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## Journal of Property Management

# MIXED-USE INSIGHTS





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CEO/EXECUTIVE VICE PRESIDENT

Denise LeDuc-Froemming, CAE, MBA, CPA | [dfroemming@irem.org](mailto:dfroemming@irem.org)

CHIEF STRATEGY OFFICER

Nancye J. Kirk | [nkirk@irem.org](mailto:nkirk@irem.org)

VICE PRESIDENT, MARKETING AND BUSINESS DEVELOPMENT

Donna August | [daugust@irem.org](mailto:daugust@irem.org)

PRODUCTION EDITOR/CIRCULATION

Beth Smukowski | [bsmukowski@irem.org](mailto:bsmukowski@irem.org)

DIRECTOR, CORPORATE BUSINESS DEVELOPMENT/  
ADVERTISING SALES

Brian Lozell, CPM | [IREMpartners@irem.org](mailto:IREMpartners@irem.org)

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# PRESIDENT'S LETTER

A question for you: How soon after you started your workday today did you hear or see the first mention of mixed-use properties? I would imagine it happened pretty quickly.

“Mixed use” is a term that’s got a deafening buzz around it right now. It’s a natural progression of the world in which we live; the different areas of our lives—work, residence, livelihood—are merging, blurring and overlapping in ways they never have before. It stands to reason that the spaces in which we conduct these activities would follow suit. As real estate professionals, it affects us on an extra level as well, because we are the ones who develop and manage these merged spaces for everyone else. In light of this, then, what do we need to adjust in our business practices to accommodate the shift? Some IREM Members who’ve been dealing directly with the new normal of mixed use have some thoughts about the matter and have been generous enough to share them with us and you in the feature that begins on [P12](#).

Other new(er) normals that we’ve been adjusting to are gig economies and collaborative consumption, which often go hand in hand. Many contract workers, as well as sole proprietors and both large and small businesses, don’t have a need for permanent space. Mind you, they still need space, but of a more transient and flexible nature. Enter coworking spaces, where they can occupy the room they need for the amount of time they need it, sharing it with other people who are doing the same. Coworking also requires thinking about property management in different ways. Such as? Take a look at the feature on [P16](#) to find out.

Coworking and mixed-use spaces are both options that can be considered when your property rents have become sluggish and need something to send revenues rising again. Rectifying stagnancy is a challenge faced by most property managers at one

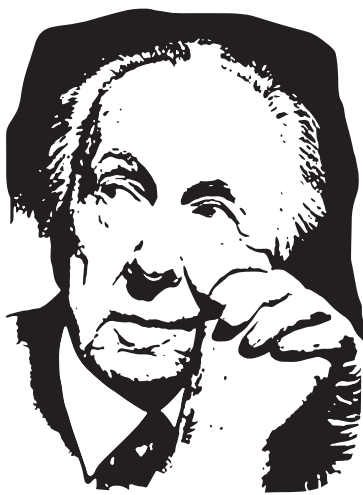


IREM President Don Wilkerson inducts new CPM Members at the IREM Japan Annual Meeting last June.

time or another, no matter what part of the globe they occupy. The reasons may be different, but the solutions can be similar, as this issue’s Global Practices column on [P6](#) illustrates. And by exploring these and other avenues to energize incoming monies again, you can avoid stagnancy becoming a new normal of the very unwelcome kind.

A handwritten signature in dark ink, reading "Donald B. Wilkerson".

DONALD B. WILKERSON, CPM  
IREM PRESIDENT



“Form follows function—that has been misunderstood. Form and function should be one, joined in a spiritual union.”

—FRANK LLOYD WRIGHT

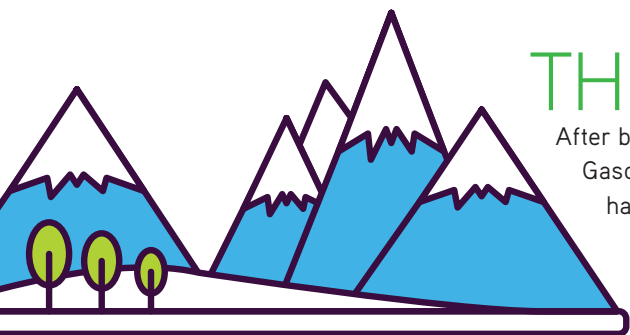
## INVESTED IN MIXED USE

Deloitte's 2019 Commercial Real Estate Outlook survey, which posed questions to 500 global investors, found that respondents who specialized in mixed-use and nontraditional properties plan to increase their capital commitment by a higher percentage than the respondents who focus on traditional properties.



Source: Deloitte, 2019 Commercial Real Estate Outlook

IMAGE: ISTOCK.COM/FINGERMEDIUM



## THE PAST—REPURPOSED

After being built in the late 1800s to store gas, the four towers of Vienna's Gasometers now house hundreds of apartments, offices, a shopping center, music hall and movie theater. Each designed by a different architecture firm, the towers are protected historic landmarks.

Source: American Express Essentials, Fiona Brutscher, *From Blight to Boon: The Top Repurposed Industrial Spaces*

IMAGE: ISTOCK.COM/SHUGARWARRIOR

## THE NEW LIVES OF SHOPPING MALLS

Out-of-the-box thinking and new attractions are keeping foot traffic steady at shopping malls in Arizona. The Chandler Fashion Center remains popular thanks to attractions like the Crayola Experience, the mall's concert series, a giant lawn chess board, Escape the Room, and PLAYLive Nation social gaming lounge. At Tempe's Arizona Mills mall, Legoland Discovery Center and Sea Life Arizona moved in to attract visitors.

Source: ABC15 Arizona, *Crowds Returning to Local Malls Around the Valley to Enjoy New Experiences and Attractions*



IMAGE: ISTOCK.COM/MIKIMAD



## CREATIVE SPACE

The Village Underground in Lisbon, Portugal, combines two of today's trends: coworking and repurposed properties. And it does so very creatively. Here, workspaces are housed in shipping containers and double decker buses, and the location has hosted music festivals and events for skateboarding and street art.

Source: *Forbes.com*, Eustacia Huen, *The World's 4 Most Unusual Coworking Spaces*

## SHOPPING, DINING, CHECK-UPS

The number of medical clinics in retail spaces grew from **351 in 2006** to an estimated **2,800 by the end of 2017**, according to Accenture. If this growth continues, the number of retail medical clinics could double by 2022.

Source: *GlobeSt.com*, Tanya Sterling, *The Retailization of Healthcare*

## AMENITIES REIGN SUPREME

As residents' expectations for amenities grow, so does the creativity of building owners and developers. Below are some of the latest comforts and conveniences offered:

### DESIRE: FEWER CHORES

➤ **SOLUTION White-glove service.** Whether its dog-walking, grocery delivery or dry cleaning, successful third-party partnerships allow buildings to offer a vast array of conveniences.

### DESIRE: WELL-BEING

➤ **SOLUTION Customized health and wellness offerings.** Upgrades include massages on-site, meditation rooms and high-end Peloton bikes.

### DESIRE: AN EASY COMMUTE

➤ **SOLUTION Transit services.** Transit-status screens with information on bike shares and bus schedules in the lobby, as well as comfortable lounges where you can wait for your Uber, make commuting a treat.

### DESIRE: AT-HOME SHOPPING

➤ **SOLUTION Package centers.** More online shopping means more packages to keep safe. Properties are investing in security-protected parcel rooms and secure lockers for the increases in deliveries.

### DESIRE: EASY COMMUNICATION

➤ **SOLUTION Smart home technology.** As residents already have everything at the touch of a smart phone screen, developers are making sure their buildings' information is just as accessible. Community apps allow residents to pay rent, find upcoming events and check alerts about their package deliveries.

### DESIRE: TO FEEL SPECIAL

➤ **SOLUTION Personalized programming.** Coffee shops in buildings and special events for residents all contribute to the "local love."

Source: *Multifamily Executive*, Lauren Shanesy, *What's Next for Apartment Amenities?*





# Struggling with Stagnancy

TACTICS FOR STAYING PROFITABLE WHEN PRICES ARE AT A STANDSTILL

By Daniel Morales

Property managers may want to consider adapting a phrase from [Leo Tolstoy](#) when reflecting upon real estate markets: All happy markets are alike; every unhappy market is unhappy in its own way.

Each country and region has its own unique situations that create obstacles and challenges leading to stagnating or decreasing prices. Many of the strategies used in response to these challenges, however, can be replicated around the world.

In South Korea, for example, IREM Members are finding challenges with the government's policies limiting real estate markets. Prices shot up between 2016 and 2017 but have stabilized since mid-2018, challenging the property management industry. "The government is concerned about the price of houses," notes Edward Kim, CPM, CEO of REM Asset Management Co., Ltd. in Seoul. "They take speculation very seriously." Illustrating just how seriously, in April 2019, the spokesman for South

Korea's President Jae-in Moon resigned after being tied to a speculative real estate development.

In Osaka, Japan, there has been a split between sales and rental prices and a struggle with some property classes. "Purchases and sales have had a sharp increase, but rental prices are decreasing," says Chizuru Isobe, CPM, director at A+ Property. "This is especially true for office buildings in Osaka, where rental prices have been decreasing and vacancy increasing, with the exception of Class S and Class A properties."

In South Africa, residential, retail and commercial prices have been depressed



and unstable over the past two to three years due to domestic political uncertainty. Property managers face challenges with electricity shortages, rising unemployment rates and inefficient local services. “Within the last 12 months, there’s been quite a major pushback by tenants,” says Tumelo Ramushu, CPM, portfolio manager at Mowana Properties.

What strategies have these managers adopted to make properties more profitable for their owners when prices are stagnating?

### A SIMPLE SOLUTION CAN BE THE BEST SOLUTION

Ramushu notes that sometimes a simple lease audit can help improve recoveries: “You find that some lease agreements, especially if there are addendums, have not been loaded correctly by administrators into the database that generates monthly statements.”

A technical audit on a shopping center, for example, revealed that of the 30 to 40 tenants being supplied with air conditioning, 10 to 12 percent were not being charged for its use, despite the cost being included in the lease agreement.

Ramushu recommends evaluating leases once or twice a year to ensure that correct charges are being applied. “This

way, you are not necessarily relying on rental escalations but also on efficient property management to sustain your income demands.”

### THINK BEYOND YOUR USUAL TENANTS...

Regarding Korea and Japan, Kim and Isobe both cite adapting the size and style of a property to attract customers from different industries, in order to diversify and stabilize a portfolio. “For office buildings, we subdivide them and increase the price per square meter,” Isobe says. “Subdividing enables us to attract start-ups.” Start-ups are grateful to rent a smaller space and share resources such as reception space and meeting rooms with other tenants.

In Seoul, Kim notes that property managers have had success transforming residential properties into commercial spaces. “The goal is to switch from a less profitable market to a more profitable one,” he says. “In the old areas of the city, we have one- or two-story housing with traditional roofs and pillars as well as gardens. If we renovate by adding glass and get support from local governments for creator districts, we can transform them into restaurants, a kind of art museum or commercial merchandising stores. All of a sudden these old areas are becoming very popular, which have history and modern structures all together in one area.”

### ...AND BEYOND YOUR CURRENT LOCATION

Property managers in struggling markets also recognize the importance of diversifying assets to other areas. Isobe notes that Japanese property managers look to restructure investments by shifting some assets abroad to growing countries in Southeast Asia such as the Philippines, Thailand and Vietnam, as well as areas of the United States like Hawaii and Dallas.

