THE COMMERCIAL OBSERVER

The Power 100

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When interviewing Jeff Blau, the CEO of Related Companies, for this year's Power 100 we asked a question Commercial Observer had never raised in the past:

Who do you think should be No. 1 on our list?

To revamp the old saw that every time a senator looks in the mirror they see a president, we imagine that every time a developer is asked his or her position in the real estate pecking order the only number they recognize is "one." (Blau—along with Stephen Ross and Bruce Beal—got the nod himself last year.) However, if they took themselves out of the equation, who should be No. 1?

"You should pick Google," Blau said. "They're doing more real estate than anybody. You put Google on, everybody will say, 'Holy shit!' "

Google's $2.4 billion purchase of Chelsea Market in February was the third-largest single-building office transaction ever in New York City history—and the buy also said something even subtler about the future of the city. As Gotham jockeys to be named the new East Coast headquarters of Amazon with 19 other cities, this was a remarkable vote of confidence in this city. It said something about where the newer, techier, younger workforce wants to be.

The other thing the Google real estate purchase proved was that while many real estate players regularly say that real estate is in a holding pattern, or that we're in "extra-innings" in an interminably long market cycle, there are players who are taking the initiative and not shying away from big things.

And that was one of the most important characteristics of those who rose in our estimation this year—they didn't shy away from thinking big.

Brookfield Property Partners' Ric Clark was No. 8 last year, but the company seemed unusually peckish this year; not only was it wading into multifamily with The Eugene at Manhattan West and Greenpoint Landing with the Park Tower Group in Brooklyn; not only was it leasing millions of square feet of space (like, say, EY taking 600,000 square feet at 1 Manhattan West, or Amazon taking 305,000 square feet at 5 Manhattan West); not only was it making big trades (a $2.21 billion sale of 245 Park Avenue to HNA) but after a first rebuffed attempt it managed to acquire GGP, itself one of the country's heavyweight REITs.

Some of the heavy hitters didn't have much room to go any higher. RXR Realty was tapped—along with Vantage Airport Group—to lead the multibillion-dollar expansion of the JetBlue terminal at John F. Kennedy Airport. Normally, this is the kind of deal that could send a developer into the top five. Unfortunately, RXR CEO and Chairman Scott Rechler was No. 4 last year, so there wasn't a lot of room for improvement. (He's No. 4 again.)

Silverstein Properties has always had a fairly high ranking in Power 100, but with its winning $1 billion-plus bid for the Upper West Side ABC campus it merited a spot in the top 10.

Every year publicists, landlords and brokers call Commercial Observer and ask two things: Where are they on the list? (We keep that strictly under wraps.) And what's our methodology?

Our methodology is never going to satisfy everybody. (A "popularity contest" is how one publicist dismissed it when I tried to walk him through it.) How does one compare a landlord with a broker? It's a difficult question. If the broker disappears from the deal, can he be replaced? Sure. But if a landlord has a great piece of real estate and nobody believes in the project or the neighborhood or the transportation, will it go empty? Sure again. Who's more powerful? The answer is that it depends. CO's editorial staff spent many hours wading through these questions, assigning spots on the list and trying to provide answers to questions like, "Is Google—a tech company—really a real estate powerhouse?"

Answer: Absolutely.—Max Gross

1. Ric Clark

Senior Managing Partner and Chairman of Brookfield Property Partners

Last Year's Rank: 8

While investment sales slumped last year, retailers filed for bankruptcy left and right and large real estate companies slowed their transactions, Brookfield Property Partners stood out among the devastation as a hungry giant.

It made bold attempts to consume mall operator GGP, developer Forest City Realty Trust and IWG—the office space provider formerly known as Regus (although Regus-branded coworking spaces remain). And although its first offer for GGP was rebuffed, the developer's appetite could not be sated. It bolstered an aggressive second bid and reached an agreement to gobble up the remaining 66 percent of GGP that it did not own for roughly $15 billion.

But that was just the appetizer!

In 2017, Brookfield completed about 1.8 million square feet of leasing at its 7-million-square-foot mega-development, Manhattan West. Currently, the 67-story 1 Manhattan West, the 15-story 5 Manhattan West and 13-story The Lofts building are 92.3 percent leased. In addition, Brookfield leased another 1.1 million square feet to tenants in its 8.5-million-square-foot retail and office complex Brookfield Place, 2.4-million-square-foot One Liberty Place and 2.7-million-square-foot One New York Plaza.

