

# 3 Ways Resident Relationships Improve Your Operational Efficiency

By Pete Kelly, Apartment Life CEO



Now more than ever, people need good neighbors. They are worried about their health. They are worried about the economy. They are worried about how to provide for their family if they lose their jobs. Management teams who invest in building community are not just doing the right thing for their residents - they are doing the right thing for their owners.

Consider the experience of Sam and Faye, who are renters by choice and have lived in their Greystar community in Charleston, South Carolina for seven years. When asked if having friends onsite was important to their decision to stay, they replied, "We were willing to pay an 18% rent increase, so that should say a lot!"

Sam and Faye are not alone. [Increasingly, residents want to live in a place where it's easy to meet neighbors.](#) And management companies who are intentional about building community enjoy greater operational efficiency than those who don't. There are several reasons for this:

## 1. Friendships Improve Resident Retention

[Research by Witten Advisors found a correlation between the number of friendships a resident has in the community and their likelihood to renew.](#) Residents with seven or more friends are nearly twice as likely to renew their lease as those who do not know their neighbors.

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Cathy is a single mother in Houston. Shortly before her lease was set to renew, she began battling a bug infestation that her management team was unable to fix. Frustrated, she put a deposit down on another apartment nearby. A few days later, the [Apartment Life](#) Coordinators in her community swung by her place for a visit and asked about her living experience. Cathy explained the pest control issues and her decision to move. After the visit, however, Cathy began reflecting on all the friends she had made through the events hosted onsite. That evening she wrote the Apartment Life Coordinators to say, "As I think of all the relationships I have here, I've decided that this is the kind of community where I want to raise my daughter. I'm letting go of my deposit at the new place and planning to stay here."

Cathy's story is not unique. Annual surveys of property managers show that a resident engagement program like Apartment Life saves an average of 3.3 leases per month, or 42 leases a year. Using the national [average turn cost](#) of \$2,811, which includes lost rent as well as additional work for maintenance, leasing staff, and marketing, that's \$118,062 in savings.

*On average, Apartment Life saves 42 leases a year for \$118,062 in savings.*

A resident engagement strategy is a smart way to reduce turnover and improve efficiency. After all, it costs [far less](#) to keep an existing customer than it does to find a new one.

## 2. Friendships Accelerate Marketing

A *Harvard Business Review* article titled [The New Science of Customer Emotions](#) makes the case that an emotionally engaged customer is 52% more valuable than a customer who is highly satisfied. Not only do emotionally engaged customers make larger and more frequent purchases, they also tell their friends about their experience.





For apartment managers, this means happy residents who invite their friends to move into the neighborhood. After all, who wouldn't want to live next door to a friend? Every time residents get to know their neighbors, it creates a “sticky” community that draws others in. In essence, they become unpaid brand ambassadors.

“Amenities aren't what's selling units anymore,” says [Michael Wittich](#), co-owner of Axiom Amenities, a resident event company in New York City. “Oftentimes, renters live on a floor with 15 other people, and don't know any of their names. People want to interact with each other; they're just not used to doing it. We're helping that along, and breaking down those barriers.”

Referrals from friends are the most cost-effective form of marketing. Betsy Crane, Regional Manager with Greystar, says that by utilizing the [Apartment Life](#) community building program, **she was able to reduce the marketing budget of each property by 30%**. That's the power of relationships.

### 3. Friendships Create Higher Trust

In his book [The Speed of Trust](#), Stephen M.R. Covey describes the impact trust has on the speed and cost of business. When trust is low, speed goes down and costs rise. (Think of speed and cost of airport security after 9/11.) But when trust is high, speed goes up and cost goes down. Covey cites the example of Warren Buffett's acquisition of McLane Distribution from Wal-Mart. Because of the high trust between parties, the merger took less than a month and avoided the usual months and millions for due diligence and attorneys.

*The same is true managing residents.  
When trust is high in a community, staff  
members spend less time handling resident  
frustrations.*

Little annoyances such as dog waste in the common areas are kept in perspective, and the communication about them is polite and productive rather than hostile and protracted. (Consider how much longer it takes to reply to a rude email as opposed to a polite one.) But the foundation for trust begins with relationship. After all, it's hard to trust your neighbor when you don't know them.

Consider the story of a [New Jersey woman](#) whose neighbor often played loud music at 3 am. Instead of filing a complaint, she took a highly relational approach to solving her frustration: she baked her neighbor a cake with a politely written note and left it at the door. A few days later, the man thanked her for the gift and apologized. It turns out he was a music producer navigating his first holiday after the death of his daughter. "Everything makes sense now," she said. Taking the time to befriend her neighbor led to compassion and trust rather than a time-consuming complaint to management. Imagine how much more efficient it would be to manage a community where residents are happy and know their neighbors.

Fostering community doesn't just happen. It takes resourcing and intentionality. But the efficiencies gained are well worth it. Happy residents who stay longer become brand ambassadors, and are therefore easier to manage. What's not to like about that?

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