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Proptech evolution

Five tech trends for residential property managers

- Defending against cyberattacks
- IREM's 2022 30 under 30
- Preventing bias in leasing software

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President's letter

Barry Blanton, CPM®

Greetings, friends—let's talk tech, the theme of this issue. It's tempting to jump at the new, hot item when investing in technology for our properties, especially when a problem needs a solution. But just because a tech product is brand new doesn't mean it will be great. That's why the tech advancements we've made in just the last couple of years, in the face of some of the most professionally challenging times we've ever experienced, have been so extraordinary. It's been exciting to see it all unfold!

Since 2020, investments in property management technology have increased dramatically. Real estate managers adopting the best of the new Proptech offerings are enjoying these solutions' financial and operational benefits. On **P6**, Ashkán Zandieh, chair of the Center for Real Estate Technology & Innovation and podcast host who invited me as a guest for an episode this past May, presents an exciting snapshot of the growing industry and the top new trends in Proptech you should be aware of.

With all the super cool advances in technology we're seeing for our properties comes a new dimension of risk that deserves our attention: cybersecurity. For real estate managers, the danger of a cyberattack is no longer hypothetical—and no, your organization is not too small to be a target of hackers. On **P12**, find out what we should all be doing to better protect our systems and data.

Tech pushes us to evolve as managers, but traditional market forces have a way of shaping our roles as well. We've all heard the doom-and-gloom predictions for brick-and-mortar retail. But not so fast! As long as retail businesses and those of us managing retail properties are willing to adapt, the retail industry won't just survive, it'll thrive. Mindy Gronbeck, CPM®, CSM, CRX, shares her insights on **P26** and gives us a look at success stories that show how retail is evolving in the wake of the pandemic.

Another form of adaptation is learning. In support of lifelong learning, the Institute now offers a shorter route to adding an IREM achievement to your resume: the IREM Skill Badge. And we're thrilled to offer a first-of-its-kind diversity, equity, and inclusion (DEI) skill badge created specifically for the property management professional. By the end of this year, IREM will have eight skill badges on offer. On **P34**, IREM Education and Knowledge Products Committee Chair Jessica Warrior, CPM®, details these new learning opportunities and how the committee is continuing to aid managers in building up their skills to meet the challenges of the day.

One of the many topics covered in the new DEI Skill Badge curriculum is bias. As human beings, some degree of bias in all of us is inevitable. It's part of how our brains have adapted to make quick decisions based on minimal information. Automation through technology is emerging as a potentially groundbreaking tool to help us overcome human limitations. Get an in-depth look on **P30** at how technology like machine learning and AI are simplifying residential leasing and making the process fairer and more equitable.

And finally, we revisit another era of technology and say goodbye to a former IREM President, who in the 1980s helped bring desktop computing to IREM's business operations. Ron Harris, CPM®, was a leader known for his conscientiousness as a property manager and IREM volunteer, along with his dedication to IREM education. You can read about his life and contributions to our profession in a tribute to his legacy on **P22**.

We're accomplishing great things at IREM, and I feel so fortunate for the opportunity to represent all of you as 2022 President. It's been a joy meeting fellow IREM members and industry professionals in person and virtually. The 2022 Global Summit in Dallas is right around the corner—make sure to **register now** so we can look forward to seeing you there!

Barry Blanton, CPM®
IREM President

Eyes to the sky

A sign of robust construction and commercial growth, the number of cranes is holding steady in North America. In Q1 of 2022, the overall crane count was up 4.74% (+22 cranes); commercial cranes were up 36% (+13 cranes) collectively in the 14 cities surveyed. The cities with the most cranes dotting the skyline are:

Toronto: 252
Los Angeles: 51
Seattle: 37
Calgary: 31
Washington, D.C.: 26

Source: Rider Levett Bucknall's Crane Index for North America


Image: iStock.com/4kodiak

Podcast

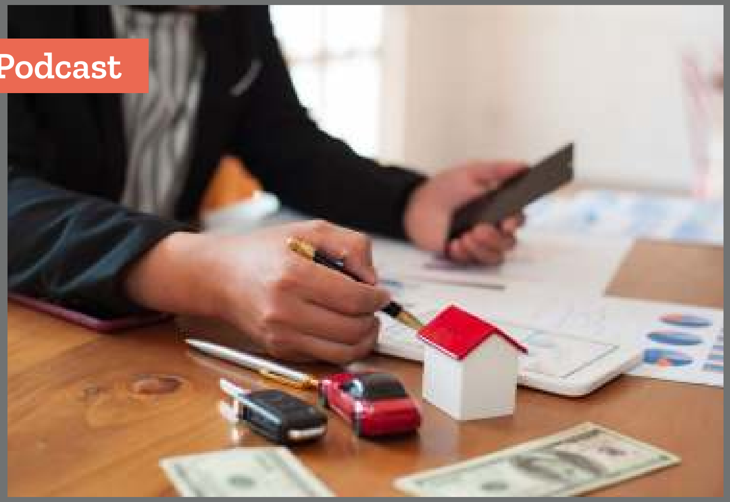


Image: iStock.com/Wasan Tita

Successful screening

Tenant screening is a complicated process. Sipho Simela, CEO and founder of **My Matrix Rent**, discusses how a unique scoring model can facilitate not just a more efficient screening process, but a more inclusive one, too. Listen to the full interview at **irem.org/learning/from-the-front-lines**.

By 2026, it's predicted that 30% of large organizations will have publicly shared environmental, social, and governance (ESG) goals focused on cybersecurity, up from less than 2% in 2021.

Source: Predicts 2022: Cybersecurity Leaders Are Losing Control in a Distributed Ecosystem, Gartner, Inc.

Time for a tech stack audit


Image: iStock.com/AJ_Watt

Your tech stack—all of your business' software programs, tools, data, and apps—should be working for you, making day-to-day tasks easier and increasing your ROI. Unsure if that's the case? The Australia-based PropTech Group Limited suggests asking the following questions about each component of your stack to identify weaknesses and make much-needed improvements.

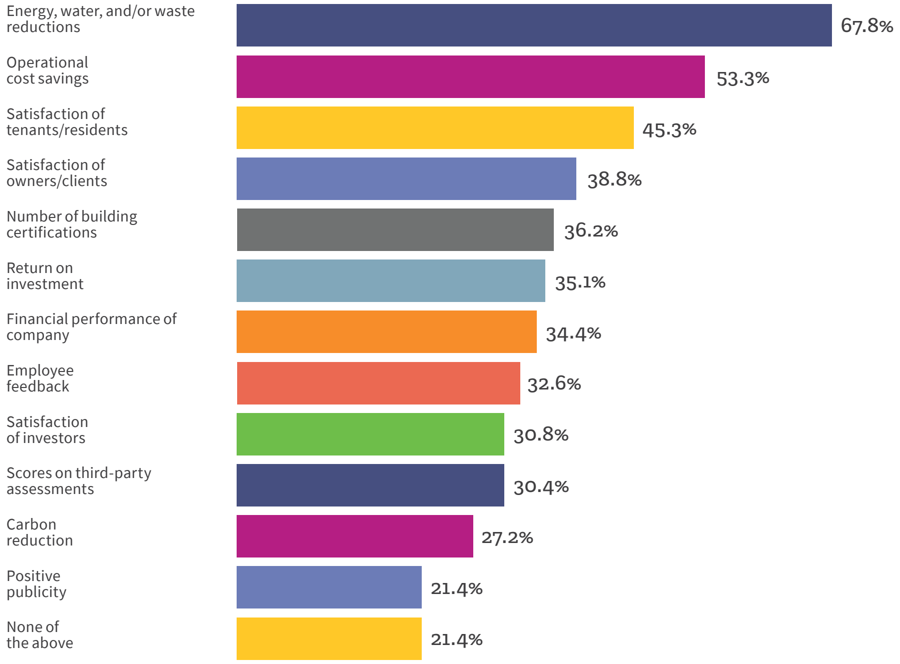
1. Is it intuitive and accessible, or do you have trouble using it effectively?
2. Do your people avoid using it or try to minimize the time they spend with it?
3. If so, why? Is it a lack of training, poor user experience design, or do they have to use the software in unintended ways to force it to answer a challenge?
4. How ingrained is it in your daily operations? What would happen if you lost access to it? What would the impact be on your business?
5. Is it used on a day-to-day or sporadic basis? If it's used sporadically, does its value justify the cost?
6. Are there any gaps in the stack that need to be filled?

Source: LinkedIn, "Auditing Your Real Estate Tech Stack: How, Why, and When You Should Do It," The PropTech Group

ESG Survey

IREM recently conducted its 2022 ESG Survey to learn more about environmental, social, and governance practices among real estate managers. Companies with ESG strategies are using a variety of ways to evaluate the success of their initiatives:

Which of the following methods does your company use to evaluate the success of its ESG initiatives?



Read the full 2022 ESG Survey results **here**.

Here to stay

Image: iStock.com/Delmaine Donson

Top trends in Proptech for residential property managers

By Ashkán Zandieh

The real estate industry has undergone several years of rapid transformation. Since the onset of the COVID-19 pandemic, property managers across the multifamily and single-family rental segments have faced rapidly changing conditions. One of the main results for the profession has been that emerging trends have quickly become table stakes in today's residential market. From macro-level economics to the shifting expectations of the resident experience, today's successful managers are adapting and becoming more tech-savvy and resilient, serving as stewards of innovation in residential property management. This ability to adapt no longer differentiates the best property managers from all the rest; it's becoming what's required to manage properties to their fullest potential.

The pandemic has led to many changes in the real estate market, and one of the most profound results has been the rapid and sustained adoption of property technology (Proptech). While Proptech is by no means new, these technology applications that were once considered "nice to have" have become "need to have" solutions to compete with other properties and best meet ever-changing market needs.

