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Private Rental Target Markets: A Comprehensive Spectrum

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The residential real estate market has been segmented dichotomously into owners and renters. Given the various tenures and sub-markets of the renters, it is problematic to consider them as a homogeneous target market. Based on a thematic analysis of semi-structured interviews with 16 residential real estate executives, this paper establishes six distinct private rental target markets including: 1) hard-to-house occupants, 2) affordability renters, 3) workforce residents, 4) transitional millennials, 5) lifestyle residents, and 6) returners. This paper is unique and noteworthy as it combines the fragmented literature on private renters with insights from residential real estate executives to produce a spectrum of target markets. In addition to validating the previous literature, this paper presents new target markets and offers marketing value propositions for each of the identified groups

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1. Introduction

For most, the North American dream involves homeownership (Peters, 2019). Although the dream of homeownership has been described as alive and well (Peters, 2019), a significant portion of the North American population does not own their residence. For example, roughly 35% of Americans and 31% of Canadians are renters (U.S. Department of Commerce, 2021; Statistics Canada, 2019a). Traditionally, renting has been viewed as a life stage *en route* to homeownership (Powall and Withers, 2004) and even problematized (Gurney, 1999; Rowlands and Gurney, 2000). Over the last several decades, many households have been extending their average tenure in the rental market, with homeownership declining among younger individuals and low-income families (Yates, 1996; Yates and Berry, 2011). Today, the social acceptability of renting has increased to a cultural norm (McKee, Soaita, and Hoolachan, 2020). Renting is preferred by many for mobility, financial, and cultural reasons. However, the market has been largely segmented dichotomously into renters and owners. Given the various tenures and sub-markets (Badcock and Beer, 2000), it is problematic to consider renters as a homogeneous target market. Accordingly, research on the rental spectrum is limited to the various taxonomies of affordable rental housing target groups (Susilawati and Armitage, 2010) and the differences between short- and long-term renters (Pawson, Hulse, and Morris, 2017; Stone et al., 2013; Wulff, 1997; Wulff and Maher, 1998). While some research on millennial renters (Belsky and Belsky, 2013; Xu et al., 2015) and low- or middle-income working families (Kemp, 2011; Morris, 2013; Turner et al., 2007) exists, there is little attempt to integrate these research streams. As a result, there is an incomplete understanding of the rental target market spectrum. This study, based on interviews with 16 residential real estate executives, establishes a comprehensive private rental spectrum that includes six key target markets. The findings add to the fragmented body of literature by clearly defining six private rental groups, identifying new target markets, and offering distinct marketing value propositions.

2. Literature Review

Business strategies to create superior value for residential real estate companies and their residents should be the concern for all market participants. According to Slater, Hult, and Olson (2007), the two most essential value-creating activities include the adoption of a market orientation and the establishment of a viable target market. A market orientation is an organizational culture that encourages “continuous cross-functional learning about customers’ expressed and latent needs and about competitors’ capabilities and strategies” (Slater and Narver, 2000, pp. 69). An essential element of a market orientation is the understanding of a firm of its target market(s). Success is predicated on the ability of an organization to create offerings based on the changes desired by its target market(s) (Dickson, Farris, and Verbeke, 2001). As such, empirical evidence has accumulated, linking the market orientation of a firm and effective target marketing to its performance (Cano, Carrillat, and Jaramillo, 2004; Ellis, 2006; Kirca, Jayachandran, and Bearden, 2005; Narver and Slater, 1990; Shoham, Rose, and Kropp, 2005; Wilson et al., 2014). Given the importance of a market orientation and identifying viable target markets, conceptualizing a comprehensive spectrum of renters fills an important gap in the real estate marketing literature. Although it is acknowledged by real estate scholars that there are important differences among renters, research has mainly focused on macro perspectives such as differences between short- and long-term renters (Pawson, Hulse, and Morris, 2017; Stone et al., 2013; Wulff, 1997; Wulff and Maher, 1998).

