SPECIAL REPORT:  
26 Mixed Bag  
Mixed-use construction complicates management issues

20 Learning Curve  
Property managers learn nuances of student housing

32 Family Ties  
Passing down the family business takes planning

36 Breaking Ground  
Good landscaping keeps properties competitive

42 Simple Green  
Eco-friendly maintenance techniques help properties go green

10 Florida market shines  
Economy and real estate boom

16 Feedback forward  
Offer employees guidance, not advice

52 Bricks and mortar of tuckpointing  
Tuckpointing is a long-term investment
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Get with the program

Whether you have kids heading off to school this fall or you have just been bombarded by "back to school" advertisements, you're probably aware students across the country are throwing themselves back into their studies—or are at least pretending to do so for their parents' sakes—as the school year gets underway.

And while those of us in the workforce have traded our nine-month-long school years for 12-month-long fiscal years, we often still get a sense around this time of year we should be learning, developing our own skills and really zeroing in on those goals we set way back when—on the first of the year.

The cliché advice "never stop learning" applies as much to real estate management as it does to life. This is why IREM hosts its annual education conference—an industry event with a distinguished history of being one of the most extraordinary learning opportunities for real estate managers.

This year's education conference—called Success Series 2006—will be held in Tampa, Fla., October 20-21. The series will be jam-packed with great speakers and education sessions focusing on topics like urban revitalization, energy costs and savings, and client relationship management.

Just like JPM delivers news and content relating to the real estate management industry, the conference will provide programming on hot-button topics—offering attendees insight and knowledge they can take back to their businesses and use to maximize their performance.

In addition to providing informative and practical content, Success Series 2006 will serve as a venue where real estate professionals can mix and mingle, share war stories and make contacts. This year's conference is being produced along with the CCIM Institute, expanding the network for both organizations' members and giving real estate management practitioners and brokers an opportunity to interact.

So be sure to join me and other industry professionals at Success Series 2006—where you too can throw yourself into a learning environment while enjoying the best that Tampa has to offer!
features

26 Mixed Bag: Construction of mixed-use properties creates challenges for managers juggling diverse tenants’ needs. Allan Richter

20 Learning Curve: As the privatized student housing market explodes, property managers learn how to cater to students and their parents. Emma Johnson

32 Family Ties: Succession planning for family businesses is a balancing act of family relationships and savvy financial planning. Diana Mirel

36 Breaking Ground: Good landscaping revitalizes any property, often attracting new tenants and residents. Diana Mirel

42 Simple Green: As the advantages of greening properties and becoming LEED certified become more evident, property managers find ways to make their existing buildings more eco-friendly through maintenance. Kristin Gunderson
columns

12 neotech
Show me the money: Innovative professionals and technology positively impact cash flow.

14 coveryourassets
All in the family: Succession planning in a family business is important for keeping family and business intact.

16 goodtogreat
Feedback forward: Coaching and commending employees by offering continuous feedback helps them move forward.

18 legalease
Seeing green: A green building revolution is inspiring legislation, forcing property managers to take note.

departments

4 insession
Comments submitted to EPA; eminent domain ruling challenged; and condo management proposal defeated.

6 knowitall
Real estate executives take business abroad; T.V. channel turns green; and first all-retail LEED-certified building becomes famous.

10 regionaloutlook
Florida market shines: Booming economy and population make Tampa, other Florida cities ripe for real estate investments.

46 what'sup
RentalHouses.com and IREM affiliate; Success Series 2006 to address strategic initiatives; and AMOs land deals.

51 iremfoundationnews

52 ductape
Bricks and mortar of tuckpointing: Although an expensive and arduous process, tuckpointing is a long-term investment.

54 marketsolutions

56 advertisersindex
**IRS saves building owners money**

In early June, the IRS published an advance notice for commercial building owners on how to qualify for a tax deduction by making their buildings energy efficient. The commercial building deduction was enacted as part of the Energy Policy Act of 2005, which IREM supported. The act allows taxpayers to deduct the cost of energy-efficient improvements installed in commercial buildings. The deductible can be as much as $1.80 per square foot for buildings achieving a 50 percent energy savings. Smaller deductions are available for buildings meeting lesser savings.

**Condo management proposal defeated**

An IREM-opposed condo management licensing proposal was defeated in the Illinois state legislature this past spring. IREM opposes separate licensing for real estate management activities and urges all forms of real estate management to be under the jurisdiction of existing state real estate broker and agent licensing laws.

IREM questioned the necessity of the legislation since it duplicates existing real estate laws and standards. The Illinois House version (HB 4759) proposed creating a Community Association Manager Regulatory Commission, requiring condo managers to be licensed. In addition, there would be costs for each manager’s application, as well as fees for community associations.

**Guns allowed on employers’ properties**

Kentucky and Mississippi have recently enacted new laws allowing employees to store firearms in their vehicles on employers’ premises. The two laws differ slightly. Kentucky’s comprehensive law includes a provision directing the attorney general to take legal action against employers who prohibit storage of firearms. In Mississippi, employees will be permitted to store firearms in their locked vehicles while parked on their employer’s property if the employer does not provide secure parking separate from the public.

**Votes and compromises made on estate tax**

A motion for cloture on the Death Tax Repeal Permanency Act of 2005 (H.R. 8)—making the 2010 repeal of the estate tax permanent—narrowly failed on a largely party-line Senate vote in early June. As a result, the legislation, which already passed through the House, is not eligible for consideration. Supporters of the bill insist they will keep trying for passage this session.

Several senators, including Sens. Jon Kyl (R-Ariz.), Olympia Snowe (R-Maine) and Max Baucus (D-Mont.), have begun crafting compromise proposals that would reform the tax and prevent it from coming back in its pre-2001 form when the 2010 repeal expires. Sen. Kyl offered a proposal increasing the value of estates exempt from the tax to $5 million. Estates valued between $5 million and $30 million would be taxed at a rate equal to the top tax rate for most capital gains, with any portion of an estate over $30 million taxed at 30 percent.
States still challenging eminent domain ruling

Almost every state legislature has considered proposals prohibiting eminent domain for privately sponsored development purposes since the 2005 U.S. Supreme Court ruling in *Kelo v. New London*. The decision allowed for non-blighted property to be taken from one private owner and given to another in furtherance of a “public purpose.”

In addition to legislation, some states are considering constitutional amendments regarding the issue. In June, the Louisiana State Legislature sent the secretary of state a constitutional amendment to be placed on the November ballot, prohibiting eminent domain for private use. Georgia, Michigan and New Hampshire will have similar constitutional amendments on their ballots this fall.

Organizations submit comments to EPA

The National Association of REALTORS®, in cooperation with IREM, submitted comments to the Environmental Protection Agency in May, highlighting their concerns with the proposed rule providing for a lead renovation, repair and painting program.

IREM and NAR believe the EPA has underestimated the costs associated with the proposed rule and neglected to include other costs. The EPA estimated the rule’s total cost impact to be approximately $531 million per year. NAR’s consulting firm Exponent Inc. estimated the cost to be at least $1.5 billion, including significant secondary impacts to the real estate industry not accounted for by the EPA.

IREM and NAR also have concerns with several provisions in the proposed rule including requiring certified renovators complete an EPA-approved training course. The certified renovators must supervise every renovation, defined as any activity disturbing more than two square feet of paint. IREM appreciates the work of John Bieg, CPM, of Chicago, Illinois; Dawn Carpenter, CPM, of Staten Island, New York; and Astrid Mabry of Washington, D.C. These individuals testified on behalf of IREM at EPA hearings on the proposed rule.

IREM advisory board meets in Washington, D.C.

In early June, IREM’s National Federal Housing Liaison Advisory Board met with staff from the Department of Treasury, the Department of Housing and Urban Development, and the Rural Housing Service to discuss issues related to federally-assisted housing.

The board met with the Office of Tax Policy at the Department of Treasury to discuss Low Income Housing Tax Credit (Section 42) properties. IREM representatives discussed concerns regarding the calculation of utility allowances in these properties. The IRS requested IREM provide suggestions for better determining utility costs.

The board also met with the multifamily office at HUD to discuss the new 2530 electronic form for assisted and insured properties. HUD provided IREM with a document outlining tips for using the new system.

Lastly, the board met with the Rural Housing Service to discuss its 515 and 538 loan programs. The Rural Housing Service provides direct loans to developers of affordable multifamily rental housing through the 515 direct loan program. Funds from the 538 guaranteed loan program are used to construct new or rehabilitate existing rural apartment units for rural residents with low-to-moderate incomes. The Rural Housing Service briefed IREM on its new pilot program for loan restructuring. Over 4,000 applications were submitted to the Rural Housing Service on behalf of properties managers and owners wanting in the program. The Rural Housing Service anticipates being able to complete 100 transactions this year. IREM supports legislation making this a permanent, fully funded program.
Thrill of the hunt
New spending patterns among middle-income Americans—positioning them as savvy shoppers who like a good deal—were illuminated in a survey commissioned by The Boston Consulting Group. More than half of Americans said they enjoy a higher standard of living because of savvy shopping, according to the survey.

The survey results indicate the American shopper is a “treasure hunter”—seeking out low-priced quality goods, not only for sport but to improve quality of life. Participants in the survey expressed their ability to bargain hunt enabled them to save money, balance their budgets, improve family life and satisfy emotional needs.

On average, Americans said they are able to save more than 20 percent of their discretionary spending by smart shopping. More than 70 percent of those polled said they were in control of their finances and are able to save money. An equal percentage said they are optimistic about their economic futures.

Americans said they are more likely to find high-quality bargains online, at discounters or at warehouse clubs. Michael Silverstein, senior vice president of Boston Consulting Group said most of today’s savvy shoppers are women.

Condo conversion reverts
The once sky-rocketing housing-price appreciation has waned and with that transition, the condo conversion craze has slowed.

Developers who once considered converting rental apartments to condos are reverting the spaces back to apartment rentals. Michael Cohen, a research strategist at Property & Portfolio Research Inc., a Boston real-estate analysis firm, refers to the reversions as “repartments.”

While conversions still far outnumber reversions, a trend is developing as condos aren’t selling as fast and developers attempt to recover some of their investment.

With more rental apartments coming back on the market, higher rental rates might subside.

Going global
Around 60 percent of the more than 200 real estate executives surveyed for the second annual 2006 Bryan Cave Real Estate Executives Forecast Survey expressed some interest in investing in land or property outside the United States by March 2007.

Mexico, the United Kingdom and China were listed as the markets where real estate executives were most likely to invest.

In the next 12 months, how likely is it that you will invest in real estate, lend money secured by real estate, or otherwise engage in a venture involving real estate located outside the United States?

In what country or countries do you anticipate the real estate will be located?
Green TV
The Sundance Channel will begin hosting its own form of reality television in 2007 when it airs programming focused on the harsh reality of the environment's condition. Sundance Channel Green will offer three hours of hosted programming on environmental topics during prime-time viewing hours on a weekly basis. Original series and documentaries taking a closer look at the earth's ecology and green living will fill the time slot. The programming is intended to inform, offer practical advice and build community. Sundance Channel Green will host more green living entertainment via a portal called ECO-MMUNITY on its Web site www.sundancechannel.com.

"Leeding" competition
The Leadership in Energy and Environmental Design (LEED) Green Rating System has competition when it comes to certifying green buildings. Green Globes, sponsored by the Green Building Initiative, is a rating system and guide for integrating environmentally friendly design into commercial buildings. The suite of tools offered through the program is used to incorporate sustainability goals into new construction, renovations and entire building portfolios. The Green Globes point system is in many ways consistent with the LEED scoring model, but has several unique aspects. The Green Building Initiative is a non-profit organization promoting both residential and commercial green building practices. It is currently certifying buildings through a relationship with Arizona State University and building sciences expert Harvey Bryan, Ph.D.

