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THE GLOBAL LINK FOR REAL ESTATE PROFESSIONALS

JOURNAL OF PROPERTY MANAGEMENT
MAR. APR. 2010

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SMART HIRES

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Industrial Warehouse Case Study

Overview:

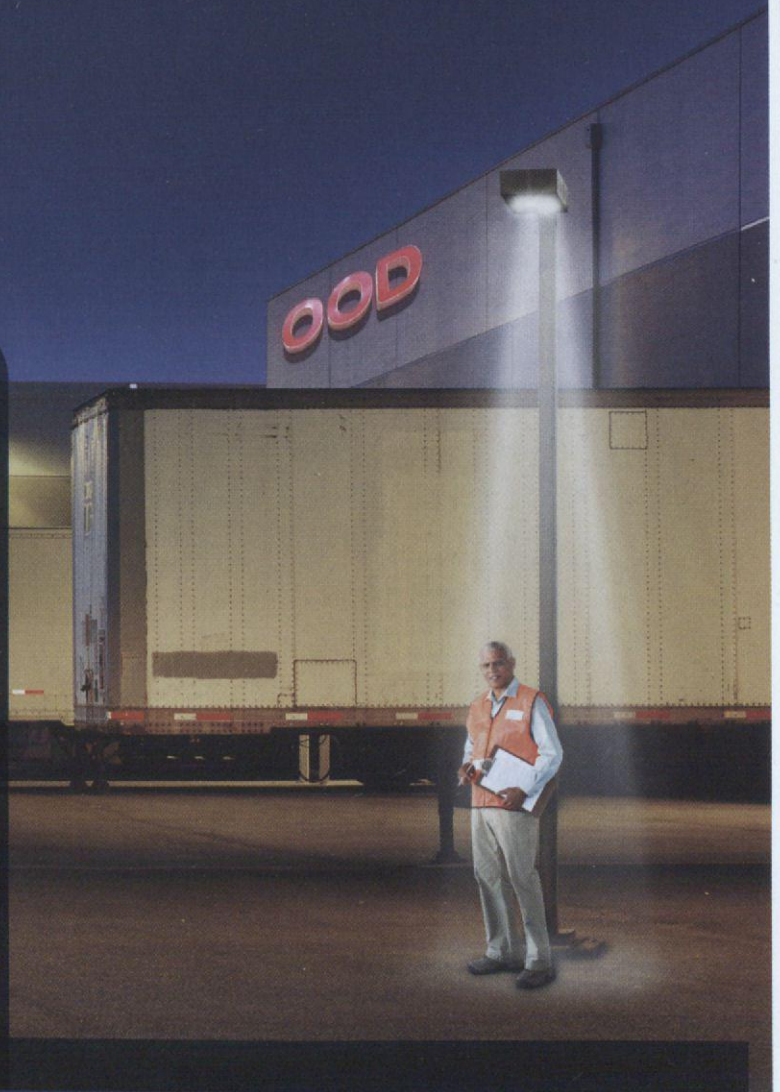
- Industrial warehouse and office operation
- Metal halide & T12 fluorescent lamps retrofitted to T5s
- Retrofitted 3,100 lighting fixtures

Financial Benefits:

- Yearly electric bill savings — \$97,000
- Utility rebates received — \$67,000

Environmental Benefits:

- Electricity savings — 1,226,862 kWh/yr
- Eliminates 8,248 lbs. SO₂
- Eliminates 2.3 million lbs. CO₂



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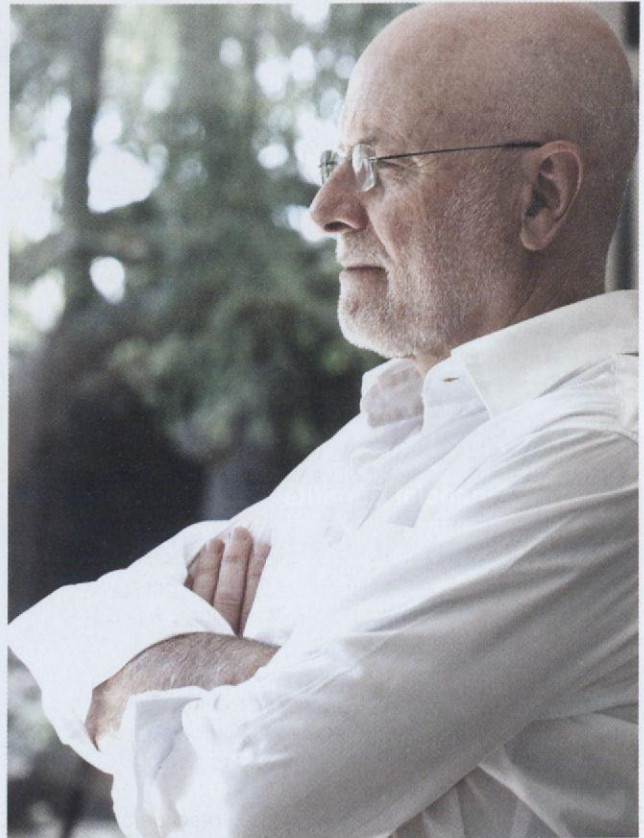
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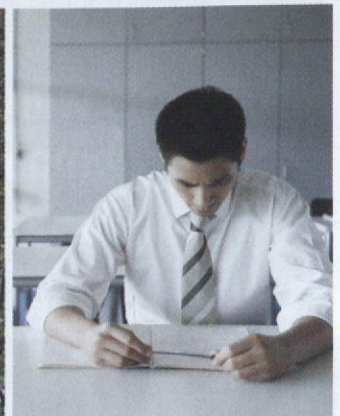
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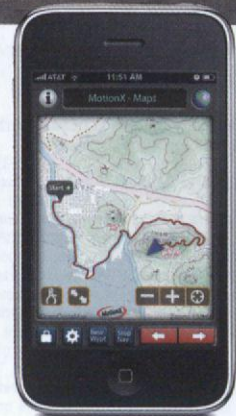
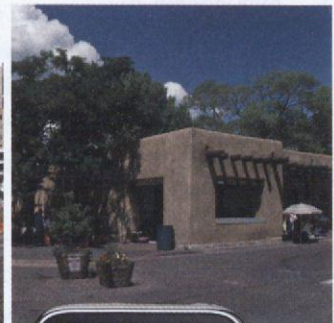
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SECRETARY/TREASURER | James A. Evans, CPM®

EXECUTIVE VICE PRESIDENT AND CEO
Russell C. Salzman, CAE, IOM | rsalzman@irem.org

EDITORIAL DIRECTOR
Tulie O'Connor | toconnor@irem.org

ASSOCIATE EDITOR
Markisan Naso | mnaso@irem.org

CIRCULATION
Diane Cole | dcole@irem.org

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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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A CHANGE IN SEASON

By now most of us are looking forward to spring and all the fresh ideas that come with a change in season. Winter may not be quite over but it's a good time to look at how the year is progressing and to re-evaluate the goals and plans we set forth just a few short months ago.

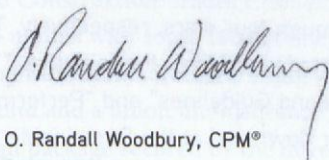
At the Institute, we had the opportunity in January to bring together our executive committee and IREM staff to review our goals and discuss what we believe will be the key strategic issues facing us in the years ahead. We came away with fantastic information and a refreshed direction for IREM that will be shared at our May 1-5 meetings in Washington, D.C. I know we will be in an even better position to serve our owners, tenants, residents and clients in the years ahead, while we also build stronger connections to one another through our IREM network.

As IREM Members, one of the ways we can help fulfill our first goal is through word-of-mouth marketing. Engaging with others in the industry about becoming part of the IREM family can only help make our institute bigger and better! You can even be rewarded for getting new members via our Member-Get-A-Member Rewards (www.irem.org/referral).

To see how we are addressing the challenges many of you face, just turn to the article, "Prepared to Present," on p. 40 and find out how to deliver great presentations to an owner for new business. Perhaps you're finding this is the time to focus on retooling your hiring practices. In the feature, "Mind Probe: Using Assessments to Screen Candidates" on p. 24 you will get the details on which screening and hiring tools should be put into play, and which ones you should forego.

In addition to *JPM* articles and many other resources available from IREM, I encourage you to take the opportunity to network with your peers and to meet your legislators at the annual IREM Leadership and Legislation summit in Washington, D.C., from May 1-5. If you haven't been to the Hill before, I can tell you it's an amazing experience.

Spring is a time of rejuvenation and growth, so let's welcome the new season by continuing to cultivate our plans and to work toward achieving our goals for 2010.



O. Randall Woodbury, CPM®
2010 IREM President



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FIRST INTEGRATED GREEN CONSTRUCTION CODE SET FOR 2010 DEBUT

The International Code Council (ICC), a non-profit membership association dedicated to building safety, fire prevention, energy efficiency and sustainable building construction and performance, is nearing completion on the first-ever integrated green code for traditional and high-performance commercial buildings. The International Green Construction Code (IGCC) is set for a public release in March.

The IGCC is designed specifically to integrate and coordinate with the other international codes already being enforced by governmental code officials at all levels. All 50 states and more than 20,000 U.S. jurisdictions use the international codes developed by the ICC for safety and sustainability. The international codes also serve as the basis for construction of federal properties around the world, and as a reference for many nations outside the United States.

» For more information about the IGCC visit www.iccsafe.org/igcc.



EPA RELEASES FINAL SPECIFICATION FOR NEW SINGLE-FAMILY HOMES

This specification by the U.S. Environmental Protection Agency (EPA) establishes the criteria for new homes labeled under the WaterSense program, and is applicable to newly constructed single-family homes and townhomes of three stories or less. The information provides builders and other industry professionals with the resources they need to design, build, inspect and earn the WaterSense label for a new home. To learn more, see the WaterSense Labeled New Homes fact sheet at www.epa.gov/watersense.

Sustainable Sites Initiative Releases New Landscape Rating System

A partnership of the American Society of Landscape Architects (ASLA), the Lady Bird Johnson Wildflower Center at The University of Texas at Austin and the U.S. Botanic Garden has released the nation's first rating system for the design, construction and maintenance of sustainable landscapes, with or without buildings.

The Sustainable Sites Initiative led by the partners developed the rating system out of four years of work by dozens of the country's leading sustainability experts, scientists and design professionals, as well as public input from hundreds of individuals and dozens of organizations.

The rating system works on a 250-point scale, with levels of achievement for obtaining 40, 50, 60 or 80 percent of available points, recognized with one through four stars, respectively. The rating system is part of two new reports issued from the Initiative, "The Case for Sustainable Landscapes and Guidelines" and "Performance Benchmarks 2009," both available for download at the Sustainable Sites Initiative at www.sustainablesites.org.



DISCUSS INDUSTRY NEWS WITH IREM MEMBERS AT

WWW.IREMFIRST.ORG



CHICAGO WORKERS MAY LEND \$170 MILLION TO RESTART 150-STORY BUILDING

The delayed construction on the Chicago Spire, a 150-story luxury residential tower planned for downtown Chicago, may get a boost from unionized construction workers looking for jobs. Construction workers in Chicago are trying to refinance and restart work on the Chicago Spire which stalled last year amid the financial crisis when funding dried up. The 2,000-foot residential tower would be the tallest building in North America.

Tom Villanova, president of the Chicago and Cook County Building and Construction Trades Council, which represents 24 unions with some 100,000 members, said the individual pension-fund directors, along with an AFL-CIO pension fund and a union life-insurance fund, are working on a loan package secured by the development site.

Plans call for the Spire to have nearly 1,200 units, more than are expected to be completed for the entire downtown area in 2010.

QUOTABLES

“All lasting business is built on friendship.”

-ALFRED A. MONTAPERT, AMERICAN AUTHOR

“Coming generations will learn equality from poverty, and love from woes.”

-KAHLIL GIBRAN, LEBANESE-AMERICAN POET

“I believe in the imagination. What I cannot see is infinitely more important than what I can see.”

-DUANE MICHALS, AMERICAN PHOTOGRAPHER

“Human beings, who are almost unique in having the ability to learn from the experience of others, are also remarkable for their apparent disinclination to do so.”

-DOUGLAS ADAMS, ENGLISH WRITER

“Why should society feel responsible only for the education of children, and not for the education of all adults of every age?”

-ERICH FROMM, AMERICAN PSYCHOLOGIST

“Because things are the way they are, things will not stay the way they are.”

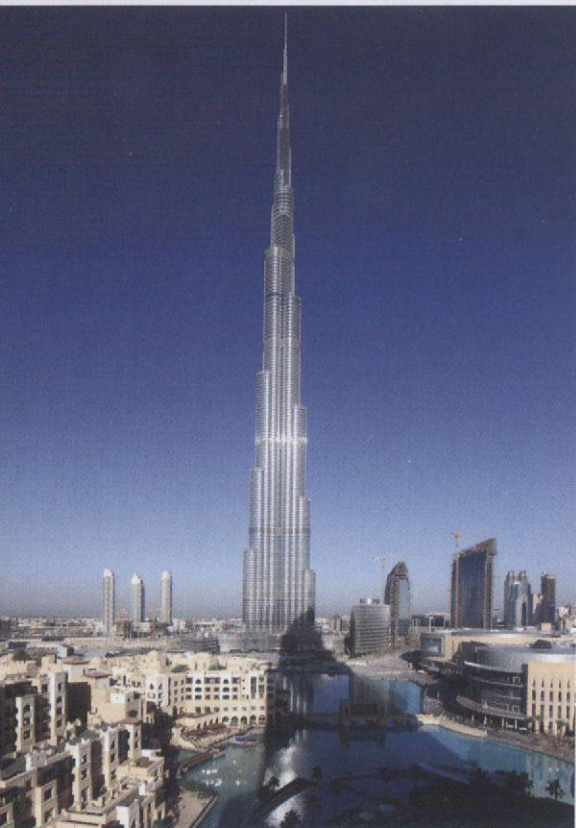
-BERTOLT BRÉCHT, GERMAN POET

“I’ve failed over and over and over again in my life and that is why I succeed.”

-MICHAEL JORDAN, AMERICAN ATHLETE

“Sometimes you have to look reality in the eye, and deny it.”

-GARRISON KEILLOR, AMERICAN WRITER



WORLD'S TALLEST SKYSCRAPER OPENS IN DUBAI

The world's tallest skyscraper officially opened in Dubai in January. At 282 meters, or 2,717 feet tall, the Burj Dubai is far taller than Taiwan's Taipei 101, which had been the world's tallest skyscraper at 1,670 feet. The developer of the newly opened tower said it cost about \$1.5 billion to build the colossal building. Billed as a "vertical city" of luxury apartments and offices, the Burj Dubai boasts four swimming pools, a private library and a hotel designed by Giorgio Armani.

» Visit www.burjdubai.com for more information.

NUMBER OF ENERGY STAR HOMES BUILT IN THE UNITED STATES PASSES 1 MILLION

The U.S. Environmental Protection Agency (EPA) recently reached a milestone for the Energy Star program by passing the 1 millionth Energy Star qualified home mark. With more than 15,000 partners in sectors all across the economy, Energy Star has helped save consumers money by reducing the energy usage of products used in the home and office every day. Since the program began labeling new homes in 1995, Americans have saved \$1.2 billion on their energy bills, and reduced greenhouse gas emissions by 22 billion pounds.

To earn the Energy Star label, a home must meet strict energy-efficiency guidelines set by EPA. There are more than 6,500 builders across the nation building homes that earn the Energy Star label and qualified new homes can be found in every state in the country.

» For more information about this milestone and the program visit www.energystar.gov/onemillionhomes.

Wisconsin is the First State to Enforce the Renovation, Repair and Painting Rule

Wisconsin is the first state authorized to administer and enforce the U.S. Renovation, Repair and Painting rule which mandates training and licensing in lead-safe work practices for construction contractors, property managers and others who work in homes and child-occupied facilities built before 1978. Gov. James E. Doyle certified that the Wisconsin programs—the Lead-based Paint Renovation, Repair and Painting program, and the Pre-Renovation Education program—are as protective as the U.S. Environmental Protection Agency (EPA) programs and provide adequate enforcement.

The Lead-based Paint Pre-Renovation Education program requires construction contractors, property managers and others who perform renovations for compensation to distribute the lead pamphlet "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools" to owners and occupants before starting renovation work.

» For more about lead-based paint and EPA's lead program visit www.epa.gov/lead. You can also read a *JPM* article on understanding the rule at www.irem.org/rrpr.

search me

www.openEI.org

The U.S. Department of Energy (DOE) recently launched Open Energy Information, a new open-source Web platform that offers free data and tools to help deploy clean energy technologies across the country and around the world. Currently, the site houses more than 60 clean energy resources and data sets, including maps of worldwide solar and wind potential, information on climate zones, and best practices. Visitors have the opportunity to upload additional data to the site and download the information in easy-to-use formats.

www.realtytimes.com

Realty Times is a news site that offers information, advice and market conditions for the real estate industry. The site features daily press releases, analyses and streaming videos of the latest happenings and headlines, as well as marketing products. From buying and selling advice to money-making tips, Realty Times provides industry professionals with a variety of helpful information.

www.epa.gov/greenhomes

This new Web site from the U.S. Environmental Protection Agency (EPA) provides tools to home owners, buyers and renters for greening each room of a home, as well as the surrounding yard, with tips on reducing energy consumption and usage, as well as improving indoor air quality. Information is also available on building new homes and finding an energy-efficient mortgage. Users can also find a list of common green home terms, and links to additional sites with specific information on green topics.

www.managementhelp.org

Managementhelp.org is an integrated online library that provides easy-to-access, comprehensive resources regarding the leadership and management of individuals, groups and organizations. The library has one of the world's largest organized collections of management resources. There are approximately 650 topics on the site, spanning 5,000 links by users and authors across the world. Topics include the most important practices to start, develop, operate, evaluate and resolve problems in organizations.

fast facts

SHEEP'S WOOL

can absorb up to 40 percent of its weight in moisture without becoming wet and is naturally flame-retardant.



