



# **Business Review Day**

## **Case Study: CIT Group Inc.**

May 17, 2006

Mary Ann Tighe  
Chief Executive Officer  
New York Tri-State Region

# Hypothetical Situation

**Evaluate the following facts and determine what you would do:**

- June, 2004
  
- A new CEO of a Fortune 500 financial services company
  
- Offices reflect long history of cost containment and thrift
  - Split operation with HQ in a suburban, secondary market
  - 180,000 RSF “sales” office in Manhattan has a lease expiration of 12/2008
  
- Company seeking to reposition its image / energize its culture
  
- The real estate market for space is tightening rapidly → prices are rising
  
- Manhattan lease provides for one, five-year renewal option at FMV

# Hypothetical Situation

## Typical firm would:

- 2004: Do nothing
  
- Q3, 2005: Begin a study to identify strategic occupancy options
  
- 2006: Hire real estate broker to:
  - Identify space options for 180,000 RSF
  - Target late 2006 / early 2007 for lease signing
  
- Q4, 2008: Move into new space
  
- Q4, 2008: Relinquish 180,000 RSF space upon lease expiration



- CIT Group, Inc.
- 1908 - Founded as Commercial Credit Investment Company.
- 1984 - Manufacturers Hanover Bank purchased CIT from RCA
- 2002 - Tyco International spins off CIT in IPO
- Fortune 500 Company – NY Stock Exchange listed (CIT)
- \$10.7 Billion market cap
- 6,000 employees worldwide

- **Core Business:**

- Asset-based lending to mid-cap companies

- **Business Lines:**

- Specialty Finance Commercial (commercial lending/leasing)
- Specialty Finance Consumer (home lending, student loans, etc.)
- Commercial Services (trade finance—retail and factoring)
- Corporate Finance
- Equipment (middle market equipment lending/leasing)
- Capital (commercial aircraft, rail, project finance, etc.)

- Headquartered 25 Miles West of Manhattan



## 1211 Avenue of the Americas



June 2004  
Peek appointed  
CEO of CIT

2004

2005

2006

**100** A CENTURY OF SERVICE  
1906 | 2006

## 2004: New Leadership / New Mandate

- **One CIT**
- **Revolutions Per Minute (RPM)**
- **Return on Equity (ROE)**
- **People**
- **Access**

June 2004	August 2004
Peek a CEO of	CBRE engaged

2004

2005

2006

**100** A CENTURY OF SERVICE  
1906 | 2006

**CBRE**  
CB RICHARD ELLIS

June 2004	August 2004	October 2004
Peek a CEO of	CBRE	Interviews with key CIT leaders

2004

2005

2006

## Framework For Analysis

- **Different types of space for different functions**
- **Different levels of profitability in business segments**
- **Different nature of personnel**

## Key Findings

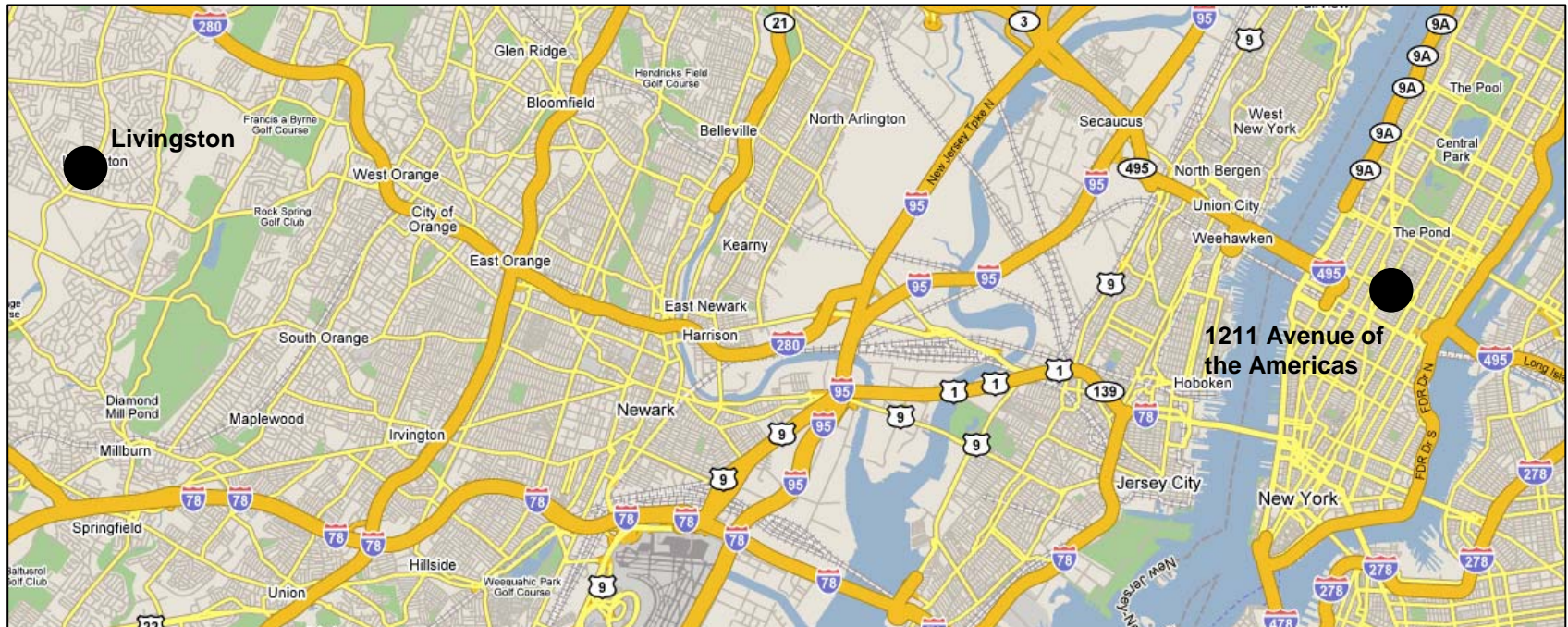
- **Inconsistent space standards**
- **Poor cross-selling environment**
- **Real estate tarnishes image**
- **Outlying headquarters**

## Strategy

- **Incorporate findings into space planning**
- **Improve space/energy**
- **Proactively address lease/location issues**
- **Contribute to cultural change**
- **Maintain cost controls**

## Options

- Renew and restack at 1211 Avenue of the Americas ?
- Consolidate NJ and NY offices in one location?
- Consider split operation?



June 2004	August 2004	October 2004	February 2005
Peek a CEO of	CBRE	Interviews with key CIT leaders	505 Fifth Avenue opportunity identified

