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TIPS FROM THE DUGOUT: WHAT BASEBALL STRATEGIES CAN TEACH US ABOUT RETAINING TENANTS

by Paul Mendel, CPM, MCRE

TIPS FROM THE DUGOUT:



WHAT BASEBALL STRATEGIES CAN TEACH US ABOUT RETAINING TENANTS

By Paul Mendel, CPM, MCRE

WHO'S AT BAT?

If you want to take the World Series and get to the home plate, you need to be in a batting stance. That's why, in a feature that will be published in the coming months, we will be looking at various strategies and approaches to retaining tenants. It's not just about the numbers, but also about the relationships and the communication that goes into it. In this issue, we'll look at the strategies of the dugout. In the next issue, we'll look at the strategies of the pitcher. In the final issue, we'll look at the strategies of the batter. So stay tuned for more tips from the dugout.

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by Susan Bloom

BRIGHT LIGHT OF THE FUTURE: LEDs Take New Focus

LEDs are delivering the comprehensive benefits of high quality, ENERGY EFFICIENCY, long life and ECO-FRIENDLINESS to a broad range of professional and RESIDENTIAL LIGHTING APPLICATIONS.

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SOLAR PANEL PROJECTS: DOES IT PAY TO PLAY?

by Eric B. Storey, CPM

SOLAR PANEL PROJECTS: DOES IT PAY TO PLAY?

Finance the "right way" and "back of the envelope" are the key to success in the solar market. This article explores the various financing options available to solar project owners and developers, including power purchase agreements (PPAs), solar leases, and solar mortgages. It also discusses the importance of understanding local regulations and incentives, and provides a checklist of key factors to consider when evaluating a solar project's financial viability.

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A MASTER CLASS IN REAL ESTATE TRENDS: THE IREM INCOME/EXPENSE ANALYSIS® STUDIES

IREM Publications Excerpt

A MASTER CLASS IN REAL ESTATE TRENDS: THE IREM INCOME/EXPENSE ANALYSIS® STUDIES

[EXCERPT]

The IREM Income/Expense Analysis studies have been a valuable resource for over 30 years. Designed to help property owners and managers, investors, brokers, developers and other real estate professionals analyze and optimize a building portfolio, the series is an essential resource for building better budgets, identifying ways to improve performance, and making strategic decisions. The Income/Expense Analysis studies provide data for the following: Gross Rental, Operating Expenses, Net Operating Income, Total Return, and Return on Investment. The studies are available in print and online formats. For more information, visit www.irem.org.

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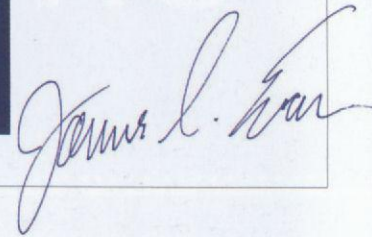
- WHAT DO YOU THINK ABOUT THIS ISSUE?
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- HAVE A STORY TO TELL?

JPM[®] WANTS TO HEAR FROM YOU!



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STRATEGIZING FOR THE NEW YEAR: Master Classes and Tips from the Dugout

And so we reach the end of another year. As we begin to gather around friends and family for the holiday season and close out another calendar year, it's appropriate to think about strategies for improving and redefining both ourselves and our businesses. Much of this issue of *JPM*® does just that.

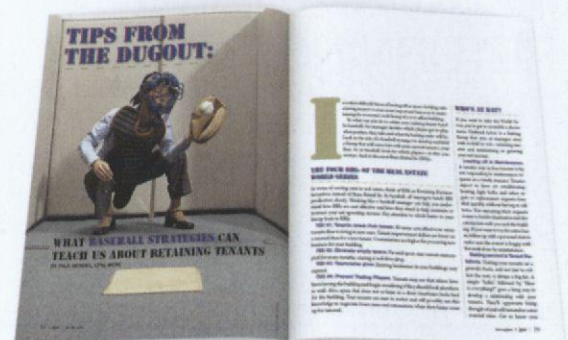
We start with a look at an invaluable set of tools property managers can use to track real estate trends in “**A Master Class in Real Estate Trends: The IREM Income/Expense Analysis® Studies**” (p. 52), detailing how to use the IREM Income/Expense Analysis Studies to keep rent rates and property income ahead of the curve. These studies have been a strong part of the IREM tradition of equipping managers with the best, most recent knowledge in real estate management; be sure to keep them at your disposal.

But having the numbers where we want them is only one part of the management equation; we also need a set of tactics to ensure we're using that information. When it comes to thinking about statistics and strategy, few things spring to mind before baseball. In “**Tips from the Dugout: What Baseball Strategies Can Teach Us About Retaining Tenants**” (p. 18), we explore how thinking like a baseball manager can strengthen your team and provide Series-winning levels of tenant satisfaction. Here, as in baseball, it's all about the RBIs—the tactics and incentives you create for tenants that help them realize the benefits of leasing from an IREM-affiliated manager or firm.

Finally, we turn our attention to sustainable methods to reduce costs on your property by using energy-efficient power and light-

ing solutions. “**Bright Lights of the Future**,” (p. 28) walks us through the flexibility and reliability of LED light fixtures, their benefits and a bit of their history. “**Solar Panel Projects: Does it Pay to Play?**” (p. 46) discusses the benefits, hurdles and applications that solar panel installations may have for you, your property and your energy bottom line.

Many thanks for a great year of excellence, service and education with IREM! ■



ON THE REBOUND

U.S. industrial commercial real estate will likely benefit from the increase in companies “on-shoring” jobs at home and in other Western countries through 2020.

According to Corporate Real Estate 2020, a forward-looking CoreNet Global study of corporate workplace and real estate trends, 51 percent of corporate real estate asset managers surveyed either agreed or strongly agreed that there would be a rebound in domestic manu-

facturing from offshore locations. This recovery will be driven both by companies bringing manufacturing plants and jobs back to the U.S. or choosing not to off-shore in the first place, according to a CoreNet news release regarding the study.

The release indicated the trend is already evolving, citing U.S. Bureau Labor Statistics projections that manufacturing jobs would increase by a half million jobs between January 2010 and the end of June 2012. ■



51 PERCENT OF CORPORATE REAL ESTATE ASSET MANAGERS AGREED THAT THERE WOULD BE A REBOUND IN DOMESTIC MANUFACTURING FROM OFFSHORE LOCATIONS.

PHOTO © FLORESCO PRODUCTIONS

EXAMPLES OF MANUFACTURING RETURNING TO THE U.S. ABOUND, ACCORDING THE CRE 2020 REPORT:

- The Coleman Company is moving production of its wheeled, 16-quart plastic cooler from China to Wichita, Kan.
- Slek Audio has moved production of its high-end headphones from Chinese suppliers to its plant in Manatee County, Fla.
- Peerless Industries will consolidate all manufacturing of audio-visual mounting systems in Illinois, moving that work from China

CALLING IN SICK MIGHT STILL REQUIRE A VISIT TO THE OFFICE

Commercial office buildings might need to make space for more onsite health centers, or at least upgrade buildings to accommodate in-demand services by employers that already have established such centers.

According to a Towers Watson news release regarding the *Towers Watson 2012 Onsite Health Center Survey*, U.S. employers with onsite health centers are planning to expand the scope of services they offer, as well as the audiences eligible to use the centers, by July 2013. The study surveyed 74 large employers that have either established or are planning to establish onsite health centers. Towers Watson is a professional services company based in New York.

According to the news release, the survey indicated 62 percent of companies establish or keep their centers open to gain improvements in employee productivity that come from eliminating visits to offsite medical providers. Other factors for establishing a center include cost reduction and improved access to care.

The most commonplace services already offered at onsite health clinics include biometric screenings, wellness counseling, urgent care and first-responder services, as well as primary care services. However, the services most likely to be added at such centers in 2013 include telemedicine, primary care services, onsite pharmacies and physical therapy.

“Employers believe onsite health centers can effectively address the key needs of increasing productivity, controlling costs and improving employee health,” said Greg Mansur, senior consultant at Towers Watson. “It’s important to note that onsite health centers will not be a fit for all companies. However, many of those companies that have embraced them believe they can pay even greater dividends in the future.” ■

SOUNDBITES

“The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint to keep from meddling with them while they do it.”

—THEODORE ROOSEVELT

“I find television very educating. Every time somebody turns on the set, I go into the other room and read a book.”

—GROUCHO MARX

“Just because nobody complains doesn’t mean all parachutes are perfect.”

—BENNY HILL

“The mediocre teacher tells. The good teacher explains. The superior teacher demonstrates. The great teacher inspires.”

—WILLIAM ARTHUR WARD

“No snowflake in an avalanche ever feels responsible.”

—GEORGE BURNS

“Attack life, it’s going to kill you anyway.”

—STEVEN COALLIER

“It is impossible to live without failing at something, unless you live so cautiously that you might as well not have lived at all—in which case, you fail by default.”

—J.K. ROWLING

“You can’t connect the dots looking forward; you can only connect them looking backward. So you have to trust that the dots will somehow connect in your future.”

—STEVE JOBS

THE SUN IS SHINING ON NEW YORK CITY



Voltaic Solaire unveiled New York City's greenest building in September. The Delta is the first private, completely self-powered building in the city, according to a news release from Soluxe Solar. Wind and solar energy heat and cool the structure, providing 100 percent of the structure's energy needs. Home to a bed and breakfast, residence and restaurant, The Delta was spearheaded by Voltaic Solaire and built in cooperation with IKEA, Samsung, Sharp, Kingston Block and Eemax. It will serve not only as a showcase for green building technologies, but also as an ongoing educational resource for schools and tour groups. Soluxe Solar, a Connecticut-based solar company, honored the project in August with its weekly "Solar Flare" award—an award distributed to companies, individuals or programs helping advance the solar cause. ■

I CAN SEE CLEARLY NOW

The U.S. ranked as the most transparent global real estate market, according to Jones Lang LaSalle's 2012 *Global Real Estate Transparency Index*, released in June. The biennial survey covers 97 markets worldwide, and aims to help real estate players understand important differences when transacting, owning and operating in foreign markets.

The survey revealed nearly 90 percent of markets have registered progress in transparency since 2010. The top 10 global real estate markets for transparency are:

1. United States
2. United Kingdom
3. Australia
4. The Netherlands
5. New Zealand
6. Canada
7. France
8. Finland
9. Sweden
10. Switzerland

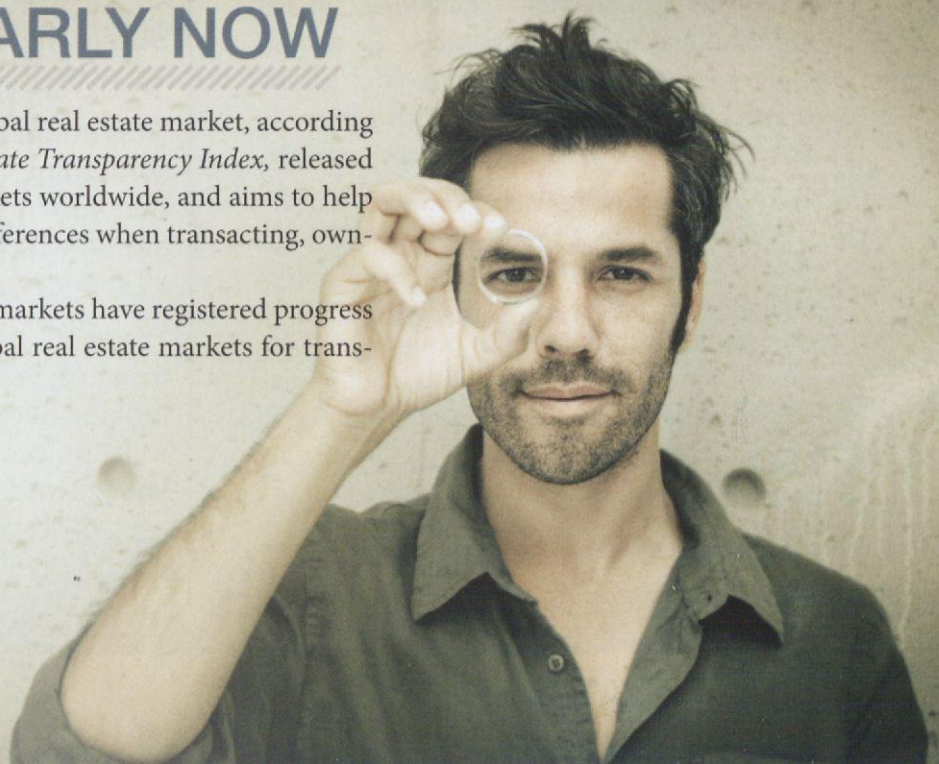


PHOTO © EVA SERRABASSA

SHOULD POLITICAL CAMPAIGN SIGN PLACEMENT BE RESTRICTED ON PROPERTIES FOR RESIDENTIAL APARTMENTS?



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Property managers are educated in the process of being objective, non-political and professional. As such, it is best not to take a position on political, religious and other sensitive issues. In Canada, the Human Rights code is quite explicit on such matters. It is my opinion that multifamily residential properties, occupied by a host of people with different political and other views, should **not** be subjected to such signage. As such, **professional property managers should take no real position on this matter for the properties they manage.**

Political signage can pose a potential for unnecessary dialogue, dispute and potentially vandalism. This in essence can endanger the safety and security of occupants (and the owner) and violates the potential for good risk management. From a marketing perspective, this would have a potential for negative impact on renting of suites. If a country is polarized in its (two-party) political system, that may also have a negative impact on hiring. Residents, as we all know, come with different political persuasions, and in Canada, we have more than two national political parties—sometimes as many as five. **Property managers need to be neutral, unbiased and objective in their purpose to manage effectively.** Political signage creates the optics of a political bias. When the owner of the property *insists* on taking a position on political signage, I would be inclined to discuss and advise them not to take a position.

Installation of political signage cannot be legislated as it defies the concept of free expression and free speech, but this position would be considered to be “good business practice and true professionalism.”

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Political signs don't work: Ask any political analyst and they will tell you that. So why do owners feel compelled to put them on their properties? They certainly aren't going to improve curb appeal. And most of our properties are already pushing or past the legal limits with leasing signs anyway. Letting a candidate put a sign up is way of saying, “I'll help you in a way that doesn't cost me. I've got visibility and high traffic.” Problem is, signs don't really work. So why use them?

LETTING A CANDIDATE PUT A SIGN UP IS WAY OF SAYING, “I'LL HELP YOU IN A WAY THAT DOESN'T COST ME.”

What are the residents and staff going to think? How will they react? **They will probably make a lot of assumptions about the property manager based on who they support and the negative advertising they see.** That's not good for anyone. Imagine how one of your residents living on fixed income would feel after hearing an attack

ad sponsoring a candidate who wants to take away his social security. Probably not true, but you get the drift.

Apartment owners have a right to free speech just as much as any other American. **If they want to help a candidate or support an issue they should do something far more useful and less harmful than post a sign.** Host a meet and greet in the clubhouse with the candidate or make a contribution.

I bet your residents would be far more appreciative of an invitation than a sign that some might view as an intrusion—and you might actually make a difference. After all isn't that what it's all about? ■

SHARE YOUR THOUGHTS ABOUT THIS TOPIC IN THE SHARED INTEREST COMMUNITY ON **CONVENTIONAL APARTMENTS** ON LINKEDIN.



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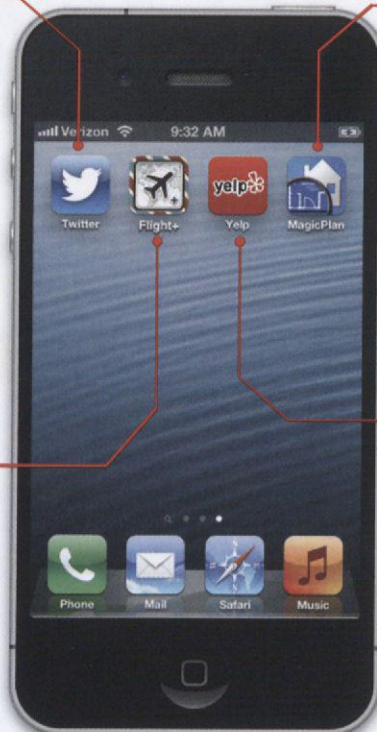
DOWNLOAD ME

TWITTER

You probably already have the Twitter app installed, but in case you don't, you should grab it right now. Over the summer, Twitter made a significant update to the app that enables push notifications to alert you to new Tweets from your favorite users. Twitter has also made it easier to discover Tweets and photos for events and experiences from awards shows, sporting events and more.

FLIGHT+

Flight+ makes air travel more manageable than ever. Search and track any flight from more than 16,000 airports to view real-time departure and gate information. Flight delayed? Flight+ gives you push notifications for departure and gate changes. You can even import your TripIt account to seamlessly update your flight information.

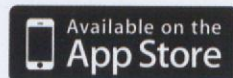


MAGICPLAN

Planning a renovation? MagicPlan measures and draws your space just by taking pictures with your iPhone or iPad. Additionally, MagicPlan enables you to publish these plans online as static and interactive floorplans. Sound complicated? Don't worry, the app features built-in tutorials to help you get started.

YELP

Yelp is a location-based social network that's great for finding your new favorite neighborhood restaurant, weekend adventure and so much more. Read reviews from other Yelp users to get suggestions on menu items, the best time to visit and check the operating hours. You can even use Yelp to promote your own business.



FAST FACTS

The **ELECTRIC CHAIR** was invented by a dentist in 1881.

An **OCTOPUS** has three hearts, two to pump blood through the gills and one for circulation.



Juice squeezed from a fresh **STRAWBERRY** is believed to alleviate fever.

A **CAT EAR** is composed of thirty-two muscles.



Friday the 13th will always fall during a month which begins on **SUNDAY**.

Because of the **MOON'S** gravitational effects, you weigh slightly less when it's overhead.



During the 1830s, **KETCHUP** was sold as a cure-all for various ailments.



Top 5

HIGHEST

AND LOWEST

NET OPERATING INCOME:
Federally Assisted Garden
Apartments

Highest and Lowest NOI* for Federally Assisted Garden Apartments

[Listed by median, sample size and subsidy]

■ Highest; ■ Lowest

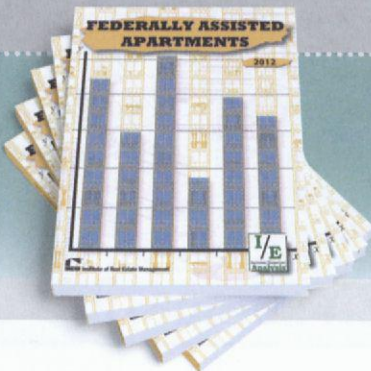


KEY: S8 E/H
Section 8 Elderly/
Handicapped; **S8
Fam** Section 8
Family; **All Fam** All
Family; **All Eld** All
Elderly; *More data
may be found in the
IREM 2012 Income/
Expense* Analysis:
Federally Assisted
Apartments report.*

* Minimum Sample of 5

** Figures are in Median Dollars per Square Foot of Rentable Area

Besides garden apartments, high rise and low-rise property types are available in Metro, Regional and National reports. *More data may be found in the IREM 2012 Income/Expense Analysis: Federally Assisted Apartments report.*



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REAL ESTATE as a Commodity



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MR. KLEIN IS ALSO THE AUTHOR OF A PRACTICAL GUIDE TO GREEN REAL ESTATE MANAGEMENT.

