BOMA continues to focus our resources on what we do best—public policy, education, and community building.

We remain dedicated to our mission: to support and advance the interest of the commercial real estate industry. Houston BOMA will be an organization of advocacy and sustainable building practices that utilizes the strengths, talents, and leadership of its members and industry associates to build value and lasting relationships with our community through professional development, networking and sharing of information.

2016 Brings Growth and Leadership

Thanks to the support, participation, and sponsorship of our great members, Houston BOMA’s membership and programming increased in both content and attendance again in 2016. Our focus on providing quality over quantity is resulting in larger gatherings with higher quality programming.

Our educational offerings tackled critical issues in the industry such as safety, security and energy benchmarking. Houston BOMA’s advocacy enjoyed a successful year working with Houston elected and appointed officials and strengthened solid working relationships with our local department heads. We also re-established and re-launched our Taxed Out of Town campaign statewide in preparation for the upcoming 85th Texas Legislature, and hope to see the results of our efforts early next year.

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Financials

Income

- Sponsorship Program: 10.73%
- Dues: 39.82%
- Meetings & Special Events: 8.97%
- RPA & Education: 5.03%
- Expo: 22.17%
- Golf Tournament: 8.67%
- Advertising & Programs: 4.61%

Expenses

- Operating Expenses: 54.84%
- Membership Dues Expense: 9.86%
- Meetings & Special Events: 9.42%
- RPA & Education: 3.15%
- Expo: 9.89%
- Golf Tournament: 5.50%
- Advocacy: 4.69%
- Special Projects & Marketing: 2.66%
Things never slow down for our advocacy team.

With the mission of advocating on behalf of the interests of commercial real estate, in 2016 we have engaged in activities relating to:

- Property Tax Reform
- Recapture: School Financing
- Mandatory Energy Benchmarking
- Emergency Responder Radio Regulations
- Building Code Review
- Fire Code Review
- Surge Tanks vs. Direct Connection
- MS4 Regulations
- Permitting
- High Speed Rail

Through activism in the Construction Industry Council, the Houston Real Estate Council, EEB-Houston and other organizations, our members and staff are plugged in throughout the Houston community to monitor issues that impact the CRE industry.

BAC PAC

The BOMA BAC PAC enables Houston BOMA’s advocacy team to raise money to support political candidates for state and local office who know and understand – and support – real estate’s issues. Whether or not you are politically “active”, there is no better way to support the candidates and the issues that impact your professional life.

In 2016 our Sporting Clays Tournament not only resulted in a lot of fun, but raised $26,000 or the BAC PAC, allowing us to support local and state candidates for office. We donated to the campaigns of Mayor Sylvester Turner, Senator Paul Bettencourt, and City Council Member Greg Travis in 2016.
Our Policy Positions

**Fair and Justifiable Taxes and Rate Rollbacks.**
Any taxes should be broad-based and carefully tailored to minimize any adverse economic effect.

**Quality of Life Policies that are Balanced, Predictable, Consistent, Transparent, Cost-effective, Fully Vetted, and Respect Property Owner Rights.**
City quality of life regulations should promote economic growth, job creation and broaden the city’s tax base.

**Building and Operating a Sustainable Environment.**
BOMA members support a more sustainable environment by reducing the use of energy, water and other natural resources, using cost-effective means that properly weigh net benefits with the costs to implement.

**Fair, Transparent, Predictable and Justifiable Fees.**
All fees imposed by the City should be fair and directly relate to the cost of the services for which the revenue is being assessed.

**Streamlined and Cost Effective Government.**
BOMA supports local initiatives that make our government more accountable, transparent, fair, practical, streamlined and cost effective.

**Emergency Preparedness.**
BOMA supports fully vetted actions and practices that promote exemplary public safety, security, emergency preparedness and incident prevention in office buildings that weigh the net benefits of any proposed regulations with the implementation costs to Houston businesses.

For more information on our policy positions, visit us online at houstonboma.org.
Benefiting at Every Level

While 2016 brought challenges with our local economy, through our exceptional value and service delivery, we not only maintained our ranking as the CRE association in Texas, but retained the spot of the third largest association in the country.

Houston BOMA’s main goal of providing top quality member benefits and relevant programming is unwavering and we are looking forward to 2017.

As we grow our ranks, our industry’s influence grows as well. When new members join Houston BOMA they automatically become members at the local and state levels. This benefit brings members the best of all worlds—local networking and resources, along with access to invaluable legislative information resources.

2016 brought big changes to our membership structure. In order make membership more affordable for all in the commercial real estate industry and those in support roles, we restructured membership options to allow for more choice in selection of services, thus saving our Principal member companies thousands of dollars in membership dues.

Our members receive discounts at Home Depot, complimentary up-to-the-minute industry compensation data, and access to vital, relevant, and timely industry information, cutting-edge educational programming and the best legislative representation in the state with local staff and Locke Lord continually scanning the external landscape for issues detrimental to the performance of commercial assets.

Houston BOMA by the Numbers

50 New Buildings Added
Over the past 3 years, over 50 new buildings have joined Houston BOMA, contributing to the average of $6.16 per square foot paid in real estate taxes here in Houston.

1.7 Billion dollars added to the local economy
Through both advocacy efforts of BOMA and its members, over $1.7 billion dollars has stayed right here in Houston.

104 New members joining BOMA this year
In 2016 alone, we have seen over 104 new members join the ranks of Houston BOMA, bringing their expertise and knowledge and who’s buildings help make up over 43,000 jobs in the market.

