



PACIFIC MARKETING  
ASSOCIATES INC

# What's Next for In-Fill Housing in San Francisco?

June 21<sup>st</sup>, 2010



Over 225 communities in the Bay Area since 1979, we've seen changes in urban housing in the last 3 decades

# MUSEUM PARC

San Francisco, CA



# HARBOR LOFTS

San Francisco, CA



# PORTSIDE

San Francisco, CA



# GLASSWORKS

San Francisco, CA



# ONE RINCON HILL

San Francisco, CA



# Overview

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- Housing Formula
- Where We Are Today
- What It Means For The Future





# Formula for Housing

Can be complicated



Formula for

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Housing

Let's make it simple

Formula for

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Housing

Let's make it simple

The essentials:

Formula for

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Housing

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The essentials:

Demand

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The essentials:

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Supply

# Formula for Housing

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Let's make it simple

The essentials:

Demand

Supply

Capital

# Formula for Housing – Demand

# Formula for Housing – Demand

Attractive climate and  
city





# Formula for Housing – Demand

Attractive climate and  
city



Innovative  
economy



# Formula for Housing – Demand

Attractive climate and  
city



Innovative  
economy



High quality of  
life



# Formula for Housing – Demand

Source: City-Data

# Income to Qualify for a Home

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SF Median Household Income: \$87,127



# Formula for Housing – Demand

- Historically Low Interest Rates

Source: Federal Housing Finance Board's MIRS

# Where We Are Today

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Source: SF MLS

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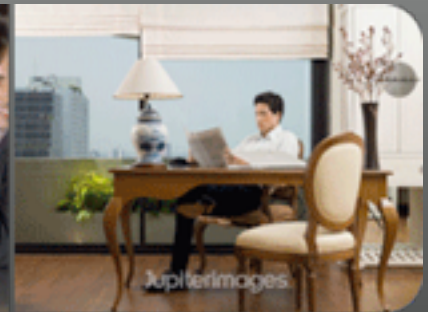


# Marketing Strategy

## Executive Suites



- Age: 35–54
- Education: College Graduate
- Kids: HH w/o Kids
- Ethnicity: White, Asian, Mix
- Marital Status: Singles/Couples
- Social Group: The Affluentials
- Media: Shape Magazine, The Amazing Race
- Lifestyle: Shop at Express



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# Marketing Strategy

## Movers&Shaker

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- Age: 35–54
- Education: Graduate plus
- Kids: HH w/o Kids
- Ethnicity: White, Asian, Mix
- Marital Status: Couples
- Social Group: Elite Suburbs
- Media: Inc. Magazine, internet
- Lifestyle: Scuba diving, snorkeling



# Marketing Strategy

**Money&Brains**



- Age: 45–64
- Education: Graduate plus
- Kids: Family mix
- Ethnicity: White, Asian, Hispanic, Mix
- Marital Status: Married
- Social Group: Urban Uptown
- Media: Sunday newspaper, Wall Street Week TV
- Lifestyle: Shop at Nordstrom



# Where We Are Today

Source: SF Planning

# Formula for Housing – Supply

- Supply constrained Market....

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  - Geography

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# Formula for Housing – Supply

- Supply constrained Market....
  - Geography
  - City government
  - Labor and Construction Cost
  - Available Financing



