HERE COME THE MILLENNIALS: ARE THEY READY TO RENT?
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It takes a bit of time to create and maintain an archive, but the return on your investment is well worth the effort (p. 22).

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There was an error in the "Education Session Success" article in the N/D 2014 issue of JPM®. "Gene B. Glick Co.®" was incorrectly named "George E. Click Co." JPM® apologizes for the error.
JPM® WANTS TO HEAR FROM YOU!

- WHAT DO YOU THINK ABOUT THIS ISSUE?
- WHAT'S YOUR FAVORITE SECTION?
- HAVE A STORY TO TELL?

JPM® WANTS TO HEAR FROM YOU!

E-MAIL MARIANA TOSCAS,
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We Want to Hear From YOU!
Athithi Devo Bhava or "The Guest is God" is a Sanskrit phrase epitomizing India's philosophy toward the treatment of its visitors. We can all benefit from India's hospitality- and amenities-based values when approaching the marketing of our properties. The Mumbai Paradox, (p. 34) explores the ways in which Mumbai honors its roots yet adapts and expands to meet the demands of its future.

Just like Mumbai, Millennials are the upcoming generation of renters who have one foot in, one foot out. The recent economic downturn has scared some from leaving the nest. One in five adults (aged 25-34), or 2.4 Million Millennials (those born after 1980), have evaded the rental marketplace by living at their parent's home—and despite what it may seem, they are pretty happy there. So, aside from Millennials enjoying a built-in laundry room, family dinners and reduced or nonexistent rent, what does this mean for property managers who are looking to recruit the next generation of renters? Everything. Millennials want it all, and chances are, they are likely to get it. The stigma of living at home has lifted, and multigenerational households are thriving. Enticing this group of renters—who will wait to rent until they can afford the accommodations and amenities they have been accustomed to—is becoming a challenge. Read more about the new rental generation in, Here Come the Millennials: Are They Ready to Rent? (p. 16).

Enticing Millennial renters is a great lesson in marketing that we can apply to ourselves, as well. When was the last time you took stock of your own achievements? Have you ever thought of creating a portfolio of your achievements? In Let Your Work Speak for Itself: Create a Career Archive, (p. 22) Natalie Brecher, CPM, suggests creating a log of your accomplishments, or brag book, in order to better market yourself for your current, and future, job prospects.

Take a few minutes per week away from marketing your properties to reflect on your achievements so that you can stay competitive in the market.

Also, if you haven't had a chance to get acquainted with the new IREM Leaders, be sure to take a closer look at the New IREM Leaders Announced for 2015 (p. 48).

Let's rise to the challenge of Athithi Devo Bhava—whether our guests are renters, owners or co-workers—and work together to make this year the best it can be. I know I speak for all of us when I say that I look forward to a productive and successful year ahead!
How Facilities Managers Will Be Able to Cut 30 Percent on Costs Using IT and Building Information Modeling

SmartCompany (Australia), 10/29/14, Markus

Estimates predict that building information modeling (BIM) can reduce facilities management costs over the life of a building by as much as 30 percent through speedier access to accurate data on building components and better managed maintenance schedules. Information is conveyed in the form of clickable 3D elements embedded in a 3D model of the building. Classifiable data embedded within these elements can be exported, reported and analyzed in a seemingly endless number of ways. Of course, as the bigger building developers, facility owners and governments become increasingly BIM savvy, the demand and even mandate for all future buildings to be handed over with an accompanying digital BIM asset will continue to increase. Disappearing are the days of the drawing board and blueprints. This is causing a range of technology problems and opportunities, as these large files need to be close at hand and stay that way for the building's lifetime. Information technology is evolving to allow different ways to store and access these tools but not fast enough for most of the design and maintenance industry.

How to Incorporate Biophilia Into the Workplace

Buildings, 10/27/14

A recent World Green Business Council report recommended that building owners and facility managers integrate more natural features into their workplace designs. While the generic benefits of office greenery are well established, specific features and how they relate to occupant satisfaction are not clearly defined. The report, 14 Patterns of Biophilic Design, released by Terrapin Bright Green, lays out hallmarks of green offices that will improve worker productivity, satisfaction and overall health. According to the report, sensory connections with nature, such as calming nature sounds, have been shown to reduce building occupants' stress and improve their cognitive performance. Terrapin Bright Green is a big proponent of non-rhythmic sensory stimuli, such as the sounds of a calming breeze or birds chirping, in achieving wellness benefits.

The report further states that even small changes in temperature, humidity, airflow and surface temperatures can increase worker comfort, leading to productivity gains. Meanwhile, lighting that mimics natural sunlight patterns can help maintain visual comfort for building occupants and reduce eye strain.
Millennials as a group are seen by society as tech-friendly, diverse, urban-minded individuals who are married to their Smartphones. But according to a recent CBRE study, not everything that has been written and generalized about Generation Y and their desires for futuristic office design is true. The “Designing the Office of the Future? Don’t Plan Around It (What You Think You Know About) U.S. Millennials” study evaluated answers by more than 5,500 office workers across numerous industries and found that many Millennials prefer privacy in the workplace as much as older peers. According to the study, while less than 17 percent of older workers ranked “spaces to socialize” as important compared to 31 percent of Millennials, nearly 50 percent of all ages agreed that “spaces to think and concentrate” are the most important in the workplace. Georgia Collins, CBRE’s senior managing director for workplace strategy, said companies should abandon new-wave thinking and focus on constructing offices that include both social settings and areas for individual work. “Our view has been that workers of all ages need a good balance,” said Collins. “Even if you tear down a couple walls, the data shows [having] private space to focus on work is necessary.”

“Never fear opposition: A kite rises highest when it goes against the wind.”
—Anonymous

“A good leader can’t get too far ahead of his followers.”
—Franklin D. Roosevelt

“No one can make you feel inferior without your consent.”
—Eleanor Roosevelt

“It takes less time to do a thing right than to explain why you did it wrong.”
—Longfellow

“Time is the most valuable thing that a man can spend.”
—Diogenes

“Life is like riding a bicycle. To keep your balance, you must keep moving.”
—Albert Einstein

“Success usually comes to those who are too busy to be looking for it.”
—Henry David Thoreau

To read more on Millennials, check out the feature, “Here Come the Millennials” on page 16.
Lower Manhattan is bolstering its claim as New York's next technology and creative hub, especially as the presence of financial-services companies downtown falters. Property brokers and business leaders have increasingly pitched the neighborhood below Chambers Street as an affordable, conveniently located alternative to such bustling areas as Chelsea and SoHo where rents have risen to stratospheric heights in many buildings and available space is hard to find. In the last four years, 32 percent of Manhattan leasing by technology, advertising and media companies was in Lower Manhattan versus just 14 percent from 2007 to 2010, according to a report by LaunchLM, an initiative of the Downtown Alliance. The research further notes that the Midtown South area, which includes Chelsea and SoHo, saw its share shrink for those types of leases, from 47 to 40 percent during the same time span.

However, Lower Manhattan continues to face challenges when it comes to attracting tech and creative firms, chiefly because it lacks former industrial buildings with expansive layouts. In addition, numerous older office buildings with less costly space were converted to rental apartments. As a result, young companies that like to bounce their ideas off peers may find themselves isolated. To address that concern, LaunchLM late detailed plans for a new, 12,500-square-foot space dubbed "Lower Manhattan HQ" at 150 Broadway. The 20th-floor space will give companies an opportunity to network, hold training events and book rooms for special projects. A spring 2015 grand opening is planned.
Were you holding your breath when Nik Wallenda walked the high wire over the Chicago River on November 2nd? So was Bill O'Leary, CPM, property manager of the Marina Towers Condominium Association.

"I was holding my breath for him, and for everything else." As manager of the iconic Marina City, two 60-story towers, the "everything else" began long before the record-breaking event appeared on television.

The City of Chicago contacted O'Leary last winter to let him know that Wallenda was considering a high-wire walk in Chicago—and that Marina City was one of the locations. He and the condo board naturally had some concerns.

"We have a residential property of 896 apartments, 1,400 people—what would be the disruption to the residents of the building, the wear and tear on the building and them [the Wallenda team] taking over the roof of both towers?" They didn't have to worry about insurance liability coverage, however, since it was taken care of by the other organizations. An engineering firm was hired to ensure there was no damage to the building, inspecting both before and after the event and consulting on all the wiring hookups to the exterior structure.

O'Leary made sure that residents were kept informed throughout the process, and that day-to-day operations of the building were not affected. With 3,100 visitors to the building, 1,400 residents, plus an additional 200 crew members and technicians involved with the event broadcast, this caused some challenges.

"The night of the event, we had two elevator technicians onsite in case anything happened with the elevators." Additional security was also required, with different teams in place to protect residents and guests, the TV crew, Nik Wallenda and crowd control around the building.

With an event of this magnitude, "like a Hollywood film," O'Leary was impressed by the coordination of all the participants, which involved the City of Chicago, police and fire departments, the Coast Guard, the Wallenda team, plus NBC and the Discovery Channel.

"What you learn from an event like this is how to coordinate different people with different functions—hundreds of people—to work as a team to make it happen successfully. And that's what we did."

Would he do it again? Yes, in a heartbeat.

"It was a lot more than I anticipated, but it was very exciting. We really wanted it to be successful, not only for Nik Wallenda, but for the City of Chicago and Marina City. And it was!"
DOWNLOAD ME

DIY LANDLORD
There's no more need for Excel, property managers! This app gives you the ability to keep track of rental business on the go. Organize your property, unit, lease and tenant information, collect funds through partial payment and quick insert payment mode, and even send payment receipts to tenants by SMS or e-mail. These features only graze the surface of what a DIY Landlord can do. The app and the first two tenant inputs are free of charge and multiple purchase options are available to pay per tenant or buy in bulk. (iOS)

MINT
When you're factoring in important (or not so important) financial decisions, it's hard to keep track of all of your different financial information. Why juggle your accounts when you can see them all in one place? Keep things simple with Mint—an app that automatically adds up both income and debt to give you the exact numbers you're looking for, as terrifying as they may be. You'll not only be able to see the whole picture, but have the ability to track your spending, set up budgets for yourself and receive bill reminders. (Android, iOS)

HAPPY INSPECTOR
This app helps to save time— and eliminate headaches— with the inspection report experience. Since Happy Inspector was created by property managers, the simple interface offers everything you could possibly need during a report. All information about the property, including private notes to yourself, is saved and searchable in the app. Set up efficient routes for every unique building, take photos to include in the report and even use the e-signature capability to have tenants sign on the spot. The app makes inspection reports easier from step one and its information can be uploaded to your property management software. (Android, iOS)

EASILYDO
Serving as your personal mobile assistant, EasilyDo gives you the information and convenience you need to make it through your hectic life. Connecting to programs like your calendar, e-mail, Facebook account and more, the app is able to send you alerts about important e-mails or bills that need to get paid. You can even set it up to automatically text your spouse you're on your way home from work once you leave a location. (Android, iOS)

FAST FACTS
On average, the BEST DAY of the week to LIST YOUR HOME is FRIDAY.

MONOPOLY was originally designed to teach players about the broken nature of CAPITALISM.

MCDONALD’S is not a burger-flipping restaurant chain; it is ONE OF THE WORLD’S BEST REAL ESTATE PORTFOLIOS. Franchises do the burger flipping and McDonald’s gets paid handsomely for owning the BEST COMMERCIAL REAL ESTATE all over the world.

There’s a man who started with ONE RED PAPER CLIP and traded his way up until he owned a house.