AVAILABLE AT IREMBOOKS.ORG.

By its nature, the real estate industry resists commoditization. Properties can be complicated and may vary in too many ways to ever fit a single category, differing by factors like location, age, features, levels of upkeep and tenant agreements. Intangibles like architectural style and scenic views are also factors. Real estate could never be a commodity like gold, oil or even pork bellies; it was glossing over these nuances that may have contributed to our most recent financial meltdown.

Interestingly, however, today's economic climate, with its compressed capitalization rates, is actually causing certain portions of the real estate market to be *more* commoditized. For a few reasons, a square foot is beginning to look more like a square foot—with less regard for property differences.

Tenants and Owners Seek Stability

On the tenant side, slow economic recovery is driving businesses and individuals to trim expenses and increase focus on today's value. This means seeking lower rents and reduced utility costs. Some properties seeking to lure tenants are having more difficulty competing on features or amenities. Instead, they're forced to compete on costs.

On the owner side, today's economic realities are driving shifts in strategy. Rapid changes to specific markets are causing investors to demand more liquidity. Owners are turning properties over more rapidly; long-term hold buildings that previously may have been considered cash cows in a portfolio are going up for sale more frequently.

New strategies employed by owners tend to be more targeted and specific. Rather than

holding a variety of property types in a large number of markets, certain owners and investors are narrowing their focus to markets or properties that they understand best or in which they have the greatest faith. For some, this means consolidating investments in large, coastal cities where assets have held their value, others may be investing in locations where the market is poised for a rebound.

The Manager's Touch

As a property manager, do not assume that you are managing a long-term hold. Increasingly, your success depends on your ability to be flexible and manage for value by keeping occupancy high, operating costs low and retaining satisfied tenants.

Foster a warm personal touch with everyone paying rent. Find out if they have pet peeves about the property that you can easily address. Maintaining a friendly rapport with tenants is a no-cost way to boost the perceived value of your property, improving tenant retention and overall asset value.

Of course, you should continue to reduce operating costs by saving energy and water. As a prime factor in asset valuation calculations, lower operating costs directly enhance assets. Measure and quantify your savings against a benchmark that includes both costs and consumption. Be sure to let your rent payers know whenever you install new technologies or make improvements that save them money.

With real estate looking more like a commodity in some circles, this is a prime opportunity for IREM Members to have a competitive edge, promoting themselves, and IREM, as a value-add proposition. ■

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Bill Nye, CEO
Caviness & Cates (NC)



“It’s nice to have the best software on the market. It’s an integral part of our business.”

David Haas, Founder
Ernst & Haas Property Management (CA)

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Do You Manage a High Profile Property? If So, We Want to Know!

Every geographic area in the U.S. contains properties that are famous for their architecture, historical significance, sheer size and/or uniqueness. Some prime examples: the Empire State Building and the Chrysler Building in New York; Willis Tower (formerly Sears Tower) and Water Tower Place in Chicago; the Mall of America in Bloomington, MN; U.S. Bank Tower in Los Angeles; and TransAmerica Center in San Francisco.

If you manage or know another IREM® Member who manages a notable property, contact IREM's Public Relations Manager, Sharon Peters, at speters@irem.org.

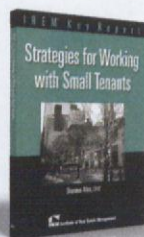


SNAKES ON A PLANE?

Turn them
into Marketing
Opportunities!



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MS. ALTER IS ALSO THE AUTHOR OF STRATEGIES FOR WORKING WITH SMALL TENANTS.

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If you've seen *Snakes on a Plane*, you know the feeling: creepy, crawly creatures and transportation are definitely not an alluring combination. In my case, it was bugs on a plane. Rerouted on Airline A in the midst of a tropical storm, I emerged from my flight, well...bitten. More than a few sneaky little critters had chosen me as their favorite lunch and turned me into a slightly panicky customer. The thing is, Airline A didn't seem to care, vaguely promising a response. Will I remember them? You bet.

Now, I don't know about you, but I'm pretty sure bugs don't belong on a plane. And I'm certain that Airline A missed an excellent marketing opportunity to keep me as a customer and ensure my future business. This principle also rings true when we're marketing our properties.

Face it, inconvenient issues happen at our properties every day. Roofs leak, tenants turn sour and perhaps we even have to deal with pests.

Of course, I'm a little itchy waiting for a response from Airline A, but while we wait, here are three tactics you can use to turn even the most challenging situation into prospective business:

1. Make it Count

The next time you prepare a management proposal, think about the mistakes you've made. Yes, that's right, consider the slip-ups. Prospective clients want to know what we've done right, but they also want to know what

hasn't gone so well and, more importantly, how we've turned the situation around. The key here is that everything is a marketing opportunity.

2. Think Talkability

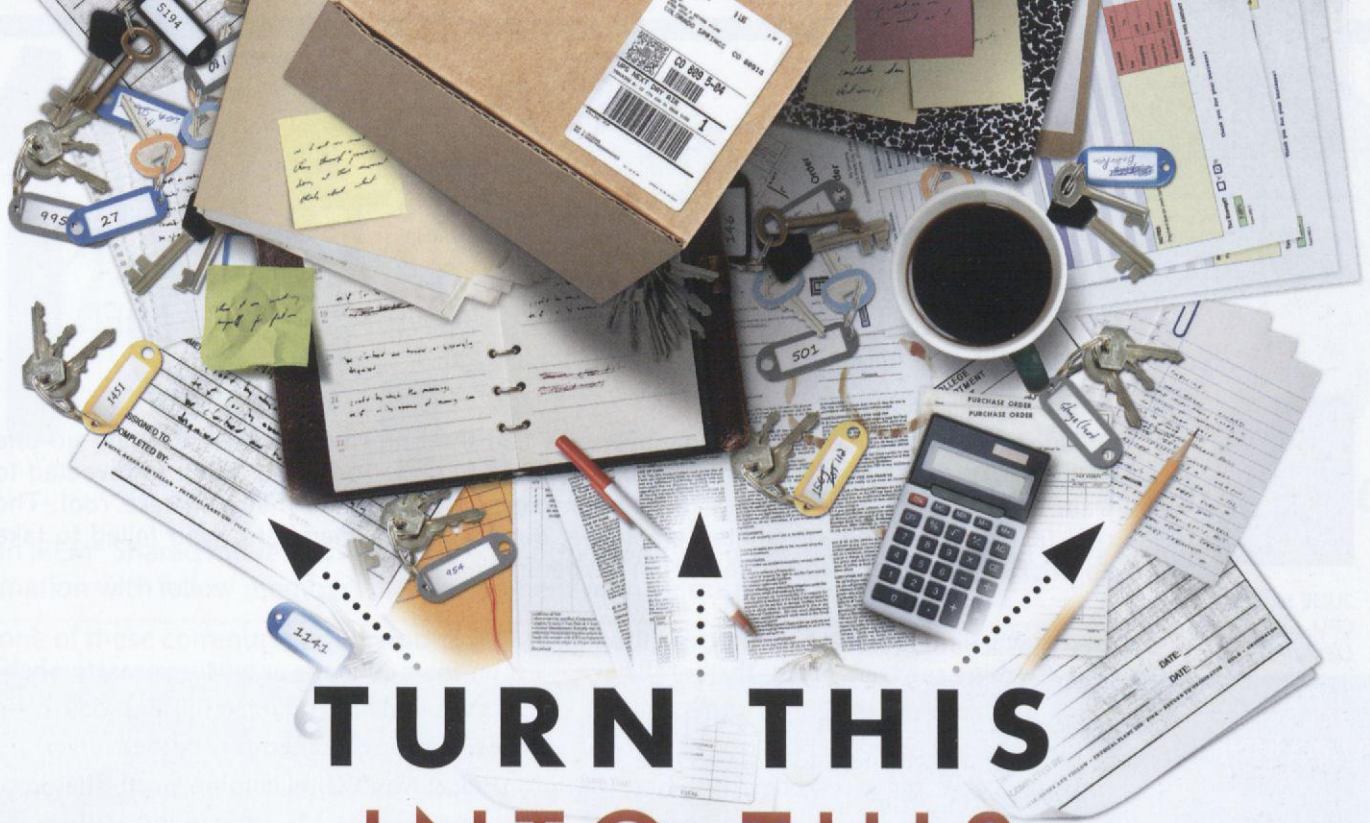
You've finally gotten a meeting with a big prospective client. You're a little nervous. The manager you planned to assign to the property is very experienced, but she's also not exactly...*timely*. Here's the rub: Decision-makers today often make their minds up before the meeting, and they do talk to each other. You'd be surprised how many managers admit their responses to owners and tenants are delayed. Nothing can kill both your reputation and your ability to get future business faster than a less than timely response.

Nothing can kill both your reputation and your ability to get future business faster than a less than timely response.

3. Try a Thank You

Contrast my earlier airline experience with a recent trip to Los Angeles on Airline B. Just before landing, the flight attendants came through the aisles in coach, thanking each passenger for their business. I thought I was dreaming! Will I think of them the next time I'm

looking for a flight? You bet. This tactic works with our clients too. Make a smart marketing move now and schedule a "thank you" meeting with an owner or a tenant. Your goal is simply to thank them for their business, nothing more. Your clients may be surprised, but will they remember you the next time they're looking for a manager? Absolutely! ■



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THE WEAKEST LINK

“WHEN A MEMBER OF OUR TEAM FAILS, WE HAVE ALL FAILED.”
—LOU ELLIOTT, ELLIOTT ASSOCIATES, INC.



JULIE MUIR,
CPM, (JULIEMUIR@
ELLIOTTASSOCIATESINC.COM)
IS REAL ESTATE
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A few times in my career, my employer has had the unfortunate task of letting go one of their key employees. Terminating an employee is never easy, so much is invested to train and develop someone, not to mention the personal bonds that also take root. The real failure is not the terminated employee, but their team members, who failed to take appropriate action to prevent that from happening.

Working as a team means that we all have to take responsibility for one another. In one case, my team members and I watched someone make mistakes, engage in conflicts and ultimately fail—never providing her with the necessary tools to succeed. We all came up with a convenient excuse for our lack of action, too.

“It was someone else’s job to properly supervise her,” we said. These perceived justifications shifted blame—wrong on many levels.

We have a responsibility to not let that happen on our watch. How do we support the weakest link? As real estate managers, we are experts in solving problems that appear to be unsolvable. We find answers, we uncover solutions, mentor others and guide our teammates to do good work. We serve our clients with the utmost integrity and work ethic.

“Managers cannot compromise when it comes to demanding integrity from their superiors, their subordinates or themselves.”

—WILLIAM WALTERS JR., CPM,
1971 IREM NATIONAL PRESIDENT

There were many opportunities to step in and counsel our terminated colleague in prop-

er business etiquette or nurture proactive habits. We could have built her up, and challenged her to live up to her ample abilities.

Engaging a failing employee can be as simple as an outline. One side of this outline, list all of the areas where improvement is warranted—in a respectful and constructive way. The other side lists action items and suggestions for each item needing improvement. Counsel this person by reviewing each item in person as a partner—not an authority figure. Provide examples and techniques that can foster improvement.

If an attitude adjustment is necessary, find a way to inspire and even bolster self-confidence. Once you have buy-in, the employee will know that you believe in their abilities and that the team is invested in their success.

Finally, ask questions like, “What can we do differently to assist you and make your job easier?” This conveys that everyone’s capable of modifying their actions and that you’re willing to walk along and guide the way toward excellence.

If all else fails, at least you’ll know you did everything in your power to train and motivate your teammate. Otherwise, regrets can take root in your mind. Don’t watch the chain break, step in and help repair the weakest link. ■

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PROBLEMS
THAT APPEAR
TO BE
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TIPS FROM THE DUGOUT:



WHAT BASEBALL STRATEGIES CAN TEACH US ABOUT RETAINING TENANTS

BY PAUL MENDEL, CPM, MCRE

In today's difficult times of leasing office space, holding onto existing tenants is even more important than ever in maintaining the economic well-being of every office building.

So what can you do to retain your existing tenant base? In baseball, the manager decides which players get to play, what position they take and what the batting order will be. Look to the role of a baseball manager to develop and field a lineup that will score hits with your current tenants, your fans. As in baseball, look for which players—in this case, tactics—lead to the most Runs Batted In (RBI)s.

THE FOUR RBIs OF THE REAL ESTATE WORLD SERIES

In terms of scoring runs in real estate, think of RBIs as Retaining Business Incentives instead of Runs Batted In. In baseball, all managers watch RBI production closely. Thinking like a baseball manager can help you understand how RBIs are cost effective and how they stand to help maintain or increase your net operating income. Pay attention to which batter in your lineup leads in RBIs.

RBI #1: Tenants renew their leases. It's more cost effective to retain tenants than to bring in new ones. Tenant improvement dollars are lower on a renewal than for a new tenant. Commissions are higher for procuring new business for your building.

RBI #2: Eliminate empty space. Vacated space may remain unoccupied for many months, causing a cash flow drop.

RBI #3: Teammates grow. Existing businesses in your buildings may expand.

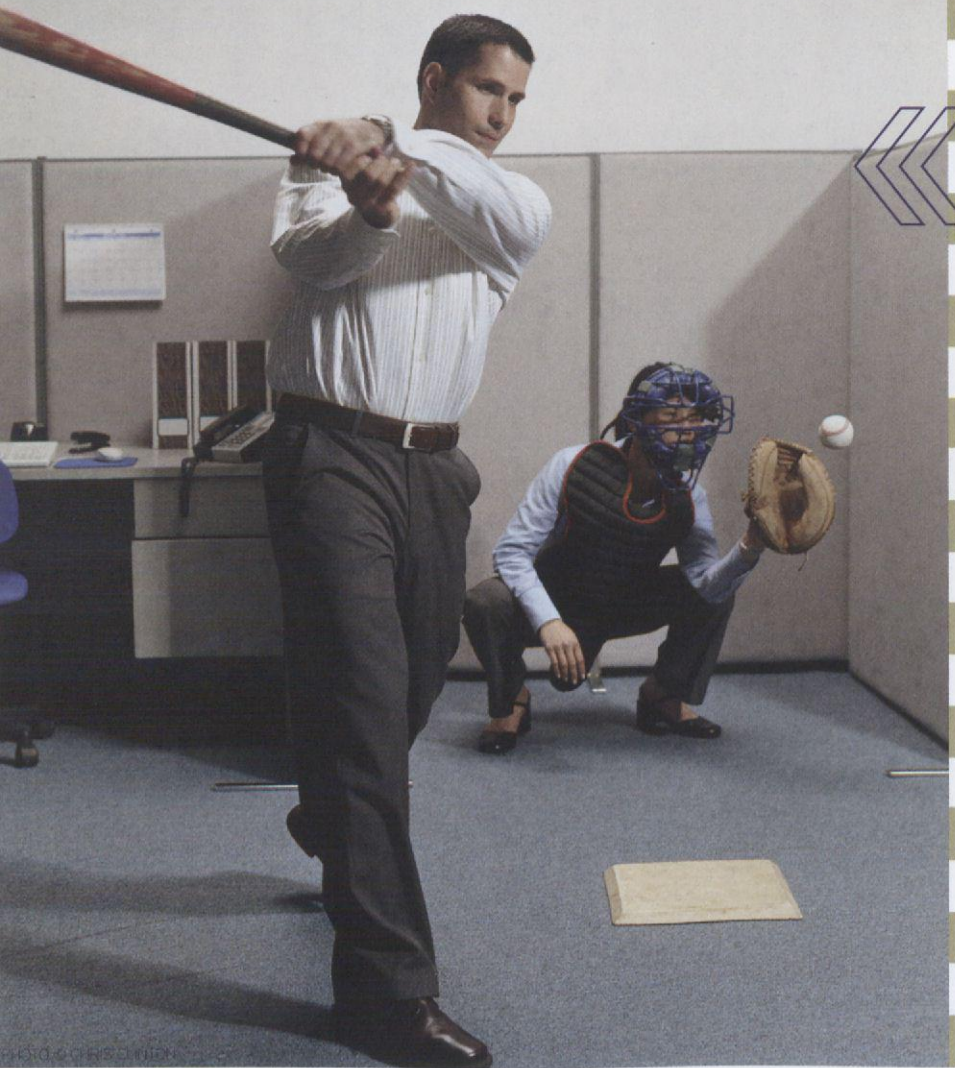
RBI #4: Prevent Trading Players. Tenants may see that others have been leaving the building and begin wondering if they should look elsewhere as well. Also, space that does not re-lease in a short timeframe looks bad for the building. Your tenants are sure to notice and will possibly use this knowledge to negotiate lower rates and concessions when their leases come up for renewal.

WHO'S AT BAT?

If you want to take the World Series, you've got to assemble a dream team. Outlined below is a batting lineup that you, as manager, may wish to field to win—retaining tenants and maintaining or growing your net income.

Leading off is Maintenance. A surefire way to lose tenants is by not responding to maintenance requests in a timely manner. Tenants expect to have air conditioning, heating, light bulbs and other repair or replacement requests handled quickly, without having to ask twice. Not executing their requests is sure to lead to frustration and dissatisfaction with you and the building. If you want to try for extra bases, follow up with a personal visit to make sure the tenant is happy with the work done by maintenance.

Batting second is Tenant Relations. Visiting your tenants on a periodic basis, and not just to collect the rent, is always a big hit. A simple "hello," followed by "How is everything?" goes a long way to develop a relationship with your tenants. They'll appreciate being thought of and will remember come renewal time. Get to know your



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BATting SECOND IS TENANT RELATIONS. VISITING YOUR TENANTS ON A PERIODIC BASIS, AND NOT JUST TO COLLECT THE RENT, IS ALWAYS A BIG HIT. A SIMPLE “HELLO,” FOLLOWED BY “HOW IS EVERYTHING?” GOES A LONG WAY TO DEVELOP A RELATIONSHIP WITH YOUR TENANTS.

tenants' businesses by talking with them regularly. People love to talk about what they do.

Batting third is Tenant Referral. This one's a double play. Reward your tenants with either money or a short vacation for referring a prospect to you. The second part of the double play: you obtain a new tenant, thereby increasing your cash flow. By actively promoting a tenant referral program, you are sure to win every time.

