

# New York-Centric

## An Interview with Marty Burger, Chief Executive Officer, Silverstein Properties

**EDITORS' NOTE** Marty Burger joined Silverstein in February 2010, and was named Co-CEO in 2011 and CEO in 2013. He is in charge of the day-to-day operations of the company and leads Silverstein's efforts to develop new projects in the United States, China, Eastern Europe, and Israel. Prior to this, Burger was President and Chief Executive Officer of Artisan Real Estate Ventures, a company he founded in 2006. Burger spent 15 years at Related, serving as President of Related Las Vegas and Executive Vice President of Related Companies, L.P. He was also a Principal and Chief Investment Officer for Related Urban Development (mixed-use division), Related Lodging Group (hotel division), and Related Experiences (sponsorship division). From 1994 to 1997, Burger was a vice president at The Blackstone Group. From 1993 to 1994, he worked for Goldman Sachs' Whitehall Real Estate funds. He received a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania.



Marty Burger

**COMPANY BRIEF** Silverstein Properties, Inc. ([silversteinproperties.com](http://silversteinproperties.com)), is a full service real estate development and investment firm that has developed, owned, and managed 35 million square feet of office, residential, and retail space. The firm, based in Manhattan, has \$10 billion worth of development activity in the pipeline, including rebuilding the World Trade Center.

### Has the New York market recovered and, if so, is it sustainable?

Every sector in New York City is on fire: commercial, hotel, retail, and residential, both rental and for sale.

There is a lot of unrest in the rest of the world and we have become the safe harbor for currency from other areas like China, the Middle East, and South America.

There has also been a push to move back to the cities, so the suburbs have been hurting as a result.

### Where does the commercial side stand?

There has been huge growth in the TAMI sector – Technology, Advertising, Media, and Information – and this is taking up a lot of the slack since the banking and other financial industries have stopped expanding as much.

We have also seen a trend for companies to consolidate and use more space efficiently. Ten years ago,

we were at 300 square feet per employee and in 2010, we got it down to about 225 per employee – today, we're averaging 175 square feet per employee and some companies are trying to push that to 150.

Companies are also looking to new efficient, green office space near subways and buses.

### What is the current status of the World Trade Center project?

The World Trade Center is on the verge of becoming a huge success: At 7 World Trade Center, we're 100 percent leased with a very diverse group of companies.

One World Trade Center will open this fall, and is now getting some exciting new tenants; the building is over 60 percent leased.

At 4 World Trade Center, we have signed several great leases and are well over 60 percent leased.

Finally, 3 World Trade Center will be finished in early 2018, and it is already at 20 percent leased.

So 70 percent of the 7.4 million square feet of newly built space at the new World Trade Center has now been leased.

### How has the growth for Silverstein been outside of New York and the U.S.?

We're working on a large project in China; we have boots on the ground in Tel-Aviv; and we have an office in Warsaw, where we joint-ventured with Jan Kulczyk, one of the most successful entrepreneurs in Poland. Together, we have bought four office buildings and are enjoying a stable and growing Poland market.

But, we are New York-centric, so we're building a one billion-dollar Four Seasons hotel and apartment project in Tribeca. We're also under construction on a project called One West End, which is an \$800-million mixed-use project.

In addition, we just opened a Four Seasons Resort at Walt Disney World in Orlando.

### How great are the opportunities for downtown Manhattan and will it become a city-within-a-city?

Downtown Manhattan is poised to become the model of a 24/7 mixed-use neighborhood where the new World Trade Center is emerging as the commercial heart of the city's hottest neighborhood.

The new transportation hub will be the only spot in Manhattan where all subway lines connect in one location, in addition to the PATH trains coming in.

Surrounding all of that will be 900,000 square feet of brand-new retail. We'll have tenants like

Apple, Tiffany, and Giorgio Armani, and a variety of great restaurants.

There is a lot happening on Broadway, and Wall and Church Streets as well. The whole neighborhood is booming.

### How much of a focus is there on things like energy-efficiency and LEED certification?

It's already the norm. When we opened 7 World Trade Center in 2006, it was the first Gold Standard LEED-certified office building in New York City. Everything else at the World Trade Center is at that standard or better.

The premium we paid is probably 15-plus percent back then; today, there isn't a premium at all because everyone now designs to LEED certification. Since we put up this building, tenants expect their office buildings to be green.

### Is the impact that real estate has on a city like New York well understood?

Every city is driven by real estate because people need a place to work, live, shop, and eat. But it's elevated in New York because space is limited and everything is so expensive.

What's nice is that the real estate community is very cohesive and altruistic, and everyone tends to give back. We don't give to get recognized, but because it's the right thing to do.

### Any surprises in today's real estate market?

Did Larry (Silverstein, Chairman) or any of us think the market would be where it is today? We could not have dreamt it, because the residential market has come back so strong. There are, however, downsides to having such a great market. When you hear about a \$7,000-per-square-foot sale of a condo, everyone thinks their land is worth more. So we are trying to buy land to build rental housing and you can't do that anymore because everyone is selling their land for \$800 per foot, where it was only \$200 per foot two years ago.

### Will a large percentage of the population be priced out of Manhattan and is there enough of a focus on affordable housing?

There are a lot of programs that enhance the ability of people who are less fortunate to live in or close to the city. There is also more rental housing available than ever before in and around the boroughs.

When we open the WTC transportation hub, it will give many more people the ability to get into and out of lower Manhattan from all of the surrounding suburbs or boroughs.

A lot of the tech talent pool is coming from those areas, so we have become more centralized to where the employment base is. ●