MEET THE NEW DREAM TEAM OF 2016 IREM LEADERS / P32

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INSTITUTE OF REAL ESTATE MANAGEMENT

THE OFFICIAL MAGAZINE OF THE INSTITUTE OF REAL ESTATE MANAGEMENT (IREM®) / www.irem.org
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no one called to complain (and you made it home for dinner)

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It's a new year and IREM is bursting with good news and growth!

This issue of JPM® celebrates the first-ever (Real Estate Management Excellence) REME Award winners—an accomplished, impressive group of individuals and companies improving the places we live, work and shop. Turn to (P 8) to read more about these winners, and stay tuned for highlights about the winners in future issues of JPM®.

IREM is blazing the trail on the sustainability front as well. Turn to (P 14) for an in-depth Q&A with the expert IREM workgroup that advised on development of the new version (2.0) of the IREM Certified Sustainable Property Certification, now available for office properties, multifamily communities and shopping centers. Read up on how you can set your property apart with this prestigious certification.

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 2016 (P 32).

Thank you for being such an integral part of this innovative group of professionals. I look forward to a productive and successful year ahead!
A new report by the Conference Board of Canada is sounding alarm bells regarding the country's office property market, which a number of analysts say has become saturated with vacancies. According to the board, after years of rapid development, softer than expected demand has led to a "growing glut" of unused office space and a 9.5 percent national vacancy rate — a 10-year high. The group says the saturation in the office sector is being particularly felt in construction, as spending has been on a steady decline since the third quarter of 2014. While Calgary has the worst economic picture in the country, vacancy rates are up in most cities with the major exception being Toronto. There, the downtown vacancy rate has dipped.

CBRE's own statistical analysis puts the current national office vacancy rate at 11.8 percent, which is also a decade high and a situation that is worse than during the global financial crisis of 2009. Avison Young noted in its third quarter report on the greater Toronto area that the major banks took up approximately 1.3 million square feet of space during the period. In addition, the real estate company noted there are 48 full floors available for lease in downtown Toronto buildings under construction. "Problems in the office market are localized. Calgary is a mess right now because of oil and gas," concludes Bill Argeropoulos, principal with Avison Young. "Any market laden with new supply or significant development in the pipeline will face challenges."

More and more commercial real estate (CRE) firms are stepping up their use of technologies such as cloud, mobile and social media to drive tenant engagement and operational efficiency. In doing so, they could be increasing their vulnerability, as well of that of their tenants, to cyber risks. Among the biggest cyber risks for the CRE sector are theft of significant funds in wire or other electronic transfers and attacks on tenants through building systems, according to a recent analysis by the Deloitte Center for Financial Services. Web-based transactions with vendors and tenants, cloud services and the use of Smartphones and tablets under bring your own device policies create multiple access points for hackers to steal data stored by CRE companies. "CRE companies may be uniquely vulnerable to treasury management cyber risk, given the significant amounts of cash maintained on the balance sheet as well as large dollar transactions related to acquisitions, dispositions and financing of real estate properties," says Surabhi Sheth, research leader, Real Estate, for the Deloitte Center.
A recently published study found that workers showed significantly lowered cognitive functioning after spending a day in a simulated office environment featuring high concentrations of carbon dioxide and volatile organic compounds. By comparison, in conditions set to simulate a green building, cognitive performance was higher. The study, which was spearheaded by Harvard University environmental health researcher, Joseph Allen, in collaboration with colleagues from SUNY Upstate Medical School and Syracuse University, notes that the research was designed to mimic “conditions that are commonly encountered every day in many indoor environments.” He said, “We saw a doubling of cognitive performance scores in the environments that started with a green building, and we enhanced the outdoor ventilation rate.”

In a statistical sense, the study reported a strong link between the two variables under examination—office air quality and cognitive performance. The researchers said they could explain 81 percent of the variability in the study subjects’ cognitive test scores based on the variations in the office’s indoor conditions, leaving only 19 percent attributable to other factors not controlled in the study such as “diet, previous night sleep quality and mood.” The new research further illustrated that there has often been a trade-off in the past between ventilation and energy efficiency in building designs. Tighter building envelopes can contain heat or cooling, but can also lessen air circulation. Experts are praising the study, yet adding that there’s more work to be done. Among them is William Fisk, head of the indoor environment group at Lawrence Berkeley National Laboratory. He hailed it as “an excellent study with a design that eliminates common sources or error and that employs a sophisticated test of cognitive performance.”

Washington Post, Mooney

"Life is 10 percent what happens to me and 90 percent how I react to it."
—CHARLES SWINDOLL

"I’ve learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."
—MAYA ANGELOU

"Remember no one can make you feel inferior without your consent.”
—ELEANOR ROOSEVELT

"The question isn’t who is going to let me; it’s who is going to stop me.”
—AYN RAND

"Don’t judge each day by the harvest you reap but by the seeds that you plant.”
—ROBERT LOUIS STEVENSON
Hurricane preparedness is key for many apartment owners and managers this time each year. Inland damage from such storms is nothing new. With high concentrations of residents, even apartment communities located hundreds of miles from the coast should always be prepared, stated LeasingDesk Insurance President Ed Wolff. Communities should not only take the necessary steps to safeguard their properties and people, they should take measures to educate residents about the value of renter's insurance. The Property Casualty Insurers Association of America offers six steps to help apartment owners financially prepare for a disaster, no matter the location.

**BUZZ :: TIPS TO FINANCIALLY PREPARE FOR A HURRICANE**

01 Conduct a yearly insurance policy review. This will help ensure adequate coverage and the ability to weather a catastrophic loss.

02 Consider additional coverages like flood insurance. Most standard insurance policies do not cover losses resulting from floods, or even the failure of a sump pump and sewer backups.

03 Be sure to storm-proof your property. Doing so can significantly reduce insurance costs and help speed the recovery process after a natural disaster. In this regard, consider such things as installing storm shutters or straps to secure roofs.

04 Always keep important documents safe and inventory all contents. Photographing or shooting video of them will help quickly and easily account for important assets that need to be reported to an insurance carrier to ensure full compensation for a loss.

05 Prepare for power outages and inconveniences. Be on the lookout for scams looking to cash in on misfortune.

06 Take time and do it right. "It is natural to hurry to start repairs, but take the time to check the credentials of the businesses and individuals you hire to repair your property."
DOWNLOAD ME

MYSCRIPT CALCULATOR
If you scribble impromptu math problems on your napkin or scrap paper, then MyScript Calculator is for you. MyScript Calculator lets you use your own handwriting for imputing math problems, so you don’t have to worry about pressing tiny number and symbol icons. And it’s also fun to watch as your handwriting is converted into print. FREE

EXPENSIFY:
No more crumpled receipts and stray papers. Easily and painlessly track your business expenses with Expensify. Simply link your credit or debit card to your Expensify account and your charges will go directly into an expense report. Or, you can take pictures of your receipts and Expensify will automatically extract the relevant information from the receipts. $5 to $10 per active account for team and corporate users.

RESCUE TIME:
This app is the perfect bootcamp for your New Year’s resolution. Now you can track the hours you spend on Facebook, Instagram and other time-wasters with this handy new app. By automatically tracking the time you’ve spent on applications and websites, you’ll learn how much time you actually spend procrastinating and fraternizing. To top it all off, you’ll be sent a detailed report based on your activity so that you can be mindful of time. $72 per year with the first four months free.

TODOIST
Streamline your tasks and collaborate with ease using Todoist. Keep your to-do list on point, delegate or assign responsibilities and track your most pressing projects. You can create sub-tasks, sub-projects, color-coded projects and priority levels, making you a task-management-master. FREE

FAST FACTS

OF ALL THE WORDS IN THE ENGLISH LANGUAGE, the word “set” HAS THE MOST DEFINITIONS.

IN THE U.S. there are FIVE TIMES AS MANY VACANT HOUSES as there are homeless people

POLAR BEARS CAN EAT AS MANY AS 86 PENGUINS IN A SINGLE SITTING.

Pinocchio is Italian for “pine head.”

25% OF A HUMAN’S BONES ARE IN ITS FEET.

