

Interview

An Enormous Responsibility

An Interview with Larry A. Silverstein,
President and Chief Executive Officer, Silverstein Properties, Inc.



Larry A. Silverstein

EDITORS' NOTE Larry Silverstein is a member of the New York Bar Association and a Governor of the Real Estate Board of New York, of which he has also served as the Chairman. He served as Vice Chairman of the New York University Board of Trustees and is the founder and Chairman Emeritus of the New York University Real Estate Institute. Silverstein founded Silverstein Properties, Inc., in 1957.

COMPANY BRIEF New York-based Silverstein Properties, Inc. (www.silversteinproperties.com), is a real estate development and investment firm that has owned, managed, and developed over 20 million square feet of office, residential, and retail space. Current properties include 7 World Trade Center, 120 Broadway, 120 Wall Street, 529 Fifth Avenue, 570 Seventh Avenue, 575 Lexington Avenue, and One River Place and Two River Place – all in Manhattan. The firm also has a variety of projects under development, including the largest residential housing development in the city and a new Four Seasons hotel/condominium downtown.

Silverstein Properties is currently rebuilding the office component of the World Trade Center site. What progress has been made?

We're on the verge of real construction. All the planning has been done and all the design documents are finished. We broke ground on Towers 3 and 4 in February, and in July, we'll start building Tower 2. This construction

requires about \$7 billion in investment and will result in seven million square feet of space. It's a huge challenge and responsibility, but honestly, it's a privilege to be able to do it. It has taken six-plus years to get here, and we've dealt with so many different governmental entities – each with its own agenda. Happily, that is all behind us. Governor Spitzer accomplished a great deal. In three months he got us all of the money our insurance companies owed – 100 cents on the dollar. Mayor Bloomberg has been a constant force for rebuilding. So we're moving forward and I'm enormously excited about it.

People might have thought you were crazy rebuilding the World Trade Center. Did you always know it would work?

I firmly believed it would work. There were many naysayers who did not hesitate to make their opinions public, but I had been there before: In 1987, it took the original 7 World Trade Center about a year to start leasing, but after a year, things began to move. Not very long after, the building became fully occupied. So there was no doubt in my mind we would find ourselves successful in leasing space in the new towers, starting with 7 World Trade Center. There is nothing of a similar quality downtown. It's a beautifully designed building and it's at the technological forefront. It's built using LEED [Leadership in Energy and Environmental Design] environmental standards. It's as good a building as one could build – probably the best building ever built in America, from a life safety standpoint, a technological standpoint, and a sustainable design standpoint. And of course, the design by David Childs is first-class, as well.

You seem focused on not only erecting new buildings in downtown Manhattan, but also on rebuilding the community itself.

The responsibility was enormous. We knew what we were doing at 7 World Trade Center would affect, for all time, what would happen in lower Manhattan. Prior to 9/11, the World Trade Center was the financial locomotive of lower Manhattan and was, therefore, of enormous importance. The major negative of the World Trade Center is that it was built on a super block – up on a pedestal – and it blocked Greenwich Street and Fulton Street. Many people felt it wasn't part of the fabric of downtown. So it became obvious that, if we were going to do the right thing for the site, it would need to be redeveloped to include the street grid. We

had the absolute right to rebuild the original 7 WTC on the super block, but at 70 years of age, I realized that it just wasn't the right thing to do. I've been part of this community all of my life; whatever I've made of my life, I made it in New York City. And it's a great city. So, in good conscience, I couldn't build something that would be bad for the city. We pulled the building back as far west as we could, and we ended up with about 400,000 less square feet than what we were entitled to have. We also commissioned contemporary artist Jenny Holzer to create a major work for the new building's lobby. It's really something. We also ended up with a triangle of property on the other side of Greenwich Street, and decided to build a little gem of a park there. The park contains a very popular sculpture by Jeff Koons.

You seem to have been focused for quite sometime on environmentally sustainable buildings. Why do you think there has been such a shift towards these types of projects?

