



BUSINESS MONDAY

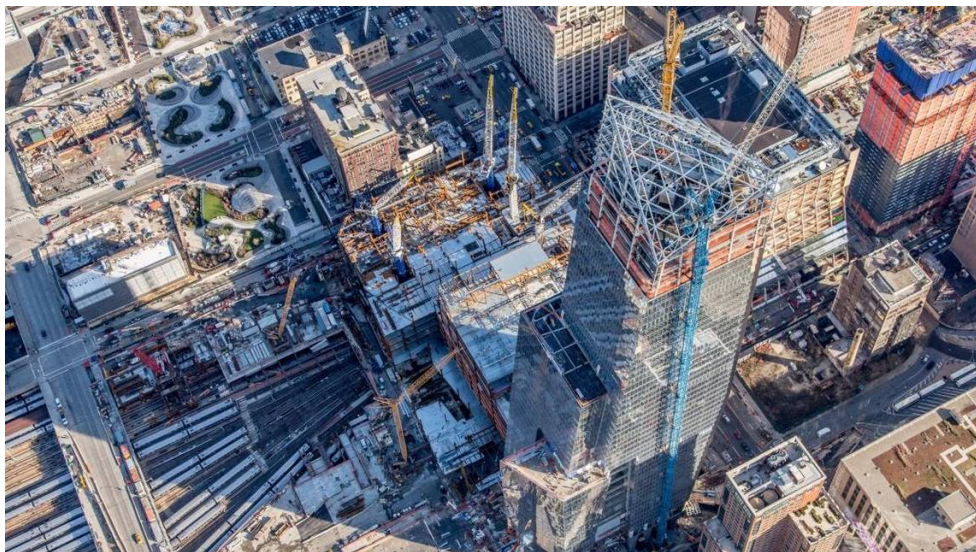
Miami Dolphins owner Stephen Ross makes a big New York win

BY JANE WOOLDRIDGE

JWOOLDRIDGE@MIAMIHERALD.COM



JANUARY 24, 2016 01:56 PM, UPDATED JANUARY 25, 2016 08:17 AM



The massive Hudson Yards development sits literally atop an active rail yard. A platform was built atop tracks to support the towers and park.

BERNSTEIN ASSOCIATES, PHOTOGRAPHERS © BERNSTEIN ASSOCIATES, PHOTOGRAPHERS

In those cheerful summer days of August, before the NFL season opened, Miami Dolphins owner Stephen M. Ross confidently predicted a winning year. By the playoffs, the Dolphins were out of the running with 10 losses, six wins.

Ross's New York-based Related Companies team is faring far better. The city's largest developer has a dozen projects under way in New York alone, spanning affordable and luxury residences, hotels and mixed use developments. Near London, its Argent Related joint venture won the bid to build a 192-acre village that will include schools, homes, parks and retail. In Santa Clara, California, Related California's 239-acre mixed-used community is set to launch construction next year; in Los Angeles, the company is partnering with the government on a long-delayed \$950 million Frank Gehry-designed commercial and residential district adjacent to the Walt Disney Concert Hall and the new Broad museum. In Abu Dhabi, Gulf Related, a joint venture with Gulf Capital asset management firm, is developing a 3.1 million square-foot retail, entertainment, hotel and residential complex.

A host of other projects

owns and operates a

portfolio of \$20 billion

By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)



South Floridians are well-acquainted with the Related brand. Related of Florida, whose majority partner and driving force is Jorge Pérez, has literally reshaped Miami's skyline with projects including Icon Brickell, One Brickell, SLS Brickell and more than a dozen other towers in Midtown, Edgewater and Miami Beach. The company has projects in Doral, Coconut Grove, Fort Lauderdale and Sunny Isles. With its New York partner, Related of Florida also developed West Palm Beach's CityPlace residential, office and retail complex.

SIGN UP AND SAVE

Get six months of free digital access to the Miami Herald

[SUBSCRIBE WITH GOOGLE](#)

#READLOCAL

The company's 1972 origins grew from building affordable housing, creating expertise in public-private partnerships. The company's profile soared after the 2004 opening of the 2.8 million square-foot Time Warner Center at New York's Columbus Circle. Restless with status quo — "we have a growth mentality around here," Ross said — he and his team have taken on a new challenge abandoned prior to construction its original developer Tishman Speyer: the 28-acre Hudson Yards commercial and residential district on Manhattan's Far West Side. It is the largest private real estate development in the history of the United States.