If you scribble impromptu math problems on your napkin or scrap paper, then MyScript Calculator is for you. MyScript Calculator lets you use your own handwriting for imputing math problems, so you don’t have to worry about pressing tiny number and symbol icons. And it’s also fun to watch as your handwriting is converted into print. FREE

No more crumpled receipts and stray papers. Easily and painlessly track your business expenses with Expensify. Simply link your credit or debit card to your Expensify account and your charges will go directly into an expense report. Or, you can take pictures of your receipts and Expensify will automatically extract the relevant information from the receipts. $5 to $10 per active account for team and corporate users.

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**TOP 5 HIGHEST & LOWEST TOTAL ANNUAL INCOME SHOPPING CENTERS BY METRO**

**HIGHEST TOTAL ANNUAL INCOME**

<table>
<thead>
<tr>
<th>METRO</th>
<th>MEDIAN</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington, D.C.</td>
<td>$35.45</td>
<td>13</td>
</tr>
<tr>
<td>Boston</td>
<td>$34.41</td>
<td>5</td>
</tr>
<tr>
<td>San Diego</td>
<td>$32.92</td>
<td>5</td>
</tr>
<tr>
<td>Orlando, Fla.</td>
<td>$27.16</td>
<td>10</td>
</tr>
<tr>
<td>Austin, Texas</td>
<td>$24.90</td>
<td>18</td>
</tr>
</tbody>
</table>

**LOWEST TOTAL ANNUAL INCOME**

<table>
<thead>
<tr>
<th>METRO</th>
<th>MEDIAN</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wichita, Kan.</td>
<td>$8.64</td>
<td>6</td>
</tr>
<tr>
<td>Greensboro-High Point, N.C.</td>
<td>$10.11</td>
<td>5</td>
</tr>
<tr>
<td>Lexington, Ky.</td>
<td>$11.08</td>
<td>8</td>
</tr>
<tr>
<td>Knoxville, Tenn.</td>
<td>$12.47</td>
<td>7</td>
</tr>
<tr>
<td>Memphis, Tenn.</td>
<td>$13.14</td>
<td>7</td>
</tr>
</tbody>
</table>

*Minimum sample of 5

Shopping Center data is available in Metro, Regional and National reports. Additionally, Income/Expense Analysis data is available for four other property types: Conventional Apartments; Office Buildings; Federally Assisted Apartments; and Condominiums, Coops, and PUDs.

TAI = Total Annual Income

Data from the 2015 I/E Shopping Center books

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IREM CELEBRATES THE 2015 REME AWARD WINNERS
The 2015 REME Award-winning individuals and companies have achieved a higher level of real estate management excellence, they have advanced the profession, and they have shown brilliant leadership and innovation.

This accomplished and exceptional group of REME Award Winners showcases the outstanding work of those dedicated to improving the places we live, work and shop.

**LEADERSHIP**
DDG
New York, New York

**WORK PLACE ENVIRONMENT**
MEB Management Services,
AMO
Phoenix

**CORPORATE RESPONSIBILITY: PEOPLE**
Continental Management,
LLC
Bingham Farms, Mich.

**CORPORATE RESPONSIBILITY: SUSTAINABILITY**
Bentall Kennedy
Toronto

**AMO OF THE YEAR**
Draper and Kramer, Incorporated, AMO
Chicago

**CPM OF THE YEAR**
Dr. Deborah Phillips, CPM
The Quadrillion
McDonough, Ga.

**ARM OF THE YEAR**
Duane Komine, ARM
Hokua, Honolulu
Winning the REME Award was particularly meaningful to MEB because of the Mission of the REME Awards! We could not be more proud of our team’s accomplishments! The recognition from IREM, an esteemed organization, was and continues to be an honor. We will always remember this moment.

—LIBBY EKRE, CPM
PRINCIPAL, MEB MANAGEMENT SERVICES, AMO | PHOENIX

Lori Burger, CPM, with Deborah Phillips, Ph.D, CPM, CPM of the Year and Bob Clarke, ABM

Duane Komine, ARM, ARM of the Year

Kimberly Donnelly, CPM, for Draper and Kramer, AMO of the Year

Lori Burger with Libby Ekre, CPM, for MEB Management Services, Work Place Environment Winner and Bob Clarke, ABM

Cheryl Gray, CPM, for Bentall Kennedy, Canada, Corporate Responsibility Winner

Gary Offenbacher, CPM, for Continental Management, Corporate Responsibility Winner

2015 REME Award Winners
Other 2015 Honorees Recognized During the Awards Celebration

IREM FOUNDATION
INSTITUTE OF REAL ESTATE MANAGEMENT

IREM FOUNDATION AWARDS

LOUISE L. AND Y.T. LUM AWARD
David G. Domres, CPM
Physicians Realty Trust
Milwaukee

LLOYD D. HANFORD, SR. DISTINGUISHED INSTRUCTOR AWARD
John A. Warthman, CPM
Southeastern Asset Management, Inc.
Atlanta

J. WALLACE PALETOU AWARD
O. Randall Woodbury, CPM
Woodbury Corporation
Salt Lake City

IREM PROFESSIONAL ACHIEVEMENT AWARD RECIPIENTS
Branden Barker, CPM
NAI/Latter & Blum, Inc., AMO
Baton Rouge, La.

Dawn Daffinee, CPM
Alma Realty Corp.
Hawthorne, N.J.

Julie Muir, CPM
Newmark Grubb Knight Frank
Portland, Ore.

Carl York, CPM
Sentinel Real Estate Corp.
Fishers, Ind.

STUDENT OF THE YEAR
Joseph Alexander Jajonie II
Virginia Tech University

STUDENT ESSAY COMPETITION WINNER
Andrew D. Steele
Brigham Young University

IREM ACADEMY OF AUTHORS INDUCTEES

Emily Goodman-Shortall,
CPM, ARM
Core Realty Holdings
Greensboro, N.C.

Eric B. Storey, CPM
Zions Bank
Edens, Utah
Explore the initiatives and videos of the REME Award Winners at irem.org/REMEwinners
The new version of the IREM Certified Sustainable Property is here

Version 2.0 of the IREM Certified Sustainable Property Certification is now available for office properties, multifamily communities and shopping centers.

The certification assesses sustainability performance in five categories:

- ENERGY
- WATER
- HEALTH
- RECYCLING
- PURCHASING.
Let's check in with the expert IREM Work Group that advised on development of the new version.

IREM WORK GROUP MEMBERS

DAVID BRYANT, CPM, LEED GREEN ASSOCIATE
TRANSWESTERN, AMO

DEB CLOUTIER
JDM ASSOCIATES

SHIRLEY ROBINSON-PEEK, ARM
SUNRISE MANAGEMENT, AMO

CRAIG SHEEHY, CPM, LEED AP
ENVISION REALTY SERVICES

BRANT SMITH, CPM
NEO REALTY GROUP

KELLY VICKERS, LEED GREEN
ASSOCIATE, GGP
ALLIANCE RESIDENTIAL, AMO

CHAIR
CHERYL GRAY, CPM
BENTALL KENNEDY
Q / WHY DID IREM DEVELOP THIS NEW VERSION OF THE CERTIFICATION?

Cheryl: LEED is out of reach for thousands of investment properties, even those that may be working toward sustainability goals, demonstrating quality, responsible management and adding value in the process. Those properties and their managers need an affordable, attainable, but still meaningful certification program. This version, more than ever, meets those criteria.

Q / WHY IS IREM THE RIGHT ORGANIZATION TO OFFER AN ALTERNATIVE CERTIFICATION PROGRAM?

Brant: We were asked that at the IREM Fall Leadership Conference, where this new version launched. What gives IREM the credibility to certify properties? My answer was that an IREM Certified Sustainable Property is an extension of your IREM credentials, especially the CPM brand. IREM CPM Members have the experience and education to manage properties to peak performance, and that’s what sustainability is all about.

Craig: As physical and financial assets. This new version includes things like tracking sustainability’s effect on property financials and marketing your sustainability success. Property managers are in a unique position to make that connection.

David: I’d also say that sustainability is not just about good design. It’s about management and operations day to day, year to year. That’s what IREM Members do. Good, quality management is directly relevant to sustainability.

Q / HOW IS THIS CERTIFICATION DIFFERENT FROM AND MORE ACCESSIBLE THAN LEED?

Kelly: An attainable existing property certification for multifamily communities, shopping centers and smaller, sub-market office properties is in itself different. LEED for Existing Buildings just isn’t practical for most of those properties. With the IREM certification, you can get credit for improving performance in areas under management control only, and doing things like tenant and resident engagement and improvements during turnovers. So you don’t need constant control over the entire property—a real roadblock in other certification programs.