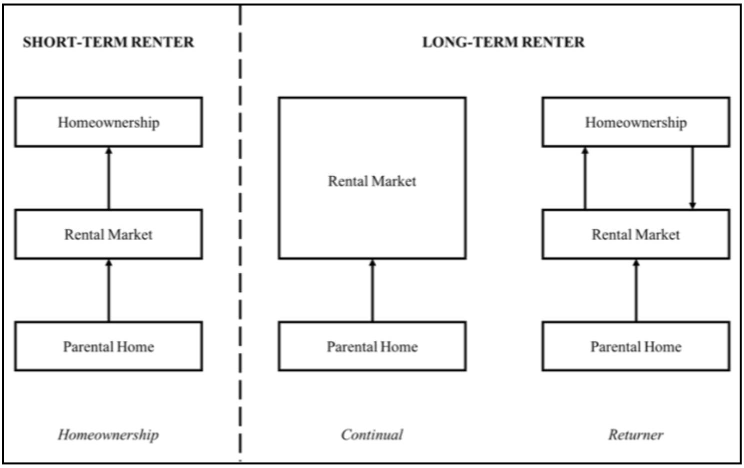
2.1. Short- and Long-Term Renters

The broadest distinction among renters is related to their market tenure (McKee, Soaita, and Hoolachan, 2020; Wulff, 1997; Wulff and Maher, 1998). The pervasive line of thought is that the rental market is a "convenient short-term, transitional housing need, fulfilling a positive role within the housing system" (Yates, 1996, p. 38). This perception is further supported by the architecture of the industry, such as short-term contracts and front-end rental incentives (McKee, Soaita, and Hoolachan, 2020). Contrary to this view, long-term tenants make up as much as 40% of the rental market (Wulff, 1997; Wulff and Maher, 1998). According to Maher and Burke (1991), short- and long-term renters are those who rent for six years or less and more than six years, respectively. Wulff and Maher (1998) propose three housing tenure paths that include both short- and long-term rental scenarios (Figure 1).

In the homeownership path, individuals exit the parental home, enter the rental market for less than six years, and then purchase their first home. According to Wulff and Maher (1998), these individuals are characterized as being younger, more mobile, and saving to purchase a home. In the continual path, individuals do not engage in homeownership for a variety of reasons, and remain in the rental market. The returner path is similar to the homeownership path, but after years of ownership, individuals return to the rental market due to family breakdown, economic setbacks, employment relocation, or personal choice (Dieleman, Clark, and Deurloo, 1995). Most "returners earn private incomes, and tend to be older than continuals (generally over 45 years)" (Wulff, 1997, pp. 203).

As insightful as the distinction between short-term renters and the two types of long-term renters may be, important sub-markets within the homeownership and continual segments exist. Although relatively limited, recent homeownership research has explored the decisions of millennials. Research on continuals has mainly focused on affordability with some recent work exploring the concept of freedom from ownership.

Figure 1 Housing Tenure Paths (Wulff and Maher 1998)



2.2. Millennials and Homeownership

According to Belsky and Belsky (2013), 95% of millennials are expected to buy a home at some point in their life. However, their tenure in the rental market is expected to exceed a short-term tenancy, dubbed as "the deferred American dream" (Xu et al., 2015). One of the many drivers of deferred homeownership among millennials is marriage after 30. It has been shown that marital formation positively influences the homebuying decision (Flowerdew and Al-Hamad, 2004; Grinstein-Weiss et al., 2011; Mulder, 2006). Accordingly, unmarried individuals under the age of 30 have been referred to as "generation rent" (Houle and Berger, 2015; McKee, 2012). Most other drivers of deferred homeownership among millennials are financially related. For example, it has been shown that millennials are significantly more likely to purchase homes closer to city centers than previous generations (Raymond, Dill, and Lee, 2018), deferring homeownership purchases due to location price premiums. Similar research suggests that renting in desirable areas is preferred to homeownership elsewhere (Pawson, Hulse, and Morris, 2017). Furthermore, student debt has negatively impacted homeownership among millennials (Brown et al., 2015; Cho, Xu, and Kiss, 2015; Houle and Berger, 2015; Mountain et al., 2020; Shand, 2007). As the most educated generation, "millennials are either avoiding homeownership because they do not wish to take on additional debt, or they are unable to get approval for a mortgage due to their high debt loads and poor credit scores" (Xu et al., 2015, pp. 206). Others have argued that the lengthened rental tenure of millennials is due to the high unemployment rate among the population (Stilwell, 2015). Although these financial obstacles defer homeownership, unlike other groups, it generally only adds to rental tenure. In contrast, many individuals in the long-term rental market face affordability issues that prevent homeownership.

