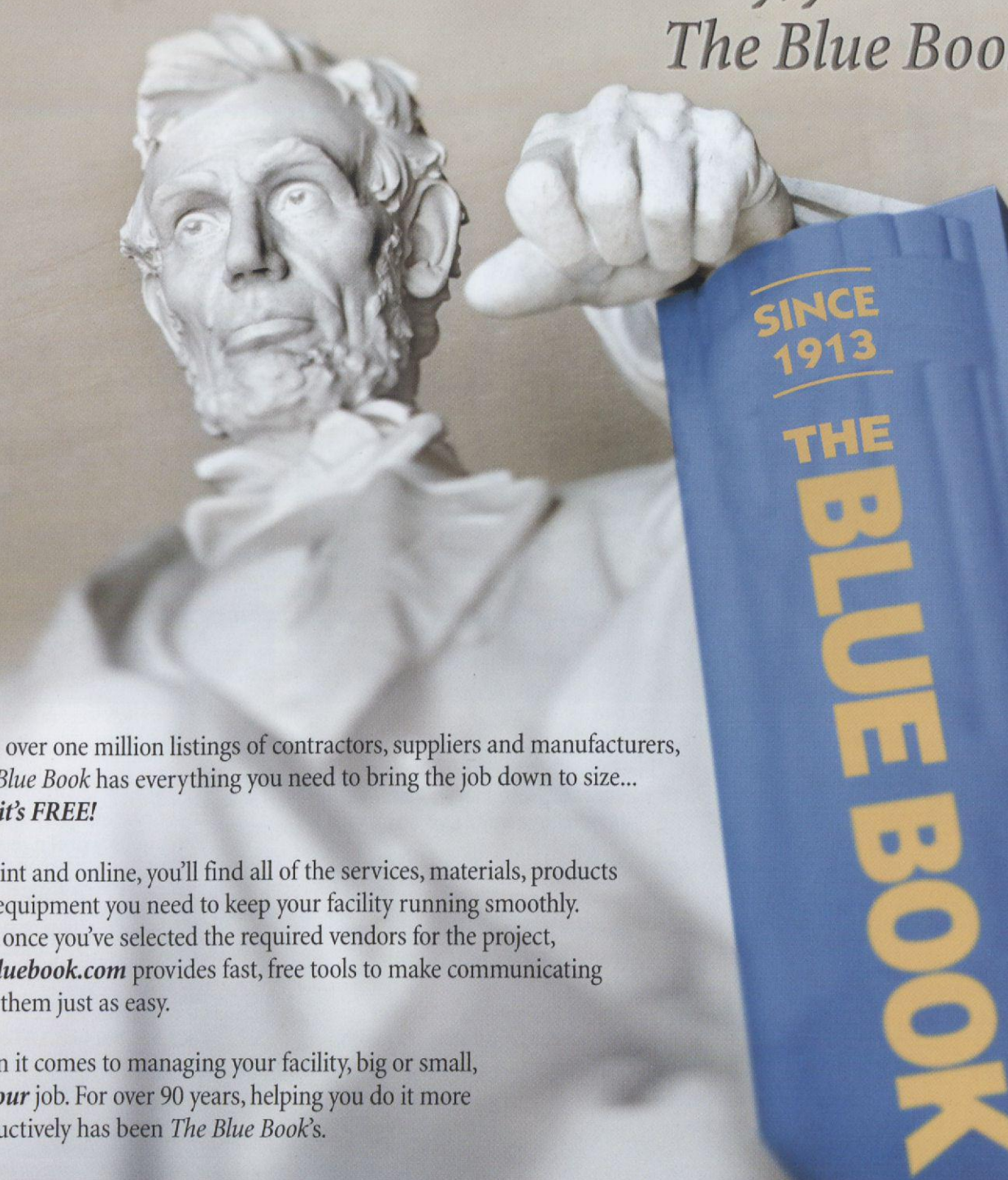


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In principle and practice, the Institute of Real Estate Management values and seeks a diverse membership. There are no barriers to full participation in the organization on the basis of gender, race, creed, age, sexual orientation, national origin or disability. Moreover, the Institute of Real Estate Management encourages equal opportunity practices among its membership.

fromthetop

This is our time

Celebrating IREM accomplishments and new endeavors



It's hard to believe, but here we are, officially into the second half of 2008. Even though time has flown by for many of us, we surely can admit it's been a bit of a roller coaster year with the housing and lending markets, factors within the economy and new challenges—sustainability in particular—demanding our immediate focus.

Fortunately, owners are turning to us for help. We might even be a bit surprised by the opportunities coming our way.

This is the time to be proud of what IREM has provided to the real estate management industry for the last 75 years and to celebrate the reasons people are seeking us out—for our core values, ethics, education and overall excellence. Today we are as strong as ever, and our headquarters staff continues to provide IREM Members with the tools and knowledge we need to effectively do our business.

In this issue you will find articles on everything from creating opportunities for growth and advancement in the business, to marketing your residential properties online, to several sustainability topics such as water conservation, implementing a recycling program for your tenants and their employees, and techniques for installing the best type of green roof (yes, there's more than just one kind) for your properties.

Going beyond what we're doing for our current members and what we're offering new members, I'm excited to share that the IREM Foundation and IREM are working together on a number of student and academic outreach programs. As we all know, the real estate industry is experiencing high staff turnover and a talent shortage is heading our way. To read more about the initiatives between IREM and the IREM Foundation, turn to page 63.

Looking ahead to what we have slated for you, I do hope you plan on connecting with your peers this October in Chicago for the grand celebration of IREM's 75th anniversary, as well as Success Series 2008 with our CCIM colleagues. But even before we convene in Chicago, many chapters will partake in their own celebration of IREM's special year. These celebrations and other networking functions present great opportunities to re-establish friendships, and even find potential business opportunities within our strong IREM communities throughout the world.

Regina T. Mullins, CPM
2008 IREM President

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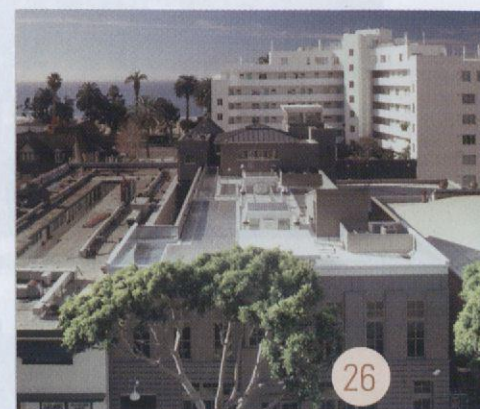
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2008 IREM and CCIM Institute Capitol Hill Visit Day a success

IREM and CCIM Institute Members joined together to lobby their legislators on April 16. A combined total of more than 275 commercial real estate professionals, including 250 IREM Members, participated in the 11th annual event. Members representing 40 states and Washington, D.C., voiced the industry's concerns on energy, natural disaster insurance, leasehold improvements and capital gains/depreciation recapture in 225 separate meetings with U.S. Senators and Representatives and staff. Issue papers on the four issues are posted on the IREM Capitol Hill Visits page at www.irem.org/capitolhill.

IREM and CCIM Institute also named U.S. Senator Christopher Dodd of Connecticut the legislator of the year. Sen. Dodd serves as chairman of the Senate Banking Committee. Among his accomplishments, he was the chief architect behind Terrorism and Risk Insurance Act (TRIA) passage in the Senate. IREM and CCIM Institute appreciate his commitment to the real estate industry.

To read more about Capitol Hill Visit Day, see page 60.



A group of 2008 Capitol Hill Visit Day participants gather before the orientation.



Pictured, from left to right are New Jersey IREM Members Scott Dalley, CPM®; Eileen Yesko, CPM and Region 2 Vice President; Maribeth Scheidig, CPM, ARM®; and Victor Murray, CPM.



Pictured, from left to right are IREM Dallas Chapter 14 Members Greg Wingate, CPM; Robert Griffin, CPM; Debbie Lister, CPM; Jim Seal, CPM; Kristin Hiatt, CPM; Linda Jackson, CPM; Rich Elam, CPM and Dallas Chapter President; Helen Moise, CPM.



Pictured, from left to right are IREM Michigan Chapter 5 Members Joe Thomas, CPM; Sheila Austin, CPM; Karen Colucci, CPM; Robert Daniels, CPM; Senator Carl Levin; Ron Austin, ARM; Marv Perlin, CPM; and Jerry Mayer, CPM.

Additional license now required for Virginia condominium managers

Pursuant to legislation that became law on April 23, 2008—without the governor's signature—Virginia will now require separate licenses for common interest development (CID) managers. Beginning January 1, 2009, any person or entity offering management services to a CID must hold a valid license.

After July 1, 2011, in order for a CID manager to apply for a new license or renewal, all of the manager's employees who have principal responsibility for management services provided to a CID must obtain a license or must be under the direct

supervision of a licensed employee of the CID manager.

IREM believes that the management of residential apartments, condominiums, cooperatives and homeowner's associations involves real estate activities and should require a license under existing state license laws. IREM supports professional community association management, but is opposed to a separate state mandated license or certification for community association management and urges all forms of real estate management to be under the jurisdiction of existing state real estate broker and agent licensing laws.

State legislatures pass energy-efficiency legislation

The federal and state governments are addressing energy use as a result of rising concerns over climate change and higher fuel prices. States have become increasingly more active in adopting energy-efficiency measures, as state legislatures across the country work to reduce greenhouse gas emissions while boosting the economy.

Commercial, residential and industrial buildings consume almost 50 percent of the total energy used in the country. State legislatures are expected to target new construction to change the performance of buildings, while building codes and educational programs are being used to encourage both commercial and residential developers and contractors to build more energy-efficient buildings. For instance, this spring, Minnesota introduced one of the most energy-efficient residential codes in the United States.

Several states, including California, Hawaii, New Jersey, Rhode Island and Washington, have enacted laws in the last year to reduce greenhouse gas emissions. Washington has set target dates to reduce emissions to 1990 levels by 2020 and eventually to 50 percent below 1990 levels by 2050.

Alabama is considering legislation requiring the Building Commission to adopt the 2006 International Energy Conservation Code (IECC) as a minimum requirement for the design of all new construction and renovations to commercial buildings in the state.

Many states are considering tax incentives to encourage commercial real estate professionals to make energy-efficient improvements. For example, Connecticut is contemplating property tax exemptions for certain energy saving systems, and for buildings using energy saving heating and cooling systems.

Immigration law update

In response to Congress' inaction on immigration reform, state legislatures have been considering a record number of proposals related to immigration. Commercial real estate professionals are particularly interested in bills impacting employment and real estate. For instance, the Arizona Fair and Legal Employment Act, which went into effect earlier this year, prohibits employers from knowingly hiring unauthorized workers and requires all employers to verify employment eligibility. It establishes substantial penalties and threatens noncompliant employers with suspension and potential revocation of their business licenses.

Several municipalities have passed laws prohibiting real estate owners and managers from leasing to illegal immigrants. This spring, state legislators began introducing similar legislation. For more information on state legislation impact on real estate professionals, visit the IREM State Legislative Database at www.irem.org/publicpolicy.

Gear up for digital TV transition

Under federal law, American television stations must end their analog broadcasts and begin broadcasting exclusively in a digital format on February 17, 2009. Any consumers who receive free, over-the-air television programming in their homes could lose reception unless they upgrade by purchasing a converter box, purchasing a new television with a digital tuner or subscribing to a paid television service. The government is providing \$40 coupons for certified converter boxes. For more information, contact 1-888-DTV-2009 or visit www.dtv2009.gov.

Real estate owners and managers are encouraged to ensure their building wiring meets the standards used today in the telecommunications industry. Additionally, professionals who are interested in finding the best outdoor antenna for their geographical location can visit www.antennaweb.org.

IREM adopts statement of policy on energy emission trading

One option for reducing pollution and greenhouse gas emissions is a program called emissions trading, or "cap and trade." This type of program provides economic incentives to achieve reductions in emissions. Under this approach, regulated industries can buy and sell what are, in effect, permits to pollute. Usually a governmental agency will set a limit on the amount of pollutants a company or organization can emit.

Under the program, each company will be allocated a number of credits equal to its limit. Companies that reduce their emissions below the threshold can then sell or trade their credits to companies that exceed the cap.

A recognized successful implementation of such a program is EPA's Acid Rain Program, which has led to a significant, and more cost effective reduction in emission of sulfur dioxide, a precursor to acid rain. In the United States, only direct emitters such as power plants and utilities are allocated credits. They are then permitted to buy and sell credits, based on their ability to exceed the regulatory requirements. Some organizations have proposed allowing owners of real estate to participate in this type of program to encourage reduction in greenhouse gas emissions.

The feasibility of emissions trading for buildings is unknown. It would require all buildings to participate in energy audits to determine current emissions levels. Voluntary participation wouldn't work, as trade programs require all actors, both "good" and "bad," to participate. In addition, it will be hard to quantify direct versus indirect emissions.

Providing an economic incentive, in the form of credits, would encourage energy-efficiency improvements and assist in paying for those upgrades. IREM supports market-based incentives for energy efficiency. IREM supports federal funding of a cost/benefit analysis and research into the feasibility of an emissions trading program for the real estate industry.

Office market on uneven ground

The U.S. office vacancy rate rose upward for the second consecutive quarter—after nearly five years of rising occupancy. New office developments also came online during the first quarter, further adding to the increase in vacancy rates. While rising rents continue in both downtown and suburban leases, the problem of new supply will continue over the next three to four quarters. That factor—combined with lowered business confidence resulting from unstable financial markets the massive layoffs in the housing and financial sectors—is likely to keep the office markets in flux across the nation. For the full report, visit www.colliers.com.

Top five cities with highest vacancy rates as of end of first quarter 2008:

| | |
|-------------------------|--------------|
| Kansas City, Missouri | 21.3 percent |
| Dallas/Ft. Worth, Texas | 21.0 percent |
| St. Louis, Missouri | 19.6 percent |
| Cleveland, Ohio | 18.6 percent |
| Reno, Nevada | 18.4 percent |



Shopping centers head down to Mexico

With a sluggish economy continuing in the United States and a growing middle class in Mexico in need of suburban-style retail property, some of the largest shopping center developers from the United States are finding new opportunities south of the border.

Kimco Realty Corp. and General Growth Properties Inc. have both built beyond U.S. borders while postponing new constructions or renovations of their U.S. retail properties. Kimco expanded into Mexico six years ago and now has 34 shopping centers there, compared with 809 in the United States. The company also currently has 24 Mexican shopping centers being planned or constructed, accounting for nearly 40 percent of its \$2 billion construction budget, up from 20 percent in 2005.

The Mexican market especially appeals to retail-property developers for several reasons: Mexico's developing economy is gaining momentum, but the country is in great demand for malls and shopping centers. In fact, there are fewer than 1,000 malls and shopping centers in Mexico, which has a population of about 110 million.

Housing markets remain volatile into 3rd quarter

Experts remain divided on whether the housing market has hit the bottom, as the commerce department estimates that U.S. home builders broke ground on 8.2 percent more homes in April, led by a 36 percent increase in multifamily units.

Housing starts rose to a seasonally adjusted annual rate of 1.032 million, well above the 954,000 estimated for the first quarter; this rate was the third increase in four months. However, starts of single-family homes declined for the 12th straight month, falling 1.7 percent to a seasonally adjusted annual rate of 692,000, the lowest since January 1991.

The National Association of Home Builders (NAHB) reported builder sentiment fell in May, with builders' assessment of current sales conditions ranking at their worst in 23 years.

Construction of new multifamily units is extremely volatile, with month-to-month increases or decreases of more than 20 percent showing up in government data for each of the past five months.

>>> LEED buildings net higher rents

Two recently released studies revealed third-party certified buildings outperform their conventional counterparts on areas like energy savings, occupancy rates, sale price and rental rates. One study, conducted by CoStar, revealed that LEED buildings command rent premiums of \$11.24 per square foot over non-LEED structures and have a 3.8 percent higher occupancy. Rental rates in Energy Star buildings also represent a \$2.38 per square foot premium over comparable non-Energy Star buildings and have 3.6 percent higher occupancy. The other study, conducted by the New Buildings Institute (NBI), indicated that new buildings certified by the U.S. Green Building Council's (USGBC) LEED, perform an average of 25-30 percent better than non-LEED certified buildings in terms of energy use. The study also reported that Gold and Platinum LEED certified buildings have an average energy savings approaching 50 percent.

>>> Texas A&M sets trend in campus conservation

Texas A&M University has become a leader in campus conservation, cutting its total water consumption by 53 percent over the past 16 years and energy consumption by 20 percent over the last five years. In 1991, the university went through 3.5 billion gallons of water. Last year, it used just 1.6 billion gallons, all the while serving an increase in students, faculty and buildings. The university also saved \$50 million in energy costs and reduced carbon dioxide emissions by 338 million pounds. University officials attribute the reductions to implementation of operational changes like low-flow plumbing fixtures and automation of the campus irrigation system.



Photo: Texas A&M University

>>> New web tool helps business go green

Small and mid-sized businesses can now track their greening options with a Web-based tool. The "Greening Advisor"—a free service developed by the Natural Resources Defense Council, one of the nation's largest environmental organizations—provides a broad range of steps companies can take to promote energy efficiency, conserve water, reduce waste, minimize paper usage and improve their financial bottom line. Visit www.nrdc.org/greeningadvisor, to find local vendors to work with on the greening process.

“Quotables”

“If you don't like something, change it. If you can't change it, change your attitude. Don't complain.”

Maya Angelou, American Poet

“The best thing about the future is that it comes one day at a time.”

Abraham Lincoln, 16th U.S. President

“My grandmother started walking five miles a day when she was 60. She's 97 now, and we don't know where the hell she is.”

Ellen DeGeneres, Comedian

“A dog is the only thing on earth that loves you more than you love yourself.”

Josh Billings, Comedian

“Experience is simply the name we give our mistakes.”

Oscar Wilde, Irish Dramatist

“Genius is more often found in a cracked pot than in a whole one.”

E. B. White, Author

“When you do the common things in life in an uncommon way, you will command the attention of the world.”

George Washington Carver, Scientist

“I have not failed. I've just found 10,000 ways that won't work.”

Thomas A. Edison, Inventor

“It's not what you look at that matters, it's what you see.”

Henry David Thoreau, American Author

“Trust that little voice in your head that says, 'Wouldn't it be interesting if...;' And then do it.”

Duane Michals, Photographer

Famous Properties

The Art of Sustainability

MCA Denver showcases the latest and the greatest in contemporary art and green design

by Diana Mirel

On the outside, the Museum of Contemporary Art (MCA) in Denver is a discreet, coolly elegant structure. Inside, however, visitors are welcomed by an explosion of innovative space dedicated to showcasing modern art in the most contemporary way through sustainable building design.

The 30,000-square-foot museum opened its doors in October 2007, and is the first Gold Leadership in Energy and Environmental Design (LEED)-certified museum in the country. When the leaders began planning the museum's new permanent home, they created three overriding goals to guide them through the entire planning, design and construction process: designing a space that supports the museum's mission rather than defines it, creating a space within the museum's economic means, and making it an environmentally sensitive project.

