

The Weekly Take

On Top of The World: Mary Ann Tighe on the future of real estate in New York City

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Spencer Levy

Some lessons for the future can be found by looking at the past. And now we seek to learn from a historic career, one that continues to grow. On this episode, we're in New York City with one of the giants of CBRE and our industry to talk deal making and more. As we continue our survey of places that are shaping tomorrow's cities with a leader whose work has helped to shape the city as it stands today.

Mary Ann Tighe

I think we're going to see a transformation of the world we work in here in New York over the next ten years like nothing we've ever seen in our lifetime. I think we'd have to go back to the 1920s to see what we're about to see. And that requires being able to look at what exists and then imagine something completely different.

Spencer Levy

That's Mary Ann Tighe, Chief Executive Officer of the New York Tri-State Region for CBRE. Over a career that spans more than 40 years, Marian has emerged as one of the best networkers in our business. Her work in Manhattan, particularly downtown, Midtown, and Times Square, has transformed the skyline. Her deals have anchored more than 14 point 4,000,000 square feet of new construction in the region, which is believed to be a record in commercial brokerage. One of the many milestones and honors on her resume. Coming up are a sit down with Mary Ann at the annual conference of the Metropolitan New York chapter of the Appraisal Institute, where she was a featured guest. A candid conversation about her views on getting big things done, the future of the Big Apple and more. I'm Spencer Levy and that's right now on The Weekly Take. Let's welcome Mary Ann to the stage, please. And what a privilege to see all my appraiser friends. Mary Ann, always a privilege to have a conversation with you. If anybody knows about value, it's you. It's how to create that value. And I might even go back to your own bio because in your bio, before you started in the commercial real estate business, you were in art, Art History was your major. And I would suggest and I would love your point of view, that that is really helping you not only today, but more today than ever before because of the creativity that we need today to move through what has been a difficult market. How do you see it?

Mary Ann Tighe

Well, you know, it's funny. Spencer and I, obviously in preparation, talked about getting together and I said, yeah I'm not sure what my message is to my appraiser colleagues in the industry because so much of your business is looking back at something and assessing, you know, what are the comps? Where did this come from? How is value established? And if I look at my own career, it's about convincing people about what the future of something is going to look like. And that actually comes to the visual part of it

because dispensers point and I think you're going to find this increasingly when we talk about where the market is and where it's going, I think we're going to see a transformation of the world we work in here in New York over the next ten years like nothing we've ever seen in our lifetime. I think we'd have to go back to the 1920s to see what we're about to see. And that requires being able to look at what exists and then imagine something completely different.

Spencer Levy

I think you go all the way back to the 20 something to bring us a little bit closer to our fast forward to the present. Two areas that you saw, something that others didn't. One of them was Times Square. The other was the post-9/11 downtown area. How would you compare the work that you did in both of those areas, transforming them to where we are today?

