

# HAUTE LIVING

New York

\$20.00

## PRIVATE AVIATION

THE G550 AND THE NEW 787

## ON HIGH SEAS

BESPOKE YACHTS OF TOP BILLIONAIRES

EXCLUSIVE

# It's all RELATED

STEPHEN ROSS AND JORGE PÉREZ



# IT'S ALL RELATED



THE STATE OF THE UNION, AN ADDRESS GIVEN ANNUALLY BY THE PRESIDENT TO JOINT SESSIONS OF CONGRESS, IS PRESENTED HERE WITH A REAL ESTATE TWIST. OUR JOINT SESSION INVOLVES THE LEADER OF RELATED, STEPHEN ROSS, AND THE LEADER OF THE RELATED GROUP, JORGE PÉREZ, WHO SHARE THEIR INVALUABLE INSIGHTS ON THE CURRENT STATE OF THE MARKETPLACE WITH HAUTE LIVING.

BY STEPHANIE WILSON  
PHOTOGRAPHY BY BOB MARTUS, SHOT ON SITE AT JAZZ AT LINCOLN CENTER IN THE TIME WARNER CENTER





# STEPHEN ROSS

# W

hen Haute Living had the opportunity to interview Stephen Ross, we began by trying to pick this great man's brain for advice about how to survive the almost inevitable recession, but it almost seemed as if his mind was somewhere else. Towards the end of our time together, the South Florida native got a little giddy when he asked when our magazine was set to print.

Upon learning our run came around the third week in February, he said to be ready for a big announcement in the coming weeks from the Ross camp. Last night on February 21, just hours before our print run, that announcement came: Ross is now 50 percent owner of the Miami Dolphins franchise, pending NFL approval. While speculation about Ross buying the team became public in November, it was quickly disregarded after Bill Parcells was announced as executive vice president of football operations. On the contrary, the recent announcement indicated that Ross will acquire 50 percent of the franchise, Dolphin Stadium, and the surrounding developing land, a deal that is said to be worth \$1.1 billion.

Ross can surely afford it. As founder, chairman, and CEO of the Related Companies, Stephen Ross has been steadily climbing the Forbes 400 List since he founded the real estate firm, then known as Related Housing Companies, in 1972. Since that time, Ross' Related has grown to be one of the nation's top development companies by always adhering to their guiding goal: be the premier real estate developer, owner, and manager through the creation of superior developments in each of their markets. As such, Related has created a legacy nationwide that has cemented their place in history alongside great developers of the past.

Related has come a long way since its humble beginnings when the company was solely involved in developing, financing, and managing government-assisted rental apartments in New York City. While still maintaining affordable rental units throughout the city, Related has grown exponentially over the decades, despite a slip during the recession of the early '90s that almost put the company into bankruptcy. Related came through that close call stronger than ever, having amassed priceless experience.

Today, Haute Living looks to Related's fearless leader to impart some of his acquired wisdom to our readers. As our country faces a bleak economic outlook, we turn to Ross for his knowledge, advice, and predictions for the unstable real estate market. First and foremost, he recommends choosing projects with care: "I think you have to look and see where your risks are, and [evaluate if] you are able to take risks."

Under his guidance, Related has reached a point where they can take great risks. Not only do they have a substantial portfolio with a strong foundation in luxury rentals, which Ross refers to as "Trophy Assets," but also the company recently took in a \$1.4 billion infusion from Goldman Sachs, Abu Dhabi, and MSD Capital, bringing the total worth of Related above the \$5 billion marker. Ross explains, "[This infusion] was a great way for us to diversify and have capital available for what we saw as opportunities down the road." These relationships ensure that Related now has partners to help finance any deals going forward, a unique and distinguishing factor that provides liquidity when there isn't any in the marketplace. This has given them an opportunity to confidently progress in all of their sectors, which include luxury residential





Stephen Ross at Jazz at Lincoln Center in Time Warner Center





**Snowmass development  
in Colorado**



**Superior Ink in  
New York City**



**Tribeca Green in New  
York City**

development (In addition to The Chatham, Tribeca Green, One Central Park, Astor Place, and more in New York, Related has developments in Boston, Chicago, Los Angeles, San Francisco, with a combined total activity of \$3 billion), mixed-use development, retail development, affordable housing, residential sales and marketing, and property management.

"We're involved in every sector of real estate development, from the hotel to the office building to residential to retail, and we have all those specialties in house," Ross explains. Since inception, Related has acquired or developed more than \$15 billion in real estate assets comprising 315 properties, with more than 84,000 residential units and 10.3 million square feet of office/retail space. And that is just what is already created. In the works are four major projects that will literally transform the respective regions.

