

From 9/11 to Covid: how one developer spurred the reinvention of New York

Larry Silverstein, who owned the Twin Towers, has become the unexpected embodiment of a city's resolve. But can it rebound again?

Joshua Chaffin in New York YESTERDAY

Dermatology and a stubborn wife saved Larry Silverstein.

On the morning of September 11, 2001, [Silverstein, a billionaire property developer](#), was preparing for his regular breakfast appointment at Windows on the World on the 106th floor of the World Trade Center's North Tower. Six weeks earlier, at the tender age of 70, Silverstein had paid \$3.2bn for a 99-year lease at the Trade Center. It was then the largest ever real estate transaction and the capstone of a rags-to-riches career.

He had just taken the title deeds and each morning the eager owner would meet one of his new tenants over breakfast. But that morning, as Silverstein tells it, his wife Klara intervened. "She said, 'where are you going?' I said, 'I'm going down to work — I have a tenant meeting.' She said, 'well, you can't go this morning.' I said, 'why not?' She said, 'I made an appointment for you with the dermatologist.' I said, 'cancel this morning. I'll go next month'. She said, 'you cancelled last month, you cancelled the month before. You can't cancel — you've got to go.' And she got upset."

Silverstein relented and so was [spared from all that followed](#). He saw the North Tower, his tower, in flames after switching on the news following a worried call from the captain of his boat, docked in the Hudson River. "Then, as we watched, we saw a plane coming around the South Tower, making a U-turn, coming back up and hitting the South Tower," he recalls. "That's when I knew this was an unmitigated disaster."

It is that time of year when New Yorkers of a certain vintage talk about where they were when it happened. It has now been 20 years since Islamist terrorists hijacked two passenger jets and slammed them into the World Trade Center, killing 2,977 people — some falling like teardrops from the burning towers. It has been long enough for the then New York mayor Rudolph Giuliani to make the journey from national hero to disgrace, and for America to embrace its first Black president followed by one who flirted with white nationalism. To some, it still feels like yesterday, as anyone who has experienced profound loss knows it has a way of twisting time.



A New York City fireman calls for 10 more rescue workers to make their way into the rubble of the World Trade Center © Preston Keres/Getty Images

Yet this anniversary is distinct. It was preceded in August by a [calamitous US withdrawal from Afghanistan](#) that feels like the bitter coda to an unsatisfying era. All the sorrow of September 11 — and all the blood and treasure and sacrifice of the 20 years since — could not be redeemed for democracy in Afghanistan, or even a relatively durable government there.

Now a new tragedy is displacing 9/11 and again casting an [existential pall over New York City](#). The coronavirus pandemic is of such a magnitude that then New York governor Andrew Cuomo last year spoke of the city's fatalities — 33,684 and counting — in increments of 9/11s.

Silverstein is a living link between both events and, late in life and rather unexpectedly, he has come to be the embodiment of a great city's resolve. To rebuild the 16-acre World Trade Center campus, he spent five years locked in litigation with 22 insurers while answering to a rotating cast of governors and mayors, each with their own ideas about the project. There were the daily barbs of a doubting tabloid press and the anguished cries of widows pleading with him not to build where their loved ones would be forever entombed.

“Let me tell you, those meetings were horrendous. Just terrible. People lost loved ones. What do you do? It was a very difficult set of circumstances. And this went on for months and months and months,” Silverstein says.

Twenty years later, a rebuilt World Trade Center is the [anchor of a neighbourhood transformed](#). The Twin Towers, never much loved in their prime, have been replaced by four distinct ones, a transport hub designed by Santiago Calatrava and a soon-to-be-completed performing arts centre.



New York governor George Pataki, left, developer Larry Silverstein, centre, and New York City mayor Michael Bloomberg stand at the site where the original 7 World Trade Center once stood in a 2002 press conference © Stephen Chernin/Getty Images

Some architects view the site — with offices, retail and a sombre memorial — as emotionally confused. The maze-like subterranean shopping mall has come in for particular criticism.

