



# 21 KEY STRATEGIC INSIGHTS FOR 2021



REALPAGE.CO.UK

AN ESSENTIAL STRATEGY PLANNING GUIDE

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# 2020 made us all stronger for our communities, our teams and our partners.

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The RealPage® team of rental real estate industry and market experts created these planning insights to help inform and strengthen your strategies for 2021.





# The Year of Variability

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We tend to think of the market in binary terms: It's good or it's bad. From 2008 to 2009, it was bad. From 2010 to 2019, it was mostly very good.

And then there was 2020, which was ... a roller coaster. The volatility of 2020 will give way to another V-word in 2021: variability.

Here's the distinction: In 2020, everyone felt massive volatility due to the pandemic. In 2021, performance and market conditions will vary massively from asset to asset, submarket to submarket, and market to market.

How can BTR and Student investors and managers navigate through variability in 2021? Varying conditions require a willingness to

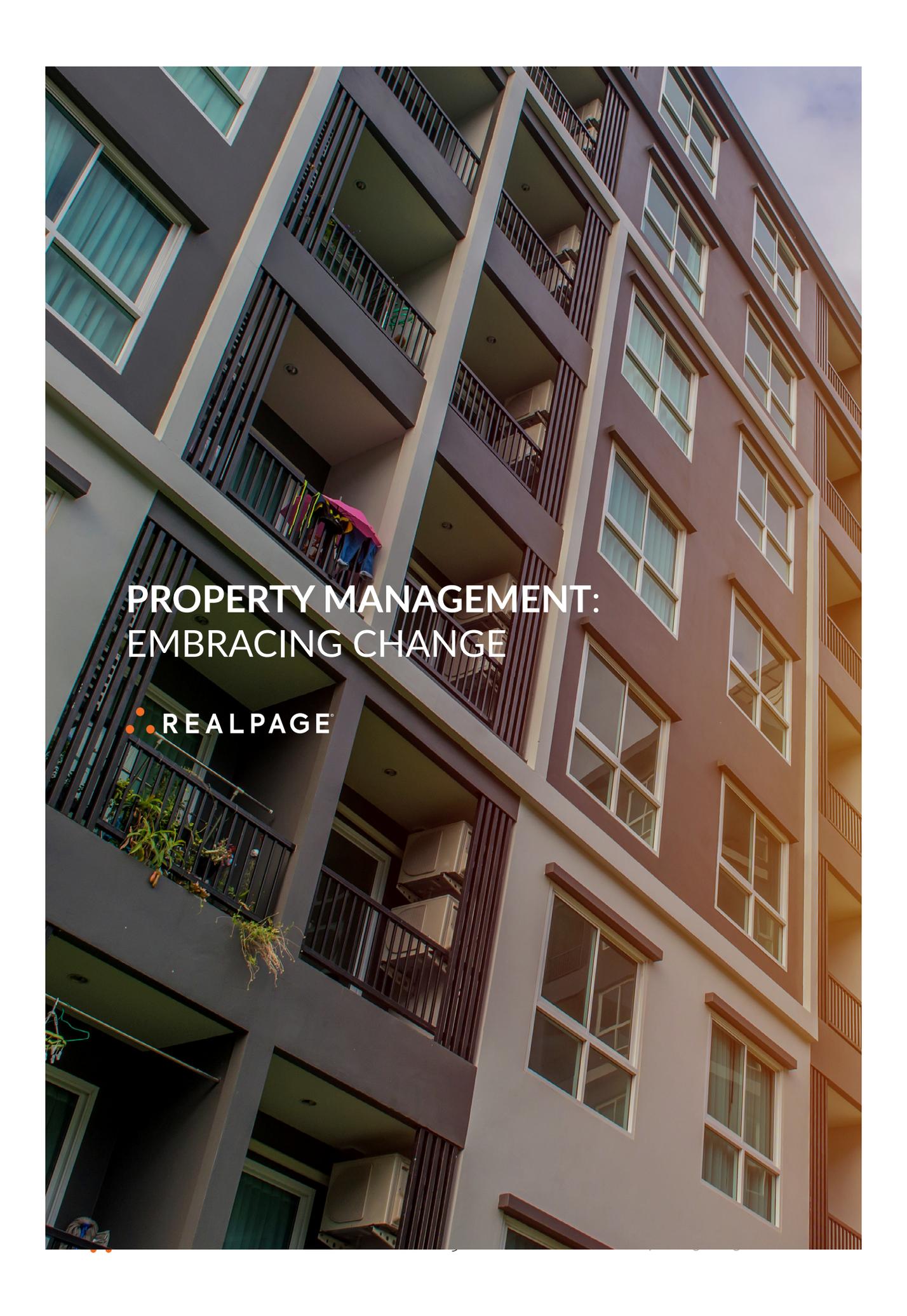
adapt to each environment — not apply a one-size-fits-all strategy.

