



UPGRADED CLOSET STUDY IN NEW **APARTMENT CONSTRUCTION**

Prepared for ClosetMaid

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EXECUTIVE SUMMARY

STUDY OVERVIEW

KEY OBJECTIVES

- ✓ What is consumer demand for **upgraded closets in new apartment homes** construction?
- ✓ How much more would home buyers be willing to pay for upgraded closets?
- ✓ How do consumers value upgraded closets vs upgrades to other parts of the house that have equivalent cost?

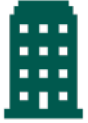
SURVEY ADMINISTRATION & SURVEY SAMPLE

- The survey was administered online to respondents recruited via a panel.
- This analysis includes 727 respondents following data cleaning and quality control.

RESPONDENT QUALIFICATIONS

- Must be 18 years or older and reside in the United States.
- Respondent and immediate family must not work in a critical industry.
- Must be a primary/shared decision maker for household purchases.
- Must fall into one of the following categories:
 - Apartment Renter who is renting a newly built apartment or house or is looking to rent a newly built apartment.

KEY SEGMENTATIONS



This report includes results segmented by Apartments renters. Statistically significant differences are calculated at the 95% confidence level, denoted by superscript letters (e.g., ^A, ^B, ^C), and presented in call-out bubbles/tables. Corresponding letters indicate significant differences between groups.

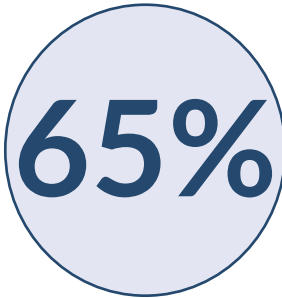


RENTER STATUS (n=342)

Current renters (n=190)	56%
Future renters (n=152)	44%

DEMAND FOR UPGRADED CLOSETS IN NEW APARTMENT CONSTRUCTION

RENTERS



Of renters find upgraded closets in new construction apartments **appealing**. 19 % find it **more valuable than most upgrades**.

48%

Of current renters have an upgraded closet in their apartment

84%

Of future renters want an upgraded closet in their future apartment

47%

Of current renters paid on average 13% more in rent for a newly built apartment with an upgraded closet

71%

Of future renters are willing to pay 11% more on average, for upgraded closets

RECOMMENDATIONS

ClosetMaid may be more successful in focusing sales efforts on home builders. That said, it may still be worth targeting apartment builders since renters show some interest in closet upgrades. Hanover recommends the following when communicating with apartment developers – owners and designers to improve product offerings:



Highlight the appeal of closet upgrades in new home construction when talking to home builders. Also, **discuss how some customers value it more than many other common home upgrades.**



Emphasize demand for closet upgrades. Reference the high number of future apartment renters that are seeking, and **ready to pay more for apartments that come with such upgrades.**



Prioritize closet upgrades that offer more storage, hanging, and shoe space, as well as arrangement/organization flexibility.

KEY FINDINGS

Apartment Renters

- **Upgraded closets are fairly important additions in new construction apartments.** Roughly two-thirds of renters find upgraded closets appealing (65%), and close to a quarter (19%) value it more than most home upgrades.
- **Like owners, renters are also interested in new apartments with upgraded closets, and they are willing to pay more for the upgrade** Almost half of the renters who recently moved into their apartments opted for the unit with upgraded closets (48%), and half (47%) paid about 11% more on average.
- **Demand will likely increase** as most future renters (84%) seek new homes with upgraded closets. Three-quarters (71%) are willing to pay an average of 11% more on rent, which is roughly a \$175 increase (based on average rent expectations of \$1,588).

Overall Apartment Renters

- **Apartment renters are like upgraded closets that have more storage space.** They want more hanging (renters: 48%) and shoe storage (renters: 42%) storage, as well as general storage space (renters: 52%). They also want more flexibility/customization options (renters: 43%).
 - Consumers particularly like the premium wood closet (renters: 61%) for the space (56%) and for its design (66%), appearance (65%), and ease of organization (55%). Apartment renters are willing to pay 11% more in rent for this option.