2 International TOBY Winners
Houston saw its highest amount of participation in years, with 10 TOBY Entrants in 8 Categories. And out of that group we took home 2 International wins!
We’re Talking, Are You Listening?

We have reached new heights in 2016 with our communications platforms. Our communications are targeted and carefully crafted to provide “at a glance” functionality. We want to help you be informed as efficiently as possible.

Our communication vehicles cover the gamut from our Highlights newsletter in your mailbox every other month, the BOMA Buzz in your inbox every week, to our very active social media outlets on Facebook, Twitter and LinkedIn.

Our new and greatly improved website provides you with the most up to the minute news and instant resources for everything that is happening at Houston BOMA and in commercial real estate.

The Annual Compensation Study was released in time for property budgeting in July. Our Economic Impact Study was released in November and illustrates the impact that commercial real estate has on the Houston economy.

New in 2016 is the BOMA Index. This index is a compilation of data published by some of our largest members on market performance. The data is averaged, resulting in neutral indices for overall market performance each quarter.

Career Outreach

In its inaugural year, the Houston BOMA Foundation produced a publication to assist the entire commercial real estate industry as well as our annual Compensation Study. Our Careers in CRE publication is designed to not only educate individuals on a career in real estate management, but attract them. It’s available for all Houston BOMA members to take advantage of.

Through the Foundation, we made strides in career outreach by beginning the launch of a partnership with Texas A & M School of Construction Sciences as well as participating in career fairs at the University of Houston.
Education and Professional Development

Education is at the core of Houston BOMA’s mission and 2016 was no exception to our dedication to providing our members with best in class timely and relevant educational programming.

In addition to offering four RPA courses and the Foundations of Real Estate Management (PM101) course for our entry level property managers, we also offered four educational offerings on topics from safety and security, energy benchmarking, PACE in Texas, and a perennial local favorite, the Medical Office Summit.

Leadership Development

In its fifth year, our 2016 class of Leadership Lyceum shows great promise for the ongoing success of the organization. They have dedicated much time this year to complete the rigorous requirements of the program.

Our 2016 Lyceum graduates are:

Barbara Bennett, PM Realty Group
Gioconda Bustamante, M-M Properties
Miranda Cartwright, Hines
Heather Coon, CBRE, Inc.
Hunter Drackett, Cousins Properties Incorporated
Bunmi Fashola, Memorial Hermann Health System
Jannetta Key, Parkway Properties Inc.
Courtney McGaver, CBRE, Inc.
Rebecca McCourt, CBRE, Inc.
Kevin Stutts, Transwestern
Charitable Events

Our Annual Golf Classic, the Back to School Bash and our Annual Awards Extravaganza allow us to give back to our community. Through the Golf Classic proceeds, we supported the Houston Police Department Mounted Patrol and have our own horse which we named TOBY (of course). We also support the Houston Fire Department by donating much needed supplies and apparatus.

At our incredibly successful Back to School Bash, members donated over 600 pounds of school supplies for Houston’s homeless children connected with the Star of Hope Mission.

And our Annual Awards Extravaganza provides our members an opportunity to donate to the Houston Fire Department’s Toys for Tots program.

Building Our Community

With thousands of commercial real estate professionals attending our record-setting Building Expo and our evening social events like the Crawfish Boil, and the Back to School Bash, it’s safe to say that new connections and business opportunities were happening at Houston BOMA in 2016.

Our annual Business Exchange event offered speed dating for services. One of our most requested events, the 2016 Business Exchange was one of our most energetic events of the year with real estate professionals and service providers networking in five-minute increments. Relationships were built and deals got done.
Recognizing Our Best

2017 brought us 10 TOBY entries in 8 different categories. Houston leads the nation in international TOBY award winners and we look forward to welcoming a few of these properties to the international winners club.

2017 TOBY Award Winners

Over 1 Million Square Feet:
1100 Louisiana

500,000 - 999,999 Square Feet:
Towers at Westchase

250,000 - 499,999 Square Feet:
BBVA Compass Plaza

Medical Office Building:
Memorial Hermann Southeast Plaza 2

Corporate Facility:
HESS Tower

Renovated:
One Shell Plaza

Members of the Year

Our 2016 Members of the Year embody all that’s good about Houston BOMA: dedicated members who care about their industry and the community.

Principal Member of the Year
Cindy Magouirk, CBRE

Allied Professional Member of the Year
Peggy Viers, Always In Season

President’s Volunteer Award
Russell Griffin, Air Performance Service of Houston, LLC
Leadership

We owe so much to our dedicated volunteers. We truly couldn’t achieve such success without their assistance and guidance.

Board Leadership

President, Meredith Cress, Hines
Vice President, Greg Jones, Cushman and Wakefield

Vice President Finance, Roger Ritter, M-M Properties
Immediate Past President, Brett Williams, CPM, PMRG

Directors

Chad Nusbaum, Piedmont Office Properties
Kirk O’Neal
Kirk Guillanshah, Memorial Hermann
Robert Bridges, Transwestern
Joseph Hebert, Transwestern
Dan Porter, Environmental Coalition
Mark Janssen, Hines, Advisory
Jeff Greensage, CBRE, Advisory
Mary Stanton, JLL, Advisory

Working for You

Tammy K. Betancourt, CAE, CEO & EVP
George Morgan, Associate EVP
Melissa Thuston, Director of Development and Special Events
Kara Mathews, Manager of Membership and Professional Development
Shannon Roberts, Marketing and Communications Coordinator

Committee Chairs

BAC PAC Sporting Clays Shooting Tournament
Mark Janssen, Hines

Building Expo Committee
Natali Juarbe, Granite Properties

Engineering All Stars: Maintenance Olympics
Jack Hollis, JLL

Golf Classic
Jerri Daniel, Memorial Hermann

Legislative Advisory Committee/BAC PAC
Ed Bovermann, Transwestern

Meeters/Greeters
Erin Donovan, BrightView Group

Nominating & Award
Brett D. Williams, CPM - PMRG

Professional Development & Education
Sara del Aguila, Hines

Research Advisor
Andy Hoyns, Hick’s Ventures

Special Events Committee
Julie Artz, JLL

TOBY Awards Committee
Phil Davis, JLL
POLICY STATEMENTS

• **Fair and Justifiable Taxes and Rate Rollbacks** Any taxes should be broad-based and carefully tailored to minimize any adverse economic effect. Property valuations should be equal and uniform across the marketplace and tax rate rollbacks should closely mirror elevated valuations.

