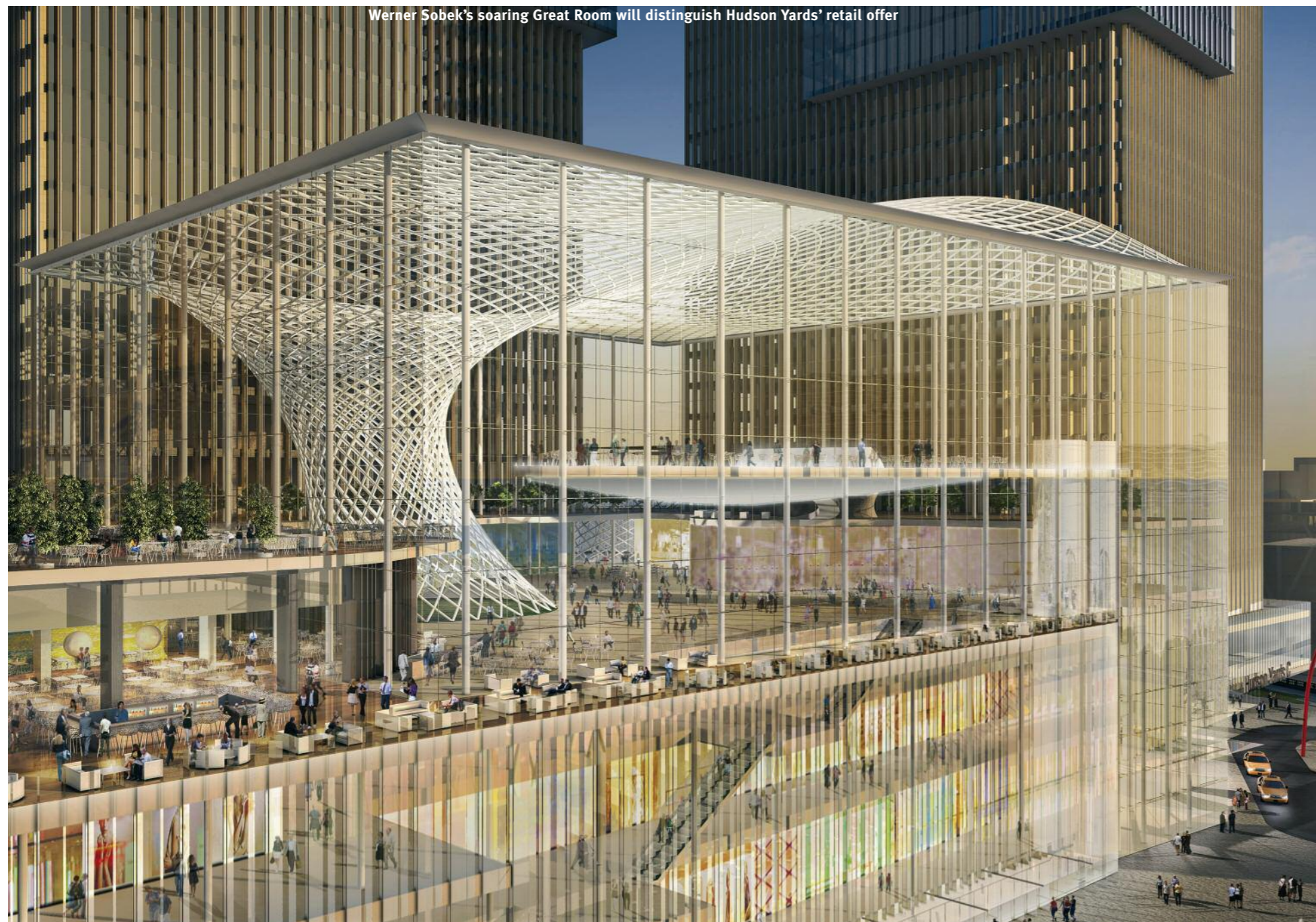


The Cover / Interview with Jay Cross, President Related Hudson Yards and Blake Hutcheson, President & CEO Oxford Properties Group

## Hudson Yards puts the heart in Midtown Manhattan

*Standing head and shoulders above the competition at MIPIM this year is Hudson Yards, an ambitious development destined to create a new city heart in Midtown Manhattan. New York may be famed for its premium on space, but Related Companies and Oxford Properties have acquired 26 acres of undeveloped land on the Hudson River which are now set to become Manhattan's next commercial district. Class A offices, retail and a hotel will rise alongside public parks and cultural facilities in Kohn Pedersen Fox Associates' impressive 12 million square foot (1.1 million square metre) master plan. New apartment buildings, a 750-seat public school and 10 acres of parks, playgrounds and gardens will also be developed and will ultimately complete the transformation...*

by Isobel Lee



Werner Sobek's soaring Great Room will distinguish Hudson Yards' retail offer

The Hudson Yards story begins with a building: comprising 5.5 million sq ft of state-of-the-art office space and half a million sq ft of destination retail on top of a brand new subway station, it's an iconic project in its own right. Add in a cluster of towers, a cultural centre bringing landmark performance spaces, a world-class hotel and 5,000 residences and this project becomes a mixed-use neighbourhood – perhaps even New York's next great neighbourhood – located right in the heart of Midtown Manhattan.

