

Developers say now-seedy mid-Market is a place of opportunity

▶ CONTINUED FROM PAGE 1

Seventh, the Main Post Office and the busy Greyhound Bus Station.

Foot traffic slowed down when the Greyhound Station closed in the mid-1980s, about the same time that the Civic Center was becoming a magnet for increasing numbers of homeless people. But it was the 1989 earthquake that drove nails in mid-Market's retail coffin. When the seismically unstable Main Post Office closed, a reason for people from all over to come into the area evaporated.

The dot-com boom of the 1990s gave mid-Market property owners a financial goose. Some renovated their aging buildings, investing in fancy build-outs to draw the exploding cyber industry.

A sales base review of real estate parcels between 1992 and 1999 shows changes in about half of the 57 properties on the three blocks. The sales base data registers a deed change — new construction, ownership or use. The property may have actually changed hands, or a new investor, partner or family member may have joined the deed.

A public records search doesn't explain why so many sales base changes happened in the Nineties, but besides the flush economy then, interest rates had dropped, opening opportunities for purchase or refinance that were unavailable when loan rates were in double-digits.

The popping of the dot-com bubble in 2000 deflated mid-Market retail once again. The 2008 recession made matters much worse.

Thirty-three buildings — more than half the three-block total — are at least a century old, including Odd Fellows, the Grant Building, the Renoir Hotel, Hollywood Billiards, and the St. Francis Theater and the other two properties that will be demolished for CityPlace. The oldest building, at 929 Market, went up in 1904. It's Shiekh Shoes' flagship store.

Today's paper value of all buildings on these three blocks and the land they're on, according to assessor's data, is \$375 million. That, of course, is vastly understated, at least in light of the near future, when this stretch turns around.

And it will turn around, probably before this century's Twenties come roaring into town.

MARCHING DOWN MARKET

The face of Market Street changes from its commercial source at Castro, where it thrives with small businesses, on its way to the Bay. Vacant storefronts begin to pepper the blocks after Van Ness. At Polk, the venerable, incomparable, stand-in-line sandwich shop Quincy's, a neighborhood fixture for decades, is shuttered. Directly across Market on Tenth, there's a huge hole where several buildings were razed in 2007 to make way for 720 luxury condos that were never built, victims of the recession. The ground floor of the blocklong, wholesale furnishings bazaar San Francisco Mart is vacant except for Walgreens at Ninth.

Market starts to look really bad at Eighth Street. The north side is fine with the Orpheum, Academy of Art and the open space of U.N. Plaza. But the south side misses Trinity Plaza's Moon Star restaurant at the corner. Toward Seventh are the shell of the Strand Theater, closed in 2003, and a hole where the Embassy Theater once entertained.

Seventh Street is anchored by the historic Grant Building, the only thing left standing on the block April 19, 1906. Across the street is the Renoir Hotel, 158 rooms over four storefronts, of which only the doughnuts-and-sandwiches shop at Jones is a consistent business.

Ten of the 21 buildings up to Sixth Street are a century or more old; it's the biggest block, the heart of mid-Market, home also to Market Street Cinema, a tribute to the demand for nonnuisance sex shows, and Kaplan's, a retail landmark in the neighborhood for decades.

The block from Sixth Street to Fifth, on which CityPlace is seen as a sort of Westfield's western annex, is the most venerable — 18 of the 21 buildings are at least 100 years old. CityPlace will replace three centenarians.

THE MOGUL OF MID-MARKET

David Rhoades, development and operations director for Urban Realty Co., scoffs at timid developers who don't see mid-Market's potential — "an obvious great location."

