

The Weekly Take

SEASON 3 EP24

Working My Way Back to You: Citi's Strategy Around the Future of Work and What's Next for the New York Office Market

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Spencer Levy

I'm Spencer Levy and this is The Weekly Take. Live, from New York. Well, not exactly live, but I've always wanted to say that. We visited a company with state of the art ideas and, I might add, a great view from its headquarters. On this episode, a face to face conversation about returning to the office with a pair of New York based leaders who've helped develop some of the most notable workplace real estate in the world.

Linda Foggie

Really, the office now needs to compete with the comforts of home, in some ways. And so how do we integrate those elements that people have been accustomed to having nearby and at their fingertips so that they're accessible for people. And really designing this end to end experience for them.

Spencer Levy

That's Linda Foggie, Managing Director and Global Head of Real Estate Operations for Citi Realty Services, the real estate arm of Citibank. Linda oversees a portfolio with properties in 97 countries, including the bank's multi-billion dollar New York headquarters, where we taped the show. Linda is responsible for everything from design and construction, to facilities management and operations. She also leads Citi's Sustainability Team and more.

Bob Alexander

The reality is the underlying vitality of New York as the financial center of the world will shine through. It may take a little while, but folks like what Citi's doing down here. It's going to continue to attract the brightest and the best in the country, and indeed the world, to New York.

Spencer Levy

And that's Bob Alexander, Chairman of CBRE's Tri-State Region and, in short, one of the most successful office brokers in New York history. With a 40 year resume, some of Bob's recent milestones include consulting on Citi's Corporate Headquarters, as well as skyline shaping construction projects at Hudson Yards and the recently opened One Vanderbilt near Grand Central Station, among many others. At a time of reinvention for the sector, our guests will share stories and strategies with insights about the Big Apple and beyond. Coming up, the state of New York office, where the future of workplace real estate is taking shape. That's right now on The Weekly Take.

Spencer Levy

Welcome to The Weekly Take. And this week, we are at a beautiful building. 388 Greenwich Street with Linda Foggie. Linda, thanks for joining.

Linda Foggie

Absolutely. Thank you for having me. I'm really happy to be here. And welcome to Citi.

Spencer Levy

Thank you. And I'd say, not only are we in a cool conference room, but this view is pretty spectacular.

Linda Foggie

It is, yeah. We're staring down some of the most beautiful skylines that exist, and looking at 30 Hudson Yards, looking across the Hudson River at Jersey City. Doesn't get much better than this.

Spencer Levy

Doesn't get much better. And then we are joined by our friend and colleague Bob Alexander. Bob, thanks for coming on the show.

Bob Alexander

Thanks for having me. Look forward to having an exciting session.

Spencer Levy

Well, exciting is what we're all about here on The Weekly Take, Bob. Linda, you've heard a lot of talk about the future of working, but you are living, breathing this topic every day in 97 countries. Have I got that right? So just from your perspective, what are you seeing today in terms of getting people back into the office, and then maybe a longer term perspective?

Linda Foggie

You're right, there's no shortage of discussion around what is the future of work. We're still exploring it. And I think that people are still figuring it out. We're still trying to figure out what hybrid work is actually going to look like, what are the activities that people are actually going to decide to make the trek into the office to do and accomplish, and how are we going to work better together as teams, kind of together and in person in the office? And then how does the real estate portfolio become designed in such a way that it supports those activities? We're kind of still on that journey to learn what all of those things are. One of the areas that we're seeing a lot of focus in, two, actually, that I'm going to focus on. One is about the overall experience that people are going to have in the workplace. So hosted experiences, concierge level services, really the office now needs to compete with the comforts of home in some ways. And so how do we integrate those elements that people have been accustomed to having nearby and at their fingertips so that they're accessible for people, and really designing this end to end experience for them. And the second one is, a lot to do with real estate technology. How are we integrating technology into our offices and real estate in such a way that we're creating these experiences for people that are unique, that are highly functional, but that are also enjoyable for them? A lot of the work that we're doing now is around trying to figure out how do we create these equitable experiences for people. I just don't know that we'll ever go back to a place where people are always together five days a week. And so you're always going to have to manage these meetings that are hybrid. Some people will be there and some won't. And particularly in a bank that's as hyper- global as Citi, there will always be the geographic disparities that exist as well. And so we're figuring out how to overlay

technology with our real estate in such a way that we create this amazing experience for our people that are coming back into the office and that are still dialing in from wherever they may be working for the day.

