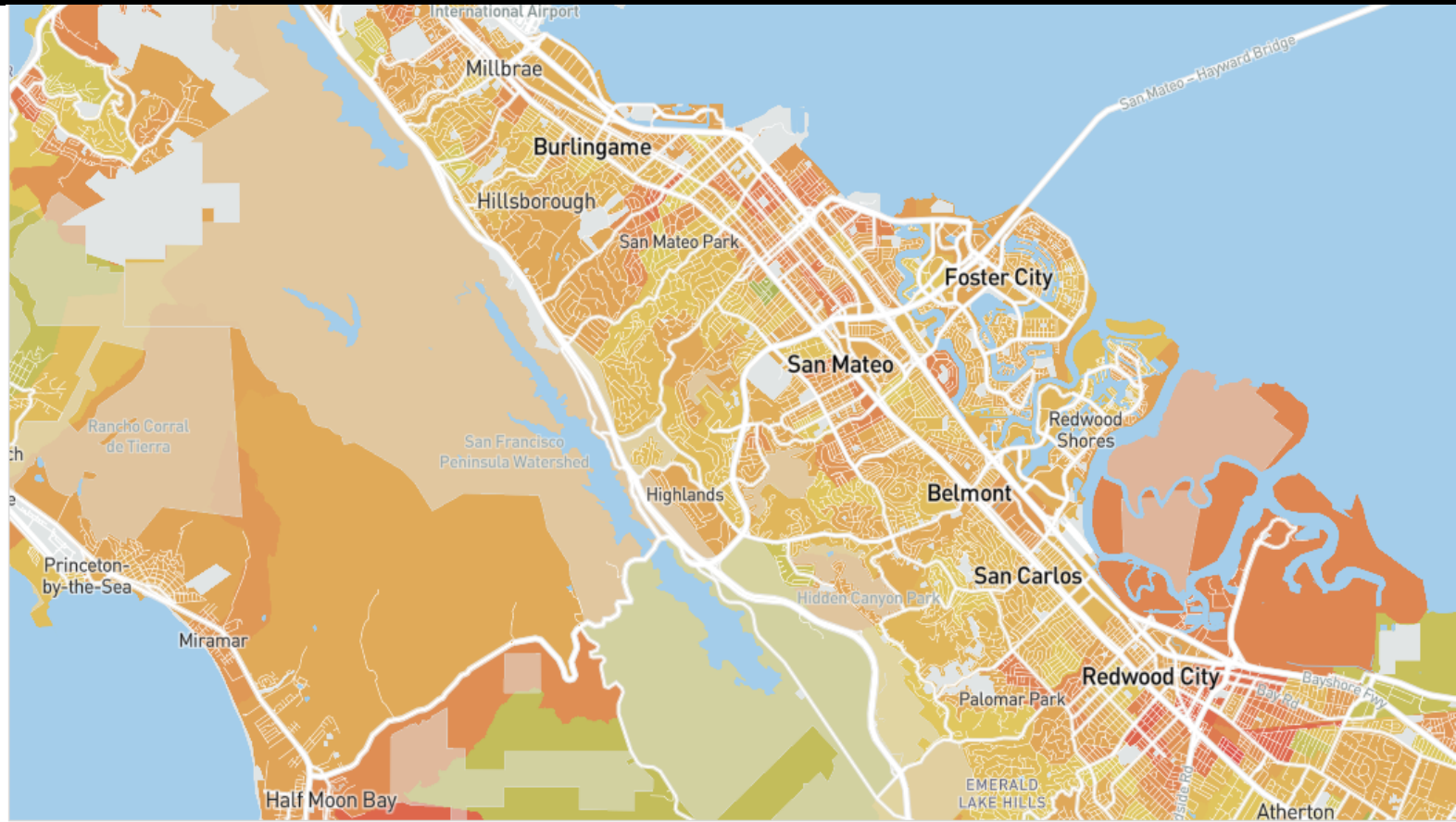
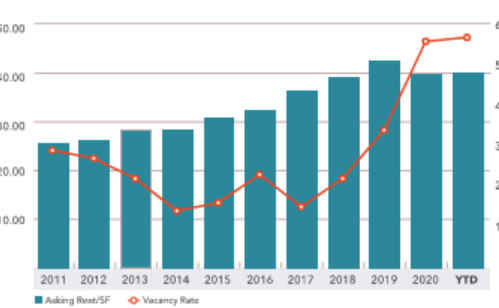
SALE VOLUME & LEASE VOLUME



