SPECIAL REPORT

Filling the Gap
Generation gap creates challenges in workplace

Buildings with Brains
Integrated buildings are smart, very smart

Green EnLIGHTenment
Green lighting, bright idea

Senior Class
Senior housing market predicted to boom

Out of the shadows
Converted building revitalizes downtown Birmingham

Rollin' on the river
Southwest cities dive into waterfront development

Net connection
Web conferences offer global interaction

Vanquishing vandalism
Paint vandalism out of the picture
Fiber-optics means residents like living in my properties.

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Golden Opportunity
IREM education is gold standard of industry, providing knowledge and opportunities

Life is full of surprises. But you can imagine my surprise when leaders of two prominent real estate membership organizations, on two recent occasions, used the same language to describe the CPM credential and IREM education offerings—referring to them as "the gold standard" of the industry.

Personally, I fully understand the worth of our IREM credentials and education. All too well I know the value they bring to individual professionals, as well as management companies. My surprise, however, stemmed from having this confirmed by other industry organizations, especially with such strong words as "gold standard."

The driving force behind our reputation for quality education has been our well established ethics program that has stood the test of time. Additionally, the revision of IREM courses every three years to keep them as leading edge as possible has made the Institute an invaluable resource for education and knowledge. Our indispensable education and commitment to ethical business practice have elevated the CPM credential to the industry’s "gold standard."

As members of an organization that has set such an impressive standard for education, we all certainly should take advantage of its education offerings and encourage others to do the same. With the CCIM & IREM Success Series 2007 conference in San Antonio approaching in October, opportunities abound to brush up on leadership skills and advance our knowledge on industry issues. All IREM Members are invited and will benefit from the networking and education offered.

Over the years I have attended many national meetings, providing me with opportunities to connect with other knowledgeable managers, learn valuable lessons and take away ideas that have made my company stronger and allowed me to be a more successful real estate manager and business leader.

It’s not often we get to collaborate with so many other people in like circumstances. The experiences and information shared at the various conference roundtables and breakout sessions will prove beneficial. Never is there a point in our careers when we can stop learning. In fact, I believe if you’re not learning, you’re falling behind.

Do yourself, your clients and your company a big favor and register for Success Series 2007 or enroll in some IREM courses. Don’t miss this golden opportunity to be a part of the industry’s gold standard in education and knowledge.

Bob Toothaker, CPM®
2007 IREM President
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Congress considers strict energy standards

The House Energy and Air Quality Subcommittee created an energy proposal in June containing a “zero-net energy commercial buildings goal,” in which a building should only produce and distribute as much energy annually on site as it uses from external sources while producing no net emissions of greenhouse gases. IREM and a real estate coalition believe the goal to be problematic because the concept of developing and retrofitting buildings to zero-net energy standards is unrealistic; and the strict timetable to achieve these goals is unattainable.

While IREM and the coalition welcome economically viable improvements to commercial buildings, IREM and a real estate coalition sent a letter in late June to the subcommittee chairman and ranking member of the House Energy and Air Quality Committee expressing their concerns about certain sections of the proposal.

Senators are debating the Renewable Fuels, Consumer Protection and Energy Efficiency Act of 2007 that would require energy-efficiency improvements and lighting and appliance standards in federal buildings. As of July, tax provisions extending existing energy efficiency tax credits had not yet been added to the bill, but were expected to be added. The House passed a similar energy bill in January.

Recently, a bi-partisan Senate bill creating the Low Carbon Economy Act was introduced. If passed, the act would provide monetary incentives for greenhouse gas producers, including utility companies, to reduce carbon emissions to 60 percent below current levels by the year 2050. IREM strongly supports positive incentives for energy conservation activities like energy tax credits and voluntary programs like Energy Star.

Twenty states ban sexual orientation discrimination

While the federal Fair Housing Act does not prohibit discrimination based on a person’s sexual orientation, 20 states have enacted laws prohibiting such discrimination in employment, housing, and access to public accommodations. Most recently, governors in Iowa and Oregon signed related legislation into law. The Iowa Civil Rights Act has been amended, making it illegal to discriminate in employment, public accommodation, credit, housing and education based on a person’s sexual orientation or gender identity. Oregon’s law banning discrimination against gays, lesbians and transgendered people in employment, housing and access to public accommodations goes into effect in January 2008.

Visit the public policy section of the IREM Web site to read the briefing paper on this topic, “Laws Prohibiting Discrimination Based on Sexual Orientation and Gender Identity.” The paper includes a chart of existing state laws and a description of each law.

Capital gains benefits in jeopardy

Private equity markets are not subject to any federal or state financial or securities regulation, and private equity and hedge fund managers’ compensation is now receiving Congressional scrutiny. Fund managers’ commissions, called “carried interests,” are currently considered investment income and taxed as long-term capital gains income at 15 percent. Representative Sander Levin (D-Mich.) has introduced legislation, H.R. 2834, that measures those profits as ordinary income, taxable up to 35 percent. H.R. 2834 specifies those who provide services to manage and operate real estate partnerships will no longer receive capital gains benefits from those carried interests, but will be taxed at ordinary income rates on the carried interest.

Sponsors plan for H.R. 2834 to generate revenue to cover the cost of reforming the Alternative Minimum Tax. The Senate Finance Committee is also holding hearings on the issue. NAR is lobbying against the legislation as introduced in order to prevent any change in the capital gains treatment that currently applies to real estate partnership carried interests.
Lost in translation
IREM participated in a meeting on Capitol Hill to discuss implementation of HUD’s Limited English Proficiency Guidance. The meeting focused on increased efficiencies if HUD were to provide the written translations of documents, rather than relying on each individual property owner. In addition, it was suggested HUD be given additional funding to provide a toll-free hotline for oral interpretations. IREM is working with its coalition partners to develop the list of documents to be translated, and with Congress to secure funding for the translations and hotline.

The House approved the Section 8 Voucher Reform Act of 2007, H.R. 1851, by an overwhelming 383 to 83 margin in July. The legislation requires HUD to translate official HUD documents and other papers commonly used by property managers that are considered “vital,” and to set up an 800 hotline number for oral interpretations under the newly launched LEP Guidance.

Governors push for state universal health care
During the 2007 state legislative sessions, 34 governors proposed universal health plans. Those proposals for fiscal year 2008 total $18.4 billion, according to statenet.com. In Pennsylvania, the governor introduced a comprehensive health care reform plan called “Rx for Pennsylvania,” providing all of its 767,000 uninsured residents access to health insurance. Of the uninsured Pennsylvania adults, 71 percent are employed and 50 percent are between ages 18 and 34. While most of the plan is included in proposed legislation, the governor has signed two executive orders implementing part of his plan. At press time, the state House was considering the legislation, H.B. 700.

License to manage
Commercial real estate professionals understand the necessity of complying with state licensure requirements. Every state covers property management activities under broker/salesperson licenses except Idaho, Maine, Massachusetts and Vermont. Many states exempt on-site managers or regular employees of an owner or a broker. Nevada requires a separate property management license. Meanwhile, Florida has a separate license for condominium managers. Property owners and managers can review their own state licensing laws in the recently updated briefing paper, “Property Management Licensing,” through the IREM Web site.

Organizations flood Congress with concerns
The Flood Insurance Reform and Modernization Act of 2007, H.R.1682, was the subject of a hearing in June before the subcommittee on Housing and Community Opportunity of the House Committee on Financial Services. The bill would make a number of reforms to the National Flood Insurance Program. A representative for the National Association of REALTORS® (NAR) testified the organization was generally supportive of H.R. 1682, but had concerns with provisions of the bill. NAR is opposed to phasing out subsidies for non-primary residences and non-residential properties, noting that eliminating these subsidies would have the unintended consequence of affecting housing affordability, especially for low- and moderate-income renters. In addition, NAR is concerned about a provision requiring notifying tenants of contents insurance availability.

In response to the proposed requirement of tenant notification of insurance availability, IREM has adopted a position encouraging property owners and managers to provide information, at their discretion, to multifamily occupants regarding occupants’ responsibility to obtain insurance for the contents of their living unit. Further, for units at special risk of certain perils like flood, occupants should be notified of their responsibility to purchase insurance against these perils. To read the complete IREM Statement of Policy, visit the public policy section of the IREM Web site.
Survival of the fittest
Retail real estate markets may not be thriving, but they are certainly doing better than surviving in spite of a slow-moving economy and a lackluster housing market, according to information from the Colliers International North America Retail Real Estate Highlights report for the summer of 2007. Retail rental rates are on the rise between 3 and 4 percent per annum. Some retail strips in prime locations have seen double-digit rental increases. Restaurants and drug stores are actively expanding—more so than any other retailers. In addition, high-end retailers like Neiman Marcus and Coach, and low-end retailers like Costco and Kohl's, are growing the most aggressively.

RETAILERS RANKED BY ACTIVITY

Plan to expand
Expansion Management magazine has named the nation's top 50 cities for relocating and expanding companies in 2007. Eighty site location consultants helped develop the list, which ranks the cities alphabetically instead of numerically. They derived the list from analyzing the 362 Metropolitan Statistical Areas as defined by the Office of Management and Budget. Cities on the list come from the top 14 percent of all metros in the United States.


To view the entire list of top 50 cities, visit www.expansionmanagement.com.


Master disaster
Concerns regarding the insurance industry’s ability to fulfill insurance claims in case of a disaster have led people to ask if insurance companies could handle the possible $125.7 billion in claims in the United States alone that could result from a severe pandemic outbreak.

According to The Society of Actuaries report, Potential Impact of Pandemic Influenza on the U.S. Life Insurance Industry, the industry could in fact withstand such a disaster, and would have sufficient resources to meet the claims.

The report evaluates data from historical pandemic events and building industry assumptions for mortality rates, gross claims, reserves, reinsurance credits and the impact of taxes to determine life insurance industry exposure.

The report focuses on the industry’s need to have strong business continuity and enterprise risk management plans in place and available to more than just senior management if it wants to survive—a concept that is not unique to just the insurance industry.

To learn more about Pandemic Influenza and how to protect your real estate management business in such a crisis, order one of the newest IREM Key Reports, Preparing for Pandemic Flu, at www.irem.org, under the publications tab.
A broad bi-partisan coalition from both chambers of Congress joined together in July to celebrate the first “green” building on Capitol Hill in Washington, D.C. New renovations to the Friends Committee on National Legislation headquarters cut the group’s energy consumption by 48 percent. The building received a silver LEED certification from the U.S. Green Building Council prior to the celebration. Members of Congress and other groups have explored opportunities to replicate the building’s energy conservation design, which includes a geothermal heating and cooling system, a vegetated roof, eco-friendly office furniture, natural lighting enhancements, bamboo floors and user-controlled environmental features.

Building materials manufacturer Owens Corning recently introduced the Owens Corning Commercial Energy Calculator, a simple way to demonstrate how improved performance of the envelope, lighting and HVAC systems can help a building owner qualify for tax deductions under the Energy Policy Act of 2005. The calculator also estimates the payback period for any combination of thermal efficiency measures within a metal building. The Owens Corning Commercial Energy Calculator is available online at www.owenscorning.com/calculator.asp.

The U.S. Green Building Council (USGBC) recently announced it will commit $1 million to green building research in areas like energy and water security, global climate change prevention, indoor environmental quality and passive survivability during disasters. USGBC’s recent publication, Green Building Research Funding: An Assessment of Current Activity in the United States, cites research saying high-performance green building practices and technologies are under funded by all sectors. The USGBC Research Committee will publish a national green building research agenda this fall, identifying key research areas for advancing building performance and market transformation.
Famous Properties
Out of the shadows
After years of vacancy, Birmingham’s City Federal Building has been converted into a residential building, and is now revitalizing the city’s downtown
by Diana Mirel

For 13 years, the vacant 25-story City Federal Building loomed over the Birmingham, Ala., skyline like a broken promise. Recently, however, the building has come back to life, stimulating the city’s downtown and fulfilling the hopes of its owners and community.

An architectural icon in Birmingham, the tower opened in 1913 as the Jefferson County Savings and Loan Building and later became the Comer Building. In 1963, it was renamed as the City Federal Building. The lower floors of the building were always occupied by financial and lending institutions, while the upper floors housed major law firms and other corporate offices. But when the building closed in 1994, the lights went out in this historic edifice, casting a shadow over downtown Birmingham.

During the building’s 13 years of vacancy, developers repeatedly tried to sell and convert the tower without success. In 2005, Atlanta-based developer Synergy Realty Services created a plan to convert the historic terra-cotta-faced building into 84 residential condominiums, with three floors of commercial space. Synergy has since invested more than $20 million to redevelop the building into the City Federal Condominiums, the tallest residential building in Alabama.