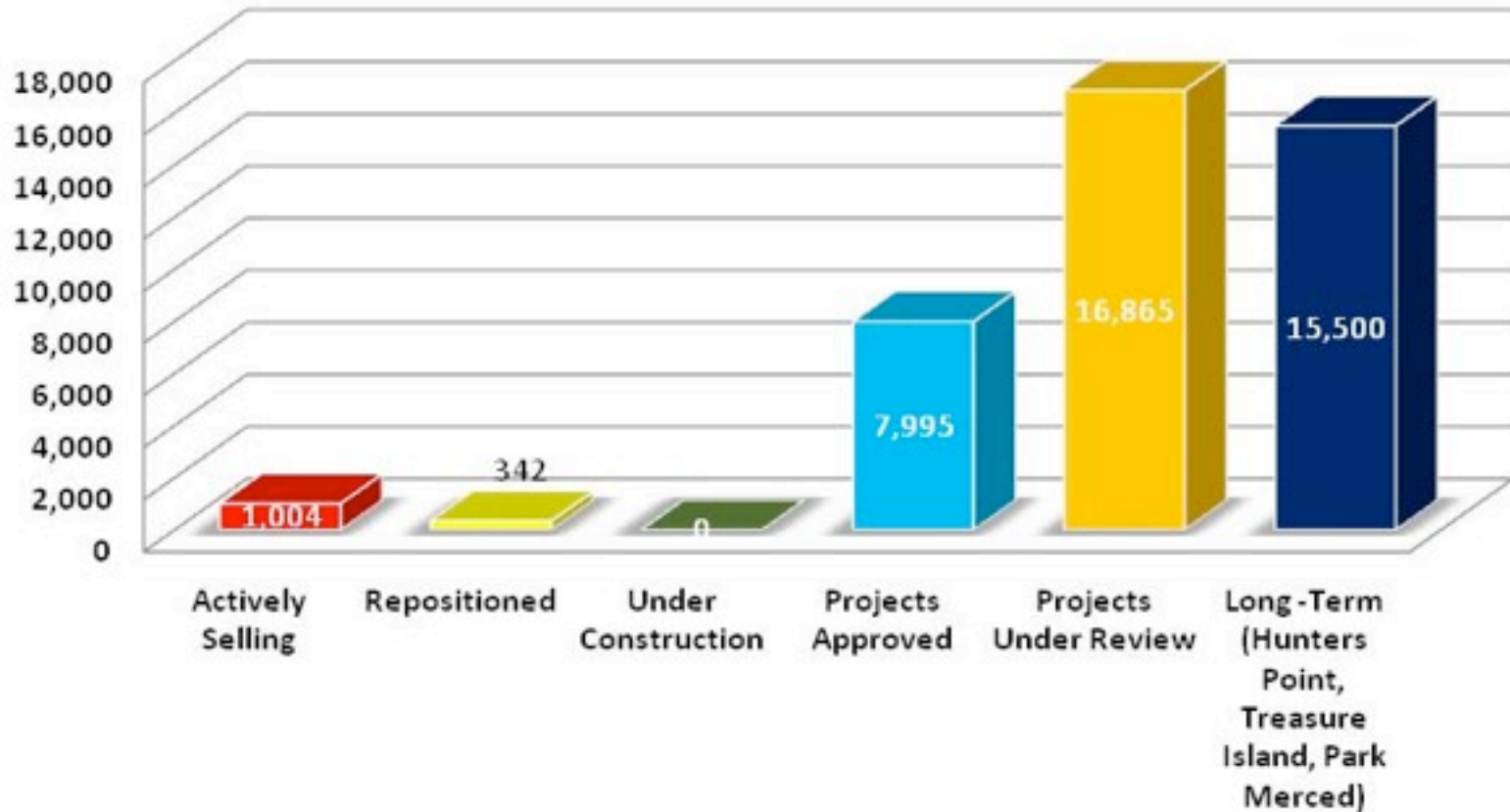
# “D” Day... New Financing Stopped – Sept. 2008