Overall, though, the city's oldest neighbourhood has been made new. Downtown Manhattan's pre-9/11 population of 15,000 residents has swelled beyond 65,000 and an outpost long dominated by financial services now features a mix of media and technology companies. Tragedy has imbued a place that was sterile with a soul.

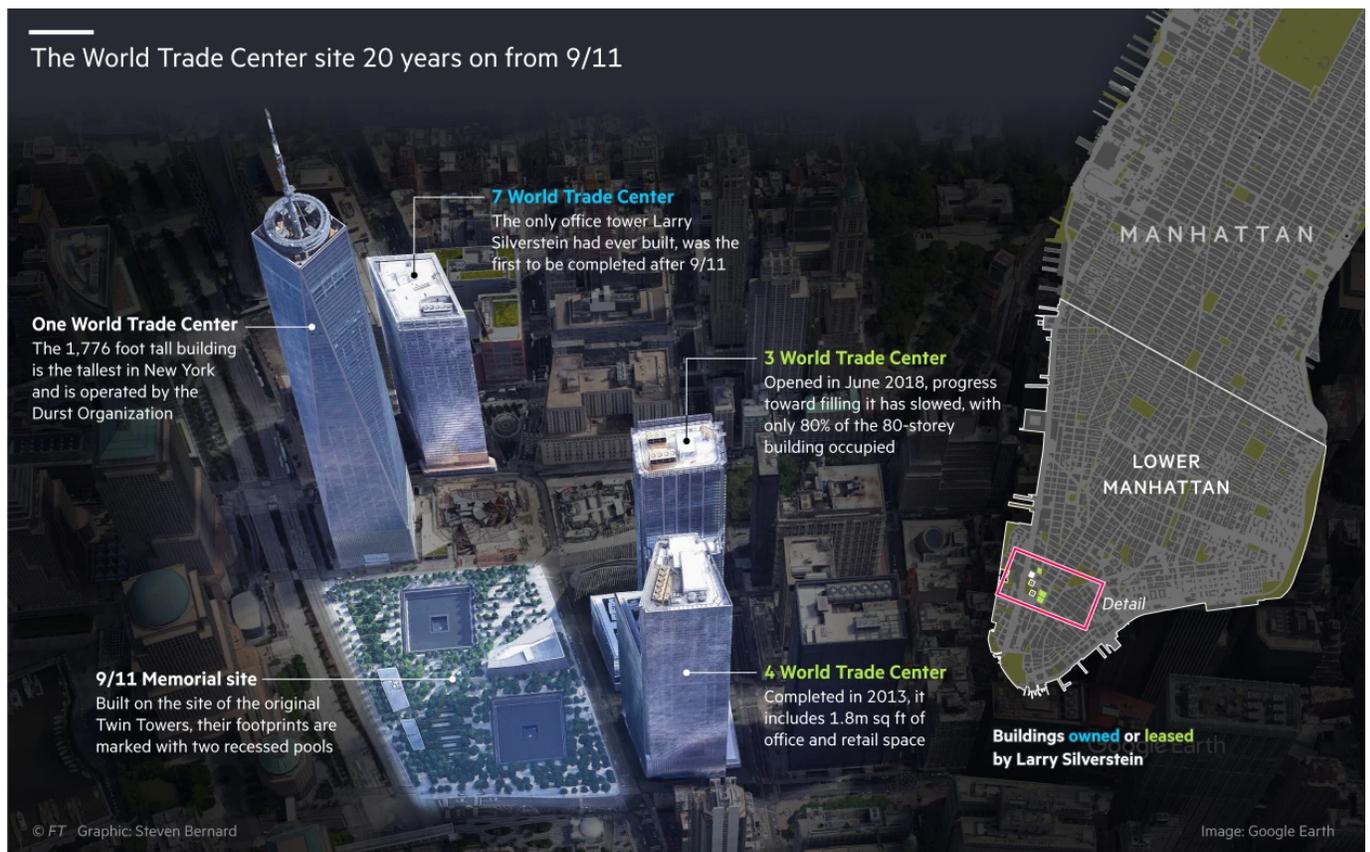
Much of the credit goes to [Michael Bloomberg](#), who took over as mayor weeks after the attack, and understood that the neighbourhood could not be rebuilt as it was. It was Bloomberg who invested in parks and schools to make the place liveable. "The transformation of lower Manhattan was one of the great legacies of Bloomberg," says Mitchell Moss, an urban studies professor at New York University. "Downtown's recovery is due to his vision."

