

RESIDENT RETENTION IMPROVING YOUR BOTTOM LINE

Nothing is a better indicator of management's success or failure than the number of residents who chose to renew their leases. While market circumstances can raise or lower retention averages, one of the best barometers of how well a property is managed is the level of resident retention.

Replacing a resident requires considerable time and expense; leasing costs that include advertising and marketing programs and lost rental revenues while the apartment is vacant quickly impacts your net operating income.

Pick People Who are Inclined to Stay

Ironically some of your most profitable residents may be those with minor credit flaws. Credit problems make purchasing a home more difficult, making these people more likely to continue as renters. Obviously, applicants who qualify for admittance with credit problems should be chosen carefully. Perhaps a previous bankruptcy but a solid job history, good references from a former landlord and low balances on outstanding credit is worth consideration. Another recent study found that 58 percent of residents who began looking for an apartment more than 60 days before moving were still residents after two years. By creating a waiting list and asking prospective residents to make a small deposit, managers may be able to build a more stable base of residents.

Make a Good First Impression a Lasting Impression

Make certain that the apartment is immaculate when the new resident moves in. Consider leaving a small house warming gift, or a personal note, welcoming the resident to the community. Consider a policy in which the property manager contacts new residents not later than a week or two after their move in. This lends weight to the premise that their well-being is of concern to the property as well as giving management a means to determine resident satisfaction.

The Personal Touch

To help your property stay competitive, consider increasing personal contact with your residents. Some suggestions could include:

- Resident meetings; inviting residents to breakfast or coffee periodically, asking to hear about any concerns or suggestions, keeping an open and receptive mind during the meetings.
- Suggestion box – ask residents what they would like to see, making sure to thank residents personally for their suggestions.

- Parties/mixers. For Holidays or special occasions, throwing a party provides an opportunity to meet neighbors informally and encourages social gatherings.
- Referrals. Everyone wants to be thanked for a referral, and giving residents incentives such as a cash reward or personalized gift benefits everyone.
- Newsletters. People love to see their name in print. A monthly or quarterly newsletter presents a good opportunity to feature new residents to the community. The newsletter can also be used to highlight services and upcoming events.

Emphasis on Service

Residents may take good service for granted, but every single detail of poor service is remembered at renewal time. You can expect your residents to look elsewhere if you do not follow through with superior service.

- Responsiveness. Residents expect you to respond, immediately, to their concerns and complaints. Even if a complaint seems minor, slow response time fuels resentment and is remembered long after the problem is solved.
- Constant Maintenance. You cannot put off repairs, even cosmetic ones, and expect residents to be satisfied with their service. If your response time to maintenance calls is consistently fast, residents will remember your promptness more than the actual breakdowns that occurred.
- After Hours Emergency Service – you will find that most residents are willing to pay for the emergency service and the convenience of having someone on call.

Determine the Real Reason a Resident is Leaving

Are you interviewing every resident who gives their intent to vacate? Are you willing to paint, shampoo or even recarpet an apartment to save a resident? If a resident runs into a temporary financial crisis, is there a way to work it out? Concentrate energy on creating positive word-of-mouth at the time a resident decides to move out.

Focusing on resident retention can be the most cost-effective way to increase net operating income. You will find that these changes can enhance the property's image and attract new residents.