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## San Diego Hits Its Stride

With the city in the midst of a major renaissance, the retail scene is bound to bloom.

By Deirdre Mendoza

**W**ith its seaside-metro feel, eternally sunny disposition and half-hour proximity to the Mexican border, the port city of San Diego is one of the most promising redevelopment projects on the West Coast.

The downtown core has evolved from a sailor's pitstop with a string of topless bars and single-room-only hotels to a vital borough, drawing crowds from outlying regions — not to mention the bustling San Diego Convention Center — to its lively restaurants, bars and entertainment venues.

Most retailers agree San Diego's downtown is on the verge of raising its profile as a shopping destination, and community members and developers are highly optimistic about the 90-plus projects poised to impact the area's retail future.

Nearly \$2 billion has been invested in downtown from redevelopments and \$266



Arch over the entrance to the Gaslamp Quarter.



San Diego's historic Gaslamp Quarter undergoes a transformation.

million in public monies since 1975, when the city's redevelopment agency, Centre City Development Corporation (CCDC), was established to increase business activity and reverse social decline.

And the beat goes on.

The palpable result is that downtown San Diego is undergoing a dramatic transformation.

One of the highlights is the 16.5-block corridor known as the Gaslamp Quarter Historic District, named for the gaslamps that glowed on street corners here in the 19th Century.

Defined by Broadway to the north and the Marina district to the west, the Gaslamp is a hub of niche businesses, authentic Spanish, Italian and Mexican restaurants and groovy nightclubs. On Saturday nights, the area floods with thousands of revelers hitting the techno-pumped nightclubs or dining at the upscale restaurants lining Fourth and Fifth Avenues.

The Gaslamp's confluence of upscale businesses provides an alternative to shopping at Horton Plaza, the nearly 1 million-square-foot retail and entertainment complex built in 1985 and anchored by Macy's, Nordstrom and Mervyn's.

A narrow 2 percent vacancy rate in the Gaslamp Quarter translates to a slow turnover in its 1 million square feet of retail space, according to Beverly Schroeder, senior planner of the Center City Development Corporation.

"We have some imbalances depending on which way you look," said Bill Keller, chairman of the Gaslamp Quarter Association, a Business Improvement District. "If you look back, my goodness, we've come a long way. But what we can become is really quite phenomenal."

Established retailers like Keller, owner of Le Travel Store, one the nation's oldest travel doors, acknowledge they have had trouble competing with the Gaslamp's successful focus on dining and entertainment.

Specialty retailers are often looking for less footage than the other types of entrepreneurs, who are apt to snatch up sprawling main floor spaces in the Quarter's early 20th



Moyasa beaded and straw bags by Summer Tompkins at Villa Moda.

Century buildings.

In an effort to shift the spotlight, Keller is among those supporting the Gaslamp Quarter Association's campaign, "Shop Outside the Box," a grassroots effort launched in 2000 to promote the area's retail community to customers outside of San Diego, as well as to retailers considering a lease in the Quarter.

Among the numerous projects expected to boost foot traffic to the Gaslamp is the San Diego Convention Center expansion. The Center will double its size with a 2.7-million-square-foot expansion scheduled for completion by year's end, according to Janice Weinrick, vice president, real estate operations for CCDC.

Also prominent is the ambitious state-of-the-art ballpark for the San Diego Padres, framed by more than 450,000-square-feet of surrounding retail and office space.

Scheduled to be completed in 2003, the controversial project was halted this year when the city conducted an investigation into Councilwoman Valerie Stallings' involvement with the ballpark. The project is expected to resume within the next nine months.

Retailers can also expect an increase in

shopping from locals newly installed in the nearly 8,000 residential units slated for the area in the next three years, according to Weinrick.

"With \$300,000 one-bedroom condos going up around here, you're going to see a big change in the neighborhood," said Keller.

Downtown has the potential to attract more than 50,000 residents and to create more than 150,000 jobs by 2020, according to the CCDC.

The commercial real estate boom is already prompting a seemingly endless round of hotel developments to house visitors and conventioners in the area. A 22-story tower planned at the Hyatt Regency hotel will add 750 rooms, and a 1200-room waterfront hotel property is planned for Campbell Landing, a former shipyard just east of the Convention Center.

