

Land buyers' recipes for Mission Bay missing an ingredient: Tenants



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Real estate

Land sales near Mission Bay are accelerating.

Along with Shorenstein Co. closing escrow on a parcel that could support 450,000 square feet of new development and University of California, San Francisco, purchasing 654 Minnesota St. for roughly \$9 million, a few old players are re-entering the mix.

Take, for instance, William Spencer of mechanical contractors F.W. Spencer & Son Inc. in Brisbane.

Spencer recently closed escrow on 1300 Illinois St. -- a 16,000-square-foot warehouse on 1.37 acres.

The property -- which Spencer purchased from Shriners Hospital for Children for an undisclosed amount -- is located at 23rd and Third streets or half a dozen blocks south of the proposed life science cluster.

While a number of life science companies are reportedly circling the area with plans to relocate, no landlord besides McCarthy Cook of China Basin Landing has landed one.

Anticipating the bio-boom, Spencer developed a 240,000-square-foot building at 3000 Third St. in 2002, envisioning life science companies would make up the bulk of the tenant roster.

The building is industrial work space, built to support labs, but so far has none.

Said Spencer: "We didn't get too much interest in it. It was ahead of its time, but I think the market will change."

Little wonder Spencer has decided to keep the warehouse intact and preserve the property on Illinois Street as a long-term hold.

"The building's such a good building, I think we'll play the hand out and see how it goes," he said, confirming that his San Francisco holdings, which include the purchase of 3003-3095 Cesar Chavez St. late last year, now total 15 properties.

Counting the Illinois Street purchase, he owns five blocks along Third Street.

"I like the Third Street corridor," he said. "I think five years from now the area will look completely different though."

Gary Polsky of BT Commercial represented Shriners, while Joe Harney with HCMN represented Spencer.