



**2022 RENTERS' REPORT**

# **What Attracts Renters to Small Multifamily Properties, and What Keeps Them From Moving Out**



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## TABLE OF CONTENTS

<b>01</b>	<b>INTRODUCTION</b>	<b>1</b>
	How We Define Small Multifamily Rental Properties	2
<b>02</b>	<b>THE STATE OF SMALL MULTIFAMILY RENTAL HOUSING</b>	<b>3</b>
	Where Small Multifamily Rentals Tend to Be Located	5
	About Our Annual Renters' Survey	7
<b>03</b>	<b>WHO LIVES IN SMALL MULTIFAMILY RENTALS IN 2022?</b>	<b>8</b>
	Why Residents of Small Multifamily Properties Rent Their Homes	10
	Financial Health Among Small Multifamily Residents	12
	Changes in Renters' Employment Since 2020	12
	Renter Households' Income and Financial Health in 2022	13
<b>04</b>	<b>SMALL MULTIFAMILY RENTERS' PLANS TO MOVE IN 2022</b>	<b>18</b>
<b>05</b>	<b>WHAT SMALL MULTIFAMILY RESIDENTS LOOK FOR IN A RENTAL</b>	<b>21</b>
	Most Desirable Neighborhood Characteristics	21
	Most Popular Unit Amenities	21
	Most-Requested Community/Property Amenities	22
<b>06</b>	<b>SMALL MULTIFAMILY RENTERS' TECHNOLOGY PREFERENCES</b>	<b>24</b>
	How to Deliver the Features & Information Renters Want Without Slowing You Down	25
	How Renters Prefer to Pay Rent in 2022	26
	How Renters Prefer to Communicate in 2022	27
	How Renters Prefer to Search for a Rental in 2022	28
<b>07</b>	<b>SMALL MULTIFAMILY RENTERS' ADVICE FOR PROPERTY MANAGERS</b>	<b>29</b>
<b>08</b>	<b>TAKEAWAYS</b>	<b>30</b>
<b>09</b>	<b>ABOUT OUR SURVEY RESPONDENTS</b>	<b>31</b>

# Introduction

Though multifamily properties with 2 to 4 units are the least common rental property type in the U.S. overall, they play a key role in the rental market, particularly in cities like Boston, New York, San Francisco, and Chicago. They provide renters with the space they need to live comfortably at relatively affordable prices, and without leaving central neighborhoods where stores, restaurants, and transportation options are within arm's reach.

However, our Renters' Survey found that even though residents are sold on the benefits of living in small multifamily rentals, they're not necessarily sold on their current property: **Just 40% of small multifamily renters feel certain that they'll renew their lease this year—and an additional 33% are on the fence.**

Based on our annual surveys of thousands of renters across the U.S., this report will help property managers to understand what it is that keeps small multifamily renters in place from year to year, and what will attract new renters to their properties in an environment where they're frequently competing with more amenity-rich apartment buildings.

## We'll share:

-  Small multifamily renters' plans to move or stay put in the next year
-  What small multifamily residents look for in a rental property
-  What small multifamily residents expect from their property manager
-  Demographic trends driving demand in the small multifamily rental sector







## How We Define Small Multifamily Rental Properties

Small multifamily rentals are houses that are subdivided into two, three, or four separate units. You might also call them multifamily rental homes, low-density multifamily rentals, or (depending on their size) duplexes, townhomes, triplexes, triple-deckers, or quadplexes.



# The State of Small Multifamily Rental Housing

Small multifamily rentals play an outsized role in the rental market.

Though they're not as prevalent as single-family rentals or apartment buildings—comprising just 14% of the U.S. rental supply<sup>(1)</sup>—they're a critical source of housing just the same:

- 1 They allow low- and middle-income renters to live in neighborhoods close to jobs, schools, and other resources** by splitting land prices, property taxes, and other costs across multiple units<sup>(2)</sup>—at more affordable price points than newer apartment buildings provide.
- 2 They give renters access to some of the comforts of a home without leaving centrally located neighborhoods.** In comparison with apartment building residents, the small multifamily renters we surveyed place a higher premium on living in a property that offers private outdoor space and the option to have a pet; and on living in neighborhoods that are safe, quiet, family-friendly, and lower-density. But in comparison with single-family renters, they're willing to sacrifice a little space to keep work, school, stores, restaurants, and transportation options within arm's reach.
- 3 They provide renters with more space than apartment buildings, but less than single-family rentals.** In our survey, households living in small multifamily rentals had an average of 2 to 3 occupants living in properties with 2 to 3 bedrooms, providing them with a space that's larger than in a typical apartment building (which house an average of 2 renters in 1- to 2-bedroom units), but smaller and more affordable than most single-family rentals (with an average of 3 renters living in 3-bedroom properties).

Though they're not as prevalent as single-family rentals or apartment buildings, small multifamily rentals are a critical source of housing just the same.

As policymakers increasingly realize the importance of creating and preserving “missing middle” housing, we may see the construction of small multifamily rentals begin to rise.

Most of all, these properties are a vital source of naturally occurring affordable housing. Two-thirds of renters living in small multifamily housing reported that their household income was less than 80% of area median income in 2018, in comparison with just half of single-family renters. This is because rents tend to be lower in small multifamily properties: In 2018, residents of 2- to 4-unit rentals paid an average of \$250 less per month than residents of large apartment buildings, and \$160 less than residents of single-family rentals.<sup>(3)</sup> (It remains to be seen whether this gap persists despite recent rent growth trends.)

Why is this the case? Small multifamily properties tend to have lower price points for two main reasons:

- 1 They're located in less expensive neighborhoods.** As of 2018, 45% of properties with 2 units and 55% of those with 3 to 4 units were located in neighborhoods classified as low-income.<sup>(3)</sup>
- 2 They tend to be older than other properties.** The typical 2- to 4-unit property was built in 1966—11 years earlier than residential properties in the U.S. overall, and 16 years earlier than the average large apartment building. In fact, 80% of the small multifamily properties on the market today were built prior to the 1980s—a quarter of which were actually built prior to 1920—resulting in lower prices than for newer construction.<sup>(4)</sup>

As policymakers increasingly realize the importance of creating and preserving “missing middle” housing in metros across the U.S., we may see the construction of small multifamily rentals begin to rise,<sup>(2)</sup> though the maintenance of existing, aging properties will also need to be a priority.



## Where Small Multifamily Rentals Tend to Be Located

Because multifamily construction has focused on larger apartment projects since the 1980s, small multifamily rentals are more common in metro areas where properties tend to be on the older side. For example, the typical residential property in the Boston metro area was built in 1958—19 years earlier than housing in the rest of the country. Consequently, small multifamily rentals make up 20% of properties in Boston and its suburbs, in comparison with just 8% of properties in the U.S. overall. Similar conditions exist in metros like New York City, San Francisco, and Chicago.<sup>(4)</sup>

When it comes to the types of neighborhoods in which these properties are most common, our survey found that small multifamily renters were most likely to live in neighborhoods of moderate density in urban and suburban locations. This includes outlying neighborhoods of dense primary markets, as well as downtown neighborhoods in less dense secondary markets.

