# What Do Residents Want?

Trends in Resident Technology & Communication Preferences

2012

J TURNER RESEARCH
*Marketing Research for the Apartment Industry*

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# About the Survey

As part of a panel presentation at the 2012 National Apartment Association Education Conference and Exposition entitled *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* J Turner Research endeavored to conduct the multifamily industry's largest and most comprehensive, national survey on apartment resident technology preferences to date.

Across 29 survey questions, *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* explores online apartment search patterns, behaviors, and preferences across **1,231** apartment properties operated by one of the 10 participating multifamily firms. The survey provides insight into the ongoing importance of technology optimized ILSs, drive-by, and referral research by apartment prospects; investigates demographic use and absorption of smartphones, tablets, and other devices for researching and communicating with apartment operators and property managers; and investigates emerging resident and prospect patterns in the use of social media and online ratings and reviews sites, often with demonstrable results running counter to widely held industry tenets and their resulting business operations strategies.

Understanding resident preferences is critical to successfully delivering the amenities and customer service that drive satisfaction at multifamily apartment communities. Knowing how to communicate with residents through the channels they prefer can translate to greater NOI through increased conversion, retention, referrals and higher customer satisfaction levels.

The following executive summary represents the findings from **41,303** multifamily apartment resident survey respondents who are further qualified by age demographic (Millennials, Generation X, Baby Boomers and the Silent Generation) and monthly rent expenditures. Initial research was conducted in May 2012 with a verification sample of 5,000 residents and completion of the full survey in June of 2012. Research was conducted via email with survey completion on the Internet. J Turner Research employed exclusive weighting technologies for the survey, permitting respondents to drag and drop items into response buckets to show both primary and secondary preferences to multi-response questions.

J Turner Research would like to thank the following firms for their participation in the inaugural round of this groundbreaking, dynamic research: Archon - Berkshire Property Advisors - The Bozutto Group - Camden Property Trust - Concierge - Essex Property Trust - Forest City Enterprises - Holland Residential - Lincoln Property Company - Pinnacle, an American Management Services Company.

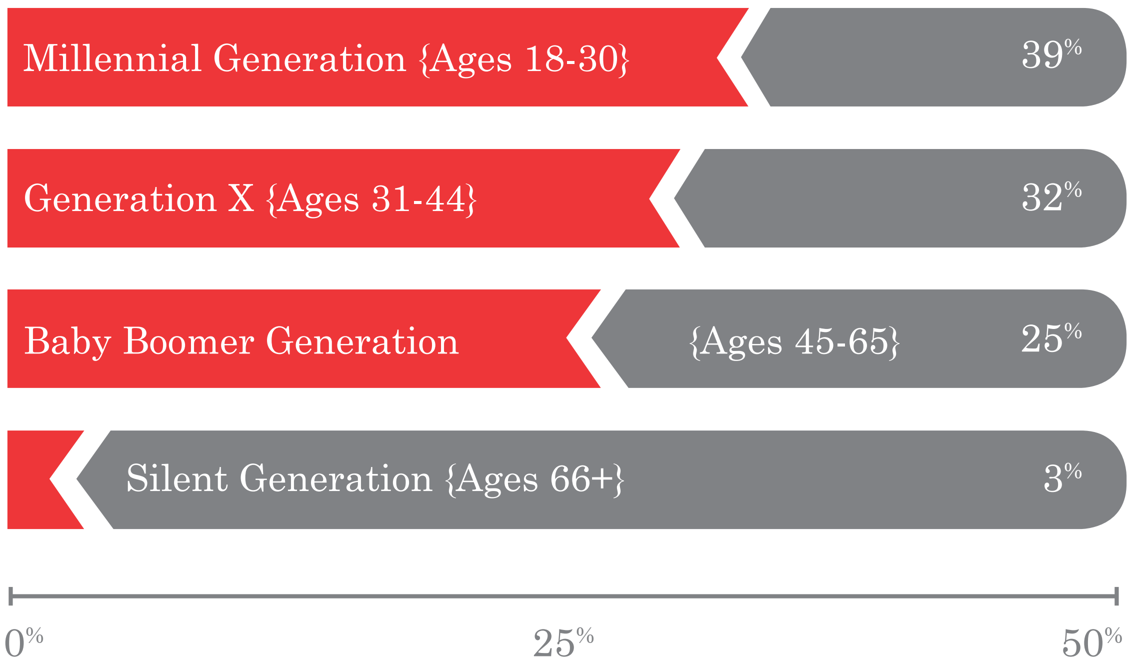
Over 65% of survey respondents have volunteered to be included in follow-up research to this survey. If you'd like to be included in this exclusive industry initiative and get the first-look at our on-going data findings, please contact Joseph Batdorf at 281-558-4840 x 300 or jbatdorf@jturnerresearch.com.

## About the Respondents

Respondents to *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* live at an apartment community operated and/or managed by apartment firm participants at the time of the survey. The mean residency tenure of survey respondents was 1.90 years.

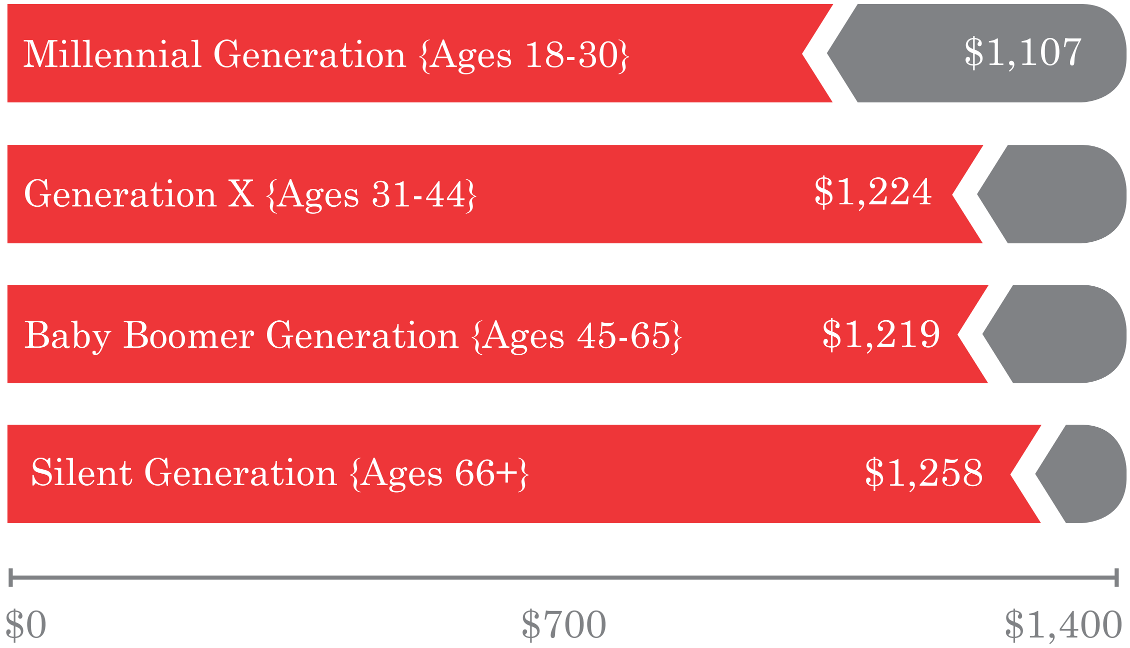
Demographically, survey respondents showed an approximate even split between Millennials (ages 18-30), Generation X (ages 31-44), and Baby Boomers (ages 45-65), with distinctively less participation from residents identifying with the Silent Generation (ages 66-plus).

## Demographic Breakdown



Average monthly rent largely followed demographic lines, with younger Millennial respondents typically paying lower rents then their older resident peers.

