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STANDING UP AND STANDING OUT

It can be challenging to hit on ways to separate your business from the rest of the pack. As soon as someone mentions using a new, effective approach suddenly everyone is jumping on that same bandwagon.

IREM's Income/Expense group wants to give you a means to establish practices that can differentiate your business from the rest. The team has been hard at work collecting and analyzing data for five different property types, and the latest statistics are now available at the IREM Store. Such data is incredibly useful for examining how different properties operate and how your properties compare, so that you can adjust accordingly and stay competitive. Get a sample of what these tools have to offer by flipping to p.40.

Our REME Awards nominees may also provide some inspiration for how you can strengthen your services. We're thrilled to share our REME Awards nominees with you. Turn to p.34 to learn more about the REMEs and the exciting things the finalists are doing to stand out.

One way some REME finalists have chosen to set themselves apart is by engaging in activities that are kind to the environment as well as to their properties. Dustin Read points out in his article on p.8, asset managers and property managers can combine the forces of their unique perspectives to develop effective strategies to support sustainability.

Hopefully these articles will get some sparks flying for you or simply confirm that you're already on a steady track. Whichever the case may be, I look forward to hearing about the steps your business is taking to distinguish itself in the industry, when I see you in October at the IREM Global Summit in Chicago.
A new rental model, co-living, is poised to change the apartment sector. Co-living basically means that strangers move in together, sight unseen, each signing their own lease for a private bedroom and bathroom but sharing common spaces. As rents soar in many desirable markets, younger renters are proving they are willing to upend the old “find-a-roommate-on-Craigslist” model that has served millions in years past. Older, mainstream apartment developers are now rushing to cash in on the trend. Co-living is already disrupting the Chicago rental market. Property Markets Group (PMG), an apartment developer operating in the Windy City and elsewhere, designed and built one of the first rental apartment buildings specifically for co-living. Certain apartments in the new building in Chicago’s Logan Square neighborhood have three bedrooms, each with its own bathroom. The common area is fully furnished, and the hall closet is oversized to fit three different individuals’ belongings. Each resident has his or her own one-year lease. Unlike traditional roommate situations, no one in the apartment is responsible for anyone else.

To be sure, the building does offer regular units, as it was difficult to find financing for a concept that is so new. Investors usually want to see a very clear rental revenue stream. The concept is the brainchild of Ryan Shear and Noah Gottlieb, both principals at PMG and both millennials.

“When we left college, there was really no place that we could live,” Shear said. “Social living, which is probably what summarizes what we’re doing, it didn’t exist. It still doesn’t exist on a mass scale.” Their buildings cost slightly more to develop than traditional apartment complexes because of the additional bathrooms and social spaces. But that can be made up in the rent, said Shear and Gottlieb. While rents are lower for each individual resident, the combined rent per apartment is higher. Such other companies as Common and WeWork also offer co-living options, but they don’t currently own or develop the buildings themselves.
Solar-powered paint capable of generating clean hydrogen fuel could turn office buildings into green power stations, new research by the RMIT University in Australia suggests. The key is a new compound that unexpectedly acts as a catalyst in a chemical reaction. First, the paint absorbs water. Then, it splits that water up into oxygen and hydrogen. Breaking apart water in that way is not new. The problem has been that it requires power to do so, which can make economically viable production of hydrogen questionable at best.

What singles out the RMIT research is the power source it is relying upon. Solar power gives the synthetic molybdenum-sulphide the energy it needs. The compound can be mixed with titanium oxide, a pigment that is already used in white paints. When in the presence of moist air, the resulting paint absorbs water and sunlight and gives off hydrogen gas.

"Our new development has a big range of advantages," RMIT lead researcher Dr. Torben Daeneke said. "There's no need for clean or filtered water to feed the system. Any place that has water vapor in the air, even remote areas far from water, can produce fuel."
WHAT NEW TECHNOLOGIES MEAN FOR THE FUTURE OF OFFICE SPACE

Changes in office environments have come fast over the last several years, with new technologies advancing digital mobility and empowering workers to demand a more flexible work environment. In turn, more and more office users have created open, collaborative workplace environments with a variety of workspaces and amenities to attract and retain top talent. A new report from Jones Lang LaSalle (JLL), titled The Future of Work, explores how to leverage disruption and manage uncertainty following fast, profound change. According to Dr. Marie Puybaraud, JLL's global head of research for corporate solutions and leader of the Future of Work project, the three game-changers affecting a company's operational excellence are: the human experience, digital technology and innovation—i.e., how collaborative and cooperative changes are in an organization.

The report further notes that one major reason for adopting a broad view is that nothing occurs in isolation anymore. The integration of digital technology with real estate is the driving force behind the changes. Now, the challenge is how to integrate disruption into a real estate strategy that engages and empowers workers to fulfill their ambitions, as well as achieve the firm's goals. Puybaraud states that addressing the human dimension requires going beyond the physical environment and reaching across all aspects of the human experience—from leadership, community life and education to salaries, personal health and corporate responsibility.

THE FUTURE OF WORK MODEL DEVELOPED BY PUYBARAUD AND HER COLLEAGUES COMPRISES FIVE INTERRELATED DIMENSIONS:

1. Harnessing digitization and rich data to enhance performance
2. Enhancing user experience through engagement, empowerment and fulfillment
3. Combining new ideas, solutions and processes to drive value creation and accelerate transformation
4. Managing spending to enable growth and enhance return on investment (ROI)
5. Optimizing enterprise resources and service delivery to increase productivity and mitigate risks

With the healthcare sector shifting more and more of its focus away from inpatient to outpatient care, a growing number of providers are moving into facilities that are in locations closer to patients. Among the most popular are shopping malls. Such partnerships are considered a victory for both the healthcare organizations and mall landlords, many of whom are dealing with higher vacancies. At the same time, malls are often situated close to major highways and other transportation, which appeals to providers. For instance, in Nashville, Vanderbilt University Medical Center opened Vanderbilt Health in the One Hundred Oaks mall in 2009, which has served as an anchor at the center ever since. Traffic from that outpatient clinic often spills over to other stores as patients and medical staff take advantage of the other offerings in the mall.

To be sure, the rise in outpatient clinics at these malls is also competition for retail health clinics, which are gaining momentum nationwide. Such facilities are considered a good alternative for routine or urgent care. Retail healthcare ventures, such as the one being piloted by Wal-Mart, are increasingly making inroads on the turf of traditional primary care providers (PCPs). In fact, analysts report that the expansion of retail health could force PCPs to step up their game in regards to patient satisfaction.
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Keep on top of the weather where you are and where you're going with MORECAST. This handy app includes features that allow side-by-side weather comparisons for two locations and let you see what's ahead in the travel route you've set, so you can plan in advance to change course and avoid hazardous conditions. You can also check out live webcam video from around the world to see what conditions look like as they're happening in real time.

**AVAILABLE ON:** iPhone, iPad, Android.
**PRICE:** Free

**DUOLINGO**
Learning a new language can be a daunting task. Duolingo makes it less so, breaking the exercise down into short, engaging lessons and challenges that are easier to absorb, thereby reducing the overwhelming feeling that can come with getting to know an entirely new vocabulary. Employing gamification, Duolingo lets you study any of 23 languages by completing lesson levels that get progressively harder, earning points and reward “lingots” as you go. How do you say “fantastic” in Romanian (or Norwegian, or Swahili)?

**AVAILABLE ON:** iPhone, iPad, Android, Windows Phone
**PRICE:** Free

**TASKER**
If you want to make your smartphone even smarter, try Tasker. It's an automation app that performs tasks within certain user-designated contexts or conditions. For example, if you want the brightness of your phone's home screen to be less in the evening than it is for the rest of the day, Tasker can make that happen for you. Or if you don't want to go through the hassle of clicking through to your music app to play your tunes, Tasker can be set to automatically turn it on when you plug in your headphones. It takes some heavy time up-front to get everything set up, but it'll save you time in the end by making many of your phone functions more efficient.

**AVAILABLE ON:** Android
**PRICE:** Free

**URGENT.ly**
Urgent.ly works similarly to rideshare services like Uber and Lyft, but instead of getting a car to pick them up, users get on-demand roadside assistance for their vehicles. Let Urgent.ly know what kind of help you need—jump your battery, fix a flat, even get a tow—and using your phone's GPS it'll offer up a list of service providers nearby, along with rates for service, and you pay for the services through the app. Additionally, it includes an accident alert feature and FamilyView, where you can connect with others and be alerted if they're in accidents, then track the progress of the roadside assistance they receive from start to finish.

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

**FAST FACTS**

The **WINE CELLAR** belonging to the Koöperatiewe Wijnbouwers Vereniging in Cape Province, South Africa, is considered to be the world's largest. It covers an area of 54 acres and has the capacity to hold **27 MILLION GALLONS OF WYN (WINE)**.

Before it became the posh city it is now, Beverly Hills was occupied by a ranch that grew **LIMA BEANS**.

**FOUR STATES**—Indiana, Illinois, Michigan and Wisconsin—are visible from the top of the **WILLIS** (formerly Sears) **TOWER** in Chicago.

The **MICROWAVE OVEN** was invented after Percy Spencer, a researcher for a company developing microwave radar transmitters during World War II, walked by a radar tube and a chocolate bar melted in his pocket.

Scuff marks from shoes can be rubbed off vinyl flooring with a clean, dry **TENNIS BALL**.
MIND YOUR VIRTUAL FOOTPRINTS

Social Media ranks in the top five ethical issues today. With technology and social media being so much a part of our lives, it is imperative that we realize how it fits with our professional ethics.

While it is common for real estate professionals to use social media to promote their businesses, some feel that what is done via their personal profile doesn’t affect their professional reputation. Well, I beg to differ. Nowadays, we should assume that they are one and the same. As IREM Members, we pledge, via the IREM Code of Professional Ethics, to “…establish and maintain public confidence in the honesty, integrity, professionalism and ability of the professional real estate manager.”

There are many ethical facets in our use of technology and social media beyond the image we create. Here are some additional areas to consider:

➢ Providers, businesses and entrepreneurs continue to define the role technology should play in everyday life and who controls the dosage. How do we fit into the mix? Do we avoid conflicts of interest when getting our next technological fix or upgrade?

➢ The ethical use and misuse of technology in the workplace remains an ever-growing concern, a paradox of sorts that we juggle daily in efforts to manage our usage. With such a focus on work-life balance and many people working from home—do we honor and respect the time of our employer and clients?

➢ How does the online community manage freedom of information versus personal privacy and confidentiality? How does the software our businesses use protect the confidentiality and financial security of our clients, residents and tenants?

Perhaps one of the biggest challenges is that the ethical principles of individuals vary from person to person. As we navigate the communal system of the internet and its behavioral standards, each participant has an ethical responsibility to “play nicely in the sandbox.”
IREM’s Real Estate Asset Management Initiative explores the points of connectivity and collaboration between the property management and asset management professions. This exploration draws upon ongoing contributions from practitioners representing real estate investment and service firms in the United States.
Real estate investment management firms and service providers across the United States, including owner-operators, life insurance companies, private equity funds, publicly-traded real estate investment trusts (REITs), direct lenders, tax credit syndicators and real estate service firms, are increasingly calling upon the asset managers and property managers with whom they work to explore ways to promote environmental sustainability and resource conservation. Some have gone as far as requiring regular reports identifying product and process improvements that concurrently meet sustainability goals and enhance property returns. The following five promotion tactics, obtained through interviews with real estate practitioners, demonstrate why this type of formalized interaction can be advantageous for many large real estate owners and operators.

By Dustin Read, Ph.D., JD
LEVERAGING UNIQUE SOURCES OF INFORMATION AND KNOWLEDGE TO REDUCE OPERATING COSTS

Asset managers frequently engage in benchmarking and reporting activities to track operating expense trends over time, across properties and in different submarkets. They use this information to determine where possible cost savings can be captured through resource conservation and to make the property managers they oversee aware of areas in need of improvement. Property managers, on the other hand, often have more extensive operational experience and a stronger understanding of building systems. This allows them to recommend corrective courses of action that are consistent with industry best practices in the event inefficiencies are identified. Thus, asset managers and property managers have access to unique data streams about properties and portfolios that do not necessarily overlap. To the extent they can forge interactions that promote the intersection and discussion of these data, performance and sustainability can potentially be improved. This requires ongoing efforts from both parties to leverage the unique sources of information and knowledge they respectively possess.

