

Hard Work and Creativity

An Interview with David W. Levinson,
Chairman and Chief Executive Officer, L&L Holding Company, LLC

EDITORS' NOTE David Levinson co-founded L&L Holding Company, LLC in June 2000. Levinson served as Vice Chairman of CB Richard Ellis, Inc. until August 2005. Prior to their acquisition of Insignia/ESG, Inc. in June 2003, Levinson served as Vice Chairman. His civic responsibilities include appointments to the Executive Committee of The Board of Governors of the Real Estate Board of New York, Board of Trustees of the Intrepid Museum, Board Member of the Alliance for Downtown New York, Board Member of the Friends of the Upper East Side Historic Districts, and Board Member of the Federal Law Enforcement Foundation. Levinson has received numerous professional and civic honors, which include receipt of the Henry Hart Rice Award from the Real Estate Board of New York, Inc. In 2010, Levinson received the Ambassador to the Upper East Side Award from Friends of the Upper East Side Historic Districts and an Environmental Champion Award from the NY League of Conservation Voters in 2013.



David W. Levinson

COMPANY BRIEF L&L Holding Company (ll-holding.com) is a privately owned real estate investment and development company. Since inception, L&L has acquired assets in excess of six million square feet of commercial office space including 142 West 57th Street, 114 Fifth Avenue, 150 Fifth Avenue, 195 Broadway, 200 Fifth Avenue, 222 Broadway, 425 Park Avenue, and 600 Third Avenue. In 2003, L&L received BOMA's Renovation of the Year award for the renovation and restoration of 150 Fifth Avenue. In 2010, L&L's signature project, 200 Fifth Avenue, received six distinguished awards. In 2011, L&L received BOMA's Renovation of the Year award for their transformation of 200 Fifth Avenue. In addition, 200 Fifth Avenue, having just earned its Gold LEED certification, now stands alone as the city's only landmarked Core & Shell building to boast that prestigious designation.

When you're competing at such size and scale, what is the secret to the success?

We are very nimble and creative, and willing to undertake projects that other participants can't or won't do. We also take a long-term view. 425 Park Avenue will be the first new block-front building built on Park Avenue in 47 years. From

the time we started it to the time we complete it, it will be almost 15 years.

There are projects getting underway at 195 Broadway where we have an interior landmark. Obtaining the entitlements, from the start through the completion of construction, will have taken nine years. Then there are projects like 200 Fifth, which was a daunting 100-year-old vacant building that not just anyone would undertake; it has proven to be enormously successful.

It's about hard work and creativity, and not taking no for an answer.

The fact that we're not a fund and not a public company has disadvantages, but also advantages, because we can do certain things others can't.

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Has the market fully recovered and is it sustainable?

There has been a nice rise in the value of our properties and we have benefitted from it. The leasing market is not as strong as I've seen in my career. There is room, certainly in the commercial sector, because we have availability rates now that are still in double digits, except for in the midtown south area. I've been in this marketplace for a long time and I have seen mid-single digit availability rates, and that is when rents spike and values spike. You see that today in pockets – hot areas of town like the midtown south and Chelsea markets, and downtown is accelerating rapidly. In midtown, you have big financial institutions and the service companies that are tied to the banking sector, and they haven't figured themselves out. However, it will work itself out and the banks will grow.

Other sectors of the city – media, technology, creative fields – are doing well.

How critical is zoning for midtown?

It has to be something that induces owners to vacate their buildings because you need an empty site. There is no land. Guys who are signing leases today are signing 10- to 15-year leases, so how are they going to get them empty? We have waited 10 years to get 425 Park Avenue empty. Who is going to buy a building and de-lease it?

Zoning will have to be coupled with good long-term policy inducements, not relying on a strong market. It should not be something that works only in a bull market – public policy should be market indifferent.

Midtown is here to stay, and the skills required to modernize and reimagine these buildings are L&L's strength. You have to tear these buildings apart, either partially empty them or empty them out completely – these are the skills we have developed.

What is your vision for 425 Park?

It's our business plan to make it the finest building one can build in the 21st century. This is the grand boulevard of commerce in the U.S. We feel like we're trustees of this site, and we have to find the intersection between our commercial interests and our interests as members of this community. The marketplace is in need of new office buildings, and 425 will be one of a kind.

We had an international competition with nine Pritzker Prize-winning architects, narrowed it down to four, and selected Norman Foster.

The building that will be replacing the existing building will be all glass, but it's going to have 25 percent less connected electric load. It will be so efficient and so good for the environment. The building will have the freshest and cleanest air, the most amount of light, it will have spectacular views and the highest level of security. There are these huge spaces that provide for collaboration and the intersection of ideas – the club floor is 350 feet up and the ceiling is 38-feet high with outside space overlooking Central Park. All tenants have access to that floor.

Do companies understand the value in a space in terms of changing culture?

People in the 21st century work around the clock, and lots of things are integrated – social life, industrial life, work life.

A company can use a lease expiration to have a huge impact on its culture. Companies that see this are the leaders. ●