# Saks Fifth Avenue exit signals change as San Francisco eases retail rules on Van Ness Avenue



Saks Fifth Avenue is scheduled to close its Union Square location in San Francisco on May 10, marking the end of a significant chapter for the retail landscape in the area. This closure comes amid a backdrop of rising vacancies in Union Square, which has reached 22.8% in the first quarter of the year, compared to a lower citywide vacancy rate of 7.6%. However, there are signs of renewed optimism as national and international retailers show growing interest in the market, according to commercial real estate firm Cushman & Wakefield.

Several new retail openings are set to invigorate the Union Square neighbourhood. Notably, a Nintendo store covering 11,000 square feet will open on May 15. Other additions include Ross at 901 Market Street, Shoe Palace on Geary Street, and the French bakery B. Patisserie taking over the Miller & Lux Provisions space. These arrivals suggest that despite current challenges, Union Square remains an attractive destination for retailers.

In parallel, the San Francisco Board of Supervisors unanimously passed legislation on April 22 aimed at easing restrictions on formula retail—chain stores with 11 or more locations—along Van Ness Avenue to accelerate permitting processes. This legislation awaits the signature of Mayor Daniel Lurie to become law. The existing conditional use authorization, a holdover from a 2007 proposition designed to protect small independent businesses, often delays approvals by up to 18 months, making it difficult for landlords to attract formula retailers.

Supervisor Stephen Sherrill highlighted the urgent need for this reform, saying, “Van Ness is a corridor in crisis, and outdated rules have held it back for too long. Today, more than 50% of storefronts north of Redwood Street are sitting vacant, creating these large, visible gaps on one of our city's most heavily trafficked corridors.”

Historically, Van Ness Avenue, once known as Auto Row, was populated with car showrooms that relocated to suburbs, leaving numerous vacancies. City planning efforts that prioritised car traffic over pedestrian activity further reduced foot traffic necessary for retail success. The impact of the COVID-19 pandemic exacerbated these long-standing issues.

Blair Heath, owner of 1700 Van Ness Avenue, a retail space previously occupied by Staples until 2022, commented on the difficulties faced in leasing large spaces: “The problem is big boxes aren't interested. If they can't get in and build out, it affects landowners. If they change this law and shorten the time frame, it will spike interest.”

Van Ness Avenue represents a critical north-south artery forming part of the US 101 freeway and connecting to the Golden Gate Bridge. The easing of formula retail restrictions is therefore seen as a strategic move to rejuvenate commercial activity on this key corridor.

Despite the legislative support for easing restrictions, some community voices have expressed concerns about potential impacts on small businesses. The new law specifically applies only to Van Ness Avenue, apart from a limited provision for a Safeway grocery store in the Fillmore District. Areas such as Polk Street, known for its dense concentration of locally owned businesses, are protected by existing design guidelines implemented in 2019 to prevent displacement of small enterprises.

Sharon Ng, community planner with the Chinatown Community Development Center, underscored the importance of maintaining protections elsewhere, stating in a letter to supervisors, “We hope that the conditional use process continues to be upheld elsewhere, and that the removal of conditional use requirements on Van Ness Avenue will not serve as a catalyst for changes in communities like ours.”

The legislation will come into effect 30 days following Mayor Lurie’s signature, potentially as soon as this Friday, setting the stage for possible transformation along Van Ness Avenue while the retail scene in Union Square readies for new arrivals after the departure of Saks Fifth Avenue. The Bisnow publication is reporting on these developments, reflecting a landscape of change and opportunity amid challenges.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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