2004

2005

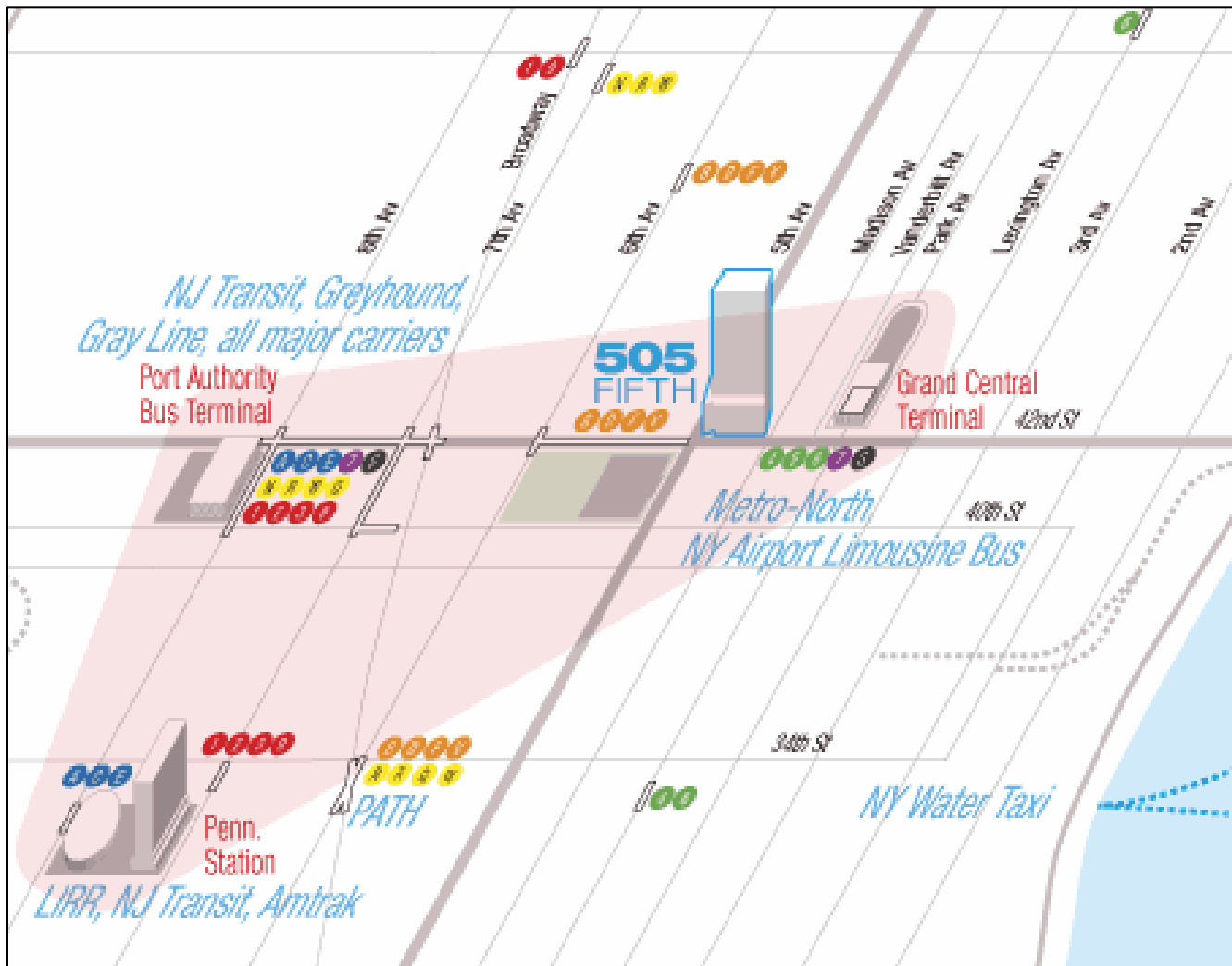
2006

## “Brand” New Opportunity



505 Fifth Avenue

## Benefits to Enjoy



Major Transportation Arteries



**View from CIT space**

## 505 Issues

- **Expensive**
- **Small floorplates**
- **Landlord history**

## CBRE's Negotiating Expertise

- **Extensive coverage of delivery conditions**
- **Late delivery ramifications**
- **Real estate tax protection**
- **Comprehensive expansion rights**
- **Exit strategy**

June 2004	August 2004	October 2004	February 2005	June 2005
Peek a CEO of	CBRE	Interviews with key CIT leaders	505 Fifth Avenue opportunity identified	Meet with Jamestown concerning disposition of 1211 space




2004

2005

2006

## Disposition Challenges

Floor	Elevator Bank	RSF	Tenant	LXD
44	Bank	40,826	Sojitz Corp	5/2012
43		40,826	Sojitz Corp   Abbott Capital   Small Tenants	5/2012
42		40,826	JP Morgan Chase	3/2010
41		40,826	JP Morgan Chase	3/2010
40		40,826	JP Morgan Chase	3/2010
39		40,826	JP Morgan Chase	3/2010
38		40,826	JP Morgan Chase	3/2010
37		40,826	JP Morgan Chase	3/2010
36		40,826	JP Morgan Chase	3/2010
35		39,575	JP Morgan Chase	3/2010
34	39,575	Morgan Stanley (sublet from JPMC)	3/2010	
33	38,567	RBC/Dain Raucher	2016	
32	38,567	RBC/Dain Raucher	2016	
31	38,567	News Corp	11/2020	
30	38,567	Equis   Liberty Bond Services   Bldg Mgt	2008-2010	
29	38,567	Schindler Elevator 9,520   Various Small Tenants	12/2009	
28	38,567	News Corp	11/2020	
27	39,762	Wachovia Wealth Management   Scura, Rise	'2009-2012	
26	38,567	Westdeutsche Landesbank	6/2010	
25	38,567	Westdeutsche Landesbank	6/2010	
24	38,567	Westdeutsche Landesbank	6/2010	
23	38,567	Westdeutsche Landesbank	6/2010	
22	37,500	CIT	12/2008	
21	37,500	CIT	12/2008	
20	37,500	CIT	12/2008	
19	38,567	AICPA (sublet from JPMC)	2019	
18	37,500	News Corp	11/2020	
17	37,500	News Corp	11/2020	
16	37,500	News Corp	11/2020	
15	37,500	News Corp	11/2020	
14	37,500	News Corp	11/2020	
13	34,165	CIT	12/2008	
12	34,165	CIT	12/2008	
11	0	Mechanical Floor		
10	37,500	News Corp	11/2020	
9	37,500	News Corp	11/2020	
8	37,500	News Corp	11/2020	
7	60,000	News Corp	11/2020	
6	60,000	News Corp	11/2020	
5	60,000	News Corp	11/2020	
4	60,000	News Corp	11/2020	
3	60,000	News Corp	11/2020	
2	60,000	News Corp	11/2020	

	JP Morgan Chase
	News Corporation
	CIT

## 1211 Avenue of the Americas

Disposition Challenges

 News Corporation

 JPMorganChase

ROPES  
& GRAY

The Players

# CIT

June 2004	August 2004	October 2004	February 2005	June 2005	June 2005
Peek a CEO of	CBRE	Interviews with key CIT leaders	505 Fifth Avenue opportunity identified	Meet with concernin of 1211 s	CIT and Stawski sign lease for 130,000 sf at 505 Fifth Avenue

2004

2005

2006

# CIT

June 2004	August 2004	October 2004	February 2005	June 2005	June 2005	August 2005
Peek a CEO of	CBRE	Interviews with key CIT leaders	505 Fifth Avenue opportunity identified	Meet with concerning of 1211 s	CIT and Staff lease for 130 at 505 Fifth A	CBRE and Jamestown exchange proposals to dispose of 1211

2004

2005

2006

**100** A CENTURY OF SERVICE  
1906 | 2006

# CIT

June 2004	August 2004	October 2004	February 2005	June 2005	June 2005	August 2005	September 2005
Peek a CEO of	CBRE	Interviews with key CIT leaders	505 Fifth Avenue opportunity identified	Meet with concernin of 1211 s	CIT and Stav lease for 130 at 505 Fifth A	CBRE a exchange dispose	CBRE finds 11 W 42, begins confidential discussions

