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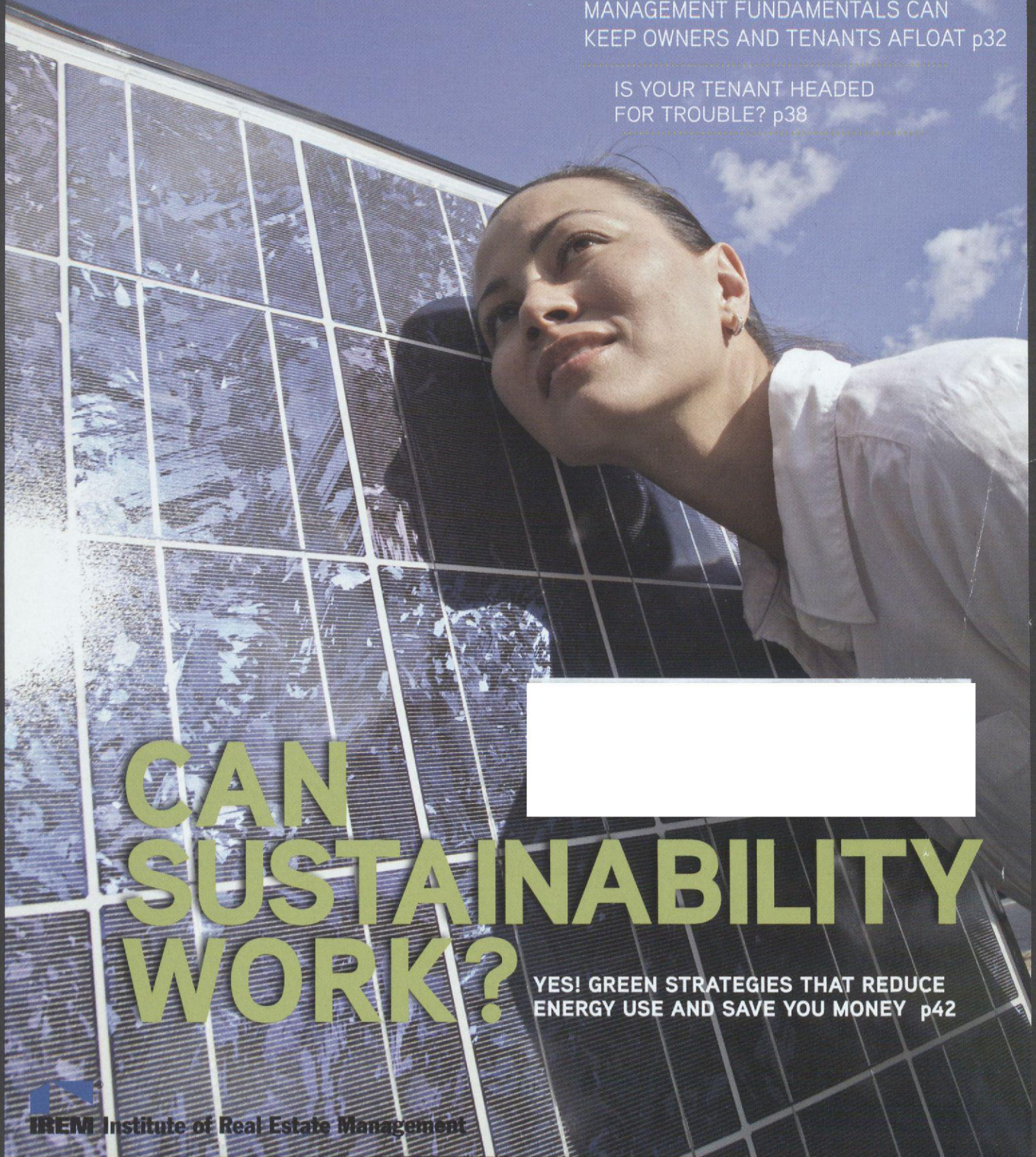
THE GLOBAL LINK FOR REAL ESTATE PROFESSIONALS

JOURNAL OF PROPERTY MANAGEMENT
MAY/JUN 2009

IREM MEMBERS FIND WAYS TO GROW
BUSINESSES IN TOUGH TIMES p26

MANAGEMENT FUNDAMENTALS CAN
KEEP OWNERS AND TENANTS AFLOAT p32

IS YOUR TENANT HEADED
FOR TROUBLE? p38

A woman in a white shirt is looking out a window. The window has a grid pattern and reflects a globe of the Earth. The background is a blue sky with clouds.

CAN SUSTAINABILITY WORK?

YES! GREEN STRATEGIES THAT REDUCE
ENERGY USE AND SAVE YOU MONEY p42

The New York Times recommends BuildingLink.com as an inexpensive way to upgrade your building....

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THE NEW YORK TIMES, SUNDAY, AUGUST 31, 2008

Thrifty Ways to Upgrade a Building

“IN the current belt-tightening climate, co-op and condominium owners may understandably feel reluctant to open their hearts and pocketbooks to ambitious building-improvement projects that would rely on special assessments. The landscaped roof deck and children’s playroom will simply need to wait alongside the European vacation and the twice-a-week personal trainer ...”

“... Fortunately, however, there are plenty of opportunities for cut-rate quality-of-life enhancements ...”

“... For \$13 per apartment per year, an online service called BuildingLink.com enables residents to talk to staff members, property managers and board members online; place work requests and track them; receive e-mail notification of package deliveries and important announcements; and communicate, like an internal Craigslist, with neighbors who might, for instance, know of a good housekeeper.”

Designed by Emil Choski for BuildingLink.com

.... and so do over 500 of the best managed residential properties in the world.



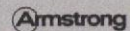
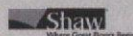
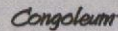
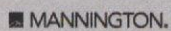
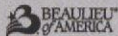
Front Desk Operations Management • Maintenance and Repair Operations • Emergency Broadcast Service
Tenant Public Display for Packages • Concierge/Vendor Services • Resident Postings Area

Quoted from the New York Times August 31st, 2008 Sunday edition from the article “Thrifty Ways to Upgrade a Building” by Teri Karush Rogers

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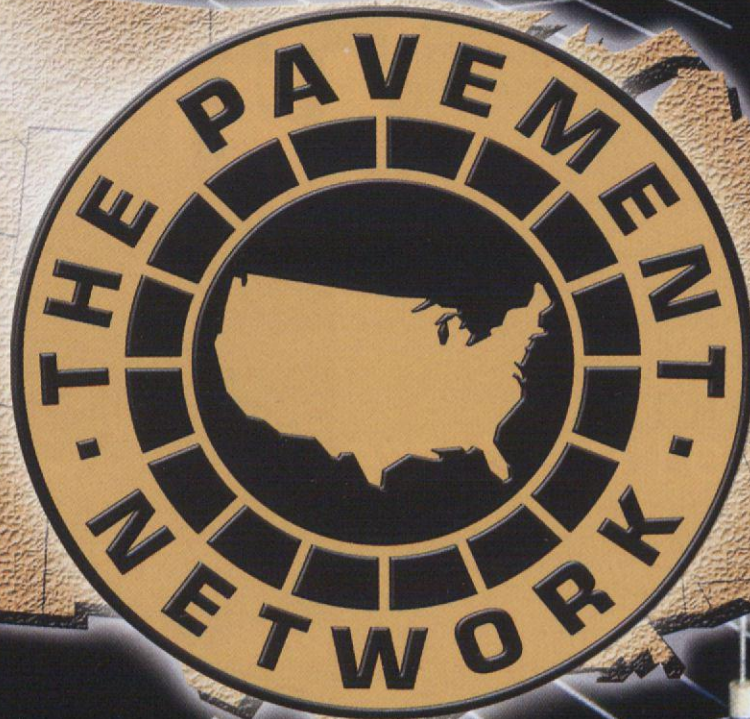


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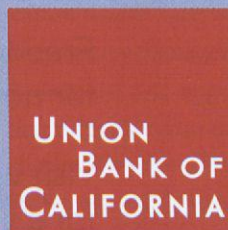
John Combs, Founder and Principal
RiverRock Real Estate Group

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With the volume of tenant payments RiverRock Real Estate Group processes every month on behalf of their clients, faster collections is key. For company founder John Combs, his relationship with Union Bank continues to be one of his most valuable assets. Knowing that every minute lost adds up to less profit, we streamlined RiverRock's collections with a customized real estate solution. Now with improved cash flow and earlier financial reporting, RiverRock is providing additional value to their clients. Today, John credits RiverRock's competitive edge to these operational efficiencies and the responsiveness of his relationship manager. In an industry built on thin margins, that's a real advantage.

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Institute of Real Estate Management Diversity Statement | IREM encourages diversity. We welcome individuals of all races, genders, creeds, ages, sexual orientations, national origins, and individuals with disabilities. Our organization strives to provide an equal opportunity environment among its members, vendors, and staff. Adopted October 2008

Institute of Real Estate Management Sustainability Statement | The Institute of Real Estate Management (IREM) is dedicated to supporting real estate management strategies that advance an environmentally sustainable and economically prosperous future.

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IREM Institute of Real Estate Management

LET'S COME TOGETHER

In addition to visiting IREM Chapters throughout the United States since my inauguration as the 2009 IREM President, I recently have had the opportunity to travel with the Institute to South Korea. Seeing IREM at work in diverse regions and countries is always a privilege! It is wonderful to see our members and the chapters that support them hard at work, adding value to properties we manage all around the globe. Our chapters are the very foundation of IREM's identity—whether in San Antonio or Seoul—and build our community.

Now is the time to get involved with IREM! I encourage you to dive in at the local, regional or national level to contribute as much as you can. I personally have found my service to our amazing community of property managers more fulfilling than I ever imagined. I encourage you to participate and value your personal insight.

As many of you are aware, the Atlantic hurricane season begins on June 1st, reminding us that preparing for disasters—natural, financial, or otherwise—is a necessary part of our job. You can look to the IREMFIRST “Knowledge Center” devoted to risk management at www.iremfirst.org, as well as to future issues of *JPM*, for more discussion on this timely topic. As property managers, we need to be prepared for whatever may lie ahead, and finding strength in our collective knowledge and experience is one of the great benefits of IREM membership.

At a time when companies are carefully choosing how they support their employees, our Success Series 2009 team has crafted an educational venue to strengthen and enhance your value to your company's bottom line. The opportunity to network with fellow members, share experiences and gain new insights is unmatched. (See page 48 for some of the exciting sightseeing opportunities while in Hawaii, where Success Series will take place in October!)

If you haven't already done so, I hope you will take advantage of airfare prices that have been slashed recently and purchase your tickets today. Hawaii has a long history as a location where “east meets west.” This year we see that our attendees will include property managers from many regions of the world. Our perspectives are broadened and opportunities increased when we come together, *especially* during difficult economic times.

I look forward to sharing the coming months with all of you—my IREM family around the world. Together we can reach unprecedented levels of service and benefits for our membership and the properties we manage.



PAM MONROE, CPM® (PMONROE@COMMUNITYREALTYMANAGEMENT.COM), IREM 2009 PRESIDENT, IS SENIOR VICE PRESIDENT AT COMMUNITY REALTY MANAGEMENT, INC., PLEASANTVILLE, N.J.

A handwritten signature in black ink, appearing to read 'P. Monroe'.

Pamela W. Monroe, CPM
2009 IREM President

INDUSTRY NEWS & NOTES

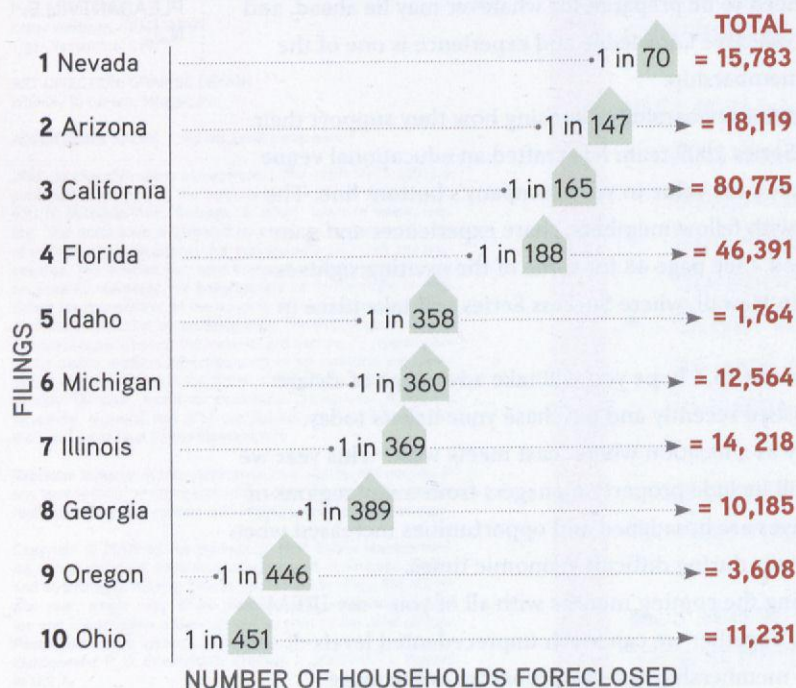
NEW BUILDING ENERGY LABEL TO LAUNCH IN JUNE

A new consumer label that would grade all commercial buildings according to their energy efficiency is being developed by the American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE). Known for its development of commercial building code standards, the society's label would measure both the design efficiency and operational performance of buildings, similar to the government's Energy Star program. ASHRAE said it would eventually like to expand the label to include property types not covered by Energy Star. If that effort is successful, ASHRAE indicated it would push for an international expansion.

For more information visit www.ashrae.org.



TOP 10 STATES WITH FORECLOSURE FILINGS BY RATE, FEBRUARY 2009



SOURCE: REALTYTRAC

Foreclosures Continue to Rise

Nearly 291,000 homes in the United States received at least one foreclosure-related notice in February, up 6 percent from the previous month, according to a RealtyTrac report in March. The number of filings are up 30 percent from the same period in 2008, despite temporary halts on new foreclosures by several banks, and Fannie Mae and Freddie Mac.

Nevada continued to have the highest foreclosure rate with one in every 70 homes, according to the data.

The RealtyTrac report found that more than 74,000 properties were repossessed by lenders in February. To view the report visit www.realtytrac.com.

WASHINGTON STATE SENATE PASSES ENERGY-EFFICIENCY BILL

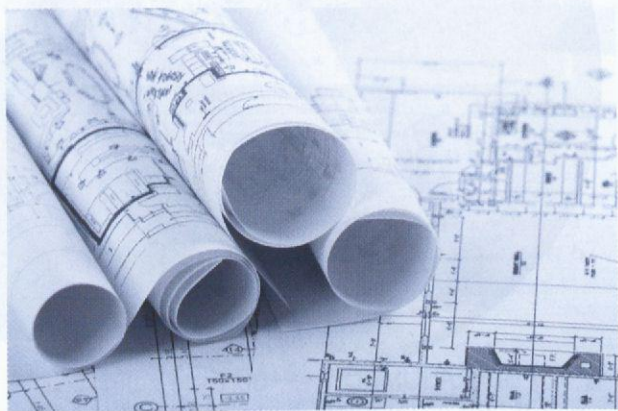
The Washington senate recently approved a measure requiring new buildings and major retrofits to use less energy. The goal is to reduce the amount of overall energy consumption by 70 percent by 2031. The bill passed the senate with a 42-5 vote. The measure requires utilities to track how much energy large commercial and public buildings use.

“FEEBATE” PROGRAM TO REWARD GREEN BUILDINGS IN PORTLAND, OREGON

Officials in Portland, Ore. have proposed a green building incentive program that would be the first of its kind in the United States. Under the program, new commercial buildings, 20,000 square feet or larger, that meet Oregon’s state building code would be assessed a fee by the city of up to \$3.46 per square foot. The fee would be waived for buildings that achieve the Leadership in Energy and Environmental Design (LEED) Silver certification from the U.S. Green Building Council (USGBC). Those that achieve LEED Gold, LEED Platinum or the Living Building Challenge, would receive rebates of \$1.73-\$17.30 per square foot depending on certification level.

Based on the same requirements, multifamily residential properties, 5,000 square feet or larger, would also be eligible for rebates of \$0.51-\$5.15 per square foot. Multifamily projects, 50,000 square feet or larger, that receive city funding must meet LEED Silver standards.

For new single-family residential construction, the proposed program sets performance targets for the percentage of homes certified through either LEED for Homes or Earth Advantage. These targets increase from 20 percent in 2009 to 40 percent in 2011. If the targets aren’t met at any point, the city of Portland will set up a feebate structure similar to that used for commercial buildings.



QUOTABLES

“Have no fear of perfection—you’ll never reach it.”

—SALVADOR DALI, SPANISH ARTIST

“I have tried to be as eclectic as I possibly can with my professional life, and so far it’s been pretty fun.”

—ROLAND BARTHES, FRENCH CRITIC

“Be nice to nerds. Chances are you’ll end up working for one.”

—BILL GATES, AMERICAN BUSINESSMAN

“I don’t talk in ifs.”

—ABDURRAHMAN WAHID, INDONESIAN STATESMAN

“I think you should take your job seriously, but not yourself—that is the best combination.”

—JUDI DENCH, ENGLISH ACTOR

“Achieving life is not the equivalent of avoiding death.”

—AYN RAND, RUSSIAN WRITER

“Before, for me, peace could have been synonymous with boredom.”

—ISABELLE ADJANI, FRENCH ACTOR

“It’s the most rewarding thing to be a civil servant.”

—SARGENT SHRIVER, AMERICAN POLITICIAN

“The future belongs to those who believe in the beauty of their dreams.”

—ELEANOR ROOSEVELT, FORMER FIRST LADY OF THE UNITED STATES



NEW SUSTAINABILITY STANDARD APPROVED FOR MULTIFAMILY PROPERTIES

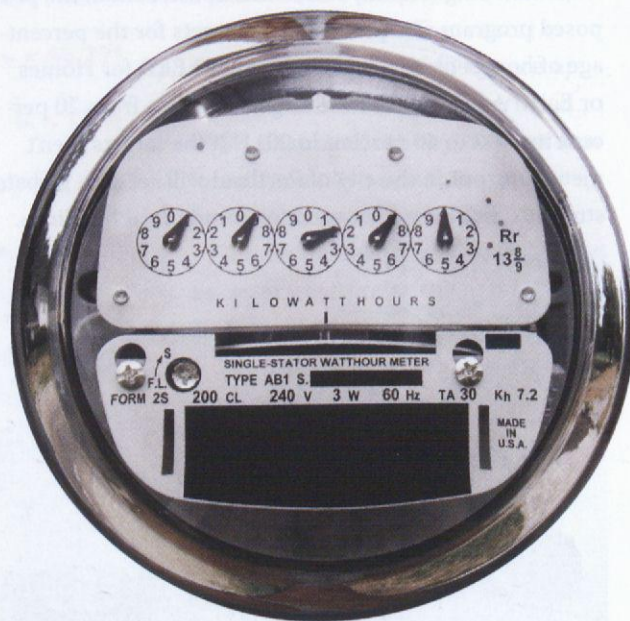
The U.S. Environmental Protection Agency (EPA) recently announced that six metropolitan areas in the Midwest region were on its Top 25 list of energy-efficient buildings that earned the Energy Star certification in 2008. Chicago ranked sixth with 125 buildings; Minneapolis-St. Paul was eighth with 102; Detroit was 14th with 65; Milwaukee was 15th with 62; Grand Rapids, Mich., was 20th with 42; and Madison, Wis., was 25th with 33.

