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Milestones and Memories

This year has been a historic one—not only for the Institute, but also for our industry and the world in which we live. Together, we celebrated a milestone anniversary for IREM—highlighting 75 years of dedication to ethics, education and excellence in real estate management. Together, we have witnessed an explosion of interest in “green” issues connected to our industry. And, unfortunately, as the year has drawn to a close, together we have also experienced the uncertainty of significant shifts in the global economy.

Now, just as when IREM was founded in 1933, strong, ethical leadership and management are needed more than ever by property owners in every sector of the real estate market. This is the time when we as real estate managers really provide expertise and enhanced value for our owners and investors as we manage increasing portfolios with fewer resources.

As we build upon our past to address current and future challenges, IREM will continue to provide support in a variety of ways to its members, including webinars, new publications, and perhaps in a very new and inventive way, through the significantly enhanced IREMFIRST site. Some very exciting changes are taking place, most importantly the opportunity to connect and network online with a dynamic community of real estate management practitioners and harness the collective intelligence of the industry. Community-building features will enable members to create their own personal profiles, exchange knowledge through forums, as well as voice their opinions by rating and commenting on content.

Additionally, you also have this handy resource in JPM. As mentioned previously, we know sustainability is taking hold for our tenants and owners as everyone looks to do their part to improve energy efficiencies and improve the bottom line. The article, “Coming Up Green” will be especially helpful to residential property managers looking to begin the process towards greening their properties. In addition, we know how everything in our businesses is moving faster than ever. Read how you can stay ahead of the curve in, “Managing Properties in a Fast-Paced World.”

In closing, I want to say thank you to IREM Members, chapters and IREM staff for an incredible year. I am honored to have served as your 2008 IREM President. My experiences during this past year have transformed the way I think about our Institute, our industry and our world. I know that the Institute—through its members, the values it stands for, its credentials, and its products and services—will continue to transform all of us and our profession as we begin another year. From my family to yours, have a peaceful and joyous holiday season.

Regina T. Mullins, CPM
2008 IREM President
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Final Regulations for LIHTC Utility Allowance Released

The IRS released final regulations that amend the utility allowances regulations concerning the low-income housing tax credit (LIHTC) to provide new options for estimating tenant utility costs. The final regulations affect owners of low-income housing projects who claim the credit, the residents in those low-income housing projects, and the state and local housing credit agencies that administer the credit. IREM has previously reviewed this issue with the U.S. Department of Treasury.

If the cost of any utility (other than telephone, cable television or Internet) for a residential rental unit is paid directly by the resident and not by the owner, the gross rent for that unit includes the applicable utility allowance. The amendment extends the choice in applicable utility allowances to other buildings. Previously, the choice was limited to buildings assisted by the U.S. Department of Agriculture’s Rural Housing Service (RHS), buildings with RHS assisted tenants and buildings regulated by HUD. The new regulations allow owners of LIHTC buildings that are neither RHS assisted nor HUD regulated, and in which no tenant in the building receives RHS tenant assistance, to choose from one of the following options when determining the applicable utility allowance:

1. Public housing authority (PHA) utility allowance.
2. The local utility company estimate.
3. Agency estimate—a building owner may obtain a utility estimate for each unit in the building from the agency that has jurisdiction over the building, provided that the agency agrees to provide the estimate. Costs incurred in obtaining the estimate are borne by the building owner.
4. HUD utility schedule mode—a building owner must calculate a utility estimate using the model available on the LIHTC Web site.
5. Energy consumption mode—a building owner may calculate utility estimates using an energy, water, sewage, consumption and analysis model.

New Federal Law Sets Standard For Pool And Spa Safety

Apartment and condominium managers and owners will soon be affected by a law that creates a new federal standard for swimming pool and drain covers. The recently signed Virginia Graeme Baker Pool and Safety Act defines “public pool and spa” as swimming pools and spas that are open exclusively to members of an organization and their guests; residents of a multi-unit apartment complex or residential real estate development; or other multi-family residential area. The law goes into effect on December 19.

Each public pool and spa must be equipped with anti-entrapment devices or systems that comply with the ASME/ANSI A112.19.8 performance standard, or any successor standard. In addition, each public pool and spa with a single main drain must be equipped with one or more of the following devices or systems designed to prevent entrapment by pool or spa drains: safety vacuum release system, suction-limiting system, gravity draining system, automatic pump shut-off system, drain disablement or other systems determined by the Consumer Product Safety Commission. Violators will be subject to a civil penalty of up to $5,000 for each violation.

For more information about the act, visit www.irem.org/publicpolicy and click on the October edition of "Legislative Bulletin."
Regional and State Standards Reduce Greenhouse Gas Emissions

Scientists believe climate change is a result of greenhouse gases, which trap heat in the atmosphere. Some greenhouse gases, such as carbon dioxide, occur naturally and are emitted to the atmosphere through natural processes and human activities, while others are created and emitted solely through human activities. According to the U.S. Environmental Protection Agency (EPA), commercial buildings account for 18 percent of our nation’s greenhouse gas emissions.

In recent years, public interest in climate change has increased dramatically; this has led to an increase in related legislation. Recognizing the serious issues related to global warming, IREM supports the development of voluntary standards for reducing greenhouse gas emissions.

One option for reducing pollution and greenhouse gas emissions is a program called emissions trading, or “cap and trade.” Under this approach, a government agency will typically set a limit on the amount of pollutants a company or organization can emit. Each company will be allocated a number of credits equal to its limit. Companies that reduce their emissions below the threshold can then sell or trade their credits to companies that exceed the cap.

Providing an economic incentive, in the form of credits, would encourage energy-efficiency improvements and assist in paying for those upgrades. IREM supports market-based incentives for energy efficiency. Further, IREM supports federal funding of a cost/benefit analysis and research into the feasibility of an emissions trading program for the real estate industry.

Other notable developments include:

- Regional Initiatives. The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by 10 Northeast and Mid-Atlantic states to design a regional cap and trade program covering carbon dioxide emissions from power plants in the region. RGGI seeks to implement the first mandatory U.S. cap and trade program for carbon dioxide (CO₂) that caps emissions of CO₂ from power plants and allows sources to trade emissions allowances. The program will begin by capping emissions at current levels in 2009, then reducing emissions 10 percent by 2019. In the future, the program may be extended to include other sources of greenhouse gas emissions and greenhouse gases other than CO₂.

- State Laws. Massachusetts Gov. Deval Patrick recently signed the Global Warming Solutions Act into law. The act requires the state to reduce its greenhouse gas emissions at least 80 percent below 1990 levels by 2050. In implementing its plan for statewide greenhouse gas emissions limits, Massachusetts and its agencies must promulgate regulations that reduce energy use, increase efficiency and encourage renewable sources of energy in the buildings, transportation and energy generation sectors.

Connecticut has enacted a law that sets a statewide greenhouse gas emissions reduction target of 10 percent below 1990 levels by 2020. In addition, the law requires an 80 percent greenhouse gas reduction below 2001 levels by 2050, unless the federal government or the RGGI intervenes.

This past summer, the Wisconsin Task Force on Global Warming released its final report with recommendations for the state to address climate change and reduce its use of fossil fuels. The task force has recommended reducing greenhouse gas emissions to 2005 levels by 2014, a 22 percent reduction below 2005 levels by 2022 and a 75 percent reduction below 2005 levels by 2050. To achieve those ends, the task force has made several policy recommendations, including a federal or regional cap and trade program.

Housing and Economic Recovery Act Signed into Law

The “Housing and Economic Recovery Act of 2008,” H.R. 3221, was signed into law by President Bush on July 26. The law has three provisions of interest to commercial real estate professionals.

First, the law provides for the development of a national affordable housing trust fund that will be funded by a percentage of the profits from government sponsored enterprises (GSEs). The trust fund will cover costs of any defaulted loans in Federal Housing Administration (FHA) foreclosure program. Later on, the trust fund will be used for the development of affordable housing. Second, the Low Income Housing Tax Credit (LIHTC) program will be modernized to make it more efficient. Lastly, the law provides $4 billion in neighborhood revitalization funds for communities to purchase foreclosed homes.
Market Crises Lead to Drop in Property Values

With a trickle-down series of market crises following on the heels of the housing market woes of this past year, cash-flow projections for commercial and residential properties are being greatly reduced as an even greater economic slowdown is predicted into 2009.

With some of the biggest firms in finance and banking failing in September of this year, creditors that were once willing to make real estate loans before the upheaval are pulling back, leaving little capital to put back into the market.

Thus far, commercial real estate has fared better than residential properties with many office buildings, shopping centers, warehouses and other income-producing properties generating enough cash to pay their debt.

Retail Vacancies Rise with Store Closings

According to a recently released survey from the International Council of Shopping Centers (ICSC), retail store closings are on the rise, but stores in densely populated urban areas will continue to thrive, said real estate investment services firm Marcus & Millichap.

Compared with 1,522 store closings in the first half of 2007, the first six months of 2008 were nearly double that with 2,831 announced closings. In addition, ICSC projects that 144,000 establishments will be closed in 2008, up 7 percent over 2007.

Given the store closings, vacancy rates have increased across the country, according to Marcus & Millichap Research: At midyear, vacancy in the United States was 10.7 percent, up from 9.7 percent in 2007. The firm projects that at year-end 2008, vacancy will hit 11.1 percent nationally. Of note is where shops are staying open: Densely populated urban areas will continue to thrive, as people seek to cut back on the cost and inconvenience of driving.

Soaring Sublease Trend May Lead to Rent Decline

Landlords across the nation are competing for tenants, not only with other property owners, but also with tenants offering space at exceptional rates for subleases. While the amount of subleases available today isn't cause for concern just yet, researchers say it is a growing trend signaling softening fundamentals and declining rental rates ahead.

In the 12 months ended at midyear 2008, tenants added 13 million square feet of offices to the inventory available for subleases nationwide, a gain of 18 percent, according to Grubb & Ellis. Negative absorption measured 3.25 million square feet in the second quarter of 2008, reversing a five-year trend of positive absorption, according to the author of a national sublease report published by Grubb & Ellis in September. Negative absorption reflects tenant contraction, or users giving space back to the landlord as old leases expire rather than renewing their leases or leasing larger space.

Based on previous cycles, commercial real estate experts say declining rents are just around the corner. Asking rents will begin to decline in the fourth quarter and will bottom out around the middle of 2010, according to projections by Boston-based Property & Portfolio Research.
ecotalk

>>>> Adopt-A-Watt
A new program encourages businesses and groups to pay towns to switch to alternative energy. Modeled after the successful Adopt-a-Highway acknowledgment program, the National Adopt-A-Watt Program opens up sponsorship opportunities for businesses and groups willing to fund clean energy, alternative fuel and other energy-efficiency projects. But instead of a sign recognizing sponsors who pay to keep the highway clean, these Adopt-A-Watt sponsors fund solar-powered arrays for street lights, with the donor’s name displayed on the light pole. Cities get cleaner energy sources while companies get to show their conservation efforts. For more information about the program, visit www.adopt-a-watt.com.

>>>> Home Buyers Looking for Less Space, More Green
A new survey reveals that people are opting for less space when constructing their homes and instead are focusing on more energy-efficient options. The report, issued by the American Institute of Architects’ second-quarter Home Design Trend Survey, said that two-thirds of this year’s responders report clients wanting greener alternatives for their homes, such as tankless water heaters, double- or triple-glazed windows and sustainable flooring products, such as bamboo or cork. And what a difference a year of soaring energy prices can make: In the 2008 survey, respondents reported clients wanting more features that facilitate energy efficiency. In fact, 68 percent of respondents said more customers want extra insulation in the attic, compared to 56 percent a year ago. Last year, 23 percent of respondents said game rooms were an increasingly popular home buyer request, while only 8 percent of survey’s respondents report that this year.

>>>> Green Roofs on the Rise in Urban Areas
Construction of green roofs grew 30 percent in North America last year, according to the third annual Green Roof Market Industry Survey. Due to their cost, they appear primarily on public and commercial buildings, such as the Bank of America tower in Manhattan. But more are sprouting on the rooftops of private dwellings. The survey, conducted by the Toronto-based nonprofit group Green Roofs for Healthy Cities, reports that for the third time, Chicago topped the list of U.S. and Canadian cities for square footage of green roofs installed in one year. Only members of the Green Roofs for Healthy Cities are polled, but the group estimates the results reflect approximately 60 percent of green roof activities in the United States and Canada.

Quotables

"Always leave enough time in your life to do something that makes you happy, satisfied, even joyous. That has more of an effect on economic well-being than any other single factor."
Paul Hawken, Environmentalist

"Humor is just another defense against the universe."
Mel Brooks, Actor/Comedian

"Some folks are wise and some are otherwise."
Tobias Smollett, Scottish Writer

"A bachelor’s life is a fine breakfast, a flat lunch, and a miserable dinner."
Francis Bacon, English Philosopher

"Death comes to all, but great achievements build a monument which shall endure until the sun grows cold."
Ralph Waldo Emerson, American Poet

"Be at war with your vices, at peace with your neighbors, and let every new year find you a better man."
Benjamin Franklin, American Politian

"I cook with wine; sometimes I even add it to the food."
W. C. Fields, Comedian

"It is cruel, you know, that music should be so beautiful. It has the beauty of loneliness of pain: of strength and freedom. The beauty of disappointment and never-satisfied love. The cruel beauty of nature and everlasting beauty of monotony."
Benjamin Britten, English Composer

"My buildings will be my legacy... they will speak for me long after I’m gone."
Julia Morgan, Architect
Famous Properties

Symbol of Sophistication

The Driskill Hotel is an Austin icon that highlights the city's history and growth

by Diana Mirel

Just five blocks away from the Texas State Capitol building in Austin, Texas, stands the Driskill Hotel—a local treasure whose Victorian palace-like presence has become a long-standing symbol of Austin and the epicenter of all of the city's happenings.

