

## Trumark hits San Francisco Condo builder lines up projects

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Seasoned Bay Area developer Trumark is looking to make its mark on San Francisco's rapidly recovering condo market.

Danville-based Trumark has bought land on Pine Street in the Lower Polk Street neighborhood, where the developer is entitling a 120-unit, \$42 million condominium project.

Trumark has been developing commercial and residential projects in California for over 20 years, focusing on condos, apartments and office buildings close to jobs. But until now Trumark, which is in the process of building or entitling 2,000 California housing units, has stayed out of San Francisco.

In addition to the site at 1533 Pine St., the group is closing in on the acquisition of a parcel in the Mission District (reportedly on South Van Ness Avenue) that would allow for about an 80-unit project. By the end of the year, the company is aiming to have a San Francisco pipeline with four or five projects and about 400 units.

"We made a strategic decision to focus on San Francisco in 2011," said [Arden Hearing](#), Trumark's senior vice president of land acquisitions. "It's the best city in the world and we feel that now, coming out of a major recession, is a good entry point. We like the market dynamics; the combination of low housing supply and strong demand and jobs."

Trumark plans to build condominiums in San Francisco, rather than rental apartments. That decision comes at a time when the success of several small condo projects is generating renewed interest in the for-sale market. At 299 Valencia St., developer JS Sullivan has put 30 units under contract in less than six months. Just six units remain, and the building doesn't even open for two weeks. Prices have averaged \$900 a square foot — 20 percent higher than expected, according to [Chris Foley](#) of the Polaris Group, which is handling marketing of that project as well as the Trumark development. At the 32-unit 1840 Washington St., the largest condo project completed in the city in 2011, units sold out in less than three months with pricing over \$1,000 a square foot.



Photo: Spencer Brown

"We are going to turn the blight spot into the bright spot," says Arden Hearing, at Trumark's Polk Street project site.

"Keep an eye on Trumark — they are going to be in San Francisco in a big way," said Foley. "They are looking at six or eight deals."

The 1533 Pine St. site is 15,000 square feet with a 130-foot height limit on most of the property. Trumark has hired Arquitectonica, which designed Tishman Speyer's two-tower Infinity project.

Several boarded-up buildings on the site would be demolished though a 1923 façade from one of the existing buildings, a former furniture and automobile showroom, will likely be preserved and incorporated into the design.

In determining whether to build rental or for-sale units, Trumark is looking to be nimble, Hearing said. The firm is building 450 rental apartments near the Caltrain station in Santa Clara.

In San Francisco, it is underwriting deals as both apartments and condos, but it expects condos to prevail.

"We think that we're in the seventh inning of the apartment cycle, and there is a fair amount of supply looming. Conversely, we are very early in the condo cycle, maybe the second inning. The timing between the two has been skewed for various reasons relating to the availability of financing. As such, we are bullish on buying and entitling condo projects in places like San Francisco."

Hearing said Trumark is more interested in neighborhood infill sites than downtown areas like Mission Bay, Rincon Hill or the Transbay district. For developers interested in building an 80- or 100-unit project, the Pine Street site is about as close as you can get to the heart of Nob Hill and Russian Hill.

"I would prefer to buy infill sites in a relatively mature neighborhood, with services and amenities nearby. A place where we can come in, take an underutilized site, and enhance the street scene," said Hearing. "I used to live up the street and love the diversity in people, food and entertainment. That was over a decade ago and I still feel at home there."

Hearing said Trumark is still working with the Lower Polk Neighbors and District 3 Supervisor [David Chiu](#) on the design. "The neighborhood is superb, but the block is basically dead as the buildings have been unkempt for some time. We are going to turn the blight spot into the bright spot. We are going to bring vibrancy and life to the street. That sort of change makes sense on a variety of levels."