Despite all the heavy construction, some are asking if the Gaslamp will have the pull to attract national retailers that can stabilize the district. With the arrival in recent years of Lucky Brand, Z. Gallery and Urban Outfitters, all on Fifth Avenue, the

*Continued on page 30*



Villa Moda on Fifth Avenue carries contemporary lines.



Joanne Mby, owner of Carlisle & Co. in the Gaslamp Quarter.

*Continued from page 8*

answer so far appears to be yes.

"We tend to pioneer in a lot of places, but we saw the development, along with the new ball park and convention center expansion, and believed it would be very positive for us in the long term," said Simon Dallimore, president of retail for Lucky Brand.

Dallimore declined to give sales figures, but noted that business has been steadily up at the Gaslamp store since it opened in 1998. "People like to shop in the downtown environment and I think with the other stores on the block, we co-exist really well," he said.

One of the few contemporary apparel and accessories doors is Villa Moda, which carries resources such as Bianca Nero, Miss Sixty and Custo. Owner Jennifer Prieto, and her sister, Jolene Yamanuha, said the store does a lot of repeat business with professionals, such as doctors, sales reps and entrepreneurs, who in their view tend to be "a little more conservative than their Los Angeles counterparts."

"The San Diego mentality is to shop at a mall, so we have had to re-educate our customer that it can be fun shopping at a little

boutique," Prieto said.

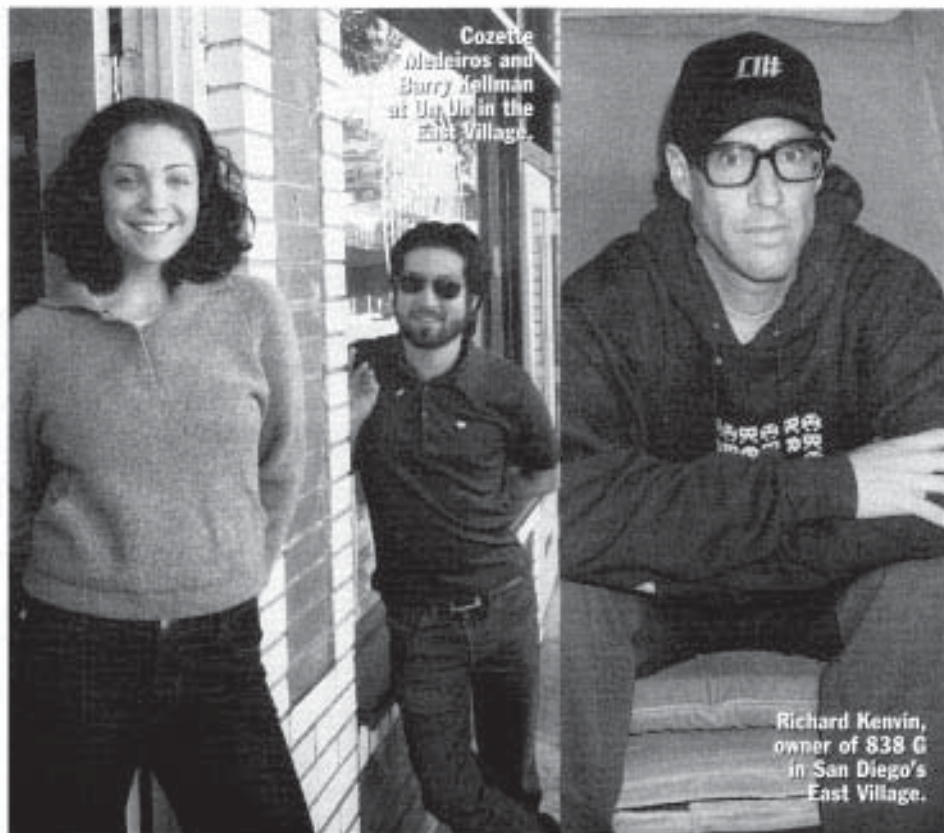
The partners have seen a steady increase in sales since moving their business from J Street, where they launched in 1996, to Fifth Avenue, where they expanded to a larger space in 1998.

