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BUSINESS

Group set to buy Fashion Center

SOMA site valued over \$20 million

By Wendy Tanaka
OF THE EXAMINER STAFF

A Bay Area investor group is expected to buy The City's troubled Fashion Center Wednesday for upwards of \$20 million.

The four local investors are Martin Zankel, a partner in the San Francisco law firm of Bartko, Zankel, Tarrant and Miller; Bernard Osher, chairman of San Francisco auction house Butterfield & Butterfield; Irving Rabin, president of Rabin Bros. Auctioneers in

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Group ready to buy Fashion Center

The City, and Sacramento real estate developer Buzz Oats.

David Polatnik, a San Francisco-based commercial real estate manager and developer, will manage the property. He said the acquisition price for the six-story, 740,000-square-foot building at Eighth and Townsend streets will be in the mid-20 million range.

A source close to the situation, however, said the purchase price is likely to be \$27 million.

Polatnik said the investors are considering a number of uses for the cavernous Fashion Center, which foreclosed last March. "One of the target markets is multimedia," he said since the building is situated in what is known as Multimedia Gulch. "There are also retail and office space opportunities."

Zankel said plans for the complex are preliminary at this point. Just last month, Dallas-based

Trammell Crow Co. and Crow Family Holdings, which owns the Dallas Mart, bowed out of buying the Fashion Center for an undisclosed price. Bert Sandell, managing director of Trammell Crow's Foster City office said his company needed more time to sort through conversion issues involving The City's planning and building departments than Pittsburgh-based Mellon Bank was willing to allow. Mellon Bank made the initial \$100 million construction loan for the Fashion Center and took back the property through foreclosure.

The huge complex, developed by Atlanta-based Portman Cos. for \$91 million, leased showroom space to clothing manufacturer sales representatives.

But the complex never achieved full occupancy. At its peak, only 50 percent of its showrooms were leased.

Industry experts said bad timing was a major factor in the Fashion Center's weak performance. The Fashion Center opened in 1990 at the beginning of a state-wide recession.