UPGRADED CLOSETS

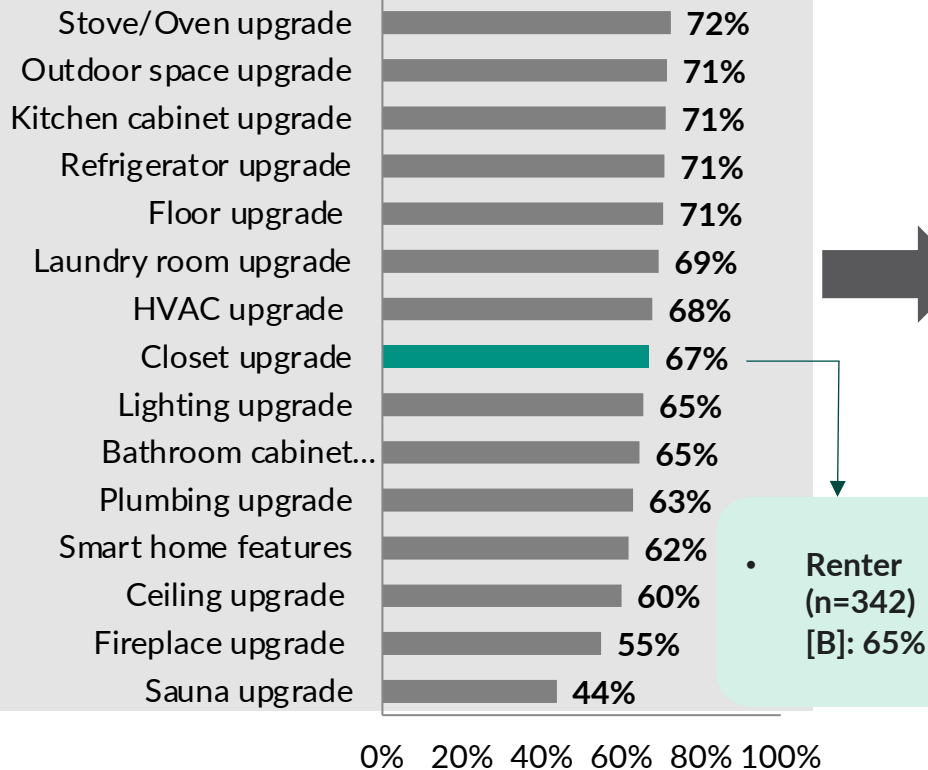
APPEAL

TWO-THIRDS OF RENTERS FIND CLOSET UPGRADES IN NEWLY BUILT APARTMENT HOMES APPEALING

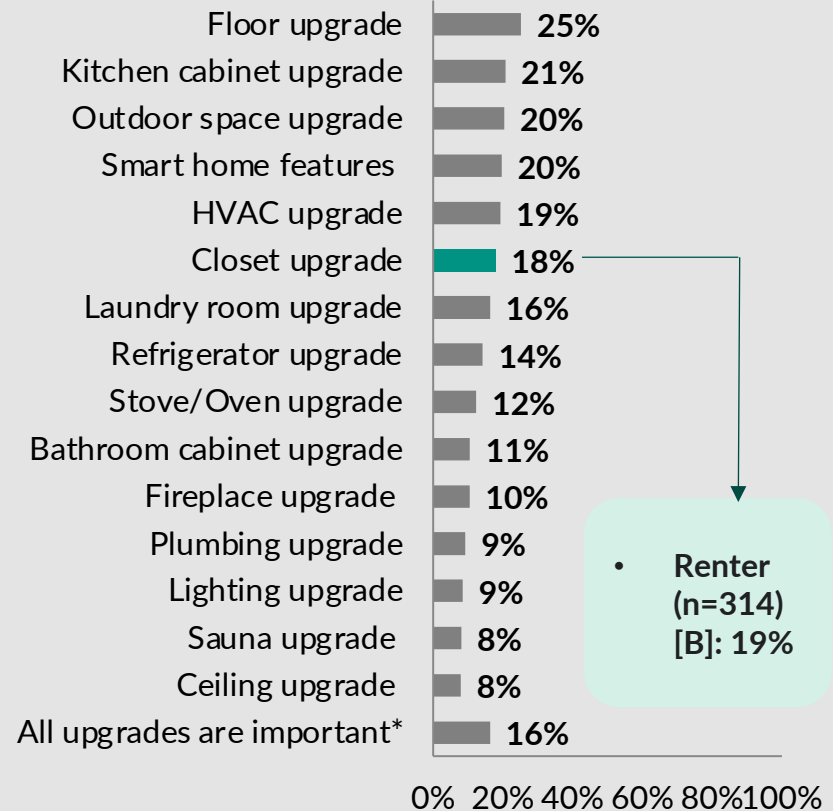
- Almost a quarter of renters (19%) consider closet upgrades one of the most valuable upgrades for their newly built apartments.

