WHAT DO YOUR CLIENTS REALLY WANT? TELL THEM WHAT THEY NEED BEFORE THEY REALIZE IT THEMSELVES / P53

A GREEN MILESTONE: HEAR FROM THE FIRST TO ACHIEVE THE IREM SUSTAINABILITY PROPERTY CERTIFICATION / P37

IREM ANNOUNCES 2016 REME AWARD FINALISTS P16

REGISTER TODAY for the IREM Fall Conference
Gather with real estate managers from around the world in San Diego OCTOBER 18-21

THE OFFICIAL MAGAZINE OF THE INSTITUTE OF REAL ESTATE MANAGEMENT (IREM®) / www.irem.org
The Easy Decision

Contractor Connection: The right partner to get you back in business when disaster strikes


These are the things you need to help quickly restore daily operations and return to normalcy after a loss. From fires to floods and everything in between, Contractor Connection has the deep experience and the resources to handle damages from minor losses to highly complex events. We are your total property solution, providing streamlined service to get any building operational and back in business.

Commercial Services:
- Reconstruction
- Renovation
- Water Mitigation
- Commercial Roofing
- “Main Street” Losses
- Manufacturing Losses
- Large Losses
- Disaster Recovery
- Tenant Improvements

contractorconnection.com | 800.690.0174
# CONTENTS

SEPTEMBER/OCTOBER 2016

## COVER STORY
40 A SNEAK PEEK AT THE INCOME EXPENSE ANALYSIS STUDIES BY IREM

## FEATURES
8 BECAUSE MANAGEMENT MATTERS...
10 FINDING THE COMFORT ZONE WITH ENERGY EFFICIENCY
   Mott Eggers, Yardi
12 SMOOTH OPERATOR
   Technology For Property Management, Bob Clarke, ABM
16 ANNOUNCING THE 2016 IREM REME AWARD FINALISTS!
36 SETTING THE BAR IN MULTIFAMILY SUSTAINABILITY
   John Salustri

## THE BUZZ
3 NEWSFLASH
5 SOUNDBITES
6 DOWNLOAD ME/FAST FACTS

## COLUMNS
7 HIGHER GROUND
   The AMO Code: At A Glance, Colleen Costa, CPM, ARM
14 TRANSFORMATIONAL LEADERSHIP
   To Question Or Not To Question... That Is The Question, Natalie D. Brecher, CPM
21 MY PERSPECTIVE
   Cap Rates, Basketball & Symphonies, Eric B. Storey, CPM, CCIM
22 IREM STUDENT ESSAY COMPETITION
   The Golden Rule In Real Estate Management, Wyatt W. Woeltje
25 COVER YOUR ASSETS
   Your Computerized Competitive Edge, Nicholas Dunlap, CPM
39 GREEN SCENE
   Energy Efficiency Education In Demand, Todd Feist
53 MARKETING SOLUTIONS
   What Do Your Clients Really Want?, Shannon Alter, CPM

## SPOTLIGHT
26 FAMOUS PROPERTIES
   The Crown Jewel Of Pittsburgh, Diana Mirel
30 NEW LEGISLATION
   IREM Expands Its Federal Advocacy Programs
32 GLOBAL PRACTICES
   Re-Envisioning Ottawa: Building A Future City Today
34 GADGETS
   Alex Levin
35 NEW PRODUCTS

## IREM INSIDER
46 PERSONALLY SPEAKING
   The Personality Of Ethics, John Salustri
48 IREM FOUNDATION
   Estate Planning: It's Time To Protect Your Family & Your Future, Kim Holmes
49 NEW CPM MEMBERS
50 2017 GOVERNING COUNCIL NOMINEES
52 ON THE ROAD/AD INDEX
54 COURSE LISTINGS
56 REGIONAL OUTLOOK: SOUTHEAST
Ethics, Sustainability and Excellence

SEPTEMBER IS ETHICS AWARENESS MONTH
With ever-increasing technology and millennials dominating the workplace, what are some of the challenges facing real estate management professionals in the realm of ethics? The Personality of Ethics (p46) gives some good pointers about maintaining consistency in messaging and upholding ethical boundaries.

IREM SUSTAINABLE PROPERTY PROGRAM
We interviewed the first apartment community in the U.S. to achieve the IREM Sustainable Property Certification. Setting the Bar in Multifamily Sustainability (p36) gives a behind-the-scenes look at IREM Sustainable Property program. See why this designation is a differentiator in the industry.

2016 REME AWARDS
The REME Awards showcase excellence in the real estate management industry. And once again this year, the submissions varied greatly—from companies international to local in scope, from U.S. to Japan to Canada to Brazil—and all demonstrating innovation, commitment and advancement of the real estate management industry. This year’s finalists demonstrate exceptional practices and initiatives that improve the quality of their work environment, the experiences for their clients and their communities at large. Read on to find out who the the 2016 REME Award winners are (p16).

CORRECTION:
The article entitled “IREM Ethics Enforcement: Part 3 of 3: The Appeal Board,” appearing in the J/A 2016 issue of JPM®, was given an incorrect byline. The article was written by Brian Lozell, CPM. JPM® apologizes for the error.
PIMCO: STORM BREWING IN COMMERCIAL REAL ESTATE

Bloomberg

U.S. commercial real estate prices may decline as much as 5 percent in the next 12 months amid tightened regulations, a surge of debt maturities and property sales by publicly traded landlords, according to a new report from Pacific Investment Management (Pimco). The study speculates a worldwide increase in demand for U.S. property investment may ebb as slowing growth in China, lower oil prices and displaced debt markets threaten to curb six years of price expansion. Pimco says a real estate shakeout may present opportunities, allowing some buyers to grab properties at bargain prices. Moreover, a large amount of maturing debt from the last decade’s boom starts coming due this year, creating an opportunity for investors to fund borrowers who come up short. In an earlier report, Moody’s Investors Service and Real Capital Analytics estimated commercial property values in big U.S. cities have slipped 3 percent in the past three months. Pimco reports volatility in the market for commercial mortgage-backed securities has driven up borrowing costs for landlords, hindering future price growth. This is particularly relevant for properties in smaller cities that are more dependent on Wall Street banks for funding. Market turmoil also has harmed real estate investment trusts (REITs), with companies’ shares trading at prices that undervalue their holdings and spurring leading REITs to become net sellers, Pimco said.

RENTERS ARE MAKING MORE, AND LANDLORDS GET IT ALL

Bloomberg, Clark

Some 26 percent of U.S. renters paid at least 50 percent of their income to landlords in 2014—an increase from 20 percent in 2001, according to the new State of the Nation’s Housing report, published by Harvard’s Joint Center for Housing Studies (JCHS) and cited by Bloomberg. On the positive side, the JCHS study found, the number of homeowners who are moderately cost-burdened (paying 30 percent to 50 percent) or severely cost-burdened by mortgage payments (paying 50 percent or more of their income) actually decreased from 2013 to 2014. Additional data compiled earlier in June by Greg Willett, chief economist at RealPage, suggests that market-rate renters are keeping up with rising rents. Some are even putting money away for an eventual down payment on a house.

The median rent-to-income ratio—derived from 4 million apartments tracked by RealPage—has hovered between 22.9 percent and 23.3 percent since 2010. While monthly rents increased over that period, so did the median income of market-rate renters from $44,000 in 2010 to nearly $58,000 in the first half of this year. That’s partly because changing home-buying behavior has kept higher earners in the rental pool longer, Willett said. This has all been good news for apartment owners and operators, who observe that most U.S. renters have been able to find apartments that fit their budgets. It’s the poor, though, who are still bearing the brunt of a tight market. The availability of affordable housing falls at the lower end of the market-rate segment, creating ever worsening affordability challenges in lesser-quality rental apartments. For the bottom tier of rental units, i.e. “Class D” apartments, the median renter is spending more than 30 percent of his/her income on rent.
Continued advances in digital print technology have resulted in some of the most realistic patterns in simulated wood and tile flooring options. The rich, grainy look and feel of wood is turning apartment design choices, in particular, up a notch. Laminate flooring, also called floating wood tile, has come especially long way since Pergo’s introduction two decades ago. Most recently, the company rolled out Pergo Outlast+, a more durable and aesthetically pleasing plank that can stand up to the test of apartment living. “[Laminates] are now the new trend in wood-looking product and they’re much more realistic than they’ve been in the past,” said Mark Voykovic, division merchandising manager for flooring at Home Depot.

Unlike laminates of the past, Pergo Outlast+ provides waterproof protection for 24 hours after accumulation of moisture due to a tighter interlocking of planks. Such protection, coupled with a limited, 10-year warranty, now make laminates a good choice for apartments in such areas as bathrooms, kitchens and laundry rooms that were otherwise taboo on account of damage risk.

[Pergo Outlast] now allows a multifamily owner to think about putting laminate into an apartment or single-family rental home. The product is more realistic, has scratch resistance and it’s highly durable.”
It is no coincidence that in each of the 15 coolest neighborhoods, millennials comprise at least 26% of the population.

Cushman & Wakefield, AMO, has produced its first-ever Cool Streets report, which spotlights Brooklyn’s Sunset Park neighborhood, Los Angeles’ Silver Lake district, Wynwood in Miami, West Queen West in Toronto and Over-the-Rhine in Cincinnati, along with 10 other edgy retail corridors in North America. The common theme running through these neighborhoods is that each has character, and the main trend line is urbanization. It is no coincidence that in each of the 15 coolest neighborhoods, millennials comprise at least 26 percent of the population. Delving into what is cool might almost seem frivolous to real estate analysts, but it is not, considering the stakes could not be higher. There is an element of risk for a retailer seeking to branch out into edgier retail districts: the timing may not seem right or the product mix might not seem like an ideal fit.

Most retailers are followers in that “they like to congregate and utilize the benefits of co-tenancy, understand what the existing sales are and what the trend line is,” according to Gene Spiegelman, vice chairman and head of North American retail services with Cushman & Wakefield. Retailers that are trendsetters will benefit the most from such shopping districts.

...
DOWNLOAD ME

CLUTTER CAM
Not all the photos you take on your Smartphone are meant to be enduring works of art or heartwarming reminders of friends and family. Some are meant to briefly serve a purpose and then be discarded. Clutter Cam allows you to capture and keep temporary reference photos of items (think receipts, whiteboard notes, price tags) apart from your Camera Roll for easy access and deletion. It also finds screenshots in your Camera Roll and imports them so you can dispose of those, too.

Available on: iPhone, iPad and iPod touch
Price: $0.99

TRELLO
First there were Filofaxes, then PDAs and now there's Trello. Whether the assignment you're working on is yours and yours alone, or whether you're one among a multitude of team members striving for the same end goal, Trello can help manage and coordinate all of your details and keep your work on track. It enlists the use of boards on which you make lists using cards, which hold all of the details of your project. From there, you can drag cards to different lists, update them with additional information and share them with colleagues to keep them up-to-date on status. The user-friendly and highly customizable format makes it a great organizational tool for any type of project that comes across your table.

Available on: Android and iOS
Price: Free, with options for Business or Enterprise subscriptions

SLICE
Like a personal online shopping assistant, Slice will track your packages, store your e-receipts (even after you've deleted the e-mail it came with), notify you when a product you've purchased drops in price within two weeks and alert you to product recalls. It also puts your purchasing data into handy charts and graphs so you can analyze your spending habits. And if you don't feel like going through the trouble of actually opening the app, you don't have to; Slice will send you push notifications with the information you need to stay informed about your online purchases.

Available on: Android and iOS
Price: Free

DARK SKY
When you live in a place where weather can turn from sunny to soggy in an instant and you're trying to decide if it's a good time to haul out the lawn sprinklers, having an accurate weather app can go a long way toward helping you make the right choice. Dark Sky is capable of predicting down-to-the-minute conditions for your exact location by using your GPS system, delivering hyperlocal forecasts that go beyond the city and state level. It offers multiple ways to receive notifications as well as map simulations that can help you visualize what's happening (or about to happen) with the weather in your vicinity or elsewhere.

Available on: Android and iOS
Price: $3.99

FAST FACTS

The people of Easter Island have a word, "TINGO," which literally means "to take objects one desires from the house of a friend by gradually borrowing all of them until there's nothing left."

The WAT PA MAHA CHEDI KAEW TEMPLE in Thailand is constructed from a million glass beer bottles.

The length of a single human DNA molecule, when extended, is 1.7 METERS (5 FEET 5 INCHES).

The earthquake-proof design of the Imperial Hotel in Tokyo inspired John Lloyd Wright, son of the hotel's designer, FRANK LLOYD WRIGHT, TO CREATE LINCOLN LOGS IN 1916.

SAMHAINOPHOBIA is the fear of Halloween.

OREGON was the first state to declare Labor Day as law in 1887, five years after it was first celebrated in New York on September 5th, 1882.
THE AMO CODE: AT A GLANCE

The purpose of the AMO Code of Professional Ethics as directed by IREM is to hold companies to the same high standards the IREM Code of Professional Ethics holds individuals. By pledging to adhere to this code, the AMO Firm helps to maintain confidence in the honesty, integrity and professionalism of our organization.

The AMO Code has 11 articles, which are summarized below. The full articles can be downloaded at www.irem.org. These articles, if followed, frame a good working relationship with the Institute to provide excellent management to our clients and the public.

1. Service to our clients is why we work each day. Our goal is to fulfill the owner's goals and objectives.
2. Our contracts spell out what we have agreed to accomplish for our owners each day, month and year and the terms of our business relationship.
3. An accounting system is extremely important for the business as well as the property owner. The owner must be comfortable with the fund accounts. Owners expect us to use accepted accounting practices as they pertain to applicable laws and procedures.
4. Reporting to your clients in an accepted, professional manner is extremely important. Auditable financial records should be available at reasonable times.
5. Fiduciary responsibility means finding a bank that will allow you to open as many accounts as needed so that your clients are comfortable with the handling of their funds. Keeping individual clients’ funds separate should be part of company policy.
6. Relations with other organizations for the benefit of IREM means keeping conversation professional concerning practices of other Members and professionals. Reasonable business competition is fine. Should there come a time when a situation just does not look right, file a complaint with the IREM ethics boards and let them make the determination.
7. Conflict of interest as it pertains to our clients is important. Do yourself and your client the service by acknowledging any conflict upfront in the negotiating process. Also as the code states, “The Firm shall not accept directly or indirectly, any material rebates, gifts, fees, commissions, discounts or other benefits which could be seen as a conflict which could be seen as a conflict with the client, employer or firm which has not been disclosed to the client.”
8. Unless the client agrees in writing, or compelled by law, do not disclose any information about the client or business to anyone.
9. An AMO Firm must be established in compliance with all applicable laws and regulations. Your employees must also go by these rules.
10. Equal opportunity means an AMO Firm does “not deny equal employment or equal professional services to any person or company hiring a person of race, color, religion, sex, familial status, national origin, age, sexual orientation, gender identity or handicap, and shall comply with all applicable laws and regulations regarding equal opportunity.”
11. Enforcement is the responsibility of the ethics boards of the Institute. If you have information that an AMO Firm may have violated one of these codes, file a complaint at www.irem.org/ethics and let the process begin.

