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# Why Paul Paradis and Bayhill Ventures are still betting on San Francisco

By Sarah Klearman – Staff Reporter, San Francisco Business Times



Paul Paradis, who left Hines at the end of 2022, is now helming Bayhill Ventures, which recently proposed a luxury apartment tower in the South Financial District. He says Bayhill is backing San Francisco, and that — based on appetite from prospective investors — it's not alone.

Todd Johnson | San Francisco Business Times

Paul Paradis's elevator pitch for San Francisco is fairly simple: It's one of the greatest cities in the world.

Paradis, who made a career out of raising towers that have shaped San Francisco's skyline, said in an interview Thursday he thinks the city has all the right fundamentals to come back better than ever: the companies, the real estate, the residents, the natural beauty.

“One of the messages I really want to convey is that Bayhill Ventures — we’re passionate about and committed to San Francisco,” Paradis said of the development firm he founded this year. “And we’re not shy about saying that out loud.”

If actions speak louder than words, there might be no need for Paradis to say much at all: In November, Bayhill proposed a 71-story, 672-unit luxury apartment tower at 530 Howard St., smack in the middle of San Francisco’s South Financial District. Bayhill has an option to purchase the site and will seek equity investors for the project if and when it is approved by the city, Paradis said, though he declined to provide further details.

Today the proposed project is just that — a proposal. But there could perhaps be no stronger show of support for the city from Paradis, whose resume in three decades of San Francisco development at Hines Interests includes Salesforce Tower; the 700,000-square-foot JPMorgan Chase Building at 560 Mission; and 33 Tehama, a 403-unit luxury residential tower whose residents were displaced by catastrophic flooding in the building in the summer of 2022.

Paradis is adding his name to the list of developers and investors who are betting on downtown San Francisco’s recovery. In the nearly four years since the pandemic shut down the city, its downtown office vacancy rates have skyrocketed, the area forced to contend with rising homelessness, open-air drug use and vacant storefronts. It’s a dynamic that has given way to talk of a “doom loop,” in which San Francisco’s troubles breed even more trouble until its downtown is a mere shell of its vibrant, prepandemic self.

Paradis, who began his career in the city about a decade before the dot-com bubble burst, isn’t buying it.

That is a stance born of experience: “Holding assets in San Francisco through a downturn is a good idea,” he told the Business Times in 2015, asked about the hardest lessons he’d learned through the course of his career. “You need to have the staying power and confidence things will turn around.”

The pandemic didn’t change that.

At 530 Howard, Bayhill plans to offer what Paradis says will be unparalleled views of the Bay, a pedestrian bridge connecting the building’s fifth floor to the 5.4-acre Salesforce Park, and a chance to live within walking distance of offices downtown, where Paradis is betting many of the building’s residents will work. The building will ask top-of-the-market rents; today, that’s somewhere in the \$8 per square foot range, but Paradis says he believes there will be growth beyond that in coming years.

It’s perhaps not surprising that would be Paradis’s instinct: During the more than 30 years he spent at Dallas-based developer Hines before departing at the end of last year, the

firm's bets on downtown San Francisco largely paid off. But the verdict is still out on some of investments Hines made towards the end of Paradis' tenure.

After the firm bought PG&E's 1.6 million-square-foot former San Francisco headquarters for \$800 million in the fall of 2021, Paradis trumpeted the chance to replace an aging 1 million-square-foot office building with a newer tower of the same size as part of a larger redevelopment of the site

Though the firm never gave a specific timeline for the that project, it's not likely to proceed with speculative office development any time soon. Hines Senior Managing Director George Clever, who heads its San Francisco operations, told me at the end of September that the market had changed "significantly" since Hines bought the site, and that the firm was "evaluating a significant number of options" to move the project forward.

Paradis on Wednesday described debt markets today as "very challenging," and said the city's downtown was still dealing with its fair share of problems.

"We are hoping that by the time we do need to secure debt, those debt markets will have settled down, and that the lenders will come back to the market," he said.

Bayhill has plans to kick off fundraising for a \$50 million fund it hopes to close by the first quarter of next year. Investors have so far committed about \$5 million toward that fund, which the firm would use as seed funding across its future portfolio of projects.

For now that includes 530 Howard; the firm is also looking for the right opportunity to invest in San Francisco's office market, and is one of two finalists competing to partner with UCSF on a new life sciences development in Mission Bay, Paradis said Wednesday.

He declined to provide additional details, but public records show UCSF requested information earlier this year from development teams interested in developing "collaborative research space" at an undeveloped parcel along Mission Bay Boulevard South between 4th and 5th streets in Mission Bay.

Because the firm applied using AB 2011, a state bill meant to streamline housing projects built on commercially-zoned land, city approval could be as soon as this coming summer, Paradis said.