"When we went into the discussion about considering a sustainable building, our goal was very loose: Just make it responsible," said Cydney Payton, executive director of MCA Denver. "It seemed like an achievable goal. We wanted to demonstrate to our community that sustainability was in alignment with beauty and economic responsibility."

As the museum staff delved deeper into sustainable design, the "loose goal" became much more concrete. This novel concept suddenly offered new and exciting opportunities for the museum to make its mark within the Denver community and beyond.

GREEN WORKS

MCA Denver's functional green design starts with its exterior. More than 50 percent of

the building's exterior wall is a double-skin façade, consisting of an insulating tinted glass curtain wall and an interior sheet of Monopan—a translucent recycled building material. The cavity between the exterior façade and the Monopan is a plenum that reduces cooling loads and serves as a relief chamber for air exhausted from occupied space. The façade also filters daylight as it enters the building.

The green design features then extend beyond the exterior of the building. The mechanical system is, in fact, integrated with the façade to maximize climate control and minimize the use of traditional ventilation ducts. An evaporative cooling system humidifies the space, using no refrigerants. Rather, it utilizes 100 percent outdoor air in the cooling mode, with exhaust air drawn out of the building through the double-skin façade. This design allows solar heat built up within the cavity to be exhausted before entering the space. Additionally, a radiant flooring system provides heat, delivering it predominantly to the perimeter of the building. A dedicated outdoor air system allows fresh

air delivery to be adapted based on occupancy requirements.

Other green highlights within the space include a lush roof garden; furniture, fixtures and equipment that utilize more than 20 percent recycled content; materials purchased primarily from local suppliers; and a rigorous recycling program. The museum also buys wind power and offers discounts to visitors who use public transportation for their visit.

The project took about four years to complete, with a \$16 million budget for the building. The capital campaign was about \$19 million, and the museum is trying to raise an additional \$3 million in endowment funds. While Payton acknowledges that there is a bit of a premium for building green, there is a payoff.

"It depends on how you look at it," she said. "It has a premium that, in the long run, pays for itself. To me, that is an economic investment. It pays for itself in terms of energy use, what you get back, how the building functions and for the environment of the actual building for the staff."



MCA Denver's exterior was partially created with Monopan, a translucent recycled building material.

As of press time, the museum was still assessing how long it will take for the sustainable design features to pay for themselves.

TIME TO SHINE

Bringing another layer of complexity into the project, the museum did not halt operations during the entire process. Instead, the museum continued to program and hold exhibits by moving to temporary locations, with staff members spread over three different buildings.

In addition to business as usual, the MCA Denver team was juggling construction timelines, the capital project and publicity for the new museum. In the end, the museum went dark for only about three months to transition into its new permanent space. But staff, the institution's leadership and artists all agree that the challenges were well worth it.

"The building meets my expectations; it is incredibly rewarding and fulfilling," said Payton. "Not only that, but it is an incredibly beautiful space to be in, so our visitor time is quite long."

Furthermore, the new museum has become a particularly coveted space to unveil new art.

"Artists are very excited that such a place exists in their own city," said Payton. "We are also getting visits from artists from all over the world who are curious about it. [The space] is very elegant, and every gallery is quite unique." While the building's gallery space and design have attracted artists and museum insiders worldwide, the sustainable systems and LEED-Gold designation give the building a ubiquitous appeal beyond the esoteric art world. The new museum has



MCA Denver's innovative space designs help showcase modern art like David Altmejd's installation in the Large Works Gallery.

even sparked the interests of environmentalists and real estate professionals.

"We are getting visitors from all over the world," said Payton. "It's not only the building, but also the leadership of the institution [that] is getting a lot of visibility for the novelty of how we approached the whole thing. People are curious about how we did it and what it looks like."

Attracting visitors interested in both the art and building itself shouldn't be a problem for the museum this year, with plenty of high-profile visitors traveling to Colorado. With the American Association of Museums (AAM) conference and the Building Owners and Managers (BOMA) annual conference held in Denver earlier

this year, and the Democratic National Convention taking place in August, the MCA Denver will continue to garner attention and spark conversation about both its avant garde art and its cutting-edge sustainable design.

"It is a great time for us to be open to cultural assets," said Payton. "[Sustainable design] has grown so enormously in such a short period of time. When we started, there was no one to talk to. Now everyone is talking about it. I think it is the way of the future that all buildings will at least be at a basic level of questioning the materials [used] and their impact on the environment." □

Diana Mirel is a freelance writer for JPM. Send questions regarding this article to mnaso@irem.org.

Fast Facts

- The **human head** contains 22 bones.
- More than 5 billion **crayons** are produced each year.
- One in 10 people **live on an island**.
- **Paul Revere** never actually completed his journey.



- Half of the world's population has seen at least one **James Bond (007)** movie.
- One can live without food for almost a month but **cannot survive** longer than a week **without water**.
- There are about **1 billion bicycles** in the world—almost 400 million of which are in China.

- Coffee is the world's **most popular stimulant**. Four out of five Americans drink it.
- **Bees** do not have ears, but they have an excellent **sense of smell** with chemoreceptors in their antennae.



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www.rentalspacenetwork.com

The Rental Space Network is an online property management tool used to help property managers and tenants connect in all aspects of leasing. The site is made up of more than 250 different keyword-specific Web sites dedicated to advertising rentals. Property managers and tenants can login and handle all the documentation that goes along with leasing. The site also features easy access to process applications, leases, invoices, notice letters and more.

www.peci.org

The Web site for Portland Energy Conservation, Inc. provides resources and guidelines for using energy more efficiently. The site covers residential and commercial properties, and includes a resource library containing a broad range of articles related to energy conservation.

www.cmmonline.com/index.asp

Cleaning & Maintenance Management Online is a site that offers numerous online resources for building maintenance and management professionals. Breaking industry news, evaluations of suppliers, best practices information, online forums and more are offered on the site.

Pulse Points

Log on to www.irem.org/jpm to answer our online survey. Real-time results will appear on the site.

The results are in from last issue's poll

Have you implemented any water conservation methods or technologies in your buildings in the last five years?

Yes

57.31 percent (47 responses)

No

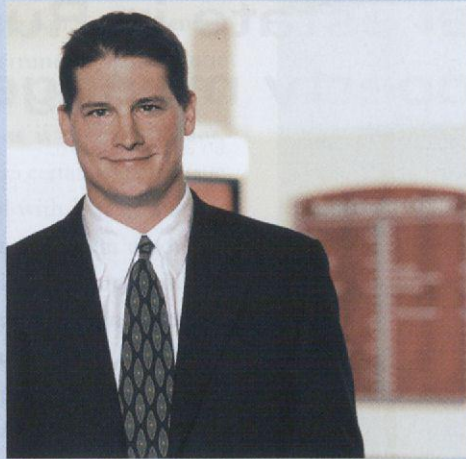
42.68 percent (35 responses)

Vote Total 82



To read about water conservation methods turn to p. 26.

Chris Hite, President, Coreland Companies



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High demand for real estate in Russia creates need for property managers

by Darnell Little

Thanks to a burgeoning economy, Russia's real estate market has been experiencing a steady growth for eight years. The amount of investment has nearly tripled in the last two years alone and the demand for property managers is on the rise.

"The market is incredibly active," said Dmitry Kunitsa, head of global law firm Squire, Sanders & Dempsey's Moscow-based real estate group. "A lot of international investors are here and a lot of Russian investors now look at the real estate market as a viable alternative to the stock market."

Moscow and St. Petersburg were the first cities in Russia to attract attention from investors, but other regions have developed quickly over the last five years, especially in "cities-millioniki"—those with a population of more than a million people.

There are 13 such cities in Russia, concentrated mostly along the Volga River in the Urals and in the southern region. The land in these cities is cheaper than Moscow, creating market opportunities and higher yields attractive to investors.

PROPERTY MANAGERS APPLY HERE

The Russian real estate market is still relatively in its infancy. The first Class A office building was developed in Moscow in 1990. A

dozen other structures followed in the early 1990s, but this did not satisfy the demand for high-quality office space by Western companies working in Russia and by fast developing Russian businesses.

Lack of product and huge demand stimulated quick development of the real estate market. This created a big demand for property managers throughout Russia, particularly for office, retail and industrial space. The field of property management is new to most Russian professionals and many foreign managers are flocking to the country to lend their expertise to the developing industry.

Shannon Alter, CPM®, who teaches classes in Russia on leasing and human resources, noted that most of her students have no prior experience in any area of real estate, much less property management.

"It is a whole new opportunity for them," she said.

The inexperience of Russian property managers has created a tremendous opportunity for American property managers willing to make the move; however, there are many challenges as well, one of which is adjusting to the Russian way of doing business. Alter stressed that American property managers must learn to be far more flexible because many aspects of Russian business aren't as developed as they are in America or Europe.

"Vendors will tell you with absolute certainty that something is going to happen, right up until it doesn't," Alter said. "The computers are going to come, the air conditioning is going to come... and then it just doesn't happen. And they also don't think things are going to break; they think things are going to last forever."

For American managers, frustrations may mount as Russian businesses learn their way around the new field of real estate development and management.

"If you're the type of person who likes to have everything in place, all neatly wrapped up and tied in a bow, this might not be the place for you," Alter said. "It's a very dynamic environment; it's changing day by day."

NAVIGATING NEW WATERS

David C. Elkins, director of asset management for the Moscow real estate portfolio of international real estate firm, Hines, agrees finding people who have "business maturity"—the ability to think through problems and resolve them in a business manner—is a huge challenge in Russia.

Hines provides property management services to eight office buildings, three mixed-use buildings, one residential development of townhomes and one warehouse, all in the Moscow area. Elkins has been in Moscow since last September and

has encountered difficulty in dealing with Russia's business environment, including the Russian government.

"Their government makes our IRS look passive," Elkins said. "The list of regulations is very significant. Corruption is also certainly a real issue you have to deal with here and it's at every level—not only from a governmental standpoint, but in your daily activities with your own employees. It's a very real issue that you have got to stay on top of."

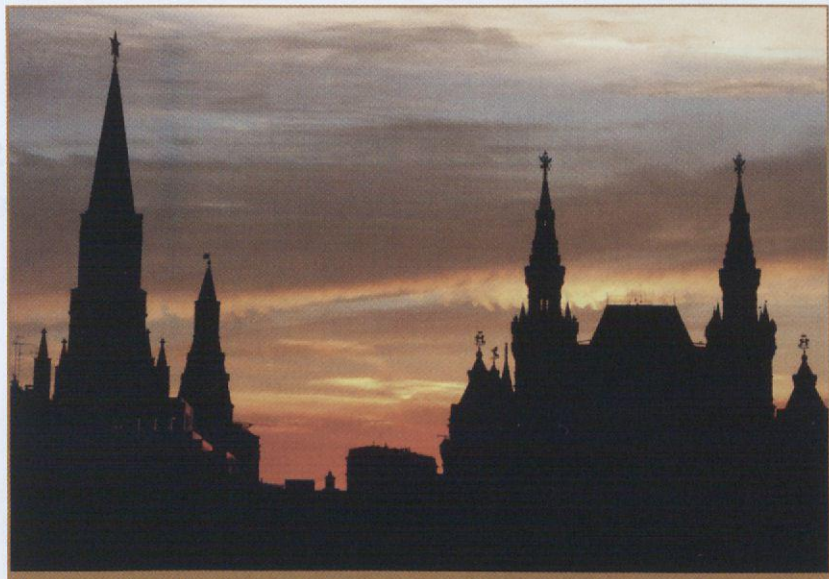
Russian government regulations can come as a real surprise to international investors accustomed to outsourcing maintenance work and saving on personnel payroll, according to Shannon Quilty, senior retail advisor for commercial real estate firm CB Richard Ellis, AMO®.

"There are a great number of regulations regarding technical staffing requirements," Quilty said. "For example, whenever escalators or elevators are operating at least two people must be on-site to maintain and react in case of emergency."

In Russia, CB Richard Ellis manages more than 800,000 square meters of Class A office, retail and industrial properties, located in Moscow and other large regional cities. Quilty has been involved in the opening of three shopping centers over the past year—one in Yaroslavl, one in Novosibirsk and another in Moscow.

Quilty believes that if you can manage property in America, you can manage property in Russia. But American property managers do need to be prepared for many unique obstacles.

"The first recommendation is to study the language," Quilty said. "Unless you have a good grasp of the language, you will have to rely



Moscow was one of the first cities in Russia to attract attention from international investors.

on other people. This, of course, takes more time and patience, and it becomes very important to make sure your objectives are clearly understood if you are to achieve the desired result. Opportunities for misunderstandings are great, not just through language difficulties but also cultural differences."

"Secondly," Quilty said, "understand that no one, vendors especially, does anything for free. You must hire someone before they will give you any kind of detail. The concept of 'cost of doing business' does not apply. Other than that, I would say bring your patience. As the Russians will tell you, everything in Russia is possible—it just takes time."

THE FUTURE OUTLOOK

In spite of rapid growth of the office and retail real estate market, there is still a shortage of any type of real estate space in Moscow, St. Petersburg and all the regional cities of Russia, according to Vera Setskaya, a principle with Moscow-based GVA Sawyer, a member of international commercial real estate

firm GVA Worldwide.

"In Moscow, the balance in demand and supply is predicted to be achieved no sooner than the year 2012," Setskaya said. "The vacancy rate in Moscow is stable and amounts to no more than 5 percent in Class B office space, and is often zero in high-quality Class A office buildings."

That means that property managers will be in great demand for at least the near future.

"There are a ton of challenges, but for the right person, the opportunity is almost endless at this point," Elkins said.

Quilty points out that there are a great many intelligent, hard working and curious Russian people coming into the industry who will one day make the expatriate property manager unnecessary, if not obsolete.

"The industry is moving very quickly here, so if you are interested in managing property in Russia, the time to come is now," she said. □

Darnell Little is a contributing writer for *JPM*. Send questions regarding this article to mnao@irem.org.



Online leadership assessments

Using technology to facilitate performance feedback

By Larry Schwenker, CPM®, RPA, CCIM

Despite its limitations in evaluating certain human characteristics, technology can successfully facilitate leadership development. Two of the most notable areas where technology supports this development are leadership assessments and training.

Over the past few years, many of these tools have been migrated to a Web-based format, significantly improving their usefulness to organizations.

One assessment tool that has benefited immensely from the migration to the Web is the 360-degree performance feedback. Its purpose is to assist leaders in understanding their particular strengths and provide insight into aspects of their performance that need improvement. In addition to a self-assessment, this tool gathers feedback from the leader's subordinates, peers, managers and, in some cases, customers and other outside parties.

Probably the most significant improvement over the paper and pencil system is the ability to streamline the information gathering process. Most Web-based assessment tools have a feature that automates the participant invitation process, directs participants to access the online assessment and tracks completion. Ease of data collection, along with statistical analysis of data results, also enables organizations to set improvement goals and systematically measure progress over time.

Innovations in Web-based tech-

nology and telecommunications also have resulted in several alternative methods for delivering training. Some of these methods include webinars offered via the Internet, and podcasts, which are digital recordings made available for downloading to a personal media device.

Each of these innovations has increased the level of flexibility and affordability of training. More affordable alternatives to instructor-led training have allowed organizations

to involve more employees in both employee and leadership training. In addition, the flexibility of these tools allows trainees to effectively balance participation in the employee development process with their other job responsibilities.

Andy Christiansen, an expert in the field of leadership development, utilizes technology extensively in the leadership development process. He views leadership development as having three components: character, competency and core personality.

"Of the three characteristics, character has the highest impact on leadership success. And although there are some who claim to possess the

technology to measure this, there is really no proven technology that can either measure or develop character. Technology can't speak to a human 'gut quality' such as this," he said.

Even though technology may not be the first thing that comes to mind when you think of employee development, real estate managers are increasing their reliance on technology to improve the effectiveness and sustainability of their employee development programs.

One assessment tool that has benefited immensely from the migration to the Web is the 360-degree performance feedback.

And while technology will never take the place of the relational aspects of employee development, consistent use of technologies like those mentioned above can serve as drivers of a more comprehensive and systematic leadership development process. This gives organizations the ability to measure progress, identify success factors and most importantly, ensure a continued legacy of leadership in the years to come. □

Larry Schwenker, CPM, RPA, CCIM (Lschwenker@corvidea.com), is vice president of management services for Bryant Management Services in Atlanta. Larry is also the founder of Corvidea Knowledge Solutions, a technology consulting firm. For more information, visit www.corvidea.com.

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Making the switch

Moving from residential to commercial real estate requires new approach

By **Monica Mallory**

I was recently asked, “What is your first memorable experience in commercial real estate?”

Having been in the industry only two years, the query made me pause and consider my response. My current role centers on property management, so the answer wouldn't be closing my first big deal. And I don't have decades of experience in the industry, like some of my coworkers. That is when it hit me—my most memorable experience was, ironically, my lack of experience when first taking on this new endeavor.

The industry-specific nomenclature and the multitude of various service lines within real estate are unlike anything I have ever experienced.

I began my career with CB Richard Ellis, AMO®, following two years working in multifamily leasing and management. Although I knew very little about commercial real estate, I already had built a strong foundation in multifamily leasing. I felt confident in my ability to transfer my knowledge and skills over to the commercial side. Yet, it was only a short while before my confidence was shaken.

In the real estate world, multifamily and commercial properties share a few basic similarities, including leasing a space to a client for a specific use and maintaining the property in an effort to retain current tenants and attract new ones. Excellent sales skills, knowledge of the product, knowing how and what to negotiate, and attention to customer service are also prerequisites for both aspects of the industry.

But there are some major differences, and I found I needed to get up to speed quickly. For instance,

closing a deal in multifamily property would typically involve a lease term of 12 months. That's a short commitment compared to the lease terms for commercial spaces that typically carry a minimum of five years, with some having as many as 30 years.

