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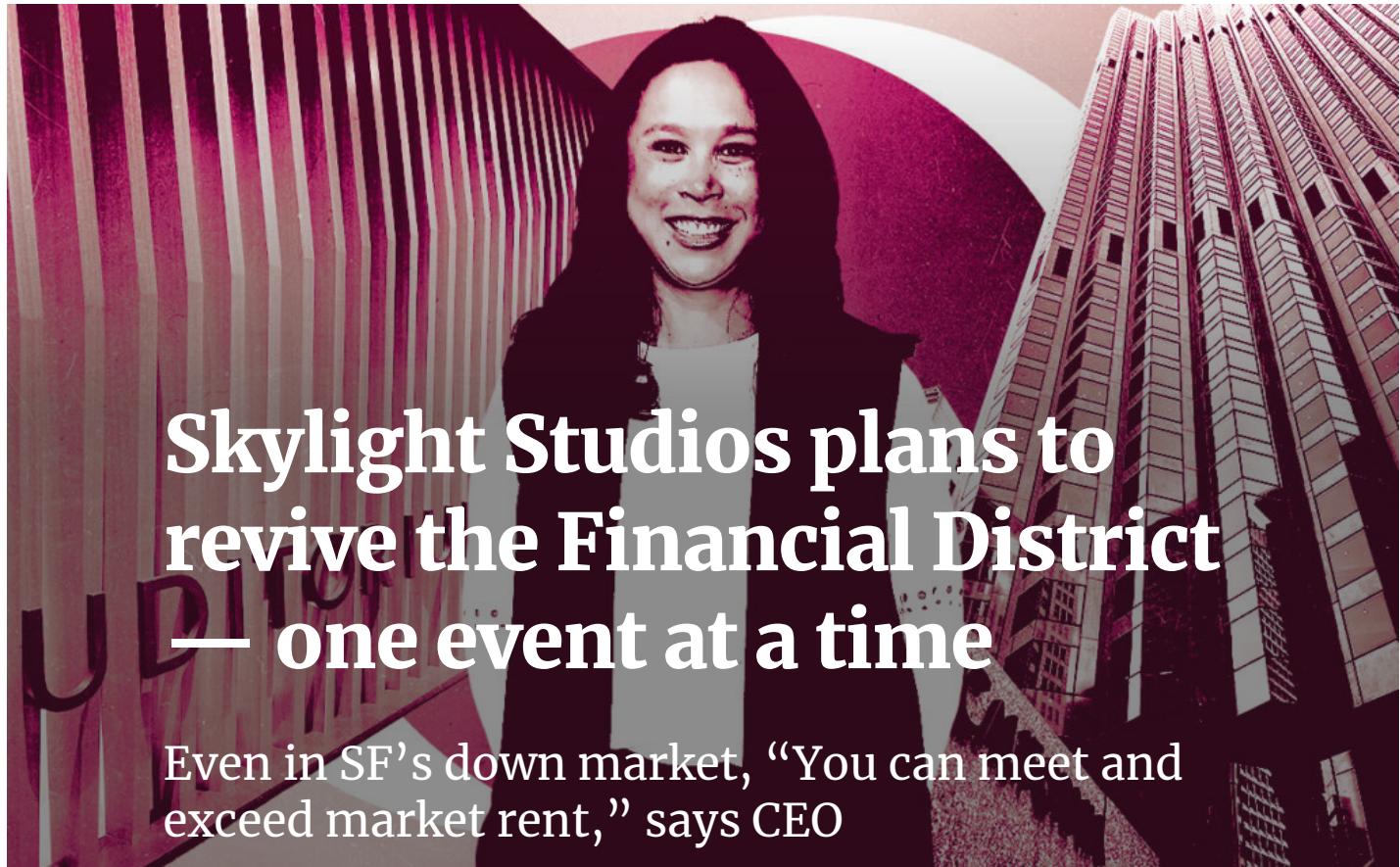
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# Skylight Studios plans to revive the Financial District — one event at a time

Even in SF's down market, "You can meet and exceed market rent," says CEO

*A photo illustration of Skylight Studios CEO Stephanie Blake and 555 California (Getty, Emily Landes/The Real Deal)*

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Skylight Studios CEO **Stephanie Blake** speaks from experience when she says that events can transform underutilized neighborhoods.

Nearly a decade ago, the San Francisco-based “placemakers” turned the mostly empty, century-old James Farley Post Office in Midtown into the home of New York Fashion Week, bringing in what Blake said was \$15 million in revenue with “zero investment.” Now known as the Moynihan Train Station, and part of Vornado Realty Trust’s larger **Penn District redevelopment area**, the Moynihan Station Development Corporation said in a statement on Skylight’s website that the event company “deliberately reinvented one of the city’s historic, yet overlooked, treasures.”

