

Southland Center on Market, Says Developer

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Hayward, CA - Southland Shopping Center is going up for sale, a local property developer said.

Owner Lend Lease Real Estate Investments is "marketing the mall," said Mike Halper, whose San Francisco-based ATC Partners LLC just purchased the Lend-Lease owned office complex behind the mall.

A spokesman for the Atlanta-and New York-headquartered Lend Lease declined to comment.

General Growth Properties Inc., which has managed the property since 1995 and which was named as a possible purchaser, also refused to comment.

The 1.1 million-square-foot mall recently that it is 100 percent leased through the holiday season.

It is well-known that Lend Lease is "liquidating a significant part of its assets," said Keith Fink, asset manager for the company.

Lend Lease, then known as Equitable Life Assurance Co., acquired the property in 1996, when it foreclosed on owners Sam Zell, Bob Lurie and a group called the Southland Investors. Lurie is a former owner of the San Francisco Giants baseball team.

The mall has been in transition for a while, said Tom White, a local commercial real estate agent, because Lend Lease never "intended to own" the property.

Chicago-based General Growth Properties is one of the largest owners and operators of regional malls in the country. It owns eight malls in California, including NewPark mall in Newark, and operates six others.

General Growth is a "likely buyer" for Southland, said Margaret Galloway, a principal with NationsBanc Montgomery Securities in San Francisco.

The company has capital and it doesn't have a big presence in California, she said.

Although the real estate investment trust sector has been down about 20 percent this year, Galloway added, General Growth has "held up quite well."

According to another analyst, however, General Growth does not usually purchase "fully stabilized, fully occupied" properties.

They are good developers, said William Acheson of Salomon Smith Barney in New York, who usually look to buy "something with upside possibilities."

Although the mall is doing well, chain outlets there are generally middle-ranged performers when compared with other stores, said Rick Fiedelman, director of Consumer Business Practice, accounting, tax and business consulting advisers for the retail industry.

In any case, though, a change of ownership likely would have little effect on current tenants, Fiedelman said.

"When you get a new landlord, what matters is whether they're going to put money in to freshen it up, how tenant-friendly they are," he said. "You can't easily extract higher rents from national chains."

by Alisa Roth - from The Daily Review