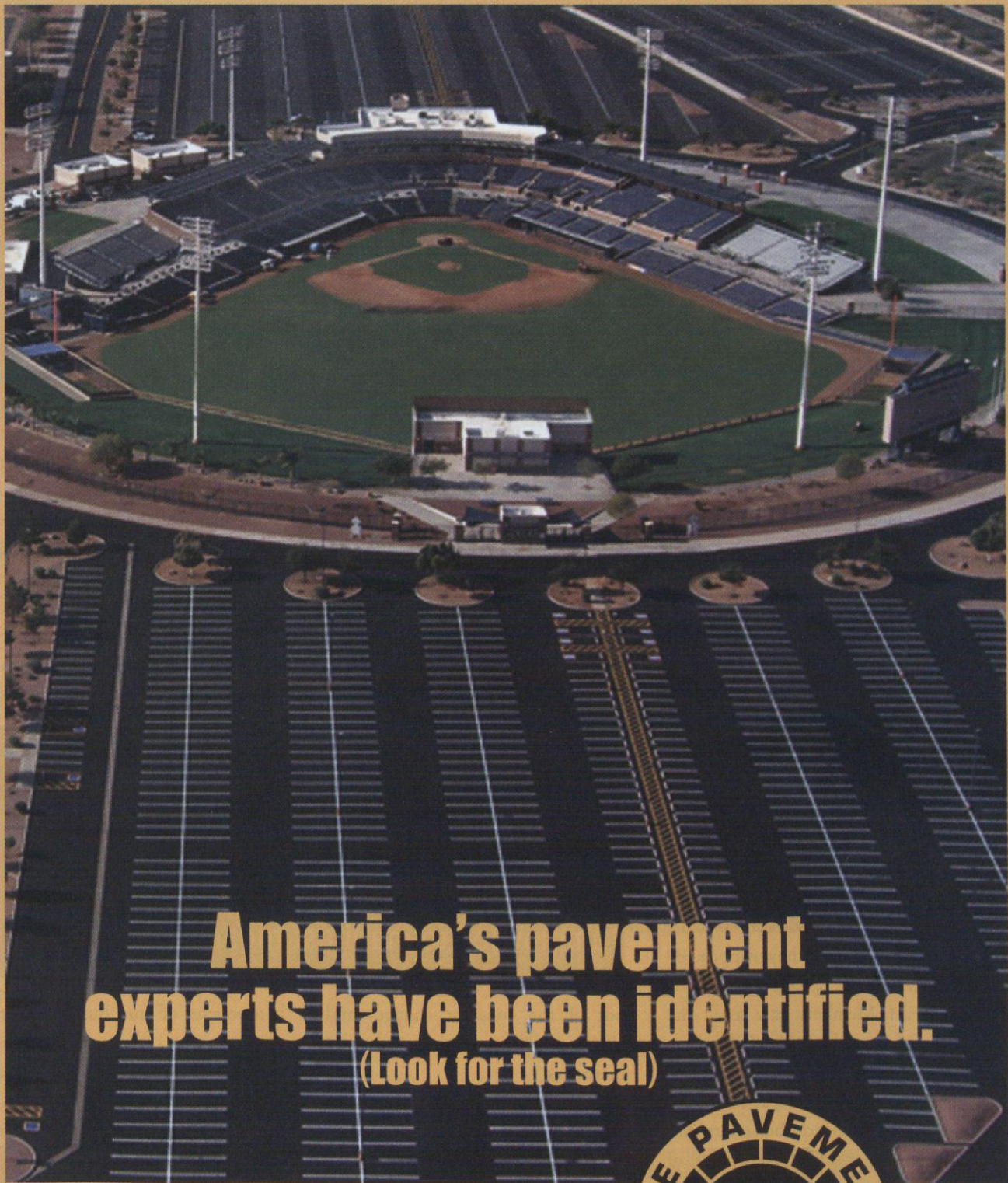
The challenges in the commercial side were significant. Lease negotiation on a 12-month, 1,000 square-foot multifamily property might include

one month of free rent and waiving the application fee. Negotiating a potential 30-year lease on a commercial space can involve complex discussions where dozens of technicalities come out—tenant improvement allowances, base years, rent bumps, common-area maintenance (CAM) charges and plenty others.

Customer service is critical to the manager-tenant relationship in both industries, as is understanding how to handle people in a variety of situations. Both require hands-on assistance in some way, but the scale in commercial is often much broader.

I often reflect on those initial feelings I had when I made the switch from the multifamily to the commercial sector. Commercial real estate is unlike any other industry. The industry-specific nomenclature and the multitude of various service lines within real estate are unlike anything I have ever experienced. I remember thinking that these people seem to be speaking a different language and I wasn't really sure what I had gotten myself into. Yet, I quickly caught on to the “lingo” and found I loved this business. Every day is different, exciting and presents an opportunity to learn something new. □

Monica Mallory (mmallory@lane4group.com) is an assistant property manager for Lane 4 Property Group in Kansas City, Mo.



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True value

Ethics are the heart of a company's core

by Jack Stafford, CPM®

Whether by design or by default, every organization has a culture.

When viewed as the manifestation of the intentionally defined core values of an organization, the culture helps define how employees interact with each other, their clients and the world around them.

When there is a lack of defined core values, a culture still develops in an organization. In this case, employees, clients and the public will likely have a very different experience.

Having a defined set of values does not inherently make the culture ethical. Recent history has shown that the culture of some corporations had very little concern for the law, ethics, their investors or the consumers they supposedly served.

IREM Members can recall the pyramid from the Ethics 800 course that illustrates the distinctions between non-ethical legal behaviors, and legal and ethical behaviors that are not within the parameters of your personal morals. If an organization can act within the law without having subscribed to a code of ethics, what obligation is there to add an "ethical plank" to the company's core values? Perhaps it is because the general public—and clients in particular—expect ethics to be part of an organization.

In this context, there is always the constant challenge to an organization's standards when measured against the bottom line. In many cases, the vision of being noble is blurred when it comes to paying the bills. This blurring can be an act by an individual operating outside the expectations of their organization or the leadership itself consciously ignoring professed values. It may also be a misunderstanding born

appropriately promote themselves based on that association.

Today, more than ever, every organization—real estate management in particular—must make ethics an integral part of their core values and must encourage employees to manifest these values. It is equally important for individuals to make employment decisions based on the importance that employers place on this critical

Today, more than ever, every organization must make ethics an integral part of their core values and must encourage employees to manifest these values.

out of the constant changes and challenges facing today's property managers.

Ask yourself, "What value do you place on ethics?" You can conduct your business without having publicly embraced a specific code and without even having embraced the concept as part of a "corporate culture by design" or by a "corporate culture by default." But is that how you really want to conduct yourself? IREM Members recognize the Professional Code of Ethics as a cornerstone of the organization and

component of our businesses and our lives.

Individuals and companies can learn about and assimilate ethics into their core values by joining organizations like IREM, which promote these values and add legitimacy to the Professional Code of Ethics through the work of the IREM Ethics and Discipline Committee. □

Jack Stafford, CPM (jacks@meridiangrouprem.com), is a senior commercial property supervisor at Meridian Group Real Estate Management, Inc. in Santa Barbara, Calif.

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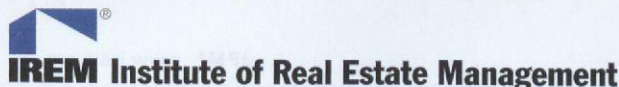
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Occupancy doesn't matter

Improve your profits by turning your staff's attention to what does

by **Natalie D. Brecher, CPM®**

Most property managers watch occupancy reports like a hawk watches a mouse in a field. Which way is it going? Where will it go next?

Property management has been concentrating on occupancy rates for so long that it is the major prey in our sights, yet a larger more telling one is standing right in front of us.

Visible numbers only (VNOs) is a term I use to describe numbers that companies watch, even though they have little or no bearing on true profitability. Occupancy is a VNO that represents an unreliable

cash flow, along with valuation and return on investment (ROI) calculations. This combination is the true indicator of a healthy company. And since employees are the heart of your company, it's important to keep them informed.

Educate your staff

Employees who work without regard to how their work affects the bottom line are not people contributing to their potential or your success. Don't think, "What they don't know won't hurt them" because what they don't know hurts *you* and your business.

affects those numbers and how they contribute to the financial health or problems within the property.

At a minimum, teach the flow of cash from gross rents through net operating income, as well as a brief overview of ROI and the income capitalization approach to valuation. This enables every staff member to see how his or her actions affect the company's health (just make sure you keep individual compensation amounts confidential). You may try relating the property's financial concepts to their personal finances to give them a better understanding and appreciation of the company's finances. It will be rewarding for them, the property, the company and you.

By teaching employees to only watch occupancies, you teach them to disregard the lifeblood of your business.

measurement because it is easy to calculate and understand. Although it is some indicator of revenue, it tells only a portion of the story.

While executive-level management looks at true indicators of profitability, that message is not passed to those people who can make a principal difference—the onsite staff. By teaching employees to only watch occupancies, you teach them to disregard the lifeblood of your business: Net rent revenue, effective gross income, net operating income and

If properly trained, your maintenance, janitorial and training staffs, as well as your receptionists, will work together to understand these concepts. This will not only create a common vision and mission amongst them, but will also encourage them to work better as a team. Every person in your organization must know the rudimentary elements of the financial operations, although some will need to know them at a deeper level than others. Most importantly, all employees must understand how their work

More benefits than penalties

If you are fearful this is giving away too much information, think again. When your people understand how much of the rents keep the property running, they will gain insight into the real world in which they live. Employees can only improve the bottom line when they know where the bottom line is. □

Natalie D. Brecher, CPM (nbrecher@BrecherAssociates.com) is a performance improvement specialist, providing consulting and training relating to workplace performance and individuals' professional skills. Her keynote and training programs include leadership, management and professional skill development and can be explored at www.BrecherAssociates.com.

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LIVE TO LEARN

Professional Development After Your IREM Education by Jordan Debes, CPM®

ONE OF THE GREATEST AND MOST FREQUENTLY DOCUMENTED CHALLENGES FACING OUR INDUSTRY TODAY IS A PROJECTED SHORTAGE OF HUMAN CAPITAL.

While IREM is proudly celebrating its 75th anniversary this year, most people are just beginning to recognize the importance of professional training for property managers. Although the projected talent shortage is an obstacle for the industry, it also represents a wonderful opportunity for those who want to achieve a high level of expertise in our industry.

Achieving that expertise is a real challenge. Aside from practical experience, the best education available is offered by IREM; however, you can only pursue an IREM education so far. In my experience, several other factors can help property managers advance their careers.

SIZE & SUPPORT

The type of organization you work for will largely influence the way you continue your professional growth. Large companies often have more internal resources to enhance your professional acumen, while smaller companies often provide more hands-on operational opportunities.

When I first began my property management career, I was fortunate to work for a large Real Estate Investment Trust (REIT) in upstate New York. Given the company's size, they had the necessary resources for a full-fledged training department with a myriad of programs for professional development such as lease training, leadership training and fair housing. The company also employed construction managers, landscape architects, attorneys, risk management professionals and marketing professionals whose sole responsibilities were to lend their expertise to the property management staff.

If you work for, or you are considering working for a larger management firm, the resources mentioned above provide an excellent way to improve your own competencies. You should take as many training courses as you can, or as many as your company allows. If your company has support personnel, resist the temptation to simply delegate work. Instead, work collaboratively with these colleagues to accomplish projects. Assess your strengths and weaknesses regarding your management skills and then seek out those whose strengths compensate for your weaknesses. For example, if you are not particularly knowledgeable about



BRUSH UP ON YOUR READING

In our field, experience is king. Professional magazines, like the one in your hands, place the experience of successful property managers at your fingertips. Read about our industry. Read about the economy. Educate yourself. Along with the *Journal of Property Management*, there are a number of magazines dedicated to the field of property management—*Multihousing Professional*, *Units*, *Multifamily Executive*, *Multihousing News* and *Apartment Finance Today*.

Property management magazines aren't the only sources of good information. Make sure you don't limit your reading to one discipline. There are many other periodicals worth your time, like *Real Estate Forum*, *Forbes* and *The Economist* (to name just a few) that will give you a broader understanding of real estate, the economy and business in general. There are also hundreds of Web sites that contain valuable information. As a real estate management professional, you should actively seek out knowledge about our industry and always be on the lookout for new sources of information.

property maintenance, learn from those in your organization who possess that expertise.

My position with the REIT ended after several years, and I was offered a position with a moderately sized full-service real estate firm. During the transition to my new position, I was no longer able to rely on some of the support staff I previously had. Initially this was a challenge, but ultimately it turned out to be an incredibly rewarding experience.

My proficiency as a property manager increased exponentially because I was forced to become self-reliant in every facet of our profession. I soon found myself writing specifications for capital improvements, administering the bid process, supervising contractors, developing marketing plans, preparing management proposals, conducting investment analyses, reviewing insurance policies and writing performance manual policies. There was no aspect of the business in which I was not intimately involved.

WORK WITH A MENTOR

When it comes to your professional development, who you work with will be equally important—if not more so—to your professional development than the company you work for. While there was a drastic difference in my responsibilities at the two jobs I mentioned, the positions had one important factor in common—the presence of an excellent mentor.

Property management can easily be compared to the arena of sports. Surrounding yourself with players who are better than you at a game will only help you become a better player. In a field where knowledge is often gained through experience, you will greatly improve your personal success by seeking the guidance of others who have more experience than you.

Generally speaking, successful people advance within an organization. Identify individuals within your organization who have done well there and ask them for guidance when you need it. Most people are more than willing to help if asked. When I worked for the REIT, the company promoted an open-door policy. I took advantage of that policy and met regularly with regional and divisional leaders to get their advice. This helped me establish a professional rapport with the company's most talented professionals, and I benefited immensely from their guidance in the early stages of my career.

Similarly, when I first entered the field of property management, I interviewed with a company whose president

I greatly admired. Although I wasn't offered a position, I kept in contact with the president. I would pick up the phone a few times a year and schedule a lunch meeting or ask for professional advice. Keeping in close contact with this person helped me establish a professional relationship that ultimately led to my employment at the firm several years later. I still work for the same company, and I continue to benefit from that relationship to this day.

When considering the mentor relationship, do not focus solely on one discipline. Some of the best advice I've received hasn't come from a property management professional—it has come from a commercial property broker. At one point, I had aspirations to create a marketing plan to promote our firm's multifamily management services, but quickly realized I lacked the expertise to develop such a comprehensive plan. Therefore, I sought the guidance of a successful broker who not only helped me with the marketing plan, but also enhanced my marketing and sales skills in the process.

When seeking assistance from a mentor, he or she will undoubtedly take a personal interest in you and become vested in your professional development. If you don't currently have a project or challenge to discuss, consider going out to lunch with people you'd like to work with more closely. Let them know you admire them professionally and would like to benefit from their experience. Ask for permission to consult them when you find yourself in need of assistance.

Once you establish these relationships, it is very important that you respect the people you have approached and follow through on any advice you are given. People will be less likely to assist you if they feel their efforts are wasted or their advice is not put to good use.

OPPORTUNITIES ARE EVERYWHERE

Most of us know what it feels like to be at the top of our game. But the moment you let that idea permeate your work, you stop growing. How many times have we heard the cliché about the student being the master? Or the more you know, the less you know? It is often true. Listen to, learn from and value those who work side-by-side with you on a regular basis. Giving your employees and cowork-

IN A FIELD WHERE KNOWLEDGE IS OFTEN GAINED THROUGH EXPERIENCE, YOU WILL GREATLY IMPROVE YOUR PERSONAL SUCCESS BY SEEKING THE GUIDANCE OF OTHERS WHO HAVE MORE EXPERIENCE THAN YOU.

ers the freedom to think creatively and problem solve on their own can be illuminating. If you are lucky enough to work at a strong firm, then everyone around you will have something to offer.

The next time you find yourself pondering the best approach to a particular situation, ask your employees for advice. Request that they participate in the creation of company policies and best practices. If you surround yourself with a strong management team, you will become a better manager of both property and people.

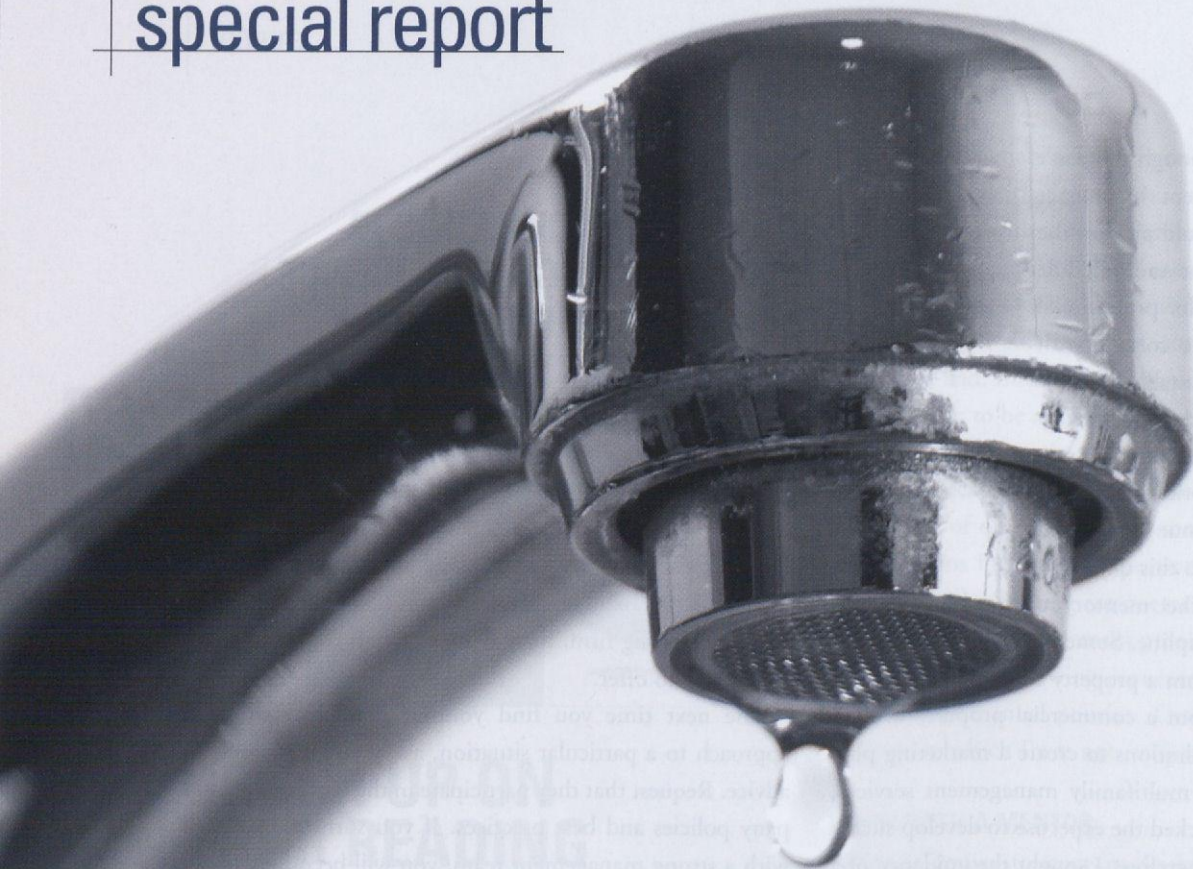
Becoming a better property manager requires conscious effort. If the company you work for offers training, take advantage of it. Become receptive to your supervisors, colleagues and staff members, and you will discover you have an inexhaustible resource for continued career growth at your disposal.

The bottom line is that career development is a mindset. If you truly want to become better at what you do, you will become attuned to opportunities as they present themselves. This can include everything from webinars to meetings and conferences on local and national levels.

I would encourage you to evaluate your current position from the perspective of your own personal growth. You will undoubtedly discover opportunities within your organization to broaden your skills or build relationships with experienced professionals. When formal education isn't readily available, there are still many opportunities for professional growth in property management—go and take advantage of them! □



Jordan Debes, CPM, (jd@thecabotgroup.com), serves as director for the THE CABOT GROUP's Multifamily Management Division. His areas of expertise include marketing, leasing, property rehabilitation and customer service.