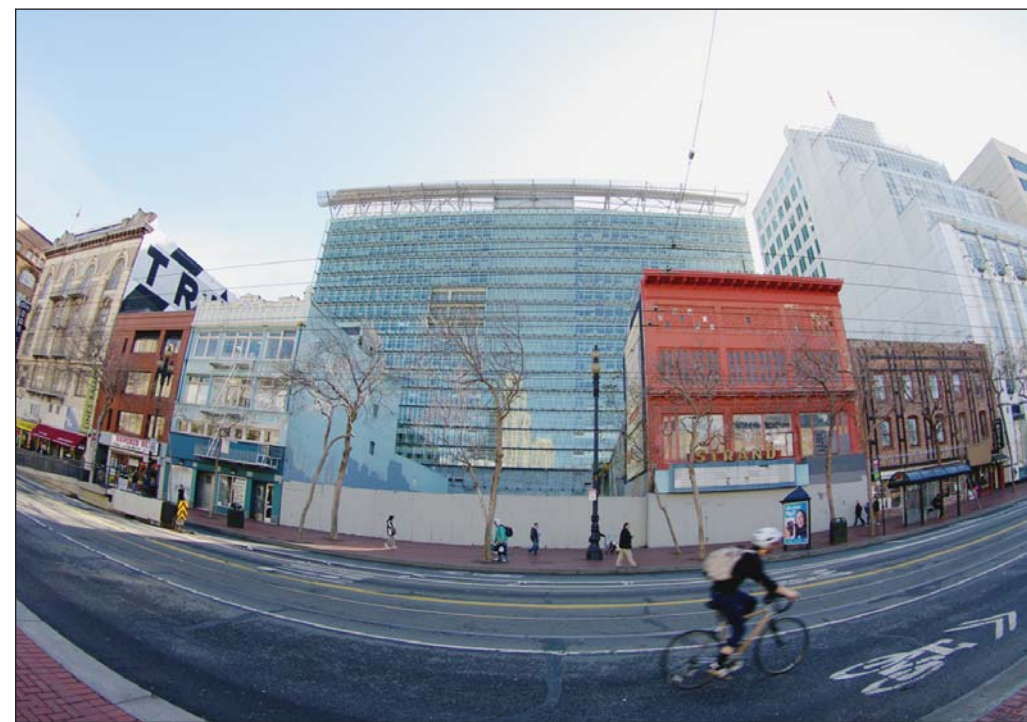
Urban Realty isn't timid: It's the mogul of mid-Market, owner of 14% of the buildings in these three blocks, and almost 30% of its assessed value. Urban Realty owns 949, 943 and 935 Market St. — the old St. Francis Theater, the Social Security Administration building and a little, nondescript structure in between — all scheduled for demolition to make way for CityPlace.

That 375,700-square-foot, five-story retail development spanning 275 feet on Market Street — about a third of the block from Sixth to Fifth — will be the jewel in Urban Realty's mid-Market crown when it's done in a couple of years. Now in the draft EIR stage, there's little opposition to the project except to the 201-car underground parking garage with its entrance on Stevenson. CityPlace will have about the same square footage as Bloomingdale's, which sits inside the 1.5 million-square-foot Westfield San Francisco Centre that opened in 2006.

CityPlace will be pitched, Rhoades says, to "value-based consumers" who shop at "value-based retailers, like Ross and Marshalls, the only retail segment of the economy that's currently prospering." Stores, their number not even estimated yet, will be offered "big, efficient floor plates" and low rents, he added.

The shoppers? They're the ones "who now drive to Colma to shop," Rhoades said.

Urban Realty's crown is oversized, if not yet glittering. Besides the three CityPlace parcels, Urban Realty's portfolio includes 901 Market, the five-story building at the corner of Fifth that houses Marshalls; 925 Market, a two-story structure that Rhoades says will be used



The new Federal Building looms behind the hole left by the demolition of the Embassy Theater, with the shell of the Strand and the National Hotel, to the right, and the Odd Fellows Hall at far left.

as CityPlace's construction offices; 974 Market, a vacant one-story building on a lot that stretches back to Turk Street; the completely vacant 972 Market, former home of Maxferd's pawnshop with 29 rooms and 15 baths in the upper stories, probably an old rooming house; and the boarded-up 966 Market. Also, down a block, at the corner of Fourth Street, is a ninth Urban Realty holding, 799 Market, home of Ross assessed at \$42 million, an indication of how Market Street properties gain value on the way to the Ferry Building.

The money for the nine Urban Realty properties — which total about \$150 million in assessments — comes from Commonfund, an investment company headquartered in Connecticut. Urban Realty calls it its "capital partner" in mid-Market, helping it "over two years . . . discreetly acquire nine properties in seven separate off-market transactions." Commonfund, reported by S.F. Business Times in 2007 to be worth \$35 billion, invests money for educational institutions, foundations, health care organizations and other large nonprofits.