Mary Ann Tighe

So in a very interesting way, maybe whatever the moment you're in because you don't know the outcome always seems more challenging than the past, if you know what I mean. Again, many of you probably aren't old enough to remember how derelict Times Square was for such a very long time. By the way, not doing so great today either, I might add. That's a whole other conversation. Sort of. Has Times Square peaked? How do we bring it back to it at its best moment? Actually, this is an interesting side note. I've done a fair amount of nonprofit work in my life, philanthropic work that interested me. And when I came to New York, I got on the board of something called the New 42nd Street. I used to work at the National Endowment for the Arts in Washington back in my art history days, so I knew a lot about grant applications and reviewing grants, etc. And somehow or another I got appointed to this board and when I joined the board, I ended up learning all this stuff about benefits that were attendant to Times Square, what the possibilities were in terms of development. Nothing had happened at that point. I'm proud to tell you that in 1996, we closed the first new construction deal in ten years in New York. In the 90s, no office buildings got built. Zero. And it was what was then called 4 Times Square. I don't know if you realize this 4 Times Square is no longer called that. It's 151 West 42nd Street because when Tik Tok was doing its lease there, four is death number in Chinese and Tik Tok said they wouldn't do the lease unless the building name was changed. That's why it's no longer called 4 Times Square, although it will always be that in my heart. But in any event. We started with 4 Times Square. And I must say, as with all such things, when you're transforming a neighborhood, momentum is everything. And what happened after 4 Times Square—I remember when the Rudins were doing 3 Times Square, they used the same architect. Douglas Durst said to me, Are they going to take some of my family members as well? They had the same architect, same construction team, etc., and it rolled. I'm also happy to tell you that I did the last building of the Times Square redevelopment, which is the New York Times building, which probably was the most complex deal I ever did. And I represented The New York Times in that one. So what I would tell you about that period, it was establishing the neighborhood as having the potential to be a safe neighborhood where people would want to go to work every day. It was hard for people to envision that in the '90s. The World Trade Center was harder than Times Square, and it was harder because for the first 18 months after 9/11, nobody believed anyone would want to be in a tower in New York City ever again. And then for ten years after that, no one wanted to be near downtown, the condition of downtown. One of my own colleagues who I shall not name, but I always remember him telling me this when I asked him, beseeched him, to bring tenants to take a look at the first buildings downtown. He said it'll be at least a decade before I go back downtown to visit. Forget about bringing tenants. So getting set. Tower 7 off the ground. Ultimately Tower 1, Tower 4, Tower 3, maybe Tower 2. Before it's all said and done. We'll see. But that challenge was many years in the making. What

makes both of those different from the moment we're in is that we experienced a couple of things coming together all at once. And I think the biggest challenge for us was the work-from-home challenge and the notion that what was a temporary condition was going to be a permanent condition and that nobody was going to want to come back to the office. Now, think of how many years were into this already four and a half years in. I can tell you that for certain industries, financial service, law firms, I would I'm somewhat surprised there. The consulting firms, they're in the office. There's no chitchat about it. You saw, by the way, Amazon's big announcement. I can tell you that the creative firms, however, are still struggling with coming back to the office and still having a hard time justifying a seat for every person who's on their payroll. On the thesis that a lot of the work could be done remotely. So I think media companies, I think creative firms in general are advertising, marketing, etc.. Bit by bit, the technology companies are coming back and we're beginning just now, this last quarter, is the first time we're seeing the technology companies reenter the market. What we're seeing is the midsize firms, the firms that were 50 to 60,000 square feet experiencing real growth and taking space. Although, Spencer, you've heard me say this. One of the funniest things we did, a deal down the Trade Center either beginning of this year, end of last year, showing substantial growth for a firm you would all know, midsize firm, but you'd know the name. And we prepare the press release because we're like pumped that we're, you know, a tech firm growing in Manhattan downtown is all good news. And we ship it over to them. They're like, We don't want this. I hear from a PR person, I'm like, Let me just call them up and just say, you know, the word's going to get out. Why can't we put it in our terms? And they say, no, no, no, we don't want their public company. We don't want our shareholders knowing we're taking more space. Because right now the idea is, "woohoo, people are working from home." This is a cost savings thing. Please, let's not tell them that we're doubling our space at Manhattan because it won't be well-received. Now, again, it's an interesting indication of how redlined, if you will, office space is right now. You think it's just the lenders? Nuh-uh. People are saying, well, do you really need that space? And you certainly do really need it in Manhattan. So those questions linger. And I think it will take us some time to work through it. Not as long as I think it took us to establish the World Trade Center, but certainly the recovery from September 11th in terms of the island as a whole was a lot faster than what we're going to experience with this.

Spencer Levy

I think right now what we're dealing with, I think, is a hope deficit, If I could characterize it as anything. People are, been kicked so many times today about the office sector. Kicked so many times today about big cities like New York. And you should see what's happening in downtown Los Angeles. You should see what's happening in downtown San Francisco. I get a parade of just negativity. And we need to break that. What do you think breaks that, Mary Ann?

