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SL Green Realty Corp. (SLG)

Q4 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you, everybody for joining us and welcome to SL Green Realties Corp. (sic) [SL Green Realty Corp.] (00:00:06) Fourth Quarter 2021 Earnings Results Conference Call. This conference call is being recorded. At this time, the company would like to remind listeners that during the call management may make forward-looking statements. You should not rely on forward-looking statements as predictions of future events as actual results and events may differ from any forward-looking statements that management may make today.

All forward-looking statements made by management on this call are based on their assumptions and beliefs as of today. Additional information regarding the risks, uncertainties and other factors that could cause such differences to appear are set forth in the risk factors and MD&A sections of the company's latest Form 10-K and other subsequent reports filed by the company with the Securities and Exchange Commission.

Also during today's conference call, the company may discuss non-GAAP financial measures as defined by Regulation G under the Securities Act. The GAAP financial measure most directly comparable to each non-GAAP financial measure discussed and a reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure can be found on both the company's website at www.slgreen.com by selecting the press release regarding the company's fourth quarter 2021 earnings and in our supplemental information filed with our current report on Form 8-K relating to our fourth quarter 2021 earnings.

Before turning the call over to Marc Holliday, Chairman and Chief Executive Officer of SL Green Realty Corp., I ask that those of you participating in the Q&A portion of the call to please limit your questions to two per person. Thank you.

I will now turn the call over to Marc Holliday. Please go ahead, Marc.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. Thank you and good afternoon everyone. Before we begin, I want to express our sincere condolences and deep sympathies to the families of officers Rivera and Mora who gave their lives in the line of duty. At SL Green we work hand in hand with the NYPD, FDNY and other first responders, and we support their efforts in every way we can day after day. There's an outpouring of support at St. Patrick's Cathedral right now and there will be more in the coming days and weeks as new administration works with the state to make public safety the number one priority in the city. Everyone has a role to play and I'm confident we can and will move forward from this.

Now we appreciate the opportunity to discuss with you our company performance and financial results for the fourth quarter and full-year 2021. After a solid December in the office market, we had a bit of a reset in January, which is not atypical after the holidays, but most businesses in our portfolio expressed their intentions to return to the office in February, and by March, we expect to be back at the same levels we saw in December, if not beyond that.

The Omicron virus seems to be dissipating as fast as it arrived, and we are hopeful that February we will begin to return to normal. Those questioning the ability of New York City to rebound need look no further than the resurgence in 2021 of the residential markets, which saw record high in condo sales and 1% vacancy in rental apartments as young people returned to the city.

Our newly completed rental project at 7 Dey Street supports this thesis, as we have now signed leases for over 100 units at average rents just shy of $100 per square foot. On the employment front, New York City added another 8,000 office using jobs in December, bringing the total December-to-December job gain to 61,000 new jobs. We have now regained just over half of all office-using jobs lost during the early days of the pandemic. And there are approximately 50,000 additional jobs forecasted to be created in 2022, which should help to begin to reduce office vacancy rates in Manhattan, and in some of the sub-markets, we've already started to see those contraction.

We remain optimistic about hitting our ambitious leasing goals for 2022 on the heels of signing 250,000 square feet of office leases after our December Investor Conference, and notwithstanding, having grown our pipeline to almost 1.3 million square feet today from just about 1,050,000 square feet in the beginning of December.

The positive takeaway is that companies continue to see the office as the central and necessary hub of business activity and are making long-term commitments and expansions within the portfolio that vastly outnumber contractions. It will take some more time to work through the system and get past the disruption of the pandemic, but with the new Mayor, the new Governor and the business community all coming together and playing significant roles in the recovery of the city, we have every expectation of a rapid recovery and another demonstration of New York's extraordinary resiliency.

Seven weeks ago, we hosted our December Investor Conference at One Vanderbilt, and we did a deep dive into our goals, objectives and expectations for 2022, which we reaffirm as we sit here today. As usual, we covered a lot of our 2021 accomplishments, which I think were sector leading in New York in many different respects of leasing, transactions, operational performance and contribution to the city in the form of openings of the SUMMIT, Le Pavillon and other things that turned out to be extraordinary successes, and I think demonstrated leadership we have and commitment we have to this market.

And accordingly, as is our custom for the January call, we're going to go right into the Q&A and get questions as everything we talked about in December is still relatively fresh, and happy to address anything we covered then or anything new as a result of the release we put out last night.

So with that, we'll turn it over for some Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] In the consideration of time, we ask that you please limit yourself to one question and one follow-up. Please stand by while we compile the Q&A roster. And our first question coming from the line of Michael Lewis with Truist Securities. Your line is open.

Michael Lewis
Analyst, Truist Securities, Inc.

Q

Great. Thank you. My first question I wanted to ask about flight to quality, and so, yesterday, on Boston Properties call, they used San Francisco as an example with market vacancy well over 20%. But when you look at the top 25% of buildings, it's more like 5%. Another example, I was in Atlanta recently, where the office vacancy is above 20%, but the REITs there are below 10%. So I wanted to ask it, about New York and about SL Green, your competitive set, how you think about maybe your investable universe used to be the top half of buildings in New York and now it's the top quarter or something like that. Do you think differently about any of the assets you own or about how you want to concentrate the portfolio now?

Steven M. Durels
Executive Vice President, Director-Leasing & Real Property, SL Green Realty Corp.

A

I would start off by reminding you that when people talk about the flight to quality, that's not unique to just new construction or the very, very top 1% of the marketplace. What we're seeing is throughout our portfolio and given the fact that our portfolio is highly improved throughout all of the buildings, with the exception of a couple buildings that we have in redevelopment, we're seeing a migration of tenants coming into the buildings.

Of that 1.3 million square feet that Marc spoke of, of pipeline, probably 85% to 90% of that are new tenant deals. So I think sometimes people get confused that we've had such great success at One Vanderbilt, and therefore that's the whole show. But in truth, we're already seeing the benefit of a redevelopment plan at the Lipstick Building, where we have [indiscernible] (00:09:02) leases out and we haven't even picked up a hammer yet to start the work. But off of the plan that we've got, tenants are coming to the building.