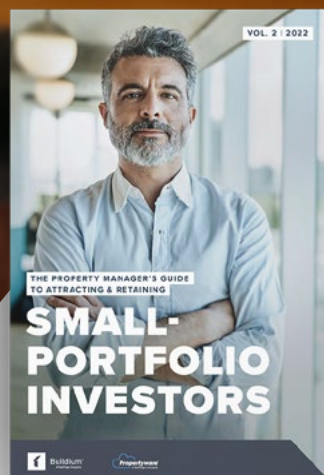






## Who Owns Small Multifamily Rentals?

2- to 4-unit properties present a lower barrier to entry for aspiring rental property investors. As a result, more than three-quarters of small multifamily properties were owned by individual investors rather than larger investment firms in 2015.<sup>(3)</sup> Indeed, in our 2022 survey of small-portfolio rental owners, we found that 41% of small multifamily owners only own a single rental property.



Interested in learning more about individual investors and their demand for property managers?

[READ OUR LATEST REPORT](#) →



## About Our Annual Renters' Survey

Each year, we survey more than a thousand renters across the U.S., with recruiting assistance from SurveyMonkey. This year's survey (conducted in April 2022) gathered the perspectives of 1,569 renters of all ages and living in a variety of rental property types, though this report focuses exclusively on those living in rental homes with between 2 and 4 units.



### FOOTNOTES:

- 1 "Physical Housing Characteristics for Occupied Housing Units, 2020 American Community Survey 5-Year Estimates," U.S. Census Bureau, <https://data.census.gov/cedsci/table?q=Owner%2FRenter%20%28Tenure%29&tid=ACSST5Y2020.S2504>, (March 17, 2022)
- 2 "New Research Confirms the Benefits of 'Light Touch' Density," AEI Housing Center, <https://www.aei.org/research-products/report/new-research-confirms-the-benefits-of-light-touch-density>, (September 14, 2020)
- 3 "Small Multifamily Units," Urban Institute, [https://www.urban.org/sites/default/files/2020/05/15/small\\_multifamily\\_units\\_0.pdf](https://www.urban.org/sites/default/files/2020/05/15/small_multifamily_units_0.pdf), (May 15, 2020)
- 4 "Housing Unit Characteristics, 2019 American Housing Survey," U.S. Census Bureau, [https://www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html?s\\_areas=00000&s\\_year=2019&s\\_tablename=TABLE0&s\\_bygroup1=3&s\\_bygroup2=1&s\\_filtergroup1=1&s\\_filtergroup2=1](https://www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html?s_areas=00000&s_year=2019&s_tablename=TABLE0&s_bygroup1=3&s_bygroup2=1&s_filtergroup1=1&s_filtergroup2=1), (September 16, 2020)

# Who Lives in Small Multifamily Rentals in 2022?

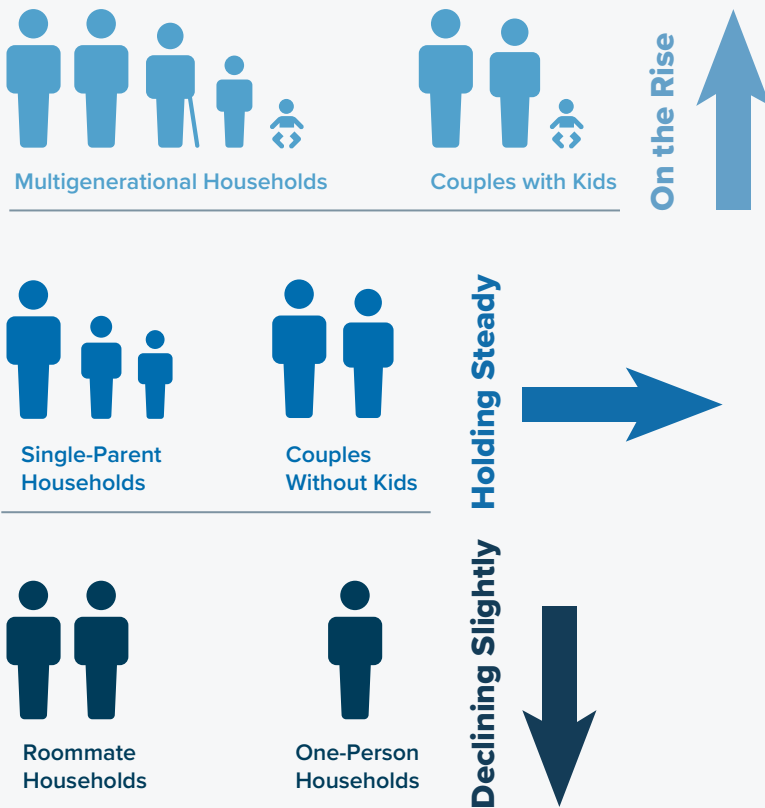
Our survey found that in comparison with residents of apartment buildings, renters living in small multifamily properties have households that are slightly larger and are more likely to contain couples, children, and adult family members. However, their households are smaller than those in single-family properties, which we'd expect based on the amount of space per resident that each of these property types provides.

All three property types serve segments of singles, couples, and families; but small multifamily rentals house a slightly larger percentage of couples without kids than other property types do, while single-family rentals house more households that contain kids and other relatives, and apartment buildings contain more residents living alone or with roommates.





## Renter Household Composition Trends in 2022



### HOUSEHOLD COMPOSITION BY RENTAL PROPERTY TYPE

	Small Multifamily Rentals	Single-Family Rentals	Apartment Buildings	Renters Overall
Couples Without Kids	30%	24%	27%	27%
One-Person Households	25%	15%	38%	27%
Multigenerational Households	22%	37%	13%	23%
Couples with Kids	15%	22%	11%	15%
Roommate Households	12%	12%	11%	12%
Single-Parent Households	5%	2%	3%	3%



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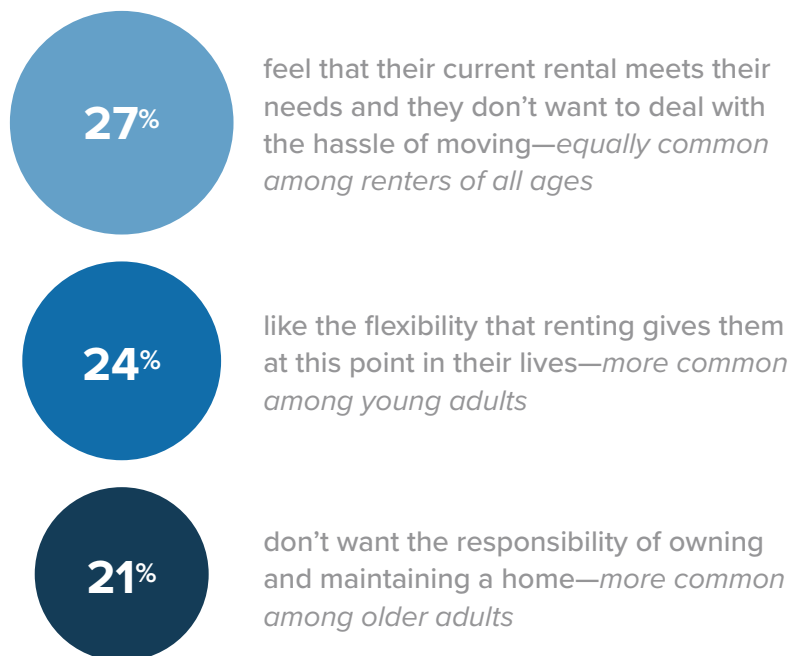
[TABLE OF CONTENTS](#)

