

Apartment Resources is a monthly publication designed for apartment developers, lenders, and builders involved in all forms of multifamily housing.

A Real Estate Research Periodical
Volume 3, Number 4 April 1989

Exciting new additions to REAL/LINE!

We've added even more markets to our 24-hour on-line database. We've listed the latest additions in this issue!

Section:

1

Apartment Shoppers—The Danter Survey.

We've just finished interviewing nearly 1000 recent visitors to upscale, market-rate apartment projects. In this issue, we begin telling you who this market is and what they expect from you!

2

"One of more interesting results of our survey concerns the value a brand-new unit has for some apartment shoppers. Our past research has indicated that "newness" is an amenity that is as marketable as swimming pools or tennis courts."

The Danter Survey—A very special issue.

*With this issue of **Apartment Resources**, we're introducing a recently completed comprehensive survey of modern apartment shoppers.*

The results of this survey are too large to be published in one issue of this newsletter, so we'll be focusing on individual components of our research in this and following issues.

This month, we'll take an introductory look at our response base, and tell you the most likely market segments shopping your complex.

What is REAL/LINESM, and what can it do for me? REAL/LINE is the fastest way to evaluate a market area's multi-family development potential. Users can access information on rents, vacancies, and market absorption—and a comprehensive analysis of the comparable market rents for projects based on their “amenity index.”

If you subscribe to this publication, you've already paid your system access fees. See the access summary below to learn how to sample REAL/LINE *today!*

Also, be sure to check each month's REAL/LINE Connection for the latest updates on system features and additions.

Latest Markets On-Line!

Illinois

St. Charles *Crystal Lake*

Indiana

Indianapolis *Lafayette*
West Lafayette

Kentucky

Louisville

Michigan

Flint

Nebraska

Lincoln

Ohio

Cincinnati *Columbus*
Findlay *Mentor*
Painesville

Pennsylvania

State College

Virginia

Arlington

REAL/LINE access summary

REAL/LINE is available 24 hours a day, seven days a week. Anyone is welcome to access REAL/LINE at any time, as our guest.	system prompts as follows: First Name: NEW Last Name: USER Password: DANTER
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To access the system, you need (1) a computer with modem attachment, (2) a terminal program for your computer (popular ones include Crosstalk, Smartmodem, and ProComm), and (3) the REAL/LINE phone number and password.	You'll be given access to nearly every system feature, except the ability to download market reports. Of course, if you're an <i>Apartment Resources</i> subscriber, you are entitled to a free subscription with full access to the system. For more information, call 1-(614)-221-9096 and ask for the REAL/LINE coordinator.
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The REAL/LINE phone number is 461-8980. To enter the system, respond to the opening

REAL/LINE system defaults

To access REAL/LINE, you'll need to make sure your terminal program is set up properly. You don't really need to know what the following terms mean—just make sure they are set as listed:	Parity: N Stop Bits: 1 Duplex: Full (Or Echo: Off —depending on the terminal program) Also, most programs offer a <i>Filter</i> or <i>Strip 8th Bit</i> function. This should be turned OFF, although it is not critical.
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Baud: **300 or 1200**
Data Bits: **8**

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Apartment shoppers—The Danter Survey.

Special Report Executive Summary.

We recently interviewed nearly 1000 apartment shoppers who visited upscale, market-rate rental offices.

The following article contains details of our preliminary analysis of this data. Leading responses to some of the more significant questions are encapsulated below.

- Of these shoppers, 57% currently live in apartments—37% live in single-family homes.
- 66% said they were renters, and 21% stated they owned their residence.
- 40% have occupied their units for less than a year; 56% have occupied their units less than two years.
- Over half (51%) are “very likely” to move in the next 12 months.
- Of those shoppers likely to move, 75% said they are planning to move to an apartment.
- 33% of these shoppers would expect to pay between \$26 and \$50 more for a unit that was new, compared to a similar, established unit.
- 61% of the shoppers prefer gas heat.
- 24% of the shoppers live alone; 44% are two-person households.
- 68% have no children; 22% have only one child.
- 45% are married; 43% are single.
- 41% are between the ages of 25 and 34; 30% are between 18 and 24.
- 23% hold professional occupations; 19% are in a service occupation.
- 32% earn between \$20,000 and \$29,999 per year.

