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NEW FRONTIER

Joe Moinian Pioneers Manhattan's Far West Side

By Paul Rosta

When people view the Manhattan cityscape, they see many things: financial hub, cultural mosaic, media center and, of course, real estate capital. When Joe Moinian surveys his beloved hometown from his office high above Manhattan's Upper West Side, he sees all that and one more thing: his happiest hunting ground. At the moment, the founder of the Moinian Group stands on the forefront of one of Manhattan's final frontiers: a swath of Midtown that borders the Hudson River. Moinian keeps a hand in carefully selected markets around the country, investing in high-quality office, hospitality and residential properties in Los Angeles, Chicago and Dallas. But with no disrespect to any of those world-class cities, he and his team are devoting much of their energy these days to reinventing Manhattan's new western frontier.

Most prominent in the pipeline is a project that may well serve as Moinian's career capstone: 3 Hudson Boulevard, a signature 1.8 million-square-foot tower. It will also embody the promise that Moinian may have been the first developer to recognize. "Joe had a vision for the West Side," recalled his friend Jonathan Mechanic, chair of the real estate law department at Fried Frank Harrison Shriver & Jacobson. Moreover, he noted, "Joe was there early and controlled the site."

It was a characteristic step for Moinian, who

has built a career on seeing opportunities ahead of the pack. During his more than 30-year run in the business, Moinian has also earned a reputation as a gracious, urbane entrepreneur who thinks big and bets big, an agile negotiator, and when necessary, a formidable adversary.

"I think of Joe as the quintessential developer," said another longtime friend, Silverstein Properties Inc. chairman Larry Silverstein. "He's got a vision; he's got the capacity to see things that other people might not be able to visualize early on." Moreover, Silverstein observed, "he's got a



EXECUTIVE SUMMARY

After more than 30 years as a visionary investor and developer, Joe Moinian is setting his sights on Manhattan's next frontier: the Midtown district on the island's Far West Side. The founder of the Moinian Group has already built several high-end condominium and rental apartment towers in the area. Moinian plans to top those projects with 3 Hudson Boulevard, a LEED Platinum office and residential tower. The project promises to be a crowning achievement for an entrepreneur whose other holdings range from Manhattan hotels and a Caribbean resort to a stake in Chicago's Willis Tower.

very fine real estate sense, and he clearly likes to move in determined ways that give him the opportunity of doing projects of scale that have an impact on the areas in which he's operating."

That is unquestionably the case on Manhattan's Far West Side. All told, 40 million to 50 million square feet of new development could emerge there, including such projects as The Related Cos.' 20 million square feet of office, residential, retail and hotel projects above the Metropolitan Transportation Authority rail yards. Rather than viewing these and other nearby projects merely as competitors, Moinian considers them part of the emerging district's critical mass. "We are very happy to be part of the effort that is happening," he explained.

Moreover, he is banking on the project's singular appeal. Because of the site's configuration, the building will be that rare Manhattan phenomenon that is unattached to any other structures and is open to light and air on all sides. FX Fowle is designing the tower with a distinctive, subtly turning form that rises to an elevation of more than 1,000 feet. To gain another competitive edge, 3 Hudson will incorporate solar panels and a wide array of environmental features intended to meet LEED Platinum standards—still an unusual distinction among Manhattan trophy towers. Moinian also contends that he is a step or two ahead of most competitors; for example, he notes that 3 Hudson is already fully entitled.

Moreover, the building will be the beneficiary of a landmark mass transit project. This June, service will begin on a new subway extension that will link Midtown Manhattan's westernmost district to the Grand Central transit hub. The new western terminus of the 7 line is located a few steps from 3 Hudson's future front door. The subway system's developer and operator, the Metropolitan Transportation Authority, made arrangements with Moinian to build the adjacent station well before the start of construction on 3 Hudson.

Moinian and his team meet frequently with prospective occupants, whose commitments will influence final decisions about the construction schedule and a possible residential component. These complex negotiations put Moinian's mastery of detail on full display. "You don't have to repeat things; you don't have to explain things," said Arthur Mirante, head of Avison Young's New York City office, which is Moinian's leasing agent for 3 Hudson. "There's virtually no aspect of these very complicated transactions that Joe needs an education on."

