

In This Section Publications

[Home \(/\)](#) » [units Magazine \(/news-publications/units\)](/news-publications/units) » [UNITS Magazine March 2020 \(/news-publications/units/march-2020\)](/news-publications/units/march-2020) » 2020 Leasing Season: A Preview

2020 Leasing Season: A Preview



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By Joe Bousquin

Fresh off the surprisingly resilient market of 2019, multifamily operators are ramping up for another brisk peak leasing season in 2020.

"From a leasing perspective, 2019 was an almost unbelievably successful year," says Laurel Hillocks, Area Vice President at King of Prussia, Pa.-based Morgan Properties, which counts more than 75,000 apartment homes in its portfolio. "And based on where we are today, our overall 2020 forecast should be pretty similar."

Indeed, as the National Apartment Association's Paula Munger, AVP, Industry Research & Analysis, pointed out in the 2020 Apartment Housing Outlook, despite talk of impending recession and frayed nerves over trade wars, the industry saw higher occupancy rates and good rent growth in 2019, even as new supply came online.

Now, with occupancy and rent growth projections for 2020 just slightly below where they were last year, operators use words like "strong," "robust" and "bullish" to describe their expectations for this year's peak leasing season, when leasing velocity typically doubles compared with the rest of the year.

"We still have the wind at our back," says Tammy Shields, Vice President of Operations at Atlanta-based Audubon Communities, whose portfolio includes 25 communities and 6,000 apartment homes across the Southeast. "Leasing momentum is strong at our properties, which are either right at pro forma or a little ahead of where they should be."

At RKW Residential, a Charlotte, N.C.-based third-party manager of more than 20,000 apartment homes, company President Marcie Williams doesn't see momentum slowing anytime soon.

"Absorption is still happening," she says.

Are You Ready for Some Leasing?

With the traditional start of peak leasing season kicking off in March in most markets and running through September, operators across the country have been busy readying their properties. That means not only a fresh coat of paint and ticking larger maintenance projects off their to-do lists while traffic is still relatively light, but also preparing to hire the bodies they'll need for the dog days.

At the same time, multifamily pros at the top of their game also know that preparing for peak leasing season is a year-round job. For months, they've been busy analyzing the best ad and social media channels to devote their marketing budgets to, while gauging their exposure to expiring leases and taking steps to offset them where needed.

"We've already set the lease expiration maximums per month in our software system through 2021," says Williams. "So we're prepared for that."

Finally, operators across the industry are hyper-cognizant of two truths going into 2020's leasing season: Times are great now, and they can't stay this way indefinitely.

"Nothing goes up forever," says Barry Saywitz, founder and President of the Newport Beach, Calif.-based Saywitz Company, which operates 1,000 apartment homes in Southern California. "It's a fact that's on everyone's mind."

We talked to operators large and small in markets across the country about the steps they're taking to prepare for 2020's peak leasing season, as well as what measures they're putting in place now to weather the inevitable down part of the real estate cycle, whenever that should come.

Sprucing Up for Spring

At the Saywitz Company, which runs properties in Los Angeles, Orange County, the Inland Empire and Palms Springs, it's been a busy winter making sure all of its communities are bright and shiny for spring.

"We've spent the last 90 days making significant upgrades and repairs at all of our properties," Saywitz says. "That includes new roofs and redoing swimming pools, upgrading and adding drought-tolerant plants, repainting and touch-ups and new windows at a number of our properties."

In the opposite corner of the country, Al D'Andrea, founder and CEO of the Cranston, R.I.-based Edgewood Group, owner of 200 apartment homes, has been using the winter months to focus on indoor common areas, when he doesn't have heavy leasing traffic to deal with.

"We're able to put more energy and focus into renovating apartments and common areas during the winter, when leasing is a bit slower and things aren't as hectic," D'Andrea says. "When the weather's not great outside, we'll focus on painting interior hallways and lobbies."

At Morgan Properties, Hillocks says winter is capital improvements season.

"Right now is when you make sure that your product is ready, and that your capital work gets done," Hillocks says. "We want to beautify our properties and get that tour path ready. That all needs to start today so that it's completed by the first day of spring."

While it's no secret that savvy apartment operators stay on top of maintenance while scheduling bigger jobs for the slower months, Saywitz takes an even more holistic view of the issue. Knowing that high rents won't always be as easy to get as they are now, he's investing in his properties today.

"For us, the philosophy over the past two years has been to make the necessary improvements to the properties while the market has been good, the cash flow is strong and rents are up," Saywitz says. "Then, if the market does flatten, you're not stuck trying to spend more money just to maintain where you're at."