We're seeing increased activity throughout our other very high-end buildings like 100 Park Avenue, 461 Fifth, 1350 of the Americas. So you can go down the list of the portfolio and the better quality buildings, particularly Midtown transportation-centric located buildings, is seeing a lot of the activity in the marketplace. And the last point I'll drive home is to say, we said at our Investor Conference, we had more gas in the tank between then and the end of the year to get to our target of 93% occupancy, and in fact, we signed those leases to hit that bogey.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Yeah. And on that point, I think the statistic you mentioned in San Francisco, 20% vacancy and 5% for the top, the same statistic is right in front of us here at SL Green that this market – Manhattan market has a vacancy rate of 16% to 18%, depending on what source you use, and our portfolio is only 7% vacant and shrinking. So that same story is there, but that 7% vacancy rate isn't just our top buildings, that's every building combined on average.

Michael Lewis
Analyst, Truist Securities, Inc.

Q

Okay. Great. Thanks. And then my second question I wanted to ask about the risk reward in the DPE book, the rising interest rates have been a theme to start the year. How do you – what do you think about – are you seeing an investment yields start to creep up and maybe there's some opportunity there? And then on the flip side of that, how do you think about the value of your current holdings and the value of what you own?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Well, our portfolio is mostly floating rates. So, I think the value of the portfolio is very much intact. There's not much diminution as the 10-year rises, if at all. And we are seeing more structured finance opportunities, but that's mostly based on just increased transaction volume in Manhattan, more so than sort of as a result of rates rising.

Michael Lewis
Analyst, Truist Securities, Inc.
Q

Thanks.

Operator: And our next question coming from the line of Alexander Goldfarb with Piper Sandler. Your line is open.

Alexander Goldfarb
Analyst, Piper Sandler & Co.
Q

Hey, good afternoon. Marc, I just want to go back to your opening comments on the new Governor, new Mayor and obviously, Albany. New Mayor is awesome. There definitely seems to be some tension with Albany as far as bail reform. But one of the items that came out late last year was a proposal to do a billionaire tax and tax billionaire capital gains at normal income, which I'm guessing would lead to other taxes that perhaps Albany would like to pass. So, in your discussions in the business community in New York, crime and street safety is one element, but there's also the regulatory and tax element as well. What's your sense of what Albany may do and are they listening to the business community and what really drives the city as far as the companies that take residents versus migrating to Florida or elsewhere?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Yeah, I mean, I do think so. This year uniquely among years, the state is flushed with cash. I mean, that's the good news. It came out with a budget in excess of $200 billion, so the highest budget it's ever proposed and we'll see as it gets negotiated and finalized. But it's – it was able to be proposed in a way with very little in the way of any new revenue enhancements because the combination of surging business profits in New York State and also personal income taxes in New York State as a result of rising compensation bonuses is leaving state and city coffers relatively flush going into 2022, and I think they'll carry into 2023. And that's something I talked about in December about the...

Andrew W. Mathias
President & Director, SL Green Realty Corp.
A

Stimulus from the federal...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

...and the stimulus, and ongoing. So, there was the stimulus plan that Chuck Schumer was able to bring $100 billion stimulus and now the infrastructure on top of that, which I think will be multiples, so again, that – all of that which we sort of reviewed in December. I think the tax, the business activity, the tax collections, the stimulus dollars is all pointing to a moment where there's not a lot of discussion on the table or need, more importantly, for any kind of regressive revenue enhancements. And so I don't think we'll see that.

I think the state of the state that Governor Hochul gave two weeks ago hit on many of the right issues in terms of wanting to work with the city and this new administration on the topics that we talk so much about, making investment in infrastructure. I think there's a lot of common ground there, no matter where you stand on what side of any political or social leanings. Affordable housing mandate to come up with new and creative ways to modify 421-a in a way that will create more and better affordable housing, while also creating an economic framework that developers can help. The private sector can help deliver that.

In public safety, I think, again, I put it right there as priority one, working with the Mayor in a very concerted way to put higher presence, boots on the street, in the subways, in mass transit to just to reinforce and get right back to where New York was not long ago and where we will be again very soon, because we know how to get it done. And now, I think there's a will to get it done. So I'm pretty optimistic, Alex, that the soundings coming out of both City Hall and Albany are in line with the kinds of things we want to see and hear [indiscernible] (00:15:44).

Alexander Goldfarb Q
Analyst, Piper Sandler & Co.

From your lips to Albany's ears.

Marc Holliday A
Chairman & Chief Executive Officer, SL Green Realty Corp.

Yeah.

Alexander Goldfarb Q
Analyst, Piper Sandler & Co.

Andrew, on the mezz book, on the DPE, you guys had a $0.04 write-down. Were these – my understanding – these were prior positions, I think, or maybe not, but what was the composition of these write-downs? And then in general, the DPE book has been hugely successful over time. And at the Investor Day, you spoke about first mortgage hunger that was sort of cashing out a lot of positions, so workouts or write-downs weren't required. So maybe just a little bit more color on what's driving these write-downs and if these are new write-downs or previously – or positions previously written-down?

Andrew W. Mathias A
President & Director, SL Green Realty Corp.

Well, I mean, [ph] they're on (00:16:31) previous positions. The book had an enormously profitable year. And we take a conservative approach when we think there's any type of potential for a future write-down, we like to make sure that it's covered and reflected and the income is – but you're looking out for the year is sort of net of any potential offset. But the book had a very good year. We had some very large payoffs. We had a large payoff after the Investor Conference on a development position we had on 72nd Street. And as I said on the call previously, we're seeing very good new opportunities and we'd expect to be able to hit our target we laid out to you in December or exceed it for originations for the year.

Alexander Goldfarb
Analyst, Piper Sandler & Co.
Q

Okay. Thanks.

