

Good Design Pays

An Interview with MaryAnne Gilmartin,
President and Chief Executive Officer, Forest City Ratner Companies (FCRC)

EDITORS' NOTE Before assuming her current post, MaryAnne Gilmartin was the Executive Vice President in charge of commercial and residential development at FCRC. Gilmartin joined FCRC in 1994. She began her career in real estate as a New York City Urban Fellow in 1986 at the Public Development Corporation (now called the NYC Economic Development Corporation).



MaryAnne Gilmartin

COMPANY BRIEF Founded by Bruce Ratner in 1985, Forest City Ratner Companies (www.forestcity.net; FCRC) is a wholly owned subsidiary of Forest City Enterprises, Inc. and owns and operates 34 properties in the New York metropolitan area. Forest City Enterprises, Inc. is a NYSE-listed national real estate company with \$10.6 billion in total assets. The company is principally engaged in the ownership, development, management, and acquisition of commercial and residential real estate and land throughout the United States.

You are a trailblazer. Is it now easier for women to enter this industry or does it depend on each individual company?

As a project manager, which is essentially what a developer is, I never had a 10-year plan for my career. I tend to be opportunistic – I work hard and I'm driven but ultimately, it's about the platform. As a developer, you are what you build. I was the beneficiary of a great run of projects, both in the public and private sectors, which allowed me to show my stuff.

In my new role, while it's work that I'm comfortable doing, the symbolic nature of doing it as a woman has created a buzz because there remains a dearth of woman running brick-and-mortar real estate companies. If there are women, it tends to be in businesses where there is a family name or it's on the management side of the business.

About 65 percent of the developers in our shop are women. In some ways, that's because we're a meritocracy – we give the best man or woman the job. Having the superstar women who work with us grow based on merit is really important to me. Finally, at this point in my career, it is my duty to the women who want to be in our field to be a mentor to them.

Essentially, I believe my success has been about the platform and the power of relationships. Bruce Ratner drives the business this way and it's why I have been here for 18 years. There is never an idea too big or an initiative too bold that we can't talk about. We may decide not to do it, but everything is fair game in terms of pushing the envelope, trying things that are different, and being aspirational – and this is a very collaborative place.

Bruce has built this company on the basis of great projects being built by great people. I am fortunate to have had an opportunity to be part of it.

Is it tough to differentiate in this space? How do you show what makes a project culturally different?

Development results in living monuments to the way we work so the work comes with great responsibility because the buildings will be around a lot longer than we will. When people experience the way a building fills the skyline; the way it meets the ground plane; the way the retail is curated at the base; the way it is operated on the inside; the way the people who occupy the building feel inside the building – that is all a reflection of the developer's work.

If you were to shadow me for a week and you sat through the magnitude and detailed issues we parse, both on the existing portfolio and with new opportunities, I bet it would be fascinating to people on the outside to know what a large scale civic developer of our caliber spends time thinking about and planning for. We obsess over details that go far beyond spreadsheets, pro formas, and construction costs. That separates the good developers from the ordinary ones, and it really shows in the way the buildings look, feel, and operate.

Is there an understanding of how the feel of the architect and the developer can affect the bottom line of the company?

The New York Times headquarters was probably my breakthrough project. I was given free rein to chase it and when we won it, I was given the opportunity to lead it along with our talented team. It was a defining moment for me and it has become one of the jewels of our portfolio.

In putting a building together, one wants to design from the inside out, but it doesn't always happen that way. This is because the core – the artery of the building – matters, and everything flows from there.

When you work with the likes of Renzo Piano or Frank Gehry, and you have clients like *The New York Times* – where the premium on human capital and talent is so high – everything from the moment the elevator door opens and whether you see sky or wall is thought through carefully. In Europe, a lot of thought has gone into the quality of the built environment and has been mandated by building codes. In the U.S., there is just not the same level of appreciation from the customers. But this is changing in great U.S. cities and we are proving that good design does produce sensible, efficient, and profitable buildings.

Putting the *Times* building together taught me that you can build a beautiful, great, high-performing building, a place where people love to go and love to work, and still hit your required returns. Good design pays. Once you go through that process, you can never do the job any other way because you become committed to that principle. Every piece of my work from that building has been informed by that experience and has proven to be true time and again.

Companies flock to the *The New York Times* building – people embrace the garden at the base of that building, open to the sky so one can see the seasons change in the middle of that huge 800,000 square-foot hyper-efficient floor plate. This is a civic gesture to the people who work and pass through the tower each day, and validation that beauty and profit can work in harmony.

Do you know early on what kind of an impact a project will have?

You always hope the building will look as good as the rendering. You follow the design principles and hire the best talent so you know you're getting the right input to get the finest output.

Sometimes, however, you have surprises. There is always a great moment in a building where you stand in it or catch it in the skyline and appreciate the grandeur of it. I am happy to say that our work doesn't just live up to our expectations. Often, it exceeds them.

Is the Barclays Center another defining moment for you?

Spruce Street is as close to the residential equivalent as *The New York Times* building for me, in terms of what I learned along the way and how it represents a great icon in New York. But when you do a great project like the *Times* building, you worry that the next project might be some forgettable building in a remote location.