"From the very beginning there have been a lot of political activities and social functions that take place at the Driskill Hotel," said Cynthia Maddox, spokesperson for the hotel. "Some of the grandest balls in Texas have been held here—whether it is governors' inauguration balls, debutante balls or weddings."

The hotel was also a favorite spot for President Lyndon B. Johnson and his wife Lady Bird Johnson. In fact, the power couple's first date was spent lunching together in Driskill's dining room. In addition, LBJ awaited the results of his senatorial, vice presidential and presidential elections at the Driskill. Today, the hotel honors the duo with its Lyndon and Lady Bird Johnson Presidential Suite.

UPS & DOWNS

Construction of the Driskill Hotel began back in the 1880s, when wealthy cattle baron Jesse Lincoln Driskill vowed the hotel would be the "finest south of St. Louis," hoping that it would serve as a showplace for Austin. Two years and nearly $400,000 later, the Driskill Hotel opened in 1886 amidst great fanfare. About two weeks after the grand opening, the Driskill hosted its first inaugural ball for newly elected Texas Governor Saul Ross; many other Texas leaders followed Ross' lead by holding their inaugural balls at the hotel.

But it has not always been smooth sailing for the Driskill. In 1887, the hotel's general manager and half of the staff were hired away by Galveston's Beach Hotel. This mass exodus proved disastrous for the Driskill, forcing it to close for a few months. Later that year, Driskill reopened the hotel with new managers and staff members. Unfortunately, just one year later, the Driskill family lost its fortune in the cattle-killing drought of 1888, and Driskill had to sell the hotel.

Since then, the Driskill Hotel has seen plenty of highs and lows and has been under many different owners. In the early 1970s, there was buzz about demolishing the aging hotel, but concerned Austin citizens and the Heritage Society of Austin stepped in to save the historic building. The group worked hard to get the Driskill Hotel named as a National Historic Landmark, and a successful community effort raised $700,000 for the redevelopment budget.

Throughout all these ups and downs the Driskill Hotel has always been positioned as a premiere hotel with its Victorian grandeur and its reputation for Texas luxury and sophistication. Today, the 122-year-old Driskill Hotel is owned by Lowe Enterprises and managed by Destination Hotels & Resorts and is still a must-see Austin landmark.

"It is an icon," said Maddox. "Certainly, anyone who has ever been to Austin will remember three buildings: the State Capitol, the Driskill Hotel and the University of Texas Tower."

HISTORIC PRESERVATION

Maintaining the hotel's grandeur has been a top priority in its most recent history. In 1996, owners began a four-year, $25 million historic restoration to bring the Driskill Hotel back to its "original opulence." This meticulous top-to-bottom restoration affected each and every part of the hotel and was completed in 2000. To further maintain this historic building, the Driskill underwent a $4.5 million restoration to update and refine the hotel's 189 guest rooms. To cause as little disruption
as possible, the renovation began on the 12th floor of the hotel’s traditional tower and moved down on a floor-by-floor basis, hitting the most historic rooms last.

“You need to upgrade rooms and freshen them up every few years, and it was just time,” said Maddox. “The design firm we’re working with has done a great job of blending the historic integrity of the hotel with a more contemporary twist.”

Rather than the ruffled and floral room décor of the past, today’s Driskill guest rooms have clean lines and sophisticated simplicity. Despite a more modern flair, the hotel’s history is still prominently featured in each room. Black and white photographs of the hotel from the Austin History Center archival collection grace the walls and other images of the historic exterior of the building are incorporated throughout the design.

“The design firm took a drawing of the exterior of the hotel and screen-printed it onto the entertainment consul in each room,” said Maddox. “So when you walk into the room, it embraces the whole history of the hotel.”

The rooms have also been updated to meet the needs of modern-day travelers and visitors.

“We had some antique pieces of furniture and some antique reproductions in the rooms that were quite nice pieces, but they weren't necessarily conducive for the current traveler who is traveling for business or pleasure and has a laptop,” said Maddox. “A lot of this renovation has been about responding to the needs of our guests.”

Of course, managing a local and national historic landmark can be tricky, particularly when it comes to renovations.

“Obviously, there are strict guidelines to follow, so we go through a lot of hoops when anything is being done to the hotel,” said Maddox. “There are certain things you cannot alter. For instance, we cannot alter the exterior of this building.”

Furthermore, the hotel’s older systems can sometimes pose a challenge for the property’s management.

“A historical hotel is magical,” said John Spomer, vice president and managing director of the hotel. “But with historical systems and the age of the property, it can be very challenging to keep it looking tip-top and ensuring all the systems are optimized.”

The hotel’s operating leadership team is comprised of fewer than 30 people. As part of Destination Hotels & Resorts, the management team has access to resources, like staff, products and processes that help maintain the property in its finest form. As with any historic property, though, special maintenance problems are bound to arise, including issues with older equipment, wiring and systems.

“Although we’re updating all the time, it would be a Promethean task to completely modernize all of the many systems and wiring,” said Spomer. “We don’t have the benefit of ‘as-build’ drawings through the years and modifications have been made that weren’t properly documented. Sometimes we find some surprises, and sometimes we’re pleasantly surprised when we don’t find any.”

Though the Driskill Hotel has had its fair share of change throughout its 122-year history, some things never change. The hotel remains at the center of Texas political life today.

“Our legislature only meets every two years, so during legislative sessions we’re one of the hotels of choice,” said Maddox. “More than likely, there have been more political and legislative decisions made in the halls of the Driskill than in the halls of the State Capitol!”

Diana Mirel is a contributing writer to JPM. Send questions regarding this article to mnaeo@irem.org.
In Tokyo, Japan, a bicycle is faster than a car for most trips of less than 50 minutes.

When glass breaks, the cracks move faster than 3,000 miles per hour. To photograph the event, a camera must shoot at a millionth of a second.

The longest recorded flight of a chicken is 13 seconds.

Bats always turn left when exiting a cave.

Humans blink more than 10 million times a year.

The average iceberg weighs 20 million tons.

The basenji dog does not bark but yodels when it gets excited.

Rubber bands last longer when refrigerated.

The microwave was invented after a researcher walked by a radar tube and a chocolate bar melted in his pocket.

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Southern states see growth in non-residential market despite economic stalls and overbuilding

by Janice Rosenberg

Overbuilding and a general economic slowdown are affecting residential property development in five contiguous states: Alabama, Arkansas, Kentucky, Mississippi and Alabama. Fewer new properties are being constructed and those already online are taking longer to lease.

"According to a local economist, it will take about nine years for what was built in our housing market to be absorbed," said Beverly Roachell, CPM®, president, RPM Management Co. Inc., AMO®, in Little Rock, Ark. "So there's not much new development here. The cranes have stopped."

Despite generous inventory with low absorption, there are still positives within certain sectors of the five-state area. Several IREM Members provide their take on how to work through these challenging economic times.

EXCESS INVENTORY

Until five years ago, locally owned properties in Tuscaloosa, Ala., provided enough units to serve year-round residents and the annual fall influx of University of Alabama students. Then university President Robert E. Witt, declared that the student population would grow from 19,000 to 28,000 by 2013, drawing attention from out-of-state condominium developers, said Warner Johnson, CPM, director of property management at Duckworth-Morris Real Estate in Tuscaloosa.

Overbuilding resulted, and last fall Tuscaloosa saw vacancy rates reach as high as 10 to 15 percent, the highest rates in 15 years. In Fayetteville, Ark., home of the University of Arkansas, property managers have seen occupancy rates drop from 98 percent in 2007 to just 85 percent this year, also due to overbuilding, Roachell said.

In Mississippi, residential markets are down due to excess inventory, the inability of people to sell existing homes and tightening credit, said Keith S. Collins, CPM, of Keith S. Collins Co., in Germantown, Tenn., just north of the Mississippi border. Local developers and builders are taking a very defensive posture and have slowed down, waiting for excess inventory to be absorbed.

Until recently the downtown market in Memphis, Tenn., had been very successful, spurred by second-home buyers, Collins said. Now sales of the mid-rise condos his company manages, which originally sold "like gang-busters," have slowed to a snail's pace.

"Construction permits are off. Listings are up and closings are down, which shows the market is suffering," he said.

As a result, Collins' new business growth rate has slowed dramatically this year, in contrast with the company's first seven years when its inventory grew from 1,800 units to 14,000 units in 120 condominium associations in Tennessee and Mississippi.

ACCENTUATE THE POSITIVE

The majority of bright spots are in non-residential markets in all five states. Richard Wright, CPM, director of property management at H.G. Hill Realty Co., sees opportunities in developing high-end infill malls. His company's 200,000-square-foot office/retail lifestyle center, Hill Center at Green Hills, offers amenities, like ponds that harvest rainwater to irrigate gardens and special HVAC systems.

"No one is building new major mega-center enclosed malls around here," Wright said. "The current vogue is toward open-air malls with..."
parking in back.”

The office market elsewhere also shows gains. The Huntsville Market Survey 2007, produced by Graham & Company in Birmingham, Ala., reports a tightening office market in Huntsville with vacancies running below 7 percent. Much of this growth was in anticipation of a recent announcement from the U.S. Department of Defense that included recommendations to move seven department entities to nearby Redstone Arsenal. This fueled office construction in Cummings Research Park, with over 1.5 million square feet of new product coming online in 2006 and 2007.

In Louisville, Ky., the merger four years ago of local city and county governments opened the way for out-of-state investors in the historic downtown area, said Janet Luesing, CPM, principal, Primas Realty Advisors.

Mixed-use properties, another concept new to Louisville, are creating a boom-let, Luesing said. Norton Commons, a new 600-acre property developed in part by her firm, includes 2,880 dwelling units for sale and rent, plus 600,000-square-feet of commercial and retail space.

In and around Nashville, the lower cost of living has contributed to continuing growth in service industries and a steady office market, Wright said.

“In California 1,500-square-feet might cost $1.5 million, and here you get 5,000-square-feet for one-third the price and pocket the change,” he said.

**GETTING A GRIP**

Keeping their eyes open for new opportunities helps real estate managers in all five states.

In Little Rock, Ark., overbuilding has lowered condominium prices, bringing outside investors into the market. Real estate managers who manage condominium associations, like David D. Henry, president and CEO of Henry Management Inc., increase their incomes by taking on the management of units owned by those investors.

In central Arkansas where the number of new residential units is down—from a total of 2,000 added in 2007, to only 260 added in the first quarter of 2008—occupancy rates also are down, Roachell said.

“You have to give away two-months rent—that’s standard,” Roachell said. “We went out on a limb and tried three months free rent spread over the term of the lease. Even with that massive giveaway, after a year-and-half on the current market, occupancy has reached only 85 percent. But without it, my competition in a similar property has reached only 64 percent occupancy.”

To improve business, Christopher J. Wheeler, CPM, vice president of real estate for Colony Properties in Ridgeland, Miss., is beefing up his company’s credentials, heading for the AMO designation. To keep up with environmental trends that attract tenants to new properties, the company is developing buildings with LEED certification.

Because Johnson’s company in Alabama aims to succeed on management fees alone, it has diversified, managing a little bit of everything including an industrial park, and more than 20 condominium and homeowners associations.

“Last week someone brought us 17 houses he’d managed for years,” Johnson said. “Now that it’s tougher to lease them, he brought them to me. If there were a large enough trailer park looking for our services, I’d take that, too.”

Despite the economy there always will be jobs for CPMs, Roachell said, although smaller management companies are being squeezed.

“There are jobs out there, but you may not be able to own your company anymore,” she said. “You may have to work for someone else.”

Janice Rosenberg is a contributing writer for JPM. Send questions to mnas@irem.org.
Stop working and start thinking
Turn off your auto-responder for better results

by Natalie D. Brecher, CPM®

To do your best work, sometimes you have to not work. Yes, a negative that is a positive. Do you take time to stop working and start thinking? If you don’t, you may not be getting the best results you can.

Being busy is like wearing a badge of honor. In our culture, being busy means “I am important.” After all, how can you be so busy if you’re not important? If you called and asked someone, “What did you do today?” and he or she replied, “Nothing. I just sat around looking out the window,” you might be a bit turned off and even perceive this person to be lazy and unproductive.

Yet busy is not the same as productive or efficient. Being busy and getting a lot of work done don’t always count; getting good results is what matters most. And that takes thinking. Whether you are searching for solutions or creating new ideas, putting away work can help you improve your results.

Stop Auto-Think
There are plenty of situations with which you are so familiar you don’t even have to think about what to do—you know the answer, so your auto-responder kicks in. Yet following a “been there, done that” reaction will serve only to have you decide or act as you’ve always done in the past. “My response worked before,” you rationalize; however, there may be a better answer out there.

In fact, implementing the same actions may not result in the same results you achieved previously because of changes in other causes and effects.

Start to Think
To change, immerse yourself in the issue. Put aside work and focus on the issue. If distractions are present, remove them—or remove yourself—by opening your mind to alternative ways of thinking, you will have the potential of generating more effective solutions and ideas. To increase the alternative views, include others in a brainstorming session. A simple way to see things differently is to use another set of eyes.

The next time your thoughts tell you “Don’t stand there...do something!” (implying, of course, that doing anything is better than doing nothing), consider the reverse: “Don’t do something...stand there!” Sit down, kick your feet up, and look out the window while you think. Your results just may prove to be better for it.

Being busy and getting a lot of work done don’t always count; getting good results is what matters most.