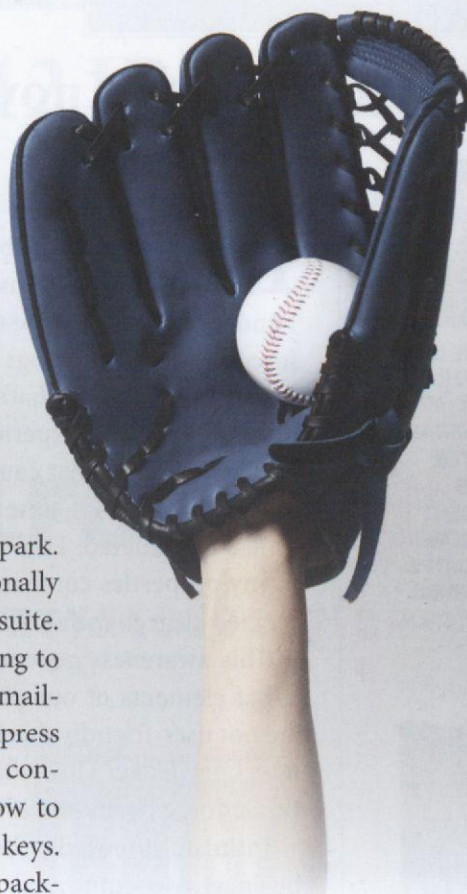
In the cleanup position is Marketing Week. In baseball, the cleanup position in the batting order is usually held by one of the best hitters on the team, so take note here. Twice a year, let the companies in your building promote their businesses using the entire lobby. Tables can be set up for your tenants to leave business cards, brochures and other promotional materials for other tenants and visitors. Your tenants will be highly indebted to your going out of your way to help them to promote their products and services.

Batting fifth is the Tenant Party. Once a year, in the spring or in December, hold a party for all your tenants. A get-together will help companies feel that you value and appreciate them for choosing to

have their offices in your building. It does not have to be expensive—you can provide the main entree and the tenants can bring side items like desserts, salads, pastas or cheeses. This not only cuts down on your expenses, it develops a sense of community where everyone participates and has the opportunity to build business relationships.

Batting sixth is a seasoned veteran, Building Appearance. Pay close attention to the cleanliness of your parking lot, landscaping and common areas such as hallways, lobbies and rest rooms. Make sure that the restrooms have plenty of paper towels and soap. Insist that the cleaning crew do a consistent and thorough cleaning of every suite. If the build-

TAKE THE ROLE OF A BASEBALL MANAGER TO DEVELOP AND FIELD A LINEUP THAT WILL SCORE HITS WITH YOUR CURRENT TENANTS, YOUR FANS.



ing is not well maintained and kept clean and free of debris, your tenants will not be happy and will be embarrassed for clients and other visitors to associate them with the building. A slip-up in keeping the building appearance top-notch is a sure way to make an out and lose tenants.

In the seventh position is the Tenant Directory. A true utility player used in conjunction with other players will surely help you win over some tenants. Simply compile a listing of the names of all the companies in your building with a contact person's name, phone number, address, suite number and business description. This directory can then be distributed to all the companies in the building. In many instances, companies will use the directory to solicit business or to find a company that has a product or service they need. Another useful purpose of this directory is allowing you to contact the company after-hours if there is an emergency. Again, tenants will be thankful for the effort and thoughtfulness.

Batting eighth, and always a true champion, is the Tenant Welcome. When a new company moves in, make them feel like they

are in their own home ballpark. Make an impression by personally giving them the keys to their suite. Give them a tour of the building to ensure they know where the mail-room and the overnight express boxes are located. If you have conference rooms, show them how to sign up and where to get the keys. Furthermore, have a welcome package ready the first day your tenant opens for business. Include a handwritten thank-you note communicating your appreciation of their choosing to open an office in your building. At this time, you may also want to give them a form giving them the option to be included in the tenant directory.

Rounding out the lineup is the Tenant Profile. This one is always good for extra bases. After a new company moves in, do a one-page profile on that company's business. Then, have it nicely printed and distribute it to all the other tenants. Again, you are making the company feel like a part of the family.

In the bullpen: Special Favors. You and your maintenance staff should do whatever is necessary to do those little special favors for your tenants. If a tenant's car battery is dead, offer a jump start.

If a tenant's car lights are left on, go notify them. If a tenant needs a lock changed quickly, for security purposes, have maintenance do so immediately.

ROUNDING THIRD, HEADING FOR HOME

To play the game right and score runs easily and often with your tenants, you must have a talented lineup to put on the field every day. Remember, making tenants feel special, responding to their needs and treating your office building like your home are the three areas that will score a triple play every time. ■

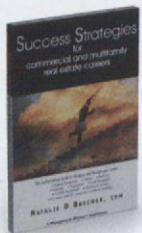


PAUL MENDEL, CPM, MCRE, (PMENDEL@RBMANAGEMENT.COM) IS SENIOR VICE PRESIDENT OF OFFICE LEASING AND INVESTMENT SALES AT RICHARD BOWERS & CO. AND RB MANAGEMENT SERVICES IN ATLANTA.

Intimate Knowledge Isn't Always User-Friendly



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MS. BRECHER IS ALSO THE AUTHOR OF *SUCCESS STRATEGIES FOR COMMERCIAL AND MULTIFAMILY REAL ESTATE CAREERS*.

AVAILABLE AT IREMBOOKS.ORG.

I've found my way around the world, through streets, subways, airports and buildings where signs aren't in a language I understand. So why are there times I get confused or lost in buildings and parking garages in the U.S.? After all, that's why there *are* signs.

Having recently experienced confusing and conflicting signs that caused me undue frustration and wasted time in numerous properties, I wondered: How often have the signs in my properties confused people when they seemed clear to me and the staff?

This awareness generated more questions. What elements of our products and services are not user-friendly due to our intimate business knowledge? How often do we incorrectly think doing business with us is easy?

Intimate knowledge being a detriment to business was confirmed when, while having trouble installing a Wi-Fi extender, I had to call customer service. The problem? The installation tool on the website failed to include a simple step for a certain (and very popular) ISP, an issue the service rep told me was called about repeatedly. I asked why they didn't add it to the website and was told, "We know the solution, so it's easy to tell you."

Yes, well, it would have been easier for me if I hadn't had to call.

Familiarity fogs vision. We can't see our business as outsiders do; we are far too close. So how can we see things differently in order

to create a user-friendly environment for our customers?

Go to the Source

We are not the best judges to determine if our signs or instructions are easy to follow; in fact, we aren't the best at assessing *any* of our practices for ease of use. It's best to ascertain the view of those unfamiliar with our business through skillfully prepared questions positioned to find out if we are user-friendly. At a minimum, any questionnaire about service should include specific questions about usability.

Created appropriately, questionnaires are solid tools to elicit input. Ask as few questions as possible; a long survey is daunting and may result in an obligatory checking of boxes instead of candid, insightful feedback. Allow—and strongly encourage—narrative responses, since ratings are subjectively determined. Additionally, offer a reward or raffle as a gift for participating.

Focus groups provide the best opportunity for in-depth discoveries through probing questions and the ability to clarify and expand on answers. In the many focus groups I've conducted, there were always revelations about the participants' experience—both with tenant and employee groups. In one group, I discovered residents wanted entirely different amenities and events than ownership proposed. In another, employees revealed issues complicating the ability to achieve good performance. No one could have seen these issues; Familiarity fogs vision.

Once you garner insight into what constitutes user-friendliness, adapt it into policies and processes to make doing business with you easy. After all, you don't want to lose them in the parking lot. ■

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WHO OWNS A SECURITY DEPOSIT? THE MANAGER'S ROLE AS A FIDUCIARY



ROY HANLIN, CPM, CCIM, CSM, LEED GA, (RHANLIN@KNOLOGY.NET) IS THE EXECUTIVE CPM FOR COLDWELL BANKER COMMERCIAL MCLAIN REAL ESTATE, AMO, IN HUNTSVILLE, ALA.

I typically tell a prospective client that if you require more than five seconds to answer the question, "Who owns a security deposit?" then you should hire a professional property manager. The property manager would—*should*—then respond that the security deposit is owned by the tenant unless there is an agreement otherwise.

The proper upkeep of security deposits is one of the most misunderstood areas of real estate license law. While laws or landlord-tenant ordinances regarding the maximum amount and handling of a deposit may vary from state to state, it is your responsibility to understand the regulations on the property for which you conduct business, and to understand the term "fiduciary" and the relationship you have made with the tenant upon accepting the security deposit.

A RELATIONSHIP OF TRUST

A fiduciary is a legal and ethical relationship of confidence between two or more parties. The tenant pays a security deposit to you as the agent for the property owner, trusting that you will abide by tenant-landlord ordinances. It is your duty to ensure that the security deposit is not commingled with property operating funds and that the security deposit may be applied against damages, outstanding rent or returned to the tenant as appropriate. In any circumstance, you should be able to provide an accounting for the security deposit.

What if a property owner were to instruct you to commingle the security deposit with

the general operating account because the property has cash flow problems? I posed this question to our state real estate commission and was advised to issue a letter to the tenant explaining that the firm is not holding the deposit in an escrow account, meaning that the landlord will be responsible for the accounting of the security deposit.

Without such a notice, our state real estate commission could have held the firm responsible for the reimbursement of the deposit to the tenant, since the lease reads that the tenant has deposited a security deposit with the landlord's agent.

WHAT IF A PROPERTY OWNER WERE TO INSTRUCT YOU TO COMMINGLE THE SECURITY DEPOSIT WITH THE GENERAL OPERATING ACCOUNT BECAUSE THE PROPERTY HAS CASH FLOW PROBLEMS?

REPORT TO EVERY ARTICLE

Improper accounting and misuse of security deposits have resulted in termination of one manager, and in another case a second was issued a letter of censure. In the termination, the manager was not maintaining the security deposits in an escrow account as state law required, choosing to use them for syndication expenses. A published letter of censure was issued when the second manager neither properly escrowed the security deposits, nor provided accounting for the funds.

Our Code of Professional Ethics is clear as to an IREM Member's responsibility to provide "accurate, auditable financial and business records and documentation concerning each asset managed for the client." We suggest that you understand your state real estate license laws when it comes to the proper method of handling tenant security deposits. ■

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MR. DUNLAP IS ALSO THE AUTHOR OF *THE FOUR BENEFITS*.

AVAILABLE AT IREMBOOKS.ORG

As a kid, one of my favorite movies was the 1988 comedic horror film, *Beetlejuice*. You might recall that Beetlejuice (a ghost played by Michael Keaton) attempts to escape the house he lived in prior to his death. Beetlejuice longs to escape, but is held captive until someone says his name three times. Having recently reviewed over 50 line-item budgets, I couldn't help but recognize the parallels between Beetlejuice and myself. That is, “budget season, budget season, budget season!” nearly became my own “Beetlejuice, Beetlejuice, Beetlejuice!”

Budgets are the lifeline of any successful financial operation. Be it a personal, company or property budget; the more accurate the numbers, the more useful the budget. Few tools are more helpful in guiding a real estate investment through the year, and for managers, our budgets are the most powerful tools in our arsenal. They are living, breathing documents that will call to attention our predictions and raise concerns from mom and pop owners, corporate clients and institutional investors alike. So, how do we avoid budget blunders? Quite simple: the devil is in the details.

Pre-Budget Prep

Prior to preparing a budget, walk the property and study the current condition of structures and surfaces. Maintenance can be one of the biggest line items on a budget, so it is imperative to factor in potential upgrades or repairs that could become necessary within the year. If you have a preferred relationship with certain vendors, they can walk the property with you to provide approximate costs or additional insight.

Saving Money is Making Money

Next up: accurate budgeting of personnel and utility expenses, debt service and property taxes. Include any performance-related bonuses, pay raises, staff additions or temporary staffers. Debt service should be checked against original loan documents or by calling the lender to confirm any varying terms. Utility expenses are easy to budget in that you can call the provider directly to inquire about any looming cost increases for usage over the year.

The Rent Raise: A Landlord's Best Exercise

Maximizing income is pivotal as it directly relates to the value of the asset. Knowing the market and the rent comps in the marketplace and whether they have any new amenities, new developments or any concessions offered that will compete with your property is paramount. A good time to do this homework is during your property tour prior to preparing your budget. Consider the state of the local economy and whether jobs are being added or subtracted. Also consider the single-family market; even with low interest rates and depressed home values, it remains less expensive for many apartment tenants to pay rent than pay a mortgage. Remember to budget an accurate vacancy rate as well. Always err on the high side.

This budget season includes a bit of wild-card for us all in that the outcome of the presidential election may result in a number of scenarios that could shake-up the economy, but for now, we will leave that speculation to the political handicappers. ■



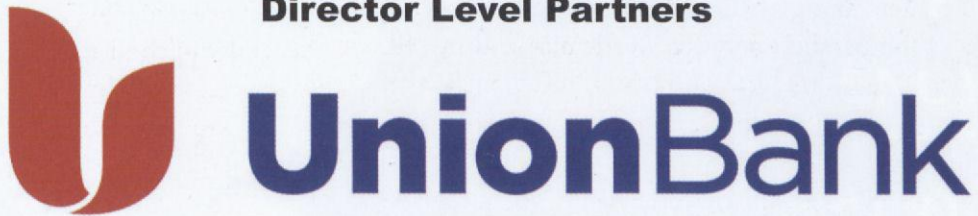
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BRIGHT LIGHT OF THE FUTURE: LEDs Take New Focus

By Susan Bloom





LEDs are delivering
the comprehensive
benefits of
high quality,
**OUTSTANDING
EFFICIENCY**, long
life and **ECO-
FRIENDLINESS**
to a broad range
of professional
and **RESIDENTIAL
LIGHTING
APPLICATIONS.**



First commercialized in the 1960s, LEDs—light-emitting diodes—proved a powerful but limited light source that seemed destined to remain the go-to lighting source for niche applications such as traffic lights, exit signs, car brake lights and dashboard displays for the next several decades. But thanks to rapid evolution of these highly efficient, long-lasting powerhouses in the past decade, LEDs are now penetrating more indoor and outdoor lighting applications than ever before, providing quality white light while significantly reducing commercial and residential energy consumption, operating expenses and maintenance costs and concerns.

According to market research firm Strategies Unlimited, LED sales are projected grow from just \$340 million in 2007 to \$7.3 billion by 2014, representing a compounded average annual growth rate of 44 percent. And the potential savings afforded by the use of LEDs is equally significant—according to the U.S. Department of Energy, LEDs will drive 190 terawatt-hours of electricity savings per year. That's roughly the annual output of 24 large power plants, or enough electricity to light 95 million homes, representing \$15 billion in cost savings annually by 2030, as well as the reduction of greenhouse gas emissions by 246 million metric tons of carbon between now and 2030.

LEDs are as much as 80 percent more energy-efficient than the incandescent, halogen, fluorescent and high intensity discharge (HID) light sources they replace. Sporting long, 25,000- to 50,000-hour life spans, compositions free of hazardous materials such as lead or mercury, and offering durable and reliable operation, LEDs are revolutionizing lighting applications from general lighting in commercial, hospitality and outdoor venues to specialty use in architectural, stage and studio lighting. Here, several real-life case studies illustrate how this game-changing technology is delivering a comprehensive package of benefits to a range of professional and residential lighting applications and representing great opportunities for property managers.

Commercial Properties

A recently-renovated, 10,000 square foot tenant-lease professional building in Jamestown, N.Y. secured all of the benefits of LEDs when it installed a variety of 20-watt fixtures around the building's perimeter to properly illuminate the exterior and promote safety for its tenants and visitors while cutting down on energy. In addition to delivering nearly 80 percent energy savings relative to the building's previous high-pressure sodium source, all of the fixtures feature a long 50,000-hour life and give off a uniform light in a warm, pleasing and welcoming pattern.

"It's an investment you'll make once in a far superior product which will pay itself back every month, and the benefits will be very long-lasting," said Jody Peterson, owner of Jamestown's Rental Properties. Peterson has recently decided to pursue a lighting upgrade involving LED technology.

Thanks to a recent LED lighting upgrade, Timberland, a national retailer of men's and women's apparel, shoes and accessories, will enjoy a boost to its bottom line while continuing to honor a long-standing commitment to leadership in the green and environmental arena.



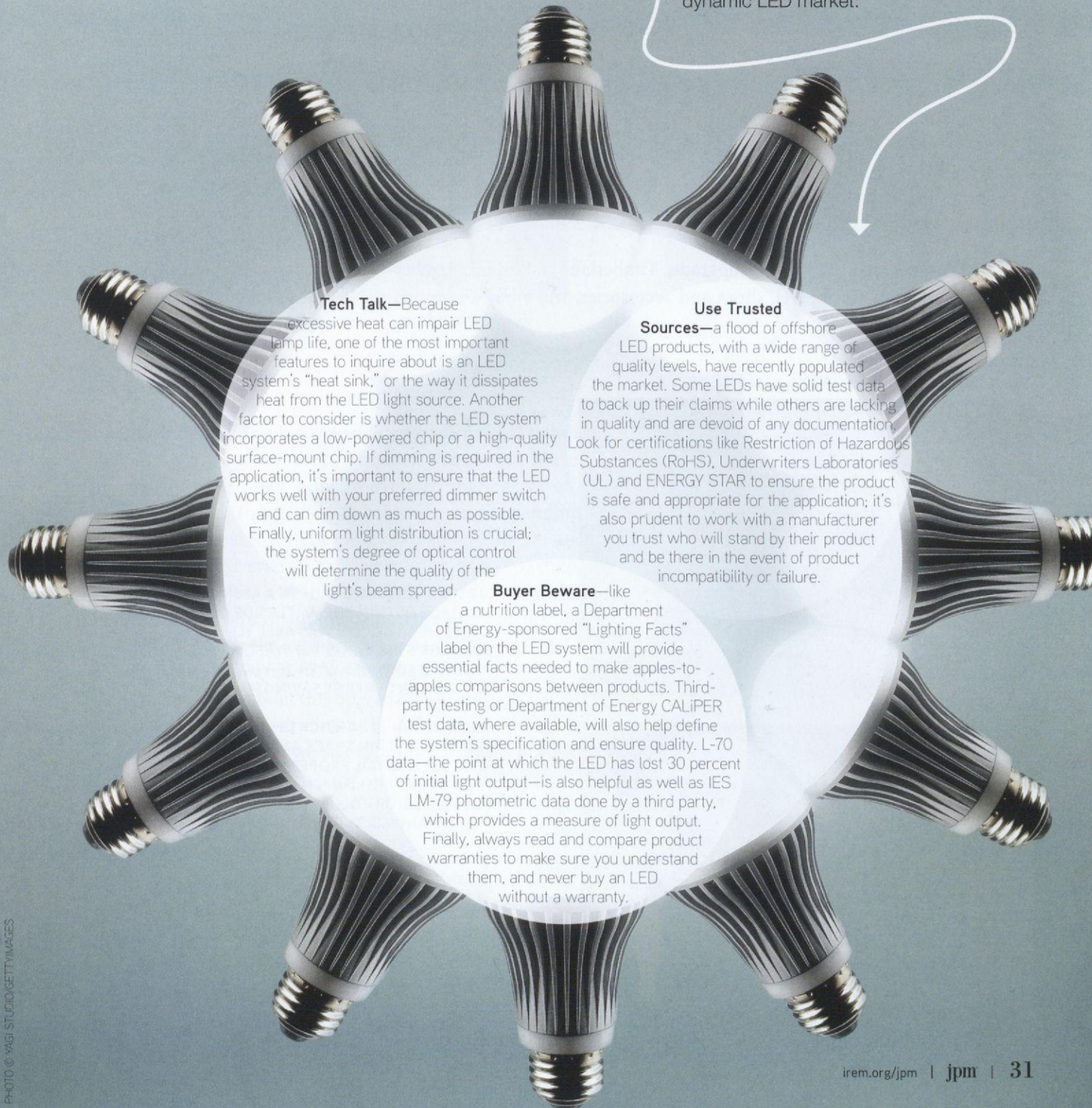
NAVIGATING THE LED LANDSCAPE

Without a doubt, LEDs are among the most talked about new lighting technologies in decades; as a result, the market has recently been flooded with an explosion of LED manufacturers and products, which can make it difficult to compare different products and make the best selection for the application at hand. Following are some tips to help you better understand your options in today's dynamic LED market:

Tech Talk—Because excessive heat can impair LED lamp life, one of the most important features to inquire about is an LED system's "heat sink," or the way it dissipates heat from the LED light source. Another factor to consider is whether the LED system incorporates a low-powered chip or a high-quality surface-mount chip. If dimming is required in the application, it's important to ensure that the LED works well with your preferred dimmer switch and can dim down as much as possible. Finally, uniform light distribution is crucial; the system's degree of optical control will determine the quality of the light's beam spread.

