

## Will Hudson Yards become Silicon Alley West?

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Not since Rockefeller Center was built in the 1930s has such an epic real-estate project been undertaken in New York City as the Hudson Yards. The 28-acre, 17.5 million square foot real-estate project on the far west side of Manhattan is poised to be home to media and fashion giants like Time Warner and Coach, as well as something else — young, cutting edge tech companies.

Today, we get a glimpse of the startup potential for Hudson Yards as an estimated 60 startups converge on the newly developed area to compete for talent from 4,000 registered techies looking for a job. And if events like the Alley Boost Startup Expo are any indication of interest in the complex of commercial real-estate and 5,000 residential units, others will follow. Last month, for example, VaynerMedia signed a deal to move their team to Hudson Yards next year and, and there's reason to believe some of the largest tech companies in the world may be next.

Bill de Blasio, New York City Mayor, speaks during the opening of the Hudson Yards subway station in New York, U.S., on Sunday, Sept. 13, 2015.

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“The Hudson Yards area is one of the few locations in lower Manhattan that has remained an untapped resource,” wrote Gary Vaynerchuk, the co-founder and CEO of VaynerMedia, in a email to the New York Business Journal. Last month, VanyerMedia, signed a deal to move the company's offices to the area. “For me, this is a signature location and ultimately an opportunity for us to establish a serious tech hub here in New York City.”

One person who agrees with Vaynerchuck's take on Hudson Yards is Jason Malki, the founder and CEO of Alley Boost, a startup event series that hosts mixers, panels, and the Startup Expo at La.venue on 28th Street. Malki says he chose the location because it was the cheapest he could find that met his space requirements. But after realizing how far west is the location — even with the extension of the 7 train to the Javits Center as well as ferry terminals at 39th Street — the location still almost scared him away.

“It was so far to the west side I thought it wouldn’t work,” he told me. “I physically went down there, saw the neighborhood and what’s going on and thought this neighborhood has a very millennial feel. I don’t think it’s just smoke and mirrors, I really do think Hudson Yards is an inevitable extension of Silicon Alley.”

Of the 60 startups that will be converging on Hudson Yards today, Malki says they all have New York City offices and that 99 percent of them are based in the city. “To me, bringing them out to Hudson Yards, I think, will open up the eyes of a lot of early-stage founders to that neighborhood in general,” he said.

Kristy Sundaja says she isn’t surprised by the increased interest by tech-savvy founders in the area. Prior to being the chief of people at LivePerson, one of the first tech companies to move to the area, she helped give New York City its new tech identity as the head of industry transformation at the Economic Development Corporation under former Mayor Michael Bloomberg.

“We spent a lot of time during my first year at the E.D.C. really looking at what differentiates New York. What do we need to do from a talent perspective?” said Sundaja, during an interview at LivePerson’s headquarters on 10th Avenue and 36th Street. “From a talent perspective, we knew we needed more engineering talent. We also needed to elevate and educate the non-engineering talent in the city.”



And she should know. Back in 2009, Sundaja was in charge of the team tasked to come up with a future plan for the city’s tech and media sectors, culminating in the Media N.Y.C. 2020 report, which she co-authored. Among the programs launched through the initiative are the MediaLab; BigApps Competition, the \$100 million BMW iVentures fund; startup incubators such as the Hive, the Entrepreneurial Fund, Venture Fellows, and JumpStart.

“When I come out of the subway, I walk through the greenery, I walk through the fountains,” said Sundaja. “It’s very Zen-like, compared to going into Times Square — it’s all this buzzing and you kind of get stressed out on the way to commute to work. But here it’s very quite, very peaceful.” About 200 people now work at the N.Y.C. headquarters, and globally the company has grown from 700 employees in 2012 to more than 1,200 today.

But the changes to the neighborhood LivePerson first moved into also mean higher rent. LivePerson now holds two leases in their 10th Ave. building, adjacent to the Hudson Yard project. The first is a 10-year lease on the fifth floor that expires in 2020. Two years later, when the company signed its second lease for the third floor, which also expires in 2020, the price had increased by nine percent.

One man who wouldn’t mind seeing his own real-estate prices increase is Stephen Winter, vice president of commercial leasing at Related Companies, which along with Oxford Properties Group is developing Hudson Yards. Winter says the interest tech startups are starting to show in the area is no accident. “Everything we do, everything we think about is how do we attract those people?” he said. “Why would the best people coming out of school want to work at companies that have their tenancy at Hudson Yards?”

From Leed Gold certified buildings designed to exceed New York State energy efficiency requirements by 20 percent, to an energy micro-grid meant to stay online even during hurricane-level storms, the Class A real-estate — some of the first new such buildings in years — were designed with tech founders in mind, Winters said.

“Resiliency is important,” he said. “When the grid goes down to some unfortunate event like [Hurricane] Sandy or some other event, Hudson Yards will really become an area of refuge. It will allow our tenants, our residents, to remain operational during challenging times in New York, which is increasingly important in this environment that we work in today.”

While Winter and his colleagues originally focused on the scale and the newness of the project to attract tenants, they quickly switched to focusing on the area as a way to attract and retain in-demand employees, he says. Ten Hudson Yards, the area’s tallest building recently, reached its maximum height. Of its 52 floors, 50 are sold out. Winter said if they signed everyone with whom they’re currently in discussions, Hudson Yards would be oversubscribed, though they’re not sharing exact numbers.

The first tenant set to move into one of the new Hudson Yards buildings next March is the luxury accessories maker Coach, which is moving into 10 Hudson Yards. Vaynerchuck plans to move all 450 of VaynerMedia’s employees to the site by next summer. Many more will move in by the end of 2016. By 2019 the Eastern part of Hudson Yards will be complete, with the Western section still under construction until 2024.

Looking at the area with great anticipation is LivePerson’s Sundaja. Sounding a bit more like the city economic development official she used to be, Sundaja said she sees great promise. In the future, she thinks Hudson Yards will host a full-time startup incubator, perhaps one that is co-owned by the actual companies that build their headquarters in the area. Going forward, Sundaja would like to see international corporations and their U.S. competitors, including Baidu, Alibaba, and Tencent, as well as Google, Facebook, and Twitter set-up offices in the area.

“When we look at expansion plans we don’t look at one year, we look at three years and beyond,” Sundaja said. “I wouldn’t be surprised if the giants are already looking at the space.”