In 2021, it will be more important than ever to monitor real-time portfolio and market trends and stay one step ahead. Re-evaluate your KPIs to ensure they match realistic goals and watch them as frequently as possible.

Get precise in your strategy. Tailor it to each individual market, each individual asset, each individual unit type.

Precision matters and will drive a more focused approach on pricing, marketing and leasing, as well as retaining residents, boosting reputation scores and pinpointing operational efficiencies.





**PROPERTY MANAGEMENT:  
EMBRACING CHANGE**

**REALPAGE**

# 1

# Accelerate Fully Virtual Leasing— Not Just Tours

## Key Resources:

RealPage Residential Property Management

5 Reasons: Why RealPage

When lockdowns arrived, operators who had already invested in virtual leasing tools were ready for the new reality with new ways of touring a property — from 3D virtual tours to YouTube videos to FaceTime to self-guided. Others rushed to catch up. For reasons related to safety and preference, the trend of prospects avoiding the leasing office is likely to accelerate. Operators told us they learned how much more they needed than just innovative tours and saw the need for a complete virtual leasing platform that could tackle execution challenges.



Virtual tours are great, but a tour itself rarely is enough to close the deal. Property managers recognise the leasing trends accelerated by COVID-19 will last long past the virus itself. The next push is to take the entire leasing process virtual and paperless with a fully integrated customer journey: from search and tour to guest card and follow-up to application (including referencing, identity verification and payments) and lease signing. From there, property managers can even piggyback on previously planned smart technology initiatives like keyless entry and, ultimately, help prospects move in without ever stepping foot inside a leasing office.

# Focus on Renewals— They’ll Be Harder to Secure

COVID-19 lockdowns made it harder for households to move, so retention soared to historic highs, and on-site teams stepped up big time to focus on resident care. But in 2021, property managers prioritising retention will be challenged to push back against the tide of normalising turnover patterns. The keyword here is “normalising.” We do not expect mass move-outs, but we’re likely to see an increase.



## Key Resources:

[RealPage Residential Property Management  
5 Reasons: Why RealPage](#)

The message here is don’t change course in 2021. Continue to utilise virtual engagement channels while safely phasing in some face-to-face interaction with residents. Invest in solutions that make your properties “stickier” by connecting your residents with one another and your on-site teams: community activities, rewards to incentivise engagement, and communication channels that keep your residents informed. When restrictions relax, consider adding Apartment Coordinators to organically build community and resident connections. Renewal pricing can push moderate renewal rent growth in many markets without pushing renters out. But in concession-leaning markets (particularly for competitive high-end properties), avoid deeply inverted rents that motivate current residents to request transfers or move to concession-leaning neighbours.

# No “Tsunami”: Evictions Will Remain Limited



When COVID-19 hit, government pushed to block evictions temporarily. Many of those moratoriums were extended multiple times, most recently until 31 May 2021 — and starting 1 June, notice periods previously extended to 6 months were reduced to 4 months. U.K. Housing Secretary Robert Jenrick said this would ensure renters still struggling to recover remained protected “during this difficult time.”

When you have a limited ability to evict delinquent or destructive renters, it’s paramount

to be cautious about who moves in. This caution protects the bottom line and your existing residents from nuisance neighbours and helps ensure units are available for those needing a home. Continue to apply rigorous screening standards in 2021. Fraud is accelerating, and property managers report increased rental application fraud. With leases signed under fake names to avoid paying rent, losses mount quickly. Use modern tools that help ensure your applicants are who they say they are.

