

# THE MANAGER

September 2008

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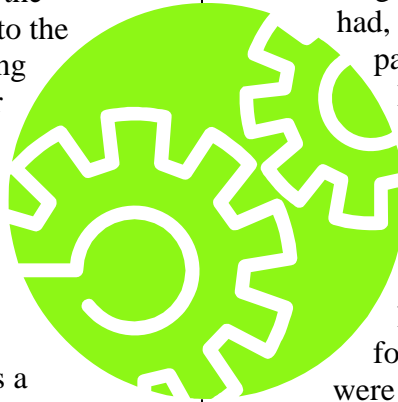


## Grease The Wheels!

Ryan Scheer

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I visit different properties weekly and I see some really neat relationships our Managers have built with their tenants. Some Managers can tell you a tenant's favorite food, hobby, sports team, etc. On the other hand, I have noticed that we tend to make the mistake of distancing ourselves from tenants when leases are coming up for Renewal. It seems as if the relationship is lost due to the tension of a tenant saying "NO, I am leaving your property for something else". Let me share with you why this exists and how to overcome it.



First, remember that no one wants to move. It is a hassle, expensive and time consuming. Did you know that many apartment studies show that unless there is a compelling reason, such as relocating for a job, people move mostly due to feeling like a Manager is not friendly and does not develop relationships? Let's call this relationship building "Greasing The Wheel". Greasing The Wheel means we engage in regular conversations with our neighbors, regularly wave and say hello and, most importantly, continue asking what we can do to help our valued residents stay!

Second, timing is everything. If you do not get out and ask, you will not get the renewal. Let me share a story:

I recently visited a property where we had a tenant that had given notice to move at the end of September (THIS MONTH). I was told by the Manager that there was no way the guy would stay! I knocked on the door and the tenant invited me in. His apartment was full of boxes, a couch and a TV. He was definitely moving!!

The apartment was clean and in great shape. He reluctantly talked with me and shared that the ONLY reason he was leaving was because the police had, at some point in the past, come to his door looking for a previous tenant. Long story short.....I listened and worked with him to come up with a solution. When I left, he had signed a renewal for 12 months and we were able to increase his rent by \$45/mo!

Ultimately, we could have fixed this near miss several months before by just calling the police station and having them update the last known address for the ex-tenant. Now, this property Manager is no slouch, his average renewal ratio is 10% higher than our global average. This is an issue globally which we need to take seriously and meditate upon. Are we really Greasing The Wheels to make sure our customers are happy? Do we really want to get these renewals?

This kind of experience always gives

*(Continued on page 2)*

Monthly Collection Percentages:		
	2008	2007
January	90.86	97.56
February	97.70	93.03
March	98.72	100.31
April	82.09	91.02
May	104.33	101.02
June	93.95	97.52
July	92.60	100.04
August	95.46	100.72
September		79.25
October		102.10
November		105.90
December		96.45

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## Questions. Answers. Info!

### Tip: Expense Control

#### Shedding light on an old & dangerous problem!

FROM:  
SCOTT WENDLAND  
*LakeView Apartments & Condominiums*

We use 26 watt florescent work lights at LVC. They are low wattage, provide bright light, and remain cool. During the renovation, the use of halogen and incandescent bulbs was



banned because of a fire that was caused. Additionally, we have found that these lights remain cool to touch and are very energy efficient.

**If you have a question that you would like to have answered or a tip that you would like to share, please e-mail us at:**  
newsletter@alexanderforrest.com

(Continued from page 1)

me plenty of energy to continue to coach and train our teams to get in front of our tenants regularly and make sure everything is good with them. The cost of us visiting with someone and simply asking, "Hey, how is everything with your home?" is a couple of minutes. Compare that with the time it takes to get just one lease, and you could easily save 100 hours of time and thousands of dollars in materials.

So it is simple: talk to your tenants well in advance (start 120 days out), ask what you can do for them, listen to the answer, and then ACT to get them to stay. Our superstars are capable of generating 80% renewals month-in-month-out. The key is to go after it!



Ryan Scheer, Director of Leasing & Collections  
Ryan.Scheer@AlexanderForrest.com

## Current Properties For Sale

Call Ben Peck at (573) 268.0015

**Blackwater Ranch UNDER CONTRACT** 3,600 acres of land in Saline and Pettis counties Missouri (Total Asking Price \$9,810,000 )

