



Greg Marderian

Apartment Sales Today!

An Interview with Greg Marderian,
Senior Investment Broker

by Patricia A. Harris

Greg Marderian has been a full time professional in commercial real estate since 1981. For the past eight years, he has been an associate broker with **AOA's Commercial Brokerage Company** serving the needs of apartment owners and the many members of the Apartment Owners Association of California. Greg specializes in the San Fernando Valley but does not limit his focus to any particular area.

Specializing in multi-family sales, he has successfully completed numerous transactions, ranging from five to 88 units and is dedicated to helping his clients maximize value.

I asked Greg about his experience over the years and what his predictions are for apartment owners for the years ahead.

Q: How do you think the apartment market has been affected by our current economic situation and where do you see the market going in 2010?

Greg: “Our historically high prices and high GRMs with low or negative yields were vulnerable for a price correction. The credit crisis and negative employment picture are added pressure that is likely to last well into 2010 and possibly longer.

At this time, I believe prices have corrected in the range of 15% to 20% from their highs – not a great amount when you consider how high they were.”

Q: What do you think buyers in the multi-family market are looking for, and does the current market offer them that today?

Greg: “With very rare exception, buyers will insist on realistic cash flow from sustainable rents. High rents are being discounted aggressively and costs to re-let are taken seriously due to the soft rental market. Unfortunately, most sellers are having a hard time accepting this reality and have not made the necessary price adjustments from the former irrational prices. The sellers who price realistically do receive offers, but they are still a minority.”

Q: Any advice for sellers and those looking for exit strategies?

Greg: “My strong sense is if you desire to sell in the next three years, you should seriously consider selling sooner than later. In addition to a negative job picture for Southern California, I am concerned interest rates must eventually rise. If interest rates

begin to rise while the rental market is soft, the pressure on prices will intensify and today's prices will look very good."

Q: Advice for first-time buyers?

Greg: "My advice would be to take your time to learn a specific market in which you feel comfortable owning. Network with knowledgeable brokers; look at their information sheets, view the properties and understand rents. All of this will take time, besides there is no rush of buyers. Buy for cash flow and be prepared to work hard to maintain your investment."

Q: What sets AOA Commercial Brokerage apart from other brokerage companies?

Greg: "Three things. We specialize in apartments; we are very experienced with integrity that starts at the top. The later two are expected but not always realized."

Q: A word of advice to current owners of multi-family properties?

Greg: "If your goal is long-term ownership, pay close attention to your business. Within reason, try to keep your good tenants. Price vacancies aggressively and don't expect the former bubble prices to return soon."

The length of this downturn will depend on the employment picture and a wild card - interest rates."

For more information or to contact Greg Marderian directly, please call (818) 988-9200.