

Worth its weight in gold

NY building sold for \$1,000 a foot

By Steve Brown

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Within the walls of Tiffany & Co.'s elegant Manhattan store, you'll find a king's ransom of precious gems, silver and gold.

But even Tiffany's priceless merchandise doesn't outshine the Fifth Avenue building that houses the famous jewelry store.

The 11-story midtown Manhattan structure sold Wednesday for the highest per-square-foot price ever paid for a piece of U.S. investment real estate — about \$1,000 per square foot.

Pacific Realty Corp. of Dallas, which had owned the Tiffany & Co. building for just more than a year, sold the New York landmark to a Japanese real estate investment firm, Dai-ichi Real Estate Co.

News of the pending sale, which surfaced in the New York real estate market a few weeks ago, only added to the current investment market furor over Japanese investors. In recent months, Japanese buyers have snapped up several major U.S. commercial

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properties — including the 52-story Arco Tower in downtown Los Angeles and the ABC headquarters in New York.

Dai-ichi paid more than \$94 million for the Tiffany & Co. building, an art deco landmark located at 57th street and Fifth Avenue, next to the posh Trump Tower and across the street from Bergdorf Goodman.

Tiffany's retail store and administrative offices occupy the entire building, which was constructed in 1940.

Officials with developer Pacific Realty, which bought the building as an investment, were returning to Dallas Wednesday and could not be

reached for details of the sale — including how much profit the company gained from the transaction.

But New York real estate industry members contacted Wednesday didn't dispute Pacific's announcement that the Tiffany sale was the highest price ever paid for a commercial building.

"I wouldn't be surprised if it is," said Claude Ballard, a partner with New York investment banker Goldman, Sachs & Co. "Certainly, New York is one of the best real estate markets in the United States right now."

The highest price ever paid for a downtown building site in Dallas was just more than \$300 per square foot. Most first-class office building in Dallas has sold for less than \$150

per square foot.

"The top of the (midtown Manhattan) market is going to be \$600 to \$700 per square foot — that's for the smaller properties," said Bob Knakal, a broker in Coldwell Banker Commercial Real Estate Services' Manhattan office. "The Tiffany building is one of the major properties that would command a tremendous price."

Knakal said recent purchases by foreign investors — particularly the Japanese — have increased prices for well-located midtown real estate.

"I wouldn't say there is a big boom in New York real estate prices, but the buyers are getting a little more aggressive because it is foreign money."