

BOMA

By Lindsay Tiffany

2009 Year in Review

Social Media

BOMA brought up-to-the minute news and information on legislative, regulatory and codes activities; trends; and forecasts through its primary communications vehicles, *The BOMA Magazine* and e-News. BOMA also joined the social media revolution, utilizing innovative tools like YouTube, Facebook, LinkedIn and Twitter to reach the commercial real estate industry.

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Supporting Commercial Real Estate in a Down Economy

2009 was a challenging year for commercial real estate, as the credit crisis spread from the residential real estate market to all sectors of the economy. The distressed market impacted nearly every facet of the industry; lending became harder to secure; the rise in unemployment brought a rise in vacancies along with it; and commercial real estate firms were forced to reassess their strategies for success. BOMA International committed its resources to advocating for critical policies on Capitol Hill and providing industry professionals with the tools and information to survive the downturn.

In 2008, BOMA International was one of the first real estate organizations to testify before Congress on the effects of the credit crunch on commercial real estate. In March 2009, BOMA was called upon again to testify on the challenges of leasing and building during an economic crisis. BOMA International 2008-2009 Chair Dick Purtell testified that the U.S. property market faced its worst liquidity challenge since the Great Depression. "We are faced with the dual challenge of developing strategies to stop the downward spiral and restoring confidence in markets," said Purtell.



BOMA International 2008-2009 Chair Dick Purtell testifies before Congress.

Throughout the year, BOMA International continued to lobby with our association colleagues for financial solutions to restore credit capacity and liquidity to the marketplace. In August, the U.S. Treasury and the Federal Reserve extended the Term Asset-Backed Securities Loan Facility (TALF) for commercial mortgage-backed securities (CMBS), helping prevent defaults on economically viable commercial properties, increase the capacity of current holders of maturing mortgages to make additional loans and facilitate the sale of distressed properties.

BOMA also developed a platform of resources and information to help property professionals get through the downturn. BOMA debuted a series of Webinars over the course of the year aimed at helping commercial real estate professionals plot a successful course through the challenges of a distressed market. Webinars offered strategies for leasing, tenant relations and tenant retention, which are crucial to preserving asset value. BOMA also continued to build out *Rx Resource Exchange*, a section of the BOMA Web site launched in 2008 featuring books, interactive tools, educational programming and career resources focused on weathering the recession.

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BOMA 360 Performance Program designees.

Positioning You for Success: Now More than Ever

Despite the challenges posed by the recession, BOMA continued to roll out new programs and products to help property professionals survive the economic downturn and position them for success once market conditions improve. In May, BOMA launched the BOMA 360 Performance Program, a groundbreaking building designation program designed to recognize commercial properties that demonstrate best practices in building operations and management, while reinforcing an asset's value.

The 360 designation demonstrates to owners, tenants and prospective tenants that a building is managed to the highest standards of excellence. It also provides property management companies with a strategic tool to differentiate their assets, especially important in today's distressed market.

For William F. Moebius, senior vice president and director of energy and sustainable operations with Stream Realty Partners in Dallas, Texas, the stamp of excellence the designation implies is why his company chose to participate. "The most important benefit of the program is that buildings are recognized for incorporating a very broad range of best practices. Owners and tenants can take comfort in the fact that the management team has excellent, industry-leading systems and practices in place."

Pandemic Preparedness

When the H1N1 virus (commonly referred to as "swine flu") broke out in late spring, BOMA was at the ready to assist members with their pandemic preparedness. BOMA updated its pandemic preparedness Web site; reported extensively on H1N1 in *The BOMA Magazine* and other communications; and added new information to the pandemic flu brochure *Pandemic Influenza: Are You Prepared?*

Greening the Way and Being Recognized

RECOGNIZING THAT SUSTAINABILITY AND ENERGY EFFICIENCY are cornerstones of excellence in property management, BOMA continued to lead the way in the green arena in 2009. In April, BOMA was honored by the Environmental Protection Agency (EPA) with a 2009 Climate Protection Award, the EPA's highest honor, recognizing exceptional leadership, outstanding innovation, personal dedication and technical achievements in protecting the climate. BOMA received the award for the success of several programs, including the BOMA Energy Efficiency Program (BEEP), the 7-Point Challenge, BOMA's *Green Lease Guide* and the BOMA Energy Performance Contracting (BEPC) model. BOMA is the first real estate association in nine years to receive this honor.

THE EPA HONORS DIDN'T STOP THERE. BOMA also received the 2009 ENERGY STAR® Award for Sustained Excellence—the third consecutive year that BOMA was recognized by ENERGY STAR. BOMA is still the only commercial real estate association to receive this honor.