In NEW YORK, it is a legal requirement for a seller to disclose if a property under inspection is believed to be haunted by GHOSTS.
Top 5 Highest and Lowest Operating Ratio E/I Ratio (Expense/Income) Suburban Office Buildings

Highest and Lowest Operating Ratio E/I ratio (Expense/Income):

<table>
<thead>
<tr>
<th>Location</th>
<th>Highest E/I Ratio</th>
<th>Lowest E/I Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver</td>
<td>0.60; 11</td>
<td>0.35; 23</td>
</tr>
<tr>
<td>Kansas City, Mo.</td>
<td>0.63; 13</td>
<td>0.32; 12</td>
</tr>
<tr>
<td>Lancaster, Pa.</td>
<td>0.32; 12</td>
<td></td>
</tr>
<tr>
<td>Boston</td>
<td>0.63; 10</td>
<td></td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>0.33; 34</td>
<td></td>
</tr>
<tr>
<td>Wichita, Kan.</td>
<td>0.35; 23</td>
<td></td>
</tr>
<tr>
<td>Tampa-St. Pete, Fl.</td>
<td>0.61; 33</td>
<td></td>
</tr>
<tr>
<td>Miami</td>
<td>0.57; 11</td>
<td></td>
</tr>
<tr>
<td>Newport News, Va.</td>
<td>0.31; 10</td>
<td></td>
</tr>
<tr>
<td>Nashville, Tenn.</td>
<td>0.34; 18</td>
<td></td>
</tr>
</tbody>
</table>

*Minimum sample of 10

**E/I ratio is determined by dividing the Total Operating Costs (TOC) by the Total Actual Collections (TAC). Operating Expenses do not reflect such items as ground rent, mortgage interest, amortization, depreciation, income taxes or capital expenditures.

***Besides suburban office buildings, downtown data is available in Metro, Regional and National reports. Additionally, Income/Expense Analysis data is available for four other property types: Conventional Apartments, Shopping Centers, Federally Assisted Apartments, Condominiums, Co-ops and PUDs.

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By now, everyone has heard of LEED, the successful green building certification system from the U.S. Green Building Council (USGBC). In some markets, a property is not considered Class A unless it is LEED-certified—and sometimes LEED Silver or better. USGBC has done a remarkable job of spreading the certification's reach and influence in the real estate market. No doubt, LEED is the premier recognition program for sustainable properties.

**Then Why Did IREM Come Along and Create a Certification?**

For one, LEED is not in the cards for many properties. Smaller buildings, or those in smaller markets, will likely never attain LEED. An average LEED certification runs anywhere from $20,000 to $60,000, depending on size and complexity. You have to hire a consultant, or several. You have to make staff available for the certification process. You must engage busy tenants. Perhaps make capital improvements.

In some cases, these costs make sense—to meet tenant or owner demands, to remain competitive or to maintain your property's status and justify its rents. For others, though, the cost-benefit analysis does not shake out, even if you have a sustainable, energy-efficient property. Only about five percent of the buildings in the U.S. have LEED certification. LEED is elite, as it should be.

**What is the IREM Certified Sustainable Property Certification?**

Quite simply, the certification allows your non-LEED buildings—and your hard-working teams—to get the recognition they deserve. Sustainability is no walk in the park. It requires learning new skills and constantly maintaining optimal property performance. More often, in more markets, it means complying with regulations. Having the IREM plaque on the wall means something.

**What Does it Mean?**

An IREM Certified Sustainable Property is recognized by a community of 19,000 global real estate management professionals who are top in their field. The certification emphasizes benchmarking and establishing policies and procedures. These requirements have a lower threshold than LEED, but they are meaningful because they emphasize measurement, management and operations. None of the requirements is incompatible with LEED, and a LEED-certified property can fast track to become an IREM Certified Sustainable Property. But the IREM certification is also attainable to non-LEED properties of all types—office, multifamily, retail and medical office building.

LEED has left behind many properties. They are everywhere. Smaller office buildings and industrial parks line metropolitan interstates. Others are tucked away in suburbs, in the smaller towns through which commuter trains run, and even in the shadows of the skyscrapers in CBDs. These are the properties for which the IREM Certified Sustainable Property Certification was developed. If they are sustainable, if their managers and staff are pursuing energy efficiency and resource conservation, they deserve recognition. And if they have not yet begun a sustainability program, the IREM certification presents an accessible path, a framework and a place to begin.

IREM will work to extend the reach of the certification over the years ahead. IREM member-experts will guide these efforts. They will ensure that the certification remains meaningful, adapts to the market and focuses on management. To keep up with these developments, and to view certification requirements and fees, visit www.iremsustainability.com. To schedule an IREM Certified Sustainable Property Gap Analysis for your properties, e-mail sustainability@irem.org.
IREM® SUSTAINABILITY
powered by GreenPSF

Increase NOI by reducing energy, water, and waste with IREM Sustainability.

1.) LOG IN
Log in. IREM® Members have a login already - based on your name and e-mail address. Contact irem@greenpsf.com if you need assistance.

2.) PROFILE YOUR PROPERTY
Profile your property(ies) - name, address, characteristics, ownership type, and utility and systems data. If you use ENERGY STAR Portfolio Manager, you can transmit your data directly from Portfolio Manager to the IREM Sustainability platform.

3.) FIND WAYS TO SAVE
Find customized Ways to Save. Based on your property profile, the platform will generate Ways to Save - specific suggestions for making your property more sustainable and improving its performance.

4.) FIND INCENTIVES IN YOUR MARKET
Find incentives within your market from the government and utilities - incentives that could make a project financially feasible.

5.) HAVE SERVICE PROVIDERS COMPETE FOR YOUR BUSINESS
Allow service providers to compete for your business - competitive bids on your projects can lower your cost up to 30%.

6.) ENROLL YOUR PROPERTY IN THE IREM® SUSTAINABLE PROPERTY CHALLENGE
Enroll your property in the IREM® Sustainable Property Challenge. With the click of a button, enroll your property in the challenge and get access to 80+ sustainability activities for you and your staff to complete. See how you rank against other properties.

7.) EARN THE IREM® CERTIFIED SUSTAINABLE PROPERTY
Complete 20 of 24 core sustainability activities and earn the IREM® Certified Sustainable Property certification. Activities range from education to benchmarking your property’s energy performance to documenting best practices.

LEARN MORE AT IREMSSUSTAINABILITY.COM
Marketing in 90 Seconds?
That’s all it takes

Ninety seconds. That’s all the time you have to convince someone. In fact, experts say we decide how we feel in two seconds. Count ‘em.

In today’s age of instant everything, it’s no surprise that prospective tenants and future clients make nearly immediate decisions on how, and if, they are going to lease our spaces or contract with us for our management services. It’s true—effective marketing involves more than just a spoonful of persuasion.

Want to put your marketing chops to the test? Here are three quick ways.

1) START IN THE MIDDLE
A colleague recently asked my advice on a marketing presentation she was preparing for a potential client. Her company had a long, storied history on the property and she wanted to make sure to include everything the client would need to make a decision. Sounds good, right? Not so fast.

Face it. We all have—ahem—short attention spans these days. If you include too much information (or the wrong information), you’ll lose your audience. The next time you’re preparing your pitch, take a few seconds (90, to be exact) and pick and choose. Determine how you can put the focus squarely on what the client wants to know first. What can you highlight about how you’ll address the property’s issues? Why should the client choose you?

So forget about including absolutely everything. Start in the middle.

2) TAKE A FRESH APPROACH
On an assignment last year in Mumbai, India, I had the pleasure of looking at how business works in a country different than my own. In an exciting, emerging economy like India, the differences are many. So are the marketing opportunities. Everywhere in Mumbai, it’s easy to see that the culture and business are truly service-driven. Offices, shopping centers and hotels are routinely designed and operate with service and value-added amenities already in mind.

Pondering how to apply this to your own properties? Sometimes, what’s old is new again. Invite a business associate who hasn’t seen your properties out for a tour. You never know what you’ll see through their eyes.

3) CONSIDER WHAT’S STICKY
It’s like taffy, or cotton candy. You know what I mean. Perhaps when you were a kid, you visited the boardwalk or went to a fair. The delicious memory of those sweet treats stays with you.

When you visit a property for the first time, what sticks in your mind? Not long ago, a former boss asked me to work with him on bringing some properties back up to par. Checking out each property for the first time, my most immediate impression was that they just didn’t look sharp. Tenant relations needed repair. Some services were nonexistent. Chances are, prospective tenants saw that too. Could I solve his problem? Definitely. You can do it too. In less than two minutes, think about what sticks.

Sometimes, you have a short time to convince someone. Kick your New Year off right. What can you do in 90 seconds? •
As a real estate manager, you must constantly negotiate new management agreements with clients, leases with tenants/residents, and contracts with vendors/suppliers. This leadership white paper provides insight into the best practices for getting the most you can out of a negotiated agreement.

- Learn ways to tackle the fear generated by having to negotiate something, and discover ways to best achieve your goals.
- Discover and follow the four key principles when conducting a negotiation, as described in Getting to Yes: Negotiating Agreement Without Giving In.

Free Download for IREM® Members!
www.irembooks.org
HERE COME THE MILLENNIALS: ARE THEY READY TO RENT?

BY EMILY GOODMAN, CPM, ARM
TROUBLE LEAVING THE NEST

An estimated 2.4 million Millennials have not entered the rental market. Those who ran to their parents' nests during the recession represent a potentially significant source of revenue for the apartment industry. Getting Millennials to leave home takes an environment that has the advantages of being cheap, cozy and convenient.

The financial downturn prompted a reversal of the long-standing trend toward moving into rental accommodation. According to reports in the Washington Post, the rate at which Americans set up their own homes was cut by more than 50 percent due to financial concerns—it is estimated that an incredible 83 percent of young adults who returned to the family home during the recession did so to ease financial hardship. Even in the recently recovering economy, wherein the jobless rate for 25-34 year-olds has fallen from 9.2 percent to 8.6 percent over the past 12 months, the rate at which new households are being formed continues to be sluggish, according to Census Bureau statistics.

The 2013 Current Population Survey data suggests that of these "missing" households, 31 percent are young adults, aged 18-34, who are currently living at home with their parents. Developers are aware of the statistical data and are pushing ahead with construction plans, in the expectation that these young adults will shortly form their own households. However, their entry into the market is not inevitable.

UNEMPLOYED, LIVING AT HOME

The largest portion of these missing households is constituted by the unemployed—who may have lacked the financial means to establish their own households in the past, either by renting or purchasing. The job market has been steadily (but slowly) improving with the unemployment rate falling from a high of 10 percent in October 2010 to seven percent in November 2013. This improvement would suggest that the rental market is due to see an upsurge. However, while demand is likely to increase, it is projected to be delayed. This is because experience on the ground tells us that even if every adult became employed overnight, there would still be a lag because the majority of leasing offices require a work history covering at
least the previous six, if not 12, months to be required. Indeed, in some cases the leasing companies' approval policy dictates a two-year work history. In addition, as young adults build up a work history, they are faced with the usual financial demands that come with living away from the family home—money for a deposit, fees, utility bills, furniture and so on. Unfortunately, for those who are currently unemployed, leaving their parents' household is still unlikely to be an option for quite some time.

**EMPLOYED, LIVING AT HOME**

Of the missing households previously mentioned, an additional 25 percent are employed. For this group, multifamily developers will face different challenges in drawing them into the rental market. As a rule of thumb, Millennials are more likely to have a poor or non-existent credit history, which can pose problems for them as they seek to enter into contracts that rely on a good track record of credit. The average credit score for a 20-29-year-old is 641, according to CreditKarma.com, which is lower than the American average of 675. Some experts have highlighted the decline in credit card usage as the basis for this trend. FICO reports indicate that at the end of 2012, 16 percent of Americans aged 18-29 did not use a credit card, compared to eight percent in 2007. Without a credit card, it can be difficult to build up a credit history or improve a poor one.

**PERKS TO LIVING AT HOME**

Multi-generational homes are becoming much more widespread, particularly among younger adults. According to a report by the National Association of Home Builders, 21 percent of new homes in 2011 had at least one multi-generational unit, compared to 15 percent in 2007. This trend is particularly evident among older adults who are moving back in with their parents or children who are returning home to live with their parents.

**MEET SARAH:**

**A PROFESSIONAL MILLENNIAL WHO MOVED BACK HOME**

Sarah, a young tech professional in New York, recently moved back home with her parents. Like many 20-somethings, she had moved to the city after college to be closer to friends and her favorite activities. The reality failed to match her dream. Although she managed to secure a job, it was located outside the city and involved a commute that left little time for the friends and pastimes she had been hoping to enjoy. She also discovered that her higher rental costs left her with far less disposable income to spend on leisure activities than she expected. The extra freedom she gained as an independent woman in the city was a plus but did not quite offset the minuses, and she was left feeling that she was missing out on what her old lifestyle had offered her.