Moinian began preparing for the emergence of the West Side two decades ago. At first, he focused on the Eighth Avenue area and executed several large residential projects: the Biltmore, a 53-story tower on West 47th Street completed in 2003, and the Marc, a 393-unit property located on West 57th Street that opened the next year. Intensifying activity in the neighborhood eventually left Moinian with little

room to expand, so he headed three blocks west. The company has since been instrumental in establishing a vibrant residential scene on Midtown's 11th and 12th Avenues. "From an area which was pretty much at the back end ... it has become a prime destination of people moving in," noted Oskar Brecher, Moinian Group's executive vice president & director of development.

In 2007, the company completed the Atelier, a 46-story condominium tower between 11th and 12th avenues on 42nd Street. Its 478 units are entirely sold out. Now on the way is the Atelier's new neighbor, a 60-story apartment tower at 605 W. 42nd St. near 11th Avenue.

Silverstein cites the latest project as evidence of Moinian's persistence: "Because he's so persevering and so determined, it's rare that he doesn't accomplish his goals." The recession put 605 W. 42nd St. on ice, but Moinian refused to give up. He waited until the market rebounded, and will see the fruits of his persistence when the project comes online next year.

Moinian was also a pioneer in Downtown Manhattan well before the renaissance that followed the Sept. 11, 2001, attack on the World Trade Center. A decade ago, he owned the second-largest portfolio in the district; he still owns 5 million square feet. Most recently, in 2010, he completed the W New York—Downtown Hotel & Residences, which encompasses a 217-key W hotel and 223 condominiums.

Branching Out

As a high-profile investor and developer, Moinian has experienced the highs and lows of the nation's largest commercial real estate stage. The period following Sept. 11th posed one challenge, as the New York City real estate market felt the economic shock waves set off by the attacks. Moinian made a crucial resolution during that unsettled time: "Never again do we put all our eggs in one basket."

In the years since, Moinian has branched out geographically, investing in carefully chosen trophy properties across the country. In 2003, he acquired a stake in Chicago's Willis Tower, which concluded a four-decade reign as North America's tallest building last year; it is still exceeded only by One World Trade Center in Manhattan. Dallas appeared on the Moinian map in 2006 with the acquisition of Renaissance Tower, a 1.7 million-square-foot office asset. Rising 886 feet, the 56-story structure ranks as the city's second tallest.

Moinian's interests outside New York City also include premier hospitality properties. The company is represented in central Florida's resort hub by the Ramada Orlando Celebration Resort. Located in Kissimmee, the property offers 919 guest rooms, 36 suites and 60,000 square feet of ballroom and meeting space on a 77-acre site. And in the Virgin Islands, Sugar Bay Resort & Spa is a 294-key property on St.

"I think of Joe as the quintessential developer."

—Larry Silverstein, Silverstein Properties



Planned for the Hudson Yards district on Manhattan's Far West Side, the Moinian Group's 3 Hudson Boulevard will offer 1.8 million square feet of office space, a luxury residential component and LEED Platinum certification.

Thomas with picturesque views of the Caribbean. "We are very, very bullish outside of New York," he emphasized, adding, "All of our investment outside of New York was, and is, cash-flowing well."

On the sell side, Moinian recently sold a prime 4.6-acre parcel in Downtown Los Angeles for about \$200 million to Oceanwide Real Estate Group. The sale price was about \$120 million more than what he paid for it in 2006. The Beijing-based company is eyeing multi-family, hotel and retail development on the site, which is located near the L.A. Live entertainment facility and Staples Center.

Like investors and builders everywhere, Moinian took his share of knocks during the recession and adjusted accordingly. "We started to reduce some of the load on debt by refinancing, selling some properties and putting more equity in certain deals," he explained.

Against formidable odds, Moinian held onto a variety of prime properties. He identified about \$150 million in new financing for the Ocean, a high-end residential property located in downtown Manhattan, and restructured \$400 million in debt for two other towers in that neighborhood: 17 Battery Place, a 1.2 million-square-foot residential and commercial asset, and 180 Maiden Lane, a 1.1 million-square-foot office tower that serves as the headquarters of AIG. The company pulled back on its development activities and stepped up its hands-on role, handling leasing and other functions in house.