The master plan calls for 16 skyscrapers that will be home to more than 6 million square feet of commercial office space, 750,000 square feet of retail and restaurants, a hotel, about 5,000 residences, 14 acres of public space and the seven-level Culture Shed for performances, films and exhibitions. Public art is planned throughout the park areas. Related has partnered with Oxford Properties Group of Toronto.

But it's not the sheer size of this city-within-a-city that creates complexities. The office towers, condos, rental apartments, shopping, parks and school are being built in a rail yard — more precisely, *above* an active rail yard — with surface and below-ground tracks belonging to the Long Island Rail Road, Amtrak, New Jersey Transit and the newly opened extension of the No. 7 subway line.

What's complicated about the project, says Ross, is pretty much everything: "It's the overall size and scope of it. Making it happen, being able to build it and bring it in on cost. You've got to do everything in such a scale that's never been done before.

"People don't have a real vision of what the impact of the project will be."

Robert Lieber, New York City deputy mayor for economic development from 2008-2010, calls Hudson Yards "the most transformative transaction in New York since Rockefeller Center," built back in the 1930s. Now executive managing director of the Island Capital Group, Lieber also is the chairman of New York's Urban Land Institute chapter.

In any other city, the idea of building a massive platform over a rail yard would be financially untenable. In Manhattan, where the price of a buildable square foot of land has been known to fetch \$750 and up, "you have to make land where you can," Lieber said. In fact, Hudson Yards is not New York's first above-the-tracks project; parts of tony Park Avenue sit atop a rail tunnel created 100 years ago.

Park Avenue was designed to unify the city and ease traffic. At Hudson Yards, the goal was to revitalize a once-gritty neighborhood between 42nd and 28th streets west of Eighth Avenue, create competitive new prime office space, and spark economic development. The city's contribution included the air rights above the existing rail yards, rezoning for increased density, and the city's first new subway station in 25 years, opened in September along with a 1.5-mile extension from Times Square to West 34th Street at 11th Avenue. Renovation of the nearby Jacob K. Javitz Convention Center was completed in 2014; earlier this month, Gov. Andrew Cuomo announced a new \$1 billion expansion.

The rail yard location originally was designated for an Olympic stadium for the 2012 games. When the Olympic committee turned to London, Bloomberg's team repositioned the site for commercial and residential development. "It was Manhattan's last frontier," said Daniel Doctoroff, deputy mayor for economic development from 2001-2008. "A growing city needs growth to improve the quality of life. ... It's an enormous economic engine." An area that once produced virtually no tax revenues for the city is now expected to generate "tens of billions," he said.

The project will be built in two phases. The first, over the eastern rail yard, will feature six towers for office, retail, dining, residential, the Culture Shed and an Equinox-branded hotel and fitness center. (Related owns the Equinox brand.) A second phase, over the western rail yard, is planned for additional office space, multiple residential buildings, parks, retail and a school. The entire "city" is engineered with onsite electric backup, high-speed communications, a Big Data-driven traffic and air quality system, rainwater collection and a vacuum-tube system for waste management. Full buildout will likely take decades.

By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)



The \$20 billion neighborhood is taking shape. The first tower, 52-story 10 Hudson Yards, is due to open this spring with offices for tenants including Boston Consulting Group, fashion brand Coach, beauty brand L'Oreal and software giant SAP.

The flagship 92-story office building, 30 Hudson Yards, is now 100 percent leased. Tenants signed for the total 2.6 million square feet include Wells Fargo, HBO, CNN, Warner Brothers, leverage buyout firm KKR and Time Warner, which sold its existing offices in Columbus Circle to its developer: Related. The building is due for delivery in 2019.

Next door, the seven-level Shops and Restaurants at Hudson Yards will be home to Manhattan's first Neiman Marcus store. Chefs Thomas Keller, José Andrés and Milos' Costas Spiliadis have signed leases. That complex should open in fall of 2018.