Related has a strong history with mixed-use developments. Since 1997, Related has been developing, owning, and managing a blend of private, public, and commercial spaces. From CityPlace in West Palm Beach, Florida, a \$600 million, 72-acre Mediterranean-style complex that led the revival of the district, to New York's magnificent Time Warner Center (also a trophy asset), the landmark mixed-use development overlooking Central Park, Related has demonstrated a know-how for executing projects on the grandest scale. Time Warner Center, which became the new home for Time Warner Inc., not only set records with the sale of the penthouse for \$54.7 million, but also provided a new center for the city, with the Mandarin Oriental hotel, public spaces, luxury retail, fine restaurants, and performance spaces at Jazz at Lincoln Center.

One of the projects currently in the works for Related involves an even greater public transformation: Related was selected in 2005 to develop urban destination Moynihan Station, which will move Madison Square Garden and

renovate Penn Station, two of the greatest landmark locales in the city. "This is a once-in-a-lifetime opportunity," Ross states. Related's team plans on moving the Garden one block away to the James A. Farley Post Office, which provides opportunity for a revamping of Penn Station into what Related is calling the "gateway into New York City."

The project calls for six and a half million square feet of new development with more than a million being dedicated to retail in the new station. In addition, Vornado Realty Trust (headed up by chairman Steven Roth), who is collaborating on the project, is developing another two and a half million square feet of space in the area. "It will create a new center for New York that's probably equivalent to Rockefeller Center, but more important because of the transportation aspect," he says.

Elsewhere in the city, Related is bidding on the hyped Hudson Yards project, squaring up against other bidders such as Gary Barnett's Extell Development (which was profiled in the last edition of Haute Living NY), Vornado/Durst, and Tishman Speyer. "What distinguishes us from them is that we have a tenant that we think is the most important project for New York City that will make this a great place," Ross explains. Just as Time Warner Center provided the new headquarters for Time Warner Inc., Rupert Murdoch's News Corp. would be moving their corporate headquarters from the other locales thereby creating a very dynamic environment at Hudson Yards. While still in the bidding stages, Related is considered one of the frontrunners.

Making moves coast to coast, Related is involved in a \$2 billion transformative project in Los Angeles where they are developing a mixed-use neighborhood on Grand Avenue. Ross states, "This is such an important project. It is a mixed-use project, much like the Time Warner is a mixed-use project, but the idea is that it is handcrafted for L.A. They have a different style of living in L.A.





The Chatham in  
New York City



The Century in  
Los Angeles

than in New York," and the development will embrace that. The 3.2 million-square-foot project, located across from Disney's Concert Hall, is designed by renowned architect Frank Gehry. Two new luxury condominium towers and rental residences are part of the city block that will entail a diverse mix of high-end retail and notable restaurants alongside a hotel by Mandarin Oriental, who also flies their hotel flag at Related's Time Warner Center in New York. Taking his experience in New York, Ross saw a need in Los Angeles for a development that would help transform the fickle downtown area. In addition, Related is developing an elliptical masterpiece in Century City. Designed by the renowned Robert A.M. Stern, The Century will bring opulence into the sky with the 42-story residence center.

Related, through Related WesPac, is also putting a stamp on Snowmass, Colorado, yet another mixed-use development that will entail one million square feet that includes 600 luxury residential units, fine dining and shopping at Snowmass Base Village alongside West Village and Snowmass Center. The ski-in, ski-out community has staggering cost estimates associated with its renewal, reaching into the billions. And buyers are taking note: The Little Nell Residences at Snowmass and The Viceroy Resort and Residences at Snowmass have achieved unprecedented sales since launching in mid-December, 2007.

Despite the nascent state of the real estate world, as the amount of foreclosures skyrocketed in the past year, Ross isn't losing copious amounts of sleep at night, despite having billions of dollars in developments in the works right now. He says he has seen it all before: "After being in the real estate business now for more than 35 years, I've been through cycles before. I can recognize how you survive cycles. But I think in the real estate business and every large scale project, I am always apprehensive."

**H**e understands and respects the level of planning that goes into his projects. "These are large projects that are transformative, and just not the bread and butter-type projects that one typically does and not just individual buildings," he says. "The complexities of large-scale mixed-use projects are so great and you have to make it all work. And if you don't make it all work, you're not going to have any success. It takes a lot more time, effort, and I think a lot more handholding than you otherwise have. We like to do our projects and be involved in it, but you have to bring so many contingencies and stakeholders together. And it's so important to the community. You only have one chance. It's not like just building a building. There's a real responsibility that goes with it."

