

## STRUCTURES



SPENCER BROWN

Buyers can start moving in next year.

## RESIDENTIAL LANDSCAPE

## Inside Lumina, S.F. hottest condo project

When I drove into San Francisco last week to start my move to the Bay Area, the cranes that hung in the skyline made a quick impression. Once I spent time walking around South of Market, the cranes that stood out most were furiously piling floors on the luxury condo project Lumina – which draws attention not only with its size (nearly a full city block) but with its bright netting and signage.

Depending on which way you lean, Lumina could symbolize a couple

things. First, it's a big piece of downtown's vibrant – and taller – future, where projects like the Transbay Terminal and the Salesforce Tower will eventually pop up. But Lumina is also a magnet for the wealthy residents whose appetite for luxury housing has sparked a backlash as developers cater to the upper end of the market. (Lumina developer Tishman Speyer is also building 190 affordable homes in the Mission, I should say.)

If San Francisco is starved for new

condos, the city's elite is lunging at the four luxury buildings that make up Lumina like a pack of hungry wolves. Construction will finish by 2016 but tenants can start moving in next summer. Potential buyers snapped up the initial 270 appointments at the sales office in less than an hour to check out a model two-bedroom, meet with a sales agent and even view a simulation of the buildings' Bay Bridge views, Carl Shannon, senior managing director of developer Tishman Speyer, told me.

## BY THE NUMBERS

### 7.6 million

Square feet leased in San Francisco through the third quarter. That's more than the 7.4 million rented in all of 1999.

### 2.4 million

Net absorption in square feet – how much more space is taken than is given up – is also up this year through the end of the third quarter, compared to 526,548 through Q3 last year.

### \$62.33

Average rent per square foot for Class A space today, which is 11.4 percent more than during the third quarter of last year.

### \$75.24

The highest average rent per square foot in San Francisco in 1999.

### 7.9 percent

The vacancy rate last quarter in the SoMa submarket.

SOURCE: CUSHMAN & WAKEFIELD



Rendering of 222 Second St., fully leased to LinkedIn.

Special Advertorial

## BUILDING YOUR TEAM: Using Benefits to Attract and Keep the Best

You've launched your business, lined up some customers and are now ready to start building your staff. Before you start interviewing, however, you may want to think about employee benefits. The benefits package you offer can make a big difference in both who you attract and whether you'll be able to hold on to them in the future.

"It's no secret that a company's greatest asset is its people. However, the company also has to be its peoples' greatest asset," says J. Dylan Malot, a financial professional with the San Francisco Bay Area Agency, a general agency of Massachusetts MassMutual Life Insurance Company (MassMutual).

The first perk typically offered is health insurance\*, followed shortly by some kind of retirement plan. As businesses grow, however, a sweetened benefits package can be a particularly effective way of keeping people happy with their jobs and loyal to the company.

At University Medical Imaging—a 20-year-old company that provides MRIs, CAT scans, x-rays and ultrasound procedures—benefits planning gets a lot of attention these days. "We look at it constantly," says Michael Lechner, practice administrator, noting that the company needs the right staff in order to provide quality patient care.

Finding good workers, however, is never easy, even with today's high unemployment. And once the staff is trained and in place, Lechner says, it's important to keep competitors from poaching the talent. "So we need to make sure that the grass always looks greener on our side," he says.

The good news: Many of the most valued perks are relatively inexpensive for employers. Moreover, companies are allowed to create small classes of employees that qualify for enhanced benefits. That means a group of highly valued executives might, for example, get additional life insurance coverage or an upgraded disability income insurance policy. Such offerings—while extremely

meaningful to the employee—may be tax deductible and less expensive than an increase in pay.

At the executive level, special benefits packages can be an important way to attract key employees and keep them on board. Aimed at the highly-compensated employee, these plans often involve some kind of executive bonus or non-qualified deferred compensation funded with permanent life insurance.