Roosters have to extend their **NECKS** in order to crow.

Women **BLINK** nearly twice as much as men.



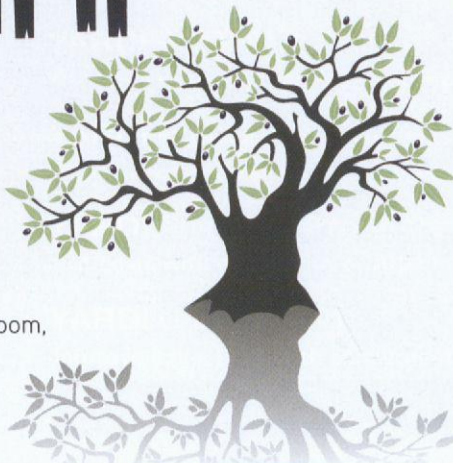
KOALA FINGERPRINTS

are similar in pattern, shape and size to the human fingerprints.

One quarter of the **BONES** in the human body are in the **FEET**.

A **SHRIMP'S HEART** is in its head.

If you keep a **GOLDFISH** in the dark room, it will eventually turn white.



People who chase after rare birds are called **TWITCHERS**.

An olive tree can live up to **1500 YEARS**.

A PENNY FOR YOUR ETHICS Take into account the Code of Professional Ethics before going on a savings spree



LINDA JACKSON, CPM®, RPA (*LINDA@TEXASROOF.COM*), WORKS IN NEW BUSINESS DEVELOPMENT FOR TEXAS ROOF MANAGEMENT, INC.

ARE YOU LOOKING FOR PENNIES THESE DAYS? AS ANDY ROONEY MIGHT REPLY, "I KNOW I AM!"

Property managers pride themselves on their ability to find savings for their owners and properties. After all, that is part and parcel of the expertise we bring to the table. It is incumbent upon us to get the best deal, while still maintaining properties in a manner that owners and tenants desire. As keepers of the asset and the asset's checking account, we look for savings every day.

However, we cannot sacrifice our ethics in the name of savings. Our Code of Professional Ethics calls on us to maintain high moral standards, be honest and maintain honorable relationships. Further, it requires diligence in protecting our clients' interests, properties and funds. In dealing with vendors, Article 7 might be most pertinent: It calls us to take action in our clients' best interests, avoid conflicts of interest and pass all savings along to our clients and properties.

Ethics complaints can result when the line between negotiating for the client and taking kickbacks is not clearly defined. This becomes all the more complex when faced with a market like we experienced in 2009.

I'm reminded of a holiday card we received at our office this past year: It featured a rather large, fierce looking English Bulldog, with antlers and a round red nose just staring out with a mighty big frown on his face. And inside the card read: "2009 was a doggone challenging year. Wishing you great success in 2010."

Indeed, it was a doggone challenging year! As a result, did you ask your vendors and service

providers for a special deal or discount? The property managers I polled were just about evenly split. Even more interesting are the reasons behind those answers.

During the bid process, some managers go back to their two lowest bidders and request a discount and give a longer contract to the vendor selected. Discounts are often the result of a long-standing relationship. Many discounts requested and received were based on the amount of business a certain property manager or management firm has to offer.

One large property management firm asked vendors they had used over the past several years to reduce their contract price by 10 percent without reducing services in any way. Most vendors complied. Another large property management company requested a 5 percent reduction in cost from vendors servicing its portfolio. Those vendors also complied.

Property managers who never or rarely ask for discounts explained they simply ask their vendors to be competitive. These managers stay current with the local market pricing and take that into account when reviewing contract bids. Some managers negotiate only every two years in order to not constantly beat their vendors down.

Treating vendors with respect and partnering with them may be the higher road, which will benefit both parties. Remember that the best deal may not be the lowest price. We do the best for our properties and clients by practicing professional courtesy and ethics as the very basis of our actions. In that way, everyone involved is well served. ■



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WHAT'S YOUR IMPRESSION? Always present a positive image to prospective residents



JULIE L. MUIR
(JLM@EAIMGMT.COM), CPM®, IS A SENIOR RETAIL PROPERTY MANAGER WITH ELLIOTT ASSOCIATES, INC. IN PORTLAND, ORE.

AS A SITE MANAGER AND REPRESENTATIVE OF YOUR PROPERTY, COMPANY AND OWNER, *YOU* are the first contact with a prospective resident. How you present yourself and your property will ultimately influence the decision of prospective residents and whether they become your newest customers. The key is to make these impressions positive! From the initial phone inquiry, to the site visit, to the unit you show, you need to consider how you can make the best possible impression.

INITIAL INQUIRY: Most of you will be contacted first via the telephone. Answering the phone gives you the opportunity to convince people to visit your property. How do you do that? Being pleasant, offering answers to questions and giving pricing information are important, but it's also up to you to paint a vivid picture of your community, offer top features and create excitement about a property. Remember, most renters want answers immediately. If they are greeted by voice mail, it's likely they won't leave a message and you'll lose a potential resident.

PROPERTY TOUR: Once you've convinced a potential renter to visit you, be prepared. Top-notch curb appeal includes well-groomed, litter-free grounds; clean, fresh signage; and a well-lit office entrance. When prospects arrive, greet them warmly with a firm handshake and acknowledge them by name. Having a clutter-free desk, refreshments, a place for them to sit, soft music playing and a fresh office scent says you care about what they think.

Next, you'll fill out the guest card (prospects should not do this). Once you've armed yourself

with answers to all of their needs and wants, you are ready to show a unit. The place you show should have a clean and swept entry, the lights should be on and the furnace set at a comfortable temperature. The blinds should be open to maximize the best views and natural light. The unit should be clean, smell nice and the toilet seat lid should be closed. You will then point out the features important to each prospect. After you've highlighted your company's management and service, how can they possibly want to look elsewhere?

CLOSING: Most of us haven't been taught the "ready-to-buy" signals. These are signs from the prospect, often verbalized through comments such as, "My couch would look great here." You should reply to these comments by offering your "ready-to-lease" signals, which include responses such as, "Your king-size bed will fit in here with plenty of room."

Prospects who deliver the "ready-to-buy" signals are just waiting for you to whip out that paperwork and start the screening process. But, as you know, some people will still want to "look around." This is when you offer an incentive, such as a higher discount if they fill out an application today versus tomorrow.

If they still want to "look around," you can send them off with an application, screening criteria, brochure and a big, warm, "Thank you!" Ask them to contact you at any time with questions and express confidence that once they've looked around, they'll be back. You can be satisfied that you delivered the best impression possible! ■

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Steve Smith

Regional V.P. of the Apartment Association of Louisiana
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LIQUIDITY CRISIS Responsible water management in buildings will increase efficiency and lower costs



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

"WHEN THE WELL'S DRY, WE KNOW THE WORTH OF WATER."—BEN FRANKLIN, 1746 Long before the first municipal water systems, buildings had rain barrels, wells or cisterns. People used water judiciously because it was scarce. Unfortunately, modern delivery systems and highly subsidized pricing have created the illusion that water is both unlimited and free, inciting gluttonous consumption. As our economy continues to recover from the recession, experts foresee a looming shortage in our water supply.

The pending shortage could have profound effects on the real estate industry. Investors and developers will face new risks in some locations while property managers everywhere will need to increase water efficiency to keep costs down. Local authorities are already responding to dwindling supplies by raising prices: in the five-year period from 2003 to 2008, water prices in the United States jumped an average of 30 percent. In some cities, costs have doubled in 10 years. As this trend continues, properties with efficient water management programs will yield greater returns.

Most water used in a building is for restrooms, cooling systems and landscaping. Reducing restroom water can be simple and inexpensive. Installing aerators on sinks and retrofitting pre-1994 toilets and urinals with low-flow or dual-flush kits, will significantly reduce water flow rates.

While cooling towers are an energy-efficient method of cooling, systems must be maintained properly. Engage a treatment specialist to optimize water efficiency, thereby reducing water and chemical costs.

If your suburban office or multifamily property has landscaping, it likely guzzles 40 percent of your total consumption. Irrigate plants more effectively by watering at night and readjusting sprinkler heads regularly so they are not spraying sidewalks or walls. Where appropriate, install drip irrigation to deliver water directly to plant roots.

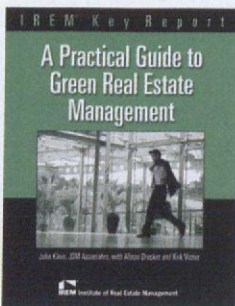
Surveys have shown that more than 50 percent of landscaping is overwatered. Avoid this by reducing watering times. When replacing landscaping, install local, drought-resistant plants that generally survive on rain rather than foreign species requiring irrigation.

Irrigate with recycled rainwater or greywater systems. Install tanks or build aesthetically pleasing retention ponds to store recycled water. When doing a major build-out or reconstruction, install dual plumbing lines to supply toilets with the salvaged water.

Review your water bills to know how much you are using and what you are paying. Using ENERGY STAR Portfolio Manager is an excellent way to benchmark your water consumption. In many areas, sewage treatment charges far exceed the cost of the water itself. Some properties pay sewer charges for irrigation and cooling tower water that does not even enter the sewer. Many municipalities permit submetering this water to receive credits or deductions; contact your local provider of sewer services for more information.

Lowering water consumption cuts costs, and it's increasingly critical that we start conserving this valuable, limited resource. We've all become addicted to water consumption—now it's time to dry out.

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



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FIXTURE VS. TRADE FIXTURE Rely on the law to resolve these landlord/tenant disputes



PETER C. SALES (PSALES@BABC.COM) IS AN ASSOCIATE ON THE LITIGATION TEAM AT BRADLEY ARANT BOULT CUMMINGS, LLP, SPECIALIZING IN TRIAL LITIGATION AND COUNSELING.

IN TODAY'S ECONOMIC CLIMATE THERE HAS BEEN UNPRECEDENTED TENANT TURNOVER. This turnover often is not a result of an expiring lease, but instead due to nonpayment of rent resulting from business failure. As a result of this increase in business failures, both tenant and landlord are often left fighting over the bones of an otherwise dead company.

One issue becoming more and more prevalent in today's landlord/tenant disputes is whether something is a "fixture" or a "trade fixture." The resolution of this issue can determine whether the tenant or the landlord gets to keep the "stuff." This is an issue because, generally under common law, once something becomes a fixture, it belongs to the landlord. However, there is an exception to this rule. See *Supreme Oil Co. v. Metropolitan Transp. Authority*, 1997 WL 607544 (S.D. N.Y. 1997); *Fondren v/ K/L Complex Ltd.*, 800 P.2d 719 (Nev. 1990).

Typically, a trade fixture is something that the tenant has affixed to the freehold, which can be removed without damage, and which was affixed for the purpose of carrying on the tenant's particular line of business. As such, unless the lease specifically speaks to the contrary, it is a possession of the tenant and may be removed.

Conversely, if something is affixed to the freehold and either cannot be removed without significant damage or was not directly related to the tenant's business, then it is a fixture and

belongs to the landlord.

Fondren, the case cited above, is a very instructive example of this situation. The court faced the question of whether certain equipment and improvements installed on the leased premises in connection with the operation of lessee's restaurant constituted trade fixtures. The equipment and improvements in question were principally kitchen equipment. In determining whether the equipment was a fixture or a trade fixture, the court used a three-factor analysis: (1) annexation; (2) adaptation; and (3) intent. The court held the three-part test did not establish that the kitchen equipment in question was a fixture. In so holding, the court found that the equipment was only attached via electric, gas, and/or water hookups and was not actually attached to the premises (i.e., annexation); the equipment was basic and necessary for the operation of the of the tenant's restaurant business (i.e., adaptation); and it was not clear that it was the intent of the parties that the equipment would remain with the premises after termination of the lease. Therefore, the court concluded the items of kitchen equipment in question were trade fixtures and were the property of the tenant.

Specific lease language can alter the application of the common law. To the extent the landlord or tenant have concern about the application of the common law to specific items that will be installed on the premises of a property, this issue should be raised and dealt with during lease negotiations. ■



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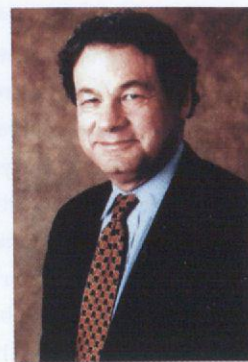
Join us this May for a celebration of the accomplishments of our members and chapters and to **IMPACT** the future direction of the Institute!



Randy Woodbury, CPM®
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Steve Roberts
Keynote Speaker



IREM Institute of Real Estate Management

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MARK YOUR CALENDAR! ON MAY 5, 2010, IREM MEMBERS, JOINED BY MEMBERS OF THE CCIM INSTITUTE, WILL BRING ISSUES THAT AFFECT COMMERCIAL REAL ESTATE TO CAPITOL HILL. The IREM & CCIM Institute Orientation and Capitol Hill Visit Day event are held in conjunction with the IREM Leadership and Legislative Summit. Last year, over 275 IREM and CCIM Institute Members participated in over 225 meetings with their legislators, educating them on commercial real estate management and investment issues.

An orientation will be held at the JW Marriott Hotel in Washington, D.C., on Tuesday, May 4. At the orienta-



tion, legislative staff will explain the issues affecting the industry and what to expect when meeting with members of Congress. Participants will receive essential materials to take with them to the Hill. Time is also provided for members to meet with their delegation and role play.

» More information on the 2010 Capitol Hill Visit Day event is available at www.irem.org/capitolhill.

ACCOUNTING RULES CONTINUE TO IMPACT COMMERCIAL REAL ESTATE

THE CREDIT CRISIS HAS PUT IMMENSE PRESSURE ON THE COMMERCIAL REAL ESTATE INDUSTRY. Liquidity in the commercial real estate market has been considerably hampered by one of its key lending vehicles—the nearly frozen \$900 billion commercial mortgage-backed securities (CMBS) market.

Currently, banks and the CMBS market represent most of all outstanding commercial real estate loans. In addition to banks tightening their loan volumes, the CMBS market has ceased to function with respect to new issuance until more recently. Even with the recent new issuance of CMBS, this market continues to be plagued by systemic dysfunction. Without a functional CMBS market, many property owners across the country will face a growing challenge to refinance an estimated \$1.4 trillion worth of commercial real estate loans which are set to mature over the next few years.

The liquidity crisis has been exacerbated by certain Fair Value Accounting (FVA) standards, known as mark-to-market. In particular, the interpretation and application of FAS 157 led banks to mark down their mortgage-backed securities as they declined in value, forcing them to report hundreds of billions of dollars in losses over the last year. However, in early April 2009, the Financial Accounting

Standards Board (FASB) voted to change these rules to allow assets to be valued at what they would go for in an “ordinary” sale, as opposed to a forced distressed sale.

While this rule change is encouraging, other FASB accounting rules such as FAS 166 and FAS 167 (formerly FAS 140 and FIN 46(R)) threaten the recovery of the securitized markets. These two new rules eliminate the Qualifying Special Purpose Entity (QSPE), which makes commercial real estate securitization possible. The QSPE enables banks and companies to treat transfers of financial assets as a sale rather than a financing for accounting purposes. This allows firms to keep these transferred assets off balance sheets. However, the new accounting rules would essentially force banks “to bring hundreds of billions of dollars in assets back onto their balance sheets, forcing them to set aside more capital.” These new rules also require a company to perform a qualitative analysis when determining whether it must consolidate.

Representative Scott Garrett (R-N.J.) introduced an amendment to conduct a study of the impact of FAS 166 and 167 on the securitization markets during the Financial Services Committee “markup” (analysis) of the Financial Stability Improvement Act of 2009. IREM will continue to encourage accounting policy makers to fully examine FAS 166 and 167.

NEW BILL MAY TAX INCOME FROM CARRIED INTEREST

ON DECEMBER 10, 2009, THE HOUSE PASSED A "TAX EXTENDERS" BILL (H.R. 4123), WHICH INCLUDES EXTENSIONS ON A VARIETY OF TAX BREAKS SCHEDULED TO EXPIRE AT THE END OF 2010. This piece of legislation has several provisions beneficial to the commercial real estate industry, such as a 15 year leasehold improvement depreciation extension, as well as an extension to the current 50 percent bonus depreciation, allowing property owners to deduct 50 percent of the cost of qualifying property in addition to the regular depreciation allowance normally available. Moreover, the bill extends the current \$1.80 per square foot energy tax credit for commercial property owners who achieve 50 percent energy savings through energy retrofits. The bill also provides an extension to Brownfields expensing provisions, allowing real estate owners to recover environmental cleanup costs in the year they are incurred. While all of these elements of the bill are beneficial to the commercial real estate industry, the House bill also included tax increases that could adversely affect many real estate partnerships in order to help pay for these and other extensions.

