

# Building Communities

## An Interview with Michael Maturo, President, RXR

**EDITORS' NOTE** Michael Maturo is a founding Managing Partner and serves as President of RXR, a multi-billion dollar private real estate company which was formed subsequent to the sale of Reckson Associates Realty Corp to SL Green, one of the largest public real estate management buyouts in REIT history. In this capacity, he develops, implements, and oversees RXR's corporate and operating strategies, investment fund and asset management businesses as well as all capital markets activities. Maturo is a member of RXR's Investment Committee and its Board of Directors. He is also a Principal and member of the Investment Committee of RXR Real Estate Opportunity Fund, RXR Real Estate Value Added Fund, RXR New York Metro Emerging Sub-Market Venture and RXR Real Estate Value Added Fund III. Prior to the Reckson/SL Green merger, Maturo served as President and a member of the Board of Directors at Reckson. He was also Chairman of the Investment Committee and had oversight responsibility over the company's allocation of capital. Maturo worked in tandem with the Company's CEO in developing and implementing Reckson's corporate and operating strategies during his tenure there from 1995 until 2007. During his combined tenure between Reckson and RXR, he has completed over \$50 billion in capital markets transactions. Maturo studied at Seton Hall University.



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**COMPANY BRIEF** RXR ([rxr.com](http://rxr.com)) is an innovative investor, developer, and place-maker committed to applying a customer and community-centered approach to building properties, services, and products that create enduring value for all stakeholders. Headquartered in New York with a national investment strategy, RXR is a 500+ person, vertically integrated operating and development company with expertise in a wide array of value creation activities, including ground-up real estate, infrastructure, and industrial development, uncovering value in underperforming properties, repurposing well-located iconic properties, incorporating cutting-edge technologies and value-added lending. The RXR platform manages 93

commercial real estate properties and investments with an aggregate gross asset value of approximately \$20.7 billion, comprising approximately 30.5 million square feet of commercial properties, a multi-family residential portfolio of approximately 8,800 units under operation or development, and control of development rights for an additional approximately 3,500 multi-family and for sale units as of December 31, 2022. Gross asset value compiled by RXR in accordance with company fair value measurement policy is comprised of capital invested by RXR and its partners, as well as leverage.

### What have been the keys to RXR's industry leadership?

A key ingredient is that we are very community-focused. We try to be part of the fabric of the community in terms of looking at what the community's needs are and trying to provide solutions in terms of the products we can deliver to help meet those needs. We focus on creating, or recreating, real estate in a manner that is useful and helpful to the advancement of the community, whether that is affordable housing, luxury housing, industrial and logistical facilities, or other consumer-oriented products. We seek to re-imagine the landscape in a manner that is beneficial to the community.

There are many times we become involved in sites that have been shuttered or abandoned for a long time, whereas others shy away from the complexity of transforming these sites – we thrive in those circumstances. A good example is Pier 57 on the West Side of Manhattan, which was a shipping and storage terminal that had been abandoned for literally fifty years. It takes a lot of work and creativity and passion to reimagine what a site like this can become, along with a high-level of real estate expertise, and this has been a real strength of RXR over the years. One of the key ingredients to being successful at doing this is talent, and at RXR there is an abundance of talent and resources. We have always had a well-staffed team because we believe that talent is the key to creating these types of projects. Pier 57 now has 350,000 square feet of commercial office space for Google, the largest rooftop park in

New York City, and restaurants and a publicly accessible food court, all of which contribute to the reemergence of the West Side in a really meaningful manner. We have built our reputation around successfully completing these types of projects.

Another example would be in New Rochelle, which was an interesting situation. Housing affordability is a major issue for young talent in New York City. Creating new housing in Manhattan is extremely difficult. Instead, we looked outside the city to areas that have good transit connectivity, and that can be revitalized to deliver the live, work, play environment that young talent is attracted to. New Rochelle is a 30-minute commute to Manhattan, it has the infrastructure and transportation, but it did not have the municipal organizational structure to provide housing to its community in the way that people want. We identified this opportunity and constructed a public/private partnership with the municipality. We helped them rewrite their zoning code to induce smart growth in terms of responsible but efficient development to revitalize their downtown. This allowed them to retain their local talent while also providing a housing solution for talent working in New York City.

RXR is not just focused on constructing a building – we are focused on helping build communities.

### How important is public/private partnership to making these projects work?

It is essential because the municipality controls the zoning and permits and what can be developed. RXR has been successful with these partnerships because we don't force-feed a prescribed development plan – we listen to what their vision is, and we try to make it happen. This has been a very effective formula because we are truly working as partners. Our success in New Rochelle has been noticed by other municipalities because we were able to get things done when others couldn't. RXR is committed to using our talents and expertise to help communities fulfill their vision and reach their goals.

