

# Target to fill long-vacant Best Buy space in Marin City shopping center

**BY JEFF QUACKENBUSH**BUSINESS JOURNAL STAFF REPORTER on April 21, 2016, 12:57PM04/21/2016

Target has set its sights on the long-vacant former Best Buy store in southern Marin County for one of its smaller-sized stores, but it's a deal that almost didn't happen.

And because of that key lease, a center that has struggled for years with empty spaces may be heading toward teeming tenancies.

The Minneapolis-based retailer on April 21 said it plans to open a "flexible-format" store in Marin Gateway Shopping Center in March 2017. Located at 101 Donohue St. in Marin City, the 181,700-square-foot center has Highway 101 frontage at the northwest corner of the Sausalito–Marin City interchange.

The Target store is set to go into the 49,000-square-foot space Best Buy left in February 2014 after not renewing its lease.

It will be a "centerpiece" of the revitalization of the shopping center, according to Terrence Tallen, principal and owner of Gerrity Group LLC, which bought the property in 2011.

"Over the last few years, we focused bringing in key anchor tenant that would serve community needs, not only for Marin City but greater Marin County," Tallen said in an interview. He has lived in Mill Valley for 18 years and commutes to Gerrity's offices in the San Diego area.

Gerrity looked at a number of prospects, including movie theaters, grocery stores and sporting goods stores.

"Fortunately, there was quite good demand," he said.

Target had been interested in the shopping center for three and a half years, considering various store format options. Months ago, Plano, Texas-based Cinemark had been working toward transforming the Best Buy space into a 12-screen complex.

Gerrity approached existing major tenants CVS and Ross Dress for Less for approval of the theaters addition to the shopping center site plan, per their lease contracts, Tallen said. CVS gave the green light, but Ross was concerned about the supply of parking for the theaters and its store.

Over months of efforts to convince Ross that the consumer draw of the theaters would be a net positive, Target reapproached Gerrity about availabilities in the center. Because of the impasse on the Cinemark lease, Gerrity resumed discussions with Target, Tallen said.

Target has been introducing flexible-format stores gradually over the past four years. Originally called CityTarget or TargetExpress, these locations are designed to carry a "curated" selection of the merchandise found in a traditional Target store, such as the 144,000-square-foot supercenter opened in Santa Rosa in mid-2014.

The company said it is prioritizing a shopping experience for shoppers in dense urban and suburban neighborhoods by investing in flexible-format stores with a product selection tailored to local needs.

“The Bay Area is a priority for Target, and the Marin City store will be the fourth flexible-format store to open in the Bay Area since 2015,” said Mark Schindele, Target senior vice president for properties. “We’re focused on serving the needs of our guests, and that means adding flexible-format stores to populated city centers where they live and work, so we look forward to becoming part of Marin City.”

The smaller format allows Target to open locations where previously it couldn’t, the company said. Currently, there are 19 flexible-format stores, and 21 more have been announced so far for 2016 and 2017 openings.

The Marin City location is set to have a grocery section, focusing on healthful foods; home goods; kids’ apparel, toys and baby essentials; portable technology and accessories; men and women’s clothing with local sports team apparel; cosmetic, haircare, beauty and other personal care products; and a pharmacy. The store also is set to have areas for high-tech shopping, such as using the Target Mobile and picking up online orders.

“It will be great to have such grocery in southern Marin,” Tallen said.

Gerrity also plans to reapproach Trader Joe’s for having one of its grocery stores occupy the 8,500-square-foot former Dollar Tree space, which can be expanded as needed. The Monrovia-based grocery currently has a store in nearby Corte Madera but would be good complement to the Target grocery offerings, Tallen said. The retailer has toured the shopping center previously.

“We’ve had hundreds of calls and letters for Trader Joe’s to locate there,” he said. A campaign by local women led to the retailer’s opening a store in Novato some years back, and Tallen hopes the same thing could happen again in Marin City.

With the Target lease, Marin Gateway is about 82 percent occupied, with 32,000 square feet available in 13 spaces. Expansions of those spaces out and up can be possible to meet prospective tenant needs, Tallen said.

Gerrity has kept a longer list of prospective space needs than available space in the center, but retailers have been holding back until the anchor-tenant space was filled, he said.

“To say our phone is ringing off the hook today is an understatement,” Tallen said the day of the Target announcement. “I think we will have more demand than we can fill.”

With the anchor tenant inbound, a facelift project for the center is progressing through the county of Marin. Settling of ground on the site and brackish groundwater from the bay have done a number on the landscaping and complicated project approval. The goal is to make the common areas look more like the upscale Corte Madera Town Center, with big upgrades for landscaping, new plaza seating for existing and new restaurants, electric-car charging stations and racks for 40-50 bicycles.

“We have a big opportunity for more restaurants in southern Marin,” Tallen said. “That’s been a big void.”

The vision is to create an inviting place for commuters stuck in northbound traffic on Highway 101 to pull off and wait out the rush, he said.

April Phillips Design Works in San Rafael is designing the renovation.

In 2011 an affiliate of Gerrity bought Marin Gateway for \$36 million from Bay Area Smart Growth Fund, an affiliate of Pacific Coast Capital Partners and the Bay Area Council, and the Marin County Community Development Corp.

The center was built in 1995. It had been marketed for sale in 2010, and a joint venture of The BIG group and Developers Diversified announced they planned to buy it for \$36 million, but those buyers reportedly were just in due diligence.

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