2004

2005

2006

**100** A CENTURY OF SERVICE  
1906 | 2006

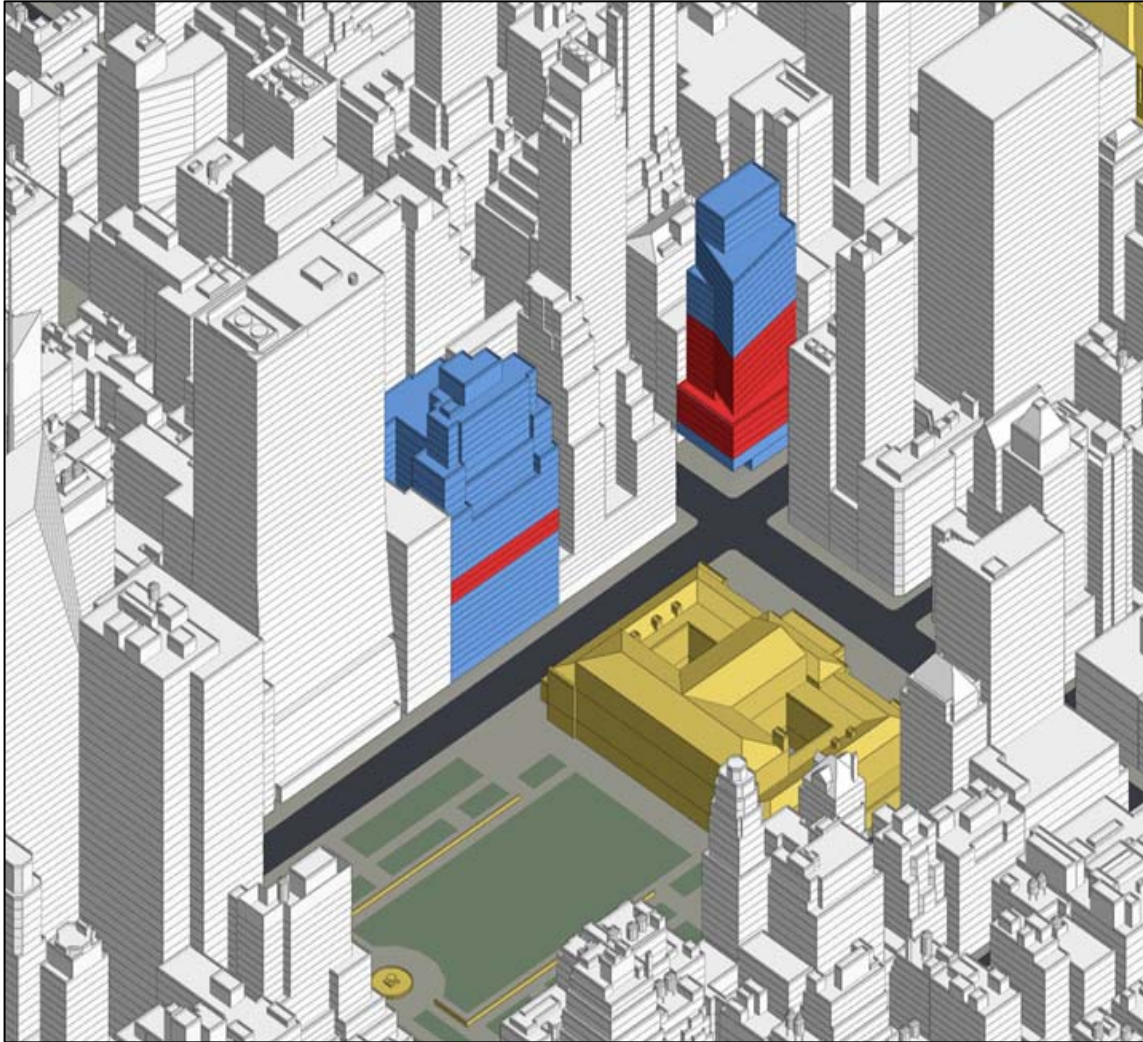
## Hiding in Plain Sight

Elevator	Floor	Bank	RSF	Tenant	LXD
	32		2,197	Available	Im med.
	31		2,197	Available	Im med.
	30		7,779	KS Management (3,157)	Tennis Channel (4,622) Various
	29		9,834	Goldsmith, Agio & Helms	2010
	28		10,466	Robert Allen Group	7/2015
	27		10,459	Available	
	26		20,185	Valentino (16,185)	Marzato USA Corp. (4,000) N/A
	25		23,900	Martha Stewart Living Omnimedia	04/2010
	24		21,288	Martha Stewart Living Omnimedia	04/2010
	23		25,201	Martha Stewart Living Omnimedia	06/2012
	22		27,822	Robert Allen Group	6/2012
	21		26,618	Michael Kors, Inc	10/2013
	20		27,755	Michael Kors, Inc	10/2013
	19		30,366	Empire BC & BS (1,536)	Cohen, Hennessey (6,865) Avail (5,374) Avail (13,218) Various
	18		30,520	Empire Blue Cross & Blue Shield	12/2015
	17		32,511	Empire Blue Cross & Blue Shield	12/2015
	16		32,478	Empire Blue Cross & Blue Shield	12/2015
	15		35,309	Springer Publishing	Available (14,094 RSF) Oxford 12/2011
	14		33,345	Elie Tahari (sublet from Armani)	Available
	13		36,502	Available	2/2006
	12		37,198	Thacher, Proffitt & Wood	2/2006
	11		37,261	Thacher, Proffitt & Wood	2/2006
	10		33,825	New York University	2016
	9		34,093	Sublease Available (9,652 RSF)	Thacher, Proffitt & Wood 10/2008
	8		37,957	Available (6,850 RSF Im med.)	Martha Stewart Living Omnimedia 4/2010
	7		37,455	Available (23,271 RSF 3/2006)	Available (14,183 RSF Im med.)
	6		34,220	Syska & Hennessy	6/2010
	5		34,892	New York University	9/2006
	4		35,108	New York University	9/2006
	3		34,741	Frankel Group (14,526)	Syska & Hennessy / Electronic Systems (20,215) Various
	2		39,659	Tishman Speyer Properties	N/A

<span style="display:inline-block; width:15px; height:10px; background-color:yellow; border:1px solid black;"></span>	Available- Direct
<span style="display:inline-block; width:15px; height:10px; background-color:lightgreen; border:1px solid black;"></span>	Available- Sublease

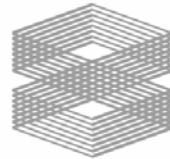
## Hiding in Plain Sight



## Hiding in Plain Sight



**Disposition  
Agreements**



TISHMANSPEYER

**Radio Silence**

# CIT

June 2004	August 2004	October 2004	February 2005	June 2005	June 2005	August 2005	September 2005	October 2005
Peek a CEO of	CBRE	Interviews with key CIT leaders	505 Fifth Avenue opportunity identified	Meet with concern of 1211 s	CIT and Stav lease for 130 at 505 Fifth A	CBRE a exchange dispose	CBRE finds 11 V begins confiden discussions	CIT signs agreement to dispose of space at 1211 in 2006

2004

2005

2006

**100** A CENTURY OF SERVICE  
1906 | 2006

# CIT

June 2004	August 2004	October 2004	February 2005	June 2005	June 2005	August 2005	September 2005	October 2005	December 2005
Peek a CEO of	CBRE	Interviews with key CIT leaders	505 Fifth Avenue opportunity identified	Meet with concern of 1211 s	CIT and Stav lease for 130 at 505 Fifth A	CBRE a exchange dispose	CBRE finds 11 V begins confiden discussions	CIT signs agre to dispose of s at 1211 in 200	CIT and TSP sign lease for 110,000 sf at 11 W 42

