

Hispanic-themed Sonora Supermarket to anchor Gilroy center

BY DAVID GOLL

GILROY – A new Hispanic supermarket anchor scheduled to open in August is expected to help fill vacant space at Gilroy's San Ysidro Shopping Center.

Sonora Supermarket will fill the empty 36,000-square-foot anchor position at the 100,000-square-foot center completed more than a year ago. It will be the third store for the Los Angeles-based retailer, which has other locations in Southern California and Las Vegas.

John Luk, executive managing director of GD Commercial Real Estate in Milpitas, said San Ysidro has a current occupancy rate of about 70 percent, and he expects it to be fully leased by summer. The center, located at 8660 San Ysidro Ave., is on the edge of the 145-store Gilroy Premium Outlets.

Luk said his company, which typically specializes in leasing Asian-oriented retail centers such as Cupertino Square, is branching out, catering to the region's large Hispanic population at the Gilroy center and another in Hayward.

"We have positioned the remaining space to businesses catering to the Hispanic community," said Luk, adding that 50 percent of the residents within a three-mile radius of the center are of Hispanic descent. "Before, we didn't have the right tenant mix. In this economy, it's extremely important to tailor the tenant mix to the community."

The tenants are a mixture indeed, with Hispanic-oriented businesses interspersed with regional Asian chain

restaurants and local tenants such as The Garlic Shoppe, a roadside retail food business that opened 24 years ago along U.S. Highway 101 south of Gilroy.

Sonora is a full-line supermarket with fresh produce as well as grocery items imported from Mexico and Latin America. It also has a bakery, tortilleria and Mexican-food delicatessen alongside a kitchen producing Chinese cuisine.

Next door to the supermarket will be an 8,000-square-foot Empire Buffet, a Chinese-food restaurant. One of the co-owners of the San Ysidro center, Tan Lu, also owns the TK Noodle restaurant chain, which operates 13 South Bay and East Bay locations, including one at the Gilroy retail center.

The remaining space at San Ysidro will be reserved for Hispanic-oriented businesses, Luk said.

James Kao, spokesman for Sonora Supermarket Inc., said his company is planning to open another half-dozen stores in the Bay Area, but he declined to mention specific cities. Luk said he is scouting additional sites in Silicon Valley as well as Fremont and Union City.

Larry Cope, president and CEO of the Gilroy Economic Development Corp., said Sonora will find a receptive market in his city, where 54 percent of the nearly 50,000 residents are Hispanic. That market is now served by two locations of Arteaga's Super Save stores in the city, at 211 First St. and 6906 Chestnut St. The city does not have outlets of the region's largest Hispanic supermar-



VICKI THOMPSON

TURNAROUND: Andy Le, left, and John Luk of GD Commercial Real Estate has brought Los Angeles-based retailer Sonora Supermarket to San Ysidro Shopping Center in Gilroy. This is market's first foray into Northern California.

kets, Mi Pueblo Food Center and Chavez Supermarket.

Cope agreed with GD Commercial's Luk that the Sonora Supermarket and surrounding centers will attract locals as well as "destination" shoppers.

"This is a welcome addition to our retail offerings in Gilroy," Cope said. "And the additional sales tax revenue will be most welcome."

Although Cope said he does not yet have sales tax revenue projections for

the center, the city saw this source of income double over the past decade. Major new retail projects and an expansion of the outlet center increased the city's sales tax take from \$7.2 million in 1998 to \$14.5 million in 2008.

"With economic conditions as they are now, any increase in sales tax revenue is very welcome by cities," Cope said.

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