

From Vacancy to Vibrancy: Reimagining the Future of Downtown San Francisco

February 06, 2023 | By Amy Campbell, Holly Arnold, Doug Zucker

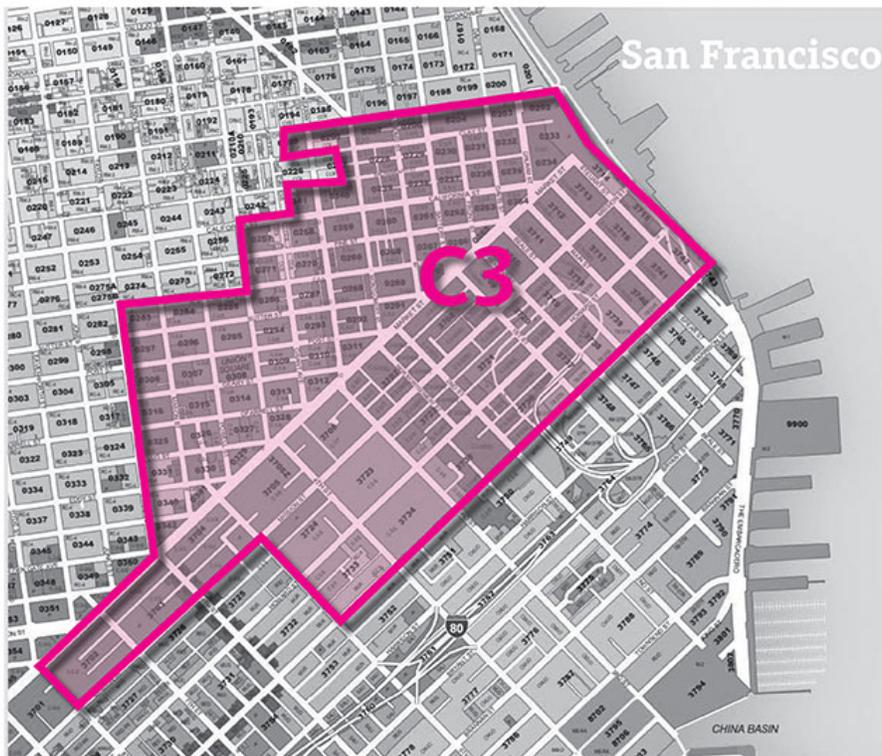
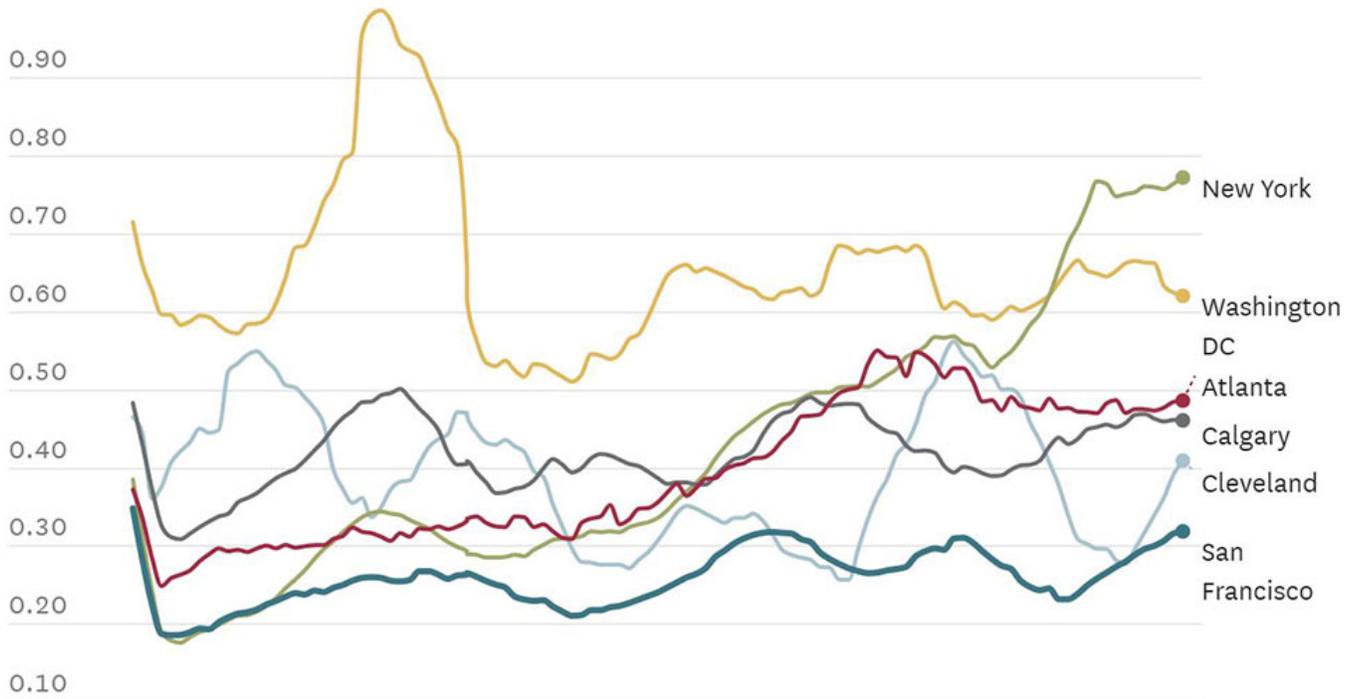
The pandemic has redefined our relationship with work and our definition of “the office.” It’s also burdening the nation’s commercial office building stock as companies grapple with the future of hybrid work and their real estate strategies. With its record high office vacancies, San Francisco is among the hardest hit U.S. cities, with fewer workers returning to the office. In this two-part blog series, we look at a new vision for downtown San Francisco: a central business district (CBD) transformed into a vibrant, sustainable, and resilient mixed-use neighborhood, why this vision matters, and how we can get there.

