

High-Profile Transformative Projects

An Interview with Stephen M. Ross,
Chairman and Founder, Related Companies



The future Hudson Yards

EDITORS' NOTE Stephen Ross is also the majority owner of the Miami Dolphins and Sun Life Stadium. He is Chairman of the board of directors of Equinox Holdings, Inc. and is a trustee of New York-Presbyterian Hospital and the Urban Land Institute. He is also a director of the World Resources Institute and The Jackie Robinson Foundation and Chairperson Emeritus of the Real Estate Board of New York (REBNY). Ross was most recently named a New York Power Player by The New York Times, one of the most powerful people in New York Real Estate by The New York Observer, Multi-Family Property Executive of the Year by Commercial Property News, and Housing Person of the Year by the National Housing Conference. He graduated from the University of Michigan with a Bachelor of Business Administration degree, from Wayne State University Law School with a Juris Doctor degree, and from New York University School of Law with a Master of Laws in Taxation. In 2011, the University of Michigan awarded Ross an honorary degree, Doctor of Laws.



Stephen M. Ross at Related's Columbus Circle headquarters

COMPANY BRIEF Stephen Ross formed Related Companies (www.related.com) in 1972 and today the company includes over 2,000 professionals. Related has developed over \$22 billion in real estate and owns real estate assets valued at over \$15 billion made up of best-in-class mixed-use, residential, retail, office, trade show, and affordable properties in premier high-barrier-to-entry markets.

Related enjoys a reputation for integrity and class. What is the secret to maintaining that image?

You can't be in business solely to see how much money you can make. You have to do what is good for the city in the long run and recognize that if the city does well, you're going to do well.

There is a great responsibility in being a developer because what we do is indelible, so we ultimately want to make the city better.

We like doing high-profile, transformative projects. We always want to be best in class. In order to do that, you need to really know your business and watch your reputation. Muscling

people doesn't solve problems; brains solve problems.

We have hired and trained the best people and we have tremendous loyalty and that's how you build a great company – you all get on the same page to do something worthwhile.

What is the time frame for the Hudson Yards project and what is your vision for it?

We're starting the project in the fall and expect that the development will transform the area and the city with the creation of an entirely new neighborhood, carefully knit into the fabric of the city.

In order to achieve the impact we envision, we need to start with a large critical mass, which is the entire Eastern Yards at 6.5 million square feet.

We are talking to additional commercial tenants now about the office space and expect that once we start, we will keep on moving forward and building out the commercial, retail, public space, and residential.

The value proposition we're offering to office tenants is significant. Roughly 4 million square feet of the space is office. This will be the most ambitious project ever done in America and one of the largest in New York City – it's 13 million square feet on 26 acres being done in a short period of time as a mixed-use project.

Within the Hudson Yards area, there is great transportation access with the new 7 line, which is on budget and on schedule. Seven subway lines will serve the development as well as the High Line to the South, which attracts an incredible number of people. Hudson Yards is the only area where the city can continue to grow because that is the only place where there is land.

We are also building a 400,000-square-foot residential building just south of Hudson Yards and we have several other buildings in the Chelsea area, which is the area of choice today for young people.

There is also \$500 million being put into the Javits Center and \$500 million being spent on Hudson Boulevard to create the next Park Avenue. These major events and

significant investment are coming together at the same time.

What type of transformation is taking place at Willets Point?

It's a great location – next to Shea Stadium and Flushing Meadows – and an area that needs to be connected to the city. With the three expressways coming together, it's a great site for retail and in the long-term, a mixed-use neighborhood. But you need to make it a place people want to go before it can be a place people want to live, so we are planning a bustling retail and entertainment center in the first phase that will lead to the creation of housing, amenities, and a new neighborhood.

How much of a focus is the international market for you?

We have offices in China, Brazil, and Abu Dhabi. Our major concentration by far is in New York, but we have large investments in Florida, Chicago, and California, and we've done some work in Boston.

Once you get to a certain size, you want diversification and the capability for people to grow. In 2008, instead of retracting and laying off people because our outlook was bleak, we opened an office in Abu Dhabi and have partnered on a large scale retail development there and a residential project in Saudi Arabia as well.

But we're still looking to grow and pursue additional international opportunities.

Is there strong opportunity in Brazil?

When you go to Brazil, you're struck by the fact that it looks like America in the 1950s and 1960s. There is a large emerging middle class; a tremendous amount of natural resources; and a population that wants to grow and doesn't discourage foreign investment. The biggest fear that most people had in Brazil was the monetary system and it has stabilized.

In the long term, Brazil offers the same things as the U.S. I recommend young people today learn Portuguese – two years ago I would have said learn Chinese. Brazil offers great opportunities and is friendly towards and identifies with Americans.

With your size and scale, how do you maintain such a close-knit culture?

It's a meritocracy here. We have become a large company but our team is extremely loyal. Many can't offer what we can and we're all Related, by name that is. ●