



Seacastle designed and built Paseo Caribe's El Mercado, a culinary hall.



## Sweat Equity Drives Seacastle's Real-Estate Success in Puerto Rico

BY JOSÉ ALVARADO VEGA

Despite the challenging economic situation faced by the commercial and retail property market sector in Puerto Rico in the past decade, particularly after Hurricane Maria in 2017, Seacastle P.R. LLC, a Gaaynabo-based real-estate asset management company, has relied on sweat equity to complete more than 8 million square feet of leasing deals with an aggregate value of about \$55 million.

The island's shopping centers and industrial warehouse facilities have struggled to get new tenants and retain existing ones amid the island's worst economic and fiscal crisis in decades—a situation that has worsened with the closing of stores damaged by Maria and the exiting of major U.S. retailers such as Kmart.

Yet, Seacastle has thrived as a full-service asset management company that manages properties, including providing physical and financial maintenance and ensuring leasing deals. Moreover, the

company, established locally in 2010, specializes in construction and emergency disaster mitigation.

"You're responsible for everything, except for having your name on the deed," Seacastle President Edward L. Stutz told Caribbean Business. "Especially as it pertains to Puerto Rico, you're literally the de facto landlord on the island when your investors and owners live in New York and in other states."

The company, which has annual gross revenues of about \$7 million and manages about 3.5 million square feet of properties, deals mostly with retail properties—constituting 65 percent of its business—and industrial warehouses and offices. It has completed about \$50 million worth of construction and roofing.

Seacastle, which managed construction projects at Paseo Caribe's mixed-used development, has developed a "very aggressive" methodology to fill property vacancies involving the strategic canvassing and sourcing of new clients, Stutz said.

"Without the formulation of a really

comprehensive strategic leasing and management program, you will never get past the impediments these landlords are facing right now," said the New Yorker, who has worked in stateside urban redevelopment projects. "Otherwise, you will just be getting up every day and wishing and hoping that someone walks in the door to rent your space."

Seacastle has developed a database of about 3,500 companies by sending its leasing personnel out into the market to "literally knock on the door of every single commercial office in metro San Juan," Stutz said, noting that its leasing clients include many Fortune 500 companies and local logistics companies.

Stutz also noted with pride Seacastle's \$45 million in post-Maria emergency disaster mitigation projects, particularly the rebuilding of the Pep Boys automotive chain's 27 stores on the island.

"Some of them had their roofs blown miles away, but we were able to perform triage, stabilize the buildings and get every single one of them open within 72 hours," he said.

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