



Selling Value

Amenities Can Set You Apart

By Mike Ferris



According to a recent article from "Realty Times," the rental real estate market recently experienced an unanticipated drop of .5 percent in occupancy rates, alerting the industry to a potential turnaround in what was a slowly improving market.

As we head into the last quarter of the year, national indicators show that the real estate market is currently trending downwards, fueled by rising interest rates among other factors. Since the resale real estate market is fluctuating so rapidly, it affects rental occupancy rates on a monthly and weekly basis; when the resale market trends downwards, the rental market trends upwards.

Condominium to rental conversion has definitely become a hot real estate investment strategy that isn't expected to cool in the near future, which will ultimately result in an increasingly competitive rental market. These factors simply underscore the importance of going the extra mile in keeping residents happy ... and in place.

Property managers will benefit from concentrating on resident retention and reducing vacancies. Advertising for new residents, cleaning, repairing, and painting of vacant apartments each time a resident moves in or out can all take a significant bite out of an operating budget. But focusing on retaining the residents you already have offers an added benefit too; those who are happy where they live will typically promote the community to their own family and friends.

Today's rental residents usually make a conscious decision when they choose to rent vs. buy. Many are looking to simplify

their lives and don't want to deal with interior and exterior maintenance. They may be in transition or simply aren't interested in fixing toilets, mowing lawns, or taking out the trash.

According to industry polls, lack of perceived value (when rents are increased) is one of the top reasons residents move out of communities. We all know that rent increases are inevitable. When asked, residents will tell you that rent increases, if coupled or replaced with value-added services, are enough to justify the cost, regardless of the increase.

So, what types of services can multifamily communities provide to set themselves apart and retain current residents, as well as attract new ones?

Adding Value

In today's competitive leasing market, most multifamily professionals would likely agree that providing value-added services may be one of the single most important strategies in retaining residents.

Both existing and prospective residents expect, and demand, services that enhance and make their lives easier. Why? Many people are time deprived and feel overly pressured with jobs, family, and various responsibilities. This often leaves them with little or no time to pursue their personal interests and leisure activities. The growing popularity of convenience services, such as door-to-door grocery delivery, dry cleaning services, and mobile dog grooming businesses, indicate that our society desires conveniences more than ever before.

Condominium and apartment property dwellers see a distinct advantage to living in communities that provide luxury

amenities: such as pools, gyms, and saunas, as well as unique basic services that save them time and makes their lives easier. While it may not be sexy, door-to-door trash pickup is one service that truly adds value; in fact, door-to-door trash pickup service is consistently cited by both residents and management companies as a highly valued service.

Value-Added Alternatives

So, what has the highest perceived value amongst residents? The following are a few value-added services that residents prefer.

1. Pre-installed high-speed Internet connections and routers. We live in a technologically driven world. Today, most people have computers and use them on a daily basis, whether for business or pleasure. High-speed Internet connections are a must for residential multifamily communities and the management companies who seek to maintain higher occupancy rates.

2. Concierge services. The concierge industry is booming these days. Since most of us are time-deprived, a real dollar-value can be placed on this type of service—from finding a good restaurant to handling dry cleaning, concierge services can significantly enhance the lives of residents and free up their time to enjoy life.

3. Home security systems. Multifamily communities often have many people coming and going, one does not know for sure who actually lives on the premises. This can compromise residents' security in both parking lots and in individual units. According to Adam Lefer, a home security consultant at Home Guard Security Systems, multifamily

residents can be particularly vulnerable to theft and fire hazards.

4. Community activity programs.

Planned programs are a convenient way for residents to establish friendships and connections with their neighbors, while satisfying their social needs. Activities, such as pool parties, BBQs, golf outings, or potluck dinners, will draw neighbors out of their units and, ultimately, foster a sense of community for residents.

5. Lease Equity Programs.

Management companies also might consider lease equity programs. Assuming that most residents will eventually become homeowners, a lease equity program will provide a multifamily resident a rent refund up to \$2,000 toward the down payment on the purchase of a home, once the lease has expired.

