

San Francisco

Why San Francisco's Pacific Heights stands out in high-end market

The neighbourhood has been attracting California's elite for 100 years and prices continue to rise because supply is so limited



View across Pacific Heights towards the Golden Gate Bridge © donacrowder.com

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Pacific Heights, the 1990 film starring Michael Keaton and Melanie Griffith, tells the story of a middle-class couple who renovate and rent out their dream house in one of San Francisco's nicest neighbourhoods. Unfortunately, their chosen tenant is a psychopath who destroys the house and tries to kill them.

The good news is that, 26 years on, such a scenario is more unlikely than ever. Prices in Pacific Heights have risen so much — up 50 per cent in four years, according to Zillow — that if you are wealthy enough to buy there, you won't need to bring in any lodgers.

The median price of a home in the district now stands at \$1.6m, according to real estate website Trulia, but homes along the so-called "Billionaires' Row" stretch of Broadway can sell for well above \$15m. These days the neighbourhood is home to some of California's



wealthiest and most prominent citizens. PayPal co-founder Peter Thiel has a house there, as do Apple designer Jony Ive and Oracle founder Larry Ellison.

The area started attracting the local elite after the 1906 earthquake practically razed it to the ground. Wealthy homebuyers worked out the hilly terrain meant you could get amazing views of San Francisco Bay, so started snapping up and rebuilding 19th-century homes that had been left derelict or dangerously wonky.

Today the area is filled with large high-end homes and the largest collection of restored Victorian and Queen Anne-style residences in the city. A few blocks to the south are the “painted ladies”, the picture-perfect row of pastel-coloured terrace houses next to Alamo Square Park.

Much of the district is still protected from development so you won't see many new high-rises

The “ladies” tend to stay in the same hands for generations, but when homes in Pacific Heights do hit the market, they come with hefty price tags. A recently modernised home with seven bedrooms on Vallejo Street is available through Neal Ward Properties for \$25m. Originally built in 1901, the three-storey house has more than 9,000 sq ft of

living space. The renovation, which added seven bathrooms, was created by Dublin-born architect Paul McClean, who has designed several high-end residences in California.

“For high-income buyers, the area has essentially maintained its popularity throughout its history,” says Arden Hearing, managing director at property developer Trumark Urban. The company has landed a rare project for Pacific Heights — a new 76-unit building called The Pacific. Prices start from \$2m rising to \$20m for the penthouse, which has a 1,900 sq ft terrace with views of the Golden Gate Bridge. Sales started this month with more than 25 units already under contract, according to Hearing. Among them is a three-bedroom home that sold for \$8.96m.



Penthouse at The Pacific development, \$20m

The new project comes as price rises at the very top of San Francisco's property market are slowing down. After four years of double-digit growth, the price of homes in the top 5 percentile of the city's market fell 11 per cent in the second quarter compared with the same period last year, according to data from national real estate company Redfin. Property prices in Pacific Heights rose just over 1 per cent over the same duration, according to Zillow.

“Much of the neighbourhood is still protected from development so you won't see many new high-rises,” says Patrick Barber, president of Pacific Union, the largest real estate agent in the Bay Area. “While you have many wealthy buyers looking to [buy] in Pacific Heights, there's still an incredibly low supply of available listings.”

“Supply is tight in the middle of the market,” says Joel Goodrich, a broker with Coldwell Banker Previews International. “That's making it tough even for people who have money to find a home to buy.”

There is still some activity at the very top of the market, though. In the past year, two properties listed above \$30m have sold in Pacific Heights. Among them is a 16,000 sq ft, seven-bedroom home with three rooftop terraces and an indoor basketball court which fetched \$31m.



Seven-bedroom home on Scott Street, \$28.5m

If you have \$30m to spend, you might consider a seven-bedroom home on sale near Fillmore Street at the northern end of the neighbourhood. The property on Scott Street has a grand entrance hall with carved-wood ceilings, a stained-glass skylight and views over the Palace of Fine Arts to the Golden Gate Bridge beyond. All yours for \$28.5m through Sotheby's International Realty. Though perhaps don't take in any lodgers.

Buying guide

- Pacific Heights borders Presidio park and the Marina District
- Germany, Russia and Italy are among the countries with consulates in the district
- It is an hour's drive from Napa Valley, one of the largest wine regions in the US
- San Francisco international airport is 14 miles to the south

What you can buy for ...

\$5m A three-bedroom condominium

\$10m A renovated townhouse with five bedrooms

\$30m A grand, seven-bedroom home with views of the Golden Gate Bridge

More listings at propertylistings.ft.com (<http://propertylistings.ft.com/>)

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