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Sink or swim

Teamwork and member involvement can propel IREM, industry forward

As a competitive swimmer, I learned early on to focus on keeping my form, building momentum and giving 110 percent in each workout. Working out and occasionally participating in competitive swimming events has kept me healthy and in shape, and has given me the wherewithal to meet each day's challenges whether they're physical or mental or just require endurance.

Keeping our real estate management businesses and this real estate association in top form requires the same focus, energy and drive. We must grasp the fundamentals of the business so the greater tasks at hand can receive attention and be resolved more easily. We must take initiative and take risks to gain momentum in the industry. We must work hard—making a determined effort, so the industry, our businesses and IREM will thrive.

Imagine real estate managers being viewed as consummate professionals, sitting at the table with other respected professionals. Envision young professionals no longer just falling into the profession, but choosing real estate management as a career—even going to school and acquiring degrees tailored to professional real estate management. Picture an understanding or even awareness of the profession among the general population.

These visions are not rainbows in the sky. In fact, they are tangible goals IREM is working to achieve. Through creating an industry recognized “gold standard” for education and credentialing; through collaborating with universities nationwide and connecting college students with the real estate management profession; through creative marketing and consistent branding of IREM, the Institute is making these visions a reality.

Teamwork is needed though, or else we may be left treading water while other industry organizations speed ahead. Even worse, real estate management might not achieve recognition as the viable and necessary profession we know it to be. While we have the strong and dedicated support of our IREM staff partners, IREM members must be on the team. Individual members, as well as chapter, regional, national and global leaders must commit to achieving these goals.

While I would not call myself a visionary, I am, however, an optimist. Having seen the talent and ingenuity of our IREM members, I know we can make a huge difference in where we take this association and where we take this industry. We are at a crossroads, and we can choose to stand on the starting block or take the plunge. Together, let’s make this vision a reality. As a team, we can win this “race.” It’s your choice: Sink or swim?

Bob Toothaker, CPM
2007 IREM President
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Terrorism risk insurance report issued

The report by the President’s Working Group on Financial Markets—mandated by the Terrorism Risk Insurance Extension Act of 2005 (TRIEA)—did not make any specific recommendations regarding the federal government’s future involvement in ensuring availability of terrorism coverage after TRIEA expires at the end of 2007. However, its conclusions leave the administration some leeway to support extending some sort of federal presence in the terrorism insurance market. The U.S. House Financial Services Committee’s Investigations and Oversight, and Capital Markets Subcommittees held a hearing on the future of terrorism insurance in September 2006. IREM and NAR submitted a joint statement for the record, making the following points:

- 84 percent of outstanding commercial mortgages require terrorism insurance.
- Without terrorism coverage it is very difficult to finance commercial real estate transactions.
- Extreme fluctuations in terrorism insurance rates impact both the operating expenses of a commercial property and the value of the property.
- Increases in terrorism coverage cannot be passed on to tenants in triple net lease deals or in multifamily projects where rents are federally subsidized.

IREM and NAR support the creation of a semi-private mutual reinsurer subject to Treasury and Congressional oversight. This will ensure the long-term availability of terrorism coverage. The reinsurance proposal, developed by the Real Estate Roundtable, would create Homeland Security Mutual, a reinsurer privately funded but supported by the federal government until Homeland Security Mutual reaches $30 billion in reinsurance capacity.

U.S. Senate blocks estate tax reform again

Congress members were unable to agree on compromise legislation to reform the estate tax before it adjourned for the fall elections. In August, the U.S. House approved a three part package (H.R. 5970) including major revisions to the estate tax, an increase in the minimum wage and extensions for several expired provisions like the 15-year leasehold improvement and brownfields cleanup deductions. The U.S. Senate was unable to pass a procedural motion permitting final passage of the so-called trifecta bill. Congress might try to address the issue again.

IREM adopts position on commercial broker lien laws

Litigation to recover fees often consumes the entire fee the broker earned and would have been paid. This process is usually slow, to the detriment of the real estate brokerages and commissioned agents involved in the transaction. As a result several states have been exploring, or have enacted, a commercial real estate broker’s commission lien law. These laws have been enacted to solve the problem of brokers going into a closing of a sale and, without mutual consent, receiving a fee lower than previously agreed upon, or in some cases, no fee at all. Lien laws need to be forceful and efficient for commercial lease transactions and real estate sales. Commercial brokers have a greater sense of security when completing a transaction if their states have lien laws. Consequently, their clients and the commercial real estate market as a whole benefit. IREM adopted a new Statement of Policy expressing its support of the enactment of commercial broker lien laws in every state.
States’ immigration reform impacts businesses

Several states recently enacted laws targeting employers who hire illegal immigrants. For instance, employers in Colorado are required to examine the work status of each employee and retain proof the employee has legal work status within 20 days of hire. In Texas, businesses are prohibited from deducting the costs of salaries and benefits for undocumented workers from their taxable revenue. Soon, Georgia employers will have to begin verifying the status of employees hired after Jan. 1, 2008. At the local level across the country, municipalities have enacted ordinances attempting to enforce immigration laws and deter illegal immigrants from settling in their communities. These ordinances require landlords and employers to verify the legal status of every applicant for an apartment or a job or face stiff fines, which is burdensome on commercial real estate professionals. The ordinances do not pass easily in every city, though. In Florida, for instance, ordinances were voted down by city councils in Avon Park and Palm Bay.

Radon emerges as a state issue

The U.S. Surgeon General issued a national health advisory in 2005 urging Americans to test their homes to find out how much radon might be present. In late 2006, news stories regarding detection of higher radon levels appeared in Illinois, North Carolina, New Hampshire, Iowa and Montana. While none of the stories alluded to potential new regulations or legislation, it could be taken up by regulators or lawmakers responding to the increased awareness and concern. IREM opposes any form of mandatory testing for radon tied to the real estate transaction process, but would not be opposed to legislation mandating sellers and lessors provide a radon information pamphlet or disclose the results of previously conducted radon tests. The Institute supports language in any radon related legislation limiting the liability of sellers and lessors who comply with that bill’s provisions.

Capitol Hill visit draws near

IREM members—along with participants from CCIM and the REALTORS’ Commercial Alliance—will have the opportunity in April to meet with senators, representatives and their staffs to increase awareness of and generate support for several pertinent issues in the real estate industry.

An orientation will be held at the Hyatt Regency Crystal City, close to Washington on Tuesday, April 24. At the orientation, legislative staff will explain the issues affecting the industry and what to expect when meeting with members of Congress. Participants will receive essential materials to take with them to the Hill. Members will head to Capitol Hill on Wednesday, April 25.

Hundreds of members have attended each Hill Visit for the past several years in hopes of making a difference. Watch for e-mails from the Institute with details about its legislative policies and scheduling visits with representatives.
What goes up must come down
Falling commodity prices and slowing housing sales might alleviate the high construction costs developers have experienced in recent years.

In 2004, the rate of increase for all materials and components in construction reached 10.1 percent—a level that hadn't been reached since 1978, according to information from the Bureau of Labor and Statistics. The producer price index for materials like iron and steel jumped 40.7 percent in 2004; for lumber, the producer price index increased 7.6 percent; and for gypsum and wallboard, the price index increased 20 percent, according to the bureau's information.

These rates of increase well surpassed the United States' overall inflation rate of 3.3 percent in 2004, according to information from the Department of Commerce. Now things seem to be evening out, and in general, slowing down. The overall inflation rate for the United States was 3.4 percent in 2005.

The rate of increase for all materials and components in construction fell at a rate of 6.1 percent in 2005. As oil prices drop, oil byproducts like asphalt and cement will likely come down in price. Additionally, the slowing housing market means less demand for residential construction and lower materials pricing.

Deal or no deal
In major metropolitan markets, office tenants located in central business districts are willing to pay more rent, according to information from a study by Richards Barry Joyce and Partners LLC, a commercial real estate firm based in Boston. Real estate managers in smaller—but still sizable cities—aren't able to command as much rent for office space in central business districts because of competitive rental rates in suburban areas.

The percentage difference office-building tenants are willing to pay to rent Class A office space in a central business district over a suburb in certain markets is as follows:

<table>
<thead>
<tr>
<th>Downtown Premiums</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Midtown Manhattan</td>
<td>135%</td>
</tr>
<tr>
<td>Boston</td>
<td>80%</td>
</tr>
<tr>
<td>Toronto</td>
<td>74%</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>55%</td>
</tr>
<tr>
<td>Chicago</td>
<td>41%</td>
</tr>
<tr>
<td>Montreal</td>
<td>39%</td>
</tr>
<tr>
<td>San Francisco</td>
<td>33%</td>
</tr>
<tr>
<td>Vancouver, British Columbia</td>
<td>28%</td>
</tr>
<tr>
<td>Sacramento, Calif.</td>
<td>21%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Based on aggregated second-quarter rental rate data from 37 cities

The short and long of it
With the U.S. government's consistent reimbursement policy, appealing cash-on-cash returns and stabilizing occupancies, investors are finding considerable opportunities in the senior housing market.

Operators offering short-term care for between 30 and 60 days, as well as traditional long-term care, have helped to pull the senior housing market out of its days of bankruptcy and quick sales in the late 1990s through 2001.

With the ability to serve short-term residents with excellent rehabilitation care at lower costs than hospitals, nursing home operators are also more likely to attract residents who can pay through private methods or through Medicare. While most long-term residents pay through Medicaid, short-term residents provide the additional financial support operators need in order to provide quality care.
Plane's design gets silent treatment

MIT and Cambridge University unveiled a conceptual design for a silent, environmentally friendly passenger plane in November 2006, at the Royal Aeronautical Society in London. It is anticipated the aircraft will be developed by the year 2030. To make the aircraft quieter, the overall shape of the plane was altered: The body of the plane and its wings are more fluid, and the plane looks more like a single flying wing. The flaps—or hinged rear sections on each wing—were also eliminated to reduce noise. The flaps on a typical airplane are a major source of noise when a plane is taking off. Engines implanted in the aircraft have intakes on top of the plane, rather than underneath each wing, which also cuts noise. The design is ultimately more fuel efficient as well. The proposed plane is projected to achieve 124 passenger-miles per gallon—about 25 percent more than current passenger planes.

LEED takes the lead

The U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system was rated the most appropriate and credible system among five evaluation systems for environmental performance of buildings, according to a report by the General Services Administration. The report concluded LEED best applies to all the administration's project types, "tracks the quantifiable aspects of sustainable design and building performance" and offers a "well-defined system for incorporating updates." The GSA study also noted LEED is the most used rating system in the U.S. market. Visit https://www.usgbc.org/ShowFile.aspx?DocumentID=1915 to view the report.

Help conserve energy

A variety of tips and suggestions to help Americans reduce the emissions contributing to global warming have been published on Climatecrisis.net. According to leading scientists, the average American generates about 15,000 pounds of carbon dioxide every year from personal transportation, home-energy use and from the energy used to produce all of the products and services consumed. At Climatecrisis.net, visitors can calculate how much CO2 they produce each year. The site also features strategies to lower emissions at home and on the move. Visit http://www.climatecrisis.net/takeaction for more information.
Famous Properties

Seattle's best

History and community take center stage in Seattle's Amazon.com Building by Diana Mirel

The conversion of the Amazon.com Building from a naval hospital into an e-commerce giant's headquarters in Seattle, combined the best of the old with the excitement of the new to create a landmark structure.

In 1928, the city of Seattle granted land to the federal government to build the U.S. Marine Hospital. The U.S. Public Health Services took over the building in 1953, and it functioned as the Pacific Medical Center, providing healthcare to low-income Seattle residents. By the 1990s, however, the medical center's financial situation was dire.

In 1998, Wright Runstad & Company negotiated a 99-year lease to sublet and renovate the former hospital, turning it into Amazon.com headquarters, while still housing a Pac Med clinic on the first two floors. It spent $25 million on the renovation—gutting approximately 187,000 square feet of the building.

“Our mission was to preserve the dilapidated building and preserve the Seattle skyline,” said Gayle Powell, the building’s property manager with Wright Runstad & Company. “We wanted Pac Med to be able to continue its mission of providing low-income healthcare. We also wanted to continue to provide a marketplace for Seattle high-tech employers without having them branch into the suburbs.”

The developer renovated the space with an open-air office design, but worked closely with the national landmarks board to ensure the architectural structure and integrity were preserved.

“The building really stands out as a beautiful piece of art deco architecture here in Seattle,” Powell said.

The building's on-site team consists of two building engineers, a full-time gardener, a property administrator, a property accountant, a chief engineer and two day porters.

The dog-friendly building also requires special janitorial services.

Management even hosts an annual dog-appreciation day on the property's 10-acre park-like campus. PETCO and dog trainers, along with the tenants' employees and their dogs, participate in this fair-like day with food and festivities, Powell said.

As idyllic as life seems at the property, one underlying challenge exists—the threat of earthquakes. In 1987 the city recognized this threat and added seismic bracing to the bottom 10 floors to stabilize the building.

But when the Nisqually Earthquake hit Seattle in 2001, the top four floors—which did not have the bracing—could not withstand the quake and were severely damaged. The damage required a 14-month, $20.5 million renovation.

Strong relations between Amazon.com and the management team helped them through that difficult situation, Powell said. While extensive work was done to the property, management did everything possible to help Amazon.com maintain tenancy and conduct normal business.

Powell said having only two tenants—Pac Med occupying 70,000 square feet and Amazon.com occupying the remaining 189,000 square feet—makes forming tight relationships with tenants easier.

“The relationships you can build with your tenants [when] you have just two are much greater than if you had 90 tenants in your building,” Powell said. “We’ve created some great relationships here.”

Diana Mirel is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.
Thermometers were originally filled with brandy instead of mercury.

The initials M & M in M & M's candy represent the inventors' names Mars & Murrie.

Mel Blanc, the original voice of Bugs Bunny, was allergic to carrots.

Cats have the ability to produce more than 100 vocal sounds.

A full moon is about nine times brighter than a half moon.

A stack of $1 bills one-mile high would be worth more than $14 million dollars.

The opening to a bear's cave in which it hibernates is always on a north slope.

Murphy's Oil Soap is the chemical most commonly used to clean elephants.

The first hard drive for the Apple II had a capacity of 5 megabytes.

Every person shares a birthday with at least 9 million other people in the world.