Ramping Up Online, Too

Operators have not only been sprucing up their physical properties, but also making sure their digital footprints—where most of their leasing traffic will come from during the peak season—are bright and shiny, too.

At Audubon, Shields has been focused on making sure her properties are as approachable and appealing online as they are in the real world. Not only does that mean ensuring great content, bright photos and virtual tours, but also confirming that the user experience for any prospective resident who comes to her sites is as simple and friendly as possible.

"We've really been focused on the entire online experience, making sure our websites are as responsive and easy to use as possible," Shields says. That means using chatbots on her websites to answer as many questions using automation as possible, as well as initiating self-guided tours for prospects who want them. She's also fine-tuned her online applications, payments, work order submissions and community chat boards to make sure prospects' and residents' virtual experience is as positive as visiting her properties in the real world.

"We want them to be able to get on their tablet, smartphone or computer and interact with us from the very beginning of the leasing process, all the way through their entire living experience at the community," Shields says.

Virtual Tours Take Off in 2020

With the advent of readily accessible 3D imaging technology, more and more companies are also turning to photo-realistic virtual tours to give prospective residents a clearer picture of what they'll see onsite.

"We've rented apartments recently to people from out of state who toured the apartment online for the first time," says D'Andrea at Edgewood. "That was enough for them to sign a lease without ever seeing it in person."

Others are using those capabilities strategically, especially in tight markets where operators often try to pare down their marketing funnels to focus on the best leads first.

"There's been a huge push toward virtual tours of apartments because everybody wants to shop online," says Aaron Galvin, CEO of Luxury Living Chicago Realty, which brokers approximately 2,000 apartment homes. "But rather than just putting those tours online, we push them to prospects only [after] they've scheduled a showing, so they're that much further down the funnel."

Measuring Within

With the basics of their outward-facing physical and online storefronts covered, operators then focus inward to make sure they have a lock on their numbers before the first prospective resident shows up at their door.

Like Williams at RKW already being focused on her 2021 expirations today, pros aiming for maximum efficiency during peak leasing season look at lease expirations and potential exposure early so that they can present vacancies at the best time of the year.

At Audubon, that means targeting the potential renewals Shields already has in her buildings to limit the number of new leases she'll need at the peak.

"We do renewal notices starting at 120 days out with our clients," Shields says. "We're not waiting until 90 or 60 days from when their lease expires. We want to put those babies to bed early, so that before they even start thinking about moving, they renew, and we take that opportunity away from our competitors." The strategy has resulted in renewal rates topping 90 percent at Audubon's properties.

At Morgan Properties, Hillocks started shifting some of her exposure for expiring leases last year until later into the summer of 2020 to ensure she would have the traffic to fill them when they came due. "It gives you more control over your units, because that's when people move. That's when they're looking," she says.

Operators are also gauging their own rents—and those of their competitors—early on to make sure they're on target.

"Right now, we're evaluating and ensuring that our rates are primed and that we're competitive in the market," says Stacey Bondar, Chief Operating Officer at American Landmark Apartments, an operator of approximately 32,000 apartment homes based in Tampa, Fla.

Saywitz adds: "We're going through marketing updates of competing communities, so our leasing people are familiar with what the properties around them are doing."

Bringing in Extra Bodies

Firms are also thinking ahead in 2020 about hiring the extra staff they'll need to help during multifamily housing's busiest time of year. Steps include outlining summer internships and opening up the application process now, or simply reviewing the budget to bring in extra people when the time comes.

"You can't wait until March 21 to make your hires and get the right people in place," says Hillocks. "Having success in June means you've got to be thinking of that today."

Once firms have the staff they need, they're focusing on training. "We've added more in-person, onsite and structured training for all of our frontline associates, because they're our face to prospects and residents," says Bondar. "We work on phone etiquette, as well as best practices for our lead management systems, and how to be thorough and targeted on social media."

Because more of today's leasing associate grew up in the digital age, some of that training has also focused on the finer points of face-to-face interaction. "There are different demographics of people coming in as leasing agents who are used to being behind their phones or on computers," Bondar says. "We emphasize the importance of the personal touch, in terms of making eye contact and listening to what prospects are saying. That's proven to make a difference for us."

In Search of Prospects: Going Wide—and Narrow

To attract prospective residents online, operators are using both paid search terms—the more specific, the better—as well as authentic social media campaigns to get the attention of future renters.

"Organic engagement on social media and word of mouth are two of the most effective ways to raise awareness of your property," says Brad Mawhinney, General Manager at Newton Square, Pa.-based GMH Capital Partners, which counts 190 multifamily investments in its portfolio. "We actively ask for online reviews and encourage residents to tag photos from events on our properties. You still have to use paid advertising to reinforce it, but if a prospect has heard good things before they even get to the property, your job just became that much easier."