Operator: And our next question coming from the line of Caitlin Burrows with Goldman Sachs. Your line is now open.

Caitlin Burrows
Analyst, Goldman Sachs & Co. LLC
Q

Hi. Good afternoon, everyone. Maybe just a question first on the return to office, I know you mentioned how companies that were planning to return in February where March could be back to December levels or possibly higher. I guess what's your outlook for further improvement of physical utilization and sort of recent conversations with tenants who maybe weren't yet back in December been like. And then more importantly, how important do you think that kind of near to medium term return is to SL Green's business long-term?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Well, it's hard to get a barometer on the pre-pandemic levels, because I think people have in their mind this notion of 100% benchmark, which is, far, far from the reality of what space utilization is. And as best I can tell anecdotally speaking with all of our tenants, which isn't a bad sample, because we have 900 plus/minus tenants, is that between PTO and holidays, sick days, traveling, people travel for their work, did and still will, and there was an element of remote work even before pandemic. It's not a completely new science, that an average day would be somewhere in the 70% occupancy range.

We can't – I don't have hard statistics on that, but I can tell you that I'd say everything I hear is either right at that level or in the 70%, 75% level at max. Some companies are different, they have higher capacities and some are less. But I think that's a good average. So when we talk about approaching 50% occupancy, physical occupancy, in the near-term, that's a good ways back. And what it'll take and how long it will take to getting that 50% to at least 75%, I think that's just, as I said earlier, it's just going to be a matter of working through the disruptions of the system and a recognition that many firms will at least for the time being work some increased element of flexible remote work into their program.

But we're still hearing almost across the board that the majority of days will be in the office. So, whether a company is going to go to a three day workweek in office, four day workweek in office or five days, averaging maybe four days or so, everybody has a desk, everyone's got a landing station. And these same companies that are talking about some element of hybrid work model are the same ones who are signing 10, 15, 20-year leases and generally expanding. I think our expansions outnumber our contractions by like 5 to 1. That's in terms of square footage...

Andrew W. Mathias
President & Director, SL Green Realty Corp.
A

That's right.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

...and maybe 4 to 1 in terms of number of deals. So the larger deals, it's even more pronounced that the expansions are outnumbering contractions in our portfolio 4 to 1 or 5 to 1. And we looked at over 200 transactions. We did 200-and-some odd leases in 2021. That's just office leases. And so that's a very good sample set. And I think that this year, the confidence factor is going to be even higher and we have a rising occupancy.

So, it will – I don't know if it's going to have an impact on our portfolio. It is going to have an impact on the way companies work, and I think it's an impact for the better. It's part of this whole shift in what we deliver to tenants being not just a deliverer of commodity space, we never approached it like that, but now more than ever, we are going to make every effort possible to demonstrate leadership in this industry by giving workers every reason to want to be in the office, maximum efficiency, health, safety, wellness, food and beverage amenities, lounges, town halls, some fun, recreational items, workout, spas, wellness. It's all part of this new package of delivery. We're working into every one of the buildings we own, and the feedback from tenants and tenant employees is that they love it.

The vibe is great. People have more incentive. They feel better. And I think we will over time get back roughly to pre-pandemic levels, but for whatever kind of shifts there are that might insert more remote flexibility. But I don't think there's any question in my mind about the office as the central hub of everything that takes place in the workplace. And the sense of community mentorship, training and business generation, I don't see that being degraded. But time will tell and we'll see the results. But the early indicator for me is the leasing and the leasing right now, both in terms of the 1.9 million square feet we signed last year and the 2 million square feet we're projecting for this year, we think says it all.

Caitlin Burrows
Analyst, Goldman Sachs & Co. LLC

Q

Got it. And maybe then a follow-up question on a different topic, other income, it looks like that came in materially higher than expected in 4Q. So just wondering what that might have been driven by and as you look out to 2022, it seems like you're expecting that to be significantly less than 2021 and 2020. So just wondering why you think that may change?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

It's Matt. So, the other income line, I think, was roughly $7 million better than we expected in the fourth quarter. Most of, meaning most of the other $19 million was expected, significant contribution from the fees and income we got from the JV at One Madison. And the increment was some incremental leasing commissions and fees we received and also better performance at the SUMMIT than we had expected, which flows through in large part other income.

Caitlin Burrows
Analyst, Goldman Sachs & Co. LLC

Q

And so when you think about 2022, is it that part of that, I guess, was just one-time and it could be lower, or perhaps there is upside opportunity?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

No. Comfortable with the guidance we put out for 2022 in other income.

Caitlin Burrows
Analyst, Goldman Sachs & Co. LLC

Q

Okay. Got it. Thanks.

Operator: Our next question coming from the line of Manny Korchman with Citi. Your line is open.

Emmanuel Korchman
Analyst, Citigroup Global Markets, Inc.

Q

Hey. Good afternoon and thanks. Marc, if we want to spend a couple of more minutes on this utilization or census question, a couple of questions there. One, have you seen a difference in utilization [indiscernible] (00:25:08) people coming in from the companies that have signed new leases more recently? Are they signing new leases and then trying to bring people in, especially on the ones that have expansions? Are you still in those lower building census numbers there?

And then secondly, as you sign new leases and this might be one for Durels, are they thinking about the same 70% on average, are they trying to boost that number and so you might have the same number of people and you might have the same number of same square footage allotted to people, but you're actually taking less space because you're just [indiscernible] (00:25:41) utilization up? Thanks.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Well, in trying to answer the first part of that question, I would just say that the space plans that we've been presented with and what's being built new is very – it's well amenity space, it's highly efficient space, and it's space that I think they intend will be fully utilized. I don't – I mean, I don't think these companies are building with the intent that they're building with the expectation that all of that space and all of those desks won't be utilized. In fact, I just – I want to caution that everything is in average. We have many tenants in front of us right now, part of that 1.3 million square feet of pipeline, who are at their limits in terms of whether who's back in the office, company like us, we're 100% back. There are others that are predominantly back and there are some that have such enormous expansion needs that even when they're underutilized, they're still in the market. We've got deals over at, I'll just say in the Grand Central, Park Avenue area, Steve, where we were talking the other day two tenants, both expanding, competing for the same space.

