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JPMorgan Chase to Build Giant New Midtown NYC Headquarters

The new building will replace the firm's current headquarters at the same address



The current facility was designed in the late 1950s for about 3,500 employees, the company said Wednesday. PHOTO: STAN HONDA AGENCE FRANCE PRESSE GETTY IMAGES

By Keiko Morris and Cara Lombardo

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JPMorgan Chase JPM -0.17% & Co. plans to build a new 2.5 million square-foot headquarters at 270 Park Ave. in New York City, the first major project under a city rezoning plan designed to rejuvenate the building stock in one of its biggest job centers.

The new building would replace the bank's current 1.5 million square-foot headquarters at the same address and consolidate offices in various places throughout Midtown Manhattan, the bank and city officials said Wednesday.

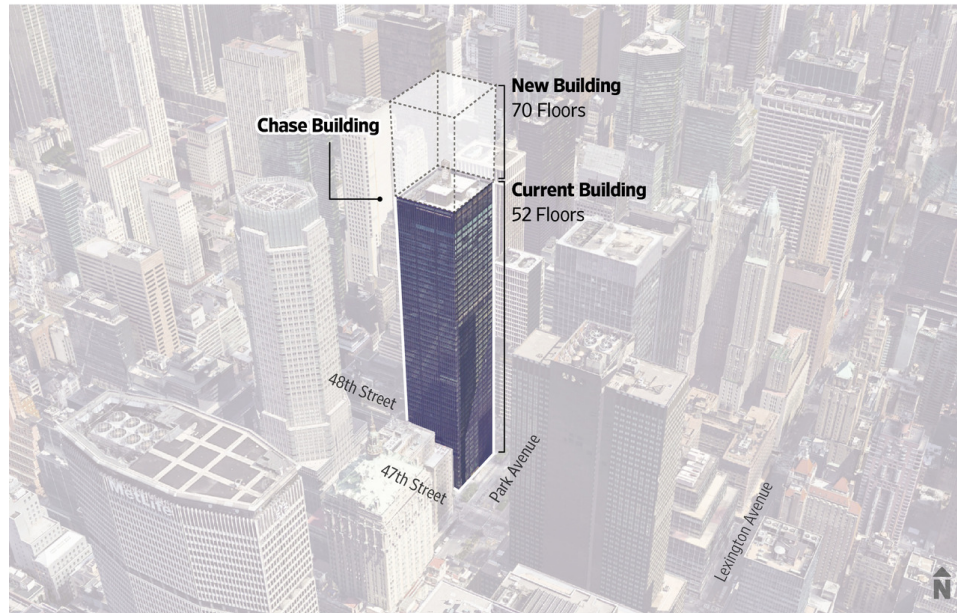
The new skyscraper is expected to stretch to roughly 70 stories tall and house 15,000 employees. The current facility was designed in the 1950s for about 3,500 employees.

The Midtown East rezoning, approved in August, was an important incentive for the bank, according to a JPMorgan Chase spokesman. The new regulations, designed to spur investment and redevelopment in the area's aging buildings, allow the bank to build a bigger, taller and much more efficient modern building on land the bank already owns. And they allow the company's headquarters to remain near the transit hub of Grand Central Terminal.

"It shows the market is responding to the rezoning in real time, and that the math works for them," said Deputy Mayor Alicia Glen.

Crowded Giants

The JPMorgan Chase building will be replaced with a new skyscraper with an additional 18 floors.



Source: Google Earth

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In 2014, JPMorgan explored the possibility of moving to the mammoth Hudson Yards development on the far West Side but scrapped plans after negotiations to secure incentives from the city fell apart, according to people familiar with the matter.

The company already has renovated its headquarters building several times but has been frustrated by the tower's inefficient and outdated infrastructure, according to a person familiar with these efforts. About 6,000 employees are now housed at 270 Park Ave.

Preservationists were alarmed at JPMorgan's announcement, said Simeon Bankoff, executive director of the Historic Districts Council. The tower, which opened in 1960, was designed by Natalie de Blois and Gordon Bunshaft of Skidmore, Owings & Merrill for Union Carbide and is recognized as a very significant example of midcentury corporate Modernism, he said. "There needs to be a thoughtful conversation," Mr. Bankoff added.

The city's Landmarks Preservation Commission noted that the agency reviewed many buildings in the district, including this one, before the rezoning was approved. "As a result, we prioritized and designated 12 iconic buildings as individual landmarks, but [the] JPMorgan Chase building was not among them," it said.

The project could be disruptive for a densely packed neighborhood brimming with tall skyscrapers housing major financial firms.

Advocates for businesses in the Midtown East area note that there have been several large construction projects in the area over the years, including the super-tall luxury residential tower 432 Park Ave., new office tower 425 Park Ave. and One Vanderbilt rising next to Grand Central Terminal.

"We adapt," said Rob Byrnes, president of the East Midtown Partnership, which manages the business improvement district a block away from JPMorgan's offices. "Construction is always going to be a little bit of a headache, but we're not going to have modern building stock to keep this area a core of international commerce if we don't knock things down occasionally and build new ones."

JPMorgan expects the project, slated to begin in 2019 and continue for roughly five years, to create more than 8,000 construction-related jobs.

Employees who work in the building now will be relocated to nearby locations at 237, 245, and 277 Park Ave., where the bank already leases space, as well as 383 Madison, which it owns. In addition, the bank is taking space at 390 Madison Ave., a 1953 building that developer L&L Holding Co. is completely remaking.

The bank for nearly a decade has similarly been frustrated by the outdated infrastructure in the 383 Madison building, which it obtained when it acquired Bear Stearns during the financial crisis, people familiar with the matter said.

The project will become part of the legacy of JPMorgan Chairman and Chief Executive James Dimon, who has run the firm for more than a decade, navigating through the financial crisis but also stumbling over a massive trading loss out of London.

The rezoning plan covers about 78 Midtown blocks in an area that includes Grand Central Terminal and provides a framework for commercial-property owners to modernize towers. The plan opened up the sale of unused development rights by owners of landmark properties, allowing those rights to be sold throughout the district.

For those who worked on the rezoning plans, JPMorgan's announcement is evidence the new legislation is creating opportunities for building owners to redevelop.

"We always believed allowing the air rights to float would be a catalyst for the reinvention of a great business district that was frozen by virtue of its restrictive zoning," said Mary Ann Tighe, CEO of real estate services firm CBRE Inc.'s New York Tri-State Region and a former chairwoman of the Real Estate Board of New York, a trade group.

Under the old rules, many owners of buildings erected before city codes were put in place likely would have had to build smaller buildings if they wanted to redevelop. The rezoning provided a mechanism for them to buy the air rights and build taller.

JPMorgan will buy development rights from landmarks in the surrounding area to build the larger building. Under the city's plan, owners selling development rights are required to contribute to the city at least \$61.49 a square foot of the air-rights sale price, to a fund for public projects such as shared streets and pedestrian plazas. The bank's purchase of air rights likely will generate more than \$40 million for the public improvement fund.

The need to redevelop the aging buildings in the Midtown East area has been underscored in recent years by a number of companies deciding to move to new towers rising on the far West Side. Perhaps most notable is money manager BlackRock Inc.'s plan to move to 50 Hudson Yards and take about 850,000 square feet in the new 28-acre development.

"Here you have the owner and occupant making the claim that this [building] is inefficient just shows how on target the zoning was and really timely," said Michael Slattery, senior vice president at the Real Estate Board of New York, speaking of JPMorgan's plans.

—Emily Glazer contributed to this article.