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# ARIZONA

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Circulated Monthly To Thousands Of Apartment Owners, Property Managers, On-Site & Maintenance Personnel



## Top Unique Apartment Amenities for 2019

### RENTAL HOUSING JOURNAL

The 5 top apartment amenities for 2019 were listed in a new study of unique apartment amenities according to Apartments.com.

Yes, not only pet-grooming areas and game rooms, but wine lounges, virtual golf simulators and beautiful gardens are popping up all over the United States, but also lots of tech gadgets, according to Apartments.com.

According to a National Multifamily Housing Council (NMHC) study, 20% of respondents cited their reason for moving to a different community was due to seeking better community amenities.

Outdoor Community Living: When it comes to community spaces, many

*See 'Pet' on Page 3*



## Rent Growth in 2019 Will be Led by Metros in SW, West and South

### RENTAL HOUSING JOURNAL

The U.S. multifamily market sector enjoyed a solid year in 2018 in which rents grew by 3.2% according to a survey of 127 markets by Yardi Matrix, and wrapped up the eighth straight year of growth. Since January 2011, rents nationally have increased by 31%, while annual rent growth has been at least 2.9% in every year save 2017. Rent growth has

topped 3% in six of the last eight years.

U.S. multifamily rents remained at \$1,419 in December, and year-over-year growth was 3.2%, also unchanged from November. Rent growth has been flat since the summer.

2018 proved to be a solid year for the multifamily sector, and 3.2% rent growth slightly exceeded going-in expectations.

Despite the recent volatility in the financial markets, we foresee more of the same in 2019, with strong demand producing rent growth just shy of 3% nationally.

Las Vegas (7.3%), Phoenix (6.5%) and the Inland Empire (5.5%) are the top 3

*See 'Multifamily' on Page 10*

## Young Adults, Retirees Opt for Apartments

### RENTAL HOUSING JOURNAL

A new report analyzing the market shows that the multifamily market cycle is continuing strong as young adults and retirees choose to live in apartments.

The strong job growth plus the choice to live in apartments, Yardi Matrix says in U.S. Multifamily Outlook for Winter 2019, means "2019 should be another good year for the multifamily industry," despite the fading impact of the 2017 tax reform and potential trade disruptions.

*See 'Young' on Page 9*



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# Outdoor Living Rooms Now a Huge Amenity

BY JEANNIE FLYNN

Property owners are always looking for something new and exciting to offer their residents. Pool areas play a huge role in the list of common-area amenities, which is why “outdoor living rooms” have become very popular.

The benefits of a “portable” product vs. a

building or permanent structure:

- No building permit required
- Easy to install
- No down time at the pool
- No construction mess

When choosing a living space for your property, keep in mind there are many options out there. Make sure the product you choose is designed for heavy commercial use and the outdoor elements — especially wind. In general, the fabric should offer at least a 7- to 10-year warranty against fading or sun rot. Heavy

aluminum frames normally offer a 5-year commercial warranty. Aluminum will resist rusting and damaging pool decks.

*Jeannie Flynn is President of CMS Commercial Furniture. CMS Commercial Furniture offers the finest selection in commercial rated outdoor furniture and accessories. We Are Proud to Announce Our NEW CLEANING, SERVICE AND REPAIR DIVISION. Diversity*

*and flexibility are what make CMS Commercial Furniture a leader in this industry. We sell, service and maintain outdoor furniture. For more information about designing the right Outdoor Living Space for your property, please contact us at 480-892-3212 or visit our website at [www.cmsfurniture.com](http://www.cmsfurniture.com).*

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# Are You Unconsciously Discriminating Against Tenants With Limited English Proficiency?

By ELLEN CLARK

Do you only let tenants submit maintenance tickets in English?

Do you prioritize requests from those who speak English over those who do not because it is easier and quicker?

Do you provide poor translations of leases because it is easy and cheap?

Suddenly, whether you meant to or not, you’ve essentially discriminated based on national origin, which is illegal under the Fair Housing Act.

It is estimated that more than 25 million people in the United States have limited English proficiency or LEP.

A person with limited English proficiency may not speak, read, write, or understand English as well as a person who grew up with English as their first language.

About 80% of LEP people in the

grace hill

TRAINING TIP OF THE MONTH

United States in 2013 were born in a foreign country. Being from another country does not automatically mean a person has LEP, of course, but there is a strong connection between LEP and national origin.

Why is this important?

Imagine you have a policy or practice that treats LEP people differently:

- Maybe you only let residents submit maintenance tickets in English to make things easier on your maintenance staff.

- Perhaps you translate leases and other documents with Google translate because it is free and you can’t afford a good translator.

- Maybe you take resident maintenance requests out of order so someone who speaks the same language can help an LEP customer.

Remember the statistic mentioned earlier that about 80% of LEP people in the United States in 2013 were born in a foreign country? This means four out of five people affected by the policy or practice that treats LEP people differently will be people born in other countries.

So how can you avoid policies and practices that have a disparate impact on people who are LEP? Here’s what HUD recommends:

- Never refuse to work with people who are not fluent in English. Claiming you don’t have the resources won’t hold up as a justification for your actions.
- Treat everyone the same, regardless of whether they have difficulty speaking English or speak with an accent.
- Allow enough time for prospects to review leases and other documents, particularly those who may need to translate it to review it properly.
- Don’t provide poor translations. Your intentions might be good, but a

poor translation can be confusing and misleading.

- Don’t restrict the languages that can be spoken in your community. An “English Only” mandate is unnecessary, unwelcoming, and discriminatory.

*Ellen Clark is the Director of Assessment at Grace Hill. Her work has spanned the entire learner lifecycle, from elementary school through professional education. She spent over 10 years working with K12 Inc.’s network of online charter schools, and later, at Kaplan Inc., she worked in the vocational education and job training divisions, improving online, blended and face-to-face training programs, and working directly with business leadership and trainers to improve learner outcomes and job performance. Ellen lives and works in Maryland, where she was born and raised. About Grace Hill: For nearly two decades, Grace Hill has been developing best-in-class online training courseware and administration solely for the Property Management Industry, designed to help people, teams and companies improve performance and reduce risk. Contact Grace Hill at 866.472.2344 to hear more.*

## Pet Grooming, Tech Gadgets Among Top Apartment Amenities

Continued from Page 1

existing properties offer club houses, fitness centers, coffee areas and shared workspaces. But as complexes upgrade, they are incorporating shared outdoor amenities to include fire pits, brick ovens, roof top terraces, access to hike and bike trails, stations to bathe down bikes or pets and spaces for DIY project areas. With balcony space and dog-friendly being two of the top keywords searched nationally on Apartments.com, renters look for those outdoor features adding value to an apartment and lifestyle for their family.