In South Africa, Ramushu says managers have looked at Finland in the past, notably during the financial crisis of 2007–2008. “The interest



“THE GOVERNMENT IS CONCERNED ABOUT THE PRICE OF HOUSES. THEY TAKE SPECULATION VERY SERIOUSLY.”

—EDWARD KIM, CPM, CEO OF REM ASSET MANAGEMENT CO., LTD.



“FOR OFFICE BUILDINGS, WE SUBDIVIDE THEM AND INCREASE THE PRICE PER SQUARE METER.”

—CHIZURU ISOBE, CPM, DIRECTOR AT A+ PROPERTY

IMAGE: ISTOCK.COM/WOODENHEADWORLD



in the Scandinavian markets is truly from a yield perspective.”

#### UTILIZE UTILITIES

Utilities have been another major way to save money in South Africa. “Electricity is essentially 40 percent of operating expenses,” Ramushu says. “Already that tells you that’s one of your biggest expenses and that you need to be looking at it in a bit more detail.”

Property managers are investing in solar panels to harvest sunlight. There are also ways to look into sourcing water locally. “A

lot of the shopping centers in South Africa are implementing boreholes,” he says. An assessment helps the property determine whether there is a source of water beneath the property, and a hole can be drilled to access the water.

“There have also been innovations with greywater,” Ramushu says, referring to water that comes from washing machines, bathroom sinks, car washes and showers and can be reused. While not potable, greywater is cleaned and provided as a cheaper source of water to flush toilets and urinals.

(Turn to this issue’s Sustainability column on P42 for further inspiration on how to manage utilities more efficiently.)

#### HOW ELSE CAN YOU SERVE?

Additional services are yet another way to bring in more money. According to Kim, Korean property managers try to provide additional services such as space cleaning, business signs and logos and storage rentals. “We need to find some other sources of income if the rents aren’t going up,” Kim says.

This is true in Japan as well, where Isobe notes that when prices are stagnating, property managers will also let residents keep pets for a fee.



“I BELIEVE THE PROPERTY MANAGEMENT PROFESSIONALS AND LANDLORDS OF OLDER PROPERTIES MAY FACE INCREASING PRESSURE TO UPDATE AND RENEW PROPERTIES IN ORDER TO COMPETE.”

—WINSON CHAN, VICE PRESIDENT  
OF SALES DEVELOPMENT  
AT TRIDEL

Even in markets where falling prices are not a concern, managers don’t always have it easy. “Supply continues to be a challenge,” says Winson Chan, vice president of sales development at Tridel in Toronto, where the rental market is hot. “I believe the property management professionals and landlords of older properties may face increasing pressure to update and renew properties in order to compete.” Managers have to consider hotel/resort-type amenities, new security technology, green initiatives, keyless entry and automated parcel delivery among other upgrades in order to keep up with the times.

Property managers must remain vigilant and carefully watch the market for developments. In markets where prices are flat or falling, innovations from managers around the world provide valuable methods to highlight the importance of efficient management in maintaining value. ■

Daniel Morales ([dmorales@irem.org](mailto:dmorales@irem.org)) is international programs liaison at IREM Headquarters in Chicago.

“ELECTRICITY IS ESSENTIALLY 40 PERCENT OF OPERATING EXPENSES. ALREADY THAT TELLS YOU THAT’S ONE OF YOUR BIGGEST EXPENSES AND THAT YOU NEED TO BE LOOKING AT IT IN A BIT MORE DETAIL.”

—TUMELO RAMUSHU, CPM,  
PORTFOLIO MANAGER AT MOWANA  
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# Versed in Diversity

## TIPS TO START THE INCLUSIVITY CONVERSATION AT YOUR WORKPLACE

By Roberta “Byrdy” Kelley, CPM, ARM

Diversity continues to challenge the corporate workplace even today. People from different cultures require different things from their places of work to be successful. Whether the organization is a real estate company or a professional organization, fostering diversity at all levels deserves the attention of senior leadership and across-the-board support. Recognizing that diversity is more than race, leadership should pay attention to the organizational

culture, create a welcoming and inclusive environment, and provide diversity training.

From a personal perspective, I walk into many meetings at my workplace and my local association and I am the only one who looks like me. At the IREM Global Summit last year, I attended a session titled “Diversity 2.0: Moving from Rhetoric to Action” and listened as an engaging group of panelists discussed

the importance of diversity and inclusion in the workplace. The main takeaway from that session: Diversity is essential to all real estate organizations and is simply good business—and that includes not just racial and ethnic diversity but diversity



## DIVERSITY & INCLUSION SUCCESSION INITIATIVE (DISI)

IREM fosters diversity among its leaders through its Diversity & Inclusion Succession Initiative (DISI). This program recognizes IREM Members from underrepresented groups in the real estate management profession who have demonstrated leadership skills at the chapter level, as well as have an interest in both developing their leadership skills at the national level and advancing their property management careers using IREM networking and resources. Funded by the IREM Foundation, DISI recognizes ten qualified candidates by connecting them with mentors and providing the opportunity to attend the IREM Global Summit via a complimentary registration and subsidy.

### THE 2019 DISI CLASS:

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PHOTO: ISTOCK.COM/PEOPLEIMAGES

based on gender and sexual orientation as well.

One of the panelists, Mary Jo Eaton, president emerita of CBRE, AMO, gave great advice on how to start a conversation on this topic with senior leadership. A longtime champion for diversity and inclusion in the workplace, Eaton's suggestion to propose a diversity and inclusion task force, complete with a clear mission statement and annual agenda, resonated with me.

For anyone who is thinking about taking the first step and is ready to propose such a task force to your company's leadership, as I have done at my company, here's my advice: Start small, but think big. Starting small means taking simple steps so you can gain traction early. Thinking big means getting creative and thinking outside the box. Ask your company's human resource

department for permission to start a diversity and inclusion task force by sharing why such an initiative is important and how the task force will benefit your workplace by making it more diverse. As last year's panelists said, diversity is good for business. After all, heterogeneous workforces are stronger and more adept than homogeneous work environments. And be sure to collaborate with your company's C-suite for encouragement, guidance and perhaps even mentorship. They may be aware of a similar company initiative that is already in place or one from the past that had been shelved and can be resurrected.

Once you are given the green light to move forward, spread the word. Send out an intercompany email asking for volunteers who share your vision. During your first task force meeting, establish simple goals with clear metrics and measures and realistic implementation strategies. One of my personal strategies is to encourage

colleagues within my company or the professional organizations I participate in to always think of how to include diversity of thought and participation on committees and work groups they establish—and I do the same.

The next time you go to a meeting at your workplace or in organizations you belong to, look around the room. Are you the only one who looks like you? Do you see anyone who doesn't look like you? Think of what you can do to be the change needed in your office or association—how you can start a movement that will create a more diverse professional and work environment and position you as a leader in promoting that change. ■

Roberta "Byrde" Kelley, CPM, a property manager with Lincoln Harris in Dallas, serves on IREM's Diversity Advisory Board and actively works to bring the topic of diversity to the forefront in her workplace.

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# SEPARATE & TOGETHER

## MANAGING MIXED-USE ASSETS

By John Salustri

Oil and water don't mix. Very often, neither do building occupants of different types thrown together in the same complex. Welcome to the reality of mixed-use assets, and it falls to the property manager to act as sheriff, advisor, confidant and general keeper of the peace.

Mixed-use assets are a growing trend in the U.S. (see sidebar, "The Growing Trend of Mixed Use" on P14.) That implies a growing need for managers with a unique blend of both hard and soft skills to navigate the potential landmines inherent when commercial and multifamily—or differing commercial uses, for that matter—come together in the same sandbox.

Add to that the complications of different management organizations for each use, not just homeowner associations (HOAs) but also the growing number of commercial owner associations, and you can see that managing this type of asset requires a great deal of expertise.

"The expectations today are so much higher than they were 10 years ago," says Lisa Nerheim-Chereck, the Portland, Ore.-based managing director of real estate for Greystar Management, AMO. "So training and mentoring are an incredibly important part of the mixed-use industry today."

"The challenge in our market, and I'd assume in many markets, is that initially multifamily managers did not have the background to manage the retail or commercial space without additional training," she continues.

Greystar, the largest operator of apartments in the United States, not only has robust on-boarding and ongoing sessions for staff, but it is also working with IREM to provide live-session commercial management training programs.

"The bulk of the multifamily supply delivered in Portland over the past 10 years has had a retail or commercial component," she says. "Many residents prefer a lifestyle with amenities close to where they live." The surge has also been fueled by



local-government mandate, and mixed-use zoning was implemented in the 1990s “to minimize city congestion and auto traffic.”

“The greater L.A. area has a housing shortage,” says Karinna Cassidy, CPM, senior managing director for Cushman & Wakefield, AMO, in Los Angeles. “So we absolutely see mixed use as a growing trend, and everyone in management will be challenged to deal with conflicts arising from this segment of the industry.”

The potential conflicts can come at you from anywhere. They include but certainly aren’t limited to noises and aromas wafting from restaurants to homes, battles over parking spaces when a hotel banquet takes place during office-tenant hours, even ATM security lighting shining through unit windows.

And then there’s the “me first” mentality. “Residents have expectations of their rights, and they certainly don’t want any reduction in those rights in a building with other uses,” says Stephen L. Burger, CPM, CRX, CRM, president and COO of Eugene Burger Management Co., AMO, in Rohnert Park, Calif. “They often arrive with the idea that everyone else should understand their rights and treat them accordingly.”

Ironically, he adds, “The businesses in the same complex have patrons who need to be served properly in order to build a profitable business. That’s their objective. There are residents who think that’s fine when they need that service. But when they don’t need it, they don’t want issues that they hadn’t already anticipated.”



“THE DYNAMIC CHANGES IF THE OWNERS’ ASSOCIATION ISN’T MANAGED BY A PROFESSIONAL COMPANY. IF IT’S JUST AN OWNER REPRESENTING THE REST OF THE OWNERS, IT CAN BECOME MORE EMOTIONAL.”

—KARINNA CASSIDY, CPM, CUSHMAN & WAKEFIELD, AMO

## THE GROWING TREND OF MIXED USE

How big is the mixed-use trend? Big and getting bigger, apparently. Here are a couple of fun facts for you, from the pages of the *National Real Estate Investor*:

Fun Fact A) “The desire for uplifting experiences is now invading the workplace, and forward-thinking office developers/owners are cashing in on this trend by integrating office space into mixed-use environments,” says Mike Hoeck, San Diego-based senior vice president specializing in office leasing and sales with CBRE, AMO. “Office space within a mixed-use environment leases up faster and commands rents that are 22 to 33 percent above rents at stand-alone office buildings.”

Fun Fact B) “Mixed-use developments are rapidly becoming one of the most popular product types in US development,” making up a substantial portion of 2017’s “all-time high of \$1.26 trillion in construction spending.”

### THE LEASE: BEFORE & AFTER

A clearly worded lease helps keep all parties in their lanes, but it’s not enough. “You can address some issues in a lease or a shared services agreement,” says Cassidy. “But it’s not always feasible. Conflicts aren’t always so black-and-white.”

Cushman & Wakefield and Greystar both find advantages in involvement before leases are signed. “We work with most of our clients through the entire process,” says Cassidy, and that starts with development. “So developers come to us for consultation and get our feedback in terms of the best approach for the asset. Together we can outline and forecast how services will be placed and used for the commercial, hotel and residential components.”

This can include such nitty-gritty details as submetering and coordinating access, “so when we’re billing expenses back we have an accurate measure and can regulate how to prevent commercial operations from impacting the residential experience,” says Cassidy.

