

San Francisco's Montgomery Street Could Signal a Downtown Revival

From the revamped Transamerica Pyramid to a small public radio station broadcasting from a former copy shop, the street offers hope for recovery in the city.



By Heather Knight

Reporting from San Francisco

Dec. 28, 2023

It seemed like the last place one might invest a billion dollars on an office building in October 2020.

San Francisco's downtown symbolized all that had gone wrong with American cities during the pandemic. The empty office towers. The shops and restaurants boarded up with plywood. The dirty streets, the petty crime, the eerily silent transit stations.

But Michael Shvo, the New York real estate titan, decided there was one building he had to have here, one that has been synonymous with the San Francisco skyline: the Transamerica Pyramid.

Mr. Shvo paid \$650 million for the tower on San Francisco's Montgomery Street, long hailed as "the Wall Street of the West" for its concentration of financial institutions, including the insurance company after which the triangular skyscraper is named. He then spent another \$400 million to renovate the tower and turn it into an attraction for businesses and visitors alike.



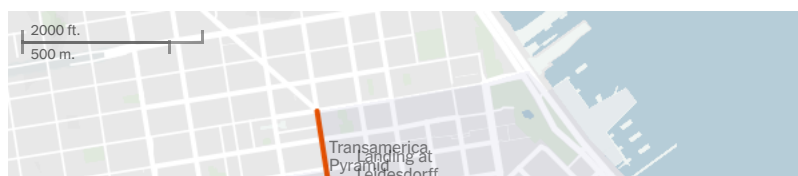
The Transamerica Pyramid in downtown San Francisco. Jim Wilson/The New York Times

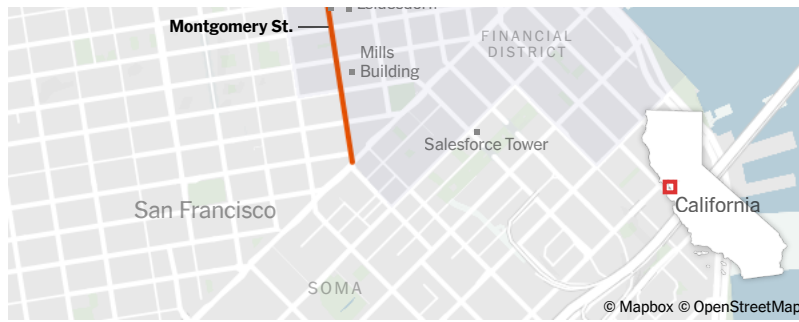
If his bet pays off, the revamped tower and blocks below could serve as a bellwether for the beleaguered city’s recovery and a road map for other downtowns that have struggled to rebound from the pandemic. The key, Mr. Shvo argues, is turning downtowns into spaces where people actually want to be, rather than places their bosses say they have to be.

“I’ve always believed in San Francisco. The difference was, I was optimistic with a billion-dollar check in my hand,” Mr. Shvo said, wearing his customary black T-shirt, black jeans and black sneakers while standing on the 36th floor of the Transamerica Pyramid.

Nearly 200 years ago, Montgomery Street — or the land beneath it, anyway — comprised the literal edge of San Francisco. When young gold seekers arrived in 1849 during the first of many booms that would come to define the city, San Francisco added several blocks by piling landfill into the bay. Now, a 15-minute stroll separates Montgomery Street from the shoreline.

A seven-block stretch of Montgomery, from Shvo’s pyramid at the north to Market Street at the south, is dotted with “green shoots,” the botanical term that economists use to describe early signs of recovery. The street is on the eastern side of the city, in the heart of the Financial District.





By The New York Times

From revamped office spaces to a public radio studio with high visibility, Montgomery Street is offering more than “packing and stacking knowledge workers into giant towers,” said Richard Florida, a professor at the University of Toronto who studies urban development.

Downtowns fare best when they offer a diverse array of music, art, restaurants, shops and gathering places, he explained. Other cities that have emphasized hospitality and entertainment over offices alone, like Austin, Nashville and Miami, have recovered faster from the pandemic than have cities with work-focused downtowns.

“When a place gets boring, even rich people leave,” Mr. Florida said. “San Francisco is already starting its rebound.”



Michael Shvo, the New York real estate titan, decided there was one building he had to have here, one that has long been synonymous with the San Francisco skyline: the Transamerica Pyramid. Jim Wilson/The New York Times

To be sure, the city's downtown has a long way to go. Its office vacancy rate hovers around 36 percent, the highest among major American cities, spelling trouble for foot traffic and tax revenues. Financial forecasts predict that the city could take a decade to get back to normal. And the much-discussed idea of converting office towers into housing has stalled because it is far too expensive, developers say.