Future *Apartment Resources* articles will contain deeper analyses of this survey, including cross-analyses of responses by age, income, household size, and other significant demographic factors.

Kenneth Danter & Company, Inc. has recently completed a comprehensive survey of apartment shoppers. These shoppers, who have recently visited rental offices of upscale market-rate apartments, were surveyed by telephone to determine the demographic and lifestyle trends of renters you’ll be seeing in the months ahead.

Nearly 1000 respondents were included in this survey. Respondents were asked about age, income, household size, mobility, and rental preferences.

Due to the size of this survey, we’ll be providing results in this and following issues of *Apartment Resources*.

It is important to note, particularly for the results published in this issue of *Apartment Resources*, that survey respondents include people who have *visited* a rental office. One can assume that a majority of these persons are actively seeking another residence, but a certain percentage of the respondents do not intend to move soon, and others may simply be “seeing what’s out there.” In future analyses of this survey, we’ll single out certain components of this response base—including a special look at “serious” shoppers (those who will definitely be moving in the next 12 months).

Where they live now. As would be expected, most apartment shoppers currently live in apartments. But you may be surprised to discover that this majority is slim—only 57%. Most of the other shoppers come from single-family homes (37%), although, as noted in the following paragraph, not all of these shoppers are the householders in these homes. Together, these two residence-types make up nearly all of the apartment shopper market. Only 2% currently live in duplexes, 1% live in condominiums, less than 1% in mobile homes, and 2% in some other type of residence.

When we asked respondents if they owned or rented their current residence, 66% indicated

they were renters. One-fifth (21%) stated they owned their residence, and 13% said they lived with parents or friends.

We asked respondents who lived in apartments if they occupied a townhouse or garden unit. Of those apartment residents, 61% indicated they currently occupied a garden unit, and 34% indicated a townhouse unit.

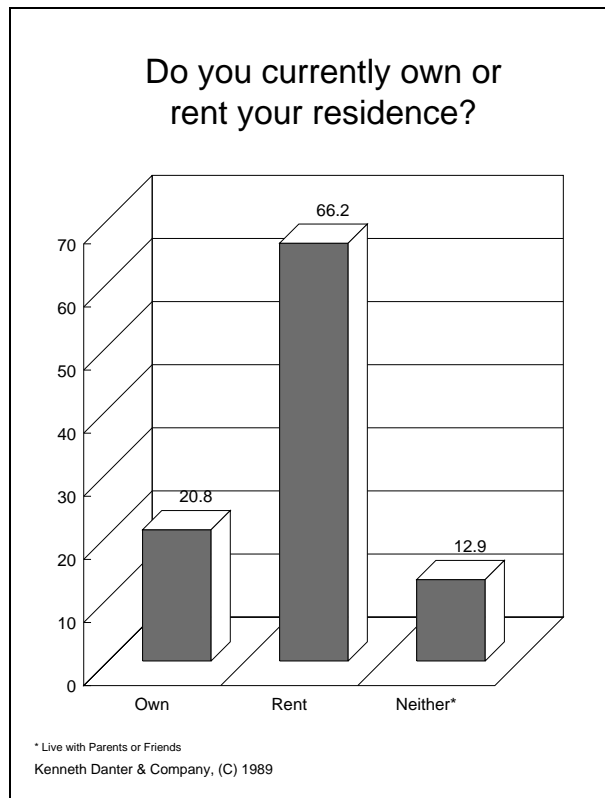
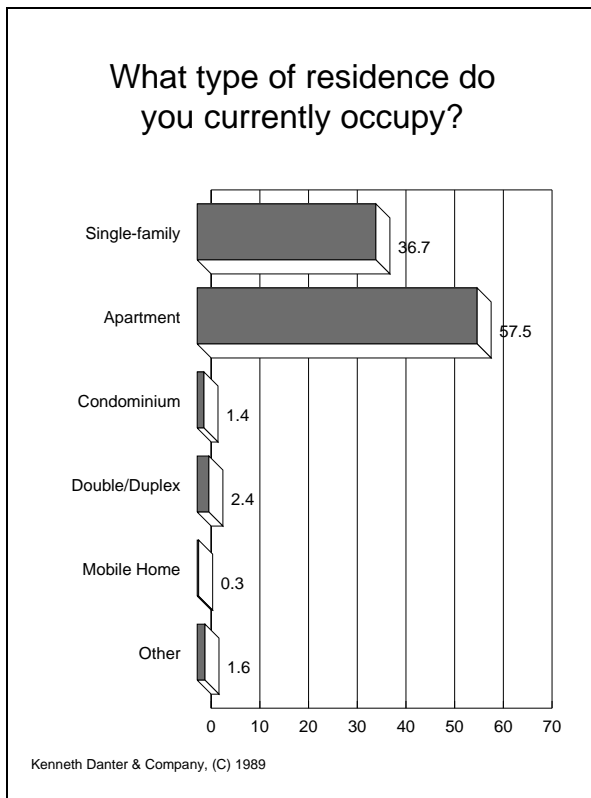
When shopping begins. We asked shoppers how long had they lived at their current residence. Of those responding, 40% have occupied their current residence for less than a year. Over half (56%), have occupied their current residence for less than two years. Note that these responses do not necessarily translate into turnover-rate statistics, since our objective was to determine at what point in tenancy shopping begins—not the total length of tenancy for each resident.

