Property Managers Explore Package Management Lockers to Reduce Costs and Save Time / p16
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## CONTENTS

NOVEMBER/DECEMBER 2017

### COVER STORY
16 **PACK IT IN**
Package Management Solutions
Gain Sophistication
Joseph Dobrian

### FEATURES
8 **ECONOMIC OUTLOOK**
Opportunities, Challenges
Will Abound in 2018
Joseph Dobrian

12 **BETTER TOGETHER**
Learning from Asset Managers
Working in the Affordable Housing Sector
Dustin Read, Ph.D., JD, Vince Lawlon

32 **BALANCING ACT**
How the FASB’s New Lease Accounting Standard Could Affect Business Practices
Kristin Gunderson Hunt

36 **NEW IREM LEADERS AND SPECIAL AWARDS**

41 **IREM 2017 STUDENT ESSAY COMPETITION WINNING ENTRY**
Colin Wattonville

43 **2017 REME AWARDS WINNERS**

### THE BUZZ
3 **NEWSFLASH**

4 **SOUNDBITES**

7 **DOWNLOAD ME**

### COLUMNS
6 **TRANSFORMATIONAL LEADERSHIP**
Follow Up or Fall Down
Natalie D. Brecher, CPM

15 **MARKETING SOLUTIONS**
BAM! 3 Tactics to Kick Your Marketing Up a Notch
Shannon Alter, CPM

29 **HIGHER GROUND**
Committing to the Code
Tim Kramer, ARM

46 **GREEN SCENE**
Tend to Old Roots for New Green
John Klein

51 **COVER YOUR ASSETS**
The Best of Both Worlds
Nicholas Dunlap, CPM

### SPOTLIGHT
20 **FAMOUS PROPERTIES**
A Post Modern Marvel
Diana Mire

24 **LEGISLATIVE**
New Approaches to Advocacy
IREM Government Affairs Staff

26 **GLOBAL PRACTICES**
Condominium Management in Today’s Russia
Nikolay Vecher, CPM, FRICS

30 **GADGETS**
Alex Levin

31 **NEW PRODUCTS**

### IREM INSIDER
48 **PERSONALLY SPEAKING**
“P” is for Proactivity
John Salustri

52 **IREM FOUNDATION**
A Present for Any Occasion
Kimberly Holmes

53 **ON THE ROAD/ CAREER MOVES/ AD INDEX**

54 **NEW CPM MEMBERS**

55 **NEW ICSPS/ STATEMENT OF OWNERSHIP**

56 **REGIONAL OUTLOOK: MIDWEST**
EMBRACING CHANGE

Change is unavoidable. It can be difficult when it doesn’t bring the results we hope for, but without it, advancement would not be possible. Life, and industry, would become stagnant. We need change to jolt us out of complacency and move us forward.

When possible, it helps to anticipate change and prepare for it. With 2018 right around the corner, it’s a good time to take stock in where the real estate business stands to determine what kind of adjustments to plan for in the New Year. We turned to some of our members for their insights on where the market is headed based on where it is now, and you can see what they had to say on p8.

Like everything else, IREM itself is subject to change and has actually been undergoing several invigorating transformations of its own. You’re most likely already aware of some of them—holding regional meetings throughout the year is one. Shifting from an annual Capitol Hill visit to local in-district meetings is another, one that’s reflected upon on p24 of our Spotlight section.

A more recent development—and one we’re thrilled about—is the addition of Denise LeDuc-Froemming as our new CEO and EVP. We’ve been enjoying getting to know her better and encourage you to do the same by turning to p36 and reading about what motivates her in life and work.

Then, of course, it’s time for a changing of the guard for IREM Officers, which means my term as your president is coming to an end. I would like to take this opportunity to thank you for allowing me to serve you in this capacity; it’s been a pleasure meeting so many of you on my journeys and hearing about your experiences as part of IREM and the world of real estate.

But we’re not going to stop there—there are a few other exciting developments on the horizon for IREM that you’ll be hearing more about soon. We hope that when you do, you’ll embrace them and perhaps use them to spark some changes of your own.
A new study from the Lighting Research Center (LRC) at Rensselaer Polytechnic Institute found that office employees who receive a big dose of circadian-effective light in the morning—from either electric lighting or daylight—experience better sleep and lower levels of depression and stress than those who spend their early work hours in dim or low light levels. Led by Dr. Mariana Figueiro, director of the LRC’s Light and Health program, the LRC research team investigated the connection between circadian stimulus (CS) and sleep, and depression and stress in office-based workers.

“Our study shows that exposure to high CS during the day, particularly in the morning, is associated with better overall sleep quality and mood scores than exposure to low CS,” Figueiro stated. “The present results are a first step toward promoting the adoption of new, more meaningful metrics for field research, providing fresh ways to measure and quantify circadian-effective light.”

Participants who received high amounts of morning light reported lower levels of stress than those receiving low light. This finding was consistent during both winter and summer.

GSA’s Bryan Steverson said, “The data from this research will help support our efforts in developing new lighting practices that can optimize health benefits for federal employees working in our federal buildings.” The study cited is the first research to measure personal circadian light exposure in office workers by using a device calibrated to measure circadian-effective light. In addition, it is the first to directly relate circadian-effective light measures to mood, stress and sleep outcomes.
Choosing paint color palettes for apartment community common spaces and individual rental units is a task many painters and property managers struggle with. Color experts at KILZ Paint, the makers of Complete Coat Paint-and-Primer-In-One, were surveyed for their solutions to some of the toughest paint questions. They maintained that when experimenting with multiple colors, it's best to pair colors that share a connection to each other—colors that sit next to each other on the color wheel or that have the same undertone. For those looking to use colors to make common spaces feel bigger, apartment operators should know that light, cool colors tend to create a distancing effect, stretching the perception of proximity and expanding the feel of a room. Meanwhile, some colors are associated with luxury. These include black, gold and deep purple. For managers aiming to improve the durability of a color, KILZ Paint recommends neutrals—grays, whites, tans and taupes—all of which can expand the life of a wall color. All four tones are easily updated by changing out accent colors.

One challenge where some operators stumble is in choosing door colors for units. Apartment door colors can be conservative or expressive as desired. Black, brown, charcoal, beige and white are generally the classic door color choices due to their versatility and neutrality. However, if the community’s management permits, eye-popping door colors like red, coral, aqua and yellow can provide a fun punch of color that attracts prospective residents and makes existing ones feel at home. Finally, some operators are aiming to go the extra mile by pairing interior apartment color with exterior common space color. To bridge the difference, one standard practice is to keep at least one color in common. Then, update all other accents as necessary in order to keep all spaces from feeling dated.
WAYS SHOPPING CENTERS ARE GETTING CREATIVE WITH THEIR SPACE

JLL Real Views, Polk

Mall owners and operators say there are still some things about visiting a physical retail space that cannot be replicated online. As the retail industry continues to evolve, shopping centers nationwide are seizing new opportunities to move beyond housing bricks-and-mortar stores to transform themselves into activity hubs.

JLL Real Views columnist William Polk noted a half-dozen ways shopping centers are maximizing space in today’s intensely competitive environment.

1. Offering seasonal activities such as pumpkin patches, boat shows, car shows, Christmas tree lots and summer carnivals.

2. "Creating experiences." Events are springing up at malls across the U.S. as consumers spend more of their disposable income on experiences over goods and clothes. Shopping centers are hosting special 5k runs, for instance, where runners race around during the night. Other events can include cupcake decorating for kids and meet-and-greets with pop stars.

3. “Adding destinations” like exercise classes or healthcare facilities.

4. Providing office space, which is becoming increasingly prevalent as an option for empty shopping center space. From insurance offices to call centers to coworking spaces, new office space is popping up in many shapes and sizes at the nation’s retail centers.

5. Working with cell phone companies to place rooftop antennas on more and more shopping centers throughout the U.S. After all, a two-story mall in a suburban market might be the highest point in that area.

6. Using unoccupied space to house packages from online purchases. Storing those goods in vacant shopping center space would accelerate logistics and slash costs for the last mile of delivery.
FOLLOW UP OR FALL DOWN

Some mornings when I power on my computer, all I see is red. The red of those small, seemingly innocuous follow-up flags in Outlook I use to indicate I am awaiting anything from a simple response, to a notice of a task completed from another person. They whisper, “This is unfinished business, there is more work to be done.” I’m not alone; people have told me those red flags live in their inbox, too. And, to be fair, I’m sure people have flags on some e-mails because of me.

If you’re anything like me, your days are overfilled with innumerable pulls on your time. However, busy doesn’t always translate to productivity. Like cars in a line of traffic, until the car in front of you moves, you can’t; and that car can’t move until the one in front of it moves; and so on. Someone has to be the traffic cop and move things along.

How can you can proceed to your destination when blocked by inaction?

CREATE AN ASSIGNMENT RECORD
It can be a formal log, highlighted notes—and yes, even red-flagged e-mails—but everything for which you are depending on another’s work should be recorded. Record it all: an asphalt RFP, an important question to be answered, even a watchful eye on assignments prevents negative consequences and keeps traffic moving along.

Tip: Records can be as simple as a list by responsible party or due date. The more delegation you’re doing, the better to have a more flexible system. Develop an Excel spreadsheet that can be sorted by name, due date, follow-up date, property name, issue type, status, etc.

Tip: For those red-flagged e-mails, change the subject line to serve as everything you need to know. Try this format: “OP Chris: Letter of Intent Due 12/08.” Now, with a glance, you can see open issues.

MONITOR: LOG THE STATUS & USE PROGRESSIVE REMINDERS
The adage, “what gets measured, gets done” applies. Monitor the assignment record, and let people know you’ll do so. Log the status as the work moves along, or worse, slows to a standstill. Watch those open issues like the traffic officer anticipates traffic flow. Have patience, yes, but when in jeopardy of losing good results, blow the whistle and move things along.

Tip: Reminders can have more than one round. To save time, try a first response of forwarding the complete email thread to the responsible person, stating, “Second Request: How is this coming along?” If after that you’re still waiting, “Third Request: Please submit within 24 hours or contact me with your update.”

Trust the work of those who have proven themselves as exceptional. You don’t want to over-supervise and micromanage. However, keeping a watchful eye on assignments prevents negative consequences and keeps traffic moving along. After all, results are caused by actions, not intent.
DOWNLOAD ME

**Plugshare**
The use of electric vehicles is on the rise, but charging stations for them can be elusive. Plugshare can keep you powered up with its database of more than 90,000 public charging stations, displayed in map format, and featuring ratings and compatibility notes. You can contribute to the database as well, by providing reviews of stations you use and adding stations to the map that haven't been accounted for yet.

- **AVAILABLE:** Android, iOS
- **PRICE:** Free

**Wolfram Alpha**
If you're looking for a robust reference app for instant information and computation, you'll hit the mother lode with the Wolfram Alpha app. Using an extensive compilation of knowledge and algorithms from the Wolfram knowledge engine, and supported by 25 years of development, it generates reports and answers to calculations from thousands of domains such as words and linguistics, astronomy, socioeconomic data and more. Whereas with other search engines you run the risk of getting a list of information that's almost—but not quite—what you need, Wolfram Alpha provides information that's more specific to the inquiry you give it.

- **AVAILABLE:** Android, Windows
- **PRICE:** $2.99

**Simple Habit**
Many business professionals live their lives in almost constant motion; even when they're not physically moving, their brains are still activated, and it can be hard to put on the brakes. Research has shown that a few minutes of meditation every day can quiet that internal clamor and provide several other health benefits.

- **AVAILABLE:** Android, iOS
- **PRICE:** Free, with options for in-app purchases

**Better**
Online ads can be so annoying, especially when they interrupt an important browsing session. Better wants to help improve your browsing experience, and it wants to help you learn about creating a better experience for yourself, too. It will block the ads you don't want to see, allow you to still see ads from the sites you like that promote responsibly, and even block ad blockers—but it also provides education about ways in which shady advertisers operate and affect your privacy.

- **AVAILABLE:** iPhone, iPad
- **PRICE:** $4.99

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ECONOMIC OUTLOOK

OPPORTUNITIES, CHALLENGES WILL ABOUND IN 2018

BY JOSEPH DOBRIAN
THE CONSENSUS AMONG PROPERTY MANAGEMENT SPECIALISTS AND OTHER REAL ESTATE SERVICES PROFESSIONALS IS THAT 2018 WILL BE ANOTHER STRONG YEAR FOR REAL ESTATE GENERALLY, although the industry seems to have passed the peak of the “up” cycle. Conceivably, a downturn is lurking, but it’s not immediately in view.

The outlook for residential real estate shows increasing demand for Class B and C product. While demand is also high for Class A, that’s where most of the new development has been, and supply might have outpaced demand in some markets. Managers of industrial property can expect good business in 2018; retail and office are both mixed bags. Commercial managers might face challenges in keeping their properties fully leased, depending on local conditions.

Increasing demand for apartment space is good news for property managers, since demand for their services will stay high in most markets. But with that demand will come pressure to keep both occupancy and service levels high. Rent growth is inevitable, and residents will expect more, and more efficient, services to justify what they’re paying.

Property managers might enjoy working with the larger, more luxurious apartment buildings that are proliferating in major cities, but their skills will be tested. Probably the best advice for property managers in the current climate is to seek the difficult jobs, and welcome the challenges, because the best professionals are in a position to cash in on market conditions.

“As rents climb, residents will have an increasing expectation of value. We can’t use the Harry Potter room expander and make their apartments bigger, so there’ll be pressure on managers to deliver high-quality service and meet resident expectations in terms of the basics of maintenance and repair.”

