

# Property Management Roundtable



**Kellie  
Falk-Tillett**



**Lamont  
Farmer**



**Greg  
Hobbs**

**T**riangle Real Estate recently talked with a variety of commercial and residential property managers to get their opinions on the state of their business in the Triangle as well as their predictions of how the local market will be faring this year. The changes they are predicting for 2008 include more use of technology, shorter lease terms, higher operating costs and an increasing emphasis on “green” features in the properties they handle.

**Triangle Real Estate (TRE):** Why did you decide to become involved in property management?

**Kellie Falk-Tillett (KFT):** I am a third-generation owner of a property management firm that will celebrate its 70th anniversary in March 2008. It was simply natural for me to get involved in the family business.

**Lamont Farmer (LF):** I got into property management by default. I married it. My husband, Lyston Farmer, decided to open his own commercial real estate company after working many years with a property management firm. When Lyston decided to start his own firm, I offered to help him. We opened Lyston Farmer & Associates in September 1989. I had no previous management experience, so Lyston very patiently trained me along the way. When Lyston passed away in 1996, I decided to continue the business. In 1999, we merged with York Properties. So while entering the property management field was not an intended career choice, it is one that I consciously decided to stay in due to the diversity and interest of the day-to-day challenges and rewards. From renovations to dealing with both difficult and appreciative tenants, there is never a dull moment.

**Greg Hobbs (GH):** I decided to become

involved in property management because my father told me that I had to go to work because he loved me. No kidding – my father has owned commercial property all my life, and when my brothers and I were growing up in Raleigh, it seemed that there were always emergencies, such as the flooded basement at the State Theater on Salisbury Street, that needed tending. My brothers and I earned spending money performing maintenance on the properties our father owned locally. After college, I moved to Houston, and because of the experience I had working for Dad, I was able to get a job with Property Management Systems. I worked as property manager for two multi-tenant office buildings owned by the Prudential Insurance Company. Property Management Systems had a well-honed procedure manual for just about every situation, including preparing for disaster.

**TRE:** What specific challenges do you face in the Triangle’s current property management market?

**KFT:** Credit issues on prospect’s credit report with foreclosures and a lot of debt...it can be tough to find a qualified renter. Also, finding proof of legal residency in the United States – meaning government proof of proper

## About the roundtable

**Kellie Falk-Tillett** is one of the principals of Drucker & Falk, LLC, a family-owned fee real estate company that manages over 30,000 multifamily homes and 4,000,000 square feet of commercial space in over five states in the Southeast. She is responsible for the business operations of the company, including marketing and education, development of new business, corporate marketing and technology-related initiatives. She is a national speaker for the multifamily industry and holds a wealth of professional honors along with innumerable community service memberships. To learn more, visit [www.dfapartments.com](http://www.dfapartments.com).

**Lamont Farmer** is president of the property management division at York Properties. Lamont and her late husband, Lyston Farmer, founded Lyston Farmer & Associates in 1989, and three years after his death, Lyston Farmer & Associates merged with York Properties. Lamont holds a North Carolina real estate license and is working toward her CCIM designation through the Commercial Investment Real Estate Institute. She is a member of Commercial Real Estate Women (CREW) and the Triangle Commercial Association of Realtors (TCAR), and has a 19-year-old daughter, Grace. To learn more, visit [www.yorkproperties.com/property-management](http://www.yorkproperties.com/property-management).

**Greg Hobbs** is president of Hobbs Properties, which specializes in development consulting services, leasing and management of office space, neighborhood retail centers and infill residential projects. He has over 25 years of experience in property development, construction, and sales. Prior to founding Hobbs Properties, Inc., in 1995, Greg was a principal of the Houston-based Edmundson & Hobbs (1989-1994), which was created out of the former Jones Lang Wootton, USA office in Houston. A Raleigh native, Greg started his career in 1979 working for his father’s real estate company as a construction foreman. To learn more, visit [hobbsproperties.com](http://hobbsproperties.com).



Cameron Village is one of the primary retail complexes managed by York Properties. Others in Raleigh include Mission Valley and Lake Boone.

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documentation to reside in America legally.

**LF:** We are very lucky to live and work in a very dynamic area. With all the growth the Triangle has seen over the past several years, competition has grown with it. Staying ahead of the competition by maintaining our relationships with our clients is our focus. Owners expect us to keep their investments sound by maintaining their property and keeping the tenants happy. If a property manager is not successful at this, there are several more firms willing to help the investor with their property management needs.

