



Bill Lovejoy/Sentinel

Local merchants are expecting a business boom after the new Cooper House and other nearby office buildings open.

Pacific Ave.
 “It’s becoming the hub of Silicon Beach.”

By JENNIFER PITTMAN
 Sentinel staff writer

SANTA CRUZ

NEARLY A DECADE after the Loma Prieta earthquake tumbled downtown Santa Cruz, store owners hold on to a bright vision of the future: the end of construction and affluent shoppers everywhere.

New windows gleam from the top floors of the new Cooper House. By fall, if all goes as planned, nearly 75,000 square feet of new office space should be packed with hundreds of young, hip, high-tech workers. Down the street at Pacific and Soquel avenues, about 225 high-tech workers already are located in the new Redtree Properties building. Nearby, at Cathcart Street and Pacific Avenue, is the University Towne Center, which will house about 100 international students, above offices for UC Santa Cruz administrators and high-tech busi-

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BOOM TIMES AHEAD

Downtown Santa Cruz businesses look toward increased revenue from influx of high-tech workers

— *Tonee Picard,*
 director of
 business
 development at
 Thuridion

Downtown

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nesses.
"It's becoming the hub of the Silicon Beach and all the software companies around the county are moving to downtown," said Tonee Picard, director of business development at Thuridion. The 10-year-old Scotts Valley company has leased the 14,000-square-foot Cooper House penthouse.

The software development services company is planning to have more than 40 employees in its new Santa Cruz headquarters by September.

Commercial broker Randy Parker of J.R. Parrish said it was a big step for his client, Thuridion. "It's a good statement for downtown."

Picard called it a strategic move. "It's honestly turning into the high-tech mecca of Santa Cruz County," she said.

The downtown high-tech community is difficult to track. The second-floor offices have long been occupied by quiet technology start-ups that maintain a low profile as a matter of course. But the economic prosperity of Silicon Valley and the technological renaissance easily spills into Santa Cruz County.

For city Redevelopment Agency Executive Director Ceil Cirillo, downtown Santa Cruz is the result of a lot of behind-the-scenes work.

"My interest has been that some of the Silicon Valley companies who continue to grow and have employees in Santa Cruz will look to Santa Cruz for their satellite offices so some of the 30,000 people who commute out of the area every day won't have to," Cirillo said.

The young companies are there



Dan Coyro/Sentinel file

‘ I have nothing but optimism. Things are going to only get better. ’

— Kai Shane, owner of Bugaboo Mountain Sports



space.
"You're trying to make the downtown a place where office tenants want to be," Tremoulis said.
Many of the new tenants are start-up companies, however. By definition they are growing and fast. And where will they grow? Tremoulis asks.
"They're all going to want to expand and there's no where for them to expand without leaving Santa Cruz," Tremoulis said. "I'm a little concerned we're going to choke it off. ... They're going to

ployees in Santa Cruz will look to Santa Cruz for their satellite offices so some of the 30,000 people who commute out of the area every day won't have to," Cirillo said.

The young companies are there to recruit UC Santa Cruz engineering and computer science graduates. They are clustering with clients and potential alliances that have settled amid the espresso shops and retailers.

Santa Cruz business executives are increasingly sharing the streets with street dwellers, roving musicians and the youth accustomed to gathering on corners and at the metro station.

"All of our projections are that these workers would be spending their money downtown," Cirillo said. "That was our objective — to get the local population spending downtown and not going over the hill to spend their money."

High-tech work hours are flexible. Several of the companies are 24-hour Internet-service companies.

Cirillo envisions noontime concerts, lectures and outdoor activities.

"My concern has always been to ensure the restaurants and retailers are supported during the weekday, daytime hours," Cirillo said. "... I think that once again those businesses who are strong will get stronger and those who are marginal may be made stronger by this."

In the Redtree building, the 40,000 square feet of office space is leased by eBay, Lightsurf Technologies, Telepost, Irish Express and Lutris Technologies. Upstairs are 20 residential lofts for rent; on the ground floor are about 20,000 square feet of retail space.