In total, the 429 buildings have saved their owners \$137.1 million in utility bills and prevented carbon dioxide emissions equal to those associated with electricity use from more than 114,000 homes for a year.

A complete list of Energy Star buildings, including the 2008 Top 25 Cities, is available at <http://energystar.gov/buildinglist>.

Department of Energy Adopts New Energy Standards

States must now certify that their building codes meet the requirements in the 2004 energy-efficiency standard by the American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE) and the Illuminating Engineering Society (IES), under a ruling issued by the U.S. Department of Energy (DOE). ANSI/ASHRAE/IESNA Standard 90.1-2004, Energy Standard for Buildings Except Low-Rise Residential Buildings, has been established by the DOE as the commercial building reference standard for state building energy codes under the federal Energy Policy Act. The act requires all states to certify that they have state energy codes that are at least as stringent as 90.1-2004 or justify why they cannot comply. The DOE determined that Standard 90.1-2004 saves 13.9 percent more energy in commercial buildings, compared to the previously referenced Standard 90.1-1999.



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http://money.cnn.com/real_estate

The real estate section of *CNNMoney.com* offers the latest news, reports and policies related to the real estate market. Information includes features and statistics on the economic downturn and its effects on the real estate market, advice on how to diversify your portfolio, and breakdowns of the newest government bills and economic stimulus packages that directly affect your business. The site also offers visitors a variety of calculator programs for figuring out mortgage rates, renovation values and more.

www.awea.org

The American Wind Energy Association (AWEA) is a national trade association representing wind power project developers, equipment suppliers, services providers, parts manufacturers, utilities providers, researchers and others involved in the wind industry. The Web site provides up-to-date information on wind energy projects in various stages of development, companies working in the wind energy field, technology development and policy developments related to wind and other renewable energy developments.

www.housingpredictor.com

Housing Predictor provides independent real estate market forecasts for more than 250 cities in the United States. Researchers for the Web site gather information on more than 20 factors including economics, political influences, business development, construction, employment levels and other socioeconomic issues.

www.greendepot.org

Greendepot.org is a supplier of environmentally friendly and sustainable building products, services and solutions. Its primary goal is to facilitate green living and building in communities so that it is accessible, affordable and gratifying. The Web site offers tips for greening rooms and product recommendations based on an icon system that indicates why a product is green.

fast facts

Research indicates that **PLANTS** grow healthier when they are stroked.



It takes **EIGHT AND A HALF MINUTES** for light to get from the sun to earth.

During his lifetime, artist **VINCENT VAN GOGH** only sold one of his paintings.



The city of Las Vegas has the **MOST HOTEL ROOMS** in the world.

One out of 20 people have an **EXTRA RIB**.

Americans collectively eat **ONE HUNDRED POUNDS** of chocolate every second.



The chances of making **TWO HOLES-IN-ONE** in a round of golf are one in 67 million.



ACORNS were used as a coffee substitute during the American Civil War.

At 120 miles per hour, a **FORMULA ONE RACE CAR** generates so much downforce that it can drive upside down on the roof of a tunnel.

The bark of an older **REDWOOD TREE** is fireproof.

LIGHT SWITCH Low-cost lighting solutions and technology can reduce energy use and expenses



JOHN KLEIN (JKLEIN@JDMGMT.COM) IS THE PRINCIPAL OF JDM ASSOCIATES. HE CO-AUTHORED THE IREM KEY REPORT, *A PRACTICAL GUIDE TO GREEN REAL ESTATE MANAGEMENT* WITH JDM'S ALISON DRUCKER AND KIRK VIZZIER.

NOW THAT YOU HAVE A GREEN PROGRAM GOING AND YOU'VE STARTED ADJUSTING YOUR THERMOSTATS, WHAT ELSE CAN YOU DO TO GREEN YOUR OPERATIONS?

Lighting improvements offer a practical way to green operations and shrink expenses in a tough economy. Recent studies show that lighting systems use over 20 percent of America's electricity. In commercial buildings they can use up to 40 percent.

The best method for reducing lighting costs is to simply turn out the lights! Scan common areas for lights that are on unnecessarily. Pay special attention to elevators—many are lit 24/7. Educate tenants on the importance of turning out lights and using efficient lighting alternatives. Host a lunch-and-learn session, post information on your building's Web site—be creative. In 2008, TIAA-CREF provided compact fluorescent lights (CFLs) to each of its employees and each employee of the tenant companies in its investor-owned office buildings. They also installed almost 150,000 CFLs in the residents' apartments within their multi-family portfolio.

Instruct night and weekend security staff to turn off lights as well. Ask janitorial staff to team-clean so they use lights in one area at a time. Night cleaning can account for 25 percent of lighting usage in an office building.

You should also consider installing motion sensors in restrooms, closets, maintenance areas, conference rooms and elevators. In stairwells, install dimmable lights on motion sensors. If you already use occupancy sensors, investigate reducing the amount of time that lights remain on. Additionally, revisit the energy management system (EMS) and timer schedules to see if

lights can be turned on later or off earlier.

Always perform routine maintenance and ensure that controls work properly. Test and calibrate timers and sensors, and conduct walk-throughs to verify that systems operate according to their design, especially at night and on weekends.

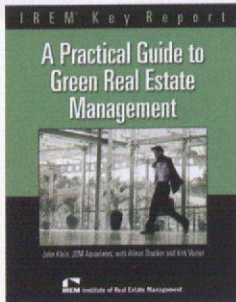
Take inventory of all installed lighting. Make lighting purchases a separate line-item to "shed light" on savings opportunities. Replace incandescent lights with ENERGY STAR-qualified CFLs, cold-cathode compact fluorescent lamps (CCFLs), or light-emitting diodes (LEDs). CFLs last 10 times longer and use 75 percent less energy than incandescents. For linear fluorescents, upgrade all existing tubes with high-efficiency, high-lumen 28 or 25 watt T8s. Replace MR16s with compatible LEDs as well. They will last about 20 times longer, conserve 80 to 90 percent of the energy, trim lighting costs by 75 percent, cut maintenance costs by 96 percent and generate less heat.

If interior lighting levels appear too bright, consider de-lamping—removing excess tubes. Use task lighting in work areas to provide light where it is needed most and reduce overhead lighting. In areas with windows or skylights, install photocells to decrease lighting during daylight hours.

When upgrading any lighting system, check for utility provider rebates and government incentives, and make sure tenants operate their systems properly.

Now is the time to brighten up your bottom line and reduce operating costs. No- and low-cost solutions and technologies, and a greater awareness of light use, will help you save money.

PURCHASE A COPY OF THE IREM KEY REPORT *A PRACTICAL GUIDE TO GREEN REAL ESTATE MANAGEMENT* AT WWW.IREM.ORG.



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GET ON THE SHORT LIST Attracting business from owners requires knowledge and networking



SHANNON ALTER (SHANNON@ALTERCONSULTINGGROUP.COM), CPM®, IS A REAL ESTATE CONSULTANT WITH ALTER CONSULTING GROUP (ALTERCONSULTINGGROUP.COM) IN SANTA ANA, CALIF. MS. ALTER IS AUTHOR OF THE IREM KEY REPORT, *STRATEGIES FOR WORKING WITH SMALL TENANTS*.

IT'S A SMALL WORLD. MY FORMER BOSS USED TO SAY THAT REAL ESTATE MANAGEMENT IS A HAND-SHAKE SORT OF BUSINESS, WHERE WHO YOU KNOW CAN BE JUST AS IMPORTANT AS WHAT YOU KNOW. THIS IS A CRUCIAL CONCEPT when it comes to getting your company hired as a third-party manager. How do you know what will appeal to owners in these tough times? Here are some ways to get your company's name on the short list.

Six degrees of separation: If you embrace this concept, then you know that everyone is only a few steps away from everyone else in the real estate management business. Carve out time now to build and maintain relationships. And don't underestimate the power of creating new alliances through social networking, available on sites such as *LinkedIn.com*.

Access is key: People like to work with someone they know and trust, so let your designation work for you. When I was hiring third-party managers across the country, it was normal for me to receive dozens of proposals. Guess which ones pushed their way to the top of the heap? Without fail, I read the ones from colleagues I knew or managers with designations such as the CERTIFIED PROPERTY MANAGER (CPM) first.

Get back to the basics: A colleague of mine recently discovered that her third-party manager had almost 20 outstanding lease renewals. Clearly, this outside manager wasn't getting the job done. Today, it's all about necessity. Forget the fluff and get back to the basics—be organized, professional and timely with information. If you aren't an expert already, refine your skills and make sure you know your property type, your market and your tenants inside and out.

"Don't give your tenants any reason to leave," recommends Mitch J. Sigband, CPM, RPA, director of client solutions for Cushman & Wakefield, AMO®, in Irvine, Calif.

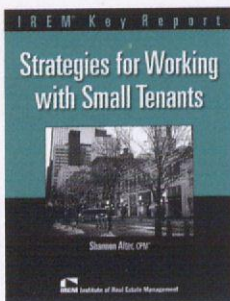
Qualified personnel: Most owners don't really care if you show up with the cavalry when it's time to make your management pitch. Instead of bringing only top executives to the meeting, bring the property manager who will actually handle the property. Assure the owner that a point person will still be involved in making key decisions.

While you're at it, make sure your manager has excellent communication skills. Effective communication will give you credibility.

Be fair: Given the current economic recession, just about everyone is price sensitive. An associate I know recently received a standard management proposal replete with a myriad of fees: Top-end management fees, leasing commissions, set-up costs, executive salary reimbursements and a retainer were all included. Although this may have worked in a stronger economy, it doesn't work so well now. A better idea might have been to customize the proposal, increasing fees after a certain time period or including incentive fees based on lease-up or added value.

Be able to execute: Owners do not want to hire someone who can't make a decision or carry out a plan. As a colleague of mine once put it, managers who can execute well are the ones who will keep their jobs, get contracts, retain tenants and be successful in the long term.

Getting on an owner's short list for third-party management is dependent upon building connections, presenting well-informed plans for adding value and delivering on your promises. ■



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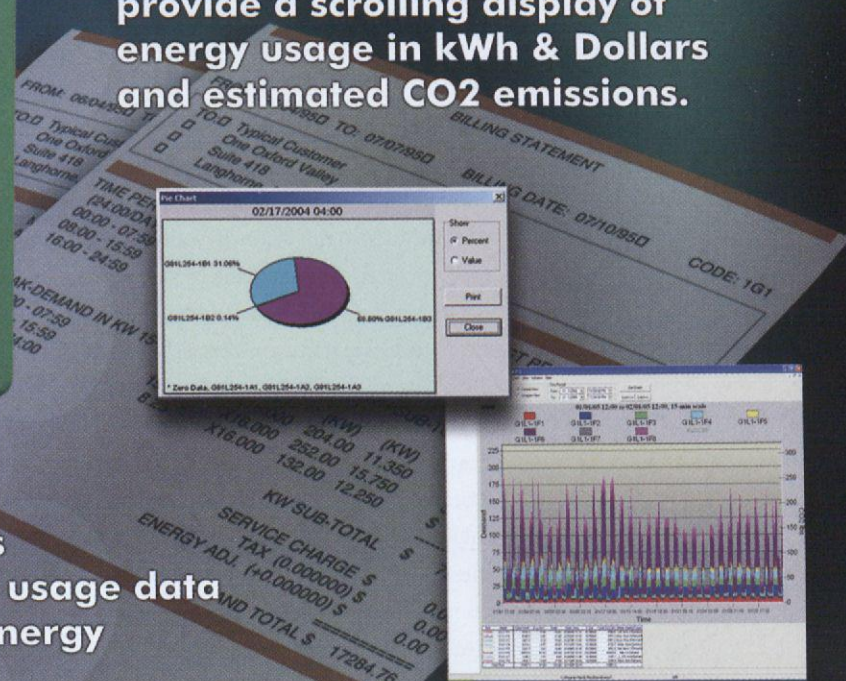
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MARY WILKEN, CPM®, IS THE CHIEF EXECUTIVE OFFICER OF COMMERCIAL REAL ESTATE CO. IN CHARLOTTE, N.C.

THE BEST AND MOST ENDURING ADVICE I HAVE EVER RECEIVED WAS TO ENSURE ALL MY DEALINGS COULD BE REPEATED PROUDLY FROM A WITNESS STAND IN A COURT OF LAW. WHILE I HAVE NOT HAD TO DO SO, I HAVE NEVERTHELESS LIVED UP TO THOSE WORDS AND HAVE TRIED TO INSTILL THEIR ROOT—ETHICS—IN THOSE WHO HAVE LOOKED TO ME FOR GUIDANCE.

Developing an ethical culture requires commitment not only on the part of those at the top of the organization, but from everyone within an organization. It takes strong ethical leadership for these ideals to permeate all levels of a company. Such leadership instills expectations in the organization and helps to weed out employees who lack commitment to ethics.

Were it enough to simply list the ethical standards a company expects from its employees, Enron's implosion and the Wall Street collapses might not have come to pass. To state ethical intentions when company leaders act in direct contrast to those intentions clearly sends a contradictory message to the entire organization.

While we cannot assume that everyone at Enron ignored ethical standards, the fallen energy giant remains a glaring example of a company that broke down due to a lack of good ethical guidance. The lack of ethical standards is usually more subtle—a manager accepts a kickback from a vendor to the detriment of her client, an accounting director discloses client information to a third party, a maintenance technician knowingly falsifies his time sheet.

Over time, these small ethical lapses begin

to define the company culture. In the latest Ethics Resource Center (ERC) report, the 2007 National Business Ethics Survey, only 42 percent of respondents gave their company's commitment to ethics an "A."

My firm recently reimbursed a client for the cost of some landscaping replacements. During a review of financial statements with the client, it was noted that monies had been spent to replace some plantings. The client insisted that while they did approve the replacement, they were unaware a cost was involved. Our procedures require prior client approval on all proposals, so it was clear our team had crossed wires somewhere in the process. We agreed to reimburse the costs. Even though the reimbursement reduced our margins, the action showed staff that our company does what is right, regardless of the impact on our bottom line. Failure to do so would have had a far greater impact on our market reputation, as well as our internal reputation. While we did not plan to set an example, we were able to use this incident to reinforce our ethical culture.

The benefits of developing a strong ethical base are substantial. Such a base gives your company the ability to recruit and retain top-quality people. It allows you to foster a more satisfying and productive work environment, to build and sustain a positive market reputation, and to maintain trust both internally and externally.

What greater legacy can you hope for than to be known for your ethical dealings, whether on the witness stand or not? ■



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THE ART OF TALKING To be understood, make your conversation a two-way street



NATALIE D. BRECHER, CPM®, (NBRECHER@SOCIATES.COM) HELPS ORGANIZATIONS ENHANCE WORKFORCE PERFORMANCE AND MANAGERS DEVELOP AND IMPROVE LEADERSHIP SKILLS THROUGH CONSULTING, COACHING, TRAINING AND KEYNOTES.

IT WASN'T AN INTENTIONAL EAVES-DROP...TRUTHFULLY. CONFINED IN THE CLOSE QUARTERS OF A STABLE OF POTENTIAL JURISTS, I COULD NOT block out the conversation I could easily hear between two men.

For one and one-half hours, Man A seemed to do all the talking to Man B. Was it my imagination? In the next 30 minutes, Man B said one four-word sentence, the word "no" once, and the words "exactly" and "a-ha" twice each.

I calculated that Man A had spoken for more than 99 percent of the time. Was Man B that poor a conversationalist? Was Man A that interesting? Was Man B stuck, wanting to move, but out of courtesy not doing so? And how does their exchange compare to others?

As professionals, we know to focus on the skill of listening; yet, do we focus on the skill of talking? The main goal of communication is mutual understanding. Agreement can be a nice benefit, but understanding is mandatory. And for thoughts to be understood, a conversation must be two-way. Otherwise, there are too many chances for misunderstanding or just plain not being heard. Whether it is to a supervisor, an employee or someone you meet while serving jury duty, it's as important to be a good talker as it is to be a good listener...and a good talker listens.

Who hasn't had a "conversation" where the other person did all the talking (and you felt zapped of all energy when it ended)? More

importantly, have you ever left a conversation concerned that *you* did all the talking?

WHEN TALKING, COME UP FOR AIR

A speaker has to come up for air sometimes, and that serves as a reminder of three essentials to ensure a quality conversation:

Attention: Be attentive to the listener's reaction to what you're saying, both verbally and non-verbally. Assess the listener's receptiveness. Is he truly engaged? Engagement manifests itself in eye contact, questions and cooperative overlapping (those "ah-ha," words and head nods).

Interest: Ask the listener questions to demonstrate interest in what he thinks. A simple, "What do you think?" can be valuable. Does he have questions or something to add to the topic?


Response: Allow time for the listener to react. Hold your next thought until the listener has made his comments. After his response, ask probing questions: You might be surprised at what else you learn.

The next time you have a conversation, pay attention to who talks and who listens. See how often the talker includes the listener and how often the listener participates in the conversation. How do you fare? Remember, the conversation isn't all about you. ■

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Economic Stimulus Package – Investment Provisions

In February of this year, President Obama signed H.R. 1, the “American Recovery and Reinvestment Act of 2009.” The bill includes \$787 billion in spending and tax cuts. Commercial real estate is supported through provisions focusing on green building and energy efficiency, as well as business tax incentives. The bill provides significant funds for state energy programs, which could be used to support commercial property owners’ investment in energy-efficiency upgrades and alternative energy systems. Below are highlights of the investment provisions of particular interest to the commercial real estate industry.

- **COMMERCE:** \$4.7 billion for the Broadband Technology Opportunities Program (BTOP) to accelerate broadband deployment in underserved areas and \$650 million for additional implementation and administration of the digital TV converter box coupon program.
- **GREEN BUILDINGS AND ENERGY EFFICIENCY:** \$6.3 billion for energy efficiency grant programs, including \$3.2 billion for the energy and conservation block grants administered by the Department of Energy (DOE) and \$3.1 billion for the State Energy Program (SEP). Commercial property owners seeking funds or tax breaks to offset the cost of energy-efficiency upgrades will need to apply through city and state government programs, which will receive funds under the stimulus bill.

- **ENVIRONMENT:** \$200 million in competitive grants for the cleanup of leaking underground storage tanks and \$100 million in competitive grants for Brownfields cleanup. Additionally, the bill provides a total of \$6 billion for both the Clean Water State Revolving Funds (CWSRF) and Drinking Water State Revolving Funds (DWSRF).

- **HOUSING:** \$4 billion for the Public Housing Capital Fund which will assist public housing authorities in rehabilitating and retrofitting public housing units, including increasing the energy efficiency of units and making critical safety repairs. For those who manage affordable or assisted housing, the bill provides \$2.25 billion for rental assistance and grants or loans for energy and green retrofit investments.

- **RURAL DEVELOPMENT:** \$1.38 billion additional funding for the rural utilities service loans and grants for water and waste disposal facilities. It also provides \$130 million additional funding for loans and grants for essential rural community facilities, including hospitals, health clinics, health and safety vehicles and equipment, public building, and child and elder care facilities.