It is a responsibility that Related has always taken seriously, and that sense of responsibility spills over into Ross' personal life as well. Ross is a member of the board of trustees for the Guggenheim Museum, a trustee of Lincoln Center, New York Presbyterian Hospital, Urban Land Institute, and other like causes. His philanthropic side has earned him accolades, as have his business activities, clearly. Recently honored as Housing Person of the Year by the National Housing Conference, he has been heralded with the Distinguished New Yorker Award, named one of the 100 most influential leaders of business, and presented with a Leadership in Tourism Award. His reach stretches over many plains, and can be felt south in Florida, where he has partnered with Jorge Pérez's Related Group. While Related Companies and Related Group are two independent companies, they have a common thread: The Related bond. These two companies operate with a different style and a different philosophy, thanks to each of their leaders.





“THE [MOYNIHAN STATION PROJECT] WILL CREATE A NEW CENTER FOR NEW YORK THAT IS PROBABLY EQUIVALENT TO ROCKEFELLER CENTER, BUT MORE IMPORTANT BECAUSE OF THE TRANSPORTATION ASPECT.

—STEPHEN ROSS





Icon Brickell

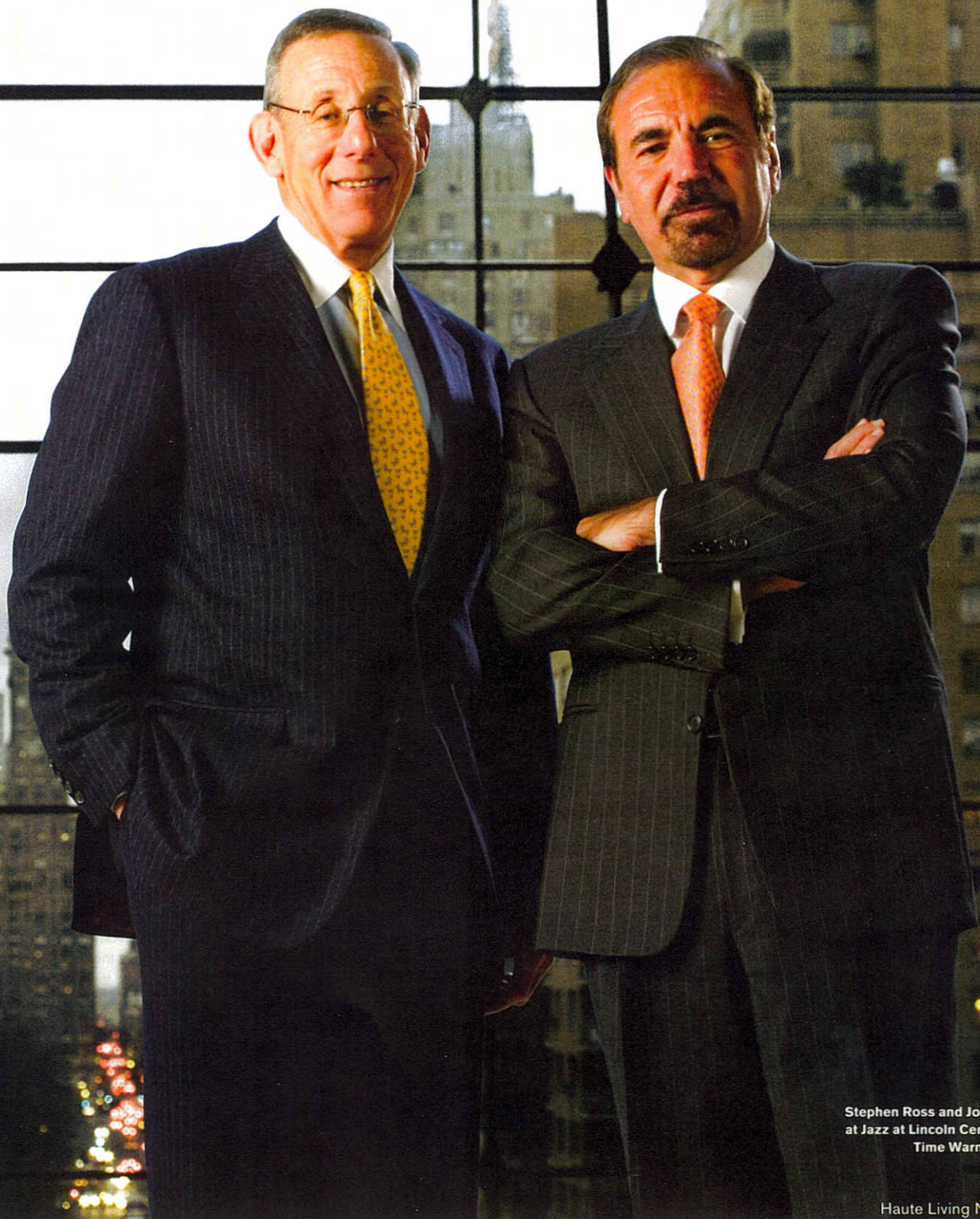
# JORGE PÉREZ

Jorge Pérez is a force to be reckoned with. Debonair, suave, and gracious, he has led Related Group since its beginnings almost thirty years ago. Competition laid the groundwork for the company, with Ross and Pérez going head-to-head for some Miami affordable housing. After Pérez won the bid, Ross approached him and suggested a partnership. Pérez began as a minority partner, but within a year became majority partner of Related Group. Pérez explains, "We each control our company. We talk daily, not all about business. We support each other and truly are best friends and best partners."

What separates the two, though, are their business styles. "Steve is more of a keeper and I am more of a seller," Pérez says, "so while Steve used to build a lot of rental buildings and keep them for the future [the "trophy assets" Ross referred to], I was a lot more concerned with building cash and, when I saw what I thought was a good profit, I was much more apt to sell them. And at different times in our careers, one has served him better and one has served me better. So that's the biggest difference in style: he looks more to keep, I look more to sell and turn the profitability into cash as opposed to a long term appreciation of assets."

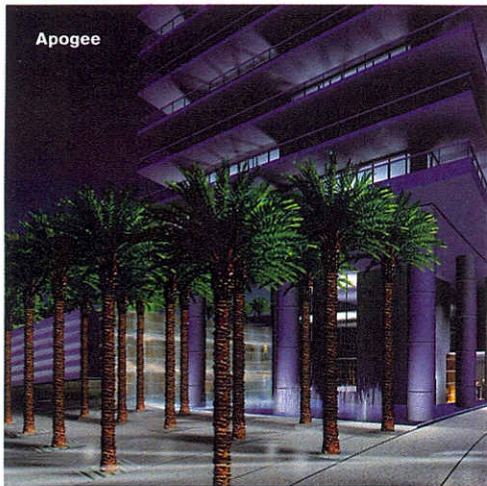
For Pérez and Related Group, the strategy has served





Stephen Ross and Jorge Pérez  
at Jazz at Lincoln Center in the  
Time Warner Center