What is new is the pace of change. Since 2020, venture capital investments in property management technology have accelerated at breakneck speed. The industry has begun to see property managers take significant steps in adopting new technologies, and those managers are now enjoying the financial and operational benefits of those solutions.

According to data from the Center for Real Estate Technology & Innovation (CRETI), since 2019, $9.3 billion has been invested into Proptech research and development by venture capitalist investors. This has driven innovations in rent payment solutions, space utilization, resident experience, sales and marketing, and more.

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However, the speed at which the Proptech sector is evolving only amplifies the need for new, creative solutions in our global digital economy. The rental market is experiencing ongoing disruption, and promoting affordability and equitability remain major trends impacting private and public markets.

Affordable and equitable housing has been among the hottest topics since the onset of the pandemic. Across the U.S., rental prices have soared over the past year, with some cities experiencing average price increases of up to 40%, according to Redfin data. While many people are struggling with the decision of moving to a new city or paying much higher housing costs, the price hikes have left renters stunned. As a result, many Proptech innovators and entrepreneurs have turned their interest to the rental market, where the promise of introducing new technology can transform the rental housing market to create a more affordable experience for renters.

Below are the top five emerging trends in Proptech that managers are embracing to navigate the challenges of meeting owners' goals while improving affordability and access for renters.

1. Renter-centric leasing

The leasing process is very straightforward; however, the renter-manager relationship is not. With rents rising and median wages remaining flat, renters are finding that this relationship has the potential to become adversarial rather than collaborative. Leading managers have turned their leasing strategy into a more "renter-centric" process to attract and retain renters while also improving the property's brand image. Today, leading Proptech companies leverage innovative consumer interactions and services to create a better experience for managers and renters.

"Over time, we've seen the resident paradigm move from simply transactional to more experiential, as people crave an elevated, holistic customer experience right where they live. —Paige Pitcher, Moderne Ventures

"Tech-enabled zero-security-deposit solutions can provide a serious advantage to multifamily property managers. —Constance Friedman, Moderne Ventures

"Over time, we've seen the resident paradigm move from simply transactional to more experiential, as people crave an elevated, holistic customer experience right where they live," says Paige Pitcher, head of strategic partnerships at Moderne Ventures, a venture capital firm that invests in Proptech companies. "Whether it's having access to concierge-style services from Hello Alfred, high-end furniture alternatives from Kaiyo, or even health insurance benefits through companies like Stride, these amenities are becoming increasingly vital to attract and retain residents."

Image: iStock.com/peshkov

Shifting expectations

While the pandemic may have caused rapid change in the residential real estate sector, residents have come to expect the experience that has come along with that adaptation. Following are some platforms that can help you meet those new expectations.

Renter-centric leasing
Tourus, Funnel, Leasera, Doorloop, and KnockCRM

Alternative security deposits
LeaseLock, Rhino, Jetty, The Guarantors, and Obligo

Alternative screening
Vero, Findigs, Naborly, and The Closing Docs

Connectivity
Aerwave, Join Digital, Dwelo, and Starry

Loyalty and rewards
Piñata, Bilt, Stake, and Gravy

2. Tech-enabled security deposits

The upfront cost of a security deposit makes it the largest capital expenditure for most renters. In some cases, renters are now expected to securitize as much as three months' rent for a 12- to 24-month lease. Locking in this much of their working capital can easily create a financial hardship for the renter. However, leading property managers and leasing teams have looked to new and innovative security deposit models to be more renter-friendly. Top Proptech companies are leveraging cutting-edge security and insurance models to create a better renter experience and alleviate the financial hardship of a large security deposit.

"Tech-enabled zero-security-deposit solutions can provide a serious advantage to multifamily property managers," says Constance Friedman, founder and managing partner at Moderne Ventures. "By implementing such solutions, they can increase annual NOI and build their reputation. For example, LeaseLock has helped some of its partners increase NOI (net operating income) by almost $200,000 per property per year. This comes from the boost in qualified applications when marketing apartments as zero-deposit units, decreasing bad debt and administrative costs, and adding meaningful ancillary revenue."

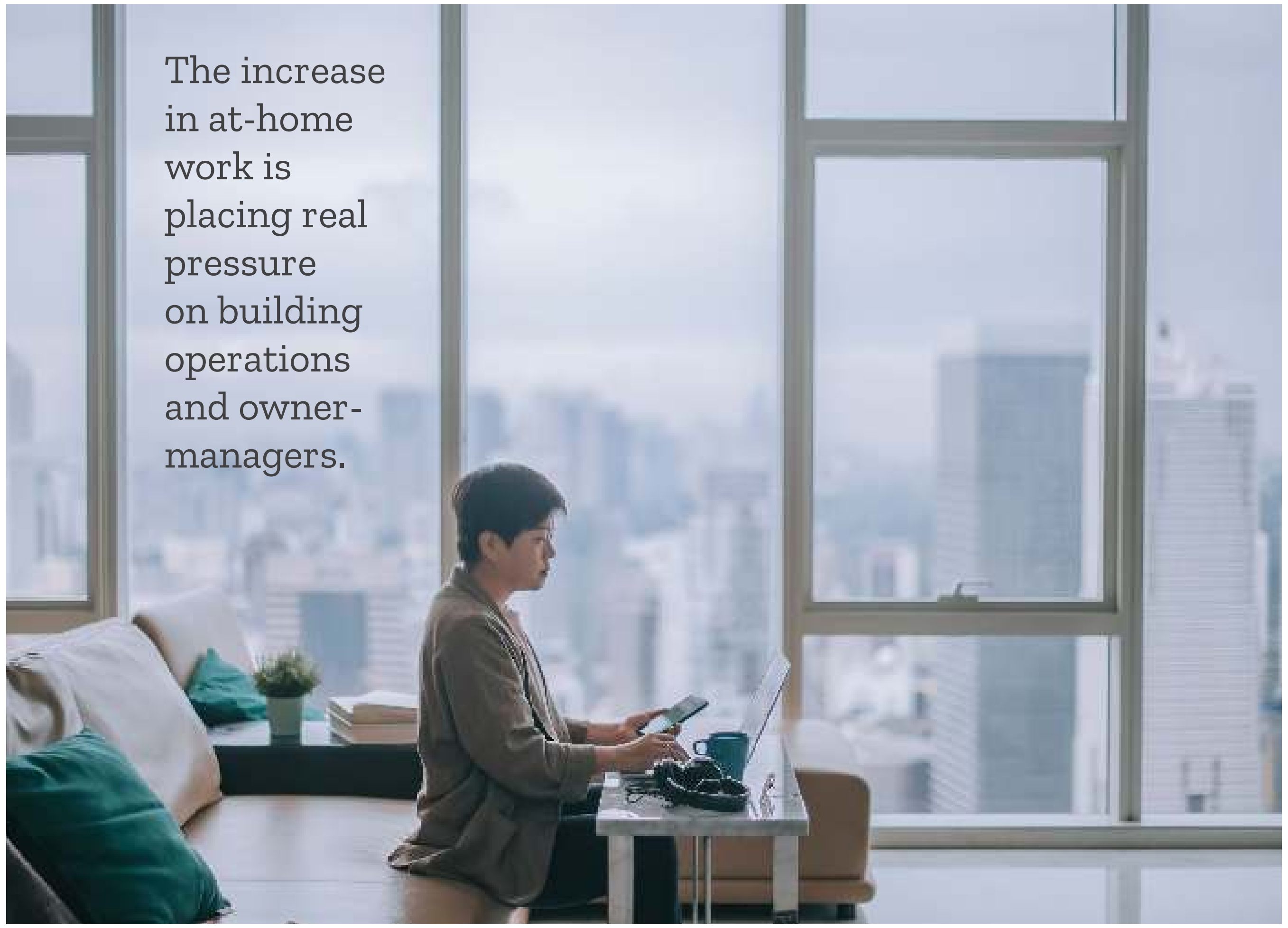


Image: iStock.com/Edwin Tan

3. Alternative screening

The resident screening process has been one of the most widely debated topics over the past few years. Historically, credit checks were used as a proxy for rent collection, creating a "tenant risk profile." However, today's leading Proptech companies are leveraging cutting-edge banking technology to create a better risk profile of applicants based on a broader set of factors, including historical rent payments, creating a new apples-to-apples comparison.

"A new wave of companies is disrupting this status quo by introducing alternative processes to create more accurate and equitable tenant risk profiles for potential renters. Many of these rely on open banking, leveraging the growing Fintech infrastructure that has emerged over the last decade, which allows screening companies to get a more holistic picture of an applicant's finances," says Jenny Song, principal at Navitas Capital, a venture capital firm focused on technology and innovation in the real estate and construction industries. "Property owners benefit by increasing their screening accuracy and reducing instances of fraud, and they may also be able to lease up their buildings by expanding the pool of qualified potential residents."

> *A new wave of companies is disrupting this status quo by introducing alternative processes to create more accurate and equitable tenant risk profiles for potential renters.*
>
> —Jenny Song, Navitas Capital

> *Connectivity presents an opportunity for multifamily owners to monetize what is now an essential service and compete directly with the big telecommunication providers.*
>
> —Elie Finegold, Crow Holdings

4. Connectivity

Building connectivity has become one of the most essential amenities in the modern work movement. Since the onset of the pandemic, more people have been working from home than ever before. The increase in at-home work is placing real pressure on building operations and owner-managers. To meet the demands of today's residents, property managers have looked to modernize their building connectivity to create a more seamless resident experience.