Buyer Beware—like a nutrition label, a Department of Energy-sponsored "Lighting Facts" label on the LED system will provide essential facts needed to make apples-to-apples comparisons between products. Third-party testing or Department of Energy CALiPER test data, where available, will also help define the system's specification and ensure quality. L-70 data—the point at which the LED has lost 30 percent of initial light output—is also helpful as well as IES LM-79 photometric data done by a third party, which provides a measure of light output. Finally, always read and compare product warranties to make sure you understand them, and never buy an LED without a warranty.

Use Trusted Sources—a flood of offshore LED products, with a wide range of quality levels, have recently populated the market. Some LEDs have solid test data to back up their claims while others are lacking in quality and are devoid of any documentation. Look for certifications like Restriction of Hazardous Substances (RoHS), Underwriters Laboratories (UL) and ENERGY STAR to ensure the product is safe and appropriate for the application; it's also prudent to work with a manufacturer you trust who will stand by their product and be there in the event of product incompatibility or failure.



Parking Garages

A state-of-the-art LED lighting upgrade in a municipal parking garage within the waterside city of Glen Cove, N.Y. did far more than significantly reduce the city's energy consumption—it positioned the historic town as a model of energy efficiency and environmental responsibility throughout the entire region. Thanks to the whiteness and brightness of the LED light output, the city was able to replace the garage's previous 100-watt, high-pressure sodium fixtures with 26-watt LED fixtures for an attractive 77 percent energy savings and is now poised to enjoy years of maintenance-free operation and help ensure a safer and more secure environment for visitors.

"We're excited to have reduced our carbon footprint, removed strain from the power grid, created jobs, reduced cost to taxpayers and decreased maintenance costs due to the long life and durability of the LED technology. At the end of the day, everybody wins," said Glen Cove Mayor Ralph Suozzi. According to Suozzi, the investment was recouped in just one year of use.

Retail Properties

Thanks to a recent LED lighting upgrade, Timberland, a national retailer of men's and women's apparel, shoes and accessories, will enjoy a boost to

its bottom line while continuing to honor a long-standing commitment to leadership in the green and environmental arena. Using high-efficiency 18- and 21-watt LED stage lights in track and flood lighting fixtures, the retailer was able to achieve a high lumen output that draws out interior colors and makes the merchandise "pop" while enjoying a long-lasting, low-maintenance approach to store lighting.

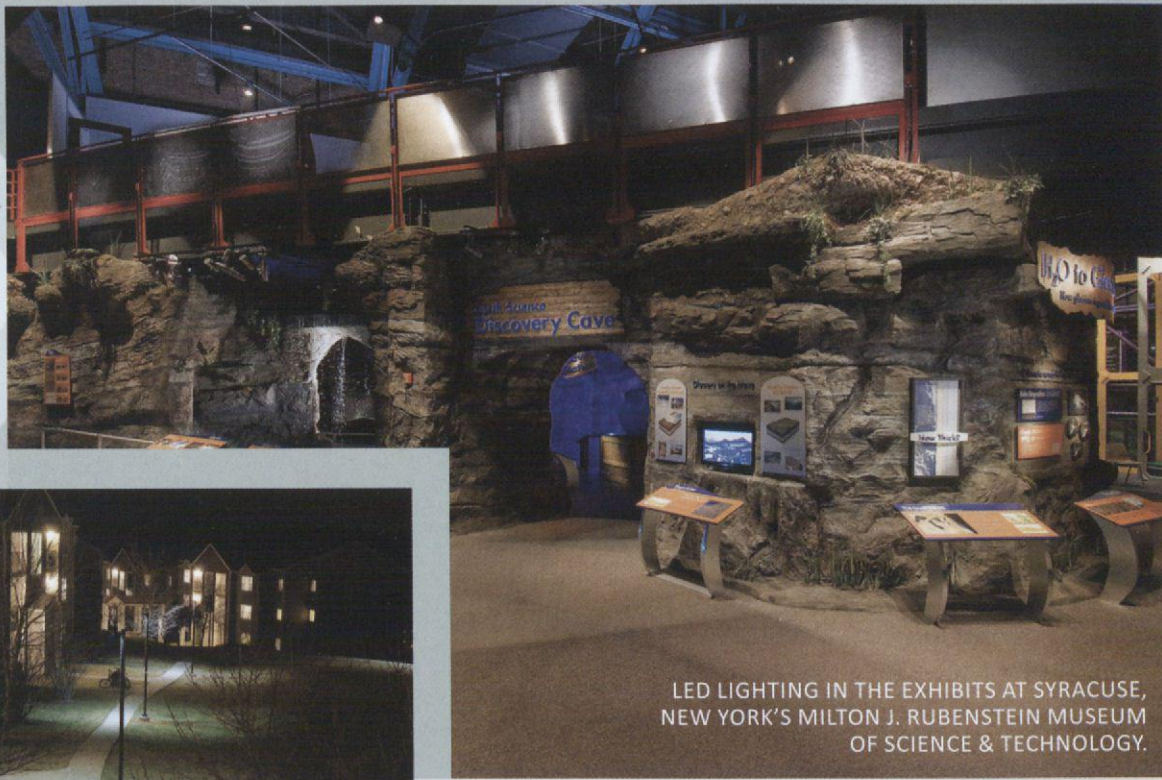
"They truly represent significant savings without any sacrifice to lighting quality or lumen output and we're extremely happy with the impact they've had on our stores," said Timberland's Store Planning & Construction Project Manager of the LEDs they selected.



LED LIGHTING UPGRADE IN A MUNICIPAL PARKING GARAGE WITHIN THE WATERSIDE CITY OF GLEN COVE, N.Y. THE CITY WAS ABLE TO REPLACE THE GARAGE'S PREVIOUS 100-WATT, HIGH-PRESSURE SODIUM FIXTURES WITH 26-WATT LED FIXTURES (77 PERCENT ENERGY SAVINGS).

USING HIGH-EFFICIENCY 18- AND 21-WATT LED STAGE LIGHTS IN TRACK AND FLOOD LIGHTING FIXTURES, RETAIL PROPERTIES ARE ABLE TO ACHIEVE A HIGH LUMEN OUTPUT THAT DRAWS OUT INTERIOR COLORS AND MAKES THE MERCHANDISE "POP."

LION'S
CROSSING,
A STUDENT
HOUSING
COMPLEX
LOCATED OFF
THE CAMPUS
OF PENN STATE
UNIVERSITY



LED LIGHTING IN THE EXHIBITS AT SYRACUSE,
NEW YORK'S MILTON J. RUBENSTEIN MUSEUM
OF SCIENCE & TECHNOLOGY.



Museums

Ever since undertaking a facility-wide upgrade to LED lighting in 2011, the exhibits at Syracuse, New York's Milton J. Rubenstein Museum of Science & Technology have never been so eye-catching, energy-efficient or environmentally sound. In addition to achieving an outstanding color rendering index that helped highlight museum displays, the 18- and 21-watt LED technology used delivered 75 to 80 percent in energy savings relative to the museum's previous 90-watt halogen light source. According to museum president, Larry Leatherman, the comprehensive benefits that the LEDs offered, combined with the support of a rebate from the local utility on their purchase, made the upgrade a "no-brainer."

"The exciting thing about this upgrade is not only the knowledge that we're helping to sustain the environment by reducing air pollution and lowering greenhouse gases, but that we significantly decreased our museum's electric bill," he said.

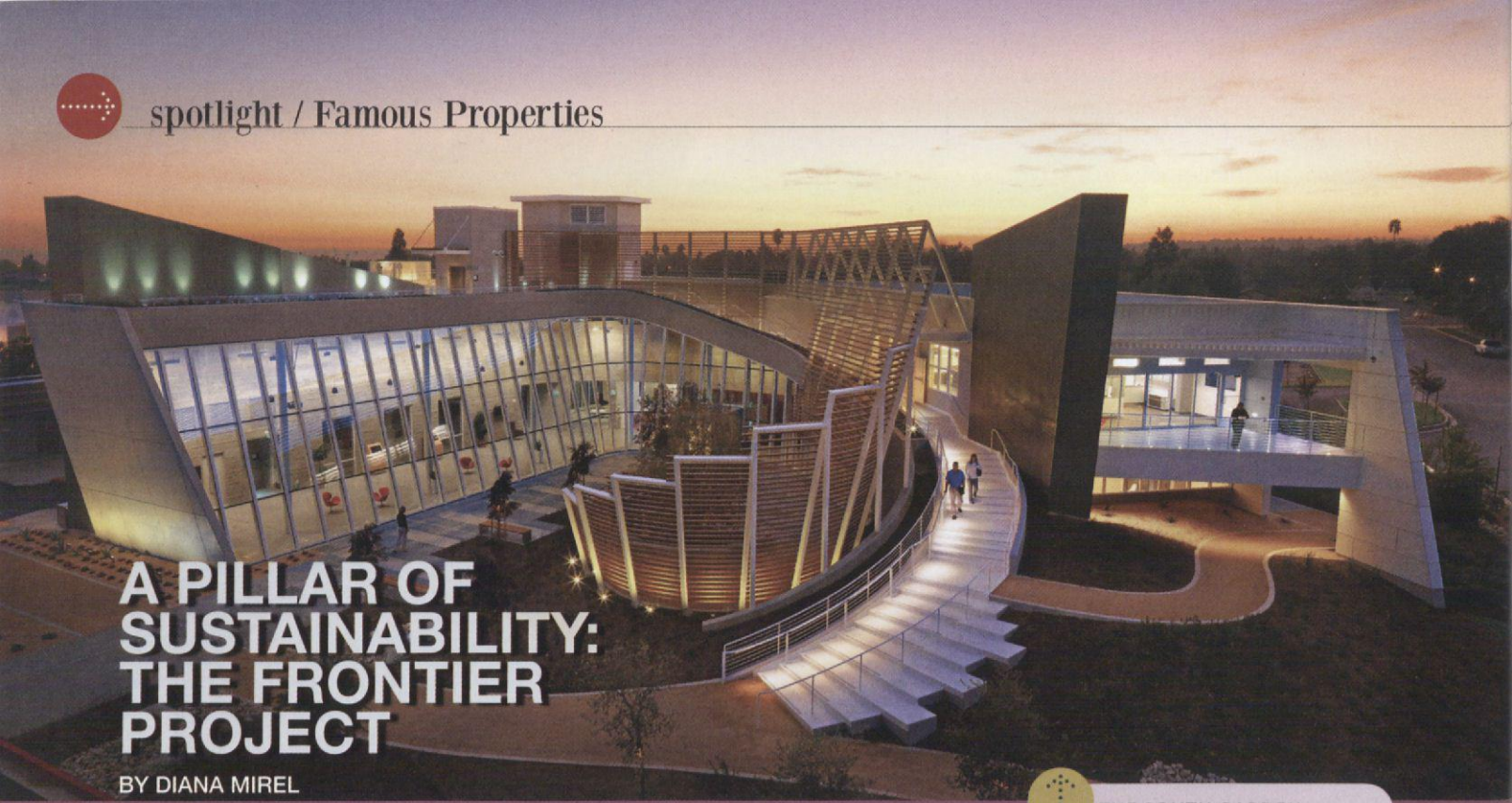
Residential Complexes

For Lion's Crossing, a student housing complex located off the campus of Penn State University, a 2011 LED lighting upgrade delivered the comprehensive benefits of energy efficiency, long life, low maintenance and durability just in time—old outdoor fixtures incorporating 100-watt incandescent technology located on the pathways between the complex's 17 apartment buildings were failing but had been discontinued and were difficult to re-

place. Following an upgrade involving two dozen 20-watt LED area lights mounted on poles, the complex's exterior lighting is brighter, 80 percent more efficient, and lasts longer than ever before, which has enhanced the residents' comfort, peace of mind and security.

"Thanks to their long life, you don't have to change LEDs often, which significantly reduces maintenance issues and costs," said property manager Stephanie Sherman. "Our new LED fixtures look great and our maintenance crew installed them without any problems. We're absolutely delighted with this system." ■

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A PILLAR OF SUSTAINABILITY: THE FRONTIER PROJECT

BY DIANA MIREL

As sustainable design continues to grow and evolve, the terrain can be tough to navigate. To address all that sustainable design has to offer, the Frontier Project Foundation in Rancho Cucamonga, Calif., built the Frontier Project, a 14,000-square-foot demonstration building that showcases how sustainable design is economical, efficient and enticing.

The idea for the building arose when the Cucamonga Valley Water District needed new office space because its current space was at capacity. Rather than simply moving into a new building, the agency decided to build a new facility that would serve as both a headquarters and a community resource dedicated to educating residents, builders and green building advocates about the latest methods and technologies in water, energy and site conservation.

A FOUNDATION FOR GREEN DESIGN

To get started, the water district established a nonprofit organization, called the Frontier Project Foundation, to promote environmental stewardship and take the lead in building this facility. From the beginning, the foundation and the water district knew the building needed to be water-efficient, with green landscaping and irrigation, as well as low-flow toilets and faucets. However, as the team brainstormed possibilities, it quickly became clear that this building had the potential to be an ideal example of sustainability in both water and energy conservation.

“There is a strong connection between water savings and energy savings,” said Kristeen Farlow, development coordinator for the Cucamonga Valley Water District. “The highest use of energy in California is taking water from



THE SOUTH GARDEN HAS A 2,000-GALLON, UNDERGROUND CISTERN AND NATURAL FILTRATION SYSTEM THAT ALLOWS THE PROPERTY TO CAPTURE RAINWATER AND REUSE IT FOR LANDSCAPING.

the north to south. If people are using less water, then they will use less energy. That’s when we decided to make this building into a large demonstration facility.”

The building and design team was guided by its objective of achieving LEED Platinum Certification from the U.S. Green Building Council (USGBC). The building’s mission was clear: to showcase the latest and greatest technologies in sustainable building design for both commercial and residential builders, as well as consumers.

“One of the biggest goals for the building was to create a space that shows a variety of options for everyone,” said Farlow. “We did not want to cater to just one audience.”



A SUSTAINABILITY POWERHOUSE

Opened in 2009, the Frontier Project reduced water consumption by 50 percent and energy usage by 30 percent compared to a building of similar size that uses standard construction practices. It serves as more than an office building for the Cucamonga Valley Water District, also housing a museum, library and event rental facility.

Green building technologies and materials are incorporated throughout the building. Because each aspect of the Frontier Project encourages interaction and educates visitors on sustainable building practices, the building provides information about each building component, detailing how they work, their environmental impact and how they can be incorporated into visitors' homes or businesses.

Upon entering the building, visitors are greeted by the glass curtain wall, which features floor-to-ceiling, double-paned windows with low-emittance coating to reduce radiant heat transfer.

"The building faces mostly north and east, bringing in natural daylight all day long without direct sunlight," said Farlow. "Additionally, all lights in the building are on a lighting response system."

The Frontier Project's use of natural light is only the beginning of its energy ingenuity. The facility utilizes a unique heating and cooling system comprised of a cool tower and two solar chimneys that move air through the building without fans. The tower harnesses air and cools it via a highly efficient evaporative cooling system. The metal-paneled solar chimneys then generate a stack effect to pull warm air out of the building. Insulated concrete forms (ICFs) were used instead of standard pour-in-place concrete walls to act as a thermal mass on either side of the concrete, which increases energy efficiency and improves air quality. To top it all off, the building has 250 solar panels that provide 25-30 percent of the building's energy.

The sustainable design effort continues outside the main building, as well. The South Garden has a 2,000-gallon, underground cistern and natural filtration system that allows the property to capture rainwater and reuse it for landscaping.

Upstairs, in the office space, the building utilizes green technologies for both environmental stewardship and employee morale. For example, a large employee balcony stretches the length of an entire wall. When open, the sliding doors leading to the balcony trigger a sensor that shuts down the air conditioning or heater. Additionally, all of the office furniture is made of recycled materials.



IN ADDITION TO PROVIDING A PLACE FOR STUDENTS, CITY REPRESENTATIVES AND INDIVIDUALS TO DO RESEARCH, THE CENTER ALSO HOSTS TOURS, AND HAS RECENTLY BEGUN RENTING OUT SPACE FOR PRIVATE EVENTS AND ENTERTAINMENT SHOOTS. THESE FUNCTIONS PROVIDE REVENUE, WHILE ALSO STIRRING UP EXPOSURE FOR THE BUILDING AND ITS MISSION TO SPREAD THE GOSPEL OF SUSTAINABLE DESIGN.



A HANDS-ON RESEARCH FACILITY

The Frontier Project houses a demonstration kitchen that features bamboo flooring and cabinets in two different, sustainable finishes. Rather than use traditional wood and granite, the kitchen features Avonite (a granite alternative made of broken glass and marble) and bamboo, maintaining the classic look of wood and stone, while remaining energy efficient. The kitchen also features Bosch energy- and water-efficient appliances, helping to illustrate how to incorporate both large and small sustainable elements in residential settings.

One of the most interesting features within the Frontier Project is its architecture resource library. Sponsored by the Green Hive (an integrated forum and marketplace that promotes community interaction, education, products



UPON ENTERING THE BUILDING, VISITORS ARE GREETED BY THE GLASS CURTAIN WALL, WHICH FEATURES FLOOR-TO-CEILING, DOUBLE-PANED WINDOWS WITH LOW-EMITTANCE COATING TO REDUCE RADIANT HEAT TRANSFER.





