

The Exchange



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President's Notes

A friend of mine once said that doing the same thing over and over and expecting different results each time is the definition of insanity. To prevent this from occurring within our organization, PMAMM has been taking great strides this year to plan and provide relevant and superior services to our members. We are not the same PMAMM of past years. The creation of PMAMM's strategic plan is on track providing both short and long range direction. In fact, feedback from your surveys has already been implemented as we thought these ideas were too good to wait! Over the summer, we offered several free and reduced price classes. We have improved communication with our membership through email blast, a return to a monthly newsletter, and period direct

mailings. For our Business Partners, a new committee has been established solely to create opportunities to increase networking abilities and to find ways to get better connect with the proper people within the industry to increase your sales. Look for exciting and fun events from this committee like the Lug Nuts Baseball game on August 27.

With the budgeting season closing in, we're sponsoring two separate programs from nationally recognized professionals to assist with financial tricks of these economic times. Our August general membership meeting will offer an excerpt from the NAA CAM (Certified Apartment Manager) designation class with "Maintenance for Managers" which is geared to the manager who knows duct

tape is their best friend. The real estate continuing education in September provides the necessary state credits and NAA designation credits. This is an excellent program for anyone in property management, not just real estate agents. GLAStar education will return in November with the sessions on Thursday and Friday this year. And PMAM is offering the CAPS (Certified Apartment Portfolio Supervisor) designation class in November and December.

Feel free to contact Sharon or Corina if you'd like more information on any of these great programs and benefit from your membership with us!

Kirsten Murdock, NALP, CAM
Lockwood Companies
President PMAMM

Trends in Applicant Traffic and Quality

At RentGrow we have a bird's-eye view of multi-family industry trends - our customers manage thousands of properties totaling more than half a million units across the nation. In this month's newsletter we decided to share some interesting data and trends that we

have observed in recent months.

Traffic

The theme for the last 12 months has been lower year-over-year traffic by 10-20%, with some clients reporting traffic declines of 25% or more. We are assuming the

lower rates will probably persist into 2010.

The trend is clear: Compared to last year, traffic is down in leasing offices around the country.

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Can't miss events!

- RECEPTION BUSTERS
AUGUST 11
- MEMBERSHIP MEETING
MAINTENANCE FOR
MANAGERS AUG 20
- CAM
MARKETING JULY 14
RISK MANAGEMENT
AUGUST 13
- FINANCIAL BOOT CAMP
CYNTHIANN KING
SEPTEMBER 11
- MEMBERSHIP MEETING
EPA RENOVATION, REPAIR
AND PAINTING ACT
SEPTEMBER 17

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Trends in Applicant Traffic and Quality

The following chart demonstrates the percent of change in processing rates across RentGrow's client base:

Month	Jan	Feb	Mar	April	May
Ch%	-20.4%	-15.3%	-4.0%	-15.9%	-13.7%

What does this mean for our clients?

10-20% fewer applications translates into a smaller pool of applicants to choose from. It means that every person calling, visiting or applying to live at your property is at least 20% more valuable than in past years - and the effort and expense required to get them to apply and move in is 20% higher. These days, the need to "give it 120%" is very real!

Applicant Credit Quality
On average, the applicants visiting leasing offices this year have weaker credit profiles than last year, continuing a trend that began in 2007. The U.S. economy has shed 5 million jobs in the past 18 months, and the foreclosure and banking crises have weakened the financial profiles of many individuals. We conducted a study of applicant credit quality across hundreds of thousands of applicants screened by RentGrow between 2007-2009, and found that applicant credit quality in Q1 2009 was 1.7% lower than Q1 2008 and 3.9% lower than Q1 2007. (As an interesting side note, the negative trend is evident in market rate proper-

ties but does not necessarily hold for affordable properties.)

This is consistent with reported trends in the population at large - a recent USA Today article mentioned that from Q3 2008 to Q1 2009, the average Transunion credit score dropped 6 points. California saw a 10-point drop, and Arizona 11. (For the full article visit: http://www.usatoday.com/money/perfi/credit/2009-05-26-credit-scores-recession_N.htm)

What does this mean for our clients?

Unless you are in a regional market that's unaffected by these trends, you need to think about the impact on your business and adapt. Now is a good time to review your rejection rates in the context of your revenue and occupancy goals. It may be time to modify your acceptance criteria, but that doesn't mean simply drop the bar. Use a scalpel, not a sledgehammer; for example, you may want to consider:

- Adjusting deposit levels for marginal credit profiles
- Adjusting the number of years of credit items that you score

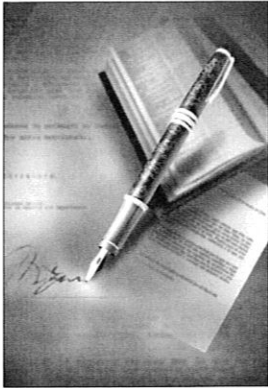
- Removing foreclosure items from scoring
- Removing medical debts from scoring
- Adjusting Rent/Income Ratio criteria
- Bolstering your decision process with supplemental/alternative applicant data such as Civil Court Records and/or Rental Payment History records

Conclusion

Now more than ever, it is critical that you get a maximum return on your marketing and sales efforts. For our part, we are encouraging everyone to sharpen their marketing and leasing skills and review decision criteria and rejection rates. A lot of effort and expense go into keeping occupancy rates high and expenses low. The days are getting longer and the seasonal pick-up in leasing activity is upon us. Now is the time to fine-tune your leasing practices.

Christina Failla is the local sales consultant of RentGrow, Inc., the resident screening experts (www.rentgrow.com). She can be reached at faillac@rentgrow.com or call 781-332-3309.

RentGrow, Inc.
307 Waverley Oaks Road,
Suite 301
Waltham, MA 02452



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