David: The tools you get also help make the program accessible. There’s a Workbook for each property type that includes forms, templates, and checklists for every single requirement and point activity you have to complete.

Deb: I’d also add that some of the performance thresholds are more realistic and applicable for a wider variety of properties. You can get points for an ENERGY STAR score of 60 or greater, for example. With LEED v.4, you need an ENERGY STAR score of 75.
Q / A CERTIFICATION PROGRAM INTENDED FOR PROPERTIES THAT CAN’T GET LEED WOULD SEEM TO SUGGEST THAT SUSTAINABILITY IS NECESSARY. ISN'T SUSTAINABILITY ONLY RELEVANT TO THOSE PROPERTIES THAT CAN OBTAIN LEED?

David: It does depend on the market. Some companies have sustainability mandates, or green building adoption is very high in the market, and the property has to be LEED in order to compete. But LEED is missing too many properties, where there are technical or financial impediments that miss the positive steps they are taking.

Deb: Organizations like GRESB are finding that real estate financial performance correlates with sustainability performance indicators. And not just in expense savings. On the revenue side as well. More assets need access to those positive benefits.

Cheryl: So in some respects, sustainability is necessary as a valuable tool to meet a property’s or portfolio’s investment objectives. LEED is still a great certification and necessary to the market. But a certification system that demonstrates sustainability performance but is more attainable and affordable provides much broader access to that tool—sustainability as a way to meet investment objectives.

Q / CAN YOU TALK A LITTLE ABOUT THE HEALTH CATEGORY? WHAT DOES THAT CATEGORY ENCOMPASS?

Craig: There are requirements and points for indoor air quality activities and healthy, low-emitting materials. What you might see in another certification program. But there are also points for taking it a step further and being proactive about the property having a positive impact on the health and wellbeing of occupants.

Kelly: For example, there are points for providing fresh, clean water in common areas. For providing wellness and fitness amenities to tenants or residents.

Q / WHAT IS THE CONNECTION BETWEEN SUSTAINABILITY AND HEALTH AND WELLNESS?

Deb: Evidence is emerging that the indoor environment has a profound effect on human health. Everything from chronic disease to cognitive performance. We spend upwards of 90% of our time indoors, so the air, lighting, sound level, and thermal comfort—these factors have direct physiological consequences.

Craig: And that translates to an impact on productivity, health care costs, absenteeism. Staff costs account for up to 90% of overall business expenses. So even an incremental move in either direction, positive or negative, can affect the bottom line in a big way.

Deb: More so even than energy or lease costs.

Brant: Once tenant companies start making that direct connection, it could lead to much greater demand for green space. So there is a need for property managers to understand that connection and be proactive in creating healthy indoor environments.

Shirley: And the IREM certification helps you be proactive. We know that property managers are busy, and wading through a bunch of research online to determine how you can capitalize on these benefits probably isn’t going to happen when you have a water leak or resident issue. So we’re giving you and your team concrete things to do, and giving you the tools to do it.
Q: HOW WOULD YOU RECOMMEND THAT PROPERTY MANAGERS GET THE MOST VALUE OUT OF THE CERTIFICATION PROCESS?

Kelly: I would recommend using the certification process as a training program for site staff. IREM has a long tradition of educating the industry, and the program follows that tradition.

Cheryl: And don’t be afraid to jump in with the process. You can create a sustainability program from scratch if you have to. The Workbook has all the tools you need—policy templates, checklists, email templates for reaching out to tenants and residents. It’s all there.

Shirley: I would also suggest using the certification process to conduct a gap or SWOT analysis on an existing sustainability program. You have to keep improving in all the sustainability areas to maximize value. You can use the IREM certification to look at all those areas and keep improving.

BENEFITS OF SUSTAINABLE REAL ESTATE

> Recent studies have found rental premiums ranging from 2.1 to 19.7 percent in office buildings with green building certifications that include LEED, ENERGY STAR, and NABERS (Australia).

> A higher sustainability ranking in the annual GRESB REIT survey correlates to superior financial performance.

> To verify how Fannie Mae, green multifamily properties can get a 10-point basis reduction on refinance, acquisition, or supplemental mortgage loans, as well as on loans for energy and water efficiency improvements.

> A study published in Environmental Health Perspectives found that cognition scores were 101 percent higher in indoor environments with low VOC concentration and higher outdoor air ventilation, compared to conventional levels.


Get more information from www.irem.org/gogreen

TODD FEIST (TFEIST@IREM.ORG) IS SUSTAINABILITY PROGRAM MANAGER AT IREM HEADQUARTERS IN CHICAGO.
UNPLUG TO RECHARGE: STOP THINKING TO START PRODUCING

Yesterday, after more than two hours of reading emails about complex environmental issues and reviewing a 27-page contract, although it wasn't even noon, my brain sent me an IM. “Stop thinking,” it screamed, “Stop it now.”

Doing something every minute is my modus operandi. Being busy isn't an external influence; it's an internal mandate. If outside forces don't provide a to-do list long enough to last three or more years, my brain adds items without effort. Are you in the same club?

TIME TO STOP THINKING
Minds think relentlessly and make countless decisions every day. Brains are proficient, but they're not a continuous processor and no one is immune to burnout. Extensive to-do lists and the never-ending stream of information available can be overwhelming. Overload can come from thinking about too many things or as a result of being over-analytical. Additionally, decision fatigue (literally what the term implies), results in making bad choices.

Computers need power to operate, as does the human brain. However, unlike computers that need to be plugged in to recharge, brains need to be unplugged to recharge. When you're a go-getter, to boost your productivity, you have to schedule times to not think. Remove the pressure of constant thinking and know you're more productive with a rested brain.

HOW TO STOP THINKING
Your unconscious does a lot of thinking without you being aware it's occurring. Stopping that requires the intentional act of diversion: Do things so your brain doesn't think. It takes work not to think and here's how.

1 GET INTO FLOW. Do something that doesn't take much effort or thought—as if you're on auto-pilot—so your brain is detached from the action. Flow is when what you're doing takes you over; you lose track of time and aren't aware of the details of your actions. Maybe it's playing a musical instrument, cooking, artistic endeavors, carpentry or other interests.

2 MOVE IT. Exercise and sports, even playing with your pet, can be a respite from thinking.

3 BE SOCIAL. Have fun with people. It gets you "out of yourself" and provides playful thoughts.

4 LOSE YOURSELF IN STORY. Engrossed in a movie or book, your mind is busy painting the scene, seeing the action and feeling the emotion.

5 SLEEP. The brain needs sleep to rejuvenate and function at its best. Arianna Huffington's crusade to promote sleep holds an important lesson: “We are all living a little bit under the collective delusion that burnout is the essential price for success, and all the modern scientific findings make it very clear that that's not the case,” she said. “New science is validating ancient wisdom about the importance of sleep, of renewal, of what we are calling unplugging and recharging.”

Diversions from thinking are healthy, as proven by University College London in 2010. Its study found that people who think more about their decisions have more brain cells in their frontal lobes; however, people who think too much about life have poorer memories and may also be depressed. Isn't it nice to know there is science behind the need for taking a break? So get out there and stop thinking. Now.
IREM® Institute of Real Estate Management
Georgia Chapter #67

Congratulates our 2016 IREM® GA president, Dr. Debbie Phillips, Ph.D., with The Quadrillion on her recent 2015 IREM® REME Award.

So very proud of you!

INTERNATIONAL REAL ESTATE MANAGEMENT EXCELLENCE

IREM® Chicago Chapter No. 23

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Established 1893

Founded in 1893, Draper and Kramer is a vertically integrated property and financial services company that helps clients across the nation and beyond with debt arrangement, equity financing for commercial properties, management of all property types, project management, condominium conversion services, advisory, risk management/insurance, and consulting and valuation services. Join us in congratulating Draper and Kramer on receiving the 2015 IREM® REME Award for AMO® of the year.

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HOTEL DEL CORONADO IS A SPRAWLING BEACHSIDE RESORT WITH A RICH 127-YEAR HISTORY

BY DIANA MIREL

Directly across the bay from downtown San Diego and just over the famed Coronado Bridge resides the chic, coastal neighborhood of Coronado.

Known as the Crown City, Coronado boasts beautiful beaches, gardens, shopping, dining and one of the nation's most renowned coastal resorts: the historic Hotel del Coronado.

