

Title: Fate a complex? City's sprawling Parkmerced may be for sale as part of owner Leona Helmsley's real estate fire sale[SECOND Edition]
Source: San Francisco Examiner; San Francisco
Date: Jun 19, 1997
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Start Page: B.1
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The announcement that New York billionaire Leona Helmsley will sell much of her vast real estate empire raises speculation about the future of her largest San Francisco property, the Parkmerced apartments.

The 3,483-unit complex, which is wholly owned by two Helmsley affiliates, is being considered for sale as part of Helmsley's effort to reduce her holdings, said Ben Lambert, chairman of Eastdil Realty Co. of New York. Lambert and his associates have been selected to help Helmsley sell selected pieces of her \$5 billion real estate empire.

Whether Parkmerced will be one of those pieces, however, is not yet certain. "No decision has been made as to whether that asset - and that is a particularly valuable asset - is for sale," Lambert said.

Despite the denial, San Francisco real estate economist Allan Billingsley said selling the property now, while the market is strong, makes good economic sense.

"A big property in San Francisco? They just don't exist anymore," said Billingsley, a principal at The Sedway Group. "(Parkmerced) is really unique and San Francisco is an incredible rental market. It's a perfect time to be selling."

Although the deal may be a logical fit, officials for the two Helmsley affiliates that own the complex, Sierra Towers Corp. and First Meadows Associates, and the property management company, Parkmerced Corp. based in The City, denied that a sale was imminent.

"The property is not being marketed and is not for sale," said an attorney for the companies, who asked not to be identified. He said he feared rumors of a sale could unsettle residents.

The complex covers 76 parcels of land between S.F. State and Lake Merced and houses more than 6,000 residents. The complex was valued at \$102 million when last assessed and is considered to be worth more now.

Parkmerced is just one small piece of Helmsley's portfolio, which includes some 25 million square feet of office space, 20,000 residential units, 7,500 hotel rooms, 50 retail projects and 8 million square feet of warehouse space.

Helmsley, who served 18 months in federal prison for tax evasion, inherited the properties from her husband, Harry, who died in January at age 87. She was a fixture on the covers of the New York tabloids, who called her the "Queen of Mean" for her treatment of employees.

Helmsley has been well-known in San Francisco political circles for

her opposition to several tenants' rights initiatives. In 1991, she contributed \$75,000 in a successful effort to defeat Prop. M, a vacancy-control measure that would have limited the rent increases a landlord could charge when a new tenant moved in.

Helmsley and her husband had given \$57,000 in 1989 and \$55,000 in 1988 to defeat two similar vacancy control measures. Neither effort succeeded.

Lambert said Eastdil Realty and Helmsley will be evaluating all her properties within the next year to decide what to keep and what to sell.

"Her motive is really simple," he said. "She knows she owns a valuable portfolio and she knows the dynamics of the capital markets. . . . This is a strong capital market and a strong market for the sale of real estate. It's a good time to consider whether to reduce the size of your ownership."

Billingsley said Helmsley had picked a good time to start shopping her properties out to institutional investors. "She's a very smart lady," he said. "Right now especially, the rental apartment market is at a peak in terms of value nationally."

Billingsley said he had no doubts that Helmsley could find institutional investors who would be willing to pay top dollar for the Parkmerced complex.

"It is the type of investment property that investment institutions, pension funds and real estate investment trusts would be interested in because it's a well-maintained, stable property."

Some of Helmsley's other holdings include the master lease on the Empire State Building, the New York Helmsley hotel, office buildings and a chain of Midwest motels.

In April, Helmsley and a former partner began accepting bids on 16 buildings in Manhattan, Chicago, Texas and Newark, N.J. The properties attracted bids in excess of \$200 million.

Credit: EXAMINER STAFF