APPEAL OF UPGRADES (TOP 2)

Top 2 Box includes "Very" and "Extremely" Appealing

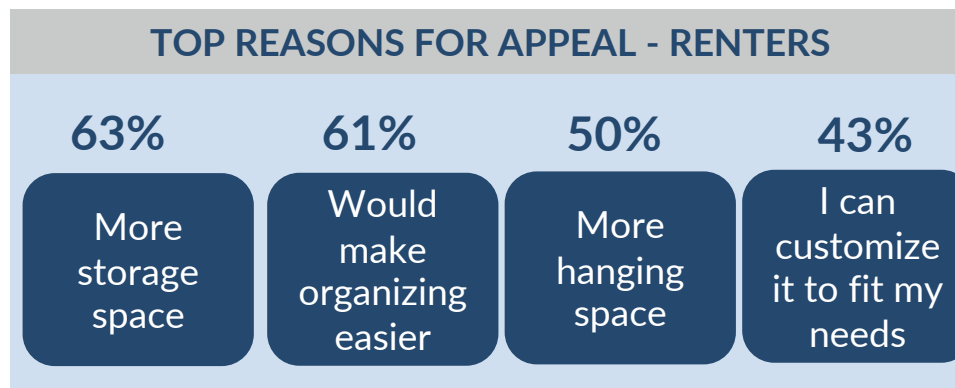


MOST VALUABLE UPGRADES ASSUMING SAME COST



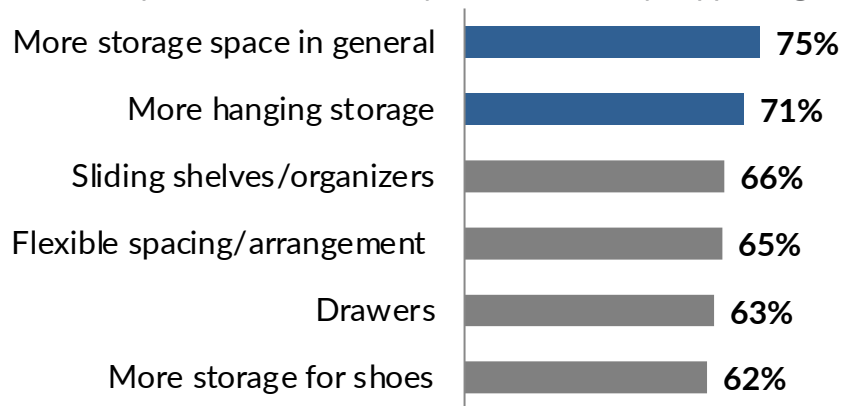
APARTMENT RENTERS FIND UPGRADED CLOSETS APPEALING BECAUSE THEY OFFER MORE STORAGE AND MAKE ORGANIZING EASIER

- Specifically, they find closets with more storage, hanging, and shoe space appealing. Flexible spacing and sliding shelves are also highly appealing.
- The few who do not find upgraded closets appealing say it's because other upgrades are more important to them.*



APPEAL OF THE FOLLOWING UPGRADES (TOP 2) - RENTERS

Top 2 Box includes "Very" and "Extremely" Appealing



0% 20% 40% 60% 80% 100%

Q: Why do you find a closet upgrade in a newly built house/apartment appealing? (n=704); [Not Visualized] Q: Why do you not find a closet upgrade in a newly built house/apartment appealing? (n=23). Displayed to those who do not find closet upgrades appealing.

*Note: small sample size, interpret with caution; Q: How appealing are the following closet upgrades? (owners=385; renters=342)

**Note: Only displaying the top options for all visuals. Please see data supplement for full set of results.

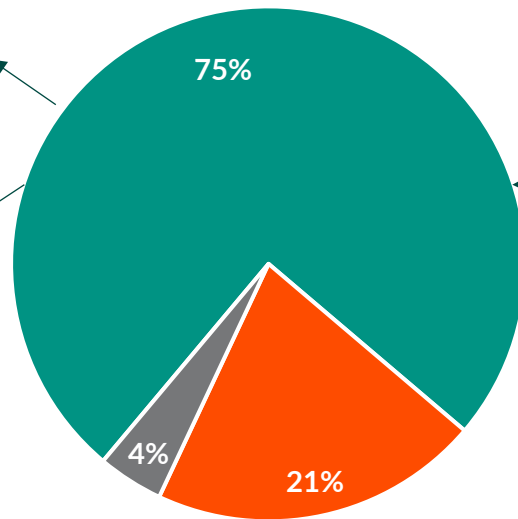
DEMAND

MOST APARTMENT RENTERS HAVE/WANT AN UPGRADED CLOSET IN THEIR NEWLY BUILT APARTMENTS

- Apartment consumers want closets that have more storage space and flexible arrangement options.