AN ELITE DESTINATION
Built early in California's history in 1888, the Hotel del Coronado quickly became a destination for the most elite travelers from the U.S. and around the globe—and it has remained one of the most prestigious destination resorts in the country today.

"Hotel del Coronado is a San Diego icon—perhaps the San Diego icon," said Steve Schackne, Hotel Manager. "The property itself, with its beautiful architecture and spectacular ocean setting, showcases the best that San Diego/Southern California has to offer."

Located on 28 oceanfront acres, the property features lush gardens and an expansive, private beachfront. The resort is designed with three different buildings that house 679 newly renovated guestrooms. There are also 78 oceanfront cottages and villas in the property's Beach Village.

The Hotel del Coronado represents one of the country's most prominent examples of American Queen Anne architecture, with its iconic red-shingled roofline, rambling silhouette and a myriad of turrets, towers and dormers.

"It is often likened to a fairytale castle," Schackne said. "It is very engaging and inviting, not at all imposing the way some Victorian architecture can be. It is also memorable. Once you've seen The Del—or even just seen a picture of it—it stays with you. People all..."
over the world recognize The Del because its architecture is so unique and appealing."

THE TALK OF THE TOWN... AND BEYOND

In the late 19th century, seaside resorts were popular along both the Eastern and Western coasts of the U.S. The Hotel del Coronado was the brainchild of two retired businessmen from the Midwest, Elisha Babcock, Jr., and Hampton Story. They envisioned a sprawling yet elegant resort that would be the "talk of the Western world." To make their vision a reality, they brought in architects from the Midwest, lumber and labor from the Northwest and recruited experienced employees from Chicago's finest hotels.

"In the early days, the 1888 construction of The Del put San Diego on the map, drawing the attention of the entire country," Schackne said. "The hotel became the reason folks from the East traveled to San Diego."

The hotel was a trailblazer from the beginning. It was one of few properties of its size to have electricity, along with telephones, elevators and private bathrooms. These exclusive features combined with the picturesque surroundings and near-perfect year-round weather drew affluent travelers from throughout the U.S. and Europe.

PRESERVE AND EVOLVE

Throughout its 127-year history, the hotel has managed to maintain its historic charm, while also evolving into a modern destination for today's discerning travelers.

As a National Historic Landmark (since 1977), the hotel has preserved much of its original history in the building itself, according to Schackne. "It looks very much as it did back in 1888," he said. "Inside, the hotel is always updating its guestrooms and amenities, but the architecture remains the same."

The hotel also honors its history with an extensive archive of vintage photos, brochures and artifacts and sev-
en books about various aspects of the property’s history.

At the same time, the hotel knows that it must evolve in order to stay relevant. It has embraced today’s technology by incorporating digital signage, in-room technology and even a cell phone app.

This past holiday season, the hotel also utilized technology in its new DE-Lights holiday program, a multi-media experience and light show on the resort’s Garden Patio.

**ONGOING MAINTENANCE AND UPDATES**

A property like the Hotel del Coronado could not thrive for 127 years without plenty of TLC. “Maintaining a National Historic Landmark is ongoing and crucial to seamless operations,” Schackne said.

While the hotel gets ongoing paint touchups, the entire property is repainted every five years. This major undertaking takes almost a full year to complete and about 2,500 gallons of white paint.

Additionally, every few years the property undergoes renovations to update and refresh hard and soft goods throughout the property. During its most recent renovation in 2014, the resort updated fixtures and furnishings in its guest rooms; restored and refinished woodwork and lighting in the lobby; and renovated food and beverage outlets to expand seating and alfresco dining.

“We try to schedule renovations during lower occupancy times; schedule the work in shorter time increments during busy times of day; and place rooms out of order in the near vicinity,” said Schackne.

The hotel also schedules these repairs and updates at odd-hours to avoid disturbing guests. For instance, the woodworking project in the lobby was done in the middle of the night so as not to disrupt guests coming through the lobby during peak daytime hours.

Another recent update to the resort was a $2 million lighting project, which included switching the property over to LED lighting. Part of this project included retrofitting the chandelier in the center of the resort’s lobby for LED lighting and refinishing it to silver from its original gold. The lighting endeavor has helped reduce energy costs at the historic property.

“One of my biggest goals is to ensure The Del is viable for future generations,” said Schackne. “The Del can never just rest on reputation; it needs to continually evolve so it will connect in new ways to a changing and diverse world.”

**DAY-TO-DAY DETAILS**

The age, size and popularity of the resort can make managing the property a challenge. “We are a very busy property,” Schackne said. “Juggling all of the hotel events, activities and arrivals can be a daunting task.”

To address these challenges, there are 90 managers and 1,100 hourly associates—split up between eight different divisions—charged with ensuring that the expansive property runs smoothly.

The resort relies on recruiting the “best and brightest” to join their

“...they brought in architects from the Midwest, lumber and labor from the Northwest and recruited experienced employees from Chicago’s finest hotels.”
team and work proudly at the famed resort, according to Schackne. "I have been at The Del for over 40 years. It's more than just a job," he said "I have recently become the Hotel Manager but I have always been a steward of the property."

This pride in the property by those closest to it has helped this iconic resort stay relevant—and beloved—throughout its rich history. "The Del is the heart of San Diego," said Schackne. "It has been here for more than 125 years, and it will be here 125 years from now."

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.

The IREM Fall Leadership Conference featuring IREM Executive Edge will be in San Diego this year at the Hilton San Diego Bayfront on October 18-22, 2016.

Go to www.irem.org/iflc to find out more.
Motivated people are the driving force behind success. Why is it, then, that some employees do not seem to be interested in what leadership is saying? How can a leader change the way employees feel?

Awarding bonuses and other incentives may motivate employees in the short-term, but won't necessarily translate to better production long-term. "Rewards can deliver an immediate boost—just as a jolt of caffeine can keep you cranking for a few more hours. But the effect wears off—and worse, can reduce a person's longer-term motivation to continue the project," warns Daniel Pink, author of Drive: The Surprising Truth about What Motivates Us.

STRATEGIES WITHOUT BUY-IN FALL SHORT
Oftentimes leaders prepare what seem to be flawless strategies, but they just don’t pan out. Their plans fall short in practice because they cannot be implemented without the help of people. If employees are not convinced of the idea, they will accomplish less than half of the work expected of them. The reason is this: when strategies are handed down from management without the input of employees, they often feel left out and excluded from the group.

AVOID A COMMUNICATION STALEMATE
This situation is all too common: Employees become offended with leaders' communication style and directives; leaders become frustrated by employees' inability to understand what they are trying to communicate. In continuation of this vicious cycle, leaders proceed without employees' support. Employees cannot operate with autonomy, do not feel needed
Daniel Pink, the author of *Drive: The Surprising Truth about What Motivates Us*, says that people are intrinsically motivated when the following three conditions occur:

1. **When they have autonomy in their actions**
2. **When they are allowed to master skills that are important to them**
3. **When they are active in projects that will serve a benefit to society**

and cannot find meaning in what they are doing, resulting in non-action. In other words: a stalemate. Both employees and employers never come to a common understanding. Such relationships lack mutual respect.

**LISTEN, DON'T LECTURE**

As the representative and executive director of my own company and three other volunteer associations, it is my responsibility to produce results in each of these organizations with what little time I have. It is impossible to accomplish these tasks on my own. My real job is to get the buy-in of other employees and volunteers so that they can actively participate in projects on how they work, think, act and perform. We also discussed on how they work, think, act and perform. We also discussed through the process of these discussions, the staff felt under-valued.

I repeatedly met with them to figure out what the problems were and tried to find their strengths and weaknesses based on how they work, think, act and perform. We also discussed their problems with their bosses and other issues at work. We would talk about everything, from private issues and happiness to their life goals and dreams. With so many of them and so many problems, it was not easy. But we dug down deep to look for the ways to improve.

The more I listened, the more they opened up. As we went through the process of these discussions, the staff felt understood, secure and satisfied. Just by opening up the opportunity for discussion and truly listening to their concerns—business-related and otherwise—employees felt valued and begun to take ownership of their projects. They may not have been able to match the performance of the top salespeople, but they ended up doubling and tripling their sales.

