

PORTAL POCKET MONEY BAGGED

Anticipate more apartment owners and managers to count on community Web sites and portals as a source of ancillary revenue. **The Lynd Co., Mark-Taylor Residential Inc., Colonial Properties Trust and Gables Residential** plunge into the world of Internet and e-commerce solutions to save costs and generate some pocket change. Results vary from a 10% improvement in core metrics to a 280% jump in IRR, not to mention realization of economies of scale.

Most major companies increasingly rely on community Web sites for rent collection and payment of utility bills. New e-commerce solutions move in, such as local search engines, community advertising and online marketing, which aim to attract prospective residents and retain existing ones. Research indicates that on any given day, 5% of Internet surfers are looking for a place to live, making the Internet one of the most powerful business tools. Setting up a comprehensive Web site can capture leads and convert potential customers to residents provided the manager can follow up on the lead. Smart property managers hire online marketing firms to ensure leads don't die and to implement tracking systems whereby the queries make it to the right leasing agent.

Once the apartment owner captures a resident, the community Web site can be used to offer services such as searches for local amenities like restaurants, car washes, dry cleaners, groceries, bakeries and essential supplies. Search engine optimization helps boost community hits in online searches and eliminates paying exorbitant sums to popular search engines like Google for top spots. Functional community Web sites enable residents to pay rent online as well as place work orders.

The Lynd Co. looks to take advantage of local search engines and will increase its Web presence for residents. COO **A. David Lynd** researched the idea one year ago and expects to roll out the company's Web portal this year in all its Texas communities — its highest concentration of properties. Lynd enlists **Property Centric** for the job. The way it works is fairly simple. Lynd commissions Property Centric to create a user-friendly Web site for a couple of thousand dollars and pays maintenance fees in the range of \$500/month. Property Centric connects directly with local vendors and businesses for online advertising and marketing. Most of the local businesses lack the ability to pay for major search engines but don't mind shelling out \$50 and up for single placement ads on Lynd's community website. Bigger firms also can pay about \$500 for banner ads on a quarterly basis. Lynd hopes to enhance the company's online presence by 25% on his end, a strategy that should work well for the tech-savvy Gen Y Internet user. He intends to devote 15% of its expenses for IT solutions this year. The company anticipates generating extra income of \$3,000/property/year in Texas. It adds up to a neat sum since the firm controls 55 properties in the state.

Mark-Taylor put in \$6,500 for the company's case study with Property Centric. The firm reaped more than its share when it realized \$13,000 in revenue for the first year. It doesn't cost them a dime to run the portal now. Property Centric President **Rob Remus** believes that most apartment firms recoup ROI on his product in the first six months. Typical costs of setting up an initial Web site are about \$3,500. The monthly maintenance fee is \$500/month.

Colonial Property Trust, **Waterton Residential** and **Flaherty and Collins** use **ResiteIT**, a Web-based tool package that works on Web site designs, leasing application hubs and online rent payment systems. All three services cost around \$200/month to \$300/month in maintenance, in addition to initial Web site design costs ranging from \$1,000/community to \$10,000/community. VP of Business Development Greg Starr believes there are two ways firms can make money. First: Completing lease obligations online saves time and paperwork and lessens leasing staff's worry about rent since online payments go directly to the bank. Second: Using Web site portals saves management about \$2,000/month on lost rents. Marketing and leasing commissions make up 10% to 15% of revenues but high turnover from 25%/month to 40%/month hurts management.

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Gable Residential, **Place Properties**, **Simpson Housing** and **Peachtree Residential** use Internet marketing and e-commerce solutions like **Definition 6** to increase revenues. The service captures leads and converts them to renters, digitizes floor plans and uses video emails to get residents in the door. These firms have increased closing rates by 10% and captured at least 10% of the leads. Definition 6 CEO **Michael Kogon** feels that it makes sense for companies to add these services at multiple locations such as three cities with 20 communities. It costs about \$200,000 to \$300,000 in initial investments on an Internet-based system and an additional \$100,000 in annual management.

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