ENHANCING THE COMPETITIVE PROFILE OF PROPERTIES TO INCREASE REVENUES

In many instances, the benefits derived from collaborating on sustainability initiatives create value beyond cost savings, because they serve as a means of increasing revenues. Since asset managers are responsible for monitoring the competitive position of all of the properties in their portfolios, they must determine whether conspicuous commitments to sustainability such as LEED, IREM’s Certified Sustainable Property or ENERGY STAR® certification are likely to increase rents, reduce vacancy or enhance a property’s profile over the long term. Making these determinations is by no means an easy task, because the value associated with such certifications tends to vary across real estate markets and real estate product types. Asset managers may therefore turn to property managers for information about the market demand for certified buildings, as well as guidance about what design features, operating procedures and system improvements best cater to localized tenant demands, should “green retrofits” be deemed appropriate.

ENSURING CONFORMANCE WITH INVESTMENT STRATEGIES

Irrespective of whether sustainability initiatives are put forth by asset managers or property managers to increase revenues or reduce operating expenses, they must conform to existing investment strategies. This requires all members of a real estate management team to have a clear understanding of ownership’s commitment to sustainability, financial goals, and willingness to reinvest in properties over time. Such outcomes are only possible when the strategies developed by owners and their
Learners are communicated by asset managers to property managers through thoughtfully-crafted, property-level business plans. Planning processes tend to be most effective when they accommodate continuous and collaborative interactions between asset managers and property managers as they consider market-responsive means of promoting sustainability. Establishing strong channels of communication between these parties additionally allows for business plans to be refined as new information becomes available.

COMMUNICATING THE VALUE PROPOSITION
The unique perspectives from which asset managers and property managers approach their work puts these professionals in an excellent position to jointly communicate the value proposition associated with embracing sustainability, but in different ways. For example, property managers should be able to rely on their intimate knowledge of the properties they operate to explain why "green" capital improvements are anticipated to affect net operating income, whereas asset managers may be better suited to estimate the impact of such improvements on investment returns within the confines of prevailing real estate capital market conditions. As a result, these parties can work together to craft detailed narratives explaining how any increases in cash flows derived from investments in sustainability are capitalized into property values. These narratives can be used to support or refute such investments depending upon whether or not they are in the best interest of ownership. The management team's ability to effectively "tell the story" may determine how limited resources are allocated across real estate portfolios to achieve a wide range of sustainability goals.

PROPERTY MANAGERS AND ASSET MANAGERS
CAN WORK TOGETHER TO CRAFT DETAILED NARRATIVES EXPLAINING HOW ANY INCREASES IN CASH FLOWS DERIVED FROM INVESTMENTS IN SUSTAINABILITY ARE CAPITALIZED INTO PROPERTY VALUES.

BUILDING INSTITUTIONAL KNOWLEDGE
Finally, encouraging collaboration between asset managers and property managers in the realm of sustainability may help real estate investment management firms build durable institutional knowledge. This is important because best practices grounded in experience are still developing in the field, and much work remains to be done. Some firms have gone as far as forming "green teams" comprising asset managers and property managers, among others real estate practitioners, to more regularly explore opportunities that exist to promote sustainability and resource conservation within their organizations. Although these teams are often created to appeal to capital investors and satisfy corporate social responsibility mandates, they appear to be helping many firms formalize the ways they approach sustainability in general and influence management decisions. The existence of such teams may help firms convert ad hoc interactions between asset managers and property managers into more concrete guidelines related to sustainability.

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What happens when you redevelop a historic building to create a new urban landmark? If done right, you get an award-winning, 10-story mixed-use development with restaurants, stores, offices, residences, event space and a rooftop entertainment area. After a $300 million renovation—which preserved authenticity while focusing on environmental sustainability—the complex opened in 2014.

The 1920s building was used as a warehouse, retail store and offices until the '80s. It then remained largely vacant until this renovation. The property’s reclaimed wood floors, exposed brick and up-cycled iron details reflect its history. The windows have original glass panes, fully restored for energy efficiency. It was listed on the National Register of Historic Places and attained LEED-Gold certification in 2016.

GETTING THINGS MOVE-IN READY
An integrated facility services (IFS) provider helped the property owner/developer almost from Day One of the renovation—from conducting a walk-through where a list of needs was developed, to handling maintenance needs that arose, to presenting an immaculate facility on opening day. The IFS company handled floor and other hard-surface restoration, pressure washing, graffiti removal, window washing, painting, parking lot striping, carpet extraction and repair, grout restoration, minor plumbing repairs, detailed cleaning and staffing pre-opening events.

Once all post-construction cleanup was done, it was an easy transition to the IFS company’s janitorial experts for ongoing maintenance.

MULTI-USE TAKES A MULTI-EXPERIENCED PARTNER
Keeping everything beautiful, welcoming, safe, sustainable and functional was important for this iconic property to maintain its brand. An IFS provider with experience in many property types makes an ideal partner for a multi-use facility. They provide green cleaning, day porter, trash removal, pressure washing, periodic deep cleaning and other ongoing or specialty services for the many varied areas.

The industrial-looking facility has high, open ceilings; lots of stainless steel and glass; and original wood floors—all need special attention to keep spotless. In addition, the IFS company prepares empty spaces for showing, does pre/post event cleanup, and provides valet trash pick-up for retail tenants. Some tenants contract individually with the company for day porters and janitorial services.

TEAMWORK, BRANDING, CUSTOMER EXPERIENCE
Many janitors are public facing—serving as ambassadors who greet and direct visitors and embody the property’s brand. Besides job skills, they need excellent social skills. They must care about service excellence and feel part of the facility’s team. The property owner provides a communal room for team building activities for service workers. A collaborative culture is emphasized. Both the client and vendors understand the visitor/customer experience is paramount.

The property owner relies on the IFS partner to keep tenants satisfied and visitors coming back. During the 2016 holiday season, at least 300,000 people a month visited the complex. Tenants have sent letters complimenting the friendliness and efficiency of the service workers.

For a large, diverse, high-profile property like this, it’s vital to hire a trusted maintenance partner. The property gains value, and a great customer experience is ensured.

BILLY HATLER IS VICE PRESIDENT OF ENTERPRISE SOLUTIONS AT ABM, AND A SEASONED FACILITY SERVICES LEADER WITH A DEPTH OF OPERATIONAL, SALES, AND TECHNICAL EXPERTISE. MR. HATLER IS FOCUSED ON PROVIDING GREAT CLIENT OUTCOMES TO ABM STRATEGIC CLIENTS AND HEADING UP AN INTERNAL SPECIALIZED TEAM DEDICATED TO "OWNER OPERATED" CLIENTS.
TAX DEPRECIATION BENEFITS RELATED TO REALTY: An Update On Recent Changes

By Tim Rupert, Ph.D and Shihwee Yang, Ph.D., Northeastern University
FOR MANY REAL ESTATE INVESTMENT PROJECTS, FEDERAL INCOME TAX BREAKS AND INCENTIVES CAN HAVE A SIGNIFICANT IMPACT ON DETERMINING THE PROFITABILITY OF THE PROJECT. Some tax breaks for real estate, like Modified Accelerated Cost Recovery System (MACRS) depreciation, have remained largely unchanged over the last several decades. Other incentive provisions, like immediate expensing under Sec. 179 of the United States Internal Revenue Code, have been subject to considerable uncertainty over the last several years because Congress has routinely allowed these provisions to expire. With legislation passed at the end of 2015 (the Protecting Americans from Tax Hikes Act, or PATH Act), Congress provided some stability for a number of these provisions for tax year 2016 and beyond.

In this article, we provide an update for the tax incentives associated with real estate and associated expenses that were permanently incorporated into the federal income tax system as well as those that were simply extended for an additional period of time. An understanding of the time horizons for these various provisions should allow property managers and investors to make informed decisions and ensure the profitability of their projects. We also discuss tax changes proposed by the Trump administration that may affect tax incentives for real estate investments.

COST RECOVERY FOR TAX PURPOSES
The MACRS depreciation system allows taxpayers to recover the cost of commercial property. However, the timeline for recovering the cost through tax deductions is painfully long, as typically, this property is depreciated over 39 years (or 27.5 years for residential rental property) using straight-line depreciation. Fortunately, some of the other costs associated with realty can be expensed more quickly. In particular, three provisions offer opportunities to accelerate tax benefits. These provisions are immediate expensing under Sec. 179, bonus depreciation and qualified leasehold improvement rules. Congress made significant changes to all three provisions with the PATH Act of 2015 that will impact their use in following years.

IMMEDIATE EXPENSING
One of the primary provisions that allows taxpayers to accelerate tax benefits related to capital investments is immediate expensing under Section 179. Under these rules, taxpayers are allowed to expense the cost of qualifying property up to a dollar limit set by Congress. For tax years 2010-2015, the final dollar limit each year was $500,000, but in many cases, this limit was not determined until late in the tax year, creating substantial uncertainty for taxpayers as to the tax impact of incentives. For example, in 2015, the expensing limit was scheduled to return to $25,000 unless Congress acted to increase the limit by extending the prior law which had expired. Congress didn't pass legislation to increase the limit until December of 2015, meaning that most taxpayers would have already made decisions about purchases for the year without knowing when the associated tax benefits would be fully realized.

The PATH Act of 2015 helped reduce this uncertainty by making the increased limit on immediate expensing of $500,000 permanent. In addition, the new law provided for inflation-adjustments for these amounts to be incorporated automatically. For example, for 2016, the amount that taxpayers could immediately expense remained at $500,000, but for 2017, the amount increased to $510,000.
TO ILLUSTRATE HOW THE SEC. 179 PROVISION WORKS, CONSIDER THE FOLLOWING EXAMPLE:

Alpha Corporation operates an apartment building renting furnished apartments to executive and corporate clients on a short-term basis. During 2016, the corporation began a renovation project designed to improve the décor of its rooms. As part of this project, Alpha purchased $600,000 worth of new furniture to be used in its rooms. If the corporation elected not to use Sec. 179 on this renovation project, the furniture would be classified as five-year property, and the corporation would only be able to take a depreciation deduction for $120,000 in 2016. However, if the corporation elected to use the Sec. 179 election, it would be able to deduct $500,000 and depreciate the remaining $100,000 over the five-year useful life, resulting in a total deduction of $520,000 in 2016.2

As this example illustrates, the Sec. 179 election allows the taxpayer to accelerate $400,000 of depreciation deductions into the current year, and thereby accelerate the recognition of the tax benefits for the purchase.

While the tax benefits of using Sec. 179 are substantial, the provision does have some limits. First, the Sec. 179 election cannot exceed the taxpayer’s taxable income from the business. Second, the Sec. 179 election is subject to a phase-out for taxpayers who place considerable property into service during the year. For taxpayers who place more than $2,010,000 in service in 2016, the immediate expensing amount of $500,000 is reduced dollar-for-dollar by the excess over the threshold. Like the immediate expensing amount, the threshold for expensing is also indexed for inflation. Exhibit 1 below summarizes the amounts for each year from 2015-2017.

**EXHIBIT 1**

<table>
<thead>
<tr>
<th>TAX YEAR</th>
<th>MAXIMUM AMOUNT OF IMMEDIATE EXPENSING THRESHOLD</th>
<th>PHASE OUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$500,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>$500,000</td>
<td>$2,010,000</td>
</tr>
<tr>
<td>2017</td>
<td>$510,000</td>
<td>$2,030,000</td>
</tr>
<tr>
<td>Future Years</td>
<td>Amounts continue to be indexed for inflation</td>
<td></td>
</tr>
</tbody>
</table>

**BONUS DEPRECIATION**

In addition to the immediate expensing of the cost of purchases under Sec. 179, Congress also added some certainty about the availability of “bonus depreciation” for future years with the PATH Act of 2015. This provision allows taxpayers to take additional depreciation in the first year for qualifying property, thus further accelerating the tax benefits. For example, in 2016, taxpayers could take an additional 50 percent of the cost of qualified property as bonus depreciation.

**SPECIAL PROVISIONS FOR REAL ESTATE**

In addition to providing certainty by making the immediate expensing rules permanent and extending the bonus depreciation provisions for a limited...
period, Congress also used the PATH Act of 2015 to extend and expand some provisions that will specifically benefit owners of commercial real estate. More specifically, the PATH Act incorporated favorable provisions for “qualified real property” which includes several types of property, including certain retail- and restaurant-related improvements. But perhaps most important to many property management businesses is the inclusion of qualified leasehold improvement property as part of the qualified property.

