FIGHTING FLIGHT

EMPLOYERS FIND WAYS TO RETAIN TOP TALENT DURING TUMULTUOUS TIMES p28

Miami’s Freedom Tower: A reminder of freedom, hope and possibility p22

Your Exit Strategy: Knowing when to hold or fold p40
A NEW YEAR MEANS NEW OPPORTUNITIES AND 25% OFF!
If you’re looking to take your career in a new direction, or you’re an employer with plans to hire to meet your organizational goals, IREMjobs can help! And to get the year started off right, employers get 25% off job postings in January and February 2011. Just use coupon code JPM2011. As always, all services for job seekers are free.

For Employers:
- Online Job Posting Information
- User-Friendly Features
- Searchable Resume Database
- Auto Notification & Job Activity Tracking

For Job Seekers:
- FREE & Confidential Resume Posting
- Job Search Control
- Easy Job Application
- Saved Jobs Capability

Visit IREMjobs.org today!
YARDI EBS Utility Billing™ improves cash flow

With this top-to-bottom solution —
including meter reading, cost allocations, convergent billing, and online payment options, your company can maximize efficiency, cut costs, and improve cash flow.

Utility Invoice Allocation computes resident consumption with RUBS and submeter calculations
Convergent Billing promotes timely payments
Utility Billing Analytics uncovers leakages and under-charging/over-charging
Portal Online Payments accelerate access to cash
Vacant Unit Cost Recovery ensures timely transfer of utility charges upon move-in

Ask us about our rapid implementation program.
To learn more, call 800.866.1144 or visit www.yardi.com/jpm77
features

28 FIGHTING FLIGHT: Employers Find Ways to Retain Top Talent During Tumultuous Times by Kristin Gunderson Hunt

34 DOUBLE TROUBLE: Real Estate Managers Can Provide Potential Solutions for Key Issues at Troubled Properties by Richard Muhlebach, CPM®

40 DO YOU HAVE AN EXIT STRATEGY?: Planning How to Get out of an Investment is as Important as Getting Into an Investment by Greg Martin, CPM® and Michael Gilmartin

46 INSTANT GRATIFICATION, INSTANT ROI: Unleash the Potential of Your Property with the New IREM Income/Expense Analysis® System by Matthew O'Hara
columns

5 PRESIDENT'S INSIGHTS Let's Roll Up Our Sleeves

10 GOOD TO GREAT Making Meetings Matter: It takes planning and skill to make meetings valuable

12 HIGHER GROUND Creating an Ethical Culture in Your Workplace: Communicate and enforce your code of values

14 GREEN SCENE Waste Not, Want Not: Benchmarking all sources of trash can lead to savings and efficiencies

16 MARKETING SOLUTIONS A Decent Proposal: Make prospective clients an offer they can't refuse

18 MY PERSPECTIVE Don’t Drop the Ball: Effective leadership and planning help teams succeed

departments

6 INDUSTRY NEWS & NOTES Wide Open Spaces; Committing to the Cause, Clamoring for Help; Social Media Phobia?; Health Care, Senior Housing Investment Sales Activity on Rise; Green & Gold; Slow & Steady

20 IN SESSION IREM iCon Legislative Forum a Success

22 FAMOUS PROPERTIES Democracy’s College Gains Freedom: The Freedom Tower in Miami is a beacon in the community and a symbol of pride and diversity

26 REGIONAL OUTLOOK Fashion Retailers Keep Montreal Moving: Montreal’s eclectic mix of “gens du monde” keeps the market healthy

50 INSIDE IREM 2011 IREM Leaders; CPM and ARM Profiles; Ethics Board at iCon; AMO Spotlight; Awards & Recognition; On the Road; Course Listings; Course Codes Key; RVP Corner; International News

62 NEW PRODUCTS Leaf Defiers, Rooftop Draft Inducers, Magnetic Centrifugal Chillers and Walk-Behind Scrubbers

63 AD INDEX

64 LAST LOOK

www.irem.org/jpm
an environmentally sustainable and economically prosperous future. The Institute of Real Estate Management (IREM) is dedicated to supporting real estate management strategies that advance an environmentally sustainable and economically prosperous future.

Institute of Real Estate Management Diversity Statement

The Institute of Real Estate Management (IREM) welcomes individuals of all races, genders, creeds, ages, sexual orientations, national origins, and individuals with disabilities. Our organization strives to provide an equal opportunity environment among its members, vendors, and staff. Adopted October 2008

Institute of Real Estate Management Sustainability Statement

The Institute of Real Estate Management (IREM) is dedicated to supporting real estate management strategies that advance an environmentally sustainable and economically prosperous future.

www.irem.org/jpm 4 jan.feb 2011
LET'S ROLL UP OUR SLEEVES

Imagine a crop hardy enough to produce a ground cover that holds soil in place against the bitterest forces of wind and water—even germinating at subzero temperatures. Now, picture the root system of a global organization of real estate management professionals that has endured—and grown—despite seasonal changes over the course of three quarters of a century.

Because of your strength—as individuals, practitioners and members of IREM—our organization, like robust winter rye, has preserved its most essential values: a commitment to ethical business practices and dedication to growing relationships—despite the economic winter we are facing.

As we work through the months ahead, I encourage you to think about your own relationships with colleagues, tenants, owners, friends and family. How many commitments and traditions do you uphold just in your business alone—with accounting staff, maintenance workers, tenants and owners? In what ways can you weed or feed those relationships? How can you forge new relationships and deepen those with purpose?

In this issue of *JPM*, we can collectively gain perspective on how to grow as professionals by “tiling the field.” “Waste Not Want Not” on p. 14, provides practical guidance for reducing physical waste. Offering solutions for retaining burnt out employees, “Fighting Flight” on p. 28, provides examples of incentivizing employees who have received increased workloads with little or no increases in compensation.

“Double Trouble” on p. 34, encourages real estate managers to identify and address time and rate problems caused by vacancies while exploring methods of repositioning underperforming properties.

We have quite a sustaining legacy to care for and build upon, strengthened by our shared dedication to growth, innovation and accomplishment. As I begin my leadership path this year, I am prepared to roll up my sleeves and lay the groundwork for spring—let’s get to work together!

Ronald Goss, CPM
2011 IREM President
WIDE OPEN SPACES

Several major retailers plan to take advantage of lower rent rates and vacancies resulting from the recession by opening new stores, according to information from CoStar Group.

While the U.S. retail sector saw signs of stability in the third quarter of 2010, according to information from REIS Inc.—with a 10.9 percent vacancy rate at neighborhood and community centers and a positive net absorption of 300,000 square feet—the market is still ripe with opportunity for certain retailers.

Malls and lifestyle centers, with cumulative rent losses of 13.6 percent and 12.1 percent, respectively, in the third quarter of 2010, according to CoStar Group data, are most likely to be vying for such retailers business at discounted rents.

Menomonee Falls, Wis.-based retailer Kohls is one retailer taking advantage of lower rents to open new stores. It opened 21 new stores in the third quarter for a total of 30 new stores in 2010 and a planned 40 new stores in 2011. Many of the new stores will take over vacated space from some Lowes, Mervyns and Wal-Mart stores.

Pittsburg-based Dick's Sporting Goods Inc. and Indianapolis-based electronic retailer hhgregg also plan to take advantage of favorable market conditions and open new stores in vacated space with cheaper rents, according to CoStar information.

Committing to the Cause, Clamoring for Help

Despite the recession, commercial real estate companies are still committed to investing in energy efficiency in their buildings, according to a National Real Estate Investor and U.S. Green Building Council report.

According to the 2010 Green Building Survey, corporate respondents have spent a median of $366,666 on green initiatives in the last three years. Most respondents have spent less than $500,000 on such initiatives, with 35 percent of respondents spending less than $100,000 and 26 percent of respondents spending between $100,000 and $499,999. Nine percent of respondents spent $5 million or more.

The commitment to energy-efficient initiatives likely stems from the resulting lower operating costs, according to the survey: 75 percent of respondents said lower operating costs are the biggest benefit to going green. Even though companies are investing in energy-efficient initiatives, they said they could use more aid to further their efforts. Seventy-seven percent of corporate respondents said tax incentives would be the most enticing benefit for retrofitting buildings, while 66 percent of respondents said rebates and discounts like those offered by the Energy Star program would be helpful.

Despite their calls for help, 48 percent of the survey's government respondents said their municipalities don't offer any of the incentives mentioned in the survey, including tax incentives, bonus density, expedited permitting, technical or design assistance and grants, among other things.

While the masses have turned to social media for personal endeavors, many employees are shying away from using outlets like Facebook and Twitter professionally, particularly when it comes to receiving information about their health benefits, according to a survey by the National Business Group on Health.

Of the 1,500 U.S. employees surveyed, 47 percent said they use Facebook daily or weekly for personal use, and 45 percent said they use text messaging daily or weekly for personal reasons.

However, 7 percent of respondents said they use Facebook and 16 percent of respondents said they use text messaging for business purposes. Further, about 3 in 4 respondents said they had no interest in receiving health benefit information via Facebook; and about 80 percent of respondents said they had no interest in using Twitter for such information.

Virtually all respondents said they would prefer to receive health benefit information via the postal service to their homes or via e-mail.

For more information, visit http://www.businessgrouphealth.org.
HEALTH CARE, SENIOR HOUSING INVESTMENT SALES ACTIVITY ON RISE

Health care and senior housing real estate companies are ramping up investment in medical office and senior housing facilities, according to a report from CoStar Realty Information Inc.

The report cited information from Jones Lang LaSalle’s Fall U.S. Capital Markets Outlook bulletin indicating interest in seniors housing and health care assets is strong.

According to the Jones Lang LaSalle report, senior developments are now more easily able to secure financing, particularly through the HUD 232 program, and the number of seniors housing companies seeking development sites for 2012 and 2013 product deliveries has increased.

Most recently, one of the largest deals—occurring in October 2010—involved Chicago-based Ventas Inc. It agreed to acquire 118 senior housing properties, or 13,500 units, across the country from Atria Senior Living Group, for $3.1 billion in stock, cash and assumed debt.

Further, of the 10 health care REITs with Moody’s ratings, eight have stable outlooks and two have positive outlooks for 2011, according to CoStar information.

For more information, visit http://www.costar.com.

GREEN & GOLD

Affordable housing in Florida is going green...and gold. Carlisle Development Group and Broward County Housing Authority have commenced construction on the first LEED for Homes, gold-certified affordable housing development in Florida.

The $33 million townhouse development called East Village will target very low and low-income families earning between $15,000 and $49,500 annually in Davie, Florida. Monthly rents at the 155-unit complex will start at $416. Average unit size will be more than 1,000 square feet.

Amenities will include a community lake surrounded by walking paths, a swimming pool, children’s splash fountain, exercise facility, playground/tot lot, library and computer lab. On-site education and training will also be offered to further develop residents’ life and work skills.

Funding for the project stems from federal stimulus funds, Low Income Housing Tax Credit (LIHTC) equity, a Town of Davie SHIP Loan, a Broward County HOME Loan and conventional financing from Citi Community Capital.

For more information, visit http://www.frej.net.

SLOW & STEADY

Commercial real estate sectors appear to be stabilizing, said Lawrence Yun, chief economist for the National Association of Realtors in an NAR news release.

“The basic fundamental of rising commercial leasing demand, resulting from a steadily improving economy, means overall vacancy rates have already peaked or will soon top out,” he said.

He said the multifamily market will likely perform best in 2011, with apartment rents potentially rising 1 to 2 percent. Multifamily vacancy rates are forecast to decline from 6.4 percent in the fourth quarter of 2010 to 5.8 percent in the fourth quarter of 2011, according to the NAR’s Commercial Real Estate Outlook.

Still, office vacancy rates are also expected to decline, although annual office rent is anticipated to decline another 1.6 percent in 2011, according to the outlook. Industrial vacancy rates are expected to fall from 13.9 percent to 13.2 percent in the closing quarter of 2011, and rents are expected to decline 3.4 percent in 2011.

Little change is forecasted for the retail market in 2011, according to the outlook, with vacancy rates dropping from 13.1 percent in the fourth quarter of 2010 to 13 percent in the fourth quarter of 2011 and average rent falling 0.3 percent in the coming year.

fast facts

Scallops have approximately 100 EYES around the edge of their shell.

The word “DIAMOND” comes from the Greek word “adamas,” which means “unconquerable.”

In ancient Rome, it was considered a sign of leadership to be born with a CROOKED NOSE.

The reason why flamingos are PINK is because they eat shrimp that have a red pigment.

In Albania, NODDING your head means “no” and SHAKING your head means “yes.”

A “GELOTOLOGIST” is a person who studies laughter.

After the “Popeye” comic strip was launched in 1931, SPINACH consumption went up by thirty-three percent in the United States.

The capital of Vermont—Montpelier—is the only state capital in the United States that does not have a MCDONALDS restaurant.

Chewing gum while peeling ONIONS will keep you from crying.

The GUINNESS BOOK OF RECORDS holds the record for being the book most often stolen from public libraries.
MAKING MEETINGS MATTER  It takes planning and skill to make meetings valuable

IN OUR BUSINESS, WE HOLD MEETINGS FOR MANY REASONS: FROM MONTHLY CLIENT UPDATES TO ANNUAL MANAGEMENT MEETINGS. The intent is for them to be productive; however, if not run effectively, they can be time-wasting or even destructive. When meetings are held without intentional purpose, little is accomplished and people leave feeling like zombies. The best that attendees can get from the worst kind of meeting is... a good bagel.

You can counteract the potential disaster of default meetings by conducting purposeful meetings, incorporating these rules to ensure they are effective and productive.

Prepare with focus
Establish and communicate the specific purpose(s) of the meeting ahead of time so all participants share the same vision of a common goal. Include all stakeholders (or a representative group)—those affected by, and those who will execute, the actions decided. Include people with authority for decision-making and topic expertise. For example, in a recent meeting to prepare a long-range capital budget, not only were staff members present, but a concrete vendor sat in when discussing parking lot repair options.

Decide the type of meeting that will best serve the purpose and respect people’s time. If face-to-face time is required, how informal or formal should it be? Is a conference room needed or can a scrum (a quick, usually daily, stand-up) meeting serve? Can a virtual meeting serve the purpose? Consider audio- or video-teleconference, IM, private chat rooms, wiki (internal or online) or collaboration apps.

Start the collaboration immediately by distributing an agenda far enough in advance (a minimum of a week) so participants may submit suggested changes to the schedule. Hint: If collaboration is not needed, chances are a meeting is not needed either.

Facilitate to motivate
Lead your meetings to make certain all views are heard. Ask probing questions to encourage people to contribute. Most importantly, give a positive response when someone contributes, even if you do not agree with what is said. This serves as positive reinforcement for the person providing input, and conveys a message that participation is desired and respected.

Start on time to reward those who arrived on schedule. Deal with the late-comers individually, bringing them up-to-speed during a break, not taking time away from the meeting.

Perhaps your most difficult responsibility is to keep discussions on point and on time, and that takes strong leadership. When talk veers off course (and it will), note the new matter and table it for discussion later.

Conclude with purpose
Summarize the findings from the meeting before ending and recap the general action steps, including who is responsible, and due dates. When time is rushed, summarizing is often omitted, at a high price. Providing a summary and action list is an easy, short step that improves your chances of success.