**College Corner Apartments**, 110 units in Jonesboro, Arkansas (\$3,800,000)

**Eagles Nest Apartments**, 108 units in Kansas City, Kansas (\$3,250,000)

**Glenwood Apartments (Ridgetop and Windsor Gables)**, 42 units in Martin, Tennessee (\$1,750,000)

**Liberty Square**, 30,000 s.f. retail center in Columbia, Missouri (\$5,500,000)

**Library Park Apartments**, 76 units in Topeka, Kansas (\$1,500,000)

**Mora Mi Apartments**, 50 units in Paducah, Kentucky (\$1,950,000)

**Osage Ridge Apartments**, 72 units in Osage Beach, Missouri (\$3,100,000)

**Riviera Apartments**, 92 units in Paducah, Kentucky (\$3,950,000)

**Santa Fe Village Apartments UNDER CONTRACT** 215 units in Kansas City, Missouri (\$9,500,000)

**Stoneybrook East Apartments UNDER CONTRACT** 48 units in Independence, Missouri (\$1,295,000)

**Williamsburg Place Apartments** 76 units in Middletown, Ohio (\$2,800,000)

**Wyandotte Apartments UNDER CONTRACT** 48 units in Kansas City, Kansas (\$1,750,000)



Osage Ridge Apartments



Ridgetop Apartments

## Using Correct Vendors

Mary Hawkins

Each property has their own vendors. The manager is never allowed to use another Property's charge account - For example, Property A's account at Home Depot is at the credit limit and can not charge any more materials, but Property B has an account as well, so the clerk asks if they would like to use that account. The answer is always "NO!".

If you use a different account than your own, you are creating many problems for the Accounting Department and the Property. First, doing so increases the other Property's account such that they may not be able to use it in the future. Second, when the bill is paid, both Accounting Departments (ours and the vendor's) have to make sure the credit is applied to the correct account. In short, it wastes time and money immediately for your property, the management company AND the vendor selling the goods. Please help us control this!

All properties are maintained as separate entities and must be treated as such.

Help us get a handle on controlling your overhead and protecting your property by not ever utilizing another account!



Mary Hawkins, Asst. Director of Accounting  
Mary.Hawkins@AlexanderForrest.com

## Standardization = Simplicity & SAVINGS!

Nancy Snyder

Alexander Forrest Investments is working toward a central ordering system in which Managers will send purchase requests through Yousef DarKhalil. This undertaking will be successful by utilizing a standardized supply list. Doing so will allow us to buy in larger quantities (thus getting more competitive pricing) while maintaining expedited shipping to each property! This is good for you!



Aside from the quantity pricing, another benefit is the amount of time this will save the manager going to and from the store. Additionally, the Manager will not have to waste time looking up item numbers because all properties will use the same components.

As of this writing, some of our Managers have already started this process. Remember, you MUST utilize the central ordering system via Yousef DarKhalil as he has trained you on the system. As always, call with questions and get approval before ordering your materials!

Less time ordering supplies means more time the manager can spend on leasing, renewals, and collections!



Nancy Snyder, Asst. Director of Accounting  
Nancy.Snyder@AlexanderForrest.com

## Use Urgency to Avoid Crisis

Richmond Wheeler

I have had the privilege over the past few days to visit several Properties and observe the current state of operations. I have seen many great things, and to a much lesser degree, I have seen a troubling tendency by some Managers to crisis manage. The visits have simply reinforced my belief that great Managers treat priorities with urgency. The fortunate thing about this observation is that very few people cannot be trained in the self-discipline of urgency.

### Urgency vs. Crisis

Let's start by clearly defining that being in a state of urgency and being in a state of crisis are only connected through the choice of a Manager.

Urgency actually comes from the Latin word for pressure. In this case, it literally means that a pressure of importance should be demonstrated by any Manager who is being deliberate in their execution or oversight of priorities. A Manager who operates off the idea that the Daily, Weekly, and Monthly tasks and deadlines are of the utmost importance is on the road to great success.

Crisis, on the other hand, directly relates to a pivotal point in time when everything hinges on a single decision. This is a point that is often reached after many opportunities to change course. An important note about a crisis decision is that it is often a mundane decision whose importance is amplified by the constraints of the situation.

I felt the need for distinction between the two terms to illustrate that one need not be tied to the other. Specifically, urgency is a tool which can be wielded so that a crisis point is *never* reached.



### Urgency Communicates Good and Bad

Managers communicate importance of tasks through body language and attitude. We all have been trained through life experience to recognize these unspoken devices of urgency to create expectations of our own personal response. This can be very good when a vendor or tenant picks up on urgency language and acts to prove that they value the same thing as a Manager, given that the Manager is communicating that the Property is the priority. This can be bad when the Manager is communicating that urgency is incidental or selfish.

An example of urgency that is selfish is when a Manager suddenly changes body language during a showing to move the prospective tenant toward the door, preventing the prospect from finding the pile of trash behind a closet door. Properly placed urgency would have made sure the trash was removed and everything was ready for a thorough showing of the unit.