Sarah made the decision to move back home—and when she did, it significantly bettered her overall lifestyle. The biggest improvement was the extra time she gained from a combination of less traveling and being able to share household responsibilities.

Sarah is part of a growing number of Millennials who feel that moving back in with their parents has been a good decision. Financially, it can make perfect sense for young adults to live at home. The poverty rate is much lower among young adults than their counterparts living on their own. It is not that Millennials just leach off their parents; they generally make both financial and non-financial contributions to the running of multi-generational households. Research shows that almost all (96 percent) do chores and the majority (75 percent) contribute financially to household expenses like groceries or utility bills. However, only just over one-third (35 percent) pay rent, usually the biggest single expense for people living on their own. With this savings, Millennials are able to stay on sound financial footing. In 2010, the poverty rate for adults aged 25-34 living in multi-generational households was 9.8 percent compared to 17.4 percent for other adults in the same age group.
to data from the U.S. Census and reported by the Pew Center, the share of adults in the 25-34 age group who were living in multi-generational households increased more during 2007-2009 than any other group. There are positive financial benefits with these arrangements that can make them very attractive. When a multi-generational household contains several working adults, it opens up options to save on regular bills by consolidating and dividing them up among more people. Childcare costs are another large money saver. The most recent national averages for childcare costs, released by the Census Bureau last April, highlighted that the average cost of childcare rose by over 70 percent between 1985 and 2011—from $84 to $143 per week. In multi-generational households, the direct and indirect costs of child rearing are sometimes shared by the rest of the family.

Previous generations may have felt constricted by this forced habitation. Notably, however, there appears to be a generally positive feeling towards the arrangement from the young adults concerned. Data from the Pew Research Center shows that only 25 percent of those who returned to the nest felt that it had adversely affected their relationship with family members, with 72 percent saying that it had either improved the relationship or had made no difference.

**1 in 5 Adults Live at Their Parents’ Home**

According to the Pew Research Center, more than one in five adults (21.6 percent) aged between 25-34, are living with their parents or in similar multi-generational homes, and as a result are not part of the rental market. This proportion has risen from 15.8 percent since 2000, an increase of 36.7 percent in 10 years, and is at its highest level since the 1950s. The majority of this age group has completed their college education and is the biggest source of first-time renters, crucial for a growing rental market. Undoubtedly, the economy, student loan debt and higher college enrollment are all contributing factors.

A key issue supporting these figures is that the majority of these interloping young adults are happy living at home. Of the 29 percent of adults aged 25-34 who moved back home during the recent downturn, the overwhelming ma-
Majority say that they are satisfied with the living arrangements (78 percent) as well as being positive about their future finances (77 percent). Like Sarah, they are also not in the least concerned with the social embarrassment. On the contrary, for many Millennials, living at home is the default option.

**ENTICING MILLENNIALS INTO THE RENTAL MARKET**

The apartment industry has made grand efforts to entice prospective younger renters into the market, investing heavily in amenities and research to figure out what renters want. Thus, we have seen luxury features becoming the norm, the evolution of the community experience in developments and top-notch locations become prerequisites for developers—almost irrespective of the property price points. But in some ways, this supply-side investment has been misguided and is a solution for a different problem. It does not address the issues concerning the middle ground of renters who face a sizeable deterrent from entering the rental market. This group, making up the bulk of missing households, has entered the workforce and earned too much to qualify for affordable housing, yet not enough to afford moving into one of the large stock of luxury rentals.

Prospective young renters like Sarah fall into this middle ground. In order for a property to entice her from her parents’ home, it must meet a checklist of ideal features, including: an uncongested central location; a hip area close to a range of shops, restaurants and service providers; a unit with laundry facilities and a building with both a stunning exterior design and a smart interior layout. And, of course, it should offer competitively priced studio or one-bedroom options in the region of $1,000 or less per month.

Such a wish list is a tall order for any developer to satisfy, particularly at the desired price point. In the normal course of affairs, the expectations of buyers would fall to levels that can be met by sellers. However, this is predicated on the assumption that prospective renters must find somewhere to live and that the rental market is the only provider of accommodation. The recent trend of returning to the nest has created a barrier to the balancing of supply and demand because it has freed prospective renters from the need to compromise. It has ensured that Sarah and other renters like her, whose checklists have mostly already been met while living at home, are prepared to wait until they find all the amenities they want at a mid-range price. With a situation where many markets are simply not offering this balance of price and features, developers are being presented with a seemingly intractable problem.

Those in the rental market should be encouraged by a recovering economy and the knowledge that there is a large stock of renters potentially ready to move into empty apartments. However, optimism about this prospective customer base must be tempered by reality and the knowledge that there may well be a lag before demand really begins to take off—and that this may not be of the scale previously witnessed.

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**TO READ MORE ABOUT LEADERSHIP DEVELOPMENT AND GENERATIONAL INFLUENCES, DOWNLOAD THE IREM WHITE PAPER, LEADERSHIP DEVELOPMENT: EVOLUTION OF LEADERSHIP.**

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On Pennsylvania Avenue in Washington sits the National Archives building, storing books, letters, photographs and more. Together, they represent our national experience—a priceless record of history. And it's the same type of collection you should keep: An archive of your career experiences represents your achievements and is of great value.

Completed Log

A Completed Log is as important as a To-do List. As you finish projects (from a minor report to a long-term project), add it to your Completed Log. This accomplishes three very important things.

1. Having a day when you feel unproductive? Take out your log and marvel at your talents. I recall a study reporting that seeing what you've done can be a better motivator than seeing what more you have to do. Seeing you've finished work and solved problems, you feel energized to do more.

2. Your log provides a basis upon which those who evaluate you can comprehend all you do. A coaching client of mine was armed for the battle of the annual salary review, and after sharing his log, was able to secure a raise over and above the planned amount, as the log provided proof of his performing more than was expected.

3. It can support a request for more resources. Once, when leading a management company and faced with an insurmountable workload, I started a two-list system: A Projects To-Do List and a Completed Project Log, both marked with revenue consequences when applicable. Armed with these documents, I met with the owner to justify adding another District Manager. With the lists, the evidence was indisputable and I received funding to add the position.

Achievement Book

An Achievement Book (a.k.a. Brag Book) is a tangible display of accomplishments for which you are most proud. The article showcasing your work; a photo of you receiving your CPM or ARM designation; awards; an email, card or letter extolling your virtues; that sticky note your boss used to say you did a great job; articles you've written; a sample of your work—you get the idea. Include details of the portfolio you manage and its financial accomplishments. Archive everything you have that displays your talents and successes, and allows you to relive the joy received from your work.

This book serves various purposes:

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2. When assembled in a professional manner (with a binder, page protectors, etc.), it's available for job interviews, allowing it to shout your achievements, not you.

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In an age when virtually everything can be done with a Smartphone, information is more readily available and businesses of all kinds are forced to be more transparent. Based on the availability of information in real-time, it should come as no surprise that this technology has found its way into fundraising. Naturally, once it became possible to raise money for projects, tasks and ideas via websites like Kickstarter and GoFundMe, it would only be a matter of time before the real estate world caught on and realized the unique opportunity to give the stock market a run for its money with regard to convenience and access to investor capital.

When Michael Douglas and Charlie Sheen Were Both Younger
Group investments and real estate syndications are hardly a new act, though. Throughout the 1970s and '80s, private placement syndication was the craze. At that time, tax code provided real estate investors with significant tax benefits for the passive activity gains and losses generated through the operation of investment properties. But then, the Tax Reform Act of 1986 hit, and investors were limited as to the benefits they received for owning loss-generating properties. The result of this tax reform was the deflation of real estate values across all property types. And while it brought the real estate boom of the 1980s to an end, it also brought on the start of the savings and loan crisis of the late '80s and early '90s.

You Mean Reagan and Obama Have Something in Common?
All things considered, these investment vehicles have continued to allow like-minded investors to maximize their buying power and realize greater returns than they would have on their own. And now, thanks to modern technology and the JOBS Act of 2012-13, investors have a world wide web of investment opportunities at their fingertips. Today, accredited investors have their choice between sites like Asset Avenue and Real Crowd, where there are even more options between investment vehicles and asset classes.

Perhaps the most cutting edge platform is Asset Avenue, where accredited investors invest in debt and then receive cash flow from the interest a borrower pays on their loan. Debt investors are somewhat insulated from risk in that while an equity investor stands to lose their capital outlay and ownership interest, the debt holder can foreclose and take back the property. On the equity side, Real Crowd is a graduate of the illustrious Y-Combinator, a seed capital and startup academy located in Northern California. Through the site, investors are able to access, identify and participate in group investments with no costs other than their initial equity and alongside real estate experts.

Not Going Anywhere, Anytime Soon
Only time will tell whether or not these startups will, in fact, have staying power. But as of right now, the money behind both would suggest that they will soon be a force to reckon with. Will managing for these ownership entities vary from your typical partnership of accredited investors? Do you currently manage for a crowd-funded group investment? I'd like to hear your story.
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HAVE YOU HEARD OF STNL? SINGLE-TENANT NET LEASE PROPERTIES, ALSO KNOWN AS NNN INVESTMENTS OR TRIPLE NET PROPERTIES, PROVIDE A RELIABLE AND CONSISTENT CASH FLOW WITH TENANTS PAYING ALL THE OPERATING EXPENSES OF THE BUILDING. STNLs ARE IN GREAT DEMAND AND CAN BE ONE OF THE SAFEST REAL ESTATE INVESTMENTS IF APPROACHED WITH DUE DILIGENCE.
GREAT DEMAND
With multiple buyers for every seller, demand for STNL retail properties has reached pre-recession levels. Lack of development during the recent recession has also contributed to limited quality NNN properties available for purchase in the marketplace. Triple net leases (NNN) require the tenant to pay the real estate taxes, insurance and all the operating expenses of the property. Cap rates are at an all-time low, especially for buildings with investment-grade tenants with long term absolute NNN leases in major markets throughout the nation. The 1031 exchange buyers who are seeking coupon clipper investments are offering the lowest cap rates. They have sold a property (their down leg portion of a 1031 exchange) and need to purchase another property (the contract up-leg) within the exchange specified 1031 exchange timeframe. REITs and corporations that pay a dividend find it difficult to compete with private 1031 buyers.

NON-SHOPPING CENTER LOCATIONS
Freestanding retailers and restaurants have unique location issues. Many retailers will experience a 30-35 percent sales increase in a freestanding location versus an in-line location. For example, drug stores prefer a hard corner (signalized intersection) with multiple accesses being critical. Multiple drive-thru lanes are needed for pharmacy pick-up due to their high gross margin. If a hard corner is not available but the location is in a strong trade area, the retailer may accept the location with access via left-in and left-out median cuts. A large, freestanding site can be carved into multiple 1-2 acre parcels, if the parcels have easy ingress/egress and good visibility with signage. While many municipalities require heavy landscaping for beautification purposes, the retailer typically likes to ensure that trees and landscaping do not block store visibility along with street and facia signage.

SHOPPING CENTER LOCATIONS
Retail triple net leases are also found in both freestanding and “in-line” in shopping centers and malls. The freestanding buildings are usually “pad” or “out-parcel” buildings located in the parking lots of shopping centers. Small pad tenants in the parking lot of shopping centers are mostly restaurants or banks. These buildings typically command the highest rents per square foot in the shopping center because of the identity they create for the tenant, their visibility and ease of access and parking. Larger single-tenant buildings, which may be in-line or freestanding, are usually tenanted by supermarkets, drug stores and larger discount clothing stores.

Some anchor retail tenants prefer to own their building and site. For instance, a supermarket may own its building and the land under the building along with the parking area needed for their required parking ratio. The row of shop tenant space that abuts the supermarket is known as “shadow space,” or space in the shadow of the supermarket, and is usually owned by an investor.

