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Presidio adds to portfolio of office space

San Francisco Business Times - by [J.K. Dineen](#)

The **Presidio Trust** is pushing ahead with its next generation of office building rehabs, an \$18 million investment that will create 46,000 square feet of leasable space in a submarket that has proved resilient in the recession.

The new buildings include the 26,000-square-foot Building 1808, a handsome, brick, three-story former nurses dormitory that sits at the 14th Avenue gate in the southwest corner of the Presidio. The \$8 million renovation, which is just being completed this month, includes new elevators and mechanical systems and offers ocean views. The renovations also include buildings 681-683, a trio of wooden former cavalry barracks totalling 20,000-square feet on the northern edge of the national park.

Presidio Trust Development Director Scott Ward said it's a good time to be moving forward with renovation projects, despite the weak leasing market.

"I have made the argument that it makes sense for us to keep pushing forward right now on projects and build them out as fast as we can even if we can't lease them, just because contractors are so hungry. Everything is cheap right now," said Ward.

The Presidio, which has everything from schools to day-care centers to nonprofits to hedge funds, has managed to preserve low vacancy rates despite the lousy economic conditions. The Presidio has about 2 million square feet of office space in its rehabbed and new buildings, and vacancy is just 2 percent — double what it was two years ago, but still amazingly low. San Francisco's central business district has a 15.1 percent vacancy rate, according to the **CAC Group**.

"We don't have sizable space available right now except in the new buildings," Ward said.

The Presidio's **Letterman Digital Arts Center** is nearly 100 percent leased, though tenant **Babcock & Brown's** 155,000-square-foot headquarters in Building D is on the sublease market.

Asking rents for the new Presidio buildings are about \$30 to \$35 a square foot, but Ward said they "may not be realistic" in the current environment.

The next office space developed will be at the Thornburgh area, a \$50 million project with 12 buildings that **Equity Community Builders** plans to convert into the "Presidio Center for Green Economy." That project is unlikely to start for at least 18 months.

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Spencer Brown
 Presidio Development
 Director Scott Ward
 tests a living roof
 under development.

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