## Why Residents of Small Multifamily Properties Rent Their Homes

The most common reason why residents rent their homes is that their finances prevent them from buying a home, even though they'd prefer to own. This is the case for 1 in 2 residents of small multifamily properties—slightly more than for residents of other property types. The desire to become a homeowner is particularly strong in young and middle-aged renters, since older adults are more likely to decide to rent because they're no longer willing or able to maintain a home of their own.

**1 in 2 residents of small multifamily properties rent because their finances prevent them from buying a home, even though they'd prefer to own.**

Other reasons why small multifamily residents rent their homes include the following:





**IN THEIR  
WORDS****Why Small Multifamily  
Residents Rent**

I would like to own, but it isn't just the cost of a mortgage—there's insurance, taxes, utilities, repairs, and maintenance. All of this on a limited income is too much.

(AGE 73)

I like not having to deal with maintaining a home, and I like the flexibility of renting. Buying a house in my area is too expensive for me, though I would prefer to be accruing equity.

(AGE 56)

For me, the biggest thing is having freedom and not being the one responsible if something needs to be fixed.

(AGE 32)

Renting is so much less responsibility. I also do not want to live in the areas where I could afford to own and do not want to commute. My apartment is on a downtown park, with million-dollar homes on my street, plus off-street parking—all just a mile from work.

(AGE 63)

I would like to own a home, but I'm in the process of repairing my credit after a divorce. Right now, renting works best for me, both financially and logistically.

(AGE 39)

## Financial Health Among Small Multifamily Residents

### CHANGES IN RENTERS' EMPLOYMENT SINCE 2020

Before the pandemic was on our radar, an analysis of 2018 Census data by the Urban Institute found that residents of small multifamily rentals were more likely to work in the industries that would ultimately be hit hard by COVID-19.<sup>(3)</sup> Consequently, 5 months into the crisis, our surveys uncovered a 12-percentage-point gap in renters' ability to keep up with their rent payments: 34% of renters in small multifamily properties reported having missed a payment between March and August of 2020, in comparison with just 23% of renters living in apartment buildings.





As of early 2021, 13% of our sample of small multifamily renters were still unemployed. An additional 27% weren't currently employed, identifying either as retired (21%) or as stay-at-home parents (6%)—a percentage of whom may have found themselves in those categories out of necessity rather than by choice.

Since that time, however, small multifamily renters' recovery has thankfully been on par with what's taken place in other rental property types. The number of small multifamily renters who identify as unemployed has fallen by 6 percentage points; and the number of retirees and stay-at-home parents have decreased by 3 percentage points each, as of 2022.

What's behind this shift? In the broader labor market over the last two years, the number of open positions has skyrocketed relative to the number of available workers; competitive pay and (in some industries) increased flexibility have motivated some Americans to return to work; and the reopening of schools and daycares has freed up working parents' time once again. But in addition to these positive developments that have helped to lower the unemployment rate, inflation has likely made it necessary for households to seek out additional work in order to afford the rising costs of housing, childcare, gas, food, and other expenses.

#### EMPLOYMENT AMONG SMALL MULTIFAMILY RENTERS

	2022	2021
Full-time hourly position	26%	19%
Full-time salaried position	27%	21%
Retired	19%	21%
Part-time/temporary/ freelance position	12%	12%
Currently out of work	7%	13%
Full-time student	4%	3%
Business owner/ entrepreneur	3%	6%
Stay-at-home parent	3%	6%

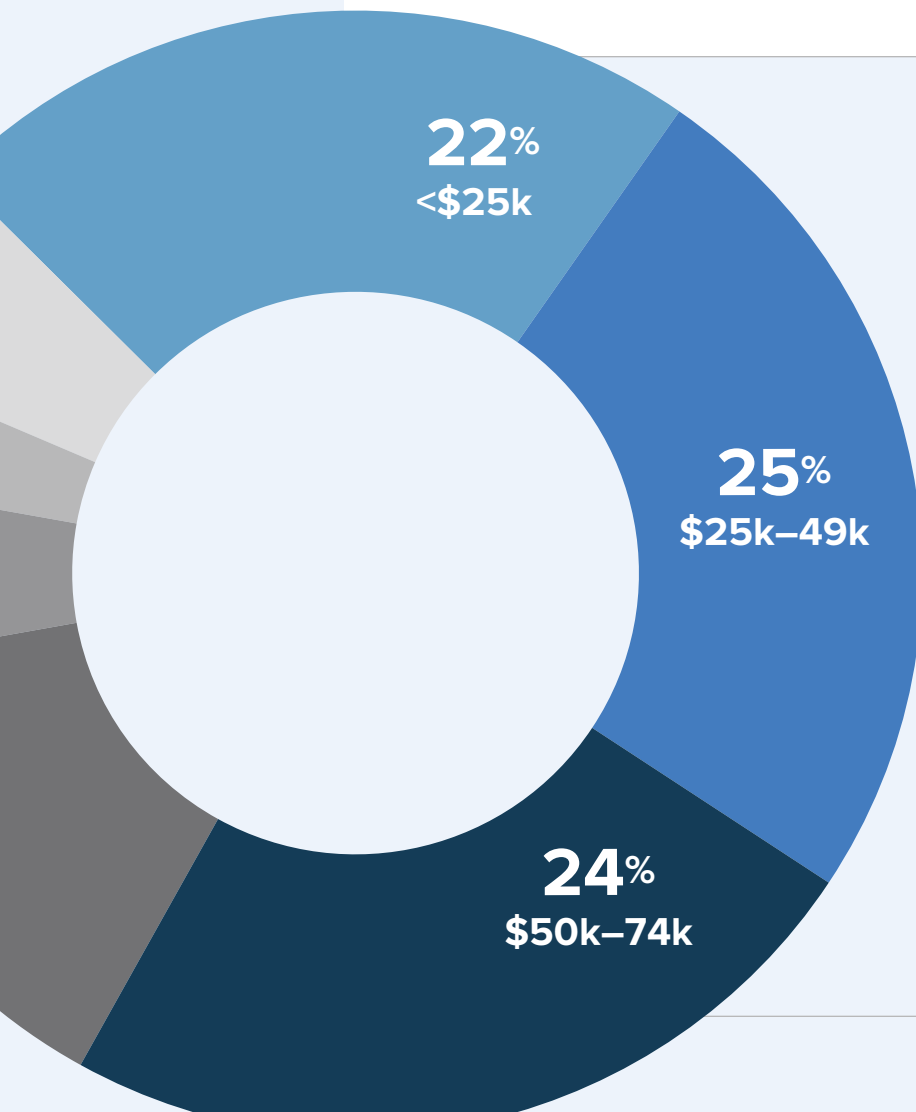
Greatest year-  
over-year change

*Note: Between 2021 and 2022, we moved "freelance" from the "business owner/entrepreneur" answer option to the "part-time/temporary" option, which may account for the small decrease in business owners.*