Around the same time Synergy purchased the building, Birmingham civic leaders were searching for new ways to revitalize the downtown, and residents were looking for an urban lifestyle in which they could work, live and play. Sally Tuttle, a qualifying broker for Ingram and Associates LLC, Condominium Shoppe, which is marketing the building, said the timing was perfect because the city was ready for this movement in downtown.

“The city was ready to revitalize the downtown area, not only residentially, but commercially as well,” she said. “As they say in real estate—timing, timing, timing and location, location, location. All of these components came together at the right moment.”

BUILT TO LAST
In many ways, plans to redevelop City Federal were a catalyst for the rebirth of the city’s downtown. When the lights on top of City Federal, which acted as a Birmingham landmark for many years, went back on after 13 years of darkness, it marked a new beginning, Tuttle said.

“There’s been a huge movement to restore other historic buildings,” Tuttle said. “City Federal is really what kicked the majority of all that off. The announcement came that City Federal had been sold and was going to be renovated, and everyone just burst into bloom with the idea that it was going to happen.”

Along with the anticipation and buzz surrounding the rebirth of this iconic address, the condition of the building has made the project all the more exciting.

“The building was in such good shape,” Tuttle said. “It is an older building, but God almighty, it was built like Fort Knox! It had been so well-preserved.”

During the renovations, developers discovered much of the building’s original interior pieces—like the frosted glass interior doors, brass hardware, solid brass doors and marble—were in good condition.

“The marble inside the building is the same marble that is in the White House,” Tuttle said. “The building was just loaded with the most beautiful marble you have ever seen. So everywhere we could save the marble, such as the elevator lobby flooring, we saved it and restored it.”

Maintaining the history and feel of the
building was crucial to the project’s success.

"The developers have been very much in tune with restoring everything that could be restored," Tuttle said. Some of the brass hardware and other interior pieces are being restored and will act as decorative pieces throughout the property.

**GOLD RUSH**

The first residents began moving into City Federal Condominiums this past summer, and the units are expected to be sold out by the end of the year, if not sooner. At press time, 50 of the 84 units had been sold. Prospective condo owners are drawn to the building’s prestigious address, proximity to downtown, skyline views from each unit and the luxurious finishes and features.

"City Federal was and still is a wonderful, prestigious address in Birmingham," Tuttle said. "It was like a gold rush when we started marketing them because everyone wanted to be a part of it. Then it slowed down because real estate slowed down everywhere. But now that we’re starting to occupy the building, it has picked back up tremendously."

Of course, ensuring a smooth transition from the developer to the homeowners takes some strong property management skills. Property management firm Boothby Realty Inc., will be managing the transition and the homeowner’s association. Managing such a high-profile building requires a combination of business and diplomatic savvy, along with open communication and people skills.

"The most important hat we wear is the consensus builder," said Mary Carolyn Boothby, CPM®, chairman of Boothby Realty Inc. “Encouraging a good consensus and good decisions that are consistent with best practices is really important.”

She said City Federal’s management will work to create unity among the homeowners, as well as encourage the community to develop a process to solve problems. She also said bringing good vendors into the building can make a world of difference in terms of pleasing residents and tenants.

"For each community, we like to develop a set of vendors who have institutional knowledge," Boothby said.

The management company will find a plumber, a painter, an HVAC company and a building envelope expert. For City Federal, Boothby and her management team will work with a man who had been the maintenance supervisor of the building for more than 10 years before the building closed in the mid-1990s.

“He has been through several iterations of the building so he is going to be our institutional memory person," Boothby said. “He knows how the building works.”

Boothby maintains managing City Federal is no more challenging than managing any other building, but the rewards of being involved with such an exciting project are clearly valuable.

“As a life-long resident of Birmingham, it is so exciting to see the downtown being reborn," she said. "We have a lot of our old buildings, and they are being appreciated and refurbished, and people are living in them. City Federal is one of the largest buildings, and it’s marvelous to have it not only used, but used in such an elegant fashion.”

Diana Mirel is a contributing writer for JPM. Send questions regarding this article to kgunderson@irem.org.
Fast Facts

- The NASDAQ stock exchange was totally disabled one day in December 1987 when a squirrel burrowed through a telephone line.
- The first TV commercial was a 20-second ad for a Bulova clock; Bulova paid $9 for that first spot.
- A grand piano can be played faster than an upright or spinet piano.
- Illinois, California, Ohio and Pennsylvania lead the country in pumpkin patches, supplying nearly 1.1 billion pounds annually for Jack O'Lanterns and pumpkin pie production.
- Tourism is the world's biggest industry, affecting 240 million jobs.
- The first neon sign was made in 1923 for a Packard dealership.
- Flatfish like halibut, flounder, turbot and sole hatch like any other "normal" fish. As they grow, they turn sideways and one eye moves around so they have two eyes on the side facing up.
- Chocolate is an energy source: About 35 chocolate chips provide enough energy to walk one mile.

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View comparison charts and statistics that indicate how much energy residential, commercial and industrial buildings consume compared to the transportation and industry sectors. The charts, created by the U.S. Energy Information Administration, also reveal the projected amount of greenhouse gas emissions over the next 20 years. Click on the pie charts to view statistics.

www.work.com/technology Basics
This Web site presents a variety of guides on how to find the right technology for your business, how to properly train employees and yourself in technology and how to upgrade systems for the future. The guides offer links and recommendations, as well as tips and tactics for making the most out of technological applications.

www.uos.harvard.edu/ehs/enviro/water_conservation.pdf
This environmental safety and health fact sheet from Harvard University presents guidance on water conservation for building managers. The Web page details successful water conservation efforts at Harvard, the lessons learned and practical tips on topics like conservation plans, inspecting water solenoids and monitoring water temperature.

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
Do you have programs in place at your office to help the different generations work well together?
A. Yes
B. No

The results are in from last issue's poll
Have any of your buildings been retrofitted for energy efficiency in the last few years?

Yes | 43.29 percent (42 responses)
No  | 56.70 percent (55 responses)

Vote Total 97
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Attn: Property Managers

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John Waltz
Owner/Sales Manager
Rollin’ on the river
Waterfront development in cities like San Antonio—
destination for Success Series 2007—spurs economic
development and tourism
by Karen L. Wagner

No matter the town, the waterfront is the place to be these
days as owners, residents and tenants seek the cache that comes with work-
ing and living along the water. Even
in the dry Southwest region of the
United States, cities like San Antonio
realize the economic advantages of
waterfront development.

A developed waterfront can be a
major boon to municipalities, helping
to revitalize depressed areas and pump
in more tax dollars through new busi-
nesses. A solid development calls for a
good mix of retail and entertainment
venues to bring in the tourists; com-
mercial components to draw business;
and increasingly, residential options
as more and more people want that
waterfront view.

RIVER OF SUCCESS
One such successful waterfront is the
San Antonio River Walk, a picturesque pathway of retail, restaurants
and hotels lining the banks of the
San Antonio River in downtown
San Antonio. Mona Lowe, CPM®,
and immediate past president of the
IREM San Antonio chapter, said the
river walk is like an “oasis.”

“Everyone gravitates toward water,”
she said. “The reason that it’s so impor-
tant [in San Antonio] is we’re in Central
Texas. It’s really pretty hot everywhere,
so this is kind of the oasis effect.”

First developed as part of a Works
Projects Administration project in the
1930s, the development of the river
walk really took off in the 1960s
as plans for the 1968 World’s Fair,
held in San Antonio, got underway.
Development came in the form of
a Hyatt hotel along the river, plus

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ular real estate topics
and offers opportunities
to network with more
than 1,000 prospective
business partners.
Where: Henry B.
Gonzalez Convention
Center in San Antonio
When: October 19-20
How: Register online at
www.irem.org

San Antonio Economic Development
Foundation.

“That’s a lot of business,” Hernandez
said. “We’ve recognized [the river] for
what it is—a tremendous asset and a
tremendous draw for business. And the
community is going to maximize that.”

In fact, IREM and the CCIM
Institute will hold their annual educa-
tion conferences and Success Series
2007 in San Antonio in October.

“San Antonio is a wonderful city—
full of history, but not lost in the past.
It is on cutting edge of development;
it’s vibrant; and it’s fun for the whole
family,” said Bob Toothaker, CPM
and IREM president.

DEVELOPMENT CURRENT
Even now, the river continues to
spur development along its banks
and adjacent areas. The convention
center has expanded from 200,000
square feet to 1.3 million square feet
of space today. Hotels also continue
to be developed along the river walk.

Hernandez said riverfront prop-
erty commands rental premiums of
between 15 and 30 percent for both
retail and commercial space.

As president of a local property
management company, Lowe was
instrumental in the recent redevel-
opment of the downtown area’s
Houston Street into a destination
of hotels, theaters, restaurants, office
buildings, and residential lofts and
apartments. She said a new group
will be developing the northern part
of the natural riverbank
to facilities built for the fair, like the
building that eventually became the
city’s convention center.

Today, the river walk and Henry
B. Gonzalez Convention Center, along
with the nearby Alamo historical attrac-
tion, draw about 20 million tourists and
convention attendees to the city each year,
said Mario Hernandez, president of the
of the city along the river, noting in particular the redevelopment of an historic brewery dating back to the 1880s.

Hernandez said this next step of development will provide accessibility at river level all the way back near the headwaters of the river in Brackenridge Park, just north of downtown San Antonio. He said a lot of money will be invested in about 13 miles of river walk over the next few years.

Hernandez also said the new development won't have the same density found in the downtown area of the river walk. Instead, there will be more office space, housing, and park space for the balance of the development.

"You don't want high densities everywhere on the river," Hernandez said. "You can't have 13 miles of one restaurant [after] the next. That doesn't work. But, at the same time, something similar in hopes of drawing business people, tourists and residents and their money to downtown areas.

The area along the Arizona Canal in downtown Scottsdale is being developed with retail, office, residential, and hotel projects. The most prominent is the $250 million mixed-use Scottsdale Waterfront—twin towers with condominiums priced at $800 a square foot, said Dave Roderique, the city's general manager for economic vitality. The project also includes ground-level retail and restaurants with condo offices above. Construction on a high-end hotel should begin at the end of the year, he said.

"The Waterfront has jump started a lot of other development," Roderique said, noting Stetson Plaza, another mixed-used project going up across the canal, in addition to other projects lining the canal.

The city is also spending between $12 million and $13 million to create a landscaped pedestrian pathway along the banks of the canal itself. The goal behind the redevelopment is to bring more residents into the downtown area, whose touristy shops actually close for the hot summer season, Roderique said.

"We wanted to get more residents down there to add more life and activity, and really make it more of a 24/7 kind of downtown," he said.

Farther east, Oklahoma City is in the midst of a massive planning project covering a 1,375-acre area from the core of downtown to the shore of the Oklahoma River. Dubbed Core to Shore, the plan includes developing a three-quarter mile boulevard to function as both the city's signature street and as a gateway into downtown Oklahoma City, said Kristy Yager, the city's director of public information and marketing.

The plan also calls for major retail, housing, an expansive community park and possibly a convention center. Construction of the boulevard is targeted to begin in 2012.

"When the plan is implemented it will open hundreds of new economic doors for Oklahoma City," Yager said. "It's really ambitious. We are lucky to have a river close to the downtown corridor."

Karen Wagner is a contributing writer for JPM. Send questions regarding this article to kgunderson@irem.org.
Some people accuse me of being a techie. I hesitantly accept that label, but not without resistance and clarification that I really don’t know what a megabyte is. I am not someone who runs out and buys the newest thing. I don’t own an iPhone, and I don’t plan to buy one in the near future—although, I have had a mobile phone since 1986.

The first technical innovations out are usually overpriced and not as good as the second or third generation of a product. So when people started talking about Web conferencing a few years ago, I said, “Yeah, yeah, I’ll wait.” However, the time has come to embrace this developed and reasonably-priced technology.

By now, many people have had the experience of participating in a Web conference in one form or another. Some IREM Members might have sat in on an IREM Webinar, which is one form of a Web conference. But even more dynamic and participative forms of Web conferencing are out there, where there are multiple participants, rather than viewers.

Why bother with this technology? Think of a typical meeting. Two, three or more people often spend a day or several hours to travel, sit in a room, share ideas, and review business plans, spreadsheets, pictures, site plans, or whatever. All these elements are discussed while fumbling from this page to that drawing, with at least one person asking at regular intervals, “What page are you on?”

Now, picture sitting at a desk with everyone logged on to a Web site and seeing the same picture, spreadsheet and like items at the same time. While one person typically starts out as the “presenter,” anyone can easily take over that role. Participants can go “around the table” and give their presentations, highlighting things warranting attention.

Recently I was trying to finish a deal with someone. I had to get the lender, my partner, our attorney and accountants on board. Most of us were in different cities. Typically we would have set up flights to get together and review the deal in five or 10 days.

With Web conferencing, in five minutes, I was able to get everyone online, looking at the same spreadsheet. We all started reviewing the numbers, making changes, and within a half hour we all agreed to go forward with the deal.