There are many benefits to managing all aspects of the mixed-use asset, explains Jesse Miller, MBA, ACoM, ARM, the Portland-based director of real estate and commercial property management for Greystar. “There are a variety of synergies that can come from being the sole property manager for both components,” he says. “Synergies such as maintenance inspections, which help to scale pricing for the services, ensure consistency and reduce exposure, are just one example of added value provided by a centralized management platform.” Given Greystar’s size, its clients also gain from its immense buying power.

On the flip side, sharing management responsibilities with another firm demands both a professional demeanor and a dollop of patience. “That’s where soft skills come into play,” says Cassidy. “It’s



all about strong relationships, constant communication and solid documentation supporting how things are supposed to operate. And ideally you've set meetings for the week's or month's activities, so you're both working together and understanding what the other is trying to accomplish."

If there are HOAs involved or, with increasing frequency, commercial ownership associations, it requires increased communications. "Today, in addition to HOAs, there are some newer commercial developments where they're implementing owner associations," says Miller. "We have one development with office, retail and residential, with one ownership group for residential and office, another for retail and a master association to oversee the entire project. It's a structure that's new to us and the industry."

No matter whom the association represents, "The sensitivity changes," he says, especially because the association is not typically made up of professionals.

Cassidy agrees: "The dynamic changes if the owners' association isn't managed by a professional company. If it's just an owner representing the rest of the owners, it can become more emotional."

And then crops up the challenge of balanced representation. "You'll have a nonprofessional, volunteer board of directors, elected by their members," says Burger. "Typically the number of residential units is greater than business units, so when board members are elected, they're predominantly residential unless it's specified otherwise. And some feel compelled to exercise their authority. If I'm a homeowner and I know the board members are mostly residential owners, I'm going to expect them to lean toward me."

The manager often labors under another burden, namely not knowing who the occupants are. "In the beginning, the developer might know what's happening and who's moving in," he says. "But once that unit is sold, the manager doesn't know who the new residents are until after the sale."



“WE SEE  
SUCCESSFUL  
COMMERCIAL  
PROPERTY  
MANAGEMENT  
WITHIN THE  
MIXED-USE  
CAPACITY  
BECOMING AS  
FUNDAMENTAL  
AS ANY OTHER  
ESSENTIAL  
OPERATION  
WITHIN THE  
MULTIFAMILY  
INDUSTRY.”

—JESSE MILLER, MBA, ACOM, ARM,  
GREYSTAR, AMO

#### NAVIGATION TOOLS

Clearly, it takes incredible communication skills and management expertise to oversee a mixed-use project. Here are some tips from those who have succeeded:

"We encourage mixed-use managers to invest in themselves and their future success by pursuing the robust commercial property management training IREM offers," says Miller. "Within the next few

years, we see successful commercial property management within the mixed-use capacity becoming as fundamental as any other essential operation within the multifamily industry."

Burger agrees: "You need time to get experience," he says, "but first you need training, and it's best to look for groups that offer that training particular to what you're doing. IREM certainly cuts across most management types, and then there are other specialty groups, like BOMA (Building Owners and Managers Association)." He also suggests the training programs offered by local and state organizations.

The main lesson in that training and experience is that you'll "understand that there's a big difference between mixed use and other property types," he says. "You need to read all of the association's governing documents as well as the lease and the CCRs [covenants, conditions and restrictions] and bylaws."

He further suggests specialization by product type. At his firm, "There is some crossover, but we prefer specialization," he says. "It allows managers to increase their experience and carry their knowledge from one issue to another. Also, their assignments are mostly in the same general area, so they're dealing with similar county and city issues." He says his managers meet with their boards on a monthly or quarterly basis.

"The primary skill I would hone into is being solution-oriented," says Cassidy. "If you become a partner with the hotel or residential manager or the retail folks in your mixed-use project, be a cheerleader for everybody. It will circle back. Attitude is number one."

Indeed, mixed use is a growing development trend, addressing many needs in the local community, from housing to traffic control. And therein lies major opportunities for property managers... at least those with the proper hard and soft skills. ■

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John Salustri is a contributing writer for *JPM*®.

By Maggie  
Callahan

# CO-OP

## THE PERKS AND CHALLENGES OF OVERSEEING A COWORKING SPACE



IMAGE: ISTOCK.COM/DEAGREEZ

# ERATING



The simple act of going to work looks a lot different than it did 20 years ago. Thanks to today's technology and an expanding gig economy, the daily grind may mean sitting in a home office, plugging in a computer at a café or joining some colleagues at a coworking space—a trend that has gained serious traction over the last few years.

According to the publication *Coworking Resources*, there are an estimated 18,287 shared workspaces worldwide, up from 7,805 in 2015. By 2022, this number is projected to hit 25,968.

To illustrate the growing popularity of these spaces, take a look at coworking giant WeWork, which last year became New York City's largest private office tenant—a title the company has also claimed in Chicago, London and Washington D.C. As of January, coworking company Impact Hub had 92 locations in 81 cities worldwide. Office supply store Staples has launched its own coworking spaces in select Boston locations. And other niche shared workspaces are tailored to specific groups, like writers, designers or women.

Whether it's freelance and remote workers seeking desk space or established

businesses looking for more flexible leases and loads of amenities, coworking spaces seem to answer a number of these demands.

## COWORKING'S MANY MODELS

From a property management perspective, overseeing a coworking space brings a variety of benefits, as well as special considerations.

"Landlords need to understand that they can't manage coworking tenants the same way they manage other tenants," says Drew O'Connor, a senior managing director for Cushman & Wakefield, AMO. "They need to have a different mindset, and they need to think outside the box."

O'Connor oversees 39 million square feet of office space in Manhattan, which includes various models of coworking space.

"These coworking spaces have changing tenants that may all have different operating models and work different hours," O'Connor says. They may have different needs in terms of the amount of space and lease length, too, and the operations can change from month to month.



“THE LANDSCAPE IS EVOLVING RIGHT NOW, AND PROPERTY MANAGERS NEED TO BE EVOLVING AND HAVE AN OPEN MINDSET.”

—TIM JOHNSON, COLLIER'S, AMO





## “LANDLORDS NEED TO UNDERSTAND THAT THEY CAN'T MANAGE COWORKING TENANTS THE SAME WAY THEY MANAGE OTHER TENANTS.”

—DREW O'CONNOR, CUSHMAN & WAKEFIELD, AMO

workspace is geared toward tradespeople like painters and carpenters. At the CoLab, the building's management oversees all of the individual tenants that rent coworking space.

Bob Miller, a senior managing director at AMO Firm Colliers International, and Tim Johnson, a client services coordinator with Colliers, are based out of Stamford, Conn., and work closely with this building's property manager. They oversee the leasing for the space—a 110,000-square-foot former data center built in the 1970s. The building was used by Unilever until the company moved out in 2017.

“We got involved with the project earlier this year,” says Johnson. “We’ve been collaborating with the management using our market knowledge of the current trends, and the conversation on how to best use the building is still evolving.”

### BUILDING BOOSTER

Overall, O'Connor says having a coworking space in your building can be a major asset, thanks in part to the incredible amenities many coworking companies offer.

“It's all about the tenant experience, and amenities are the way to enhance that experience,” O'Connor says. “Coworking spaces really do a great job with this.”

He also encounters coworking operations with enterprise tenants, which are typically larger companies that rent coworking space because they need some room—maybe a floor or two—for a finite period of time, like during a special project. He says these tenants are more like traditional tenants because there is usually only one tenant for a longer term, almost like a sublease. “And the coworking company oversees all of this,” he says.

For both conventional coworking tenants and enterprise coworking tenants, his interaction is only with the coworking space's manager, not the space's individual tenants.

Landlord-managed coworking spaces are also growing in popularity. One example is the unique CoLab @ 55 Merritt in Trumbull, Conn., which is also a successful instance of the adaptive reuse of an empty office building. Offering office and flex space, this shared industrial

For example, WeWork Chicago locations offer lounge-like common areas, hip kitchens and bike storage, in addition to office staples like high-speed internet. Ice cream socials, cheese tastings and expert-led panels round out the social calendars.

Demand has landlords working to include amenities in their spaces. By having a coworking space in the building, a landlord might be able to team up with the tenant to offer some of the amenities rather than creating them from scratch. “They may be able to partner with the tenant to offer smart conference room space or a virtual doorman,” O'Connor says. In addition, master coworking tenants also offer the building's non-coworking tenants the ability to expand, if necessary.

Due to the nature of the space at The CoLab, potential tenants have not been expecting a full menu of fancy amenities, but they are attracted to features like furnished offices.

“We are offering an upscale option for industrial space,” Miller says. “We have a really nice common area, the entrance is very professional, but then they could go back to work in their wood shop.”

Adds Johnson, “This is essentially a plug-and-play set-up. They aren't expecting a kegerator or other amenities like that, but we are going to be looking for a lot of tenant feedback to see what they want.”

### ADAPTING TO FLEXIBILITY

Relaxed options have been one of the biggest draws for coworking spaces. In general, they offer more flexible lease options and the ability to easily add or reduce the amount of space needed.

Miller says a coworking option can be much more appealing than a traditional office lease, which is usually no shorter than three years.

Adds Johnson, “When it comes to renting a private office, we can do leases for as short as three or four months. Why commit to anything longer than you have to? We're also very flexible in terms of pricing and have options for pay-as-you-go or paying up front.”

But where there are flexible leases, there will be turnover. So for a property manager or landlord overseeing these properties, a few extra to-dos are added to the list.

In a space like the CoLab, where building management oversees all of the individual tenants, managing that roster will be one of the biggest challenges, says Johnson.

“The other challenge is just keeping track of all the schedules,” he says. “You're going to have a lot of tenants in and out. We have a lot of lease expirations, so that can be a burden. Spaces have to be ready for move-in; we have to coordinate Wi-Fi and moving vans.”

While turnover and scheduling can be predicted somewhat, there will be an increased need for creative thinking, says O'Connor.

“Managing a coworking space is an ever-evolving process, and the building management needs to evolve with that,” he says,



emphasizing that property managers will have a number of considerations to keep in mind.

Coworking operations have different hours—some late into the evening. “You may have some of the coworking space’s tenants in the building until 10 or 11 at night,” he says. Property managers may have to adjust the HVAC for fluctuations in building density or run the air conditioner longer into the evenings if the office is open later.

Depending on the building, there may be extra considerations for lobby security. “If it’s a typical Class A building with turnstiles and badges, all of the tenants will be required to be entered into the system.” Some of the coworking space’s tenants also might have visitor foot traffic, which can further impact this.

Janitorial service might also require special scheduling. “Because employees may be working late into the night, the janitorial service might have to clean the space during the day,” O’Connor says.

Miller and Johnson realized how nimble they would have to be the moment potential tenants began inquiring. While the CoLab has been marketed to industrial users, the variety of interested tenants has surprised them.

“We’ve had an ad agency, an e-distribution company, a computer development company, a life coach, a marketing company, contractors and even a retailer from the mall who needs

more office space,” Johnson says. “They have for the most part been mom-and-pop businesses. Some were looking to get out of their home offices, and they wanted a space that was secure and locked.”

Johnson and Miller have also realized there will be times when a tenant isn’t a good match for the space, such as the children’s entertainment business that inquired about a lease. In that particular case, they knew the building didn’t have the necessary amenities to accommodate the potential tenant.

#### SMOOTH SAILING

To ensure a beneficial tenant relationship, a solid rapport between property management and the master coworking management needs to be established, O’Connor says.

Johnson says he thinks there are still many iterations of coworking yet to be seen, and it’s going to continue to rise in popularity. O’Connor agrees.