To qualify, the improvement has to be made to non-residential property and has to meet three general requirements:

1. It has to be an improvement made by the lessee, sublessee or lessor.
2. The area improved has to be occupied exclusively by the lessee (or sublessee).
3. The improvement must be made more than three years after the building was placed in service.

Beyond these three general requirements, the tax law also specifically excludes certain improvements—such as those that enlarge the building, benefit a common area or are related to elevators and escalators—from qualifying. With these exclusions in mind, examples of qualifying improvements are likely to include expenses for interior walls and ceilings, improvements to electrical and plumbing systems, and permanently installed lighting fixtures.

For leasehold improvements that meet these requirements, the potential tax benefits are substantial, as Congress provided three possible tax breaks. First, the PATH Act permanently extended the provision that allowed qualified real property to be expensed under Sec. 179. Further, it enhanced this potential benefit by increasing the limit of what can be expensed from $250,000 to $500,000 for tax years beginning in 2016. Effectively, this change allows taxpayers to double the amount of qualified real estate that they can immediately deduct on their tax return.

Second, the qualified leasehold improvement would also be eligible for bonus depreciation. In addition, the rules to qualify for bonus depreciation are even more liberal than the rules to qualify for Sec. 179 expensing as the improvement could benefit common areas and could be made within three years of placing the building into service.

Finally, the third tax benefit that these qualified leasehold improvements received with the PATH Act is that they are eligible to be depreciated over 15 years, rather than the 39-year period that commercial property must often use.

Because leasehold improvements are often a point of negotiations between tenants and landlords, both parties should consider how these tax benefits might best be used. For example, if the lessee is a start-up business that expects to have little taxable income in the first few years, the taxable income limit on Sec. 179 may mean that they will get little tax benefit from these provisions currently. Given that either the lessee or the lessor may take advantage of these tax provisions, the property management company may want to consider incurring these costs and taking advantage of the associated tax savings in return for higher lease payments over the life of the lease.

**TAX PLANNING FOR POTENTIAL TAX REFORM**

The Trump administration and Congressional leaders have indicated they intend to pass significant reforms to the federal income tax system. Based on the proposed changes they have endorsed, property managers should consider how they might use the special provisions reviewed in this article to their best advantage. For example, the proposed changes offered by the Trump administration and Congress include a substantial cut in the tax rate for businesses, with the proposals suggesting rates as low as 15 percent. Given that businesses may currently be paying up to nearly 40 percent under the current tax law, property managers should consider using the provisions discussed in this article to not only accelerate the tax benefits but also to maximize them. By using the accelerating provisions now, they can save nearly 40 percent in taxes on these expenditures, while the tax savings in the future may be reduced to 15 percent of the cost.

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**EXHIBIT 2**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Benefits of the Bonus Depreciation Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2017</td>
<td>50%</td>
</tr>
<tr>
<td>2018</td>
<td>40%</td>
</tr>
<tr>
<td>2019</td>
<td>30%</td>
</tr>
<tr>
<td>2020 and later</td>
<td>No bonus depreciation allowed</td>
</tr>
</tbody>
</table>

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TIM RUPERT, PH.D. (T.RUPERT@NORTHEASTERN.EDU) IS PROFESSOR OF TAXATION, AND SHIAWEE YANG, PH.D. (S.YANG@NORTHEASTERN.EDU) IS ASSOCIATE PROFESSOR OF REAL ESTATE AT NORTHEASTERN UNIVERSITY IN BOSTON.

IREM.ORG/JPM / jpm / 17
Imagine being able to review your deal pipeline and instantly make decisions on the economics of a lease with the rent-per-square-foot market trends across your portfolio available at your fingertips. A single dashboard that integrates asset management, operations, forecasting, financials, construction and leasing data is a must for today's forward-thinking real estate firms. Combining reliable, accurate information with ease of use, the approach makes analytical decision-making more accessible than ever before.

Many asset managers have traditionally relied on a best-of-breed system built from niche software providers that serve the various functional categories in asset management, such as leasing and deal management, construction and development, operations and maintenance, and financials. However, sharing and normalizing data across multiple siloed systems can be time-consuming and complex. Coordinating reporting is manually intensive, making the development of an asset management dashboard from any best-of-breed approach challenging.

An alternative model calls for using a single connected enterprise resource planning (ERP) platform. Such a system can easily provide a single dashboard that integrates financial and leasing information from across the portfolio, as well as forecasting and projections. This approach eliminates data silos and the time-consuming, costly data normalization required to populate a data warehouse.

Dashboards display performance measures and metrics in charts that are drillable to the underlying data. For example, users can view a chart of upcoming expiring areas and drill to the individual expiring leases, down to the rent schedule and lease terms. They can also manipulate data and charts on the fly to gain unique insights that aren’t easily determined from static reports.

**A FULLY INTEGRATED SOLUTION DELIVERS ASSET AND PORTFOLIO MANAGERS:**

- Revenue growth forecasts gleaned from leasing deals in the pipeline
- Accurate assessment of revenue potential derived from trends in pipeline deals’ rent-per-square-foot information
- Insight into industry or tenant risk exposure from expiring area and rent determined by region, asset class or tenant industry classification
- Deployment of capital spending from construction and development projects’ forecasted costs to complete, actual expenditures to date, and budget remaining to evaluate
- Identification of operations-related controllable expenses
- Financial and leasing forecasts

Planning a successful asset strategy means evaluating the entire business including construction, development, lease deal management, maintenance and operations. The single connected solution approach also allows an organization to simplify its IT footprint, reduce total cost of ownership, and gain a comprehensive view of portfolios and assets.
Sustainability and technology go hand-in-hand. New products and solutions flow from public and private entities, and the good ones change the way we do business by creating efficiencies in processes and resources. Let's take a look at a selection of potentially impactful technologies emerging in the market.

**MICROGRIDS**

Microgrids are localized groups of energy sources that typically remain connected to the utility grid but can disconnect and function autonomously. In buildings, microgrids are combinations of onsite renewable energy production and storage, with advanced energy management technologies. Microgrids can help buildings avoid costly demand charges, protect businesses against energy market volatility and help a building achieve net-zero energy status.

**SENSOR SUITCASE**

Developed by three national laboratories, the Sensor Suitcase is a portable toolkit with sensors that gather information about how a building operates. A service provider, guided by software on a tablet computer, installs the battery-powered sensors in various locations, such as on lighting systems, near thermostats and on HVAC systems. The service provider then returns in four to six weeks and plugs the sensors back into slots in the suitcase, where they transfer data to the software. Based on the data collected, the software generates customized recommendations for improving energy efficiency, along with expected cost savings. The technology is meant to be a user-friendly, inexpensive solution for smaller commercial buildings.

**INTERNET OF THINGS (IOT)**

IOT refers to cloud-connected sensors and devices, and the real estate industry is among the early adopters, evidenced in the "smart" building movement. IOT enables precise, flexible measurement and control of everything from thermostats, HVAC controls, ventilation, lighting and a wide range of systems that impact the resource efficiency and indoor environmental quality of a property. Gartner predicts IOT in commercial buildings will grow from 377.3 million installed devices in 2015 to 1.1 billion in 2018.

**ARTIFICIAL INTELLIGENCE (AI)**

With AI, computers have the ability to act, learn and adapt in a simulation of human logic and judgment. AI applications have the potential to disrupt society to life-changing levels and fundamentally transform the ways in which we work. Self-driving cars are perhaps the most identifiable AI technology. AI will impact the real estate industry through automation of systems and processes. For example, Yardi is employing machine learning, a form of AI, in its energy efficiency solutions. Other companies are using AI to automate document processing, investment analysis and the office space search for tenant companies.

**SOLAR TECHNOLOGY**

The Tesla Solar Roof has been getting attention for its groundbreaking design and durability. While expensive, this new technology will presumably decrease in cost as more solar products that integrate into a property's architectural features come to market. In the meantime, conventional solar panels are becoming cheaper and more efficient. According to EnergySage, the cost was $8.82 per watt in 2008 and now stands at $3.36 per watt. Commercially available panels currently top out at over 22 percent efficiency, compared to less than 18 percent five years ago—representing a significant increase in kilowatt production.
THE ROOKERY'S FAMED ORIEL STAIRCASE WINDS FROM THE TOP FLOOR TO THE SECOND FLOOR OF THE BUILDING AND CONNECTS THE CENTRAL ATRIUM WITH THE LOBBY LIGHT COURT.
While staying true to its historic roots, The Rookery has evolved to meet the needs and expectations of its modern-day tenants.

By Diana Mirel
Chicago boasts some of the world’s most historic and iconic architectural masterpieces. And you can find one of its most famous architectural gems, The Rookery, in the heart of the city’s financial district.

The 129-year-old building was one of the first to usher in the age of skyscrapers—and it helped define Chicago’s leading role in architectural innovation and excellence.

Throughout its storied life, The Rookery has maintained its historical significance, while also evolving to compete with more modern office buildings.

**A LEGEND IS BORN**

Designed by renowned Chicago architects Daniel Burnham and John Root, The Rookery has a deep-rooted history.

“It is one of the oldest surviving office buildings in Chicago, and it is still considered one of the oldest skyscrapers in the world,” said Betsy Traczek, principal at the John Buck Company, which manages The Rookery.

When Burnham and Root completed it in 1888, The Rookery was immediately lauded for its modern features, including passenger elevators, fireproof construction and electric lighting. While the building stands just 11 stories tall, it was one of the tallest office buildings in the world at the time. Its design incorporated masonry and metal construction and a steel and iron inner frame, which allowed it to stand taller than most office buildings during this era.

The Rookery was also ahead of its time in its use of natural light. A central atrium surrounded by offices stands above the building’s famed light court, a two-story lobby and public space with a soaring glass ceiling. This unique design reflects natural light into the inner offices.

In 1905, legendary architect Frank Lloyd Wright made his mark on The Rookery when he was hired to modernize the building’s interior public space. Wright replaced much of the original ironwork with white marble and gold geometric patterns, painted the atrium white, added decorative urns at the base of the staircase and designed new light fixtures. His improvements simplified the design while still maintaining the building’s distinct splendor.

Since then, The Rookery—like many historic buildings—has had ups and downs. The last major renovation was completed in 1992 after a period of disrepair. During the massive restoration, the building was returned to its 1905 grandeur, and was modernized with a newly added 12th floor and updated elevators.

**MODERN LIFE**

When the current owner, The Rookery LP, purchased the building in 2008, it implemented a capital improvement plan to preserve The Rookery’s history while also continuing to bring it up to contemporary office building standards and expectations.

One of the first major improvements included an LED light installation for the entire exterior of the building. The project won multiple awards for innovative lighting design. Another impressive feat for the 129-year-old building came in 2014 when it attained LEED Gold Certification for existing buildings. The building upgraded its HVAC system and lighting; worked with tenants to utilize their spaces...
YOU CAN SEE THE ROOKERY'S architectural and historic influence up and down LaSalle Street in Chicago. Other building owners are converting these buildings for other usages or restoring them—as seen in the recent Chicago Board of Trade Restoration—rather than tearing them down.

more efficiently; diverted as much trash as possible; and implemented green cleaning programs and other sustainable practices into daily operations. The building has reduced its energy by 24 percent since 2012.

Other modernization efforts have included open office floorplans, cellular enhancements, a destination dispatch elevator system and public Wi-Fi in the lobby and library.

“We make an effort to create a modern office environment for our tenants,” said Julia Hudspeth, property manager for The Rookery. “We want them to walk into this beautiful, historic building and then find modern office spaces that you would expect in today’s new office buildings. Our owners and our management team are dedicated to juxtaposing the modern with the historic.”

A STEADY STREAM OF PEOPLE

The Rookery is also a popular tourist destination, attracting 100 to 200 visitors a day. It is a frequent stop on the Chicago Architectural Foundation and Frank Lloyd Wright Trust tours. The Rookery had 5,000 visitors in just one day during last year’s Chicago Architecture Foundation annual Open House Chicago festival, which offers people access to 200 buildings in the city. “We are an open building, and we have drop-ins all day, Monday through Saturday,” said Hudspeth.

Additionally, the building is booked almost every weekend for weddings and special events. Of course, managing this steady stream of tourists, office employees, retail customers and partygoers requires meticulous management and collaboration. The management team includes a property manager, assistant manager, door staff and a team
of operating engineers. The management team also works with an event planning company that coordinates with vendors for all private events and weddings at The Rookery.

“It’s all about working with our team to ensure we are being respectful to our tenants while also catering to visitors on any given day,” said Hudspeth.