Spencer Levy

Well, I will tell you, not only is the conference room we're sitting in super cool, but your lobby, super cool with all of the HD screens and the food offerings. I mean, you say make it better than their homes. I think you've already done that here in the building.

Linda Foggie

I would not disagree with you. Our lobby is massive. The ceilings are very tall. Lots of natural light flowing through. But we've created what we call a "town square", and it really does function in that way. I just had a coffee meeting today down in the "town square". So we'll host outside guests there, we'll take some meetings that would otherwise be set in a conference room on an office floor, and we'll host those down there. We have a Starbucks. We've even been really thoughtful about the types of different food services and amenities that we are providing for people. So, for example, we have a wonderful cafe experience for people with lots of different varieties and choices, but some people just don't have that kind of time during the day. So we also have a separate market where people can place their orders on the workplace app and they can run down and pick them up and bring it back up to their desk, if that's what they prefer to do. And so we've tried to provide optionality for people because not everybody needs the same thing when they come to the office. And I think that's going to go a long way to really help attract people back to the office, especially as we're trying to work across the five different generations that exist in our spaces. And as you're thinking about the number, the sheer volume, of different cultures that we need to play to in a bank like Citi. So really fun things that we get to explore and do in this group.

Spencer Levy

Well, that's cool. And I think we did a paper about a year ago. We actually said there were six generations and the sixth generation was artificial intelligence. And so that's another way to look at the different backgrounds of people. But Bob, what are you seeing from your landlord tenants and then some of your financial services tenants?

Bob Alexander

So first comment on what Linda, just to expand on what Linda said, I think Citi has done an advanced program of where a lot of the large institutions are heading. Having come through that lobby when we first represented Citi, 2010, 2009, and you cannot believe, I mean, the transformation, but the fact that you've got such a significant, lively, vibrant town hall environment is beyond belief. In 2010, nothing was there. People came in, went to their offices and came back. So the transformation has been unbelievable. It's hard to emulate because of the physical size of the structure you have at 2.8 million square feet. So kudos.

Linda Foggie Thank you.

Bob Alexander

When we look at the advancement of other corporations, what's happened is, a lot of the more significant private equity and hedge funds, etc., that mostly populate Midtown have determined that new construction, with its both advanced HVAC, air quality, amenity services, etc., that these new construction projects are offering have become a very, very hot topic. And there's a lively demand for all of that particular product. The product that is

being left behind is product that needs the capital. It needs to be reimaged, and that's underway. New York is a dynamic environment, but you have a couple of pieces that are kind of holding it back a bit. One is demand, right? So if you look at demand, it is not quite where it was two years ago, pre-COVID. It is climbing back, but obviously we've had a couple of setbacks along the way, whether it's COVID, whether it's a inflation and recession, etc.. So I do think that at the end of the day, New York's position as a preeminent financial center is here. If you talk to people on the West Coast and you look at Northern California as an example, which is probably the biggest economy in the country, right, with the Silicon Valley, etc., a lot of the folks there have younger talent that's migrating to New York. Thus you have the establishment, really, of a tech sector in New York which is investing multi billions of dollars into the environment. I think when you look at New York, you know, you pick up the papers every day and there's issues, there's that. But the reality is, the underlying vitality of New York as the financial center of the world will shine through. It may take a little while, but folks like what Citi's doing down here. It's going to continue to attract the brightest and the best in the country, and indeed, the world, to New York.

Spencer Levy

Linda, Bob was mentioning the billions of dollars that are being spent today on new build, primarily on CapEx. But you also mentioned some OpEx things that you're working on. You mentioned hosted services, concierge services. What kind of things are you trying to put into these buildings that already have this multibillion dollar CapEx that will drive people back in today?

