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Stalled waterfront hotel with home for Teatro ZinZanni kicks back into gear

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A planned hotel with a new home for dinner circus Teatro ZinZanni is preparing to step on stage after a two-year intermission.

A joint venture between Teatro ZinZanni and local hotel developer Kenwood Investments plans to break ground on a 192-room hotel in July 2019. The waterfront project, to be located at the Embarcadero and Broadway, includes a 14,000-square-foot public park and a glass-enclosed theater to serve as a permanent home for the theater company.



TKZ BROADWAY

Operating as TKZ Broadway LLC, the joint venture acquired the site in 2014. A year later, the Port Commission and San Francisco Board of Supervisors endorsed its plan for the development.

Now it's finally ready to put on a show.

"What has happened over the course of two years was a lot of planning department and environmental reviews, which is now coming to a conclusion," said Jay Wallace, Kenwood's vice president of development. "Things take longer to get done in San Francisco. If you're going to go ahead and develop there, you have to understand that."



to more than 84 percent in 2016 — 20 percent higher than national averages for the past eight years.

There are now 859 hotel rooms under construction, and nearly 4,600 rooms proposed throughout San Francisco. The value of permits for hotels in San Francisco skyrocketed last year, increasing from about \$40 million in 2016 to \$130 million in 2017.

"The lack of sufficient hotel rooms in the city is glaring. This will be the opportunity to add more hotel room stock that the city is desperate for," Wallace said.

The North Beach and Embarcadero areas in particular will be especially hard-pressed for additional hotel rooms. Earlier this year, the city prohibited any new hotels in North Beach and Telegraph Hill due to residents' complaints. The area is largely bordered by Bay Street to the north, Columbus Ave to the west, Broadway to the south and Sansome Street to the east.

That's in addition to news this week that the Holiday Inn Fisherman's Wharf is downsizing by more than half after the lease for its main 342-room building wasn't able to renew. The hotel will continue to operate in one of its buildings, which includes 243 rooms.

The TKZ development has three hurdles to jump before it's able to bring out any shovels. It needs a conditional use authorization from the planning commission. It will then go before the Port Commission for its final long-term lease approval.

The deal is part of a 66-year ground lease with the Port, the maximum allowed by law. Annual rent will start at \$1 million, and will also include a percentage of the hotel's revenue. The last step is the Board of Supervisors. Wallace hopes to have all approvals

within four months.

Once completed, the hotel will be operated by Presidio Hotels. Kenwood CEO Darius Anderson said nightly rates will be driven by the market once the project is completed, but the development's proforma slated \$275 a night in 2021.

If all goes according to plan, the project will be open by the end of 2020.

Teatro ZinZanni had an 11-year run until it was displaced in 2011 by the Port's development of the America's Cup site. Norm Langill, ZinZanni's managing member, said its new venue will not only secure its future along the San Francisco waterfront, but also ensure its long-term financial success.

"It's an amazing location, an amazing neighborhood and it's a partnership that makes it more interesting than any other opportunity out there," Anderson said. "You have a solid tenant that is a viable enterprise, and the people of San Francisco support it as well as tourists. That was the premise when we started, and nothing has changed."

Katie Burke

Food/Hospitality/Retail Reporter
San Francisco Business Times

