

THE PROPERTY MANAGER'S **ULTIMATE GUIDE** TO STUDENT HOUSING



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Property Manager

Anyone who currently rents to students knows that they are dealing with a special breed of residents, and if you're new to the student housing market be warned; most 18-year-olds have never lived away from home for extended periods of time, away from the comfort of their parents' guidance or the financial safety net that comes with having little to no responsibility.

In the following guide, you'll find the secrets to running a successful student housing property management business. While challenging at times, student housing offers a consistent pool of renters. If you take the appropriate precautions, it can be a profitable revenue channel for you.

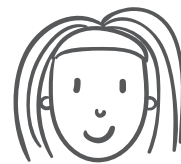


UNDERSTANDING THE STUDENT PERSONA

STUDENTS ARE HIGH RISK AND HIGH MAINTENANCE

There are a variety of student types: the undergraduate on a scholarship, all expenses paid; the foreign exchange student living thousands of miles from home; the part-time waitress/full-time student struggling to make ends meet; the guy who parties too hard and studies too little.

But a few things are certain: students are unpredictable, often irresponsible, and sometimes under financial strain. This behavior can be problematic for property managers, leading to high turnover—in addition to the normal turnover that comes with graduation—frequent (and costly) maintenance issues, and evictions. Not to mention you might earn a bad reputation for your property if your renters are too rowdy.



The demands of the current generation of college students are also reaching an extreme level on the renter scale. With the increased dependence on technology and the “I want it now” attitude, the boundaries between student renters and property managers is non-existent.

Even the smallest maintenance issue can cause panic and late-night phone calls, mainly because 18-24 year olds don't have the knowledge or life experience to know how to handle the situation themselves.



The Typical Student Renter:

I am more likely to move every year.

I might have a cosigner on my lease.

I am more likely to damage the property.

I don't know my roommates that well.

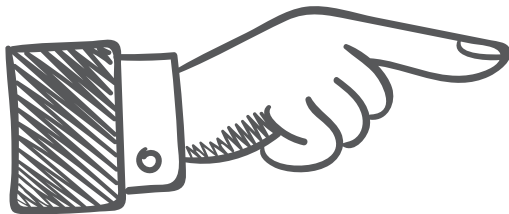
My finances are not that stable.

HOW TO MITIGATE THE RISKS OF STUDENT RENTERS

3 MAJOR CHALLENGES STUDENT RENTERS BRING AND HOW TO OVERCOME THEM

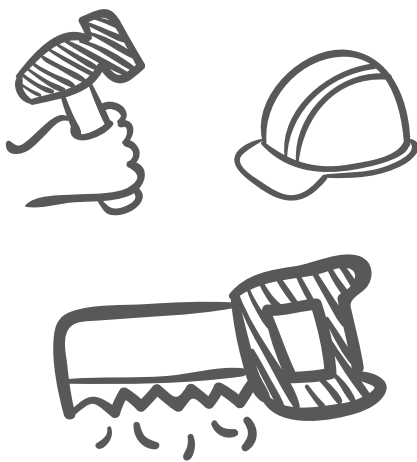
#1 College students may pay rent late.

College students don't know the intricacies of budgeting and may often come up short. You need to impress upon them the importance of paying rent on time. Penalties such as fines for late payment may be a motivation booster. Automatic bank withdrawals may help sometimes as well, though these can bounce. You must be very conscientious about rent collection and very clear about the consequences of late payments.



#2 College students may damage the property.

By far the biggest concern most property owners have with college students is that they might damage the property. It's very difficult to predict how responsible a college student is; they are young enough that a background check or credit check really won't show anything. Taking in deposits is an excellent way to mitigate this, but it's also important that the property be repaired on time. Sometimes, investing in a service that repairs appliances and other items around the unit may be helpful in minimizing sustained damage; many renters feel more comfortable calling these services directly rather than their property manager. Inspections are also a great way to retain control over a property but they should be done sparingly.



#3 College students come and go.

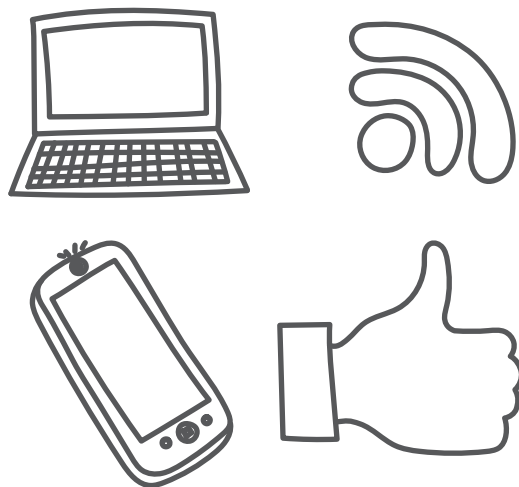
College students do leave frequently; there is a constant churn in rooms. If you offer separate leases for individuals within a unit, rather than one lease per unit, renters might have more flexibility, but you have more to juggle. To keep this from being a prohibitively costly experience time-wise, you should streamline the process of finding tenants. Using a software system that is designed to take in applications, run background checks and go through other forms of tenant verification is an excellent way to lower the amount of time you need to spend on this process. Remember that simply cutting corners on background checks is extremely dangerous, especially in a situation that requires shared living.