- **TRANSPORTATION:** \$48 billion for transportation-related infrastructure projects, including highway and bridge construction, transit new construction, upgrades and repairs, and high-speed rail corridors.

Tax Provisions

In addition to the investments listed above, H.R. 1 provides a number of tax incentives for individuals, businesses and energy improvements.

- **INDIVIDUALS:** More than 26 million families will receive tax relief in 2009, with the extension of the Alternative Minimum Tax (AMT) relief for nonrefundable personal credits and the increase of the AMT exemption amount to \$70,950 for joint filers and \$46,700 for individuals.
- **BUSINESSES:** A 5-year carry-back on net operating losses for small businesses, an extension of increased small business expensing, a small business capital gains tax exclusion, an extension of the bonus depreciation period, tax relief for businesses that reacquire, satisfy or otherwise discharge debt obligations at a discount in

2009 and 2010, and a temporary reduction period for S Corporation built-in gains.

- **ENERGY IMPROVEMENTS:** A 3-year extension for the period during which qualified facilities producing certain renewable electricity may be placed in service for purposes of the electricity production credit. Additionally, \$1.6 billion in new, clean renewable energy bonds (CREBs) may be issued by qualified issuers (public power providers, cooperative electric companies, etc.) to finance qualified renewable energy facilities. Finally, the credit cap applicable to qualified small wind energy properties is eliminated, as is the rule reducing the basis of the property for purposes of claiming the credit if the property is financed in whole or in part by subsidized energy financing or with proceeds from private activity bonds.

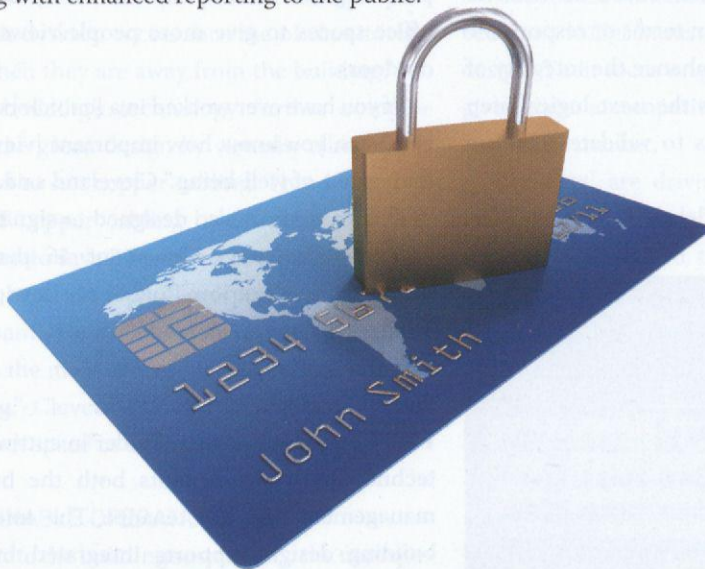


The federal government has created a Web site, www.recovery.gov, to provide information about federal grant awards and contracts as well as formula grant allocations under H.R. 1.

TREASURY DEPARTMENT'S FINANCIAL STABILITY PLAN

Separate from the stimulus package, the Treasury Department recently announced a multi-pronged program intended to help lay the groundwork for restoring the flows of credit to households and businesses. The major components of the plan include:

- A Public Private Investment Fund, jointly run by the Treasury and the Federal Reserve, with financing from private investors, to buy up hard-to-sell assets that have bogged down banks and financial institutions for the past year. Treasury Secretary Geithner said the new fund, often described as a "bad bank" for holding toxic assets, would start with \$500 billion with a goal of eventually buying up to \$1 trillion in assets.
- Expanding the existing Term Asset-Backed Securities Lending Facility (TALF) from \$200 billion to as much as \$1 trillion in order to restart the securitized credit markets that in recent years supported a substantial portion of lending to households, students, small businesses and others. *TALF would also expand to include commercial mortgage-backed securities (CMBS).*
- Direct capital injections into banks, using funds from the remaining \$350 billion from the Troubled Asset Relief Program (TARP).
- An extension of the FDIC's Temporary Liquidity Guarantee Program (TLGP) to October 31, 2009. This program is intended to provide more liquidity to banks and financial institutions.
- A new framework of governance and oversight to help ensure banks receiving funds are held responsible for appropriate use of those funds through stronger conditions on lending, dividends and executive compensation, along with enhanced reporting to the public.



DTV Delay Act

On February 11, 2009, President Obama signed the DTV Delay Act into law, officially postponing the date for digital television transition to June 12, 2009. Under federal law, American television stations must end their analog broadcasts and begin broadcasting exclusively in a digital format by this date. 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. Go to www.dtv2009.gov for more information.

State Budget Shortfalls

The biggest issue facing state legislatures in 2009 is budget gaps. According to a report by the National Conference of State Legislatures (NCSL), nearly two-thirds of states are facing budget shortfalls nearing \$50 billion for fiscal year 2009. Due to the struggling economy, states are seeing a decrease in revenue from capital gains, income and sales taxes. As a result, many states are considering wide-sweeping spending cuts on Medicaid, education and corrections programs. Additionally, commercial real estate professionals need to be aware of state financial situations, because when state revenues decrease, state legislators and governors propose new taxes and fees.

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GREEN WIRED King of Prussia building in Pennsylvania combines top industry trends to create perfect synergy

DIANA MIREL IS A CONTRIBUTING WRITER TO JPM. SEND QUESTIONS REGARDING THIS ARTICLE TO MARKISAN NASO AT MNASO@IREM.ORG.

The relationship between green building and cutting-edge technology may not be immediately obvious. But recognizing the synergy between these two modern-day essentials makes good building—and good business—sense.

In King of Prussia, Pa., a perfect union of environmental responsibility and technology can be found at 1000 Continental Drive.

PLANNING FOR GREEN

The LEED Silver office building at 1000 Continental Drive is comprised of 200,000 square feet and sits on 5.5 acres. The building was not originally intended as a LEED project. But once the slab and steel were in place, BPG Properties tweaked its plans to pursue LEED certification through the U.S. Green Building Council (USGBC).

“We try to create buildings that can be operated more sustainably and intelligently,” said Nancy S. Cleveland, JD, LEED AP, senior vice president and director of sustainability for BPG Properties, Ltd. “When we looked at what we were traditionally doing in terms of responsible and innovative ways to enhance the integrity of our buildings, LEED was the next logical step [as] a way of enabling us to validate what we were doing.”

A detailed energy model derived from vari-

ous areas of the building was utilized to achieve an estimated energy cost savings of 16 percent. With floor-to-ceiling windows making up the entire exterior of the building, the property’s use of natural light is one of the highlights of its energy-saving solutions. Tenants have the option of daylight harvesting, which is possible via perimeter lighting and sensors that run along the windows of the building. These sensors intelligently adjust the mechanical light provided to the space.

“Daylight harvesting can be as simple as a daylight monitoring optical that reads the amount of daylight coming in through the windows, and then adjusts to the level of light coming from your light fixtures so you have just enough light fixture light combined with daylight to reach the set amount of lighting for your space,” explained Cleveland.

To further utilize natural light, the building was designed to provide access to the outdoors through its views. BPG even put together a view plan to guide tenants on how to lay out their office spaces to give more people views of the outdoors.

“If you have ever worked in a [cubicle] with no windows, you know how important [views] are for a sense of well-being,” Cleveland said.

The property is also designed to significantly reduce water usage—by about 46 percent—through the use of low-flow or no-flow plumbing fixtures and green landscaping.

CUTTING-EDGE CONNECTIVITY

1000 Continental is also a leader in cutting-edge technology, which benefits both the building management and the tenants. The intelligent building design supports integrated building controls and advanced IT solutions with a fiber-optic system that uses PoE technology. This technology essentially allows for real-time moni-

1000 CONTINENTAL DRIVE IN KING OF PRUSSIA, PA. WAS CERTIFIED LEED SILVER IN 2007.



toring of a variety of systems on a single platform through a Web-based portal. In near real time, management is able to monitor telecommunications and Internet facilities, HVAC, lighting, security and life safety in the core and shell.

"Technology complements green building because it gives you the tools you need to measure [building performance]," Cleveland said. "You can't manage something you can't measure. So with a very refined tool for measuring your energy consumption, you can actually see what it is doing and do something about it."

All of this can also be extended to the tenants. "If a tenant elects to tie into that, we can give them a portal to that Web space, so they can monitor their systems in the tenant space as well," Cleveland said. "This allows tenants to really fine-tune control of what is going on in their space and go beyond just turning the heat up and down."

The robust, single-platform system makes it easier to keep track of what is going on with multiple systems in the building.

"You can more easily automate and fine-tune things like building operating schedules, routine maintenance, energy consumption monitoring, etc.," Cleveland said. "You can adjust and read-just operations easily and provide multiple parties with desktop access for ease of monitoring even when they are away from the building."

The building's technology further complements the green design by virtually eliminating the need to run copper cabling. This design has reduced copper cabling by 65 percent and is projected to save 52 percent in tenant spaces.

"It is basically a plug-and-play system where the tenant doesn't have to run its own lines back to the main source in a core conduit in the building," Cleveland said. "They just run from their own space to a plug-in."

SUSTAINABLE OPERATIONS

To operate the building sustainably, the management team trained its staff in the green systems and hired vendors well-versed in environmentally conscious waste policies, purchasing and



green cleaning.

"A lot of these things contribute positively to the environment, [to] the corporate mission of tenants and to positive health situations for the employees that work at the site," said Douglas Hoffman, CPM, RPA, CCIM, president of BPG Management Company Ltd.

Green cleaning in particular became a top priority for the management and operations team. To implement green cleaning at the property, the cleaning staff had to be educated on certain green-cleaning techniques and how to use the green-cleaning chemicals effectively.

STAYING COMPETITIVE

BPG recognizes that achieving LEED Silver status at 1000 Continental has helped the company become a leader in sustainable development and design. Their focus on green and technology has given them a competitive edge in today's fickle real estate market.

"[Tenants] are driving this process as well," Hoffman said. "A lot of companies and potential tenants we've talked to are interested in this. They drive the process from the standpoint of saying 'this is what we want, this is the type of building we want for our people and we're not willing to settle for something less.' That whole philosophy has been ratcheted up substantially, even just in the last year."

As the demand for green building continues to grow in today's marketplace, BPG's sustainable approach has proven to be a successful one. Ultimately, going green has helped the company attract tenants to the property. ■



WITHIN 1000 CONTINENTAL DRIVE, TENANTS HAVE THE OPTION TO ADJUST LIGHT LEVELS AND TEMPERATURE.

RECESSIONARY REACTION Sustainability, technology and healthcare offer industry opportunities in California

DARNELL LITTLE IS A CONTRIBUTING WRITER FOR JPM. SEND QUESTIONS ABOUT THIS ARTICLE TO MARKISAN NASO AT MNASO@IREM.ORG.

Many financial experts have pointed to the Golden State as the epicenter of the national foreclosure crisis, and the numbers seem to back them up. For January 2009, 15 of the top 30 metropolitan areas ranked by foreclosure rates were from California, according to data from Realty Trac.

And the news only gets worse from there. Unemployment in California topped 9 percent by the end of 2008, riding a net loss of nearly a quarter million jobs. Meanwhile, home prices are plummeting across the state. Everywhere from Santa Clara to Los Angeles County has seen median home prices fall more than 30 percent.

Rising unemployment is fueling business contraction, and rising vacancies are applying strong downward pressure on rents. According to CB Richard Ellis, AMO®, the Los Angeles office market has transitioned from a landlord market to a tenant market thanks to soaring vacancy rates, low transaction volumes, falling rents and rising tenant concessions.

Things are no better in the retail market. California retail is reeling from the national retail downturn. Consumer spending is tightening, and confidence from owners and developers continues to slip as the list of retail bankruptcies continues to grow.

"Retail and office are the worst two markets now," said Nancy Sidhu, chief economist for the Los Angeles Economic Development Corporation. "A number of retailers lost financing and went bankrupt. The impact from the credit crunch is we have a lot of empty stores."

PORT AUTHORITY

But amidst all of the gloom and doom, oppor-

tunities still exist for the enterprising property manager to find pockets of prosperity. While the residential, office and retail markets are indeed feeling real pain, the industrial market is holding its own in some niche areas and offers opportunities for management professionals.

Many people don't think of California as a home for heavy-duty manufacturing, but in 2008, California employed more than 1.4 million people in the manufacturing industry, the most in the United States.

And southern California is home to the nation's largest container-port complex—Los Angeles-Long Beach—and is the largest market for warehouse and distribution centers.

The national recession has no doubt still impacted the California industrial market to some degree. Port activity in Los Angeles and Long Beach has decreased and unemployment in the sector has increased. But while industrial vacancy rates have risen, it is still less than 3 percent in the Los Angeles area. Demand for space near the ports remains high as developers still value the savings involved in avoiding highway traffic between the ports and the distribution centers.

"We have real industry, as well as international trade distribution space," Sidhu said. "The market has a place for property managers who understand industrial [properties], primarily stemming from port situations."

NATURALLY RESOURCEFUL

Another bright spot of opportunity for property managers in California comes from the state's lead role in the sustainability movement, through implementation of green technologies



IN MAY, IREM WILL OFFER A NEW SUSTAINABLE REAL ESTATE MANAGEMENT COURSE (SRM001) THAT WILL TEACH ATTENDEES COST-EFFECTIVE SOLUTIONS FOR INCREASING ENERGY AND WATER EFFICIENCY. FOR MORE INFORMATION VISIT WWW.IREM.ORG.

to reduce the use of natural resources.

"California is the epicenter of green," said Steven Ring, CPM®, LEED-AP and director at Cushman & Wakefield, AMO. "A property manager here has to know sustainable practices. You can't get past first base if you don't."

The value of property managers well schooled in sustainability technology stems from the ability to bring in more revenues by bringing down energy, waste and water costs.

"As managers, we look at every line item," Ring said. "That's the value we add."

The need for property managers who are well trained in energy-efficiency methods will only grow, as many California municipalities and building departments are starting to require green building and sustainability strategies be built into new development.

As the U.S. economy restructures, professionals who are versed in green technologies such as wind, solar, hybrid batteries and green infrastructure improvements will be at the forefront of cutting-edge real estate managers, according to Delores Conway, a business professor at the University of Southern California.

"This is a big movement in California," Conway said. "But it soon will be a big movement everywhere."

MEDICAL ALERT

Conway also believes that property managers in California would do well to concentrate on the healthcare and biotechnology markets.

"Southern California is a biotechnology leader," Conway said. "Medical office space is doing all right in terms of the office market and senior centers are a niche market that is doing well."

Senior housing has largely remained untouched because the industry did not become very involved with the complicated financing arrangements that spelled disaster for so many other sectors.

With anticipated government spending from the Obama administration and simple biological necessity, the healthcare industry is seen as close to recession-proof.

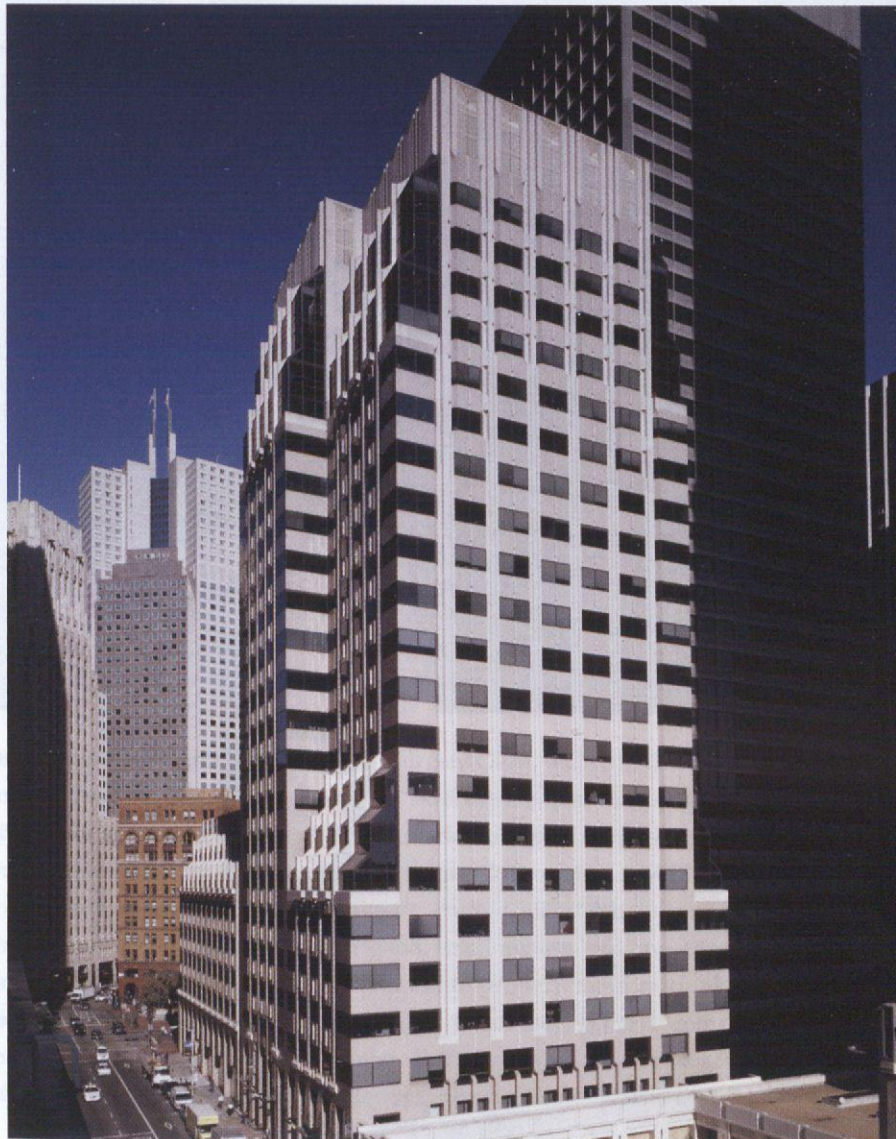
Aging Baby Boomers and their growing need for medical services are expected to drive demand for healthcare facilities for the immediate future. Rental rates for medical offices remain strong and demand for medical office space is relatively good in this current market.

Despite the recessionary conditions in California and the nation overall, skilled property managers will still find areas of opportunity as long as they can convince owners of the financial advantages experienced property management provides.

"Property managers always have a job," Steven Ring said. "At this point, part of the job is showing the value we add."

CUSHMAN & WAKEFIELD OF CALIFORNIA, AMO®, IS CURRENTLY PURSUING LEED CERTIFICATION FOR THE 455 MARKET STREET BUILDING IN SAN FRANCISCO.

PHOTO COURTESY OF CUSHMAN & WAKEFIELD INC., AMO





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espite the dearth of fortuitous news and statistics regarding the U.S. economy—especially the real estate sector—property managers are uniquely poised to take advantage of opportunities in this difficult economic environment. The fact is, property cannot run itself, no matter who owns it. And when times get tough, people often turn to professionals. Today, property managers are in high demand, and they are utilizing their professional skills to grow their businesses by exploring niche markets and services that will boost their bottom lines.