JOSEPH GREENBLATT, CPM, CEO OF SUNRISE MANAGEMENT, AMO
(San Diego), said that the national economic outlook bodes well for real estate, and thus for the property management industry. However, he warned that managers will be under pressure to provide added value.

“We’re already into our budget preparations for 2018, creating guidelines, trying to understand where the apartment business is going. We’re doing not just 2018 budgets, but five-year forecasts. We’re seeing good employment data, which tends to drive housing demand, so we pay attention to job formation and job growth. Things are looking pretty rosy overall for multifamily. This will be another strong year, on a local basis anyway. Broadly, we’ll see moderation in rent and income growth. Some of that is driven by a failure of incomes to keep up with rent growth and affordability. In some cases, supply will outstrip demand in the short term, but broadly, continued strong occupancies, as they’re measured nationally, will decline to a more healthy and typical 95 percent, from today’s hyper-high 97 to 98 percent. But in most markets, occupancy will still be strong, with reasonable expectation on the part of investors and owners that they’ll be the beneficiaries of continued rent growth.

“As rents climb, residents will have an increasing expectation of value. We can’t use the Harry Potter room expander and make their apartments bigger, so there’ll be pressure on managers to deliver high-quality service and meet resident expectations in terms of the basics of maintenance and repair. Managers will have to pay attention not only to core customer service components, but also to technology: the ability to pay rent, execute leases and process work orders online. That’s where a lot of the burden of offering enhanced value will fall. There will be pressure to maintain properties better and update amenities so that residents don’t experience a disconnect between the value and the rent.”

As for which markets will perform best, Greenblatt said he’s concerned overall about the Western states, which may be slightly too well supplied. Demand, he added, will be increasingly concentrated in B and C product.

“The trouble spots are markets like Houston, where supply zigged when demand zagged,” he said. “In Seattle, the economy has been performing at an extraordinary level for years, but if there’s any kind of a hiccup there, I don’t know how they’ll support all the development. Seattle is exposed to risk, but on the whole its long-term outlook is strong. Charlotte, Dallas/Fort Worth and Washington D.C. are other markets where development could overshoot demand. In our markets, though, the outlook is positive.”
“Industrial property is very strong and will continue to be so into 2018, especially on the coasts.

JOSEPH MANASSERI, EXECUTIVE MANAGING DIRECTOR OF ASSET SERVICES FOR CUSHMAN & WAKEFIELD, AMO (New York tri-state region), agreed that the overall picture is favorable, but advised that multifamily growth probably peaked this year. The coming year, he said, will see a slowdown of permits and new construction, particularly in Class A, which developers believe is overbuilt.

“In contrast,” he said, “industrial property is very strong and will continue to be so into 2018, especially on the coasts. Office is a mixed bag, depending on where you are. We see a lot of uncertainty going into 2018.

“Real estate services companies have an opportunity to differentiate themselves. Cushman & Wakefield looks to maximize the efficiencies in our owners’ buildings, minimize costs and create value. We manage nearly 100 million square feet for investor and owner occupier clients in the Tri-State area, and owners are looking to us to understand their investment criteria and help them maintain and expand, in an environment where cap rates are compressing and interest rates are rising.”

Institutional investors tend to be long-term holders, Manasseri said, while other investors are looking for the right time to sell and move on. In multifamily, markets are changing and are sometimes hard to read.

“Los Angeles is one of the strongest this year, with a significant jump in housing construction,” he said. “I see positive growth in San Francisco. In New York City, Brooklyn and Long Island City, the multifamily construction is impressive, but I’m not sure that it’ll carry over to next year. Demand is peaking now. You won’t see as many permits, as many cranes in the sky.

“Given the shifting market dynamics, it’s a prime time to be in the property management business, to help owners solve problems and create value. The multifamily lending markets will be somewhat cautious and selective, but the core markets will remain strong performers. If we continue to have job growth, we’ll have absorption, especially where there’s good public transportation and a strong amenities base.”

“I foresee slow increases in interest rates, which should be absorbed with no problem.

GREG WILLETT, CHIEF ECONOMIST AT REALPAGE, a property management software company based in Richardson, Texas, said “stabilization” will be a key word for 2018. Real estate is past its peak performance for this cycle, but the overall numbers are healthy. Some of the premier headline-grabbing markets, especially on the coasts, that got so much attention in the early phases of the cycle will slow down, because so much product has been delivered and costs of construction have run up.

“The next tier of markets—Texas, the Carolinas, some of the Southeast—is where you see the strongest performance today,” he said. “For a while, it’s been the old story of the rising tide lifting all boats. Now, the story is still favorable, but you have to work harder to get top performance.

“We’re in a situation now where markets are incredibly segmented; you have to know your market and your renter base. In multifamily, the top end of the food chain has a more competitive environment because the new product is almost all Class A. Demand for that product is still high, but it’s divided by so many new properties coming on line. The middle market is still tight. We probably will hit peak deliveries this calendar year, with next year slightly lower, but not much. The employment growth numbers this year have been surprisingly strong, and demographics point to slightly slower net growth in the number of working-age people.”

On the whole, the numbers are healthy, and steady growth is the most likely outcome, Willett said. “I foresee slow increases in interest rates, which should be absorbed with no problem.”
The market looks strong in the Deep South, too, for now. CHIP WATTS, CPM, CCIM, president and executive CPM for Watts Realty Co., AMO, in Birmingham, Ala., predicts little change for 2018, although he’s less sanguine about the long term.

“We’ll have a strong 2018 for multifamily,” he said. “We’re seeing new projects being announced almost monthly. Office is just a little soft and will continue to be so. Relocations from suburban to urban buildings are on the rise, and total space requirements are increasing because offices have already gotten as small as they can get.

“Retail is in a transitional time. Some of the major chains are closing units, but single stores are coming back, which indicates to me that we have a strong economy.”

The overall news is positive for property managers, he said, and for people who are considering entering the profession.

“Our multifamily market will remain strong, with lots of competition for staff talent through favorable salaries and benefits,” he said. “Our commercial markets will be flat because we see a lot of space in transition now. In Alabama, you need a real estate license to lease space, but in some other states, you don’t, so management companies there might have a larger pool of personnel to choose from.

“The challenges for property managers, in the coming year, will continue to be the ability to integrate technology into your marketplace, operate smart systems, and communicate via social media. Alabama will see a strong market in 2018; it’s what could happen after that, that concerns us.”

Not everyone sees a purely positive picture. WOODY HELLER, EXECUTIVE MANAGING DIRECTOR AT SAVILLS STUDLEY (New York City), sees an oversupply in parts of the tri-state area. However, he said, amenities-heavy larger multifamily developments will attract tenants—and put pressure on managers to add value.

Heller said that Manhattan may suffer from a combination of uncertainty about the future and the availability of luxe product at a lower rent in the outer boroughs and New Jersey. Moreover, the development and modernization of those other markets have enhanced the lifestyle available there, with recreational, retail and dining options proliferating.

“Many of the Long Island City projects are large in scale, and thus have the luxury of these incredible amenities packages that you could not put into a 50-unit building,” he said. “Link LIC has a 30,000 square foot grocery store that also has prepared gourmet food, a gym, squash court, basketball court, roof deck, lounges, movie rooms—amenities that were once strictly associated with condos. With all that, luxury retail in the surrounding areas isn’t required.

“The outlook is positive for New York City as a whole for several reasons. First, living in a safe city affords you so many opportunities. My kids walk down the street today, with no worries about safety. They don’t have the instincts that I developed, growing up in the city when it was less safe. Today, you’ll consider letting your kids grow up in certain neighborhoods that you wouldn’t have wanted to live in years ago. Second, improved public transportation makes it easier and quicker to get to these neighborhoods outside Manhattan. Third, the amenities in these new developments provide ways to get around the interim shortcomings that these neighborhoods still have as they mature and gentrify. Fourth, younger people now find it preferable to live outside Manhattan, and some of them like the sense of separation: living in an area that looks and feels different.

“From a New York perspective, this is all good. The more options and experiences we offer, the more attractive we become.”

Many of the Long Island City projects are large in scale, and thus have the luxury of these incredible amenities packages that you could not put into a 50-unit building. Not everyone sees a purely positive picture.
LEARNING FROM ASSET MANAGERS WORKING IN THE AFFORDABLE HOUSING SECTOR

By Dustin Read, PhD, JD and Vince Lawton

IREM’s Real Estate Asset Management Initiative explores the points of connectivity between the property management and the asset management professions, as well as ways to help individuals working in both fields collaborate more effectively. This exploration draws upon ongoing contributions from practitioners representing real estate investment and service firms in the United States.
IREM recently hosted a round table discussion at the 2017 annual meeting of the Consortium of Housing and Asset Management (CHAM®) in Denver, which brought together asset managers from across the country to discuss their work in the affordable housing sector and the ways in which it differs from that of their peers overseeing the financial performance of conventional properties. Several comments made by the individuals participating in the exercise suggest asset managers employed in all sectors of the real estate market, irrespective of product type, can learn from those in the affordable housing world. This article identifies a number of transferable best practices that have the potential to improve the asset management processes and priorities of a diverse array of real estate investment management firms.

BALANCING THE MISSION AND THE MARGIN
Affordable housing providers are mission-driven organizations that consciously balance their interests in promoting social welfare with their need to generate revenues sufficient to fund their ongoing operations. This requires tradeoffs that influence not only a company’s financial performance, but also its culture and reputation in the industry. Asset managers working for such organizations are frequently called upon to weigh the pros and cons of these decisions because they have an understanding of real estate as both an investment vehicle and as a physical asset serving a group of residents with unique requirements. While asset managers working in other sectors of the real estate market do not necessarily have the same motives, many are employed by companies that purport to have corporate objectives extending beyond profit maximization. Common examples include promoting environmental sustainability and enhancing the quality of the neighborhoods in which they own properties. Asset managers can play a critical role in advancing these corporate social responsibility objectives by making sure to explicitly take them into account when property-level business plans and budgets are prepared and submitted for approval.

CONNECTING WITH THE COMMUNITY
Asset managers working for affordable housing providers are also generally aware of the linkages between the properties they oversee and the broader communities in which they are located. They tend to be familiar with both the positive
and negative externalities generated by the properties in their portfolios and actively take steps to maximize the former and minimize the latter when possible. Engaging in this type of behavior is important because it allows asset managers to build credibility among stakeholder groups that may prove valuable in the event collective action is needed to resolve community problems or lobby for public sector resources. Perhaps too often, asset managers working in other sectors of the real estate market focus far more on competition than cooperation or collaboration, which can prevent them from forming useful alliances that may ultimately help them do their work more effectively. Viewing community relationships as a source of durable competitive advantage can potentially address this issue.

BUILDING BETTER BENCHMARKS

The diverse objectives of many affordable housing providers are encouraging their asset managers to build better benchmarks to measure their success in stabilizing communities and improving the well-being of low- and moderate-income families. This may involve using new technologies to track performance or creating “mission grids” to measure improvements in tenants’ quality of life in areas such as housing, education, health and financial stability. While these benchmarks are still a work in progress in many instances, other asset managers may benefit from considering new ways of measuring their company’s performance that are cognizant of social, environmental and economic outcomes. These benchmarks may prove advantageous because they tend to lead to better performance, even when the initial goals aren’t achieved. In the affordable housing sector, heightened and expanded attention to social or environmental initiatives can yield increased funding from outside institutions via grants and donations. Market rate operators pursue other sources of capital, but they can potentially reap the benefits of improved analytics by using the information for marketing purposes, or to instill confidence in debt and equity providers that they can identify problems early and actively take steps to increase the resilience of their properties to changing market conditions and tenant demands.

CLEARLY DEFINING RESPONSIBILITIES

Formally defining asset management processes and procedures has emerged as a priority for real estate investment management firms, both inside and outside of the affordable housing sector. However, many companies operating in the latter realm have aggressively moved forward in this area to streamline their operations and create clear standards for asset managers to follow. These outcomes are primarily a result of resource constraints that are forcing affordable housing providers to seek out ways to prevent their asset managers from engaging in redundant activities or inappropriately prioritizing less important tasks. The asset management function is becoming more clearly defined within such organizations as a result. As standardization of the role continues, real estate owners and operators across all sectors may reap the benefits as these professions become even more adept at capturing value from their respective assets.

MANAGING SCARCE RESOURCES

Asset managers working in the affordable housing sector must also be extremely creative in maintaining the value of the assets in their portfolios because they generally have little cash flow available to reinvest in properties, due to the rent-controlled environments in which they operate. “Managing decline” is often the objective, with asset managers making any number of difficult decisions along the way. Managing scarce resources is by no means a new concept for asset managers at large, but taking note of how those working in the affordable housing sector engage in the process may be worthwhile because it requires ongoing efforts to control expenses and squeeze value from atypical sources in a highly regulated setting, while simultaneously devoting attention to tenant needs and capital market demands. By taking note of how affordable housing asset managers balance these goals, market rate asset managers working in all sectors of the real estate industry may be better positioned to tackle old problems from new perspectives.

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VINCE LAWTON (VINCE950@VT.EDU) IS A SENIOR AT VIRGINIA TECH, STUDYING REAL ESTATE, FINANCE AND PROPERTY MANAGEMENT.
Cooking legend has it that famed TV chef Emeril Lagasse created his signature catchphrase, “BAM!” as a way to keep everyone awake during long days on set. If you’ve seen his show, you know that Emeril was famous for loudly shouting “I want to kick it up a notch—BAM!” right when he was ready to put the finishing touches on a dish. Always, it was at just the perfect time—of course, accompanied by a bold flourish and a drum roll.

Do you want to know how a few select cooking tips can actually help you in your everyday marketing? Consider first that for truly superb food, you need the highest quality ingredients, consistent recipes and flexibility. The same is true when it comes to marketing our companies and our properties. Great marketing takes patience—and a little flair—just like any good dish.

