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Forest City CEO to start own company with private investment firm

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Developer MaryAnne Gilmartin, who has overseen the sprawling and controversial Pacific Park project in Brooklyn as CEO of Forest City New York, is leaving after 24 years to begin her own venture with L&L Holding Company.

The partnership marries one of New York's most high-profile developers, who is based in Brooklyn, with a private investment company whose portfolio boasts more than 6 million square feet of office space, mostly in Manhattan.

Gilmartin, one of the few high-ranking women in real estate, announced her new firm, L&L MAG, on Monday. It was first reported by Norman Oder, who has chronicled the history of, and problems with, the \$5 billion project for years on his blog.

In an interview on Sunday, Gilmartin said L&L CEO David Levinson approached her about a year ago to discuss forming a partnership. At the time, she was already devising plans to start her own company.

"I'm 24 years at Forest City and I've had a great run. The company, as a REIT (real estate investment trust), is moving in a different direction and my first love is real estate development," she said.

Forest City also announced Monday that its Pacific Park partner, Greenland USA, will increase its ownership stake in the project to 95 percent from 70 percent, leaving Bruce Ratner's company with a 5-percent investment in the project it began more than a decade ago. A source with knowledge of the announcement confirmed it after it was reported Sunday evening in the New York Post.

Gilmartin, who will be joined by four other Forest City officials at her new company, plans to develop residential, commercial, cultural and mixed-use projects throughout the five boroughs.

She said Forest City's decision to become a real estate investment trust, which was completed in 2016, led to her decision.

"The job in New York wasn't going to be the big developer job that I've been doing," she said. "It just seemed like down the road it was really going to change and be more of an operating job."

She would not reveal any specific plans for new developments — just a desire to branch out of Manhattan into the outer boroughs and possibly beyond New York's borders.

She will continue to work on Pacific Park in a consulting role, and spoke optimistically about the future of the 15-building complex, which has been beset by years of obstacles.

In addition to the Barclays Center arena, just four of the buildings are complete and questions have been raised about the project's ability to meet its 2025 deadline to build 2,250 units of income-restricted housing, which rely on city and state subsidies. (Forest City has also had trouble filling the higher-income apartments.)

Work was delayed on the development in 2016, after the publicly traded company reported a \$307 million loss.

Gilmartin said nearly 800 low- and moderate-income apartments have been built and assured the deadline for the subsidies will be met.

"We have the capital, we have the partner, we've got the deal," she said. "The deal's been made; the buildings are being built. A lot of the painful, heavy lifting is behind us and that project is in execution mode."

The restructuring with Greenland will allow one building in question, on Atlantic and Sixth avenues, to begin design work this year and construction next year, one source said.

L&L Holding is providing the seed money for the startup venture, in part from a \$500 million investment partnership it formed with a pension fund advised by JPMorgan Chase last fall. An L&L spokesman said all of its capital relationships will be available to the new company.

"We are constantly on the lookout for the next big project, even in the midst of the most active phase in our history. This partnership with MaryAnne Gillmartin, who has been the driving force behind some of New York's most transformative developments in a generation, is the ideal vehicle to further those ambitions," Levinson said in a prepared statement.

"New York City is long overdue of a woman to serve as cofounder and CEO of a major development company and MaryAnne has more than demonstrated her unique combination of vision, perseverance and leadership throughout her remarkable tenure at Forest City," he added.

In addition to the 22-acre Pacific Park, Gilmartin oversaw development of the New York Times building and Frank Gehry's famed residential skyscraper, New York by Gehry, in Lower Manhattan.

She said she hopes her new company will encourage the inclusion of more women in leading roles in real estate.

"It's a little lonely, I suppose. I don't know how many women are running ground-up real estate companies that aren't part of family dynasties," she said. "When one woman's in the room it means there's likely to be more women in the room down the road. That's how we change the future."