Steven M. Durels
Executive Vice President, Director-Leasing & Real Property, SL Green Realty Corp.

A

Yeah.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Both of those...

Andrew W. Mathias
President & Director, SL Green Realty Corp.

A

30% to 50% expansion...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

I was going to say those were – I thought they were both 50%, but Andrew notes 30% to 50% expansions per tenant, and we can only accommodate one of those two, just given the nature of the building where that's coming from, and it's not One Vanderbilt.

So, I do go back to what I said, which is when – these tenants are very sophisticated, with sophisticated real estate groups and they do a lot of planning. And when they sign these 10-, 15-, 20-year commitments and they lay out their full floor plans, with desks they expect to be occupied and they come and they say they've got these significant expansion goals.

Yeah, I think they have every intention of bringing people back and populating those work areas because they would not be acting that way, otherwise. And in terms of who we see doing it, we absolutely saw that. This – the vibe in the city in December was great. Like I said, we had a reset in January, confluence of events, but we'll get pass that quick I believe in Feb, March, April. We will be there. So, on the next call, give me the same question again.

Michael Jason Bilerman
Analyst, Citigroup Global Markets, Inc.
Q

Hey, Marc. It's Michael Bilerman here with Manny. I just wanted to ask a question just about the sort of transaction market and investors. Last year, when we talked about this subject, you talked about maybe a limit of maybe a $500 million check from an individual investor to go into office transactions. We certainly see in the upper ends of the market, just like on the leasing front, that the investors are more looking at higher quality buildings, newer buildings, environmentally friendly buildings, and those deals are getting done.

Where do you think we are in terms of investors may be enlarging the scope of office assets that they're looking at and maybe even looking at portfolio type transactions and just comparing it to some of the other property sectors, like whether it's single-family or multifamily or industrial and data centers, or an infrastructure where we're seeing multibillion dollar commitments almost on a weekly basis. It just doesn't feel like the office market has turned to that same scope, and so I wanted to sort of get a little bit of the color that you're seeing from the institutional world.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Okay. So, I mean, let's switch to a discussion about what we're seeing on the things we've recently transacted on, the money raising efforts that we're undertaking right now, both for pipeline activity and just general future activity. Andrew, why don't you sort of cover as much ground as you can?

Andrew W. Mathias
President & Director, SL Green Realty Corp.
A

I mean, I think we have an active market for non-trophy properties as well as evidenced by 110 East 42nd Street, which we closed in December, and 1080 Amsterdam and many of the other sales that we closed last year. You saw the Columbia Property Trust portfolio, which many of those buildings are certainly not – they're masonry type buildings and not all glass and steel buildings. And I think there's a thriving market right now for large assets and small assets.

And across the property types, we have here in New York City, obviously, it doesn't speak to data centers and single-family homes, but there's a lot of liquidity out there for transactions, large and small. You saw 8 Spruce, a large multifamily asset, trade the Blackstone. We see One Manhattan West, which is going to get recapitalized. There's 452 Fifth Avenue, the HSBC headquarters. So there's a tremendous amount of capital markets activity out there, on development deals, on cash flowing deals, on partially vacant deals. So we see a very active investment sales market. In terms of the multibillion dollar portfolio deals, I guess Columbia Property Trust [indiscernible] (00:31:27), there just hasn't been that type of offering out there.

Michael Jason Bilerman
Analyst, Citigroup Global Markets, Inc.
Q

Right. I mean, that's a – I mean, you'd want to point more – to more than one and that was sort of the framing of my question of whether that's starting to open up and whether you're starting to have more serious discussions on finding that investors want to get more appetite. But we – I'll turn over to the other questions and I'll see you down in Florida.

Andrew W. Mathias
President & Director, SL Green Realty Corp.
A

Great.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

See you there.

Operator: And our next question coming from the line of Steve Sakwa with Evercore ISI. Your line is open.

Steve Sakwa
Analyst, Evercore ISI
Q

Thanks. A lot of questions on leasing have been answered, asked and answered. But, Marc, maybe just on the SUMMIT, I did know exactly what you were planning to do from a disclosure standpoint going forward. I don't know what you can share with us about the activity levels in the fourth quarter. And what is your expectation, if any, or what's embedded in guidance for 2022 for the contribution from the SUMMIT?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Sure. Well, what I can share on the SUMMIT is, it's unbelievable. It's fantastic. We opened in October 21st. It exceeded every lofty expectation I communicated to you in the prior years, not just in terms of the financial performance. This is as successful as it will be financially. It's an important addition to New York and the destination entertainment sector because of its uniqueness. It's very out of the box. It was a little bit risky, but now obviously we look back and we think we hit it exactly right in terms of the customer experience and the journey and the uniqueness of it – of what we've created, and everybody experiences it a different way and that's kind of the beauty of it.

Some people come individuals, they come in groups. There's people lying on the floor and they'll video themselves and everything going on for hours, the dwell time for some people might exceed two hours, depending on how they want to experience [ph] Split (00:33:57), which is everything about the view outside, but being brought inside and the way that is all curated and amplified with the artistic input and creation of Kenzo, with the various mirror transcendence rooms and the air at night light show and the soundtrack curation. It's just – it really is wonderful and it's something people are coming back to again and again, which is very atypical for this market to have people coming back two, three, four times in a very limited period.

We only opened this October 21st. Our average capacity sellout was about 95% on average from October 21st through the end of December. Most of December was even higher. It was probably like 97%, 98%. And this industry typically has a very significant drop off in the first quarter after the holidays, and yet, we are still experiencing great numbers for January. We sit here today already beyond our January projections, which were already increased when we sat with you guys for the December Investor Conference. So, that's just a little bit about [ph] Split (00:35:27) and more to come.