Paper or plastic
Forget green tea; green coffee is the rage. Green Mountain Coffee Roasters and International Paper have partnered to launch the first hot beverage cup made from all-natural paper. Typically hot beverage cups are lined with a petroleum-based plastic to prevent leaking. The new cup is lined with bio-plastic made from corn—a renewable resource. In addition to the cup's eco-friendly liner, the material used to create the lining is manufactured in a greenhouse gas-neutral environment.
Famous Properties

Shopping for green

Savannah, Georgia plays host to first all-retail LEED-certified shopping center by Diana Mirel

In a city committed to historic preservation, it is rare to stumble across a property blatantly embracing modern methods of design.

But in Savannah, Ga., Albercorn Common—the first all-retail LEED-certified shopping center—is a testament to the community’s commitment to green building design. Leadership in Energy and Environmental Design (LEED) certification is a national standard for developing high-performance, sustainable buildings awarded by the U.S. Green Building Council.

Sustainable design continues to gain popularity in the real estate and development community nationwide, and Melaver Inc., a development and management firm in Savannah, was determined to bring it to the retail environment.

As the first LEED-certified retail development in the country, Melaver is making a statement to the industry.

“The shopping center industry has a tendency to do what we’ve always done,” said Scott Doksansky, director of portfolio management. “It is critically important to the industry to show that a LEED project can be done in a retail environment.”

Albercorn Common is a poster child for sustainable design. The shopping center’s irrigation system utilizes rainwater harvested from the buildings’ roofs and stored in a large cistern behind the center—a process saving 5.5 million gallons of water annually.

Melaver also installed porous pavement in the parking lots, allowing water to naturally percolate into the ground and reduce stormwater run-off by more than 30 percent.

In addition to the irrigation system, the shopping center utilizes water-efficient plumbing fixtures, like waterless urinals and ultra-low water fixtures, which have reduced water use by 40 percent.

Other sustainable features in Albercorn Common include highly-efficient light fixtures and HVAC equipment; a reflective white roof that reduces electricity consumption by 30 percent; low volatile organic compound (VOC) paints, sealants and adhesives to improve indoor air quality; and preferred parking spaces for carpools and hybrid vehicles.

While sustainable technologies are more costly than the industry standard, Melaver executives said they recognize the economic and environmental savings long-term.

“There are trade-offs,” Doksansky said. “A more reflective roof keeps roof temperatures down, and then you don’t need as much air conditioning. So you may spend more on the roof, but you’re spending a lot less on the HVAC. Long-term, the repairs and maintenance are less.”

Those long-term cost savings can act as a marketing tool to attract tenants. Albercorn Common’s current 13 tenants enjoy lower occupancy costs and increased visibility, Doksansky said.

“There has been a lot of front-page editorial about the shopping center, and that has been a great marketing opportunity for tenants,” he said.

Demand to lease space in Albercorn Common is so great, the company is building an additional 16,000 square feet of space to be completed in the next few months.

“We’re getting positive returns financially, environmentally and socially for this project,” said Tommy Linstroth, head of sustainable initiatives for Melaver.

Diana Mirel is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.
Traffic Jams caused Rome to ban all "vehicles" from within the city in 45 B.C.

Millions of trees are accidentally planted by squirrels that bury nuts and then forget where they hid them.

Soccer is the most attended or watched sport in the world.

Approximately 34.6 million people live in the area most threatened by Atlantic hurricanes—the coastal portion of the states stretching from North Carolina to Texas.

A square piece of dry paper cannot be folded in half more than 7 times.

An onion, apple and potato all have the same taste. The differences in flavor are caused by their smell.

In 1951, Diners Club issued the first credit card.

The world's average school year is 200 days per year. In the United States it is 180 days; in Sweden it is 170 days; in Japan it is 243 days.

In the United States Small Business Administration's mission is to aid, counsel, assist and protect the interests of small businesses, and help families and businesses recover from the impacts of natural disasters. Its Web site offers information on starting, financing and managing businesses. The Web site also features the latest news relating to small businesses.

HR-Guide.com contains loads of information regarding human resources issues. It provides guides related to HR topics, as well as links visitors to other human resources Web sites. Staffing, compensation, legal and employee behavior resources are available on the site. From lists of thousands of possible interview questions to seminars on pertinent HR topics, the site is broad-reaching and informative.

The United States Small Business Administration's mission is to aid, counsel, assist and protect the interests of small businesses, and help families and businesses recover from the impacts of natural disasters. Its Web site offers information on starting, financing and managing businesses. The Web site also features the latest news relating to small businesses.

To make 1 kilo of honey, bees have to visit 4 million flowers, traveling a distance equal to 4 times around the earth.

Consumers will spend over $2.5 billion during the Halloween season.

A dog was the first in space; a sheep, a duck and a rooster were the first to fly in a hot air balloon; and a dog was the first to parachute.

Search Me

www.usgbc.org

The U.S. Green Building Council is a coalition of leaders in the building industry promoting environmentally responsible and healthy buildings. Its core purpose is to transform the way buildings and communities are designed, built and operated—enabling an environmentally and socially responsible, healthy and prosperous environment that improves the quality of life. This Web site provides information on the Leadership in Energy and Environmental Design (LEED) Green Building Rating System.

www.sba.gov

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Pulse Points

Log on to www.irem.org/jpm to answer this issue's online survey. Real-time results will appear on the site, and a final tally will be published in the next issue.

Questions

1. When it comes to your company's landscaping budgets during the last several years, have you:
   A. increased spending
   B. maintained spending
   C. decreased spending

   1. When it comes to your company's landscaping budgets during the last several years, have you:
   A. increased spending
   B. maintained spending
   C. decreased spending

2. Do you consider landscaping a marketing tool for your properties?
   A. Yes
   B. No

The results are in from last issue's poll

How much have you thought about or prepared for your personal retirement plans?

Haven't even thought about it

13.9 percent (16 responses)

Thought about it, but haven't taken action

23.5 percent (27 responses)

In the process of making plans

33 percent (38 responses)

Succession plan is in place

29.6 percent (34 responses)

Vote Total 115
Florida market shines
Booming economy and population make Tampa, other Florida cities ripe for real estate investments

by Darnell Little

These days, when people say it's hot in Florida, they're probably talking about more than just the weather. With a sky-rocketing population, explosive job growth and a robust real estate market, the Sunshine State is quickly joining the ranks of New York and California as one of the country's premier marketplaces.

Florida's population jumped by more than 400,000 people in 2005—the largest increase by any state that year—according to information from the U.S. Census Bureau. From 2004 to 2005, the net migration to Florida was 350,000 people. That averages to nearly 1,000 people moving to the state every day.

"The population growth here is just phenomenal," said Karen Temmen, market research director at Colliers Arnold. "And that is expected to continue for quite some time."

WAVE OF MIGRATION
An influx of Baby Boomers and retirees attracted to the state by great weather, beautiful scenery and scores of beaches have brought an influx of professionals like doctors and lawyers who can make a living serving the aging while getting to live in a place obviously worthy of retiring to, said Ed Ross, founder of Tampa Bay-based real estate investing firm Monarch Group LLC.

From April 2005 to April 2006, Florida gained 261,300 jobs, the largest increase in the country, according to information from the Bureau of Labor Statistics. In the past five years, more than a third of all new jobs in the U.S. have been created in Florida.

Such drastic job growth has without a doubt impacted Florida's unemployment rate. In April, Florida posted an unemployment rate of 3 percent. Only Hawaii's rate was lower. Of the 49 metropolitan areas with a population of 1 million or more, the three areas with the lowest unemployment rates were Orlando-Kissimmee, Fla.; Tampa-St. Petersburg-Clearwater, Fla.; and Jacksonville, Fla.

"It's a hot market. It's been boom and boom the last four years."

Ward Caswell, U.S. director of research for CB Richard Ellis

REAL ESTATE MARKET GETS JOLT OF VITAMIN C
This rapidly rising population and flourishing economy has made Florida the place to be for real estate investors. Donald Cartwright, a principal at Trammell Crow Company, said the real estate investment community pays close attention to where job growth is occurring, with expectations job growth will be accompanied by increased demand for office space, along with other types of real estate.

"Florida is on just about every major institutional and private investor's wish list," Cartwright said. "What we've seen is a tremendous level of activity in investment sales, and we've seen prices rise substantially. It's been the strongest investment market in the last two years that Florida's ever seen."

In 2005, rents in Florida jumped significantly for the multifamily, industrial, office and retail markets, while vacancy rates dropped to record-low levels, according to CB Richard Ellis information. Meanwhile, sales of land and existing buildings soared.

"It's a hot market," said Ward Caswell, U.S. director of research for CB Richard Ellis. "It's been boom and boom the last four years."

To illustrate how well the real estate market is doing in Florida, Caswell pointed to several area absorption rates—a measure of the change in occupied space. Jacksonville's office market absorbed more than 769,000 square feet in 2005, the highest rate since 1998. The same year, Orlando absorbed 1.4 million square feet, its highest since 2000. Tampa absorbed more than 2 million square feet, nearly four times what it absorbed in 2004.

TAMPA'S PERFECT MIX
With absorption rates like that, it's no wonder Tampa tied for sixth in the top 10 best performing markets for commercial real estate, according to information from Moody's Investor Service.
The combination of intense job growth coupled with the Baby Boomer migration is the main reason Grady Pridgen, president of Grady Pridgen Inc., chose the Tampa area to develop La Entrada, a high density mixed-use project. When completed it will contain nearly 1 million square feet of light industrial manufacturing space, 5.9 million square feet of office space, 1.3 million square feet of retail, a 300-room hotel and 2,494 multifamily units. Units will sell from $200,000 to $400,000.

"There are over 500,000 jobs within 15 miles of that location," Pridgen said. "We're trying to create high density mixed-use developments in close proximity to employment centers to create a situation where mass transit can work. We're tying all our projects into mass transit and making them walking and biking friendly."

Mixed-use developments are becoming popular in the area as space is starting to come at a premium in Florida, said Jon Slater, managing director at the Tampa office of real estate brokerage firm Studley Inc. One of Slater's clients is planning a mixed-use project in St. Petersburg called the Royale. A $70 million mixed-use development on a 13-acre parcel, the Royale will include a six-story, 160-unit condo complex, 92,500 square feet of retail space and 75,000 square feet of office space. Pricing of the condo units is expected to begin at $350,000 with some units rising to $600,000.

"There's a drive to recruit people down here but it's more and more challenging to find land that is suitable for those uses," he said. "The live, work and play concept is more and more common, and it's come to Tampa."

Wasserman said Florida is just the right place for the unique mixed-use environment.

"I'm really bullish on Florida," he said. "I think that there is a continued movement of people down there. I think that more businesses are moving down there. I think there are lifestyle decisions people are making that makes Florida the market to be in now." □

Darnell Little is a contributing writer to JPM. Please contact kgunderson@irem.org with any questions.

For more information about CCIM & IREM Success Series 2006, or to register, visit www.CCIMIREMSuccessSeries.com.
Show me the money
Innovative professionals and technology positively impact cash flow

by Scott Morey

Real estate and technology have always been and in many cases remain an oxymoron. At its highest levels real estate and property markets have been focused on one thing—"the deal," in terms of the perfect property to acquire or the perfect time to dispose of a property based upon market dynamics.

For many management investment firms and managers, actually running a property has historically been an afterthought at best. The mindset among executives at these firms has often been "anyone can do property management."

That mindset of course is flawed. Unless tenants are brought in, rents are collected and the facility is properly maintained, an asset's value may quickly depreciate. Property managers, accountants, security guards, customer service personnel and especially engineers often do not get the credit they deserve for managing these functions.

This same group of individuals also continues to innovate how they do their jobs, specifically in the quality and types of services they provide to their tenants, customers and guests. For years their efforts were ignored by those on the capital side until now.

With yield and cap rates compressing in many markets, interest in effective and efficient property management operations has been renewed. Because of advances in how companies process leases, payments, etc., combined with technology, the tide has turned on how companies embark on increasing property cash flows. It is no longer about defining what you cannot do but instead about how you can innovate.