NEW RETAIL CONSTRUCTION & ABSORPTION



AVERAGE ASKING RENT/SF & VACANCY RATE



Economic Impact Key

Nominal

Significant

Severe

Peninsula/San Mateo Retail Market Report, Kidder Matthews
1st Quarter 2021

Bay Street Emeryville, California

Project Type: Mixed-Use, Multifamily, Retail

Year Completed: 2002 and 2006

Size: 26 acres

Summary: This “urban village” was developed on a former industrial brownfield site near the eastern approach to the San Francisco-Oakland Bay Bridge. The project includes 365,400 SF of retail space (inclusive of a 16-screen theater), 284 apartments, and 95 for-sale residential condominiums.

<https://www.baystreetemeryville.com/> (retail)

<https://www.aveliving.com/locations/east-bay-san-francisco/emeryville/overview> (residential)

Planning: Bay Street is designated by the General Plan as Mixed Use with Residential and Regional Retail Overlay. The FAR for the site is 2.0/4.0 with a maximum height of 50/100 feet. The maximum residential densities is 70/135 dwelling units per acre.

<https://www.ci.emeryville.ca.us/DocumentCenter/View/1009/20-Land-Use?bidId=>



Cityline Sunnyvale, California

Project Type: Mixed-Use, Office, Retail, Housing

Year Completed: Construction Phases 1 and 2 underway (2021)

Size: 36 acres

Summary: The project is a six-block, mixed-use development that emphasizes retail, dining and entertainment. In addition to the existing Target store and two office buildings, the project includes: retail, office and restaurant uses, a multi-screen movie theater with up to 2,950 seats, hotel with up to 200 rooms, 292 residential units, several parking garages, and central plaza (Redwood Square).

<http://citylinesunnyvaleconstruction.com/>



Planning: In August 2020, the City of Sunnyvale adopted the Sunnyvale Downtown Specific Plan, which identifies Cityline as “Commercial Core” within the Specific Plan. Per Table 5-1, this area has a land use type designation of Downtown Mixed Use, a residential development intensity up to 817 residential units per block, a maximum 709,000 SF for office, a maximum 642,000 SF for commercial, and a maximum building height of 75 feet (except 80 feet for the movie theater). <https://sunnyvale.ca.gov/civicax/filebank/blobdload.aspx?BlobID=22785>



Santana Row San Jose, California

Project Type: Mixed-Use, Retail, Hotel, Housing

Year Completed: 2004

Size: 42 acres

Summary: Santana Row is a residential, shopping, dining, and entertainment district built around a main street in San Jose, California. The project covers an 18-block area and encompasses 680,000 square feet (63,172 square meters) of retail space and restaurants, 1,201 dwelling units, two hotels, and seven parks. It is a greyfield project that replaced a 1960s-era single-story, suburban shopping center composed of ten buildings surrounded by sprawling parking lots with a high-density, multistory mixed-use neighborhood.

<http://www.santanarow.com/>

Planning: A Specific Plan for the project was entitled in June 1998. The project was constructed in accordance with the Specific Plan in 2004. Currently, under the Santana Row, Valley Fair Urban Village Plan (SRVF), amended in 2020, identifies the currently land use designations within the project. See pages 19-25.

<https://www.sanjoseca.gov/home/showpublisheddocument/32897/637218521678700000>