Not everyone or every property management company is accepted into IREM. Our code and our standards are high for a reason. Schedule monthly ethics meetings with employees to go over potential ethical violations or send staff to an ethics course. Call your local Chapter to ask about bringing in an IREM Member to teach the course at your firm location.
BECAUSE MANAGEMENT MATTERS...
The best and brightest are gathering in San Diego.

The IREM Fall Conference is the only industry event designed for both commercial and multifamily real estate managers. It is an event that draws hundreds of practitioners—year after year—from across the globe who value the professional education and sophisticated networking opportunities that only IREM can deliver.

WELCOME TO THE ERA OF IDEAS
Industry heavy hitters, thought leaders and influencers will offer critical, contemporary insights giving you the knowledge needed to drive NOI and build your business—condensed into two, power-packed days on Thursday, October 20 and Friday, October 21.

VISIONARIES TAKE CENTER STAGE
Industry Leaders Lunch
Industry veteran Jana Turner, CPM, will moderate a timely discussion covering such areas as talent management, technology and client service.

MARLA MALONEY, CPM
President of Asset Services
Cushman & Wakefield, AMO

TONY LONG
Global President of Asset Services
CBRE, AMO

JANA TURNER, CPM
RETS Associates

Keynote Speaker

MIKE WALSH
CEO of Tomorrow
Discover the complex and evolving relationship between humans and technology and help position your company for the future.

INDUSTRY ICONS AND EXPERTS ABOUND
Here’s a glimpse at what you can expect...

Toby Madden, Power Parametrics, LLS, will offer the latest forecast for commercial real estate markets coast to coast and discuss how economic conditions are impacting rent growth, financing and occupancy.

The importance of a strong mission statement cannot be underestimated for attracting, developing, and retaining top talent. Tom Gille, REAL Systems will share an enlightening process taking you from creation to implementation to success.

We are half-way through the 20-year Super Cycle that is transformative and will change real estate forever. Christopher Lee, CEL & Associates will draw on information from his new book to help you navigate these tumultuous times.

Creating a forward-thinking organization that fosters innovation and profitability in order to grow business will be at the center of guided peer discussions facilitated by Joseph Greenblatt, CEO of Sunrise Management Co., AMO.
EXPAND YOUR PERSONAL NETWORK
Go beyond borders to exchange best practices and strategies with professionals from around the world who know the value of face-to-face conversations. Embrace multi-generational perspectives through interaction with practitioners at various phases in their careers. The opportunities are endless.

CUSTOMIZE YOUR CONFERENCE EXPERIENCE
Participate in only those aspects of the Conference that are meaningful to you.

Interested solely in professional education? Then take advantage of the Professional Education Pass for $349 ($399 after September 15 and onsite). The Pass will give you access to the full array of sessions planned for Thursday, October 20 and Friday, October 21—including the Industry Leaders Lunch on Friday.

Are you a current IREM national or chapter leader, or do you have future leadership aspirations? Are you interested in the complete IREM experience including business and governance meetings? Then register for the full Conference at $799 ($899 after September 15 and onsite) which will gain you access to the professional education sessions plus all open committee and board meetings, Governing Council, and much more. You will also get a ticket to the spectacular IREM Inaugural Gala & REME Awards for Real Estate Management Excellence event on Friday evening, October 21. The full Conference runs Tuesday, October 18 thru Friday, October 21.

CHANGE A LIFE
At the heart of the IREM Fall Conference is a service project with STOP HUNGER NOW to fight hunger for the world’s most vulnerable people. By giving just two hours of your time, you can make a difference in the lives of those in need. Lend your muscle to the fight and sign up when you register. We can do this!

Register by September 15 and Save!
Go to www.irem.org/ifc for complete Conference details and to register.
FINDING THE COMFORT ZONE WITH ENERGY EFFICIENCY

by Matt Eggers, Vice President of Energy Management, Yardi
THE RAW NUMBERS ARE EYE-POPPING: commercial and industrial building owners spend an estimated $290 billion annually on utility bills in the U.S. alone.

Roughly 40 percent of the electricity used in large buildings goes toward heating and cooling, and energy use in commercial buildings accounts for nearly 20 percent of U.S. greenhouse gas emissions.

Lowering those numbers serves business and public policy interests. The big question for commercial property operators: can energy efficiency increase operating income without inconveniencing tenants accustomed to a certain level of comfort?

A typical office building’s HVAC system includes a chilled water system, air handlers that constantly circulate air and cool or heat as needed, and a building automation system to control it all. Spaces heat up unevenly throughout the day, and chilled water and cold air are constantly generated and distributed throughout the building to compensate. Building automation systems typically employ fixed temperature set points that are low enough to meet any situation regardless of actual conditions in the building. Low water and air temperatures waste energy. Meanwhile, the water and air pressures generated by the system are often too high, which also wastes energy.

Quite often the heating and chilling systems are pushed very hard and the systems fight each other, regardless of actual need, generating excess capacity that’s wasted. This is similar to driving an automobile and riding the brakes while accelerating and decelerating. Similar to a car subjected to such treatment, a building relying on static set points will deliver an uncomfortable experience for the occupants, poor energy economy and reduced equipment life.

New technologies have been developed in the past several years that leverage heating and cooling algorithms to automate HVAC controls, thereby maximizing energy efficiency. These cutting edge developments are used in energy management systems that, in addition to energy efficiency, also enable reliable demand response and fault detection and diagnostics to ensure efficiency optimization. Such energy management systems are at the forefront of today’s energy efficiency initiatives.

Energy management automation software works with the existing building automation system to leverage thousands of real-time data points and sophisticated algorithms to control the HVAC system, ensuring only the amount of cool air needed in each space in a building is generated with automated system adjustments every 60 seconds.

Operators of office buildings, malls, convention centers, universities and others have documented millions of dollars of annual electricity expense savings with intelligent HVAC systems that use these energy management systems. Many have experienced significant decreases in comfort complaints. They report that comfortable, energy-efficient buildings are easier to lease and add value by reducing energy and maintenance costs.

An intelligent approach to energy efficiency can reconcile energy versus comfort needs that previously may have been mutually exclusive. The overall payoff is a highly beneficial combination of reduced energy costs, revenue derived from demand response incentives and a significant reduction in occupant complaints leading to more consistent occupancy. Such a capability can impress all stakeholders—tenants, owners and investors.

---

MATT EGGERS, VICE PRESIDENT OF ENERGY MANAGEMENT, YARDI
SMOOTH OPERATOR

by Bob Clarke, Senior Vice President, Sales and Marketing, ABM
Outsourcing facility services is supposed to minimize your worries. But it can make you feel a lack of control, especially if you’ve turned over all aspects of your building operations to an integrated services provider. How can you reap the benefits of outsourcing and still keep on top of what’s happening at your property?

While your facility services vendor can assure you that they’re taking care of things, you still need an easy way to manage them. Technology is the answer. Ideally, your provider will give you transparency into your account, in the form of an always-on, simple-to-navigate system—one that gives you a bird’s eye view of your property, as well as the ability to drill down to service or billing details.

TECHNOLOGY PUTS YOU IN THE DRIVER’S SEAT
When you have access to real-time data and meaningful reports, you’re in the driver’s seat. Ideally, the technology should give you 24/7-access to your account and the ability to instantly communicate with your service team. From a tablet or computer with an internet connection, you should be able to quickly get answers to questions such as: What’s the status of my work order? When was the last inspection? How much am I spending on what? Which best practices can be shared across my locations? (A tool like this becomes even more important when you have multiple locations that can be viewed separately or as a whole).

You should also be able to view things like your billing history and contract terms, as well as manage:
- Work orders
- Periodic scheduling
- Inspections
- Quality assurance

The right technology empowers you. Standard and custom reports will help you manage your property and pinpoint needs. The ability to enter comments on reports and instantly send feedback to your vendor saves you time. Sharing documents, viewing your invoices, analyzing data and budgeting should be possible with a few clicks... and without paperwork.

CONSOLIDATED DATA GIVE YOU THE KEY
Vital to this type of system working properly (and being the most useful) is that data must be consolidated, e.g. work orders, Key Performance Indicators (KPIs), results, schedules, billing/AR history. If all your building data are in one place—meaning you can access it through a single-sign-on client portal—you can do your job with ease and get the best quality service for your dollar. Of course, the system must be stable, and your data must be secure.

MORE EFFICIENT OPERATIONS RESULT IN SAVINGS
Your facility services team will also use this technology to more efficiently manage their daily operations and to communicate with you. It will enable them to be more proactive in preventing problems, which will keep your property running smoothly. Working hand-in-hand with your vendor via this tool, you’ll be able to benchmark KPIs, and measure, quantify and analyze service delivery, which will lead to process and quality improvements. In the end, when your facility service provider is performing their job better, you save money in many ways. With the right technology, you can rest assured that your outsourced services are being performed to your standards.

BOB CLARKE IS SENIOR VICE PRESIDENT, SALES AND MARKETING OF ABM. CLARKE BRINGS MORE THAN 25 YEARS OF EXPERIENCE IN THE FACILITIES SERVICES INDUSTRY. HE HAS OVERSEEN AND MANAGED THE ABM NATIONAL AND REGIONAL SALES TEAMS AND ORGANIC GROWTH STRATEGY OVER THE LAST SEVERAL YEARS.
TO QUESTION OR NOT TO QUESTION...THAT IS THE QUESTION

That's an adage people repeat confidently: "There's no such thing as a stupid question." Who are they trying to fool?

You've been in this situation: Someone asks an innocent question for all the right reasons, but afterward, you can feel the chill in the air, hear the thud as the question falls flat and see all eyes turn to the person whose choice of questions is being judged negatively. It's not to say the question should be thought of as stupid; conversely, you should be able to ask all questions that aid in your understanding of any subject. However, there are situations in which it is inappropriate to ask questions. I know I've been in more than my fair share.

How people think of you can change when the wrong question is asked of the wrong person or asked at the wrong time. Yet, when used wisely—at the right time, with the right audience—asking a question can result in learning, showing your strength and garnering respect. What's the difference?

DON'T ASK

"BETTER TO REMAIN SILENT AND BE THOUGHT A FOOL THAN TO SPEAK AND REMOVE ALL DOUBT.”
—ABRAHAM LINCOLN

Remain silent when the recipient of your potential question is of a critical, competitive, arrogant or intimidating nature and it's important to you that this person does not think less of you—and no harm comes from not asking the question at that moment. Perhaps it's an angry client or a contractor who'd use it to take advantage of you.

Don't miss opportunities to learn. Make note of your question and hold it for a different time or to pose to a different person. And pretending you know when you don't can actually cause more harm than good. If you're called on it, your credibility can suffer.

ASK

"A WISE MAN CAN LEARN MORE FROM A FOOLISH QUESTION THAN A FOOL CAN LEARN FROM A WISE ANSWER.”
—BRUCE LEE

To hear a person say, "I don't know about that... tell me,” indicates mature self-awareness, confidence and intelligence. The message is: I am smart enough to know what I don't know and wise enough to want to learn.

Ask your questions when the recipient is non-judgmental about your level of knowledge or has a helpful or teacher mentality. Asking questions of mentors is one of the best ways to learn and open yourself to other perspectives, which adds more dimension to your work. Make inquiries to people with a high level of expertise in a topic that does not fall in your arena of work, such as a tax return accountant.

The next time you sense a question brewing in your head, ask a question of yourself first, "Is this a good time, with the right kind of people and can I ask my question in the right way...or should I wait?” There is no such thing as a stupid question when it's asked at a smart time.
So Let's Talk the Talk... September is IREM® Ethics Awareness Month!

The IREM® Code of Professional Ethics is a cornerstone of everything we do. Owners, employers and clients know that IREM® Members are bound by this strictly enforced code, giving members credibility and trust that the competition just doesn't have.

Be proud of your professional ethics. Be proud to be an IREM® Member. Live the code. LEARN MORE AT WWW.IREM.ORG/ETHICS

2016 IREM® FALL CONFERENCE

Oct. 18 - 20 | Business Meetings
Oct. 20 - 21 | Professional Education
Oct. 21 | Inaugural Gala & REME Awards

Gather with the best and the brightest real estate managers from around the world in San Diego this October. Speakers include Marla Maloney, CPM®, President of Asset Services at Cushman & Wakefield, AMO®, and Tony Long, Global Director of Client Care for CBRE, AMO®.

REGISTER BY SEPTEMBER 15TH TO SAVE $100!
WWW.IREM.ORG/IFC

Everything you need in one simple solution.

- Online Applications & Lease Signing
- Built-In Screening
- Online Rent Payments
- Robust Accounting Tools
- Real-Time Flexible Reporting
- Professional Websites

Learn more at www.appfolio.com | 866-648-1536
This year's finalists demonstrate exceptional practices and initiatives that improve the quality of their work environment, the experiences for their clients and their communities at large. There's no better way to highlight and celebrate real estate management excellence than through the REME Awards program.
IREM is proud to announce the finalists for the 2016 REME Awards. And once again this year, the submissions varied greatly—from companies international to local in scope, from U.S. to Japan to Canada to Brazil—and all demonstrating innovation, commitment and advancement of the real estate management industry.

"Narrowing down the finalists from all of the very diverse submissions was no easy task. The talent and ingenuity and, above all, the passion contained in the submissions speaks volumes about the quality of real estate management professionals in our industry today," said Renee Savage, CPM, CCIM, REME Awards Advisory Board Chair, with Capital Growth Properties, AMO, in San Diego. "A huge thank you to all of the submitters for sharing your great ideas and programs."

"The REME Awards provide a unique opportunity for practitioners and companies to be recognized for innovation, creativity and, quite frankly, greatness. We know that the 2016 finalists—and the winners once they are announced—will realize a great deal of exposure to the industry and through the media, just like our 2015 REME Award participants. It’s a door opener to unlock new business opportunities," said Chris Mellen, CPM, ARM, IREM President, with The Simon Companies, Braintree, Massachusetts.

The REME Awards winners will be announced from among the finalists at the Inaugural Gala Dinner and REME Awards celebration during the IREM Fall Conference on October 21 in San Diego. Join us for the excitement.
## CORPORATE INNOVATION

Outstanding and innovative programs related to technology or marketing that are transformational for the company or a specific team or program.

### CLK Multifamily Management, AMO
Memphis, Tenn.

Utilized technology to increase online payments by 30 percent and increase online leasing by 43 percent, creating efficiencies for staff and better accommodating prospects.

### Cushman & Wakefield / NorthMarq, AMO
Bloomington, Minn.

Their recently overhauled, bi-annual Compass report is the Twin Cities' most frequently cited research report covering the CRE market.

### Granite Student Living
West Lafayette, Ind.

Turned something as simple and common as a banana into a differentiating marketing tool in order to stand out in the student housing marketplace.

### Integrated Multifamily Services, AMO
Northport, Ala.

Created a scholarship for a qualified associate to apply towards a college education in order to create an environment of personal and professional growth at the corporation.

## CORPORATE AND SOCIAL RESPONSIBILITY

Exemplary corporate responsibility and contributions to the community that enhance the reputation of real estate management.