2.3. The Affordability Continuum

It is widely accepted that housing is affordable if it costs less than 30% of the household gross income (Canadian Mortgage and Housing Corporation, 2018; Linneman and Megbolugbe, 1992; Miles, Berens, and Weiss, 2000; Susilawati and Armitage, 2010). Affordability issues have been negatively correlated with age, education, and capital but positively correlated with illness and debt (Eichholtz and Lindenthal, 2014; Statistics Canada, 2015). This suggests that as individuals age, obtain more education, and accumulate capital, housing affordability becomes less of an issue. In contrast, illness and debt perpetuate housing affordability concerns. Susilawati and Armitage (2010) develop a taxonomy of affordable rental housing solutions and target markets including crisis accommodation, and boarding, public, affordable rental, long-term community, and private rental housings. Crisis accommodation is short-term and transitional housing for the young, singles, families, or victims of domestic violence. Boarding housing ranges from short- to long-term accommodations for single low-income individuals. Public housing is a long-term accommodation designed for all ages and family types with low-income. Affordable rental housing is a long-term accommodation for key workers and low- to medium-income households. Finally, a portion of the private rental market offers medium- to long-term accommodations for middle-income individuals and families. Haughey (2002) further describes this market as workforce housing.

The workforce housing target market has been well-defined. It is understood as housing for individuals and families who make 60% to 120% of the median income (Haughey, 2002). The occupation of individuals in workforce housing tends to be essential workers (Haughey, 2002; Turner et al., 2007). Occupants of workforce housing are gainfully employed but fail to meet the financial requirements to own housing near their place of employment. As housing prices continue to rise, it is expected that demand for workforce housing will increase and affordability issues will grow (Baqutaya, Ariffin, and Raji, 2016; Baqutayan, 2016). As Baqutaya, Ariffin, and Raji (2016, pp. 435) state, middle-income earners are “trapped in the affordable housing issues”. In contrast, a growing target market views homeownership itself as constraining.

2.4. Freedom from Ownership

According to Morris, Pawson, and Hulse (2020), those that seek the freedom of homeownership prefer renting even if they have sufficient means to acquire housing. To these individuals, renting is a preferred lifestyle due to the affordability, flexibility, limited liability, and location advantages (Morris, Pawson, and Hulse, 2020). While the demographics of lifestyle renters vary, most of these individuals have average to above-average incomes and do not have children. The freedom from ownership lifestyle trend extends the housing market, as “consumers are increasingly attracted to the idea of accessing products instead of owning them” (Lawson et al., 2016, pp. 2615). As this trend continues, growth in the lifestyle renter market is expected to increase.

2.5. Incomplete Rental Housing Spectrum

The most significant literature is focused on short- versus long-term renters and rental affordability. Although there is accumulating work in other areas such as millennial homeownership and freedom from ownership, research fails to integrate these domains with more established streams. This paper culminates existing research and conceptualizes a complete spectrum of private rental target markets based on insight from residential real estate executives.

3. Methods

3.1. Purpose

This study is novel as establishes a comprehensive spectrum of the target markets in private rental housing. Specifically, it confirms four target markets and identifies two new target markets. This paper adds to the relatively incomplete real estate marketing literature and provides clear target markets and marketing value propositions for residential real estate companies.

3.2. Sample

In-depth semi-structured interviews were conducted with 16 Canadian executives of private real estate companies in the summer of 2021 (Appendix). Each interview was recorded and subsequently transcribed verbatim for analysis. As with other real estate research (Susilawati and Armitage, 2010), the executives were selected because they have a complete understanding of the business and strategic objectives (Cardon et al., 2005; Pryor et al., 2019) and are considered to be the most reliable informant compared to other employees (Phillips, 1981). While there is no requirement for sample size in qualitative research (Richards and Morse, 2013), many qualitative scholars have recommended 12 research interviews as a minimum (Braun and Clarke, 2021; Fugard and Potts, 2014; Guest, Bunce, and Johnson, 2006). Semi-structured interviews were continued until data saturation was realized. According to Richards and Morse (2013), data saturation occurs when each category of data is rich and replicated. After 16 interviews with executives, this was achieved as no new information was gained from Interviews 15 and 16. All of the interviews followed the same format and utilized the same guiding questions. All of the residential real estate companies operated in the private, as opposed to the public, housing market. The size of the companies varied from one employee to 1300 employees, five properties to 260 properties, and had annual revenues of $90,000 to $350,000,000 CAD (Table 1).