## RENTER HOUSEHOLDS' INCOME AND FINANCIAL HEALTH IN 2022

Renters' incomes are on the rise, though it may not feel like it due to the pace of inflation and rate of growth in rents, home prices, and interest rates. Over the last year alone, the number of renter households within our sample making less than \$50,000 per year has decreased by 10 percentage points. Overall, the vast majority of households in small multifamily properties earn less than \$100,000 per year, and the largest segment earns between \$25,000 and \$75,000 each year, similar to renters in other property types.

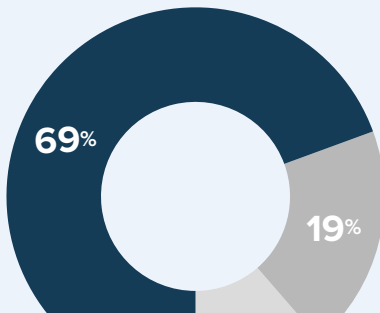
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**HOUSEHOLD INCOME AMONG  
SMALL MULTIFAMILY RENTERS**

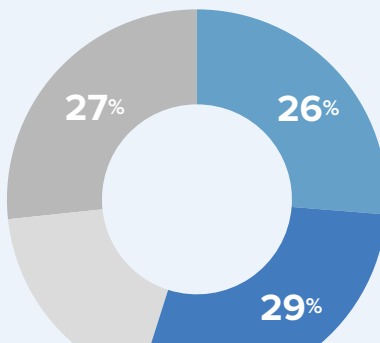
<\$25k	22%
\$25k–\$49k	25%
\$50k–\$74k	24%
\$75k–\$99k	14%
\$100k–\$124k	6%
\$125k–\$149k	4%
>\$149k	6%





#### ABILITY TO PAY BILLS AMONG SMALL MULTIFAMILY RENTERS

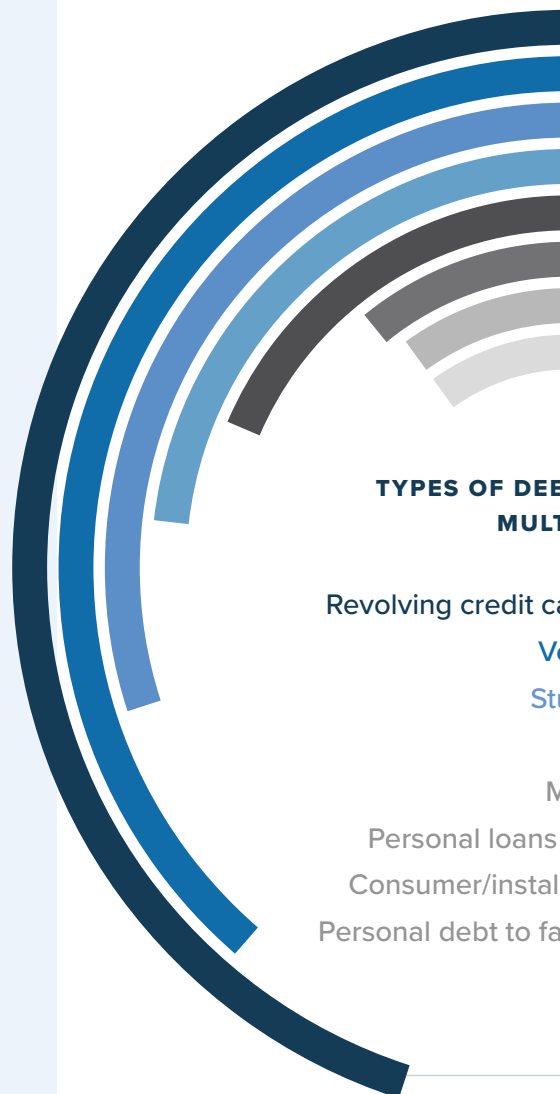
Able to pay all bills on time and in full	69%
Able to pay most bills on time and in full	19%
Have a hard time keeping up with bills	11%



#### ABILITY TO SAVE AMONG SMALL MULTIFAMILY RENTERS

Consistently able to save portion of income	26%
Sometimes able to save portion of income	29%
Not able to save, but have maintained existing savings	18%
Not able to save, and have depleted any existing savings	27%

When it comes to small multifamily renters' financial health, 69% reported that they were able to pay all of their bills on time and in full last year—a slightly higher rate than among renters living in other property types—and an additional 19% were able to pay *most* of their bills on time and in full. 77% of small multifamily renters report having debt—most often credit card debt, car loans, and student loans—but 55% were still able to set aside a portion of their income as savings in 2021.



#### TYPES OF DEBT HELD BY SMALL MULTIFAMILY RENTERS

Revolving credit card balance	45%
Vehicle loans	37%
Student loans	30%
No debt	23%
Medical debt	18%
Personal loans from a bank	11%
Consumer/installment credit	10%
Personal debt to family/friends	10%

Though most of the renters in our survey were in relatively good financial health, of note are the 27% of small multifamily renters who have not only been unable to set aside any of their income as savings over the past year, but have depleted any savings they may have already had. These renters' financial struggles may have begun during the pandemic due to illness, job loss, or other setbacks; or they may have preceded the current crisis, but grown more acute since its onset.

Here's what you should know about this group of renters, who are slightly more common in small multifamily rentals than in other property types:

- 1 Renters without savings to fall back on are more likely to be middle-aged—a demographic that appears to be under greater financial duress than either younger or older renters within this year's survey.
- 2 These renters are more likely to rent because their finances prevent them from purchasing a home, whether this has always been the case, or they've transitioned back to renting after falling on hard times.
- 3 They're less likely to hold a full-time position or live with someone who does; and as a result, they report lower household incomes, more trouble keeping up with bills, and greater debt.
- 4 The broad variety of debt they carry—from medical debt to loans from family and friends—sets them apart from other renters, and is a sign of how thinly stretched these households' finances and safety nets have become.
- 5 Just 13% of these renters currently live in subsidized housing, while the rest live in market-rate housing.

**27% of renters have not only been unable to set aside any of their income as savings over the past year, but have depleted any savings they may have already had.**

Even as many renters' incomes grow, there remains a group of residents who rent out of financial necessity and are unlikely to be able to sustain significant increases in rent.

