



## **Profile: IREM's Randall Woodbury**

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CHICAGO-Typically, the real estate management of a property is a secretive effort, seldom in the limelight. Most of the things you see and read concentrate on the deal and the development. However, as assets enter foreclosure at a rapid pace, the Institute of Real Estate Management is pushing banks, now unexpectedly in charge of properties, to see that there are more than 18,000 professional property managers ready to help maintain a site's physical attributes and the bottom line. Randall Woodbury, president of IREM and a VP with his family's Woodbury Corp. in Salt Lake City, says now more than ever, capable management is needed to help maintain the value of real estate.

### **GlobeSt.com: Why is property management important during this economic crisis?**

Woodbury: Professional property management has been kind of ignored in a lot of troubled property situations. In previous downturns, various institutions knew where their troubled properties were, say, it was this project on the corner of such-and-such. The way real estate has been sliced and diced in the past few years, this separation has delayed people from paying attention to the physical assets. In the case of a troubled loan, it's difficult to figure out sometimes who's responsible for the properties, and the risk is that you're ignoring the assets and further diminishing the value. Whether it's an ongoing project, occupied with tenant relations needs or a vacant project that needs security, you need someone who's going to minimize costs or exposure. One of the other things here is that I think a lot of the financial institutions are realizing is that when they are going ahead with these foreclosures, taking back properties or just getting keys tossed on desks by borrowers walking away from non-recourse loans, they're not exactly sure what to do with the property. They're not equipped to handle the REO portfolio. It can be tossed to a trust department or even just people who manage that local bank branch.

### **GlobeSt.com: How is this downturn different for property managers?**

Woodbury: So much of these troubled loans and defaults were from the CMBS market, which just further increased the distance between the owner and the actual property. I'm old enough to have been through prior downturns, this one is unique with the Wall Street effect, the CMBS market has made it a lot more complex for managing property. These servicing departments are probably just used to arranging the annual property inspection for the security of the loan, now the property is falling in their lap, and it can be even dozens of properties all across the country. There's a need for these executives to know there's a network of professional managers out there.

### **GlobeSt.com: So you think that property management may be the last thing on an institution's mind?**

Woodbury: One experience I had was when winter started, I was talking to a small regional bank, and they needed some help with some foreclosed properties. I asked, "What are you doing to winterize them?" I got this blank pause, and "What?" in response. I think banks and institutions are being thrown into a situation where they don't know what to look for; such as is the property adequately insured, does it have vacancy exclusions, what are the taxes at and who deals with the assessor, who holds the tenants' hands to try to keep down the erosion of existing occupancy, those kinds of things.

### **GlobeSt.com: It seems like there's even more work out there for a good property servicer, with courts getting involved in asset holdings. Is this true?**

Woodbury: We are seeing that a lot of our members are getting some good play in receivership appointments, though not as much as we thought at this point. We're hearing stories from people in areas like Phoenix or California where some of the management assignments aren't making it through the court system, where the institution is trying to hold onto the property until it can return value. However, again, they are not property experts, they don't have the intention to be a manager of the property, that's where we come in.

### **GlobeSt.com: We've also heard that with no financing available for new deals, that owners are focusing instead on improving current assets. Have you seen this as well?**

Woodbury: There is the return to quality by owners today. Many landlords have been used to just cashing the rent checks and not worrying too much about maintenance, they didn't have the worries of today, with significant vacancy or tenants leaving in the middle of the night. Owners and investors paid more attention to inflation and leverage to drive returns rather than the efficient operations of the property. Now that it's not a hot market, they have to look at their asset and figure out how to make the best of it, where can gains be made. Should they invest in green efficiency, utility incentives, tenant negotiations or improvements? We feel there's a prying need for these financial institutions to know that there is a network of 18,000 professional managers out there that can handle the needs of these properties. Our members know how to protect an asset, how to handle the physical issues, minimize operating costs and help maintain the appeal of the property.