Table 1 Executive and Company Demographics

Executive	Number of Employees	Number of Properties	Annual Revenue (CAD)	Annual Revenue (USD)
Owner	1	5	$90,000	$72,000
Owner	2	6	$150,000	$120,000
Owner	4	8	$960,000	$768,000
President	50	10	$7,000,000	$5,600,000
President	50	15	$8,500,000	$6,800,000
CEO	100	25	$18,000,000	$14,400,000
President	150	50	$25,000,000	$20,000,000
President	200	75	$35,000,000	$28,000,000
VP	300	100	$68,000,000	$54,400,000
VP	350	100	$70,000,000	$56,000,000
VP	500	175	$80,000,000	$64,000,000
VP	750	250	$150,000,000	$120,000,000
CFO	750	250	$150,000,000	$120,000,000
CEO	750	250	$150,000,000	$120,000,000
VP	1,300	260	$350,000,000	$280,000,000
Director	1,300	260	$350,000,000	$280,000,000

3.3. Data Analysis

NVivo, a qualitative analysis software, was used to thematically analyze the in-depth interviews. Thematic analysis is commonly used and a "foundational method for qualitative analysis" (Braun and Clarke, 2006, pp. 77). According to Braun and Clarke (2006), thematic analysis involves discovering data patterns and their interconnectedness. There are six phases of thematic analysis including: 1) becoming familiar with the data, 2) systematically creating an extensive list of concepts, 3) searching for broader phenomena based on the concepts, 4) establishing and refining themes, 5) discussing themes in detail with examples and quotes, and 6) elaborating on the meaning and drawing conclusions. Phases One and Two led to a list of 23 concepts. In Phases Three and Four, we refined the concepts into 8 themes and further refined them into six themes. These themes served as the six distinct private rental target markets.

4. Results and Discussion

Following the analysis and using the methodology in Braun and Clarke (2006), six private rental target markets were identified including: 1) hard-to-house occupants, 2) affordability renters, 3) workforce residents, 4) transitional millennials, 5) lifestyle residents, and 6) returners (Table 2). The next sections describe each of the rental target markets and offer distinct value propositions for effective marketing.

Table 2 Rental Housing Spectrum

Target Market	Percentage of Renters	Income	Value Propositions
Hard-to-House Occupants	7.5%	Low (<CAD 25,000 or USD 20,000 /year)	Not actively pursued.
Affordability Renters	7.5%	Low (>CAD 25,000 or USD 20,000 /year) and Low-Medium (CAD 35,000 /year or USD 28,000 /year)	Low rent, flexible collections, rental incentives, and simplified processes.
Workforce Residents	40%	Average (CAD 40,000 /year or USD 32,000 /year)	Clean and well-maintained buildings, location advantages, fair rent, and rental amenities.
Transitional Millennials	20%	Above Average (CAD 50,000 /year or USD 40,000 /year)	Property amenities, modern unit finishings, well-maintained buildings, active property management, parking spots, and proximity to city centers.
Lifestyle Renters	20%	Above Average (>CAD 50,000 /year or USD 40,000 /year)	Property amenities, premium features in units, proximity to desirable areas, and premium services.
Returners	5%	Above Average (>CAD 45,000 /year or USD 36,000 /year)	Reduced security deposits, quality.

4.1. Hard-to-House Occupants

Crisis accommodation, and boarding and public housings are designed to serve those with low, inconsistent, or subsidized incomes (Susilawati and Armitage, 2010). However, demand far exceeds supply, which results in the private rental market serving the majority of individuals requiring such housing. The executives estimated that 7.5% of the private rental market serve individuals eligible for public housing. They further discussed how tenants of low-income properties often face challenges with domestic violence or substance abuse. Additionally, the executives speculated that some low-income tenants are involved in nefarious activities and obtained income from the undocumented economy. Due to the complexities and challenges, this target market is called the hard-to-house. This target market is not previously captured in the literature, as it is assumed that they are accommodated by public housing.

The executives outlined how the incomes and activities of this target market pose additional property management challenges. For example, non-payment, resident complaints, and misconduct were identified as more likely among this population as compared to all of the other target markets. The additional resources required to effectively serve hard-to-house occupants were described by one executive as follows:

"Running properties that serve this market require three to four more support staff per property. For example, we have more rent collection issues that require more accounts receivable personnel.