One way the management team meets this challenge is by scheduling set times for tours of key areas, like the oriel staircase and library, and coordinating schedules with organized tour groups.

The Rookery has a concierge-focused security team in the lobby for both tenants and visitors. This team understands tenants’ needs and also shares the history and highlights of the building with visitors.

MANAGING THE PAST AND PRESENT

The management team is often tasked with both preserving the building’s past and improving its present—and future—functionality.

“We are always finding a balance of modernizing the building without compromising its architectural integrity,” said Hudspeth. “We focus on preserving it, but we also take steps forward to provide tenants with what they want and expect from an office building.”

For example, the building is currently contemplating adding furniture to the lobby to allow tenants to utilize the space as an additional amenity.

“Today’s office spaces have more open floorplans, so we thought adding furniture to the lobby would give our tenants an additional common area to work on their laptops — which is a modern trend occurring in other office buildings,” said Traczek. “The challenge is finding the right furniture and style to provide this amenity while also honoring our historic lobby.”

As a symbol of Chicago’s past and present, The Rookery is an architectural masterpiece that continues to make its mark on the city, its residents, visitors and the people who work in and with the building every day. “There is such a sense of pride in working with a building that is so treasured; it is a historic jewel box,” said Traczek.
I can remember a time not too long ago when I would be hassled (mostly lovingly) by older friends or colleagues.

"You millennials and your phones," they'd say.

Fast forward a few years to present day and that statement would be, "Everyone and their phones." And all for good reason. While I'm not dismissing the importance of social interaction, today we are able to run our businesses and our lives from the press of a button in the palm of our hands. So there is great emphasis on how to help streamline and improve the choices, decisions and experiences we face on a daily basis. Needless to say, many of these evolve around banking, budgeting or other related services. So with the emergence of FinTech (financial tech) as one of the fastest growing markets for venture capital, consumers have much to gain and even more to save.

But technology is more than merely apps and automation, it is also innovation and creativity. Banking, lending and investment services are not just being optimized for your smartphone, they are being tailored to fit the user—and in the process, cutting out the middleman and saving you time and money. But they're also changing the game by writing new rules and creating an entirely new playing field. From peer-to-peer lending sites such as Asset Avenue, Upstart or SoFi, to products like Domusco that allow renters to finance their move-in expenses for a low rate, there is outside interest in the real estate and financial services space and it's causing bigger and more traditional competitors to innovate as well. Chase Commercial Term Lending, for example, is working on a platform to underwrite and give a go or no-go decision in less than two weeks. Now that's doing deals at the speed of life.

How are you adjusting your own business practices and tech platforms? Forget the website, that's so 2001. Do you have a company or property-based app? You should. Are your operational platforms easily accessible by customers, clients and associates on mobile devices? They should be. Statistics show that more than 125 million consumers in the United States own smartphones and more than 50 million own a tablet or similar device. More than 62 percent of these smartphone users have made a purchase using their device in the last six months, and more than 80 percent of these users conducted research on a product by consulting reviews or comparing rates and prices based on a GPS location while in a retail establishment. You see, some things don't change—it's still about location, location, location. And being accessible helps you turn your likes into leases.
Public accommodations have been interpreted to now include websites and apps

By IREM Government Affairs Staff

Signed into law in 1990, the Americans with Disabilities Act (ADA) has been one of the most comprehensive steps toward providing equality for millions of Americans living with disabilities. The ADA has undergone many changes and expansions, not only through amendments and judicial interpretations but also through the rulemaking process. Since it was first enacted, the United States Department of Justice (DOJ) has continually published rules defining what it means to be in compliance with the Act.

One of the most recent accessibility issues to be addressed by the DOJ stems from Title III of the ADA, which covers certain private examination and certification centers, commercial facilities and places of public accommodations—restaurants, convention centers, retail stores/shopping centers, medical facilities, parks, day care centers and private schools.

Just as Title III requires properties to be accessible to people with disabilities, some are arguing that websites are covered as well—but unlike brick-and-mortar accessibility regulations, nothing specific to websites is in place. Without uniform criteria to build a website, ensuring accessibility can become a guessing game.

WEBSITE ACCESSIBILITY SUITS

While not as prevalent as lawsuits pertaining to brick-and-mortar businesses, there has been a steady increase in website accessibility suits, and they have shifted their focus to retailers. From 2010 through 2015, only 11 percent of the businesses targeted by a website accessibility lawsuit were retail, but of the 244 lawsuits filed between January 2015, and October 2016, 60 percent were retail.

The courts have already interpreted public accommodations to include websites and mobile apps but have been split on which websites the ADA applies to. In Morgan v. Joint Administration Board, Retirement Plan of the Pillsbury Co., and American Federation of Grain Millers, AFL-CIO, the Seventh Circuit Court held that a website does not require a physical presence in order to be subjected to ADA accessibility requirements. Conversely, the Ninth Circuit Court ruled that the website in question must be tied to a physical location in order for the ADA requirements to apply.

The courts have continued to take conflicting positions regarding website accessibility. In March 2017, the U.S. District Court for the Central District of California dismissed a case brought against Domino’s Pizza LLC, instead deferring to the DOJ, citing the “primary jurisdiction doctrine,” which allows a court to dismiss a case when an administrative agency has specialized knowledge regarding the case that may be used to render a more accurate decision. When this doctrine is invoked, the court will stay its decision pending an administrative ruling from the agency. To further complicate the matter, just a year prior, a Massachusetts federal court rejected the primary jurisdiction doctrine in two requests to dismiss website accessibility suits.

June 13, 2017, marked the first time a federal court ruled that a non-accessible website violates Title III of the ADA. In a 13-page decision, Florida District Court Judge Robert Scola found in favor of the plaintiff, a blind man who uses screen reading software, because he was unable to use the Winn-Dixie (a regional grocery store) website to download coupons, order prescriptions and find store locations. The decision stated that whether or not the website itself was covered by the ADA was irrelevant because downloading coupons, ordering prescriptions and finding store locations creates a nexus between the website and the store. Since using the website could have such a meaningful impact on a shopper’s ability to take full advantage of the services offered by the store, it was therefore covered by the law.
In addition to having to pay the plaintiff's attorney's fees, the court issued an injunction requiring Winn-Dixie to make its website more accessible to people with disabilities. Since there is not an established standard for Winn-Dixie to adhere to, the judge is requiring the website to comply with the "Web Content Accessibility Guidelines (WCAG) 2.0," an international standard for web accessibility published by the World Wide Web Consortium (W3C). The WCAG 2.0 has been cited in the past by the DOJ as a standard businesses should strive for.

While there is not a rule in place specific to website accessibility, the DOJ has been addressing the issue for some time. In 2010, the DOJ published an Advance Notice of Proposed Rulemaking titled Nondiscrimination on the Basis of Disability; Accessibility of Web Information and Services of State and Local Government Entities and Public Accommodations to begin soliciting comments to help shape the rulemaking process, which has been heavily influenced by the WCAG 2.0. Since then, the DOJ has been working to formulate rules to ensure certain institutions provide equal web access to people with disabilities that hinder their ability to use the site, such as vision or hearing impairments. Currently, the rule would only apply to Title II of the ADA, which covers state and local governments, but the DOJ has signaled it may extend the application of the rule to Title III sometime in 2018.

On April 28, 2016, the DOJ withdrew the Notice of Proposed Rulemaking, then the following day issued a Supplemental Advance Notice of Proposed Rulemaking (SANPRM) titled Nondiscrimination on the Basis of Disability; Accessibility of Web Information and Services of State and Local Government Entities. The SANPRM was published to solicit more comments in hopes of fully addressing the concerns of both industry stakeholders as well as disability advocates. In August 2016, the DOJ extended the comment period from August 8 to October 7 to allow the public more time to prepare comments. As of June 2017, work had not begun on extending the website accessibility rulemaking process to Title III. With a new administration in the White House that has voiced concerns about regulatory burdens, many believe work may be delayed, if not completely halted.

FOR MORE INFORMATION ON what you can do to protect your business, visit www.IREM.org/Public-Policy, where you can find the IREM Legislative White Paper, ADA Website Accessibility and Your Business: Be Protected and Prepared, containing additional information and best practices.
HALIFAX, NOVA SCOTIA, has a rich history that won't soon be forgotten, especially if the local population has anything to say about it. Settled by the British in 1749, the city is situated along the Halifax Harbour, one of the biggest natural harbors in the world. As a result, Halifax has always had a special bond with the sea, and this maritime history—which includes serving as the processing port for immigrants to Canada—is an important aspect of the city's identity. Even as Halifax faces its current development boom, local developers and property managers make it a priority to preserve the city's distinctiveness as a maritime hub and the gateway to Canada.

A HISTORY OF REBUILDING
Up until World War I, Halifax was well known as a prospering metropolis much like Boston and other major harbor cities, but in December 1917, everything changed. The SS Mont-Blanc, a cargo ship filled with dynamite and benzene, a highly volatile mixture, crashed into another ship while sailing in the Halifax Harbour. The benzene ignited, and the resulting explosion destroyed the majority of the city. In fact, the blast was the largest man-made explosion prior to the detonation of nuclear weapons.

The city had to be significantly rebuilt after this disaster, and the mentality to preserve what survived and make it stronger continues to characterize Halifax's real estate.

SPECIAL THANKS to Bruce Basset, FRI, Ernie Buote, FRI, Dawn Dauphinee, FRI, Lori Smith, Stacy Wentzell, FRI, and Theresa Salsman, CPM, ARM for their contributions to this article.
“The Halifax explosion is a significant event in our history, specifically for the way it affected the look of the city,” said Dawn Dauphinee, FRI.

Buildings can be characterized as those from before and those from after the explosion. Along with traditional building materials, a new type of stone, introduced after the explosion, became a fixture of the Halifax look. Hydrostone, named after a special type of concrete block resistant to fire, for example, was used to rebuild an entire neighborhood.

MANAGING TODAY’S PROJECTS

“Taking on management of a heritage property is certainly a lengthy process,” said Theresa Salsman, GPM. “The Halifax Regional Municipality (HRM) holds property managers and owners to strict guidelines when it comes to heritage properties. Owners and property managers are required to submit detailed applications for any work to the building’s exterior for Heritage Staff Review. The application has to include a site plan, an elevation drawing for each facade to be altered, and current and historical photographs. If Heritage Staff are unable to approve the application based on the guidelines, the application is forwarded to the Heritage Advisory Committee for Review. If the committee does not recommend approval, the application may be forwarded to the HRM Council for review. Needless to say, it can delay the project.”

Having to deal with the red tape of a heritage site certainly can prove frustrating and expensive for property managers and developers, but market demand to live and work in such properties encourages real estate practitioners to take them on. The city is dotted with both commercial and residential sites carefully built to preserve historical structures.

One such example is the RBC Waterside Centre, a new property near the downtown boardwalk. Occupying an entire city block, the Waterside Centre was built on the site of the existing 19th century commercial building already standing on the site. Although these buildings were destroyed to make room for the modern, nine-story retail and office building, the original facades were preserved in order to retain the original look, and it is now one of the only entire blocks of heritage buildings in Halifax that remains intact.

Opened in 2014, the RBC Waterside Centre represents the city’s compromise to move ahead with developing cutting-edge facilities while still preserving the look of Halifax’s traditional buildings.

The property was built with state-of-the-art technology, ensuring energy efficiency and maximum use of space. Some features include an automation system which monitors air quality, smart building temperature controls, and passenger car elevators in the garage.

According to Lori Smith, manager, Public Affairs, Atlantic Canada, RBC Bank, “We see Waterside Centre as a wonderful marriage of past and future. It allows us to stay in the downtown core which is close to our historical roots—RBC began as the Merchant’s Bank of Halifax in 1864 on the waterfront just down from where we are now. It is accessible and convenient for our clients and employees who were accustomed to our previous location. It gives us unparalleled visibility that comes through naming this world class building, which was also the first new office structure in the city in almost 20 years. And choosing a Leadership in Energy and Envi-
Montréal, August 30th, 2018

Meeting of the Real Estate Institute of Canada, taking place in Montréal, to attend the 2018 Region 14 Conference and the Annual General Meeting, will see the evidence that Halifax has its own special blend of modernity and preserved culture that makes the added challenges worthwhile.

"For modern clay conveniences and updated spaces. However, with just a short walk along the boardwalk or through one of the preserved downtown streets, it is easy to see the evidence that Halifax has its own special blend of modernity and preserved culture that makes the added challenges worthwhile."

