

WORLD TRADE CENTER PROJECTS AS SUPERIOR FINANCIAL PERFORMERS

Like most solutions to an issue, the timing, size and location of World Trade Centers (WTCs) serve a strategic purpose. They are utilized by governments, economic development agencies, private and public companies, and commercial property developers amongst others, (and sometimes all those entities together in public or private partnerships) as major economic development tools. The organization is license-driven, with licenses conferred on qualified sponsors by the World Trade Centers Association, the governing body located in New York. There are approximately 330 WTC licensees around the world along with 120 projects branded as World Trade Centers. The brand is the most recognized real estate symbol in the world. Together the principle of “targeted purpose” (referring to public and private entities engaged in international trade) and branding result in the superior real estate metrics noted below. The projects range in size from the 26 million square foot World Trade Center Istanbul to the 25 thousand square foot World Trade Center Lugano, Switzerland. One of the important observations about the projects is that they become statements in their local markets. The East Coast of the United States is characterized by six WTCs sponsored or owned by ports, all of which are seaport oriented with significant rail components; New York, Boston, Baltimore, Norfolk, Savannah, and Miami. For Chicago comparison purposes, World Trade Center Boston is 2.7 million square feet.

A critical point is that, in most instances, WTC projects outperform their competitive counterparts in their respective local areas because of the following;

- The projects are, essentially, high-quality, institutional mixed-use real estate projects with offices at their core. In this regard, developing them uses the same technology that is used to produce successful, institutional quality commercial projects; great sponsorship, an incredible development team, a good business plan and design, tenancy, as well as construction financing and permanent financing.
- They outperform because they draw tenants from a wider more varied market than the local, general purpose institutional project.
- As a result of their special attributes, WTC projects attract higher value tenants per square foot than general purpose mixed-use commercial projects.
- WTCs lease up at higher rental rates than general purpose projects. This applies not only to the office space, but retail rents, parking rents, and hotel Average Daily Rates.
- WTCs also lease up faster than general purpose projects.

It is, therefore, not surprising that the vast majority of the world’s WTC projects, while having the involvement of many governmental entities and non-profit economic development entities like Chambers of Commerce, are privately controlled. Furthermore, many are controlled by international commercial property developers.