

2023 HEAVY HITTERS *In Commercial Real Estate*

TOP LAND BROKER

Mike Khoudi

CUSHMAN & WAKEFIELD

2022 PRODUCTION: \$105,667,249

Please share a summary highlighting your biggest, most memorable deals that you were involved in/completed in 2022.

We have represented the Broadway Station owners, an amazing mixed-use project at the Broadway & I-25 light rail station, for the past several years. In March 2022, we sold a portion of the site (4.85 acres) to multi-family developer, GID for \$50 million, or \$236 per square foot. We sold the property through a bid process, closing prior to final entitlements through the City of Denver but, more than that, I am proud of how my team worked together to get this deal done. Jim Capecelatro and Wade Fletcher ran the process, found the buyer, and closed the deal; it was a team transaction forged through early relationships with incredible sellers, and consummated by working together, supporting each other to get to closing.

Describe the overall performance/state of your submarket for 2022.

I don't know if everyone heard, but in March 2022, interest rates were raised. You heard it here first. January through June 2022 were relatively steady; transactions occurred on a regular pace, although there was certainly some trepidation, but very little was being re-traded in the land world.

Fast forward to July, and the world took notice. Rates continued to go up and deals were harder to get to close. Buyers looked for price discounts, or at the very least, extensions to their closings. On a scale of 1-10, buyer demand went from a 10 to 2 in a few months. The general consensus for the builder world was to pause, leading to challenges getting deals closed in the final two quarters of the year. Challenges are clear – it is really hard to build a home or an apartment or an office and justify the pricing on the back end. Costs are through the roof, and it does not look like this will change, so our job as advisors is to make sure that we provide good information to our clients and keep up with the data to secure profitable transactions in a 'paused' market.

What are your predictions for your submarket for 2023?

2023 should be slower than 2022 from a transactional standpoint and most people I work with feel the same. The beginning of

2023 has been relatively steady with buyers expressing interest in opportunities, and sellers interested in making deals, but the uncertainty in the market is making it challenging to put a lot of transactions together. We will likely see home builders get into the mix with a little more urgency, we will see 'Build for Rent' groups try to get aggressive on their underwriting, and we will start to see all of the cash that is sitting on the sidelines try to get involved in projects with distress – which don't exist in mass today. The good news is, most of my clients don't believe that 2024 will be riddled with uncertainty, so there likely will be a better equilibrium moving forward.

What is going to be the biggest commercial real estate story for the Denver area in 2023?

On the land front, the biggest story is development challenges. Underwriting development deals today is disgusting – the price of land, the cost of entitlements, the time it takes to get through the municipal process, the questions surrounding metropolitan districts, the outrageous city fees, the horizontal and vertical construction costs, and the dip in exit pricing (or increase in cap rates) has made being a land developer really hard. This is the story of the land world – how can we bring down costs to justify new development?

What is a goal you have yet to achieve?

I have been working on a mullet for several years and it just won't fill in.

Who is the one person you're most interested in meeting?

I don't even have a good answer for this. I'm pretty good for now.

What is your favorite quote?

"Joey puts sweet and low in his coffee" is a pretty good one, but I also like "Joey collects celebrity hair."

What would you select as your 2022 theme song/walk up song?

Van Halen – Hot for Teacher. I married a good one.

