

Focused on the Island of Manhattan

An Interview with Norman Sturner,
President and Chief Executive Officer, Murray Hill Properties

EDITORS' NOTE Norman Sturner is a founding principal of Murray Hill Properties and serves as President of the firm. Sturner and two of his partners are responsible for the firm's acquisition and disposition activities and have acquired and sold more than 150 properties with an aggregate value of more than \$10 billion. He was recently honored again as a member of the Commercial Observer's "Power 100" in New York City. Sturner is an approved Receiver by the New York State Office of Court Administration (OCA), is a member of REBNY, a member of the Association for a Better New York (ABNY), and serves as Vice President of the Executive Committee of the Realty Foundation of New York. He is also a member of the board for the Jewish Braille Institute. Sturner is a graduate of St. John's University.



Norman Sturner

COMPANY BRIEF Murray Hill Properties (www.murrayhill.com) owns, manages, and leases more than six million square feet of commercial office space in New York. They bought their first building in the Murray Hill section of Manhattan more than 40 years ago and have since purchased and sold more than 150 properties in New York. The firm enjoys long-term working relationships with many prominent institutional partners, including Credit Suisse, HNA, ING Realty Partners, SITQ, Jamestown Properties, Rockwood Capital Partners, Vornado, and The Carlyle Group. As the New York representative of the TCN Worldwide network, they have access to affiliates in over 200 major markets throughout the United States, Asia, and Europe.

Has the real estate market in New York City fully recovered?

What I see today is what I saw in 2001 and 2007. We live on an island with limited space. The marketplace is such that it costs \$1,000 per foot to build a skyscraper. It's tough to take down an existing building and put up another one. So the existing inventory is what we have to work with. We're getting to that perfect storm again – limited space, money coming from all over the world, and very low interest rates. We're looking at another jump over the next few years. New York has always rebuilt and reinvented itself.

How do you feel about those who said we wouldn't see that kind of exorbitant pricing again?

People tend to not give enough credit to America and Americans, nor to New Yorkers.

This is still the premiere city in the world. I don't think pricing has reached a point where it is out of touch. There seems to be no end to residential increases. We're selling million-dollar apartments as we once sold \$100,000 apartments.

I don't think pricing has gotten to a point where people can't afford it. We're now seeing upwards of 20 buildings in midtown Manhattan that are asking

\$100 or more per foot for office space.

Are you surprised to see the development that is taking place all across the city? What kind of impact will Hudson Yards have?

Five years ago, we didn't have a High Line or a bioscience technology focus and nobody planned on building an entire community on Governor's Island. We now know that we can grow.

We continue to reinvent ourselves and the far west side will become a city within a city. It's about time we use the rivers and all of the wonderful things they provide just as other river cities have.

I was looking at a property downtown recently; virtually every other building there is being rebuilt. That area has now become a full work/live location. I'm excited about the future of Manhattan.

What is the Murray Hill Properties advantage?

The advantage is that we don't necessarily compete with the big kids. Our leasing marketplace is anywhere from 10,000 to 30,000 feet; we have around 40 professionals who concentrate on the 30,000-foot law firm, accounting firm or business firm.

There is no building we own that has a larger floor plate than 50,000 square feet. We have found our niche. We don't do anything other than commercial office buildings on the island of Manhattan and that differentiates us from our competition.

Will opportunities in the outer boroughs continue to increase?

Our focus remains on Manhattan, but the census in 2010 said that there will be an increase of one million people over the next decade within greater New York – from the tip of Long Island to Westchester out to the boroughs.

One million new people means three million meals a day and 250,000 apartments. They

can't all fit within Manhattan so clearly the boroughs will continue to grow and prosper.

All of the things we see point to a better tomorrow and a significant growth pattern, and the money coming from offshore is substantial and constant.

How concerned are you that the next New York mayor may not have the business background of a Mike Bloomberg?

We need another Mayor Mike. If the next mayor does not carry forward on what the current mayor has done, it will be a one-term mayor and we will find someone who will. There is too much at stake to go back to the old days.

We need somebody who understands New York and cares for New York, who is a real public servant in terms of making New York a better place.

Is it clear that real estate drives New York, even more so than the financial services industry?

The financial markets account for only about 17 percent of the gross employment in the city, but every shopkeeper knows that he is dependent upon whoever owns his building.

Real estate is a component of FIRE, which is Financial, Insurance, and Real Estate – that is the major impetus in New York City.

Manhattan is an island with 1.6 million residents. Yet we had 52 million visitors last year. Restaurants are crowded; Broadway is doing incredibly well; and the hotels are full and there is more building every day. All of that is dependent on real estate.

Has the profile of what it takes to be successful in this industry changed?

Everybody has gotten a lot more sophisticated because of technology but it still takes getting on the phone and talking to prospective tenants or landlords. The presentation has become more sophisticated because you can do it on an iPad, and you have access to all of these wonderful apps, but it's still about picking up the phone and calling a client about space.

There are more people with college degrees and even graduate degrees, but you look at the great old timers in the leasing and selling business and, although their presentation may have changed, their order of business has not.

Are you surprised to see how close knit the business community is in New York City?

The "I love New York" motto has been picked up by all of the community leaders. We recognize that we live and work in an incredible city. ●