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Water Conservation is a Smart and Sensible Way
to Reduce Energy Costs *by Diana Mirel*

While energy efficiency has long been the star of the green building movement, another green initiative has recently been getting a lot of attention: water efficiency & conservation.

Today, building owners and property managers across the country are focusing on water efficiency to achieve cost savings and demonstrate a commitment to green policies. Although water and sewer costs can be one of the lowest bills for property managers and building owners in certain parts of the United States, there is a bigger picture to consider.

“Water, to some degree, is like oil—it’s only getting more expensive,” said David Beckman, the Natural Resources Defense Council’s (NRDC) director of the water quality programs in Los Angeles. “That is important from a business perspective. If you purchase or renovate a building, you’re looking on the horizon of 10-50 years. So what you do today to decrease your water needs will pay off now, and it will pay off in the future to a greater degree.”

A GROWING COMMITMENT

Many factors have made water efficiency a top priority in modern building design and renovation.

“There is huge momentum right now for building green,” said Beckman. “The trajectory is to have [water efficiency] become a much more common feature of buildings.”

The federal government has recently made a commitment to water efficiency with the Environmental Protection Agency’s (EPA) WaterSense labeling program. Similar to the EPA’s Energy Star program, which introduced specifications and performance tests for energy-efficient electronics and appliances, the WaterSense program is designed to drive more water-efficient plumbing fixtures, systems and technologies.

“Hopefully by 2010, every plumbing product will have a WaterSense label and specification,” said Gunnar Baldwin, water-efficiency specialist for TOTO USA, Inc, the world’s largest plumbing products manufacturer.

State and local governments also are stepping up water-efficiency efforts. For instance, California recently passed a law mandating that by 2014 only high-efficiency toilets and urinals will be available for sale and installation; Georgia has similar legislation in the works. Many industry insiders are predicting that such legislation will become a national trend in the next 10 years, if not sooner.

At the same time, the plumbing industry has recognized that water efficiency is an emerging market. In the past five years, the market has been inundated with water-efficient equipment, systems and fixtures. On average, these new water-efficient fixtures and systems pay for themselves within three years and the savings will continue from there, according to Baldwin.

Lastly, with green building initia-

Improving overall water efficiency was the top priority for the Natural Resources Defenses Council (NRDC) when it retrofitted a 1920s building in Santa Monica, Calif. See sidebar (page 31) for how they renovated.

Photography © Tim Street-Porter



tives and environmental conservation dominating today's social and political climate, water efficiency is gaining momentum. The public's increasing knowledge of and commitment to environmental issues has resulted in tenants demanding more efficient and sustainable products.

"Increasingly, green features of a building are a sales point for leasees or purchasers," said Beckman. "This increases the per square foot charge that an owner of a building can ask when they lease it. It is not just about doing the right thing for environmental protection and making the building cheaper to operate over the long haul; you may also be able to lease it for more money because you are offering a green building."

GETTING STARTED

With its constantly rising profile, water efficiency and conservation is hard to ignore. But where can you begin with your properties?

It all starts with a water audit of the building. For the audit, an engineer,

contractor or experienced plumber will take a detailed look at every water-using device in the building, including plumbing fixtures, ice makers, cooling towers, rainwater collection and irrigation systems. Each system is then itemized and analyzed to establish a detailed synopsis of what areas require the most attention.

While an experienced onsite engineer or plumber can conduct the audit, another option is hiring a performance contractor who will audit the bill and the building to determine possibilities for water efficiency.

"If you have a \$10,000 budget for water and sewer, then you [can] sign a contract with a performance contractor who would come in and do an audit," explained Baldwin. "The contractor gets paid based on the savings, so he is motivated to put in products that work well to accomplish his goal and pay him back."

After the audit, the contractor will determine the problem areas and either recommend or make necessary changes, like implementing efficient faucets, urinals and cooling towers.

Building owners and property managers can also contact their local water utility. Similar to energy providers, water utilities now often provide free or low-cost customer audits, rebates and incentives.

To demonstrate how a 40-year old building can be renovated for water conservation and efficiency, read the following case example:

WATER EFFICIENCY IN ACTION

In the mid-1990s, the Denver Federal Center (DFC) embarked on a water-efficiency initiative that is still in full swing today. A federal energy policy act in 1992 mandated that federal facilities make efforts to reduce energy and water consumption. This mandate served as the catalyst for the property's U.S. General Services Administration (GSA) property management team to jumpstart its own environmental and economic goals for the property, which houses 3.9 million square feet of rentable space and 29 federal agencies.

One of the first initiatives in the DFC's water conservation efforts was a project to reduce water usage in the complex's largest building, Building 67. Built in 1967, Building 67 has 14 floors, approximately 350,000 rentable square feet and is representative of many federal properties nationwide. As a multi-tenanted property, the building's largest tenant is the Bureau of Reclamation, which focuses on conserving water and maintaining dams in the United States. The anchor tenant's commitment to water conservation, along with the building's

SENSIBLE SUGGESTIONS FOR REDUCED WATER USE

LOW-FLUSH TOILETS: High-efficiency toilets that bear the WaterSense label are currently in the low to middle range of \$200. As more toilets become certified, the average price is expected to drop.

AERATORS: Aerators for faucets only cost a few dollars and are simple to install. Using WaterSense labeled faucets or aerators could reduce a household's water use by more than 500 gallons annually. In a large building, that savings would undoubtedly increase.

METERS: Meters and submeters offer property managers a detailed look at how much water different systems are using, which equates to more control. Adding a meter for a cooling tower, for instance, may cost about \$800-\$1000, according to Hoffman.

high profile, made Building 67 the perfect property to kick off the water efficiency program.

Experts from the U.S. Department of Energy's (DOE) National Renewable Energy Laboratory (NREL) conducted the building's water audit, which revealed the restrooms were one of the building's highest water users. Thus, they became the focal point for the project.

To determine the effectiveness of possible changes in the restrooms, the team set baseline measurements of the total water consumption with meters. Data from the water meters were collected for about 10 weeks. (In any water audit, meters and submeters are extremely valuable.)

"Your meter is going to become your great friend," said Bill Hoffman, principal of H.W. (Bill) Hoffman and Associates, LLC, a water resource planner and conservation services company. "Getting meters on your systems gives you some control over what is going on."

MAKING THE MOVE

After the initial evaluation and planning, the Building 67 retrofit team decided to replace all of the toilets, urinals and water closets in seven restrooms, and install a sensor system for the faucets and toilets. Low-flush toilets and waterless urinals replaced their traditional counterparts.

Implementing the new fixtures and equipment in Building 67's restrooms was staggered over a year. With tenants working in the building, the management team had to coordinate a construction schedule to retrofit the restrooms without inconveniencing tenants. This meant closing certain restrooms at different times to make at least one restroom for men and one restroom for women available.

Management's top priority was effective communication to ensure that all of the tenants knew what was happening within their building.

"It was just good coordination and cooperation between the tenants in the building, GSA and our contractors," said Mark Baca, DFC property manager. "We made sure everyone had a good idea of what was going on. We had those conversations in a timely way so everyone knew what was coming and no one was caught off guard by it."

Tenant concerns and comments were a key factor in the project. The management team involved the tenants directly in evaluating the new systems by putting clipboards in all of the restrooms and asking for feedback.

"We took their feedback and used it to determine how we were going to install this in other buildings," said Baca.

Feedback revealed that tenants were unhappy with the



Photography © Dave Mowers

waterless urinals, which ultimately led to their removal.

"We left them in the building for a period of time, and then the Bureau of Reclamation moved the urinals to a visitor's site at one of the dams, where they were received well by the public," said Baca. "Bear in mind, that was the infancy of waterless urinals; since then they have come a long way."

MEASURING SUCCESS

After implementing the changes in Building 67, meters were crucial to monitoring the savings. The building estimated an annual savings of 309,400 gallons of water, which translated into \$436.25.

"That doesn't sound like much, but one of the struggles we deal with is that water is not really expensive," explained Baca. "So people say, 'What do I need to worry about? The bottom line is the dollar, and I'm not spending much.' But that is an attitude that we have to change. Property managers and building owners need to make sure people understand that water

The water efficiency renovations at Building 67 in Denver have saved an estimated 309,400 gallons of water a year.

Xeriscaping, a form of landscaping that uses a variety of local and drought-tolerant plants, helped Building 67 reduce water use.

Photography © Dave Mowers



FOR MORE INFORMATION

Want to learn more about water efficiency?

Check out these resources:

www.epa.gov/watersense/index.htm

www.cuwcc.org/maptesting.lasso

www.cuwcc.org/products_tech.lasso

www.cuwcc.org/products_waterlogue.lasso

is a valuable commodity.”

Seeing the big picture is key to evaluating water efficiency. According to Hoffman, it can cost a nickel per flush in a conventional toilet that uses 3 gallons per flush. Cutting that in half with today's high-efficiency toilets at 1.28 gallons per flush can produce significant savings in a large building.

LANDSCAPING EFFICIENCY

In addition to replacing the water fixtures in Building 67, the retrofit team focused on xeriscaping and irrigation systems outside the building to further reduce water usage. Xeriscaping is an environmentally friendly form of landscaping that uses a variety of indigenous and drought-tolerant plants, shrubs and ground cover. Once these plantings are installed and established, they require very little water to thrive.

Since the Building 67 project, DFC has expanded its xeriscaping project, with xeriscaping currently covering 75,000 square feet (1.7 acres) of the complex. According to Baca, incorporating xeriscaping can reduce water usage by 30 percent anywhere in the United States.

The DFC is also in the process of installing artificial turf in some areas and a centralized irrigation system allowing management to meter each irrigation system on the complex separately.

“[With the meters], if we decide to install a different type of head, we can track it before and after to see how much water we actually save,” said Baca.

The irrigation system also has sensors that turn off the sprinkler system if it is raining.

“That is a real perception issue that property managers and building owners deal with; nothing irritates people more than driving to an area where it is raining and the lawn sprinkler system is going,” said Baca. “But this system will address that problem.”

A LASTING EFFECT

Putting a priority on water efficiency is not only a cost-effective way to take advantage of modern technologies and options, but it is also a way to go green while adding more green to the bottom line.

“When they are building or renovating, building owners and property managers should seriously consider taking steps to reduce the water footprint,” said Beckman. “It will be good for the bottom line; it's good for the environment, and it's good for the people who work in the building and the tenants that you are trying to attract. It's a win-win-win proposition.” □

Diana Mirel is a contributing writer to JPM. Send questions about this article to mnaso@irem.org.

RECYCLE SYSTEM IMPROVES WATER EFFICIENCY AT NRDC BUILDING

When the NRDC renovated a 1920s building for its new offices in Santa Monica, Calif., the top priorities were increasing overall water efficiency, decreasing potable water use and virtually eliminating storm-water runoff.

HIGHLIGHTS: An integrated water recycling system collects the water from the building's showers, sinks and rainwater and runs it through the building's disinfection and filtration network in order for the water to be recycled back into the building for irrigation and toilets. The system is comprised of two 1,500-gallon cisterns hidden beneath large planters that store rainwater. The system has a processing capacity of 800 gallons per day and reduces the use of potable water for sewage conveyance by 90 percent, while virtually eliminating rain runoff.

NRDC determined that all of the office building's green systems—including both water and energy efficiency—will pay for themselves within three years of operation.



Photography © Grey Crawford

As part of its water efficiency makeover, the Robert Redford building in California installed an integrated recycling system.

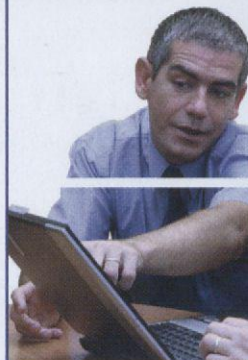
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Your Budget *by Karen L. Wagner*

As both a marketing assistant for a property management firm and a renter, Jacki Vipond knows the value of free online classifieds. In her job with Christopheson Properties, St. Louis Park, Minn., she posts ads every day to market apartments on *Craigslist.com*, perhaps the nation's most widely used online classifieds site. (In fact, the site boasts 10 billion hits a month.) A few months ago when she was apartment hunting for herself in the trendy Uptown area just south of downtown Minneapolis, she again turned to *Craigslist*.

"It's really simple [to use]," Vipond said. "You can search by price. You can search by size. It was a great place to find exactly what I was looking for."

Because the Uptown area is so popular, and apartments don't remain available for very long, she needed a fast, easily accessible way to search; *Craigslist* fit the bill.

In the growing technology-savvy consumer market, online marketing is proving residential property managers can more readily attract residents to their apartment communities. According to Vipond, the best benefit of all is simple: It's free.

These free services are being used to market residential properties of all types and classes, and for portfolios of all sizes, from hundreds to thousands of apartments. And property managers agree that posting ads on them is a quick, convenient and affordable way to get their next lease signed.

PROOF IN NUMBERS

Vipond is just one of millions who use *Craigslist* for their marketing needs. The site, which began in 1995 just for the San Francisco market, has since expanded into cities nationwide.

Craigslist generates 7 percent of rentals for AvalonBay Communities, Inc., which consists of 50,000 luxury apartments in about 180 market communities across the country, said Kevin Thompson, vice president of marketing for the Alexandria, Va.-based real estate company. In fact, after the AvalonBay homepage, Thompson said *Craigslist* is the company's most successful site in terms of generating leases. Overall, he said 50 percent of leases for AvalonBay are generated through online sites, like *Craigslist*, *Move.com*, *Apartments.com* and *Rent.com*.

At AvalonBay at Mission Bay North, a two-building San Francisco apartment community of 563 units, the rental lease-up rate from *Craigslist* jumps significantly.

"At my community, we get a solid 60 percent of our

rentals from Internet traffic, with about 30 to 40 percent of those from *Craigslist*," said Anna Nickerson, senior community manager for Mission Bay North.

For the most part, property managers are not dropping their print advertising, which for some is still the most successful way to generate leads and get leases signed. Rather, managers are supplementing their print campaigns with online advertising in order to reach those who bypass print and head straight to the Internet.


For instance, Kevin Grail CPM®, president of Strong Management, Inc. in Winter Park, Fla., hired a contractor to build a Web site for his company. He wanted a way for Internet users to link to his company's Web site from an online advertisement. Once the Web site is up and running, apartment hunters who see a Strong Management ad on *Craigslist* will no longer have to phone or e-mail, but can simply click on a link to receive more information about their properties.

Grail's advertising vendors told him 70 percent of people looking for an apartment begin their search online. Grail, who manages 700 apartments in six properties, said this is especially noteworthy for apartment managers.

In general, Grail said using free online services has made him and his staff more aware of how their communities are different from the competition. In the past they didn't pay much attention to marketing. Now they're marketing those differences from their competition.

"We would put an ad in the *Apartment Guide* and it might be unchanged for two years, except for the pricing," he said. "But because we're doing online marketing, we are constantly re-evaluating our photos, our message and what points we're trying to bring out. I think we're much more aware of what's bringing us traffic and what's not."

In some cases even if the free marketing service doesn't generate leases, property managers still feel using the service is worthwhile. Vipond said her firm gets 15 calls a week just from a *Craigslist* ad, making an ad well worth posting.



Because online access is so readily available, many real estate managers believe more and more people will search for properties online, making free online advertisements a good source of marketing.

However, she's not sure how many leases have resulted from *Craigslist* because the firm has only just begun to track the success rate.

CLEAN, SIMPLE & CATCHY

In order to stand out from the competition, there are a few marketing strategies managers should adopt. In addition to having a Web site where consumers can instantly link to property data, an online classified ad should be professional looking, yet not overloaded with information.

"It needs to be a clean ad," Nickerson of Mission Bay North said.

It should include high-quality photographs, but not so many that readers become overwhelmed or bored and move on to the next one, she said.

Nickerson also likes to use catchy headlines such as, "Enjoy Your Time in San Francisco on a Rock Climbing Wall," which advertises one of the community's recreational activities.

"If you just put, 'Apartment for Rent,' in the headline, you're probably not going to get as much attention as you would if you put a lot more detail and a special that you're running," Nickerson said.

Vipond likes to use a free service available from a Web site called *Postlets.com*, which offers a template that advertisers can use to create an ad in six steps.

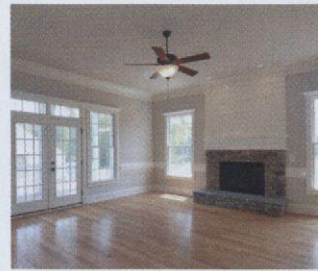
"You can fit way more pictures on there, and they can be better quality images," said Vipond. "Most people, when they're looking on *Craigslist*, if [the ad] doesn't have a picture they're not going to click on it. Once I started using *Postlets*, our calls doubled," she said.

Postlets automatically submits the ad to several classified search engines, such as *Google Base*, *HotPads*, and *Kijiji*.

THE COST OF "FREE"

The appeal of using a free online service is that it doesn't cut into the budget. What it may cut into, however, is time. Property managers accustomed to handing over information to an advertising account representative to create their ads may find themselves doing the work instead.

Grail said it takes anywhere from 5 to 10 minutes to post an ad on *Craigslist*, which includes logging on to the site, filling out the basic apartment stats using the site's form, then either writing or pasting in ad copy and uploading pictures. Ten minutes may not sound long, but to post a few ads every day for different properties can be time



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Tips to Make Your Ad Stand Out

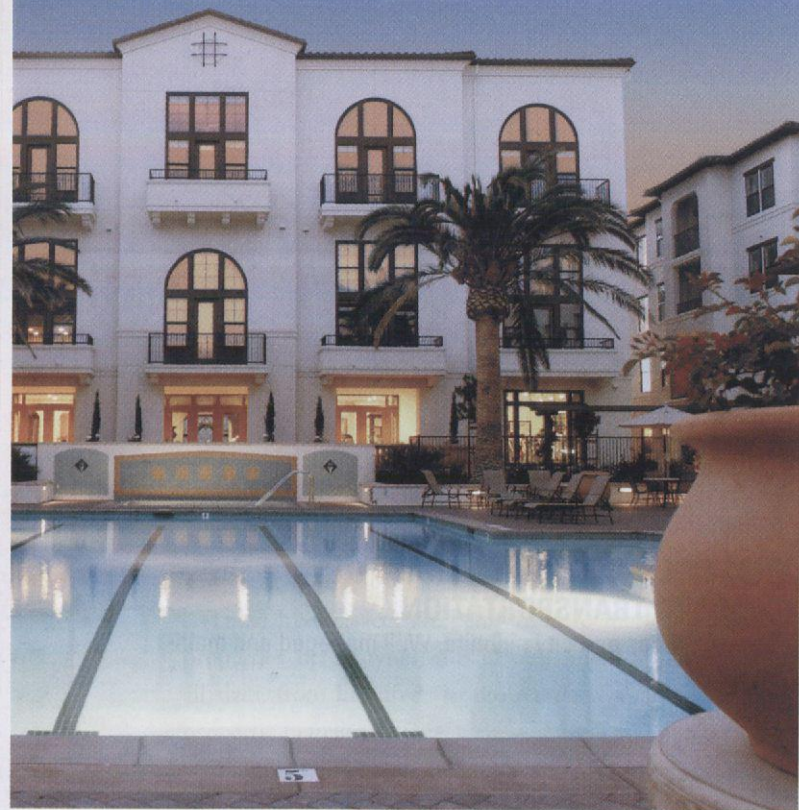
Offer detailed descriptions. Provide essential information: Where is the building located? What is the square footage? What is attractive about the neighborhood? In other words, include the relevant information a potential renter might need to make a decision.

