



## Shifting San Francisco

If recent transactions are any indication of where the future lies, then we can see that it's in the south. Traditionally, San Francisco's business center has been located in the submarket called North Financial, defined as north of Market Street along Montgomery and California streets. However, several longstanding tenants have recently defected from the traditional core to South of Market.

The new locus, centered around Mission and Howard streets, between First and Second streets, is called South Financial. This submarket has seen the largest share of investment, particularly in the Second Street corridor, of anywhere else in the city in the last decade.

The defectors include Orrick, Herrington and Sutcliffe, a law firm that has called San Francisco home for more than 140 years. The firm's old headquarters were in the 152,000 square foot Old Federal Reserve Building at 400 Sansome Street, in the heart of the city. Orrick staff recently packed up and moved south to 405 Howard Street, at First Street, into the new 58,000 square foot high-tech office space. They named the property after the firm: the Orrick Building (part of Foundry Square).

Gymboree, the children's retailer, left its headquarters in Burlingame and selected South Financial submarket as its new home. The firm chose from a number of competing properties in Burlingame and San Francisco. The new headquarters is a sublease from Sun Microsystems at 500 Howard Street; Gymboree occupies 164,000 square feet.

Moody's, a large credit risk services provider to financial institutions, chose South Financial for its regional headquarters. It is consolidating a number of Bay Area offices and is moving to the Orrick Building into a space of roughly 57,000 square feet.

A factor in the migration south is that it lies in path of development of new construction such as SBC Park and the future Trans Bay Terminal and includes the following other projects:

- Foundry Square II (405 Howard Street): Class A 10 stories with 492,409 rsf rentable square feet office space
- Foundry Square IV (500 Howard Street): Class A 10 stories with 233,290 rsf office space
- Moscone Center West
- Mission Bay
- Bloomingdale's
- 55 2<sup>nd</sup> Street: Class A high rise of 26 stories with 379,330 rsf office space
- 101 2<sup>nd</sup> Street: Class A high rise of 27 stories with 387,866 rsf office space
- 199 Fremont Street: Class A high rise of 25 stories with 396,200 rsf office space

The corridor also provides cheaper parking and better access to transportation routes. By moving into the South Financial submarket, a south bay commuter can shorten the commute time by 10-15 minutes during rush hour. Additionally, the availability and number of parking spaces in this area is significantly higher than north of Market, and monthly rates are up to half as much (\$100-\$250 per month, as compared to \$370-\$450 per month north of Market).

These facts may describe the shift of the city center south of Market, but the best way to understand is to get out and view changes in the skyline and the numerous construction sites.

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Peter Rosenthal is a real estate professional with over 15 years of experience. He has worked on numerous development projects in New York and San Francisco. He spent much of his career heading up the real estate actives of actor Robert DeNiro's holdings company Tribeca Film Center.

#### Specialization

Rosenthal specializes in tenant representation and advocacy services in San Francisco CBD. In addition to his work at Starboard, he is a partner in a small real estate investment fund focused on stable assets, which generate above-average current returns.

#### Highlights

- 15 years of real estate experience in lease management, negotiation, development, and capital structure analysis
- Total transaction closings in excess of \$30 million in 2004
- Earned Starboard's Goal Maker of the Year award in 2003 and 2004
- Evaluated buy/sell options on behalf of ownership entities
- Underwrote JV debt structure at Appian Ventures



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Newest member of **Team Skyline** who comes to the team with a strong background in site acquisition for Curves the largest fitness franchise in the world with more than 8,000 locations worldwide.

#### TEAM SKYLINE

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Stephen Newhauser  
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Stephen Newhauser is an experienced real estate professional. Throughout his career, he has consistently ranked as a top agent and salesperson while working on numerous complex transactions. Stephen brings the highest level of integrity to each deal.

#### Specialization

Stephen's primary focus is tenant representation and project leasing in San Francisco's submarkets and investment sales across the United States.

#### Highlights

- Starboard TCN Worldwide total transaction value in excess of \$30 million
- 2004 Goal Maker of the Year
- Awarded top salesperson, honors at MCI, Exodus, Asoki, Starboard
- Has closed more than 100 deals since starting with Starboard TCN Worldwide

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