



San Francisco cheers 2011's biggest: 26 condos in Pacific Heights

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How is this for housing production? San Francisco, a city of 805,000 residents, added just 20 new condo units in the third quarter, according to the Mark Co. In addition, 67 units that had been previously converted to rental apartments were also brought back to market as condominiums. The number of sales decreased by 29 percent from the third quarter last year, while the price per square foot decreased by 6 percent. There were 88 closed new construction sales in the third quarter of 2011, with an average price per square foot of \$859.

It's not going to put a dent in the city's need for housing, but developer Tony Chan is hoping to celebrate New Years Eve with the completion of 1840 Washington St. If completed on time, the 26-unit Pacific Heights condo project will be — believe it or not — the largest new residential development completed in San Francisco in 2011. The managing member of Worldco, Chan has tapped Sotheby's to market the units. The target is "young professionals and aging baby boomers like me who want to downsize," Chan said.

"It's the first new Pacific Heights condo project in a few years," said Chan. "We looked for sites in that neighborhood for years, but could not find anything. There is less than a handful of sites left to build on."

The Washington Street project has 18 two-bedroom units, six one-bedrooms, and two three-bedrooms. The building replaced a one-story warehouse that was razed in 2008. The architect is the office of Charles Bloszies.

Worldco owns the 125,000-square-foot Sutter Place as well as the 12,000-square-foot 1686 Union St.

DivcoWest nabs SoMa complex

San Francisco-based DivcoWest has wrapped up the purchase of Howard/Hawthorne, a 237,123-square-foot, two-building office complex with a five-level parking structure located in SoMa. The property was sold by RREEF and marketed by Michel Seifer and Rob Hielscher of Jones Lang LaSalle's San Francisco office. Terms of the transaction were not disclosed, but total sale price (including parking) was about \$78 million, according to market sources.

DivcoWest, one of the country's most active investors in technology-oriented office markets, said it chose the property because of its close access to public transportation and SoMa's strong amenity base. The San Francisco-based investment sponsor is no stranger to investing in downtown San Francisco. In the decade prior to the real estate downturn, the company purchased the former Chevron headquarters on Market Street, leased it and sold the complex to RREEF in 2006.

The Howard/Hawthorne property consists of two contiguous office buildings: 631 Howard St., a five-story building totaling 100,315 square feet and 55 Hawthorne St., an 11-story tower built in 1970. At closing, the two office buildings were approximately 80 percent leased.

"We are well positioned with the specific expertise needed to undertake a capital and leasing program, attract technology tenants and fill existing vacancies," said Sam Hamilton, DivcoWest's director of acquisitions.

Within the past two months, DivcoWest has closed two other transactions: GeneseeExecutive Plaza in San Diego's University Town Center, and 1275 Market St. in San Francisco. Last year, the real estate investment firm purchased Jack London Square on the Oakland Estuary and 11 Beacon St. in downtown Boston.

Jaeger McHugh buys in Hayward

Jaeger McHugh & Co. LLC bought two buildings totaling 87,000-square-feet at 3150-3180 Corporate Place in Hayward. The property is about 25 percent leased to tenants including Coram Healthcare. Terms were not

disclosed.

The investor owns more than 1 million square feet of industrial space in Northern California and is looking to acquire more. It bought the 203,500-square-foot Barrington Business Park, also in Hayward, in 2009 and brought it to full occupancy.

“Investor activity continues to rise in the East Bay market, with pent up demand for good-quality, well-located buildings,” said Joe Yamin of Colliers International, who represented the buyer along with Greig Lagomarsino, also of Colliers.

Also in Hayward, Stericycle Inc. recently subleased a 20,000-square-foot building at 30542 San Antonio St. in Hayward from Matheson Fast Freight, which formerly occupied the building.

Yamin and Casey Ricksen, also of Colliers, represented Matheson Fast Freight.