Yet the office towers that Silverstein championed are also integral. Although it now seems foolish, it was widely prophesied at the time that people would never again wish to work in the upper reaches of a soaring tower — let alone near a mass grave.

“Every step of the way at the Trade Center, the story comes back to Larry and courageous decisions he made,” says Mary Ann Tighe, head of the New York region for commercial real estate services group CBRE, and another figure who was instrumental in reviving downtown.

Seth Pinsky, chief executive of non-profit community group 92nd Street Y, who dealt with Silverstein as Bloomberg’s head of economic development, regards him as one of a vanishing generation of city developers: hardheaded and driven by the bottom line, for sure, but also mindful that [the city](#) had to flourish for them to profit.

“I have a soft spot for Larry,” Pinsky says. “A lot of people would have walked away and taken the money.”



A resilient city

Sitting in his office at Seven World Trade Center on a recent morning, Silverstein seems bemused by the latest plague to befall New York City. Thirty-eight floors below, tourists stream toward the hallowed footprints where the original towers once stood, and which are now sunken reflecting pools rimmed by the names of the victims.

“You scratch your head and say: are we going through this experience yet again? And the answer is: yes, we are,” he shrugs. He is wearing cufflinks and a tie, and still sounding sharp — even if his voice was trending toward a rasp. Every so often he would tap the table with his knuckles — literally, touching wood — after expressing certain sentiments that might tempt fate. “So,” he says with a wry smile, “I’ve only reached the age of 90 and so I sort of look at this as some more stuff.”

Just because the city not only survived but thrived after 9/11 is no guarantee that it will overcome the current “stuff.” With Covid-19, there is the question of whether people will again ride public transportation [into Manhattan in great numbers](#) to work in densely-packed office towers — especially when technology has given many the option of working remotely.

The [downtown office market](#) has been ravaged by the pandemic. Its vacancy rate reached a record 21 per cent in the second quarter, according to Newmark Knight Frank, and rents were down 6 per cent from a year ago.



Governor George Pataki, centre left, stands with, from left, architect Fumihiko Maki, developer Larry Silverstein and architects Daniel Libeskind, Norman Foster and Richard Rogers as they unveil conceptual designs for the three World Trade Center towers that will be built along the site’s eastern portion © Dima Gavrysh/AP

Among New York developers, it is an article of faith never to bet against their city — be it the 1987 stock market crash, 9/11 or the 2008 financial crisis. There is a belief that companies will still pay for the highest quality and most inviting offices that give rise to the sort of inspired collaborations that, they argue, can only happen in a shared space. In private, there is an acceptance that working from home will cause pain — but that it will mostly be felt, as one put it, by “the other guy”.

“It’s going to be another six to eight months to know what’s going on in the office market,” says Ruth Colp-Haber, chief executive of Wharton Realty, which advises companies on leases. Colp-Haber is convinced many developers are in denial.

How this plays out is not merely of consequence to Silverstein and his ilk. Those offices and other forms of real estate contribute about a third to a half of the city’s tax revenue, depending on how it is measured. They also house workers who support a vast ecosystem of local businesses, from restaurants to health clubs, galleries and public transit. If commuters cut back their trips to a Manhattan office from five days a week to two or three, it could devastate the city in the same way the auto industry’s decline staggered Detroit in the 1980s, Pinsky warns.

Already, violent crime, like the deranged veteran who attacked a stranger with a hatchet at a cash machine, or the disturbed woman who keeps shoving people on to the subway tracks, is rising.

