

Slam Dunk

An Inside Look at a Proven Strategy for Faster, More Profitable Lease-Ups



Ron Barth

Ron Barth and his business partner Steve Spett formed Resource Furniture in 2000, selling hard-to-find European furnishings directly to the trade. In 2007, they identified a need for high-end, multifunctional furnishings—a category not available in North America at that time. Today Resource Furniture is a global brand and the largest distributor of multifunctional furnishings in North America. In 2014, Resource Furniture Contract Division was formed, providing a direct access between European manufacturers and the North American contract market.

A sold-out rent roll prior to delivery? With 500 percent ROI?* If one addition to a project could practically guarantee this, it shouldn't be too hard to persuade most multifamily owners and developers to take a closer look at this financial slam dunk.

Oh, and one more thing. Your competition isn't on to it (as yet).

Welcome to the world of Resource Furniture. For multifamily projects from Asbury Park, N.J. to Vancouver, British Columbia, the New York-based company is helping a growing circle of far-sighted developers rapidly lease-up their properties at above-market rates.

Ron Barth, Resource Furniture co-owner and President, explains the winning approach:

? It's no secret multifamily developers are targeting Generation Y, Baby Boomers and others with smaller, more affordable apartments in prime locations. What's gone nearly unnoticed is how some developers have scored huge wins by offering furnished micro-units. Why the move away from unfurnished apartments?

Expectations have changed. Folks today, including Generation Y, are looking for an experienced-based lifestyle. They don't define themselves by what they own. That's why walkability scores, and access to public transportation, and building amenities are now hot selling points. It's happening everywhere, too. Not just major metro areas, but across America in towns like Des Moines, Tulsa, and Schenectady. People would rather walk or bike to the store, restaurant, library, or park.

A growing group of aggressive, heads-up developers have jumped on this trend. They quickly saw this "experience trumps stuff" ethic meant the door was open to a powerful new development opportunity. Why not appeal to this growing marketplace with smartly furnished units that offered breakthrough living convenience, affordability, high style, and quality? Better yet, why not package it at a price point that makes it exceptionally attractive to the occupant yet highly profitable to the developer?

? Any examples?

Plenty. Take Weissman Equities. The firm renovated a five-story walk-up in Harlem last year where the annual rents in the immediate neighborhood averaged \$35 per square foot. After renovating and installing our furniture in their 150-225 square foot units, they now have a waiting list for furnished micro units at \$70 per square foot—double the area average and well above their original projections.

Then there's *The Janion*, a 122-unit condo project under construction in Victoria, B.C. With furnished units starting at \$110,000 and ranging from 243 to 352 square feet, the 97 units furnished with a transforming wall bed system sold out within a few weeks of coming on the market (and before construction even began), setting a record for sales in Victoria. The handful of condos that remain unsold are all unfurnished. While in New Jersey, developer Smith is offering 23 amenity-rich apartments in *Eureka*, a sustainably-designed, renovated historic building in Asbury Park, where the units furnished with Resource

Furniture wall bed systems have sold 65% faster than the units without wall beds.

Clearly, for the developers that saw this coming it's a huge payday.

? What sets your furniture apart? Why are you the go-to supplier?

There are three factors that set us apart from everyone else. First is the measurable value that our furniture adds to a space—if a single space can perform multiple functions, the space can be smaller and cost less to build and operate. Second is the incredibly high quality of the products. Everything is made in Italy and built to last. People are shocked by how far our products exceed all expectations, including an unheard-of **five-year warranty** on commercial sales. Third is our expertise. As the largest retailer of multifunctional solutions in North America, no one has their finger on the pulse of designing efficient spaces more than we do.

? How should people learn more?

They should go to resourcefurniture.com. Watch a demo video. Click through to the Developer section. Click Our Favorite Projects. Better yet, visit a showroom. Nothing I can say can prepare you for what you'll see.

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*Assumes contract pricing and a 20% down payment with the balance as part of development financing.