Web conferencing technology is user-friendly and relatively cheap. It’s easy to install, and only one person has to have the software—everyone else can log in for free. Major providers are WebEx (www.webex.com) and GoToMeeting (www.gotomeeting.com). Monthly charges are between $39 and $49, depending on the payment plan. Neither company has a setup fee.

Think of all the time Web conferencing can save managers and their teams so more productive time can be spent at the office, where bosses can keep an eye on the work being done. Hmm. Maybe traveling isn’t that bad once in a while. ✘

Lou Nimkoff (Lou@BrioProperties.com), CPM, is president of Brio Properties. He is also a senior vice president for the Institute of Real Estate Management.
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Costly slip-up
Property managers can pay huge price for slip-and-fall cases if they’re not careful

by Randall Airst, Esq.

Slip-and-fall cases have left property managers justifiably concerned about premise liability, imposed when a property manager is found liable for negligence. Plaintiffs must establish the existence of four elements, including duty, breach of duty, direct and proximate causation, and damages to prove negligence and hold a manager legally responsible for premise liability.

The duty element, however, is at the forefront of premise liability disputes. Duty is the extent to which property managers are obligated to protect those on their premises. Property managers have a duty to protect tenants and visitors from dangers that are not obvious, like a slippery floor without a caution sign. They do not have a duty, however, to protect people from clear or evident dangers, which people are reasonably expected to discover. Still, it is wise to provide clients with a program to eliminate obvious dangers.

Neither property owners nor managers owe a duty to every person who enters every part of a property. Commercial leases typically make tenants responsible for the maintenance of leased premises. A lease then operates as a demise or conveyance of the property for the term of the lease. If the manager is not under duty to maintain the demised premises, the manager cannot be held negligent.

In contrast, property managers often have a duty concerning common area maintenance and business invitees using common areas. Property management agreements should clearly identify whether the property owner or manager is responsible for common area maintenance. If the property manager is not responsible, the owner should indemnify it against liability for slip-and-fall cases. Some property managers insist on indemnification even when they are responsible for common area maintenance.

Property managers should make sure they are compensated fairly for accepting responsibility for slip-and-fall injuries.

Property owners can, and in some cases do, indemnify managers against the consequences of the manager’s own negligence. This indemnification should be backed up by the manager’s insurance policy, naming the tenant as an additional insured. The objective is not to avoid responsibility, but rather to ensure availability of adequate financial resources to discharge these obligations fully. Property managers should make sure they are compensated fairly for accepting responsibility for slip-and-fall injuries.

Commercial leases almost uniformly compensate property managers for insurance premiums incurred for protection against liability stemming from common areas. Further, many leases call for the manager to receive an administrative and/or management fee for overseeing the development’s management. These fees often total 15 percent or more of common area maintenance costs.

Managers must also arrange for insurance coverage to adequately protect them against liability and legal fees incurred while defending against premises liability cases. Any gaps in coverage, including deductibles, must be identified and accounted for during the procurement process.

By paying close attention to slip and fall issues, property managers can provide a safer environment, without sacrificing profitability. Under this scenario, invitees, visitors, tenants, landlords and property managers all win.

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Marketing the unmarketable
Difficult-to-lease spaces need special attention and unique marketing tactics
by Shannon Alter, CPM

You know how it goes: Your shopping center has a vacant space or two you just can't seem to lease up. You planned to have the space leased this quarter, but time is passing and it just hasn't happened. Merchants are dissing, brokers seem disinterested, and your owner is dissatisfied.

Perhaps the space is truly a challenge to the market—it's a "dog-leg" or "armpit" space, or is poorly located. Perhaps lack of leasing is a factor in the market. Whichever one is the cause, ways to market unmarketable space do exist.

Kick the negative image to the curb:
Curb appeal really says it all when trying to market a space. Make sure everything on the outside is in tip-top condition—from the exterior landscape, to the sidewalks, to the food court. Inside, a space should be clean and show-ready. Trash, unpached holes in the wall, spider webs and stained ceiling tiles show both a broker and prospective tenant no one is minding the store.

Understand the owner's goals: It's an old adage, but a good one. It's impossible to market a space if a manager does not know what the owner wants or expects. Know if an owner is looking for a certain type of merchant to add to his or her cadre of shops. Research whether that type of merchant is available or if the market is already saturated. Ensure leasing rates are realistic. The management team must understand what differentiates its property from others in the marketplace.

Marketing creatively:
Just as a property must be kept in front of brokers, it must also be kept in front of prospective merchants and customers. Is there a hot online retailer who wants a bricks-and-mortar store? Are there other trends in the local area or region that can be brought to the center? Can existing or incubator merchants be offered a way to effectively showcase their wares in a vacant space or window?

Marketing difficult-to-lease spaces truly takes a team effort. Gathering, exploring and creatively using all available resources is the most effective way to turn an unmarketable space around. Marketing a challenging space can truly make the difference between vacancy and revenue.

Shannon Alter (shannon.alter1@gmail.com), CPM, is a real estate consultant.
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Show and sell
When it comes to selling space, the more things change, the more they stay the same

by David Nilges, CPM Emeritus

Long ago, when I was a “newbie” in the field of property management, I was hired by a local management company in my hometown of Cleveland. My boss, a CPM—one of a few in the area at the time—assigned me to a portfolio of commercial properties including retail, office, special purpose, industrial, net leased, and a few newly developed properties of all types.

I could barely keep up with on-site management abilities, but terribly inept at perhaps the most important part of any manager’s job—keeping their portfolios 100 percent full at market rent nearly 100 percent of the time.

This is no different now. Selling space is still the driving force behind success, but it’s still a struggle for real estate managers because it requires a different skill set than managing income property. I was overwhelmed.

As a result, I became involved in IREM, BOMA, ICSC and local REALTOR organizations, and fine-tuned my sales skills. I soon realized many of my contemporaries were terrific numbers folks, impressive in their knowledge.

The best sales folks are those who can deal with rejection. If the answer is “no,” good sales people find out why.

I recall feeling as though I would never be comfortable managing, let alone leasing, such a mixed bag of income property. I was overwhelmed. I couldn’t believe the amount of information I needed to grasp. The terminology was strange to me, the formulas a mystery, the means of measuring and selling “space” beyond my comprehension.

As a result, I became involved in IREM, BOMA, ICSC and local REALTOR organizations, and fine-tuned my sales skills. I soon realized many of my contemporaries were terrific numbers folks, impressive in their space.

While management is administrative, leasing space will always depend upon a salesperson’s ability to communicate with a prospective tenant or customer. Selling or leasing space requires the agent know the product—the vacant space—being sold, and how that specific space suits the needs of prospective tenants.

Selling space is not merely showing a product. Tenants usually “live” in the space during business hours for a lease term of several years. A poor match of the prospective user’s needs to the space can create long-term problems for the property owner and management team.

Getting it right, up front, eliminates a lot of aggravation.

The best sales folks are those who can deal with rejection. Not all showings will result in a lease being signed. If the answer is “no,” good sales people find out why. They learn how to deal with objections and how to counter customer negativity.

Great sales people also follow through on every detail of every showing by calling prospective tenants after the showing, or dropping a note to the outside broker and customer. They generally become an “information point” for prospective tenants, supplying answers to questions, doubts, concerns and unspoken needs.

These principles of selling have not changed, nor has the importance of selling, in spite of all the changes within our industry over the years. A professional is never too long in the field to stop learning or growing in knowledge.

David C. Nilges (nilcom@mho.com), CPM Emeritus, is president and managing broker of Nilges Commercial Realtors Inc.
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The big picture
Mentor relationships are important in multigenerational workplace

by Brad J. Ashley, CPM

"T"hings aren't the way they used to be."

That's what I hear from my Baby Boomer colleagues. They recall when business transactions were more personal; when real estate deals were solidified with a handshake and not piles of paperwork; when a phone call was an opportunity to converse and not just a means of communication.

I've struggled to bridge the gap between generations—different clients demand different care. Like many college graduates of the last decade, I grew up with computers, cell phones, e-mail and the Internet. Being trained on various computer software and its working-world applications was a requirement in college. Along with the rest of my generation, I'm not intimidated by technology.

My Boomer colleagues ask, "So what does intimidate you Gen X and Gen Y folks?" The answer is simple: We realize upon arriving at our first job, that although we are technology-savvy and have vast amounts of information at our fingertips, we have almost everything to learn about the industry we just entered. We also realize one of the best ways to learn about the industry is picking the brains of our older colleagues who have years of experience.

I recall my first job in commercial property management almost six years ago. I worked hard to complete individual tasks quickly because I wanted to move up the company ladder. However, in my desire to be recognized for my job performance, my relationship with my supervisor was strained at times because I frequently forgot about the "big picture."

My supervisor helped me to step back and understand speedy work doesn't trump quality work. She pointed out the importance of all parties involved in the business—owners, tenants and vendors—and she reminded me all of them deserve respect and professionalism. E-mails, laptop computers and cell phones can send and receive information in seconds, but they don't deliver professionalism.

The X and Y generations expect to advance in the corporate world twice as fast as our parents. Our parents and grandparents knew it took a lifetime to make it to the top. But younger generations do not accept that timeline. Many of us expect to be leading our respective companies or divisions while in our thirties. At the same time, companies large and small struggle to recruit, grow and retain emerging leaders in today's workplace.

This is why it's important to have mentors—for both the younger and older generations. We all have something to learn from one another—whether it's a Boomer learning about technology or a Millennial learning to see the big picture. I certainly appreciate having a mentor or working with someone who can show me the subtleties and nuances of the business. E-mails and text messages may be here to stay, but nothing can replace experience and old-fashioned know-how.

Brad J. Ashley (brad.ashley@cbre.com), CPM, is a real estate manager for CB Richard Ellis in Kansas City, Mo.
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Building owners and managers are integrating their properties' operating systems so they fit the definition of smart buildings by Allan Richter
Buildings' operating systems can say goodbye to their independence, that is if they're smart.

Systems integration is a burgeoning development bringing so-called smart buildings to life. Integration involves networking operating systems like climate controls, security, lighting and communications so they can be controlled from one or a few points in a building's operations center.

"If your systems are working independently, they're not working toward a common goal," said Jon Williamson, senior product manager of TAC Inc., a North Andover, Mass., systems integrator and producer of building automation controls. "There's only so much your systems can do with just a minimum set of data local to that piece of equipment. Integration unlocks the full potential for savings."

Systems integration is catching on as word of its cost savings and benefits spreads. The momentum stems from its efficiencies in areas like energy management, environmental controls and labor costs, as well as from the development of more technological standards enabling disparate systems to communicate with one another on the same network.

"Those who have chosen to integrate their systems have realized a greater return on their investment," Williamson said. "Once the majority of the industry realizes what the initial adopters of this strategy have, the industry as a whole will benefit greatly."

NSYNC

Systems integration is the result of computers, equipment and different operational systems in a building working together to share data or applications and ultimately to function as one.

When working in sync, integrated systems provide owners and facilities managers with complementary data from each system. Operational systems like climate controls, security, fire detection and lighting can communicate with one another, and they can share data more readily with departments outside the scope of traditional building operations.

For example, data from a climate control system might flow to the accounting department so staff can quickly gauge the costs of a company’s energy management efforts. Or, corporate tenants using computers integrated with the building's HVAC system through software might determine the costs of their energy usage during particularly late working hours on
Automated Buildings Association based in Ottawa, Ontario, builders have had to adding costs they deem unnecessary.

At the Seattle World Trade Center’s east building, tenants can call the office to notify the system of their estimated arrival times, and lighting and climate controls will kick in accordingly. The integrated system then conditions the room based on tenants’ input regarding the length of time they will be at the building, said Brian Buckland, who oversaw the integration effort for Wright Runstad & Co., the firm managing the building at the time.

Williamson said some of TAC Inc.’s financial institution and research lab customers place a high premium on safety, so their safety systems are highly integrated. When a fire alarm goes off, doors automatically unlock and video cameras begin recording to help identify what might have started the fire and to ensure everyone has been evacuated. Smoke evacuation systems as well as emergency generators and lights start up. The integrated systems can also pressurize rooms containing hazardous materials.

A card access system can generate a report to show who has safely left the building, who is still inside and in which areas of the building they are located, Williamson said. Building staff would use a card reader in a safe zone, perhaps in a parking lot, so workers would not slow the evacuation by swiping cards inside.

Randy Stark, facilities manager of West Bend Mutual Insurance’s headquarters in West Bend, Wis., said systems integration has really evolved over the years and continues to progress.

“[Systems integration] has offered a lot of opportunities, and almost all of it brings huge benefits,” Stark said. “In most cases it simply makes your operation more efficient.”

**SHORT-TERM PAIN, LONG-TERM GAIN**

With all its capabilities, systems integration is taking hold, and building owners and managers are realizing its impact on the bottom line.

