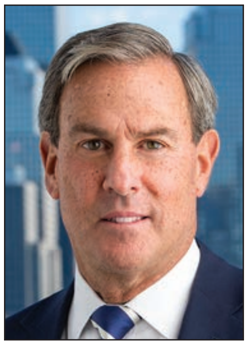
Mack-Cali's Mission

An Interview with Mitchell E. Rudin,
Chief Executive Officer, Mack-Cali Realty Corporation



Mitchell E. Rudin

EDITORS' NOTE *Mitchell Rudin has served in his current post since joining the company in June 2015. Prior to this, he served as President and Chief Executive Officer of U.S. Commercial Operations at Brookfield Office Properties, overseeing a portfolio in excess of 50 million square feet in nine markets. Before that, he served as President and Chief Executive Officer of the New York Tri-State Region for CBRE. Rudin has a Juris Doctor from Boston College Law School and is a Phi Beta Kappa graduate of Franklin & Marshall College.*

COMPANY BRIEF *Mack-Cali Realty Corporation (mack-cali.com) is a real estate investment trust (REIT) providing management, leasing, development, and other tenant-related services for its two-platform operations of waterfront and transit-based office and luxury multi-family assets. Mack-Cali owns or has interests in approximately 225 office and flex properties totaling approximately 20 million square feet and 19 multi-family rental communities containing approximately 5,600 residential units and a pipeline of approximately 11,500 units, all located in the Northeast. Mack-Cali strives to provide its tenants and residents with the most innovative communities that empower them to reimagine the way they work and live.*

You came in to change this company. Will you talk about how that process has gone?

I started with a terrific partner, Mike DeMarco, and we had a vision coming in for the company and for the markets that we are in, and we have exceeded expectations. We announced a plan 100 days after we started called "20/15," which indicated that we would be consolidating the office portfolio to 20 million square feet and increasing the multi-family portfolio to 15,000 units by 2018.

At the time, we indicated our approach would be to tour every property and develop a strategy for the 250 or so office buildings that we owned. We identified the markets we considered strategic and those that weren't. This led to an acquisition strategy and a disposition program, the latter of which was executed mostly in 2016 and will be finished in 2017. This involved selling properties that are not part of our future, even though they're good properties.

We have enormous confidence in the Hudson River Waterfront and anticipate that we could have perhaps 60 percent of the value of the company along the waterfront between Fort Lee and Jersey City, but primarily between Weehawken, where we developed Port Imperial, into Hoboken and Jersey City.

We have a number of other markets that we are committed to including Metropark, Parsippany, White Plains, Red Bank, and Short Hills, as well as a few others. We have already seen substantial rent growth in these markets.

On the waterfront office side, we have seen rents increase by almost 30 percent in the 19 months we've been there. We have driven occupancy to 94 percent with a more varied type of tenant. At the end of last year, we finished a deal with Omnicom, the world's second largest media and advertising company. They had two criteria when entering the marketplace. They looked at the boroughs as well as at us, and they wanted to drive rent down and do something that would synergize with their offices in New York. This led them to our portfolio.

There are a number of fashion and technology companies that have come into the market as well who are interested in this area. The Grow NJ program allows us to take rents into the single digits or even remain flat for a 10-year period.

On the multi-family side, we have also continued to drive growth. We opened M2 at Marbella in Jersey City six months ago and it is now 96 percent leased. We opened another building during the first week in March that stands out on the skyline: Jersey City Urby at Harborside.

It's a function of providing a high-quality product at a fraction of the cost of not only Manhattan but of Brooklyn and Long Island City. Our multi-family product is approximately 60 percent of the cost of comparable apartments in Manhattan, 75 percent of those in Brooklyn, and 90 percent of Long Island City. For example, you can lease a studio in a fully amenitized building for approximately $2,000/month.

Does your split between office and multi-family provide the right balance for you today?

We are going to grow both, and we see them as highly synergistic in three ways: first, we can create and control a great mixed-use environment. Work/live/play is what we do. It's about having office space with apartments right next door. We're also going to be developing 125,000 square feet of retail in Harborside in Jersey City, minutes from all of our office and multi-family projects.

In the major tech hubs like New York and San Francisco where housing is so costly, the fact that we can provide reasonable housing alternatives that are next to work and proximate to Manhattan is really a plus. We also have one of the most dense concentrations of tech workers living in Jersey City.

Second, we have been able to repurpose buildings that had formerly been used for offices into multi-family communities. Rather than selling them at a deep discount, we have created value as well as a built-in pipeline.

Finally, people on that side have greater experience with amenities such as gyms, cafeterias, and the like. Being able to take advantage of that aesthetic has been terrific.

Will you talk about the start-up nature of the new offices?

We wanted to do something that we would be proud of organizationally, that would increase communication and energy in the office and show the architectural elements of our 100-plus-year-old home. There is an integration of open space and common areas with terrific views.

We were able to create a showcase while exercising economic prudence in building it out.

How important is brand to the company?

The brand is critical. Ours was a great brand that had suffered and people were looking to us to restore it. There is pride in this organization so people want to see us succeed. We do have outstanding competitors but they don't have the scale and public exposure we do.

How does the leadership at the top work so well?

Our strengths are complementary, and we both bring a drive and desire to get things done yesterday. Through the better part of my career, I have worked in cooperative leadership environments so I understand the strengths of it. As a result, we have been able to portray a face of cooperation and confidence to the marketplace.

While in the process, do you take time to celebrate the wins?

I love coming to work every day but we're always striving to achieve the next goal. ●