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Commercial Observer Owners Magazine

COMMERCIAL OBSERVER

Owners Magazine Q&A

Ken Horn, President and Founder Alchemy Properties

By: Commercial Observer Editors

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Ken Horn

President and Founder
Alchemy Properties

Where is Alchemy going to be in 2026?

We continue to be bullish on development in all real estate markets regardless of the cycles. Over the past 30 years, Alchemy has been a big proponent of countercyclical development, leading us to deliver new product in a time when there is limited supply because most developers shied away due to not having the expertise of working within tougher market conditions. That said, over the next few years, we fully intend to continue our growth in both residential and commercial real estate in New York City as well as our ongoing expansion in the Southeast and Midwest based on the foundations we are laying today.

Where is Alchemy going to be in 2028?

Similarly, we understand that the market is cyclical in terms of availability of debt and equity. However, there is a certain consistency that we've seen throughout a 30-year period. While investment has waned due to interest rates increasing, there is always a strong demand for high-quality housing and office.

Where is Alchemy going to be in 2033?

We will continue to navigate through the cycles of the market and utilize countercyclical development, always looking forward. We will continue to be responsive to the capital and equity markets that are out there.

Tell us about a successful financing in the last 12 months or an unsuccessful one.

We worked on a transaction with a capital partner within the last few months to purchase a site on the Upper East Side at 1691 and 1693 Second Avenue. There are exciting things to come there that we can't speak about yet. In terms of unsuccessful: We believe there is a lot of debt in the market. In the current stages of our ongoing projects, we don't actively need debt just yet. However, in all of the conversations that we've had with various partners, they've said that in the event we need debt, it is available to us due to our experience in the market and good track record.

When will we know the market has stabilized? (Be specific!)

We always believe that it is more of an art than a science. The best time to buy property is typically a combination of when the market has bottomed out, capital markets open up, and interest rates have peaked but are starting to go down. No one can determine a certain date when that will happen. However, with countercyclical development, we recommend buying when the market is down because there is less competition for acquisition.

How do you think the 2024 presidential campaign will impact commercial real estate?

With any new administration that comes in, the biggest impact will be economic policy that can allow relaxation on interest rates. This must happen in order for the commercial real estate industry as a whole to move ahead, and the capital markets will then open up.

If you were to invest your own money in someone else's real estate, who do you like and why?

We do not invest in others' projects.

What business advice are you most tired of hearing?

We've heard certain equity sources ask why we would develop when a market is not strong. That might be the case in certain situations because of high interest rates and lack of liquidity. However, that is just a snapshot of the current market and not a look ahead. It takes years to develop a building, so it's important to not home in on the current market since it all evolves in cycles. Instead, have the foresight to develop for the future now.

What's the biggest market opportunity as we round out 2023?

Alchemy is looking to continue to move ahead and purchase New York City development sites because pricing of land is very low right now. We've done a big analysis and found that the pricing of land is lower today than it has been in the past 16 years. We believe that there will be a reduction in construction costs based on supply and demand, and that interest rates will peak and continue to go down.

Have you had a lot of staff turnover?

We've had no staff turnover in the past five years. Alchemy is a great place to work because we take care of our employees.

LIGHTNING ROUND

Do you feel personally safe moving through NYC?

Yes, of course. I walk to work every day.

Can't live without technology now?

Technology overall is a need nowadays.

Artificial intelligence — good or bad?

Both. *Mischa's or Nathan's for a hot dog?* As a New Yorker: Nathan's.

Netflix or Hulu?

Both.

What character are you in "Succession"?

While they filmed season three in the Woolworth Tower Residence and I personally enjoy the show, I'm like none of the characters. They are not to my liking.

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