### Asset Build
Tokyo, Japan

Following the major earthquake in Kumamoto, they assembled a building emergency risk assessment team to inspect 114 damaged buildings over two days and determine whether they were safe to be re-entered.

### Astar/Cardinal Capital Management
West Allis, Wisc.

Implemented “Growing Community through Gardening,” a health and wellness initiative that provides a way for residents to eat healthier and enjoy socialization, recreation and exercise all at the same time.

### Caritas Communities, Inc.
Braintree, Mass.

Partnered with Project Place to help tenants address employment issues and with Home Depot for a “fast start” employment concept placing qualified tenant applicants.

### Strategic Management Partners, AMO
Norcross, Ga.

Partnered with the Veterans Affairs Supportive Housing (VASH) program to provide assistance to veterans in finding safe living accommodations.

### T & C Management, LLC
Albuquerque, N.M.

Purchased over 250 units in troubled areas and renovated them to create productive communities and alleviate homelessness.
WORKPLACE ENVIRONMENT: EMPLOYEE & LEADERSHIP DEVELOPMENT
Exemplary practices that are transformational for the company, a team or program, related to leadership development, employee engagement, wellness or corporate culture.

DDG Property Management
New York, N.Y.
Instituted a “Mentor, Develop and Partner” program to increase success of their intern program, encourage growth of resident managers and connect with individuals seeking entry-level jobs.

Matrix Residential
Atlanta
Partnered with LIVEWIRE, which specializes in hospitality training, to entice employees to challenge the status quo while delivering an exceptional experience.

Uniland Development Company
Amherst, N.Y.
Implemented a wellness program that allows the company to offer a comprehensive, cost-savings benefits package and perks, including an on-site fitness center, standing desks and seasonal fruit/vegetable deliveries.

Veritas Investment
San Francisco
Their “Collaborative Company” initiative has instilled a firm-wide focus on experience, resulting in empowered and engaged employees.

AMO OF THE YEAR
Outstanding performance by an AMO Firm

Blanton Turner, AMO
Seattle

CBRE of Virginia, AMO
Richmond, Va.

Colliers International, AMO
Seattle

WORKPLACE ENVIRONMENT: SUSTAINABILITY PROGRAMS
Innovative company business practices for sustainability program within the workplace or across a portfolio.

Mountain Vista Communities
Fort Huachuca, Ariz.
Their development project harvested materials from the demolition of 500 homes to reutilize back into the community, including construction of 200 new environmentally friendly homes certified as LEED Silver.

The Schochet Companies, AMO
Braintree, Mass.
A “roadmap” budget concept ensures early capital planning of cost-effective, environmentally effective projects to allow sufficient time for preparation, engineering and incentive development.

SL Green Realty
New York, N.Y.
In concert with their tenant VIACOM, implemented an energy efficiency retrofit at their global headquarters, resulting in energy reduction of 15 percent and counting, and collaboration influence of other key tenants.

Weingarten Realty
Boca Raton, Fla.
Their “Green Forward Program” improves the environmental performance of their national portfolio through energy management, recycling, water management and alternative transportation.

Welltower, Inc.
Dallas
Developed a certification program to measure total building performance of medical office buildings.

Greystar, AMO
Irving, Texas

Michaels Management Services, AMO
Marlton, N.J.
Recognizing Real Estate Management Practitioners

CPM OF THE YEAR
Outstanding performance by an IREM Member who holds the CPM designation

- Angela Fletcher, CPM
  Denver Housing Authority
  Denver
- Cynthia Haines, CPM
  WRH Realty Services, AMO
  Jacksonville, Fla.
- Rita Hernandez, CPM
  Brickman
  San Francisco
- Shruti Kumar, CPM
  Draper and Kramer, AMO
  Chicago
- Julie Muir, CPM
  Newmark Grubb Knight Frank
  Portland, Ore.
- Velda Simpson, CPM
  Kairos Development Corporation
  Cumming, Ga.

ARM OF THE YEAR
Outstanding performance by an IREM Member who holds the ARM certification

- Shellie Cerecke, ARM
  Mountain Vista Communities
  Fort Huachuca, Ariz.
- Doris Granger, ARM
  Pinnacle, AMO
  Orlando, Fla.
- Sam Groppi, ARM
  DK Living
  Wheaton, Ill.
- Nicole Helton, ARM
  Alliance Residential LLC, AMO
  Riverside, Calif.

Winning a 2015 REME Award was such a positive thing for our company. It allowed our employees to be recognized for the wonderful work they did—showing them that their time, effort and initiative mattered—and gave them reason to be proud of themselves!

LIBBY EKRE, CPM, MEB MANAGEMENT SERVICES, AMO
THE RELATIONSHIP BETWEEN BUSINESS AND CULTURE becomes obvious when capitalization rates for class “A” office buildings are examined.

The real estate industry uses overall capitalization rates to measure investment activity for income producing real estate. Capitalization rates differ as locations change and as property types vary. Accordingly, a capitalization rate on a hotel would be different than on a retail shopping center.

There are several things that instantly come to mind when considering capitalization rates—potential resale of the property, characteristics of the cash flow and interest rate environment—but how do symphonies and basketball relate? The relationship between the business and culture is often hard to encapsulate. A community is a sum of parts that is more than the just physical assets and economic output. Both making a living and enjoying our standard of living are in the forefront of our lives.

SYMPHONIES AND BASKETBALL

The National Basketball Association (NBA) places its franchises in cities that have the population and economic vitality needed to make their teams financially successful. A community that supports a symphony with an annual payroll of $2.5 million or more is identified as 52-week symphony community. A handful of cities in the U.S. are fortunate to have both an NBA franchise and a 52-week symphony.

WHAT’S THE CORRELATION?

The relationship between business and culture becomes obvious when capitalization rates for class “A” office buildings are examined. A capitalization rate is the ratio of NOI (net operating income) to property asset value. Integra Realty Resources released a national commercial real estate report that indicated that the 2015 average capitalization rate for class “A” office buildings in 63 major cities across North America was 7.05 percent. Of the 63 cities surveyed in the Integra study, 10 cities that offer both an NBA basketball franchise and a 52-week symphony were further analyzed to see what their 2015 average Class “A” office building capitalization rate was. The result was an astonishing 5.27 percent.

When the demand for property investment increases, resulting cap rates are lowered or compressed as purchase prices rise relative to income. Investors choose to operate businesses when the futures of economic and cultural affairs are interpreted to be very promising. Accordingly, business, basketball and symphonies combine to make a difference in capitalization rates.
IREM and the IREM Foundation sponsor an annual student writing competition. The goals of the competition are to:

1. Encourage and recognize excellence in the study of real estate property and asset management.

2. Support the study of real estate property and asset management that has practical application to the industry and would benefit its practitioners.

3. Promote the development of future real estate management professionals.
THE GOLDEN RULE IN REAL ESTATE MANAGEMENT
The relationship between ethics and business success

Do unto others as you would have them do unto you. These are the words of the maxim coined as the “Golden Rule,” one which was taught to me as a young child. In a world centered on climbing the corporate ladder, is it truly possible to reach a desired level of success in real estate management while maintaining an ethical approach? The following response will address the current condition of ethics within the field of real estate, the benefits of pursuing an ethical environment, and the power that future generations wield to change the face of property management. I will also discuss the impact that those of us who are currently involved in the industry can have on those entering it and the steps by which to do so.

Each year, a Gallup poll is conducted in order to establish how the public views the honesty of a variety of careers. Twenty percent of the American population viewed those within real estate as upholding a high level of moral standards, while the majority of those interviewed believed there to be an average level of honesty, reaching 53 percent. All in all, that leaves only 27 percent of those who participated with a negative view of the real estate industry. Upon seeing this, I was greatly pleased, and each real estate professional should be too.

Nonetheless, we must not become content and stagnant in our present condition. A lack of motivation to improve upon these wonderful times could very well result in a quite unpleasant turn of events. Do not take my words as an inference to an immediate downward spiral. I simply wish to promote a continued positive growth of ethical behaviors, impacting the lives of ourselves and those we come into contact with.

Every action has a consequence, regardless of whether it is positive or negative, and the outcome of each action is bound to affect someone outside of the initial contributor. In order to provide a typical life example of this, I would like to bring up a phenomenon that is taking place across the United States. According to the
I BELIEVE IT IS THE RESPONSIBILITY OF THOSE CURRENTLY INVOLVED IN THE PROPERTY CARETAKING COMMUNITY TO EDUCATE FUTURE GENERATIONS OF THE IMPORTANCE OF AN ETHICAL ENVIRONMENT.

New York Times, it has reached a slew of states, ranging from Louisiana all the way to California: It is a mere three words: “pay it forward.” People all across the nation are simply paying for the bill of the car behind them in the drive-thru at places such as Starbucks, Dunkin Donuts and McDonald’s. A few dollars may seem like a minimal contribution toward changing the world, but still proves that in a world of turmoil, good does exist.

Now let us visualize a similar aspect of this within real estate management. As a property manager, one is constantly surrounded by people, whether it be tenants or consumers within those centers. It is a busy life of hustle and bustle, but what if we made the extra effort to perform good deeds throughout our day? Perhaps it is as small as opening a door for someone. “Paying it forward” has gone viral and is a sure means to have a positive influence on the ethical outlook of the management community. Besides, happy workers, tenants and customers will, without a doubt, have a positive impact upon the business.

As I gather my thoughts, a book entitled The Snowball by Alice Schroeder lays open on my desk. It is the biography of a humble businessman whose principles have made him one of the wealthiest people in the world. The person I am speaking of is Warren Buffett. Schroeder states that Buffet’s goal through his ventures was to prove that nice guys can finish first, and he made sure to live up to this. Whenever a guest is scheduled to meet with him, he personally drives his car and picks them up. When someone calls his office, Buffet answers his phone and provides his input. His aspirations can also be viewed through his conglomerate, Berkshire Hathaway’s, code of ethics, where it states to follow Warren Buffet’s rule of thumb: “I want employees to ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local paper—to be read by their spouses, children and friends—with the reporting done by an informed and critical reporter.” Warren Buffet is proof of the intrinsic relationship between ethical behavior and a successful career.

However, time must progress and, in doing so, the power that the future generations hold can drastically change the way property management is conducted. In present day society, we are undergoing the technological age, constantly surrounded by the likes of social media, instant messaging, and access to an infinite supply of data information. Of course, with these advances comes some unwanted negatives. Threats of security and invasion of privacy are prone to occur as hackers search for classified and valuable information. Property managers in the coming years have two options in regards to ethical measures. They can either promote extensive confidentiality measures for the sake of those represented, or they can share secrets for monetary self-gain. If one ponders the long-term outcomes of these two scenarios, it should be clear which is more beneficial to both the initiating individual and those who are reluctantly involved. By promoting a high ethical code, companies will notice the regards placed upon their security, which would possibly result in higher tenancy rates. Whereas if secrets are shared or leaked, trust is removed and business drastically drops.

I believe it is the responsibility of those currently involved in the property caretaking community to educate future generations of the importance of an ethical environment. There are three steps that I consider to be a useful means to do so, each coming from a personal experience. Step one is to speak within classrooms in order to reach out to those who are approaching entrance into the management work force. Step two is to offer interning or shadowing opportunities, so as to allow insight into how ethics is infused into property management. Finally, step three is to be a mentor throughout an individual’s life. To provide proper recognition, I would like to state that the IREM chapter of Memphis, Tennessee has demonstrated all three of these to me. Without their constant assistance and support, I would be inadequately equipped to promote ethics as a property manager. With 73 percent of the population seeing those in real estate as ethical people, we are clearly on the right path. I strongly encourage each and every person reading this to continue with due diligence and strive towards an even better tomorrow. We are the determinant of an ethical future.

BIBLIOGRAPHY
WITH SO MUCH DATA, so many vendors and so many solutions, it can be difficult deciding who is worth your time and, perhaps most importantly, who is worth your money.

If you've attended an industry tradeshow and especially one of the bigger, national shows, such as the National Apartment Association's Education Conference or the International Council of Shopping Centers' RECON Convention recently, you've likely noticed that in spite of the physical nature of real estate, a booming array of today's solutions are focused not on brick and mortar, but on IT, computers and networking. With so much data, so many vendors and so many solutions, it can be difficult deciding who is worth your time and, perhaps most importantly, who is worth your money. But rather than get high tech with your decision-making process, keep it simple and concise to determine which solutions might work for you.

CLOUD COVER LIKELY
If marketing and leasing is not an issue, perhaps you are interested in enhancing the uniformity of documents, correspondence and more across your portfolio. While an institutional owner/operator might opt for a WYSE Computer system that synchs to the cloud, a small- to mid-size operation can utilize a platform like Microsoft Sharepoint. What's the point, you ask? Now, your sensitive documents can easily be updated, shared and removed with the click of a button. Gone are the days of having to email back-and-forth, wondering whether the current and appropriate version of a document is in use and in compliance with operating policies. Most importantly, if an employee leaves the site or leaves the company, the settings can be customized to prevent the transfer of these files outside of the actual system. Consider it a built-in protective mechanism.

So whether it's marketing and leasing, file sharing or compliance, the time is now to reflect on your technological platforms and identify your needs and wants. Is there an area where you could use more support, but perhaps a program or solution could help? Can you streamline key processes to save staff time and make your business more profitable? Of course you can. The software and technology solutions available to our industry have become so competitive that you are best off to first reflect on your current strengths, weaknesses, needs and wants and then ask around in your professional network or through resources like IREM. Yes, in today's world, solutions are truly on demand and those we employ and those we serve expect us to competitive in our approach. How will you get ahead?
The Crown Jewel of Pittsburgh

PPG PLACE IS AN ICONIC COMPLEX THAT HAS HELPED DEFINE THE CITY'S SKYLINE

BY DIANA MIREL

It's not every day that you see a castle standing amidst an urban skyline. But you may think you are seeing just that when you catch a glimpse of PPG Place in downtown Pittsburgh.

Opened in 1983, PPG Place is a 1.5 million-square-foot complex that spans six acres across three city blocks. Located adjacent to the city's historic Market Square, the complex includes six Class-A office buildings. A 40-story skyscraper serves as the focal point of the complex, which also includes a 14-story building and four six-story buildings.

"The complex is known to the Pittsburgh community as the skyline's 'crown jewel,' not only because of its size, but because of its striking architectural detail," said Andy Wisniewski, Vice President of the Pittsburgh Division of Highwood Properties, which owns and operates the complex.

The tower's iconic spires—which can be seen from a slew of vantage points throughout the city—are the defining features of the property, giving the building its castle-like appearance.
When corporate growth was thriving and downtown building was booming in Pittsburgh in the early 1980s, PPG Industries recognized an opportunity to boost its profile. The company commissioned the construction of PPG Place to serve as its new corporate headquarters.

The complex was designed by John Burgee Architects with renowned architect Philip Johnson. The architects’ neo-Gothic elements paid homage to the city’s history with its gothic design elements, which were inspired by the University of Pittsburgh’s Cathedral of Learning and the Allegheny County Courthouse. At the same time, the complex’s glass and steel design helped modernize the city’s skyline.