For those who are part of publicly listed companies, value is placed on achieving earnings per share and funds from operations forecasts. For those who are part of private companies, emphasis is placed on valuations and cap rates. A penny of earnings for most large real estate companies, namely the REITs, ranges from $100,000 to $4,000,000. Those pennies make or break years, and the executive teams of most companies understand that.

Because advances in technology increase quality of services, engineers now do things never thought possible. Security personnel's roles have changed dramatically in the last decade; they are leveraging technology to expand their services. Cisco has an amazing story about managing their security operations globally in one location—a practice being adopted in the real estate industry.

Marketing vacant space for all industries has also changed—currently, more than 60 percent of customers

For many management investment firms and managers, actually running a property has historically been an afterthought at best.

In the multifamily space come via the Internet. More than 70 percent of office tenant requests come via the Internet. The majority of property management companies post all their leases, tenant files and potential joint venture documents online for employee access.

Most if not all of these things directly and positively impact the cash flow of every property. Today, property management personnel, in conjunction with technology, are adding value in ways that will clearly get noticed.

Scott Morey (scottmorey@realfoundations.net) is managing director of RealFoundations' London office.
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Americas Business Unit
All in the family
Succession planning in a family business is important for keeping family and business intact

by Chris Devany

If you preside over a family-run business, effectively facilitating your succession plan can present many challenges. Here are some suggested steps designed to help you toward that end.

1. Engage your chosen successor. Successors should not try to imitate their predecessors, and predecessors should not expect successors to be their clones. If a successor has been well chosen, he or she will have the skill set needed to be the organization’s leader.

2. If there is more than one potential successor, engage an independent arbitrator. Look no further than the American Arbitration Association in your area (www.adr.org). Numerous, skilled arbitrators, who can either arbitrate or recommend alternative sources, are at your disposal.

3. Clearly define roles and responsibilities. Unless each and every successor knows and understands his or her responsibilities, they cannot be expected to lead effectively.

4. Provide reasonable access to assets. Unless mandated by death or disability, a leadership transition does not mean you are going to simply disappear overnight. Today’s top executives have years of valuable experience, stature in the community, important customer contacts and knowledge of the industry and competitors. The successor and the business should have access to all this information.

5. Decide in advance how to handle disagreements. In most family businesses, the predecessor and successor are also parent and child. The goal should be to resolve disagreements privately and provide a unified voice to the business. Don’t lobby other employees—family members or not—to support a particular point of view.

6. Keep the proper perspective. You didn’t build this business in a day, and you probably won’t destroy it in a few months. Help your successor(s) realize they should not feel pressure to immediately prove their worthiness as the new leader.

7. Suggest your successor take an honest inventory of personal strengths and weaknesses. Self-evaluation may help him or her assemble a more effective management team and support system. Suggest consideration of the following questions: What kind of leadership does the business require to keep it operationally sound and strategically well-positioned? What are your leadership qualities? Where are the gaps between what you have and what the business needs, and how do you intend to fill those gaps?

Passing along a business to family members can get especially tricky because it affects all facets of your life, professionally and personally.

Passing along a business—family run or not—is a challenge involving numerous details, personal emotions and of course, money. Passing along a business to family members can get especially tricky because it affects all facets of your life, professionally and personally. Taking the time to facilitate and institute a plan can only help during what is often a difficult transition.

Chris DeVany (cdevany@ppiw.com) is the founder and president of Pinnacle Performance Improvement Worldwide.

For more in-depth information about passing a business on to another family member, read the feature story, Family Ties, this issue.
You have over 1,100 auto part stores in 19 states. Here’s a nice number: 1 phone call.

Access a full range of lighting maintenance programs and services with one simple contact that can do it all—Sylvania Lighting Services. As a member of a lighting manufacturing company, we have immediate access to new energy efficient products and have been providing quality services for over 30 years to multi-location customers. With our maintenance program, your employees can focus on your business needs in a well lit and aesthetically pleasing atmosphere—not on changing dark bulbs. We provide interior and exterior lighting design so your lighting will provide you with a secure and safe environment and a bright, inviting image. Contact us today at 1-800-323-0572 or visit us at www.sylvania.com/sls for your free energy audit.
Feedback forward
Coaching and commending employees by offering continuous feedback helps them move forward

by Natalie Brecher, CPM

Employees: Your success depends upon them, and you need them to produce profitable results. Your feedback on their performance—conveyed correctly—makes all the difference. Performance feedback can be a useful improvement tool or just another report to file: That depends on you.

Feedback can be given informally on a consistent and almost daily basis, or formally, with written evaluations drafted once or twice a year. Both may serve as methods for inspiring your employees to peak performance.

Informal, consistent feedback, however, has more of an influence on performance than the formal evaluations performed less often. Feedback on work quality and quantity should be addressed continuously.

Commending good results and consulting on poor results as they happen will reinforce and encourage positive behavior. This is a time when the employee’s thoughts are as important—if not more so—than a manager’s.

POSITIVE REINFORCEMENT

When an employee performs well, discuss his or her performance immediately. Don’t just offer up a pat on the back or an “atta-boy.” The discussion must be specific and pointed, providing comprehensive reasons why the performance was good, in order for learning to occur.

Follow the three-step process for positive reinforcement: First, have the employee reflect on his or her performance; ascertain if the job-well-done was intentional or happenstance, and determine if the employee is learning from the work. Second, be specific with praise; credit the exact actions responsible for the success so the behaviors can be repeated. Third, explain the beneficial consequences of the work so the employee sees the benefit of what he or she has done, and thus feels appreciated, valued and part of the company’s success.

Second, guide the employee on how things should have been handled: Ask questions to make the employee see what was done incorrectly on his or her own. Third, collaborate on what steps should be taken immediately.

Your questions should be open-ended and probing, teaching him or her how to resolve these types of issues in the future. Work to teach the employee how to analyze the condition so a negative situation can be dealt with more proactively and effectively next time.

Feedback is about coaching or consulting, not criticizing or giving advice. It helps employees learn from their performance—good or bad—on a continuous basis.

POSITIVE COACHING

When a result does not meet expectations, conduct the conversation in a way that helps the employee think analytically about what he or she should have done and not merely react to your thoughts. Learning hardly takes place when you criticize or give advice.

The steps for positive coaching mimic those for positive reinforcement. Request the employee’s observations on his or her performance.
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Seeing green
A green building revolution is inspiring legislation, forcing property managers to take note
by Pamela V. Rothenberg, Esq.

With oil prices close to $80 a barrel, heating and energy costs soaring and seemingly no end in sight for such increases, a green movement is taking hold and will likely accelerate.

Government authorities are progressively inserting green building requirements into building codes and standards. At least 43 cities and 14 states have adopted measures to encourage the use of environmentally-friendly materials and construction methods and energy efficiency. Many cities are adopting the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) standards.

LEED certification is currently the most recognized seal of approval for an environmentally designed building. To comply with LEED standards, buildings must satisfy specific requirements involving, among other things, electricity and water use, choice of construction materials and interior finishes, indoor air quality and transit access.

In October, 2005, New York City enacted the Green City Buildings Act, requiring nonresidential projects costing $2 million or more meet the U.S. Green Building Council’s silver LEED standards. Also in 2005, the City of Pasadena, Calif., adopted an ordinance requiring all new commercial and residential construction to meet the minimum LEED certification levels. In Chicago, green building designs must now be integrated into public building construction plans. The city also requires any residential buildings receiving city assistance to incorporate a green system.

Real estate owners and managers will soon have no choice but to accept the green movement is here to stay and adjust their courses accordingly.

Washington, D.C., is also considering green building legislation. The District of Columbia’s Green Building Act would require any new construction or renovation involving 20,000 square feet or more to meet green-building energy-efficiency standards. Even refinishing the interior of a 20,000 square foot space in an aging office building would require compliance with the latest green building standards, possibly mandating the replacement of building operating systems with more energy efficient equipment.

Real estate owners and managers will soon have no choice but to accept the green movement is here to stay and adjust their courses accordingly.

Real estate companies should become educated about what green means, specifically in the context of their real estate portfolios. They should anticipate the need to integrate green concepts into new developments, and develop plans for retrofitting existing buildings to incorporate green technology.

They should also make a concerted effort to stay on top of the changing green regulatory landscape so they are not caught unaware of legal requirements applicable to their existing buildings or planned projects.

Seeing green does not have to mean the expenditure of funds with no returns. Since an increasing number of buyers and tenants want their homes and offices to possess green virtues, paying attention to the green movement will also provide real estate owners and managers with a competitive advantage and a meaningful marketing tool.

Pamela V. Rothenberg (prothenberg@wcs.com) is a member of the Real Estate Development and Real Estate Technology Groups at Womble Carlyle Sandridge & Rice, PLLC, and the managing member of the firm’s Washington, D.C. office.
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<thead>
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<th>Robert B. Toothaker, CPM</th>
<th>Regina T. Mullins, CPM</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

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As the privatized student housing market explodes, property managers face new challenges and opportunities.
Student housing formerly evoked images of crusty, beer-drenched carpets, roommates bickering over phone bills and total independence from mom and dad. Today's Baby Boomer-classified parents, however, expect far more from the college experience for their Generation Y children.

Parents are now more involved in their children's lives than ever, regardless of their children's ages. As the cost of education has ballooned—causing parents to shell out tens of thousands of dollars per year on tuition, books and housing—parents have come to expect both aesthetics and access for their money.

As a result, privatized student housing has expanded, accommodating parents and students looking for top-of-the-line living arrangements, as well as assisting universities yearning to be relieved of non-education related responsibilities like housing.
BOOMING MARKET

College costs have grown faster than inflation each year for the past decade. Tuition in 2005 averaged around $21,000 per year at private four-year schools and around $5,500 per year at public universities, according to information from the College Board, a nonprofit membership association representing 4,500 schools. Throw in costs for room and board, and those figures jump to about $29,000 and $12,000, respectively.

With that kind of money being thrown around, it’s no wonder parents demand more appealing living accommodations for their children, and university-run housing just isn’t cutting it, said Robert Bronstein, president of The Scion Group, a Chicago-based development and property management company specializing in student housing.

Bronstein said within 20 years most student housing will be managed by private parties, just as the private sector now oversees campus bookstores and food services—ventures once handled in-house.

In fact, increasing numbers of universities and colleges have already handed off their student housing responsibilities to the private sector. The trend is fueled by two forces: the organic need to replace older, dated dormitories built when Baby Boomers entered higher education institutions in record numbers, and a shift on the institutions’ parts to eliminate non-academic endeavors.

“A lot of the housing was built for the parents of today’s kids, and it’s nearing the end of its useful life,” Bronstein said.

SILVER SPOONS

Despite the jaw-dropping price tags attached to a bachelor’s degree, parents often express privatized student housing is a great deal considering how nice the properties are compared to where they lived in college, said Craig Cardwell, CPM and chief investment officer of Allen and O’Hara Education Services, a Memphis-based subsidiary of Education Realty Trust, which manages student housing.

Cardwell said universities can charge whatever they like for university housing, and because university rates are not driven by the market, parents and students often find market-driven privatized student housing to be more affordable. Rents are generally between $400 and $450 a month per student, per bedroom throughout the country, except along the West Coast and in the Northeast, where rates might be as much as 25 percent higher, Cardwell said.

Parents like the concept of leasing by the bed, he said—as opposed to the entire unit. Such arrangements alleviate liability for any “no-good-roommate-who-I-never-liked.” Drama over splitting cable bills or the risk of being stuck with long-distance calls to a boyfriend in Botswana are sidestepped with all-in-one packaging, which can encompass rent, electric, gas, water, cable and Ethernet, phone and furniture.

Bronstein said parents are more likely to swallow steep price tags if the properties come with slick computer labs and fitness centers decked out with the latest equipment. Cardwell said the properties are often resort-like, touting tennis courts, tanning beaches and sand volleyball courts. He said ultimately, parents are paying for peace of mind, and the rest of the amenities are eye candy.

