

# BOMA International – 100 Years and Counting

By Laura Horsley

## How it all Started

BOMA International has been serving the commercial real estate industry since the first buildings took that vertical stretch to reach just a little closer to the sky.

It seems only fitting that the birthplace of the skyscraper, Chicago, was also home to the first annual convention of a national association dedicated to the needs of a young industry on the brink of extraordinary growth and prosperity. That was 1908, just a year after the National Association of Building Owners and Managers (NABOM) was established under the leadership of E.H. Doyle of Detroit. That first Chicago Convention, which attracted 75 people from 26 cities, truly set the tone for the next hundred years when attendee Clarence Coley from New York surprised his colleagues by giving detailed figures of his building's operating costs. The seed of the Experience Exchange Report (EER) was planted.

NABOM's official constitution and bylaws were established during the 4th annual convention and members were asked to support the association through annual dues of \$10. As membership grew, the association became more

and more influential. Between 1913 and 1916, the association established a National Building Code, successfully lobbied against fuel allotments and tax increases during World War I and adopted the Standard Method of Floor Measurement. By the time the war had ended, industry leader Col. Gordon Strong helped strengthen and unite the industry by advocating a membership restructuring to alleviate competition between locals and National.

### Boom but No Bust

For the building industry, the '20s truly roared. NABOM began developing strategies, standards and policies that set essential guidelines for manageable growth. The decade also saw the establishment of the national office in Chicago and local associations became federated members of the national association. With the adoption of the Standardized Classification of Accounts in 1916, members began submitting their expenses, and by 1920 the EER was born. The decade also saw standards set in several areas, including a standard for both passenger and material handling elevator capacity, platform sizes and methods of testing. Standards for lease forms and accounting procedures for depreciation were also adopted. The Building Planning Service was developed in 1923 by Earle Schultz to help developers with construction and operating cost overruns, and in 1924 the first Occupancy Survey released nationwide occupancy statistics.

**President Maynard Hokanson (center) with John I. Hill, Houston member-at-large (left), and John Williams, president, Building Owners and Managers Association of Los Angeles, at the 1958 Convention in Toronto.**

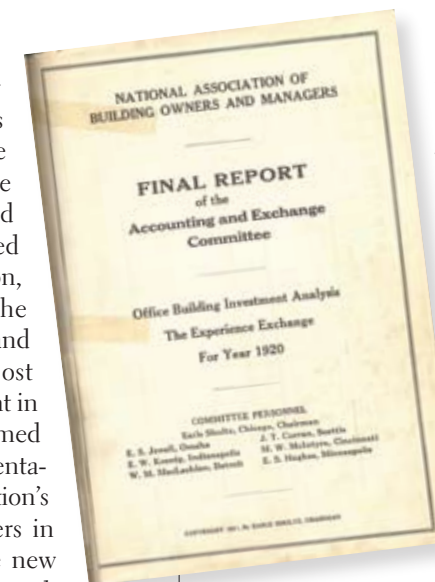
NABOM President Charles Palmer helped the industry face the challenges of the Depression years head on. He charged each association member with the responsibility of holding rental rates and maintaining property values, and pushed the association's Wage and Price Provision, which helped restore employment in the industry and protected building owners and managers from exorbitant operating cost increases. Advocacy pushed to the forefront in the '30s when the national association named Harry J. Gerrity its "Washington Representative" in 1931. Gerrity reported the association's legislative activities back to the members in his "Washington Letter" column in the new *Skyscraper Management* magazine. The decade also saw the completion of the Empire State Building and the first steps toward modernization with the advent of fluorescent lighting and air-conditioning.

### Strength through Growth and Partnering

At the outset of the '40s, a committee was formed on Depreciation and Obsolescence. Testimony from the committee's chairman resulted in an Oklahoma court concluding that 40 years was reasonable for the economic life of a building. With the arrival of World War II, NABOM developed plans to ensure the safety of the occupants of city buildings, which were incorporated into the nation's official Civil Defense Program. In 1942, association president Leo Sheridan used statistics from the EER when he appeared before a Senate subcommittee to successfully argue that federal commercial rent control was unnecessary. In 1944 Canada became an official region, the first membership directory appeared in *Skyscraper Management* magazine and "members at large" were welcomed into the national association.

Following World War II, the association successfully kept rent control at bay through decisive lobbying, but rising income taxes continued to whittle away at profits. As downtown locations became more and more coveted, NABOM began focusing on issues such as off-street parking, transportation and continued modernization of interior space. The Economic Council was formed in 1953 to annually evaluate the state of the industry in relation to the overall economy, and a new era of public/private partnership was established in the mid-1950s as the industry ramped up relations with the General Services Administration (GSA), which owned six million square feet of office space by 1957.

***Skyscraper Management*, the magazine for all commercial buildings, was first sent to members in 1931.**



**When the Experience Exchange Report (EER) debuted in 1920, 90 buildings reported and the average total operating expenses for a building in Chicago was \$0.75 per sq. ft. In 2006, more than 5,000 buildings reported and the average total operating expenses for a building in Chicago was \$6.72 per sq. ft.**

### Technology Takes Hold, Advocacy Strengthens and Products Abound

Advances in design and construction set the tone for the '60s, fueling the dizzy-

ing rise of office buildings. Specific advances included reinforced concrete for safe construction of buildings up to 40 stories and fluorescent tubes with lives ranging from 12,000 to 13,000 hours. The growth of the industry was reflected in membership increases as NABOM grew to nearly 2,000 members by 1962, 300 of whom were in Australia, Canada, England and Japan. This growth and overseas expansion prompted the association to change its name on July 4, 1968 to the Building Owners and Managers Association International.