“Brookfield’s New York team had a really big year in 2017,” Ric Clark said. “There was just a lot that we got done last year.”

Brookfield was behind a few of the largest trades: It unloaded 245 Park Avenue, which it owned with the New York State Teachers’ Retirement System, for $2.21 billion in May 2017 to HNA Group, and then Brookfield purchased the 350,000-square-foot office building at 333 West 34th Street from New York REIT for $255 million in November.

It also sold a 49 percent stake in the 2.3-million-square-foot One Liberty Plaza for $742.4 million to Blackstone Group in December.

In March 2017, Brookfield acquired a leasehold at 1100 Avenue of the Americas with Swig Company, leased the entire 386,000-square-foot office section of the property to Bank of America and, this January, leased another 127,000 square feet to the bank in the adjacent Grace Building at 1114 Avenue of Americas (which Brookfield and Swig already owned).

By the way, Brookfield isn’t satisfied with the commercial offerings, either: It’s also craving residential properties. The company, known for its office and retail developments, entered New York City’s multifamily realm last year with the 844-unit The Eugene at Manhattan West. It has already leased 82 percent of the luxury tower.

Brookfield is also partnering with Park Tower Group for the 22-acre Greenpoint Landing mixed-use project, which will have 5,500 apartments when it’s completed. The first residential tower is set to be completed in August.

And earlier this month, Brookfield reportedly purchased a 1.3-million-square-foot site in the waterfront section of Mott Haven in the Bronx for $165 million where the company will erect a residential building.

In the past “we shied away from apartments, which has one-year leases or hotels with daily leases,” Clark said. But “the apartment sector is one of the best performing sectors in a long period of time. It’s an exceptional sector in which we took our time to educate ourselves. Now that we are educated, we are actively looking to build our local portfolio.” Bon appetite.—Liam La Guerre

2. Marc Holliday and Andrew Mathias

CEO; President of SL Green Realty Corp.

Last Year’s Rank: 2

In a previous life Marc Holliday and Andrew Mathias might have been the world’s greatest jugglers. At least, running SL Green Realty Corp. in the last year they’ve managed to keep their eye on a lot of things that they have in the air.

They’ve bought. They’ve sold. They’ve lent. They’ve leased. They’ve developed. And, true to their pedigree of being the biggest and best (SL Green is the largest landlord of commercial real estate in New York City with ownership interests in 29.5 million square feet, as per the company website) it has done so on an immense scale.

“Every department here is very busy and very engaged,” Mathias said.

On the buying front, SL Green purchased a 48.7 percent stake in One Worldwide Plaza with RXR Realty, which had an appraised value of $1.7 billion.

“It’s a prototypical asset,” Holliday said of the purchase. “Midtown, great building, great tenants, great location, high cap rate, low-per-square-foot acquisition price and room to run on the bulk of the rents.”

As for sales, there were quite a few notable ones: The company sold a 43 percent minority stake in 1515 Broadway to the German financial services company Allianz Real Estate in a deal that valued the building at $1.95 billion; it sold 600 Lexington Avenue for $305 million to an insurance company; 16 Court Street in Downtown Brooklyn to CIM Group for $171 million; and just at the beginning of the month it sold the 674,000-square-foot office condo it owned with Ivanhoé Cambridge at 1745 Broadway to Invesco for $633 million.

SL Green also put an immense amount of money out as a lender. “We do about a deal a week,” Holliday said. While the company limits its lending to 10 percent of its assets, this has still meant $1.5 billion in originations and $210 million in revenues for the company.

With a portfolio that is 96 percent leased, it’s not as if the real estate investment trust hasn’t been striking deals—like, say, powerhouse law firm Greenberg Traurig taking more than 130,000 square feet of new office space at an SL Green property.

Which brings us to the last—and most exciting—ball in SL Green’s orbit (where Greenberg Traurig is taking all that space): One Vanderbilt, the super-tall, 1.6-million-square-foot skyscraper across the street from Grand Central Terminal that SL Green is developing.

Having taken years to get off the ground and including hundreds of millions of dollars pledged in transit improvements this project has played a critical role in the passage of the Midtown East rezoning and no doubt blazed a path for J.P. Morgan Chase’s announcement earlier this year that it would demolish and rebuild its building at 270 Park Avenue.