Search Me

www.coolroofs.org/products/search.php
The Cool Roof Rating Council is a non-profit organization focused on implementing a fair, accurate and credible radiative energy performance rating system for roof surfaces. The council's recently upgraded Rated Products Directory offers architects and building owners a searchable database of more than 750 products it has rated.

www.toolbase.org/Design-Construction-Guides/Remodeling/waterconservation-retrofit
ToolBase Services is the housing industry's resource for technical information on building products, materials, new technologies, business management and housing systems. This Web site provides a guidebook to assist real estate owners, managers and maintenance staff in reducing water use in apartment buildings. The guidebook explains available options and summarizes retrofit strategies.

www.dol.gov/odep/pubs/fact/effective.htm
The U.S. Department of Labor promotes the welfare of American workers by helping to guarantee workers' rights to safe and healthful working conditions. This Web page offers employers a guide to implementing and maintaining a workplace emergency plan for employees with disabilities. It offers links to resources that can assist employers and property managers.

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.

Question
Have you used a forum similar to a tenant council to communicate with tenants?
A. Yes
B. No

The results are in from last issue's poll
Have you considered diversifying your portfolio by adding affordable housing into its mix?

Yes 53.92 percent (110 responses)
No 46.07 percent (94 responses)

Vote Total 204
Brazil’s condo bonanza
Changes in country’s economy and financing practices spur condo market’s growth
by Allan Richter

Brazil’s white sandy beaches and backdrops of lush rain forests may be a longtime part of its landscape, but the country’s condo market is just beginning to take off.

Boding well for the current condo boom are a healthy economy; promises of more imminent economic reforms by the country’s recently re-elected president, Luiz Inacio Lula da Silva; and the erosion of antiquated lending practices.

“Today, it’s a very good and positive time in the real estate market for housing,” said Gui Tepedino, partner at CitySites Commercial Group, a New York-based broker.

HOT COMMODITIES
At around 180 million, Brazil’s population is one of the world’s largest. Fernando Faria, director of global services at CB Richard Ellis in Sao Paulo, Brazil, said it is not uncommon for condo projects to nearly sell out within several days. He said the condo market is quite active, but he did not have statistics to back up its activity.

“There is a tremendous demand for residential property in Brazil,” Faria said. “Here in Sao Paulo, we have seen good demand for residential units from the middle- and upper-middle class.”

A notable explanation for the boost in activity is Brazil’s dramatic drop in interest rates in recent years. The country still has some of the world’s highest interest rates—in the mid-teens—but that is a marked improvement from the 20-percent range of just a few years ago.

Walter Molano, head of research at BCP Securities, a U.S. investment bank with a focus on emerging markets, said he is confident Brazil’s President Lula will stimulate the economy, in part by lowering interest rates further.

“As the government takes measures to reduce interest rates and borrowing costs, it’s going to increase credit and expand the economy,” Molano said. “I’m very upbeat on Brazil.”

That confidence stems somewhat from a healthy, broader economic picture in Brazil. Brazil is expected to finish 2006 with a $44 billion trade surplus, Molano said, based on the country’s strength in commodities like soybeans, coffee and iron ore.

“Commodity prices have risen dramatically over the past couple of years, which has put the country in a much better economic situation,” he said. “Employment has improved. We’re seeing disposable income improve. That’s having secondary effects, such as increases in construction.”

Additionally, inflation is projected at 3 to 4 percent over the next year, said Faria of CB Richard Ellis. He said JP Morgan will likely give the country an investment grade next year. Things look very positive from a macroeconomic perspective, he said.

With interest rate improvements, broker Tepedino said Brazilian consumers are beginning to allow banks to deduct mortgage payments directly from payroll checks, a move also made in Mexico in recent years. Such moves are stimulating the once-stagnant condo resale market.

BANKING ON FINANCING
The most dramatic change propelling Brazil’s condo market is the rise in financing through banks, which was virtually unavailable until about two or three years ago. Back then, financing was largely available directly through developers or—for low-income families—through the government.

Because developers were the dominant lenders, Brazil’s resale condo market was much slower than the sale of new condo properties, said Alex Cesar, vice president of sales at Eychner Associates Inc., a New York-based broker handling properties in Manhattan and Brazil.

Cesar said unsophisticated lending practices like condo buyers paying off developers with cars, cash and land were common. Whatever balance remained, developers would typically finance in three years.

“There was no third party dealing with financing. It was awful,” he said. “A project didn’t get built until most of

For a comparison to the condo market in the United States, read Condo Sizzle Simmers in this issue.
In Brazil there is a tremendous demand for residential property.

The Brazilian real estate culture is unlike that of the United States in other ways, too. Owning a whole residential building for leasing or income purposes is not common, and if that is the objective it's a lot easier to sign a commercial lease for 5 or 10 years, whereas the residential leases in Brazil last 1 to 3 years, Cesar said.

“`The major concern is the global environment,” said economist Molano. “In case there is a sharp slowdown in the U.S. economy, the concern is any kind of repercussions on the commodity market.”

But for now, the country's condo market appears primed for some real growth as housing demand soars, interest rates fall and more banks sign on to dole out mortgage loans.

Allan Richter is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.
Eco-systems and techno-systems
Energy-efficient technology leads to good business practices

by Scott Morey

At a very basic level, most people believe our planet is getting warmer and the cause is carbon emissions from industrialized countries. From there, it gets more complicated: Many individuals in the United States think global warming is too expensive to mitigate and the effort could hurt business. As such, social responsibility—rather than economic prudence—seems to be the major reasoning behind arguments supporting spending money in this area.

Furthermore, many supporting arguments to implement eco-friendly systems at the corporate level seem to come from Britain.

A recently published report by Sir Nicholas Stern, head of Britain's government economic service, provides information on the economic effects of global warming. The report essentially argues the global economic cost of doing nothing is far greater than the cost of reducing greenhouse emissions today.

How does this impact the real estate industry? We can now better manage our utility and energy costs using technology available today. When we think of utility and energy systems within our properties, we think of them as individually isolated systems. However, the connectivity of these systems should be noted.

Like the evolution of personal computers from stand-alone non-communicative devices to the integrated systems of today, the energy and utility systems in buildings can “talk” to each other through “networks.” The results are quite interesting.

Imagine being able to audit utility bills at the touch of a button by maintaining a history of the meter readings and rate structures, and having that integrated into an accounts payable system. Imagine being able to instantly understand energy usage and the financial impact of after-hours cleaning personnel leaving the lights on. Imagine tenants being able to schedule HVAC needs via a Web site after hours to have it automatically turned on and billed. Imagine remotely controlling and managing external water systems, and having a system smart enough not to turn the sprinklers on because it is going to rain that day.

Now is the time to stop imagining. These technologies not only exist, they lead to good business practices. The value of a property will ultimately increase, whether through increased demand from lower overall occupancy costs for tenants or through increased cash flow by recovering a higher percentage of property and corporate-related operating expenses. Clearly the fundamentals that got us where we are today—tending to good business practices—cannot be ignored.

Scott Morey (scottmorey@realfoundations.net) is managing director of RealFoundations' London office.
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- Workspeed
- Yardi Systems, Inc.
R
eal estate managers have many demands on their time at any property, usually handling responsibilities across all fronts—interacting with police and fire departments, trash removal, taxes and education of staff, tenants or residents and more. Typically the greatest crisis at hand gets the attention—meaning regularly scheduled inspections of properties are often put on the back burner or may get skipped at times.

Because real estate managers cannot be everywhere at once, managers should train their staff to communicate issues they see and serve as extended eyes and ears for the manager. This will help to avoid unforeseen problems. Well-trained staff can see what the manager may not have time to see, go where the manager may not go for months, and hear tenants and vendors as they directly express their concerns about the property.

As a consultant, I have recently found several real estate managers who express a lack of confidence in their maintenance staff, landscaping crew, painters and other construction workers to handle key issues in their areas. In essence they thought no one could do the job as well as they could. By expressing a lack of trust and confidence in their staffs and crews, the real estate managers created an unapproachable atmosphere: The very people who could help them were alienated and embittered.

Real estate managers hiring new employees should seek candidates with common sense and integrity, first and foremost. The real estate management business can be taught to employees, but integrity and common sense cannot. The employee with common sense will emulate the behaviors of his or her property manager through training.

While inspecting a property, if a property manager picks up trash on the ground, the employee will realize the importance of an attractive property and ensure the manager does not have to do that again in his or her presence: It is an unspoken lesson. In other key areas, if the property manager takes steps to immediately correct dangerous situations, the same lesson will be impressed upon the maintenance personnel and vendors.

An open door policy to in-house maintenance personnel and vendors regularly servicing the property can promote positive communication, especially when they see a potential problem. Any serious issues these individuals report to the real estate manager should be treated as such, even if it may not be as serious as the individual thinks.

By expressing a lack of trust and confidence in their staffs and crews, the real estate managers created an unapproachable atmosphere.

In the long run, creating an atmosphere where all property team members are free to share concerns with the property manager, and are regarded with appreciation and respect, is essential. Not only will this environment protect the property in a practical sense, it also will prevent potential lawsuits. □

Paul L. White, CPM (paulwhite@plwa.biz), is president of Paul L. White and Associates Inc., Miami, and regional director for SCI Real Estate Investments.
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Critical inquiry
Expanded environmental law establishes new requirements for properties
by Pamela V. Rothenberg, Esq.

The amended Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) has three defenses—the "innocent landowner" defense, the "bona fide prospective purchasers" defense and the "contiguous property owners" defense.

To be eligible for any one of these defenses, purchasers of properties must comply with the new "all appropriate inquiry" rule (AAI Rule). The inquiry involves investigating the environmental history of a property for release of hazardous substances in the past or present.

Specifically, the AAI Rule establishes detailed regulatory requirements and standards for conducting all appropriate inquiries into the past history and uses of the property, previous ownership of the property and present environmental conditions of the property. Some of the more significant requirements of the AAI Rule include:

- Establishment of specific standards for environmental professionals responsible for conducting the inquiry activities in the AAI Rule
- Expanded obligations to interview past and present owners and occupants of the property, particularly those persons most likely to be knowledgeable about the past and present uses of the property
- Affirmative requirements to interview neighboring property owners and occupants in the case of abandoned properties
- Requirements for a visual inspection of the property and adjoining properties from the subject property’s property line, public rights of way and any other vantage point
- Review of historical information dating back to the first use of the property for residential, agricultural, commercial or industrial purposes
- Mandates to search for any environmental cleanup liens recorded under any federal, state or local laws
- Reports of specialized knowledge of the prospective purchaser regarding the subject property, adjoining properties, or the surrounding area and the balance of the actual purchase price compared to the value of the property if it were not contaminated
- Substantially increased report drafting and documentation requirements, including obligations to document the extent of the review. Data gaps require the environmental consultant to provide opinions regarding the significance of such gaps on the identification of potential releases of hazardous substances.

The AAI Rule represents a significant expansion of the existing ASTM Standards, increasing the burden in terms of time and cost on prospective purchasers and managers of property, as well as the environmental consultants. Despite the immediate burdens, meeting these requirements potentially strengthens the defenses to CERCLA liability.

To take advantage of one of the three defenses to CERCLA liability, prospective purchasers of property should work closely with environmental consultants and legal counsel before, during and after an assessment to ensure the assessment scope is appropriate, the inquiry is documented properly, and a post-acquisition strategy exists.

Pamela V. Rothenberg (prothenberg@wcsr.com) is a member of the Real Estate Development and Real Estate Technology Groups at Womble Carlyle Sandridge & Rice, PLLC.

Howard Grubbs (hgrubbs@wcsr.com) and Michael Bogle (mbogle@wcsr.com) substantially contributed to this column. Howard is the chair of, and Michael is an associate in, the firm’s Environmental Law and Toxic Tort Litigation Practice Group.
Mark Your Calendar...

Don’t miss out on the chance to expand your knowledge, your network and your career!

- Leadership and Legislative Summit
  April 21-25, 2007
  Capitol Hill Visit Day
  April 25, 2007
  Hyatt Regency Crystal City
  Arlington, VA (Washington, D.C.)

- Regional Leadership Conferences
  - Canada (Region 14)
    May 1-2, 2007
  - West (Regions 8, 11, 12)
    August 9-10, 2007
  - South/Southeast (Regions 4, 5, 7, 13)
    August 16-17, 2007
  - Northeast (Regions 1, 2, 3)
    August 23-24, 2007
  - Midwest (Regions 6, 9, 10)
    August 23-24, 2007

- IREM Business and Governance Meetings
  October 16-18, 2007
  Henry B. Gonzalez Convention Center
  San Antonio, TX

- CCIM & IREM Success Series 2007
  October 19-20, 2007
  Henry B. Gonzalez Convention Center
  San Antonio, TX
During my 15 years as an IREM instructor, many students have asked me to help them weigh the potential benefits of becoming a CPM or an ARM. Most of them consider obtaining an IREM designation for the knowledge, credibility, resources and networking it affords. In today’s competitive business climate, they want to stand out in the crowd of real estate management professionals.

Once anyone earns an IREM credential, keeping that credential foremost in owners’ and clients’ minds is an important goal. Marketing the value of an IREM credential to owners and clients alike is a continuous process.

The statistics are remarkable: Almost 100 percent of CPM professionals have more than 10 years of experience managing real estate assets; 80 percent of ARM professionals have more than seven years of experience. This is something not everyone has, so it’s important to make this fact known.

When I started my own business, I was no longer associated with a recognizable, branded company name and image; nor was I working for an anchor tenant whose name was instrumental in opening doors. Rather, my own name and reputation had to open doors and get contracts. Fortunately, I had my CPM designation—the best and most recognizable marketing tool I could have hoped for.

The company I work for now, Triple Net Properties LLC, owns a diverse 31 million square feet of properties nationwide. We are experts at continuously promoting our success and that of our employees for the benefit our company and our 22,000 investors.

Here are some tools real estate managers and their companies can use to market themselves, their business and their IREM designations:

**Send press releases:** Every time a professional achieves something like joining a new firm or getting promoted, or a company acquires new business, etc., they should find a way to talk about their IREM credentials. A number of industry publications, including *JPM* regularly post such movement and advances.

**Use IREM’s Web site:** Check out www.irem.org for sample press releases, brochures and other promotional materials.

**Use the IREM Directory:** Increase networking potential and recognition of designations by using IREM’s directory of fellow professionals. Information on the market, tenants or prospective management in any given area nationally or globally is available here.