BOMA ALSO WORKED WITH GOVERNMENT OFFICIALS, commercial real estate executives and other industry groups to launch the U.S. Department of Energy's (DOE) Commercial Real Estate Energy Alliance (CREEA), a collaboration of commercial real estate owners and operators who have volunteered to work directly with each other and with DOE to create lasting change in the energy consumption of commercial buildings in the United States.



Albuquerque Mayor Martin Chávez, BOMA New Mexico President Leslie Yardman and BOMA International Chair Jim Peck.



Setting Industry Standards

BOMA continued to set the standard in 2009 by releasing two new building measurement standards, building on BOMA's legacy as the go-to source when measuring space to calculate leases, allocate building expenses and compare occupancy. The release of the highly anticipated *Office Buildings: Standard Methods of Measurement & Calculating Rentable Area* improved upon the 1996 version of the landmark floor measurement standard, widely referred to as "The BOMA Standard."

The new interactive publication has several key enhancements that simplify the methodologies, clarify gray areas and make it more user-friendly. The single biggest change to the standard is that it now includes two methods for calculating rentable area. Method A, or the legacy method, allows users the option outlined in the 1996 standard. Method B, or the single load factor method, provides property professionals with a methodology that allows them to use a single load factor for all floors of a building—something BOMA members asked for. The new office standard is a downloadable publication featuring hyperlinks throughout the document's text, expanded definitions and 45 full-color illustrations.

BOMA International also released *Gross Areas of a Building: Methods of Measurement* that provides a uniform basis for measuring both the construction gross area and the exterior gross area of office, retail, industrial, single- and multi-unit residential, hospitality, entertainment, public and institutional buildings. The Gross Areas Measurement Standard is also in an interactive downloadable format featuring 37 illustrations and 19 definitions of measurement terms.

A Growing Environmental Relationship with City Hall

2009 WAS ANOTHER IMPORTANT YEAR for the 7-Point Challenge. A core goal of the challenge is to decrease energy consumption by 30 percent across portfolios by 2012, as measured against an ENERGY STAR "average" building score of 50. Since its inception in 2007, the 7-Point Challenge has received widespread acceptance from the private sector, with more than 120 member companies and local associations representing more than two billion square feet of office space endorsing the Challenge. In 2009, BOMA strengthened its green outreach with cities and municipalities by bringing awareness to the role commercial real estate plays in reducing energy consumption. Several cities stepped up to endorse the Challenge, including Atlanta, Albuquerque, Orlando and Phoenix.

The Power of the BOMA Network

AS THE INDUSTRY FACED growing economic turbulence in 2009, the importance of the BOMA network became clearer than ever. BOMA continued to expand the global base of that network by welcoming the British Council for Offices and the Property Council New Zealand into the BOMA family. The year's best networking and information-sharing event,



the *BOMA International Conference*, featured a program rich with strategies for weathering the credit crisis and leveraging existing opportunities. BOMA International President and COO Henry Chamberlain delivered the 2009 State of the Industry address, stressing the importance of exceptional building management and operations to help counter the effects of the credit crisis. Renowned journalist Dr. Fareed Zakaria discussed the political, economic and technology transformations that have redefined the global marketplace.



THE INDUSTRY'S PREMIER EDUCATION was presented in five strategic tracks, with more than 40 sessions. Top suppliers exhibited the latest products and services at *The Office Building Show*, featuring the Green Pavilion and ENERGY STAR Showcase of eco-friendly products. The industry acknowledged 14 properties as the best of the best in building operations and management internationally at The Office Building of the Year (TOBY) Awards. During the ceremony, James A. Peck, RPA, FMA, senior director in the Albuquerque office of CB Richard Ellis, was sworn in as 2009-2010 BOMA International chair (pictured above, left). Other 2009-2010 BOMA International officers elected include Ray H. Mackey, Jr., RPA, CPM, CCIM, as BOMA chair-elect; Boyd R. Zocolla as vice chair; and Kent C. Gibson, CPM, as secretary/treasurer.

HEALTHCARE REAL ESTATE PROFESSIONALS ALSO LEVERAGED the power of the BOMA network, as nearly 450 attendees gathered in Philadelphia for BOMA's 2009 *Medical Office Buildings and Healthcare Facilities (MOB) Conference*. Thought leaders from healthcare real estate companies and hospital systems addressed key issues before the industry, such as the financial wherewithal of health systems, whether the "recession-proof" label many have given healthcare real estate is valid, "clinic" models for ambulatory care, emerging hospital-employed physician models, CMS reimbursements and the effects of potential healthcare reform under a new Administration and Congress.