### INDOOR RELAXATION

Numerous indoor amenities are on the horizon too. Coffee shops, movie theaters, spas, salons, music rooms, golf simulators and wine cellars. All offer spaces to unwind and socialize. With 68% of renters searching for only a one- or two-bedroom apartment on Apartments.com, these indoor amenities and community spaces create an ideal space for mixing and mingling with apartment neighbors.

### TECH LOVER’S PARADISE

If you are relatively tech-savvy, you might consider purchasing smart devices to enable home automation features. Kwiskset Kevo’s smart lock, for example, allows you to lock and unlock your doors remotely with the Kevo App on your smart phone. The lock comes with a backup key for your landlord. The smart thermostat by Nest allows you to use your phone to change the temperature in your apartment. It also learns your schedule and adjusts to your habits, saving you energy costs along the way.

### ENVIRONMENTALLY FRIENDLY

NMHC noted in a recent study that

75% of renters are interested in recycling options, while 65% are interested in sustainability and green initiatives. Other amenities of interest include sustainability and green certifications, on-site renewable energy and car sharing. Additionally, new technology is becoming increasingly available for the environmentally conscious such as the WaterHawk showerhead with rainfall designs which come with an LED display that allows you to track usage and select temperature preferences.

### ARTISTIC APPEAL

And for the art lover, Elect Objects’ E01 digital art frame allows renters to choose artwork from the Internet’s best artists and museums and change them as frequently as desired.

*Apartments.com is a leading online apartment listing website, offering renters access to information on more than 1,000,000 available units for rent. Powered by CoStar, the Apartments.com network of sites includes Apartments.com, ApartmentFinder.com, ApartmentHomeLoving.com, Apartamentos.com, WestsideRentals.com, ForRent.com, ForRentUniversity.com, After55.com and CorporateHousing.com. Apartments.com is supported by the industry’s largest professional research team, which has visited and photographed over 400,000 properties nationwide. The team makes over one million calls each month to apartment owners and property managers, collecting and verifying current availabilities, rental rates, pet policies, fees, leasing incentives, concessions, and more.*

## AZREIA Meeting Set for Feb. 11

Join the Arizona Real Estate Investors Association for their monthly meeting from 5:15 p.m. to 9 p.m. Monday, Feb. 11, 2019, at Celebrity Theatre in Phoenix.

Pertinent, usable information is what AZREIA’s February meeting is all about.

The Main Meeting segment is an

expert panel discussion on investing out-of-state. AZREIA’s workshop covers all the new tax laws, and there are several items that are great for investors that you need to know about.

The meeting also features a full market update with all new data and the market news, networking and tradeshow.

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RENTAL HOUSING JOURNAL

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# Shining Light ON THE CREDIT INVISIBLE MARKET

Housing shortages within metropolitan areas have created an affordability gap, and as real estate prices continue to rise in markets across the U.S., more consumers are turning to the rental market to meet their housing needs.

## Market

- **1** **Real estate value increases**  
are far outpacing wage increases.
- **2** **Increasingly, Millennials**  
(as well as empty nesters and retirees alike)  
**prefer to live in urban areas**
- **3** **Millennial consumers often have**  
**non-traditional credit histories**  
as they work to establish themselves professionally
- **4** **The rise of the "Gig Economy"**  
which is often characterized by temporary positions  
and organizations contracting with independent  
workers for short-term engagements

**77%** of all property managers report  
issues with thin credit reports<sup>1</sup>

**Credit** **?** **Invisibles**

**WHO ARE THEY**

**Millennials**

- Now make up the majority of the American workforce<sup>2</sup>
- As a group, tend to delay or avoid taking on debt
- Non-traditional career paths following the recession ("Gig Economy")

**Mass Affluent and Debt-Free Consumers**

- Established households that intentionally avoid debt
- Astute money managers committed to financial wellness
- Value the privacy that using cash affords

**Lower Income Consumers**

- May be employed full-time, but below salary levels to qualify for credit cards, additional sources of credit, etc.
- Typically have established demand deposit account (DDA) banking histories

**Recent Legal Immigrants**

- Often no credit history available from country of origin
- High representation in medicine, academia, and technology industries

**55% of property managers require larger deposit<sup>1</sup>**

**48% require a co-signer<sup>1</sup>**

*Sam* *Sam*

*Sam*

# Soft Credit Pulls Help Attract Better Applicants

## **RENTAL HOUSING JOURNAL**

Soft credit pulls can help property managers and landlords attract and engage the best renters, according to new research from Equifax.

Unlike hard credit pulls, soft credit pulls do not affect a consumer's credit score. This leaves renters in more competitive rental markets more likely to apply to multiple properties without worrying about harming their credit.

As a result, property managers and owners are more likely to attract better applicants and engage the renters who are most likely to pay rent on time – who may be the same renters concerned with having multiple hard credit pulls impacting their credit score.

“In the environment today, individuals looking to obtain a place to live are going to potentially have to go through the screening process a number of times,” Tyler Sawyer, Vice President of Rental and Real Estate, Equifax, said in an interview with Rental Housing Journal.

“What you’re going to see is often that, that individual might go to one, two, three, four, or five different properties that they might want to take a look at. Each of them maybe managed by a different tenant-screening software, or different property managers or different landlords.

“Often, in the world of credit, when you’re getting multiple inquiries what they’ll see is a negative hit associated to it. Not to a very large degree. But when you’re really dealing with somebody who might be on that bubble, that can be very meaningful to them. So we’ve been able to work with our teams to be able to provide the soft hit. This really gives the same information and the same score associated to an individual.”

Property managers and landlords can get the information they need to get a good understanding on the prospective tenant's background and be able to make a decision.

