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## Property Managers Fight to Keep Tenants

If the resounding battle cry for property managers a year ago was "drive rental rates," the new mantra is "keep existing tenants and maximize efficiency." And for the majority of property managers today, maintaining the existing tenant roster means spending more time, money and know-how in exchange for lease renewals. "If you can't drive rates given the market environment, it's critical that you are maximizing your efficiencies in how you're operating the building," says Dan Pufunt, national head of property management at Chicago-based Jones Lang LaSalle (JLL). According to Pufunt, getting the most out of a building equates to better energy management and maximizing alternative revenues such as rooftop antennas, retail and other services. Lesley Lisser, senior asset manager of FirstService Williams, agrees. "We're trying to go back to a back-to-the-basics approach to management," says Lisser, senior asset manager for the firm, which has 60 million sq. ft. of primarily Class-B space under management in the New York tri-state area. "We're going to address everything we can in terms of tenant relations, improving costs, green initiatives, extra security, and precautions against flu and other contagious diseases." Against the backdrop of rising bankruptcies and scarce cash, property managers are now charged with the critical task of assisting their investor and corporate clients with capital preservation. CB Richard Ellis Group (CBRE), which ranks No. 1 in this year's survey with 2.2 billion sq. ft. under management, is dedicating more resources to understanding what moves its largest clients need to make. "We're focusing our efforts on our largest clients, trying to really dig into what their needs are and to deliver thoughtful, strategic solutions to them," says Tony Long, president of asset services for the Americas with CBRE. Revenue from property management is down approximately 2.5% from last year, says Long. However, space under management by CBRE actually increased by as much as 12% from last year. "So we're doing more for less," says Long. Part of the success can be attributed to CBRE's new restructuring services group that addresses a range of client needs beyond property management from restructuring debt and equity to helping clients underwrite distress acquisitions. So far this year, CBRE has picked up 25 million sq. ft. of properties in receivership. JLL, which ranks No. 2 in NREI's survey with 1.4 billion sq. ft. under management, also is taking a more holistic approach to property management, and providing more services that go beyond the day-to-day operations, including management, corporate accounting, and engineering and operations. "The corporate providers are looking for opportunities to maintain or to increase profitability in tough economic times until recovery occurs," says Pufunt. Despite a willingness on the part of property managers to go the extra mile for their tenants, the relationship is far from a one-way street. The financial health of tenants has also become a paramount concern to property managers, even as tenants demand concessions. "We are trying to work with tenants that we feel are financially sound to maybe help them out during a tough time," Lisser says. "It's a constant credit evaluation of tenants." Shaving costs also has kept green building practices at the forefront, primarily for the savings garnered from smarter energy management and as a tool to attract new tenants. "Sustainability saves clients money on energy, on matters that relate to their investors or the tenants that occupy their buildings," says Long. CBRE now manages 17 buildings that have attained the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification for existing buildings, and expects that total to grow to 50 by year's end. Like CBRE, JLL has remained at the

forefront of the green movement. More than 500 of its employees have achieved LEED accredited professional (AP), a grueling process that requires months of study and a four-hour written exam. "We tell our managers it's important that you translate what you learn in the LEED AP certification process into value for our clients," says Pufunt. "We see the real economic benefit that our tenants can realize." **(National Real Estate Investor/Sibley Fleming)**

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### **Unemployment Claims Fall**

The number of newly laid-off Americans signing up for unemployment benefits last week, and those using this safety net over a longer period, plunged. But the government figures released Thursday were clouded by difficulties adjusting for temporary shutdowns at auto plants. Even if the recession ends this year, as the Federal Reserve and many private economists expect, companies are expected to keep trimming payrolls. The unemployment rate will climb because companies won't hire until they feel certain a recovery is firmly rooted. The Labor Department said new applications for unemployment insurance dropped by a seasonally adjusted 47,000 to 522,000, the lowest level since early January. A department analyst said the drop didn't point to economic improvements but reflected problems adjusting layoffs for temporary shutdowns at auto plants. **(Denver Post)**

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### **Colo. Jobless Rate Steady at 7.6 Percent in June**

Colorado employers added 12,300 jobs in June, while the unemployment rate remained unchanged at 7.6 percent, the Colorado Department of Labor and Employment said on Friday. The relatively stable numbers bucked a gloomy national June jobs report, released July 2, which showed that U.S. employers shed 467,000 jobs while the national unemployment rate reached 9.5 percent, the highest level since 1983. "Colorado's unemployment rate rose in lockstep with the nation's from September to March, although since March, unemployment in the state has stabilized while the national rate has continued to climb," Don Mares, executive director of the Colorado Department of Labor and Employment, said in a statement. "Colorado has experienced one of the smallest increases in the unemployment rate in the nation from March to June." June is generally a month of rising unemployment in Colorado as student workers enter the job market, and that pattern held true this year as well, state officials said. Forty-one of Colorado's 64 counties reported higher unemployment rates on an unadjusted basis, while 18 saw lower rates and five were unchanged. The state's lowest unemployment rates were in the sparsely populated counties of Hinsdale (3.3 percent) and Cheyenne (3.4 percent), while the highest was in Dolores County (14.6 percent). Although Colorado employers added jobs in June, the increase was about half the normal amount for the month. With the summer tourism season gearing up, most employment gains were in the leisure and hospitality sector, which was up 14,600. Construction saw a seasonal increase of 5,000 and trade, transportation and utilities gained 4,200. Payrolls in professional and business services advanced 1,700 and other services added 800. Slight gains were seen in information, as well as education and health services, while financial activities remained flat. Seasonal cutbacks within education, combined with the end of some preliminary Census work, caused government payrolls to shrink by 12,300 jobs. Manufacturing, down 1,000, continued its long-term employment decline, while

mining and logging employment shed 900 jobs. Nonfarm wage and salary employment is now down by 104,400 jobs or 4.4 percent since last June. It contracted 3.3 percent for the first six months of this year compared with the same period in 2008. Education and health services, up 9,200, and government, up 7,100, are the only industries now displaying year-over-year growth, officials said.  
**(Denver Business Journal)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
<b>FED FUNDS RATE</b>	.25	.25	2.00
<b>3 MONTH LIBOR</b>	.50	.61	2.79
<b>PRIME RATE</b>	3.25	3.25	5.00
<b>10 YEAR TREASURY</b>	3.67	3.70	3.98
<b>30 YEAR TREASURY</b>	4.53	4.50	4.60