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Ruben Pitching Tower Near UN Headquarters

In a rare offering by an old-line Manhattan developer, Ruben Cos. is marketing an office tower that it built in 1974 near the United Nations headquarters.

The 815,000-square-foot property, at One Dag Hammarskjold Plaza, is valued at up to \$650 million, or nearly \$800/sf. At that price, the buyer's initial annual yield would be in the low 4% area.

Cushman & Wakefield is representing Ruben, which is pitching the 97%-leased property to core investors. Rents are below the market average, so there would be room to raise them as leases roll over.

The 50-story skyscraper, which was designed by architect Emery Roth, has 768,000 sf of office space and 47,000 sf of retail space. The tenants include Sloan Kettering Memorial Hospital, The Population Council, Telerep and the U.N. The rent roll also includes the U.N. delegations of numerous countries, such as Canada, Denmark, France, Ireland and the U.K. All told, about half of the space is leased to tenants tied to the U.N.

In 2015, Ruben completed an extensive renovation that included upgrades to the ventilation systems, the two-story lobby and a public plaza. There is parking for some 230 vehicles.

The property, whose alternate address is 885 Second Avenue, stretches from East 47th to East 48th Streets, a block west of the United Nations Secretariat Building and two blocks east of Grand Central Terminal. Because it is mostly surrounded by low-rise buildings, the property offers views of the Midtown skyline to the west and the East River, Queens and Brooklyn to the east.

The surrounding East Side submarket has 24 million sf of space that was about 87% leased on March 31, according to Newmark. The average asking rent is \$73.63/sf, under the Midtown Manhattan average of \$80.51/sf.

The family-run Ruben Cos., one of the biggest names in Manhattan development, is a long-term holder that rarely sells. But it did complete a disposition in January, selling the 626,000-sf office building at 1700 Broadway, between West 53rd and West 54th Streets, to Boston fund operator Rockpoint Group for \$453.1 million, or \$734/sf. Cushman also brokered that transaction. Ruben developed that 42-story tower in 1968.