Both 30 Hudson Yards and the Shops and Restaurants are being financed by \$5 billion in equity and debt finalized last month. Lenders include Bank of America, Wells Fargo, Bank of China, Deutsche Bank, Canadian Imperial Bank of Commerce, Crédit Agricole and Industrial and Commercial Bank of China.

"In my mind, Steve and Related are the only company capable of pulling off the largest development in New York's history," said Doctoroff, who became president and CEO of Bloomberg L.P. before partnering with Google to create Sidewalk Labs, where he is CEO.

At the time, the world was in a financial meltdown. The project's original bid winner, Tishman Speyer, pulled out. "It was a huge risk. Steve made the commitment to go ahead. And he has stayed with it. There was nobody else with the creativity or the guts to do this," Doctoroff said. To build a tenant base, Related purchased the existing offices of both Time Warner and Coach.

"And then there's the technical expertise" — no small factor in this highly complicated, layered project. "It is phenomenal that out of nothing, [Related] created a sense of place that is drawing thousands of people to live, work and play."

The project has not been without its controversy. Much of it came prior to Related's involvement, including an early plan to include a stadium for the New York Jets, a shortage of affordable housing in the original plan and proposed tax breaks. (Related's plan calls for a minimum of 431 affordable residences on the east side, Section 8 housing on the adjacent site and the permanent preservation of other affordable housing in the area.) Originally, Related was exempt from New York's living wage requirement; that changed in 2014, when the company agreed to raise the salaries of 1,650 employees who were not guaranteed salaries of \$11.75 per hour. More recently, the project has been caught in the crossfire over the use of the EB-5 visa waiver program, which trades green cards for real estate investment, to spur financing.

Both the company and the outspoken Ross are widely respected, often winning awards for design, engineering, development and environmental sensibility. Still, even it errs. In 2014, the office of the U.S. Attorney in New York filed a civil-rights lawsuit against Related and its architectural firms over Manhattan apartment buildings that prosecutors said did not provide disability access, according to federal court records. Related agreed to refit portions of four buildings and compensate victims.

Ross's powerhouse standing in the real estate Olympus and his No. 71 ranking on the current Forbes list of the richest Americans (estimated net worth: \$6.7 billion) is a leap from Ross's days at Miami Beach High. His father, an inventor, wasn't a good businessman, and family moved from Detroit so his father could manage a hotel owned by his grandfather, according to published reports. Ross, now 75, graduated from Beach High in 1958.

Miami Dolphins team owner Stephen Ross, and Executive Director of Rise Niddi Massay during press conference on the Ross Initiative in Sports for Equality. Video by Al Diaz / Miami Herald Staff

By

The family arrived during his freshman year — a tough time, after the bonds of teenagers are formed, recalled schoolmate Wendy Harrison Friedland. "He was always a really nice guy." Ross was on the football team but rarely saw game time, said teammate Louie Hayes. "There were a lot of boys bigger and stronger than he was. But he stuck it out. I give him a lot of credit."

That persistence has become a Ross signature. The 1990s real estate crash nearly felled the company. "In the early 1990s, I saw the way I was structured wasn't going to work. I could have gone bankrupt. Instead I changed to a safer, more conservative viewpoint that also allowed me to grow the company," Ross said.

Said Doctoroff, "Steve is an intensely realistic optimist. He's one of the single best people I've ever seen at not getting discouraged by

By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)



anyone I know. He's one of the most determined people. He doesn't give up."

Underlying his doggedness is a conviction that best-in-class development — whether affordable or luxury — is in the best interest of the cities where Related works. "We anticipate going into these projects that if the market is bad, that it is going to get better," Ross said. "We wouldn't be bidding on it if we didn't believe in the long-term view of the city or place or wherever we're developing. And we believe we're doing something that's in the interest of the city. ... In our whole analysis, we look at what the the city needs, not necessarily how you make the most money.

"And we've been right — all the time."

Except perhaps, in Palm Beach, where the CityPlace project has struggled financially as it has invigorated a once-sleepy area of West Palm Beach. Said Ross, "We've stayed with it because we felt a responsibility to the city even though economically the project hasn't been a huge success. We could have sold it many times and not suffer the losses we do on an annual basis, because we believe it is so important to the future of West Palm Beach, and we don't believe someone buying it would have the same long-term view."