Ron Zimmer, president and chief executive of Continental Automated Buildings Association based in Ottawa, Ontario, Canada, said his trade group surveyed building managers and operators this year. Most plan to add some intelligent building technology in the next year or two.

Zimmer said this is a shift from the historical aversion builders have had to adding costs they deem unnecessary.

“Without your systems talking together, you’ll never be able to realize the full potential of your building’s efficiency,” Williamson said. “That’s what makes systems integration so attractive. It will keep more money in your pocket.”

Because the upfront costs of implementing an integrated system are often greater than including separate operating systems, systems integration frequently falls into that perceived extraneous category, he said.

“Often, builders are so focused on keeping costs low, they don’t take into account that if you don’t have an integrated system—for energy management, for example—your costs are going to be extremely high compared to a competitor who has the system,” Zimmer said.

The change of heart, leading more people to adopt integrated systems, he said, relates to long-term savings. An integrated energy system can save up to 40 percent in energy costs over the life of a building.

Such systems can especially affect the costs associated with lighting by networking a building’s lighting with its climate controls. More than 70 percent of a typical commercial building’s lighting system generates heat, meaning relatively little energy is going toward the light itself, Zimmer said.

A system integrating lighting and climate controls, and perhaps a card access system that determines occupancy, can
adjust temperature to maximize the energy lights generate. Zimmer said replacing lighting systems alone can result in a payback within 2.5 years.

Less tenant turnover is another payback building owners and managers realize from investing in integrated systems, Zimmer said. He said buildings with integrated systems seem to have a healthier environment and seem to avoid tendencies for stuffy air, uncomfortable temperatures or other environmental concerns that lead to complaints and turnover.

Tom Keaty, director of operations at the 110-story Sears Tower in Chicago, said integrating systems is a big part of keeping tenants happy. He said Sears Tower’s integration efforts are one reason for a strong tenant loyalty record: Eight of its 10 biggest tenants have been at Sears Tower for more than a decade. The building’s fire systems, HVAC and security systems are all integrated.

“The reason we have to keep our systems updated, moving toward the newest technologies, is because our tenants expect it,” Keaty said. “We’re in competition with buildings that are new.”

RISKY BUSINESS

While integrating a variety of systems increases efficiency, it also increases security concerns. The more systems assimilate, the more accessible they become to operators who might have only had access to individual systems before. In theory, at least, hackers have more access points under such open and expanded systems.

To keep systems security closely guarded, Keaty said the Sears Tower does not deploy Web-based protocols for its core building security systems. It only uses Web-based protocols for some ancillary functions—like visitor registration. Tenants can get on the Web to sign in a visitor, and in about seven seconds, the visitor is in the system and allowed access to the building.

Terry Hoffman, director of building automation systems marketing at Milwaukee-based Johnson Controls, a company specializing in automotive experience, building efficiency and power solutions, said integrating systems actually provides an added layer of security because it puts additional systems under the scrutiny of a building’s security-conscious IT staff.

“We feel pretty strongly that by leveraging the IT infrastructure, we can make these systems even more secure than they have been,” Hoffman said. “The IT backbone has watchdogs who literally have their eyes and ears open all the time, looking for places where people might be accessing the network. In contrast, a stand-alone system relies on physical security, something behind a locked door or cabinet.”

Aside from the security questions systems integration raises, the risk of unnecessary integration is very real as technology improves and makes integration more possible. Because technology is always changing, many real estate investors fear the “next big thing” will be old news after they pay a hefty price to update or integrate.

“I always joke that pretty soon our toilets are going to come with an RJ45 jack, and we’ll be able to reserve them through Outlook,” said Stark, of West Bend Mutual Insurance. “There are situations where complete integration brings value. But it’s a case by case situation. You have to take a look at every situation, and ask, ‘How does this potential investment bring value to my organization?’ Sometimes it’s a better business decision to leave things alone.”
As a result, West Bend will not fully integrate the 220,000 square feet it is adding to its existing 150,000 square feet of office space—a project expected to be completed in October 2008. Stark said no matter how much expansion the company undertakes, it does not intend to integrate the corporate headquarters' security systems with its building automation systems, which include its climate controls, lighting, electrical and other operations systems.

Johnson Controls' Hoffman also said investors should think carefully about their goals, rather than integrate systems aimlessly. Stark said he has frequently turned away vendors that have approached him with integration proposals at the West Bend headquarters. “Sometimes it’s not a good idea to integrate,” Stark said. “Integrating for the sake of integrating can cost you more money than it can save you. Strategic integration means doing it with some purpose. Integrate your systems so that it demonstrates it brings financial value to the organization.”

Still, property owners and managers need not worry that systems integration is a fly-by-night technology that will waste investments, said Williamson of TAC. He said systems integration is here to stay, and he expects more buildings to become intelligent. Systems integration comprises roughly 20 percent of TAC's business today, and Williamson said that percentage is likely to more than double over the next decade.

“We really think this will take off in the next five to 10 years,” he said. “IT systems will be linked with financial data with your human resources information and with utility data. Everything will be shared to run a building so it’s as safe and efficient as possible.”

Allan Richter is a contributing writer for JPM. Send questions regarding this story to kgunderson@irem.org.

Rely on Roto-Rooter for all of your plumbing and drain cleaning needs, or just when your maintenance staff is overloaded. We'll even fill in on nights, weekends or holidays. And, emergency service is our specialty!
The generation gap in the workplace creates challenges for managers wanting to build a team by Karen L. Wagner
Picture this: It is 3:30 on a Thursday afternoon. A 20-something associate completes a project on her laptop, sends it via e-mail to her supervisor, text messages a client on her cell phone, and then leaves for the day. Meanwhile, her 50-something colleague in the next cubicle, who never leaves the office before six o’clock, is grumbling about the poor work ethics of today’s younger workers.

More than ever before, workers from different generations are finding themselves in the same workplace, where their differing work styles are sometimes causing conflicts when it comes to communicating and completing tasks. But managers who are able to accommodate, rather than overlook the different styles, will find different generations working side-by-side offers many opportunities, too.

“You can’t ignore [generational differences] because you are not going to get everything you need out of your associates,” said Laura Khouri, a senior vice president for Western National Property Management, AMO®, “Ignoring differences doesn’t make them go away. It only culminates in disaster.”

THE GREAT DIVIDE

Today’s workers come from one of four generations—each characterized by different values based on an individual’s experiences growing up.

First are the Traditionalists, also known as veterans, matures, or the silent generation, born between 1900 and 1945. Traditionalists are patriotic and respect hierarchy. They believe workers have to prove themselves to gain respect. Having remembered the Depression and experienced WWII, they are money savers, not spenders.

Traditionalists are followed by the highly numbered Baby Boomers, born between 1946 and 1964. This group is loyal and values hard work and overtime. They may have experienced the prosperity of the 1950s, but also remember civil rights struggles and assassinations of the 1960s.

Next comes Generation X, born between 1965 and 1980. They are often described as latchkey kids and children of divorce. They saw their parents lose their jobs after years of loyalty to one company. This generation is more entrepreneurial and transactional—looking for what they get in return for hard work. They are also computer savvy.

Finally, there is Generation Y, or the Nexters or Millenials, born after 1980. They are the most technically savvy and the most organized generation—growing up with play dates, soccer practices and violin lessons. Having had tutors in school and consultants to help them get into and through college, they also require lots of guidance.

While each generation certainly cannot be bound by these characteristics, they should be noted, and managers and employees should be aware of and respect the differences among the four generations, said Martie Kernodle, a partner with LeaderFuelNow, a business consulting firm in Kansas City, Mo.

“Everyone brings something really important to the workplace,” Kernodle said. “If you could take all four of these value systems and absorb them into one culture at the workplace, you would have much happier productive workers.”

AGREE TO DISAGREE

While everyone brings something to the team, all these generational differences and varying value systems can create conflicts at work—especially
GIVE NEXT GENERATION A CHANCE
IREM Member creates network for next generation of property managers

by Michael Paeske, CPM Candidate

A couple years ago, I attended my first national IREM conference. At the age of 30, I was among the youngest in the crowd.

I was struck by the camaraderie and familiarity among the "veteran" members that didn't exist at the younger level. This is probably because many of us are either just embarking on our careers or making a career shift into real estate management. We simply don't have the extensive contact base or familiarity with other members and associates.

From this observation, an idea was born to develop a forum that would transition this younger generation of real estate managers into IREM and provide integration with other generations—in effect fostering collaboration and networking, and helping the younger generation quickly reach that "familiar" level other members have experienced.

This forum has since emerged in San Diego as a group called IREM Young Professionals. The organization does not require membership, and "young" has yet to be defined, so participation by all members is encouraged.

The group's objective is simple: "IREM Young Professionals is dedicated to promoting growth for young professionals, IREM and the asset and property management field by providing educational and social networking mixers in a casual, progressive and fun environment." Ultimately, we want professional experiences while having a good time.

The group manages this by hosting events with venues, music, entertainment, food and overall alternative environments appealing to our generation. The past year's events have included:

- Spotlight on a Young Professional, A Sushi Event: A panel discussion highlighting a young San Diego asset manager describing her turnaround of a 200,000 square-foot distressed office complex.
- Spotlight on a Property, A Margarita and Fire Dancing Event: A discussion featuring the recent purchase and repositioning of a vacant single tenant office property as a LEED-certified, multitenant Class A office property.

Aside from the attraction of the progressive feel to the events, participation by all IREM Members has been essential to the group’s success. These events provide a comfortable multigenerational forum to intermingle and share experiences.

Stories of personal growth, successes and failures, shared by members who have been involved with IREM in varying degrees over the last 30 years, are crucial elements to the organization’s events and are appreciated by all those involved.

Working in a family business with a longtime CPM and IREM Member, I am a firm believer in the importance of mentor-mentee relationships. San Diego's IREM Young Professionals fosters the development of such relationships.

The average age of IREM Members is increasing every year, and the need to integrate the "next generation" into IREM and the industry is increasingly apparent. So, before the mass retirement population melts into their Cuba Libre in a remote Latin country, I ask all to consider the importance of the next generation and facilitating a transition to ensure success—and not the next great depression as some pundits contend.

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Mike Paeske, CPM Candidate
when it comes to value of time.

"The biggest disagreements in the workplace are often between the Baby Boomers and Generation X, and it's over working hours," said Marna Hayden, president of Hayden Resources Inc., a human resources consulting firm based in Bethlehem, Penn. Baby Boomers, she said, have traditionally gone to work early and stayed late. "They don't understand why Gen Xers just want to leave at the end of the day or sometimes even earlier."

The younger generation, meanwhile, is more interested in obtaining a balanced life between work and family and doesn't want to spend long hours at the office while sacrificing their personal lives, Hayden said. She said Gen Xers have adopted the mentality that as long as the work gets done, the time the workday ends doesn't really make a difference.

Another area of conflict is communication, Hayden said. All four generations communicate differently, she said, noting Traditionalists and Baby Boomers prefer stopping by the office or using the phone, whereas generations X and Y prefer e-mail or text messaging.

"Gen Xers and Millenials tend to have a less layered, more informal style," said Lynne Lancaster, president of San Francisco-based Bridgeworks Inc., which consults companies on solving problems with the generation gap. "Baby Boomers and Traditionalists tend to see things kind of more structured and formal."

For example, a Gen Xer may stop a supervisor in the hallway to get feedback on his or her performance with a particular project, Lancaster said. At the same time, that Baby Boomer supervisor may feel uncomfortable or unprepared discussing such matters without his notes and may prefer a scheduled office meeting.

"These kinds of mixed perceptions can really cause frustration, even when no one is deliberately trying to be unfair to the other person," Lancaster said.

**GET WITH THE PROGRAM**

Despite such differences, the varying skill sets and value systems can be managed, and a smooth working environment at a multigenerational office can be established. To begin with, managers must first understand where each generation is coming from and what incentives will encourage productivity.

"Be tuned in to what it's going to take to help each generation succeed," Lancaster said.

Retaining a younger worker might
A few years ago I "retired" from a longtime career in real estate management to become my mother's sole caregiver. Last year, after a lengthy illness, my mother passed away.

After 35-plus years as a real estate broker, property manager, real estate asset manager and district manager, I was at loose ends trying to deal with "no longer being needed." It was quite a struggle.

We think of real estate and property management as a youth-oriented business and to a great extent this is true. It takes energy, long hours, good skills and lots of hard work to excel. On the flip side, it also takes a great deal of wisdom, patience, knowledge and experience.

Why is it, then, as soon as a little gray appears around the hairline, employers and employees alike begin to fidget? Why does the aging process make everyone so uncomfortable? And why do we not see our more mature colleagues as the wonderful resources they truly are?

Maybe we are finally rounding the curve, but in years past I have not seen many programs in the workplace encouraging exposure to different generations. Mentoring programs were developed, but these had more to do with "time on the job" than generational differences.

