

MULTIFAMILY AMENITIES 2019

THE TOP 113 AMENITIES DEVELOPERS, PROPERTY OWNERS, ARCHITECTS, CONTRACTORS, AND BUILDERS ARE PROVIDING IN TODAY'S APARTMENT AND CONDOMINIUM COMMUNITIES

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EXECUTIVE SUMMARY

THE SO-CALLED 'AMENITIES WAR' IS OVER

Remember “The Amenities War”? You know, that great battle between developers over which of them could pile more amenities into their apartment, condo, and townhome communities than the hotshot across the street?

Well, the amenities war is over. Developers are waving the white flag of surrender. The nation’s tenants and condo owners have declared victory.

That’s the big story line from *MULTIFAMILY Design+Construction’s* “Multifamily Amenities 2019” survey, which follows up on our 2017 survey of multifamily developers, property owners, designers, construction professionals, and others allied to this \$63 billion market sector.

The big takeaway from this year’s survey: There is no letup in the quantity and variety of amenities multifamily developers and their project teams are pumping into their rental and owner communities.

The message is clear: If you’re not providing a full menu of services, facilities, and activities from among more than a

hundred choices—113, to be exact—you’re not going to win the battle for the tenants and buyers you want to attract.

The 2019 Amenities survey was designed to determine the extent to which decision makers have included these 113 amenities in their multifamily communities in the last 24 months, and to compare those results to the 2017 findings.

For 2019 we added a number of new items to the survey, based on reader input and our own monitoring of the multifamily scene. You’ll see these as “**NOT ASKED IN 2017**” in some of the charts.

I’d love to get your feedback on the survey and your questions/comments about other issues related to the Multifamily sector. Please feel free to contact me.

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EXECUTIVE SUMMARY

KEY FINDINGS

- There's no letup in the intense level of amenities that multifamily developers and their project teams are jamming into apartment and condo communities.
- With so many possibilities to choose from, there's no guarantee that the amenities you provide will assure success, as measured by faster leaseup or sale, greater tenant/condo owner satisfaction, or higher rents or sales prices.
- New options, such as co-working spaces, biometric security systems, and ride-share waiting areas, are coming online all the time, adding to the complexity of making the right choices as to the best mix of amenities to provide.

PURPOSE

- TO DETERMINE the degree to which some 113 amenities have actually been provided by multifamily developers, property owners, architects, contractors, and builders in the U.S. and Canada over the previous 24 months, and to compare those findings to data from the Multifamily Amenities 2017 survey.
- TO DOCUMENT new categories of amenities not studied in the 2017 survey, such as pickleball courts and dance rooms.
- TO PROVIDE COMMENTARY on the direction in which the multifamily design and construction sector is headed with regard to the provision of specific amenities over the next 12-24 months.

METHODOLOGY

1. An 11-question survey was sent four times digitally via QuestionPro over a three-week period in May 2019 to developers, property owners, property managers, architects, interior designers, landscape architects, builders, construction professionals, and other professionals in the design and construction of multifamily communities (apartments, condominiums, townhomes), primarily in the U.S. and Canada but also throughout the world.
2. The list was derived from qualified subscribers to *MULTIFAMILY Design+Construction*, *Professional Builder*, and SGC Horizon Multifamily e-newsletter. Respondents were offered the opportunity to participate in a drawing for one of four \$50 gift cards for completing the survey. No other financial incentive was offered.
3. A total of 331 industry professionals started the survey and answered at least some questions, compared to 243 "starts" in 2017. A total of 249 completed the survey (2017 completions: 177), a 75.2% rate (2017 completion rate: 72.8%). Respondents spent an average 6 minutes on the 2019 survey. A projectable trend line of the 2019 results was reached at about 103 responses.
4. The 32.9% increase in starts and the 40.7% bump in completions, even with a small financial incentive (none was given in 2017), reinforce the validity of the 2019 data. In today's frenetic business and professional climate, getting qualified respondents to devote 5-6 minutes to complete an in-depth survey like this is very difficult. The positive turnout for the 2019 Amenities Survey is a strong indication of the dedication of the respondents to their professions and to the multifamily sector.

BY THE NUMBERS

The great majority of respondents (91.2%) were from the U.S.; a scattering (3.4%) came from Canada and Mexico, another 6.4% from as far away as Africa, India, New Zealand, and Europe. Total response (331) was up from 243 in the 2017 survey.

Fewer architects (39.7% in 2019, 47.9% in 2017) participated this year, but more contractors took part in the survey (20.5% in 2019, 12.6% in 2017). Developer/owner participation stayed about the same (22.1% in 2019, 20.5% in 2017), as did "others allied to the field," including engineers (17.5% in 2019, 19.0% in 2017).

A SIGNIFICANT CLUSTER OF ENGINEERS, NEARLY ONE IN 12 RESPONDENTS, TOOK PART IN THE SURVEY THIS YEAR.