## Average Monthly Rent Vs. Demographics

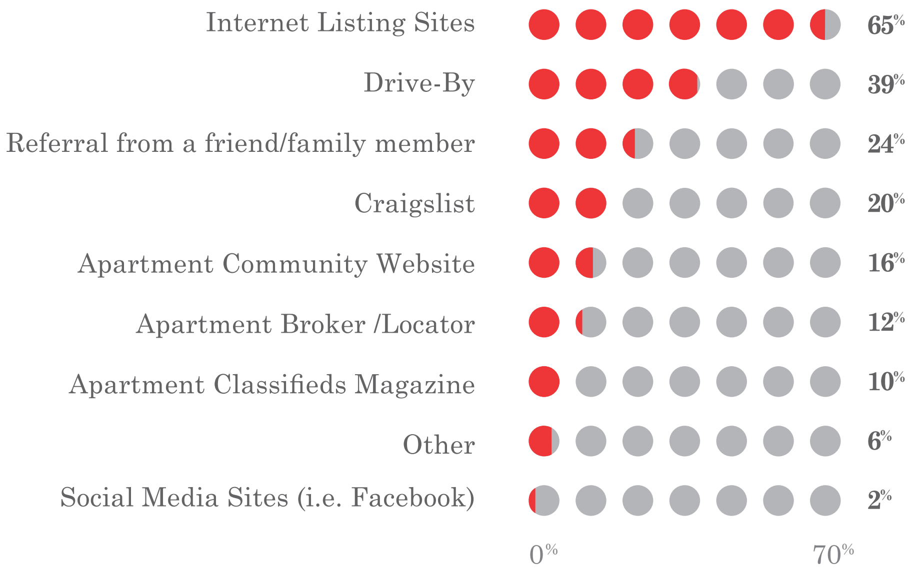



## Findings: Apartment Search Preferences and Influence on Conversion

Drive-by. Apartment brokers. Social media. Internet Listing Sites (ILS). Apartment community websites. Traditional referrals from friends and family members. The search channels for apartment prospects are a seemingly complex matrix of marketing impressions, Internet queries, and outreach into both real-world and virtual social networks to research communities, delineate levels of customer service, and come to a decision on where to rent a place to call home. And while apartment marketers, property managers, and leasing agents continue to wrestle with the questions of lead-to-lease and determine the exact path of prospect search that leads to residency, it seems residents already have their selection preferences honed down.

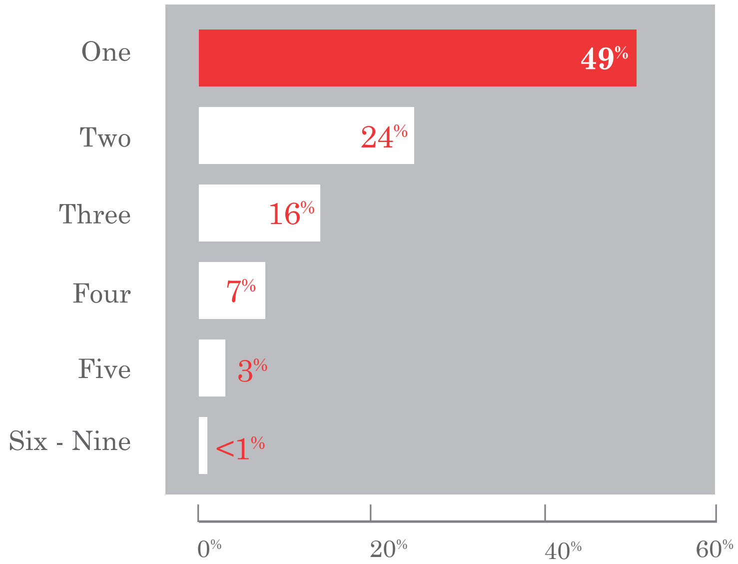
According to *Trends in Resident Technology & Communication Preferences: What Do Residents Want?*, prospects searching for an apartment continue to focus primarily on Internet Listing Sites (65 percent), drive-by (39 percent), and referrals from friends and family members (24 percent) as the top three search channels for finding a new apartment.

## What Sources Did You Use For Your Apartment Search?




Using exclusive rating technologies that allowed survey respondents to weigh multiple responses to particular questions, *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* also explored apartment prospect recall of the number of channels used during their last apartment search. The results—49 percent of respondents report using only one search source—defy an industry largely convinced that apartment residents are engaged in multi-platform, multi-channel searches. Apartment residents who used only two sources were the next most common (at 24 percent), followed by respondents who reported using three sources (16 percent), and those respondents recalling six or more search sources all clocked in at one percent or less.

## Number of Apartment Search Sources Reported by Apartment Prospects



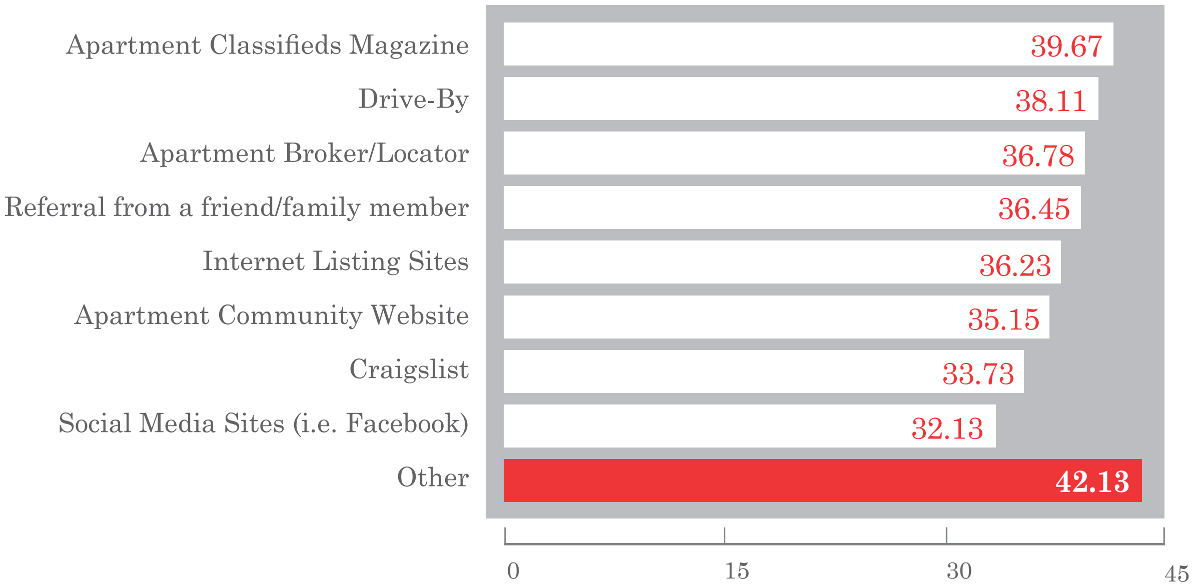
Even among respondents who reported using a multi-channel approach during their apartment search, channel preferences showed little variation from both aggregate and single source data. For apartment seekers who weighted Internet Listing Sites as their primary source, drive-by (37 percent) and Craigslist (25 percent) were listed as the second and third most important sources, respectively.

Likewise for prospects who indicated a primary preference for referral, ILSs (60 percent) and drive-by (38 percent) ranked second and third, and for respondents who primarily preferred drive-by, ILSs (61 percent) and referral (23 percent) still dominated weighted preferences among apartment seekers. Search preferences from respondents who indicated using only one source likewise mirrored the aggregate survey data, with ILSs, drive-by, and referral all commanding the top three spots in order of preference. Ranking at or near last in apartment search preferences among all respondents was the use of social media (also see pgs. 21 & 23).

When examined by demographic, both multi-channel and single-source apartment seekers show a propensity to use specific sources to find an apartment depending on age. The younger the respondent, the more apt they were to cite social media sites (average age of those indicating a preference 32.13), Craigslist (average age of those indicating a preference 33.73), apartment community websites (average age of those indicating a preference 35.15), and ILSs (average age of those indicating a preference 36.23) during a multi-channel apartment search.