2004

2005

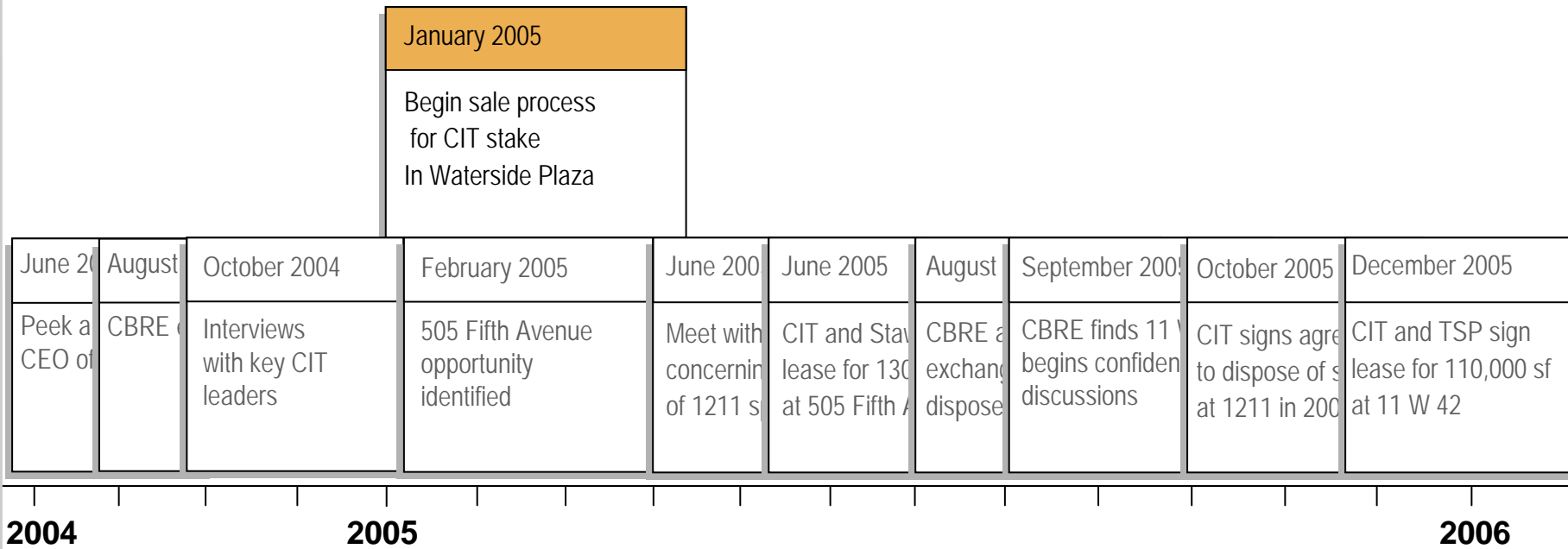
2006

**100** A CENTURY OF SERVICE  
1906 | 2006

**CBRE**  
CB RICHARD ELLIS

## CBRE Creates CIT Campus in Midtown





2004

2005

2006

## Waterside Plaza

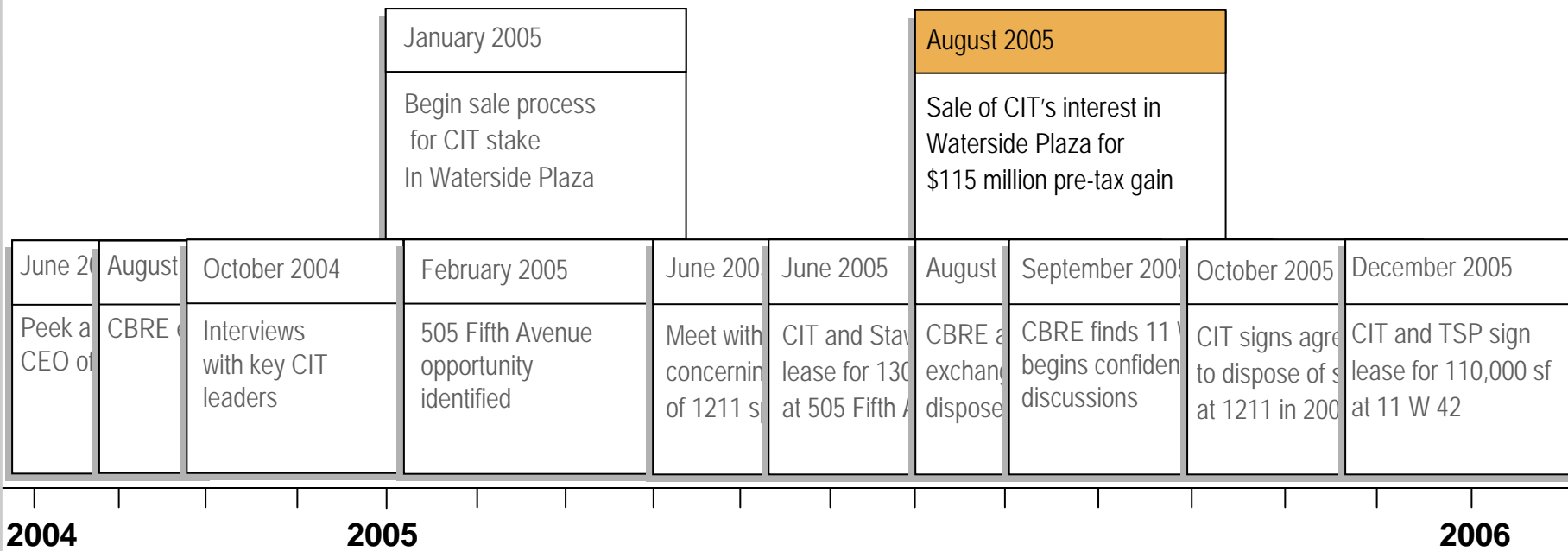
**Only residential property  
on Manhattan's East River**

- **1471 rental units including  
20 town homes**
- **3000 residents**
- **720 car garage**
- **Two acre plaza with  
retail shops**



