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Hashimoto a top investment sales broker

by John Rebchook

Retail brokerage is tough. Many retailers are mom-and-pop outfits without the financial strength and credit history to afford the best locations. They often can't compete with the national chains.

But even the national chains aren't immune to changing consumer buying habits or the economy, as the fall of once prosperous chains such as Circuit City and, most recently, RadioShack show.

Yet Riki Hashimoto has risen to the top of retail brokerage by selling retail properties, rather than leasing them.

Hashimoto, 41, has been involved in more than \$1.75 billion in investment deals during his 20-year career, with his long-time business partner Dan Grooters.

He and Grooters are executive managing directors for investments in the Denver office of Newmark Grubb Knight Frank.

And while many associate the two solely with retail sales, a big part of their activity actually includes other asset classes, primarily offices.

"Retail leasing is an extremely difficult product class to start a career in and I applaud those that have succeeded in this arena," Hashimoto said.

"But since I have always focused on investment sales and not leasing, I saw the retail segment as a huge opportunity," he said.

He said the "sweet spot" for his mid-market transactions is for properties priced between \$5 million and \$25 million.

Retail investment was a very fragmented product class when he came to Denver in 1995 and at that time, no one in Denver was specializing in private retail transactions, he said.

"As a young broker trying to carve out a niche in the marketplace, I decided to focus on this potential opportunity," Hashimoto said.

Most of the investment brokers at the time used the retail segment as a "stepping stone" in their careers, and not their focus, he said.

Yet he and Grooters do more than retail investment sales, which many people may not realize.

"Because I started our business with a defined focus and gained market share quickly in retail, I think many people associated my team with just retail," Hashimoto said.

Although he started focusing solely on the retail investment sector, "I realized early on that this segment of the marketplace wasn't product specific," Hashimoto said.

By that, he realized that those who invested in retail typically also invested in other product types, such as office buildings.



Riki Hashimoto

"In fact, over the past several years, our business and closing activity has been evenly split 50-50 between the office and retail properties," Hashimoto said.

Hashimoto and Grooters met at a short stint with Marcus & Millichap.

He started his career at Grubb & Ellis.

He moved to Denver in 1995 and his father-in-law, Charles Steinbrueck, had worked with top broker Barry Dorfman, who at the time was shooting the lights out at Grubb.

Steinbrueck was the co-founder of Pace Warehouse Membership Club in 1983, one of the first big-box retailers.

"Barry did a lot of the site selection work for him," Hashimoto said of his father-in-law, who sold Pace to Kmart. Later, WalMart purchased 91 Pace Warehouses from Kmart and converted them into Sam's Clubs.

"He was a great man," Hashimoto said of Steinbrueck, who passed away about six years ago. "He had a lot of interesting stories relating to business and retail."

His father-in-law encouraged him to reach out to Bob Caldwell, then the managing broker at Grubb & Ellis.

Caldwell, he recalled, "was an inspiring and charismatic individual and he encouraged me to consider real estate as a career."

He was hired by Dave Osborne, then the sales manager at Grubb.

"He and I became quick friends," Hashimoto said.

"Dave and Bob ended up taking a shot on me and hired me to learn the business and I worked with the investment group," he said.

Then, Osborne left Grubb for Marcus & Millichap and recruited Hashimoto.

Hashimoto became the sales manager in the Denver office of Marcus & Mil-

lichap.

That is where he met a young broker named Dan Grooters.

"We worked really well together and decided to form a team," Hashimoto said.

"I moved our team back to Grubb & Ellis and we spent about 10 years there before Grubb & Ellis fell into bankruptcy," in 2012.

He and Grooters have worked together so long that they often finish each other's sentences.

"We have often been compared to the old married couple," Hashimoto quipped.

He credits a lot of their success to creating a great team.

"Having a partner in this business can be extremely difficult and I've seen more partnerships end up in failure than succeed," Hashimoto said.

"Fortunately for me, I found in Dan someone who really does complement me," he said.

"Dan has an amazing ability to nurture a deal and work with our clients to accomplish their goals," Hashimoto said.

"In a partnership, I think different clients relate to different types of personalities better so having someone around who complements my personality really gives us a broad base to service all types of client personalities," he said.

He and Grooters are doing deals in a retail environment that is not as frothy as the apartment market, but is still at record levels by some measures.

"Denver is doing very well, actually outpacing much of the country," Hashimoto said.

Denver retail has experienced strong absorption over the past several years, with a limited supply of new product, he noted.

That means that tenants looking to expand or entering the market have had few options, which has driven up rents to record levels in many cases.

"As you can imagine, these strong market fundamentals are highly favorable to the capital markets and therefore investment in Denver has been at an all-time high," Hashimoto said.

And the retail ride is not over.

"I think we still have some strong investment growth to harvest in this current market cycle," Hashimoto said.

"As long as interest rates remain favorable, I'm seeing investors continuing to target Denver retail as a place to invest or re-invest in the near future," he said.

However, he doesn't think the retail market will become as red hot as the apartment market.

"In my opinion, the commercial and multifamily markets are quite different in form and function," he said.

For one thing, the multifamily segment

has government agency financing, which is not available in the commercial space.

He noted that he has had quite a few conversations with his colleagues at ARA Newmark, formerly known as Apartment Realty Advisors.

"We are nowhere near the level of 'fierceness' you see in the multifamily segment," Hashimoto said.

"We are, however, in a seller's marketplace with a very balanced, but aggressive investor pool," Hashimoto said.

While multiple offers are common for their offerings and time frames on deal structures have been compressed to extremely efficient levels, it's not like "we're not seeing some of the aggressive deal terms I've heard ARA is receiving on some of their offerings," Hashimoto said.

Hashimoto grew up in the small town of Corvallis, Oregon, home to Oregon State University.

Growing up, his father was at Oregon State and his mother was in the academic world.

His two sisters and brother all hold advanced degrees.

"When I told them that I was going into real estate brokerage, I think they all thought I was a little bit crazy," Hashimoto said.

Growing up, he loved playing all type of sports and loved to compete.

He excelled at soccer.

He was so good, he received a scholarship to play Division I soccer at Drake University in Des Moines, Iowa.

"At Drake, I met my wife, who was from Denver, so after we both graduated from school, we ended up here in Denver," Hashimoto said.

He has been married to Ashley for the past 18 years.

They have a 13-year-old daughter, Caroline, and an 11-year-old daughter, Sophia.

When he is not selling real estate, he loves spending time with his family and sports.

"I'm really a simple family man," Hashimoto said.

"I love spending time with my girls and being with them while they still want me to be around," he said.

He also loves to compete "in just about anything involving a ball."

He plays on a men's soccer team a couple of times a week and during the winter enjoys skiing with his family.

"In the spring and summer I try to work on my golf game whenever I can."▲