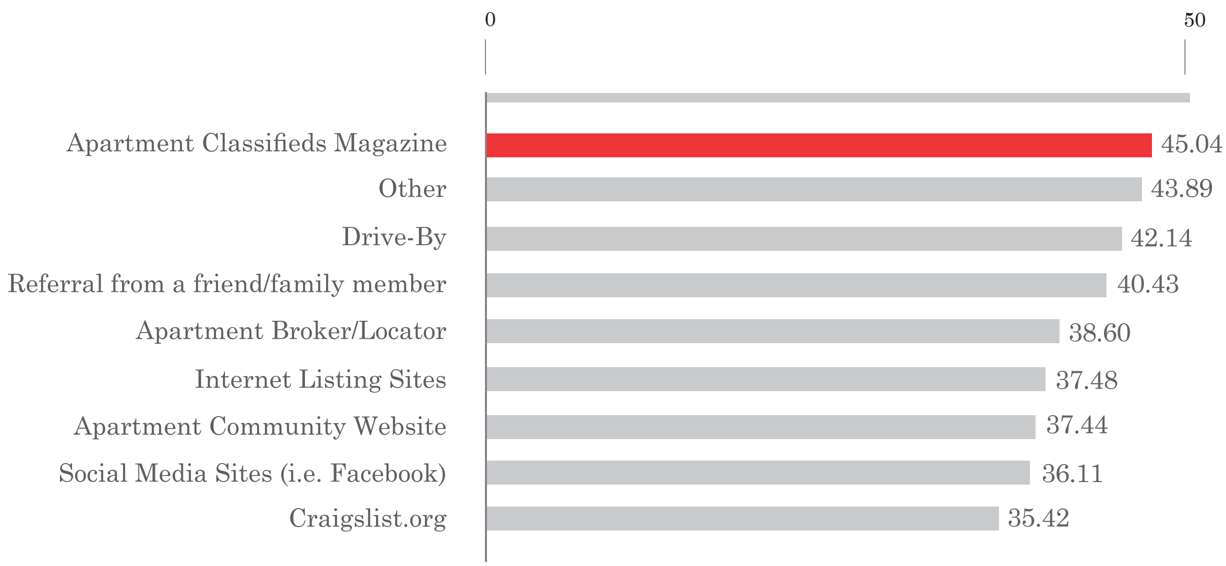
On the more senior end of the scale, apartment residents surveyed were more fractured in their responses, with the oldest respondent subset reporting a wide variety of "other" responses as a primary search channel (average age of those indicating a preference 42.13) followed by the use of apartment classified magazines (average age of those indicating a preference 39.67) and drive-by (average age of those indicating a preference 38.11).

## Apartment Search Source and Age (Multi-Channel Search)



Single-source search preferences by age demographic showed little variation from multi-channel data, with younger prospects showing a slight preference for ILSs over apartment community websites (average age of those indicating a preference 37.48 versus 37.44, respectively) and older multi-channel prospects indicating a penchant for using apartment classified magazine versus an "other" response (average age of those indicating a preference 45.04 versus 43.89, respectively).

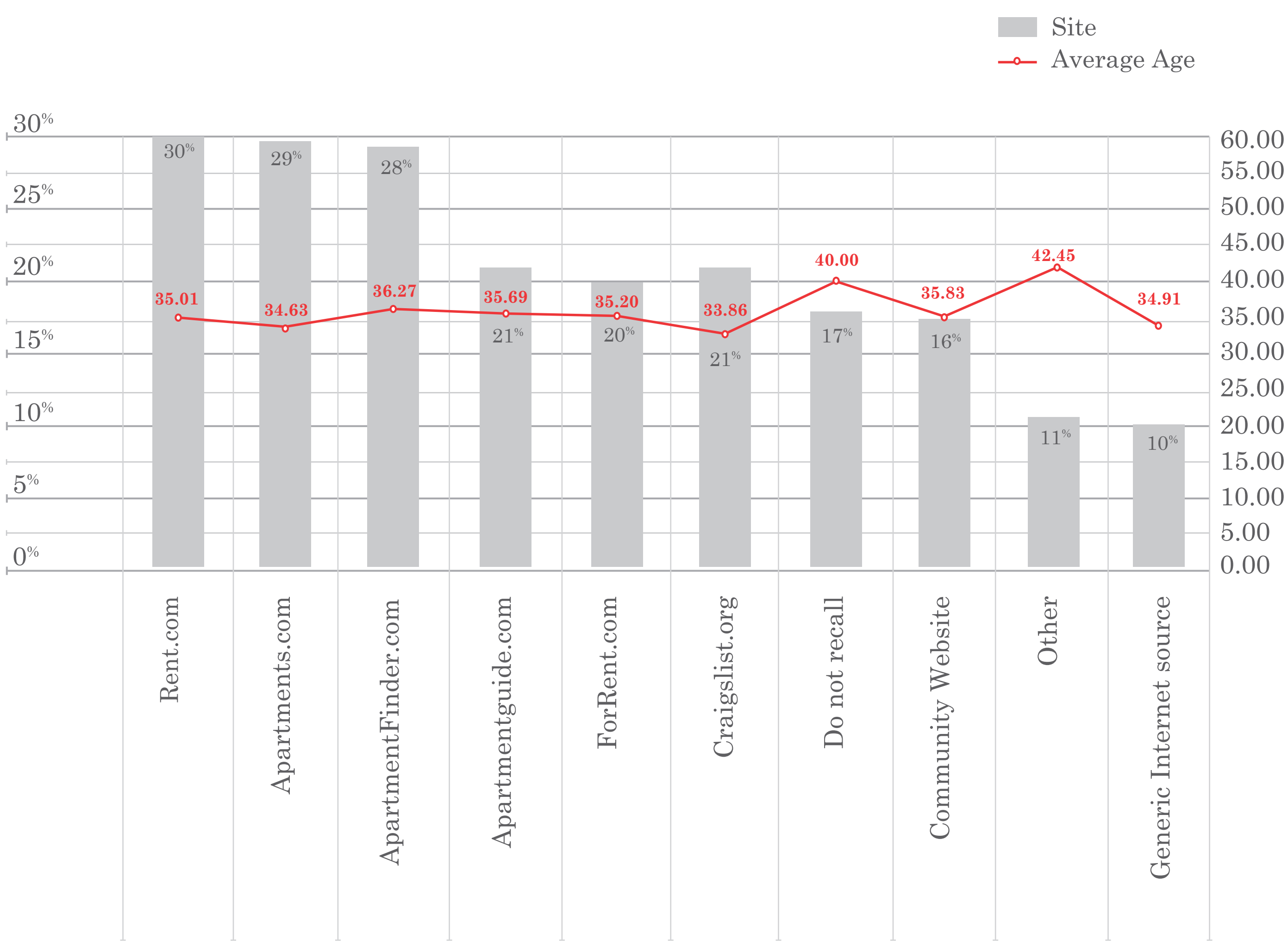
## Apartment Search Source and Age (Single-Source Search)



When asked to identify specific websites used during the apartment search, prospects again indicated interesting results by age demographic, with the youngest cohort (average age of those indicating a preference 33.86) booting up Craigslist and the eldest respondents indicating an “other” response (average age of those indicating a preference 42.45) or simply not recalling which sites they preferred as a source channel (average age of those indicating a preference 40.00).

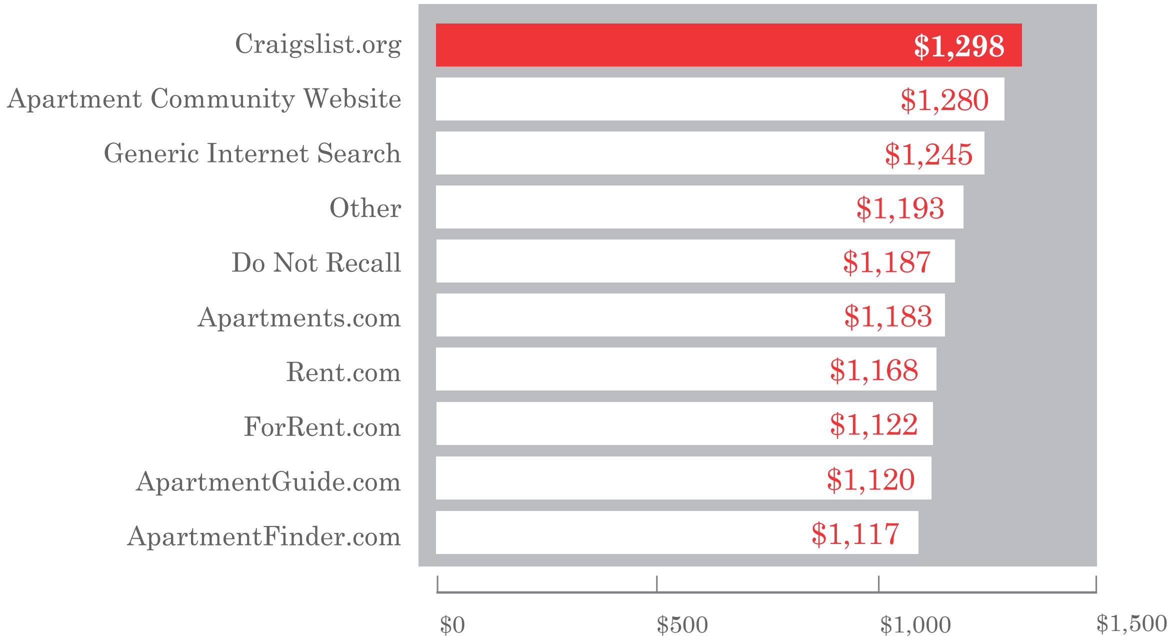
At 30 percent, Rent.com ranked the highest (followed closely by Apartments.com at 29% and ApartmentFinder.com at 28%) among website sources used, and leaned towards the younger side of the survey mean age of 37.78, with the average ages of those indicating each ILS as a preferred source coming in at 35.01, 34.63, and 36.27, respectively.