26 acres of undeveloped land are set to be transformed in this initiative by Related Companies and Oxford Properties, who have commissioned Kohn Pedersen Fox Associates to master plan a new commercial district which will eventually create a cutting edge, 21st century mixed-use environment right in the heart of New York. Related, one of the largest and most successful real estate companies in the United States is a fully-integrated, highly diversified industry leader with experience in virtually every aspect of development, acquisitions, management, finance, marketing and sales. With offices and major developments in Boston, Chicago, Los Angeles, Las Vegas, San Francisco and South Florida, Related is perhaps best-known for having developed the 2.8 million square foot Time Warner Center in New York City and the 72-acre CityPlace in West Palm Beach as well as being an industry leader in green building. The company's existing portfolio of real estate assets, valued at over \$15bn, is made up of best-in-class mixed-use, residential, retail, office, trade show and affordable housing properties in premier high barrier-to-entry markets in the United States. Oxford Properties Group is a global platform for real estate investment, development and management, with over 1,300 employees and approximately \$17bn of real assets that it manages for itself and on behalf of its co-owners

and investment partners. Established in 1960, Oxford was acquired by OMERS, one of Canada's largest pension funds, in 2001. Oxford has regional offices in Toronto, London and New York, each with investment and management professionals who have deep real estate expertise and local market insight. In an exclusive interview with REurope Magazine, Jay Cross, President of Related Hudson Yards and Blake Hutcheson, President & CEO of Oxford Properties Group discuss their vision for this unique scheme, which is destined to change the shape and skyline of Manhattan for good...

### RE: HOW DID YOU SOURCE THIS INCREDIBLE LOCATION IN MIDTOWN MANHATTAN OF 26 ACRES, AND CAN YOU DESCRIBE THE PLANNING PROCESS?

JC: The Metropolitan Transportation Authority (MTA) built the yards in the 1980s to store trains that were coming in and out of Penn Station with an expectation that some day, developers would build over them. The yards were specifically laid out in a way which would allow a developer to come in and overbuild. As part of New York's 2012 Olympic bid, New York proposed to build an Olympic Stadium over the yards which resulted in a rapid rezoning and created a new neighbourhood called Hudson Yards, which is even bigger than the 26 acres site which we are building on. The MTA then put out a Request for Proposals, and most of the major developers in town submitted; Related was designated as the developer of the Yards in May 2008. Within 18 months of taking on the project, we completed the entitlement and approvals process. It's clearly unusual to have 26 acres all entitled, zoned and ready to go, but it's really been the result of a careful over 20-year planning process. A big advantage for us is that we came in at the tail-end of the process, so we're now in pole



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Time Warner Center, New York, developed by Related Companies, opened in 2004

position to start construction.

BH: Oxford Properties entered the joint venture as Related's partner during the contract phase; it was an asset that Related had been eyeing up for decades and eventually came to the market in this form. Related's been a terrific partner, we're big believers in Jay Cross and his team; I think he's one of the most visionary developers we've dealt with. I've known Jay for over 20 years and I've been watching the work he's done around the world for some time. We also have deep faith in Related and the compelling fundamentals of the site itself.

### RE: WHAT WILL MIPIM MEAN FOR YOU IN TERMS OF SHOWCASING THE PROJECT?

JC: Generally speaking, we're looking to increase international awareness of the project. Many people don't realise that there's a 26 acre development site on the west side of Manhattan, which is still part of Midtown and just five minutes walk from Penn Station, which is the busiest transportation hub in the United States. We want to generate awareness that we are ready to start construction immediately and that we can provide the most modern commercial office space in the city. There are also many large tenants in New York that are international in scope and headquartered in Europe, so some of their real estate decisions might be made overseas. It's therefore impor-

tant for us to get in front of European decision makers from a real estate point of view.