Chart 1A. SURVEY RESPONDENTS BY PROFESSION, 2019

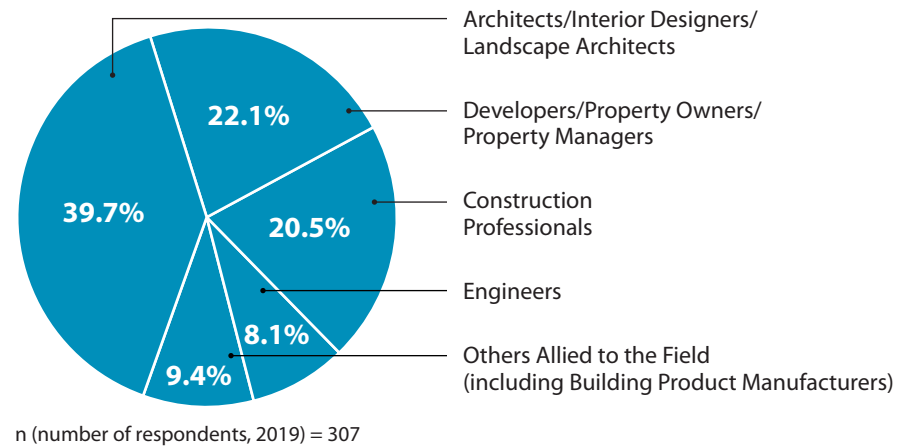
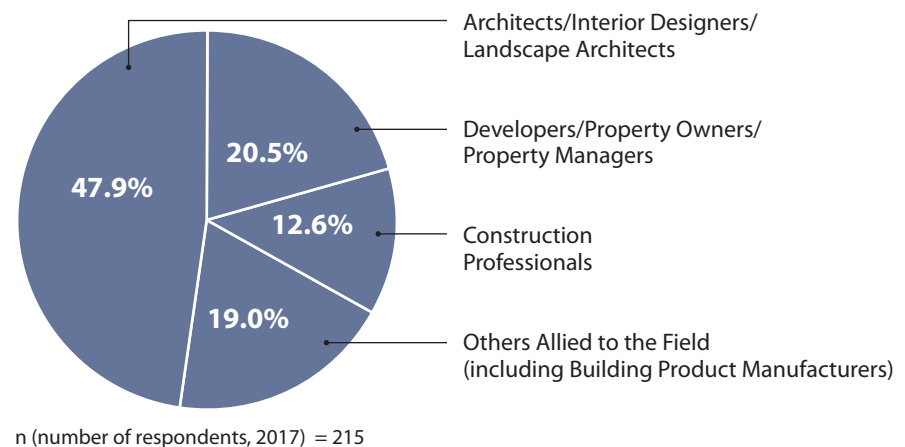


Chart 1B. SURVEY RESPONDENTS BY PROFESSION, 2017



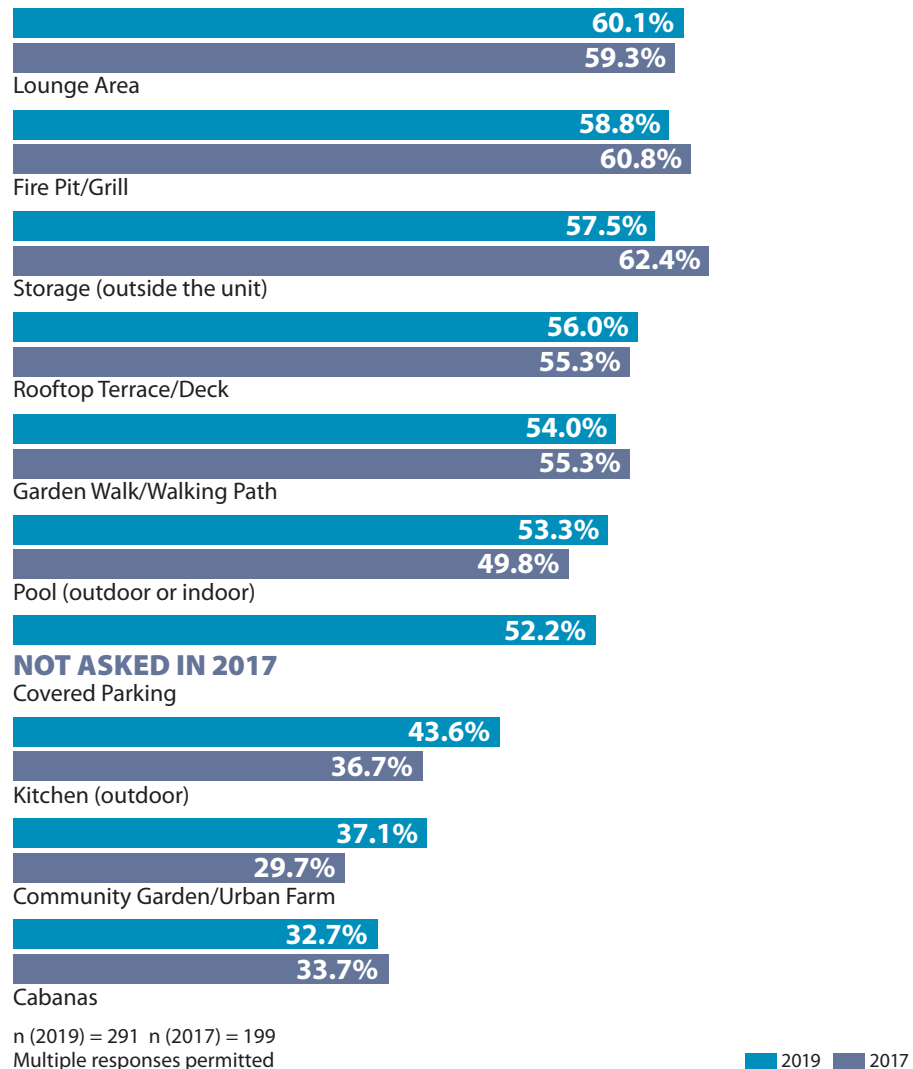
BY THE NUMBERS

Top 10 results in the “Outdoor Amenities” category remained steady from 2017 to 2019. As in 2017, roughly half of this year’s respondents had built either an indoor or outdoor pool. One-fifth (20.6%) supplied a Jacuzzi. A smaller group (14.4%) had installed an outdoor movie screen.

