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# SL Green Realty Corp. (SLG)

## Bank of America Global CEO Real Estate Conference

# CORPORATE PARTICIPANTS

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

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

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

# OTHER PARTICIPANTS

**Jana Galan**
*Analyst, BofA Securities, Inc.*

# MANAGEMENT DISCUSSION SECTION

[Abrupt Start]

## Jana Galan
*Analyst, BofA Securities, Inc.*

...2026 Global Real Estate Conference. I'm Jana Galan, BofA's Office REIT Analyst. We're pleased to have with us SL Green's President and CIO, Harry Sitomer; CFO, Matt DiLiberto; EVP and Director of Leasing, Steve Durels; and VP Corporate Finance, Andrew Mehr. I'll turn it over to Harrison for opening remarks and then we can jump into Q&A.

## Harrison Sitomer
*President & Chief Investment Officer, SL Green Realty Corp.*

Thank you all for joining us today. It's an exciting time in the market for us. We put out a few announcements over the past few weeks, most recently on the sales side or disposition side, recently announcing the sale of 110 Greene Street in furtherance of our capital plan for 2026. And then on the leasing side, making big strides actually surpassing our goal for the year, less than three quarters of the year, with substantial amount of leasing in the pipeline.

So excited to answer some questions today. Take you through the business plan for the rest of the year and what we see in store for 2027 in a very exciting market backdrop for New York City.

# QUESTION AND ANSWER SECTION

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Thank you. Maybe starting there, you outlined many strategic goals for 2026 at the December 2025 Investor Day. How are you tracking against some of these goals?

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

A

Yeah, I'll hit that. It's Matt. So Harrison touched on the leasing strength in New York just continues to get stronger. When we came into the year, we had actually budgeted for about 1.5 million square feet of leasing for the year. We set an objective at 1.7 million square feet to stretch Steve, and we've exceeded that. We're at 1.8 million square feet now through the first 8.5 months of the year with 1 million square foot pipeline that feeds through to occupancy and also on a mark-to-market basis. We're about 16% year-to-date with a pipeline that is in that same ZIP code.

So, squarely ahead of where we expected to be or our stretch goals from a leasing perspective. I'm sure we'll go through more on our acquisition disposition and refinancing strategy. That becomes a matter of us testing the market with assets and often choosing to sell certain assets we didn't have in our original plan and holding others that we might have originally intended to sell.

From a financing perspective, though, the $7 billion plan, we are much of the way through it with the financing of 245 Park in the CMBS market. The next big execution, $2 billion execution that we expect here in the coming weeks.

As it relates to development, we are well underway vacating the 346 Madison site and commencing demolition there, while continuing our office-to-residential conversion at 750 Third. And from a financial performance perspective same-store, in keeping with the leasing strength, we're seeing our same-store NOI growth has exceeded our expectations. And if we execute the rest of our business plan, we should get through the rest of our financial objectives as well. So by and large, doing really, really well on what we always set up outside of guidance as stretch goals.

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**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Fantastic. I know at the Investor Day, there was also a little bit of a focus on the new mayoral administration. Just curious if there's any notable change in the day-to-day for the city, for your business, and if there's any potential legislation or any policy that you're tracking that could potentially be beneficial or create some challenges.

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**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Yeah, sure. So, on the mayoral side, the best and clearest referendum of the city's performance right now is that businesses that are locating here and the businesses that are making long-term commitments to New York City. Throughout this year since the mayor has been elected, we've seen firms like American Express make a significant commitment downtown. In Midtown, we've seen JPMorgan and Citadel, both make substantial commitments to Midtown East. In the AI side, we obviously will talk more about that topic. But everyone recently saw the announcement of Anthropic taking over 400,000 square feet, making New York a leader of the AI and tech initiatives of the next generation. And then even on the legal side, where we saw Simpson Thacher make a big commitment to Fifth Avenue just about a month ago.

So for us, we always believe that leasing is the biggest indicator. We try to read through the news. We try to read through all the talks and rumors out there, and try to just look through what are the big tenants doing in this market and what type of commitments are they making.

I think New York City is on track this year for its biggest office leasing year since 2000, and that's a great indicator for us as the type of businesses that want to be here and their employees that want to be here.

