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## Real estate

# Reverse exodus brings firms back from suburbs

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

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AT Kearney is back in town.

A year after consolidating employees in Santa Clara, the international management consulting firm is moving to 255 California St. The 75-year-old company, which has offices in 35 countries and 2,500 employees, is taking 12,500 square feet on the 12th floor. The rent on the sublease is a reasonable \$22 a square foot. The firm is scheduled to move Jan. 19.

Jennifer O'Connell and Karen Bloch of Jones Lang LaSalle represented the tenant and Dan Cronan of Pacific Union represented the sub-landlord, Economic Resource Services, which is consolidating workers in its Emeryville office.

The deal is the latest in a series of corporate moves to San Francisco, a city that has been long been known for driving out business with high-taxes and unfriendly politics, rather than attracting them.

In addition to AT Kearney, companies moving into town from elsewhere in the Bay Area during the last 12 months include Fibrogen (South San Francisco), Imeem (Palo Alto), MindJet (Larkspur), MarketTools (Mill Valley), and Renaissance Technologies (Berkeley).

## Triple play at green condo building in Mission Bay

A Hong Kong woman with a serious appetite for green living has purchased three penthouse units at the Arterra and plans to combine them. Taken together, the deluxe \$3 million environmentally friendly pad in the city's first Leadership in Energy Efficiency Design-certified residential highrise will have five bedrooms and four baths, according to Mike McCone, VP of development for Intracorp.

The buyer has hired Eric Corey Freed, a noted "organic architect," to trick out the space, which will include a photovoltaic solar system for the roof, according to blogger Keith Rockmael, who wrote about the project on Greenerati, a "green real estate and lifestyle" blog. The project is at Fifth and King streets.

McCone wouldn't reveal any details about the buyer, except to call her "a supporter of the sustainable building movement." He said 20 percent of the 269 Arterra units are in

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contract, some 15 months before the project will be done. But it hasn't been easy. Facing increased competition from highrise projects all over the city, the Arterra is offering a free washer/dryer, refrigerator, and 24 months of homeowners' dues.

"We're responding to the market," said McCone. "All of our competitors are offering incentives, so that is what we have to do to remain competitive."

### **Mission district condos and retail space to break ground**

Until it closed in 2006, the Kelly Moore paint store at Mission and Cesar Chavez streets in the Mission district was a flashpoint for neighborhood battles over day laborers, who would congregate before dawn at the busy intersection and wait for work. Now, a year after the store moved to South Van Ness Avenue and the parking lot was fenced off, the site is about to see some new life. Seven Hills Properties, a development company founded by former AMB Property executive Luis Belmonte, is preparing to break ground on a 60-unit condominium project on the 36,000-square-foot lot. The project, designed by Christiani Johnson Architects, will include a ground-floor Walgreens and three other retail businesses.

### **Four Embarcadero has 43,000 square feet**

A month after agreeing to merge with Seattle's Preston Gates & Ellis, Kirkpatrick & Lockhart Nicholson Graham is putting its Four Embarcadero Center space up for sublease. The asking rate on the floors, 43,000 square feet on 12 and 13, is low \$60s per square foot, with the landlord offering \$40 a square foot for tenant improvements. Kirkwood & Lockhart leased the space for \$58.50 a square foot last spring and never moved in.

### **Hines REIT plunks down \$400M for office complex**

When Hines REIT Inc. acquired a 1.2 million-square-foot office complex in Emeryville in December, it did not disclose how much it had paid.

It turns out the firm paid handsomely to seller Equity Office Properties, to the tune of \$394 million, according to industry newsletter Real Estate Alert. That puts the annual return from rents, or the "cap rate," at about 5 percent, the publication estimates.

The complex acquired was a four-building cluster known as Watergate Office Towers. CalPERS took part in the purchase of three of the towers, while Hines went in alone on the fourth.