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Pittsburgh Owner Shifts Focus To Transit-Oriented Deals

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HLC Equity, a Pittsburgh-based commercial real estate owner and operator, is changing its longtime real estate approach, and seeking out transit-oriented assets that allow for strong individual and business interaction. The firm, which recently changed its name from H. Lipsitz Companies, has worked across asset classes during its 60-year history, including ground-up developments in Arizona to the office sector. Its primary focus has been retail, said **Daniel Farber**, executive v.p.

Evolving with the times has been a strong part of the company's identity. Farber's grandfather **Herman Lipsitz** started the company during the Great Depression, as a distribution business that heavily relied on a donkey named Charlie to get things done. But the world has changed and the internet especially has changed a lot of things. "We are taking a different fundamental look at commercial real estate all in all. Though I still feel retail is a very strong asset class, [value] is much more dependent on where [the asset] is located," he said. "In our staff meetings, we always remind everyone that it all started with a donkey named Charlie."

The firm is paying close attention to interest rates, and opts for fixed-rate loans. "One of the reasons we are not buying into single-tenant long term leases is because cap rates are low, and we are not willing to buy into low cap rate environments with little growth, especially when we see low interest rates," explained Farber.

HLC is looking to lock in long term financing in multifamily, following recent years' strong demand for multifamily in insular, transit-centered locations. The company recently closed a deal for an apartment building in the Prospect-Lefferts Gardens neighborhood of Brooklyn, and believes that the multifamily market will see continual growth. "The fact is that for a vast majority of the population between the ages of 20 and 30, the American dream is no longer focused on homeownership," said Farber.

Other changes in the market, such as e-commerce have raised questions about the fate of retailers. Farber explained that the company is being more and more mindful of retailers that are keeping up with trends, utilizing technology to attract customers, and are located in primary markets. The rise in ecommerce also opens up opportunities with industrial facilities.

"I don't see it as diversification. I see it as pursuing assets that have a lot of growth potential in the future. I fully believe in what we're purchasing," said Farber. "Everything we buy we look for some sort of future upside. It doesn't have to happen tomorrow, but we have to see prudent growth in the future."