By Natalie D. Brecher, CPM (nbrecher@BrecherAssociates.com), is a performance improvement specialist, providing consulting and training relating to workplace performance and individuals’ professional skills. Her keynote and training programs include leadership, management, and professional skill development and can be explored at www.BrecherAssociates.com.
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“Your reputation is your resume.” —MADELINE ALBRIGHT, DIPLOMAT

by Carl D. York, CPM®

Open any news publication or watch virtually any news program today and you will find someone who appears to have made a bad judgment in dealing with their family or their business. While it may seem that we have lost our ability to control the things around us, it is certainly a fact that no one has a greater ability to damage your reputation than you do.

For you newer managers out there, you have achieved your position based not only on how others see you, but because your past achievements have met or exceeded the guidelines established for your position. Where you are today is based on the reputation you created for yourself yesterday.

As a new manager, for the first time, people are not only evaluating you from above looking to see what kind of impression you make, but now people are following you, waiting for you to set the tone and be a leader. Your future as a manager and leader will be determined not just by a financial report but also in a larger sense by how you work with others. What you do today therefore creates your reputation of tomorrow.

As an IREM Member you have worked hard to achieve a professional designation, that of an ARM®, a CPM or ACoM. You were not able to become a member without attending an ethics class and obtaining recommendations from fellow members of the Institute. Recommending a candidate is not done lightly. As IREM Members, we rely on each other to maintain the value of the Institute by our actions. We must believe that you will continue to display the highest level of integrity in your dealings with others.

Each one of us has pledged ourselves to uphold the 14 Articles of Conduct listed in the IREM Code of Ethics. Each article deals with duties you agree to provide at all times to your employer, your clients and the public. In the member pledge we affirm “to maintain the highest moral and ethical standards consistent with the objectives and higher purpose of the Institute” and “to place honesty, integrity and industriousness above all else.” Think about those words.

Successful managers are not those who always have the answers, but those who continue to listen and learn. Not every question has an answer based on policy, law or past experience. When faced with the “gray areas” that so often arise, take the time to ask your supervisor or one of your peers. “How would you handle this situation?” Asking a question is not a sign of weakness; it is a sign of good judgment and leadership.

If you set your moral compass to point towards protecting your good name, even in the face of difficult decisions and tough consequences, you will not only lead those under you to achieve all they can, but your value to your organization and your community will only continue to grow.

Your actions are creating your reputation of tomorrow. What will that reputation be? Only you can control that. Every member of the Institute is counting on you to bring credit to all of us by your integrity in dealing with others. Do us proud! Always follow the Golden Rule.

Carl York, CPM (york@sentinelcorp.com), is a vice president with Sentinel Real Estate Corporation in Fishers, Ind., and serves on IREM’s Ethics Committee, and the Ethics Inquiry Board.
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You need an independent insurance agent.
Professionally speaking
Take the opportunity to deliver presentations

by Roy Eppard, CPM®

After attending a recent Toastmaster's meeting for the first time, I felt confident enough to enter a competition to speak on an impromptu subject chosen by a panel of professional speakers. Subsequent to delivering hundreds of presentations during my career in commercial property management, I felt at ease competing against "seasoned" speakers.

Delivering high-quality industry presentations is a daunting challenge and requires habitual practice. The great news is that subject matter pertaining to real estate management is relatively effortless, once you recognize some fundamental principles.

Begin any presentation with a description of IREM and its importance to the real estate industry. Be certain to detail IREM's ability to accumulate raw data via annual Income and Expense reports, rigorous educational requirements and proactive governmental representation. IREM is the "gold standard" when selecting qualified property management talent. As an IREM Member or candidate, you possess the knowledge and thus the credibility to speak as a professional to the community on a variety of management issues.

GETTING STARTED
Sources of presentation venues are limited only by your imagination. I have spoken at churches, professional meetings, investor groups, seminars and at homeowners associations, to name a few. For practice, ask your local IREM chapter president if you can make a presentation at a chapter meeting. In addition, participate in seminars offered by professional organizations and be on the lookout for audiences favorable to your degree of expertise. Community activism not only provides a great opportunity to speak but also sheds superior light on our industry.

Professional property management is paramount during unstable real estate market conditions.

PREPARATION AND PRACTICE
Preparing for a presentation can be nerve-racking; however, that fear can be alleviated by knowing certain characteristics of your audience. For example, understand your audience's reasons for attending your presentation, so you can accommodate and gratify their specific interests and requirements.

Once you have a workable outline with solid and informative data, rehearse your delivery out loud. Consider your family or friends as potential listeners or critics. Focus on theatrics, voice control and hand gestures. It is important to be aware of the cultural aspects of your audience in our society that has expanded to global dimensions. Awareness of what is pleasing in one culture may not be so in another. Friends and family of different international origins could help broaden your horizons paying particular attention to your voice tones and body gestures.

You may wish to consider using PowerPoint or printed graphs as a means of communicating detailed information to listeners and also have methods at hand for remaining in control of the presentation. Be sure to prepare for questions from the audience after your speech. Lastly, keep in mind your professional appearance and dress accordingly.

Professional property management is paramount during unstable real estate market conditions. Extraordinary attention to the details can effectively assist in retaining tenants and provide assurance attractive to investors and owners. As a member of IREM you are in demand by the public, as a professional source of information concerning a broad spectrum of topics.

Roy Eppard, CPM (royeppard@aol.com), works for Vanguard Realty Group in Alexandria, Va.
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Every property and asset manager has the responsibility to continually improve the cash flow and value of the assets for which they are responsible. With several federal tax court decisions, we now have a valuable tool for increasing the after-tax cash flow of almost any commercial property. Through using cost segregation studies, owners can accelerate depreciation on many components of their properties over 5-, 7- and 15-year life periods.

**THE HISTORY**

With the passage of the Tax Reform Act of 1986, Congress changed how commercial real estate owners could depreciate their properties from several methods of accelerated depreciation to basically straight line depreciation, with residential properties having a life of 27½ years and other commercial properties 31½ years. In 1993, the commercial properties were changed to 39 years. These changes had a significant impact on the after-tax cash flow for owners and contributed to the savings and loan crisis of the late 1980s.

In 1996, Walgreens (Walgreens Co. & Subs. v. Commissioner, 103 T.C. 582, 1994) won its challenge before the U.S. Tax Court to the practice of using a 39½ year cost-recovery period for the improvements in its new free-standing stores, arguing that some of the fixtures and improvements in them should be classified with a shorter life.

The IRS acquiesced to this and other similar rulings; however, the judge modified his ruling to state that “in order for the cost segregation study to meet the minimum guidelines, the study had to be completed by individuals competent in construction or building techniques.”

From 1997 to 2004, no clear guidelines existed for engineers to follow in conducting such studies; each study had to be extensive and exhaustive to meet the unknown requirements of the IRS. Few property owners could justify such studies.

Property and asset managers should review their asset portfolios to determine the potential benefits cost segregation can bring their clients. In 2004, the IRS issued guidelines on what to look for in a cost segregation study, ultimately eliminating a great deal of unnecessary work for all involved. Cost segregation studies thus became cost effective for owners of both small and large properties.

Cost Segregation Study

Cost segregation studies reveal improvements that can be identified as personal property or specific to the use of the property. Depending on the classification of the improvements, they may be depreciated typically over 5, 7 or 15 years instead of the normal 27½ or 39 years. This increased depreciation can have a significant impact on the owner’s taxable income.

For properties developed or acquired since January 1, 1987, a property owner can have a cost segregation study performed and take the benefit of all prior years’ missed depreciation in the current tax year realizing a potentially huge income tax deferral or even refund. Property owners should review the impact of such a deferral with their tax professional to be sure they understand the savings that can be realized—as well as the potential impact—of the depreciation recapture tax when the property is sold.

Property and asset managers should review their asset portfolios to determine the potential benefits cost segregation can bring their clients. Potentially every commercial property acquired or built after January 1, 1987—with a depreciable value of $1 million that is going to be held for more than a couple of years—could significantly benefit from the resulting accelerated depreciation.

Paul L. White, CPM®, CCIM (paulwhite@plwa.biz), is the director of the Commercial Division for Keller Williams and president of Paul L. White & Associates, a commercial real estate consulting company. White also serves as the 2008 chair of the JPM Editorial Advisory Board.
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[IREM Institute of Real Estate Management](http://www.irem.org)
special feature

BY GREG L. MARTIN, CPM® EMERITUS & STEVE MAZE
comparing up green

IREM® MEMBER SHARES ENERGY-SAVING RETROFITTING OPTIONS THAT PROVIDE FINANCIAL RETURNS

 Retrofitting existing properties into sustainable, green buildings isn't an easy task, but it is one that can offer substantial payback for your properties.

Simply by shifting your focus from obtaining LEED certification first and foremost to obtaining an Energy Star Certification can yield this satisfactory payback. Not only is this goal readily obtainable, but it is also an important initial step toward LEED certification. (See sidebar, page 25, for definition of these terms.)

In the competitive residential rental world, owners and managers who want to be environmentally friendly must be adept in utilizing technology that incorporates payback that makes financial sense, as well as providing a positive public relations image for your company.

Everything from installing shower head water restrictors in bathrooms to placing high-efficiency light bulbs in your multifamily properties are easy solutions you can implement quickly. However, specific focus on strategies for improving the energy efficiency of the heating ventilating and air conditioning (HVAC) systems in these buildings often represents an investment opportunity with satisfactory payback, since the systems typically...
If a building already has energy-efficient windows or the property cannot afford new ones, make sure the window seals are maintained.

account for 40 to 60 percent of the building’s energy use. With that in mind, the following are strategies you can look to first for improving your building’s energy efficiency.

Upgrade Windows
Windows are often the most significant architectural feature offering a great opportunity for increased energy efficiency and improved living comfort. In the past, a window’s energy-efficiency rating was seldom a factor in selection, which led to single-glazed windows. These still remain in many of the high-rises built more than 30 years ago. Replacing these windows with tinted double- or triple-glazed insulated windows can reduce energy consumption significantly.

However, window replacement represents a major capital cost. In addition to improved energy efficiency, the reduction in water and air infiltration as well as outside noise and the ability to maintain a more positively pressurized building are other factors that need to go into the replacement decision. These things not only lead to a decrease in resident complaints, but can also mean increased resident retention.

Window replacement should be considered whenever a major renovation of the property takes place. If a building already has energy-efficient windows or the property cannot afford new ones, make sure the window seals are maintained. As the windows age, the seals break down from ultraviolet rays and window use. By using thermal scanning technology the windows can be checked to determine the severity of energy loss through the window seals. If the loss is significant, the investment cost in seal maintenance is much less than that of window replacement.

Check Insulation
Since there is more exterior wall square footage than roof square footage in high-rises, insulating the walls has a greater impact on energy reduction than insulating the roof. This strategy requires gaining access to the exterior walls. Since high-rise buildings have masonry exterior walls, interior access is more feasible. However, interior walls also present challenges in that plaster, drywall and final finishes are expensive to restore.

Increasing the amount of exterior wall insulation should be evaluated when planning any major renovation, as minimum exterior wall insulation “R” values are now mandated by code for new buildings, as well as for building’s undergoing major renovation. (R values are measures of thermal resistance. The higher the R value, the greater the thermal resistance and the better the insulating capability.)

Flat roofs can have an insulation layer added when the roof is replaced, but replacing a good roof to add insulation does not generally result in a satisfactory payback.

Properly Ventilate
When it comes to ventilation, indoor air quality and energy conservation often compete. Over-ventilating a space results in excessive energy consumption, but creates good indoor air quality. However, under-ventilating a space results in reduced energy consumption but creates poor indoor air quality.

Most municipal codes require that a specific volume of air be exhausted from certain living areas. Similarly, these codes also require that a specific volume of air be supplied to replace the exhausted air to prevent contami-
nated or stale air from building up in
an occupied space. Energy consump-
tion of this exhaust and make-up air
ventilation comes from the energy
used to operate fans and to heat and
cool the ventilation air.

Many high-rises over-ventilate by
providing it continuously and at a con-
stant rate. But by switching to a system
that exhausts only when required, can
save energy. This “demand response”
ventilation requires an automated
damper in the exhaust outlet of
the room being ventilated, which can be
connected to an independent switch
so it opens and exhausts the room
only when turned on and is closed
during other times.

When the damper is closed, fan
energy—as well as the more signifi-
cant energy to heat and cool the
exhausted air—is reduced. Experience
shows that only 40 percent of dampers
will be open at any given time in lieu
of the 100 of percent the constant-
rate ventilated buildings. By reducing
the volume of exhaust, the amount
of make-up air can be lessened to
maintain a slightly positive-pressure
building, which reduces water and air
infiltration.

This demand response ventila-
tion system was implemented at a
13-story, 263-unit loft building in
Chicago. Actual measurement of the
building's total exhaust after installa-
tion of the demand response dampers
confirmed a maximum 40 percent of
total exhaust exiting the building at
any given time.

Another opportunity to reduce
energy consumption of exhaust and
make-up air ventilation comes from
the energy recovered from the exhaust
air and transferred into the make-up
air. We often do not think of exhaust

THE LEADERSHIP IN ENERGY AND ENVIRONMENTAL
DESIGN (LEED) is the rating system established by the
U.S. Green Building Council. Points for this system are
awarded for a number of ecological fields, a significant
portion of which relate to a building's energy efficiency.
These compiled points determine a building's environ-
mental ranking. Visit www.usgbc.org/leed for more
information.

THE ENERGY STAR PROGRAM is sponsored by the U.
S. Government, and is another measure of environ-
mental greenness. This program includes Energy Star
Certification, which is awarded to buildings that are
more energy efficient than three out of four other build-

ings within its peer group. Using software developed by
the Environmental Protection Agency (EPA), the energy
performance of many types of existing buildings can
be determined on a scale of 1 to 100 relative to similar
buildings nationwide. Buildings rating 75 or greater may
qualify for Energy Star Certification.

