

MARKET UPDATE

All year, we have been carrying a **lot** of inventory. Then June came... and we finally started to rent out our units! We hate vacancies! Often there are things we cannot control such as only one parking space or being a third floor walk-up and of course the location. More and more often we are encouraging our owners to upgrade their units. ***This does not necessarily translate into higher rents!***

However, it could help to get the place rented out quicker! Prices remain steady with some areas ending down a bit. I know that recently the paper had an article about rental prices sky rocketing... but their information is dated! Yes, rental rates went up but are now on the decline.

LARGE MAINTENANCE ISSUES

Sometimes we have to do what I like to call, Big Ticket Items. We get prices from vendors in three different ways:

Bids: This is where the contractor will agree upon a job at a certain price. This is a fixed amount and will not change. If there is a Change Order, owner and Contractor will need to agree in writing, facilitated by the Property Manager.

Estimates: The approximation of what the job will cost. This is the most popular way of pricing out a work order. I would say 90% of the time work is completed as the estimate states. However, there are cases where suddenly materials skyrocket in price. For example... anything using concrete for the first six months of this year was very expensive.

Thank the rail for that! Also, once a job is started, additional work might come up. For example, re-roofing.

Once the roof is torn off there might be a lot of rotten wood under it. Traditionally, if there is a change order over 10% of the total costs, then we get owner permission before proceeding. If it's less, we will move forward and notify you.

Time and Materials: This is not so popular in Hawaii. Basically all parties agree on an hourly rate and then what ever the materials costs. Usually there is a markup on materials.

Quite often we get requests from owners to have three or four bids before deciding on a contractor. We usually discourage this because we know who can do the job at a reasonable price. We will do it but if it's a time sensitive issue, this could cause a problem.

HAVING DIFFICULT CONVERSATIONS – PART ONE

Ever go through the day thinking about a conversation that ended badly? Perhaps this was with a co-worker, a spouse, a vendor, a client or even... your property manager? It's one thing to say what is on your mind, and yet another to make personal remarks that result in hurt feelings. We find ourselves having difficult conversations all the time.

Here are several tips that can help:

Hold off on pulling the trigger. The body takes about 20 minutes to

calm down from a heightened emotional response.

If you are looking to have a productive conversation without blowing up, it might be a good idea to first begin with a calm demeanor yourself and then work into the exchange without pulling the *trigger* that you know will set the other person off.

If you avoid having emotions cloud over each other's words there is a good chance to find resolution. How many of you out there respond to a negative e-mail or text right away? Guilty! Don't do it! For example, I hate it when a tenant tells me what *my* job is! Relax first, answer later.

Explore the other person's story. Or, as I like to tell my staff, walk a mile in the tenant's or client's shoes first.

There are three stories that can occur with every situation. There is the story that you personally understand. Then there is the story that the other person has proposed.

But more importantly, there is a third story where you account for each other's concerns and hear out what the best intentions are for all parties. We can only get to this third story if we first listen to what the other person has to share.

Part two will be in our next newsletter!

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TRIVIA

The first person to e-mail Carl at carl@cornerstonehawaii.com with the correct answer will win a gift card!

What U.S. state has the most mountain ranges?

- a) Nevada
- b) Colorado
- c) California
- d) Washington

QUOTES TO LIVE BY

"If a dog will not come to you after having looked you in the face, you should go home and examine your conscience."

- Woodrow Wilson

"Peace is not the absence of conflict, it is the ability to handle conflict by peaceful means."

- Ronald Regan

"The words of the reckless pierce like swords, but the tongue of the wise brings healing."

- Proverbs 12:18