THE BUILDING HAS 250 SOLAR PANELS THAT PROVIDE 25-30 PERCENT OF THE BUILDING'S ENERGY.



and a green lifestyle), the resource library displays green product samples for visitors to see, touch and feel. This helps people learn more about the products and make decisions for their own green building projects. The resource library is open to public and is often used by students from local technical schools. In addition to providing a place for students, city representatives, or individuals to do research, the center also hosts tours, and has recently begun renting out space for private events and entertainment shoots. These functions provide revenue, while also stirring up exposure for the building and its mission to spread the gospel of sustainable design.

“There are a lot of office buildings designed to be LEED facilities or just environmentally efficient, but this facility is so unique because it has a museum element to it,” Farlow said. “There is always so much going on here.

“We didn’t want to be in your face, ‘Go green!’ Whether people come

here for a water-efficient landscape workshop or a city council meeting, it is something we are trying to passively integrate into their lifestyle. We want everyone to check out the building and gather ideas.” ■

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A Tale of Two States: Alabama and Mississippi

By Kristin Gunderson Hunt



Corporations are increasingly interested in doing business in the South, helping to expand some southern states' economies and improve their real estate markets, while other states down south continue to rely on the same "good ole" tenants that have always sustained their markets.

Alabama Accelerates

According to *Area Development* magazine's 2011 "Top 10 States for Doing Business" list, released in early 2012, Alabama and Mississippi placed third and ninth respectively. *Area Development* covers corporate site selection and reloca-

tion issues aimed at executives.

"Alabama has a pro-business environment," said Grayson Glaze, CPM, executive director for the Alabama Center for Real Estate at the University of Alabama in Tuscaloosa. "Our population is seeing gradual growth; we're becoming a destination for retirement; and

businesses are putting down roots."

In July, Airbus, a leading aircraft manufacturer, announced it would be stationing an assembly line for its single-aisle jet in Mobile—the company's first U.S. factory. While Airbus' announcement has topped the state's business development news, multiple Alabama regions are succeeding—positively impacting the local real estate market.

According to first quarter 2012 information from CB Richard Ellis Econometric Advisors, Birmingham was one of the leading U.S. cities for declining retail and multi-family vacancy rates. Its retail sector



saw declining availability rates of 50 basis points, and its multifamily sector vacancies dropped 150 basis points—one of the biggest year-over-year declines in the United States.

The Birmingham office market only saw slight improvements, however, with occupancy increasing from 86.5 percent in the first quarter to 86.6 percent in the second quarter of 2012, according to the Cushman and Wakefield *Marketbeat Office Snapshot* for the second quarter, with rents remaining stable at a weighted average of \$19.49 per square foot. The report also projected continued improvement in both the local economy and real estate market.

“There has been very little new development,” Glaze said. “Even as occupancy increases, we still don’t see a lot of speculative office buildings coming online. The market is all about absorption. Employment is improving, but there is much to be done. We see gradual improvement, though, and I believe the worst is behind us.”

Mississippi Manages

While Mississippi is ranked ninth overall on *Area Development’s* list, the state ranked among the top five spots for its corporate tax environment and incentive programs, overall cost of doing business and its business friendliness, according to information from the Greater Jackson Alliance, a regional economic development alliance.

Still, the office market in the state capitol, Jackson, is “stagnant,” or “steady at best,” said Brian Estes, CPM, Principal/Investment Brokerage at Commercial Property 1 LLC in Ridgeland, Miss. The second quarter 2012 office vacancy rate was 17.3 percent, decreasing by 70 basis points from the first quarter, according to data from Reis Inc.

“Companies growing in Jackson, [but] not relocating to Jackson, create absorption,” Estes said. “Our office market really depends on smaller companies growing and expanding to absorb more office space. The overall health of our economy is still tough. Unemployment is high, and not a lot of companies are hiring. We’re still trying to find a new normal.”

“Normal” means business as usual for government and healthcare entities—strongholds in the Jackson economy. Baptist Health Systems and Mississippi University Medical Center each have large medical office developments underway in Jackson, Estes said.

“Jackson is very typical of a capital city in the South, where public government entities have a lot of influence on us, as well as healthcare,” he said. “They make up a big part of our economy.”

Little retail and multifamily development is in the pipeline, and the two sectors’ vacancy rates stood at 16.2 percent and 7.1 percent, respectively, in the second quarter of 2012, according to Reis data. Estes said the retail economy isn’t necessarily improving, but more absorption is occurring in prime locations.

“Small mom-and-pop retailers are expanding or relocating,” he said.

“They are realizing the rates are so much better at other centers, and they are taking advantage. As leases are expiring, they are looking for better locations.”

Keep the Customer Satisfied

Regardless of the area or the property sector, Alabama and Mississippi’s real estate managers continue to focus on tenant retention to manage through the stable but uncertain conditions.

“Every tenant you have, someone else is chasing. People are being very proactive,” Estes said. “We’re in the South, so people aren’t necessarily moving because of price or rate, but because they may be feeling like they aren’t served. Have a good relationship with tenants and be available when they call. You don’t necessarily have to [give] them everything they want.”

Strong tenant relationships improve the likelihood of renewals, Glaze said.

“Intense competition for tenants remains. Just because there is more demand for space, you can’t ignore the tenant base you have. Real estate managers on the ground have to make sure tenants are being taken care of and evaluate how they can perform better to enhance the probability of a renewal.” ■

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SNAPSHOT

CORPORATE HEADQUARTERS
Pacific Rim Properties

EXECUTIVE CPM
James Kuntz

NUMBER OF EMPLOYEES
45

COMPANY WEBSITE
<http://pacificrimproperties.com>



FOLLOWING IS AN EXCLUSIVE INTERVIEW WITH JAMES KUNTZ, EXECUTIVE CPM OF PACIFIC RIM PROPERTIES, AMO

■ What composes the Pacific Rim Properties team? What does your staff look like?

Pacific Rim Properties has 45 employees, consisting of property managers, leasing agents, support staff, onsite managers and maintenance technicians.

■ How long has Pacific Rim Properties been in business? Who founded it?

Pacific Rim Properties has been in business for 15 years. My wife and I purchased the business assets of a long established real estate management company and at that time we established Pacific Rim Properties as a new corporation.

■ Pacific Rim Properties is the only AMO Firm in Alaska. What challenges did you face in becoming an AMO Firm? When did you attain the AMO accreditation?

We attained the AMO accreditation the same year we set up Pacific Rim Properties.

■ What goaded the company into becoming an AMO?

I was motivated to obtain and retain the AMO accreditation for Pacific Rim Properties because I believe it goes a long way in establishing professional credentials that set a property management company above its competition. My professional involvement in IREM as a chapter president and regional vice president has contributed to my confidence in the importance of networking with other professionals in the business and the AMO is another tool that facilitates this.

■ Being the first AMO in the state shows a great deal of drive for leadership in the industry. What's the core mission of Pacific Rim Properties? Has becoming an AMO Firm impacted or bolstered your mission at all?

Pacific Rim Properties was the first and remains the only AMO Firm in the state of Alaska. I personally take pride in myself and Pacific Rim Properties for being a leader in the industry and keeping our employees well



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- Advanced printing technology uses eco-friendly inks.



Some things to consider when choosing eco-friendly signage.

- Save money and reduce environmental impact by choosing high quality materials that will not require frequent replacement or repair, or select biodegradable materials.
- Choose an energy-efficient source of light, such as LED or neon, which lower energy usage for the life of the sign.
- Before placing your order, map out the interior and exterior of the property to determine the most efficient use of signage.
- Look for reusable materials which can be converted into signs. Repurposed items also lend themselves to certain aesthetics and styles.



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Advertorial

“My professional involvement in IREM as a **CHAPTER PRESIDENT AND REGIONAL VICE PRESIDENT** has contributed to my confidence in the importance of networking with other professionals in the business and the **AMO IS ANOTHER TOOL** that facilitates this.”

informed about current trends in professional property management. Our mission statement is “Building Value through Service.” The AMO accreditation is another asset that contributes to the quality of service we bring to our clients.

■ **Other than being the only AMO Firm in Alaska, what sets Pacific Rim Properties apart from other property management companies in your area?**

In addition to being an AMO, Pacific Rim Properties is a member of the NATIONAL ASSOCIATION OF REALTORS®. We are a “full service” real estate company offering fee-based management and leasing services in the areas of residential, commercial and Home Owners Association (HOA) management. We offer our clients a full menu of services including real estate listing and sales. Pacific Rim Properties is one of only a few organizations in Alaska that offers Low Income Housing Tax Credit (LIHTC) property management services.

■ **Several AMO Firms have taken to social media as a connection point to not only potential tenants, but existing tenants as well, addressing requests, complaints and questions through Facebook or Twitter. What is Pacific Rim Properties doing in terms of social media? Do you think this is a trend that will continue to evolve?**

As for as using social media, Pacific Rim Properties utilizes our website as a major marketing and information tool. We post our available vacancies on our website and have a link for homeowners of HOAs to access their accounts to view and pay dues online. We use our online property management software to facilitate owner access to their accounts and provide the option to pay rent and homeowner dues using credit cards. We use Google Analytics to monitor our online presence. We are looking for ways to use Facebook and Twitter, but currently have had limited exposure with these resources. ■



Bush-Era Tax Cuts Set to Expire December 31, 2012:

What Does This Mean?

In December of 2010, Congress voted to extend tax cuts enacted by the Bush administration that were set to expire at the end of that year. The bill, the 2010 Tax Relief Act, essentially extended the Bush tax cuts for two more years, through 2012. Now, with the bill's expiration looming, Congress is faced with the decision of whether to extend the cuts again.

Initially, the reasoning behind the extension was to encourage businesses and individuals to make big-ticket purchases, hire more employees and increase spending on capital improvement projects. Essentially, the bill was supposed to act as an economic stimulus.

The bill included provisions that would:

- Maintain capital gains tax rates at 15 percent (IREM has been heavily involved in lobbying for current levels).
- Keep carried interest classified under capital gains rates, currently at 15 percent. IREM has conducted three calls-to-action on this issue, encouraging Congress to vote to keep these rates at current levels. IREM has also brought this issue to the Hill during the 2010, 2011 and 2012 IREM Capitol Hill Visits Days.
- Reduce the Social Security payroll tax on wages from 6.2 percent to 4.2 percent.
- Extend the Alternative Minimum Tax (AMT) patch for 2010 and 2011.
- Extend a 15-year straight-line cost recovery for qualified leasehold improvements through 2011. IREM has supported this provision and took it to Capitol Hill in 2010.
- Extend Research and Development Tax Credit through 2011.
- Extend unemployment insurance benefits for 13 more months (which has been extended since this expiration date).

IREM strongly supported the passage of this tax cut extension, as we believe it was beneficial to our members, particularly with regard to the carried interest rates. If these extensions were to expire permanently, the capital gains rate could jump to more than 39 percent if changed to ordinary income rates. Changing the tax treatment of carried interest would be detrimental to commercial real estate because taxing the general partner at an ordinary income rate would create a disincentive for real estate investment, further damaging an already fragile market.

IREM supports the extension of these tax cuts as they directly benefit IREM Members and the real estate management industry. In a recent survey by CNNMoney, 15 economists were asked whether the tax cuts should be extended. Nine of these economists supported some kind of extension of the

tax cuts—five wanted to extend the cuts to all taxpayers, and four endorsed the Obama administration's proposal to extend the cuts for all citizens except those in the upper income bracket. With such a volatile political environment this election year, it is uncertain what type of, if any, tax cuts will be passed.

IREM will continue to monitor this vital issue and report back when necessary. If you have any questions regarding the Bush-era tax cuts, feel free to contact the IREM Legislative Liaison at bprice@irem.org or 1-(800) 837-0706 ext. 6021.

How Can I Find Out About Legislative and Regulatory Activity in My State?

Interested in knowing more about what is going on in your state with regards to legislative activity? We have the perfect resource for you! All IREM Members can access the State Legislative Database on the IREM Public Policy webpage using their IREM username and password. Check out the IREM Public Policy page at www.irem.org/publicpolicy and click on the State Legislative Database link on the homepage. There you can find pertinent state legislation by searching a state and/or subject. You will then be able to explore the bills that impact your business and stay abreast of other legislative activity under our radar. ■

FOR QUESTIONS, PLEASE CONTACT BETH PRICE, THE LEGISLATIVE LIAISON FOR IREM HEADQUARTERS IN CHICAGO, AT BPRICE@IREM.ORG OR (800) 837-0706 EXT. 6021.



WINTER MAINTENANCE SLIP-UPS:



Six Ways to Avoid a Liability

Winter property maintenance is more than just pushing snow around. Here are six simple things you can do to help reduce the chances of being involved in a personal injury lawsuit attributed to substandard winter maintenance operations.

KNOW THE CODES

Be knowledgeable of the codes and ordinances that affect winter property maintenance at the sites for which you are responsible. Winter property maintenance is a seasonal requirement of property management that is likely governed by adopted ordinances and codes. Whether done in-house or contracted out, make sure those handling the work are aware of these requirements.

REPUTATION MATTERS

If winter property maintenance is contracted, hire a reputable contractor with the experience, capabilities and personnel to respond to the varied winter conditions that can be expected in your area.

CHECK PROBLEMS THAT COULD SNOWBALL

Identify and address existing physical conditions that may affect winter property maintenance, such as roof and site drainage that may run onto walkway areas and surface deficiencies. While drainage discharge typically doesn't mean much during the warmer months, during periods of freezing weather this drainage will freeze, creating icy conditions. Surface deficiencies may become covered by snow, making them difficult for pedestrians to see.

DOCUMENT AND COMMUNICATE

Clearly document your expectations regarding the timing, extent and quality of your work along with the responsibilities of the parties in any winter property maintenance agreement. Particular consideration should be given to identifying who is responsible for follow-up inspections. This will avoid unnecessary misunderstandings later, should someone get injured. Many winter injuries are caused by icing are due to ice melting and refreezing, not the initial clearing work.

STORE SNOW SAFELY

Choose locations onsite where snow can be stored safely. Stored or piled snow should not block views or the site drainage pattern. When the stored



**THERE ARE AT LEAST FOUR
LIABILITY CONCERNS SHOWN
IN THE PHOTOGRAPH, CAN YOU
SPOT THEM?**

ANSWERS: 1) Snow piled on a fire lane 2) Snow piled in a parking space for the physically disabled 3) Snow piled on a designated pedestrian walkway 4) Drainage from stored snow draining across a driving aisle/walkway in the parking lot.

snow melts, does the runoff drain safely or does it drain on to pedestrian walkway areas, where it can freeze later?

A PICTURE IS WORTH A THOUSAND WORDS

Photograph the completed work. Having photographs documenting that the work was successfully completed in accordance to the contract requirements goes a long way in avoiding unnecessary involvement in a premises liability based injury claims. ■



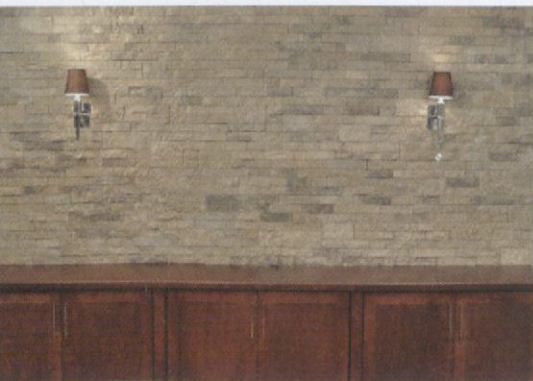
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OWNER OF PEREIRA
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The Certaform™ Leave in Place Form from CertainTeed is engineered so that poured concrete wall contractors can use all the benefits of CertainTeed's Form-A-Drain™ one-sided drainage solutions. Comprised entirely of recycled materials, the form is designed to be left in place with the foundation footing. Crews won't need to return to strip and clean as they would with traditional concrete forms. Measuring twelve feet long, the Leave in Place Form has been designed to deliver rigidity by letting contractors leave it in place.

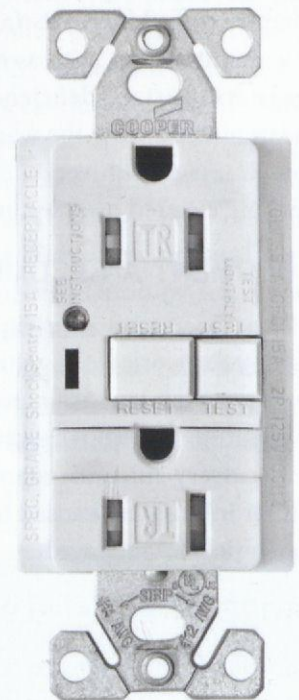
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LIGHTEN UP THE DARK

Nothing can be quite as shocking as a wiring problem. The all new Patrol™ Combination Nightlight GFCI receptacle ensures that outlet wiring remains safe by making itself inoperable if it is wired incorrectly or the wiring is tripped. The new Patrol also includes a sensor-operated LED nightlight to help tenants of residential or commercial properties navigate in a power outage.

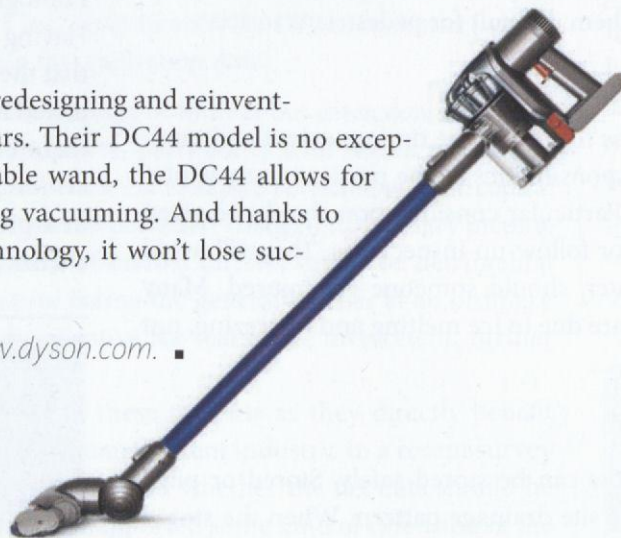
For pricing and availability, visit www.cooperindustries.com.



VACUUM FLOOR TO CEILING

The Dyson brand has been redesigning and reinventing vacuum cleaners for years. Their DC44 model is no exception. With its long, detachable wand, the DC44 allows for truly cordless floor to ceiling vacuuming. And thanks to Dyson's Root Cyclone™ technology, it won't lose suction as you go.

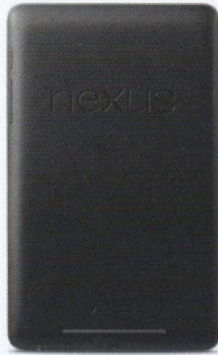
\$399.99. Available at www.dyson.com. ■





CONSUMER TABLET RUMBLE: NEXUS 7 VS. THE KINDLE FIRE

If you've been holding out on purchasing an iPad either due to the size or price, you might consider either the Nexus 7 or the Kindle Fire, two popular 7-inch tablets. Although the first generation Kindle Fire and Google's Nexus 7 both use the Android operating system and look virtually identical on the outside, I found my experience with them vastly different.