We've been working actively with the city and the city administration over the past year, whether that be at the mayoral level, whether that be at a deputy mayoral level or with the city council and the newly elected city council speaker. I don't know if there's a way to shut that door or maybe helpful. Julie Menin, and we've been very pleased with the responsiveness and feedback that we've gotten from the city on initiatives that we've brought to them. And it's been very positive signals from the mayoral administration in some of the recent hires that they've got, including Anthony Shorris from McKinsey, who came over to lead EDC. And that's a great initiative that the city put forward.

So, we share the mayor's focus on affordability. One of the project, 750 Third that we're putting forward, fits right within – there were initiatives or goals of the mayor to try to create more affordable housing in the city. And it's our job to work with the city to try to further their goals and make the city a better place for our businesses and our tenants.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Thank you. And then for Steve, very impressive with the 1.8 million square feet year-to-date and the pipeline behind that. Maybe if you can help us understand where you're gaining more leverage in negotiations, how much of net effective rents risen over the past year? And how tenants are looking to potentially do renewals, into what years are you discussing?

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

A

Sure. So, we've had very strong velocity. The overall market has had, in the service side, has been super strong this year, setting what will be a record year. Rents are rising. And I think the bigger message is that rents are rising across the board. They're not limited to just the high end part of the market.

You're seeing sort of the more affordable price point buildings starting to get some lift in rents as well. The office-to-resi conversion phenomenon is something that has had meaningful positive impact on the leasing environment, particularly for the more mid-price point buildings. If you look at Third Avenue, in particular, where there's been a number of buildings that have been taken out of inventory and therefore reduced availability, you're hard pressed to find a good quality block of 100,000 square feet or more, even on the Third Avenue corridor.

So base rents are rising, both at the high end and the mid-price point across the board. Therefore, by definition, net effective rents are up substantially. You need to bifurcate between what price point building you're talking about to really understand net effectives.

So, at the high end of the market, rents are probably up 30%. At the midpoint of the market, rents are probably up 5% to 10%. Concessions have leveled off more than a year ago and we're starting to see some contraction on TI and free rent. So by example, if the high watermark for TI was $150 to $165 a foot a year or two ago. Today, it's more like $145 to $150. Free rent that was in the 16- to 18-month range is now 14 to 16 months. So concession is tightening, base rents rising, and then depending on which part of the market you're talking about, base rents rising dramatically.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

And can you touch on any large expirations or move-outs over the next year, and any progress backfilling?

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

A

We've sort of suffered through all of our big move-outs. For the next three years, we actually have the lowest amount of lease expirations in each of the next three years that I can recall in the company's history. We're under 1 million square feet, somewhere between 800,000 to 900,000 square feet overall for each of the next three years. So, there's nothing of real consequence that'll move the needle for us over the next couple years. We're more having success in backfilling where we had vacancy in buildings like 1185 Sixth Avenue, in particular.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Maybe just thoughts on the timing of how the lease percentage versus the occupancy percent gap starts to close?

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

A

Yeah. For everybody's benefit, we did put out an updated deck and materials available on our website. So you can access that. In there, we put up a chart of where we expect our leased occupancy to be and where we expect our economic occupancy to be by the end of this year, as well as looking back to 2020 where you see that the historical average is about 3% gap between leased occupancy and economic occupancy. By the end of this year, we expect to be north of 95% leased occupancy and in the low 90s, I think it's 90.2% from an economic occupancy perspective, meaning the gap is closing, but there's still a lot of juice yet to come. And I expect by the end of 2027 to see that gap be much closer to, if not right on top of, the historical average of 3%.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Maybe turning to One Vanderbilt and SUMMIT, how's SUMMIT been performing through September?

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

A

Yeah. SUMMIT now proudly wears the badge of the number one observatory in New York City. So kudos to that team. The summer has been a good one. Weather has worked well. We had to battle some weather issues in the first and second quarter, but SUMMIT has come back strong through July and August and into September. And we're really looking forward to the SUMMIT Paris Project coming along nicely. We now have possession of the space and are building out our space in Paris for an opening middle of next year.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

And then Tokyo is...

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

A

Tokyo, we announced a deal to open a SUMMIT in Tokyo. That's much further out, so we'll give more updates on that over time.

