

# Leasing starts at second tower of One Rincon Hill after long wait

By Blanca Torres

April 29, 2014

A critical mass of residents is rising in Rincon Hill, a neighborhood on the south end of downtown San Francisco. The area is flush with hundreds of housing units under construction including the 299-unit, 52-story One Rincon II tower from [Principal Real Estate Investors](#), which just started leasing units as [Webcor Builders](#) works to finish the project by the fall.

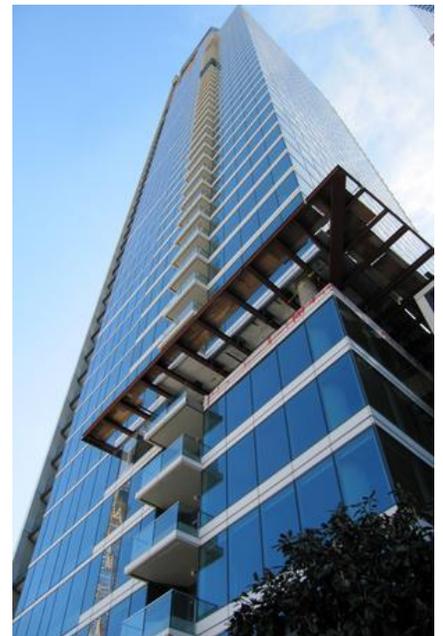
The building, designed by Solomon Cordwell Buenz, is the second of two One Rincon highrises at the corner of Harrison and 1st streets. Rents start at \$3,200 and go up to \$4,800 for a one-bedroom apartment.

The leasing office is open and some prospective residents already claimed units, but the developers plan to officially kick off marketing the units later this week.

Principal Real Estate Investors, one of the largest institutional real estate managers in the United States, paid \$29.75 million for the development site and kept on [Michael Kriozore](#), the developer of the first tower, and his new firm, Urban Pacific Investors, to manage the development.

The first One Rincon Hill tower, a 396-unit, 60-story building, hit the market in 2006 as condos and took about six years to sell out as the economy wavered from red hot to the worst recession in recent memory. Units ranged from one to three-bedrooms priced from the upper \$700,000s to \$2.6 million.

Besides putting a damper on sales, the economic downturn also put the brakes on construction of the second tower, which was originally slated to move forward in 2008, but didn't start construction until July of 2012.



*The second tower of One Rincon Hill.*

In a 2012 interview with the Business Times, architect [Chris Pemberton](#) of SCB said the delay of construction on the second tower “was frustrating, selfishly speaking from the design perspective, because One Rincon Hill was designed as a pair. It is a composition that is missing its other half.”

The second phase will have a mix of one-, two- and three-bedroom homes, ranging from approximately 613 square feet for a junior one-bedroom to approximately 3,214 square feet for three-bedroom plus den penthouses. About 60 percent of the floor plans in the second tower will be the same as the first.

The Phase II building will include a 3,600-square-foot fitness center on the plaza level and a 4,000-square-foot penthouse “Sky Lounge” on the 49th floor.

“It kills me that (One Rincon Hill II) is not available for sale because we can really use that product in the marketplace,” said [Paul Zeger](#), a principal with Polaris Pacific, a condo marketing and research group.

With apartment rents climbing in the past few years, more developers chose to go rental instead of for-sale on new buildings. Most new multi-family housing such as One Rincon Hill II come with a condo map, which gives Principal Real Estate Investors several alternatives for the building in the future, Zeger said.

The developer could convert the units to condo later on or lease up the building and later sell it to either an apartment operator or firm that will convert it to condo.

“Principal has made an economic decision to rent because rents are strong in this market and that gives them options,” Zeger said.

The second tower joins a flood of more than 5,000 apartment units expected to come online this year in San Francisco, but will also help infuse the Rincon Hill neighborhood with new residents.

“Rincon Hill went from the south end of the city to the center of the city without moving,” Zeger said. “Now the (Bay Bridge) is in the middle of the city because Mission Bay is filled in below.”

Other new housing projects coming up in Rincon Hill include [Tishman Speyer's](#) 665-unit Lumina tower, Crescent Heights' 320 units at 45 Lansing St. and Citycore's 88 units at 333 Fremont St. Bridge Housing and Community Housing Partnership, two affordable developers, recently completed the 120-unit Rene Cazenave Apartments at 25 Essex St., which is part of the Transbay Terminal redevelopment district.

So far this year, a total of 2,123 housing units opened in San Francisco, with 24 percent of those units permanently affordable to low-income households, according to a recent statement from Mayor [Ed Lee](#).

<http://www.bizjournals.com/sanfrancisco/blog/real-estate/2014/04/one-rincon-hill-tower-ii-san-francisco-apartments.html?page=all>