You may not be able to improve relationships with all employees, but treating staff as individuals who partake in the decision-making process is essential to success.
**TRANSGENDERED BATHROOMS**

Over the past year the Transgender rights movement has found momentum. One of the most common questions is what to do about bathrooms. While there are few laws in place regarding bathroom rights, it is best to be prepared. With so little guidance it is hard to say with certainty what can be done to avoid discrimination claims, but it is better to be proactive.

When discussing Transgender and LGBT issues it is important to know the meaning of certain terms. Many terms are used interchangeably, but have very different meanings.

**BELOW ARE SOME EXAMPLES TO HELP CLARIFY WHAT IS BEING DISCUSSED.**

**SEX:** Either the male or female division of a species, especially as differentiated with reference to the reproductive functions.

**SEXUAL ORIENTATION:** One’s natural preference in sexual partners; predilection for homosexuality, heterosexuality or bisexuality.

**GENDER IDENTITY:** A person’s sense of being male or female, resulting from a combination of genetic and environmental influences.

**GENDER EXPRESSION:** Refers to a person’s characteristics and behaviors such as appearance, dress, mannerisms and speech patterns that can be described as masculine, feminine or something else.

**TRANSGENDER:** Noting or relating to a person whose gender identity does not correspond to that person’s biological sex assigned at birth.

One of the most controversial issues is that of Transgender people and bathrooms. There is very little guidance about this coming from the federal level. Some businesses have gone as far as to have three bathroom designations; Male, Female and Gender Neutral. This is the least controversial method, as nothing will change for most people. Those who traditionally identify with male or female are free to use their respective bathrooms as they always had. The gender neutral bathroom is typically a single occupancy facility open to anyone who wishes to use it. A much simpler route that is gaining popularity only requires a modification of signage. Rather than the customary “Male” and “Female” signs with figures denoting the gender of each, a sign can read “Male, trans people welcome” and “Female, trans people welcome.” This signage would make it clear that one bathroom is for all who identify as female, and the other is for all who identify as male, regardless of the sex assigned to them at birth.
DRONES REGULATION POSTPONED

On September 30th 2015, the FAA announced it would not meet its deadline to issue rules regarding drone usage. This move has drawn much ire from congressional critics as well as industry players. The deadline was set by congress in 2012 as part of a bill funding the FAA. Many feel three years is more than enough time for the FAA to issue rules, but the agency has shown little movement towards that goal. While they have not made much progress, the agency has issued a draft rule regarding commercial use of drones under 55 pounds.

One of the main issues associated with the lack of FAA rules, is that states are forced to fill the gap. Unfortunately, the states have been passing regulations that many feel overstep their authority. Recently, New York has introduced legislation that would require drone manufacturers to install “GPS fencing” software. The software would track a drone and prevent it from flying too close to an airport, sports arenas or any other restricted airspace. California has also introduced several bills intended to regulate drone usage, including one that would affect their use in emergency situations.

By delaying the introduction of rules, the very problems the FAA is setting out to fix could be much worse by the time the rules are announced. With the holiday season coming to a close, small consumer-grade drones were the hot new toy. That makes for countless young pilots flying their new toys around a veritable wild west of an airspace.

Even harder to contend with are the laws that could be passed in the meantime. Rather than working with a blank slate, the FAA will have to contend with laws that have already been passed in the states. Many of these laws will be conflicting.

The FAA recently appointed two new executives to spearhead the Unmanned Aircraft Systems (UAS) policy integration. Marke Gibson will become senior advisor on UAS integration, and Earl Lawrence will direct the UAS Integration Office. Hopefully having new leadership will streamline the process. As of now, the FAA is looking to have the rules published sometime this year. IREM Government Affairs will keep a close watch on this topic, check our website for updates.
HTC RE CAMERA
Tired of holding up your phone to take videos? HTC just dropped their price on a little periscope-shaped action camera that might be a little more comfortable to handle than your phone. At $50, it will pair to your phone via Bluetooth so that you can keep your phone in your pocket while comfortably gripping its handle to record. Let's be clear... it does not substitute for a GoPro, but it is waterproof and at the price point could be a nice little accessory for your phone. It shoots in 720p or 1080p and has a 146-degree wide angle. It can shoot in either 30fps or even do slo-mo at 4X.
Retails at $50; http://www.htc.com/us/re/re-camera

SONOS PLAY:5
You show me an audiophile and I will show them fifty different superior sound system options. The Sonos Play:5 is on the same playing field as the high-end Bose speaker system. Sonos Play:5, however, is inexpensive and wirelessly connects to one of the biggest collections of music catalogs out there. It features three tweeters and three mid-range woofers all packaged in a wireless multi-room design. The system lets you control sound in multiple rooms of your house all through an app. To boot, Sonos's new Trueplay software can tune each satellite speaker specifically to the design of the room.
Retails at $499; http://www.sonos.com/shop/play5

LINKSYS RANGE EXTENDERS
Do you have an area of your apartment building/office that experiences very low Wi-Fi signal strength? Are your tenants complaining of Wi-Fi-dead zones? Linksys has added a pair of new Wi-Fi Range extenders that will work with their network and boost the signal strength where it is weak. There are a multitude of extenders on the market, but what makes these great is the significant amount of space they can cover. The AC1200 Boost EX Range Extender RE6400 and the AC750 Boost Range Extender RE6300 will cover up to 7,500 square feet of space and boost the Wireless-AC networks to capacity.
Retails at $99; www.linksys.com

INTEL COMPUTE STICK
Ever needed a Windows PC that is physically just a little larger than a USB stick? Intel came out with a Compute Stick that might fill that void in your life. Packed with a full version of Windows 8.1 a 1.33 GHz processor with 2 GB of RAM, the little Compute Stick is a PC that looks like a USB stick with an HDMI male port. Plug it into an LCD display and you can run anything from Office applications, to Digital POS signs. We are using these little guys to power our digital signage within IREM Headquarters. They are not only low-power consumption (thus GREEN for our LEED certification) they are also pretty powerful.
Retails at $149; www.intel.com

ALEX LEVIN (ALEVIN@IREM.ORG) IS DIRECTOR OF IT FOR IREM HEADQUARTERS IN CHICAGO.
CLEVERLOOP: SMART SECURITY

CleverLoop is a self-install security camera system that has the ability to learn its environment and alert users to anything out of the ordinary. Whenever CleverLoop sees something unusual, the video clips are analyzed to decide if it’s critical. Important clips are backed up to the cloud and mobile alerts are sent to you immediately. Multiple cameras connect to a “base station,” where users can analyze footage and store it to an SD card or free on the cloud. With night vision, two-way audio and a wide field of view, this free security system is user-friendly and affordable.

$279

TAG: YOU'RE NOT LOSING IT

TAG enables you to stay in constant connection with your loved ones or valuables. Check on the safety of your child as they walk home from school, or keep tabs on an elderly parent with TAG’s “Fall Detection” feature. Attach TAG to your luggage and get real-time information on how long you’ll be waiting at the baggage claim. TAG also has a “panic button” feature which can notify recipients of their exact location in the event of an emergency. By utilizing integrated 3G HSPA technology, TAG extends cellular network coverage to most of the major cities around the world, and its worldwide, built-in roaming SIM card gives the device an ability to be located and tracked across international borders.

$89

MINIM+AID: SURVIVAL IN A MINI TUBE

Imagine if you could fit an entire survival kit inside a two-inch thick, waterproof, floatable tube. The MINIM+AID, created by Nendo, was designed to include “the bare minimum necessary for a city-dweller to make it to a place of refuge during an earthquake or other disaster,” is just that. Complete with a whistle, hand-operated crank radio, lantern, poncho and small supply of drinking water, this device is literally a life-saver. It also has a hand-crank can also be used to charge the lantern and other small USB devices.

Will be released soon
NEW IREM LEADERS ANNOUNCED FOR 2016:
Take the opportunity to read more about the new Officers and Regional Vice Presidents who were installed at the IREM Fall Leadership Conference in Salt Lake City, last October.
PRESIDENT
CHRISTOPHER E. MELLEN, CPM, ARM, is vice president of the Simon Companies, a national real estate owner, manager and developer headquartered in Braintree, Mass. Mellen has more than 30 years of property management experience at the national level and served on several committees as a regional vice president and as a member of the Executive Committee.

Long active in IREM’s Boston Metropolitan Chapter, he has held numerous chapter leadership positions, including that of chapter president—and was honored with the Lifetime Achievement Award. Mellen is an IREM instructor and a faculty member of Boston University. He has twice been named “Real Estate Executive of the Month” by the New England Real Estate Journal, and was honored with induction into the IREM Academy of Authors.