LEED recognizes the Energy Star program and
includes it in their recently developed LEED for Existing
Buildings: Operations and Maintenance program. Visit
www.energystar.gov for more information.

Photo: dominicphot.com
If a building is not efficient, it cannot allow the opportunity to reduce energy consumption. watch infiltration

Infiltration of outside air into high-rises is influenced by many factors, including wind, a building's natural stack effect and the building's ventilation systems. Control of these factors is another way to reduce energy consumption.

Every window, door and opening is a potential suspect for conditioned air loss. By using thermal scanning technology, these openings can be checked to determine the severity of energy loss through the opening's seals. This testing is more accurately performed when there is a significant difference between the indoor building temperature and the outside ambient temperature. If the loss is significant, the investment in seal maintenance again offers an excellent payback.

Examine Controls & Metering

For energy reduction, the best place to start is by asking: Can the item be turned off? For example, pumps, fans or lights that serve an area occupied for only a portion of the time can be turned off when not in use, as with model apartments, offices and storage areas. You can also invest in automated controls that turn devices off. These are more consistent than manual controls and offer one of the simplest and quickest paybacks available in energy reduction.

There are two levels of automated controls to consider—building-level or individual living-unit level controls. A building-level control is a microprocessor-based direct digital control (DDC) system that monitors various sensors located within and at the exterior of the building. The DDC system is programmed to ensure that your building's central systems are operating efficiently.

An individual living-unit level control is a thermostat located within the living-unit that maintains the living unit temperature. Both levels of control systems provide comfort and efficiency when a building is both zoned properly and have the ability to provide heating or cooling to each zone when required.

Building orientation and solar effects cause different areas of a building to heat at different times of the day. In the afternoon, the southern and western exposures of a building generally require more cooling than the northern and eastern exposures. In buildings with inadequate zoning—sometimes the whole building is one zone—overcooling, overheating and excess energy consumption results.

In the absence of proper zoning, a building-level DDC system can offer better control by polling strategically placed temperature sensors and using this information to better control the

To read more about thermal scanning technology, see “Image Conscious” by Darnell Little in the May/June 2007 issue of JPM.
zone's heating and/or cooling. This strategy is even effective in residential buildings that have steam heat.

If proper zoning exists and heating or cooling is available when needed, a DDC system can deliver different types and amounts of energy to perform only the required amount of heating or cooling. But if an existing building is not properly zoned, creating zones is possible, but may require the installation of separate heating and/or cooling systems for each area.

Many individual living units within existing high-rises do not have automatic temperature controls, which results in excess energy consumption. A building's central heating and/or cooling system is operated to satisfy the “worst” area of the building. Living units without automatic temperature control and not within the worst area of the building are overheated and/or overcooled.

The strategy of installing individual living unit automatic temperature controls is proven to lessen energy consumption by reducing the overheating and overcooling, especially in those buildings with improper zoning. Energy consumption is further reduced by incorporating temperature setback when heating and temperature setup when cooling, during unoccupied or other times of the day.

An additional advantage of automatic temperature control within living units is the ability to meter the amount of energy consumed by each living unit. However, this requires the addition of a metering system and control of the living units temperature by the resident.

Experience shows that metering individual living units with the intent of billing each one based on energy

This high-rise, located at 1130 S. Michigan Ave. in Chicago, saw substantial energy savings when the single-glazed windows were replaced with double-glazed ones.

**Case Example: Replacing Windows Nets Real Energy Savings**

In 2000, the property managers of the Homestead Apartments complex in LaGrange Park, Ill., replaced the single-glazed windows with double-glazed ones. The complex was built in 1948 and consists of 19 apartment buildings containing 366 units. The buildings are masonry in construction, two-or-three story, and have a basement partially below grade.

Due to the age of the windows, single-glazed windows were replaced with double-glazed windows throughout the property. Natural gas heating consumption was measured, normalized to equate it to a typical year, and resulted in a 4 percent reduction.

In 2007, another Chicago high-rise (shown above) realized similar energy savings when the windows were replaced. The building contains 656 apartment units and is more than 50 stories tall.

Single-glazed windows were replaced with double-glazed windows. As a result, natural gas and heating and electrical cooling energy consumption was estimated to be reduced by more than 10 percent.
Know Your Building's Architecture

The energy efficiency of an existing high-rise multifamily residential building's HVAC system is influenced by the building's architecture. Specifically, a building's structure, roof and façade directly impact the energy consumption of the building's HVAC systems. As a result, improvements in these areas influence the investment economics of other strategies.

Influence on Investment Economics

Improvements in the building's HVAC systems, which can include enhancements to the use of a central boiler plant system, can lead to more efficient energy consumption. This is particularly true when using water as a heating/cooling medium, which is more effective in cooler climates, especially when using water in milder climates. Heat pumps, which are often more efficient than electrical resistance heating, can be particularly effective in milder climates.

Understand Heating Options

Heating a high-rise multifamily building is accomplished in any number of ways, including through the use of electrical and/or natural gas serving as the utility source. Each multifamily high-rise building's heating situation is unique and requires analysis of the plant, distribution and end-use systems to identify all of the opportunities that exist.

Electrical source heating is often installed in the individual living units of high-rise multifamily buildings because the initial cost is much less than central plant natural gas source heating. This is often metered and billed directly to each individual living unit. In general, the cost of operating electrical resistance heating remains approximately twice as much as natural gas source heating, depending on the location.

Limited options exist for reducing energy consumption in units that are heated by electrical sources located within each living unit. A more efficient form is using a heat pump; in fact, it's approximately four times more efficient than electrical resistance heating. Heat pumps are often associated with use in milder climates, but they can also be effective in cooler climates, particularly when using water in lieu of air as a heating/cooling medium.

Multifamily high-rise's are most often heated through the use of a central boiler plant system, which is typically located in the building's basement or penthouse. It can be either an electrical or natural gas source.

The boiler produces hot water or steam, which is then distributed to the areas to be heated. The distribution of hot water is accomplished through the use of pump(s), and there are several opportunities that exist for centrally heated boiler systems, including:

- Replacing electrical source boilers with natural gas source boilers.
- Replacement of inefficient natural gas boilers with high-efficiency natural gas boilers. This can take many forms, including the use of multiple and/or condensing type boilers (this is also the most efficient). Boiler plants consisting of multiple boilers are often more efficient than a single large boiler and offer added redundancy in the event of equipment failure. Most single large boilers are inefficient when operating under partial load conditions, primarily due to the cycling losses of the burners.
- Maintaining a boiler's combustion efficiency throughout its burner firing range. At a minimum, boilers should be tuned before the start of every heating season and twice annually if they are required to operate at low loads in the summer. Newer burners monitor and adjust for high efficiency across the burner's entire operating range.
- Insulating of the boiler to limit the amount of radiated heat loss.
- Treating boiler chemicals properly. Improper chemical treatment leads to scale, which reduces the efficiency to which heat is transferred into the hot water or steam.
- Isolating inactive boilers during off cycles. As mentioned earlier, off-boilers that are hot radiate losses to the
surrounding space and up the boiler flue. Eliminating these factors and the air from moving through off-boilers and up the boiler flue will reduce stand by heat losses.

- Reducing the quantity of heating water circulated by adding variable frequency drives (VFDs) to pumps and eliminating water bypass. Water is often circulated throughout a building without doing much work. By circulating less water, it is possible to get the water to actually do the same amount of work while reducing the energy used to pump.

**Improve Air Conditioning**

Since each multifamily high-rise presents a unique situation, air conditioning them requires analysis of the plant, distribution and end-use systems in order to identify all of the opportunities that exist to increase energy efficiencies.

Electrical source air conditioning is often installed in the individual living units of multifamily high-rises, which is then metered and billed directly to each individual living unit. In general, the cost of operating all of the electrical source air conditioning in individual living units is significantly higher than the cost of operating a central plant air conditioning system. This is due to the relative inefficiency of the typical living unit air conditioner. Therefore, look to install the most efficient equipment whenever possible, such as those carrying the Energy Star label, for example.

Multifamily high-rises tend to be air conditioned by a central chiller plant system. The chiller portion of the plant is normally sourced on the building’s roof and incorporates electrically operated fans. The chiller produces water that is distributed to the areas being cooled. The heat absorbed from the building by the chilled water is ultimately rejected by the cooling tower. There are several opportunities that exist for centrally air-conditioned chiller systems, including:

- Replacing inefficient chillers with higher efficiency chillers. This strategy can take many forms, including the use of multiple and/or different types of chillers. Chiller plants consisting of multiple chillers or multiple compressors with independent refrigeration circuits are often more efficient than a single large chiller and offer added redundancy in the event of equipment failure.
- Treating chiller chemicals properly. Improper chemical treatment leads to scale, which reduces the efficiency to which heat is transferred into the water.
- Isolating inactive chillers during off cycles will reduce energy consumption.
- Reducing the quantity of chilled water circulated by adding VFDs to pumps and eliminating water bypass. Circulating less water makes it possible to get the water to actually do the same amount of work, while reducing pumping energy.

**Take Action**

Many strategies exist for the reducing energy consumption in multifamily high-rises. An engineering firm specializing in the energy auditing of multifamily high-rises should be consulted to help identify all the opportunities that are economically feasible for your building. Just by implementing several of these strategies can earn properties in your portfolio an Energy Star Certification.

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Greg L. Martin, CPM Emeritus, is the vice president of Draper and Kramer, Inc., a property and financial services firm in Chicago. He has been in the real estate industry for 33 years, and is currently a member of the IREM Executive Committee and has served as IREM Chicago Chapter President and Regional Vice President for IREM National.

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MANAGING PROPERTIES IN A

FAST-PACED

WORLD
HOW TO MAKE COMMUNICATION & CUSTOMER SERVICE A PRIORITY

by Shannon Alter, CPM®

late Friday afternoon and you are running behind for a dinner meeting with a major client. You have to give a presentation on Tuesday, your best property manager just resigned and budgets are due. Monday is a holiday, but it looks like your plans have just come to a grinding halt—you need to work that day just to catch up. It gets worse: the boss just called to tell you that your property is for sale... again.

Take a look around you. Today's real estate world is global, instantaneous and 24-7. Properties are bought and sold at the drop of a hat. Each day, a seemingly new emerging country enters the real estate market. How many of us have experienced a change in building ownership or management in the last few years? How many of our companies have experienced a recent change in executive leadership?

As our real estate world spins ever faster, it's often a struggle to not only acquire or sell a property, but to figure out how to put the right players in place, achieve the owner's objectives and retain tenants.

WHAT DO OWNERS WANT?

Simply put, owners want top managers who know their stuff. Easy enough, right? Not necessarily. When you're juggling a variety of tasks, mistakes are bound to happen—reports are late, due diligence is incomplete and tenant retention is at risk. Not surprisingly, owners and executives around the globe have strikingly similar desires in terms of how they view real estate managers today. They are finding that many managers are not conversant in the financial performance of their properties and their communication skills are lacking finesse. Many times managers are so busy looking after the small stuff that they forget the real reason they are there—to look after the owners' goals.

So how do you make sure you are managing your properties to the best of your ability? The following ideas provide some tips I've learned along the way.

BACK TO BASICS

Start by setting the stage. If you've ever been to a play, you know the final production happens after much hard work and preparation on the part of the actors and the crew. The actors must research their characters and rehearse their lines, while the crew runs through lighting cues and prepares props. Imagine how frustrating it would be for the audience to view this preparation instead of the final, polished play. The same holds true in the real estate arena. Practice definitely makes perfect.
EMPOWER YOUR EMPLOYEES

Developing, mentoring and empowering your employees will make your team shine. So what are the ingredients for success once you've hired the best possible person for the job? Here are some ideas:

GAIN THE BUY-IN FIRST: Don't let new employees get lost in the shuffle. Your first mission is to gain their buy-in. While working for a real estate syndicator, I had the responsibility of hiring real estate teams in 28 states. I knew from experience that making sure new employees were comfortable with our corporate culture was a key component to ensuring their long-term success in the organization.

ENCOURAGE PARTICIPATION: Everyone likes input, and everyone likes options. While this isn't always possible in a work environment, it's important to consider that your employees may have valuable contributions and exceptional expertise which can help you do the job better.

ALLOW RESPONSIBILITY: For the most part, employees are not going to do something that will burn the house down. To have a truly effective team, learn to delegate. Offering your employees assignments that will broaden their knowledge and expand their experience will turn them into valuable assets and happier employees. And there's a silver lining: empowering your employees will create depth in your department, take work off your back and offer you the chance to expand your own horizons.

In one of my recent training classes, I polled the students to see how many of them reviewed their property's monthly financial statement, including variance reports, on a regular basis. Much to my surprise, no one raised a hand. I immediately gave the students in class a homework assignment to go back to their offices and review the most recent financials for their properties.

Just like an actor needs to know his lines, property managers need to know where the money goes. It's impossible to understand either your property's performance or your owner's goals if you don't have a good grasp of your financials. Viewing them on a regular basis will help you effectively spot trends and make it easier to keep the performance of your property high.

Great actors are only as good as their supporting cast, so it is also important to surround yourself with people whose skills complement yours. If your skills lie in the area of people management or financial analysis, try to round out your team by hiring or developing an existing team member with excellent skills in the physical plant, or in construction. Be willing to hire someone who may be better than you in certain areas. You can learn from them.