### How is RXR approaching its expansion into new markets?

We look for opportunities where we can transport our skills and proven approach to markets that have similar growth

characteristics in terms of a diverse industry employment base that is attractive to young, knowledge workers. It has been interesting as we have found that our reputation precedes us, even though we have mainly been focused for decades in the New York Tri-State region. When we arrived in places like Phoenix, Raleigh, Dallas, Tampa, and Atlanta, for example, people knew about RXR. And the large real estate institutions like Cushman & Wakefield, CBRE, JLL, and others who are integrated around the country were able to introduce us since they knew our work and how we approach projects based on our history in New York.

When we went to Raleigh, North Carolina, to a town called Apex, we found a mixed-use development opportunity that was very well-located and very well-positioned but just could not get off the ground. Our team has deep experience with these types of projects, and we understand how to organize and motivate local economic development personnel to get these projects done. We integrate ourselves into the community and come up with an action plan to help those in the community fulfill their vision and make it come to life. People have been very receptive to this approach of community-building, and it has been very successful as we expand into new markets. It is because of this community-focused approach that we were able to close on a \$3 billion, 1000-acre acquisition in Apex, our first project in North Carolina, earlier this year.

**What are your views on the state of the New York real estate market?**

The current turmoil in the office market is real and is evolving in regard to hybrid work, flexible environments, and a new

normal. However, we are developing a project at 175 Park Avenue which, when complete, will be a 2.8 million-square-foot office tower with a hotel at the top. We opened up a marketing center last November that has amazing technology that allows you to literally feel what it will be like walking into that office building. Since we opened up the center, we have had over 15 million square feet of potential tenants seriously consider occupancy in the building. The interest ranges by industry and in size, and this is for spaces becoming available in 2029-2030. The point is that institutions are considering and evaluating their office needs for the future, and offices are not going away. There will clearly be changes in expectations of tenants in terms of a menu of diversified services and programmed experiences an office building can deliver that will help to attract and retain talent. We are focused on providing buildings that fulfill those needs.

I speak to business leaders regularly, and it is clear that they want their people back in the office. While there are certain functions that can be performed remotely, you cannot mentor young talent and build a culture and deliver leadership remotely. I have a term that I call “human combustion” – this refers to ideation and collaborations where the sparks fly, which only happens when you are sitting together and interacting in person. People need to be together, but they need to be together in environments that offer opportunities for greater levels of productivity. It is about delivering hospitality and programming, which employers are going to need to attract, nurture, and retain talent.

Our leadership team at RXR has been together for 30 years, and we have been through many cycles as a team. At the same time, a vast majority of our talent at RXR are young people who have not experienced these cycles, so it is important for us to communicate with them and help them through this time. We are already positioning ourselves for the next cycle and the upside – you always have to deal with what is going on now while positioning yourself for future success. We have regular company-wide meetings called One RXR, where we communicate to our people what we are challenged by, what we are trying to achieve, what we are planning for the future, and how we are built to prosper on the other side of this cycle.

**How important is it for RXR to build a diverse and inclusive workforce to mirror the diversity of the communities it serves?**

We are very focused on diversity, and it's important that we contribute to the expansion of diversity in the real estate industry. We operate in diverse communities, such as New Rochelle, which is being reinvented consistent with that diversity. RXR needs to be reflective of that diversity, and our company will be better because for us to participate in these communities and have success, we need people that connect with the people living in the communities.

We seek to bring a diverse group of people into our intern program. We are focused on expanding opportunities for women in the company. We are very focused on working with minority-owned vendors since it is not only about who we hire at RXR, but also about who we work with. It requires intentionality and takes time, and we are continually working to attract more diverse talent to the industry.

**What has made the relationship between you and Scott (Rechler, CEO of RXR) work so well over the past thirty years?**

I think sometimes you get lucky. We matched up well when we first met. We don't let ego get in our way. It also helps that our families are close – our kids are close. When one of us needs a lift, we lean on each other. We both enjoy what we do, and we trust each other. All of our partners at RXR have an important role in leading the firm.

**What advice do you offer to young people interested in pursuing a career in real estate?**

I visit colleges and I always tell the students to listen and learn and absorb knowledge. Don't be afraid to make mistakes. Don't be afraid to fail. Failure is just the first part of success. It is all about learning and all about knowledge. Obviously, hard work, discipline, and dedication are all important. It is critical to network – meet as many people as you can and expose yourself to as many different experiences as you can. This is how you will find out what interests you and what you are passionate about. ●



*Rendering of 175 Park Avenue*