

# Downtown Shops Holding Their Own In Face Of Competition

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Downtown businesses are holding their own in the face of competition from 41st Avenue shops, two Santa Cruz City officials said this week to the Santa Cruz Area Chamber of Commerce.

Speaking to the chamber were Robert Shepherd, city director of finance, and Joe Hall, senior planner. They said the expansion of more offices downtown will stimulate business for restaurants, bars and specialty shops.

Shepherd told CofC members that Santa Cruz businesses "have done well" to maintain their share of the retail sales market in Santa Cruz County.

In 1981, for instance, according to Shepherd, Santa Cruz captured almost 34 percent of the county market, whereas the city represents only 22 percent of the county population.

This figure, however, is slightly lower than the figures for the previous four years.

"The big loser has been the City of Watsonville," Shepherd said.

In 1977, Watsonville captured 21 percent of the market, but only 17 percent last year. Capitola took 12 percent last year, as compared to 9 percent in 1977. And Scotts Valley brought in 6 percent last year, compared to 4 percent in 1977.

There is a decrease in sales at downtown Pacific Garden Mall shops as

compared to citywide sales, Shepherd reported.

In 1981 downtown stores captured 24.9 percent of the citywide market, as compared to 25.3 percent two years ago.

However, downtown apparel, general merchandise and drug sales have actually been doing better in the citywide market.

It is the food and liquor businesses and auto dealers and service stations that are not capturing as large a share of the citywide market than in 1980.

Shepherd attributed the decrease in downtown liquor store business to the competition from a discount liquor store near the Morrissey Blvd. interchange.

But Senior Planner Hall told CofC members things may be looking up for downtown eating and drinking establish-

ments with the expansion of 100,000 square feet of office space downtown.

This expansion will draw more patrons to the downtown restaurants and bars, as well as to specialty shops, reported Hall.

He maintained the economic strength of the Pacific Garden Mall shops lies in their flexibility and ability to adjust faster to economic trends than the 41st Avenue businesses.

Hall reported from a study recently completed for the City by Recht, Hausroth and Associates of Oakland.

The consulting firm has recommended that downtown businesses must be more aggressive in promoting themselves, said Hall.

The consultants have also stated the county and city should get together and

turn the old Santa Cruz County Jail on Front Street into a plus for downtown.

Hall said one possibility for the institutional building would be a combination of retail stores, museum and cultural arts spaces that would be compatible with the Octagon Museum located next door.

Hall also maintained that "standard formulas don't work" for the downtown businesses since Santa Cruz contains a mix of students and senior citizens that is not typical of the average population.

In another matter, CofC members were briefed by Real Estate Consultant Herb Bowie on house sales.

For one thing, said Bowie, the volume of sales is so low that comparing average selling prices means little.

Real estate sales are running half the volume of last year, Bowie reported, but added, "Last year wasn't a good year."

Sales are down about 60 percent from 1977 and 1979, Bowie said.

Bowie also reported the recent Supreme Court support for the "due on sale" clause for homebuyers will have a "major impact" on sales.

The high court ruled 6-2 that homeowners with mortgages from federally chartered savings and loan associations cannot pass on their fixed-rate loans to a new buyer as an "assumable mortgage."

The ruling applies to "most of the outstanding loans in this area," stated Bowie.