Managers have an opportunity everyday to make decisions determining whether they are on the path to success or crisis. By using urgency as a tool to guide tenants, vendors, and employees to get the priorities taken care of in advance of deadlines, the Manager will leave plenty of resources open for utilization of advancement opportunities. Neglecting to use urgency, or applying urgency inappropriately on selfish or incidental endeavors, will take the Manager down the path to crisis which will choke off resources and leave the Manager impotent when advancement opportunities present themselves.

For further insight into effective self-discipline, I highly recommend searching out a copy of [How to Do What You Want to Do, The Art of Self-discipline](#) by Paul A. Hauck. It is out of print, but worth tracking down.



Richmond Wheeler, Director of Operations  
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## Commercial Real Estate is Progressing

Jessica Hudson

As if on cue, following August's Manager article on commercial expansion in a down economy, Liberty Square Properties LLC has enjoyed a marked increase in leasing traffic. Liberty Square has signed two new leases increasing the overall property occupancy by 12% and pushed the property occupancy back above its target. Besides the two new signed leases, a relocating business has signed a Letter of Intent for an additional 1,200 square feet. Only 1,200 square feet of lease space remains unspoken for.

We would like to congratulate the following businesses on their expansion at Liberty Square. Affordable Care, Inc has staked their claim to suite 119 with a five year lease. Affordable Care is a healthcare practice management company with over 110 practices providing services in 29 states. They will begin construction on the 2,400 square foot suite this fall. They estimated an opening date of early January 2009.

Century 21 Advantage is expanding their current office suite with an additional 1,200 square feet. This growth will provide more private offices and facilities for the agents of Century 21 Advantage. They currently hold a nearly 4,500 square foot suite with multiple conference rooms, a coffee bar, private offices and workstations equipped with state of the art media and IT equipment.

Businesses interested in Liberty Square should not hesitate to contact Jessica Hudson for leasing and development information. Suite 107 offers a

completely flexible 1,200 square foot floor plan that can accommodate a number of service and office uses. There are also future opportunities for second generation lease



Jessica Hudson,  
Director of Commercial Properties  
Jessica.Hudson@AlexanderForrest.com



## Interested in Our Business?

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- Developing new properties
- Purchasing land for development and farms
- Redeveloping distressed properties
- Managing commercial and multi-family real estate

If you would like to know more, call Ben Peck at (573) 268-0015 or email

Ben.Peck@AlexanderForrest.com

## Book Preview

Ben Peck

Occasionally I get the chance to meet someone or find a resource that I should share. I have talked with an investor by the name of Matthew Martinez for several years, and I have always valued his opinion and enjoyed discussing multi-family investment strategies with him. We tend to look at the market, investments, exit strategies and value-add opportunities in a similar light. It also came to my attention over the last year that he has authored several books. As a person who struggles to put together compelling articles for this newsletter on a regular basis, I found a new level of respect for Matthew.

Matthew has authored a new book, [Investing in Apartment Buildings](#), that is coming out in November, and he has offered our readers a chance to preview two chapters for FREE. If you are considering investing in multi-family properties, I suggest you pre-order [Investing in Apartment Buildings](#) from Amazon before it hits the shelves.

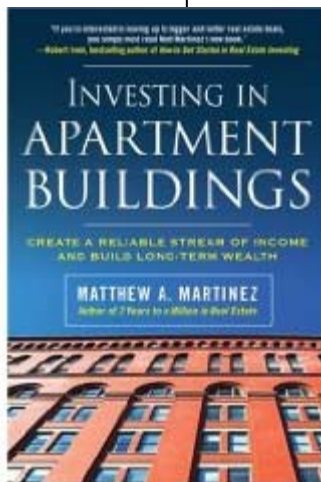
**BIO:** Matthew Martinez is the best-selling author of [2 Years to a Million in Real Estate](#) with a second book to be released in November titled [Investing in Apartment Buildings](#). He is the founder of one of the largest Real Estate Investment Associations in the country ([www.landlordandinvestor.com](http://www.landlordandinvestor.com)), an AOL Money Coach, a spokesperson for Intuit's property management software, and Principal of Pangea Select, a private investment firm specializing in institutional-grade multifamily assets of 200+ units.

He has been featured in The Wall Street Journal, Money Magazine, The New York Times, Reuters and CNN!

As mentioned, [Investing in Apartment Buildings](#) will not be published until November, but he would like to offer you two FREE chapters of this book. Simply email Matthew at [info@landlordandinvestor.com](mailto:info@landlordandinvestor.com) with "Sneak Preview" in the title of the email to receive the FREE chapters in PDF form.