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## Key Resources:

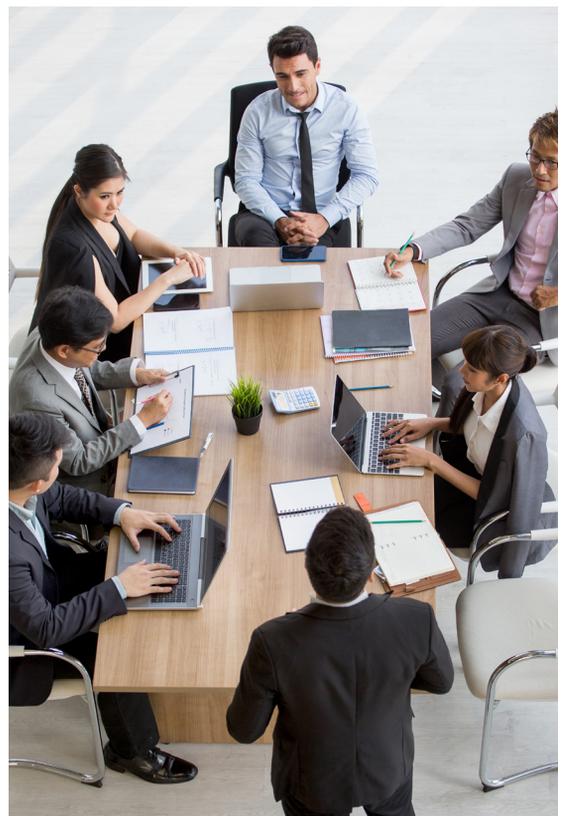
RealPage Residential Property Management  
5 Reasons: Why RealPage

# Cut Costs Not Quality: On-Site Teams Go Multi-Site

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When revenue opportunities are more limited, executives look to the other side of the ledger for savings. The key — and the challenge — is to identify opportunities to cut costs in ways that residents and prospects don't notice.

Savvy cost-cutting will intersect with shifting some traditionally on-site functions to off-site resources to help alleviate increased workloads for staff — like answering calls, processing rent payments, invoicing, purchasing and bill paying, securing vendors and collecting comp data. Benchmarking tools will help you better understand and evaluate your expense structure against others. Also consider technologies that can create more savings than costs, such as smart building solutions. Apartment coordinator roles can also be an excellent low-cost, high-touch solution to providing resident care for leasing teams that are spread thin.



## Key Resources:

RealPage Residential Property Management  
5 Reasons: Why RealPage



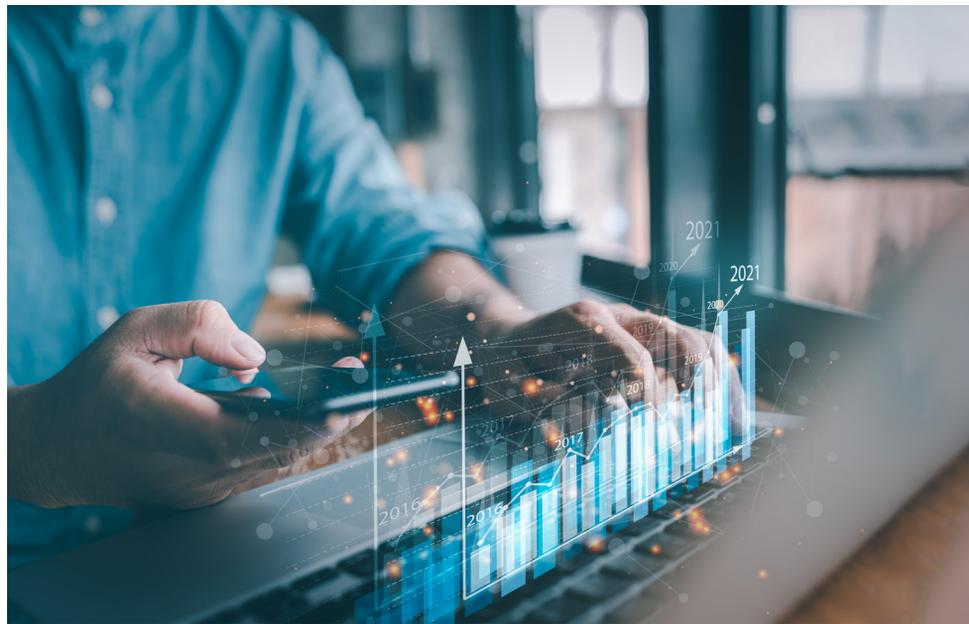
# 5

## Explore a Low-Capital Value-Add Strategy

### Key Resources:

STRATIS® Smart Building  
Value of Smart Building Technology  
RealPage Revenue Management