Linda Foggie

Yeah, absolutely. We're thinking about how to take it to the next level, how to take the experience a little bit further. So some of the things we're doing, I'm going to just touch on a couple. We're really investing in our workplace app. The idea of the workplace app is that we're helping to create this end to end experience for people so that they're engaged with us, engaged with Citi, engaged with the work, from the time they leave their homes in the morning to start their commute until the time they walk back in their doors. And so these apps will do things like allow them to figure out where they're going to eat lunch for the day or make a reservation from the app or order an Uber if they want from the app, or figure out what the cafeteria is serving, reserve a seat, see who else is coming in for the day. So really helping them to knit together the experience in a world that's going to be ever more hybrid is something that's not directly related to how the space is designed and laid out, or a capital expenditure, but it absolutely is an important element in how we operate the buildings and the space. One of the other things we're doing, we mentioned concierge service, but we're rolling out a community manager program. We're already doing that today here in New York and all of our headquarter's buildings around the world. We're further expanding that program and that concierge level. Our community manager will be a person who's cross-trained in a bunch of different functions. So if you're at your desk and you can't get your voicemail password to work or you can't get the screen in the zoom room to work, or if you, whatever it is that you need, this person will have the ability to help you. And this is really important because for a group like mine, it starts to help to knit together all of the different functions that we have. So they're touching on the people who are actually responsible for designing the next space. We're constantly collecting the feedback loop is there. It's helping us to figure out how to be better, how to deliver at a higher level for people. And then the other thing we're doing is thinking about, for example, our facilities management people. You remember maybe back in the day, the property managers used to maybe sit down in the lower level, in the basement, and sometimes, you know, you don't really want people coming up to you all the time. "Hey, it's hot. Hey, it's

cold.” But what we're doing is bringing them out to the front now. So they're there to kind of help create this hosted experience for the employees. And we think all of these things will go a long way in helping to attract people back into our offices and make it the most useful experience it could be for them.

Bob Alexander

Linda, you hit the nail right on the head, because, you know, my belief is everyone's coming back, it's just a matter of when. The fact of the matter is, is that having these programs are key. Being able to feed people, being able to take care of – vis a vis through amenities or concierge services or etc. – being able to take care of their various needs that otherwise they would have to spend their time on when they come back in, is key. It's key to productivity, too. To touch on how the landlords are looking at this right now, if you, an example would be a building like Five Times Square, which we represent. Building's a million square feet. Roku signed for a quarter million. There's 750,000 feet available on the building. Times Square, 42nd and Seventh. So, what did we decide to do to attract tenancies of all ilk to the building? We needed amenities. We've segregated the building and taken 40,000 feet of office space. We're creating fitness facilities, auditorium- like facilities, food services, various meeting areas, not quite as grand as what you have here, of course, but it's still 40,000 feet, and it is costing us 35 million bucks. But all these are, again, it's the same thing. What do people need? They're showing up at work, they're slogging to work. Do they want to slog out for lunch? No. Do they want to have to go find a gym that they could work out for 45 minutes in the middle of the day and it has to go four blocks and you have to take 20 minutes to get there, 20 minutes to get back and 5 minutes on the bike. No. So, I mean, if you look at most of the buildings coming in, whether it's Hudson Yards, whether it's a Five Times Square, whether it's the Vornado redevelopment at Penn Plaza, all the plans are there for these folks to have, and I want to call it a sort of full service amenity package, for the tenants that are coming in. Everyone seems to be short on time. When they come into work their job is to do their job and all these other things need to be serviced for them. And particularly now because New York is becoming more and more a front office town. I mean, it always has been, but the migration was on again, off again, and now it's on again to a certain degree, too.

Spencer Levy

So one other area that comes up a lot now is not the traditional direct space, but flex space. Space that you might share with another operator or you have a piece of somebody else's space on a flex space or co-working basis. Linda, how do you look at that type of space in your overall portfolio?