## Waterside Plaza

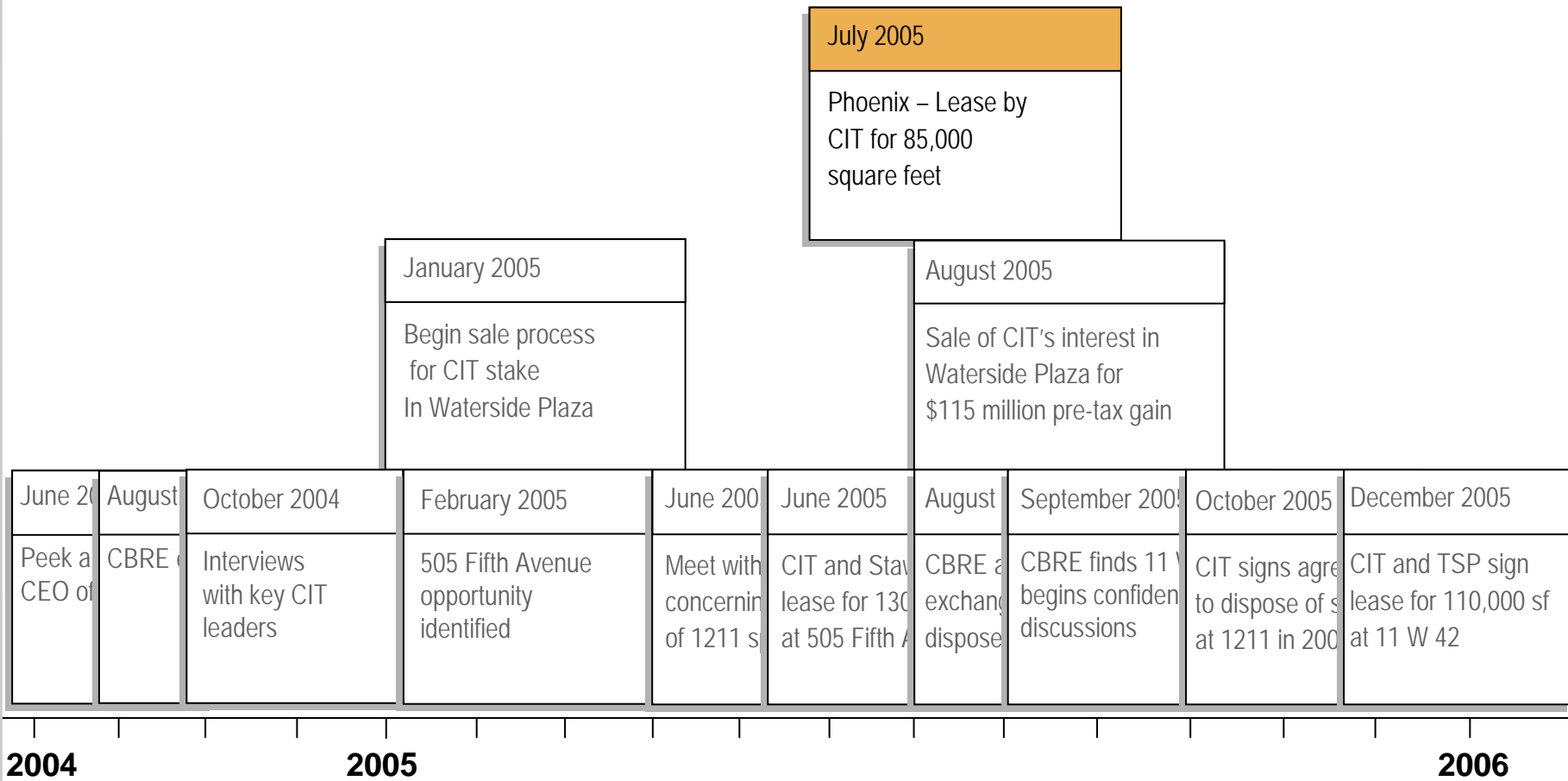
- **CIT had 50% interest**
  
- **Sale faced complicated issues**
  - Tax
  - Legal
  - Financial
  
- **CBRE's New York investment sales team led effort**



