Resident Insights from the NMHC/Kingsley Renter Preferences Report

Andrew White
RE Tech Advisors
Outline

• Analysis Description
• Features vs. Amenities
• Key Findings
• Moderated Q&A
Analysis

• Descriptive Analysis
  • Interest, necessity, willingness to pay

• Factor Analysis
  • Groups the features and amenities into categories driven by latent ‘factors’

• Cluster Analysis
  • Market segmentation based on renters’ stated behaviors and preferences
Features vs. Amenities
Key Findings

1. Length of stay
2. Qualifying factors & Winning factors
3. Sustainability Story
4. Demographics of Resident Clusters
1. Length of Stay

Who is staying, and for how long?
Length of Stay

Length of Residency by Age Group

Age Group: 25 or Under, 25-34, 35-44, 45-54, 55-64, 65+

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Planned Length of Stay

Planned Length of Residency by Age Group

Age Group
- 25 or Under
- 25-34
- 35-44
- 45-54
- 55-64
- 65+

50K
40K
30K
20K
10K
0K

Less than one year
1-2 years
2-3 years
3-5 years
5+ years
2. Qualifying Factors & Winning Factors

What do residents need? What do they want?
Renter Interest

• **Qualifying factors:** apartment features or community amenities that renters are universally interested in.

• **Winning factors:** features and amenities above and beyond the qualifying factors that allow properties to establish a comparative advantage and set themselves apart.
Qualifying Factors: Apartment Features

Non-negotiable
- Soundproof walls
- Air conditioning
- High speed internet access

Critical
- Garbage disposal
- Washer/dryer in unit
- Dishwasher

Extremely Desirable
- Patio/balcony
- Walk-in closet
- ENERGY STAR Certified appliances
- Stove hood
- Refrigerator with water/ice dispenser
## Winning Factors: Apartment Features

### Technology
- TV wall mount
- Built-in sound system
- In-wall USB ports
- Smart thermostats
- Smart locks
- Smart lighting
- High speed internet access
- Pre-installed wifi in apartment
- Non-key secure access
- Video doorbell
- Alarm system

### Design
- Walk-in closet
- Modular closet system
- Two master suites
- Patio or balcony
- High ceilings
- Hardwood floors
- Kitchen Island
- Air conditioning
- Soundproof walls

### Appliances
- Stand alone shower (no tub)
- High-efficiency toilets
- Stove hood
- Microwave
- Gas stove
- Garbage disposal
- ENERGY STAR Certified appliances
- Dishwasher
- Fridge with water/ice dispenser
Qualifying Factors: Community Amenities

Non-negotiable
- Reliable cell reception

Critical
- Secure resident parking
- Secure amenity access

Extremely Desirable
- Swimming pool
- Fitness center
Winning Factors: Community Amenities

<table>
<thead>
<tr>
<th>Security/Outdoor Activity</th>
<th>Business/Transportation</th>
<th>Pet Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Secure resident parking</td>
<td>• Shared office space</td>
<td>• Pet walking service</td>
</tr>
<tr>
<td>• Secure visitor parking</td>
<td>• Private office space</td>
<td>• Pet daycare service</td>
</tr>
<tr>
<td>• Reliable cell reception</td>
<td>• Conference room meeting space</td>
<td>• Dog treats in lobby</td>
</tr>
<tr>
<td>• Sustainability/green initiatives</td>
<td>• On-site car wash</td>
<td>• Community pet washing station</td>
</tr>
<tr>
<td>• Sustainability/green certifications</td>
<td>• Electric car-charging station</td>
<td>• Community dog park</td>
</tr>
<tr>
<td>• Table tennis</td>
<td>• Car sharing</td>
<td></td>
</tr>
<tr>
<td>• Swimming pool</td>
<td>• Bike sharing</td>
<td></td>
</tr>
<tr>
<td>• Rooftop space</td>
<td>• Bike maintenance/repair area</td>
<td></td>
</tr>
<tr>
<td>• Playground</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Common area barbecue grills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Basketball court</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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3. Sustainability Story
Are residents sharing their opinion on shared value?
Sustainability Story

• High interest + low willingness to pay = sustainability expectations
  • Renters in Class C properties show more willingness to pay for sustainability other property classes

• Separating sustainability from survey noise is a challenge

• Sustainability continues to become the norm

• Resident awareness may not match execution
Sustainability Features in Class C Properties

- ENERGY STAR Certified Appliances
- Smart thermostats
- Smart lighting
- High-efficiency toilets

Willingness to Pay for Sustainability Features

<table>
<thead>
<tr>
<th></th>
<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$43</td>
<td>$43</td>
<td>$52</td>
</tr>
</tbody>
</table>

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Sustainability Amenities in Class C Properties

- Recycling
- Organic waste composting
- Sustainability/green initiatives
- Sustainability/green certifications
- On-site renewable energy
- Electric car-charging station
- Non-smoking building

Willingness to Pay for Sustainability Amenities

Class A: $36
Class B: $36
Class C: $42

Costs for different classes of properties.
4. Demographics of Resident Clusters

Who is your renter and what are they willing to pay for?
Cluster Analysis: Apartment Features

• **Seekers**: willing to pay a high amount for any feature or amenity

• **Evaluators**: willing to pay a high amount for a select group of specific features or amenities
  - Not all evaluators are willing to pay for the same features or amenities

• **Value Renters**: not willing to pay for additional features
Cluster Analysis: Apartment Features

Seekers

Evaluators

Value Renters
Who are they? - Seekers

Age Comparison: Seekers vs. All Respondents

Seekers | All Respondents
---|---
<35 | 53% | 53%
35-54 | 36% | 32%
55+ | 10% | 15%

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Who are they? - Seekers

Seekers’ Annual Income
- <$75,001: 29%
- $75,001-$150,000: 20%
- $150,001-$220,000: 17%
- $220,001+$: 3%

Seekers’ Monthly Rent
- <$1000: 23%
- $1001-$1600: 45%
- $1601-$2200: 17%
- $2200+: 15%

@$1000
23%

$2200+
15%

$1601-$2200
17%

$1001-$1600
45%

<$1000
3%

<50,000
48%
Who are they? - Evaluators

Age Comparison: Evaluators vs. All Respondents

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Evaluators</th>
<th>All Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;35</td>
<td>62%</td>
<td>53%</td>
</tr>
<tr>
<td>35-54</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>55+</td>
<td>8%</td>
<td>15%</td>
</tr>
</tbody>
</table>

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Who are they? - Evaluators

Evaluators’ Annual Income

- <$50,000: 38%
- $50,001-$75,000: 23%
- $75,001-$150,000: 30%
- >$150,000: 9%

Evaluators’ Monthly Rent

- <$1000: 22%
- $1001-$1600: 47%
- $1601-$2200: 15%
- $2200+: 16%
Who are they? – Value Renters

Age Comparison: Value Renters vs. All Respondents

- <35: Value Renters 64%, All Respondents 53%
- 35-54: Value Renters 31%, All Respondents 32%
- 55+: Value Renters 6%, All Respondents 15%

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Who are they? - Value Renters

Value Renters’ Annual Income
- <$50,000: 44%
- $50,001-$75,000: 27%
- $75,001-$150,000: 23%
- >$150,000: 6%

Value Renters’ Monthly Rent
- <$1000: 27%
- $1001-$1600: 43%
- $1601-$2200: 18%
- >$2200: 12%
Moderated Q&A and Discussion

Questions?

Andrew White: awhite@retechadvisors.com