

November 2, 2020

Ms. Catherine Chen
20132 Stevens Creek Blvd
Cupertino, California 95014

Re: 20130 – 20132 Stevens Creek Blvd. Cupertino Retail Analysis

Catherine,

Per your request I am providing this retail analysis of the property located at 20130 – 20132 Stevens Creek Boulevard in Cupertino.

I have been active in retail leasing in the Bay Area for over 28 years. My firm, Newmark, prides itself on staying on top of retail trends and being aware of new retailers entering or expanding in the Bay Area as well as the changing retail landscape due to Covid 19. We are particularly familiar with the Cupertino retail market. Our firm completed the initial lease up of the new Main Street Cupertino development and continues to represent ownership on releasing of the center today. We are aware of the challenges we faced attracting non-food retailers to a great site. In addition, our company exclusively represents a diverse group of retailers such as Verizon Wireless, Grocery Outlet, Chase Bank, Aqui Tex-Mex, Ulta Beauty, Great Clips and Panera Bread in Santa Clara County.

There is no doubt that the retail industry is undergoing a transformation. Prior to the pandemic the obstacles that face retailers had never been higher with the emergence of e-commerce, the trend toward downsizing of retail space, escalating occupancy costs, regulations and increased minimum wage. Now with the pandemic the challenge of finding viable retailers and retail concepts have become even more difficult. There are few retailers in the market looking to expand and those that are in the market have options that meet their criteria for a great retail site.

In analyzing the retail viability of the commercial space located at 20130 Stevens Creek I see several significant challenges in finding a traditional retail tenant to occupy the space. After a retailer has analyzed the demographics and decided to open a retail location in a market they take into consideration a number of factors. These factors include access, co-tenancy, visibility, connectivity to the neighborhoods and parking among others.

The property at 20130 Stevens Creek scores poorly on a number of these factors. These include:

Co-Tenancy – A retailer looks to locate next to other retailers who bring in customers daily with the hope that these costumers will cross shop. That is why retailers will pay more to be in a shopping center with daily needs generators such as grocery, drugs and restaurants etc. The neighboring properties are occupied by Podium Apartments to the west and a title company and tutoring center to the east. There is no synergy with other retailers at the subject property.

Parking. This is a major concern when analyzing the subject property. There are, for all practical purposes, only 9 parking spaces plus 1 ADA space servicing 2,388 sf of “retail space”. When the development was planned it included 5-6 spaces marked guest parking located underground. With 23 residential units on the property the residents have been using these spaces for their guests and the spaces are not available for the retailers. The limited parking has been a major factor why there has been 1,200 SF vacant at the property since 2009.

Access. Retailers look for convenient, easy access to a store. The subject location does not have left run egress or ingress which further reduces the pool of potential tenants.

It is my professional opinion that 20130 Stevens Creek Boulevard is not a strong retail site due to the factors mentioned above. The location would be better suited for professional or medical office space. Cupertino has several great retail centers that offer retailers a great chance for success. Unfortunately, 20130 Stevens Creek Blvd is not one of them.

Please feel free to call me if you have any questions regarding this analysis.

Sincerely,

A handwritten signature in black ink that reads 'Sean O'Carroll'.

Sean O'Carroll
Senior Managing Director
Newmark Knight Frank
socarroll@ngkf.com