It is an open question whether all this is a Covid blip or if the city is reverting to the bad old days of the 1970s-80s, when a fiscal crisis led to an erosion of public services, which eventually prompted an exodus. Some wealthy residents, including financier Carl Icahn, are not waiting on the answer. They have fled to low-tax Florida.

“This is a city that has proved it can heal from big, gaping wounds,” Pinsky says. “But this is an enormous one.”



One World Trade Center towers over the September 11 Memorial and Museum © Chip Somodevilla/Getty Images

Downtown desire

However faint or dispassionate, every New Yorker had some relationship with the city's tallest buildings, which were a 1960s project intended to arrest downtown's postwar decay.

Before 9/11, the neighbourhood was little more than a place of work, its pace rising and falling with the daily tide of the financial markets. Armies of capitalists would stream across it or surge from the subway corridors below to arrive at their desks for the market opening. At night and on weekends, they vanished and it became a windswept plane.

For Silverstein, who grew up in a poor family in Bedford Stuyvesant, Brooklyn, the World Trade Center was a source of desire and agony. He coveted the Twin Towers as they loomed over his own downtown building, Seven World Trade Center. In January 2001, when he was finally angling to buy them, he was struck by a drunk driver while walking home from a dinner party. His pelvis was fractured in a dozen places. "I was taken by an ambulance to the hospital and every bump in the road was absolutely terrible," Silverstein recalls. "The pain was horrendous."

He was given morphine, and he slept for two days. When he awoke, he realised that final offers for the World Trade Center were due in just a few days. "I looked at the nurse and I said, 'I need to kill the morphine. I need the conference room. I need telephones, and I have to get my people in here. Can you accomplish that for me?'"

Silverstein ended up coming a close second. But Steve Roth, the winner, made way for him after soon growing frustrated with the bureaucrats at the Port Authority of New York and New Jersey, which controlled the property.

Silverstein's plan was simple: spruce up the place and raise the rents. It was the same formula he had followed since he and his father bought their first building in 1957 after years of scraping by as office brokers in a particularly dingy corner of the garment district known as the "rag and remnants" district.



Real estate developer Larry Silverstein at this office at 7 World Trade Center © Pascal Perich/FT

When the towers came down, almost no one viewed Silverstein as the man to lead the rebuilding. He had only just bought the property and was considered an interloper. As even he admits, Seven World Trade Center, the only office tower he had ever built, was done on the cheap. In the parlance of New York developers, Silverstein was an owner — not a builder. At 70, few expected him to have the stamina or will.

“There was a huge amount of scepticism about him as the developer post-9/11. And I think the Bloomberg administration certainly was not sold on him for a very long time,” says Carl Weisbrod, the eminent city planner who oversaw the revival of Times Square in the 1980s before turning his energies to Lower Manhattan.

Nor was there agreement on what should be done with the site. As Weisbrod recalls, there were two opposing views early on: Giuliani believed the entire site was sacred and should become a memorial — to him, say critics — while others wanted the Twin Towers rebuilt just as they had been to “show those bastards they can’t beat us! And fortunately, in my view, neither of those was embraced.”

Silverstein was not opposed to parks and a memorial. But he was convinced within days of the attack that the 16-acre site needed offices to work. It sat at a nexus of a dozen subway lines and ferry terminals, making it ideal for commuting. Offices, as he saw it, were “the locomotive” of the downtown economy.



