



Revenue Management Shifts Into High Gear

**A new career track is
gaining popularity in the
apartment industry.**



BY KENNETH J. BOHAN, CPC, CTS



Change has been the buzzword for the rental housing industry as it evolves from an industry dominated by “mom-and-pop” outfits to one led by savvy investors and owners in constant evaluation of the most effective method to maximize income and minimize expenses.

As technology evolved from paper, pen and pegboards to state-of-the-art computers, new careers emerged to keep up with the ever-changing face of sophisticated property management tools.

Dominating the field of emerging careers in the apartment industry created as a result of developing technology, revenue management is the clear leader. Software products designed to push rents integrated with property management database systems have evolved in their ability to maximize rental rates based on myriad information, which includes current occupancy, amenities, location and market trends.

Carmel: Data-Driven Decision-Making

Carmel Partners is a premier, full-service real estate investment firm based in San Francisco that specializes in multifamily acquisitions, development, renovation and property management within the United States.

“At Carmel Partners, revenue management is a part of the operations group and the Director of Revenue Management reports to me, putting this group under the same umbrella as residential services, marketing and IT,” says Erik Rogers, Senior Vice President of Operations. “We have utilized revenue management for five years.”

Rogers says that adding a revenue management system was part of an overhaul to the pricing process for Carmel. “When we added the system, we put in place a practice of increased dialogue between the main participants in pricing decisions. Before a revenue management system was utilized, these groups would talk about setting price levels. Now, the group has data to base their decisions on and focuses more on the overall strategy that should be applied to revenue management; for example, an aggressive versus conservative strategy based on the assets goals or a focus on expiration management. The revenue management team configures and monitors the system to make sure those goals are being achieved.”

Rogers says that Carmel’s pilot program yielded a 3.2 percent

revenue lift compared to the control group. “After full rollout, it became harder to determine continued performance gains if we were not using a system, but we have benchmarked our results against public revenue data from competitors and still see a performance increase. An optimizing revenue management system allows us to achieve our maximum revenue while accomplishing asset specific goals,” he says.



“Revenue Management is a very data-driven process. It is a great career opportunity for people who value that kind of process and have the ability to digest and interpret large amounts of data. The other requirement is that these individuals need to be able to convey the summary of that information to other departments that may not be data-driven by nature during the initial phases of a revenue management rollout. These positions are a key to any company moving to be more data-focused and can result in strong, high-profile career paths.”

—Erik Rogers
Senior Vice President of Operations
Carmel Partners

Lincoln: Forecasting for Maximum Growth

Lincoln Property Company is currently the third-largest property management firm in the United States, with development and investment properties in more than 200 cities. A leader in the residential property management field for more than four decades, Lincoln Property Company has successfully developed over 182,000 multifamily residential units.

The revenue management team falls under the management services umbrella at Lincoln Property Company, per Michelle Dabroski Artz, Revenue Pricing Manager.

“Using a revenue management program creates major changes to the onsite sales process and operational goals, and greatly affects the face of marketing to prospects and existing residents. We began researching programs in 2007 and started using it in Q1 2008.”

According to Artz, Lincoln Property Company has implemented revenue management on more than 150 communities (over 45,000 units) and has had great success in measuring revenue growth on both new leases and renewals. Community managers who use revenue management programs tend to be more involved with the pricing process and experience higher revenue lift on a consistent basis. Property owners are able to better compare community and market trends with all of the additional reports and tools that are available when utilizing a revenue management program, she continues.

“Revenue management changes the sales process completely and requires intensive training for all involved associates for it to

be successfully utilized at the community level,” Artz says. “Using revenue management changes the way we look at market data and seasonality trends and gives us the tools to view this information in formats that are directly related to daily pricing fluctuations.”

She says that from an operational standpoint, “revenue management requires updates to many company policies regarding employee benefits and bonus structures, approval and audit processes for new lease and renewal pricing and PMS reporting standards. With different revenue management programs available, it is important to fully understand how each one forecasts pricing for maximum growth and how to specifically configure each portfolio to achieve desired results,” Artz says.