For the most part, the relationship between length of tenancy and the onset of apartment shopping appeared to be well-distributed throughout the response base. Results are as follows:

- 14% of the respondents have occupied their units less than three months;
- 7% for three to six months;
- 4% for seven to nine months;
- 14% for ten to twelve months;
- 8% for thirteen to eighteen months;
- 8% for nineteen to twenty-three months;
- 15% for two years;
- 10% for three to four years;
- 5% for five to seven years;
- 3% for seven to ten years;
- 10% for ten years or more.

We then asked each shopper how likely he or she was to move in the next 12 months. Over half (51%) are “very likely” to move. Another one-fourth (25%) are “somewhat likely” to move. Of the remainder, 6% are “not too likely” to move, and 18% are “not likely at all” to move.

This response is significant when evaluating the closing ratios for your complex. According to our respondents, nearly one-fourth of the shoppers visiting a rental office have no intention



of moving! Another one-fourth are only considering the possibility of moving.

What they're looking for. We asked all respondents who said they were "very likely" or "somewhat likely" to move what type of home they were planning to move into. Over three-fourths (75%) said they are planning to move into an apartment. Another 14% said they are planning to move into a single-family home. Of the remainder, 4% indicated condominiums, and 8% were either undecided or mentioned some other type of housing.

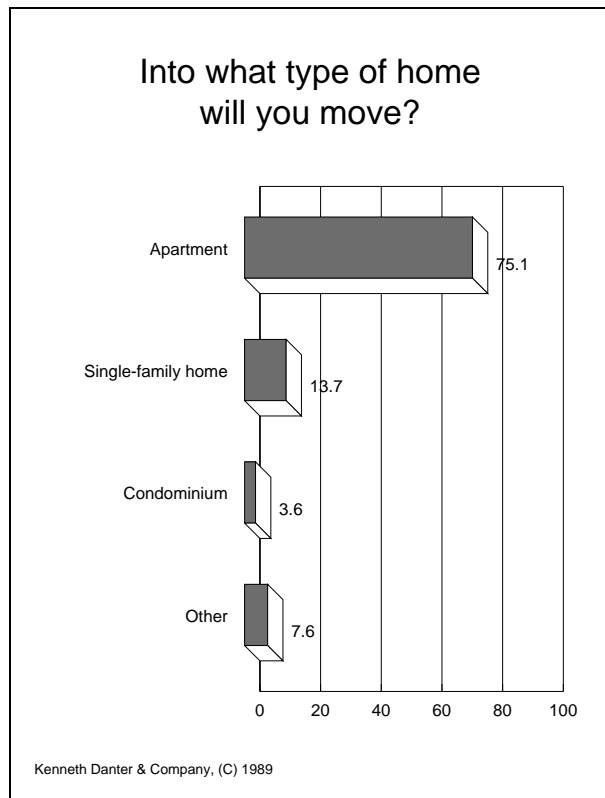
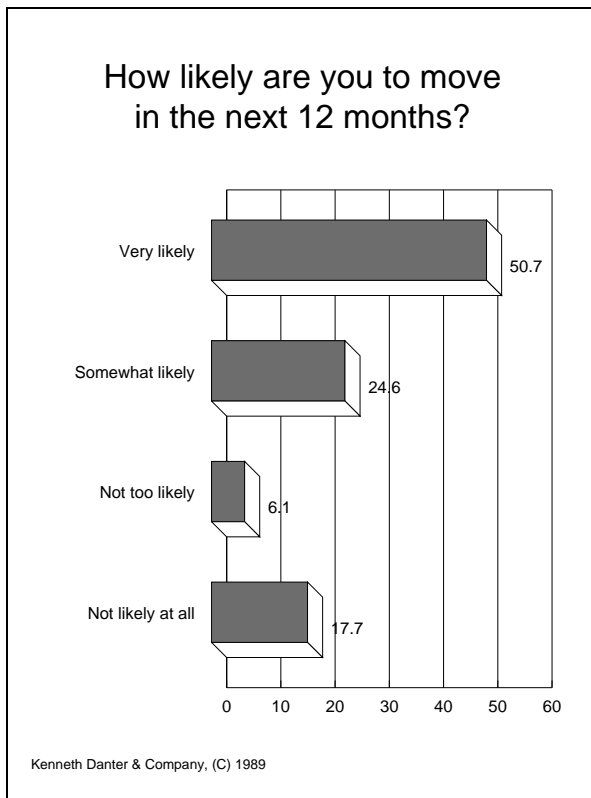
One of more interesting results of our survey concerns the value a brand-new unit has for some apartment shoppers. Our past research has indicated that "newness" is an amenity that is as marketable as swimming pools or tennis courts. Although it has a short life-span as an amenity, it can add value to an apartment unit and is an important attraction in the step-up market.