This presents risks for the housing stability of residents who have traditionally turned to small multifamily rentals for their relatively affordable prices.

However, it also presents risks for the owners of these properties, of whom 53% rely substantially on the income their properties generate each month, and who may struggle to pay their household bills or property expenses without it, according to our research on small-portfolio rental owners.<sup>(5)</sup>



5 "The Property Manager's Guide to Attracting & Retaining Accidental Landlords," Buildium, <https://www.buildium.com/resource/2022-rental-owners-report-1>, (April 26, 2022)



# Small Multifamily Renters' Plans to Move in 2022

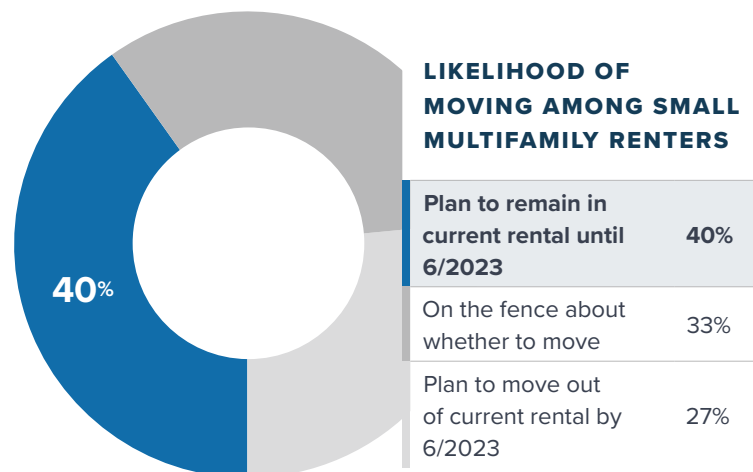
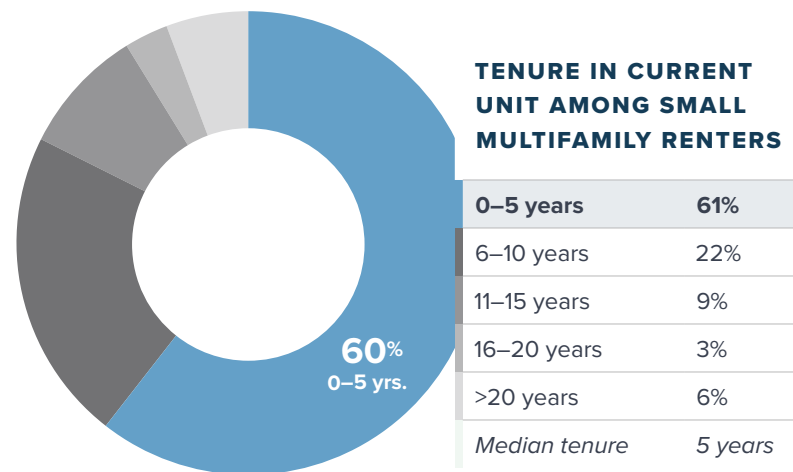
Renters living in small multifamily properties have lived in their units for one year longer than the average renter, and are slightly less likely to have plans to move out over the next year. This represents a return to the norm established prior to the pandemic, with more affordably-priced housing generally seeing greater retention from year to year.

After the initial wave of COVID-19 in 2020, we saw the number of residents who planned to renew their leases for another year drop precipitously across all property types in response to pandemic-driven shifts in households' needs and preferences. Then, in 2021, retention rates hit record highs around the country. In 2022, retention seems to have leveled off at more normal rates, with 40% of small multifamily renters saying that they plan to stay put for the next year—4 percentage points higher than the rate among renters overall.

## PLANS TO MOVE AMONG SMALL MULTIFAMILY RENTERS

	2022	H2-2021	H1-2021	2020	2019	2018
Plan to remain in current rental for the next year	<b>40%</b>	38%	47%	21%	41%	42%
On the fence about whether to move in the next year	<b>33%</b>	30%	34%	40%	36%	36%
Plan to move out of current rental in the next year	<b>27%</b>	31%	19%	39%	23%	23%

**40% of small multifamily renters plan to stay put for the next year—4 percentage points higher than the rate among renters overall.**



Overall, however, renters seem to be feeling greater uncertainty about whether or not to move than they have for the last few years. This is particularly true for younger renters, as rapidly changing conditions in the rental and housing markets impact the affordability and availability of potential homes. Within small multifamily properties, Millennials are far more likely than other renters to be considering moving, particularly those who are married; and the most common reason they're considering moving is to purchase a home of their own, which small multifamily residents plan to do at slightly higher rates than those living in other property types.

But dreams of homeownership aren't the only reason why 1 in 4 small multifamily renters plan to move out of their current units by June 2023, and why an additional 1 in 3 are considering doing so:



**Affordability:** 28% of small multifamily residents are considering moving to a more affordable rental in the next year—less than other renters due to these properties' relative affordability.



**Location:** 23% are considering moving to a new location for personal reasons, and 14% will do so for reasons related to work or school.



**Amenities:** 18% are thinking of moving to a rental with features that are more desirable or that better suit their current needs.



**Space:** 16% are considering moving to a new rental due to changes in the amount of space they need.



**Household:** 14% are considering moving to a new rental due to changes in who they live with.

Within small multifamily properties, more renters are considering moving than have concrete plans to move out at the moment. This means that property managers have a brief window of opportunity to influence their residents' decision to stay or go.

This is especially true for the 1 in 10 renters who report that their dissatisfaction with the experience they've had at their current property is what's motivating them to consider moving out. Many of these residents told us that their current unit meets their needs, and they would rather not deal with the hassle and expense of moving. So, with inertia on their side, property managers should consider reaching out well in advance of the lease's expiration date to find out what might improve these renters' experience enough for them to consider renewing.

#### IN THEIR WORDS

#### Why Renters Plan to Move in 2022

I want more of an updated rental. Plus, I'd like a place that would allow pets.

(AGE 47)

My child may be moving out, [so] I will need less space. I want to move to somewhere more affordable.

(AGE 44)

I need more space and prefer to have a garage for my vehicle since I'm getting older.

(AGE 55)

I am leaving the state to both be able to purchase a home and to be near loved ones.

(AGE 50)



# What Small Multifamily Residents Look for in a Rental

Residents of small multifamily rentals tend to prioritize living in a property that balances space with affordability and convenience: They're willing to sacrifice the space they might find in a single-family rental in order to live in a neighborhood that's convenient and pleasant to spend time in. In addition, compared with other renters, the small multifamily residents we surveyed place a higher premium on living in a property that offers private outdoor space and the option to have a pet.

## Most Desirable Neighborhood Characteristics

Small multifamily renters find the characteristics of the neighborhood they live in somewhat more influential than the amenities of the property itself. They want to live in a neighborhood that's safe, quiet, and (for those with kids) family-friendly; and they want to be located near stores, restaurants, transportation options, and their job or school. Overall, they tend to weight these factors more heavily than residents of other property types do.