At a reader’s suggestion, we added “covered parking” this time; the majority (52.2%) said they offered it. In some denser cities, especially for high-rise rental projects served by decent transit, developers have been able to negotiate zero or near-zero parking with local officials. Look for municipal authorities to continue to reduce the required number of parking spaces in big cities with mass transit—and a strong Uber/Lyft presence.

DEVELOPERS ARE PROVIDING LOTS OF AMENITIES FOR THE PREPARATION OR ENJOYMENT OF FOOD: GRILLS, OUTDOOR KITCHENS, GARDENS, DECKS, TERRACES, AND CATERING PANTRIES (11.7%).

Chart 2. TOP 10 OUTDOOR AMENITIES 2019



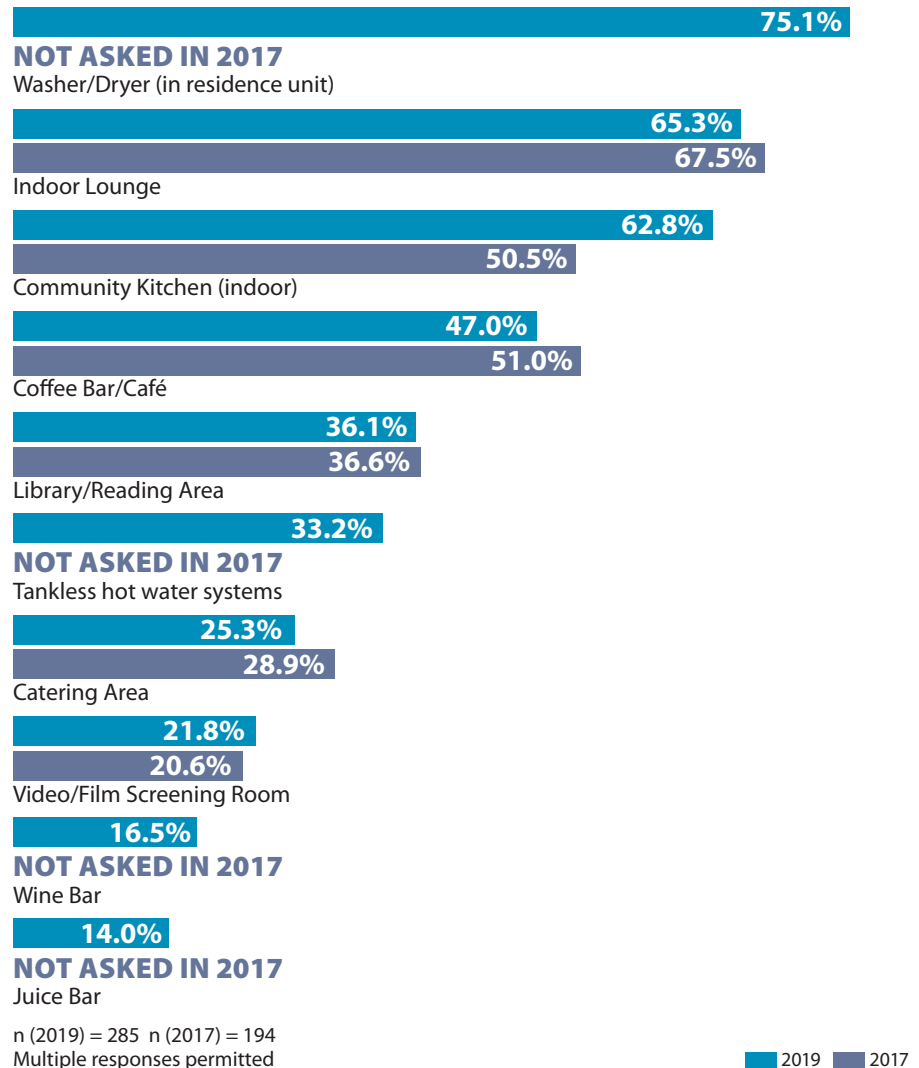
BY THE NUMBERS

This year, at a reader's suggestion, we added "Washer/Dryer in Unit," which took top honors in this category: 3 of every 4 respondents (75.1%) said they had installed them. (How did we miss it in 2017?) "Wine bar" and "juice bar," which we added in 2019, are starting to catch on, as is "wine cellar/storage" (13.0% in 2019, 15.4% in 2017).

With everyone watching movies and TV on their phones, is the day of the film screening room numbered? That's a lot of square footage and expensive furniture and equipment for a service that may be going the way of the fax machine.

