

News Corp. Remaining in Midtown, 2 WTC Fate in Question

BY [TERENCE CULLEN AND LAUREN ELKIES SCHRAM](#) JAN. 15, 2016, 6:25 P.M.



A RENDERING OF 2 WORLD TRADE CENTER.

News Corp. and **21st Century Fox** have backed out of a game-changing relocation Downtown to [Silverstein Properties](#)' yet-to-be-built [2 World Trade Center](#), raising the issue of how the [Bjarke Ingels](#)-designed tower will be built.

Rupert Murdoch, who owns the two media companies, had been in talks to take 1.5 million square feet in the lower portion of the 2.8-million-square-foot skyscraper (and signed a letter of intent), slated to be finished by 2020. That completion date could be in question now that the developer has to hunt for a new anchor tenant.

With the mega-deal falling apart, Silverstein also loses a subsidy package approved by the [Port Authority of New York & New Jersey](#) at its board of governors meeting last month, a spokesman for the bi-state agency confirmed. He declined to comment further. Silverstein was given what boiled down to a [\\$9 million rent reduction](#) on the ground lease it holds at the site. The developer said it was crucial to get the package in order for the building to get underway.

A spokesman for Silverstein declined to comment on the subsidy loss, but in a statement released today, Silverstein Properties Chairman **Larry Silverstein** said he was confident he would land a new anchor tenant for the building, plotted to sit at the corners of Greenwich and Vesey Streets, in the near future.

“While I am disappointed that 21st Century Fox and News Corp. have elected to hold off on moving their headquarters, I am immensely grateful to the Murdochs and their talented team, as well as to the Bjarke Ingels Group and

our partners at the Port Authority, for their inspired work over the past year,” Mr. Silverstein said. “Make no mistake: it won’t be long before we find a great company to anchor 2 World Trade Center. Lower Manhattan has firmly established itself as the neighborhood of choice for the world’s most dynamic technology, advertising, media, financial and other creative businesses.”

James Murdoch, the chief executive officer of 21st Century Fox, and brother **Lachlan Murdoch**, who co-chairs both companies, [sent a memo](#) to employees this afternoon explaining the decision.

“Thanks to all of you, our business has great momentum, but we have concluded that a relocation project of this scope could be distracting in the near-term and, given the scale of investment in a relocation of this size, that our resources would be better directed elsewhere,” [the Murdochs said](#), according to Capital New York.

In June, Rupert Murdoch signed a non-binding agreement with Silverstein to [relocate to the tower](#) when it was completed, as Commercial Observer previously reported.

The companies had previously had a [“compelling” offer](#) from its landlord at [1211 Avenue of the Americas](#), one of the two buildings in which it leases, according to *The New York Post*, which first reported news of the breakdown.

“That particular deal was very complicated,” said Downtown broker [John Wheeler](#), a managing director at [JLL](#), who was not involved in the negotiations. “They had very specific needs for their business with special heights and uses and support.”

Mr. Murdoch's decision to keep the companies at their Midtown offices at 1211 Avenue of the Americas and [1185 Avenue of the Americas](#) until 2020 (or 2025 with existing extensions) comes in the face of the recent trend of media companies heading Downtown in droves.

[Condé Nast](#) made the first big move downtown when it moved to [1 World Trade Center](#), which is owned by the Port Authority and [Durst Organization](#). [Time Inc.](#) relocated to [Brookfield Place](#) in Lower Manhattan at the end of last year, where the [Associated Press](#) also signed a [deal to relocate](#). [New York Mets](#) broadcaster [SNY](#) signed a [deal](#) to move from [1271 Avenue of the Americas](#) to [4 World Trade Center](#), also a Silverstein building. Earlier this month, news broke that marketing agency [GroupM](#) is [taking even more space](#) for its offices at Silverstein's [3 World Trade Center](#). [Observer Media](#), parent company of [Commercial Observer](#), recently relocated to [1 Whitehall Street](#).

"This [deal] confirms Downtown's emerging status as the new media capital of America," Mr. Silverstein said in prepared remarks announcing the SNY deal.

Mr. Wheeler said he thinks the the 88-story Silverstein tower will still get built

"It will come out of the ground when they have a suitably sized anchor tenant," the Downtown broker said. "Tenants in the market in that sector will find continued migration to the market for all of the reasons that have led the others to come here."

Teams from [CBRE](#) had been representing both sides in the negotiations. A CBRE spokesman declined to comment.

[Callahan Capital Properties](#), based in Chicago, and Montreal-based [Ivanhoé Cambridge](#) own 1211 Avenue of the Americas. A spokesman for Callahan Capital Properties didn't immediately respond to requests for comment. A Callahan representative declined to comment on tenant matters. A spokeswoman for [SL Green Realty Corp.](#), owner of 1185 Avenue of the Americas, declined to comment. [Cushman & Wakefield](#), which does the leasing for 1211 Avenue of the Americas, refrained from commenting. A 21st Century Fox spokesman said he couldn't comment and a spokeswoman for the *Post*, didn't immediately respond to a request for comment.