"Home is the new office, and offering high-quality connectivity has become table stakes," says Elie Finegold, managing director at Crow Holdings, a real estate investment and development firm. "Connectivity presents an opportunity for multifamily owners to monetize what is now an essential service and compete directly with the big telecommunication providers. In turn, they can capitalize on that value-add within the real estate asset itself. So, technology like managed Wi-Fi services provides this core revenue opportunity as well as a platform for adding more connected service offerings in the future."

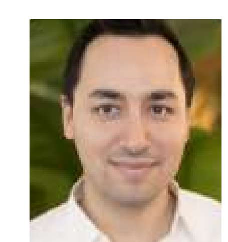
5. Loyalty and rewards programs

The multifamily sector has been borrowing from the hospitality industry for nearly a decade. As multifamily and hospitality continue to drift closer together, many owner-operators have embraced a "hotelification" model, similar to a loyalty or rewards program, like Marriot Bonvoy, to increase lease renewals and resident satisfaction.

"Resident rewards platforms are becoming a new industry standard because they help renters build credit or redeem points while building owners incentivize desired renter behavior—whether that's paying the rent on time or using less water and electricity," says Pitcher. "By providing rewards that customers want in categories like travel, food, shopping, and more, companies like Piñata, Esusu, and Bilt are helping to create customer stickiness and loyalty between renters and their buildings."

What's essential for property managers to take away is that although the pandemic was the immediate catalyst for much of the recent growth in Proptech adoption, many of the shifts in renter expectations are here to stay. Because of larger macro-level uncertainty and lingering concerns of a recession, ensuring your management teams are equipped with the right Proptech tools will help position your properties to thrive.

Ashkán Zandieh is the chair at the Center for Real Estate Technology & Innovation (**creti.org**), the real estate technology industry's Proptech venture capital and financial information platform. Throughout his career as a founder, investor, and advisor, Zandieh has served on the board at NAIOP NYC and CREtech, founder of RE:Tech (acquired by CREtech), and founder at Sonoture. He is an early innovator in the modern real estate technology movement, hosting the world's first real estate tech demo day and hackathon in 2012. A leading expert in real estate tech and venture capital, his research and insights have been featured in *The Wall Street Journal*, *The New York Times*, *Bisnow*, *Commercial Observer*, and *The Real Deal* and applied globally by institutional real estate organizations, investors, and brokerages.



Lock it down

Property managers can shore up defenses against cyberattacks

In 2021, there were two well-publicized ransomware attacks in the U.S.: a breach in May on the Colonial Pipeline, an American oil pipeline system, and a June attack on JBS S.A., a Brazil-based meat processing company. Held hostage by the cyberattacks, both firms were forced to give in and pay the multimillion-dollar ransom demands in order to restore their systems. These events brought national attention to the threat of cybercriminals scheming to hold major firms' business operations for ransom.

Image: iStock.com/NoSystem images

Real estate managers may not see a strong resemblance between large industrial or agricultural businesses and their areas of day-to-day responsibility, but the danger of a cyberattack is no longer something that can be ignored. Cyberattacks pose serious financial, reputational, and property risks that should be addressed—no matter the size of the individual property or company portfolio.

Jeremy Rasmussen, chief technology officer for Abacode, a cybersecurity firm based in Tampa Bay, Florida, offers an unflinching description of the cybercriminal enterprise. "I gave a talk at a conference recently about the Conti ransomware group, which is one of the most active groups and operates out of Russia," Rasmussen says.

"They collected about $180 million in ransoms from companies last year. Many of these ransomware groups say, 'We're just going to attack these greedy U.S. corporations,' but the guys in Conti have no ethics, if you will. They go after hospitals, they go after nonprofits, they go after schools. They go after first responders. Conti even recently affected the entire country of Costa Rica when it was transitioning between governments after an election. They slowed down the transfer of power for months because they had the entire governmental communication system locked up."

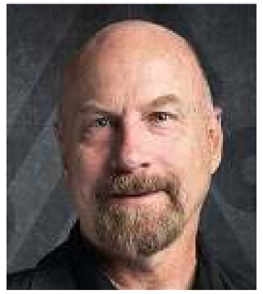
Rasmussen reports that some of Conti's internal workings were revealed because of geopolitical dissension within the group related to the Russian invasion of Ukraine. These hackers "posted Conti's private chat communications, tools, and everything else they could to the internet," Rasmussen says. "So, over the last few months, we've been studying the inner workings of one of these criminal ransomware groups, and we've seen exactly how they operate. It's just like a business. They have labor, management, researchers, engineering, marketing, sales—they even have 'employee of the month' awards."

The most obvious place to start is with computers and networks used for facility, tenant, or client management. Managers must also evaluate any smart building systems that are running, such as HVAC, lighting, building security, and others.

Assessing vulnerabilities

Property managers need to work closely with their information technology (IT) professionals to understand where weaknesses might be found in their digital systems. The most obvious place to start is with computers and networks used for facility, tenant, or client management. Managers must also evaluate any smart building systems that are running, such as HVAC, lighting, building security, and others. Any hardware or application used by a computer, laptop, tablet, or phone can offer an entry point for hackers.

Charles Meyers is executive director of the Real Estate Cyber Consortium (RECC), a nonprofit that advises real estate owners and managers on cybersecurity preparedness. He offers a bit of historical context on how computer systems management was once handled in real estate. "Ten to 15 years ago, it was a badge of honor to run systems that were out of warranty," Meyers says. "There was almost a sense, from a property or facilities standpoint, that doing so was a part of managing costs effectively, because you no longer had to pay for warranties. That worked until those apps running on Windows 7 or Windows XP were out of compliance, as those basic operating systems could then no longer be patched."



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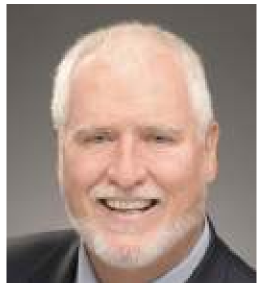
—Jeremy Rasmussen, Abacode



"Ten to 15 years ago, it was a badge of honor to run systems that were out of warranty. There was almost a sense, from a property or facilities standpoint, that doing so was a part of managing costs effectively, because you no longer had to pay for warranties. —Charles Meyers, Real Estate Cyber Consortium

The problem became more involved as physical devices and software systems approached their end of life, says Meyers. If a program was out of compliance or could no longer receive routine maintenance, all systems to which it had been connected also had to be replaced or upgraded.

In the years since, many property management companies have tightened up some of these obvious lapses, but there are still gaps that can be exploited.

The way in

Olive Morris, federal technology policy representative for the National Association of REALTORS® (NAR), heads the 40-member NAR Technology Policy Committee, which covers federal public policy related to technology. She agrees that the threat to properties large and small is concerning. "While most data breaches you hear about in the news are of large companies, small companies are still at risk," Morris says. "Cybercriminals see small businesses as easy targets that are less likely to have comprehensive cybersecurity protections." She points out that businesses with fewer than 100 employees are three times more likely to be targeted by cybercriminals than larger companies, according to a 2022 report from the cloud security company Barracuda.

Regulation resources

All 50 states in the U.S. have laws requiring some form of public notification of a security breach, and at least 25 states have laws addressing data security practices of entities in the private sector. Under most of these laws, a business that maintains personal data on state residents must implement "reasonable security procedures and practices," with the sophistication of those security practices matching the nature of the information collected.

Companies most often face legal consequences with the breach of financial information (e.g., bank account and credit card numbers) and identification numbers (e.g., Social Security, passport, driver's license)—particularly if this information is accessed in conjunction with other personal information like name, address, or date of birth. There's also plenty of sensitive company data that could cause reputational or financial harm if breached. This includes personal employee and property vendor information, as well as confidential company data like employee compensation, insurance policies, and company budgets.

Image: iStock.com/PeopleImages

> *A few months ago, Weichert Co. was fined $1.2 million by the state of New Jersey for failing to provide 'adequate cybersecurity safeguards,' which resulted in unauthorized access to its network.* —Olive Morris, National Association of REALTORS®

"The majority of breaches that occur are related to phishing exercises," Morris says. "The classic example is someone within the company clicking on a text link, an email link, or even a website that will embed some kind of vulnerability in their systems. Any click from your desktop can open a hole in your corporate network, enabling a criminal to gain access."

Once cybercriminals establish a foothold, they can open a back door to their command center, scan and assess your network for vulnerabilities, and then determine how to move laterally among your systems seeking to exfiltrate and encrypt valuable data, Meyers continues. "So, it's not just that your building management system (BMS) could be breached or taken down, but there could now be an opening into your HR system or your corporate network," Meyers says. "You may think your building or system is too obscure to be of value to a criminal, but that foothold has value."

For many organizations, adjustments made in response to the COVID-19 pandemic have had unforeseen repercussions. As Rasmussen points out, cybercriminals can exploit incorrect settings in remote access software that managers and staff use to connect to their work desktops from home, pointing to an example from 2021 in Tampa Bay. "Somebody at the Oldsmar water plant saw the cursor on their screen start moving in the middle of the night," Rasmussen says. "A hacker had come in and was changing the sodium hydroxide levels of the water supply to 100 times normal; they were poisoning the water supply. The company was able to rectify that change quickly. But they later figured out the hacker had gained access through misconfigured remote access software."

The primary consequences of exposing private data are financial and reputational harm

Image: iStock.com/gorodenkoff

Understanding the risks

Even if most real estate managers aren't overseeing a water treatment plant, the potential for harm remains. The primary consequences of exposing private data are financial and reputational harm. Morris says data breaches are costly to redress, as businesses would need to cover the cost of notifying the consumers affected, legal fees, and potential government fines.