The Nexus 7 is snappy, responsive and a visual delight, whereas the Kindle Fire's home screen makes it much more difficult to select the right app or book than it should be—feeling pokey, opaque and sometimes difficult to use. In an effort to help you choose the right tablet for your needs, check out how each device holds up for several common uses.

WEB SURFING

Web browsers are, of course, featured on both tablets. However, the Kindle Fire runs web surfing through its Silk browser. Silk was supposed to enhance the delivery of information, but will most likely frustrate power-users. The Kindle Fire was created to enhance the user's ability to read Kindle books and shop on Amazon, but the irony is that navigating Amazon's website on the Fire is difficult at best.

MUSIC, MOVIES, BOOKS AND APPS

Although both devices feature a Netflix app and can easily play your music collection, the Kindle Fire taps into your Amazon account, streaming any music you've uploaded on to your Amazon Cloud Drive. The same is true for TV shows and movies purchased or rented through Amazon Prime.

While the Fire might be easier for media, if you have any need of a camera, the Nexus 7 is the way to go. The same goes for maps and GPS navigation.

ADDED TOUCHES

The Nexus 7 has two really interesting additions to the typical Android tablet—face and voice recognition. The face recognition kicks in if you turn on the option for a security password every time you turn on the tablet. In lieu of the four-digit PIN, it brings up the camera and asks you to hold your face up to the front-face camera—if it matches your mug, it logs you in. If not, it reverts to asking for your PIN. If you've used Siri on an iPhone or iPad, then using Google's voice recognition will be comfortable whether you are issuing commands to search the web, or dictating a short memo. The Nexus 7 also shines when you attach any of

a number of USB or Bluetooth devices, which the Kindle Fire is prevented from using by default.

SHOULD YOU WAIT?

By the time you are reading this article, Amazon may have released new versions of the Kindle Fire. But so long as the Fire product line is locked into Silk, I would wholeheartedly recommend that if you need a 7" tablet, grab the Nexus 7.

Kindle Fire: **\$199**

<http://www.amazon.com/KindleFire>

Google Nexus 7: **\$199 to \$249**

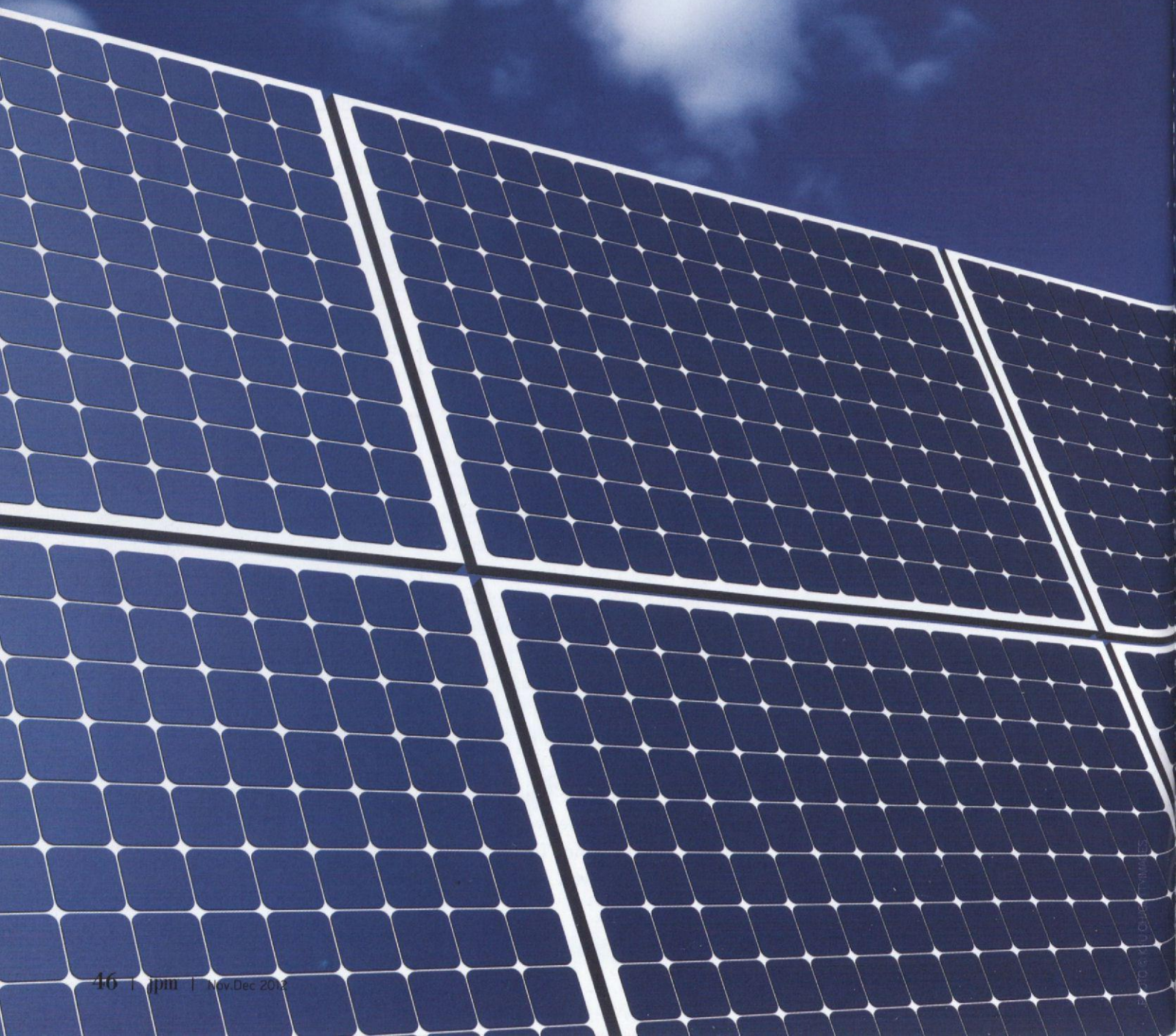
<http://www.google.com/nexus> ■



TODD CLARKE, CCIM, (TCLARKE@NMAPARTMENT.COM) IS CEO OF NM APARTMENT ADVISORS IN ALBUQUERQUE, N.M.

SOLAR PANEL

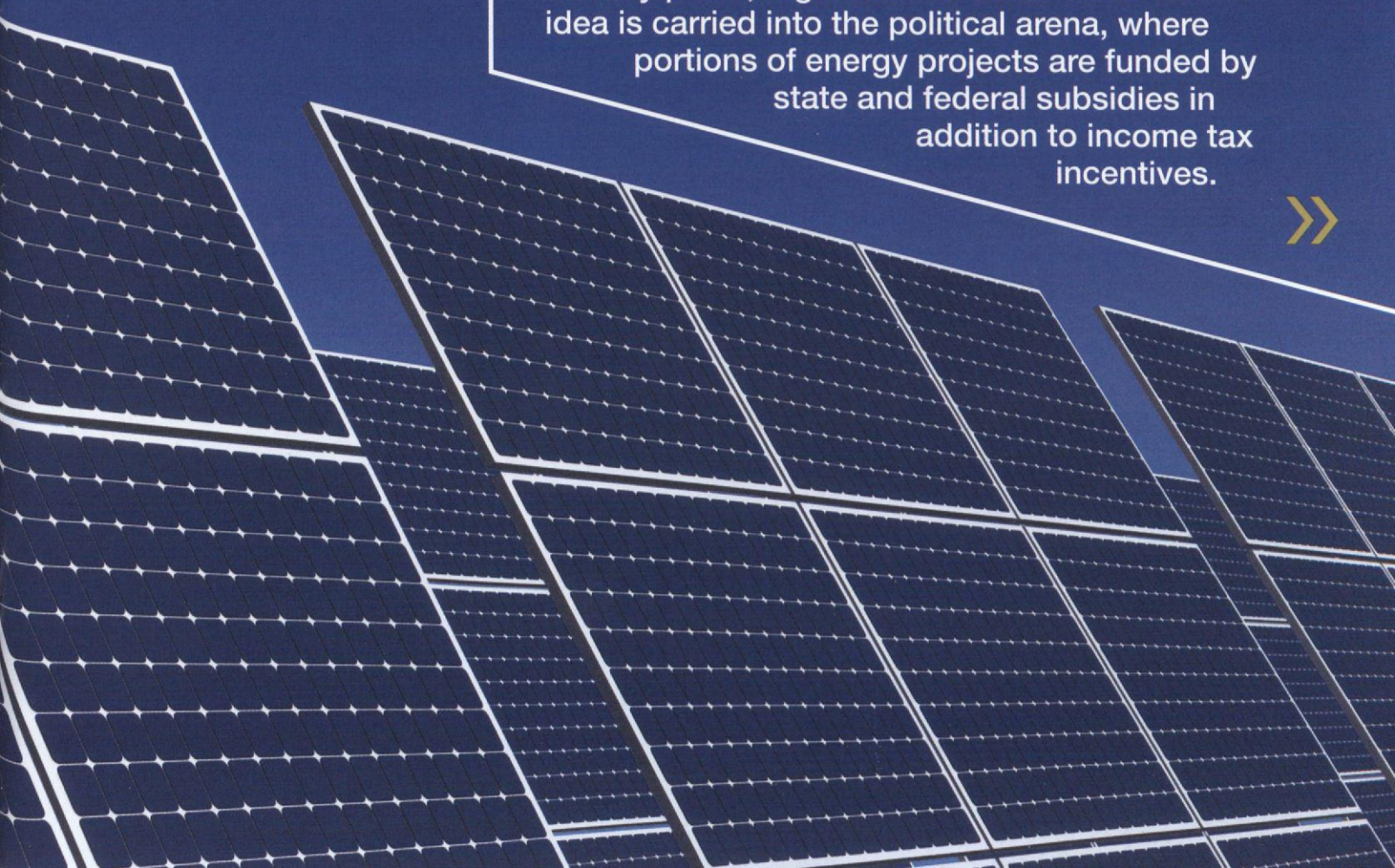
BY ERIC B. STOREY, CPM



PROJECTS:

DOES IT PAY TO PLAY?

Phrases like “going green” and “focus on sustainability” are commonplace in the real estate business today. The question of payback in relation to dollars spent on energy related items is central to everyone. When the payback period is two or three years, many find it palatable, but when the payback period nears five or more years, many determine that the financial merits do not warrant the expenditure. Some argue that payback should not be measured in dollars, but rather in quality of environment and in making the Earth an eco-friendly place, regardless of dollar cost. This idea is carried into the political arena, where portions of energy projects are funded by state and federal subsidies in addition to income tax incentives.



Regardless of your social and political take on this subject, the reality of ever-increasing energy costs has caused our industry to consider alternative energy sources and energy efficiency products. Energy management has become a major part of the business of property management, as property owners are increasingly aware of energy costs and rely more than ever on property management professionals to monitor and shape energy savings.

With electricity being by far the most critical energy medium used today, alternative methods to generate electrical power and reduce consumption are being considered by our industry as well as the rest of society.

Getting the Green for Green Energy

Solar panels are the most prevalent alternative source of electrical power, with various types of these panels being used for residential and commercial applications around the world. The general problem with solar panels is that their payback period varies greatly, easily ranging from 10 to 20 years. Thus, economic incentives have been provided to spur installation of solar panel systems and stimulate the market for solar panel products. The largest source of these incentives? The federal government.

Section 1603 of the American Recovery and Reinvestment Act allowed applicants to forego tax credits under sections 48 and 45 of the Internal Revenue Code and apply directly to the U.S. Treasury for cash reimbursement payments of 10 to 30 percent of the cost basis of the improvements. Section 1603 of the act expired at the end of 2011; however, federal investment tax credits for the same 30 percent amount are still available.

Under the federal Modified Accelerated Cost-Recovery System (MACRS)

Some argue that payback should not be measured in dollars, but rather in quality of environment and in making the Earth an eco-friendly place, regardless of dollar cost.

businesses may recover solar projects over a five-year period. In addition to the normal schedule of cost recovery, a bonus provision was allowed for solar panel projects. In December 2010, the provision for bonus depreciation was amended and extended through 2012. This bonus allowed the taxpayer to take cost recovery on 100 percent of a qualified solar project basis in one year. Additionally, 50 percent of the money received from a 1603 grant could also be added to the basis for determining MACRS. This year, bonus depreciation reverted from 100 percent to 50 percent of the eligible basis. For a summary of federal incentives online, visit www.dsireusa.org.

A number of state governments and municipalities offer investment tax credits, abatements, reimbursements and other incentives to qualified companies which install solar projects. Some states, such as Arizona and California, have passed legislation that requires utility companies to provide a certain amount of power from alternative non-fossil fuel power sources. Utility companies in these states offer cost rebates or reimbursement for portions of solar panel projects.

Forecasting the Costs

To determine your cost basis, tax credits, grants, MACRS schedules, etc., see a competent accountant or legal representative. Once you have determined your actual capital investment in your solar project you can do the following simple financial tests:

- **ROI**—The capital investment divided by the annual dollars saved from purchasing electricity will give you the annual ROI.
- **Payback Period**—The cost basis divided by the annual energy cost savings per year will tell you your approximate payback period in years.



- **Cost to produce**—You can also determine the cost to produce a kilowatt hour (kWh) with your solar project by dividing the estimated kWhs that will be generated over 25 years by the initial project cost.

Solar Systems in Application

I recently installed my first solar panel project, a system comprised of 130–230 watt solar panels with a 29.9 kilowatt output. In other words, at 100 percent capacity, these panels will generate 29,900 watts of electrical power per hour. The system is currently generating approximately 46,000 kilowatt hours per year resulting in an annual power savings of about \$3,700. The components needed for a solar panel project are listed below:

Solar Panels—Photovoltaic (PV) systems use solar panels to convert sunlight into electricity. A linked collection of solar panels is called an array. Solar panels have a useful life of approximately 25 years. Warranty periods are typically the same: Their efficiency declines with age. In recent years the cost of solar panel production has decreased significantly. These PV systems can stand alone or can be made to connect to a power grid. For a view of a typical solar panel, see www.trinasolar.com.

These solar panels generate **29,900 WATTS OF ELECTRICAL POWER PER HOUR** and approximately **46,000 KILOWATT HOURS PER YEAR**. Altogether, they provide an **ANNUAL POWER SAVINGS OF \$3,700**.



PHOTO © RAIMUND LINKE

Economic incentives have been provided to spur installation of solar panel systems and stimulate the market for solar panel products. The largest source of these incentives? The federal government.

Inverters—To convert direct current (DC) power into alternating current (AC) power, an inverter is used. When direct sunlight is received to a solar panel it is a DC commodity. Modern facilities need alternating current AC power. AC is also needed if the excess power from a solar panel system is going to be fed into a power grid. For insight into a typical inverter, visit renewables.advanced-energy.com.

With electricity being by far the **MOST CRITICAL ENERGY MEDIUM** used today, alternative methods to generate electrical power and **REDUCE CONSUMPTION** are being considered by our industry as well as the rest of society.

Racking systems—Racking systems are used to connect solar panels to each other and to secure the panel system to the roof of a building or to a land surface. Weight is an issue associated with roof mounted racking systems. The racking system also allows for the angle at which the solar panels face the

sunlight. For a view of a typical racking system, visit www.dpwsolar.com.

Monitoring System—In order to monitor how effectively your solar panel operates, a monitoring system can be attached to your solar panel projects. Through the use of technology, an internet address allows you to see how many kWhs you are generating at a moment in time—daily, weekly or monthly etc. For a view of a typical monitoring system, visit www.fatspaniel.com. ■



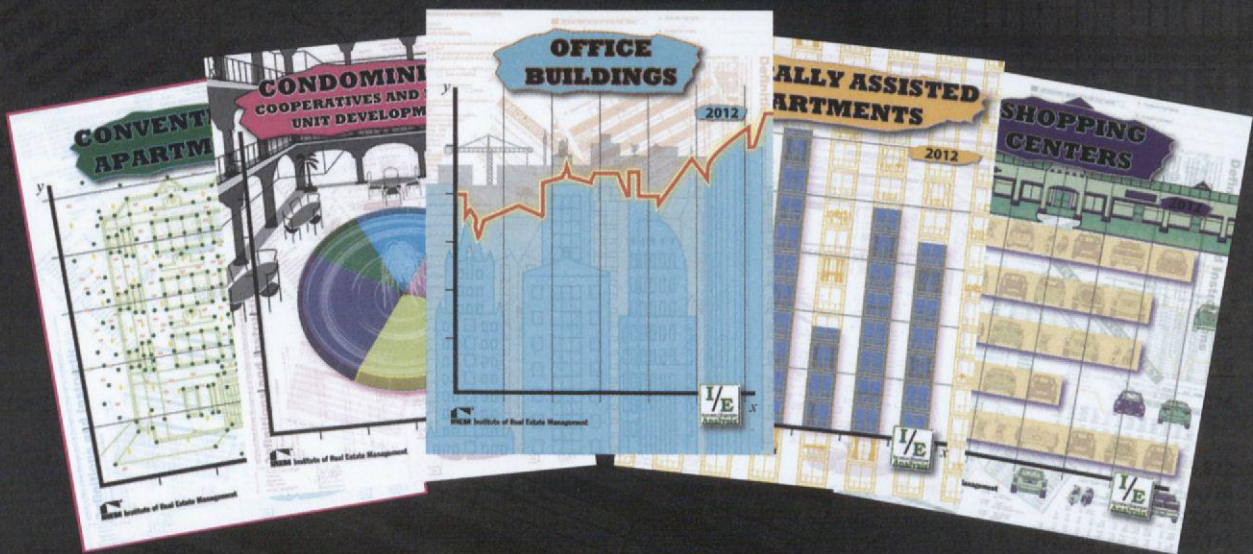
ERIC B. STOREY, CPM, (ERIC.STOREY@ZIONS BANK.COM) IS THE VICE PRESIDENT OF PROPERTY MANAGEMENT AT ZION'S BANK.

Bottom line:
This data will help
your bottom line.

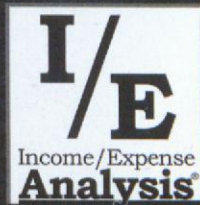


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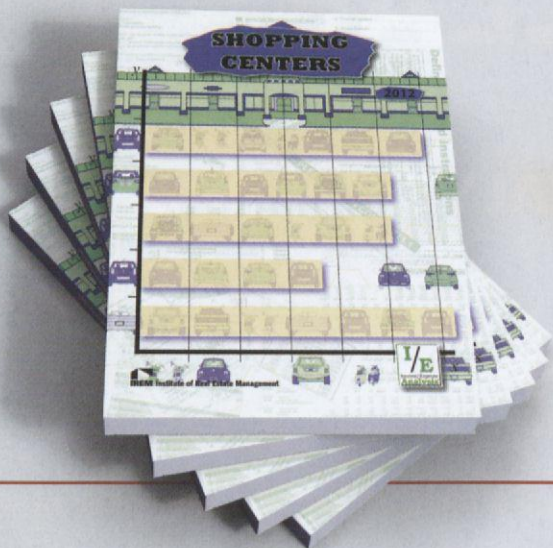
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A MASTER CLASS IN REAL ESTATE TRENDS: The IREM Income/Expense Analysis® Studies

[EXCERPT]*



The IREM Income/Expense Analysis studies have been a valuable resource for over 57 years, designed to help property owners and managers, investors, appraisers, lenders, developers and other real estate professionals evaluate and optimize a building's performance. The series is an invaluable resource for building better budgets, identifying ways to trim waste, addressing inefficiencies while making needed improvements, preparing feasibility studies, appraisals and loan requests and much more.

