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National Survey Shows Apartment Recovery Continues to Gain Steam

The apartment industry continues to show signs of gradual improvement, according to the National Multi Housing Council's (NMHC) July 2004 quarterly Survey of Apartment Market Conditions recently released.

Senior apartment executives asked to rate the change in market



conditions from April 2004 to July 2004 reported improvements in occupancy rates, continued high sales volumes and widely available equity financing as investors continue to seek out apartment properties. For the second straight quarter, the only indi-

cator to worsen was debt-market conditions as a result of recent interest rate increases.

"The apartment market could see a full-fledged recovery by the end of the year if the economy continues to strengthen at its current pace," said Mark Obrinsky, NMHC's chief economist. "Demand for apartment residences is determined, in large part, by the employment picture. The modest increase in new jobs reported recently is already helping to increase occupancy rates. As more jobs are created, more people will be able to move out on their own and into apartments."

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Participating Industry Trade Associations



Washington Apartment Association

TRENDS Conference and Trade Show Celebrates 20 Years

The Annual Northwest Multifamily Housing Education Conference and Trade Show will be celebrating its 20th anniversary on December 7, 2004 at the Washington State Convention

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Landlord's Exposure is Indecent

Rental property owners are about the most exposed business in the world to lawsuits often based on the whims, scams, criminality and stupidity of tenants and their guests. The settlements paid by insurance companies on behalf of landlords for crimes like rape and assault in the U.S. is more than \$500,000. The average jury award for cases that actually go to trial is \$1.2 million. See the graph below

A study by a security consulting firm showed that apartment complexes are about the most often sued business there is. Even insurance night-

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Fitness Centers Rent More Apartments

Current trends indicate that a quality fitness center is an investment in making a multi-family property more marketable. To say the rental market is competitive is an understatement. A lingering tough economy at the end of a strong development cycle has increased vacancy rates to historic levels. The short term "Free Rent" approach to attract residents has run its course and is being replaced by the conventional wisdom of working harder to keep existing residents.

In times like these, managers will focus on upgrading signage, landscaping, and their community center try-

ing to make a positive first and lasting impression. While this is a good start, don't ignore the interior, especially the fitness room, while doing upgrades. If you do, you will have

the equivalent of a clean car with a dirty interior. Imagine walking onto a luxury used car lot and discover every car is displayed in this manner. Would you purchase a car from this establishment?

Twenty years ago, if you had fitness equipment in your apartment community you were special. Back then you could purchase a few exercise bikes from Sears and impress res-

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19th Annual IREM Forecast Breakfast Set for October 21

As real estate professionals prepare for 2005, the Western Washington Chapter of the Institute of Real Estate Management will conduct its 19th annual Forecast Breakfast on October 21, 2004,

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Leta Fund Heads Towards Goal!

We are very excited to announce the fund-raising success for the Leta Kiesz Memorial Scholarship Fund. With your help, "The Leta Fund" has nearly reached our annual goal of \$10,000! The first scholarship will be awarded to Julie Kerney of Shorewood Heights Apartments, Indigo Real Estate Management, on

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Fitness Center

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idents. One thing happened along the way that has created a problem for managers - the inexpensive equipment designed for limited home use didn't hold up and the equipment suppliers could not respond to the demand for repair. As a result, the fitness centers deteriorated and the equipment had to be replaced. Savvy managers recognized this and began to upgrade to commercial grade fitness equipment in their existing facilities and new developments to differentiate themselves from the pack.

To create a fitness center that sets you apart from the competition, you must first make an honest assessment of your current offering.

- Does the fitness room look inviting?
- Is it clean, orderly and well maintained?
- Does the room have commercial quality strength and cardiovascular equipment in good working order?
- Does the room have enough equipment to meet demand in peak times?
- Do you provide entertainment such as television and/or stereo music?
- Is the room well ventilated and kept at a comfortable temperature?

If you cannot honestly answer yes to most of these questions your apartment community may resemble that luxury car lot in the example men-

tioned earlier. Would you choose to live in this apartment community?

If your self assessment has identified a need for upgrades, don't worry. You don't need a blank check from the owner to make positive changes. In most cases, vast improvements can be made in small increments over time. If you don't know where to start, find a company with a proven track record of providing turnkey fitness centers of all sizes and applications. A good supplier should be familiar with all aspects of the fitness industry from exercise physiology to facilities management to equipment and logistics.

A good fitness equipment supplier will also be able to show you how to maximize the benefit of your amenity to residents while staying within your budgets. A common mistake you could be making is forgetting to allocate money in the maintenance budget to keep your fitness center in top working condition. Larger properties may spend upwards of \$50,000 annually on landscaping yet don't spend as little as \$1000 per year to have their fitness center maintained by trained professionals. A preventative maintenance program will shed light on the cost of ownership of each piece and will help you identify timely and cost effective replacement plans.

A quality preventative maintenance program should include professional fitness equipment technicians who:

- Schedule your service according to your specific needs
- Clean, lubricate, adjust and calibrate all of your fitness equipment regardless of the make and model
- Document service with a field service report and make recommendations for future service
- Anticipate needed repairs to limit your down time, helping you to create accurate budgets

Not only will preventative service help set you apart from your competition, it will also help limit liability exposure from injury due to equipment failure and extend the life of your equipment.

Finally, make sure the company you choose doesn't outsource installation, service or repair. You know from experience that things don't always go as planned and your fitness supplier should be willing to accept total accountability. The fitness company you choose to supply your equipment should be able to help you design, layout, equip and maintain your fitness center from floor to ceiling. If your supplier isn't providing you with the level of service necessary to protect your investment, you need to find one that will.

*Marty Smith, President
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800-495-2008
www.exerspec.com*



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It's time to start working with a company who provides more than just fitness equipment.

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