

Delivering a New Icon for New York City

An Interview with Marc Holliday, Chairman and Chief Executive Officer, SL Green Realty Corp.

EDITORS' NOTE Marc Holliday has served as the CEO of SL Green since 2004 and became the Chairman of the Board as of January 2019. He has been with the company since 1998, when he joined as Chief Investment Officer. Prior to joining SL Green, Holliday held management positions at the former Victor Capital Group, a real estate investment management firm that, at the time, managed one of the nation's largest publicly-traded real estate mezzanine lenders, Capital Trust.



Marc Holliday

Holliday is frequently cited and interviewed by the nation's leading media outlets regarding the commercial real estate marketplace. A trustee and benefactor of Columbia University and a long-time supporter of its real estate program, he established the Holliday Professorship of Real Estate Development in 2008. He also served as Chair of the program's Taskforce for the Future and currently chairs its Industry Advisory Board and endowment campaign. Holliday was honored by the Intrepid Sea, Air & Space Museum in 2017, receiving the Intrepid Salute Award in honor of his outstanding business and philanthropic achievements and his commitment to supporting programs for active service men and women and veterans. National Jewish Health in 2011 honored him with the Humanitarian Award and raised a record-breaking \$3 million for the organization from members of New York City's real estate and construction industries. Additionally, he has served on the board of the New York Racing Association since 2014 and was appointed to chair the Equine Safety committee in 2015. Holliday received a BS degree in business and finance from Lehigh University and an MS degree in real estate development from Columbia University.

COMPANY BRIEF SL Green Realty Corp. (slgreen.com), an S&P 500 company and Manhattan's largest office landlord, is a fully integrated real estate investment trust, or REIT, that is focused primarily on acquiring, managing and maximizing value of Manhattan commercial properties. As of June 30, 2020, SL Green held interests in 96 buildings totaling 41 million square feet. This included ownership interests in 28.7 million square feet of Manhattan buildings and 16.4 million square feet of Manhattan building and 11.2 million square feet securing debt and preferred equity investments.

SL Green is a purpose-driven firm with a long history of supporting its employees, clients and communities. How has SL Green adapted its business and the way it works during this unprecedented time?

The recovery of New York City begins with our ability to keep people safe. Our operations and construction team has reengineered our buildings to meet the highest and best safety practices for virus protection in order to give our tenants confidence to return to the office. This includes everything from temperature checks upon entry, enhanced air filtration systems, wayfinding and clear signage throughout the building. The feedback from tenants has been great so far and we will continue to lead by example. Since June, nearly 100 percent of our SL Green staff has been back in the office at 420 Lexington, demonstrating working from the office can be done safely and without major risk when the right precautions are taken.

In addition to our health and safety procedures, one of the initiatives I'm most proud of in my career is launching Food1st earlier this year with Chef Daniel Boulud. Through this nonprofit, we've delivered over 300,000 meals to first responders and families in need and now have 15 restaurant partners. Not only does this help feed these communities, but it is reactivating kitchens and getting hundreds of unemployed workers back to work.

SL Green was built with an entrepreneurial spirit and an ability to be nimble and adapt. How is the company addressing its business during this time in order to succeed in this challenging environment?

We built this company to withstand moments of great uncertainty and have come out stronger following major prior downturns and disasters over the past two decades. This time will be no different. Our team is doing everything possible to fortify ourselves for this moment. It starts with our rent roll, which is an intentionally diversified group of approximately 800 predominantly credit tenants on largely long-term leases. Because of



The September 14th ribbon cutting for One Vanderbilt Avenue



One Vanderbilt Avenue

this strategy, our office tenants have paid 96 percent of gross billings of rent, well above the industry average.

We also enacted our \$1 billion plan, a strategy to accumulate \$1 billion of cash by the end of the second quarter. By early June, we had completed this plan, more than a month ahead of schedule, and exceeded our target by nearly \$200 million. The success of this allowed us to restart the share buyback program and end the second quarter with cash balances of \$1.15 billion.