Not Your Father's Benchmarking Tool— a New EER

Commercial real estate's premier income and expense reporting source, the *Experience Exchange Report (EER)*, underwent several major enhancements in 2009— thanks to collaboration between BOMA International and Kingsley Associates to produce the landmark benchmarking report. The *EER* transitioned from book and CD-ROM formats to a completely online interface, allowing users to customize data and query information more nimbly. The new search tools make it easy to generate reports and analyses, export data to Excel and create custom charts and graphs. The new *EER* features 15 million data points, reports for 100 markets and an all-market report for 27-plus markets.

Thank You BOMA 2009 Partners

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BOMA President Henry Chamberlain, House of Representatives Majority Leader Steny Hoyer and BOMA Chair Dick Purtell at the National Issues Conference in March.

The Voice of Commercial Real Estate on Capitol Hill

BOMA CONTINUED TO SERVE as the voice of commercial real estate on Capitol Hill in 2009. In March, BOMA members brought commercial real estate's critical message to lawmakers as part of BOMA's *National Issues Conference* (NIC) in Washington, D.C. Attendees took part in more than 120 meetings with members of Congress and their staff as they outlined BOMA's 2009 legislative agenda, including commercial real estate's stake in issues such as leasehold depreciation, capital gains taxes, carried interest taxes, energy and climate change policy and "card check." In addition to meetings on Capitol Hill, attendees heard from the second most powerful member of the House of Representatives, Majority Leader Steny Hoyer (D-Md.), as well as Reps. Mike Rogers (R-Mich.) and Steve Driehaus (D-Ohio).

IN OCTOBER, BOMA INTERNATIONAL and the National Real Estate Organizations (NREO) hosted the launch of the 111th Congress Senate Real Estate Caucus, with a special briefing focusing on the state of the real estate industry. Honorary Co-Hosts and Senate Real Estate Caucus Co-Chairs Sens. Ben Cardin (D-Md.) and Johnny Isakson (R-Ga.) gave the opening remarks, and BOMA International's Henry Chamberlain moderated a dynamic panel discussion on the state of the real estate industry.

BOMAPAC IS A KEYSTONE of BOMA's legislative success in Washington. Funds raised through BOMAPAC help re-elect political candidates for federal office who know, understand and support real estate's issues. In 2009, BOMA members raised more than \$50,000 and supported 14 members of Congress so far in the 111th session.

Looking Ahead

2009 was a difficult year for just about everyone in commercial real estate, and many of those challenges will carry over into 2010. The glimmer of recovery is before us, though, and we have the tools to take advantage of those green shoots.

The **BOMA 360 Performance Program** will continue to showcase operational excellence in best-in-class buildings across the marketplace, giving owners and managers a way to stand out from the crowd.

On the **advocacy** front, we have some tough tax battles ahead and each of us must show lawmakers that a healthy commercial real estate industry is the backbone of a strong economy.

We will continue to help property professionals stay competitive as they track building performance through the new online **EER**.

Look for BOMA to continue to use **social media** tools like YouTube, Twitter, Facebook and LinkedIn as a means to engage BOMA members and industry professionals in the most important issue of the moment.

Showing YOU the Money

The Bottom Line Benefits of Your BOMA Membership

BOMA International's advocacy and codes teams helped secure key legislative victories recently that are helping save commercial real estate industry billions:

Brownfields Remediation Tax Incentive

Signed into law by President Bush as part of the Emergency Economic Stabilization Act of 2008, the provision retroactively extended the Brownfields remediation deduction (expensing) for an additional two years.

Savings to the industry = \$600 million over two years.

Energy-Efficient Commercial Buildings Tax Deduction

Legislation passed in 2008 extended tax deductions for energy-efficient upgrades to commercial buildings first passed in the Energy Policy Act of 2005. The new legislation extends the deduction an additional five years through 2013.

Savings to the industry = \$887 million over five years.

Leasehold Depreciation

Another provision in the Emergency Economic Stabilization Act of 2008 included a retroactive extension of the 15-year depreciation timeline for leasehold or tenant improvements for an additional two years.

Savings to the industry = \$500 million over two years.

Additional Annual Construction Costs Avoided from Energy Code Changes

During the most recent ICC Codes Meeting, BOMA was successful in getting the proposed blanket 30-percent increase to the International Energy Conservation Code disapproved.

Annual savings to the industry = \$990 million.

Lost Lease Income Avoided

Billions in lost lease income were avoided with BOMA's alternatives to NIST/World Trade Center proposals requesting additional elevators in the 2009 ICC Building Codes.

Annual savings to the industry = \$630 million.



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