“The landscape is evolving right now, and property managers need to be evolving and have an open mindset,” says O’Connor. “Managing coworking spaces does present some challenges, but there truly are some benefits. You just have to be open to the change.” ■

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Maggie Callahan is a contributing writer for *JPM*®.



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# ON THE

# ROAD TO CASH FLOW

## By Fred W. Prassas, CPM

### APPROACHES TO CALCULATING RENT REVENUE

For investment real estate, the endgame is net operating income (NOI), which represents a property's earning power and is a determinant of a property's market value. However, cash flow is often viewed by investors as a better ongoing measure of a property's financial health, economic success and management performance. The stream of money coming into and out of an investment, cash flow represents the amount of cash available after all operating expenses and debts have been paid. In a pro forma statement, it is the estimated amount of cash inflows and outflows expected in one or more future periods.

Sounds simple enough. But the issue can become slightly complicated when taking into consideration that not everyone uses the same formula for determining cash flow, makes the same assumptions in calculating it, or employs the same definitions—and these differences start with the calculation of net rent revenue. Property managers encounter financial statements from many different sources, including those from potential future clients who often take different approaches. It's important for managers to be able to identify the methodology and, where appropriate, convert to that system.

Based on the IREM cash flow model, the first step in the calculation is gross potential income (GPI), sometimes known as potential gross income or potential rental income. GPI is the maximum rent that can be derived from 100 percent occupancy at market rent over the course of a financial period (normally, a year). To determine GPI, assume that all space/units are occupied and all rents are at market value and are paid in full and on time. The result is an indication of what could be achieved if all of the space were generating revenues based on full market rent.

Of course, this number is seldom realized, because 100 percent occupancy at full market rent is seldom achieved. For one thing, there is nearly always some amount of the space subject to existing leases. For example, an office building may have several leases with, say, five years to maturity that were negotiated when rents were lower. Even though the owner will not likely receive market rent for this space for five years, in the calculation for GPI, the figure is reported at market rent and then modified by a deduction known as loss to lease (more on this later).

Commercial leases are often analyzed in detail in the process of calculating cash

*This article is adapted from the newly released second edition of **Investment Real Estate: Finance and Asset Management***



The new second edition of **Investment Real Estate: Finance and Asset Management** by Fred W. Prassas, CPM, is available now at [irembooks.org](http://irembooks.org).



## A CLOSER LOOK AT CALCULATION

Here is an example of how net rent revenue can be calculated and displayed, ultimately yielding the same result. (See “How Net Rent Revenue is Calculated” on P24 for more explanation.)

Consider the rent roll for a 40,000-square-foot office building with 75 percent of the space rented and 25 percent vacant. In the rented space are three tenants with leases expiring over the next three years; their current rents equal \$590,000. A recent survey of rents indicated that the vacant space is worth \$27 per square foot, or \$270,000 a year. Adding that figure to the existing rents yields a GPI of \$860,000.

Using this example, the loss to lease in a pro forma would be represented as the difference between the actual leases of \$590,000 and the market value of that space, or \$810,000 (30,000 square feet at \$27). The loss to lease is \$220,000 (the larger figure minus the smaller). The purpose of the pro forma statement format is for managerial analysis and tends to focus on operational issues that can be addressed by management.

It is unlikely that the pro forma format would be used for financial reporting to investors or for tax reporting. This is reflected on the chart as Approach C, which indicates how investors typically will report net rental revenue—as a single number without explanation of how it was derived. It falls to the manager to understand the process by which this was derived and be able to back into it.

	Approach A IREM Model	Approach B Multifamily Model	Approach C Financial Reporting
Gross Potential Rent (GPR)		\$1,080,000	
Gross Potential Income (GPI)	\$1,080,000	\$860,000	
Loss to lease	\$220,000		
Vacancy and Collection Loss	\$270,000	\$270,000	
Net Rent Revenue	\$590,000	\$590,000	\$590,000

flow. Part of this leasing process includes preparation of an abstract of the key lease provisions for each tenant to help the real estate management company be aware of key obligations of both parties. Residential leases typically pose less concern than commercial leases because they are short-term in nature (seldom more than one year) and because the landlord dictates the lease format and its key provisions. Properties that use revenue management software must determine how they will

report GPI, which could cause the number to vary from day to day. Some owners wish to see the fluctuation in monthly or a stabilized GPI with differences reported in loss to lease.

### LOSS TO LEASE

Loss to lease is the income that is lost as a result of contract (actual) rents being less than maximum market rents. This figure is especially important when evaluating a property in a rising market and projecting future rent increases.

A loss to lease can occur in any type of property. For example, in multifamily properties, rents can be raised more easily, but a loss to lease may occur due to a site manager’s unwillingness to raise rents for long-time tenants. Analysts sometimes calculate loss to lease to monitor lost market potential and, in the case of office or retail tenants, to terminate leases if possible when the loss is considered too great.

Loss to lease is an important factor for consideration by property managers for several reasons, one of which is as a measure of management performance. A property without the constraints of long-term leases, such as a multifamily property, needs to keep rents at market, especially in an upward trending market. While there is likely to always be some loss, revealing this amount on the pro-forma statement and clearly stating market rents as GPI indicates the manager is analyzing the market regularly and can plan for rent increases as appropriate.

The loss to lease figure may also be meaningful where the manager has space with long-term leases. While the manager likely cannot raise rents for these tenants, a high loss to lease could alert the manager to re-examine the terms of that tenant’s lease. Perhaps a certain tenant has not been performing on some element of the lease, which could re-open it for negotiation, or there may be a buyout clause that is favorable to the landlord, in which case management may want to consider opening the space for rental at market rates.



In a rising market, knowing the value lost on space leased earlier can help in planning for future leasing activities. In a declining market, where existing leases are higher than current market rents, the pro forma may reveal a gain to lease. This figure may also be used to plan future leasing and operational activities, with a planned reduction of revenue. In a declining market, the manager should be prepared to negotiate rent reductions when leases are renewed, or even earlier than the renewal date, in an attempt to keep tenants who might be tempted to move to a building with more attractive rent.

#### VACANCY AND COLLECTION LOSS

In the real world, seldom if ever is all space in a commercial property or all units in an apartment community rented all of the time. GPI has to be adjusted down to reflect market conditions. Coming up with an accurate adjustment due to vacancy and collection loss will depend in

part on the real estate manager's attention to these figures (i.e., good record keeping).

There are two types of vacancies that result in a loss of rental income:

- › Physical vacancy, which consists of any space that is unoccupied.
- › Economic vacancy, which reflects any physical vacancies plus space that is leased but not producing rent. This includes space that cannot be rented as is; space used as offices, models or for storage; and space (typically apartments) provided to staff as part of their compensation and thus does not produce rent.

Collection loss stems from bad debts resulting in rents that may not be collected, and concessions or other rent reductions given to attract tenants. Some owners want concessions separated on a line item so they can be monitored or



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included in loss to lease. Owner goals will dictate how this is reported.

### NET RENT REVENUE

The difference between GPI and losses due to below-market rents, vacancy and collection loss is net rent revenue. This adjustment is the first part of the equation for calculating NOI and determining cash flow.

The methodology outlined here follows the IREM model and is reflected as Approach A in the chart below. Keep in mind that the perspective of the analyst may influence the approach used for forecasting and reporting net rent revenue. While the end result may be the same, it may not always be desirable or efficient to regularly calculate market rents and loss to lease.

A real estate appraiser, for example, may calculate GPI as the total of all rents under existing leases at the contract rent, plus all vacant space at the market rent for that type of space. This method is based on the concept that in the current year the maximum revenue the property could produce is limited by the leases in place on the property. Vacant space has the potential of being rented at market

rates. Sometimes GPI when calculated in this manner is referred to as gross possible income.

The other popular model, shown in the chart as Approach B, is to define gross potential income as the expected income of all occupied units at existing lease rates (contract rent) and vacant units at current market rates. This approach to GPI has been adopted by the National Apartment Association (NAA). It is especially popular with apartment owners who favor it because it places the focus on the degree of leasing activity needed to reach the property's true potential at any given point in time. While loss to lease can be calculated, it is not emphasized in this approach because, in the short term, contract rents will not change until leases expire and are renewed at market rents.

In the multifamily space, owners and managers who use revenue management platforms often prefer this method because these platforms are highly revenue-driven based on constant fluctuations in the market. Using these platforms, market rents—instead of being solely based on a property manager's observations of competing units—aggregate demand, supply, renewal trends, competitive rents and more than 500 submarket data points instantaneously. Under these models, GPI can change on a weekly or even more frequent basis, depending on the user's marketing philosophy.

The chart on this page shows how net rent revenue is calculated and displayed under different approaches to analysis of revenue. Approach A is suggested for property managers when performing cash flow analysis, as it clearly identifies inefficiencies either in management or market forces and points to opportunities for performance improvement. ■

## HOW NET RENT REVENUE IS CALCULATED

	Approach A IREM Model	Approach B Multifamily Model
<b>Gross Potential Rent (GPR)</b>		100% occupancy at market rent
<b>Gross Potential Income (GPI)</b>	100% occupancy at market rent	Occupied space at existing rents and vacant space at market rents
<b>Loss to lease</b>	Loss due to existing rental rates being less than market rent	
<b>Vacancy and Collection Loss</b>	Losses from vacant units, concessions, collection losses, non-revenue space	
<b>Net Rent Revenue</b>	GPI adjusted for loss to lease and vacancy and collection loss	GPR adjusted for vacancy, concessions, collection losses, non-revenue space

Frederick W. Prassas, CPM, is an IREM Instructor and associate professor and program director for the real estate property management program of the Weidner Center for Property Management at the University of Wisconsin–Stout.

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# SET YOUR STANDARDS

## BENCHMARKING WITH IREM'S *INCOME/EXPENSE ANALYSIS* REPORTS

For more than 60 years, IREM has been producing its *Income/Expense Analysis* reports to give owners, investors and managers the kind of clean, reliable data they need to accurately evaluate the performance of their properties. Managers know that if they are only looking at the results of their own properties' operations, they're not getting the full picture. The *Income/Expense Analysis* reports provide important context and enable the assessment of a subject property in contrast to the competition. The information can be used to compare a property's performance with similar properties of the same building type and within a similar geographic scope with the objective of

spotting differences between the subject property and others in the market.