From a residential standpoint, the Garden Crest Apartments structure was the first apartment building in Nova Scotia and one of the earliest in the country, earning it municipal heritage property status on December 16, 1986, and provincial heritage property status on October 16, 1989. The newly opened Garden Crest Condominiums is an upscale condominium property built on the site of the original structure.

During the demolition and rebuilding process, the front facade was the only part of the original apartment building left standing. Due to its multiple heritage designations, the Halifax Regional Municipality was adamant that the facade be preserved and incorporated into the new structure, despite the developer’s offer to complete an architectural survey and build an exact replica. The developers preserved the original building facade by attaching the more contemporary style tower to the back, with an entryway to pass from old to new—a perfect metaphor for this modern city that remains devotedly loyal to its origins. “All and all a very challenging project, yet the finished product has become one of Halifax’s finest condominium projects,” said Stacy Wentzell, FRI, who served as the sales broker.

A beautiful city with a fascinating past and a bright future, managing property in Halifax is no easy feat. Property managers must walk the thin line between preserving the historical significance of the property and meeting the needs of tenants for modern day conveniences and updated spaces. However, with just a short walk along the boardwalk or through one of the preserved downtown streets, it is easy to see the evidence that Halifax has its own special blend of modernity and preserved culture that makes the added challenges worthwhile.

The Nova Centre, a one million-square foot mixed-use property scheduled to open at the end of 2017 in downtown Halifax, exemplifies the city’s belief to always pay homage to its past while building for the future. The developers of the center describe the complex as an “urban centerpiece,” composed of two business towers housing a convention center and hotel. The space between the towers will serve as a square with restaurants and shops. Despite its modern purpose and look, there are maritime elements in the design to mark Halifax’s history, including the modern glass towers designed to resemble the ships that pass through the Halifax harbor.

The Halifax office market currently has 15.9 percent vacancy (according to Colliers International’s 2017 Q1 Report) and the expected completion of the Nova Centre will add 250,000 square feet of office space (30 percent is pre-leased) to the available space downtown. According to Theresa Salsman, CPM, some shuffling of office tenants will happen as tenants opt to move up a notch from their current spaces.

“Existing landlords near the Nova Centre site need to be quick to secure tenants and creative in their strategies to retain existing tenants, given the supply of available space the Nova Centre will add,” she said.

MARK YOUR CALENDARS
now to attend the 2018 Region 14 Conference and the Annual Meeting of the Real Estate Institute of Canada, taking place in Montréal, **MAY 29-31, 2018.**
POOR
EMPLOYEE
PERFORMANCE?
START WITH ESMs FOR THE SOLUTION

The report due yesterday hasn’t been turned in. The lobby’s cleanliness doesn’t meet your expectations. And the order for blinds hasn’t been placed. But why? The reason(s) for poor performance must be identified so the work can be corrected. The cause, however, may not be the one you initially think.

Responsibility for poor performance is typically first placed on the employee doing the work. However, the first point of investigative reflection should be to the worker’s supervisor, not the worker. As the supervisor is the delegator, and ultimately the judge of the work, the assessment should start there, because work outcomes are directly influenced by the way jobs are described and assigned.

In helping clients improve the performance of their staff, I hold private interviews and discuss job responsibilities with key personnel and I, too, frequently find they are not clear about what is expected of them and how their performances are evaluated. In fact, it’s very common for me to find that employees don’t thoroughly understand many of their responsibilities in the same way as their supervisors do. To help correct such a situation, I’ve identified three conditions that should be met.

**EXPECTATIONS, STANDARDS AND MEASUREMENTS (ESMs)**

ESMs are the Very Important Phrases (VIPs) that must be addressed upon initial hire and when delegating work that has not previously been done correctly by the person given the assignment. They are similar to the concept of a scope of work and specifications for contractors, and using them greatly increases the chances of success. The seriousness and complexity of the work will determine how in-depth each of them must be addressed and how they should be monitored and confirmed.

**EXPECTATIONS:** What exactly is required to be done? What methodologies are to be used, or is it up to the employee? What results are expected? Is the desired performance realistic; has it ever existed?

**STANDARDS:** How well are they required to do the work? What level of quality is expected? How long should the work take? What tools or resources should be used and how?

**MEASUREMENTS:** How will success be evaluated? What measurement(s) will be used? Consider quantity, quality, cost and timeliness. Will work be progressively monitored or checked at the end?

**EXAMPLE OF A/R ENTRY ESM:**

**E:** Mark back of checks with date received, apply the deposit stamp immediately upon receipt and store in locked drawer.

**S:** Enter rent payments into Yardi software within eight business hours of receipt of check, following all procedures outlined in the SOP manual. Deposit within 24 hours of posting.

**M:** Performance will be measured by comparing the A/R report and bank statement deposit records to verify ESMs were met with 99 percent accuracy.

If, after careful investigation, it’s determined an assignment’s ESMs were given thoroughly and accurately—and it’s confirmed the employee understood them—then it’s time to look to the employee and assess his level of knowledge, skill and abilities. Until then, the next time an employee’s performance isn’t meeting performance criteria, remember this: ESMs are VIPs.
SWEEOPOVAC

Sweeping up all the spills, crumbs and food droppings in the kitchen and reaching for your dustpan or vacuum is a thing of the past. With the Sweepovac, you can grab your broom and sweep dust, dirt and pet hair directly into a discreet kitchen vacuum at the base of your cabinets. With a push of a footswitch, Sweepovac sucks all the swept food droppings right into the vacuum container. The DIY installation is easy: Cut the cabinet to the specs of the attached template, plug it in and you’re ready to go.

PRICE: $199.99 / www.sweepovacusa.com

AMAZON DASH WAND

With Amazon’s acquisition of Whole Foods, Amazon Fresh is the latest in the online grocery delivery market. The Amazon Dash Wand—a little gadget that magnetically sticks to your fridge and can scan barcodes—assists you in virtually adding grocery items to your cart via Alexa voice-guided shopping. Feeling the last few ounces in that milk jug? Scan the barcode and it’ll be automatically added to your cart.

PRICE: $20 (comes with $20 Amazon gift card credit for Prime members) / www.amazon.com/Amazon-Dash-Wand-With-Alexa

BEVEL

When 2D is just not enough to capture a photo to share with all your friends, reach for your Bevel phone attachment and capture a 3D picture worthy of a revolution. Bevel takes 3D photographs of objects with your phone and sends them as regular attachments to friends and business associates to view on a browser. If a 2D picture is worth a thousand words, how many descriptors can a 3D picture yield?

PRICE: $89 / www.bevel3d.net

XTEND & CLIMB

If your storage space is at a premium, the last thing you want taking it up is a big, cumbersome ladder. But a high quality, reliable ladder is often a necessary piece of equipment to have handy. Thankfully, Xtend & Climb’s Pro Series Elite telescoping ladders can get you up to almost 20 feet in height and then collapse down to 36 inches. The rungs are widened to three inches for more standing comfort during longer jobs. And with a rating of up to 250 lbs., these ladders can not only support a heavy load but are portable enough to stash in the trunk of even the smallest car.

PRICE: $389 / www.xtendandclimb.com

ALEX LEVIN (ALEVIN@IREM.ORG) IS DIRECTOR OF IT FOR IREM HEADQUARTERS IN CHICAGO.
ECOBBEE4 THERMOSTAT SYSTEM

The Ecobee4 Thermostat system is very good at what a thermostat is supposed to do. Rather than managing temperature from the one location where it's placed and only controlling conditions in that spot, it communicates with sensors placed in other rooms, so the temps in those areas can be regulated, too. And used with the mobile app, you can regulate remotely and even get reports on your energy use. But Ecobee4 goes beyond temperature control by building Amazon Alexa Voice Service into the thermostat. With that, Ecobee4 also manages tasks that thermostats aren't usually responsible for, like helping you create your grocery list or a new music playlist.

Price: Thermostat: $249, Sensor two-pack: $79
Get more information at www.ecobee.com

AQUABOY® PRO II

It's easy to forget that a certain percentage of the air around us is water. But the people at Atmospheric Water Solutions, Inc. haven't forgotten; they've leveraged that science to create the award-winning AquaBoy Pro II Air to Water Generator. Using a multi-filter process, it pulls in air, filters out dust and micro particles, then pulls the water vapor from that air and condenses it to liquid. From there, the water is passed under multiple UV lamps and put through more filters, until it produces great tasting chlorine-, fluoride- and lead-free water.

Price: $1,849 / Get more information at www.atmosphericwatersolutions.com

MEETING OWL
ROBOTIC VIDEO
CONFERENCE CAMERA

Help remote meeting attendees feel more like they're part of the home base action with the Meeting Owl Robotic Video Conference Camera by Owl Labs. Equipped with a 360-degree lens and eight omnidirectional microphones, it captures audio and video from the entire room when placed in the center of the conference room table. Meeting Owl is compatible with most web-based videoconferencing applications and also includes software that can incorporate the video feeds of those not present for a truly inclusive experience.

Price: $799 / Get more information at www.owllabs.com

KETER WESTWOOD
PLASTIC DECK STORAGE

It's beneficial when your storage vessels can not only be used for other purposes but also stay pretty while fulfilling their functions. The 150-gallon Keter Westwood Plastic Deck Storage is made of UV-protected plastic resin that's designed to look like slatted wood, so it'll hold up against harsh outdoor weather conditions and still maintain an attractive appearance. In addition to giving you substantial space to stash your patio or pool accessories, it provides comfortable seating for two adults.

Price: $170
Get more information at www.keter.com
PRESENT

THE 2017 IREM REME AWARD FINALISTS
IREM

is excited to announce the finalists for the 2017 REME Awards, recognizing excellence in real estate management. This year’s finalists run the gamut from regional to international in scope, covering both residential and commercial sectors, and they hail from around the globe. But what they all have in common is a commitment to professionalism, innovation and advancement of the real estate management industry.

The REME Awards celebrate greatness in real estate management through:

- Highlighting companies and individual practitioners for innovative, leading-edge business practices and initiatives.
- Sharing successful programs and fostering further innovation within the real estate management industry.

The finalists demonstrate exceptional practices and initiatives that improve the quality of their work environment, and the experiences for their clients and their communities at large. There’s no better way to highlight and celebrate real estate management excellence than through the REME Awards program.

"Reviewing the many varied and outstanding submissions for the REME Awards from across the country and beyond was a most interesting and exciting task for the judges. Passion and excellence are truly alive and well in our industry. We should be proud of all of those who submitted and their fine accomplishments,” said Saadat Keshavjee, CPM, CMOC, REME Awards Advisory Board Chair, with Amhurst Property Management, in Calgary, Canada. “A special thanks to all participants for taking the time to submit, and congratulations to the finalists.”

“IREM is proud that the REME Awards provide the opportunity to showcase both practitioners and companies that are doing great things for our industry. To be able to highlight their innovation, creativity and excellence is an honor,” said Mike Lanning, CPM, IREM President, with Cushman & Wakefield, AMO, in Kansas City, Mo. “We hope the finalists and winners can inspire others within the industry to continue to push themselves to develop new workplace initiatives and industry leading business practices.”

The REME Awards winners will be announced among the finalists at the Inaugural Gala Dinner and REME Awards celebration during the IREM Global Summit on October 13 in Chicago. Join us for the festivities.
Recognizing Real Estate Management Companies

**CORPORATE INNOVATION**

Innovative programs related to technology, customer service or marketing that are transformational for the company as a whole, a team or a program.

Brookfield Properties
Houston
DesignHive is a collection of four, forward-thinking office suites that showcase the “workspace of the future,” as envisioned by four award-winning Houston architecture firms in a competition-type campaign. The project aims to broaden the spectrum of potential tenants in downtown Houston through progressive design and focus on the flexibility and collaboration that can be achieved in a high-rise building.

SL Green Realty Corp.
New York, NY
SL Green 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 has committed to a 30 percent reduction in greenhouse gas emissions (GHG) from base building systems and common areas across seven buildings and to support this, developed an automated web-based tool within EnergyDesk to calculate, track and create monthly reports on GHG emissions.

Step Ahead Properties Ltd.
EDMONTON, Alberta
Step Ahead Properties’ Westgate Container 2.0 Project repurposed used shipping containers to construct a three-story engineered steel building of luxury apartments. This innovation offers a green choice for all stakeholders, reduces construction costs compared to conventional construction, and allows for reduced build times. It also busts the myth that shipping containers have to appear “boxy” and “cold” while supporting greener practices of reusing containers that continue to pile up from Asian imports in the West Coast of North America.

