

Bonus Case Study Competition at ICDC— Four (4) \$500 First Place Awards

Sponsored by the National Apartment Association Education Institute (NAAEI)

All students registered for the Conference are eligible to compete (as individuals only, not as teams). One \$500 winner will be selected from each of the 4 Professional Development Academies—\$2000 in total. The 4 winners will be announced on stage during the Grand Awards Session.

Industry Case Study Situation

The rental housing industry has been growing and it is reasonable to predict that many current homeowners will return to the rental market and those renters considering homeownership will remain in their apartments, while saving for a home, longer than in the past. However, more and more professionally managed apartment communities are competing with the “shadow rental market”.

The shadow rental market is comprised of owners of single-family homes and condos who want to avoid selling at a loss or leaving a property vacant and may rent their property for less than the prevailing market rent. These shadow rental properties may be owned by real estate investors or by a bank after a foreclosure.

Your Challenge

Develop a compelling marketing campaign that targets prospective apartment residents and touts the advantages of renting an apartment home managed by a professional management company.

How to Compete

You will submit your marketing message and campaign ideas in a written document of not more than one single-sided page. Your submission may be handwritten on the back of this page, or it may be typewritten and stapled to this page. (You will be evaluated on the creativity and feasibility of your marketing concepts and message, not on whether it is handwritten or typed).

If you have questions about the careers and trends in the rental housing industry, or this case situation specifically, visit the NAAEI booth in the Career Fair or go to ApartmentCareerHQ.org.

Submit your marketing message at the National Apartment Association Education Institute (NAAEI) booth in the Career Fair – no later than 2:00 p.m. on Friday, April 24. All submissions will become the property of NAAEI, and may be used for promotional, research or other purposes.

Representative of NAAEI will determine the winners. Each of the 4 winners (one from each Professional Development Academy) will be announced during the Grand Awards Session on Saturday, April 25.

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Student Name: Jessica L.

Chapter: Endicott College, Hospitality

State: Massachusetts

Campaign Slogan: "Avoid the Fuss, Managed Apartment Communities are a Must!"

Objective: Increase occupancy rates in professionally managed apartment communities

Promotional Plan → Contact college housing departments; reach out to students and young professionals through Facebook, email, and career fairs; print ads at campuses; hire students to distribute brochures and information

Target Market → Students, Young professionals, People looking to downsize in economy

Benefits→ Maintenance and knowledge of apartment up-keep by management companies; landscaping; pools; sense of community; community events; different options for size and length of lease; dismissal of unruly tenants

Campaign Focal Points → Security included; Utilities often paid; affordability in poor economy; extra amenities, i.e., pool, health club

Additional Information → Offer shorter leases ideal for college students; cheaper than on-campus housing, often; security available that is not present with "shadow rentals"; multiple roommates – ideal for friends or unmarried/married couples; safe choice in current economy, avoiding problems and maintenance issues that shadow renters face

Etc. → Make user friendly website; attract new generation with top-notch graphics, floor plans, FAQs, and benefits of renting with a professionally managed apartment community; create a Facebook community within each apartment community to network and make the company name more highly visible (Young generation wants information ASAP, not through phone); high profile spokesperson, i.e. someone from *The Hills*, Lauren Conrad, who lives in this style of apartment

Student Name: Reid B.

Chapter: International Marketing

State: Michigan

The Facts

- The current loss to vacancy is about 7%
- The current loss to collection is 0.3% to 0.6%
- Turnover rate is 59%
- National vacancy rate in 2008 was 10.7
- National rent prices have decreased from \$700 to \$665
- One of two major reasons not to rent is:
 - Tax purposes
 - No equity building

Solution

Equity building is how the apartment industry will be revolutionized. It will set professional property management companies apart from the shadow market.

How It Works

A lease is signed and the renters will receive 7% of their rent every month toward their equity. At the end of each year they may take out their equity if they choose. If a payment is not paid in time, they will lose 1/3 of their equity (3 consecutive "strikes" would put them "out" or back to zero). Using renters equity will not only decrease the turnover rate and the loss to vacancy, it will also promote paying rent on time. It "kills" many birds with one stone. The cost to the company will be much less than the money earned from less turnover and less vacancies. They may build equity for a maximum of 3 years after which it will max out and remain until they take the money out. They will then start back all over again. This can even be promoted as a "rent now buy later" program for those who don't want to rent, but be able to buy a home in the future. It will teach them good budgeting skills and financial responsibility. It can also replace a "Sign for 12 months get one free" program. The cost is even cheaper than doing this in some cases and the desire is even greater to have equity.

Example

Monthly rent of \$800 x 7% = \$56 credit

1 year accumulation = \$672

3 year accumulation = \$2016

Student Name: Kirstin L.