"It's going to take time for the market to correct itself, and I think it's going to be a bumpy 12 to 18 months," said Robbie Silver, executive director of the Downtown San Francisco Partnership, which businesses pay to clean and market the neighborhood.

Mr. Silver said he anticipated that property values would sink further and that some building owners could sell for cheap. But he hopes that in the next two years the downtown will have more affordable rents that enable small businesses to thrive in areas like Montgomery Street.

Mr. Shvo is intent on speeding the recovery by bringing amenities such as gyms and bars to lure tenants to the 51-year-old Transamerica Pyramid. He is also turning the drab lobby into a hive of small businesses, with a raised ceiling and wide openings that create passageways for pedestrians. The park outside, rarely visited by locals, will feature furniture and new cherry trees.

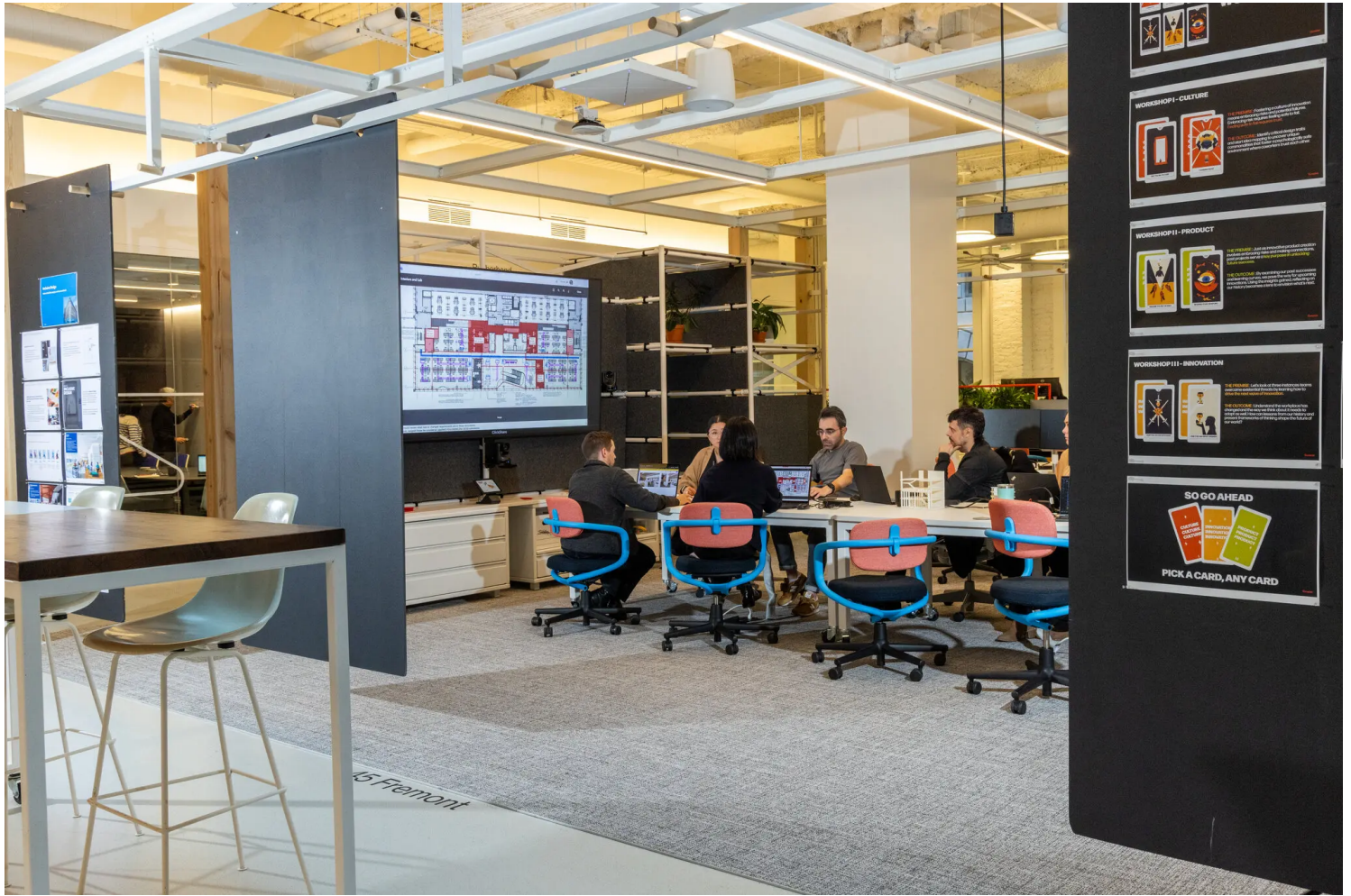
He predicts three million visitors a year when the transformation is complete.