WHAT STUDENTS WANT (HINT: EVERYTHING)

WIN THE POPULARITY CONTEST WITH THESE AMENITIES

These days, students expect a lot. WiFi in every coffee shop. Brand-new appliances in every kitchen. Fancy TVs that automatically play Netflix and robots to tell you the weather outside. You won't be able to acquiesce all these (sometimes outrageous) demands, but here are some plausible options in case you're thinking about upgrading your student housing properties with modern technology. Even a slight change in your amenities can help your property become one of the most recommended on campus!



Community Areas

Covered barbecue grills
Clubhouse/student lounge
Computer lab
Hammocks/Fire Pits
Pool area/Sauna

Technology

Community wide 1GB wireless access
Flat screen TVs
Hi-tech gaming salons

Security

Secure indoor bike storage
Private bathrooms
Limited access entrance gates

Maintenance

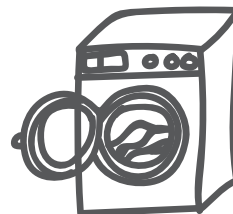
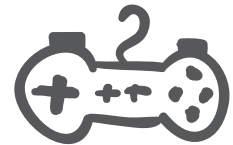
On-site management and maintenance teams
Waste pick-up and disposal

Health and Wellness

24-hour fitness center
Crossfit room and yoga studio

Other

Fully furnished apartments
Energy efficient appliances
In-unit laundry
On-property retail outlet selling snacks, beverages, and basic items
Free transportation to and from campus
Modern kitchen design

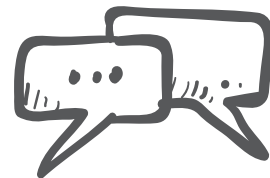


MARKETING YOUR STUDENT HOUSING

WHERE TO FIND STUDENT RENTERS

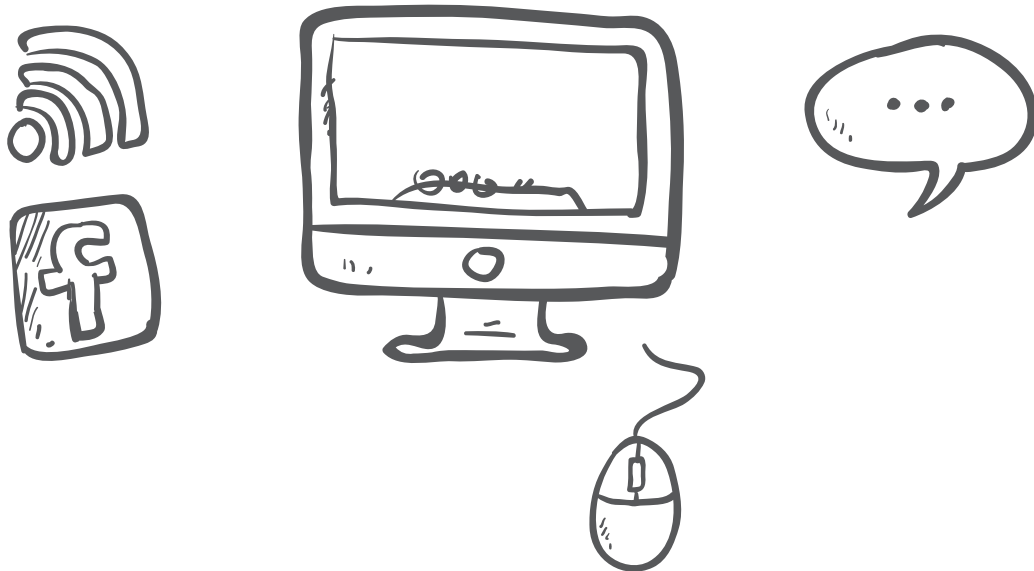
On Campus

While almost a third of the student population seeks the freedom and independence of living off-campus, some aren't sure where to start. These students seek help from Student Housing Services representatives. Property managers working with student housing teams have access to thousands of potential tenants. Most colleges and universities hold housing fairs during the fall; inviting local property managers and owners to showcase their rental property and introduce themselves to potential residents. Coordinating with on-campus student housing programs, viewed as authoritative and supportive by most students, lays the foundation for building a strong relationship from the beginning.