Top-line revenue was perceived as lower when renting to this target market coupled with a higher cost structure due to increased administration and maintenance. When both occur, profitability is difficult to achieve. All of the executives recognized the importance of providing housing to low-income individuals and families but specified that success is contingent on cost management. According to one executive:

"Managing costs in this space is crucial. Additional expenses typically stem from the activities of the tenants. Crime and gang activity add significant costs like increased security and more maintenance. If unmanaged, this kind of activity can take on a life of its own. You can easily end up in a situation where the tenants are running the property as opposed to the landlord. It is important to stay on top of it and serve those that really need assistance."

All of the executives agreed that serving hard-to-house occupants requires prompt responses to undesirable tenant activity and active cost management. Many of the executives who serve hard-to-house occupants indicated that they would prefer to serve low- to medium-income families with consistent incomes. Accordingly, the executives described how they do not actively pursue this target market but acknowledge their duty as a public service to house such tenants.

4.2. Affordability Renters

Affordability renters were named based on the common requirement of the group for private affordable rental housing. Similar to the characteristics identified by Susilawati and Armitage (2010), members of this target market were identified as earning private incomes and having long-term rental tenures. The executives estimated that 7.5% of all Canadian renters are part of this target market. Affordability renters were described as varying in age from 18 to 70, with differing family types including individuals, individuals with children, couples, and couples with children. Although there is demographic heterogeneity among affordability renters, price sensitivity and low (e.g. $25,000 CAD, or $20,000 USD, per year) or low-medium (e.g. $35,000 CAD, or $28,000 USD, per year) incomes are universal. Due to price sensitivity, affordability renters were thought to relocate from property to property for budgetary purposes with little concern for housing location. Therefore, the primary focus of residential real estate companies serving this target market is focused on providing low rent. A description by one of the executives summarizes the sentiment of all interviewees:

"It's all about rent. We strive to provide the lowest rent possible. Our model is based on low rent per square foot with a focus on essential offerings. Having little to no amenities allows us to make low rent a reality."

The real estate companies who are serving affordability renters understood the need of this target market for low-rent housing. The executives described how strategies that enable them to minimize rental rate appreciation and maintain fiscal responsibility are prioritized. One of the executives described this strategic approach as follows:

"Without jeopardizing profitability, our main goal is to keep rent low. Most renters in this market are fickle and will move if we increase the rent too much. So, we try and manage rent increases to prevent turnover."

The executives further agreed that low occupancy rates are a core objective and how rent changes only came from cost changes or because similar properties increased in rent. All of the executives indicated that marketing flexible rent collections (e.g. weekly, bi-monthly, or monthly payments), rental incentives (e.g. reduced security deposit), and simplified processes (e.g. rental applications) are effective value propositions for affordability renters. As low-income housing is often located in less desired areas, the executives described how communicating essential services such as security are also important value propositions.

In contrast to Susilawati and Armitage (2010), executives made clear distinctions between those in affordable housing and workforce housing, defining workforce residents as the third target market.

4.3. Workforce Residents

Naturally, the occupants of workforce housing were termed workforce residents. The executives described workforce residents as making up as much as 40% of the rental population. It was further described how if home value appreciations continue to outpace the wages of the workforce residents, this target market could grow to as much as 50% of the private rental market. Congruent with the estimate in Haughey (2002), the executives explained how workforce residents earn average incomes (e.g. $40,000 per year) and desired housing proximal to amenities and their employment. As previous research has indicated (Haughey, 2002; Turner et al., 2007), the executives confirmed that tenants of workforce housing are commonly essential workers. One executive described workforce residents as follows:

"Individuals in this market earn above minimum wage and seek quality rental housing that is safe and not in the suburbs. Some could afford to buy a condo or even a home, but not in these areas."

The executives described how workforce renters vary in family type but are commonly single-income individuals or double-income households with children. They discussed how proximity to schools, community facilities, retail centers, and transit systems was sought by this target market. This was captured in the following statement of one of the executives:

"Location, location, location. The workforce housing group wants to be close to everything. These advantages outweigh their homeownership aspirations."

Understanding these unique demands of the workforce renter target market, the executives offered marketing value propositions to attract and retain them. All of them discussed about clean and well-maintained housing, location advantages, fair rent, and rental amenities. This strategy resembles the *more for the same* product value proposition, as workforce housing offers many advantages both internal and external to the properties at average market rents (Armstrong et al., 2017).

The third target market, transitional millennials, was also thought to prioritize property location. However, the executives identified distinct demographic, psychological, and behavioral differences between workforce renters and transitional millennials.

