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Pricey Purchase on the Promenade: Nearly \$60 Million for Apple Store

ByKris Hudson



Bloomberg News

The Apple store under construction on Santa Monica's Third Street Promenade would replace the existing store, shown here.

How valuable is an Apple store in one of the premier shopping venues in the U.S.? In Santa Monica, Calif., the answer is nearly \$60 million.

Bloomberg News [reported earlier this week](#) that Nakash Holdings, the investment company of denim moguls Avi, Ralph and Joseph Nakash of Jordache Enterprises fame, had bought a 17,550-square-foot Apple store under construction on Santa Monica's famed Third Street Promenade.

But the deal becomes even more notable as details about the price tag emerge. It amounts to a Manhattan-esque price per square foot of roughly \$3,400, according to people familiar with the deal.

Brokers involved in the transaction say it likely ranks among the highest prices on a per-square-foot basis on the West Coast in several years. Properties occupied by Apple stores typically fetch high prices due to the stores' astronomical sales volumes.

"We try to focus on buying the best buildings in the best locations with the best tenants," said Jonathan

Bennett, Nakash's director of real estate. "This is the trifecta: Great location, great building and the best retail tenant you could hope for in this market environment."

Retailers on the multiblock pedestrian promenade pay annual rents ranging from \$150 to \$250 per square foot, according to Colliers International, a brokerage representing the sellers in the deal. The promenade has gained momentum of late following the 2010 reopening of Macerich Co.'s redeveloped Santa Monica Place mall at the promenade's south end. The new Apple store is at 1415 Third Street Promenade.

Nakash bought the Apple building on Monday from a joint venture of ASB Capital Management and Blatteis & Schnur Inc. The sellers had owned the building for nearly two years, buying it vacant in late 2010 for \$26 million and landing Apple as the project's sole tenant. The property previously had housed a Borders store and then an outlet of local retailer Kitson. After buying the site, ASB, Blatteis and Apple opted to raze the 30,000-square-foot structure there and rebuild a store to Apple's specifications.

Apple will move its existing store from elsewhere on the promenade into the new building by November. The new structure will include one level below ground, one above and a mezzanine floor.

Representing ASB and Blatteis in the deal were Colliers' Steve Algermissen and Cushman & Wakefield's Kazuko Morgan. Representing Nakash were Cushman & Wakefield's Leslie Mayer and Koniver Stern Group.

Corrections & Amplifications: An earlier version of this post misstated the representation for Nakash Holdings. Cushman & Wakefield's Leslie Mayer and Koniver Stern Group represented Nakash, not Cushman & Wakefield's Kazuko Morgan. Ms. Morgan represented the sellers.

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