



# MARKETING BUDGET SURVEY REPORT

10 JANUARY 2011





# INTRODUCTION

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During the month of December 2010, Property Solutions conducted an electronic survey to explore 2010 marketing budgets for multifamily management companies and discover what changes were anticipated for 2011. Respondents ranged from large to mid-sized multifamily management companies and were generally C-level marketing executives. Results show that property managers are still adjusting to market changes, re-evaluating new technology, and finding a balance with traditional advertising.

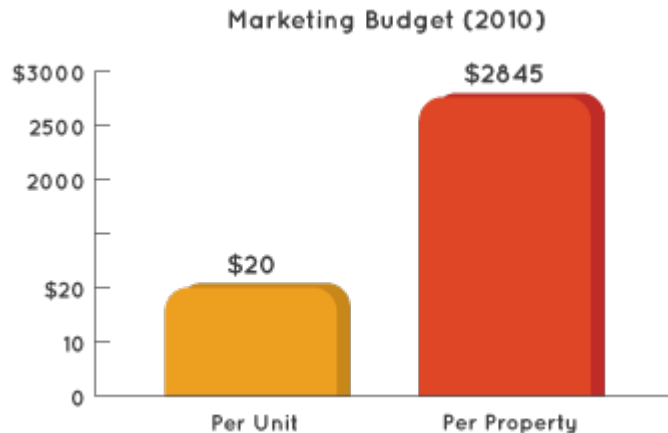
Over the past few years the multifamily industry has increasingly embraced a “new age” of marketing. Property Solutions’ survey of marketing budgets indicates that adoption of online marketing techniques continue to catch on with property management companies. Not surprisingly, properties who responded to the survey plan to increase spending on almost every online platform. Look for the gap between spending for traditional marketing efforts and online marketing to increase in 2011.

# REPORT

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## What was your average community, monthly marketing spend for 2010?

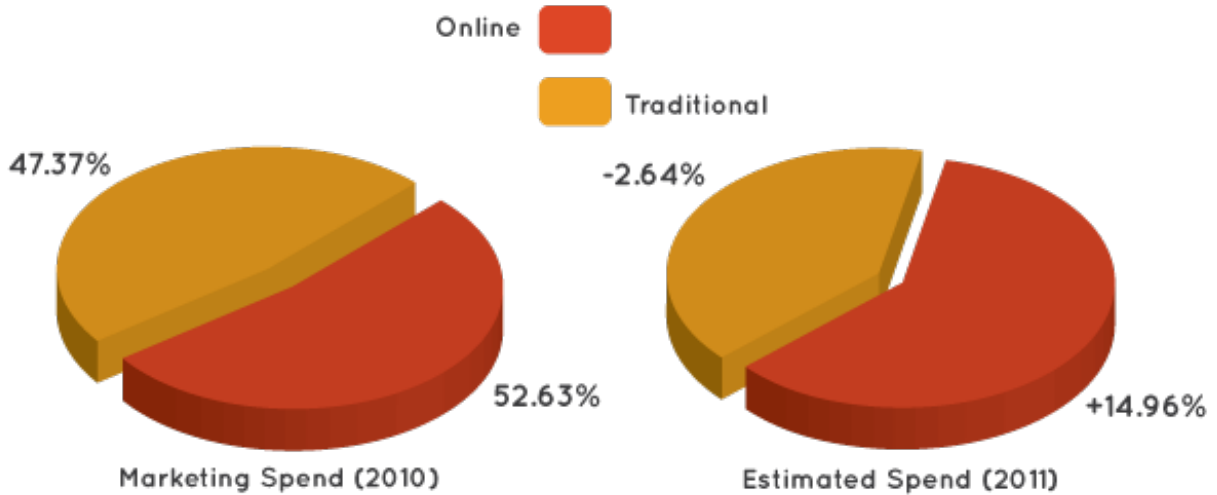
Average monthly marketing spend for survey respondents came down to \$20 per unit, with an average property size of just over 140 units, the average property budget came to \$2845. This survey asked how that overall marketing budget was split between traditional and online marketing methods, as well as where properties expected to increase or decrease marketing spend in the coming year.