**Showcase expertise:** Experts in the field should write about their expertise. Sending published articles to new and prospective clients can result in new work. Many trade magazines accept articles from industry professionals. Industry meeting planners often look for qualified professionals to speak at conferences. Take the initiative and give them a call.

Once anyone earns an IREM credential, keeping that credential foremost in owners’ and clients’ minds is an important goal.

Professionals’ IREM credentials spotlight their expertise in real estate management. Getting the message out to others creates positive marketing for the industry and offers immediate viability to employers, owners and clients alike. IREM designations truly give real estate managers an edge.

Shannon Alter, CPM (salter@1031mnn.com), is executive vice president of public real estate for Triple Net Properties LLC. She is also an IREM faculty member.
Congratulations
to Teresa L. Barker, CPM®
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Teresa referred just one member in the 2006 Member-Get-A-Member program and won the $2,500 grand prize drawing!

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2007 Rewards

Create Opportunities and Win Rewards
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Refer a colleague to join IREM and:
• Grow your professional organization
• Help your colleague create new opportunities
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All it takes is ONE
• Just one application with your name listed as the referring member, submitted between October 1, 2006, and September 30, 2007, enters you into the grand prize drawing for $2,500.
• In addition, the top 30 members with the most new member referrals will be rewarded with $250.

For more information about the 2007 Member-Get-A-Member Campaign, visit www.irem.org.
Word of the Y’s
As Generation Y enters the workforce, real estate managers must realize and accept differences
by Karen Bunch, CPM candidate

Looking back at my experience as a property management student at Virginia Tech just last year, I realize employers seeking new hires and interns key into something crucial when recruiting Generation Y workers—making us feel important.

I was consistently told I would be an asset to companies and I had made a great decision by choosing property management as my major. Life was good. I had talent and these folks realized it! Or so they made me think...

Generation Y was brought up by Baby Boomers wanting to give us the world. I was told by parents, teachers and the media I could achieve anything; the world was my oyster. Smart employers should realize this attitude is critical in recruiting and retaining Generation Y. We flock to employers who make us feel special, communicate with us about our needs and show us the right direction for success.

My first summer internship made a lasting impression on my attitude and the media I could achieve anything; the world was my oyster. Smart employers should realize this attitude is critical in recruiting and retaining Generation Y. We flock to employers who make us feel special, communicate with us about our needs and show us the right direction for success.

The property management field. I had numerous lunches with top executives, as well as the president. I was given two evaluations covering my strengths and weaknesses. I also shadowed five different employees of my choice.

I was given every opportunity available and I am grateful the company invested so much in me. Its approach was effective; I returned for its second-year internship program.

Employers can cross a fine line with this method, though. They can occasionally go too far with their compliments, attention and pampering. While we want to know the company offers communication, training and flexibility, we also want to know they do not offer them to just anyone. Companies that make mass offerings tend to attract less capable candidates.

Retaining Gen Y requires using the same discretion when it comes to what you offer and who you offer it to. Offer opportunities to individuals—not groups of employees. The Gen Y'er will appreciate that he or she was distinguished from the group and will more likely stick around for more of these opportunities.

Nevertheless, Gen Y employees have a lot to offer—making this kind of special attention worthwhile. We’ve never known life without computers, cell phones or the Internet. We are computer savvy and technology oriented. We are not afraid of new things, and we are willing to learn new techniques and methods.

Furthermore, we are comfortable with diversity. We have never known uniformity, and most of us feel differences equal strength. Teamwork is a necessary function of our success. We may want to be treated as unique individuals, but we thrive in groups with open forums for discussion and communication.

Lastly, we are success driven. We work hard and stay focused, always awaiting the next challenge. Most importantly, we represent the future of your company—getting us on board is key to the success of your business and the industry at large.

Karen Bunch, CPM candidate (kbunch@trammelcrow.com), is an assistant property manager at Trammell Crow. She graduated from Virginia Tech in 2006 with a BA in residential property management.
CONDO SIZZLE Simmers

Experts forecast cooling condo market's future and determine its effects on real estate managers
by Allan Richter
f you build it they will come—or not.

Developers and building owners spent the last several years rushing to build, convert and rehab buildings for condominium use. The market was called everything from a gold mine to a condo craze to a condo circus.

Now, the once-hot condo market is cooling, but real estate experts and observers are loathe to call the downward turn a big bust. Instead, they say the market is merely softening and correcting itself—a necessary precursor to an eventual recovery and stronger health.

RISE AND FALL

In spite of the historic popularity of single family homes in the United States, the condo market boomed for the first time in this country in 2001. As both interest rates and the stock market sunk, investors turned to real estate—particularly condos—as an alternative investment.

“Investors felt less comfortable with the paper wealth and wanted some more tangible wealth,” said Lawrence Yun, senior economist at the National Association of Realtors.

Condo prices rose 10.3 percent in the second quarter of 2001 after a long stretch of condo price appreciation in the single digits. They continued their double digit rise until the first quarter of 2006, when condo prices rose 4.5 percent, Yun said. Now, the five-year-old condo surge is abating.

One sure sign of the market’s demise is the mass exodus by investors and developers who initially bought rental apartments to convert to condos, said Dan Fasulo, director of market analysis at Real Capital Analytics, a New York research firm.

“The wave of acquisitions of apartment communities by condo converters is over,” Fasulo said. “We’ve seen a tremendous falloff. The market is back to the levels of the pre-boom period.”

In 2005, nearly 200,000 apartment units in the country were sold to investors for condo conversion. For the first eight months of 2006 fewer than 60,000 condos were sold for conversion purposes, said Michael Cohen, research strategist with Property & Portfolio Research, a Boston-based real estate research and advisory firm.

“The condo market is definitely shaky at this point, and the data bears that out,” Cohen said. "It’s clearly a buyers’ market in the condominium
market, and we’re beginning to see that reflected in pricing as well.”

UNHAPPY INVESTORS, HAPPY MEDIUM

Nationwide, condo prices fell 2.4 percent from August 2005 to August 2006, according to the latest available data from the National Association of Realtors. In contrast, single-family home prices during the same period fell 1.7 percent.

Yun said the condo slump is more pronounced than other housing slumps because investors are fleeing the sector so quickly. Prices did not fall as sharply for single-family homes, he said, because fewer investors stepped into conversion investments is not necessarily a bad thing, Cohen said. It simply means the market is trying to find equilibrium again.

“We have slowing sales, increasing inventory and prices just beginning to adjust,” he said. “In order for the market to get back into balance, it has to find that happy medium between supply, demand and pricing.”

Fasulo said the fast retreat from converting rental units into condos bodes well for a quicker condo market recovery than past cycles have seen. He said in the past a slowdown might have persisted for five years because of overbuilding. But in this instance—with so many investors pulling out—he said the oversupply might last well under five years and recover within 18 to 24 months.

“In past cycles, the market had slowed and developers kept building,” Fasulo said. “I think in this cycle, developers have been able to step on the brakes much faster than they have in the past.”

REGIONAL GLUTS AND RUTS

Some markets did in fact overbuild, though, creating one big caveat to the quicker-than-usual recovery scenario, Fasulo said. The time it will take for markets to return to health depends largely on how much supply a particular market needs to absorb. As a result, the condo market’s recovery, however fast, is likely to be staggered.

Regionally, condo price declines were the most pronounced in the West—with a 6.5 percent depreciation in price—and in the South—with a 4.5 percent depreciation in price. In the Northeast, condo prices dropped 0.7 percent.

Of the regions examined, only the Midwest saw condo prices increase, albeit at 0.1 percent. Weak Midwest markets like Detroit—hurt by steep job losses in recent years—and northern Ohio cities like Toledo and Cleveland were principally responsible for keeping downward pressure on the Midwest numbers, Yun said.

Despite the dynamic job losses contributing to the economic and condo market softness in places like Michigan, Yun said the nation’s “cool” condo market is different this cycle because it is driven less by pressure on the labor market and more by investors bailing out of the sector.

“The current cool period is unique,” Yun said. “In the past, all cooling off periods were associated with job losses, but this time the job market is strong. It’s the investor presence—and then lack of investor presence—that is impacting the market.”

As a result, Yun said prices will decline only through the middle of 2007. Markets with relatively strong job growth, like Florida, Nevada and Arizona, will begin to rebound, he said. As those jobs create new sets of condo buyers interested in owning and occupying—not investing—inventory will be reduced.
Miami is a hotbed of condo construction with more than 15,000 units currently being built.

But Miami property manager Paul White, CPM and president of Paul L. White and Associates Inc., said he is not so sure the condo construction he is seeing will end up being so healthy. Miami has more than 15,000 condo units under construction, with an estimated 12,000 apartments being converted to condos, White said.

“Most of the new condos are priced at $300,000 and above,” White said. “Interest rates are rising, construction costs are rising, and many of the purchasers of the new condos are investors. This is a formula for disaster.”

One market Fasulo said may not rebound as quickly as some others is Las Vegas. Although Sin City is one of the most difficult cities to track condo demand in because of the international flavor of buyers, he said the city clearly has an oversupply issue needing to be addressed.

“All you need to do is take a look at all the recent condo projects that have been shelved,” Fasulo said. “It’s going to take a while for all the oversupply to be absorbed before prices start to rise again.”

**CONDOS, OPPORTUNITIES ABOUND**

This oversupply in condos might just lead to business opportunities for some real estate managers. As always, being aware of what’s happening in the local market, as well as having the know-how to expand a company’s line of business can pay off.

Becoming a receiver is one way real estate managers can fill in, in this slowing market. Banks appoint receivers to manage and operate foreclosed properties so developers cannot pull cash from those properties.

Paul White has acted as a receiver 35 times in his 33-year career. He said it’s a way to bring in another management account, be paid management fees and make commission from sales if the bank allows him to sell the units.

“It’s good business for me because [I’m] needed, it usually pays well, and it’s often a short-term assignment,” White said. “I can operate the property as I feel appropriate under the supervision of the court. It’s really a good situation all the way around.”

Another emerging opportunity is to manage condominium or community associations. With so many
condos available for the taking, many condo buildings want managers to oversee the upkeep, maintenance and beautification of the community, as well as ensure the financial stability of the community by working with the board of directors or any financial institution that might be involved.

With condos abounding in certain areas and the aging population looking to downsize and have someone else take care of its properties, now is a good time to break into the market, said Karen Pharr, CPM and vice president of Hiett & Associates, an El Paso, Texas, property management firm that manages 13 homeowner associations.

She said being a community association manager is unique because it requires less involvement with tenant issues and a lot of hands-on experience with the financial side of management. She said community association managers wear many hats, which makes the job interesting.

"It's one of the fastest growing niches in the market right now," Pharr said. "It's not an easy management portfolio for sure, but it's never dull."

Real estate managers who are not interested in learning the ropes of community association management and want to stick to managing rental units won't be left out of the opportunity loop during this slowdown.

A number of rental apartments once earmarked for condo conversion are reverting back to rental units. Cohen of Property & Portfolio Research refers to the trend as "reapartments." Fasulo said more condo-converting investors are pulling out of their condo investments and turning to rental apartments instead. And wherever rentals are, a need for management is not far behind.

"While many investors were predicting a situation where there would be many distressed properties on the market, that scenario really has not come into play at all," Fasulo said. "It's fortunate many of these condo converters came out into this type of environment, where they have an escape clause. Many of these failed condo conversion projects now are selling at a profit, just not at the profit they expected."

Fasulo said he doesn't expect the condo market slump to be endless considering the strong labor market, a manageable oversupply and the nearing onslaught of retiring Baby Boomers looking for low-maintenance housing. He also said the regions where the oversupply exists have favorable demographic trends—an influx of people and improvements in their local economies—that should offer some reprieve.

"No one can tell the future," Fasulo said, "but these are all healthy signs the excess supply will be burnt off relatively quickly."

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

The nation's more ethnically diverse population encourages shopping center managers to meet a need for ethnic-friendly products and experiences by Emma Johnson
Many great American cities are known for their ethnic shopping districts. San Francisco would be nothing without Chinatown. Chicago's Greektown has been home to some of the city's favorite restaurants for decades. What would a trip to New York be without a stop in Little Italy? Even Houston's Little Saigon has an identity of its own with city-issued street signs in Vietnamese.

Ethnic neighborhoods have been home to corresponding ethnic retail since the dawn of capitalism. In almost every case, the neighborhoods bloomed organically as immigrants populated a city's given quarter, and their unique restaurants and shops attracted city residents and tourists alike.

But as the United States' population becomes more ethnically diverse—and its buying power shifts among ethnic consumers—the ethnic shopping experience is changing throughout the country. Ethnic shopping centers are more the result of careful planning and market research than the result of organic growth in a given part of town. They're also geared toward consumers who have been in the country for generations, rather than recent immigrants.

As a result, developers and real estate managers must pay careful attention to their communities' changing demographics and their properties' evolving tenant and consumer bases, said Valeria Piaggio, vice president and consumer strategist of Latino topics for the Minneapolis-based market research firm Iconoculture. Doing so will keep their businesses relevant and growing, she said.

"Minority consumers are driving change," she said. "Property managers should try to keep pace with the new face of America. They can't afford to ignore this shift. For many businesses, [multicultural consumers] represent opportunity for growth."

**CORRELATING NUMBERS**

Currently, 35 million Latinos live in the United States. The Latino population is growing six times faster than the non-Latino population, according to U.S. Census figures. While one in every eight U.S. residents is Latino today, it is estimated those figures could be one in five by 2035, one in four by 2055 and one in three by 2100.

"In general you have to focus on where growth is coming from," Piaggio said. "If you look at the growth of the Latino population alone, there is huge growth coming from both immigration and U.S. births that needs to be acknowledged, not to mention the buying power."

Latinos spent $686 billion in 2004, according to a recent report from the University of Georgia. Between 1990 and 2009, the nation's Latino buying power will have grown by 8.2 percent annually—double the buying power for non-Latinos.

The number of Asian Americans is also growing, although their representation among other ethnic groups will stay at about 10 percent over the next 50 years, according to Census estimates. This group, however, spends about 10 percent more per capita than the rest of the country's population.