**SOME SORT OF BEVERAGE—
COFFEE, WINE, JUICE—IS
ON THE MENU AT MOST
MULTIFAMILY COMMUNITIES.**

Chart 3. TOP 10 INDOOR AMENITIES 2019



BY THE NUMBERS

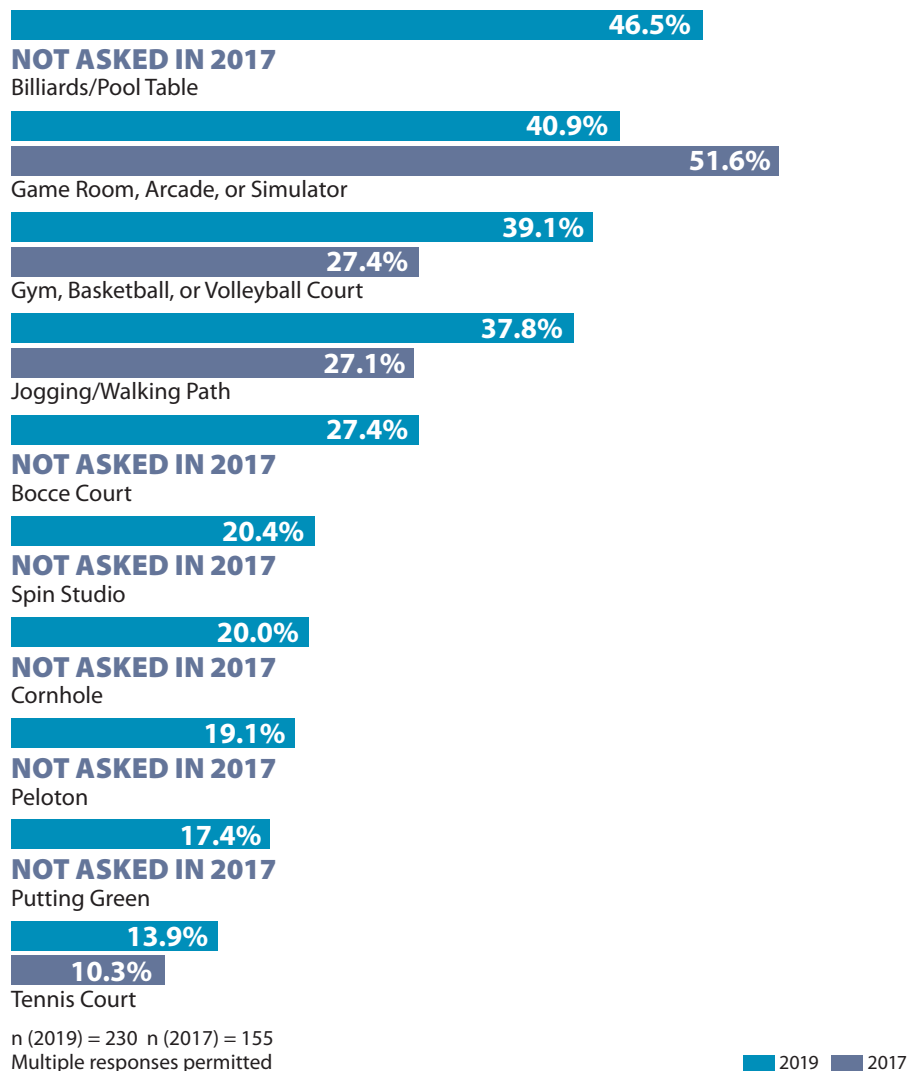
New this year, we called out “billiards/pool table” as a separate category from “game rooms” (40.6%), although it is conceivable that many game rooms might have a billiards or pool table. Ditto for “bocce court” (27.4%), which we did not single out in 2017. There might also be overlap between “spin studio” and “Peloton.”

Active spaces like basketball courts and jogging paths showed gains from 2017. A fifth of respondents (20.0%) said they offered the relatively economical corn hole, also known as bags, beanbags, tailgate toss, chuck-o, soft horseshoes, and hillbilly toss. It’s ancient version, horseshoes (new to our survey), came in at 10.0%.

New, too: pickleball courts. About 5% of respondents said they had constructed pickleball courts in their projects. That penetration still lags behind tennis courts (13.9% in 2019, 10.3% in 2017) but on par with racquetball/squash courts (7.0% in 2019, 3.9% in 2017). To learn more about installing pickleball courts, see: BDCnetwork.com/pickleball-anyone.

Other rec amenities of note (some new to 2019): climbing wall/bouldering/rock wall (10.4% in 2019, 7.1% in 2017), dance rooms (10.4%), and bowling (3.0%). Quite a substantial group of respondents (13.0% in 2019, 18.7% in 2017) had built physical therapy rooms, perhaps to alleviate residents’ aches and pains from Peloton and all the other exercise options developers are offering.