The reports offer broad indicators for effective benchmarking in order to identify opportunities for improvement. The industry composites contained within the reports can be used to:

- › Build more realistic operating budgets
- › Identify opportunities for trimming waste and addressing inefficiencies with the objective of finding savings in operating expenses
- › Calculate operating ratios that enable trends to be quickly spotted and quantified

### 2019 *INCOME/EXPENSE ANALYSIS*: SHOPPING CENTERS

Median per square foot at average actual occupancy (AAO)	Total Collections			Total Expenses		
	2017	2018	2017-2018 % Change	2017	2018	2017-2018 % Change
Open Centers	\$16.01	\$15.67	-2.1%	\$4.94	\$5.07	2.6%
	Operating Ratio			Vacancy		
	2017	2018		2017	2018	
Open Centers	31%	31%		6%	7%	





## 2019 INCOME/EXPENSE ANALYSIS: CONVENTIONAL APARTMENTS

Median per net rentable square foot	Total Collections			Total Expenses		
Building Type	2017	2018	2017-2018 % Change	2017	2018	2017-2018 % Change
Elevator	\$20.93	\$22.14	5.8%	\$8.97	\$9.29	3.6%
Low-Rise 12-28	\$13.32	\$11.90	-10.7%	\$5.84	\$6.48	11%
Low-Rise 25+	\$14.54	\$15.36	5.6%	\$6.06	\$6.25	3.1%
Garden	\$13.18	\$13.63	3.4%	\$5.34	\$5.40	1.1%
	Annual Operating Ratio			Vacancy		
Building Type	2017	2018		2017	2018	
Elevator	43%	42%		7.1%	6%	
Low-Rise 12-28	44%	54%		4.2%	3.2%	
Low-Rise 25+	42%	41%		6.9%	5.6%	
Garden	41%	40%		6.8%	6.1%	



## 2019 INCOME/EXPENSE ANALYSIS: FEDERALLY ASSISTED APARTMENTS

Median per net rentable square foot	Total Collections			Total Expenses		
Section 8 Family	2017	2018	2017-2018 % Change	2017	2018	2017-2018 % Change
High-Rise	\$18.60	\$20.53	10.4%	\$12.12	\$12.26	1.2%
Low-Rise	\$11.35	\$12.25	7.9%	\$7.19	\$6.98	-2.9%
Garden	\$12.12	\$12.95	6.8%	\$7.89	\$8.22	4.2%
	Annual Operating Ratio			Vacancy		
Section 8 Family	2017	2018		2017	2018	
High-Rise	65%	60%		1.3%	1.6%	
Low-Rise	63%	57%		2.3%	2.9%	
Garden	65%	63%		2.7%	2.2%	

- › Uncover emerging shifts in the market
- › Communicate more effectively with owners and clients
- › Prepare feasibility studies, appraisals and financing requests
- › Gain an understanding of property operating activity when new markets that are being entered

### THE 2019 INCOME/EXPENSE ANALYSIS REPORTS CONTAIN OPERATING RESULTS FOR THE YEAR 2018 FROM:

- › 4,224 conventional apartment buildings containing 894,868 units
- › 769 federally assisted buildings comprising 62,143 units
- › 2,516 condominium and cooperative projects and planned unit developments, representing 328,941 residential units
- › 308 shopping centers
- › 1,309 downtown and suburban office developments representing 1,760 buildings

### A FEW HIGHLIGHTS FROM THE 2019 REPORTS:

- › Increases in total collections pushed median net operating income for downtown office buildings from \$11.23 per square foot in 2017 to \$13.14 in 2018—a 17 percent increase. For suburban office buildings, net operating income rose from \$11.36 per square foot in 2017 to \$13.04 in 2018, up by 14.8 percent.
- › Shopping centers saw a decrease in total collections and an increase in expenses, resulting in a 4.2 percent drop in median net operating income from \$11.07 per square foot in 2017 to \$10.60 in 2018. An increase in shopping center vacancy also was seen, from 6 percent in 2017 to 7 percent in 2018.
- › Median net operating income rose on high-rise elevator buildings (from \$11.75 per square foot in 2017 to \$12.34 in 2018, up 5 percent); low-rise buildings with 25 or more units (from \$8.21 per square foot in 2017 to \$8.77 in 2018, up 6.8 percent); and garden apartments (from \$7.66 per square foot in 2017 to \$7.98 in 2018, up 4.2 percent). Only 12–24-unit low-rise buildings saw a drop in median net operating income (from \$6.08 per square foot in 2017 to \$5.96 in 2018, down 2.0 percent).

## 2019 EXPENSE ANALYSIS: CONDOMINIUMS, COOPERATIVES AND PUDS

Median per unit per year	Total Operating Expenses: Condominiums			Total Operating Expenses: Planned Unit Developments		
Building Type	2017	2018	2017-2018 % Change	2017	2018	2017-2018 % Change
High-Rise	\$5,257.29	\$5,139.58	-2.2%	N/A	N/A	N/A
Low-Rise	\$2,843.80	\$2,812.33	-1.1%	\$413.75	\$414.26	0.1%
Townhouse	\$2,096.55	\$2,355.15	12.3%	\$579.72	\$619.07	6.8%
Combination	\$2,227.81	\$2,269.27	1.9%	\$656.39	\$714.51	8.9%
Condominiums				Planned Unit Developments		
Replacement Reserves	2017	2018		2017	2018	
High-Rise	22.7%	24.2%		N/A	N/A	
Low-Rise	27.3%	27.3%		22.1%	21.1%	
Townhouse	26.6%	22.6%		22.3%	21.9%	
Combination	21.5%	20.5%		16.2%	18.7%	

Continued on page 30 >



### NEED THE REPORTS?

IREM's *Income/Expense Analysis* reports are available in multiple formats, including individual metro reports, at [irembooks.org](http://irembooks.org).



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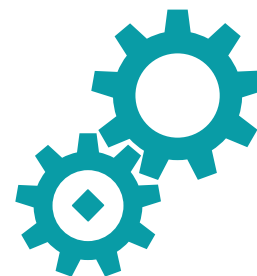
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## 2019 INCOME/EXPENSE ANALYSIS: OFFICE BUILDINGS

Median per square foot	Total Collections			Total Expenses		
	2017	2018	2017-2018 % Change	2017	2018	2017-2018 % Change
Downtown	\$22.19	\$23.94	7.9%	\$10.96	\$10.80	-1.5%
Suburban	\$19.66	\$21.63	10%	\$8.30	\$8.59	3.5%
	Operating Ratio			Vacancy		
	2017	2018		2017	2018	
Downtown	47%	46%		6%	6%	
Suburban	44%	42%		5%	4%	



- › Tenant turnover ratios in federally assisted apartments were significantly lower than in conventional apartments: In elevator buildings, 12.6 percent turnover was seen in federally assisted properties versus 43.8 percent for conventional apartments. In garden apartments, 19.1 percent was reported for federally assisted apartments versus 44.9 percent for conventional apartments.
- › Median monthly assessments on condominiums increased from \$314.40 per unit in 2017 to \$320.47 in 2018. For planned

unit developments, median monthly assessments rose from \$55.60 per unit in 2017 to \$57.51 in 2018.

The 2019 *Income/Expense Analysis* reports contain detailed information that can be parsed by metropolitan area, building age and type, geographic location and more. It is available in a variety of formats, including hard-copy books, interactive PDFs that enable data downloads into Excel files and customizable cloud-based online labs that provide over 20 years of data to make benchmarking quick and easy. ■



For the second year, Upbeat has awarded **ten \$2,000 grants** to property managers to help fund tuition for one IREM course or exam fee. Stop by the **Upbeat Booth** at the **2019 IREM Global Summit** Sept 23-26 in San Francisco, CA to see the winners.



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## ANNOUNCING THE FINALISTS FOR THE 2019 REME AWARDS

The IREM REME Awards recognize exceptional companies and individuals as best of the best in real estate management. These professionals make a difference for their communities, clients and companies every day, and IREM believes these extraordinary contributions should be celebrated.

“Our industry is full of talent, and we’re so excited to have the opportunity to celebrate the spectacular work that is being done every day,” says Jae Roe, CPM, REME Awards Advisory Board chair, with the RMR Group, AMO, in Norfolk, Va. “Thanks to all who took the time to submit, and congratulations to this year’s finalists.”

Echoes Don Wilkerson, CPM, IREM president, with Gaston & Wilkerson Management, AMO, in Reno, Nev.: “I’m so proud that IREM is able to honor the remarkable work that is being done in real estate management, along with those who are doing it,” says Wilkerson. “The REME Awards truly showcase those who are innovative, forward thinking and making a difference in their communities and businesses.”

The REME Award winners will be announced and recognized at the Inaugural Gala Dinner and REME Awards celebration, during the 2019 IREM Global Summit. The gala takes place on Sept. 26 in San Francisco.

Here are the finalists from which the 2019 winners will be selected.

### CORPORATE CATEGORIES

RECOGNIZING REAL ESTATE  
MANAGEMENT COMPANIES

#### CORPORATE INNOVATION

Recognizes innovative programs related to technology, customer service, sustainability or marketing.

##### > **DLP Real Estate Capital**

*Bethlehem, Pa.*

DLP’s distinctive management and operational system, the DLP Elite AES (Acceleration & Execution System), ensures the well-being of employees, measures success and identifies areas of improvement.

##### > **Shenzhen Unova Commerce Management**

*Shenzhen, China*

UNOVA created a new business model that meets demand for new creative space, maximizes property value and forges a sustainable business model, all by renovating an existing commercial annex.

#### CORPORATE AND SOCIAL RESPONSIBILITY

Recognizes exemplary corporate responsibility and contributions to the community that enhance the reputation of the real estate management industry.

##### > **CAHEC**

*Raleigh, N.C.*

Through their foundation, CAHEC goes beyond housing to offer life-changing education and wellness opportunities to low-income residents.

##### > **MPS Shanghai Co. Ltd.**

*Shanghai, China*

Proactive energy management practices, at the operational and tenant level, have brought continuous benefit to the local community and environment.

##### > **Schochet Companies, AMO**

*Braintree, Mass.*

Since beginning their Sustainability

Initiative, Schochet has completed over 130 energy-saving projects throughout their properties.

› **Southwest Clinical Center**

*Brasilia, Brazil*

Seven tons of polycarbonate was removed and recycled from the Centro Clinico Sudoeste building and replaced with tensioned textile, resulting in better air circulation and acoustics, more natural light and better protection against rain, dust and sun.

› **Woodmont Real Estate Services, AMO**

*Belmont, Calif.*

Woodmont's guiding principle of "People, Planet and Profits" drives three ongoing initiatives across the company's entire platform—Employee and Leadership Development, Sustainability, and Community Engagement and Giving.

**EMPLOYEE & LEADERSHIP DEVELOPMENT**

Recognizes exemplary practices that are transformational for the company as a whole, a team or a program related to one or more of the following: leadership development/succession planning, employee engagement, onboarding of new employees, internships or other initiatives engaging young professionals and newcomers to the industry, and corporate culture.

› **CBRE, AMO**

*Pasadena, Calif.*

CBRE's Rising Professionals

Organization is focused on developing leadership potential through training, networking and community involvement, while contributing a fresh perspective to challenge and lead the industry.

› **JLL**

*Washington D.C.*

JLL's New Hire Onboarding Seminar is an interactive half-day event intended to bring together new and recent hires within the region for the purposes of networking and learning.

› **The RMR Group, AMO**

*Denver*

RMR has developed several practices, like their Leadership Development Program and Managing with Impact workshops, to recruit promising talent, incorporate and engage new employees and foster long-term development.

› **United Realty Management Corporation, AMO**

*Troy, N.Y.*

United University is a companywide initiative that provides employees with the tools to be successful in their current roles, outlining a career path for future growth and development to create a pipeline within the organization.

“OUR INDUSTRY IS FULL OF TALENT, AND WE'RE SO EXCITED TO HAVE THE OPPORTUNITY TO CELEBRATE THE SPECTACULAR WORK THAT IS BEING DONE EVERY DAY.”

—JAE ROE, CPM



**AMO OF THE YEAR**

Recognizes outstanding performance by an AMO Firm.

› **Physicians Realty Trust, AMO**

*Milwaukee*

› **Roscoe Properties, AMO**

*Austin, Texas*

› **United Realty Management Corporation, AMO**

*Troy, N.Y.*

**INDIVIDUAL CATEGORIES**

RECOGNIZING REAL ESTATE MANAGEMENT PRACTITIONERS

**CPM OF THE YEAR**

Recognizes outstanding performance by an IREM Member who holds the CPM designation.

› **Shannon Longino, CPM**

SunTrust Community Capital  
*Atlanta*

› **Patricia McLean, CPM**

Hillwood Properties  
*Fort Worth, Texas*

› **Tracy Mitchell, CPM**

Sampson Morris Group  
*Monroeville, Pa.*

› **Angelina Scarcelli, CPM**

Colliers International, AMO  
*Las Vegas*

**ARM OF THE YEAR**

Recognizes outstanding performance by an IREM Member who holds the ARM certification.