We asked our respondents how much they would expect to pay for a brand-new apartment, versus

an older, established apartment with similar amenities. The results are as follows:

- **22% of the respondents would pay between \$0 and \$25.**
- **33% would pay between \$26 and \$50.**
- **17% would pay between \$51 and \$75.**
- **10% would pay between \$76 and \$100.**
- **9% would pay more than \$101.**

We also asked tenants about their utility preferences. In past surveys, most tenants preferred gas heat in their apartments. Our latest survey shows little change in that area—61% of apartment shoppers still prefer gas heat and 38% prefer electric. It is interesting to note that one way or the other, tenants usually have strong opinions regarding their utilities—less than 1% stated they had no preference. Also of interest concerning utilities is that tenants tend to prefer a utility based solely on price. That is, most tenants who picked either gas or electric did so because they believed one was cheaper than the other.



Apartment shoppers and their households. One-fourth (24%) of apartment shoppers live alone. Nearly half (44%) are two-person households and 19% are three-person households. Of the remainder, 9% are four-person households and 3% are five-or-more-person households.

As we've documented in past issues of *Apartment Resources*, children in apartments are an important and sometimes controversial concern of apartment developers and renters alike. However, much of the controversy concerning developments with children is misplaced, given the relatively low percentage of children and renters with children. A large majority of shoppers (68%) have no children. Less than one-fourth (22%) have one child, and less than a tenth (9%) have two children. Less than one-half of one percent have more than two children.