“But they are not going to have that credit hit the way that it works in a lot of the ecosystems here today,” Sawyer

said. “Our primary market strategy is really centered on working with the tenant-screening organization. What that means is we’re supplying key pieces of information, like credit scores, like verification of income and employment. Then, we’re supplying that data to the tenant-screening companies where they’re really going to be able to take that and make decisions based off of the information that we’re providing to them.

“So, we really see those partnerships as a really key piece for us to be able to work on through, because we don’t have a very strong direct-to-landlord and property management company model in place. “At the end of the day it’s all these tenant-screening organizations that have a lot of those very strong relationships. They are very well known, strong organizations working with a number of property management companies and landlords to be able to affect change. And if we’re able to work through them successfully with something like the soft credit roll out, then we’re just going to have a much stronger base by which to work with.

“Our rollout strategy is centered on making this available to every single one of our customers. We have done a full migration to immediately impact all of those who were pulling credit hits within the rental ecosystem as they relate to Equifax... They can go shopping now and not be worried about that hit and that’s really important. ... And let’s face it, in a lot of scenarios consumers aren’t necessarily fully aware that they might have a credit hit associated to it, they just see it as the score going down a little bit if they’re really paying attention.

“This is something that is going to help them in the background. And it’s also helping property managers and landlords to provide solutions that do not negatively impact their potential relationship.”

**Leveraging Alternative Data to Serve Thin File Consumers**

Income Data

Employment Data

Communications and Utility Payment History Data

**Room for Improvement**

"Thin or limited credit histories" is cited as the #2 pain point for property managers across the board, yet only

**31% OF PROPERTY MANAGERS**

currently leverage employment and/or income data to evaluate potential renters.<sup>1</sup>

1. Blokkamp, Walter (March 2018), Property Manager and Landlord/Tenant Application Information Gaps, MMR Research commissioned by Equifax. Retrieved from MMR qualitative and quantitative property manager research.  
2. Frey, Richard (April 11, 2016), Millennials are the largest generation in the U.S. labor force. Retrieved from <http://www.pewresearch.org/fact-tank/2016/04/11/millennials-largest-generation-us-labor-force/>

[equifax.com/multi-family](http://equifax.com/multi-family)



# This is Sally.

**Sally just missed out on \$150K in back rent** because she is relying on her property management software to handle collections.

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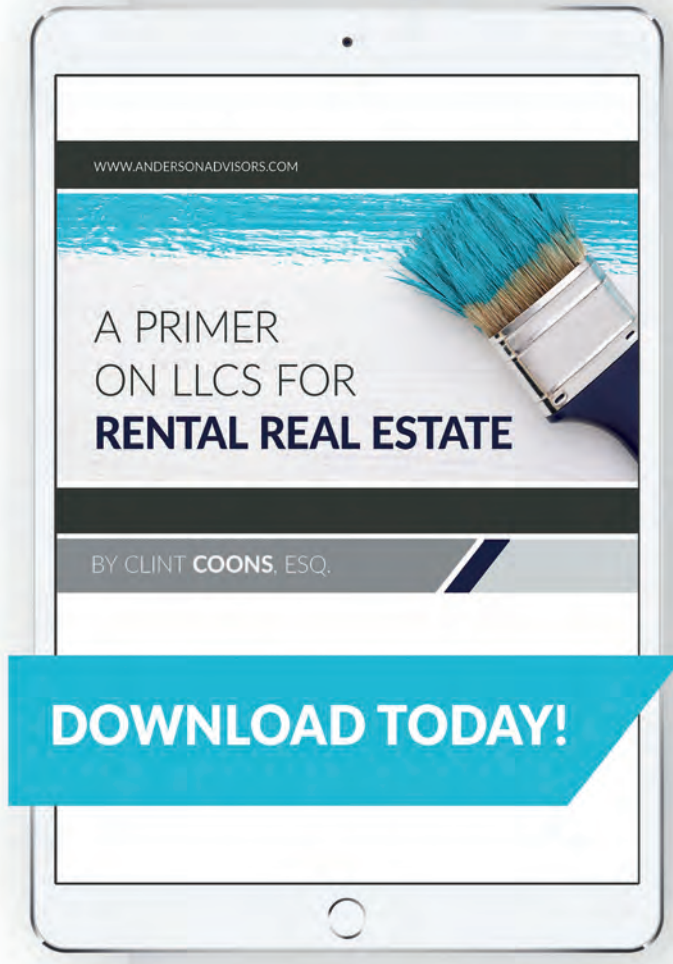
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- ✓ *Check smoke detectors*
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# Should Landlord Put Up Security Cameras if Rental Property Has Been Burglarized?



*A landlord who has had a rental property burglary asks veteran landlord and property manager Hank Rossi about whether security cameras are required.*

**Dear Landlord Hank:** If a rental property has been burglarized, is it the landlord's place to put up security cameras? - Joyce

**Dear Landlady Joyce:** It is the landlord's responsibility to have reasonable security at your property.

Usually that means locking doors and windows. You do not have to put up security cameras or use a home security system, as that would be something the tenant could pay for if they want it.

I would have the damaged door or window, where burglars gained entry, repaired today, so your tenant feels safe.

Does your tenant have renters insurance to pay for stolen items? It should be mentioned in your lease that you strongly urge tenants to have renters insurance.

At my apartment buildings I have the exterior well-lighted at night so tenants feel safe walking from their vehicles to their doors. Walkways and hallways are well-lighted as well.

If your place is a single-family home or duplex, you may want to make sure you have exterior lighting.

You could have a couple of flood lights on the corners of the property and on a motion detector. But if tenants don't keep the switch to that light on it won't work, and that would be tenant responsibility.

Don't be surprised if your tenant wants to move. Let them bring it up though.

They don't have the right to break the lease, unless you were somehow negligent, but you may want to consider letting them out of the lease.

Do you have a neighborhood watch? It is a great idea. And, the Neighborhood Watch sign alone is a deterrent.

**Dear Landlord Hank:** How do you decide how much you are going to raise rent for tenants in 2019? We have some leases coming up for renewal and



of course just got increases from our insurance company and taxes from the county and school district. How do you decide how much? - Landlord Tim

**Dear Landlord Tim:** When I have increases in fixed expenses I try, when possible, to pass along the entire cost to my tenants.