PRESIDENT-ELECT
MICHAEL T. LANNING, CPM is the senior vice president and city leader in the Cushman & Wakefield, AMO (formerly DTZ) office in Kansas City, Mo. In addition to new business development and professional development for the property management division, he oversees the approximate ten million square foot office, medical office, retail and industrial portfolio.

Lanning is a long-time member of IREM’s Kansas City Chapter. Over the years, he has held numerous leadership positions with the chapter, including that of chapter president, regional vice president, senior vice president and Executive Committee member. In 2005, he was honored as the chapter’s “CPM of the Year.”

SECRETARY/TREASURER
J. BENJAMIN MCGREW, CPM, CCIM, is president and majority shareholder of MANAGEWEST, Inc., a professional, full-service management company based in Sacramento, Calif.

McGrew is a long-time member of IREM’s Sacramento Valley Chapter, serving as chapter president in 2001, and was awarded the “CPM of the Year” in 2000 and 2004, as well as the prestigious Chapter Leadership Award in 2007. McGrew served on several IREM committees at the national level. He was elected to IREM’s Governing Council to serve a term from 2008 to 2010. He served as the 2009-2010 regional vice president of IREM for Region 11, and has also served on the IREM Executive Committee.

Additionally, since 1982, McGrew has served as a Receiver for the Superior Court of the State of California on more than 700 occasions, primarily in California but also in 12 other states. He has also served as a Federal Receiver in California and New Mexico. McGrew has been a Federal Bankruptcy Trustee in the Northern District of California since 1982.
AT-LARGE MEMBERS

GEORGE D. GRIFFIN III, CPM
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Houston

JOHN VIGGERS, CPM
NAI Optimum
West Des Moines, Iowa

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Colliers International, AMO
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Irgens Partners, LLC, AMO
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Capital Growth Properties, Inc., AMO
Jolla, Calif.

WARREN G. LIZIO, CPM, ARM
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Braintree, Mass.

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RCM Services/Clifton Management Co.
Salem, N.H. 2016-2017

KATHERINE SHIPLETT, CPM
CBRE, AMO
Washington, D.C. 2016-2017

REGION 2
(Del., N.J., N.Y., Pa.)

ANNE-MARIE NIKLAUS, CPM, ARM
Balfour Beatty Communities, LLC, AMO
Malvern, Penn. 2015-2016

RENEE M. SAVAGE, CPM, CCIM
Capital Growth Properties, Inc., AMO
Jolla, Calif.

REGION 3
(Md., Va., Washington)

KATHERINE SHIPLETT, CPM
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MEL SCHULTZ, CPM
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### REGION 10
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JENNIFER L. MESEY, CPM
DCM Group
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### REGION 13
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EMILY GOODMAN-SHORTALL, CPM, ARM
CORE Realty Holdings Management, Inc.
Greensboro, N.C. 2015-2016

### REGION 14
(Canada)
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Vancouver, B.C. 2015-2016

To read more about the new IREM Leaders, go to [http://www.irem.org/about-irem/leadership](http://www.irem.org/about-irem/leadership).
"Real estate is all about bricks & mortar and as technology continues to evolve, property managers must harness the solutions made available for investment real estate professionals."

Online is everything. Data is stored in the cloud and both our offices and our properties are becoming more and more paperless by the day. With technology shrinking the world down to size, comes the opportunity to outsource professional services like never before. And it's not just about cost savings and eliminating overhead. In some instances, these outsourced services will be provided at a level superior to those previously provided in house. What's more, for a start-up property management company or a company focusing on third-party management services, these vendor partnerships can help to ease growing pains or supplement in-house efforts while allowing you to do what you do best.

**RE-THINKING REPORTING**

Financial reporting is the backbone of any investment operation and real estate is no different. The ability to prepare and present accurate financials starts with a complete and streamlined workflow from accounts receivable to accounts payable and ultimately, an impeccable general ledger that answers all questions and concerns. Oh, and of course, the prompt disbursal of cash flow and client funds. You are no longer forced to hire the personnel to handle these items. Instead, you can hire a vendor to provide these services and instead focus your own staffing efforts on operations or oversight that will help to drive productivity and create value for you and your clients. In turn, you can manage the metrics to ensure that your vendors and clients are paid in a timely manner but also ensure that your clients’ income, cash flow, operating statement and balance sheet are prepared and presented by a CPA. Not only do these services offer an added level of comfort and professionalism, engaging a third party can help to provide an added layer of security through checks and balances.

**DON'T RUN THE RISK**

Sure, monthly reporting may be one of the more tedious tasks we engage in, but human resources and risk management programs are also increasingly eligible for outsourcing. Check with your payroll service provider to inquire about benefits, operations assistance and counsel. Additional benefits can include group rates on worker's compensation insurance, 401k and more. As for payroll service provider to inquire about benefits, operations assistance and counsel. Additional benefits can include group rates on worker's compensation insurance, 401k and more. As for risk management, well, most agencies are willing to share the pains of collecting data, investigating and then reporting back on claims. The My Safe Workplace (MSWP) portal is a great tool to help streamline the claims process for everyone from customers to clients and employees alike.

Real estate is all about bricks and mortar and as technology continues to evolve, property managers must harness the solutions made available for investment real estate professionals. Look at parallel industries for hints or clues as to how you can better serve your own customers or clients. Some of the old school, tried and true solutions used by business professionals have been better enhanced by technology as in-person meetings have become Facetime or video sessions. Still skeptical? Hopefully not for long. Failing to adapt can hamper productivity, profitability and ultimately, could cost you your business. And surely, that's not something you are looking to outsource.
INTEREST RATES VS CAPITALIZATION RATES
Successful real estate investment is measured in many ways. Did you know that all measures of return can be categorized as either income rates or discount rates? What these various rates mean, how they are calculated, and how they relate to each other is often misunderstood.

Knowing if rising interest rates will cause capitalization rates to rise is a conundrum easily resolved by understanding that income rates and discount rates are not conceptually the same nor are they interchangeable.

**DISCOUNT RATES**
The words discount, yield and interest are synonymous. A discount rate is simply the rate of return from all sources of income and from all periods of time resulting from a single investment. Examples would be the Internal Rate of Return (IRR) from an investment or the Effective Interest Rate to the lender resulting from interest, points and fees associated with a mortgage loan. Interest rate is the term most often used in association with discount rate. Interest rate is a charge for using money. Yield refers to the income return on an investment. Geography or local economy has very little to do with interest rate.

Interest rates vary depending on the term and type of investment or loan. Accordingly, the perception of risk makes interest rates increase. The Federal Reserve (Fed) was created by the U.S. Congress in 1913 as an independent entity that would have the power to implement monetary policy. In other words, the Fed manipulates short-term interest rates. Using a program called "Quantitative Easing" in recent years, the Fed has held interest rates down by purchasing government securities or other securities from the market in order to lower interest rates and increase the money supply.

The Federal Funds rate is an interest rate at which depository institutions lend their balances to each other overnight on an uncollateralized basis. This rate is currently a quarter of one percent (.25 percent). Contrast that with the Fed Fund's rate in 2006 of 6 percent.

The 10-year Treasury note rate is currently at 2.05 percent. When commercial banks add 200+ basis points to the 10-year Treasury note rate, interest rates on commercial real estate loans end up being somewhere between 4-5 percent.

The Fed has been reluctant to increase short-term interest rates for fear that it will slow down our current lackluster economic recovery. There is some anticipation in the market that interest rates will rise in the near future. With the pending 2016 presidential elections looming, most experts think interest rates will not change much in the near future.