Planning a purposeful meeting takes time and facilitating one properly takes skill. The benefits of making meetings matter, however, is priceless.
SO DARN DEPENDABLE FOR KEEPING YOUR
RESIDENTS HAPPY.

NOT TO MENTION SERIOUS ABOUT
SAVING YOU ENERGY.

With Maytag high-efficiency washers and
dryers, you can rely on a lot of things. Beginning
with a noticeable reduction in your operating
expenses. And, with flexible payment options,
easy-to-operate controls and machines that
set the standards for clean, residents will remain
happy to use your laundry facilities. Repeatedly.

DEPEND ON IT.

visit mclaundry.com for digital brochures,
or for more information, visit our website at
maytagcommerciallaundry.com
800-662-3587
CREATING AN ETHICAL CULTURE IN YOUR WORKPLACE Communicate and enforce your code of values

ALL OF US AS PROFESSIONALS ARE AWARE OF THE IMPORTANCE OF DOING BUSINESS EVERY DAY IN ACCORDANCE WITH THE IREM CODE OF PROFESSIONAL ETHICS. Truly, the foundation of IREM is built on each member and candidate pledging to know and honor each of the fourteen articles of this code. The first paragraph of the Code states, “The purpose of this Code of Professional Ethics is to establish and maintain public confidence in the honesty, integrity, professionalism and ability of the professional real estate manager.”

The public and clients seek the services of IREM Members because of the reputation of our training and professionalism. This excellent reputation stems from each one of us demanding the best of ourselves and those we work with. Our reputation is also contingent on us taking effective, corrective, and if necessary, disciplinary action when an individual member or member organization displays less than professional conduct.

How, then, might one go about creating an ethical culture in our own business? Here are some questions to consider when examining your business culture:

Does your organization have a Statement or Code of Values in writing that every employee is expected to know and follow? If you have such a statement in writing, how do you assure that it is communicated and reinforced? Do you discuss ethics in staff meetings? Do you review and train related to your values and professional ethics? If not, why not?

If you do not have such a statement but wish to create one, some of the topics that might be reviewed include:

- Your code or statement of values, however you choose to describe it, needs to record both goals and expectations regarding the personal and professional conduct of all.
- Every employee is expected to follow the golden rule in all dealings with residents, employees, others in the profession as well as former employers and vendors.
- Every employee is expected to safeguard the privacy of resident and corporate files and confidential information.
- Every employee is expected to follow all applicable laws and regulations in our work. A mention of Fair Housing law and policy is a good idea.
- Every employee is expected to enforce all contracts and leases according to the terms and conditions agreed in writing by all parties.

When you decide to implement such a policy, you could also consider providing an ethics statement for your employees to sign when hired or when the policy takes effect.

Staff training is essential. Make it part of your staff meetings and training programs to discuss ethical conduct and situations as reported in the press or trade publications. Review what happened, why, and how this situation could have been avoided.

We are expected as IREM Members to not only “live the code” but to communicate the values and conduct described within our code to those we work with. I call this “Setting the Tone!”

Just like the reputation of IREM is only as strong as our members make it, your reputation and that of your organization is only as strong as the values and leadership that you display.
Reflectivity Updates Required for Traffic and Other Signage

The time for assessment, making improvements is drawing near. Just over a year remains for property managers to assess the traffic signage at existing as well as new development sites and devise a replacement plan in order to get in line with new traffic sign standards geared around reflectivity. For new sites, you should plan to use these new rules now to avoid replacing traffic signage later.

Why the new regulations?
The new regulations were created to improve safety on the nation’s roadways due to an ever-changing driving environment.

Who is affected?
Any site with paved areas including parking lots for shopping malls and restaurants, office complexes, apartment and residential developments, sports and recreational facilities and other businesses open to the public will be affected when the regulations go into place.

What are the suggested reflectivity levels for traffic signage?
- Parking signs should use engineer-grade or better.
- Street signs and other traffic control signs should use high-intensity grade or greater.

SIGNARAMA is ready to help you evaluate your site to ensure it is aligned with the new regulations. Contact your local SIGNARAMA for more information. Find your nearest store at www.signarama.com/locations or call 1-800-465-9519.
WASTE NOT, WANT NOT Benchmarking all sources of trash can lead to savings and efficiencies

John Klein (jklein@jdmgmt.com) is the principal of JDM Associates. He co-authored the IREM Key Report, A Practical Guide to Green Real Estate Management with Alison Drucker and Kirk Vizzier.

TRASH IS A PROBLEM FOR EVERY TYPE OF REAL ESTATE; PROPERTY MANAGERS NOW FACE AN EVER-GROWING AMOUNT OF UNWANTED MATERIAL TO REMOVE. In recent years, the real estate industry has been focusing more on recycling, which includes separating materials, evaluating third-party haulers, educating tenants about acceptable materials, or simply paying more for commingled recycling. The impact of recycling isn't sparing our landfills, though. Even with the EPA reporting that our municipal solid recycled waste has grown by about 23 percent from 1980 to 2008, the amount of municipal trash sent to landfills has stayed nearly constant. We are producing more trash than ever, and costs are rising about 13 percent per year.

**Waste Management**

As with energy and water, the first step to managing waste is to benchmark your current performance. Review waste hauling bills and begin recording as much information as possible, i.e., dollars spent, number of hauls and weight. Track recycling data separately. If your current hauler does not weigh your trash, find one that does; you should not have to pay extra for this service.

Motivate and inspire tenants and residents to evaluate their incoming materials regularly, including assessing the packaging associated with purchases. Encourage them to reduce costs by buying alternative sources of goods with less packaging, varieties of paper or other supplies with higher recycled content, and products that last longer. The prices of sustainable supplies are constantly improving, so purchasing decisions should be re-evaluated regularly.

**Dumpster Diving**

Don't hesitate to look in your Dumpsters and determine if there are materials that could have been recycled or compacted. You can also save money—particularly if you are paying on a per-haul basis—by finding a vendor who will install compactors. By looking inside your Dumpster, you can also verify that landscapers are not throwing out organic waste such as grass, leaves, branches or other plant material. Locate a landscaper who will haul organic waste to their compost pile.

Only hire construction and demolition contractors who have a proactive waste management plan, and develop a contract before commencing any work. It should include targets for salvage, reuse, donation or recycling; it should outline a plan for each material.

**Wasteful Thinking**

Some properties have developed innovative waste-hauling practices. A retail shopping center we work with, for example, leases out its Dumpster pads. The waste management company renting them charges the retail tenants directly for waste disposal. Tenants pay lower CAM fees and are charged more equitably for trash, while the property management team receives an income stream from the waste-management provider.

Ultimately waste is waste, regardless of its form. Typically, we give our solid waste stream a free pass, even as we collaborate with tenants to reduce energy or water use. Improving waste management at our properties allows us to reduce costs, demonstrate sustainability and have a meaningful impact on our surroundings. Reduce your trash and save some cash.
KNOW YOUR COMPETITION.
INCREASE ROI.
OPTIMIZE YOUR PROPERTY’S PERFORMANCE.

NOW AVAILABLE
INCOME/EXPENSE ANALYSIS® REPORTS

FEATURING NEW INTERACTIVE ONLINE LABS

Trust your assets to a tool that has been providing precise statistical data for over a half-century. The most comprehensive income and expense data available in the industry – compare your property to industry benchmarks so you can identify where your property is underperforming or demonstrate efficiencies to your owners and investors.

AVAILABLE IN THESE DELIVERY FORMATS:
1. Softcover Books
2. Downloadable PDF or Excel
3. NEW! Interactive Online Labs (Featuring 10 Years of History)

To order, visit www.irem.org/2010IE or call (800) 837-0706, Ext. 4650.
A DECENT PROPOSAL

Make prospective clients an offer they can’t refuse

A COLLEAGUE RECENTLY ASKED ME TO REVIEW A MANAGEMENT PROPOSAL HE PLANNED TO SEND TO A PROSPECTIVE CLIENT. The proposal was filled with loads of information about his own firm, including plenty of pages with generic property management information. What was missing? Just about everything else that mattered.

Ironically, by focusing on his company instead of his target audience—the prospective client—my associate lost both the potential account and an important opportunity to market his company. He had forgotten to demonstrate how his company’s management expertise could provide what counts most: the ability to solve the owner’s problems, make actionable recommendations and implement solutions for a property. In short, he didn’t illustrate to the client why good property management really matters.

Look at it this way: You’re on the ownership side of the fence. You’ve been charged with selecting a property management company to handle your company’s portfolio. What will you look at first? It may depend, but when I worked for an owner overseeing a large portfolio covering 28 states, I was charged with evaluating management proposals. The very first thing I reviewed was whether the company and the manager had solid knowledge, expertise and credibility in the industry. Next, I looked at whether the management company had the ability to maintain excellent tenant and customer relations, meet deadlines and solve my dilemmas on the property. Firms that had the knowledge, capability and skills to identify and potentially execute the goals of the owner were definitely ahead of the pack.

If you’re not winning the management accounts you’d like, now is the time to step back and take stock. Start by performing a mini-SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis on your company. Evaluating both internal (strengths and weaknesses) and external factors (opportunities and threats) will help you determine which improvements you can make to achieve client objectives and client satisfaction.

There are many things to distract owners today; make it easy for them to choose your company. Here are a few questions to ask yourself the next time you prepare a management proposal:

- How does ownership perceive my management company and my team?
- What is our reputation and credibility in the industry?
- Do we know what matters most to our owners?
- Does my team have a pulse on the market and do we have the ability to anticipate trends and possible problem areas?
- How will we capitalize and build on current relationships to benefit the property?
- Do we have the ability to strategically assess the issues of this property and make solid recommendations?

Here’s the news: It’s our job as managers to be able to present professional management proposals that clearly demonstrate how our expertise can provide solutions for property owners. Tomorrow’s successful real estate companies put good management first today. How can you afford not to?
April 9-13, 2011
JW Marriott Hotel - Washington DC

For more than a decade, IREM® leaders have convened in Washington, DC to influence and shape how the Institute serves and supports its members, chapters, the industry and legislation that is critical to your business. Join hundreds of your colleagues who are taking action to insure the continued growth and success of their business and professional community.

On Wednesday, April 13, it's on to the Hill! Capitol Hill Visit Day is an exciting opportunity to unite with fellow IREM® Members and take important property management and real estate issues to the Hill. You can directly lobby on issues particularly important to your industry and establish long-lasting, valuable relationships with your elected officials. This dynamic event has made a positive, lasting impression on legislators.

Join the hundreds who are keeping the industry and the Institute visible and heard on Capitol Hill.

Online registration opens February 15, 2011
DON'T DROP THE BALL  Effective leadership and planning help teams succeed

HAVE YOU EVER ATTENDED A LITTLE LEAGUE GAME, ONLY TO BE AMUSED BY THE OUTFIELDER WHO IS MORE FOCUSED ON PICKING DANDELIONS OR WATCHING BIRDS FLY OVERHEAD THAN PAYING ATTENTION TO THE GAME? Fans chuckle as the opposing team hits a ball right to the child's feet, and the child—"out in left field"—is either quite surprised or doesn't even notice.

Little league is one thing. But in a business setting, when one or more members of your team aren't paying attention, it's no laughing matter. Leaders, like coaches, must ensure everyone is engaged and not wandering aimlessly in left field.

It's not easy being the coach. You're singled out for your team's losses, and your team gets credit for your wins. Understanding this, however, should be motivation to motivate your team.

Coaches inspire their teams first by being the example, second by their innate coordination and abilities, third by being able to focus on the big picture, and Lastly by ensuring that players understand the game plan, and know their roles and responsibilities.

As a leader, your position requires you to enhance your team's skills through instruction and practice; find each individual's strengths and encourage cooperation so those strengths shine through; offer affirmation for a job well done, and review missed opportunities for a job that falls short.

Perhaps the most important requirement as a leader is having a plan. A management plan is a must—it's your overview for the season. It offers your team direction and focus. It should outline the various needs of a property and your client. Those needs should be listed as team priorities and help to identify team assignments.

Let's say you take on a new property that has high vacancy, deferred maintenance and poor accounting. As the property manager, you're the team leader. Your line-up includes your leasing agents, industry partners or maintenance staff, portfolio accountants and assistants.

What's your game plan? Instead of quickly assigning individuals their tasks, hold a group meeting where those tasks are outlined for everyone. Transparency will help team members understand how their roles fit in with the rest of the team's responsibilities.

Ultimately, all team members are jostling for position to get instructions, guidance and organization to properly do their jobs. Give them the guidance they need—first, in the form of a plan and second, in the form of support.

Part of being a good leader is being a part of the team. Your guidance, along with rolling up your own shirtsleeves, will motivate other teammates to step in so deadlines and additional goals are met. Working as a unified front is necessary.

Most victories don't stem from singular sources; they are more often the culmination of individual drive and integrity, combined into one strong unit that moves and plays as one. Teamwork is just that...work. Coaches must effectively explain the plays so everyone understands, and players must actively participate, communicate and not let their teammates drop the ball when they can step in and assist.
Bentall Kennedy is the result of Canada's largest real estate investment and services firm joining forces with one of America's largest independent real estate advisors to provide clients with access to one comprehensive North American real estate platform. Together, we bring 100 years of perspective and experience to more than $23 billion in commercial real estate.

more@bentallkennedy.com

Bentall
Kennedy

www.bentallkennedy.com

FRANCHISE OPPORTUNITY

PARKING LOT STRIPING FRANCHISE.
$600 MILLION DOLLAR INDUSTRY
LOW START-UP COST
NATIONAL VENDOR RELATIONSHIPS
VAN BASED SIMPLICITY
SMALL EMPLOYEE BASE
STANDARDIZED PROFESSIONAL TRAINING

877-3DO-LINES
(336-5463)

WWW.WEDOLINES.COM

OWN YOUR OWN
WE DO LINES TERRITORY

Save the Date!
2011 IREM® FALL LEADERSHIP CONFERENCE
October 11-15, 2011
Hilton San Diego Bayfront
San Diego, CA
IREM ICON LEGISLATIVE FORUM A SUCCESS

DURING THE IREM ICON MEETINGS IN ORLANDO THIS PAST OCTOBER, THE IREM AND CCIM INSTITUTE LEGISLATIVE STAFFS HELD A JOINT LEGISLATIVE FORUM. This event proved to be an educational and fascinating resource for members, drawing on the following topics and their impact on the property management and commercial real estate investment industries:

COMMERCIAL MORTGAGE LIQUIDITY
It is estimated that the commercial real estate sector supports more than 9 million jobs and generates billions of dollars in federal, state and local tax revenue. Nonetheless, the overall economic downturn and crisis in the broader financial markets is directly impacting not only the fundamentals of commercial real estate finance, but also the outlook for recovery.

A variety of solutions have emerged, including the recently introduced, H.R. 5816, “The Commercial Real Estate Stabilization Act of 2010.” This bill would establish a commercial real estate credit guarantee program to empower community banks and other lenders to make loans while stabilizing the value of a small denomination of commercial real estate assets. It creates a three-year Treasury-run program that would provide up to $25 billion in guarantees for commercial real estate investments. Fifty percent of the program’s capacity will be reserved for banks with under $10 billion in assets and the remainder will be accessible by larger institutions and mortgage bankers. To pay for the plan, there is a 2 percentage point fee to cover the cost of the program.

