

Real Estate Forum

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People To Watch



Alex Mogharebi Marcus & Millichap

Creating and sustaining a presence in the competitive field of commercial investment brokerage is a daunting task. Though the successful completion of a few major transactions may garner some attention, it is unlikely to guarantee a lasting career. So how does a broker establish a reputation that will continually drive buyers and sellers to his or her door? According to Alex Mogharebi of Marcus & Millichap Real Estate Investment Brokerage Co., the answer is to specialize. Success lies in knowing the ins and outs of your market, your product type and your clients.

Based in the firm's Ontario, CA office, Mogharebi has a track record that more than qualifies him to dole out advice. In the past year alone, he has closed 47 transactions valued in excess of \$730 million and has a repeat business ratio of 70%. Mogharebi, who concentrates on multifamily properties in California's Inland Empire, holds the title of vice president as well as senior director in the firm's national multi housing group.

So what makes Mogharebi a "person to watch?" His position in the field, for one thing. According to Marcus & Millichap, the VP achieved a 48% market share last year, positioning him as one of the top players in the region. He also holds the distinction of recording the highest single-year earnings for an agent in the history of the company and being top associate 11 out of the last 13 years.

"Alex's success is very much the result of his focus on business fundamentals," says Harvey E. Green, president and CEO of the Encino, CA-based firm. "He has helped raise the standard of performance, not just by the numbers, but by the quality of client service."

Recently Mogharebi shared the anatomy of his success with REAL ESTATE FORUM. An edited version of that discussion follows.

By Danielle Douglas

How did you get started in commercial real estate?

ALEX MOGHAREBI: My first transaction was during my college years. I was pursuing the racquetball/fitness business, which in the early 1980s was an emerging trend, and accidentally backed into the real estate industry. I had syndicated a fitness club by raising money from investors. I used the funds to buy the land and construct the building, which I then leased back from the investors. Some years later, I was involved in mergers and acquisitions, primarily small and midsize companies. Real estate was a big part of these companies' balance sheets and, therefore, the transactions. That prompted me to view real estate as a business in and of itself.

What led you to Marcus & Millichap?

MOGHAREBI: The firm stood out because their goals and long-term vision were consistent with my own. Through my experience in mergers and acquisitions, I believed that in order to provide quality services and gain credibility in the marketplace, you have to have a specialization. In 1989, hardly anyone was specializing in any market. Marcus & Millichap was the only firm that was headed in that direction and understood the importance of focusing in on one market and one product type at a time.

There was also a real commitment to comprehensive support systems for agents and clients, such as research, financial analysis and packaging.

How did you establish a presence in the industry?

MOGHAREBI: By specializing. Most brokers were working in all different product types and locations. To differentiate myself, I focused on apartments in the Inland Empire. At the time, it was very underdeveloped market, but one in which I felt I could grow and create a client base.

I built a database comprised of profiles of each building and its owner. Back then we didn't have all of the information that exists today. Everything had to be done manually. I took it one street at a time. For a year-and-a-half, all I did was visit each property, examine its condition, take photos and conduct rent surveys. My wife, Kerry, who is also a broker, collected all of the information and created a complete detailed library of every building and every client.

Through that process, I began to really understand the market, where job growth might take place and where new housing would likely develop. I was able to stay ahead of the curve and help clients make informed decisions.

What obstacles did you incur when you first started out?

MOGHAREBI: Convincing clients that I wasn't there just to work on a transaction, but to build a relationship. Once I got in front of them and explained that I was in it for the long run, as well as the services I could provide, it became easier. After the fourth year, more than 50% of my closings were comprised of repeat business,

and it has since increased from there. Today, repeat clients account for probably 75% to 80% of my business.

What do you think it is that gives you such a high percentage of repeat business?

MOGHAREBI: I think it's the level of detailed information that we provide them. When I work with a client, I provide a complete overview of what is going on in the market—the good, the bad and the ugly of each submarket as well as growth projections. Then I typically place 30 separate transactions on the table, which allows clients to pick and choose which asset is best for them, versus being pushed on one particular deal. It's like walking into Nordstrom's and trying to buy shoes; you get deals of every size and every style and we make sure you find the one that fits perfectly.

How many deals do you typically have on the table at one time?

MOGHAREBI: Right now, I'm working on about 80 deals. This breaks down to about 30 or 32 listings, 20 proposals and 10 or 15 closings in the pipeline. At any given time, I normally have anywhere from 70 to 80 deals that are either in escrow, being marketed or proposed.

Where do you see the Inland Empire's multifamily market heading in the next 12 to 24 months?

MOGHAREBI: Rental growth is going to forge ahead because of the gap that exists between the Inland Empire and Los Angeles and Orange County rents. Our average market rent is approximately \$900 a month, whereas in LA or Orange County it's around \$1,110 to \$1,200. The fact that the rents are 25% to 35% lower here means we still have quite a bit of room for growth, particularly now that LA and Orange County have run out of land.

What is your outlook for the general real estate investment market?

MOGHAREBI: The past few years have been unprecedented in terms of capital flows, record pricing and new lows for yields.

We are going through a transition right now with higher interest rates challenging the pricing, particularly for B and C properties. There are also fewer buyers in the market. In the short term, cap rates are bound to increase as interest rates rise. However, since property fundamentals are healthy, I don't anticipate a substantial price correction. Prices will level off and with higher operating income, cap rates will move up.

Our business is rapidly changing, with investors becoming more sophisticated and requiring advanced services. We are seeing more private investors acquire institutional-quality assets, while institutions have become more willing to take on value-add plays. The theme continues to be the need for a long-term strategy and advisory work, not just one-off transactions. ♦



By the Numbers

BEGAN CAREER:	1989
SPECIALTY:	Multifamily investment brokerage
MARKET:	Inland Empire, CA
CAREER STATS:	348 transactions involving more than 30,000 units with a total value of \$2.3 billion
KEY ACHIEVEMENTS:	Named Marcus & Millichap's Top Associate Nationally 11 times in the past 13 years