

LEADERS

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RECHLER



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Doing Good And Doing Well Means Doing Better

An Interview with Scott Rechler, Chief Executive Officer and Chairman, RXR

EDITORS' NOTE Scott Rechler is the Chief Executive Officer and Chairman of RXR, a fully integrated real estate and investment manager headquartered in New York. Before launching RXR, Rechler served as the Chair and Chief Executive Officer of Reckson Associates Realty Corp, which he helped take public in 1995. RXR was founded in 2007, the day after he and his partners sold Reckson Associates for over \$6 billion, generating a 700 percent return to Reckson's investors. Since its founding, RXR has raised over \$10



Scott Rechler

billion of private equity, building an over 450-person, fully integrated team of professionals with expertise in operations, construction and development, investment management, and more. In December 2021, Rechler was elected to a three-year term on the Board of the Federal Reserve Bank of New York and was recently nominated for an additional three-year term. From 2011 to 2016, he served as Vice Chairman of the Board for the Port Authority of New York & New Jersey. He served on the Metropolitan Transportation Authority (MTA) Board from 2017 to 2019. From 2017 to 2023, Rechler served as the Chair of the Regional Plan Association. He currently serves as trustee and Vice Chair of the National September 11th Memorial and Museum and has recently been elected to the Board of Trustees of New York University (NYU). Rechler is actively engaged with several of the region's top healthcare systems, serving as Chair of the Feinstein Institute for Medical Research, a member of the Board at Northwell Health, and the Board of the Hospital for Special Surgery (HSS). He is also an active board member of the Real Estate Roundtable and the Real Estate Board of New York.

FIRM BRIEF Headquartered in New York, RXR (rxr.com) is a fully integrated real estate company and investment manager that owns and manages over 30.5 million square feet of commercial properties and more than 9,800 multi-family units. RXR specializes in public-private partnerships and master developments, including the \$4 billion development of Terminal 6 at JFK International Airport and a 1,100-acre, \$3 billion mixed-use development in Raleigh, North Carolina. Additionally, RXR has a multi-billion credit platform that leverages its real estate expertise to originate and acquire commercial real estate loans. RXR's geographical footprint includes the New York metropolitan region and many of the nation's fastest-growing markets, including Phoenix, Denver, Dallas, Raleigh, and Tampa.

What have been the keys to RXR's industry leadership and ability to remain strong even during challenging economic times?

We take pride in having a strong set of values at our core, starting with our commitment to being part of the community and thinking long-term. Our operational ethos is "Doing Good and Doing Well Means Doing Better," which means we prioritize creating win-win agreements with our partners while simultaneously seeking to build strong communities within and around our

buildings. This creates a sense of purpose and deeper relationships which are extremely important during both good times and bad. We are also clear on our mission and where we are going. Every year, we highlight our actions in an annual white paper which helps us stay disciplined, maintain focus, and not get complacent because we are all too aware that as the world changes, we need to evolve and adapt. Another part of our culture is that we pride ourselves on being humble and hungry, partly because we started young and needed to work harder than those who were more experienced and mature than us in the industry.

Another piece that can't be overstated is that we have worked together for a long time – we trust each other and genuinely like each other which is so important in a competitive industry like commercial real estate. Finally, we are focused on building an enterprise that is sustainable beyond just ourselves, and we understand our strengths and weaknesses. We continually seek to bring in the talent we need to continue to grow.

What are your views on the state of the commercial real estate market today?

This has been an inflection point year, which goes back to something we had identified a couple of years ago. When interest rates were raised as quickly and as high as they were raised, there was a period of time when many were simply in denial, and transaction activity nearly came to a halt. But in 2024, an acceptance has set in that rates aren't returning to where they were before the pandemic, and values aren't going to bounce back. As this acceptance has played through, it has created dislocation, and transaction activity is starting to pick up, particularly here in New York City. If you believe in New York like we do, when there is dislocation, you can buy assets at dislocated prices because they have broken capital structures that can be fixed, allowing you to lease the



Rendering of 175 Park Avenue



Rendering of the facade of 175 Park Avenue near the Chrysler Building

buildings and position them for long-term success. RXR has been active this year, and we plan to be even more active in 2025, not just in New York but more broadly because we feel that the dislocation, particularly in the debt markets, hasn't fully played itself out. I liken this to a storm of \$2 trillion in debt maturities hovering off the Atlantic coast. As this storm hovers, the Fed has kept markets loose with tight spreads and lots of liquidity which has given banks time to build reserves and kick the can down the road a little longer, and now people are starting to realize that the storm is coming to shore. I believe this will result in there being more transactions and more opportunities in 2025, which means it is a good time to be an investor.