FOCUS ON WHAT'S CRITICAL

We're all flooded with a seemingly endless round of "dailies." There are always plumbing issues, employee concerns and tenant troubles to grab our attention. Although these problems do need to be resolved, focusing solely on them can cause us to lose sight of what's really important—achieving the owner's objectives. I was recently asked to sit in on budget meetings as part of a consulting assignment for a small shopping center owner. The property team was in a quandary over which capital improvements the owner might require. The answer to their dilemma was relatively simple—they needed to ask the owner what his objectives were for the property.

Real estate managers must understand that an owner's priorities can shift; mergers take precedence, new players jockey for position, generational differences arise. It's crucial to be able to keep pace with both the market and the shift in priorities of those at the top. You must be able to act and react with them.

If you have a child, you know that when you have the opportunity to review his or her homework, you also have the chance to re-learn things you may have forgotten—math, English or history skills. In property management, we also have an unexpected second chance to re-learn competencies and skills, like the ability to shift focus, to be flexible and to embrace new ideas.

VALUE CREATION IS KEY

The real estate manager's primary responsibility is to create value. However, managers do not always understand how they can impact value; the concept can often seem overwhelming. Whether your owner is planning to sell his property in the near future, or is a long-term holder
Know your property's position in the marketplace. This is crucial, as is a solid understanding of your competition. Your goal is to accurately assess the market around your property to determine whether you will be able to achieve market rents for your owner. Unless your property is in a remote location, chances are you will face competition for tenants, customers or clients from other nearby office buildings, retail shopping centers or apartments.

The first step on the road to value creation is to assess your property objectively. You will need to know everything—the good, the bad and the ugly. Does your retail shopping center have difficulty attracting customers due to its secondary location? Are the appliances in your apartment complex outdated? Conversely, is your shopping center located at the most desirable location in your market? Does your office property boast great tenants and a fabulous management team?

Next, find out as much as possible about the properties that compete with yours and how they impact your owner's goals. If the owner of your office building thinks he or she can command $35 rents (per square foot), but market rents have fallen to $33, your job is to recommend and set rental rates with the goal of increasing value.

Do your homework. Make sure you know your property inside out, physically and fiscally. When did you last conduct a property inspection, visit your tenants or scrutinize your variance report? Unfortunately, we don't always take the time to correct issues until it's too late—and sometimes at the cost of losing a tenant. Undoubtedly, similar issues will arise down the line. But don't let them sneak up on you; be proactive.

When you conduct a property inspection, think like both an owner and a tenant. What issues are likely to detract from the tenant's success, or the building's prosperity? What are the hot button issues? If one of your tenants moves out, or a prospective tenant chooses another property, assess the reasons why. Did they find a more suitable space or a better rate? Were there any unresolved communication, maintenance or billing issues?

Now you're ready for the next step—conducting a market analysis. Where will your tenants (and their clients or customers) come from? To determine this, you will need to research the economic and demographic factors of both the region and the neighborhood where your property is located. Certainly, economic conditions of your neighborhood, region or even the country as a whole will affect rental rates. Is employment slowing down? Is the population increasing in your area? Both factors will affect the demand for office space, retail stores and apartments. Typically, demographic factors will include such things as age, race, sex, marital status, household income, family composition and education.

If you don't have this information already, how do you start? If you don't have an in-house research group, begin with your property's broker. Most brokerages have a wealth of information and reports to share on market statistics and analyses. Other real estate managers are a good resource, as is online information. Before visiting a new city or taking on a new property, I always check my CPM directory for an IREM colleague to call. I've never been turned down! Another trick if you're working in unfamiliar territory is to research key brokerage companies in the area. They generally have a listing of local brokers and managers you can contact, and may even offer free online market reports.

Figure out what gives your property the competitive edge. Your property may not be the newest, but it may be the best. What attributes does your property have? What unique characteristics separate it from the competition? Knowing what factors give your property the competitive edge is the key to achieving higher rents. Compare these factors with those of your competition using a comparison (comp) survey or grid.

Here's a short list of typical site attributes to get you started:

- Location
- Age
- Building exterior
- Building interior
- Parking
- Access
- Visibility
- Signage
- Tenant mix/synergy
- Floor plate
- Building systems

Brokers and appraisers are an excellent source of market comparison information. Sample comp grids may also be found on IREMFIRST.org.
CUSTOMER SERVICE COUNTS
As our world becomes more hectic, good old-fashioned customer service may be inadvertently left behind. I recently encountered numerous difficulties with an airline, including a nearly missed flight, misinformation and rude personnel. When I called the central reservations number, I reached someone who had absolutely no information. However, these challenges weren’t the real problem. The real problem was that the airline team members were neither nice nor apologetic. Thankfully, I managed to find a kind agent who said, “Ms. Alter, I know we have our problems here. But you shouldn’t have to see them.”

She was right. This same attitude should be applied to our interactions with tenants. No matter what happened earlier in the day, when a client walks into your office unexpectedly, or an accountant asks you to review the rent billings in record time, or a tenant reaches you after hours, it’s showtime. It’s our job to make the behind-the-scenes work seamless, each and every time. Even if a mistake is made, customers will generally be forgiving if we are responsive, fix the problem and learn from our mistakes.

To make sure your customer service is on the right track, here are four questions you should answer:

1. Who are our customers? Think about the myriad of requests and information you receive on a daily basis. When you’re on the run and pressed for time, it may seem like people are interrupting you. Early in my career I had the pleasure of working for Westin Hotels. My boss was a great mentor to me, and I can still remember him saying, “Everyone is someone’s customer.” This means everyone you come across in your daily business is a potential customer—your boss, your clients, your tenants, the accountant for your property, your vendors, the property’s broker. Create a list of all of your customers both internal and external, and put it where you can see it every day.

2. How can we bring the company closer to its customers? People may not always agree with your message, but there is a way to convey it so they leave the conversation feeling respected. This takes practice. Patrick S. Donahue, president and CEO of Donahue Schriber, a California-based retail developer, agrees, “We need to get out of our offices and talk with our customers to see what they need, and how we can provide solutions to their issues.”

As a direct example, last summer I was working on a consulting project for a small shopping center. I asked the manager to tour me around the property. After about an hour or so, we had not visited a single tenant. When I asked why, the manager responded, “Well, I don’t like the tenants, so I try not to go into their stores much.” Take a guess at the level of communication here: zero. Now take a guess at the level of customer satisfaction: also zero.

3. How can we create opportunities for superior service? Think of creating layers of opportunity. Every interaction with a client, a tenant or a vendor is an opportunity to create a relationship. Too often managers believe they only need to interact with a tenant when the lease is about to expire. Try taking a survey of your tenants’ preference for communication. Do they prefer phone calls, emails or visits? Ask how often they would like communication—weekly, monthly, never? Also, remember that communication doesn’t always have to be a formal letter. I had a general manager of a million-square-foot property who stood in the lobby of his building each morning just to greet his tenants before they stated their day. He successfully created an opportunity to build relationships, and demonstrate his commitment to his tenants.

4. Can we deliver what we promise? If you’ve ever had to take your car to the repair shop, you know that promises mean a great deal. If the repairman promises to get your car back to you in good working order the same day, that’s what you expect. If the day comes and goes, what happens? You’re disappointed. If you call and don’t get an answer, or are delayed further, you become frustrated. The same is true in real estate. Nothing will sink your reputation, and your company’s, by not following through on your promises. Always promise what you can reasonably deliver. But don’t stop there—if at all possible, try to exceed your customers’ expectations. As Walt Disney is credited with saying, “Do what you do so well that people will want to come back, and bring their friends!”

In a fast-paced world it’s easy to let things slip. But remember that the daily decisions you make on a property have lasting impact. Make the time to sharpen your skills and your competitive edge.

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The real estate industry is moving into a leverage and extend mode. This refers to the growing trend among commercial and residential property owners and managers to get the best possible value from their investments, while complementing them with solutions that enable business process efficiency.

The procure-to-pay process, which traditionally required much manual and paper-intensive work, is ripe with opportunities for improvement, including green initiatives that reduce paper flow. In response, leading real estate management software producers are delivering sophisticated electronic and paperless processing capabilities for invoices as well as maintenance, repair and operating (MRO) supplies procurement.

Areas that commercial and residential real estate companies are “leveraging and extending” technology toward new solutions include the following examples:

**Vendor Management**

The process of signing up a vendor typically begins with a paper-based application that the vendor completes...
and submits. Such an application can be many pages in length, and once submitted, it still needs to go through a manual approval process. One way to improve this paper-heavy scenario is a vendor portal, which streamlines interaction between vendors and property managers in both certification submissions and various day-to-day tasks. Once signed up, vendors can use the portal to submit invoices, check payment status and upload insurance certificates to a central location.

Request for Proposals/Request for Quotes
Customers are seeking streamlined delivery of requests for proposals and quotes to certified vendors, one that does not involve the cumbersome process of compiling and mailing paper bundles. One approach to automating this process involves working with supplier sources to develop green purchasing strategies. This step calls for engaging the supplier to provide portfolio-level product usage and devising alternative suggestions for lighting, janitorial and other supplies that include potential energy, waste and cost reductions. Such suppliers also might recommend eco-friendly maintenance, repair and operating (MRO) supplies, along with an online supply catalog. They also can leverage integrated, centralized spend management to refine spend analysis and intelligence, allowing tracking and monitoring for additional savings opportunities.

Purchase Orders
Using advanced software allows organizations to move a purchase order through the approval process electronically. Complex approval criteria can be established within such a system, automating the approval process within the purchasing workflow and delivering automated notifications to the appropriate individuals who enter their approvals directly to the system. Benefits of this approach include advance capture of budget details and significantly faster invoice processing. Real estate companies that implement a purchase order system avoid the back-end obstacles created by an unmanaged procurement process.

Invoice Processing
The trend toward eliminating the paper invoice is growing. Vendors can upload invoices or fill out forms online. Leading-edge procure-to-pay systems that nearly eliminate paper invoices and reduce the time and money needed to store, sort and mail printed invoices are on the market. These solutions—some of which are developed specifically for the real estate industry—automate the manual steps involved in receiving, entering, coding and approving invoices. Many real estate companies have completely outsourced invoice handling and processing to service providers, relieving them of a nonvalue-added paper-handling task.

Payments
Processing checks is time consuming, so the move to electronic payment in the form of electronic funds transfer is growing in popularity. In this scenario, vendors are paid either through automated clearinghouse (ACH) or check, eliminating the need to print checks internally. This lowers transaction costs, reduces payment processing errors, and makes cash flow more controlled and predictable.

Add up the aforementioned factors and you see that it is possible to achieve efficient paperless processing in procure-to-pay. One example came recently when CB Richard Ellis revamped its accounts payable process into a centralized, electronic invoice processing system. An element of the company’s planet building initiative, this holistic approach unifies end-to-end accounts payable processing activities provided by four solution partners within one interconnected, paperless processing flow, with impressive results.

In CB Richard Ellis’s end-to-end system, an invoice is transported to each partner in turn, much like a baton in a high-tech relay race. This creates an
interdependent workflow that accelerates processing time while reducing variables that produce human error and material waste. This centralization reduces margins for error because redundant data entry and manual processes are no longer performed and approval processes are enforced more tightly. The result is a faster, more efficient, more earth-friendly system for processing invoices and paying vendors.

Foregoing site-based processing also lets CB Richard Ellis redirect resources previously used for back-office processes toward growth and revenue-oriented activities. Centralization also enables accessibility for audit purposes. Moreover, by centralizing and digitizing the process, the company puts itself in a power position for controlling cash flow, and takes strides toward meeting its goal of achieving carbon neutrality in its facilities by 2010. (For more about CB Richard Ellis’s paperless process, read the sidebar, right.) Forward-thinking real estate interests are quickly grasping electronic processing’s significance in streamlining their invoice processes. Offering competitive advantage, efficiency, customer service, environmental sustainability, return on investment, newly created technologies can be a significant factor in helping real estate owners and managers attain their business goals.

Joel R. Nelson joined Yardi Systems’ corporate headquarters in 2007 after many years with the Boeing Company and Hughes Electronics Corp., where he won national prominence and multiple awards of excellence for designing and executing communications programs. He earned a bachelor’s degree from Pomona College in Claremont, Calif.

HOW PAPERLESS INVOICING WORKS

The following is an up-close look at CB Richard Ellis’s paperless invoice system in action:

1. Paper invoices are sent to an off-site processing center for digitization, or are initiated electronically through the MRO procurement service, directly into the procure-to-pay system.

2. The electronic invoice is routed directly through CB Richard Ellis’s approval process.

3. Upon approval and order to pay, the payable is automatically routed to the e-invoicing and payments network.

4. An electronic funds transfer to the vendor using the vendor’s preferred method—paper check or electronic funds transfer.

With this fusion of best-practice solutions and technology, payment is made in five days or less, compared with up to 45 days under the old paper-oriented system. The process integrates with the core property management and accounting systems with which CB Richard Ellis manages its properties. Moreover, it’s transparent, with invoice status being clear to all parties at every step. And with the volume of invoices that the company handles, the results—and the return on investment—are immediately apparent.
MIND YOUR GENERA
Knowing what makes generations tick is key to your marketing and leasing success.

BY JANICE ROSENBERG

Apartment Available: Newly rehabbed loft in a great location! Amenities include a swimming pool, fitness center party room, dog run and new stainless steel appliances Close proximity to public transportation.

All of these phrases sound like a surefire way to attract potential residents. But is it enough? Furthermore, is there a way to tailor messages to generations and media to generate more interest in your properties?

Although it may be true that no two people are exactly alike, it is equally true that those who share a generation—Baby Boomers, Generation Xers, for example—have many preferences in common. Real estate managers who recognize these preferences and devise generational marketing strategies to address them are a big step ahead of the competition.