The sun shines through the roof of the glass and steel structure called the Oculus, which serves as the World Trade Center Station transport hub © Johannes Eisele/AFP via Getty Images

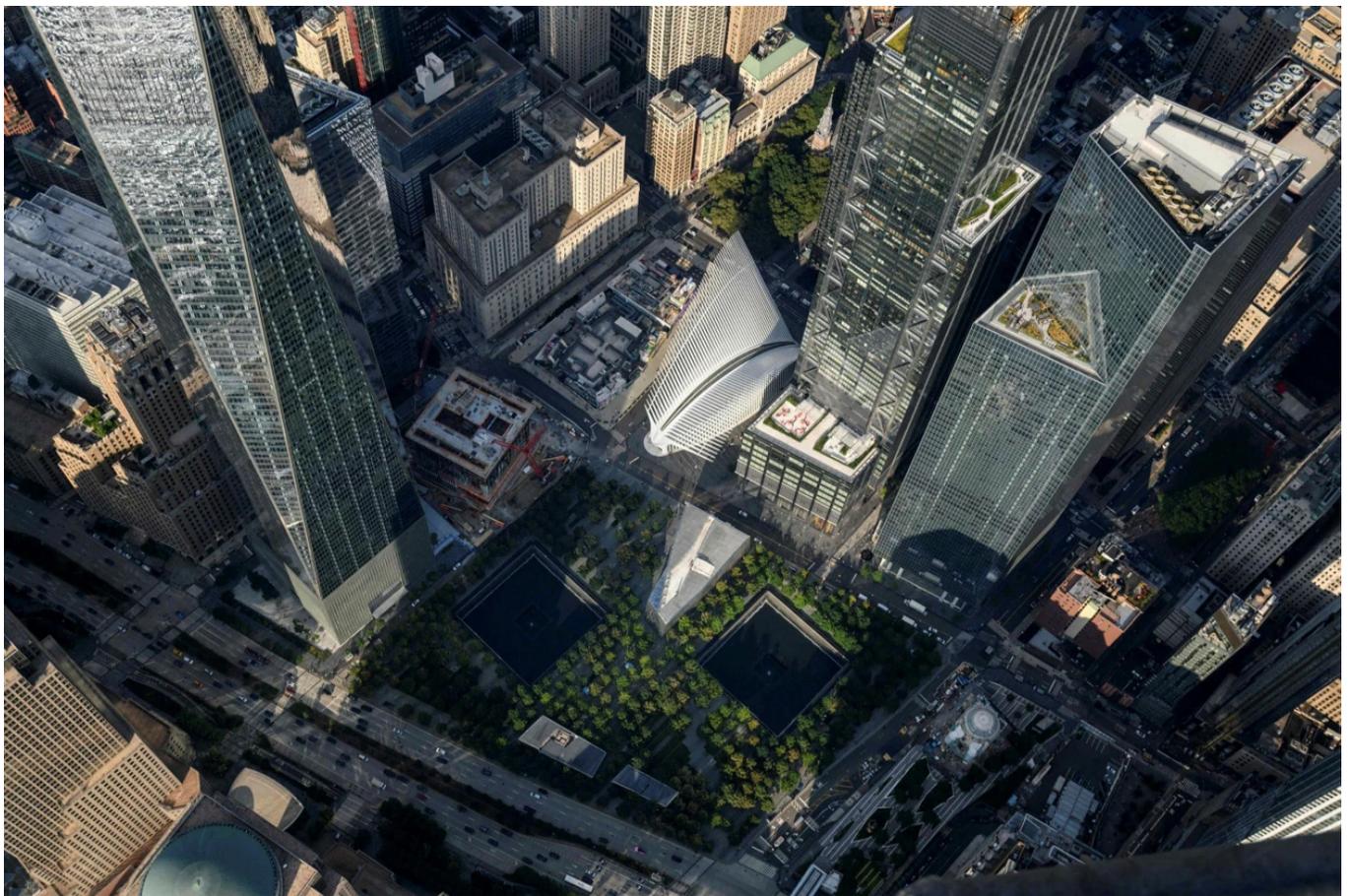
Years of gridlock ensued. The public mood soured, and Silverstein was vilified as another greedy developer. Calls were made for him to be removed. But he was not easily dislodged. He had the lease, the best lawyers in town and a \$3.5bn insurance policy. (Silverstein believed he should be paid double that amount because the attack on the towers represented two separate events. Five years of litigation ensued, after which the parties settled for \$4.6bn).

