



Y should you care?

Pointing your leasing strategy toward Gen Y offers up a multi-billion rental market that is here to stay as the "Baby on Board" generation enter the rental market with calculation and force.

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Today, the oldest members of Generation Y are about 27 years old though there has yet to be solid consensus on its start/end dates. The most commonly quoted dates refer to the approximate 70 million born between 1981 and 2001, and include the Echo Boom between 1989 and 1993, when the number of annual births exceeded four million. Some demographers refer to Gen Y as the 80 million born since 1980. Some refer to them as The Millennials: anyone born after 1978—a group with one trillion dollars on hand according to the U.S. Census Bureau in November 2006. Factoring in immigration brings the population born since 1980 to approximately 90 million, as reported by *College and University* in January 2007, which would make them the largest generation in American history to date. This total surpasses the baby boomer generation with its 77 million born between 1946 and 1964.

Gen Y personality profile

Known by a range of names including the "Baby on Board" generation, Gen Y, Millennials, or Echo Boomers, the oldest are entering the work force and the youngest are still in elementary school. Those ages 13 to 26 currently spend approximately \$170

billion a year. Most Gen Y'ers have been raised in wealth with two working parents and/or parents who waited until later in life to have children.

Gen Y marks a sharp departure on all fronts from its predecessor, Generation X, born 1965 to 1980 whose motto is quoted as: "To thine own self be loyal—all others take a number." (Zemek 2001) In some events, members of Gen X and Gen Y can belong to the same family, both parented by baby boomers. Yet there is little similarity in their generational identity. A study by Strauss and Howe in their book *Generations* describes how each generation departs from its predecessor (X), crusades to correct what it perceives as excesses of the middle generation (baby boomer), and occupies the social role being vacated by the departing elder generation (Traditionals). Gen Y emerges as a Strauss Howe classic.

The Gen Y personality is peculiar: tribal as compared to the loner Gen X mentality. They are coddled, expressive, questioning, non-conventional, multitasking multi-techs. Millennial expert Nancy Robinson of Iconoculture observes that Millennials are tech nomads and three times more prone to work offsite. 87 percent of ages 18 to 29 are Internet users. Pew Research Center reported in January 2008 that 42 percent of ages 18-29 surveyed get the presidential campaign news over the Internet compared to 26 percent ages 30-49 and 15 percent ages 50+.

87 percent are Internet users

It is not unusual to see a Gen Y at work or at home on a computer, plugged in to their iPod and texting—simultaneously. Gen Y has already moved beyond the Internet. They have gone Internet mobile.

Millennials are also the highest producers of Consumer Generated Media (CGM) at 46 percent as reported in a Deloitte "State of the Media Democracy" survey. Generation Y'ers not only live on the Internet, they produce their own brands of video, photos and music. They visit fewer Websites than their Gen X counterpart.

When it comes to Internet shopping for apartments, they are not only the largest population sector at 52 percent to shop for housing online, they are also the largest sector making sight-unseen reservations at 48.5 percent.

51.65 percent of reported apartment shoppers are ages 18-29. 48.5 percent of online sight-unseen apartment reservations are made by shoppers ages 18 to 29.

Gen Y lifestyle

Gen Y lives have been closely structured by doting parents. Baffled bosses and teachers are seeing parents accompany their children to interviews. Gen Y'ers have never had to wait on anything: the microwave oven is older than they are. They expect instant results 24/7 and constant variety and change—they crave experience. Gen Y'ers are very tolerant of differences in people. Teens now have the largest rate of volunteerism in over 50 years and they network on an unprecedented level, identifying by areas of interest rather than just geographic location. They seek constant affirmation, feedback and recognition.

Higher education enrollment will peak at an estimated 15.8 million students by 2012, an increase of 12 percent. Millennials will account for 75 percent of higher education enrollment in 2012. Currently, 75 percent of Gen Y college freshman are planning a graduate degree and average S.A.T. scores are the highest they have been in more than 30 years. Twenty-one percent of Gen Y'ers use public libraries, 10 percent more than the general population—they love gaining knowledge in a community environment.

The average age for a Gen Y to leave home is 27. Thirty-seven percent of Gen Y'ers expect to start saving for retirement before they reach 25 according to a survey by Purchase, New York based diversified investment advisors. Seventy percent of



working Gen Y'ers contribute to their 401K. They have money, they love their favorite brands, but they are very shrewd consumers. The Bureau of Labor Statistics reports that ages 20 to 28 have \$520 billion in buying power. Having been bashed by multimedia advertising as long as they can remember, they are skeptical and resistant to traditional advertising. Some real estate prognosticators are concerned that Gen Y will skip apartment living altogether because of their long term investment mentality. A national survey conducted by Century 21 Real Estate LLC. concludes that Gen Y home-buyers are younger than their generational counterparts by three years, at an average age of 26 and they are primarily motivated to buy as a long term investment. Forty-two percent of Gen Y home-buyers search the Internet for homes for sale and take the longest time to make up their mind at an average of 5.4 months.