Though the partners were generally positive about the upturn in sales for apparel retailers in the area, they believe that more can be done to bring in like-minded specialty boutiques. Yamanuha estimated half their business is derived from Convention Center visitors and anticipates a marked increase when the Center expansion is completed. "San Diego used to be just a beach and a military town, but now with all the high tech and biotech companies coming in, it's getting more cosmopolitan," she said.

On Fourth Avenue, Diana Cavagnaro, owner of Designer Millinery, lives and works in her second story loft. She moved to the Gaslamp Quarter in 1991, when the area was still marginal.

"I picked this area because it had so much character. You could see a trend toward devel-

*Continued on page 38*



Cozette Medeiros and Barry Mellman at Un On in the East Village.

Richard Kenvin, owner of 838 G in San Diego's East Village.

*Continued from page 30*

opment — although there were people sleeping on the streets. We [in this building] were really pioneers and helped to make it happen," said Cavagnaro, who trained as a milliner while working at San Diego's Globe Theatre.

Cavagnaro's handmade hats in straw, knit, felt, and ostrich feather retail from \$125 to \$400. Her business gets a boost from the July horse races in nearby Del Mar; when attendees scoop up her novelty

pieces for opening day ceremonies.

On nearby J Street, Carlisle & Company carries the European brand Anti-Flirt and an assortment of lingerie resources such as La Perla, Aubade and Lise Charmel. Owner Joanne Moy said she has had steady sales since arriving in the Gaslamp Quarter in October 1999. That year, "no vacancy" signs were already a common sight.

Moy, who owns another store in La Jolla, Calif., agreed the Convention Center and ballpark traffic will

elevate sales. "The word is out that there's room to grow in this market. It may be a bit risky, but it's worthwhile."

Some hipper, independent retailers seeking lower rents have moved beyond the Gaslamp to the East Village, a short walk southeast.

A loosely knit enclave of artist lofts and galleries, music stores and the occasional café, the East Village scene dates back to the Eighties when party promoters threw all-

night raves in warehouse buildings and the city was an incubator of indie streetwear labels.

Richard Kenvin, a retailer who was an integral part of that early scene, is hopeful the emerging area can become an offbeat retail hub.

Last November, Kenvin opened 838G, a specialty store and art gallery housed in a warehouse building on G Street.

Catering to a club-going, brand-conscious clientele, the store carries unisex streetwear lines A Liquid



Knit hat styles are handmade by owner Diana Cavagnaro at Diana Millinery.

Affair, Tribal, Mightyfine, Alpha Numeric and house brands Stoopid and 888G. The store also stocks Mama K handmade scarves and beanies, as well as CDs and magazines relating to the scene.

Kenvin is optimistic about retail growth in the area, noting that while the Gaslamp is saturated with corporate ventures, the East Village has the chance to revitalize with an independent spirit.

According to the business plan for 888G, Kenvin projects steady increases, with retail sales revenues of \$140,000 closing 2001, and \$350,000 expected for 2003.

Another East Village retailer who sees potential is Barry Kellman of Un Un (pronounced "Union"), which opened on F Street in 2000 and carries a hand-picked mix of resources including Miss Sixty, Diesel and Paul Frank.

The store, which highlights the work of local photographers on its walls, caters to the area's resident artists, graphic designers and young professionals, according to Kellman, who co-owns the shop with Cozette Madeiros.

Both partners have part-time jobs to supplement their income and are hoping to end the year at just under \$100,000 in retail sales. But they remain committed.

"The East Village will be an alternative for young entrepreneurs within the next few years," said Un Un's Kellman.

What's more, he echoes others in saying he believes the ongoing development in the Gaslamp Quarter is a benefit to businesses in the East Village and the rest of downtown.

Like many of the survivors of the Quarter's long metamorphosis, Cavagnaro is cautiously optimistic about the Gaslamp's ability to support a thriving retail community without creating a mall-like atmosphere.

"Either we'll have the small shops like us, or they'll make it so that only the corporate brands can come in, which will take away from all the unique, artistic shops that have made the Gaslamp special in the first place," she said.