Mary Ann Tighe

I think that what's going to happen I'm going to characterize the overall Manhattan office market. This is only Manhattan. And when I say to you that the next ten years are going to be transformational, it's because of the following. There are 425,000,000 square feet of office space on this island. Of that, my firm defines 175 million of it as better buildings. Now, don't ask me what they are, because we don't want to offend anybody. But those of us in our research department, we know what a better building is, a building that's been maintained. It's a building probably today that offers certain amenities to the tenant, that variety of different kinds of them and doesn't not required. When we repositioned 1271 Avenue of the Americas, we didn't put a single amenity in there in the building, 2,000,000 square feet. We leased it all up because we were sitting right at Rockefeller Center. And

Rockefeller Center is the amenity for 1271 Avenue of the Americas. But by and large, the better buildings are in very good condition and usually in the hands of solid ownership, and they usually have terrific amenities. Okay, so that's 175,000,000 square feet. What happens to the other 250,000,000 square feet, which we characterize as commodity buildings? I think it falls into three buckets. Bucket number one is some of those buildings are going to attract capital. Some of those buildings have the bones, the location that they can be transformed with capital. Use the capital in a way that can be justified by the rents that can be achieved. Those buildings absolutely exist. I can't tell you what percentage that is, but we are going to see people, we're already seeing people. By the way, the investment sales market in this quarter began to live again. And interestingly, people from outside New York—I always think that the people who understand our value best come from elsewhere. Is it any surprise that when Olympia & York showed up in whatever the heck year they showed up, Manhattan was like—they bought the whole Uris portfolio for like – I'm making up the number – \$26 million some incredible- You're like what? And they understood that New York was cheap. It's always been in us. We're seeing that already of people coming in saying this is the moment. Tell me who's in trouble, Who needs equity? Tell me if this building intrinsically can be repurposed for 21st century office. So anyway, a third of it, that's going to happen – meaning when I say a third, that's one bucket. It's not a third. So of the 250 million, there's a substantial number that will go in that direction. As far as residential conversion, which is, by the way, I joke with Spencer, the answer to every question today is data center. Of course, we don't have that in Manhattan. So the answer to the second answer to every question is residential conversion. Now, you know and I know that's a nonsense thought. The city, Dan Garodnick says – and I think studies have shown him right – that of the 250 million, somewhere between 25 and 40,000,000 square feet lend themselves to residential conversion. Things can be done with them to actually make it work. And I can tell you that the city and state—we lost 421-a they brought in 485-x. I always love these numbers, which by the way, no one I know is actually using. I don't know if you know anybody who's using it because it's not too user friendly. This is a whole other conversation. We have something, however, for office conversion. I'm trying to remember the number. I think it's—maybe it's 487-m or 287. What is it?

Crowd

267.

Mary Ann Tighe

Thank you. 267-m They also have the office to resi conversion accelerator, which is good and they've done just a couple of grants. But I think one of them anyway I think is very promising with the M-Core program. So there are programs in the works that both reposition office buildings and do the conversions. But if you're not in the first or second category that I just named your buildings coming down, you're going to be like 625 Madison right now. Related is taking down that office building. For many years it was the Revlon building. I remember when I first went to Related many years ago, that's where their office was. That building is going to have some office at the base. It's going to be the classic thing, some hotel, some expensive condos. And that's the direction we're going to see. And we're going to see it everywhere, by the way, and in some very funky locations for residential. Locations that I asked myself, would I actually want to live in that location? But I'm thinking like a local and people from other parts of the world might well embrace some of these locations that are right in the heart of the business district. And we're going to see it and we're going to see in abundance.

Spencer Levy

So our friends in the audience see a lot of the same things you're suggesting, Mary Ann. But then they got to get down and value it. So you have a building that I think we would collectively agree, this building's coming down and the vision is a new apartment building. And I will take you back once again, if you don't mind, to your art history, because I think it's relevant today. How do folks that have nuts and bolts, the numbers, the spreadsheet, the comps as their bread and butter have vision?

