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Ghirardelli fractionals get sales boost from AmCup

BY J.K. DINEEN
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Fairmont Heritage Place is starting to get the wind back in its sails.

After languishing for two years during the recession, in March Fairmont Heritage Place, a luxury Ghirardelli Square fractional ownership development, had its best month of sales since 2007, when the northern waterfront property started pre-sales. Developer JMA Ventures closed three sales in the month and now has sold 200 of a total of 530 deeded shares.

JMA President Todd Chapman said he expects the pace of sales to accelerate as the America's Cup approaches. The 2013 yachting regatta will be on the Bay in front of the property and many of the units will offer some of the best views of the finish line in the city.

"We have seen a tremendous amount of interest coming from the America's Cup," said Chapman.

Fairmont Heritage Place opened in October 2008, just as Lehman Brothers declared bankruptcy. The financial crisis caused dozens of buyers to cancel pre-sales and also prompted JMA to scale back marketing and sales efforts. As the economy recovered last summer, JMA hired the Mark Co. to handle sales and late last year a new marketing push was initiated.

In addition, JMA and Fairmont dropped a two-bedroom share from \$262,000 to \$208,000 and one bedroom from \$185,000 to \$158,000. One 1/10 deeded fractional ownership allows owners to use the property for 35 nights a year and additional nights can be rented for \$100 a night.

Owners pay annual membership fee of \$9,700 for the two-bedrooms and \$7,700 for a one-bedroom.

"We did take a step back like a lot of properties to evaluate where the market was and to allow consumers to catch their breath," said Chapman.

Meanwhile, with 20 of the fractional units spoken for, JMA and Fairmont have operated the other 33 rooms as a hotel. Room rates are averaging from \$600 a night for a one-bedroom to over \$1,100 for a spacious suite — more than twice the rates at the St. Regis and the Four Seasons.

"It's a really great way for us to get quality buyers at the property who can understand why it make sense to buy here," said Chapman.

Sales Manager Fred Karpik said the ability to rent out more than half the property as hotel rooms gives fractional owners the confidence that the developer will remain solvent while selling the remaining 330 interests. He also said the fact that the first sales were closed during the worst of the financial crisis means that owners are able to maintain homeowners dues.

Last fall, the Business Times reported that the shops at Ghirardelli Square are being taken back by their lender, Royal Bank of Scotland. Michael Geller, a spokesman for Royal Bank of Scotland, confirmed that the bank is foreclosing on the property, but declined to comment further. JMA had been current on its debt service and had never missed a payment, but RBS prevented JMA from exercising two extensions that remain on the \$55 million loan.

jdineen@bizjournals.com / (415) 288-4971 ☐