DESIGNING THE PAD BUILDING
Pad buildings in shopping centers are designed and developed to the specifications of the user. They include drive-up windows, sufficient parking to support the building’s size and use, exterior lighting and landscaping. The leases with anchor retailers and the shopping center’s or mall’s Common Area Agreement or Reciprocal Easement Agreement (REA) will likely place restrictions on the number of pad buildings, their sizes, heights and locations, in the shopping center’s parking lot. The anchor retailer does not want pad buildings to obscure their sight lines from the street and they are protective of their parking field.

PAD AND TRIPLE NET DEALS
The three types of pad and STNL deals are a ground lease, build-to-suit and the sale of a parcel of land for the pad or STNL building. Retailers may ground lease a parcel of land from the property owner and build their prototype building. They pay ground rent with leases for 20 to 30 years with multiple five-year options. A developer may provide a build-to-suit lease for a retailer. The developer builds the retailer’s prototype building and leases the building and the land to the retailer. A variation of the build-to-suit is when a retailer builds on land owned by a developer, the developer reimburses the retailer for the cost of the building and the retailer pays rent to the developer. This type of development is also known as “reverse build-
to-suit.” The third option is for the developer or property owner to sell the parcel of land to the retailer.

**FIRST AND SECOND-GENERATION LOCATIONS**

Challenges to re-tenant vacant free-standing box stores vary for large, medium and small boxes. Small boxes vary (from 5,000 to 15,000 sq ft) and generally have no more than 70 feet in depth. Thus, small boxes are easier to demise and re-tenant, compared to medium boxes (15,000 to 40,000 sq ft) and large boxes (greater than 40,000 sq ft). Medium and large boxes have depths of more than 100 feet, thereby creating challenges for demising and creating multiple second-generation spaces.

With many retailers downsizing to save on occupancy costs, landlords, leasing agents and property managers face an ongoing challenge to demise boxes and find replacement tenants. In recent years, properties once occupied by only “traditional retail” tenants are now occupied by second generation “non-retail” tenants such as medical and dental clinics, 24-hour health clubs and gyms, churches, municipal offices and other non-retail users. The key for success of a shopping center with second-generation tenants is proper tenant mix placement. Parking spaces should be adequate and existing tenants not be adversely impacted.

**INVESTMENT ANALYSIS**

The credit (or lack thereof) of the tenant and/or lease guarantor has a major impact on determining the cap rate. A company obtains its credit rating by issuing debt and subsequent payment history. An investment grade rating issued by rating agencies is generally BBB-. A building with a tenant or lease guarantor with an investment grade or better rating qualifies for a lower cap rate. Other factors in determining a cap rate are: rent with bumps (periodic increases); absolute NNN lease with no landlord responsibilities (tenant directly pays all NNN operating expenses including repairs and replacement for the entire term of lease and renewals); term of lease (the longer the better, i.e. 15-20 years); and location of market and trade area (hard corner, ample parking, visibility, access, signage, etc.) An astute buyer will always have a game plan to re-tenant the property if existing tenant fails and vacates.

**OPPORTUNITIES FOR TRIPLE NET LEASED BUILDINGS**

Triple net leases provide several investment options for developers and property owners. Adding pad buildings in the parking lot of a proposed or existing shopping center will improve its tenant mix, enhance the value of the shopping center and increase its cash flow. When considering adding a pad building, the property manager must first check with the municipality to determine the parking requirements for the pad building and determine if sufficient parking exists or can be created in the shopping center. The existing tenants’ leases, especially anchor tenant leases and common area agreements, must be reviewed to determine if they have restrictions prohibiting adding a pad building or the location of a pad building. A retailer may own a parcel of land larger than what they need to develop their store and sell the excess land to a developer who builds and owns the shadow space, or even package several of the buildings they own and sell them to an investor as a triple net lease investment. An owner of a shopping center may sell the shopping center and retain the ownership of the pad buildings or the reverse. The owner of a shopping center may separately parcel the anchor tenant building and parking and either sell this building or the shadow space.

Until interest rates rise and development picks up, STNL investment buildings are expected to remain at historic low cap rates. Even when the buildings are occupied by credit tenants, purchasers should always consider who the likely lease candidates would be, should the tenant vacate, STNL buildings are one of the most desirable types of real estate investment properties and, depending on the credit of the tenant and the property’s location, can be one of the safest real estate investments.

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The historic Music Hall in Cincinnati is one of the Country’s great theaters and has continued to evolve through 137-year history | By DIANA MIREL
Just north of downtown, Cincinnati sits the city’s cultural hub: Music Hall. Owned by the City of Cincinnati, Music Hall was built 1878 and is one of the largest theaters of its kind in the U.S.

Designed by architect Samuel Hannaford, Music Hall is a High Victorian Gothic building that boasts more than three million bricks. It is adorned with garrets, turrets and gables, all embellished with opulent limestone ornaments and carvings. Reminiscent of designs in European cathedrals, the rose window on the east façade is one of the building’s most recognizable features. It leads into the Music Hall’s multipurpose theater, which includes an auditorium, convention hall and ballroom, along with offices, dressing rooms and rehearsal spaces.

Throughout the city’s history, Music Hall has been a beacon of the arts. Even when Cincinnati faced violent riots in the 1970s, Music Hall was untouched—exemplifying the residents’ loyalty to and respect for the theater.

“It is hard to compare any American theater to the grand concert halls of Europe, but Music Hall stands well in that comparison,” said Scott Santangelo, director of Operations at Music Hall. “It is a holdover from a golden age that reflects the vision, enthusiasm and ambitions of a young nation.”

HISTORIC ROOTS
After the Civil War, many Germans immigrated to the area north of Cincinnati’s downtown, establishing the Over-the-Rhine neighborhood where Music Hall is today.

The Germans brought a love of music to the city. In 1869, the residents pooled their resources to build Saengerhalle, a multipurpose building that hosted a number of singing groups and choral competitions, including the first May Festival (a large choral event) in 1873.

During the second May Festival in 1875, a violent thunderstorm dumped hail on the roof of the building and postponed the performance. Fortuitously, retired Cincinnati businessman and philanthropist Reuben Springer was in the audience that night, and he recognized the need for the city to have a grand concert hall. He pledged to cover half of the cost to build the theater if the residents and city raised the rest. After they raised the funds, Saengerhalle was demolished and construction of Music Hall began in 1876. It was completed just weeks before the third May Festival in 1878.

Through the years, Over-the-Rhine has faced a number of ups and downs. Yet Music Hall has remained a constant source of pride. Currently, the neighborhood is undergoing a budding renaissance. A number of redevel-
MELDING YESTERDAY AND TODAY
Through its 137-year history, Music Hall has evolved to serve modern needs, while staying true to its historic roots. Music Hall is still home to the Cincinnati Symphony Orchestra, Cincinnati Pops Orchestra, Cincinnati Opera, Cincinnati Ballet and the May Festival.

Today, however, its reach extends beyond the fine arts, as well. Popular musicians like Eric Clapton, Bruce Springsteen, the White Stripes and Miles Davis have performed at the theater. Music Hall has also hosted political affairs, including the Democratic National Convention in 1880 and, more recently, one of President Obama's town hall meetings during his 2012 campaign.

The property has also been through many renovations—some quite extensive. Most notably, in the 1970s, the city undertook an effort to modernize its downtown. As a result, many theaters were demolished. Yet Music Hall survived, thanks to Cincinnati philanthropists J. Ralph and Patricia Corbett.

The Corbets saved Music Hall from the wrecking ball by donating the funds needed to modernize the theater. During the extensive renovation, the building added sprinklers, air conditioning, restrooms with disabled access, elevators and escalators. They also hung an ornate chandelier that has become a focal point in the theater.

“The Corbets made it possible to see the building modernized, without which it would not have survived,” Santangelo said.

In 1975, U.S. Department of the Interior recognized Music Hall as a National Historic Landmark.

PROTECTING A TREASURE
Maintaining such a historic and dynamic property is not an easy job. Managed by the Cincinnati Arts Association, Music Hall requires meticulous maintenance and preventive measures to keep it open, safe and clean. There are constant necessary updates as the mechanical, electrical, plumbing and other systems reach the end of their lives.

The Cincinnati Arts Association also takes into consideration the comforts of its patrons and tenants; the local companies not only perform in Music Hall, but their operational offices are also located within the building.

Despite Music Hall’s historic grandeur, the National Trust for Historic Preservation recently added it to its list of endangered historic places. The property is facing deterioration that requires significant repairs. Thus, Music Hall will begin another extensive renovation later this year.

“It is our generation’s turn to do a holistic refresh of the facility to maintain its relevance for generations to come,” Santangelo said. “You can’t work here and not become engaged in the history of the building. We’re excited about moving this national historic landmark forward so it is here for our grandchildren.”

MANAGING THE DETAILS
The operations department at Music Hall has nine full-time employees who run seven departments, 25 people, along with a number of part-time volunteers, contract staff and vendors work together to maintain and manage the property.

With office space for its orchestra and opera tenants, Music Hall requires much of the same maintenance as any office building. The management team makes sure the building’s systems—including electric, heating and cooling and plumbing—are working effectively and address any issues that tenants may have.

At the same time, Music Hall is open to the public. The Society for the Preservation of Music Hall runs the building’s tour program, coordinating tour times and training guides. The building also gets many walk-ins who want to tour the building or take a quick peek. The operations team accommodates these requests if there is a staff member or volunteer available.

“Everyone who works here at every level feels tremendous pride in the role we play in keeping this Music Hall an active part of the community it has always served,” said Santangelo.

DIANA MIREL IS A CONTRIBUTING WRITER FOR JPM®. IF YOU HAVE QUESTIONS REGARDING THIS ARTICLE OR YOU ARE AN IREM MEMBER INTERESTED IN WRITING FOR JPM®, PLEASE E-MAIL MARIANA TOSCAS AT MTOSCAS@IREM.ORG.
AN EXCLUSIVE INTERVIEW WITH JERRY COLLINS, CPM, OF FLAHERTY & COLLINS PROPERTIES, AMO.

What is your strategy regarding training and developing employees?

First, we seek potential employees who are enthusiastic and have a desire to learn and advance in both our company and the industry. We have an active, in-house training program at all levels of our company, regardless of position.

Additionally, we encourage and pay for employee training from outside experts, including IREM, state apartment associations and others. Our team at Flaherty & Collins is our most important asset as a company, and as such, we take great pride in acknowledging and celebrating employee accomplishments.

How have you noticed the industry changing; what has your company done to stay ahead of the curve?

The demographics of our residents have changed dramatically over the years. Renters by choice—both in the millennial category and retiring baby boomers—make up a larger cross section of our population. We strive to stay well-informed of the newest amenities, technologies and finish unit trends by having a core group from Development, Construction and Property Management visit other cities at least twice a year for that purpose. Listening to our residents through surveys and social media is also a very important change in our industry.

What is the secret to building a great team? What is your vision as a company?

To build a great team, we need great people. We have a lot of fun at Flaherty & Collins and we work hard to meet the goals of the owners we represent. It is vital to be a good listener and embrace new ideas and suggestions from anyone in the organization. Whenever possible, we promote from within the organization and place a high value on training and continuing education.

How does your firm attract/retain great talent?

Communication with all employees is very important to both attract and retain great talent. Team members need to understand the overall vision of the company and how they fit into the overall plan for success. We often encourage team members to be active in IREM, ULI and state apartment associations where we develop and manage. Industry-related events are great opportunities to meet and network with potential employees. Being based in Indianapolis, we look at Ball State University's fantastic Residential Property Management Program and Indiana University's Kelly School of Business as good sources for new talent.
THE MUMBAI PARADOX:
THE COMMINGLING OF DEVELOPMENT AND TRADITION IN INDIA'S LARGEST CITY

By Leah Misbin, MA

Right: The newer buildings meet higher construction standards, including requirements for quality infrastructure, advanced security systems, one prominent entrance and energy efficiency. Unfortunately, management techniques are advancing slower than construction.

Left: Taj Mahal Palace and Hotel: This Mumbai landmark, after falling prey to terrorist attacks in 2008, now leads the way in security.
Mumbai, India's largest city, is nothing if not a collision of new-meets-old. The city encapsulates India’s emerging economic power and mammoth market potential, while still retaining traits of its rich and colorful culture and history. Mumbai, which is the country’s business center—as well as being the home to its colossal movie industry, Bollywood—is attractive to international businesses looking to get a foothold in India, while still maintaining its character as a uniquely Indian metropolis.