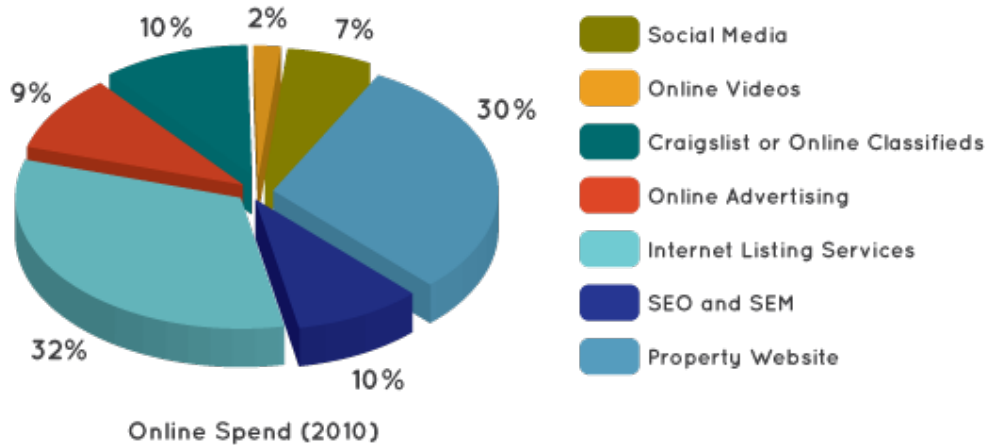
Please estimate what percent of your 2010 marketing budget you spent in *online* versus *traditional*.

In 2010 spending for online marketing initiatives surpassed spending for traditional marketing. Online marketing is fast becoming the new “normal” for property management companies. Property managers are finding that web-based marketing is becoming more important as resident expectations shift. Ever-increasing options created by new innovations to online delivery and platforms (i.e. iPad, smartphones, Groupon, YouTube, etc.) have created an expectation among renters of a certain level of online functionality. Based on responses, online marketing spend by property managers is anticipated to increase by almost 15% in 2011. Targeted marketing spend is detailed more below.



What percent of your 2010 *online* marketing budget did you spend with the following initiatives?

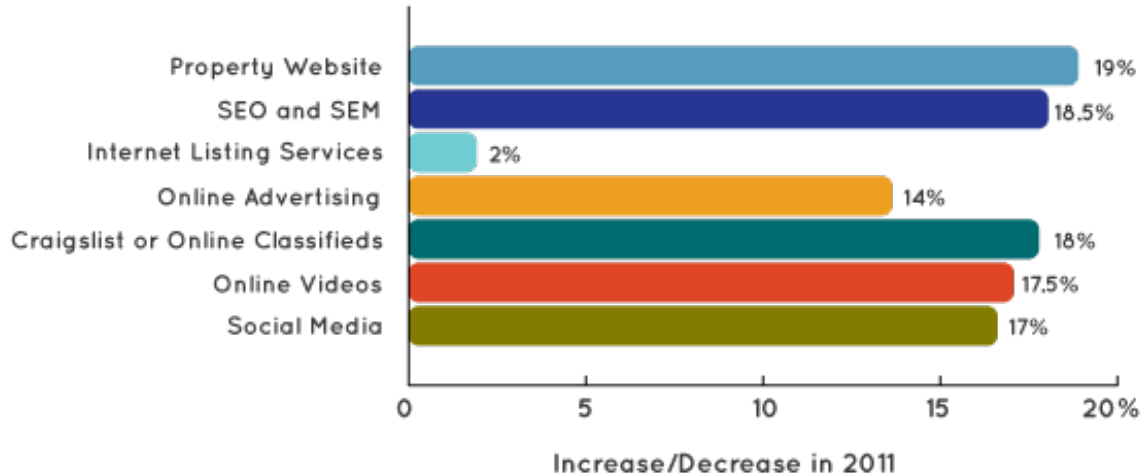
The next two sections evaluate the online marketing budget and asked respondents to predict which will be subject to the greatest change in 2011. Property websites and internet listing services were the biggest online marketing expenses for property managers in 2010.