If your insurance went up \$300 and your taxes went up \$400, for example, that is \$700 increase total. If you divide that by 12 months it only comes out to \$58.33 per month over an annual lease.

That, to me, is very reasonable and I think most folks could handle that with no problem. I'd be open to discussion if a rent increase could be problematic for a tenant. I would rather not pursue an increase in rent if it is going to cost me a good tenant.

Vacancy costs and rehab costs will more than make up for the small amount of rent you aren't receiving from not increasing a good tenant's rent.

**Dear Landlord Hank:** Do you always use the same paint color throughout all your rentals or do you sometimes use different interior colors? We are considering an accent color on a wall in the living room, but do not want to offend potential tenants. - Landlord Eileen

**Dear Landlord Eileen:** I always try to use the same color throughout all my rentals. That is the most cost-effective and efficient way, for me. Sometimes I can get away with just touching up, and I always know what color I used last without having to keep track of which unit was painted what color, when.

I use an off-white color with bright-white trim. I often will have chair rails in

my dining rooms and use a darker color below that complements the flooring, and a lighter color above in the same color family. This requires some keeping track of paint colors and is often a pain, but I like the results, it's a warmer look and more inviting to me.

*"Landlord Hank" Rossi started in real estate as a child watching his father take care of their family rentals*

*in small-town Ohio. As he grew, Hank was occasionally his dad's assistant. In the mid-'90s he decided to get into the rental business on his own, as a sideline. In 2001, Hank retired from his profession and only managed his own investments. A few years ago he and his sister started their own real estate brokerage, focusing on property management and leasing.*

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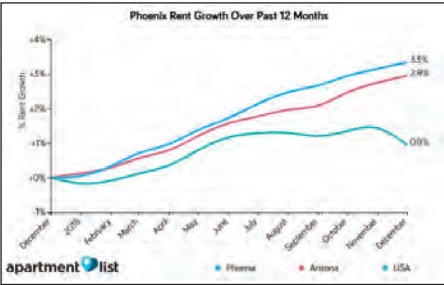
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# Report Shows Rents Rising Across Valley

RENTAL HOUSING JOURNAL

The rent report for Metro Phoenix shows rents continue to rise across the valley, with a couple of exceptions as Gilbert continues to lead with most expensive rents, according to Apartment List.

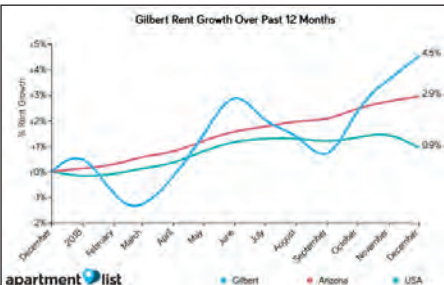


**Phoenix rents increased slightly over the past month**

Phoenix rents have increased 0.2% over the past month, and are up moderately by 3.3% in comparison to the same time last year, according to Apartment List.

Currently, median rents in Phoenix stand at \$850 for a one-bedroom apartment and \$1,060 for a two-bedroom. The city’s rents have been increasing for 13 straight months - the last time rents declined was in November of last year.

Phoenix’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Gilbert rents increase sharply over the past month**

Gilbert rents have increased 0.9% over the past month, and have increased significantly by 4.5% in comparison to the same time last year.

Currently, median rents in Gilbert stand at \$1,180 for a one-bedroom apartment and \$1,470 for a two-bedroom. This is the third straight month that the city has seen rent increases after a decline in September. Gilbert’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Scottsdale rents increased significantly over the past month**

Scottsdale rents have increased 0.4% over the past month, and are up significantly by 4.1% in comparison to the same time last year.

Currently, median rents in Scottsdale stand at \$1,060 for a one-bedroom apartment and \$1,320 for a two-bedroom. The city’s rents have been increasing for 13 straight months - the last time rents declined was in November of 2017. Scottsdale’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Mesa rents increased over the past month**

Mesa rents have increased 0.1% over the past month, and have increased moderately by 3.2% in comparison to the same time last year.

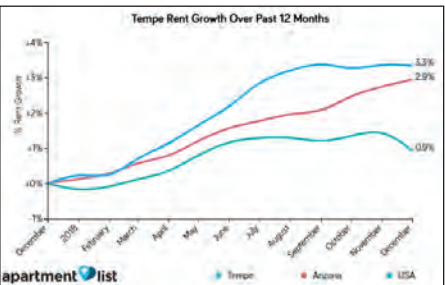
Currently, median rents in Mesa stand at \$870 for a one-bedroom apartment and \$1,080 for a two-bedroom. Mesa’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Chandler rents increase sharply over the past month**

Chandler rents have increased 0.7% over the past month, and have increased significantly by 5.4% in comparison to the same time last year.

Currently, median rents in Chandler stand at \$1,110 for a one-bedroom apartment and \$1,390 for a two-bedroom. This is the tenth straight month that the city has seen rent increases after a decline in February. Chandler’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Tempe rent trends were flat over the past month**

Tempe rents have remained flat over the past month, however, they have increased moderately by 3.3% year-over-year.

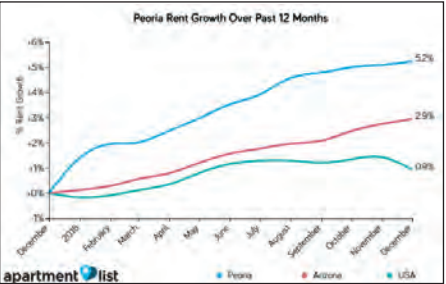
Currently, median rents in Tempe stand at \$930 for a one-bedroom apartment and \$1,160 for a two-bedroom. Tempe’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Glendale rents declined over the past month**

Glendale rents have declined 0.1% over the past month, but are up moderately by 3.5% in comparison to the same time last year.

