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Developments Rise Like Dandelions Near San Francisco Transit Center



San Francisco Mayor Ed Lee conversing with China Vanke's Wang Shi and Tishman Speyer's Rob Speyer

By [Sharon Simonson](#)

Tishman Speyer and its Chinese development partner China Vanke Co. Ltd. begin construction next week on what is being billed as the largest residential development project ever in San Francisco.

The Lumina, with one 350-foot tower and one 400-foot tower, will have 655 condominiums. It will be situated in the South of Market neighborhood two blocks south of the new one-million-square-foot Transbay Transit Center, two blocks from the Embarcadero and around the corner from AT&T Park.

Sales are to begin next summer, and the first residents are expected to take occupancy the summer of 2015. The towers are joined at the base by two midrise podium buildings supporting a rooftop garden.

The two cranes that will anchor the buildings' construction will number 36 and 37 in the San Francisco skyline, said San Francisco Mayor Ed Lee. China Vanke's investment in Lumina also should open a new channel for cross-border communication between the city and the Pacific Rim.

"It is just more meaningful to have international partners here, especially from China, which represents a considerable part of our future tourism and business," Lee told those gathered for a June 26 groundbreaking. "Vanke and its leadership will open up a lot of conversations. It is a great opportunity."

"In 2015 when [Lumina] is opened, the U.S. Conference of Mayors will be here, and I get to show off how we do it right, how we do it internationally and how we do it with other agencies like transportation. It is so inspiring to the rest of the country," he said.

Lumina's construction start is the latest iteration of a developer gold rush to downtown San Francisco's Transbay district with its new Transbay Transit Center.

San Francisco's TMG Partners and Northwood Investors LLC also said June 26 that they had acquired 1.17 acres in multiple parcels at First and Mission streets, also next to the transit center. They expect to build two towers with approximately two million square feet of offices, shops and housing. The site was rezoned in 2012 as part of the city's land-plan for the Transbay district to allow an 850-foot commercial tower and a 605-foot residential tower, according to a prepared statement.

Tishman Speyer itself recently developed 555 Mission St., a 555,000-square-foot office building, and is currently developing Foundry III, a 10-story building at 505 Howard St. with not quite 300,000 square feet of offices. Both are within short walking distance of the public transit hub.

In April, Boston Properties and Hines celebrated the start of their Transbay Transit Tower, the signature property in the area slated to be the tallest office building on the West Coast. The same month, Kilroy Realty Corp. began 350 Mission St., a 450,000-square-foot office building also adjacent to the transit center. Kilroy is building the \$275 million building for Salesforce.com Inc.

"We live in an incredibly special time and remarkable place in San Francisco," said Carl D. Shannon, Tishman Speyer senior managing director and lead in Northern California. "This neighborhood has changed dramatically as the vision of creating jobs near housing and transit in downtown comes to reality."

Tishman Speyer's faith in San Francisco's continued prosperity springs from the strength of the echo-boomer demographic tide and the generation's clear preference for city life, Shannon said. Just as companies followed workers to the suburbs post World War II, they will follow them back to city centers like San Francisco.

"You look at the number of employees with Google, Apple, Cisco, Adobe who live in San Francisco and take the bus to Silicon Valley. They want to live in a rich, dynamic, urban environment," he said. "I believe Silicon Valley will be tremendously important, and the employers will increase their footprints in San Francisco not because of the business environment but because their

Tishman Speyer and Vanke are not releasing financial details for the development, and home prices won't be decided until the sales office opens next year, Shannon said.

Tishman will develop and manage Lumina; China Vanke is participating as a venture equity partner. Cornerstone Real Estate Advisers is representing an institutional investor, according to a prepared statement.

The groundbreaking drew both Rob Speyer, president and co-chief executive of Tishman Speyer, and Wang Shi, chairman and founder of China Vanke. The development is China Vanke's—China's largest real estate company—first-ever U.S. venture. China Vanke last year sold 140,000 homes, Speyer said. It begins more than 100 new projects a year in China, the Vanke chairman said.

"The Bay Area is the perfect place for Vanke to start in the United States because it is about diversity, innovation and community—all our values that we treasure at Vanke for almost 30 years," Wang said. "Vanke's first mission to come to the United States is to learn from a much more developed social and economic context. Not just from our great partner Tishman Speyer but also from local communities."

Like the neighboring Infinity, another Tishman Speyer development, architect Bernardo Fort-Brescia of Arquitectonica and San Francisco's Heller Manus Architects designed Lumina. The towers share The Infinity's curvilinear forms, floor-to-ceiling glass walls and views of the city and bay.

"It gives you all of these rooms with an amazing panoramic glass view. People walked into The Infinity, and they had never seen a living room like that. The view surrounds you," said Fort-Brescia. "That feature reappears in this building because that was a very hot item."

Tishman sold two-bedroom homes in Infinity Tower II for an average of not quite \$700 a square foot while one-bedrooms sold for an average \$801 a foot. The tower sold between February 2009 and March 2011, according to research from Polaris Pacific. On the resale market, the two-bedroom units are now selling for \$1,000 a foot on average, and one-bedroom homes are selling for \$845 a foot.

The Infinity, which also has two towers and 650 homes, was financially successful despite timing, Shannon said.

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