## Most Popular Unit Amenities

In deciding where to live, small multifamily renters find the characteristics of their unit itself the second-most influential factor—slightly more so than for residents in other property types. If it's within their price range, they'll give priority to a rental that provides a washer and dryer, air conditioning, private outdoor space, a dishwasher, and sound-proofed walls; and that allows them to have a pet.

## Most-Requested Community/Property Amenities

This type of amenity holds the least amount of sway for small multifamily renters, given that many shared amenities don't make sense for a small, standalone rental property. However, there are certain amenities and services that interest renters in small multifamily properties; the most popular include reserved parking, high-speed internet, and garbage pick-up. In addition, smaller numbers of multifamily residents are interested in living in an energy-efficient property, as well as one that provides a laundry room (if in-unit washers and dryers aren't available), delivery of food and packages to their door, and storage units.

Small multifamily renters are willing to sacrifice space in order to live in a neighborhood that's convenient and pleasant to spend time in.



## IN THEIR WORDS

### 10 Amenities and Services Renters Want (and Potential Revenue Opportunities)

Many of us are willing to pay a bit more for in-unit laundry.

(AGE 27)

On-call maintenance.

(AGE 24)

A security system.

(AGE 49)

Storage space..

(AGE 71)

Maintenance of the grounds and garden area.

(AGE 70)

Help with being locked out.

(AGE 34)

A mailbox designated for Amazon and UPS.

(AGE 57)

Garage parking.

(AGE 58)

EV charging.

(AGE 23)

A work area—I'm a painter and sculptor.

(AGE 65)



### THE BENEFITS OF RESIDENT BENEFIT PACKAGES

Resident benefit packages are bundled services that can increase resident retention and generate revenue for property managers. Common offerings include:



HVAC & refrigerator filter delivery and installation



Virtual concierge for keyless entry, package receipt, and more



Resident portal for online payments, messages, documents, and more



Maintenance portal for 24/7 maintenance requests



Utility management to streamline utility setup and payments



Renters insurance to cover damage and liability



Services like dog-walking, drycleaning, and more



# Small Multifamily Renters' Technology Preferences

Over the past year, we've seen sizable increases in renters' level of comfort in completing rental processes online, as well as their interest in the different rental technologies that we asked about in our survey.

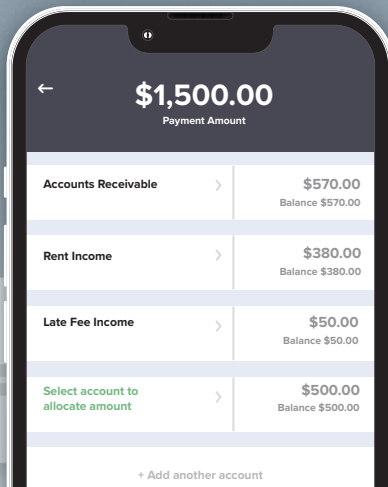
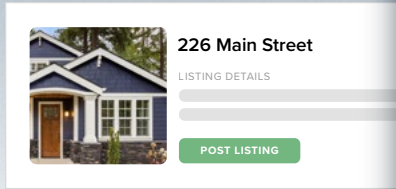
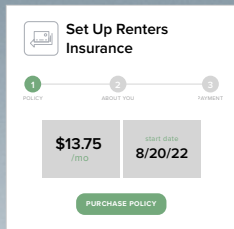
**In fact, 84% of small multifamily renters are interested in completing at least some rental processes online—including 92% of young adults, 87% of middle-aged adults, and 69% of older adults—with much of the growth that we've seen since 2021 driven by increases in demand among renters in their 40s and older.**

There are a handful of processes that renters have come to expect they'll be able to take care of online. These include making payments, communicating with their property manager or landlord, filing and tracking maintenance requests, signing and viewing their lease, and viewing and applying for available rental properties.

But in addition, we've seen sizable gains in renters' interest in the following capabilities over the past year:

- ▶ Having rent payments reported to credit bureaus so they can build their credit
- ▶ Setting up utilities for their rental and paying their bills online
- ▶ Attending virtual showings of available apartments, or viewing rentals via on-demand video tours or 360° photography
- ▶ Using a showings coordinator to attend apartment showings on their own schedule, without a leasing agent present

In this section, we'll dig into the specifics on how small multifamily renters want to pay their rent, communicate, and search for a rental in 2022.



## IN THEIR WORDS

## Renters' Advice on Rental Technology

Online services are key, [like] being able to pay rent online and report maintenance issues.

(AGE 30)

Make all processes as smooth as possible. Don't ask me to print anything out!

(AGE 32)

Offload what you can to online services, automating as much as possible.

(AGE 35)

## HOW TO DELIVER THE FEATURES & INFORMATION RENTERS WANT WITHOUT SLOWING YOU DOWN

The right property management software will allow your residents to take care of all of their needs on their own schedule, without adding unnecessary tasks to your team's plate. Give renters access to all of the features they want in one central location, including:



Online payments



Online rental listings & applications



Maintenance request tracking



Renters insurance



Text and email communications



Document signing, sharing & storage

Learn how Buildium's simple, unified platform can help you to take control of your portfolio, your business, and your life: [buildium.com/features](https://buildium.com/features)

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TABLE OF CONTENTS

## How Renters Prefer to Pay Rent in 2022

Over the last year, we've seen residents' usage of physical methods of paying rent drop by 9 percentage points as their usage of electronic methods has risen by the same amount. For the first time, a majority of renters are now paying their rent electronically, while cash and check payments have decreased among renters of all ages.

But even larger than the shift in renters' current payment methods was the shift in their preferred payment methods: The number of renters who say they'd prefer to pay their rent electronically grew by an unprecedented 26 percentage points over the last year.

**Within small multifamily properties, 48% of residents are currently paying via digital methods, but 75% would prefer to be able to pay online.**

Though EBT/ACH is the most common electronic payment method that property managers make available to their residents, we've noticed significant increases in renters' interest in online tools like PayPal, Zelle, and Venmo over the last year, in addition to their demand for credit and debit card payments. If you're looking to increase renters' use of electronic payment methods within your business, offering a range of options is a great place to start.

### PAYMENT METHODS AMONG SMALL MULTIFAMILY RENTERS

	Current Method	Preferred Method
<b>Digital methods (total)</b>	<b>48%</b>	<b>75%</b>
EBT/ACH	26%	32%
Electronic payment (e.g. Zelle, PayPal, Venmo)	16%	23%
Credit card	2%	13%
Debit card	4%	7%
<b>Physical methods (total)</b>	<b>52%</b>	<b>25%</b>
Check	34%	15%
Cash	9%	7%
Money order/cashier's check	9%	3%

#### IN THEIR WORDS

I would like to be able to pay rent electronically [rather than] having to drive to [my landlord's] house to drop off a check.

(AGE 56)

Allow early payment of rent.