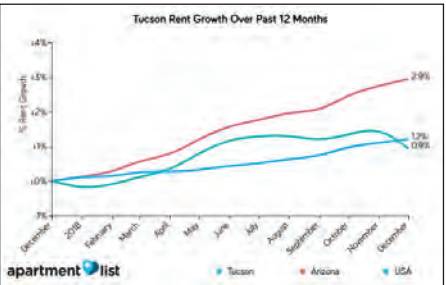
Currently, median rents in Glendale stand at \$910 for a one-bedroom apartment and \$1,130 for a two-bedroom. Glendale’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Peoria rent trends were flat over the past month**

Peoria rents have increased 0.1% over the past month, and have increased significantly by 5.2% in comparison to the same time last year.

Currently, median rents in Peoria stand at \$1,130 for a one-bedroom apartment and \$1,410 for a two-bedroom. Peoria’s year-over-year rent growth leads the state average of 2.9%, as well as the national average of 0.9%.



**Tucson rents increased over the past month**

Tucson rents have increased 0.1% over the past month, and are up slightly by 1.2% in comparison to the same time last year. Currently, median rents in Tucson stand at \$700 for a one-bedroom apartment and \$930 for a two-bedroom. Tucson’s year-over-year rent growth lags the state average of 2.9%, but exceeds the national average of 0.9%.

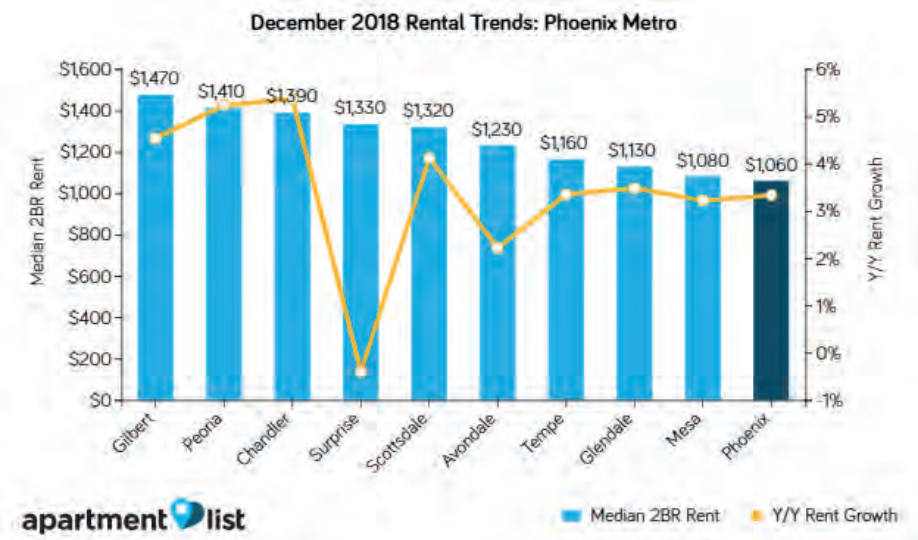
**Phoenix rents more affordable than many comparable cities nationwide**

As rents have increased moderately in Phoenix, a few other large cities nationwide have also seen rents grow modestly. Phoenix is still more affordable than most similar cities across the country.

- Rents increased slightly in other cities across the state, with Arizona as a whole logging rent growth of 2.9% over the past year. For example, rents have grown by 1.2% in Tucson.
- Phoenix’s median two-bedroom rent of \$1,060 is below the national average of \$1,180. Nationwide, rents have grown by 0.9% over the past year compared to the 3.3% rise in Phoenix.
- While Phoenix’s rents rose moderately over the past year, many cities nationwide also saw increases, including Las Vegas (+4.4%), Denver (+2.5%), and San Francisco (+2.4%).
- Renters will find more reasonable prices in Phoenix than most comparable cities. For example, San Francisco has a median 2BR rent of \$3,090, which is nearly three times the price in Phoenix.

*Methodology:*

Apartment List is committed to making our rent estimates the best and most accurate available. To do this, we start with reliable median rent statistics from the Census Bureau, then extrapolate them forward to the current month using a growth rate calculated from our listing data. In doing so, we use a same-unit analysis similar to Case-Shiller’s approach, comparing only units that are available across both time periods to provide an accurate picture of rent growth in cities across the country.



**Rents rising across the Phoenix Metro**

Throughout the past year, rent increases have been occurring not just in the city of Phoenix, but across the entire metro. Of the largest 10 cities that we have data for in the Phoenix metro, 9 of them have seen prices rise. Here’s a look at how rents compare across some of the largest cities in the metro.

- Gilbert has the most expensive rents in the Phoenix metro, with a two-bedroom median of \$1,470; the city has also seen rent growth of 0.9% over the past month, the fastest in the metro.
- Over the past year, Surprise is the only city in the metro that has seen rents fall, with a decline of 0.4%. Median two-bedrooms there cost \$1,330, while one-bedrooms go for \$1,070.
- Phoenix proper has the least expensive rents in the Phoenix metro, with a two-bedroom median of \$1,060; rents grew 0.2% over the past month and 3.3% over the past year.



# Save More Water With the Right Landscaping

KEEPE

How to save water with the right landscaping at your property is becoming more and more important. Drought, water restrictions and increasing water bills may mean it is time for you to redesign your property landscape plan. Here are 6 ways you can save water at your property without making drastic changes.

**1. Select the right type of grass:** It’s important to incorporate grass compatible with your climate. Hybrid grass such as Bermuda thrives in full or partial shade as well as sunlight. It is ideal for an extreme-climate region. In the United States, grasses are typically divided into two groups – warm- and cool-season turfs. Depending on your climate and drought tolerance, grasses can survive throughout the year with minimal support and maintenance. Temperature extremes can add stress to grass. Avoid these issues by using the best grasses for your area. In warm, southern climates, Bermuda, St. Augustine, Buffalo, Bahia and Zoysia are the most common suitable grasses. For northern regions that experience colder climates, Kentucky Bluegrass, fine Fescue, tall Fescue and perennial Ryegrass are the most common grasses that survive the cold weather.

**2. Use ground covers:** Ground covers – such as native plants – slow the evaporation of water from soil. You can replace part of the lawn with ground covers to take advantage of this water-saving system. Depending on your climate, the type of ground cover that works best for your climate may differ. Ground covers are easy to maintain and often improve the aesthetic look of your landscape area.