Under the House bill, income generated from carried interest could be taxed at a rate of ordinary income (at 35 percent or more), as opposed to the current capital gains rate (15 percent). Most general partners with existing carried interests will be penalized under the passed legislation. Extensive rules for carried interests in real estate partnerships are provided so that some real estate general partners will continue to receive capital gains treatment, while many will face ordinary income treatment.

The loss of capital gains treatment for real estate investment partnerships would turn long-established taxation rules upside down. Real estate partnerships,



from the smallest venture to the largest investment fund, have a carried interest component. Approximately \$1 trillion of commercial and residential properties are held by partnerships. Changing the tax rates on carried interest from capital gains rates to ordinary income rates would be devastating to these businesses.

Such a tax increase clearly discriminates against real estate compared to other assets and puts it at a greater competitive disadvantage for investment dollars. Additionally, it puts more pressure on a fragile commercial real estate industry already facing a rapid rise in delinquencies and foreclosures, as well as a growing challenge to access credit.

Currently Senate Finance Chairman Max Baucus (D-MT) opposes an increase to the treatment of carried interests, making it unlikely that such a provision will be passed by the Senate. Nonetheless, a tax increase could be slipped into any one of the bills that are currently before the Senate. To prevent this from happening, IREM submitted a joint letter with NAR and CCIM Institute urging all 100 Senators to not change the current capital gains treatment of carried interests for real estate partnerships.



WOULD YOU LIKE TO KNOW WHAT THE IREM LEADERSHIP AND LEGISLATIVE SUMMIT AND CAPITOL HILL VISIT DAY IS LIKE? VISIT WWW.IREM.ORG/CAPITOLINVESTMENT TO READ ABOUT THE HILL VISIT EXPERIENCES OF IINDA JACKSON, CPM®.

IN THE PRESENCE OF THE PAST

The Palace of the Governors in Santa Fe, N.M., reveals a rich history

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

THE EXTERIOR OF THE PALACE ON THE NORTH END OF THE SANTA FE PLAZA INCLUDES A SHADY PORTAL WHERE NATIVE ARTISANS GATHER DAILY TO DISPLAY THEIR WARES.

PHOTOGRAPHY © BLAIR CLARK, NEW MEXICO DEPARTMENT OF CULTURAL AFFAIRS

KNOWN FOR ITS CULTURAL DIVERSITY AND RENOWNED ART COMMUNITIES, New Mexico has a rich and dynamic history worthy of its state slogan, “Land of Enchantment.” Standing as a witness to the state’s history is the Palace of the Governors in Santa Fe, N.M.

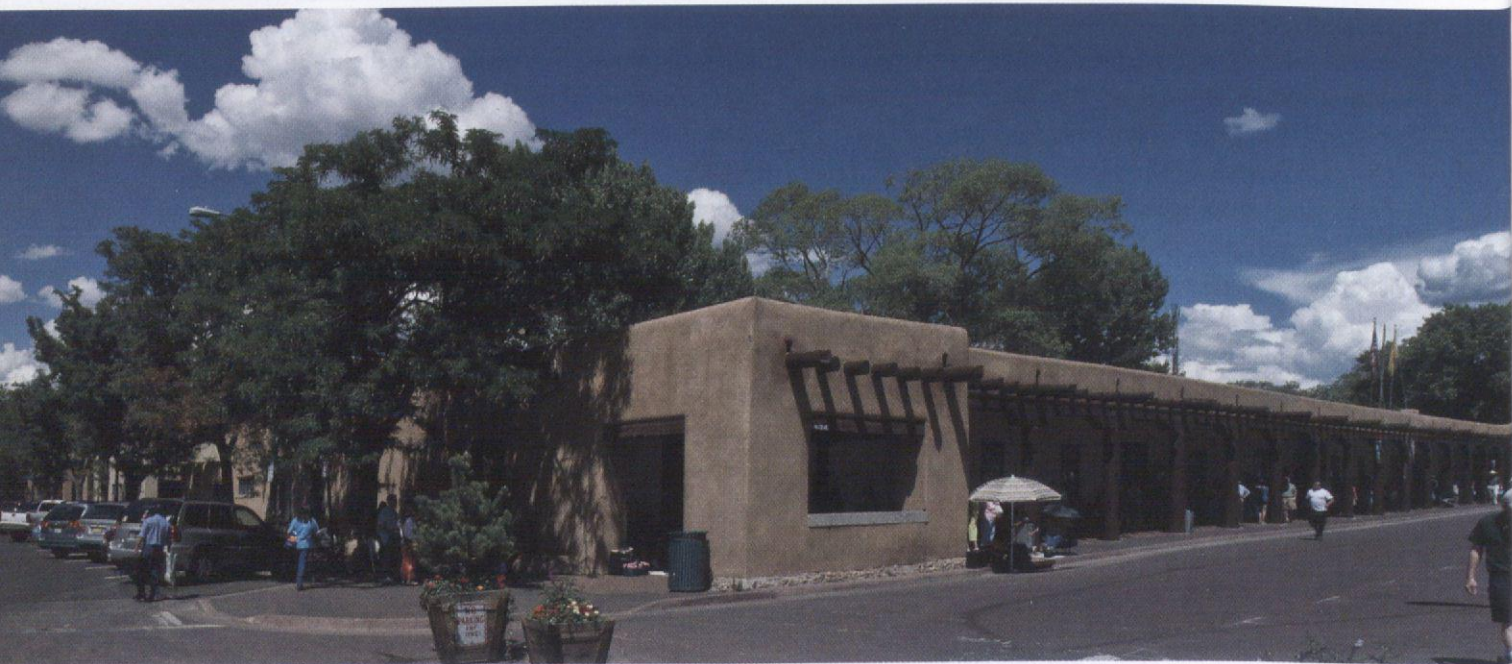
Throughout its 400-year history, the Palace of the Governors has evolved with the region. Built in 1609, it is the nation’s oldest continuously occupied government building, and it has served as a museum for the past 101 years.

The adobe building and its surrounding plaza originally served as the home and administrative center for the governor. While it was built as the *Casas Reales*, or “royal house,” the governor in 1659 began referring to the property as a palace—and thus was born the name “Palace of the Governors.”

While the term palace suggests wealth and luxury, the palace was never opulent. Although

governors brought their finest household furnishings, the space itself was austere and serviceable. It was set up as a complex of living and administrative rooms, as well as store houses—with a military function added in the 18th century, according to Frances Levine, Ph.D., director of Palace of the Governors and the New Mexico History Museum.

Changes to the palace reveal the history of the territory. During the 19th century, New Mexico was the culmination of the Santa Fe Trail, where the frontier of the United States met the Northern Frontier of Mexico. While everything in the palace was handmade and hand-forged during the Spanish colonial period, U.S. traders coming down the Santa Fe Trail brought new types of hardware, locks and architectural details to the building as early as 1821. The arrival of the railroad in 1880 brought glass for windows and tin plates for the roofs at the palace.



“Over 400 years the building has changed in response to our changing trade patterns and our changing ideas of style,” Levine said.

Through the centuries, the palace has been under the control of a number of countries. Between 1609-1821, it belonged to Spain. In fact, it is considered one of the crown jewels of Colonial Spanish architecture in North America. Then, from 1821-1846 Santa Fe was the capital of the Mexican province before becoming a territory in the United States from 1846 to 1912. In 1909, the palace became the first museum of New Mexico and has served as a museum since then. It was designated as a Registered National Historic Landmark in 1960 and an American Treasure in 1999.

MUSEUM QUALITY

While the palace’s rich history makes it the perfect museum setting, its age is troublesome. Many artifacts cannot be safely displayed because it does not have the modern conservation requirements for climate control and light levels. Therefore, although scholars spent decades collecting and studying artifacts, maps, documents and photographs to educate and enlighten museum visitors, they could not be shared because of the structure’s limitations.

As a result, the New Mexico Museum of History was built, and it opened in May 2009. The 96,000-square-foot museum is a world-class cultural institution that now acts as the anchor of the museum campus that includes the Palace of the Governors, the Palace Press, the Fray Angelico Chavez History Library and Photo Archives.

“There was a lot of forethought and planning about how to make a modern building that speaks to the time in which it was built, and yet is sensitive to the historic neighborhood and its national historic landmark counterpart,” Levine said. “The museum and palace each speak to their time and their history. There is a very elegant connection between the two buildings.”

Despite the new museum, the palace remains central to this historic and cultural district.



The east end of the palace houses its core exhibitions, such as a magnificent collection of 18th and 19th century New Mexican devotional art called *Tesoros de Devocion*. The west end is the changing exhibition gallery, which changes every 12 to 18 months. At the center of the palace is a portrait gallery and a room devoted to the architectural history of the building. The palace is planning an exhibit that will explore New Mexico and statehood for the state’s centennial in 2012.

Making changes to the palace’s exhibits is notably hard on the building. Therefore, protecting the historic fabric of the building is a top priority. Levine said they ensure the changes they make are not permanent to the building. Another challenge in maintaining the palace is funding. Levine said the building needs a new roof, preservation work on the windows and a replacement gas heat system.

“There is ongoing maintenance, and upkeep is always a challenge,” he said. “So I try to leverage every penny.”

As both a historic artifact and a museum in its own right, the palace represents how history lives on.

“We live in the presence of the past,” Levine said. “When you look at the Palace of the Governors, you understand that American history has an enormous time depth.” ■

THE PALACE PRINT SHOP, RECENTLY RENOVATED, INCLUDES A RECREATION OF FAMED ARTIST GUSTAVE BAUMANN'S PRINTING STUDIO.

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PROVINCIAL PROGRESS

Rocky Mountain Playground of Alberta, Canada, Offers Opportunities in Residential and Energy Management

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

IT'S CALLED CANADA'S ROCKY MOUNTAIN PLAYGROUND FOR A REASON. Home to Calgary and Edmonton, the western province of Alberta offers a variety of tactile resources and outdoor adventures. As the world's second largest exporter of natural gas and the fourth largest producer, Alberta is highly dependent on prices for oil and gas, which dramatically affects its economy. The area hasn't been immune to the recession that has hit most of the world, but Canada's most prosperous province has survived better than most. While Canada's overall unemployment rate is 8.5 percent as of January, Alberta is at 6.7 percent, a decline from a 7.4

percentage a month earlier.

Due to social housing programs in Canada, which allow rental housing to be owned and managed by the state or not-for-profit organizations (or a combination of the two), foreclosure rates in Alberta have been lower and less public for those who paid prime rates in 2007, and the impact has been less dramatic than in the United States. However, the commercial real estate market—where property managers in Alberta have traditionally done well—has experienced higher vacancies in office buildings in the past year, as corporations consolidate, said Saadat Keshavjee, CPM®, CMOC, managing director of Amhurst Property Management, LTD.

Office rents in Alberta are now down as much as 30 percent, and industrial and residential property rents have dropped by 20 to 30 percent, Keshavjee said. Although Alberta went through a market boom in 2007, as the oil industry skyrocketed, property prices have rolled back to pre-2006 levels, especially in the commercial real estate industry.

"A property manager has to be resilient in this market," Keshavjee said. "He or she has to more progressively analyze rents for clients and adjust quickly to avoid losing a tenant."

Despite higher vacancies in commercial buildings, Keshavjee said Alberta does offer great opportunities in other areas. He said there is a dire shortage of property managers in the condominium, multifamily, and to some extent, the mixed-use property industries. And these areas are starting to grow again. According to thatscalgary.com more than 20,000 multifamily residential units are now in construction, approved, or are currently pending in Calgary,



LUNA, THE THIRD OF THREE CONDOMINIUM TOWERS IN THE DESIGN DISTRICT OF CALGARY, IS SCHEDULED TO BE COMPLETED IN SEPTEMBER 2011.

PHOTOGRAPHY ©
QUALEX-LANDMARK

the largest city in Alberta and the fifth largest city in all of Canada. Overall total starts in new construction are projected to hit 22,000 this year, up from 17,950 in 2009, but down from the 29,164 in 2008, according to Canada Mortgage and Housing Corporation. This new growth mirrors a steady population rise in the city in the past five years, from 988,193 in 2006 to 1.1 million people.

"Calgary's residential [real estate market] is more active than its commercial [market] and condos have been extremely hot," said Marlene Swinton of Real Estate Professional Inc., and the former president of Calgary Real Estate Board.

The Southwestern corridor of Calgary is where much of this growth is happening, along with the more blue collar Northeastern section. One example is the Luna, the third of three condominium towers that will stand 218 units high in the west side Beltline neighborhood of Connaught. The Qualex-Landmark property will be built in the Design District of Calgary, a prime urban area that includes a close proximity of restaurants, shops and galleries. Construction is scheduled to commence in March and be completed in September 2011.

Another major project is the Anthem Properties' Waterfront Calgary, a decade-long project that began in 2006 and will eventually include four towers and 1,000 residential units by the time it is completed. Swinton said over 70 percent of the first complex is sold, with owners taking possession in late spring.

"There have never been condos in Calgary like this," said Sylvia Yung, vice president of Communications at Anthem Properties. "Ten years ago, you got laughed at if you said you lived in a condo. It's only been in the last five years that we've been building condos here because the business didn't exist. So it's a different scope and a different scale of management."

ENERGY RESERVES

In order to ensure a continued economic recovery in the real estate market, Alberta is also offering property managers unique opportuni-



ties in energy management.

Scott Ullrich, president of Gateway Property Management with offices in Calgary and Alberta's capital, Edmonton, said the current softness of the market has compelled property owners to offer performance fees to property managers who are able to reduce vacancies and keep buildings full. As a result, many property managers are finding ways to keep energy costs low, Ullrich said, so they can continue managing a well-maintained property without overspending in the current market. One of the ways property managers are reducing costs is by partnering with service companies that can help them achieve their goals, Ullrich said.

"Property managers who have an energy services manager have an edge," Ullrich said. "We're finding a one- to three-year payback with a digital off-site monitoring service that can monitor energy usage with real time readouts."

Given the current economic pitfalls facing real estate markets around the world, the outlook for Alberta is encouraging. With steady growth in the residential sector and a revitalized focus on energy efficiency, motivated property managers in Canada's Rocky Mountain Playground have many opportunities in 2010. ■

ANTHEM PROPERTIES' WATERFRONT CALGARY, IS A DECADE-LONG PROJECT THAT WILL INCLUDE FOUR TOWERS AND 1,000 RESIDENTIAL UNITS.

PHOTOGRAPHY
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PROPERTIES



mind probe

- Using Assessments to Screen Candidates
- is a Rigorous Process,
- Sometimes Resulting in Nothing More
- than Smoke and Mirrors

by Natalie D. Brecher, CPM®

Hiring the right employees

is the ultimate return on investment for managers. By placing quality hires in appropriate positions, a company can maximize its productivity and effectiveness. It also allows new employees to immediately contribute without greatly disrupting existing staff.

But predicting which candidate is best for employment isn't always easy. Any help available to pass over poor performers and hire high performers is valued. That's why assessments are appealing: They promise to objectively and accurately indicate if an applicant holds the knowledge, skills, abilities and characteristics needed for a position.

Employers want an easy, quick, yet reliable method for hiring, and assessments promise to do just that. Personality and psychological assessments in particular have earned the attention of employers as pre-employment screening tools to help choose people most likely to perform well in a position. The tests, however, come with their flaws.

● BRAIN TEASERS

Employers often use personality and psychological assessments as employment screening mechanisms to gauge which candidates will best fit their company cultures and thrive in their available positions.

While there is a wide array of assessment tests to use, some of the most popular ones employers use include the DISC Behavioral Model, which analyzes the behavior of individuals (particularly their dominance, influence, steadiness and conscientious-

ness) in specific situations; and the Minnesota Multiphasic Personality Inventory, a clinical examination used to diagnose mental disorders but commonly taken by those applying for high-risk jobs such as law enforcement.

Promises of accurate, valid results by testing companies are supposed to translate into a shorter application process because of a narrowed candidate pool, better hiring selections and lower turnover costs due to proper employee placement.

Sue Borowski, SPHR, editor of human resources material for J.J. Keller and Associates Inc., in Neenah, Wisc., believes personality and psychological tests are an additional tool for hiring managers to ensure they are hiring the best candidate. She said the tests adequately supplement the interview process.

"Some people are very practiced at answering interview questions," she said. "If a person interviews well, it can be misleading. It's not always the best test. It's a test of how well someone interviews—not how well a person will do in a job. It's hard to fake your answers in personality or psychological tests."

Borowski added that this doesn't mean that interviews aren't effective, but they are only one factor in your determination of whether someone is a right fit.

Likewise, hiring managers should not place too much weight on personality and psychological assessment results, said Mitchell Rosenberg, Ph.D, a human resources and organizational development professional with M.M. Rosenberg and Associates, a consulting firm to Fortune 500 companies in Laguna Beach, Calif. However, he did say the more information gathered about a candidate, the better.

"There is often a fine line in the selection process between mediocrity and excellence in terms of performance," Rosenberg said. "During the interview, people put their best foot forward and say what they think you want to hear. Anything you can do to provide more data will help."

● ANALYZE THIS

Despite the increased data such assessments might provide on a candidate, Rosenberg said he does not recommend or support personality or psychological tests for pre-employment screening. He said the value is disproportionate to the weight some hiring managers place on them.

"Although it is helpful to have a more comprehensive understanding of each candidate's personality, a greater indicator of performance is the success or failure the candidate had in their last two positions," Rosenberg said. "The best rule of thumb is: The best predictor of future performance or behavior is past behavior."