“Property managers have to do everything on a budget; you are always trying to do more with less,” said Marjean Pountain, CPM®, president of Pountain Partners in Elkhart Lake, Wis.



opportunity comes knocking

**IREM MEMBERS DISCOVER WAYS TO GROW THEIR
BUSINESSES DURING THESE TOUGH ECONOMIC
TIMES BY DIANA MIREL**

The multifaceted abilities these property managers develop are all the more important in troubled times: "All of those talents go well with today's economy. You have to scale back," Pountain said. "The fact that property managers had these skills in better times makes them hotter commodities in today's economy and today's times."

WHAT'S HAPPENING?

Investors and property owners are increasingly realizing that talented property managers can help insure their investments survive and thrive.

"For the most part, property managers are being affected positively," said

Lori Burger, CPM, PCAM, CCAM, CAM, senior vice president/director of marketing for Eugene Burger Management Corporation, AMO®, in Rohnert Park, Calif. "When times are good, small owners and investors of real estate property tend to think they don't need management companies. But, when things start to go sideways, investors say, 'Wait a min-

Many niche markets that typically require little property management are turning to professionals to help them weather the economic fallout.

ute, my big-box owners are moving out. I better get someone who knows what he/she is doing to come in here and salvage the tenant, bring in new tenants or market my building.' So, right now we're in growth mode."

Most notably, there has been a steady rise in outsourcing property management duties. For instance, Eugene Burger Management Corporation recently had a large management proposal come in from a company with five million square feet of commercial property spread across the West Coast.

"They're looking for professionals to come in from the ground up to optimize the bottom line, to bring profit to their bottom line," Burger said.

However, property management is hardly immune from the recession.

"There is economic stress in everything we touch," said Jesse Holland, CPM, president of Sunrise Management and Consulting, AMO, in Latham, N.Y. "[We're] seeing high-

er vacancies and more lease cancellations. [We're] seeing more people trying to renegotiate things in the middle of leases, [as well as] bankruptcies and layoffs. All of those issues impact the property manager because he/she is the person who has to deal with the fallout."

As a result, property owners, managers and investors are all watching their receivables closely and setting the bar higher.

"The world is a very nervous place right now," Holland said. "That is translating into a lot less patience in general... there is a lot more negotiating going on. The expectations are much higher."

CONSULTING SERVICES

With property investors' and owners' needs ranging from marketing to lease renegotiations to cutting operating costs, property managers' specialized skills and resources can lead to lucrative consulting business.

"There are investors needing to sell, but they still have to hold onto the properties because there aren't great buyers out there," Pountain said. Consulting is particularly useful for properties that had previously required little effort to rent.

"Projects that ran themselves don't run themselves anymore," said Pountain. "Properties that always stayed full didn't [require] marketing because of their nature or location. They rented themselves. Now, all of a sudden, when traffic drops, [owners] don't have the budget to hire a full-time person [or additional staff] on the property as they have done in the past."

Many find that networking is the best way to gain consulting work. Pountain, for example, has also found opportunities through her large list of developer contacts.

"In a couple of cases, new developments are coming online in the metro Milwaukee area in 2009 and developers are looking for strong people to creatively and quickly rent those units," Pountain said. "So I help with their marketing exercises."

RECRUITING TALENT

In the tight-knit property management community, networking has also long been one of the best recruitment methods for management companies. Today, many property managers are tapping into their networks to include staff recruitment in their consulting services.

Recently, a group of investors hired Pountain to help them set up their own property management company. With her years of property management experience, she offered valuable insight and instruction about what the group needed to launch a successful management business. She also helped them hire a knowledgeable staff of professional property managers.

"I am very well connected through IREM and other real estate organizations, and I have always done matchmaking as a hobby...why shouldn't I get paid to do that now?" Pountain said. "When people put a position on a job Web site, they can get buried in 50 to 75 resumes of mostly unqualified people, especially with all the people out of work today. [And] that opens opportunities for me."

Companies would rather hire someone who is a known entity. Through my connections, I can tell them who I know.”

ADDING ASSOCIATIONS

Many niche markets that typically require little property management are turning to professionals to help them weather the economic fallout. For instance, the foreclosure crisis has created a number of new opportunities in homeowners associations. Eugene Burger Management has taken on dozens of contracts with homeowners associations since the first of the year due to increasing foreclosures. One of these associations had 25 percent of its units in foreclosure and desperately needed professional management to keep the property afloat.

“Boards of directors who are managing homeowners associations are facing foreclosures in their associations,” Burger said. “They need to get someone in there who can understand how to budget effectively, how to deal with assessments not coming in and how they are going to make it.”

Homeowners associations are a tough breed of property to manage by nature because the boards of directors change on an annual basis. But these contracts can be long-term opportunities if the management company continues providing top-notch service and maintains open lines of communication with the boards.

FAMILY TRUSTS

As families watch their savings and investments dwindle, they recognize the need for professional management. Consequently, many family trusts need good property managers today.

“A family may own seven or eight apartment buildings or less, and look to professionals to maximize the bottom lines,” Burger said. “These have been very good relationships, and we expect that they will be some long-term holds [for us].”

STUDENT AND CAMPUS HOUSING

Niche markets, like student housing, can offer more security during troubled economic times.

“Student housing is not recession-proof, but there are more safeguards than in other multifamily and residential management because when the economy goes down, generally enrollment in higher education increases,” said Eric Luskin, CPM, senior vice president of the Scion Group in Chicago. “Schools are looking for different opportunities to partner with managers and developers.”

As student housing management experts, the Scion Group owns and manages student housing across the country and offers consulting services for campuses looking to improve their campus housing.

“We are retained to help schools develop master housing plans,” Luskin

said. “We do a very thorough market and demand analysis. If there is a demand for more housing or to reposition existing housing, we provide a business plan to help them move forward.”

The consulting services can then lead to longer term arrangements for the Scion Group if the campus decides to implement the plan and keep the Scion Group on to establish management and transition teams and to market the housing.

This work also benefits the Scion Group in its own student housing properties.

“[Consulting with campuses] has led to a better understanding and appreciation of the business of student housing and various markets where we think we can make a difference and where we have decided to invest our own resources in terms of ownership and operations,” Luskin said.

Campus housing spaces are typically rented per person rather than per apartment. In traditional multifamily housing, if one roommate moves out, the remaining roommate(s) are responsible for the entire amount of the rent. In campus housing, however, leases are typically drawn up per person, making each resident responsible only for his/her portion of the rent.

“This reduces the risk for the students. Investors, owners and operators have the potential of a higher revenue stream because the total rent—the gross rent potential—for each occupant in this scenario is higher than for the same apartment if



Seeking out new opportunities to take advantage of hostile market conditions is one of the biggest benefits of being a property manager today.

you were renting by the apartment,” explained Luskin.

TROUBLED PROPERTIES

With foreclosures making news every day, there are plenty of troubled properties in need of good management. RealtyTrac has about 1.5 million bank-owned properties on its site, which is actually good news for property managers.

“There is a lot of property that is going into foreclosure and a lot of banks that need assistance,” Pountain said. “They are suddenly in the property management business, and they don’t belong there because they don’t understand it. There are niches of property management opportunities with the growing troubled assets.”

Sunrise Management & Consulting, for instance, has recently taken on a number of receivership jobs for banks that are either in the middle of a foreclosure and are taking over a property or have held an auction where no one came.

“Now lenders have to be prepared to hold onto a property,” Holland said. “Most of the value in multifam-

ily is in the rental income. They want to get their money out of it, and someone needs to run it. They are looking for professionals—people who know what they are doing, who have the resources to deal with these problems and who are not surprised by what is happening.”

This often means that property managers must start from scratch with troubled properties. The managers go into the property to change locks, re-sign leases and rebuild all of the records. Sunrise took on an apartment complex in Ellenville, N.Y., where the village was the mortgage holder, and lent the owner money to do repairs. But, when the owner didn’t do the repairs and fled the country, the village was left with a property crisis. The village then hired Sunrise to revive the ailing property.

“There was toxic mold in the property, and we ended up gutting 40 out of 100 units,” Holland said. “When you get into these different issues, professional management makes a difference.”

It took Sunrise about a year to straighten out the property rather than the village having to tear it down.

Since then, Sunrise has worked with several other troubled properties and has carved out a niche for itself. The company plans to further grow its relationships with lenders and expand its service offerings with its new Property Gauge program, in which the company uses its management knowledge to work with lenders to identify properties that will go into default. The program is designed to help eliminate some of the default risk for lenders and assess what is happening—both in the market and in terms of management practices—to prevent additional default losses for lenders.

“We’re charging lenders as consultants from one side of the Property Gauge program, and then as the situations develop, the lenders may call on us for management,” Holland said.

TAKE THE PLUNGE

Seeking out new opportunities to take advantage of hostile market conditions is one of the biggest benefits of being a property manager today. Exploring new ways to get a higher return on your owners’ investments is simply good business.

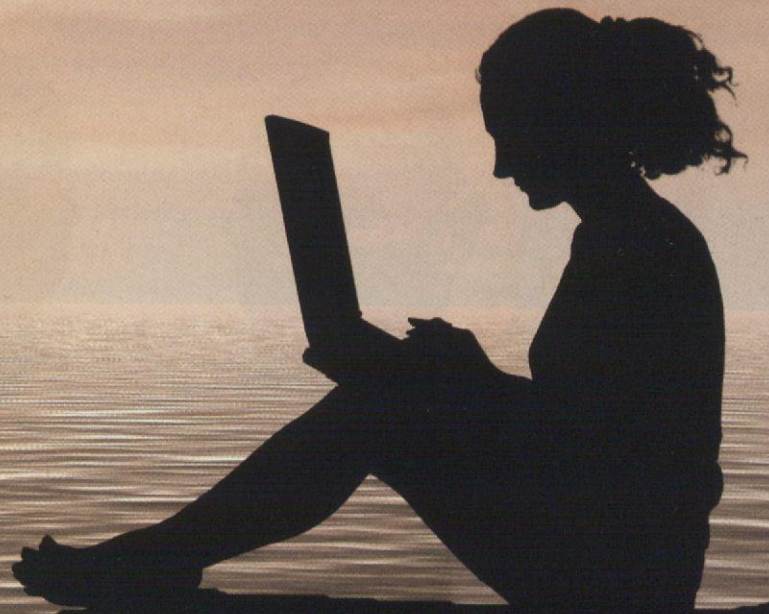
“Look for where the opportunity is and spend time on what is profitable versus what is not,” Pountain said. “Focus on allocating time to things that are productive, or generating new business or income for your efforts.”

Furthermore, it’s important to recognize that property managers continue to gain visibility and appreciation in today’s market.

“Property managers need a seat at the table; they are part of the investment team. Right now that is truer than ever,” Holland said. “Right now, operations are where the gold is. You have to run these properties—properties do not run themselves.” ■

Diana Mirel is a contributing writer to *JPM*. Send questions regarding this article to Markisan Naso at mnaso@irem.org.

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STRATEGIES TO KEEP OWNERS & TENANTS AFLOAT

Focusing on Property Management
Fundamentals is Essential in an
Uncertain Economy BY BRAD ASHLEY, CPM®



OUR CLIENTS ARE NERVOUS ABOUT THE MARKET AND ECONOMY. REAL ESTATE MANAGERS IN CITIES ACROSS THE NATION, FROM THE LARGEST OFFICE BUILDINGS IN NEW YORK CITY TO THE SMALLEST OF RETAIL SPACES IN KANSAS, ARE FEELING THE PRESSURE TO MAXIMIZE ASSET PERFORMANCE.

The unfortunate increase in sub-prime loan foreclosures has been magnified by the media with hourly reports. The downturn of the residential market has transferred to the commercial market, making owners and investors cautious to sell, fearful they will not secure a satisfactory sale price.

During the summer of 2008, buyers and sellers continued to make deals, but the prices paid for properties were not nearly as strong as we had seen just three years ago. Highly-leveraged debt buyers have, for the most part, been pushed out of the market. Banks and other institutions are watching their lending closely. During the fourth quarter of 2008, deal flow all but stopped as everyone watched and waited for reaction to the latest government bailout.

So, the question now is, how can real estate managers keep their business viable during this economic crisis?

One good strategy would be to get back to basics. It is critical for property management professionals across the United States to focus on management fundamentals—tenant relations, proactive communication, capital projects and expense savings. Brokerage, project management and asset services need to function as a team. Vacant spaces must be clean and ready to show. Accurate building information and a list of amenities should be readily available, and systems must be in place to welcome new tenants on time and on budget.

In a weak economy, ownership groups will look for concrete ways to reduce expenses while maintaining tenant satisfaction at properties. Implementing the following steps in your personal business plan is the key to meeting owner objectives:

- Establish enduring relationships with others
- Retain existing tenants
- Collect all revenues
- Focus on expense savings

ESTABLISH PROFESSIONAL RELATIONSHIPS

Strong relationships in business are essential. We often hear it is who you know, not what you know, that allows managers to keep up with their busy lives and meet numerous deadlines on time. Active participation in networking groups like IREM or CCIM, or through online Web sites like Facebook, are critical to growing relationships between managers and their daily contacts.

With Owners

Regular communication with your asset manager or owner during these times is very important. A real estate manager's goal should be to provide solutions. Owners should be presented with the best answer to an issue and be given a chance to modify it, but rarely should they be asked questions without an answer already in place. It is important to analyze a problem and to try and think two steps ahead.

Like us, owners hear the media tossing about the word "recession" on a daily basis. They are concerned about the condition and performance of their properties. In addition to regular monthly reports, it is also advisable to communicate with owners of industrial properties at least twice a month and owners of office buildings on a weekly basis. Multifamily ownerships typically prefer regular contact several times a week from the local managers to keep informed of the operations on the property.

Communication with owners is always determined on a case-by-case basis. Some owners may wish to speak with managers daily on high-needs properties. Be sure to ask your ownership their preferred communication method and frequency. With a heavy reliance on e-mail, some owners may elect to receive regular written updates in lieu of phone calls; but remember, it is very difficult to communicate tone and build a meaningful relationship through e-mail. Communication can be as simple as sending a newspaper article that features a building tenant, a group of site photographs showing work in progress, or pictures of work to be performed along with a brief note describing the task. The digital camera is the lifeline to owners who are thousands of miles away and may only visit a property once or twice a year. Be sure to document and quantify any savings provided to an owner.

You should also ask yourself the question, "Is this necessary?" before presenting a capital project (budgeted or

otherwise) to your owner. Many owners have chosen to postpone projects until 2010. Investors in private and public REITs are overly focused on their returns. If postponing a project is not a detriment to the property, it may be a wise decision. Ask yourself, "Can this wait?"

With Brokers

It is important to establish good working relationships with brokers to promptly pursue new tenant deals. Brokers are typically self-reliant by nature and have been known to keep details of prospects to themselves as they fear someone else might "take" their deal. On our team in my office, we have found the opposite to be true. The closer we work with the brokers on projects, the faster and more accurately the deals are completed. This benefits the brokers as they make more commissions, and benefits the manager when they receive a happier tenant and more accurate lease document. The days of working in silos (brokerage, management, etc.) are gone. A team approach is here to stay.

With Coworkers

Real estate is inherently a people business. Experts say we spend more time at work than we do with our families. A happy work environment is critical to your team's success.

RATE REDUCTION

IREM professionals know from time spent in finance classes that capitalization rates are a gauge of return on investment (ROI). These rates in all forms of investment have been sliding over the past several months. Midwest midmarket office cap rates have slid from 7.5-8.0 percent in mid-2007 to 8.5-9.0 percent now. Industrial cap rates for multi-tenant buildings were 8.0-8.5 percent in mid-2007 and are pegged at 9.0-10.0 percent today with few buyers, fewer offers and more problems as the risk factors increase due to limited debt options. New construction has slowed significantly, due to financing constraints and increasing costs of construction that often price buildings out of the competitive market. Vacancies are on the rise too.

Hire new employees slowly and carefully, but take care of sub-par performance issues quickly. A weak link in a team brings the entire team's performance down.

Finding a coworker on your level that you can confide in will make your team stronger. Partner a less tenured employee with a more senior member of the office to create a mentor/mentee relationship in which the junior member feels comfortable asking questions. Doing so will improve the team performance while freeing valuable time for the department managers to attend to more important matters.

Developing alternate and innovative ways to manage effectively is also an excellent way to involve newer coworkers. After years in the business, we tend to become comfortable with our routines. Be sure to listen to new or younger members of your staff for innovative ways to manage effectively. They can often amaze you with well-thought-out ideas.

A happy employee will be a well performing employee, so look for innovative ways to build loyalty, team work and happiness. Recently, my management team met at a local dinner preparation franchise (www.socialsuppers.com or www.letsdish.com are two examples). Once at the store, we split into teams and worked together to prepare meals. Junior members were encouraged to take a senior role at this event. Completed meals were donated to the local Ronald McDonald House. The half-day event not only allowed the entire team to give back to the community, but it also allowed the team to get to know each other a little better.

RETAINING TENANTS

Your relationship to your tenants is also very important, especially during hard times. Retaining a tenant is far less expensive than finding a new one. Experienced colleagues have reminded me it is pennywise and pound-foolish to lose a tenant. The lease document governs the services we provide for a tenant, but we must also think outside the box from time to time. Even if the lease says the tenant is responsible to change a ceiling tile, it may be wise to change a tile or two for them. This simple gesture of goodwill may keep them from moving down the street. Vacancy is expensive. Tenant improvements are expensive. Keeping tenants happy and renewing is good practice.

Holiday gifts such as a tin of popcorn may seem cliché, but a simple inexpensive gesture allows a manager valu-

able face time with tenant contacts. During a visit last December, I observed a substantially lower employment base at a site. I quickly inquired about the tenant's business and learned there were staff cutbacks. Gathering this information allowed me to alert the ownership about a potential issue before it became detrimental to the property.

Each year our office also generates a newsletter for tenants describing upcoming projects on properties. By clearly documenting upcoming work, tenants often feel they are getting more value for their rent money and are subsequently more loyal to the property. Similar to your owners, regular phone calls and e-mails to your tenants that proactively communicate elevator closures, special events or routine maintenance that may affect them are always appreciated.

COLLECTING REVENUES

IREM Members have learned to live by the adage, "Collect the rent, collect all of the rent, collect all of the rent on time."

In a stressed economy, it is imperative we focus on this message. The first sign that a tenant might be struggling is slow rent payment. As sales begin to slide, a tenant may delay rent payments to remain financially afloat.

Managers who have already developed a strong relationship with their tenants will have an easier time collecting rents than managers who have been distant. Regular personal tenant visits are an important part of establishing a good relationship. If your tenants know you as a person, they are more likely to be honest with you. This makes everyone's job easier.

Recently, one of my tenants forgot to pay rent. Since we talk regularly, my call to request prompt payment was received on friendly terms and the electronic transfer of funds was received the next day. If I had been a distant manager delivering bad news, collecting rent would have been much more challenging.

While rents are expected to be received on the first of each month, it is important to review an aging report on the 5th and 10th of each month. Tenants who have not paid by these dates should be contacted and prompted for payment. Be sure to document when contact was made with each tenant and provide this to your owners regularly. In tough economic times, it's a good idea for managers to review aging reports on riskier properties daily, to ensure tenants are paying on time.

NOW IS THE TIME FOR REAL ESTATE MANAGEMENT PROFESSIONALS TO GET BACK TO THE BASICS BY GROWING PERSONAL RELATIONSHIPS AND SUBSEQUENTLY MAXIMIZING NOI FOR OWNERS.