Chart 4. TOP 10 RECREATION AMENITIES



BY THE NUMBERS

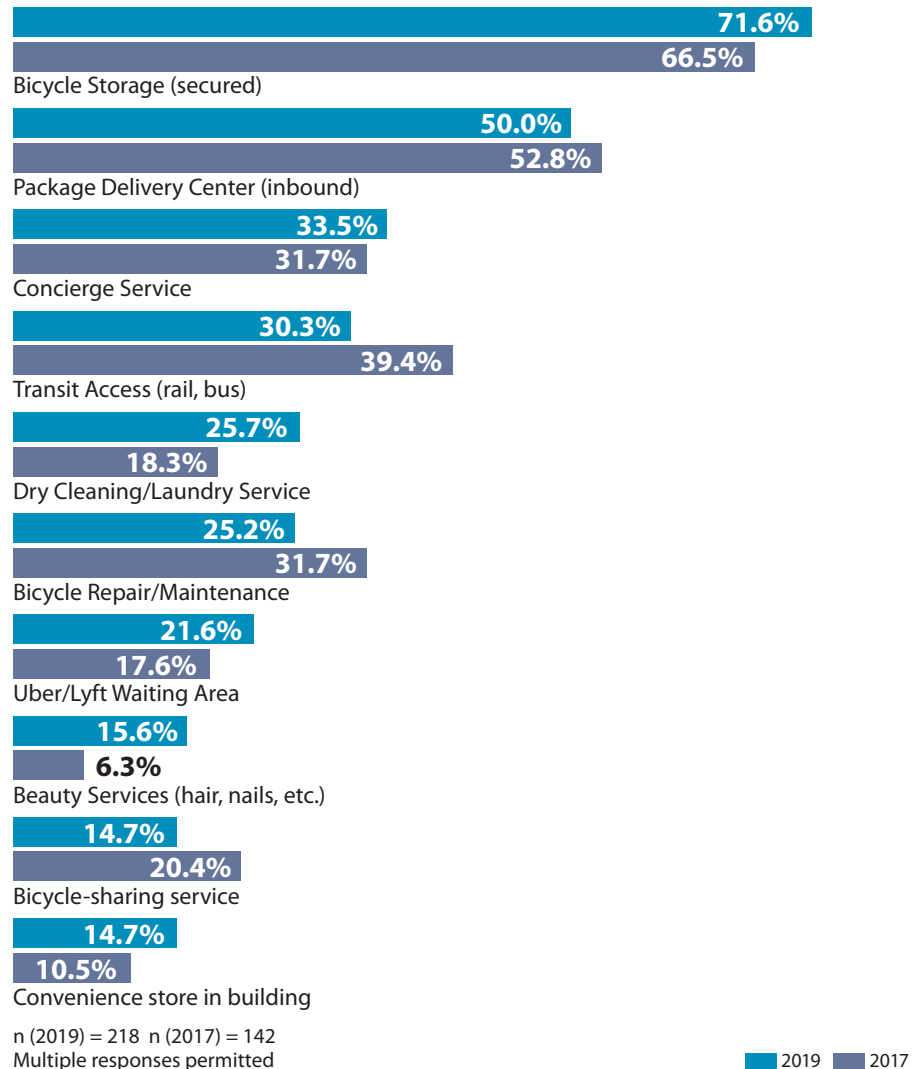
Anything to do with spinning wheels has appeal in multifamily communities. Bike storage was up a bit from 66.6% in 2017, to 71.6%, but bicycle repair and maintenance dropped slightly to 25.2% in 2019, from 31.7% in 2017. So, too, bicycle sharing: 14.7% currently, down from 20.4% two years ago. Are developers simply assuming residents will have their own bikes?

More than a fifth of respondents (21.6%) had set aside an Uber/Lyft waiting area (up from 17.6% in 2017)—but could that just be a comfy bench in the lobby? More telling: Car-share services like Zipcar fell precipitously, from 19.0% two years ago, to 8.3% currently. The curse of Uber at work?

One in 5 property owners (20.2%) now offer “outbound” shipping services (16.2% in 2017). More on planning and designing package centers at: BDCnetwork.com/PackageCenters.

Other convenience services: car wash (14.2%), valet parking (8.7% in 2019, 12.0% in 2017), education programs (11.0%), boat/kayak/canoe dock (9.2% in 2019, 6.3% in 2017).

Chart 5. TOP 10 CONVENIENCE SERVICES



BY THE NUMBERS

We called out the spin cycling craze “Peloton” this year (reader’s suggestion), which may account for the slight bump in fitness-related studios (to 56.1%). “Water features,” such as fountains, are also a new category, and apparently a fairly popular one (43.5%).

“Green certification” via LEED, the National Green Building Standard, or Green Globes (36.3%) was down slightly from 2017 (39.4%), perhaps because the volume of building projects seeking such certifications can vary from year to year.

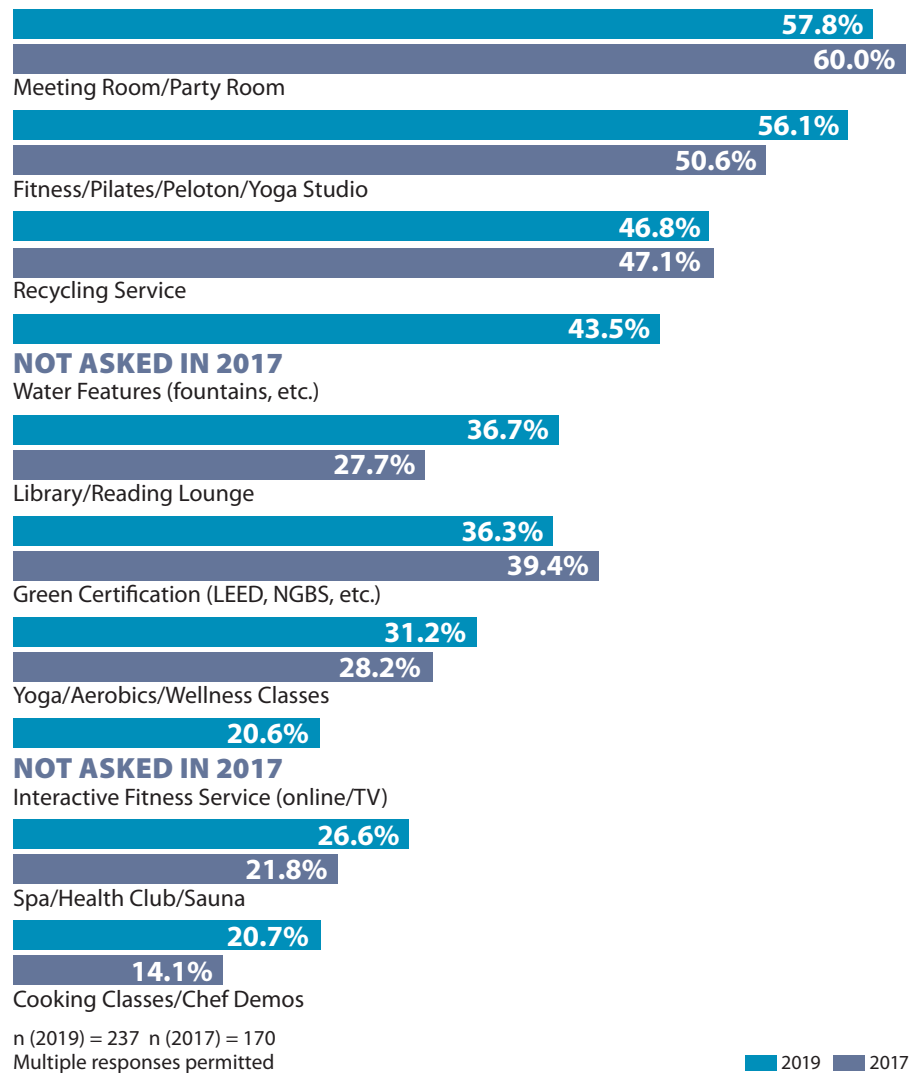
Wellness certification (e.g., WELL standard) more than doubled (to 8.0%, from 3.5% in 2017) and may be catching on in some health-conscious submarkets. Nearly 1 in 6 respondents (16.0%) had installed building-wide water purification systems; it’s conceivable that many developers include them at the individual unit tap.