This section of San Francisco's downtown isn't the hellscape that one might believe based on some social media videos that have gone viral. Businesses pay the Downtown San Francisco Partnership to powerwash the streets, remove graffiti and pick up trash 14 hours a day, seven days a week.

"I won't say it's back to 2019, but it is totally normal," said the developer Oz Erickson, who recently moved his Emerald Fund offices from one building on Montgomery to a smaller, cheaper one across the street.

Sometimes, he said with glee, the street even features the epitome of prepandemic life: traffic jams.

The architecture firm



Gensler, a global architecture firm, has relocated to Montgomery Street and a new office that the firm's leaders hope will serve as a prototype for other employers. Christie Hemm Klok for The New York Times

In the decade before the pandemic, sleek office towers were in high demand, as tech companies and other businesses flocked to the South of Market neighborhood, or SoMa, blocks away from the Financial District.

But some firms say that they are now drawn to offices that have more charm and history on Montgomery Street. Until recently, Gensler, a global architecture firm, spread its workers across three high floors of a more modern SoMa building near Salesforce Tower. But with cheaper rents available postpandemic, the firm moved to the historic Mills Building, three blocks from the pyramid.

Gensler's architects designed not only the perfect office for themselves, but what they hoped would serve as a prototype for other employers. Gensler requires its employees to be in the office five days a week, a rarity in San Francisco.



“This is the heart of San Francisco,” Hao Ko, managing director of Gensler’s office, said of the firm’s new neighborhood. “It feels like we’re in the center of gravity.” Christie Hemm Klok for The New York Times

Now, the firm’s 250 employees all work on the large second floor of the Mills Building, making collaboration easier, and they have close-up views of the street life outside. The windows open, allowing fresh air to enter.

The front door opens onto a giant room that looks more like a posh apartment than an office. To the right are comfortable couches and modern desks. Shelves are dotted with plants, books and the original Rolodex that belonged to Art Gensler, the company’s founder. To the left is a kitchen with a marble island, an espresso machine, free snacks and taps offering lemonade, beer and kombucha.



Gensler requires its employees to be in the office five days a week, a rarity in San Francisco. Christie Hemm Klok for The New York Times

Farther back, the workspaces grow progressively darker and more private, and an employee can decide which among them fits the mood on a given day.

Miao Wang, a 28-year-old architect at Gensler, said that San Francisco's downtown felt dull and empty when the firm was at its previous office tower. Now, she said, she sees pedestrians scrambling across intersections, smells morning coffee and bacon and hears buskers playing the guitar and saxophone.

"It just feels so nice," she said. "I hope more people come back."

The public radio pop-up



KALW is participating in a new San Francisco effort that convinces landlords to give up empty retail space for three months to tenants for creative uses. Jim Wilson/The New York Times

In the same Mills Building, on the ground floor where a copy shop once operated, the staff of the public radio station KALW now records its shows and hosts happy hours, quiz shows and poetry nights.

KALW is participating in a new effort launched by the city and a small business nonprofit, SF New Deal, that convinces landlords to give up empty retail space for three months to tenants for creative uses. The program, Vacant to Vibrant, has attracted bakeries, boutiques and artists' studios.

James Kass, the executive director of KALW, said that pedestrians have regularly popped into the station to check out its temporary space. But, he noted, the station had to spend far more than the \$8,000 it received in a city grant to make the space functional, such as adding booths that block out the sound of flushing toilets.