Real Estate Management in Mumbai

“If I had to summarize the state of Mumbai’s real estate management in two words, I’d say ‘deferred maintenance,’” said Lynn Peters, CPM, director of operations for RETransform, based in Mumbai.

RETransform established The Real Estate Management Institute (REMI), IREM’s newest international licensee. “Because of the way real estate here has traditionally operated, buildings do not get the same level of attention we provide in the states.”

Indeed, Mumbai’s skyline tells the story of its history: one of the world’s oldest and most populated cities, bursting at the seams, with overextended resources.

“Within Mumbai today, the remains of Portuguese fishing villages dating back to the 17th century are juxtaposed with the glass façade skyscrapers of the 21st century,” said Rohan Bulchandani, co-founder and president of RETransform.

Mumbai’s building style reflects India’s time under British rule when neoclassical structures were popular, as well as newer trends, like Art Deco. Over the last two decades, modern high-rises have been sprouting up throughout Mumbai, as well as large-scale mixed use developments. Mumbai’s older style buildings, which were typically constructed outwards rather than upwards, sit in contrast, with many independent sections and entrances all belonging to different owners. The newer buildings meet higher construction standards, including requirements for quality infrastructure, advanced security systems, one prominent entrance and energy efficiency. Unfortunately, management techniques are advancing slower than construction. “There is real estate here, but the market lacks consistent methods and policies to maintain it. Establishing fundamental processes and procedures would greatly improve property longevity,” said Peters.

Another contributing factor to the lack of professional property management is that, historically, Indian businesses and individuals prefer to own their properties rather than lease them. “From a commercial real estate acquisition standpoint, purchase of an office requires significant capital outlay. With low rental yields and high interest costs, the economics of ownership are counter-productive,” said Bulchandani. In this way, he explained the shift to leasing as a more attractive option. As leasing becomes the norm, the need to make a property competitive in the marketplace and increase rents will drive up demand for professional management services.

Concentration on Security

While 9/11 forever changed security in American cities, November 26, 2008 had a similar affect in India. On this date, a terrorist group targeted multiple properties in Mumbai and killed over 160 people. The most famous building hit, the Taj Mahal Palace and Hotel, built in 1904 by Jamsetji Tata, had a major part of its interior destroyed, including the hotel’s oldest wing. Reconstructed and reopened, the Taj now boasts what has become a common feature in contemporary India: extensive security. Before entering the building, visitors must go through metal detectors and both vehicle and bag searches. Noticeably, no building—from retail to office—lacks at least a minimum level of security upon entry.

The Taj Hotel, more than any other, represents a changing India—
"With in Mumbai today, the remains of Portuguse fishing villages dating back to the 17th century are juxtaposed with the glass façade skyscrapers of the 21st century." — Rohan Bulchandani, Co-Founder & President, RETRANFORM

connected to its past but adapting for its future. The high-security entrance reflects the country’s modern condition: surrounded on all sides by hostile neighbors and the heightened sense of awareness that such a condition dictates. At the same time, the structure harkens to India’s past as a colony of the United Kingdom, a showcase to opulence and luxurious Indian style, influenced by British tastes and standards.

"The Guest is God" or Value-added Service

Athithi Devo Bhava, or "The Guest is God," is a Sanskrit verse epitomizing India’s group mentality and treatment of visitors, which very much translates to superior service amenities in Mumbai. India’s concentration on the service industry is evident at all types of properties—from residential to hotels to office buildings. An essential employee for an Indian company is at least one designated service person, charged with making the office employees more comfortable by serving drinks and food, cleaning up after meetings and assisting in other non-clerical tasks as needed. Even newer retail complexes are designed with service in mind. For example, a large attached parking complex may have multiple marked pick-up areas to facilitate taking a car with a driver to the stores.

"Because they are so service-driven," said Peters, "from a development standpoint, value-added onsite amenities like dry cleaning, concierge services, banks, etc., are automatic for owners. Managers here would not experience the conflicts American managers do when making an argument to an owner in favor of value-added services."

Shannon Alter, CPM, concurred. On a recent trip to Mumbai, she also observed this service-driven characteristic: "The superior service already exists throughout the city will help new real estate managers here ensure their properties have the competitive edge."

The Good Days Have Come

"Today, India stands upon the cusp of an economic boom," said Bulchandani. He specifically points to the administration of new Prime Minister Mr. Narendra Modi as a turning point for India. "Modi’s main objectives are to break down the corruption, investment paralysis, rising inflation and declining rupee, which has characterized the past 10 years." In addition, Modi’s direction strives to make the climate in India more attractive for foreign direct investment through his “make in India” initiative—a program designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build quality infrastructure. In fact, the Obama administration called a relationship with India "a defining partnership of the 21st Century," in expectation of the Prime Minister’s official visit to the White House in late September 2014.

For Mumbai, this means an increase in foreign investment as companies set up shop, bring in jobs and spend money. Bulchandani summarizes: "A new and improved India has taken root." As Modi put it: "Ache din aa gaye hai—The good days have come."

Leah Missbin, MA, (lmisbin@irem.org) is Senior Manager of International Programs at IREM Headquarters in Chicago.
SLIPPERY WHEN WET:

Prevent Accidents During Floor Maintenance

In order to maintain a presentable facility, floor maintenance and cleaning are a necessity. Since these processes make the floor wet with water and floor cleaning chemicals, individuals who are not hard-floor maintenance technicians may not know the potential danger they are heading into. According to a floor maintenance professional, re-emulsified floor coating feels even more slippery than walking on broken eggs. Even dust mopping treatment may contain slippery oils. Because of this, hazardous conditions may occur during routine floor maintenance and cleaning operations.

SLIP, SLIDIN' AWAY

Accident prevention procedures are well documented and typically recommend a three-step process for dealing with hazardous conditions:

1) A safety hazard, such as a slippery floor, must be kept out of service until it is dry. Floor cleaning typically happens when the building is closed to the public. If you must do this work during normal operational hours, it should be performed at a time you can expect the least amount of pedestrian traffic—preferably in the early morning or late at night.

2) Make sure to provide guards that control access to the area being worked on if people will be present during the time of floor maintenance. This involves establishing a safety perimeter using readily visible barriers to prevent people from walking into the potentially hazardous area. The barriers should be stanchions or cones spaced not more than 25 feet apart, with barrier tape 36 to 42 inches high. A safety perimeter needs to be difficult to ignore and should be an obstacle that most people will not want to bother with.

3) Warnings are the last step and most commonly used of the safety procedures. If barriers are not an option, warnings must be provided to alert pedestrians walking in the area of the conditions to preclude from walking in the maintenance zone. There are many types of warning signs available and their purpose is to provide a visual reminder that hard-floor maintenance services are being performed in the area. Warnings come in a number of different forms, including A-frames and cones. To increase visibility, some come lighted and are configured to allow for the extension of a tape or rope barrier. To be effective, a warning must be placed at the main approaching points to the area of maintenance. Avoid putting one cone to cover a large area, using the wrong type of warnings or putting warnings in a spot that can't be seen by pedestrians.

The floor maintenance process is completely under the control of property managers. Temporary barriers, barricade banner tape and multi-sided safety cones are relatively inexpensive and can prevent an injury or a lawsuit. An ample number of signs should be provided to warn facility users of slippery conditions.

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JULIUS PEREIRA III (JULIUSPEREIRA@COMCAST.NET) IS THE OWNER OF PEREIRA CONSULTING IN CHADDS FORD, PA.
AN INSIDE LOOK AT AN IREM DAY AT THE STATE HOUSE
Position yourself as an expert and impact legislation
BY DAVID BARRETT CPM, ARM, PCAM, AMS, CMCA

IREM's success as an organization is largely due to its highly rated education programs, management designations and networking events. IREM is also very active in public policy and advocacy that affects the real estate industry, both at the state and national levels. For several years, Boston Metropolitan Chapter No. 4 has been coordinating State House tours, both in New Hampshire and Massachusetts. IREM has launched a new initiative to encourage local chapters to develop a “Day at the State House” program. This chapter’s successful state house visits work to encourage other chapters across the nation to engage with their local legislators and head to their State House.

WHAT ARE STATE HOUSE VISITS?
State house visits help IREM Members develop relationships with their local legislators and their staff. During these visits, we inform our legislators about our expertise in the commercial real estate and real estate management industries and offer to provide information on proposed legislation related to those industries. These relationships are imperative in helping shape future legislation at the state level that will in turn directly impact our business and our bottom line.

Typically, each chapter’s president and legislative chair initiates the planning of the program by reaching out to fellow state chapters, if applicable. Once there is a commitment from other chapters and a date, you can go from there.

TOURING THE STATE HOUSE
Last April, approximately 50 IREM Members and friends of IREM Boston toured the Massachusetts State House. The new State House was built in 1798, and is located across from the Boston Common on the top of Beacon Hill. The land was once owned by Massachusetts’ first elected governor, John Hancock. Charles Bulfinch, the leading architect of the day, designed the building. The dome, originally
THE SACRED COD

In the House of Representatives, there is a five-foot-long “Sacred Cod” carved in pine. The Cod is so important that House rules prohibit the legislature to meet if the Cod is not present in the chamber.

The Cod is suspended above the entrance to the hall in the visitors’ gallery, and the Speaker of the House faces it during the meetings. The carved fish is a 200-year-old symbol of the bygone importance of the fishing industry in Massachusetts and remains an ancient symbol of prosperity for the people in the state.

In 1933, the Cod was actually stolen or cod-napped by college students as a prank. The missing fish caused great reprehension and an investigation by the state police. After several days, an anonymous tip led to the detection and its return.

made out of wood shingles, is now sheathed in copper and covered by 23-Karat gold, which was added to prevent leaks into the State House. Two U.S. Presidents, John Quincy Adams and Calvin Coolidge, served in the state legislature in their early careers.

Members were greeted by state senators and representatives for a photo op on the famous grand staircase. The Boston chapter legislative chair and president, along with various members, were instrumental in planning the event.

Senator Joyce escorted the group onto the Senate floor during a heated debate on a piece of legislation. He then interrupted the session to formally introduce the IREM group and read the IREM Chapter into the official records for the Massachusetts Senate: “The Institute of Real Estate Management (IREM) is an international membership community of real estate managers across all property sectors who are dedicated to ethical business practices and maximizing the value of investment real estate. IREM is an affiliate of the National Association of REALTORS and a trusted source for knowledge, advocacy and networking for the real estate community.”

The Senator then escorted the group out onto the Senate balcony for a breathtaking view of the Boston Skyline.

The tour continued to the House of Representatives, where we were met by State Representative Garlick. According to the rules of the House of Representatives, nobody (not even the Governor) is allowed on the house floor without an escort from a State Representative. State Representative Garlick then escorted the group onto the house floor for a rare opportunity to stand behind the same podium that JFK gave his famous “City on a Hill” speech on January 9, 1961.

Following the State House tour, a networking event was held at the world-famous Cheers Restaurant—originally founded in 1969 as the Bull & Finch Pub, and later made famous by the eponymous TV sitcom series from the 1980s—on Boston’s Beacon Hill.

POSITION YOURSELF AS AN EXPERT

The Day at the State House is a wonderful opportunity for both IREM Members and legislators to get to know one another. I strongly encourage you to plan and partake in an IREM Day at the State House tour. You must position yourself to become an industry expert to that legislator so if a piece of legislation comes into play, that policy maker is familiar enough with you to call to get your input and insight. IREM Members must have a part in the policy-making process at the state level. Of course our participation in federal-level policy-making is greatly important, too. But to have a quick, direct impact on our day-to-day business activities and outcomes, we must engage with our local legislators.

For more information on how to plan your Day at the State House, contact IREM Government Affairs staff at legislation@irem.org.
BIOMETRIC KEY CONTROL SYSTEM

Employee ID badges and passwords have a tendency to get lost or stolen, making them unreliable in the eyes of key control technology. The HandyTrac key control system now fully integrates Biometric Identity Verification, using a biometric reader to scan an employee's unique fingerprint and match it against authorized users to open the door. HandyTrac's renowned standard features include random key rotation, coded keys, off site data backup, detailed reports and low power consumption.