"The hardest task to figure out is who the primary market will be," said Laurence Harmon, CPM®, CRE. "Often, property managers will tell us that they house residents of all ages. While that may be true, in the analysis of the property's demographics, there is always a primary age cohort."

Laurence Harmon is principal at McGough Companies, a property development and construction firm in St. Paul, Minn. Kathleen Harmon, CPM, ARM®, has been president and CEO of McKenna Management Associates, Inc. for 25 years and is CEO of Great Places, Inc., a Web-based resource for senior housing, which the couple launched in 2007.

The two wrote Marketing Residential Properties: The Science and the Magic (IREM, 2008), their fourth book, in part to stimulate property managers and on-site personnel to intensify their marketing efforts even during significant slowdowns in the housing industry.

"The book expands the focus of residential advertising to include for-sale marketing techniques," Laurence Harmon said. "It recognizes that residential marketing is essentially the same, whether the subject is apartments, townhouses, single-family homes, condos or even mobile home communities. The advertising challenges are similar and the on-site marketing skills are the same."

To make the best use of generational marketing, the Harmons said property managers need to look at their properties from two directions. First, they must determine what characteristics favorably differentiate a particular property from the competition. Second, they need to look at the residents already in place and determine their primary age group.

With that information in hand, they can devise what the Harmons call a "rifle" approach to marketing, rather than the "nuclear weapon" methodology that attempts to include every potential feature of the property in marketing efforts.

"Ads in rental magazines often have a blizzard of fonts, headlines, graphics, photos, lists of amenities, prices and maps," Kathleen Harmon said. "That's the opposite of what we're trying to do."

Generational marketing may sound like a risky approach to some property managers who fear that in using it, they may violate the Fair Housing Act. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status…and handicap (disability).

Marketing to a specific slice of the population in no way implies that you will rent only to that slice.

"Fair housing is involved with protected classes," Laurence Harmon said. "The idea of crafting an ad campaign to appeal to a particular demographic has nothing to do with appealing on the basis of race, gender or whether or not a person is handicapped."

Property Specifics

Whether you are managing a new building or are taking on an existing property with many units already leased, determining the generational market is an important first step.

"In a perfect world, a developer..."
THE GENERATIONS

Generations in the United States span 20-year periods, said Kenneth W. Gronbach, principle at KCG Direct in Haddam, Conn., and author of The Age Curve: How to Profit from the Coming Demographic Storm, (AMACOM, 2008). Gronbach divides the U.S. population into five generational markets according to their birth years:

- The GI Generation (1905–1924).
- The Silent Generation (1925–1945).
- Generation Y (born since 1985).

"You have to recognize that different age groups respond to different messages in different media," Gronbach said. "You're not going to reach Boomers if you're playing big band music."

GRONBACH OFFERS A FEW SPECIFIC GENERATIONAL MARKETING TIPS:
The Silent Generation is best reached through conventional media, including radio, television, billboards, magazines and direct mail.
- Boomers want to hear about properties that will make their lives easier, save them time and won't rip them off.
- Generation X, with 9 million fewer members than the Boomer Generation, responds to direct mail.
- Generation Y is "very cyber, and very civic minded." This group is looking for residential spaces that relate to "green" living, especially those with energy-efficient features.

would say, 'Who is going to come live here?' not say, 'I've built it; they will come.' But that doesn't happen," Laurence Harmon said. "Marketers are not involved at the beginning. So [as an example], by default a marketer may say, 'I'm going to get seniors because they are the most reliable. They move less than anyone else.' But Harmon stressed that it really is best to speak directly with the target audience—seniors in this case—and find out what would impel them to move there."

Careful consideration of a newly renovated property's potential market helped Steven Van Zile, CPM, a manager at Eugene Berger Management Corp., in Rohnert Park, Calif., take aim at a generational market. After the 1994 Northridge, Calif. earthquake, Van Zile's company quickly rehabbed a building that had been damaged. Recognizing its proximity to an area of upscale homes where property owners were in the midst of repairing earthquake damage, Van Zile tried a new marketing tactic.

"The building was near a college and the demographic before the earthquake and the rehab had been college kids," Van Zile said. "After the rehab we realized our marketing plan had to go toward the older condominium and homeowners who had been displaced." Van Zile and his co-workers took an aggressive approach, marketing their property to successful 40-to-60-year-olds as a comfortable, if temporary, alternative to their homes. Property managers knocked on doors and appeared at homeowners association meetings. They told potential residents, "You'll find yourself living beside the same neighbors that you had next-door in your homes."

Within 60 days, 90 out of 200 apartments were rented.

Similarly, Van Zile's company took advantage of location in choosing a generational market for Emerald Pointe Apartments. Marketing for the building—located on a hill near Diamond Bar, Calif., a community of million dollar mansions—was aimed at 45-to-60-year-old executives who could afford the rent and wanted to live in a single-family home neighborhood. As a further attraction to this Boomer crowd, marketing materials mentioned the golf course across the street and Emerald Pointe's newly installed on-site putting green.

Who Lives Here?

A consideration of residents already in place has helped Peggy Taylor, district property manager at Landsman Real Estate Services in Rochester, N.Y., define how the features and amenities of particular communities can be used in ongoing marketing.

"We have become much more aware of the need for clean, clear ads and have found more creative ways of reaching out beyond a traditional marketing plan," Taylor said.

Taylor's company designs ads to suit the residents already in place in order to attract more of the same. For instance, at a senior citizen community, residents feel they have earned the right to the best in service and planned activities, and they are not shy about communicating their needs.
Kathleen Harmon said, "It costs little
be loving and seductive to prospects
hardwood floors."

vice property management company
with resident retention, said Julie Muir,
staff members perform a survey, call-
in, they pay no attention to them,
"touch is a positive differentiating fac-
in tight markets, this sort of personal
resident, which is
to the personal preferences of each
in Portland, Ore. Muir offers residents
in San Marcos, Calif., suggests using
market research like the Internet, tele-
phone surveys and focus groups. But
Goodman believes surveys that are
encouraged by people who come to see
a property, work best.
The surveys can begin by determin-
ing a visitor's age group. Rather than
asking, "How old are you?" which
may seem too personal, the survey can
ask those who complete it to check
a box choosing the range of years
in which they were born. Entering
their name in a drawing for a prize or
providing another type of incentive
will encourage the completion of the
survey, Goodman said.
"Ask the same questions of every-
one; the way the different generations
answer will tell you what percentage
of each is coming through the door,"
Goodman said. "Then apply their
responses to your sales and marketing
materials."
Assigning property managers and
leasing agents whose ages are in accord
with the property's targeted generation
can help with generational marketing.
Taylor said a constant educational
process aimed at the leasing, manage-
ment and maintenance staffs helps
employees recognize, listen to and
understand the individual generation-
al needs.
"This individual attention is not
only helpful at the time of marketing,
but carries over to the resident's entire
experience while living there—from
maintenance service to event plan-
ing," Taylor said.
Property managers and leasing
agents of all generations need to lis-
ten carefully to potential residents
and tenants during initial showings—
guessing doesn't work.
"When we have a brand new build-
ing to fill, we can make assumptions
about the target market and go after
it," Kathleen Harmon said. "But I've
done this and found I was wrong by
10 years. I was targeting age 29 when
I should have been targeting age 39.
"Instead, I tell the person who's vis-
iting the property, 'My job is to match
your needs, and so I want to ask a few
questions. Is that okay?' Then I ask
how many places they plan to look
at, where they have looked, what they
liked about the places and why they
didn't rent there. Then I drill down
to their needs. People are delighted
when you demonstrate that you are
concerned about what they are looking
for. And it's okay to say, 'I don't have it.'"

Next Steps
Ultimately, real estate managers can
improve their lease-up process with
careful assessment of their target audi-
cence, as well as incorporating a tailored
approach to their residential needs.

Janice Rosenberg is a contributing writer for
JPM. Send questions regarding this article to
vanderlin@irem.org.

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case study

REVITALIZING VINTAGE BUILDINGS

BY CHRYSAL J. BROWN

IREM AMO® FIRM
DARO KEEPS
HISTORY ALIVE IN A CONTEMPORARY MARKETPLACE
IN A TIME WHEN MOST PEOPLE ARE IN SEARCH OF THE LATEST GADGETS, FASHION, CARS & EVEN HOME TRENDS, LIKE LOFT-STYLE FLOOR PLANS OR GRANITE COUNTERTOPS AND STAINLESS STEEL APPLIANCES, SOME OWNERS & MANAGEMENT COMPANIES ARE LEFT WITH A QUESTION TO ASK THEMSELVES:

“What can I possibly do with this 85-year-old building to keep it appealing to today’s renter?” It may seem difficult, with the new construction and condo boom just behind us and the influx of fractured condo reversions, but there is certainly something to be said about owning a historic building. It can truly be a real treasure when it is understood and marketed properly.

So what does a historic building offer that a newer one may not? For starters, historic buildings capture the essence of the past and many times can tell a story in just one glance. It could be in an original piece of furniture that a public figure loved to sit in when frequenting your building, which may have been an expensive hotel from the early 20th century. Or maybe there is a mural or colorful mosaic in your building’s stone work that depicts a time period that people immediately sense when viewing it.

One positive aspect of having an older structure is the solid construction work that went into building it. The quality trade talent and materials that these buildings were established with can be hard to replicate. Fewer noise complaints occur in older buildings because there is typically solid concrete separating the floor, as well as plaster and lathing walls that prevents noise between apartments. Larger, spacious apartment homes with walk-in closets and separate dining rooms and alcoves are also more prevalent in historic buildings than those built now. Hardwood floors are vastly popular in today’s contemporary apartments, but they cannot compare to the original classic red oak or wide-pine floors that are often found in historic apartment buildings.

Selling all of the aforementioned characteristics is an excellent way to market an older community and, in many cases, you will find that some renters actually seek out residences with these distinctive features.

TO PRESERVE & PROTECT

To preserve the historic nature and original feeling of a building, but still keep renters interested, one might consider plans for a series of capital improvement projects. If planned strategically, a strong capital improvement program over the course of a building’s lifetime will make a tremendous impact on the property’s financial success.

Budgeting accordingly to ensure that proper resources are available is
The lobby at Sedgwick Gardens, DARO's flagship property, underwent major restoration efforts to bring it back to its former grandeur. The cost was well worth it, as it is the first thing prospective tenants see when they enter the property.

The first step in carrying out these plans. If a building is experiencing a need for an updated lobby in order to grab prospective renters as soon as they enter the building, without a doubt, make the investment. A warm, inviting entryway can be the first impression a prospective resident has of your firm and could be the determining factor in whether or not he or she decides to dwell in your community.

Even behind-the-scenes-modernizations, like upgrading a building's hot water system, can be used as a marketing tool. Older buildings are often riddled with antiquated, faulty pipes and systems that are in constant need of repair. An upgrade of this nature can save money for your firm not only in repair and maintenance labor costs, but also reduce vacancy and fill apartments with residents.

Any upgrades to an existing building will also strengthen your firm's resident retention efforts. The current residents will in turn create a bigger buzz for new, potential ones.

CAPITAL IMPROVEMENTS
Remember, in comparison to newer communities, you have to be able to sell the value of your older one. Ask yourself, "Why would I want to live here?" Maybe it really is the fact that your building has so much historic value and presence that renters cannot imagine passing up the opportunity to live there. Or, it could be the fact that most historic buildings are located in urban, infill areas that are now the hot, convenient neighborhoods where renters want to live.

Often close to many modes of transit and all the finest in shopping and entertainment, historic buildings additionally have an edge on modern-day communities with the numerous highlights they possess. In cases like this, improvement projects only make the situation that much better. Preserving the historical aspects of the community while simultaneously making necessary renovations still allows owners to convey a story of the past.

ALL IN THE NAME "Vintage character" is an excellent way to describe older, historic buildings as they take you back to a time when black-and-white tiled kitchens and bathrooms were popular and terrazzo floors, arched entryways and built-in bookcases were the norm.
Washington, D.C. owner/manager, DARO Realty, Inc., AMO, for example, has been in business for nearly 75 years. With 13 historic buildings scattered throughout the nation's capital, DARO prides itself on maintaining many of the aspects of historic buildings that were previously mentioned. DARO communities are well known in the metropolitan D.C. area for their vintage appeal of gleaming hardwood floors, built-in bookcases and black-and-white tiled kitchens and bathrooms.

Ann Sullivan, CPM® Candidate and ARM®, is a property manager at DARO. "Managing a portfolio of historic properties in Washington D.C., is a challenging but very rewarding experience," she said. "While working on various upgrades throughout my buildings, I have discovered that historic buildings can maintain their unique atmosphere and beauty—if upgrades are done carefully—to simply add modern convenience to traditional elegance. I now further appreciate the significance of preserving older buildings and their history."

Creating a sense of history for the resident or new prospect and selling the value and character of the apartment home (and of course the perfect location of being in the heart of our nation's capital) are all ways DARO has been successful at sparking interest and effecting rental decisions based on the charming historic buildings they own.

"With 75 years of being in the industry, we have a strong sense of what's important to our renters," said K. David Meit, CPM, ARM, executive vice president of DARO. "Each generation's demands are different but we pride ourselves on being able to match the original color of the bricks. Additionally, the roof deck at The Parkwest was reconstructed to recreate a retreat for residents to relax and take in sweeping views of the city's monuments and other historic buildings.

**DARO RENOVATION SUCCESSES**

In May of this year, DARO's flagship community, Sedgwick Gardens, underwent an important common area carpet restoration, as well as exterior masonry work and hallway painting. The custom-made carpet was created from utilizing the building's architectural motifs, another way the past is recognized today and artistically built into the building's future.