"Off the shelf benefits typically discriminate against top level employees without them even knowing it and fail to address the unique needs of the more highly compensated," says Malot. That's why many top-tier plans are designed with a vesting schedule to keep the employee tied to the company. A non-qualified deferred compensation plan, for example, might offer key personnel an additional \$40,000 a year for 10 years, requiring those executives to stay on the job for a decade in order to collect the full amount.

But these plans can offer more than golden handcuffs. A supplemental employee retirement plan or SERP, for example, can be designed to not only provide the executive with additional retirement income, but also to pay the company a death benefit if that employee should die. In some cases, the plan may even allow the company to recoup the cost of premium payments in the event of a death.

"Retaining and recruiting top talent is a great concern for any successful business, especially in the Bay Area," Malot says. "In particular for higher-end talent, customization, flexibility, engagement, and education are critical for employees to understand and utilize benefits to their best advantage."

And staying on the benefits sideline can be a dangerous oversight. Companies that don't participate "end up being in the dark about some significant advantages," he says, and that can ultimately make a big difference in their success.

\*Not offered through Massachusetts Mutual Life Insurance Company  
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When it comes to  
benefits planning,  
one size does not fit all.



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The sunset-colored sales office is about as impressive as the project itself. A miniature model of Lumina's two towers (42 stories and 37 stories) and two shorter eight-story "plaza" buildings sit in the center. If you want to see what the view will look like from a certain room, a drone-shot photograph can show you whether you'll get a clear Bay Bridge view.

There's also plenty of high-definition renderings of Lumina's amenities so that you can picture yourself scaling the rock climbing wall and then peeking over into the 70-foot lap pool and large fitness center. Don't forget the 20-person dining room, spa, rooftop, billiards room, pet grooming station, children's

playroom, music practice room, movie room and 24-hour business center.

"People aren't just buying the four walls and an apartment. They're buying an entire lifestyle. They want the conveniences and amenities to go with that," Shannon said.

Shannon pitched the amenities as a bargain, too. Because of the complex's 656 total condos, homeowner's association dues will cost residents less than \$1,000 a month, he said. Of course, that's probably the only time the word "bargain" will be used in a story about Lumina. Tishman Speyer won't release prices this week, but realtors said that they're telling clients to expect to pay \$1,700 to \$2,300 per square foot.



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A model in the sales office shows Lumina's two towers and two plaza buildings.

## IN THE WORKS

**Project:** Mission apartments from Lennar  
**Location:** 1515 South Van Ness Ave., San Francisco

**Description:** 181,400-square-foot building that would house ground-floor commercial space and 160 apartments.

**Developer:** Lennar Multifamily Communities

**Inside the deal:** The Mission has gotten plenty of buzz lately for packing hipness and high-priced rents into a once thoroughly working-class neighborhood. Developer Lennar Multifamily Communities now wants to dive into the booming neighborhood, which is ground zero for fights over gentrification, with its first San Francisco apartment project.

If Lennar's pitch goes as planned, popping up in the southern part of the Mission The project would replace the McMillan Electric building. The San Francisco Planning Department released details in a preliminary project assessment.

The six-story building would include a mix of studios, one-bedroom and two-bedroom apartments at an average size of 890 square feet, according to the assessment. The project would also need to tuck away 19 apartment units deemed "affordable" by the city.

"The Mission is one of the most powerful places to live in the city for all types – not just for people coming in and working at tech companies, but people who are born and raised here," said Alex Waterbury, president of the company's Northern California operation. "It's a unique part of the city. There's not a lot of supply currently in the southern end of the Mission."

Waterbury added that the he did not yet know how much it would cost to develop and build, stressing it is in the very early stages.

"We don't see anyone waiting in the shadows to torpedo it, but there's always concerns about design and responding well to the existing fabric to the neighborhood," Waterbury said.

Still, opposition to market-rate housing projects in the Mission is not hard to find. A massive fight is already brewing over a much larger project, 351 units, at the 16th Street BART stop being proposed by Maximus Real Estate Partners. Another project by J.C.N. Developers also near the 16th Street BART station has spent nearly five years seeking entitlements amid fights with neighborhood groups.

This would be the first project in San Francisco for Lennar Multifamily, a division of the huge homebuilder Lennar Corp.



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