Post ads with photographs. Does your building offer amenities, such as an exercise facility or a pool? Show them off in pictures. If you have staged apartments, take a few snapshots of the interior. People want to see a place before they make the effort to contact you about the property. Photos may also help weed out those who aren't interested, thereby saving you time.

Pay attention to your headline. A snappy headline will make your property stand out. If you need some inspiration, browse other postings and pay attention to ones that grab your eye. What do you like about them? Translate them into your own unique headline.

Include pertinent contact information. Here's the chance to include the link back to your business's Web site, as well as someone for people to contact.

Keep your ad up-to-date. If the property has been rented, make sure you remove the post as soon as possible.



A good way to get your online ad noticed is to include photos with both interior and exterior shots of the property. Post images of a staged apartment, so viewers have a better sense of the space. You also may want to include a shot of any attractive amenities that your property features, such as a swimming pool.

consuming, Grail said. Alternately, when he places an ad in the print publication, *Apartment Guide*, he doesn't do any of the work, and the ad will run for months.

Another potential downside is that while a free service generally attracts a volume of users, quantity doesn't always translate to quality.

"Often times people go to a free source because they're looking for something else that's free or really, really inexpensive," said Seattle-based Property Management Consultant Sue Lewis, CPM, ARM®.

As a result, a property may get more traffic from free listings, but perhaps only 25 percent of the respondents are qualified, she said. Likewise, because online classifieds are so easy to access, a site may attract those who are not as serious about finding an apartment as those who take the time to obtain and read a print apartment guide.

In addition, a publication may have staff to help property managers create and critique an ad, something you don't get with free services.

"You can have an awesome property and not get a hit from your ad from an online service because you don't have the expertise of a marketing person coaching you," Lewis said.

Online users also tend to want an instant response when seeking information through an online classified.

"It does increase the number of calls and the number of

e-mails to a community," said Denise Bailey, senior vice president of marketing and training for Legacy Partners, which manages 21,000 apartments in six markets in the West and Southwest.

Legacy has been posting online classifieds for about 10 years and is a strong user of *Craigslist*. Bailey said if they don't respond and follow up quickly on the leads, they can potentially lose them.

Freshness is also an issue. With a site as popular as *Craigslist*, for example, the ads don't remain fresh for long. New advertisers are constantly posting, and as more ads are added, those posted at the beginning of the day drop down the list. As a result, users may never bother to scroll down to ads that are just a few days old, Grail said.

Craigslist also has strict rules about how often an advertiser can post to its site for a particular market.

"Craig and his team are very particular about how often you post," said Thompson, referring to the site's founder, Craig Newmark. "Within our industry, they're asking that we not post more than every other day."

Competitors may also flag or target an ad, essentially designating it as in violation of a *Craigslist* rule, such as for having too many postings in one day.

Because online access is so readily available, many real estate managers believe more and more people will search

for properties online, making free online advertisements a good source of marketing.

Lewis believes free online marketing is definitely affecting the way property managers advertise their properties. She said there is a greater need for determining the target market and for getting the right ad in the right place because consumers can easily access information on the competition.

"The free marketing is servicing a whole lot more people than print marketing ever could touch," she said. "I think that's making it a little more competitive for the management companies themselves."

Thompson believes property managers should begin preparing for the day when many of the free sites they rely on for leads start charging. He questions whether managers who use free sites like *Craigslist* are tracking the success rate.

"I would challenge others (as we've done over the last few years) to track it. We know by region and by community

where we're seeing some good traction, and those are the ones in the future [where] we would be more comfortable paying a fee if it came to that," Thompson said.

In general, Thompson said managers should know what their cost per lead and cost per lease is in order to make an

In the growing technology-savvy consumer market, online marketing is proving residential property managers can more readily attract residents to their apartment communities.

informed advertising decision.

In the meantime, property managers and marketers say they'll continue to use *Craigslist* and similar online marketing sites because the price is right. "Free," Bailey of Legacy Partners said, "is always wonderful." □

Karen Wagner is a freelance writer for *JPM*. Send questions regarding this article to mnaso@irem.org.



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road to

recovery



New Software Solutions Boost Expense Recovery Calculations by Catherine Malar, Yardi Systems

Commercial and retail property owners and managers collect estimated costs from tenants and assess a percentage of the hard costs for each tenant. Sounds simple, but it's not. Complications abound, including varying numerators and denominators, base years, caps, gross-ups, management fees and other factors. And since the calculations differ for each tenant, managers face the daunting job of reconciling all variables and compiling an accurate accounting of what their tenants owe.

For years, recovery fee calculations were mostly performed with spreadsheets. Unfortunately, those programs were prone to errors that accumulated as the spreadsheet expanded in scope and complexity, often with disastrous results. One study in the 1980s found that a third of all spreadsheets had errors; another audit found 128 errors covering 120 line items in four spreadsheet models. A recent article in *National Real Estate Investor* recounted the story of an inaccurate spreadsheet entry that caused incorrect prices to be posted for the sale of 1,900 abandoned lots in Florida in 2005.

So spreadsheet calculations were potential recipes for disaster, but what choice was there? When these studies were conducted, no scalable software management solution existed to handle the commercial and retail industry participants' disparate and complex needs.

NEW SOFTWARE INTEGRATES, CONSOLIDATES

Fortunately, that deficit has closed, because software serving the commercial and retail real estate markets has achieved high levels of maturity and integration. Reporting, accounting and other functions once deemed too complicated for a single system can be consolidated within centralized, browser-based systems that are accessible to multiple remote users. From recovery calculations to percentage rents, these systems make commercial lease negotiation and execution easier, more efficient and cohesive, and more accurate.

The most advanced property management and accounting systems are completely integrated and equipped with extremely flexible lease management functionalities. They automate lease charges, recoveries of common-area maintenance (CAM), percentage

rents, critical dates and other factors, with more detail, greater accuracy and a streamlined billing process.

As an example, consider the task of calculating recoveries of CAM expenses in a retail center, a complex and difficult calculation matrix. Each tenant usually negotiates a unique deal with the landlord, making a uniform calculation impossible. Furthermore, high-visibility anchor tenants that attract consumers to the retail center often secure special dispensations from the landlord, adding complexity to these calculations. In past eras, property management software providers found it difficult to turn such amorphous and nonstandard agreements into the on/off, right/wrong language that legacy computer software systems required to make the right calculations. As a result of this complexity, many had to hire third-party consultants to calculate tenant recoveries.

In contrast, today's software solutions easily create a single point of entry for lease abstract data for all leases in a property and automate the complex CAM tenant recovery calculations. This allows full integration with receivables, ledgers and finan-

With the right software solution, recovery calculation tasks that were once diabolically complex, time-consuming and error-prone can now be performed quickly, easily and accurately.

cial. Owners and managers no longer have to endure the risk of costly errors associated with using outdated spreadsheet programs to recover each tenant's CAM portion, nor do they need to engage consultants to make the calculations.

STEADFAST RAMPS UP RECONCILIATIONS

One recent example that illustrates how the recovery calculation process

can be significantly improved involved Steadfast Companies of Newport Beach, Calif. Steadfast, seeking to improve expense reconciliation at its large retail malls, collaborated with Yardi Systems on a four-week examination of reconciliation worksheets. Upon reviewing the complex, 28-page spreadsheet used in previous years, the team identified solutions for four areas:

1. Calculating a pro-rata percent share that varies depending on expense pool.
2. Adjusting the square-foot area for participation in expenses.
3. Adjusting expenses to account for various levels of anchor deductions.
4. Calculating additional management fees.

The team established a recovery system that incorporates standards set by the Building Owners and Managers Association (BOMA) and addresses Steadfast's complex retail mall lease management needs more precisely.

"One thing we had lacked was the ability to handle anchor tenants and tenants that needed to be excluded from calculations," said John Alshuler, Steadfast vice president of commercial property management. "Now we can create multiple denominators and exclusions."

"The great aspect about our software suite is its ability to generate CAM reconciliations tied to the general ledger and the tenant database without requiring a spreadsheet," Alshuler said.

Once it became possible to handle its sophisticated retail leases within the newly implemented Yardi Voyager™ system, Steadfast cancelled its contract with a third-party service that performed the company's annual expense reconciliation.

With the right software solution, recovery calculation tasks that were once diabolically complex, time-consuming and error-prone can now be performed quickly, easily and accurately. That's a blessing for commercial and retail owners and managers who want to spend their time concentrating on growing and improving their core business rather than wandering through accounting labyrinths. □



CATHERINE MALEAR, SPECIAL PROJECTS MANAGER, YARDI SYSTEMS, INC.

As special projects manager for Yardi Systems, Catherine Malear focuses on new development projects for clients, as well as implementation of those products for beta clients and training Yardi technicians. Since 2000, her career at Yardi Systems has evolved throughout the construction, accounting and commercial solutions groups where she has excelled at developing new solutions based on client needs. Prior to joining Yardi Systems, Malear was a corporate controller for a commercial architect/developer for 15 years, and brings a wealth of commercial real estate and finance expertise to Yardi's development group.

ABOUT YARDI SYSTEMS

Yardi Systems, Inc. is the global leader in the design, development and support of integrated Asset and Property Management software for organizations of all sizes. Our client-driven software serves more than 15,000 businesses, corporations, and government agencies, representing more than 5 billion square feet of commercial space and 5 million residential units globally.

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reduce. reuse. recycle.

CUT YOUR COSTS WITH OFFICE RECYCLING ... JUST HAVE YOUR TENANTS ON BOARD FIRST BY RYAN BENTON, ASSOCIATE MEMBER

Commercial real estate organizations have always looked for ways to reduce costs and in recent years, have begun to look for ways to reduce their environmental impact. However, many of these methods don't ask for support from the property's employees.

I manage a 17-story downtown office high-rise that was built in 1972. Over the last year, CB Richard Ellis and the owners of the building have taken significant steps toward modern sustainability guidelines. Window films were installed on all four sides of the structure, which will reduce the amount of energy needed to heat or cool the building. Flush valves and electronic faucets have been installed in 10 bathrooms, and 10 more are expected to be upgraded in 2008. The building's HVAC system has also had numerous energy-efficient modernizations. All of these improvements were completed with little input or feedback from our tenants.

However, recycling is different; it requires participation from all of the parties involved. Recycling and litter prevention programs have been around for decades. While growing up, my generation heard ads from Woodsy Owl, who told us to “Give a Hoot! Don’t Pollute!” while decades earlier, my grandparent’s generation was asked to collect aluminum cans, scrap iron and old rubber to support America’s efforts in World War II. Successful campaigns have shared one common thread—participation and support from the public, not just those in charge of creating the program.

IMPLEMENTING A RECYCLING PROGRAM

After working with our recycling vendor to create a program fit for my building, I quickly realized that creating guidelines for a recycling program was only the start of this process. The real work would begin when it came to educating my tenants, their 400 employees and a custodial team whom are not fluent in English. A challenge laid ahead of me, but several strategies made this process easier for all involved.

SIX TIPS FOR SUCCESS

1. Begin training before the start of the recycling program. This will allow tenants to ask any questions they may have. Your recycling vendor may include recycling education and training as part of your service package. They can be a big help, so don’t forget to ask!

2. Provide clear and understandable guidance. At the start of the recycling program make sure each party involved has been given concise

instructions. Introduce the program in writing (i.e., memo and/or email) as well as a group meeting. Because the janitorial team is critical to the success of a recycling program, it’s important that they understand their responsibilities and how vital they are to the program’s success. Consider providing any necessary on-going training.

3. Create a “Green Team.” Employees make a recycling program happen, so sit down with a representative from key tenants to talk up the program

mentally conscious. Employees who are enthusiastic about the program will help you promote it with others.

4. Develop incentives and rewards to motivate tenants. Watching the program reach its goals will motivate employees. Our management team also issued achievement certificates to tenants who successfully incorporated the program.

5. Education is an ongoing activity. Frequently share recycling reminders,



Recycling can reduce your overall waste hauling costs, create positive public relations for both the management company and your tenants, and conserve environmental resources.

and ask them to help you get the word out in their offices. It’s a good idea to include flagship tenants and any others who you have identified as environ-

tips and results. Keep your messages brief, positive and engaging. Encourage tenants to share real examples of what has and has not worked for them.



Photography © CB Richard Ellis

[LEFT] Building recyclables are placed in large, clearly-marked blue containers. [RIGHT] Ryan Benton gets involved in the program by collecting recyclables in clear plastic bags. The see-through bags help ensure only recyclable material is inside.

Benton phased-in a recycling program for this 17-story office building in Virginia. Getting employees involved was a key for its success.

Photography © CB Richard Ellis



Employees make a recycling program happen, so sit down with a representative from key tenants to talk up the program and ask them to help you get the word out in their offices.

TOOLS TO GET YOU STARTED

www.eetd.lbl.gov/paper

The Cutting Paper Web site is developed to provide information to help the motivated office worker reduce paper use. Here you'll find tips for reducing office paper, as well as ways to measure and count savings from paper reduction. The National Office Paper Recycling Project estimates that recycling office waste paper saves valuable landfill space—3 cubic yards for every ton of paper recycled—and extends the lives of our landfills, suggesting that getting paper recycling bins might be a good, quick way to get your program started.

www.greenerchoices.org/calculators.cfm

This site is compiled by *Consumer Reports* and includes handy energy calculators that will help you see how much energy and money you can save in just a few clicks. It includes carbon footprint, heating and cooling, and refrigerator energy calculators, to name a few.

www.dsireusa.org/index.cfm

The Database of State Incentives for Renewable Energy is compiled by North Carolina State University's Solar Center. It contains federal and state renewable and energy-efficiency incentive programs.

www.eiae.org

A simple way to get your office started recycling is to encourage proper disposal of electronics. The Electronic Industries Alliance makes finding a place in your area easy. Just click on your state to find reuse, recycling and donation programs near you that can help take electronic products off your hands.

6. Maintain flexibility with respect to the program's design.

As your program grows, things may change, so be sure to communicate changes clearly to any employees and provide reasons for specific changes.

Recycling can reduce your overall waste hauling costs, create positive public relations for both the management company and your tenants, and conserve environmental resources. Implementing a successful recycling program is not going to happen overnight; however you can start by planning how to phase one into your building. For example, it may be best to pilot test the recycling program in a small area of the property or phase-in your program one tenant or one floor at a time.

Whether you decide to begin recycling with full force or gradually phase in the program, momentum for the program will take off as employees see progress. □



Ryan Benton is a real estate coordinator with CB Richard Ellis in Norfolk, Va. He is currently pursuing his Accredited Commercial Management certification from IREM and can be reached at ryan.benton@cbre.com.



+ 1933 2008
Education Ethics Excellence

75th

The Celebration Continues...

IREM staff and Chicago Chapter 23 recently commemorated the institute's 75th anniversary, with a little help from the Blues Brothers! The event, held at IREM headquarters in Chicago, was part of a week-long staff celebration. To view photos from the event, please visit www.irem.org/75th/75thparty.cfm

SHARE YOUR STORY WITH OTHER MEMBERS

IREM Member Lisa L. Diehl, CPM®, CCIM from Edina, Minn. shared what IREM means to her:

"IREM is a first class institute with talented individuals who I've had the good fortune of working with and meeting over the years. The real estate industry has also provided me with the opportunity to gain experience in different disciplines I would not have otherwise had. I look forward to continuing to serve our chapter (Minnesota Chapter No. 45) and industry for many years to come."

How has your IREM credential helped your career? **Which IREM Members have made a difference in your chapter or community?** What makes your chapter so special? Help us share, recognize and reward these special IREM stories. Visit www.irem.org/75th.

*Thank You
75th Anniversary Sponsors!*

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PLATINUM LEVEL



www.realtor.org

ASSOCIATION RECOGNITION SPONSORS



YOU ARE NEVER FULLY DRESSED WITHOUT A DIAMOND



In celebration of our diamond anniversary, all IREM Members who have paid their 2008 dues received a 75th Anniversary lapel pin—which is in the shape of a diamond.

Wear your diamond with pride throughout this year as part of the Institute's 75th anniversary celebration. Also, remember to bring your diamond anniversary pin with you to Chicago for the gala event in October. Together, we'll make Chicago "sparkle!"

UPCOMING EVENT

OCTOBER 16

75TH ANNIVERSARY CELEBRATION AND INAUGURAL GALA

No celebration of this magnitude would be complete without a party! We're holding ours in Chicago in the very same hotel we held our first-ever annual event—Hilton Chicago. With a 75th Anniversary Museum, special events and a few celebratory surprises, this will be the don't miss meeting of the century!

1970-1979

POPULATION > 204,879,000

UNEMPLOYMENT > 4,088,000

NATIONAL DEBT > \$382 BILLION

AVERAGE SALARY > \$7,564

LIFE EXPECTANCY > FEMALES
74.8 YEARS; MALES 67.1 YEARS

FOOD PRICES > MILK 33 CENTS A
QUART; BREAD 24 CENTS A LOAF;
ROUND STEAK \$1.30 A POUND



1970

The floppy disk is introduced.

The Beatles announce their break up.

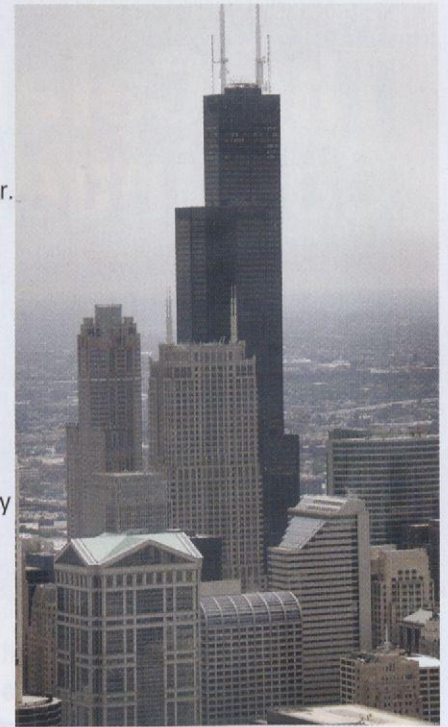
1971
Intel introduces the microprocessor.

1972
David Bowie's alter ego Ziggy Stardust debuts.

San Francisco's Transamerica Building, designed by William L. Pereira, opens.

The Godfather appears in movie theaters.

Nike hits the scene.



1974

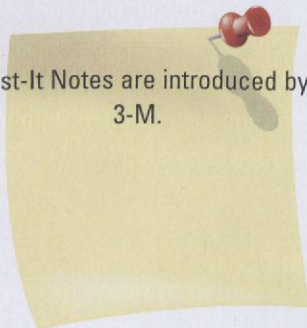
The Sears Tower opens in Chicago. It becomes the tallest building in the world.