At Morgan Properties, Hillocks has been experimenting with a number of social media platforms to get the word out. "Social media is driving this market, so we're on Facebook and now Instagram, too," Hillocks says. "That's where renters are looking."

When it comes to paid keyword searches, larger companies with broad portfolios may be able to use more generic terms to cross-pollinate multiple properties. But operators trying to get a leg up in specific submarkets say targeting their search terms as much as possible both costs less and results in more qualified leads coming to their virtual doors.

"Searching for something like 'apartments for rent Orange County,' is just way too broad," Saywitz says. "We do much better with terms like 'two-bedroom Newport Beach.'"

At American Landmark, which does have that broader portfolio, Bondar is using paid search to leverage mobile geofencing as well as differentiate her communities from her comps.

"The top two for us would be 'apartments near me' and 'pet-friendly,'" Bondar says. "We pride ourselves on not having a weight restriction for pets at our apartments, where we welcome all sizes, which puts us in a unique niche."

Advertising That's Always On, and Primed for the Peak

At RKW, Williams takes both a broad and targeted approach to get as many prospective residents as possible into her marketing funnel during peak leasing season.

"I always think about McDonald's," Williams says. "As many hamburgers as they sell, they never stop advertising. And we take that approach, too, to do outreach marketing and get exposure for our communities 12 months out of the year."

At the same time, Williams runs targeted campaigns based on budget and time of year to get prospects to individual properties during the busy season.

"Our digital marketing department is analyzing the next 90 days for every community, and really setting up the strategy one door at a time," Williams says. "Because it's not like a faucet—you can't just turn it on or off. People are moving in June, July and August, so our advertising spend is going

to be highest during those months, because I have to capture the people who are moving, when they're moving."

Others are also being proactive to make sure their properties are front of mind when people are ready to look. "About three months out, we'll start to push our listings on all the traditional websites," says Brandon Chasen, CEO of Baltimore-based Chasen Construction & Development, a boutique operator of 250 apartment homes across 14 buildings. "We'll create all of our online assets, marketing, artwork and digital content to give a full picture to somebody on their phone or at their computer so they understand what we offer."

Following Leads Through the Funnel

Once operators get prospects' attention, they're leveraging lead tracking and customer relationship management software to make sure they track those leads, and that follow-up takes place when appropriate.

"Once someone falls into our funnel, we are very diligent about hitting immediate contact points, immediately scheduling tours and making sure we have a very systematic process in how we follow-up," says Chasen. "We have a whole back-end internal system to make sure they're tracked, and met with the contact they want or need, until they're either leased or not interested anymore."

Yet, while technology is better than ever today in tracking leads throughout the process, smart operators also know its limitations.

"Lead-tracking tools are really helpful, but you have to remember [that] they only identify the last source the prospect used before reaching out," says Mawhinney. "Your leasing staff still need to ask about the original way they heard about you to get an accurate view of where you want to allocate marketing dollars."

Also, while technology can help lighten the overall load, especially in the busiest months, via automation such as chatbots and self-tours, it doesn't necessarily mean you need fewer people to get the job done at your properties.

"I haven't found automation to be keeping our head count down, because we're still hiring seasonal employees," says Shields. "But what I am finding from 30,000 feet is that I get a much better perspective of what's really happening with our marketing dollars."

Indeed, operators who are leveraging technology to get ready for peak leasing season also unilaterally stress the importance of having living, breathing human beings onsite to convert those leads into leases. The reason is because to really know what someone is looking for, beyond the search terms entered on a website, you need to talk to them.

"We train our teams to first connect with the individual by learning about their needs," Bondar says. "Leasing apartments seems simple, but it's not. It's about building a relationship. Our most successful leasing consultants are the ones that really take the time to understand what the prospect is looking for, and then genuinely try to meet their needs."

Creating Urgency to Convert Leads to Leases

Having that knowledge helps to hone a prospect's choices until that person has less and less to say no to.

"It's all about creating a sense of urgency," says Williams. "If we've done our job, we know what your hot buttons are, and that you might only want something on the top floor. That's when we can say there's only one unit that fits your needs."

Shields helps her associates create that urgency by purposefully setting her property management software system to only show limited availability, rather than her entire inventory, to offer prospective residents.

"We have all of our unit availability online, but we are able to control that through our platforms back at the home office," Shields says. "We only show our office staff so much exposure of any particular unit type, and that translates to how much the prospect sees as well."

In Chicago, Galvin tries to give prospective residents just three options to choose from. "Our goal is to show you a model and two other doors," Galvin says. "Ultimately, if you haven't found that solution within a model and two doors, it becomes much less likely that they're going to be able to find a home in that building."