But you should also note that that capacity I mentioned is kind of self-limited because we are only open right now about five days a week, and we've curtailed the hours on a couple of the days. We have demand, we could – we can and will extend hours and add a day probably at the end of the first quarter. I would expect sometime in April for us to do that, I think it's the right time for that. And we want to lean into this very gradually. This is not – the SUMMIT's going to be here for a long, long time and it's going to get better and better over time. And we want to make sure that experience is as good as it can be.

In terms of numbers, Matt, I don't know what you want to – I mean, 2022 guidance, most of the numbers are embedded in the lease payment. That's the way this deal is structured. The operating company makes – has some contribution to FFO, but probably just a few cents a share on the OpCo and the lease itself, in the projections we've shown you guys previously and over the years, SUMMIT bottom line FFO contribution was always about in the range of 20% to maybe 24% of the bottom line for OVA. And so, it should meet – we over – we exceeded on our rental assumptions and we're exceeding on our SUMMIT assumptions, and hence that 20% to 22%, 23%, 24% contribution to bottom line should be holding up. But Matt, I'll...

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Yeah. That's the – spot on. In our 2022 number, we had expected around $100 million of GAAP NOI of One Vanderbilt, our share and 20%, 25% comes from SUMMIT. And the operator has a modest contribution of $0.02, $0.03 in our F 2022 guidance.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Right. And Matt, that will be increased in 2023 and beyond as we add hours, add days, and dial this in even further.

Steve Sakwa
Analyst, Evercore ISI
Q

Great. Thanks. My follow-up, I guess, is just on the transaction market. And I don't think in the press release, you detailed a lot of deals that had previously been announced, either closed or were going to close. Just curious sort of what you're looking at in terms of bringing to the market or thoughts on the first half of the year and just what should we be looking for on the transaction side and mirrored that up obviously with the buyback?

Andrew W. Mathias
President & Director, SL Green Realty Corp.
A

Well, we have active discussions on quite a few assets. We're putting 609 Fifth on the market that will be, you know, as an alternative to lease, but we've received some unsolicited inquiries to purchase that asset. And we're remarketing 110 Greene Street as well. So, those two are sort of active in the market right now. And we're entertaining discussions on other assets that are not on the market. So, I'd look look for a very active transaction, you know, sort of look for ourselves in the first half of 2022.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

A

So, I would also just add to that, that the activity and expressions of interest we're receiving on assets mentioned and assets that we're working on that weren't mentioned in almost every case exceed our own internal NAV, and accordingly really give us confidence as we execute our business plan throughout this year to continue to acquire our own stock with proceeds of some of these capital transactions, as well as investment in new development debt repayment in order to capitalize on what we see still as an attractive and wide arbitrage.

Steve Sakwa

Analyst, Evercore ISI

Q

Great. That's it for me. Thanks.

Operator: Our next question coming from the line of Jamie Feldman with Bank of America. Your line is open.

Jamie Feldman

Analyst, BofA Securities, Inc.

Q

Great. Thank you. Marc, in an answer to a prior question, you talked a lot about the types of amenities and just what your tenants are going to want in their space is to bring people back to the office and make it a great experience. How should we think about the CapEx for the company? I mean, do you think there's going to be a good number of major CapEx projects across the portfolio going forward? Or is this more a capital that's going to look a lot more like traditional TI capital over the next several years?

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

A

No, it's – I mean, for this year, I think we highlighted in December, I don't exactly remember, but we talked about 885 Third, 750 Third...

Matthew J. DiLiberto

Chief Financial Officer, SL Green Realty Corp.

A

One other.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

A

...well, and there's one other, 919...

Matthew J. DiLiberto

Chief Financial Officer, SL Green Realty Corp.

A

919 Third.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

...to a certain extent, right. So, three buildings on Third where we think the investment is not – don't think of it as redevelopment capital, the way we've redeveloped every building in this portfolio, which get down to systems and windows and big heavy infrastructure mechanicals, this is usually very targeted surgical programmatic upgrades usually of space that's underutilized. So a lot of times it's subgrade space or it's some grade space that wasn't fully built out, all the capital for those projects are in our 2022 capital plan. They're not disabling in any way. And the return on those dollars in terms of the lease velocity and rental uptick, we think more than pays for itself. I think we spent about $3.5 million at 100 Park for a 10,000 square foot, the name of the facility is...

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

[ph] Park Club (00:41:44).

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

[ph] Park Club (00:41:45) and tenants love it. I mean, it's a lot of bang for the buck. Now, we're doing a larger project at 885, but we're leasing about 600,000 feet space. So, this to me is not – I wouldn't look at it. To me it's not like TI capital. This is real, permanent building improvement and permanent value-add. This is taking a building from one level up. TI's commission, that's the cost of leasing for us, because the improvements to tenant space, it's not the building space. But this is improvement to fundamental building. Everything we spend here at One Vanderbilt, I mean, is part of this $5 billion appraised valuation, and everything we're doing at One Vanderbilt will be part of what we hope will be another significant – I'm sorry, One Madison, will be a part of a significant valuation, and the same for 885 and 750.

So I look at them differently. They're more manageable. We've planned it throughout the portfolio. We're internally financing it with the sale proceeds of assets and we're getting lease velocity and rental uptick as the reward for that delivery of excellence.

Jamie Feldman
Analyst, BofA Securities, Inc.

Q

Okay, that's helpful. I guess, just [indiscernible] (00:43:12) just thinking longer term, I mean, it sounds like the opportunity to do this is when you have vacancy. As you just think about your expiration schedule or just the portfolio overall, I mean, how long do you think this goes on in terms of years that you'll be putting kind of excess capital into building? Or is there a way to quantify how much...

[indiscernible] (00:43:30)

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Look, for us, it's a very granular process. You got to go building by building. I mean, Graybar is done. We have our conference center there, that actually was the former SL Green conference center that we put like $1 million into and have now turned it into I think one of the – I mean, a dominant within that world of building, small tenant building, it's probably the best amenity of any building. And we just opened it, wasn't dramatic cost. And that's done. And One Vanderbilt is done. And 1515 is fully tenanted.