2004

2005

2006

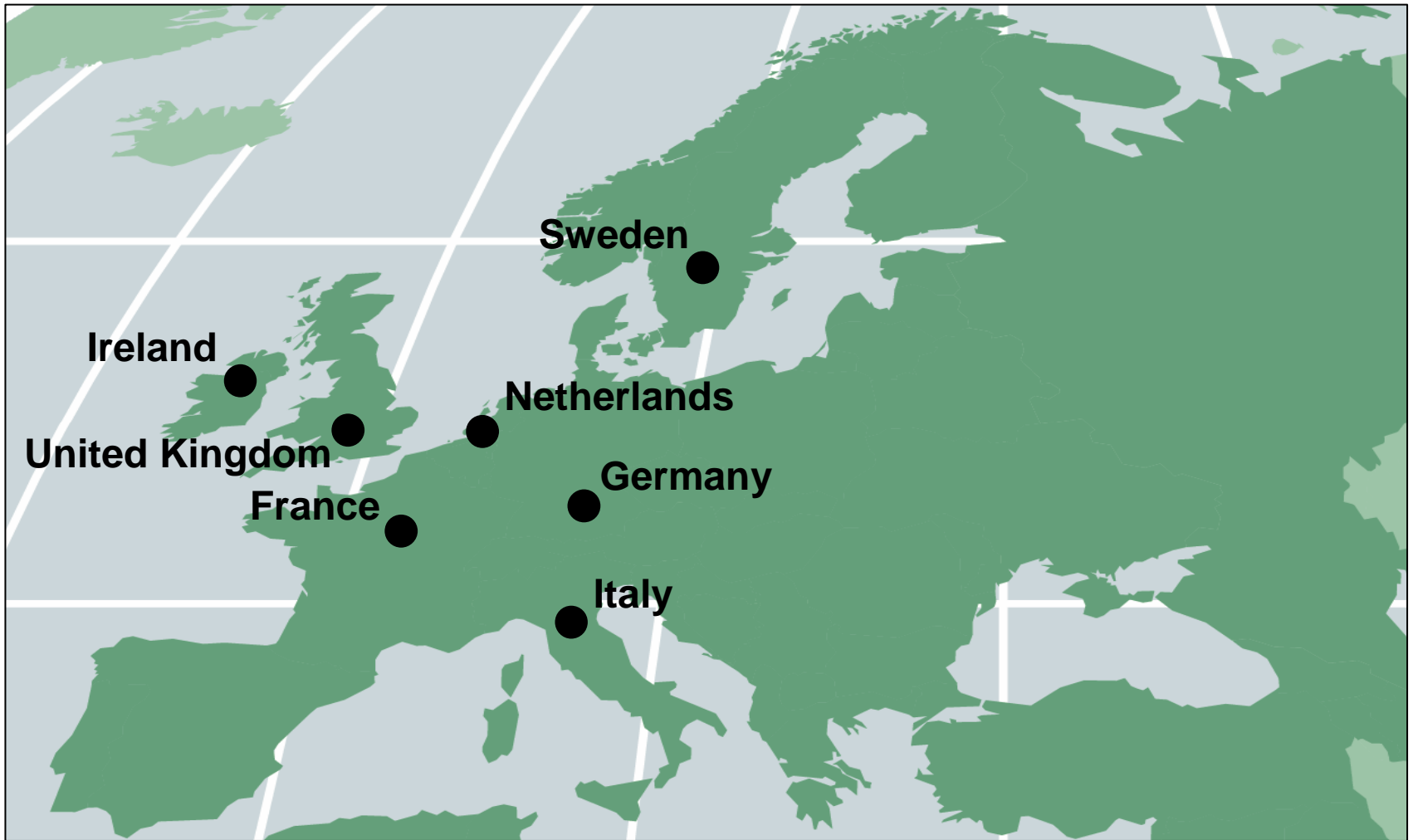


2004

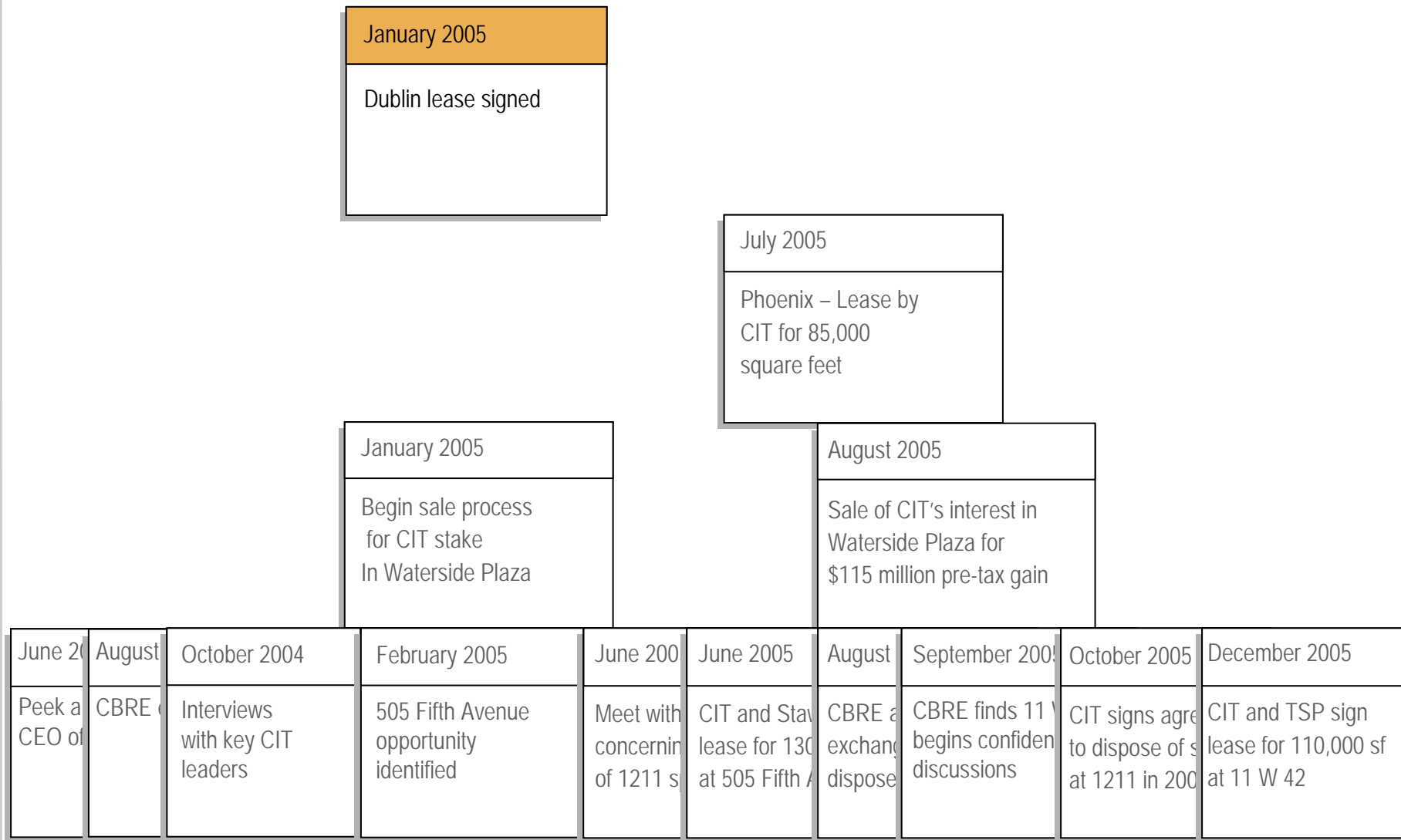
2005

2006

## Europe



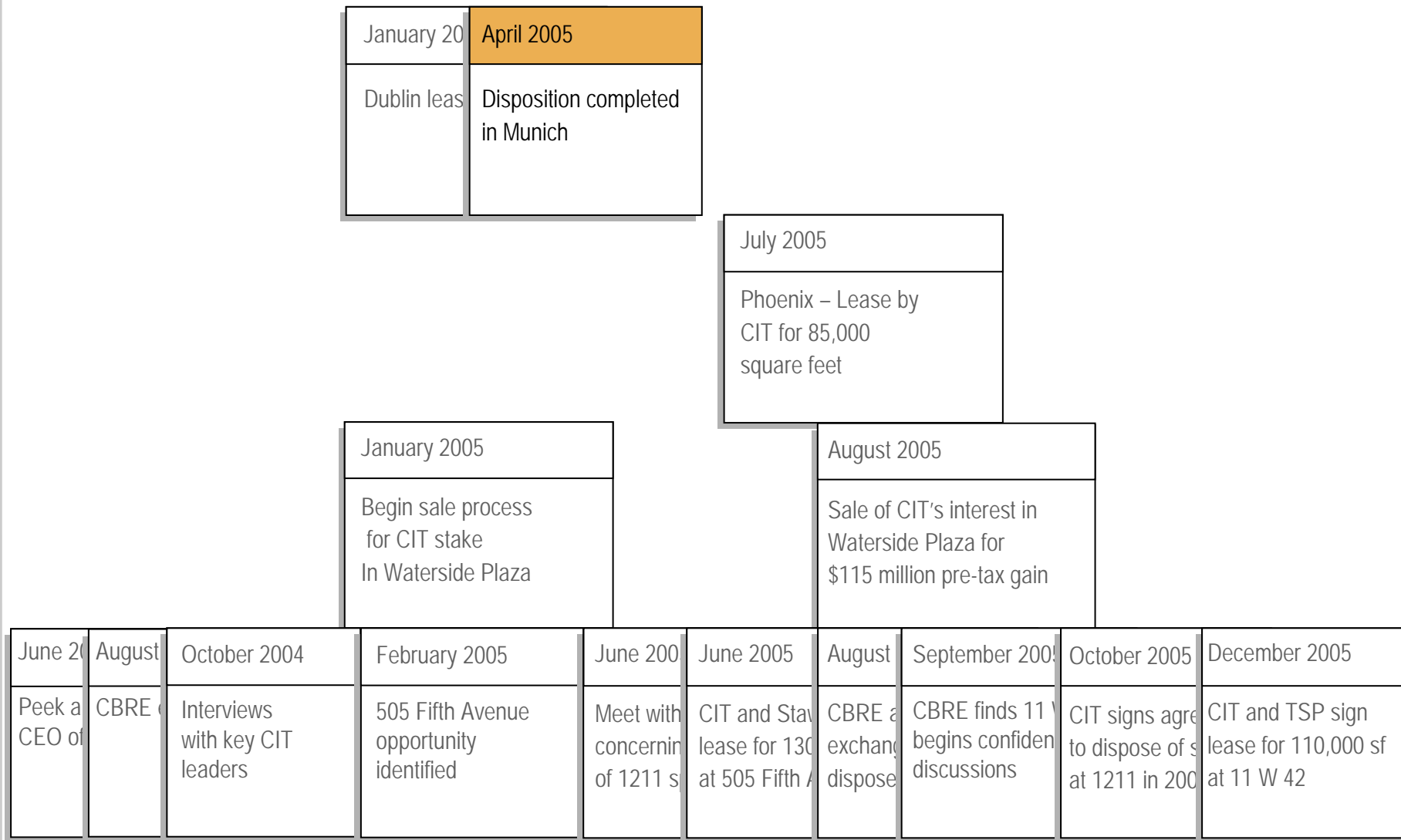
**European Transactions**



2004

