



RESIDENTIAL REAL ESTATE

LIVING IN THE CLOUDS, BUT AT SKY HIGH PRICES

Jay Paul Co. debuts ultra-luxe condos in San Francisco's highest-priced residential project

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Stepping into one of the homes in 181 Fremont, a new condo development in San Francisco, would-be buyers might notice the cove lighting in the living areas, the sleek Valcucine cabinets imported from Italy, the custom wallpaper or the Brazilian quartzite countertops in the kitchen. Those meticulous details in the homes are what set them apart, developer Jay Paul Co. says.

For 181 Fremont, Jay Paul Co. took extreme care in crafting the 67 homes that top an 800-foot-tall tower that houses both office and condos. The building, designed by Heller Manus Architects, is after all, the developer's first highrise, first San Francisco project and first residential project.

Now, the developer is close to handing over keys to future residents for

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The project's design and architecture aim to impress the most discerning buyer.

PHOTOS / TODD JOHNSON

a development set to shatter price records in San Francisco as the city's highest-priced residential project ever.

San Francisco is no stranger to over-the-top priced homes trading hands in some of the most tony addresses. Most of the time those are mansions or penthouses such as 2006 Washington St. in Pacific Heights that reportedly sold for \$30 million or about \$5,600 per square foot in 2015.

But in 181 Fremont, the entry-level home starts well above the norm even by eye-popping San Francisco standards. At \$3 million or around \$2,500 per square foot, the cheapest homes in 181 Fremont come in at roughly double the average \$1,168 per square foot other new condos go for in San Francisco.

"Yes, we are at the high end of asking prices, but what we are offering is a commensurate level of quality," said Matt Lituchy, chief investment officer of Jay Paul.

With prices ranging up to \$42 million or \$6,000 per square foot for the top-floor, 7,000-square-foot penthouse, average prices for units in 181 Fremont will clock in around \$4,000 to \$5,000 per square foot. For an entire project to achieve that would be quite the feat, said Patrick Carlisle, chief market analyst for brokerage firm Paragon Real Estate Group. But pricing units that high is a gamble.

"They are going after an ultra, ultra luxury segment," he said. "We're talking about a tiny market segment. There just aren't that many people buying at that price."

After about two years of pre-sales, the first buyers started closing escrow and moving in May. Prospective buyers put at least 20 of the homes into contract, according to Polaris Pacific, a condo marketing and research group. The building includes 67 homes total, but the developer set aside 12 as "accessory units" available only to buyers of the 55 homes that went on

the market starting in mid-2016.

"The only way they could sell a building at \$3,000 and \$4,000-per-square-foot is with the highest level of finishes," said Gregg Lynn, an agent with Sotheby's International who specializes in high-end condos. Buyers in that price range "will not pay for ordinary product. You have to really hit it out of the ballpark. They have to be special. This is the direction of where luxury is going in San Francisco."

He already has five clients in contract for homes in the building. Some have been anticipating the building since it started construction several years ago.

181 Fremont is within blocks of other luxury condo buildings with units on the market including Maximus Real Estate's 298 homes in the Harrison and Tishman Speyer's Lumina.

Two years ago, Trumark Urban debuted the Pacific, which was also billed as an ultra-luxury building of 76 homes in San Francisco's ritzy Pacific Heights neighborhood. That development is down to its final unit, a 3,128-square-foot, \$13.85 million penthouse.

The average price for homes in the Pacific was \$1,833 per square foot, according to the Mark Co., a condo marketing and research firm that is handling sales at 181 Fremont.

A different kind of billionaire

More buildings are latching onto the ultra-luxury label aiming to emulate high-end projects in New York or Miami or Hong Kong, Carlisle said, even though he doesn't see San Francisco on the same level.

"Those markets are filled with oligarchs and billionaires and old money and hedge fund managers," he said. "We have billionaires, but tech billionaires don't seem to be quite as ostentatious."

Jay Paul focused on incorporating the highest-quality details in the homes and common areas that

include an entire floor of amenities such as a gym, catering kitchen, meeting rooms, private lounges and a bar. The developer also hired interior designers Orlando Diaz-Azcuy Design Associates and Charles de Lisle to each design model homes.

Compared with other condo buildings in San Francisco, 181 Fremont "is much smaller, much more boutique, and more sophisticated," Lynn said.

Jay Paul's \$850 million tower also includes 436,000 square feet of office space that is fully leased to Facebook for its Instagram division, which has already started moving in.

The tower is one of several sites that were upzoned for skyscrapers in the Transbay redevelopment area, a 40-acre zone surrounding the forthcoming regional bus terminal known as the Salesforce Transit Center.

"The whole center of downtown is shifting south," Lituchy said. Transbay "is only going to become more vibrant."

Both the residents and office workers in 181 Fremont will have access to a pedestrian entrance to a 5.4-acre rooftop park on top of the transit center.

181 Fremont "is just that different degree of cachet," said Val Steele, an agent with Pacific Union. "The views are phenomenal."

She's working with some prospective buyers who are transplants from New York or are shopping for a second home in the city. The building stands out for its views, connection to the rooftop park and proximity to shopping, restaurants and entertainment in the Ferry Building, Yerba Buena and Union Square neighborhoods, Steele said.

Much of the buyer interest has come from a mix ranging from locals and empty nesters to "international home collectors," Lituchy said.

"San Francisco has been late to embrace highrise downtown living," he said. With the Transbay redevelopment, city leaders realized San Francisco needed to get denser and build up to accommodate new tastes and a growing population.

"Not everyone can live in a quaint Victorian overlooking a park," he said. "We're big believers in urban densification and transit-oriented development."



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