"For example, a few months ago, Weichert Co. was fined $1.2 million by the state of New Jersey for failing to provide 'adequate cybersecurity safeguards,' which resulted in unauthorized access to its network," Morris says. "The company was also required to implement new security protocols and retain a third-party cybersecurity auditor to ensure compliance. In their lawsuit, the state of New Jersey cited the lack of antivirus software and multifactor authentication as breaking the state requirements for adequate cybersecurity."

Morris adds that laws in each state vary widely as to what liability a company could face if it fails to protect sensitive data, such as tenant financials and social security numbers, which, if compromised, could expose an individual to significant harm. (See sidebar on **P15** for additional information.)

> For many organizations, adjustments made in response to the COVID-19 pandemic have had unforeseen repercussions.

Be prepared

Like the other systems a property manager is responsible for, cybersecurity is now a big item on everyone's plate. Managers new to taking on this responsibility should work as closely as possible with IT and operations personnel at the site level.

1. **Study and implement best practices.** There are excellent resources available for best practices around cybersecurity. The federal body establishing standards in this area is the Cybersecurity and Infrastructure Security Agency, or CISA. Their website (**cisa.gov/cyber-hygiene-services**) has a guide for those who want to understand how to approach their organization's cyber hygiene. Also, check the cybersecurity framework from the National Institute of Standards and Technology (NIST; **nist.gov/cyberframework**). For something tailored to real estate property management, check out the best practices guides from the **Real Estate Cyber Consortium**.

2. **Hire a third-party firm.** Even though your IT team may be doing a great job, it's best to have someone outside your company independently verify that everything is secure. Rasmussen, who is also an adjunct professor at the University of South Florida, puts it this way: "I don't let the students grade their own papers." Look for a firm familiar with real estate and property management, so they will understand the kinds of systems you should have in place.

3. **Check any alerts and respond quickly.** If you've installed a security system, such as a security information and event management (SIEM) or extended detection response (XDR), it is vital to check it continuously—not just during normal working hours. Then make sure that any security patches are up-to-date.

4. **Train all users and staff on security protocols.** Because antivirus software doesn't protect against phishing, all users on a system must be trained to spot fraudulent texts and emails that could expose your system to malware.

For more information on state regulations, read NAR's 2022 Data Privacy and Protection Toolkit at **nar.realtor/data-privacy-security/nars-data-security-and-privacy-toolkit**.

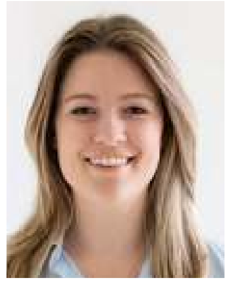
IREM is proud to recognize 30 exceptional next-generation leaders committed to advancing the real estate management profession.

IREM's 30 Under 30 recognition program celebrates young property managers who show exceptional leadership talent and community involvement and have demonstrated the ability to overcome professional challenges. They go above and beyond for their employers, clients, and communities.

This year's list includes talented professionals from across 18 states and Washington, D.C. Collectively, they manage the full range of property types, work with building owners to maximize property values, maintain operating efficiencies, and consult with real estate investors.

To learn more about these dynamic young leaders, visit **IREM 30 Under 30**.

Image: iStock.com/pixelfit



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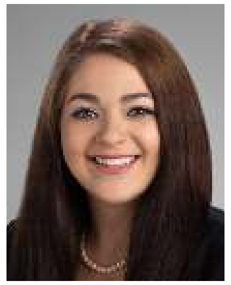
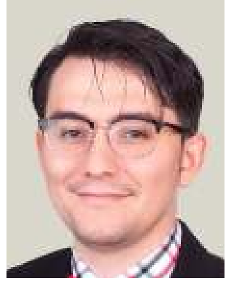
Senior vice president
Faria Management
Washington, D.C.

Kurstie Butcher, CPM®, ARM®
Property management/operations specialist
Draper and Kramer, Incorporated, AMO®
Chicago, Illinois

Nicole Caithness, CPM® Candidate
Asset manager
Cardinal Group Investments
Denver, Colorado



Brooke Caravela, ACoM
Assistant property manager
Brookfield Properties
Houston, Texas



Trent Carpenter, ACoM
Property manager
CityPlat
Raleigh, North Carolina

Tanner Curtis, CPM® Candidate
Chief of staff/property manager
Forza Commercial
Salt Lake City, Utah

> *"It's an honor to set an example for all future young professionals in our property management organization."*
> —Colby Banner, CPM® Candidate

> *"I am so grateful for the opportunities I've had in my career in real estate management and through IREM. IREM is a wonderful organization to be a part of—we encourage individuals to grow, learn, and be a part of something bigger."*
> — Nicole Caithness, CPM® Candidate

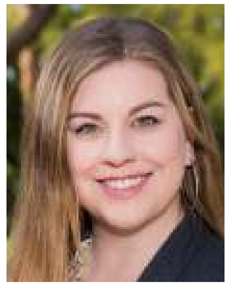
"I've come a long way since starting my journey in real estate management, and yet I feel as though I'm just now hitting the tip of the iceberg in my career."

—Danielle Jones, CPM® Candidate

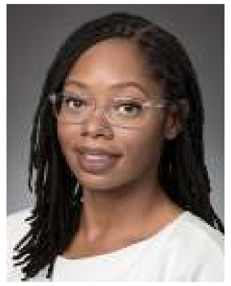
"Being chosen as part of IREM's 30 Under 30 is an unbelievable honor in recognition of my hard work and diligence."

—Lex Pellecchia, CPM® Candidate

Andrew Davies, ARM®
Property manager
Legend Management Group
Manassas, Virginia



Jhenna Gregoire-Zepeda, CPM®
Property manager
ViaWest Group
Phoenix, Arizona



Brianna Drisdale, Associate Member
Property management associate
Brookfield Properties
Sugar Land, Texas

Chelsea Holmes, Associate Member
Assistant property manager
Colliers International, AMO®
Saint Paul, Minnesota

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Tyhler Gallardo, CPM®, ARM®, ACoM
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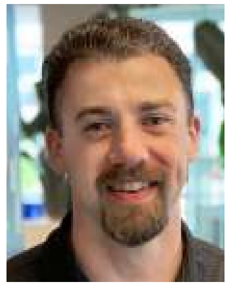

Matthew Kesler, CPM® Candidate, ACoM
Property manager
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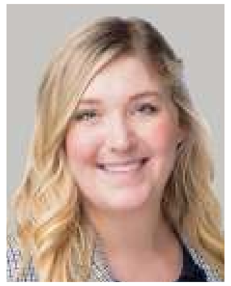

Dana Gann, Associate Member
Assistant property manager
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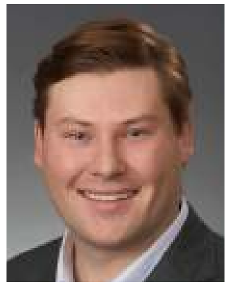
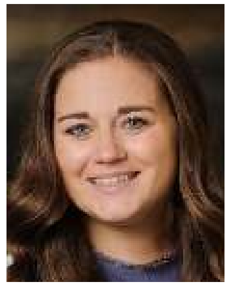


Craig Howard Kirkland Jr., CPM®
Construction/investment analysis
Heritage Properties, Inc., AMO®
Madison, Mississippi

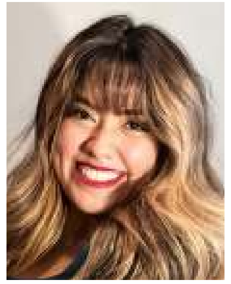
Hannah Knutson, CPM® Candidate
General manager
JLL
Portland, Oregon



Taylor Nelson, ARM®
Regional property manager
Greystar Management, AMO®
Salt Lake City, Utah

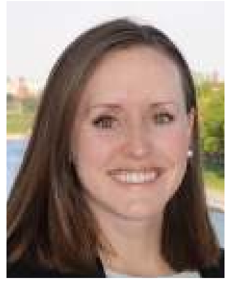
Pat Lytle, CPM®, ACoM
Assistant property manager
Zeller
Minneapolis, MN

Manami Ogami, ARM®, MBA
Lead residential specialist
Ke Kilohana
Honolulu, Hawaii



Itati Martinez, Associate Member
Talent development manager
Cortland Management, LLC, AMO®
Katy, Texas

Lex Pellecchia, CPM® Candidate
Property manager
Readco Management, LLC
Old Lyme, Connecticut



Kelly McTighe, CPM®, ARM®
Senior managing director
Capital Area Real Estate Services LLC, AMO®
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Assistant property manager
Brookfield Properties
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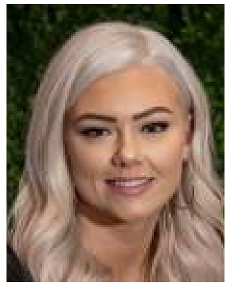


Hailey Michael, CPM®
Property manager
Rafco Properties, Inc., AMO®
Clayton, Missouri

Jolene Wilson, CPM® Candidate
Assistant property manager
Physicians Realty Trust, AMO®
Dallas, Texas

"I want to prove that our age gives an advantage, not a disadvantage, when dedication and motivation are the critical factors."

—Itati Martinez, Associate Member

"I've been fortunate enough to work with a talented and diverse group of individuals who have helped me grow into a leadership role. But more importantly, they've allowed me to contribute to helping those on my team grow as well."

—Manami Ogami, ARM®

IREM remembers Ron Harris, CPM®

Honoring the legacy of a pillar of IREM

Ron Harris, CPM®, supervised the construction of 44 Montgomery Street in San Francisco.

Ronald Allen Harris, CPM®, remembered as a principled advocate for IREM during his time as president in 1985, passed away in February at 89 years old.

