

# San Francisco Chronicle

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## Towering condo projects to help fill housing need

Demand growing with supply of new units at all-time low

By J.K. Dineen

A condo construction comeback is shaping up in San Francisco.

For the past two years, apartments have dominated San Francisco's growing skyline, with more than 90 percent of the units in new towers being for rent rather than for sale. And it is pretty obvious why: The crash of 2009 wiped out condo developers across the country, leaving banks and buyers wary of risky for-sale high-rises.

But this month, for the first time in five years, a developer will open a sales office for a major downtown tower. Tishman Speyer is putting the final touches on a sales center for the largest condo complex the city has ever seen. With 656 units, the four-building Lumina will test the upper echelons of the market with the most luxurious development since 2007, when Millennium Partners started selling units in its tower at 301 Mission St.

Lumina was always slated to be the successor to the Infinity, the



Jessica Keenan, Lumina sales associate, uses a workstation next to a model of the Tishman Speyer building at the sales gallery in downtown San Francisco.

650-unit, two-tower development at 300 Spear St. that Tishman Speyer completed in 2007 and 2008. But Tishman Speyer Managing Director Carl Shannon said his development team upped the ante dramatically this time, tripling the amount of space for amenities, adding a billiards room, music room, library,

7,000-square-foot gym, bicycle repair room, valet parking, and private dining room with patio.

The new project comes at a time when San Francisco's supply of new housing has hit an all-time low. Right now, only about 350 new condos are on the market. That

*Housing continues on A6*

## FROM THE COVER



Photos by Lea Suzuki / The Chronicle

Lumina's Main Street Tower (right), one of several condominium developments being built in San Francisco, rises against Tishman Speyer's two Infinity Towers.

# Condo developments to help fill need

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includes 88 units Lennar is selling at the Shipyard in Bayview-Hunters Point and about 50 units Oyster development has left at Vida on Mission Street. Bosa Development has only 17 units left at the Arden in Mission Bay, even though the building won't be done for a year.

In contrast, six years ago the city had more than 3,000 new units on the market.

## Small supply, big demand

The lack of supply, along with a high-flying local economy, is driving up prices, which are already exceeding the highs seen before the 2008 crash. The average price-per-square-foot for a new San Francisco condominium has hit \$1,119, according to the Mark Co. The top of the market, which is monitored by the Mark Co.'s penthouse pricing index, has risen to \$1,921 per square foot.

While Tishman Speyer has not released pricing on Lumina, resale units at the Infinity are selling for \$1,200 to \$1,500 a square foot. Lumina will command higher prices, with upper-floor units topping \$2,000



Carl Shannon, senior managing director of Tishman Speyer, shows a two-bedroom condo in the Lumina sales gallery.

a square foot. That means that a 2,000-square-foot, three-bedroom penthouse near the top of the building would sell for more than \$4 million.

"We are seeing a wider range of pricing," said Alan Mark of the Mark Co., which markets new condos. "It used to be the high was \$1,500 (a square foot). Now with the lack of inventory and demand for really nice product, we are hitting \$2,000 and higher."

Lumina itself won't make a difference in solving the city's affordable housing crisis. "The

shortage of housing can't be alleviated by the delivering of 656 homes," said Garrett Frakes, a partner with Polaris Pacific, which is marketing Lumina. "But every little bit helps."

## Lower-cost units

While Lumina will be out of reach for the vast majority of city residents, Tishman Speyer is also building some more-affordable units. To fulfill the city's affordable housing requirement for Lumina, the developer is building 190 af-

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Arden Hearing, Trumark Urban

fordable, for-sale homes at 1400 Mission St. The units will be geared to families with 90 to 100 percent area median income, between \$87,000 and \$97,000 for a family of four.

"It's a very high-quality building, and that is a significant amount of (below-market-rate) inventory coming into the market," Frakes said.

If Lumina represents the top of the San Francisco market, Hunters Point Shipyard embodies the solid middle. Units there are averaging about \$650 a square foot, less than one-third of what many Lumina units will command. The first release of units at Shipyard, the 25-unit Olympia, is 90 percent sold. Merchant, which totals 63 flats, is about half sold. The first residents will move in during December and January.

Phase one of the 12,000-unit

Shipyard project includes 1,400 homes, 16 pocket parks, and 25 acres of open space.

At the Shipyard, three-fourths of buyers are coming from San Francisco, the rest from the Peninsula and Oakland. Almost all are first-time buyers, said Sheryl McKibben, vice president of sales and marketing for Lennar Urban, the Shipyard developer.

## Responding to demand

Meanwhile, more condos are in the works. Trumark Urban of San Francisco is building 27 units in Cow Hollow but plans to begin construction on another four or five projects in the next six months. All will be for sale.

"The market has responded well to the needs of rental housing. Rents are flattening out because of this," said Trumark Managing Director Arden Hearing. "On the for-sale condo side, we are very early in the supply creation segment of the cycle. Simply put: We, as a city and a region, need more housing."

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