We cannot mandate different generations accept one another, but through education and exposure, they might develop mutual respect for their peers, regardless of age.

I have been fortunate because my connection to the Institute of Real Estate Management eventually led me to a second career. A friend of mine—who happens to be a youthful IREM member—contacted our local chapter. The chapter officers agreed they could utilize my skills within the chapter and I would be a good resource for the chapter committees. I was told I was needed. The word "needed" was magic for me.

For the past six months I have been immersed in the chapter and all its workings. I handle all aspects of public relations for the chapter, including writing articles and editing the newsletter, compiling the membership directory, assisting with various programs, and developing new ideas for adding depth to our executive posts. I am treated as a valuable resource by our officers, while at the same time, I am learning about the changes in the field of property management today.

Companies, employers and society in general need to make it possible for experienced professionals to share their knowledge with others without fear of those individuals having their jobs usurped.

As much as we need young people in the profession to carry the torch, we need mature professionals to pass the torch on with wisdom and insight—not merely hand it off. Education and exposure of a talented, often under appreciated and available pool of "experts" can make the difference both in the industry and the lives of those who have served us for so long.

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require different incentives than retaining a Baby Boomer. Human resources consultant Kevin Antler said both hiring and keeping Gen Ys can be difficult if companies aren’t offering what today’s younger workers want: the latest technology, flex time and telecommuting options if possible.

Because the younger generation also strives on diversity, Curtis Mummau, CPM®, first vice president of Thalhimer/Cushman & Wakefield Alliance, Richmond, Va., said another strategy is to keep Gen Ys challenged so they don’t become bored. He tries to give his younger staff different kinds of product like office, retail and industrial properties to manage so the work doesn’t become stagnant in terms of managing one property type.

As for the older generations, an incentive they might like is part-time work as they head toward full retirement, Antler said. He said after so many years on the job, Baby Boomers and Traditionalists don’t want to crank out 70 or 80 hours a week anymore, but at the same time they want to contribute their industry knowledge to the workplace.

In addition to offering incentives, managers can promote a cohesive environment by offering different programs. Mentoring, for example, can not only be instructive, but can also foster good relationships between younger and older workers.

Mummau said he tries to create a dialogue among the managers at his intergenerational office so they all have the opportunity to share their expertise. Younger managers, who are much more experienced with new technology, may show older managers how to use Microsoft Excel or other software programs. The more experienced managers meanwhile, can offer their knowledge of the industry and the properties themselves, he said.

“I think the best way to approach it is to have an open dialogue and recognize the strengths each generation brings to [the workplace],” Mummau said.

Khouri of Western National Property Management, said the company offers an executive mentor program, a peer assisted learning program, town hall meetings and leadership seminars to foster communication and understanding among the different generations.

The executive mentor program is informal and involves brown bag lunches for individuals interested in talking with high-level executives to obtain guidance or answers to any questions they might have about the company or their career paths. The peer assisted learning program serves as a forum for new hires to get feedback from long-term employees. New hires receive the name and phone number of a long-term employee, who then provides advice or feedback as requested.

The town hall meetings are an opportunity for employees of all ages to sit down together face-to-face and discuss company and industry issues—age related or not. By interacting with one another, Khouri said employees—regardless of age—gain an understanding of their peers and find commonalities with one another.

Finally, the leadership seminars are offered for those in management positions. Generation-specific information is presented in the seminars, and managers learn how to accommodate the different groups they will be leading. Khouri said all these programs are a way to bring people with different
backgrounds together and open the lines of communication.

"We've created a culture of open communication," Khouri said. "In order to have open communication, people need to get along and respect one another."

**IT TAKES A TEAM**

The one thing managers should not do is separate the generations. On the contrary, a multigenerational office can provide a host of opportunities if the strengths of each generation are allowed to flourish.

In a 2004 survey by the Society for Human Resource Management, respondents reported positive outcomes of a mixed workforce are more common than negative outcomes. Fifty-one percent of respondents to the survey said they frequently observe the different generations working together effectively.

The reason different generations work well together is they bring various skills to the table—which means meeting the needs of the clients can be approached from different angles. Hayden said when companies put a task force together they should have representatives from different generations in order to get a healthy mix of ideas and perspectives.

Lancaster's office is an example of multigenerational success. She describes her Gen X partner, David Stillman, as a techno junkie whose drive to make the firm an early adopter of the latest technology has given it an edge in the industry. The company also benefits from having a CEO and office manager who are Traditionalists.

"Their knowledge of the business world and of how things work has kept us out of so many potential dangers," Lancaster said.

The mix of different generations also comes into play with clients. For example, Lancaster said a commercial building with a lot of young, hip clients would probably do well with a property management staff including Gen X and Gen Y employees. They'll understand why clients want to run more wires through the walls, or have a certain configuration with a certain bandwidth, she said.

"Having that mix, I think, gives you more options to serve your clients," she said.

Managers who foster the strengths and recognize the weaknesses of the different generations will be able to bridge the generation gap and create a smoother, more productive workplace, Khouri said. She said this will result in a team-like atmosphere.

"Each generation has its own set of strengths the other generations can learn from," Khouri said. "I don't know of any successful companies without a team, and a team requires getting all those generations working together." □

Karen Wagner is a contributing writer for JPM. Send questions regarding this article to kgunderson@irem.org.
Green EnLIGHTenment

Real estate managers realize the benefits of integrating green lighting into their businesses by Claire Bushey
Property owners and managers around the globe have seen the light. They are investing in green lighting solutions for their buildings to save energy, and in effect, save money.

Frederick Seck is one such property owner. He lights Bradley Auto Care Center, a 20,000 square-foot space in Sun City, Calif., with sunlight. On bright days, the building's skylights draw in so much light inside, most of Seck's 10 tenants leave the electric lights switched off. As a result, they are not as worried about the possibility of blackouts—a major concern after the rolling blackouts of 2001 in California.

The daylighting system also saves tenants from exorbitant electricity bills—a cost savings they appreciate so much, they're willing to pay more in rent, Seck said.

Seck installed the daylighting system because he wanted to help protect the environment: Using less electricity means less pollution is spewed into the air by power plants. Add in the higher rents and lower electric bills, as well as being part of the green revolution, and Seck said using energy-efficient lighting techniques have been well worth it.

"It's a heck of a system," Seck said of his Ciralight daylighting system. Ciralight is a Utah-based daylighting company. "I'm not saying it was the only reason people were interested in the building. But it was frosting on the cake. Everybody is interested in saving money on electricity."

As energy costs spiral out of control, real estate managers and tenants are looking for solutions to cut those costs. Some have turned to a host of energy-efficient technologies falling under the banner of green lighting to ease the pain on their pocketbooks.

**LIGHTING THE WAY**

Lighting is a big part of most buildings' energy budgets. It is approximately 15 percent of residential buildings' energy budgets, 17 percent of industrial buildings' budgets, 25 percent of office buildings' budgets and 30 percent of retail spaces' budgets, said Keith Toomey, director of communications for the Lighting Research Center at Rensselaer Polytechnic Institute. Property managers can cut those energy costs, however, by integrating a variety of green lighting solutions.

One solution is daylighting—using standard skylights or more high tech skylights that include sun tracking systems to light a space. The high tech versions have mirrors that track the sun's progress across the sky and direct its light into the building where diffusers spread it more evenly. Thermal barriers then counteract its heat so the building doesn't overheat or require more energy for air-conditioning.

Fluorescent lamps are another green lighting option. They are the most readily available energy-efficient lamps on the market today. Fluorescent bulbs
last between 6,000 and 8,000 hours, compared with 750 to 1,000 hours for an incandescent bulb. The lamps use electricity to energize electrons in the mercury contained in the bulb. This produces ultraviolet rays which then cause a phosphor to emit visible light.

Newer linear fluorescent models like the T-8 and T-5 models, consume less wattage and generate many more lumes than former models, meaning they take less energy to produce the same—or more—brightness.

The market for energy-efficient LEDs, short for light-emitting diodes, is smaller but poised to grow substantially. LEDs are semiconductors that emit a narrow spectrum of light. Essentially, they are miniature light bulbs that emit light as a result of electronic excitation, not heat generation like typical light bulbs. LEDs are typically found in fixtures like exit signs or outdoor fixtures.

LEDs last approximately 50,000 hours before their lighting capacity diminishes by 30 percent. They never burn out completely. They have become popular because of their longer lifetimes, low heat requirements, and need for less power. Currently, property managers aren’t likely to invest in the actual bulbs, but are more apt to buy fixtures in which LED bulbs are a component and the actual source of light.

Energy-efficient lighting can also be achieved through integrating motion sensors throughout a property. Motion sensors turn on lights when they’re needed—like when an employee is picking stock in one section of a warehouse—and turn lights off when the work is completed.

Task lighting is also an energy efficient way to light a space. Task lights focus light on a work surface, reducing the need for overhead lighting, which requires more watts to produce the same amount of light in a given area. A worker can get the same or more number of lumens at his or her desk with a 200-watt overhead lamp and a 30-watt task lamp than with a 400-watt overhead light alone.

**COST COMPARISON**

The variety of energy-efficient lighting options available is the result of people wanting to save on energy costs and do their part for the environment, said Stan Hogrebe, chief executive officer for Dazor, which manufactures task lighting fixtures.

"At the end of the day it comes down to the money savings and environmental reasons, which are pushing the advancement of these technologies forward," he said.

Such lighting can create massive savings, said Alan Sharp, senior vice president and regional development officer for IDI Services Group, an Atlanta-based company specializing in industrial real estate property management and leasing.

A few years ago, IDI started replacing metal halide lamps in its properties with T-5 and T-8 fluorescents. It formerly would have cost the company $172,000 a year to light a 525,000 square-foot building with the old lamps. With the new lamps, the price of electricity would drop to $69,000, said Kim Rierson, the company’s director of real estate management.

Compact fluorescents can save consumers $30 over the life of the bulb because they take less electricity to run than traditional incandescent bulbs. Those are the obvious savings, though. Companies save on cooling costs because energy-efficient technologies produce less heat than traditional lighting. They also save on labor costs because fluorescents and LEDs are changed less frequently than traditional lamps.

Douglas Steege, vice president for marketing and sales at RenewAire, said he saw those savings firsthand on the company’s electric bill after converting its Madison, Wis., building from an indoor soccer and gymnastics venue to 28,000 square feet of manufacturing space; 9,000 square feet of office; and replacing metal halide lamps with T-8 and T-6 fluorescents. RenewAire manufactures energy recovery ventilation equipment.

The building’s lighting density is 4.5 kilowatt-hours per square foot per year, compared to 11 to 14 watts in similar buildings in similar climates, Steege said. RenewAire now spends 13 percent less on energy than it originally budgeted.

For other green lighting technologies, the return on investment varies. Sharp said the rate of return on the fluorescents in all IDI Service Group buildings varied from six to 18 months. Investment in LED fixtures is typically paid back in fewer than three years, said Ron Lusk, chairman and chief executive officer of Lighting Science Group, a Dallas-based energy-efficient lighting company.
The return on investment for daylighting can take up to five years. The length of time partly depends on how many sunny days the location sees per year. The return on investment in Phoenix, Ariz., will be faster than in Kalamazoo, Mich., said Mike Basch, Ciralight chief executive officer.

Retailers can receive a return on a daylighting investment much quicker—in as few as four months, Basch said. An accepted truth in the retail business is the longer customers stay in the store, the more they buy, Basch said. Daylighting might keep customers in a store longer because of the welcoming environment it creates through natural light.

“Energy-efficient lighting equals money savings,” Hogrebe, of Dazor, said. “Anybody who wants to compete in a global environment has to look for savings, and lighting is a big piece of that.”

**SEE THE WORLD THROUGH GREEN COLORED GLASSES**

Cost savings aren’t the only benefits managers and tenants will likely see as a result of green lighting solutions. Green lighting also has intangible benefits that can’t be counted in dollars and cents.

Lighting can brighten moods, make it easier to focus on work, and make people feel more safe. Steege said green lighting makes RenewAire an aesthetically pleasant place to work, and visitors always comment on how bright and welcoming the building looks.

Hogrebe also said lighting has a big impact on an environment and the psychology of those working in or visiting that environment. Poor lighting can hurt productivity and decrease employee satisfaction.

“If you don’t have good quality of lighting while doing important work, the margin for error is higher, and the work can’t be processed as quickly,” he said. “Every person sees differently, and any type of commercial or industrial setting where accuracy is important, lighting is important.”

Lusk pointed to a market research study facilitated by Lighting Science Group to demonstrate the positive effects of green lighting.

After installing LEDs in a municipal parking garage in Raleigh, N.C., in March, and replacing the orange glow of older fixtures with bright, white lights, the company found the number of people who said they felt “very safe” in the garage increased from 42 percent to 74 percent.