“Obviously, the centerpiece for us is One Vanderbilt,” Mathias said. “That’s requiring an enormous amount of my time and Marc’s time. Every discipline in the firm is getting ready for that building to open up in September 2020.”—Max Gross

3. Stephen Ross, Jeff Blau and Bruce Beal

Chairman and Founder; CEO; President at Related Companies

Last Year’s Rank: 1

Jeff Blau was in a good mood on the morning he spoke to Commercial Observer for Power 100: The day before, Page Six reported that Sting rented an apartment at 520 West 28th Street—Related Companies’ property that straddles the High Line and was designed by the late Zaha Hadid.

This might seem a relatively modest thing to be happy about; after all, Related’s deals at Hudson Yards over the last 12 months have been worth billions. In May 2017, Related landed the kind of white whale landlords only dream about: BlackRock paid $1.25 billion for a 20-year, 847,000-square-foot lease at 50 Hudson Yards. (The deal was reached a few months earlier but not finalized until then.)

Still, Sting is yet another data point in the great accumulation of evidence that Related’s big bet on the Far West Side of Manhattan is paying handsome dividends. The long-ago fear that a project that far west would have a tough time competing with the more well-trod sections of the city sounds like the cries of a Cassandra. (Sting’s last apartment, it should be noted, was one he sold for $50 million at 15 Central Park West, proving he knows a thing or two about decent real estate.)

“The whole thing started with Time Warner Center,” Blau said. Time Warner Center, which opened in 2003, served as a model for a large-scale project that involved retail, hospitality and residential all under one roof. “What do you do for an encore? That's when Hudson Yards came up," he noted. Now, a grand project like Hudson Yards, he added, is Related's "true core competency. Nobody else in the country that comes up [can do this]. Not at this scale."

And duplicating this success seems to be Related's plan. "In Chicago we have a 62-acre site right in the middle of the city [that's] 12 million square feet," Blau said. "It'll be the Hudson Yards of Chicago." In Santa Clara, Calif., Related has a 240-acre mixed-use development in the planning stage. He called it, "San Francisco's Hudson Yards."

And we haven't even mentioned the Grand Avenue complex in Downtown Los Angeles, a $1 billion mixed-use complex that Frank Gehry is designing and will feature an Equinox hotel.

"In retail, it's been nothing but remarkable," Blau said of the company's business during a year dogged by retail implosion.

Indeed, Cartier, Van Cleef & Arpels and Piaget and the London-based hospitality group Rhubarb all announced late last year that they were coming to Hudson Yards, and after having once struck retail gold at Time Warner Center with what has been sometimes cheekily called the most expensive food court in history counting the likes of Masa and Per Se amongst its eateries, Related is assembling a similar murderers' row at the Shops & Restaurants at Hudson Yards, a 1-million-square-foot retail complex anchored by Neiman Marcus that will include restaurants by Thomas Keller, David Chang and José Andrés.—Max Gross

4. Scott Rechler

CEO and Chairman of RXR Realty

Last Year's Rank: 4

Two-thousand-and-eighteen has already taken off like a supersonic jet for RXR Realty. We're referring, of course, to the March announcement that JetBlue Airlines tapped RXR and Vantage Airport Group to lead the multibillion-dollar expansion of its terminal at John F. Kennedy International Airport.

"The big thing is JetBlue," Scott Rechler said. But in a year when a lot of real estate professionals have been content to sit back and see what the market does, RXR has been doing "big, bold deals."

Case in point No. 1: One Worldwide Plaza. Along with SL Green Realty Corp., RXR purchased a 48.7 percent stake in the Midtown West skyscraper, which was valued at a whopping $1.7 billion.

Case in point No. 2: RXR bought the development rights to replace Long Island University's athletic fields at 161 Ashland Place in Brooklyn to put up a new complex that will include 476 apartments.

Case in point No. 3: It is continuing its "suburban-urban strategy"—i.e., developing thousands of units in the areas surrounding New York City with projects like Larkin Plaza, the $200 million mixed-use complex in Downtown Yonkers, which topped off this past November.

Case in point No. 4: RXR sold NewYork-Presbyterian Hospital 500,000 square feet of space at 237 Park Avenue for $250.8 million (with the sweet condition that RXR gets the property back in 30 years).