By 2010, all ethnic minorities combined in the United States will have $1.7 trillion in buying power, Piaggio said. These groups'
growing populations and increased buying power make them attractive targets to shopping center investors.

In the past three to four years, several Asian-themed shopping centers have opened along the East and West coasts. In other parts of the country, Forest City Enterprises' Hispanic Retail Group is investing about $12 million to overhaul Southgate Mall on the Arizona-Mexico border to attract Hispanic shoppers. The new $6 million Lamar Crossing shopping center in Memphis, Tenn., caters to the African American community with retailers targeting that demographic.

Retailers, especially, have been paying attention to the changing demographics, and some have already established positive relationships with ethnic consumers. JCPenney, Target, Wal-Mart and Home Depot have long been favorites with Hispanics. Two years ago JCPenney reported its stores targeting Hispanic shoppers by way of merchandise, Spanish-language in-store collateral and advertising, and bilingual sales associates had revenue triple that of other locations.

"From a consumer point of view [these retailers] resonate with them," Piaggio said. "They are looking at all aspects of their business to adapt to a new consumer. They are creating a more personalized shopping experience."

**BULLSEYE**

Industry experts said tapping into these markets does not mean trying to replicate a street scene in Beijing or devoting a food court to taco stands. Instead, real estate owners and managers need to complete careful market research to capture their target audience’s shopping habits and needs.

Piaggio said companies should conduct population surveys and consider what competing centers in nearby areas have to offer. Southwest Plaza—a Littleton, Colo., shopping center primarily attracting Hispanic and Asian American shoppers—regularly polls its retailers and customer service employees on their observations of customer behavior, and it conducts annual surveys about the center’s specific demographics.

The newly expanded Dillard’s is the flagship department store at Southwest Plaza, a 1.4 million square foot super regional shopping center in Littleton, Colo.

"Convey the idea of family and community," Piaggio said. "Think of the center as a community gathering."

Southwest Plaza strives to be a family gathering place for its customers. Years ago management noticed Latino and Asian American families were visiting the shopping center to spend time together. Now, the shopping center hosts Friday family nights and offers children’s entertainment.

The center’s management also hires bilingual employees for customer service, custodial, engineering and security positions. It also pays close attention to the national brands resonating with its target audience.

"It just makes good business sense to meet the needs of the people who are using your center," said Susan Sgrignoli, CPM and senior general manager of Southwest Plaza. "As customers spend their precious money here, we work to support and value them."

Equally important to understanding numbers-driven research, is understanding cultural differences between recent immigrant consumers and the later generations that are largely assimil...
iled into American culture. Newer immigrants, for example, tend to be driven by nostalgia.

"They want to recreate the experience they had back home," Piaggio said. "They want the feeling they had, and the real-life things and purchases they made. They want to maintain the cultural lifestyle."

The shopping patterns of second generation U.S. residents and following generations, however, tend to be more mainstream, including their tastes in fashion, wireless products, cars and music.

"Latino consumers are not looking for the same thing at every store," she said. "When they're looking for an American retail format, they're looking for a cool American experience. If they're seeking a small Latino experience, they're looking for something that connects with their cultural lifestyle."

Oak Ridge Plaza, an 80,000-square-foot center in a historically Latino section of Orlando, Fla., also strives for a healthy tenant mix and tweaks its approach to jive with the local, long-established market.

Mez Birdie, CPM and NAI Realvest director of retail services, oversees the center. Before turning to national chains to lease space, he seeks out local and regional tenants via the city's Hispanic Chamber of Commerce and advertising in the weekly Spanish version of the Orlando Sentinel newspaper.

Birdie said while the center works to accommodate these exclusive small businesses by doing things like allowing the center's hours of operation to follow the Latin American custom of staying open late, the small business owners learn to be nimble in their approach to changing gears to accommodate these shifting trends not only makes business sense, but will eventually be necessary for survival.

"This is just the beginning," Piaggio said. "We are going to see these trends growing with time. It's smart if business owners and managers are aware of these trends. They shouldn't just be reactive, but they should be prepared to face this business reality."
As corporate America grows more diverse, the real estate industry follows suit by Diana Mirel
As recent as 10 years ago many major corporations' workforces were dominated by white males. Today, however, the ethnic and gender makeup of the workforce is evolving as the number of minorities in the United States increases.

In 2005, the nation's minority population totaled 98 million or 33 percent of the country's 296.4 million residents, according to U.S. Census Bureau information.

As corporate America diversifies, corporate leadership is beginning to follow the trend. The real estate industry, however, is lagging behind: Less than 1 percent of the more than 100,000 people employed in the real estate industry are black, according to information from the Real Estate Executive Council, a national minority real estate consortium.

The industry is not ignoring the issue. Diversity has become an industry watchword, and real estate management companies are trying to catch up to the rest of the country's businesses.

"People say real estate is the last faction where, essentially, the walls have to come down," said Ron Whitley, chief diversity officer at Cushman & Wakefield, an international real estate services firm based in New York. "If you look back on the history of the industry, it has always been almost a closed industry in terms of networking and relationship building. That is starting to change, but that change is happening very slowly."

CHANGING FACE OF REAL ESTATE

Albeit a slow shift, the real estate industry has begun paying attention to diversifying the profession because of a sweeping demographic transformation in the U.S. workforce.

The white, working-age population is projected to decline from 82 percent of the workforce in 1980 to 63 percent in 2020, according to information from the National Center for Public Policy and Higher Education. During the same period, the minority portion of the workforce is projected to double. The Hispanic and Latino portion alone is projected to almost triple.

As the workforce changes, so does the clientele. Thus, many businesses recognize a diverse workforce is necessary to better serve existing clients and target new markets. A recent University of Illinois at Chicago study found companies with high diversity attracted almost 50 percent more customers than companies with low diversity.

"It is important to note our clients' faces are changing rapidly," said Heidi Stout, marketing manager for North America at Colliers International, a worldwide commercial real estate organization with U.S. headquarters in Boston. "Our clients [are] looking across the table at people, and they want to see people who reflect them. They want to see a variety of ages, genders and ethnicities."

MORE DIVERSITY, MORE INCOME

The University of Illinois at Chicago study also found companies with a racially diverse workforce tended to generate better financial results.

The average sales revenues of organizations with low racial diversity were approximately $3.1 million, compared to $3.9 million for those with medium diversity and $5.7 million for those with high diversity. Racially diverse companies were also more likely to report higher-than-average market shares and profitability.

Along with financial benefits, increasing diversity gives companies a competitive edge in strategic planning, industry experts said. Adding different opinions and world views into the mix brings new opportunities and alternative solutions to the surface.

"If you have five white males in a room discussing a deal or an opportunity, I think there is some truth to the fact...concepts may be similar," Whitley said. "If you add diversity—whether through gender or ethnicity—to that process, the product is really going to come out better and stronger."

BREAKING THROUGH BARRIERS

To increase diversity, corporations have focused on recruiting efforts to attract minority candidates. However, industry experts said the real estate industry has a historic reputation of being uninviting to women and minorities.

CB Richard Ellis, a Los Angeles-based commercial firm serving property owners, actually looks outside the industry for its minority candidates. The company has identified other professions and occupations requiring the same skills and qualities necessary to become a successful real estate professional.

"You can reach out to Goldman Sachs and Morgan Stanley and
BIG COMPANIES, BIG INITIATIVES

Large real estate companies extend recruiting efforts and launch large-scale diversification initiatives

Some of the real estate’s largest companies have taken great care to diversify their workforces, implementing ambitious programs taking time and resources, but adding value.

Colliers International recognized women are often the minority in many facets of the industry. Therefore, the company recently launched Women to the Helm, an initiative to recruit, retain, promote and train the best people and support and encourage diversity.

The company kicked off the initiative with a weekend retreat attended by 60 of the company’s female leaders from throughout North America. During the weekend, they mainly focused on how to improve diversity at Colliers and make it a better place for women and minorities to work. The participants determined 12-month goals, set strategies to meet the goals and appointed different employees to lead each part of the initiative.

Meanwhile, Cushman & Wakefield, an international real estate services firm in New York, is an active member in Project REAP (Real Estate Associate Program)—an industry-backed, market-driven program that finds, trains and places talented and dedicated minority professionals with leading commercial real estate firms.

REAP, a 25-week course held one evening a week, helps train professionals on the elementary concepts and terminology of building and real estate management and emphasizes the role of management in increasing the financial return of an income-producing commercial property. Nearly 50 Project REAP associates have earned positions with firms that develop, lease and manage shopping centers and office buildings.

To be involved in REAP, interested minority professionals must have a bachelor’s degree and three to five years of business experience. They must be residents of Metro Washington D.C., Atlanta or New York City. The program will open to Chicago residents in 2007 and Miami residents in 2008.

Being a sponsor of Project REAP helps Cushman & Wakefield maintain a strong presence in recruiting diverse talent, said Ron Whitley, chief diversity officer at the firm.

“This is a recruitment arm that brings people of color to the firm, brings talent to the firm and gives us an opportunity to tap into that talent,” he said.

CB Richard Ellis’ commitment to diversifying its workplace has resulted in a significant increase in minority employees, said Jack Van Berkel, senior vice president of corporate human resources at CB Richard Ellis. The company invites employees to contribute to diversity efforts through its diversity council, which includes mid- to senior-level managers and executives who help promote cultural issues, communication and diversity within the company.

“This is something these people have chosen to do because they want to,” Van Berkel said. “[Creating diversity] takes years. It takes continual effort and an effort on the part of a lot of people.”

recruit diverse talent that meets these specific qualifications, and we’ll give them the real estate experience,” said Jack Van Berkel, senior vice president of corporate human resources. “It is interesting because the real estate industry is the big unknown. People don’t actually realize the upside potential and financial compensation rewards associated with being in this industry.”

Another challenge for organizations is having candid conversations about diversity and breaking down the walls that keep people from entering the industry.

“If you haven’t interacted with someone, you haven’t worked with someone, and you don’t have that trust level with someone that is different from you, how are you going to become comfortable tapping that person on the shoulder and saying, ‘I want you to become part of my team and part of my firm?’” Whitley said.

To start these conversations, Cushman & Wakefield is reaching out to minority professional organizations. Recently, a number of company leaders attended and presented at conferences for both the National Black MBA Association and the National Society of Hispanic MBAs. Through these efforts, Cushman & Wakefield leaders networked with minority talent and got the word out about their company to prospective candidates.

CLOSER TO HOME

In addition to outside recruiting, companies rely on internal recruitment efforts. Corporations may ask
their minority employees to help find individuals they think would fit in with the company and would fit in with the culture, said Simon T. Bailey, senior vice president at Yesawich, Pepperdine, Brown & Russell, a brand marketing organization based in Orlando, Fla.

"If you have diverse employees that are already successful in the organization, have been there a while and have produced, then they know other individuals like themselves," he said.

Of course, organizations must approach this tactic sensitively. Some people are happy to be asked for input. Others might feel they are being treated as a token and used for recruiting purposes, rather than for their value to the company, Bailey said.

"Individuals can read between the lines if the organization is sincere," he said. "It all depends on the person and the culture of the organization."

ATTENTION TO RETENTION

Once a company has successfully attracted and hired diverse employees, the work is not over. Retaining employees is something companies must commit to from the beginning.

"It is one thing to attract them, but it's another to retain them," said Shawn Desgrosellier, managing director for Kaye Bassman International, an executive search firm in Dallas. He works with the company's real estate and construction practice in the western United States.

Most companies tackle retention by setting up mentor programs within the company. The mentor program at CB Richard Ellis pairs new employees with senior-level employees. New hires then receive guidance on business planning, scanning the marketplace and picking areas of expertise from external coaches tied to the real estate business.

"People typically don't want to have stuff given to them. They want to have someone to help them out, and we give them that boost," Van Berkel said.

Cushman & Wakefield's mentor program focuses on ensuring an appropriate match between the employee and mentor. Rather than matching employees with managers or supervisors, Cushman & Wakefield matches new employees with colleagues they can relate to on a personal level.

The mentors help acclimate employees to the workplace, assist them with presentation preparation, offer feedback, answer questions and provide career-path guidance.

Such mentoring programs encourage employees to create personal development plans and career paths within the firm, helping them feel engaged in and committed to the organization. At the same time, they show employees the company cares about them and believes in their future with the organization.

Companies also work to create comfortable and inviting environments for women and minorities, which can be the hardest part.

"You can't control the environment," Van Berkel said. "All you can do is create an environment where diversity is promoted. All you can do is set that baseline."

Diana Mirel is a contributing writer for JPM. Questions regarding this article can be sent to kgunderson@irem.org.

Another challenge for organizations is having candid conversations about diversity and breaking down the walls that keep people from entering the industry.
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IREM Institute of Real Estate Management
HEALTHY INVESTMENT

As the aging population spurs development of medical office buildings, real estate managers seize opportunities to diversify portfolios by Darnell Little

Duke Raleigh Medical Plaza is an 84,000-square-foot medical office building located on the campus of Raleigh Community Hospital in Raleigh, N.C.
America is getting older. The first wave of Baby Boomers—numerically the largest generation in U.S. history—has reached the age of 60.

Many business sectors are gearing up to capitalize on the graying of the population—especially the healthcare industry. For real estate managers, that creates new opportunities in the rapidly growing area of medical office buildings.

“There’s a focus on healthcare in general as a growing industry,” said Jeff Cooper, senior managing director for real estate at Granite Partners, an investment banking firm. “You’ve got more people living to an older age. There’s more demand for doctors. Those doctors will need office buildings and that creates opportunity for us.”

GOLDEN YEARS, GOLDEN INVESTMENT

Around 35 million people age 65 and over were living in the year 2000, according to U.S. Census Bureau information. That number will more than double by 2030, the bureau estimates. Such statistics are driving heavy investment in all types of medical office buildings.

Some medical office buildings simply provide office space for physicians to meet and consult with patients, while a few units may have some heavy medical and diagnostic equipment like X-ray or other imaging machines. Other medical office buildings are like mini hospitals, housing operating rooms where doctors perform surgical procedures.

Complicated buildings or not, the attractive financial return on all medical office buildings is raising interest in the market. Medical office sales have grown from $857 million in 2002 to $2.1 billion in 2005, according to information from Real Capital Analytics, a real estate research firm.

In the second quarter of 2006, Real Capital Analytics tracked $3.5 billion in medical office building sales during the prior 12 months. Medical office space now averages $211 per square foot, compared with $203 for all other office buildings. In 2002, medical office rents averaged $142 per square foot.