## Specific Websites and Age



Cross-referenced by the amount of rent paid, younger demographics are likely getting exposure to higher-rent apartments, with those individuals who prefer Craigslist as a primary search site paying the highest rents at an average of $1,298. Those prospects relying on generic Internet search (average rent $1,245) and apartment community websites (average rent $1,280) are also paying on the higher end of the rent scale, while apartment seekers relying primary on ILSs typically end up paying a lower average rent.

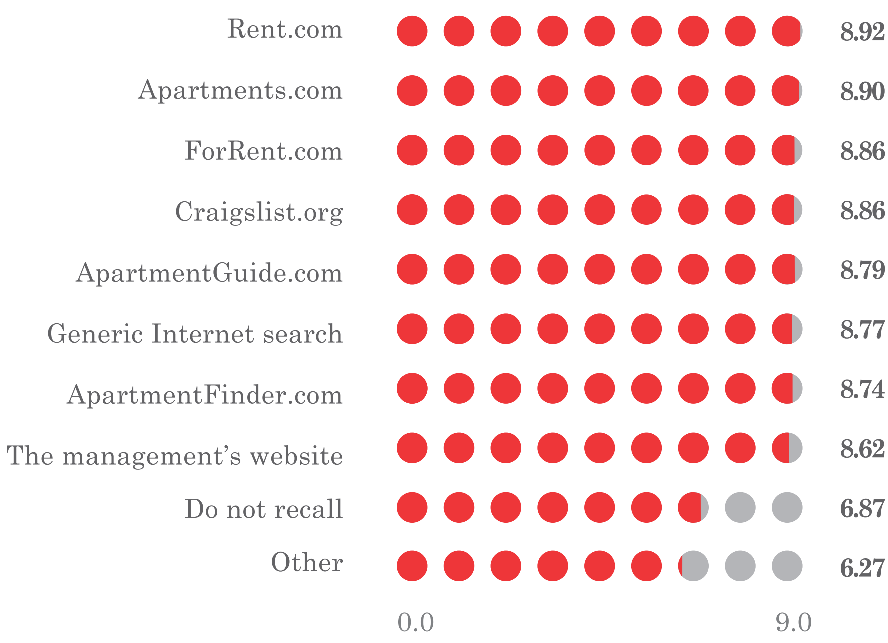
## Rent Vs. Specific Site




Overall Average Rent $1,179

# Importance of Internet and Site

Indeed, apartment prospects show an indispensible proclivity to using the Internet during their search process, with respondents to *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* reporting an overall ranking of 7.99 when asked to rate the importance of the Internet to their apartment search on a scale of zero to ten (with zero being least important and 10 being most important). Importance of the Internet to the search process was understandably highest among prospects who preferred to rely on specific ILS sites, generic search, and property management sites, with prospects who indicated a preference for Rent.com ranking the importance of the Internet highest to their search process.



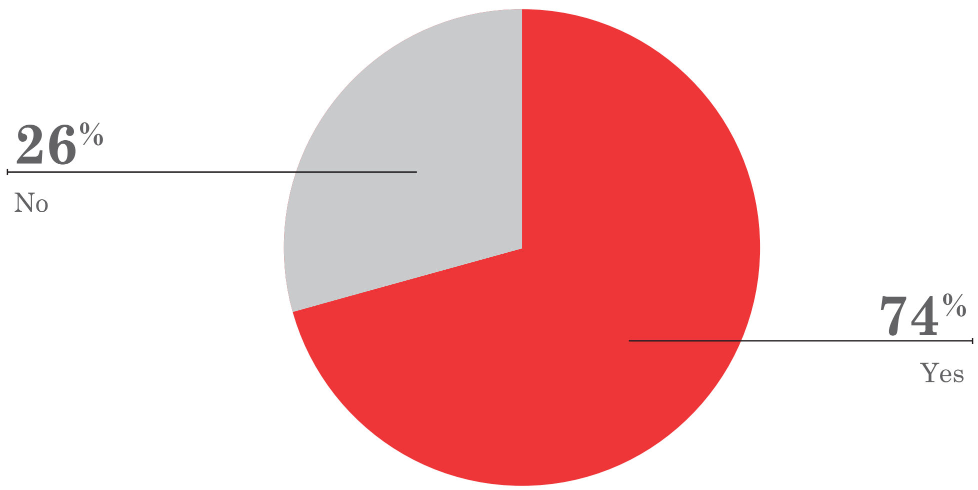

**Overall Importance of the Internet: 7.99**

But while apartment operators and marketers continue to report growing volumes of inbound traffic from mobile devices, apartment seekers still indicate a massive preference for using desktop and laptop computers as their primary research device. Notably, however, 65 percent of *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* respondents said they are using their mobile devices more frequently today than they did just six months ago.

# Ratings & Reviews: What Residents Post, What Sites They Trust

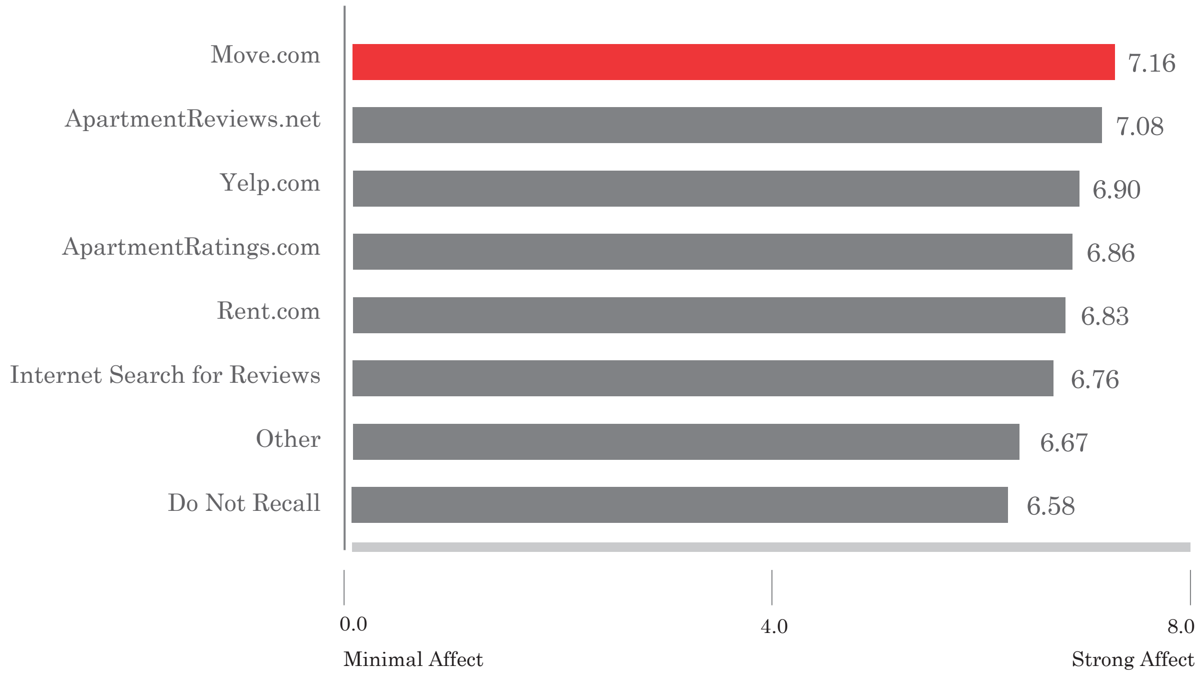
In contrast to apartment seekers ambivalence to social media as a research tool, the use of ratings and reviews sites as part of the apartment search and research process was immensely popular, with a full 74 percent of survey respondents indicating usage of online ratings and reviews sites.