Medical/dental outpatient services took a jump, to 7.3%, from only 2.8% in 2017, perhaps an indication of large-scale health providers and hospital systems branching out their networks.

New for 2019: spa/massage (11.5%) and online fitness services (20.6%). Yoga and other fitness classes declined, from 31.7% (2017) to 25.2% (2019), maybe due to the online fitness option.

Less in demand: wellness/feng shui gardens (13.5% vs. 14.7% in 2017), art galleries (13.1%), meditation rooms (12.2%), and, sad to say, art or music classes (9.3%).

Chart 6. TOP 10 LIFESTYLE, HEALTH + WELLNESS AMENITIES



BY THE NUMBERS

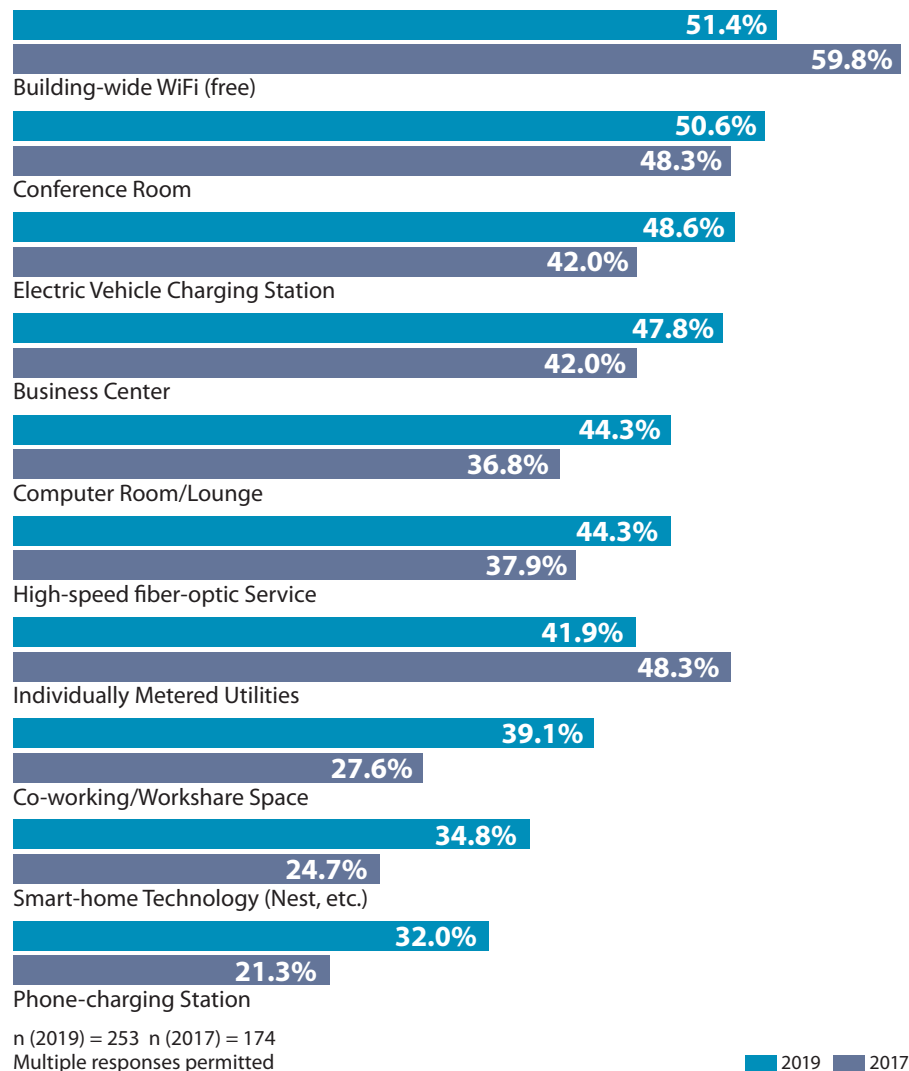
Developers are outdoing themselves in providing the latest technology services. Free WiFi was down somewhat (51.4% in 2019, vs. 59.8% two years ago), perhaps because nearly a fifth of respondents (19.0%) had their tenants pay for WiFi.