"We work with these guys, because they're good guys, socially responsible," Rhoades said. Urban Realty looks for areas where the market is low and invests in developments that make things "better off than when we came to the block."

CityPlace, one such development, Rhoades says, is located right in the middle of one of the city's "pioneering" markets — perhaps a euphemism for risk coupled with opportunity.

HOLLYWOOD BILLIARDS, WARFIELD

When mid-Market changes for the better, David Addington plans to be there.

On a rainy day in January, he sat inside

Showdogs — the upscale wurst shop at the corner of Market and Taylor that he co-owns with the owners of Foreign Cinema, a Mission District hot spot — and watched homeless and bedraggled people stumble through the downpour.

"I am going to make this a better place to live and work," he said.

How? "We're sitting in one" — Showdogs is the kind of commerce that will help turn the tide, he said.

Addington talked generally about the area's condition and future but shared little about plans for his own two big mid-Market properties: the Warfield, which he acquired in 2005, and the Hollywood Billiards building at 1028 Market that he bought the year before.

A prospective tenant for 1028, a major art store, has pulled out of negotiations, he said. His plans to erect two shining, multistory "blades" that say "Warfield" won't happen; the \$2 million tab is too steep right now, he said. He is moving forward with plans to open a restaurant in the Warfield and convert the building's upper floors to commercial condos.

In August, Addington filed preliminary conversion plans for 23 commercial condos. He's since changed that, he said, to seven commercial condos, one per floor, "so a business owner can step out of the elevator into his own space." Upstairs commercial tenants would help stabilize the street's ground-floor commerce, he suggested.

Two disappointments have damped Addington's optimism: last year's defeat of Proposition D that would have allowed mid-Market commercial signage — "signage is crucial for retail," he still insists — and the evaporation in 2006 of the Mid-Market Redevelopment Plan, a 10-year effort to revitalize the area that died in the supervisors' Land Use Committee. After he bought his properties, Addington spent two years as an active member of Redevelopment's Project Area Committee.

"When I came here six years ago, the streets were dangerous and scary," he said. "Now they're not quite as bad. The mayor and police chief were here last week announcing their ideas for the area. Our efforts have reached the attention of people who can make a difference."

He believes CityPlace and Angelo Sanguacomo's Trinity Place at Eighth and Market will have an "enormous" effect. But, in almost the next breath, he tells what happened to his mother-in-law recently: On a rare, nice day, she was eating in Showdogs' outside area when a woman approached and asked for money. When his mother-in-law said no, politely, the woman got angry, lifted her shirt and exposed her colostomy bag.

"Now," he asked, "what do you think the other people eating their hot dogs are going to remember? How good the food was or the colostomy bag?"

The city is responsible for helping "scary people" like this woman and getting rid of the people who deal drugs openly, right in front of Showdogs, he says. Poverty and homelessness aren't keeping mid-Market down. "We're facing an issue of bad behavior, where a single, antisocial person can affect all the merchants around."

The bright spot? "Fiddler on the Roof" opened Jan. 27. That's going to bring thousands of hungry people to mid-Market."

ANOTHER ONE BITES THE DUST

While Mayor Newsom was on Market at Taylor in mid-January announcing his incentives to revitalize the main drag, across the street 13 employees of Pearl's were getting more somber news: The arts supply store, a highlight of mid-Market retail for 15 years, was going out of business in a month.

General Manager Joni Marie Theodorsen, a Bay Area native with Pearl's for four years, said business has been down for two years and then Christmas was awful. But, she said, not just San Francisco, the whole nation is in the tank. The 16-store Pearl Arts & Crafts chain is also closing seven other stores. "We're not one of the top sellers," she said, "but certainly not the worst."