Mary Ann Tighe

I think it does become this issue of looking at an asset not only as what it is, but what it can become. And fortunately, there are a number of people who are already embracing this. I mean, if you want to know if something is going to be converted or has the potential for conversion or for repositioning, as an office, you can get a fair number of architects and engineers will just walk the property with you and begin to talk about it. But in terms of land values, again, we're going to be in a very interesting period. I mean, the good news is with Midtown East rezoning, we have real transfers that we can look at. I can tell you that I'm involved with the sale of the Saint Patrick's air rights. And it's really easy to comp out an air rights value because so much is being transferred. In time we're going to be able to do that in other parts of the city as well, because we're going to begin to see real value occur. I always remember, we're working on the New York Times building. People wanted an appraisal of what was the site worth. The site was 41st Street and 8th Avenue. It had eight buildings that were being torn down. I should tell you that at the end of the day, I think they value the site at 80, a buildable foot. When I think back to it and there were no comps, that's not going to be the world we're going to be in. But it also does require you to start using your imagination when you look at buildings because. I mean, I'll give you the one that I couldn't begin to imagine how to value, which is the Chrysler Building. We all know what's going on with the Chrysler Building today. Cooper Union has taken back the keys. It's a ground lease building landmarked inside and out. I officed there. That was where Edward S. Gordon was in the 80s. It was dark then. It has irregular column spacing. The slab heights are really low and single pane windows and you can't change them because it's landmarked. I don't know what the value of that building is, and those are going to be challenges for you because there are, by the way, a ton of landmark structures that are out there and figuring out what their next life is, I have no idea.

Spencer Levy

One of the things you mentioned, Mary Ann, about the 1271 transaction is that you put no amenities into the physical building. I can't tell you how many of the shows we've had on The Weekly Take, including with our mutual friend and my former boss, John Mechanic, who was touting pickleball courts at one of the buildings he's doing here in New York. And I'm like, John, I love you-

Mary Ann Tighe

One Penn. It's awesome.

Spencer Levy

There may be more to New York than pickleball, but Mary Ann, I'm going to quote you on the show. You said the number one amenity in New York is New York. What is New York?

Mary Ann Tighe

I think New York is fundamentally if I've learned anything in all these years of business, what attracts business to New York? The people and the fact that we have people of such incredible, diverse backgrounds and interests that you can have the most arcane piece of knowledge that you need. Think, I mean, when I think about some of the crazy things over

time, like any crazy thing you need, by the way, in all manner of things, I'm not just talking about obviously real estate, but I'm talking about. You name it, there will be somebody in New York who not only is this their life's passion, but they're part of a whole community that they can take you and you can meet, you know, a whole gang of people who are like this as well. The first thing is this incredible breadth of knowledge, talent, if you will, experience. It's extraordinary. The second thing is our complete comfort with people who are nothing like us at all. Right? New Yorkers hardly ever look askance at anything. And as a result, you can come from everywhere in the world and find community here. By the way, I should also say this. And if you have the smallest talent, New York can help you make a fortune at it. I'm telling you that it is a really interesting thing that we do also value people who are excellent at what they do. And again, you know, for those women in the audience, I hate to do this to the men. There are all kinds of obscure beauty things. You know a woman who shapes your eyebrows. Right? Let me just tell you this. These people buy houses in the Hamptons because of what they make in New York City. I mean, again, these are crazy things, but it's the city's ability to embrace talent, to figure out how to make the most of that talent. And then I do think also the very international flavor of the city. I remember when we were doing the Spotify deal down at the Trade Center and they're headquartered in Stockholm. And I remember asking the CFO why they had picked the Trade Center, and he said, because it has direct connectivity to Newark Airport, which is where the Scandinavian Airlines fly from. So I'm like, I wish I'd known that before we negotiated the lease, right? I mean, right. And then I said to him, tell me why you picked New York for the- I mean, again, think Spotify. Wouldn't you think like L.A. or someplace that sort? And he said, you can get really good Swedish food here. And I remember laughing and knowing by the way, I was sure he was absolutely right. But the. Idea was that the community existed. They didn't have to create it. So it's all those strengths which, by the way, cannot be replicated like that in Miami or anywhere. By the way, whenever I meet, I shouldn't do this with our cohorts or our colleagues from Miami. And they say you should come down and blah, blah, blah, blah. And I ask, how big, how big is the office market? And they tell me and I'm like, you know, I do more than that in a year here in New York. I mean, I'm a terrible snob about it, too.