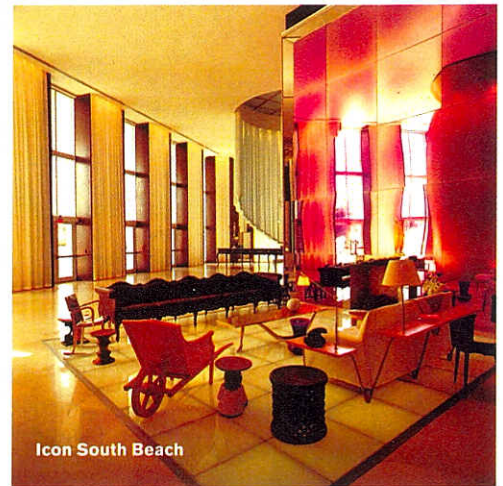




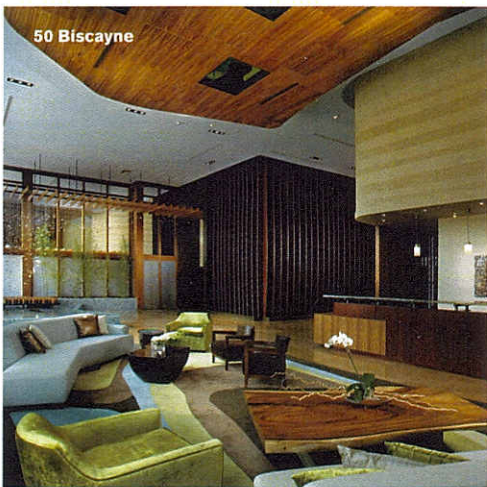
Apogee



One Miami



Icon South Beach



50 Biscayne



The Slade



Beach Club

him well. Since its inception, Related Group has built more than 55,000 apartments and condos, and leads South Florida as the top multi-family developer. And, thanks to Pérez's Cuban heritage (he was born in Argentina to Cuban parents), Related Group holds reign as the U.S.'s largest Hispanic-owned businesses, a fact that landed Pérez on *TIME*'s list of the top 25 most influential Hispanics in the United States. He has been likened as the Trump of the Tropics, and his place near Trump on Forbes 400 List further cements the truth in this comparison. In fact, the two condo kings are collaborating on Miami Trump Towers in Sunny Isles Beach, as well as Trump Hollywood, two of the 20-some properties Related Group is developing in South Florida alone. The current crown jewel, Icon Brickell, a \$1.2 billion luxury condominium on Brickell Avenue in Downtown Miami, designed by YOO by Philippe Starck, recently won the building industry's top honors—The International Property Award. "When we finish Icon Brickell," Pérez says, "I promise that people will come from everywhere just to see Icon Brickell: the entrance way, the spa, the lobbies, the longest pool area in Florida. It's going to just blow people's minds. It's a city within a city—we're going to have five restaurants, a nightclub, a hotel. And while Apogee [by Related Group] is as good as anything we've ever built, you always have to be thinking, how do you top yourself? How do you continue to make it better?"