Will you discuss RXR's expansion nationally?

Our national expansion, which has been happening for about three years, has exceeded my expectations. The projects that we have been able to lead in places like Phoenix, Dallas, Denver, North Carolina, and parts of Florida, where we have been able to leverage our expertise, relationships, and experience from our history in the New York market to these locations, have been extremely successful. A good example is one of RXR's biggest projects – a 1,100-acre mixed-use development in the Research Triangle formed by Raleigh, Durham, and Chapel Hill in Apex, North Carolina. Our experience and expertise have been extremely valuable with this project, and our culture has been well-received in Apex. The site is now zoned for up to 8,000 housing units, multi-family or single-family, almost 12 million square feet of commercial, up to 3.5 million square feet of retail, and significant medical or life sciences uses. We've broken ground, and this project is well on its way to being a great success.

There is strong interest and excitement around RXR's development of 175 Park Avenue. Will you highlight this project and the impact it will make in New York City?

I truly believe that our project, 175 Park Avenue, will be one of the greatest buildings

ever built since it has so many critical and unique components to it. The building will have 2.3 million square feet of Class A office space; a 200-key ultra-luxury hotel at the top of the building with extraordinary views and amenities; and an elevated, 25,000-square-foot publicly accessible plaza space populated with artwork and views overlooking the surrounding Midtown streets. In addition to building a new all-electric, state-of-the-art office tower that will have the highest office floor, restaurant, and hotel in the Western hemisphere, we are creating new entry sequences into Grand Central and a new subway station that will make millions of New Yorkers' lives easier and more accessible.

We wanted to construct a building that is tailor-made for New York City – a building whose characteristics are pure New York. Soon, when people look at the skyline, they will see



Rendering of 175 Park Avenue at the corner of 42nd Street

that 175 Park Avenue belongs with the other iconic buildings that make up the New York City skyline.

The reality is that the best buildings are where tenants want to be, and these buildings are performing really well – they're commanding the highest leases and are either fully occupied or on their way there. The energy and the number of people back on the streets, in restaurants, and in office buildings is just different in New York than in other parts of the country. When I travel around the country, I do not see that same level of energy in other cities. People come to New York because it offers unparalleled economic opportunity, diversity, and culture. And when I travel around the world and meet with investors, they say that the U.S. economy is the most dynamic economy anywhere in the world, and when you look at the U.S., there is simply no other city like New York.

RXR has a workforce that has been with the firm for many years. What is the secret sauce that has made RXR so effective at retaining talent?

A big part goes back to culture. When you work at RXR, you have a sense of purpose because the firm has a sense of purpose that we are not just building buildings – we are building communities. Another part of the culture is collaboration, and all our team members have access to senior leadership. This creates a unique environment where young people joining the firm can participate in meetings and develop relationships with the firm's senior leadership, allowing them the opportunity to learn and grow.

RXR works on projects that take many years to complete. Are you able to enjoy the process, and how important is it to appreciate the journey?

A challenge of doing major developments is that they take a long time – we have done some that have taken 15-plus years. You need to have a team with an attitude and belief that the project will get done because you need to keep moving forward and pushing ahead through inevitable setbacks and the ups and downs of any business cycle. Admittedly, I don't think we do a great job of taking moments to reflect and celebrate because we are always looking toward the next opportunity. Still, we take great pride and joy when we see our clients walking into our buildings, working in our buildings, and enjoying the amenities in our buildings.

What advice do you offer to young people interested in pursuing a career in the real estate industry?

There are many disciplines in real estate, so find the areas that you are passionate about and fit your aptitude best since that is where you will be successful. You need to acknowledge that we are in a changing world, and for young people, this is a great time to come into the industry because the use of artificial intelligence and technology is an asset they already possess coming into the industry at this time. Lastly, at RXR, we say that success isn't owned but leased, and rent is due every day. This means you must show up every day and put in the work to succeed. ●