**INCOME RATES**
An income rate is the ratio of two numbers at any one given point in time. An example would be Return on Equity (ROE) which is calculated by using the following formula:

1 year income/ equity

A second example would be Direct Capitalization (cap rate). Cap rate is the ratio between annual net operating income and the price paid to purchase a property. Unlike interest rates, cap rates vary from property type to property type and from place to place. Geography, property type and local economies have much to do with cap rates. Direct capitalization rate is calculated by using the following formula:

NOI/Sales Price = Rate

According to Integra Realty Services, the average Cap rate for commercial property in the U.S. in 2014 was 6.71 percent. This is approximately 500 basis points above the 10-year Treasury note rate. The 20-year historical spread between cap rates and the 10 year Treasury note rate is approx. 300 basis points.
WHAT ARE THE EXPERTS ARE SAYING:

"Though it seems counterintuitive, cap rates have historically been fairly resistant to the pressures of rising interest rates."
—NATIONAL COUNCIL OF REAL ESTATE INVESTMENT FIDUCIARIES DATABASE

"Historical data show that changes in Treasury yields do not necessarily result in changes in cap rates. The findings confirm that cap rates are influenced by a wider network of variables beyond interest rates."
—TIAA/CREF FINANCIAL SERVICES

In summary, real estate investing can be compared to a rodeo. There is a lot of up and down. Although a firm grip plays a major part in staying on a bucking animal, a cowboy also has his hat, boots, gloves, chaps and a keen sense of balance. Although interest rate plays a major part in determining a cap rate, other factors such as supply and demand, inflation, unemployment, capital flows and risk appetite are at play. That is why changes in interest rates don’t necessarily cause changes in Cap rates.

“Analyzing key descriptive statistics shows very little consistent connection between cap rates and interest rates.”
—PAUL MOUCHAKKA, MANAGING DIRECTOR MORGAN STANLEY, REAL ESTATE INVESTING

UNLIKE INTEREST RATES, CAP RATES VARY FROM PROPERTY TYPE TO PROPERTY TYPE AND FROM PLACE TO PLACE.

ERIC B. STOREY, CPM (ERIC.STOREY@ZIONS_BANK.COM) IS SENIOR VICE PRESIDENT OF CORPORATE PROPERTIES AT ZIONS BANK IN EDEN, UTAH.
Recently I found myself face-to-face with Madonna, Michael Jackson and Cyndi Lauper. Well, their looks and likes, that is. Signing up for an industry event, I had somehow missed the fact that it was an '80s-themed costume party. Oops. Whether the era recalls retro cool or nostalgia to you, you'll have to agree it was all about yuppies, really big hair and even bigger stars.

The '80s generated other celebs, from the kitschy Bananarama (girl band, look it up) to one-hit wonders like Matthew Wilder's "Break My Stride" (ditto). True, there are just a few differences between Madonna and Matthew. Here's the key: she was able to create the ultimate fans—brand loyalists. In our business, you might even call them flag-wavers—customers and clients who sing our praises and virtually market for us.

Want to turn your customers into loyalists? When you're marketing in 2016, think about what separates the best (you) from the rest. Give yourself a head start with these strategies:

**DO THEY LIKE YA?** You could say Michael Jackson had a lot of personal magic. Likability counts, but often it escapes us. Not long ago, I visited a colleague I hadn't met before at his office. When I arrived, the receptionist had her back to me...and it stayed that way. She wasn't on her computer or on the phone. Finally turning around, she looked me straight in the eye and said, "What?" Could I have been a client or potential customer? You betcha. Was she thinking about that? Not at all.

In "Influence: The Psychology of Persuasion," author Robert Cialdini coins what he calls the "liking" effect. People (our potential clients, tenants and residents) are more likely to connect and buy from us, if they like us. Take the time to create a little personal magic. It counts.

**GET IT RIGHT:** I hear a lot about this topic lately. Client retention is crucial—that means we're constantly marketing. Which do you think your customers will tolerate more: poor service or poor recovery? Sure, mistakes happen. But when service recovery fails, customers believe nothing has changed. If you're not sure about that, just revisit Yelp for a moment. Small details do indeed make all the difference. So first, get it right.

**WORD OF MOUTH:** It still kicks. And sometimes, all you have to do is ask.

Perhaps your marketing plan includes breaking into a new property type or geographic area. If your operation is smooth as silk, now's the time to ask your client for a referral. That's smart marketing.

Who doesn't want customers and clients who wave the flag on our behalf? Not everyone's fan base matches Michael's, but here's the good news: it pays to create your own flag-wavers. Now that's the kind of marketing money just can't buy. As for me, I'm going to go channel a little Madonna.
Great companies in the way they work, start with great leaders.

—STEVE BALLMER
IREM recently pulled the curtain back on its latest White Paper, exploring the changing relationship between property and asset management. *A Shifting Dynamic: Asset vs Property Management* is a combination of practitioner interviews, the recent IREM Job Analysis and other previously published intelligence, and it forms the foundation for ongoing research on the topic the Institute will explore in future weeks and months.

**Check out the whitepaper at www.irem.org/sku=8001E**

In a discussion after the release of the White Paper, the initiative’s major contributors had the opportunity to reflect on its major takeaways. So what was the major headline emanating from the White Paper? The three practitioners, from three different disciplines, offered three disparate perspectives.

“The major headline is that it’s not business as usual, and asset managers need our help as property managers more than ever before,” offered Andrew Genova, executive managing director at CBRE in Washington, DC. “The pressures that are put on them from the sheer number of properties they handle these days, which can be upwards of 30 or 40, means they have to look to us to help them maximize value.”

For Craig Cardwell, CPM, owner of Island Investments in Memphis, it’s a question of skill sets: “There are very distinct skill sets for which there isn’t much crossover. But that doesn’t mean that property managers cannot be more asset manager-like, and it doesn’t mean that asset managers can’t learn to do property manager things. But have you ever seen an asset manager try to get out of a paper bag trying to do property management? No. It’s not as easy as it looks.”

Bill Whitlow is a partner in San Francisco-based Terra Search Partners, and he saw a three-fold header for the White Paper. First, “There’s absolutely a strategic partnership between asset and property management,” he said, “and that’s the place where most of the value is created in real estate. Second, the White Paper discusses the so-called blurring of lines between asset and property management and points out that ultimately there is no such blurring of lines, except perhaps from the property management perspective.”

Finally, he referred to the discussion raised in the work about the possibility of career advancement from one discipline to the other: “It’s not that you can’t, but chances are you won’t.”

Diving deeper into each of those headlines, the increased sophistication of the property management industry is an evolutionary development, said Genova, a result of greater pressure being applied by asset managers as well as the increased technology and educational opportunities that exist today. This, he noted has in turn created more of a strategic partnership between the two disciplines.

“Our relationship with asset managers has changed, and needed to change so we could perform at a higher level for them,” he said, “so in turn they can function at the higher level they need to. We have to align ourselves with them. We have to know what their goals are, know their expectations. And with the increase in technology and infrastructure, they’re looking to us to guide them in best practices.

“We’ve all heard clients say, ‘I wish you would think like an owner,’” he continued. “What they’re saying is, ‘We want
Asset managers know that their success is tied to our success.

—DREW GENOVA, CBRE

you to look out for my interests and be my eyes and ears on
the property. Give me solutions.' That strategy will help
them advance further and clearly help us advance our roles
as senior property managers.”

With the increased sophistication and more strategic
alignment with asset management, benchmarking has be-
come “critically important,” said Whitlow. “Everybody talks
about performance metrics. What is that really? It’s literally
setting out the things that are important from a performance
standpoint, measuring everyone in the organization against
each other in that regard and measuring every property in
the portfolio.”

Whitlow’s focus has been mostly on the multifamily side,
so he asked if this benchmarking trend has become equally
engrained on the commercial side. Genova answered:
“IT’s improving. We’ve taken it upon ourselves to support
continuing education and training. In today’s management
business, the rubber meets the road when you look at your
metrics and can say I am driving revenue as much as I am con-
trolling expenses. That’s the sea change for us as managers.”

The White Paper dealt thoroughly with the question of
lines being blurred between the two disciplines as a result of
this growing sophistication. It was a question that actually
arose as a result of the earlier IREM Job Analysis conducted
earlier in 2015.

Some respondents, checking off the box that they were as-
set managers, proceeded to list job responsibilities that were
clearly in the wheelhouse of the property manager, including
such tasks as monitoring preventive and routine maintenance
programs and investigating and resolving complaints from
residents, tenants and unit owners. The reverse was also true.

“One of the things we learned was that we have many
more property managers performing asset management
tasks,” Cardwell told the crowd. “But just because you per-
form the task doesn’t mean you’re the asset manager. That’s
just tricking yourself. The demands are different and the
view of the world is different.” But, he added, despite the ap-
parent myth of blurring lines, “the strategic partnership that
exists remains important.”

Despite the increasing closeness of the relationship, are
there things that asset managers fail to “get” about property
managers? “They don’t get that it’s a lot of work,” said Card-
well.