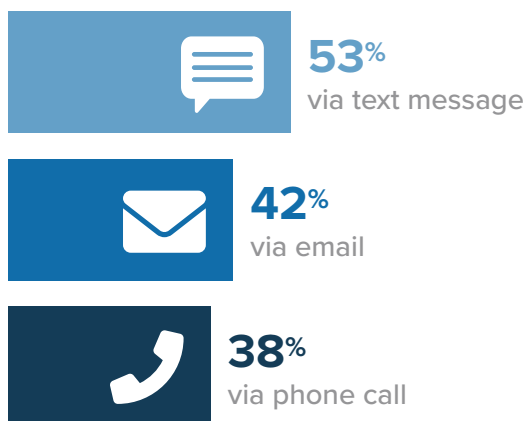
(AGE 44)



## How Renters Prefer to Communicate in 2022

When it comes to how renters want to be able to get in touch with their property manager, email remains the most popular method on the whole. However, we've seen text messaging rise up the ranks over the last year, particularly among young and middle-aged adults; and in fact, within small multifamily properties, text messaging is now residents' contact method of choice.

### HOW SMALL MULTIFAMILY RENTERS PREFER TO BE CONTACTED



#### IN THEIR WORDS

#### Communication Approaches Renters Appreciate

Be clear, concise, timely, and straightforward in all communications. Also, have detailed instructions for when residents move in so that they don't bother other residents.

(AGE 27)

Be open about maintenance delays and send updates when things are going on behind the scenes. That way, the renter won't think you've forgotten them if the maintenance takes longer than expected.

(AGE 34)

Always have multiple ways for residents to get in contact with you.

(AGE 24)

Respect privacy and any communication preferences the tenant specifies.

(AGE 21)

Be very clear about what is the renter's responsibility versus the HOA and/or the landlord.

(AGE 39)

Make it easy to communicate with you. Be available and responsive.

(AGE 50)



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34% of small multifamily renters ask for tips from their friends on available rentals, illustrating the continued importance of referrals in attracting new residents.

## How Renters Prefer to Search for a Rental in 2022

Renters of all ages are increasingly turning to online rental listings in their search for available properties, including both national listing sites and websites run by local rental communities or property management companies. 49% of small multifamily renters search for a rental on national listing sites—even more than renters in other property types—and 41% look to local rental communities' or property managers' sites.

Secondarily, when they're looking for a place to live, renters of all ages ask for recommendations from people they know. This includes 34% of small multifamily renters who ask for tips from their friends on available rentals—more than renters in other property types—illustrating the continued importance of referrals for property managers looking to attract new residents to their properties.

Additionally, renters say that they do still notice physical “For Rent” signs in front of local properties, including 30% of renters in small multifamily properties.

### IN THEIR WORDS

Make it easy to find your properties online.

(AGE 36)

Post as many pictures and video walk-throughs as possible on rental listings.

(AGE 44)



# Small Multifamily Renters' Advice for Property Managers

## IN THEIR WORDS

To stand out, prove you care about your residents and people will spread your good reputation.

(AGE 34)

Be kind and consistent. Those of us that take care of your property and are good renters would like to be rewarded every now and then.

(AGE 31)

Maintain rental properties well and expedite services for maintenance issues. Effectively maintain property grounds to upkeep curb appeal. Give discounts for special occasions. Sounds counterproductive financially, but tenants would be happy and possibly stay longer. So, the reduction of turnover costs would cover the slight deduction.

(AGE 47)

Take care of current renters at least as well as you try to entice new ones.

(AGE 48)

Treat tenants with respect, [and] have a sense of urgency when it comes to repairs/requests. Understand that the rental is your tenant's home, and treat it as such.

(AGE 50)

Be as punctual with addressing your property's issues as you'd expect a renter to be with payment.

(AGE 26)

Listen to your tenant about concerning things within the property. It will save you thousands of dollars.

(AGE 35)

Check electricity, plumbing, and appliances thoroughly in between residents, and allow pets.

(AGE 30)

# Takeaways

- 1 Though they comprise just 14% of the U.S. rental supply, in many cities, small multifamily properties represent a critical source of housing for renters seeking **mid-sized units at more affordable prices** than they can find in newer developments.
- 2 Residents of small multifamily rentals are willing to sacrifice the space they could find in a single-family rental in order to live in a neighborhood that's convenient and a property that's pleasant to spend time in. They wish for **privacy, safety, quiet, and the ability to have a pet**.
- 3 Small multifamily renters were hit harder by the pandemic, but most are now back at work, in good financial health, and even earning more than they were before. However, **27% of renters are on thin ice financially** and may struggle to keep up with rising rents—particularly those in middle age.
- 5 Retention rates for small multifamily properties seem to be returning to pre-pandemic levels, and are slightly above those in other properties. **40% of residents currently plan to renew**. 33% are on the fence, and are mulling the affordability, amenities, and experience that their current rental provides.
- 6 4 in 5 small multifamily renters are interested in **completing at least some rental processes online**. Renters of all ages would like to be able to make payments, communicate with you, file maintenance requests, sign their lease, and find rental listings online; and interest in other capabilities is growing in spades.



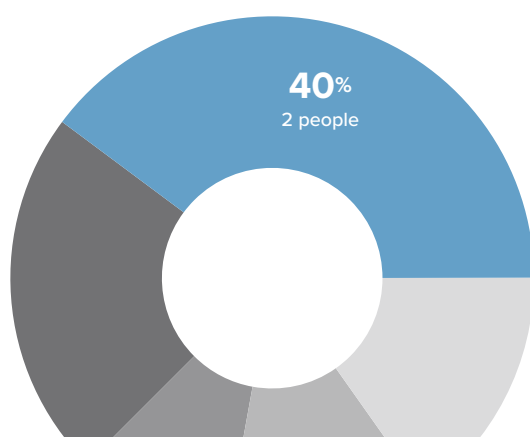
# About Our Survey Respondents

Here's what you need to know about the 1,569 renters we surveyed for this report in April 2022, 269 of whom live in small multifamily properties.

## AGE OF SMALL MULTIFAMILY RESPONDENTS

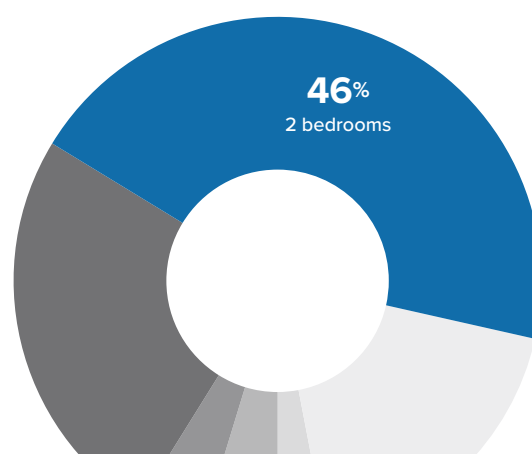
Generation Z	8%	38% Young adults
<b>Millennials</b>	<b>30%</b>	
<b>Generation X</b>	<b>34%</b>	34% Middle-aged adults
Baby Boomers	25%	28% Older adults
Silent Generation	3%	
<i>Median age</i>	<i>48</i>	