› **Kristen Alessi, ARM**

Draper & Kramer, AMO  
*Chicago*

› **Jesse Miller, ARM, ACoM**

Greystar Real Estate Partners, AMO  
*Portland, Ore.*

› **Brody Sheets, ARM**

Pedcor Management Corporation  
*Carmel, Ind.*

› **Kimberly Sisco, ARM**

Klingbeil Capital Management  
*Montgomery Village, Md.*





# Welcome and Protected

INCORPORATING PROTECTIONS  
FOR SEXUAL ORIENTATION AND  
GENDER IDENTITY

By Ted Thurn



June 28, 2019, marked the 50th anniversary of the Stonewall uprising, a series of demonstrations by the gay (as known then) community. The demonstrations started when New York City police raided the Stonewall Inn, a gay club located in New York City. The raid sparked a riot among bar patrons and neighborhood residents as police roughly hauled employees and patrons out of the bar, leading to six days of protests and violent clashes with law enforcement. Although Stonewall did not start the gay rights movement, it was a galvanizing force for lesbian, gay, bisexual, transgender and queer (LGBTQ) political activism, leading to the creation of a number of gay rights organizations.

Stonewall occurred a year after the signing of the Fair Housing Act of 1968 (FHA), landmark legislation to protect both buyers and renters from certain types of discrimination when seeking a place to live. When first enacted, the only protected classes under the FHA were race, color, religion and national origin. Additions were later incorporated into the Act, with sex added in 1974 and disability and familial status added in 1988.

Fifty years after Stonewall and the FHA, these two important chapters in American history and civil rights have converged with the proposed Equality Act (H.R. 5). This act would incorporate another important class to the FHA by expanding protections to “include sexual orientation and gender identity as protected characteristics.” Most notably, this would mean that employers, housing officials and public accommodations could not discriminate on the basis of someone’s gender identity and/or sexual orientation. The bill also explicitly cites conversion therapy as a form of discrimination.

The Equality Act was passed by the U.S. House of Representatives in May by a vote of 236–173. It now faces tough odds in the Senate, which is currently controlled by a Republican majority. As of this report, Senate Republicans stated that they would not consider the bill,

making it very unlikely that it will become law. Still, LGBTQ rights advocates are celebrating because it is the first time such legislation has received a full vote from either chamber of Congress. For supporters, it is another signal of the progress LGBTQ rights have seen over the years, from greater social acceptance to the victory for marriage equality.

As an inclusive association that embraces and values differences, IREM fully supports expanding protections to the FHA and is committed to equal opportunity as it improves employment, education and communities. IREM demonstrated this commitment in 2014 when it approved an amendment to its Code of Professional Ethics. Article 11 (Equal Opportunity) was modified to state that a “member shall not deny equal employment opportunity or equal professional services to any person for reasons of race, color, religion, sex, familial status, national origin, age, *sexual orientation, gender identity* or handicap and shall comply with all applicable laws and regulations regarding equal opportunity.” This commitment is further expressed in IREM’s statement on diversity: “IREM practices diversity. We are an inclusive organization that embraces and values differences and welcomes individuals of all races, genders, creeds, ages, sexual orientations, gender identities, and national origins and

“The Equality Act was passed by the U.S. House of Representatives in May by a vote of 236–173.”



## IREM POLICY ON SEXUAL ORIENTATION AND GENDER IDENTITY

“As a national organization, IREM’s policies should reflect national, state and local policies. Consequently, IREM’s positions on fair housing should include the protected classes under federal fair housing law and should consider other protected classes included in state and local law. IREM recognizes the inclusion of sexual orientation and gender identity as an additional protected class.”

PHOTO: ISTOCK.COM/NICKS

## HUD RULES

While it might appear that legislative work for LGBTQ civil rights is stalled at the national level, federally assisted programs are advancing protections based on sexual orientation and gender identity in housing. Of special note are rules that have been issued by the U.S. Department of Housing and Urban Development (HUD) to ensure that every person participating in its programs has equal access without being arbitrarily excluded.

» ***“Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity,” issued February 3, 2012.***

This rule requires that a determination of the eligibility for housing that is assisted by HUD or subject to a mortgage insured by the Federal Housing Administration shall be made in accordance with HUD’s eligibility requirements and without regard to actual or perceived sexual orientation, gender identity or marital status. The rule also includes definitions of sexual orientation and gender identity.



» ***“Equal Access in Accordance with an Individual’s Gender Identity in Community Planning and Development Programs” (Gender Identity Rule), issued September 21, 2016.***

This rule ensures that all individuals have equal access to many of the Department’s core shelter programs in accordance with their gender identity. Providers that use funds awarded through HUD’s Office of Community Planning and Development (CPD) are required to provide all individuals, including transgender individuals and other individuals who do not identify with the sex they were assigned at birth, with access to programs, benefits, services and accommodations in accordance with their gender identity without being subjected to intrusive questioning or being asked to provide documentation.

» ***“Equal Access to Housing in HUD’s Native American and Native Hawaiian Programs—Regardless of Sexual Orientation or Gender Identity,” issued November 17, 2016.***

This rule applies the same equal access provisions from the first rule to HUD’s Native American and Native Hawaiian programs. These programs are also required to make a determination of eligibility for housing assisted by HUD or subject to a mortgage insured by HUD in accordance with the department’s eligibility requirements and without regard to actual or perceived sexual orientation, gender identity or marital status.

individuals with disabilities, providing an equal opportunity environment among its members, vendors and staff.”

States are also addressing protections for the LGBTQ community. As of 2019, 21 states and Washington D.C. have comprehensive laws prohibiting discrimination on the basis of sexual orientation and gender identity. In addition, more than 20 states have introduced legislation so far this year to include sexual orientation and gender identity as a protected class. An estimated 400-plus cities and localities across all 50 states have adopted sexual orientation and gender identity policies by local ordinance.

This notwithstanding, there is still work to be done at the state level, with 28 states having no explicit statewide laws

protecting people from housing discrimination on the basis of sexual orientation or gender identity. One state, Wisconsin, protects people from housing discrimination on the basis of sexual orientation but there are no explicit protections from discrimination on the basis of gender identity. ■

Ted Thurn ([tthurn@irem.org](mailto:tthurn@irem.org)) is director of government affairs at IREM Headquarters in Chicago.



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## For What It's Worth

### A NEW LOOK AT COMPENSATION FOR PROPERTY MANAGEMENT

By Maggie Callahan

High job demand and an increasing need for more specialized knowledge are contributing to the continuing increase in CPM compensation, the 2019 IREM CPM Profile and Compensation Study shows.

Conducted in March, 791 CPMs responded to survey questions about demographics and compensation, showing that for those CPM designees in the U.S., median total compensation, which includes base salary, commissions and other compensations, grew to \$126,000, up from \$123,025 in 2015.



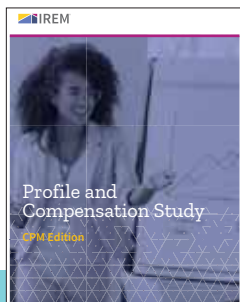
## DETERMINANTS OF BONUS OR COMMISSION

Factor	CPM Members	CPM Candidates
Financial performance of your company	57.4%	42.2%
Financial performance of your properties/portfolio	39.6%	46.5%
Meeting specific goals for your properties/portfolio	44.5%	48.3%
Physical condition of your properties/portfolio	10.2%	13.5%
Lease status of your properties/portfolio	10.1%	17.4%
Fixed amount or percentage: Annual bonus, holiday bonus, % of salary	3.9%	5.2%
Personal performance	2.3%	3.5%
Owner or Client discretion	1.1%	0.4%
New business brought in	2.1%	0.0%
Client/Resident/Tenant Satisfaction	1.1%	1.3%
Other	9.0%	7.0%

David Funk, co-founder of the Select-Leaders Job Barometer and the executive director of the American Real Estate Society (ARES), says one of the drivers of asset and property management wage and demand growth is the increasing need for a more sophisticated skill set for some jobs.

“Over the last decade, we’ve observed the transformation of the property and asset management role to include more financial analysis, investor relations and understanding the use of proptech. The need for this knowledge has really ratcheted up the requirements in these roles and, correspondingly, the compensation,” said Funk, an IREM Member and CPM Candidate.

“The increasing inclusion of asset/property managers at the investment committee and C-suite level reinforces the trend that compensation growth will continue for CPMs.”



## READ THE FULL STUDY

The 2019 edition of the *CPM Profile and Compensation Study*, providing data on CPM Members and CPM Candidates in the U.S. and Canada, is available to purchase from IREM in electronic format at [irem.org](http://irem.org).

## COMPENSATION BY TYPE OF ORGANIZATION

CPM Members who are employed by investment companies, privately owned companies and development/construction companies receive the highest average total

CPM Members Type of Organization	Average		Median	
	Salary	Total Compensation	Salary	Total Compensation
Investment company	\$147,035	\$243,455	\$137,500	\$175,000
Private owner/investor	\$128,709	\$182,859	\$111,125	\$131,000
Development/Construction	\$133,938	\$176,732	\$126,000	\$155,000
Property management	\$114,828	\$160,680	\$100,000	\$120,426
Full-service real estate	\$115,104	\$150,361	\$104,721	\$121,000
Corporate real estate	\$114,956	\$143,002	\$103,000	\$121,500
REIT	\$117,203	\$140,438	\$115,000	\$140,550
Not-for-profit management company/agency	\$110,767	\$133,270	\$97,500	\$97,500

## COMPENSATION BY TYPE OF PROPERTY MANAGED

CPM Members Property Type	Average		Median	
	Salary	Total Compensation	Salary	Total Compensation
Apartments (Conventionally financed)	\$132,281	\$207,216	\$114,700	\$145,000
Mixed-use properties	\$106,719	\$170,724	\$95,000	\$145,000
Industrial/Industrial Parks	\$119,079	\$158,373	\$102,625	\$120,500
Affordable/Federally assisted property	\$117,260	\$151,608	\$100,000	\$120,926
Single family housing	\$98,492	\$149,386	\$75,000	\$137,000
Office buildings	\$118,637	\$146,125	\$110,000	\$128,688
Affordable/Public housing	\$111,971	\$143,864	\$102,000	\$120,000
Condos/Co-ops/HOAs	\$121,077	\$138,554	\$108,000	\$118,000
Senior housing	\$114,542	\$132,082	\$110,615	\$114,615
Medical buildings	\$109,362	\$130,987	\$98,750	\$104,000
Shopping centers/Retail	\$100,952	\$130,146	\$95,000	\$114,350

## COMPENSATION BY POSITION IN COMPANY

CPM Members Position in Company	Average		Median	
	Salary	Total Compensation	Salary	Total Compensation
Owner/Partner	\$142,744	\$274,467	\$115,000	\$256,500
President/CEO	\$139,739	\$246,948	\$114,700	\$178,000
Officer/Director/VP	\$143,676	\$196,026	\$135,000	\$164,855
Department head	\$123,111	\$152,546	\$127,000	\$152,500
Asset/Portfolio manager	\$114,516	\$137,215	\$105,000	\$126,750
Regional/District manager	\$107,425	\$125,646	\$100,002	\$119,801
Facilities manager	\$96,994	\$106,790	\$100,000	\$105,687
Property manager/supervisor	\$89,619	\$100,988	\$90,000	\$101,676



“The increasing inclusion of asset/property managers at the investment committee and C-suite level reinforces the trend that compensation growth will continue for CPMs.”