“A good understanding of property management will be beneficial because of the major operational changes that take effect upon implementation of a revenue management program within an organization. Good training and marketing skills are imperative as you drive change management at all levels of operation. Learning how to track and analyze market information will help with community-specific goal setting.”

—Michelle Dabroski Artz
Revenue Pricing Manager
Lincoln Property Company

Post Properties: Increased Efficiency, Improved Market Intelligence

Post Properties, founded more than 40 years ago, is a leading developer and operator of upscale multifamily communities in the United States. Headquartered in Atlanta, it has operations in 10 markets across the country and employs approximately 600 people.

Revenue management has been utilized by Post Properties since March 2008, says Laura Vanloh, Group Vice President. “I manage the LRO system for the company, which includes oversight of our bi-weekly pricing calls. LRO has increased efficiency and enhanced our management and leasing teams’ market knowledge. It removes any emotional decisions from pricing decisions and applies a more systematic process,” she continues.

“Our onsite managers have access to the system at their properties and are responsible for updating the market comp data on a weekly basis,” she concludes.



“I believe Revenue management will continue to be a viable part of our business and will continue to provide good career opportunities for anyone who is interested.”

—Laura Vanloh
Group Vice President
Post Properties

Greystar: Bottom-Line Benefits

Greystar, founded in 1993, is a leading provider of property management, investment and development services in the multifamily real estate industry. According to the National Multi Housing Council, as of Jan. 1, 2013, Greystar is the largest apartment management firm in the United States, with more than 5,300 team members and approximately 200,000 apartment homes managed.

“As a fee manager, Greystar got involved with revenue management early on through some of our third-party management assignments,” shares Alaina Emley, Director of Revenue Management. “In 2007, we launched our first formal implementation of revenue management and began piloting the software on our owned portfolio and on select client portfolios. In 2009, Greystar acquired JPI Management, which had a large existing portfolio of managed communities that were using revenue management. As a result of that acquisition, JPI’s CIO, Tom Bumpass, and his team of experienced revenue managers joined Greystar, greatly enhancing our expertise in this area.”

Revenue management is led by Emley and reports up to Greystar’s IT department, which is led by Bumpass. This team provides ongoing support to properties, and also oversees the implementation of the solution on new managed properties. Because a large component of revenue management is driven by the use of software, data and analysis, positioning it within the IT department allows them to utilize technical resources more efficiently, Emley says.

“Over the past two years, Greystar’s portfolio generated a

positive average premium over the market, mainly due to rent growth. The system has allowed us to reduce average vacant days by encouraging earlier move-in dates through pricing. And, we have seen some operational benefits, including the ability to streamline pricing approaches and increase visibility of real-time financial performance and leasing metrics, which has improved closing ratios and follow-up opportunities. It has had a significant impact on the sales/leasing process and how residents experience the lease decision.”



“Revenue management is an excellent career path for those who are analytical, but also enjoy working with people. The ever-changing dynamics of property management make the work interesting and rewarding, without it ever becoming monotonous. For those interested in a career in revenue management, having sharp analytical and financial skills is important, but equally so is the ability to teach others and gain consensus. In order to be successful, you must be able to teach others to use the revenue management tools effectively and gain consensus with the operational team by carefully analyzing results and making sound recommendations.”

—Alaina Emley
Director of Revenue Management
Greystar

Moving Forward

Increasing rental incomes through revenue management software is here to stay, but it can be cost prohibitive for some companies because of the implementation investment.

Most revenue management positions are found in property management companies

holding large portfolios. A multifamily merchant/builder company may not hold a property long enough to recoup its investment. However, history shows that as technology ages, the costs will decline, opening the doors to smaller markets.

As additional pricing models on these sophisticated programs and processes to

enhance the bottom line become available, the multifamily industry is poised to embrace these tools and the accompanying increased profitability.

The need for professionals to implement and manage these systems will clearly expand this career path for talented individuals.

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