Linda Foggie

Flex actually has an important role, we think, in the future of working. To be candid, I don't foresee it ever replacing our investing in our office portfolio and making sure that we have space that is on brand with what it is that Citi needs to do. But it is a portion, you know, it's almost like what we call a healthy diet of different things. And so there is a portion of flex works to be had in that diet for us. We actually are engaged in some agreements with flex companies in different countries around the world, particularly where we may not have the size of presence that we have in a New York City, for example. And so a flex space offers us the opportunity to provide a very amenity rich space, even when we don't have a critical mass of staff there. And also, we're really interested in the speed to market that comes along with flex space. For me and my group to go out and find a new building, design it, build it, and get it, it takes us a while to do all of that. And then also there are some environmental considerations around flex because of the ability to share spaces, the notion of renting the space instead of owning. And I don't mean that literally. I mean in sort

of being able to kind of share the space, and when we don't need it or it's not in use, there's a use for it for other people. On the downside of flex, the one area where we have challenges, because we are a bank and we're heavily regulated, is on information security. Data security is a little bit challenging to manage when we're out on an open network that other people are sharing. And so that does present us with some challenges that we sometimes have to work around.

Spencer Levy

Bob, given that you represent a lot of large landlords, they're always thinking about how much of their building they set aside for flex. Also, any occupier perspective, as well.

Bob Alexander

So when we look at big firms like Brookfield, big landlords, they have gone out and created their own brand of flex working space that essentially allows them to make deals with firms, right. Let's say you're leasing 100,000 feet or you're leasing 80,000 feet. You're unsure if you need expansion. You contract with Brookfield for an additional ten or 20,000 feet for 12 or 18 months to see, in fact, if that's a needed commodity or it's something that you can do without. So it allows the landlord to pursue deal making. Obviously, CBRE being the biggest sort of real estate services firm in the world has bet big on Industrious, because they believe when we see it in a global picture that a firm like Industrious can also add to those amenities. A little side story is that we have a client called Millennium, it's a very big hedge fund, and we've cut deals with Industrious in six different markets across the country to allow them to expand on a short term basis to figure out what they're going to do. You can see that there is actually a market for it. It's good to have it in your pocket.

Spencer Levy

Let's expand the lens just a little bit, Linda. First, let's go domestic and then we'll go to the 96 other countries. How is your thought process the same or different about getting people back in the short and long term, in different cities here, and different cities outside the U.S.?

Linda Foggie

A lot of it is actually the same, it's the very human element, allowed us to deal with people and how they feel about being together with their teams. And so some of it is behavioral. So there's a lot that can be replicated from country to country and across different cultures around attracting people back to the office. There are some nuances. I mean, one of the things that's, I'll call it special, about New York is, compared to some other cities around the world, New York is incredibly well built from an infrastructure perspective. And I know I might get some challenges from the audience about that because we have a lot of work to do to build up our infrastructure. But really, when you think about the age of New York and how connected it is from a public transport perspective, and then you compare that to some other slightly less populous cities around the world or even older cities, New York, there's not many places in Manhattan that you can't get to from public transportation. But when you start to think about other cities, like we're doing a project in Dublin, for example, they have far fewer train lines and access to public transportation. There's less variety around people having cars than you'd find in a place like New York. And so you really have to be incredibly thoughtful about where you're locating your offices, how you're getting people moved to and from. If you're going to bifurcate your functions in the central business district from those in the suburb. How are they connected still in such a way that people can get back and forth between the two? And there's a lot of different considerations from that perspective when you're in different cities around the world that

just don't have this incredibly well connected set of infrastructure the way that New York City does.

Bob Alexander

Well look, there's nothing like New York, right to start off. It's just, as Linda said, you know, in terms of infrastructure, I mean, Long Island Railroad is now opening a station in Grand Central. So now you have Grand Central being serviced by Metro North and by Long Island Railroad. So you've got a giant geographic swath that comes right into the heart of Midtown. Conversely, Metro North is now, they finally got the project done. It's 2022. Metro North is now looking to put a line into Penn Station. So ultimately, when all this gets knitted together, it's unparalleled, anywhere in the country. It can't, you can't even come close. I'm not sure anybody can afford to even come close. So what we typically see, out in the state, Southern California, Orange County, it's all car, it's all cars. So what's driven is you're doing your demographic studies, you're looking at your geographic areas where you can build or where there's available office space. But you're also doing your demographic studies to understand where your people are and where you're pulling from. So you may have a great real estate opportunity in a location, but it may be 30 miles away from 29% of the population that you want to retain, because it's still, again, a talent war. That's not going to work. They're going to migrate to other jobs. They're not going to spend an hour and a half in the car. But at the end of the day, you know, you really, it's an apple in an orange because you can't really, without the infrastructure in New York, we'd all be through anyway because you could never get in and out of the city. But the fact is, most of the other offices are really car driven, and that includes Chicago as well.