Co-working spaces took a substantial jump: from 27.6% in 2017, to 39.1% currently. High-speed fiber optic gained: 44.3% in 2019 vs. 37.9% two years ago. Smart home technology like Nest is also up, from 24.7% in 2017, to 34.8% currently. Phone-charging stations were up more than 10 percentage points, to 32.0%.

It's not out of the question that "business center," "computer room," and "conference room" might occupy the same space in many multifamily buildings, right along with "media center."

NEARLY 4 IN 10 MULTIFAMILY PROVIDERS SURVEYED SAID THEY HAD BUILT CO-WORKING OR WORKSHARE SPACES INTO THEIR RENTAL OR CONDO COMMUNITIES.

Chart 7. BUSINESS + TECHNOLOGY SERVICES



BY THE NUMBERS

The lower total response in “Children’s Services” is probably due to substantial group of respondents who are primarily serving the senior living or singles markets. For those who do provide for children, one in five said they have an on-site daycare facility.

It’s raining dogs and more dogs in the nation’s apartments and condos. America’s 74 million cats must feel like second-class citizens compared to our 70 million dogs. Potential revenue streams like dog walking (9.9%) and grooming (6.6%) are sure to grow. One respondent even installed a “dog agility park.”

WHERE IS THE BRAVE DEVELOPER WHO’S WILLING TO PUT UP A “NO PETS ALLOWED” SIGN? PROBABLY IN BANKRUPTCY COURT.

Chart 8. TOP CHILDREN’S SERVICES

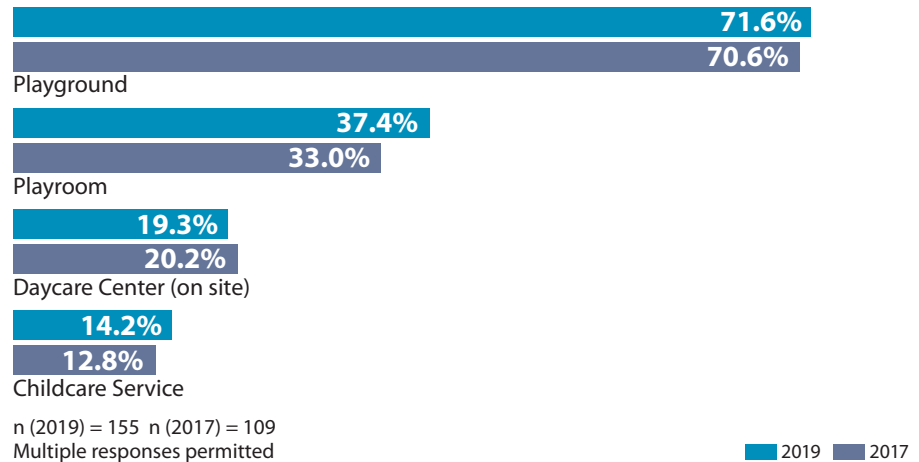
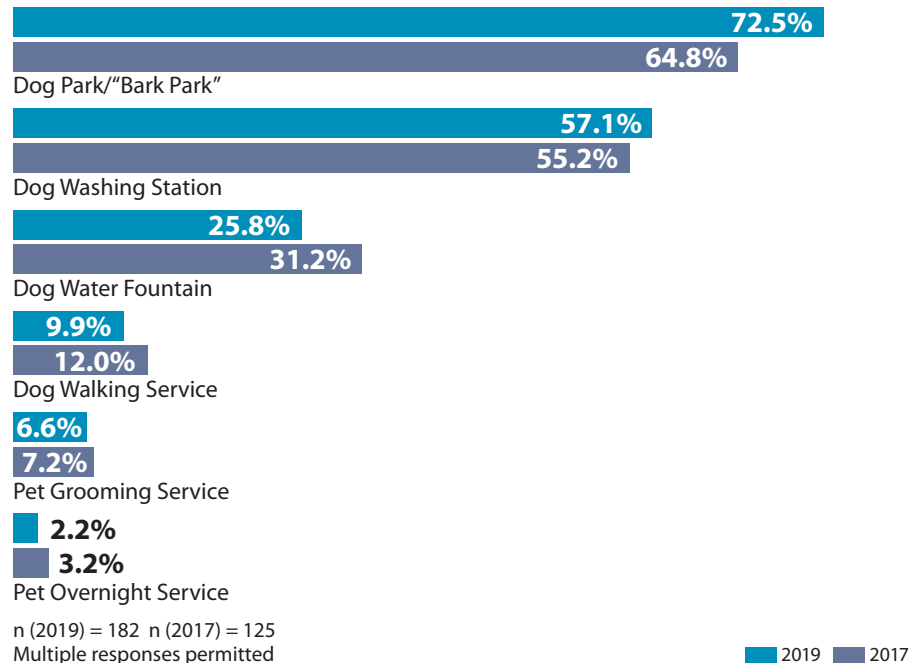