Q

Maybe out of curiosity, I'm always interested in how have you been able to change your destination from office buildings into resi and in term of a specification of the building, not on a legal or regulatory point of view? But if we think about an office tower, then you've got the elevators in the middle and then you've got the windows and there is only one source of light. Is it because on Third Avenue, those buildings are historical buildings and therefore they can fit to a resi or you knock them down and you rebuild?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

I think first and foremost, the program that landlords are using to convert office to residential buildings., 467-m, was probably one of the smartest and most forward-thinking policies we've seen out of government in a long time.

And we believe as a result of that policy, we'll see somewhere between 25 million to 30 million square feet across New York City be converted from office to residential. In Midtown East specifically, and we do have this in our slides that are published, we believe it's about 4.5 million square feet in Midtown East that will be converted. And those are buildings that were identified by landlords, much like I'm about to explain for us, as viable and feasible candidates to go forward.

We combed through our portfolio to identify buildings that not only could be converted, but that we'd want to convert, right. There are many buildings in our portfolio that could be converted, but there would be no reason to do it. Our portfolio, as we mentioned, is going to be over 95% leased. And most of those buildings, there's no economic reason to convert to residential.

We did identify one asset, right. Lot of stars have to align to make it work. Not only does it not have to be more economic to go residential, you also need most likely vacant possession to make that work. And then you need floor plates and a building that also works for that conversion.

750 Third Avenue is the project or building that we identified in our portfolio to convert. The building is now vacant. Steve was successful in moving tenants out of that building into other buildings within our portfolio in Midtown East. We own the asset with no partners and no debt. We're in the process now of putting on financing, which should close very shortly. And we're also in the process now of securing a joint venture partner for that project as well.

In terms of what makes that building work, in some ways we had to take extra steps to actually core out certain elements of the Third Avenue-facing façade and actually move them to the back-facing portion of the project. And that all went into a heavy design between our team, Gensler, the architectural team. And every single one of those projects that's being converted is going through that type of exercise to make sure that the building works for residential use as well as for an economic model. Hopefully that answers your question.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Great. Maybe turning to dispositions, you also announced, as you said, 110 Greene. There are a few more transactions in the capital plan. Maybe if you could provide kind of the update on the timing for these remaining deals.

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Sure. So on our last earnings call, I mentioned that we were at 4 of 11 transactions complete or announced. Now sitting here about a month later, we're now at 5 of 11. We announced, as I mentioned earlier, the sale of 110 Greene. That pricing or deal was done at roughly a 5.7% cap rate for a nearly fully leased building. That buyer was a 1031 investor. And I think as I look at those five deals over the course of this year, I think one of the most notable elements of that is the depth and wide spread type of demand.

When I look at those sales, we had a user buyer. We had a core buyer. We had an institutional pension plan by 10 East 53rd Street. And now in 110 Greene Street, a 1031 buyer selling out of a different asset class into office because they see deep value in the office space.

And so, one of – again, I think the most notable element there is this type or diversification of buyer pool that this market hasn't really seen in the past five to six years. And I'll also mention and Asian joint – Japanese joint venture partnership at 346 Madison.

When I look at the remainder of the year and the six remaining assets that are in the plan, we are in docks on two of those deals and we have a term sheet that should be finalized on a third. So that would bring us to eight on the year that we expect to get done this year. That leaves us three more remaining for the balance of 2026.

One of those sales is a suburban sale that I do not know if it will go forward. It is a very small transaction. I think notably, it's only a couple of million dollars of net proceeds.

And then the other two, we are – one is we're considering some options in front of us. And the final deal, we have just launched a couple of weeks ago, that's 245 Park, which we're having quiet off-market discussions and you will not see that be a widely marketed deal.

We'll approach that deal the way we've done all of our joint venture sales. We're going to identify the right joint venture partner at the right pricing and someone that shares our long-term vision for the asset. And we will not rush that process. We will get the right sale done at the right price and the right terms.

So, we'll see if we're able to get it done by the end of the year, but we're by no means, especially with all the sales behind us and what we have in the queue for the rest of the year in no rush to see that get done at this point.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

And then do you have a sense of kind of the different type of buyer profiles you had mentioned? What type of debt financing or how they're looking to go...

