

# King of the Yard: Related's Jay Cross on Reimagining the Far West Side

As president of the New York Jets, Jay Cross spent the first half of the 2000s immersed in the plans for the New York Sports and Convention Center on the Far West Side. The plan collapsed and the Jets' focus shifted to the Meadowlands, but Mr. Cross kept eager watch on the Mass Transit Authority's bid to find a new developer.

After Stephen Ross purchased the Miami Dolphins in 2008, Mr. Cross found himself fatefully reacquainted with Related's founder and chairman through an assigned seating arrangement at an NFL owners' meeting, setting the stage for Mr. Cross's eventual role as president of Related Hudson Yards.

"The Jets always sat beside the Dolphins at these meetings, so I was sitting beside Stephen," Mr. Cross said. "He asked me how I was getting home. He flew me home and said, 'You should come and run this project for us.'"

Here's what Mr. Cross had to say about the 26-acre, 15-million-square-foot mixed-use project that he began orchestrating on Manhattan's Far West Side in the summer of 2008.

## **The Commercial Observer: Why does New York City need this project?**

Mr. Cross: Any city needs to keep reinventing itself if it's going to remain a vibrant center of commerce and living. You can look around and see cities that have fallen on hard times because they failed to do that. It's a question of how we keep reinvesting in our residential stock, how we reinvest in our office stock and how we keep pace with the needs of commercial activities so that our city remains a vibrant competitor against cities around the globe.

One has to be mindful of what London is doing. There's a stat out there (from Jones Lang LaSalle) showing that, between 1985 and 2010, London replaced 50 percent of its office stock and that we only replaced about 10 percent. In the late '80s, most of the world looked to New York for state-of-the-art office buildings, and London was no exception. Now we've got some catching up to do.

## **You broke ground on the project with the 1.7-million-square-foot, 51-story south office tower late last year. What's the status there, and how important was the commitment by Coach?**

Its delivery is for mid-2015, and it should be occupied by the end of 2015. Next, we would hope that by January 2014 we would start construction to the north, where the foundations of the retail and the north office tower are.

The great thing about Coach is that they are already in the neighborhood, so we didn't have to sell them on its potential. Nevertheless, it still took three years to convince them that we could pull this project off. It's a big project. It's complex, and most people think it's got a lot of risk. They need to see some of those risk elements mitigated or removed before they make big commitments. It was important for Coach to see us do the deal with Oxford, see us go to contract with the MTA and to see us design a building with their involvement. That takes time.

## **Can you talk about the half-a-million-square-foot retail component?**

The West Side is underserved in terms of retail, and yet it's the fastest growing neighborhood in Manhattan. You've got a very young and affluent demographic with pent-up demand. That pent-up demand is definitely going to be attracted to our retail component. It's going to be a serious retail destination. Cinemas, luxury brands, food and beverage—every major slice of retail—is interested in coming to one central location with great transit and a great indigenous population.

## **The buildings are architecturally diverse, and you're employing a number of architecture firms. What are you going for?**

It was important for us to have a variety of architectural styles so it looks like New York City. We didn't want to have a kind of uniformity, where one architect did all the buildings. The retail component sits in between the two office towers, so the retail and the office towers hold together as a composition of three. For the other two buildings on the eastern yards, having the cultural facility and the first residential building work together makes a lot of sense, because it will read as one composition even though it's two buildings. It has a different language—it's residential, and it's softer in

terms of its contours, whereas the office buildings are muscular and more angular. The third grouping is the single mixed-use building; [it] is kind of iconic. It's a beacon building, extremely elegant, stone and glass, and has an unusual spire and form to it.

### **What's the price tag on all of this?**

What I've just described, which is the eastern yards, is roughly six million square feet and it's roughly \$6 billion.

When we get to the western yards we're talking the same scale, but we haven't really designed any of the buildings yet, so I wouldn't want to venture what the cost might be.

### **How did the partnership with Oxford Properties Group (owned by the Ontario Municipal Employees Retirement System) come about?**

I've known Michael Nobrega, the chairman of OMERS, for 25-plus years and CEO of Oxford, Blake Hutcheson, for about 20. Around January of 2010, Blake became CEO of Oxford, when we were about to go into contract with the MTA. We originally won the acquisition with Goldman Sachs, but by 2010 Goldman had lost its appetite.

Oxford was pretty courageous to step up. But from their point of view, it was an opportunistic move. They were anxious to deploy more capital in the U.S. and had identified New York as a key market. For them to come into New York they were going to have to take some additional risk, and I think they felt that the risk was mitigated by partnering with a respected developer like Related—and they knew me personally.

### **What's it been like working with the city? Are you getting any subsidies/incentives?**

The main subsidy is the PILOT program for Hudson Yards, which affects everyone in the neighborhood. The first five million square feet get a 40 percent reduction in their real estate taxes; after that there's a 25 percent reduction. That's a great incentive for tenants, because it lowers their tax bill by roughly \$6 per square foot.

The other incentive, if you want to call it that, is the No. 7 subway system, which is providing a great piece of infrastructure for all the residents of Hudson Yards. That's an important consideration for the commercial users. To give a shout-out to the city and the MTA, that project is a real public works success story.

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