For more information, please visit www.handytrac.com.

THE REDFLAG EMERGENCY NOTIFICATION SYSTEM

Response time in emergency situations is one of the most important safety factors in minimizing the loss of life and property. You can access the RedFlag emergency notification system in seconds from any device with an internet connection, no matter how quickly a crisis emerges. This allows you to immediately alert your tenants or employees of the emergency and best escape route. RedFlag also eliminates the need for manual communication by simultaneously using voice, e-mail, text messages and social media posts to communicate with every single tenant and employee within seconds.

Find out more at www.pocketstop.com/redflag.

SNOW AND ICE MELTING MATS

You could say winter holds a special place in a property manager's heart—a horribly inconvenient and accident-prone place, that is. Luckily, HeatTrak® has a variety of residential, industrial and accessory products for melting hazardous ice and snow on walkways, stairs and more. Among the most popular items, Industrial Snow-Melting Walkway Mats ("HTM" Series) prevent snow and ice accumulation in areas with heavy foot traffic. This mat is as durable as automobile tires and electrically generates heat to melt snow at a rate of 2 inches per hour. The mats can be secured to the ground and left outside the entire winter season. Price varies depending on size needed.

Available at www.heat-trak.com; $395-$2,520.

NOKE BLUETOOTH PADLOCK

The days of losing your keys are finally over. In fact, with Noke, you never have to use them again. All you have to do is download the iOS or Android app and pair the padlock with your Smartphone. This is the world's first Bluetooth padlock that allows you to share access of your possessions easily, safely and securely. Since the padlock is both durable and water resistant, there are no limits!

For details, visit www.fuzdesigns.com/pages/Noke.
3 Clever Smartphone Gadgets That'll Save You Time—And Sanity

**FLIR ONE | $249**
There are myriad accessories for your iPhone out there, but this one might be a game changer. Enter FLIR ONE—an iPhone case with a built-in infrared camera. FLIR ONE offers Predator-like vision for the average human. I can think of a multitude of uses for this device—for instance, a maintenance worker could use the camera to see hotspots on a furnace or walk-in cooler, find heat leaks within an air conditioning unit or even determine where a motor might be overheating. Although the device comes with a hefty price tag, it could potentially make someone's job a lot more efficient.

For more information, visit [www.flir.com/flirone/buy-us.cfm](http://www.flir.com/flirone/buy-us.cfm).

**Quikkly | Free**
QR codes have been around since around the mid-'90s and yet they still haven't gotten the traction from consumers that people had expected. Quikkly thinks they know why. As opposed to an uninviting QR code that looks like a weird machine-readable barcode, Quikkly creates an easy-to-read call to action and bridges the physical and digital worlds via your Smartphone's camera. This free app allows you to scan or create your own easily read tags—specifying whether you're about to follow a user on Twitter, connect to Wi-Fi, add someone to your contacts or listen to a track on iTunes—taking the guesswork out of your experience.

For more information, visit [www.quikklytags.com](http://www.quikklytags.com).

**Tile | $19.95**
Twenty bucks says you've lost your car keys, misplaced your bag or purse, or even lost your wallet. And for $20, Tile can make this a problem of the past. These little square tiles, which are barely larger than a Wheat Thin, conveniently attach to your most important personal belongings and pair up with your Tile Smartphone app. Once placed, they constantly communicate with the app as to the precise location of your Tile. The app does take about 10 percent off your phone's battery life, but that's a small price to pay when you are missing your wallet. Lost your phone? No problem. Tile will not only allow you to log in via a browser to track it, you'll also get to leverage the community of other Tile users to find it. So don't freak out next time you can't find your keys. Reach for your Smartphone instead.

For more information, visit [www.thetileapp.com](http://www.thetileapp.com).

ALEXANDER LEVIN (ALEVIN@IREM.ORG) IS DIRECTOR OF IT FOR IREM HEADQUARTERS IN CHICAGO.
The following is the winning academic essay from the 2013-2014 Real Estate Management Article Competition for Faculty.

This contest, sponsored by IREM and the IREM Foundation, is a writing competition among college and university real estate faculty to encourage and recognize excellence in the academic study of real estate property and asset management and to promote research and scholarship in the area of real estate property and asset management that has practical application to the industry and would benefit its practitioners.

TOPIC:

It has been reported that the roles of the real estate property manager and asset manager are being redefined and, to some extent, the line between the two is blurring. Is this report accurate? How are the roles of property managers and asset managers evolving? What are the differences between the two, and what are the similarities? What does the future hold?
AT ITS CORE, real estate management is the performance of functions intended to achieve an owner or investor's financial, institutional, legal, environmental, and societal interests. Interests which are fulfilled by channeling clear objectives into financial models and effective operations. Depending on the size, structure, and interests of the owner(s), any number of personnel could be employed to achieve these objectives. Two professions within real estate management that commonly support this demand are property and asset managers. Historically identified and referenced as two distinct occupations, some would argue that as their roles and responsibilities continually evolve, they are becoming more and more difficult to untangle from one another. Their ongoing redefinition and increasing redundancy in areas of concern have led some to wonder if the separation is, or is on its way to becoming, merely a matter of nomenclature.

Like any profession, the demands and responsibilities placed upon real estate managers depends greatly on the scope and complexity of the specific tasks for which they are accountable. As the real estate management industry evolves from “mom-n-pop” operations to more consolidated, multi-million dollar companies, continually increasing in scope and complexity, the skill sets and professionalism of real estate managers continues to develop (Mattson-Teig 52-56). Over the past 150 years, advancements in construction; shifts in national demographics and markets; additions and revisions to government regulations and tax policies; and the emergence and immersion of technology in the workplace have shaped the current roles and responsibilities of property and asset managers. The discussion over whether the line of distinction between the two is “blurring” stems from two prominent themes: 1) a lack of standardization in job titles and responsibilities across a very diverse industry and 2) the increasing demand for property managers to be more sophisticated, professional entities, capable of encompassing a broader level of concern and influence in their position than historically expected.

Confusion regarding the roles of these professions is evident in the literature used to define them. Sources demonstrate a need to justify separating these positions with statements like, “A major difference between an asset manager and a traditional property manager...” (Kyle, Spodek, and Baird 11). In John McMahan's book, Cases in Commercial Real Estate Investing, a chapter section is devoted to the subject titled, “Asset vs. Property Management” (130). In an industry where one's title does not necessarily indicate a uniform understanding of work performed, reducing the conversation to “property manager” and “asset manager” certainly adds to the ambiguity: “In the property management profession, each organization uses its own system for defining job categories, with responsibilities varying according to the type and extent of properties managed. A property manager with the title Vice President-Director of Real Estate, for example may perform the duties of a facility manager or an asset manager. One property manager may manage a number of buildings with several tiers of staff to supervise, while another property manager may take care of only a few single-family dwellings” (Kyle, Spodek, and Baird 3).

Ultimately, the job functions performed are determined by 1) the scope of the work, 2) the ownership/management structure, and 3) the segment(s) of the industry being served.

Real estate management is unique in that these identifiers can contain such a broad range of possibilities. The business size and scope of work can span from one unit, wholly managed by one individual, to an international portfolio of properties managed by hundreds of professionals in a collection of companies and service providers. The diversity of the industry's owners, investors, and management structures also makes a clear depiction of “functional norms” all the more difficult. Owners can range from active, private investors to financial institutions to passive shareholders of real estate investment trusts (REIT's). Similarly, the management of the properties can be an internal function of the investing entity; a third-party, external service; or a combination of both. And, whether the property and/or asset management responsibilities are external components or internalized under the same umbrella plays a part in the expectations and roles of the managers. Third-party agreements generally require well-defined contracts of work to be performed, but when all of the responsibilities are handled under one roof, accountabilities for certain decisions and concerns can become ambiguous, even to the point of causing inefficiencies if the roles are not clearly defined (Rosta 43-44).

The shear reach of real estate management makes industry-wide, operational skill standards nearly
impossible. It spreads across several markets, submarkets, and demographics; it covers property types that include everything from where people live to where they work to where they play; and it spans legal and social responsibilities from Fair Housing to carbon emissions. As long as the conversation includes such a diverse environment, the task of defining roles and responsibilities for broad titles (i.e. asset manager) will continue to be relative and fugacious at best:

"The definition of asset management continues to evolve, and the responsibilities an asset manager holds may vary greatly from one professional setting to the next" ("Asset Manager" 7).

To distinguish whether the line between property and asset management is blurring requires a working definition of where the line has commonly been drawn. While several areas of concern overlap in their definitions, most sources agree that the core separation between property and asset management lies in the lens with which they view their responsibilities to the owner and the property. Property managers are consistently associated with the day-to-day operations and maintenance of the property(s) and its people - site personnel and tenants/residents. The property’s financial concerns and decisions are left directly to owners or the asset managers on their behalf. Real estate asset managers, whose name intrinsically links them to a Wall Street brethren, are historically viewed as handling the owner’s assets as an investment vehicle, peering through a lens of fiscal analysis, cash flow, and highest and best use practices. They are typically off-site, performance evaluators of a "sizeable number of investment properties," while property managers are most commonly coupled with the daily on-site concerns that drive the performance (Kyle, Spodek, and Baird 10). Put another way, asset managers are like air traffic controllers, analyzing from a remote distance, charting and monitoring the success of the course for several entities. Property managers, on the other hand, more closely resemble the pilot, directing the in-flight crew and acting as the operational liaison between the shared desires of the passengers and airline owners.

Referring to these working definitions, real estate management has probably seen the greatest shift in the core responsibilities and expectations of property managers in recent years. The increasing scope and complexity of the industry requires a more sophisticated representative to mitigate risks, embrace technology, build successful relationships, and ultimately understand financial implications to affect change at the site-level, while also being able to communicate effectively up the chain. Cindy Clare, President of Ketler Management states, “The role of property management, today, is clearly not only managing the asset, but it’s also managing the financial side of it” (2013 IREM Symposium). Statements like this represent a fundamental shift in the role that property managers have in the investment equation. The local connection and influence that property managers have over the operational performance of the property is inseparable from its resulting financial performance:

"To maximize the financial results of a complicated investment, it takes a team of experienced professionals that understands the asset and works jointly to produce optimal outcomes. The stakes are high and there is no room for error, so property managers must be more financially astute to ensure they are making good day-to-day decisions that are aligned with the ownership objectives for the real estate asset they manage" (Jackiw).

Stephen Covey uses the "circle of concern" vs. "circle of influence" model to discuss how one’s ability to influence change aligns with their actual concerns (81-93). In property management, it is becoming increasingly apparent that the manager’s "circle of concern," and consequently their analytical skill, is expanding to more accurately align with the tangible influence of their position.

While the term "manager" is still appropriate for its operational inferences, more and more property managers are being empowered to take on leadership qualities, with the professional freedom to take intelligent risks and the financial analytical ability to support them ("IREM White Paper"). Paul Rosta reports that, "[P]roperty managers are taking responsibility for budgeting and financial reporting, which is inevitably giving them a say in strategy" (43). However, this shift did not develop overnight. The financial sophistication and professionalization of property managers being discussed today is a by-product of companies realizing the influence that these managers have and then aligning their recruiting, training, and resources to ensure that their levels of comprehension, judgment, and concern are in line
with their ability to affect change. In recent years, this realignment has often
taken the form of increasing demand for more formal education from post-
secondary institutions and professional designations; recruiting leadership
qualities in addition to managerial skills; and increasing empowerment at
traditionally lower levels to make appropriate decisions (Mattson-Teig 52-
56). In a business environment that favors flexibility and quick reactions to
market conditions, a more financially adept property manager provides a
competitive advantage:

"Property managers know the buildings and grounds better than most
owners. They have a finger on the pulse of the market and, like a frog in a
pond, have a unique vantage point to understand the health of an environ-
ment" (Cox).