FEDERAL TAXES
One of the most important tax issues in Washington D.C. right now is the future of carried interest. A carried interest is designed to act as an incentive for a general partner to maintain and enhance the value of a given real estate property so that the operation of the property is a value-added proposition. The carried interest of the general partner(s) historically has been taxed at capital gains rates, as have the gains of limited partners.

During the recent recession, Congress focused on extending several tax cuts set to expire at the end of 2010. In order to fund these extensions, Congress sought other sources of revenue. Included in the original legislation, H.R. 4213, is a provision to change the tax treatment on carried interest from capital gains to ordinary income.

Currently, the capital gains rate is 15 percent and could jump as high as 39.5 percent if changed to ordinary income rates. Changing the tax treatment of carried interest would be detrimental to commercial real estate because taxing the general partner at an ordinary income rate would create a disincentive for real estate investment, further damaging an already fragile market.

Fortunately, the “Small Business Lending Fund” included a number of favorable tax provisions for CPM Members. There is an extension of Section 179 to increase of the maximum allowance from $250,000 up to $500,000 for tangible personal property. Self-employed individuals may deduct health insurance costs for themselves and their families when they compute their self-employment tax, but only for the 2010 tax year. Premiums continue to be deductible for income tax purposes. This bill also removes employer-provided cellular phones from “listed property” so their cost can be deducted or depreciated like other business property, without burdensome record-keeping requirements.

HEALTH CARE REFORM
On March 30, 2010, President Obama signed the “Patient Protection and Affordable Care Act” into law. This piece of legislation has several parts, many of which are of par-
ticular interest to property management practitioners. The costs for the reform are expected to be paid for through a combination of changes to current health care programs and the collection of new taxes. The taxes include a new 3.8 percent tax on unearned income of individuals earning more than $200,000 annually, or households with annual earnings of $250,000 or more. The reform also imposes new taxes on health care providers such as hospitals, drug companies, medical device manufacturers and others. In addition, certain employer provided health insurance plans will be taxed as income, whereas they are currently provided tax-free. Implementation of the new tax increases will begin January 1, 2013.

STATE BUDGET SHORTFALLS
State budget shortfalls also provided lively discussion at the meeting in Orlando. Every state except Vermont has some type of balanced-budget law, so shortfalls for 2009, 2010 and most shortfalls for 2011 have already been closed through spending cuts, revenue (tax) increases, reserve spending and use of federal stimulus dollars. When adopting budgets for the current fiscal year (2011), at least 46 states struggled to close shortfalls. Gaps in these budgets for 2011 totaled $121 billion, or 19 percent of budgets in 46 states. This figure is expected to grow, potentially exceeding $140 billion.

AMENDMENT 4 IN FLORIDA
Finally, a hot topic in Florida is Amendment 4. Amendment 4 is a proposed amendment of Florida’s constitution requiring taxpayer-funded referenda on all changes to local government comprehensive plans. In other words, this “Vote on Everything” amendment would force Floridians to decide hundreds of technical comprehensive plan changes each year. Having to vote on every land-use change would stifle economic growth by causing developers to look to other states to build projects that require a land-use change because of the added time, money and uncertainty involved with an election. Also, it would be extremely expensive to fund each campaign for just one project, thus developers would abandon projects in this state altogether. Aside from taxpayer costs, unemployment would be further hampered by the passage of Amendment 4.

THE ANTI-SNOB ACT OF MASSACHUSETTS
Discussion regarding repeal of Chapter 40B in Massachusetts, also known as “The Anti-Snob Act,” reviewed whether the program is still relevant. The act was enacted in 1969 and was officially titled, “The Regional Planning Law.” It was designed to prevent unregulated municipal “Home Rule” power to block the production of housing at the local level and enacted in response to the need for creating affordable housing in Massachusetts. In short, it permits housing, condominium and apartment developers to skirt local zoning restrictions in communities that have not reached affordable housing thresholds, if they guarantee that 20 to 25 percent of their units will be provided for affordable housing.

Opponents of Chapter 40B believe the law is archaic and allows developers to take advantage of relaxed zoning and take well over the 20 percent profit allowed by Chapter 40B. An initiative put on the November 2010 ballot to repeal the act was unsuccessful.
DEMOCRACY'S COLLEGE GAINS FREEDOM
The Freedom Tower in Miami is a beacon in the community and a symbol of pride and diversity


Designed by famed architectural firm Schultze and Weaver, the structure was built as the Miami Daily News Tower in 1925 and served as the headquarters for the Miami Daily News, the city's first newspaper. Inspired by the Giralda Tower in Seville, Spain, the Freedom Tower reflects a Mediterranean Revival architectural style, which is often characterized by stucco walls, terra cotta and tile roofs, decorative arches and keystone detailing.

"Architecturally, Freedom Tower is elegant and rustic at the same time," said Mercedes Quiroga, president of Wolfson Campus of Miami Dade College, the current owner of the building. "It is a building that you can pick it out from anywhere. If you are on the beach at Miami Beach, you can see it. It has its own definite style, and it is very prominent in the Miami skyline."

Likewise, the views of Miami from within the Freedom Tower are unparalleled. The top floors of the tower are quite narrow and only accessible via a spiral staircase. Once visitors have trekked up the staircase, they are rewarded with spectacular views of the city. Additionally, there is an area at the top where visitors can walk outside and view the city from outside the building.

Freedom Tower functioned as the Miami Daily News headquarters and printing facility from 1925 until 1957, when the Miami Herald purchased the paper and moved operations to the Herald's present facilities.

After the newspaper moved out, the building remained dormant until the 1960s when Fidel Castro's communist regime took power in Cuba and a wave of Cuban refugees came to Miami. The federal government took ownership of the building, renamed it the Freedom Tower and used it as a sort of Ellis Island for Cuban refugees. Refugees were processed, documented and given medical services and personal supplies at Freedom Tower. With its prominent location facing the Biscayne Bay, the Freedom Tower stood as a gateway landmark to Cuban immigrants seeking freedom in a new country.

As the large number of Cuban refugees began to taper off in the early 1970s, the government sold the building in 1974. For the next 20 years, the building went through a number of different owners and uses.

"There were several different owners and there were times when the building was abandoned and not used at all," said Quiroga. "Then it would have an owner, and it would be used for a public event or banquet. It had a somewhat shady, rocky past history."

Despite these difficult times, the building evaded demolition because it was added to the National Register of Historic Places in 1979.

In 1997, Jorge Mas Canosa, founder and leader of the Cuban American National Foundation, bought and restored Freedom Tower. He converted the building into a monument to Cuban refugees, with a museum, library, meeting hall
PICTURED HERE: THE FREEDOM TOWER, BUILT AS THE MIAMI DAILY NEWS TOWER, IN 1925.
and offices of the Cuban American National Foundation.

In 2004, developer Pedro Martin and the Terra Group purchased the building, hoping to redevelop the property into condominiums. However, a group of committed preservationists successfully halted these plans.

In 2008, the Terra Group donated the Freedom Tower to Miami Dade College. The college's mission to make higher education accessible to all people is reflective of the building's history.

"We refer to ourselves as 'democracy's college.' We give people who normally don't have the opportunity to pursue higher education, the opportunity to go to college. Because of that, we have turned many lives around," said Quiroga. "The Freedom Tower was seen as a gateway for Cuban immigrants to achieve freedom and make something of themselves. So there is a direct parallel there."

Freedom Tower now serves as a cultural and education center, with a focus on the arts, on the Wolfson Campus of Miami Dade College.

"Freedom Tower is a beacon of art and architecture," said Quiroga. "It will serve as a reminder of freedom, hope and possibility in our country."

When the college took over Freedom Tower in 2008, it dove right into restoring, rejuvenating and preserving this historic property. The first step was getting the building designated as a U.S. National Historic Landmark in 2008.

"We wanted to preserve it, and one of the best ways to preserve a building from being demolished or damaged in any way is by placing that landmark status on it," said Quiroga. "It also opens up the way for grants that we can use to help preserve it and renovate it."

One of the first large-scale projects was restoring the building's bronze cupola, the intricate dome structure and weather vane on top of the tower. This year-long project required extensive planning and execution to set up a crane to carefully bring down and reinstall the dome.

"With its landmark status, the outside of the building has to stay true to its original design, so we had to work very carefully to do that," said Quiroga. "We also have hurricane issues to deal with here. So in times of storms, we had to bring the crane down."

Currently, the college is in the process of making the building water tight to protect it from decay.

"The building material is a bit porous so we're trying to seal it from the outside," explained Quiroga. "We also are getting all the windows replaced to make them water tight, and we're doing some work on the roof."

One of the top priorities for Miami Dade College is keeping the building structurally sound.

"As with any old building, things keep happening, things keep breaking and you have to keep fixing them," said Quiroga. "Preservation is key for us. So we don't want to overuse it. People always want to go in, see it and have events there. We have to monitor that to make sure it is balanced, and yet we want to have as many people visit the building as possible in a way that makes sense and keeps true to the building."

The college has a number of plans for the Freedom Tower, including having a permanent exhibit dedicated to Freedom Tower's era as the Cuban refugee processing center. Other ideas for the building including a performing arts space and studio space for local artists to use as day studios.

"There is pride in knowing that this national treasure is part of Miami Dade College," said Quiroga. "We relish in that and we feel that we have been given a very special responsibility in keeping it and making it useful."
THE FREEDOM TOWER AT PRESENT, SERVING AS A CULTURAL AND EDUCATION CENTER, ON THE WOLFSON CAMPUS OF MIAMI DADE COLLEGE.
FASHION RETAILERS KEEP MONTREAL MOVING

Montreal’s eclectic mix of “gens du monde” keeps the market healthy

VOILA! FASHION, CULTURE AND ACTIVE RESIDENTS ARE SEEMINGLY FACTORS THAT CAN STABILIZE THE REAL ESTATE MARKET—at least in Montreal, where most commercial real estate sectors remained relatively stable during the economic downturn and further improved in 2010.

The largest city in the French-speaking province of Quebec and the second largest city in Canada, Montreal is rich with culture, fashion and active people, said Georges Renaud, CPM, and vice president of investments and broker for the Senior Housing Broker Network. He is also president of IREM Quebec Chapter No. 37. Those factors, he said, bode well for the local economy and real estate—particularly retail.

“We’re fortunate to be an international, multicultural city,” Renaud said. “[Montreal] has a huge amount of theater, dining and nightlife...It is also a fashionable city. A lot of money is being spent on fashion here.”

STAYING GROUNDED

The high fashion, along with Montreal’s convenient ties to Europe and reasonable rent prices, have drawn international retailers like H&M, Apple, Lululemon Athletica and Puma to the area, Renaud said.

The average price per square foot for Montreal retail spaces was $117.01 at mid-year 2010, with the most sought after spaces in the downtown and midtown areas of Montreal going for as much as $500 per square foot, according to the CB Richard Ellis MarketView Montreal Investment report for the second quarter of 2010.

Ste-Catherine Street in Montreal is actually the 32nd most expensive retail corridor in the world with rents averaging about $300 (USD) per square foot, according to the 2010 Global Retail Report by Colliers International. For many international retailers, that is a bargain considering they would pay around $1,200 (USD) per square foot along the Champs Elysees in Paris or Fifth Avenue in New York.

During the first half of 2010, approximately 43 percent of transactions involved mixed-use properties with retail at street level and either office or residential space above, according to the Montreal Investment report. Renaud said such developments work well for Montreal residents who enjoy walking city streets.

“People tend to walk the streets like Ste. Catherine, moving from building to building. Plus a lot of people live and work downtown. We’re lucky to have that, and retail has been good.”

THE REST OF THE STORY

Retail isn’t the only sector that has stabilized in Montreal. During the first half of 2010, the overall commercial real estate market improved—the total dollar volume of transactions growing from $939 million mid-year 2009 to $1.1 billion mid-year 2010, according to the 2010 second quarter Montreal Investment report.

By mid-year 2010, office transactions totaled $124.5 million; retail transactions totaled $182.3 million; and multi-residential transactions totaled $429.1 million, according to the same report.

Renaud said the multi-residential transactions are mostly tied to condos, not apartments. More Montreal residents have been buying condos, whereas traditionally they have predominantly rented apartments for their whole lives.
He said a lot of investors stay away from developing apartments in the area because of government-instituted rent controls in favor of tenants. While new units may be priced at market rate, rent rates for units up for renewal or previously occupied units can only increase incrementally, regardless of the market value.

The commercial office sector is viewed as relatively stable, although vacancy continued to rise, increasing from 8 percent mid-year 2009 to 9.1 percent mid-year 2010 in the Central Business District. The vacancy rate for the Greater Montreal Area rose to 10.8 percent in the second quarter, up from 10.6 percent in the first quarter, according to CB Richard Ellis' MarketView Montreal Office report for the second quarter.

At the same time, sales prices fell from mid-year 2009 levels: Mid-year 2010 sales averaged $165.78 per square foot in downtown office space and $117.48 per square foot in suburban office buildings, according to the Montreal Investment report.

"The office market is healthy," Renaud said. "Vacancy rates are not that high and absorption rates have been quite good. There hasn't been a huge amount of upsizing or downsizing."

He said a lack of new office product in the central business district has helped keep the market stable.

Two major vacancies stemming from telephone company Bell Canada and the well established accounting firm Richter Partners, totaling more than 250,000 square feet, had the greatest impact on the downtown office market, according to Colliers International's fall 2010 Market Report.

LOOKING AHEAD
Despite the relative stability of the Montreal real estate market during the recession, local real estate managers were still faced with higher vacancies and lower rents and had to manage through.

Ronald Charbonneau, CPM, and property manager with SNC-Lavalin, an engineering and construction firm based in Montreal, said a much greater emphasis was put on reducing operations costs. He said now it's much more of a targeted goal, rather than a lofty possibility or hypothetical solution.

"There has been a greater focus on operations since the economy is slower," he said. "In the last 10 years, reducing costs has been an objective, but for the next two years we have to do special exercises to reduce the expenses. It's much more complicated."

At his firm, consultants were hired in the last 6 to 12 months to do energy saving assessments at properties in order to see where savings may be realized. Assessments on environmental aspects of buildings have also been completed to generate some savings.

Charbonneau said Montreal real estate managers might actually be more innovative than ever in the near future, as he thinks 2011 could be a tough year for the local market.

"We were not hit so hard as other regions in Canada and the United States," he said. "In Montreal and Quebec the economy didn't go down like other regions. But that might catch up to us in 2011."
Employers find ways to retain top talent during tumultuous times
by Kristin Gunderson Hunt
As companies ponder whether economic recovery is imminent or has stalled, they face the pressing problem of losing top talent. Burnt out from increased workloads with little or no increases in compensation, employees are taking flight as some firms begin to rehire.

"There haven't been a lot of bonuses or increases in salary in the last couple years," said Reggie Mullins, CPM, director of third party management for Penzance Management LLC., in Alexandria, Va. "Telling employees, 'You should be happy to have a job,' only lasts for so long."