6. Door-to-Door waste removal services.

Door-to-door trash removal is one differentiator that will attract and retain multifamily residents. Why? Residents do not want to haul smelly,

leaking garbage bags in their car trunks or on top of the hood of their car to a community compactor. Nor, do they want to carry garbage down steps and to a dumpster, even if it's just around the corner.

A valet frees up on-site maintenance staff to concentrate on their core competency ... repairs and property beautification. This service is quite different from traditional trash pickup services as waste removal, bin, compactor, and dumpster maintenance is handled entirely by the valet company, which typically provides each unit with a personal garbage bin and then removes trash from the bins, five nights per week.

Trash Talks

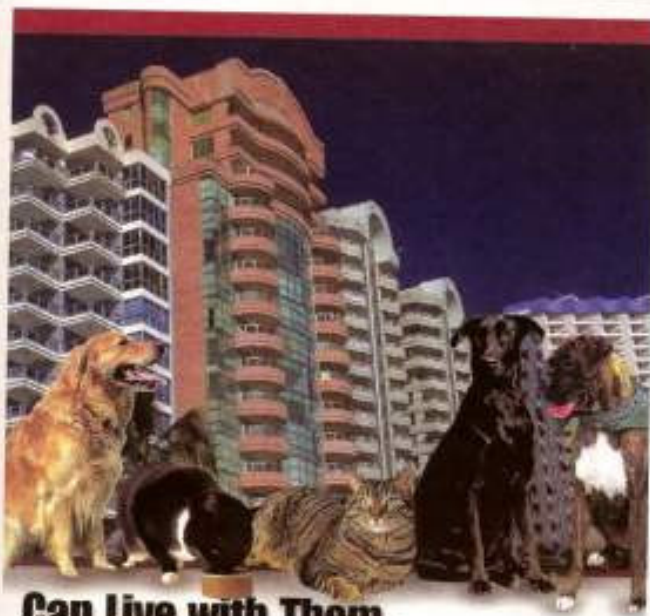
Multifamily management companies often don't have the available staff or expertise to handle waste issues. And, we all know that keeping the areas around compactors and dumpsters clean and debris free can be a full-time job.

Some residents will dump their garbage almost anywhere, even leaving large items, such as old furniture and equipment, beside containers. It creates not only an eyesore, but potential health hazards, pest infestations, and Occupational Safety & Health Administration (OSHA) violations.

What many multifamily property managers don't know is, with a waste removal service they can wash their hands of waste removal and maintenance responsibilities, and actually make money at the same time.

For instance, most waste removal companies charge \$12 per unit per month for their services. A property management company can charge residents \$23 per unit per month, which is an industry average cost.

By following this recommended fee schedule, property managers can increase their net operating income by \$11 per unit, instantly. Plus, when using an outside vendor, they will place the



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community's waste stream in a controlled environment, which will result in a decrease of operating expenses. Management will no longer have to clean trash around compactor areas and dumpsters, break up boxes and furniture, or maintain and clean inside dumpsters and compactors. All of these tasks are handled

regularly by the third-party vendor. And, you will meet OSHA compliance and reduce the risk of violations and fines.

The actual door-to-door waste removal process works like this. Each unit is issued a small attractive container or receptacle which is placed outside the resident's door. Every evening, five nights

per week, a uniformed attendant removes the trash and then takes it to the dumpster or compactor.

A consistent schedule of trash removal handled by a third-party will allow management companies to focus on what they do best—lease apartments. The obvious benefits and real value to both residents and management alike make for a winning situation. ☐

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QUICK TIP

Time-saving concierge services are indeed a strong selling point with renters today, but most management companies are not in the position to hire additional employees to provide concierge services on-site, as it can be very cost prohibitive.

As a convenience for residents, many apartment owners and management companies, such as BH Management Co. in Dallas, have set up their own networked online resident connection services. The service can be used by residents to obtain change of address forms, utility connection services, appliance rentals, rental insurance, and newspaper or magazine subscriptions. The site also can be set up so residents can pay their rent online using Erentpayer.com. These types of sites can be established for a small initial investment and provides hassle-free utility access in one location for new residents and existing residents alike.



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