



CASE STUDY:

**74 New  
Montgomery  
Street**

San Francisco, CA



A 120,000 S.F. Office Building Converted to a Mixed Use Project of 107 For Sale Residential and 3 Commercial Condominiums.

- Joint Venture Development
  - Historical Landmark property
  - Conversion to higher/better use
- Construction/Project Management
- Sales Transaction Management

**The Client.**

MKEG and the building owner/partnership formed a joint venture to redevelop 74 New Montgomery.

**The Challenge.**

This 7 story-Category I historical landmark building in the South Financial District of San Francisco was constructed in 1914 and served as the headquarters for The Call Bulletin – one of San Francisco’s first newspapers. The occupancy and use of the building changed over the years from the newspaper offices and printing facility to back office space for banks, and then to research space for the University of California at San Francisco. The property has a unique location centered in the evolving new CBD residential and office redevelopment market. In its original configuration as an office building the property consisted of 7 stories, approximately 120,000 s.f. with floor plates of about 17,000 s.f. During the dot.com boom UCSF had occupied 65% of the building and was paying rents in the low-\$50s per s.f. As this dot.com era lease neared expiration it became clear that the market had begun to spiral downwards in a declining office rent cycle. Anticipated rents in the near term would not be sufficient to support the “in place” debt structure. Negotiations with UCSF to remain in the building faltered and they relocated closer to their expanding Mission Bay campus. While office rents continued their downslide, residential demand and prices were on an ever-increasing upward spiral. Architectural and planning reviews of the floor plate sizes, and unique full height windows and ceiling elevations made 74 New Montgomery an excellent candidate for rebirth as an exciting residential condominium.

**The Solution.**

MKEG embarked on a \$70 million adaptive re-use conversion of this handsome property. Careful attention was paid to the design of the 107 units – including high-end finishes, expansive windows and ceiling heights and upscale finishes – creating a residential atmosphere akin to the urbanized feeling of “Manhattan” living. A new 8th floor and roof top deck was added, providing four (4) expansive new penthouse units with spectacular city-scape views. Re-branded as The Montgomery, the mix of studios, junior-one bedrooms, or the one and two bedroom units are spacious, modern and comfortable. The project entitlements were accomplished by the MKEG development team in record time (7 months) and while any renovation can be challenging, the results have exceeded expectations.

**The Results.**

The uniqueness of The Montgomery as a revitalized asset has created a great buzz in the residential buyer’s market. Most competing properties in the city are new construction and lack the character embedded in a renovated landmark building. Even though the economy has experienced a national slow down in housing activity, The Montgomery team has upheld sales prices as the project moved through the increasingly difficult 2007/2008 housing market environment. The Montgomery continues to experience strong and consistent sales as the new home buyers begin to move in and occupy their new residences. Projected sellout of the units is anticipated to be finalized within 16 months from point of initial certificate of occupancy. [www.themontgomerysf.com](http://www.themontgomerysf.com)