**CORPORATE AND SOCIAL RESPONSIBILITY**

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

Balfour Beatty Communities (BBC), AMO
Malvern, Pa.
Balfour Beatty Communities Foundation is a non-profit organization that principally focuses on supporting the post-secondary educational goals of military residents who live in communities owned and managed by BBC. The program awarded 49 scholarships to deserving students-to-be and current students for the start of the 2017 school year, all funded through one event, Swing for Scholarships, an annual golf outing that attracts sponsors and participants from across the country.

Conifer Realty
Rochester, N.Y.
Conifer Realty lead the development, fundraising and construction for the House of Mercy, a homeless shelter in the city of Rochester, N.Y. Not only did Conifer raise nearly $6 million in funding for the new shelter, they also developed an ongoing maintenance mentoring initiative. The mentoring program will offer Conifer’s best practices and staff training to the House of Mercy, ensuring the facility is a clean and respectful living environment for years to come.

MPS Shanghai Co. Ltd.
Shanghai
MPS has published its “Corporate Social Responsibility (CSR) Report” since 2015, emphasizing key management principles of “Diligence, Discovery, Care and Perfection.” CSR events for the MPS-managed CICC building include educating office workers about dementia and engaging with dementia patients to aid their recovery; organizing a volunteer fire brigade of office workers to aid in building evacuation and early-stage firefighting processes; and establishing a specialized nursing room to provide working mothers with a comfortable environment for child care and breastfeeding.
Weigand-Omega Management  
Wichita, Kan.

Through its My Neighbor’s Keeper program, Weigand-Omega asks its associates, apartment residents, commercial tenants and vendors to help their neighbors via three primary channels: a Stewardship Mission, supporting charitable organizations that participants believe in; The Pulse, serving associates and their families who have encountered difficult life trials; and Cause Champions, helping associates personally grow through service to others and aiding their communities through collective service. This initiative has expanded the “family feel” of their business to on-site property teams in the 13 states where Weigand-Omega operates.

Cushman & Wakefield, AMO  
Washington, DC

Cushman & Wakefield’s cwED initiative is an internal education program, developed and delivered to personnel on multiple levels and aimed at enhancing career development, identifying future leaders and creating a network of resources for Asset Services members. Core classes include: How to Prepare Operating Expense Reconciliations; Disciplines of Engineering; and Lease Administration. To date, cwED has provided education for almost 3400 employees through core offerings and Lunch and Learn programs, and has assisted 25 employees with obtaining industry designations.

JLL  
Washington, DC

The JLL Mid-Atlantic Property Management Group launched its Emerging Leaders Program to cultivate high-value talent who demonstrated a desire to grow and a strong potential for future career success. Eighteen property management professionals, including property administrators, assistant general managers, lead engineers and assistant chief engineers, participated in the program’s pilot; 70 percent earned a promotion during the course of the program. Leadership lessons came in various forms: book discussions, property tours, private sessions with Senior JLL Leaders (including the global CEO), workshops presented by professional speakers and in-house training facilitated by JLL Emerging Leaders Coaches.

Kings County Housing Authority (KCHA)  
Tukwila, Wa.

In an effort to prepare emerging leaders for future career opportunities, increase synergy and enhance company culture, Kings County Housing Authority launched Speakers of the House, an employee-only chapter of Toastmasters. The program allows members to focus their speeches on work-related topics and produces an atmosphere of mutual purpose, encouraging employees to build relationships within their own organization. Through this initiative, KCHA created a space to encourage staff growth and enhance communication and leadership skills.

SUSTAINABILITY PROGRAMS  
WITHIN THE WORKPLACE ENVIRONMENT

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

NAI Elliott, AMO  
Portland, Ore.

NAI Elliott achieved a Gold Certification from the City of Portland’s Sustainability at Work Program by promoting green office practices. New initiatives include paperless payment options for tenants, composting systems, advanced recycling systems and solar panels for their offices. NAI believes the certification supports a larger initiative to influence green practices in their managed properties. Since their property managers live and work in sustainable environments, they are familiar with and can therefore suggest sustainable practices for the properties they manage.

"Passion and excellence are truly alive and well in our industry."  
—SADAT KESHAVJEE, CPM, CMOC, REME AWARDS ADVISORY BOARD CHAIR

IREM.ORG/JPM / JPM / 37
National Community Renaissance (National CORE)
Rancho Cucamonga, Calif.

National CORE’s “Doing Our Part” initiative combines resident education with physical improvements and upgrades such as turf removal and high water-efficiency fixtures to promote water conservation. Through these physical enhancements, National CORE saved 11 million gallons of water in the first six months of implementation. To date, nearly a quarter of a million square feet of turf has been replaced with drought-tolerant plants. Installation of high-efficiency toilets, shower heads and flow restrictors saved 26.6 million gallons of water per year. Installation of high-efficiency front load washers saved 9.3 million gallons of water per year.

Welltower Inc.
Dallas

Welltower developed the “Green Arrow Sustainability Program” to reduce energy, water and waste year-over-year for its 260 outpatient medical facilities. The program’s initiatives, like building usage reports to identify problems such as water leaks, stuck valves and offline building systems, have resulted in an average 13 percent energy reduction and cost savings of over $700,000 in just two years. The program has also been instrumental in bringing more awareness of sustainability best practices to team members and over 1,300 tenants.

AMO OF THE YEAR
Outstanding performance by an AMO Firm

CBRE of VA Inc., AMO
Norfolk, Va.

Founders 3, AMO
Milwaukee

Freeman Webb Co., Realtors, AMO
Nashville, Tenn.

IREM is proud that the REME Awards provide the opportunity to showcase both practitioners and companies that are doing great things.
—MIKE LANNING, CPM, IREM PRESIDENT

INDIVIDUAL CATEGORIES
Recognizing Real Estate Management Practitioners

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

Patricia Hutchison, CPM
Mission Rock Residential LLC, AMO
Denver

Julia Paluka, CPM
The RMR Group
Denver

Velda Simpson, CPM
Kairos Development Corporation
Cummings, Ga.

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

Maria Bailey, ARM
Berkshire Property Advisors
Alpharetta, Ga.

Paul Petrulis, ARM
Lieberman Management Services Inc., AMO
Chicago

Kimberly Sisco, ARM
Klingbeil Capital Management
Montgomery Village, Md.
The IREM® Global Summit will deliver a reengineered, contemporary conference experience for commercial and multifamily property and asset managers. The Global Summit is the only event designed for real estate managers in all facets of the industry. Quite simply, it's where the best in the business will gather.

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THE IREM INCOME/EXPENSE ANALYSIS STUDIES HAVE BEEN INVALUABLE RESOURCES TO REAL ESTATE MANAGEMENT PROFESSIONALS FOR OVER 60 YEARS.

They are designed to help industry players—from property owners and managers, to investors, appraisers and lenders, to developers and others real estate professionals—evaluate and optimize building performance, providing data to support crucial decisions about their properties. The reports offer indispensable aid for building better budgets by identifying ways to trim waste, addressing inefficiencies and making needed improvements, preparing feasibility studies, appraisals and loan requests, and much more.

The 2017 release of IREM's five Income/Expense Analysis reports covers statistics for five property types: Conventional Apartments; Office Buildings; Shopping Centers; Federally Assisted Apartments; and Condominiums/Cooperatives/Planned Unit Developments. The following are highlights from these new publications.
The Income/Expense Analysis: Office Buildings research study, conducted by IREM since 1976, analyzes operating income and costs of almost 2,500 private-sector office complexes—some containing multiple buildings—in major metropolitan areas and regions in the United States and Canada. Additionally, it contains financial data that is broken out separately for 501 medical office buildings.

**HIGHLIGHTS**

- **Total collections** for suburban office complexes nationwide in 2016 remained virtually unchanged at $19.76 per square foot of net rentable area, decreasing 0.1 percent from 2015 levels. Downtown properties experienced a 10.0 percent year-to-year collections increase to $24.05 per square foot. Total actual collections for downtown properties were 21.7 percent greater last year than their suburban counterparts, versus 10.6 percent higher the prior year.

- **Total operating costs** for downtown buildings in 2016 increased 6.3 percent, to $10.84 per square foot of rentable area, while those for suburban properties remained the same at $8.32 per square foot.

- Nationally, **net operating costs** for suburban buildings continued their three year decline to $5.90 per square foot of rentable area, whereas those for downtown properties also decreased for the third straight year to $7.41 per square foot.

- The **national vacancy rate** for suburban properties in operation for 12 months was 5 percent in 2016, up one point from the prior year. Downtown properties experienced an eight percent vacancy rate, no change from 2015.
The Income/Expense Analysis: Conventional Apartments report is designed to help real estate professionals evaluate multifamily development and investment options and compare their buildings’ performances to industry norms.

The income and expense data for each sample is presented in dollars per square foot of rentable area and as a percentage of gross possible income and dollars per unit. Individual metro market reports for more than 120 cities also are included along with an analysis of vacancy rates and operating unit trends, plus a variety of historical trend reports.

These key findings are drawn from a control sample of conventional apartments that have submitted data for the report consistently over the past four years. The report also contains data drawn from a larger sample of submissions gathered over the past five years, regardless of whether that data was submitted consecutively over the five-year period. In terms of sample size, the report analyzes the previous year’s operating income and cost figures for 3,970 multifamily rental properties, representing over 826,154 units across the United States.

**HIGHLIGHTS**

- NOI for garden buildings rose 5.3 percent to $7.13 per square foot; NOI for elevator buildings rose a mere 0.2 percent to $12.24 per square foot; NOI for low-rise buildings with 25 or more units rose 2.5 percent to $6.66 per square foot; and NOI for low-rise buildings with 12-24 units increased 4.5 percent to $5.61 per square foot.

- Looking at gross possible rents, elevator buildings reported the highest increase, 5.3 percent, raising the rent per square foot to $20.80. Garden buildings reported a 3.7 percent gain to $12.67 per square foot; low-rise buildings with 25-plus units reported a 1.6 percent rent increase to $12.93 per square foot; and low-rise buildings with 12-24 units reported a rent increase of 1.7 percent to $12.55 per square foot.

- In terms of expenses, those for garden buildings rose 3.5 percent to $5.55 per square foot; those for elevator buildings increased 1.3 percent to $8.34 per square foot; expenses for low-rise buildings with 25 or more units rose 3.2 percent to $5.76 per square foot; and those for low-rise buildings with 12-24 units dropped 4.7 percent to $5.33 per square foot.

Additionally, the study summarizes data by building type, age, Section 42 properties, turnover and more.
The *Shopping Centers* study, conducted by IREM since 1991, analyzes the previous year's operating data for 345 open shopping centers throughout the United States. It is designed to provide real estate professionals and investors with current financial data for evaluating the performance of their properties and for preparing appraisals, budgets, loan requests and sales proposals.

**HIGHLIGHTS**

- **Median income** for open shopping centers across the country in 2016, based on average actual occupancy (AAO), increased to $17.26 per square foot from $16.58 the prior year. Open center operating costs decreased to $5.08 per square foot from $5.10 in 2015.

- Broken out **regionally**, median income for open centers in 2016 ranged from $13.20 to $23.48 per square foot, versus a range from $13.03 to $26.25 per square foot in 2015. The Northeast and Mid-Atlantic regions reported the highest income per square foot at $23.48.

- With regard to **expenses**, insurance and taxes in 2016 accounted nationally for 44.7 percent of the typical open center’s total operating costs; contracted services—such as landscaping, security and trash removal—accounted for 14.2 percent; and maintenance/repair and utilities accounted for 7.7 percent and 8.3 percent, respectively. The percentage breakdowns for major expenses this past year are quite similar to those for 2015.

The study breaks down open shopping center operating data into several categories, including property size, age, type of anchor, type of lease, AAO and gross leasable area (GLA). The study includes national, regional and metropolitan statistics, along with several special reports including leasing fees, expansion, tenant turnover, type of ownership and gross sales analysis.
The Income/Expense Analysis: Federally Assisted Apartments, conducted by IREM since 1986, analyzes the previous year’s operating data for more than 844 high-rise (elevator) buildings, low-rise and garden-style properties nationwide—containing a combined 72,562 units—that receive one of six types of HUD federal assistance: Sections 202, 221(d)(3), and 236; Section 8 for the Elderly and Persons with Disabilities; Section 8 Family; and Rural Development Section 515.

