

Rebuilding the Trade Center

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

EDITORS' NOTE In July 2001, Larry Silverstein completed the largest real estate transaction in New York history when he signed a 99-year lease on the 10.6-million-square-foot World Trade Center for \$3.25 billion only to see it destroyed in terrorist attacks six weeks later on September 11, 2001. He is currently rebuilding the office component of the World Trade Center site, a \$7-billion project. Silverstein owns and manages 120 Broadway, 120 Wall Street, 529 Fifth Avenue, and 570 Seventh Avenue. In 2008, Silverstein announced an agreement with Four Seasons Hotels and



Larry A. Silverstein (above);
the World Trade Center
rendering (right)

Resorts to operate a hotel and private residences within a new development at 99 Church Street in downtown Manhattan. Silverstein is a member of the New York Bar and a Governor of the Real Estate Board of New York, having served as its 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. As a Professor of Real Estate, his "Silverstein Workshop" became one of the most attended and informative educational sources for learning real estate development and investment analysis. Silverstein contributes his time and resources to organizations that are dedicated to education and medical research, meeting humanitarian needs, and supporting the arts.

COMPANY BRIEF Manhattan-based Silverstein Properties, Inc. (www.silversteinproperties.com), is a real estate development and investment firm that has developed, owned, and managed 35 million square feet of office, residential, and retail space. The firm currently has \$10 billion worth of development activity in the pipeline.

Were you surprised by the depth and severity of the recession and where are we today?

I was surprised by the depth and the swiftness with which it took place. My assumption was that we would come out of this a lot faster and sooner than we did across the country. It also took longer than I expected it to take in New York City. However, the city recovered much better than most other places in America with a few exceptions.

How has the rebuilding of the World Trade Center site progressed and what is your final vision for that site?

The progress at the Trade Center site for many years was very slow. I was frustrated because I was able to build 7 World Trade Center in a four-year time frame.

We went into the ground in 2002, and by 2006, we finished it after everybody had predicted that the building would never succeed. We financed it for 40 years. We leased it and today, it's over 90 percent rented. The building has been enormously successful.

The sad thing is that with the balance of the site, we could have done what we did on 7 if given the opportunity to do so. Unfortunately, we went

through four governors serving New York, five governors in New Jersey, and five executive directors of the Port Authority. We've been blessed with only one mayor, Michael Bloomberg, and he has been enormously helpful to us and to the progress of the site.

Today, primarily because of the intervention of Mayor Bloomberg, we have reached an agreement with the state of New York and New Jersey, the City of New York, and the Port Authority, and things are going very well.

I look at the site on a daily basis and I'm thrilled with the degree of progress that prevails today. The good news is that Tower 1 – what we used to refer to as the Freedom Tower – is on the 80th floor in terms of construction. It is so gratifying to see Condé Nast lease space in Tower 1; it's part of everything we've been working toward accomplishing at the Trade Center site. It's a win-win for the Port Authority and for us, for lower Manhattan, and the city of New York in general.

Tower 4 is also under construction. Designed by Fumihiko Maki, it is a 72-story structure that will contain 2.5 million square feet of space. That is now at about the 50th floor. That tower has been financed by the Port Authority and the Port has also leased 600,000 square feet in it and another 600,000 feet has been leased by the city.

The foundation construction is proceeding swiftly on Tower 3 as on Tower 2. Tower 2, the largest of buildings 2, 3, and 4 – for which I'm responsible – will contain 3.2 million square feet of space upon its completion. It will top out at 1,250 feet, which makes it about the size of the Empire State Building. There is interest in the occupancy of that tower by potential



tenancies that have the capacity of occupying its entirety. So that is gratifying, especially since that building is based upon the need of a tenant.

We have the same level of interest in Tower 3. So it's conceivable that by virtue of the quality of the buildings and the mass transit that is available to them; by virtue of the fact that the designs are each iconic; and the fact that these are green buildings with the latest technology, we'll find ourselves in a heavily committed state for the space that is beginning to rise at the Trade Center.

So if the world holds together, we might succeed here in a reasonable timeframe.

Is it challenging sometimes with all the outside pressures that come along with this project?

In managing something of this nature, where there is no shortage of guidance and criticism, I knew it would be necessary to intensify my focus to recognize what was white noise and what was important, and to focus on rebuilding the Trade Center to the best of my ability as quickly as possible. Keeping that focus at the beginning was difficult, but over time, it became easier.

I expected we could do this in 10 years and be finished in 2011; I now realize it's going to take until 2015 or 2016. But it will be an incredible development for New York – a \$20-billion venture that will have created a whole neighborhood downtown, a 24/7 community containing in excess of 10 million square feet of space and over 600,000 square feet of retail space in each of these buildings.

The quality of what we're doing is going to be outstanding and it will become a first-class quality experience for people who want to live in a spectacular area with magnificent new architecture and everything unique. We're collaborating with an extraordinary group of architects and incredible talent that is recognized worldwide. ●