“The returns on medical office are much better than in office, retail and residential,” Cooper said. “It provides you with an attractive margin on your property.”

LONGER LIVES, LONGER LEASES

As with all real estate, getting a decent return on a medical office building greatly depends on its location. A medical office building located near a major hospital carries a high premium. Even better is a medical office building located directly on a hospital’s campus.

Physicians like to be housed as close to a major medical facility as possible. They do not want to spend a lot of time commuting back and forth between their offices and their primary hospital—or do their patients.

“The closer you get to that hospital campus, the higher your rates can be,” said Keith Kaiser, co-chair of GVA Worldwide’s management services practice group. The company manages more than 800,000 square feet of medical

The London Real Estate Group is currently building Northcare, a $15 million, 80,000-square-foot medical office building in Colorado Springs, Colo.
office space. “That generally translates into stronger fees for the management service provider.”

Prime locations often translate into longer leases as well. Leases for medical office buildings tend to be several years longer than leases for traditional office spaces. While the standard office lease is three to five years, medical office leases are routinely in the eight- to 10-year range because doctors form strong bonds with the nearby hospital and are reluctant to move. Changing locations can also be difficult for physicians with expensive, heavy medical equipment in their units.

Because of the longer-term leases, Wall Street tends to look at medical office buildings as secure investments, said Mike Heritage of the London Real Estate Group. The group is building a $15 million, 80,000-square-foot medical office building called Northcare in Colorado Springs, Colo. Scheduled to be completed in 2008, Northcare will be adjacent to the St. Francis Medical Center. Heritage estimates the building is 65 percent presold.

“The safety and security of the investment is higher than your typical office building where you have tenants that can move to a different location in the city if they get a better deal,” Heritage said. “Physicians can’t really go anywhere else, so you really have a captive audience.”

**CRITICAL CONDITIONS**

Although managing medical office buildings is proving to be lucrative, it brings its share of challenges.

Medical office buildings routinely have greater cleaning and power demands. More insurance issues might arise if some tenants house expensive medical equipment. An understanding of government regulations and ordinances—like Occupational Safety and Health Administration (OSHA) requirements—is necessary if a building has actual patients walking in the door, said James Lennox, CPM, a director at real estate firm Trammell Crow Co.

“You really need to understand the legal requirements for the generation and proper disposal for hazardous wastes,” Lennox said. “It adds another layer of complexity to how you resolve issues and operate your building.”

The technical aspects of managing a medical office can provide an intense challenge for the property manager. Some tenants may have complex medical equipment requiring extra power to operate; if the doctors treat patients in the building, the operation of this equipment is critical.

If the building contains a surgery center, uninterrupted air conditioning is crucial. Continuous elevator service is essential if the operating room is on another floor. A constant supply of power to operate diagnostic and patient monitoring equipment is vital. All this means the property manager must have expert knowledge of the building’s infrastructure and engineering requirements.

“The day-to-day engineering operations of the building are critical when you are in a medical environment,” said Tim McNally, director of real estate for Overlake Hospital, a regional medical center in Bellevue, Wash. “The property manager must have more than a passing knowledge of medical equipment and of the importance and significance of the infrastructure workings.”

A medical office located on the same campus as a hospital involves other challenges. While having a convenient location pays off with higher premiums and lower vacancy rates, it comes at a price—bureaucratic nightmares for the property manager.

The hospital may want to maintain control of certain uses and operations of any building located on its campus. It may want the final say on who can and cannot move into the building. Cooper of Granite Partners said hospitals want doctors with practices that generate income for the hospital, and they may specify they don’t want tenants with nonmedical uses.

He also said a hospital might not want a tenant with competing services on campus. For example, the hospital may not want a third-party medical imaging group in the building because it will compete with the hospital’s imaging practice, Cooper said. That makes the
property manager’s job of attracting tenants to the building more difficult.

“What makes medical office buildings harder to manage is that you have tenants in the building you have to satisfy and you also have a hospital you have to accommodate,” Cooper said. “You have to rely on the hospital and have a good relationship so they continue to send you tenants.”

**MANAGEMENT PRESCRIPTION**

To handle all these greater challenges, a medical office property manager must possess a wide range of skills. Kaiser of GVA Worldwide said education is essential to obtaining these skills.

He said the field of medical office management has grown so quickly that companies and real estate industry organizations have not been able to create training programs fast enough to prepare workers for the challenges.

“Real estate developers and real estate investors have had to be on a very steep learning curve about what to deliver to the market, about how to design it and how to deliver it,” Kaiser said. “And I’m not sure that the real estate management disciplines have kept pace in their training programs.”

Education aside, successfully managing medical office buildings requires patience and listening skills. Physicians often have complex needs. No matter how well trained the property manager may be, he or she can never fully anticipate all of a medical professional’s demands.

“There’s a tremendous amount of listening required to understand what the needs are on the part of the tenants in those buildings,” Kaiser said. “And so the company that’s providing those property management services has to be prepared to make that investment of time, talent and energy, which all translates into money.”

Lennox of Trammell Crow said despite all the challenges, he enjoys working with a sophisticated, technologically savvy group of tenants, and he believes he is making a significant contribution to society.

“I just like the nature of the beast,” he said. “Being able to help people who are hurt or need help, and being active in the community—as these organizations are—is very fulfilling.”

Darnell Little is a contributing writer for *JPM*. Questions regarding this article can be sent to kgunderson@irem.org.
Tenant councils have been a hush-hush concept in the real estate management industry for years. Owners and managers have steered clear of such entities because they have earned a reputation for being potential coups with missions to overrun management teams.

One management company, however, has recently taken an approach that flies in the face of stigmas attached to the concept: Transwestern, a commercial real estate firm based out of Houston, has had great success introducing tenant councils as communication and problem-solving forums to several of its properties across the country.

"Tenant councils are something we use to be in touch with our tenants," said Marc Fischer, CPM, and a senior vice president and director of management services for Transwestern. "Every comment from people who said this couldn't work has been proven wrong. The results have been exceptional. They've been fantastic."

Attributing Transwestern's high tenant satisfaction rates in part to implementing tenant councils, Fischer said more managers might want to consider the tenant council model—or at least a similar model—to effectively and efficiently meet clients' needs.

KEEP THE CUSTOMER SATISFIED
Satisfied tenants renew leases, according to information from Kingsley Associates, a real estate research and consulting firm with headquarters in San Francisco. Because lease renewals save tenants moving costs and the headache of disrupting business, and because owners often make money on lease renewals, everyone seems to come out ahead.

Transwestern sees tenant councils as a means for maintaining those high levels of satisfaction that inspire lease renewals. Such councils open the lines of communication, give tenants a sense of empowerment, help uncover the unique needs of each tenant—resulting in happy customers, according to staff.

One of the main missions of a tenant council is to foster
positive communication between management and tenants—a key component driving tenant satisfaction, said David Smith, vice president for Kingsley Associates. A Kingsley study found tenants who had frequent, meaningful interactions with their property manager were much more pleased than those who did not.

“When managers maintain proactive communication on at least a quarterly basis, they see a higher level of satisfaction,” Smith said. “Communication is a very tangible way to improve tenant satisfaction.”

The sense of empowerment tenants get from being involved with these councils, and thereby being involved with decisions pertaining to their buildings—like vendor selection or landscaping options—also drives tenant satisfaction, Fischer said. Being involved often gives them a sense of ownership, and when tenants are empowered, he said they feel much more connected to the building.

“Some tenants really want to have a say in the places where they work,” Fischer said. “They want to have some decision-making responsibility as to the building they work in. They want to be involved.”

He also said tenant councils provide an opportunity for tenants to clearly outline their expectations for building services. No two tenants are alike, and no two tenants’ definitions of satisfaction are the same, he said, so understanding tenants’ expectations and then catering to their individual needs is important in the pursuit of tenant satisfaction.

“Instead of treating tenants like a cookie cutter you can adjust things so everybody gets what they’re looking for,” Fischer said.

SCHEDULED SATISFACTION

Transwestern’s 60-minute monthly tenant council meetings serve as forums for discovering its individual tenants’ needs, as well as for communicating with tenants and empowering them. Attendees typically include real estate managers, chief engineers, major service providers, janitorial and security staff and, of course, each tenant who chooses to participate. “It’s no longer Transwestern versus the tenant versus the vendor,” Fischer said. “We’re all sitting around the table and we’re all part of the same team. We want everybody’s voice to be heard and it works beautifully.”

The meetings offer tenants, vendors and management an opportunity to express concerns, make property-related decisions and even recognize individuals who significantly contribute to the property’s effectiveness.

Tenant council meetings are the perfect setting for property managers to provide updates on capital, major projects and operations issues. Tenants can provide feedback on major service vendors, property management and engineering. The meetings also offer a venue to hold all parties accountable for their actions in relationship to whatever issues might arise.

“We improve the satisfaction of tenants in the building by communicating with them, by solving problems with them and by holding people’s feet to the fire—making them accountable for what they promised they would do,” Fischer said.

Fischer said tenant council meetings are not just an effective way to communicate with those involved in the building—they are one of the most efficient ways Transwestern has found to interact with tenants and vendors.

Because the meetings are scheduled, Transwestern’s real
Estate managers now get the face time they and their tenants desire without barging into tenants’ offices unannounced, interrupting their clients’ workdays. Plus, they get to meet with all their tenants in a particular building in one place, at one time.

“We wanted to improve the efficiency of meeting with clients, but at the same time we wanted to improve the connectivity between the manager and tenants,” Fischer said.

Agendas sent out in advance of all meetings give tenant council members a heads-up on the subject matter of upcoming meetings. Members can then decide whether the meeting items apply to them and if they want to attend. Tenants also have an opportunity to add items to the agenda list.

“Everybody’s time is maximized and we’re spending the right amount of time with the right people,” Fischer said. “We get a lot of stuff done in that one-hour period.”

PROGRESS ALONE

Having tenants come together to voice their concerns and opinions makes some asset managers and building owners uneasy. They fear tenants will make an alliance and dictate how the building will operate.

A Transwestern tenant council has been in effect at One Washington Center in Gaithersburg, Md., since 2004.

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Fischer said helping owners and asset managers understand the correlation among tenant councils, tenant satisfaction and tenant renewals will likely win them over. Getting owners on board to try out a tenant council at a single location is half the battle, Fischer said. From there, owners and managers can decide if it’s effective or if the process should be tweaked.

“We really haven’t seen the tenants gang up on the property manager,” Fischer said. “We haven’t seen them gang up at leasing time, either.”

More than anything, tenant council members are interested in airing their problems, brainstorming solutions and ensuring progress is being made, Fischer said. In his experience, councils have not been overly demanding or unreasonable about timelines. They just want assurance someone is considering their needs.

“You can’t just give lip service and you can’t just promise things in the future,” Fischer said. “You have to do some things now, but you don’t have to do everything now. We’ve never really had anyone say we’re not moving fast enough. Tenant councils are very happy with progress alone.”

“For the most part, tenants just want to come to work and worry about their own businesses—not building operations or management problems,” Fischer said.

“If they’re architects, we want them to come in and think about architecture. If they’re doctors, we want them to come in and think about medicine,” Fischer said. He said tenants want to come in and do the things they are in business to do and not think about property management issues.”

At the end of the day, whether real estate managers have formal tenant councils or whether they call their tenant councils by other names is not important, Fischer said. Because every property is unique and has its own distinct personality, managers can approach each property differently. What does matter and is consistent, he said, is managers must communicate with tenants to keep them satisfied and leasing space.

“The important part is that regular contact with the tenants,” he said. “If you’re only communicating with tenants when they have a problem, it’s not the same thing as communicating with them memorably or frequently.”

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

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New IREM leaders take the helm

At IREM’s fall business and governance meetings in Tampa, in October, new officers and regional vice presidents were installed. They will spend the next year serving and getting to know members. Readers can take this opportunity to get to know them.

IREM Officer Biographies

President

Robert Toothaker, CPM, is chairman of Real Estate Management Corporation, AMO, as well as CB Richard Ellis South Bend, AMO. Toothaker has been in the real estate business since 1978. He is a charter member of the Indiana Commercial Board of REALTORS® and was named the 2004 "REALTOR of the Year."

Toothaker is also active in civic and community affairs. He serves as a board member for the Housing Authority of the City of South Bend, the Studebaker National Museum and the Indiana Historical Society. He also is immediate past chairman of the Northern Indiana Historical Foundation and the Business Development Corporation.

Toothaker is a licensed real estate broker in Indiana and Illinois and holds a Bachelors and Masters degree from Illinois State University.

Monroe earned IREM’s CPM designation in 1985 and served as an IREM chapter president for two years in the late 1980s. Monroe also served as a regional vice president and most recently as a senior vice president. IREM’s South Jersey Chapter No. 101 named her “CPM of the Year” in 2003.

Monroe graduated from the University of South Alabama with a B.S. degree and holds a Real Estate broker’s license from the state of Alabama.

Secretary/Treasurer

Pamela W. Monroe, CPM, is vice president of operations at Community Realty Management, Inc. in Pleasantville, N.J. She has over 25 years of professional industry experience managing multifamily housing—including conventional properties, Low Income Housing Tax Credits (LIHTC) housing, senior housing and condominiums.

Monroe earned IREM’s CPM designation in 1985 and served as an IREM chapter president for two years in the late 1980s. Monroe also served as a regional vice president and most recently as a senior vice president. IREM’s South Jersey Chapter No. 101 named her “CPM of the Year” in 2003.

Monroe graduated from the University of South Alabama with a B.S. degree and holds a Real Estate broker’s license from the state of Alabama.

Regina T. Mullins, CPM, is a senior portfolio manager in Cushman & Wakefield’s (C&W) Asset Services Group. IREM’s Northern Virginia Chapter No. 77 named Mullins “CPM of the Year” in 1995. She served as chapter president in 1997. Mullins also was an IREM senior vice president from 2003 to 2005, a regional vice president in 2001 and 2002, and has chaired and/or served on IREM’s membership, management plan, legislative and education committees.

Mullins has more than 23 years of asset and property management experience. Prior to joining C&W in 1997, she was a senior property manager at two different Washington, D.C.-area property management firms, where she was responsible for 18 commercial properties totaling more than 2 million square feet.