The complex also provided PPG with an international stage to highlight its products; the company gave its products a starring role in the building design. Specifically, the exterior of the complex utilizes nearly one million square feet of energy-efficient PPG Solarban 550 reflective glass and the tower lobbies boast PPG Spandrelite Glass.

PPG owned and operated the building for over 25 years before Highwoods Properties acquired PPG Place for $180 million in 2011. With the purchase, Highwood committed to giving the local icon a refresh that would expertly carry it into its next phase of life.

Since the acquisition, Highwood has invested more than $41 million in capital upgrades, including a new and larger ice rink in the property’s outdoor plaza, a refurbished plaza water feature with new LED lights, lobby enhancements and updated elevators and HVAC systems.

Today, PPG Place remains one of the most popular properties in the city for tenants, residents and tourists. “The property’s location couldn’t be better,” Wisniewski said. “It is in the most active and vibrant sector of downtown Pittsburgh’s Central Business District. The complex is also adjacent to
Market Square, which offers entertainment, restaurants and residential properties.

**SOUL OF THE CITY**
While the glass and steel complex has come to define the city's skyline, the complex's outdoor plaza displays the city's soul. The one-acre plaza hosts a variety of public events and houses outdoor attractions, including an ice rink and water feature.

One of the plaza's most popular attractions is the 116-foot by 116-foot ice rink, which is open from November to February. The plaza also includes the 13,000-square-feet wintergarden, which is utilized year-round for private events and annual holiday exhibits, including the Spirits of Giving around the World and the Gingerbread House Displays.

As a popular tourist destination, the plaza is a crucial part of the complex. It is the place to be for tenants, community residents and tourists alike. Of course, that can also cause some management challenges. “We must meet the needs of customers [tenants] and guests,” said Wisniewski. “The outdoor ice rink poses specific maintenance challenges with the changing weather conditions. But it’s such an awesome amenity that having it is totally worth the effort.”

**DYNAMIC TENANT MIX**
Not surprisingly, PPG Place is known as one of the best office buildings in Pittsburgh. It serves as the global headquarters for a diverse corporate tenant mix, including PPG Industries, Kraft Heinz and Allegheny Technologies, Inc. Other tenants include popular restaurants, accounting firms like Deloitte and Ernst & Young, law firms, insurance firms and business management consulting firm McKinsey.

Maintaining Class-A office space requires superior, personalized management—and tenants at PPG Place have high expectations. “Most of our customers are top-rated businesses or corporations with similar office-related needs,” said Wisniewski. Highwoods prides itself on having a well-oiled team of professionals who can assess and tackle each tenant’s individual needs. “We provide an array of services under one roof,” said Wisniewski. “We employ designers, property managers and maintenance technicians who can address any type of building issue.”

Management at PPG Place also revolves around convenient, accessible service. Tenants at the property have a number of online services available, including Pay Link, an online billing system, and Service Link, a real-time online work order or maintenance request tracking system.
In addition to conscientious management, Highwoods credits much of its PPG Place success to its ability to build long-term relationships with its tenants. "Our customers have come to know and rely on management’s unwavering commitment to them," Wisniewski said. "Whether we’re making repairs or enhancements, PPG Place customers know Highwoods will get the job done efficiently and effectively."

Management’s dedication to Class-A service, convenience and building improvements have certainly paid off. The updates to the property’s 30-year-old systems have helped greatly reduce the number of maintenance requests and work orders—which, ultimately, helps improve overall customer satisfaction. Additionally, the 2016 year-end occupancy at PPG Place is projected to be 92 percent, according to Wisniewski.

“We take pride in all our real estate assets, but PPG Place is special because of its history and impact on the Pittsburgh community,” Wisniewski said.

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.
In the spring of 2016, IREM hosted the 19th and final IREM Capitol Hill Visit Day held in conjunction with the IREM Leadership and Legislative Summit. The Institute is replacing its annual national conference held in Washington, D.C., with four regional meetings around the country to allow more members to participate and benefit. IREM leadership saw this transition period as an opportunity to reevaluate the Capitol Hill Visit Day and ensure the event meets the ever changing needs of the members.

In 2015, the Government Affairs Task Force was created to determine how the Capitol Hill Visit day could evolve to better suit the needs of our members. The Task Force began its work by identifying what IREM does well in terms of government affairs, and how it could expand its efforts. Using this framework, the IREM Members spent time evaluating various strategies to assess the strengths and weaknesses of the IREM Member federal advocacy program and determine what opportunities were not fully being taken advantage of. The goal was to create a more holistic approach to federal advocacy, improving the reach and depth of IREM’s influence in Congress.

The Task Force agreed the best way to accomplish this lofty goal would be through a multi-pronged approach. A critical component of this approach is to continue educating legislators and their staff on how public policy decisions impact the real estate management industry. A second critical component is to continue to maintain and build upon the lasting relationships with policy decision-makers that IREM has worked so hard to create over the past 19 years of Capitol Hill visits.

**NEW IREM FEDERAL ADVOCACY BOARD**

In order to provide education and nurture the relationships IREM Members have created with Members of Congress, the IREM Federal Advocacy Board (FAB) was formed. The FAB is modeled after IREM’s successful Federal Housing Advisory Board (FHAB). The FHAB has been in existence for over two decades and works closely with federal agencies in Washington to advocate for IREM Members who manage or own federally assisted properties.

Using the FHAB as a successful model, the FAB will have 6-15 appointed IREM Members who will visit Washington, D.C. every year to visit with Members of Congress, congressional committee staff, and appropriate government agencies. IREM and NAR staff will coordinate the visit, which will be preceded with training and briefing sessions where FAB members will learn about the issues on which they’ll be advocating.

For maximum efficiency, the meetings will be highly targeted. The FAB will meet with congressional offices and committee staff who are working on the key public policy issues that IREM has identified. At the beginning of each year, IREM identifies legislation or issues that are most relevant and timely for the industry. Key legislators and committees
will then be identified and targeted for the FAB meetings, and IREM Members will be appointed based on their location and constituency, established relationships with these key legislators, or their expertise in the issues being lobbied (e.g., experience with 1031 exchanges, federally assisted housing).

IN-DISTRICT CONGRESSIONAL VISITS

In prior years, many IREM Members traveled to Washington, D.C., to visit with their Members of Congress. This often translated to an impressive 230+ participants, with upwards of 200 congressional meetings. This system worked well in educating legislators and their staff. To continue that relationship building, a congressional in-district visit plan will be implemented. Congressional district offices are very different from their Washington based counterparts, and this can work to IREM’s advantage.

District offices focus primarily on constituent services rather than legislation. There are no votes being called, no committee hearings, fewer professional lobbyists, and fewer appointments to compete with, and consequently not as many interruptions. With fewer distractions the legislators and their staff tend to be much more relaxed and focused on constituents and their messages. Constituents are likely to get more of their legislators’ time, and more importantly, a thoroughly attentive audience.

Also, district offices tend to have less staff turnover, making it easier to build lasting relationships. One of the goals of meeting with a congressman in his or her district office is to position yourself and IREM as an expert resource available to the congressman and their staff. Once that relationship has been established, not only will they be more receptive to your message, but they will be more likely to come to you for clarification or insight when relevant bills are introduced.

And most importantly, district offices are local. The close proximity makes visiting simple and affordable. By increasing the accessibility, IREM Members can have more direct interaction with Members of Congress. More IREM Members will be able to participate in visits, translating to more Members of Congress visited, as well as more visits with each legislator. Even if only one, two, or three members from the district can meet with a legislator at any one meeting, it would be impactful. There is no need for a large number of IREM Members to attend these meetings, as many district offices are too small to accommodate large groups.

Another benefit of the district visits is that increased accessibility works in both directions. If organizing a district office visit seems too daunting or time consuming, simply invite Members of Congress to tour member properties, attend chapter meetings, or attend other IREM events. Make them come to you! These events are mutually beneficial for both the IREM Member and the legislator visiting you. An event or chapter meeting can serve as a great way to explain the real world impact a legislator’s decisions have on you and your business, as well as the impact you and your business have on the community. Also, the publicity and exposure they receive while touring high traffic areas like shopping centers, apartment complexes, and office buildings is hard to beat.

Of course there is more to an effective federal advocacy program than meeting with officials. IREM Headquarters will continue to improve its programs that enhance and complement the new federal advocacy initiatives. First and foremost, we will be working to engage IREM Members more than ever before. One way is by increasing call to action efforts. A call to action is a simple way to help members communicate with decision-makers without incurring more costs doing so. Not only will call to action efforts be expanded—their effectiveness will be maximized through technology. IREM is currently assessing several online platforms that will make connecting with Members of Congress easier than ever. Also, chapter support will be increased. Much like preparing for the annual IREM Capitol Hill Visit Day, we will continue to hold orientation workshops and webinars, distribute professionally printed leave-behinds, and provide any other help chapters need for their local advocacy efforts.

The task force, along with IREM Government Affairs staff, have been looking into ways to help chapters develop their government affairs programs. To better understand the challenges facing chapters, an IREM-wide survey will be circulated this early fall. In the meantime, members are always encouraged to contact the IREM staff with any questions or concerns.

The IREM Government Affairs Department looks forward to rolling out these exciting and effective new programs. Please check the website often for updates and information on how to get involved and be an advocate for your industry and your business.

there was an error in the Legislative Spotlight article of the J/A issue of JPM®. The article incorrectly cited 12 protected classes under the Fair Housing Act. There are 12 protected classes under federal employment law, but there are only seven federally protected classes under the Fair Housing Act: race, color, national origin, religion, sex, familial status or handicap (disability). JPM® apologizes for the error.

if you or your chapter would like more information, please contact the irem government affairs coordinator, andrew lomo, at alomo@irem.org.
everywhere you go in the Canadian capital of Ottawa, the sounds of construction ring through the air. Cranes, bulldozers, craters and traffic cones have become the norm for residents of this formerly quiet city nestled on the southern bank of the Ottawa River.

"Ottawa is going through a transition right now, one set in motion over 80 years ago by Jacques Gréber, an architect charged by the Prime Minister to reimage the capital," said Pierre Benoit, CPM. The Gréber Plan, developed following World War II, envisioned the city’s Green Belt, which was established to keep urbanization within certain limits to protect the environment, as well as the city’s urban design, which has made Ottawa distinctive. "Gréber was really a futurist and his plan set the city up for the overhaul we are witnessing today," adds Benoit.

Named North America’s third best city to live in 2016 in Mercer’s 18th Annual Quality of Living survey, Ottawa has a big dream for the future as it transforms itself into a modern, green metropolis, worthy of taking its place amongst the capital cities of the industrialized world.

**LIGHT RAIL TRANSIT (LRT) SYSTEM**

Ottawa’s crown development project is the construction of the Light Rail Transit (LRT) system—the key feature in the city’s plan for transit-oriented urban intensification, scheduled to take place over the next 25 years. An over 5 billion dollar project, the construction of the LRT is the largest municipal capital project in the city’s history and is part of Ottawa’s commitment to cutting-edge green urban planning. The LRT will be crucial for the city as the population is predicted to grow by 30 percent over the next two decades.

Franco Falbo, CPM, said how vital the LRT is for producing a sustainable city, “Ottawa’s current transportation system, based mainly on buses, has reached its capacity for servicing the city. The LRT will allow the city to decrease the use of less energy-efficient buses and cars, freeing up space for a bike and pedestrian friendly downtown.”

The first phase of the LRT, The Confederation Line, is expected to be mostly complete in time to commemorate the 150th anniversary of Canada in 2017. Three other lines are planned to begin construction in 2018, including one that will connect the airport to the city.

**LE BRETON FLATS**

In conjunction with the construction of the LRT is the redevelopment of a now almost vacant downtown neighborhood known as Le Breton Flats. In April of this year, the federal agency holding the title to Le Breton Flats, the National Capital Commission, accepted RendezVous Group’s proposal to redevelop the 53-acre land area.
RendezVous Group is backed by Ottawa Senators NHL team owner Eugene Melnyk. At the heart of the proposed development, which includes entertainment, retail, parks, restaurants, residential and hotel buildings, is an 18,000-seat arena that will be the future home of the Ottawa Senators.

Le Breton Flats is bisected by the construction of the LRT system, with a Le Breton stop planned to open in 2018. RendezVous’ proposal includes covering the line, unifying both sides of the development. The project is ambitious in terms of innovative green technology, with designs to meet or exceed LEED Gold standards. Deliberations continue between the government and the developers, with goals to begin building on Le Breton Flats in 2018 and the Senators arena opening in 2021.

**ZIBI SITE**

At the forefront of environmentally sustainable building and design is the innovative community, Zibi. In the beginning stages of restoration and construction, Zibi is located on a 37-acre former industrial site that was historically inhabited by the Algonquin First Nation Canadians. The site, which joins Quebec and Ontario, includes Chaudiere Island and Albert Island along the riverfront in Gatineau.

The two development companies recreating Zibi, Windmill Development Group and Dream Unlimited Corporation, have plans to transform the once contaminated land into an eco-friendly community of residential housing, commercial and office buildings, and recreational green space. In addition to utilizing the future Le Breton LRT station, Zibi is designed around a network of biking and pedestrian pathways.

**TUNNEY’S PASTURE**

Another major urban renewal project centered on the construction of Ottawa’s LRT is the regeneration of a community of buildings 3 kilometers from the city’s center called Tunney’s Pasture. Tunney’s Pasture is the first federal project of its kind in Canada and the developers hope it will cause a shift in thinking about federal planning.

Tunney’s Pasture was incorporated into the federal land bank in the 1950s. In its existing state, Tunney’s Pasture is comprised of 120 acres, and 19 office buildings, set in a park adjacent to the river. The 10,000 employees currently working there are offered almost no on-site amenities such as restaurants or shopping. It is serviced exclusively by bus, and 49 percent of the area is surface parking.

The federal government has taken on Tunney’s Pasture as a location to try its “workplace 2.0” initiative, which will include smaller workspaces, compressed working hours and more telecommuting. The LRT will be a key piece of the project as the station at Tunney’s Pasture is part of the first stage development. The government is hoping to make Tunney’s a second downtown core, with high standards of urban development, contributing to an improved image of federal work conditions.

The new Tunney’s Pasture development will be a place to “live-work-play” according to Vance Bedore, an urban planner, who is overseeing the project. It will have different types of residential housing, shops and restaurants. “We are trying to think 25 years ahead” said Bedore, “and make a flexible plan that can be adjusted as the city’s needs change.”

**OTTAWA’S BRIGHT FUTURE**

The atmosphere in Ottawa now is that of literally and figuratively breaking ground. Ottawa is setting its sights on the generations to come and thinking about how people will want to live in the near future. The negotiations, construction and general upheaval taking place now are paving the way for a bright future in Canada’s capital city.

Thank you to Ottawa Chapter No. 115 for hosting the 2016 Region 14 Leadership Conference and the Annual Meeting of the Real Estate Institute of Canada.

