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Several years ago, many in the property management business made the startling discovery that they could actually make money with amenities and ancillary services. While the hoopla has perhaps died down, the question remains: Is ancillary revenue an idea still worth tying up resources to pursue?

Not only should property managers pursue added revenue through ancillary services—they must. It is no longer an optional path to follow but a fundamental component of a property manager's strategy and business plan.

If managers want to get the most out of their communities, they and their employees must constantly find new ways to attract residents, strive for 100 percent occupancy, reduce expenses and improve the bottom line—all at the same time. Providing ancillary services is a key component to achieving these goals.

### **Attracting (and Retaining) Residents**

Each time a new service or feature is introduced to the market place, those who make it available to their residents derive a short-term advantage in attracting new prospects.

However, as the new service or feature penetrates the market and becomes commonplace, it sets residents' new minimum level of expectation. At some point, apartment managers must plan to incorporate this new feature into their product offering. Those communities that do not stay abreast of these changing standards will eventually see increased vacancy rates at their communities.

Looking ahead, technology-savvy college students, who are fast becoming today's renters, use and demand the latest products and services available. If an apartment community cannot, or will not, offer the services and features young residents use, renters will move into apartments that do.

AvalonBay's corporate mission statement, "Enhancing the lives of our residents," sums up the essence of ancillary services. This philosophy is shared by many apartment management companies. Amenities are not only major contributors in bringing prospective residents to a community, but often major factors when choosing between communities. They help justify the rent that residents pay.

Conversely, communities with fewer or no amenities will suffer higher turnover rates because residents will constantly be relocating to communities that offer more up-to-date amenities and services. The bottom line is that failure to plan for and provide amenities equates to lost revenue.

## Opportunities Aplenty

While the low hanging fruit may have been plucked already (cable, phone, Internet, laundry, etc.), property managers have other opportunities if they look in the right location, Skokan said.

Sometimes, apartment managers don't have to look very far for things that would make residents happier and onsite staff's lives easier. Simple things to consider include:

- Additional outlets or phone jacks in bathrooms, bedrooms and balconies
- Valet trash services
- Dry cleaning drop-off and pick-up
- Grocery delivery
- Converting unused space to garden plots or additional storage areas