Among the many highlights, the report revealed:

- › The average CPM is 52 years old and has a college degree, and the majority of CPM Members work for property management or full-service real estate companies. About 11 percent of CPM Members identified as self-employed.
- › CPM Members who are employed by investment companies, privately owned companies and development or construction companies receive the highest average total compensation. Employees of development or construction organizations saw an average salary increase of about \$20,000 the last few years—from \$113,705 in 2016's report to \$133,938 in the current one.
- › A CPM typically holds a property manager/supervisor or executive level position and on average has 50 employees under his/her supervision.
- › The property types that the largest percentage of CPM Members are involved with are office buildings (41 percent), conventionally financed apartments (33 percent), shopping centers/retail properties (25 percent), industrial/industrial parks (15 percent), federally assisted properties (15 percent), medical buildings (11 percent) and condos/co-ops/HOAs (7 percent).
- › CPM Members who managed conventionally financed apartments continued to see wage growth, reporting a median salary of \$114,700, up slightly from the 2016 findings when the reported median was \$112,000.

“Apartments have really been on a 10-year tear, so there is a correlation between the increase in apartments and the demand for property management roles,” Funk said. ■

Maggie Callahan is a contributing writer for *JPM*®.

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At the Olympian Office Center in Lisle, Ill., the efforts of staff, vendors and suppliers contribute to the reduction of electricity use.

PHOTO © THE MISSNER GROUP

# A Waste Reduction Challenge

## SIMPLE WAYS TO CUT DOWN ON WASTE AND SAVE MONEY

By Angela Aeschliman, CPM, CCIM, LEED AP ND

As property managers, we are responsible for trillions of dollars in real estate assets. Each day, we manage—through our teams, services and individual efforts—to provide the best return for our owners and investors. We assume fiduciary responsibility for their assets, and it is our duty to explore all possible avenues for providing those returns.

In fulfilling that duty, we continually look at ways to improve our properties and fix what might be broken. We spend significant amounts of time scoping, bidding and budgeting for improvements, and hours researching the best product, installation or service to ensure we are getting maximum value for the property, tenants and owners.

Now let's consider how much time property managers typically spend doing the same for energy, water and waste at our buildings. Unfortunately, many managers see utility expenses as "well, they are what they are." Unless an expense doubles, they process the bill and move on.

I challenge you to consider how much waste reduction could

be achieved if we all applied to energy, water and waste the same professional property management principles we do to every other aspect of property operations.

### MEASURE UP

The saying goes, "You cannot manage what you do not measure." So begin the process of measuring your utilities, including energy, water and waste. ENERGY STAR® Portfolio Manager® is the best platform to do this because it is free and user-friendly, and it provides industry-standard metrics for evaluating resource consumption. Once you have an account, some energy utilities can auto-populate your data. I can vouch firsthand that benchmarking is not nearly as hard as scoping and bidding a roof replacement.

Second, track your usage, and you may begin to see patterns and anomalies. Spotting these opportunities pales in comparison to doing budget variance notes. Simply tracking resource consumption allows you to tie usage to trends or specific occurrences, such as occupancy patterns and weather events.



## CUT DOWN

Third, begin to find ways to reduce the consumption of the building. I am confident you will find this process much more appealing than reducing expenses in other areas. This is an opportunity to challenge your team to find the best opportunities to reduce consumption. The IREM Certified Sustainable Property (CSP) program provides a framework and tools to help you and your team do this. You can get all the IREM CSP resources straight from the IREM website.

Many of us prioritize providing a comfortable environment for our tenants—and in fact, providing a safe, enjoyable workplace, home or shopping experience is ultimately what we aim for every day. However, I again challenge you to investigate whether your building systems are wasting resources just to do so.

I was recently walking a floor with a consultant and noticed that the baseboard heat was on in a tenant space. Upon investigation of the building automation system, we discovered that the space temperature had cooled to 69 degrees while the set point was 72. The system, in aiming for tenant comfort, was overcooling, adding heat from the baseboard system to compensate, and then cooling again when the baseboard heat ran. This is an excellent example of the waste that can be eliminated by simply paying attention—no Ph.D. in engineering or extensive energy management experience required.

It's also important to involve your entire staff and service provider team. At one of our buildings, the Olympian Office Center, located in a Chicago suburb, my team and I have been working to reduce the extraordinary cost of electricity. We have replaced motors, compressors, pumps and controls, and implemented occupancy schedules. After setting the schedules, we found and diagnosed more issues, and replaced or repaired more building system components. None of this was completed with just one or two people. You must engage your entire team, which includes your vendors, suppliers and in-house staff.

IREM Members manage to make a difference by offering the very best professional property management services on the market. I challenge you to begin seeing resource efficiency as a way to fulfill your fiduciary duty, and I encourage you to apply the principles and best practices of professional property management that you have honed in your experience and IREM education to reducing waste at your properties. You will see that your skills and knowledge as a property manager will help you rise to the occasion and make your portfolio more efficient and profitable. ■

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Angela Aeschliman, CPM, CCIM, LEED AP ND, is senior vice president of property and asset management for The Missner Group in Des Plaines, Ill., and chair of IREM's Sustainability Advisory Board.

## WHY POINTCENTRAL FOR PROPERTY AUTOMATION?

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# Meaningful Proptech

IREM SURVEYS  
MEMBERS ABOUT  
TECH SATISFACTION

By Nancye Kirk



IMAGE: ISTOCK.COM/ PGRAPHIS

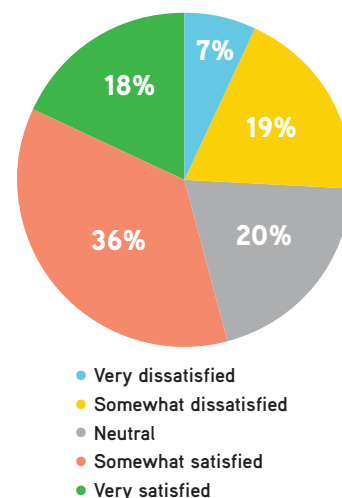
There is no question that technology has changed how work gets done. It eliminates tedious and repetitive processes, while at the same time creating a stressful “always on” culture and a sense of constantly being behind the curve. When all is said and done, how satisfied are those who work in the property management space with the technology tools available to them?

It appears many of them are reasonably satisfied. According to a survey conducted in June of IREM Members in the U.S. and Canada, slightly more than half indicated they are somewhat or very satisfied with the technology solutions and platforms their companies are providing, with another 20.2 percent falling in the neutral category. Only 6.9 percent defined themselves as very dissatisfied with the technology provided by their employers.

In terms of the technology being used, historically, one of property management’s principal tools has been the ubiquitous spreadsheet. And while spreadsheets continue to be a go-to technology among many of those who responded to the IREM survey, there has been some movement away from spreadsheets and toward software that automates processes, eliminates manual entry (and the errors that often come with it) and improves visualization of data.

Members were asked: “Spreadsheets vs. Software—Which is your primary go-to technology?” When it comes to such processes as maintaining rent rolls and accounting, the majority say they have moved toward software as the primary tool: 84.74 percent are primarily using software for rent rolls, and 71.02 percent for accounting. Indeed, of the

How satisfied are you with the property management platform/technology solutions your company provides?



eight activities identified in the spreadsheet vs. software battle, software is being used by a larger percentage of members than spreadsheets across the board, and in some cases, significantly so.

A total of 513 IREM Members, half of them CPM designees, responded to the survey – a kicking-off point for IREM’s initiative to provide its members with greater guidance and support in developing technology strategies for their properties and their companies. ■

Nancye Kirk ([nkirk@irem.org](mailto:nkirk@irem.org)) is chief strategy officer at IREM Headquarters in Chicago and liaison to IREM’s Technology Advisory Board.

## SPREADSHEETS VS. SOFTWARE

	PRIMARILY SPREADSHEETS	PRIMARILY SOFTWARE	BOTH EQUALLY
Tracking energy usage	35.36%	46.09%	18.55%
Budgeting	33.33%	38.80%	27.86%
Forecasting	32.71%	45.31%	21.98%
Cash flow analysis	21.75%	59.42%	18.83%
Recording data	13.60%	61.60%	24.80%
Owner reporting	11.90%	53.44%	34.66%
Rent roll	7.89%	84.74%	7.37%
Accounting	6.27%	71.02%	22.72%



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~ Alyssa Sams Bell, ARM®  
Columbus, GA

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~Mario Bracy, CPM® Candidate  
West Palm Beach, FL

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## 01 / Alexa Guard

If you have an Amazon Echo device of any kind in your home, Alexa Guard has already entered your world and is available to use, even if you don't know it. "Alexa, I'm leaving" is the new app's cue to activate, responding with "OK, I'll be on guard," and turning your device into a security system and more. Detection of the sound of smoke alarms, carbon monoxide alarms or even breaking glass prompts Guard to send you notifications and gives you the ability to hear the sound for yourself through the Alexa app. The Away lighting feature allows you to set timers for compatible lights and switches, turning them on and off and giving the impression that you're home when you're not. You can even integrate the system with Ring or an existing ADT security system to provide your home or business with an additional level of protection.

**Price: FREE (Amazon Echo device with smart speaker or display required)**

[amazon.com](https://amazon.com)

## 02 / Sevenhugs Smart Remote

Does your coffee table look like a spaceship console with an array of multiple remote controls strewn across the top? Save on space and batteries with a single smart remote that intuitively adjusts and learns about any new device you throw at it. Sevenhugs Smart Remote works by knowing exactly what you're pointing it at; then, the all-screen remote adjusts its interface accordingly. The process starts with the creation of a digital layout via placement of three wireless sensors that map the room where the remote will be used. From there, device settings are established with the help of a companion app, harmoniously merging display, touch, voice and contextual awareness for a simplified, first-of-its-kind user experience.

**PRICE: \$249**

[sevenhugs.com](https://sevenhugs.com)



## 03 / Ten One Design Wi-Fi Porter

We all know the brain gymnastics it takes to sign on to the Wi-Fi of an establishment that has a password longer and more complex than an algebraic equation. Surely you want your tenants or patrons to have an easier time. Ten One Design Wi-Fi Porter has a solution for you. One tap of a user's phone on a little block marked with the universal Wi-Fi symbol (or the quick scan of a QR code on that same block, for some older iPhones), and Presto! Wi-Fi connection accomplished. No need to enter any complicated passwords or choose the network from an endless list. Guests will be surfing the "Information Superhighway" faster than they can say, "World Wide Web."

**PRICE: \$39.95-\$59.95**

[tenonedesign.com](https://tenonedesign.com)





#### 04 / DewAir RH-Cube 18

Like many property managers and owners, you no doubt like to implement sustainable solutions at your properties, to save the environment and, ideally, a few dollars along the way. The DewAir Corp.'s new RH-Cube 18 dehumidifier can hit both marks for a wide variety of buildings, including hospitals, warehouses, retail properties and fitness facilities. It's the HVAC industry's first split-system dehumidifier to use a counter-flow heat exchanger for moisture removal and heat recovery. The unit uses a compact, energy-efficient exchanger for dedicated humidity control so the air conditioner can focus its efforts on what it's meant to do—cool the air. The dehumidification the RH-Cube 18 provides can increase protection against mold, insects, bacteria, allergies and corrosion while reducing air conditioning energy costs by up to 55 percent.