When you think value-adds, you typically think of a big-budget renovation project and offline units without cash flow until completion. The surge of value-added activity in recent years has left fewer opportunities, and the strategy has become so hot that buyers are bidding up prices on unrenovated properties to levels that leave less in the pot for renovations — but that doesn't mean value-add is going away.



Investors are beginning to take a broader view of value-add beyond physical construction. Valuation is derived from the rental income, and there are other ways to increase the value of the rent roll. Reputation management has been a hot topic for several years but now takes on greater priority as asset managers look for low-cost strategies to generate yield (including revenue management, virtual leasing and paperless billing). Seek out tools that engage residents and help drive up reputation scores, which help create more demand and, in turn, boost occupancy and rent. Apartment coordinators and resident portals also help. Investing in IoT and communitywide, centralised Wi-Fi can add appeal and additional revenue.

# Be Cautious With Concessions

## 6

### Key Resources:

RealPage Residential  
Property Management  
5 Reasons: Why RealPage

Concession usage became more and more popular when COVID-19 hit. Average concession values have ranged from offering discounted rent to deposit-free arrangements or credits/vouchers for services. But concessions can be a burden for rental income. For example, the expiration of a discounted rent spread over the year can be a significant rent cut for the operator and an inevitable rent rise for the renter upon renewal one year later.

Use a scalpel, not a chainsaw. The lure of concessions can be great when you need demand and can be effective

in a rent control environment where concession burn-off isn't counted as rent growth. Lease-up concessions sometimes make sense, but in most cases for stabilised properties, concessions are too rich for the payoff, complicate the odds of achieving any new growth in base rent upon renewal, frustrate in-place renters who didn't get the same deal, and condition renters to believe rent is negotiable. The best strategy is effective daily pricing with flexible options based on term length. This gives renters more choice (and transparency) while providing property managers with more flexibility down the road.



# Get Back to the Basics of Property Management



After enjoying the longest upcycle in recent memory, operators in build-to-rent (BTR) are experiencing an unavoidable consequence of enduring prosperity: an entire generation of property managers and letting agents who have never experienced a downturn. To combat this lack of experience, leaders in the space are focusing their teams away from the new and flashy to the basics of delivering results, especially when it comes to product and promotion.

## Key Resources:

RealPage Residential

Property Management

5 Reasons: Why RealPage



Having clean and well-maintained product is critical for both the physical property and online presence. Routinely walk and inspect the grounds, common areas and available units for quality control. Maintaining curb appeal is vital. Timely service request completion is also critical to resident retention efforts. Making your online presence “sparkle” is more important now that prospects prefer virtual tours. With this in mind, it is critical to have current rich media on available units. Think holiday rentals: You wouldn’t book a holiday in a place that had two or three pictures. You’d want to see what every inch of the place looks like before you rent it for a year. Photos and videos from daily community and unit walkthroughs help renters better visualise their options.

# Strengthen Your Tech Stack

## 8

### Key Resources:

RealPage Residential  
Property Management  
5 Reasons: Why RealPage

“How well do our software solutions work together?” This is a question at the top of the list for many CTOs and information solution specialists. One benefit of the lockdown in early 2020 was the resulting clear focus on efficiency. If a process was inefficient, it was exposed almost immediately — particularly in the world of information solutions. This exposure has led to a systemic approach to the software stack, evaluating solutions on not just the quality of services but also how they integrate with and even enhance a portfolio’s other solutions (and in the worst cases, the negative impact they can also have on other technology solutions).

Think through how each technology piece works together in your portfolio. Does the CRM platform integrate with and inform the resident portal? Does the revenue management platform integrate with and inform the marketing suite about needed demand? Does the IoT technology integrate with and inform the utility management platform (and vice versa)? Do the analytics tie together? Connecting this intelligence will continue to be the focus for many who are streamlining their operations and weeding out inefficiencies, choke points and weak links in productivity.