1980

CNN is launched as the first all news network.

Post-It Notes are introduced by 3-M.

John Lennon is assassinated by Mark David Chapman.

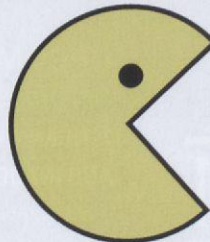


1981

MTV debuts.

Sandra Day O'Connor becomes the first woman Supreme Court justice.

Pac-Man is introduced in the United States and sparks a huge craze.



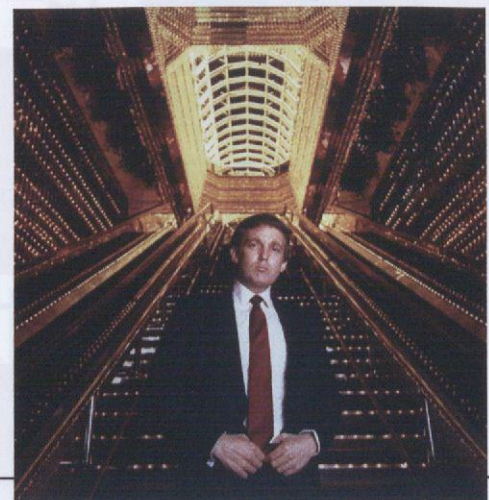
1982

The Vietnam Memorial is erected in Washington, D.C.

1983

Columbia University, the last all male Ivy League school, begins accepting women.

Trump Tower opens in New York City.

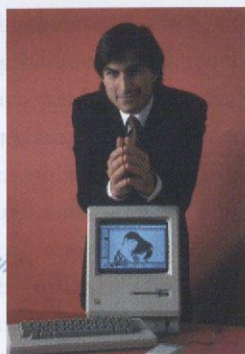
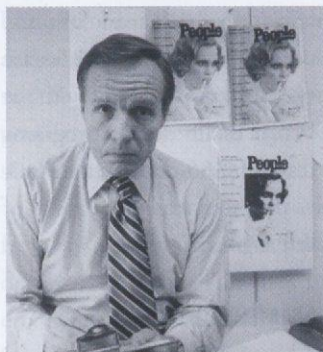




1974

Richard Nixon, facing impeachment charges, is forced to resign after the Watergate scandal.

People magazine debuts with Mia Farrow on the cover.



1984

Apple Computer releases the Macintosh personal computer.

1984

Harold Washington is sworn in as the first black mayor of Chicago.

1985

"We Are The World" is recorded to help fund famine-relief efforts in Africa.

1986

The Challenger space shuttle explodes 74 seconds after liftoff at Cape Canaveral, killing all seven astronauts.

1975

Congress guarantees equal educational access to the handicapped with the Education of All Handicapped Children Act of 1975.

South Vietnam falls to Communist forces of North Vietnam.

The movie *Jaws* opens.



Margaret Thatcher is the first woman elected to lead Britain's Conservative Party.

1976

The United States commemorates the 200th anniversary of the Declaration of Independence.

1977

Elvis Presley dies.

Star Wars opens in theatres.



1979

Mother Teresa accepts the Nobel Peace Prize.

1986

Haley's Comet returns.

1986

The Statue of Liberty celebrates her 100th Anniversary.

1987

The world population reaches 5 billion.

1989

The Berlin Wall falls.

1980-1989

POPULATION > 226,546,000

UNEMPLOYMENT > 7,637,000

NATIONAL DEBT > \$914 BILLION

AVERAGE SALARY > \$15,757

LIFE EXPECTANCY > FEMALES 77.6; MALES 69.9

MINIMUM WAGE > \$3.10

Higher Learning

How University Offerings in Real Estate Education Have Advanced

by Karen Kazmierczak and Jordan Pester, IREM Strategic Initiatives

Real estate is a relatively young profession. It began as a reallocation of functions previously performed by other occupational groups on a part-time basis. It wasn't until the early 1900s that the first real estate boards were formed to address problems with fraud and land speculation. The founding of the National Association of Real Estate Boards (NAREB) in 1907, now the NATIONAL ASSOCIATION OF REALTORS®, and the Institute of Real Estate Management (IREM) in 1933, were important steps toward the growth of real estate as a profession. The first regulatory license systems, essentially implementations of the industry's code of business ethics, were created in 1919 in California and Michigan.

The beginning of real estate as a profession can also be linked to the first collegiate real estate courses. The Wharton School of Finance and Commerce of the University of Pennsylvania first offered a real estate course in 1905. The University of Pittsburgh's evening school of economics started a course in 1908 and the New York University

ference called by NAREB and attended by individuals from the American Association of Collegiate Schools of Business, the national secretary of NAREB outlined a list of courses and urged representatives to add them to their college curricula. In the period from 1905 to 1936, the number of colleges listing real estate courses increased from 1 to 73.

The University of Wisconsin established one of the early real estate programs in the 1920s. The Wisconsin program—under the leadership of such notable academic pioneers as Richard Ely and James Graaskamp—has consistently been regarded as one of the country's top real estate schools with undergraduate, master's, and PhD programs.

As the industry need for more educated and well-rounded real estate professionals grew, so did formal education in real estate. In 1936, 12 universities offered curricula in which students could major in real estate. In a March 1946 article from *JPM* entitled "Status of Collegiate Real Estate Training," Daniel Gage stated,

The types of students interested in real estate programs come from diverse backgrounds and experiences.

School of Commerce, Accounts and Finance offered its first real estate course in 1910.

By the 1910s and 1920s, NAREB began to focus on the need for more real estate education. At a 1923 con-

"Since the close of World War II there has been a resurgence in both the real estate practice and its formal education... the need then to examine the development of collegiate real estate training is patent."

Today, the number of colleges with real estate programs offering two-year or four-year degrees, minors, and master's degrees in real estate has increased considerably, with at least 160 real estate degree programs offered through 106 colleges and universities—not to mention a host of certificate programs.

PROGRAMMING DIVERSITY

While the number of academic real estate programs has grown, various institutions are also offering more diversification in their curricula. Programs now cover specialties like asset management, facilities management, real estate finance, appraisal, real estate law and more.

Cornell University, for example, offers a master's program in real estate in which students complete a four- to five-course specialization chosen from one of nine concentrations available, ranging from development to real estate finance and investment to historic preservation and more.

David Funk, PhD, director of the program in real estate at Cornell University and a CPM® Candidate, said, "Students' choices of concentrations over the years has demonstrated changing interests and trends, with specializations in sustainable (green) development, asset and portfolio management, development, and international real estate gaining interest in recent years."

Another such specialization is residential property management. The



1933 2008

EDUCATION ETHICS EXCELLENCE

75th

75th Anniversary Special Section

first residential property management program began at Virginia Polytechnic and State University (Virginia Tech) in the mid-1980s.

“The program was an outgrowth of a need expressed by the housing industry for individuals with a background in both the business side and the ‘people’ side of real estate,” said Rosemary Goss, PhD, residential property management (RPM) advisory board professor.

The curriculum evolved over time from a single course to a full degree option that includes courses in property management, business, real estate, housing and more. With only eight to 12 graduates in the early years, the program has developed to one that now averages 45 graduates per year.

The Indiana Apartment Association, familiar with the Virginia Tech program, took the lead in starting an RPM program at Ball State University in 1999. The Ball State program has evolved into a highly interdisciplinary program.

“Our students take courses not only in property management, but also in construction, interior design, maintenance, accounting, marketing, etc.,” said Carla Earhart, PhD, director of the RPM program at Ball State University.

The number of graduates from the Ball State undergraduate RPM major has remained fairly consistent over time, but the number of RPM minors and graduate students has grown significantly. In response to a growing demand for distance education, Ball State now offers an online minor in residential property management and is working on plans to offer an online certificate in RPM in 2009.

In addition to diversification in real

estate curricula, the types of students interested in real estate programs come from diverse backgrounds and experiences. Many students come to real estate programs already possessing a strong work experience and background in real estate or other areas.

And with online programs becoming

tion continues to barely make a dent in the talent needs of the real estate industry,” Funk said. “The wave of

Today, the number of colleges with real estate programs offering degrees has increased considerably, with at least 160 real estate degree programs offered through 106 colleges and universities.

a popular option for course offerings, it’s now easier to get a real estate education along with juggling the chaos of work, family, and everyday tasks.

Collegiate real estate programs are likely to see continued expansion—despite current downturns in the real estate sector.

“University-level real estate educa-

retirements in the U.S. real estate industry combined with immense demands for real estate professionals internationally promises to make specialized masters degree programs in real estate in even greater demand.”

Karen Kazmierczak is the manager of academic and organization outreach for IREM. Jordan Pester is the career services advisor for IREM.

Strength In Numbers

According to the National Center for Education Statistics, 1,282 bachelor and master degrees were awarded by degree-granting institutions in real estate in 2005-2006.

In the last 10 years, the number of students graduating with real estate degrees has more than doubled.

IREM maintains a database listing of colleges and universities with real estate degrees. This listing can be found on IREM’s Web site directed toward college students: www.getrealgetready.com. This listing includes:

- 106 accredited colleges and universities offering some form of collegiate real estate program. The programs include 93 undergraduate degree programs, 59 masters’ degree programs, 8 doctorate programs, and 17 certification programs.
- Forty-five schools have more than one real estate program.
- Five schools offer online courses for their real estate program.

HIGHER LEARNING

Condominium Success Hinges on Management

by Joseph C. Murray, CPM®

Ask anyone who has even the slightest knowledge of real estate activity today, “How are condominiums going?” and the answer will probably be: “It’s sensational!”

From all outward signs, that answer is true from many parts of the country, and “condominium fever” sweeps the land. And why not?

Condominiums seem to provide the perfect answer for the housing problems that face us today.

TEST IS YET TO COME

If we are to believe all the reports, condominiums are selling well ahead of occupancy schedules, and there seems to be no end.

That’s what should bother all of us in this business. It seems so easy that there must be something wrong somewhere!

As we explore that premise, we soon realize that the real test has not yet come—that is, *the management of the condominium* for the Council of Co-

we really know whether it is as phenomenal as it appears now.

With 95 percent financing, an attractive unit to merchandise, and today’s hunger for housing of any kind, it takes no miracles to sell a condominium unit. The real test will be when it comes time to re-sell by a purchaser who can’t rely on promise of an entrepreneur but is stuck with whatever happened to the building or project he bought into. In other words, if the project does not continue to satisfy the needs of potential users, deterioration will set in, affecting both the salability and the mortgagability of a unit.

Are developers and investors taking this into consideration today, or is their main interest just getting the units sold and walking away, leaving the rest up to the buyers? It is my concern that since, historically, management of multifamily housing (a 40-year process) has been ignored in favor of the building or selling cycle (a two-year process), it is happening again in the field of condominiums.

Therefore, serious attention to the need for competent, professional management of condominium projects is a must if this form of living is to remain a viable one over the long term.

owners once they have settled, moved in and realized that the problems of the landlord are now theirs.

Not until we have observed the results of several condominiums in full operation and management, will

This is unfortunate, because the individuals who buy condominium units are primarily “tenants at heart” who do not have the expertise in handling the operations of a high-rise or garden apartment complex.

NO JOB FOR AMATEURS

This will be no job for the amateur, because in addition to the physical, mechanical and financial aspects of property management, which require a degree of expertise, there are numerous other problems to anticipate:

- Friction arising between resident-owners and investor-owners due to a conflict of interests between those who make it their home and those whose main interest is in keeping their unit rented to others.
- Difficulty in deciding on policies, such as level of maintenance and operation, particularly if there is a wide spread in prices of units which would make a project heterogeneous, rather than the usual homogeneous mix of occupants.
- Possibility of purchaser dissatisfaction with the project, particularly if construction defects are prominent or, in case of conversion of existing project, if appliances, mechanical equipment, or building structure have failures shortly after occupancy, causing substantial outlays of cash.

Therefore, serious attention to the need for competent, professional management of condominium projects is a must if this form of living is to remain a viable one over the long term. Failure to heed this may well lead to restrictive legislation as well as a drying up of mortgage funds. In fact, a lender would be wise to require, as a condition of the loan, that competent outside professional management be retained throughout the life of the loan.

The above excerpt is from an article that appeared in Volume 38, March/April 1973 issue of *JPM*. The article originally appeared in the Oct. 1972 National Capital Area Realtor. To read the article in full, visit www.irem.org/75th.

VIEWPOINT: The Property Manager in the 1980s

by Donald R. Wilson

It is in the area of human resources that the most significant changes will occur in property management during the remaining years of the 1980s. To meet the challenges of the future, property management will require expertise in physical maintenance, in marketing, and in financial management, as well as the ability to assemble, summarize, and deliver information about the property quickly and effectively.

To accomplish these goals, the property management business needs qualified people who possess a wider range of technical skills—skills in real estate management, in facilities management, in equipment maintenance, and in finance and investment.

The qualifications of the property manager are changing because the needs of the clients the manager serves are changing. In the residential market, we have seen the coming and stabilization of a significant number of owner-occupied units in the form of condominiums. At the same time, high home prices have expanded the number of middle-class permanent renters.

Owners of property, especially the large financial institutions, have become more sophisticated. They are increasingly concerned about the financial and investments aspects of the real estate asset. At the same time, small and medium-sized investors are still primarily concerned with the physical management of the property. Thus the

property manager must continue to oversee the facilities while developing a wider range of financial skills.

Still other ownership changes have occurred as a result of the syndication and joint venturing of investment properties. These organizations

The computer will enable us to better serve property owners. Yet, it is the ability of our people to use these new technologies which creates the real challenge for property management firms.

emphasize yields and favorable tax treatments, creating another set of priorities for the manager. Moreover, as managers become equity participants in these syndicates, their perspectives are further altered.

MEETING THE CHALLENGE

To serve these many different clients, property managers must take a more active role in helping clients identify their individual goals and objectives. The days of the property management firm selling the client on a prepackaged management program are over. Today's managers must be oriented toward matching their services to the needs of the client and toward establishing measurable standards of performance for themselves to ensure that these objectives are met.

Many managers would say that providing each client with a constant flow

of sophisticated property reports is the best way to serve them. The continued evolution of computer technology has made it possible for managers to quickly gather, summarize, and disseminate information. The computer will enable us to better serve property owners. Yet, it is the ability of our people to use these new technologies which creates the real challenge for property management firms.

Human resources will be the com-

petitive edge in the near future, for our industry as well as for many others. Companies that excel in recruiting the best people from the diminishing pool of those entering the work force and in training these people to provide the skills clients need will succeed where those with mere technological knowledge will fail.

And because of the changing responsibilities produced by the technological revolution, personnel at every level of the management operation must possess a greater range of skills. Because of remote information access and improved user skills, the line person will assume greater responsibility as the role of middle management diminishes. Therefore, this line manager must acquire the skills needed to establish client goals and to effectively monitor the result of his or her work.

The above excerpt originally appeared in Volume 40, July/August 1985 issue of *JPM*. To read the article in full, visit www.irem.org/75th.



WIN A HULA FOR TWO! FREE TO HAWAII! GRAND PRIZE

Airfare, Hotel, and Registration for Success Series 2009 in Hawaii

Enjoy complimentary airfare for **two people**, two hotel nights, and one registration to IREM's Fall Meetings, including IREM & CCIM Success Series 2009, October 13-17, 2009, in Honolulu, Hawaii.

2ND PRIZE

Airfare, Hotel, and Registration for Success Series 2009 in Hawaii

Enjoy complimentary airfare for **one person**, two hotel nights, and one registration to IREM's Fall Meetings, including IREM & CCIM Success Series 2009, October 13-17, 2009, in Honolulu, Hawaii.

75 PARTICIPATION PRIZES

Miscellaneous Rewards

Enjoy discounts for IREM Gear, conference registrations, courses, publications, and more. Maximum values apply, to be redeemed by October 31, 2009.

EARLY BIRD PRIZES

Act fast! The first 10 participants who complete "HIGH FIVE FOR 75" Quiz #4 will receive a reward!

ENTERING IS EASY!

To be eligible for the drawing, you must be an IREM Member and complete the "HIGH FIVE FOR 75"—five quizzes that will appear in each of the five bi-monthly issues of *JPM* starting January/February and concluding with our September/October commemorative issue. Simply answer a few questions about the 75th Anniversary articles and featured advertisers found in each issue of *JPM*—go to www.irem.org/75thContest to complete the quizzes. It's that easy!

JUNE/JULY QUIZ

Go to www.irem.org to answer these questions online. You'll find all the answers you need in this issue of *JPM*. **Missed the previous quizzes?** You can still win! Want to enter the contest, but did not complete the last quiz? Don't worry, you can still participate. Go to www.irem.org/75thContest for links to the current quiz as well as past quizzes.

THE FOLLOWING IREM MEMBERS WERE THE FIRST TO COMPLETE THE QUIZ IN THE MAY/JUNE 2008 ISSUE:

Mary C. Cowen, CPM®
Sacramento, California

Kenneth Allen, CPM
Omaha, Nebraska

Kimberly Russo,
Associate Member
Bellmawr, New Jersey

Chris Woods, CPM
St. Louis, Missouri

Frank M. DuPree, CPM
Greenville, South Carolina

Steven Savoca, CPM
West Henrietta, New York

Vera McPherson, CPM, ARM®
Williamsburg, Virginia

Lynn Kelleher, CPM
Houston, Texas

John Krecek, CPM
Omaha, Nebraska

Jennifer Baiamonte, CPM
Dublin, Ohio

RULES & REGULATIONS

- 1 The contest is open to IREM Members only. IREM employees are not eligible for prizes.
- 2 To be eligible for prizes, contest participants must complete all "HIGH FIVE FOR 75" quizzes.
- 3 Quizzes can be completed online only at www.irem.org/75thContest. Mailed entries will not be considered.
- 4 Missed quizzes can be completed online until October 1, 2008.
- 5 All entries must be completed no later than October 1, 2008.
- 6 Winners will be selected randomly from those who completed all five quizzes submitted by the October 1, 2008, deadline.
- 7 Winners will be announced at IREM's Fall Meetings which will be held in Chicago on October 14-18, 2008.
- 8 Winners need not be present to accept prizes.
- 9 Names of all the winners will be announced in *JPM* and online at www.irem.org.
- 10 IREM reserves the right to exclude merchandise or to exchange prizes within the same prize value range.
- 11 Winners are responsible for any personal taxes incurred from the winnings.
- 12 For each of the five quizzes, the first 10 participants to complete the "HIGH FIVE FOR 75" Quiz will receive a reward.