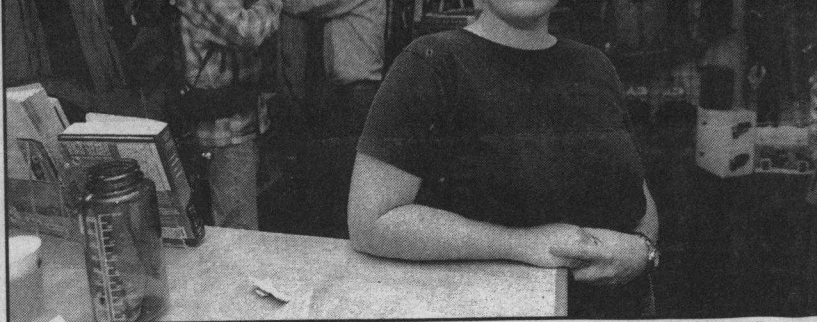
"There are more people walking around with ties on," affirmed Joe Williams, who co-owns Dell Williams jeweler and gift shop at 1320 Pacific Ave. "There are more business people walking around, which is really nice, more families. ... That's a reflection of some of the businesses that have moved in."

Santa Cruz merchants wading around thundering construction sites and street detours anticipate opportunity. Even parking shortages — which nearly everyone fears — and all the challenge of bringing foot traffic to the south end of the mall, doesn't bring them down these days.

"I have nothing but optimism," said Kai Shane, owner of Bugaboo Mountain Sports at 1521 Pacific Ave. "Things have been good for the last several years. Things are going to only get better."

For a store like Bugaboo, the new office tenants offer great potential.

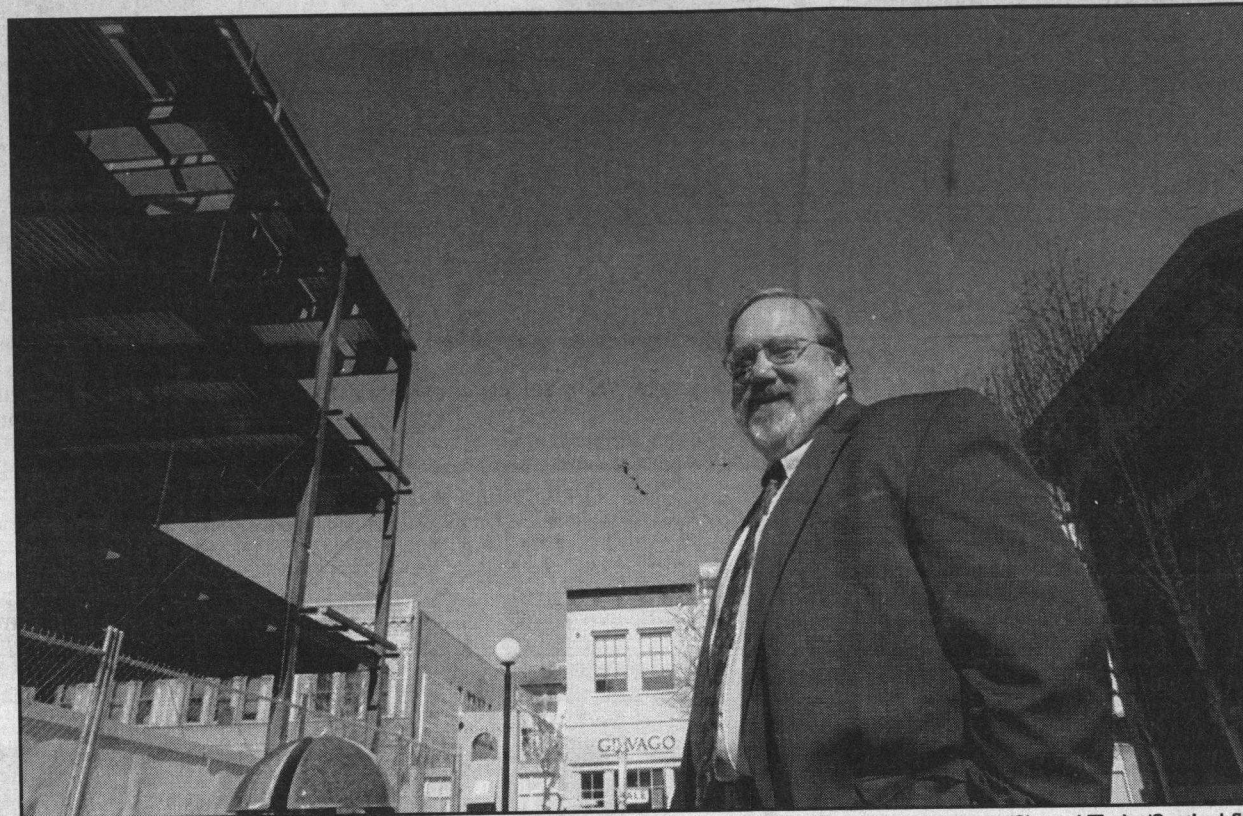
The new downtown tenants promise not just bigger crowds, but they herald affluence downtown hasn't seen in a long time.