Genova provided a different nuance, believing that it’s not
a matter of not “getting” but not seeing. “Property managers
have internal pressures of training and education,” and piles
of paperwork, “a whole host of things we just don’t share with
our clients. Yet it’s that internal work that adds to the pres-
sure.”

At that point, the discussion turned to the feasibility of
property managers moving into asset management positions.
Despite the closeness of their working relationships, all three
contributors agreed that the move was a tricky one.

“It’s not easy,” said Cardwell. “It’s a different skill set and
different mindset.” (In that regard, the term “DNA” came
into play often during the discussion.)

Whitlow added that a transition is easier in a vertically
integrated company, where you can get exposure to a variety
of different disciplines—including asset management. Oth-
erwise, “with all of the asset management education you can
get—on net present value, IRR, cap rates—if you aren’t in a
place where you get to practice those concepts every day, you
won’t develop them. Without the opportunity to practice,
you just won’t get there.”

Certainly, the rewards of such a move are there. The in-
come differential can be as high as one-and-a-half to two
times, according to Genova. Whitlow said it could be as high
as 30 percent.

Clearly, the relationship between asset and property man-
ger is in a state of necessity-driven flux. But there is one
realization that binds the two together, and ultimately, how-
ever the relationship continues to change, that one reality
will remain, and Genova expressed it best: “Asset managers
know that their success is tied to our success.”

JOHN SALUSTRI 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.
MEET THE BOARD OF DIRECTORS

The Directors of the IREM Foundation serve 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.

As president of the IREM Foundation, I am honored to work with such a committed team of volunteers that are making a positive impact on the lives of so many. Through our diverse programming and strong volunteerism, we are able to accomplish our goals, change lives and improve our industry.

—MARY WILKEN, CPM

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 the 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.
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(KHOLMES@IREM.ORG)
IS FOUNDATION MANAGER FOR IREM HEADQUARTERS IN CHICAGO.

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.
JANUARY 2016
14-15: IREM Commercial Summit
Location: Chicago
Visiting Leader(s): All Officers

15-17: IREM Executive Committee Retreat
Location: Chicago
Visiting Leader(s): All Officers

19-21: NMHC Annual Conference
Location: Orlando, Fla.
Visiting Leader(s): Russ Salzman

20-21: Real Estate Roundtable
Location: Washington, D.C.
Visiting Leader(s): Russ Salzman

22: Greater Phoenix Chapter No. 47
Location: Phoenix
Visiting Leader(s): Chip Watts, CPM-SVP

FEBRUARY
8-10: Colliers Americas Conference
Location: Washington, D.C.
Visiting Leader(s): Nancye Kirk

18-19: IREM Tri-State Conference & EXPO
Location: Atlantic City, N.J.
Visiting Leader(s): Chris Mellen

19: Northern Nevada/Tahoe Chapter No. 89-
Multi-Family Forecast Event
Location: Reno, Nev.
Visiting Leader(s): Alfred Ojejinmi, CPM, SVP

22-23: ASAE CEO Symposium
Location: San Diego
Visiting Leader(s): Chris Mellen, Mike Lanning, Russ Salzman

24-25: SVN Annual Conference
Location: San Diego
Visiting Leader(s): Nancye Kirk

25: Indianapolis Chapter No. 24 - Take Our Future to Lunch
Location: Indianapolis
Visiting Leader(s): Greg Cichy, CPM, SVP
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- Linda Burkhard, CPM
- Bob Collopy, CPM
- Gregory P. Condon, CPM
- Heather E. Coon, CPM
- Renee E. Corrick, CPM
- Charles C. Gallo, CPM
- David M. Graves, CPM
- Charlinda D. Gray, CPM
- Jeremy Greenamyre, CPM
- Thomas J. Griffin, CPM
- Karen M. Joss, CPM
- Heidi L. LaSala, CPM
- LaLisa E. Lucas, CPM
- Maria B. Maynard, CPM
- Margaret E. McNaught, CPM
- William A. Moffett, CPM
- Michael Mosher, CPM
- Victor B. Murray, CPM
- Courtney D. Pogue, CPM
- Jeanne P. Renda, CPM
- Scott Rubin, CPM
- Elizabeth M. Shanahan, CPM
- Scott Sommerville, CPM
- Brandon Yasgur, CPM

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- Ivan Barratt, CPM
- Virginia Booth, CPM
- Anthony M. Coniglio, CPM
- Joe N. Crawford, CPM
- Dennis K. Dodson, ARM, CPM
- Olaniyi O. Fajana, CPM
- Melody A. Federico, ARM, CPM
- Patience J. Felt, CPM
- Melanie S. Fruge, CPM
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- Nakia M. Parker, CPM
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- Norma E. Potter, CPM
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- Jackqueline M. Swindle, CPM
- James S. Wallace, CPM
- Jeremy J. Weisbach, CPM
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Mr. Walter J. Conn, CPM
Mr. David D. Corey, CPM
Ms. Tammy T Counts, CPM
Mr. Robert E. Dunbar Jr., CPM Candidate
Mr. Edwin C. Halle, CPM
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Mr. Thomas R. Lawing Sr., CPM
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Mr. Michel G. Mignault, CPM
Ms. Catherine Stout Munson, CPM
Mr. Maxwell Ramsland Jr.
Mr. Edwin B. Raskin, CPM
Ms. Laura Beth Ream, CPM Candidate
Mr. Norton Paul Wolf, CPM
Ms. Mollie W. Wood, CPM

ETHICS FINDINGS
Disciplinary action was taken against the following member as a result of a hearing held by the IREM Ethics Hearing and Discipline Board in October 2015. The CPM designation and membership for Cindy Kilgallon were terminated for violating the IREM Code of Professional Ethics, Article 1 (Loyalty to Client, Firm and/or Employer) and Article 7 (Conflict of Interest). Reapplication for membership or other status may be made after a period of no less than five years, with reapplication considered on its merits and under such policies as may then be in effect.

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"EVERYTHING OLD IS NEW AGAIN"

The world is changing so fast today that it is difficult to stay up on new technology and the new demands of our clients and tenants/residents. We tend to think this is a relatively recent phenomenon. But, as the famous philosopher, Yogi Berra, once said, "It's déjà vu all over again!"

Fifty years ago this month, former IREM President, Lloyd D. Hanford, Sr., CPM, wrote a column in the January/February, 1966 edition of JPM entitled, Management in the Jet Age. While his comments could apply to today's world, it was written during a time before Smartphones, iPads, personal computers, Facebook or the internet. In fact, it would still be almost two decades before the fax machine became a common piece of business equipment—we hadn't even landed men on the moon yet.

As we look forward to 2016 and beyond, no one knows what new technology will come, and how it will change the way real estate managers do business. We do know that the industry has successfully faced this challenge for a long time—and will continue to be successful in the future.

(Excerpts from "Management in the Jet Age", by Lloyd D. Hanford, Sr., CPM, Jan/Feb, 1966 Edition of JPM)

Our modern lives have the common denomination of speed. The word "instant" is an integral part of our daily routine. We open our eyes in the morning with instant coffee; patent medicine purveyors guarantee us instant sleep; computers give us instant answers to our many problems; we enjoy instant credit and instant interest. Instant communications furnish us with information and entertainment. We are approaching instant travel to any part of the world and universe.

What we try to avoid is instant failure or instant bankruptcy; but with everything moving with greater and greater acceleration we are challenged to step up our pace over the entire business spectrum lest we default in our responsibilities and witness a deterioration of our usefulness.

In the past we were admonished that speed and accuracy were not compatible, but modern equipment, revolutionary methodology and a great fund of recorded data, gives us the ability to accomplish in hours that which formerly required days and weeks....

Our clients, attuned to the "jet altitude" expect quick and accurate results. They need to know a great deal more about the operation of their properties than was necessary in former years, and they look to management for all the answers without delay...

Modern equipment is indispensable when labor can be saved, a better job can be done or a more orderly operation can be attained. This does not mean that we should become gadgeters who acquire equipment which cannot foreseeably pay its way; but it does mean that machines are essential to enhance speed, completeness and accuracy...

We are at the crossroads of decision! Are we capable and willing to adjust our businesses and ourselves to the changes occurring around us? Have we the courage and foresight to invest our time and our money for a rewarding future, or do we cling to the false hope that the good old days will return? Will we be on hand for the count-down or will we stand idly by, chained to a past that will not return? You alone can give the answer!
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