And Rechler has certainly not neglected the bread-and-butter leases that make a real estate empire hum. It might have disappointed some that Anthony Bourdain's Singapore-inspired market bit the dust, but RXR managed to replace him with a nice, juicy Google expansion. (As far as tenants go, yes, that counts as an upgrade.)

The civically engaged (and former vice chair of the Port Authority of New York & New Jersey) Rechler has taken a very public stand on the issue of gun control in the last year.

In November, RXR lit up 230 Park Avenue for 58 nights in orange in honor of each of the victims of the massacre at a concert in Las Vegas a month earlier. Earlier this month Rechler appeared with former Secretary of Homeland Security Jeh Johnson, John Feinblatt of Everytown for Gun Safety and Linda Beigel Schulman, a mother who had lost her son in the Parkland shooting in February, at Merkin Concert Hall to advocate against gun violence.

"It's time for business to step up," Rechler declared to the audience.—Max Gross

5. Sundar Pichai

CEO of Google

Last Year's Rank: New

Any company that spends $2.4 billion to acquire a property in New York City should be considered a major real estate player—especially one that does so in an all-cash transaction. Google, you are officially a serious real estate player.

The tech giant's gargantuan deal to purchase Chelsea Market at 75 Ninth Avenue from Jamestown in March is the third-largest-ever single-building office transaction in Gotham and a show of force from Google that says, if it should so desire, it could easily compete in the real estate capital of the world. As Google's parent company, Alphabet Inc., brought in $110.8 billion in revenue last year, $2.4 billion is child's play.

"This purchase further solidifies our commitment to New York, and we believe the Manhattan Chelsea Market will continue to be a great home for us and vital part of the neighborhood and community," according to a Google statement about the purchase.

Google first entered New York in 2000 with a single salesperson who worked from a Starbucks. Today, it has more than 7,000 employees in the Big Apple.

Before its big Chelsea Market buy, Google had already occupied 400,000 square feet in the 1.2-million-square-foot building. Google's main New York offices are across the street at 111 Eighth Avenue, a building that the company purchased for $1.77 billion in 2010.

And thanks in part to Google's presence in the Chelsea-Meatpacking area, which dates back to 2006, hordes of tech companies and brands have flocked there, making it a hot spot for the industry.

Also last year, the company expanded its lease at 85 10th Avenue by 60,000 square feet, to 240,000 square feet total. And at Pier 57, which RXR Realty is currently redeveloping, Google added 70,000 square feet of office space and 50,000 square feet of public engagement space to its 250,000-square-foot lease at the property.—Liam La Guerre

6. Steven Roth

Chairman and CEO of Vornado Realty Trust

Last Year's Rank: 5

If you've kept an eye on Vornado Realty Trust over the years, you will know that Steven Roth's designs on repositioning the firm's expansive Penn Plaza assets are nothing new. Indeed, on earnings calls and letters to shareholders, Vornado's head honcho has for years talked up the embedded upside within the 9 million square feet of real estate that the company owns in the area surrounding the Penn Station transit hub.

Except now there are signs that Roth's Penn Plaza puzzle is finally starting to come together. The past 12 months saw Vornado (alongside Related Companies and Skanska) win the right to redevelop the James A. Farley Post Office Building, adjacent to Pennsylvania Station, into the new Moynihan Train Hall. In addition to reinvigorating the transit hub for Amtrak and Long Island Rail Road travelers, the project will yield 730,000 square feet of new office space and 120,000 square feet of new retail.

Meanwhile, Vornado is finally getting to work on renovating the massive 57-story, 2.5-million-square-foot 1 Penn Plaza, a $200 million undertaking expected to commence later this year that aims to boost the office tower's asking rents by $20 per square foot and will see it rebranded as "Penn 1."

Across the street at 2 Penn Plaza, a proposed Bjarke Ingels-helmed redesign of the building could be scrapped for a ground-up redevelopment of the property, Roth said in a recent shareholder letter, while the real estate investment trust continues to vet its long-planned 15 Penn Plaza skyscraper on the Hotel Pennsylvania site on Seventh Avenue.