Lighting also has physical effects on people. Task lighting can reduce eye strain by allowing workers to adjust the light to suit their needs, Hogrebe said. A 60-year-old needs four times as much light to see with the same clarity as a 20-year-old, and it is inefficient to generate that light with overhead lamps.

Daylight plays a role in regulating the body’s circadian rhythm—the roughly 24-hour cycle that encompasses physiological processes like sleep and digestion. Low light levels can slow bodily functions and decrease alertness, leading to lessened productivity, according to information from Ciralight.

But perhaps the greatest potential benefit property managers can derive from energy-efficient lighting is marketing advantages by being part of the “go green” buzz.

“It’s also suddenly fashionable to be green,” said Toomey of the Lighting Research Center. “It was a hard sell for a long time, but (now) it’s the bandwagon.”
GREEN LIGHTING, PERMANENT FIXTURE

Drawbacks of course do exist to implementing green lighting at a property. Despite the long-term energy savings, users will end up paying more upfront than they would for traditional lighting options.

While traditional incandescent bulbs cost about 50 cents, and traditional fixtures cost between $10 and $20, compact fluorescents cost $3 to $5 per lamp and $20 for a fixture. Linear fluorescents cost up to $1.50 a lamp, and commercial fixtures range between $20 and $100.

LED fixtures are the most expensive lamps on the market. On average, they range in price $30 to $1,000, depending on the complexity and sophistication of the fixture and its application. The LED fixtures in the parking garage in North Carolina cost $450 apiece and were positioned every 20 feet, said Lusk of Lighting Science Group.

The upfront cost of the energy-efficient bulbs and fixtures stems from their newly incorporated technology. They are more complex to manufacture than incandescent bulbs, and manufacturers have not yet made as many of them. Prices are falling, however, as more manufacturers enter the market, Toomey said.

As for daylighting systems, they typically range from $1,000 to $2,500 per installed unit, depending on the type of skylight a client installs, said Jacqueline Stevens, senior vice president at Ciralight. On the lower end are passive skylights, which are regular skylights that are essentially windows in roofs. On the higher end are the skylights with actual sun tracking systems. The number of units needed depends on a space's square footage.

Disposal of green lighting technologies can be another drawback for real estate managers. Fluorescents present a disposal issue because they contain the toxic element mercury. Toomey said consumers should check with their municipal solid waste authority to learn more about proper disposal in their area. Businesses can also purchase machines to crush the bulbs and separate the mercury. LED bulbs, however, do not present any disposal issues.

Another challenge with green lighting technology is its continual evolution and decreasing price, which makes purchasing decisions difficult.

“It's just like a computer,” Hogrebe said. “In two years what you buy is obsolete. If you wait and see where the technology is going to, quote, 'settle,' you'll never make a decision because it's not going to settle.”

Still, the drawbacks to energy-efficient lighting are eclipsed by its benefits, which is why it's happening everywhere now, Sharp said.

“Now it's to the point where if you don't offer it, I think you would be seen as being behind the times,” he said. “This is a one-size fits all solution.”

Claire Bushey is a contributing writer to JPM. Send questions regarding this article to kgunderson@irem.org.
An aging population and increasing senior housing options will likely lead to a senior housing boom

by Emma Johnson
With strong returns and increasing demand, the senior housing market is growing steadily. People have grown more accepting of senior housing for their parents and for themselves as the industry has evolved to offer more options and higher standards of care.

Nevertheless, industry insiders said success in the sector requires expertise, solid funding and a willingness to roll with market punches—traits that weren't always in vast supply during the senior housing boom of decades past.

"For those who invest wisely in this business, it's a very good business to be in," said Bob Kramer, president of the National Investment Center for the Seniors Housing & Care Industry, a trade organization in Annapolis, Md. "But it is something you have to focus on, as it is an operations-intensive business. If you offer good care and good service, you will do well. If you don't, the market will punish you."

ACCEPTANCE ABOUNDS
By all accounts, the business outlook for senior housing is attractive. At the end of 2006, 39,520 units or beds were under construction at 274 new and 104 existing senior housing properties in the 75 largest U.S. metro areas.

An aging public has greatly contributed to this growth. Ballooning life expectancies paired with the graying of the Baby Boomers—the largest generational group to date—have led to an unprecedented number of aging people per capita in the United States.

In 2000, life expectancy for men was 74.1 years, up from 68.2 years in 1950. Women were expected to live until an average age of 79.5 in 2000, up from 71.1 in 1950, according to U.S. census figures. By 2030, those aged 65 and older are projected to account for 20 percent of the U.S. populace.

"Across the board, the over-60 population is growing, and as a result, the demand for housing for seniors is growing," said Lynn Blankenship, CPM®, and a portfolio manager with Portland, Ore.-based Guardian Management Group, which has fee and ownership interests in 12,000 units in six states.

Even more powerful than those demographics is the increased acceptance of senior housing, Kramer said. The industry is shaking off its reputation for offering sterile and subpar nursing homes designed for the frail or sick. Instead, it is offering new construction or renovated properties with more personalized units, according to information in a Marcus and Millichap senior housing research report for the first half of 2007.

Seniors today want to live independently for as long as possible, Kramer said, and the assisted living and all-senior multifamily property options fit this demand well. He said as the public becomes educated about the various senior housing offerings, and as quality, choice and regulations improve so does the public's acceptance of the sector.

Those aged 75 and over have already proved more accepting of moving into a senior care community—as long as it has a reputation for good service and care, Kramer said. It will be nearly 15 years before the oldest baby boomer reaches 75—the age group to which the industry markets most heavily and the age group that typically shows the
most interest in senior housing. Still, he said more than ever before, the 75-plus age group is penetrating the senior housing market.

“What’s driving this industry is not demographic growth right now,” Kramer said. “The demography won’t really kick into this industry for another 15 years when the Baby Boomers become [senior housing] residents. The demand presently is because of better marketing, better care and better communities.”

**BANKING ON SENIOR HOUSING**

Just as the public is growing more accepting of senior housing, so is Wall Street. The investor pool is becoming more diversified, and capital sources are expanding. In fact, financing for this sector recently hit an all-time high.

Loans for senior housing and care hit $2.2 billion in the fourth quarter of 2006—up 37 percent from the third quarter and 50 percent from the previous year. Assisted living investments more than doubled to $875 million during that period. Loan performance was at 99.4 percent.

Kevin McMeen, managing director of Merrill Lynch Capital’s healthcare finance group in Chicago, said the banking industry is enthusiastic about senior housing because of solid industry fundamentals like strong occupancies, moder-

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**FULLY OCCUPIED**

For the fourth quarter of 2006, the top 31 senior housing markets reported:

- Nursing homes occupancy at 91 percent—40 basis points over the previous year’s quarter, with more than 5,790 net units absorbed. Revenue per occupied nursing home bed rose 5.2 percent over the fourth quarter 2005.

- Assisted living facilities averaged occupancy of 91 percent, up 20 basis points and absorbed 5,500 units. Revenue was up 6.9 percent.

- Independent living facilities posted occupancy rates of 93 percent, down 10 basis points, but absorbed 9,830 units and grew revenue by 7.6 percent.

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are supply growth and strong demand.

“There’s a lot of ability to maintain high occupancies, and for the owners and operators, that translates into pricing power, and therefore cash flow,” McMeen said. “You’ve got compelling relative returns in this asset class compared to other options in the real estate investment world. It’s been proven by investors investing in this area such as Blackstone, Fortress, Warburg Pincus and Walton Street Capital that it’s a good place to be.”

Investors weren’t as enthusiastic a little less than a decade ago when the market was saturated with senior properties because of consumer demand for the newly emerged assisted living product; a bonanza of funding; and, often, less experienced developers who were eager to build and flip the properties but uninterested in staying to manage the operational challenges involved with senior care.

Construction hit a high in 1999 with 65,879 units, compared with less than half that the previous year. Kramer said while those properties were eventually filled, few of the original developers are involved in those projects today. He also said because assisted living properties were new to the market at the time, no data existed to indicate whether overbuilding was occurring.

“The industry was getting uneducated capital,” Kramer said. “Too much was built too quickly. Developers thought they could build a building and call it assisted living and people would come.”

McMeen said lenders now require seasoned senior housing professionals be attached to any such project. He said if a project leader doesn’t have experience and wants funding, he or she should partner with someone who does have experi-
ence. He said operational experience is especially important.

“We’re focused on people with a good, solid track record in the industry,” McMeen said. “We will not look very deeply at proposed transactions with those with no experience on the operations side and just looking to get in the business because they perceive it to be a more attractive return than other asset classes.”

LAY DOWN THE WELCOME MAT
While lending and financing opportunities are certainly out there, not just anyone can break into the market and succeed. That’s where a focus on hospitality and staffing comes into play, experts said.

Michael Klatt, CEO of Minneapolis-based Lutheran Home Association, said the senior housing sector has shifted from a medical focus to a hospitality focus and requires operators to adopt that mentality. Klatt began his career in the hotel industry.

“There’s a social obligation that goes with providing housing and care for a vulnerable population,” he said. “It has to be taken seriously, and if you don’t [take it seriously], you won’t succeed. The industry as a whole only gets a black eye if there is one poor operator out there.”

Klatt said a senior housing manager must also take into account staffing needs. As an aging resident requires more and more care, a manager should be ready to provide it, he said. As a facility cares for a dementia patient, for example, it makes good medical and business sense to track the number of hours required to care for that person as his or her health deteriorates to allow for proper staffing, care and corresponding billing.

Robert Allen, CPM, and co-owner of Dalmark Development, based out of Lees Summit, Mo., has managed senior housing for about 20 years, although Dalmark is just 4.5 years old. He and his business partner are in the process of developing some senior apartments and patio homes. They already manage several other senior housing developments.

Allen said senior housing managers must be willing to provide a maintenance-free lifestyle and high-end finishes—main attractions for potential residents. He also said managers should be prepared for the difference in marketing that senior housing requires when compared with marketing for multifamily housing: The target market for senior housing consists mainly of people who already own homes, which can be a challenge. Allen said they typically know their price point and are well aware of what they want.

At the same time, Allen said senior housing’s distinguishing characteristics also present opportunities. He said it is a stable market because the developments often experience less turnover than other multifamily housing properties. Allen said senior housing is ultimately a way to diversify his portfolio.

“It’s another market segment for us to go after,” he said. “It keeps the base of our company broader. It widens our market perspective.

Blankenship of Guardian Management said it is important to him to fulfill a need in the community, as well as find personal fulfillment in his work, which is why he manages properties in the senior housing sector.

“It helps to fill a growing need for housing for the senior population,” Blankenship said. “I get personal satisfaction knowing I am participating in a solution to the problem.”

DIVERSITY RULES
Kramer said innovators coming into the industry and offering a wide variety of options that cater to different groups will meet the growing need for senior housing. He said the industry will see everything from senior housing for retired military officers to senior housing on college campuses for alumni wanting to return to their roots.

“What looks like diversity today will look
like boring uniformity in the future," he said. "Baby Boomers will reject any idea that one size fits all. There will be continued exploration in product types and continued overall growth of the industry. You name it and you'll see it."

As it stands now, 30 terms are registered in 50 states for "assisted living facilities." The basic groupings include independent living, assisted living, dementia care and nursing care. Investors will have to distinguish their senior housing properties by filling a niche.

"The senior housing industry has a variety of niches—all of which we would lend to," Merrill Lynch Capital's McMeen said. "It's a question of operational experience combined with the quality of the real estate that drives a transaction’s appeal. We've learned to be very careful to deal with people who understand this business—and to deal with people who are well capitalized. That makes a big difference when the market goes through a downturn in the cycle."

Klatt's Lutheran Home Association has been successful in setting itself apart by incorporating local architecture into properties. One of its new developments in Belle Plaine, Minn., is built around an old German brewery that will be transformed into a pub open to residents and guests. A museum will host revolving exhibits from local and national collections.

"A property should have curb appeal and be a place where people enjoy living and thriving and doing things—not just watching life go by," Klatt said.

As the types of senior housing expand and change, certain business aspects will change, too. Regulations and lender requirements will become more demanding. Kramer said a growing sophistication and transparency of data will be necessary. Investors will be more educated and have higher expectations of developers. Finally, greater requirements will fall upon operators to adhere to regulations and produce results.

Despite those increasing demands attached to investing in senior housing, Kramer said no time is better than the present to hop into the market—as long as investors are truly dedicated to the product, can distinguish their product, and plan to provide the service and care to build the good reputation they will need to sustain their business as senior housing becomes more popular.