4.4. Transitional Millennials

Coined by Strauss and Howe (1991), millennials are those who are broadly classified as individuals born between 1982 and 1996 (Hershatter and Epstein, 2010; Ng et al., 2010). Transitional millennials were characterized by the executives as not having children and living individually or with partners. They estimated that transitional millennials make up as much as 20% of the private rental market. This is not surprising, as research suggests millennials account for roughly one-quarter of the world's population (Eisner, 2005; Ng et al., 2010). It was further estimated that the income of this target market is approximately $50,000 CAD, or $40,000 USD, per year. The millennials were thought to have a transitional presence in the market, and occupied rental housing until they can afford to purchase a condo or home in a desirable location. This was summarized by one executive as follows:

"Most of our millennial tenants rent for five years or more. Millennials will wait until they can afford to purchase or until they have to purchase. When they move, it is usually because they are buying something or if they start a family."

This supports the work of Xu et al. (2015) who articulated how millennials defer the dream of homeownership. Moreover, it is aligned with evidence in Raymond, Dill, and Lee (2018) which suggests millennials rent in desired locations until they can afford to purchase. In addition to confirming previous research, the executive interviews uncovered a novel phenomenon called "owning to rent" among the millennials. Specifically, they discussed how transitional millennials rent and occupy housing in trendy locations and use first-time homebuyer incentives (e.g. 5% down payment) to purchase rental properties in other areas. Below is a quote by an executive that captures this concept:

"I have spoken with some of our millennial tenants about purchasing properties to rent. They are buying homes in areas, sometimes even in other cities, where the prices aren't too high so that they can have rental properties. Because of market prices, these properties are cash flow and allow them to gain equity, thus realizing the benefits of homeownership. At the same time, they can live and rent in areas that are too costly to buy at this stage of their life."

Despite the rising home costs in Canada (Armstrong, 2021; Bharti, 2021; Ratzlaff, 2021), this new insight from executives offers workarounds that enable millennials to enter homeownership faster. It is also clear that transitional millennials desire homeownership, thus supporting Belsky and Belsky (2013). Given the dynamics of transitional millennials, the executives identified that property amenities (e.g. a fitness center), modern unit finishings, well-maintained buildings, active property management, parking spots, and proximity to city centers and entertainment are key value propositions for this target market.

Unlike transitional millennials, lifestyle renters were described as choosing not to rent, despite having sufficient financial means to enter homeownership.

4.5. Lifestyle Residents

Lifestyle renters view homeownership as limiting (Morris, Pawson, and Hulse, 2020). Congruent with Morris, Pawson, and Hulse (2020), the executives confirmed that lifestyle renters perceive renting to have affordability, flexibility, location, and limited liability benefits over homeownership. However, the executives argued that affordability is not a primary concern of these renters as their income can exceed \$50,000 per year. The executives estimated that 20% of all Canadian renters fall into the target market of lifestyle renters. Lifestyle renters are described as unlikely to have children or dependents. The most interesting finding is that this target market perceives the investment advantages of renting versus homeownership. A statement of one of the executives encapsulates the view of lifestyle renters on this topic:

"As a property owner, I disagree, but some long-term renters think they can make more money in the stock market. I have had tenants tell me they will rent forever and make 5% a year elsewhere. I think they are a bit skeptical of rising homes prices and don't think it will last forever. There's also a risk and liability concern at work."

Lifestyle renters were described by the executives as both skeptical and risk-averse. Specifically, lifestyle renters are particularly concerned about the recent appreciation of home values (Armstrong, 2021; Bharti, 2021; Ratzlaff, 2021). The executives described how lifestyle renters view large mortgages and long amortization periods as huge commitments with little flexibility and margin for error. In addition to the financial concerns, the executives highlighted the convenient elements of renting. An executive stated:

"Forever renters view maintenance as a burden. They want to pick up the phone and call the property owner when something doesn't work. Not having to cut the grass, change the battery in the smoke detector, or fix a leaking tap is bliss."

The renting economy is expanding and opinions such as the one described above are growing. As Lawson et al. (2016) suggest, more consumers are realizing the benefits of renting versus owning various products and assets. Due to the income level and convenience preference of this target market, the executives discussed how property amenities (e.g. fitness center and pool), premium features in units (e.g. jacuzzi tubs), proximity to desirable areas (e.g.

entertainment districts), and premium services (e.g. concierge) are important value propositions for lifestyle renters.