The perfect storm

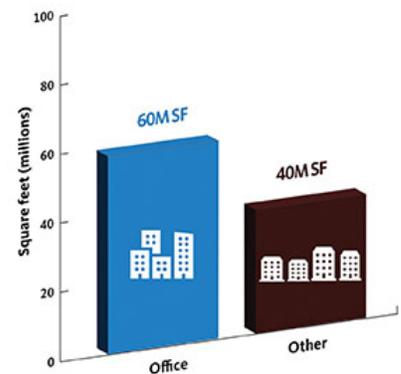
While many large downtowns across the country are struggling to recover to pre-pandemic levels, San Francisco office vacancies are at **record highs**, trailing behind all major U.S. cities in recovery. There is currently over 27 million square feet of vacant office space (about 28% vacancy, a 30-year high) in the city, according to **CBRE**. In addition, almost 50% of current sublease space is set to expire in 2025, which could potentially unleash more than 17 million square feet of additional office space to the market.



Downtown recovery scores



Downtown C-3



Source: San Francisco General Plan - C-3 Downtown

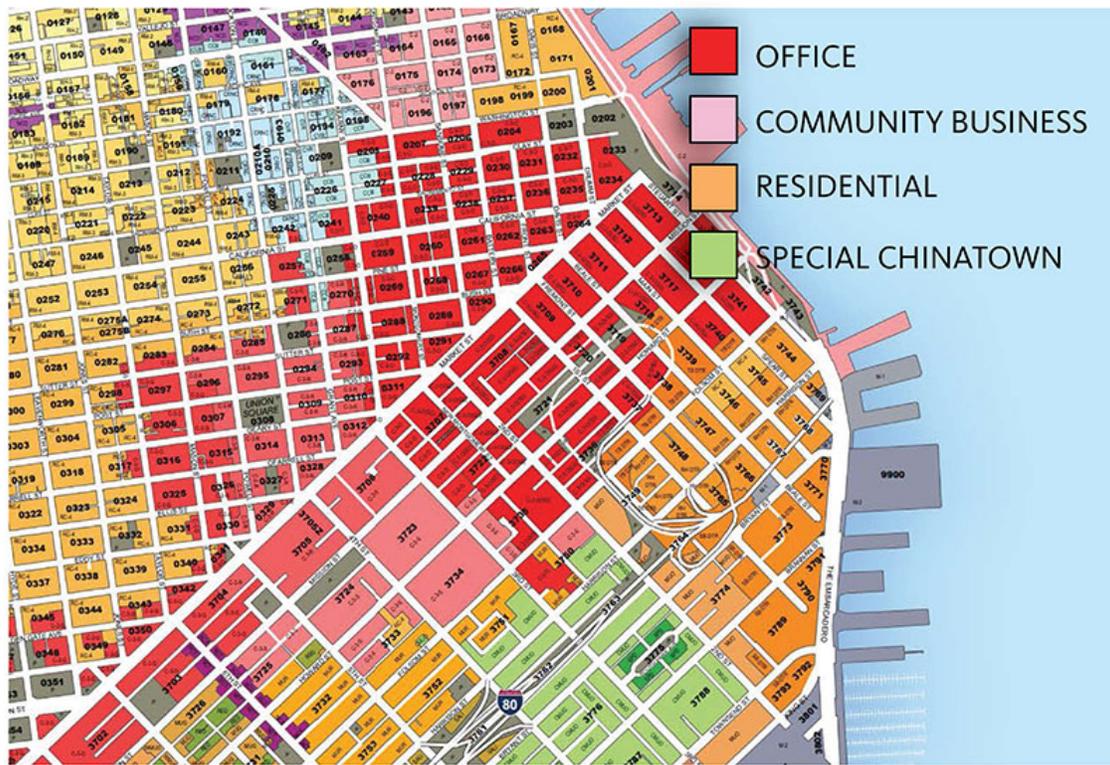
More than 60 million square feet of office space combine with about 40 million square feet of retail, hotel, housing, cultural, institutional, industrial and other related space in the C-3 district. This total of over 100 million square feet of space provides employment opportunities for more than 280,000 city and Bay Area residents.

Where exactly is “Downtown San Francisco”?



To make matters worse, downtown buildings make up a disproportionate share of the city’s tax-base because of their size and density, which include both property taxes and business taxes. Without these buildings being occupied by tenants, city funding will decline, which directly impacts the ability to deliver social services, improve schools, and provide law enforcement and public services. In a recent [CNBC interview](#), San Francisco Mayor London Breed

quoted a city budget deficit of more than \$700 million, which she links to empty offices and struggling downtown businesses. An empty downtown is every San Franciscan's problem, with larger ripple effects across the Bay Area Region.



Downtown San Francisco C-3 Zoning



A CBD primarily used for office is no longer viable or sustainable.

