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Levi Strauss inks \$300M headquarters deal

San Francisco jeans maker signs lease of the decade

San Francisco Business Times - by [Steve Ginsberg](#) Business Times Staff Writer

Levi Strauss & Co. has signed a letter of intent to renew its lease for 620,000 square feet at Levi Plaza. Based on square footage, it is San Francisco's largest lease deal of the decade.

The price of the 15-year lease was not revealed, but rent is estimated at more than \$35 a square foot, which would value the lease at more than \$300 million.

Levi will invest several million dollars more in modernizing its 17-year-old campus-style headquarters to "make it more reflective of our evolving corporate culture and image," said Susan Shipley, vice president of real estate.

That work, slated to begin in 1999, will touch all three major buildings in the campus, including the company's executive suites. The new, open look will be more conducive to team interaction. Levi's new European headquarters, to open in Brussels in May, will share the looser look.

Levi will occupy less space at Levi's Plaza than it did in 1981, when it first moved onto the campus. The company's 1997 revenue slump is reflected by the size of its San Francisco work force, which has shrunk slightly in the last two years to 1,700 employees. Most of Levi's cuts have been at factories in the United States and overseas.

Levi is giving up the site's 64,000-square-foot Saddleman Building where its pattern makers, consumer affairs and engineering groups were housed. Also, it will eventually move out of the campus's Koshland Building where it retains 80,000 square feet. Levi will use Koshland as swing space to house groups as their space undergoes redesign.

The flexibility of the Koshland space was key in making the deal with landlord Blue Jeans Equity West, a group comprised of Gerson Bakar, Al Wilsey, Jim Joseph and Equitable Real Estate.

Real estate insiders speculated that Levi might leave Levi Plaza after contentious rent negotiations over a rent increase led to arbitration proceedings three years ago.

Levi hired Staubach Co. to assess its headquarters options, but never seriously considered leaving San Francisco or Levi Plaza, located at the end of Battery Street at the Embarcadero. It is the only true corporate campus in the city, with 66 percent of its space dedicated to park land or open plazas.

In 1991, Levi's acquired the campus's 200,000-square-foot Ice House property, which it will retain and redesign.

Gary Arabian and Bill Cumbelich of the CAC Group represented the landlords in the deal and are currently marketing the Saddleman building space at rent near \$40 a square foot. Staubach's Tony Lautman and Steve Levere represented Levi.

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