In contrast to lifestyle renters, the final target market sought homeownership but ultimately returned to the rental market for numerous reasons.

4.6. Returners

Wulff (1997) describe those who re-enter the rental market after owning as returners. According to the executives, returners are a small (5%) but distinct rental target market. As Dieleman, Clark, and Deurloo (1995) suggest, returners leave the parental home, enter the rental market, purchase a home, and then return to the rental market due to financial, marital, employment, or health reasons. The executives described this target market as quite heterogeneous. Similarities included age and marital status, as most are individuals older than 50 years. One executive described returners as follows:

"People that return to the rental market after owning do so more out of necessity as opposed to choice. We see this happen if there are financial changes, divorce, or a health diagnosis. Health concerns are usually not terminal but prevent individuals from doing necessary homeowner activities like cleaning the gutters. They also tend to be those over 50."

Congruent with Wulff (1997), it was found that returners are still gainfully employed, earning private incomes over $45,000 CAD, or $36,000 USD, per year. All of the executives agreed that value propositions should include reduced security deposits, quality housing, and property security. A comment of one of the executives summarized the ideas of all of the interviewees:

"The returning renters are looking for good quality housing and convenience. They are experiencing temporary financial issues, going through a separation, relocating for work, or dealing with some other personal challenge and simply don't need additional worries."

It was unclear from the interviews the portion of the returners who remained renters versus those who went on to re-enter homeownership. Given this unknown, future research could explore how many returners re-enter homeownership.

4.7. Research Contributions

Until now, real estate academics and practitioners have had a product-oriented view of the market, defining differences based on asset classes. This research suggests that there are distinct target markets within rental asset classes, which support the need for a market-oriented perspective. This paper offers important real estate research contributions and value propositions for each private rental target market. The paper is novel as it combines the fragmented literature on what is known about renters with new insights from residential real estate executives to produce a complete spectrum of private rental target markets. This research validates previously identified target markets, identifies the hard-to-house and returners as distinct target markets, presents the "owning to rent" concept, and adds to the limited understanding of lifestyle renters. The paper offers specific value propositions for each of the defined target markets, thus providing practitioners with a clear starting point for developing marketing strategies.

4.8. Limitations

Despite the unique contributions of this paper, it is not without limitations. The research is based on 16 interviews with Canadian residential real estate executives. Although the recommended sample size requirement for qualitative research is exceeded (Braun and Clarke, 2021; Fugard and Potts, 2014; Guest, Bunce, and Johnson, 2006) and data saturation is achieved based on the definition in Richards and Morse (2013), additional executives may have provided further insight. Further to this, executives from other countries would have likely offered additional perspectives. Considering the last century of policy in both Canada and the U.S. has facilitated homeownership and the percentage of renters are similar (Statistics Canada, 2019b; U.S. Census Bureau, 2021), these target markets are likely to exist in the U.S. These target markets may also be relevant in countries such as Finland, Ireland, Netherlands, Argentina, Australia, France, Sweden, New Zealand, and the United Kingdom due to similar homeownership rates.

5. Conclusion

Strategies that create organizational value should be given priority over all other business functions. The ability to create such value is based on the market orientation of a firm and target market identification (Slater, Hult, and Olson, 2007). This paper identifies six private rental target markets including 1) hard-to-house occupants, 2) affordability renters, 3) workforce residents, 4) transitional millennials, 5) lifestyle residents, and 6) returners. In addition, it offers key value propositions designed for developing marketing strategies for each distinct target market. This research shows that the private rental market is not homogeneous, but requires differentiated integrated marketing communications based on the target market. Tailored value propositions for the distinct target markets will separate the top performing residential real estate companies from their counterparts who employ "a one size fits all" marketing communications strategy.

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Appendix

Semi-Structured Interview Questions

Demographic questions	- How many properties does your company own? - What is your company's annual revenue? - How many people does your company employ?
Property and tenant questions	- Please describe your company's properties including locations, features, average rent, number of units, and the services you provide. - Please describe the tenants of your company's properties including age, income, lifestyle, etc. - What are the similarities and differences of tenants from property to property?
Canada's rental market questions	- Based on your answers to the above property and tenant questions, how much of the rental market is captured in each of the identified groups?
Value proposition question	- What key messages do you communicate when advertising for each property?
Additional questions	- How do you see the rental demographics changing in the coming years?