First, tenants today are cognizant of the importance of the environment in which their people work and function. Having a building that's LEED-certified is a very important aspect of their consideration when they decide where to move and what they're willing to pay for that space. Building green buildings has become critical to attracting first-class tenants. Achieving LEED Gold-level certification is really spectacular; we're very proud of that. All of the buildings we are building at the WTC will be LEED Gold certified. We'll provide better environments for people to work in. The air quality is vastly superior, for instance. During construction, we eliminated the use of all high-sulfur-content fuel, and that's costly, but you have to do it. It eliminates 90 percent of the pollution in the air. We also used clear glass to protect the views and to allow light to come into the deepest recesses of our floors. That's important. We also collect rainwater on the roof of the building for use in cooling the building and irrigating the park, and we used recyclable materials in constructing the building. And of course, the life safety factors we put into this building are nothing short of extraordinary. We learned many lessons on 9/11 and applied those lessons to the designs of the new buildings. I knew we were going to occupy space in this building; two of my children working with the firm and our 150 employees are my extended family. It became obvious to



me that there was only one way to do this, and that is to build it to the best of our ability.

What would some of the members of your extended family, as you called them, say about working for you?

They'd say, "Good God! He's the most miserable SOB I could ever work for! A terrible, terrible boss!" Seriously, the best thing you could do is ask them directly.

Some people say Larry Silverstein will never slow down. Do you ever think about taking it easy?

Yes, I do. When I'm six feet under, I'll probably take it easy. Until then, what the hell am I going to do that for? First of all, there's a lot to do. Secondly, I find myself very excited by it. It's stimulative. It's challenging. It's exciting. It's adrenalin-producing. It's what I do. It's what I've done all my life – I become fully involved in anything I do. I'm very hands-on. If I'm going to do something, I'm going to be hands-on. I believe if you do something in life, you should do it with passion or don't do it at all. So whatever I do, I do it with a passion. I involve myself totally. I push myself to generate the best results I can in the shortest period of time because, when you become 76, time gets tighter and, thus, the importance of moving with alacrity increases. So I don't waste time.

You also have always been very focused on philanthropy and giving to the community. Does that personal passion of yours permeate the culture of Silverstein Properties as well?

Prior to 9/11, I spent at least 50 percent of my time on interests that had nothing to do with business. I was invited to join the board of trustees of New York University in 1970 or 1971. At that time, I was 40 years of age and the youngest board member. I looked around and saw all these old people, and said, "Oh dear God, what am I doing here?" But I'm now the longest-serving member of that board. It has been one of the joys of my life. I founded the New York University Real Estate Institute back in 1967, because I realized there was no place a real estate professional could go to become more professional – to learn the business, become an expert in it, tone his skills, and diversify his knowledge. We started with three classes and 30 professionals, and over a period of years, it mushroomed into over 300 courses and 15,000 adult professionals. Today, we even have graduate degrees and so forth. So it has been a major time investment.

The United Jewish Appeal and Federation of Jewish Philanthropies are another enormously important part of my life. I gave three years of my life to be Chairman of the Board. It was extremely fulfilling and enormously gratifying. That organization raises almost \$300 million a year and the Jewish community uses that money to fund humanitarian services that touch the lives of two and a half million people a year in the city of New York – regardless of their ethnicity, color, or creed. It's an extraordinary organization and an important part of my life. My wife and I will be deeply involved in that one as long as we continue to function.

Even after the headaches, frustration, and challenges of running a business for as long as you have, not to mention the tragedy of 9/11, you look very healthy and happy. You have tons of energy. What's your secret?

First, I try to work out as many times during the week as I possibly can. I do my workout regimen early in the morning, because if I don't, I won't do it at all. That workout is terribly important, and I follow it with laps in the pool. I also do movements in the pool that make the aches and pains much less intense. Number two, I find that I like looking at life with the glass half full, as opposed to half empty. So having a positive attitude makes things a lot better and more enjoyable. I'm a believer in living, in enjoying, and in doing. I think every day is a precious one and you shouldn't waste it – you should use it. You should maximize the opportunity that each day gives you. That's part of being somebody who is vitally concerned with what's going on around him. That's my life.

You have two children in the business.

Yes. I have three children, two of whom are in the business.

Does that make it even harder to get away from the business and just enjoy time with your family?

We sneak it in here or there. But one of the greatest joys in my life are my children and my grandchildren. I have eight grandchildren and there's nothing as good as having them with you so that you can enjoy them, love them, and participate in life with them. It is just one of the greatest dimensions anybody can have to their lives. I'm very blessed. I have a wonderful wife, and we have spent almost 52 years together and have three terrific kids and eight grandchildren. What else could you ask for? ●

Tower 2, one of three buildings Silverstein Properties is constructing on the site of the former World Trade Towers