Online

Young adults are socially connected 24/7. This creates phenomenal opportunities for property managers. Promoting your vacancies on listing sites as well as on your own website is important. You may be able to advertise on the university site where students looking for apartments usually go first when they need off-campus housing. Another vital place to be is on social media sites like Facebook and Twitter, and keeping an eye out for other channels where there is a heavy student population gathering. These sites are where people talk, and one of the best ways to market your properties is by word-of-mouth. Review sites are also heavily visited by the younger generations; often they won't even make a decision unless they find enough positive online reviews.



HOW TO MAKE YOUR PROPERTIES DESIRABLE

Mention Your Proximity to Campus

The key to really luring in student renters is being close to the campus. Keep in mind, college students tend to play hard, party hard, and likely work hard in addition to all that studying, so being close to the college campus is ideal for those that punch snooze several times before getting out of bed. Being within two miles of campus is the target distance for most students, so if you're considering buying a rental property designed for students, get as close to the campus as possible. You can't pick up and move your properties, so if they aren't necessarily close be sure to highlight public transportation options nearby.



Consider Your Lease Timing Options

Consider adjusting your lease lengths to accommodate the periods that students are in school. Most students put in about 9 months each year, although a few will stay on for summer session. However, by giving students the option for a lease that encompasses the traditional two semester year, you will likely attract even more students. Word gets around fast on campus about that cool property owner that isn't forcing them to pay for three months of rent they won't even use.



Offer Rent-by-Bed Lease Options

Students today want freedom to control their finances. Rent-by-the-bed options make it easier for landlords to add another roommate/resident and address issues with tenants in default individually. Here are three reasons that this creative way to capture rent protects and builds relationships.

1. Students build credit based on their personal actions and payment history.
2. Tenants don't have to worry about eviction because one roommate violates lease terms.
3. Property managers can adjust individual rent rates as tenants renew or when new renters apply.

Market Your Technology Tools

The modern student is generally tech-savvy and expects to be able to conduct most tasks unassisted online: fill out the application, pay fees, sign the lease, pay rent, submit maintenance requests, and communicate with the property manager. The more of these features you can offer, the more attractive your property will be to the younger renter.



STREAMLINE YOUR STUDENT HOUSING LEASING PROCESS

Because of the ebb and flow nature of the student housing market, it's super important to have a streamlined leasing process in place; otherwise student housing can be too overwhelming for some property managers. Here are some areas where technology can make a big difference.

Customized Leases for Students

Customized leases are a huge benefit for property managers who have a mixed portfolio; you can have conventional residential leases and unique student-housing leases with unlimited addendum (or, one standard lease with multiple addendums, whichever fits your needs). In addition to these, you can also customize letters to renters based on who rents the bed vs. the entire unit.



By-the-Bed Leasing

Often student renters just met their roommates or have never met them before living together, so when one is irresponsible, the rest suffer the consequences. As mentioned earlier, with by-the-bed leasing, you can avoid this stressful situation. If you have a two bedroom unit, with four individual beds, you can rent these four beds separately—their own lease agreement, their own fees, their own responsibility. Property managers can also market each individual bed, rather than the entire unit, when one student moves out.

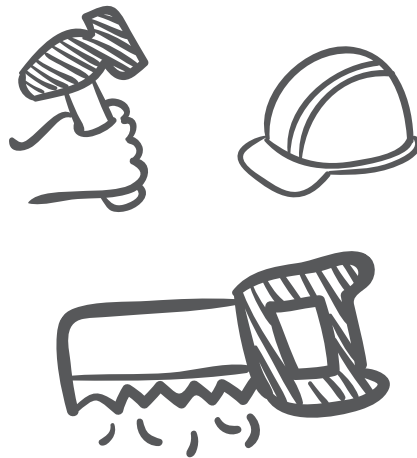


Online Payments

Students these days rarely have checkbooks in their backpacks. Every transaction is done electronically via credit card, debit card, and now Apple Pay, Google Wallet, and other technologies. Students have come to expect this option for paying security deposits, monthly rent, and other fees. Without these options, late payments might be a more common occurrence. Offering a convenient online portal where renters can pay online is a must-have.

Maintenance

Property damage is fairly common among the student renter population. College parties can lead to major destruction beyond normal wear and tear. In less intense circumstances, a normal issue can feel like a big emergency to a student who has never experienced a clogged toilet or a busted sink before. Rather than have them try to fix it themselves and cause further damage, it's important to have a 24-hour maintenance service the renter can call, or an online service where they can submit a request and have it handled in a timely manner. The ability for a renter to snap a photo of the issue and upload it to an online request is also very handy and an important record for when it's time for the move-out inspection.



Student Renting can be stressful but highly rewarding. Knowing how students think and what to expect when renting to students gives you the insight into what you need to do to be successful.

Learn more at www.appfolio.com

