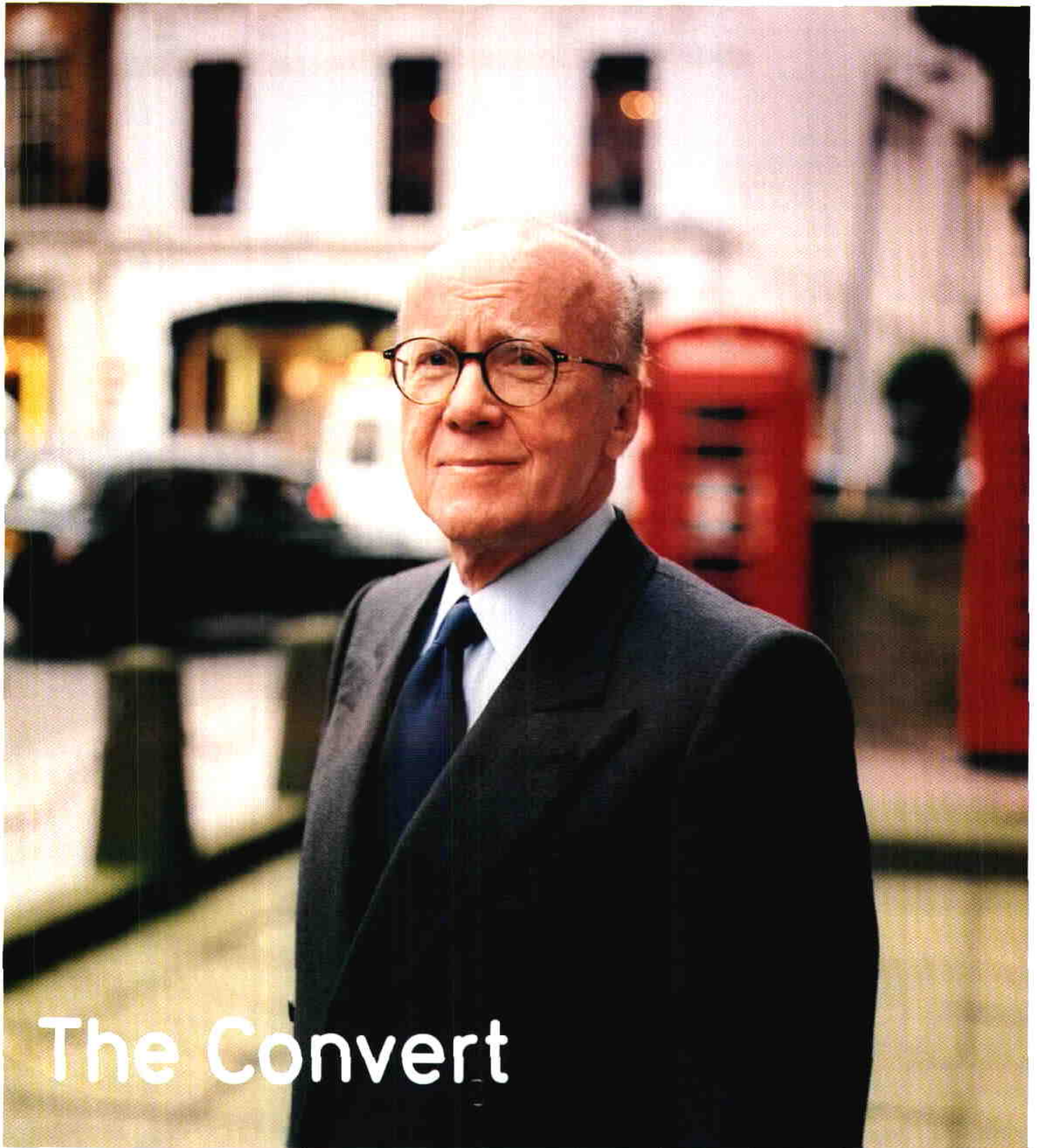


>features



## Developer Gerald Hines has learned to love—and profit by—the complications of building in Europe.

BY CHRIS NUTTALL / PHOTO: PETE MOSS

**> PROFILE** There is an air of understatement, even serenity, about the European operation of global developer Gerald Hines.