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*
A

Yeah.

**Jana Galan**
*Analyst, BofA Securities, Inc.*
Q

...invest in these?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*
A

I try not to speak too much about what buyers are doing or their business plans. Not my place to speak. But in the case of all of these deals, I've seen the user buyer with all cash. In the case of 10 East 53rd Street, my understanding is they put on long-term insurance capital. And in the case of 110 Greene, again, I try not to speak for buyers, but I wouldn't be surprised if they didn't put any financing at all as it is a 1031 and my understanding of the 1031 composition. But we're obviously all monitoring rates.

In the 10-year, so far, we haven't seen any material impact on our market. There are a few big trades that are pending out there, not in our book, but in other people's books. We've always been able to navigate complicated markets far easier when the complicated market is macro than when it's micro. It's much harder to sell when people have red-lined office as couple years ago, now it's people want to be back in office and they have an allocation for it. But it's just more negotiation around cap rates, interest rates and where the interest rate environment is. That's a far easier discussion for our team to have and one that our team knows how to navigate very well.

**Jana Galan**
*Analyst, BofA Securities, Inc.*
Q

And maybe if you could talk a little bit about the 245 Park financing or then interest in JV or...

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*
A

Yeah, absolutely. So on the financing, we are in the process or will be very shortly marketing the new financing. We expect it to be a $2 billion financing, which will be an upsize to the existing $1.768 billion financing. I expect it to be all mortgage. We do have significant interest in the bottom of the deal already.

We have not yet launched, but there have been inbounds for pre-placement. We will formally launch in the next one to two weeks, and our expectation would be to close this financing in October of this year.

On the interest sale, I think I already mentioned that we just started our discussions. We'll be having a series of roadshows over the course of the next two to three months. And our goal will be to identify the right buyer and the right partner to join us in this venture with a vision towards 5, 10, 15 years with this asset, not necessarily a two- or three-year partner. So that takes time and it will also take the right execution.

**Jana Galan**
*Analyst, BofA Securities, Inc.*
Q

And then maybe quickly, just jumping back to 750 Third Avenue, given the high profile Pfizer building in the news, just curious if there's any kind of additional insurance or paperwork or anything that is impacting office to resi as a result of that building?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Yeah. Look, both the governor and the mayor, I give them credit. They are fully committed to the office, to residential conversions. And the data is clear that New York is leading the nation in this area of conversions.

There's been no indication of any change in that vision from political leadership. I think political leadership has done the right thing of making sure projects are moving forward, but also keeping a close eye to make sure that they're done safely.

New York City has a long history of success when it comes to conversions. This isn't a new concept for us as a market, and I think the developers in this market are highly capable to move these projects forward.

What happened at Pfizer is unfortunate, but I can assure you our team is – and we had Bob DeWitt on our last earnings call discussing this, taking every precaution necessary to make sure our projects are compliant, moving ahead on schedule, on budget, and not taking any exposure or risk to any structural elements or any elements of these projects.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Maybe jumping to your development project ground up 346 Madison. Congratulations on getting a great JV partner. Maybe just kind of latest interest and updates on 346 Madison.

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

A

We started to bring the project to market. It's a long process. We deliver the building TCO in fourth quarter of 2031. So as we sit here in late 2026, it's very early in the process. 840,000-square foot building. An anchor tenant will likely be somewhere around 200,000 square feet. So early days for a tenant of that size to make any commitment.

So first step is we were out educating the brokerage community, showing them our presentation, explaining the project in our timeline, and also beginning some early presentations to tenants. The feedback has been great. People obviously love the location. It's a block away from Grand Central. It's across from BXP's development at 343 Madison. And it will be a highly-amenitized building. Like many of our new developments, it will be a very notable architecture. It'll stand proudly on the skyline with a very unique profile and has two floors of amenities that I think are going to really sort of set a new standard for a great workplace.

We've rolled out rents to tenants. And with the most recent leasing success on high-end buildings in Midtown, tenants aren't shocked by the rents. So it's a building that'll trade in the $230 at the bottom of the building and it's $300s at the top of the building, and that's what tenants are expecting for that kind of high-quality product.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Thank you. And maybe the latest updates on the deployment of a debt fund. What types of opportunities are you seeing in targeted returns?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Sure. We are roughly 50% deployed out of the debt fund. Opportunities, we, as a company, but specifically with this fund, strive in moments like today where people are staring at the 10-year and making decisions on credit investing. The bond investing team is hard at work deploying that capital. Our pipeline today on top of the 50% deployment is roughly another $200 million.

