



AIG Evaluating Sale of New York Headquarters Building (Update3)

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By David M. Levitt



March 18 (Bloomberg) -- **American International Group Inc.**, the insurer that received a \$173 billion U.S. bailout, is considering a sale of its New York headquarters and another tower in lower Manhattan to help repay the government.

AIG is evaluating the sale of 70 Pine St. and 72 Wall St., spokesman **Mark Herr** said in an e-mail today. Two years ago the properties were likely worth about \$315 million, said **Dan Fasulo**, managing director of Real Capital Analytics Inc., a New York-based firm that tracks commercial real estate sales.

"This is part of AIG's divestiture strategy and effort to maximize operating efficiency," Herr said in a statement. "Market interest received will help determine the best course of action."

AIG's plan to raise cash by selling assets has fallen short because the credit crisis sidelined would-be buyers. The company is trying to sell its Manhattan headquarters more than a year after commercial property values peaked. Prices for U.S. office buildings, retail and industrial properties and for rental apartments dropped by almost 15 percent in 2008, Moody's Investors Service said Feb. 19.

The insurer also put its 15-story Tokyo headquarters on the market last month. That building lies in **Marunouchi**, Japan's most expensive business district, and is near the Imperial Palace.

Hard to Value

The 66-story Pine Street headquarters in New York was completed in 1932 and has about 775,000 square feet, according to Emporis.com, a property database. The Wall Street building is 16 stories and has about 279,000 square feet, according to MrOfficespace.com. The towers are connected by a sky bridge seven stories above Pine Street.

At 952 feet (290 meters), the tower is New York's fifth-tallest building, according to **Emporis**.

CB Richard Ellis Group Inc. brokers **Darcy Stacom** and **William Shanahan**, who sold Manhattan's General Motors Building last year, are marketing the AIG properties, according to CB Richard Ellis spokesman **Philip Russo**. The Los Angeles-based company is the world's largest commercial property brokerage.

At the height of New York's office boom, the towers might have fetched about \$300 a square foot, Fasulo said. Valuing them now is difficult because so few buildings have traded hands in the city in the last year, he said. Real Capital estimates **prices** may have declined about 24 percent from the 2007 market peak.

The Art-Deco skyscraper's "highest and best use" is probably residential, Fasulo said, though falling prices for some Manhattan condominiums could force AIG to promise a buyer it would stay in the building as a rental tenant for two or three years.

Lease-Back Option

"If you did a two- to three-year leaseback, and then started a redevelopment in 2012, you'd be done in 2014 when all the World Trade Center redevelopment stuff is coming on line," Fasulo said, referring to four office towers, retail space and a new transportation hub being constructed downtown.

"At that point it gets real interesting," Fasulo said. "At a certain price you could get some real investor interest."