RESIDENT SATISFACTION IN THE APARTMENT INDUSTRY: IDENTIFYING FACTORS THAT DETERMINE SATISFACTION

A RESEARCH PAPER
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RESIDENTIAL PROPERTY MANAGEMENT OPTION

BY
STEVEN MOLL
HOWARD CAMPBELL - ADVISOR

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ABSTRACT

RESEARCH PAPER: Resident Satisfaction in the Apartment Industry: Identifying Factors That Determine Satisfaction

STUDENT: Steven Moll

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In this research study, the researcher attempted to find key variables that determined resident satisfaction and affected the likelihood of whether or not a person would renew their lease for their apartment home or recommend their apartment community to a friend. The study used previously gathered data to run analyses to see which of many factors played key roles on the satisfaction, likelihood of renewal, and recommendation of the residents. This study was able to draw statistically significant results to provide strong evidence for the relationship between each measured factor and the resident’s likelihood of renewal or recommendation to a friend. In addition, the research findings also support previous literature that satisfaction perceived by residents has a strong and positive influence on their decisions.
ACKNOWLEDGEMENTS

First and foremost, I want to thank my beautiful wife for constantly pushing me to perform my best work and never letting me settle with less than excellence. Without her motivation, and sometimes threats, I may have given up long ago. I would also like to thank Dr. Carla Earhart who first introduced the Residential Property Management field to me. There is no better spokesperson for the program, the department, and the university. Whereas Dr. Earhart brought me to the program, Dr. Howard Campbell led me to success in the industry. The knowledge learned in his classroom has prepared me for the real world and set me up for success. It is an honor to study under such a well known, seasoned professional. I would not have a research paper if it were not for Doug Miller generously sharing his research sample with me. You have been a valuable resource and I hope to expand our professional relationship throughout my career. Mountains of gratitude go to Dr. Chih-Lun Yen for helping me analyze and translate what the data had to tell. His help led me to see what the data really had to say. Without his knowledge and guidance, the results of this paper would have been completely inaccurate. Lastly, but certainly not least, thank you so much Dr. Carol Friesen. I never could have navigated through the requirements without her. She’s the reason this paper is finally coming to completion. It has been a pleasure to study at such a fine institution with such excellent people. Thank you! Thank you! Thank you!
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Chapter 1

Introduction

The apartment industry is always looking for ways to increase revenue and decrease expenditures. One way in which they can do this is by reducing the number of residents who leave at the end of their lease. By increasing their renewals, owners and managers can save money on marketing and leasing to new residents. They can also dedicate less time and money into the turnover of vacant units preparing them to be re-rented. Some industry experts have estimated that the cost of an apartment move out to be $4000 or more (Miller, 2010). Increasing the number of renewals also reduces the number of vacant apartments a community will have, therefore, decreasing the amount of lost revenue because of an empty unit. Overall, the financial performance of the apartment improves (Miller, 2010).

To understand how to increase the number of renewals and decrease the turnover, we must first understand why residents choose not to renew their lease. By identifying key indicators associated with a resident’s decision whether or not to renew their lease, this study should help owners and managers of multifamily communities analyze their own communities to better understand those factors that contribute to resident satisfaction thus allowing the communities to decrease their resident turnover. This, in turn, will
improve the financial performance of the property and provides increasing more stability for property operations.

**Purpose Statement**

The purpose of this research study is to identify certain factors influencing resident satisfaction as measured by customer service in office, maintenance service, and appearance of the apartment community by analyzing resident satisfaction surveys focused on resident satisfaction. Secondarily, the research will look at the likelihood of a lease renewal and recommendation to a friend.

**Research Questions**

The following research questions will be examined in this study:

RQ#1: What factors are most directly related to resident satisfaction with an apartment community?

RQ#2: What satisfaction indicators are associated with the residents’ likelihood of renewing their lease?

RQ#3: What satisfaction indicators are associated with the residents’ likelihood of recommending their community to a friend?

**Rationale for Study**

Many communities and some private companies have gathered information on this issue and it has been headlined in popular magazine articles within the industry (Gubbay, 1999). The articles that have been written about this topic are written by experts
who have years of experience in the field of property management. These articles are not typically research based. Instead, independent companies who are partnered with the National Apartment Association and the National Multi Housing Council conduct the research. Academia lacks a research-based article on this topic. By identifying these factors, it will likely be clear to understand what particular variables contribute to the satisfaction and retention of residents.

**Assumptions**

For the purpose of the study, the following assumption is included:

- The researcher assumes that the residents participating in the survey are on a fixed-term lease, usually twelve months; however, differing lease terms do not affect the outcome of the study.
- The researcher assumes that the answers provided by the residents were truthful.
- The 1000 clients’ data randomly selected from the data bank for analysis in this study are representative of renters in general.

