

## *Is the Style of Your Customer Price Sheets Dated?*

More than likely, the answer to this question is yes. If production of new price sheets for customer distribution are not updated daily and they still focus on specific apartment floor plan types [architect's digits like A-1, B-1, etc.] but not on selling specific addresses that highlight the most significant benefits of each address, then it's time to make a change to the property's customer price sheet.

This is just one of the simple strategies Jennifer Nevitt of Bravo Strategic Marketing, Inc. has developed during her 20-year career in enhancing income streams of multifamily real estate assets. Ms. Nevitt believes that a well-developed and accurate price sheet can be one of the biggest selling tools when leasing apartments.

### ***A Contrarian Approach***

Nevitt's philosophy behind building effective price sheets is contrarian to those currently used on-site. Traditionally, a site team types up a standard price listing of all of the floor plans offered at the community whether there are or aren't any available in a specific floor plan type. In the conventional style, property management teams list floor plans from smallest square footage to largest square footage. Prices listed are only base prices and other amenities are listed at the bottom of the page for a customer to see a break out of each additional option.

Ms. Nevitt's philosophy is to challenge the current practice of price sheet development by asking, "Is the current description mentioned earlier the best practice in daily price sheet delivery? Are the apartments selected going to increase the velocity of absorption of available inventory?" If the response is at all negative, she encourages companies to consider changing the way they build customer price sheets.

This educational piece was written to encourage consideration of the customer price sheet as a strategic sales tool to promote each apartment's specific, favorable design and the apartment's individual placement characteristics of each individual apartment address that the property management team intends to highlight on the price sheet. When the team selects one or two apartments of each floor plan type, it is much easier to create urgency with the consumer. Customers focus their attention on two key options per address at different price points and make a value choice based upon their personal preferences as to which one best meets their needs. Flat line pricing slows absorption [A-1's = \$570, B-1 = \$670, etc.], and value-based pricing specific addresses assists in increasing absorption.

### ***Strategy Behind the Team's Selection***

Nevitt recommends that team members sit down on Monday mornings and select the apartments for the price list per week and then update it daily as apartments are assigned. She encourages the team to think through the available inventory/apartments and choose two to three apartment addresses per floor plan type with all amenity adjustments added to the street price of each address. She cautions the team to make certain that the apartments that have the longest days vacant are listed and priced attractively. "The highest priced

apartments should be listed in descending order on the sheet," recommends Nevitt, "with the most expensive descending to the least expensive by address with benefits and features outlined for each. Select the most expensive apartment with the greatest amenity charges of like kind to accompany the apartment that has been sitting the longest so that the amenity heavy apartment (priced accordingly) helps the customer recognize that the basic apartment home is an economical value for those customers that are bargain shoppers."

After the team has hand selected the apartments to focus on for the week, Nevitt recommends organizing the list from the most expensive to the least expensive. "Price image is a sales strategy often employed to create value with a customer. Listing the most expensive apartment addresses first portrays a statement of confidence in price to the marketplace."

Nevitt explains that the advantage to this is twofold: "First of all, the site team takes time and care selecting the apartments to be showcased, so there is an incentive to the leasing team to make certain they are intimately familiar with the apartments chosen. Second, they ensure that the chosen apartments showcased on the price sheet must be market ready and sparkling clean. This strategy also assists the site team in managing their availability and minimizes an 'overwhelmed' feeling that may beseech team members when there are over ten available vacant-not-assigned apartments. This daily practice can improve the site team's morale when they have a defined focus of an acceptable number of apartments to sell to potential residents, especially during a new construction lease-up or a difficult market situation where there may be considerable availability on the asset."

### ***Add Unique Attributes***

Another key strategy in building an effective price sheet is adding a column that displays three or four positive attributes about each particular address. This strategy helps the leasing professional sell more effectively because he or she has at-a-glance sales prompts when with a customer. Determining these attributes are easy when selling an expansive apartment, one with a view of the swimming pool, or one with a vaulted ceiling, but what can be said about the apartment that has been sitting vacant for what seems like forever next to the dumpster? "That's when the creativity of your team comes into play," says Nevitt. "Developing these attributes is a perfect team exercise during your Monday pricing meeting. When the exercise of establishing the unique attributes is finished, the customer price sheet will be a powerful sales tool because the on-site team has invested in building it themselves."

### ***Help Mitigate Risk***

"Fair Housing Laws are alive and well," says Nevitt, "and all price sheets must have effective dates and times." But Nevitt adds that these Fair Housing fundamentals can actually aid as a sales tool since as the sales team leases apartments, an updated price list will have new date and time information reflected on it. Not only does the time stamp help with the obvious, keeping track of which price sheet is most current, but it also helps mitigate risk of Fair Housing violations. In the world of property management, Nevitt insists that, "We live by the philosophy that documentation is key. If there is ever a need to pull previous prices at a specific point in time, because the site team has saved in a pricing binder each price sheet,

they would be able to verify exactly which apartments were offered on the price sheet, which were shown, and at what price. Because you have daily price sheets maintained in a binder by calendar month and by day, you've created a valuable tool. Documentation helps protect the investors and mitigate risk of non-documented pricing structures if questioned during a Fair Housing investigation."

### ***Building A New and Improved Pricing Sheet***

The following are ten suggestions that Nevitt uses to help teams turn their old pricing formats into a valuable sales tool:

1. A pricing sheet that can be carried away by potential residents with specific addresses acts as a "security blanket" regarding value choices for potential residents as they make their housing decisions.
2. The customer price sheet when outlined by specific address and apartment attributes can act as a strong selling tool for the team.
3. Customers use price sheets to identify and refine their preferences, but it's much more than a list of apartments with prices. The price sheet is a visual display of what apartments represent and at what value.
4. Unfortunately, too many showcased apartments can overwhelm a customer by giving too many choices. Keep the list simple.
5. Use the price sheet to "plant the seed" with the customer as to the attributes of an address relative to its price.
6. Make certain the on-site team spends sufficient time selecting the three [3] most favorable attributes or features for each apartment address.
7. If there is high availability per floor plan type, pick the most desirable, least desirable, and one "middle of the road" in desirability for the customer price sheet.
8. If there isn't any available in a specific floor plan type, then use this phrase to create a sense of urgency by tagging that floor plan: "Now accepting waiting list reservations with application."
9. ALWAYS give the specific address.
10. Update and change the customer price list every day -- don't let available apartment inventory become stale!

### **Jennifer A. Nevitt**

**Author's Note:** Jennifer Nevitt is the CEO of Bravo Strategic Marketing, Inc, a national consulting firm building return on investment strategies for real estate investment portfolios with a capitalized value exceeding \$3 billion dollars. She was also inventor and co-founder of YieldStar Technology, a yield management software program now managed by Camden Property Trust. Her 2002 program is a two-day pricing workshop, "***Increasing ROI and Asset Value Through Proven Pricing Strategies,***" that provides participants with an in-depth review of pricing theories and practices to improve return on investment potential offered to real estate firms. In July of 2002, Ms. Nevitt will offer companies the opportunity to subscribe to [www.apartmentmarketingcoach.com](http://www.apartmentmarketingcoach.com) delivered solely through the Internet where tools, tips, and innovative strategies will be offered on a subscription basis. Feel free to contact Mary Marshall at (775) 786-4242 or [info@apartmentmarketingcoach.com](mailto:info@apartmentmarketingcoach.com) for information on Ms. Nevitt's seminars.

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