It's a typical view for Ross and Related, Doctoroff said. "I've seen him take losses on things because it was the right thing for New York."

Ross also is known for his philanthropy, inspired by his philanthropic uncle, the late Max M. Fisher. In 2013, Ross signed the Giving Pledge commitment to give more than half his wealth to charity. The following year, he pledged \$200 million to his beloved alma mater, the University of Michigan, bringing his total contribution to the school to \$313 million.

West Palm's CityPlace was one of a handful of joint efforts by both Ross and Pérez's Florida Related Group. The two men were introduced by a Miami government official who thought they would get along. Pérez, then 29, had worked for the city of Miami and had left to develop affordable housing. Ross, a tax attorney in his mid-30s, was seeking to do the same. That introduction launched a partnership and friendship that have continued for nearly 40 years.

"We have very different personalities, but we have tremendous mutual respect," Pérez said. They adhere to the same basic business philosophies, Pérez said: transparency, attention to detail and a passion for being best in class.

Hiring — and keeping — top talent is a critical component. "Steve has the greatest eye for picking great people and promoting them," Pérez said. "He allows people to run with their own decisions."

Success is rewarded. In the early years, Ross was the majority partner in the Florida operation. Pérez quickly became an equal partner and then primary owner. Today, Ross holds only a small percentage of the Florida company; Pérez and his team make all Related Group decisions.

Throughout the Ross universe, employees participate in the success of the projects they work on, and senior executives become partners. That approach likely contributes to Related Companies' low turnover; the company has rarely if ever lost an executive to a headhunter, Ross said. CEO Jeff T. Blau is a 25-year veteran; president Bruce A. Beal Jr. joined in 1995.

"My attitude is that you work with people rather than people working with you," Ross said. "We look to hire the brightest people and let them do their thing."

That's not to say he doesn't have his fingerprints on the plans. Although he is no longer company CEO, "I'm always involved with what a project is going to look like. ... We believe the aesthetics of a building are very important. Even in affordable housing, people want to be proud of where they live." That may go double for complex Hudson Yards, where Ross even has had a hand in reviewing tree species for the park.

Although Ross abandoned the University of Florida after his first two years for Michigan, the state — and particularly South Florida — remains part of his personal skyline: "I feel I really kind of grew up [in Miami.]" He has long had a Miami condo, first in Coconut Grove and now in Miami Beach, along with a Palm Beach home.

And of course, he has the Dolphins. In 2008, Ross bought a 50 percent stake in the team from Wayne Huizenga; the next year, he bought an additional 45 percent and since has bought out Huizenga's remaining equity.

"Miami is a great city today," Ross said. "When I grew up there, it was a sleepy southern town. Today it's one of the great cities of our country.

world that has a different culture than the country itself. It's one of the most aspirational cities in the world today.

"I thought it needed a new stadium."

Although others may have agreed, the public — skittish over the long-term cost of building Marlins Park — did not want to back the effort financially. Miami lost its bid to host Super Bowl 50, being held this year in San Francisco.

Like so many other of his endeavors, team ownership has proven to be yet another patience-building exercise. Since Ross took over the Dolphins, the team has failed to produce a winning season. Despite high hopes for 2015, Ross ended up firing coach Joe Philbin in mid-season. Getting Miami's notoriously fickle fans to the stadium to watch a losing team has been a challenge.

But the Ross creativity may triumph after all.

This month, he hired 37-year-old Adam Gase as the Dolphins' new head coach, the youngest in the league. He is spending \$425 million to upgrade the stadium. The goal: a winning team, and the winning bid for the 2019 Super Bowl.

When it comes to the Super Bowl, the weather will likely be on Miami's side. "The one prior is in Minneapolis. I think they're going to want some warm weather," he said.

As for the team, only time will tell.

Nicholas Nehamas contributed to this report.