UPGRADED CLOSET IN NEWLY BUILT APARTMENTS

■ Yes ■ No ■ Not sure

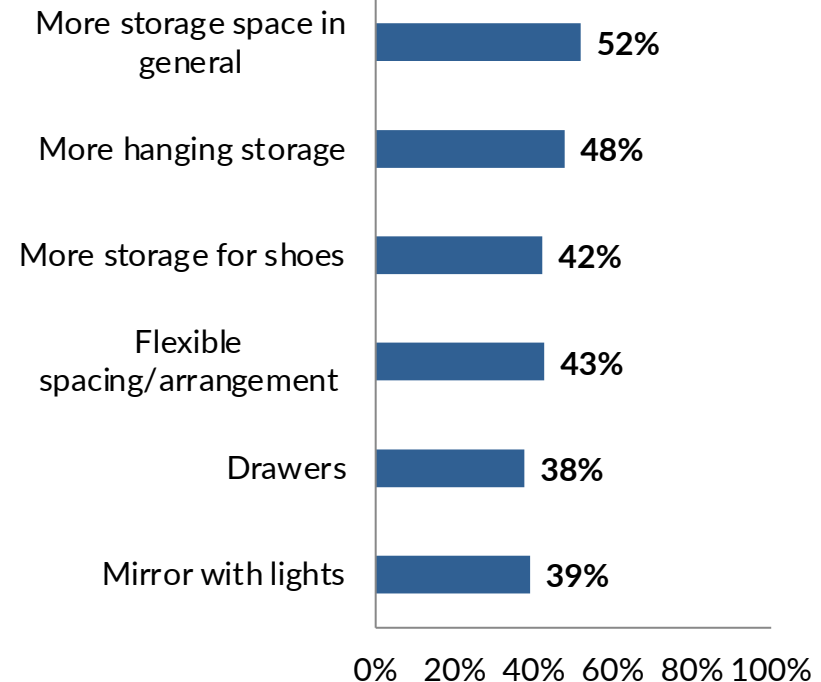


• Renter (n=342)
64%

• Current
renters
(n=190)
48%

• Future
renters
(n=152)
84%

CURRENT/DESIRED CLOSET UPGRADES



Q: Do you have/want an upgraded closet in your newly built house/apartment? (n=727)

Q: Which of the following closet upgrades do you have/want in your newly built house/apartment? Select all that apply. Displayed to those that have/want a closet upgrade. Only displaying top results. Please see data supplement for full set of results.

*Note: please see data supplement for segmented results.



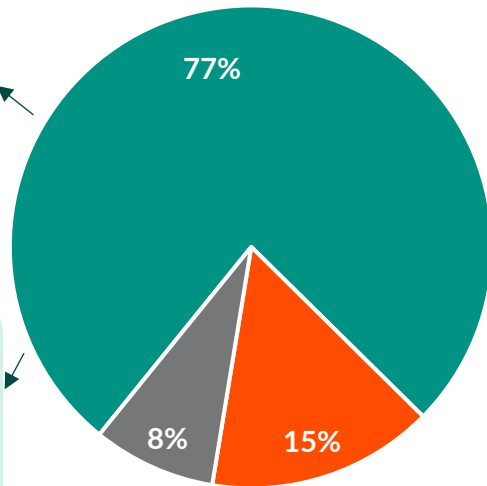
CORPORATE

APARTMENT RENTERS ARE WILLING TO PAY MORE FOR CLOSET UPGRADES IN THEIR NEW APARTMENT HOME

- On average, Apartment renters pay/are willing to pay 11% more for newly built apartments with upgraded closets. This represents an estimated \$175 increase in rent for future apartment renters.

PAYMENT FOR UPGRADED CLOSET IN NEWLY BUILT APARTMENT HOMES

■ Yes ■ No ■ Not sure



• Renter (n=218)
61%^A

• Current renters (n=91)
47%

• Future renters (n=127)
71%^B

On average, renters are willing to pay 11% more for apartments with upgraded closets.