# Where We Are

## San Francisco Pipeline Summary

\*Totals Include Market Rate Condominium Projects of 30 homes or Greater

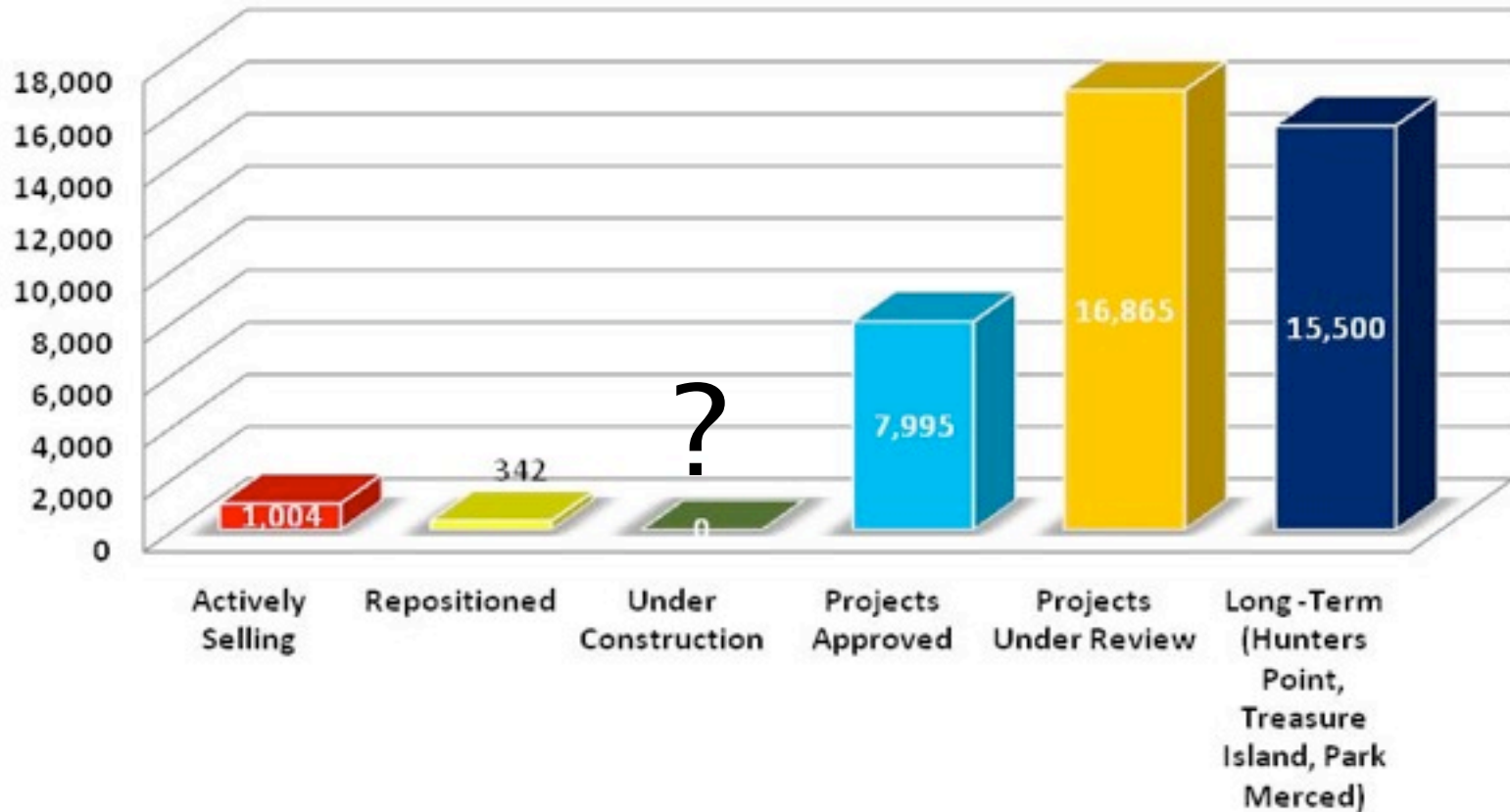


May 2010

# Where We Are

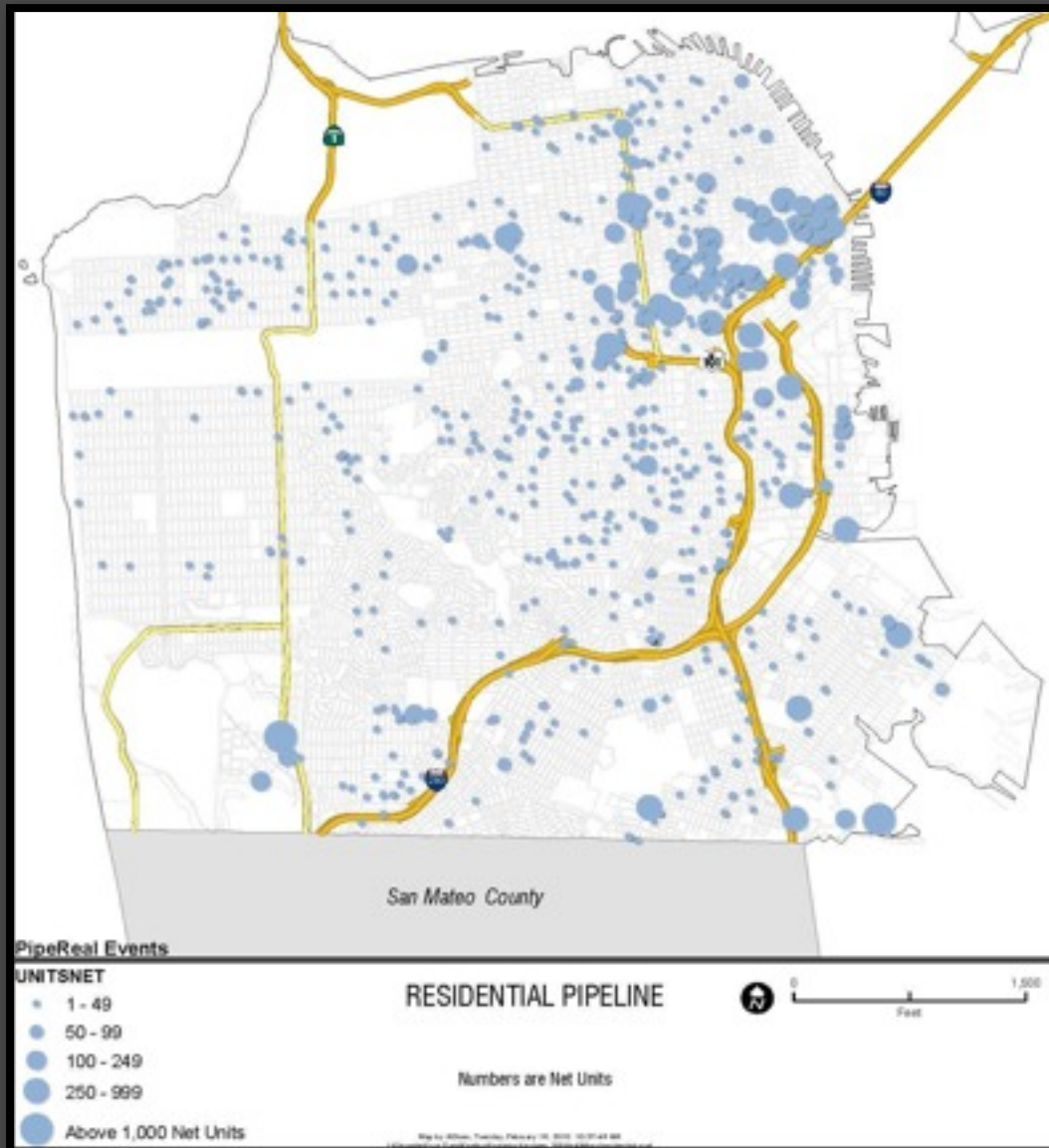
## San Francisco Pipeline Summary

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May 2010

# Where We Are Today



Source: SF Planning Dept, "Pipeline Report Q4 2009"

# Formula for Housing – Capital

- Who Will Provide Construction Financing
- When Will Capital Markets Returning to Lending
- Personal Guarantees–will they be required
- Is the Traditional Financing Structure Available
  - Equity
  - Mezzanine Debt
  - Construction Loan
- Where does this leave us?

