

Why housing companies should care about customer satisfaction?

If you are providing and selling goods, products, or services of any kind, this might sound like a strange question. However, the question is real and came from the CEO of a large European Housing company during a meeting where tenant focus was on the agenda. Although the real estate industry is now rapidly becoming customer-oriented, the situation described is not a unique case.

Looking at the Housing industry, there are several underlying reasons why a company can question the importance of a customer-driven approach. One being rent-regulated markets, where the direct return on investments in the quality of the product or service have traditionally been overlooked and (for some) harder to see. Another is the rental housing shortage that is evident in many markets, especially in larger cities. During the last decades, it has been difficult to even get a rental apartment, and this has naturally led to a seller's market.

However, another important factor is that many Real Estate and Housing companies have generally seen themselves as property companies. That is, focus has been on development and the buildings themselves, not the people that work or live in them. From a historical perspective, the industry can also be labeled as conservative and, due to its many years of profitability, has been reluctant to change. Even though this lack of customer (or tenant) orientation could also be found within commercial Real Estate, attitudes have naturally been more positive due to the competitive and unregulated market situation.

Besides the initial question, other frequently heard statements have been "we don't have time to focus on the customers because of other important projects", "we don't have any vacancies" or "the tenants should just be happy that they get to stay in our apartments" (let's hope that last one was not used as a company slogan...).

However during the last few years there has been an evident shift. Today many professional Real Estate and Housing companies, Property Managers and Facility Managers have realized the many values of having satisfied tenants, regardless of market situation and vacancy level. The focus is now not only on the buildings themselves, but also on the people living or working in them. In other words, the Housing industry has evolved to become a service industry aiming to foster loyal and satisfied customers. One could speculate that the most obvious reason for this transition could be increased competition and a general cooling of the market. Shorter housing queues, increased construction expenses and suburbanization (people leaving cities) are naturally some circumstances that may have played a part. A greater focus on sustainability and new ESG regulations have also had an impact. However, the mind shift started before these factors became a reality.

When looking at the industry development during the last decade, there are several additional components that have contributed to the transformation. This text, purpose is not to explore or deep dive into all, but it is clear that technology and the rise of proptech, together with the influx of new competences have been important forces. Although it came late to the Real Estate sector, the digital revolution is now changing the industry landscape at a rapid pace. With that, most companies (like in other industries) have adopted a data-driven business model. A generational change has led to improved equality (still a way to go though) and people from a variety of other more tech mature industries have opened up new ways of thinking. The approach to leadership and organizational development have also evolved as the "service mindset" has steadily grown stronger.

Most people would agree that every person has the right to a decent living situation and should get value for the rent they pay. Or have a right to feel secure in their neighborhood, be taken seriously and treated with respect. However besides soft values, there is a clear and evident ROI in improving the tenant experience. The bottom-line benefits include time saving, cost reduction, higher productivity, new revenue streams and more... This means that it should be in everyone's interest to increase the overall tenant experience. Independent of political views, market regulations or vacancy rates.

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Even though we have come a long way, there is still work to be done with industry managers and leaders who are not yet believers. Naturally this also differs in various markets. In Sweden, Denmark, and Norway, almost all professional midsize and larger Housing companies have adopted a customer-centric mindset, and in Germany, Austria, and the Netherlands, this is now changing rapidly. Today the top 20 largest German Housing companies have a customer satisfaction system in place, and more are following.

Customer satisfaction and customer experience are important in all industries, and the Real Estate industry is no exception.

If someone still questioned it... ■