Ron was born on Oct. 13, 1932, in Peoria, Illinois. He was the only child of Melbourne Harris, a former rabbi at Congregation Emanu-El in San Francisco, and Leora Davis Harris of Toledo, Ohio. Ron grew up in Cleveland and Toledo, attending DeVilbiss High School in Toledo before enrolling at Stanford University, where he obtained a B.A. in Economics. At Stanford, Ron fell in love with Lainie Cohen, whom he married in 1954. Lainie is remembered as an elegant and charming first lady and someone who shared many passions with Ron, including art and travel.

Ron started in the real estate business in Ohio at the company established by his grandfather, the Sam Davis Company. Ron and Lainie returned to California in 1964 with their three kids in tow. The family first lived in Mill Valley before moving to San Francisco, where Ron continued his real estate and property management career at the Dillingham Corporation. At Dillingham, Ron supervised the construction of the Wells Fargo building at 44 Montgomery Street in San Francisco, which at the time of its completion in 1967 was the tallest building west of Dallas.

To honor Ron, consider donating to the U.C. San Francisco Cardiology Support Fund at **PO Box 45339, San Francisco, CA 94145-0339**.

Following his tenure at Dillingham, Ron set out on his own and established a series of partnership businesses to buy, sell, develop, and manage real estate. During his tenure at the top of IREM, Ron was president of Ronald A. Harris Associates, a real estate consulting firm, and a partner in Cynalar Management Company, a full-service property management firm active in the San Francisco Bay area and neighboring communities.

"Ron was practical, a really good property manager," says Tan Tek Lum, CPM®, who served as IREM president three years before Ron and shared Stanford as an alma mater, something they connected over. E. Robert "Bob" Miller, CPM®, who served as IREM president in 1980, remembers Ron as a conscientious property manager well-known in San Francisco for his management skills.

IREM colleagues also recall that Ron was passionate about IREM education, helping to bring the computer revolution that was in full swing during his presidency to the education department. "We brought in Apple computers for IREM HQ in 1982 during my presidency, and Ron helped expand desktop computers to IREM's education offerings," says Lum.

Ron was an IREM instructor who helped develop new courses and restructure existing ones. Penny Tourangeau, CPM®, recalls with a laugh a story from Ron's time as the chair of the main education committee. Ron warmly welcomed her as the first woman to serve on the committee. "We shared a laugh when I showed up to our first meeting in a necktie," says Tourangeau. "The instructions I received for serving on the committee said ties were required for meetings, so I just borrowed one from a friend!" Miller adds that including more IREM volunteer women was a central goal that leadership shared in that era.

During Ron's term as president, IREM celebrated the tenth anniversary of the AMO program, created a new international affiliation program, and strengthened communications with IREM chapters. Ron also served IREM as its secretary/treasurer in 1983 and, before that, as a senior vice president and governing councilor. Ron was also an active member and past president of the IREM San Francisco Bay Area Chapter.

"Ron was a man of convictions," says Lum. "His point of view was very well-thought-out, and he was a good leader. IREM did well with him at the helm."

Ron continued to work as a real estate consultant up until 2020. His life will be celebrated at a memorial service in September.

Ron and Lainie Harris

Image: iStock.com/maruco

Necessary maintenance

Tools to improve NOI

By AppFolio Property Manager

Property maintenance and utilities expenses are some of the largest, most difficult-to-control hard costs. Combined with historically high levels of inflation in the U.S. economy right now, it's more important than ever to take an inward look at your operations to identify opportunities to boost the efficiency of your properties.

Start with maintenance

Maintenance is the heart and hands of any community, and finding and retaining quality team members is becoming more difficult than ever before. You can empower them by conveying to them how everything they do on a daily basis has an effect on the community and its residents and has a real financial impact.

When we take this approach with our maintenance teams, they can better appreciate how their day-to-day tasks are opportunities to save money and increase efficiency. And if your property offers efficiency-related performance incentives, the benefits of controlling maintenance and utility costs can also make their way back to them.

The goal here is to protect the property and continue helping your team understand what's budgeted versus what's not or what constitutes a genuine emergency. Doing so can go a long way toward ensuring that you're not going over budget and your teams aren't being overworked.

There are powerful tools that can help you reach this goal.

AI-powered maintenance tools

Artificial intelligence (AI) can help you and your team respond to your toughest maintenance challenges. The technology responds to maintenance requests at all hours of the day, satisfying frustrated residents and providing instant visibility into your maintenance workflow process.

Residents can easily submit a text message, make a quick call, or use their online resident portal to submit a request. The urgency of the request is then determined using AI algorithms. The technology can then diagnose and help users troubleshoot the issue. If further assistance is required, a work order is automatically created to be completed by your on-site maintenance team or sent to your pre-approved vendors.

The result is heightened efficiency that allows your team to spend more time on what matters most to your business while reducing the stress of running a successful maintenance program. For your maintenance team, there's less effort to handle maintenance requests since everything is tracked and managed directly within AppFolio. Faster response times can lead to greater resident satisfaction in knowing that their requests are being met with timely service and that emergencies are being handled efficiently.

The maintenance workflow has always been a prime area for automation and innovation. Both residents and your staff can find satisfaction in digitizing the process.

Incorporate a procurement strategy

Having a procurement strategy is vital to the success of any efficiency-oriented goals. It provides accountability in terms of spending and can help control hard costs.

Residents can easily submit a text message, make a quick call, or use their online resident portal to submit a request. The urgency of the request is then determined using AI algorithms.

Tried-and-true strategies include buying items in bulk, keeping inventory on hand, streamlining your various processes, and allowing your team to plan orders ahead of time to help save on unnecessary payroll costs. A procurement strategy also helps your team remain compliant with company protocol, and it consolidates your total spending by maintaining a reference list of approved suppliers and items. Just think of the time your team can save by not having to leave the property to make one-off purchases. Instead, having inventory on hand and purchasing processes in place can make tasks like unit turns go much faster, with far less headache and cost.

At AppFolio, we know there's no shortage of work to do, but the challenge really comes with optimizing your team's skills and your inventory. For more ways to optimize maintenance to boost net operating income (NOI), check out the AppFolio blog and other resources on our website.

AppFolio Property Manager is a fully mobile, all-in-one property management software that allows property managers to more effectively market, manage, and grow their business. AppFolio simplifies daily tasks around accounting, rent collection, and reporting, as well as leasing, screening, and maintenance.

Shopping for ideas

The evolution of retail property management

By Mindy Gronbeck, CPM®, CSM, CRX

Kimco Realty has expanded their Curbside Pickup® program to adapt to the shift in consumer shopping habits brought on by the pandemic.

Throughout the last couple of decades, there have been many predictions that brick-and-mortar retail was destined for obsolescence. For years, it's seemed like each new quarter saw an entire merchant category made redundant by the growth in e-commerce. The reality is that retail competition has always been as much a story of struggling operators, failing concepts, and unfortunate economics as it has been about breakout successes.

As the initial outbreak of COVID-19 quickly reached the level of a global pandemic, retail tenants and property managers with retail portfolios were hit with a tidal wave of shifting market forces that upended an already disrupted sector.

But as long as retail businesses and those of us managing retail properties are willing to pivot and adapt, the retail industry will not only survive, but thrive. The year 2020 certainly taught us all a thing or two about what such dramatic change can entail.

Pivot to profit

Everything around us was shifting. The way we worked (at home), whom we worked alongside (our families and pets), how we sought entertainment (inside the home or outdoors), and how we'd shopped (more ordering online and using PPE in physical stores) all looked different than the experiences we had just a few months prior. Many predicted that the forced closures of in-person businesses and subsequent penny-pinching by consumers would be the final nail in the coffin for brick-and-mortar stores.

The good news is that this doom-and-gloom forecast didn't actually come to pass; brick-and-mortar retail is alive and well. It's critical that we as real estate managers pick up actionable insights from the many success stories of retail operators who have thrived through the pandemic—and beyond.

> *"When the pandemic hit, Kimco implemented our Tenant Assistance Program (TAP), which provided tenants with free legal assistance in applying for government-sponsored relief funding. It focused on the Paycheck Protection Program (PPP).*
>
> —Tamara Chernomordik, Kimco Realty Corporation

One such success story comes from Tamara Chernomordik, senior director of environmental, social, and governance (ESG) at Kimco Realty Corporation, a REIT that owns and operates 537 shopping centers and mixed-use assets comprising 93 million square feet of space across the U.S.

"When the pandemic hit, Kimco implemented our Tenant Assistance Program (TAP), which provided tenants with free legal assistance in applying for government-sponsored relief funding," Chernomordik says. "It focused on the Paycheck Protection Program (PPP), which was providing thousands of retailers with a financial backstop that saved them from going out of business."

Kimco also accelerated its curbside pickup programs, enabling retailers to conduct partial business operations in their parking lots. Kimco implemented its own proprietary Curbside Pickup® program at over 300 of its shopping centers nationwide.

At most Kimco properties, this level of service has now become standard. This perfectly illustrates how the retail industry has rapidly and permanently adapted to the new shopping habits that emerged as a direct result of the pandemic.

Change that lasts

Also here to stay is the growing demand for outdoor restaurant seating at Kimco's retail properties. The outdoor imperative was initially driven by restrictions placed on indoor dining but is now permanent, especially with the enduring shifts in retail patrons' preferences and comfort levels. Anyone who lives in cities with outdoor "parklets" has seen this dynamic on display.

But perhaps the most significant evolution over the last two years is how Kimco enhanced the level of its communication and collaboration with tenants.

At the onset of COVID-19 in the U.S., the company informed tenants about what Kimco was doing to ensure their safety and continued success, such as enhancing cleanliness and safety protocols.

With mechanisms successfully in place to assist and learn from their tenants—like Kimco's 24/7 National Call Center to support tenants—greater collaboration between retail owners and tenants is likely to continue in the long term as the new norm.