• **Quality of Life Policies that are Balanced, Predictable, Consistent, Transparent, Cost-effective, Fully Vetted, and Respect Property Owner Rights.** City quality of life regulations should promote economic growth, job creation and broaden the city’s tax base. Houston BOMA supports logical, reasonable, and fair regulations which give predictability to new development, while allowing for proper assessment of the impacts on local services, infrastructure, and the environment.
• Building and Operating a Sustainable Environment. BOMA members support a more sustainable environment by reducing the use of energy, water and other natural resources, using cost-effective means that properly weigh net benefits with the costs to implement. We support voluntary programs that are incentivized through tax rebates or grants.

• Streamlined and Cost Effective Government. BOMA supports local initiatives that make our government more accountable, transparent, fair, practical, streamlined and cost effective. In the current budget climate, we support the utilization of technology and best business practices to create a more efficient and effective City government that is focused on serving Houstonians.
POLICY STATEMENTS

• Fair, Transparent, Predictable and Justifiable Fees. All fees imposed by the City should be fair and directly relate to the cost of the services for which the revenue is being assessed.

• Emergency Preparedness. BOMA supports fully vetted actions and practices that promote exemplary public safety, security, emergency preparedness and incident prevention in office buildings that weigh the net benefits of any proposed regulations with the implementation costs to Houston businesses.
ISSUE: PROPERTY TAXES

Problem: Unsustainable property valuations

Initiatives:
- Continued communication with local and state elected leaders
- Support of state bills that provide tax and appraisal remedy and relief
- Continued support of the Taxed out of Town campaign
Act now to urge Texas lawmakers to support Senate Bill 2 for much needed property tax relief and reform!

Without appraisal district and property tax reform, major Texas cities face the challenge of retaining businesses within their borders. Many are unaware that commercial real estate property taxes are paid by the businesses who lease space in Texas. Skyrocketing and uncontrolled valuation increases have placed an incredible financial burden on Texas businesses - from major corporations to the mom and pop establishments.

Authored by Senator Paul Bettencourt (R -Houston), SB 2 has been referred favorably out the the Senate Finance Committee. It will now be voted on by the entire Senate early this week.

Senate Bill 2 provides real solutions to Texas property taxation that will not place unnecessary burden on commercial property owners, their tenants, small businesses or homeowners. Key provisions of the bill are:

- It creates a Property Tax Administration Board to assist the State Comptroller in providing oversight and advice to the Comptroller's office. The Board will recommend and approve all manuals used in property appraisals.

- Limits appraisal districts and requires that they utilize only standards, procedures, and methodology prescribed by appraisal manuals prepared and issued by the Comptroller.

- Appraisal district boards must be comprised of only elected officials, creating a higher standard of accountability to taxpayers.

- Lowers the Rollback Tax Rate from 1.08 to 1.04.

- Calls for an automatic election for any tax rate that exceeds a taxing entity's rollback rate.

We encourage you to contact your state elected officials in Texas and urge them to support SB 2. Let’s show lawmakers that Texans understand that skyrocketing and uncontrolled commercial property taxation is putting economic growth and jobs at risk - for both the public and private sector!
ISSUE: RECAPTURE

Problem: HISD Proposition 1 Ballot Initiative Decisions
Negative Impact

Initiatives:
- Create resources, talking points, white papers, etc. for members to utilize to communication with their elected leaders
- Actively advocate at the State Legislature for fair and equitable treatment of commercial real estate
Recapture on May 6 ballot

FAQ

Didn't we already vote on Recapture in November? Why is HISD holding another election?

Yes. In November 2016, HISD voters rejected Proposition 1 and purchasing attendance credits by 62% to 37%, making HISD subject to Detachment of non-residential, commercial property to pay its Recapture obligation. Since then, action by the Texas Education Agency (TEA) and other factors have reduced HISD’s Recapture obligation from about $162 million to about $77 million. Future Recapture obligations have been reduced as well. The vote also started a conversation among legislators in Austin about changing the state’s outdated school finance system. In response, the HISD Board of Education called a new election for May 6, 2017, giving voters another opportunity to decide how HISD will pay its Recapture obligation.

Why is the Recapture payment lower now?

The TEA announced that it will recognize half of the local homestead exemption when calculating the wealth level per student (Recapture level) of HISD and other districts this year and in the years to follow. HISD offers a local homestead exemption of 20 percent off the full appraised property value of every home. Because of the exemption, the district only collects property taxes on 80 percent of every home’s appraised value. The state saw 100 percent of each home on HISD’s tax roll and assumed HISD collected 100 percent of the property taxes from homeowners. This assumption has long caused Recapture-paying school districts to send more of their local revenue to the state. HISD’s estimated Recapture payment is also projected to decrease because of changes in the property values used to calculate a district’s property wealth (CPTD) and weighted average daily attendance (WADA). Following the district’s annual property value audit, the Texas Comptroller reduced HISD’s property wealth, known as CPTD value, by $2 billion, primarily as a result of property-value protests and lawsuits. Additionally, since the start of the school year, HISD’s WADA has been slightly higher than projected. Because the amount of Recapture a district owes is calculated using the district’s property wealth (CPTD) and WADA, adjustments to these values change the amount the district owes in Recapture.