“Those days were horrendous days,” Silverstein recalls. “The pressures, the problems, the difficulties, the feuding. The actions of some elected officials were spectacular. The actions of other elected officials were everything other than spectacular. They were horrendous.”

He was eventually persuaded to surrender his rights to develop the 1,776-foot Freedom Tower, now the city's tallest building, as part of a deal with Bloomberg and the Port Authority. (It has since been less provocatively rechristened as: One World Trade Center). In exchange, Silverstein received guarantees that he could build elsewhere on the site and tax-free Liberty bonds to help finance it.

“Larry deserves a lot of credit for never giving up and recognising at key points that compromises had to be made,” Bloomberg said in an email.

Meanwhile, Silverstein had shrewdly focused on Seven World Trade Center. He had built it in 1980 under a separate lease and so did not have to answer to the Port Authority or the politicians to rebuild it. He did so with a much-improved design by architect David Childs. Still, it was a gamble since Silverstein had no tenants lined up.



An aerial view shows the ground zero and 9/11 memorial pools amid the city skyline of lower Manhattan © Ed Jones/AFP via Getty Images

“The notion that Larry would step up and build on spec in a place where people were departing was inconceivable to people,” says Tighe.

Bloomberg thought the idea was foolish, and said so. But in 2006 Moody's took 15 floors. It was a turning point that proved the viability of both the neighbourhood and Silverstein. Over the years, Tighe would lure other marquee tenants to the site's new towers, including Condé Nast and Spotify, that, as she put it, "changed the conversation" about downtown.

At key moments such a vast undertaking was helped by angels now forgotten or overlooked. President George W Bush sent \$21bn to rebuild a city with little love for him. Then there is Eliot Spitzer, the onetime ["Sheriff of Wall Street" and former New York governor](#) who resigned in disgrace in 2008 after a prostitution scandal. It was Spitzer, according to Silverstein, who forced the insurers to pay up by hauling them into his office in 2007 and threatening to bar them from doing business in New York if they did not.

"It wouldn't have happened without him," Silverstein says.

Incomplete mission

With the city again mired in crisis, there are lessons from the previous one. For Weisbrod, one is about the importance of talent, and maintaining [New York City's magnetic pull on younger generations](#).

"The great fear that many of us had initially that somehow business would leave New York turned out to be basically not true," he says. "And there are many reasons why that's not true but one of the key reasons is because talent stayed in New York, and in fact, came back to New York stronger than ever."

September 11 is never really past for Weisbrod, who still remembers the sight of people jumping from the towers and the way the area smelled for months afterward. "It's so stark in my mind that day and the immediate aftermath that it's very hard to realise that 20 years have gone by," he says.

Bloomberg counsels forward thinking. "Don't focus on the short-term recovery. Think about the long-term investments the city will need for generations — and push hard for them," he wrote. "Don't wait. The goal should not be to bring the city back — it should be to launch it forward."

Silverstein seems more focused on the here and now. He and Klara moved downtown, just a short walk from the World Trade Center, four years ago. He is now a sort of mascot and cheerleader for the neighbourhood that will be his legacy.

Of his holdings at the site, 7 and 4 World Trade Center are long since completed and fully leased. The 80-floor 3 World Trade Center is built and 80 per cent leased. Progress toward filling it has slowed. In an ominous sign of the times, Condé Nast has been wrestling with its landlord to cut back its space at One World Trade Center. But to Bloomberg's delight, a residential tower is now in the works.

Still, one tower continues to elude Silverstein. The planned 2 World Trade Center has gone through several iterations, designed first by Lord Foster, then Bjarke Ingels and then Lord Foster again. At present, it exists as a foundation and an architect's rendering.

It cannot get off the ground until Silverstein can line up an anchor tenant that would allow him to secure financing. In 2015, Rupert Murdoch flirted with the idea but ultimately balked. The pandemic has set back his efforts "in a very significant way," Silverstein acknowledges.

"I want to do it in my lifetime," he says, smiling. "So it's a challenge."