# How Do We Move Forward?



# Clearing Financial Hurdles

- Anticipated Sequence of New Projects



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  - Stick build





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## ➤ Anticipated Sequence of New Projects

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# What Does This Mean For The Future

➤ New locations vs. existing ones



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Museum Parc

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Museum Parc



Mission Bay



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Treasure  
Island

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Treasure  
Island



Hunter's Points

# What Does This Mean For The Future

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## ➤ Low-rise vs high-rise



900 Folsom



555  
Washington

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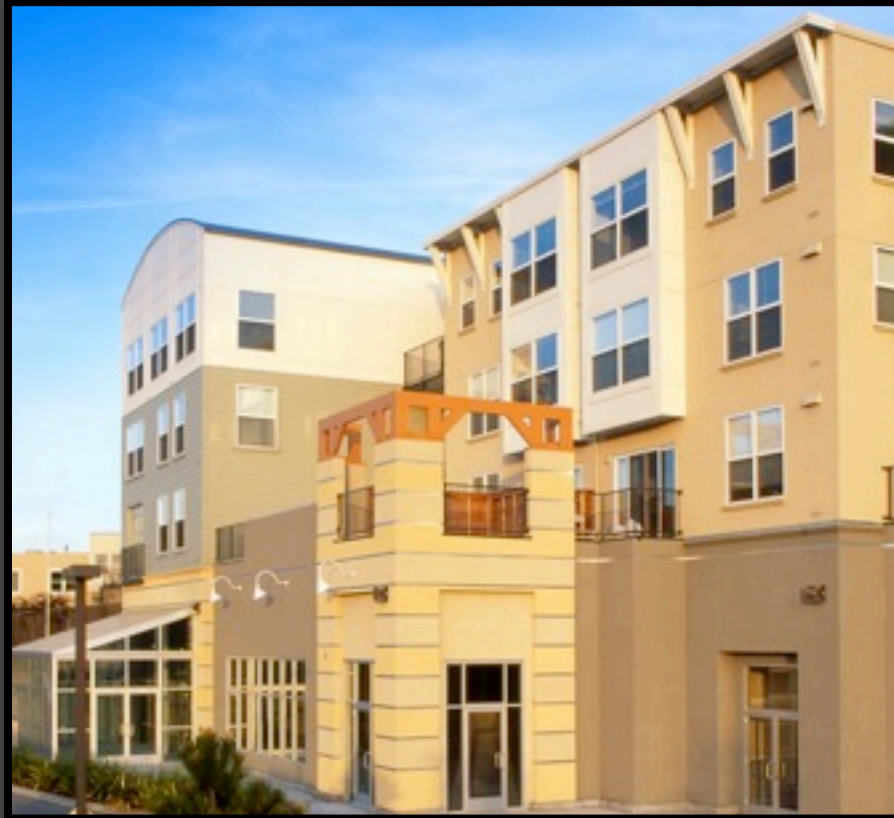
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# What Does This Mean For The Future

➤ Transit oriented design

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Ocean View  
Village



# What Does This Mean For The Future

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5800 3<sup>rd</sup>  
Street

# What Does This Mean For The Future

## ➤ Transit oriented design



## Transbay Terminal

- 12 Block Parcels
- 1,750 for sale homes entitled by SF

# What Does This Mean For The Future

➤ Living small and green



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# What Does This Mean For The Future

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  - Pre-Sale Online
  - Standardized Shell Modules
  - Customized Areas, Floorplans

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## ➤ New ways to finance construction

