

GUIDE to 2020



CRE Mega-Trends
Who's Winning the Debt Wars?
Combating the Affordable Housing Crisis
Market Forecasts from Yardi Matrix
Top Mortgage Banking Firms



Back to Basics

On the multifamily side of the coin, one big theme runs counter to the much-hyped tech and service features that have emerged in recent years: getting back to basics. It's the idea that behind flashy fitness centers and voice-activated lights are residents' fundamental expectations of feeling safe, secure and valued.

The idea is what Mike Gomes, chief experience officer at Cortland, calls the "hierarchy of needs." His company started a new strategy in 2019 focusing on a resident's basic requirements. "If you somehow under-deliver on base expectations, you'll find that they leave," he said. Those expectations include such elements as friendly customer service, a functioning security gate, well-lit parking lots and fast turnarounds on maintenance requests.

Paying attention to the basics applies in the commercial sector, too. Many tenants have come to expect a fitness center and outdoor space at their workplace as basic amenities; on the higher end, concierge services and in-house amenity brands have become popular. However, some owners are questioning whether they really need to be the building that has everything.

"I think some of them are starting to wonder, do you really need to do it all?" said Neil Pendleton, managing director of investor services at CBRE.

iStockphoto images by Grand Warszawski, Harbucks, Jacoblund, Ourtneyk, Alexsl, Prykhodov and Roman Babakin



In-House Branding

Many operators and management firms have rolled out in-house amenity brands that offer a suite of services to residents and tenants. Adding an amenity like this can have a big effect on loyalty, whether it's in the workplace or in a community.

Edison47, a Seattle-area property management firm, uses custom-branded resident apps from Mobile Doorman across its entire portfolio of residential buildings. The apps allow residents to connect with on-site teams via their cell phones.

"One of the strongest tools we have to exceed expectations is the most basic—communication," said Jered Lerum, director of business development at Edison47. "We offer our residents an easy way to conduct their rental lives: on their smartphones."

The use of apps and third-party providers is becoming more popular with real estate owners, who are realizing that millennials expect to incorporate technology in all aspects of their lives.

"As younger real estate decision-makers become more vocal, they are expecting this approach from their providers or are figuring out how to build their own programs and technology platforms," said Karinna Cassidy, senior managing director & head of asset services for Southern California and Texas at Cushman & Wakefield.



Research

What works in one community or building may fail elsewhere. Collecting the best data and market research possible can make a sizable difference in resident and tenant satisfaction. Even during the earliest stages of development, a deep dive into the surrounding area will help owners and operators understand a market.

“The days of plug-and-play strategies are over. We need to be more aware of our residents’ lifestyles and what makes them happy,” said Megan Mahoney, marketing director for LMC’s eastern region. From coworking facilities to DIY space and fitness centers, finding out what really resonates at a property pays off when renewal time rolls around.



Stay Ahead

While some issues are ever present—such as the need for efficient HVAC systems—the means by which they are delivered, monitored and maintained are constantly evolving. It is impossible to overstate the importance of staying abreast of new tools that can meet occupants’ wants and needs. Considering the sheer volume and variety of new products that are being introduced each year, achieving this presents no small challenge.

“Amenitization is an ever-evolving process due to changing tenant preferences and the need for additional services or offerings,” said Cassidy. “The talent war is a big factor when it comes to changing strategy for property managers. With so much competition in the market, communities and buildings have to stand out among the crowd to lock down leases.”

It’s a message that all real estate professionals should take from the retail market’s roller-coaster ride of recent years: Continuing to evolve and staying nimble is essential to minimizing risk and maintaining a competitive advantage.

In the words of Paul Gaines, managing director of asset management at Accesso Partners, a Hallandale Beach, Fla.-based advisory and investment firm: “The whole trick to survive these downturns is to retain your existing tenant base, give them a reason to stay and work with them a bit, but create an environment they don’t want to leave.”



Rating Games

From restaurants to airports to movies, practically everything these days seems to be rated and reviewed online. Real estate is no different. A property’s online reputation is more important than ever for prospective residents and tenants. During a panel discussion at the National Multifamily Housing Council OPTECH Conference last November, Laurel Zacher, vice president of marketing and talent development at Security Properties Residential, commented that most prospects won’t bother visiting a community with a score of less than 3.5 out of 5. Responding to every online evaluation—good or bad—promotes transparency and earns the respect of current and potential future residents.

“By addressing every review, we create open communication to allow our residents to really let us know how they feel about living in our community,” Mahoney said.