While increasing compensation will likely be critical to attracting and retaining key employees, real estate human resources experts said companies must also offer other incentives and create an environment where individuals want to work.

"We have to come up with and promote intangibles to keep employees," said Ann Crawley, director of human resources for Ogden and Company Inc., AMO, a full-service real estate firm in Milwaukee, Wis. "We have to position ourselves to be that company people want to work for."

**MONEY TALKS**

People of course want to work for companies with excellent benefits packages and competitive compensation—offerings companies have struggled to provide during the recession, which many employees have taken in stride.

However, employees' patience might be wearing thin, and demands regarding compensation will probably begin to surface more regularly in the near future, said Julie Brand Lynch, managing partner of LYNOUS Talent Management in Dallas and an IREM Academic Member.

Companies' responses to such demands, regardless of their stability or readiness to dole out pay raises and bonuses, will likely influence whether their associates stay or go, Lynch said.

"I know people are being patient right now when it comes to compensation but inflation continues to go up, and people's salaries have been flat for multiple years," she said. "Compensation is going to kick in here soon. Companies should be sure their total compensation packages are in line with the market and what they're expecting these people to perform."

Crawley said while Ogden fared decently during the economic downturn—avoiding layoffs and pay cuts—the company could not offer pay increases to its workforce across the board. It was, however, able to offer 3-percent raises tied to performance and keep its referral bonus program intact—rewarding employees monetarily for any new business they generated.

The referral fees range from 15 percent of the management contract secured—a $200 "thank you" if the referral comes in because employees are doing Ogden day-to-day business—to giving an employee 2 percent of the gross commissions earned by a residential agent that they refer to the company. The quarterly bonus program is designed to incentivize associates to meet goals at their properties based on factors like resident retention, rent and occupancy increases, or expense controls.

The quarterly bonus program was especially important during the recession, Crawley said, because not only did it reward employees, but it also generated new clients, helping Ogden to sustain a healthy business.

Milestone Management, a residential property management and investment company in Dallas, was also able to offer quarterly and annual bonuses during the recession, said Steve Lamberti, CPM, and president of Milestone.

The quarterly bonus program is designed to incentivize associates to meet goals at their properties based on factors like resident retention, rent and occupancy increases, or expense controls.

The programs are structured so one successful property doesn't always dominate the com-

“We have to come up with and promote intangibles to keep employees. We have to position ourselves to be that company people want to work for.”

—ANN CRAWLEY, OGDEN AND COMPANY INC., AMO
petition. In fact, the programs are developed so that around 65 percent of all properties will receive some reward. The district managers’ quarterly bonuses are tied to the financial performance of their portfolio, up to 25 percent of their annual salary.

“You put a bonus program out there for action and results,” Lamberti said.

Annual bonuses are also determined by whether Milestone communities are meeting or exceeding their budgeted goals. The annual bonuses for community directors and maintenance supervisors can range from 10 to 15 percent of annual salary, plus additional incentives if they exceed expectations by 1 percent or more.

“Milestone been fortunate in that the majority of our communities are performing to the level of expectation that was budgeted, and in turn, they are being rewarded for that performance,” said Monica Blankenship, vice president of human resources for Milestone.

ATMOSPHERIC PRESSURE
Companies can only offer so much money to their employees, though, and truly, money will only keep employees happy temporarily—meaning businesses must come up with other incentives, as well as establish a desirable working environment to keep employees engaged, Blankenship said.

“After a while, money wears off,” she said. “You have to like getting up and going to work. If you don’t like the work environment or co-workers, money becomes second.”

Companies can retain prized employees by creating a less stressful and family-like atmosphere.

“There is a lot of stress in the economy,” Blankenship said. “We are cognizant of that and are constantly thinking about how we can create a workplace environment that is not stressful. We want to make the workplace as positive and friendly as possible.”

Last October, the company hosted an event for corporate associates, whereby they took the afternoon off to have burgers, and compete in an obstacle course competition and a kickball game.

“The associates got to see the C-suite acting like kids, just like anybody else,” Blankenship said. “It’s fun and a good way to build camaraderie.”

Additionally, the company brings managers from several levels, along with regional trainers, to Dallas for a three-day operations conference once a year. The company provides education, motivation, initiative kickoffs and social activities to give all managers an up-close-and-personal view of upper management.

“It is our opportunity to reinforce the importance of individuals and the part they play in the larger organization,” Blankenship said. “We take great pride in putting together an agenda that reinforces key organizational objectives and philosophies, and do it in a way that is fun and meaningful.”

Beyond having fun, the company also fosters a family-like environment by supporting employees in need. For example, when a 24-year-old Milestone associate acquired a rare disease and needed blood, the company organized blood drives throughout the Dallas-Ft. Worth area. The president and CFO, along with other employees, gave blood for a colleague many actually did not know.

In addition, about 50 Milestone associates participated in The Susan G. Komen Global Race for the Cure in October, alongside one of the company’s community directors going through breast cancer treatment. Site managers, regional managers and corporate officers all came together for the event.

“They like feeling like this is part of their family,” Blankenship said. “That feeling means a lot when they are considering another job. They have to really think about giving up the level of comfort they have here.”

FLEXIBLE THINKING
Employees might also reconsider leaving an organization that offers job and schedule flex-
ibly. Crawley of Ogden said employees are more likely to be loyal to a company that takes work-life balance into account.

"Giving our employees more flexibility in their workday comes back to us tenfold," she said. "If you have really great employees that are loyal to the company, that is in turn going to filter through to clients and the services we provide."

Ogden offers its entire team the opportunity to work remotely multiple days a week, and adjusts work schedules so associates can come and go at times that are optimal for them. In addition, it has closed its office between Christmas and the new year for the last three years. Employees are still paid for the time off, and it doesn’t count against their vacation time.

Employees are aware all this flexibility comes with responsibility, though, Crawley said. They know if the company or its clients start to suffer because people are unavailable or business isn’t being addressed, particularly during the week off at the holidays, such privileges will be revoked. As a result, people voluntarily pitch in as needed to keep operations running smoothly.

"If things fall apart during that week, we won’t do it anymore," she said. "But everyone rises to the occasion and goes above and beyond just so we can have the additional time off."

Offering comp time after employees have put in long hours working is a highly sought after benefit, too, particularly to younger generations in the workforce that highly value their time out of the office, said Lynch of LYNOUS.

"The younger generations don’t want to work within a box," she said. "They want to be told what the deadline or deliverable is, and what the expectation is, but they are going to meet it on their own time."

She said more companies are getting creative in terms of work-life balance, and flexibility. One of her clients allows employees to take time off on their birthdays—without it counting against their paid time off.

She also said more real estate management companies are hiring interim staffing or contract employees for specific projects or seasonal work, offering over-worked, full-time staff relief.

"Employers need to beware of the burnout factor," Lynch said. "People are maxed out in their capacity to do work. Employers need to provide avenues for employees to get temporary help and relief to keep them productive. Time off is an important part of that."

**CUBICLES TO CLASSROOMS**

Offering training and education opportunities, as well as offering employees autonomy, can also keep associates engaged and productive, human resources experts said.

"If people feel like they are continuing to grow as individuals and be challenged, and that their job is exciting, they will want to stay," Lynch said.

Like work-life balance, education and training will also resonate with Generation Y workers, Mullins of Penzance said.

"Send them to training and pay for it," she said. "It will make them feel like part of the team and like their hard work is being recognized. They will think ‘Wow, they think enough of me to send me [to training].’"

Milestone emphasizes the importance of continuing education to all its employees, Blankenship said. The company pays for its employees to obtain professional certifications, and offers tuition reimbursement of up to 50 percent for coursework that relates to employees’ jobs.

"We want them to feel like they are progressing personally as well as reaching company goals," she said. "If people feel like they are adding value to a job, they are much happier."

Ogden also offers across-the-board tuition reimbursement to its employees in a variety of areas—from IREM, CAL, and compliance classes to brokerage and human resources classes. The organization reimburses 50 percent of a class, up to $1,000 per year. Because some employees cannot afford to pay the upfront cost of a class, Ogden will pay for 100 percent of the class and

---

Crawley of Ogden also points out that every project requires a different level of flexibility for employees. She said they must have the ability to provide:

- **More Real Estate Management Companies:** hiring interim staffing or contract employees for specific projects or seasonal work, offering over-worked, full-time staff relief.
- **Training and Education Opportunities:** as well as offering employees autonomy, can also keep associates engaged and productive.
- **Work-Life Balance:** allows employees to take time off on their birthdays—without it counting against their paid time off.
- **Flexibility:** in terms of work-life balance, and adjusting work schedules so associates can come and go at times that are optimal for them.
- **Comp Time:** after employees have put in long hours working is a highly sought after benefit.
- **Autonomy:** for younger generations that highly value their time out of the office.
- **Continuous Education:** to all its employees, paying for professional certifications, and offering tuition reimbursement of up to 50 percent for coursework that relates to employees’ jobs.

**CUBICLES TO CLASSROOMS** offers training and education opportunities, as well as offering employees autonomy, can also keep associates engaged and productive, human resources experts said. If people feel like they are continuing to grow as individuals and be challenged, and that their job is exciting, they will want to stay, Lynch said. Like work-life balance, education and training will also resonate with Generation Y workers, Mullins of Penzance said. Send them to training and pay for it, she said. "It will make them feel like part of the team and like their hard work is being recognized. They will think ‘Wow, they think enough of me to send me [to training].’"

Milestone emphasizes the importance of continuing education to all its employees, Blankenship said. The company pays for its employees to obtain professional certifications, and offers tuition reimbursement of up to 50 percent for coursework that relates to employees’ jobs. We want them to feel like they are progressing personally as well as reaching company goals, she said. "If people feel like they are adding value to a job, they are much happier."

Ogden also offers across-the-board tuition reimbursement to its employees in a variety of areas—from IREM, CAL, and compliance classes to brokerage and human resources classes. The organization reimburses 50 percent of a class, up to $1,000 per year. Because some employees cannot afford to pay the upfront cost of a class, Ogden will pay for 100 percent of the class and

---

www.irem.org/jpm 32 jan.feb 2011
then have the employee pay the company back 50 percent through payroll deductions for up to six months.

Ogden usually waits until education offerings like IREM courses are in the Milwaukee, Madison or Chicago area before enrolling employees, to cut down on travel expenses. The company also has hosted a multitude of lunch and learns and other classes at its offices.

"It is a more cost effective way to do it," Crawley said.

In-house training opportunities and career development experiences also help retain associates interested in furthering their careers. Ogden has a no-cost mentoring program whereby an employee who excels in a particular area or property type will counsel an employee new to that area within the field—giving that person additional training.

Both Blankenship and Crawley said offering education and training doesn't just benefit their companies in the form of having more knowledgeable employees, but it empowers their employees so they can make more independent decisions and essentially run properties on their own.

"We know they have the knowledge and skills to do their jobs, and they will prosper with more free reign," Crawley said. "We obviously can't control the economic environment, but we can give them more control over their job and how they do their job."

**DON'T KEEP INCENTIVES A SECRET**

All these efforts will be in vain, however, if management doesn't communicate from the top-down that their employees are a priority, and therefore these policies and incentives are priorities.

"We always have to communicate the benefits, as property management is a demanding field, and it's important to us to let our team know how much they are valued and appreciated," Crawley said.

She said Ogden communicates about benefits regularly through employee orientations, company e-mails, its intranet site and discussing them at meetings. It also provides team members with a referral card detailing all of the referral fees that are available.

"It's always really important to communicate, regardless of the economic situation, and it's one of my goals to make sure that the messages are communicated accurately, effectively and often," she said.

Milestone has an internal Facebook page for its employees, as well as an e-newsletter, whereby they share human interest stories about associates, information about rewards programs, innovative ideas about managing properties from managers around the country and tips or advice regarding a variety of professional issues.

Blankenship said the communications help to build community, generate buzz about the company and its initiatives, and help employees feel connected to the organization. Lamberti said communicating can put employees at ease during tumultuous times, and in the end benefits the company more than anyone else.

"Honesty and transparency in these times is important," Lamberti said. "Ownership needs to communicate that while everyone might have to buckle down and work hard for 12 months, the company will come out better and stronger. People will work hard to get through the tough times if they know the company is going to take care of them."

---

Kristin Gunderson Hunt is a contributing writer for *JPM*. If you have questions regarding this article or you are a member interested in writing for *JPM*, please e-mail Mariana Toscas Nowak at mnowak@irem.org.
Real estate managers can provide potential solutions for key issues at troubled properties

By Richard Muhlebach, CPM®
The real estate industry is expecting an onslaught of troubled properties over the next several years. As a result, property managers and leasing agents will be required to manage as well as market and lease these properties with the goal of increasing their income and enhancing their values.

To do this, they will have to address time and rate problems—issues just about every troubled property experiences. The time problem suggests the property has taken longer to lease than projected. The rate problem suggests the achieved rental rates are below the projected rates.

Consequently, the property's income is less than projected, concessions must be offered and a high vacancy exists. This often results in lowering standards to qualify tenants and reducing maintenance standards. This in turn tarnishes a building's reputation and often causes owners to go through frequent changes of management companies and leasing agents. The property typically has a serious cash flow problem at this point.

To mitigate any long-term damage stemming from time and rate problems, real estate managers must identify, understand and address these problems' causes as quickly as possible to reposition an underperforming property.

A CLOSER LOOK

A property's time and rate problems may be caused by a number of factors, including: 1) a poor market, meaning an excess of space on the market, and/or a weak or recessionary economy; 2) a property is overpriced because the owner perceives it to be more valuable than the market perceives; 3) management problems, whereby residents or commercial tenants may not be treated well, or an excess of deferred maintenance exists because the property has been neglected; or, 4) poor leasing because of inaccurate target marketing.

Solving these problems requires analysis similar to the analysis needed to develop a management plan for a property. In particular, a property manager must evaluate the property's operations, marketing and leasing efforts, and target market.

Reviewing the property's operations entails evaluating whether the right management team is in place; assessing the property's policies and procedures and whether they are being followed; inspecting the property for deferred maintenance and needed capital improvements; determining whether the property has a resident or commercial tenant retention program; and reviewing the property's budget from a zero base budget analysis.

A closer look at the marketing and leasing plan and its execution should reveal whether the right marketing and leasing team is in place. If the team appears burnt out on the property or is not executing strategic marketing and leasing tactics, perhaps hiring a new group would be valuable.

Reconsidering a property's potential target market involves analyzing the property's neighborhood, trade area or micro-market to determine whether the building should continue to be marketed to the same prospects or targeted to different prospects.

For instance, perhaps the demographic and psychographics of the area have changed since the building was developed and the marketing and leasing plan was established. The resident profile might have shifted from families to empty nesters and single people or the reverse. Residents' income levels could have changed. Maybe the area is more or less desirable than a few years ago. New buildings might have made older buildings obsolete.

The property manager must also conduct a market survey to determine how the property compares to the competition and its position in the market. The survey will provide the market information needed to recommend the range of rental rates the property should be able to achieve. Each space or unit is priced based on its location, size, features and other attributes. If it is determined the property should be targeted to a different market or use, a second market survey should be conducted for the alternative market or use.