Identifying the new opportunities

Mark Sigal, CEO of Datex Property Solutions in Calabasas, California, explains more about the opportunities that have arisen with the new norm. Datex offers a real estate portfolio management system that integrates with portfolio owners' MRI or Yardi property management and accounting data to improve operations for their teams.

Datex's clients include large public retail REITs, owner-investors, and third-party fee managers, who utilize the integrated software to manage thousands of retail tenants and properties across the U.S.

"Despite the doomsayers, brick-and-mortar persists, and when done well, when successfully differentiated, it thrives," Sigal says.

This is where the notion of harnessing big data to make better decisions comes in. With so many of Datex's clients owning and managing shopping centers, they had access to real-time, highly structured data. This allowed Datex users to track and analyze the changes both within their portfolios and across the shopping center sector as the pandemic unfolded.

For example, the data revealed:

- Because fitness centers are inherently social, they initially took a back seat to sporting goods retailers in terms of operating performance. But as COVID-19 stabilizes, customers are returning to the gym.

> *If the pandemic has taught shopping center owners anything, it's that the days of laissez-faire relationships between landlords and tenants are over. Retail property owners are more focused than ever on understanding their trade areas and targeting strategies* —Mark Sigal, Datex Property Solution

- People love their pets. This is seemingly good for pet stores, though occupancy cost metrics raise some questions.

- The food, drink, and grocery segment shined during the pandemic. Yet drug stores, the co-anchor in supermarket- and drug-anchored neighborhood shopping centers, showed some decline. This suggests that even drug stores may be feeling the effects of Amazon gaining additional market share during the pandemic.

Sigal also believes that there are other opportunities that have sprung up from the pandemic for improving the performance of retail properties, such as the demand for more drive-throughs.

The drive-through is obviously not new, but the demand for the service model catalyzed by COVID-19 is. Drive-through/drive-up service has become a must-have for retail businesses, and it will likely incentivize municipalities to issue more permits, as consumers value safety and convenience more than ever.

Another aspect of the retail economy that Sigal believes will continue to evolve is the in-store experience. Pre-pandemic, lifestyle retail was the fastest growing segment in the retail sector, specifically because it leverages proximity, place, and people—social connectedness. Post-COVID-19, this trend should pick up again, with many implications for how retailers make their stores more experiential and how they leverage omnichannel sales to deliver a more frictionless shopping experience. It also dovetails with retailers' need to build tighter direct-to-consumer connections via mailing lists, customer loyalty programs, and subscription-based offerings to lock in billing relationships with consumers.

"If the pandemic has taught shopping center owners anything, it's that the days of laissez-faire relationships between landlords and tenants are over," Sigal adds. "Retail property owners are more focused than ever on understanding their trade areas and targeting strategies. They're achieving this by utilizing location analytics tools, as well as evaluating merchant health by requiring sales reporting and negotiating more percentage-rent tenant leases.

"The bottom line is that the winners in retail are being more proactive on shopping-center marketing, and specifically by programming seasonal and recurring events to drive community engagement."

Change is a constant reality in retail, but as long as those of us working in the sector are willing to adapt, it will continue to thrive.

Mindy Gronbeck, CPM®, CSM, CRX, serves on the 2022 IREM Board of Directors and as executive vice president of property operations for Hawkins Companies, AMO®, a full-service real estate firm specializing in shopping center development and management headquartered in Boise, Idaho. Gronbeck has over 20 years of experience in retail real estate management and earned her CPM designation in 2007, the Certified Shopping Center Manager (CSM) designation in 2012, and the ICSC Certified Retail Property Executive (CRX) designation in 2013. She earned her Bachelor of Science in Business Management in 2003. She is a past president of the Downtown Boise Association and a member of the IREM Idaho Chapter.

Balanced without bias

The latest AI rental platforms aim to make the leasing process fairer


Image: iStock.com/tolgart

Machine learning technology and artificial intelligence (AI) applications in the leasing process have brought a wealth of benefits to both property managers and renters alike. Simplifying this process—from the initial apartment search to a signed lease—frees managers to take on other critical duties and offers residents more immediate application results. Thanks largely to the COVID-19 pandemic, such digital rental solutions are growing considerably in popularity.

According to a joint investigation by *The Markup* and *The New York Times*, more than 90% of property owners or managers rely on digital screening reports of potential residents when leasing units.

But, as recent headlines have pointed out, with such a simplified process also comes good reason for caution. Some of the algorithms used to generate these applicant reports can unintentionally introduce bias into the process—something every DEI-minded property manager is trying to eradicate.

The more simplistic the algorithms, the more possibility for unintended bias. For example, software relying primarily on credit scoring can disproportionately discriminate against low-income minorities, immigrants, younger people without a strong credit history, or others who choose not to use the credit system, says Sipho Simela, founder and CEO of Matrix Rental Solutions. And without more individual assessments or communication from the property manager or owner, these applicants don't get a chance to provide a more complete picture or flag erroneous data.

> *Our models are well-trained to extract the right data and plug it into our scoring model.*
>
> —Sipho Simela, Matrix Rental Solutions

In addition, AI biases raise many fair housing questions. Property managers must be aware that they could be held liable in the event of any accusations of discrimination, as they are ultimately the final decision-makers—not the software.

Pursuit against bias

Fortunately, some software companies in the market are working to ensure that machine learning is more fair and balanced. Matrix Rental Solutions, founded in 2021, aims to be the "first universal rental application built to help both renters and landlords."

Simela says the combined effects of the COVID-19 pandemic, the CARES Act of 2020, and the growing popularity of leasing software were the impetus for the creation of Matrix.

He says that Matrix's multi-factor model gives a broader and clearer financial profile of would-be residents. Connecting to 16,000 banks and 130,000 employers across the U.S., Matrix can pull real-time data regarding a prospective resident's cash flow, income, historical tax returns, and other payroll information.

"We then overlay several macroeconomic conditions in addition to some of the traditional inputs like credit score," Simela says. "From an inclusion perspective, we've found that many people who don't have the credit scoring alone to qualify are more fairly included in the application process because many of them do, in fact, have sufficient ability to pay the monthly rent. That's really what we want to drive in this market."

This model also strives to be inclusive with its mobile-responsive technology, which makes the process easier for people without access to a printer. It also allows applicants to upload necessary documents in alternative ways.

Meet Charles C.M. Kellom, IREM senior director of diversity, equity, and inclusion

Charles C.M. Kellom is an expert in diversity, equity, and inclusion (DEI) with nearly 20 years of experience. Originally from Cincinnati, Ohio, he earned his Bachelor and Master of Arts from the University of Dayton. There, he transitioned from being a student to beginning his long career leading DEI work in the world of higher education.

"During my time as an undergraduate, the university's multicultural office proved critical in helping me succeed," Kellom recounts. Because of the encouragement of several key mentors, he decided to pursue a master's degree. "I knew that if I was going to continue my journey in higher education, I wanted to focus on diversity work so that I could give back the same kind of experiences that had benefited me so much."

In addition to the diversity initiatives that he led at both Dayton and then George Mason University, his extensive background working in higher education includes notable roles as assistant dean for the Office of Multicultural Student Affairs at Ohio Wesleyan University and director for Multicultural Student Affairs at Northwestern University.

"Not every DEI program is created equally," he explains. "But working within higher education allowed me to access some of the very best information and training resources. Over time, then, there was a natural progression from working with individual students to seeing how introducing broader DEI initiatives could benefit entire organizations."

Before joining IREM, Kellom was an inclusion strategist at Tangible Development, a boutique consulting firm based in Albany, New York, where he worked with clients from sectors across the professional world.

"The tenets of DEI have always been critical to any organization's long-term success," Kellom says. "But as a society, we've reached a point of recognizing that it can no longer be seen as optional." Looking ahead to his new role with IREM Headquarters, his outlook is clear: "The Institute is in a great position to continue with the efforts we've already undertaken while deepening the commitment to the work in meaningful ways. IREM's DEI strategy and all of the investment into ensuring buy-in from our members and volunteers creates huge opportunities and is probably one of our most valuable resources."

"Not every employer has a payroll system, and some people don't feel comfortable providing that information, so we utilize computer-vision models and extract data from documents, such as a PDF of a tax document or a picture of a pay stub. Our models are well-trained to extract the right data and plug it into our scoring model," Simela says.

These models also aim to capture a complete employment picture for workers in the growing gig economy, and they even have built-in algorithms to flag cases of identity theft.

Matrix was accepted to the 2022 REACH program, sponsored by Second Century Ventures, the strategic investment arm of the National Association of REALTORS®. The REACH programs represent "the top new companies in property technology," offering curricula on education, mentorship, networking opportunities, and exposure to the global real estate marketplace.

Staying involved

Property managers should be very conscientious when choosing the AI solution they plan to implement for their buildings.

Alexandra Goldthwaite, CPM®, MPM, a regional vice president in Sacramento with HomeRiver Group, said the company assembled a task force to carefully evaluate the various software applications available.

Ultimately, the team chose an option that uses multiple algorithms that assess an applicant's income, assets, and previous rental payment track record.

"During the rental process, you don't see the people, and you might not even talk to them," says Goldthwaite, an IREM Regional Vice President. "The AI just considers, 'Do you meet the criteria or not?' The applications are also time-stamped, so it's first-come, first-served."

To ensure that the AI doesn't introduce bias, her company has completed side-by-side comparisons of applications to see how the AI results differ from the more traditional paper-and-people process.

Along with confirming that AI was much quicker, Goldthwaite's team found more bias in the human process. "There's more room for the grey area in the human process," she says. "With AI, the algorithms determine the renter's risk, and it stays true to the process."