What will be on the ballot on May 6 and what does a FOR or AGAINST vote mean?

Here’s the language that will appear on the ballot: Authorizing the board of trustees of Houston Independent School District to purchase attendance credits from the state with local tax revenues.

A vote FOR means Purchasing Attendance Credits by writing a check for about $77 million this spring to the state comprised of local property taxes. The district will continue to make annual Recapture payments, but our total tax collections will continue to grow to offset these payments as property values rise. A vote FOR means the district will have more capacity in the future to fund schools.

A vote AGAINST Purchasing Attendance Credits means Detachment of the most valuable non-residential, commercial properties located within HISD boundaries from the district’s tax roll. The TEA will detach the properties and reassign them to Aldine ISD, where they will be taxed at Aldine ISD’s tax rate. Under current law, those properties will be permanently detached, and the district will lose those tax collections for district operations. The district will lose debt service tax collections used to pay back bonds, which is the district’s debt for building schools. A vote AGAINST means the district will face budget cuts and have less capacity in the future to fund schools.

Has a school district ever had property detached before?

No, this has never happened before.

How will taxes of detached commercial properties be impacted?

About $8 billion worth of property has been identified for Detachment, and the Texas Education Agency has decided the first detached properties will be assigned to Aldine ISD, where they will be taxed at a higher rate. (HISD has the lowest tax rate among school districts in Harris County.) The list of properties include the Galleria, Greenway Plaza and downtown. HISD’s total tax rate is $1.2067, with Maintenance & Operations (M&O) at $1.0267 and Interest & Sinking (I&S), which is used to pay the district’s debt, at $0.18. Aldine ISD’s total tax rate is $1.3233880, with Maintenance & Operations (M&O) at $1.1333880 and Interest & Sinking (I&S) at $0.19.

MARCH | 2017
How does the vote impact the property tax rate in HISD?

Under both scenarios, the HISD tax rate may increase to fund the financial needs of the District to keep teacher pay competitive and pay fixed cost increases. HISD could face budget cuts if property values decline in the future as we are sending recapture payments to the state. As long as property values grow steadily, then we do not foresee major budget cuts. However, a vote AGAINST Purchasing Attendance Credits (resulting in Detachment) would result in a higher tax rate because the District will have less property to tax. In addition, as more and more commercial properties are detached, a larger percentage of the responsibility to fund public education would shift to homeowners and remaining business owners.

Is there any other solution?

The Legislature convened in January 2017 and could make changes to the school finance system to reduce HISD’s Recapture payments in the future. If the Legislature does not act or if the May election fails, the Commissioner of Education will detach properties effective July 1, 2017. As long as property wealth grows in Houston, and the state’s school finance system remains the same, HISD will continue to remain in Recapture. In addition, the Legislature could reform the entire school finance system and eliminate recapture as a funding mechanism for public education either this session or in future legislative sessions.

How did we get here? Why is HISD subject to Recapture?

Under the state’s funding structure, HISD is considered “property-wealthy” and is subject to a Recapture payment to the state under Chapter 41 of the Texas Education Code, commonly known as the “Robin Hood” plan. It was passed by the Legislature in 1993 in an attempt to equalize disparities between property-wealthy and property-poor districts. Under the current law, local property taxes recaptured from property-wealthy districts do not actually increase funding for property poor districts, but instead replace and free-up State general revenue that may be spent for other purposes. Though nearly 80 percent of HISD students come from low-income families and a third are learning to speak English, rising property values in Houston and an outdated school finance system caused HISD in 2016 to go into Recapture.

What is the HISD Board of Education’s recommendation on how to proceed?

Board of Education trustees have traveled to Austin to work with the Legislature on the Recapture issue. The Board urges the Legislature to reduce its over-reliance on local property tax dollars to fund public education statewide and replace those local tax dollars with state funds. HISD’s legislative agenda outlines further steps on how to proceed, including:

- Increasing the state-set “wealth” level, otherwise known as the basic allotment, which reduces Recapture;
- Counting full-day pre-K students in Recapture calculations, resulting in $39 million in Recapture savings; and
- Allowing districts paying Recapture to receive state transportation funding, resulting in about $12 million in revenue for HISD.

How can I stay informed about what is happening in the Legislature regarding school finance?

You can visit HoustonISD.org/Recapture or sign up to receive news updates from HISD via e-mail at www.HoustonISD.org/subscribe. You can also visit our newsblog at HoustonISD.org and follow us on social media at Twitter.com/HoustonISD and Facebook.com/HoustonISD.
Vote Yes!

HOUSTON ISD PROP 1

Election Day - May 6

Problem: City of Houston proposal to mandate energy benchmarking

Initiatives:
- Continue to track progress with the COH
- Advocate on behalf of members for positive outcome

*Mandatory Benchmarking Defeated March 2017*
ISSUE: REVENUE CAP

Problem: Mayor Turner Campaign to Eliminate the Revenue Cap – will be on the November 2017 ballot

Initiatives:
- Communicate our position statement against elimination to our members and the public
- Identify like-minded groups early in the process to determine if a campaign can be mounted to combat Turner’s efforts
- Discuss our position with city council members prior to making campaign contributions
Texas BOMA Legislative Priorities

Property Taxes
- Oppose any attempt to restrict or eliminate equal and uniform tax appraisals
- Oppose sales price disclosure
- Oppose appraisal caps

Lien Laws
Retainage Bills
Margin Tax
Your Guide to
Careers in
Commercial Real
Estate Management

BOMA
Welcome to the exciting and rewarding world of commercial real estate management.