Try these tactics from Emeril himself and kick your company’s marketing up a notch, right now.

**ADD SOME SALT**

As almost any chef will tell you, salt makes everything just a tad tastier. In real estate, creating long-term relationships makes everything better. Our ability to connect is the salt, the finishing touch. A colleague told me me that, although she has a whole lot of Facebook and Instagram “friends,” her strategy of penning personal notes to her top clients is her way of, well, adding a little salt. It has made a difference in her marketing by offering a true connection.

**USE A LITTLE SPICE**

Here’s how I read this: It’s your job to up the ante when it comes to marketing—witness Emeril. Integral (and marketable) to his success was his talent for displaying his unique voice (the BAM!) and for keeping himself top of mind when we’re ready to cook. And he wasn’t afraid of a little spice. He created his own Emeril’s Essence, which was a combination of his own spices and seasonings, guaranteed to make an impact.

This tip works in marketing our businesses too, and your “spice” can be simple. Recently, I was on a marketing call where we were discussing how to differentiate—what else could we do to show our unique voice? Half-jokingly, someone mentioned the lost art of actually picking up the phone, which is a great way to add a little spice, and a good follow-up to the personal note.

**KEEP YOUR RECIPES CONSISTENT**

Admit it, your grandma has probably shared some of her basic, classic recipes with you. Without Grandma (or Emeril), we might not know about them, or appreciate that consistency in cooking really works. Want to show your clients how you can provide solutions for them? Think about the basics: a strong foundation, credibility and building trust. Then, highlight them. Too often, we do great things for our properties and our customers, but we forget to keep them front and center.

Marketing inspiration and advice can come from anywhere, even a TV chef. Now, kick it up a notch and watch what happens.
Reports vary as to how fast online retail sales are growing and how deliveries to apartment buildings are proliferating as a result. However, it's generally agreed that property managers are having to spend more of their time and other resources managing packages and working with delivery companies. The problem becomes acute during the holiday season.

According to one package management provider, RealPage (Richardson, Texas), shoppers now make 51 percent of their purchases online, compared to 48 percent in 2015 and 47 percent in 2014. E-commerce’s share of retail sales, last holiday season, was 21.3 percent, up from 15.4 percent in 2015.

A typical apartment community can receive as many as 100 packages per week, which can double during the holiday season. Camden Property Trust, AMO, estimates that each package requires 10 minutes of employee productivity—which, for that company, adds up to a loss of $3.3 million per year.

Now, though, various solutions have been introduced, and more will surely follow. Property management experts and vendors alike agree that state-of-the-art package management solutions are already becoming expected amenities in upscale apartment buildings of any size. This demand inevitably will trickle down to Class B and Class C assets. Fortunately, it appears rel-
atively easy to retrofit most existing buildings to accommodate those solutions, and easier yet to build them into new properties.

Cindy Clare, CPM, president of Kettler Management, AMO (McLean, Va.), noted that some property managers have a policy of refusing to accept packages, but others are using any of several locker-based solutions that various companies provide.

"Using these systems," she said, "a high percentage of deliveries can go into lockers, with a notifying text or email going to the resident, who then picks up the package without involving the management staff. That takes care of 50 to 60 percent of the problem. You still need a package room for the larger items, like furniture.

"Over time the locker system will get bigger. Returns still need to be figured out. We’re now building lockers into mail rooms or into an extra room in our new products. They come in a variety of colors to suit the decor. The next step is to provide outdoor systems for garden apartments."

Residents generally react well to locker systems, since they provide round-the-clock accessibility. It can be challenging to install them in older properties, however, especially those with a high volume of packages.

Joseph Greenblatt, CPM, president of San Diego-based Sunrise Management, AMO, and past president of IREM, said the property management community in general has not adapted well to the increase in package volume. Because the increase has been fairly gradual, he said, managers have tended to make small incremental changes in how they handle the flow, and by now some of them have become overwhelmed.

"Sometimes a courier will deliver to the individual apartment, but sometimes they’re delivering to a building office that isn’t set up to handle packages, and the packages take over the office. You don’t get extra revenue for handling the packages; they present greater risk of a workmen’s comp issue; and there’s greater risk of disappointing or angering your residents. Say you order something for your mother’s birthday. That’ll be fine if your flight’s on time, but if you arrive late at her apartment, the office will be closed and your gift will be locked in there. That’s not a fault of the office staff, but you’re still frustrated.

"I’m fascinated by the failure of the industry to adapt to this issue, and it’s inevitable that volume will increase as home shopping becomes more popular. Some package handling systems have lockers designed to accept dry cleaning, groceries and heated sections for pizzas. A lot of money is being spent on the practical problems of a delivered world.” Fortunately, several companies are offering effective package management systems.

Melody Akhtari, director of marketing and communications for Sacramento, Calif.-based Luxer Corp., explained that her company’s product, the Luxer Locker, combines secure lockers with a messaging system and a touchscreen to let residents access their packages with little or no management involvement.

"Deliveries are up by 20 percent every year, according to reports and our customers,” she said. “The time spent on managing packages is enormous compared to back when it was a polite service for the resident. Now, managers sometimes spend four hours a day signing for packages, storing them, and piling them up in their pristine lobby. Property managers are skilled professionals, so it’s a pity for them having to be a package robot when they’re tasked with turning a building into a community—especially since there are so many carriers, and Amazon contractors might show up 10 times a day. This is where we come in: automating package acceptance so property managers can focus on their work."

The Luxer Locker, Akhtari said, allows the delivery person to find a locker that corresponds to the package size, then use a touchscreen to notify the recipient via phone call, text, or email, with a single-use access code.

"Residents know they have a package but don’t have to rush home before the office closes or it gets swiped,” Akhtari said. “It’s a win-win, and it’s not even a luxury amenity. You can rent or buy the service—most managers buy it as an up-front hard good—and there’s an up-front service charge for the 24-hour support. We determine how many lock-
Andrew Farkas warn us that package deliveries would proliferate, due to increased online shopping, and I thought it was a far-fetched prediction. But his forecast has come through with a vengeance. A 300-unit building might receive 1,500 to 2,000 packages per month.

"Ours is a high-interaction, high-transaction, low-resource business with not a lot of people on site to handle that volume. Seven or eight years ago, a storage closet was the standard solution for package management, but it got to the point where from 4:00 p.m. on, the bulk of a manager's work was handling packages to residents.

"The locker concept is a great solution, but in many properties, it's hard to find an area large enough to handle the lockers, which could be an eyesore, and which maybe could only be put in places not conducive to package management. Then people started asking about delivery of food, of prescription medicines, so we started working with Luxer One on a controlled access room that could accommodate refrigerators, and that could house packages without their being stolen."

One problem with lockers, said Hallsey, is that a manager might have plenty available in July, but won't have enough in December. The Luxer Package Room, he said, solves the problem of unsightly lockers and can accommodate special requests like refrigeration and locked refrigerated storage of prescription medicines. Systems that offer the best handling of perishables, he predicted, will be the winners in the long run.

"Luxer charges a monthly rate for the proprietary software, cameras, and so on," he said. "You can build out a room, which is a capital expense that can be depreciated, for $10-15,000; similar in cost to the lockers but with more flexibility.

"Resident reception has been unbelievable. We were keeping packages in the office, but if you came home after six, you couldn't get at that dress that you wanted to wear that night. We saw an increase in resident satisfaction of 25 basis points on a five-point scale, and an increase in renewals, due to these rooms. This kind of access to packages used to be the right of a homeowner. Now it's becoming the right of a resident, and residents react well to an amenity that makes them feel more like an owner. That's not to mention five hours per month of extra productivity from our associates, who can do what we hired them to do instead of delivering packages. Those were the three metrics we used, to measure the success of the service, and they were all favorable."

Brock MacLean, senior vice president for business development at RealPage, said his data show that 90 percent of packages delivered get picked up within the hour, so the storage area ordinarily doesn't require a significant footprint. The resident's portal that his company provides is called Active Building, and includes package notification. RealPage's platform, The Egg, is a package locker system that can be integrated with other hardware providers, "so we can be an agnostic partner regardless of hardware."

Lori Torres, CPM, CEO of Parcel Pending (Los Angeles), said property managers spend an hour on every 15

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LORI TORRES, CPM, CEO OF PARCEL PENDING
packages they process, according to her study. Using her company's locker system, the courier enters the proper information for the resident, and it's automatically transmitted when the locker door closes. She said that prime package pickup time is between 5:00 and 7:00 p.m., which is also prime leasing time; thus, a locker system will not only save the manager time, but will save it at the most critical hours. She added that it's not at all unusual to find residents picking up packages at three or four in the morning—which Parcel Pending allows them to do.

“Our system sends out daily reminders if you haven't picked up that day,” she said. “We're ADA compliant. Couriers love using this system. They don't want to take packages back to the hub, and once the package comes into our locker, it's date- and time-stamped. Our system can actually take a photo when the courier delivers.

“We're now hearing demand for refrigerated lockers and outdoor lockers. We work with property managers on where to put them. Since we come from the apartment industry, we're a resource for architects who are building package management systems into their plans.”

Meanwhile, Amazon.com is offering locker service to some properties, accepting deliveries from all carriers, according to the company. The Hub will secure parcels within locked containers that the recipient can access around the clock. They feature a touchscreen display and keypad; the customer uses a personal access code to get the package. The Hub is available in indoor and outdoor options in four colors. The smallest configuration is the Starter Hub, a six-foot wide model that has 42 compartments, with an expansion module available that adds another 23. The pricing for the lockers is yet to be determined. Amazon.com already offers a version of The Hub at certain retail chains, but only for Amazon.com packages.

JOSEPH DOBRIAN 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.
It's hard to visit downtown Minneapolis without feeling the presence of the IDS Center. Located in the heart of the central business district, the post-modern icon is the centerpiece of downtown.

Thousands of people come to or through the building every day via four of the city’s busiest skyways—the indoor pedestrian walkway system that connects about 80 buildings in downtown Minneapolis.

“We can have 30,000 to 50,000 people coming here every day,” said Deb Kolar, general manager of the IDS Center. “Commerce happens and passes through here daily.”

The all-glass, reflective structure comprises an entire city block and houses about 2 million square feet of space. In addition to the 57-story tower, the development also includes an eight-story annex, a two-story retail center, an independently operated hotel and the Crystal Court—a 50,000-square-foot atrium that conjoins all four buildings and serves as an indoor urban park with fountains, trees and benches.

“The IDS Center has a large footprint,” said Kolar. “Downtown Minneapolis really grew out of this core.”

This multi-faceted property is an excellent training ground for property managers and real estate professionals. “The IDS Center is a great place to learn,” said Kolar, who has worked in the building for 24 years. “We have most of the major real estate components within this property—retail, office, parking, a hotel. Working here gives you a very well-rounded education.”

A CATALYST FOR GROWTH

Designed by famed architects Philip Johnson and John Burgee, the IDS Center opened in 1972. The building had strong local roots from the beginning. It was originally commissioned by the financial firm, Investors Diversified Services (IDS), now Ameriprise Financial. Local department store
TENANT BENEFITS

The IDS Center has 24 retail tenants and 182 tower tenants—all with their own distinct needs and expectations.

As with most properties today, the tenant amenity package has become a hot driver at the IDS Center. In 2016, the center added a 5,000-square-foot fitness center, which is free to tenants, and a 4,500-square-foot conference center to meet the demand for a broader amenity package.

One of the biggest draws of the IDS Center for office tenants is the varied office space options for both big and small companies. The 57-floor tower is conjoined with the eight-floor annex building on floors three through eight. These five floors provide 39,000-square-foot footprints for tenants looking for a large amount of office space. Comparatively, the footprint on floors nine and above are about 24,000 square feet.

Johnson’s innovative design also makes it easy to meet modern tenants’ needs.

“Everything from the ceiling structure to the window structure to the granite on the Crystal Court floor was built on a five-by-five square,” said Kolar. “It is all very symmetrical, which makes it very easy to plan and build out tenant spaces.”

MODERN IMPROVEMENTS

As the centerpiece of downtown Minneapolis, the IDS Center is an undeniable icon within the downtown business district. Consequently, each of the building’s owners through the years has been dedicated to investing in the building, according to Kolar.

“I have been at the IDS Center for 24 years and have seen the building through many changes—and all of them have stayed true to Johnson’s original design and intent,” she said.

With LED lighting now required by the city of Minneapolis, the IDS Center is currently working on transitioning from fluorescent to LED lighting. It has converted about nine floors thus far. After completing four floors of LED lighting, the IDS Center was eligible to receive almost $40,000 in rebates.

“That pays for almost a whole floor,” Kolar noted. “I always encourage people to work with utility companies before kicking off any project.”

Building updates are baked into the IDS Center’s budget and management plan each year—and the return on these investments is starting to surface. “We just finished doing the 2018 budget, and we are now seeing that upgrades are affecting our operating expenses,” Kolar said. “In 2016, we focused on chilled water. Now for 2018, our chilled water budget is going down by 11 percent.”

chain Dayton-Hudson (now Target Corporation) also set up its headquarters in the IDS Center. Together, the two companies occupied 60 percent of the building when it opened its doors. It also surpassed the city’s Foshay Tower to become the tallest building in Minneapolis and it remains the tallest today.

The IDS Center was the catalyst for growth in downtown Minneapolis. The downtown energy district plant was built at the same time, in the early ’70s.

“The IDS Center was the property that kicked off the district energy in Minneapolis,” said Kolar. “It is the center of downtown.”

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Two of the building's broadest—and longest—improvement projects are its asbestos abatement and sprinkler implementation programs. Over the past 15 years, the IDS Center has abated about 68 percent of its asbestos and has installed a sprinkler system in about 74 percent of the building.