One of the biggest challenges for San Francisco is in its planning. Downtown (the Financial District) is almost exclusively used for office. The city center is filled with office buildings that are only occupied during work hours, leaving them empty the remaining hours and days of the week. The pandemic exacerbated this problem, putting a spotlight on the problems of a mono-use district, such as a centralized business district with only 9-5 use. Frankly, it was never a great idea, and now is no longer viable or sustainable.

Now is the time to change these single-use districts to better adapt to continuous change and uncertainty, which is gradually becoming the “new normal.” To stay agile and still thrive, we must diversify the mix of uses in our downtown developments. We cannot revive San Francisco’s urban core with new street furniture or an occasional live music concert. Those are great interventions, but they conceal the core problem: a lack of diversity of uses to keep CBDs activated 24/7, rather than just 9-5.

Downtown isn't dying, it's evolving.

Cities have always evolved and changed with the times. Most major cities have survived seminal events, such as hurricanes, floods, and even wars. Perhaps best known for enduring earthquakes and fires, San Francisco has always thrived on change, from the Gold Rush to the tech revolution. Radical change is in its DNA. Historically, mixed-use communities have always been a vital part of every city, where residences mingled with retail offerings, artisans,

East Village Quarter, San Diego



Downtown SF Partnership recently put forward strong solutions around how to leverage and improve upon the ground plane of our city with both physical and programmatic design solutions. Taking these ideas forward, we envision giving more of our streets back to the people and transforming the non-commute arterial streets, which are less traveled (such as Main St, Steuart St, or Halleck Alley), into slow streets. These streets, which are nearest the bay, have less vehicular traffic and could be enhanced to create quieter, safer bike and pedestrian paradises where outdoor restaurants and communal activities could thrive. But public realm changes like these won't accomplish it on their own.