**Definitions**

The main two points of interest in this study are resident satisfaction and whether or not they feel they are likely to renew, or extend their lease terms. Satisfaction is subjective to each participant. Most of the other variables of interest are offshoots of satisfaction, such as satisfaction with the maintenance staff, satisfaction with the office staff, satisfaction with the appearance, etc.
Fair Housing refers to the Fair Housing Act which is administered by the Department of Housing and Urban Development. The Fair Housing Act came into being as Title VIII of the Civil Rights Act of 1968 to prohibit discrimination based on race, color, religion, national origin, or sex. The Fair Housing Act was then amended in 1988 to include protection for persons with disabilities and familial status (2011, U.S. Department of Housing and Urban Development).

Another term used is Satisfacts Research LLC. Satisfacts is, “the multifamily industry’s premier resident satisfaction research provider, as well as the industry’s leading authority on resident retention” (2009).

NOI (Net Operating Income) is an accounting term to indicate the performance of an apartment community. NOI is calculated by subtracting operating expenses from revenue. Major capital improvements and project debt service are not included in the NOI calculation (Schwendeman, 2003).

Summary

There are many reasons why the apartment industry should understand resident retention. The multi-family housing industry, in order to increase their NOI, should learn how to provide the best service possible in order to retain residents. According to Miller (2010), each most out costs on average $4000. Therefore, understanding why residents choose to move out of their apartments can be beneficial to reducing the amount of people who do move out.

Apartments are also competing with homeownership. The industry needs to learn to understand the needs and wants of residents so as not to lose them. With an
academically reviewed, research based study about the relationship between satisfaction and renewals, owners and managers can put ideas into practice based on the key indicators identified and reduce their own turnover. The correlation between turnover cost and NOI impact becomes more than an abstract theory.
CHAPTER 2

REVIEW OF LITERATURE

The purpose of this research study is to identify certain factors influencing resident satisfaction as measured by customer service in office, maintenance service, and appearance of the apartment community by analyzing resident satisfaction surveys focused on resident satisfaction. Secondarily, the research will look at the likelihood of a lease renewal and recommendation to a friend. This chapter will provide an overview of the importance of service on retention, effects of age on retention, and how to foster customer service, and other strategies for renewal.

Background

The focus on resident retention is not new to the multifamily industry. Experts in the property management field have been concerned about retention for years (Piccotti, 2011). Property management professionals know the value of retaining current residents compared to the cost of marketing to new ones (Miller, 2010). Industry institutions such as the National Apartment Association and Multi- Family Insider host bloggers and consultants who write about numerous ways to encourage or entice residents to renew their lease (Preston 2009). Many experts investigate customer service and the role that it plays in resident retention. However, there is not a scholarly reviewed research study that
really addresses this issue. There are research studies about the satisfaction of residents renting vs. those owning their own homes (James, 2008). There are also articles written by experts in the field about ways to retain current residents (Heitzman, 2011). This research study will use both peer reviewed journal articles and non-peer-reviewed industry specific articles in this review to evaluate the role of customer satisfaction on resident retention.

**Importance of Service on Retention**

The value of service to improving the rate of retention cannot be overstated. Blanton, Turner, and Grossman (2004) argue that the office staff should set reminders to check in with residents, especially in the last few months of the lease, to increase the likelihood that they renew their lease. These authors also advise that maintenance technicians should spend extra time cleaning up after service requests. By being assertive and proactive, Blanton et al., (2004) argue that a management team can retain current residents and prevent them from moving at the end of their lease term. These authors heavily emphasize the importance of the entire team working together and claim that a satisfied resident is also the most important marketing tool.

Miller (2001) states that customer service is a vital factor that determines whether or not residents decide to renew their lease. According to Miller (2001), the likelihood of a resident to renew is related to the response time and completion rate of maintenance work orders. He states that there is a 33% drop in a person’s likelihood of renewing their lease based on a satisfaction rating of “superior” (4.5 or greater score on his 5 point rating scale) versus “red flag” (scores under 3.5) in his studies. Statistical tests were not used to
show whether or not the data was statistically significant or not. Because of the importance of service to customer satisfaction, Miller (2001) argued that a property can justify hiring more personnel as a means of increasing NOI.

Matre (2003) emphasized the importance of service on resident retention. His focus is more on the customer service of the office staff rather than that of the maintenance timing and quality. He underlines building relationships with the residents from the leasing office. Matre (2003) also promotes the idea of using resident surveys to gauge what residents are interested in doing at the community so management can host resident events. He also endorses using surveys to determine which issues are most important to the residents at an apartment community, and then emphasizing service to those specific areas to embrace what the residents have requested.