**3. Xeriscaping:** Xeriscape plants often require less maintenance. In areas that do not have easily



accessible or plentiful supplies of water, Xeriscaping is often used to create a landscape that will thrive without much water or maintenance. For areas that are susceptible to drought, installing rock-garden plantings, native wildflowers or ornamental grasses can keep a lush green landscape from turning into yellow wasteland.

**4. Drip-watering systems:** Drip irrigation is a low-pressure watering system that keeps plants moist while using less water than other irrigation techniques.

In addition, installing a rain-sensing timer to your irrigation controller can prevent wasteful watering on rainy days.

**5. Inspect sprinkler systems:** Regularly inspect your existing water systems to make sure they are running efficiently. Repair leaks and replace broken sprinkler heads to prevent overwatering. Be sure to check that your sprinklers are only running in the early morning, to maximize absorption.

**6. Landscape Maintenance:** Incorporate best practices to ensure your space stays healthy and clean. Mow the grass on a regular routine, leave grass clippings on the lawn to return nutrients to the soil, remove weeds from the lawn, and add compost to the garden to renovate the landscape.

*Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at <https://www.keepe.com>*

# Young Adults, Retirees Continue to Choose Apartments

Metros	2019 Rent Forecast % Change	YoY Change December 2018
National-All Markets	2.8%	3.2%
Sacramento	6.5%	4.4%
Tacoma	5.8%	4.6%
Salt Lake City	4.6%	4.5%
Inland Empire	4.5%	5.5%
Dallas	4.3%	2.4%
Orlando	4.0%	4.4%
Las Vegas	4.0%	7.3%
Colorado Springs	4.0%	2.4%
Seattle	4.0%	2.9%
Los Angeles	4.0%	4.2%
Phoenix	3.9%	6.5%
Tucson	3.7%	4.4%

Continued from Page 1

### RENT GROWTH TRENDS SHOW YOUNG ADULTS AND RETIREES

“Fresh off another year marked by steady improvement, the rental sector looks to extend what is already a prolonged market cycle,” the report says.

“With year-over-year growth crossing the 3.0% mark nationally in 2018—slightly above initial expectations—the multifamily sector showed that it still has some legs going into 2019. We expect rents to continue to rise in 2019, at a rate of 2.8%, marking another year of consistent improvement.

“The market is underpinned by strong demand based on household formation that tops one million annually and positive employment growth. The number of young adult households is continuing to rise, families are remaining renters longer than they did in the past, and some retirees that sell homes with expensive property tax burdens are turning into renters,” the report says.

### SUPPLY OF NEW APARTMENTS

“Development activity will remain strong in 2019. We expect deliveries to come in at about 300,000 units this year, 2.2% of total current stock and largely in line with 2018 totals,” the report says.

“This will mark the fourth year in a row of completions in the 300,000-units

range, which is entirely appropriate given the strong demand that we expect to continue for another few years.”

### MULTIFAMILY TAKES A LARGER SHARE OF TOTAL HOUSING CONSTRUCTION

“Another factor boosting multifamily development is that it is taking up a larger share of total housing construction,” the report says.

“Single-family construction is lagging, in part because rising costs make it difficult for developers to build at entry-level price points, which are in more demand than large suburban homes.

“With a wider availability of rentals and fewer costs attached to renting, that dynamic is likely to continue. Millennials, which now represent the largest population cohort in the labor force, are starting to buy their first homes, but affordability is a problem due to student loans and rising mortgage rates. Their propensity for technology- and entertainment-driven markets is effectively pricing some of them out of home buying,” the report says.

*The data presented in this outlook is provided by Yardi Matrix, the data and information service for real estate professionals. Email or call them at 480.663.1149 to learn more and schedule a demo of the industry’s most comprehensive market intelligence service.*



# What to Expect from Millennial Renters in '19

By HOLLY WELLES

A landlord’s ability to adapt has a substantial impact on their success. Potential tenants will always choose properties that align with their interests and values, and as these interests and values change, year after year, landlords need to remain aware of shifting trends to capitalize on them.

This fact is especially true of the millennial demographic. Projections show that millennials will soon surpass baby boomers as the nation’s largest living adult population, making them an even higher priority for landlords. So what can these landlords expect from millennial renters in 2019?

Let’s consider three trends that will shape the way landlords appeal to millennials.

## 1. DESIRE FOR SMART-HOME TECHNOLOGY

Millennial renters are familiar with the range of smart-home technology available on the market today. Many of them are interested in the benefits of smart thermostats, smart lighting, smart security systems and other products that provide convenience and energy efficiency. Landlords see the appeal as well.

For example, residents can save as much as 10 percent per year on heating and cooling by turning the thermostat back seven to 10 degrees from its average setting for eight hours a day. A smart thermostat allows for this kind of regulation without input, earning considerable energy savings for a rental.

While it’s often unrealistic for landlords

to purchase smart lighting systems for every unit in an apartment complex, they can invest in smaller — though no less substantial — changes, like smart security. A wireless camera system allows landlords a more extensive view of their property, and they impress upon tenants a sense of safety and security.

Tech-savvy landlords who integrate smart-home devices into their properties also enjoy a higher profit. A survey from Wakefield Research found that 86 percent of millennials are willing to pay more for a rental property if it features smart-home technology. Both landlords and tenants see the value in these products.

## 2. SHIFTING TO NEW LIFE STAGES

Millennials are growing older, and as they settle down and have children, finding properties with family-friendly features becomes a higher priority for them. While more urban rental markets will largely miss this trend, smaller communities may see more tenants who are starting to raise families while paying rent.

Sure, home ownership becomes much more popular at this stage in life. But research shows that millennials are entering this stage later than generations in the past, and their first children are those most likely to live in rented housing. Buying a house takes a lot of capital, and renting still makes a lot of sense for some young families.

Landlords who are located in more suburban areas can benefit from understanding a young renting family’s needs. These landlords can market elements of the surrounding area —



schools and parks, for example. A space for children to play and explore catches the attention of new families, and they’ll gravitate toward properties where these features are within walking distance. Accessibility is crucial.

More widely, millennials are also searching for rentals where their pets are welcome. Many of them have a furry family member, and they don’t want to have to pass over the perfect property just because the landlord doesn’t allow cats and dogs. Landlords who prohibit pets should consider an adjustment in their policies.

