

Pursuing Interesting Opportunities

An Interview with Jared Kushner, Principal, Kushner Companies

EDITORS' NOTE Jared Kushner is currently a Principal at Kushner Companies and the Chairman and Publisher of the Observer Media Group, which includes in its holdings The New York Observer. Since acquiring the company in 2007, Kushner has grown the Observer Media Group into a digital as well as traditional media entity, adding properties such as the Commercial Observer, *VeryShortList.com*, and *PolitickerNJ.com*. Kushner graduated Cum Laude from Harvard University in 2003 and was awarded J.D. and M.B.A. degrees from New York University in 2007.



Jared Kushner

COMPANY BRIEF Headquartered in New York City, Kushner Companies (www.kushnercompanies.com) is a diversified real estate organization involved in the ownership, management, development, and redevelopment of numerous properties, which consist of thousands of multifamily apartments and millions of square feet of office, industrial, and retail space throughout New York, New Jersey, Pennsylvania, and Illinois.

How much of an impact have you seen in terms of real estate volatility today and is there opportunity in the market or is this a time to sit back and observe?

New York has outperformed a lot of other markets in the country in terms of employment growth, space absorption, and rent growth. That has led to New York being a market that is now singled out by investors globally as a great place to invest money, which is driving pricing up.

So there still are opportunities since we're very bullish on New York when looking with a long-term investment horizon. It has become a very competitive marketplace, but it's because the market has shown great resiliency and because it's one of the greatest cities in the world.

Looking ahead, will there be a new residential or commercial sales and rental pricing model or is it realistic to think we'll reach pre-recession levels again?

New York is such a supply constrained market and a lot of the new product that is being built is in up-and-coming locations, although it's great quality space.

But the difference between this cycle and the last is there wasn't a ton of overbuilding. New

York remains a global city and a gateway for a lot of corporate headquarters. It's a place where people want to be, so as long as firms keep expanding, rents will continue to rise.

Your purchase of 666 Fifth Avenue got a lot of media coverage. How is that property doing now?

When we bought it, we saw an opportunity few saw in the retail. Despite going through a terrible economic downturn, we were still able to execute on our vision to take 90,000 square feet of space (roughly 7.5 percent of the build-

ing) on Fifth Avenue and turn it into \$1 billion of value.

When we bought it, we felt the retail was tremendously under market and we were talking about numbers that people at the time thought were very high, even pre-recession. But even through the recession, we have hit and exceeded those numbers. We signed the largest lease in retail in the history of New York in the Uniqlo deal and sold the Zara box for a record price as well.

It has been gratifying to have executed a plan that many people didn't think was possible.

What is the outlook for the Puck Building project?

The supply of truly unique residential product at the very high-end is still somewhat limited in New York and people who are looking to spend a lot of money want something truly unique. The downtown marketplace, especially in SoHo, has so few condominiums that are truly world-class, full-service buildings with views and spacious layouts.

So there is a big opportunity if you can create large, penthouse units that are meticulously finished and laid out in a unique manner. We hope to build a unique product and see how the market responds.

Will green and LEED-certified be a given in the future or is it still specific to an individual company or developer?

Anybody who is building new construction is trying to incorporate elements of being more energy efficient and LEED-certified, but it's a by-product of the fact that most of the products and systems today are designed to be more energy efficient, especially relative to older systems in older buildings.

So comparatively, most of the new buildings are being designed that way and if you can create more energy efficient buildings, it leads to lower

operating costs on the building and is more desirable to a lot of tenants. It's a trend that, as long as it's not cost-prohibitive to do, will continue.

At a time when many talk about the challenges for print media, you seem to have confidence in it. What did you see that made you feel the media acquisition of *The Observer* would work and how has the vision developed?

With regard to *The Observer*, I saw a unique brand in a unique marketplace and I felt there was an opportunity to build it and to build other businesses around the brand. We have successfully launched several other print and digital products, including the leading real estate publication in New York. We also own seven Web sites and have invested in a lot of different start-ups in the city of New York.

So it's been a great platform from which to launch and manage several publishing businesses, which have all been growing over the past years.

Do you see yourself more as an entrepreneur or a traditional businessperson?

I see myself as someone who is very lucky to have the opportunity to keep an open mind and pursue business opportunities that are compelling and interesting. I have gotten great satisfaction from certain aspects of my real estate businesses and great satisfaction from certain aspects of my media and Internet businesses. I'm lucky to have the platform I have and to be able to use it to pursue interesting opportunities with an industry agnostic outlook.

The business community in New York City is so focused on bettering the city that, while you might compete, everyone comes together to benefit the city. What is it that encourages that cohesion?

Many of the leaders in the business and political communities embody the principle that it's important to give back to your community. Many of them feel fortunate for their opportunities and don't want to let the city deteriorate.

Very few people take for granted the fact that we live in the greatest city in the world in New York and we have the opportunity to make it better, and to do that with friends and colleagues.

With all of your ventures, do you worry about growing or diversifying too quickly?

All the time. You have to weigh the risks and potential rewards of all ventures from both a venture-specific and a portfolio-specific perspective. ●