“As the college experience is more and more expensive,” Bronstein said, “it is also demanding more of an experience. A school with better living facilities is seen as having an advantage.”
A+ FOR SERVICE

Amenities and the individualized nature of privatized student housing communities aren’t the only benefits to such developments. The services attached to student housing are also a draw for parents and students.

Parents concerned about their child’s safety enjoy the access rights offered by privatized student housing developments. Since parents are usually the guarantors of the property at a private complex, they have more access rights than they would with university housing—regardless of a student’s adult status.

"Parents are body-slammed when their kid becomes a freshman," Cardwell said. "They’re paying all this money and they don’t even know what’s going on. Our attitude is if they inquire about a student, we have the right of access. It’s not our intent to be intrusive, but we do want to be attentive, and a concerned parent has an interest in us doing so."

Cardwell said parents also appreciate properties with an on-site resident assistant—a young adult accessible to students in case of personal problems or just to help with the practicalities of apartment living. This person is often a point person if a parent is unable to get in touch with his or her child. The resident assistant can also give students information on campus services like medical and counseling clinics.

Campus Advantage, a Madison, Wisconsin-based third-party student housing management company, hires a specialized staff to work with student residents. The staff members are often other university students, recruited from university-run student organizations where they have performed in leadership roles, said William J. Levy, CPM and the company’s executive vice president.

The staff is trained to help resolve conflicts among student residents; handle facility programming, like book clubs or dating games; put out a newsletter keeping residents informed; and handle issues popping up on the property.

Levy said parents especially appreciate the opportunities for social interaction and academic achievement among student residents, including exam-week tutoring sessions; kayak lessons in the community swimming pool; movie viewings followed by a moderated discussion in the clubhouse; and the ability to find roommates online. He said his properties offer one or two programs a week.

Cardwell also said programming is necessary for student housing properties to succeed.

"It’s important to keep students engaged," Cardwell said. "There’s nothing worse than [college students] having too much idle time to come up with interesting activities."

HITTING THE MARK

While the market for privatized student housing communities is booming and the amenities and services are attractive to both students and parents, student housing managers still need to market their properties.

"You have two markets—the market of students and the market of parents," Levy said. "Parents are looking for an environment that nurtures the student and gives them social and academic growth. They may be leaving the house for the first time and that’s a very traumatic experience—for both the parent and the child."

The key to forming relationships with the purse-string part of the equation is to act early. First-year students may make decisions about housing for the following fall as early as a year out. Keeping this in mind, Allen and O’Hara representatives attend college fairs aimed at high school students. This is a great way to introduce properties to parents long before private housing decisions are made, Cardwell said.

The company also advertises its student properties in alumni magazines and programs distributed at university sporting events, thus hitting the target market of parents who not only have a vested interest in their child, but in the university as well.

As for marketing efforts during on-site visits, when a student tours a private student housing property with their friends, parent information is collected and information about rent, deposits and liability are soon in the mail to mom and dad. Cardwell said 95 percent of the time,
parents follow up with a visit. He said parents usually want to look at the property because they have to give their stamp of approval.

Levy said furnishing model apartments in a way to appeal to both parents and students helps lease up spaces: In a single apartment, one bedroom might be outfitted with trendy, pop-color décor, a second with a campus bedspread and logo wear in the closet.

Levy said paying attention to everything from television stations like MTV to trendy retailers’ ad campaigns can help student housing companies keep in touch with their student market. He said the companies have to be careful not to take things too far in catering to students, though, because parents and university officials are not quite as impressed with some of the marketing tactics appealing to young adults.

Finally, marketing plans should be unique to the student housing properties at different universities, Levy said. While having one marketing plan for a company’s varied properties might be efficient, he said it might not be effective.

“What you don’t want to become is vanilla ice cream to everyone,” Levy said. “Colleges are so different. You have to be able to adapt to your markets so [the marketing plan] complements the students a college is going to be attracting. Give each community a personality.”

MANAGING THE MARKET
Privatized student housing communities introduce a variety of elements to property management not typically experienced managing conventional apartments. Gauging whether managing such communities is worthwhile really depends on the interest and personality of the manager, Levy said.

One of the major differences between managing student housing communities and conventional apartments is the level of interaction property managers have with their

GO TO COLLEGE, GET A CONDO
Parents of college students see condos as an investment for their own or their children’s futures.

The hot real estate market in recent years has caused many savvy investors to scramble to turn every housing expenditure into an investment. Parents of college students—many of whom require pricey homes away from homes—are no exception.

Brokerages around the country have noticed parents in many income brackets buying condos for their student children in lieu of renting. Even today when many markets have increased manifold and interest rates have inched upward, the trend persists because the monthly output after tax breaks continues to be at par with or even below rent in most cities. And the lure of a hot investment remains attractive, said industry insiders.

Robert Bono is a principal at Smithfield Properties in Chicago. The company developed a number of condo projects popular among students at downtown city universities.

“People are trying to manage the high cost of room and board associated with going to college,” he said. “It’s also part of this real estate trend, which has been fueled by people looking to invest in real estate assets as opposed to the stock market.”

Properties bought by students’ parents tended to be in the lower-end of Smithfield’s properties at between $100,000 and $300,000 for a one bedroom, Bono said.

Steve Priebe, marketing director for Skyline on Brickell in Miami said University of Miami parents scooped
residents, Levy said. Between developing programming for students and dealing with student residents' parents, he said interacting with the customers is a big part of the job.

"To do student housing correctly, you have to spend more time with your customer," Levy said. "It takes more face time. It's more engaging. It's going to take more than a bookkeeper, leasing agent and property manager."

To ensure he meets the demands of interacting with customers, Levy and his staff tailor their hours to accommodate the students. For the most part, they come in later and stay later, instead of operating on a standard 9 a.m. to 6 p.m. workday schedule. Students who are up early are usually at class, not the apartment. But students who are up late, tend to be at the facility, so he likes to have someone available to keep an eye out.

He also staggers his staff, rotating people in and out hourly to ensure someone will be around in the later hours when more students are around. He said on the flip side of later hours, are lighter summers and freed-up holidays, because students aren't around.

In spite of the fact he and his staff keep a watchful eye on students, and in spite of the occasional immature prank, Levy said it is a misconception to think students are any harder on the product than conventional apartment dwellers. Still, he said it does take tolerance and understanding to manage a student housing community.

Up one-bedrooms for about $200,000 two and three years ago when the buildings first hit the market. Today the condos go for $350,000 to $1.2 million.

In his four years as an agent for Boston Condo, Jonathan Solomon has seen many parents buy in student-populated areas of Boston like Allston, Brighton and Fenway. Parents often will buy a two-bedroom and rent out the second bedroom to a friend of the student. For one-person condos, properties around $200,000 are common, though last year the parents of an Emerson student purchased a $479,000 unit in a building outfitted with a concierge and pool.

On the other end of the spectrum, the parents of two college-age daughters recently bought a one-bedroom and turned the living room into sleeping quarters for one of the girls.

"It ended up being much less expensive than the dorms—and quieter," Solomon said.

After graduation, a number of scenarios play out. If the apartment isn't sold at a profit, it may become a rental investment property. In Miami, it's common for parents living in the Northeast to keep the condo as a vacation home. In Boston and Chicago, the new professional may stay on with a great start as a homeowner once his or her parents turn over the mortgage.

"They can stay in the place and are all set when they start working in the city," Solomon said.

"You have to be patient," he said. "You have to understand where they are in their life. The people you're working with are going through a major growth point in their lives."

But patience is a virtue, and it might just pay off in the student housing market. It is a solid investment with occupancy rates tending to be higher than the rest of the multifamily market, Bronstein said.

"The demographics are no secret," he said. "You can see it 18 years out—kids are born, and 18 years later they're going to school. To control a piece of ground near a school is to count on a stable clientele for, basically, forever."

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Emma Johnson is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org
MIXED BAG

CONSTRUCTION OF MIXED-USE PROPERTIES CREATES CHALLENGES FOR MANAGERS JUGGLING DIVERSE TENANTS’ NEEDS by Allan Richter
The $1.6 billion Time Warner Center at New York's Columbus Circle is a Rubik's Cube of multiple uses. The 750-foot, twin-towered complex houses Time Warner's global headquarters, the Mandarin Oriental luxury hotel, retail spaces, restaurants, offices, luxury apartments, CNN Live broadcast production studios and a concert hall.

"Running a building like this is like conducting an orchestra: You have to make sure all the parts are in harmony," said David Froelke senior vice president and retail general manager for the Related Companies, the project's developer. "We're always checking one use against the other to make sure what one does, does not interfere with the other."

Getting all the different components of a mixed-use development to work well together involves an inherent contradiction: Developers must provide common areas and features that unite and engage a property's diverse tenant mix without allowing tenants to encroach on one another's private spaces.

"The key is knowing what you're going to build, understanding the synergy of all the uses and their needs, and then building to that," Froelke said.

A developer's mastery at building a mixed-use project impacts a property manager's mastery at managing the project. Even though property managers typically step into mixed-use developments long after the last nail is driven, their success accommodating different tenants and communities under one roof depends largely on how the developments are designed and built.

"If all the right systems are in place," Froelke said, "all you have to do is enhance the experience and the synergy occurring within the building."

MIXED USE—UPS AND DOWNS
Planning and building a mixed-use project from the ground up is not easy considering the myriad design issues at hand. Security needs, electric and other utility loads, parking requirements, maintenance, plumbing, fire protection and even the way a development is framed during construction varies for retailers, residences, offices and other tenants.
Gaines Street mixed-use project, in Tallahassee, Fla., will have residential units above retail.

If you are a property manager considering work at a mixed-use development...

- Study the development's plans to determine if adequate planning and design work coordinated the project's various uses so they have not encroached on one another after construction.
- Hire an architect or consultant to interpret the plans if you are not well versed in architectural plans and documents.
- Visit the development and talk to tenants representing each of the project's constituencies.
- Be confident, even if you do not have experience managing a mixed-use property. The developer or project owner may be impressed with your multitasking management skills and your ability to solve problems logically.

especially difficult to construct with the goal of minimizing tenants' impact on one another, said Eric Brock, a principal and director for the housing and mixed use studio division of Atlanta-based Lord, Aeck & Sargent Architecture firm.

"As you bring these different users with different requirements into closer and closer proximity, you have more potential problems and challenges in terms of design, construction and management," Brock said.

Because different uses are stacked on top of one another, certain technical systems, like plumbing, run up and down and bridge between users. Too often, inexperienced developers stack residential units directly above retailers without first designing an "interstitial" space where plumbing and electrical wires can be tucked between the two units, said Ray Peloquin, vice president at RTKL, an architectural firm in Baltimore.

In addition, even though different tenants and residents rely on technical systems like HVAC or water heaters to varying degrees, tenants and residents often share these systems. Should a retailer do something to negatively affect the ventilation system, its space would not be the only one affected. Residents who would likely be less demanding on the system would also be affected.

Charlotte Strain, CPM and senior director of retail for Avalon Bay, said separating as many systems as possible is helpful. Separate systems minimize tenants' impact on one another, and they make operating expense recovery easier on the property managers, she said.

Duplicate technical systems exist at the Time Warner Center to combat many of the problems sharing systems can create. The development has two central plants—one for Time Warner and one for the rest of the building. Having numerous chillers, pumps, main water lines and gas lines on site allows for a backup system to feed the building in case another system breaks down.

CAUSING A STINK
Duplicate technical systems, along with other creative construction designs come in handy when trying to create a positive sensory experience for a mixed-use project's tenants and visitors. The sights, sounds and smells of a mixed-use development are as varied as the tenant mix.

"There will be complaints from competing interests," Strain said. "Retail is noisy, flashy, exciting and vibrant, and that's why city planners love it. Residents will also think it's cool a Whole Foods is downstairs, but not so much at 11:00 at night."
Sound is one of the bigger concerns in developing mixed-use projects, Brock said. Sound that encroaches on other tenants is often the result of spaces and holes created for plumbing, wiring or ventilation systems and duct work for restaurants. He said isolating those areas is important so they don’t transmit vibrations into residential units.