The most sustainable city is the one that's already built.

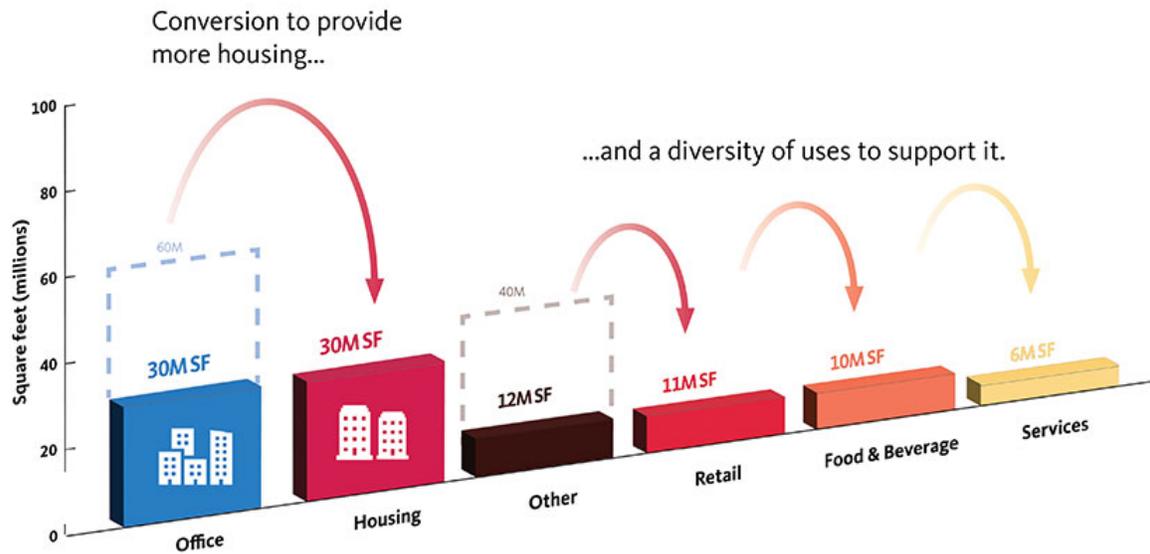
In order to achieve diversity and density in our downtown we need one critical thing: more places to live. The most expeditious path is to convert our office buildings into multi-family housing. By reusing the existing downtown building stock, we not only create a more balanced ecosystem but also do so in a way that is more sustainable for the planet.





up to 80%. Given this outsized impact, reusing our buildings affects the triple bottom line — people, planet, and profit.

CRAFTING A **BALANCED ECOSYSTEM** OF USES



The next big questions are how to do it, what's in our way, and what must change to bring diversity back to our downtowns and to, once again, make them neighborhoods for people to thrive in.

In part 2 of our blog series, we will investigate these questions.

For media inquiries, email media@gensler.com.



Amy Campbell

Amy is an architect and studio director who brings together powerful people skills with a design sensibility honed through a unique pathway to architecture. Having worked internationally and in a range of environments from theater set design to architecture, her aesthetic sensibility touches on how we experience design from the tactile detail to larger scale of spaces. She is based in San Francisco. Contact her at amy_campbell@gensler.com.

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Holly Arnold

Holly is project director and residential practice area leader for Gensler's Northwest region. She is driven by her passion for creating spaces that provide shelter at the most basic level and in collaborating on housing at all levels for all people, from high-end luxury multifamily developments to housing for those experiencing homelessness. Her over 20 years of experience ranges from hospitality, to residential, education, and mixed-use projects. She is based in San Francisco. Contact her at Holly_Arnold@gensler.com.

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Doug Zucker

Doug Gensler's Northwest Regional Practice Area Leader for building Repositioning & Landlord Services. Fueled by a curiosity about how environments influence people and how change affects our world, Doug focuses his research and work on helping his clients, Gensler, and the industry understand how to prepare for the future. He is based in San Francisco. Contact him at doug_zucker@gensler.com.

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