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When Disaster Strikes

A sound emergency management strategy saves time and money.

By Cory Cunningham

On Friday, March 14, 2008, the unexpected stormed the front door of 100 Peachtree in Atlanta. Owned by one of Equastone Real Estate Investment Advisors' funds, the former Equitable Building, one of the oldest and most recognizable office properties defining the Atlanta skyline, was hit by a category EF2 tornado — the first in 120 years. Winds at 135 miles per hour ripped through downtown, blowing out more than 300 windows in the 33-story landmark, breaking water pipes, and tearing aluminum from the first-floor columns. Minutes later, shattered glass and building debris were strewn inside and outside the building while water sprayed from broken pipes.

Despite the circumstances, Equastone's prior planning and rapid execution of disaster recovery procedures turned the tornado into an opportunity to strengthen tenant relations and bolster investor confidence. Equastone benefited from having high quality property management and emergency response teams in place. Executing practice disaster drills prior to experiencing a true emergency situation was essential as well. The drills familiarized the teams with the building, identified possible weaknesses in the emergency plan, and raised awareness of potentially expensive errors in execution. Although Equastone stood to lose several million dollars in damages from this event, due to critical actions the cost was limited to insurance deductibles and the building was opened on the first business day after the tornado struck.

Sharing this well-executed response experience provides other commercial real estate professionals the opportunity to consider how to efficiently plan and enact an appropriate reaction to a disaster.

The First 48 Hours

In an unexpected disaster, the response during the first 48 hours is vital and drives the restoration process. Preplanning for action during this time period is critical.

Friday, March 14. Judi Sponsel, vice president of Jones Lang LaSalle, the property manager for 100 Peachtree, received an evening phone call, just minutes after the tornado ripped through Atlanta. The building had been directly hit and cursory assessments indicated substantial damage.

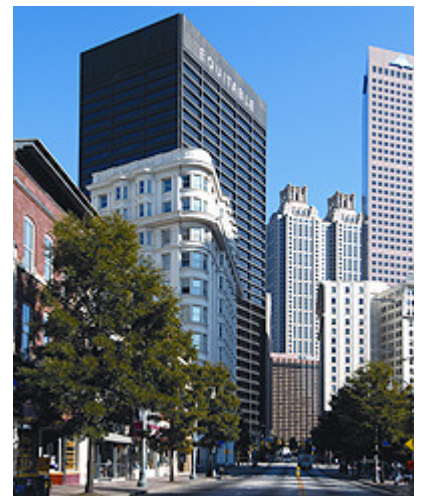
Immediately Sponsel enacted the building emergency preparedness plan, contacting her team and EPIC Response, a local emergency response company. Two months earlier, EPIC had performed a disaster response drill at 100 Peachtree. This training provided EPIC and JLL familiarity with the building, updated building diagrams, and a rehearsed and accepted recovery plan. This preparation was the catalyst for acting swiftly and efficiently in the face of adversity.

Within an hour of the tornado, EPIC was on site with 35 team members. EPIC cordoned the building's perimeter with caution tape to prevent people from entering and every floor was inspected to ensure the building was clear of occupants. EPIC then completed preliminary damage assessments and prioritized defensive activities to minimize loss.

Using the prioritized checklist of damages, the team boarded shattered windows, shut off a broken water pipe on the second floor, cleared glass and debris from the pavers around the building's perimeter, and



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A landmark 33-story class A office building in downtown Atlanta, 100 Peachtree sustained damages from a tornado that tore through the city's central business district on March 14, 2008.



The first business day after the tornado struck, Equastone ordered replacement glass for the building's exterior, which arrived within a week and was installed within one month.

CCIM Offers New Disaster Relief Course

One of the most important decisions businesses, property owners, and government officials face after a disaster is whether to rebuild or sell a property. The CCIM Institute's Robert L. Ward Center for Real Estate Studies'

consolidated the aluminum blown off the first-floor columns. EPIC set up a command center on the building's eighth floor to centralize first-response activities.

The building's management company immediately contacted the tenants. All 44 tenants of 100 Peachtree were notified of the damage by 11:30 p.m. that evening. Approximately half of them were directly affected.

Saturday, March 15. Early in the morning, 45 additional team members from EPIC, JLL, and Equastone arrived to continue the recovery efforts. Daylight expedited the process of boarding up broken windows and cleaning up water from a broken second-floor pipe that gushed during the first hour following the tornado. Tenant contact was maintained as updates on sustained damage and efforts to stabilize the building were communicated throughout the day.

Sunday, March 16. Tenants were notified that it was safe to return to the building on Monday to inspect their offices or continue business operations. EPIC and JLL re-inspected the building to document the finer details of the tornado's impact. A damage assessment spreadsheet was created for every floor, suite, and window. This document would prove invaluable to a speedy recovery and reparation for the tenants.

The First Week of Business

On Monday, March 17, 100 Peachtree was open for business and tenants were welcomed back with coffee, doughnuts, and personal escorts to their offices.

Sponsel spent Monday morning on the phone coordinating and obtaining construction repair bids for every affected tenant. Independent contractors were contacted; they inspected tenant spaces and provided preliminary pricing for insurance claims. Armed with the list of windows needing repair, Sponsel ordered a shipment of replacement glass, which arrived within a week. Many adjacent buildings delayed and had to wait between six and eight weeks to receive replacement glass. As a result of EPIC's organized and efficient documentation, tenants could remain in the building and conduct most of their normal business activities.