Spencer Levy

And you should be proudly.

Mary Ann Tighe

No no no. Just like Miami. Stop telling me about Miami.

Spencer Levy

I'm still a big fan of Miami. I still wish I can get better Cuban coffee in this town. I'm just saying straight up, every town's got its own thing, right? But-

Mary Ann Tighe

In the right neighborhood in Queens, I'm sure you could.

Spencer Levy

I'm sure I could. I'm sure I could. In fact, goes right to my next comment, which I grew up in this neighborhood. My father's office was at 230 Park, and I knew every restaurant here, every one of them. They were all Italian steak joints. Why this was a little Italian neighborhood right here. Unfortunately, they're all gone now. And now I got to go to the Bronx and, dare I say it, New Jersey, to get some really good Italian food. But I don't think that's a failure story. I think it's an evolution story because while some of the restaurants are down, because foot traffic was down, foot traffic is now coming back. But the beauty of

Times Square, the beauty of downtown Manhattan, the beauty of New York overall is reinvention. You take a look at the west side of Manhattan, you take a look at a lot of the buildings over there where Google's headquarters are. It was an old derelict trade building, but it became one of the premier buildings in Manhattan. So reinvention is something that I think maybe in addition to diversity, it's number one character, its characteristic. But I know you're going to focus primarily on New York, but we just did a report called Shaping Tomorrow's Cities. We call New York a super city. How is it different than London? How is it different than San Francisco? How is it different than L.A.?

Mary Ann Tighe

I do think our scale is an enormous part of the story as well, because if you visit other large scale markets, they don't have the diversity of product type that we have even within the office market. So that if, for example, you're attempting to do a studio complex, if, for example, you need certain sized trading floors, if you want major convening space, you can make things happen in New York that I think are probably more challenging in other cities. I also think, though, that you will find an audience in New York for whatever it is you're trying to do. I mean, we're seeing a lot of experience related real estate come into the city. I don't know if you've been observing this as well. We're seeing it on the west side. We're seeing it down at the seaport. We're seeing it in a variety of locations, people looking to create these experiences that, you know, ever since the Van Gogh experience did so well etc, etc.. So you're having now requests for like cavernous space that you ask yourself, what do you need it for? And then, as it turns out, it becomes something amazing. I mean, by the way, I'll give you another example. Look at the observatory world. I would never have bet that other than the Empire State Building, there was a big market for multiple observatories in the city. Doesn't feel like you're sort of done? You know, you've seen one, you've seen them all. I remember when Mark Holliday was developing One Vanderbilt, and there was a moment where JP Morgan Chase was negotiating with him to buy the building because this was obviously prior to their decision to tear down 270. And their argument, the reason the deal never came together is that JP Morgan Chase didn't want an observatory and didn't want to pay for what Mark saw as the lost revenue by not doing the observatory. And I do remember that the discussions centered on how much revenue could be expected. And the belief was maybe 15 million NOI per annum. I think the observatory did over 70 million at One Vandy the first year it opened. And when you go there, you realize this observatory is not like remotely like the Empire State Building. And it's amazing. And it's not like the one at Hudson Yards, not like 30 Rock. It's not like One World Trade Center. And all of them have a market to the point where, by the way, Mark is actually rolling out these observatories. He signed a lease in Paris to do a One Vandy type observatory there. So the idea of the scale of the city, the number of people, the number of visitors, the amount of space allows you to incubate these ideas that obviously have resonance way beyond a local market or certainly way beyond my limited view of can you make an observatory that people actually want to go to? Apparently the answer is yes, if you're clever enough.

Spencer Levy

And by the way, I do want to reminisce for a moment. When I was a kid, my grandmother took me to something that was called The New York Experience. And I'm just going to, this is completely off base. Who here went to that when they were kid? Somebody in this room went there. Mary Ann went there. Anybody else?

Mary Ann Tighe

I don't think they're old enough.

Spencer Levy

Well, maybe we're dating ourselves. But New York has always been about these kitschy little things that are—my grandmother took—we had this wonderful conversation about the theater district, and I remember the first musical I saw, and that's what I feel. I don't think about New York. I feel it.