Neither asbestos abatement nor sprinkler implementation can be done when tenants are occupying the space. Therefore, getting to full compliance revolves around lease rolls.

“Our overall goal is to always put [abatement and sprinklers] into the plan when we know a lease roll is going to happen,” Kolar said. “We make use of those windows of time when they are available.”

In addition to managing tenants’ expectations and needs during the abatement and sprinkler projects, Kolar and the management team work closely with the city to navigate city codes and mandates.

“This project is a big commitment. And the city is on board with our plan to get to full compliance,” said Kolar. “We’ve developed relationships with the city and the right people in the city to create a real sense of partnership.”

In a building like the IDS Center, there is a new challenge around every corner for the 10-person building and management team.

“It’s amazing to watch a property of this age not age,” said Kolar. “It is a building that inspires us all to keep doing the next exciting, different and challenging project that will continue to improve it.”

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.
NEW APPROACHES TO ADVOCACY

Just as 2017 was a year of change for federal, state and local governments, IREM's government affairs program underwent a number of changes as well.

One of the most anticipated changes was the debut of the IREM Congressional In-District program. With the spring conference shifting to a regional format, IREM's federal advocacy was also set to take a more local approach. Rather than meeting with federal legislators in Washington, D.C., IREM Members scheduled appointments in local offices.

Holding meetings locally increased accessibility by reducing the cost of participation. According to Idaho Snake River Chapter No. 107 Legislative Chair, Mindy Gronbeck, CPM:

MEETING WITH MY CONGRESSMAN IN-DISTRICT PROVIDED MORE TIME TO SPEND WITH HIM AND EDUCATE HIM ON THE ISSUES. IT WAS EVEN BETTER THAT I GOT TO TAKE OTHER EXECUTIVES IN MY ORGANIZATION THAT WOULD NOT BE ABLE TO ATTEND IF IT WAS IN D.C.

THE IREM CONGRESSIONAL IN-DISTRICT PROGRAM

Beginning in April, real estate managers across the country met with their members of Congress and their staffs to discuss the ADA Education and Reform Act of 2017 (H.R. 620) and retention of the 1031 like-kind exchange. Members participating in the meetings reported many positive experiences. One of the most common sentiments shared was that the meetings were very fruitful. With fewer interruptions and less noise to fight through, they were typically longer and more detailed, with legislators seeming more at ease and attentive than on Capitol Hill.

While the vast majority of experiences were positive, initial feedback suggested some challenges too. As a result of the uptick in town hall protests and similar activity witnessed this year, some legislators have been cautious about encounters with constituent groups, reducing opportunities for meetings.

Fortunately, there are other ways to engage with Members of Congress. In addition to the traditional meeting in the district office, some found it productive to invite their legislators to speak at chapter events.

For example, Central Virginia Chapter No. 38 hosted such an event in August. One of the organizers, Carrie Woodring, CPM, said of the event:

OUR MEMBERS TALKED ABOUT IT FOR MONTHS. EVERYONE AGREED THIS NEEDED TO BE AN ANNUAL EVENT. THIS YEAR THE PANEL DISCUSSION INCLUDED CONGRESSMAN (DAVE) BRAT, VIRGINIA'S SECRETARY OF COMMERCE AND TRADE, TODD...
HAYMORE; FEDERAL RESERVE SENIOR ECONOMIST, RAY OWENS; AND NAR DIRECTOR OF QUANTITATIVE & COMMERCIAL RESEARCH, GEORGE RATIU. IN JUST TWO YEARS, THIS EVENT HAS OUTGROWN OUR VENUE, EXCEEDED EXPECTATIONS AND IS SOMETHING OUR MEMBERSHIP, AND COMMUNITY, LOOK FORWARD TO EACH YEAR.

Although the IREM Congressional In-District program kicked off in April, members are encouraged to schedule meetings anytime their legislators are available.

YEAR-ROUND ADVOCACY

The IREM Congressional In-District Visit program may be one of the most visible aspects of IREM’s advocacy, but it is far from being the only one. Staff and volunteers are advocating for the Institute’s positions, both directly and indirectly, year-round.

One way to do this is through “call to action” campaigns using IREM’s online grassroots platform, which launched late last year. With this tool, IREM is able to help members contact their elected officials at the federal, state and local levels with only a few clicks of a mouse or taps on their phones. Throughout the year, calls to action were issued ranging from ADA reform to the reauthorization of the National Flood Insurance Program (NFIP). Other campaigns were targeted at the state level, including two in Washington and Illinois, both related to rent control. The Washington bill (HB 1082) would create a state-wide prohibition on commercial rent control, while the Illinois bill (HB 2430) was designed to repeal the already existing prohibition on rent control.

IREM has also engaged with legislators and government agencies directly. Correspondence has been directed to four California state legislators, the U.S. Department of Housing and Urban Development (HUD), the entire U.S. House of Representatives, three Congressional Committees and 31 individual members of Congress and their staffs. These letters are used to comment on proposed regulations, thank legislators for supporting industry-friendly legislation, and urge those who oppose IREM’s positions to reconsider. Many times the communications have been delivered in conjunction with a call to action or as part of an effort orchestrated by one of the nine coalitions that IREM participates in.

The Institute also engages with policy makers through volunteer boards, the Federal Housing Advisory Board (FAB) and the Federal Advocacy Board (FAF). The 11-member FHAB, currently headed by Chair Eileen Wirth, CPM, and Vice Chair Ryan Huffman, CPM, engages directly with government agencies in Washington, D.C. to discuss issues facing people who manage federally assisted housing. Typically, board members travel to Washington in the spring and again in the fall. However, no spring meetings took place this year due to the high number of unfilled positions in the agencies. Fortunately, the board was able to hold a conference call with the Rural Housing development in early May to ensure some of the most pressing issues were addressed.

New in 2017, FAB was created to complement the IREM Congressional In-District Visits by maintaining a presence in the Capitol. Led by Chair George Caruso, CPM, and Vice Chair Debbie Prejeant, CPM, the FAB was tasked with connecting with key legislators to discuss issues facing real estate managers. This year, its efforts focused on garnering support for the ADA Education and Reform Act, reauthorizing the National Flood Insurance Program (NFIP) and retaining the 1031 like-kind exchange.

While the federal government’s productivity has been minimal this year, state and local governments have picked up the slack. As the November election season drew near, local coalitions were formed between IREM chapters, REALTORS and other organizations, with the goals of defeating a rent control ballot initiative in Portland, Maine, and a green roof initiative in Denver while members in Alaska worked to create a coalition to oppose a recently enacted law (AK S.B. 91) that made securing their properties much more difficult.

IREM engages with policy makers through volunteer boards, the Federal Housing Advisory Board (FAB) and the Federal Advocacy Board (FAB).

TO SEE CURRENT CALLS TO ACTION, visit the IREM Federal Action Center www.irem.org/ActNow.

IREM.org/jpm
CONDOMINIUM MANAGEMENT IN TODAY’S RUSSIA
FROM THE SOVIET ERA, TO PRIVATIZATION
AND EVERYTHING IN BETWEEN

BY NIKOLAY VECHER, CPM
PHOTOS © NIKOLAY VECHER, CPM, FRICS
When the Soviet Union was in power, each citizen had a legal right to a home. However, as the government retained ownership of the properties, there were strict controls in place to prevent residents from selling or moving. Now, with privatization, new construction and the rise of the rental market, how are today’s new property owners managing? Nikolay Vecher, CPM, takes a look at the evolution of condominium management in Russia and the challenges and opportunities that go along with it.

**HOUSING DURING THE SOVIET UNION**

In the Soviet era, all residences belonged to the state. They were allotted to citizens through a complicated queue system that typically stretched for many years, and in some cases, even decades. As a citizen’s right, apartments were assigned to each individual by the local district administration, but the apartment never truly belonged to the tenant. In other words, the resident could live freely in his or her apartment, but could not move or sell without government approval.

State Housing and Operational Offices carried out maintenance and repairs. Residents were responsible for paying utility bills along with some maintenance costs. Because the law did not clearly establish a mechanism of eviction for late payments, very few people were evicted.

**AFTER THE SOVIET COLLAPSE**

With the collapse of the Soviet system in the 1990s, large-scale privatization of apartments began and still continues to this day. Each citizen was granted ownership of his or her current residence, free of charge. Privatization of an apartment could only be realized once in a lifetime and only by the tenant holding the resident’s permit.

As a result of this free privatization in Russia, a new class of homeowners was created. Adding in those who had houses built and rent out their apartments for profit, about 80 percent of the Russian population owns property. In Moscow and St. Petersburg, the two largest cities, this figure is even higher—90 percent. As a result, the management and maintenance industries have progressed to meet the needs created by the evolving housing system.

**RUSSIAN HOAS**

The Russian HOA is a complete analogue of an American Home Owners Association. HOAs are a common occurrence mainly for smaller properties, such as where I live. My residence has only 72 units in total, a small building by Russian standards.

My building is representative of new housing standards in Russia. Constructed ten years ago in the center of St. Petersburg, it has a number of non-residential spaces and underground parking in addition to its residential units. On the grounds around the building, the HOA included an additional parking lot as well as a playground and a landscaped garden. The HOA makes additional income charging for parking and placing ads on the building. The district administration controls the activities of the HOA through regular inspections.

**MANAGEMENT COMPANIES**

The most common alternative to an HOA is a management company (MC). The MC is fully responsible for keeping the building up and running, and for providing all necessary financial services. This option is more common among residents of large and inexpensive buildings and those built in the Soviet era and before the October
Revolution of 1917. As a rule, all MCs have a full set of licenses to perform special maintenance work. Unlike management through an HOA, however, the homeowner's control is considerably restricted under a management company. Therefore, all MCs are very tightly supervised by district housing inspectorates. Additionally, a large percentage of older buildings belong to district administrations. As property owners, these administrations also help to oversee the management company.

There are two choices for types of management companies. First, there are the companies formed on the foundation of the Soviet housing and communal services. Residential Communal Services, or ResCom Services (RCS), are present in every city. Prices for the maintenance and updating provided by RCS is set by the city administration. Unfortunately, there are a few drawbacks to using this type of management company. ResCom Services do not require their staffs to be highly skilled, which can cause issues when complicated repair projects are required. In addition, management companies serve as intermediaries between homeowners and utility providers. Although they collect money from owners, they are in no hurry to transfer these funds to the resource-supplying companies. As a result, many buildings accumulate huge debts to their utility providers, who may end up holding the property owners responsible.

The second type of management company was created by modern housing developers. Many developers have already built hundreds of structures, often in different cities. Many have already taken over properties of other, small developers, and of old Soviet structures, so managing the properties they have built is a logical step in their evolution. Like ResCom Services, they also handle all management responsibilities, but their main goal is to generate business related to the properties they manage. The developers were quick to realize that there is a cap to the amount of revenue created by providing management services, because pricing is set by the city. To increase income, developers may provide additional types of services, such as mobile applications that collect all current information about the property and provide it to the owner, and round-the-clock call centers that have drastically improved customer satisfaction. Although the number of such management companies is still relatively small in comparison to HOAs, the industry is growing rapidly.

**WHAT THIS MEANS FOR THE RENTAL MARKET**

The rental market was slow to develop in Russia, given the high percentage of people who own their own homes. Nonetheless, demand has grown for less permanent housing as people move within Russia.

In the current market, a number of developers are building units for the express purpose of renting them out. These apartments are cheaper than usual, because they are registered as commercial real estate. To help support the growth of the fledgling market, the state has implemented a program for subsidizing the construction and maintenance of such rental housing. However, in order to be eligible for the state subsidy, these projects must be rented out by the developer to private citizens, not sold to them.

As time passes, the influence of the Soviet Union fades more and more in Russia, and the housing market continues to develop and thrive. Although there are few constants in the property management market, it is certain that the industry will never stop evolving to better meet the needs of residents.

NIKOLAY VECHER, CPM, FRICS, IS VICE PRESIDENT OF GVA SAWYER IN MOSCOW.
For those who may not know, if a member of IREM is accused of failing to live up to the code of ethics that we all affirm, the complaint goes through a rigorous process that ensures it is handled with great care and dignity for all parties involved.

**PASSION FOR THE PROCESS**

At my very first Ethics Hearing and Discipline Board hearing, I found myself sitting among a most impressive cross-section of IREM Members during a Leadership and Legislative Summit in Washington, D.C. There were past national presidents, local chapter leaders, residential managers, commercial managers, you name it. About the only thing we all had in common (apart from our IREM membership and dedication) was the desire to carry out this important task as seriously as possible. The board members had all done their homework, were thoroughly engaged and asked questions of the parties present that were comprehensive and always without a trace of prejudice or bias.

The Board’s deliberation was done in such a way that allowed every single member of the Ethics Hearing and Discipline Board a voice and a chance to ask questions and discuss the issues with each other. Both the Complainant’s and the Respondent’s points of view were thoroughly discussed. Their statements were weighed and, perhaps most importantly, IREM’s Professional Code of Ethics was continuously referred to as we worked to render a decision on each of the alleged violations.

**A RENEWED APPRECIATION**

In fact, I came away feeling better about our organization than I ever had. Here’s why: I felt I was part of an organization that protects me by maintaining the standards and integrity represented by the individual CPM, ARM and ACoM credentials, as well as by individual IREM memberships and the AMO accreditation.

The process itself is described in great detail at [www.irem.org/ethics](http://www.irem.org/ethics). I urge you to take a look at the means by which cases are determined. What is not described in that process, however, and what many may not understand, is the care with which these issues are handled. The members of the Ethics Hearing and Discipline Board participate because they have high regard for the principles that make up the Code. This drives them to be meticulous in their reviews, to consider all perspectives and to hand down decisions that are fair and objective.