BH: Hudson Yards is clearly one of the biggest undertakings in any major city globally at the moment, so I think there will be an interest in general about a scheme of this size. Additionally, there will come a point where Related and Oxford Properties will go out and raise some additional capital, so to the extent that people are ambitious to invest in a project of this size and nature, it should also give us the opportunity to meet investors with that level of interest.

### RE: HUDSON YARDS WILL BE DISTINGUISHED BY ITS OWN SUBWAY STATION AND SIT AT THE HEART OF THE REGION'S TRANSPORTATION NETWORK – HOW WILL THAT IMPROVE STILL FURTHER?

JC: The basic infrastructure, which is already in place, is considerable. Penn Station today handles 640,000 people a day, which is equivalent to all three New York airports. In addition to that, there's increasing water taxi activity on the Hudson River and there's also the adjacent Lincoln Tunnel and the West Side Highway, which are major vehicular routes into Manhattan. So every type of transport converges on our site from every direction; the one piece that wasn't there historically was a connection to Grand Central Terminal:

but as part of the 2005 rezoning, the city committed to extend a subway line from Times Square to our front door. That one and a half mile extension – bored with the same technology as the Chunnel – will result in Manhattan's first new subway station for about 60 years. That subway connection gives us a six minute connection to Grand Central; we'll also be connected more seamlessly to Penn Station which is also going to undergo a major refurbishment. By 2015, we'll have the best regional transport access of any site in the New York, and that gives us an exceptional competitive advantage.

BH: It's worth saying here that Hudson Yards won't be like Canary Wharf which had to wait for its transportation system to arrive; with Hudson Yards, convenient public access will come first and improve over time. The whole area is an emerging area, and the process of gentrification will improve not only the commercial and residential stock but also the infrastructure. Our interventions will help it become more accessible, as will the wider process of regeneration.

### RE: HUDSON YARDS WILL OFFER OVER 6 MILLION SQ FT OF CLASS A OFFICE SPACE. WHAT WILL DISTINGUISH THAT SPACE FROM THE COMPETITION?

JC: A big part of it is just the fact that we'll be offering new offices. New York hasn't built that much new stock in the last 20 years; there's now a greater clamouring for larger floor plates in state-of-the-art buildings, and one of the advantages that we enjoy is the sheer size of our site. 26 acres allows us to be like Canary Wharf and offer any sized floor plates that tenants might desire, so we can offer very efficient buildings from that point of view. We're also providing a tremendous amount of infrastructure; when we build over the yards, we're essentially providing a big opportunity to bring in redundant power, centralise waste management, smart-grid control systems. The third advantage will be in our residential development. And finally, in the commercial offering, we'll allow the big tenants to come in and lease or sell them their space at cost, so I think that's a very compelling story to a large user.

BH: This will be one of the few design-build sites where people can have a say from the ground-up about floor plates, as well as give input about the sort of amenities they'd like to enjoy. That is a powerful and unique combination, not only in New York, but anywhere in the world.

### RE: THE SHOPS AT HUDSON YARDS WILL BE MODELLED ON RELATED'S SUCCESS WITH TIME WARNER CENTER, BUT WILL BE UNIQUE, NOT LEAST DUE TO WERNER SOBEK'S INNOVATIVE GLASS HALL, THE GREAT ROOM...

JC: The retail offer has very much been modelled after the success of Time Warner Center; with that project we demonstrated that four floors of vertical retail can perform very well in New York and one of the secrets of its success was the presence of the food and beverage operations at the top of the block on the third and fourth floor, with the Jazz at Lincoln Center complex on the fifth floor. With Hudson Yards, the retail space is actually twice as large as Time Warner, but again we wanted to create something dramatic at the top to create a sense of community. We challenged KPF to come up with a spectacular space and they in turn brought Werner Sobek into the picture, to create the Great Room. That should be dominated by food and beverage operations and create a compelling but different attraction to the Time Warner Center.

BH: Oxford Properties arguably owns the best retail assets in Canada; as a big retail owner and developer, we own four major super-regional shopping centres in Toronto alone. We think there are a lot of cross-pollination opportunities between our tenant base in Canada and some of our retail concepts there, so we think our development and retail expertise will help drive retailers and traffic to that site.

### RE: I KNOW YOU'VE ALSO ASKED KPF TO CREATE A VERY SUSTAINABLE DEVELOPMENT.

### WHAT WILL THE PRINCIPAL GREEN FEATURES OF HUDSON YARDS BE?

JC: It will be very consistent with the corporate policy of both Related and Oxford Properties, creating not only sustainable buildings but also a sustainable neighbourhood. Again, that's one of the unique attributes of the size and scale of the scheme. We're aiming to be a LEED Platinum neighbourhood development, because we're very high density and very centrally located for transit, so we have a lot of natural attributes that are very LEED friendly. We'll obviously be harvesting all of the rainwater and circulating it for grey water use and cooling tower make-up; we are pretty committed to a cogeneration plant on site, which will allow us to have power redundancy, in the case of an Eastern seaboard black-out. We're also looking at geo-thermal technologies, a centralised waste-management system via an infrastructure trench and we'll also be really pushing the envelope with an internal smart grid.