Linda Foggie

And I think Bob is – one of the things he's so right about. It's really cool to be financial services in New York City because this is where the talent is for financial services. The fact that there are so many other formidable financial services firms that are headquartered here and we're all competing in this talent war, this is where the talent is. And there's such a collection, there's such a concentration of it here in New York that it's a really fantastic place to be. I know there's different parts of the city, different places where you could be located. I think you can't go wrong with New York City. I mean, it's just.

Bob Alexander

I concur. I concur.

Linda Foggie

Sometimes, though, as a big corporation, you do have to make a choice and a decision. You know, for example, we're doing something really similar right now in London at our Citi Tower, as to what we did here in New York at 388, because we talked about going to new construction as opposed to rebuilding what you have, or a class B or C building. And so when we made that decision to do that here in New York, we actually renovated this building across many years, while it was fully occupied. I don't suggest that, it was very tough, but what we're doing in London is different. We're actually emptying out the building and we're going to do a complete overhaul, reskin the building. But, you know, London is a very mature and developed market, and it's not a cheap place to do business, but it's where the talent is. And so sometimes as a corporation, you make a decision that you need to be where your talent is. You need to be where your clients and your customers are. And so sometimes you need to invest, even if economically, there may be other, you know, factors to your decisions or other places that you can go.

Spencer Levy

Well we have some academic grounding behind this as well. We did a study about two years ago, which measured people that were leaving New York, leaving San Francisco, and, you know, it showed. Yeah, there's some net outflow in the aggregate of people, but you know, there's a net inflow of the most highly educated, highly talented and highly productive people coming to the New York's of the world.

Bob Alexander

New York is going to have migration. It's going to have, you know, the tax environment's not the most favorable for people that are really well-off. And, you know, the saying is, in the circle is, don't die in New York, right. So you're going to have that migration. People in their sixties and seventies starting to look to either go to Florida or someplace that has got less of a tax burden. But the reality is, the 25- or 22-year-old to 45-year-old or 50-year-old, they drive all the companies, they drive the markets. I mean, they are the future, they are the now, are absolutely interested in being in New York.

Spencer Levy

Well Bob, if you can do one favor, coming from a lifelong Jets fan, could you drive them the same way you've driven the city of New York?

Bob Alexander

I am hopeful that our professional sports, whether it's the Nets or the Knicks or the Giants or the Jets or the Rangers or the Islanders, that someone can, we can start getting the ball. Or let me not forget, the Mets and the Yankees, and the Mets are doing, actually, pretty good right now.

Spencer Levy

Yeah.

Bob Alexander

Let's hope that that sort of takes ground. It's been a drought.

Spencer Levy

Well, you know, speaking about being a drought, there's a real estate angle here because a lot of the cities that I go to, some of the most popular developments are built around these ballparks. I could point to Washington, DC with the Nationals and it has been tremendous. 11,000 units built around there. Wembley Stadium in London, built right around the ballpark. I could go to other cities as well. Anything to that, Linda?

Linda Foggie

We talked earlier in this conversation about amenities. And one of the things I was mentioning was around the importance of the amenities inside of your space, but also what's happening outside of your building in the community, around your space. And so, thinking now about attracting the five plus one, and Spencer informed me we're going to call it six generations, that are in our workspaces today. You do have to be very thoughtful about what else is happening, you know. So if you're thinking about moving to, and I'm using air quotes "up and coming neighborhood", there's nothing else going on around your building. It actually does start to affect your ability to attract certain talent, especially in the younger generations that we're seeing, where they want to get together. If they're going to bother to come all the way to the office, they do want to socialize after work. And so if there are sports venues, if there are pubs that are nearby, these become important amenities that exist outside of your own real estate footprint.

