

First Boston Acquires Nation's Largest Condominium

In the largest condominium purchase in U.S. real estate history, a subsidiary of First Boston Inc. has recently taken title to 813,757 square feet of space at 1166 Avenue of the Americas in Midtown Manhattan. The condominium comprises office space on floors 24 through 44, supplemented by a 25,000 square-foot corporate plaza with a restaurant, fountains and concert seating which leads to a private lobby with retail stores and a second-floor private reception area. Included on the office floors are such amenities as a corporate fitness center, a training complex, multiple dining areas and a high-ceilinged executive penthouse floor. The office facilities were uniquely designed for the seller, International Paper Company, and have been the subject of feature articles in two separate issues of Interior Design magazine.

First Boston's purchase transpired less than a year after International Paper itself bought the condominium from Teachers Insurance & Annuity Association. By acting quickly, the investment banking firm was able to avail itself of several advantages unique to this property, including an abatement of real estate taxes which will continue for another 16 years, generating approximately \$8.00 per square foot in annual savings compared to buildings of like quality.

First Boston has also acquired necessary expansion space for its own operations at an annual cost far lower than it would have incurred in any property of comparable quality and location, while making an extremely attractive investment for the future.

For International Paper, the sale generated substantial long-term capital gains and considerably reduced its overhead. Additionally, it enabled the Company to decentralize operations according to the needs of its individual units. (See Page 5.)

Broker in the transaction was Kenneth D. Laub, President of Kenneth D. Laub & Company, Inc., who had also represented International Paper in its initial purchase of the condominium only nine months earlier. Through these two transactions, Laub's negotiations totalled approximately \$400 million in value.

Once the election was made to resell the property, the Laub Organization began a

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marketing program geared to identify and solicit those companies which could best take advantage of this particular purchase opportunity. This approach led to First Boston.

Central to creating First Boston's interest in the transaction was the financial analysis prepared by the Laub Company evaluating the property's characteristics and positively indicating why First Boston should consider this property an excellent investment and/or alternative for their own occupancy. This included an appraisal of the property's value; an analysis of the future impact of the resale or leasing of part or all of the unit; projections of tax abatements and income tax benefits as variables in occupancy costs; and a variety of other factors that would influence First Boston's consideration to become an owner/user or an investor.

As the new owner, First Boston will utilize the bulk of the condominium for its own operations, while leasing the remainder of the space to Air Canada, Equitable Life Assurance Society, Cushman & Wakefield and several retail tenants. The lower half of this condominium building is owned and occupied by the New York Telephone Company.