Toni Harris, property manager at DARO, said the recent carpet installation has truly enhanced Sedgwick's Art Deco Lobby. "While some long-term residents became a little apprehensive about the process, most of them were extremely excited about the proposed enhancement. Once all of the carpet was installed, the reviews were extremely positive and the comments that were made by our residents and guests added value to this entire project, which makes all the difference."

The 120-unit Sedgwick Gardens boasts a large, distinct lobby with a water fountain and statue artistically placed underneath centered skylights. Prior to 2000, the statue and fountain needed major rehabilitation. The company decided to work through necessary measures to bring it back to original status. Ever since, the lobby remains a talking point for leasing staff and residents alike.

Another DARO community, The Heatherington (pictured below), located only steps from the city's central business district, endured a critical common area and lobby renovation in 2006. During the design implementation, beautiful green marble floors were discovered hidden underneath unsightly industrial carpets that had been in place for decades. The Heatherington sits in the heart of the Thomas Circle revitalization project in Washington, D.C., and although it's a historic building, the new lobby and common area carpets were essential for it to remain competitive in this market.

The Parkwest, located adjunct to the National Zoo, underwent a tedious balcony restoration in 2000. In order to save the original bricks, they each were carefully removed one by one and then replaced to ultimately restore the historic factor of every balcony. Even the new downspouts were colored to match the original color of the bricks. Additionally, the roof deck at The Parkwest was reconstructed to recreate a retreat for residents to relax and take in sweeping views of the city's monuments and other historic buildings.
COMMUNITY APPROVAL: While having the ability to foster all of these changes in your historic community, it is critical that you first check with the local historic preservation board or fine arts commission in your area prior to making any changes. In some cases, major altering of a historic building is in violation of these organizations' regulations. Despite the district’s rent control constraints, which at times can keep an owner’s hands tied, DARO is highly aware of what can and cannot be done within its communities. In jurisdictions like Los Angeles, New York and Washington, D.C.—areas with many older, historic buildings—rent control can make many of these changes difficult. That said, rent control regulations often have means available that would allow owners to make their return on investment higher.

In recent years, DARO has completed various capital projects to maintain the value of and draw residents to their buildings. Balcony restorations, elevator modernizations, roof deck enhancements and total lobby and common area renovations are just a few ways DARO has enhanced the value of their communities.

FULL STEAM AHEAD
Another unique facet of many older buildings is the art of maintaining steam heat systems. Maintenance and service teams must be trained specifically on how to work efficiently when it comes to steam radiator heating. Certain applications may seem odd and antiquated, but it is important that staff realize why these systems and practices must be upheld by original maintenance techniques.

There are essentially four points to consider when working with steam heating systems. First, there must be proper and thorough cleaning of all boilers, inside and out, to remove any soot and/or scale buildup. Also, with accurate chemistry control and proper insulation of all pipes ensured, energy efficiency and fuel savings provide direct, long-term results. Third, proper and regular burner maintenance maximizes fuel efficiency as well, which keeps both the owner and renter satisfied. And finally, the most significant concept stressed by Bill Lehan, CPM, ARM, director of operations at DARO, is that if you don’t know how it works, don’t mess with it.
While renovating The Heatherington's (opposite page and above) lobby, workers found that underneath the industrial carpet was marble flooring from the building's original construction.

"I have been called on numerous occasions for advice from other owners who have experienced boiler systems issues when their staff didn't realize certain things were in place for a reason—like a u-shaped pipe bend—and in their attempt to 'fix it,' they made it much worse," Lehan said.

By managing these basic processes effectively, there will be fewer residents frustrated with the common nuisances that steam heating can create.

DARO Realty is proud to be celebrated for providing superior service to all residents. There is a culture of pride and ownership among the maintenance team at the company, with the "don't make it do, make it right" attitude that each member of the team possesses. This behavior allows DARO to maintain history within their buildings and make them functionally modern, while still retaining and/or lowering maintenance costs.

Meit said DARO has been fortunate to find employees who understand the business and have sensitivity to the historical nature of their buildings.

"It is our obligation and duty to restore our buildings, but there is always a benefit when you have people on your team who genuinely value and comprehend your firm's ideals," Meit said.

Owning an older community in this era of convenient, contemporary living can provide rewarding challenges. When you consider all of the positives of having a historic building and realize what is involved in maintaining your hidden jewel, you are sure to exceed the expectations of your prospective renters. Again, it's all about value. In the grand scheme, granite countertops aren't the only things that matter when you have original terrazzo, classic wide-pine flooring and vintage built-in bookcases to entice your renters.

**LETTING OFF SOME STEAM**  
Dan Holohan, author of "The Lost Art of Steam Heating" and renowned national trainer of steam heat methods offers extensive yet simple guidelines for maintaining steam heat systems.

On various occasions, DARO service team members have benefited from such trainings and continue to apply this knowledge to their daily tasks.

Chrystal J. Brown is the director of marketing & communications at DARO Realty, Inc., AMO, in Washington, DC.
Landing the Deals

- Levin Management Corporation, AMO®, has been named managing and leasing agent for Monroe Plaza, a 156,000 square-foot-community shopping center in Monroe, N.Y. The property is controlled by New York City-based American Continental Properties.

- Thaihimer, AMO, has been selected by PCS Laburnum, LLC, to manage Laburnum Park Shopping Center, a 64,992 square-foot retail center in Richmond, Va.

- Divanis Real Estate, Inc. in Virginia Beach, Va., which comprises Divanis Management Corp., AMO, has acquired the former Symantec Building, a 98,506-square-foot office building in the Oyster Point section of Newport News, Va., for Municipal Partners, LLC.

- Drucker & Falk, LLC, AMO, represented Emerald Bay, Ltd. in the sale of Emerald Bay Apartments in Boca Raton, Fla. to Madison Realty Partners of Fort Lauderdale, Fla.

- JRT Realty, in collaboration with Cushman & Wakefield, AMO, made the following business transactions:
  - Renewed a long-term Staples, Inc., lease for 204,000 square feet of warehouse/industrial space at 21 S. Middlesex Ave. in Monroe Township, N.J.
  - Renewed a Hinshaw & Culbertson LLP lease for 11,300 square feet of office space on the third floor of 780 Third Ave. in New York City.
  - Renewed an AARP lease for 9,825 square feet of office space on the 33rd floor of 780 Third Ave. in New York City.
  - Renewed a Garrigues, LLP lease for 9,500 square feet of office space on the 35th floor of 780 Third Ave. in New York City.
  - Renewed a Twenty-First Securities Corporation lease for 2,446 square feet of office space in the office tower of 780 Third Ave. in New York City.
  - Signed a 9,555 square-foot lease for Horizon Asset Management, Inc., expanding its space to 27,555 square feet at 470 Park Ave. South in New York City.

- The Trammell Crow Company, AMO, on behalf of Partners Health Trust, has started construction on the 95,000 square-foot Forest Medical Plaza in Richmond, Va. Construction is slated for completion in April 2009.

- Duke Realty has entered into an agreement with C.B. Richard Ellis, AMO, to oversee leasing, property management and maintenance of Duke's Cleveland office portfolio of 14 suburban office properties totaling 1,324,000 square feet.
Awards & Recognition

Patriot Residential Management Services in Jacksonville, Fla., has earned the ACCREDITED MANAGEMENT ORGANIZATION® (AMO®) Accreditation from IREM. The AMO accreditation is awarded to real estate firms that have a track record of high performance, experience, stability and financial accountability and have a CERTIFIED PROPERTY MANAGER® (CPM) supervising the real estate management team.

Patriot's senior management team consists of seasoned real estate veterans who each have more than 20 years of experience in their designated fields of expertise.

Dick Gaston, CPM®, Don Wilkerson, CPM, and Debbie Smith, CPM, ARM®, of Gaston & Wilkerson Management Group, AMO, are pleased to announce the development and successful launch of a company, Gaston Wilkerson Association Services. The new company was formed July 1, 2008, to offer a singular focus on the management of homeowner associations in Northern Nevada.

Sandra Fiore of Chicago's Sudler Property Management, AMO, has earned the ACCREDITED REGIONAL MANAGEMENT® (ARM) designation from IREM. She has extensive experience in areas of community association management, primarily with luxury high-rise condominiums in the Gold Coast, Streeterville and South Loop areas of Chicago. Currently, Fiore is the general manager of The Fordham Condominium, a 229 unit, 50-story luxury high-rise in Chicago.

Mary Wilken, CPM, and CEO of Duvall Investment Group, Inc., AMO, in Charlotte, N.C., was awarded the Women in Business Achievement Award by the Charlotte Business Journal. The 12th annual ceremony, honoring Wilken and 24 other women in the Charlotte area, took place at the Charlotte Convention Center in July. Each year, the Women in Business Achievement Awards Program honors 25 influential Charlotte businesswomen, as well as one lifetime achievement award winner.

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- Forecasting and Budget Management

For more information on Maxwell Systems Colonial, visit www.maxwellsystems.com or call 1-800-688-8226, press 1.
RVP Corner: Greening Your Properties

In RVP Corner, JPM shares the thoughts and opinions of an IREM Regional Vice President on a single topic covered in the current issue.

Joseph Greenblatt, CPM®, of San Diego, Calif., serves as the 2007 and 2008 Regional Vice President (RVP) for Region 11. During his two-year term, he has had oversight for the activities of the nine IREM chapters in California and Hawaii. Greenblatt is president and CEO of Sunrise Management, headquartered in San Diego. He is responsible for overseeing the day-to-day operations of the company, its portfolio of more than 9,000 residential units, and its 300 employees in San Diego and Mesa, Ariz. He has long been active in IREM’s San Diego Chapter No. 18, and has served in numerous chapter leadership positions, including that of president.

How has the push toward environmentally sound practices affected your properties in the last few years?

We’ve seen rising expenses associated with providing recycling resources to residents and outlays for energy-saving technology offset by savings in water and sewer costs, electricity and gas expenses.

When did you notice this trend emerging? Did residents demand it?

Many environmentally sound practices are at root here, especially energy- and resource-conserving practices. Against a backdrop of sharply increasing energy, water and sewer costs, we’ve seen the emergence of an array of conservation strategies and technologies over the last 15 years. For investors and managers, embracing these has represented prudent expense control. At the same time, residents are increasingly expressing preference for housing choices that reflect their environmentally conscious values. This will become a point of consumer differentiation.

You’re from California where the energy crises are well known. What has been the most difficult challenge in dealing with this? How have you addressed it?

One of our greatest concerns remains escalating energy costs. Keeping energy costs in check as a percentage of revenue requires aggressive energy-management strategies. This approach is woven into the fabric of our management practices.

What are some of the green steps you have taken in your practices and what feedback have you received about them?

We stay abreast of trends in energy conservation measures and are early adopters of new technologies. At the same time, we closely monitor and take advantage of federal, state and local incentives to assist property owners with implementation.

Our “Dream Green” initiative carries green campaigns to our properties and our residents on a continuous basis. Internal contests, webinars and communications assure that we’re walking the talk internally. Specific steps have included:

- Iterative adoption of increasingly energy-efficient lighting technologies and controls.
- Demand control systems for domestic hot water heating and for swimming pool/spa heating and management.
- Efficient domestic HVAC replacements.
- Transition to Energy Star appliances.
- Retrofitting water-saving fixtures and devices including low-flow toilets, faucets and shower heads.
- Where landscape irrigation is required, smart, microclimate-specific controllers, updated daily via cellular technology.
- Provision for on-site recycling, even where not mandated.
- Internal paper and print reduction programs.
- Digital residential lease execution.

For more energy conservation tips you can incorporate at your properties, read “Coming Up Green” on page 22.
AMO Spotlight

To earn the ACCREDITED MANAGEMENT ORGANIZATION® (AMO) designation 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 high ethical standards and other stringent requirements, proving their value to the industry.

With 227 offices in about 59 countries, Cushman & Wakefield serves the real estate needs of corporations and financial institutions around the globe. In addition to property management, brokerage and appraisal services, the company also provides research and analysis on markets worldwide, portfolio optimization, supply chain management, and owner and investor services.

John C. Santora, CPM, is Cushman & Wakefield’s president and CEO for the firm’s largest operating region—the Americas. A 31-year veteran of Cushman & Wakefield and experienced global executive, Santora oversees 137 offices throughout North and South America. Santora is also a member of the firm’s senior governing body, the Cushman & Wakefield Board of Directors. JPM talked to Santora about his company and what the AMO accreditation means to the firm.

What is it like to work for a global real estate company?
I joined Cushman & Wakefield in 1977 in the property management division starting as an operating engineer. One of the great characteristics of the firm is its entrepreneurial culture, where hard work, high performance and an exceptional track record of client service are recognized and rewarded. As the firm has become more global, I’ve had the opportunity to collaborate closely with some of the best and brightest executives on six continents, and to bring a wide range of best practices to my work on a daily basis.

How has your company’s global experience helped shape business practices and vision? Being global has necessitated a strong commitment to consistency and collaboration, as well as to preserving our culture of excellence. Our global platform is at the core of everything we do. More than a third of all commercial real estate investment activity worldwide in the last few years has been cross-border. We have a stated objective to continue the diversification of our business and to increase our international revenues to more than 50 percent of overall revenue in the next two years.

What are the benefits of being AMO accredited and associated with IREM? I think it’s very straightforward but essential. The AMO designation is third-party credibility of an organization’s professionalism and proven competencies. On the service end, a high level of performance, competency and continuing education are all factors that drive success, and IREM provides the framework for the best in the profession to follow.