2005

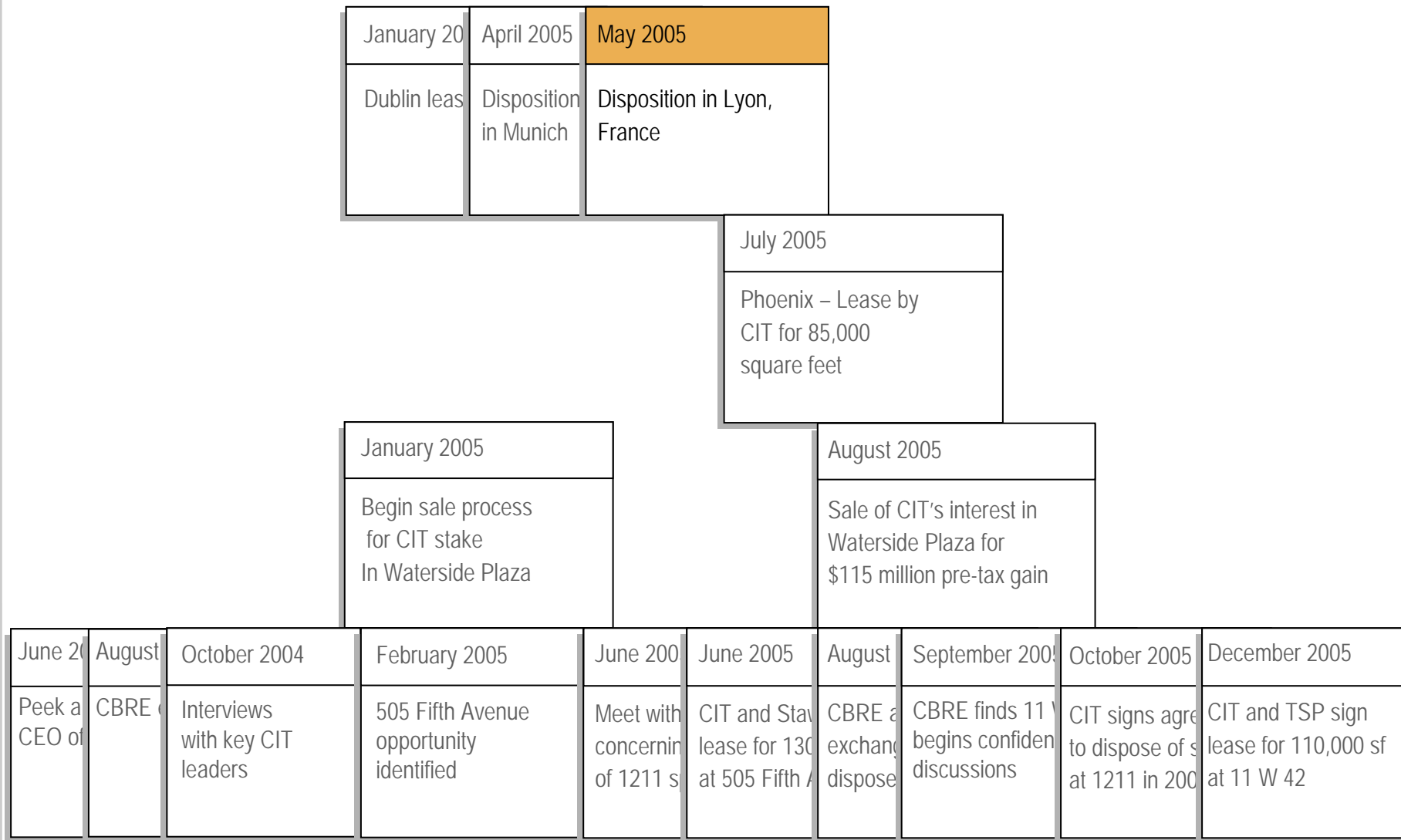
2006



2004

2005

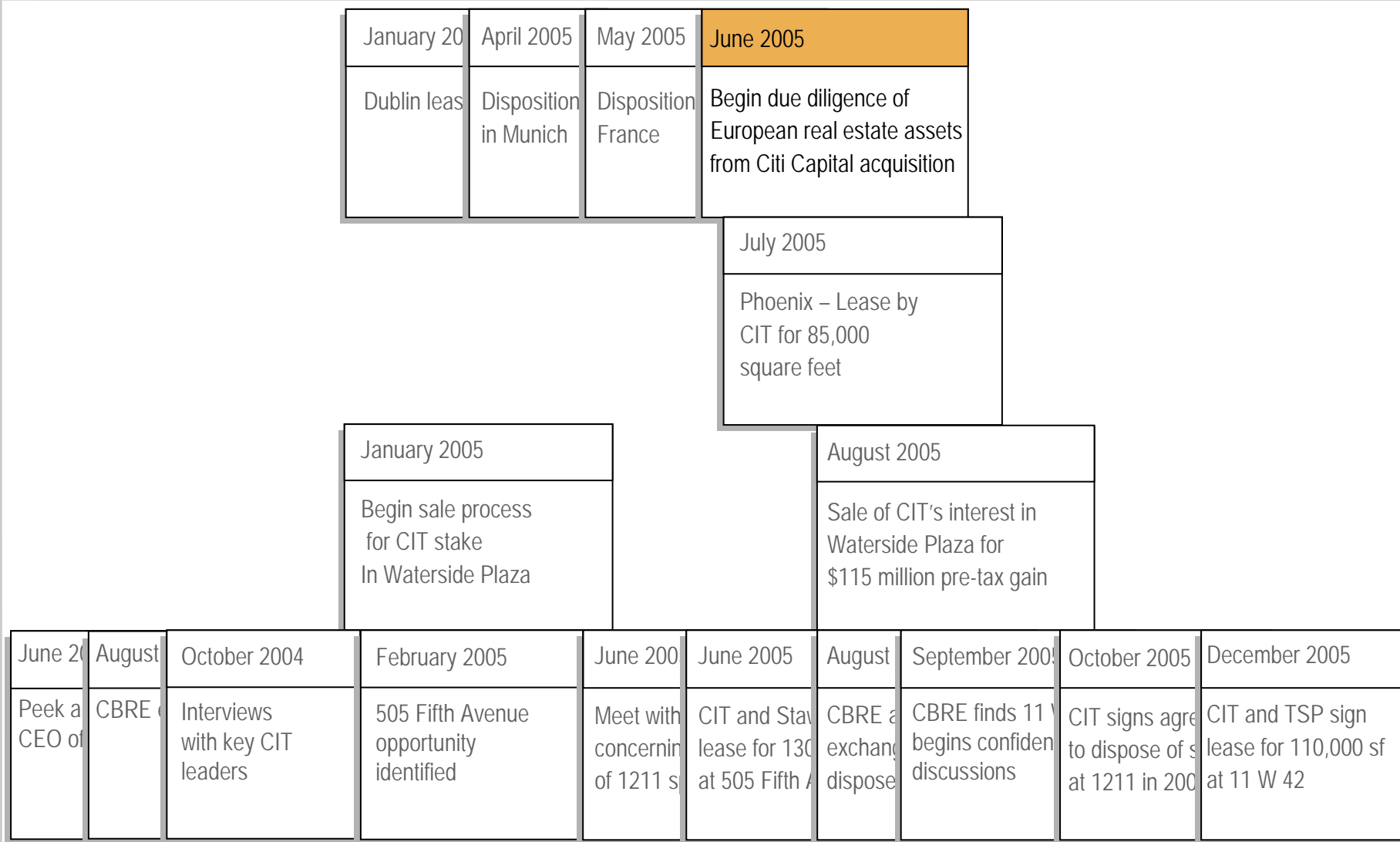
2006



2004

2005

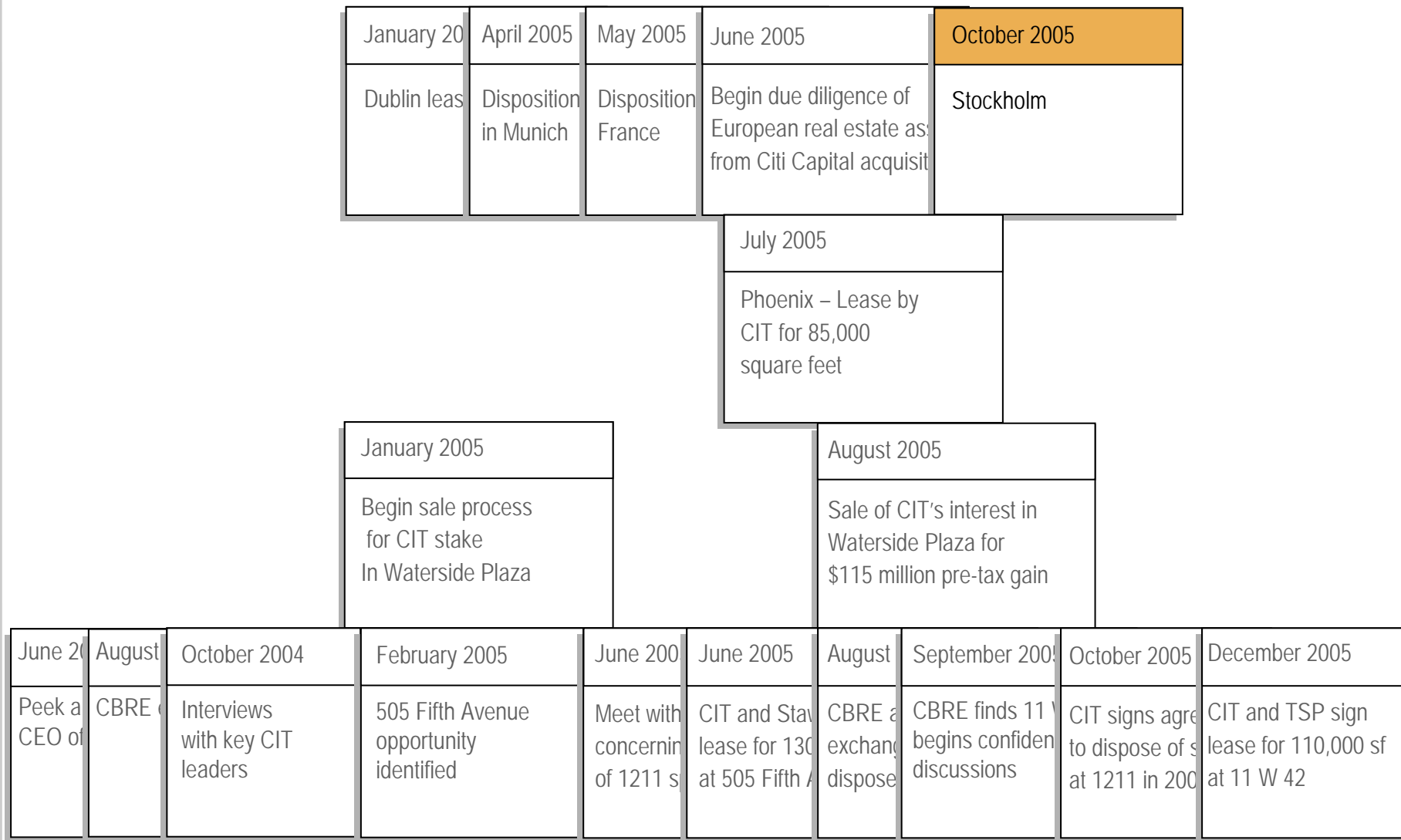
2006



2004

2005

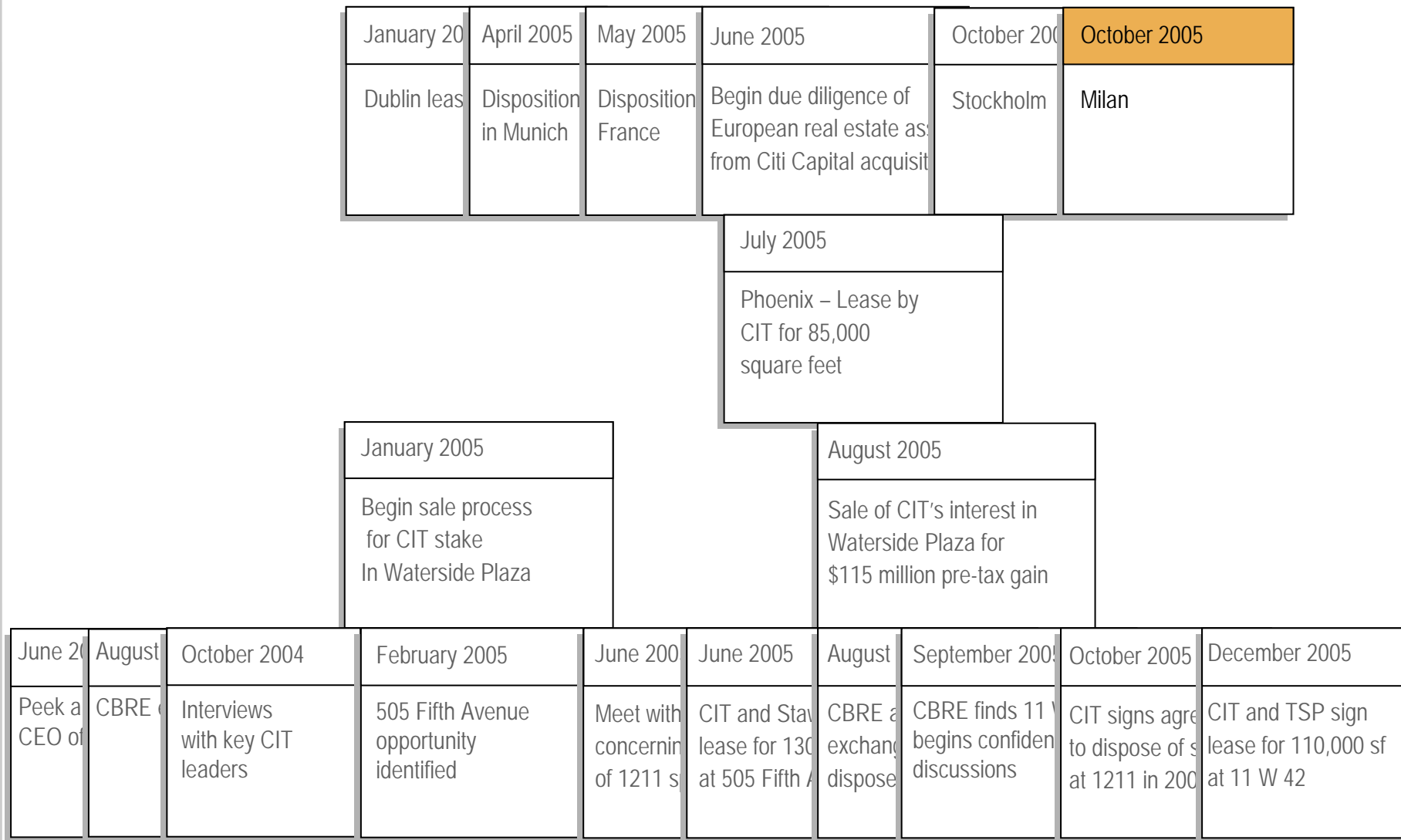