BH: Oxford Properties has been identified as the leader in the Canadian industry in terms of green building; we intend to have all future projects to the highest LEED standards. It's good business and it's also what our tenants demand these days.

### RE: ULTIMATELY, HUDSON YARDS WILL BECOME MUCH MORE THAN A COMMERCIAL CLUSTER – CAN YOU EXPLAIN THE VISION FOR THE LONG TERM FUTURE OF THE DISTRICT?

JC: The entire complex is roughly 50:50 commercial and residential; our theory was to get going with the commercial, allowing large users



Jay Cross, President of Related Hudson Yards and Blake Hutcheson, President & CEO of Oxford Properties Group



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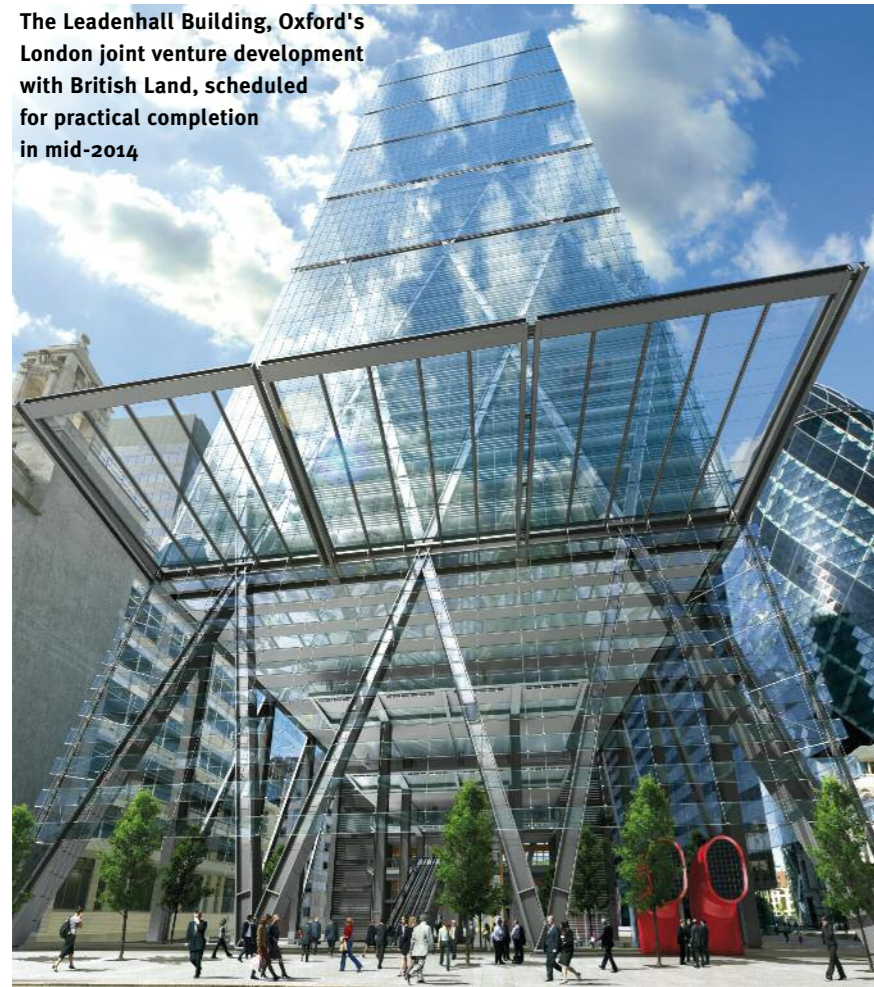


Full build-out of Related/Oxford's Hudson Yards

to get the project up and running in the initial phases, but moving more westerly towards the river, it will become more and more residential. Over 5,000 units are planned for the long term, as well as a public school and the cultural centre. It will allow many people to walk to work and become a true mixed-use community at the end of the day.

BH: Related is one of the major residential developers in New York and across the US and Oxford has more than 50 million sq ft of commercial projects. Hudson Yards will be a city within the city eventually, a great destination and a place to live, to work, to shop, and to visit.