Mark Obrinsky of The National Multi Housing Council (NMHC) projects that the number of renters will rise to 39.2 million by 2015. The greatest sector increase, 1.27 million, will be in the group ages 25 to 34, followed closely by 1.24 million age 65+ and 1.12 million ages 55-64. Discerning real estate management leaders are already undergoing technological upgrades, policy, and service adjustments to respond to this huge, advancing market both as their prospective residents and future employees.

Gen Y multifamily marketing

Jennifer Brezicha, regional manager of 3,000 N.Y. apartments for Dermot Realty Management Company Inc., recounts how to lease to a Gen Y prospect. "Gen Y prospects come having already located exactly what they want on the Internet. They are prepared to pay for upgrades without hesitation. When you lease to them, you find yourself making a presentation to their whole family; security and lifestyle are always an issue. We are looking at condominium-level living in their domns, and their expectations for apartment life are high."

Monica Klingenberg, director of marketing for The Marketing Directors, Inc., says Gen Y prospects want all the new tech features they have had growing up. Home builders now offer high-tech access and control of their home systems, such as temperature, lighting, audio and video, through touch screen remote access where they can adjust lighting, activate the fireplace, and order up music from their iPod docking stations. Technological upgrades first seen in the single-family housing industry will ultimately create demand in the multihousing rental market and condominium market—and Gen Y prospects will drive the market.

The leasing office of the near future may look very different than what we see today in light of the new generation. Desks and file cabinets may soon become obsolete when computers are hand-held; the kiosk will take care of many leasing functions with efficiency. Prospects will lease apartments sight-unseen and complete all of their paperwork online, pay their rent and make service requests online, and merely drop by the office to pick up their keys. There will be more room for comfort and less room for chaos. Audiovisual communication may be common via plasma television between managers and residents.

Campus Advantage, an Austin-based company founded by President and CEO Mike Peters, is one of the pioneer, progressive Gen Y marketers in place. Campus Advantage houses 25,000 students in 46 communities spanning 36 universities across 16 states. As a speaker at the National Apartment Association in 2007, Peters described the Gen Y market as experience-seekers who are more interested in a lifestyle than luxury. In marketing to Gen Y students, it is necessary to reach them through their local tribes: know where they gather and what they appreciate.

Eighty-five percent of Campus Advantage student leases come through the Internet. Gen Y statistics reveal they spend 11 hours a day with media (Internet and television) and 50 percent have laptops; they

spend 3.5 hours a day with email and Web surfing and 6.5 hours a week social networking. Text messaging is a superior method of communicating with members of Gen Y. Campus Advantage has a system in place whereby they can broadcast text messages to their residents' cellphones in case of an emergency.

Monica Stone, chief communications officer for Campus Advantage says, "We focus on providing a complete lifestyle to residents by giving them a sense of community. Providing Internet access is a must since their lifestyle is 24/7. We focus on reaching prospects in unconventional ways. We network with the universities and link to their Websites when that avenue is available." Stone says that their greatest source of leases are the Internet and word-of-mouth. Campus Advantage provides a matching service for roommates and social activities for special interest groups. They arrange volunteer groups, social groups and sponsor campus events.

Joanna Hackney, regional manager for San Miguel Management of Simmons Vedder Partners in Austin, Texas, manages student housing near the University of Texas. The Quarters on Campus are three, upscale, popular apartment properties housing UT students. Simmons Vedder also has three new apartment communities and a retail site under construction in the UT area, scheduled to launch August 2008.

"The Website is our lifeline," states Hackney, "We would not be able to conduct business without it." An overwhelming percent of The Quarters on Campus prospects schedule appointments online and most leasing paperwork is implemented via email. Since Gen Y students are all but immune to traditional hype advertising, Hackney initiates public relations to market the properties by networking with the university print and online publications and volunteering articles. Their advertising is concentrated on the university Website and in media that goes to parents.

"Our residents care more about being with their friends and enjoying a sense of community than having all the goodies, so word of mouth is a powerful ally to our success," says Hackney. She has published a Facebook.com group page and The Quarters regularly schedules resident socials at nearby establishments, announcing the events on Facebook.com and the property Website.

Maintaining a strong Web presence is paramount in leasing to Gen Y. Internet Listing Services (ILS) such as Apartments.com, ApartmentFinder.com, ApartmentGuide.com, and ForRent.com



Andover House - D.C.



The Breyley - Florida



989elements - Seattle



Verano - California



Ashwood Commons - Seattle



Marina del Rey - California



Circle Towers - D.C.



Legacy - Dallas



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Baby on Board

generate Internet leads to the property in a variety of ways.