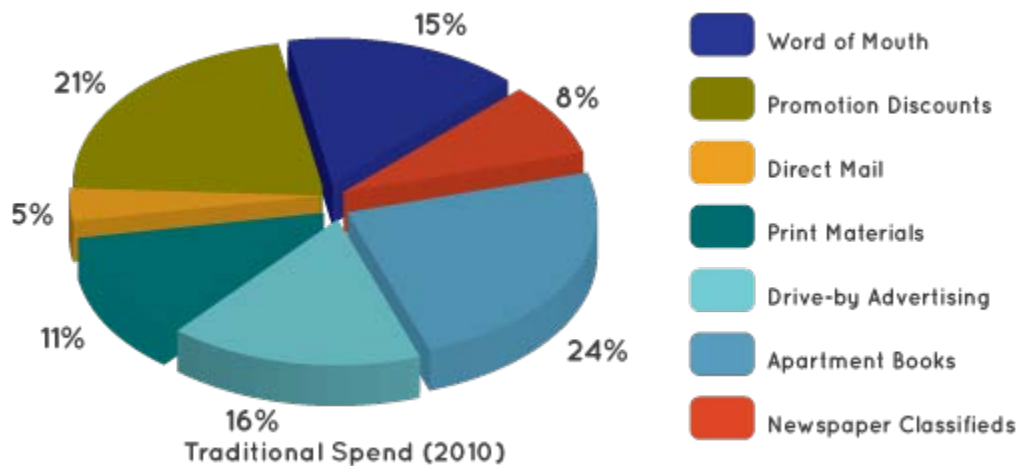
### How much do you expect your online marketing budget to increase/decrease in 2011?

One interesting result shows many respondents planning to increase investment in property websites in the coming year by an average of nearly 20%, while ILS spending looks to hold steady with 2010 amounts. All of our respondents indicated a greater investment planned across the board in online advertising. Look for more participation in online classified sites like Craigslist, social media, online videos, SEO services, and pay-per-click marketing.



### What percent of your 2010 traditional marketing budget did you spend with the following initiatives?

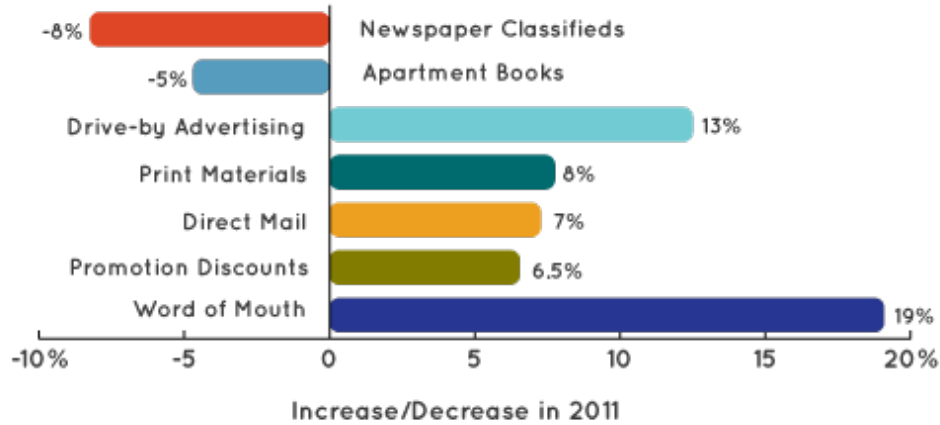
The greatest percentage of traditional marketing budgets for the last year went to apartment books and promotional discounts, with drive-by advertising and word of mouth marketing efforts following close behind. Newspaper and direct mail advertising are seeing a decreasing share of the apartment marketing budget.





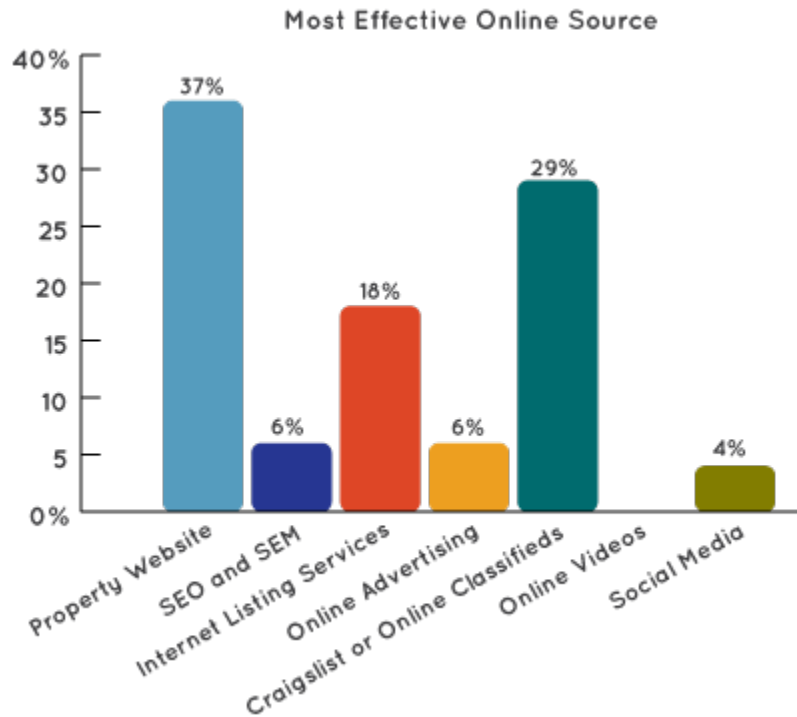
### How much do you expect your *traditional* marketing budget to increase/decrease in 2011?

