

Title: Leona Helmsley's mean deal
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Text:

Leona Helmsley, the billionaire real estate heiress labeled the "Queen of Mean," is negotiating to sell the massive Parkmerced apartment complex in San Francisco for more than \$300 million, according to people familiar with the deal.

A San Francisco-based subsidiary of Denver-based homebuilder Carmel Cos. has tied up the nearly 3,500-unit complex, the sources said, and is working with the real estate advisory arm of J.P. Morgan to line up financing. The deal could close within six to eight weeks, they said. The price: between \$330 million and \$340 million.

Ron Zeff, managing principal of Carmel Development and Management LLC, called the negotiations "preliminary" and declined to comment further.

New York's Eastdil Realty Co., which has been quietly marketing Parkmerced for more than a year, also declined to comment. Helmsley, drubbed by the New York tabloids in the 1980s for her nasty treatment of employees, served 18 months in federal prison for tax evasion.

She put the sprawling housing complex, on 19th Avenue across from San Francisco State University, on the market 21 months ago, saying she intended to sell pieces of the real estate holdings she inherited from husband Harry, who died in 1997.

Parkmerced, her biggest Bay Area asset, is wholly owned by two Helmsley affiliates, Sierra Towers Corp. and First Meadows Associates, but is only a small part of her vast, \$5 billion real estate empire.

Built in 1942 on a former military base, Parkmerced is one of the largest residential complexes in the western United States and irreplaceable because of its size. Stretching across 143 acres between SFSU and Lake Merced, it houses roughly 6,000 people. Jeff Mishkin, Marcus & Millichap's San Francisco office manager, called it "an older, quality asset with charm," and said while it hasn't cashed in on the explosive rental growth experienced in some parts of the city, it benefits from the tight housing market and its access to both the university and Highway 280.

The healthy price -- roughly \$95,000 per unit, despite its age -- reflects the value such an immense property in land-constrained San Francisco can command, Mishkin said.

"For really big players, there's absolutely nothing of its size - or even close," he said. Local brokers said Parkmerced, a rental property, is 97 percent occupied and had gross revenues of around \$59 million last year. The site contains an additional eight acres that could be developed into another 300 units.

If the deal comes together, it would be a big leap into the local market for Carmel Management.

Formed three years ago by Ron Zeff, a veteran of Trammel Crow Co. and a son of Carmel Cos. founder Kal Zeff, the company acquires and rehabilitates apartment complexes. In the Bay Area, it has bought and rehabilitated two properties in San Mateo.

Parent Carmel Cos., a privately held Denver company that builds, owns and manages multifamily properties mostly in Colorado, controls more than 8,000 units. In previous projects, the company has sought financing from San Mateo's Acacia Capital Corp. and Chicago-based Heller Financial Inc., Ron Zeff said.

Zeff said he has also co-invested with Michael Halper of ATC Partners. The two bought San Francisco's 1000 Sansome St. and share offices there.

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