In short, landlords need to adjust their perception of the average millennial. Depending on your location, you can adjust your listings and marketing to attract the interest of households with small children and pets. This can set you apart in a market that largely caters to tenants with fewer obligations.

## 3. COMMITMENT TO AN ECO-CONSCIOUS LIFESTYLE

Now more than ever, millennials are aware of their impact on the planet. In the face of fluctuating temperatures, unseasonable weather and more frequent natural disasters, many have taken it upon themselves to adopt an eco-conscious lifestyle. Sustainability and environmental conservation are significant considerations.

Millennials want to rent from a landlord who shares their values. Between a

progressive, eco-friendly landlord and one who hasn’t made an effort to improve their buildings, most young tenants will choose the former. This decision not only lessens their carbon footprint, but it can save money on monthly utilities.

Landlords can appeal to these young tenants in a number of different ways, such as by installing smart-home technology like the energy-efficient devices mentioned above. They can make smaller changes too, like fixing low-flow attachments to faucets and shower heads, as a comparatively inexpensive alternative.

However landlords choose to address this trend, it’s essential that they make a point to advertise their property’s eco-friendly features. Whether it’s something as simple as a set of new lightbulbs or as complex and costly as solar panels, potential tenants are interested to know how their living space aligns with their belief system.

## LEARNING TO ADAPT

Landlords need to at least be aware of trends to sustain interest in their properties. To attract millennial renters in 2019, they have to appeal to their desires for smart-home technology, their interest in family-friendly features and their commitment to an eco-conscious lifestyle. As the priorities of these millennials continue to shift, landlords and property managers can benefit from adapting to meet their needs.

# Multifamily National Report Shows Calm Amid the Storm

*Continued from Page 1*

metros, highlighting a trend of outperformance among secondary markets.

Late-stage markets Las Vegas and Phoenix remain atop our rankings, as job and population growth drive demand in the desert.

Both markets are benefiting from migration out of high-cost and tax-prohibitive areas in California and the Midwest. Job growth in tech and finance have attracted educated millennials, and warm weather and a lower cost of living continue to bring retiring Baby Boomers.

Considering the late stage of the current cycle and significant new supply that has been added in the past three years, multifamily rent growth performed quite well and exceeded expectations in 2018

While acknowledging concerns that the unusually long cycle has played out, a report on the survey cites “reasons to believe multifamily fundamentals will remain vigorous in 2019 and beyond,” YardiMatrix says in the report.

Chief among those reasons is ongoing strong demand is that job growth remains robust, and social factors—such as student loan debt that limits first-time homebuyers, families remaining renters

longer, and retirees downsizing and moving into rentals—are also likely to maintain demand for multifamily.

Multifamily could be taking a trajectory much like hotels, which have had nine consecutive years of above-trend revenue growth.

Hotels benefit from business profitability and travel, but also from lifestyle changes that lead individuals to spend more on experiences.

## THE FINANCIAL MARKET VOLATILITY ISSUE

Indicators in employment, supply and occupancy trends forecast rent growth.

Volatility in the financial markets over the last few months has been caused by concerns about a slowdown in global economic growth and policy uncertainty that includes the potential for increasing tariff fights.

Despite the volatility in stocks and unexpected rally in Treasury prices, economic fundamentals such as employment and GDP remain healthy.

Demand for real estate such as multifamily is not likely to fluctuate much in the short term, and volatility could even bring capital into the sector.

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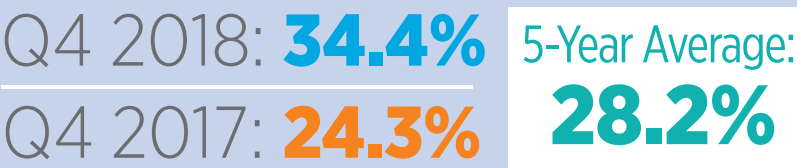
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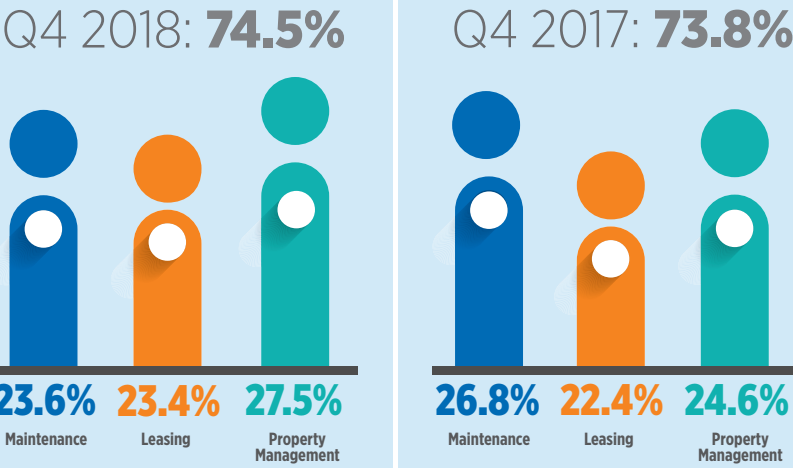


Total Q4 Job Postings in Apartment Industry (% of Real Estate Sector)



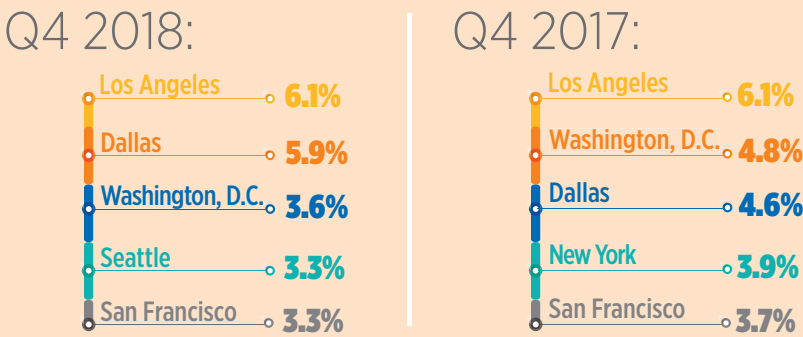
Summary:  
More than one-third of real-estate jobs across the country were available in the apartment sector, well above recent averages for the final three months of the year.