*Note: Middle-aged and older renters are more prevalent within our sample than within the population overall to allow us to collect statistically significant results for every age group.*



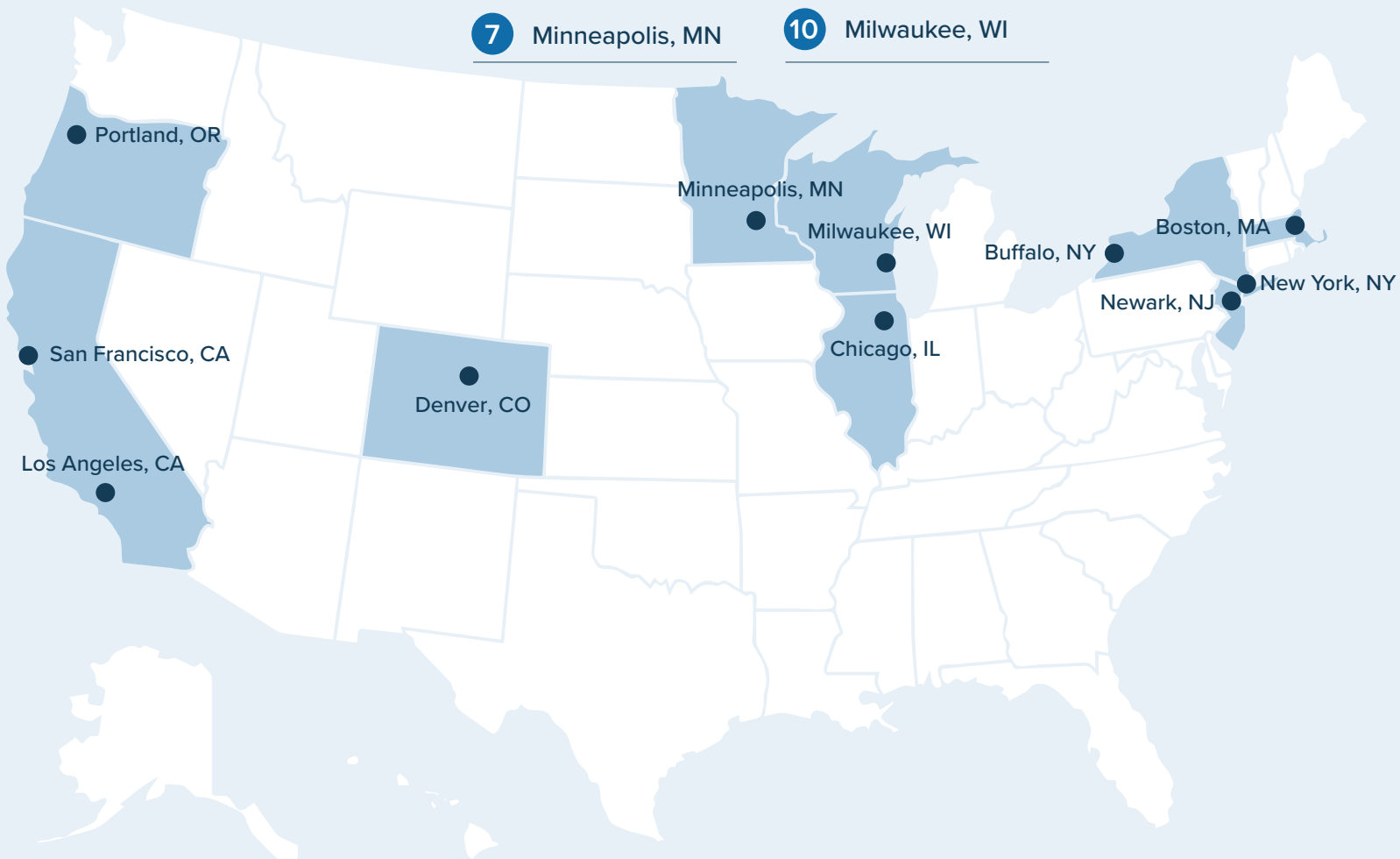
## SIZE OF SMALL MULTIFAMILY RESPONDENTS' HOUSEHOLDS

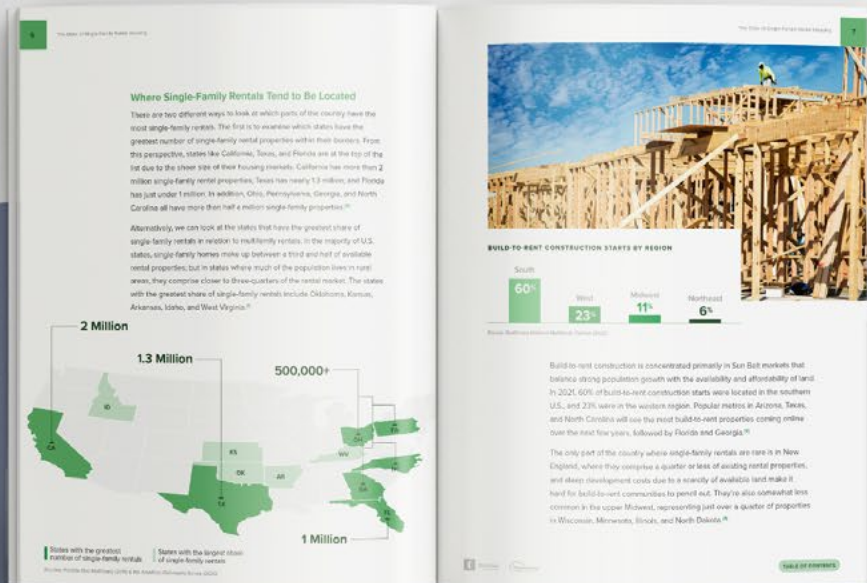
1 person	23%
<b>2 people</b>	<b>40%</b>
3 people	15%
4 people	13%
5+ people	10%
<i>Median size</i>	<i>2 people</i>



## SIZE OF SMALL MULTIFAMILY RESPONDENTS' UNITS

Studio	3%
1 bedroom	19%
<b>2 bedrooms</b>	<b>46%</b>
3 bedrooms	25%
4 bedrooms	4%
5 bedrooms	5%
<i>Median size</i>	<i>2 bedrooms</i>

**NEIGHBORHOOD WHERE  
SMALL MULTIFAMILY  
RESPONDENTS LIVE****34%**  
Urban**55%**  
Suburban**11%** Rural**TOP 10 METROS WHERE SMALL MULTIFAMILY  
RESPONDENTS LIVE****1** New York, NY**2** Los Angeles, CA**3** Boston, MA**4** Chicago, IL**5** San Francisco, CA**6** Denver, CO**7** Minneapolis, MN**8** Newark, NJ**9** Buffalo, NY**10** Portland, OR**10** Milwaukee, WI



## WHAT ABOUT Single-Family Renters?

Wondering how to attract and retain the other types of renters you'll interact with in 2022? Download our companion report on renters living in single-family properties now.

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