Chart 9. TOP SERVICES FOR PET OWNERS



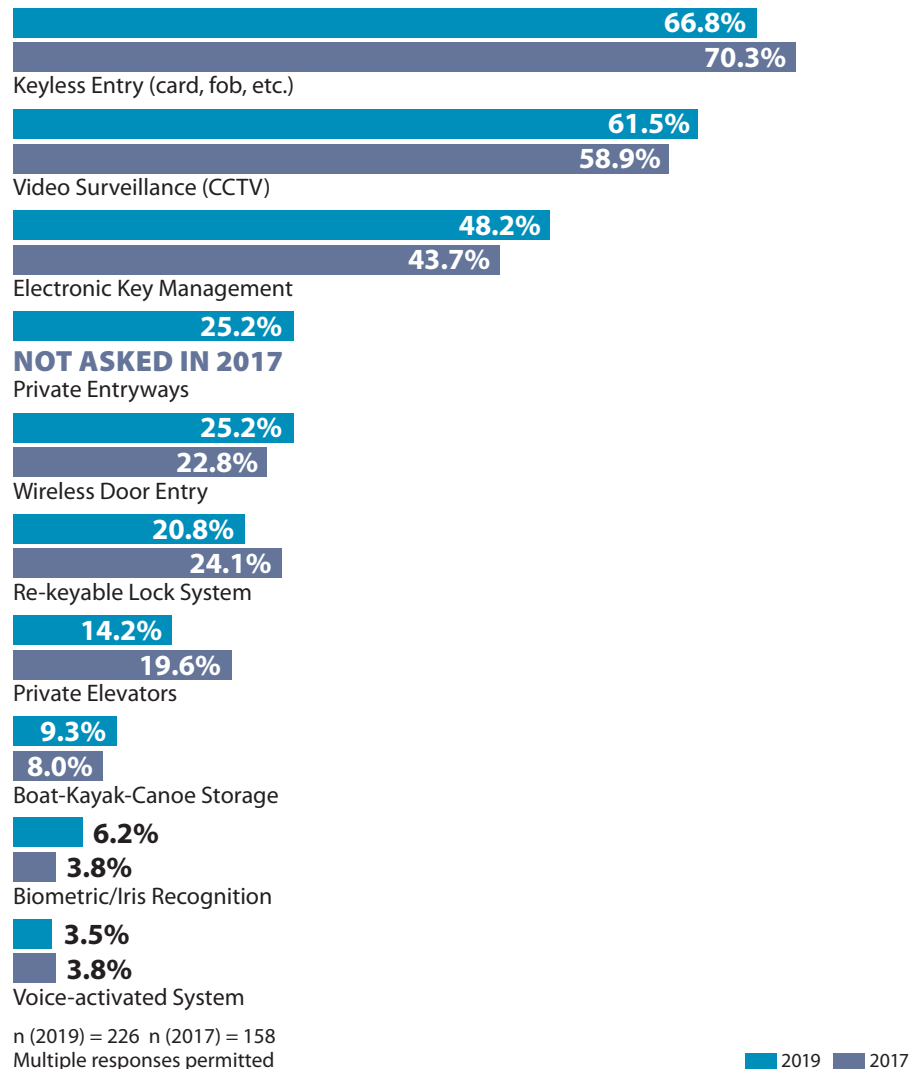
BY THE NUMBERS

Electronic locking systems are the thing in terms of apartment and condominium security, and the list of security provisions keeps growing. A handful of respondents (9.3%) said they provided secured storage for kayaks, canoes, and boats; another group (8.0%) offered safe storage for baby strollers.

In Honolulu, **Hawaii**, architecture firm Design Partners Incorporated created surfboard storage lockers in two 43-story condo towers: The Collection, for developer The Collection LLC (subsidiary of A&B Properties Inc.), and Waihonua at Kewalo, for Kewalo Development.

MOST UNUSUAL NEW SECURITY SERVICE MAY BE SURFBOARD STORAGE. TWO CONDOS IN HAWAII NOW HAVE DEDICATED SPACES TO LOCK UP BOARDS. BRING YOUR OWN WAX.

Chart 10. TOP 10 SECURITY SERVICES



RETHINKING THE \$30,000 CUP OF COFFEE

BY ROBERT CASSIDY, EDITOR
MULTIFAMILY Design+Construction

As a multifamily developer, property owner, architect, or builder, you've got tough decisions to make regarding the choice of amenities for your apartment and condominium communities. Our 2019 Amenities Survey measured 113 such choices, but there are many more—everything from countertops, kitchen and bath fixtures, and lighting styles, to furnishings, cabinets, and window treatments.

The choices are endless, and new ones are springing up every year—new offerings like co-working and maker spaces, biometric security systems, 5G networks. What amenities are “must-have” rather than “nice to have” for the local market? Which amenities will attract the renters or buyers you're targeting? Will your amenities help you get the top lease rate or purchase price for your property? Will they help you fill the building faster? Does your amenities package fit your firm's image—your all-important brand?

The self-questioning shouldn't end once the property is occupied. Are your customers actually using the amenities you so thoughtfully provided? You have to check to see what's

working, what was a total bust. Did that saltwater pool turn into a boondoggle? Should you have budgeted for an indoor basketball/volleyball court, as your biggest competitor did? Mistakes can be costly, not just in upfront design and construction dollars but also in opportunity costs. Every wrong choice represents a lost opportunity to provide other amenities with potentially greater customer appeal.

Which brings me to the \$30K cup of coffee. Specifically, \$30,000 a year. That can be the cost of providing free coffee to your tenants in a decent-size apartment building, according to Peter Chmielewski, City President—Chicago, Lennar Multifamily Communities (at the Marcus & Millichap Chicago Multifamily Forum last April).

No wonder developers, owners, and their project teams are looking for ways to “monetize” amenities. Want a glass of pineapple juice, Ms. Tenant in 11B? That'll be \$3 at the juice bar, just charge it to your unit. That's one way owners and developers can turn a \$30,000 annual operating cost into a new \$30,000 revenue stream.

Welcome to “Monetizing Your Amenities”—the next frontier in the Amenities Saga.

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