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Press Release

April 10, 2013

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IMMEDIATE

MTA, Related and Oxford Close on 99-Year Hudson Yards Lease

\$1 Billion in Development Revenue Will Support MTA Capital Program

The Metropolitan Transportation Authority (MTA) today announced that it has closed on the first of two 99-year ground leases with the Related Companies and Oxford Properties Group, which will build a platform over the Long Island Rail Road train yards on the West Side of Midtown Manhattan and develop 26 acres with a new neighborhood containing over 13 million square feet of office, retail, residential, cultural and hotel space. Under the previously disclosed terms of the lease, Related and Oxford are providing ground lease payments and will have purchase options that together are worth \$1 billion. Closing on the second lease is expected later this year.

The revenue will support the MTA's Capital Program, which allows the MTA to maintain and upgrade its stations, tracks, rolling stock, and maintenance and storage facilities, and to expand the region's transportation network through megaprojects like the Second Avenue Subway and East Side Access.

The MTA-owned portion of the Hudson Yards development area, where the new platform will rise, is bordered by Tenth and Twelfth Avenues and West 30th and 33rd Streets. The new mixed-use neighborhood being developed will be served by an extension of the  subway line to 34th Street and Eleventh Avenue, which is planned to begin service in June 2014.

Related was selected by the MTA to develop the rail yards in May 2008 following a competitive RFP process initiated in July 2007 that attracted proposals from five qualified real estate development firms. Despite the global economic downturn, Related and Oxford, who partnered with Related in early 2010, remained committed to the original deal structure and entered into contract in May 2010 without a reduction to the levels of compensation described as part of the original RFP process.

In November 2012, the MTA Board approved minor contract modifications that allowed Related and Oxford to begin limited excavation and foundation work in advance of today's closing. Doing so allowed the project to proceed while the final negotiations between Related Oxford and building tenants and financial partners were concluded. The modifications gave the developer needed flexibility and kept the levels of compensation to the MTA unchanged.

The Long Island Rail Road yards, formally known as the John D. Caemmerer Rail Yard, allow the LIRR to store, maintain and clean its trains in close proximity to Penn Station, which 230,000 LIRR customers pass through each day. Related and Oxford are working closely with the LIRR to design the platform above the yard to ensure continued safe and uninterrupted LIRR service.