**A**

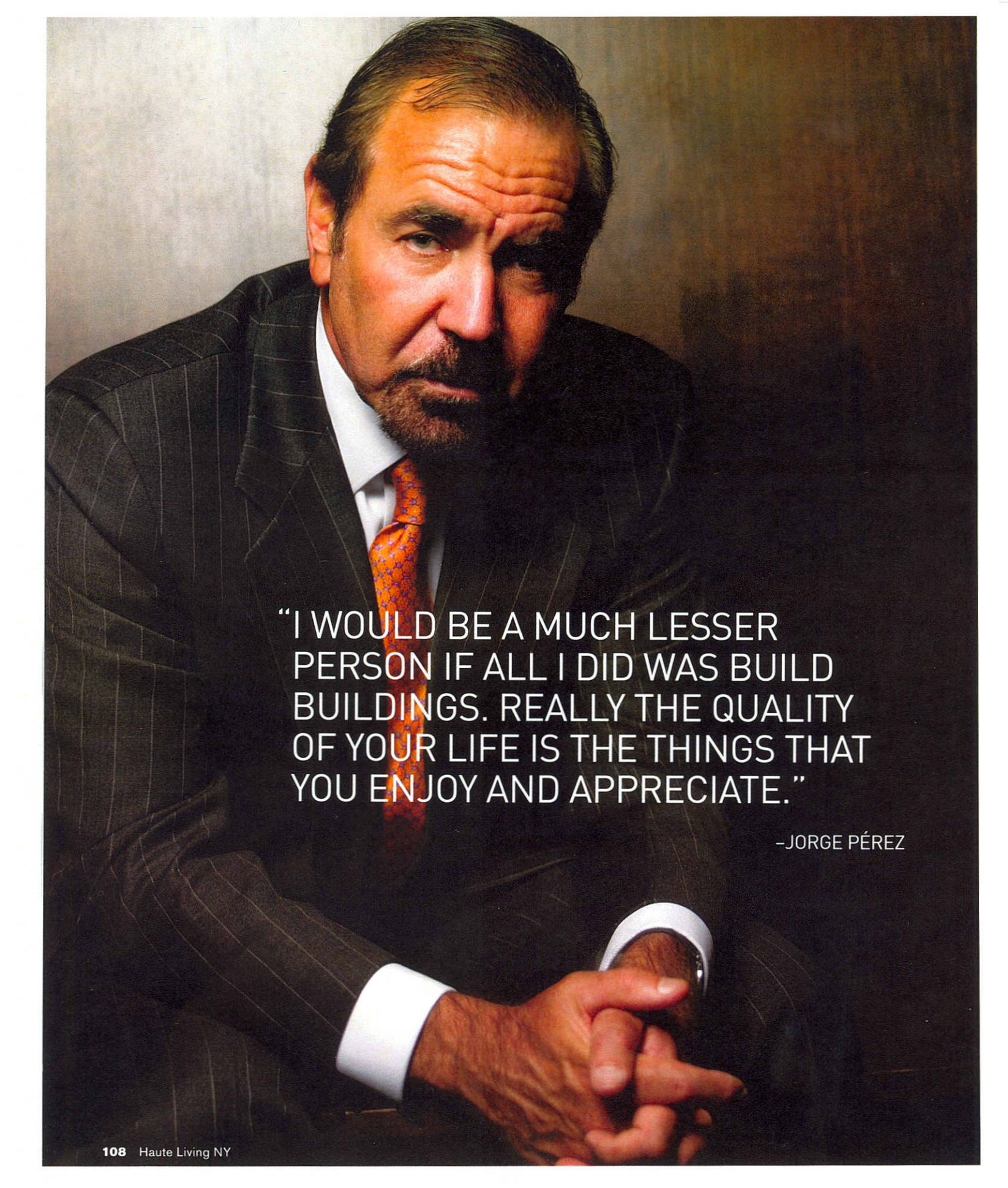
nd as such, Related Group's approach is anything but cookie-cutter, which is further portrayed through the corporate art collection that Pérez has developed. The collection provides an infusion of private art throughout each of their developments, which Pérez says was developed as a way to "re-educate people into enjoying their environment by enjoying art. By putting art extensively into our buildings, we would not only be making better buildings, but also better people." He continues, "We want to make sure that there is very high quality decorative art, not just commercial pieces that are just superficial." This is part of the program that differentiates Related Group's developments from some of the other stalled projects that dot Miami's horizon—the personal touch. Related Group is about enhancing the overall quality of life of its residents. When you buy Related Group, you buy into a lifestyle of the best, something that Pérez always tries to bring to those with whom he associates. "I think that once you meet artists, your life becomes better," he says. "Just like when you acquire great taste in food and enjoy wines, your life becomes better, your palate gets better—your feelings, your sensations are taken to a new level. I think it's the same way with music, dance, literature—all of those things become an integral part of your life,