"This is a wonderful time in developing senior housing," Klatt said. "Architects and communities in which we are working are really enthusiastic about creating something new and different. There is a simple desire to create something that is not part of the old system." ☐

Emma Johnson is a contributing writer for JPM. Send questions regarding this article to kgunderson@irem.org.
Landing the deals

- **CB Richard Ellis, AMO,** has been named the exclusive leasing agent for Cypress Key Town Centre, a 125,000 square-foot mixed-use project in Royal Palm Beach, Fla. The centre is expected to be completed in spring 2008.

- **Colliers Turley Martin Tucker, AMO,** made several business transactions:
  - It arranged the sale of Strawberry Green Apartments, a 190-unit property in Indianapolis to a private investment firm from New Jersey.
  - It arranged the sale of a 9,204 square-foot industrial building in Indianapolis to Natural Resources Leasing, LLC. It leased 63,690 square feet of industrial space to Lovett Pallet Recycling, LLC in Indianapolis.
  - It arranged the sale of Northpointe Center, a 108,122 square-foot office building in Carmel, Ind. to Edgewood Real Estate Holdings, LLC.

- **Divaris Real Estate Inc.,** which comprises **Divaris Property Management Corp., AMO,** made the following business transactions:
  - It arranged the sale of a 1.8 acre property to Navy Federal Credit Union in Virginia Beach, Va.
  - It has been named manager of Cambridge Place, a 200,000 square-foot office/warehouse building in Upper Marlboro, Md.
  - It leased 2,522 square feet of office space at Windwood Center in Virginia Beach, Va. to Hampton Roads Neuropsychology.
  - It leased 2,162 square feet of office space at Windwood Center in Virginia Beach, Va. to Virtual Sciences LLC.
  - It leased 4,462 square feet of office space in Atlanta, Va. to Dermalogica Inc.

- **Grubb & Ellis/West Shell Commercial, AMO,** made several business transactions:
  - It arranged the sale of a 313,910 square-foot office building in Cincinnati to Middle Earth Development.
    - It arranged the sale of an 8,342 square-foot building in Cincinnati to Race Street Investors, LTD.
    - It arranged the sale of a 132,538 square-foot, two-building office portfolio in Independence, Ohio for $12.3 million.
    - It arranged the sale of a 187,612 square-foot, two-building office portfolio in Westerville, Ohio for $8.9 million.
    - It arranged the sale of two buildings in Cincinnati for $1.3 million.
    - It arranged the sale of a 99,887 square-foot, office building in Cincinnati to Triple Net Properties for $11.4 million.

- **Guardian Management, AMO,** has secured Lizard Lounge, a new retail concept for Santa Barbara-based Horny Toad, as the ground floor tenant of the Crane—a historic building in Portland’s Pearl District.

- **Levin Management, AMO,** has been named exclusive leasing agent for Liberty Center, a 227,000 square-foot shopping center in Erie, Penn. Renovations to the center will be completed in September.
Career Moves

- **Jessica Quiett** has been appointed director of marketing for WRH Realty Services Inc., AMO. She will be responsible for marketing, advertising, and public relations efforts for WRH.

- **Tracy Williams** has been appointed regional director for WRH Realty Services Inc., AMO. She will be responsible for the direction of property management operations, administration, maintenance and developing ways to increase property revenue and control expenditures.

- **Theresa Busby** has been promoted to the position of vice president of human resources at Western National Group. Busby will oversee all employment initiatives for Western National Group and its affiliated companies which include Western National Property Management, AMO.

- **Kenneth Hodges** has been promoted to the position of vice president of information technology at Western National Group. Hodges will help maintain the firm’s computer systems and will play an integral role in keeping Western National Group and its affiliated companies, which include Western National Property Management, AMO, at the cutting edge of technological innovation.

Membership Figures

Here are the mid-year membership numbers for 2007—including all membership types for the United States and international chapters:

- CPM Members: 8,734
- CPM Candidates: 3,618
- ARM Members: 3,887
- Associate Members: 2,277
- Student Members: 211
- Academic Members: 24
- Total Members: 18,753

On the Road Again

- **September 11**
  - **Maryland Chapter No. 16**
  - Location: Baltimore
  - Visiting Officer: Bob Toothaker, President

- **September 13**
  - **West Central Maryland Chapter No. 92**
  - Location: Gaithersburg, Md.
  - Visiting Officer: Bob Toothaker, President

- **September 18**
  - **Greater Metropolitan Washington Chapter No. 8**
  - Location: Washington, D.C.
  - Visiting Officer: Bob Toothaker, President

- **September 18**
  - **West Washington Chapter No. 27**
  - Location: Seattle
  - Visiting Officer: Mike Lanning, Senior Vice President

- **September 19**
  - **West North Carolina Chapter No. 40**
  - Location: Charlotte, N.C.
  - Visiting Officer: Reggie Mullins, President-Elect

- **September 19**
  - **West Michigan Chapter No. 62**
  - Location: Lansing, Mich.
  - Visiting Officer: Bob Toothaker, President

- **September 25**
  - **Northern Indiana Chapter No. 100**
  - Location: South Bend, Ind.
  - Visiting Officer: Bob Toothaker, President

- **October 10**
  - **New Jersey Chapter No. 1 & Greater New York Chapter No. 26**
  - Location: New York
  - Visiting Officer: Reggie Mullins, President-Elect

- **October 24**
  - **Kentucky Chapter No. 59**
  - Location: Louisville, Ky.
  - Visiting Officer: Bob Toothaker, President

- **October 25**
  - **Boston Metropolitan Chapter No. 4**
  - Location: Boston
  - Visiting Officer: Randy Woodbury, Senior Vice President
In RVP Corner, JPM shares the thoughts and opinions of an IREM Regional Vice President on a single topic covered in the magazine. This issue, IREM Region 2 Vice President Eileen Yesko, CPM, discusses the growth of senior housing.

Yesko oversees chapters in Delaware, New Jersey, New York and Pennsylvania. Yesko also serves as assistant director of affordable housing for PresbyHomes and Services, with headquarters in Lafayette Hill, Pa.

What factors are contributing to the growth of senior housing?

Senior housing is currently growing because of the aging of the Baby Boomers. The U.S. Census Bureau estimates that in 2010 almost 57 million people age 60 or over will be living in the United States. This figure is projected to increase to almost 75.5 million by 2020.

Why should property managers consider senior housing?

Senior housing is often viewed by many as being "easier" than housing for families because of typically smaller apartments and household size. However, senior properties have their unique challenges. For those who excel at customer service, senior housing can be a good career path.

The market can be lucrative, depending on the type of property and the level of service offered. With market rate or conventional properties like Continuing Care Retirement Communities, a menu of services can be presented at move in with the option of one or two services included in a base monthly fee. Additional services, if selected, would then be billed as "add-ons" to the base fee.

The benefits of working with senior housing are not always financial in nature. The resident service component of this market is vital to the success of a senior property. For those involved in senior housing, allowing residents to enjoy the highest and best quality of life in their later years is extremely rewarding.

What challenges are there in the senior housing market?

The upcoming market for senior housing includes more sophisticated consumers. Many of the older communities for senior residents were based upon a medical model and the newer properties are now referred to as Active Adult communities. As a result, a service model or the resort lifestyle, including concierge services, dining alternatives, and smaller luxuries like Jacuzzi tubs, verandas or screened porches, pools and exercise rooms are needed to be competitive.

With the lengthy time frame for development of a large community, it is conceivable that several smaller properties could be developed more quickly resulting in increased competition in an area. New properties also have the advantage of shopping the competition and can offer services that may take time to implement at established properties.

Another frequently encountered challenge with senior communities is aging in place. Residents may not recognize their inability to maintain their home or their growing need for assistance with every day activities. Refusal by a resident to recognize his or her changing needs means the property staff must be creative. They should encourage residents to move to the next level of care, whether available on site at a continuing care retirement community or requiring a move to an assisted living facility or nursing home. Staff may work with outside agencies to provide additional services to those in need allowing a resident to stay in place as long as possible.

What is the outlook like for senior housing in the coming years?

I would say the outlook for senior housing in the coming years is strong and the market will continue to grow for the next five to 10 years. Once the senior population reaches a high point, the market will need to be re-evaluated to determine the best way to serve the new clientele of post Baby Boomer residents.
AMO® Spotlight

To earn the Accredited Management Organization (AMO) credential from IREM, a company must demonstrate a high level of performance, experience and financial stability, and have a CPM in an executive position. AMO firms must meet ethics and other stringent requirements, proving their value to the industry.

JPM talked to James P. Kuntz, Executive CPM, and President and CEO at Pacific Rim Properties, about his company and what the AMO accreditation means.

How did Pacific Rim Properties get started?
I was managing one of the oldest property management companies in Anchorage for 16 years. About 10 years ago the owners decided it was time for them to sell the business. At that time, my wife and I purchased the business assets and started a new company called Pacific Rim Properties Inc.

Why did Pacific Rim Properties decide to become an AMO member? What are the benefits of the accreditation?
I learned of the benefits of AMO membership during my initial term as president of the IREM Alaska Chapter and ongoing as member of the Governing Council, and as regional vice president. I think the benefits of the accreditation include placing your company among others subscribing to a high standard of professionalism. Many clients and investors recognize and appreciate this type of commitment.

Pacific Rim properties is the only accredited management organization in the state of Alaska. What does it mean to your company to be the first and only firm to achieve this accreditation?
Pacific Rim Properties takes pride in being the first and only firm in Alaska to achieve the AMO accreditation. It shows our clients that we are committed to providing the level of service and business ethics that they expect from a professional management company.

Would you like to see other Alaskan companies follow your lead and become AMOs?
Yes, I would like to see other Alaskan companies become AMOs. I think it would help the recognition and understanding of what an AMO accreditation means.

What are the big real estate or property trends in the state of Alaska right now?

Alaska is a dynamic state with many exciting developing economic trends. Industries like oil, gas, fishing and tourism are driving the state’s economy to new heights. As a result, there is a great deal of new real estate construction, including office space, military facilities, housing, schools and hospitals. In Anchorage we have a new state-of-the-art convention center and a new museum under construction.

Company headquarters location
Anchorage, Alaska

Number of employees
50 full-time and part-time employees, including property managers, association managers, leasing agents, office staff and on-site personnel.

Year the company become an AMO firm
June 1, 1991

Pacific Rim Properties Inc.

Anchorage, Alaska
TechHelpline testimonials
Members share their experiences with IREM TechHelpline

IREM Members in the United States and Canada can call the new TechHelpline to receive assistance with technology like PDAs, printers, digital cameras, software, accounting applications, Internet access and more. Here's what members are saying about the helpline:

"In just 15 minutes, the TechHelpline helped me resolve a resolution issue with my monitor—a recurring problem I had for three weeks. The value this TechHelpline provided equated to real dollars for our company. We normally pay $80 an hour for this kind of service!"

Chris Thomas, CPM
Moses Tucker Real Estate
Little Rock, Ark.

"The TechHelpline is just amazing—it's been a lifesaver so many times. On one occasion, I needed to track down the manuals for an eight-year-old phone system to learn how to program core functions. Within the same phone call, the TechHelpline expert located the manuals I needed and e-mailed me the PDF versions.

Another time, I was about to donate a 12-year-old copy machine to charity and was looking for the networking manual. The TechHelpline came to the rescue once again, tracking down the manual I needed and sending me a convenient PDF before the day was over.

Wherever I may be, I call the TechHelpline when I'm having tech problems. Recently, while I was in Washington, D.C., attending the IREM Leadership and Legislative Summit, the TechHelpline helped me quickly resolve some e-mail issues I was having with my new Treo."

Ben McGrew, CPM, CCIM
ManageWest Inc.
Carmichael, Calif.

"I have a new computer with Windows Vista and I haven't been able to read any PDF files ever since I got it. I spent hours on the phone with both Dell and Microsoft and no one could fix it. Then, I went to IREM's TechHelpline Web site to chat live with an expert—in minutes, my computer was up and working so I could finally view PDF files again. The TechHelpline is fantastic—what a great addition to IREM member services!"

Sheila Austin, CPM
Wedgewood Property Management & Consulting
Southfield, Mich.

Members are not charged for the TechHelpline service and no limitations or restrictions exist on the length of calls or the number of times an individual can call. Call the TechHelpline today at 866-829-1442, Monday through Friday, 9 a.m. to 8 p.m. (EST). Or, visit www.technologyhelpline.com to chat live with helpline experts.

In memoriam

Bette Fears, an ACCREDITED RESIDENTIAL MANAGER, and an honored member of our IREM community, passed away in early August. IREM President Bob Toothaker, CPM, called Fears "one of our organization's most passionate and enthusiastic members, a distinguished professional, and a role model for everyone who knew her."

Fears, 67, managed ParkPlace Apartments for Tomlinson Black Management Inc., AMO, in Spokane, Wash. She was a resident manager of the complex for over a decade. Tomlinson Black executives said Fears was a consummate professional who had broad recognition by her professional colleagues for her commitment to best practices in her workplace and in the industry.