The EPIC team continued to remove small debris, weatherproofed boarded windows, and started construction of scaffolding (with a load-bearing roof) around the perimeter of the building to protect visitors from falling debris. Electricians repaired numerous short circuits in the fire alarm system and ensured all building electrical systems were operating properly.

While the response actions continued in Atlanta, the Equastone team reviewed all tenant leases to coordinate financial responsibilities to streamline administrative actions for the quick reparation of damages. This coordination allowed tenants to work directly with contractors and begin repair work within the week.

One week after the disaster, Equastone's team had transitioned from a defensive position to an offensive recovery plan. The building was in repair mode as contractors installed vision and spandrel glass and provided safety reports from roof and façade inspections. This rapid transition was enabled through quick reaction, coordinated responses, and documentation of damages with high-loss potential. These quick actions had a major positive impact on tenants, as the Equastone team enabled them to move forward and conduct normal business operations. Meanwhile, seven days after the tornado, many building owners in the downtown area were just beginning the clean-up and damage assessment processes.

new Disaster Relief Advanced Education Workshop examines the many economic, demographic, ecological, historic, and emotional factors property owners and managers must consider when making this important decision.

Through case study illustrations, participants learn how to evaluate the economic, demographic, and historical factors victims should consider. In addition, workshop attendees

- develop formulas to help individuals and businesses evaluate the costs and benefits of rebuilding or selling;
- evaluate the historic and prospective impacts of disasters on property values; and
- determine the accuracy of Federal Emergency Management Administration data.

For more information about the Disaster Relief Advanced Education Workshop, log on to www.ccim.com/education/rlwc.

Quick Tips: Selecting an Emergency Response Partner

The most important step commercial real estate owners and managers can take is to select an emergency response partner before a crisis occurs. Never let an unexpected emergency force you into the selection process since choosing a response partner can be challenging even in the best of circumstances. With that in mind, these five tips can help to streamline the selection process.

1. Seek a Qualified Team.

Don't be swayed by slick sales pitches or glossy marketing materials. Instead, examine the work prospective emergency response partners have completed. Review their history and request references for past projects — then follow up. Look for consistent patterns of success, especially on large, complex multiparty projects. Talk to property managers, owners, and insurance adjusters — anyone with insight into the provider's competency under fire.

2. Examine the Organizational Structure.

Does the provider invest in staff positions that are not directly related to income generation but beneficial to clients? For example, these may include customer service representatives, technical experts, and on-site trainers, among others. Support positions such as these indicate organizational depth that likely translates into superior performance for clients.

3. Review the Billing Processes.

Specifically ask if the company employs safeguards to ensure accurate and efficient billing. Large, complex losses typically involve numerous laborers and significant amounts of equipment. Does the provider employ state-of-the-art scanning and information technologies to track the movement and status of assets? Are automated control procedures in place to prevent double-



Damage to approximately half of 100 Peachtree's 44 tenants' spaces included fallen ceiling tiles, knocked-out interior walls, and broken windows. Floor plans

billing or overcharging?

4. Evaluate Internal and External Training Programs.

It's important to ask prospective providers what industry certifications their staff members have earned and what percentage of their employees have been certified. Also, are their certifications current? What certifications do members of the management team have? Be wary of providers who skimp on staff training.

Also ask prospective providers if they offer training that will allow your staff to address certain types of emergency-related situations in house. These may include such topics as preventing minor water leaks from turning into major mold remediation headaches or proactive and ongoing maintenance procedures that reduce the odds of experiencing future emergency situations. Opt for providers who view customer training as a way to add value, thus enhancing trust, goodwill, and, in particular, solid relationships that will grow and endure.

5. Request a Site Visit.

One of the most effective ways to evaluate prospective providers is to visit their offices. Request a site tour to see if their facilities back up their marketing claims. Look for evidence of well-planned processes, effectively organized office and warehouse space, cleanliness, and space that adequately meets the company's needs. Also look for appropriate inventories of equipment, materials, and vehicles, and ask if the provider is willing to demonstrate its asset tracking systems and supporting technology infrastructure. Most importantly, take note if the provider welcomes your site visit. Any well-qualified and professionally managed emergency provider should be delighted with such a request.

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and interior photos helped Equastone and EPIC Response expedite the damage assessment process and clear common areas quickly.

Recovery and Progress

Over the next few weeks and months, 100 Peachtree continued an organized, expedient recovery and repair process. Although at times inclement weather slowed progress, all of the building's visibly damaged glass was replaced within one month of the tornado, while some neighboring buildings still had boarded-up windows. Roof repairs were complete within two weeks of the tornado's impact. Ceiling grid and outside tile replacements were completed by the first week of May and the building sign was fully repaired and relit two weeks later.

No member of the building management or emergency response team could have predicted a tornado in downtown Atlanta; however, buildings and businesses are always at risk from natural disasters, arson, terrorist activities, or other unforeseen events. While the disasters themselves cannot be predicted, recovery can be effectively navigated by a current, detailed, and practiced emergency response plan. Beyond preserving the building's capital investment, the response team found the greatest inspiration in the tenant and management support throughout the process. Constant communication and positive feedback through tenants' appreciative comments and management accolades motivated the management and response teams to lead the recovery effort. Thanks to the prior preparation and driven efforts of Judy Sponsel, JLL, EPIC Response, and Equastone, 100 Peachtree led downtown Atlanta in tornado recovery and provided a leading example of how to react when an unexpected disaster strikes.

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