Mary Ann Tighe

Right.

Spencer Levy

in these types of things. But getting back to the business side of it cause I think one of the areas where office is transforming today is the traditional model of the long term credit lease, huge TI allowances, is still the best way to go. It's the best way to go because it gives you stability and the financing markets will accept it. That's really, I think, the trillion dollar question. But so many of our office tenants today they want something else. They want maybe more flexibility, maybe a shorter term lease. And I know all of these things give concern to our friends here in the room, say, well, we really like the long term leases with the credit tenant because the short term leases are worth less. Is that the future?

Mary Ann Tighe

So interestingly enough, in Manhattan, we are seeing people revert to the conventional length of term. You know, we went through that moment. All of us experience it post-COVID, like get me a 2 to 3 year lease. Again, it was the work from home. I don't even know who was coming to the office. I don't know what our policy is going to be, etc.. So there was that. You either dish extension, you found some sublease space, whatever it was. I can tell you that the vast majority is now 10,15. Actually, I just renewed Christie's, so I did 25 year lease for Christie's in the late 90s at Rock Center. I just renewed them for 25 more years. And why is it that New York has that which I think you're right the rest of the country not necessarily experiencing it. It is a bear to renovate space to create space in New York. It's hugely expensive. You want to amortize it for as long as you can. And most executives say, I don't want to do this again in my career, okay, I'm done with this. And so we do here tend toward that. Now, I should tell you, I am not seeing there are things that had historically been corrections that as the markets strengthened by the way, the leasing market is definitely strengthening. If you are a tenant of, they make a number 100,000 square feet or greater, you should have done your deal already. By the time we get to 27, you're going to have a problem unless you're going downtown. And I can tell you, as you know, we're not building any office space because we can't finance it. So what is there? There's 2,400,000 square feet of commercial under construction now. That will be completed by the end of 26. Nobody, again, with the exception of a couple of boutique buildings, and that's another conversation. Nobody's coming out of the ground now with a sizable building. I count Citadel in that group at 350 Park. But of that 2.4 million between now and 26, 79% is already leased and I think will be spoken for before any of those buildings are finished. So we're not adding supply and therefore we are going to see prices really begin to move. They're already moving in the really tight districts. And by that I mean Park Avenue, which I think Park Avenue and Madison Avenue in Midtown are the tightest office districts in the United States. Madison-, Park is 7.4% availability. We say it's a tenant's market when you cross 10 or 11%. So if you're at 7.4 today, you're already in a landlord's market here and people will say, well, Chase is going to give back all that space when they move into the tower, some of it they'll give back. But they're keeping 383 Madison, They've already announced they're renovating that. So they've got this whole district that they've created around themselves, and we don't think they're going to end up giving back all of the space. And by the time they do, which will be 26 probably. The

market's going to need it. It's going to need it like it needs oxygen. So we are definitely in a better period, but we're going to watch pressure on the market in the latter part of this decade for sure.

Spencer Levy

I just wrote down that quote, Mary Ann, In 2026, the market's going to need new big block space like it needs oxygen.

Mary Ann Tighe

Totally. I mean, it's not even an "if." And another reason I see people going long term is that when you study the trend line, they want to be sure. By the way, the one thing I will say is that it has become commonplace now for people to ask for, and in many cases receive, the right to drop some portion of the space in year seven and year ten, etc.. That's, I would say a tenet of scale will almost always ask that, along with the right to grow as well. But I'm not seeing corrections in the TI packages. That was always, by the way, the first sign of the market recovery. And you all remember this, that you knew the market was getting stronger again when the \$60 TI package became \$50 became 45, you're like, we're in for it now. Interestingly, people are moving up the rents, but the 150 bucks for somebody who's relocating as opposed to renewing, it's still with us.

Spencer Levy

What is the entire fit out cost and then what is the landlord offering these days?