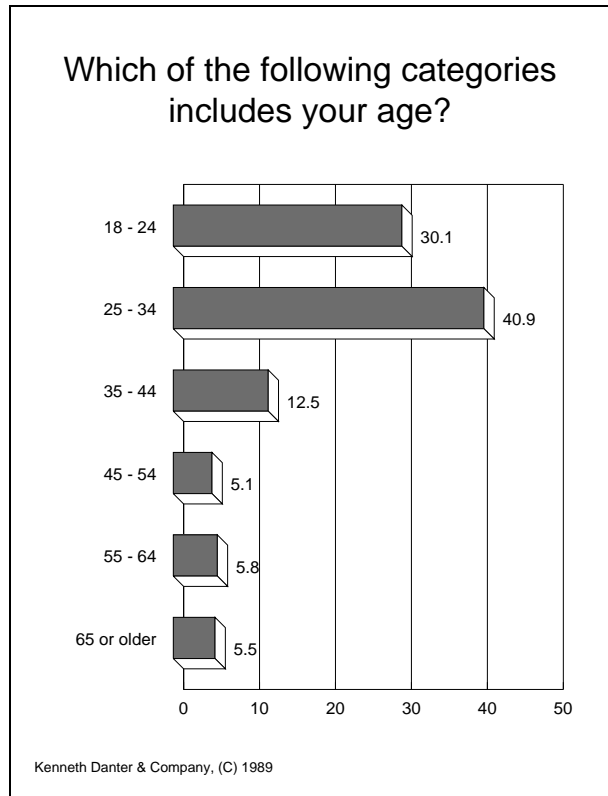
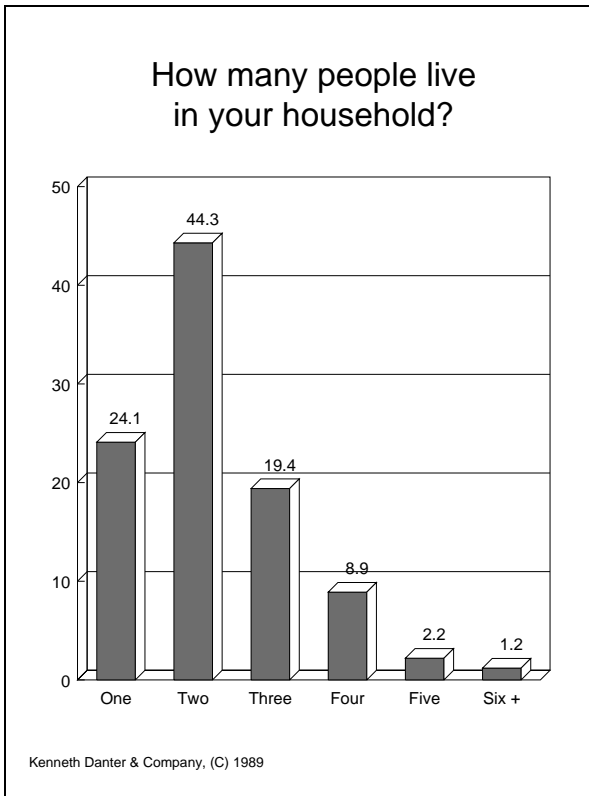
Nearly half (45%) of apartment shoppers are married. Another 43% list their marital status as "single." In addition, 9% are either divorced or separated, and 3% are widowed.

A significant household question on our survey concerns age of householder. This survey of apartment shoppers produced the following results:

- **30% are between 18 and 24.**
- **41% are between 25 and 34.**
- **12% are between 35 and 44.**
- **5% are between 45 and 54.**
- **6% are between 55 and 64.**
- **5% are 65 or older.**

A consideration related to households is the possibility of two households sharing the same apartment, although with respect to modern, market-rate apartments, this primarily refers to two single-person households living together as roommates. One of the reasons that this situation is an important one to consider is the impact it can have on unit design. For example, two-bedroom units are often designed with a large master bedroom, a much-smaller second bedroom, and a shared bath.