Simela says that the best way for property managers to create fairness in decision-making is to be transparent and consistent—and find a platform that aligns with those values. "When we formulated our model score, we aimed for that consistency, and what we give on the back end is the transparency into those inputs. Those two things combined—transparency and consistency—give property managers a leg up in the critical discussion surrounding fair housing and DEI in real estate."

Goldthwaite says that having clear renter criteria, such as applicants being required to make three times the monthly rent, can also help determine that bias isn't the cause of an applicant's rejection.

With the human process, some degree of bias forming is inevitable; what's important is how bias is handled, Goldthwaite says. Her company has yet to encounter bias with its AI process, but it remains on the lookout. "You also have to develop a standardized process and consistently check in with that AI process," Goldthwaite says. "As a property manager, I want to see that renters can integrate easily with the software and that the AI abides by the Red Flags Rule with regard to identity theft. And when it comes to DEI, you want to ensure above all else that there is no bias."

The AI just considers, 'Do you meet the criteria or not?' The applications are also time-stamped, so it's first-come, first-served.

—Alexandra Goldthwaite, CPM®, MPM, HomeRiver Group

Knowledge on display

Get the specialized skills you need with IREM Skill Badges

By Jessica Warrior, CPM®

Image: iStock.com/Cecilie_Arcurs

The Education and Knowledge Products (EKP) Committee plays a key role in driving the development and delivery of IREM content and learning offerings, which take many forms.

Historically, this group of committee members has guided IREM content, including our core certification courses, *Journal of Property Management* articles, publications such as the *Glossary of Real Estate Management Terms*, and episode themes for IREM's podcast series, From the Front Lines.

Digital badging

In addition to our long-standing core content, IREM has begun to offer shorter-form learning over the last two years, which results in the learner earning a digital badge—the IREM Skill Badge. These completion indicators can then be displayed in the learner's digital signature and professional profiles, such as on LinkedIn. The digital badge authenticates a real estate professional's achievement in completing an IREM Skill Badge, and it's available for supervisors, colleagues, clients, tenants, and prospective employers to see.

Digital badging has become increasingly popular over the last several years, as individuals engage in professional development of varying lengths and formats. While digital badges are typically known by their externally facing image design, they also contain metadata, or embedded information on the badges' purpose and meaning. This level of information typically includes details such as the learner who earned the badge, the organization that issued the badge, what criteria were met to achieve the badge, whether the badge expires, and so forth.

First-rate content

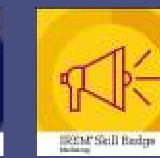
IREM Skill Badges never expire and are career-advancing courses that cover a specific content area. They take about a half-day to complete in the self-paced environment. They're also video-driven, with our esteemed IREM instructors and industry experts teaching relevant content. They include activities and reflections, and a 50- or 100-question exam must be passed to earn the badge.

These badges allow property managers to build skills without the commitment or experience and portfolio requirements of, say, the Accredited Residential Manager (ARM), Accredited Commercial Manager (ACoM), or Certified Property Manager (CPM) certification programs.

Our early skill badges focused on the core competency areas in which property managers seek professional development—maintenance and risk management, marketing, and leasing. During the pandemic, a Managing Distressed Properties Skill Badge was released with significant adoption, as real estate managers dealt with the impact of the COVID-19 crisis and sought new management opportunities for their firms.

Skill Badges: fundamentals

Maintenance and Risk Management, Marketing, Leasing, Budgeting and Accounting


Skill Badges: for all

Managing Distressed Properties, Fair Housing, Building DEI, Building Technology (coming soon!)



Fair housing is for everyone

More recently, IREM has focused on providing new skill badges for a broad audience of learners. A low price point and self-paced format also make them suitable for entire teams to access.

The Fair Housing Skill Badge touches on all aspects of property operations, providing teams with consistent, clear policies related to Fair Housing laws. Learners are guided through real-life scenarios, and engaging self-paced activities increase their knowledge of Fair Housing compliance, protected classes, and common issues. All of this knowledge culminates in a more confident property manager who can better serve residents.

DEI opens doors

As part of our organizational value of inclusion, earlier this year, IREM was thrilled to release a Diversity, Equity, and Inclusion (DEI) Skill Badge specifically tailored for the property management industry—the first of its kind.

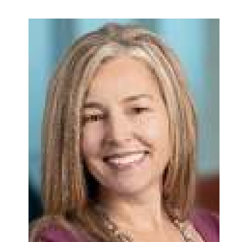
This skill badge addresses critical components of diversity such as race and ethnicity, LGBTQ+ issues, gender, generational diversity, and employees, residents, and tenants with disabilities. It guides property managers and their teams in applying best practices for building equity and greater inclusion in both the organization and at the property level.

Skill badges for all

By the end of 2022, IREM will have eight skill badges to offer the real estate management industry. These digital badges are highly relevant for both early-career real estate managers, such as the Budgeting and Accounting Skill Badge, and for managers of all roles and experiences levels, such as the DEI and Building Technology Skill Badges.

IREM's EKP Committee continues to help managers everywhere build their skills in various areas to meet the day-to-day and one-of-a-kind challenges of their industry.

Jessica Warrior, CPM®, serves as the chair of IREM's Education and Knowledge Products Committee. She is the director of property management for Granite Properties in Dallas.



Hybrid workspace outlook

Exploring the trend in Spain and South Africa

Discovery Place in Johannesburg, designed to accommodate the country's growing hybrid workforce.

The growth in employees preferring to work remotely in the United States has been a topic of interest for years—a trend greatly accelerated by the pandemic. But how is remote work perceived outside of the United States? Such work preferences are often closely tied to cultural norms, so it's to be expected that the ongoing shift toward hybrid workspaces doesn't look the same across different countries.

To gain further insight into this phenomenon, JPM spoke with Professor Sam Azasu, a top educator of property management with an established track record at the University of Wits in Johannesburg, South Africa. Azasu recently moved from South Africa to Spain and has a unique perspective on how hybrid workspaces are affecting employees and the property management profession in these two parts of the world.

South Africa

According to Azasu, companies in South Africa allowed remote work during the pandemic, but there were major variations in terms of who was expected to come to work in person and who could work remotely or in a hybrid fashion. "One of the main considerations for South African companies is the inconsistency of electricity, internet access, and security, as well as functional home office spaces for their staff," says Azasu. "Not every employee is going to have access to backup generators or can assure their employers of the security of their home networks."

Backup power also closely correlates with internet connectivity, which reduces the proportion of South Africa's workforce that can participate in hybrid work. Unfortunately, as a result, this digital divide in a country like South Africa can lead to only certain sections of workers being able to pursue hybrid or remote work, causing a further gap between different socioeconomic groups.

This divide can also be seen in the interregional movements of skilled workers. Current data shows that many highly skilled workers throughout South Africa are choosing to relocate, with cities like Johannesburg losing workers to Cape Town and its surrounding suburbs. Cape Town and similar beneficiary metros seem to offer better security, more efficiently run public services, and a generally higher quality of life. So, while the populations of destination cities like Cape Town may be increasing, the highly skilled workers making that move may not be offsetting the rising vacancies in the traditional office markets.

In countries like South Africa, the office market was under pressure long before the pandemic, as more new assets were coming out of the pipeline than the market could absorb. Metros like Johannesburg had an excess supply of office inventory as far back as 2016. The pandemic and subsequent rise in remote/hybrid working have only deepened the problem, with high vacancies across Johannesburg's business districts.

> *While these two countries are unique in their approaches to remote work, the disruptions to business as usual that remote work and hybrid workspaces present are universal.*
>
> —Sam Azasu, University of Wits, Johannesburg, South Africa

Spain

"In Spain, hybrid work options are complicated more by the country's legal system than the reliability of electricity and internet access," says Azasu. He further explains that Spain published a royal decree a few years ago, making it mandatory for every company to keep an hourly record of their employees, regardless of job type. Implemented before the pandemic, this law is intended to prevent labor abuse and fraudulent overtime claims. Now that the pandemic is subsiding in many regions, questions are emerging as to how this law can be implemented in a remote or hybrid work setting.

With the inception of the law, many employers called on the on-site property management teams of their buildings to install biometric systems to track employee entry and exit. More recently, to accommodate the shift to remote and hybrid work, some employers have attempted to emulate this by implementing digital sign-in and sign-off systems to track daily work.

Research by Savills indicates that the office real estate markets in Madrid and Barcelona are recovering and showing positive absorption numbers, a welcome relief for commercial real estate professionals. This is most likely due to relocations, as owners of newer and better-positioned buildings can now attract tenants away from older buildings and those in less desirable areas. This has put pressure on owners of older buildings to invest in capital improvements, with estimates that just over half of the supply of Class A office space currently in the pipeline will come in the form of such repositioned assets.

Where property managers come in

Between these two systems, there are additional factors to consider. For example, hybrid work and the opportunity for greater work-life balance may particularly appeal to families with children. This is emerging as a major source of the attractiveness of remote work in both South Africa and Spain.

By recognizing the underlying motivations and constraints at play, property managers can focus on enhancing attributes of residential buildings that have now become "multipurpose units" in order to attract people looking to work from home. Some must-have features of buildings targeting such residents would include backup generators and secure internet connectivity. Conversely, property managers and owners in the traditional office sector may have to explore creative ways to make their buildings more attractive for workers whose emotional connections to their workplaces have been weakened by the long periods spent away from these spaces.

Looking to the future

In the future, it looks like a complete return to work in the office is not likely to take place in either South Africa or Spain. In both countries, workers have discovered the time and money saved from avoiding a daily commute, and employers have also become aware of the productivity gains from uninterrupted work in the home environment. At the same time, employers are divided on whether all-remote work should become the norm, whether employees should return to working in person on a full-time basis, or whether a hybrid solution might strike the necessary balance.

