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MADE IN OAKLAND ■ 5

Jim Ellis writes Jack's next chapter: Manufacturing.

Oakland food hall plan shifts to manufacturing

BY SARAH DUXBURY
San Francisco Business Times

A fresh merchandising strategy has come to Jack London Square market. Out is the originally planned food hall; in is the latest urban trend: local manufacturing.

"Given the passage of time, we've decided to step back and make sure that our concept is still relevant and what consumers want," said Jim Ellis, president of Ellis Partners, the developer behind the market. "It's still very much a public market.... We're trying to seed it with five or 10 food manufacturing uses that will anchor it."

Making food products where they are sold will give the market authenticity, Ellis said.

It also expands a naturally occurring food manufacturing cluster that has already taken shape in the area, which is home to Miette Bakery, Balo Pasta, Belcampo Meat Co. and Blue Bottle Coffee.

"The need for that kind of hybrid space is out there," said Jose Corona, executive director of Inner City Advisors. "We've seen it over the past several year ... where companies doing some sort of food or beverage manufacturing and distribution have been looking for space where they can build out retail."

Such hybrid space is surprisingly difficult to find, Corona added. Traditional manufacturing locations in West or East Oakland don't have the consumer base to support retail, and more traditional retail corridors lack adequate space or zoning for manufacturing.

The Jack London Square area, particularly once all its office tenants move in, should satisfy both needs.

While Ellis Partners will invest "significant funding" in these businesses, it also requires any tenant to secure other funding, too — something that is difficult for small businesses everywhere, and in Oakland in particular.

Corona said that young and growing businesses looking for their first investments in the \$200,000 to \$500,000 range find it hard hard to secure capital.



"I think this will make a more interesting, more vibrant public market," says developer Jim Ellis.

Ellis Partners has already identified the companies it wants as tenants, but before signing any, it wants to build an alliance of partners, like the nonprofit Inner City Advisors, to develop a package of support services to help those businesses access the capital and expertise they need to grow. That should happen in the next month or so.

There is a precedent for the kind of partnership Ellis envisions with his tenants.

Whole Foods has a microlending program for small food businesses it believes can scale. La Cocina is a San Francisco nonprofit that provides commercial kitchen space as well as business training to startup food entrepreneurs.

"We want to tap into these newer trends to keep the (market) concept unique, fresh and relevant," Ellis said. According to Corona, artisanal food production is a job engine, particularly for low-skilled workers. Despite the grim economy, ICA portfolio companies created 1,000 new jobs over the past year, and the majority of its portfolio companies are food businesses.

The change is largely a reflection of the difficulty Ellis has had realizing its original vision of an artisanal food hall at Jack London Square.

"Obviously, we've encountered significant challenges," Ellis said.

With a new capital partner on the project, Ellis Partners is in no rush to get the market fully leased for occupancy's sake.

The office space is almost fully leased. Daniel Patterson's 90-seat Haven restaurant opened in its corner of the marketplace building in mid-December.

"There's a power of attraction that will work if there's a cluster" of food-related companies combining manufacturing and retail in a single space, Corona said. And the increased daytime population at Jack London Square will help these businesses succeed.

In addition to the market, Ellis Partners is in negotiations to fill two 30,000-square-foot retail spaces; one will likely have a grocery store. In both cases, Ellis will look for a tenant that will complement the public market.

"I think this will make a more interesting, more vibrant public market than we would have had otherwise," Ellis said.