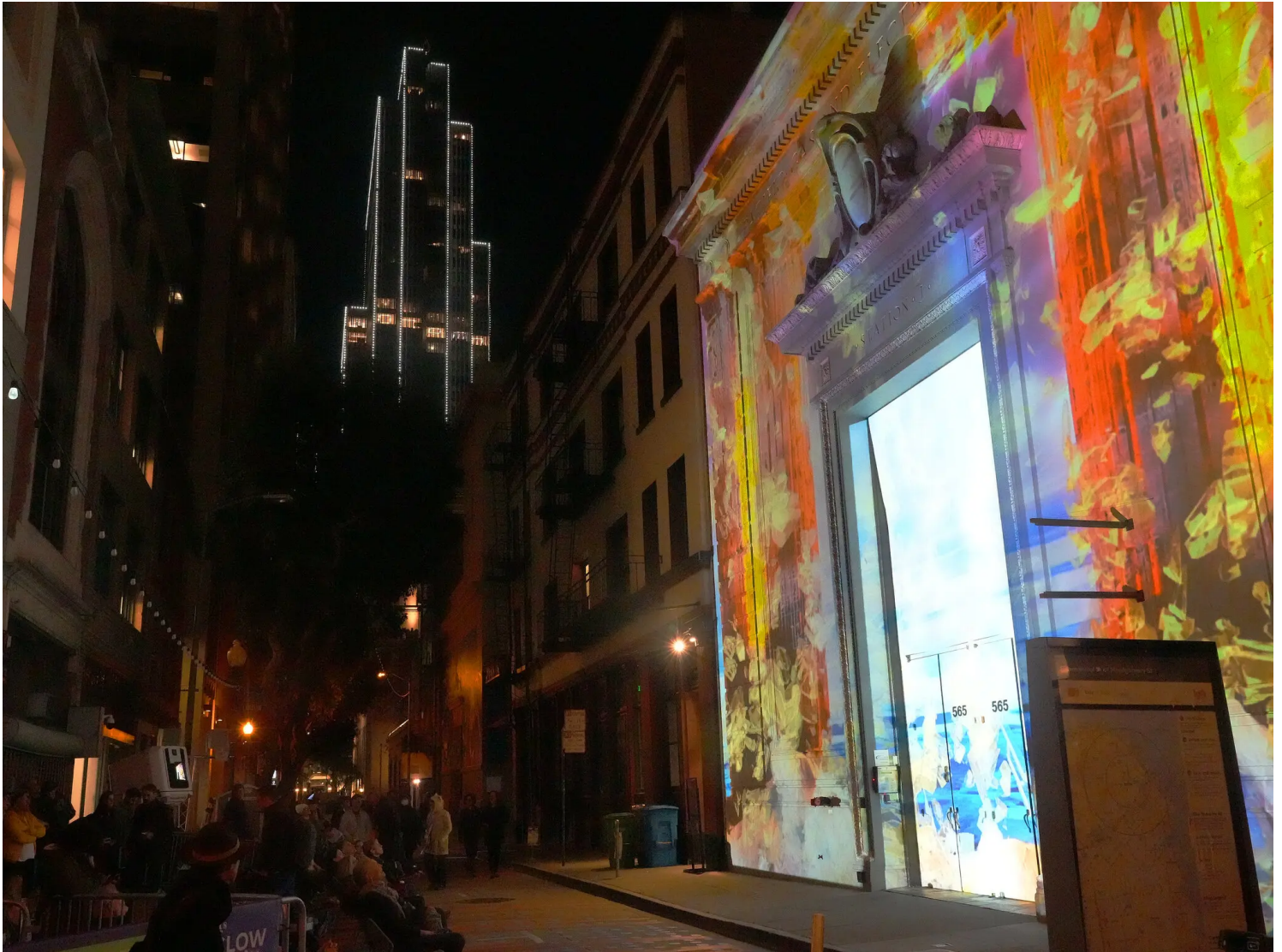
Sandra Halladey, an intern at KALW, said that she hoped the city could figure out how to convert empty office space into long-term housing for artists and workers who have been priced out of the city.

"If we're not inviting those kinds of people to live here, we've lost," Ms. Halladey said.

Wade Rose, the president of Advance SF, a business group that aims to revive San Francisco, said that unique shops and experiences were the norm before the downtown area became a more sterile office-centered environment, dotted with chain retailers.

“The unique stores left because rent got too high,” he said. “We need to support very interesting, human experiences, and you’re starting to see glimmers of that.”

The public plaza



Dozens of people sat in lawn chairs as they watched a winter-themed light show that was projected onto the facade of a substation. Jim Wilson/The New York Times

A half-block off Montgomery Street, between the radio station and the Transamerica Pyramid, an alley next to an electric substation has been turned into a public plaza called Landing at Leidesdorff.

It sports a giant mural honoring William Leidesdorff, a businessman who arrived here in 1841 and is considered San Francisco’s Black founding father. Outdoor furniture and lighting have been added, and live music and fitness classes have been offered.

On a recent night, dozens of people sat in lawn chairs watching a trippy, winter-themed light show that was projected onto the substation facade.

“Downtown has often felt stuffy and stiff, the place where people stuck in offices go,” said Suzy Garren, a 50-year-old landscaper who lives in Oakland, adding that she rarely had any reason to venture to the neighborhood. “This is 2023’s version of what makes San Francisco cool and interesting.”

And then she uttered words perhaps never before used to describe the Financial District.

“It reminds me,” she said, “of Burning Man.”

Heather Knight is a reporter in San Francisco, leading The Times’s coverage of the Bay Area and Northern California. [More about Heather Knight](#)