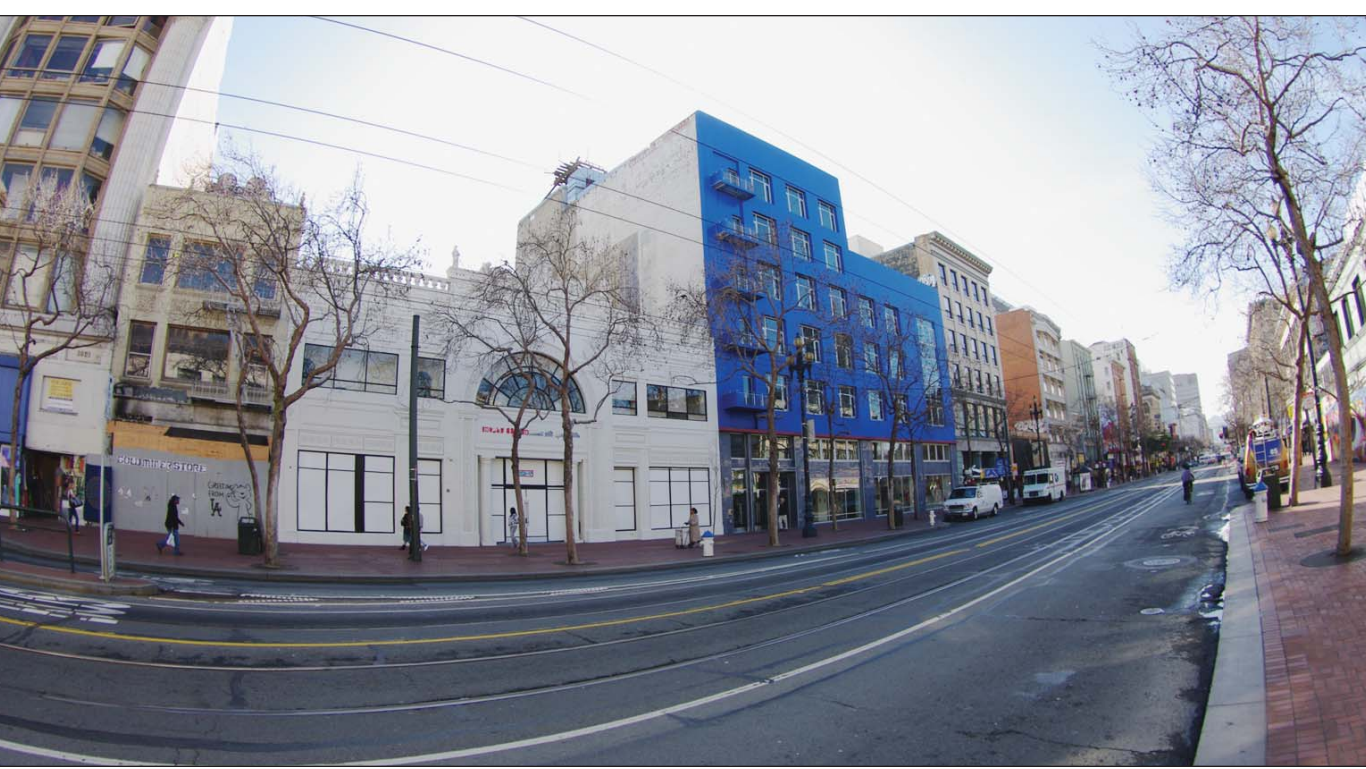
A week later, Theodorsen told The Extra the store would stay open perhaps into February. With a half-off sale, already many shelves were bare.

She said she wasn't surprised that the San Francisco store would be closed, "but I didn't think it would be this soon." ■

Mark Hedin contributed to this report.

The fisheye lens adds a surreal quality to our Market Street photos while showing more storefronts than a normal angle lens could. It seems appropriate for the distorted feel of these blocks.

Below: A strip of empty storefronts on the south side of the street between Sixth and Seventh include the two-story 1023 Market, the still unfinished Superb Art Museum of America and the blue facade 1035 Market, which was renovated in the last 10 years but never found a retail tenant. Bottom right: A colorful anti-graffiti mural hides the long-vacant Hollywood Billiards storefronts on the north side of the block. Showdogs is just out of sight at far right.