One concern with psychological and personality assessments is that their interpretation is subjective, and only trained professionals should analyze the results. Businesses have their core competencies and should concentrate their resources in people, time and dollars on those. Real estate managers are not psychologists and should not try to be.

"These tools are valuable when the people using them have the training and expertise to use them correctly," Rosenberg said. "The time required for many firms to have a staff person obtain a certain level of proficiency may not be worth it."

Another concern with such tests is the possibility they can be manipulated. Candidates with insight could manipulate their answers to achieve any profile of scores they want. Only honest answers will result in honest results.

"These tests may also produce inaccuracies in competitive job markets as individuals may attempt to 'cheat' the tests—providing answers based on what they believe the employer wants to hear," said Craig D. McMahon, partner of Kimball, Tirey & St. John, LLP in San Diego.

Reliability could be another shortfall of personality and psychological assessments. Reliability means consistent results. For example, it's been reported that 47 percent to more than 50 percent of test-takers change types when they retake the Myers-Briggs assessment. And regardless of the tests' reliability in determining one's personality, employers want a reliable indicator of how well a candidate will perform in a job.

"The problem gets to be when the results are used definitively as a label," Rosenberg said. "All results are really degrees, but people tend to go to absolutes. For example, you may score higher in introvert, but that doesn't mean you don't have extrovert characteristics too. It's on a scale of degrees."

● LEGAL PITFALLS

Aside from concerns about these assessments' accuracy and reliability, legal concerns exist too. Personality and psychological tests risk invasion of privacy, disclosure of protected elements such as religious beliefs or sexual

practices, and many expose conditions covered by the Americans with Disabilities Act.

As with all employee assessments, administering a personality/psychological analysis must comply with laws. After an offer of employment has been extended to an applicant but before duties have started, the employer may require a psychological evaluation or make inquiry into mental state only if it is job related and consistent with business necessity and all applicants are subject to the same evaluation. Employers must have a legitimate reason to do so.

According to McMahon, if an employer chooses to implement any of these tests as a pre-employment condition, they must be clearly distinguished from medical examinations, which may not be required of job applicants. "Further," he said, "Employers must be careful to not discriminate on the basis of genetic characteristics. Since personality is tied to genetics, employers must ensure that any test or its results is substantially related to job function."

Used incorrectly to screen candidates, these assessments are guaranteed to cause problems. Laws that apply to assessments are often difficult to interpret. Testing can violate antidiscrimination laws if it's used against protected classes, or if it excludes people in protected classes, unless the employer can justify the test or procedure under law.

McMahon added, "Whether an employer chooses to implement tests that evaluate physical skills or tests that evaluate technical or professional skills, an employer must be careful that the tests do not disproportionately disqualify any protected



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Hiring

class of people. If a testing method is found to have a disparate impact, the employer must be able to demonstrate the procedure is specifically job-related and consistent with business necessities.”

To determine if a test complies with applicable laws, consult an attorney and refer to the Equal Opportunity Employment Commission’s (EEOC’s) Uniform Guidelines on Employee Selection Procedures. The guidelines provide a framework for determining the proper use of tests and other selection procedures.

Equal and consistent application of screening tests is as important as the tests themselves. The screening process must be evenly applied to all candidates for the position. It’s acceptable to have different processes for different positions, just apply them to all candidates. Determine your policy, confirm it with counsel, put it in writing and adhere to it equally.

● BEFORE AND AFTER

Employers desiring to use personality or psychological assessments should verify the assessment they elect to use is valid. They should verify the test developer has used recognized standards to write and validate it, and has documented the process as well. Be aware, however, that test developers are not required to support their validity studies or defend their assessment, should your use of it come into question.

Rosenberg also said a professional

expert should administer the test and assess the results and the hiring manager should carefully put the appropriate weight on the data received from the test for the hiring decision.

Ultimately, though, the experts interviewed for this article said personality and psychological tests are best used *after* a candidate has been hired for purposes of teambuilding and improving communication.

“When you have your team in place, then (these tests) can be used to give insight into each other’s behaviors which can result in higher performance of the team,” Rosenberg said.

And just as Rosenberg discouraged the use of tests to screen out job candidates, he said the tests should not be used to label or inhibit employees.

“Don’t make test results be an end-all to decision making,” Rosenberg said. “Don’t say, ‘I’m not going to invite you on this task force because you’re a ‘green’ and ‘greens’ tend to overanalyze things.”

When you omit or include someone based on personality test results, you are limiting the chance of an employee performing well, the opportunity to develop a strong employee and the company’s chances of success.

For these assessments to be of the greatest value, concurrent validity (providing a direct correlation of essential job-related criteria to the assessments being used) should be determined, continuously monitored and adjusted as needed. Find what the position needs to be a high-performer in the essential job functions and then test for those exact conditions.

Only use personality tests that have an explicit relationship to the job essentials, as determined by a current job analysis; are equally and consistently applied; and are interpreted by a qualified individual. Use a trained professional to guide the organization on how to use the test results and always consult with an attorney. Stay objective and look for information garnered from a formal, structured and equally applied interview to mesh with the information obtained from any testing you do. If not, it’s just a parlor game. ■



For the full white paper report on employment assessments, write Natalie D. Brecher, CPM® (nbrecher@brecherassociates.com), a seasoned authority who helps organizations enhance workforce performance and managers develop and improve leadership skills. She provides consulting, coaching, training and keynotes to fortify positive, lasting change.

test subjects

A variety of pre-employment screening tests exist for employers to evaluate the best candidates for a position. The tests come with risks and rewards, though, along with legal implications. In all cases, the candidate's permission should be obtained—in writing—to perform any and all screenings, tests and assessments, and even checks into their history online and through social networks. Because laws change frequently, have your documentation reviewed by your legal counsel annually as part of your risk management plan.

1 INTELLIGENCE AND TECHNICAL TESTS

Definition: Knowledge and skill tests

Why perform such a test: They appear to be the easiest to correlate to essential job functions and apply without bias when used wisely.

Drawbacks: Must verify they accurately test attributes that relate directly to job essentials and, as Craig D. McMahon, partner of Kimball, Tirey & St. John, LLP reported, "...provide a reasonable measure of job performance, evaluating the person for the job, not the person in the abstract."

Mitchell Rosenberg, Ph.D, cited another consideration, "Most skills are 'trainable' and usually do not distinguish the average candidate from the exceptional performer."

2 REFERENCE TESTS

Definition: Contacting former employers; confirming said education, designations, and licensing directly; checking with contacts on social networks such as *LinkedIn* regarding an individual; and performing Web searches to see if and how a particular individual is reflected.

Why perform such a test: References can confirm a candidate's ability to perform, as well as whether a candidate is being truthful about their experience and credentials.

Drawbacks: Not all previous employers will be open about the candidate and his or her performance. Additionally, Web-based information isn't always accurate.

3 CRIMINAL BACKGROUND CHECKS AND HONESTY TESTS

Definition: Public and criminal records searches to determine if a person has been convicted of a crime; and assessments to identify job candidates who are untruthful about their pasts

Why perform such a test: Criminal background checks

increase in importance when there is access to high-risk items such as money or other assets, and confidential business or tenant records. Conducting a criminal background check is relatively easy and inexpensive.

Drawbacks: Laws vary widely from state to state regarding the administration of criminal background checks. Concerns regarding accuracy stem from the lack of a centralized database that maintains records of conviction. McMahon cautioned, "Convictions should not be an absolute bar to employment. Rather, the employer should carefully evaluate the severity of the crime in relation to current work demands as well as passage of time since the conviction."

Honesty tests are rarely reliable and may violate anti-discrimination laws and violations of privacy.

4 CREDIT CHECKS

Definition: Running a candidate's credit report to indicate if delinquent payments exist, bankruptcies have been filed, or any judgments have been assessed.

Why perform such a test: If a position will be handling money or other assets, have authorization for spending or access to customers' property, you may want to ensure the person has financial maturity, responsibility, and is not in economic straits.

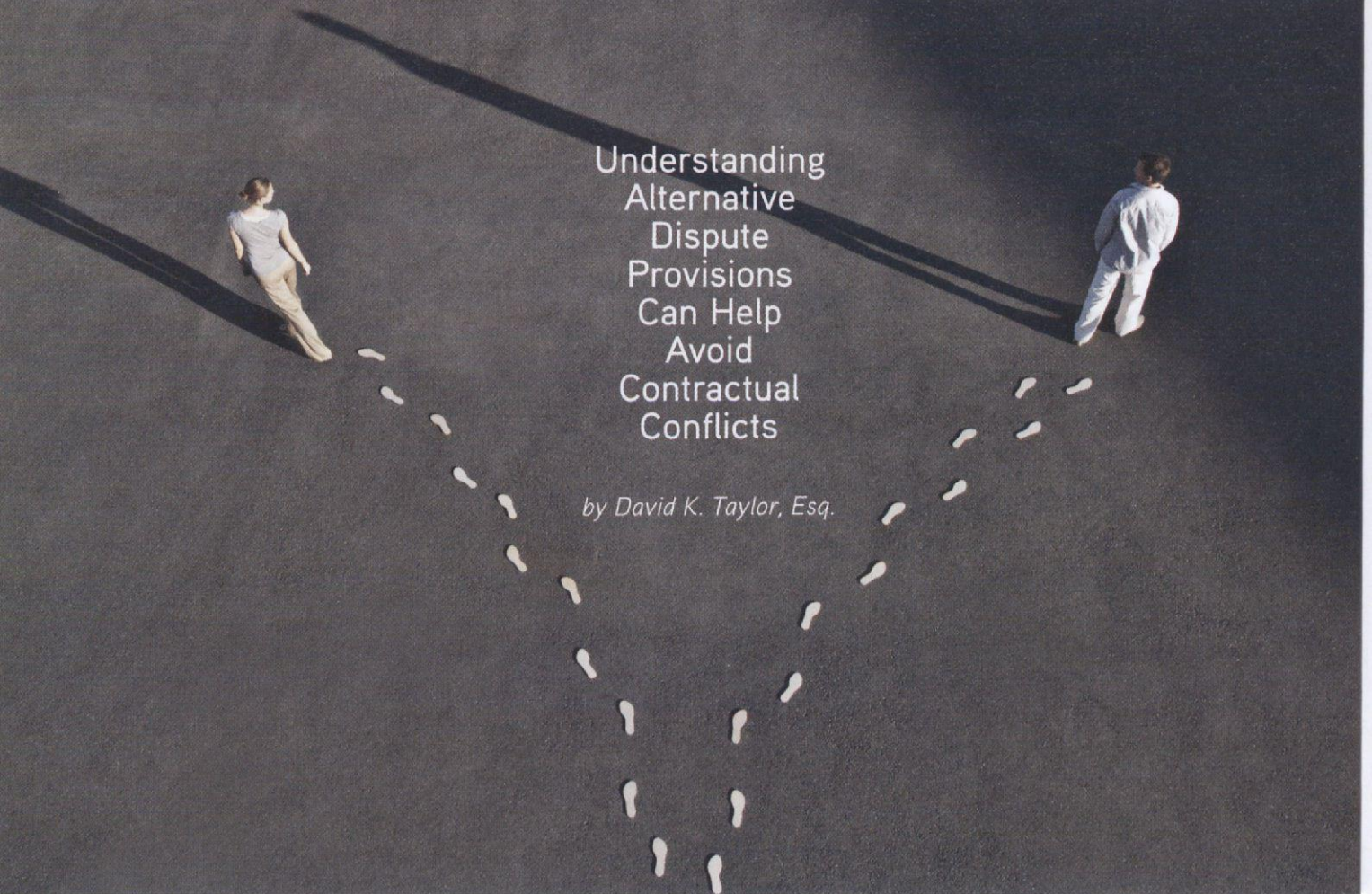
Drawbacks: The Fair Credit Reporting Act requires a candidate's written consent to check her or his credit. Should the person be turned down because of the credit check's results, the act requires you provide the candidate a copy of the report, the source of the report, and inform the person of the right to dispute the report.

5 PHYSICAL TESTS

Definition: Inquiries into an applicant's physical ability to perform job-related functions—and is not a medical examination.

Why perform such a test: Physical tests can ensure a candidate can perform any physical functions related to a position.

Drawbacks: Physical assessments are an area where discriminatory practices can abound. McMahon advised, "Ensure they do not disproportionately disqualify applicants based upon their protected class characteristics and require such tests only if all applicants are required to do so." Use insured, third parties to determine how the testing is administered and evaluated to add legal protection.



Understanding
Alternative
Dispute
Provisions
Can Help
Avoid
Contractual
Conflicts

by David K. Taylor, Esq.

ROAD TO RESOLUTION

The costly expense and time-draining nature of litigation is spurring change to many commercial real estate contracts, which have traditionally required any dispute be resolved through litigation in a court where the property at hand is located.

In efforts to avoid litigious headaches, placing alternative dispute provisions in commercial real estate contracts that mandate any conflict be resolved through nonbinding mediation or binding arbitration is a growing trend.

It is vital for any property manager, especially those who use “form” contracts or who review and approve any real estate-related contract (including construction contracts),

to know the differences, and pros and cons of nonbinding mediation and binding arbitration.

LITIGIOUS NIGHTMARE

Any company that has gone through a trial knows the enormous amount of time and expense involved. Lawyers and experts cost a great deal of money, and even though virtually all civil cases settle before trial, settlement usually takes place on the courthouse steps after the parties have incurred the vast majority of a lawsuit’s hard and soft costs.

While exceptions exist, under most state laws, legal

expenses are not recoverable—even to the winning party—unless an attorneys’ fees provision is in the contract. A company may win the battle in court, but lose the war, when it realizes that after subtracting the fees, expenses and time spent by key personnel on a litigated case, even a “win”—no matter how good it feels—equals a net-zero recovery.

The substantial soft costs of a lawsuit are also not fully understood—even by attorneys. Time is money, and in any lawsuit, management and other key employees must dedicate a considerable amount of time to the legal dispute.

Additionally, lawsuits can damage reputations and give competitors leverage since court filings are public record. Rivals seeking a competitive edge or inside information can almost always review all court filings and trial testimony transcripts.

Some lawsuits may take years to get to trial, and even after the trial, the losing party has an automatic right to appeal—which may take several more years. Finally, judges and juries are unpredictable in civil cases. Therefore, the outcome is unpredictable, and it’s impossible to gauge who will come out ahead. When a company places a substantial legal dispute in the hands of a judge or jury, it is taking a huge risk.

MULLING MEDIATION

A much less risky resolution to disputes is nonbinding mediation. In this situation, the parties jointly hire and share the costs of a neutral third party to help negotiate a face-to-face settlement. In fact, the sole purpose of mediation is to negotiate a settlement between the parties by breaking down the barriers to communication and encouraging offers and counteroffers.

However, no firm statistics are available to show how many disputes submitted to mediation actually settle because mediation is confidential and not open to the public. Most active mediators report anywhere between an 80 and 90 percent settlement rate.

Mediation can be set up in a matter of weeks, and can take place at any time before or after a lawsuit has been filed. Lawyers are helpful but not necessary. The role of

the mediator is much different than that of an arbitrator or judge. The mediator does not make or impose a decision, whereas all a court or arbitrator can do is decide who gets money and how much.

Mediation is also nonbinding, meaning the parties do not give up any future legal rights by participating in mediation. The solutions sought in mediation can also be business solutions and not strictly legal solutions. Parties can agree to continue doing business together or settle the claim for something other than monetary payment. In contrast to the “winner take all” scenario of litigation or arbitration, parties in mediation attempt to agree upon a “win-win” scenario.

The process is not perfect, though. Many clauses contain “venue” provisions requiring the mediation take place not at the property, but at one side’s home offices, which may require expensive travel. Try to negotiate a clause that calls for the mediation to take place in the city where the property is located.

Many clauses also require parties go through mediation before filing a lawsuit or even commencing an arbitration. While such clauses are not necessarily bad because they apply to both sides, it’s important to be aware of such clauses and to follow the formal steps outlined in the clauses so if the case does go to court, it doesn’t get thrown out based on contractual details.

Finally, everyone participating in the mediation should have full authority to resolve the dispute and sign off on any settlement agreement. These details can and should be worked out by counsel in advance. Failure to follow these rules can seriously jeopardize the chances of reaching a settlement.

A trying, 10-hour-long mediation where the parties are close to resolution can be thrown away when one party representative says he or she has to “make a call” to obtain final settlement authority.

ARBITRATION IS FINAL

Binding arbitration serves as another option to litigation or nonbinding mediation. In this situation, resolutions can’t be thrown away. When parties place an arbitration clause in a contract, they forego enforcing their legal

DISCUSS CONTRACTUAL RESOLUTIONS WITH MEMBERS ON THE IREMFIRST FORUMS AT WWW.IREMFIRST.ORG. 

PLACING ALTERNATIVE DISPUTE PROVISIONS IN COMMERCIAL REAL ESTATE CONTRACTS THAT MANDATE ANY CONFLICT BE RESOLVED THROUGH NONBINDING MEDIATION OR BINDING ARBITRATION IS A GROWING TREND.

rights in court, choosing to rely instead upon the arbitrator's sense of fair play.

The arbitrator is usually someone with knowledge and expertise in the industry, such as a real estate or construction lawyer. However, many non-attorney arbitrators exist. Properly selected arbitrators are able to focus on the real issues, and already understand industry practices and standards that are so often overlooked by judges and especially juries.