**MARK YOUR CALENDARS NOW TO ATTEND THE 2017 REIC CONFERENCE, TAKING PLACE IN HALIFAX, NOVA SCOTIA, JUNE 13-15, 2017.**
TUBSHROOM

Let's face it: clogged shower drains are not fun to deal with. Not for you, not for your tenants, not for your maintenance personnel. Equip your residents' showers with a TubShroom. The revolutionary design makes all the hair wrap itself around the gadget and does not allow it to get down into the bowels of your pipes. Cleanup is a breeze. Just pull it out and the hair comes out right into a napkin. It's easy to use and saves you time and a possible call to a plumber.

Retails at: $12.99; www.tubshroom.com

SOL SOL SOLAR HAT

Got money to burn? Those Smartphones (or just "phones" in today's world) are not going to charge themselves, they need constant access to electricity. After all, you are a busy, on-the-go professional who doesn't want to reach into your bag and plug your phone into a portable charger. Besides, even that portable charger needs re-charging. You can't afford having to remember to charge yet another thing in your life, right? Well, now you can just plug your phone into a solar hat and charge your device on the go, all while protecting your face from the harmful sun rays. The solar panels in the bill of the hat convert the sun rays into energy and send the energy to a proprietary regulator which is able to deliver that 5v goodness directly to your electronics.

Retails at: $69.95; solsolhat.com

ILLUMINATED BOOKMARK

Some people prefer the feel of actual books to e-readers. There is something nostalgic about the experience: from the weight of the book, to the feel of the pages, to the smell of the glue used. Kyouei Design, a Japanese company, is banking its newest invention on the nostalgic reader. Their new Illuminated Bookmark is as thin as a page of the book you are reading, but it comes with a nice little feature: an electronic circuit board. Why would you need one? Put the two ends of the bookmark together and you have yourself a nice little reading light. Perfect for those cozy nights in bed where you don't want to disturb your partner.

Retails at: $16; www.designboom.com

ALEX LEVIN (ALEVIN@IREM.ORG) IS DIRECTOR OF IT FOR IREM HEADQUARTERS IN CHICAGO.
QUIET DUCT WRAP

All duct wraps essentially do the same thing; they reduce condensation, noise and heat loss created by air ducts. Quiet Duct Wrap does that too, but does it in such friendly ways. Made of recycled cotton rescued from landfills and treated with an EPA-registered anti-microbial agent, it's an eco-friendly option for maintaining efficient duct systems. In addition to having a Class-A Fire rating, it contains low VOCs and no irritants, making it a great option for your occupants. Installation is also environmentally-friendly as well because it contains no fiberglass, thus eliminating skin irritation. Who would have thought something like duct wrap could be so... amiable?

Get more information at thegreenproductscompany.com

PERSONAL COMFORT SYSTEMS HYPERCHAIR

Most of us have worked in at least one office where one person's warm and cozy workspace is another person's toe-numbing icebox. Achieving thermal comfort for all is usually an elusive endeavor; as a matter of fact, studies cite the lack of thermal comfort as a top workplace complaint. Hyperchair solves this dilemma by putting temperature control in the hands (or, should we say, seats) of each individual. Personal comfort settings of the sittec are entered and regulated via an onboard panel or Smartphone app and stored in the chair's memory. It can even heat and cool concurrently to accommodate those times when the upper and lower body might disagree. The Hyperchair’s attention to customized control lessens the need to keep office heating and cooling systems turned up, opening the door to cost savings in the form of reduced utility consumption.

Get more information at www.personalcomfortsystems.com

VARI DesK

Spending hours at your desk can take a toll on your back, and some studies have shown that standing, at least for part of your work day, is a healthy alternative to sitting all day long. Enter Varidesk, a product line created to alleviate some of those aches and pains by easily making your workspace height-adjustable. There are several models and configurations to choose from, most of which sit right on top of your own desk. Work in a cube? The Cubicle Series is made with cube configurations in mind. Work in a small personal office space? Check out the Compact Series. What’s more, the Varidesk folks understand the frustration of complicated product assembly, so they strive to make setup as simple as possible.

Get more information at www.varidesk.com

PAINT SHIELD® MICROBICIDAL INTERIOR LATEX PAINT

Let your walls do some of the work to help protect your tenants from nasty germs. Hailed as the first EPA-registered paint that actively kills 99.9 percent of staph, MRSA, E. coli and other bacteria within two hours of exposure on a painted surface, Sherwin-Williams Paint Shield® Microbical Interior Latex Paint also has the ability to go on killing 90 percent of those loathsome bugs, over and over again, for up to four years. It's available in 550 colors, all in Sherwin-Williams' Eg-Shel finish.

Get more information at www.sherwin-williams.com; $84.99

IREM.ORG/JPM / JPM / 35
An industry standard.

That's how Jeff Bosshard, CPM, president of Woodmont Real Estate Services' multifamily operations, sees the IREM Certified Sustainable Property program.

He ought to know. Woodmont's Waterford Place in Dublin, Calif., has become the first apartment community in the U.S. to achieve the IREM certification, and it's a major milestone for multifamily communities around the country. Owned by UBS and Woodmont Real Estate Services, which has managed the asset since 2011, Waterford Place is a 14-year-old community featuring 390 units in one- and two-bedroom configurations.

Not only is the certification a milestone for the industry, it's also a major achievement for Woodmont. For the record, the firm, headquartered in Belmont, Calif., is among the largest property management firms in Northern California, overseeing some 12,000 units in addition to about five million square feet of commercial space.

The certification "demonstrates responsible, high-quality property management practices," said Jeff Bosshard, CPM, president of Woodmont's multifamily operations. "Further, it supports our overall company sustainability programs, which are a cornerstone of our business."

For instance, he continued, "We specify the use of only low VOC [volatile organic compounds] paints and cleaners at all of our properties and all recycled carpet pad and carpet products. We replace 3,000 carpets a year, and all of it goes into recycling programs. Being the first one [to achieve the IREM certification] in the U.S., and particularly Northern California, reinforces the notion that we strive to be the leading property management firm in the region."

NOT SO EASY GETTING GREEN

According to Todd Feist, IREM's sustainability program manager, the certification process for multifamily properties is as rigorous as it is for commercial buildings, but the process is pretty much the same. "There are 15 baseline requirements that every property has to meet, and they're focused on policy setting, benchmarking and self-assessments," he explained. "Then applicants have to earn a total of 62 points in five sustainability categories: energy, water, health, recycling and purchasing. That's how it works for all property types."
Multifamily managers have an additional challenge in the hurdles they face monitoring tenants' sustainability activities. "We take that into consideration, knowing the challenge real estate managers have working with residents when the residents by and large control what happens in their units," Feist explained. "The property gets points toward the certification for making improvements in areas the managers control, like such common areas as the leasing office, the lobby, the fitness room. And they also get points for resident outreach and education, to help them make good choices."

The certification of Waterford Place is an important step for both the IREM program and for multifamily communities around the country. As Feist explained, LEED certification for existing multifamily properties isn't practical, in large part due to the tenant issue mentioned above. "LEED operations and management for multifamily buildings is a big challenge because of issues like controlling tenant purchases," he said.

That's where IREM saw an opportunity. Before the IREM certification program, "multifamily didn't have a practical sustainability-recognition program," Feist said. "So it's important that IREM recognized that need."

ADVANTAGE: WOODMONT

There's also bragging rights. Managers such as Woodmont that have achieved certification "can hang that plaque in their lobby or their leasing office and show to residents and prospective residents that they care about green living and the environment as well as controlling expenses at the community," Feist said.

Bosshard agreed. "The certification tells our residents that we care about them and the environment," he said. "From a business perspective, it gives us great content to talk about in our marketing programs. The designation is a differentiator. If the apartment community next to ours doesn't have the IREM certification, it's an advantage for us."

In other words, the IREM certification is just "good business," he said. With all of the rental housing that's available "throughout the Bay Area, renters have lots of choices. The IREM certification elevates one property over others." He added that it creates an industry standard.

But that elevation comes with its own clear challenge. "It actually puts a little pressure on us to get more of the multifamily communities we manage certified," Bosshard pointed out. "And this will be something we pursue the rest of this year."

Most important, it signals to other IREM members that there is no longer a "green ceiling" between them and sustainability certification. This first multifamily certification "signals to all other multifamily communities that certification is achievable," Feist concluded. "Waterford Place reached the finish line. You can too."
This spring, IREM completed the first IREM Energy Efficiency Survey. One question asked about interest in training on energy efficiency. About 80 percent of multifamily and commercial real estate management professionals answered that they were either “very interested” or “somewhat interested” in energy efficiency education for themselves. About 70 percent of multifamily managers and 75 percent of commercial managers indicated interest for their teams. These results reveal that energy efficiency education is in demand.

You may say, it’s easy to express interest in a 10-minute survey but far more difficult to find the time and resources to get that training. Very true, but worth the effort. Energy efficiency in investment real estate, properly implemented, is a surefire way to decrease operating expenses and improve the market position of the property. Studies even find that ENERGY STAR® certified properties command higher rents. But wading through what to do to improve energy performance can be complicated—thus the need and demand for training.

Let’s take a look at some of the issues. First, you need utility data. With privacy concerns and utility rules, that is no small task. More utilities are providing both whole-building data, for benchmarking in ENERGY STAR Portfolio Manager®, and more granular data for advanced energy management—but this data is far from ubiquitous. Second, you need to get that data into a benchmarking tool and begin to track energy consumption. ENERGY STAR Portfolio Manager is the best place to start here. Then you need to make operational improvements and retrofits, as well as engage your tenants or residents, to improve energy performance. This is where things can get truly overwhelming.

The good news is that qualified solutions providers can guide you and your teams through this process. Retro-commissioning agents can fine-tune operations and existing equipment, while energy consultants can recommend energy monitoring, software and retrofit options. Make sure these professionals work constructively with your teams, take advantage of incentives, provide you with a breakdown of costs and benefits, and do not pressure you into doing too much too soon. Quality data and actionable recommendations are key—not quantity.

IREM is doing its part to help the industry navigate the universe of building energy efficiency. We have a series of online courses, from the basics to more advanced topics, at [www.irem.org/energy](http://www.irem.org/energy). IREM Chicago also recently teamed up with USGBC Illinois to host a pilot workshop, “Accessing & Using Energy Data to Improve Property Operations.” This training, rolled out to additional locations this fall, discusses how to obtain whole-building and smart meter data, energy metering and monitoring, and energy data analysis. The workshop enables a common vocabulary and trains property managers and their teams to better work with solutions providers to identify and implement energy initiatives with positive financial results.

Energy efficiency education is in demand because energy efficiency is in demand. Just 10 years ago, real estate professionals may have questioned the benefits. Now we understand the benefits of energy efficiency. We need to work toward a common understanding of how to get it done in more markets and more properties. Look for IREM to continue to lead in this effort.
IREM released the 2016 Income/Expense Analysis Reports for five property types: Conventional Apartments, Office Buildings, Shopping Centers, Federally Assisted Apartments, Condominiums, Cooperatives and Planned Unit Developments, along with the Metro Reports—for professionals who just need an individual metropolitan market area report—which now includes region and national data.

For over 60 years, these reports have provided the tools to plan, budget and forecast—and to enable real estate management professionals to stay one step ahead of the competition by making data-driven decisions. These benchmarking resources empower professionals to make big data work for them by delivering data from thousands of properties right at the tips of their fingertips, right when they need it.

TABLE 1 presents some of the characteristics of this year's sample. A total of 985 properties containing 81,593 units were submitted. The typical federally assisted project contained 83 units.

TABLE 2 outlines total expenses by subsidy type. Section 236 garden buildings experienced the lowest expenses in 2015 at $4.97 per square foot. Section 202 elevator buildings reported the highest total expenses, $10.62 per square foot in 2015. Total expenses increased for all low rise subsidies over the last two years.

TABLE 3 lists net operating income by subsidy and building type. Elevator buildings reported median net operating income ranging from $6.32 to $8.00 per square foot; low-rise buildings ranging from $2.26 to $4.83 per square foot; and garden buildings ranging from $2.72 to $6.47 per square foot.
TABLE 1 lists the gross possible apartment rent by building type. Three of the four building types reported increases in gross possible apartment rent in 2015. Elevator buildings reported the highest increase in gross possible rent, 7.9 percent, raising the rent from $17.85 per square foot in 2014 to $19.26 per square foot in 2015. The rent in garden buildings increased 3.5 percent to $11.86 per square foot and low-rise buildings with 25 or more units experienced an increase of 0.3 percent to $11.74 per square foot. Low-rise buildings with 12-24 units saw no change and remained at $12.44 per square foot in 2015.

TABLE 3 reflects the net operating income experience by each building type (NOI is defined as the income remaining after operating expenses have been paid, but before expenditures for ground rent, mortgage interest and amortization, capital improvements and income taxes). Elevator buildings reported the highest NOI, rising 4.5 percent to $11.17 per square foot. Low-rise buildings with 12-24 units reported the lowest NOI at $5.27 per square foot in 2015, but saw the largest increase of 6.9 percent. Low-rise buildings with 25 or more units reported an increase of 2.2 percent at $5.91 per square foot in 2015. Garden buildings reported an increase of 5.2 percent at $6.51 per square foot in 2015.

TABLE 4 presents the median vacancies and rent loss experienced by each building type (median vacancies and rent loss are expressed as a percentage of gross possible income). Uncollected income due to vacancy and other forms of rent loss varied very little compared to 2014. All four property types changed less than 1 percent. Overall, garden buildings had the highest vacancy and rent loss reporting at 5.7 percent of gross possible income. Low-rise buildings with 12-24 units reported the lowest vacancy and rent loss of the four property types at 4.6 percent.

TABLE 5 shows the median amount of all expenses per square foot by building type. Elevator buildings were the most costly to operate and experienced an increase of 1.8 percent to $8.05 per square foot. Low-rise buildings with 25 or more units experienced the largest expense increase of 2.4 percent to $5.55 in 2015. Garden buildings increased 1.9 percent to $5.30 in 2015.
This year's sample represents almost 2,900 buildings. Over 2,300 traditional office properties in 2,057 office developments (some developments contain multiple buildings) reported data with an additional 560 Medical Office buildings.

**TABLE 1** displays some of the characteristics of this year's non-medical office building sample. The typical suburban office property contained an average of 110,787 square feet and is occupied by an average of six tenants. Office buildings in downtown areas were typically much larger, containing an average of 289,493 square feet and 11 tenants.

The suburban office buildings tend to be relatively new with 83.3 percent of them built within the last 36 years. Downtown properties were more diverse in composition with 61.1 percent constructed since 1980.

Suburban office buildings are mostly structures of one to 10 stories in height; 92.6 percent of the suburban sample falls into this category. Downtown properties generally contain at least five stories. 50.4 percent of this year's downtown sample contains more than 10 stories while 24.4 percent had five to 10 stories.

**SUBURBAN OFFICE BUILDINGS**
Total collections increased in 2015 to $19.77 per square foot of net rentable area. This represents a 1.4 percent increase from 2014. The most significant variance for individual expenses occurred for utilities, decreasing 3.5 percent from last year. Total operating costs decreased 2.8 percent to $8.32 per square foot.

**TABLE 3** presents the median net operating costs (including insurance) for suburban office buildings by geographic region.