Spencer Levy

This goes to something that we've studied, which is CBD's, Central Business Districts, versus BBD's, Better Business Districts. But the characteristics of a BBD doesn't mean one's here, one's five miles away. The characteristics are having the confluence of office, multifamily, restaurants, art scene. And, you know, let's be direct here Bob, Midtown South was not the hottest market in New York until maybe 15 years ago, right, when the tech companies were, because they turned it into a BBD. Is that how you see New York, and how it may evolve into other BBD's?

Bob Alexander

If you look at in particular Midtown South, and you take a tour down 14th Street now from the west side over, it's unbelievable. It's just spectacular. And it's all original New York buildings. It's not the major high rise. It's almost like a different planet that you're on. Packed full of amenities. Packed full of restaurants. The folks that function down there are not the big Goliath users that we were able to track over to Hudson Yards or indeed in Midtown, some of the big buildings in Midtown or downtown. But I think when you look at the future of New York, I think you're going to see continued gentrification. I think you're going to see the tech industry take a more dominant role, Silicon Valley- East, if you will, right. The financial firms will still be entrenched in here, and indeed they're splinters, like the KKR's and the Blackstones, etc., will actually become their own giant Goliaths. I mean, you watch this whole metamorphosis, if you will, of the environment that it's very interesting to see. It really is. If you look at Tribeca, an example, because I know Tribeca fairly well, because my son, his wife and my granddaughter live down there. so I do a ton of visiting right off West Street and Warren. And when I take my granddaughter over to the park, there is literally 10 million little children. There is 8 million pregnant, young women. It's unbelievable. It's got to be the single most densely populated area I have ever seen of families, of young families. Packed. This is Tribeca. And just to remind everyone, when I started in the business in 1980, there was 140 West Street, which is the telephone building, 101 Barclay, which is now Bank of New York headquarters. 101 Barclay was an urban renewal zone. Trade Center wasn't built yet, it was just built, sorry. And that building was being built as an urban development, on a lease from the city, 101 Hudson. The whole area was the whole urban blight. And now it's an unbelievable, you know, amenity laden family area. It's just spectacular. It's got to be the most vibrant area outside of the, maybe the Upper East Side.

Linda Foggie

Bob is not kidding because – I know this because I live here in Tribeca, and occasionally on the weekends I walk across the street. I live very close to the West Side Highway, and you go over to the piers where they're the parks. And I've never seen a concentration of so many families with small children and dogs and the strollers and the pets. It's a beautiful thing. It is a really family friendly neighborhood.

Bob Alexander

It is so dynamic.

Linda Foggie

Very vibrant.

Bob Alexander

Oh, my goodness.

Linda Foggie

But, you know, it's a whole scene. I mean, there's this vibe that exists in Tribeca that I haven't found in another neighborhood. It's full service. You get all the amenities, there's great food, amazing restaurants, there's art, there's museums, there's office. And so, it's like this collection of uses that come together to create this really amazing neighborhood.

Bob Alexander

It's amazing. I live in suburbia. There's nothing in suburbia that compares to Tribeca. My only complaint of Tribeca is they need more parks, because when I have my two year old granddaughter and I've got eight and nine year olds and everybody's packed in the park, it's packed. They're like, they're running crazy. So you got to watch your two year old so they don't get run over. You need really, almost like segregated parks. I'd say, okay if you're eight years old and over, you're in that park. You know, if you're under eight, you can go to this park. But that's, you're not seeing that anywhere else. You're not seeing that in Long Island. You're not seeing that in Westchester. You're not seeing that in New Jersey.

Spencer Levy

Probably the number one issue I hear from clients, in particular European clients, is ESG, environmental. And just how that has just transformed how people look at real estate. I know that Citi has a huge program around this. Why don't you tell us a little bit about that?

