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## Building Jack London Square

Developers push ahead on Oakland waterfront



### Article

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Despite the low economic tide, the developers behind the waterfront transformation of Jack London Square in Oakland plan to bring online a \$110 million wave of new construction, including 100,000 square feet of office space, a multi-level public market and a parking garage with ground-floor retail.

The office project has no tenants signed yet. The public market has 15 letters of intent and leases, but its opening has been delayed until the end of the year.

Jim Ellis of Ellis Partners and Jim Falaschi of Transbay Holdings, the lead developers on the project, recognize the challenges the project faces, but are pushing ahead with the development plans.

“Larger scale projects like this take a longer time to implement,” Ellis said. “Even though we’re going through an unprecedented economic downturn currently, our ownership is committed to seeing through the long-term plan for the project, which spans 10 years or more.”

### Credit slowing businesses

The new office space will be available in June, Ellis said. The Oakland metropolitan office market has about 13.4 million square feet of Class A space with a vacancy rate of 8.1 percent during the first quarter of this year, according to Colliers International, but market activity has slowed down.

“It’s just a matter of time before it is leased,” Ellis said. “Even in today’s market, it’s a very unique offering of setting, amenities and waterfront views. We are prepared to meet the market in leasing the space.”

The Jack London Market, housed on the bottom floors of that office building, delayed its opening from spring or summer of this year to closer to the end of the year. Falaschi said the developers want to have 20 to 25 tenants on board before the market opens.

“We certainly have been slowed down in some of our negotiations with tenants because of macroeconomic issues,” Ellis said. “Obtaining any type of credit for these prospective businesses has been very difficult.”

The public market will resemble the one in San Francisco’s Ferry Building and Pike Place Market in Seattle, which offer a mix of produce, speciality foods and prepared foods.

“That kind of concept is extremely popular in Europe and in the future will become a popular concept here in the U.S.” said Kurt Fischer, of Mendocino-based Kurt H. Fischer & Associates, a food and hospitality consulting firm. “The market has to be more than a place to buy things. It has to be a combination between a buying experience, a dining experience and an entertainment experience.”

The development also features full-service restaurants sprinkled in various buildings. Rick Hackett, who plans to open 6,500-square-foot Bocanova in August, said he is more concerned about seeing the office space fill up than the public market.

“This project is special enough and important enough to the Bay Area, especially the East Bay, that it will generate excitement,” said Hackett, who owns MarketBar in San Francisco. “I think my restaurant will get people to come down. ... It’s really important to hit the right price point, keep prices on the low end and make it a fun and casual place.”

#### Working with local business

The developers have teamed up with groups such as the East Bay Community Foundation and Oakland City Advisors to recruit and foster local merchants who could fill space in the market. Falaschi said they are setting up programs to provide significant tenant improvements and tools to help start-up vendors run their businesses better.

“I don’t think there’s any question we’re in difficult times right now with the economy,” he said. “To be successful, you have to get creative.”

One positive factor is the growing number of residents in the neighborhood. At least 1,000 dwellers have moved into new condos and apartments nearby that were built as part of former Mayor Jerry Brown’s 10K initiative.

The campaign injected new housing into various areas of the city’s core such as downtown, Old Oakland and Uptown, but services and retail are still catching up, said Linda Braz, a retail broker with Metrovation in Oakland.

“People do see (Jack London Square) as an opportunity,” she said. “You have a fairly high concentration of residents without a lot of places to go and buy things they need.”

The redevelopment of Jack London Square started about nine years ago and still has other phases in the works, including a second hotel to complement Joie de Vivre’s Waterfront Hotel, which opened last autumn, as well as more retail space and another 135,000-square-foot office building. The entire project will cost \$350 million and is years from completion.

“It seems like it’s been a long time, which it has, but that’s how long the process takes,” Falaschi said. “If you look at our timeline and the hurdles we had to go through to get to this point, we are on time.”