And so, in some of these smaller buildings, either they don't require the same investment or we've sold some of the buildings, and we just sold 110 East 42nd Street. So, no, it's not this sort of endless pipeline of improvement. It's very targeted and very manageable. So, I mean, I hear what you're saying, but it's, we don't – it doesn't feel like that to us. By the way, there's also a little silver lining in a deal like at 810 Seventh. We just, as part of, I guess, last year or two years ago, I'm not even sure it its part of the pandemic, we took back a fully improved conference center that was a third-party conference center with full back of house and kitchen and furniture, I mean, with a little bit of investment, ready to go, and we're lining up operators enter leases for that facility, which will serve as an amazing amenity for 810 Seventh. So, it's underway and the portfolio occupancy level I think reflects the great state of our product.

Jamie Feldman
Analyst, BofA Securities, Inc.

Q

All right, great. Thank you.

Operator: Our next question coming from the line of John Kim with BMO Capital Markets. Your line is open.

John P. Kim
Analyst, BMO Capital Markets Corp.

Q

Thank you. Good afternoon. I just want to follow up on your commentary on the Summit. It sounds like you're expecting $20 million to $25 million of NOI this year to be contributed. And I'm comparing that versus the $2.1 million of intercompany rents that you provided. So I was just wondering what that mismatch was. And then, Marc, you mentioned 95% capacity. What does that mean as far as visitors, because I think you last provided guidance of 2 million visitors per year?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

John, I'll take the first one. I don't know what the $2.1 million of intercompany rent is, but the...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

[indiscernible] (00:46:12)

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

...yeah, I mean, we have leases between SL Green and One Vanderbilt that's separate and aside from Summit. So, I think that's what you might be looking at. And then there's also remember cash payment, base rent on our leasing schedule that is separate and aside from the percentage rent, right, the bulk of the lease here with Summit – between Summit and One Vanderbilt is percentage of sales. That's obviously not in the leasing schedule, the ground lease schedule that you're looking at, I think. So, the 20% to 25% of NOI is based on a projection of attendance in sales and a lease that has rents based on that. What was your second question?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

And the question about attendance, we had previously talked about stabilized – underwritten stabilized projections of about $2 million or $2.1 million. I think for this year, 2022, we're expecting to be about 70% to 75% of that number. I'd say our underwritten number is probably I'd say about 70% of that total capacity. So that's our expectation for the year. Obviously, we hope to exceed it. But remember, it's kind of hard to go by that [indiscernible] (00:47:40), we're only open five days a week and two of those days fairly limited out, right, like half days.

John P. Kim
Analyst, BMO Capital Markets Corp.

Q

Okay. And then...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

So, I guess, what I'm trying to say is, we had a very long ramp. That's the part I think that's left out of that question, which is we had not expected to ramp into $2 million, $2.1 million until I think it was like 2024, to my recollection. And we had everything – numbers we gave you guys in December bleeding in, it was roughly 25%, 50%, 75%, then 100% over a four-year period. I think that was actually our 2020 guidance. We upped that, because obviously as we sit here in 2022, we're not talking about 50% capacity, which would have been the original guidance. We're talking close to 70% capacity so far in excess of underwriting and still well within the expected ramp to stabilize this facility, which would have been like a [ph] 2024 metric (00:48:43). Does that make sense?

John P. Kim
Analyst, BMO Capital Markets Corp.

Q

Yeah. I mean, if it's fair to say the ramp is shortened, so it's going to be more like a 2023 stabilization?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Yeah. I think that's reasonably fair to say. Maybe – like I said, I would rather go a number like between 70% and 75%. But whatever it is, it's so vastly in excess of 2022 projection where, we're in good shape.

John P. Kim
Analyst, BMO Capital Markets Corp.

Q

Okay. And then on your same-store occupancy, it looks like it dipped to 92.1%, which is versus the 92.8% that you provided in December first the updates. So it's come down a little bit. And I was wondering how that impacts your guidance. I know you didn't change it. But you had occupancy guidance of 94.3%. So, just a further...

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

Yeah.

John P. Kim
Analyst, BMO Capital Markets Corp.

Q

...ramp up to get there?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

Yeah. I'll start with you're picking up the wrong number. We ended at 93% as against 92.8% that we guided to in December. So we actually beat our year-end same-store occupancy projection, which includes leases signed. So, signed occupancy number, so exceeded the expectation and feel and puts us on a great ramp to our number for 90% – I'm sorry, of 94.3% for 2022. So, beat our expectation.

John P. Kim
Analyst, BMO Capital Markets Corp.

Q

So, the 94.3% is occupancy including signed leases?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

That's the...

[indiscernible] (00:50:04)

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

...only way we quote it, and the only way we've ever quoted it, and the only way we will continue to quote it.

John P. Kim
Analyst, BMO Capital Markets Corp.

Q

Okay. That's clear. Thank you.

Operator: Our next question coming from the line of Anthony Powell with Barclays. Your line is open.

Anthony F. Powell
Analyst, Barclays Capital, Inc.

Q

Hi. Good afternoon. Just a question on, I guess, expirations and renewals. It seemed like a lot of leasing is with the new tenants, which is positive, at good rates, but that means that there's a lot of churn. So in terms of who's leaving the portfolio, why are they leaving? Are they working fewer days in the office, are they relocating to either new cities and new buildings, what's kind of driving some of that churn on that side of the business?

Steven M. Durels
Executive Vice President, Director-Leasing & Real Property, SL Green Realty Corp.

A

We did a lot of early renewals. If you recall, during the depths of the pandemic we were extremely proactive about going and making outreach to tenants in order to – quite frankly to lock down our rent roll. So that pays off – pay dividends to us, because it helps to stabilize the occupancy level. And so it's not so much that we're losing a lot of tenants. I would say there's very few tenants who are departing, who we didn't already identify as likely to leave probably 12 to 18 months ago. And the majority of those are typically because they want to rebuild their space, they've outgrown their space, and they want to make an investment to create a different work environment for themselves. And the reality is it's tough to do [ph] around (00:51:47) yourself, unless we can provide swing space, and when we're so well occupied we don't have a lot of extra space in order to make that happen.