She earned recognition twice as an IREM "ACCREDITED RESIDENTIAL MANAGER of the Year," and served nationally as a member of the IREM Foundation's Scholarship Committee and several others. As well, she was an active member of our Inland Northwest Chapter No. 49, is credited with motivating numerous colleagues to earn their ARM credential, and was a primary organizer of some of the chapter's social service and community outreach activities.
Awards and recognition

Colliers Turley Martin Tucker, AMO, constructed and dedicated a multi-section playground to the Indianapolis Public Schools Key Learning Community in Indianapolis. The playground, constructed by 65 Colliers associates, was the first "inFuZion" community project planned by Colliers Turley Martin Tucker. inFuZion is a Colliers Turley Martin Tucker program intended to introduce playgrounds to areas around Indianapolis for organizations serving children. The program was created to enliven the community with the sound of kids at play, to alter it with color and movement, and to enrich it for future generations, said Jeffrey Henry, managing principal of Colliers Turley Martin Tucker.

John E. Huguenard, principal/senior vice president in the investment services division of Colliers Turley Martin Tucker, AMO, has earned the Largest Dollar Volume Transaction Award for 2006 from the Society of Industrial and Office REALTORS (SIOR) for his role in brokering the sale of the Memphis International Airport Center. The Center is a 68.6 acre industrial park that includes nine warehouses totaling 1,140,886 square feet. The sale generated a net operating income of $2.9 million.

Know Your IREM Code of Professional Ethics

Article 3: Accounting and Reporting

Last issue's ethics focus was the Pledge, which speaks to the high ethical and moral standards each IREM Member pledges to uphold. This issue's focus is Article 3: Accounting and Reporting. It gets down to the nuts and bolts of real estate management and addresses ethical business practices. Specifically, Article 3 requires a manager "shall use reasonable efforts to provide accurate, auditable financial and business records... pursuant to the terms of the management agreement."

The Ethics Hearing and Discipline Board have held 27 hearings of complaints citing violations of Article 3 since 1978, when the modern hearing process was started. These complaints included practices like the commingling of funds, failure to keep separate records for separate beneficiaries, violating SEC rules, misappropriating client's funds for personal use and investing funds and misusing the interest. From these 27 hearings, 12 members were found guilty of violating Article 3. Six of these members' statuses were terminated and four were suspended. Two members were issued letters of censure in accordance with the Bylaws and Statement of Policies.

Article 3 deals with the specifics of the management agreement but it also encompasses the fiduciary relationship and loyalty that a real estate manager pledges to clients, employers and firms. Interestingly, this article is most often cited with the Pledge and Article 1: Loyalty to Client, Firm and Employer.

Of the 27 complaints citing Article 3, seven were brought against CPM Candidates. This statistic suggests the importance of mentoring candidates on how ethics impacts day-to-day management procedures.

The IREM Code of Professional Ethics carries a clear and powerful message to the marketplace that IREM Members will act in an ethical manner. Spread the word—display the Code proudly in your place of business.

To purchase the IREM Code of Professional Ethics, log on to www.irem.org. Move your cursor over the Publications tab at the top of the page and select Bookstore from the drop-down menu. In the Search box type Code of Ethics.
## Course Listings

### SEPTEMBER

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### INTERNATIONAL

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### COURSE CODES KEY

| ARMEXM-ARM Certification Exam |
| ASM603-Investment Real Estate Financing and Valuation - Part One |
| ASM604-Investment Real Estate Financing and Valuation - Part Two |
| ASM605-Investment Real Estate Financing and Valuation - Part Three |
| BDM601-Maximizing Profit: Growth Strategies for Real Estate Management Companies |
| BDM602-Property Management Plans: The iREM Model |
| CPMEXM-CPM Certification Exam |
| CPM001-CPM Certification Exam Preparation Seminar |
| ETH800-Ethics for the Real Estate Manager |
| FIN402-Investment Real Estate: Financial Tools |
| HCPEXM-HCCP Exam |
| HRS402-Human Resource Essentials for Real Estate Managers |
| LTC401-Housing Credits: Compliance Challenges and Solutions |
| MKL404-Marketing and Leasing: Retail Properties |
| MKL405-Marketing and Leasing: Multifamily Properties |
| MKL406-Marketing and Leasing: Office Buildings |
| MNT402-Property Maintenance and Risk Management |
| MPSA01-Management Plan Skills Assessment |
| RES201-Successful Site Management |
Making the grade
IREM Foundation offers minority students opportunities through Booker Scholarship

Mario Battistini, a junior at Florida State University, loves golf. He also loves real estate. Put the two together and you have Battistini’s dream job of developing real estate around golf courses. Fortunately for him, the IREM Foundation is helping to fund his studies so he can fulfill his dream.

Battistini is a recipient of the IREM Foundation’s George M. Brooker Collegiate Scholarship for Minorities. The foundation selected Mario Battistini to receive $1,000 to go toward his real estate studies at Florida State. He is a double major in real estate and professional golf management.

“The cost of school is going up,” Battistini said. “It is a heavy burden on me. But with these funds I don’t have to worry about finances while I’m in school—that way I can devote myself to school.”

Up to three Brooker scholarships are awarded annually to assist minority students, on the basis of academic excellence, who are committed to a career in real estate upon graduation. One graduate level award in the amount of $2,500 and two undergraduate level awards, each in the amount of $1,000, are available.

Melli Holley, a policy compliance analyst with the Chicago Housing Authority, also received the scholarship. She is studying to obtain her Masters of Law in real estate, which is a degree beyond the Jurist Doctorate. She wants to continue working in the affordable housing real estate management realm. She said the scholarship will pay for one of her courses this year.

Financial gains aside, she said it was an honor to receive the scholarship, and she appreciates its mission. The goal of the scholarship is to facilitate increased minority participation in the real estate management industry and to demonstrate the IREM Foundation’s commitment to encouraging the study of real estate at the collegiate level.

“The scholarship is important because it reaches out to minorities: There is a void of women and ethnic minorities in the profession,” Holley said. “It’s not that we’re not willing and able to join the profession, but often people need to see someone of a like kind in a position to motivate them to follow that course. Scholarships provide a greater opportunity for that.”

The Brooker scholarship is named in honor of George M. Brooker, CPM®, from New York City. Brooker is a distinguished member of IREM and will be best remembered for his extensive civic activity. He helped bring privately funded real estate investments to economically depressed areas of New York City.

Jeremy Sibler, CPM, and a member of the foundation’s scholarship committee, said the Brooker scholarship is important because of who it honors and because of its goal to increase minority participation in the industry.

“It allows us to offer career opportunities and show our commitment to bringing more qualified individuals from all sectors of society into our industry,” Sibler said. “The scholarship extends an invitation that says this is a wonderful career opportunity, and we would love to support you in this endeavor.”

The annual deadline for student application submissions is March 31 each year. Application forms can be accessed at www.irem.org/pdfs/iremfoundation/brooker.pdf.

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Vanquishing vandalism
Persistence and problem-solving help property managers deal with destruction

by Markisan Naso

Whether property managers oversee an office building, industrial complex or an apartment community, chances are they have to deal with vandalism. From graffiti to broken windows to damaged faucets and thermostats, destruction or defacing of property is a common and often costly concern for many facilities and property managers.

This kind of destruction also affects the property from an aesthetic standpoint, said Richard Muhlebach, CPM, and senior management director at Kennedy-Wilson Properties Northwest Ltd., in Bellevue, Wash.

"All types of vandalism—whether it's broken windows or graffiti—make the property look run down and less than what it is," he said.

Dealing with vandalism requires property owners and managers to stay one step ahead of the problem. Knowing the property's surroundings and what is happening in the neighborhood is key. Buildings located near schools, shopping centers, parks, parking lots or other places frequented by young people, are often potential targets for vandalism; Muhlebach said youth are often responsible for damaged property and graffiti. Gangs may also be responsible for graffiti, he said, because they use it to mark their territory.

"In my experience, graffiti is the most common form of vandalism, particularly on the larger properties like shopping centers and industrial complexes that are closed down at night," Muhlebach said. "There's a huge canvas on shopping centers and industrial properties for graffiti."

Moving targets
Keeping vandalism at bay starts with identifying those areas of a facility that are likely targets. Vandalism will often attack properties where they won't be seen. Places with no lighting, where lighting is low, where a building design offers concealment, or where surveillance is minimal, are typically prime areas for vandalism.

The restroom is one of the most popular places for wanton destruction. Stall doors, partitions, light fixtures, drains, soap dispensers and paper towel holders in a lavatory offer vandals a variety of equipment to smash, kick or deface in secret.

Once potential target areas like restrooms and low-lit areas have been identified, property managers need to find solutions for preventing damage. The most important part of prevention is to be proactive. Walking around a site and constantly monitoring a property for possible signs of vandalism is a good idea. Property managers can't be at one location all the time, so it's also important to establish a good relationship with tenants, residents and vendors.

"They can be another set of eyes and ears," Muhlebach said. "Ask them to report anything suspicious to management and call 911 immediately."

Muhlebach said taking the time to educate tenants and residents on vandalism is also helpful, especially at shopping centers and other properties with a lot of part-time and seasonal help; they won't know what to look out for if they aren't at the property on a regular basis. Most residents or tenants are willing to be vigilant because vandalism can affect their business or their quality of life.

"No one likes to visit a property they feel is unsafe, which they may, if vandalism occurs a lot of the time," said Shannon Alter, CPM, and real estate consultant.

Some property managers even host formal training sessions for residents or invite the police to come to the building and give a seminar on vandalism. If enough people in a neighborhood are aware of vandalism, the incident rate will decline. Involving the community in projects, like painting murals, can also be an effective way to prevent vandalism.

"If you have a mural painted by the community or a neighborhood that has a heritage to it, people are much less inclined to vandalize it," Muhlebach said.

Keep out!
Along with resident, tenant and community outreach, property managers can also use equipment to discourage vandals. Mounting video cameras on a property has become a popular solution. The constant threat of monitoring often provides a good deterrent for would-be vandals.
Most cameras have a revolving tape managers keep for a few weeks. If an incident occurs, they can simply review the recording and contact the police. Although installing cameras is expensive and time consuming, many managers find they not only reduce vandalism, but they improve safety overall for tenants and residents.

Property managers may also consider upgrading breakable fixtures in their buildings. Swapping out ceramic sinks, toilets or urinals with stainless steel replacements reduces vandalism and eliminates repair costs. Touch-free fixtures also offer a good alternative as they have fewer breakable parts and use less water. Vandal may try to clog sinks and overflow water which can damage floors.

Other proven prevention methods include disposable soap dispensers, light bulb guards and graffiti-removal products like a clear, easy to peel-off coating that can be painted on the exterior of buildings. Some property managers also plant shrubs or plants with thorns in problem areas around their properties to ward off destruction.

Fences, gates or other barriers that restrict access to areas on a property are also good deterrents. Managers must make sure to lock any external doors, garages or gates to prevent unauthorized entry. Tools or equipment should also be secured as they are common targets for vandals.

**Damage control**

Should a building be vandalized, the best way to prevent further destruction is to address the problem right away. Broken windows, graffiti and other visible forms of vandalism tend to invite additional destruction.

"Physical damage to a property as a result of vandalism should be repaired, fixed or erased [in the case of graffiti] as soon as possible," Alter said. "Not fixing it conveys to vandals the property owner either doesn’t have or want to spend the money to fix the issue, or doesn’t care."

A quick response to vandalism can often be a great deterrent, especially for graffiti artists. If vandals paint something at night and it’s painted over in the morning, they won’t likely come back and paint on the wall because they want their drawings to stay up longer, Muhlebach said.

Property managers should also look for patterns in destruction. Vandalism on a property may continually occur on certain days or times of the year, like spring break or when a festival is held in town. It’s a good idea to contact the local police department if recurring vandalism is suspected.

Property managers can also ask the police to patrol an area periodically. In some cities anti-graffiti programs are available to help paint out graffiti on public or private properties. One quick call and a team is dispatched to eliminate the mess. If the city can’t assist, Muhlebach said some neighborhoods join together and hire a company to paint out graffiti.

Preventing and reducing incidents of vandalism truly requires persistence. The more effort a property manager puts into monitoring and addressing the problem, the less likely vandals will return to break, smash or deface a property.

Markisan Naso is the editorial assistant for *JPM*. Send questions regarding this article to mnaso@irem.org.
Time is on your side

*Time Power: A Proven System for Getting More Done in Less Time Than You Thought Possible* by Brian Tracy explores ways to streamline your time management and increase your productivity. Tracy, a business consultant and personal success expert, provides a comprehensive system filled with hundreds of proven strategies, tools and techniques. Learn how to gain two extra productive hours per day, make better and faster decisions, set clear goals, manage and multi-task jobs more efficiently, and overcome the people problems that can zap your time. Visit [www.briantracy.com](http://www.briantracy.com) for more information.

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