## Did You Utilize Online Ratings and Reviews?




On a scale of zero to ten, survey respondents pegged the importance of ratings and review sites at 6.66 in terms of the affect those sites had on their ultimate rental decision. Within the universe of online reviews, less common sites falling into a generic "other" category and general Internet searches for community reviews showed less of a propensity to impact prospect decisions to rent, while review sites including ApartmentReviews.net, Move.com, and Yelp.com showed a substantially higher than average rate of affectation among apartment seekers and were more likely to influence their decision to rent.

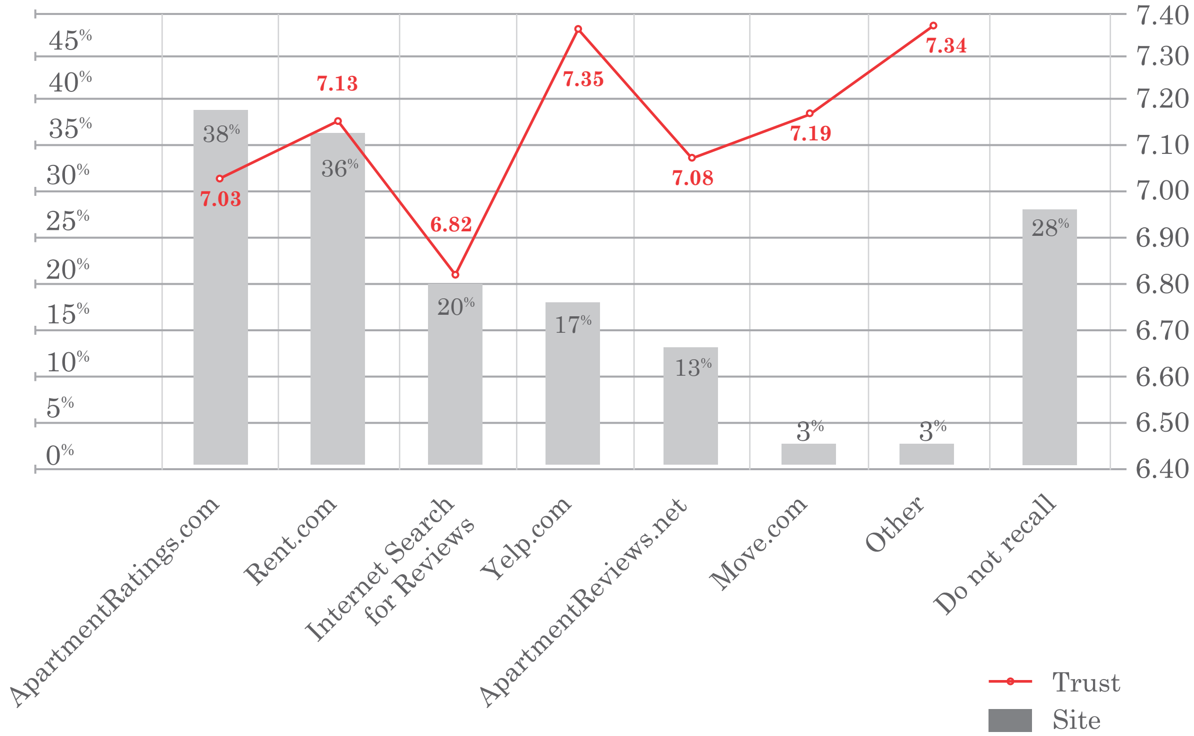
## How Much Did the Review Site Affect Your Decision to Rent?




While trust of the information featured on ratings and review sites seems important to apartment seekers, survey respondents as a whole seemed split on the authenticity of anonymous reviews, with less than half (49 percent) reporting that a review with a name attached to it had more authenticity than an anonymous review. By contrast, 26 percent of respondents felt anonymous reviews as authentic as non-anonymous reviews, while another 25 percent remained uncertain on the anonymity versus authenticity question.

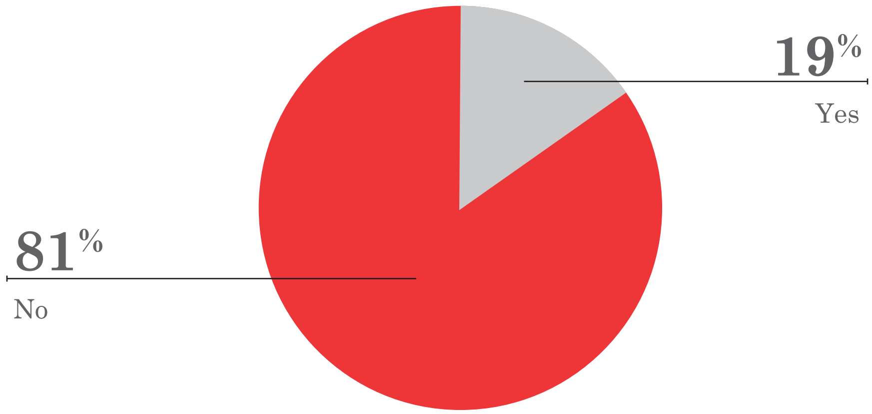
Trustworthiness of ratings and review sites also showed little correlation with the volume of apartment searcher traffic visiting specific sites. While the largest percentage (38%) of rating and review site visitors reported using ApartmentRatings.com as a source, overall trust of that site, while still high, ranked near the mean trustworthiness of all ratings and reviews sites, as judged on a scale between zero to ten. By comparison, Yelp.com, which saw only 17 percent of rating and review site traffic among survey respondents, ranked the highest in trustworthiness, topping the charts with a 7.35 score.

## Trust for Each Rating Site Used



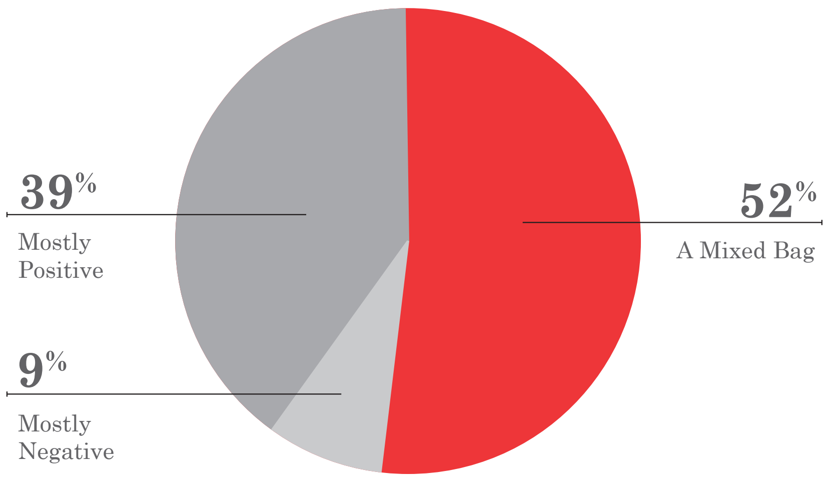

Despite prospect reliance on ratings and review sites for their apartment search, less than a fifth (19 percent) of survey respondents said they've personally posted reviews or ratings of an apartment community online, which might provide greater clarity on the importance of ratings and reviews as the multifamily industry at large continues to adapt to the trend.

## Have You Posted Reviews or Ratings of an Apartment Online?

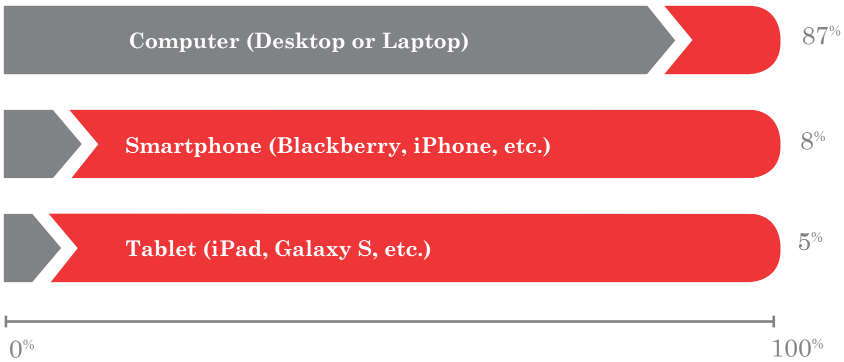


In fact, among those apartment residents who did post a review online, 39 percent said they posted mostly positive reviews, with 52 percent reporting reviews of a "mixed-bag" nature and only 9 percent admitting to mostly negative reviews.