This is an introduction to an industry that has so much to offer to so many different people that will reward critical thinking, teamwork, and interpersonal relationships.
So what is commercial real estate management exactly?

Commercial real estate management incorporates both asset management (without tenants) and real property management (active tenants present). They both require overlapping skill sets and abilities to be managed successfully.

While there are many different positions within the commercial real estate management industry (commonly referred to as property management) the Property Manager is the most common and sought after role.

The Property Manager position supports and assists in the management of commercial real estate in accordance with the Management Agreement. The Property Manager is involved in all aspects of day-to-day operations of the property, including accounting, tenant relations, maintenance and repair, security, janitorial services, landscaping, etc. The Property Manager handles tenant complaints and service requests, and must be familiar with the terms of tenant leases. The Property Manager assists in the preparation of the annual budget, reporting and financial performance of the property.

A single office building, on average, contains more individual people at any given time than most small towns. So the person managing this town, which we will call “Buildingtopia” in this analogy, is the Property Manager (or Mayor), and they are hard at work to keep the town running smoothly. The Property Manager’s objective, like any good Mayor, is to provide the necessary services that residents of Buildingtopia need to be successful as well as comfortable, all the while making Buildingtopia more attractive to future residents.

Whether that be scheduling 3rd party contractors to assist in the upkeep and appearance of Buildingtopia, managing the team that meets the needs of the inhabitants of Buildingtopia, or facilitate the arrival and departure of residents it’s the Property Manager that has their finger on the pulse of everything that’s going on in this important town.

So if working in a field that is always growing and having a career that presents engaging challenges each and every day appeals to you… then maybe commercial real estate management is exactly what you are looking for.

This booklet, developed by the Houston Building Owners and Managers Association and funded by the Houston BOMA Foundation, is intended to serve as an introduction to the wide and wonderful world of commercial real estate management.
What other positions are in commercial real estate management?

**Site Manager**
A site manager also sometimes has the title of construction manager, building manager or site agent. He or she will oversee operations on a day-to-day basis, and ensure that work is done safely, on time and within budget and to the right quality standards. As a site manager, you could be responsible for a whole site or, with larger schemes, you may be responsible for part of a project and report to a more senior manager, who may be taking care of several projects at the same time. Before work starts, a site manager gets things ready by taking on staff, and preparing the site, carefully planning the work to be done and installing temporary offices for site staff. While work is taking place, the site manager will monitor progress, oversee delivery of materials and carry out safety checks and sort out any problems which could hold up work as they arise. A site manager will also keep in close contact with members of their site team at all times, and liaise with architects, engineers, surveyors and planners.

**Regional Manager**
The position executes the corporate property management strategy by implementing the policies, procedures and practices that enable each property to meet and exceed budgeted financial goals and achieve operational performance objectives. Regional Property Managers oversee multiple properties, with a team of Property Managers and Assistant Property Managers below them managing their respective properties.

**Asset Manager**
The focus of a real estate asset manager is on the property as an investment, and decisions made by asset managers are those that impact a property’s financial performance. In many cases the asset manager is the representative of the owner and responsible for selecting a third-party management company and monitoring the performance of that company. In all cases, the emphasis of asset management is on activities that will add value to each property under management and the portfolio of properties as a whole. Operational functions, performance goals, and caretaker roles are left to property managers, however the lines are blurring between these roles as more and more Property/Asset Managers are expected to handle both roles effectively.

**Management Company Executive**
A management company executive focuses on growing the business and managing operations of the company as a whole, rather than the daily operations of properties in its portfolio. The Chief Executive Officer identifies and brings in new business opportunities while managing company resources and making decisions about the business strategy and structure. Other executives may focus on the financial, technological, operational, or developmental functions of the business.

**Administrative Assistant**
Depending on the size of the company or property, the number of Administrative Assistant roles vary, but are a necessary part of making any commercial real estate endeavor work smoothly and efficiently. Administrative Assistants, or Admins, are on the frontlines of any operation. The Administrative Assistant role is to support the rest of the office by handling various administrative duties, dealing with tenants, vendors, and other aspects of the commercial real estate industry.

**Building Engineers**
As it’s the Property Manager’s role to run the property, it’s the Building Engineer’s responsibility to keep the building itself running. This is accomplished by having a deep understanding of how the building operates and how to fix any issues that crop up. This includes but is not limited to repairs on infrastructural systems such as the air conditioning systems, electrical systems, and the building’s central plant. Building Engineers must be able to identify any maintenance issues with the building quickly and efficiently to ensure that the building continues to operate smoothly.

POSITIONS
Who employs real estate managers?

If you're thinking about a career in commercial real estate management, you may picture yourself working in an office building for a management company. While the largest employers of property managers are real estate companies, nearly any company that owns real estate needs management for their property. A career in commercial real estate may overlap with several different industries, from finance to non-profits and government agencies. Your role in commercial real estate varies by type of employer, so it's important to familiarize yourself with employers to find the best fit for your career.

**Property Management Firms**

Property management firms employ real estate managers to handle the administration, management and leasing of residential, commercial or industrial real estate that is owned by another party or entity, acting on behalf of the owner to preserve the value of the property while generating income. These companies charge a fee for their services, usually a percentage of the rent brought in for the property while under management.