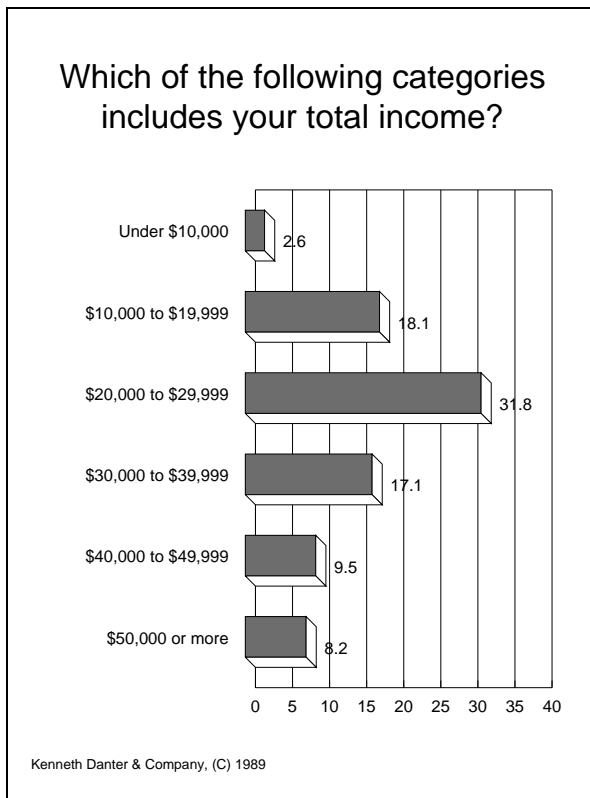
However, we asked our apartment shoppers if they would ever consider sharing an apartment



with an unrelated person to divide the cost of an apartment. Three-fourths (75%) said “no,” which is not surprising given the percentage of already-married tenants (45%) in our response base. Of the remaining respondents (19%) said “yes,” and 5% were either undecided or qualified their answer by saying it depended on who the potential roommate was.

For the 19% of the respondents who would consider sharing, a unit design that included two comfortably sized bedrooms with private baths for each would be preferable. On a related note, our field analysis has also noted a sizable number of single tenants who prefer to rent two-bedroom units. We are currently conducting a survey to determine the strength of this market and alternate uses they have found for their second bedrooms.

Where they work. We asked each respondent his or her current employment status. As would be expected, the vast majority (83%) are employed full time. Of the remainder, 8% are retired, 5% are employed part-time, and 3% are unemployed.



When we asked our respondents what they do (or, in the case of retired or unemployed respondents, what they did) for a living, we obtained the following results:

- **23% hold professional occupations.**
- **19% are employed in a service occupation.**
- **17% hold clerical positions.**
- **15% are employed in sales.**
- **10% are in management or are business proprietors.**
- **10% are in skilled labor/precision/production or repair.**
- **3% are employed in unskilled labor.**

After we determined employment status, we asked each respondent to tell us in which income category his or her household belonged. The results are as follows:

- **3% of the households earn less than \$10,000 before taxes.**
- **18% earn between \$10,000 and \$19,999.**
- **32% earn between \$20,000 and \$29,999.**
- **17% earn between \$30,000 and \$39,999.**
- **9% earn between \$40,000 and \$49,999.**
- **8% earn over \$50,000.**

Next—A deeper look into the tenant pool. The information and graphs on this page relate to the first stage of our analysis—an overview of the apartment shopper market. However, in future articles in this series, we’ll begin “filtering” our respondents to include specific types of shoppers. We’ll look at only those respondents who currently live in apartments, only those respondents who intend to move in the next twelve months, and other important components of the response base. We’ll also begin analyzing differences in responses among various demographic strata (e.g., age, income, marital status, etc.)

At the conclusion of this series, you’ll have one of the most accurate portraits of today’s rental market and an important tool for making wise development and management expenditures.