If a tenant shows numerous signs of financial weakness and possibly does not open for business, it is imperative to notify the owner immediately. With their guidance, commence default proceedings in accordance with the owner's policies and the legal statutes for the jurisdiction in which the space resides.

Laws pertaining to default and abandonment vary from state to state, but in general, managers should alert ownership any time a tenant appears to abandon or go dark in a space. Oftentimes the courts require owners to prove the date of vacancy and attempt to collect rent. Ensuring a tenant is current on their financial obligations before vacating minimizes the financial exposure of ownership to the situation and benefits management companies who collect management fees for as long as possible.

EXPENSE SAVINGS

Make sure you carefully monitor properties with base years and expense caps. Many managers did not anticipate the tremendous increase in fuel and oil costs in 2008, which resulted in substantially higher bids for asphalt work, and services such as landscape and waste removal. When analyzing projects, it is important to determine if the project can be completed in phases or modified to provide a savings to the owner. In times of financial slowdown, people tend to purchase less and shop less. In this market it is critical for retail managers to continue an active marketing plan for their larger retail shopping centers. Well-placed advertising will push a larger pro rata portion of sales toward the center, which will aid in

COST COMPARISONS

Today, real estate managers are receiving constant pressure to help an owner's assets perform better. Maximizing net operating income (NOI) in these weak financial markets is key. IREM's *Annual Income and Expense Reports* can aid managers in comparing their buildings to those of similar stature in similar demographics. For example, in a downtown Kansas City, Mo. office building, we expect electricity to cost \$1.49 per square foot per year while in a regulated market such as Chicago, electric power is only \$0.52 per square foot. Using this data, experienced managers can quickly understand if their property is costing them a comparable amount to operate. If not, focusing on a few particular account cost reductions could facilitate a quick increase to NOI with minimal effort.



To purchase the 2008 IREM Income and Expense Reports visit www.irem.org/publications.

keeping both mom-and-pop establishments and the large national chains profitable. Remember to do the easy tasks to keep the appearance of your properties the best they can be. Simply adding a few flowers to an entrance or painting a wall is an inexpensive way to show your tenants continued attention to detail on the property.

In addition to advertising, it is vital that you also consider methods of reducing energy use in your buildings. In buildings with low occupancy, for example, explore turning off an elevator during non-peak periods. Your tenants won't notice this, but a lower power bill will benefit everyone and make the owner happy. Happy owners make happy managers.

According to the U.S. Environmental Protection Agency (EPA), cooling commercial buildings accounts for 15 per-



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cent of electricity usage in a building. Utilizing government supported tax deductions, you can recommend your ownerships replace aged heating, ventilation and air conditioning (HVAC) systems with the potential to use 7 to 10 percent less energy than older, less efficient equipment. The EPA estimates 25 percent of all rooftop HVAC units are oversized and run inefficiently. Properly sized, newer equipment will result in improved tenant satisfaction and lower operating costs, and more efficient dissipation of heat loads in the building.

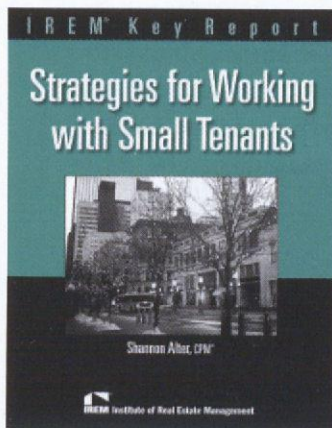
Many utility companies are now offering rebates for energy-efficiency upgrades or voluntary power minimization during peak periods. The EPA documents fluorescent light usage as the largest consumer of power in commercial buildings. Upgrading to more efficient T-5 or T-8 lights will reduce energy costs and improve tenant satisfaction with better lighting.

During a recent tenant improvement job, I recommended a lighting upgrade to a space which provided a three-year simple return on investment (ROI). Utilizing the utility rebate, the ownership received half the project cost paid in cash upon completion, decreasing the total project to a two-year ROI. Additionally, the new tenant was extremely satisfied with the new lights and praised the work of our company directly to the owner.

The savings and loan crisis of the 1980s caused a market value correction at a magnitude that has not been seen since. While no one anticipated a correction of this scale again, it is undeniable that there will be a value correction in the real estate market during the upcoming months and years. Stimulus packages, government bailouts and increased financial regulations might be just the beginning of a very long economic recovery process.

We all remember from Economics 101 that everything is a function of supply and demand. Economics is cyclical. After several years of tremendous growth, the U.S. economy has undoubtedly slowed. Now is the time for real estate management professionals to get back to the basics by growing personal relationships and subsequently maximizing NOI for owners. ■

NEW FROM IREM®!



Strategies for Working with Small Tenants

Written by: Shannon Alter, CPM®

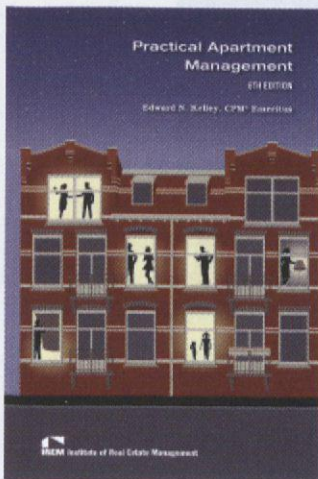
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IS YOUR TENANT HEADED FOR TROUBLE?

The following article is an excerpt from the new IREM Key Report, *Strategies for Working with Small Tenants*, by Shannon Alter, CPM®

IT'S NOON ON FRIDAY AS YOU WALK INTO ANDRE'S ATTITUDES, A FULL-SERVICE HAIR SALON IN THE NEIGHBORHOOD SHOPPING CENTER YOU LEASE, INTENDING TO TALK WITH ANDRE ABOUT HIS OVERDUE RENT. Andre is nowhere to be seen, and another stylist tells you he is not only out of the salon for the day, but is out of town for an undetermined period of time. The usual receptionist, who also handles the bookkeeping, is out sick; and no one else seems to know when—or where—you will be able to pick up the rent check.

This is the second month you have had to chase after Andre for the rent and the shopping center's owner wants you to put him in default, *today*. You have no idea what Andre's current monthly sales are because you can never seem to catch up with him to find out. While you're waiting for someone to provide assistance, you look around and realize things are looking kind of shabby. Although it is mid-day on a Friday, the salon is not very busy, and there are only two hairstylists. Your heart sinks and your brain goes into panic mode. What should you do?

In situations such as this one, you probably want to do something, *anything*, to resolve the issue immediately. However, let's start by discussing some of the things you should *not* do:

Don't keep your owner in the dark. Most owners don't like surprises, especially big ones such as a merchant who is in default or who may soon vacate his space. For an owner, there is nothing worse than learning of a tenant's unforeseen move-out from an article in the local newspaper, the TV news or from the tenant himself. It's always best that you immediately share such news with your owner, even if it's negative, along with your recommendations for resolution.

Don't wait until Monday. Pay attention to your gut. If you sense that a bad situation is about to get worse, you're probably right. Your concerns at this point should be 1) to get payment and 2) to make sure the tenant does not unexpectedly close his store or move out. The chances of a "midnight move" are less likely with

a hair salon, restaurateur or other tenant with expensive fixtures and equipment, but it's still a concern. It's important to get the tenant in front of you, cashier's check in hand, sooner rather than later.

Don't make an immediate decision. A merchant who is in dire straits will often try to get the landlord to immediately agree to rent relief or rent deferral. What should you do? Even if you're lucky enough to get a tenant like Andre on the phone, don't let him persuade you to make an immediate deal to delay, defer or relieve rent, unless you have already discussed these alternative plans with the owner. Your task is to make sure the rent is paid and the tenant is a viable one.

So, how can you tell whether a tenant is about to go south or whether it's just a temporary glitch in the road? Here are four telling signs that will help you discern whether your tenant is headed for trouble:

1 Lack of focus and disorganization. Have you ever walked into a store and just as quickly walked out because you really had no idea what the merchant was selling? Sometimes merchants erroneously believe they can succeed by selling a little bit of everything, when focus and a theme are really what make the sale. Additionally, a merchant whose display areas, counters and clothing racks are messy and in disarray may lose customers who cannot find what they are looking for. Even in today's tough economic times, merchants who haphazardly put items on sale without rhyme or reason should closely examine merchandising and sale strategies.

2 Late payments. Gertie's Gifts just called you to say that rent will be a few weeks late this month. This is the second month in a row she has been late. Foot traffic isn't all it should be, she tells you; she's had some turnover and sales are down. Warning bells should start ringing in your head when this happens! After doing some homework on this situation, you find that Gertie's efforts and sales have been diluted because she has opened another store not far away. The reason for the "turnover" is that she has moved several employees from your location to her new store. You realize too late that Gertie's lease does not include a radius clause, which would prohibit Gertie from opening another store within a certain distance (and impacting yours).

When considering late payments, it is important to keep in mind that small mom-and-pop merchants typically cannot afford to make up past due rents once they have fallen a few months behind. Your job is always to probe for the truth and to get the money. It's a good idea to periodically review your tenants' Web sites for important news that may indicate a change in status, proposed expansion or compression.

3 Customer service issues. Top retailers understand how crucial good customer service is, *especially* in tough times when exceptional service can be the point of difference for a customer. All too often, small retailers overlook the necessity to train and motivate their employees to not only attract, but also

keep, customers. If Gertie suddenly begins keeping shorter hours or runs a skeleton crew, watch out. It could mean that greater problems are on the horizon, such as lack of cash flow to pay employees. And, if cash flow is low, guess what might happen when next month's rent is due?

4 Unusual behavior. It may not happen often, but when your tenant behaves in an unusual manner, it is usually indicative of a larger problem. Take the once placid, grandmotherly Italian restaurant owner who begins throwing rave parties in the shopping center parking lot without the owner's knowledge or permission. When asked about this behavior, the tenant states that the restaurant's sales have decreased, and she is trying to attract customers. Clearly, hosting rave parties is not part of this tenant's use clause. Although this activity on the part of the tenant does increase traffic, it does not increase sales for either the tenant or the shopping center. In fact, the raves also affect the owner's liability and the shopping center's reputation.

Once you *do* determine that something really is amiss, here are five guidelines to follow:

1 Listen to the owner's goals. Before you do anything, make sure you understand what the owner wants to achieve. I used to work for an owner whose directive was that we send a notice to any tenant (according to his lease, of course) who did not pay

rents and other charges on the stated due date. His reasoning was simple: he wanted his money, he wanted to get the tenant's attention and he wanted to head off possible collections problems. He also figured that we could rescind a default notice when and if the tenant paid the amount due.

In troubled times, the impetus may just be to keep tenants in the center. I've worked for an owner whose first priority was to maintain his current tenants and avoid rocking the boat. Because of this, he was more likely to entertain alternative solutions when dealing with troubled tenants. Of course, bear in mind that an owner's circumstances and priorities can change.

2 Trust your instincts. While facts and figures round out the story, if you're an experienced manager you'll know when a tenant is stalling or providing incomplete information. If you are less experienced, this may be the time to consult with your peers or supervisor. As mentioned earlier, if you think something is wrong, it almost always is; and it's worthwhile to bring it up.

3 Pay attention to your tenants. While we all know we should get out from behind our desks and visit our merchants, we don't always do it. There are many reasons for this—we are busy, monthly reports are due, we are working on budgets—the list goes on and on. Most likely, more frequent visits to a merchant will result not only in better communication with the tenant, but also in quicker identification of potential problems on the horizon. Visiting your merchants' stores regularly is a key ingredient to success. It is important to view every trip to your center as an opportunity to pay attention to and evaluate your tenants.

4 Consider the impact. Remember that when you offer a tenant a rent reduction, it affects the face value of the rent and negatively impacts the value of your center. There are other "costs" to consider as well. While giving one tenant rent relief may not mean the end of the world, you may soon have other tenants knocking on your door with similar requests.

5 Determine the reasons. Once you're armed with the facts, it's time to figure out exactly why your tenant is going downhill. It is not uncommon for a tenant whose sales are sliding to immediately blame the landlord for lack of traffic and consequently request rent relief. However, a wise manager will keep on top of merchant sales volumes, noting any categorical trends in the shopping center. It is important to ferret out the causes for decreasing sales before making any decisions. The reasons for declining sales can be varied: poor business practices, a weakening economy, lack of traffic, nonexistent customer service, inadequate inventory and poor merchandising are just a few.

I'll leave you with a final example that illustrates the potential complexi-



ties of a tenant's decreasing sales. I once had a small gift shop merchant located in an upscale specialty center in a tourist area. This merchant had a variety of merchandise centered on a certain theme, a well-merchandised store, good customer service and a built-in customer base, as his shop was located directly across the street from a popular tourist attraction. By virtue of an unfortunate family tragedy, this merchant also had the kind of publicity money can't buy from day one—there were local and national newspaper, magazine and television stories about the shop, which of course created buzz and attracted visitors.

Because business was good from the start, the merchant felt no need to spend money on advertising. After a year or two, the buzz died down and so did his customers. Almost immediately, the store owner approached me for a rent reduction, maintaining that foot traffic had decreased substantially, causing his sales to decline.

Because sales in the rest of the shopping center were holding steady, and even increasing, I decided a closer look was necessary. Would a rent reduction merely be a band-aid? Would this merchant be viable in the long run? We took a close look at the merchant's sales volume, customer service and marketing. We also recommended he hire a retailing consultant to help him examine his merchandising, inventory and buying practices.

As it turned out, the merchant was not stocking certain items that were his bread and butter, and as a result customers weren't buying. Also, because he had been used to

so much spectacular—and free—marketing, he had chosen not to spend any money on advertising. He was not attracting new customers. In the end, it took a bit of convincing, but the merchant was able to overcome both issues and his sales began to rise again. ■

Shannon Alter (shannon@alterconsultinggroup.com), CPM, is a real estate consultant in Santa Ana, Calif. Her company, Alter Consulting Group, can be found at Alterconsultinggroup.com.



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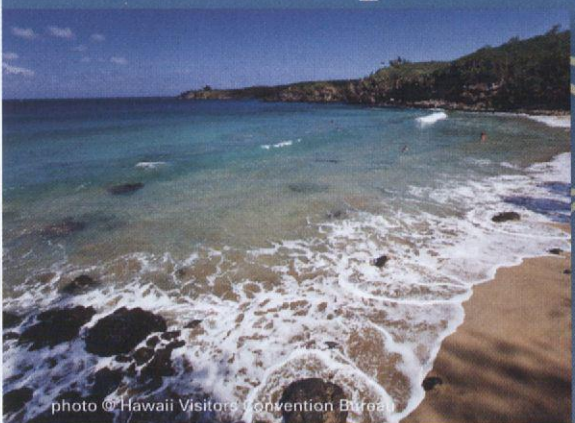



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Property Managers Can Reduce Energy Use & Expenses Through Green Practices by Janice Rosenberg

THINK ABOUT THIS THE NEXT TIME YOU TURN ON A LIGHT: According to the Energy Information Administration's Annual Energy Review 2007, energy consumed by residential and commercial sectors accounted for about 39.5 percent of that year's total U.S. energy consumption. Reducing that figure won't be easy, but applying sustainability measures can make a difference.

Just what is sustainability? The most widely quoted meaning internationally is the “Brundtland Definition” from the 1987 Report of the World Commission on Environment and Development: *Meeting the needs of the present without compromising the ability of future generations to meet their own needs.*

“Sustainability is absolutely not going away,” said Nick Stolatis, CPM®, director, strategic initiatives, TIAA-CREF Global Real Estate in New York City. “It’s about running properties efficiently, a reduction of waste and the proper utilization of energy. We’re cognizant of our obligation to clients to operate their investments in a responsible fashion.”

SUSTAINABILITY DRIVERS

A desire to protect the planet drives many people to join activist groups focused on green initiatives. But you don’t have to be a full-time environmentalist to see merits in sustainability. Property managers have taken up sustainability measures because they can save money and attract tenants.

“With green practices we can reduce the environmental footprint of a property substantially while also improving its value and providing a competitive advantage,” said Doug Gatlin, vice president of market development for the U.S. Green Building Council (USGBC) in Washington, D.C.

Although it’s true that large scale green efforts such as building wind farms and harnessing solar energy can cost millions, one of the main drivers behind property managers’ sustainability efforts can be *cutting* expenses.

Several years of experience have taught Craig Sheehy, CPM, LEED-AP, president and CEO of Envision Realty Services in Folsom, Calif., the truth of that statement. In 2003 he began incorporating green measures into the management of a 1-million-square-foot building.

“We changed the way we were operating, but we didn’t have to step out of our comfort zone to do it,” Sheehy said. “We saved water and energy, and eliminated the bad chemicals we were bringing into the building, and it resulted in huge savings.”

Rising energy prices and dwindling water supplies were two main drivers for Steve Ring, CPM, LEED-AP, director of client solutions at Cushman & Wakefield, AMO®, in San Francisco. But over the last couple of years Ring also has been driven by the increasing likelihood that potential tenants will be looking for spaces that meet the require-

ments of their companies’ published social responsibility mission statements.

“In the private sector, large corporations have stated to stockholders that they follow sustainability practices and part of that is that they will only occupy buildings that have those in place,” Ring said. “They are looking for recycling programs, material and resource purchasing programs, indoor air quality programs, and the biggie—energy conservation.”

Even tenants who are not constrained by mission statements may be attracted to sustainability measures, Sheehy said. Another key driver for his company is the strong perception that sustainability measures in this slow economy may give properties a leg up on attracting and retaining tenants.

“In the future, people will be more and more interested in places that are healthy, give them higher motivation rates and a reason to want to come to work, and have a lesser ecological footprint,” said Volker Hartkopf, director of the Center for Building Performance and Diagnostics at Carnegie Mellon University in Pittsburgh, where his research looks at how sustainability measures affect employee productivity.

For residential property managers who have been hit by rising vacancy rates, and ever greater move-in concessions, it may be difficult to justify upgrades that increase sustainability unless they provide a good payback within five years, said Greg Martin, CPM Emeritus, vice president and head of rental residential at Draper & Kramer, Inc., AMO, in Chicago. He recommends that property managers who are planning substantial



The Institute of Real Estate Management (IREM) is dedicated to supporting real estate management strategies that advance an environmentally sustainable and economically prosperous future. Visit www.iremfirst.org/if/knowledgebase/sust-general to read the full IREM sustainability mission statement.



CHICAGO TRANSIT AUTHORITY (CTA) HEADQUARTERS IN CHICAGO ACHIEVED THE U.S. GREEN BUILDING COUNCIL'S LEED-EB (EXISTING BUILDING) GOLD CERTIFICATION IN MAY 2007. IT WAS THE FIRST EXISTING BUILDING IN THE STATE OF ILLINOIS TO RECEIVE THE AWARD.

PHOTO ©
TRANSWESTERN

investments first do careful return analyses.

"Following the green path is sexy, so there is some benefit to that," Martin said. "There are still people out there who are very concerned about their environment and might pay a higher rent for something truly sustainable. But there will be fewer in these times."

In a broader context, improving the American economy itself might

be seen as a driver for sustainability measures. In a healthy economy, building repair jobs will not be outsourced to foreign countries, Hartkopf said. Instead, local workers will be hired for the jobs.

TRIAL & EFFORT

At Cummings Properties, headquartered in Woburn, Mass., traditions that began as frugality when the company was founded in 1970, fit perfectly with today's concerns about sustainability.

