

SPOTLIGHT

## 50 years of the Transamerica Pyramid, changes on the way

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The Transamerica Pyramid, a defining peak of the San Francisco skyline, celebrated its 50th anniversary on Tuesday with plans to renovate the entire block — a \$400 million project that will add retail and public spaces plus an elite private club.

The tower's owner hopes the coming changes to the building are a bellwether for an upturn of the flagging downtown economy.

City officials are counting on it.

"In San Francisco, our resiliency stems from our past and our ability to come back stronger from things like earthquakes and pandemics," said Mayor London Breed. "This building pays homage to that, but it also acknowledges what San Francisco will be over the next 50 years. It starts with investments like this."

Mercilessly derided and lampooned before it opened in 1972, the pyramid has become an icon over the past century and a source of local pride.

Shvo, the international luxury real estate development company that bought the pyramid in 2020, broke ground on major renovations to the building on Tuesday, which are scheduled to be completed by mid-2023. The project is not just cosmetic, according to CEO Michael Shvo — rather, the goal is to entice people back to downtown.

"We want people to come to the pyramid, we want people to come to the park, and really be part of making this icon more iconic," said Shvo.

Shvo called demand for space in the pyramid "tremendous," saying the tower is "mostly occupied," but declined to disclose the exact percentage, citing end-of-the-year tenant turnover.

The project can be broken down into two parts: \$250 million for changes to the pyramid itself at 505 Sansome St. and \$150 million for the creation of a CORE club, a high-end, invitation-only social club with a \$15,000 minimum membership fee on the first four floors of the building.

Additions to the pyramid include commercial spaces, a book store, flower shop, cafe, more meeting rooms, and a "skybar" on the top floor of the building for tenants only. The street level will also have a transparent lobby with floor-to-ceiling windows.

Norman Foster, the lead architect on the renovation, said he was inspired by the vision of the original architect, William Pereira, in using the unique shape of the building to bring light to the street. Foster wants to bridge the gap between "inside" and "outside" the tower, in keeping with Pereira's philosophy.

Foster, a British designer, has gained international recognition for his work. He specializes in high-tech and modernist spaces with a focus on sustainable design. He is known for "The Gherkin" in London, the Reichstag in Berlin and Hearst Tower in Manhattan.

Shvo said that the renovations are meant to be public-facing. However, the only public-access portions of the tower will be the Redwood Park and businesses on the ground floor.

But that park counts, said Robbie Silver, executive director of the Downtown SF Partnership nonprofit. To forge a path to economic recovery, the area needs more foot traffic.

Pandemic- and tech flight-related building vacancies are two sharp thorns in downtown's side — the lost property tax alone could cost The City almost \$200 million. The nonprofit recommends the area shift toward a "more heavily mixed-use district with residential in order to thrive and become more resilient in the future."

"Smaller-scale spaces may offer opportunities to people and businesses that may have been priced out of the market for years," said Silver. "All roads lead to Downtown S.F. and will continue to be the economic hub of the region."

The Transamerica renovation is financed by a combination of equity investments and a loan. It represents the “single largest investment in downtown San Francisco since the start of the pandemic,” according to the company, which was confirmed by data from Downtown SF.

Based on the recent report by the City Controller’s Office and data from community benefit nonprofit Downtown SF, the area can use all the help it can get.

In its annual fiscal year analysis, city economic experts found that 22% of office spaces in San Francisco were vacant in June 2022, up from 20% in 2021. Commercial asking rents only fell about 70 cents per square foot, from \$79.90 to \$79.20.

The numbers gathered by the controller’s office don’t account for the waves of tech layoffs that have rocked the industry this fall, leaving hundreds jobless and many companies skeletal. In October, Bloomberg reported that S.F. office vacancy had hit 25%.

Data from a traffic dashboard curated by Downtown SF shows that year-to-date employee visits to the area are steadily increasing, but are still far below the 2019 baseline.

This reflects the rising nationwide preference for hybrid or remote work in white-collar industries, which pushed companies like AirBnB and Almanac to opting out of their lease and operate completely remote. Still other companies have opted to move out of The City entirely, with some staying in the Bay Area and others leaving the state.

When first proposed, the pyramid had no shortage of enemies.

When the designs were first revealed, there was public outcry. The pyramid garnered the nickname “Pereira’s Prick,” and faced heated criticism from residents, city leaders and journalists.

An Examiner columnist once called it “the most portentously and insidiously bad building in The City.”

Then-Mayor Joe Alioto held fast and pushed the Planning Commission to approve the building, according to former Mayor Willie Brown, who was in attendance at the 50th anniversary. From then on, S.F. citizens began to begrudgingly accept the tower.

“Thank God Alioto won that fight,” said Brown.

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