Elsewhere in Manhattan, Vornado appears set to rid itself of 666 Fifth Avenue after Roth revealed a "handshake" agreement to offload its 49.5 percent interest in the office tower to co-owner Kushner Companies. And at 350 Park Avenue, the company could be the latest developer to tap into the benefits of the Midtown East rezoning, with Roth describing the property as "the best candidate on Park Avenue to next take advantage of the new zoning incentives" available under the redrawn guidelines.

There's been much conjecture about when Roth, who is in his mid-70s, will relinquish the Vornado helm; despite undergoing heart surgery last August, he's said he feels "fine" and has no plans to step down. For a man whom President Donald Trump counts as one of his friends in the real estate industry, it's a lot of power to walk away from.—Rey Mashayekhi

7. Rob Speyer

President and CEO of Tishman Speyer

Last Year's Rank: 7

Rob Speyer may have stepped down as chairman of the Real Estate Board of New York, but he still controls his family's sprawling and active real estate business, Tishman Speyer.

"I'm proud of what we accomplished [at REBNY]," Speyer said. "Getting done the Affordable New York Housing Program and the rezoning of Midtown East are two legacy items that will leave the city and the industry in good stead for a long time to come."

Under the leadership of Speyer, the firm manages a New York City commercial real estate portfolio spanning 16 million square feet and is developing another 4.5 million square feet of commercial projects. Tishman is also building its first two New York City-area residential developments—a 1,900-unit, three-building development called Jackson Park in Long Island City, Queens, and a 51-story, 480-unit condominium tower at 11 Hoyt Street in Downtown Brooklyn.

Jackson Park includes a 1.6-acre park and a 60,000-square-foot amenity building, both of which will open in the next month or two. The first residential building is leasing up now, and the other two will be complete this summer. Across the street, Tishman has poured concrete for 10 floors of the JACX, a 1.2-million-square-foot, two-building office and retail complex. The pair of 26-story towers is already 70 percent leased to Bloomingdale's and WeWork, with construction expected to finish in mid-2019.

Meanwhile in Downtown Brooklyn, the Rockefeller Center-based company recently started on foundations for the Studio Gang-designed residential condominium project at 11 Hoyt Street. And it's stacking six new stories of commercial space atop Macy's four-story office building across the street at 422 Fulton Street.

But Tishman's most exciting project is unquestionably The Spiral, a Bjarke Ingels-designed, 2.8-million-square-foot office tower at 66 Hudson Boulevard.

Pfizer just inked a deal for 800,000 square feet of office space at the property, which will start construction in July and finish in 2022. The structure will feature cascading, connected terraces that wrap around the building and double-height floors connected by open stairs "to provide the perfect point for informal collisions and discussions and the kind of environment companies want from their new real estate," Speyer said.—Rebecca Baird-Remba

8. William Rudin

Co-Chairman and CEO of Rudin Management Company

Last Year's Rank: 11

At the end of 2016, Rudin Management Company's patriarch Jack Rudin died at age 92, so "2017 was a year of transition and moving our company forward," said William Rudin, whose company's portfolio includes 35 commercial and residential buildings in the city, comprising about 15 million square feet.

William's children, Samantha and Michael Rudin, were both promoted to senior vice president from vice president last year, so they could have more responsibility and learn to run the company, the senior Rudin said.

"Watching them grow and develop and take more of a leadership role in this organization is a priority for [Rudin Management President and co-Chair] Eric [Rudin] and myself," Rudin said. "Because in any company you need to make sure, just like Jack and Lew [Rudin, who ran the company with Jack] did with Eric and myself, that there is a smooth transition, and the next generation has the support to take over and run the company."

The timing was also appropriate because William became the chairman-elect of the 122-year-old Real Estate Board of New York in June and would have to split his time between Rudin Management, REBNY and his efforts with the Association for a Better New York. His three-year term at the helm of the strongest real estate advocacy group in New York City started on Jan. 1, 2018.

But that doesn't mean that Rudin is shying away from the development that has been the calling card of the family for generations. Another major highlight for Rudin Management last year was topping out its first-ever Brooklyn development in October: the 675,000-square-foot Dock 72 office building, which Rudin is building in partnership with Boston Properties and WeWork.