Linda Foggie

Sure. So our CEO announced our goal to be net zero and reduce our carbon footprint by the year 2050 across all of our functions and our bank, which includes our commercial bank, and so this is a tall order. On the real estate side, we are looking to be net zero in our own operations by 2030, which is not that far away. And so we are very much undertaking programs to start to strategize about where we invest our capital, how it makes the most sense, the way in which we're going to go about doing that. One of the challenges that we're facing, I think others are too, is, number one, so many companies are on this net zero journey around the world, different countries. And the fact of the matter is, we have supply chain issues just in general, notwithstanding ESG, but the supply chain itself is still catching up to net zero. And so finding materials and suppliers who even fully agree upon how to measure the embodied carbon in the materials, let alone provide you with the data that you need so that you can measure and report out on it accurately is very challenging right now. And so very much, the supply chain is still maturing around ESG and still coming up to speed. And then some of these things don't happen quickly or overnight. You know, if we get steel manufactured in Germany or Mexico, it's not like we can just snap our fingers and open up a steel plant somewhere in the USA, which would significantly reduce the amount of embodied carbon in the steel. But these things just aren't realistic and so we have to be creative. We have to find ways to get around these hurdles. And so I would say one of the things we're focused on now is really how do you accurately measure these things? And so there's a number of organizations that have formed to create accounting standards around carbon, just to ensure that we're measuring ourselves in a way that is equal to the way the rest of the world is measuring themselves, particularly for financial services and other regulated bodies and companies. There is new rules coming out from the SEC around reporting. And so it is very important to us that we get that right and figure out how to be accurate and transparent with that, not only for our regulators, but also for our clients and customers, and then finally for our employees who are very interested in what Citi is doing around this. Big challenges ahead of us, and so we'll continue to kind of learn as we go and work through it.

Spencer Levy

Bob, I'm sure this comes up every day with your biggest landlord and tenant clients. Tell us how they address the environmental issues.

Bob Alexander

So the, first of all, you know that there's a new law out that is now going to penalize. We're dealing with one major corporate customer right now who owns half of a major office building, who's going to get hit with a \$3 million a year tag, which they're arguing back and forth between, the real estate owner and the corporation. That's going to kick in in another, I think, a year and a half or two years. So everyone's got an eye toward that. They've got an eye toward development because of this issue of potentially cutting off natural gas and making buildings all electric over the next couple of years. So all these things are in the hopper right now. The question is, and Linda really pointed this out, the technology is still developing, number one. Number two, there's not ready accessibility to products that can actually solve the problem. Now, yes, they can edge and they can cut around the edges, but the technology is still under development. The things that are sort of ready are not readily available in the marketplace. So there is concern. There's not a definitive, concrete plan on how this is going to affect things going forward.

Linda Foggie

I was going to add, in ESG, we talked about the "E", which was the environmental. A little bit about the "G", in terms of how we're governing ourselves around this. But then there's the "S" as well, which is the social responsibility aspect. And one of the things I'll add here that I love about Citi, about working at Citi, about the organization, is we're really focusing now, too, on the "S" part, around things like our supplier diversity. We're really focused on what is the impact that we're leaving behind in these communities. When we come into a community and we invest these significant dollars into our real assets, it does change the face of the community. But in the process of doing that, we also have a really great opportunity to impact and leave a good fit footprint, if you will, on those communities, on the businesses that do business there. And so we're really being thoughtful, too, around ensuring that we're engaging with small and diverse businesses out in the different countries and markets that we're working in and providing opportunities for them to participate in this work. And it's one of my most favorite things about the work that we get to do.

Bob Alexander

It was smart. It's smart. It's diversification. And it's, and it's giving. you're giving a whole breadth of businesses the opportunity to get oxygen to build their business, which is key.

Spencer Levy

So we only have a few minutes left here. So I'm going to ask a couple wrap up questions to each of you. First, the big picture question. I always think about the Talking Heads song "Once in a Lifetime", and you say, "Well, how did I get here", is the line from the song. So, Linda, I know you started off as an architect. You used to work with us. But I also know you were recently named one of the 100 top professionals in New York City. So congratulations on that.

Linda Foggie

Thank you.

Spencer Levy

So, Linda, how did you get here?