[dewaircorp.com](http://dewaircorp.com)

#### 05 / Amazon Fire TV Recast

Satellite and cable TV bills can be costly, but over-the-air content still dominates our airwaves. A big problem with getting rid of cable and dish services is that the DVR we have so commonly welcomed into our homes, so we can save our favorite shows and events for viewing that fits our schedules, becomes useless. But serious cord cutters—and even those of you considering taking the big step—have reason to rejoice. Amazon has come out with Fire TV Recast just for you. With its 500GB or 1TB models, users can easily record up to 150 hours of over-the-air content by connecting to Amazon Fire TV or Echo Show and a 2- or 4-tuner antenna (all sold separately). Add an Alexa-enabled device, and you can search for content, manage recordings and schedule them via voice command.

**PRICE: \$229-\$279**

[amazon.com](http://amazon.com)



#### 06 / Lutron Aurora

You have some of those fancy Zigbee-certified smart lightbulbs, and they are GREAT for all your lighting needs, with one exception: Smart bulbs need a constant supply of power, so if the light switch on the wall is turned off, not even a smart home assistant can help you turn it back on. Leaving the light switch in the “on” position isn't very intuitive—some people even resort to putting a piece of tape over it to remind themselves not to turn it off. Lutron Aurora provides a better solution. It's a circular snap-on for the switch that locks it in the “on” position but also lets you still use it as a normal switch and dimmer. It works even when the Wi-Fi is down and is much more aesthetically pleasing than a piece of tape.

**PRICE: \$39.95**

[lutron.com](http://lutron.com)

Alex Levin ([alevin@irem.org](mailto:alevin@irem.org)) is senior director of technology and communications at IREM Headquarters in Chicago.



Ingram's Media has named IREM Regional Vice President **BRAD ASHLEY, CPM**, as one of this year's Kansas City 40 Under Forty. The inclusion of Ashley, managing director of property and facilities management for Newmark Grubb Zimmer, AMO, puts him in a group of professionals from multiple industries that Ingram's recognizes for their "commitment to the long-term health of the Kansas City community through their countless hours of mentoring other young professionals and volunteering with service organizations throughout the metro area."



The Florida- and Maryland-based Bainbridge Companies recently announced the promotion of **DANA CAUDELL, CPM**, to its president of property management. Upon her appointment, Bainbridge EVP and COO Kevin Keane said of Caudell, "Dana's strong leadership and vast array of multifamily experience have been important drivers of our success. We look forward to the many contributions Dana will make in her new role."



Academic Member **TERRY FIELDS** is the 2019 recipient of the National Apartment Association Education Institute (NAAEI) Apartment Career & Education (ACE) Educator Award. Fields, named one of IREM's 2017 30 Under 30, pays it forward by preparing students for careers in real estate, serving as program director and term assistant professor for the Weidner Property Management and Real Estate Program (WPMRE) at the University of Alaska Anchorage.



The Houston Office Group of Holt Lunsford Commercial recently awarded **TOD HARRISON, CPM**, with a promotion to managing principal. With 30 years of practical experience in Houston commercial real estate, Tod has oversight responsibility for office leasing and property management for the Houston location, as well as for development and execution of its strategic planning and business development.



BOMA Philadelphia has selected Colliers International, AMO, regional managing director **STEVE RESINSKI, RPA, CPM**, to serve as chair for its 2019–2020 term. As he takes on his new role, Resinski notes, "This year will be an exciting one, with many opportunities for BOMA Philadelphia professionals to be involved through planning and execution phases for the 2020 BOMA International [annual conference, taking place in Philadelphia] or volunteer to showcase our world-class city as it nears."





Chicago-based AMO Firm The Habitat Company has brought **KIMBERLY SISNEY, CPM**, on board as vice president of its affordable division, Habitat Affordable Group. Charlton Hamer, senior vice president of Habitat Affordable Group, has this to say about Sisley: “Kimberly has spent her entire career in the affordable housing industry and has a true passion for the sector. Her years of experience in all aspects of affordable housing, but specifically property management, have allowed her to hit the ground running.”



Managing director **BRETT WILLIAMS, CPM**, is expanding his leadership role at Transwestern Commercial Services (TCS), AMO, in Houston. His focus will be on national business development initiatives for Transwestern’s asset services and the company’s related real estate offerings. The company notes that Williams’ business development expertise and extensive relationships with institutional investors have proven to be strong differentiators for them.

## IREM MEMBERS

Have you recently been promoted or changed jobs?

Have you or your AMO Firm received an award for a special achievement?

EMAIL the good news to [jpm@irem.org](mailto:jpm@irem.org) so JPM® can share it with your colleagues.

IREM Members were well-represented on Globe St.’s 2019 Women of Influence list, and four took top honors in their categories. In the Property/Facility Manager category, **RENEE SAVAGE, CPM**, of Capital Growth Properties Inc., AMO, in La Jolla, Calif., was named the



Renee Savage



Tessie Nolan

Gold Winner, and **TESSIE NOLAN, CPM**, of Granite Properties in Plano, Texas, took Silver. Gold went to **KAREN WHITT, CPM**, of Colliers International, AMO, in Washington D.C., in the Humanitarian category, and **JANA TURNER, CPM**, of RETS Associates in Newport Beach, Calif., was named the Bronze Winner in the CRE Consultant/Advisor category.



Karen Whitt



Jana Turner

Also recognized were **LIBBY EKRE, CPM**, **TRACY L. JOHNSON, CPM**, and **PATRICIA WOLF, CPM** (Property/Facility Manager); **DEBORAH PHILLIPS, CPM**, and IREM CEO/EVP **DENISE FROEMMING** (Independent/Non-Business Professional); IREM President-Elect **CHERYL GRAY, CPM** (Innovator); and Associate Member **BARBARA ARMENDARIZ** (Broker-Tenant Representation).

*Many companies come and go swiftly, so it’s worth celebrating the ones that truly endure. There are two in the IREM universe that have recently hit significant milestone anniversaries.*

**EUGENE BURGER MANAGEMENT COMPANY (EBMC), AMO**, of Rohnert Park, Calif., helmed by 1981 IREM President Eugene Burger, CPM, has reached the 50-year mark. Also part of the EBMC executive team is Lori Burger, CPM, IREM president in 2015. EBMC has offices throughout California and Nevada and provides fee management services for all types of commercial and residential properties.

Salt Lake City-based **WOODBURY CORPORATION**, led by Randall O. Woodbury, CPM, IREM president in 2010, is celebrating being in business for an entire century. Woodbury Corporation was founded in 1919 by F. Orin Woodbury. Forty years after starting the company, in 1959, he served as IREM president. The company is one of the West’s largest and most experienced full-service real estate development teams.

# NEW CPM MEMBERS, AMO FIRMS & CERTIFIED SUSTAINABLE PROPERTIES JUNE & JULY 2019

## NEW CPM MEMBERS

### ARIZONA

Patrick Nguyen, CPM, Phoenix  
Alexandra K. Harpold, CPM, Tempe

### DISTRICT OF COLUMBIA

Jennifer C. Anderson, CPM  
A. Shinay Jones, CPM

### CALIFORNIA

Dorothy H. Pinney, CPM, Carlsbad  
Nicholas C. Yorton, CPM, Chico  
Danielle Smith, CPM, Livermore  
Jaymi N. Lacap, CPM, Los Angeles  
Antonino A. Tutino, CPM, San Diego

### COLORADO

Jessica King, CPM, Denver

### FLORIDA

Edward L. Wernecke, Jr., CPM,  
Altamonte Springs  
Laura A. Juteau, CPM, ARM, Hudson  
Jon P. Kleiber, CPM, Sarasota

### ILLINOIS

Yolanda L. Brown, CPM, Chicago  
Michelle Hunt, CPM, Chicago

### INDIANA

Misti Alvarez Cohen, CPM, Indianapolis

### HAWAII

Benjamin J. Oates, CPM, ARM, Honolulu

### LOUISIANA

Amy J. Galloway, CPM, ARM,  
New Orleans

### MINNESOTA

Jennifer A. Kautz, CPM, Minneapolis  
Corrin A. Secrist, CPM, Minnetonka

### NEW JERSEY

Amer Rada, CPM, Leonia

### NEW YORK

David A. Pereira, CPM, New York

### NORTH CAROLINA

Justin M. Ciso, CPM, Charlotte

### OHIO

Kenneth C. Schaefer, CPM, Columbus

### OREGON

Stacey L. Rogers, CPM, Portland

### TEXAS

Samantha J. Thornton, ARM, CPM,  
Austin  
Patricia C. Wilde, CPM, Corpus Christi  
Suzanne Estrada, CPM, ACoM, Dallas  
Susanne L. Kleins, CPM, Dallas  
Rebecca A. Burns, CPM, Houston  
Yvette V. McCamish, CPM, Houston  
Heather McMillon, CPM, Houston  
Stacey White, CPM, Rockwall  
Kristie N. Luby, CPM, The Woodlands

### TENNESSEE

Susan L. Franklin, CPM, Rockvale

### UTAH

Tori L. Casero, CPM, Draper

### VIRGINIA

Valecia L. Suser, CPM, McLean  
Rebecca L. Woolard, CPM, Norfolk

### WASHINGTON

Cindy L. Bogar, CPM, Des Moines  
Nickolaus F. Parodi, CPM, Tacoma

### CANADA

Tamoghna Mishra, CPM, Toronto, Ontario

### SOUTH AFRICA

Khululiwe Sarah Shezi, CPM,  
Johannesburg

## NEW AMO FIRMS

### DISTRICT OF COLUMBIA

Robtco Property Management LLC, AMO

### INDIANA

Browning Investments, LLC., AMO,  
Indianapolis

### GEORGIA

Fickling Management Services LLC,  
AMO, Macon

### MARYLAND

Foulger-Pratt Management LLC, AMO,  
Potomac

## NEW CERTIFIED SUSTAINABLE PROPERTIES

### CALIFORNIA

The Pointe Apartment Homes, Fairfield  
Stevens Creek Central, San Jose  
Clubview Apartment Homes,  
South San Francisco

### ILLINOIS

Genesis Moline, Moline



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## SEPTEMBER

9/20

Greater New York Chapter Visit

**Location:** New York

**Visitor(s):** Cheryl Gray, CPM

9/23-26

IREM Global Summit

**Location:** San Francisco

**Visitor(s):** All Officers

## OCTOBER

10/7-9

ExpoReal

**Location:** Munich

**Visitor(s):**

Chip Watts, CPM

10/12-16

CCIM Annual Governance Meeting and Conference

**Location:** San Diego

**Visitor(s):**

Chip Watts, CPM

10/17-19

SIOR Fall World Conference

**Location:** Portland, Ore.

**Visitor(s):**

Chip Watts, CPM

10/21-22

IREM Korea Chapter Annual Meeting

**Location:** Seoul, Korea

**Visitor(s):**

Don Wilkerson, CPM

Cheryl Gray, CPM

10/24-26

IREM China Shanghai Conference and CPM Installation

**Location:** Shanghai

**Visitor(s):**

Don Wilkerson, CPM

Cheryl Gray, CPM



There is still work to be done at the state level, with 28 states having no explicit statewide laws protecting people from housing discrimination on the basis of sexual orientation or gender identity.

(P36)

“

THEY AREN'T EXPECTING A KEEGERATOR OR OTHER AMENITIES LIKE THAT.

(P18)



“

I CAN VOUCH FIRSTHAND THAT BENCHMARKING IS NOT NEARLY AS HARD AS SCOPING AND BIDDING A ROOF REPLACEMENT.

(P42)



“

Cash flow is often viewed by investors as a better ongoing measure of a property's financial health, economic success and management performance.

(P21)

“

THE MANAGER OFTEN LABORS UNDER ANOTHER BURDEN, NAMELY NOT KNOWING WHO THE OCCUPANTS ARE.

(P15)

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