# 9

## Take Back Control of Your Brand

### Key Resources:

RealPage Revenue Management

Today, few businesses depend on the Yellow Pages anymore for leads, although the apartment business still relies heavily on its industry equivalent: property listing sites. Challenges come when you have limited control over how your brand is positioned and limited visibility into results. Marketing has become a science. How do you target the right people at the right time most efficiently for the maximum ROI? This shift isn't new, but we will see a more concerted shift to science-based marketing in 2021.



Get more precise about which units you are marketing and the audience you're targeting. Invest marketing pounds on what you clearly need at a specific point in time. Focus on unit-type, exposure-based marketing. Operators have invested heavily in a strong digital presence that caters to every point in the renter's journey. Coupling that approach with exposure-based marketing increases the chances that the right audience sees the right content. Keep investing in strong, fresh digital content (photos, 3D floorplans, interactive site maps, virtual tours) and tools that drive more traffic to your website (SEO, SEM, geotargeting).

# Drive Up Revenues —Not Just Base Rent

# 10

## Key Resources:

RealPage Revenue Management  
Revenue Management Clients

Owners and managers are always looking for additional revenue, but those efforts become much more important in 2021 when rent growth is limited in many markets. Many apartment operators often think only of traditional ancillary revenue items like parking and various fees. However, leading players are beginning to think bigger. We expect to see more operators start to take definitive action in 2021 as they begin to monetise the amenity services that residents value.



What in-unit amenities resonate most with your client base? Technology services are huge. Centralising Wi-Fi and smart technology services can generate extra recurring revenue while also reducing costs and staff labour. Additionally, look to solve social distancing needs while making community spaces available to residents needing some workspace or small gathering space for a reasonable fee. When it comes to unit amenity premiums, assess whether they are aligned with demand. For example, ground-floor units are in greater demand and could warrant higher premiums. Or maybe units with the best view are priced so high that they sit on the market too long and negate the added value of the premium. Tools that can help you determine how to price amenities for price optimisation will prove essential.



# 11

## Smart Tech Can Differentiate You—If You Can Manage It

### Key Resources:

STRATIS® Smart Building  
Value of Smart Building Technology



In a market that is likely to be flooded with like-for-like properties, it is important to highlight what sets your building apart — what makes your residents' experience better than the property two streets away? Could the differentiator be smart technology? Statistics from the U.S. show that smart technology has, on average, leveraged a 3% uplift in rent. In some cases, we have seen up to 20% in uplift. So, investing in smart tech makes sense from a financial perspective as well as helping to attract and retain residents.

For BTR residents who are familiar with in-home technology, the ability to customise their smart apartment to their lifestyle — granting visitors access via integrated video messaging services or controlling blinds, heating and lighting electronically — has become the expected norm for the majority. For the operator wondering how to deal with disparate and diverse apartment technology effectively, the answer lies in a solution that manages disparate solutions in one app. Residents and staff can have access to multiple lock credentials. Property managers and staff can easily manage and monitor energy usage in vacant units and common areas while creating a seamless experience for their residents.





**INVESTMENT MANAGEMENT:  
INVESTING IN DATA**

 **REALPAGE**

# Deliver Actionable Data to Your Stakeholders/ Investors

# 12

## Key Resources:

RealPage Investment Management

More than ever before, investors and stakeholders are looking for accurate and up-to-date information on their investments and any key related analysis. They expect accurate, timely, thorough answers to any questions based on robust systems and procedures with the capabilities to produce data accurately, efficiently and effectively — and adapt to both the changing market and internal and external demands for information. Your Asset Managers and analysts should have the right information at their fingertips to interactively walk through scenarios and portfolios with stakeholders, wherever they are.



Modern tools must offer the power and speed to avoid costly (and time-consuming) duplication of information, remove the risk of hard-coded analysis and erroneous entries, and eliminate exposure from paper files and quickly obsolete information. The right solution will also remove key man risk and free up time for your team to complete insightful analysis instead of updating consolidated spreadsheets with disparate data. Your aim is to become proactive. Having the tools and available data to respond quickly, confidently and accurately to any question or scenario will demonstrate that you have your finger on the pulse of your business. Plans based on consistent, standardised data with value-added insight will give stakeholders and investors the confidence to make informed decisions while empowering your team to spend time analysing data rather than collating it.