2006



2004

2005

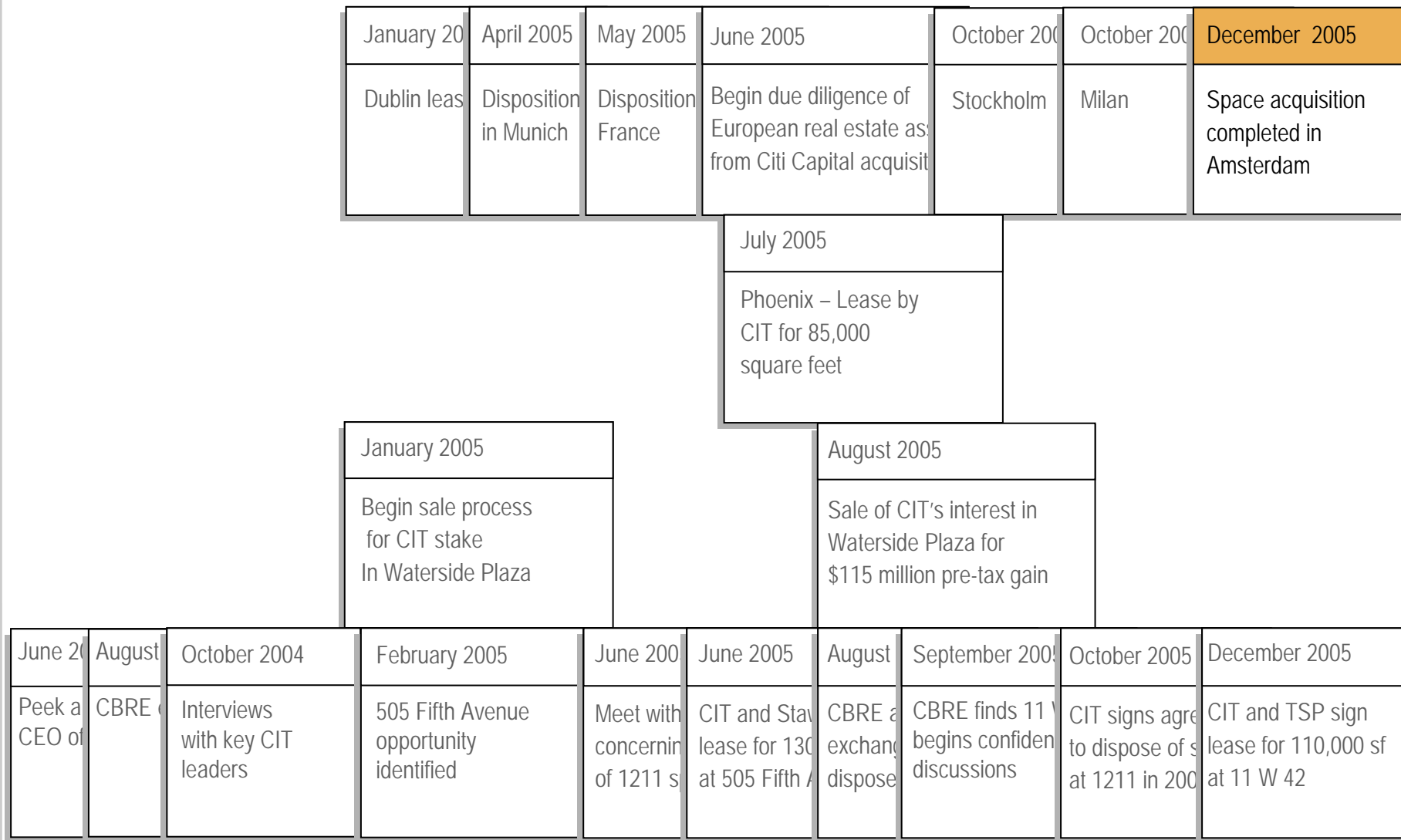
2006



2004

2005

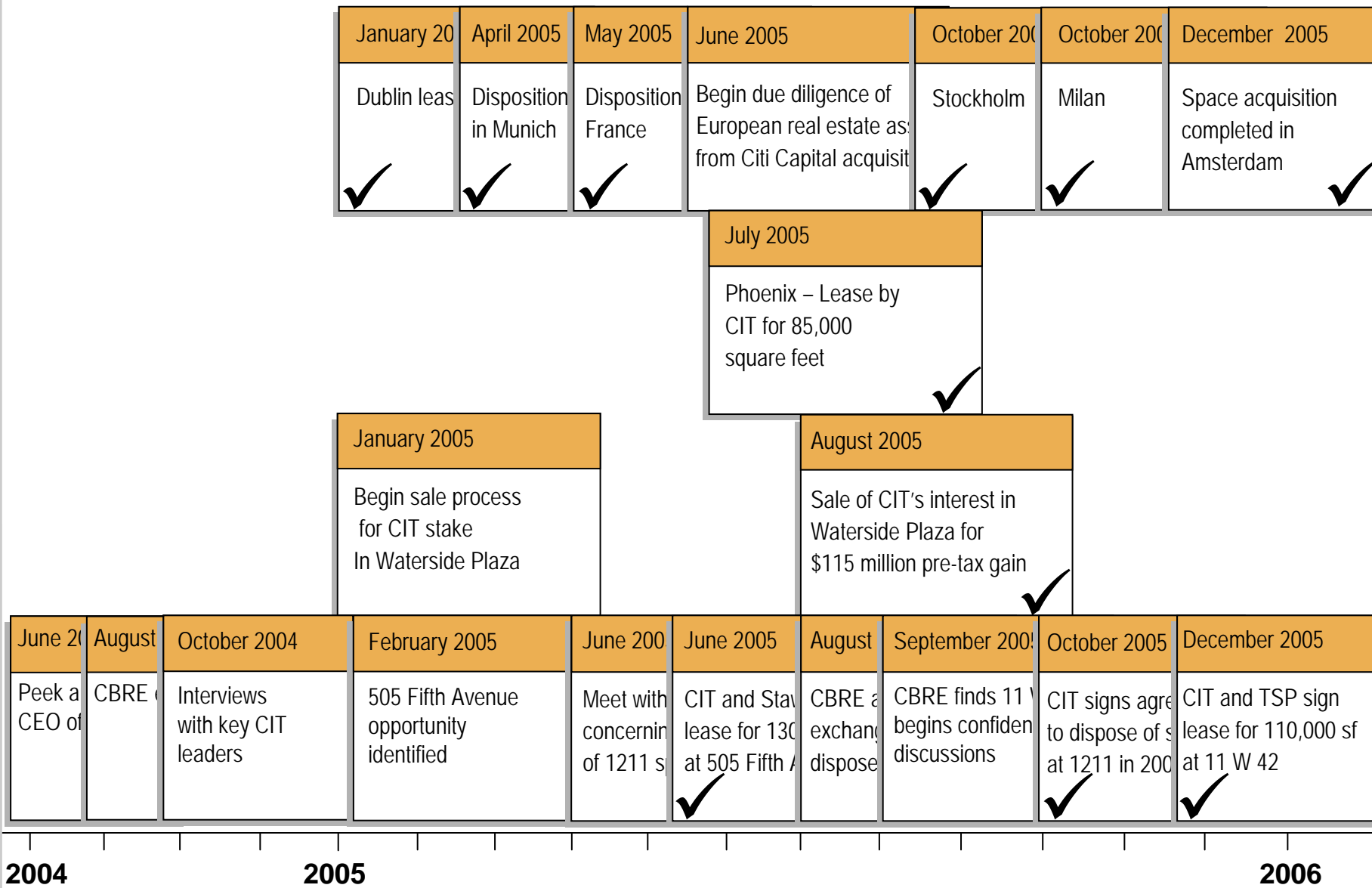
2006



2004

2005

2006



2004

2005

2006

## 2006 / U.S. Assignments