>> continued on page 38
IN THE LAP OF LUXURY

By Kristin Gunderson Hunt

AMO Firm repositions failing luxury condo building as a thriving luxury apartment community

No one knows the woes of repositioning a troubled property like Jesse Holland, CPM, and president of Sunrise Management and Consulting, AMO, in Albany New York.

In less than a year’s time during 2010, Sunrise transformed a new 52-unit luxury condominium complex in Glens Falls, N.Y., that the developer deeded back to its lender in lieu of foreclosure after not pre-selling or selling a single unit. The project was built and hit the market during the real estate collapse.

Hired by the lender to reposition the property, Sunrise converted the Mill of Glens Falls into luxury apartments commanding rent between $1,300 and $3,000. The complex is 95 percent leased with a waiting list in place. Sunrise’s success was no accident, though, Holland said.

“It’s not an accident when things go right,” he said. “Planning and doing the right thing make the difference.”

Just like other troubled assets, the Mill of Glens Falls required the management team to analyze the building’s operations, target market and marketing and leasing plans to determine how to improve the building’s position.

Converting the condos to apartments was logical because the building was already designed for living use, but clearly couldn’t sell as condos. A lack of luxury apartments in the area also made the conversion a suitable alternative.

Holland said because the Mill was new, operations weren’t much of a concern. Among other things, the building’s systems were obviously in good shape, and tenant relations didn’t need improving because there were no tenants.

So the management team focused on the target audience and market and leasing. Evaluating the target audience led Sunrise to realize it could expand its prospective tenant pool by marketing to a wider geographic area.

“It was a unique product to the area,” he said. “There was nothing similar. It was a strong enough product to pull [residents] from a larger area.”

The management team then increased the property’s appeal primarily through electronic media marketing efforts.

Additionally, the management team struck a deal with the furniture company that had been renting furniture to the initial investors for staging purposes. Hauling all the furniture away would have been expensive for the rental company, so it willingly sold Sunrise the $25,000 worth of furniture already on location for $7,000.

To spruce up the building’s hallways, Sunrise teamed up with local artists and turned the corridors into art galleries, creating a home-like environment that appealed to potential renters.

Maybe most important, the company had to address the stigma attached to the building. The initial condo project had prominence within Glens Falls: Its failure did not go unnoticed by local residents.

“We worked very hard with the local community to make sure we connected with them and had them invested in the success of the project,” Holland said.

Ultimately, Holland said careful analysis, as well as experience, are helpful when it comes to repositioning a troubled asset.

“You have to know the strengths of your organization,” Holland said. “We were very comfortable in this position because we’ve turned around other properties before. We had a game plan in our play book and confidence in ourselves.”
New owners perceive value or potential in their newly acquired properties, and usually have the wherewithal to reposition those properties.

ADAPTATION

Analyzing the time and rate problems concludes with a comparison of alternative solutions, which include doing nothing; implementing a new management, marketing and leasing program; renovating the property; repositioning the property within the existing use; and an adaptive use.

Adaptive use has become an especially popular option of late for multiple reasons. First, candidates for adaptive use projects are often in great locations. Also, when compared to new construction projects, they typically involve shorter entitlement and permitting processes; they cost less because all or part of the existing building may be retained, thus reducing or eliminating demolition costs and lowering construction costs; and community groups typically object less to such projects.

The possibilities for adaptive use projects are many. For example, an older office building may have floor plates too small for most tenants to operate efficiently. However, office buildings in good to great locations with small floor plates may be candidates for conversion to apartments or condominiums. Office buildings in central business districts have also been converted to hotels.

For the past few years, tens of thousands of apartments have been converted to condominiums. But today, many condominiums—both old and new—are being converted back to apartments (see sidebar on page 37).

Single anchored regional malls have been converted to power centers and lifestyle centers. Usually when this occurs, the anchor or anchors’ buildings are left in place, and the rest of the mall is demolished. New retail space is developed to meet the space requirements for box stores that go into power centers, or for upscale retailers and restaurants found in lifestyle centers.

When adaptive use appears to be the solution to time and rate problems, it’s important to remember the property still must be zoned for the new use or a variance needs to be obtained.

TAKING THE REIGNS

In addition to how a property will be repositioned, who will reposition a property needs to be determined. Three types of candidates have the opportunity to reposition properties: current owners, lenders and new owners.

Current owners might not have the available funds to reposition their properties and are also possibly unable to raise enough capital to do so. Restructuring their properties’ loans or obtaining new ones might prove challenging. Current owners might not want to take the risks involved with repositioning their properties, especially if repositioning them as adaptive uses.

However, even if a current owner is not willing to reposition his or her property, he or she may still have an analysis completed and provide it to potential buyers to demonstrate the potential for the property.

Lenders generally are not willing to take the risk to reposition a property because of all the work that goes into enhancing its value before a sale. They often prefer to dispose of the property as is.

New owners, however, are actually the most likely candidates to reposition properties. They perceive value or potential in their newly acquired properties, and usually have the wherewithal to reposition those properties.

Regardless of who is left with the task of repositioning a property, it is a property manager’s responsibility to have a handle on the property’s time and rate problems so he or she can develop meaningful solutions to take the property in a new direction.

Richard Muhlebach, CPM, CRE, SCSM, RPA, (rmuhlebach@comcast.net), is an author, educator, commercial broker, expert witness and consultant. He was IREM’s 1998 national president and had served on its faculty since 1981 and co-authored several of its publications.
DO YOU HAVE AN EXIT STRATEGY?

Planning how to get out of an investment is as important as getting into an investment by Greg Martin, CPM Emeritus, and Michael Gilmartin
Ironically, an “exit” strategy for a multifamily real estate asset should be planned and discussed upon its purchase—not simply when the timing is thought to be right. Planning how and when to dispose of a property is critical to maximizing an investor’s profit.

The old adage, “sell when the market is right,” can be difficult to determine. In fact, if an owner waits until it “feels right” to divest, the asset’s peak value may have already crested, and the owner will have to wait until the next cycle to reap the same rewards.

Owners should understand the properties they’re investing in and the investment classes they intend them to be. They should set goals for the property as soon as possible; establish benchmarks that need to be reached; and be prepared to pull the trigger when the parameters of their financial plan are met.

Additionally, it’s important that real estate managers recognize their owners’ investment objectives, so they can help owners meet their exit strategy goals.

**A STRATEGY’S CORE**

Real estate investors typically pursue one of two basic investment strategies—core and non-core. Core investments are typically described as institutional grade, low risk/low yield assets, whereas non-core investments involve greater risk.

Core properties include “Class A” products located in quality, stable locations that require little new capital investment. A core investment is typically purchased based on replacement cost, minus discounts such as risk and market volatility.

Investors are willing to accept lower returns (9 to 11 percent leveraged) in return for stable cash flows to distribute to the partnership. Core purchases are typically held for longer periods, like 10 or more years, and are called institutional grade properties.

Core-plus investors are willing to take on an element of risk in order to achieve higher returns than those investing in core strategy properties. Core-plus properties are the next level below investment grade. They are likely more than 10 years old, but are situated in excellent locations. The hold period for core-plus investments is typically 7 to 10 years.

Non-core investments involve medium- to high-risk strategies that target higher levered returns (14 to 18 percent) than the core strategies. Non-core investors aim to add value through capital or management improvements and then sell the asset to lock in the gains.

The typical hold period for non-core investments is 3 to 7 years. The shorter hold period is indicative of the owner’s need to sell the asset immediately after the net operating income increases because extended time periods drop the yield per year.

<table>
<thead>
<tr>
<th>INVESTMENT STRATEGIES</th>
<th>LEVERAGED RETURN EXPECTATION</th>
<th>LEVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CORE STRATEGY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core</td>
<td>9-11%</td>
<td>50%</td>
</tr>
<tr>
<td>Core-Plus</td>
<td>11-14%</td>
<td>60%</td>
</tr>
<tr>
<td><strong>NON-CORE STRATEGY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value-Add</td>
<td>14-18%</td>
<td>70%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>18-30%</td>
<td>75%+</td>
</tr>
</tbody>
</table>
IT’S IMPORTANT THAT REAL ESTATE MANAGERS RECOGNIZE THEIR OWNERS’ INVESTMENT OBJECTIVES, SO THEY CAN HELP OWNERS MEET THEIR EXIT STRATEGY GOALS.

DOING DUE DILIGENCE

Keeping in mind that investors should be thinking about selling their assets even at the time they are buying them, they need to perform due diligence to ensure potential investment properties will be able to fulfill their exit strategy goals.

For all investment grade properties, the due diligence team should utilize a checklist to determine the physical condition of a property or its systems.

This analysis should include areas of physical obsolescence like roof replacement, siding and carpets, as well as plumbing, HVAC and any mechanical systems. An estimated life for each item should be plotted on, at minimum, a ten-year capital project schedule.

Evaluating non-core assets must be taken a step further, taking into account value-add opportunities. This type of process is a bit trickier. Investors must determine which areas or systems can be improved to achieve rent premiums or to reduce economic vacancy.

This analysis might lead to enhancing common areas, amenities, landscaping, or perhaps even management systems. Improvements should be justified by achieving a higher effective gross income level following the enhancements via rent increases or reducing the vacancy and/or concessions at a property.

Submarket rent studies must be completed to determine the appropriate rent positioning for a property after the improvements are complete. Ideally, newer assets in the submarket will establish a clear rent ceiling, as well as other communities of a similar vintage that achieved rent increases for similar improvements. A demographic trend analysis should be included in any value enhancement strategy.

Unfortunately, determining this will be akin somewhat to crystal-ball gazing. An accurate, well prepared marketing plan that demonstrates what similar properties are receiving in increased rent for the aforementioned improvements can help, though. Demographic trends and the subsequent predictions of future needs should be included when interpreting the future for any marketing trends.

Finally, another capital cost has recently been thrown into the mix in real estate, which entails “going green.” Although some green initiatives may have a simple payback, most do not provide enough savings to justify the investment. Government subsidies, changes in renters’ expectations and demands, and investors’ attitudes toward green initiatives can make these investments more economically feasible.

WHEN TO LET GO

Part of the due diligence process is mapping out the right time to exit—whether that means selling or changing the strategy.

Core investors should consider exiting an investment when they have achieved or outperformed their expected return levels and can lock in performance fees; the capital cost to maintain the “Class A” status is unfeasible due to functional and/or economic obsolescence at the property; and if an opportunity to convert the property to a higher and better use arises, such as converting apartment units to condominiums.

Core-plus investors should consider selling or refinancing their investments when they have achieved or outperformed their expected return levels. They should also consider exiting if major capital projects are forthcoming but will not realize an increase in rent because of changing market conditions, like a flattening or drop in revenue projections.
Because non-core assets are usually held for a short time anyway, the exit strategies for such investments are typically less about when to dispose of a property and more about how to quickly create a higher value for the property—often through conversion.

Investors often consider conversion of multifamily rental apartments to condos or specialty uses like student housing, senior or assisted living, or another alternative real estate use that creates economic value.

Prior to three years ago, the most successful and common exit strategy was condominium conversion, whereby investors prepare an analysis of what they can sell the apartments for, given various scenarios of upgrades; determine their expenses; and then forecast their profit.

Investors must determine the projected sales price they might obtain from another investor or converter, and whether doing the conversion themselves would be most profitable or even possible, considering their skill sets.

Sale velocity is one of the major risks when completing a conversion. The slower the sale velocity, the higher the carry costs or interest expenses, which decreases profits.

**ACROSS THE BOARD**

Regardless of investment class, investors contemplating an exit of the market always need to be cognizant of the economy, particularly in their region, and how it might influence their profit margin. They should consider having a backup plan in case economic factors like new supply; interest rate spikes; or a recession hurt their net income.

Empirical data, along with experience and gut instinct, should be used to accomplish a profitable exit strategy. Divesting real estate is similar to knowing when to get out of the stock market: There are no absolutes but you can make logical conclusions.

---

Greg L. Martin, CPM® Emeritus, vice president, Draper and Kramer, Inc. [left]
Michael Gilmartin, assistant vice president, Draper and Kramer, Inc. [right]

Draper and Kramer, Inc., is a property and financial services firm in Chicago.

If you have questions regarding this article or you are a member interested in writing for J/PM®, please e-mail Mariana Toscas Nowak at mnowak@irem.org.
In spite of the economic downturn, the IREM® Foundation continues to be a reliable, funding resource for the Institute as well as current and future real estate management professionals. Although contributions were down significantly, the Foundation still managed to accomplish its mission of workforce development by supporting education and research projects that align with the Institute's goals and bolsters industry growth.

Here are a few highlights from 2010:

• The Institute published the third edition of Valuing a Property Management Company research study through grant funding provided by the Foundation.

• The IREM® Job Analysis was made possible by a contribution from the Joseph T. and Barbara Aveni Fund and the IREM® Foundation. The Job Analysis is currently being used in several course revisions and program content development.

• The IREM® Foundation Scholarship Program gave 84 people an opportunity to attend over 150 IREM® courses.

We hope we can count on every member of the organization to help us accomplish our goals this year. Remember, the cycle of giving starts with you. Your generosity is directly linked to the success of our endeavors.

Every dollar is important to us and it truly does make a difference! No amount is too small.

Please make a contribution today...
Visit www.iremfoundation.org
UNLEASH THE POTENTIAL OF YOUR PROPERTY WITH THE NEW IREM INCOME/EXPENSE ANALYSIS® SYSTEM

by Matthew O’Hara, Income/Expense Analysis Manager
IREM HAS UNVEILED A STATE-OF-THE-ART INCOME/EXPENSE ANALYSIS SYSTEM, PROVIDING INSTANTANEOUS STATISTICAL DATA TO REAL ESTATE PROFESSIONALS LOOKING TO OPTIMIZE THEIR PROPERTY’S PERFORMANCE IN THE MARKETPLACE. This innovative system—including a decade of contributor data in five property categories—allows users to compare their data to industry benchmarks so they can ultimately decrease operating expenses and tap into potential income streams.

MONITOR THE LIFESPAN OF YOUR PROPERTY
For over a half century, the Income/Expense reports—consisting of operating data from conventional apartments; office buildings; shopping centers; condominiums, cooperatives, and planned unit developments; and federally assisted apartments—have been a valuable tool with a wide range of applications. Designed to function throughout the property’s lifespan, this system supplies users with income and expense trends that can be used in budgeting their property—whether under development or already in full operation—or for preparing feasibility studies on contemplated developments.

A DATA LOVER’S DREAM
In an effort to improve upon feedback we received from our contributors about the previous system, IREM, along with a team of experts, designed a more efficient, flexible and secure system—free of software licenses and extraneous maintenance costs—that streamlines and heightens the user experience with availability 365 days a year, 24 hours a day. With unlimited access to over ten years of data, sorted by 100 customizable line-item variables, the new system greatly improves the online experience for contributors and purchasers alike.

WITH THE NEW INCOME/EXPENSE ANALYSIS ONLINE LABS, USERS CAN:
• Create personalized reports with 10 years of data to compare data to their portfolio
• Refine operating strategies by benchmarking data with over 100 instantly customizable line-item variables
• Make at-a-glance data comparisons by property type, year, line item and location
• Build and tweak budgets throughout the year with unlimited access
• Confidently relay precise metrics and trending data to owners, investors and tenants

THE INTERACTIVE ONLINE EXPERIENCE
After logging in to the site, users will be provided with a list—including metro, regional and national trends, ownership, turnover and other special reports—to select from, based on the book type they purchased.