**Full-Service Real Estate Companies**

Full-Service Real Estate Companies provide a wide range of commercial real estate services, including management, brokerage, leasing and representation services. Real Estate managers are hired for the property management department.

**Commercial Real Estate Development Companies**

Commercial real estate developers bring property ideas to life, overseeing the entire process of real estate creation. They are responsible for everything from procuring land, permits and financing to the construction and management of the projects. These companies hire real estate managers to help with brokerage, leasing, marketing and management activities of properties they develop and own.

**Commercial Banks**

Commercial banks not only finance properties, they also can own property, including those that are investments in a bank's portfolio or owned by the bank as a result of foreclosure. Banks often hire real estate managers to care for, analyze and market these properties.

**Real Estate Investment Trusts**

Also known REITs, real estate investment trusts are securitized investments in real estate that can be acquired like a stock, or through mutual funds. They give investors an opportunity to have stake in real estate through their collective resources, often owning or investing in a portfolio of properties for a high dividend return. REITs may hire property managers to provide financial knowledge or management services for properties they own.

**Corporations**

Real estate managers at corporations represent the company's broad interests in real estate matters including acquisitions, leasing, management, tax issues, and disposition. In addition to managing the corporation's properties and portfolio, real estate managers are needed to conduct real estate transactions and provide financial guidance to ensure the business is maximizing efficiency and building space.

**Government Agencies**

The government and its agencies employ real estate managers in many different capacities. The General Services Administration manages federally owned commercial property, and hire asset and real estate managers to oversee the portfolio of government-owned facilities, improve existing facilities or build new ones. Some departments at the state and local level employ real estate professionals to acquire and manage real estate and financing programs, perform financial and tax assessment of assets, or work in planning and zoning.

**Mortgage Brokerage Firms**

In commercial real estate, mortgage brokerage firms bring together buyers and sellers of investment properties. Some firms that provide a fuller spectrum of real estate services will hire property or asset managers to help market and manage the properties.

**Religious and Charitable Organizations**

Large organizations may need real estate managers for facility and portfolio management and to assist the organizations with real estate transactions and provide financial guidance.

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A career in commercial real estate may overlap with several different industries, from finance to non-profits and government agencies.
How do I advance my career?

Professional Credentials

Designations
BOMI, Houston BOMA partners with BOMI International to offer a variety of professional designations for property managers, facility managers and building engineers. Throughout the commercial property industry, a BOMI designation is recognized as a mark of distinction; an emblem of achievement backed by BOMI’s more than 40 years of excellence in developing and offering advanced education programs. Whichever of the professional designations you pursue, you can be assured you will receive field-proven, time-tested courses that will help you meet the demands of an increasingly complex profession with confidence and success.

RPA – Real Property Administrator
- The RPA designation was created by BOMI for anyone who manages real estate assets. The program teaches all aspects of operating a commercial building and maximizing a building’s net income while minimizing risk. As RPA brings a full understanding of all aspects of property management to an employer in the commercial real estate industry or to a building owner. The overall goal is to enhance the value of the asset through proper and strategic decision making.
- Components of this program include design, operation, and maintenance of an office building; accounting for commercial real estate; risk management; best practices in bidding; reviewing and selecting contract providers; marketing and leasing the building; and the operations of the asset from an owner’s perspective.
- To complete an RPA designation, students must have three years of property management experience that meets program requirements and take eight RPA courses (seven required classes and one elective).

FMA – Facilities Management Administrator
- BOMI offers an FMA designation for those responsible for making sure a facility runs smoothly by creating a safe and productive workplace for a company and by taking care of tenant issues such as comfort, safety, daily operations, and maintenance. Students learn how to manage facilities in a way that best supports staff and fits into an organization’s overall objectives. From planning and project management to environmental health and worker safety, this program also provides the information needed to minimize maintenance costs and property manage other timely issues. The program covers environmental health and safety, facilities planning and management, and design and operation of buildings.
- To complete an FMA designation, students must have three years of facility management experience that meets program requirements and take eight FMA courses (six required classes plus two electives).

Certifications
BOMI: Whether you are new to the industry or a professional looking to enhance your skills or gain recognition, a BOMI International certificate provide the fundamental knowledge for real estate professionals to better understand job responsibilities. If you do not meet experience requirements, certificates are a good way to begin your journey toward earning a BOMI International designation. To earn a certificate, students must complete three courses and pass an exam at the end of each course to show their understanding of program content. Coursework is offered by Houston BOMA for the following certificates:

PAC – Property Administrator Certificate
- Ideal for those who manage the overall operations of a building or a portfolio of buildings.

PMFP – Property Management Financial Proficiency Certificate
- Ideal for those responsible for analyzing, managing, and investing in real estate assets.

FMC – Facilities Management Certificate
- Ideal for those who manage the ongoing operation and maintenance of facilities.

BOMI HP - New! High-Performance (HP) Certificate
- Ideal for those responsible for implementing sustainable initiatives. If you are an RPA and/or FMA designation holder, you may earn an enhanced RPAHP and/or FMAHP designation by successfully completing the High-Performance Program courses.
How much can I expect to earn?

<table>
<thead>
<tr>
<th>Title</th>
<th>Annual Salary Income</th>
<th>Average Annual Bonus Income</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Assistant Property Manager</td>
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<td>$30,000</td>
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<tr>
<td>Property Administrator</td>
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<td>$29,000</td>
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</table>

What does BOMA offer for commercial real estate managers?