- 1 In the 1970s, it took "no miracle" to sell a condo because:
 - a They were easily financed
 - b They were perceived as attractive
 - c Housing demand was high
 - d None of the above
 - e All of the above

- 2 According to *JPM*, _____ would serve as the primary competitive edge for the property management profession in the future:
 - a Personal computers
 - b Application of human resources in property management
 - c Reduction in use of controlled substances
 - d De-papering of all offices
 - e The oil crisis and other economic factors

- 3 Reflecting the change from Theory X tell-do management to Theory Y participative management, *JPM* recommended that an operations manager's role would shift from:
 - a Teacher-mentor to environmentalist
 - b Property-reporter to facilities-collaborator
 - c Guru to goat
 - d Order taker to facilitator
 - e Manager to tenant

- 4 Ironically, the article in *JPM* on human resources in property management accurately predicted:
 - a The demise of middle management
 - b The increasing importance of recycling
 - c Compartmentalization of tasks caused by computerization
 - d Condominium financial shortfalls
 - e An increase in amateur property management

- 5 According to, the article, "The Test Is Yet To Come," the real test of the viability of condominiums' popularity would come when:
 - a Unit aging begins to destroy the plumbing
 - b Neighborhoods became transitional
 - c It's time to resell
 - d Condo associations begin screening applicants
 - e Danny Devito takes over management of the building

- 6 The "Big Four" technical skills required for all real estate managers are:
 - a Real estate management, social style flexibility, good karma, and "spart"
 - b Reading, Writing, Math Skills and a 2000 on your SAT's
 - c Computer management, social networking, purchasing and logistics and a "head" for trends in the real-estate management field
 - d Good truckma (not karma), a Ziggy Stardust Mood Ring, cable TV, and a photo of Michael Jackson at "Da Ranch"
 - e Finance and investment, equipment maintenance, real estate management, and facilities management

- 7 *True or False:* In 1970, the average worker's salary was less than the cost of a 2008 Smart Car:
 - a True
 - b False

- 8 Although most predictions about the 1970s and 1980s probably did not come true, this one definitely did, and will again:
 - a It is impossible to sell a condominium in Fergus Falls, Minnesota
 - b Elvis is alive and living in a suburb of Chicago
 - c The oil crisis would be over in five years
 - d Haley's Comet will return
 - e The World population will reach 6 billion by 1980

- 9 Which of these would *not* have been a premium or prize to give out at an IREM chapter event in the 1970s or 1980s:
 - a A pet rock
 - b A mood ring
 - c A USB flash drive
 - d A Cabbage Patch Doll
 - e An Apple Mac

- 10 The national average annual salary in the United States in 1970, according to *JPM*, was approximately:
 - a \$7,600
 - b \$11,000
 - c \$5,200
 - d \$3,800
 - e It is not cited

- 11 As a real estate manager, you would contact Yardi to:
 - a Provide a property management check-chart on computerization
 - b Customize property-management automation systems for your properties
 - c Provide a paving solution for your parking and public areas
 - d Provide mowing and landscaping services
 - e All of the above

- 12 When searching for various construction and maintenance services, the smart commercial property manager would best use which of our advertisers?
 - a The Yellow Pages
 - b Thomas Registry
 - c The Construction Blue Book
 - d Mohawk
 - e None of the above

- 13 The best way to tell your prospective clients to come to the office on the third floor would be by using this advertiser's most popular products:
 - a Wood Concepts
 - b Brian's Singing Telegram Service
 - c Sherwin-Williams
 - d MapQuest.com
 - e None of the Above

- 14 For a roofing system that's precision fabricated, energy efficient, durable, installed by experts and warranted for 15 years or more, the well-appointed property manager would best contact:
 - a Bob's Roofing and Crystal Consultations
 - b Swell-Pak
 - c Duro-Last Roofing, Inc.
 - d Verizon Avenue
 - e None of the Above

- 15 When your tickets for Hawaii arrive, you can be sure they are safe and sound because they have been delivered to a commercial property mailbox manufactured by:
 - a John Deere
 - b Rubbermaid Commercial Products
 - c IBM
 - d Salsbury Industries
 - e Dr. Phil McGraw

Landing the deals

- **Levin Management Corporation, AMO®**, has been named managing and leasing agent for Neptune Shopping Center, a 215,424 square foot retail property in Neptune, N.J.
- **Cushman & Wakefield, Inc., AMO**, is collaborating with JRT Realty Group, Inc. to lease and manage 470 Park Ave. South, an 18-story Class A office tower located in New York City. Combined, the Cushman & Wakefield/JRT portfolio includes more than 11 million square feet of office and industrial space nationwide.
- **Thalhimer, AMO**, made the following business transactions:
 - It has been selected by Dynamic Commercial Real Estate Advisors to manage East Parham Place, a 12,630 square foot retail center, and the Shoppes at Breckenridge, a 12,900 square foot center, in Richmond, Va.
 - It has been named property manager for the Gateway Executive Center, a 32,428 square foot office building in Virginia Beach, Va.
- Divaris Real Estate, Inc. in Virginia Beach, Va., which comprises **Divaris Management Corp., AMO** announced the sale of the 12-story, 350-room Radisson Hotel Norfolk in downtown Norfolk, Va., to the Aniesh Corporation for \$10 million.
- **Thomas F. Campenni, CPM®**, represented the owner of an office building at 21 West 46th in New York City, in the sale of air rights to Extell Development.

In Memoriam:

Jeanne E. Smarte, ARM® Emeritus



An influential member in the development of the Institute's ACCREDITED RESIDENTIAL MANAGER (ARM) program, Jeanne E. Smarte passed away on May 22, 2008 in Williamsburg, Virginia after a long battle with breast cancer.

During the 23 years that she was an IREM Member Jeanne enjoyed a notable career as a residential property management supervisor focusing primarily on condominiums, co-ops, and HOAs. She was active in West-Central Maryland Chapter No. 92 prior to retiring to Williamsburg and served in several positions in the chapter in support of the ARM committee locally.

Jeanne contributed to the Institute on the national level by serving as Vice Division Director of the ARM Division, as a member of the ARM Services and Standards Committee, and as a member of the Governing Council. For her exceptional efforts with respect to the ARM program, Jeanne received the "ARM of the Year" award in 1993. The Institute remains grateful for Jeanne's lifelong dedication to IREM and her legacy work with the ARM program.

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Career Moves

- **Dave Domres, CPM®**, was recently promoted to senior vice president of property management at **Irgens Development Partners, LLC, AMO®**. Domres supervises one of the largest property management teams in the Milwaukee area, a group of professionals who manage more than 70 properties totaling just over 4 million square feet of space throughout the United States. Domres is the 2008 president for the Wisconsin chapter of the National Association of Industrial and Office Properties, and a Faculty Member for IREM. He previously served as Milwaukee Chapter 13 president of IREM and the Apartment Association of Southeastern Wisconsin.



- **Georges A. Renaud, CPM**, was recently appointed vice president of the Montreal Real Estate Group in Montreal, Canada, and was named president of the IREM Quebec Chapter No. 37. Renaud has been responsible for the management, leasing and marketing for a diversified portfolio of shopping centers, industrial, office and multifamily residential projects in Quebec and throughout Western Canada. He also is a past president of the Real Estate Institute of Canada and the Quebec Chapter of IREM, and was a member of the IREM international affairs board.



- **Ken Kruis** has been promoted to chief financial officer for **RiverRock Real Estate Group, AMO**, in South Coast Metro, Calif. Kruis will be responsible for RiverRock's corporate and joint venture accounting and overall financial management.



- **Steve Core, CPM**, has been promoted to chief operating officer for **RiverRock Real Estate Group, AMO**, in South Coast Metro, Calif. Core will oversee management, construction, training and property transitions, and will lead RiverRock's continued efforts in green practices.



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2008
7th Institute of Real Estate Management

RVP Corner: Water Conservation



In RVP Corner, JPM shares the thoughts and opinions of an IREM Regional Vice President on a single topic covered in the current issue.

As Region 4 Vice President, **Brett Koutnik, CPM®**, oversees the activities of the five IREM Chapters in Florida and Georgia. He's also a senior property manager for Colonial Properties Trust,

Atlanta, and is responsible for a portfolio of office properties. For this installment of RVP Corner, Koutnik discusses water conservation efforts in Georgia, which has been heavily impacted by drought.

How did last year's devastating drought in Georgia and the subsequent water shortage in Atlanta affect your properties?

The most visible and immediate impact was on outdoor watering and its effect on the landscaping. Initially, individual counties in the metro area implemented outdoor watering bans of different magnitudes. Then in September 2007, the state of Georgia issued a level four drought declaration for all of North Georgia. This effectively banned all outdoor watering and greatly impacted the economy, landscapers, nurseries and plant growers, in particular. As a result, many of our properties substantially reduced or eliminated their seasonal color programs and postponed landscaping improvements. We also learned about xeriscaping—a process of using drought-tolerant plants. The restrictions have since been reduced slightly with exemptions for things like gray water and reclamation systems, professionally installed landscaping, filling of swimming pools, etc.

What has been the most difficult challenge in dealing with the water shortage? How have you addressed it?

The most difficult challenge has involved maintaining the landscaping and dealing with its impact on the esthetics of the property. In addition, we have had to modify how we handle some outdoor operations. For example, under the water restrictions, we can no longer use in-house staff to pressure wash, but we can hire a pressure washing contractor to perform the same work.

The most difficult challenge has involved maintaining the landscaping and dealing with its impact on the esthetics of the property.

As an interesting side note, due to the successful conservation measures citizens have taken, water consumption has actually been reduced so much that many municipalities have announced they will need to increase the rate they charge for water to offset the loss in revenue due to lower usage. Sometimes you just can't win!

What water conservation steps have you taken for your properties? Have they been difficult or costly to implement?

We implemented low cost conservation steps immediately, including the installation of low-flow aerators on faucets. Although it had a minor impact on water consumption, engineers tweaked the temperature on the condenser water so the cooling tower fans would not cycle on as much, reducing the amount of water lost to evaporation. We also performed cost-benefit analyses of more expensive conservation measures and improvements, like installing low-flow toilets and urinals in the restrooms and made recommendations to our owners about these potential improvements.

Tenants also play a key part in keeping water conservation on track. How can you get them—and keep them—on board with the efforts?

Education and communication are both key. We let our clients know about the installation of the water restrictors on the faucets, the reduction and/or elimination of seasonal color, and any other noticeable changes that we made. That allowed them time to buy into the changes and eliminated a lot of phone calls to the management office. We also offered to install flow restrictors on any tenant-controlled sinks within their space. We included water conservation tips in our newsletters and sent e-mail blasts to tenants encouraging them to take conserva-

tion steps, like only running the dishwasher when full and running the washing machine when full. One person alone making these changes won't have much impact, but multiply it by the entire metropolitan population and you can save millions of gallons a day.

For a full story on water conservation in the real estate management industry, see "Every Drop Counts" on page 26.

AMO® Spotlight

To earn the ACCREDITED MANAGEMENT ORGANIZATION (AMO) designation from IREM, a company must demonstrate a high level of performance, experience and financial stability, and have a CPM® in an executive position. AMO firms must meet high ethical standards and other stringent requirements, proving their value to the industry.



Destination Maui, Inc. (DMI) was originally a part of the management service division of one of Maui's most respected accounting firms, Ronald A. Kawahara & Co., CPA's, Inc. In 1974, DMI was established as a separate entity and has since grown to include more than 30 major projects and more than 18 full-time employees.

Ronald A. Kawahara, president and executive CPM for DMI, is also a certified public accountant (CPA), a professional condominium association manager and a licensed REALTOR®. He is a firm believer in community service and has served as president of many organizations, including Maui Chamber of Commerce and Maui United Way. JPM talked to Kawahara about his company and what the AMO accreditation means to them.

How did you get started in property management?

In the early 1970s, our CPA firm provided accounting and fiscal services to homeowner associations. Because of our accounting background, we are well versed in certain accounting, management and control procedures that can benefit property management.

Destination Maui, Inc. was originally part of your accounting firm. Why did you establish DMI as a separate entity?

At that time, most Maui condominiums were fairly new and the services required were mostly fiscal in nature. However, as the industry evolved, and more laws and regulations passed, the nature of property management services expanded. As a result, DMI was established as a separate entity to focus on property management issues that went beyond accounting.

Destination Maui is the only AMO firm on Maui. What are the benefits of being AMO accredited?

DMI mandates continuing education for all of its property managers and on-site managers. The AMO designation is the culmination of DMI's commitment to be the best property management company on Maui. In our marketing, we point out that we are the only Maui-based property management firm to hold the AMO designation. Our brochure features the AMO designation and discusses the benefits of belonging to IREM and our adherence to its Code of Ethics.

Aside from the AMO accreditation, what makes Destination Maui, Inc. unique?

Several years ago, we decided to limit the accounts assigned to each property manager to no more than six full-service accounts. In addition, we hired sufficient back office staff. The results have been extraordinary in terms of client satisfaction.

What real estate trends are you seeing in Hawaii today?

Hawaii is experiencing the same downward trend in real estate housing starts and pricing as the mainland. According to our local Multiple Listing Service, the numbers of sales, as well as the median prices of condominiums and single-family homes, are declining on a month-to-month basis. As on the mainland, Hawaii real estate inventories are up, mortgages are harder to come by and probably the worst job is a developer with unsold inventories.

In my opinion, this downward pressure on real estate will last through early next year. This is typical of all of the economic cycles in Hawaii. Generally, we expect that real estate prices will average 3 to 5 percent growth over the long term.

Company headquarters location

Destination Maui, Inc. is headquartered in Wailuku, Hawaii.

Number of employees

18

Date the company become an AMO firm

April 1, 1998



Destination Maui, Inc.

RVP Watch

IREM announces the 2009-2010 Regional Vice Presidents. They were elected at the Leadership and Legislative Summit in April, and will serve for a two-year term.

Region 2 – Jesse Holland CPM®

Sunrise Management & Consulting, AMO
Latham, N.Y.

Oversees Chapters 1, 3, 7, 26, 58, 93, 101 in Delaware, New Jersey, New York and Pennsylvania

Region 3 – J. Todd Willet, CPM

CB Richard Ellis of VA, Inc., AMO
Richmond, Va.

Oversees Chapters 8, 16, 38, 39, 77, 92 in the District of Columbia, Maryland and Virginia

Region 5 – Richard Wayne Pierce, CPM

Heritage Properties, Inc., AMO
Madison, Miss.

Oversees Chapters 43, 55, 64, 80 in Alabama, Arkansas, Louisiana and Mississippi

Region 6 – Sheila A. Austin, CPM

Wedgewood Property Management & Consulting
Southfield, Mich.

Oversees Chapters 5, 9, 24, 41, 42, 59, 62, 100, 104 in Indiana, Kentucky, Michigan, Ohio and West Virginia

Region 8 – Donald B. Wilkerson, CPM

Gaston & Wilkerson Management Group, AMO
Reno, Nev.

Oversees Chapters 17, 33, 46, 47, 53, 73, 89, 99 in Arizona, Colorado, Nevada, New Mexico and Utah

IREM recognizes the 2008-2009 Regional Vice Presidents for their work during the past year. They will continue their second year serving alongside the newly elected Regional Vice Presidents in 2008.

Region 1 – Melvin A. Cote, CPM

Simons Real Estate Group
West Hartford, Conn.

Will oversee Chapters 4, 51, 88 in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

Region 4 - Brett M. Koutnik, CPM

Colonial Properties Trust
Atlanta

Will oversee Chapters 19, 35, 44, 60, 67, 76 in Florida and Georgia

Region 7 - Rheta N. Williams, CPM

Schlosser Development Corporation
Austin, Texas

Will oversee Chapters 10, 14, 28, 48, 61, 84, 103 in Oklahoma and Texas

Region 11 – J. Benjamin McGrew, CPM

Managewest, Inc.
Carmichael, Calif.

Oversees Chapters 6, 18, 21, 22, 34, 85, 91, 102, 106 in California and Hawaii

Region 12 – John R. Hatton, CPM

Legacy Partners Residential, Inc., AMO
Mercer Island, Wash.

Oversees Chapters 27, 29, 49, 97, 107 in Alaska, Idaho, Montana, Oregon, Washington, Wyoming

Region 13 – Connie H. Carpenter, CPM

Colliers Turley Martin Tucker, AMO
Nashville, Tenn.

Oversees Chapters 20, 40, 56, 57, 71, 72, 105 in North Carolina, South Carolina and Tennessee

Region 14 – Mark Bell, CPM, ARM®

Saskatchewan Housing Authorities
Yorkton, Saskatchewan, Canada

Oversees Chapters 37, 50, 54 in Canada

Region 9 - Dale A. Nusbaum, CPM Emeritus

McLennan Property Management Co., AMO
Park Ridge, Ill.

Will oversee Chapters 13, 23, 45, 78, 82 in Illinois, Minnesota and Wisconsin

Region 10 - Henry B. Voges Jr., CPM

Jones Lang LaSalle
St. Louis

Will oversee Chapters 11, 12, 15, 63, 65 in Iowa, Kansas, Missouri, Nebraska, North Dakota and South Dakota

JPM Articles Translated for International Members

IREM translates one article from each issue of *Journal of Property Management* into multiple languages to serve our members throughout the world. You can find the translations

of the article "Fear No Change," by Larry Schwenker from the May/June 2008 issue of *JPM*, on the foreign language pages of the Web at www.irem.org.

AUGUST

中文 (Chinese)

访问 IREM 网站 (www.irem.org/international/Chinese/index.cfm) 的中文网页, 您可以从 (*JPM*) 期刊 2008 年 5-6 月号上找到 "不怕变" 一文 (作者 拉瑞·施温克) 的中文翻译。



español (Spanish)

Si desea encontrar la traducción al español del artículo "Sin miedo ante el cambio," por Larry Schwenker, del número de mayo/junio de 2008 del *JPM*, visite la página en español del sitio web del IREM en www.irem.org/international/spanish/intro.cfm.



français (French)

Vous pouvez trouver une traduction française de l'article «L'évolution passe par le changement,» par Larry Schwenker de tiré du numéro de mai/juin 2008 de *JPM*, sur la page française du site Web de l'IREM à l'adresse: www.irem.org/international/french/index.cfm.



한국어/조선말 (Korean)

JPM 2008년 5/6월 호에 게재된 Larry Schwenker 씨의 "변화를 두려워하지 않는 용기" 기사를 IREM 웹 사이트, www.irem.org/international/korean/index.cfm, 의 한국어 판에서 한국어로 검색하실 수 있습니다.



portugués (Portuguese)

Você poderá encontrar a tradução em Português do artigo "Sem Medo de Inovar" de Larry Schwenker referente a edição de Maio/Junho do *JPM* na página de Português do IREM www.irem.org/international/Portuguese/index.cfm.



日本語 (Japanese)

JPM 2008年5-6月号の記事、Larry Schwenker 著、変化を恐れるな - ラリー・シュベンカーの日本語訳は、IREM のホームページ www.irem.org/international/japanese/index.cfm をご覧ください。



Русский (Russian)

Перевод на русский язык статьи "Боязнь отсутствия перемен" (автор Лэрри Швенкер) из выпуска Журнала по управлению недвижимостью (*JPM*) за май-июнь 2008 года вы можете найти на русскоязычной странице интернет-сайта IREM по адресу: www.irem.org/international/russian/index.cfm.



wersja polska (Polish)

Polskie tłumaczenie artykułu „Nie bój się zmian” Larry Schwenkera z majowoczerwcowego wydania *JPM* (2008) znaleźć można na polskich stronach internetowego serwisu IREM: www.irem.org/international/polish/index.cfm.