In the paper, *Sources of Discontent: Resident Satisfaction of Tenants from an Internet Ratings Site*, James, Carswell, and Sweaney (2009) discussed how residents evaluate their current or previous apartment homes based on the areas of parking, noise level, grounds, construction, maintenance service quality, office staff, and overall. What they find is that residents who would not recommend the community to a friend is most likely to give the office staff a rating below the average rating of the same respondents other ratings.

Lavine (1994) supposes that retention starts with the qualifying criteria during the application process. Before the residents move-in, Lavine suggested that the office staff should be prepared to build a relationship and involve the residents in their community. He also puts an emphasis on service requests and maintenance. He too mentions using surveys as a tool to measure the satisfaction of the residents but says that surveys are not
personal enough and that many residents do not respond. He suggests personal interaction as the best way to determine resident satisfaction but also endorses other creative ideas.

Calhoun (1995) argued that in small scale commercial buildings, it is important for owners and managers to build tenant loyalty to retain more clients. In his research, he found that 68% of clients who chose to rent elsewhere were neither satisfied nor dissatisfied about the service they received in their building from management. Only 14% of his sample population left due to dissatisfaction. Along with surveys to assess tenant needs, Calhoun writes that property managers should take office managers to lunch, send out newsletters, increase amenities, give gifts before renewal, and put together a welcome packet for new tenants. These gestures all build rapport and show tenants the management team cares.

**Effects of Age on Retention**

James (2008) studied the significance of age while determining the overall satisfaction of a tenant in different housing types. In his article, he discusses the gap in housing satisfaction between homeowners and renters. The article shows that as age increases, the satisfaction gap between homeowners and renters decreases due to increased satisfaction of the renters. When renters are in their 60’s their satisfaction is equal to that of homeowners. Eventually, according to James, satisfaction of apartment residents exceeds that of homeowners. James states, “With advancing age, the chores of home maintenance or yard work may change from pleasant to bothersome to physically impossible.” Therefore, the age of residents at a community can dramatically influence the retention rate of the community because of perceived resident satisfaction.
Building Customer Service

Dagger and Danaher (2009) found customer service methods of contacting customers as vital in building relationships with customers when providing them with customer service. The researchers found that the contact with longer duration were seemingly stronger and those with greater contact frequency were not.

Birkeland and Bettini (1995) write that it is important to regularly survey tenants on the level of satisfaction that they receive from the management staff in order to address these needs before they decide to rent elsewhere. In their article, *Finetuning Tenant Surveys*, they argue that in order for tenants to renew their lease, the property manager should be proactive to address the areas least satisfactory to the residents. The authors recommend that the property managers do a follow up survey to determine how well they have addressed the areas of concern.

Other Strategies for Renewal

Leslie Turner (2011) stated that harnessing technology to simplify and accelerate the renewal process will also help increase the number of residents who renew their lease. From data collected since initializing this process, 2% more residents will renew their lease. Also, 90-95% of residents accept the initial rent increase and asking rents have increased 3%. Turner hypothesizes that by making the renting experience more self-service, residents are finding the apartments much more convenient; therefore, retaining residents.

In their article in the Journal of Property Management, Dawson and Lombardo (1994) focus on building good-neighbor relationships as being a key factor in
encouraging tenants to renew their existing lease. The authors view the good-neighbor programs as being effective means to build relationships between tenants, relationships that may be strong enough to keep each resident from wanting to move to another building. However, the authors do assume at the beginning of the article that the building is clean, state-of-the-art, and the management team is providing great service.

James and Carswell (2008) studied user ratings on the website Apartmentratings.com© to analyze users comments and find key words that indicate satisfaction. Their analysis suggests that among dissatisfied residents issues of safety and sanitation seem to be key topics mentioned by reviewers. Among both positive and negative reviews words such as staff, maintenance, management, and manager are frequently used indicating that the management’s relationship with residents plays a key role in renter satisfaction (James and Carswell, 2008).

Summary

The articles reviewed represent some of the body of knowledge around retention in the multi-family industry. With the knowledge acquired by these studies, the researcher has a more profound understanding of the relationship between resident satisfaction and renewal.
CHAPTER 3

METHODOLOGY

The purpose of this research study is to identify certain factors influencing resident satisfaction as measured by customer service in office, maintenance service, and appearance of the apartment community by analyzing resident satisfaction surveys focused on resident satisfaction. Secondarily, the research will look at the likelihood of a lease renewal and recommendation to a friend. This chapter will provide an overview of the methods used to conduct this study.

Institutional Review Board Approval

This study was deemed exempt from the Institutional Review Board (IRB) at Ball State University because this research study’s methodology did not involve the collection of data by the researcher. Therefore, there is no potential risk to participants and the study is considered exempt. The researcher conducting this analysis completed the Collaborative Institutional Training Initiative (CITI) training (Appendix A).