# Work Smarter to Collate Data for Decision Making

## 13

### Key Resources:

RealPage Investment Management

The data you use in your systems comes from disparate sources and levels: Property Managers, Valuers and Fund Accountants. Bringing this data together is a challenge for most organisations. Ensuring you have the latest information in one place — as opposed to duplicated data in many places — requires tools to simplify and streamline the task, pushing the management and accuracy of it back to your providers.

When you ensure your organisation has consistent, standard consolidated data, everyone can focus on more productive tasks for a more motivated and empowered team. Extending the responsibility for data quality to an expert, outsourced team can remove the risk of an individual and their spreadsheets prone to human error. To maintain focus as an investor or fund manager, you need a dedicated data manager to strengthen your core activities and achieve results. Centralised, accurate, auditable and timely data management provides the platform for your staff to make and support decisions on buying and selling assets through robust scenario modelling and management of assumptions.



# Power Up Your Processes and Modelling

Effective modelling and decision making are now performed on modern and robust platforms that offer more capabilities and protection than Excel. Outdated working practices and systems are unresponsive, inflexible and prone to manual error and formula overrides. Your investors and directors will no longer patiently wait as you churn numbers and spreadsheets.



Your business team needs to seamlessly copy a scenario, adjust the lease assumptions or sensitivities, and see the impact to a fund or portfolio in minutes — not hours nor even days. Having the right Investment Management tool in place ensures consistent processes, accurate modelling and reliable asset performance monitoring to ensure you remain focused and competitive:

- Compare asset performance by any attribute (e.g., asset type, location, size)
- Compare key performance metrics by asset over time
- Compare the fund performance against external benchmarks

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## Key Resources:

RealPage Investment Management

# 15

## Maximise Market Agility With a Health Check

### Key Resources:

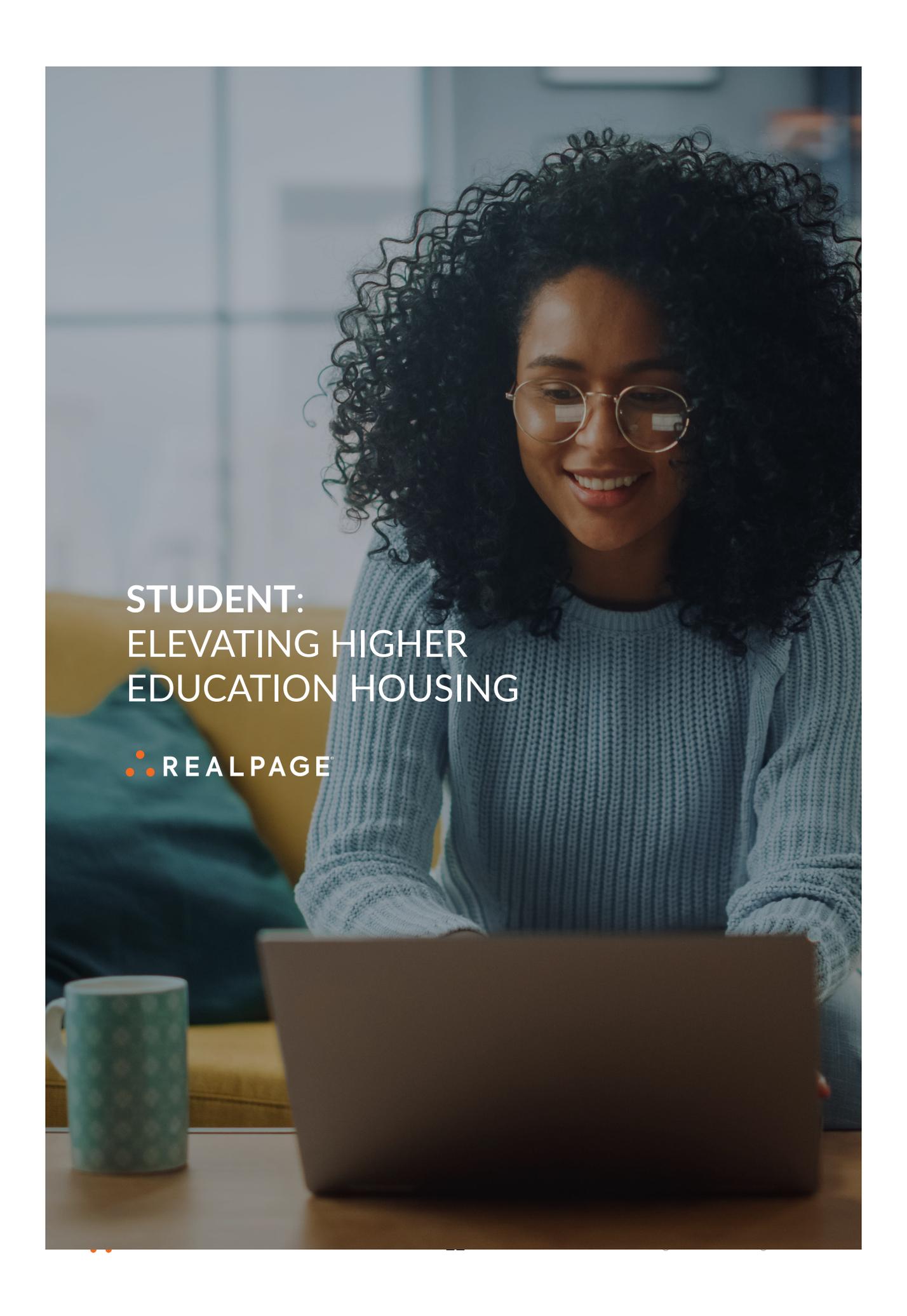
RealPage Investment Management

Answer the following honestly to determine how well your firm is positioned to respond to the changing market:

- Do you have high-value people completing low-value tasks?
- Are you reliant on key individuals to model changing market indicators for specific assets and portfolios/funds?
- Are your models consistent and auditable?
- Are your staff all working from the same data, or are they duplicating effort and collating it individually?
- Can you analyse the impact of a particular tenant across all your portfolios?
- Can you perform benchmarking and compare performance by any attribute?
- Does your team spend hours aggregating data rather than reviewing and auditing their assumptions?
- Do you find it difficult to measure the performance of partners (internal or external) that provide valuation, financial and asset data?

If you identified any issues from the above, seek some advice to help you focus on those areas. While updating your operational model may be challenging even with good Change Management, improving your performance is not as difficult as you may think. While we know there is no “magic bullet,” if you aren’t taking aim at these challenges in your operation, your investors will notice, and your peers will be ready to seize the opportunity.





STUDENT:  
ELEVATING HIGHER  
EDUCATION HOUSING

REALPAGE

# Mix It Up With Blended Living Communities

# 16

The pandemic has fast-forwarded the progression of the “blended living” sector, making the need for convenience, choice and flexibility of tenure greater than ever.

**Key Resources:**  
RealPage Student

In Europe, the student living experience increasingly starts within a PBSA scheme until graduation and then conveniently moves to an engineered community in the same neighbourhood, city or even within the same design-led building that mixes student accommodation with other spaces. Operators offering more choice and flexibility for their diverse population — students, co-living residents, short stay/holiday guests and active adults — with multi-tenure living accommodation, communal living and on-site working spaces will benefit from uplifts in occupancy and diversified, resilient revenue streams.





Research-led spatial design will drive the sustained success of such mixed-occupancy or blended living schemes. Optimised design allows operators to maximise yields and build longer-term relationships with their diversified residents and guests as they transition through the communities. Sustained outperformance will require data insights to holistically design living and active spaces from the ground up that appeal to their various target demographics at every stage of their rental lifecycle. Authentically connected communities offer real benefits to residents, contribute to sustainable local regeneration, and purposefully connect the blended living community with its wider neighbourhood.

Access to real-time, daily demand- and demographic-based data is vital to support asset strategies, operational strategies and proactive decision making around seasonal demand shifts for different types of apartments and living experiences. Further, centrally and seamlessly supporting automated bookings for various tenure types — with customisable booking journeys from country to property to room/bed level — is important for a highly research- and data-driven approach to designing and developing large-scale, blended residential communities.