Houston BOMA membership provides everything you need to succeed in a career in commercial real estate management. Our members enjoy professional development and educational opportunities, legislative advocacy and awareness, and CRE community events. You don’t have to wait for your career to take off to begin participating; student membership is available for those interested in a commercial real estate career, so you can join Houston BOMA and reap all the benefits membership has to offer right away.

Professional Development and Education

Designations

- Houston BOMA partners with BOMI International to offer a variety of professional designation courses for property managers, facility managers and building engineers. Throughout the commercial property industry, BOMI designations are recognized as a mark of achievement, knowledge, and credibility. With these designations, you can stand out and employers can be confident they are hiring employees with the right skills and attributes to manage their properties. Houston BOMA members have the opportunity to take these courses at a reduced rate, with scholarships available for qualified applicants.

Seminars

- Educational seminars focusing on commercial real estate are offered by Houston BOMA throughout the year. These seminars are usually just a few hours and provide information from industry leaders on changing CRE standards, certifications, technology, best practices and specific markets within the industry. They’re great for professionals who want to catch up on the latest information or trends in commercial real estate. By continuing your education throughout your career, you can develop your knowledge and stay up to date on topics relevant to the CRE industry, and become prepared to lead your company to be innovative and successful.

Leadership Programs

- Once you’ve started your career in commercial real estate management and have been an active BOMA member, you can apply for Houston BOMA’s Leadership Lyceum program. The unique leadership development program is geared toward property managers that have been in the industry for less than 10 years and have an interest in becoming a future leader of Houston BOMA. The program will teach you general leadership skills along with everything you need to know about BOMA and association management to put you on a path towards Houston BOMA and overall career leadership. With instruction by our CEO and industry professionals, students get a chance to meet local elected officials and legislators, members of the press, and leaders from the commercial real estate industry, while learning about BOMA’s influence on the industry and community.

Houston BOMA membership provides everything you need to succeed in a career in commercial real estate management.
Houston BOMA Career Center

- Houston BOMA’s website includes a Career Center to help connect local CRE companies with great talent. Job seekers can upload resumes for employers to view, or apply directly to job listings posted by CRE companies. The resource is free to use for job seekers, so it’s a great tool to help you find the next step in your career. Visit the Career Center at houstonboma.org.

Legislative Advocacy and Awareness

Houston BOMA is the only association in the greater Houston area that advocates on behalf of commercial real estate professionals. We represent over 300 million square feet of commercial real estate in over 2,400 buildings. Houston BOMA members support 102,000 area jobs and more than 1.5 million people work in Houston office buildings every day. Our advocacy efforts result in member savings of millions of dollars each year and awareness of the latest commercial real estate legislation.

We advocate for:
- Fair, Transparent, Predictable and Justifiable Fees/Taxes.
- Land Use, Planning, Building Codes, Transportation, Parking, and Quality of Life Policies that are Balanced, Predictable, Consistent, Transparent, Cost-effective, Fully Vetted, and Respect Property Owner Rights.
- Building and Operating a Sustainable Environment.
- Emergency Preparedness.
- Streamlined and Cost Effective Government

Community Building and Events

The best way to get involved in CRE is by building your personal community and establishing relationships with other CRE professionals, and Houston BOMA events allow you to meet industry leaders from some of the top CRE companies. Our programs recognize and award our best talent, help members make new connections, and raise money for local causes. Staying involved and participating in these events can help you learn more about the CRE industry while expanding your network with professional connections.

Committee Participation

Once you’re involved with Houston BOMA, participating on a committee is a great way to continue networking while helping Houston BOMA and boosting your career. Committee members must commit to attend every meeting and work together to achieve the annual goals put forth by Houston BOMA to ensure the continued success and advancement of the association. Space is highly limited on our committees, but with several different committees to choose from, there’s a place for you no matter what your interest or ability.
Office Building Energy Efficiency Programs

Commercial Standard Offer Program (CSOP)

- Program offers incentives to building owners or energy efficiency service providers who install qualified energy efficiency measures in new or existing commercial and industrial facilities.
- Qualified measures must reduce energy consumption and may include - energy efficient chillers, lighting, motors, window replacements, roofing replacements, etc.
- Program Manager contact- Yolanda Slade; 713-207-7762
  Yolanda.Slade@centerpointenergy.com

Commercial Load Management Program (CLM)

- Program offers incentives to commercial and industrial customers for curtailing load when notified.
- Curtailments occur during the summer peak demand period of each year, defined for this Program as weekdays, June 1 through Sept. 30, between the hours of 1 and 7 p.m.
- Program Manager- Calvin Burnham; 713-207-3423
  Calvin.Burnham@centerpointenergy.com
The Role Of The Property Manager In Energy Efficiency

With their boots-on-the-ground perspective, property managers are in a unique position to help buildings make efficiency improvements. They also manage both maintenance and budgetary functions so can align energy and financial gains. Over 75% of survey respondents indicated either building managers or their engineering teams have primary responsibility for day-to-day energy performance. “Efficient operations is why I hire a professional property manager,” vice president of EPN Real Estate Services Nick Stolatis said in the report.

A Detrimental Focus On Simple Payback With Short Returns

Most owners and managers — 71.4% — use simple payback to determine whether energy-efficiency enhancements are worth considering. Shorter returns are preferable — most third-party managers indicated clients require one- to two-year returns, while the majority of portfolio owners said their companies require three- to four-year returns. The report argues this focus on simple payback, and the neglect of deeper financial analysis, impedes investment in energy efficiency.