We accommodate it where we can. But I would say if I was going to broad-stroke it, the majority of the tenants that – if they're losing them now is because they've outgrown their space and they want to create an entirely different work environment, which, oh, by the way I think is a good thing throughout the broader marketplace because a lot of those tenants that are coming into our portfolio are doing the exact same thing.

Anthony F. Powell
Analyst, Barclays Capital, Inc.

Q

Right. So you're not seeing tenants leave because you know that they're going to downsize [indiscernible] (00:52:27) space, more of a reconfiguration. So you're not really seeing a broader just retreat from office space, [ph] it's more kind of just (00:52:33) reconfiguring and switching out where they want to be?

Steven M. Durels
Executive Vice President, Director-Leasing & Real Property, SL Green Realty Corp.

A

Yeah, I think it's they're using their space differently. They're not necessarily downsizing. If I answer it different way by saying some of the tenants that we see coming into our portfolio, there's a good percentage of the square footage that are being driven by new tenants coming in that are doing consolidations, which is a pretty interesting phenomenon where we're seeing these companies that want to consolidate, where they used to split their operations and go to a campus-type environment, now they want to put everybody under one roof. And it's all driven by what Marc was saying earlier, which is a desire by the tenants to really create a work environment that gives their employees a reason to want to be in the office, and as a recruitment tool, because it's become and it has remained for quite some time, highly competitive in order to recruit new talent.

Anthony F. Powell
Analyst, Barclays Capital, Inc.

Q

Go ahead.

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

[indiscernible] (00:53:32), it's Matt, I just want to add one thing again because we keep hearing the contraction, contraction. We said it earlier and I think it's worth saying again, in the 1.9 million square feet of leasing we did in 2021, expansions were five times larger than the contractions. Almost 400,000 feet of leases were expansions, less than 70,000 feet were contractions.

Anthony F. Powell
Analyst, Barclays Capital, Inc.

Q

Yeah, understood.

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

[indiscernible] (00:53:57)

Anthony F. Powell
Analyst, Barclays Capital, Inc.

Q

Yeah. I mean, and your Investor Day, I think you mentioned that you hired or were starting a hospitality, I guess, arm or hospitality, I guess, segment. Maybe go in some more detail about that, what do you expect to kind of drive there and what's the opportunity for you there?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Yeah. Well, we introduced in December the team – the hospitality team headed up by Laura Vulaj, Gerald Feurer, and Marijana Herceg and now Jelena has also been promoted within that group. So it's a growing and very solid group that is taking responsibility, operational and marketing responsibility for all these locations, not just at One Vanderbilt, but One Vanderbilt soon to be One Madison, 100 Park that Steve mentioned earlier, the Graybar conference center, the one over at 810. And this is proving to be really not only a great source of satisfaction with tenants, but there is an ability for us to drive some revenues that are not meaningful in terms of after our rentals and events that tenants like to throw, because we're doing this F&B at a very high level and generally with Dinex, Daniel Boulud's company. That is delivering extraordinary culinary experiences into these spaces. And we have an arrangement with Dinex. There is a lot of symmetry there. There's a lot of compatibility. It's a win-win situation where the tenants are getting access to great spaces and great service and great food and beverage.

Dinex is about, you know, as good as it comes in the city of providing that. And for us, it's a great way to get a return on all this amenity space that's really amenity during business hours and then doubles down as a function space after business hours and all weekends. So we're going to keep growing that business and growing the team. And, eventually it should become a line item on the budget, I mean, in terms of its relevance. I could see it growing substantially.

Le Pavillon alone, just that one restaurant is going to be meaningfully – is expected to be meaningfully profitable in 2022, which in less than a year of open is quite a statement.

Anthony F. Powell
Analyst, Barclays Capital, Inc.
Q

Right. Thanks a lot for that. Appreciate it.

Operator: Our next question coming from the line of Derek Johnston with Deutsche Bank. Your line is open.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Derek? All right. We're going to try and pick up the pace here, because it's exactly 3:00, and I think we still have one or two more questions. Operator?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Operator, you can to the next, and Derek, you can jump back in if you [indiscernible] (00:57:11).

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Call Matt.

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Yeah, or call me, Derek.

Operator: Our next question coming from the line of Ronald Kamdem with Morgan Stanley. Your line is open.

Ronald Kamdem
Analyst, Morgan Stanley & Co. LLC
Q

Hey. Two quick ones for me. Just an update on One Madison and sort of the leasing activity, trying to get an anchor there and any update there would be great?

Andrew W. Mathias
President & Director, SL Green Realty Corp.
A

Well, as we said at our investor conference. We've had a lot of very, very strong interest from prospective tenants. We're in advanced dialogue with a couple. And, we'll see how it unfolds. But we're, you know, I would say – I think Marc would agree that the pace of our discussions with tenants at this point in time of that development far exceeds the level of activity that we were experiencing at One Vanderbilt at a similar moment in time. So we're emboldened by that and optimistic. And there's nothing really specific that we're ready to report yet, but hope to have more to talk about later this year.

Ronald Kamdem
Analyst, Morgan Stanley & Co. LLC
Q

Great. And then sort of the second question is just relating to co-working, just given the experience we've had over the past two years in talking to clients, talking to tenants, has the companies views changed on that business model and is this something that you would consider?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Well, I mean, we have a division called Emerge212 that's been operating for about 20 years in the co-working environment. So we introduced the Altus Suites at One Vanderbilt. That's been a huge success. That's fully furnished, shorter-term occupancy suites upstairs. We've leased...