Blake is trying to achieve the same kind of rebirth with San Francisco’s lifeless downtown office market. Three years ago, Skylight was tasked with turning the 555 California auditorium, which had been untouched since the 52-story North Financial District office tower was built in 1969, into a modern, turnkey presentation and event space. It is part of a **larger revamp of several of the high-profile spaces** in what was once the tallest building in the west and has been owned by Vornado and The Trump Organization since 2007.

## “Meeting the moment”

The auditorium’s opening took place a few weeks ago amid very different economic conditions than what Skylight or majority owner Vornado had planned when they began the redesign just before the pandemic hit. The city is seeing its **highest-ever office vacancy rates**, and the North and South Financial districts in particular will have **the city’s largest share of expiring leases** over the next few years. The owners of 555 California are current on their \$1.2 billion debt secured by the 1.35-million-square-foot complex, and Vornado said in a recent filing that the three buildings were 95 percent leased. But the loan was recently placed on a servicer watchlist as mortgage costs rise and the local office market continues to struggle.

Vornado declined to comment on its goals for the new space or its costs, but Jeremy Houston, Skylight's San Francisco project manager, said the owner is "meeting the moment" by supplying an updated, upscale and turnkey amenity at a time when tenants have many spaces from which to choose.

"I'm actually really proud to say that the pandemic didn't shift a lot of the choices that we had initially made for this space, but definitely doubled down on the value," he said.

Updates include both major technological advances — replacing outdated lighting with smart-device-controlled LEDs, adding a four-point camera system for live streaming and putting in a 5,000-pixel-wide LED screen — and minor aesthetic revamps such as reupholstering the original mid-century seats.

"Rather than ripping everything out and replacing it, we just kind of gave it a little polish," Houston said of the design choices.

## Post-pandemic events

In a post-pandemic world where so many workers remain remote, the ability to have an event space that effortlessly connects people in person and via video link is an amenity all companies are clamoring for, Blake said. The redesign also allowed for the removal of an enormous AV room built for the original 50-year-old projector at the back of the theater and created an open space for pre- and post-meeting socializing, she added, which speaks to another big trend in office building amenities: a "cocktail moment."

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"If people are gathering a couple times a quarter or a year or whatever it might be, I think it's really important to have that as part of the auditorium," Blake said. "Even on the day we launched, it was really nice to actually be able to hang out back there with hors d'oeuvres and conversations."

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The shmooze-centric venue will be available to tenants within the building, as well as outside companies that want to rent it, which could eventually bring them into the building if all goes according to plan, Blake said. Now that the new auditorium is open, Skylight is actively engaged in bringing arts programming both into the newly revamped space, and into the large patio just outside its doors, to engage a wider audience.

## Tenant recruitment

"First and foremost, we hope that this helps the tenants who are in the building and gives them a platform to elevate their visions for their event needs," Houston said. "But we do hope that it does become a cultural heartbeat that can be a through-line for all kinds of conversations. The Financial District, we're at the heart of it in this building, and that heart needs to beat."

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The sentiment is shared by Robbie Silver, executive director of Downtown SF Partnership, the Financial District's business improvement district. One of the partnership's biggest post-pandemic goals is to have people rethink the neighborhood as something other than a sleepier-than-ever office-only locale, he said. And the new event space can only help to diversify the types of tenants who would consider the area.

"There's no better time than now to redevelop and reimagine what a space could be and what kind of tenants it can serve." Silver said. "I really applaud property owners and managers who are taking a look at spaces that have not been redesigned in 20 to 40 years and it certainly does support a larger goal to reimagine what downtown SF can be post COVID."

Blake said she has done this kind of reimagining work in other San Francisco neighborhoods. In 2015, Skylight was hired to take some of the tourist taint off of Ghirardelli Square for its then-new owner Jamestown by organizing events ranging from the launch of Google Home to a charity benefit with Under Armour for Warriors star Steph Curry's nonprofit.

## Compass lease

These types of events were credited with bringing Compass in to sign a long-term lease for its flagship SF office in 2016, she said, as well as the Cheese School in 2018, which led to a host of other foodie purveyors signing on. By 2019, Jamestown announced that for the first time in decades every retail and restaurant space in the 100,000-square-foot square was taken. (The Cheese School recently announced that it is leaving the square and consolidating operations into its Dogpatch location; a seafood restaurant will take its place.)

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Blake, who lives in Sonoma with a significant amount of time spent in San Francisco and at projects in other markets, has also worked with the Ferry Building, where Skylight brought in a Hulu event to celebrate a new season of “The Handmaid’s Tale” and “The Armory.” The company continues to organize immersive shows at the venue such as Netflix’s “Stranger Things” experience and a Pablo Picasso art exhibition to the long-empty former National Guard stronghold.

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"A lot of our ethos at Skylight is looking at underutilized and otherwise shuttered buildings, and how do we bring it back and allow people to celebrate it and hopefully inform the final use?" she said. "With all of this vacant real estate, as uses are shifting and traditional uses are being challenged, I see Skylight as a solution to that because you can meet and exceed market rent with the right cross-collaboration across industries."

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