WILLINGNESS TO PAY

CURRENT RENTERS

Average rent: \$1,413*

Median rent: \$1,214*

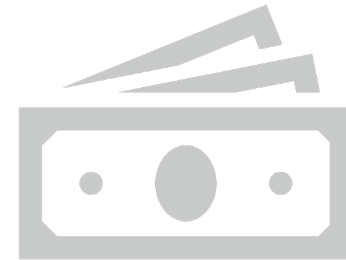
On average, current renters paid 13% more for upgraded closets in a newly built apartment.

FUTURE RENTERS

Average rent: \$1,588*

Median rent: \$1,200*

On average, future renters are willing to pay 11% more for an apartment with upgraded closets. This is roughly a \$175 increase in rent.



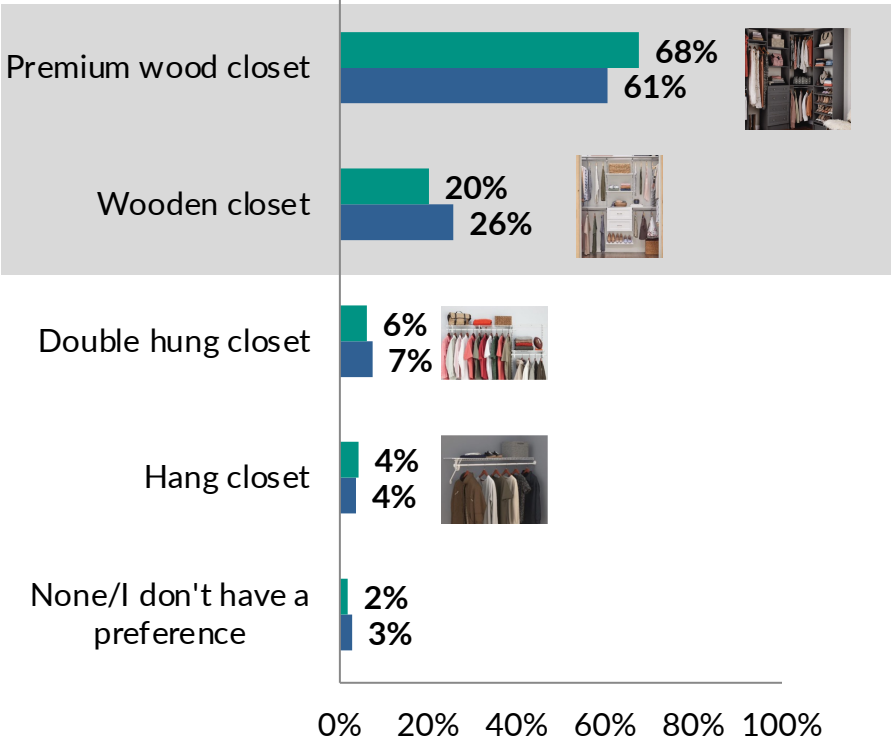
CONCEPT

APARTMENT RENTERS PREFER THE PREMIUM WOOD CLOSET BECAUSE OF THE DESIGN AND APPEARANCE

- Around a quarter each also prefer the wooden closet for similar reasons.
- Homeowners and renters are willing to pay an 11% increase in mortgage/rent for the premium wood closet. This represents at least \$150 increase in rent on average.

PREFERRED CLOSETS

■ Owner (n=328) [A] ■ Renter (n=218) [B]



REASONS FOR PREFERENCE*

- I like the design
- I like the way it looks
- It has enough storage space
- Ease of organization
- I like the material
- It has enough hanging space
- Option to add DIY features
- It's simple

Premium wood closet (n=354) [A]	Wooden closet (n=122) [B]
66% ^{DC}	59% ^{DC}
65% ^{DB}	47% ^A
56% ^B	37% ^A
55% ^D	46% ^D
46%	38%
42%	36%
31%	25%
26% ^D	34%

Average Rent:

Current renters: \$1,413**

Future renters: \$1,588**



Q: Which of the following closets do you prefer? Displayed to those who want/have an upgraded closet; Q: Why do you prefer the closet below?; [Not Visualized] Q: How much more are you willing to pay in mortgage/rent for the closet below? (n=495) Q: How much is/do you expect your mortgage/rent to be per month. (n=727)*Note: the least preferred closets and bottom answer options were removed from visual. Please see data supplement for full set of results. **Note: Outliers were removed from calculation.

