

Speyer's Strength

An Interview with Jerry I. Speyer,
Chairman and Co-Chief Executive Officer, Tishman Speyer

EDITORS' NOTE Jerry Speyer is Chairman and Co-Chief Executive Officer of Tishman Speyer. He is one of the two founding partners of the company, which was formed in 1978. Speyer is Chairman of the Museum of Modern Art. He is Vice Chair of New York-Presbyterian Hospital. He is the former Chairman of the Board of Directors, the Federal Reserve Bank of New York; Chairman Emeritus of Columbia University; Chairman Emeritus of the Real Estate Board of New York; Chair



Jerry I. Speyer

Emeritus, Partnership for New York City; and past President of the Board of Trustees of the Dalton School. Speyer's other board affiliations include Yankee Global Enterprises, Columbia Business School Board of Overseers, the Asia Society, the National September 11 Memorial & Museum, the National Committee on United States-China Relations, and the Kennedy Center Corporate Fund Board. Speyer is a Trustee of the Städel Museum in Frankfurt, Germany. He is a member of the Council on Foreign Relations, the Business Roundtable, and the American Academy of Arts and Sciences. Speyer graduated from Columbia College and received an M.B.A. from Columbia University Graduate School of Business.

COMPANY BRIEF Tishman Speyer (tishmanspeyer.com) is one of the leading developers, owners, operators, and asset managers of first class real estate worldwide. Active across North America, Europe, South America, and Asia, Tishman Speyer is relied upon by many of the world's most prestigious corporations to meet their office space needs. As of June 2013, the firm had acquired, developed and/or managed a portfolio of over 130 million square feet with a total value of approximately \$66.9 billion since its founding in 1978. Signature assets include New York's Rockefeller Center and the Chrysler Center, São Paulo's Torre Norte, Ventura Corporate Towers in Rio de Janeiro, and OpernTurm in Frankfurt. Tishman Speyer also has projects at different stages of development in Brasília, Chengdu, Frankfurt, Gurgaon, Hyderabad, Paris, Rio de Janeiro, San Francisco, São Paolo, Shanghai, Suzhou, and Tianjin.

What is the state of the real estate market in New York City today?

Overall, the New York City real estate market is healthy. The residential market at the high-end feels frothy. Conditions for commercial office space are improving.

New York has emerged from the recession with a more diverse economy. Technology companies have been expanding, and this trend is a terrific thing for our city.

New York City is an expensive place in which to live and work. There are a variety of factors contributing to that, and real estate is just one. We need to come up with creative solutions to some of our biggest challenges in order to retain the affordability and vitality of New York City: most importantly, housing, an improved educational system, and keeping

the city safe.

Are you surprised to see development and growth in places like Lower East Side, Chelsea, Meatpacking, and Brooklyn?

It is incredible how dynamic New York City has been. Neighborhoods are constantly in flux. The energy of New York City is what creates so many opportunities. It is a unique city, and one of creativity and continual reinvention.

How are you able to maintain an entrepreneurial culture and keep an innovative edge with the size and scale of the firm today?

Maintaining our culture is a constant job. Real estate is a local business. The senior leaders at the company spend a lot of time on airplanes visiting our offices, working with regional colleagues, and making sure to spread a consistent message and ethos.

We encourage junior executives to take on new responsibilities in different roles or geographies, and we set the right balance to allow regional/local decision-making for many key decisions.

Will much of your future growth come from international markets or does the U.S. still offer strong potential?

It's a pretty good race between our international markets and the top cities in the U.S.

However, we have just gone through a five-year period of no/low growth in the U.S., during which there was limited new office building development. So the potential for the U.S. is huge right now. We have some exciting new projects underway and our prospects in the U.S. are quite strong.

There are some who take a negative view on the economic picture in Europe. I think there is going to be a solid recovery in Europe. We have big plans in England, France, and Germany, in particular.

Why is corporate social responsibility so critical to your business?

Corporate social responsibility is the right thing to do as it benefits the cities in which we do business, and it's valued by our employees, tenants, investors, and partners.

We are actively engaged in the communities in which we do business with an emphasis on healthcare, education, and culture.

Corporate social responsibility also extends to sustainability in design and construction. We are very focused on energy usage and the ways in which we can build more "green" buildings and resilient, sustainable communities.

Would you discuss the role that real estate plays for driving economic growth and how critical the industry is to the future of New York?

Real estate plays a major role in the economic vibrancy of New York City, and provides an essential "service" that enables companies and employers to thrive. Real estate is a major employer, both in creating jobs during construction and in creating jobs for operations and security. If we don't have buildings that are state-of-the-art, efficient, and well-designed, then companies and jobs will come about more slowly, or develop elsewhere.

There are tremendous possibilities for Hudson Yards to expand the midtown business district. We also have a major opportunity to revitalize midtown with the proposed rezoning of Midtown East. There is a good reason why Google bought their building at 111 Eighth Avenue in 2010.

There were also more than 54 million tourists visiting NYC and 11.4 million international visitors in 2013. This is an increase of over 50 percent since 2002. In 2014, we are on pace for 55 million. Those visitors fill hotel rooms, eat in restaurants, visit cultural institutions, and shop. Much of that story – and jobs created – are related to real estate.

Is a strong public/private partnership critical to effectively address the needs of the city and to ensure that New York maintains its leading global position?

Absolutely. We face incredible challenges: outdated infrastructure and a lack of affordable housing, to name two. In order for New York City to maintain its position, these issues must be addressed. Otherwise people won't want to live here and employers will headquarter elsewhere.

Public/private partnerships are the only way these issues can be addressed. These joint ventures are what leverage the capital, talent, and innovative ideas of the private sector. ●