Bill Lovejoy/Sentinel



Dan Coyro/Sentinel file



Shmuel Thaler/Sentinel file

CLOCKWISE FROM TOP:

John Tremoulis surveys the downtown scene from atop the Redtree Properties building at Pacific and Soquel avenues; the Redtree Building is among several new office buildings downtown; chamber of commerce president William Tysseling sees an economic benefit in increased competition downtown; Kai Shane, owner of Bugaboo Mountain Sports thinks 'Things are going to only get better.'

"They will tend to be our customers," Shane predicted.

The third and fourth floors of the Cooper House have been quietly leased to other local "high-tech, e-commerce types," according to commercial broker Carol Canaris. She declined to name the companies.

Canaris, with Coldwell Banker Commercial, and BT Commercial broker Steve Sheldon are leasing the Cooper House. They are in negotiations with a national Silicon Valley company for a portion of the second floor.

The ground floor will house four or five retail businesses willing to pay \$2.50 per square foot of space. Canaris said discussions with national and local retailers are under way, including clothing stores and a food store, but no retail leases have been signed.

"We have choices," Canaris said. "We've got more people that want to be there than we can accommodate. ... We've been telling (Cooper House developer Jay Paul) for years that we think the building

would be leased by the time it was completed, and it looks like that's the case. The market's very strong downtown. The economy's good. People want to be down there."

Across the street on Pacific Avenue where Crown Books used to be, J.R. Parrish hopes to attract a retail operation "that would be complimentary to young engineer types," Parker said.

At the south end of Pacific Avenue, retailers are just as hopeful. Down the block from the new university center, Streetlight Records is ready for international students to peruse the specialty racks.

"I think it's good for our town," said Meribeth Malone, supervisor at Streetlight. "It will have some

good effects. It will clean up our streets a bit."

Some basic niches are still missing. There is no men's clothing store, few cosmetics stores or a store for home staples.

Retailers still want to see more people and more affluence downtown before moving here, said John Tremoulis, chief operating officer of Redtree Properties.

High-tech companies are multiplying downtown faster than space

can be created. With just a few empty lots left, developers and business owners are anticipating fierce battles over the remaining lots that offer potential office space, green space or residential

them to expand without leaving Santa Cruz," Tremoulis said. "I'm a little concerned we're going to choke it off. ... They're going to have to grow or move to Scotts Valley or back over the hill again."

Those development battles have yet to be waged.

For Tremoulis, it's a start, but there still isn't the daytime density to draw retailers. "Right now retailers are balking. ... They want to see people walking around with spendable income. They want a certain kind of people. They want the establishment people to come to downtown to come and shop."

William Tysseling, Santa Cruz Area Chamber of Commerce president, said larger stores are bound to arrive. "There are just too many people that have money to spend not to take advantage of it," Tysseling said. "I'm sure, absolutely certain, that if those stores come, the local stores will benefit. Having stores like The Gap will increase the traffic to stores that are locally owned."

It's been such a long haul for merchants who stayed afloat through the 1989 Loma Prieta earthquake desolation and subsequent turmoil, not even regional and national competition scares them.

"The more the merrier," said Dave Kerrick, manager at Johnny's Sport Shop on Cathcart Street and Pacific Avenue.

"Prior to the earthquake you could almost set your watch by when people were on their lunch and shopping," Kerrick said. "It hasn't been that way in the last 10 years."