Subject Selection

The data used in this study was collected by Satisfacts Research Inc. (http://www.satisfacts.com/) throughout 2010 from clients who pay for their services.
More than 60 companies utilize Satisfacts, representing more than 900 multi-family housing communities. These companies include small and large national and multi-national Real Estate Investment Trusts and Limited Liability Corporations. Survey respondents are recruited to participate via mailed cards and email. Up to two follow up emails are sent to non-respondents. Each person was given a specific survey URL and login information for the online survey. The population was notified 120 days prior to their lease expiration. Satisfacts chose not to collect any demographic data when it made the survey instrument because it felt it might violate the Fair Housing Act.

Letter of Permission

This researcher received permission from Satisfacts Research Inc. to use a random selection of 1000 clients’ data from their data bank (Appendix B). Permission was received on June 8, 2009

Sample

A random sample of 1000 respondents who participated in the survey performed by Satisfacts was selected for this survey was from the pool of all respondents who completed the survey in 2010. This researcher was not told how many total responses to the survey were received by Satisfacts.

Instrument

The instrument given to the residents was an online survey developed by Satisfacts Research Inc. (Appendix C). Respondents selected their answers to most of the
questions by selecting from a scale that ranged from Highly Satisfied (5) to Highly Dissatisfied (1).

**Collection of Data**

Satisfacts collected the data used in this research by sending mailed cards and emails to residents of the participating apartment communities. Each participant had a unique URL address to log in to and complete the survey from any location with internet access. Each participants’ data was then entered into a database according to which multifamily community their survey information was regarding.

**Statistical Analysis**

The alpha level used in these tests will be 0.05. This alpha level is a standard level recommended by statisticians to be used in this type of study (Mertler 2009). The alpha level indicates the reasonable acceptability of chance that two variables may be related. For example, an alpha level of .05 means that 5% of the variables may have a correlation due to no relationship at all. This alpha level will provide a measure of the significance for the researcher. The data was received by the researcher as an Excel file. The data was downloaded into IBM-SPSS, v19 (2011) for analysis. Analysis techniques used included descriptives (e.g., mean, standard deviation, frequency) for each variable, cross tabulations to determine the percent of responders to each question, factor analysis using the rotated component matrix method, and logit logistic regression using the stepwise method.
Summary

This section examined the process of gathering the data to be examined. This data used previously gathered data from Satisfacts Research Inc. The sample subject was from a nation-wide population. The participants were contacted via mailed cards and emails. The data set used for this research study consisted of 1000 random respondents. The instrument consisted of an online survey developed by Satisfacts. Each respondent participated in the survey by logging on to a unique URL from anywhere there is internet access. The researcher used an Alpha level of .05 to determine the significance. The research analysis did not need approval from the IRB because it is considered exempt.
CHAPTER 4

RESULTS

The purpose of this research study is to identify certain factors influencing resident satisfaction as measured by customer service in office, maintenance service, and appearance of the apartment community by analyzing resident satisfaction surveys focused on resident satisfaction. Secondarily, the research will look at the likelihood of a lease renewal and recommendation to a friend. This chapter will illustrate the results from the analyses perform on the sample set.

The sample data was a random selection of already gathered data consisting of 1000 participants from Satisfacts Research Inc. collected in 2010. The data used was from a national population of people living in apartment communities and includes one thousand participants. No specific demographic information was collected from the participants during the survey.
Table 1. Satisfacts Question Overview (n=1000) (1)

<table>
<thead>
<tr>
<th>How satisfied are you with:</th>
<th>Response Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The appearance and condition of your apartment</td>
<td>82.7</td>
</tr>
<tr>
<td>2. The courteousness and professionalism of the office staff</td>
<td>71.1</td>
</tr>
<tr>
<td>3. The Responsiveness and dependability of the office staff</td>
<td>70.8</td>
</tr>
<tr>
<td>4. The promptness the office staff returns or responds to phone calls and emails</td>
<td>70.7</td>
</tr>
<tr>
<td>5. The courteousness and professionalism of the maintenance staff</td>
<td>63.3</td>
</tr>
<tr>
<td>6. The speed to which your maintenance requests have been handled</td>
<td>63.9</td>
</tr>
<tr>
<td>7. The quality of the maintenance work done</td>
<td>63.7</td>
</tr>
<tr>
<td>8. The appearance, condition, and adequacy of the parking for residents and visitors</td>
<td>53.0</td>
</tr>
<tr>
<td>9. The appearance and condition of the apartment community, over, in terms of the grounds and landscaping</td>
<td>83.7</td>
</tr>
<tr>
<td>10. The appearance and condition of the exterior of your building</td>
<td>53.4</td>
</tr>
<tr>
<td>11. The appearance, condition, and cleanliness of your apartment community’s common areas</td>
<td>53.2</td>
</tr>
<tr>
<td>12. The condition and adequacy of the apartment community’s recreational facilities</td>
<td>52.7</td>
</tr>
<tr>
<td>13. The appearance, operation, and condition of your building’s laundry facilities</td>
<td>52.9</td>
</tr>
</tbody>
</table>

Note: (1) Questions designed with a 5-Point Likert Scale (1 = Strongly Agree; 5 = Strongly Disagree)

Findings

A total of 1000 surveys were collected from current residents who live in apartment communities nationwide. After examining the data, a total of 559 responses were useable and retained for analysis, which yielded an effective response rate of 55.9%. The data was tested for reliability before additional statistics techniques were used. The
measure of customer satisfaction were shown to be reliable for further testing (Cronbach’s $\alpha = .923$).