Self-Financing Of Energy Efficiency Investments

A total of 69.7% of survey respondents said their companies used internal financing for energy-efficiency investments. Self-financing significantly surpasses the financing tools now available in the market, including Energy Service Agreements, utility on-bill financing and Property Assessed Clean Energy, or PACE. The report reviews the benefits of external financing, such as when internal capital funds earmarked for energy investments must be used for emergency situations. Angela Aeschliman, senior vice president of property and asset management for The Missner Group, cites one scenario in the report: “[Y]ou have an unexpected vacancy and the money you had in reserve goes to leasing commissions or tenant improvements. You must keep the energy projects in the forefront, but it’s very difficult to do in the face of an emergency.”

Possible Solutions To Energy-Efficiency Barriers

The report presents possible solutions to energy-efficiency barriers — some may require changing longtime industry practices and could create controversy should the industry take them up for debate. For example, industry experts in the report discuss a larger recognition of energy efficiency’s role in the fiduciary duty of third-party real estate managers. This suggestion puts clear responsibility on property managers, to a wider degree than currently required, to consider energy efficiency when meeting asset investment goals. The report suggests greater decision-making power for third-party managers to make energy-efficiency investments. Despite their responsibility for day-to-day energy performance, financial controls limit the ability of property managers to make these investments and achieve greater efficiency gains.
Houston Leads on Office Vacancies

Houston has the highest office vacancy rate in the nation, pushing the metro area lower in a ranking of 46 major markets based on forward-looking economic factors, a new report showed.

Houston's office vacancy, projected to reach 21.5 percent in 2017, contributed to a drop of 8 spots to No. 31 in Marcus & Millichap's 2017 National Office Property Index. In 2014, local office vacancy stood at 16.3 percent.

Nationally, the vacancy rate is forecast to be 14.3 percent in 2017. The index ranks the markets based on 2017 projections on employment growth, vacancy levels, construction deliveries and rents.

The top five office markets are San Jose Calif., Seattle-Tacoma, San Francisco, Portland, Ore., and Boston. Other Texas cities also moved down in the ranking, although only slightly for Austin and San Antonio. Austin, with a tight vacancy rate of 11.3 percent and an increase in office completions in recent years, ranked No. 7, down from No. 6 last year. Dallas, one of the nation's strongest markets with projected demand of 6.2 million square feet in 2017, moved to No. 22 from No. 17 last year as supply increased.

Developers finished 5.2 million square feet of office space in 2016, and are projected to add another 7.8 million this year. San Antonio fell one position to No. 25. Houston ranked fourth for the amount of office completions projected in 2017, behind San Jose, Dallas and Seattle.

Other Houston highlights:
- Employment is projected to grow by 19,500 or 0.6 percent in 2017.
- Developers are projected to add 3.7 million square feet in 2017, down from 5.1 million in 2016, and 9.8 million in 2015.
- Average asking rent will increase 1 percent to $29.17 per square foot per year.
- Net absorption is projected to total negative 290,000 square feet in 2017, an improvement from the negative 3.3 million square feet in 2016. Its recent peak hit 7.4 million square feet in 2014.
Is Houston’s Office Market Really in Recovery?

Since the presidential election, one local real estate economist said he sees national enthusiasm everywhere. The promise of new jobs and less regulation has both individuals and corporations optimistic for 2017, even in Houston, according to Mark G. Dotzour, a real estate economist who presents his findings across the country. Having served as chief economist of the Real Estate Center at Texas A&M University in College Station for 18 years, Dotzour recently returned to Houston as the keynote speaker at CCIM’s 2017 Commercial Real Estate Forecaster Competition.

“I have seen amazing optimism, the whole country feels good,” he said. “Household income net worth is higher than ever; Americans have never been richer than before. And the small business outlook is strong.”

Those are encouraging words, but is Houston’s office market enjoying that “feel good” optimism? Recovery is the most relevant key word noted, but the office market still has a long way to go.

Until 2014, sublease space averaged around 3 million square feet annually. Doubling in both 2015 and 2016, the number dropped slightly in fourth quarter 2016—primarily because of a few limited deals and ConocoPhillips taking back its new 600,000-square-foot building out of the sublease market.

Leasing activity will have to increase as more shadow space is added to the direct market along with expired sublease listings. Commercial Gateway shows about 200 sublease listings totaling more than 4.6 million square feet set to expire within the next two years.
UNWANTED TOP RANKING: HOUSTON HAS LARGEST SUBLEASE SUPPLY IN NATION, REPORTS CBRE RESEARCH

HOUSTON—Houston has the largest supply of sublease office space in the nation, according to a new report by CBRE Research.

Houston had an 11.1 million SF of sublease space on the market at year-end. Boston ranked second with 4.8 million SF sublease supply, followed by Manhattan at 3.8 million SF.

The oversupply of sublease space, which is particularly acute in the Energy Corridor area, grew significantly since 2014 energy firms shed excess office space while oil prices were low.

Shell Oil has vacated huge chunks of office space in downtown, leaving more than 800,000 SF of sublease space in One Shell Plaza, which was an early-day landmark in the career of Mr. Gerald Hines.

Landlord representatives have been emphasizing that this is a good time to “go long” with long-term leases while sublease space offers bargain opportunities. Some progress has been made in leasing up the sublease space and lately some tenants have been inclined to dump additional sublease space on the market because it almost seems like a lost cause. Meanwhile, this all puts downward pressure on rents.

Plus, there are still some new buildings coming online in Houston soon. And Skanska is expected to start construction this year on the new 750,000-SF Capitol Tower in downtown. In the Greenway Plaza area, Thor Equities is constructing additional office space in its mixed-use project on Kirby Drive.

However, many respected Houston commercial real estate experts say Houston has bottomed out and the worst is over.