"We attribute our interest in sustainability to the DNA of the company," said John Wiseman, vice president of operations. "Our founder, Bill Cummings, paid attention to thriftiness and followed the old New England saying: Use it up [and] wear it out, before you throw it away."

Cummings has always embraced the idea of recycling materials. The company negotiates energy contracts, replaces pumps that cannot be repaired with more energy-efficient models and standardizes building components to allow for interchangeability.

On a larger scale, Cummings completed the construction of Trade Center 128—550,000 square feet of office space in Woburn, Mass.—in 2008 and installed a photovoltaic solar array atop its parking structure. The array itself cost about \$1 million; upgrades to the roof supporting it cost another \$1 million. When a 30 percent federal tax credit and Massachusetts technology incentives are applied, the company anticipates a three-year payback, said Jim Trudeau, design manager.

Sheehy began his sustainability efforts by brainstorming potential no-cost/low-cost measures with his building's engineering and maintenance staff. Savings resulted from attention to three basics: water use, energy use and waste disposal.

To conserve water, for example, Envision Realty placed rain sensors in the ground that measure whether or not irrigation is needed. The company switched to waterless urinals and attached low-flow faucet aerators in sinks. A two-dollar aerator can save hundreds of thousands of gallons of water, Sheehy said.

Envision also replaced every 32-watt light bulb that burned out with a 28-watt bulb, and installed motion sensors in stairwells that previously had been lighted 24/7. In cold weather, thermostat temperatures were dropped two degrees, and in warm weather, they were raised two degrees.



“You have to try things out,” Sheehy said. “People can’t recognize a two-degree temperature difference as long as there is air flowing. And if the tenants don’t like it, they’ll call.”

In a continuing effort to cut energy usage—and by extension save money—Sheehy examined janitorial services. Nighttime cleaning meant lighting as many as 13 floors simultaneously. Switching the majority of janitorial tasks to daytime hours reduced energy costs by about \$100,000 per year.

Further examination of building hours can lead to additional savings. Some building leases require services on Saturday and Sunday, but buildings are often empty on weekends, making ventilation and lighting unnecessary. Considering hours of operation was an important step for Stolatis. He discovered buildings with Saturday hours, but no Saturday activity. He checked with tenants and was able to leave some buildings turned off over entire weekends. He calculates a resulting 3- to 5- percent savings on energy operations.

Stolatis participated in the Energy Star Change a Light, Change the World Campaign 2007–2008, passing out 255,000 compact fluorescent bulbs to tenants and residents. Put into use, these could save 117-million kilowatt hours, the equivalent of taking 16,700 cars off the road for a year.

“Too many people today look immediately for a capital project when they are looking for ways to save energy,” Stolatis said. “With small changes, the savings may not amount to more than a couple of percentage points, but in aggregate you can get savings without spending any money in the normal course of business.”

On the residential side, sensors

placed around buildings and connected to microprocessors can regulate heating and cooling. That way half the residents won’t be opening their windows to cool off while the other half is shivering, Martin said.

Once sustainability measures are in place, education comes into play. Martin educates employees about using cleaning products that are environmentally friendly. He also reminds them that using more isn’t always better. Martin has put together an awareness program to teach residents about recycling.

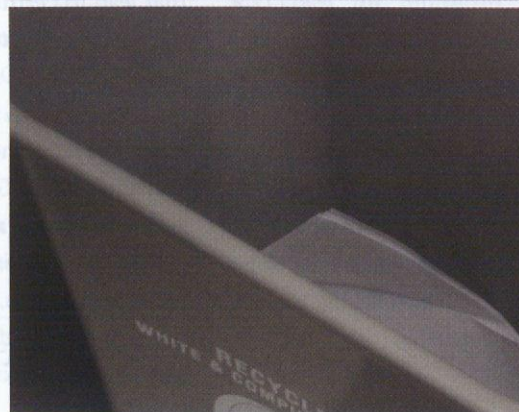
Recycling is one of the more pressing sustainability issues to address, Wiseman said. Once a commitment is made to set aside areas for recycling, managers must reinforce its value, educate tenants and send memos reminding them to recycle.

Ring uses meetings over morning coffee, and his company newsletter to educate tenants. He would like to take these efforts a step further by setting up building kiosks providing questions and answers about sustainability measures.

“Recycling is a group effort between landlords and tenants,” Ring said. “It’s the tenants’ habits that really make

PROVIDING THE RIGHT CONTAINERS AND INSTRUCTIONS FOR RECYCLING WASTE MAKES IT EASY FOR RESIDENTS AND TENANTS TO DO THEIR PART.

PHOTO © CUSHMAN & WAKEFIELD, INC.





IN NOVEMBER 2008, ONE BOSTON PLACE WAS THE FIRST BUILDING IN THE WORLD TO RECEIVE THE U.S. GREEN BUILDING COUNCIL'S LEED-EB GOLD CERTIFICATION FOR OPERATIONS AND MAINTENANCE.

PHOTOGRAPHY © CB RICHARD ELLIS

recycling work or not work. They don't have an organization, so you have to reach each one as best you can."

GET WITH THE PROGRAM

Managers involved in both commercial and residential properties now have numerous resources for sustainability and building certification information. These include:

Energy Star (www.energystar.gov)

A joint program of the U.S. Environmental Protection Agency (EPA) and the Department of Energy (DOE), Energy Star focuses on saving money and protecting the environment through energy-efficient products and practices. The program offers Portfolio Manager—a free, downloadable benchmarking tool for residential properties.

For the past five years, Stolatis has

used Energy Star benchmarking to determine where his company's buildings stand in terms of energy efficiency. His company, TIAA-CREF, set a specific target for its property management teams to achieve a reduction of 10 percent in energy intensity for each property. So far it has seen an almost 4 percent improvement in energy efficiency across 43 million square feet in roughly 180 buildings.

"We have the rest of the year to [reach 10 percent] and we are confident we'll be able to achieve that because our initiatives are starting to bear fruit," Stolatis said.

U.S. Green Building Council (www.usgbc.org)

The USGBC offers a comprehensive family of Leadership in Energy and Environmental Design (LEED®) green building certification systems and many educational opportunities. In January 2008, LEED launched its LEED for Existing Buildings Rating System (LEED-EB) to help building owners and operators measure operations, improvements and maintenance on a consistent scale.

LEED for Existing Buildings addresses whole-building cleaning and maintenance issues, recycling programs, exterior maintenance programs and systems upgrades, and can be applied to existing buildings seeking LEED certification for the first time, as well as to projects previously certified under LEED for New Construction, Schools or Core & Shell. The goal: to maximize operational efficiency while minimizing environmental impact.

"Sustainability is common-sense management. There has been a good degree of interest over the last year," Gatlin said. "More than 2,500 existing buildings have registered to use the rating system and the property management community is one of its largest audiences."

Managers register buildings online, pay a small fee and are allowed access to a property management tool that lists credit areas and requirements. Making the upgrades that lead to certification can take as long as two years. By reducing water and energy consumption, switching to greener cleaning chemicals and changing some purchasing procedures, a number of certified buildings have been able to reduce their operating expenses by \$1- to \$1.50-per square foot, Gatlin said.

For the past 18 months, one of the goals at Transwestern, AMO, a third-party management company headquartered in Houston, has been to wrap its operations around the latest LEED for Existing Buildings practices, said Al Skodowski, senior vice president, director LEED and

sustainability for Transwestern Sustainability Services. Transwestern plans to apply LEED practices wherever possible, including in buildings that have received LEED certification and in properties that may never be eligible. If all goes as planned, barring changes of ownership, Transwestern hopes to have nearly 100 buildings certified by the end of 2009.

"This is probably the single largest amount of work and the most complex project I've ever had in my career [in order] to put all the pieces together and get everyone to march in the same direction," Skodowski said. "But the environmental benefits add up quickly and don't cost much."

Green Globes (www.greenglobes.com)

Green Globes is a building, environmental design and management tool that provides an online assessment protocol and rating system, along with guidance for green building design, operation and management. It is interactive, flexible and affordable, and provides market recognition of a building's environmental attributes through third-party verification.

National Green Building Standard (www.nahbgreen.org)

Approved in January 2009 by the American National Standards Institute (ANSI), the National Green Building Standard offers support for managers of multihousing properties. Co-sponsored by the National Association of Home Builders (NAHB) and the International Code Council (ICC), the standard covers all residential buildings including the multihousing and residential portions of mixed-use projects. Unlike other green building programs, it has no certification element. Written in code language, it is meant to be administered and enforced by state and local code officials through existing building codes.

Although the standard is only designed for new construction, the National Multi Housing Council (NMHC) has told its members that the standard could be used as a tool to provide guidance on how to improve their existing properties. NMHC has not made a decision about whether it will use the new standard as a basis for creating a specific certification standard for existing buildings.

"We are interested in what we can provide for members with existing buildings," said Paula Cino, NMHC director of energy and environmental policy. "We don't know if a standard is the right vehicle for this, but it is something we are definitely looking into."

IN THE PIPELINE

In the near future, adopting sustainability measures will become more imperative for property managers. New rules on green house gas emissions are on the horizon, which means buildings will need to comply with stricter national regulations, said Andy Mangan, executive director of the U.S. Business Council for Sustainable Development in Austin, Texas.

Surging populations also will create a need for sustainability measures. According to the United Nations, the world population will exceed 9 billion in 2075, up from 6.7 billion in 2009.

"People around the world are using more energy than ever before," Mangan said. "So there will be greater competition for the resources that are out there, and that will continue to grow."

More demand for resources means higher energy prices down the road, and subsequently, higher operating costs for buildings. However, by managing energy use efficiently, property managers can cut increasing costs and meet the growing tenant demands for green spaces.

"[Sustainability] isn't just good for the environment," Sheehy said. "It's a better way of doing business." ■



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**SUCCESS SERIES 2009
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“aloha”

IN THE HAWAIIAN LANGUAGE MEANS AFFECTION, LOVE, PEACE, COMPASSION, MERCY AND GOODBYE. IT ALSO MEANS HELLO. WHEN YOU ARRIVE IN HAWAII FOR THE CCIM & IREM SUCCESS SERIES 2009 IN OCTOBER, you will undoubtedly be greeted by countless alohas, warmly welcoming you to one of the most colorful and exciting cities in tropical paradise.

Honolulu is Hawaii's center of art, history and culture. Located on the third largest Hawaiian island of Oahu, you will find historic buildings, museums and royal palaces just blocks away from a vibrant downtown and the Hawaii Convention Center, where Success Series will take place.

While you are in Honolulu you should take the opportunity to immerse yourself in the history and culture. Take a walk and visit Iolani Palace, the only royal palace on U.S. soil, or peruse local galleries at the Honolulu Academy of Arts. If you are feeling adventurous, take a short drive out to the Nuuanu Pali Lookout for a panoramic view of the Koolau Mountains.

There are many sights and activities to enjoy during your stay. Here are some you should consider:

ALOHA TOWER Aloha Tower was built in 1926 to hail the visitors at Honolulu Harbor, since travel to the Islands at that time was done entirely by sea. For four decades, it was the tallest building in all of Hawaii. When the Aloha Tower clock was installed in 1926, it was one of the largest clocks in the United States. Visit the Observation Deck, located on the 10th floor of Aloha Tower, to experience beautiful views of the harbor. For more information, visit www.alohatower.com.

BISHOP MUSEUM The Bishop Museum is Hawaii's museum of natural and cultural history. It was originally designed to house the extensive collection of Hawaiian artifacts and royal family heirlooms of Princess Bernice Pauahi Bishop. The Museum has since expanded to include millions of artifacts, documents and photos about Hawaii and other Pacific cultures. Daily programs allow visitors to discover more about Hawaiian and Polynesian cultures through live, interactive presentations and exhibit tours. Planetarium shows feature Polynesian

hawaii

skies and the stars that voyagers used as navigation tools to sail the Pacific. In the new Science Adventure Center, visitors can experience Hawaii's unique natural environment. Control volcanic eruptions, pilot a deep sea rover and see lava-melting demos! Visit www.bishopmuseum.org for more information.

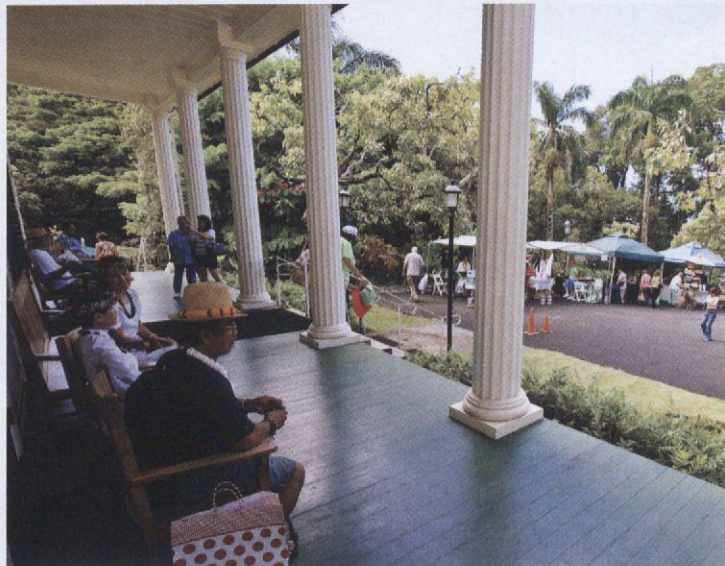
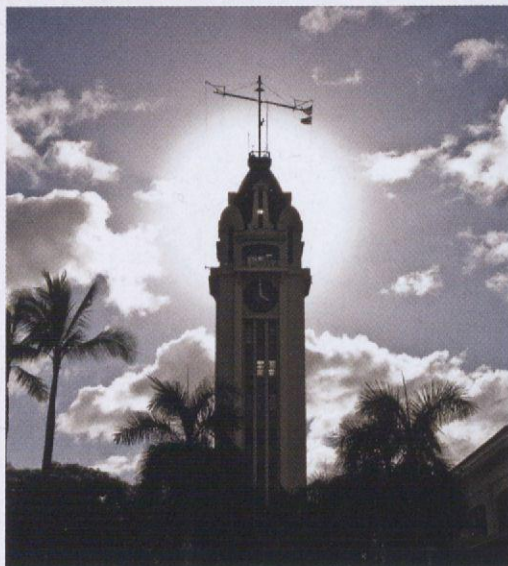
CHINATOWN Chinatown is a colorful marketplace alive with lei stands, bustling markets and hole-in-the-wall restaurants. You can bargain hunt through Chinatown's open markets or stroll down Maunakea Street to pick out a lei. On Tuesdays from 9:30 a.m. to 12:00 p.m., take a guided tour of Chinatown's colorful shops and eateries led by the Chinese Chamber of Commerce. Visit www.chinesechamber.com for more information.

HAWAII THEATRE Built in 1922 as a showplace for vaudeville, plays, musicals and silent films, the Hawaii Theatre re-opened its doors in April 1996 as a multi-purpose state-of-the-art performance center for all of Hawaii to enjoy. The theatre is listed on both the State and National Registers of Historic Places. For more information, visit www.hawaii-theatre.com.

Hawaii Convention Center The Hawaii Convention Center combines the modern requirements of a state-of-the-art meeting facility with the beauty, comfort and culture that are uniquely Hawaii. The site was selected for its proximity to 10,000 committable hotel rooms. It is conveniently located 7.5 miles east of the Honolulu International Airport, 4 miles west of Central Honolulu, and about a mile from Waikiki Beach.

HONOLULU ACADEMY OF ARTS The Honolulu Academy of Arts was chartered in 1922 by Mrs. Charles Montague Cook (Anna Rice), who desired to share her love for the arts with the children of Hawaii. Since the doors opened on April 8, 1927, the Academy has steadily grown to become Hawaii's largest private presenter of visual arts programs, boasting a permanent collection of over 38,000 works of art from cultures around the world. On Tuesdays and Sundays, explore the galleries, then enjoy a relaxing cup of tea from 2:30 p.m. to 4:00 p.m. during the academy's free "Tour and Tea." Visit www.honoluluacademy.org for more information.

IOLANI PALACE Enjoy a guided tour of one of Honolulu's most honored landmarks, and the only royal palace on U.S. soil, Iolani Palace. Journey through the times of happiness and tragedy of King Kalakaua and Queen Liliuokalani as you view their two-story



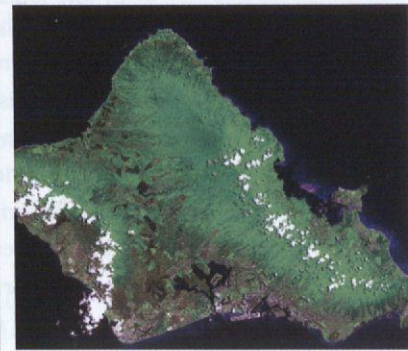
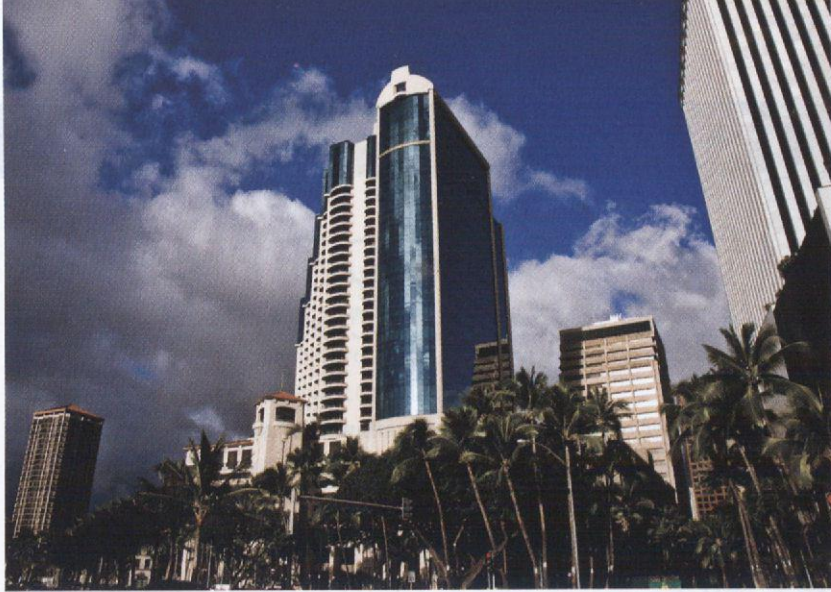
American Florentine-style palace. Visit www.iolani palace.org for more information.

QUEEN EMMA'S SUMMER PALACE Visit the secluded summer retreat of Queen Emma, King Kamehameha IV and their son, Prince Albert. Following the tragic death of the 4-year-old prince in 1862 and the king in 1863, Hawaii's queen lived a life of mourning at the Summer Palace. Royal antiques and furnishings stand in their original places, including the koa wood cradle of Prince Albert and gifts from his godmother, Queen Victoria. Visit www.daughtersofhawaii.org/summerpalace for more information.

NUUANU PALI LOOKOUT Just north of Queen Emma's Summer Palace, the Nuuanu Pali Lookout offers one of Oahu's finest views of the sheer Koolau cliffs. Perched 3,000 feet above the Oahu coastline is the site of the battle of Nuuanu, where in 1795 Kamehameha I won the struggle that finally united the Hawaiian islands under one rule.