Nationally, net operating costs decreased to $6.06 per square foot. Regional net operating costs ranged between $5.07 and $6.82 per square foot. The combined Northeast and Mid-Atlantic region (region 1, 2, and 3) reported the highest net operating costs at $6.82 per square foot. The Southeast region reported the lowest net operating cost at $5.07 per square foot.

**TABLE 1: SAMPLE DISTRIBUTION**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DOWNTOWN</th>
<th>SUBURBAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Office Developments</td>
<td>473</td>
<td>1,584</td>
</tr>
<tr>
<td>Number of Buildings</td>
<td>508</td>
<td>1,815</td>
</tr>
<tr>
<td>Average Size of Buildings (Sq. Ft.)</td>
<td>289,493</td>
<td>110,787</td>
</tr>
<tr>
<td>Average Number of Tenants*</td>
<td>11</td>
<td>6</td>
</tr>
</tbody>
</table>

**TABLE 2: MEDIAN INCOME AND EXPENSES**

<table>
<thead>
<tr>
<th>LINE ITEM</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>'14-'15 % CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Collections</td>
<td>$18.72</td>
<td>$19.50</td>
<td>$19.77</td>
<td>1.4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1.87</td>
<td>2.00</td>
<td>1.93</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Janitorial/Maint.</td>
<td>2.12</td>
<td>2.25</td>
<td>2.21</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Admin./Benefits</td>
<td>1.11</td>
<td>1.10</td>
<td>1.09</td>
<td>0.9%</td>
</tr>
<tr>
<td>Net Operating Costs*</td>
<td>6.00</td>
<td>6.31</td>
<td>6.06</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Insurance/Services</td>
<td>1.08</td>
<td>1.09</td>
<td>1.09</td>
<td>0.0%</td>
</tr>
<tr>
<td>R.E./Other Taxes</td>
<td>2.18</td>
<td>2.24</td>
<td>2.17</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Total Operating Costs</td>
<td>8.39</td>
<td>8.56</td>
<td>8.32</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Occupancy Levels</td>
<td>90%</td>
<td>94%</td>
<td>96%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

*Insurance not included in Net Operating Costs

**TABLE 3: MEDIAN NET OPERATING COSTS**

<table>
<thead>
<tr>
<th>REGIONS</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>'14-'15 % CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, 2, 3</td>
<td>$6.46</td>
<td>$7.07</td>
<td>$6.82</td>
<td>-3.5%</td>
</tr>
<tr>
<td>4</td>
<td>5.26</td>
<td>5.71</td>
<td>5.07</td>
<td>-11.2%</td>
</tr>
<tr>
<td>5</td>
<td>5.67</td>
<td>5.80</td>
<td>5.97</td>
<td>2.9%</td>
</tr>
<tr>
<td>6</td>
<td>6.28</td>
<td>6.50</td>
<td>6.53</td>
<td>0.5%</td>
</tr>
<tr>
<td>7, 8, 10</td>
<td>5.35</td>
<td>5.84</td>
<td>5.75</td>
<td>-1.5%</td>
</tr>
<tr>
<td>9</td>
<td>6.80</td>
<td>6.98</td>
<td>5.99</td>
<td>-14.2%</td>
</tr>
<tr>
<td>U.S</td>
<td>6.00</td>
<td>6.31</td>
<td>6.06</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>
vacancy rate at 10 percent. The West Coast region reported the vacancy rate at 6 percent. The Southwest region reported no change in the vacancy rate in 2015.

TABLE 4 lists the median year-end vacancy levels for suburban properties. The typical suburban office properties experienced a 2015 year-end vacancy of 4 percent, down from 6 percent in 2014. The Southeast and MidWest regions experienced the highest vacancy rates at 6 percent. The Southwest region reported no change in the vacancy rate in 2015.

DOWNTOWN OFFICE BUILDINGS
Nationally, total collections decreased 4.7 percent to $21.86 per square foot of net rentable office space. The cost of operating a downtown office building decreased 8.4 percent to $10.20 per square foot of net rentable area. Other than janitorial/maintenance, all lines items decreased in 2015. The most significant variance for individual expenses occurred in Insurance/Services, decreasing 9.2 percent from the previous year.

TABLE 6 lists the median net operating costs for downtown office complexes by geographic region. As a whole, the median net operating costs for a downtown office building decreased 2.7 percent to $7.63 per square foot of net rentable area. Office properties in the combined Northeast and Mid-Atlantic regions (region 1, 2, and 3) reported the highest net operating costs at $10.20 per square foot, a 4.4 percent decrease from 2014. The Southeast region reported the lowest net operating cost at $5.99 per square foot, a decrease of 6.1 percent.

TABLE 7 presents the median year-end vacancy levels for downtown properties. Nationally year-end vacancy increased by 1 percent point to 8 percent. The Southwest region reported the highest vacancy rate at 10 percent. The West Coast region reported the lowest vacancies, at 0 percent, a 7 percent reduction in vacancies from the previous year.
TABLE 1: SAMPLE DISTRIBUTION
2015—Open Shopping Centers—Total Sample Number of Centers Reported

<table>
<thead>
<tr>
<th>ITEM</th>
<th>2014 SAMPLE</th>
<th>2015 SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Centers</td>
<td>402</td>
<td>406</td>
</tr>
<tr>
<td>Average Size of Center GLA (Sq. Ft.)</td>
<td>108,130</td>
<td>118,945</td>
</tr>
</tbody>
</table>

TABLE 2: MEDIAN INCOME
2015—By Region

<table>
<thead>
<tr>
<th>REGIONS</th>
<th>2014 GLA</th>
<th>2015 GLA</th>
<th>2014 AAO</th>
<th>2015 AAO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, 2, 3</td>
<td>$22.51</td>
<td>$23.76</td>
<td>$25.45</td>
<td>$26.25</td>
</tr>
<tr>
<td>4</td>
<td>14.41</td>
<td>12.62</td>
<td>15.28</td>
<td>13.93</td>
</tr>
<tr>
<td>5</td>
<td>18.04</td>
<td>19.32</td>
<td>18.50</td>
<td>19.44</td>
</tr>
<tr>
<td>6</td>
<td>17.84</td>
<td>16.25</td>
<td>19.75</td>
<td>20.46</td>
</tr>
<tr>
<td>7, 8, 10</td>
<td>14.25</td>
<td>10.35</td>
<td>17.19</td>
<td>13.03</td>
</tr>
<tr>
<td>9</td>
<td>15.84</td>
<td>15.78</td>
<td>19.34</td>
<td>18.39</td>
</tr>
<tr>
<td>U.S</td>
<td>15.63</td>
<td>15.22</td>
<td>17.70</td>
<td>16.58</td>
</tr>
</tbody>
</table>

TABLE 3: MEDIAN EXPENSES
2015—By Region

<table>
<thead>
<tr>
<th>REGIONS</th>
<th>2014 GLA</th>
<th>2015 GLA</th>
<th>2014 AAO</th>
<th>2015 AAO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, 2, 3</td>
<td>$6.70</td>
<td>$6.91</td>
<td>$6.88</td>
<td>$7.42</td>
</tr>
<tr>
<td>4</td>
<td>3.76</td>
<td>3.88</td>
<td>4.10</td>
<td>3.88</td>
</tr>
<tr>
<td>5</td>
<td>5.55</td>
<td>6.70</td>
<td>6.38</td>
<td>7.42</td>
</tr>
<tr>
<td>6</td>
<td>5.67</td>
<td>5.71</td>
<td>6.52</td>
<td>6.72</td>
</tr>
<tr>
<td>7, 8, 10</td>
<td>3.91</td>
<td>3.17</td>
<td>5.28</td>
<td>4.46</td>
</tr>
<tr>
<td>9</td>
<td>4.67</td>
<td>4.43</td>
<td>6.44</td>
<td>5.98</td>
</tr>
<tr>
<td>U.S</td>
<td>4.52</td>
<td>4.27</td>
<td>5.27</td>
<td>5.10</td>
</tr>
</tbody>
</table>

TABLE 4: COMPARISON OF EXPENSE CATEGORIES
2015—Open Shopping Centers
Total U.S.A. as a Percentage of Total Operating Costs

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and Repairs</td>
<td>8.2%</td>
</tr>
<tr>
<td>Services</td>
<td>13.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>8.6%</td>
</tr>
<tr>
<td>Insurance/Tax</td>
<td>40.8%</td>
</tr>
</tbody>
</table>

TABLE 4 breaks down open shopping center expense categories by proportion of total operating cost based on AAO which the individual expense categories represent. Insurance and Taxes accounted for 40.8 percent of total operating costs; Services consumed 13.7 percent; while maintenance and repair and utilities accounted for 8.2 percent and 8.6 percent, respectively.

Nationally, the median income for open shopping centers based on AAO range from $13.03 to $26.25 per square foot. The Northeast and Mid-Atlantic regions (regions 1, 2, and 3) reported the highest income per square foot for open centers.

The Southeast continues to experience the lowest operating costs for open shopping centers at $3.88 per square foot. Based on AAO, the Northeast and Mid-Atlantic regions; and the Midwest region experienced the highest operating costs for open shopping centers at $7.42 per square foot.

TABLE 2 summarizes the median income for open shopping centers in dollars per square foot of gross leasable area (GLA) and Average Actual Occupancy (AAO) by geographical regions.
For all types combined, the median total operating expenses amounted to $2,950.88 per unit. This represents an increase of 11.4 percent per unit from 2014. High-rise properties reported the highest expenses at $4,899.59 per unit. Low-rise properties increased 9.6 percent to $2,806.52 per unit.

TABLE 3 identifies median operating expenses by major expense categories for all condominiums. Repair and maintenance costs, which account for the largest portion of total operating costs, increased 8.6 percent to $1,100.47 per unit per year. Operating expenses had the largest year to year percentage change, increasing 16.0 percent. Administrative costs increased 10.5%; Fixed expenses increased 5.3 percent. Total expenses reflected an increase of 11.4 percent.

TABLE 4 presents the amount added to reserve funds as both a dollar amount as a percentage of total operating expenses. The typical association added $685.13 per unit per year to their reserve fund for future replacements and capital reserves. This represents 23.2 percent of total operating expenses. Contributions to replacement reserves as a percent of total operating expenses for high-rise developments were above the national median. $1052.76 per high-rise unit was added to reserves, representing 23.5 percent of total operating expenses. Contributions to low-rise properties replacement reserves amounted to 23.7 percent of total expenses, or $665.47 per unit per year.

TABLE 1: 2015 SAMPLES
Total Sample—By Association Category

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CONDO</th>
<th>CO-OP</th>
<th>PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Projects</td>
<td>1,162</td>
<td>29</td>
<td>1,082</td>
</tr>
<tr>
<td>Number of Units</td>
<td>123,955</td>
<td>3,430</td>
<td>171,018</td>
</tr>
<tr>
<td>Average Number of Units per Project</td>
<td>107</td>
<td>118</td>
<td>158</td>
</tr>
</tbody>
</table>

TABLE 2: TOTAL OPERATING EXPENSES
2014-2015—Condominiums—U.S.—Median Expenses in Dollars per Unit per Year

<table>
<thead>
<tr>
<th>BUILDING TYPE</th>
<th>2014</th>
<th>2015</th>
<th>%CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-Rise</td>
<td>$4,732.80</td>
<td>$4,899.59</td>
<td>3.5%</td>
</tr>
<tr>
<td>Low-Rise</td>
<td>2,561.31</td>
<td>2,806.52</td>
<td>9.6%</td>
</tr>
<tr>
<td>Townhouse</td>
<td>2,116.93</td>
<td>2,093.17</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Combination</td>
<td>2,040.35</td>
<td>2,152.18</td>
<td>5.5%</td>
</tr>
<tr>
<td>All Types Combined</td>
<td>2,649.76</td>
<td>2,950.88</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

TABLE 3: VARIATION IN TOTAL EXPENSES
2015—Condominiums—U.S.—All Types Combined—As a Percentage Increase Over 2014 Expenses

<table>
<thead>
<tr>
<th>EXPENSE CATEGORY</th>
<th>2014</th>
<th>2015</th>
<th>%CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expense</td>
<td>$346.88</td>
<td>$383.43</td>
<td>10.5%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>725.30</td>
<td>841.52</td>
<td>16.0%</td>
</tr>
<tr>
<td>Repair and Maintenance</td>
<td>1,013.62</td>
<td>1,100.47</td>
<td>8.6%</td>
</tr>
<tr>
<td>Fixed Expenses</td>
<td>409.69</td>
<td>431.59</td>
<td>5.3%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>2,649.76</td>
<td>2,950.88</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

TABLE 4: REPLACEMENT RESERVES
2015—Condominiums—U.S.—Median Dollars Added to Reserves in Dollars per Unit per Year

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>TOTAL OPERATING EXPENSES</th>
<th>RESERVE DOLLARS</th>
<th>AS % OF TOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-Rise</td>
<td>$4,899.59</td>
<td>$1,052.76</td>
<td>21.5%</td>
</tr>
<tr>
<td>Low-Rise</td>
<td>2,806.52</td>
<td>665.47</td>
<td>23.7%</td>
</tr>
<tr>
<td>Townhouse</td>
<td>2,093.17</td>
<td>519.61</td>
<td>24.8%</td>
</tr>
<tr>
<td>Combination</td>
<td>2,152.18</td>
<td>519.61</td>
<td>24.1%</td>
</tr>
<tr>
<td>All Types Combined</td>
<td>2,950.88</td>
<td>685.13</td>
<td>23.2%</td>
</tr>
</tbody>
</table>
While IREM sets aside September as Ethics Awareness Month (as it has for four consecutive years), the issue is clearly one of year-round importance. We recently sat down with two people key to IREM’s ethics push to better understand the workings of the Ethics Committee and to zoom in on the Ethics Awareness Month activities. For the answer to the first question, we turned to Vickie Gaskill, CPM, ARM, who this year heads the Ethics Inquiry Board. For the second, we turned to Jennifer Jeck, ethics administrator at IREM Headquarters.

Gaskill’s professional focus on ethics was a prime reason why she joined IREM in the first place. Gaskill, who is owner of Bell-Anderson & Associates, ARM in Kent, Wash., started her career as a bookkeeper for a property management company. In time, she saw the appeal of a career in property management and said that she began looking for an organization that could not only give her an education but held integrity as a philosophy.

“That's what drew me to IREM, its commitment to ethics and education,” she said. “It’s always been at the core of how I try to conduct business, so it was a good fit.”

The Ethics Committee is made of three boards: Inquiry, Hearing & Discipline, and Appeals. Gaskill explained that the board she chairs hears all of the cases initially, it doesn’t make rulings.

“We read the cases, discuss them as a group and, if the board decides that there may be some legitimacy to the complaint, we will send it on to the Hearing & Discipline Board. If not, it goes back to the complainant with the explanation that we don’t see a possible violation of our professional Code of Ethics.”

Interestingly, not a lot of cases—only a handful, in fact—move on to hearings. Why? As in her own profile, “when individuals want to attach themselves to a professional association such as IREM, they are, in part, drawn to us because of...
our ethical standards. They wouldn’t sign up if they felt that they couldn’t operate under those standards.”