An enormous glass window stretches from the Time Warner Center's four-story atrium Great Room—where retail outlets are housed—to the Jazz at Lincoln Center's Allen Room performance hall. The glass was designed to keep city sounds out so those sounds don’t interfere with performances.

"Although everything possible was done to make the performing arts venues at Jazz acoustically perfect, there is time when noise travels to the venue from the Great Room," Froelke said. "If they’re having a quiet performance and we’re having a major event in the Great Room, we have to make sure the timing of each event and performance is adjusted accordingly."

As for other potential invisible nuisances, smells rank right up there with noise. Vents from restaurants at mixed-use developments should empty to a roof rather than to an air intake, balcony or outdoor area near where people might be working, said developers at Peterson Management L.C. in Fairfax, Va. They said they typically avoid having the restaurant entrance or exit open into a lobby.

In addition, restaurants should have their own air conditioning systems. Air pressure should be greater in the building areas designated for other uses so air travels into the restaurant instead of the other way around. Strain said restaurants’ ventilation systems should feature scrubbers to clean the exhaust from their systems.

**PARKING PROBLEMS**

Parking is one of the trickier arrangements in a mixed-use development. If not designed correctly, it can be a big headache for property managers who have to wrestle with tenant infighting.

Mixed-use developers and property managers have to contend not only with different categories of tenants, but also with different sub-categories. Consider the big-box retailers like Target and Circuit City residing with smaller boutique stores at the Shops at Midtown Miami, a property developed by Developers Diversified Realty, a development and property management firm based in Beachwood, Ohio.

Slated to open this fall, the 645,000-square-foot development will be next to 2,800 residences on North Miami Avenue. The mixed-use arrangement means Developers Diversified Realty had to tailor parking for each type of tenant.

Because its urban setting lacks available space, Midtown Miami does not have the kind of surface parking typically found at a shopping center housing big-box national retailers.

The Shops at Midtown Miami in Miami mixes big-box retailers with small boutiques, as well as residential housing. As a result, a detailed parking plan was necessary.
Instead, the development features structured parking on different decks, each with entrances to the stores. Valet parking will help ease the problem of limited space. Consumers can pull up close to the stores where they want to shop before their cars are parked at a bigger on-site facility.

“The big-box retail tenants’ requirements in terms of parking are close proximity, pull-up driving, easy in-and-out access,” said John S. Kokinchak, senior vice president of property management at Developers Diversified. “At the same time, we have to balance that with the other parts of the development that are more lifestyle center-like, where you want to encourage the tenant to park, walk around and not simply run in and out of the stores.”

To keep the development’s residents from taking coveted parking spots meant for retail consumers, Developers Diversified planned a designated residential parking area, Kokinchak said. The separate area also gives residents an extra layer of security.

“Nesting technology” is being installed to ensure residents use their parking spaces, and not the retailers’. Residents can only leave the parking structure if a key card reader determines entering residents have used their cards to enter the main parking structure and then used it again to enter the residential parking area.

To further keep retail tenants happy, the developer set the residential parking spaces farthest from the stores. “We measure the value of the parking spaces in this industry by the amount of time it turns,” Kokinchak said. “Each turn of a spot is another customer. So we want to push the long-term parking consumer to the least desirable area.”

LOGICAL CAREER MOVE

Imagining why a property manager would tolerate all the extra headaches that come with operating labor-intensive mixed-use developments may be difficult. But Strain said the challenges attached to mixed-use developments are the reason she enjoys managing such properties.

“It’s more challenging than managing one type of use,” she said. “Personally and professionally for me, it’s not so stagnant and stale. It’s more fun to do something that has bumps in the road.”

Where should mixed-use development owners recruit and hire property managers—especially if they have no mixed-use experience? Given a choice between a property manager with residential or one with retail experience, Robert Baird, chairman of Winner Baird Real Estate Inc. of Corona, Calif., said he would choose the latter.

“I value the person who can handle retail owners, who [is] business driven,” said Baird. “It’s being able to think logically rather than emotionally, and on the business side, it’s usually a logical answer. On the residential side, it’s an emotional answer. You have to never get involved in the emotion; you have to solve the problem.”

Strain said with the rapidly growing popularity of mixed-use developments, spurred by the trend toward New Urbanism and the rise of dense lifestyle centers where residents give retailers a built-in consumer base, property managers—regardless of what they currently manage—need to get acquainted with these property types.

“This is a trend of the future,” Strain said. “There’s a shortage of land, and you have to jump on the bandwagon or you’ll be left behind. If you don’t get experience [managing mixed use], you’ll be a dinosaur. It will be like being computer illiterate in today’s world.”

Allan Richter is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.
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IREM Institute of Real Estate Management
When it came to family, F. Orin Woodbury meant business. After founding Woodbury Corporation as a brokerage and property management firm in Salt Lake City, Utah, in 1919, he encouraged his family to get involved in the company.

Now, 87 years later, the company—a commercial, retail, office and hotel development and management corporation—is run by third-generation Woodburys.

“I always expected to go into the family business,” said O. Randall Woodbury, CPM and vice president of property management. “We grew up around it. It was dinner-table conversation.”

The Woodbury family’s ability to continue the business through multiple generations has beaten the odds. Fewer than half—43 percent—of second generations and 23 percent of third generations take over family businesses, according to the American Family Business Survey, conducted by MassMutual Financial Group and the Raymond Institute.

Subsequent generation takeovers experience a greater decline, according to the survey: Nearly 5 percent of fourth generations and a little more than 1 percent of fifth generations take control.

Between financial hurdles and complicated family relationships, keeping the business—and assets—within the family is challenging, sometimes spelling economic disaster for families if not planned properly.

“Planning is critical because it gives the family an opportunity to put into effect what their goals and objectives are,” said Peggy Hollander, managing director at the Succession Group in New York City. “You want to have a plan that is flexible enough to be modified and changed tomorrow; it’s an ongoing process.”

GENERATIONAL GROOMING

One-third of family-run firms have CEOs older than 60, and half of them will likely retire within the next 10 to 15 years, resulting in a major shift in control and wealth, said George Vozikis, director of the Institute for JPM www.irem.org
Family Business at the University of Tulsa and the Edward Reighard management chair at California State University, Fresno.

As the baby boomer generation begins to retire, more family businesses will experience the challenges of growing a business through multiple generations. Recognizing whether future generations are both interested in and capable of running the business is important for passing the business along intact and with potential to not only survive, but thrive.

"One thing I see a lot is the owner's expectation that the next generation is going to take over, but then they don't have an active plan in place to train them," said Jeralyn Seiling, special counsel in the family wealth group at Farella Braun & Martell in San Francisco, Calif. "There is an expectation that by working in the business, the second generation is going to somehow just pick up the expertise."

Often, second or third generation family members work in specific departments, like sales or marketing. Consequently, they only know their respective areas and not business operations as a whole. Experts recommend business owners put a formal or informal training program in place to ensure the next generation understands how the business is managed, makes money and so forth.

Woodbury worked at the company's various properties as a teenager, but knew he needed more advanced knowledge of business and finance to successfully manage the business as an adult. As a result, he went to college and majored in finance with an emphasis on real estate. Today, Woodbury, and his fellow third-generation cousins and his siblings are educating the fourth generation about the inner workings of the company and the family's assets.

"We're trying to treat them just like investor partners," Woodbury said. "We have periodic meetings where we educate them and give them reports. They are all affected by it because it is their inheritance and their investment interests."

Woodbury also said passing on a strong work ethic to younger generations is important: "One of our big
challenges is continuing to instill the need and desire to work hard and work together into future generations. In the rise and fall of family businesses, the risks seem to come when you get the generations that feel they are entitled and don’t have to work.”

**CHAIN OF COMMAND**

Family business owners must take an objective look at the next generation to determine what role each family member will play in the company’s future. While determining the chain of command might potentially create rifts or stir up tension, keeping the business and family relationships as separate as possible is crucial.

“Business owners have worked their whole lives to create the value of their business, and they don’t want to pass it down to the next generation only to have a huge family squabble that ends up destroying the business,” Seiling said.

In many family succession situations some family members are involved with the business to a greater extent than others.

“The problem is if a controlling interest in the business is only going down to one of the kids, but the others also own a piece of it. You’re essentially locking them all together,” Seiling said. “The others are going along passively but expecting to get money out of the business.”

The designated business manager may not want to run decisions by the others who are passive investors. The investors, however, may want to oversee the company’s critical business decisions. Recognizing options to avoid some of these conflicts of interest is vital.

“Sometimes [you can plan] for one to buy-out the others or sometimes it means taking voting control away from the kids who are not actively involved, except in key issues like the sale of the business,” Seiling said.

In other situations, deep-seeded sibling rivalry and personality clashes can seep into business ventures and operations. In such cases, some businesses hire a family business coach—often a trained psychologist—to mediate the transfer of power.

In the rise and fall of family businesses, the risks seem to come when you get the generations that feel they are entitled and don’t have to work.

“Sometimes there may be situations that go back to childhood where siblings fight with each other; you need to keep those things out of the business,” Hollander of the Succession Group said. “The family business coach will help the family business operate like a business and come to agreements on who is to do what and what the expectations are of each of them.”

**THE NUMBERS GAME**

A number of legal and financial issues requiring advisement will arise in family business succession and estate planning. Currently, any U.S. citizen or resident can leave $2 million to their heirs tax-free and an entire estate—regardless of the value—to a spouse.

Eventually, however, surviving heads of families—and heads of family businesses—will pass away, and any amount over $2 million will be subject to a hefty federal tax of 46 percent. For instance, the heirs to a $10 million dollar business must pay $4.6 million in federal taxes.

To minimize these taxes, family business owners can actively reduce the value of their estates during their lifetimes by gifting assets to family members, said Mary-Anne Rhodes, Professor of Law at Loyola University Chicago School of Law. Yet, unlike estate taxes only imposed upon death, gift taxes are levied any time property is transferred as a gift.

Business owners can avoid these steep taxes by making gifts strategically. In the United States, gifts can be conferred tax-free for up to $12,000 per recipient, per year. Rhodes said a business owner could line up 10 people, give them each $12,000 and get rid of $120,000 from his or her estate and not have to file a single gift-tax return.

Many business owners who plan to transfer ownership of their company to future generations can begin to gradually transfer—or gift—stock in the company. They can give ownership stakes in the company to kids, grandchildren, nieces, nephews and so on, and it doesn’t really cost a thing, Rhodes said.

Some business owners will do a gradual transfer of non-controlling interest in the business—essentially transferring quite a bit of value at a low transfer tax cost, Seiling said. However, recent tax laws have made structuring company stock programs in that way more difficult.

“For years we had a lot of freedom
to construct the company with voting and non-voting control," Rhodes said. "But the IRS has basically clamped down on it [as] a valuation gimmick. It's not impossible to do that structure today, but it is not as favorable."

Another option for business owners is to reduce the size of their estate with limited tax penalties by transferring shares into trusts, with children and other family members as beneficiaries. Business owners may structure trusts for family members and still claim the $12,000 annual exclusion without having to give away direct ownership, Rhodes said.

At the Woodbury Corporation, the family's assets are divided into two separate entities: real estate investments and the operating company. The real estate investments are held in various LLCs, partnerships, trusts and corporations.

"As with all property managers, we're the stewards for the real estate assets of many investors," Woodbury said. "In our case, many of the investors happen to be relatives. In the case of those family members who are working actively in the business, they're not just investors; they're literally managing their own inheritance."

Woodbury said the second generation has already done a lot of gifting to subsequent generations by creating children's and grandchildren's trusts and limited partnerships in an attempt to reduce or limit the growth of their estate.

**LETTING GO**

As in all parent-child relationships, there comes a point when parents must let go. In the case of family businesses, that also means letting the company go.

"There is always an emotional attachment to a business you have worked so hard and long to build, develop and grow," Hollander said. "What is most important, however, is letting go."

