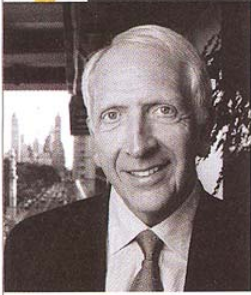


May, 2008

**THOUGHT LEADERS**



**Kenneth A. Himmel** is president and CEO of Related Urban, the mixed-use division of Related Companies. Under Himmel, Related Urban, founded in 1997, has developed the 2.8-million-sf Time Warner Center at Columbus Circle in New York and CityPlace, a 72-acre property in downtown West Palm Beach, Fla. Recent projects include The Grand, a 3.6-million-sf mixed-use development in downtown Los Angeles, and CityCenter of CityNorth, the 76-acre mixed-use portion of the 144-acre CityNorth project in Phoenix's Northeast Valley. Himmel earned a BS from the College of William and Mary and a BS with distinction from Cornell's School of Hotel Administration.

**'Mixed-use development is both art and science'**

**BD+C: What does mixed-use mean to Related Urban?**

**Kenneth A. Himmel:** Many people talk about mixed use as if it was something new. It's not. Think about what people love about Paris, Venice, Rome, London. It's block after block of wonderful architecture, but all mixed use—cafés, civic uses, parks. It's experience after experience, and there is a progression of how this all gets built over time. Here in the U.S., we haven't worried about quality and the integration of uses. It's all about how quickly you can make money.

Mixed use is both art and science. The science people can get, but the art side has an originality to it that makes each project unique.

**BD+C: Is there a Related Urban mixed-use "formula"?**

**KAH:** There is no formula. You've got to handcraft these projects. When you're in a tight urban site, you're working vertically. That's the high-wire act, because integrating vertical uses—office, hotel, retail, residential, etc.—is more complex and expensive than in a green-field. We will not go into a mixed-use project unless it is first and foremost defined by its retail, restaurant, entertainment, and cultural components.

**BD+C: The cultural environment is crucial, isn't it?**

**KAH:** Absolutely. For Time Warner Center, it was proximity to Lincoln Center. At CityPlace, it's the Norton Museum of Art and the Kravis Center for the Performing Arts. For The Grand, we'll have the Walt Disney Concert Hall.

**BD+C: And that's all part of placemaking.**

**KAH:** Placemaking is something we've been [doing] for 30 years. Take Reston [Va.] Town Center. We started there in the early '80s with a very suburban environment. There was 11 million sf of office in that corridor; now there's 50 million. We gave people a place to go to, and Reston now has the highest office rate outside the District of Columbia.

That's the other story about mixed-use: in good markets our projects get premium pricing, and in down markets, [financial] people are still willing to commit to us. We have a long-term view. These are legacy assets, with a tremendous barrier to entry, which makes them very valu-

able. You don't want to sell them quickly. We always want to maintain control of marketing, leasing, and management.

**BD+C: What about design and construction quality?**

**KAH:** We handpick people who are best in class, best in their field, and best for the market—in LA, [Frank] Gehry. In Phoenix, Howard Elkus and Brad Nelson—they're redefining desert architecture. In New York, we've used Kohn Pedersen Fox, Arquitectonica, David Chiles, and Robert A.M. Stern. For our contractors, we go to the greatest strength—Webcor, Pankow, Bovis, and many others.

**BD+C: What future markets do you see?**

**KAH:** We're being pretty selective at this point, only markets where you can sustain \$750/sf for residential or \$27-30/sf net for office, and where you can attract retailers with rents of \$50-60/sf net—markets with more sophisticated tastes, where people understand the pricing: New York, Chicago, Boston, Washington, Los Angeles, Phoenix. We're not going to go into Dallas, Atlanta, or Charlotte, because the pricing structure wouldn't allow us to do the kind of project we want to do.

**BD+C: What about outside the U.S.?**

**KAH:** I spent three weeks in China this fall. With most of the projects I saw, you can see the architects and planning teams trying to [imitate] what we have done. We've been investigating a number of opportunities in China.

**BD+C: How do you weather the retail and residential cycles?**

**KAH:** The most bullish performance always comes from our retail. In Phoenix, our retail space is 85% committed, and Phase I [500,000 sf retail/office] will open later this year at 95% occupied. Phase II will have Nordstrom's and Bloomingdale's.

We opened CityPlace eight years ago, and it's still less than halfway done, but it set the standard in the market. As these projects mature, it allows us to raise the bar. At Time Warner Center, I couldn't get a luxury retailer to look at Columbus Circle. Now we're pushing \$1,500 a square foot in annual retail sales.

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— Kenneth A. Himmel