Mullins earned her Certified Commercial Investment Member (CCIM) Institute designation in May 2003. She is a graduate of National Louis University with a B.S. degree in management.

2007 President Elect

Regina T. Mullins, CPM, is a senior portfolio manager in Cushman & Wakefield’s (C&W) Asset Services Group. IREM’s Northern Virginia Chapter No. 77 named Mullins “CPM of the Year” in 1995. She served as chapter president in 1997. Mullins also was an IREM senior vice president from 2003 to 2005, a regional vice president in 2001 and 2002, and has chaired and/or served on IREM’s membership, management plan, legislative and education committees.
RVP Biographies

Christopher Mellen, CPM
Region 1 Vice President

Christopher Mellen, CPM, of Dedham, Mass., is serving as 2006 and 2007 regional vice president for Region 1. He oversees the activities of IREM chapters in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

Mellen is the vice president of the Simon Companies, AMO, headquartered in Braintree, Mass., where he is responsible for managing the company’s portfolio of commercial and multifamily properties. A faculty member with IREM National for the past several years, Mellen teaches courses to students at various experience levels, and he is the former vice chairman of IREM’s National Education Committee. He also teaches real estate at Boston University and Mount Ida College.

Mellen earned his CPM designation from IREM in 1977 and has held several leadership positions with IREM’s Boston Metropolitan Chapter No. 4, including that of chapter president. In 2002, he was honored with the chapter’s “CPM of the Year” award.

Mellen is chairman of the Dedham Finance Committee and earned his B.B.A. degree at Temple University in Philadelphia.

Eileen Yesko, CPM
Region 2 Vice President

Eileen Yesko, CPM, of Monroe Township, N.J., will serve as 2007 and 2008 regional vice president for Region 2. During her two-year term, she will oversee activities of the seven IREM chapters in Delaware, New Jersey, New York and Pennsylvania.

Yesko is assistant director of affordable housing for PresbyHomes and Services, with headquarters in Lafayette Hill, Pa. She is responsible for managing the organization’s federally subsidized portfolio of senior/disabled housing in Pennsylvania and Delaware.

Yesko is an active member of IREM’s New Jersey Chapter No.1 and has served in a number of chapter leadership positions. She was recognized as the chapter’s “CPM Candidate of the Year in 2000,” as “CPM of the Year” in 2002 and as its Presidential Key Award recipient in 2004. Prior to her latest appointment, she served from 2004 to 2006 as a member of IREM’s Governing Council and Membership Committee.

Yesko received a B.S. degree in finance and an MBA degree from Rider University, Lawrenceville, N.J.

Gregory A. Cichy, CPM
Region 3 Vice President

Gregory A. Cichy, CPM, of Vienna, Va, will serve as 2007 and 2008 Regional Vice President for Region 3. During his two-year term, he will oversee the six IREM chapters in Virginia, Maryland and the District of Columbia.

Cichy is an assistant vice president of Grubb & Ellis Management Services Inc., located in Vienna, Va. He is responsible for the firm’s management services in the Washington District, which includes Virginia, Maryland and Washington, D.C. He is active in IREM’s West Central Maryland Chapter No. 92 and has held numerous leadership positions with the chapter, including president.

Cichy earned a B.A. degree in urban studies from the University of Maryland and a master’s degree in real estate management from Johns Hopkins University.

Robin Stinson, CPM
Region 4 Vice President

Robin Stinson, CPM, of Orlando, Fla., is serving as 2006 and 2007 Regional Vice President for Region 4. She oversees the activities of the six IREM chapters in Florida and Georgia.

Stinson is president of CAMEO Professionals Inc., Orlando, a full-service real estate management company. She has had diverse responsibilities with CAMEO including managing operations, implementing programs to ensure quality control, overseeing client relations and developing new business.

Stinson is a faculty member with IREM National. She earned the CPM designation from IREM in 1985. She is a member of IREM’s Orlando Chapter No. 60, and has served the chapter in numerous leadership positions, including president. Previously affiliated with IREM’s Washington, D.C. Chapter No. 9, she received the “CPM of the Year” award in 1995.

Stinson founded Communities with Vision Inc., a 501c3 in 1995, as a catalyst to address owners’ and residents’ interests related to Low Income Housing Tax Credit housing and Section 8 housing.
RVP Biographies (continued)

David D. Henry, CPM
Region 5 Vice President

David Deming Henry, CPM, CCIM, of Little Rock, Ark., will serve as the 2007 and 2008 Regional Vice President for Region 5. During his two-year term, he will oversee the activities of the four IREM chapters in Alabama, Arkansas, Louisiana and Mississippi.

Henry is president and chief executive officer of the Henry Corporation of Arkansas, AMO, a full-service real estate firm engaged in multifamily management, development, construction and brokerage. He has been active in IREM's Arkansas Chapter No. 64. He has held numerous chapter leadership positions, including president. He was honored as the chapter's “CPM of the Year” in 2004.

Henry is the recipient of the President's Award from the University of Little Rock, is honorary chairman of the Business Advisory Council to the National Congressional Republican Committee and is listed in the “Who’s Who” National Registry. He earned a B.S. degree in accounting and an MBA from the University of Arkansas at Little Rock.

Susan L. Considine, CPM
Region 6 Vice President

Susan L. Considine, CPM, of Dayton, Ohio will serve as 2007 and 2008 Regional Vice President for Region 6. During her two-year term, she will oversee the activities of the nine IREM chapters in Indiana, Kentucky, Michigan, Ohio and West Virginia.

Considine is a senior property manager with Turner Property Services Group, a company known as the leader in third-party commercial real estate management in Dayton.

She has served in various leadership positions with IREM's Cincinnati Chapter No. 9 and the Dayton Chapter that merged with it in 2000. In 2005, she was honored by Chapter No. 9 as its “CPM of the Year.”

Considine has been active with IREM at the national level. She has served as a member of the IREM Governing Council, the International Affairs Committee and the Membership Committee. Currently, she is vice chair of the Membership Committee.

Considine earned a B.A. in communications from Wright State University, Dayton.

Lynn Kelleher, CPM
Region 7 Vice President

Lynn Kelleher, CPM, of Houston, Texas is serving as 2006 and 2007 regional vice president for Region 7. She oversees the eight IREM chapters in Texas and Oklahoma.

A property manager with Crescent Real Estate Equities Ltd., Kelleher manages 5 Houston Center, a 580,000 square-foot office building located in downtown Houston. She is a member of IREM's Houston Chapter No. 28, and has served the chapter in numerous leadership positions including that of president.

Kelleher earned her CPM designation from IREM in 1995 and a CCIM designation from the CCIM Institute in 2001. She was awarded a B.B.A. degree from Sam Houston University in Huntsville, Texas.

Guy M. Blasi, CPM
Region 8 Vice President

Guy M. Blasi, CPM, of Littleton, Colo., will serve as 2007 and 2008 Regional Vice President for Region 8. During his two-year term, he will oversee the activities of the eight IREM chapters in Arizona, Colorado, Nevada, New Mexico and Utah.

Blasi is president and chief executive officer of Bane Taylor IPM Real Estate Group LLC, Littleton, a commercial brokerage and property management company with a diverse portfolio of office, retail, residential and industrial properties. Active in IREM's Northern Colorado Chapter No. 17, he has held numerous chapter leadership positions, including president. In 2003, the chapter honored him as its “CPM of the Year.”

In addition to his involvement with IREM, Blasi is a member of the Littleton Elks Lodge and the National Association of Housing and Redevelopment Officers. He earned a bachelor's degree in 1980 from Colorado State University in Fort Collins, Colo.

David Domres, CPM
Region 9 Vice President

David Domres, CPM, of Milwaukee, Wis., is serving as 2006 and 2007 regional vice president for Region 9. He oversees the five IREM chapters in Wisconsin, Illinois and Minnesota.

Domres is vice president of asset and property management for Irgens Development Partners LLC, AMO. He is responsible for the direction and operation of the company's asset and property Management, brokerage and facility maintenance divisions.
RVP Biographies (continued)

Domres has been a faculty member with IREM National for the past several years, teaching courses to students at various experience levels. He earned his CPM designation from IREM in 1989 and has held several leadership positions with IREM’s Milwaukee Chapter No. 23, including chapter president. In both 1995 and 2001, he was honored with the chapter’s “CPM of the Year” award.

Domres is Chair of the Property Management Degree program at Waukesha County Technical College, Waukesha, Wis., where he serves as an adjunct faculty member. He has real estate licenses in Wisconsin and Minnesota and earned a degree in architecture from Iowa State University in Ames, Iowa.

Clark Lindstrom, CPM
Region 10 Vice President

Clark Lindstrom, CPM, of Wichita, Kan., is serving as 2006 and 2007 regional vice president for Region 10. He oversees the activities of IREM Chapters in Kansas, Iowa, Missouri, Nebraska, North Dakota and South Dakota.

A senior regional property manager with The Peterson Companies, a full-service real estate company headquartered in Shawnee Mission, Kan., Lindstrom’s region consists of properties in Wichita, Topeka and Emporia. He earned the CPM designation from IREM in 1988 and has been a licensed REALTOR in Kansas for more than 25 years.

Lindstrom is a member of IREM’s Wichita Chapter No. 65 and has served the chapter in numerous leadership positions, including two separate terms as president. In 2000, he was the recipient of the Chapter’s “CPM of the Year” award, and in 1997, 1998 and 1999, he was honored by IREM National for directing the chapter’s active legislative program and community service projects. He currently chairs IREM National’s Legislative and Public Policy Committee. Lindstrom earned a B.A. degree from Wichita State University in 1975.

Joseph Greenblatt, CPM
Region 11 Vice President

Joseph Greenblatt, CPM, of San Diego, Calif., will serve as 2007 and 2008 Regional Vice President for Region 11. During his two-year term, he will oversee the activities of the nine IREM chapters in California and Hawaii.

Greenblatt is president of Sunrise Management, headquartered in San Diego. He is responsible for overseeing the day-to-day operations of the company, its portfolio of more than 8,500 resident units, and its 300 employees in San Diego and Mesa, Ariz.

Greenblatt has long been active in IREM’s San Diego Chapter No. 18, and has served in numerous chapter leadership positions, including president. He was the chapter’s “CPM Candidate of the Year” in 1991 and “CPM of the Year” in 1994.

Greenblatt also has been active in IREM at the national level. He is a member of IREM’s National Faculty and has served as chairman of its national Ethics Hearing and Discipline Board. Greenblatt also is the recipient of two of IREM national’s service awards—the IREM “Key Award” in September 1993 and the “Past President’s Award” in 1996.

Skinner (Skip) Anderson, CPM, ARM
Region 12 Vice President


Anderson is president of Riverside Management Company Inc., AMO, Boise, a full-service real estate management organization managing both commercial and residential properties. Anderson has long been active in IREM’s Idaho Snake River Chapter No. 107.

He has held numerous chapter leadership positions, including president. Anderson received his B.S. degree in 1978 from the University of California/Davis.

Jason Stowe, CPM
Region 13 Vice President

Jason F. Stowe, CPM, of Raleigh, N.C., will serve as 2007 and 2008 Regional Vice President for Region 13. During his two-year term, he will oversee the activities of the seven IREM chapters in North Carolina, South Carolina and Tennessee.

Stowe is vice president of Income Properties of Raleigh Inc. He is responsible for managing and leasing client properties. Active in IREM’s Eastern North Carolina Chapter No. 105, he has held numerous chapter leadership positions, including president.

In addition to his involvement in IREM, Stowe is a member of the Triangle Commercial REALTORS’ Association. He earned a B.A. degree in 1992 from Lenoir-Rhyne College in Hickory, N.C.
Landing the deals

■ Trammell Crow Company, AMO, made several business transactions:
  • It has been hired to lease 100,000 square feet of office space for Lakefront Office Ventures’ Lakefront I and II buildings in south Orlando, Fla.
  • It leased 6,567 square feet of office space to Hartland Insurance Group at Concorde Centre in Auburn Hills, Mich.
  • It leased 6,375 square feet of office space to Geico Engineering Systems at Concorde Centre in Auburn Hills, Mich.
  • It leased 3,553 square feet space to Barnes Group Inc. at Kierts Office Park in Troy, Mich.
  • It has been retained by Irving Park, Tex.-based ARCap REIT to sell a 426,653 square foot office park in Troy, Mich.
  • It has leased 2,646 square feet of office space to DMJM H&N at the Detroit Dime Building in Detroit.
  • It has been hired to provide exclusive brokerage services for Meridian Distribution Center in Sarasota, Fla., which features 907,237 square feet of warehouse distribution space.
  • It leased 2,000 square feet of space to Café Kabob at the City Centre Plaza in Southfield, Mich.
  • It leased 1,050 square feet of space to H&N Block Enterprises at the EZ Storage Center, a retail strip center in Eastpointe, Mich.

■ Divaris Real Estate Inc., which comprises Divaris Property Management Corp., AMO, made several business transactions:
  • It leased 4,593 square feet of office space to Patton, Harris, Rust & Associates at Merchants Walk South in Sachem Place in Newport News, Va.
  • It leased 2,539 square feet of office space to Chas. Levy Circulating Co. LLC at Sachem Village in Sachem Place in Charlottesville, Va.
  • It leased 2,724 square feet of office space to Wyndham Worldwide Operations at the Town Center of Virginia Beach in Virginia Beach, Va.

■ Rochester, Minn.-based Landmark Property Advisors and Paragon Property Management, AMO, have merged into a single property service firm called Paramark Corp. An estimated 6,000 residential units will be managed by the new firm.

■ JRT Realty Group, Inc., along with strategic alliance partner Cushman and Wakefield, AMO, leased 54,420 square feet of executive office space to 11 different companies at 780 Third Ave., in Manhattan, N.Y.
Career Moves

- **Julie V. Smith** has been appointed property manager in the Virginia Beach, Va. office of Divaris Real Estate Inc., which comprises Divaris Property Management Corp., AMO. She will manage 339,000 square feet of office space throughout the Greater Hampton Roads area.

- **Robert Carson** has been promoted to executive vice president of Levin Management, AMO. He will oversee coordination of all new client properties, assume a more active role in business development and play a key role in day-to-day operations.