RESPONDENT CHARACTERISTICS

RESPONDENT CHARACTERISTICS (1/2)



Age (n=727)

18 to 24
25 to 34
35 to 44
45 to 54
55+

12%
24%
32%
15%
18%



Marital Status (n=727)

Single
Married or living as married
Separated or divorced
Widowed
Prefer not to say

36%
53%
9%
2%
1%



Region (n=727)

Northeast
Midwest
South
West

19%
17%
47%
17%



Children in Household (n=727)

Children 12 years old or younger
Children between 13-18 years old
No children live with me
Prefer not to say

37%
24%
49%
2%



Gender (n=727)

Male
Female
Non-binary
Prefer not to say

42%
58%
<1%
<1%



Number of people in Household (n=727)

1 person
2 or 3 people
4 or more people
Prefer not to say

21%
47%
33%
<1%



Race/Ethnicity (n=727)

American Indian or Alaska Native
Asian
Black or African American
Hispanic
Native Hawaiian or Other Pacific Islander
White or Caucasian
Prefer not to say
Other

2%
4%
25%
13%
<1%
64%
1%
1%



Education (n=727)

Some high school
High school diploma/GED
Some college or post-secondary technical training
2-year or 4-year degree
Some graduate school
Graduate degree
Prefer not to say

2%
20%
20%
40%
3%
15%
<1%

RESPONDENT CHARACTERISTICS (2/2)



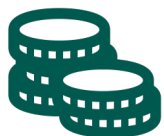
Employment (n=727)

Employed full-time
Employed part-time
Self-employed
Unemployed
Stay-at-home parent/caregiver
Student
Retired
Unable to work
Prefer not to say



Industry (n=727)

Healthcare
Education
Information Technology
Finance
A food or beverage processing plant
None of the above



Annual Household Income (n=727)

\$0 to \$24,999
\$25,000 to \$49,999
\$50,000 to \$74,999
\$75,000 to \$99,999
\$100,000 to \$124,999
\$125,000 to \$149,999
\$150,000 to \$174,999
\$175,000 to \$199,999
\$200,000 or more
Prefer not to say



Decision Making for Household Purchases (n=727)

I am the primary decision maker
I share the decision-making authority



Current Living Situation (n=727)

I currently own my house
I currently rent my apartment
I currently rent my house



Future Living Situation (n=361)

Buy a house
Rent an apartment
Rent a house



Urbanicity (n=727)

Urban area
Suburban area
Rural area
Prefer not to say

61%
8%
6%
4%
5%
3%
10%
2%
1%

9%
7%
4%
4%
3%
76%

13%
21%
22%
17%
11%
7%
4%
2%
3%
1%

APPENDIX

HANOVER CORE CAPABILITIES

- Supporting your entire marketing workflow.

MARKET ANALYSIS

Market Monitoring

- Industry News
- Political Regulatory Environment
- Economic Environment
- Social and Cultural Environment

Market Trend Forecasts

- Emerging Technologies

Market Profiling and Structure

- By Product, Service, or Geography

Market Sizing and Market Share

- Domestic and International Opportunity mapping

Competitive Intelligence

Partnership Evaluation

- Alliances and Partnerships
- Merger and Acquisition Opportunity Analysis

CUSTOMER EXPERIENCE

Customer Acquisition

- Consumer Decision Process
- Lead Generation
- Purchase Insights
- Buyer Decisions Journey

Customer Segmentation

- Customer Needs
- Cluster Analysis / Segment Identification
- Segment Validation

Loyalty Management

- Key Performance Drivers
- Win / Loss Analysis
- Satisfaction and Loyalty
- Customer Life Cycle Management

PRODUCT LIFECYCLE

Concept Testing

- Feature Preferences
- Product / Service Validation
- Conjoint Analysis

Opportunity Analysis

- Patent Analysis

TURF Analysis

Channel Optimization

- Sales Territory Alignment
- Value Chain Analysis

Price Optimization

- Product / Service Demand
- Price Elasticity / Sensitivity

Post-Launch Assessment

Product / Service Life Cycle Assessment

Product / Service Line Analysis

Sales Forecasting

BRAND STRATEGY

Brand Audit

- Awareness and Perceptions
- Attitude and Usage
- Perceptual Mapping

Brand Communication

- Positioning
- Imagery and Messaging Analysis

Brand Performance

- Health and Equity
- Gap Analysis
- SWOT Analysis
- Ongoing Tracking

Marketing Mix Evaluation

Campaign Performance

- Advertising Testing



Thank you.

CONTACT

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