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## Pfizer building deal closes for \$190M

August 16, 2010 07:30PM

By Amy Tenney

After a series of companies threw their hats in the ring for the purchase of Pfizer's 685 Third Avenue, retirement group TIAA-CREF has closed on the purchase at a price coming in above the reported bids.

The final price was \$190 million, according to city documents filed Aug. 9, and a spokesperson for TIAA-CREF confirmed that it was the winning bidder on the property, but would not disclose any more information about the deal.

At nearly 560,000 square feet, according to PropertyShark.com and city documents, the price per square foot for the building -- which will be delivered empty, reports show -- earlier this summer, was roughly \$340 per square foot (the seller pegs the size at around 650,000 square feet).

In June, it was reported that more than a dozen bidders were vying for the building with prices hovering around \$150 million. The closing price is about 27 percent over the offers.

At the time of the bids, some industry experts were concerned that poor market momentum would hamper the sale.

Rumored bidders SL Green and Vornado Realty Trust also declined to comment, although the former did confirm that it had submitted a bid.

Industry experts, including Robert Knakal, chairman of Massey Knakal Realty Services, who was not a part of the Pfizer building sale, said that this deal is an indicator of strength in the Midtown market.

"Anything in Midtown is going to get a lot of interest from the buying community," Knakal said. "There are many more people looking to buy investment properties than there are for sale."

Knakal added the deal had a "good [closing] price, from the seller's perspective."

A source with knowledge of the deal described it as "a(n) indication of the strength of core Midtown properties."

Still, the \$340-per-square-foot closing price is well below the average for office buildings sold in the second quarter of the year, according to a report from Massey Knakal, which showed the average price per square foot around \$523.

A recent commercial market analysis by *The Real Deal* in the August issue of the magazine shows that conditions are still tenuous [in the Midtown office market](#).

Despite market tectonics, a spokesperson for Pfizer said that the move was practical, not strategic.

"Pfizer was consolidating its real estate footprint in New York City," the spokesperson said.



TIAA-CREF in, Pfizer out at 685 Third Avenue

The drug maker's corporate headquarters are located in Midtown, documents show, at 235 East 42nd Street.

CB Richard Ellis, which marketed the property, declined to comment.

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