

# Sand Hill Property Buys Macy's I. Magnin Building in San Francisco for \$250MM

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By [Jon Peterson](#)

Palo Alto-based Sand Hill Property Company has acquired the 250,000 square foot iconic I. Magnin building in San Francisco for \$250 million, or \$1,000 per square foot, according to sources that are familiar with the sale of the asset.

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The buyer of the property worked on the transaction through the assistance of Efi Luzon, a senior with Intero Real Estate Services based in Los Altos. Luzon declined to comment on the purchase for this story.

This was not the first time the two have worked on massive real estate deals. In 2016, Luzon helped Sand Hill Property acquire Palo Alto Woodland Park Apartments for \$412.5 million. The massive 1,800 plus-unit Woodland Park is located on University Avenue and along the west side of Highway 101. Sand Hill acquired the property via a special dividend from a family wealth fund.

Two years earlier, Luzon also worked with Sand Hill Property on the acquisition of the long-struggling 1.3-million-square-foot Union Square Shopping Mall in Cupertino. Sand Hill bought the mall's interior shopping space and anchors Sears, J.C. Penney and Macy's for \$250 million. The retail anchors were purchased for about \$200 million, and the interior mall was acquired for approximately \$50 million.

The pair also worked on the Macy's deal in Sunnyvale Town Center, making this their third collaboration just on properties owned by the national retailer.

This latest sale of the I. Magnin building, located at 233 Geary Street and 133-135 Stockton Street, also involved Macy's, which was represented in the sale of the property by the San Francisco office of Eastdil Secured.

The property does represent a major re-development opportunity for the new ownership. "Sand Hill Property Co. is committed to the vibrancy of Union Square. We appreciate this is an iconic building. While we will upgrade and modernize, we are committed to preserving this San Francisco landmark," said Matt Larson, Sand Hill Property Company spokesperson.

Once Macy's vacates its space in the property, the asset's occupancy will drop down to approximately 11 percent. There will be other tenants to remain in the property for some time. Louis Vuitton & Co. occupies 17,051 square feet until September 2028, and Loro Piana occupies 17,051 square feet through July 2030. Both of these tenants pay an average rent less than \$300 per square foot on a blended basis. This compares to a market rate of \$650 per square foot for ground floor space, according to industry sources.

The location of the property will be attractive to office tenants who want to be near mass transportation options. Union Square is a new Central Subway station that is projected to be open sometime this year. This would connect the building directly to the station. The asset is also two blocks from the newly renovated Market Street/Stockton BART Station.

Peter Pau and his wife Susanna are the co-founders of Sand Hill Property Company and have been the driving force behind the company in the region for decades. Since 1988, the company has been one of more prolific developers in the Bay Area and does not shy away from risk. In 25 years, Sand Hill has developed over 40 projects totaling some 14 million square feet including retail, office, hotel and mixed-use.

The pair has also been active in philanthropy, working through their [Love Foundation](#) to help sponsor villages in rural China across the country often left behind by their parents who move long distance seeking work in urban areas.