The Income/Expense Analysis reports provide data for five properties types: Conventional Apartments, Office Buildings, Shopping Centers, Federally Assisted Apartments and Condominiums, Cooperatives and Planned Unit Developments. The following displays the highlights of the five publications:

*PICTURED IS ONE OF THE INCOME/EXPENSE ANALYSIS® BOOKS ON SHOPPING CENTERS; THIS IMAGE DOES NOT ILLUSTRATE THE REMAINING FOUR BOOKS IN THIS SERIES.

CONVENTIONAL APARTMENTS

Income/Expense Analysis: Conventional Apartments is designed to help real estate professionals evaluate multifamily development and investment options and compare their building's performance against industry norms.

The income and expense data for each sample is presented in dollars per square foot of rentable area and as a percentage of gross possible income and dollars per unit. Individual metro market reports for more than 150 cities also are included along with an analysis of vacancy rates and operating unit trends, plus a variety of historical trend reports.

These key findings are drawn from a control sample of conventional apartments that have submitted data for the report consistently over the past four years. The report also contains data drawn from a larger sample of submissions gathered over the past five years, regardless of whether that data was submitted consecutively over the five-year period. In terms of sample size, the report analyzes the previous year's operating income and cost figures for 3,156 multifamily rental properties representing over 618,000 units across the U.S. and Canada.

HIGH LIGHTS DRAWN FROM THE FOUR-YEAR CONTROL SAMPLE

Gross possible rents for three of the four conventional rental apartments examined (elevator, low-rise with 12 to 24 units, and garden) rose within a range of 0.2 percent to 8.3 percent in 2011, whereas those for low-rise buildings with 25-plus units fell 1.5 percent.

Net Operating Income (NOI) for the three apartment types rose between 2.9 and 7.5 percent from the prior year. Similarly, total expenses for three building types experienced year-to-year increases—within a range of 0.8 and 8.5 percent—with one type recording no change whatsoever.

NOI for low-rise buildings with 25 or more units rose 7.5 percent to \$4.74 per square foot. NOI for elevator buildings increased 4.4 percent to \$9.02 per square foot. NOI for garden apartments rose 2.9 percent to \$4.96 per square foot.

In terms of expenses, three of the four building types analyzed were more costly to operate in 2011. Elevator building expenses rose 8.5 percent to \$8.05 per square foot; low-rise buildings with 12-24 units rose 7.7 percent to \$5.71 per square foot; and low rise buildings with 25 or more units reported a 0.8 percent increase to \$4.94 per square foot. In contrast, garden buildings reflected no change whatsoever, remaining at \$4.99 per square foot.

Additionally the study summarizes data by building type, age, Section 42 properties, turnover and more.

SHOPPING CENTERS

The shopping centers study published in the *Income/Expense Analysis: Shopping Centers* has been conducted since 1991 and analyzes the previous year's operating data for 487 open shopping centers throughout the U.S. It is designed to provide real estate professionals

and investors with current financial data for evaluating the performance of their properties and for preparing appraisals, budgets, loan requests and sales proposals.

The study breaks down open shopping center operating data into several categories, including property size, age, type of anchor, type of lease, average actual occupancy (AAO) and gross leasable area. The study includes national, regional and metropolitan statistics, along with several special reports including leasing fees, expansion, tenant turnover, type of ownership and gross sales analysis.

OFFICE BUILDINGS

The *Income/Expense Analysis: Office Buildings* research study, conducted by IREM since 1976, analyzes operating income and costs for 2,140 private-sector office complexes—some containing multiple buildings—in major metropolitan areas and regions of the U.S. and Canada. It also contains financial data for 370 medical office buildings. The income and expense data is presented in dollars per square foot for more than 50 specific categories broken out by building size, height, age and rental range.

OFFICE BUILDING HIGHLIGHTS

Total collections for suburban office complexes nationwide in 2011 decreased 1.3 percent from 2010 levels to \$18.22 per square foot of net rentable area. Downtown properties experienced a 7.3 percent year-to-year collections decline to \$20.30 per square foot. Total actual collections for downtown properties were 11.4 percent higher last year than their suburban counterparts, versus 18.7 percent more the prior year.

Total operating costs for suburban buildings in 2011 decreased 0.7 percent from the prior year to \$8.32 per square foot of rentable area, while operating costs for downtown properties decreased 1.9 percent to \$9.95 per square foot.

Nationally, net operating costs for suburban buildings increased 1 percent to \$6.03 per square foot of rentable area in 2011. Those for downtown properties decreased 0.3 percent to \$7.12 per square foot.



TO LEARN MORE ABOUT THE IREM INCOME/EXPENSE ANALYSIS® STUDIES OR TO PURCHASE COPIES, PLEASE SCAN THE QR CODE OR VISIT: www.irem.org/incomeexpense.

SHOPPING CENTER HIGHLIGHTS

Median income for open shopping centers across the country in 2011, based on average AAO, decreased to \$15.31 per square foot from \$15.79 the prior year. In contrast, open center operating costs increased to \$4.95 per square foot from \$4.88 in 2010.

Broken out regionally, median income for open centers in 2011 ranged from \$13.90 to \$20.46 per square foot versus a range of from \$13.48 to \$23.12 per square foot in 2010. The Northeast and Mid-Atlantic regions reported the highest income per square foot at \$20.46.

Regional results also revealed that the Southeast had the lowest median operating cost for open centers last year at \$3.66 per square foot, whereas the Northeast and Mid-Atlantic regions had the highest at \$7.27 per square foot.

HIGHLIGHTS FOR FEDERALLY ASSISTED APARTMENTS

In 2011, operating expenses increased across the board for all but one category of federally subsidized multifamily housing properties, including all Section 202m, Section 221(d)3, Section 236, Section 8 Family and Section 8 Elderly/Handicapped elevator and low-rise buildings. The year-to-year increases ranged from \$0.08 to \$0.73 per square foot of rentable area. The exception, Section 8 Family low-rise buildings, saw no change from 2010.

In terms of net income by subsidy type, Section 202 building categories in 2011 ranged from \$4.40 to \$9.52 per square foot; Section 221(d)3 buildings ranged from \$5.13 to \$6.55 per square foot; Section 236 buildings ranged from \$3.60 to \$3.83 per square foot; Section 8 Elderly/Handicapped buildings ranged from \$4.95 to \$7.26 per square foot; and Section 8 Family buildings ranged from \$4.40 to \$8.14 per square foot.

Elevator buildings reported median net operating income ranging from \$3.83 to \$9.52 per square foot; low-rise buildings ranging from \$3.60 to \$5.13 per square foot; and garden buildings ranging from \$3.76 to \$7.26 per square foot.

Sections 202, 221(d)3, 236, Section 8 Elderly/Handicap and Section 8 Family and Rural Development Section 515. The data within this report represents 95,640 units.

Additionally, the study breaks down operating figures into several categories, such as building type, subsidy type, property size and property age. Regional and city reports are also included.

FEDERALLY ASSISTED APARTMENTS

The Income/Expense Analysis: Federally Assisted Apartments, conducted by IREM since 1986, analyzes the previous year's operating data for more than 1,109 high-rise, low-rise and garden-style properties nationwide that receive one of six types of federal assistance: HUD

CONDOMINIUMS, COOPERATIVES, AND PLANNED UNIT DEVELOPMENTS

The Expense Analysis: Condominiums, Cooperatives and Planned Unit Developments, conducted by IREM since 1978, analyzes the previous year's operating cost figures from 2,062 properties in the U.S. and Canada, representing 264,084 units. It is designed to help property managers and boards of condominium, co-op and planned unit development benchmark their association's

financial condition, calculate assessments and necessary replacement reserves, and develop and evaluate budgets, summarizing data by association type and building type. It provides an analysis of over 30 expense categories, hundreds of operating breakdowns, median monthly assessments and an amenity package analysis.

HIGHLIGHTS FOR CONDOS, CO-OPS, AND PLANNED UNIT DEVELOPMENTS

Median total annual operating expenses for all condominium building types as a group increased 1.5 percent in 2011 to \$2,358.29 per unit from \$2,324.14 per unit in 2010. Similarly, condominium dwellers as a group paid 3.3 percent more in assessments, with the median monthly assessment amounting to \$240.61 per unit, over \$233.03 in 2010.

Breaking out reserves by building type, townhouse developments added annual reserves of \$444.08 per unit, amounting to 24.2 percent of total operating expenses; low-rise properties added reserves of \$483.87, equal to 20.9 percent of total operating expenses; high-rise properties added reserves of \$859.92 per unit, or 22.1 percent of total operating expenses; and combination units added reserves of \$407.09 per unit, or 20.6 percent of total operating expenses.

The *Income/Expense Analysis: Conventional Apartments, Office Buildings and Shopping Centers* reports are available to IREM Members and non-members for \$229.95 and \$459.95 each, respectively, plus shipping and applicable state sales tax. The *Income/Expense Analysis: Federally Assisted Apartments and Expense Analysis: Condominiums, Cooperatives, and Planned Unit Developments* are available to IREM Members and non-members for \$207.95 and \$414.95 each, respectively.

CASE STUDY: INGO S. KRAUS, CPM VICE PRESIDENT, COMMERCIAL REAL ESTATE RBS CITIZENS

“Part of my duties as a portfolio manager, overseeing more than 200 loans for the bank, is to evaluate the

current operations of the underlying collateral. First of all, the asset types of the collateral are mixed, so I am able to utilize all of the Income/Expense reports to assist me in properly analyzing the data. Essentially, I create an internally-prepared income statement based upon the financial information that is submitted by the Borrower. Upon review, I target any revenue or operating expense line items that may appear to be out of line, pull out my Income/Expense reports and look up that property’s locale, then compare that suspect line item to those published in the Income/Expense report. I can then research further with the Borrower to see why that line item is below or above the average per square foot or per unit as suggested for that locale. Since my portfolio covers all asset types, I am able to utilize all of the Income/Expense books that are currently available. They really help to make my analyses more informative and pertinent, providing a firmer basis to enter into more informed inquiries and discussions with my Borrowers. Their ability to substantiate and challenge my findings are more limited, since I have those Bibles as part of my repertoire.” ■

I/E LABS: COMPANION PRODUCT TRACKS DATA OVER DECADES

A new state-of-the-art product called the Income/Expense Analysis Online Lab is available as a companion product for the research studies. The Lab is an interactive website that enables purchasers to download over ten years of historical office building data—including over 100 customizable line-item variables—and compare it to the operating data in their individual portfolios.

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TRENDS ARE EVER
CHANGING JUST AS
OPPORTUNITIES TO
MAKE MORE MONEY
FOR INVESTORS.
ANALYZING AND
STRATEGICALLY
PLANNING FOR
IMPROVED
PERFORMANCES
IN CERTAIN AREAS
BASED ON SAME
REAL ESTATE
COMPARISONS IS
A HUGE WAY TO
UTILIZE THE BOOKS
DATA.”

Deborah Westphal, CPM, ARM
Executive Director
Institute of Real Estate
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MATTHEW O'HARA (MOHARA@IREM.ORG) IS THE INCOME/EXPENSE ANALYSIS MANAGER AT IREM HEADQUARTERS.

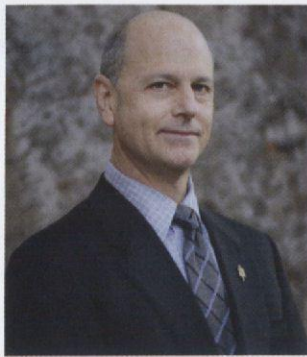
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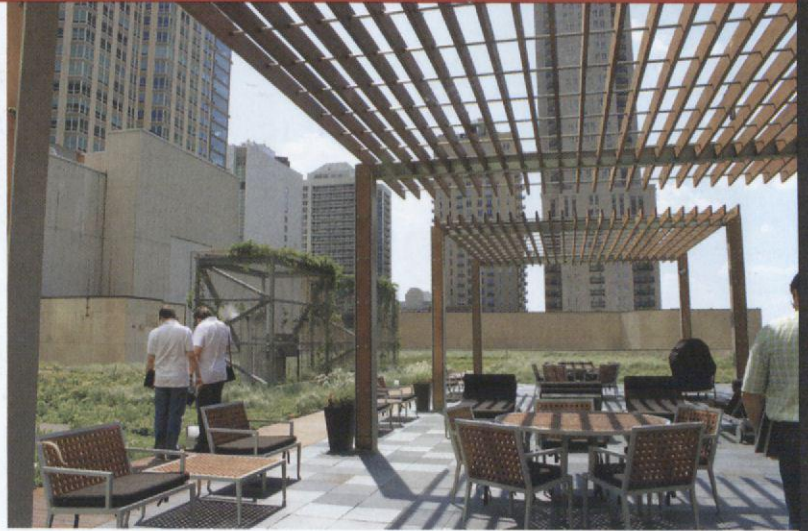
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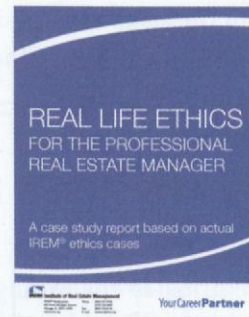
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IREM Members from Russia and Brazil attended property tours in Chicago! See *pg. 58* to learn more!



See *pg. 61* To check out the Real Life Ethics for Professional Real Estate Managers, or visit: irem.org/ethics

- IREM hosts two **INTERNATIONAL DELEGATIONS**, Brazil and Russia [p.58].
- Make a donation to the IREM Foundation to help property managers **ACHIEVE THEIR PHILANTHROPIC** goals [p.60].
- Learn the importance of **FINANCIAL REPORTING** [p.61].
- **CONGRATULATIONS** to the new CPM Members [p.62].
- See what other property managers experience with residents in **"CAN YOU TOP THIS?"** [p.66].

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A GLOBAL DISCUSSION: IREM HOSTS TWO INTERNATIONAL DELEGATIONS

More than 30 million visitors come to Chicago each year to see the city's impressive skyline, sample the food and partake in Midwestern hospitality. IREM Members from abroad are no exception. Hoping to learn more about the local property management market, two international delegations opted for Chicago's warmer months to hit the town, visit IREM Headquarters and see some of the city's most iconic buildings.

Below, read about the visits of a Russian and a Brazilian delegation to hear some of their thoughts on how the Chicago market differs from theirs.

NOVOS EMPRESARIOS (NEW ENTREPRENEURS), SAO PAULO, BRAZIL

The Novos Empresarios is the young professional branch of Secovi-SP, IREM's partner in Sao Paul, and is made up of members under 45 years old. The Novos Empresarios delegation that recently visited Chicago was made up of lawyers, developers, economists and other specialties in the field of real estate.

As part of their trip, these young practitioners toured the Trump International Hotel and Tower and the Aqua Building. Tour participants found Chicago's luxury condos to be very different from those one would find in Sao Paulo, with the allocation of space being the most frequent comment.

Camila Baccelli Hirota, an engineer from Costa Hirota Ltda in Sao Paulo, said the price of each unit was not significantly higher than what you would get in Sao Paulo; however, a two-bedroom condo sized as it was in the Trump Tower would typically be divided into four or five smaller bedrooms in Sao Paulo. The larger, lavish bathrooms with double sinks and separate whirlpool tubs and glass shower stalls would be considered a poor use of space.

Maria Lerario Tauques, a real estate lawyer with URBI, was surprised about the open-plan kitchens; Brazilian kitchens typically do not include places to

eat and have doors to contain cooking odors.

The group also found that the parking and the number of spots allocated per unit differed from the Brazilian standard.

"It is not uncommon for the number of parking spaces allocated to match the number of bedrooms in the unit," said Baccelli-Hirota. "Owners do not usually pay a separate purchase price for parking spaces; spaces are included in the price of the unit."

Condominiums never come with the appliances and flooring already installed, she said.

TO LEARN MORE ABOUT THE LOCAL PROPERTY MANAGEMENT MARKET, TWO INTERNATIONAL DELEGATIONS VISITED CHICAGO'S IREM HEADQUARTERS AND ALSO SAW SOME OF THE CITY'S MOST ICONIC BUILDINGS.



GUILD OF MANAGERS AND DEVELOPERS, ST. PETERSBURG, RUSSIA

The Barkli Corporation, a Russian development company, visited Chicago as part of a study tour organized by The Guild of Managers and Developers, the newest IREM education licensee in St. Petersburg, Russia.

As part of the program, tour participants met with managers from Draper and Kramer, a property and financial services company in Chicago, and toured three Draper and Kramer properties—2550 Lincoln Park, The Residences at 900 North Michigan and the Palmolive Building.

As developers, the participants were very interested in the nuts and bolts of the buildings, including such factors as the elevator speed, what green fixtures were present, the logistics of parking facilities and the quantity of stairwells.

One aspect that received special attention was the high-tech garbage chutes installed at all three of the Draper and Kramer properties. While garbage chutes on each floor are common in Russia, keeping them well-maintained in a high-end building is a challenge. The chutes are difficult to clean and, since garbage frequently gets caught, it is difficult to avoid odors.

The group saw unique features at the different properties, including an underground garage space with valet-only parking at the Palmolive Building and the green roof of the Residences at 900 N. Michigan. While the popularity of green technologies is increasing in Russia, tour participants debated if a green roof would be practical in Moscow's cold temperatures.

After seeing 2550 Lincoln Park, a new community of luxury condominiums and individual houses that opened in June, participants commented on the level of concierge services available to tenants.

"In Russia we have high-end buildings constructed with high-quality materials in desirable locations, but we lack that extra level of onsite service," one group participant said. "People pay a lot and all they get is the actual



unit; here in a luxury building, people are expecting more, and not only paying for a unit, but for the onsite amenities, services and staff."

Both tour groups expressed interest in the process by which a condominium building rolls over from the developer to the condominium association and how assessment fees are determined. In Brazil, those who own larger units do not necessarily pay higher assessments (the higher price for a larger unit is considered that unit's larger contribution to upkeep), which may be set at varying prices. For Russia, the concept of the condo association and assessments continues to be a work in progress. Russian condominiums right now are just starting to collect fees for general upkeep. Collecting money to keep in reserve for capital improvements, for example, continues to be a challenge. ■

Achieve Your Philanthropic Goals

THE EXAMPLES AND INFORMATION IN THIS ARTICLE ARE FOR ILLUSTRATIVE AND EDUCATION PURPOSES ONLY AND SHOULD NOT BE CONSIDERED TAX OR LEGAL ADVICE. PLEASE CONSULT YOUR TAX OR LEGAL ADVISOR ABOUT PROCEEDING WITH YOUR ESTATE PLAN.