- **Susan E. Collins, CPM**, has been promoted to associate director of property management in the Virginia Beach, Va. corporate headquarters of Divaris Property Management Corp., AMO. She is responsible for cultivating new property management assignments and overseeing the day-to-day operations of the company’s Property Management Division.

- **Amy L. Cherry** has been appointed general manager of The Town Center of Virginia Beach by Divaris Real Estate Inc., which comprises Divaris Property Management Corp., AMO. She will be responsible for the property management of the project currently being developed on 17 city blocks in the newly created financial district of Virginia Beach.

- **Douglas K. Grass, CPM**, has joined the Bessire & Casenhiser, Inc. property management team in San Dimas, Ca. He has over 18 years experience as a regional property manager.

- **Jay Meder** has been appointed executive vice president and CFO of WRH Income Properties, Inc. in St. Petersburg, Fla. His responsibilities will include all aspects of accounting, finance, human resources, risk management and information technology issues for WRH and its affiliated entities including WRH Realty Services, Inc., AMO.

SHARE YOUR ACCOMPLISHMENTS

Please let us know of any career moves or deals you’ve made by filling out our online submission form at www.irem.org/sec1ins.cfm?sec=jpm&con=career_moves.cfm&par=

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**AMO Spotlight**

To earn IREM’s Accredited Management Organization (AMO) designation, a company must demonstrate a high level of performance, experience and financial stability, and have a CPM in an executive position. Wendy Drucker, CPM, and co-CEO of Drucker and Falk, AMO, offered up the following information about her company.

**Company**

Drucker and Falk LLC is a full-service real estate management company.

**Where is the company’s headquarters?**

Newport News, Va.

**How many employees does the company have?**

881 employees

**How many CPMs work at the company?**

18 CPMs and five candidates

**When did the company become an AMO?**

November, 1948

**Why did the company become an AMO?**

One of the founders of Drucker & Falk, E. Manny Falk, was involved with IREM at its inception and contributed to forming the AMO concept. E.E. Falk felt the designation was important then, and the third generation of Drucker & Falk LLC leaders continue to consider it important. Drucker & Falk was honored to join the AMO family at its outset.

**What is the benefit of being an AMO?**

“Being designated as an AMO confirms the company’s adherence to a high standard of performance and ethics in its work practices. Drucker & Falk LLC and all the other AMOs are companies that can say with pride they can be trusted, they are honorable and they keep their word. In an environment where these qualities are often in question, confirmation of ethical corporate traits is important.”

—Wendy C. Drucker, CPM, co-CEO
International News

Canada becomes Region 14

The nearly 1,000 IREM members in Canada now belong to IREM’s Region 14, as a result of Governing Council creating the region at the Fall Business and Governance Meeting in Tampa, Fla. Crystal M. Skead, CPM, ARM, of Westcorp Properties Inc., in Edmonton, Alberta was elected as the 2007-2008 regional vice president. In this role, she will coordinate the activities of IREM chapters in Canada, as well as chapters of the Real Estate Institute of Canada with significant IREM memberships. A Regional Leadership Conference will be conducted in Canada in 2007 as part of this initiative.

IREM advances Korea program

Thirteen CPM members from South Korea attended IREM’s rigorous faculty training program in Seoul and eight have been recommended to advance to the next phase in the faculty development process. In this phase they will audit and co-teach the course they wish to teach in the future.

Faculty trainers Steve Cary, CPM, and Kathleen McKenna-Harmon, CPM, conducted the training. Cary said he was impressed by the commitment of the Korean faculty applicants to adjust their teaching styles and meet IREM standards.

“They had to overcome a long tradition of lecture-style teaching to meet the IREM faculty standards,” Cary said. “They were diligent in their efforts during the week of training, and a large proportion of the applicants successfully demonstrated their skills, and will move forward with the faculty development process. It was a great honor to work with our Korean CPMs.”

In separate action at IREM’s International Affairs Committee in October, IREM Korea Chapter 112 signed a friendship agreement with the Polish organization, under which both organizations to re-launching CPM courses in Hungary in the new future. When in Budapest to sign this agreement, Fred Prassas, IREM’s immediate past president, installed six CPMs and gave a presentation on the strategic issues facing real estate managers today.

Ties in Hungary strengthened

IREM and the Hungarian Association of Real Estate Management signed a memorandum of understanding in October, renewing a relationship that formed nearly 10 years ago. This agreement commits both organizations to re-launching CPM courses in Hungary in the new future. When in Budapest to sign this agreement, Fred Prassas, IREM’s immediate past president, installed six CPMs and gave a presentation on the strategic issues facing real estate managers today.

Before Disaster Strikes published in Poland

Through IREM’s Poland chapter, the IREM publication Before Disaster Strikes was translated into Polish and is now available. The book was introduced at the Polish Federation of Property Management Congress in Warsaw. The Congress’ theme was securing properties and reflected a world-wide concern about the safety of buildings.

During the Congress, IREM signed a memorandum of understanding with the Polish organization, under which both organizat-
tions will work in cooperation with IREM’s chapter in Poland to deliver the CPM courses in the growing Polish market. The IREM Poland Chapter joined the federation, which represents property management associations through Poland, last year. Poland Chapter President Lidia Henclewska, CPM, of Poznan, Poland is also an active member of the federation and is responsible for the positive collaboration between the two organizations.

**Middle Eastern audiences receive introduction to IREM education**

ERA/Middle East sponsored IREM’s first foray into educating real estate managers from the Middle East during October 2006. The program was held in Cairo, Egypt and attracted 31 students—drawing real estate managers from Egypt, Bahrain, Kuwait, Oman, Saudi Arabia, Qatar and UAE. Mike Packard, CPM, taught the course. Students completed a series of three courses in the CPM curriculum.

**IREM participates in CEREAN Conference**

IREM’s immediate past president Fred Prassas, CPM, was one of the speakers at the Central European Real Estate Association Network Congress held in Sofia, Bulgaria in October. His speech focused on the role real estate management can play in adding value to real estate investment and financing decisions.

**Large international contingent attends Success Series 2006**

Six countries were represented by 32 IREM members and other real estate management professionals at the Institute’s Fall Business and Governance Meetings and Success Series 2006 in Tampa, Fla. For the first time, a delegation from Russia—representing the Russian Guild of Property Managers and Developers in St. Petersburg—attended the IREM event. The Florida West Coast Chapter No. 44 organized a tour of three properties for the international group, which added considerable value to the experience for those who traveled from Brazil, Canada, Chile, Japan, Korea and Russia.
# Course Listings

## JANUARY
- **RES201** January 22-27, Tampa, Fla.
- **FIN402** January 23-24, Milwaukee
- **ETH800** January 25, Orlando, Fla.
- **BDM602** January 29-30, Phoenix
- **MKL406** January 29-30, Atlanta
- **HRS402** January 31-February 1, Atlanta
- **MPSAO1** January 31-February 1, Phoenix

## FEBRUARY
- **ETH800** February 2, Atlanta
- **CPM001** February 2, Phoenix
- **CPMEXM** February 3, Phoenix
- **BDM602** February 5-6, Austin, Texas
- **BDM602** February 5-6, Atlanta
- **MKL405** February 5-6, San Bernardino, Calif.
- **HRS402** February 7-8, San Bernardino, Calif.
- **MPSAO1** February 7-8, Austin, Texas
- **MPSAO1** February 7-8, Atlanta
- **FIN402** February 8-9, Nashville, Tenn.
- **HRS402** February 8-9, Hartford, Conn.
- **RES201** February 8-10, 15-17, Sacramento, Calif.
- **CPM001** February 9, Austin, Texas
- **CPM001** February 9, Atlanta
- **CPMEXM** February 10, Austin, Texas
- **CPMEXM** February 10, Atlanta
- **MNT402** February 12-13, St. Louis
- **ASM604** February 13-14, Indianapolis
- **HRS402** February 13-14, Jacksonville, Fla.
- **FIN402** February 14-15, St. Louis, Mo.
- **ASM605** February 15, Indianapolis
- **MKL406** February 15-16, Jacksonville, Fla.
- **ASM603** February 19-20, Las Vegas
- **BDM602** February 19-20, Pittsburgh
- **MNT402** February 19-20, Quincy, Mass.
- **RES201** February 19-24, Omaha, Neb.
- **FIN402** February 20-21, Phoenix
- **HRS402** February 20-21, Milwaukee
- **ASM604** February 21-22, Las Vegas
- **FIN402** February 21-22, Quincy, Mass.
- **MPSAO1** February 21-22, Pittsburgh
- **RES201** February 21-23, 27-28, March 2, San Francisco
- **ETH800** February 22, Farmington Hills, Mich.
- **MNT402** February 22-23, Phoenix

## MARCH
- **ASM605** February 23, Las Vegas
- **CPM001** February 23, Pittsburgh
- **ARMEXM** February 24, Omaha, Neb.
- **CPMEXM** February 24, Pittsburgh
- **HRS402** February 26-27, Dublin, Ohio
- **ASM603** February 26-27, Salt Lake City, Utah
- **ASM604** February 28, Salt Lake City, Utah
- **ASM605** March 1-2, Salt Lake City, Utah
- **RES201** March 1-3, 8-10, Dorchester, Mass.
- **BDM602** March 5-6, East Windsor, N.J.
- **MNT402** March 5-6, Atlanta
- **MKL405** March 6-7, Denver
- **FIN402** March 7-8, Atlanta
- **MPSAO1** March 7-8, East Windsor, N.J.
- **RES201** March 7-8, 14-15, 21-22, Chicago
- **RES201** March 8-10, 15-17, Kirkland, Wash.
- **RES201** March 8, Phoenix
- **CPM001** March 9, East Windsor, N.J.
- **CPMEXM** March 10, East Windsor, N.J.
- **ASM603** March 12-13, Salt Lake City, Utah
- **ASM603** March 12-13, Rochester, N.J.
- **ASM602** March 12-13, Rockville, Md.
- **ASM603** March 14-15, Rochester, N.Y.
- **MKL405** March 14-15, Kansas, Mo.
- **MNT201** March 14-15, Minneapolis
- **MPSAO1** March 14-15, Rockville, Md.
- **FIN402** March 15-16, Portland, Ore.

## Course Codes Key
- ASM603-Investment Real Estate Financing and Valuation - Part One
- ASM604-Investment Real Estate Financing and Valuation - Part Two
- ASM605-Investment Real Estate Financing and Valuation - Part Three
- BDM601-Maximizing Profit: Growth Strategies for Real Estate Management Companies
- BDM602-Property Management Plans: The IREM Model
- CPMEXM-CPM Certification Exam
- CPM001-CPM Certification Exam Preparation Seminar
- ETH800-Ethics for the Real Estate Manager
- FIN402-Investment Real Estate: Financial Tools
- HRS402-Human Resource Essentials for Real Estate Managers
- MKL404-Marketing and Leasing: Retail Properties
- MKL405-Marketing and Leasing: Multifamily Properties
- MKL406-Marketing and Leasing: Office Buildings
- MNT402-Property Maintenance and Risk Management
- MPSAO1-Management Plan Skills Assessment
- RES201-Successful Site Management

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

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Ethics Report

IREM ethics committee takes action

The Ethics and Discipline Committee met at the 2006 Fall Business and Governance Meetings in Tampa, in October. They reviewed complaints and made conclusions following hearings.

The Board of Ethical Inquiry reviewed six new complaints. One complaint alleging stealing business is being forwarded for hearing, and one complaint was dismissed. Three complaints will be investigated further to determine if cause to forward them for hearing exists. The allegations in those three cases include an AMO-run property claiming excessive fees for changing units; an AMO firm filing a Notice of Abandonment on a property while it was still occupied and rent was current; and an AMO firm allegedly failing to maintain a healthy building, causing a tenant respiratory problems. The final matter involved a CPM candidate who allegedly referred to his status in IREM improperly on his resume.

Institute unveils comprehensive code of ethics

On January 1, 2007, the new, comprehensive IREM® Code of Professional Ethics went into effect. All CPM® Members, CPM® Candidates, ARM® Members, ACCREDITED COMMERCIAL MANAGER Members and Associate Members must adhere to the Code as an obligation of maintaining membership.

Developed by IREM’s Ethics & Discipline Committee with significant input from IREM membership, this new code combines concepts of the former CPM and ARM codes. It reinforces the ethical principles that have been the cornerstone of the Institute since 1933. It protects the public, promotes competition, reflects contemporary business practices and sends a powerful message to the marketplace that IREM Members act ethically regardless of their credential or membership type. It also enhances the ability of IREM’s ethics boards to consistently and fairly enforce the code with respect to all IREM Members.

Familiarize yourself with the new Code printed in full below, and boost your commitment to the IREM ethical standards of practice—it’s what sets you apart from your competition.

For information about how IREM stringently enforces its code, please refer to www.irem.org/pdfs/joinirem/IREMEthics.pdf.

Institute of Real Estate Management
Code of Professional Ethics
Effective January 1, 2007

Introduction

The purpose of this Code of Professional Ethics is to establish and maintain public confidence in the honesty, integrity, professionalism, and ability of the professional real estate manager. The Institute of Real Estate Management and its Members intend that this Code and performance pursuant to its provisions will be beneficial to the general public and will contribute to the continued development of a mutually beneficial relationship among CERTIFIED PROPERTY MANAGER® Members, CPM® Candidates, ACCREDITED RESIDENTIAL MANAGER® Members, ACCREDITED COMMERCIAL MANAGER Members, Associate Members, and other Members, national and international professional real estate associations and organizations, and clients, employers, and the public.

The Institute of Real Estate Management, as the professional society of real estate management, seeks to work closely with all other segments of the real estate industry to protect and enhance the interests of the public. To this end, Members of the Institute have adopted and, as a condition of membership, subscribe to this Code of Professional Ethics.
### Article 1. Loyalty to Client, Firm, and/or Employer

A **CERTIFIED PROPERTY MANAGER®, CPM® Candidate, ACCREDITED RESIDENTIAL MANAGER®, ACCREDITED COMMERCIAL MANAGER, or Associate Member** (hereinafter referred to as MEMBER) shall at all times exercise loyalty to the interests of the client and the employer or firm with whom the MEMBER is affiliated. A MEMBER shall be diligent in the maintenance and protection of the interests and property of the employer and of the client. A MEMBER shall not engage in any activity that could be reasonably construed as contrary to the interests of the client or employer. If an activity would result in a conflict between the interests of the firm or employer and the interests of the client, then the interests of the client shall take precedence.