However, when Bruce tasked me to take over Atlantic Yards in June 2007, it was a bit like passing into the next dimension. With everything I knew about our business, I knew Atlantic Yards was going to be to the Nth degree – the scale, the complexity, the opposition; it's the uber-large-scale development project.

I could not, however, have imagined the mind-bending pressure and milestones that needed to be achieved along the way. It was better to not have anticipated it.

How critical was the transportation focus to the success of the building?

It's not only critical to the success of Barclays but it's also what makes New York City such a great market for us. We're 40 percent of the balance sheet of our larger parent company and that is because gateway cities matter and transit-oriented development is key.

Barclays is a great example of what transit brings to a project. That little subway entrance, which has proven to be so critical to the success of getting people in and out of the building, was a \$75-million cost. We did not rebuild the entire subway system at the corner of Flatbush and Atlantic; we built a subway entrance, and spent all of that money just bringing that entrance to bear because we knew it was necessary and part of the underlying project agreement. Of course, it is the unparalleled transit hub, within which the entrance sits at Flatbush and Atlantic Avenues, that really drives the success of the location.

This idea that you could pop up out of the subway and see the scoreboard, and have that transparency into an arena, doesn't exist anywhere else. So we knew we were changing the experience inside and out between the building and the street; the transit entrance and the arena bowl.

It is, in some ways, representative of what great urban projects need to have, which is transit, transit, transit.

There is the Long Island Rail Road and other areas of the project that are about heavy duty infrastructure. There are many transportation-related aspects of Atlantic Yards beyond just the subway entrance because we're building a rail yard for the commuter hub. But the subway is critical and we are finding now, with the data that we have collected, that the subway usage is far in excess of anything we could have hoped for. This is further validation that it has worked.

How will modular construction change how things are done in the future?

I love the work we do but we're not an industry that innovates by nature – it's usually born of necessity. As a company, however, we're different because we like to push the envelope.

The project was complicated, the costs were higher than we imagined, we only build with union labor, and we had high-rise construction. At the same time, we agreed to focus on a high level of affordability because we believe in affordable housing. Of the 6,430 units of housing at Atlantic Yards, 2,250 of the units are dedicated to low- and middle-income families.

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As construction costs went up and as the buildings were priced out, we needed a breakthrough to build 15 buildings in a rising cost environment and deliver on our commitment to affordability.

We noodled over the idea that we're constructing buildings the same way our grandparents and great grandparents did. There is not a lot of efficiency in that conventional high-rise building. Building high-rise buildings in New York is still a craft and not a highly efficient process.

We became intrigued with and studied a building in England and also studied videos of a building in China that had been built in seven days. We started to incubate these ideas.

This was a disruptive technology so we shook up the industry. Two years ago, we decided that if people started talking about modular and started thinking about it for great buildings – not just parking garages and prisons – then we would have started something pretty neat.

Furthermore, if we could figure a way to do it at Atlantic Yards, where we already had a pipeline of 15 buildings, then starting a factory, investing in that factory, and building not just one but all 15 of those buildings felt like a business plan.

Two years later, we had come up with a methodology of building that would allow us to put up a 32-story building using modular technology from three miles away at a factory in the Brooklyn Navy Yard.

It's highly sustainable, because 60 percent of the process is happening offsite, so noise, waste, and debris all get moved away from the community. It is a provocative concept and has far-reaching implications.

We're now focused on putting together the first building. In the factory, it is being put together as we speak and simultaneously we're digging a hole on-site and pouring the foundations. The best advertisement for high-rise modular is a completed, fully-leased, and beautiful 32-story building in Brooklyn.

It's process innovation more than product innovation because if I took you for a tour of that building upon its completion in late 2014, you might have no idea that the building was put together this way.

We have New York City Buildings Department's approval; we have a partner in the factory, Skanska USA, which builds around the globe and embraced modular years ago; and we have complete buy-in from our company.

We hope it produces a solution for 15 buildings, after which time we would then want to open that factory to third-party work.

Are you surprised at how Brooklyn has grown in popularity?

It has been our front yard, our backyard, and our side yard for many years. We built the first high-rise Class A office buildings in Brooklyn at a time when the companies that were being told to look at Brooklyn were visiting in bulletproof limousines. So we always had to sell better. But after a while, Brooklyn stopped apologizing for not being Manhattan. We were somewhat catalytic in making that happen and the Barclays story has been splendid and a major force. Today, it's the center of urbanity for the city's humanity.

The next evolution in the way people will perceive Brooklyn is an issue of tech. We have more than 500 tech companies that call Brooklyn home and close to 10,000 workers there, mostly in the DUMBO area, but also spread throughout the triangle we call DUMBO, Brooklyn Navy Yard, and downtown Brooklyn.

If so many of the creative class want to live here, won't they want to work here too? The workplace is changing so people collaborate for a living and don't necessarily want an entirely corporate environment.

We're looking at a transformative moment now for our existing MetroTech buildings by changing the tenant base, the open space, and how we curate the retail space downstairs to allow for this explosion of creativity in the borough. ●