

Downtown S.F. building to sell for a \$60 million song

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By Amanda Bishop

Los Angeles-based investor McCarthy Cook & Co. and New York financier Blackstone Real Estate Advisors plan to buy 33 New Montgomery for \$60 million – a price local brokers call a bargain.

McCarthy has the San Francisco building under contract and plans to complete the sale by April, according to real estate professionals familiar with the deal. Legacy Partners Inc. has had the 20-story, 225,000-square foot building on the market for several months.

CAC Group's John Cecconi and Tom Poggi are the brokers for the transaction. Both Cecconi and officials at Legacy and McCarthy & Cook declined to comment.

At \$267 per square foot, Cushman & Wakefield associate director Bob Gilley calls the price "a steal."

"That's 20 percent below market prices per square foot," Gilley said. "There's an opportunity to redo those leases. It's a quality Class A building."

The building is fully leased with Hartford Insurance and law firm Munger, Tolles & Olson LLP as major tenants. Several of the leases are reportedly up for renewal soon.

Jay Sholl, a senior vice president at CB Richard Ellis Inc., agreed. "Anything under \$300 per square foot, you are doing great," Sholl said.

Sale prices, which rose from \$247 in 1998 to \$268 last year according to a Cushman & Wakefield, study show no sign of slowing. The brokers project Class A properties will trade for an average of \$295 per square foot this year. Total San Francisco investment sales fell slightly last year to a total of about \$390 million, but Cushman expects them to rocket back to \$626 million this year.

McCarthy focuses on office and mixed use acquisitions in California. Since its founding in 1995, the company has acquired about 3 million square feet of properties and is the developer of another 1 million square feet in Los Angeles, San Francisco, Orange County, Sacramento and San Diego. McCarthy is the owner of China Basin Landing located South of Market.

Foster City-based Legacy, the Bay Area's largest commercial developer, is selling 33 New Montgomery two years after severing ties with Lincoln Property Co. Dallas-based Lincoln developed the building in 1986.

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