## What was the Nature of the Review?



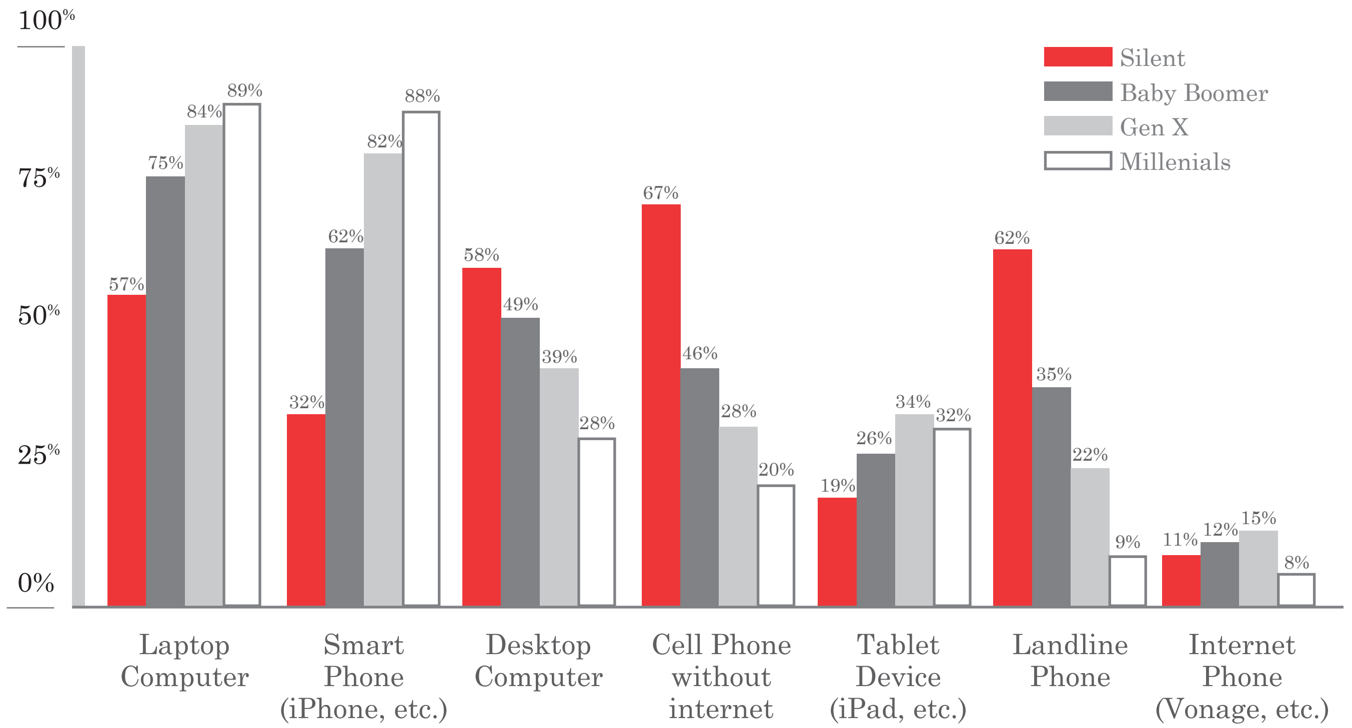

## Trends in Device Usage: Preferred Device to Research Your Apartment



Perhaps indicating changes in future patterns of usage, device penetration by age shows high Millennial demographic consumption rates of laptop computers (89 percent) and smartphones (88 percent), while desktop computer ownership by Millennials (28 percent) ranked the lowest across all demographics. In fact, laptop and smartphone ownership increased across all demographics as age decreased, while desktop ownership was highest among the eldest respondents to the survey.

Likewise the Silent Generation demographic still reported high ownership rates of cell phone without internet (67 percent) and landline phones (62 percent) while Generation X and Millenials showed less than a third of a chance of having a cell phone without Internet and a 22 percent and 9 percent chance of having a landline, respectively.

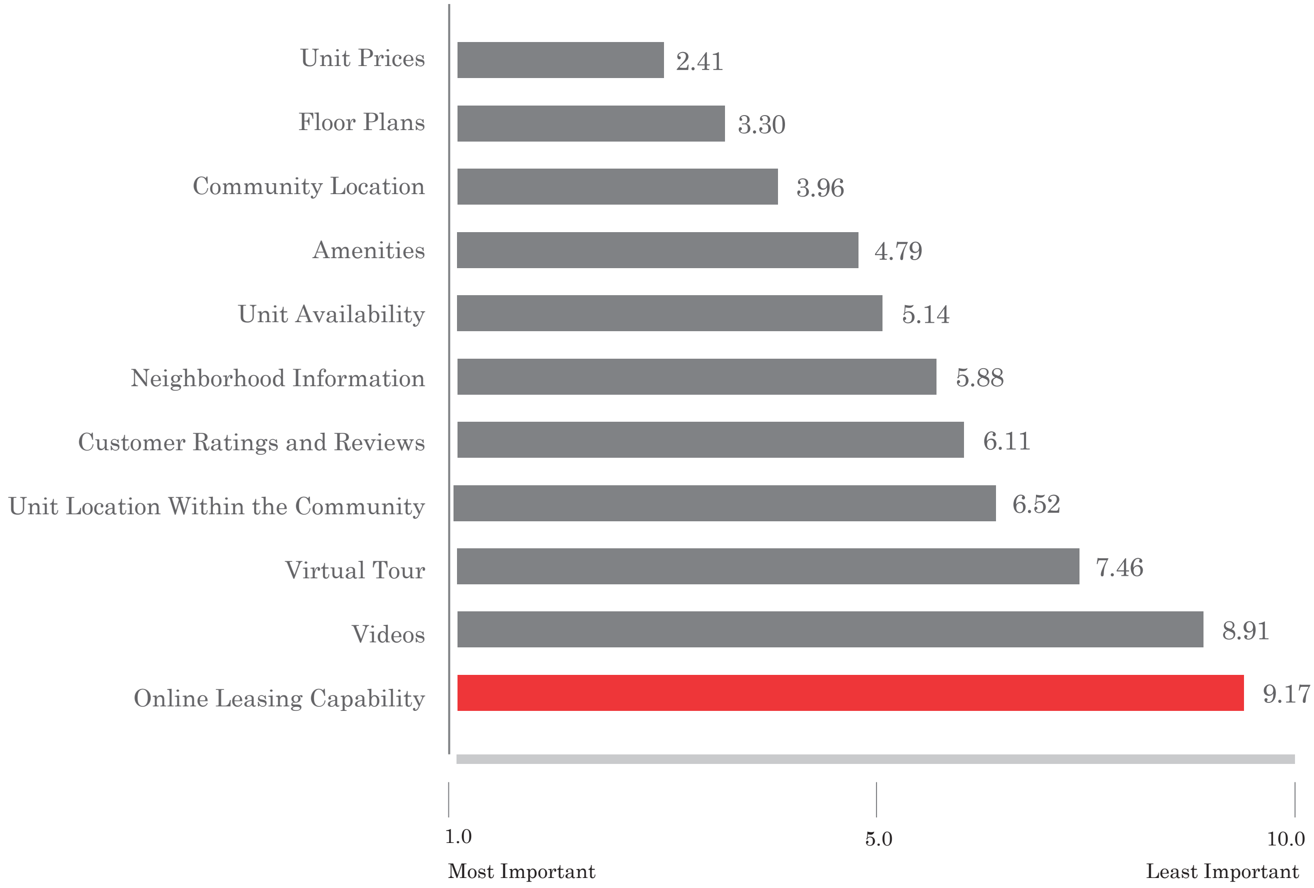
## Devices by Generation




In aggregate, laptop computers (83 percent) and smartphones (77 percent) were the most common devices owned by survey respondents, followed by desktop computers (38 percent), cell phones without Internet access (31 percent), tablet devices including iPads (31 percent), landline phones (22 percent), and Internet phones including Vonage, Lingo, Magic Jack, etc. (11 percent).

For apartment marketers interested in the types of content sought by prospects during the apartment search, functionality and flash took an extreme backseat to basic community and unit-specific information most desired by apartment seekers. According to the survey, prospects who ultimately end up on an apartment community website (regardless of device) were most interested in cost, ranking unit prices at 2.41 on a scale of one to 10 (with one indicating most interest and 10 indicating least interest). Other information highly sought out by prospects include floor plans (3.30), community location (3.96), and amenities (4.79). Respondents were least interested in virtual tours (7.46), videos (8.91), and online leasing capabilities (9.17).