Linda Foggie

It's so funny because as we were thinking about this, and we thought some people go to school and get educated to be in real estate and some fall into it. And I don't know if I'm either. I'm a hybrid, so some people don't know this, but I grew up in what I call the South, in Virginia Beach, Virginia. And my father was actually in the commercial real estate business. He was in multifamily. He owned a lot of real estate properties. We owned and operated those. And so, in fact, I actually grew up around the business, but it did not give me a leg up because there were no contacts in a place like New York. I originally went to school to be an architect and I started working as an architect. I was a healthcare architect. Healthcare architecture is very interesting, it's fun, it's a heavily regulated business, but hospitals take a long time to build. And I wanted to get into something where I could get, you know, see some progress. And I did eventually come and join CBRE and spend some time there. And I found my way to financial services. But I've always loved the built environment. I absolutely love New York because it has, like I mentioned at the beginning, one of the most amazing skylines. I love to be around tall office buildings. I got to work on the 30 Hudson Yards project as we were building that when I, was with my time with Wells Fargo. And so I've absolutely always loved it. And then I'm currently getting my MBA at Columbia, and I had spent some time on the deal side understanding the numbers and the financial parts and the development side of the business. And so I absolutely just enjoy being in this profession. And now I'm in a place where I am really enthusiastic about letting other people know that these careers exist and how much fun they are, in fact. That's kind of how I found my way into where I am today in this business.

Spencer Levy

Great. Well, thank you, Linda. And Bob, how'd you get here?

Bob Alexander

Well, it's, it was a long journey, I have to say that the real estate industry is one of the most dynamic industries around. Thank God I got into it. I was in sales before, up till age 24. And I want to say 1979, 1980, I was hired by a guy named Dave Levinson at Williams Real Estate. I purposely went into brokerage knowing nothing about it. In the early eighties, did the first fiber optic deal, believe it or not, with a company called Lightnet, which was Southern New England Telephone. CSX Railroad released about 250,000 feet at 60 Hudson. The owners of 60 Hudson were in our building. They had no clue that 60 Hudson, because it was the Western Union headquarters, had all the connectivity for the entire East Coast coming in the conduits to the building. So by doing the Lightnet deal, they discovered and made hundreds of millions of dollars off me. You're welcome. As we moved on into the nineties, I represented Bank of America in its merger with Security Pacific. We were doing a 500,000 foot lease at Two World Trade Center, when the first explosion went off in 93. So that was a learning experience in and of itself, because what happened was, a fellow by the name of Charlie Maikish, you remember Maikish, right? So Charlie Makish was the head of Trade Center. Both he, Mario Cuomo and the chairman of Bank of America all got together. We went through with the lease after the explosion because of the PR, with rights to cancel and so on and so forth. It all ended up very nicely, by the way. And that was sort of a benchmark that I saw in the nineties. And in the event of 9/11, I was charged with moving 11,000 people from Lehman Brothers from downtown over to Jersey City and into Midtown. And obviously, subsequently in 2008, I was over at the table with Lehman Brothers negotiating against Barclays to liquefy the assets over there. So I look at these events that have transpired over the last 40 years, and those are the things that come to mind.

Linda Foggie

I can attest that Bob's legendary status and reputation is 100% well earned and deserved. He's done a great job for us here at Citi and we're so appreciative to be able to work with him.

Spencer Levy

Great. Well, that's a great way to wrap up the show. And on behalf of The Weekly Take, what a great discussion about New York, about Citi, about the future of work, with Linda Foggie, Managing Director and Global Head of Real Estate Operations for Citi. Linda, great seeing you as always.

Linda Foggie

Thank you so much for having me. I've had a wonderful time with you together, Spencer, and you, Bob, as well. So thank you so much.

Spencer Levy

And then, of course, Bob Alexander. Bob, great job. And I meant what I said. I mean, boy, what a privilege to work with you. Chairman, Tristate Region, CBRE, Bob Alexander.

Bob Alexander

Thank you for allowing me to participate. It was great fun.

Spencer Levy

With thanks again to our friends in New York and at Citi. We've got more great fun coming up in the weeks ahead, including a trip to another great American city, Chicago, where we join the CBRE Women's Network for a special event about networking in business. It was a new format for our show, recorded in front of a live audience that included some of the top women leaders in real estate. And there's lots of takeaways for professionals in any industry. So tune in next week and also remember to share this show as well as subscribe, rate and review us wherever you listen. For more information, please visit our website: CBRE.com/TheWeeklyTake. I'm Spencer Levy. Be smart. Be safe. Be well.