Is the line dividing property managers and real estate asset managers blur-
ing to nothing more than nomenclature? While the nonstandardization of
titles makes drawing the line a relative and shifty proposition to start, the
industry has been seeing more redundancy in their commonly-defined core
responsibilities. Instead of the archaic model of, "you take care of the people
and buildings, and I'll handle the financial strategies," there is a greater de-
mand for property managers that display financial sophistication and com-
prehension within their circle of influence. Moving forward, this demand
will continue to increase the standards and professionalism of the position.
As more and more property managers demonstrate the ability to make fiscal
decisions, produce and analyze reports, and contribute to the interests of the
owner by means that have commonly been performed by asset managers, the
line between the two will continue to blur. While companies and industry
personnel may continue to associate with one label or the other, aca-
demic definitions and literature will likely shift away from attempting
to discern between the two titles, choosing instead to blend them into the broader term, "real estate
manager:"

"[The end result of a real estate manager's work is building, maintaining, and enhancing the
value of a real estate asset. That work also is a critical component of the long-term management
plan, with analytical skills being used to make recommendations for a property's future success. 
Real estate management is more than analysis—it is analysis put into action at the property level."
(Prassas 4).

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Mentoring Millennials

WHAT CAN WE DO IN THIS INDUSTRY TO KEEP THEM? IT'S THE KEY TO NEXT STEPS FOR ALL OF US IN THIS BUSINESS [p. 52].


IREM MEMBERS ENJOY A FREE SUBSCRIPTION TO JPM®. NOT AN IREM MEMBER? JOIN TODAY AT IREM.ORG/JOINIREM.
NEW IREM LEADERS  
ANNOUNCED FOR 2015

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

EXECUTIVE COMMITTEE

PRESIDENT
Lori Burger, CPM, PCAM, CCAM, CAM, is senior vice president and director of Eugene Burger Management Corporation (EBMC), AMO, headquartered in Rohnert Park, Calif., whose portfolio consists of more than 6,500 residential units, 20,000 association homes and two million square feet of commercial retail, office and industrial space.

Burger is a past president of IREM Chapters in Northern Nevada/Tahoe and San Francisco, and was honored as the chapters’ “CPM of the Year” in 1988 and 1996. She received the Franklyn D. Lyons Award for Outstanding Career Service in 2001, and was inducted into the IREM Academy of Authors in 2008.

PRESIDENT-ELECT
Christopher E. Mellen, CPM, is vice president of the Simon Companies, and a national real estate owner, manager and developer in Braintree, Mass.

Long active in IREM Boston Metropolitan Chapter No. 4, Mellen has held numerous chapter leadership positions, including that of president. He has also served as a regional vice president and as a current member of the IREM Executive Committee.

Mellen is on the real estate faculty of Boston University and is also a faculty member of IREM. He has twice been named “Real Estate Executive of the Month” by the New England Real Estate Journal, and was inducted into the IREM Academy of Authors.

SECRETARY/TREASURER
Michael T. Lanning, CPM, is senior vice president and city leader of Cassidy Turley, AMO, in Kansas City, with responsibilities that include overseeing the office’s 10 million square foot commercial portfolio as well as landlord/agency project leasing. Prior to joining Cassidy Turley, Lanning served for more than 25 years with CB Richard Ellis, Inc., in Kansas City, where he held a number of positions in asset services and brokerage.

Lanning is a long-time member of IREM Kansas City Chapter No. 15. Over the years, he has held numerous leadership positions with the chapter, including that of president. In 2005, he was honored as the chapter’s “CPM of the Year.”
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Emily Goodman, CPM, ARM
CORE Realty Holdings Management, Inc.
Greensboro, N.C.
2015-2016

**REGION 14** (Canada)
Mary B. Aubrey, CPM
Bentall Kennedy (Canada) LP
Vancouver, B.C.
2015-2016

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- Minimize risk with a sound maintenance plan and an effective purchasing and inventory system.
- Improve sustainability and efficiency.
A FRESH TAKE ON MENTORSHIP
By John Salustri, contributing writer for JPM

John Combs, CPM, takes mentorship very seriously. He himself was the recipient of positive mentorship early in his career, and it is something he fosters for the 130 employees of his firm, RiverRock Real Estate Group, AMO, in Newport Beach, Calif. That, he believes, is one of the reasons RiverRock has been voted one of the Best Places to Work six years in a row by the Orange County Business Journal.

But Combs doesn't stop at promoting mentorship in the expected ways. “We're about to launch an enhanced mentorship program at RiverRock,” he said, describing it actually as a “mentorship program on steroids.” Under the program, everyone at the firm—the kids and the vets alike—will have a mentor assigned to them, a mentor other than their bosses and possibly from outside the firm. The mentors would be responsible for mentees' ongoing training and their professional development and designations. The mentees will be responsible for keeping in close contact with their mentors.

If the idea of senior people having mentors seems odd, it's not so much for Combs, who to this day maintains a revolving list of mentors. “I have mentors today,” he said. “Every year I ask who makes up my peer group now, and every year I establish five mentors with whom I stay in touch. It can be one or two of the same people but it does rotate based on what we're doing in our careers.” Currently, he leans toward other people running large companies.

The benefits are undeniable, and over the years, Combs has found that mentorship has helped him find jobs, relocate, open new markets and take on new business lines. “And it has brought some amazing talent to the firm.” Further, it provides a sense of community, “and an awareness of what everyone else is focused on.” His belief is that
said Combs, and no consequences for anything that comes up. “What’s important is not who said it, but what was said.” A facilitator is assigned to moderate the call and take notes for management to digest and respond.

A recent topic of discussion was flex time. It seems a lot of people at RiverRock like the idea, “but everyone defines flex time differently,” said Combs. “Is it working from home or doing four 10-hour days?” The firm is currently trying to develop a unified, workable definition of what flex time will mean for RiverRock. “But isn’t it great that we know there’s interest in it? We’re in touch with what people feel they need.” Such feedback from employees he considers part of the firm’s “secret sauce” for staff retention.

And retention is high—93 percent overall, Combs said, explaining that he benchmarks these figures against like organizations. He’s frank that retention drops among the relatively few Millennials he has on board, although at 73 percent, it’s still high. He cited a recent study of young professionals by RETS Associates that revealed Millennials’ desire to change jobs even if they’re happy. In fact, 50 percent said they’d jump ship.

“You can’t teach loyalty,” he said, “and Millennials are not loyal. That may ruffle some feathers, but it’s the truth. They want a job, and the job sounds great, but they really don’t want to do Excel spreadsheets. If they’re respected and get face time, they pretty much stay. But remember, loyalty is not retention.” The challenge, he said, is to find how to capture them and take advantage of the talents they bring, “because we’re not Apple or Google with big kitchens or rec rooms. What can we do in this industry to keep them? It’s the key to next steps for all of us in this business.”

In terms of Combs’ own mentorship history, he said his first mentors were the “wealthier clients” he worked with as a horse trainer in college. “They were developers and brokers, and that’s how I got into the real estate game. Then when I became a regional manager, I tried to meet other regional managers of other companies through IREM and they became my mentors—and I just kept going. Today, it can be a mentor or a peer. It really changes.” But note something significant here: Combs always pursued mentorship. He became an active participant in his own success.

The venue can change, as well. He recalled “Breakfast Club” meetings with peers earlier in his career. (Ironically, these meetings included Jana Turner, now of RETS Associates, which conducted the above-mentioned survey.) Today, he said, he gets more out of meeting his mentors at lunch or dinner. And therein lies the core truth behind all of what Combs is doing—or has done—in the name of mentorship: “As long as you’re learning, it doesn’t matter how you do it. Right?”

Right.

ARTICLE 7
Conflict of Interest

Article 7 of the IREM Code states that "A MEMBER shall not represent personal or business interests divergent from or conflicting with those of the client or employer and shall not accept, directly or indirectly, any rebate, fee, commission, discount or other benefit, monetary or otherwise, which could reasonably be seen as a conflict with the interests of the client, employer or firm, unless the client or employer is first notified in writing of the activity or potential conflict of interest, and consents in writing to such representation."

A CONFLICT OF INTEREST OR PERK OF THE JOB?

Let's pretend you have been given the task to increase the curb appeal of your office complex. After a thorough site review, you determine the majority of the budget should focus on landscaping.

You hire a landscaping architect and together you determine the best layout and design to make your property stand out above the competition. To ensure your company is getting the best price, the design is legally tendered to three very capable and reputable landscaping contractors with the tenders being sent to you. A site meeting is held with all three contractors, the architect and yourself, to ensure that the drawings and specifications are clear to all who are quoting. In the meeting, you casually mention you are contemplating a major landscaping upgrade at your home, offering to come to your house to look at the work involved and to provide you a quote. You receive the quote for your home—which is significantly lower than what you had anticipated—motivating you to accept the offer.

The day arrives for the office complex landscaping tender to close. The contract will be awarded to one of the very reputable landscaping contractors, including the one who provided you with a below-market quote on your personal residence. Do you continue to be actively involved with the selection process of the successful contractor? Do you declare a conflict of interest and let someone else in your office review the tenders and award the contract? Absolutely, you must.

A CODED CONCLUSION

In this situation, you actually have two conflicts of interest. Before you let the friendly contractor work at your home, make sure you have your company's consent. Notify your employer (in writing) that you are thinking of hiring one of their landscaping contractors for your personal use. Secondly, you should declare your conflict of interest in light of the fact that you are having one of them work at your home. In awarding the landscaping contract for the office complex, it could be construed as favoritism if you choose one contractor over another because of the work the contractor is doing in your home.

Remember this lesson next time and do yourself a favor—you will never be faulted for being open and honest with your employer or client.

KAREN HODGE, CPM, (KHODGE@ICORR.COM) IS VICE PRESIDENT OF OPERATIONS AND LEASING AT ICORR PROPERTIES INTERNATIONAL IN LONDON, ONTARIO, CANADA.
# New CPM Members

## October
- Megan M. Aarnaes, CPM
- Jose R. Ali, CPM
- Michelle L. Allen, CPM
- Joseph C. Altman, CPM
- Nicholas Berg, CPM
- Lloyd K. Boswell, CPM
- Brenda F. Brydges, CPM
- Christina D. Cerrato, CPM
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- Janice Cunningham, CPM
- Roberto Del Real, CPM
- Paul J. Diamond, CPM
- Tony S. Eastridge, CPM
- Glenn A. Good, CPM
- Michael Gosselin, CPM
- Chris Johnson, CPM
- Audrey June, CPM
- Shirlee J. Kingsley, CPM
- Lillian M. Lainez, CPM
- Joseph Markling, CPM
- David R. McGuill, CPM
- Adam S. Musfelt, CPM
- Erik M. Olson, CPM
- Jill M. Ott CPM, ACoM
- Andrew G. Phillips, CPM
- Charlotte Rossi, CPM
- Benjamin J. Sopkin, CPM
- Jonathan W. Tkachuk, CPM, ARM
- Roxanne Urias, CPM
- Natalie S. Yeager, CPM

## November
- Sarah Ambrose, CPM
- Shannon T. Benson, CPM
- Stefanie Charron, CPM
- William A. Crosthwait, CPM
- Nikolay Dedyulia, CPM
- Lorrieann Frohlich, CPM, ARM
- Zev Gontownik, CPM
- Brett W. Gray, CPM
- Eileen M. Griffin, CPM
- Khalifah R. Harding, CPM, ARM
- Linda J. Holmquist, CPM, ARM
- Ashley G. Keightley, CPM
- Diana R. Leka, CPM
- Scott A. Leonard, CPM, ARM
- Koji Matsumoto, CPM
- Anthony McAndrew, CPM
- Michael D. McQueen, CPM
- Eiji Motohira, CPM
- Thomas S. Padon, CPM
- Eric K. Perry, CPM
- Lynn M. Peters, CPM
- Stephen R. Russell, CPM
- Ziomara M. Young, CPM
IREM FOUNDATION 2015 BOARD OF DIRECTORS: READY FOR ACTION

The IREM Foundation Board of Directors serves as great ambassadors throughout the organization and the real estate management community, sharing the Foundation's accomplishments and securing the resources for the Foundation to continue our work.