PHOTOS BY LENNY LIMJOCO

Buildings on Market Street, Eighth to Fifth

Address	Built	Land	Improvements	Sales Base
Market (South) Eighth to Seventh				
1169 Market	1960	\$5,432,742.00	\$462,787.00	1994
1155 Market	1983	\$25,522,052.00	\$8,489,664.00	1994
1145 Market	1990	\$335,489.00	\$13,710,384.00	1993
1133 Market	1906	\$2,870,608.00	\$1,849,334.00	2005
1127 Market	1917	\$730,439.00	\$730,439.00	1999
1125 Market		\$1,363,953.00	\$0.00	1998
1115-19 Market	1920	\$834,489.00	\$185,989.00	1999
1111-13 Market	1920	\$791,924.00	\$791,924.00	1994
6(26) Seventh	1909	\$799,645.00	\$304,625.00	1994
Market (North) Hyde to Seventh				
1182 Market	1925	\$3,043,355.00	\$8,169,986.00	1999
1170 Market	1983	\$664,373.00	\$7,955,827.00	1999
1130 Market	1982	\$8,333,604.00	\$5,555,736.00	2008
Market (South) Seventh to Sixth				
1095-97 Market	1905	\$8,160,000.00	\$1,020,000.00	2009
1089-93 Market	1920	\$603,455.00	\$212,433.00	2007
1083-87 Market	1912	\$1,517,876.00	\$2,639,791.00	1994
1075-77 Market	1913	\$1,611,946.00	\$1,332,955.00	1999
1067-71 Market	1924	\$832,506.00	\$1,456,180.00	1993
1063 Market	1909	\$563,080.00	\$375,386.00	1993
1059-61 Market	1910	\$6,242,400.00	\$1,456,351.00	2007
1053-55 Market	1908	\$446,429.00	\$266,329.00	1994
1049 Market	1907	\$326,089.00	\$195,651.00	1995
1043-45 Market	1907	\$1,790,298.00	\$2,220,502.00	2001
1035 Market	1912	\$1,933,522.00	\$3,034,048.00	2001
1035 Market	1912	\$3,437,375.00	\$4,244,448.00	2001
1025-29 Market	NEW	\$4,257,176.00	\$1,463,958.00	2008
1023 Market	1907	\$936,360.00	\$468,180.00	2007
1019-21 Market	1909	\$542,520.00	\$447,428.00	1994
1011-13 Market	1909	\$395,954.00	\$137,055.00	1994
1007-09 Market	1911	\$328,218.00	\$358,057.00	2001
1001-05 Market	1908	\$1,030,572.00	\$716,888.00	1993
Market (North) Seventh to Sixth				
1100-12 Market	1909	\$1,023,178.00	\$5,385,183.00	1994
45 McAllister	1906	\$486,959.00	\$261,738.00	2000
1072-98 Market	1911	\$2,075,057.00	\$2,536,183.00	2003
1066 Market	1966	\$1,380,213.00	\$197,163.00	1985
1028-56 Market	1907	\$4,877,709.00	\$2,090,446.00	2005
1000-26 Market	1913	\$2,059,826.00	\$6,734,742.00	1992
Market (South) Sixth to Fifth				
995-97 Market	1908	\$6,372,450.00	\$3,121,200.00	2007
991-93 Market	1908	\$337,837.00	\$506,767.00	1985
979-89 Market	1907	\$14,880,897.00	\$7,428,456.00	2006
973-77 Market	1908	\$9,363,000.00	\$2,601,000.00	2008
969 Market	1909	\$774,029.00	\$696,625.00	1996
949-61 Market	1910	\$14,071,618.00	\$0.00	2006
943 Market	1909	\$5,462,100.00	\$520,200.00	2007
935-39 Market	1907	\$5,520,403.00	\$4,471,525.00	2005
931-33 Market	1907	\$1,104,080.00	\$469,233.00	2004
929 Market	1904	\$540,997.00	\$231,856.00	2007
925 Market	1910	\$1,061,208.00	\$716,315.00	2006
923 Market	1907	\$787,280.00	\$337,404.00	2004
901-19 Market	1912	\$40,325,904.00	\$26,530,200.00	2007
Market (North) Taylor to Mason				
988 Market	1922	\$6,367,248.00	\$2,971,382.00	
972 Market	1909	\$4,032,058.00	\$189,425.00	2006
976-80 Market	1910	\$1,238,692.00	\$1,195,464.00	2004
974 Market	1912	\$1,353,040.00	\$811,824.00	2006
966 Market	1907	\$4,059,120.00	\$0.00	2006
950-64 Market	1907	\$895,813.00	\$674,949.00	1994
Market (North) Mason to Fifth				
944-48 Market	1907	\$3,672,000.00	\$2,448,000.00	2009
942 Market	1907	\$2,545,867.00	\$9,370,956.00	2001
TOTAL		\$222,347,032.00	\$152,750,571.00	
SOURCE: S.F. ASSESSOR'S OFFICE				