

The Importance of Real Estate

An Interview with Steven Spinola,
President, Real Estate Board of New York

EDITORS' NOTE Before assuming his current role in June of 1986, Steven Spinola served as President of the New York City Public Development Corporation. Prior to this, he held a number of senior positions with the New York City Office of Economic Development, culminating in his appointment as Deputy Director and Chief of Staff for Development. Before entering municipal government, he served as a legislative assistant on the staff of the New York State Assembly Education Committee. He holds a B.A. from the City College of New York and attended the Kennedy School of Government summer program for senior managers in government.



Steven Spinola

ORGANIZATION BRIEF Founded in 1896, the Real Estate Board of New York (www.rebny.com; REBNY) is the real estate industry's leading trade association in the New York metropolitan area with more than 12,000 members including the city's top building owners, developers, brokers, and managers, as well as banks, insurance companies, brokerage houses, and other individuals and institutions professionally involved in New York real estate. The organization is an advocate of policies to promote local economic growth and represents industry positions before various legislative, regulatory, and executive government bodies. It also conducts and publishes extensive industry research and provides qualifying courses and master seminars in real estate specialties.

How do you define the mission of REBNY and the impact it has for the industry?

The key mission is helping make New York City a more productive city that encourages investment that creates job opportunities for New Yorkers, because when New York City is thriving, this industry is thriving.

We believe we are the most important industry for New York City. Real estate taxes generate close to \$18 billion out of a city budget of \$67 billion, which is at least double what income taxes bring to the city and three or four times more than corporate or sales taxes. So real estate is an important revenue source by which the city balances its budget and pays for services.

Our mission is to figure out how New York City can best work for businesses who desire to operate and invest here.

How was New York City impacted by the global economic crisis and where is it today in regard to recovery?

New York City and Washington, D.C. were the two cities that didn't feel as much pain as others.

The city as a whole has done better than the rest of the country, in part because of the kind of leadership we have had at City Hall for the past nine years with Mayor Bloomberg, and the eight years prior to that with Mayor Giuliani. They recognize that it is im-

portant to be pro-business and they proved that this city is manageable.

Mayor Bloomberg has taken on some tough issues and has succeeded with many of them while still continuing the battle on others. He gave the financial world – the investors and business community – a sense of confidence in New York, which was critical to the city leading the way out of this recession.

Is building and new development coming back?

I know of at least six 80/20 residential projects – 80 percent market rate and 20 percent low income – that have either broken ground or are about to break ground and that will generate about \$1.5 billion for the city.

One of the reasons New York didn't go into a terrible decline is that we hadn't overbuilt again on the office side. Since the '80s, when we saw a bit of a glut, we have only been averaging building one to two million square feet of office space per year which, in a city that has about 500 million square feet of office space, is probably too little. Because of that, we didn't have a 25 percent vacancy rate in our office space as other cities have had. Vacancy rates were up to the low- to mid-teens and are now back down to approximately 11 or 12 percent.

On the other hand, we do have some significant projects in the pipeline. We're going to see millions of square feet built at the World Trade Center over the next four to five years and The Related Companies is moving ahead and ramping up for the Hudson River Yards project that could potentially bring 10 million square feet in.

Technology is having a great impact on the way every organization operates today. What effect is it having on REBNY operations?

We're in the process of updating our Web site so it will be not only more user friendly but will also offer more services.

For instance, to help our advocacy efforts reach elected officials, we have created a REBNY Action Center on our site where our members can enter their address and automatically send an e-mail about a particular issue to every elected official that represents them.

Is the private sector appropriately engaged in the discussion about the issues facing the real estate industry?

We have become more active in advocating on issues through the appropriate legal entities and in playing a more active political role in supporting legislators who are pro-business and who understand the impact of taxes.

This year, we played a significant role in the Committee to Save New York, a business-generated entity formed to support Governor Cuomo's efforts to pass a state budget that didn't include tax increases and that cut the \$10-billion deficit through realistic, non-tax actions. After this budget was passed on time and without a single tax increase, the Committee to Save New York is still functioning to help accomplish some other objectives.

What is it about REBNY that has made it a place you've enjoyed leading?

There are a number of reasons I still enjoy coming to work: First is the leaders of the companies who care so much about the city of New York and our mission.

Second, this is an industry that has allowed the Real Estate Board to deal with issues that are atypical and fascinating. We support holding the line on taxes and tax abatement programs, but we're also involved in landmark and zoning issues, federal legislation, and immigration to a certain extent.

One of the reasons I believe my members care so deeply about the city is that many of them continue to own the buildings they built. It's the same with the brokers who are out there selling the city every day.

So real estate has a greater stake in New York City than any other industry, including financial services. When you look at hospitals, museums, and educational institutions, the leaders helping them get through these difficult times happen to be members of my board and I am proud of that. ●