Because conforming to a crowded court docket is unnecessary, arbitration can be set for a hearing in a matter of months. In most arbitrations, the absence of prehearing motions and depositions, as well as the finality of the decision, significantly reduces the attorneys' fees and costs. One day of arbitration typically equals two to three days in court, again saving money for both parties. Finally, it is also almost impossible to successfully appeal an arbitration award. Unlike litigation, finality is the rule rather than the exception.

Still, arbitration has its drawbacks. For example, most commercial landlords do not want to arbitrate rent disputes with tenants since most states provide a quick and inexpensive procedure to evict a nonpaying tenant.

However, an arbitration clause may be efficient in deciding common area maintenance, lease options, rent escalation disputes or fights about the condition of the premises after the expiration of a lease.

For example, in a recent case, a landlord claimed that certain pieces of restaurant equipment were "fixtures" and therefore should remain on the premises. The tenant,

of course, disagreed and wanted to remove the equipment. Rather than slog through an expensive and time-consuming trial in front of a judge who knew nothing about commercial real estate, the parties agreed to hire an experienced real estate lawyer. An arbitration was set up, and a decision was rendered in less than 30 days.

With arbitration, be careful of clauses that would require the arbitration take place in another state instead of the location of the property. The other side might prefer to litigate in its "home" state before a familiar judge to obtain what lawyers call a "home cooking." Also check if a "prevailing parties" attorneys' fees clause exists, which allows an arbitrator to award fees and arbitration expenses.

Some companies might prefer private arbitration as opposed to arbitrating through an administrative agency like the American Arbitration Association (AAA). This may save money on arbitration filing fees, but private arbitration has its own set of problems that should be thoroughly discussed with counsel.

An efficient and successful private arbitration takes the full cooperation of both sides and their attorneys because the parties must agree upon an arbitrator. In an administered arbitration, however, there is a selection process, much like jury selection, and an agency like the AAA chooses an arbitrator after receiving input from both sides.

Arbitration and mediation are not panaceas. Companies should think long and hard about how they would prefer to resolve future disputes for every real estate project and contract.

Any company should not charge headfirst into litigation, but should insist their counsel fully explain all available alternatives to efficiently and quickly resolve a legal dispute. With very few exceptions, going through an expensive, delay-ridden trial in court is not in the best interests of any company.

If the dispute can be resolved through mediation or arbitration, companies can be assured proceedings in most instances will be faster, confidential, more predictable and less expensive than litigation. ■



David K. Taylor, Esq., is a partner in the Nashville, Tenn. office of Bradley Arant Boult Cummings, PLC, and has a national construction law practice. David can be reached at dtaylor@bab.com or 615.252.2396.



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Innovative Buildings
in Japan Foreshadow
a Nationwide
Movement
Toward Green

by Morikuni Kono, CPM®



THE ROOFTOP OF THE MARUNOUCHI PARK BUILDING IN JAPAN FEATURES A GARDEN THAT HELPS TO LOWER TEMPERATURES THROUGHOUT THE STRUCTURE, AND SOLAR PANELS TO GENERATE POWER.

PHOTOGRAPHY © MORIKUNI KONO, CPM®

Japan's Prime Minister, Yukio Hatoyama, recently surprised the world at the 2009 United Nations Climate Change Summit, when he announced his nation's aggressive goal to "decrease heat-trapping gases by 25 percent by 2020."

Prior to Hatoyama's statement, many Japanese corporations had often wrestled with the decision to go green due to the costs for construction and equipment. The real estate market in Japan did not concentrate on resolving environmental problems or building green properties, and there had been no clear move toward proactively recognizing the value in sustainability. But now that Japan is expected to pass new laws to help achieve the goal announced at the summit, the responsibility of building owners and property managers in reducing emissions will be monumental.

Although specific policies have not been made public yet, the new focus on green has already begun. In April 2009 Japan revised its Rationalization in Energy Use Law, which expanded the energy management responsibility from the business location level to the business owners' level, and instituted a penalty for the first time, making green regulations much tougher.

With this emphasis on sustainability growing rapidly, Japanese companies must develop new methods for energy and emissions reduction in buildings. Fortunately, a number of

sustainable developments have been initiated in recent years, incorporating cutting-edge technologies and serving as models for Japan's green future. Below are some examples.

Otemachi, Marunouchi, Yurakucho (OMY) Area Joint Development

The OMY area in Tokyo has been supporting economic growth as a representative of the international business center of Japan. Mitsubishi Estate Co., Ltd. has been playing a major role in development and

redevelopment of the area. The company established the OMY Area Redevelopment Project Promotion Council" in 1988, and in 1996 the Tokyo metropolitan government, Chiyoda city and the East Japan Railroad company joined the council to form the OMY Area Urban Development Society.

The OMY Area Management Association was also established to solicit participation of workers and visitors, and to promote comprehensive urban development through pri-

vate and public partnerships. The OMY environmental vision, published in 2007, deals with various aspects of environmental issues—everything from large-scale problems to something more familiar, with an eye on creating a future "sustainable, environmental, symbiotic city that leads Asia and the world."

One of the typical area-wide efforts is proactively making grounds, walls and roofs green. Parts of the new Marunouchi Building, for example, have green walls that block direct sunlight and lower temperatures of the interior and the surrounding areas. Some sidewalks in the area are also equipped with "dry mist" sprayers, which lower ground temperature when the water evaporates. There is an old custom of sprinkling water in front of your house to prevent rising temperatures and to cleanse the home, according to Shinto religion. Such customs may have faded today, but the principle of cooling the ground using vaporization remains an effective countermeasure to heat.



THE COMPACT DOUBLE-SCREEN IS A WINDOW SYSTEM THAT DECREASES SOLAR RADIATION HEAT. OPENING AND CLOSING THE ISOLATION DAMPERS CONTROLS THE AIRFLOW AND MAXIMIZE ENERGY SAVINGS.

PHOTOGRAPHY © MORIKUNI KONO, CPM®

system requirements

One of the reasons Japan has been reluctant to embrace sustainability is the current lack of an evaluation index. The Comprehensive Assessment System for Building Environmental Efficiency (CASBEE), an index similar to the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) program, has been developed but not yet disseminated. In the U.S. real estate market, properties with a high LEED certification are often considered to be more valuable, but there has been no indication in Japan that the CASBEE evaluation will be reflected in its market value. Japan is at the stage of learning how to make its market aware of the profitability, cost performance and marketability of sustainable properties and to spread CASBEE.

Marunouchi Park Building

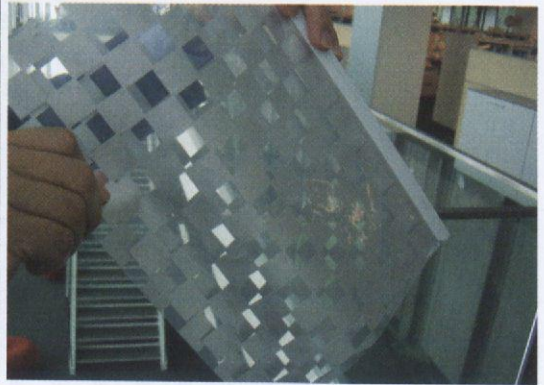
The 39-floor Marunouchi Park Building, which opened in April of 2009, is one of the most cutting-edge green facilities in Japan. The building rooftop has a 6,296 square-foot garden that helps to lower temperatures throughout the structure, as well as photovoltaic panels with a maximum output of 60 kilowatts (kW). These solar panels can store enough power to light the entire Marunouchi Park Building district at night. The building also features energy-efficient district air conditioning, which handles cooling, heating and fueling by supplying cool



[LEFT] GREEN WALLS BLOCK DIRECT SUNLIGHT AND LOWER TEMPERATURES OF THE INTERIOR AND THE SURROUNDING AREAS OF THE NEW MARUNOUCHI BUILDING IN JAPAN.

[BELOW] AIR CUSHION, LIGHT MODULATING SYSTEMS ALLOW USERS TO SWITCH FROM INDUSTRIAL LIGHTING TO NATURAL LIGHTING.

PHOTOGRAPHY © MORIKUNI KONO, CPM®



water and steam to area buildings and subway stations through conduit pipes from a heat reservoir facility. The central management of the heat reservoirs makes prevention of air pollution and reduction of carbon dioxide (CO₂) emissions possible.

Some streets and sidewalks in the Marunouchi Park Building area feature a pavement that uses a highly water-retentive road bed for lowering the ground surface temperature. Much like the "dry mist" sprayers, the vaporization of water on the pavement has a cooling effect.

Exterior walls of the building feature an air-flow window system that saves energy by using suction fans to circulate the air in the space between double-glazed glasses, and discharge heat.

Blinds in the building actually sense sunlight and automatically adjust their angle to maximize day lighting and save up to 36 percent electricity use in the building. Super energy-efficient light fixtures with improved forms of reflectors and paint have also resulted in energy savings.

The green measures at Marunouchi Building decreased CO₂ emissions by 40 percent and energy consumption by 30 percent, compared to average Japanese buildings surveyed. The sustainable success of the building has made it a symbol of the area.

Taisei Corporation Technology Center (main building)

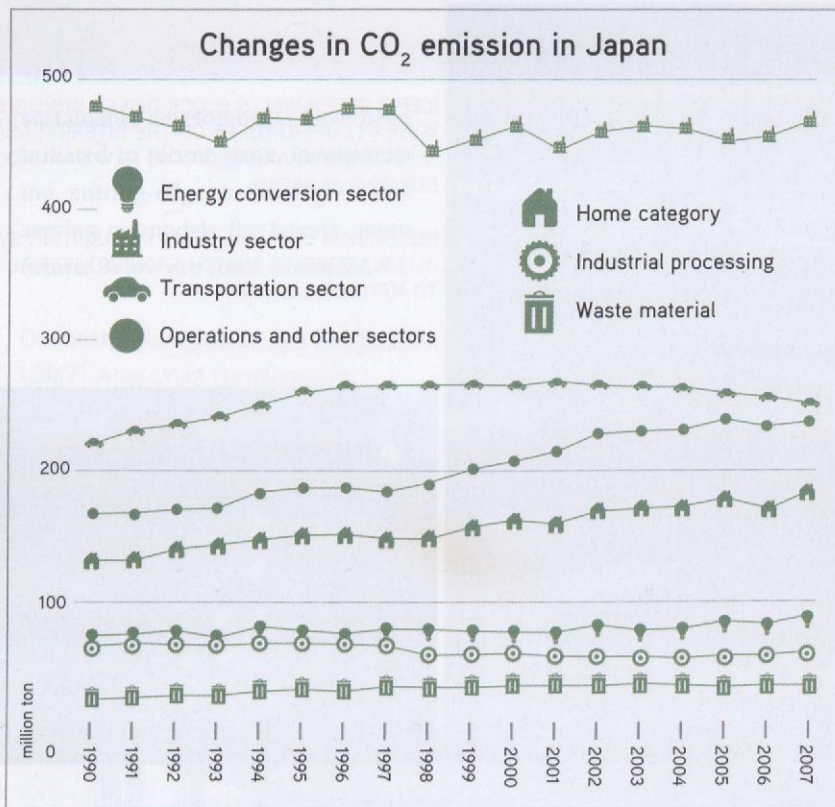
The Taisei Corporation is one of the main general contractors in Japan.

Its Technology Center main building features renovation technology that was incorporated after careful consideration of environmental burden and cost performance, as well as an analysis of CO₂ emissions in the building life cycle of construction, usage and demolition stages.

The two main technologies incorporated into the building were personal air conditioning equipment units and compact double screens. Personal air conditioning equipment units improve personal comfort while saving energy. From your computer, you can control wind direction and air volume of the personal exhaust nozzle on the top of your own desk. The personal exhaust nozzle works with your computer's on/off and



Attend an IREM International Forum in 2010 Morikuni Kono's article is based on a presentation he delivered during the Fall 2009 International Business Practices Forum in Honolulu. The forum is part of the spring and fall IREM meetings. It is a place for international members to share business practices and is open to all conference attendees. For more on IREM international programs, visit www.irem.org/international.



charted territories

This chart shows the carbon-dioxide emission in Japan by category. Even though the industry sector has the highest rate of emissions, the operations category has increased by a whopping 44 percent since 1990. This is due to increasing total floor space, operating hours of office and commercial facilities, the accompanying increase in air conditioning and light fixtures, and the progression of office automation. The home category has also increased by 42 percent. These two areas of emission reduction are Japan's biggest future challenge.

standby mode, and turns itself off when you are absent. This all-in-one, adaptable unit includes both lighting and speakers that can be moved, should the office layout change.

The compact double-screen is a window system consisting of two float glasses, blinds in between and ventilation openings that open and close automatically. During the summer season, the air in between the

double-glazed glass is ventilated naturally, decreasing the burden of solar radiation heat. During winter, the ventilation slit is closed and the heating load is lightened. By opening and closing the isolation dampers at the bottom of the sash, you can control the airflow and maximize energy savings. The double screen provides a bright, open interior environment, while lowering the burden of cooling

and heating.

The technology center has incorporated other unique technologies as well, such as air cushion, light modulating systems that allow users to switch from industrial lighting to natural lighting. The systems consist of small air blowers, films and cushion panels that are puffed to allow light to come in from one side. When shielding light, two films are put together and shield the light with the printed surface. Since installation is very easy and load weight on the building frame is light, these systems are adaptable to renovations. The technology center is the first building to implement these systems domestically.

When the technology center renovations were completed, the building received the highest ranking in the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE), a rating system similar to the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) program. The Tasei Corp. anticipates a 31 percent reduction in energy consumption this year.

The Japanese real estate market is in a significant transitional stage. As legal regulations in Japan become more challenging and environmental risks become more apparent, companies will need to recognize and embrace the proven value of sustainable properties, like the OMY area, the Marunouchi Building and the Tasei Corp. Technology Center. ■



Morikuni Kono, CPM® (morikunikono@gmail.com), is president of Urban Real Estate Consulting in Kagawa City, Japan.

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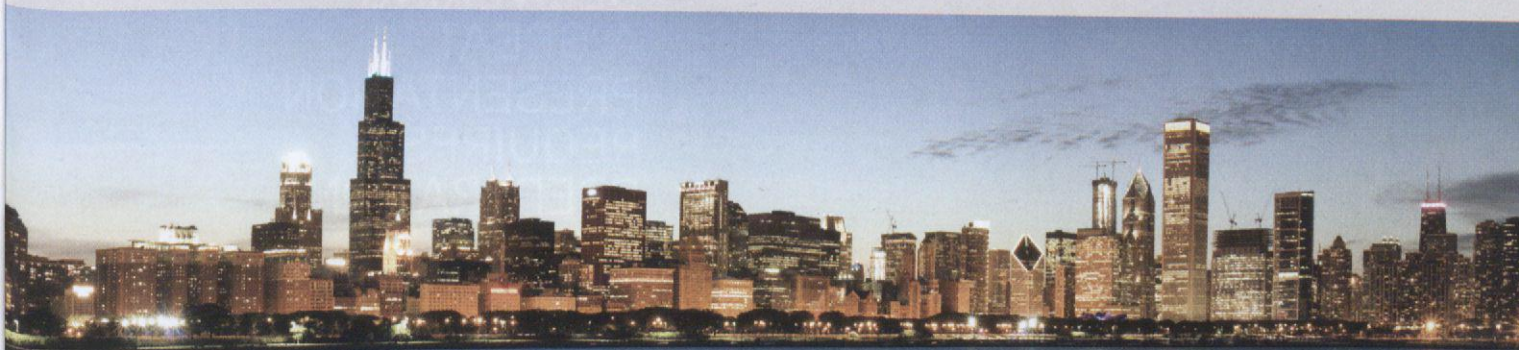


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A person in silhouette stands in a vast, rolling green field under a cloudy sky, holding a large, weathered metal megaphone. The megaphone is the central focus, angled from the bottom left towards the top right. The overall mood is one of quiet determination and communication.

speech therapy

DELIVERING
A GREAT
PRESENTATION
REQUIRES
PREPARATION
AND POISE

by Shannon Alter, CPM®

You've been working hard on a proposal for a potential client because the account could put your company on the map, and finally, you've been granted the opportunity to make a strategic oral presentation.

Suddenly, you're a little lightheaded, and your palms are sweaty. Your stomach is dropping faster than Disneyland's Tower of Terror. If this reaction seems familiar, you're not alone. For many of us, the mere thought of speaking in public evokes a fight or flight response.

But in today's competitive marketplace, effectively getting your message across is crucial. Whether you are a manager wooing a prospective client, an executive preparing a presentation for an audience, or a newcomer to the business world hoping to feel at ease speaking with clients, you must be prepared to present.

FIRST THINGS FIRST

First, set the goal for your presentation, even if it's a one-on-one talk with a new client or promising employer.

Remember, you're there for a reason. Your audience is listening because they want your information, expertise or opinion. Determine if the goal is to inform, educate or entertain.

State the goal in a single sentence, such as: "I want to convince this prospective client to hire my firm to manage his property," or "My goal is to win over employees who are apprehensive about upcoming changes in management."

Build your presentation around that goal. Tell listeners what is going to be discussed and why it matters to them. Also, repetition is a good thing. Find a way to reinforce your message throughout the talk.

Aside from pinpointing your presentation's goal, be sure to determine the tone for the presentation. People can read your slides and handouts themselves. Digging a little deeper to tell an audience the story behind those slides and handouts can effectively set the atmosphere for your entire presentation.