But, when founders expect to continue drawing funds from the business post-transfer, it may be harder to simply step aside. In some situations, when the ownership structure changes and the first generation becomes a minority position, they can still influence very critical decisions. Experts warn against this type of influence.

To avoid conflicts in controlling the company, Jan Margolis, managing director and owner of Applied Research Corporation, an HR consulting firm in Metuchen, N.J., said the first generation could take phantom stock. With phantom stock, the first generation can still benefit if the company is sold or makes significant profit, but they lose their ability to make critical decisions.

"This is protection for the new heir," Margolis said. "It meets the parent's goal of getting the annuity stream and staying involved, but it leaves the new head of the business free to operate without constraints from the parents."

Whether the business is being passed down to future generations in the next year or in the next 15 years, one thing is certain: Solid family succession and estate planning is crucial to protecting a family's assets and business for future generations. □

Diana Mirel is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.
Good landscaping revitalizes any property, often attracting new tenants and residents by Diana Mire.

When it comes to curb appeal, nothing packs more punch than good landscaping, and that's no secret.

American homeowners spent around $68.5 billion shopping at retail garden outlets and investing in lawn care and landscaping services in 2002, according to a survey published every several years by the American Nursery and Landscape Association. Managers of all types of properties are also investing in quality landscaping to increase interest in their properties and decrease vacancies.

"Landscaping creates the curb appeal property managers need in order to compete with the next business park or retail space over," said Dean Carpenter, founder and president of Houston Landscapes Unlimited. "They need to do something to enhance the property to be more attractive."
However, effective landscaping requires more than an oak tree here or a few begonias there. For a return on investment, property managers must understand not only the value of landscaping, but have a thorough landscaping plan and reliable landscaping partners, as well.

**FIRST IMPRESSIONS**

When it comes to first impressions, they might as well be last impressions, said Matthew Wolach, director of business development for Parker Finch Management in Phoenix, Ariz. He said landscaping is often the first thing people see when they visit a property, and people will make snap judgments based on its appearance.

"If you get a good, strong first impression of something, that first impression is tough to change over time," he said. "If the landscaping is good, it will give a first impression of being a strong property, and if it is not so good people are going to instantly think poorly of the property."

Wolach said keeping the landscaping clean, free of debris and trimmed are ways to make a property’s landscaping shine. Overgrown trees and bushes and having any weeds at all imply management is not taking care of the property, he said. If management can’t take care of landscaping, it sends a message they might not be taking care of other important details, like tenants and residents, he said.

Seattle-based Lorig Management Services focuses heavily on landscaping its residential properties because these common, landscaped areas are considered an amenity among residents and can sway renters to sign leases, said Barry Blanton, CPM and Lorig’s president.

He said the Lorig-managed Madrona Court apartment complex in Seattle is popular because of its garden area. With 22 units above a restaurant, outdoor space is limited, but the company has maximized the space they do have with perfectly manicured arbors, trellises and a canopy of trees.

Blanton said the units are almost always full despite minimal advertising, and for the most part, people who visit the apartments and see the landscaped area, end up renting.

"It’s just that striking," Blanton said. "In an urban environment you want to make the best use of the space you have. People are completely blown away when they see it, and that high impact helps us greatly."

**PLAN OF ATTACK**

Designing a space intended to blow people away mandates a good plan. Property managers should discuss overall goals with landscape professionals and ask for guidance about what the property will require in terms of soil, irrigation, plantings and general improvements to the area.

"When it comes to good landscaping, it’s an asset that needs to be maintained, just like your physical building needs to be maintained," Blanton said. "You need to deal with things before they become urgent. If you have a budget and you have an optimal plan for your landscaping, then you’re more likely to consistently have great landscaping."
Landscape planning for the year requires attention to the budget, weekly maintenance, watering, trimming and mowing, dead-heading and planting flora and fauna to maintain the look year-round. A good plan also addresses trash removal, mulch, soil and unique situations at specific properties.

In some cases, management may want to create a fresh look and will call in a landscape designer to draw up plans. Blanton said Lorig brings in a designer every two to three years to assess the landscaping overall and make recommendations.

“We don’t hesitate to pay for that because we know what an amenity landscaping is,” Blanton said. “And, it is certainly not as expensive as [adding] swimming pools, tennis courts and community rooms.”

Determining good landscaping and choosing the best landscapers for a property requires some research. Property managers should find out which landscape companies are responsible for landscaping they have seen and liked. They should take time getting to know the companies’ different areas of expertise.

“You definitely want to look for a landscaping company that has a system,” said Wolach. “Make sure they have a plan and an outline for how they are going to make your community into something special.”

INVEST IN BEAUTY

Having a landscaping plan allows property managers to determine the goals for grounds care and maintenance, which often coincides with planning annual budgets.

Like any good investment, landscaping comes at a price, or a wide range of prices, rather. No fixed number exists for a landscaping budget; it is customized for each property. Property managers must determine how much money they can spend based on their needs. If a total transformation is outside the immediate budget, hope is not lost. Revitalizing the grounds does not necessarily require a complete overhaul.

Carpenter, of Houston Landscapes Unlimited, once worked on an office park where he was able to work within the $50,000 budget by incorporating some of the property’s existing plants and trees with new elements.

Had he ripped out and redone the whole space, the project would have cost $150,000, he said. But by trimming big bushes into little trees and adding shrubbery, he gave the property a lift and ultimately saved the client $100,000.

Aside from considering how much to budget for landscaping in general, property managers must consider how to allot the landscaping budget—deter-
With so much money going to buying or installing materials and how much goes to maintenance.

For Regency Centers of America’s grocery-anchored shopping centers, installation is not a huge expense, said Erik Tompkins, the company’s property manager. He said maintaining it, however, is definitely a big part of the common area maintenance budget. It is anywhere from $.25 to $.40 per square foot, he said.

Wolach said between 20 and 40 percent of a community association’s budget is devoted to landscaping maintenance after items like the landscaping management contract, irrigation issues, replacement for trees and any reserves for landscaping issues—like pipes, controllers or valves reserved for a rainy day—are taken into account.

Blanton said putting up money for landscaping is worth it, as long as the money is spent wisely with a plan of action in mind and experts to help managers make good decisions.

“I’m a proponent of putting a nice investment in landscaping,” Blanton said. “You wouldn’t invest in something without a plan or really relying on someone who knows the business. Ultimately, if you’re going to spend the money, spend it wisely.”

**LEAVE IT TO THE PROFESSIONALS**

With so much money going to maintenance, real estate managers should ensure they’re getting the best maintenance possible.

“The fellow who installs it has to be good, but the person taking care of it is vital,” said John Chiarella, president of Ultimate Grounds, a landscaping company in Fairfield County, Conn. “You can have a designer whose plans are drop-dead gorgeous, but in one season it will fall to pot if you don’t dead-head, prune, add the colors and what not.”

Although on-site maintenance staff can manage everyday issues that arise, property managers said grounds maintenance requires specific expertise. Outsourcing landscaping maintenance is usually a management company’s best bet.

Blanton said outsourcing ensures the expertise necessary to protect the investment and offers the advantage of having an expert or team of experts whose sole responsibility on the property is caring for the grounds.

“We could probably save a little money if we have on-site people do that kind of thing, but that isn’t their forte and this has been an investment so we really want to maintain it,” Blanton said.

By outsourcing the maintenance, managers and on-site staff can focus on other aspects of the property that need their attention.

“The advantage of outsourcing is that it allows us as a real estate company to focus on what we do best and hire people who are landscapers and let them do what they do best,” Tompkins of Regency Centers of America, said.

While maintenance is obviously a vital part of landscaping, the key is making sure the grounds are doing their job—increasing curb appeal.

“Landscaping can never look bad,” Blanton said. “It has to look great or it’s not doing what it is supposed to do.”

**COMMON PROBLEMS, NOT COMMON SENSE**

Making landscaping look great involves some challenges both in planning and maintaining a project.

Wear and tear on the landscaping is one common concern. For instance,
urban properties typically have a high amount of foot traffic, which can spell disaster for exposed landscaping. A solution to foot traffic is setting up numerous planters and using minimal grass.

Another common problem in urban settings is lighting.

"When you have a high rise, there are typically other high rises around it, so the challenge is having adequate sunlight for the landscaping," Wolach said. "If you have a tree, ground coverings or bushes, it is often in a courtyard that only gets a few hours of sunlight, which hampers the growth process."

Solving the lighting issue often means working with landscape professionals to determine the best plants for the property with minimal sunlight requirements.

While urban properties may have less flexibility with lighting and space, suburban properties can be equally challenging. The key component in a suburban property is the grass and water.

"If you're going to have a lot of grass, which people love, it's going to cost you a lot of money in water expenses," said Wolach. "If you have that much lawn, you're also going to pay a landscaper a lot more to water it, manicure it and seed it."

When trying to keep costs down, Wolach's associations often replace grass with gravel or bark. He said the up-front cost of installing gravel or bark is more expensive, but in the long run using such materials offers savings because little maintenance is required.

Wolach said the landscaping challenges managers face are often problematic because the solutions aren't clear cut.

"If you don't have experience or education in the landscaping industry, it's not common sense; it's something you have to have learned and maybe have learned the hard way," Wolach said.

THE PAYOFF

Despite the challenges, payoff abounds when it comes to investing in landscaping. The promise of increased property values is a strong incentive for property managers and owners.

"I would argue quality landscaping makes current homeowners feel better about their community and, thus, less likely to leave," said Wolach. "If they are less likely to leave, then the laws of supply and demand take over and the property values go up."

Simply redoing landscaping can also help breathe new life into properties not performing optimally. Panther Creek shopping center in Houston, received a much needed shot in the arm thanks to a landscaping renovation, Tompkins of Regency Centers of America, said.

After rejuvenating the site, the grounds were covered with new grass, flowers and day lilies throughout, and new shrubbery and plants.

"An outstanding landscaping package makes people want to shop there and makes tenants want to lease there," Tompkins said. "It also gives your company a good image if you have a really manicured, nice property."

Blanton said at the end of the day, nothing works harder for a property manager or a property than a property's landscaping; therefore it should not be neglected.

"There are certain things you can do for a property, but essentially your curb appeal is huge," he said. "It's your marketing. It creates a first impression, a lasting impression, and it works for you 24 hours a day, seven days a week. It's a reflection of how you manage the property."

Diana Mirel is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.
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As the advantages of greening properties and becoming LEED certified become more evident, property managers find ways to make their existing buildings more eco-friendly through maintenance by Kristin Gunderson.
Life's decisions are rarely black and white: Many decisions made by property managers today are actually clouded by shades of green.

Going green and deciding to implement eco-friendly practices at a property is often complex—requiring an evaluation of sometimes hefty up-front costs versus long-term gain, and serious consideration of how managing properties might impact the environment.

A green revolution, however, and customer demand for green practices are influencing the decision-making process, and real estate managers are being forced to look on the other side of the fence, where the grass just might be greener.

"There is a whole wave with the green movement right now," said Kim Carlson, CPM and owner and founder of Cities Management, a property management company in Minneapolis. "I think customers are expecting this now. It's becoming an expectation rather than a fluffy do-gooder thing."

With customer demands and the environment to consider, property managers are looking for simple ways—particularly on the maintenance end—to green their existing buildings and enjoy the benefits attached to environmentally conscious real estate management.

"Leading" the movement


The program is volunteer based but is backed by the government, which has started offering incentives to those who participate. More than 400 projects have received LEED certification since 2002, and almost 4,000 more projects are registered for certification, according to information from the U.S. Green Building Council.

The increase in LEED participation and the greening of buildings is likely related to economic, productivity and community benefits, said Cary Bainbridge, marketing manager for OneSource, an Atlanta-based commercial cleaning and building maintenance company offering a green cleaning service.

"Becoming LEED-certified is good business," Bainbridge said. "It's been gaining momentum, and it's not going away. More and more LEED-certified buildings are enjoying marketing benefits and increased property values. As a property manager, that would be really attractive when you're trying to lease space to tenants."