Andrew W. Mathias
President & Director, SL Green Realty Corp.
A

Two and we've leased out on the third...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

...two and leased out on the third and there'll be one remaining shortly. So Altus has been a huge success. I think we're fans of co-working where we build it, we operate it, we manage it, which we do a lot of, and third party co-working was never a big priority for us, and I would say that that sentiment exists and continues.

Ronald Kamdem
Analyst, Morgan Stanley & Co. LLC
Q

Great. Thank you.

Operator: Our next question coming from the line of Nick Yulico with Scotiabank, your line is open.

Nicholas Yulico
Analyst, Scotiabank
Q

Thanks. So I was just hoping to get some more info on page 29 of the supp where you give the occupancy versus the leased occupancy. Is it possible to get the leased occupancy number for the consolidated same-store portfolio where it is showing up here that you have more vacancy than the rest of the portfolio?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

It probably is, but I haven't done that math, so, no.

Nicholas Yulico
Analyst, Scotiabank

Q

Okay. I mean, I guess, I'm just trying to figure out here, I mean, if the bulk of your vacancy is in the consolidated portfolio and certain assets that look under-occupied versus history, I mean, 810 Seventh, Graybar, Avenue of the Americas, right, where your overall vacancy showing up here is very similar to the overall market. Just kind of how you're thinking about those buildings competing and how much occupancy uplift for those lower occupancy buildings is built into your guidance for the year?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

I'll say with specificity to those buildings, I can't tell you, but they're obviously part of the 100-plus basis point occupancy pick-up, I think it's 130 basis point occupancy pick-up we're expecting for 2022. Those are traditionally buildings that operate at a much higher occupancy level and they are headed that direction. So, we...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Yeah...

Nicholas Yulico
Analyst, Scotiabank

Q

You know, I guess what I'm asking is...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

I think...

Nicholas Yulico
Analyst, Scotiabank

Q

...if you're saying they're heading in that direction, they're not. It's not showing up on the occupancy page. That's...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Nick, I...

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

[ph] That's right, yes (01:01:12)

Nicholas Yulico
Analyst, Scotiabank

Q

...why I'm asking for the lease number if you had that.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Nick...

Nicholas Yulico
Analyst, Scotiabank
Q

If there was any [indiscernible] (01:01:15) occupancy lift up in those buildings...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Nick...

Nicholas Yulico
Analyst, Scotiabank
Q

...that we can't see, because it's not on that page?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Right. Nick, it's hard to generalize amongst – every building has its own DNA. Graybar, you mentioned as a high occupancy building. Well, guess what, we moved out a Graybar. You know that.

[indiscernible] (01:01:36)

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

We were a 100,000 foot tenant in a building that's made up of 2,500 square foot tenants. So, yes, we moved out this year. I think we left the space – or, you know, in 2021, we left in March I think if I recall. So we left a gaping hole in Graybar. But I don't extrapolate, Graybar is a wonderful building with a lot of activity and we're backfilling our space and other space, and it will be back into the 90's, I assume, yeah, I don't have the – like Matt said, I don't have the number in front. I got to believe that buildings back in the 90's this year, great building. It's a little bit more specific to things happening in the property at that point in time. I certainly couldn't generalize well consolidated properties have high vacancy, JV properties have low vacancy. It ebbs and flows. We had JV properties last year, One Vanderbilt was a JV property that was [ph] bone empty (01:02:37), as is One Madison, and those will go to fully leased, one now, one in the future. What were some of the other ones you mentioned besides the Graybar?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

810 Seventh?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Well, 810 Seventh, we had that – I mentioned we had a conference center, that we had a full floor conference center that blew out during pandemic because pandemic was very tough on conference centers because there was nobody to convene in the conference center. So we took it back. And now we're in the process of doing some very modest upgrades to that and then returning around and either re-letting it or putting under a management contract and it'll become [ph] profitable (01:03:16). So there's not – this portfolio, the properties we own are all excellent buildings, leasable buildings that we're making better through – in some cases, through targeted amenity improvement, and we're going to increase our occupancy overall to we think, what was the projection for...

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

94.3%.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

94.3%, 130 basis points. So that would certainly be a lot better than the market. The market is nowhere near 5% to 6%. If the market has 5% to 6% vacancy, I mean, wow, we'd be in unbelievable position. So, this portfolio will be. That's our goal for our investors this year. We wouldn't put it out there if we didn't think we'd get there. And we'll get there. But I wouldn't draw broad brush conclusions based on any moment-in-time vacancy in any particular asset.

Nicholas Yulico
Analyst, Scotiabank

Q

I mean, I guess my point was just that if you had activity in those buildings, it would be helpful to know kind of what the lease number is in those buildings, because if you look at this page, you just see a lot of occupancy loss in those buildings in the [indiscernible] (01:04:27).

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Well, you said the leased number, what do you mean by the leased, like, [indiscernible] (01:04:30)

[indiscernible] (01:04:32)

Nicholas Yulico
Analyst, Scotiabank

Q

...is the only number you like talking about, which is the leased occupancy number rather than...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Yes, yes.

Nicholas Yulico
Analyst, Scotiabank

Q

...you have commenced occupancy number for these buildings. And my point was that, if you – is that if anybody give a leased number for these buildings, it would be interesting and we'd understand sort of how much leasing activity there has been that's embedded already, right, in those buildings that's not showing up in this page [indiscernible] (01:04:55)

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

I don't think it would have mattered much, which is why we don't put it out there. So, never heard it before and...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

I know what you're saying. Let us – I understand what you're saying, if it's the lag time between leasing commencement, let us look at it. But when we give that lease number, know that they will all commence. So we are 93% leased as we sit here today, period. Your point is, well, I don't know which buildings those leases are in, I guess that they haven't commenced.

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

Yeah.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

So let us digest that, [ph] I hear that (01:05:25).

Nicholas Yulico
Analyst, Scotiabank

Q

All right. Thanks, everyone. Appreciate it.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Okay. All right. Okay. Any more questions, operator?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

Terrific. We will get right back to work and look forward to speaking to everybody in three months. Thank you.

Operator: Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation. You may now disconnect.