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DEVELOPMENT UPDATE

SAN FRANCISCO

Berry Street

In November, **McCarthy Cook & Co.** Co-President Edward Cook started construction on two floors of speculative office space on top of the 233,000-square-foot Berry Street Building, which will open in second quarter 2008. The addition will double the amount of space, bringing 175,000 more square feet, on top of the three-story, 825-foot-long building. A glass-heavy design by the San Francisco office of **HOK Architects** unifies the buildings and its new addition with a setback and grid pattern.

The developer had planned to expand upward ever since it purchased the property in 1997 with partner **RREEF**. Two earlier proposals included 50,000 square feet of traditional office space along with as many as 180 residential units. But the tech wreck sent office vacancies in the cities to almost 60 percent and condominium demand plunged. The property is 100 percent leased by mission-critical tenants like University of California, San Francisco Medical Center.

74 New Montgomery St.

Armed with a \$49.5 million bridge loan and a \$10 million mezzanine loan arranged by **Buchanan Street Partners**, **New Urban Properties** is halfway finished with a conversion of the seven-story former Call newspaper headquarters into 107 condominiums. The Class C office space, which the developer acquired in 2001, is registered as a historic building, and its conversion has received a lot of support from the Planning Commission. Architect Dan Huntsman designed the condominium conversion, which started in May 2006 and should be complete by the summer.

The Plant

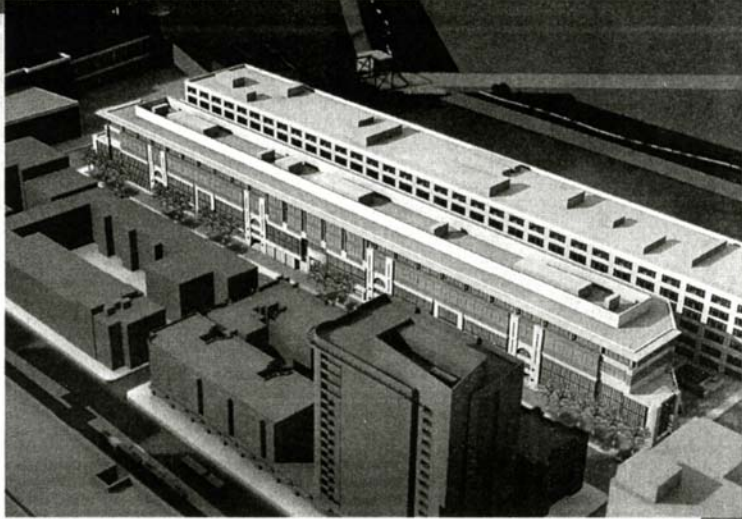
In March 2006, **Westrust** purchased a 55.4-acre site known as The Plant for a mixed-use lifestyle center development. The company, in a joint venture with **Pacific Coast Capital Partners** and **Vornado Realty**, broke ground on the 645,000-square-foot center in San Jose in August. The \$137 million project will be built in one phase with a grand opening scheduled for July. In addition to an 11-acre retail center for which brokers are courting national tenants including Target, Home Depot and Best Buy, the development will have a 0.75-acre central park, two gas stations and 8,000 square feet of office space. The site will include a historic renovation of the former General Electric Motor Plant headquarters.

Oakland Army Air Base

After **Opus West Corp.** lost its line on the former Oakland Army Base in April because it didn't submit plans by the city's deadline, a collection of automobile dealerships lobbied city officials for the opportunity to put an auto mall on 16.2 acres of land. On Dec. 5, the Oakland City Council accepted a \$17.4 million bid from **Simi Management Corp.** and **Argonaut Holdings Inc.** that will result in a Chrysler-Jeep-Dodge dealership and Chevrolet-Buick-GMC-Cadillac dealership moving from the Broadway Auto Row to the Army base. The various dealerships were in danger of losing their leases at the Auto Row when they expire over the next few years.

The construction pipeline will begin with infrastructure improvements, funded in part by \$13 million of the purchase price. The city also expects to receive \$735,000 per year in tax increments that will go to the redevelopment agency and an additional \$1.7 million a year in sales revenues, which will be allocated to the general fund. A timeline hasn't been set because the city was negotiating with two other car dealers for a 6.4-acre portion of the base with a \$7.4 million price tag.

Candlestick Point



Berry Street

Jack London Square

Ellis Partners LLC acquired the mixed-use Jack London Square on the Oakland Estuary in 2002 and the project received approval from the Oakland City Council and the San Francisco Bay Conservation and Development Commission in 2004. Ellis Partners is gearing up to launch complete construction of Phase II. The expansion, which will cover several blocks along the Embarcadero, will comprise 1 million square feet of retail, office and entertainment. A 250-room hotel with 18,500 square feet of meeting space also is in the works. The cost of the development should run \$300 million.

The massive project will be built in many phases that will include an expansion of the Bay Trail through the square and preservation of open space and historical facades. The first phase is California Harvest Hall, a 185,000-square-foot retail and restaurant plaza, that will serve as the centerpiece of the development. The developer plans to break ground on that phase in early 2007, with a tentative completion date later that year or in early 2008. The project is a joint venture between **Jack London Square Partners**, the Port of Oakland and the city of Oakland.

Pier 27-31

Facing financial trouble on both coasts, **The Mills Corp.** ditched out of a \$218 million project planned along Piers 27-

31 in San Francisco in early 2006. Mills sold its stake in the project, for which it had exclusive negotiating rights from the Port of San Francisco, to **Shorenstein Development LLC** and **Farallon Capital Management LLC** for \$9 million. Shorenstein will spend \$145 million to shore up the seismically unsafe piers with a \$60 million reimbursement from the port, which intends to raise the money through bonds.

The project is a 20-acre office, retail and recreation destination that incorporates 400,000 square feet of office, 200,000 square feet of recreational uses run by City Beach and 200,000 square feet for retail and restaurants and other uses.

The original plan allocates only 200,000 square feet for office use, but rising construction costs to fix the piers required more office to offset the cost. Shorenstein plans to move its offices to the new location on completion.

The project is expected to be presented to the San Francisco Board of Supervisors sometime in January, so a groundbreaking date is still pretty far off.

Candlestick Point

In spite of the San Francisco 49ers' pursuit of a new stadium in Santa Clara, **Lennar Corp.** is moving ahead with its mixed-use project at Candlestick Point in San Francisco, which at one time had planned on the NFL team anchoring

the whole thing. The development plan still includes a 69,000-seat stadium abutting the 101 and 280 freeways as Lennar continues to work with the city to keep the 49ers in San Francisco. It also includes plans for 6,500 new homes, a smaller 8,000- to 10,000-seat arena, 400,000 square feet of retail and entertainment space, 150,000 square feet of office space, a 200-room hotel and 150 acres of parks and open space. No groundbreaking date has been set, but the developer plans to go ahead with the project with or without an NFL stadium. **Top Vision Development** also is building 650 residential condominiums at Candlestick Point in a project called The Cove. The first phase welcomed residents in 2006, and the developer has broken ground on the second phase.

— Compiled by Julie Leupold

