



# MULTI-HOUSING NEWS

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## SEARCH RESULTS

### Property Management: What Do Renters Really Want?

Market research has uncovered some surprising—and, surprisingly, basic—answers to this \$64,000 question

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By Teresa O'Dea Hein, Managing Editor

What residents want seems to depend on who you ask. This answer can take many forms. However, while the number of possible amenities has proliferated in the last several years, some multifamily observers believe that the basics are still paramount in most renters' minds.

"All renters want three things: competitive pricing, a quality product and convenience," says Melissa Brown-Bornstein, vice president of the sales and leasing division for Olnick Organization, a New York-based developer, owner and property manager.

"Product that is not priced appropriately will remain on the market, and the same holds true with residences that have outdated kitchens, baths and flooring," adds Brown-Bornstein. "Families want to be near schools and parks, and, generally, renters want easy access to grocery stores and other conveniences, as well as to transportation hubs."

Likewise, Rick Ellis, CPM, founder and president of Ellis Property Management Services, believes residents really only want four basic items: immaculate environment; prompt, friendly and efficient service; good neighbors; and fair and equal treatment. Ellis' Irving, Texas-based consulting firm primarily produces reports using information obtained through mystery shopping on multifamily communities across the U.S.

David C. Smith, vice president in Kingsley Associates' Atlanta office, points out, "It is important to recognize that every community and resident is not the same. Satisfaction levels, renewal decisions (both the likelihood of renewal and the driving factors), and general needs/wants vary by community and resident demographics, geography and the resident's current position in the lifecycle of a lease (i.e., new move-in, pre-renewal, post move-out notice, etc.)." Kingsley Associates conducts research on a wide variety of real estate-related topics in communities across the U.S.

Nationally, the factors that have the largest impact on residents' initial community choice are location, property appearance, apartment features/finishes, floorplans and community amenities, according to Kingsley Associates data. Still, the relative importance of each varies by market and resident demographic. For example, apartment features/finishes are twice as likely to be an important community selection factor in New York City as they are in Atlanta or Dallas, Kingsley reports. And location/convenience is significantly more important to residents under 35.

On the other hand, Kingsley Associates has seen that the rental rate is a much more prevalent renewal decision factor in New York and Los Angeles than in Atlanta, Miami or Boston. However, residents in Miami and New York are more likely to indicate

that they would pay 10 percent more in rent for a quality fitness center, while residents in San Francisco are considerably less likely to indicate the same.

Surprisingly, Kingsley Associates found that a multifamily community's "green" policies continue to have little impact on residents' renewal decisions. Another interesting finding is the fact that older residents are currently more likely to indicate that "green" policies are a driving factor in whether or not they intend to renew.

Similarly, ApartmentGuide.com found that after reviewing the most popular property searches of the past 90 days, green ranked far down the list, at number 39 out of a total of 47 items.

Another unexpected result is the fact that out of the 17 initial community choice factors, Internet access/hot spots is dead last in research conducted by Kingsley Associates. This trend is true for all residents regardless of age or income, according to Smith.

Wireless Internet access was also not highly ranked on the ApartmentGuide.com list of most popular searches, coming in at number 22. High-speed Internet access came in a little farther up, in 15th place. Relative to other factors, rent amount has become less important to residents during their initial lease decision, Smith adds. In year-over-year comparisons between 2005 and 2007, rental rate has dropped from the third-most commonly cited factor for renewal to the fifth.

In that same time period, floorplans moved from the seventh-most commonly cited factor in initial lease decisions to the third-most commonly cited one, he says.

By far the number one factor that drives residents' initial choice of their community is location/convenience, followed by property appearance, apartment features/finishes, floorplans and community amenities, Smith notes.

The community and apartment features that are most highly interrelated with satisfaction of current residents are quality and maintenance of the buildings, overall sense of security and appearance/cleanliness of community, Kingsley reports. The specific amenities that impact resident satisfaction the most are recreational facilities, social activities and the swimming pool.

When asked about their willingness to pay 10 percent more in rent for specific features/amenities, Kingsley Associates found that residents are most likely to indicate they would be willing to pay for updated kitchen appliances, a quality fitness center or new carpet.

Among residents who have indicated they are "unlikely to renew," Kingsley says the top reasons are rental rate and community management. Conversely, it found that the top renewal factors among those who are "likely to renew" are the community's location, the apartment features/finishes and the community's appearance.

In general, "Residents are focusing on value—are they getting their money's worth?" says Joseph Batdorf, president of Houston-based J Turner Research. Furthermore, the notion of value is changing, Batdorf adds, as "people are seeing a lot of different layouts and amenities. Their expectations are raised."

What seems to really make a strong impact, he reports, is interaction with community personnel, the condition of the overall property and the responsiveness of maintenance staff. Batdorf's advice: "Focus on the property's fundamental value."

Renters today are far different than renters five years ago, points out Janet Rosseth, marketing director for Dominion Management Services, a Plymouth, Minn. company that owns and manages over 17,000 multifamily units at 170 sites in 18 states. "Some residents have returned from home ownership, some are generation Y and very tech savvy, some need flexibility while others want stability and long-term housing choices."

A large percentage of Dominion's portfolio is affordable housing, catering to families and single parents, so Rosseth says, "Providing them a sense of community and opportunity for programming right where they live is important. People are increasingly busy, often working several jobs, and providing more services right where they live is a key factor in their home choice.

"More and more renters are finding us online and want the ability to communicate with us electronically," Rosseth continues. "People are also looking for ways to incorporate environmentally conscious routines into their day. Providing them

simple solutions right in their home and community allows them to easily do their part. Such items include recycling centers and utility controls, as well as the assurance that we are using eco-friendly products to manage the property."

### The most requested amenity

Apartment Guide, which drew an estimated 19 million visits in 2007, tracked the most popular apartment amenities consumers searched for on its Web site in the last 90 days. The most-searched feature was (drumroll, please): washer and dryer in unit, closely followed by air conditioning and then whether pets are allowed. Fourth was a dishwasher, and fifth was the presence of washer and dryer connections. Next, was whether a unit is cable-ready, and then whether some utilities are paid. A balcony was eighth, followed by a swimming pool and, finally, ceiling fan(s). An on-site fitness center came in at number 11.

"Our research shows that people are consistently looking for apartment amenities that offer convenience in their day-to-day lives," says Arlene Mayfield, president, Apartment Guide. "As consumers continue to keep a closer eye on their finances due to the current economy, it will become increasingly more important over time for apartment communities to offer additional functional amenities."

A recent online survey of property owners and residents by Investment Instruments Corp. found that when asked how they would like to pay rent, 45 percent of tenants and 52 percent of owners polled said they would prefer to use some sort of electronic payment, be that credit card or e-check. However, at the moment, nearly 75 percent of the tenants and 71 percent of owners responded that payment happens through paper check. "Our research clearly indicates that it's important for landlords of all sizes to offer tenants a variety of payment options to better service their tenants," says Allison Atsikhoudas, CEO and co-founder of Investment Instruments, based in Newton, Mass.

And to address the technology desires of residents, many communities are upgrading Internet access. For instance, as part of a technology initiative, Clifton, N.J.-based Value Companies has installed high-speed Verizon FiOs Internet throughout a number of its apartment communities.

To comment, email Teresa O'Dea Hein at [thein@multi-housingnews.com](mailto:thein@multi-housingnews.com)

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