Job Postings by Major Category (As a percent of all Apartment Jobs)



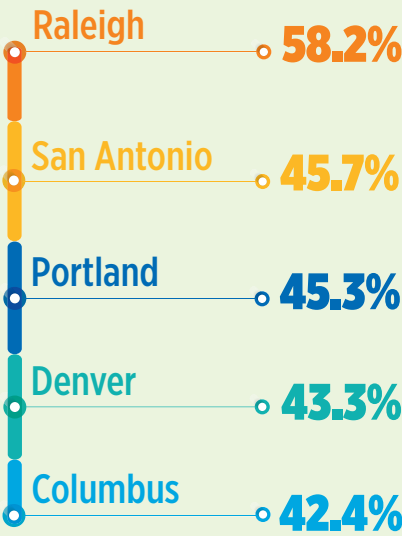
Summary:  
Positions within property management were in the greatest demand with leasing and maintenance fairly evenly split. Property managers, assistant property managers and community directors fell within the top 5 job titles comprising more than 6,200 postings combined.

Top MSAs\* (As a percent of all U.S. Apartment Jobs)



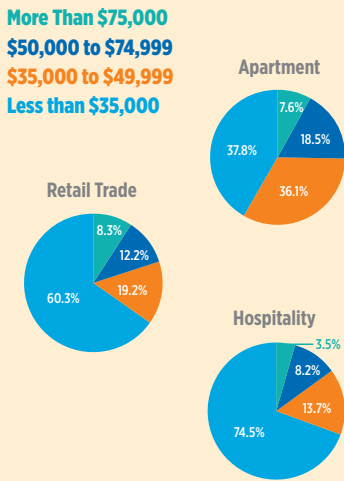
Summary:  
The metro areas with the greatest numbers of apartment jobs were little changed compared to the same period last year. Seattle, where apartment demand has been fueled by robust job growth, took New York City's place in the top five.

December 2018: % Apartment Jobs of Total Real Estate Jobs



Summary:  
The monthly MSA ranking ended the year with three cities making an appearance five times: Denver, Nashville and San Antonio. These markets had the highest concentration of open apartment positions as measured against the broader real estate sector. Although new apartment construction slowed somewhat in 2018, a steady stream of new supply over the past several years bolstered by healthy in-migration and employment growth kept demand for apartment jobs elevated.

Competing Sectors: Mean advertised salaries by dollar range\*\*



Summary:  
Salaries in the apartment sector have been more competitive than the retail trade and hospitality sectors, which have overlapping skill sets for some positions. High location quotients\*\*\* across all three sectors in Denver, Colorado Springs, Seattle, and Phoenix, among others, present both opportunities and challenges with all sectors competing for the same pool of labor.



Apartment Jobs Snapshot

Q4 2018

West Coast Markets Dominate Demand for Apartment Jobs

RENTAL HOUSING JOURNAL

The apartment industry labor market held its momentum through the final three months of the year, with apartment jobs representing more than 34 percent of job openings in the real estate sector.

The latest National Apartment Association jobs report shows demand levels were well above the recent average of 28.2 percent for this quarter.

West Coast markets Los Angeles, Seattle and San Francisco dominated the top cities for apartment job demand in terms of the sheer number of available positions.

Both Denver and Colorado Springs had the highest location quotients, meaning demand in these markets was three times the U.S. average.

PROPERTY MANAGER JOBS IN HIGH DEMAND

Positions in property management were in the greatest demand, with leasing and maintenance fairly evenly split, according to the December report.

Property managers, assistant property managers and community directors were in the top five job titles, comprising more than 6,200 postings combined.

SALARIES FOR APARTMENT JOBS MORE COMPETITIVE

Salaries in the apartment sector have been more competitive than the retail trade and hospitality sectors, which have overlapping skill sets for some positions.

High location quotients in Denver, Colorado Springs, Seattle, and Phoenix, among others, present both opportunities and challenges as all sectors are competing for the same pool of labor.

MAINTENANCE-TECH SKILL SET STILL HIGHLY SOUGHT

The change in the proportion of job

titles over the past five years is not only reflective of demand, i.e. the highly sought-after maintenance tech, but of recruiters providing more focused and appealing titles.

The generic “apartment manager” has given way to “community manager,” while the surge of assistant property managers and maintenance supervisors reveals a clear career path within those sectors.

The greatest increases in skills desired for all types of positions included both specialized skills such as Yardi software, and soft skills, particularly writing and collaboration

The jobs report focuses on jobs that are being advertised in the apartment industry as being available, according to Paula Munger, Director, Industry Research and Analysis, for the National Apartment Association’s Education Institute.

JOBS REPORT BACKGROUND

“Our education institute is a credentialing body for the apartment industry. They hear often that one of the biggest problems keeping our industry leaders up at night is the difficulty in finding talent, attracting talent and retaining talent,” Munger said. “Labor-market issues are happening in a lot of industries, certainly with the tight labor market we have.”

NAA partnered with Burning Glass Technologies. “They have a labor-job posting database that is proprietary,” she said, and they can “layer on data from the Bureau of Labor Statistics (BLS). We looked at that and thought we could do something that is really going to help the industry and help benchmark job titles and trends as we go forward.” NAAEI’s mission is to provide broad-based education, training and recruitment programs that attract, nurture and retain high-quality professionals and develop tomorrow’s apartment industry leaders.

Highest Location Quotients\*\*\*

Apartments		Retail Trade		Hospitality	
Denver	3.0	Seattle	2.1	Las Vegas	3.9
Colorado Springs	3.0	San Francisco	1.7	Nashville	2.4
Austin	2.9	Denver	1.7	Denver	2.3
Portland	2.7	Colorado Springs	1.7	New Orleans	2.2
Raleigh	2.7	Burlington, NC	1.7	Phoenix	2.1

\* MSAs with 100 or more apartment job postings. \*\* Sample size for apartment job advertised salaries was 8,544 positions. \*\*\* Location quotients show how concentrated demand is within a particular geography. US-wide average demand equals 1.0; an LQ of 1.2, for example, indicates 20% higher demand than the US average (or 1.2 times the US concentration).

Sources: NAA Research; Burning Glass Technologies; Bureau of Labor Statistics; CoStar Group (Job postings data are not seasonally adjusted)

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