



SEATTLE / BELLEVUE

Private Client Group

The **PRIVATE CLIENT GROUP** exists for one reason: to help individual property investors achieve maximum value in the acquisition and disposition of their assets.

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Every quarter the **CBRE Private Client Group** puts a Seattle real estate industry leader in the Hot Seat to answer relevant questions about today's market climate.

This quarter we selected **Rob Aigner, Senior Vice President/Regional Manager of Harsch Investment Properties**, who oversees Seattle and Northern California. Rob currently manages 1.75 million square feet of commercial property.

Mr. Aigner began his career in commercial real estate in 1981 as an industrial broker. He has since been the Executive Managing Director at both CB Richard Ellis and Colliers for the Pacific Northwest Region. Rob has been on the board of numerous professional associations, including CBA, NAIOP, and SIOR.

IN THE HOT SEAT February 2009



Q. How does this market downturn compare to the previous cycles you've been through?

A. *They're all different. This one is different because it is all-encompassing, it is international, and it is affecting every industry because it is steeped in the credit crisis. There were excesses in the market that need to be squeezed out. Until that happens, we won't have a healthy economy.*

Q. What is your biggest concern regarding the national economy?

A. *The fact that we continue to lose jobs and that there's a complete lack of confidence. During the Great Depression, we think of people who had to stand in soup lines. It's an ugly image and an image of complete failure. Thankfully, we aren't there yet and I don't think we're going to get there.*

Q. In previous cycles, Seattle has been later to enter a downturn and later to come out of it. Is there reason to think that won't be the case this time?

A. *People are hopeful that Seattle will break the mold and be the last one into the downturn and the first one out of it. I don't think this is likely, but I also don't think that we'll be the last ones in and the last ones out. I think that when the economy does come back, as a nation we will come back together. And that may not be until 2011. We need to have a recovery that is slow and steady. That is what makes success.*

Q. What indicators will there be to signify that the market has hit bottom and that it is ready to trend up?

A. *There will be demand in the housing market again. The housing market is critical because it creates jobs. The constitution was built around individuals, their property rights and the protection of those rights. We will not be healthy again until that happens.*

Q. What advice would you give your fellow property owners right now?

A. *Take care of your tenants. It's important to have a personal relationship with your tenants to keep them. It's difficult to raise rents in a down market, but if you can, do it. The key to real estate is to drive NOI and it's a relationship business involved in the process of collecting nickels and dimes, not pro formas and 6 CAP purchases.*

Q. With CMBS loans essentially non-existent, where is the best place(s) to seek debt?

A. *Securitization vehicles have gone by the wayside. They were all trickery that needs to*

be squeezed out of the system. Instead, look to more traditional avenues. You're going to have to increase your equity in a deal because the credit underwriting has shifted back to traditional methods. The debt that existed was all Wall Street Hocus Pocus that needs to be squeezed out. It's going to be a painful process, but it needs to happen for us to get better.

Q. When the market does turn around, where will the best opportunities be?

A. *That depends on your objective. Recently, people got away from their core investment strategy and chased opportunities because they were available. Those that stayed true to their mission are the ones who will stay on track during this downturn. The best opportunity to me could vary wildly from your best opportunity. It's all about your objective going in. It's like the movie City Slickers. The secret to success is one thing. You have to figure out what that one thing is for you. Then attain it.*

Q. Harsch owns properties throughout the West Coast. Does staying abreast to trends in other markets help you predict changes in our local market?

A. *It definitely helps. Las Vegas has been experiencing the pain that Seattle is just now experiencing for 18 months. My counterpart there does a good job of coaching me on what to do based off his experiences. It helps me stay ahead of the market and be better prepared for when the trend comes to Seattle.*

Q. You went to the University of Washington, but you have two kids who are currently attending Washington State University. Has your allegiance to your alma mater been tested?

A. *No doubt I pull for the Huskies still, although I will admit that there is more Cougar gear in my house than there is UW...*

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