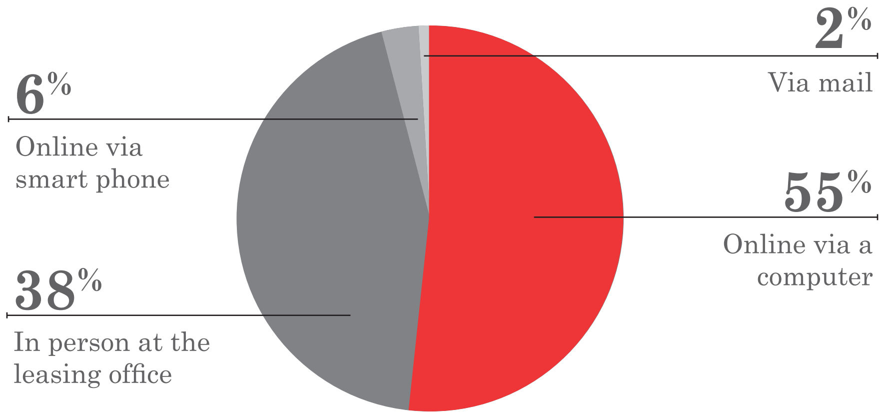
## When Visiting an Apartment Community's Website, What Information are You Interested in?




Despite the aforementioned penetration of mobile devices and a propensity among survey respondents to use those devices more now than in the past, 89 percent of apartment residents say they have never communicated with their apartment community via text message. Respondents additionally reported a preference to conduct business with their apartment community online via desktop computer or laptop or in person at the leasing office.

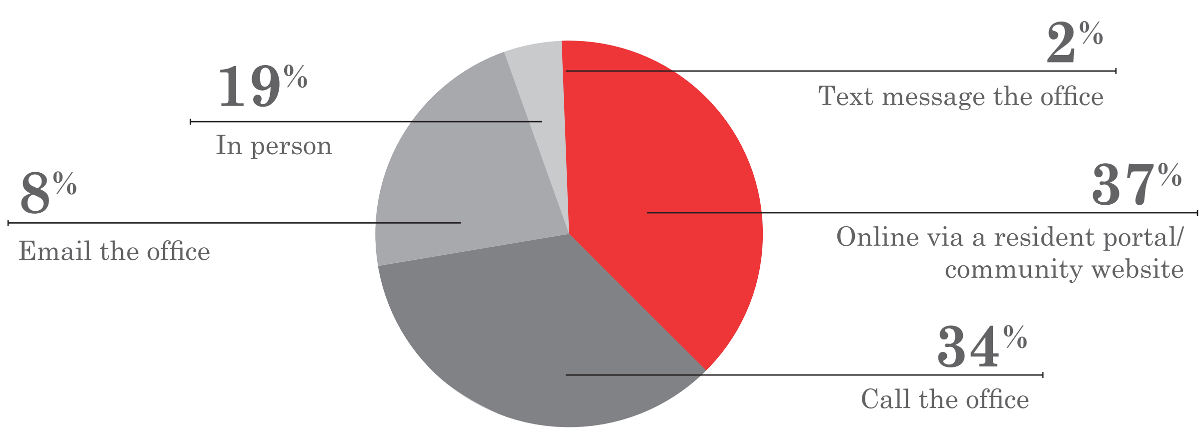
When asked to name a preferred way to pay rent, a majority (55 percent) of respondents opted for electronic online payment via computer, with only a small portion (six percent) preferring to pay electronically via smartphone. Thirty-eight percent of residents surveyed say they still prefer to pay in person at the leasing office, while only two percent reported a preference for paying by mail.

## What is Your Preferred Way to Pay Rent?



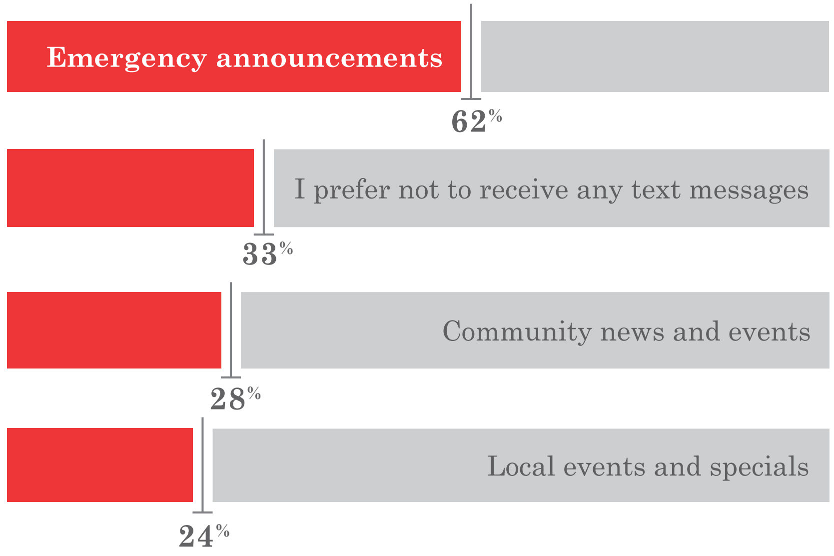

Resident preferences for submitting maintenance requests also trended significantly away from email and text message, with most survey respondents again expressing a preference for online communication via a resident portal/community website (37 percent), by calling the office (34 percent), or by making a maintenance request in person (19 percent).

## What is Your Preferred Way to Submit Maintenance Requests?



For those residents who did indicate openness to receiving text messages from their apartment management, a majority of respondents (62 percent) said they would prefer to receive emergency announcements, with less than a third opting into management-delivered text for community news and events or local events and specials.

## What Text Messages Would You Like to Receive from the Management?



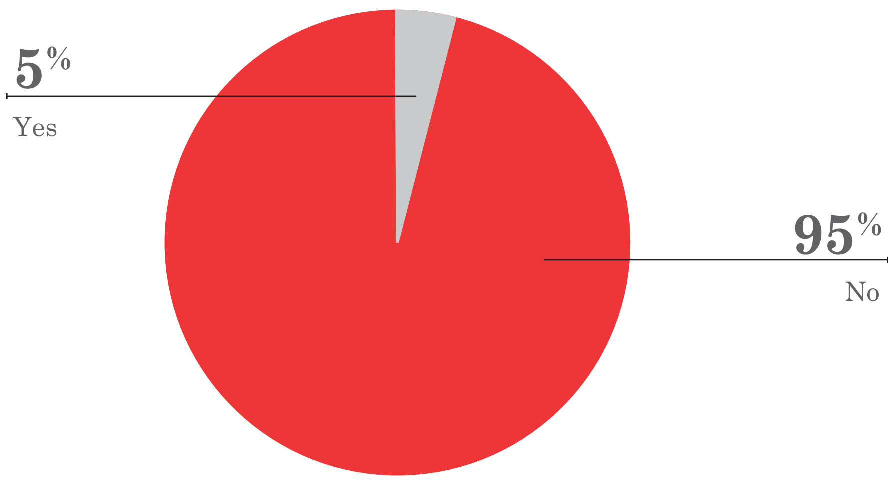

Whatever method apartment residents select to communicate with management, Internet access and cellphone reception nonetheless remain powerful necessities at the unit-level. When asked to rate the importance of speed, reception, and reliability within the apartment unit on a scale of zero to ten (with zero being least important and 10 being most important), respondents to *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* weighted speed of Internet connection (7.54), stability of Internet connection (7.44), and cell phone signal reception (7.33) as highly rated tech amenities.

When asked how likely poor connectivity was likely to impact a renewal decision, residents seemed less particular about Internet speed and stability and cell phone reception. Both were rated at 5.78 and 6.06, respectively.