**HIGHLIGHTS**

- Regarding **operating expenses**, Section 221(d)(3) garden buildings experienced the lowest expenses in 2016 at $5.21. Section 236 elevator buildings reported the highest total expenses, $9.93, in 2016. Total Expenses decreased for all high rise elevator subsidies except Section 8 Family over the last two years.
- In terms of **net income by subsidy type**, Section 202 building categories in 2016 ranged from $3.64 to $7.29 per square foot; Section 221(d)(3) buildings ranged from $7.40 to $9.80 per square foot; Section 236 buildings ranged from $2.85 to $6.12 per square foot; Section 8 for the Elderly and Persons with Disabilities ranged from $5.94 to $7.42 per square foot; and Section 8 Family buildings ranged from $4.34 to $7.38 per square foot.
- Elevator buildings reported **median net operating income** ranging from $6.12 to $7.40 per square foot. Median net operating income for low-rise buildings ranged from $2.85 to $5.94 per square foot and that for garden buildings ranged from $4.34 to $9.80 per square foot.

Additionally, the study breaks down operating figures into several categories, such as building type, subsidy type, property size and property age. Regional and city reports are also included.

**I/E ONLINE LAB TRACKS DATA OVER 15-PLUS YEARS**

A state-of-the-art product called the Income/Expense Analysis® Online Lab is available as a companion product for the research study. The Lab is an interactive website with 24/7 access that enables purchasers to download over 15 years of historical office building data—including over 100 customizable line-item variables—and compare it to the operating data in their individual portfolios.
The Expense Analysis: Condominiums, Cooperatives and Planned Unit Developments, conducted by IREM since 1978, analyzes the previous year's operating cost figures from 2,369 properties in the United States and Canada, representing 308,316 units. It is designed to help condominium, co-op, and planned unit development (PUD) boards and property managers benchmark their association's financial condition, calculate assessments and necessary replacement reserves, and develop and evaluate budgets.

**HIGHLIGHTS**

- **Median total annual operating expenses** for all condominium building types as a group increased 1.4 percent in 2016 to $2,992.40 per unit from $2,950.88 per unit in 2015. Similarly, condominium dwellers as a group paid 3.1 percent more in assessments last year, with the median monthly assessment amounting to $312.25 per unit, compared with $303.00 the prior year. The typical association added $754.56 per unit to its reserve fund, versus $685.13 in 2015, representing 25.2 percent of total operating expenses.

- **Breaking out per-unit operating expenses** by condominium type, those for combination properties increased the most, 10.1 percent, rising to $2,370. High-rise properties reported the highest expenses at $4,988.00 a 1.8% increase over 2015. Townhouse properties reported the lowest expenses but increased 9.0% to $2,281.76. Those for low-rise properties saw the only decline, 1.5 percent, to $2,763.94.

- **Breaking out reserves by building type**, low-rise properties added annual reserves of $729.35 per unit, amounting to 26.4 percent of total operating expenses; townhouse developments added reserves of $586.16, equal to 25.7 percent of total operating expenses; high-rise properties added reserves of $1,137.20 per unit, 22.8 percent of total operating expenses; and combination units added reserves of $425.36 per unit, or 17.9 percent of total operating expenses.

Additionally, the study summarizes data by association type (condominiums, cooperatives and planned unit developments) and building type (high-rise, low-rise, and townhouse). It provides an analysis of over 30 expense categories, hundreds of operating breakdowns, median monthly assessments and an amenity package analysis.

The Income/Expense Analysis: Condominiums, Cooperatives, and Planned Unit Developments reports are available in multiple formats at www.irembooks.org to IREM Members ($265) and non-members ($530), plus shipping and applicable state sales tax.
3 WAYS TO WIN THE MARKETING JACKPOT

Have you ever seen a professional poker game? You may have noticed some high-stakes players wearing sunglasses—an unusual sight for those of us (ahem, me) in the penny slots aisle. But wearing those shades is actually part of their strategy.

It turns out the World Poker Tour estimates that at 100 million players worldwide, more people play poker than golf or tennis, which are also games that rely on strategy. Like all these games, you can win the marketing jackpot by employing a solid game plan such as the one below.

**PLAY TO WIN**

How does marketing strategy work best? Like poker, you've got to play to win. Your job is to win through making distinctive choices. Make your first choice clear by outlining how you'll differentiate your product, your property and your company. This is often where we stumble. I was recently on a marketing call where we knew who our competitors were, but it was unclear how we planned to beat them. It's really all about deciding who—and exactly *what*—your customers will pay more for. If you want to play to win, first you have to get in the game.

**CHECK YOUR ODDS**

Face it, dreaming about winning a huge pot of cash is way more fun than considering that odds are you're more likely to be struck by lightning. And your odds of retaining existing customers are much higher than finding new ones. Experts say it costs five times as much to acquire a new customer than it does to keep one you've already got. In our business, the key tactic to beating the odds is to focus solidly on our customers. Try this tip: Think really hard about your customer experience. What is it like to be them—going in, going out and in between? If you haven’t already earmarked a solid, detailed customer experience process, that’s a good place to begin. Now’s the time to pull out all the stops.

**WATCH FOR THE TELL**

Strategizing your next move is the critical piece of any game. Here's where poker comes in handy: Learn to watch for the tell. A "tell" is where a change in behavior or demeanor gives a clue as to how a player is assessing her own options. The player who spots the tell gains an immediate advantage, such as knowing whether to bet big or to lay low.

The same is true for your marketing approach: Get to know your competitor's hand. First, take stock of what you've got, and determine what your customers' experience really is. Next, reforecast mindfully.

It can pay to play. What will be your ace in the hole? It's all about mastering the game. Decide how you will play to win. No sunglasses required.
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*If compressor or coil fails due to defect during the applicable two-year limited replacement warranty, a one time replacement with a comparable unit will be provided.
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By now you've probably noticed the ubiquitous presence of technology, applied to everything from your home's garage door opener to the systems that control virtually every capability of the buildings you manage, like lighting, security and HVAC. We're all growing accustomed to the clouds and apps and interfaces that make these systems function as they were designed to.

However, there still seem to be holdouts to integrating and advancing tech in our business—whether it's an application designed to help automate such tedious tasks as lease signing, rent collections and service requests, or systems geared to automate building functions.

"There is still a strong aversion to technology," said Cathy Robertson, ARM and a current CPM candidate. "Our firm was among the first in the area to use Appfolio for our software, and that's been in just the last five years. I find that some of the other firms I am associated with avoid it for whatever reason."

The vice president and recently-named broker-in-charge at T.E. Johnson & Sons in Winston-Salem, N.C., is not alone, and it's an aversion that extends to how buildings function.

"There is an aversion to tech," said Nicholas Stolatis, CPM, RPA, LEED AP, vice president of EPN Real Estate Services Inc. in Pleasantville, N.Y. "But it's not because people are afraid of it. It's because there's a significant investment required in BMS systems, but there's no singular point of view," on which to base a buying decision. "For example, in an office building there's the building manager, the property manager, the asset manager and the portfolio manager, who in turn has to deal with the investor."

And while the investor's goals trump all else, he said, in this day of relatively quick flips, investors—and their perspective—can change rapidly. "The risk of buying the wrong software or the wrong hardware lives with you for a very long time," he said. "It's a big commitment, especially if the new owner can conceivably tell you to rip it all out for another, favored system."

**EDUCATION IS KEY**

The best solution to this knotty and politically charged problem, Stolatis said, is education.

"If you're the one recommending a particular technology, it's key to educate those in the decision-making path to help them understand why this or that technology makes sense for that property."

The trick here is to keep an eye on the long-term. "First cost is what a lot of people work with, but it's not necessarily the right way to go," he said. "We as an industry lose sight of the lifecycle cost/benefit analysis. Let's say Device A is $1000, B is $1100 and C is $1500. But device C has a 10-year lifecycle, and A and B are known to last only three years. Or maybe they don't offer key functionalities, which means the more expensive option actually costs less in the long run."

Regardless of the type of tech we're talking about, Robertson and Stolatis also agree that a key part of that education is activity in IREM and other associations, such as BOMA. The courses they offer, such as IREM's "Identifying and Presenting a Deep Retrofit Opportunity" and BOMA's "High-Per-

**We don't need to work harder. HARDER'S NOT BETTER. WE NEED TO WORK SMARTER.**

—CATHY ROBERTSON, ARM, VP
T.E. JOHNSON & SONS
formance” series, can help managers “overcome their resistance to change,” said Robertson. “If we stay on top of technology as it unfolds, we have a foundation to build on. It is key to stay ahead of the tides of change.”

Technology, by the way, doesn’t always mean new technology, a particularly important realization for capital-strapped operations.

“Some managers may simply not have the capital,” said Stolatis. “Or maybe they upgraded their BMS just last year and, despite new innovations, aren’t willing to go through that effort again.

“In those situations, I advise them to make the best use of what they have,” he said. “Technology doesn’t necessarily mean you’re buying something new. Technology is what you have now, even if it’s older and has less functionality. If you can’t buy better, then make sure what you have is being used to its maximum potential.”

That clearly involves less a change of systems than a change of approach, one by which Robertson abides.

“Managers should see problems as opportunities,” she said. “And if we recognize the overarching concept of ‘technology as our partner in problem-solving,’ we’re more likely to reach a solution faster, and so deliver greater customer service.” That, in turn, boosts an otherwise averse mindset to a level of confidence that allows us to see technology as our friend.

**TECH ELEVATES YOUR POSITION**

“Our software provides us instantaneous notices to our tenants. I can text every tenant in a property within 30 seconds, which helps avoid some of the problems we all encounter with not communicating or with notices that go unreceived.

“It applies to owners as well,” she said. “I recently sent out an email blast letting our owners know about the R-22 refrigerant phaseout and alternative applications. A lot of the owners didn’t know about it, and we got lots of feedback thanking us for that. We took a problem, notified our owners and gave them solutions.” And even though the example is a simple one, it underscores the importance of tech as well as the need for the manager to provide the value-add.

No matter what technology we’re talking about, “Tech is a tool,” said Stolatis. “It relieves managers of certain repetitive operations to allow them to concentrate on higher-value tasks. Tech does not operate on its own. It needs somebody to evaluate and make decisions based on the raw data the systems provide.”

That evaluation process includes appraising the system itself. “Things happen,” he said. “A branch falls into a louvre so the dampers don’t work as they’re supposed to. Or a sensor becomes defective and it says the HVAC has shut down when it hadn’t.” The human aspect is still key to successful systems operations.

Which speaks to another fear of technology: the perception of being chained to work, of never being unplugged. Not so, said Robertson. “We don’t need to work harder,” she said. “Harder’s not better. We need to work smarter.”

Yes, systems today provide for round-the-clock access, which again is, ultimately a customer-service function, and we need to always be on the alert for emergencies. But this was always the case. “Round-the-clock accessibility doesn’t mean round-the-clock work. Technology works for us while we’re sleeping. We don’t need to be chained to the smartphone or computer.”

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There is an aversion to tech. **BUT IT’S NOT BECAUSE PEOPLE ARE AFRAID OF IT.”**

—NICHOLAS STOLATIS, VP, EPN REAL ESTATE SERVICES INC.

That might seem basic, but only to those who already know it. That’s where the power of networking comes in, via social media or through involvement in the conferences of the above-named industry associations.

“There are no dumb questions,” said Stolatis. “People fear others saying, ‘Gee, don’t you know that?’ But having taught a couple of real estate classes over the years, I’ve come to realize that we can’t know everything,” especially about something that is changing so fast and so completely as technology.

But that, he said, is the beauty of this industry. There’s nothing new about change. “Even in the olden days,” he said, “as much as you might have thought you knew, there were always people who had different experiences to share.”

The constant in all of this change is the ability to “seek the input of others. One of the paths for identifying useful technology and the means to implement it is talking with someone else who has actually used it. Managers might be surprised to find how many responses they get through a Facebook or LinkedIn inquiry.” That, too, is the beauty of this industry.
GOVERNING COUNCIL NOMINEES

The IREM Nominating Committee has announced its slate of nominees for Governing Council. The election of the IREM Governing Councillors will take place on Thursday, October 12, 2017, in Chicago, at the annual meeting held in conjunction with the IREM Global Summit.