Focus on how you want the audience to be impacted and how to effectively do that. Recently, I attended an open house for a local residential home that serves teenagers in crisis. Donors and community members were invited to tour the home, where the goal was to reunite these high school students with their families.

If you've ever attended this type of event, you know the speeches from the administrators or board members can be both lengthy and dry. This was different, however. The teenagers themselves told their stories, describing how



their lives were turned around by the home. The audience immediately connected with the teens, setting the tone for future communication—and donations.

ILLUSTRATING THE POINT

Presentations can't stand on goals and tone alone. They need substance. Great presentations must be researched and well-supported with facts, quotes, humor, surveys and other interesting content.

Don't get overwhelmed by the thought of daunting research. It doesn't require staying hunched over your desk all day. Sometimes the best ideas come when you're not in the office. Taking a few minutes to determine where you get your inspiration can help make your presentation a winner.

Start the research process by brainstorming. Quickly record any and all thoughts that come to mind about your topic. True brainstorming, after all, is about quantity and generating lots of ideas.

Then, go on to find data to support whatever point you are trying to make. This information can be found in research reports, articles, surveys, portfolios and financial statements, to name a few. One of the most effective ways to prove a point, however, is to offer tangible examples to the audience.

Most people learn by doing, and they learn by hearing about what others have done. Help your audience connect the dots by providing examples of your experiences, or how you and your company have handled a situation or resolved a problem. The key, of course, is providing a level of detail and frame of reference

appropriate to your audience. Don't be afraid to include what you learned that worked and what you tried that didn't work.

Remember that not everyone may be familiar with the topic or issue you are discussing. Be sure to break down any complex points, define any industry lingo and provide background information about any topics with which an audience might be unfamiliar.

PROJECT ORGANIZATION

Once you've accumulated all the information needed for a robust presentation, you must organize that information so it doesn't get lost. Determine how to present a clear, coherent line of thought. Your goal is to link all of the elements of your presentation or speech together—connecting the primary points to stories or examples.

An outline can be extremely helpful to organizing a presentation. Think of an outline as a roadmap. Decide first what your message is, why your audience wants to hear it, and how you will reinforce it.

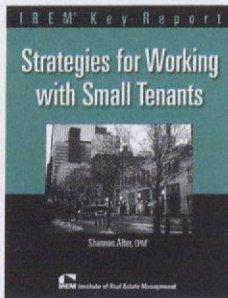
Summary sentences and sequencing your thoughts are also important. For a 30-minute talk, having five or six main points is ideal. Those points can be described in summary sentences, which will help you to visualize your presentation and more effectively organize your thoughts.

No matter the type of presentation or speech I make, I like to use an outline comprised of what I call talking points. I jot down key words that will remind me of what I want to discuss. When I begin to rehearse, this helps me determine if the flow is smooth and logical. You can use the same tactic in planning an interview with a potential employer: Decide what skills, expertise and experience you want to highlight, and prioritize those.

Once the first draft of your outline is in place, it is time to bring out your inner editor. Be ruthless. Make sure the content is accurate, understandable and supported, and the right amount of content is included to meet any presentation time requirements. At the same time, stay true to your material, your audience and your personality.

PRACTICE MAKES PERFECT

Know your presentation material forward and backward. Unless you're an expert at improvisation, "winging it" is not advised. Sometimes planning your presentation as though you were going to deliver it in writing is helpful.



PURCHASE
A COPY OF
SHANNON
ALTER'S IREM
KEY REPORT,
*STRATEGIES
FOR WORKING
WITH SMALL
TENANTS* AT
[WWW.IREM.
ORG](http://WWW.IREM.ORG).

Pinpoint your presentation's goal and determine the tone. Focus on how you want the audience to be impacted and how to effectively do that.

Understand what each and every line means and why it is important.

The trick, of course, is to then be able to deliver your presentation effectively without just reading the content aloud. Being completely familiar with your material will allow you to be more conversational and thus more confident and comfortable onstage. You're unlikely to be rattled if something does go amiss.

And something will likely go amiss—a power outage, a delayed client, a missing audio visual guy. No matter what happens, though, if you know your material so well that you can discuss it without feeling tied to your notes, you will instantly feel comfortable.

For example, even though I have already rehearsed my material prior to a presentation, I run through it again after arriving (sometimes twice), just to make sure everything works and sounds right in the venue. I am especially careful to do this when I have music or graphics included in my presentation.

JITTERBUG

Knowing your material can definitely cut down on stage fright, but other methods for fighting the jitters exist, too.

It is true that if you lose your focus and forget what you're saying, your audience is likely to do the same. If you worry about overlooking an important point, put a colorful Post-it note with a key word on it where you'll see it during your talk. If all else fails, have a few questions to ask the audience—giving you time to think while they answer.

In addition, stage fright can easily catch up with you when you don't know where to look and you're afraid someone may laugh at you or not return your glance. If you can muster up the courage to use direct eye contact with your audience, you will find it increases your chances of connection. Feel free to invite someone you know, or even someone you've just met, to ask a question or make a comment. That will get things started and ease those jitters!



Shannon Alter (Shannon@AlterConsultingGroup.com), CPM®, is a real estate consultant with Alter Consulting Group (alterconsultinggroup.com) in Santa Ana, Calif. She is the author of the IREM key report *Strategies For Working with Small Tenants*.

You can also script your talk. Take a few minutes to jot down some notes when rehearsing so you know when and where to move. Take a lesson from the theatre—if you want to emphasize a particular point, it is generally better to do it while standing still.

Finally, realize no matter how precisely you have refined your speech or presentation, “stuff” happens. Your client changes his mind or the big boss decides on a different presentation theme at the last minute. Be sure to leave a little bit of room for unforeseen events. This is one time where flexibility definitely equals stress reduction.

Excellent speakers exhibit confidence, charisma, calmness, poise, smooth and well-modulated delivery, and are informative and entertaining. They are able to deliver content in a way that is easy to understand, as well as tell memorable stories and share examples.

And almost certainly, excellent speakers are prepared, giving them the confidence they need to talk to an audience. Understanding preparation can make you an excellent speaker too. ■



conventional**wisdom**

Managers of Apartments Accommodating Senior Residents Will Likely Experience Success in the Near Future *by Janice Rosenberg*

As people age

it becomes increasingly important they find housing that addresses their changing needs. Real estate managers who offer amenities and services keyed to seniors' needs are likely to attract and retain a growing, stable and appreciative category of residents, without having to officially break into the complex and challenging senior housing market.

"There is a common awareness out there that the Baby Boomer generation is reaching the senior age, and a lot of them don't want to deal with the maintenance and upkeep of a home," said David W. Crump, CPM®, vice president, residential services division, Ray Stone Inc., AMO®, in Sacramento, Calif. "I see them as having a lot more impact on our properties. If you embrace that, it's a great opportunity. And if you don't embrace it, your competitor will."

BOOMING BUSINESS

According to the U.S. Census Bureau's 2008 projections, the percentage of persons 65 years and over will increase from 12.97 percent in 2010, to 17.88 percent in 2025, and to 20.17 percent in 2050. Not only will there be more seniors, but their lifestyles will also differ from seniors in the past, said Barbara Kleger, president of 55+ Consulting, a consumer research and marketing company in Philadelphia.

"This group is young at heart, endlessly updating and renewing themselves, and not afraid to learn and grow," Kleger said. "They like new beginnings, new friends and adventures. Anything you can do to simplify their lives and let them have more fun will definitely be appreciated."

Additionally, living in dedicated senior housing—including "55+" facilities and independent living facilities—comes at a price. Monthly rent at independent living facilities that offer security, meal plans, scheduled activities and maintenance-free living is \$2,638 on average, according to the "Seniors Housing Research Report" from Marcus & Millichap, a commercial real estate investment services firm in Encino, Calif.

The recent economic downturn seems to have already affected such communities to some extent. For instance, the independent living occupancy rate decreased from 93.8 percent in the first quarter of 2008 to 91.4 percent

in the second quarter of 2008, according to "Market Area Profiles," a study by the National Investment Center for the Seniors Housing & Care Industry. In addition, occupancy rates are expected to have fallen further in 2009 to 88.4 percent, according to the Marcus & Millichap Senior Housing report.

All these factors will inevitably create opportunities for conventional apartment managers willing to provide services geared toward seniors, said Diane Gilbertson, CPM, associate director of homeowner associations for Ebenezer Management Services in Minneapolis, Minn.

"People are not as likely to invest dollars in a huge purchase they aren't going to see a return from," she said. "If managers of conventional apartments can provide services that would meet seniors needs, they will benefit."

SATISFYING SENIORS WITH SERVICE

Providing a wealth of services won't just attract seniors to a property. More importantly, it will allow current residents to stay in place longer as they age—meaning less turnover and more stability for a property, said Mel Gamzon, senior managing director of Senior Housing Investment Advisors in Fort Lauderdale, Fla.

"The more services that are available to residents, the longer their length of stay will be within the facility," he said.

Kleger of 55+ Consulting said seniors—Boomers especially—like being catered to. They appreciate having a concierge or a member of management who can help them find a handyman service, computer repair service or transportation to the airport. Because they travel more, they appreciate the concept of a "lock and leave" lifestyle where their packages are taken in, or they can arrange for their plants to be watered while gone.

Younger seniors look for properties with fitness centers and yoga classes. Older seniors might appreciate having a clothing store come on site with merchandise, allowing them to shop from home, Gilbertson said. Helping Boomers set up technology or address any technology issues, like cable or Internet problems, is another valuable service, Crump said.

Managers should also become familiar with services

available in their local communities. Visiting Nurses Associations can provide professionals to check blood pressure or offer foot care. Other in-home health care providers can offer rehabilitation and medical services. Arrangements can also be made with meal providers, like Meals on Wheels, for those residents who need it.

"Managers should not be afraid of getting into this area of service," Gamzon said. "They don't have to provide the services themselves. They just need to be able to associate and link with [outside] providers. There is value added in these alliances."

Seniors also appreciate a well-trained, caring staff, that is mindful of their needs and tries to honor their requests, said Edward M. Newman, CPM, and president and CEO of Summit Management Services Inc., in Akron, Ohio. When his management team members meet residents in hallways they say hello and remember to ask residents what they can do to improve services. They listen carefully when seniors come to them with questions or comments.

"These are really [not] radical things to do," Newman joked. "But they work with everyone, especially seniors."

SOCIALLY ACCEPTABLE

Planning events for senior residents is as important as providing daily services. When determining the types of

social amenities to offer his residents, Crump has taken ideas that work in his age 55+ properties and applied them to his buildings with a more diverse resident mix.

For instance, seniors appreciate having a place to congregate. In buildings without common areas—with permission from the property's owners—he has converted vacant units into club rooms with card tables, games, books and puzzles. Retirees can organize their own potluck dinners, wine tastings or other events in such spaces.

"We've found that we have long-term residents who like the neighborhood and have stayed in place for significant amounts of time, some for more than 30 years," Crump said. "We've adapted our management style to consider what they are looking for that will keep them in place."

Crump also plans larger events aimed at all residents of a property, such as barbeques or Neighborhood Watch programs. Public safety events, which tend to attract seniors, are a good place to start, he said. From there, management can move to the next level, organizing a senior activity committee with an assistant manager acting as a liaison to the management company. Crump's properties allow seniors to use the office copier to prepare their newsletters.

"We have a 112-unit property in Lodi, Calif., with only 15 senior residents," Crump said. "The manager orga-

natural occurrence

Properties with a preponderance of seniors have been given the designation NORCs—Naturally Occurring Retirement Communities. Under current Federal law, the term, defined by Michael Hunt, professor in the School of Human Ecology at the University of Wisconsin-Madison, refers to properties that were not planned or designed for older residents, but where 40 percent of the heads of households are older individuals, or a critical mass of older individuals exists.

In a nationwide survey conducted in 2005, AARP found

that as many as 36 percent of respondents 55 and older could be viewed as living in NORCs. The existence of NORCs has led to private and governmental studies seeking to understand the benefits of offering support services to the residents of these buildings as they age.

NORCs occur for a variety of reasons, ranging from location to the size of units. Amenities such as doors wide enough to accommodate walkers, senior-friendly bathtubs and wider-than-average parking spaces also may have attracted or retained a cohort

of older residents, said Beverly Brandon, vice president of senior living design and research at Rees Associates, Inc., in Baltimore.

"Most seniors, when they move into NORCs, don't think about needing specialized items," Brandon said. "But as a manager you can attract seniors by telling them about options you are willing to provide that will allow them to stay on longer as residents. You can offer to provide transportation, add grab bars in bathtubs and arrange for delivered meals—things that over time seniors will find beneficial."

nizes several annual events that attract seniors, including National Night Out, Neighborhood Watch safety meetings and ice cream socials. The seniors get together at these events and communicate about sharing rides, shopping and other needs. Instead of feeling alone, they depend on each other. This helps retain residents and that's a benefit for the owner."

STAYING COMPETITIVE

Retaining residents means less turnover, lower vacancy rates and more cashflow—a true advantage to offering services so aging residents will stay in place longer, Gamzon said. But targeting the senior market has other advantages too.

Gilbertson said managers might actually experience cost savings if they wisely rely on their senior population. She said seniors will often volunteer to work in the office—filing and answering phones; plan activities for the community; and tend to the grounds by landscaping or gardening. This, of course, cuts back on staff responsibilities.

"They love to stay busy," Gilbertson said of seniors, "so allow them to work in areas where they can help."

If the senior residents already in place are happy, they will also be one of the property's best marketing agents—for free. Seniors are also good networkers, Gilbertson said. They rely on each other's opinions and if they like a place, they'll spread the word. Referral programs offering a rent credit or other reward to any resident who brings in a new resident will help stimulate these senior connections.

In today's competitive market place, Gilbertson said real estate managers cannot just ignore a segment of the population—particularly seniors with their level of influence and all the advantages they bring to the table. Managers who don't make valid attempts to keep their aging residents in place, or attract seniors to their property, will lose out to competition in the long run.

"The conventional apartment that structures its operation to cater to seniors is going to do better than the conventional apartment that does not," she said. ■



[TOP] THE MANAGER AT MERITAGE APARTMENT RENTALS IN LODI, CALIF., ORGANIZES SEVERAL ANNUAL EVENTS THAT ATTRACT SENIORS INCLUDING NATIONAL NIGHT OUT, NEIGHBORHOOD WATCH SAFETY MEETINGS AND ICE CREAM SOCIALS.

PHOTOGRAPHY © RAY STONE INC., AMO®

[BOTTOM] THE ORCHARD IN SAN DIEGO OFFERS SENIOR RESIDENTS FREE TRANSPORTATION.

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



KNOW YOUR CODE OF PROFESSIONAL ETHICS: *The Pledge*



CARL D. YORK, CPM® EMERITUS (YORK@SENTINELCORP.COM), IS A VICE PRESIDENT WITH SENTINEL REAL ESTATE CORPORATION IN FISHERS, IND., AND IS A MEMBER OF THE IREM ETHICS INQUIRY BOARD. HE PREVIOUSLY SERVED ON THE ETHICS AND DISCIPLINE COMMITTEE AS CHAIR AND VICE CHAIR OF THE HEARING BOARD.

*I pledge myself...*the first three words of all five paragraphs that make up the Pledge of our IREM Code of Professional Ethics. These five paragraphs are the foundation of our Code of Professional Ethics. A pledge is a vow; a binding promise or agreement that we all agree to make in our everyday dealings with others.

The legal definition of the word *pledge* in Webster's New World Law Dictionary is: "An item of property given as security for a debt or performance."

As IREM Candidates and Members, when we deal with others, the property we give as security is our reputation.

When we speak of ethics, we generally use or think of the concept as a measure of conduct; the conduct we expect from those we deal with and the conduct that others expect from us in return. Each of us makes our own decision about our conduct in relation to every personal and professional situation we encounter.

Charges of violation of the Code heard and decided by the Board of Ethical Inquiry and the Hearing and Discipline Board in recent years include complaints such as: giving false information about IREM membership, plagiarizing material submitted in a management plan, changing the wording of legal documents without permission, falsifying expenses submitted on an expense report, making false claims about academic accomplishment, accounting of funds outside of contract requirements...you get the picture. In virtually every case, a violation of the *pledge* has been cited.

In a review of every case that our ethics committees have deliberated on, it appears the discipline could have been avoided if the violator would have asked themselves the following questions:

- Is it right?
- Is it fair?
- If I were the other party and had knowledge of your actions, would I still want to participate with you?
- Have I taken the time to read and understand the requirements of the contract in which I am participating?
- If I am not sure of something or what action to take, have I done all that I can do to seek advice and counsel before I make a decision?
- Is this action in the best interest of the safety and well being of ALL parties?
- Would I want my son or daughter to make the same decision that I am about to make?

If the answer is no to any of the above, then it is likely that you are in danger of violating the Pledge. *I pledge myself* is just three words, unless you make them part of your actions every day.



TO VIEW THE IREM ETHICS PAGE VISIT

WWW.IREM.ORG/ETHICS

Awards & Recognition

Condo Lifestyles magazine presented Robert Levin, CPM®, president of Wolin-Levin, Inc. (www.wolin-levin.com), with its annual Outstanding Leadership and new Property Manager of the Year awards at the 2009 State of the Industry Seminar. He was honored for over 30 years of service in the property management business. Levin and his company "have been a fixture in Chicago condominiums since the beginning of the condo boom," said Michael C. Davids, editor and publisher of *Condo Lifestyles*, when presenting the award. "Because of the length and reach of Bob's involvement in condominiums, he has had a unique and significant impact on improving professionalism and the level of education of so many others in this field."



