



EXPERT REACTION CORPORATE GLOBAL OFFICE REGENERATION RESIDENTIAL

Q+A: Ric Clark on how 9/11 changed buildings, the market and Manhattan forever

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Clark, who witnessed the events firsthand, explains what the terror attacks meant for the future of the office



On the twentieth anniversary of 9/11, *React News* spoke to Ric Clark, former CEO and chairman of Brookfield Property Partners, about his recollections of the day, how the attacks influenced the design and construction of the firm's developments, and how lower Manhattan rose again from the

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What are your recollections from September 11th, 2001?

At the time I was the CEO-elect of Brookfield's real estate organisation. I had come into the office earlier that day, I think 7am, and was in a building immediately across the street from the World Trade Centre, sitting at my desk, when both planes hit the towers. I had no intention of leaving lower Manhattan. At the time, Brookfield owned five commercial assets immediately across the street from the World Trade Centre that had not collapsed or sustained meaningful damage that required that they be demolished. But we sustained very meaningful damage, both in the way of property damage and business interruption for tenants who couldn't get access to the space.

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Immediately the next day, we started to focus our attention on getting our properties cleaned up and fixed and habitable for the tenants. Along with that came a really thoughtful analysis of what it meant for the future of office buildings. We made a lot of adjustments as we were repairing the property damage and cleaning up the properties, not only in New York, but around the country and world in response to these events.

I am so very, very proud of the public sectors, their response to the events of that day. The US federal government allocated something like \$20bn to address the infrastructure and other needs to help lower Manhattan and the city recover. That money was very wisely spent. I think it was the right thing to do in light of the lives that were lost: not that you would trade a single life for this, but that money was well spent, invested in the future of lower Manhattan. Honestly, I think Covid has set
back just a little bit, but lower Manhattan is definitely on the

right path, and is a tremendous place, and I think it was the right thing to do.

How did the attacks influence the design and construction of the buildings you were developing?

Most buildings in New York, if not the world, were considered 'open buildings' prior to 9/11, meaning you could come into a 2m sq ft office building, hop on an elevator, go to a tenant's floor, never go through security, never sign in and basically walk into the reception of that tenant's space. We put in security systems where visitors had to be registered, show identification, get a credential so that they could enter the building; turnstiles and security guards to make sure that happened.

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We spent a considerable amount of time collaborating with our occupants in our buildings to make sure that emergency plans for events like this in the future were understood and coordinated. So that you didn't, for example, have everybody evacuating into the same area, which would cause a bigger problem. At the time, there were issues with people mailing anthrax around. So we did an extensive study of air intakes, and moved them up so that someone couldn't easily enter contaminants or toxic materials into the air intakes in the buildings.

We studied progressive collapse and made sure that in both our new developments, there was proper set-off distance and fortification of structure so that there couldn't be progressive collapse in the event of a truck bomb or something like that. A lot of thought went into making those kind of adjustments to properties.

Did those changes start to become standard in the years that followed?

For sure. For a suburban office building that's not considered high risk, maybe the expense to implement those kind of adjustments might not be required or rational. But for big urban centres like New York City, I think it's pretty common practice.

Is it fair to say that lower Manhattan and Wall Street never really recovered as a financial district in the aftermath – it became more of a mixed use area, as many financial companies moved to Midtown?

It's an accurate comment. But I'd say lower Manhattan development went through phases, even before 9/11. The bulk of the structures in the historic core of Wall Street were built in the 20s, 30s, 40s. A lot of them had low ceilings and column spacing that wasn't ideal. So there was already a tendency to look at these structures as sort of obsolete.

Around the perimeter of lower Manhattan on the east and west side, buildings were built – 70s, 80s, 90s – that address those issues of column spacing and ceiling height and HVAC systems. So there was already a movement to try to find a higher, better use for some of these more historic properties, but 9/11 accelerated that. It accelerated because it didn't make sense to invest the capital into these properties, to retrofit them to address the realities of a 9/11 kind of event. So many of them – I think it was 10 or 11m sq ft – were converted to residential uses.

Pre-9/11, there was a lot of talk about lower Manhattan being a 24/7 community, but honestly, it just wasn't. It was all marketing hype. But with this conversion of older office buildings into residential apartments, people actually ended up living in this precinct around the clock. With that came retail

and restaurants and all the services that the 50,000 people or so that were now living downtown needed support them. So it became 24/7 in the aftermath of 9/11.

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How did people's expectations of the impact of the attacks at the time compare with what happened subsequently?

Leading up to 9/11, there was this concept of 'campusing': everybody wanted all their people in the same building or the same vicinity. After the events of 9/11, there were a number of tenants that said, "We need to diversify our people", and they would move some people to New Jersey, maybe to Florida, and so on. But then, in the subsequent couple of years after, it didn't take long for that whole trend to reverse.

It was a natural reaction, I would say, with not a lot of forward thinking. So these very same tenants that made those decisions reversed them, and ended up reconcentrating and re-campusing after making sure all of these things that I talked about were addressed. They just learned that companies are more productive, the culture is better, when people are closer together.

I think within a year or so people were more focused on the right things that they needed to focus on, to really make sure that their businesses were most productive.