**GH:** One of the challenges that we face is that most national companies are not willing to commit to long-term leases. The three biggest complaints property managers receive are about the air conditioning and heating, the parking, and the janitorial service, and

it is crucial that we are able to provide these services in a cost-effective manner. There is a disconnect between costs and rents. What tenants expect in services continues to outpace what can be charged on a square-foot basis. The challenge of providing a competitive space is becoming more and more difficult as our competition is, more often than not, either a REIT or a public company. On the other hand, our strength lies in the fact we answer only to ourselves and our tenants, as opposed to shareholders or offshore interests.

**TRE:** What specific features are your tenants or potential tenants requesting to see in your properties?

**KFT:** Since we manage different types of properties, from high-end to affordable,

features are different depending on the property. However, location is an overall important feature for all residents, as well as the ability to have pets live with them in their homes. For older properties, a resident prefers updated features in their homes in the light fixtures, cabinets and flooring. For new properties, storage and closet space are important features.

**LF:** Tenants want to go to their place of business and have an environment where they can do their job and grow their business. They don't want to worry about whether there is trash in front of their storefront, or whether the HVAC system is working in their office building. These are basic expectations. Depending on the type of property, the tenants' requests vary. For retail properties, merchants want strong marketing programs to drive customers to the center. In office properties, we have more and more requests for wireless technology. And in homeowner associations, communities want instant communication through their own management-maintained Web sites.

**GH:** Despite the fluctuating economy and design trends of the day, two things remain constant when tenants select space – cost and location. But in this market, there are other factors that influence the decision-making process. From turnkey build-outs to shorter lease terms to adaptive work space, tenants want flexibility, functionality and responsiveness. In a down market, tenants look for value. Due to the abundance of office space in most markets, and many companies' consolidation of employees into fewer square feet, most tenants are spending less for their space. In today's environment, having flexibility is key to attracting and maintaining tenants. Security is also important, as most tenants want card key access, closed circuit security monitoring, and power management, along with the lines of UPS and generator capacity.

**TRE:** How do you handle tenants who are, for lack of a better term, "difficult" to manage?

**KFT:** Fortunately, most of the time residents are not difficult. Some of the "difficult" residents usually have a problem that can be fixed. A majority of the time, they just want to be able to communicate with the office staff and feel as if they are being heard. After

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all, this is their home and it is important to them. However, if we cannot seem to manage them, we can opt to not renew their lease.

**LF:** I've found that not only just the difficult tenants but all tenants just want you to listen to them. In most cases, if you listen, tell them you understand and then either explain why something can't be done or how something will get done, they are satisfied. It's amazing how a little psychology can make your job so much easier in this industry.

**GH:** It is our policy to avoid any potentially poor relationship. We try to deal with people we know and like and feel that they are folks with whom we can enjoy a great working relationship. Many times we inherit people when our customers sell their business or get bought out, and we do our best to be consistently courteous and fair. We believe that on-site ownership and management keeps difficulties to a minimum because of our ability to respond quickly to our tenants' needs. That, in and of itself, tends to mitigate the friction that can build in a landlord/tenant relationship.

**TRE:** What trends are you forecasting for the Triangle property management market in 2008?

**KFT:** I believe residents will continue to want updated interior features in their homes. I also believe being "green" is going to become important in our lives. Especially in the Triangle, I believe that residents will be looking for communities that place an emphasis on recycling, water-saving devices and using products in our apartment homes



HighPark Village under York Properties offers tenants spaces ranging from 947 to 4,600 square feet.

that are considered to be "green."

**LF:** An ongoing trend that York Properties will see come to fruition in 2008 is having an Internet-based property management software system. Owners and tenants will be able to have specific access to our management software enabling them to request work orders without having to call our office, view their payment ledgers, make rent payments online and owners can review their financials instantly at any time. These are only a few of the features. This type of technology will free up property managers so they can spend more time at the properties and working with tenants and less time with administrative duties.

**GH:** I believe that we are going to see lease rates stay in the current range, with lease terms pushed shorter and shorter. At the same time, tenants will continue to demand high-quality space tailored specifically to their wants. Operating costs are continually growing, and it's going to get worse. Demand for landlords to operate "green" facilities is eating up dollars that would normally go to space improvement, and that space improvement has still got to be done. The 2008 trend is going to be more of what we have experienced in this previous year. ▲TRE

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