Stephen M. Ross

- **Title:** Chairman and founder, The Related Companies; principal owner, Miami Dolphins
- **Age:** 75
- **Net worth:** \$6.7 billion (according to Forbes estimate)
- **Ranking:** No. 71 on Forbes list of richest Americans
- **Wife:** Kara Ross, jewelry designer
- **Children:** Four daughters
- **Homes:** New York, Palm Beach, Miami

The Related Companies

- **Founded:** 1972
- **Based in:** New York
- **Employees:** About 3,000
- **Owns and operates:** About \$20 billion in resident and commercial real estate
- **Major mixed-use developments:** Time Warner Center at Columbus Circle, New York (completed); Hudson Yards, New York City; Brent Cross South, United Kingdom; Grand Avenue, Los Angeles; Related Santa Clara, Santa Clara, California; Al Maryah Central, Abu Dhabi

Unexpected holdings

By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)



Three things you didn't know Related owns:

- Equinox (fitness centers, hotels)
- Danny Meyer's Union Square restaurant group (partnership interest)
- Drone Racing League

 **Comments** ▼





Zumba CEO Alberto Perlman



Company manufactures American flags in South Florida

[VIEW MORE VIDEO](#) →

TRENDING STORIES

By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)



MARCH 13, 2019 04:40 PM

Miami sex-change surgeon fired after sharing photos of patients' genitals on Instagram

MARCH 13, 2019 01:06 PM

Nurse's addiction meant some hospital pain medicine syringes contained just saline, Fla. says

MARCH 13, 2019 09:06 AM

Last to starting QB party, Dolphins still expect to add multiple players at the position

MARCH 13, 2019 01:00 AM

Jay Leno on Late Night TV: 'People Now Judge Whether They like You or Not Based on Your Politics'

