



The Impact of Increased Resident Retention on NOI and Asset Value

- Move out cost up from **\$3,000** to **\$4,166**
- If re-rent @ \$50 more/ month...**7 year payback**
- **60+%** turnover controllable
- Client turnover rate **9.5 points** lower than NAA IES!
- The impact?
 - 5,000 units x 9.5% lower turnover (475 units) x \$4,166/move-out = **\$1,978,850 increased NOI**
 - NOI/7 cap rate = **\$28,269,285 increased value!!!**
 - Impact of Turnover Calculator: <http://www.satisfacts.com/tic.html>

Move-Out Cost: Challenging Market Conditions	
Assumptions:	Average
Average rent*	\$1,009
Average vacancy loss days	45
Average concessions	\$634
Calculations:	
Vacancy loss	\$1,513
Concessions*	\$634
Leasing staff time/cost	\$170
Marketing/advertising/rental, referral/locator fees, leasing commissions	\$849
Hard turnover costs (carpet cleaning, painting, repairs, miscellaneous costs)	\$765
Maintenance staff time/cost	\$165
Apartment Clean	\$71
TOTAL	\$4,166
Source: SatisFacts Research (www.SatisFacts.com)	
* Source: Axiometrics (www.axiometrics.com); average asking rent and concessions as of Dec 2010	

Costs much higher during recessions due to market conditions, pushing the minimum NOI impact to **\$4,166**