Read what others are saying about [Investing in Apartment Buildings](#):

"I bought my first rental property around 1990. Since that time I've bought, operated and sold more than 3,000 apartment units which have generated more than \$30 million in net profits. If I would have had Matt's book in 1990 I could have avoided dozens of pitfalls and accelerated my growth MUCH FASTER..." *David F. Atkins, CEO, Alexander Forrest Investments, LLC*



"As a lender for apartment properties, nothing is more satisfying than to see a real estate entrepreneur invest in a value-add property, make improvements and realize tremendous profit. Matt's book provides the tools for success that are essential for anyone interested in building a winning real estate portfolio." *Daniel M. Palmier, President & CEO, Potomac Realty Capital*

"Matt Martinez is able to take the complicated world of Real Estate investing and put it into terminology that the average person is able to understand. Understanding the acquisition of apartment buildings is not an easy task, but Matt makes it clear and concise in his book. He gives the reader the tools, knowledge, and desire; it is only up to the reader to follow what he reads to give him success." *Seth Heller, VP of Acquisitions, GREC Conversions LTD*

"Matt Martinez makes a compelling case as to why real estate investing remains the best path to financial independence. [Investing In Apartment Buildings](#) provides step-by-step advice that gives newcomers to real estate investment the practical advice they need to learn the business from the ground up. The Chapter Summaries provide an excellent tool to focus the reader, and the real life 'war stories' provide great context for each lesson. If you want to get started in developing an independent income stream, [Investing In Apartment Buildings](#) should find a place on your bookshelf." *Jordan C. Paul, CEO Aquila Property Company, Inc.*

"Matt has really hit the target; a concise, complete and organized approach to investing in this asset class. Apartments, with their short lease terms, are true inflation hedges and this book can help your investment approach, whether new to the business or a seasoned veteran. He really gets it, and you will too." *Gary Kachadurian, Chairman, Apartment Realty Advisors*

"A must read for anyone looking to invest in apartment communities. Matt's book is both informative and interesting!" *Mark H. Stern, Senior Vice President of Acquisitions, Waterton Residential*

Good luck on your new book Matthew! It will be resting on our shelves after its release from Amazon!



Ben Peck, Director of Acquisitions  
Ben.Peck@AlexanderForrest.com

Monthly Collection % Goal: 100%		Renewal Average by Year Goal: 100% Renewal		Paperwork Proficiency Previous Month	
HIL	108.91%	SP	70	LS	Master
CI	103.89%	CIM	50	SP	Master
S24	102.99%	ENA	50	CF	Master
SB	102.44%	WDA	50	CI	Master
ENA	102.17%	CI	49.44	CIM	Master
CIM	101.84%	MRM	44.83	WDA	Master
LP	101.51%	SFV	40.37	RT	Master
LVC*	101.51%	LP	37.50	RA	Master
MRM	101.28%	RT	36.96	WG	Master
SP	100.82%	WG		S24	Master
SFV	100.45%	SB	36.36	LP	Paper Knight
WDA	100.18%	WMP	36.11	SFV	Paper Knight
CC	94.58%	RA	29.81	MRM	Paper Knight
RA	91.32%	HILL	29.36	LVC*	Paper Knight
WMP	86.68%	S24	26.11	SB	Paper Knight
RT	41.22%	LVC*	24.59	ENA	Trainee
WG	41.22%	CC	17.02	WMP	Trainee
LS	NA	LS	NA	HILL	Trainee

*\*Properties currently under renovation*

Manager/Property Key			
Property	Manager	Location	
CF	Claiborne Fox	Garland McNulty	Marshall, MO
CI	Chateau Imperial	Jeff Hodson	Hastings, NE
CIM*	Cimarron Apartments	José Diaz	Independence, MO
ENA	Eagles Nest Apartments	Maria Hernandez	Kansas City, KS
HILL	Hillside Apartments	Kimberly Wheeler	Independence, MO
LP	Library Park Apartments	Mario Burgos	Topeka, KS
LS	Liberty Square	Jessica Hudson	Columbia, MO
LVC*	Lakeview Apartments	Scott Wendland Brandon Mayfield	Kalamazoo, MI
MRM	Mora Mi Apartments	Kevin Smith	Paducah, KY
RA	Riviera Apartments	Scott Hart	Paducah, KY
RT	Ridgetop Apartments	Farrah Ollis	Martin, TN
S24	Sterling 24 Apartments	Jamie Goodall	Independence, MO
SB	Stoney Brook East	Demetrius Steptoe	Independence, MO
SFV	Santa Fe Village	Steve Ipock, Ray Moody Andy Mullins	Kansas City, MO
SP	Sterling Price	Tom Evans	Moberly, MO
WDA	Wyandotte Apartments	Maria Cuevas	Kansas City, KS
WG	Windsor Gables	Brandon Mayfield	Martin, TN
WMP	Williamsburg Place	Roberto Calderon John Combs	Middletown, OH

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## SEPTEMBER 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 Rent Due	2	3	4 Late Fees	5	6
7	8	9	10	11 Late Fees	12	13 Steve Ipock Birthday!
14	15	16	17	18 Late Fees	19	20
21	22 Mark Atkins Birthday!	23	24	25 Late Fees	26	27
28	29	30				