LEED certification is not solely available to new construction buildings. Certification for existing buildings launched in 2004. It requires existing buildings to meet a set of sustainable operation standards, which don't necessarily require the drastic alteration of buildings' interior or exterior surfaces.

In fact, instituting an effective eco-friendly maintenance plan alone can score more than 40 percent of the points required to be considered a LEED-certified existing building. Bainbridge said OneSource's GreenSweep facility maintenance program—a program intended to help clients reduce waste, promote indoor air quality and decrease pollutants from spreading throughout their facilities—can help its clients obtain up to 15 of the 32 points required for the designation.

**Mr. Clean versus Going Green**

Green maintenance programs range from simply using environmentally friendly cleaning products or building materials to integrating more complex recycling and waste management programs.

Bainbridge said a green maintenance program is one of the least expensive and most practical ways to green a building. Carlson also said going green doesn't have to be pricey, and the payback for investing in green maintenance is incredibly fast—ranging from six to 24 months.
“It’s inexpensive and it’s accessible,” Carlson said. “You can do things that are higher tech and more involved, but doing something with your waste stream or lighting is easy. We make decisions on those [issues] every day—so why not green it and improve your net operating income and the happiness of your occupants?”

The expense and ease of implementing environmentally conscious maintenance plans of course varies depending on a maintenance company’s offerings and a property management company’s needs or goals. Bainbridge said customizing such plans is important.

“Everybody has different needs,” Bainbridge said. “It’s about looking at your building holistically and deciding what makes sense for your building, and saying; ‘What does green mean to me?’”

GreenSweep, which launched in October 2005, offers three levels of service ranging from using Green Seal certified and environmentally preferable chemicals in level one to relying on processes preventing the spread of pollutants in level two to implementing an effective recycling program and energy conservation in level three. Bainbridge said 80 percent of clients are interested in level one green maintenance programs.

Cities Management’s Green Earth Initiative maintenance program also offers alternatives to traditional maintenance. The program focuses on a variety of areas including energy efficiency through using materials like compact fluorescent light bulbs; water quality and conservation; non-toxic lawn care and pest control; ecological construction and remodeling with eco-friendly materials like flooring and carpet; and environmentally sound products like carpet shampoos and paint with low or no volatile organic compounds.

Carlson said with all the green products and materials available on the market today—from cork flooring to grout sealers to green insulation, all made of renewable resources—greening a building through maintenance operations can be quite simple.

**green institution**

Investing money in products doesn’t make much sense, though, if managers don’t invest time in backing up the products with a green cleaning process or communicating the process so everyone can work together to achieve the goal of having a cleaner, healthier and more efficient building, Bainbridge said.

“When [property managers] identify what green means to them and implement a plan, it is key to communicate that plan to the people in their building every day,” she said.

Bainbridge said an effective green cleaning plan takes a holistic approach—considering all a building’s purposes and uses; focusing beyond surface dirt to eliminate bacteria and pollutants that go unseen; offering products and services that qualify for third-party certification from organizations like Green Seal; training and educating employees so they may appropriately implement the program; and communicating the program’s goals, advantages and tactics to the participating community.

Part of getting the plan right is choosing the appropriate green facility maintenance provider, Bainbridge said. Partnering with a maintenance company that understands a property management firm’s challenges, mission and goals is key to greening the facility, she said.

Real estate managers should understand what going green means and educate themselves on what a solid program entails, she said. Property managers need to communicate their definition of green to maintenance providers, so everyone is on the same page.

Bainbridge said getting an assessment and having the maintenance company evaluate the property, while the manager in turn evaluates the maintenance company’s janitorial products to ensure they are certified, effective and match the property’s needs is...
important. Property managers should also make sure the maintenance providers are using durable, energy efficient and quiet equipment, she said.

Acquiring all the information necessary to institute an effective green maintenance program can be a challenge, so Bainbridge said managers wanting to be more informed can get involved with their local U.S. Green Building Council chapter and turn to the organization’s Web site for a wealth of resources.

Carlson said trying out products personally—implementing green practices and products into maintaining one’s home—is a great way to test the waters, figure out what works and transfer that knowledge into property management.

give green a chance

Bainbridge said green cleaning programs promote health, safety and social consciousness. Instituted properly, she said green cleaning can help decrease pollution and health problems related to allergens, chemical sensitivities and contaminants like mold and bacteria.

Increased worker satisfaction, as well as improved morale and reduced absenteeism among employees have been attributed to their buildings’ green cleaning programs, she said. Such programs have also reduced costs related to sick leave, health care and productivity for building management, tenants and residents, and janitorial companies.

In addition, Carlson said environmentally responsible real estate management has reduced liability and chances for lawsuits stemming from the effects of poor indoor air quality on tenants—an important feat considering Americans spend between 70 and 90 percent of their time indoors, according to the Environmental Protection Agency.

Incentives in the form of tax breaks are also becoming a more commonplace advantage to owning a green building. New York’s 2005 green building initiative and Oregon’s energy tax credit for businesses are examples of tax breaks for going green.

Carlson said because so many green maintenance programs end up saving energy—either through products or equipment—they end up saving money, too. She said properties’ bottom lines or the net operating incomes often improve.

Bainbridge said the advantages of a green maintenance program are so great, more building owners and managers are considering their implementation—whether it’s to obtain LEED certification, cut energy costs or create a healthier environment.

“It’s growing like you wouldn’t believe,” Bainbridge said. “The benefits are so great I can’t imagine why someone would not want to green their building—at least in the housekeeping area.”

Questions regarding this article can be sent to kgunderson@irem.org.

www.greenseal.org: Green Seal is an independent non-profit organization that certifies a wide variety of products, determining whether they meet certain environmental standards. Certified products and product standards are available on the Web site.
Landing the deals

- **Levin Management Corporation, AMO**, made several business transactions:
  - It completed the renovation and repositioning of Capitol Plaza in Bangor, Pa. Ace Hardware leased nearly 16,000 square feet in the center; Rite Aid leased 11,000 square feet.
  - It leased 4,572 square feet of office space to Wachovia Securities in the Village at Bedminster in Bedminster, N.J.
  - It leased 14,650 square feet of space to Golf Galaxy at St. Georges Crossing in Woodbridge, N.J.
  - It leased 2,000 square feet of office space to H&R Block at Oak Park Commons in South Plainfield, N.J.

- **Divaris Real Estate**, which comprises **Divaris Property Management Corp., AMO**, announced the following deals:
  - It leased 2,966 square feet of office space to Don Richards Associates in the Interstate Corporate Center in Norfolk, Va.
  - It leased 3,263 square feet of office space to OmniMortgage Real Estate Inc. in Windwood Centre in Virginia Beach, Va.
  - It leased 4,345 square feet of office space to LeClair Ryan in One Columbus Center—the town center in Virginia Beach’s central business district at Pembroke.
  - It leased 17,672 square feet of office space to C2 Technologies Inc., in City Center at Oyster Point in Newport News, Va.

- **Trammell Crow Company, AMO**, made several business transactions:
  - It sold a 6,000 square-foot, two-story building located in the heart of Virginia Commonwealth University’s downtown development project in Richmond, Va., to Benwing Ventures LLC for $435,000.
  - It sold a former Mobil service station in St. Clemens, Mich., at a $1.2 million listing price.
  - It leased 3,500 square feet of office space to Health Providers Choice Inc. at Concorde Centre in Farmington Hills, Mich.
  - It renewed a lease of 1,730 square feet for TEPRO Inc. at the Arboretum Office Park in Farmington Hills, Mich.

- **ContraVest Builders**, which comprises **ContraVest Management, AMO**, was awarded a $29.5 million construction contract to build a 323-unit apartment community on the south side of Jacksonville, Fla., to be known as Indigo Apartments.

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**RentalHouses.com is IREM’s newest affiliate partner**

IREM has partnered with RentalHouses.com to provide a program for IREM’s members, offering discounted Web site listings for the rental of single family homes, townhomes, condos, duplexes/fourplexes and other small residential properties.

“Many of our members in the United States manage and lease small structure residential properties,” said Fred Prassas, CPM and IREM president. “We are pleased to have RentalHouses.com—one of the country’s largest online home rental listing services—as an affinity partner and trust our relationship will be mutually beneficial.”

To learn more about how you can participate in this new affinity program, visit the Member Services section of www.irem.org.
On the Road Again

September 7
Rochester-Western New York Chapter 58
Location: Rochester, N.Y.
Visiting Officer: Reggie Mullins, Secretary/Treasurer

September 19
Wichita Chapter 65
Location: Wichita, Kan.
Visiting Officer: Lou Nimkoff, Senior Vice President

September 20
Connecticut Chapter 51
Location: Hartford, Conn.
Visiting Officer: Fred Prassas, President

September 21
Kentucky Chapter 59
Location: Louisville, Ky.
Visiting Officer: Fred Prassas, President

September 21
Tulsa Chapter 10
Location: Tulsa, Okla.
Visiting Officer: Reggie Mullins, Secretary/Treasurer

October 3
Northern Indiana Chapter 100
Location: South Bend, Ind.
Visiting Officer: Bob Toothaker, President-Elect

October 11
San Diego Chapter 18
Location: San Diego, Calif.
Visiting Officer: Russell Salzman, Executive Vice President, CEO

October 11
New Jersey Chapter 1 and Greater New York Chapter 26
Location: Newark, N.J.
Visiting Officer: Reggie Mullins, Secretary/Treasurer

Membership Figures

Here are the mid-year membership numbers for 2006—including all membership types for the United States and international chapters:

CPM Members: 8,670
CPM Candidates: 3,282
ARM Members: 3,855
Associate Members: 2,155
Student Members: 77
Academic Members: 10
Total Members: 18,049

AMO Headquarters: 505
AMO Branches: 596

Career Moves

- Dawn Campbell, CPM, has joined Pyramid Properties Inc., AMO, a commercial real estate company in Austin, Texas, as director of property management. Campbell will oversee the company's growing portfolio.

- Deana Fox, CPM, was promoted to director of multifamily property management for IPA Management Inc. She will oversee the entire IPA Management multifamily portfolio.

- Jaime Wright, ARM, was promoted to district manager for IPA Management Inc. She will oversee ClearView and Oxford Place Apartment Homes in Grand Rapids, Mich., and Timber Ridge Apartment Homes in Wyoming, Mich.

- Heather Fuller, ARM, was promoted to district manager for IPA Management Inc. She will oversee Woodland Ridge, Robbins Nest and Williamsburg Court in Grand Haven, Mich., and Wildwood Meadows Apartment Homes in Ludington, Mich.

- Rachele Downs, vice president of corporate advisory services for the Detroit Southeast Michigan office of Trammell Crow Company, AMO, was elected secretary of Commercial Real Estate Women-Detroit (CREW). CREW Network is a professional organization made up of nearly 7,000 women in the United States and Canada. CREW-Detroit is one of the largest local chapters.
International News

CPM members installed in Russia

Speaking at the opening session of the XV Congress of the Russian Guild of Realtors in Moscow, Russia, Robert Toothaker, CPM and IREM president-elect, reminded the more than 1,000 delegates of the working relationship between IREM and the guild. The two organizations have provided professional property management training in Russia for more than a decade.

Toothaker discussed the evolving role of professional management in the United States and the trends facing real estate managers today. He then installed 27 new CPM members from Russia and Ukraine. IREM now has more than 50 members in the post-Soviet Union region, with more on the horizon as the Russian guild transitions to the new CPM course curriculum and MPSA program.

Also during the visit, Nancye Kirk, IREM’s vice president for strategic initiatives, and Yassie Dunn, IREM’s international programs liaison, met with more than 30 regional education directors for the guild to explain and promote IREM’s education programs and CPM membership. Of particular interest were the ASM series of courses, which will be introduced in Russia this September.

IREM and REIC strengthen partnership

Christine Stanley, CPM, of Vancouver, was installed as the president of the Real Estate Institute of Canada during the organization’s annual general meeting in June, in Edmonton, Alberta, Canada. She follows Andrew Gordon, CPM, from Toronto.