The data was analyzed with SPSS 19 for exploratory factor analysis (EFA) to explore the underlying structure among measurement items. The result will enable us to examine whether there is an underlying structure exist among measurement items. After a series of extractions, one item was removed and two factors with factor loading greater than 0.5 measuring customer satisfaction with their apartment community were yielded (KMO=.923, $p<0.001$): Staff Service Quality and Overall Community Quality (Table 2).

Table 2. Factor Analysis to Identify Factors Associated with Customer Satisfaction.

<table>
<thead>
<tr>
<th>Factor (Cronbach's $\alpha$ / Average Variance Explained)</th>
<th>Measurement Items</th>
<th>Factor Loading</th>
<th>Coefficient of Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Service Quality ($\alpha = .904$ /AVE = .5209)</td>
<td>q7. Speed to which your maintenance requests have been handled</td>
<td>.840</td>
<td>.306</td>
</tr>
<tr>
<td></td>
<td>q8. Quality of the maintenance work done</td>
<td>.837</td>
<td>.304</td>
</tr>
<tr>
<td></td>
<td>q6. Courteousness and professionalism of the maintenance staff</td>
<td>.796</td>
<td>.282</td>
</tr>
<tr>
<td></td>
<td>q4. The promptness the office staff returns or responds to phone calls and emails</td>
<td>.731</td>
<td>.215</td>
</tr>
<tr>
<td></td>
<td>q3. Responsiveness and dependability of the office staff</td>
<td>.724</td>
<td>.177</td>
</tr>
<tr>
<td></td>
<td>q2. Courteousness and professionalism of the office staff</td>
<td>.622</td>
<td>.134</td>
</tr>
<tr>
<td>Overall Community Quality ($\alpha = .860$ /AVE = .1230)</td>
<td>q16. Appearance and condition of the exterior of your building</td>
<td>.824</td>
<td>.277</td>
</tr>
<tr>
<td></td>
<td>q15. Appearance and condition of the apartment community, overall, in terms of the grounds and landscaping</td>
<td>.809</td>
<td>.291</td>
</tr>
<tr>
<td></td>
<td>q17. Appearance, condition and cleanliness of your apartment community’s common areas like your building’s entryways, lobbies, hallways, stairwells, and/or elevators</td>
<td>.779</td>
<td>.278</td>
</tr>
<tr>
<td></td>
<td>q18. Condition and adequacy of the apartment community’s recreational facilities, like pools, fitness centers, etc.</td>
<td>.670</td>
<td>.211</td>
</tr>
<tr>
<td></td>
<td>q14. Appearance, condition and adequacy of the parking for residents and visitors</td>
<td>.664</td>
<td>.237</td>
</tr>
<tr>
<td></td>
<td>q19. Appearance, operation and condition of your building's laundry facilities and/or your in-home washer/dryer</td>
<td>.575</td>
<td>.142</td>
</tr>
</tbody>
</table>
In order to analyze whether residents’ perceived satisfaction with the overall community quality and staff service quality will affect their intention to recommend the apartment, logistic regression analysis was conducted. A test of the full model against a constant only model was statistically significant, indicating that the predictors as a set reliably distinguished between recommenders and non-recommenders of the community (chi-square = 158.929, p < .001 with df = 2). Nagelkerke R² of .503 indicated a moderate relationship between prediction and grouping. Prediction success overall was 81.8% (89.7% for recommending and 64.9% for not recommending). The Wald criterion demonstrated that both perceived satisfaction with Staff Service Quality and Overall Community Quality made a significant contribution to prediction (p < 0.001). EXP (B) value indicates that when perceived satisfaction with Staff Service Quality is raised by one unit (one point) the odds ratio is 0.864 times as large and therefore residents are 0.864 times likely to recommend the community. In addition, when perceived satisfaction with Overall Community Quality is raised by one unit (one point) the odds ratio is 0.792 times as large and therefore residents are 0.792 times likely to recommend the community.