**IN GOOD HANDS**

As IREM Members, we have a duty to uphold the Code. Additionally, we have a duty to report any violations of the Code. Rest assured that alleged ethics infractions are given due process, and know that IREM volunteers are working hard to ensure that the CPM, ARM, ACoM and AMO credentials, as well as IREM membership, continue to represent the best of our industry.
**SPOTLIGHT / GADGETS**

**TABLO MOBILE FRIENDLY DVR**

Are you a cord cutter who is enjoying your over-the-air TV antenna, but still miss your DVR? Tablo has a solution for you. The Tablo DVR doesn’t connect to your TV; instead, it creates a feed of all your local channels (and more) and gives you the ability to stream them to your Wi-Fi-connected mobile devices. You then have the ability to add an external hard drive and record all your favorite prime-time shows (up to four at a time). For a small subscription fee, you can even get an expanded version of the TV guide to pre-plan all your DVR needs.

**Available Now: $249.99 / tablotv.com**

**SMOVE**

Got shaky hands? Nix the motion sickness with Smove, an axis stabilizer for your videos. Using a gyroscope that adjusts the counterbalance, Smove keeps your videos smooth even while you’re running. Simply click your phone or GoPro into the device and shoot.

**Available now: $149 / smovestabilizer.com**

**TP LINK SMART PLUG MINI**

Smart plugs are everywhere these days, since consumers not only want to be able to control devices from the comfort of their phones, they also want to keep tabs on their power usage. The barrier to entry is that smart plugs typically take up both outlets for one power source and/or they need expensive hubs to function. Enter: Smart Plug Mini from TP Link, which takes up half of an outlet, and is completely self-contained, independent of a hub. Another bonus: You can use your Amazon Echo to control any device connected to it. Plug in your lights and tell Alexa to turn them on and off for you.

**Available now: $29.99 / tp-link.com**

**NEST CAM IQ**

Nest is hoping to capitalize on the success of its autonomous thermostat with its latest gadget, the NestCam IQ. This security camera can recognize faces and even differentiate between pets and humans, sending your phone an alarm when it detects something out of the ordinary. The footage gets recorded into the cloud and stays encrypted for a predetermined amount of time. A speaker, located on the back of the cam, can scare off intruders and the three-microphone array can let you listen to the intruders, with noise cancellation and echo suppression.

**Available Now: $299 / nest.com**

ALEX LEVIN (ALEVIN@IREM.ORG) IS DIRECTOR OF IT FOR IREM HEADQUARTERS IN CHICAGO.
SNAPCAB POD
In open office environments, it can be difficult to find quiet places to have one-on-one meetings or just a private phone conversation. The SnapCab Pod gives you a place to conduct those activities that's not only private but movable. Utilizing a patented system of panels that interlock, the pods offer loads of opportunities for customization; they can be configured to meet your needs, and they come in three sizes and two finishes—the Corning Gorilla Glass models are available in multiple colors and patterns, or you can add your own company logos.

ALLIED COMMERCIAL
K-SERIES™ HIGH EFFICIENCY HEAT PUMPS
Combining sustainability and flexibility, Allied Commercial's new line of heat pumps offers rooftop unit customization to accommodate a variety of needs. In addition to coming in 2- to 25-ton capacity models, you can choose from three different fuel options (heat, gas/electric and electric/electric) as well as over 100 other configurations to tailor the unit to your specifications. The pumps have 16.5 SEER, 14.8, IEER and 13.0 EER efficiency ratings, and their Single Zone variable Air Volume supply fan technology removes moisture up to 29 percent better compared to systems with traditional supply fan motors. The extra benefit you get is up to 61 percent power savings over similar units.

VIOSAFE™ ANTIBACTERIAL WHITE LED PRODUCTS
Contributing to the ever-growing list of companies that offer multi-tasking lighting solutions is Vital Vio, with its VioSafe range. In addition to evenly distributing light, these products kill bacteria and continuously disinfect nearby surfaces, without the use of ultraviolet rays that are harmful to both humans and animals. Lab tests of VioSafe lights showed up to a 90 percent reduction of bacteria in a treated environment after just one day.
Get more information at www.vitalvio.com.

DERO DECKER BIKE PARKING SYSTEM
Dero has taken its already great Dero Decker two-tier bike parking system and made it greater, especially for the people who handle its installation and maintenance. Top trays are 40 pounds lighter, and set screws make it easier to adapt the downward resting position of upper trays to various floor clearances. There's also a new track design that removes the need to grease or maintain the top trolleys. And for the cyclists, a new Fat Bike Tray is available to accommodate bikes with larger tires.
Get more information at www.dero.com/product/dero-decker.
BALANCING ACT

by Kristin Gunderson Hunt
companies begin implementing the Financial Accounting Standard Board's (FASB) new lease accounting standard in the near future, commercial real estate managers are left wondering how their tenants will approach leasing strategies on a go-forward basis and what the implications will be on the commercial real estate market as a whole.

While lease accounting experts said real estate managers shouldn't expect too much of an impact from the changing standard—at least initially—they should get up to speed with the standard and how they will affect their tenants so they can offer helpful guidance and support that could strengthen the tenant/real estate manager relationship.

"Being aware of the changing regulations and compliance standards can help facilitate a value-added relationship with your clients," said Sean Torr, a risk and financial advisory managing director for Deloitte & Touche LLP. "Being savvy and knowledgeable can be a differentiator."

The evolved lease accounting standard—with effective dates of 2019 for public companies and 2020 for most other organizations—aims to reduce off-balance sheet accounting by requiring virtually all leases to be capitalized.

Tenants will now have to present both finance leases (currently referred to as capital leases) and/or operating leases with terms of longer than 12 months on their balance sheets. Currently, operating leases are off-balance sheet, and the associated rent payments are treated as operating expenses on a tenant's P&L statement on a straight-line basis.

According to FASB documentation, it maintains that the changed lease accounting standard will improve lease accounting by:

> More faithfully representing a lessee's rights and obligations arising from leases
> Reducing opportunities for organizations to structure leasing transactions to achieve a particular outcome on the balance sheet
> Improving understanding and comparability of lessee's financial statements
> Providing users of financial statements with additional information about lessors' leasing activities and lessors' exposure to credit and asset risk as a result of leasing
> Clarifying the definition of a lease to address practice issues within current generally accepted accounting principles (GAAP); and to align the concept of control, as used within that definition, more closely with control principles used in revenue recognition and consolidations

However, among commercial real estate professionals, concerns loom that the shift to these new rules could strain U.S. businesses and the overall commercial real estate industry.

More specifically, many commercial real estate professionals are concerned the new lease accounting standard could alter tenants' leasing behaviors as they adjust to potentially recording significant liabilities on their balance sheets.

Still, lease accounting experts caution real estate managers that such implications are still speculative at this point, and any implications are still far from taking hold as companies are more focused on compliance at this time.

“Companies haven’t had time to strategize around this issue yet. They are doing their best to comply with the changing rules on FASB’s proposed timeline,” said Jeff Beatty, senior managing director, financial consulting group at CBRE, AMO. “Once companies are compliant, then we’ll start to see whether they change their leasing strategies to accommodate the fact that leases will be going on-balance sheet.”

That being said, Beatty did acknowledge the possibility of tenants engaging in the following strategies as a result of the changing rules:

**Lease vs. Own**  When financially and logistically feasible, a tenant might consider owning instead of leasing, although the segment of companies in this position is relatively small, Beatty said. Most companies occupy space in multi-tenant buildings where owning is not an option or investing in bricks and mortar is not the most efficient use of their capital. However, for those companies who are in the mature stage of their business cycle, have access to capital, and generally lease freestanding core assets on a long-term basis, revisiting their lease vs. own strategy makes sense given the fact that whether you lease or own the asset, it is going to be on your balance sheet.

**Shorter-Term Leases**  Tenants might be inclined to reduce their lease terms to mitigate the impact of the new standard to their balance sheet. However, tenant improvements and free rent will likely dissipate with such a strategy—possibly negating the benefit of keeping the lease off the balance sheet. Plus, if tenants believe they can reduce their lease terms and offset the risk of doing so with additional option periods, the new rules specify that if an option is “reasonably certain” of being exercised, then it must be considered as part of the lease term for accounting purposes—making this work-around not all that workable.

**Rightsizing and Self-Funded Tenant Improvements**  Leasing less space means putting less on the balance sheet. As such, companies might reduce the square footage they are occupying—downsizing whenever and wherever possible with the hope of minimizing the impact of the new standard. They also might elect to fund their own tenant improvements. As the cost of the improvements is generally incorporated into the tenant’s rent, this means that whether the landlord funds the improvements or the tenant funds the improvements, the cost is going to go onto the tenant’s balance sheet. As such, if the tenant’s cost of capital is less than the landlord’s, then it may make financial sense for the tenants to fund the improvements themselves.

Leasing strategies aside, Beatty said more than anything, real estate managers should likely be prepared for the leasing process to take longer because of increased scrutiny on leases from the corporate finance department, as well as other stakeholders in the company.

“We really don’t anticipate the commercial real estate landscape to change much as a result of the new standard,” Beatty said. “In general, we believe organizations will do what is in the best interests of the company. However, there will be some companies who take a different approach to their leasing strategies. Property managers will be best served by understanding the nuances of the new standard so they are best positioned to understand the concerns of their tenants and prospective tenants, and how they might address those concerns to arrive at a win-win solution.”

**REAL ESTATE MANAGEMENT COPING STRATEGIES**

Even if the commercial real estate landscape isn’t drastically affected by FASB’s changing lease accounting standard, real estate managers can take some actions to head off those changes that might occur, including potentially lengthier renewal processes or increased requests for lease options that could help minimize the impact.

Torr of Deloitte offered a few actions real estate managers can take:

Understand the changing lease accounting rules. Have a firm grip on the changes to help you empathize with your clients and understand any atypical requests they might make regarding alternative lease structures. You can then meet these requests with educated responses that can guide them in the right direction, or highlight any drawbacks they didn’t foresee when coming up with a strategy to minimize the impact of operating leases going on their balance sheets.
Provide helpful information in helpful formats. The shift to complying with new lease accounting regulations requires a lot of data collection and tracking—like tracking future payments a company has committed to; types of payments; terms and options around the lease; discount rates; and fair market value of property, to name a few. Know what data your tenants need and how they need it, and consider how you may guide them in fulfilling these requirements. This will ease your tenants’ data challenges, and potentially help move along the leasing process in the event it’s slowed because of increased scrutiny on leases from corporate finance departments.

Provide options and helpful analysis. Be prepared to provide your tenants with options in terms of lease lengths and tenant improvement packages, as well as an analysis of the financial impact of those options and how they compare—particularly when looking at those options that go on the balance sheet versus those few options that won’t. This is where understanding the lease accounting changes will be especially beneficial and helpful to your clients.

While the impact that the evolving FASB lease accounting standard will have on the commercial real estate market is unknown, leasing properties will not likely entirely fall by the wayside. In fact, knowledgeable and committed real estate managers can be of great assistance to their clients as the evolution unfolds,

“The economic benefits of leasing will likely still be beneficial to many companies,” Torr said. “Real estate managers need to be informed, though, in order to make those benefits apparent. As tenants strive to be compliant without taking major economic hits, real estate managers have the opportunity to bring value to their clients.”
JPM® got to know IREM's new CEO/Executive Vice President in the following interview.
What's something you didn't include on your résumé that has defined your career? Working in a family business when I was in college. The experience allowed me to truly understand the importance of customer service and making every interaction a special experience!

You recently hiked Kauai's Na Pali (Kalalau) Trail, a treacherous hike (nine out of 10 level of difficulty) where rescues are near impossible. How has this experience influenced your perspective? The trip reinforced the importance of planning and being prepared, especially when there were sudden weather changes or unexpected injuries. If you forget something on the trail you are out of luck. I also learned how critical it is to engage an expert to help you be successful. For the hike, I hired a guide who was intimate with the trail; it made the adventure safe and interesting. Like the work environment, it is critical to plan and prepare when rolling out new initiatives, and success depends on hiring the true experts.

How would you describe yourself in one word? Determined.

If you could have one superpower, what would it be and how would you use it? Having clairvoyant powers to generate positive outcomes.

What are your three top goals or visions for the upcoming year? My three top goals for the coming year are to: make sure everything we do delivers value; make significant progress executing the strategic plan; and engage staff in several breakthrough programs that move the association forward.

If your house was burning and you could only save one possession, what would it be? Album of family pictures.

How do you motivate the people you work with? Communicate frequently; empower them; offer learning opportunities; set clear goals; show appreciation.

If money were no object, what would your day look like? I would be involved in a 501(c)3 that enriches the lives of those suffering from mental illness.

What advice would you give your younger self? Spend more time developing relationships.

If you could have the answer to any question, what question would it be? How can we all “play nice in the sandbox” and respect each other?

How did you choose your career path? The path found me and I embraced it.

What is on your bookshelf? What is your go-to playlist? On my bookshelf: National Geographic: Woman of Vision in Photography. My go-to playlist is an eclectic mix of the Beatles, Train, Carly Simon, Moody Blues and Mozart.

What is your favorite property in Monopoly and why? Railroads: there are four properties of this type and the transportation opportunities are endless.

What are your pet peeves? Texting and driving. People saying they can't do something before they have even tried.

What's in your fridge? Vegetables, fruit, lemons, chicken salad and chocolate chip banana bread.

If you could witness any event—past or future—what would it be? The signing of the Declaration of Independence—such a courageous and powerful moment in history.

