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*To navigate to these sections in slideshow mode, click the slide numbers or the subsection text. In edit mode, CTRL+Click*
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.
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)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current renters (n=190)</td>
<td>56%</td>
</tr>
<tr>
<td>Future renters (n=152)</td>
<td>44%</td>
</tr>
</tbody>
</table>
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 an average 13% more in rent for a newly built apartment with an upgraded closet

71% Of future renters are willing to pay an average 11% more on average, for upgraded closets
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*

<table>
<thead>
<tr>
<th>Upgrade</th>
<th>Appeal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stove/Oven upgrade</td>
<td>72%</td>
</tr>
<tr>
<td>Outdoor space upgrade</td>
<td>71%</td>
</tr>
<tr>
<td>Kitchen cabinet upgrade</td>
<td>71%</td>
</tr>
<tr>
<td>Refrigerator upgrade</td>
<td>71%</td>
</tr>
<tr>
<td>Floor upgrade</td>
<td>71%</td>
</tr>
<tr>
<td>Laundry room upgrade</td>
<td>69%</td>
</tr>
<tr>
<td>HVAC upgrade</td>
<td>68%</td>
</tr>
<tr>
<td>Closet upgrade</td>
<td>67%</td>
</tr>
<tr>
<td>Lighting upgrade</td>
<td>65%</td>
</tr>
<tr>
<td>Bathroom cabinet upgrade</td>
<td>65%</td>
</tr>
<tr>
<td>Plumbing upgrade</td>
<td>63%</td>
</tr>
<tr>
<td>Smart home features</td>
<td>62%</td>
</tr>
<tr>
<td>Ceiling upgrade</td>
<td>60%</td>
</tr>
<tr>
<td>Fireplace upgrade</td>
<td>55%</td>
</tr>
<tr>
<td>Sauna upgrade</td>
<td>44%</td>
</tr>
</tbody>
</table>

### MOST VALUABLE UPGRADES ASSUMING SAME COST

<table>
<thead>
<tr>
<th>Upgrade</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor upgrade</td>
<td>25%</td>
</tr>
<tr>
<td>Kitchen cabinet upgrade</td>
<td>21%</td>
</tr>
<tr>
<td>Outdoor space upgrade</td>
<td>20%</td>
</tr>
<tr>
<td>Smart home features</td>
<td>20%</td>
</tr>
<tr>
<td>HVAC upgrade</td>
<td>19%</td>
</tr>
<tr>
<td>Closet upgrade</td>
<td>18%</td>
</tr>
<tr>
<td>Laundry room upgrade</td>
<td>16%</td>
</tr>
<tr>
<td>Refrigerator upgrade</td>
<td>14%</td>
</tr>
<tr>
<td>Stove/Oven upgrade</td>
<td>12%</td>
</tr>
<tr>
<td>Bathroom cabinet upgrade</td>
<td>11%</td>
</tr>
<tr>
<td>Fireplace upgrade</td>
<td>10%</td>
</tr>
<tr>
<td>Plumbing upgrade</td>
<td>9%</td>
</tr>
<tr>
<td>Lighting upgrade</td>
<td>9%</td>
</tr>
<tr>
<td>Sauna upgrade</td>
<td>8%</td>
</tr>
<tr>
<td>Ceiling upgrade</td>
<td>8%</td>
</tr>
<tr>
<td>All upgrades are important*</td>
<td>16%</td>
</tr>
</tbody>
</table>

*Note: answer option shortened for brevity purposes. Please see data supplement for full answer option.*
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.*

**TOP REASONS FOR APPEAL - RENTERS**

- 63% More storage space
- 61% Would make organizing easier
- 50% More hanging space
- 43% I can customize it to fit my needs

**APPEAL OF THE FOLLOWING UPGRADES (TOP 2) - RENTERS**

Top 2 Box includes “Very” and “Extremely” Appealing

- More storage space in general: 75%
- More hanging storage: 71%
- Sliding shelves/organizers: 66%
- Flexible spacing/arrangement: 65%
- Drawers: 63%
- More storage for shoes: 62%


*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

- Renter (n=342) 64%
- Current renters (n=190) 48%
- Future renters (n=152) 84%

CURRENT/Desired Closet Upgrades

- More storage space in general 52%
- More hanging storage 48%
- More storage for shoes 42%
- Flexible spacing/arrangement 43%
- Drawers 38%
- Mirror with lights 39%

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.
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

77%
15%
8%

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.