Jorge Pérez in Jazz at  
Lincoln Center in the  
Time Warner Center





"I WOULD BE A MUCH LESSER  
PERSON IF ALL I DID WAS BUILD  
BUILDINGS. REALLY THE QUALITY  
OF YOUR LIFE IS THE THINGS THAT  
YOU ENJOY AND APPRECIATE."

-JORGE PÉREZ





Icon Vallarta

so the great renaissance men are those that can really enjoy the totality of an experience. I would be a much lesser person if all I did was build buildings and somebody would come and judge the quality of my life by the amount of money I have in my bank account. Really the quality of your life are the things that you enjoy and appreciate."

**T**his passion translates into all aspects of the Related Group's domain, resulting in a company that is unmarred by the times. Despite today's turbulent market, Related Group remains at the top of the industry. And that turbulent market especially rings true in South Florida, yet Pérez has a handle on the real estate cycles. When the boom in Miami real estate was at its peak in recent years, Related Group prepared for the fallout. Today, when some of the speculators are not capable of closing on their units and lose their preconstruction-price deposits, Pérez sees this as a benefit for Related Group. "We think that those units will have much greater value in three to five years when the market stabilizes again," he explains.

But they have been anticipating the slow-down of the market by scouting areas expecting to be the hardest hit. Related Group is anticipating an opportunity to purchase distressed property, and have thus set up a \$1 billion preliminary fund with what Pérez calls a "very good friend, a person I admire." So when the market collapses as Pérez predicts, he says, "you have to be ready to switch

because it should become cheaper to buy than to build." Pérez is ready.

In light of current market trends, Related Group is casting their eyes outside of the U.S. marketplace, finding success for their proven formula on foreign shores. "A lot of Americans and Europeans are looking to resort areas—particularly those that are more secure—to buy second homes, and when they buy them, they want them to have a brand, a Related brand, so they feel sure what they are going to buy is quality," Pérez states. Related Group recognized this trend, and in 2007, they launched the first Related International project, Icon Vallarta at Puerto Vallarta, which has since sold out. Thanks to the great success, Related Group will invest \$1 billion in real estate in Mexico alone, with plans to erect condominiums in Acapulco, Cabo San Lucas, Playa del Carmen, and Zihuatanejo. "This is a very serious corporate commitment to develop an international division that we hope will be a very integral part of this company," says Pérez.

And with the consistent brand loyalty that accompanies projects by Related and Related Group (work with either and rest assured of your sound investment), these international projects are being met with anticipation and intrigue, which has inspired confidence in the brand in general, but that is to be expected from brands that have, over the last 30 years, created some of the most astounding projects across the country. And when asked to pick a favorite, Pérez is hard pressed. "When you ask me the crown jewel, I'll always say, 'The next one.'" So we will just have to wait and see what is in store. ■