One of the defining aspects of property management is that “we’re in charge of other people’s money,” said Gaskill. So it’s not surprising that a lot of the complaints that come before the board are monetary in nature. Because of her oath of confidentiality, Gaskill would not provide examples.

**TECHNOLOGY SPEEDS UP DECISION MAKING**

Does the subject of ethics change in the light of so many decisions being made via the Internet and the speed of business that it provides? “One of the realities of electronics is that it’s very easy to lose the personality of ethics,” she said. “It’s very easy for decisions to become as fast as the push of a button or the click of a mouse. You lose the personality of right and wrong.”

And if you buy the broad-brush characterization of all millennials as tech-heads, would the discussion of ethics then change in their presence? In her conversations with up-and-coming property management professionals, Gaskill has found a basic consistency of messaging.

**IT’S VERY EASY FOR DECISIONS TO BECOME AS FAST AS THE PUSH OF A BUTTON OR THE CLICK OF A MOUSE. YOU LOSE THE PERSONALITY OF RIGHT AND WRONG.**

“Sometimes a kneejerk reaction can get any of us into trouble,” she said, circling back to the essential problem of the internet. “There might be a tendency to not think too much about an issue, but just make a decision. But that’s no more likely with the next generation than with a professional with years of experience. Whether a millennial’s view of ethics is different from, let’s say, mine, it all boils down to doing what’s right.”

Gaskill stresses that she is hesitant to cubbyhole anyone by group. But if there is anything that defines millennials differently than older professionals, it would be the daily news. “One of the biggest challenges for our younger generations is that they’ve seen so many failures.” She cites the failure of the financial system that led to the last recession, or even the incidents of terrorism in our own backyard. “It’s very easy to become jaded.” The challenge then becomes to convince younger professionals about the importance of ethics as a guiding professional principal.

With that in mind, Gaskill’s mission has been “to get the word out about the seriousness and importance of ethical behavior as an IREM Member.”

**Members Engage Over Ethics**

As we enter Ethics Awareness Month 2016, we asked Jennifer Jeck, IREM’s ethics administrator, to detail this September’s initiatives. She explained, “it’s really about getting conversations started to help members focus and reflect on what professional ethics means for their business. Ethics Committee members are writing blogs, Facebook posts and even creating video selfies on the importance of ethics in their business.”

“All CPM members are invited to take our online Real Estate Management Ethics (ETH001) course for free in order to refresh their knowledge of our Code,” said Jeck.

The annual student essay contest also focused on professional ethics (the winning essay appears on page 22).

“**MANY CHAPTERS WILL ALSO TAKE AN ACTIVE PART IN ETHICS AWARENESS MONTH BY INCORPORATING ACTIVITIES INTO CHAPTER MEETINGS AND STARTING OTHER CONVERSATIONS ABOUT ETHICS,**” she said.
TO LEARN MORE about your planned giving options, request a copy of IREM Foundation’s planning strategies brochure by calling (800) 837-0706, ext. 6008 or e-mailing foundation@irem.org.

AS WITH ANY DECISION involving your assets, we urge you to seek the advice of your professional counsel when considering a gift to the IREM Foundation.

The third week in October (17th – 23rd) is National Estate Planning Awareness Week. Now is a good time to begin making decisions on distribution of your estate assets.

Estate planning is a financial process that can protect you and your family and is a very important component of your overall financial planning—not just for the wealthy but for everyone. Start working on getting your estate planning house in order.

DON'T LEAVE IT TO CHANCE
Without an estate plan, your affairs will be settled by default through a complex legal system called “probate.” The handling of your financial affairs can turn into a costly and frustrating ordeal for your family and heirs. If you don't have an up-to-date estate plan and you happen to get hurt or sick and cannot manage your financial affairs, the courts will have to appoint someone to manage them for you. Make sure that the person they appoint is one you would want to perform those tasks.

PLANNING TO PLAN
The crafting of a good estate plan starts with planning, followed by the proper drafting and signing of appropriate legal documents such as wills, trusts, buy-sell agreements, durable powers of attorney for asset management and an advanced health-care power of attorney. Having these documents in place saves you and your family a lot of money and time at a very difficult and emotional time.

Your estate planning should also address the coordination of the way you hold title to your various assets, your beneficiary selections and the possible transfer of certain assets while you are alive. Regardless of the extent of your net worth, estate planning is important for everyone. Complex strategies may be used by wealthy people to reduce death taxes and costs. Others may only require a simple will and/or trust to pass on property to their heirs and provide for minor children.

Even if a simple will is all you require, an estate plan is an essential part of your financial planning. Everybody needs one someday. The time to address or update your estate plan is now.
# NEW CPM MEMBERS

## JUNE
- Daniel Akulow, CPM
- Boyd D. Alexander, CPM
- Julie A. Bandy, CPM
- Alexandria S. Bonilla, CPM
- Brian T. Calabro, CPM, ARM
- Christopher A. Carnazzo, CPM
- Kai Po Chan, CPM
- Ekaterina Chepelenkova, CPM
- Celeste Coetzer, CPM, ARM
- Tanya Cravero, CPM
- Edward B. Dallape, CPM
- Neil A. Fawcett, CPM, ARM
- Fermin Garcia, CPM
- Sheryl M. Green, CPM
- Yingyun Han, CPM
- Michael S. Honc, CPM
- Andrew J. Kingsley, CPM, ARM
- Shiyu Lai, CPM
- Anthony T. Lois, CPM
- Maria Matveeva, CPM
- Jennel E. Mills CPM
- Philip M. Moore, CPM
- Mary Ann Nielsen, CPM
- David C. Plake, CPM
- Johnathan T. Price, CPM
- Xiaojia Qian, CPM
- Ming Qiu, CPM
- Andrew C. Savage, CPM
- Reginald Thomas, CPM, ARM
- Evgenii Titarenko, CPM
- Jessica A. Yanny, CPM, ARM
- Tik Lun Alan Yeung, CPM
- Wei Yuan, CPM
- Victor Zaglumin, CPM
- Amber D. Hallum, CPM
- Takayuki Ito, CPM
- Kevin B. Logue, CPM
- Qi Luo, CPM
- David R. Martin, CPM
- Shelly K. Mertz, CPM, ARM
- Timothy H. Milligan, CPM
- Casey J. Moriarty, CPM
- Shanniel T. Morrison, CPM
- Jennifer A. Muller, CPM
- My Linh T. Nguyen, CPM
- Christopher J. Riggs, CPM
- Alex S. Scheffer, CPM, ARM
- Stephanie N. Sides, CPM
- Justin R. Sisco, CPM
- Paul V. Tollner, CPM
- Lisa M. Vanderwiel, CPM, ARM
- Michael A. Wald, CPM
- Jim Zacharias, CPM

## JULY
- Meloney T. Allsopp, CPM, ARM
- Melissa Annis, CPM
- Luke C. Arrington, CPM
- Ken Bailey, CPM
- Julie A. Burch, CPM
- Celeste F. Carnaggio, CPM
- Martin Chai, CPM, ARM
- Grant S. Collard, CPM
- Ray (Sandy) Freschi, CPM
- Matthew R. Granberg, CPM
## 2017 Governing Council Nominees

The IREM Nominating Committee has announced its slate of nominees for Governing Council. The Election of the IREM Governing Councillors will take place on Thursday, October 20, 2016, in San Diego, at the annual meeting held in conjunction with the IREM Fall Conference.

### FOR THE THREE-YEAR TERM THAT BEGINS AT THE END OF THE 2016 ANNUAL MEETING AND ENDS AT THE CONCLUSION OF THE 2019 ANNUAL MEETING, THE NOMINEES FOR AT-LARGE GOVERNING COUNCILLORS ARE:

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. David Barton, CPM, ARM</td>
<td>Washington, DC</td>
</tr>
<tr>
<td>David Bryant, CPM</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>Gifford K. Chang, CPM, ARM</td>
<td>Honolulu, HI</td>
</tr>
<tr>
<td>Brooke Emery, CPM</td>
<td>Dyersburg, TN</td>
</tr>
<tr>
<td>James J. Falcetta, CPM, ACoM</td>
<td>Stamford, CT</td>
</tr>
<tr>
<td>Amy M. Flores, CPM</td>
<td>Albuquerque, NM</td>
</tr>
<tr>
<td>Laura R. Hagan, CPM</td>
<td>Fort Worth, TX</td>
</tr>
<tr>
<td>Teresa B. Hall, CPM</td>
<td>San Diego, CA</td>
</tr>
<tr>
<td>James L. Helsel, CPM</td>
<td>Camp Hill, PA</td>
</tr>
<tr>
<td>Brandi A. Herdzina, CPM</td>
<td>Austin, TX</td>
</tr>
<tr>
<td>Gregg W. Jenner, CPM, ARM</td>
<td>Abington, MA</td>
</tr>
<tr>
<td>Roberta L. Kelley, ARM</td>
<td>Arlington, TX</td>
</tr>
<tr>
<td>Cathy D. Kleve, CPM</td>
<td>Minneapolis, MN</td>
</tr>
<tr>
<td>Jeffrey S. Lapin, CPM</td>
<td>Roseville, CA</td>
</tr>
<tr>
<td>Collin Lowey</td>
<td>Atlanta, GA</td>
</tr>
<tr>
<td>Brian F. Lozell, CPM</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Dustin A. Miller, CPM</td>
<td>Farmington Hills, MI</td>
</tr>
<tr>
<td>Susan Monaghan, CPM</td>
<td>Cumberland, RI</td>
</tr>
<tr>
<td>Blaire Moreland, CPM</td>
<td>Houston, TX</td>
</tr>
<tr>
<td>Kevin L. Owens, CPM</td>
<td>Powder Springs, GA</td>
</tr>
<tr>
<td>Julia A. Paluka, CPM</td>
<td>Denver, CO</td>
</tr>
<tr>
<td>Shanon C. Plohayrt, CPM</td>
<td>Minneapolis, MN</td>
</tr>
<tr>
<td>Ann E. Reisch, CPM</td>
<td>Maitland, FL</td>
</tr>
<tr>
<td>Scott D. Stovall, CPM</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>Farzaneh Tofighi, CPM</td>
<td>Los Angeles, CA</td>
</tr>
<tr>
<td>Benjamin Underwood, CPM</td>
<td>Bethesda, MD</td>
</tr>
<tr>
<td>Karen E. Ward, CPM</td>
<td>Albuquerque, NM</td>
</tr>
<tr>
<td>Christiana E. Webber, ACoM</td>
<td>Austin, TX</td>
</tr>
<tr>
<td>Nicole N. Weber, CPM, ARM</td>
<td>Glendale, WI</td>
</tr>
<tr>
<td>Charlotte L. Wilson, CPM</td>
<td>Tysons Corner, VA</td>
</tr>
</tbody>
</table>

### FOR THE TWO-YEAR TERM THAT BEGINS AT THE END OF THE 2016 ANNUAL MEETING AND ENDS AT THE CONCLUSION OF THE 2018 ANNUAL MEETING, THE NOMINEES FOR ARM REPRESENTATIVES ARE:

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denna A. Griffis, CPM, ARM</td>
<td>Little Rock, AR</td>
</tr>
<tr>
<td>Maj-Lene P. Keech, CPM, ARM</td>
<td>Greenbelt, MD</td>
</tr>
<tr>
<td>Cody L. Kirkpatrick, ARM</td>
<td>Austin, TX</td>
</tr>
<tr>
<td>Amanda Loveless, ARM</td>
<td>Fort McMurray, AB</td>
</tr>
<tr>
<td>Sarah A. Moran, ARM</td>
<td>Wildwood, MO</td>
</tr>
</tbody>
</table>

IN ACCORDANCE WITH IREM BYLAWS, ADDITIONAL NOMINATIONS WILL BE ACCEPTED BY A PETITION SIGNED BY AT LEAST 25 MEMBERS, OF WHICH NOT MORE THAN 10 ARE MEMBERS OF ANY SINGLE CHAPTER, DELIVERED TO THE EXECUTIVE VICE PRESIDENT 10 DAYS IN ADVANCE OF THE DATE SET FOR THE ELECTION.

### NOTICE

The terms for At-Large Governing Councillors elected at the 2014 (term ending in 2017) and 2015 (term ending in 2018) annual meetings for calendar terms beginning January 1 and ending December 31, are hereby corrected to begin and end at the close of the respective annual meetings in order to be in compliance with Bylaws Article V: Governing Council, Section 3. Election of Councillors that states: "3.01 Governing Councillors shall be members elected by the membership present at the annual meeting or for any unexpired term, and until their successors shall have been elected and qualified." This is also applicable for the two (2) year term of ARM Representative Governing Councillors.
Sustainable
Janitorial & related cleaning services

Contact us today!
855-526-2733
rwkservices.com

UNLEASH THE POWER OF STRATEGIC MODELING AND RISK MANAGEMENT FOR YOUR ENTIRE REAL ESTATE PORTFOLIO.

Our end-to-end investment solutions empower you to accurately forecast performance and create model scenarios in order to build your strategic plan, make decisions, and transact efficiently within the real estate ecosystem.

TO LEARN MORE & SEE PRODUCT DEMOS, VISIT MRISOFTWARE.COM/INVEST

©2016 MRI Software LLC. All rights reserved.
SEPTEMBER
9/13-9/15
NMHC Conference and Expo
Location: Washington, D.C.
Visiting Leader(s): Russ C. Salzman, CPM, ARM

9/13
Utah Chapter No. 33
Economic Forecast Event & Corporate Outreach Meeting
Location: Salt Lake City
Visiting Leader(s): William P.J. McCarthy, CPM

9/14-9/16
Western Washington Chapter No. 27
ICE 2016 & Executive Committee Meeting
Location: Seattle
Visiting Leader: Michael T. Lanning, CPM

9/22
New England Conference & Tradeshow
(Region 1)
Location: Mystic, Conn.
Visiting Leader(s): Christopher Mellen, CPM, ARM

9/22
New York Capital Region Chapter No. 93
Chapter Lunch & Installations
Location: Albany, N.Y.
Visiting Leader(s): Don Wilkerson, CPM

9/27-9/29
Austin Chapter No. 61
Chapter Events
Location: Austin, Texas
Visiting Leader(s): Michael T. Lanning, CPM

OCTOBER
10/2-10/6
ExpoReal
Location: Munich, Germany
Visiting Leader(s): Christopher Mellen, CPM, ARM, Nancye J. Kirk

10/5-10/7
USGBC Greenbuild
Location: Los Angeles
Visiting Leader(s): Russ C. Salzman, CPM, ARM, Todd Feist

10/13
British Columbia Chapter No. 50
Chapter Luncheon & AGM
Location: Vancouver
Visiting Leader(s): Christopher Mellen, CPM, ARM

10/18-10/21
IREM Fall Conference
Location: San Diego
Visiting Leader(s): All Officers

10/27
Western Pennsylvania Chapter No. 7
Executive Council Meeting Chapter Event
Location: Pittsburg
Visiting Leader: Craig L. Cardwell, CPM
"GET CLOSER THAN EVER TO YOUR CUSTOMERS. So close that you tell them what they need well before they realize it themselves." —STEVE JOBS

No matter whether you were cheering for the Warriors (go West Coast!) or the Cavaliers in this year’s NBA finals, I’m sure you’ll agree that great recovery in basketball really does count. So does a great routine.