# Learn From Successful Campus COVID Responses

17

**Key Resources:**  
RealPage Student  
Urbanest Case Study

If last year taught us anything, it is that those operators who were agile and adapted to changes quickly were the ones to thrive. Faced with a pandemic, student operators had to find new ways to welcome back students, ensuring new arrivals could feel safe in their environment. For many operators, this meant establishing new procedures.

Research proves that students highly value operators who carefully considered procedures and put new measures in place to ensure they returned to a safe campus environment.

*Urbanest is a shining example of this, and RealPage successfully worked with them on improving their processes to welcome 2020 students.*



# Make the Student Journey Even Better

Customer journey is not something we'd have associated with student housing a few years ago. But it is coming to the forefront of operators' minds more often. Creating a seamless student customer journey and continually improving that process means that applicants can easily make decisions in an already stressful time.

For students, important factors like location and price usually lead the decision process, but the ease of online viewing and booking with desired properties also plays a part. Once you've found somewhere you like, service-related issues like negotiating rent and sorting out the tenancy agreement often help secure the decision.

*Longtime customer International Campus is continually improving its customer experience with students in mind.*



## Key Resources:

RealPage Student

International Campus Case Study

# 18

# Update Your Make-Ready List for 2021 Enrolment

# 19

Key Resources:  
RealPage Student

What we know about the student housing market is that despite everything, it remained a resilient asset class in 2020. In fact, the numbers indicated the impact of COVID-19 was “less severe than expected,” as shown in the Bonard 2020 Annual Student Housing Report, which found that “occupancies have decreased by less than 10% in most countries” — far from the 20% reduction that was expected. The U.K. unemployment rate was estimated at 4.9% — 0.9% higher than this time last year. A bad employment picture, which encourages university enrolment to some degree, coupled with the return of international students, means we expect bumper occupancy levels in 2021.



We know that many Student providers are looking to drive and improve their brand image; therefore, we expect to see more providers looking to enhance their customer experience. And one way to do this is by providing a seamless online booking experience that makes it easy for students and their families to engage with your property — and memorable to encourage them to stay and return for the next year of their studies.

# Make an Impact With Sustainability

Today's students care about sustainability: UNESCO reports that 91% of students “agree their place of study should actively incorporate and promote sustainable development.” But how do students actively play a part in sustainability? Increasing awareness of energy consumption can often be the most cost-effective way to reduce energy usage, possibly influencing student behaviour and encouraging them to consider the environmental impact of wasted energy.



In-room temperature stats and smart window sensors can detect an open window and turn the heating off, and smart lighting turns off lights in a vacant room — all reducing energy consumption and cost. Property managers can remotely control and set building and bed/apartment-wide scenes proactively to reduce energy waste. Leak detectors enable maintenance managers to respond sooner with measures to reduce water wastage, subsequent property damage, and insurance costs. More providers are planning to create future-conscious, sustainable student properties and drive behavioural changes in their residents — simultaneously meeting environmental targets and avoiding unnecessary expenses.

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## Key Resources:

STRATIS Smart Building

Value of Smart Building Technology

# Get Smart to Generation Z's Expectations

# 21

## Key Resources:

STRATIS Smart Building  
Value of Smart Building Technology



Over 25% of the world's population are young adults born in the mid-1990s and mid-2000s, otherwise known as Gen Z. Living on multiple devices, this generation raised on the internet is incredibly familiar with in-home smart technology, prompting a new approach to building, equipping and leasing multifamily properties. Smart apartment technology and IoT-powered intelligent buildings are becoming a standard consideration during the design and development of PBSA and will quickly become a requirement for all PBSA schemes of significant scale. PBSA owners and operators are deploying more smart building technology, and Gen Z are expecting more than just smart door access: Think smart lighting, HVAC, water and energy usage.

A centralised approach is required for managing the disparate technologies that support the demanding period of the move-in/move-out process. Student properties need to think carefully about implementing smart technology — considering the future system management and administrative complexities of centralised IoT device management, analytics and control — alongside adhering to GDPR and local data protection laws. Generation Z's technology demands are driving optimisation of the spaces where they will live, study, socialise and go to work. In fact, the data available from a holistic IoT smart building solution to monitor and analyse building usage patterns is already highly valued by those investors, owners and operators developing blended living schemes to align with the evolving needs of students, residents and guests.



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