- John M. Bridges, CPM
- Dana M. Caudell, CPM
- Christie M. Clenney, CPM
- Rita A. Dugan, ACoM
- Dawn E. Ford, CPM
- David J. Gibbs Jr., CPM
- Kristine C. Haskins, CPM
- Teika L. Haymon, CPM, ACoM
- Dee E. Headley, CPM
- Ryan M. Huffman, CPM
- Brandon E. Lewis, CPM
- Julie L. Muir, CPM
- Lee M. Porter, CPM
- Adam K. Santos, CPM
- William Sheridan, CPM
- Colby A. Smith, CPM
- Eldon Warfield, CPM
- Carl D. York, CPM


- Paul E. Bollinger, CPM, ARM
- Marcus C. Curtis, ARM
- Michael B. Duffey Jr., ARM
- Terrell T. Edwards, CPM, ARM
- Angela M. Fletcher, CPM, ARM
- Jason G. Martins, CPM, ARM
- Catherine Robertson, ARM
- Kayla Roeder, ARM
- Deborah D. Westphal, CPM, ARM

In accordance with IREM Bylaws, additional nominations will be accepted by a petition signed by at least 25 members, of which not more than 10 are members of any single Chapter, delivered to the Executive Vice President 10 days in advance of the date set for the election.

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"AppFolio has completely streamlined our business, made us way more efficient, and everybody in the company loves it."

Kimberly Servoss
Landmark Real Estate Management, IREM Member
The third week in October (17–23) is National Estate Planning Awareness Week. Now is a good time to get one thing off your bucket list: drafting your estate plan. Estate planning is not for you but for the loved ones you leave behind. Put your family first and plan today.

A planned or deferred gift is a type of charitable gift that requires some strategic thinking, usually with the assistance of a financial advisor and development officer. Donors may fund their gifts with cash or other assets. Either way, the benefits of a planned gift can be very attractive.

**Benefits of Planned Gifts**

Through planned or deferred giving, it is possible to:

- Make gifts to the Foundation that you might have previously thought impossible.
- Maximize your charitable contribution.
- Receive advantageous tax deductions under both state and federal law.
- Turn appreciated assets into income for yourself and/or other family members.
- Increase your current income by reducing taxes and/or avoiding capital gains tax.
- Pass assets to family at a reduced tax cost.
- Achieve your goals for the IREM Foundation while enhancing your own personal financial plans and security.
- Make a significant donation to the IREM Foundation that will help us plan well into the future with an assured confidence.
- Experience the pride and satisfaction that comes with providing a major gift to a cause you support.

Although selecting a planned giving strategy can seem overwhelming, there are many options available, each with their own benefits and restrictions. Following are different types of planned gifts you can make to the Foundation.

**Types of Planned Gifts:**

- Bequests and Wills
- Life Insurance Plans
- Retirement Assets
- IRA or other Employee Benefit Plans
- Charitable and Deferred Gift Annuities
- Mutual Funds
- Annual and Special Gifts, Securities and Stocks
- Real Estate and other Assets

A gift to the Planned Giving Program provides a long-lasting legacy to the Foundation, IREM, the real estate management profession and the patron. In recognition of this dedication, the Foundation has formed the Legacy of Leaders. Members of this elite group will be recognized by IREM Members today and for years to come as the most devoted supporters to the mission and the continuation of the IREM Foundation.
ARE YOU IN COMPLIANCE WITH THE IREM CODE? By Jennifer Jeck

This certainly supports the idea that regular attention to ethics is what sets IREM Members apart from others in the industry—while also intended to protect the public and promote fair competition.

The survey results also identified the three articles that members are the least familiar with. Let's make it easy for you—take this chance to review these articles.

ARTICLE 13. Duty to report violations

JENNIFER JECK (JJECK@IREM.ORG) IS MANAGER OF CUSTOMER AND MEMBER SERVICES FOR IREM HEADQUARTERS IN CHICAGO.
NEW CPM MEMBERS

JUNE
Neha Agrawal, CPM
Jason A. Bilanin, CPM
Kari L. Brown, CPM
Wylie J. Chung, CPM
Jimmy H. Chung, CPM
Joni L. Cross, CPM
Carlene B. DesJardin, CPM
Jacob S. Downing, CPM, ARM, ACoM
Danielle D. Doyle, CPM
Glória J. Fay, CPM, ARM
P. Marc Fischer, CPM
Ann Marie Gallagher, CPM
Chad R. Gilford, CPM
Jackie R. Green, CPM, ARM
Kimra D. Holcomb, CPM
Paige H. Hubbard, CPM, ARM
Shelley R. James, CPM
Lisa B. Jones, CPM
Micheal E. Kastan, CPM
Laurie A. Lary, CPM
Steven B. Moll, CPM
Keeley M. O'Leary, CPM
James A. Overton, CPM
Kim Rutledge, CPM
Arun Sahni, CPM
Takashi Shibayama, CPM
Ashley N. Simien, CPM
Claire Swinbank, CPM
Richard L. Thompson, CPM
Robert Tinning, CPM
Doreen A. Trongone-Ciezki, CPM
Jennifer Valentini, CPM

JULY
Christina Alletto, CPM
Alyson M. Beckstrom, CPM
Corey M. Best, CPM
Lindsey K. Brown, CPM
Vanessa R. Brunson, CPM
Paul D. Cobble, CPM
Michael J. Cooper, CPM
Pierre M. Cousineau, CPM
Janna Dalton, CPM
Adam C. Drake, CPM
Faith F. Galvan, CPM
Robbi K. Groat, CPM
Cassandra E. Haavisto, CPM
Andrew W. Harbrecht, CPM, ARM
Julie J. Hayunga, CPM
Leslie D. Howard, CPM
Deanna J. Jefferson, CPM
Jason R. Keller, CPM
Katie A. Koning, CPM
Florence Mak, CPM
Wineska Marin, CPM, ARM
Felicia Massoud, CPM
Michelle D. Moses, CPM
Donald L. Pereira, CPM, ARM
David R. Picerne, CPM
Leah J. Ranaglia, CPM
Ana P. Robertson, CPM
Judy Rycraft, CPM
Dmitry Sedov, CPM
Lisa A. Sloan, CPM
Patrick J. Soukup, CPM
Yvonne M. Staruiala, CPM, ARM
Rita N. Zepeda, CPM, ARM
SEPTEMBER

9/7
Western North Carolina Chapter No. 40
Property Management Summit & Trade Show
Location: Charlotte, N.C.
Visitor(s): J. Benjamin McGrew, CPM, CCIM

9/13 – 9/15
ProEstate
Location: Moscow
Visitor(s): Michael Lanning, CPM, J. Benjamin McGrew, CPM, Leah Misbin

9/14
Rochester-Western New York Chapter No. 58
Executive Committee Meeting & Chapter Luncheon
Location: Rochester, N.Y.
Visitor(s): Greg Cichy, CPM

9/20
Hampton Roads Virginia Chapter No. 39
Outreach Visits, Annual Meeting & Cruise
Location: Norfolk, Va.
Visitor(s): Chip Watts, CPM

9/21
Greater Denver Chapter No. 17
Corporate Outreach Visits
Location: Denver
Visitor(s): Michael Lanning, CPM

Connecticut Chapter No. 51
Chapter Meeting
Location: Wallingford, Conn.
Visitor(s): Renee Savage, CPM

10/16 – 10/17
Toronto Chapter No. 119 Visit
Location: Toronto
Visitor(s): J. Benjamin McGrew, CPM, CCIM

10/24
Dallas Chapter No. 14
Happy Hour, Building Tour & Executive Committee Dinner
Location: Dallas
Visitor(s): Michael Lanning, CPM

10/25
Greater Los Angeles Chapter No. 6
Installation Dinner
Location: Los Angeles
Visitor(s): Michael Lanning, CPM

CAREER MOVES

GREYSTAR EXECUTIVE NAMED TEXAS APARTMENT ASSOCIATION PRESIDENT
Jacqueline S. Rhone, CPM, executive director of real estate for Greystar Management in Houston, has been named president of the Texas Apartment Association (TAA). Rhone, who has over 25 years of experience in the multifamily sector, is also a previous recipient of TAA’s prestigious Frank P. Finch Presidential Award and is a current board member of the Houston Apartment Association.

NEW TULANE REAL ESTATE MANAGEMENT TO BE CO-HELED BY CPM
Maureen Clary, CPM, director of account management at Corporate Realty in New Orleans, has been selected to oversee the firm’s new account for Tulane University, managing the school’s off-campus real estate activities, which include lease administration, acquisitions and dispositions, and oil, gas and timber holdings. Ms. Clary, along with Corporate’s president and director of office leasing, Mike Siegel, will also assist Tulane in developing a long-range strategic real estate plan.

AMO APPOINTS NEW AMERICAN OFFICE PRACTICE LEADER
CBRE Group, Inc., AMO, announced its appointment of Eric Hasserjian as the office practice leader within the firm’s asset services line of business for the Americas. Hasserjian joined CBRE in 2014 as the managing director of asset services for the Los Angeles region, where he has successfully overseen more than 135 professionals and 31 million square feet of assets under management.

AWARDS AND RECOGNITION

HOUSTON CPM LEADS TOBY-WINNING TEAM
The HESS Tower property management team, led by Janet Shipley, CPM, general manager of HESS Tower and associate director of CBRE (Houston), was the recipient of The Outstanding Building of the Year (TOBY) International award in the Corporate Facility division, presented by BOMA International at their annual conference in June.
ATLANTA: ECONOMIC GROWTH SPURS HOUSING DEMAND

Atlanta, and Georgia as a whole, is predicted to experience stronger economic growth (3.2 percent) compared to the U.S. (2.6 percent) in 2017. This is driven primarily by the diverse employment base. Household formation, population growth and employment growth fuels the real estate market. Millennials and empty nesters are redefining the multifamily housing sector as they choose high connectivity, amenity-rich communities and a maintenance-free lifestyle.

DR. DEBORAH PHILLIPS, CPM, PRESIDENT
THE QUADRILLION, ATLANTA
ADJUNCT PROFESSOR, GEORGIA TECH SCHOOL OF BUILDING CONSTRUCTION

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q1 2017 Vacancy Rate</th>
<th>YOY Change (Basis Points)</th>
<th>Q1 2017 Asking Rent</th>
<th>YOY Rent Growth</th>
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</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>4.4%</td>
<td>40</td>
<td>$1,098</td>
<td>5.7%</td>
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<tr>
<td>Office</td>
<td>18.2%</td>
<td>-70</td>
<td>$24.21</td>
<td>3.8%</td>
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<tr>
<td>Retail</td>
<td>11.0%</td>
<td>-60</td>
<td>$18.45</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Source: Reis Inc.

CHARLESTON: DEVELOPMENT IS "RED HOT"

Charleston continues to be on fire. There are 48 net residents moving to our region per day, and virtually every economic indicator is up. Charleston has been experiencing red hot development which has created a significant backlash against development in general. There are several moratoriums, and one municipality has increased impact fees on new developments by a factor of three and sometimes five. Traffic is thus a daily grind, far worse than even four to five years ago. In addition, the high demand caused by the hot economy is making living in Charleston a challenge unless one lives 30 minutes from the Central Business District.

BOB NUTTALL, SIOR, CPM
 BROKER-IN-CHARGE, MANAGING PRINCIPAL
 LEE & ASSOCIATES, CHARLESTON, S.C.

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</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>5.2%</td>
<td>-120</td>
<td>$996</td>
<td>4.2%</td>
</tr>
<tr>
<td>Office</td>
<td>13.3%</td>
<td>20</td>
<td>$23.04</td>
<td>3.0%</td>
</tr>
<tr>
<td>Retail</td>
<td>8.6%</td>
<td>-20</td>
<td>$15.05</td>
<td>1.7%</td>
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Source: Reis Inc.

RALEIGH-DURHAM: NEW SUPPLY SLOWS MULTIFAMILY MARKET

I am seeing some softening of the southeast multifamily market overall, primarily due to the amount of new construction coming online in key markets such as Raleigh-Durham, Charlotte and Charleston. This is definitely unusual for this time of the year, but I think the main effect of this softening will be that rent growth moderates until the units are absorbed. Long-term though, the outlook is good for continued rent growth exceeding the national average.

GARY TRIPPLETT, CPM
DIRECTOR OF OPERATIONS
PALS ASSOCIATES LLC, RALEIGH, N.C.

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<th>Q1 2017 Asking Rent</th>
<th>YOY Rent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>5.0%</td>
<td>-30</td>
<td>$1,069</td>
<td>3.2%</td>
</tr>
<tr>
<td>Office</td>
<td>13.8%</td>
<td>-140</td>
<td>$22.71</td>
<td>1.9%</td>
</tr>
<tr>
<td>Retail</td>
<td>7.6%</td>
<td>-50</td>
<td>$19.92</td>
<td>1.5%</td>
</tr>
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Source: Reis Inc.
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