Then, users can build a personalized report by selecting specific criteria, including their preferred metro category, from a drop-down menu. Up to 10 years of trending data is available and can be selected in single- or multiple-year increments. Users can also sort data by building type (high-rise, low-rise or garden), by field (median in dollars per square foot, median of dollars per unit, or high and low quartiles for percentage of gross possible income), and by other qualifying criteria (age, size, rental range and building type). Whether users choose to sort by selecting all available line items or by assorted individual line items, their resulting report is available instantaneously and downloadable to Excel, making benchmarking and examining trends faster and easier than ever before.

TINKER AWAY IN THE CONTRIBUTOR WORKBENCH
The first phase of the new system, the contributor workbench, was launched in February 2010 and will be unveiled this January for 2011 submissions. Property managers, owners and investors, in return for submitting their data, will receive a free book and Individual Building Report—now downloadable—which is a comparison of their property to others in their city, region and country. In addition, contributors will benefit from the following:
• Step-by-step instructions, including pop-up help boxes with definitions
• Streamlined shopping center form, eliminating multiple clicks and screens
• Access to previously reported contributor data together with variance warnings that pop up if figures are significantly different from the previous year
• Personal login, reset password, contact us, download forms options on the homepage
• Video demonstrations featuring in-depth explanations of the submittal and contributor processes
• All new line-item variables and reports including: green buildings survey, concessions line-item for conventional apartments, tenant improvements for shopping centers,
This report which covers a sample of 285 green office systems and utility savings. Various certifications and achievement levels of green buildings, tracking the percentage of buildings that made modifications to their energy-efficient systems, renewable energy use and water management.

**SIDE-BY-SIDE COMPARISONS REPORT**
Available in all five property types, this report displays side-by-side comparisons of both green and non-green buildings, tracking the percentage of buildings that made modifications to their energy-efficient systems, renewable energy use and water management.

**UTILITY REPORT**
Users can see the savings of green modifications to office buildings through a utility cost comparison of green versus non-green office buildings.

To order, go to www.irem.org/2010IE or call (800) 837-0706, Ext. 4650.
Are you searching for best practices for managing your real estate management company?

Suggestions for operating your company more efficiently and more effectively?

Insights into building and sustaining a competitive advantage?

If so, you'll want to read BEST PRACTICES: REAL ESTATE MANAGEMENT SERVICE, developed by the IREM® Industry Standards Board.

This practical guide is filled with insights to guide management company executives responsible for providing real estate management services to others. Usefully organized around four categories, Best Practices can serve as a handy checklist for benchmarking your company's operations:

- The management company – 15 best practices covering such topics as company formation, policies and procedures, corporate recordkeeping, and company ethics
- Client relations – 10 best practices running the gamut from identifying client objectives to disclosure
- Management of the property – 21 best practices that hit on the management plan, routine and preventive maintenance, handling insurance claims, and property staffing
- Tenant/resident relations – 6 best practices ranging from lease agreements to customer service

Member Price: $27.96
Regular Price: $34.95
SKU: 785

Get your copy at www.irembooks.org!
NEW IREM LEADERS ANNOUNCED FOR 2011

Take the opportunity to read more about the new officers and regional vice presidents who were installed at IREM iCon in Orlando, Fla., last October.

IREM OFFICER BIOGRAPHIES

PRESIDENT

Ronald Goss, CPM, is president of RPM Management Co., Inc., AMO, and is a senior vice president, a director and secretary of RPM Management’s parent company, Rector Phillips Morse, Inc. Both companies are located in Little Rock, Ark.

Goss’s areas of responsibility include leasing and managing commercial/retail, condominium, and office building properties. He is a long-time member of IREM Arkansas Chapter No. 64 and has held numerous leadership positions with the chapter, including that of president. In 1986, he was honored as the chapter’s “CPM of the Year.”

PRESIDENT-ELECT

James A. Evans, CPM, is a senior executive with two companies in Grand Blanc, Mich. He is president and CEO of Bruce G. Pollock & Associates, Inc., Realtors, responsible for the commercial, residential and property-management divisions of the company. He also is president and CEO of KEB Investments, a real estate development company, with responsibility for acquiring, leasing and managing all of the company’s properties.

Evans earned the CPM designation in 1998 and has held numerous positions with IREM Michigan Chapter No. 5, including chapter president. Nationally, he has served as a regional vice president and as a member of several committees.

SECRETARY/TREASURER

Elizabeth H. Machen, CPM, Elizabeth (Beth) Machen, CPM, is the President of the Charlotte, N.C.-based Machen Advisory Group, Inc., responsible for overseeing the firm’s portfolio of office, retail, mixed-use, showroom and industrial properties in the Carolinas.

Machen’s expertise is far-ranging and includes property takeovers, rehabs, stabilizing properties, analyzing property performance for prospective buyers, and serving on due diligence teams. She also specializes in disaster and emergency training, as well as serving as the LEED AP on several LEED projects.

Machen earned her CPM designation from IREM in 1996 and has held numerous positions with IREM Western North Carolina Chapter No. 40, where she served as president in 1999 and was honored as the chapter’s “CPM of the Year” in 2000.

RVP BIOGRAPHIES

REGION 1 VICE PRESIDENT

Robert Winder Nordblom, CPM, of Groton, Mass., serves as the 2010-2011 Regional Vice President for Region 1. During his two-year term, he has oversight for the activities of IREM chapters in Massachusetts, Connecticut, Maine, New Hampshire, Rhode Island and Vermont.

Nordblom is executive vice president of Boston-based Nordblom Company, founded in 1924 by his great grandfather, and oversees the company’s multifamily assets and corporate technology and property insurance activities, as well as its accounting and human resources departments.

Nordblom earned the CPM designation in 1990 and has served in many leadership positions with IREM Boston Metropolitan Chapter No. 4, including president. He is also a member of the IREM Governing Council and the Audit and Legislative Committees.

REGION 2 VICE PRESIDENT

Alfred O. Ojejimmi, CPM, FRICS, of East Brunswick, N.J., serves as the 2011-2012 Regional Vice President for Region 2. During his two-year term, he...
has oversight for the activities of IREM chapters in New Jersey, New York, Delaware and Pennsylvania.

Ojejinmi is the founder, president and chief executive officer of Presbeuo Group, Inc., and Presbeuo Real Estate Services, Inc., a full-service real estate management company headquartered in East Brunswick. He also is the founder and CEO of the Presbeuo Leadership Institute, a leadership consulting, business coaching, and mentorship tutoring company. He has more than 22 years of diverse real estate experience, both nationally and internationally, in property management, facilities management, valuations, project management, and feasibility and viability studies.

Ojejinmi earned his CPM designation in 2003 and has been active in IREM both locally and nationally. He has held leadership positions with IREM New Jersey Chapter No. 1, including president. He was recipient of the chapter's "CPM of the Year" award in 2010 and currently serves on its executive committee.

**REGION 3 VICE PRESIDENT**

Vera C. McPherson, CPM, ARM, of Williamsburg, Va., serves as the 2011-2012 Regional Vice President for Region 3. During her two-year term, she has oversight for the activities of the six IREM chapters in Virginia, Maryland and the District of Columbia.

McPherson has more than 14 years of experience with Williamsburg, Va.-based W.H.H. Trice and Co., where she is responsible for overseeing the company's commercial portfolio of more than 400,000 square feet of office, retail, mixed-use and industrial space.

McPherson has long been active in IREM Virginia Tidewater Chapter No. 39, and has held several leadership roles with the chapter, including president of the chapter's executive council. She was honored with the chapter's "CPM Candidate of the Year" award, its "ARM of the Year" award, and is a two-time recipient its "CPM of the Year" award.

Nationally, McPherson has served as chair of the IREM Diversity Advisory Board, and as a member of its Membership and Credentialing Committee and Governing Council.

**REGION 4 VICE PRESIDENT**

Kevin Grail, CPM, of Winter Park, Fla., serves as the 2010-2011 Regional Vice President for Region 4. During his two-year term, he has oversight for the activities of the five IREM chapters in Florida and Georgia.

President of Strong Management, Inc., Winter Park, Grail has over 23 years of industry experience and specializes in multifamily management of market rate apartments as well as project-based Section 8 communities.

Grail has served in many leadership positions with IREM Central Florida Chapter No. 60, including president. He was honored as the chapter's "CPM Candidate of the Year" in 2006, "CPM of the Year" in 2007, and currently serves as its chair of the Minority and Student Outreach Committee. Grail has also been vice chair of the IREM Industry Standards Board and a member of the Advisory Board of JPM®.

**REGION 5 VICE PRESIDENT**

Chip Watts, CPM, CCIM, of Birmingham, Ala., serves as the 2011-2012 Regional Vice President for Region 5. During his two-year term, he has oversight for the activities of IREM chapters in Alabama, Arkansas, Louisiana and Mississippi.

Watts is President, qualifying broker and executive CPM for Birmingham, Ala.-based Watts Realty Co., Inc. and its subsidiaries. During his tenure with the firm, Watts earned his CCIM and CPM designations, and was honored with the Centennial Award from the Birmingham Regional Chamber of Commerce and the AMO accreditation on behalf of the company. In addition, Watts served as the 2009 President of the CCIM Institute's Alabama Chapter and as the 2008 President of IREM Alabama Chapter No 43. He was honored by the Birmingham Association of REALTORS with its "REALTOR of the Year" award. He is now secretary of that organization and director of his local and state real estate associations.

In addition to his current service with IREM as a regional vice president, Watts is chair of the IREM Chapter Leadership Forum, its AMO Task Force, and is a member of the IREM Governing Council.
REGION 6 VICE PRESIDENT
Mary (Kris) Moore, CPM, CCIM, of Indianapolis, Ind., serves as the 2011-2012 Regional Vice President for Region 6. During her two-year term, she has oversight for the activities of IREM chapters in Indiana, Kentucky, Michigan, Ohio and West Virginia.

Moore's responsibilities at Cassidy Turley include overseeing a team of real estate managers and support staff responsible for approximately two million square feet of office assignments located in Indiana, Kentucky and Ohio. She is a three-time recipient of the Indianapolis Cassidy Turley "Property Manager of the Year" award and was honored with "CPM of the Year" in 2005. Prior to joining the firm, she spent 16 years as a Certified Public Accountant (CPA) specializing in both the private and public sectors of the commercial real estate industry.

In addition to the CPM designation, Moore holds the Commercial Investment member (CCIM) designation, and has held numerous leadership positions in IREM Indianapolis Chapter No. 24, including president in 2007 and 2008. She is currently as a member of the Membership Committee.

REGION 7 VICE PRESIDENT
Jeffrey I. Burck, CPM, of Sugar Land, Texas, serves as the 2010-2011 Regional Vice President for Region 7. During his two-year term, he has oversight for the activities of the seven IREM chapters in Texas and Oklahoma.

Burck is a property manager with Brookfield Properties, Houston, and has more than 20 years of industry experience managing office, retail and industrial properties. In addition to his CPM designation, Burck holds the Real Property Administrator (RPA) credential from the BOMI Institute a Texas real estate broker's license.

Burck has served in numerous leadership positions with IREM Houston Chapter No. 28, including president. Recently, Burck received the chapter's "Jeff Williford Award of Excellence."

REGION 8 VICE PRESIDENT
Benjamin R. Forsyth, CPM, of Salt Lake City, Utah, serves as the 2011-2012 Regional Vice President for Region 8. During his two-year term, he has oversight for the activities of eight IREM chapters in Nevada, Utah, Colorado, Arizona and New Mexico.

Forsyth is vice president of Westerra Realty and Management, Salt Lake. His responsibilities include directing both the financial and daily operations of more than 1.5 million square feet of retail, office and industrial property throughout Utah. He has been active in IREM since 2004 and has served as president of IREM Utah Chapter No 33. On the national level, Forsyth served on IREM's Student Outreach Committee and was a member of the 2010 IREM iCon Advisory Board.

REGION 9 VICE PRESIDENT
Deborah J. Ho-Beckstrom, CPM, of Apple Valley, Minn., serves as the 2010-2011 Regional Vice President for Region 9. During her two-year term, she has oversight for the activities of IREM chapters in Minnesota, Wisconsin and Illinois.

Ho-Beckstrom is the chief executive officer of Community Association Group, Inc. in St. Paul, Minn., a property management and consulting firm that specializes in common interest communities. She is also a licensed real estate broker in Minnesota.

Ho-Beckstrom earned her CPM designation in 1987 and has held many leadership positions with IREM Minnesota Chapter No. 45, including president. She was honored with the chapter's President's Award in 2003 and its "CPM of the Year" award in 2004.

REGION 10 VICE PRESIDENT
M. Andrea May, CPM, serves as the 2010-2011 Regional Vice President for Region 10. During her two-year term, she has oversight for the activities of IREM chapters in Iowa, Kansas, Nebraska, Missouri, North Dakota and South Dakota.
May is vice president of investor services for Colliers Turley Martin Tucker, AMO, in St. Louis, where she is responsible for a 223-million square foot industrial portfolio located on the West Coast and the Southwestern United States, and is the liaison between asset managers and on-site property managers serving the portfolio.

May has held numerous leadership positions in IREM Tidewater Chapter No. 39 and IREM St. Louis Chapter No. 11, including St. Louis chapter president in 2007 and 2009.

**REGION 11 VICE PRESIDENT**

Shannon E. Alter, CPM, of Santa Ana, Calif., serves as the 2011-2012 Regional Vice President for Region 11. During her two-year term, she has oversight for the activities of nine IREM chapters in California and Hawaii.

Alter is the principal of the Alter Consulting Group, Santa Ana. With over 25 years of experience, she is an expert in the management, operations and leasing of shopping centers and office buildings—both regionally and nationally—handling a 34,000,000-square foot portfolio.

Alter earned her CPM designation in 1990 and has taught courses both nationally and internationally in Russia, Ukraine, China and South Korea. She now serves as a National Faculty Member for IREM and the American Management Association (AMA), and is a speaker for a wide variety of national associations. She has authored over two dozen articles, and her column, “Marketing Solutions” appears regularly in *JPM* as well as two books, *Strategies for Working with Small Tenants* (2009), and *Say it with Success: Foolproof Ways to Improve Your Presentation Skills* (2010).

**REGION 12 VICE PRESIDENT**

Laura A. Cantrell, CPM, of Anchorage, Alaska, serves as the 2011-2012 Regional Vice President for Region 12. During her two-year term, she has oversight for the activities of IREM chapters in Alaska, Idaho, Montana, Oregon, Washington and Wyoming.

Cantrell is a broker with Wiley Brooks Co., Inc., Anchorage, where she oversees the leasing, management and day-to-day operations and maintenance of office, retail, warehouse, and office and medical condominium properties for a select group of clients. Her duties also include project management and oversight of tenant and capital improvements as well as monitoring real estate contracts and leases.

Cantrell has long been active in IREM Alaska Chapter No. 97, and served as chapter president from 2005 to 2007. The chapter honored her in 2005 and 2006 as its “CPM of the Year.”