Beyond New York City, Moinian refinanced about \$120 million in loans for the International Jewelry Center, a 370,595-square-foot property in downtown Los Angeles acquired in 2007 for \$144 million.

Of Moinian's many recession-era saves, the highest profile was the one he pulled off for the Midtown Manhattan office building once known as 1775 Broadway. Built in 1928, the 770,000-square-foot tower had served as the headquarters for General Motors Corp. and later *Newsweek*. Moinian saw the potential in the somewhat dowdy tower and bought it in the early 1990s. A decade later, as the Manhattan office market was heating up, he decided it was time for a makeover, spotting the potential to command Class A rents after refreshing it at well below replacement cost. Moinian renamed the building 3 Columbus Circle, encased it in a sleek blue curtainwall and gave it an interior makeover.

When financing dried up during the recession, however, Moinian was in a pinch to make loan payments to Deutsche Bank and The Related Cos., which had acquired the note on the property. Related, which had opened its landmark Time Warner Center nearby in 2004, was reportedly eyeing the prime 1775 Broadway site for retail and residential redevelopment. When Related and Deutsche Bank tried to foreclose on the property, Moinian took them to court, charging an unfair "loan-to-own" strategy, interference with his efforts to lease the property and other allegations. Meanwhile, Moinian enlisted SL Green Realty Corp. as a 49 percent equity partner. The REIT provided capital for the mortgage payment, and the lawsuits were finally resolved in March 2011.

Prospects for 3 Columbus brightened further that December, when Young & Rubicam Group agreed to acquire a 214,372-square-foot condominium interest encompassing the building's third through



“Joe seems to have tremendous momentum now . . . I think his best days are still ahead.”

—Arthur Mirante, Avison Young

eighth floors, plus a 20-year, 124,760-square-foot lease for four additional floors. Young & Rubicam added another 34,638 square feet of leased space in October 2012.

Success Story

The arc of Moinian’s career follows a quintessentially American success story: the gifted youngster who makes the journey to the new country and achieves extraordinary success through smarts and hard work. Arriving in New York from Tehran as a teenager in 1971, Moinian took a first job at a diner in Queens. After high school and taking courses in business administration at the City University of New York, he started his first career in the clothing industry. The young entrepreneur drew on the knowledge he had gained through family exposure to the business and launched a clothing company he called Billy Jack for Her (the name refers to a popular movie released during the year of Moinian’s arrival in the United States).

Moinian’s keen eye for fashion and business acumen made him a natural for the clothing industry, but its vagaries often left him unsatisfied. In the fashion business, he noted, “you’re only as good as your last style.” Moinian, who was also acquainted with real estate through family members in Iran, was drawn to a business that was unaffected by seasonal whims. “Real estate is all about hold,” he noted. “It’s also about building power: How do you keep everything through the hot and cold of the market?”

He started investing proceeds from the clothing business into real estate, and launched the Moinian Group in 1982, eventually dissolving his clothing business. During his first decade in real estate, Moinian acquired a series of office buildings and redeveloped them as residential lofts. In the years since, he has worked his way into the upper echelon of the industry’s investors and developers.

“He did it the hard way,” observed Mirante, who compares Moinian’s career to that of a fellow New York City real estate entrepreneur, Stephen Green, founder & chairman of SL Green Realty Corp. Green started out investing in Class B properties on the way to building the largest institutional owner of office buildings in New York City. “When you get to be at a different level, you’re ready,” Mirante explained. “You know your product and you know it from the ground up.”

In February, Moinian marked a personal milestone when he turned 60. His sons, Matt and Mitch, are both well-regarded professionals who have served the firm in various capacities. Few would be surprised if the younger Moinians someday emerge as the new generation of company leadership. But with projects like 3 Hudson Boulevard in the works, it is clear that the Moinian Group’s founder himself will be exploring frontiers for many years to come.

“Joe seems to have tremendous momentum now in his business career. . . . He’s hitting his stride,” Mirante observed. “I think his best days are still ahead.”

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