View from the Hill

One IREM Member shares her Capitol Hill experience

by **Victoria R. Parmentier, CPM®**

On April 16, 275 IREM and CCIM Members attended 220 meetings representing 40 states at IREM's 11th annual Capitol Hill Visit. I was one of those IREM Members.

The trek to Capitol Hill was the culmination of IREM's Leadership and Legislative Summit where national committees met, local chapters were honored at the Chapter Star Recognition and members participated in various workshops that shape the future of IREM policy and legislative positions.

To prepare to meet with our U.S. Senators and Representatives, we attended the orientation conducted by IREM, CCIM Institute and the National Association of Realtors legislative staff. With their expertise and guidance, we were able to hone our legislative knowledge and presentation skills to ready us for the meetings. Armed with documents detailing the 2008 IREM/CCIM legislative priorities, we were equipped to make our way to Capitol Hill.

This was my third Capitol Hill Visit. For me, it is a thrill to be a part of the legislative process. Walking the halls where past U.S. presidents met with Congress and meeting with Congressman Steve Kagen from Wisconsin's 8th Congressional



Photo: Valerie A. Danner

Members representing 40 states and Washington, D.C., voiced the industry's concerns on energy, natural disaster insurance, leasehold improvements and capital gains/depreciation recapture in 225 separate meetings with U.S. Senators and Representatives and staff on Capitol Hill in April.

District in John F. Kennedy's former office made me pause and reflect on what my colleagues and I were experiencing.

We had six appointments scheduled, including two with senators (both democrats) and four representatives (three republicans and one democrat).

Of the various issues we lobbied, it is apparent that energy-related topics will be at the forefront of the next administration, no matter the party. Most of the representatives we met agreed they would support positive incentives over rigid mandates, which is encouraging.

I've been asked if I think we can make a difference by going to Capitol Hill. My answer is that we must participate as citizens in our government to make that difference, and make our desires and expectations known to those we entrust with the management of our country.



Photo: Amanda Chesley

Pictured from left to right, is Wayne Grabowska, CPM, ARM®; Ray Balfanz CPM, President, Chapter 13; Victoria Parmentier, CPM; Congressman Steve Kagen, 8th Congressional District; Margaret Wendelburg, CPM, Chapter 13 President-Elect; and Jennie Macaluso-Ruditys, Chapter 13 IAE.

Victoria R. Parmentier, CPM, is the president of R.E. Management, Inc., in Green Bay, Wis. She also serves as Government Affairs chairperson for the IREM Milwaukee Chapter 13 Executive Council and vice chair of the Legislative and Public Policy Committee for IREM headquarters.



Course Listings

JULY

| | | |
|--------|------------|--------------------|
| RES201 | July 17-26 | Las Vegas |
| RES201 | July 17-22 | Jacksonville, Fla. |
| ETH800 | July 17 | Harrisburg, Penn. |

AUGUST

| | | |
|--------|--------------|----------------|
| MKL406 | August 4-5 | Omaha, Neb. |
| RES201 | August 4-9 | St. Louis |
| HRS402 | August 6-7 | Omaha, Neb. |
| RES201 | August 6-14 | Houston |
| ASM603 | August 18-19 | Dallas |
| ASM603 | August 18-19 | Oakbrook, Ill. |
| MPSAXM | August 18-21 | New York |
| ASM604 | August 20-21 | Dallas |
| ASM604 | August 20-21 | Oakbrook, Ill. |
| ASM605 | August 22 | Dallas |
| ASM605 | August 22 | Oakbrook, Ill. |
| CPM001 | August 22 | New York |
| CPMEXM | August 22 | New York |
| MPSAXM | August 25-28 | Atlanta |
| CPM001 | August 29 | Atlanta |
| CPMEXM | August 29 | Atlanta |

INTERNATIONAL

| | | |
|--------|--------------|----------------------------|
| MNT402 | July 14-15 | Johannesburg, South Africa |
| ASM603 | July 14-15 | Kiev, Ukraine |
| MNT402 | July 15-16 | Tokyo |
| ASM604 | July 16-17 | Kiev, Ukraine |
| FIN402 | July 16-17 | Johannesburg, South Africa |
| ETH800 | July 18 | Johannesburg, South Africa |
| ASM605 | July 18 | Kiev, Ukraine |
| CPM001 | July 19 | Kiev, Ukraine |
| CPMEXM | July 19 | Kiev, Ukraine |
| ARMEXM | August 1 | Toronto |
| RES201 | August 1 | Toronto |
| MKL405 | August 21-22 | Tokyo |

For the most up-to-date course listings, please visit www.irem.org/education.

COURSE CODES KEY

ARMEXM-ARM Certification Exam
 ASM603-Investment Real Estate Financing and Valuation - Part One
 ASM604-Investment Real Estate Financing and Valuation - Part Two
 ASM605-Investment Real Estate Financing and Valuation - Part Three
 BDM601-Maximizing Profit: Growth Strategies for Real Estate Management Companies
 BDM602-Property Management Plans: The IREM Model
 CPMEXM-CPM Certification Exam
 CPM001-CPM Certification Exam Preparation Seminar
 ETH800-Ethics for the Real Estate Manager
 FIN402-Investment Real Estate: Financial Tools
 HCPEXM-HCCP Exam
 HRS402-Human Resource Essentials for Real Estate Managers
 LTC401-Housing Credits: Compliance Challenges and Solutions
 MKL404-Marketing and Leasing: Retail Properties
 MKL405-Marketing and Leasing: Multifamily Properties
 MKL406-Marketing and Leasing: Office Buildings
 MNT402-Property Maintenance and Risk Management
 MPSA01-Management Plan Skills Assessment
 RES201-Successful Site Management

On the Road Again

July 15

Idaho Snake River Valley Chapter No. 107

Location: Boise, Idaho

Visiting Officer: Reggie Mullins, President

July 24

Madison Chapter No. 82

Location: Madison, Wis.

Visiting Officer: Reggie Mullins, President

July 30

Greater Cincinnati & Dayton Chapter No. 9

Location: Cincinnati

Visiting Officer: Reggie Mullins, President

August 19

Southern Colorado Chapter No. 53

Location: Colorado Springs, Colo.

Visiting Officer: Mike Lanning, Senior Vice President



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Shoot for the Stars

- Come away with chapter success stories — or share your own
- Enhance your leadership role in IREM
- Get energized with interactive sessions, activities and educational sessions
- Connect with new faces and old friends

Who should attend?

- Incoming 2009 chapter presidents (attendance required)
- Incoming 2010 chapter presidents
- 2008 chapter presidents
- IREM association executives
- Other chapter officers, executive council members and committee chairs
- IREM members seeking to enhance their leadership role within their chapter

South/Southeast Regional Conference

July 31-August 1 • Charlotte, NC

Northeast Regional Conference

August 7-8 • Annapolis, MD

Midwest Regional Conference

August 14-15 • Louisville, KY

West Regional Conference

August 21-22 • Albuquerque, NM



Register today at www.irem.org/rlc!

IREM Foundation Supports Student and Academic Outreach Initiatives

The threat of a talent shortage within the real estate management industry looms on the horizon. According to the U.S. Department of Labor, the need for real estate managers is expected to increase by 15 percent during the 2006-2016 decade.

Along with a reduced number of property managers, our industry is facing high employee turnover, e.g., the multifamily sector is exceeding 30 percent turnover. As a result, securing a qualified workforce with the right mix of knowledge, skills, abilities and motivation will be challenging.

U.S. Department of Labor Projections Data

| Occupational title | Employment, 2006 | Projected employment, 2016 | Change, 2006-16 | |
|---|------------------|----------------------------|-----------------|---------|
| | | | Number | Percent |
| Property, real estate, and community association managers | 329,000 | 379,000 | 50,000 | 15 |

Given these projections, IREM and the IREM Foundation are committed to a long-term strategy of attracting young people to real estate management. Both organizations are focused on tapping into colleges and universities, and creating programs to raise awareness among students of the opportunities in the industry.

The foundation recognizes that part of attracting new entrants is to have a strong presence on campuses that have real estate education programs. The foundation board recently modified and added criteria in support of attracting college students:

George M. Brooker Diversity Collegiate Scholarship—The purpose of this scholarship is to increase participation of under-represented population groups in the real estate management industry. The foundation board approved funding of \$40,000 for this program in 2008, an increase from \$4,500 in 2007.

IREM Foundation Collegiate Scholarship Program—The purpose of this scholarship is to support students in pursuit of the study of real estate and to introduce them to career opportunities in real estate management. The foundation has allocated \$40,000 for this program in 2008.

Scholarship applications are available through the foundation by contacting Kimberly Holmes, foundation administrator, at 312-329-6008 or kholmes@irem.org. Information regarding the scholarship program is available on www.irem.org.

Student and Academic Outreach Grants—The foundation recently approved requests from the Student and Academic Outreach Department to fund two initiatives:

1) **Development of an intern guide**—IREM has developed a framework allowing companies to post internships on www.iremjobs.org at no charge. This program is now fully operational. To support this online internship job board, the foundation will fund the development of a high-level internship guide for real estate management companies, outlining the opportunities in hiring interns and offering suggestions for developing intern programs. This guide will be available as a PDF to download at www.irem.org and www.iremjobs.org. In addition, there are plans to mail the guide to AMO firms in an effort to stimulate their interest in sponsoring interns.

2) **Expansion and redistribution of the Careers in Real Estate Management booklet**—The foundation is funding the expanded *Careers in Real Estate Management* booklet. It is now available in hard copy to colleges and universities upon request, to chapters and others participating in career days, and to individuals upon request. A PDF of the booklet can also be downloaded at www.irem.org or www.getrealgetready.com. In addition, The foundation will fund the distribution of a "Careers in Real Estate" poster to college placement offices throughout the country.

Raise the Roof



Green roofing options offer lower energy costs and better aesthetics

BY EMILY W. O'KEEFE, PETER M. BABAIAN AND MICHAEL J. LOUIS

ENERGY EFFICIENCY AND ENVIRONMENTALLY SOUND DESIGNS ARE BECOMING INDUSTRY STANDARDS. AT THE SAME TIME, MANY CORPORATIONS AND MUNICIPALITIES ARE REQUIRING GREEN AND SUSTAINABLE PRACTICES THROUGHOUT THEIR BUILDINGS. In this environment, you must always seek ways to improve the performance of new and existing buildings.

Green roofs have been used for decades in residential and commercial construction in Europe, but their use is a recent development in the United States. Green roofs can provide many benefits that a typical roof system cannot, such as decreased heating and cooling costs, better property aesthetics and increased roof life.

So how can you determine if greening your roof is a good option for your properties? It's important to first understand the basic idea behind green roofing systems. There are two kinds of green roofs in the United States marketplace: *intensive* and *extensive* green roofs. They represent the two ends of the spectrum of green roofing options, but any particular system may fall somewhere between the two extremes.

WHICH ROOF FOR YOU?

Intensive green roofs are typically called roof gardens. They have soil depths greater than 8 inches, contain a multitude of vegetation and can act as an outdoor space for building occupants. These roofs typically also provide aesthetic views for building occupants and abutters, as well as varied vegetation—including the potential for vegetable and flower gardens. On the flip side, they require additional cost for installation, additional landscaping maintenance and need a higher structural roof capacity for additional weight.

Extensive green roofs are more like meadows than gardens. They are typically not meant for occupant use on a regular basis. They vary in soil depth from 3 to 8 inches,

and the vegetation is generally limited to grasses and other easily maintainable plant life. While they do provide an aesthetic view, they don't offer outdoor recreation space due to the fragility of system. Since these roofs require drought-resistant plants, the plant choice is also more limited. But unlike intensive green roofs, extensive green roofs are cheaper to install and require less landscaping maintenance and a lower structural roof capacity for additional weight.

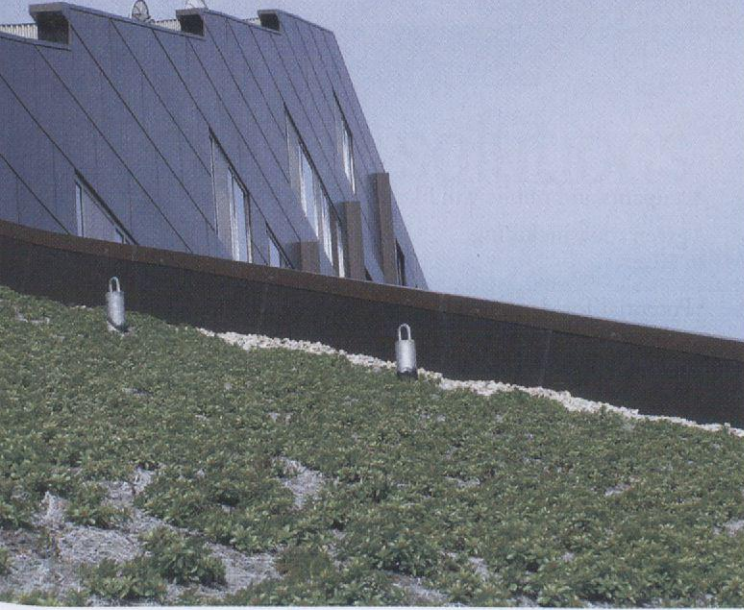
KEY COMPONENTS

Structure is the most critical of all green roof components. In new design, green roofs can add cost to the structural framing. For existing buildings, the structure governs what additional weight the roof can hold. While it is possible to reinforce existing roof structures to support the increased loads of a green roof, it is often not financially feasible.

Roof structure and the capacities of the supporting structural elements should be the first items reviewed before a green roof is applied. As part of the structural capacity review, have an engineer consider the added weight of fully saturated planting media. Often overlooked, the weight of saturated soil may easily double or triple the dry weights of the planting media.

Another key element is waterproofing. Appropriate systems will depend on the type of roof deck, details required (penetrations, terminations, etc.) and the green roof system used. Oftentimes, the entire system is supplied by one manufacturer, from the waterproofing to the growing medium.

Other components of the system—such as protection board and drainage composites—will be dependent on the type of waterproofing system and the manufacturer. The selection of these components can significantly impact the cost, as some manufacturer warranty requirements may not



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Europeans have been benefiting from rooftop gardens for decades, but they are only now catching on in the United States. The addition of gardens on the roofs of the Macallen Building Condominiums in Boston provide storm water run-off relief and improve air quality.

allow for mixing and matching of the components. Carefully consider the type of waterproofing system selected. Waterproofing assemblies with reliable long-term performance service records will be the optimal choices for the garden roof system.

Contractor installation is also a very important factor in the success of a green roof installation. Like a conventional roof, the waterproofing membrane cannot have any installation flaws or it will leak, regardless of how reliable the waterproofing membrane may be. The risk for leakage can be minimized if the following precautions are taken during installation:

- >> Increase site observations to identify problems and resolve conditions not anticipated in the design drawings.
- >> Inspect all installed membranes.
- >> Complete flood testing of the waterproofing membrane before installation of any green roofing components—including insulation, drainage board, protection layers, etc. Flood testing should be to the full soil depth to account for the possibility of blocked drainage.

The design must not allow base flashings at rising walls to fall below the level of the overburden or overtopping of the flashing and subsequent leakage may occur. In cold weather

regions, base flashings should also extend above the level of normally anticipated snow drifts.

Successful green roofs go beyond the installation of a leak-free waterproofing system. The vegetation on the green



GREEN ROOFS CAN PROVIDE MANY BENEFITS THAT A TYPICAL ROOF SYSTEM CANNOT, SUCH AS DECREASED HEATING AND COOLING COSTS, BETTER PROPERTY AESTHETICS AND INCREASED ROOF LIFE.

roof must also be aesthetically pleasing and flourish in different conditions—from saturation to drought. Therefore, hiring a good landscape architect is a key component. A landscape architect can realize an owner's vision for what the green roof should look like and select appropriate plants that will thrive in a variable environment.

BREAKING DOWN THE PROS & CONS

Owners may realize some of the advantages of green roofs immediately, while other advantages may occur over years of operation. In addition to the owner's benefits, the

occupants and public will likely realize positive results from a green roof, including:

- Potential for decreased heating and cooling costs because green roofs provide additional insulation and decrease urban island heat effects.
- Reduced storm water runoff, thereby reducing the building's load on the city drainage system.
- Better aesthetics for the surrounding buildings that view the roof.
- Potential for quicker permitting and possibility of tax credits, depending on local, state and federal government requirements.
- Increased roof life between replacements from the protective nature of the plantings over the membrane.
- Improved air quality due to the filtering effects of vegetation, reducing toxins and creating oxygen.
- Increased sound insulation for the top floor.
- Potential for good public relations and marketing.

In spite of the positive results green roofs can deliver, they do have some drawbacks, which must be closely evaluated in order to make the optimal roofing decision, including:

- Additional initial cost and installation time due to the special layers of material.
- Maintenance costs for the installed vegetation.
- Difficulty identifying water leakage locations and repairing any leaks should they occur.
- Additional roof overburden weight requiring a more substantial structural system in new construction or structural system upgrades in existing construction.

If you are considering a rooftop garden, it might be a good idea to conduct a cost/benefit analysis first with these ideas in mind. If the positives outweigh the negatives, it might be worth building into your budget. □

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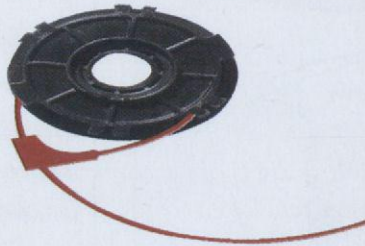
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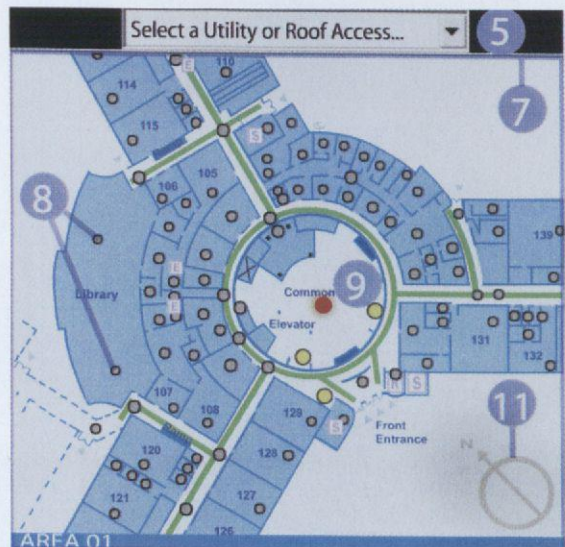
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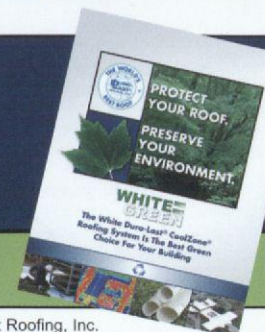
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