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The price is right???

Are you maximizing your occupancy and revenue? Pricing is the first thing your customers want to know and one of their largest influences in choosing your community...make sure the message is clear and compelling.

Does your price list look like this? A pricing study might get you back on the right path.

Have you seen any of these situations at your communities?

- Larger residences with lower fees than smaller residences.
- Two or more residences of exact same type and size with different fees.
- Entrance and/or Monthly Fees that have not been raised for several years.
- Locations that are consistently sold out while others of the same style remain vacant.
- Sales and marketing staff expressing difficulty in explaining the pricing to prospective residents.
- Potential residents or their family asking why one residence is so much more than a similarly sized residence.

If you are experiencing any of these situations, you may want to consider a pricing analysis to help you untangle your “can of worms.”

Pricing is one of the key messages to the market of any community or service and when it seems disjointed or unintelligible the market finds it more challenging to understand your message and value.

Success in the form of multiple expansions, incentives that became price changes, a history of unequal fee increases and other responses to changes in demand or supply are all strong influences and likely causes for these pricing incongruities.

Post-recession most communities are starting to see their sales rebound, and RD is proud to have recently worked with several strong communities to untangle what had become a confusing and challenging pricing web. Entrance and Monthly
Fees had become complicated for both sales counselors and prospective residents, and in some instances communities were surprised to find larger residences priced lower than smaller styles. Some found unique pricing for individual residences within the same size and style.

Frasier, a CCRC in Boulder, CO, found itself in exactly this position when they reviewed their pricing plan and found unique pricing for each of their 218 apartment residences. RD worked with Frasier to evaluate and quantify its local and secondary market area competitive communities to better gauge their current pricing in comparison to their market. RD and Frasier also worked to find a logical “base” price as the starting point and built a premium pricing model for the more desirable residences. Premium pricing for Frasier was strongly influenced by the increased desirability of residences located on the higher floors and those with views of the Rockies and Flatirons.

Consider these three main influences if your community is in a similar situation and you’d like to rectify it yourself.

1. Look at your residences’ fees on a per square foot basis. This is simplistic a view but is an important baseline that will be influenced by historical occupancy data, view and location premiums and other demand influences.
2. Consider the accounting and actuarial perspectives of pricing and ensure, with the help of internal or advisors’ perspective, that the changes improve the community’s margins, or at worst trade current success for similar success in a different package.
3. Internal and external competitive residences are also a key consideration for any price change. I f your community has not done a detailed competitive study, consider doing or having one done before embarking on a price change.

Every price change is an opportunity for sales increases and even the strongest communities should take advantage of these opportunities!