His London headquarters occupies a floor in a small but impressive office building on a quiet back street in genteel Mayfair. While a wild winter wind whips up litter and *lilts shoppers' coats on nearby Regent Street*, inside Hines's offices everything is neat and calm. A staff of around 35 surrounds him here, working in dedicated teams on European projects ranging from airport developments to his capital-raising European Fund.

Today, just off an hour-long conference call with his office in Houston, a sober-suited Hines wanders alone into a boardroom bedecked with rose-pink amaryllis. At 76, Hines lives three to four months of the year in London, directing his privately held corporation's European operations. The man constantly crisscrosses the continent; in the past 10 days, he has visited Munich, Milan, Paris, and Barcelona.

He sits down and begins to reflect on a 45-year career: from a one-man office on Houston's Anita Street in 1957 to a current portfolio of 500 properties worth \$9 billion. On the road to fortune, his company has also won the loyalty of its architects. "Some developers are interested only in the bottom line, and if you manage to squeeze in some good architecture that's fine," says Cesar Pelli, who has designed numerous projects for Hines. "But with the Hines group it's totally different." Hines has hired everyone from Pelli to Philip Johnson to Frank Gehry, and has won awards in recent years for his commitment to green building.

That commitment, along with his attention to detail and design, prepared Hines well for Europe. The continent is the centerpiece of Hines's expansion plans these days, and he has gained an understanding of European urbanism that would make a planner proud. He frequently evangelizes about Europe in speeches back home.

"In Berlin, all new developments

have to include a residential component," he told a developers' conference in Philadelphia last year. "It cuts down on policing costs. That's the kind of progressive thinking going on over there."

With the fall of the Berlin wall in 1991, Hines began his European adventure, creating two major projects in the reunified city. His latest project there is Gehry's DG Bank headquarters (August 2001, page 66), near the Brandenburg Gate.

Hines has built in France, Russia, Spain, and Poland. I. M. Pei's first building in Paris since the *Louvre Pyramid* is an office tower for Hines in La Défense. Sir Norman Foster has designed an office building next to the presidential palace in Warsaw's Piłsudski Square. "We try to do the best job we can for the context of the site," Hines explains.

And the context—the high standards and intense bureaucracy of European land-use and design regulation—is the challenge. "The planning is much more rigid throughout Europe," Hines says, because "some cities have been raped by a lot of developers." As a result, "we don't have a lot of freedom. But I think a lot of great buildings are built here."

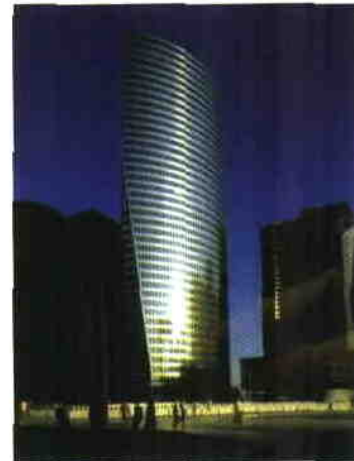
Hines now realizes that the great flexibility of planning laws in

the U.S. allowed him to be more entrepreneurial than one can be in Europe. But the jigsaw puzzle of European development appeals to him both personally and professionally. His European projects are adapted to the particular planning characteristics of each site, and his due diligence, project by project, gives Hines not only strong footholds in competitive, lucrative markets, but also a good sense of when not to follow the crowd.

For instance, Hines passed on the chance to develop London's Canary Wharf—the financial offshoot of the city's business district that is moving the capital's fulcrum eastward. "We looked at [Canary Wharf] long before it started," Hines says, but the lack of mass-transit planning put him off. "We just didn't think the infrastructure was there—it was too big a risk." This grasp of European urban planning is as much smart business sense as it is personal interest.

Sometimes strict planning regulations get the best of him. Inspired by the success of a basement rink in his Houston Galleria project,

Hines's European push; Pokrovsky Hills, a gated residential community near Moscow's center; Frank Gehry's DG Bank headquarters, which uniquely responds to Berlin's strict zoning; and the EDF Tower, in La Défense, Paris, by Pei Cobb Freed (left to right).



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Hines is developing this 110-acre mixed-use project—a nine-year master plan—for the Renault corporation just southwest of central Paris.