**REGION 13 VICE PRESIDENT**

Debra K. Owings, CPM, of Memphis, Tenn., serves as the 2011-2012 Regional Vice President for Region 13. During her two-year term, she has oversight for the activities of IREM chapters in North Carolina, South Carolina and Tennessee.

Owings is president of Retail Management Services Co., Memphis. She has more than 25 years of industry experience managing real estate and specializes in commercial asset management. She earned her CPM designation in 2004 and has held many leadership positions in IREM Memphis Chapter No. 20, including president. In 2007 she was honored with the chapter’s “President’s Award.”

**REGION 14 VICE PRESIDENT**

Sandra Lynn Caputo, CPM, of Winnipeg, Manitoba, Canada, serves as the 2011-2012 Regional Vice President for Region 14. During her two-year term, she has oversight for the activities of the eight IREM Canadian chapters.

Caputo has been employed by the city of Winnipeg for the last 24 years in the planning, property and development department. She currently serves as a leasing officer in the real estate division, managing properties for civic accommodations.

In addition to earning her CPM designation in 2008, Caputo played a significant role in the formation of the IREM Council No. 114 in Winnipeg, serving as a past Chair of the Council. She has also served as a board member of the Real Estate Institute of Canada (REIC) and as president of the Real Estate Institute of Manitoba.
IREM RESEARCH PUBLICATIONS REVEAL CONSISTENT TRENDS

The results are in from the IREM 2010 Profile and Compensation Studies of Certified Property Manager Members and Accredited Residential Manager Members. Every couple of years or so the IREM Research Department conducts surveys of its members to gather useful data on compensation and various demographic information. Below are highlights from each of the new studies.

**CPM MEMBERS, CANDIDATES**

*Profile*
As in past studies, the average age of CPM respondents is 50 years, with men comprising 49 percent of CPM Members but with women comprising 60 percent of current CPM Candidates. College education, those with at least an undergraduate degree, in addition to IREM coursework, is at about 66 percent for CPM Members and Candidates. CPM Members surveyed typically hold executive or property manager/supervisor roles and supervise a staff of 44 employees.

*Compensation and Benefits*
CPM Members in the study earn a median total compensation of $101,250, which includes a base salary for property management and additional real estate income from sales and leasing commissions. Numerous fringe benefits were reported and most frequently include paid vacation days, holidays, medical insurance, sick days, cell phones and professional association dues. CPM Members in the Pacific Coast, Northeast and Mid-Atlantic states earned the largest total compensation.

Remuneration typically increases with years of experience, level of education and age. CPM respondents who are owners, partners, presidents or CEOs report receiving greater compensation than other respondents. CPM Members who work for investment companies typically receive higher compensation than those who work for other types of employers. CPM Candidates who work for REITs were the best compensated.

**ARM MEMBERS**

*Profile*
The average ARM respondent is 44 years old, with women comprising 77 of the membership. A majority of respondents (55 percent) work for a property management firm and 9 percent for not-for-profit management companies/agencies. Most (94 percent) have supervisory responsibilities and manage a median staff of seven employees, which includes site managers, management office personnel, security guards, maintenance staff and recreational personnel. About 57 percent of ARM Members have some college education, and 30 percent hold an undergraduate or graduate degree.

*Compensation and Benefits*
The average total annual compensation for an ARM respondent is $62,074, which includes a mean base salary of $55,480, plus rental discounts and other real-estate-related income. A wide array of fringe benefits are offered to ARM respondents, with paid vacation days, holidays, sick days and medical insurance being the most common. Total compensation and average salaries are highest among those in the Northeast and Mid-Atlantic states.

Compensation generally increases with experience, higher levels of education, and type of properties managed. Those who manage conventionally financed apartments and affordable/public housing have the highest average total compensation, whereas those managing senior housing earn the least. Those working for REITs have the highest average total compensation. Larger portfolio size and number of employees managed also positively impact compensation.

These studies are available for purchase in the IREM bookstore at www.irembooks.org or by calling 800-837-0706, ext. 4650.
Activity of IREM Ethics Boards at 2011 IREM iCon in Orlando

The Ethics Inquiry Board reviewed three new complaints. The first complaint was dismissed as not being an ethical violation and the second complaint will be investigated. In the third complaint, a member's CPM status will be terminated as the CPM pled guilty in U.S. District Court to engaging in a scheme to conceal material information from the Federal Election Commission (FEC), and witness tampering. Under the IREM bylaws, the Ethics Inquiry Board may terminate status when a member is convicted of a crime.

One hearing was conducted by the Appeal Board. The Hearing and Discipline Board terminated the membership status of a CPM Member who is the owner of a property management firm. The Complainant, who was the President of an HOA, alleged the CPM Member failed to provide accurate and auditable financial records and that the management company prepared its own invoices, adding unauthorized and undisclosed service fees. The Responding CPM Member attended the appeal hearing. Based on information presented to it, the Appeal Board determined to send the complaint back to the Hearing Board for their consideration.

The Hearing and Discipline Board conducted three hearings. In the first hearing, a CPM Member was charged with conflict of interest for using a company vendor to paint and clean her personal residence without paying for those services. The Complainant also alleged the CPM Member provided the vendor with confidential bidding information of competitors who were bidding the same contract. The CPM Member attended the hearing with an attorney. The Complainant attended with an attorney and a witness. The Hearing Board found the CPM Member in violation of the article dealing with conflicts of interest. The CPM will be issued a published letter of censure, will be suspended for three years, and must successfully complete the IREM ethics course, ETH800, by December 31, 2011 or membership status will be terminated.

In the second hearing, the managing partner of an apartment complex charged an Executive CPM Member of an AMO firm with mismanagement and breach of contract. The complaint cited lack of tenant screening, employee theft and inadequate employee supervision. The CPM Member stated that an identical complaint was submitted to the state real estate commission, which has taken no action and provided documentation refuting the Complainant's claims. The Responding CPM Member did not attend, but a partner in the firm attended the hearing with an attorney. The Complainant did not attend. The Hearing Board found no violation of the Ethics Code.

In the third case, the Complainants, who are the executive CPM and vice president of an AMO firm, charged two former employees who are both CPM Members, with stealing business while employed by the firm and after leaving the firm. The Complainants alleged that the CPM Members willfully interfered with the firm's contractual relationships with clients and attempted to damage the reputations of its employees. One of the CPM Respondents, a former vice president of the firm, who was working as the designated broker for another firm, allegedly supplied the second CPM Respondent, (who was still employed with the Complainant's firm at the time of the alleged conduct) with signed management agreements to be shared with the Complainant's clients.

One of the Complainants attended the hearing. The CPM Respondents testified by telephone at their own expense. The Hearing Board found the first CPM Member in violation of the articles of the Code having to do with loyalty to client, conflict of interest and duty to employer, and voted to issue a published letter of censure and a three-year suspension. The first CPM Member must also successfully complete ETH800, by December 31, 2011 or membership status will be terminated. The Hearing Board voted to issue an unpublished letter of censure to the second CPM Member and a one-year suspension. The second CPM Member must also successfully complete ETH800 by December 31, 2011 or membership status will be terminated. All parties have the right to file an appeal.

TO REVIEW THE IREM CODE OF PROFESSIONAL ETHICS, GO TO WWW.IREM.ORG.
ROBERT G. THORNBURGH, CPM, CCIM, SIOR, IS THE PRESIDENT AND C.E.O. OF THE HEGER COMPANY, a privately held full service commercial real estate firm with a rich history of operating in the Greater Los Angeles market since 1957. Robert’s focus is industrial property types, including all facets of sales, acquisition, leasing, investment and property management. Through the Heger Company, Robert maintains offices both in the Long Beach and Los Angeles, Calif., to service the needs of his extensive client base located throughout southern California.

JPM* talked to Thornburgh about this company and what the AMO accreditation means.

THE HEGER COMPANY OPENED ITS DOORS SHORTLY AFTER IN 1957. HOW HAS YOUR COMPANY EVOLVED AND CHANGED IN THE LAST FIVE DECADES?

Initially, our strategy was centered on becoming the premier, boutique commercial real estate company in the Greater Los Angeles market for those seeking an alternative to the national firms. As our brokerage, management and investment divisions have grown, there has been a more pronounced focus on technology and enhancing the value of the services we provide to our clients. With all of these capabilities, we have still been able to retain the culture of a private, personalized firm. This allows us to quickly react to the demands of a changing marketplace while offering individualized real estate solutions to our client base.

THE HEGER COMPANY DEVELOPED A STRATEGY OF FOCUSING ON HIRING ASSOCIATES WITH ETHICS-BASED DECISION MAKING AND AN UNPARALLELED WORK ETHIC. HOW HAS BEING AN AMO FIRM ENHANCED THIS VISION?

The company’s corporate culture has always had unusually high expectations. It is something we vigorously protect. Being aligned with IREM, and further, obtaining the AMO designation has been another external reflection of our internal focus on placing ethics first in everything that we do. Being an AMO firm reaffirms Heger’s commitment to excellence.

AS A FULL-SERVICE BROKERAGE FIRM SUCCESSFULLY SELLING AND LEASING MILLIONS OF SQUARE FEET OF PROPERTY THROUGHOUT SOUTHERN CALIFORNIA, WHAT TRENDS HAVE YOU SEEN IN YOUR REGION?

Clearly, current economic conditions continue to impact our industry. However, the industrial market is beginning to see a heightened level of activity and appears poised to come out of this ahead of other product types. The recovery, while slow, is already underway for us and the size and frequency of transactions being completed throughout southern California support this.

LAST YEAR AT THIS TIME, THE HEGER COMPANY WAS FEATURED IN THE 2010 LOS ANGELES BUSINESS JOURNAL AS ONE OF THE LOS ANGELES AREA’S “TOP 25” PROPERTY MANAGEMENT FIRMS. IN A WORLD OF TRANSACTIONAL BUSINESS PRACTICES, HOW HAVE YOUR RELATIONSHIP-BASED BUSINESS PHILOSOPHY AND PHILANTHROPIC EFFORTS SET YOU APART?

If you look closely at any best-in-class firm, Heger included, we are all intensely focused on providing a level of service that goes beyond the norm. When a company is striving for more and competitors aren’t, there is contrast in that; clients, both old and new, see the difference. Our clients recognize the standard of care we integrate into everything we do; they remain the foremost priority and they know it.

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.
Awards & Recognition

Two IREM Members, Beau Beery, CPM®, CCIM, vice president commercial real estate of AMJ Inc. in Gainesville, Fla.; and James L. Helsel, Jr., broker/owner of Helsel REALTORS® Inc. in Camp Hill, Pa., received the National Association of REALTORS® 2010 National Commercial Award.

SIOR, CPM, CCIM, GRI, CRB, CRE, Brad Toothaker, CPM, president and CEO of the South Bend affiliate office of CB Richard Ellis, was named 2010 REALTOR® of the Year at the annual Indiana Commercial Real Estate Conference in Indianapolis, Ind. His father, Robert Toothaker, CPM, was honored as the “2004 REALTOR® of the Year,” making the Toothakers the only father and son team to receive this prestigious honor.

Frederick Prassas, CPM, president and founding member of PMC Management Group and former president of the Institute of Real Estate Management, was one of two realtors selected out of 1.1 million to receive the National Association of REALTORS® 2010 Distinguished Service Award—the highest honor an NAR member can receive—established in 1979 to honor realtors who have made outstanding contributions to the real estate industry and are recognized as leaders in their local communities.

CORRECTION

There is an error in the International News article on page 57 in the Nov/Dec 2010 issue. Fernanda Lisboa’s and Maciej Tertelis’ photos are transposed. The journal deeply regrets the error and has corrected this error in the online edition of JPM® available at www.jpm.org.
### JANUARY

<table>
<thead>
<tr>
<th>COURSE CODE</th>
<th>COURSE TITLE</th>
<th>DATES</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETH800</td>
<td>Ethics for the Real Estate Manager</td>
<td>Jan 13</td>
<td>Golden Valley, Minn.</td>
</tr>
<tr>
<td>FIN402</td>
<td>Financial Management</td>
<td>Jan 19-20</td>
<td>Milwaukee</td>
</tr>
<tr>
<td>ASM603</td>
<td>Real Estate Finance and Valuation: Part One</td>
<td>Jan 24-25</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>ASM604</td>
<td>Real Estate Finance and Valuation: Part Two</td>
<td>Jan 26-27</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>MKL406</td>
<td>Marketing and Leasing: Retail Properties</td>
<td>Jan 27-28</td>
<td>El Paso, Texas</td>
</tr>
<tr>
<td>ASM605</td>
<td>Real Estate Finance and Valuation: Part Three</td>
<td>Jan 28</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>ETH800</td>
<td>Ethics for the Real Estate Manager</td>
<td>Jan 28</td>
<td>Houston</td>
</tr>
</tbody>
</table>

### FEBRUARY

<table>
<thead>
<tr>
<th>COURSE CODE</th>
<th>COURSE TITLE</th>
<th>DATES</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIN402</td>
<td>Financial Management</td>
<td>Feb 2-3</td>
<td>Austin, Texas</td>
</tr>
<tr>
<td>HRS402</td>
<td>Human Resources Management</td>
<td>Feb 7-8</td>
<td>Chandler, Ariz.</td>
</tr>
<tr>
<td>HRS402</td>
<td>Human Resources Management</td>
<td>Feb 7-8</td>
<td>Raleigh, N.C.</td>
</tr>
<tr>
<td>RES201</td>
<td>Human Resource Essentials for Real Estate Managers</td>
<td>Feb 7-11</td>
<td>Milwaukee</td>
</tr>
<tr>
<td>MKL405</td>
<td>Marketing and Leasing: Retail Properties</td>
<td>Feb 9-10</td>
<td>Chandler, Ariz.</td>
</tr>
<tr>
<td>HRS402</td>
<td>Human Resources Management</td>
<td>Feb 14-15</td>
<td>San Francisco</td>
</tr>
<tr>
<td>MPSAZM</td>
<td>Property Management Plans: The IREM Model (international only)</td>
<td>Feb 14-17</td>
<td>Wallingford, Conn.</td>
</tr>
<tr>
<td>RES201</td>
<td>Human Resource Essentials for Real Estate Managers</td>
<td>Feb 14-19</td>
<td>Pittsburgh</td>
</tr>
<tr>
<td>SRM001</td>
<td>Sales and Marketing Management</td>
<td>Feb 15</td>
<td>New York</td>
</tr>
<tr>
<td>ETH800</td>
<td>Ethics for the Real Estate Manager</td>
<td>Feb 16</td>
<td>Atlantic City, N.J.</td>
</tr>
<tr>
<td>ETH800</td>
<td>Ethics for the Real Estate Manager</td>
<td>Feb 16</td>
<td>Rochester, N.Y.</td>
</tr>
<tr>
<td>MKL405</td>
<td>Marketing and Leasing: Multifamily Properties</td>
<td>Feb 16-17</td>
<td>San Francisco</td>
</tr>
<tr>
<td>MNT402</td>
<td>Marketing and Leasing: Multifamily Properties</td>
<td>Feb 16-17</td>
<td>St. Louis</td>
</tr>
<tr>
<td>HRS402</td>
<td>Human Resources Management</td>
<td>Feb 17-18</td>
<td>Los Angeles</td>
</tr>
<tr>
<td>RES201</td>
<td>Human Resource Essentials for Real Estate Managers</td>
<td>Feb 17-26</td>
<td>Addison, Texas</td>
</tr>
<tr>
<td>CPM001</td>
<td>Property Management Plans: The IREM Model (international only)</td>
<td>Feb 18</td>
<td>Wallingford, Conn.</td>
</tr>
</tbody>
</table>

### INTERNATIONAL

<table>
<thead>
<tr>
<th>COURSE CODE</th>
<th>COURSE TITLE</th>
<th>DATES</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>BDM602</td>
<td>Business Management in Real Estate</td>
<td>Jan 22-23</td>
<td>Moscow</td>
</tr>
<tr>
<td>MPSA01</td>
<td>Property Management Skills Assessment</td>
<td>Jan 24-25</td>
<td>Moscow</td>
</tr>
<tr>
<td>MPSA01</td>
<td>Property Management Skills Assessment</td>
<td>Feb 16-17</td>
<td>Tokyo</td>
</tr>
</tbody>
</table>

**FOR THE MOST UP-TO-DATE COURSE LISTINGS, PLEASE VISIT [WWW.IREM.ORG/EDUCATION](http://www.irem.org/iremeducation).**
OPPORTUNITIES THROUGH EDUCATION AND COMMUNITY

In this issue of RVP Corner, JPM® shares the thoughts and opinions of an IREM Regional Vice President and the value of IREM credentials.