"While these two countries are unique in their approaches to remote work, the disruptions to business as usual that accommodating remote work and hybrid workspaces present are universal," concludes Azasu.

As universal as the disruptions may be, the degree of hybrid work becoming the new normal will be primarily driven by local factors. Fewer people may opt for hybrid work in South Africa than in Spain due to infrastructural constraints. Globally, property managers will continue facing the same issues of addressing high-vacancy office buildings, needing to make residential units more conducive to remote working, and modernizing older buildings of both types to accommodate the modern employee.

sustainability

Spreading the benefits

ESG extends to other property types

Image: iStock.com/chinaface

One indicator of how widely adopted environmental, social, and governance (ESG) and sustainability practices are among the different asset classes is the number of each property type benchmarked in ENERGY STAR® Portfolio Manager®, the U.S. Environmental Protection Agency's (EPA) energy, water, and waste benchmarking tool. In 2015, the last time the EPA released the data, office buildings were the most widely benchmarked property type in Portfolio Manager, with 60,848 in the tool. Retail stores were next, followed by K–12 schools. The next most benchmarked commercial real estate asset? Non-refrigerated warehouses at 7,976 properties in Portfolio Manager—a distant second to office buildings.

Office buildings were the early adopters of ESG and sustainability practices. Those practices have extended to multifamily with the introduction of ENERGY STAR Portfolio Manager benchmarking and ENERGY STAR certification for the property type in 2014. The release of the IREM Certified Sustainable Property (CSP) for multifamily program in 2015 further drove adoption in multifamily communities.

Investor pressure on fund managers to mitigate the impacts of climate change, as well as state and municipality implementation of benchmarking and performance laws, has greatly expanded green operations. The COVID-19 crisis has raised demand for best practices in ESG and sustainability among tenants, who've sought assurances that their working and living environments are healthy and well managed.

Combined, these pressures have created something of a tipping point in the adoption of ESG and sustainability practices. Asset and property managers are now extending efforts to increase efficiency, reduce expenses, and limit greenhouse gas emissions to other property types, beyond those early adopters in the office market. They're looking hard at their portfolios' industrial, medical office, senior housing, self-storage, and manufactured housing assets. But how do ESG and sustainability practices apply to these property types? Each has its unique characteristics that are far different from office and multifamily. Do tried-and-true methods work?

Let's take a look at the opportunities and challenges for each.

Industrial

The biggest hurdle with industrial properties is the lack of management control over properties with single tenants on triple-net leases. Management can seek tenant cooperation, especially when tenants are large companies with global brand recognition. They often have their own corporate ESG programs and may be interested in reducing their real estate's environmental impact.

Otherwise, depending on the lease, management may be able to apply sustainability and efficiency practices to exteriors—the grounds, the building envelope, the parking lot, and stormwater management systems. Practices like LED exterior lighting, water-efficient irrigation, and stormwater reuse may be possible. Humane wildlife management can also be part of ESG practices since sites are often large and located in underdeveloped natural areas. With the right incentives and financing, solar energy is an ample opportunity because of the amount of surface area on warehouses' and distribution centers' rooftops.

Medical office

In 2015, there were 5,422 medical office buildings (MOBs) in ENERGY STAR Portfolio Manager. That number has undoubtedly grown, and in 2022, the EPA made MOBs eligible for ENERGY STAR certification, which will drive further adoption of energy efficiency practices. The IREM CSP has been available for MOBs since 2018, and companies are using the program to apply sustainability best practices to their portfolios.

Resource efficiency is a key challenge with MOBs because they often have energy-intensive medical equipment, such as MRI machines, and medical procedures and sanitization practices can require large amounts of water and generate a great deal of waste. The success of medical procedures and patients' health are paramount, so it's challenging to overcome these hurdles. Management must make an impact anywhere they can. Examples of opportunities include HVAC and conventional, nonmedical lighting, water fixtures and landscaping, and indoor air quality. Otherwise, management can support tenants in using the most efficient medical equipment available and employing best practices in their healthcare operations.

Senior housing

One of the biggest opportunities for ESG growth in senior housing is through resident engagement. Getting residents more involved in sustainability efforts can drive positive results to all areas of the property, including individual units, and contribute to resident programs that seek to enrich the lives of seniors. This effort can extend into the community through partnerships with local nonprofits, companies, schools, and governments.

With food service and healthcare operations, waste is a significant challenge in senior housing. Optimizing purchasing can help with food waste. Senior housing operators often use software for menu planning and efficient purchasing. Composting is another option. While some waste haulers and recycling service providers are beginning to offer composting, it can also be done safely and correctly on-site. Composting on the grounds of the senior housing community can also provide nutrient-rich fertilizer for the property's landscaping and gardening, including flower and vegetable gardens for residents.

Self-storage

Self-storage has taken off as a growing asset type. According to the U.S. Census Bureau, construction spending on self-storage increased by 584% from January 2015 to January 2020. Societal upheaval caused by the pandemic and churn in the housing market have further increased demand for these properties.

Self-storage shares some characteristics with industrial, such as flat roofs that are ideal locations for solar installations, along with opportunities for site maintenance and LED lighting. However, self-storage properties are most often filled with items, not occupants, so management has free reign to improve energy and water management efficiency. Technology opens additional opportunities, as self-storage buildings are great candidates for automation. On-site electric vehicle (EV) charging can reduce overall emissions attributable to the property and provide additional value to tenants.

Manufactured housing

Reducing impact begins in the factory with manufactured housing. The construction process produces 30% less waste than site-built, single-family housing, according to the Manufactured Housing Institute. Manufactured housing can be highly energy-efficient, and the ENERGY STAR rating is available for the entire structure. LED lighting and water-efficient landscaping practices are other key opportunities. Low-impact stormwater management practices, including the use of rain gardens and bioswales, are also possible at some sites.

One significant ESG-related benefit of manufactured housing is that it's typically affordable, both in terms of the purchase price and utility costs. This provides housing security to those who can't access alternative types of housing; it also helps them build equity.

The trend of extending ESG and sustainability practices to these various property types will continue. More owners will be looking for improvements and cost savings in greater portions of their portfolios as the impacts of climate change continue to become more evident and present greater risks to profitability. As managers of these properties gain experience and refine best practices, they'll become savvier in their strategies and deploy new technologies, further improving the performance of their properties and reducing their environmental impact.

Room for renewable growth

On-site renewable energy presents an opportunity for industrial and self-storage properties to reduce their impact since both have large, flat roofs. Shopping centers are also good candidates. With the right incentives and financing, renewable energy installations can also work with other property types and may provide additional marketing value. How widely adopted is on-site renewable energy? According to data from the EPA's ENERGY STAR program, there's a significant opportunity for growth. Of the several hundred thousand properties in Portfolio Manager, only a small percentage indicated they have on-site renewable energy.

Source: energystar.gov

Looking for a set of sustainability best practices for your portfolio? Visit **irem.org/csp**, and download application materials for the IREM Certified Sustainable Property (CSP). The certification is available for office, medical office, multifamily, industrial, retail, and senior housing properties.

New CPMs

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Paula Rigau, CPM®, Scottsdale

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Kristi Cooper, CPM®, Sacramento
Sarah Keefer, CPM®, ACoM, Los Angeles
Brandi Livingstone, CPM®, San Diego
Lauren Owen, CPM®, Tustin
Bradley Whitcomb, CPM®, Huntington Beach

Colorado
Kendall Moore, CPM®, Greenwood Village

Illinois
Mark Fetzer, CPM®, Bloomington

Indiana
Luke Gilliatt, CPM®, Westfield
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Kansas
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Maryland
Scott Hamlin, CPM®, Baltimore

Massachusetts
Krystal Rodriguez, CPM®, Braintree

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Taylor Sonnenfeld, CPM®, Minneapolis

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Kelesia Kinchen, CPM®, ARM®, Alvin
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George Hamilton, ARM®, Atlanta

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Kevin P.L. Kwok, ARM®, Cavite

United Arab Emirates
Linford Dsouza, ARM®

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Terron Poole, ARM®, ACoM, Ladera Ranch

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Alaina Baber, ACoM, Oxon Hill
Calvin Hoffmaster, ACoM, Linthicum

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Scott Chakoutis, CPM®, ACoM, Beverly

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Emily Nelson, ACoM, Edina

Nevada
Jodie Johnston, ACoM, Sparks

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Virginia Tagaloa, ACoM, Fort Worth
Christine Trevino, ACoM, Dallas

United Arab Emirates
Francis Joswin Moras, ACoM

New AMOs

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Clear Integrity Group LLC, Cibolo

New CSPs

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Atria Evergreen Valley, San Jose
Atria Las Posas, Camarillo
Atria Tamalpais Creek, Novato

Indiana
Lantern Woods Apartments, Fishers

Minnesota
Barrel House, Minneapolis

Oregon
American Bank Building, Portland

Rhode Island
Atria Bay Spring Village, Barrington

Image: iStock.com/gremlin

In some cases, renters are now expected to securitize as much as three months' rent for a 12- to 24-month lease. P9

Held hostage by the cyberattacks, both firms were forced to give in and pay the multimillion-dollar ransom demands in order to restore their systems. P12

The good news is that this doom-and-gloom forecast didn't actually come to pass; brick-and-mortar retail is alive and well. P26

With the inception of the law, many employers called on the on-site property management teams of their buildings to install biometric systems to track employee entry and exit. P37

Some of the algorithms used to generate these applicant reports can unintentionally introduce bias into the process—something every DEI-minded property manager is trying to eradicate. The more simplistic the algorithms, the more possibility for unintended bias. P30