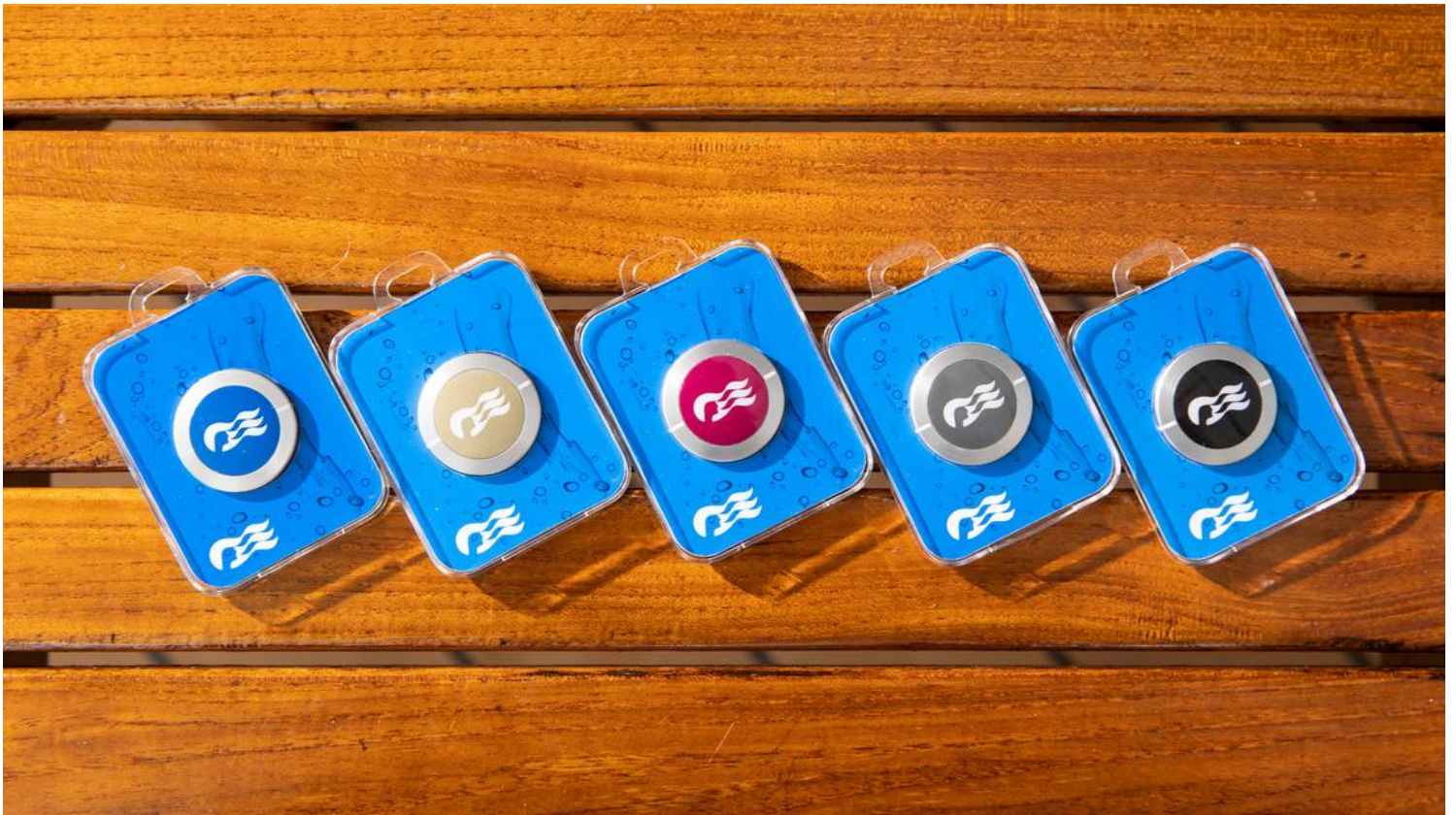
SPONSORED Connatix

The Miami Dolphins do not tender an offer to this former third-round pick

MARCH 13, 2019 03:29 PM

READ NEXT





TOURISM & CRUISES

New wearable medallions get cruisers what they want, when they want it

BY TAYLOR DOLVEN



MARCH 08, 2019 07:00 AM,

Carnival Corporation's new Ocean Medallion technology gives passengers aboard the Caribbean Princess ship on-demand service.

KEEP READING →

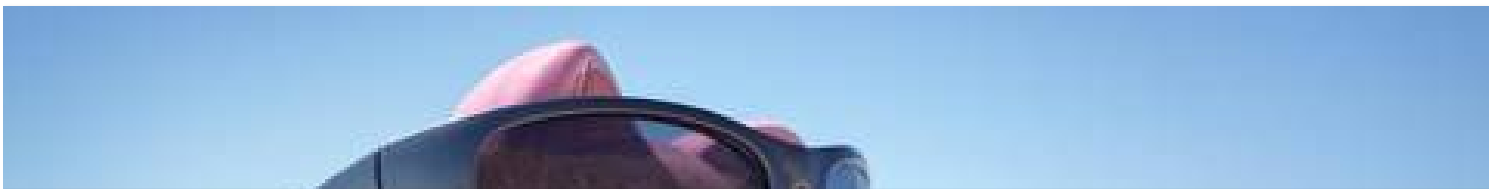
SIGN UP AND SAVE

#READLOCAL

Get six months of free digital access to the Miami Herald

SUBSCRIBE WITH GOOGLE

MORE BUSINESS MONDAY



By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)





BUSINESS MONDAY

CEOs agree that tax breaks are needed to lure businesses to Florida

MARCH 08, 2019 06:42 AM



BUSINESS MONDAY

Senior-level hires and promotions for the week of March 11, 2019

By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)





SANCTIONS

BUSINESS MONDAY

Magnitsky sanctions make for risky business in Latin America

MARCH 08, 2019 06:31 AM



By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)





SPONSORED CONTENT

This Non-Profit Brightens Days and Provides an Essential...

BY HONDA

[TELL ME MORE](#)

TAKE US WITH YOU

Real-time updates and all local stories you want right in the palm of your hand.

 [MIAMI HERALD APP →](#)

 [VIEW NEWSLETTERS →](#)



SUBSCRIPTIONS

Start a Subscription

Customer Service

eEdition

Vacation Hold

Pay Your Bill

Rewards

By continuing to use this site, you give your consent to our use of cookies for analytics, personalization and ads. [Read more](#)



LEARN MORE

[About Us](#)

[Contact Us](#)

[Newsletters](#)

[News in Education](#)

[Public Insight Network](#)

[Reader Panel](#)

ADVERTISING

[Place a Classified](#)

[Media Kit](#)

[Commercial Printing](#)

[Public Notices](#)

COPYRIGHT

COMMENTING POLICY

PRIVACY POLICY

TERMS OF SERVICE