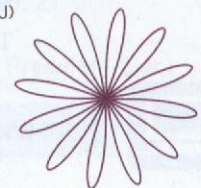
STATUE OF KING KAMEHAMEHA Directly across from Iolani Palace, at the entrance of Alilolani, Honolulu's judiciary building, King Kamehameha I is immortalized in bronze. Every June 11th (Kamehameha Day) Hawaiians drape dozens of 30-foot fresh flower leis on this landmark to honor him.

Aloha, IREM Members! Now is the time to start planning for CCIM & IREM Success Series 2009 in Hawaii! The annual conference takes place October 16 – 17 at the Hilton Hawaiian Village in Honolulu. With less than six months before this unique networking event, make sure the opportunity doesn't pass you by. Register today! To find out more about Success Series 2009, visit www.ccimiremsuccessseries.com.

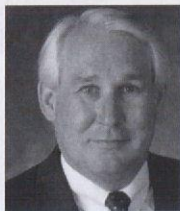


[CLOCKWISE, OPPOSITE PAGE] Business District in Downtown Honolulu. Bishop Street, Tamarind Park & Financial Plaza of the Pacific. PHOTO © HAWAII TOURISM AUTHORITY (HTA) / CHUCK PAINTER • Hula dancer and Royal Hawaiian band playing in front of Iolani Palace, for the Aloha Festivals celebration. • View of the craft fair taking place on the grounds of Queen Emma's summer palace in Nuuanu. • Aloha Tower PHOTOS © HAWAII TOURISM AUTHORITY (HTA) / TOR JOHNSON

[CLOCKWISE, ABOVE] Downtown Honolulu office buildings • Statue of King Kamehameha I - First Monarch of Hawaii, fronting Aliioli Hale • Pau riders and horses adorned with intricate leis. PHOTOS © HAWAII TOURISM AUTHORITY (HTA) / TOR JOHNSON • This 60 by 50 kilometer (37 by 31 mile) scene from the Advanced Spaceborne Thermal Emission and Reflection Radiometer (ASTER) instrument on NASA's Terra satellite shows almost the entire island of Oahu, Hawaii. • The coronation ceremony stand in Iolani Palace. This is where the coronation ceremony for King Kalakaua and Queen Kapiolani took place. PHOTOS © HAWAII TOURISM JAPAN (HTJ)



KNOW YOUR IREM CODE OF PROFESSIONAL ETHICS *Article 8. Managing the Assets of the Client*



CRAIG L. CARDWELL, CPM®
(CCARDWELL@EDRTRUST.COM), IS EXECUTIVE VICE PRESIDENT OF EDUCATION REALTY TRUST, INC. AND THE PRESIDENT OF ALLEN & O'HARA EDUCATION SERVICES, INC. IN MEMPHIS, TENN.

A MEMBER shall exercise due diligence in the maintenance and management of the client's assets and shall make all reasonable efforts to protect it against all reasonably foreseeable contingencies and losses.

The current recession has become a sensitive issue for many clients and tenants. When it comes to handling their money or assets, what is reasonable has climbed to new heights. Clients and tenants often expect more than due diligence from property managers; they expect perfection. This perception makes it vital that you match up the client's vision of what we do, to what we actually do. There are three methods of accomplishing this:

SHARE MANAGEMENT PRACTICES

First, hold regular meetings with clients to describe and identify the property management practices in place that protect the client's assets. Offer this information as part of a routine client agenda in small bites so it is a continuous exercise. Topics should include banking and cash management, segregation of funds, loss-prevention management, security controls and the long list of other major systems and procedures in place. Make sure you give plenty of opportunity for the client to ask questions and offer suggestions regarding your management practices. By affording the fullest opportunity for the client to learn what we do, and why we do things a certain way, you can give clients a "street level" view of our business. These meetings will also allow for an exchange of ideas on possible improvements.

STATE OF THE ASSET MEETING

This method of educating the client is often

tied to the annual budget, marketing or capital planning meeting for an asset. During this meeting, your systems, procedures and controls should be woven in to the presentation when they are relevant to the topic. The purpose is to elevate transparency, to enhance the discussion by providing the means and methods of execution by the manager, and to produce meaningful exchanges. Often, "state of the asset" meetings are strategic in nature. This does not mean practical policies, procedures and systems should be downplayed. Rather, this is precisely the venue to point out and discuss how your duties are executed.

POLICY AND PROCEDURE UPDATES

Despite their importance, many clients and owners may show little interest in your asset/property management policies, systems and procedures. Most want a copy of the policy book on DVD or to download, but often this is a checklist item that ends up in a file somewhere. It is never read until something goes awry. A way to overcome this disinterest is to engage the client each time there is a policy or procedure update. The client will be educated over an extended period of time, while you highlight the importance of the procedure and its update. This communication will help the client buy in to your efforts to protect foreseeable assets.

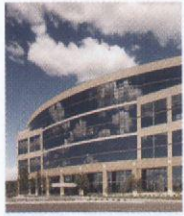
Managing clients' assets well in today's economy requires more than just a nuts and bolts approach. Communicating through a clear and open framework that explains policy and systems, and invites discussion, can produce an excellent avenue to jointly understand due diligence and what is reasonable.



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TO VIEW THE IREM ETHICS PAGE

awards & recognition



OPUS NORTHWEST MANAGEMENT, AMO®, achieved a first for Minnesota when its Crescent Ridge Corporate Center I in Minnetonka, Minn., received the Leadership in Energy and Environmental Design for Existing

Buildings (LEED-EB) Gold certification for a multi-tenant building from the U.S. Green Building Council (USGBC). LEED-EB recognizes that the management of the property has committed to ongoing and continuous measurement and documentation of its operational effectiveness while minimizing the environmental impact of the property.

Crescent Ridge Corporate Center I emits 50 percent less carbon emissions than standard buildings and is the first multi-tenant property in Minnesota to receive LEED-EB.

“Crescent Ridge is a testament to Opus’ dedication to sustainability and making a positive difference with our properties,” said Mike Dwyer, CPM®, senior vice president and national director of property management for the Opus Group. “It will be the gold standard that guides our practices as we continue to focus on sustainable property management.”

CB RICHARD ELLIS, AMO has been awarded the U.S. Environmental Protection Agency (EPA) 2009 Partner of the Year Award for the second year in a row. This is also the second consecutive year in which CB Richard Ellis is the only commercial real estate firm to receive the award.

The award honors CB Richard Ellis for outstanding management and greenhouse gas emission reduction, and recognizes the company’s efforts to use energy efficiently in facility operations and to integrate energy management into overall organizational strategy. Award winners were selected from more than 12,000 organizations that participate in the ENERGY STAR program.

“We are again greatly honored to be recognized by the U.S. EPA,” said David Pogue, national director of sustainability and head of the CB Richard Ellis’ green initiative in the Americas region. “Sustainability is a core value of CB Richard Ellis and we rely on U.S. EPA ENERGY STAR as a key partner in our efforts to improve our workplace environments.”



ON THE ROAD

MAY 6

South Carolina Chapter No. 72

Location: Columbia, S.C.

Visiting Officer: Jay Windsor, Senior Vice President

MAY 12

Fort Worth Chapter No. 103

Location: Fort Worth, Texas

Visiting Officer: Mike Lanning, Senior Vice President

MAY 19

Inland Northwest Chapter No. 49

Location: Spokane, Wash.

Visiting Officer: Randy Woodbury, President-Elect

MAY 21

Kansas City Chapter No. 15

Location: Kansas City, Mo.

Visiting Officer: Ron Goss, Secretary/Treasurer

JUNE 4

Edmonton Chapter No. 54

Location: Edmonton, Alberta, Canada

Visiting Officer: Randy Woodbury, President-Elect

JUNE 5

Orange County Chapter No. 91

Location: Orange County, Calif.

Visiting Officer: Pam Monroe, President

JUNE 17

Southern California Inland Empire Chapter No. 106

Location: Grand Terrace, Calif.

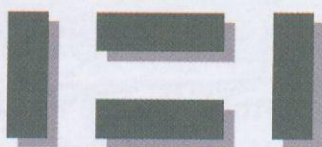
Visiting Officer: Randy Woodbury, President-Elect

JUNE 26

San Francisco Bay Area Chapter No. 21

Location: San Francisco

Visiting Officer: Randy Woodbury, President-Elect



Building Solutions Since 1952

HOLLADAY PROPERTIES

COMPANY HEADQUARTERS LOCATION South Bend, Ind.

NUMBER OF EMPLOYEES 250

DATE THE COMPANY BECAME AN AMO FIRM June 1, 1990

COMPANY WEB SITE www.holladayproperties.com

TIMOTHY A. BAKER, CPM®, IS THE EXECUTIVE VICE PRESIDENT IN CHARGE OF ASSET MANAGEMENT FOR HOLLADAY PROPERTIES, AMO®. His primary responsibilities include maximizing Holladay's value to its tenants, maintaining Holladay's assets in superior condition and providing quality returns to property owners through support of the property management function and direction of marketing activities for existing properties.

Baker has worked for Holladay since 1996. He is a past president of IREM Northern Indiana Chapter No. 100 and is a licensed real estate broker in Indiana.

JPM talked to Baker about his company and the AMO accreditation.

HOLLADAY PROPERTIES HAS GROWN AND DIVERSIFIED SINCE IT ORIGINALLY STARTED CONSTRUCTING SINGLE-FAMILY TRACT HOUSING. WHAT HAS ALLOWED HOLLADAY TO EFFECTIVELY EXPAND SINCE 1952?

From its beginning, Holladay Properties has operated with an entrepreneurial spirit. By creating and nurturing a team environment and thinking outside the box, Holladay has taken advantage of opportunities, and focused on quality construction and a commitment to the best in customer service in order to meet and exceed tenants' needs and expectations.

WHAT WOULD YOU CONSIDER TO BE HOLLADAY'S GREATEST VALUE TO TENANTS?

It is definitely the Holladay staff. Our staff is involved with all of our tenants. From the inception of a new building project through move-in, or the leasing of a space to a small start-up company, our focus is always

the tenant's comfort and success. Our in-house services provide a full staff of trained professionals to care for tenants' needs—construction/design, maintenance, janitorial and grounds. The tenant's comfort is always our number one priority.

WHAT ARE THE BENEFITS OF BEING ASSOCIATED WITH IREM AS AN AMO FIRM?

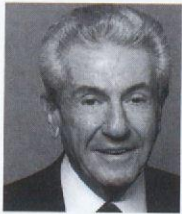
Through our professional relationship with IREM, our staff has the opportunity to grow through the education and wealth of information available. The relationships developed in working with our peers in the real estate and property management field, and the shared experience and friendships developed and maintained through IREM chapters are an important part of our success.

THE CORE OF HOLLADAY PROPERTIES DEVELOPMENT IS LONG-TERM, MASTER-PLANNED COMMUNITIES. WHAT IS THE OUTLOOK FOR THESE MIXED-USE DEVELOPMENTS, GIVEN THE CURRENT ECONOMY?

Holladay has the ability to take advantage of what some might perceive as obstacles and offset those obstacles with our 50-plus years of experience. Mixed-use development means more consumers. With our history of success in industrial parks, medical facilities, commercial/office and residential sites, Holladay offers a proven track record built on our ability to bring developments to a successful completion. Holladay has been through several economic downturns in our industry. Through our leadership team and the commitment of our staff to providing the quality product and services we are known for, Holladay Properties looks forward to serving the needs of our community well into the future. ■

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.

IN MEMORIAM:



ALLEN J. BLOCK, CPM®

Allen J. Block, CPM, 93, passed away on January 19, 2009. Block was the founder and chairman of the board of Block & Company, Inc., REALTORS, in Prairie Village, Kan. He entered the

real estate business in 1936 and acquired The Werby Realty & Investment Company in 1940. He served as president and director of the Building Owners and Managers Association (BOMA) of Kansas City and was a director of the National Association of REALTORS. "Mr. Allen," as he was known to all the employees at his company, was very involved in social and philanthropic activities as well as in the real estate community. He was a real estate mentor and enjoyed teaching throughout his career. He was greatly respected by his peers and will be deeply missed.

RHETA WILLIAMS, CPM



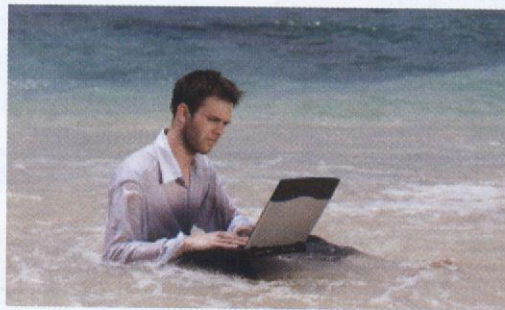
Rheta Williams, CPM, and her husband Dan passed away on February 12, 2009 in a small plane crash outside of Houston. Williams was vice president and director of property management with Schlosser Development

Corporation in Austin, Texas. She had over 20 years of commercial real estate experience working with developers, national clients and entrepreneurs.

Those who knew Rheta know how gracious she was and how much she cared for the Institute. Before her death she was serving as 2009 IREM Region 7 Vice President, covering Texas and Oklahoma. Williams earned the CERTIFIED PROPERTY MANAGER (CPM) designation from IREM in 1999 and was long active in the IREM Austin Chapter No. 61, where she served as chapter president in 2003. In 2006 Williams received the chapter's "CPM of the Year" award.

The Austin Chapter has created a page on their Web site to write messages and share memories of Rheta with her family at www.iremaustin.org/rhetawilliams tribute.asp.

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IREM Institute of Real Estate Management



INSIDE IREM COURSE LISTINGS

MAY

ETH800	May 1	Portland, Ore.
ASM603	May 4-5	New Orleans
ASM603	May 4-5	Atlanta
ASM603	May 4-5	Boca Raton, Fla.
CID201	May 4-8	Scottsdale, Ariz.
MNT402	May 4-5	Albuquerque, N.M.
MPSAXM	May 4-7	San Diego
ASM604	May 6-7	New Orleans
ASM604	May 6-7	Atlanta
ASM604	May 6-7	Boca Raton, Fla.
FIN402	May 6-7	Albuquerque, N.M.
FIN402	May 7-8	Southfield, Mich.
RES201	May 7-9, 14-16	Dorchester, Mass.
ETH800	May 7	San Antonio
ASM605	May 8	New Orleans
ASM605	May 8	Atlanta
ASM605	May 8	Boca Raton, Fla.
CPM001	May 8	San Diego
ETH800	May 8	Overland Park, Kan.
CPMEXM	May 8	San Diego
MNT402	May 11-12	Oakbrook, Ill.
MNT402	May 11-12	Washington, D.C.
MPSAXM	May 11-14	Pittsburgh
MPSAXM	May 11-14	Bartlett, Tenn.
MPSAXM	May 11-14	Houston, TX
MKL405	May 12-13	Hartford, Conn.
MNT402	May 12-13	Los Angeles
ETH800	May 13	Orange County, Calif.
FIN402	May 13-14	Oakbrook, Ill.
FIN402	May 13-14	Washington, D.C.
MKL406	May 13-14	Kansas City, Mo.
ETH800	May 14	Tucson, Ariz.
FIN402	May 14-15	Los Angeles
HRS402	May 14-15	Hartford, Conn.
CPM001	May 15	Pittsburgh
CPM001	May 15	Bartlett, Tenn.
CPM001	May 15	Houston
ETH800	May 15	Washington, D.C.
CPMEXM	May 15	Pittsburgh
CPMEXM	May 15	Bartlett, Tenn.
CPMEXM	May 15	Houston
ASM603	May 18-19	Quincy, Mass.

ASM603	May 18-19	Austin, Texas
HRS402	May 18-19	New York
MNT402	May 18-19	Denver
MPSAXM	May 18-21	Birmingham, Ala.
RES201	May 18-23	Fishers, Ind.
MKL406	May 19-20	Addison, Texas
ASM604	May 20-21	Quincy, Mass.
ASM604	May 20-21	Austin, Texas
MKL405	May 20-21	New York
MKL406	May 20-21	Minneapolis
HRS402	May 21-22	Addison, Texas
ETH800	May 21	Columbus, Ohio
ASM605	May 22	Quincy, Mass.
ASM605	May 22	Austin, Texas
CPM001	May 22	Birmingham, Ala.
CPMEXM	May 22	Birmingham, Ala.

JUNE

HRS603	June 3	Chicago
BDM601	June 4-5	Chicago
ASM603	June 8-9	Orange County, Calif.
MKL405	June 8-9	San Diego
MKL406	June 8-9	San Diego
ASM604	June 10-11	Orange County, Calif.
HRS402	June 10-11	San Diego
RES201	June 10-12, 17-19	New Brunswick, N.J.
ETH800	June 11	Albuquerque, N.M.
ETH800	June 11	Boca Raton, Fla.
ASM605	June 12	Orange County, Calif.
ETH 800	June 12	Houston
ASM603	June 15-16	Sacramento, Calif.
FIN402	June 15-16	Denver
MPSAXM	June 15-18	Quincy, Mass.
RES201	June 15-20	Glendale, Calif.
ASM604	June 17-18	Sacramento, Calif.
ETH800	June 17	Wallingford, Conn.
ASM605	June 19	Sacramento, Calif.
CPM001	June 19	Quincy, Mass.
CPMEXM	June 19	Quincy, Mass.
MNT402	June 22-23	Addison, Texas
RES201	June 22-27	Erie, Penn.
FIN402	June 24-25	Addison, Texas
CMLEXM	June 26	Addison, Texas



FOR THE MOST UP-TO-DATE COURSE LISTINGS, PLEASE VISIT WWW.IREM.ORG/EDUCATION.

INTERNATIONAL

RES201	May 11-16	Edmonton, Canada	MKL406	June 12-13	Montreal
CPMEXM	May 28	Moscow	RES201	June 22-26	Toronto
HRS402	June 8-9	Montreal	BDM602	June 24-25	Moscow
MNT402	June 10-11	Montreal	MPSA01	June 26-27	Moscow

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 (international only)
- CPMEXM // CPM Certification Exam
- CPM001 // CPM Certification Exam Preparation Seminar
- ETH800 // Ethics for the Real Estate Manager
- EE800 // Real Estate Professional Ethics (international only)
- 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
- MPSAXM // Management Plan Skills Assessment
- RES201 // Successful Site Management

career moves

CB RICHARD ELLIS OF VIRGINIA, AMO®, has promoted



MALCOLM RANDOLPH to vice president. Randolph has over six years of experience in the commercial real estate industry with a primary focus on the marketing and leasing of both Class "A" office and flex buildings.

AARON WICKESBERG, CPM®, has been

named president of Reliant Real Estate Services in La Crosse, Wis. He has over 12 years of property management experience. Wickesberg will be responsible for developing a third-party management portfolio for the company.



DRUCKER & FALK, AMO recently announced the retirement of President and Chief Operating Officer RONALD B. MELVIN, CPM. Melvin has moved into the role of



chairman of the board of directors. Throughout his 36-year career with the firm, Melvin has served in various roles, including chief financial officer. James E. Ledbetter succeeded Melvin as president of Drucker & Falk.

"We have been very fortunate that Ron has shared both his talents and his calm and steady leadership presence with us," said WENDY DRUCKER, CPM, one of the firm's three managing partners.

