The Ability to Execute

An Interview with Joseph J. Sitt,
Founder and Chief Executive Officer, Thor Equities, LLC


Joseph J. Sitt

EDITORS' NOTE *Joseph Sitt is also Chairman and Managing Principal of Thor Urban Property Funds. He also oversees Thor High Street Advisors and TOWN Residential. After developing a strong interest in retail at an early age, Sitt founded Ashley Stewart (part of Urban Brands) in 1991. In 1998, he divested his interest in the company and focused on Thor Equities. Sitt is a frequent speaker at industry conferences and various universities including Columbia University, New York University, and Notre Dame and is an active board member of the Bedford Stuyvesant Restoration Corporation. He also serves on the board of The Real Estate Roundtable in Washington D.C. and the Department of Real Estate at Baruch College, and is a member of the Partnership for New York City. He is a graduate of New York University.*

COMPANY BRIEF *Thor Equities (www.thorequities.com) is a multifaceted international real estate development company that specializes in value-added investments in shopping centers and mixed-use urban developments in the United States, Europe, and Latin America. Today, the firm has an international retail, office, hotel, and residential portfolio valued at more than $5 billion and totaling more than 15 million square feet, and is a leader in urban real estate development, leasing, and management. Notable developments under Thor's umbrella include the award-winning restoration and redevelopment of the historic Palmer House A Hilton Hotel in Chicago, London's oldest and most historic indoor shopping bazaar the Burlington Arcade, and the recently acquired Takashimaya building in the heart of Fifth Avenue.*

Has the U.S. economy fully recovered and how is the real estate market faring today?

Most of the sectors have fully recovered. Throughout the TOWN Residential division, we see tremendous demand from tenants for luxury residential; in terms of the retail side of our investment world, we're exceeding the last market peak; and in terms of hotel occupancy rates, in New York, we have seen levels exceeding the last market peak.

The office sector has had some softness, but that varies based on the specifics of the marketplace. The more creative parts – Meatpacking, Chelsea, Flatiron – have more than exceeded the last peak, while the traditional areas like Midtown East have not yet fully recovered.

Do you anticipate a similar recovery in other U.S. markets?

Many of the markets in the balance of the U.S. rely heavily on industry and general business conditions. We're seeing a lack of employment in many industries, so there has been and remains a reduced demand for real estate.

Depending on the particular part of the U.S., there may or may not be strength. But overall, I'm bullish about the U.S. It's exciting with the new technologies in shale and fracking that now allow us to extract energy at a reasonable cost.

This is not just to benefit our country in terms of energy jobs and energy exports but it's about creating great opportunity for all types of industries, like manufacturing. So many businesses rely heavily on cheap energy costs. Industries like steel and chemical watched many factories go dormant. Now they're reopening and reigniting these factories as a result of the potential that this new lower-cost energy source brings to operators, manufacturers, and exporters of those products.

Also, in terms of technology, the U.S. is much more creative than some of the other countries. Further, the fact that labor prices have gone up so much in countries like China makes the U.S. even more competitive.

Have emerging markets slowed down?

This is a recent phenomenon and I don't perceive it as a long-term issue. I'm still excited about the next emerging markets. For the short term, the BRIC markets are going through a heavy-duty bump in the road. Brazil is suffering greatly, as they were counting on the demand from China.

We have seen a ripple effect from exporters from the more developed countries like Australia all the way down to the exporters of commodities in the emerging world, like Brazil. Businesses that overleveraged themselves and were built on hot air are having great difficulties.

Markets where much of the success is based on local consumers or where there is a solid manufacturing base like Mexico, Colombia, and Panama are still performing well. But commodity driven markets – Peru, Chile, Brazil, Australia – are feeling the pain of the slowdown.

How has your vision changed for Thor and how has the company evolved?

Our vision was to be a good business with a great team of executives. More important than anything is people-people-people.

The second thing we set out to do was focus on the highest quality properties in the global sphere. Neither of these focuses have changed in terms of our original vision, but what has evolved is our ability to execute, particularly on a global scale.

Are you focused on finding the next big idea or do you enjoy running the day-to-day business as well?

Among good business executives, there are generally dreamers and executors. The trick is to be a dreamer and to execute the dream.

So we try to be a balance of both in our business. We try to be cognitive of what is new globally but we also institute disciplines and good systems to make sure we can manage and grow our business in a controlled fashion.

Is the true impact of real estate in New York well understood?

Real estate success in New York is a result of the successes of all industries. If the technology industry is good, real estate in the markets that support that technology will succeed; tourism is good for hotels; and when Wall Street comes back fully, it will be great for lower Manhattan office space.

New York real estate is an important part of the big picture of New York City and it's an aspect that is important to every stakeholder it touches.

How critical is it that the public/private partnership in New York City remains strong and that the business community remains engaged in addressing the city's needs?

This is why we started the public/private partnership Global Gateway Alliance. Our goal is to improve our airports and tourism in New York and to ensure we're a more competitive city not only by cutting back on wait times and delays but by improving what we represent as a city from a tourist perspective.

Amsterdam, Paris, and Frankfurt all upgraded their airports and put in more runways; Abu Dhabi spent $15 billion to build their new airport system; and there is debate going on in England about spending $80 billion.

Remaining an economically viable city means that New York will have to upgrade their airports so that is our first area of consideration. ●