What is one thing people would be surprised to know about you? My son and I used to have marathon “Lord of the Rings” movie nights.

What is the greatest advice you've been given? Have no regrets.

What is the one piece of advice you'd give the future generation? Don’t accumulate “stuff.” It’s too hard to move, insure and get rid of!

What qualities do you look for in your team members? Trustworthy, respectful, confident, positive, selfless, life-long learner, accountable.

How would your friends describe you? Focused, loyal, energetic and collaborative.
Ben McGrew, CPM, CCIM, is president and majority shareholder of Fiduciary West, based in Reno, Nev. He began his career in the real estate industry as a maintenance man, which led him to property management and commercial real estate, ultimately managing all types of commercial investment properties.

McGrew earned his CPM designation in 1987 and began to actively participate in his local IREM chapter, later serving as its president and earning the chapter’s CPM of the Year award. He then became involved nationally, serving on Governing Council, the IREM Executive Committee and as regional vice president for California and Hawaii.

In addition to his CPM, McGrew holds the CCIM designation and is a member of the Sacramento Association of REALTORS®, and National Association of REALTORS®. He’s also a past president of the California Receivers’ Forum, Sacramento Chapter.

McGrew’s goal is to be able to give back to IREM and its members even a small percentage of what he feels IREM has given to him and his career.

Donald B. Wilkerson, CPM, is President/CEO of Reno-based Gaston and Wilkerson Management Group, AMO, a full-service real estate firm engaged in multifamily, commercial and industrial management, in addition to development and brokerage.

Getting his start in the appraisal business, Wilkerson learned how to value buildings, but it wasn’t until he began acquiring properties and getting involved in IREM that he really understood how to manage them. He earned his CPM designation in 2003, and once he realized how much IREM had to offer, he began to participate in and volunteer with IREM’s Northern Nevada/Tahoe Chapter. Since then, he’s held numerous leadership positions and served twice as chapter president.

Nationally, Wilkerson has held multiple volunteer positions, including regional vice president for Region 8 and governing councilor, and has served on the IREM Executive Committee as a member and as a senior vice president. To Wilkerson, the opportunities afforded to him by IREM have been exceptional, and he wants to help other IREM Members capitalize on their potential as well.

Cheryl Ann Gray, CPM, is an executive vice president with QuadReal Property Group in Toronto, leading the Enterprise Resources & Innovation team, which provides the organization with expertise in sustainability, risk management, environmental health and safety, national contracting services, and property management best practices.

Gray earned her CPM designation in 1990. She is a member of IREM’s international management board and has also served as the IREM Canada chair with the Real Estate Institute of Canada (REIC). In addition to IREM, Gray is a member of REIC and the Building Owners and Managers’ Association (BOMA) Canada, having served on the national board of directors for both organizations. Gray was honored by REIC in 2014 with CPM Member of the Year and again in 2017 with the Emeritus Award, the highest honor given to a member of REIC. She was also a nominee of IREM’s 2013 Women of Influence in Real Estate Management.

Gray feels it is a privilege to serve as an officer of IREM, especially as the first international member to do so.
IREM offers enthusiastic congratulations to all this year’s leaders and award recipients. Their exceptional work and dedication to IREM and the real estate industry has set high standards worthy of recognition.
IREM FOUNDATION
AWARD WINNERS

The Lloyd D. Hanford, Sr. Distinguished Instructor Award recognizes an IREM instructor who has exemplified extraordinary dedication to the educational process and the advancement of knowledge within the property management profession.

LLOYD D.
HANFORD, SR.
DISTINGUISHED
INSTRUCTOR
AWARD
RECIPIENTS

LARRY R.
JOHNSON, CPM
L J ENTERPRISES,
INC.
SOUTH DENNIS,
MASS.

ERIC B. STOREY,
CPM
ZIONS BANK
EDEN, UTAH

The J. Wallace Paletou Award is named in honor of IREM's 1957 president to recognize others like Mr. Paletou who have unselfishly devoted themselves to improving the stature of the real estate management industry by contributing to the betterment of society as a whole through their roles, skills and contributions.

J. WALLACE
PALETOU
AWARD
RECIPIENTS

GUOQIANG PAN,
CPM
SHANGHAI GOLTE
ASSET MANAGEMENT
CO., LTD.
SHANGHAI

MICHAEL B.
SIMMONS, CPM
COMMUNITY
REALTY MANAGEMENT,
INC., AMO
PLEASANTVILLE, N.J.

The Louise L. and Y. T. Lum Award recognizes an individual actively engaged in the practice of real property management who, whether a member of the Institute or not, has made a distinguished contribution and advances the knowledge and practice of the real estate property management profession.

LOUISE L. AND
Y. T. LUM
AWARD
RECIPIENT

W. DEAN
WEIDNER
WEIDNER
APARTMENT
HOMES
KIRKLAND, WASH.

The Professional Achievement Award is bestowed upon credentialed members who have continued their professional development and have outstanding accomplishments beyond earning their credential.

PROFESSIONAL
ACHIEVEMENT
AWARD
2017 RECIPIENTS:

LATONIA RENEE
HARRIS, CPM, ARM
AVANATH REALTY,
INC.
REISTERSTOWN, MD.

EILEEN D.
WIRTH, CPM
OCTAVIA HILL ASSOCIATION, INC., AMO
PHILADELPHIA

QI LIU, CPM
SHANGHAI WORLD
EXPO LANDING
HOLDING CO. LTD.
SHANGHAI

The IREM Student of the Year Scholarship recognizes an outstanding college or university student who has demonstrated a record of academic achievement and interest in pursuing a career in real estate management. Janeive attended IREM's 2017 Global Summit in Chicago, and was recognized during the IREM awards ceremony. This scholarship is funded by the IREM Foundation.

STUDENT OF THE YEAR

JANEIVE PALESANO
UNIVERSITY OF ALASKA - ANCHORAGE
BACHELOR OF BUSINESS ADMINISTRATION IN MANAGEMENT WITH A CONCENTRATION IN REAL ESTATE AND FINANCE

The IREM Foundation sponsors a student essay competition to encourage and recognize excellence in the study and practice of real estate management. Colin attended IREM's 2017 Global Summit in Chicago, and was recognized during the IREM awards ceremony.

STUDENT ESSAY
COMPETITION WINNER

COLIN WATTONVILLE
UNIVERSITY OF NEBRASKA - OMAHA
BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION WITH A CONCENTRATION IN REAL ESTATE AND FINANCE
Mentoring is a brain to pick, an ear to listen and a push in the right direction.”  —JOHN CROSBY

This quote from late American politician John Crosby perfectly sums up what a mentor is. A mentor is not only there to answer questions. Mentors are those who engage in brainstorming and planning with their mentees, and then motivate and encourage them along the way to a future goal. Mentors are always there for the one(s) they are training, in every way.

In my independent studies outside of school, I have read many books and watched hours of videos on what makes successful people great. One of the things I always come across is that the most successful people in the world all attribute much of their fortune to their mentor(s). Many people have heard the adage, “You are the culmination of the five people with whom you spend the most time” (or some similar wording). I definitely find this to be true. That is why I have made an effort to branch out, make more connections and get involved with those who I know can help me advance in both my personal and professional lives. Of course, a mentorship should never be one-sided, but rather each person helping the other one out.

All of my mentors throughout my life have shared something with me. Some have shared the same values, others have shared similar manners and still others have shared the same drive that I have. Overall, I look for four main things in mentors. The first is that they have to be years ahead of where I am. Their current situation has to look similar to the future that I aspire to have. Maybe not my end goal, but at least a decade or two down the road. Second, my mentor has to be much more knowledgeable than I am in the area they are helping me with. This may sound like a given, which it is. However, I don’t just mean the mentor needs to have taken a couple more classes or have read some more books on the topic. I mean that my mentor must have lived out the practice for many years and have ample experience to back up his wisdom. I want a mentor who has faced difficulties and situations head-on, so that if I ever come across the same situation, she or he can tell me exactly how she or he overcame the hurdle. Lastly, my mentor needs to be somewhat similar to me in regards to personality. This is more of a bonus requirement and not completely necessary. However, I have simply found that the more comfortable you are around your mentor and the more she or he understands how you think and work, the easier it is for you to both help each other, which ties into my fourth requirement. The last thing that I look for in mentors is that I have to be able to help them out as well. I am very aware that everyone is busy and that time is the most valuable resource that we have, so with a mentorship, I need to be of some value to my mentor too.

I always find myself looking for more mentors. However, I have been blessed to have already had more than a handful throughout my short time in the working world. I have met all of my mentors for real estate from some sort of connection through my school (for which, I am extremely grateful). The first one was a speaker for my very first real estate course in college—Principles and Practices. Our professor had a local real estate investor come as a guest speaker in one of the last classes of the semester. Afterwards, I got the speaker’s contact information and followed up with him. About a month later, I found myself working with this mentor on his most recent purchase—a strip mall in a suburb of the city. He helped me by answering any sort of questions that I had, both about work-
ing for another company as well as those pertaining to what it was like working for himself, since he had experienced both throughout his career. This particular gentleman helped me understand the commercial side of real estate much more so than my first class had. Under his guide, I saw what commercial leases were comprised of. After this, I was tasked with creating lease abstractions for my mentor, and then a rent roll for this newly acquired property. I was able to be of real help to someone in my local real estate community. I was helping him do work that he didn’t have time for, while learning a lot at the same time. On top of this, I had also connected him with an entrepreneurial organization that I was a member of so he could be a guest speaker for them. This was something that he had mentioned to me he would like to do more of. This connection was a mutually beneficial relationship, which is how all mentorships should be.

My next mentor in real estate came from an organization that I am involved in—Rho Epsilon, a real estate fraternity. We had a guest speaker come and present during one of our meetings. Afterwards, I went up and spoke to the gentleman and set up a time to meet with him one-on-one so that I could pick his brain more. I met up with this mentor at a coffee shop not too long after, and received basically a free lesson and consultation in real estate investing and different ways in which

I have had mentors throughout my life. From coaches, to family members, to business owners, even to motivational speakers I have followed online. Each of these individuals has shaped my character, personality and my unyielding hunger to achieve greatness.”

I could invest my money. This mentor gave me a step-by-step process on how to get started in real estate investing, which is what I plan to do long-term. This mentorship was fairly one-sided, unfortunately. I had asked my mentor if there was anything that he needed help with in his business, to which he had replied, “No.” I ended up leaving with an offer on the table: that if I ever needed any help or consulting down the road, I would reach out to him and use his service. I also told him that I would refer anyone else who I knew to him.

I work for my two current mentors in the real estate field. One is the president, the other is a manager for the same property management and development company. The two of them actually approached me at a real estate scholarship banquet and we instantly hit it off. They had informed me that they were looking for an intern since they were expanding so rapidly. I went in to interview for the position and now find myself helping them out about 20 hours each week. My responsibilities include some property management duties, as well as market research. Before my position with the company, I was only vaguely familiar with these areas. Now, I am working with tenants, answering phones, reviewing different parcels of land and even analyzing comparables. I can honestly say that I am learning more valuable information at this internship than I have at any other job I have ever had. At the same time, I am also relieving a ton of stress from not only them, but also everyone else in the small company. The work that I am doing is work that was supposed to be done a while ago, but just keeps getting pushed to the bottom of the totem pole because of how quickly the company is acquiring and building more properties.

Of course, I also have had past mentors who have helped me grow outside of the real estate community. I have had mentors throughout my life. From coaches, to family members, to business owners, even to motivational speakers I have followed online. Each of these individuals has shaped my character, personality and my unyielding hunger to achieve greatness.

These mentors have all taught me how to handle real-world problems in my area of study. Examples that one experiences first-hand go beyond what any teacher in a classroom can teach you. All of these mentors have allowed me to share with them my current situation and my future goals; they have lent a listening ear. All of these mentors have let me pick their brains by welcoming any and all questions that came to my mind. These mentors have challenged me to step outside of my comfort zone and learn new practices that will help advance me along the way to my future self. They have all given me a push in the right direction.
IREM PROUDLY ANNOUNCES THE 2017 REME AWARDS WINNERS

It is a great honor to celebrate the winners of the 2017 REME Awards. These individuals and companies have established exceptional practices and initiatives that improve the quality of their work environment, client experiences and communities at large. All of our winners have a common commitment to professionalism, innovation and advancement of the real estate management industry. They should be celebrated—and serve as an inspiration to others within our industry to continue pushing themselves to develop industry leading initiatives and business practices.
AWARD CATEGORY > ARM OF THE YEAR
Outstanding performance by an IREM Member who holds the ARM certification
PAUL PETRULIS, ARM
LIEBERMAN MANAGEMENT SERVICES, AMO
CHICAGO

AWARD CATEGORY > CPM OF THE YEAR
Outstanding performance by an IREM Member who holds the CPM designation
PATRICIA HUTCHISON, CPM
MISSION ROCK RESIDENTIAL
DENVER

AWARD CATEGORY > AMO OF THE YEAR
Outstanding performance by an AMO Firm
FREEMAN WEBB, AMO
NASHVILLE, TENN.

WINNING INITIATIVE
Implemented EnergyDesk, a real-time energy management platform that regularly manages building systems and provides valuable performance diagnostics across 20.5 million square feet of its portfolio.

SL GREEN REALTY CORP. // NEW YORK
Exemplary corporate responsibility and contributions to the community that enhance the reputation of real estate management.

**WINNING INITIATIVE**
Developed an ongoing maintenance mentoring initiative at the House of Mercy, a homeless shelter in Rochester, along with raising nearly $6 million in funding.