Hines says, “We wanted to put an ice skating rink in the shopping mall we built in Barcelona, but the first day that I met the mayor he said, “That’s all right Gerry, but it may take you another six years to go through planning to try to get it.” In the end, the rink had to go.

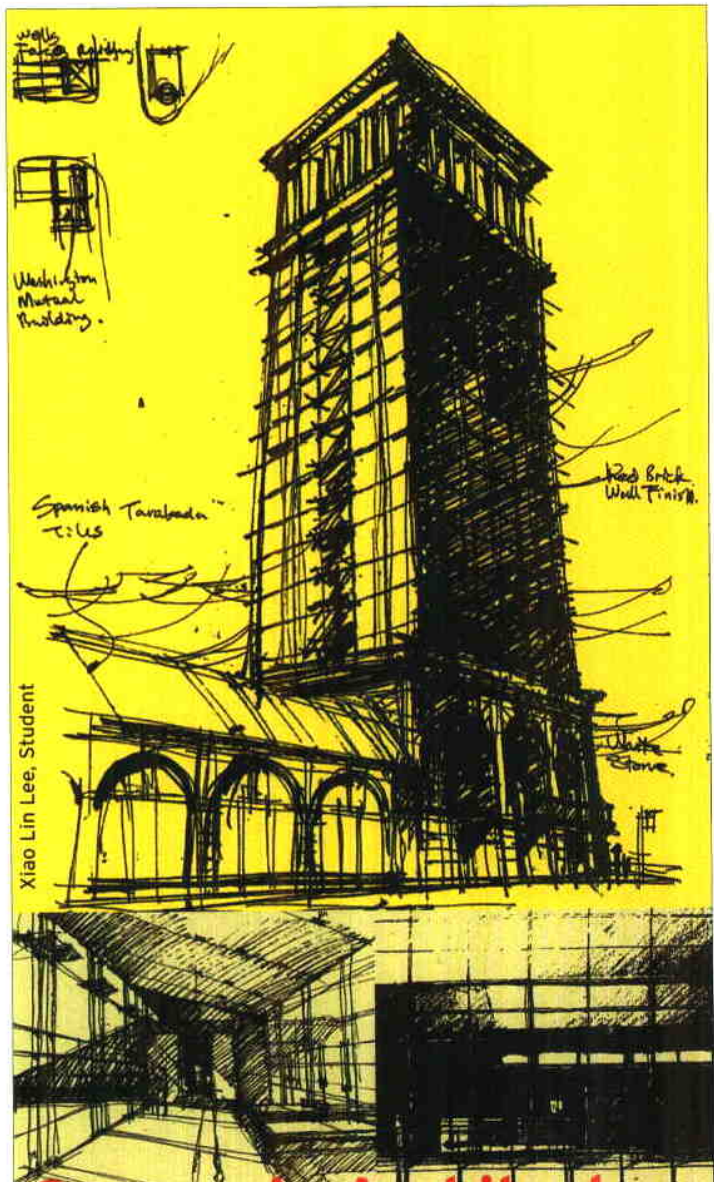
But Hines still found he could work his mixed-use magic and make a virtue of continental laws focused on “planning gain” benefits to the community. He settled instead for paddle-ball courts in a residential part of the complex. There are swimming pools in the works as well, along with a hotel, cinema, offices, and the city’s third largest park. “It’s not just bricks and mortar and how cheap you can build it,” Hines says, “but how you create the other things that enhance the income stream in volume and the quality of that income stream.”

“We feel that we have a responsibility to the built environment. We want to leave it a little better than when we found it,” Hines says. “Even though your building doesn’t breathe, it’s a living organ of the city.”

To compensate for the slow pace of development in Europe, Hines has wisely sought to share the risk by partnering and launching emerging market funds. By allowing him access to ready capital, rather than having to fund projects one by one, his capital funds give Hines an advantage in delay-ridden planning environments. Another key, it seems, is remaining a private company. “We don’t have to report earnings,” he says, because “the shareholders are my son [Jeff, president of Hines] and I, and that’s it.” As a result, “we can have long-term objectives.” And as he continues to apply his growing knowledge of urban planning on the continent, the long term will continue to pay off. ■

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