To further examine the difference between recommenders and non-recommenders, independent samples t-tests were conducted to assess their perceived satisfaction with Overall Community Quality and Staff Service Quality (Table 3). The results indicate that there are significant difference on perceived satisfaction on Staff Service Quality and Overall Community Quality between recommender and non-recommender. In general, recommenders are really satisfied with their community and staff.
Table 3. Independent Samples T-Tests on Community Recommendation Based on Perceived Satisfaction with Overall Community Quality and Staff Service Quality.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Recommender (n=357)</th>
<th>Non-Recommender (n=177)</th>
<th>Mean Difference</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Service Quality</td>
<td>26.00</td>
<td>18.50</td>
<td>7.50</td>
<td>15.287***</td>
</tr>
<tr>
<td>Overall Community Quality</td>
<td>24.01</td>
<td>17.50</td>
<td>6.51</td>
<td>14.202***</td>
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Note: *** p < 0.001

To address another question on residents’ intention to renew the contract, a logistic regression analysis was conducted to predict residents’ renewal decision using perceived Staff Service Quality and Overall Community Quality. A test of the full model against a contact only model was statistically significant, indicating that the predictors as a set reliably distinguished between recommenders and non-recommender (chi-square = 93.299, p < .001 with df = 2). Nagelkerke R² of .379 indicated a relationship between prediction and grouping. Prediction success overall was 76.9% (85.1% for renewal and 64.9% for non-renewal). The Wald criterion demonstrated that both perceived satisfaction with Staff Service Quality and Overall Community Quality made a significant contribution to prediction (p < 0.001). EXP (B) value indicates that when perceived satisfaction with Staff Service Quality is raised by one unit (one point) the odds ratio is 0.871 times as large and therefore residents are 0.871 times likely to renew their contract. In addition, when perceived satisfaction with Overall Community Quality is raised by one unit (one point) the odds ratio is 0.875 times as large and therefore residents are 0.875 times likely to renew their contract.
Using independent samples t-tests to compared the level of satisfaction between respondents who will renew and will not renew their contract. The results indicate that there is significant difference on perceived satisfaction on Staff Service Quality and Overall Community Quality between the two groups. In general, residents who intend to renew their contract are really satisfied with their community and staff.

Table 4. Independent Samples T-Tests on Contract Renewal Intention Based on Perceived Satisfaction with Overall Community Quality and Staff Service Quality.

<table>
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<tr>
<th>Construct</th>
<th>Renewal (n=226)</th>
<th>Non-Renewal (n=189)</th>
<th>Mean Difference</th>
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<tr>
<td>Overall Community Quality</td>
<td>24.43</td>
<td>18.98</td>
<td>5.45</td>
<td>10.123* **</td>
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Note: *** p < 0.001
CHAPTER 5

DISCUSSION, CONCLUSION, AND LIMITATIONS

The purpose of this research study is to explore residents’ renewal and recommendation intention. Specifically, the study investigated the following questions: (1) What factors are most directly related to resident satisfaction with an apartment community? (2) What satisfaction indicators are associated with the residents’ likelihood of renewing their lease? (3) What satisfaction indicators are associated with the residents’ likelihood of recommending their community to a friend? This chapter discusses the data analysis results of the research and demonstrates how the analysis will contribute to the existing body of knowledge on the topic.

This research study used previously gathered data to analyze and determine which factors were most important in influencing a resident’s likelihood to renew their lease in their apartment community. The following sections address the similarities and differences between this study and previous research. The managerial implications are presented, along with the limitations of the study and the suggestions for future research.

Importance of Service on retention

Because the results of this study did show that resident satisfaction is a strong indicator of a resident’s likelihood of renewal, it does agree with the conclusions in the
article by Blanton, Turner, and Grossman (2004). They argue that giving good service would improve resident satisfaction, which would in turn create more renewals. Although this study did not directly measure the renewal rate of the respondents, the research findings suggest that resident’s satisfaction is significantly related to renewal intention.

The results of this study also agree with the concept suggested by Miller (2001). Miller argues that the most important factor determining whether a resident is likely to renew their lease is service. More specifically, he notes that the maintenance response time and completion rate of work orders are the key factors, while this study demonstrated that service as a whole had a more critical role in the resident’s likelihood of renewal.

The results of this study closely support the views expressed by Matre (2003). Matre also emphasizes the importance of service on resident retention; however, the focus is more on the office staff’s service performance with customers rather than maintenance staffs. The result findings align with Matre’s proposition and suggest a significant relation between perceived service satisfaction and resident retention.

These results also reflect similar findings by James, Carswell, and Sweaney (2009). In their study they found that the satisfaction with the office staff was the principal statistic of whether or not a current or past resident would refer an apartment community to a friend. The results of this study also show that resident satisfaction with the office staff is a noteworthy indicator to compare to their likelihood of recommending the community to a friend.

The arguments by Lavine (1994) and Calhoun (1994) are also represented in this study that the office staff should build relationships with residents. The results of this
study illustrate that responsiveness, professionalism, and promptness of the office staff are important factors in determining the likeliness of whether a resident would renew their lease or not.