**AWARD CATEGORY**
CORPORATE & SOCIAL RESPONSIBILITY
CONIFER REALTY, AMO // ROCHESTER, N.Y.

Exemplary practices that are transformational for the company, a team or program, and related to leadership development, succession planning, employee engagement, onboarding of new employees, wellness, internships/young professional engagement or corporate culture.

**WINNING INITIATIVE**
Launched its Emerging Leaders Program to cultivate the leadership ability of high value talent who demonstrated a desire to grow and a strong potential for future career success.

**AWARD CATEGORY**
EMPLOYEE & LEADERSHIP DEVELOPMENT
JLL // WASHINGTON

Innovative company business practices for sustainability programs that drive operational excellence.

**WINNING INITIATIVE**
Established the “Doing Our Part” initiative, combining resident education with physical improvements and upgrades, such as turf removal and high water-efficiency fixtures, to promote water conservation across its portfolio.

**AWARD CATEGORY**
SUSTAINABILITY PROGRAMS WITHIN THE WORKPLACE ENVIRONMENT
NATIONAL COMMUNITY RENAISSANCE // RANCHO CUCAMONGA, CALIF.
TEND TO OLD ROOTS FOR NEW GREEN

With the ushering in of a new political era in 2017, the winds of uncertainty have been constantly blowing. Even the best political pundits and Wall Street analysts do not know with any certainty whether there will be tax reforms, changes in the Federal Reserve's leadership or any other alterations to the structure of our financial systems. As a battle-scarred veteran of this industry, I remember too well the incentives that were built into the real estate business in the early 1980s by the Reagan administration, only for them to be taken away by the same administration just a few years later. With that came a long road to real estate recovery.

2018 FORECAST

We often look at sustainability as a means to become more economical and save money for property management businesses. It's true, many so-called green initiatives eventually have positive benefits on properties in the long run. But these initiatives don't have to operate in a vacuum of green. They can be supported by conventional systems that are already in place but whose efficiencies are improved, allowing for savings that can then be invested in sustainability efforts or realized as profit.

My forecast is that we will see an increasing sensitivity to operational excellence, and sustainability will enjoy measurable benefits as a result.

Even though much of the real estate industry is becoming commoditized, there will be a clear focus on enhancing income from existing mechanisms. For example, lease administration will become more scrutinized as owners and managers recognize the opportunities that currently exist in the agreements with residents and tenants in the various food groups of real estate. Everyone will win; buildings will be improved, sustainability will increase, resource consumption will decrease and the byproduct will be that less money goes towards utility companies and instead goes back into the pockets of real estate owners and tenants with more efficient buildings that have increased value.

SOLID AND STEADY

As IREM members and industry professionals, we are the marathoners of the business. The sprinters will come and go, but we will survive and thrive just as well-located, properly built and responsibly managed buildings do through terrible storms and challenging economic times.

During periods of uncertainty, sometimes it's best to work with what you have and focus on making it better. I believe 2018 can bring with it a newfound optimism for enhancing sustainability while improving buildings with the funding and financing needed coming from existing rental streams that are viewed and administered with an eye on creating benefits for everyone.

CHECK YOUR MECHANISMS

- Take a fresh look at the leases and their structures in your commercial and residential buildings.
  Many opportunities exist that will benefit ownership and occupants.
- Look at the CAM spreadsheets and formulas you use, and be more cautious to understand the base years, escalations and various other capital recovery clauses in your leases.
- When budgeting, look at the downstream financial benefits and value-adds beyond just the simple payback periods—and be ready to make the business case to package and sell these benefits to stakeholders.

EVERYONE WILL WIN; BUILDINGS WILL BE IMPROVED, SUSTAINABILITY WILL INCREASE.

JOHN KLEIN (Jklein@jdmgmt.com) is the principal of JDM Associates in Falls Church, VA.

MR. KLEIN IS ALSO THE AUTHOR OF A PRACTICAL GUIDE TO GREEN REAL ESTATE MANAGEMENT. AVAILABLE AT IREMBOOKS.ORG.
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What is the biggest issue facing your business? Is it hiring and maintaining talent? Ensuring ongoing profitability? Staying ahead of the competition? Quality control and consistency of service?

We asked two CPMs that very question, and their answers reveal much about their approaches to business and their outlooks.

How do they cope? How do they approach potential derailers of their business trajectory? In a word, it comes down to preparation, for outlook is shaped in large part by what we do now, today.

CHANGING VALUES
If Nick Schwendeman, CPM Emeritus, had to choose one issue as his biggest professional concern, he said that the continued retirement of baby boomers coupled with the new, more technologically savvy generation in the workforce, is a key issue today.

"We have tenants who are seeking to downsize as they adapt to those who either work from home, share office space or use technology to reduce the need for a brick-and-mortar presence."

Schwendeman is senior vice president of asset management for The Webb Companies in Lexington, Ky., and he said that, despite The Incredible Shrinking Office, overall vacancy in the firm's 3.3 million square feet of assets is 5 percent. (That portfolio includes industrial, retail and multifamily, in addition to office.) How does Webb as a company manage the issue? Planning and presence, said Schwendeman.

"Obviously, we seek to get as much lease term as we can from our tenants," he noted, "but I also have to recognize at some point that I have this obstacle staring
me in the face, and if I don’t work with those tenants now, they’ll work with somebody else later.

“So if I want to preserve and protect my relationships with clients, I’m going to accommodate their needs,” he said, “whether it’s helping sublet space or just flat out backfilling space when they downsize. I have to preserve the income stream for the owner.”

**KNOWING ENOUGH TO THINK AHEAD**

Similarly, Ingo Kraus, CPM, embraces planning and presence, combining them with another “P” word: proactivity. Toward that end, the biggest issue for the regional manager of Altman Management Co. Inc., AMO, in Fort Washington, Penn., isn’t sustained profitability or the competition, but the awareness and education of his staff. And he’s not shy about promoting his prime source of education. (Altman manages some 14,000 units in the Mid-Atlantic region and boasts a 95 percent occupancy.)

“It’s the marriage of experience and education that I have always taken to heart,” he said, “and it has always served me well and given me the edge I need to get over any of the speed bumps I encounter on an everyday basis. As a mentor of mine once told me, information is king.

“I know the tools I need to get, whatever issue I have,” he continued, “and IREM has always served me very well in terms of maintaining that awareness. Beyond the educational programs and resources, whenever I need assistance, I can call someone and they’ll drop everything they’re doing to help me. I’ve never seen an organization operate in that fashion. My family doesn’t even do that.”

Not surprisingly, then, the companies both men work for put a premium on ongoing education and the certifications that go along with it.

And so it should also come as no surprise that, like Schwendeman, Kraus puts a premium as well on tenant service, something he feels is in dwindling supply these days. “Customer-service savvy isn’t there like it used to be years ago,” he said. “Other cultures do a much better job than we do. We can’t rest on our laurels—literally and figuratively. So we cater to their needs.”

This encompasses attention to the details and large issues alike, including something as obvious as bilingual managers for a largely Hispanic community.

For Kraus and Schwendeman, outlook is informed by their approaches to these and other issues, the proactive armament needed to face the challenges natural to our industry before they morph into full-blown crises.

**IN ORDER OF IMPORTANCE...**

So how do they rank the “Big Four” issues we listed at the top of the story? Schwendeman doesn’t rank them at all.

“To be honest, they’re all interrelated and affect each other so much that the continued success of any organization depends on the successful management of all those issues,” he said. “We have to hire and retain the best talent. We aren’t a nonprofit so we have to be profitable. We have to stay ahead of our competition to remain relevant to our community and be the best at what we do. We can’t rest on our laurels—we have to provide quality, consistent service. That’s what keeps food on our respective tables and allows us to be of service to the great group of friends and neighbors who we also call our tenants.”

Yes, they’re all important, Kraus agreed, but he sees a definite hierarchy. “Property management is a people business,” he said, “so I’m never going to hesitate to rank ‘hiring and maintaining talent’ at the top. That’s critical. Everything else happens after hiring a quality, talented staff.”

Next comes “staying ahead of the competition,” he said, which is a direct result of “doing your homework...
and due diligence. Knowing what your competitor is doing, and why, is critical. Remember, information is king.”

Third on the list for Kraus is “quality control and consistency of service,” and those three things all add up to “ongoing profitability.”

“So, even though in the minds of owners that’s probably No. 1, I would say it’s No. 4 because it’s the inherent result of the first three items.”

There’s an old joke about asking economists about their outlooks: They’ll give you a direction or a timeframe, but they’ll never give you both. But when the global outlook is distilled down to the local level, it’s the people in the trenches, the Schwendemans and the Krauses of the industry, who have to battle business, political and economic changes toe-to-toe. Their only armament is knowledge, preparation and the awareness of what business they’re in. And maybe that’s enough to emerge victorious.

CUSTOMER-SERVICE SAVVY isn’t there like it used to be years ago. Other cultures do a much better job.”

—INGO KRAUS, CPM, ALTMAN MANAGEMENT CO., INC., AMO

In business as in life, there are the things we can control and things we can’t. Things like the economy, and its distant relative, the legislative decision-making that could directly or indirectly impact the economy.

It should come as no surprise that both Nick Schwendeman and Ingo Kraus take philosophic views of those things beyond the reach of their control. But philosophic doesn’t mean they don’t care.

“I’VE NEVER SEEN SUCH UNREST IN THE POLITICAL FORUM,” said Kraus. “THE FINGER-POINTING AND NAME CALLING ARE EMBARRASSING, AND THEY’RE A DRAWBACK TO ANYTHING GETTING DONE IN WASHINGTON. But politics doesn’t occupy a great portion of my mind. It’s important to go and vote, but I don’t spin my wheels too much about it.”

Schwendeman confirmed he is involved with the political activities of IREM and NAR. “We try to stay as in tune as we can, and we recognize that sometimes the wheels of D.C. turn very slowly, and we can only hope the decisions they render will protect our industry.”

In terms of the economy, despite the extended run of the upcycle (which itself would imply a coming downturn), Schwendeman remains confident: “It seems the fundamentals are sound. Businesses are no longer betting on the outcome like they were in the dot-com era and other times of turmoil.” And certainly that’s true as of this writing; The stock market is on fire.

“People talk doom and gloom about the change of leadership and predict that the market’s going to tumble,” he said. “But it’s been on a pretty steady climb. And while I think it’ll keep going, no one really knows for how long.”

As an AMO, Altman is somewhat protected from economic upheaval by the nature of its product. “Multifamily always seems to be the go-to investment,” Kraus said. But it’s more than that. “THE COMPANY IS VERY SMART, AND DURING TIMES OF SLOWDOWN OR RECESSION, IT FOCUSES NOT ON RAISING RENTS BUT RATHER ON MAINTAINING HIGH OCCUPANCY AND WEATHERING THE STORM.”

“Economic downturns create opportunities for companies like Altman,” he noted, “which has cash on hand or access to capital to buy properties at a discount. So I don’t necessarily look at downturns as a bad thing. As we’ve said, it’s a matter of being smart and positioning yourself.”

JOHN SALUSTR 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.
Some predictions become prophetic. Others are later mocked or chided because they were so wrong or off the mark. Recently, I read an online advertisement that indicated the emergence of a new tech sector spin-off known as PropTech—or Property-Tech—that would leave the real estate industry reeling.

**Invest in Tech to Better Invest in Your People**

Our business stands only to benefit from the emergence of technology- and app-driven support tools and systems helping to streamline and enhance our ability to understand, analyze, communicate and correspond with customers and clients. By leveraging technology to its full potential, we are able to reevaluate traditional staffing models at the corporate, regional and site levels and to better assess the soft skills needed to help drive results. Investing in and leveraging tech allows us to lower costs and improve profits, all while upping our investment in the greatest resource we have: our people.

**Small-Time Situation? No Big Threat**

Sure, small-time operators might decide to try self-managing their own investments or a small portfolio. We might also see more realtors looking to dabble in property management because there is now an app or new industry resource that can help. But as with any level of professional competition, it is often the true professionals who benefit most from the emergence of a new option in the marketplace. Realtors and sales agents have long fought Zillow and others from entering into the brokerage sphere, but Zillow's presence alone has helped take the home buying/renting process to new levels. Realtors who have adapted to this technology have leveraged Zillow as a partner, sometimes without any added expense. Managers should expect to do the same.

**Skills Pay the Bills**

Technology alone is not the solution, and during a recent transaction I was reminded why. As I met with a property manager and asked her to outline the current market rates for available units, she looked at me and said, "I don't know—the computer tells me what to charge." When I asked what nearby competitors charged, she then admitted to having not shopped the competition because, again, the computer told her what to charge. Although I was prepared with my own market data, I was shocked at the casual and seemingly lackadaisical approach to product pricing by the manager. Sure, a computer can help to maximize revenue, but knowing your product and the market as it relates to the price of your product gives you a competitive advantage that will make you more successful than any price setting solution ever will. It's the personal approach and strong interpersonal relationships that help managers thrive. Could you imagine directing frustrated customers to a computer terminal to solve their problems?

We have reached a point where we must embrace the new and the old: the best of both worlds. Our success in business and in life depends on it.
A PRESENT FOR ANY OCCASION

As the year-end holidays approach, it's time to make your gift list. Forget lush bath robes, fancy jewelry and scented candles. Expensive, unimaginative presents are a thing of the past. It's time to think outside the Tiffany box.

This holiday season, or any time of the year, a perfect gift is the gift of charity. Rita Hernandez, CPM, knows all about this:

As my 60th birthday was approaching, I began to reflect on my life. My CPM designation and participation in local and national events allowed me to have a great real estate career. Other commercial real estate associates were always impressed when finding out I was a CPM. So an appropriate thank you to IREM was to ask for donations to the Foundation in lieu of gifts for me, in hopes that others would also achieve what I was able to achieve professionally."