By Kimberly Holmes

There's a perceived complexity behind planned gifts that can make people feel confused. While planned giving involves thinking about the future, it should not be a negative thing. It can be very difficult to think about the future, but there can be great peace of mind in knowing that something you have done today will care for you, your loved ones and the real estate management community in the future.

Planned gifts typically come from a donor's assets rather than income, and can be either outright or deferred. A bequest by will is the most common form of Planned Giving, in which the IREM Foundation is named to receive a stated dollar amount, percentage or the remainder of a donor's estate. Just ask your attorney to prepare a codicil to your will.

Case Study: Bequest by Beneficiary

Mrs. Smith utilized the IREM Foundation's Scholarship Program a few years ago to help earn her CPM designation and was promoted shortly thereafter to an executive level position at a large property management company. Mrs. Smith does not consider herself a wealthy person, but she does recognize that taxes will have a substantial impact on her estate.

Having received financial assistance from the Foundation as a student, she feels strongly about giving something back, but is unsure about giving away assets during her lifetime. Instead, she has included the Foundation in her will. By providing for the Foundation in her will, Mrs. Smith has kept assets available to her when she needs them, removed the value of her bequest from her taxable estate, allowed for changes in the value of the estate by setting up the bequest as a percentage of her estate and expressed her appreciation to the Foundation.

To make a gift from an IRA or life insurance policy, you simply complete and sign a new beneficiary designation. Doing so allows you to make an outstanding gift with little cost to yourself and without disturbing other assets. When making a gift to the IREM Foundation, you may consider giving an existing life insurance policy that your family no longer needs or you may take out a new policy with the Foundation as owner and beneficiary.

Case Study: Donation of an Insurance Policy

Since their children left home and began their adult lives, the Junios decided they should review their finances. They realized that some of the life insurance they carried while the children were dependent on them was no longer necessary. They decided to donate a fully paid-up policy to the IREM Foundation. Their financial advisor told them that since the policy was paid in full, they were entitled to a charitable deduction equal to the lesser of

the premiums they paid over the life of the policy or the current cost of a comparable replacement policy. The Junio children were very supportive of the idea. In fact, one of their children purchased a small whole life policy and designated the charity as the owner and irrevocable beneficiary. As a result, the annual premiums that are paid are a charitable deduction.

If you are intrigued by the opportunity to actually improve your own financial picture by giving to the IREM Foundation, speak to your financial advisor to start achieving your philanthropic goals and dreams through a planned gift.

Let us know

If you have named the IREM Foundation as a beneficiary in your estate plan, or if you are making plans to do so, please let us know. Visit www.iremfoundation.org to download an estate intention letter.

We would like to include you in the Legacy of Leaders Society as one way of demonstrating our appreciation. Legacy of Leaders Society members are listed on our website, in our annual report and receive special invitations from time to time. Contact the IREM Foundation at (800) 837-0706 with any questions you may have. ■

KIMBERLY HOLMES (KHOLMES@IREM.ORG) IS MANAGER OF THE IREM FOUNDATION IN CHICAGO. TO LEARN MORE ABOUT THE IREM FOUNDATION, VISIT WWW.IREMFOUNDATION.ORG.

ARTICLE 3. Accounting and Reporting

By Dee L. Herman, CPM, CPA

For the AMO Firm, the management agreement defines the responsibilities imposed on both the managing firm and the owner of the asset. According to Article 3 of the AMO Code of Ethics, one of an AMO Firm's responsibilities is reporting. Put more succinctly, the AMO Firm should be the eyes and ears for the owner. Whatever the owner should know about the property—persons and events—the AMO Firm has an obligation to report.

Eyes and Ears of the Property

Under Article 3's requirements, the primary reporting is financial reporting. It is incumbent on the Firm to understand the nature and frequency of the financial reports required by the owner and how best to document those requirements in the management agreement. For financial reports, the AMO Firm should provide a profit or loss statement, balance sheet and a statement of cash flows for the specified period. This is often expanded to include a bank reconciliation report and may include such supporting information as schedules of aged accounts payable and receivable.

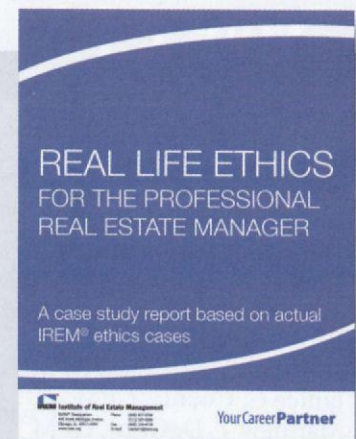
Aside from producing basic financial reports for the owner, the AMO Firm should determine if there are reports the owner needs to provide to others and if those reports require a format other than that reported to the owner, such as reports that the owner wants submitted to a lender.

Keeping Tabs on More than the Finances

Business reporting includes non-financial information as defined by the owner or by best management practices. Examples might include:

1. The number and type of maintenance calls made
2. The condition of building systems and significant repairs or maintenance costs, alongside the impact this might have on future capital expenditure requirements
3. Tenant satisfaction as determined by a tenant survey
4. Results of insurance, lender and other third-party inspections

Non-routine business reporting requirements may also be required without being documented in the management agreement. Incidents which occur on the property that might give rise to insurance claims are a good example. In this case, the AMO Firm should immediately notify the owner so that they may notify their insurance carrier. Timely and accurate reporting is key to managing insurance claims.



TO CHECK OUT THE REAL LIFE ETHICS FOR PROFESSIONAL REAL ESTATE MANAGERS, VISIT WWW.IREM.ORG/ETHICS

After reports are provided to the owner, Article 3 requires that all records be available for inspection. Records should be kept in an orderly, organized manner, readily accessible and for the mandated periods of time. While the timeframes are dictated by the owner, record retention usually follows the IRS guidelines at a minimum.

In this manner, complete and accessible records demonstrate that the values reported by the Firm are accurate, timely and real—attributes which could be tested by an audit. In addition, reporting all transactions ensures nothing is undisclosed or concealed.

By reporting as if the Firm is an extension of the owner's eyes and ears with documented recollection, the requirements outlined in this article will be met and the ethics of the AMO Firm are above challenge. ■

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TREASURER AND CFO OF
ZIFF PROPERTIES, INC. IN MT
PLEASANT, S.C.



New CPM Members

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 Robert B. Barton, CPM, ARM
 Rayna Lee Baumbusch, CPM
 Patti J. Brown, CPM
 Sandra Lynn Conley, CPM
 Janice C. Cornia, CPM
 Matthew T. DeGraw, CPM
 Kevin Dexter, CPM
 Aaron Michael Dorsch, CPM
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 Monique C Dyson, CPM, ARM
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 Melissa Marie Glider, CPM
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 Eugene Hankin, CPM
 Michelle Lee Kirby, CPM
 Mark Knueppel, CPM
 Jason Andrew Konek, CPM
 Kelly Deanne Linnell, CPM, ARM
 Joseph A. Martinez, CPM
 Rachel L. McMahon, CPM
 Bennie Jayne Nemec, CPM
 Yvonne E. Olson, CPM
 Alison B. Punsalan, CPM
 Katherine Ann Savage, CPM, ARM
 Carrie A. Sitterley, CPM
 Jennifer Lynn Snyder, CPM
 Denise Yvonne Swain, CPM
 Nathan Lewis Thompson, CPM
 Darrel L. Unsinn, CPM, ARM
 Brian S. Vernon, CPM
 Brian J. Wade, CPM
 Jeffrey Jordan Warwick, CPM

September

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 Melissa P. Boyle, CPM
 Andrew Jennings Bush, CPM
 Melissa J. Corbett, CPM
 L. Michelle Everett, CPM
 Jeffery A. Florey, CPM
 Perry Christopher Glenn, CPM
 Kelly Dawn Hammer-Church, CPM
 Jessica R. Henderson, CPM
 Alexandra Rae Hope, CPM
 Stacey Lauren Hunter, CPM
 Dennis W. Jordan, CPM
 Rhoda H. Kattus, CPM
 Christopher D King, CPM
 Joshua H. Lack, CPM
 Mary Kathleen Dubuque Larson, CPM
 Marva Jean Leonard-Dent CPM, ARM
 Brian Frank Lozell, CPM
 Elizabeth Lawton Luken, CPM
 Michael L. Modica, CPM
 Kirk O'Neal, CPM
 James Tommy Petramalo, CPM
 Kathy Mary Quinn, CPM
 Holly Faith Regoli, CPM
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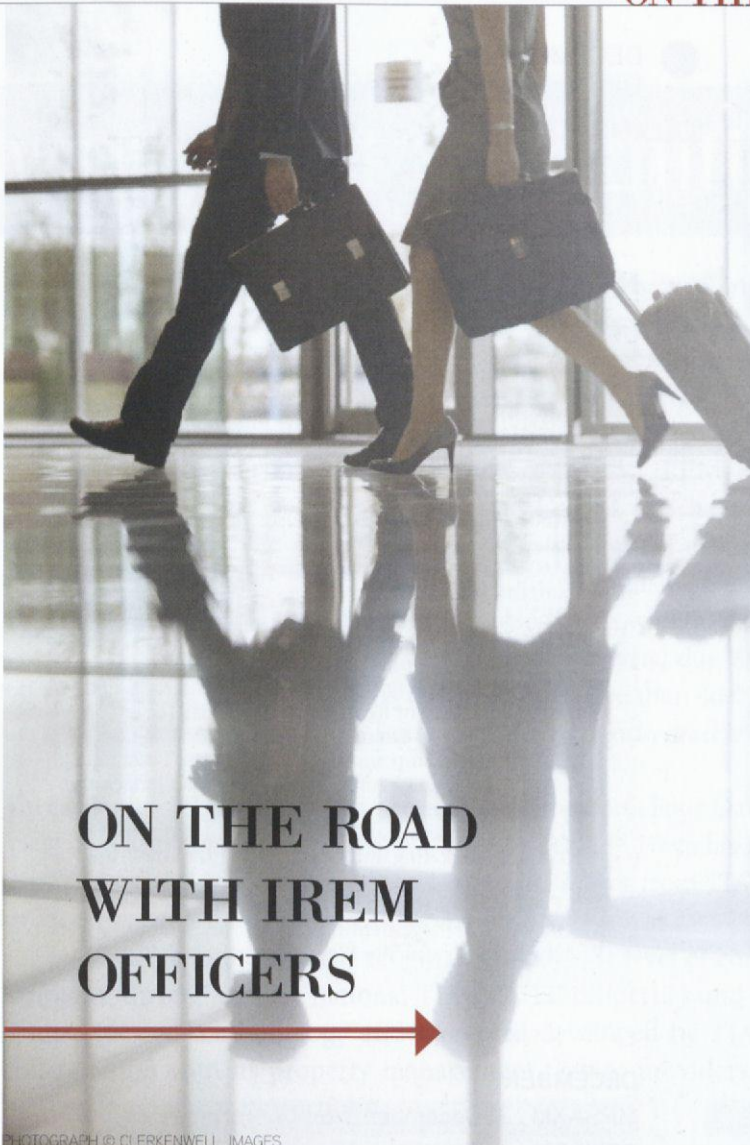
Trisha Gaiduk, CPM
 Donna Scranton, CPM

In Memoriam 2012

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 Allen A. Butler, CPM
 Dwight H. Caldwell, Sr., CPM
 Walter C. Cox, CPM
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 Christine Ann-Marie Tiveron,
 CPM, ARM
 Peter Widney, CPM



ON THE ROAD WITH IREM OFFICERS

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November 8

Central Florida Chapter No. 60
Location: Orlando, Fla.
Visiting Officer: Jim Evans, CPM, President
Elizabeth H. Machen, CPM, President-Elect

November 14

Georgia Chapter No. 67
Location: Marietta, Ga.
Visiting Officer: Jim Evans, CPM, President

November 14-16

USGBC Greenbuild Conference
Location: San Francisco
Visiting Officer: Elizabeth H. Machen, CPM,
President-Elect, Joseph Greenblatt, CPM,
Secretary/Treasurer

December 7

San Francisco Bay Area Chapter No. 21
Location: Petaluma, Calif.
Visiting Officer: Elizabeth H. Machen, CPM,
President-Elect

For a more comprehensive calendar of chapter visits, go to www.irem.org/calendar.

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NOVEMBER

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| CPM001 | November 2 | Oakbrook, Ill. |
| CPM001 | November 2 | Washington |
| ETH800 | November 3 | Pittsburgh |
| ASM603 | November 5-6 | Houston |
| ASM603 | November 5-6 | Las Vegas |
| ASM604 | November 7-8 | Houston |
| ASM604 | November 7-8 | Las Vegas |
| MKL405 | November 7-8 | Braintree, Mass. |
| RES201 | November 7-16 | Little Rock, Ark. |
| HRS402 | November 8-9 | Southfield, Mich. |
| MKL406 | November 8-9 | Washington |
| ASM605 | November 9 | Houston |
| ASM605 | November 9 | Las Vegas |
| ETH800 | November 9 | Woburn, Mass. |
| ASM603 | November 12-13 | Monroe, N.J. |
| MPSAXM | November 12-15 | Golden Valley, Minn. |
| MPSAXM | November 12-15 | St. Petersburg, Fla. |
| RES201 | November 12-17 | St. Louis |
| ASM604 | November 14-15 | Monroe, N.J. |
| CML001 | November 15 | Washington |
| ASM605 | November 16 | Monroe, N.J. |
| CPM001 | November 16 | Golden Valley, Minn. |
| CPM001 | November 16 | St. Petersburg, Fla. |
| MPSAXM | November 26-29 | San Francisco |
| RES201 | Nov. 26-Dec. 5 | New York |
| CPM001 | November 30 | San Francisco |

INTERNATIONAL

NOVEMBER

| | | |
|--------|----------------|------------------------|
| MNT402 | November 1-2 | Moscow |
| FIN402 | November 3-4 | Seoul, South Korea |
| FIN402 | November 3-4 | Moscow |
| BDM602 | November 5-6 | St. Petersburg, Russia |
| MKL406 | November 6-8 | Seoul, South Korea |
| BDM602 | November 6-7 | Tokyo |
| MPSA01 | November 7-8 | St. Petersburg, Russia |
| MPSA01 | November 8-9 | Tokyo |
| CPMEXM | November 9 | St. Petersburg, Russia |
| ASM603 | November 10-11 | Seoul, South Korea |
| BDM602 | November 13-14 | Fukuoka, Japan |
| MPSA01 | November 15-16 | Fukuoka, Japan |
| ASM604 | November 17-18 | Seoul, South Korea |
| ASM605 | November 19-20 | Seoul, South Korea |
| ASM603 | November 26-27 | Warsaw, Poland |
| ASM604 | November 28-29 | Warsaw, Poland |
| ASM605 | November 30 | Warsaw, Poland |

DECEMBER

| | | |
|--------|----------------|---------------|
| ETH800 | December 7 | Las Vegas |
| MPSAXM | December 10-13 | Las Vegas |
| CPM001 | December 14 | Las Vegas |
| ETH800 | December 14 | San Francisco |

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
 HCP EXM // HCCP Exam
 HRS402 // Leadership and Human Resource Essentials
 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 // Managing the Physical Asset
 MPSAXM // Management Plan Skills Assessment
 RES201 // Successful Site Management

DECEMBER

| | | |
|----------|----------------|--------------------|
| MPSAXM | December 3-6 | Toronto |
| CPM001 | December 6 | Seoul, South Korea |
| CPM Exam | December 7 | Seoul, South Korea |
| ETH800 | December 8 | Seoul, South Korea |
| MPSA | December 15-16 | Seoul, South Korea |
| ASM603 | December 18-19 | Moscow |
| ASM604 | December 20-21 | Moscow |
| ASM605 | December 22 | Moscow |
| CPMEXM | December 23 | Moscow |

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WWW.IREM.ORG/EDUCATION

Awards and Recognition



Leslie Haselden, CPM, was named “VIP Woman of the Year (Real Estate)” by National Association of Professional Women (NAPW). She is the regional property manager with Blue Rock Partners LLC and also serves on the executive council of the IREM Florida West Coast Chapter No. 44 as Chapter Secretary. With more than 25 years of experience in the multifamily housing industry, Haselden excels in strategic forecasting, capital expense planning, acquisitions analysis, due diligence and

other specialties. Blue Rock owns and operates more than 4,800 apartment units in 17 communities in the Tampa Bay and Orlando markets

Three Transwestern-managed properties—Houston’s Four Oaks Place and West by Northwest Industrial Park, as well as Fernley, Nevada’s Fernley Distribution Center—have earned Four Diamond Awards from TIAA-CREF for consistent property management excellence in 2011.

The Four Diamond Award recognizes the highest level of consistent performance throughout the national TIAA-CREF properties and implements a sophisticated methodology and scorecard developed by TIAA-CREF in collaboration with its property management service providers to measure performance across its portfolio.

Career Moves



John “Jack” Sipes, CPM, has been named Dominion’s senior vice president of property management. Sipes will oversee the company’s property management operations. Prior to joining Dominion, Sipes was vice president and national executive manager for WinnResidential Military Housing Services. ■

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YOUR WELCOME MAT DOUBLES AS AN INSULATION DEVICE

BY JIM CANTRELL, CPM
ILLUSTRATION BY PAUL LUKAS



We took over the management of an elegant, ten-story, 1930s-era, luxury apartment building on Christmas Day. There were two very large units on each floor and a great deal of deferred maintenance. On New Year's Eve, at about 6 p.m., I received a call that the power had been lost in the building, so we sent out our most reliable electrician. The electrician found a caged area in the basement with some old transformers.

Our electrician was not familiar with equipment this old, so he contacted the electric company. When the electric company got there, around 9:30 p.m., they indicated that they had not seen

On New Year's Eve, at about 6 p.m., I received a call that the power had been lost in the building, so we sent out our most reliable electrician...

this type of equipment before. Since there was no power and we had a number of elderly residents, this was now a dangerous situation. We eventually found one outlet that worked because it was on

a different line, so we had the electrician string light bulbs on each of the floors. It looked like a mine shaft!

The electric company called a retired employee, who arrived by 11 p.m. Eventually, he found that there was a large, three-foot long toggle switch—essentially a master breaker—that had been dislodged. The voltage was so high no one wanted to touch it for fear of possible electrocution. The retired employee took a rubber mat, wrapped it around the toggle switch, and, after several tries, gently eased it into place. The power was restored to the building.

It was a New Year's Eve I will never forget! ■

JIM CANTRELL, CPM, (JIMCHA@PACBELL.NET) IS A PROPERTY MANAGER WITH CANTRELL, HARRIS & ASSOCIATES IN SAN FRANCISCO, CALIF.

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July/August 2012
17,784; 18,392

15,831; 16,121

None; None

None; None

None; None

15,831; 16,121

None; None

None; None

None; None

382; 477

382; 477

16,213; 16,598

1,571; 1,794

17,784; 18,392

97%; 97%

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