That'll put us a little shy of our public goal in our investor conference for deployment this year. We're very comfortable, though, with the deployment so far. We love the deals that we've gone into. I wish we could have more of those exact deals, but we're also very conscientious of credit quality and making sure that we're putting our capital into the best deals and opportunities.

We've seen opportunities across discounted mortgage purchases, new mortgage investments, mezzanine loans, some preferred equity. We may see some repayments by the end of the year and we're already tracking for some additional deployment over the coming weeks and months.

So very, very happy with the debt fund. I think our investors are very happy with the debt fund. And I think for us, the next focus is going to be as we get to the end of the year, what's Fund II for us, right. We built out this registered investment manager. We've really built out our services platform across Green Loan Services, which is now the largest active SASB servicer in the country by a decent margin. We've built out our funds business, which we expect to grow into Fund II and III across varying asset classes.

And then, the third segment, which we introduced last quarter, which is Green Property Services, which already has six assignments during asset management and leasing on behalf of institutional third-party capital, including Hyundai, where we just announced about two months ago leading the leasing and asset management effort for 15 Laight Street.

So those are three business lines all sitting underneath SL Green Asset Management where we see big opportunity for growth and big fee income growth over the next two to three years.

Q

Okay. Can you just remind us what are the core investment pieces behind your credit fund? Is it primary? Secondary? What sort of return are you expecting? Asset classes? What is your differentiating selling point?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Within the credit fund?

Q

Yeah, just trying to...

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

The credit fund is primarily focused on New York City commercial real estate in only credit investments across mortgages and mezzanine and predominant...

Q

Primary or secondary?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Secondary market meaning? I would say what we've done so far is almost say 75% in the secondary market. Acquiring positions from foreign lenders, from banks looking to trim down positions, and buying those positions at discounts in the second...

Q

And from a banking perspective, it's because it brings them some risk-weighted asset benefit, something like that?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Yeah. Look, we try not to, with counterparties, ask them why they're doing things. But if I was to sort of infer what their business rationale would be, in one case, it was a loan that was in default. And obviously, they wanted to clear an NPL. Another case, it was redemptions out of a private credit fund that needed to be met. In one case, it was a German lender that was actually exiting the US market as part of a larger strategy.

Our job is to be able to move quickly, react quickly, and be the first phone call when those opportunities arise, and continue to always demonstrate our ability to be the most credible and reliable partner.

Q

What sort of return are you expecting on that?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

For gross returns, mid to high teens.

Q

A couple of questions, Steve, maybe one for you. You talked about the increase in net effective rents and base rents have the rents going up. When you think about the market continuing tightening demand and what's happening with vacancy rates, is there house view around what the pace of rent growth may look like over the next 12 months?

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

A

Well, again, I think it's – you got to provide the market into certain asset classes, quality types of buildings, and then within the submarkets. But I see no reason why the top end of the market, which has a 3.5% availability rate right now, won't continue to increase by another 15% or more next year. I mean, it would surprise me if you didn't see those kind of rents go up.

I think the more affordable part of the market will be more modest. So it'll be another 5% or 10%. But what I think you're going to start to see is continued compression on the concessions. As tenants end up doing more renewals or there's spillover from the high end of the market over to maybe the next tier down of buildings, because that's where tenants can find space, you'll start to see some increased velocity and some improved net effectives in those type of buildings.

Q

You talked about net effectives at $145-$150 today. Where do you think they could go and where do you think pick up?

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

A

I think it's an impossible question to answer. I think there's nothing to slow down in this market right now other than a macroeconomic event. There's no conversation in the brokerage or tenant communities to say the tenants are thinking about leaving our marketplace because it's too expensive.

Q

Right.

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

A

There's no initiative by the city or governments to say let's bring on tax incentives so that we see new increase in supply. So, the fundamentals are so strong as to suggest that you'll see more redevelopment of existing buildings. You'll see continued conversions of office to resi, which will shrink supply. So where that takes us, I mean, it puts us in a very good spot, but I think it'd be Harry's job to talk about where we think where we'll end.