Mary Ann Tighe

So I have to say two things, two other signals that the market is strengthening in Manhattan. The first is that you used to get these requests for absurd TI packages. People would offer you and I'll make it up \$70 a foot in rent and then they'd like \$200 in TI. Like, don't we all want \$200 in TI? And that is gone. People know that that's not the world we're in right now. That doesn't mean they might not buy up the TI. You know, you settle upon your 145, your 150. Maybe, maybe, maybe you're 160. But mostly you're seeing a quote unquote, a normalization of TI. So that's the first thing that tells me that things are strengthening. Second thing is we used to get these cuckoo proposals. People would come in with, like, just ridiculous numbers. And I would often say to landlords, let's just go back to them and say, you're not we're not even in the same zip code, so why would we take time responding to this? And they're like, I know we have to respond because they would be so afraid, whatever. In fact, what's actually happening now, we talked about this just this morning. We're getting proposals now that are within 5 to 8% of we're taking it. And that is a very new occurrence, I would say started in the summer. It's on now. And it's again, a signal to us that the market is strengthening.

Spencer Levy

So, Mary Ann, I want to make this the crystal ball, big picture, what is it going to take? What if we had 3 or 4 things we could change in New York to accelerate our recovery from where we are today, whether it be easier permitting, whether it could be more affordable housing, whether it could be another train line. What would you like to see?

Mary Ann Tighe

All of that. Let me tell you what I would say to you right now. If you want to give a boost to office development for the sake of discussion, I cannot remember a period of active office development in the last 40 years that didn't involve a tax package benefit from the city. I'm going to go all the way back to Times Square and tell you that all of those buildings at Times Square enjoyed a tax benefit. The World Trade Center benefits from the great pilot

that it has. Hudson Yards, if you remember, had that pilot that burned off, you couldn't get construction, you couldn't get the engine of new construction going and building momentum without a tax package. Many of our government officials perceive a tax package as a giveaway. And the example I always give on this topic is the The New York Times building, the last building in Times Square, where I think eight buildings were demolished to make that building. The last year of taxation for those eight buildings was collective taxes were under \$1 million. The New York Times got and since I negotiated, I'm going to brag on one of the great tax packages of all time, 29 years. Let me tell you that tax package was a thing of beauty. And I can tell you that the first year of taxes, they paid for that building again with what was a real giveaway was \$13 million. Now, you can't tell me giving up a bunch of buildings that we're paying less than a million for a building that on the first year pays 13 is a giveaway. Our business' math is not that complicated. We just need people in the public sector to understand it so that they can align with things that will actually produce the results they want to. And by the way, let's talk about where the city's tax dollars come from. We all know this. Commercial real estate and real estate in general pays the vast majority of taxes in this city. And as a consequence of that, we need to keep that sector strong because it affects everything – schools, fire, police, etc., etc. Anyway, you know all of this, though, I'm preaching to the converted. But I do have to say we need alignment between our local political entities and the goals that we need to keep the city healthy.

Spencer Levy

Well, I agree with that. I'll make one final point. I went to a presentation the other day by a famous pollster. His name is Frank Luntz, you see him on TV all the time. And he said, we've got to be careful about the language we use when we speak to local politicians. We are no longer real estate developers. We're builders. And we need to be looked at as builders, maybe we'll get some of these things through.

Mary Ann Tighe

Language is so important. It's all in the marketing. So you're right. We don't have any developers. We only have builders now.

Spencer Levy

Well, what's not in the marketing is Mary Ann. She is the real deal. And it's a privilege, every time I have the opportunity to speak with you, Mary Ann.

Mary Ann Tighe

Likewise Spencer.

Spencer Levy

On behalf of our friends, thank you very much. Let's hear it for Mary Ann Tighe.

Spencer Levy

If you'd like to read the full report, *Shaping Tomorrow's Cities*. That's available on our website, we'll post a link on our show page at [CBRE.com/TheWeeklyTake](https://www.cbre.com/TheWeeklyTake) and you can search for it on CBRE's Insights page as well. We'll be back next week heading into the holiday season with more from that report as well as conversations about other big events and stories of 2024. As we begin to close out the year. For now, we hope you all share this episode as well as subscribe, rate, and review us wherever you listen. Thanks for joining us. I'm Spencer Levy. Be smart. Be safe. Be well.