### Article 2. Confidentiality

A MEMBER shall not disclose to a third party any confidential or proprietary information which would be injurious or damaging to a client concerning the client's business or personal affairs without the client's prior written consent, unless such disclosure is required or compelled by applicable laws and regulations.

### Article 3. Accounting and Reporting

Pursuant to the terms of the management agreement, a MEMBER shall use reasonable efforts to provide accurate, auditable financial and business records and documentation concerning each asset managed for the client, which records shall be available for inspection at all reasonable times by the client. A MEMBER shall furnish to the client, at mutually agreed upon intervals, regular reports concerning the client's assets under management. A MEMBER shall not exaggerate, misrepresent, or conceal material facts concerning the client's assets or any related transaction.

### Article 4. Protection of Funds

A MEMBER shall at all times serve as a fiduciary for the client and shall not commingle personal or company funds with the funds of a client or use one client's funds for the benefit of another client, but shall keep the client's funds in a fiduciary account in an insured financial institution or as otherwise directed in writing by the client. A MEMBER shall at all times exert due diligence for the maintenance and protection of the client's funds against all reasonably foreseeable contingencies and losses.

### Article 5. Relations with Other Members of the Profession

A MEMBER shall not make, authorize or otherwise encourage any false or misleading comments concerning the practices of Members of the Institute of Real Estate Management. A MEMBER shall truthfully represent material facts in their professional activities. A MEMBER shall not exaggerate or misrepresent the services offered as compared with the services offered by other real estate managers. Nothing in this Code, however, shall restrict legal and reasonable business competition by and among real estate managers.

### Article 6 Contracts

Any written contract between a MEMBER and a client shall be in clear and understandable terms, and shall set forth the specific terms agreed upon between the parties, including a general description of the services to be provided by and the responsibilities of the MEMBER.
| Article 1. Conflict of Interest | A MEMBER shall not represent personal or business interests divergent from or conflicting with those of the client or employer and shall not accept, directly or indirectly, any rebate, fee, commission, discount, or other benefit, monetary or otherwise, which could reasonably be seen as a conflict with the interests of the client, employer or firm, unless the client or employer is first notified in writing of the activity or potential conflict of interest, and consents in writing to such representation. |
| Article 2. Managing the Assets of the Client | A MEMBER shall exercise due diligence in the maintenance and management of the client’s assets and shall make all reasonable efforts to protect it against all reasonably foreseeable contingencies and losses. |
| Article 3. Duty to Former Clients and Former Firms or Employers | All obligations and duties of a MEMBER to clients, firms, and employers as specified in this Code shall also apply to relationships with former clients and former firms and employers. A MEMBER shall act in a professional manner when, for whatever reason, relationships are terminated between a MEMBER and a client and firm or employer. Nothing in this section, however, shall be construed to cause a MEMBER to breach obligations and duties to current clients and firm or employer. |
| Article 4. Compliance with Laws and Regulations | A MEMBER shall at all times conduct business and personal activities with knowledge of and in compliance with all applicable laws and regulations. |
| Article 5. Equal Opportunity | A MEMBER shall not deny equal employment opportunity or equal professional services to any person for reasons of race, color, religion, sex, familial status, national origin, age, sexual orientation, or handicap and shall comply with all applicable laws and regulations regarding equal opportunity. |
| Article 6. Duty to Tenants and Others | A MEMBER shall competently manage the property of the client with due regard for the rights, responsibilities, and benefits of the tenants or residents and others lawfully on the property. A MEMBER shall not engage in any conduct that is in conscious disregard for the safety and health of those persons lawfully on the premises of the client’s property. |
| Article 7. Duty to Report Violations | Each MEMBER has a responsibility to provide the Institute of Real Estate Management with any significant factual information that reasonably suggests that another MEMBER may have violated this Code of Professional Ethics. Such information must be presented as outlined in the Institute of Real Estate Management's Bylaws and Statement of Policies. |
| Article 8. Enforcement | The interpretation of compliance with this Code is the responsibility of the Ethics and Discipline Committee of the Institute of Real Estate Management. Any violation by a MEMBER of the obligations of this Code and any disciplinary action for violation of any portion of this Code shall be determined and carried out in accordance with and pursuant to the terms of the Bylaws and Statement of Policies of the Institute of Real Estate Management. The result of such disciplinary action shall be final and binding upon the affected MEMBER and without recourse to the Institute, its officers, Governing Councillors, Members, employees, or agents. |
IREM Foundation auction is big success

Fundraising events provide an opportunity for donors to support the IREM Foundation’s mission while learning about its initiatives and programs, having fun, and meeting new people.

The IREM Foundation’s fifth annual auction, held at Success Series 2006 in Tampa, Fla., October 2006, was a grand success—raising nearly $34,000. The auction included an online auction prior to Success Series, as well as live and silent auctions in Tampa. Various organizations, IREM members and chapters donated 46 items for the auction.

The funds raised from the auctions will be used to strengthen and expand the IREM Foundation initiatives that include, but are not limited to workforce diversity, career development, community outreach, industry research and disaster relief. Our special thanks to all who donated cash and items, everyone who was part of the bidding process and the fundraising committee members.

**Item Donors**

Madeleine Abel, CPM
Eugene Burger Mgmt. Corp.
Barbara Campbell, CPM
Randy Carnival, CPM
CB Richard Ellis
Robert Click, CPM
Colliers Keenan, Inc.
Jo Anne Corbitt, CPM
Fidelity Information Corp.
John Gallagher, CPM
Kenneth Goodacre, CPM
Hyatt Regency Crystal City
IREM Chicago Chapter 23
IREM Florida West Coast Chapter 44
IREM Greater Metropolitan Chapter 9
IREM Greater New York Chapter 26
IREM Hawaii Chapter 34
IREM Louisiana Chapter 55
IREM’s Virginia Chapters 38 & 39
IREM West Central Maryland
Chapter 92
IREM Western North Carolina
Chapter 40
IREM Western Pennsylvania Chapter 7
Joel Cohen
Sue Lewis, CPM
Clark Lindstrom, CPM
Mobile-Shop Company
Regina Mullins, CPM
Beverly Roachell, CPM
Paul Smith, CPM
Denise Vignola c/o Cafritz Co.

**Item Purchasers**

Madeleine Abel, CPM
Todd Balsiger, CPM
Anthony Barker, CPM
Irving Blue
Curt Boteler, CPM
Edward Boudreau, CPM
Ray Braasch
Lori Burger, CPM
Shirley Burger
Cynthia Clare, CPM
Jo Anne Corbitt, CPM
Gail Duke, CPM
Karen Franklin, CPM
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Jan Grosch, CPM
Enis Hartz, CPM
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Anthony Smith, CPM
Robert Toothaker, CPM
David Tripp, CPM
Melina Washburn, CPM
Mary Wilken, CPM
Michelle Wong, CPM

**Cash Donors**

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Greg Cartwright, CPM
CB Richard Ellis
Richard T. Darden, CPM
Janice Grosch, CPM
Alan Huffman, CPM
IREM Arkansas Chapter 64
IREM Columbus Chapter 42
IREM Dallas Chapter 14
IREM Delaware Valley Chapter 3
IREM New Jersey Chapter 1
IREM New York Capital Region
Chapter 93
IREM Northern Virginia Chapter 77
IREM San Diego Chapter 18
IREM Southern New Jersey 101
IREM St. Louis Chapter 11
Saadat Keshavjee, CPM
Real Estate Institute of Canada
Michael Simmons, CPM
Craig Suhrbier, CPM
FRIENDLY REMINDER

The Hand Hygiene Voice Module from Kimberly-Clark Professional provides restroom visitors with an audio reminder to wash their hands. The Hand Hygiene Voice Module’s simple message repeats every two minutes. The system automatically shuts off when the lights are out, and the volume can be adjusted to match the appropriate sound levels needed for a particular restroom size. Hand washing is one of the single most effective ways to reduce the spread of germs that cause illnesses like the common cold or flu, foodborne illness and healthcare acquired infections, according to information from the Centers for Disease Control. An internal study by Kimberly-Clark Professional found the module increased hand washing compliance by 12 percent.

Visit www.kcprofessional.com/us/mkt/HandHygieneVM for more information on the Hand Hygiene Voice Module or to hear the audio message.

CHART YOUR COURSE

It’s Your Ship: Management Techniques From the Best Damn Ship In the Navy by Captain D. Michael Abrashoff shares proven methods for top-down change in business. Abrashoff explains how he bolstered efficiency aboard the USS Benfold by improving his leadership skills and creating a crew of confident and inspired problem solvers eager to take initiative and responsibility for their actions. The book offers readers successful leadership techniques—like soliciting employee suggestions, improving communication, creating discipline by focusing on a purpose and listening to employee concerns—applicable to any business.

Visit www.hachettebookgroupusa.com/books/500446529117 for more information.

ENERGY COSTS COOL

Johnson Controls’ YORK® medium-voltage OptiSpeed™ drive for model YK centrifugal chillers is designed to help building owners reduce chiller energy costs by as much as 30 percent. The OptiSpeed drive can be used with chillers up to 3,000 tons cooling. The drive features a number of cost-saving features, like a 95 percent or better power factor that eliminates charges associated with constant-speed motor; a 24-pulse converter design with an integral phase-shifting transformer that stops the proliferation of harmonic-current distortion; and a soft start that purges in-rush spikes at start-up, reducing wear-and-tear on the driveline and other moving parts. The YORK medium-voltage Optispeed drive also features the YORK OptiView™ control center, an animated screen displaying real-time data, trends and troubleshooting information.

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Airing out concerns
Property managers can protect their tenants from illness and business from liability by addressing indoor air quality
by Markisan Naso

Poor indoor air quality is an ongoing concern for both real estate managers and their tenants. Air pollutants like mold spores, dust, radon, asbestos, bacteria and emissions from office furniture can greatly increase the risk of illness and impact the productivity of building occupants.

Should a resident get sick it can lead to liability issues for an owner or property manager. Glenn Fellman, executive director of the Indoor Air Quality Association in Rockville, Md., said this has been a major issue for the last 5 to 10 years.

"Not only does the property owner have the potential to lose the tenant but he could also face a lawsuit if a tenant can make a legitimate claim that the space is making them sick."

As a result, minimizing indoor air pollution requires proactive control and prevention on the part of management. Being reactive just isn't enough.

"If you are reacting to a problem because somebody's been sick, you've waited way too long to address indoor air quality."

SICK AND TIRED
Fellman said severe indoor air quality problems can potentially expose tenants to two types of illnesses—Sick Building Syndrome and Building Related Illness.

Productivity losses from Sick Building Syndrome are estimated to cost $50 billion annually, according to information from EHS Services Inc., an environmental, health, workplace safety, and quality management consulting firm.

Sick Building Syndrome occurs when a person is inside a building with poor air quality. Fellman said symptoms might include headache, a stuffy nose or some type of allergic reaction. The symptoms then cease shortly after leaving the building.

Building Related Illness happens when a person goes into a building, comes in contact with a contamination source that makes them sick and they stay sick even when they leave the building, Fellman said.

To prevent these illnesses, building owners and managers must be proactive—starting with keeping a building clean and dry. Many air quality issues stem from moisture or accumulations of dust and other types of contaminants.

Fellman said good housekeeping practices like using quality vacuum cleaners, wet mopping hard surface floors, dusting, selecting less toxic chemicals for cleaning and constantly keeping an eye out for moisture intrusion are vital to eliminating the sources of pollution and reducing emissions.

VENTING ONE'S PROBLEMS

While having a cleaning program in place to reduce airborne particles is important, maintaining the air conditioning system and changing air filters is equally important. Fellman
said filter checks should be performed every month and replaced with quality, pleated filters. The system itself should be cleaned at least every 3 to 5 years.

Source control
The EPA identifies three main sources of poor indoor air quality:

- **Biological contaminants** – Excessive concentrations of fungi (molds), dust mite allergen, animal dander, pollen and bacteria that result from poor housekeeping, water spills, humidity or other pollutants brought indoors by occupants.

- **Chemical pollutants** – Tobacco smoke, emissions from office equipment and furniture, wall and floor coverings, cleaning products, spilled chemicals and gases like carbon monoxide and nitrogen oxide.

- **Particles** – Solid or liquid substances that are light enough to be suspended in air. Some of the bigger particles may be visible in sunlight. Particles that can’t be seen are more harmful. These particles may be drawn in from outside the building or produced inside as a result of activities such as smoking, sanding wood, drywalling, printing, copying and using other equipment.


Addressing the source of potential air quality problems is much more cost effective than applying cosmetic solutions and allowing a problem to spiral out of control, Fellman said. He said taking the extra step to fix a foundation or leaky pipe not only solves the problem but saves money. Mold is a good example, he said.

"[People] clean the mold and it comes back and they clean it and it comes back...they never correct the structural engineering issue that’s allowing moisture into the building that causes the mold to grow," he said.

Along with cleaning and repairs, making sure a building has adequate ventilation is also important. Most home heating and cooling systems do not mechanically bring fresh air into a building, according to EPA information. These consultants will perform a building assessment, produce a report identifying deficiencies in air quality and recommend steps managers can take to correct problems. A good, certified indoor environmental consultant not only tests the air or looks for mold, Fellman said, but really figures out what else is going on in a building.

Real estate managers should try and do the same. In many cases fixing an indoor environmental problem comes down to simple investigation.

"I spoke to a woman who crawled through a house from top to bottom and couldn’t figure out what was making the homeowner feel sick until she started taking electrical readings," Fellman said. "She found out a surge suppressor connected to a computer that was letting off huge amounts of electromagnetic radiation in this woman’s office. They turned the machine off and within a short period of time she felt better."

Fellman said more people are becoming aware of indoor air quality problems. He said property managers shouldn’t panic if they have a contaminant problem. Finding the source of the problem and coming up with a plan of action will make all the difference.

"Just figure out why you got it and get rid of it," Fellman said. "[Indoor air quality problems] can be dealt with very promptly and very efficiently, and they can go away."

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

**EXPERT OPINION**

To ensure a building has adequate ventilation, experts are available to investigate and identify indoor air quality issues. Fellman said managers should seek out an industrial hygienist certified by the Industrial Hygiene Association or an indoor environmental consultant certified by the American Indoor Quality Council.
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