

Lennar, Macerich Plan \$1 Billion San Francisco Project

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by
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Nov. 17 (Bloomberg) -- Lennar Corp., the largest U.S. homebuilder by market value, and shopping-center developer Macerich Co. will invest \$1 billion in the first phase of a San Francisco community with more than 6,000 homes.

The companies will be equal partners in a 500,000-square-foot (46,500-square-meter) outlet mall at Candlestick Point, a mixed-use community on the city's southeastern waterfront, with groundbreaking planned for the first quarter of next year, according to a statement today.

"It was important for us to get the right partner where we could kick off, in the appropriate manner, the Candlestick piece of our development," Kofi Bonner, president of Lennar's San Francisco division, said in a telephone interview today.

Candlestick Point, along with Lennar's neighboring San Francisco Shipyard, will add as many as 12,500 residences to the heart of one of the most expensive U.S. housing markets. The \$1 billion investment will cover infrastructure work and the demolition of Candlestick Park, the former home of the National Football League's San Francisco 49ers, as well as the first 600 of a planned 6,225 homes at Candlestick Point.

The development's first homes are scheduled to be ready for occupants in 2017.

"We fully expect that the Candlestick Point project will be a magnet for economic activity and community-building," Randy Brant, executive vice president at Macerich, a Santa Monica, California-based real estate investment trust, said in today's statement.

Luxury Retailers

Lennar Commercial, a unit of the Miami-based homebuilder, will develop retail and entertainment space in Candlestick Point outside the Macerich mall, which will include ground-level outlet stores for luxury retailers and residences on higher floors, Bonner said.

The Candlestick Point development plan includes 500 low-and moderate-income units to replace the nearby Alice Griffith affordable-housing community.

The median-priced San Francisco home cost \$929,790 in the third quarter and was affordable to about 15 percent of residents, according to the California Association of Realtors. The median price in the city rose 18 percent in October from a year earlier, CoreLogic DataQuick reported last week.

Lennar's first homes at the Shipyard began selling this year at about 15 percent to 25 percent below the city's market rate on a per-square-foot basis, Bonner said. He expects prices to rise as the community grows more populated.

“As we build the neighborhood, build the amenities, get more people there, we certainly expect to rise to the more typical San Francisco levels,” he said.

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