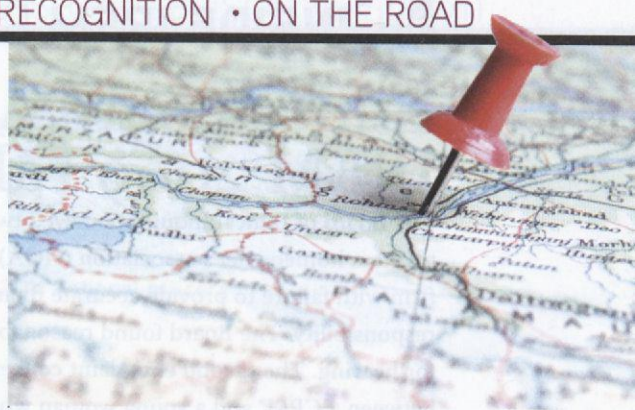
Jeffrey I. Brodsky, CPM, president of Related Management Co., AMO®, recently received the 2009 CPM of the Year award from IREM Greater New York Chapter No. 26. The award was presented at the Chapter's Annual Dinner & Awards gala in New York City. "I am privileged to lead the property management division of an organization that allows us... no, requires us, to do the right thing. We are equally privileged to be associated with IREM, a partner in achieving our organizational goals," Brodsky said.



Greystar Real Estate Partners, LLC, recently awarded Les Horvath, CPM, PCAM, the Pillar of Profitability Award for the Western Region, which includes California, Arizona, New Mexico, Nevada, Colorado, Oregon and Washington. Six pillars of excellence (People, Customer Satisfaction, Operational Excellence,

Profitability, Growth and Community Outreach), were adopted by Greystar founder and CEO, Bob Faith, to help employees think strategically about company operations.

Cushman & Wakefield, AMO, recently announced that 18 properties under its management have earned the Leadership in Energy & Environmental Design (LEED) certification utilizing the U.S. Green Building Council (USGBC) Portfolio Program and volume certification process, which allows management firms and property owners to pursue LEED certification for multiple properties simultaneously. More than half of the properties certified at the Platinum and Gold levels. Cushman & Wakefield is the first commercial real estate services firm to certify existing buildings using volume certification under the LEED for Existing Buildings: Operations & Maintenance (LEED EB: O&M) rating system. The properties include owner-occupied and multitenant buildings across six states, comprising in excess of 8 million square feet of commercial real estate.



ON THE ROAD

MARCH 10
 Greater New York Chapter No. 26
 (Asset Management Symposium)
 Location: New York
 Visiting Officer: Randy Woodbury,
 President

MARCH 11
 Columbus Chapter No. 42
 Location: Columbus, Ohio
 Visiting Officer: Randy Woodbury,
 President

MARCH 12
 Chicago Chapter No. 23
 Location: Chicago
 Visiting Officer: Randy Woodbury,
 President

MARCH 25
 Milwaukee Chapter No. 13
 Location: Milwaukee
 Visiting Officer: Ron Goss,
 President-Elect

APRIL 13
 Houston Chapter No. 28
 Location: Houston
 Visiting Officer: Randy Woodbury,
 President

APRIL 15
 Utah Chapter No. 33
 Location: Syracuse, Utah
 Visiting Officer: Randy Woodbury,
 President

PHOTOGRAPH © VAN STOLATIS



Ethics Board Active at IREM 2009 Fall Meetings

The Board of Ethical Inquiry reviewed two new complaints. In the first complaint, a homeowner's association (HOA) charged a property management firm with failure to provide accurate financial records and a lack of fiduciary responsibility. The Board found reasonable cause to forward this complaint for hearing. The second complaint concerned a security deposit dispute between a CPM® and a young woman who secured another tenant when she had to leave for school. The CPM maintained the young woman became the landlord by subletting the space. The complaint was dismissed as no evidence of unethical or improper conduct was found.

The Ethics Appeal Board conducted one hearing. The complainant, a condo owner whose main residence is in another state, alleged negligence and lack of fiduciary responsibility on the part of the CPM Member whose firm managed his property. The complaint was filed when the kitchen pipe burst, flooding the condo. According to the complainant, he and the association officers made repeated attempts to resolve the matter, which the CPM ignored.

The Hearing Board had previously found the CPM in violation of the IREM Member Pledge and three articles of the IREM Code of Professional Ethics having to do with loyalty to client, managing the assets of a client, and the duty to protect the health and safety of tenants. The discipline was an unpublished letter of censure and the requirement to successfully complete Ethics 800 in the next year. The CPM respondent filed a request for appeal, stating that he was not employed as a manager of the complainant's individual condo unit. The Appeal Board reviewed the written appeal and found the Respondent had a fiduciary responsibility to the common elements of the building. The Board affirmed the findings of the Hearing Board. The discipline becomes effective immediately and the decision is binding.

USGBC APPROVES ONLINE IREM COURSE ON SUSTAINABILITY

The IREM online course, "Sustainable Real Estate Management," has been approved for continuing education credit for LEED Professionals by the U.S. Green Building Council (USGBC).

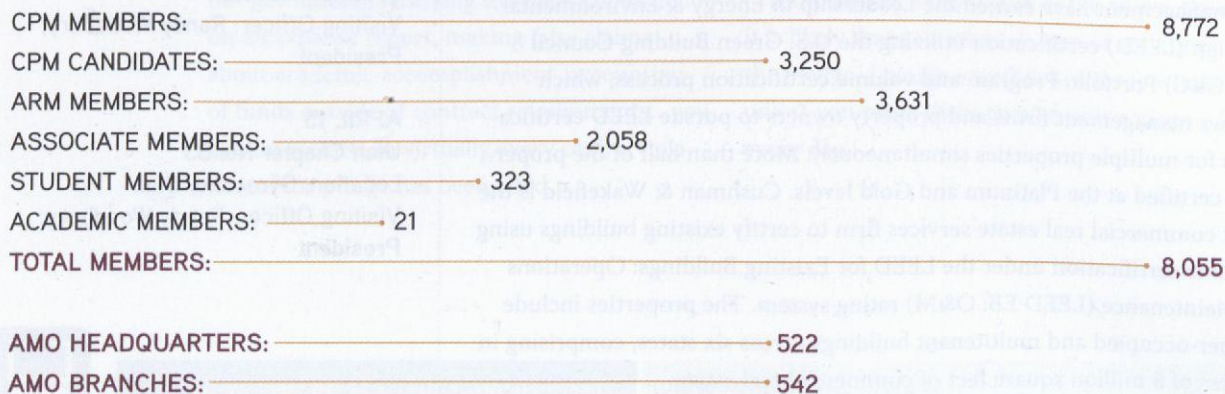
"Sustainable Real Estate Management" was developed with IREM Member-experts. The course focuses on cost-effective ways to meet owner, tenant, and resident demand for "green" real estate and increase a property's NOI through sustainable real estate management techniques. Requiring approximately six hours to complete, the course is self-guided and features open enrollment.

"Sustainable Real Estate Management" also is eligible for elective credit toward the National Association of REALTORS® (NAR) Green Designation.

» For more information on the course or to register, visit www.irem.org/green.

IREM MEMBERSHIP FIGURES

HERE ARE THE YEAR-END MEMBERSHIP NUMBERS, INCLUDING ALL MEMBERSHIP TYPES FOR THE UNITED STATES AND INTERNATIONAL CHAPTERS:



2011 NATIONAL OFFICERS AND REGIONAL VICE PRESIDENT NOMINEES SLATED

The IREM Nominating Committee has announced its slate of nominees for 2011 national officers to serve with 2011 President Ronald L. Goss, CPM®, Little Rock, Ark.

They are:

President-elect ————— James A. Evans, CPM, Grand Blanc, Mich.

Secretary/Treasurer ————— Elizabeth H. Machen, CPM, Charlotte, N.C.

The Nominating Committee also submits the following nominations for regional vice presidents for the 2011-2012 term.

REGION	NOMINEE	STATES IN REGION
2	Alfred O. Ojejinmi, CPM	Delaware, New Jersey, New York, Pennsylvania
3	Vera C. McPherson, CPM, ARM®	Maryland, Virginia, West Virginia, District of Columbia
5	Chip Watts, CPM	Alabama, Arkansas, Louisiana, Mississippi
6	Mary (Kris) Moore, CPM	Indiana, Kentucky, Michigan, Ohio
8	Benjamin R. Forsyth, CPM	Arizona, Colorado, Nevada, New Mexico, Utah
11	<i>(To be determined)</i>	California, Hawaii
12	Laura A. Cantrell, CPM	Alaska, Idaho, Montana, Oregon, Washington, Wyoming
13	Kim Weddington, CPM	North Carolina, South Carolina, Tennessee
14	Sandra L. Caputo, CPM	Canada



FOR PROFILES AND INFORMATION ABOUT IREM OFFICERS VISIT WWW.IREM.ORG/OFFICERS.

The election will take place during the IREM Governing Council meeting on **Tuesday, May 4, 2010 at 9:00 a.m. at the JW Marriott Hotel in Washington, DC.** IREM bylaws provide for additional nominations for officer and regional vice president positions. Any additional nominations must be made by a petition signed by at least 15 members of the Governing Council delivered to the Executive Vice President at least 10 days in advance of the date set for the election.



REGISTRATION FOR IREM LLS NOW OPEN!

Join your fellow IREM Members in bringing commercial real estate issues to Capitol Hill by registering to attend the 2010 Leadership and Legislative Summit, featuring Capitol Hill Visit Day. This year's annual event takes place May 1-5 at the JW Marriott Hotel, located on Pennsylvania Avenue in Washington, D.C., just two blocks from the White House and four blocks from the National Mall.

For more information visit www.irem.org/lls.



INSIDE IREM COURSE LISTINGS

MARCH

MPSAXM	March 1-4	Hartford, Conn.
CPM001	March 5	Hartford, Conn.
CPMEXM	March 5	Hartford, Conn.
ETH800	March 5	Braintree, Mass.
ASM603	March 8-9	Milwaukee
ASM603	March 8-9	Charlotte, N.C.
ASM603	March 8-9	Washington
FIN402	March 8-9	Houston
ASM604	March 10-11	Milwaukee
ASM604	March 10-11	Charlotte, N.C.
ASM604	March 10-11	Washington
MNT402	March 10-11	Houston
RES201	March 10-19	Philadelphia
RES201	March 10-19	Salt Lake City, Utah
ETH800	March 10	Los Angeles
ETH800	March 10	Birmingham, Ala.
MNT402	March 11-12	Braintree, Mass.
MNT402	March 11-12	Pittsburgh
RES201	March 11-20	Addison, Texas
RES201	March 11-20	Oakbrook, Ill.
ASM605	March 12	Milwaukee
ASM605	March 12	Charlotte, N.C.
ASM605	March 12	Washington
ASM603	March 15-16	Orlando, Fla.
HRS402	March 15-16	Chandler, Ariz.
MPSAXM	March 15-18	Omaha, Neb.
MPSAXM	March 15-18	Trenton, N.J.
RES201	March 15-20	Sacramento, Calif.
BDM601	March 16-17	Golden Valley, Minn.
HRS402	March 16-17	Indianapolis
ASM604	March 17-18	Orlando, Fla.
MKL405	March 17-18	Chandler, Ariz.
MKL406	March 17-18	Chandler, Ariz.
SRM001	March 17	Rochester, N.Y.
RES201	March 18-27	Kirkland, Wash.
ETH800	March 18	Addison, Texas
ETH800	March 18	Albuquerque, N.M.
ASM605	March 19	Orlando, Fla.
CPM001	March 19	Omaha, Neb.
CPM001	March 19	Trenton, N.J.
CPMEXM	March 19	Omaha, Neb.
CPMEXM	March 19	Trenton, N.J.
FHS201	March 19	Philadelphia
ETH800	March 19	Marietta, Ga.
ASM603	March 22-23	Los Angeles
ASM603	March 22-23	San Diego
ASM603	March 22-23	San Antonio
RES201	March 22-27	St. Louis
RES201	March 22-27	Alexandria, Va.
FIN402	March 23-24	Memphis, Tenn.
ASM604	March 24-25	Los Angeles
ASM604	March 24-25	San Diego
ASM604	March 24-25	San Antonio
ASM605	March 26	Los Angeles
ASM605	March 26	San Diego

ASM605	March 26	San Antonio
APRIL		
MKL405	April 1-2	Braintree, Mass.
ASM603	April 5-6	Aurora, Colo.
FIN402	April 5-6	Kirkland, Wash.
RES201	April 5-10	Portsmouth, N.H.
ASM604	April 7-8	Aurora, Colo.
MNT402	April 7-8	Kirkland, Wash.
ASM605	April 9	Aurora, Colo.
FIN402	April 12-13	San Francisco
MPSAXM	April 12-15	St. Louis
MPSAXM	April 12-15	Baltimore
RES201	April 12-17	Knoxville, Tenn.
FHS201	April 13	Quincy, Mass.
MKL405	April 13-14	Southfield, Mich.
FHS201	April 14	Rochester, N.Y.
MNT402	April 14-15	San Francisco, Calif.
HRS402	April 15-16	Southfield, Mich.
CPM001	April 16	St. Louis
CPM001	April 16	Baltimore
CPMEXM	April 16	St. Louis
CPMEXM	April 16	Baltimore
ETH800	April 16	Pittsburgh
ETH800	April 16	Charlotte, N.C.
ASM603	April 19-20	Golden Valley, Minn.
ASM603	April 19-20	Marietta, Ga.
FIN402	April 19-20	Las Vegas
MPSAXM	April 19-22	San Diego
RES201	April 19-24	Los Angeles
FIN402	April 20-21	Sacramento, Calif.
MKL406	April 20-21	Philadelphia
MNT402	April 20-21	Chandler, Ariz.
ASM604	April 21-22	Golden Valley, Minn.
ASM604	April 21-22	Marietta, Ga.
MNT402	April 21-22	Las Vegas
RES201	April 21-30	New Brunswick, N.J.
RES201	April 21-30	Wallingford, Conn.
FIN402	April 22-23	Chandler, Ariz.
FIN402	April 22-23	Jacksonville, Fla.
MNT402	April 22-23	Sacramento, Calif.
ASM605	April 23	Golden Valley, Minn.
ASM605	April 23	Marietta, Ga.
CPM001	April 23	San Diego
CPMEXM	April 23	San Diego
ETH800	April 23	Portland, Ore.
ASM603	April 26-27	New Orleans
MKL405	April 26-27	Glen Allen, Va.
MKL406	April 26-27	Glen Allen, Va.
MNT402	April 26-27	Orange County, Ca.
MPSAXM	April 26-29	Cincinnati
ASM604	April 28-29	New Orleans
FIN402	April 28-29	Orange County, Calif.
HRS402	April 28-29	Glen Allen, Va.
ETH800	April 28	Tallahassee, Fla.

INTERNATIONAL

HRS402	March 1-2	Moscow	FIN402	April 10-11	Moscow
CID202	March 11-12	Moscow	MNT402	April 12-13	Moscow
ETH800	April 3	Moscow			



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

COURSE CODES KEY

- ARMEXM // ARM Certification Exam
- ASM603 // Investment Real Estate Financing and Valuation - Part One
- ASM604 // Investment Real Estate Financing and Valuation - Part Two
- ASM605 // Investment Real Estate Financing and Valuation - Part Three
- BDM601 // Maximizing Profit: Growth Strategies for Real Estate Management Companies
- BDM602 // Property Management Plans: The IREM Model (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

CSE

CHAPTER SIGNATURE EVENTS

A *Chapter Signature Event* is an industry event coordinated and executed by a local IREM chapter. These events offer an opportunity to build awareness of the IREM brand, to honor and recognize our chapters and share best practices. Attend a *Chapter Signature Event* near you in 2010:

EVENT: Third Annual Asset & Property Management Symposium

DESCRIPTION: Networking opportunities, educational programs, panel discussion seminars and exhibitors

LOCATION: New York, N.Y.

DATE: March 10, 2010

TIME: 9:30 a.m. to 5:30 p.m.

REGISTER TODAY: www.iremny.org

HOST CHAPTER: Greater New York Chapter No. 26

EVENT: IREM Leed and Energy Stars Luncheon

DESCRIPTION: Awards program featuring sustainability keynote speaker

LOCATION: Houston, Texas

DATE: Tuesday, April 8, 2010

TIME: 11:30 a.m. to 1:00 p.m.

REGISTER TODAY: www.iremhoustan.org

HOST CHAPTER: Houston Chapter No. 28

For more information on how to host *Chapter Signature Events*, visit www.irem.org/chapterservices.

The conversation continues...from virtual to reality...

Stay connected and meet-up with other real estate management professionals who want to talk more about this topic.