**The Leadenhall Building, Oxford's London joint venture development with British Land, scheduled for practical completion in mid-2014**



**RE: WHAT ELSE ARE RELATED AND OXFORD PROPERTIES PLANNING AT THE MOMENT, IN THE UNITED STATES AND BEYOND?**

JC: Capitalizing on and expanding its global and financial reach, Related established partnerships with an elite consortium of investors including Goldman Sachs, MSD Capital, Mubadala Development Company, Kuwait Investment Authority and The Olayan Group in 2007 to fuel the company's significant growth potential, and these relationships have unlocked new opportunities for Related. Related has just announced a major retail development in Abu Dhabi, Sowwah Square, which is roughly 350,000

sq ft; we have an office in Beijing and we're looking at several JV development opportunities in China. We have a number of residential sites in the pipeline in New York and our usual US markets; we also have a 1.2 msf mixed-use project opening on 42<sup>nd</sup> Street this month with an English hotel in it, Yotel.

BH: Oxford Properties has recently announced a major joint venture with British Land to build the 122 Leadenhall office development project, dubbed the "Cheesegrater", in London. We remain active in Canada, which is our home base, and have very active expansion plans: some \$2bn dollars of equity has been earmarked for investments in the UK and an additional \$2bn is targeted at the US today; leveraged that gives us an \$8bn expansion plan outside Canada.

**RE: WILL HUDSON YARDS CHANGE THE SHAPE OF MANHATTAN FOR GOOD?**

JC: New York as a market place is coming to the realisation that we really have to build more and more class-A competitive space. A large, international user may look at his New York office space and say it's nowhere near as good or high-performing as his London, Tokyo or Shanghai office; when we look at replenishing our stock, there aren't enough locations in town where we have locations to build custom space for large-scale users. The two big areas are the World Trade Center and Hudson Yards; in the latter, while we're going to bring 6 million sq ft of commercial space to the market, the broader Hudson Yards area will actually build 24 million sq ft of commercial space; we're going to contribute 5,000 new residences, as part of a wider neighbourhood of 13,000 residential units. So it really is the new frontier for Manhattan.

## ARCHITECTS OF SUCCESS: KOHN PEDERSEN FOX ASSOCIATES

*Interview with Kohn Pedersen Fox Associates Co-Founder and Senior Design Partner, Bill Pedersen*

**RE: How do you approach transforming such a vast, desolate space into a well-connected commercial district?**

BP: Our most important goal for Hudson Yards is for it to feel like a part of New York City and to have a "New York-ness". It should be unique, but at the same time, part of the city and particularly part of the West Side. The project is characterised by the districts bordering it (including the Highline that penetrates through) – the industrial history of these districts will give Hudson Yards a distinctive sense of character within the framework of the city.

Our assignment was to begin work on the first component, the Super Block, which is approximately 5 million square feet consisting of commercial, retail, and residential. The programmatic component offers diversity, allowing for a vibrant and dynamic ensemble of spaces.

For us, it's very important, as in Rockefeller Center, to create a place of significant environmental vitality and impact. There should be a necessary, common objective shared by all participating elements. In today's real estate world, the creation of individual identity acknowledges buildings associated with private enterprises, creating a level of competition among buildings. This makes it difficult to create urban harmony and vitality.

A famous cellist Rostropovich teaching a masters class at Julliard once instructed his students to learn how to play the boring parts, because they make the exciting parts exciting. Similarly, with buildings, one has to create a certain amount of connectivity, where they all share certain ele-

ments. But they should also sponsor moments of intense individuality. The external balance of scale should attempt to connect to the fabric that surrounds it, offering a level of human engagement.

We plan to create a framework of buildings that support memorable urban spaces. These buildings should act like exterior rooms – the walls are the buildings that surround, which work to embrace and create personality and scale.

**RE: What will make Hudson Yards distinctive?**

BP: Its relationship to the river will penetrate the project deeply, as well as the association of great uniqueness within the fabric of the city. The degree to which we humanise this relationship will largely determine the success of the project. The Super Block will be anchored by a structure intended to house the greatest room in NYC – a fantastic civic, public space to encourage tremendous vitality and interchange.

**RE: Would you agree that the spaces between buildings are as important as the structures themselves for breathing life into a neighbourhood? What's your approach here?**

BP: Yes, but it's a bit of the chicken or the egg dilemma in that the buildings create the spaces, and the spaces are largely determined by the edges of the buildings.

**RE: What innovative techniques will make the structures sustainable?**

BP: This is a bit difficult to define at this time, but as always, we'll do our best to design efficiently and sustainably. We consider façade design and overall energy consumption, as well as space components. Embodied energy is also a concept that's becoming more dominant.

