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Regretting Move, Bank May Return to Manhattan

By [CHARLES V. BAGLI](#)

Fifteen years ago, New York City's reputation as an international financial center was called into question when the giant Swiss bank [UBS moved](#) its North American headquarters to the Connecticut suburbs, where it built the largest trading floor in the world.

Now, though, [UBS](#) is having buyer's remorse. It turns out that a suburban location has become a liability in recruiting the best and brightest young bankers, who want to live in [Manhattan](#) or Brooklyn, not in Stamford, Conn., which is about 35 miles northeast of Midtown. The firm has also discovered that it would be better to be closer to major clients in the city.

As a result, UBS is seriously considering a reverse migration that would bring its investment banking division and up to 2,000 bankers and traders back to Wall Street and a new skyscraper at the rebuilt World Trade Center, according to real estate executives and city officials.

"They just can't hire the bankers and traders they need," said one landlord who has spoken with UBS but requested anonymity so as not to alienate a potential tenant.

The bank is also looking at several Midtown locations, and Connecticut is sure to wage a fierce battle to keep UBS in Stamford, where it is the largest private employer and the biggest taxpayer.

A final decision is perhaps months away, and any move would not take place until 2015.

But over the last week, UBS has engaged in negotiations with the developer Larry Silverstein over the terms of a potential financial deal at [3 World Trade Center](#), an 80-story office tower that he plans to build at 175 Greenwich Street. The return of UBS would be a boon to New York, which

in past decades often suffered from corporate defections that were fueled by a sense that computers and telecommunications had made a Manhattan location more of a luxury than a necessity.

The move would be the latest sign that New York has regained its allure as a caldron for the young and creative. Six months ago, [Google paid nearly \\$2 billion for a large building](#) just north of the meatpacking district, in the same Manhattan neighborhood where many of its employees live.

“A key piece of the mayor’s economic strategy has been to make New York City a place people want to be,” Deputy Mayor Robert K. Steel said, “and more than ever the city is the ideal location for any company, like UBS, that succeeds by attracting a talented, motivated work force.”

A UBS trader in his 20s said that like many of his peers at the firm, he would have preferred a job in New York City, where he lives.

“I mean, it’s annoying,” said the trader, who asked that his name not be used because he was not authorized to speak about the possible relocation. “I take Metro-North. I live pretty close to Grand Central, so it’s not a terrible commute. But it’s not ideal.” The trip takes about 45 minutes to an hour, depending on how many stops the train makes.

He added that “the bank’s plan is to move to New York, but it’s mostly to be closer to clients.”

UBS has hired the real estate brokerage firm CB Richard Ellis to explore new space. A UBS deal would also be a vindication of a multibillion-dollar effort to rebuild the World Trade Center complex. After the terrorist attack on the trade center, there was widespread debate over the future of the city’s financial center downtown. Since then, the residential population there has swelled.

Last month, Condé Nast, publisher of Glamour, The New Yorker and Vanity Fair, signed a deal to be the [anchor tenant of 1 World Trade Center](#), the signature skyscraper at the northwest corner of the site.

Mr. Silverstein has the right to build three towers along Greenwich Street. The first one is already under construction, and the city has pledged to take space in it. But he has long sought a large financial tenant for what is known as Tower 3, which features five trading floors at the base, and will be built before Tower 2. A possible UBS relocation, which was first reported by Bloomberg News last week, would be a major blow to Stamford, where a quarter of the office space is vacant.

Mayor Michael Pavia of Stamford said UBS executives had been noncommittal, saying they had “no firm plans, nothing that they can report at this time.”

Mr. Pavia said he and Gov. Dannel P. Malloy, a former Stamford mayor, were “committed to keeping UBS here.”

Connecticut’s economic development commissioner, Catherine Smith, said: “We just want to make sure that Connecticut has a fair shot. We love having them in the state and hope they’ll stay. But you don’t always win these competitive battles.”

Mr. Pavia said UBS had about 3,000 employees in Stamford, down from more than 4,000 a couple of years ago. The bank, which leases but does not own any space in Stamford, is not expected to move all its employees out of town.

UBS issued a statement saying that “we routinely evaluate our space allocation as these leases expire and/or space becomes available.”

In wooing UBS, New York City landlords have tried to capitalize on Connecticut’s recent decision to raise taxes to help balance the state budget, which has been criticized by some business groups. But it did not appear that UBS’s interest in moving stemmed from the tax increases. The firm’s review of its real estate needs began many months ago.

UBS had already considered and rejected two Manhattan locations, 4 Times Square in Midtown and the World Financial Center downtown, before it started talks with Mr. Silverstein about the World Trade Center.

UBS, then known as Swiss Bank, touched off cross-border recriminations and municipal hand-wringing in 1994, when it announced plans to move from its two Manhattan locations, one in Midtown and the other in the financial district, to Stamford. City officials and real estate executives feared that New York was about to endure another wave of corporate departures to the suburbs. Some experts suggested that financial firms no longer needed to be in Manhattan and close to Wall Street because of the spectacular growth of computerized trading and telecommunications.

Connecticut sweetened the pot for UBS by dangling what was supposed to be a \$120 million package of tax breaks and interest-free loans, although the actual value of the incentives turned out to be substantially less. The bank erected a trading floor the size of two football fields, packed with more than 5,000 computer monitors.