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

Q: Did you/Are you willing to pay more for an upgraded closet in your newly built house/apartment? (n=546) Displayed to those that have/want a closet upgrade; Q: How much more did you/are you willing to pay for your/a newly built home/house/apartment with an upgraded closet? (owners=270; renters=123). Displayed to those who are willing to pay more; Q: How much did you/do you expect to pay for your new home/apartment (n=727); *Note: outliers were removed from calculation.
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**

<table>
<thead>
<tr>
<th>Closet Type</th>
<th>Owner (n=328) [A]</th>
<th>Renter (n=218) [B]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium wood closet</td>
<td>68%</td>
<td>61%</td>
</tr>
<tr>
<td>Wooden closet</td>
<td>20%</td>
<td>26%</td>
</tr>
<tr>
<td>Double hung closet</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Hang closet</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>None/I don't have a preference</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**REASONS FOR PREFERENCE***

- I like the design: 66% [DC] vs 59% [DC]
- I like the way it looks: 65% [DB] vs 47% [A]
- It has enough storage space: 56% [B] vs 37% [A]
- Ease of organization: 55% [D] vs 46% [D]
- I like the material: 46% [D] vs 38%
- It has enough hanging space: 42% vs 36%
- Option to add DIY features: 31% vs 25%
- It's simple: 26% [D] vs 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: 12%
- 25 to 34: 24%
- 35 to 44: 32%
- 45 to 54: 15%
- 55+: 18%

#### Region (n=727)
- Northeast: 19%
- Midwest: 17%
- South: 47%
- West: 17%

#### Gender (n=727)
- Male: 42%
- Female: 58%
- Non-binary: <1%
- Prefer not to say: <1%

#### Race/Ethnicity (n=727)
- American Indian or Alaska Native: 2%
- Asian: 4%
- Black or African American: 25%
- Hispanic: 13%
- Native Hawaiian or Other Pacific Islander: <1%
- White or Caucasian: 64%
- Prefer not to say: 1%
- Other: 1%

#### Marital Status (n=727)
- Single: 12%
- Married or living as married: 24%
- Separated or divorced: 32%
- Widowed: 15%
- Prefer not to say: 18%

#### Children in Household (n=727)
- Children 12 years old or younger: 19%
- Children between 13-18 years old: 17%
- No children live with me: 47%
- Prefer not to say: 17%

#### Number of people in Household (n=727)
- 1 person: 42%
- 2 or 3 people: 58%
- 4 or more people: <1%
- Prefer not to say: <1%

#### Education (n=727)
- Some high school: 2%
- High school diploma/GED: 4%
- Some college or post-secondary technical training: 25%
- 2-year or 4-year degree: 13%
- Some graduate school: <1%
- Graduate degree: 64%
- Prefer not to say: 1%
### Respondent Characteristics (2/2)

#### Employment (n=727)
- Employed full-time: 61%
- Employed part-time: 8%
- Self-employed: 6%
- Unemployed: 4%
- Stay-at-home parent/caregiver: 5%
- Student: 3%
- Retired: 10%
- Unable to work: 2%
- Prefer not to say: 1%

#### Industry (n=727)
- Healthcare: 9%
- Education: 7%
- Information Technology: 4%
- Finance: 4%
- A food or beverage processing plant: 3%
- None of the above: 76%

#### Annual Household Income (n=727)
- $0 to $24,999: 13%
- $25,000 to $49,999: 21%
- $50,000 to $74,999: 22%
- $75,000 to $99,999: 17%
- $100,000 to $124,999: 11%
- $125,000 to $149,999: 7%
- $150,000 to $174,999: 4%
- $175,000 to $199,999: 2%
- $200,000 or more: 3%
- Prefer not to say: 1%

#### Decision Making for Household Purchases (n=727)
- I am the primary decision maker: 83%
- I share the decision-making authority: 17%

#### Current Living Situation (n=727)
- I currently own my house: 48%
- I currently rent my apartment: 31%
- I currently rent my house: 21%

#### Future Living Situation (n=361)
- Buy a house: 58%
- Rent an apartment: 25%
- Rent a house: 17%

#### Urbanicity (n=727)
- Urban area: 38%
- Suburban area: 49%
- Rural area: 13%
- Prefer not to say: <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

**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.

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