## Social Media: Good for Residents, Not for Prospects

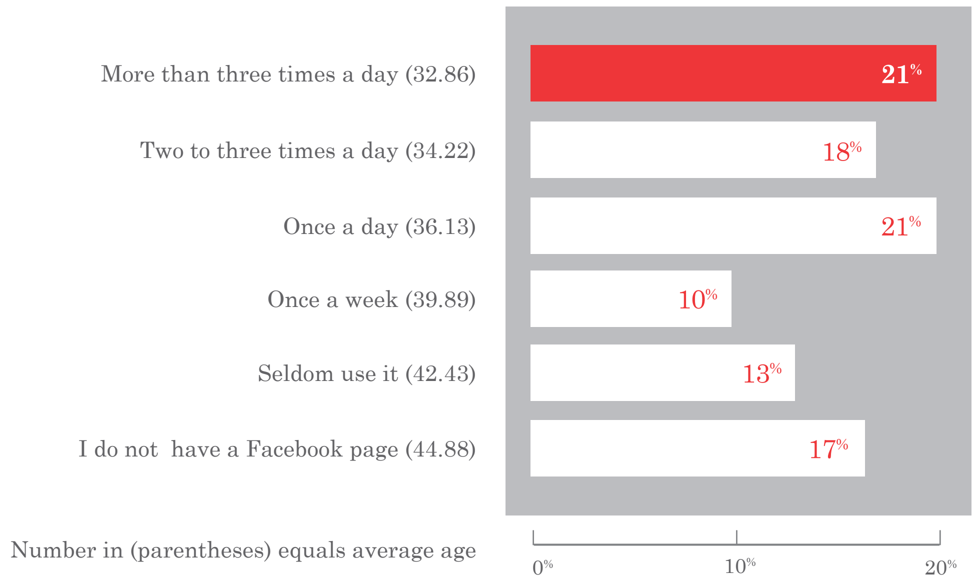
In a definitive blow to apartment marketers still hopeful that social media channels can significantly impact apartment search behavior, respondents to *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* overwhelmingly indicated non-usage of social media during their apartment search. According to the survey, 95 percent of respondents said they did not visit either Facebook or Twitter to research their apartment.

## Did You Visit Facebook or Twitter to Research Your Apartment?



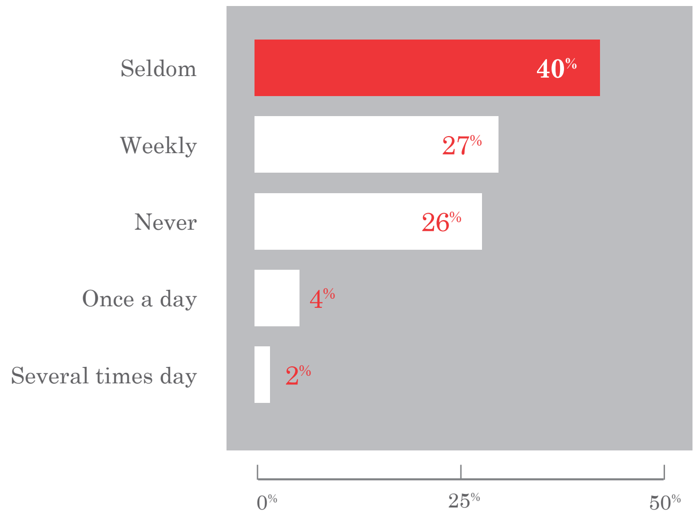

That's not to say that apartment residents aren't active when it comes to social networking. When asked how often they access their Facebook page, a majority of survey respondents (60 percent) reported jumping on the social network daily (21 percent of respondents), two to three times a day (18 percent of respondents), or more than three times a day (21 percent). Perhaps not surprisingly, Facebook usage and the propensity to even have a Facebook page decreased with age. Average age of the 17 percent of respondents who said they do not have a Facebook presence was 44.88, while the average age of respondents who used Facebook more than three times daily was 32.86.

## How Often do You Access Your Facebook Page?



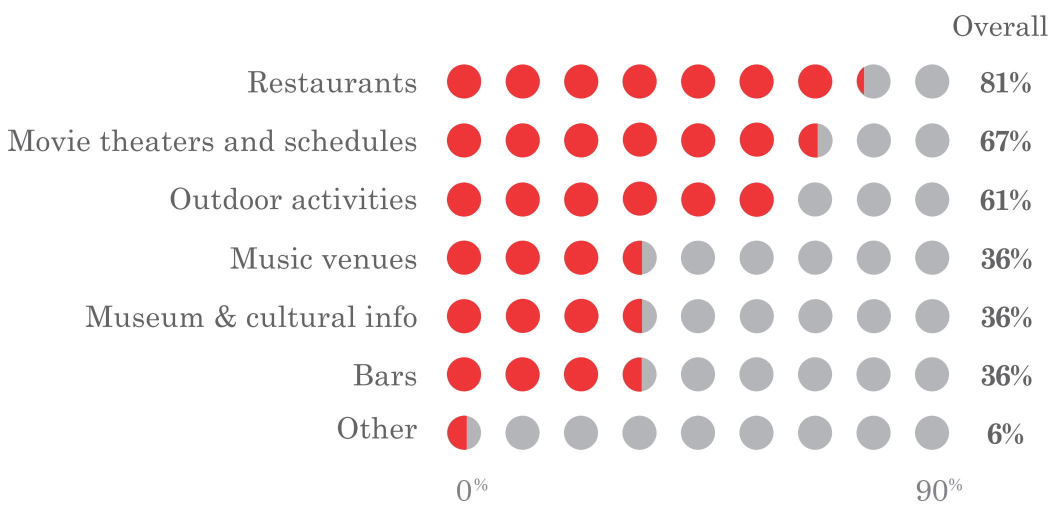

For apartment management companies looking to engage residents via social media, more than a quarter (27 percent) of residents responding to *Trends in Resident Technology & Communication Preferences: What Do Residents Want?* report researching neighborhood events online weekly, with smaller percentages searching for neighborhood events once a day (four percent) and several times a day (two percent).

## How Often do You Research Events in Your Neighborhood?



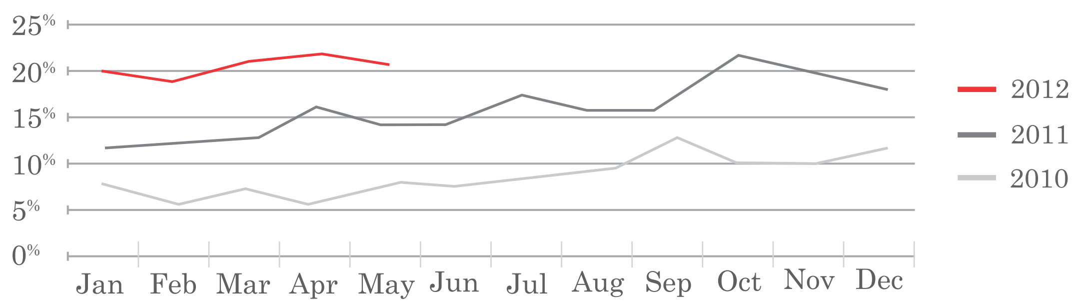
When asked what types of events and activities are typically searched for online, restaurants ranked extremely high by survey respondents, 81 percent of whom reported going online to look for info on places to dine. Movie theaters and movie schedules (67 percent) also ranked highly among apartment resident searches, followed by outdoor activities (61 percent), music venues (36 percent), museum and cultural information (36 percent) and bars (36 percent).

## What type of events/activities do you typically research online?




## Reaching Renters via Facebook

Such online local and neighborhood searches offer apartment managers a compelling social media channel to improve customer service and satisfaction levels by offering in-demand information via social media. In fact, residents in a separate, ongoing social media survey by J Turner Research report a year over year increase when it comes to accessing their apartment community Facebook page. In 2010, only seven percent of respondents said that they frequented their community Facebook page. In the past two years, that number has seen increases to 15 percent and 21 percent in 2011 and 2012, respectively.



# Conclusion

The leveraging of evolving technologies continues to offer broad strategic and tactical opportunities for apartment owners and marketers seeking to improve levels of customer service thus drive greater success metrics.

While the adoption of mobile smartphone and tablet devices continues to increase among apartment customers, particularly those in lower age demographics, online apartment search is often largely conducted via desktop and laptop, and decision-making is driven primarily by online ILS search, the drive-by experience, and referrals from friends and family.

Social media, still a broadly undefined and unexplored marketing and communications channel for multifamily apartment firms, plays a miniscule role in the apartment searchers mind when it comes to finding an apartment. However, the propensity for apartment searchers and residents to use social media frequently—sometimes multiple times daily—to search neighborhood events and activities offers a compelling arena for resident communication, community building, and brand marketing. The use of social media to gauge customer service levels and to catalyze referral to family and friends likewise remains compelling.

Ratings and review sites have been widely adopted by apartment prospects who are seeking to gauge a customer service index and explore the community experience through testimonials of existing and past residents. Trustworthiness of ratings and review sites remains high across the board, whether ratings and reviews are delivered anonymously or not. A much smaller portion of existing apartment residents say they have posted a rating or review of their community online, with only eight percent admitting to posting a mostly negative review.