As a result of her selfless behavior, the Foundation received over $1,400 in donations made in honor of Rita. Rita has decided to continue her 60 for 60 Campaign through the end of the year. She is asking for $60 donations in celebration of her 60th birthday.

If you love this idea, start a campaign of your own by asking for donations to the IREM Foundation instead of birthday, wedding, holiday and anniversary presents.

The generosity shared by your friends, family and colleagues is sure to make your day. Enjoy both your special occasion and the ability to help out others in need.

Throughout the years, Rita has been an outstanding IREM Foundation Ambassador. She was introduced to the work of the Foundation by 1981 IREM President, Eugene Burger, CPM. Both are members of IREM San Francisco Bay Area Chapter No. 21. Rita is a great advocate of the work of the Foundation—particularly the scholarship program:

IREM Foundation Scholarships allow individuals interested in a career in real estate management to attend IREM courses when they may not be in a position to have their companies pay the tuition, nor do they have the financial wherewithal to pay it themselves. These individuals can still move forward with their careers with the help of the Foundation."

As you consider your year-end tax planning, we hope you will make the IREM Foundation your charity of choice. Less altruistically, but still just as important, donors need to make their end-of-year giving decisions by December 31 to qualify for a tax deduction in this calendar year.

Anyone interested in donating to the Foundation can reach the organization at (312) 329-6008 or make a donation online at www.iremfoundation.org.

KIMBERLY HOLMES (KHOLMES@IREM.ORG) IS MANAGER OF THE IREM FOUNDATION AT IREM HEADQUARTERS IN CHICAGO.
AMO HIRES JEFFREY S. SPICER AS VICE PRESIDENT & PROJECT PARTNER TO LEAD ITS EFFORTS IN TEXAS

Dominium, AMO, based in Minneapolis, has hired Jeffrey S. Spicer as vice president and project partner to lead the company's efforts in Texas. Spicer will be responsible for originating and overseeing new project development, financing and acquisitions. He brings to Dominium nearly 25 years of experience in the area of affordable housing, where he has worked to develop successful ventures in the state of Texas and across the southwestern part of the country.

"This was a unique opportunity to bring someone on board who already has great knowledge and experience in Texas," said Mark Moorhouse, partner and senior vice president of development at Dominium. "Jeff fits well within the Dominium culture and supports our core values, does work by the same professional standards and will help us to grow in this vibrant market."

Prior to joining Dominium, Spicer was co-founder and principal at State Street Housing Development in Greenville, Texas, where he developed affordable housing in Texas and the Southwest.

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AD INDEX

<table>
<thead>
<tr>
<th>Company</th>
<th>Website</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABM</td>
<td><a href="http://www.abm.com">www.abm.com</a></td>
<td>7</td>
</tr>
<tr>
<td>Honeywell Security and Fire</td>
<td><a href="http://www.maxprocloud.com">www.maxprocloud.com</a></td>
<td>47</td>
</tr>
<tr>
<td>L.C.S./Rent Manager</td>
<td><a href="http://www.rentmanager.com">www.rentmanager.com</a></td>
<td>55</td>
</tr>
<tr>
<td>Sherwin Williams</td>
<td><a href="http://www.colorsnap.com">www.colorsnap.com</a></td>
<td>7</td>
</tr>
<tr>
<td>Sullivan Branding/Housing Manager.com</td>
<td><a href="http://www.housingmanager.com">www.housingmanager.com</a></td>
<td>35</td>
</tr>
<tr>
<td>Upbeat Site Furnishings</td>
<td><a href="http://www.upbeat.com">www.upbeat.com</a></td>
<td></td>
</tr>
<tr>
<td>Yardi Systems Inc.</td>
<td><a href="http://www.yardimatrix.com">www.yardimatrix.com</a></td>
<td>Back Cover</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
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<tbody>
<tr>
<td>Kim D. Arnold, CPM</td>
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<td>Travis R. Baker, CPM</td>
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<td>James F. Baldacci, CPM</td>
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<td>Evgeny Bliznyukov, CPM</td>
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<td>Alice D. Boss, CPM</td>
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<td>Lynn D. Cassell, CPM</td>
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<td>Debra Coleman, CPM</td>
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<td>Rebecca A. Cook, CPM</td>
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<td>David Dabson, CPM</td>
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<td>Bonnie Donaldson, CPM</td>
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<td>Jesika R. Evans, CPM, ARM</td>
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<td>Jeff M. Fritz, CPM</td>
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<td>George Ghally, CPM</td>
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<td>Michael D. Giudici, CPM</td>
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<td>Edward A. Golding, CPM</td>
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<td>Diane Harvey, CPM, ACoM</td>
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<td>James Hendershot, CPM</td>
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<td>Emily P. Hidalgo, CPM</td>
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<td>Anton Kastyukevich, CPM</td>
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<td>Kimberly L. Kirby, CPM</td>
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<td>Daria Krivopusk, CPM</td>
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<td>Aleksandr Krupyshhev, CPM</td>
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<td>Marina Kukharenko, CPM</td>
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<td>Justin K. Lucy, CPM</td>
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<td>Michael D. McQueen, CPM</td>
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<td>Marian McWilliams, CPM</td>
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<td>Matthew J. Meadows, CPM, ARM</td>
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<td>Caroline M. Mehra, CPM, ARM</td>
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<td>Theresa Montgomery, CPM</td>
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<td>Erica L. Morrissey, CPM</td>
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<td>Dias Mukushev, CPM</td>
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<td>Marcelia L. Navarrete, CPM</td>
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<td>Joseph S. Pappalardo, CPM, ACoM</td>
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<td>Bradley Parker, CPM</td>
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<td>Kerin Peterson, CPM</td>
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<td>Bobbie B. Peterson, CPM</td>
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<td>Warren Raymond, CPM</td>
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<td>Benjamin D. Rearick, CPM, ARM</td>
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<td>Whitney L. Rump, CPM</td>
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<td>Alexandr Ryumkin, CPM</td>
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<td>Julie Schraeger, CPM</td>
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<td>Bradbury Sears, CPM</td>
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<td>Monica S. Sewell, CPM</td>
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<td>Bradley R. Shaw, CPM</td>
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<td>Sheila M. Spellman, CPM, ARM</td>
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<td>Craig B. Stambaugh, CPM, ACoM</td>
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<td>Deidra M. Tart, CPM</td>
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<td>Ekaterina Telyukanova, CPM</td>
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<td>Lauren C. Tyler, CPM</td>
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<td>Priscilla K. Umemoto, CPM, ARM</td>
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<td>Heidi L. Walker, CPM</td>
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<td>Stephenie R. Wendt, CPM</td>
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<td>Christine Williams, CPM</td>
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<td>Jennifer E. Worsham, CPM</td>
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<td>Jin Li Zhao, CPM</td>
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### SEPTEMBER

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<th>Name</th>
<th>Designation</th>
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<tbody>
<tr>
<td>Scott C. Aarvig, CPM</td>
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<td>Adam M. Benoist, CPM</td>
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<td>Anshu Bera, CPM</td>
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<td>Tara L. Bevelacqua, CPM</td>
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<td>Leslie R. Borges, CPM</td>
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<td>Grace Chow, CPM</td>
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<td>Serena M. Chu, CPM</td>
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<td>Kelsey E. Clark, CPM, ARM</td>
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<td>Christopher Cockerham, CPM</td>
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<td>Brenda B. Conville, CPM</td>
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<td>John Eagan, CPM</td>
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<td>Newton H. Farmer, CPM</td>
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<td>Joseph P. Fazekas, CPM</td>
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<td>Sean P. Flinn, CPM, ARM</td>
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<td>John &quot;Jack&quot; Galvin, CPM</td>
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<td>Cathy A. Hamilton, CPM</td>
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<td>Matthew Jayjack, CPM</td>
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<td>Patricia E. Jones, CPM</td>
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<td>Alisha R. Kay, CPM</td>
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<td>Anna Kaydanovskaya, CPM</td>
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<td>Matthew Knowles, CPM</td>
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<td>Megan E. Krauer, CPM</td>
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<td>Jessica M. Larson, CPM</td>
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<td>Derek Lodge, CPM</td>
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<td>Nandi N. Malindi, CPM</td>
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<td>Paulito S. Maslog, CPM, ARM</td>
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<td>Derek D. Mayo, CPM, ARM</td>
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<td>Mark R. Meskauskas, CPM</td>
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<tr>
<td>Elin B. Michel - Midelfort, CPM</td>
<td></td>
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<tr>
<td>Lisa Nesbitt, CPM</td>
<td></td>
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<td>Amy E. Colons, CPM</td>
<td></td>
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<td>Mark W. Payne, CPM</td>
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<td>Lena A. Pitt, CPM</td>
<td></td>
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<td>Ryan Planeegger, CPM</td>
<td></td>
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<tr>
<td>April E. Polimeni, CPM</td>
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<td>Jasmine E. Porter, CPM</td>
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<td>Robert Reynolds, CPM</td>
<td></td>
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<tr>
<td>Janine M. Rose, CPM</td>
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<tr>
<td>Tina Schreiber, CPM</td>
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<tr>
<td>Monica M. Starr, CPM, ARM</td>
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<tr>
<td>Michelle A. White, CPM</td>
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<tr>
<td>Reggie D. Winfield, CPM</td>
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<tr>
<td>Paige Young, CPM</td>
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<tr>
<td>Val A. Young, CPM</td>
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</tbody>
</table>
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The Bravenn Signature Residences, \textit{Bellevue, Wash.}

Vineyards at Valley View Apartments, \textit{El Dorado Hills, Calif.}

7700 France Avenue, \textit{Edina, Minn.}

The Lodge at Napa Junction, \textit{American Canyon, Calif.}

NoHo Flats, \textit{Tampa, Fla.}

The Villa at River Pointe Drive Apartments, \textit{Maumelle, Ark.}


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CHICAGO

APARTMENTS HOLD STEADY COURSE IN CENTRAL ILLINOIS

“We have two large, high-end apartment developments under construction that will be opening slowly over the next five years. That should absorb plenty of whatever extra demand we have for the coming few years. We have a stable local economy fueled by the service and medical industries, which probably led to development of the 600 units now being built.”

Grant Holloway, CPM, ARM / General Manager
Apartment Mart of Springfield, Springfield, Ill.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q2 2017 Vacancy Rate</th>
<th>YOY Change (Basis Points)</th>
<th>Q2 2017 Asking Rent</th>
<th>YOY Rent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>4.3</td>
<td>30</td>
<td>$1,332</td>
<td>4.8%</td>
</tr>
<tr>
<td>Office</td>
<td>17.6</td>
<td>0</td>
<td>$30.55</td>
<td>1.8%</td>
</tr>
<tr>
<td>Retail</td>
<td>12.6</td>
<td>80</td>
<td>$19.96</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.

DETOIT

MILLENNIALS DRIVE DEMAND FOR DOWNTOWN LIVING IN GRAND RAPIDS

“One thing we are analyzing closely is the length of stay trends. It's one thing to have strong multifamily demand downtown right now, but when turnover happens in a few years, will the demand still be there to backfill? We are currently seeing an average length of stay around 1.5 years. So, developers need to be looking into the future a year and a half at a time, to make sure units don't remain vacant.”

Anne C. Ficeli, CPM / Managing Director, Michigan, Real Estate Management Services / Colliers International, AMO
Grand Rapids, Mich.

<table>
<thead>
<tr>
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<th>YOY Rent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>2.4%</td>
<td>20</td>
<td>$97.2</td>
<td>3.2%</td>
</tr>
<tr>
<td>Office</td>
<td>23.9%</td>
<td>-120</td>
<td>$19.83</td>
<td>1.2%</td>
</tr>
<tr>
<td>Retail</td>
<td>11.4%</td>
<td>-10</td>
<td>$17.64</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.

INDIANAPOLIS

JOB GROWTH FUELS CONSTRUCTION IN INDY

“This is the best that the apartment market has been, at least in recent memory. Demand is still very high. We are off a little bit from the peaks we saw in 2013 and 2014 due to new developments that have delivered, but Indianapolis has been blessed with good job growth. A lot of tech sector employment is coming to the city, led by Salesforce. Cummins and a few other companies that are bringing in very high-paying, entry-level jobs.”

Michael Collins, CPM / Regional Property Manager
Flaherty & Collins Properties, AMO, Indianapolis

<table>
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<tr>
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<th>YOY Rent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>5.4%</td>
<td>-20</td>
<td>$823</td>
<td>3.4%</td>
</tr>
<tr>
<td>Office</td>
<td>18.4%</td>
<td>-130</td>
<td>$18.68</td>
<td>1.3%</td>
</tr>
<tr>
<td>Retail</td>
<td>15.3%</td>
<td>110</td>
<td>$15.39</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.

COLOMBUS

COLUMBUS WELCOMES MIXED-USE DEVELOPMENT

“The office market has been steady, yet growing in Central Ohio, with trending positive net absorption for nearly the past two years. The suburban market is holding its own despite some larger companies downsizing in the area. New construction in the central business district is growing, and there seems to be renewed excitement due to new, predominantly mixed-use projects under development.”

Aaron M. Dorsch, CPM / Vice President, Regional Manager
Paradigm Capital Advisors / Paradigm Properties, Columbus

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>4.2%</td>
<td>10</td>
<td>$87.4</td>
<td>2.9%</td>
</tr>
<tr>
<td>Office</td>
<td>18.4%</td>
<td>80</td>
<td>$18.95</td>
<td>0.7%</td>
</tr>
<tr>
<td>Retail</td>
<td>12.6%</td>
<td>0</td>
<td>$13.35</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.

BETH MATTSON-TEIG 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 MTOCAS@IREM.ORG.
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