



## **SPECIAL REPORT: Resident Retention Best Practices**

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By Diana Mosher, Editor-in-Chief

Palm Springs, Calif.—One of the themes that emerged from this year’s National Multi Housing Council Apartment Strategies Conference and Annual Meeting is that there’s nothing like a good recession for apartment owners and operators to step back and refocus. Another widely held view among attendees and speakers is that while Class A product will continue to gain ground year-over-year (at least until new housing product comes online), the lower-tier properties will not perform as well.

Resident retention is a topic that never loses importance, but it takes on even more urgency in today’s ultra-competitive environment. So it wasn’t surprising that a peer roundtable devoted to sharing retention best practices was standing room only. These are some of the ideas shared for multifamily owners and operators of all asset classes.

Leo Horey, Executive VP, Operations, AvalonBay Communities, noted that most people are happiest when they move in. So consider implementing a program that will shepherd them out in a memorable way to ensure the same level of happiness as when they first arrived. If they leave with a positive experience, Horey suggested, they will generate excellent word of mouth. This applies not only to unhappy residents, but also to those who are leaving on good terms because they’re getting married, trading up to a larger space, or simply leaving the area. Make sure they leave with an excellent customer service experience, said Horey, and a story about your community to share with others.

Research has found that 10-15 percent of move-outs are controllable. According to Kingsley Associates, a research and consulting firm that conducts resident surveys for leading multifamily firms, the hard cost of losing a resident can be as much as \$2,900, although the true cost is intangible because it varies market to market and depends on the product style.

According to Kingsley Associates, market research shows that location followed by community appearance, apartment interiors and community management are at the top of the list for reasons to renew. Rental rate is the factor most often cited as a reason not to renew followed by management performance and security.

One attendee shared that he’s maintained a competitive edge by offering a two-year lease. It helps prospects and renewals feel more stable especially when there is the perception that rent will be raised after a year. There was disagreement among operators in attendance about the effectiveness of offering a longer lease and if it should be used in all asset classes—or only the rent control market. However, there was consensus that when renters have built relationships with other

residents, they are less likely to leave. Likewise, in the leasing effort, don't move away from human interaction. In the quest to ramp up technology, don't aim to eliminate all face-to-face contact.

Online brand management was also discussed. For those who have shied away from responding and/or managing their online brands, the first rule is don't do any harm when replying to negative comments about the community. This can be avoided altogether by creating a formal process for reviewing and responding to comments.

Whether you view it as a marketing function or part of operations, begin embracing these review sites as an opportunity rather than as a negative. With a new mindset, the review sites become a virtual environment for feedback—similar to a survey—where you're capturing invaluable information. Take a page from the hospitality industry, where it's not about the mistake, but how you respond to the mistake.

Keep in mind that your positive feedback is blasted around as well. There's a conversation going on—ignore it at your own peril.

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