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 "Rent Resolutions for a Weak Economy" by Richard Muhlebach, CPM®, from the March/April 2009 issue of *JPM* by going to the foreign language pages of the IREM Web site at www.irem.org.



español (Spanish)

Usted puede encontrar la traducción al español del artículo "Determinaciones de Arrendamiento en una Economía Débil"; por Richard Muhlebach en la publicación de Marzo/Abril 2009 de *JPM* www.irem.org/international/spanish/intro.cfm.



français (French)

Vous trouverez une traduction française de l'article «Revitaliser la location commerciale en période de crise» de Richard Muhlebach tiré du numéro de mars/avril 2009 de *JPM* sur la page française du site Web de l'IREM: www.irem.org/international/french/index.cfm.



Русский (Russian)

Перевод на русский язык статьи «Решение проблем аренды в условиях слабой экономики» (автор Ричард Мулебах) из выпуска Журнала по управлению недвижимостью (*JPM*) за март-апрель 2009 года можно найти на русскоязычной странице сайта Института IREM по адресу: www.irem.org/international/russian/index.cfm.



wersja polska (Polish)

Polskie tłumaczenie artykułu „Najem nieruchomości komercyjnych w dobie kryzysu” Richarda Muhlebacha z marcowo-kwietniowego wydania *JPM* (2009) znaleźć można na polskich stronach internetowego serwisu IREM www.irem.org/international/polish/index.cfm.



português (Portuguese)

Você pode encontrar a tradução em Português do artigo "Dicas de Como Alugar durante a Recessão Econômica" de Richard Muhlebach referente a edição de Março/Abril 2009 do *JPM* yendo a la página de la lengua española del sitio web de IREM: www.irem.org/international/Portugese/index.cfm.



한국어 (Korean)

JPM 2009년 3/4월 호에 게재된 Richard Muhlebach 씨의 "경기가 나쁠 때의 임대료 유지책 (Rent Resolutions for a Weak Economy)" 기사를 IREM 웹 사이트, www.irem.org/international/korean/index.cfm 의 한국어 웹 페이지에서 한국어로 검색하실 수 있습니다.



日本語 (Japanese)

JPM 2009年3-4月号のリチャード・ミュールバック著、「不況時の家賃問題解決策」の日本語訳は、IREMウェブサイト www.irem.org/international/japanese/index.cfm でご覧になれます。



中文 (Chinese)

进入IREM网站的中文网页 www.irem.org/international/Chinese/index.cfm, 您可以找到登在《资产管理期刊》(*JPM*) 2009年3-4月号上的“经济疲软时期的租赁对策”(作者理查德·穆尔巴赫)一文的中文翻译。



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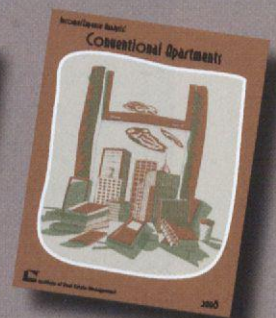
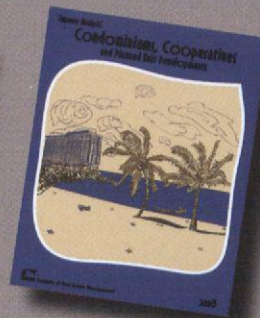
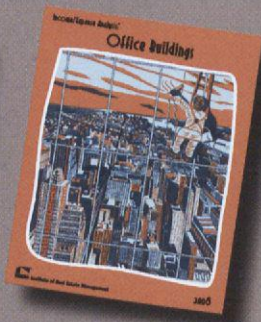
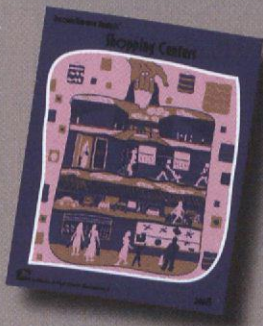
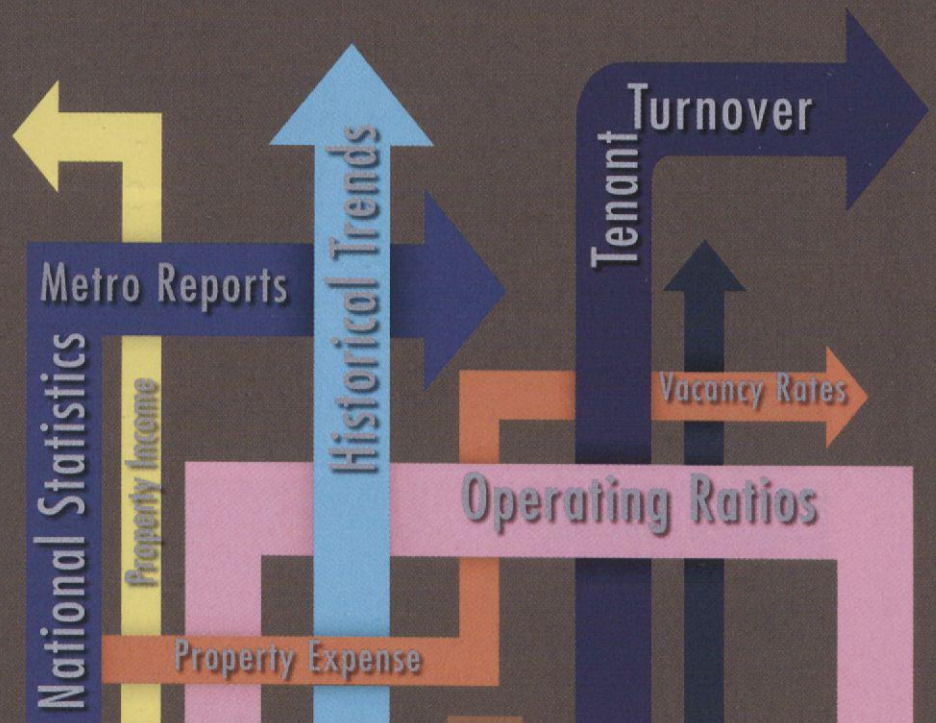
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IREM AND IREM FOUNDATION TRAIN VETERANS Special Grant Provides Professional Growth Opportunity

The Institute of Real Estate Management (IREM) and the IREM Foundation, aided by financial support from Yardi Systems and the REALTORS® Commercial Alliance (RCA) of the National Association of REALTORS®, funded professional development grants for 17 U.S. veterans who attended a one-week IREM course, "Successful Site Management (RES201)," in Chicago this past February. The grant included transportation to and from Chicago, lodging sponsored in part by Swissôtel Chicago, and one year of IREM Associate Member dues. The course addressed all aspects of managing residential properties—including affordable and student housing—and provided participants with the skills they need to get jobs as residential site managers, leasing agents and assistant property managers.

Seasoned IREM faculty members Joe Greenblatt, CPM®, of San Diego Chapter No. 18, and Marlene Dau, CPM®, of Chicago Chapter No. 23, conducted the course. IREM Officers Pam Monroe, CPM; Randy Woodbury, CPM; Ron Goss, CPM; and IREM Foundation Vice President Ed Boudreau, CPM, joined the attendees and IREM staff at a networking dinner funded in part by Harry Caray's Restaurant. Grant recipients shared with the officers their personal experiences about how this grant will provide opportunities for them to develop new careers in the real estate management industry. In a version of IREM "speed dating," the officers rotated among the tables to share career planning tips and to answer questions about growing a career in the industry.

Leading up to this course offering, IREM and the Professional Housing Management Association (PHMA) established an informal partnership in which PHMA helped to publicize and identify candidates for the grants. The IREM Foundation, through its grants and scholarship committee, then selected grantees. A special video introducing several of the participants, who share their excitement about pursuing a career in real estate management, is available for viewing on the IREM Web site at www.irem.org.



[TOP TO BOTTOM] GREG PETERSON (RIGHT) CHATS WITH MARLENE DAU, CPM, DURING A CLASS BREAK.

MARLENE DAU, CPM, WORKS WITH CLASS PARTICIPANTS DURING A SESSION AT THE SWISSÔTEL.

TRAVELING TO DINNER AT HARRY CARAY'S RESTAURANT ARE [FROM FRONT TO BACK] MARLENE DAU, CPM; SALVADOR GRACIA; AL WILLIAMS; FRED TRESSLER; JIM SCOTT; JIM LORD; JOE GREENBLATT, CPM; AND JACKSON BERRY, CPM CANDIDATE.


IREM FOUNDATION
INSTITUTE OF REAL ESTATE MANAGEMENT

75th Anniversary Veterans Initiative Class

Anthony Arrington	Moreno Valley, Calif.
Jackson Berry, CPM Candidate	Grand Junction, Colo.
Blaine Cleckley	Key West, Fla.
Victoria Diggs	Bossier City, La.
Curtis Evans	Brighton, Mich.
Salvador Gracia	Fajardo, Puerto Rico
Wayne Grajczyk	Murrita, Calif.
Priscilla Harris	Eaton Rapids, Mich.
James E. Lord, Jr.	Waynesville, Mo.
Teresa Nelson	Detroit
Henry Gene Pauling	Killeen, Texas
Greg Peterson	Moore, Okla.
Jimmy Scott	Evans, Ga.
Fred C. Tressler, Jr.	Fort Leonard Wood, Mo.
Albert (Al) Williams	Prince George, Va.
Michael-Jerome Williams	San Antonio
Lolita J. Worthy	Fort Leavenworth, Kan.

[TOP] FRONT ROW: LOLITA WORTHY; PRISCILLA HARRIS; TERESA NELSON; MARLENE DAU, CPM; AND VICTORIA DIGGS.

SECOND ROW: SALVADOR GRACIA, HENRY PAULING, FRED TRESSLER, JIM LORD, GREG PETERSON, MICHAEL JEROME WILLIAMS, AND JIM SCOTT.

THIRD ROW: BLAINE CLECKLEY; CURTIS EVANS; JOE GREENBLATT, CPM; WAYNE GRAJCZYK; AL WILLIAMS; ANTHONY ARRINGTON; AND JACKSON BERRY, CPM CANDIDATE.

THE VETERANS INITIATIVE CLASS AND GUESTS JOINED IN THE 11TH ANNUAL TOAST TO HARRY CARAY, JOINING CELEBRANTS FROM AROUND THE WORLD WHO REMEMBER THE SPORTS BROADCASTING ICON HARRY CARAY EACH YEAR. THIS PICTURE NOW HANGS AT THE FLAGSHIP HARRY CARAY'S RESTAURANT IN CHICAGO.

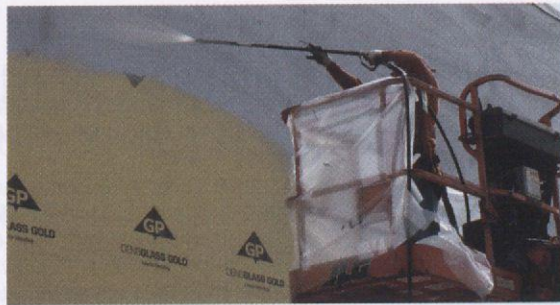


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AIR-SHIELD LMP from W. R. Meadows is a moisture barrier that cures to form a tough, seamless, elastomeric membrane to prevent air

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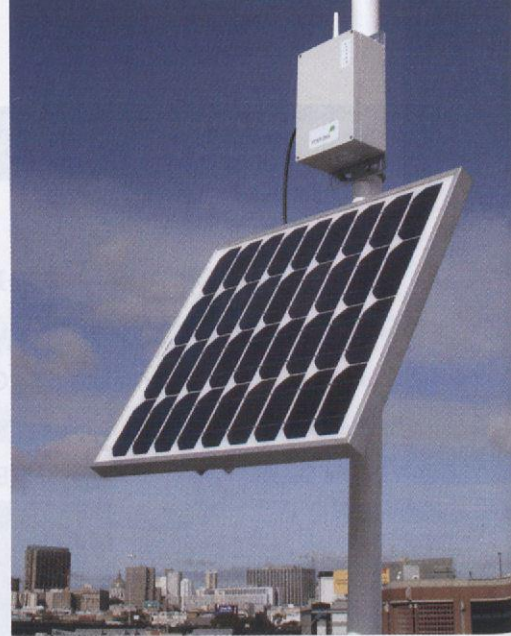
FROG FASTENER

Frog Tape is a patented masking tape with Paintblock Technology,

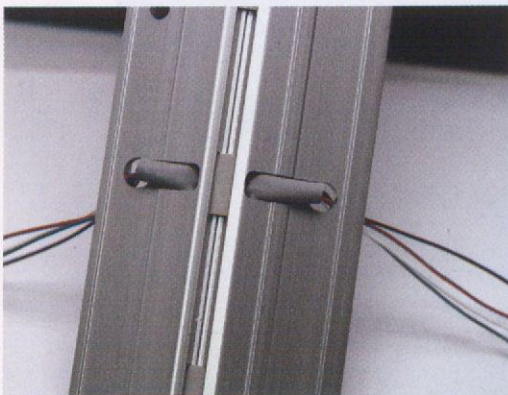
which creates a micro barrier along the edges of the tape. It prevents paint from bleeding and leaves clean lines with no need for retouching. Frog Tape is also resistant to tearing and has a 21-day interior clean release. Frog Tape also comes in its own reusable stay-fresh container that keeps the tape clean and ready to use. For more information on Frog Tape visit www.frogtape.com.

SOLAR POWERED SYNC UP

Meraki Solar is a self-powered WiFi mesh device. Powered by its own solar panel and solar-charged battery, the Meraki Solar is completely energy independent, making it ideal for providing WiFi coverage in hard-to-wire areas without easy access to power supplies. Each unit is completely self-contained and ready to mount on roofs, walls, poles and anywhere that receives sun exposure. Because Meraki Solar leverages a solar-powered battery; there is no need to touch the local electrical infrastructure. Outdoor wireless networks can be set up quickly in hard-to-wire areas and without support from third-party electricians. For more information on Meraki Solar visit www.meraki.com/solar.



HIGH-TECH HINGE SELECT Hinges' SL57 hinge is designed for retrofit applications on high-traffic doors. Ideal for repairing sagging doorways equipped with electrical devices, the SL57 hinge is a full-surface geared continuous hinge that fully conceals wiring to carry continuous electric current between the frame and the door. The SL57 hinge is performance-proven, enduring more than 25 million cycles in independent lab testing—equal to about 50 years of high-traffic use. SELECT backs its geared continuous hinges with a Continuous Warranty™. It covers any failure of its geared hinges under normal use with no expiration date. For more on the SL57 hinge visit www.select-hinges.com.



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CAN YOU TOP THIS?

Unbelievable or outrageous true stories about everyday experiences in real estate management

BY JENNIFER BAIAMONTE, CPM® | ILLUSTRATIONS BY PAUL LUKAS

LAST-MINUTE MISSION



JENNIFER BAIAMONTE, CPM, IS A PROPERTY MANAGER WITH DUKE REALTY CORP., IN COLUMBUS, OHIO.

Picture this....a brand new construction of luxury apartment homes with residents eager to move in. After falling behind schedule, the development company was finally ready to turn over the building to our management firm. We had already experienced a big delay in delivery of the first building and had disappointed many of our new residents. We knew we would face similar angry residents with any delays on this building.

It was the first snow of winter and we were getting ready for the next wave of move-ins.

The first residents were scheduled for a Saturday morning move for a second-story apartment. The construction staff had worked overtime and nearly had everything ready. It seemed we would finish on time. Then, on Friday afternoon, construction unexpectedly told us the concrete landing in front of the door was cracked so badly they had to re-pour it. They said the landing would be ready by the next morning when the residents arrived, but would still be too wet for the cleaning contractor to carry cleaning equipment across it.

It seemed we had no choice but to call the young couple and tell them they would have to wait another day to move in. When we called they were nearly hysterical. Their old apartment had been re-rented and they had to be out that day. They had all their friends ready to help with the move and couldn't get everyone together at another time. "We have nowhere else to go!" they pleaded.

After a team huddle with the construction superintendent and my staff, we decided we couldn't let these folks down. The cleaning contractor had already left for the weekend, so we went into action as darkness fell. Due to the

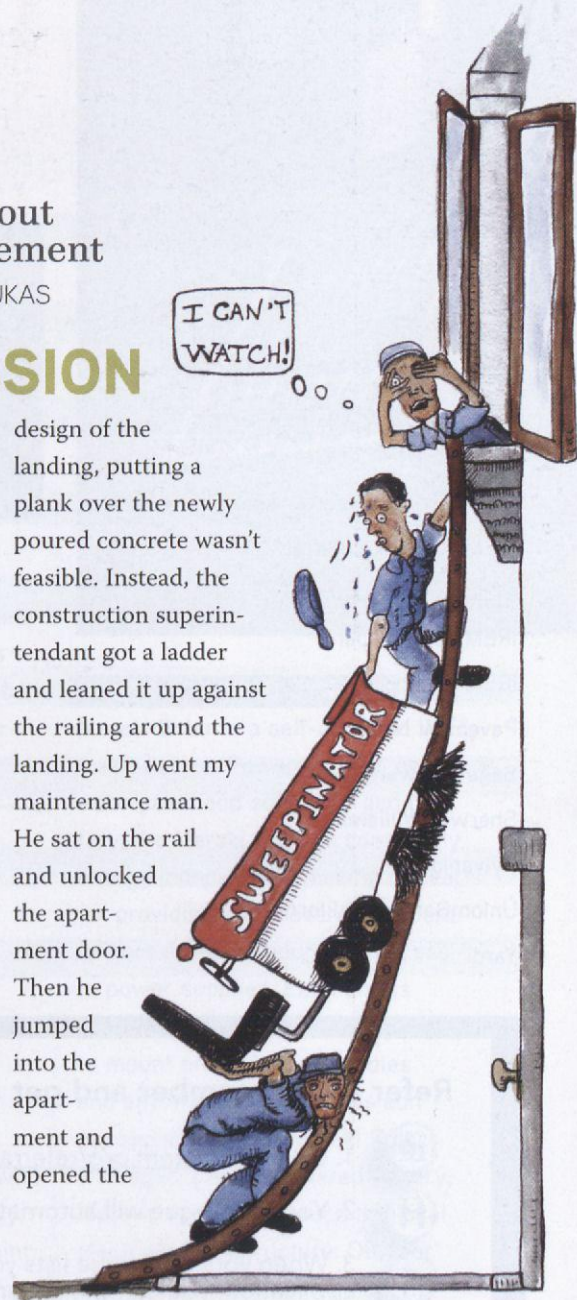
design of the landing, putting a plank over the newly poured concrete wasn't feasible. Instead, the construction superintendent got a ladder and leaned it up against the railing around the landing. Up went my maintenance man.

He sat on the rail and unlocked the apartment door. Then he jumped into the apartment and opened the

window. We moved the ladder to the window, secured it, then proceeded to haul all the cleaning equipment up the ladder and through the window. Our mission also included hauling floor lamps up the ladder, so we could see in the dark. We even managed to drag a commercial size sweeper into the apartment!

Once we were done, everything that had gone up the ladder had to come back down. By that time, everyone was tired, so some things actually came flying out the window!

Early the next morning, our new residents arrived and moved into their new apartment, happy as could be. Little did they know what a mad house it had been the night before.



» THINK YOU CAN TOP THIS TALE? SEND YOUR TRUE STORIES TO MARKISAN NASO AT MNASO@IREM.ORG.

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