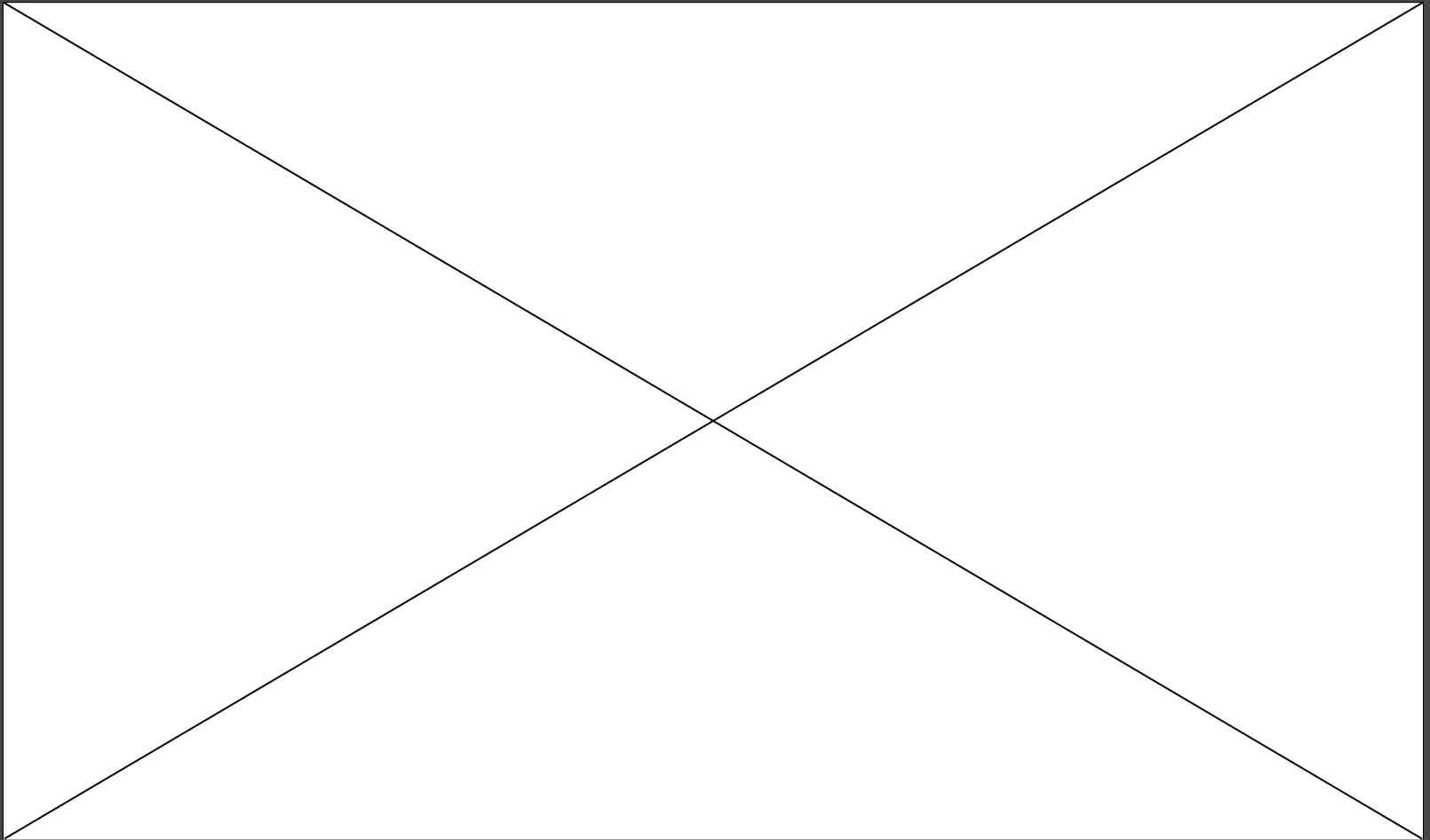
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Satisfy Pre-Sale Hurdles Prior To  
Construction