More bad news for newspapers, as the little spent by property managers in 2010 looks to decrease in the coming year. Budgets for apartment book advertising will also be cut. The biggest increases in 2011 traditional marketing budgets will go toward word of mouth initiatives and drive-by advertising.



### Which of the following *online* initiatives was your most effective lead source?

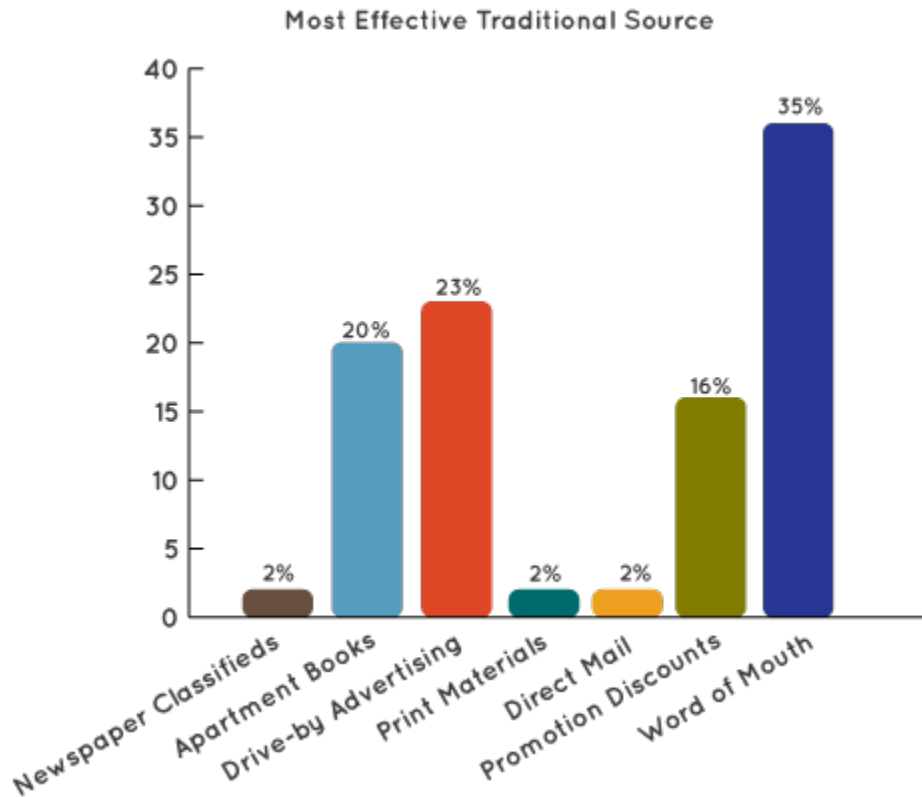
Respondents reported that the most effective online marketing sources were property websites and online classifieds. Lower reported effectiveness for SEO, Social Media, and pay-per-click efforts may indicate relatively little investment in these efforts in the past year, as many property managers plan to increase spending in these areas for 2011 (see page 4).





### Which of the following *traditional* initiatives was your most effective lead source?

The reason many properties plan to increase word of mouth marketing in 2011 is explained by this question, which shows the category as the most effective among traditional marketing methods. Newspapers, print ads, and direct mail were ranked as the least effective traditional marketing methods over the past year.



## CONCLUSION

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Marketing in the multifamily industry is experiencing a shift away from traditional marketing methods, and specifically newspaper and print advertising, towards web-based initiatives. This shift, coupled with a volatile economy and large demographic swings among renters, leaves property managers in a position to evolve or perish. Looking forward, property management companies are likely to continue to pursue new technological tools and ideas to differentiate communities. Managers are already reallocating resources towards technology in order to accomplish their marketing goals.