Apartments.com reports in a study conducted by Frank N. Magid Associates, that approximately 84 percent of apartment shoppers use more than one source to locate an apartment, typically visiting 2 to 4 properties. Since the Internet is always open, it is essential that the online leasing office be fully equipped to lease around the clock. There are many online apartment directories, social networks such as Facebook.com, and free listing services available. These sites can empower the property's Web presence, however they generally provide little creative support. Engaging a Web development professional to publish listings helps properly reflect the company brand.

Whether the Gen Y prospect is a student or just entering the workforce, successfully marketing to current and forthcoming Gen Yers means taking a closer look at a property's Web technology and make necessary upgrades. VaultWare Realty Data Trust reports a 23 percent increase in people viewing apartment availability online between 2006 and 2007, and a 144 percent increase from 2005 to 2007. These numbers will only continue to rise. In 2007, 5.2 million people accessed online availability through VaultWare.

A Website should be easy to find through search engines and Internet advertisements, easy to navigate, display contemporary colors and graphics, load quickly and supply interactive, pertinent information. The Gen Y prospect has no tolerance for delay. It needs to be easily expandable and have an administrative center where staff personnel may update leasing prices, deposits, specials, coupons, newsletters, etc. and retrieve Website statistics.

Colorful floor plans with perfectly scaled,

virtual furniture that can be arranged in virtual space are now available. Prospects can take virtual tours of the property and hear an audio presentation of the unique features of each design. Online application, lease, rental payment, resident survey, newsletter, and work order requests cater to tech-savvy Gen Y prospects and residents.

Driving directions, contact information, or leasing information, can be downloaded to a prospect's mobile telephone with a click on the Website. AT&T recently agreed to allow the New York Times to be accessed by subscribers on their mobile phones. These innovations are only the beginning of the mobile Web technology advancements—especially with Gen Yers gravitation to mobile devices.

Install a live Chat feature on the Website and instantly respond to an Internet query. Gen Y prospects will especially appreciate the technology and the quick response.

Touch screen kiosks are now available to provide leasing and resident services onsite. The kiosk (sometimes looking like ATM) will provide all the information services that should be in place on the Website: take a prospect on a virtual tour, share detailed floor plan information, neighborhood interests, site plan, and amenities. It will design their floor plan space with scaled virtual furniture. Residents can pay rent, request service, register a compliment, and refer a prospect with no delay even when the office staff members may be busy with other clients.

Internet lead response software is crucial to Gen Y marketing success. According to secret shopping conducted by Apartments.com, 48 percent of online leads are currently not followed up at all. At an average cost of \$162 per print/Internet lead, as reported by management consultants Tracey Hopkins and Lisa Trosien at the 2007 National Apartment Association Conference, this factor translates to an annual \$40,400 unrecoverable expense if a property receives ten Internet leads per week. Convert one of these lost leads per week to a lease and gain \$40,300 in annual rent, based on an average rent of \$775. Improved response time and recent Internet and mobile technology software upgrades can greatly offset this expense by converting lost leads. Additionally, since both Gen X and Y prospects prefer to conduct business on the Web, upgrading the property Website, mobile marketing, and leasing tools can reduce leasing payroll.

Brand all printed advertisement, flyers,

posters, and property collateral, voicemail, and signage with the property Web address, telephone number and texting information.

When a Gen Y prospect arrives at the property, do not be surprised if their parents or other family members accompany them—and they must be convinced, as well, that this is the best place for their child.

Be prompt in responding to their email queries. Utilize effective lead management software that will give them a dynamic visual experience with your response.

Adopt a charity, form a volunteer group and make it part of the property Web presence. Affirm the Gen Y prospect with a genuine positive insight or compliment.

Discover where Gen Yers are congregating in the community and visit the location for ideas on how to make them aware of the property. Consider sponsoring an event like an outdoor concert, art show, or sporting event with advertising on the university Website, flyers or posters complete with the Website address and text info numbers. In *Conquering Consumerspace* by Michael R. Solomon, the author suggests that tribal marketing is the most successful way to reach Gen Y by linking the product (property) with the needs of the group as a whole. Carefully study sponsorships that are available in the region and find a partner that will send Gen Y members to the front door.

Create a survey to discover what interests rank high with Gen Y residents and organize social clubs and activities: i.e. chess club, video game club, or cooking—and post schedules and events on the Website.

Go Green: In a recent survey conducted by generational consultant Iconoculture, 50 percent of those surveyed ages 18 to 29 stated they would spend more on an environmentally-benevolent product. Not only will taking on green initiatives impress Gen Y prospects, it will provide a networking opportunity that strengthens the connectivity so sought by this emerging generation. Anne Sadosky, CSP, consultant, speaker, and recognized property management expert, penned a poignant appeal to the apartment industry in January 2008. She summarizes that while 40 percent of Americans live in apartments, only an estimated 10 percent of apartment property managers recycle. Even as these words are written, a trash patch twice the size of the state of Texas is floating in the Pacific Ocean and marine wildlife is perishing from the impact. It is time to adopt the example of the young Gen Yers and volunteer recycling. ■

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