Finally, Rudin has been heavily investing in real estate technology companies and is becoming a major player in the property tech world.—Liam La Guerre

9. Jonathan Gray, Ken Caplan and Kathleen McCarthy

President and COO; Global Co-Heads of Real Estate at Blackstone Group

Last Year's Rank: 3

Changes were afoot at Blackstone Group in 2017 as a trio of the firm's leaders climbed a rung on the ladder: Jonathan Gray, the company's global head of real estate since 2011, became its president and COO, while his longtime deputies, Kathleen McCarthy and Ken Caplan, now sit atop the real estate totem pole (hence why McCarthy and Caplan have been added to the list).

After a transition that McCarthy and Caplan described as seamless, the gargantuan private-equity firm remains laser focused on executing on the constantly refined strategies it calls "convictions."

"You need every investment to stand on its own, but we do orient our team around things we have more conviction in," McCarthy said.

Lately, one of the most powerful of those convictions has been investment in housing.

"We continue to like multifamily here in New York and, more broadly, across the country," Caplan said. "We're investing in residential globally."

That attitude was reflected in one of the private-equity firm's biggest deals last year, the marriage of its single-family rental business, Invitation Homes, with Starwood Capital Group's rental homes arm. The resulting firm, which kept the I.H. name, became by far the country's biggest single-family landlord.

Strong momentum in American e-commerce and European office markets was behind some of Blackstone's other major moves in the last 12 months. Last June, Blackstone paid $2 billion for the office and retail holdings of Sponda, a Finnish firm that owned commercial space throughout that country.

And this March, Blackstone Real Estate Income Trust, the company's subsidiary real estate investment trust, closed on the $1.8 billion purchase of a 22-million-square-foot nationwide warehouse and distribution network, bringing the REIT's total assets under management to $7 billion.

Those new acquisitions will be folded into a property mix that has indisputably provided results. "Last year was our fourth year in a row of over $20 billion distributed to our investors," McCarthy said.—Matt Grossman

10. Larry Silverstein and Marty Burger

Chairman; CEO of Silverstein Properties

Last Year's Rank: 15

It's safe to say that Silverstein Properties has had its hands full. Silverstein signed roughly 1.2 million square feet worth of office leases across the city last year with most of its wheeling and dealing at the World Trade Center, where it fully leased both 4 and 7 World Trade Center.

That was headlined by the company nabbing one of the city's largest leases of 2017 when Spotify took 378,000 square feet at the top of the 72-story 4 World Trade Center last February. With the move to 4 World Trade, Spotify planned to add 1,000 jobs and keep an additional 800 more in New York. The State of New York also guaranteed Spotify an $11 million rent reduction over the course of its 15-year lease for its pledge to hire more employees and keep its workforce in the city.

Just five months later, the music-streaming giant executed a lease option to expand by an additional 100,000 square feet to occupy an additional three floors in the 2.3-million-square-foot tower, which brought the building to full occupancy.

Also last February, law firm Kramer Levin renewed its lease at Silverstein's 1177 Avenue of the Americas—albeit re-signing for slightly less space (roughly 265,000 square feet) as it planned to chop underutilized square footage and revamp its office layout, according to Marty Burger. Silverstein also locked in Macmillan Publishers in July 2017 for 261,000 square feet at the firm's 41-story 120 Broadway.

As for Silverstein's roughly $1 billion luxury residential development at 30 Park Place, the building was listed by PropertyShark as one of the city's best-selling residential properties in the first quarter of 2017, with 38 condos sold at a median sale price of $5.8 million. The condos at 30 Park Place are now 85 percent sold, according to information from Silverstein. Larry Silverstein and his wife Klara are moving in there this spring.

"I have to say that the last nine months of 2017 were very slow for us in the condo market," Burger said. "In 2018, we've had more sales in the first quarter than in the last nine months of 2017."

To start 2018, the firm scooped up just over $300 million from Deutsche Bank to refinance One West End, its luxury condominium property completed in 2014 as part of the sprawling seven-building Riverside Center residential development.

But an even bigger prize awaited: In April, Silverstein signed a deal with the Walt Disney Company to acquire the American Broadcasting Company's New York City headquarters, a multibuilding Upper West Side office portfolio along West 66th Street, as Commercial Observer first reported.

With construction on its 80-story, 2.5-million-square-foot 3 World Trade Center set to wrap in June, the company's grip on Downtown is only getting tighter. Three World Trade Center is also ahead of schedule, with a grand opening set for June."—Mack Burke