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Well, I think the important piece there is just the inflation that a lot of this market and economy have seen. We haven't been the beneficiaries of that, and we're just starting to – in the early innings of feeling those benefits. So as Steve said, subject to some macro event that pulls the economy back.

We look at some data with Eastdil yesterday in reference to a similar question. Rents for big corporations in New York used to be something around 4% to 5% of their overall revenues. Today, that's sitting between 1% to 2%. And so that's a dramatic drop if you look at the denominator effect.

The denominator effect is playing right into our business model. We've got very good control of our operating expenses, but there's big opportunity for growth in rents because as supply continues to constrain, especially in good buildings, it gives a lot of pricing power to landlords. And there is that tolerance, right. I mean, we're not up against what were necessarily much bigger levels. There's a lot of tolerance that we're seeing out of tenants.

Q

Would you take a guess if you went from that 1% to 2% now back to the 4% what the rent growth would be? Is that too high to...

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

In theory, that's – I mean, is my math wrong? I think that should probably double. I mean, that's just double. That would be double, unless I'm...

A

I heard a couple.

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Unless it's a trick question, that would be double I think.

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

A

Unless revenue falls.

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

What's that?

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

A

Unless revenue falls.

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

A

Yeah, yeah. Exactly.

Q

And maybe one last quick one to build on that point. Harrison was talking about the macroeconomic line of it. So, Matt, if rates hang out where they are, right, they're just kind of hanging out around b5%. Does it change at all your approach or strategy to future refinancing in terms of how you may tackle some of that?

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

Yeah. We're pretty aggressive when it comes to hedging strategy. We have been over the last several years. And when we came into 2024, 2025 and particularly 2026, we thought we would find some ability to relieve a little bit of the hedging. And we were traditionally more flow. We went heavy, fixed and pre-hedging some of the refinancings we're doing. We thought we would relieve that, let some of the hedges burn off and go back to flow and that hasn't happened. So we've continued to maintain a very biased fixed rate mentality.

The financings we're doing now, we're pre-hedging by and large months before we execute on the financings. We're forward-hedging some of the hedges that are rolling off to allow us to protect against some of the floating rate corporate debt.

So it doesn't really change the financing perspective. Our perspective has always been try to get out ahead of the financings early. We did a lot last year. We have another $7 billion we've done this year. And thankfully, we got most of that behind us before rates really took the 100 basis points increase that they have over the last couple of months.

We're set up pretty well heading into 2027 and 2028 with limited maturities. So it's a function of how much do we want to regulate or manage that fixed float composition.

**Jana Galan**
*Analyst, BofA Securities, Inc.*
Q

Unfortunately, we're out of time, but I'm going to sneak in three rapid fire questions we're asking all the REITs. Number one, if long-term rates stay higher for longer, which has the biggest impact on your sector's earnings – higher refinancing costs, lower transaction activity, or less new supply?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*
A

I'll go with less new supply for sure. I think for us, it takes a long – I know it's a rapid round, but I think it's important question. I'm not going to rapid. I think it's the biggest tailwind we have right now in our sector, especially in New York, is it takes six to seven to eight years to plan and develop projects. We've scoped out. It's all out there, what can be delivered through now through 2032 in the most optimistic scenario, and the inventory netting against office-to-resi conversion is actually negative.

And as interest rates go higher, which makes sort of projects that are not of the highest caliber developer harder to develop, I think that supply will dwindle down and I think the rental appreciation that we're talking about is going to be significant.

**Jana Galan**
*Analyst, BofA Securities, Inc.*
Q

Over the next three years, will third-party capital become a more important source of growth for public REITs than balance sheet capital, yes or no?

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*
A

Yes, and I think we're at the forefront of that.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Q

Then for your sector, will 2027 same-store NOI growth be higher, the same or lower than 2026?

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

A

Higher materially.

**Jana Galan**
*Analyst, BofA Securities, Inc.*

Thanks, Matt. Thanks, Harrison.

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

Absolutely.

**Harrison Sitomer**
*President & Chief Investment Officer, SL Green Realty Corp.*

Thank you.