SL Green has also stayed incredibly active in the market throughout this turbulent period with investment sales, joint ventures, financings, new signed leases and the continuation of our development projects. We've found that while the pandemic has changed life as we know it, there is still significant demand and interest in premier

assets in New York. For example, despite the pandemic, we closed one of the largest real estate joint ventures in the world at One Madison Avenue and signed 280,000 square feet of leases during Q2 alone, among many other moves that have positioned us to come out of this time with substantial liquidity and relative strength.

With people working remotely due to the pandemic, more companies are offering remote work full-time. Why is SL Green confident that working from home will not become the new normal?

I've spoken with hundreds of our tenants over the past few months, and what I hear from everyone is that this prolonged period of working from home has had tremendous negative impacts in a number of ways. Employees feel isolated and miss interacting with colleagues. There is a very real

and tangible degradation in the quality and creativity of work that is concerning to business leaders. Most people want to be back in the office, recognizing that the most efficient and effective place to work is in a purpose-built, collaborative, creative and efficient office environment. There is also a growing recognition that the business ecosystem that we all rely on is fueled by local businesses that can only survive with the physical presence of, and patronage by, a workforce, which is another strong incentive for people to return to the office.

In September, SL Green completed a project in Midtown Manhattan, One Vanderbilt, that will change the skyline of New York City and have a lasting impact. What is the significance of One Vanderbilt for New York City's future?

With the opening of One Vanderbilt at this vital moment for the city we love, SL Green has put a marker down on the future of New York City and placed an unconditional vote of confidence in East Midtown, which remains the best business district in the world.

But for me, One Vanderbilt is also the culmination of a 20-year effort to redevelop one of the best sites in the city at the doorstep of Grand Central Terminal. It is especially significant because to get it done we worked with the City of New York to create a new paradigm for public/private partnership. As part of One Vanderbilt, SL Green made an unprecedented \$220 million investment to upgrade the transit and public infrastructure in and around Grand Central, including upgrades to the 4/5/6 subway line, construction of a 14,000-square-foot public pedestrian plaza, and construction of a 4,000-square-foot transit hall inside One Vanderbilt that will connect Grand Central to the new Long Island Railroad platforms when they open in a couple of years. We are already seeing this model put in place across East Midtown and other parts of the City.

More broadly, we are proud that One Vanderbilt represents the first significant ground-up office development in East Midtown in a generation, advancing the City's goals for revitalizing a critical economic driver. There have been many doubters along the way, but we've proven them wrong by delivering a new icon for New York City, months ahead of schedule, \$100 million under budget, and nearly 70 percent pre-leased. One Vanderbilt is now the premier office address in New York City and the headquarters to leading global finance, banking and legal firms.

Will you discuss the design of One Vanderbilt and the experience and amenities that the property will offer to its tenants?

One Vanderbilt is the new standard for Class A office space, combining the very best transit-oriented location with unparalleled views, world-class architecture, innovative technology and the most advanced approaches to sustainability and wellness. The design by one of the best architecture firms in the world, Kohn Pedersen Fox



Marc Holliday and Chef Daniel Boulud displaying trays of food as part of Food1st's efforts to provide meals for medical responders and food banks.

Associates (KPF), creates a new icon on the skyline that complements its famous landmark neighbors, especially Grand Central Terminal. One Vanderbilt comprises four interlocking and tapering planes that spiral toward the sky. At the tower's base, a series of angled cuts on the south side of the block creates a visual procession to Grand Central Terminal revealing the Vanderbilt corner of the Terminal's magnificent cornice – a view that had been obstructed for nearly a century. The tower's magnificent terracotta facade, and ceilings and soffits which incorporates the same distinct ceiling tiles found throughout Grand Central Terminal, provides the soaring structure a harmonious, natural, and luminous texture. We were quite flattered when the American Institute of Architects (AIA) recognized One Vanderbilt and KPF with the prestigious 2018 AIA NY Merit Award in Urban Design.