**Effects of Age on Retention**

The data sample used in this survey had all demographic data removed before being accessible to the researcher. Therefore, the article by James (2008) could not be compared in this study and age may or may not play a key role in affecting residents’ renewal and/or recommendation intention.

**Building Customer Service**

This research did support the claims by Dagger and Danaher (2009) regarding how contacting customers is vital to building relationships and providing customer service. The results of this study closely match the results of their own, even though that study focused on duration and frequency while this one focused more on promptness and dependability.

**Other Strategies for Renewal**

The article by Turner (2011) was not tested by this study. Due to the methodology of this study, the subject population did not have a control and variable group of communities that used online renewals and communities that did not.

Likewise, the theory by Dawson and Lombardo was not examined by this study. The sample instrument used in this study did not measure resident satisfaction with neighbor or neighborhood relationships.
The results of this study reflect the conclusion of the study by James and Carswell (2008), as illustrated by the strong statistical relationships between a resident’s likeliness of renewal and their satisfaction with the community and the service provided by the staff.

**Conclusion**

The purpose of this research study was to identify certain factors influencing resident satisfaction as measured by perceived satisfaction on staff performance, both rental office and maintenance, and perceived quality of the apartment community. In addition, this study attempts to analyze their influence on resident renewal and recommendation intention. Using secondary data to run regression analyses and independent samples t-tests, the researcher examined the proposed relationship among key factors, namely satisfaction, renewal intention and recommendation intention.

This study was able to draw statistically significant results to provide strong evidence for the relationship between each measured factor and the resident’s likelihood of renewal or recommendation to a friend. In addition, the research findings also support previous literature that satisfaction perceived by residents has a strong and positive influence on their decisions.

**Limitations of the Study and Recommendation for Future Studies**

For the purpose of the study, the following limitations include:

- The sample includes only residents of large corporately owned property managers such as Greystar, Archstone Residential Group, and Weidner Apartment Homes. The sample will not include residents from small, independent owner properties.
• The instrument used to collect the data did not measure whether or not the participants actually moved out of their homes or decided to renew their lease.

• This study did not have data that included demographic information about the participants. Therefore, some variables that may affect resident satisfaction, such as age, were not analyzed.

• The instrument used to collect the data did not measure life-changing factors that may have forced a person to resign a lease when, in fact, they would prefer to leave or, conversely, it did not measure life-changing factors that forced a person to leave the property when, in fact, they would have preferred to stay. Both of these scenarios could significantly impact the results.

• Limitless factors determine a person’s satisfaction with their apartment home that were not, or cannot be, tested. Such factors may be: the distance the resident travels to their place of work or to a loved one, the actions and behaviors of the neighbors, or the local climate and environment.

Because the instrument of this study did not measure whether or not the participants actually renewed their lease, the data has limits for practical implications. Many residents may choose to renew or not to renew a lease based on factors completely unrelated to the satisfaction with the service at their apartment community, such as a change in the neighborhood or a job relocation. Since this data did not measure specific reasons why the participants choose to move from their community, the collected data alone does not illustrate why residents choose to non-renew their lease. In the future, if one was interested in learning more about what determines resident satisfaction and their
likelihood of renewal or recommendation to a friend, it would be helpful to follow up with previous renters to determine their reasons for leaving their apartment community. At minimum, it is critical to find out what percentage of residents did indeed renew their lease compared to what percentage moved out. It would then be able to make a greater claim on the reliability of the statistics gathered from the questionnaire and compare them to actual numbers.

Additionally, a more detailed in depth qualitative study will enable us to explore different external factors that may affect residents’ decision to renew their contract with the current apartment home. For instance, conducting in-depth interviews with current residents or having focus groups with previous residents would yield more insights on this matter. This will enable us to discover variables that are not included in previous research but may have a dramatic impact. Although the qualitative study would take much more time, it could provide a more personal emphasis on the individual residents and could therefore identify more factors that may play a role in resident satisfaction and their likelihood of renewal or recommendation to a friend. Residential property management companies can utilize these results to develop strategies to attract new customers and retain current residents.
Reference List


Appendix A

CITI Certificate of Completion
Appendix A – CITI Certificate of Completion

CITI Collaborative Institutional Training Initiative

Social & Behavioral Research - Basic/Refresher Curriculum Completion Report
Printed on 3/26/2013

Learner: steven moll (username: stevenmoll)
Institution: Ball State University
Contact Information: 5200 S Delaware St D303
Englewood, CO 80110 United States of America
Department: Family and Consumer Sciences
Phone: 317-498-4971
Email: stevenbmoll@gmail.com

Social & Behavioral Research - Basic/Refresher: Choose this group to satisfy CITI training requirements for investigators and staff involved primarily in Social/Behavioral Research with human subjects.