# What Does This Mean For The Future

## ➤ Modular design





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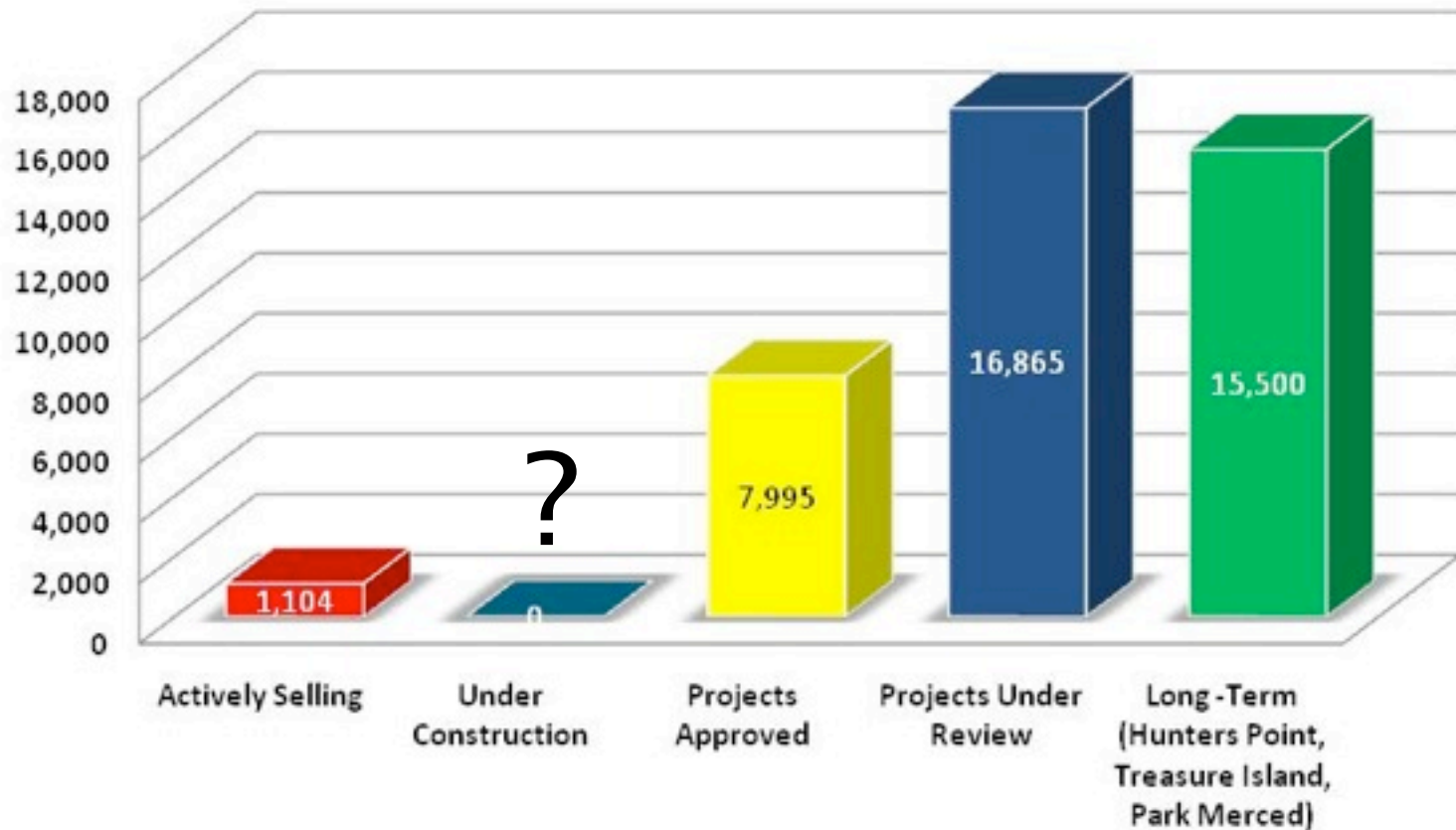
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- Engaging Policy makers to provide Support

# Summary

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- Presale programming
- Joint Ventures with Public agencies