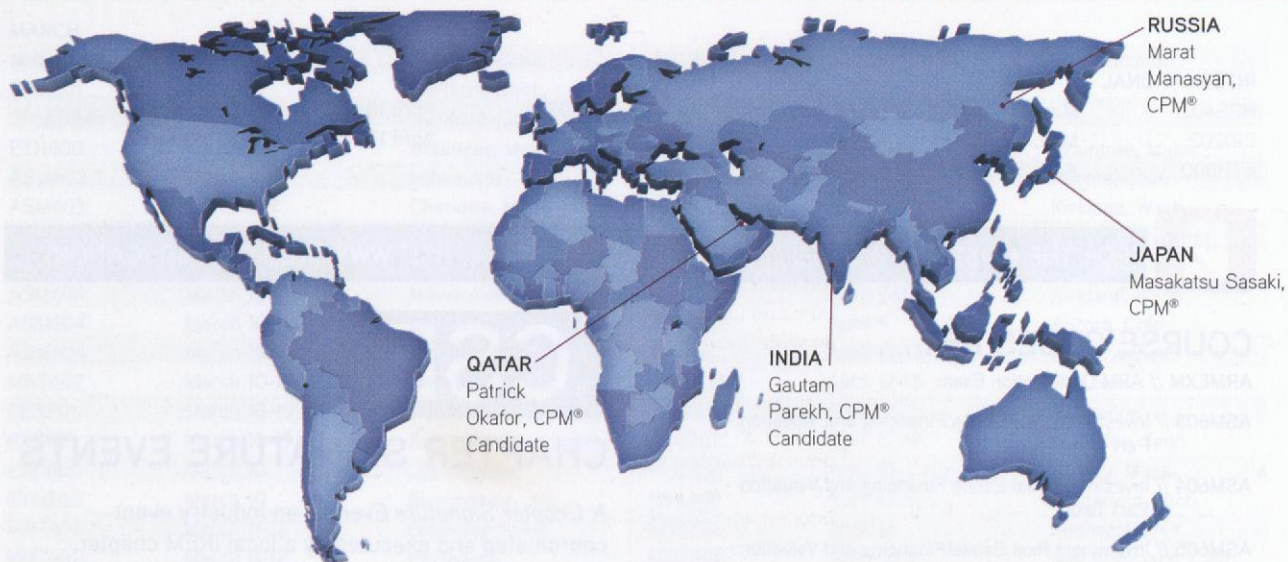
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 Hilton Orlando Bonnet Creek-Waldorf Astoria Resort
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IREM INTERNATIONAL MEMBERS DISCUSS THE FUTURE OF REAL ESTATE MANAGEMENT

What opportunities are ahead for the real estate management industry abroad in the next 2-3 years? Some of our international IREM Members shared their thoughts about what's next for the industry in their countries:



JAPAN

In the Japanese market, due to the fund bubble that started in 2004, major metropolitan areas are experiencing previously unheard-of rises in vacancy. This makes the operation of the properties very difficult for owners and investors. At the same time, there are many business opportunities. In times such as this, the roles that CPMs play are significant. Specifically, owners and investors are looking for able property managers who can analyze risk, profitability, and competitive position; who can operate properties safely and reliably at the time of new development, renovation planning, midstream analysis, and acquisition in this confusing real estate market. Masakatsu Sasaki, CPM, president of Daiiti Tatemono Inc.



RUSSIA

The world financial crisis has changed the relationship between owners and real estate managers. Today owners spend a lot more time selecting a real estate management company with optimal pricing and professional skills. There is a great opportunity to manage recalled mortgage real estate because banks and other financial institutes have a lot of real estate but don't have people with professional skills to manage the properties. They need a professional property manager to reach maximum cash flow.

Marat Manasyan, CPM, for Retail Row LLC



QATAR

The Middle East real estate management industry has a bright future and



the next three years promise to be full of activities. The recent opening of the world's tallest building in Dubai and several other mega projects like the Pearl Island and Lusail City in Qatar and the Yas Island Abu Dhabi, all point to this fact. Although the world financial crisis has caused a sales slump in the region, with Dubai heavily affected, markets elsewhere in the region are showing signs of growth, especially in property/facilities management. Qatar is a good example of this growth, as several major projects are due for completion this year. Patrick Okafor, CPM Candidate, property manager for REMAX Qatar



INDIA

The growth witnessed by the Indian real estate sector continues to rise, influenced by the high GDP

growth, increased urbanization, improving demographics, favorable regulatory framework as well as growth across various business sectors. India offers a lucrative market to the industry at large to meet investment or development objectives. This will lead to the beginning of a new era for real estate management industry in India! Gautam Parekh, CPM Candidate, CEO and managing director for Jyoty Warehousing Corporation Group of Companies

JPM ARTICLES TRANSLATED

IREM translates one article from each issue of *JPM* into 8 languages. You can find translations of the latest feature, as well as past articles, at www.irem.org/international.

Español (Spanish) IREM traduce un artículo de cada número de la *Revista de Administración de Propiedades* en ocho idiomas para servir a nuestros miembros de todo el mundo. Usted puede encontrar las traducciones de los más recientes artículos así como los artículos anteriores, visitando la página de idiomas del sitio Web de IREM en www.irem.org/international/spanish/intro.cfm.

Français (French) L'IREM traduit un article de chaque numéro du *JPM* dans huit langues, et ce, afin de mieux desservir nos membres partout à travers le monde. Vous pouvez trouver les traductions du plus récent article ainsi que des articles déjà publiés en visitant les pages en langues étrangères du site Web de l'IREM au www.irem.org/international/french/index.cfm.

Русский (Russian) Для своих международных членов Институт IREM переводит на восемь языков мира по одной статье из каждого выпуска *Журнала по управлению недвижимостью (JPM)*. Перевод статьи из последнего выпуска издания, а также архив переведенных статей, можно найти в соответствующем иноязычном разделе сайта IREM по адресу www.irem.org/international/russian/index.cfm.

Wersja Polska (Polish) Z myśla o międzynarodowych członkach IREM jeden artykuł z każdego numeru *JPM* tłumaczony jest na osiem języków świata. Polskie tłumaczenie ostatniego artykułu oraz artykułów archiwalnych znaleźć można na obcojezycznych stronach internetowego serwisu IREM www.irem.org/international/polish/index.cfm.

Português (Portuguese) O IREM traduz um artigo de cada edição do *Jornal de Gerência de Propriedade* em oito idiomas para atender os nossos membros espalhados pelo mundo. Você pode encontrar a tradução do último artigo, tão como artigos passados, visitando as páginas de idiomas do site do IREM www.irem.org/international/Portuguese/index.cfm.

한국어 (Korean) IREM은 부동산 관리 저널 (*Journal of Property Management*) 매 호마다 기사 하나씩을 선정하여 8개 국어로 번역, 전세계 회원들에게 제공하고 있습니다. IREM 웹사이트, www.irem.org 의 외국어 페이지를 검색하시면 최근 번역 기사는 물론, 지금까지 번역된 기사들을 한국어어를 포함한 8개 국어로 검색하실 수 있습니다.

日本語 (Japanese) IREMは、各の海外メンバーのために、不動産管理ジャーナルの各の記事の一つを、8ヶ語に翻しています。最新の記事と、過去の記事の翻は、IREMのウェブサイト www.irem.org/international/japanese/index.cfm の外語ページをご覧ください。

中文 (Chinese) 了服我的全球成, IREM 每期《管理期刊》中出一篇文章翻成八文字刊出。可以上IREM站 (www.irem.org/international/Chinese/index.cfm) 的外文, 找到最近及以往文章的文。





TODD CLARKE, CCIM (TCLARKE@NMAPARTMENT.COM), IS A 20-YEAR VETERAN BROKER, CONSULTANT, INTERNATIONAL SPEAKER AND INSTRUCTOR WHO DISCUSSES TECHNOLOGY AND ITS USE IN COMMERCIAL REAL ESTATE.

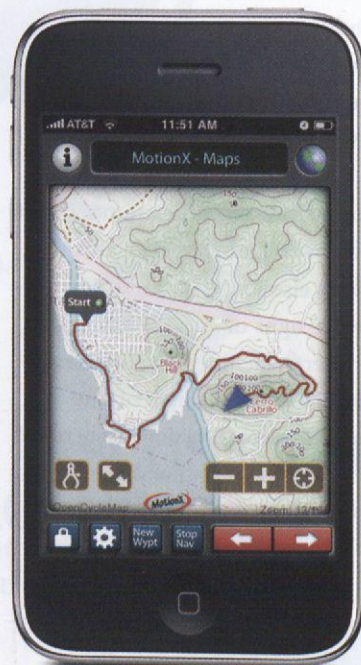
MOTION DETECTOR

Make site inspections a snap with a new GPS iPhone application

Fullpower Technologies has released a GPS application for iPhone called MotionX that could become an indispensable tool for commercial realtors and property managers.

For most of us, a site inspection involves taking along a digital camera, a notepad, a phone and possibly a GPS. Imagine a tool that replaces all of these. With MotionX-GPS you can start your site inspection, take photos along the way and make notes about those photos as they are geo-coded to the location where you took them. The program will show you, in real time, your location on the street, and on topographic and satellite maps. You can follow your track back to where you started and email the inspection to your office computer or to recipients. You can even upload it to Facebook. The uploaded file contains all of your waypoints, photos, and notes and can be viewed on Googlemaps or GoogleEarth.

MotionX-GPS is exclusively designed and optimized for an iPhone 3G and 3GS (the first generation iPhone and the 1st and 2nd generation iPod Touch do not have the necessary GPS chipset to acquire a GPS signal). There is a free version of the MotionX application, called GPS LTE, available, as well as a paid version for \$2.99, either of which can be found at the iTunes store, or at <http://news.motionx.com>. Updates to the paid version of MotionX-GPS are always free.



READ TODD CLARKE'S TECHNOLOGY BLOG AT WWW.NMAPARTMENT.COM/TECH.

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National Association of Residential Property Managers

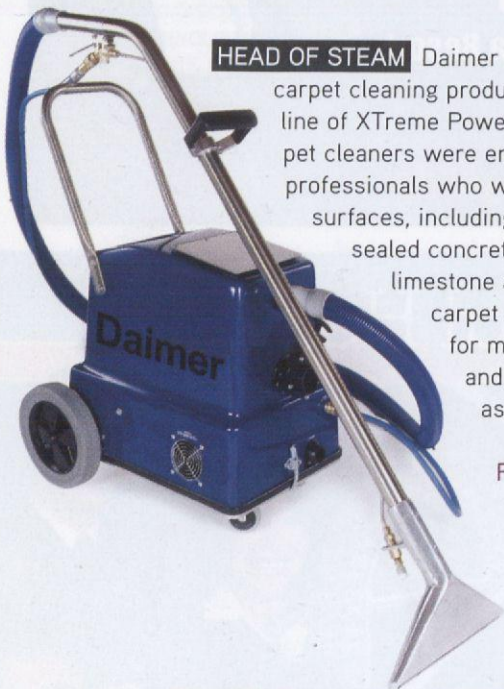
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The Revolution Fan by the Rite-Hite Corporation is a high-volume/low-speed industrial fan that provides more consistent air circulation and ventilation with better energy efficiency than traditional high-speed ceiling or floor fans. The Revolution Fan features an innovative blade design and a rotationally-balanced blade/hub connection that utilizes a vibration-absorbing material to reduce stress and maximize fan life. The Revolution Fan uses steel universal mounting brackets for easy installation and is available in 8, 12, 16, 20- and 24 foot diameters. The fan also comes with a one-year customer satisfaction, money-back guarantee and a 10-year structural integrity warranty.

For more information, visit www.ritehitefans.com.



HEAD OF STEAM Daimer Industries, Inc., a worldwide supplier of carpet cleaning products, is now shipping the XPH-5915CH line of XTreme Power carpet cleaners. The new steam carpet cleaners were engineered for property management professionals who want one machine for cleaning multiple surfaces, including carpets and hard floors, unsealed and sealed concrete, sealed vinyl floors, linoleum, tile, limestone and marble. The new multi-function carpet cleaners include low-fluid engineering for minimal drying time, high-pressure steam and vapor cleaning. Carpets dry in as little as two hours.

For more information visit www.daimer.com/carpet-cleaner.

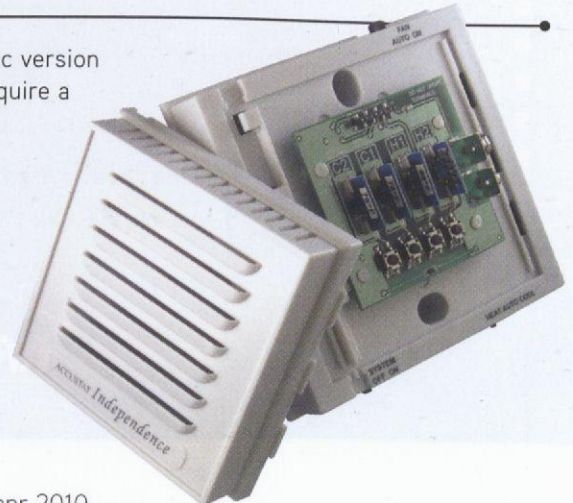


LOCKED UP The Angel Ventlock from Mighton Products is a low-cost, window control device designed to prevent children from accessing and falling out of windows. It is available in face-mounted and side-mounted versions that are designed to be installed by the manufacturer and used in conjunction with vinyl, timber and aluminium frames. If an available Angel Ventlock doesn't fit your frame, Mighton will design a custom lock for you.

For more information, visit www.mightonproducts.com.

IN CONTROL The Independence is a new, mercury-free, electronic version of the Accustat thermostat by PSG Controls, Inc., that does not require a common wire or battery power. Like the original Accustat, the Independence provides significant energy savings by precisely controlling building HVAC systems. It provides a control with an exact temperature setting that cannot be adjusted, and a built-in tamper-proof locking cover that conceals and protects the temperature set points.

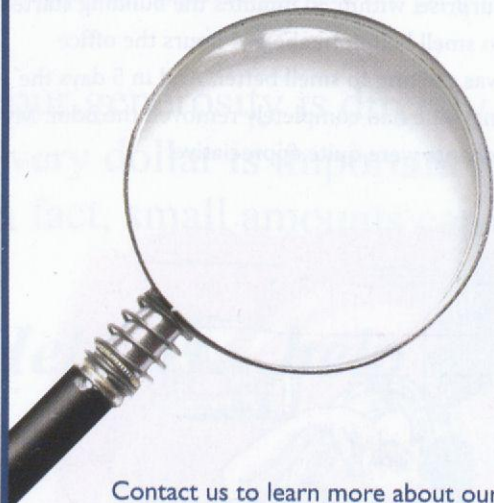
For more information, visit www.psgcontrols.com.



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CAN YOU TOP THIS?

Unbelievable or outrageous true stories about everyday experiences in real estate management BY LINDA D. REDMOND, CPM®, ARM® | ILLUSTRATION BY PAUL LUKAS

WHAT'S THAT SMELL?



LINDA D. REDMOND, CPM®, ARM® IS A COMMERCIAL PROPERTY MANAGER AT R & R PROPERTIES IN OAK RIDGE, TENN. SHE HAS OVER 23 YEARS OF PROPERTY MANAGEMENT EXPERIENCE.

ONE DAY A TENANT CALLED TO REPORT A BURNING RUBBER SMELL IN HIS OFFICE. I went to his office building and with my "keen sense of smell" deduced that one of the HVAC units had thrown a belt. I called my HVAC company and they checked out the units but could not find anything. The tenant, perplexed, asked, "Do you think it's a skunk?"

I immediately dismissed the tenant's skunk possibility. The next morning I went by the office and the odor was stronger. At first I thought it had a rotten banana and burning rubber smell. It wasn't until I went outside to the HVAC mechanical room that I realized my tenant had been right all along. I definitely smelled skunk!

I immediately went online and researched how to remove skunk smell from a building. I went to the local pet supply store and picked up a bottle of odor remover. When I returned I once again sniffed out the skunk smell and traced it to an electrical outlet in the office wall. It was then I realized the skunk had

sprayed inside the wall. Eight feet of sheetrock, all the insulation and the carpet had to be removed, and the concrete had to be sprayed with the odor remover.

It was then that we found a hole underneath the ductwork coming into the building.

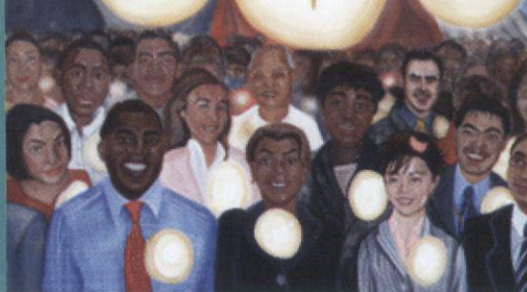
I set two live animal traps outside the mechanical room and to my surprise we caught two skunks in one trap! They also sprayed and the odor got into our fresh air intake. The entire building soon reeked of freshly trapped skunks.

In a panic, I suddenly remembered hearing about a new odor removing product that another IREM Member was promoting. I called her for the product name and soon I had it, ready to try out! At first I was afraid the lemon-grass basil scent coming from the machine would just cover the smell up and then I would get complaints of perfumed skunk! But to my surprise, within 30 minutes the building started to smell better. In about 4 hours the office was starting to smell better. And in 5 days the machine had completely removed the odor. My tenants were quite appreciative!



SUBMIT YOUR OUTRAGEOUS TRUE STORIES AT WWW.IREM.ORG/TOPTHIS!





In 2010, the IREM® Foundation will continue in our mission of workforce development by attracting, developing, and retaining individuals for careers in real estate management. We will work to provide funding for scholarships and professional grants that enable students to attend IREM® courses.

Last year, thanks to the continued support of our members, we were able to approve and award 181 grants!

Wouldn't you like to help educate even more current and future property management professionals?

Your generosity is directly linked to the success of our endeavors. Every dollar is important to us. No amount is too small. In fact, small amounts can add up quickly!

Help us...help others.

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