Other REIC officers for 2006 and 2007 are Lucien Roy, CPM and vice president, from Edmonton, and Myrton Bello, Secretary/Treasurer, from Broussard. Chrystal Skead, CPM, ARM, of Edmonton, will serve another term as chairman of the Real Estate Property/Asset Management Council, which represents the interests of CPM and ARM members in Canada.

On behalf of IREM, president Fred Prassas, CPM, along with outgoing president, Gordon, signed a Memorandum of Understanding between the two organizations, supplementing the existing partner agreement designed to strengthen connections between IREM and its members in Canada.

Success Series 2006: IREM and CCIM to deliver solutions

In January, 2006, IREM presented a report to the industry identifying four strategic issues transforming real estate management. The outcome of this year-long research project, involving hundreds of practitioners, is IREM’s commitment to use this information to help its members and industry colleagues enhance their performance on behalf of the owners, investors and other constituents they serve.

Introducing Success Series 2006: Produced in partnership with the CCIM Institute, the knowledge exchanged at this ground-breaking industry event will deliver solutions and strategies positively affecting the way real estate managers manage the four strategic issues identified in the IREM report: technology, workforce development, business competition and risk management.

At the core of this event are five tracks of education sessions—solutions, trends, professional skills, best practices and analysis—and four interactive labs. Education is designed for all real estate management practitioners—those seasoned and new to the business—and relevant for all property types including office, multifamily and retail.

Among the more than 50 speakers scheduled to appear are Governor Mario Cuomo and best-selling author and master motivator, Les Brown with keynote addresses. Dr. Peter Linneman of the Wharton School of Business will bring together a panel of commercial real estate all-stars who will share their insights on the state of the industry.

## Course Listings

### SEPTEMBER

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For the most up-to-date course listings, please visit [www.irem.org/eventschedule.cfm?eventType=Course](http://www.irem.org/eventschedule.cfm?eventType=Course)

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By the end of the year, everyone will have experienced...
### WHAT'S UP?

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### COURSE INFORMATION

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Scholarship programs make a difference

The IREM Foundation Scholarship Committee has awarded the following scholarships:

- **Paul H. Rittle Sr. Memorial Scholarship**
  - Austin Depusoir
  - The Store Room
  - Pembroke Pines, Fla.
  - Kijuan Dillon
  - Concord Management, Ltd.
  - Lawrenceville, Ga.
  - Barry Familetto
  - Remax First Realty
  - Belmont, Mass.
  - Chrissie Heinen
  - Sealy & Company Inc.
  - San Antonio, Texas
  - Donna Yates, ARM
  - Charles Williams REIC
  - Americus, Ga.

- **The Donald M. Furbush Scholarship**
  - Gary Pezzulo, ARM
  - Fannie Property Management
  - Lynn, Mass.

- **Minority Outreach Scholarship**
  - Maximiliano "Max" Guerra
  - Excel Property Management Inc.
  - Raleigh, N.C.
  - Niedria Kenny
  - Daimler Properties
  - Houston, Texas
  - Rosalind Rainge
  - RREEF
  - Atlanta, Ga.

- **George M. Brooker Collegiate Scholarship for Minorities**
  - Demetrius Faulk
  - New York University
  - New York, N.Y.
  - Ronald Stewart II
  - Clemson University
  - Reynoldsburg, Ohio
  - The following Minority Outreach Scholarship recipients have earned the CPM designation:
    - Shamsideon Gbadamosi, CPM
    - Keystone Property Management
    - Southfield, Mich.
    - Jill Griggs, CPM
    - Banyan Realty Management
    - Houston, Texas
    - Kim Hosea, CPM
    - City National Bank
    - Beverly Hills, Calif.
    - Yukie Meyers, CPM
    - MPM Resources Consulting
    - Irvine, Calif.

For more information or to donate, visit www.iremfoundation.org.

It’s auction time

Help us help others. Make plans now to participate in the annual auction during the IREM Business and Governance Meetings this fall in Tampa, Fla. Proceeds fund all the programming the foundation sponsors. Bid on items in a variety of ways:

- Online bidding begins Monday, September 18
- Silent bidding begins Tuesday, October 17, on site at the Tampa Convention Center
- Live bidding begins Thursday, October 19, on site at the Tampa Convention Center during the foundation’s evening reception

Items, including cash, are still being accepted. Make your contribution today by completing the donation form online at www.iremfoundation.org on the special events page. Submit the form to Kimberly Holmes, foundation administrator at kholmes@irem.org as soon as possible.

For more details, contact Kimberly at (800) 837-0706, ext. 6008 or e-mail at foundatn@irem.org.

Award nominations due

The Lloyd D. Hanford Sr. Distinguished Faculty Award is conferred to an IREM faculty member who has demonstrated exceptional commitment to the advancement of professional education in the real estate management industry.

The Louise L. and Y.T. Lum Award recognizes an individual who is actively engaged in real estate management and has made distinguished contributions to the profession through education, publication or the advancement of ethical and professional standards.

Nominations for both awards are due September 30 for consideration at the IREM Foundation Board of Directors October meeting in Tampa, Fla. Information about the awards and nomination forms can be found by going to www.iremfoundation.org and clicking on Professional Recognition Awards.
Bricks and mortar of tuckpointing
Although an expensive and arduous process, tuckpointing is a long-term investment
by Allan Richter

Removing and replacing old crumbled mortar between bricks, a process known as tuckpointing, is akin to changing a car transmission. It's not something you do often, yet it's essential and a big enough job to put in the hands of experts.

"It's something that you do once or twice, and there are buildings around that have never had it done," said Charles Clark, director of engineering services with the Brick Industry Association in Reston, Va. "They're either located in a place that doesn't have a harsh environment or they were constructed very well to begin with."

Typically, a building needs to be repointed every 25 years, though many buildings have gone a half century or longer without needing the work, according to information from the brick association.

"WEATHER" TO TUCKPOINT
The weather's impact on a building and its brickwork can make tuckpointing necessary. Environments considered harsh on brick mortar are those where temperatures fluctuate between freezing and hot.

Clark said mortar is actually more likely to withstand arctic temperatures than the temperatures in many U.S. locations that drastically change sometimes during a single day or week. Those quick freeze-thaw cycles weaken mortar as if it is in the grip of a vise that repeatedly tightens and loosens.

How much heat leaves a building and how much heat the brickwork retains also contributes to the longevity of mortar. Brick has a high thermal mass, meaning it heats up slowly and retains much of that heat. Buildings in places that experience a lot of heat and built with brickwork that retains the heat, might get through a freeze-thaw cycle and not have much effect on the brick, Clark said.

"Other factors involved besides the environment include things like how well the wall was built to begin with, if the mortar joints were all full, if they have mortar throughout and don't have air pockets," he said. "You're trying to avoid places where water would sit."

WHEN TO INSPECT
To determine if a property needs repointing, property managers should look to the more exposed sections of

The Brick Industry Association recommends property managers carefully inspect their buildings' brick and mortar annually.
mortar annually. If an ice pick can be stuck into the mortar joint, it's time to tuckpoint.

One reason tuckpointing can be complex, and why Clark said property managers should find an expert to do the work rather than going it alone, is because it involves matching the old mortar with compatible mortar of similar strength or softer.

Typically, tuckpointing involves replacing no more than 1½ inches of mortar—not the full 3½- or 4-inch thickness of a brick. Clark said if the 1½ inches of new mortar is harder than the rest of the mortar material, the wall’s load shifts from the full thickness of the wall to the relatively thin slice where the new mortar material has been set on the face of the wall.

“You can literally shear the face of the brick off the wall,” Clark said.

Some brick and mortar suppliers will test old mortar to determine what's in it and whether it is compatible with the new mortar replacing it. It's the kind of detail that might be dissected in C.S.I.

GETTING THE RIGHT HELP

Property managers should not assume they can hire any mason to tuckpoint. Clark said to hire a contractor who has at least five years experience and to visit other buildings the contractor has tuckpointed.

“Just because they can lay brick doesn’t mean they can re-point,” Clark said. “You want to determine that this guy knows what he’s doing and that he’s not going to cut up your brick and make it look like somebody went at it with a chainsaw. If you hire somebody who doesn’t have experience, you can get that.”

Clark said inexperienced or unpracticed contractors will use saws and over-cut, going into the brickwork. As a result, they can cut corners of the brick out or gouge places in the brick.

Finding the right contractor and tuckpointing can be costly because it can be time consuming. Alternatives to tuckpointing exist, but only under the right circumstances.

“You can address a lot more problems with tuckpointing than with other alternatives,” Clark said. “It's usually the best method for addressing any problem with the mortar in an isolated area. The other options available are more limited.”

Allan Richter is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.
ABCs of entrepreneurship

*Innovation and Entrepreneurship* by Peter F. Drucker analyzes the challenges and opportunities of America’s entrepreneurial economy. The book delves into the skills it takes to be a successful entrepreneur. He explains innovation and entrepreneurship as behaviors—not innate characteristics—anyone can learn if ready and willing. The book covers the seven sources of innovative opportunity, the development of an entrepreneurial culture within an organization and four major entrepreneurial strategies. Full of anecdotes, the book gives readers a glimpse of successful and not-so-successful attempts at entrepreneurial endeavors.

Hate shoveling? Love Woveling!

The Wovel is a wheeled snow shovel intended for increasing productivity, reducing risk of injury and reducing harm to the environment. Its unique design allows the user to multiply mechanical force and throw snow into piles more than four feet tall. Made of heavy gauge steel and injection-molded polypropylene plastic, the instrument weighs in at 26 pounds. The wheel on the Wovel has a diameter of 36 inches—possibly enhancing leverage and the mechanical advantage. The Wovel reduces the risk of lower back injuries by 85 percent, according to an independent study by the University of Massachusetts. It is fully adjustable for user height or any snow conditions, and it breaks down easily for storage. It sells for $119.95.

Visit www.wovel.com or call 1-877-699-6835 for more information.

Seeing is believing

Laundry has gone techno. Laundryview is a system produced by Mac-Gray Corporation that notifies users when a washer or dryer in a connected laundry room is available or when their own washing or drying cycle is complete. They can specify how they want to receive the notification, whether it’s by e-mail or text messaging. When LaundryView is installed, the washers and dryers in the laundry room are connected to Mac-Gray’s servers via the Internet. The availability and current status of each machine is displayed on a dedicated, secure Web page residents can access through any device equipped with a Web browser and Internet connection. LaundryView also displays a graphical two-week history of equipment usage so residents can see and schedule around peak usage times when the laundry room is likely to be busiest.


Mini blinds, big hassle

Mini blinds are a magnet for dust, dirt and allergens, and wet washing them is often the only way to make them clean again. Mini Maids are intended to make the cleaning process easier. Mini Maids are a set of suction cup brackets which mount onto any smooth surface, like tile walls. Dirty blinds can be hung by the brackets, so they are fully extended and can be washed against a firm, flat surface. These temporary brackets can be positioned to support any size width of 1-inch mini blinds. The product is also capable of supporting custom blinds of unusually wide dimensions. The suggested retail price for Mini Maids is $9.95.

Visit www.gadgetcorner.com for more information on Mini Maids.
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4. Within four hours of loss notification, a SERVPRO® Franchise Professional will be on-site to start mitigation services.

8. Within eight business hours of on-site arrival, a verbal briefing of the scope will be communicated to the appropriate person.

*Service Response Guidelines – Exceptions may apply under certain conditions, such as a local catastrophic event or storm situation.

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—Jamie Sue Gorski, Chief Marketing Officer, KSI Management

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The ability to earn rewards or loyalty points by paying rent with an American Express Card can actually have a powerful influence on resident renewal decisions. In a national survey, 26.7%, or more than 1 in 4 residents, stated that the American Express rent payment program would have a major impact on their decision to renew their lease.* It's easy to see how an invisible amenity is attracting so much attention.

For more information, visit americanexpress.com/multifamily or call 1-877-265-1841.

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