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FOOD

SF's Market food hall expanding with more vendors

Sarah Fritsche

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A rendering shows the plans for the Castro Valley Marketplace in a vacant department store.

Photo: Castro Valley Marketplace

The Market is in the midst of an ambitious expansion that will increase the Market Street grocery store and food hall's space by 50 percent while doubling — maybe even tripling — the number of food vendors. Though partner Chris Foley is staying mum on specifics, he teases

that eight to 15 new tenants will feature ramen, Korean food and burgers, and there might even be a vegan deli. When they open, the newcomers will join the lineup of poke, pizza, a juice bar, Blue Bottle Coffee and organic fried chicken sandwiches at the San Francisco site.

Welcome to the modern Bay Area food hall, a business model that, thanks to a confluence of financial factors and consumer behavior, is gaining momentum everywhere from the Tenderloin to Castro Valley.

“It’s kind of an evolution of the food truck,” said Craig Semmelmeier of San Francisco real estate company Main Street Property Services, who is currently transforming a long vacant East Bay department store into the Castro Valley Marketplace.

The food hall concept is anything but new — look at long-standing Bay Area places like San Francisco’s Ferry Building, Napa’s Oxbow Public Market and Rockridge’s Market Hall. But a new generation is coming. In addition to the Market’s expansion and the Castro Valley Marketplace, there’s a 7,000-square-foot project from La Cocina in San Francisco’s Tenderloin neighborhood under construction. One65, a Union Square multistory French food haven from chef Claude Le Tohic will feature restaurants, bakeries and more. This culturally specific food hall follows in the footsteps of 2017’s China Live, the \$20 million dollar Chinatown food emporium that combines a retail shop, restaurants and a cocktail bar.

According to a 2018 report from real estate developer Cushman & Wakefield, food halls are cropping up around the country at lightning speed. At the current rate, by 2020, the number of such enterprises will have tripled in five years.

Despite those rosy-looking stats, it wasn’t an easy first few years for the Market. When it opened in 2015, it was likened to a Bi-Rite Market on steroids and struggled to attract customers.

However, while its neighborhood tenants in the Market Square complex — commonly known as the Twitter building — like Bon Marche Brasserie and Dirty Water closed after a few years of business, the Market is not only alive and kicking, it seems to be thriving.

“It took us a long time to figure out how to make it work,” Foley said.

Bay Area market halls and food halls

Alameda Marketplace: 1650 Park St., Alameda. 510-865-1500 or www.alamedamarketplace.com

China Live: 644 Broadway, San Francisco. 415-788-8188 or <https://chinalivesf.com>

Ferry Building Marketplace: One Ferry Building, San Francisco. 415-983-8000 or www.ferrybuildingmarketplace.com

Epicurious Garden: 1511 Shattuck Ave., Berkeley. <http://epicuriousgarden.com>

Rockridge Market Hall: 5655 College Ave., Oakland. 510-250-6000 or <https://rockridgemarkethall.com>

The Market/Market Square: 1355 Market St., San Francisco. 415-767-5130. www.visitthemarket.com

Oxbow Public Market: 610 First St., Napa. <http://oxbowpublicmarket.com>

The Public Market: 5959 Shellmound St., Emeryville. 510-652-5852 or <https://publicmarketemeryville.com>

Swan's Market: 538 9th St., Oakland. 510-287-5353 or <http://swansmarket.com>

In the works

Castro Valley Marketplace: 3295 Castro Valley Blvd., Castro Valley. <https://castrovalleymarketplace.com>

La Cocina's marketplace: 101 Hyde St., San Francisco. www.lacocinasf.org

One65: 165 O'Farrell St., San Francisco. <https://one65sf.com>

Further afield

The Bank: 629 J St., Sacramento. 916-557-9910 or www.thebank629j.com

Milagro Centre: 6241 Fair Oaks Blvd., Carmichael. <https://milagrocentre.com>

Sofa Market: 387 South First St., San Jose. 408-642-5270 or www.sofamarketsj.com

Over the years, the Market has scaled back its grocery store aspect in favor of offering a greater variety of prepared foods, incorporating more of what they call lifestyle items, and even introducing a "drink while you shop" program.

Now, having taken over the former Bon Marche and Dirty Water spaces, the Market team is ready to expand its existing 22,000-square-foot space into a 35,000-square-foot food hall named Market Square Food Hall.

The business model relies on attracting a broader range of retailers, and then serving as a launchpad for them.

The other, less visible key to the Market's successful evolution: streamlining back-of-house infrastructure and operations. That means that the Market handles everything from trash, dishes, general common area maintenance and even construction. This has allowed existing vendors – whether it's Malaysian food stall Azalina's, chicken sandwich shop Organic Coup or Filipino fast food joint Manila Bowl – to focus simply on making great food and building their brands.

“We have 17 years on our lease. What we've realized ... is that by bringing in more partners and us just giving them the infrastructure, we can have a much more interesting platform,” said Foley.

It's an approach that the Market team believes will continue prove attractive to smaller, less established vendors trying to succeed in a city that is notoriously challenging for independent food businesses. Their goal is to ensure their vendors are successful, because if the businesses they bring in prove profitable, they take a percentage of the profits.

“They make money, we make money,” said Foley's business partner Michael Cohen.

As for what's driving this market hall boom: Many cite changing consumer demand.

“People are not willing to come down to Mid-Market for a \$25 hamburger and a sit-down lunch for an hour,” Cohen said.

Donna Layburn opened Alameda Marketplace 17 years ago, modeling it after Market Hall in Rockridge. She said she believes that food halls can serve as gathering spaces for the communities they serve.

“People do want home delivery, but they also want a place to go where it's fun to shop and fun to experience community. I don't think that's ever going to go away,” Layburn said.

Layburn, who also owns Alameda Natural Grocery, is opening a grocery store in the Castro Valley Marketplace. The massive marketplace – three stories and approximately 39,000 square feet – will include a cooking school, commercial kitchen and Castro Valley's first dedicated co-working space. It will also feature assorted food stalls from vendors like Baron's Meats, Seven Hills Bakery, a wine shop and a full-service restaurant and cocktail lounge from the team behind Oakland's Gogi Time.

Architect Sudish Mohindroo of San Francisco's SZFM Design Studio, who is working on the Castro Valley Marketplace, said he believes it's about opening up the enclosed, bunker-like department store to create a vibrant hub with the "ultimate goal of creating vitality in a downtown area."

In the case of the Market, that idea has meant not only taking over the leases for defunct restaurants, but also looking for ways to make those spaces into a hub for community activity, like movie nights and a fall harvest fair.

"These young people, that's what they want," Foley said. "They want to come in, they want a great experience, they want a bunch of different food and they want to leave. Have a nice day. They don't want to go to big restaurants. Big restaurants are dead."

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