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With Urban Mall, Lennar Tries New Sales Tactic for Now-Desolate Candlestick Point

By: Cory Weinberg

It's difficult to imagine the kind of urban outdoor mall that [Lennar](#) Corp. and Macerich say will sit atop the Candlestick Park site once the stadium is demolished and thousands of homes spring up nearby. The area in southeast San Francisco is now desolate and far from downtown, raising the question: Why will retail thrive where Giants and 49ers no longer roam?

Lennar is trying to answer that question as it goes all in on its big bet at Candlestick Point and Hunter's Point Shipyard. Thus far, the company has practically been going at the 700-acre, multi-decade project by itself, so tying up a major retail partner should send a signal that the area will soon be ripe for new developers to buy into their vision.

The company contends that the development is a shoe-in for success. The concept behind this kind of [\\$200 million, 500,000-square-foot mall isn't exactly novel](#), said [Kofi Bonner](#), president of Lennar's San Francisco division. Voters narrowly approved a plan in 14 years ago to build a shopping mall alongside a new stadium before the-team owner [Eddie DeBartolo Jr.](#)'s felony charge.

"The people who have paid attention to the market dynamics around retail in the southeast portion of San Francisco have recognized since 1995 that there has been a significant hole in the retail market," Bonner said. "We wanted a retail center that would be open, pedestrian and walkable so it felt like more of a town center."

Once the 49ers bolted to Santa Clara and Lennar took over the Candlestick Point site, Lennar's vision for future development in southeast San Francisco swelled. It is also building out a giant mixed-use project next door at Hunter's Point Shipyard, which will connect to Candlestick with a new pedestrian bridge. The two sites will deliver 12,000 housing units over the next decade or two in an area where no major grocery store sits now.

Lennar now is banking on other developers envisioning that new look. That area of San Francisco slumped once the shipyard closed, eliminating a key financial resource for the city's black middle class. The sites are also "relatively isolated and currently have limited connections to the existing roadway network and US 101 interchanges in the immediate vicinity," a city [report](#) notes.

[Paul Zeger](#), a partner at the real estate marketing company Polaris Pacific, said Lennar took a chance by starting development by itself.

"The fact they didn't sell any land to outside developers indicates to me they think the land is worth more than other developers" think it is, said Zeger. Zeger said that is why Lennar is

building the housing itself now and that only time will tell whether developers more sign on to build there. "That's not a foregone conclusion," he said.

Lennar needs the residential swath at the two sites to become popular to create new traffic in the area. Bonner declined to get specific on sales number [for the 88 units that started selling in June at the Hunter's Point Shipyard](#), but he said "we're very pleased and velocity is great" on the two buildings. Move-ins will start by early next year. Lennar is pricing one bedrooms in the low \$500,000 and two bedrooms in the higher \$500,000s.

That kind of new density warrants the kind of mall that Macerich and Lennar are planning, as well as neighborhood retailers (like supermarkets), movie theaters and restaurants, Bonner said. The Candlestick site has included plans for an outdoor mall for awhile, but Monday's announcement confirmed that it would look to draw the kind of high-end retail that's helped other [Macerich projects boom in Walnut Creek](#) and Santa Monica.

"It could provide a much-needed facelift to that area of the city. If the developer can attract destination retail, much like what was achieved at Santana Row in San Jose, then it could be a really successful project," said [Amber Schiada](#), a director of research and [Jones Lang LaSalle](#).

The 130 stores in the outdoor mall will start opening in 2017, which is also when some of the first units at Candlestick Point will get completed. That kind of momentum – strong early sales and a major mall announcement – could help Lennar attract development partners.

[Stephen Proud](#), vice president for community development at Lennar, said the company did "take a leap" by developing by itself, but it has been counting on attractive new retail and home sales to prove that the now-barren land can be San Francisco's new hub.

"As pieces fall into place, people will see that project is really moving and there's opportunities to be had there," Proud said.