What real estate trends, issues or concerns will have an impact on the Americas in the next few years? Today, despite uncertainty in the economy and the challenges in the credit markets, commercial real estate fundamentals throughout the Americas are relatively sound. In fact, major markets in Canada, the United States, Mexico and South America have single-digit vacancies, so we are entering a period of slower growth from a position of relative strength. Next year will be challenging, as new construction completions are expected to reach 15 million square feet in the United States, coinciding with increased vacancies stemming from troubles in the financial sector. With that said, it will be 12 to 24 months of great opportunity to acquire property off the highs of the past two years.

Company headquarters location:
Cushman & Wakefield is headquartered in New York, N.Y.

Number of employees:
15,000 worldwide

Date the company become an AMO firm:
November 11, 1997
### Course Listings

#### NOVEMBER

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For the most up-to-date course listings, please visit www.irem.org/education.
Career Moves

- **Judith Surbuts, CPM®,** was recently appointed president of Balboa Management Group, a full service association management company in Anaheim, Calif. Surbuts previously served as vice president of Euclid Management in Upland, Calif.

- **Ashley Monroe,** has been appointed regional vice president for Lane Management, LLC, part of the Lane Company, AMO®, in Atlanta. Monroe will supervise the management of multifamily rental communities in the Southeast, including Alabama and Georgia.

- **Lynn Cassell, CPM,** has been promoted to president of Columbia Residential Property Management in Atlanta. Cassell previously served as vice president of the company. She joined Columbia in September 2007.

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COURSE CODES KEY

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On the Road Again

**November 19**

- **Connecticut Chapter No. 51**
  Location: West Hartford, Conn.
  Visiting Officer: Karen Hodge, Senior Vice President

**November 20**

- **East Tennessee Chapter No. 57**
  Location: Knoxville, Tenn.
  Visiting Officer: Reggie Mullins, President

**November 20**

- **New York Capital Region Chapter No. 93**
  Location: Albany, N.Y.
  Visiting Officer: Beth Machen, Senior Vice President

**December 2**

- **Mississippi Chapter No. 80**
  Location: Jackson, Mississippi
  Visiting Officer: Ron Goss, Senior Vice President

**December 15**

- **Western Washington Chapter No. 27**
  Location: Seattle
  Visiting Officer: Reggie Mullins, President
In Memoriam: William A. Walters, CPM® and Past President of IREM
IREM Past President William Walters, Jr., CPM®, passed away in July. Walters served as IREM President in 1971, at a time when IREM leaders knew they needed long-range goals to ensure the Institute’s continued success. Good, ethical property management was essential, and Institute leaders launched a campaign to let everyone know it. Under his leadership, the Institute came up with a long-range plan that included three key areas: increase knowledge among members, achieve greater public awareness of IREM credentials and strengthen government contacts.

These ideals are still strong today within IREM programs today. William’s contributions to IREM and the real estate management industry will live on for many years to come.

THE FOLLOWING IREM MEMBERS WERE THE FIRST TO COMPLETE THE QUIZ IN THE SEPT/OCT 2008 ISSUE:
- Rebekah Coblentz, CPM
  Tucker, Georgia
- Joanne Thompson, CPM
  Atlanta, Georgia
- Ken Allen, CPM
  Omaha, Nebraska
- Dawn Daffinee, CPM
  San Antonio, Texas
- John Kricke, CPM
  Omaha, Nebraska
- Darlene Crick, CPM
  Virginia Beach, Virginia
- Heather Cooprider, CPM
  Omaha, Nebraska
- Jim Crews, CPM
  Tampa, Florida
- Thomas Johnson, CPM
  Winston-Salem, North Carolina
- Rebekah Coblentz, CPM
  Atlanta, Georgia
- Frank DuPre, CPM
  Greenville, South Carolina

Know Your IREM Code of Professional Ethics
Article 11: Equal Opportunity by Susan J. Louie, CPM

As IREM Members and REALTORS®, we have all sworn to uphold the code of ethics for each respective organization. One of the more interesting articles of these codes pertain to equal opportunity.

Article 11 of the IREM Code of Professional Ethics states: A MEMBER shall not deny equal employment opportunity or equal professional services to any person for reasons of race, color, religion, sex, familial status, national origin, age, sexual orientation, or handicap and shall comply with all applicable laws and regulations regarding equal opportunity.

What exactly does that mean?
IREM Members should treat all individuals (clients, tenants, vendors, employees) in a similar, fair and non-prejudicial manner. The personal beliefs or prejudices of a member or client should have no bearing on any interactions or decisions made.

I recall a recent situation where an on-site residential manager referred to her male maintenance employees as “boys.” When this behavior was brought to the on-site manager’s attention, she failed to change her behavior and was ultimately terminated. Failure to quickly address this situation by an IREM Member could have resulted in disciplinary action by IREM.

There have been other instances of alleged failure of members to comply with the equal opportunity portion of IREM’s Code of Ethics. In one situation, a residential manager was terminated by a CPM. After he was fired, the manager accused the CPM of racial discrimination against potential residents and claimed he was fired for refusing to uphold that discrimination. The CPM provided evidence that the residential complex was not discriminatory, demonstrating that the two applicants in question were rejected on valid grounds and that the residential manager was fired for poor performance.

In another example, an AMO® firm was issued a letter of censure for racial discrimination in violation of Article 11. The AMO firm demonstrated mitigating circumstances and remedied the problem with a comprehensive education program.

On a practical side, integrating equal opportunity into a member’s everyday life, both at work and in personal relations, makes a lot of sense. Our business world is comprised of many different people from all walks of life and from all over the world. Our lives are greatly enriched by interacting with many different individuals. In short, it is important to follow Article 11 of the IREM Code of Professional Ethics and treat everybody equally at all times. Excluding somebody from participating in your business as a client, tenant, vendor or employee will greatly lessen the pool of talent a member can draw from.
JPM Articles Translated for International Members

JPM Articles Translated for International Members IREM translates one article from each issue of Journal of Property Management into multiple languages to serve our members throughout the world. You can find the translations of the

**español (Spanish)**
Si desea la versión traducida del artículo de Darnell Little "Gran demanda de bienes raices en Rusia genera necesidad de administradores inmobiliarios", que aparece en el número de julio/agosto de 2008 del JPM, visite las páginas de lenguas internacionales del sitio web del IREM en www.irem.org/international/spanish/intro.cfm.

**français (French)**
Vous trouverez une traduction de l'article « La grande demande touchant le domaine immobilier en Russie suscite un urgent besoin de gestionnaires immobiliers » de Darnell Little tiré du numéro de juillet/aôut 2008 de JPM sur la page française du site Web de l'IREM à l'adresse: www.irem.org/international/french/index.cfm.

**русский (Russian)**
Перевод на русский язык статьи "Высокий спрос на недвижимость в России создает спрос на управляющих недвижимостью" (автор Дэниел Литтл) из выпуска журнала по управлению недвижимостью (JPM) за июль-август 2008 года вы можете найти на русскоязычной странице интернет-сайта IREM по адресу: www.irem.org/international/russian/index.cfm.

**wersja polska (Polish)**

**português (Portuguese)**
Você poderá encontrar a tradução do artigo "Alta Demanda de Imóveis na Rússia Gera Necessidade de Gerentes de Propriedade" de Darnell Little referente a edição de Jul/Ago 2008 do JPM na página de Português do IREM www.irem.org/international/portuguese/index.cfm.

**한국어 (Korean)**

**日本語 (Japanese)**
ロシアの不動産高需要による不動産管理士不足 JPM 2008年7/8月号のダーネル・リットル著、「ロシアの不動産高需要による不動産管理士不足」の日本語訳は、IREMウェブサイト www.irem.org/international/japanese/index.cfm をご覧ください。

**中文 (Chinese)**
进入IREM网站（www.irem.org/international/Chinese/index.cfm）的中文网页，您可以在"资产管理期刊"(JPM)2008年7-8月号上找到"俄罗斯地产业的高需求造成资产管理者短缺"(作者达内尔·里特尔)一文的中文翻译。
IREM Foundation Develops

The IREM Foundation relies upon the generosity of its members to provide funding for core programs. Over the years IREM Members have been asked to support the foundation by including a donation with the annual IREM dues renewals, responding to an annual appeal letter or supporting annual fundraising events.

In the past, only checks or credit cards were accepted for donations. As of 2008, members can make a pledge to the foundation through installments or by electronic funds transfer. The foundation also has the ability to accept and sell a gift of stock.

**Donor Recognition**

On behalf of the foundation, all donors will receive a 2008 foundation Donor Recognition Pin through their chapter. IREM Foundation Historic Support Recognition Pins are given to thank donors for ongoing annual support as well as special events and other foundation fundraising activities. These white gold CPM® or ARM® pins, with various stones, are presented at the IREM Foundation major donor reception during the IREM fall meetings.

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For more information regarding making a contribution to the IREM Foundation, visit the foundation Web site at www.irem.org.

**Special Chapter Giving**

Michigan Chapter No. 5 voted to commit to an unrestricted gift of $100,000 to the foundation over a 10 year time period. The foundation recognized their commitment at the Leadership and Legislative Summit in April of this year.

Louisiana Chapter No. 55 contributed $3,000 to the foundation in 2007 in recognition of support to their members during the aftermath of Hurricane Katrina.

**Chapter awards** were presented at the 2008 Leadership and Legislative Summit for the following individual donor achievements:

- **Dallas Chapter No. 14**
  Chapter with the largest total dollars given by members

- **Wichita Chapter No. 65**
  Chapter with the largest average gift per member

- **Greater New York Chapter No. 26**
  Chapter with the greatest percentage of members giving

**Professional Development Grant Programs**

The IREM Foundation professional development grant and collegiate scholarship programs provide a framework for AMO firms, industry management organizations and vendors who understand the need for serious workforce development initiatives. Over the next few years, the foundation will enlist their support.

In order to expand support for all IREM Members, the IREM Foundation Board of Directors has recently approved changes to the Professional Development Grants. The benefits of these revisions:

- Bring the foundation selection criteria into line with practices already in place within the vast majority of chapters.
- Shift focus of need from detailed financial disclosure to employer professional reimbursement.
- Expand the number of CPM and ARM grant opportunities.
a Culture of Personal Giving

- Create a broad-based grant to support IREM Members in a time of need.

Paul H. Rittle, Sr., CPM, Professional Development Grant
Paul H. Rittle, Sr., CPM, was president of the Pittsburgh real estate firm, Rittle-Rosfeld, which he founded in partnership in 1945. Rittle served as IREM President in 1972 and has played an active role in local and national real estate organizations. He served as president of the Pittsburgh Board of REALTORS in 1966 and chaired the NAREB Make America Better Committee for Pennsylvania. In 1967 he was selected REALTOR® of the Year by the Pittsburgh board.

The purpose of the Rittle Grant is to provide assistance to individuals exploring a career in real estate management. The grant may be used to attend any IREM course.

Donald M. Furbush, CPM, Professional Development Grant
Donald M. Furbush, CPM, was senior vice president for BRE Properties, Inc. of San Francisco, heading the company's asset management department. He served as IREM President in 1990, which capped a leadership commitment that began as president of IREM San Francisco Bay Area Chapter No. 21. Furbush also held the Counselor of Real Estate (CRE) and the Real Property Administrator (RPA) designations. He was a member of the Society of Real Property Administrators, Building Owners and Managers Association of San Francisco, and the International Council of Shopping Centers.

The Furbush Grant assists recipients with the expenses associated with achieving the CPM designation.

Diversity Outreach Professional Development Grant
The foundation is committed to helping the Institute increase diversity in the real estate management industry and within IREM. The purpose of the Diversity Outreach Professional Development Grant is to assist individuals from under-represented population groups with the expenses associated with achieving an IREM credential.

The 2007 Foundation Auction grossed more than $50,000 and netted over $30,000 for the Foundation Scholarship Diversity Outreach Professional Development Grant. This was an increase of just under $20,000 throughout 2006. The 2007 auction reached out to IREM chapters in a more specific way, which resulted in an increase in auction items and additional cash contributions.

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The Ultra Jamb Reinforcer, from Structural Protective Products, Inc., is an indestructible steel plate that stops screen doors and storm doors from ripping out door jambs by reinforcing the area where a door bracket attaches. The Ultra Jamb Reinforcer is packaged as a complete kit, featuring a steel plate, universally fitting screen door bracket and attachment screws. The bracket can be positioned at three different points along the plate, depending on whether the screen door position attaches to the top, middle, or bottom of the door. The Ultra Jamb installs in minutes and can be used with most models and styles of screen and storm doors. For more information about the Ultra Jamb Reinforcer, visit www.ultrajamb.com.

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ACE Duraflo Systems’ ePIPE system is a patented, “in-place” epoxy-based pipe restoration technology that restores failing copper and encrusted, galvanized pipes to like-new condition without the extensive demolition required for traditional plumbing methods. Even new buildings with the highest quality water flowing through pipes can show signs of corrosive wear in as few as two years after installation. The ePIPE system restores all plumbing to International Plumbing Code and International Residential Code standards. In addition, the process is completely dustless and can often be completed in as few as three to four days from start to finish. For more information about ePIPE visit www.aceduraflo.com.

Join the Club

Club Car’s Carryall “LSV” electric vehicles offer a zero-emission, street-legal, compact alternative to gas-guzzling utility trucks. Carryall LSVs feature a new alternating current, electric drive system that provides smooth direction changes and quiet operation. Powered by batteries, with no internal combustion engine, Carryall LSVs not only reduce pollution, but operating costs. Compact but mighty, Carryall LSVs help users maneuver, travel and work in places other vehicles are too large to reach. The new Carryall LSVs offer vehicle capacities of 1,250 lbs. (Carryall 6 LSV) and 950 lbs. (Carryall 2 LSV). For more information visit www.clubcar.com.
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