Vera C. McPherson, CPM, ARM, of Williamsburg, Va., serves as the 2011-2012 Regional Vice President for Region 3. During her two-year term, she has oversight for the activities of the six IREM chapters in Virginia, Maryland, and the District of Columbia.

McPherson has more than 14 years of experience with Williamsburg, Va.-based W.H.H. Trice and Co., where she is currently director of commercial portfolio. Her current responsibilities include overseeing the company's commercial portfolio of more than 400,000 square feet of office, retail, mixed-use and industrial space.

HOW DID YOU DECIDE TO GET INTO REAL ESTATE MANAGEMENT?
I became interested in real estate while living in Washington, DC. Growing up, becoming a real estate manager did not enter my thoughts in terms of a career. However, while working in the mortgage banking field, I was offered an opportunity with a family owned construction, real estate sales, development and real estate management company in Williamsburg, Va.

DESCRIBE HOW BEING AN ARM AND A CPM MEMBER OF IREM HAS SHAPED YOUR CAREER.
Being an IREM Member and holding two credentials has enhanced my career immensely. Real estate managers who hold IREM credentials are viewed as experts in the industry. I am certain that without my membership with IREM, my career would not have advanced to its current level. Clients seeking companies to manage their assets are familiar with our organization and what we represent.

Additionally, IREM has allowed me to make lasting friendships, gain enormous knowledge in the industry as well as improved my networking opportunities. IREM and its members are great resources!

WHAT PROMPTED YOU TO OBTAIN THE CPM DESIGNATION, AND HOW HAS YOUR EDUCATION SHAPED YOUR LEADERSHIP ROLE?
After receiving my ARM certification, I was driven to further my real estate career by obtaining my CPM designation. As a candidate, I applied for and received a scholarship through the IREM Foundation. The scholarship provided me the opportunity to receive my CPM designation. The IREM Foundation supports IREM by providing funding for the CPM, ARM and ACoM credentials.

It soon became clear to me that the CPM designation is one of the most respected credentials in the real estate industry; furthermore, being involved in an organization such as IREM has allowed me to further my education and leadership skills as well as allowed me to mentor others interested in furthering their careers by becoming IREM Members.

DESCRIBE YOUR EXPERIENCE ON THE IREM DIVERSITY ADVISORY BOARD.
When the Diversity Task Force was formed, I was honored to have been chosen as a member of this group that would strive to better the Institute by focusing on ethnicity and embracing diverse individuals seeking an obtaining an IREM credential. Through the work of the Diversity Advisory Board, a link to the Diversity Advisory Board has been created on the IREM website; the chapters have access to a chapter toolkit which serves as a reference guide when reaching out to diverse individuals; and the Diversity Advisory Board offers free conference registration to diverse individuals seeking an IREM credential.

www.irem.org/jpm
IREM INTERNATIONAL MEMBERS DISCUSS THE CHALLENGES AND OPPORTUNITIES IN PROPERTY MANAGEMENT ASSOCIATIONS, CONDOMINIUMS AND PLANNED DEVELOPMENTS

JAPAN

Historically in Japan, there was a ban on high-rise condominiums due to concerns about the effects of earthquakes on the structure. Then in the 1960s, architects found ways to design earthquake-resistant buildings, and the ban on high-rise buildings was lifted. After a building boom occurred, thousands of new management companies entered the market, helping to contribute to the current Japanese condominium management industry and its corresponding regulations.

In the past few years, with the economic crisis and shrinking new home market, these condominium management firms have faced increasing competition for existing markets. In the current oligopolistic market, only a percentage of the largest companies are expected to survive.

Our company has responded to these challenges by specializing in the senior housing market and by increasing the client services we offer, including personal touches such as changing light bulbs, ordering taxis and staffing a fast response call center. We have an in-house training facility for our employees to ensure that our staff is of the highest quality.

Akihiro Shingu, CPM, Osamu Tokunaga, Daisuke Ohmori, and Junichi Hata, Anabuki Housing Service, Inc., Takamatsu, Japan

CANADA

Coming from an area that has largely evaded the housing crisis, the condominium management market in Calgary has thrived in the past few years. The population in cities and metropolitan areas continues to rise, and condominiums are a viable option...
for first-time buyers, investors, retirees and others.

In Calgary, there is a high demand for competent property managers, and our main obstacle is a lack of knowledge about property management and available opportunities for those in the industry. Some areas of Canada have poor regulatory processes, and a lack of professional representation to lobby the government and major corporations that can support our status in the market.

I believe there are great prospects in Canada for property managers who understand the business. With assistance from IREM to train and promote property managers, we will continue to increase our visibility in the marketplace.

Saadat Keshavjee, CPM, CMOC, Anhurst Property Management, Ltd., Calgary, Alberta Canada

**BRAZIL**

In Brazil, it has become popular for developments to be divided among multiple owners. This is especially common in highly populated urban centers where high-rises are the solution. In São Paulo, nearly 6 million people live and work in condominiums, many of which are mixed-use.

A recent trend in Brazil is the mega-condo, which is a development that includes several residential towers and amenities such as residential parks, hotels, shopping malls, private clubs, resorts, a concierge and even biological and environmental gardens. Mega-condo management presents major challenges because, in addition to the management team needed to strengthen the mega-condo’s value as a financial asset, they must have a high level of organization and customer service. In order to properly manage the spaces within the mega-condo, management is divided by property use. While this facilitates proper management and appropriate owner participation, it increases already existing divisions.

A multidisciplinary approach is required for successfully managing mega-condos. It is important that these managers have knowledge of Brazilian legislation as well as the skills needed to handle real estate operations and administration. CPM designees are especially well equipped for these projects. Another approach to successful management is to assemble a team of professionals who oversee every aspect of the development, from design to development.

Fernanda Lisboa, CPM, Advocacia Bushatsky SECOVI-SP, São Paulo, Brazil
Marco Gubeissi, CPM, ARM, Verti Administracao e Assessor, São Paulo, Brazil

**Attend an IREM International Forum in 2011**

These commentaries are based on presentations delivered during the IREM iCon 2010 International Business Practices Forum in Orlando Florida. The forum is part of the spring and fall IREM meetings. It is a place for international members to share business practices and is open to all conference attendees. For more on IREM international programs, visit www.irem.org/international.
NEW PRODUCTS

DOWN THE SPOUT Monzi's Leaf Defier is an open cell polyurethane insert, specially shaped and cut to fit snugly into your gutter. Even during the heaviest of rainstorms, the water flows through the Leaf Defier into the gutter valley and out the downspout. Leaves and debris slide off the surface or just dry up and blow away, keeping your gutters clean and clear of clogs. The Leaf Defier also prevents pests, such as mosquitoes, roaches, spiders, rats or birds from breeding in the water of clogged gutters, or feeding on trapped food sources.

For more information, visit www.monziinc.com.

ROOF READY Tjernlund Products, Inc. has introduced a new series of rooftop draft inducers for sale through HVAC, plumbing and industrial distributors. The inducers are available in RT models which are designed for exhausting gas or oil heating equipment, gas fireplaces and ovens. Tjernlund offers several optional heater interlock controls and speed control. RTH models are designed for fuel fireplaces, stoves, ovens, BBQ's and general purpose exhausting. They include a wall mount speed control. Both versions come in two capacity ranges—from 250 to 750 cubic feet per minute (CFM) and 750 to 1500 CFM.

For more information, visit www.tjernlund.com.

SCRUB IT UP The Tennant T3+ Walk-Behind Scrubber is a floor scrubber with environmentally sound cleaning technologies. Equipped with a 24-inch/600 mm scrub head, the T3+ provides a wide cleaning path and offers customers the choice of two standard sustainable technologies: Tennant's ec-H2O technology or Foam-activated Scrubbing Technology (FaST). The ec-H2O technology converts plain tap water into a powerful cleaning agent without any added chemicals. FaST is Tennant's patented foam-activated scrubbing technology that uses 70 percent less water and requires 90 percent less detergent than traditional cleaners while removing old detergent residues to help reduce the risk of slip and fall accidents.

For more information on the T3+ and other Tennant scrubbers, visit www.tennantco.com.

CHILL OUT The YORK Magnetic Centrifugal Chiller (YMC2) by Johnson Controls offers an efficient means to cool large buildings. The YMC2 features a sustainable design that uses refrigerant HFC-134a, which has zero ozone-depletion potential. The chiller offers a 10 percent efficiency improvement over traditional chillers and 57 percent fewer refrigerant-piping connections. The YMC2 is quieter than many other chillers in the marketplace, as its magnetic-bearing technology eliminates nearly all driveline vibration and the YORK OptiSound control further reduces noise.

For more information about the YMC2 chiller, visit www.johnsoncontrols.com/ymc2.
<table>
<thead>
<tr>
<th>Advertiser</th>
<th>Web site</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bentall</td>
<td><a href="http://www.bentai1kennedy.com">www.bentai1kennedy.com</a></td>
<td>19</td>
</tr>
<tr>
<td>IREM Best Practices</td>
<td><a href="http://www.irembooks.org">www.irembooks.org</a></td>
<td>49</td>
</tr>
<tr>
<td>IREMCPM Designation</td>
<td><a href="http://www.irem.org/joinirem/cpm">www.irem.org/joinirem/cpm</a></td>
<td>13</td>
</tr>
<tr>
<td>IREM Fall Leadership Conference</td>
<td><a href="http://www.irem.org/conferences">www.irem.org/conferences</a></td>
<td>19</td>
</tr>
<tr>
<td>IREM Foundation</td>
<td><a href="http://www.irem.org/iremfoundation">www.irem.org/iremfoundation</a></td>
<td>45</td>
</tr>
<tr>
<td>IREM Income/Expense Analysis®</td>
<td><a href="http://www.irem.org/2010IE">www.irem.org/2010IE</a></td>
<td>15</td>
</tr>
<tr>
<td>IREMjobs.org</td>
<td><a href="http://www.iremjobs.org">www.iremjobs.org</a></td>
<td>IFC</td>
</tr>
<tr>
<td>IREM Leadership and Legislative Summit</td>
<td><a href="http://www.irem.org/conferences">www.irem.org/conferences</a></td>
<td>17</td>
</tr>
<tr>
<td>IREM Member-Get-A-Member</td>
<td><a href="http://www.irem.org">www.irem.org</a></td>
<td>65</td>
</tr>
<tr>
<td>IREM Publications</td>
<td><a href="http://www.irembooks.org">www.irembooks.org</a></td>
<td>39</td>
</tr>
<tr>
<td>IREM Webinars</td>
<td><a href="http://www.irem.org/webinars">www.irem.org/webinars</a></td>
<td>4</td>
</tr>
<tr>
<td>London Computer Systems</td>
<td><a href="http://www.rentmanager.com">www.rentmanager.com</a></td>
<td>IBC</td>
</tr>
<tr>
<td>Maytag</td>
<td><a href="http://www.maytagcommerciallaundry.com">www.maytagcommerciallaundry.com</a></td>
<td>11</td>
</tr>
<tr>
<td>Salsbury</td>
<td><a href="http://www.mailboxes.com">www.mailboxes.com</a></td>
<td>63</td>
</tr>
<tr>
<td>Signarama</td>
<td><a href="http://www.signarama.com">www.signarama.com</a></td>
<td>13</td>
</tr>
<tr>
<td>We Do Lines</td>
<td><a href="http://www.wedolines.com">www.wedolines.com</a></td>
<td>19</td>
</tr>
<tr>
<td>Yardi</td>
<td><a href="http://www.yardi.com/jprn44">www.yardi.com/jprn44</a></td>
<td>1</td>
</tr>
</tbody>
</table>
Throughout this issue we offer various opportunities to LEARN more about the issues happening in property management, DISCUSS them with fellow members & CONTRIBUTE to solutions. They’re collected again here.

LEARN

DOUBLE TROUBLE p34
Richard Muhlebach, CPM
Real estate managers can provide potential solutions for key issue at troubled properties

IN SESSION 20
IREM iCon Legislative Forum a Success
To view other IREM iCon highlights, visit www.irem.org/icon.

MARKETING SOLUTIONS 16
Shannon Alter, CPM
A Decent Proposal: Make prospective clients an offer they can’t refuse

DISCUSS

FIGHTING FLIGHT p28
Kristin Gunderson Hunt
Employers find ways to retain top talent during tumultuous times
Share your retention strategies at www.iremfirst.org

MAKING MEETINGS MATTER p10
Natalie D. Brecher, CPM
It takes planning and skill to make meetings valuable
Discuss your meeting tips at www.iremfirst.org.

MY PERSPECTIVE p18
Julie L. Muir, CPM
Don’t Drop the Ball: Effective leadership and planning help teams succeed

CONTRIBUTE

INSTANT GRATIFICATION, INSTANT ROI p46
Unleash the potential of your property with the new IREM Income/Expense Analysis® System

HIGHER GROUND p12
Creating an Ethical Culture in Your Workplace: Communicate and enforce your code of values

coming next issue /

TECHNOLOGY AND THE ROLE OF THE RESIDENTIAL MANAGER Joe Dobrian
Predictions that the advancement of real estate-related technology will lead to the near-disappearance of the residential manager appear to have missed the mark—for now, at least.

HOW DIVERSE IS YOUR WORKPLACE? Kristin Gunderson Hunt
While the real estate management workforce's makeup might not reflect the diversity of the global, or even U.S., population, the industry is making strides, and companies are ramping up their diversity initiatives.

REGIONAL OUTLOOK
Kristin Gunderson Hunt
Taking a closer look at the Midwest - Wisconsin, Michigan and Illinois.

THANKS to everyone who contributed to this issue. Your feedback helps us stay a global link for real estate professionals.