Stage 1. Basic Course Passed on 02/28/11 (Ref # 5551904)

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Appendix B

Email Indicating Consent to Use SatisFacts Data
Appendix B

Email Indicating Consent to Use SatisFacts Data

On Mon, Jun 8, 2009 at 12:59 PM, Doug Miller <dmiller@satisfacts.com> wrote: It would be my pleasure to provide you with ANYTHING you need. We have many more recent articles (although sorry to say not all are posted on our website yet) and research documents that I think would be very helpful. Give me a call so we can discuss - then I will email you everything you need. The best way to reach me is via my cell (below) as I tend to scramble around the office. Doug Miller President SatisFacts Research, LLC Resident Relationship Management Services T Toll Free: 866.655.1490 x100 Fax: 866.655.1491 Cell: 410.598.1400 E-Mail: dmillersatisfacts.com Web: www.satisfacts.com We Practice What We Preach…Our 2008 Client Survey Results Show: > Our client's annual resident turnover rate is 9.5 points lower than the NAA national average > 94.4% satisfaction with the service we deliver Insite Move-In, Work Order Follow-Up and Pre-Renewal Feedback Programs from $1.00/Unit/Year Over 300,000 Units Now Under Contract For Our GraceHill.com Online Course, "The Impact of Maintenance on Retention"

-----Original Message----- From: Steven Moll [mailto:stevenbmoll@gmail.com] Sent: Monday, June 08, 2009 9:55 AM To: dmillersatisfacts.net Subject: Graduate student looking for mentor Mr Miller, My name is Steven Moll and I am a graduate student at Ball State University working to receive my M.S. in Residential Property Management.
I am currently working on a thesis proposal on the topic of resident retention, especially focusing on a correlation between resident satisfaction and renewal rate. I have read your article "Survey Says: Service = Renewals" from the November/December 2001 Journal of Property Management and I thought it was excellent. I really want to expand what you have done with that. I was curious if I could get some information from you. The type of information I would like is about your instrumentation, your sample and population, the data you received, etc. If nothing else, I would like to get some advice or be able to use you as a contact if I get caught while doing my own research. I understand that you are a busy person and may not be able to help me. Thanks anyway for a great article!

Sincerely,

Steven Moll
Appendix C

Example of SatisFacts Survey
Appendix C

Example of SatisFacts Survey

### Annual and Insite™ Survey Question Lists

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**Rating Scale:** questions use a 5 point scale, labeled: 1 being Extremely Dissatisfied up to 5 being Extremely Satisfied.

**INTRO:**
As Management's goal is to provide a quality living environment and outstanding service, your opinions and comments are critical. So that we can learn how satisfied you are, we have contracted with SatisFacts Research to conduct a brief survey. It is important that we hear from you, as your satisfaction is important to us. And, you'll have the opportunity to be entered to win a INSERT!

Please rate your satisfaction on the following questions. Also, please feel free to volunteer any comments that you wish.

Lastly, if it makes you feel more comfortable, note that you have the option to complete this survey anonymously. At the end of the survey, you will be asked if you desire to have your name, address and phone included with your scores and comments. To be entered to win a INSERT, simply provide your name and preferred method of contact. We greatly appreciate you taking the time to provide your valuable feedback.

**NOTE:** Many questions use a five point rating scale, with a 1 being “Extremely Dissatisfied” and 5 being “Extremely Satisfied”

**APARTMENT:**
How satisfied are you with the appearance and condition of your apartment?
Do you have any comments regarding this topic:

**OFFICE STAFF:**
How would you rate your satisfaction with each of the following:
- Courteousness and professionalism of the office staff
- Responsiveness and dependability of the office staff
- How promptly the office staff returns or responds to phone calls and emails
Do you have any comments regarding this topic:

**MAINTENANCE STAFF:**
Have you had any maintenance requests in the past year?
- Yes  No  [IF NO, SKIPS TO COMMUNITY SECTION]

How would you rate your satisfaction with each of the following:
- Courteousness and professionalism of the maintenance staff
- Speed to which your maintenance requests have been handled
- Quality of the maintenance work done
Do you have any comments regarding this topic:

Did the maintenance staff clean up before they left your home?
Was your service request completed properly by the maintenance staff the first time? [IF YES, SKIP NEXT]
Were you notified that there would be a delay in completing the work and advised when the work was anticipated to be completed?

Do any maintenance problems still exist?
- Yes  No  [IF NO, SKIP "WHAT PROBLEMS", GO TO SERVICE REQUEST FOLLOW UP]

What problems still exist? While we will make note of your problems here, please note that you should call the property office to directly report these.

Did a member of the office staff contact you after your service request was completed to make sure everything was handled to your satisfaction?

©SatisFacts Research  Toll Free: 866.655.1490  Fax: 866.655.1491  Web: www.satisfacts.com  Email: info@satisfacts.com