The Board of Directors works collaboratively with the IREM Officers to support our joint mission of attracting, developing and retaining individuals for careers in real estate management. We look forward to strengthening our symbiotic relationship between the Foundation and IREM while raising awareness of the Foundation's good works. The Directors are proud of what has been accomplished to date and are honored to continue moving the Foundation's legacy forward.

Please take some time to learn more about the IREM Foundation by visiting our website www.iremfoundation.org or contacting us at foundation@irem.org.

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Gaston & Wilkerson Mgmt.
Group
Reno, Nev.

O. Randall Woodbury, CPM
Woodbury Corporation
Salt Lake City

(Not Pictured)
Cher R. Zucker-Maltese, CPM
Carefree, Ariz.
ON THE ROAD AGAIN / AD INDEX / IREM insider

ON THE ROAD
WITH IREM LEADERS

JANUARY / FEBRUARY LEADERSHIP VISITS

January 13
Central Florida No. 60 Chapter Visit
Location: Orlando, Fla.
Visiting Leader: Lori Burger, CPM, President

January 14
Boston No. 4 Chapter Visit
Location: Quincy, Mass.
Visiting Leader: Christopher Mellen, CPM, ARM, President-elect

January 16 - 18
IREM Strategic Planning Retreat
Location: Chicago
Visiting Leaders: Officers

January 20 - 22
National Multi Housing Council (NMHC) Annual Conference
Location: Palm Springs, Calif.
Visiting Leaders: Lori Burger, CPM, President; Russell Salzman, Executive Vice President and CEO

January 21
Greater Raleigh-Durham No. 105 Chapter Visit
Location: Raleigh, N.C.
Visiting Leader: Chip Watts, CPM, Senior Vice President

January 30
Alabama No. 43 Chapter Visit
Location: Birmingham, Alabama
Visiting Leader: Lori Burger, CPM, President

For a more comprehensive calendar of chapter visits, go to www.irem.org/calendar.

RULES OF THE ROAD:
• Advancing IREM's global brand and influence.
• Harvesting knowledge valuable to IREM Members.
• Strengthening the IREM Chapter network.

February 9 - 10
CEO Symposium (ASAE)
Location: Dana Point, Calif.
Visiting Leaders: Christopher Melle, CPM, ARM, President-elect; Michael Lanning, CPM, Secretary/Treasurer; Russell Salzman, Executive Vice President and CEO

February 10
Greater Cincinnati & Dayton No.9 Chapter Visit
Location: West Chester, Ohio
Visiting Leader: Alfred Ojejinmi, CPM, Senior Vice President

February 12
Rochester W. New York No.58 Chapter Visit
Location: Rochester, N.Y.
Visiting Leader: Craig Cardwell, CPM, Senior Vice President

February 18 - 20
Tri-State Conference & Expo
Location: Atlantic City, N.J.
Visiting Leader: Lori Burger, CPM, President

February 19
Michigan No.5 Chapter Visit
Location: Detroit
Visiting Leader: Christopher Mellen, CPM, ARM, President-elect

February 25 - 27
Indianapolis No. 24 Chapter Visit
Location: Indianapolis
Visiting Leader: Alfred Ojejinmi, CPM, Senior Vice President

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### JANUARY

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IREM also offers courses internationally in Canada, Bulgaria, Brazil, Japan, Russia, Poland and S. Korea. To find the schedule for these courses, visit www.irem.org/eventschedule.cfm.

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

MICHAEL B. SIMMONS, CPM, NAHP-E, ELECTED VICE PRESIDENT OF NAHMA

Community Realty Management (CRM), AMO, a full-service real estate management organization, announced that Michael B. Simmons, CPM, NAHP-e, president and chief executive officer of CRM, has been elected vice president of the Board of Directors for the National Affordable Housing Management Association™ (NAHMA).

NAHMA is the leading voice for affordable housing, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing. Founded in 1990 and based in Alexandria, Va., NAHMA’s membership today includes the industry’s most distinguished multifamily managers, owners and industry stakeholders. NAHMA serves as a vital resource for technical education and information, fosters strategic relations between government and industry, and recognizes those who exemplify the best in affordable housing.

Awards and Recognition

SCHMIDT ARTIST LOFTS WINS MINNESOTA BROWNFIELDS RESCAPE AWARD

Renovated Schmidt Brewery property recognized for its economic impact

Dominium, AMO, a leading apartment development and management company, was awarded with the Minnesota Brownfields ReScape Award in the “Economic Impact” category, and was also a finalist in the “Environmental Impact” category, for its work on the historic Schmidt Brewery in St. Paul, Minn. The ReScape Award recognizes innovation in redevelopment on environmentally impaired properties that have been abandoned or are underutilized.

The Schmidt project is one of several historic renovation properties that leading apartment development and management company Dominium has undertaken, along with the historic Pillsbury A-Mill in Minneapolis and the Leather Trades building in St. Louis. Dominium, the fifth largest affordable housing owner/manager in the country, leverages state and federal tax credits to renovate historic buildings and provide affordable housing for artists.

COMMUNITY REALTY MANAGEMENT, AMO, PROPERTIES AWARDED “BEST IN APARTMENT LIVING”

Community Realty Management (CRM), AMO, announced that three of their properties were recipients of the Pennsylvania Apartment Association East’s (PAA East) “Best in Apartment Living Awards” for Excellence in Community Presentation. The awards are an acknowledgement of excellence within the apartment industry of the Metropolitan Philadelphia and Southern New Jersey regions.

PAA East, a local affiliate of the National Apartment Association, enlists out-of-state industry experts to professionally judge properties for excellence in three categories, including Community Presentation, in which the judges review and evaluate curb appeal, landscaping, cleanliness, lighting, model apartment, signage and the leasing office.

Eligible communities must be members of PAA East; at least 20 percent occupied; and located in Bucks, Chester, Del., Montgomery and Philadelphia Counties in Pa. and Burlington, Camden and Gloucester counties in N.J.

Following are CRM’s Community Presentation Award-Winning Properties:

- Mt. Carmel Gardens (Philadelphia)—Community Presentation Excellence for properties with under 150 units, built from 1970-1979, “Platinum”
- Opportunities Towers I & II (Philadelphia)—Community Presentation Excellence for properties with 275+ units, built from 1980-1999, “Gold”

TRANSWESTERN COMMERCIAL SERVICES, LLC, AMO, RANKS 17TH OUT OF 84 TEAMS MIDWAY THROUGH ENERGY STAR® NATIONAL BUILDING COMPETITION

Firm has Reduced Energy Consumption by 4.1 Percent, Water by 6.1 Percent

Transwestern Commercial Services, LLC, AMO, announced it is in 17th place out of 84 teams at the halfway point in the Environmental Protection Agency’s (EPA) 2014 ENERGY STAR National Building Competition: Team Challenge. In the first six months of the competition, from January to June 2014, Team Transwestern has reduced energy consumption by 4.1 percent and water consumption by 6.1 percent.

As of mid-year, Transwestern manages 917 office buildings totaling 231 million square feet. The firm has reduced the annual electric usage in its managed portfolio by 96,697,560 kBu since second-quarter 2013, avoiding 17,325 metric tons of CO₂.
THE NOTORIOUS NORTHEAST

BOSTON

"Our Boston real estate market is very competitive. Demand for space is high because of the research and teaching activities going on in the Boston area. Property supplies include one hundred colleges, hospitals and universities."

New Developments: Three projects being built in the Boston area include the addition of medical buildings in the Longwood area on Brookline Avenue; adding Retail to the Seaport District; and restoration to buildings in the theater district to provide additional concerts and shows.

COLLEEN P. COSTA, CPM
PRESIDENT, CPC MANAGEMENT LLC
BOSTON

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<td>APARTMENT</td>
<td>4.2%</td>
<td>0.4%</td>
<td>$1,870</td>
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<td>OFFICE</td>
<td>13.2%</td>
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SOURCE: REIS INC.

WASHINGTON

"Several new office development projects and multiple full-building renovations began construction over the past two years in Washington, primarily due to the availability of construction financing and to the healthy leasing market in top-tier CBD and East End properties. New buildings have significant on-site amenities such as conference space, rooftop terraces and state-of-the-art fitness centers, which have proven to attract tenants and create a buzz."

Two new ground-up development projects, 600 and 601 Massachusetts Avenue NW, at the edge of the East End submarket, are already 50 percent pre-leased by law firms. These properties are in an area that is experiencing a resurgent. Part of the drive for developing new neighborhoods in the submarket is the continued influx of residents into the heart of downtown D.C., spurring new "24/7" environments."

DAN ORCUTT, CPM
DIRECTOR OF MANAGEMENT SERVICES,
NEWMARK GRUBB KNIGHT FRANK
WASHINGTON

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Q3 2014 VACANCY RATE</th>
<th>12-MONTH CHANGE</th>
<th>Q3 2014 AVG EFFECTIVE RENT</th>
<th>12-MONTH RENT GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>APARTMENT</td>
<td>6.4%</td>
<td>1.6%</td>
<td>$1,531</td>
<td>1.3%</td>
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<tr>
<td>OFFICE</td>
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<td>RETAIL (YEAREND FORECAST)</td>
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<td>-0.4%</td>
<td>$25.12 (ASKING)</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

SOURCE: REIS INC. *RETAIL DATA SUPPLIED BY MARCUS & MILICHAP.

PHILADELPHIA

"The trend of young professionals moving back into the city continues and has fueled an increase in additional housing options. Nearly 6,000 units have been absorbed in the past year, which is the best in four years. The creation of new jobs has produced an uptick in hiring in the area. This consistent economic growth has resulted in the planning of many new residential projects in the City by developers such as Dranoff, Brickstone, Pearl, Forest City and Scannapieco. This residential demand has also recently procured the opening of two new retailers into Center City, namely NYC's Century 21 and Nordstrom Rack."

INGO S. KRAUS, CPM
REGIONAL MANAGER, ALTMAN MANAGEMENT COMPANY INC.
FORT WASHINGTON, PA.

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Q3 2014 VACANCY RATE</th>
<th>12-MONTH CHANGE</th>
<th>Q3 2014 AVG EFFECTIVE RENT</th>
<th>12-MONTH RENT GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>APARTMENT</td>
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<td>OFFICE</td>
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<td>RETAIL</td>
<td>9.4%</td>
<td>-0.2%</td>
<td>$17.86</td>
<td>1.4%</td>
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</table>

SOURCE: REIS INC.

NEW YORK

"Effective rent growth continued in New York's office market during the third quarter of 2014. Currently at $52.32, the figure has increased for 17 consecutive quarters and is up 3.9 percent since the third quarter of 2013. Driven in part by the continued strength of the tech sector centered in New York's Silicon Alley, the metro notched close to 900,000 square feet of net absorption during the quarter. New York was second in terms of net absorption (after Los Angeles) out of the 82 metros tracked by Reis."

MICHAEL STEINBERG
SENIOR ANALYST, RESEARCH & ECONOMICS, REIS INC.
NEW YORK

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Q3 2014 VACANCY RATE</th>
<th>12-MONTH CHANGE</th>
<th>Q3 2014 AVG EFFECTIVE RENT</th>
<th>12-MONTH RENT GROWTH</th>
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<tbody>
<tr>
<td>APARTMENT</td>
<td>2.7%</td>
<td>0.2%</td>
<td>$3,185</td>
<td>3.9%</td>
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<tr>
<td>OFFICE</td>
<td>9.9%</td>
<td>0.2%</td>
<td>$52.32</td>
<td>3.9%</td>
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<tr>
<td>RETAIL (YEAR-END)</td>
<td>10.2%</td>
<td>2.2%</td>
<td>*$421 (ASKING)</td>
<td>52%</td>
</tr>
</tbody>
</table>

SOURCE: REIS INC. *RETAIL DATA PROVIDED BY CUSHMAN & WAKEFIELD.

Please e-mail Mariana Toscas at mtoscas@irem.org if you have questions regarding this article or you are an IREM member interested in writing for JPM. Please e-mail Mariana Toscas at mtoscas@irem.org.
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Nicole Crosby
Senior Marketing Manager
Buckingham Companies

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