Chapter: Belmont University, Entrepreneurship

State: Tennessee

Having just signed a lease with a professional management company after four months of searching, I truly understand the importance of knowing just who you're entering an agreement with. I think that renting with a professional is the best solution for housing in today's economy.

Mission

Educate people about the advantages of renting from a management company especially in today's economy. In addition convince them that there are distinct reasons that 'shadow market' prices are lower.

Materials

- Informational website
 - A general universal site hosted by the NAAEI
 - This site can be advertised on national websites such as apartment.com, rentals.com.
 - Additional sub sites that can be customized and rebranded to be used by specific apartment communities that are members of NAAEI
 - Allows us to educate from a site potential renters are already looking at, so the traffic is already there.
 - Customizable to promote the specific advantages of that complex and the amenities it provides.
- Craigslist and other advertising sites
 - NAAEI members should include the advantages of a professionally managed company in their print and web materials.
 - Also they should include this information in Craigslist listings where the majority of the listings are 'shadow' properties.
 - This must be done because only actual properties may list on Craigslist in ordinance with their rules, so we must indirectly target the Craigslist audience through apartment communities.
- Print Media
 - Brochures available to new area residents in relocation guides and services
 - Also made available on college campuses since college students can be very vulnerable to 'shadow' rentals because of the perceived value.
 - Ads and articles in apartment guide books published in most cities.
 - Advertisements in the classified and rental sections of local newspapers where many 'shadow' properties are advertised.

General Concepts and Ideas

In this campaign I think it is very important to capture the traffic that already exists in internet and print media channels. I think both professionally managed and 'shadow' rentals are viewed

by potential tenants in the same channels so finding and educating the market should not be difficult if we follow where properties are currently being advertised.

Key Points

- Nearly 40 percent of today's foreclosures involves a single family house, condominium or other housing rented out by its owner. (National Multi Housing Council)
- Financial security
- Superior amenities and locations
- Professional maintenance staff (No do-it-yourself landlord fixes that only work a day)
- Professional and accessible customer service
- No surprise housing expenses
 - As a homeowner you're responsible for maintenance, association fees, taxes, market fluctuations.
- Easier relocation, no home to sell when relocating for your job.
- There are more lucrative investments than property you can invest what would be down payment in.
- Ensures compliance with federal, state and local laws protecting the tenant and management company.
- Rental insurance is less expensive than homeowner's insurance.
- Time savings from not being responsible for maintenance of the property.

Student Name: David A.

Chapter: University of Central Florida, Integrated Marketing

State: Florida

As the current economic downfall unwinds, many homeowners who faced foreclosure will return to the rental market. Those people are traumatized from the foreclosure process they just endured and need to find an apartment that they can rent to rebuild their lives. Demographics for foreclosures are very fragmented; therefore a marketing campaign aimed at this segment should be broad and general and only address specific issues that most age groups looking to rent would be concerned with, the way that message is delivered will allow to target specific age groups.

I recommend a multi tiered campaign that would stress the fact that renting an apartment from a rental community is much more safe and practical than renting from a “shadow renter”.

The main message of this campaign would in simple terms state that renting from a managed professional property management is safe, secure and worry free; whereas renting from a “shadow renter” exposes you to landlords who may not be too keen in maintaining their property and are not, in most cases, licensed real estate professionals.

Because of the fragmentation of the target market, I recommend the use of multiple media to reach the customer.

1. Create “amateur looking” fun clip hosted on YouTube, which would depict different scenarios that describe a potential problem when renting from a “shadow renter” as well as show the outcome if the renter was at a managed property. For example a clip could depict a man dressed in winter clothes and waiting for the heater reparation tech while the owner is sipping a margarita in the Caribbean. The follow up would show the same man calling the emergency office number and opening the door to the repair tech an hour later.
2. Use classifieds web site such as Craigslist, Backpage, and Kijijiji to place web ads that promote a specific rental complex based on location. The web ads would spell out the advantages of renting from a managed professional property management.
3. Create a group in various social media such as Facebook that allows users to post their problems while dealing with a “shadow renter”. The purpose of these groups would be to generate a group that is clearly unhappy with their situation and offer them an option that solves those issues.
4. Create an incentive program that allows the renter to have a part of their monthly rental put aside by the managed professional property management. These funds would then be given to the renter at the end of their contract and could be used as a down payment for a future home purchase. Of course, conditions would be set such as the length of time the renter must remain in a managed professional property management. This offer would have to be available at all of the affiliate managed professional property management so that the renter may change location and continue taking part in this program. This program could be tagged as a “Get back on your Feet” plan. It should have an easily identified logo that would identify the participating managed professional

property management. It should be easily identified in main rental websites such as apartmentguide.com, rent.com....

This campaign would allow the managed professional property management to reach the Generation Y segment through the viral videos and Facebook group, as well as a more mature audience who is used to more static tools such as classifieds websites and rental guides.