

# Renewing Residents Look for Concessions, Too

BY LISA TROSIEN

With the rampant concessions in most apartment markets today, a new problem has presented itself to managers across the country: Current residents requesting concessions at renewal time.

Managers are divided on the issue. Opinions vary from “they should get our best deal” to “they already received a concession when they moved in so they shouldn’t get one now.” If neither of those solutions is appealing, here are other suggestions from managers to consider:

## Little or No Rental Increase on Renewals

On our conventional assets we know the market will be down for at least 18 months. So, we are offering 24-month leases with little or no increase. You would be surprised how many happy residents are NOT looking for a house and are very excited to know that their rate is locked for two years. We are also offering 24-month leases at market rate for new residents, which has helped reduce turnover.

## Quick Renewals = Lower Increases

We have been increasing rents, but not all the way to market. We have been giving the “concession” of the discounted rent from market on the renewal if they renew by a certain date. The rent goes to market if they miss their date!

For example: A resident’s lease expires Oct. 31. The market rent on their current apartment is \$30 higher than they are currently paying. If they renew by Sept. 15, their new rental rate is just \$15 more—not the full \$30.

In other words, the sooner they renew, the more they save.

## Examine Market and Price Accordingly

We offer concessions on renewals in markets where we need to do so. If a community is getting great traffic and reasonable turnover, we do not offer concessions. We are increasing rents and offering some unit incentives (paint, carpet, etc.).

In markets where we are having turnover issues we are running a discount off an increased rent—we raise the resident’s rent, then offer a concession if renewed by a certain date (as an incentive to respond quickly).

Closer to the date, we start working notices by offering a bit deeper concession (what we offer depends on what is on notice). If turnover is reasonable and it is realistic to cover that vacancy

in 10-20 days, we do not give them a concession.

## Personal Renewal Meetings

Because we have been suffering from the age-old problem that new residents are paying less (when the concession is factored in) than current residents, renewals have become increasingly difficult to close. In response, we:

- Personally contact each resident to schedule a renewal visit;
- Personally visit each resident up for renewal;
- Take a maintenance supervisor to each renewal appointment so that they can take care of any small problems with the apartment home on the spot;
- Calculate a “Cost of Moving” worksheet with each resident;
- Use a competition survey during the renewal appointment to ensure the resident was comparing apples to apples when pondering a move.

## The Staggered Increase

We offered a special on the first month of the renewal and then gradually increased the rent amount during the lease. We increased rent at the three-, six- and nine-month marks during the lease period. This offered our current residents a savings, which appeased their desire for a concession.

Whichever strategy is chosen, remember that consistency is the key. Treat all residents the same and follow fair housing guidelines. Hopefully, economic recovery is just around the corner and concessions will soon become a thing of the past. ■

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