LeBron James famously has a regimented pre-game routine: he replenishes fluids, downs carbs and fits in extra workouts—everything you would expect. There’s even a touch of the unexpected: he follows up with a serious ice-bath soak. Each and every piece of his routine is designed with top percent performance in mind. He knows what his fans expect. ‘There’s even a touch of the unexpected: he follows up with a serious ice-bath soak. Each and every time.

In basketball, just as in marketing, our customers expect us to bring our A+ game to the table. Face it, there’s always going to be a newer-and-perhaps-better office building, retail center or apartment building on the horizon. If you want a routine you can implement back in your office, try these tips to keep your customers coming back for more:

ASSESS TALENT:
Not long ago, I had the chance to discuss service expectations with a group of colleagues and clients. We asked what the differentiator was that made them choose our firm over the competition. Their answer, plain and simple: Great managers are the key to getting and keeping business.

Talent is a funny thing—we’re always happy to get it, but often slow to assess how well it’s working. Sometimes, we know we need to make changes in our team but we’re reluctant to make a move. Until things “calm down.” Sometimes, we’re reluctant to change our organizational chart because, well, it’s always been that way. Here’s my advice: don’t settle. Take the time to consider changes that will develop your company’s bench strength, add value to your clients and move your company forward in the eyes of your customers—and do so on a consistent basis.

That’s talent you can market.

ANTICIPATE:
Ok, here’s the tricky part. You’ve hired that great talent, now you have to teach them how to determine what your customers really, really want. Occasionally, that means we have to get out of our own way.

A manager I know was recently working on resolving a customer issue regarding financials. This was a long-standing client who had great connections in the business community and had referred several other clients to her firm. Swift resolution of the issue was critical.

Easy, right? Not so much. She was fixing the financials, but that wasn’t the primary issue. The call eventually made its way to her boss, who quickly discovered what the real issue was. You guessed it: communication.

Here’s the solution: First, fix the right problem. Steve Jobs said it best: “Get closer than ever to your customers. So close that you tell them what they need well before they realize it themselves.”

I’m pretty certain I can’t match LeBron (ahem, or any player) where basketball’s concerned, but that’s a routine you can market. That’s what your customers really want.
<table>
<thead>
<tr>
<th>Course Details</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics for the Real Estate Manager - ETH800</td>
<td>September 9</td>
<td>Chandler, Ariz.</td>
</tr>
<tr>
<td>Ethics for the Real Estate Manager - ETH800</td>
<td>September 12</td>
<td>Bloomington, Minn.</td>
</tr>
<tr>
<td>Management Plan Skills Assessment - MPSAXM</td>
<td>September 12-15</td>
<td>Charlotte, N.C.</td>
</tr>
<tr>
<td>Managing Residential Properties - RES201</td>
<td>September 13-16</td>
<td>Bloomington, Minn.</td>
</tr>
<tr>
<td>Ethics for the Real Estate Manager ETH800</td>
<td>September 14</td>
<td>Delanco, N.J.</td>
</tr>
<tr>
<td>Ethics for the Real Estate Manager ETH800</td>
<td>September 15</td>
<td>Kirkland, Wash.</td>
</tr>
<tr>
<td>Managing Residential Properties - RES201</td>
<td>September 15-22</td>
<td>Delanco, N.J.</td>
</tr>
<tr>
<td>CPM Certification Exam - CPMEXM</td>
<td>September 16</td>
<td>Charlotte, N.C.</td>
</tr>
<tr>
<td>Ethics for the Real Estate Manager ETH800</td>
<td>September 16</td>
<td>Independence, Ohio</td>
</tr>
<tr>
<td>ARM Certification Exam - ARMEXM</td>
<td>September 17</td>
<td>Bloomington, Minn.</td>
</tr>
<tr>
<td>Ethics for the Real Estate Manager ETH800</td>
<td>September 19</td>
<td>Oak Brook, Ill.</td>
</tr>
<tr>
<td>Part 1 - ASM603</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing the Physical Asset - MNT402</td>
<td>September 19-20</td>
<td>Reno, Nev.</td>
</tr>
<tr>
<td>Leadership and Human Resource Essentials - HRS402</td>
<td>September 20-21</td>
<td>Boise, Idaho</td>
</tr>
<tr>
<td>Leadership and Human Resource Essentials - HRS402</td>
<td>September 20-21</td>
<td>Boise, Idaho</td>
</tr>
<tr>
<td>CPM Certification Exam - CPMEXM</td>
<td>September 22-23</td>
<td>Houston</td>
</tr>
<tr>
<td>ARM Certification Exam - ARMEXM</td>
<td>September 22-23</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>Ethics for the Real Estate Manager ETH800</td>
<td>September 22-23</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>Leadership and Human Resource Essentials - HRS402</td>
<td>September 22-23</td>
<td>Houston</td>
</tr>
<tr>
<td>ARM Certification Exam - ARMEXM</td>
<td>September 23</td>
<td>Delanco, N.J.</td>
</tr>
<tr>
<td>Part 3 - ASM605</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARM Certification Exam - ARMEXM</td>
<td>September 28</td>
<td>Oak Brook, Ill.</td>
</tr>
<tr>
<td>Community Association Management Exam (COMEXMX)</td>
<td>September 28</td>
<td>Chicago</td>
</tr>
<tr>
<td>Ethics for the Real Estate Manager ETH800</td>
<td>September 28</td>
<td>Braintree, Mass.</td>
</tr>
<tr>
<td>Investment Real Estate: Financial Tools - FIN402</td>
<td>September 28-29</td>
<td>Minneapolis</td>
</tr>
</tbody>
</table>
### OCTOBER

<table>
<thead>
<tr>
<th>Course Details</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Real Estate</strong>&lt;br&gt;Financing and Valuation Part 1 - ASM603</td>
<td>October 3-4</td>
<td>Glendale, Calif.</td>
</tr>
<tr>
<td><strong>Investment Real Estate</strong>&lt;br&gt;Financing and Valuation Part 1 - ASM603</td>
<td>October 3-4</td>
<td>Omaha, Neb.</td>
</tr>
<tr>
<td><strong>Management Plan Skills</strong>&lt;br&gt;Assessment - MPSAXM</td>
<td>October 3-6</td>
<td>Addison, Texas</td>
</tr>
<tr>
<td><strong>Management Plan Skills</strong>&lt;br&gt;Assessment - MPSAXM</td>
<td>October 3-6</td>
<td>Orange, Calif.</td>
</tr>
<tr>
<td><strong>Ethics for the</strong>&lt;br&gt;Real Estate Manager ETH800</td>
<td>October 5</td>
<td>San Diego</td>
</tr>
<tr>
<td><strong>Ethics for the</strong>&lt;br&gt;Real Estate Manager ETH800</td>
<td>October 5</td>
<td>Tampa, Fla.</td>
</tr>
<tr>
<td><strong>Investment Real Estate</strong>&lt;br&gt;Financing and Valuation Part 2 - ASM604</td>
<td>October 5-6</td>
<td>Glendale, Calif.</td>
</tr>
<tr>
<td><strong>Investment Real Estate</strong>&lt;br&gt;Financing and Valuation Part 2 - ASM604</td>
<td>October 5-6</td>
<td>Omaha, Neb.</td>
</tr>
<tr>
<td><strong>Managing Residential Properties</strong>&lt;br&gt;- RES201</td>
<td>October 6-13</td>
<td>San Diego</td>
</tr>
<tr>
<td><strong>ARM Certification Exam - ARMEXM</strong></td>
<td>October 7</td>
<td>Braintree, Mass.</td>
</tr>
<tr>
<td><strong>CPM Certification Exam - CPMEXM</strong></td>
<td>October 7</td>
<td>Addison, Texas</td>
</tr>
<tr>
<td><strong>CPM Certification Exam - CPMEXM</strong></td>
<td>October 7</td>
<td>Orange, Calif.</td>
</tr>
<tr>
<td><strong>Ethics for the Real Estate Manager</strong> ETH800</td>
<td>October 7</td>
<td>Roseville, Calif.</td>
</tr>
<tr>
<td><strong>Investment Real Estate</strong>&lt;br&gt;Financing and Valuation Part 3 - ASM605</td>
<td>October 7</td>
<td>Glendale, Calif.</td>
</tr>
<tr>
<td><strong>Investment Real Estate</strong>&lt;br&gt;Financing and Valuation Part 3 - ASM605</td>
<td>October 7</td>
<td>Omaha, Neb.</td>
</tr>
<tr>
<td><strong>Ethics for the</strong>&lt;br&gt;Real Estate Manager ETH800</td>
<td>October 10</td>
<td>Portland, Ore.</td>
</tr>
</tbody>
</table>

**Leadership and Human Resource Essentials**<br>- HRS402 | October 10-11 | Troy, N.Y. |
| **Managing Residential Properties**<br>- RES201 | October 11-14 | Portland, Ore. |
| **Marketing and Leasing: Multifamily Properties**<br>- MKL405 | October 12-13 | Troy, N.Y. |
| **Ethics for the**<br>Real Estate Manager ETH800 | October 13 | San Antonio, Texas |
| **ARM Certification Exam - ARMEXM** | October 14 | San Diego |
| **ARM Certification Exam - ARMEXM** | October 14 | Washington |
| **Management Plan Skills Assessment - MPSAXM** | October 17-20 | San Diego |
| **CPM Certification Exam - CPMEXM** | October 21 | San Diego |
| **Ethics for the**<br>Real Estate Manager ETH800 | October 24 | Marietta, Ga. |
| **Managing Residential Properties**<br>- RES201 | October 25-28 | Marietta, Ga. |
| **Leadership and Human Resource Essentials**<br>- HRS402 | October 26-27 | Minneapolis |
| **ARM Certification Exam - ARMEXM** | October 29 | Marietta, Ga. |
| **Investment Real Estate**<br>Financing and Valuation Part 1 - ASM603 | Oct 31-Nov 1 | Las Vegas |
| **Management Plan Skills Assessment - MPSAXM** | Oct 31-Nov 3 | Chicago |

For the most up-to-date course listings, please visit [www.irem.org/education](http://www.irem.org/education).
ATLANTA

With the news of Mercedes Benz USA relocating to Atlanta from New Jersey, their $100 million headquarters will be a huge boost to Atlanta's economy. Other companies such as State Farm, Caterpillar and Baxter International are all adding jobs and expanding their facilities in the Atlanta region. This upsurge in expansion is largely due to Atlanta's strategic location, namely access to Hartsfield-Jackson Atlanta International Airport. Even the area around the airport is being transformed since Porsche Cars North America opened its headquarters adjacent to the new International Terminal. Public private partnerships, such as the Atlanta Aerotropolis Alliance, are creating ways to transform areas to attract more international corporations and reignite economic vitality.

DR. DEBBIE PHILLIPS, CPM, PRESIDENT
THE QUADRILLION, ATLANTA

RALEIGH—DURHAM

The big story in our market is the recovery in the office and industrial leasing sectors. Tenants in these sectors are facing market conditions not witnessed in 15 years. Rental rates are rising at a rapid clip and are up by double digits year-over-year in select high-demand submarkets where vacancy has plummeted. For tenants seeking newer, Class A space, the market has shifted dramatically since many of them signed their last leases. While construction has increased, it remains constrained compared to historical standards. Landlords are poised to remain in the driver's seat through at least 2017, and occupancy costs are likely to remain on a steep upward trajectory in the meantime.

GINA IDE, CPM, PRINCIPAL, SENIOR VICE PRESIDENT
ASSET AND PROPERTY MANAGEMENT
AVISON YOUNG, RALEIGH, N.C.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q1 2016 Asking Rent</th>
<th>Q1 2015 Asking Rent</th>
<th>% Change</th>
<th>Vacancy Rate Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>$1,020</td>
<td>$949</td>
<td>7.4%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Office</td>
<td>$23.27</td>
<td>$22.43</td>
<td>3.7%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Retail</td>
<td>$17.95</td>
<td>$17.50</td>
<td>2.6%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.

CHARLESTON

South Carolina is seeing significant growth in each major metro market. Over the past few years in Columbia alone, recent investments in new development and repurposing older properties has topped $979 million dollars. The South Carolina industrial market has greatly benefited from the Port of Charleston and the Inland Port in Greer. These two Ports are driving new business from manufacturers and distributors to the state, resulting in declining vacancy rates and fewer options for product. The forecast for 2016 remains positive in these metro markets and other secondary markets in all sectors as new retail development comes online and new manufacturing facilities play a vital role in the South Carolina economy.

H. HASSELS Kibler, CPM, ASSET MANAGER
NEWMARK GRUB WILSON KIBLER, COLUMBIA, S.C.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q1 2016 Asking Rent</th>
<th>Q1 2015 Asking Rent</th>
<th>% Change</th>
<th>Vacancy Rate Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>$954</td>
<td>$902</td>
<td>5.7%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Office</td>
<td>$22.36</td>
<td>$21.60</td>
<td>3.5%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Retail</td>
<td>$14.80</td>
<td>$14.12</td>
<td>4.8%</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.

MIAMI

The overall economy for South Florida is healthy and continues to exhibit signs of stabilized growth. The unemployment rate in the local tri-county area (Miami, Broward and Palm Beach counties) is below 4.9 percent. We continue to see population growth, business expansions and new business growth. Both commercial and residential markets have seen a resilience that is good news for developers, investors and landlords. The industrial, retail and office markets have strong indicators of low vacancy, positive absorption, rising rents rates and the gradual reduction of concessions. Across all sectors we have seen a resurgence of new development. We are also seeing, in both the office and industrial sectors, a flight to quality.

VIOLA I. SANCHEZ, CPM, PRESIDENT
SANCHEZ CORTEZ REAL ESTATE SERVICES CO., MIAMI

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q1 2016 Asking Rent</th>
<th>Q1 2015 Asking Rent</th>
<th>% Change</th>
<th>Vacancy Rate Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>$1,296</td>
<td>$1,252</td>
<td>3.5%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Office</td>
<td>$32.65</td>
<td>$31.72</td>
<td>2.9%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Retail</td>
<td>$26.92</td>
<td>$25.80</td>
<td>4.3%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.
INTEGRATED INSPECTIONS? ELEMENTARY!

Use rmInspection on your mobile device, send your findings directly to Rent Manager, and take action. Any Portfolio. Any Size. One Software.

Now available with the rmAppSuite

Contact us to learn more.

1.800.718.0254 | RentManager.com

Rent Manager® is a registered trademark of London Computer Systems, Inc.
Maximize Energy Efficiency

Reduce energy consumption while keeping tenants comfortable. Achieve paperless invoice processing with full visibility into utility costs, consumption and recovery. Automate tenant submetering and utility billing. Leverage easy ENERGY STAR® submissions.

To learn more, call 800.866.1144
Or visit www.yardi.com/energy