BOMA successfully halted another infiltration of rent control in the '70s when President Nixon announced emergency anti-inflation measures. BOMA's argument – that any regulation holding rents would, in essence, be a price rollback and not a freeze – won out. During the 1974 Annual Convention, the association issued a compilation of position statements, which included land use, clean air act amendments, Occupational Safety and Health Administration (OSHA) reform and tax reform. The BOMA headquarters move to Washington, D.C. in 1976 paid off as BOMA acted as an intermediary between other real estate trade groups and the Department of Energy during the energy crisis, prompting Congress to pass legislation giving businesses the opportunity to create their own energy conservation plans. The '70s also saw the launch of the Real Property Administrator (RPA) designation program and the founding of the Building Owners and Managers Institute (BOMI).

Further strengthening of BOMA's government affairs efforts took place in the '80s with the formation of the National Advisory Council (NAC) to provide a forum for senior executives of major real estate firms to discuss key industry issues. Building owners received much needed tax breaks with the passage of the Economic Recovery Act in 1981, and BOMA was busier than ever with a legislative focus that included energy conservation, asbestos, chlorofluorocarbons (CFC's), accessibility for the disabled, tax reform and capital gains.

BOMA revised the Standard Method of Floor Measure-



ment, now often referred to as “The BOMA Standard.” The flow of BOMA products and services were also ramped up in the '80s. The Office Building of the Year “TOBY” Awards program began in 1985 and BOMA released several publications including *The Office Building Lease Manual*, *The Changing Office Workplace* and *The Functional Accounting Guide and Charts of Accounts*.

### Stronger than Ever

Once again partnering with government allies (this time the Department of Justice), BOMA kicked off the '90s with a key legislative victory with the modification of certain provisions of the Americans with Disabilities Act (ADA) that saved the industry hundreds of millions of dollars. BOMA partnered with the Access Board to educate the industry on how to embrace ADA through seminars and its ADA Compliance Guidebook. BOMA also defeated an OSHA proposal on indoor air quality that would have imposed onerous mandates without the benefit of sound science and research. BOMA's partnership with the U.S. Environmental Protection Agency (EPA) and publication of the *Building Air Quality* publication raised the bar in performance. Forced access by telecommunications companies was becoming a constant threat in the '90s, but BOMA continued to protect members by earning several decisions from the Federal Communications Commission that blocked forced access to commercial buildings and by defeating Congressional legislation that would have mandated forced access.

Codes issues were front and center as the millennium approached, and BOMA International and BOMA local associations were instrumental in achieving adoption of the International Codes, the only unified set of codes for the built environment, in 44 states. As concern over legacy software and its ability to operate in the year 2000 grew, BOMA's *Meeting the Year 2000 Challenge* helped ensure systems worked smoothly.

Following the horrific events of 9-11, terrorism insurance rates for commercial buildings skyrocketed. BOMA fought for the passage of both the Terrorism Risk Insurance Act (TRIA) in 2002, which helped businesses purchase

adequate levels of terrorism risk insurance coverage at reasonable rates, and the Terrorism Risk Insurance Extension Act (TRIEA) in 2005. BOMA also partnered with the Real Estate Roundtable and a dozen other associations in creating the Real Estate Information Sharing and Analysis Center (REISAC) with the U.S. Department of Homeland Security to coordinate the dissemination of information.

Legislative victories were also achieved in the areas of capital gains reduction when Congress passed legislation that lowered the capital gains rate from 20 to 15 percent in 2003, as well as brownfields liability protection for prospective purchasers, innocent landowners and contiguous property holders. In 2004, BOMA led a successful effort to reduce leasehold depreciation rates over a 15-year schedule instead of the previous 39-year schedule. BOMA products continued to meet a growing industry need with publications like *Critical Connections*; *Power Shopping I* and *Power Shopping II*; *Preventative Maintenance and Building Operation Maintenance*; *Cleaning Makes Cents*; *Are Your Tenants Safe?* *BOMA's Guide to Security and Emergency Planning*; *Guide to ADA & Accessibility Regulations*; *Developing, Leasing and Managing Healthcare Real Estate*; and *BOMA's Guide to Writing a Commercial Real Estate Lease*. And in 2006, the EER hit another benchmarking milestone reporting data from more than 5,000 buildings and one billion square feet of space.

Some of BOMA's greatest accomplishments in recent years have come in the area of sustainability. In 2001, the association's Board of Governors unanimously passed an energy policy calling on all members to take voluntary steps to reduce their energy demand, and in 2005 BOMA International joined the EPA to challenge building managers to reduce their energy consumption by 10 percent in conjunction with the agency's ENERGY STAR® program. To help managers achieve this goal, BOMA introduced the BOMA Energy Efficiency Program (BEEP), an educational program with proven no- and low-cost strategies for optimizing equipment, people and practices. To date, nearly 5,000 industry professionals have taken part in BEEP seminars. The federal government began recognizing the energy-efficient practices of building owners and managers with the passage of the 2005 Energy Act, which included incentives for building owners and managers to incorporate energy-efficient upgrades in commercial buildings.

As BOMA International gets to work on the next 100 years, emergency preparedness, energy efficiency and environmentally responsible practices are just a few of the major issues shaping the association's focus, along with recruiting and training tomorrow's workforce, building a global platform for a rapidly changing industry and enhancing the premier network of CRE professionals while migrating services online. BOMA will continue its advocacy to protect the business interests of its members as it did in 2005 when the association helped the industry save \$1.2 billion in burdensome taxes and \$800 million in unnecessary building code changes. And BOMA will continue to bring innovative products and services, cutting-edge best practices and exceptional educational offerings to its members. Get ready for another great ride!



**BOMA International Past President (2002-2003) Larry F. Soehren (center) addresses the House Appropriations Subcommittee on Transportation, Treasury and Independent Agencies during the 108th Congress.**