In addition to One Vanderbilt's world-class design, the building features top-tier amenities for its tenants, including a bike room, messenger center services, and notably, a 30,000-square-foot exclusive tenant amenity floor housing a conference center and a large hospitality-styled lounge with a 5,000-square-foot outdoor terrace overlooking the new and beautiful Vanderbilt Plaza. Perhaps most exciting, we partnered with Chef Daniel Boulud to create a casual fine dining experience befitting this extraordinary building. This restaurant is an 11,000-square-foot, high-design restaurant and lounge overlooking 42nd Street. There is also a casual takeout operation offering grab-and-go items on the ground floor of the building.

One Vanderbilt also sets the benchmark for sustainability for Class A office buildings, especially in a post-COVID world. It features MERV 15 air filtration, making it one of the very few buildings with this state-of-the-art filtration system. It also features frictionless pass-through

turnstiles which automatically calls designated elevator cars via a hands-free destination dispatch elevator system, so people don't have to hit the elevator call buttons, and all its amenities have been adapted to social distancing requirements.

One Vanderbilt has been SL Green's biggest project in years. What are you looking forward to now that it's open?

We have many different projects going on outside of One Vanderbilt that we're very excited about. The first two that come to mind are One Madison and 185 Broadway. At One Madison, we are reimagining the existing building to create a 1.4 million-square-foot commercial project with over one acre of accessible outdoor space overlooking Madison Square Park. We are adapting the building's existing limestone clad podium to receive a 500,000-square-foot new tower overbuild to create a modern classic, vertical office campus in the desirable midtown south sub-district. We closed on our joint venture with NPS and Hines this year, and tenant interest remains strong at the building.

Additionally, our ground-up residential project in the Financial District remained on schedule with its topping out scheduled for September, which was always our goal. 185 Broadway is being built under the Affordable New York program designed to deliver well-built affordable housing units to New York's working-class families, in addition to market rate units. The project is located one block from the World Trade Center and was built with air-rights obtained from the MTA's Fulton Street Transit Center which is immediately adjacent.

These and other new development projects will form the backbone of an even stronger portfolio focused on only the best, core Manhattan office assets moving forward.

SL Green is headquartered in New York City. What are the keys to New York City's recovery and how critical is it for there to be a strong public/private partnership to ensure a safe and effective reopening of New York City?

Very few industries have been able to avoid the impact of this pandemic, not just in New York, but nationally. As the largest commercial landlord in Manhattan, the nation's leading urban center, it is our responsibility to show the country that we can get people back into the office in a safe and smart manner. This is a vital step in our city's economic recovery. To that end, we have been communicating with our tenants to educate and guide them on the significant building enhancements that have been made to create a virus-resistant environment, working with smaller, more impacted businesses – particularly retailers and food service tenants – to provide rent deferrals where warranted, and leading by example by bringing our employees back to work from the office where we can better service our tenants and support our local businesses in their reopening efforts.

What do you see as the role that business can play as a force for good in society by bringing its talent, expertise and resources to help address global crises?

It is up to all of us, both private and public, to work together so that we come out of these crises stronger, whether it's rebuilding our economy after the pandemic, providing quality meals for the food needy in our community, or addressing inequality in our society.

In regard to the private sector, we have access to resources and networks that the public sector does not, and vice versa. For instance, we were able to very quickly launch Food1st this spring, pulling together restaurant partners and pledging private dollars to ensure that first responders and families in need had access to food. The unveiling of the \$220 million of on-site and off-site public transit improvements in and around Grand Central Terminal is another impressive example of how private business can play a role in solving the vexing problem of municipalities' dire need for infrastructure improvements to improve and expand mass transit.

During this difficult and uncertain time, what are you telling your people and what would you say to young people across the country who are deeply concerned and uncertain about the future?

We've come a long way since the start of this pandemic. While things may seem uncertain and unsettled for now, this will end and we will get through this together. After becoming the country's epicenter early on, New York rebounded and has started to come back to life. People are returning to work, restaurants are opening with expanded outdoor dining, and students are going back to school. We are on the road to recovery and the lessons learned from this period of time will make this country smarter, better and more resilient than before. ●