

2024

RENTERS' EVOLVING PREFERENCES:

RETENTION INTEL FOR PROPERTY MANAGERS





PMCs' Evolving Relationships with Residents

What's going on: Property management companies are devoting more resources to resident retention as the rental market cools and the supply of new apartment units grows. To hold onto their best renters, property managers are searching for ways to improve the resident experience, including providing high-quality services, renovating units, and limiting rent increases.

They're also more focused on tenant screening to ensure they're signing renters who can afford to stay in the long term, including in the event of an economic downturn.



MARKET CONTEXT:

960,000 multifamily units are under construction in metros across the country—the largest amount in decades—causing rent growth and occupancy to slow at the upper end of the rental market. However, the shortage of low- and moderately-priced rentals is expected to continue.

(Source: [Joint Center for Housing Studies](#))



IN THEIR WORDS

Challenges PMCs Face

“Retaining great tenants. Increasing communications/relations between tenants and staff. Using value-added renovations to assist in keeping great tenants. Making sure we understand what our tenants need and supplying those needs.”

MACON, GA

“The biggest issue is finding quality tenants. Having a great screening process is invaluable. The rental market is such that we have no end of applicants, but we spend a significant amount of our time screening them. Our hope is to streamline and fine-tune this process to reach quality tenants and make them want to stay long term.”

FORT SMITH, AR

Opportunities PMCs See

“Downtown Memphis is becoming much more competitive, with several hundred units entering the market. We plan to improve retention rates through select tenant events and recognitions (handwritten birthday cards, wine down Wednesday, etc.). By keeping tenants for longer stretches, we can maximize profitability, maximize occupancy, and impress clients.”

MEMPHIS, TN

“Making sure every tenant is appreciated and a smiling face greets them on their first visit to our offices and properties.”

MACON, GA

Renters' Plans to Move

What's going on: After three years of dramatic fluctuations in the number of renters who chose to stay put or move out, we might finally be seeing signs of normalization.

We asked renters about their moving plans between the mid-point of 2023 (when our survey was run) and the mid-point of 2024. In comparison with last year, more renters plan to stay in their current rental, and the number who plan on moving out closely resembles pre-pandemic leasing seasons.

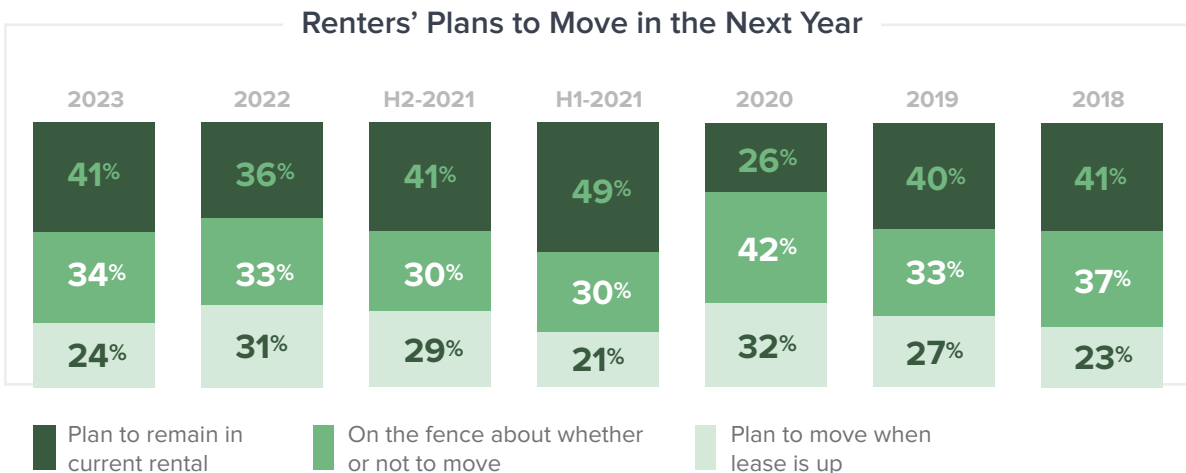
★ TRENDS IN RENTERS' PLANS TO MOVE:

41% of renters planned to stay in their current rental between mid-2023 and mid-2024—an increase of five percentage points since last year.

24% of renters had plans to move when their lease is up, while 34% of renters were still on the fence at the time of our survey.

Apartment renters are slightly more likely to have plans to move out than residents of smaller rental properties, likely due to the increase in multifamily supply.

27% of renters with plans to move out are hoping to buy a home in the next year, a decrease since 2022 as the housing market has slowed.





How Can Property Managers Influence Renters' Decision to Move?

Some reasons for moving are beyond property managers' control. But when we asked renters which factors most influence their decision to stay or go, their responses pointed to something important: their perception of value in their current rental.

This perception of value encompasses three main areas:

- ▶ The quality of service they receive from their property manager or landlord
- ▶ The condition of the property and attention paid to maintenance issues
- ▶ The amenities and services that are available to them

Most renters would rather not deal with the hassle and expense of moving if their current rental meets their needs. That means that property managers have inertia on their side, as well as the reality that rent prices tend to be higher for those who are signing a new lease than for those renewing a lease.

With this in mind, property managers should consider reaching out well in advance of the lease's expiration date to find out what might improve residents' experience enough for them to consider renewing.



IN THEIR WORDS

Renters' Advice for Property Managers

"Be open to utilizing technology as a means of communication and rent collection."

AGE 45

"Check in every 6 months at least and see what is new and what you can do to make the experience better."

AGE 22

"Be proactive in preventative maintenance and upkeep. Enforce rules that are for the betterment of the community."

AGE 56

"Provide flexible payment options and expedient maintenance repairs."

AGE 45

"Have someone available to communicate with after hours/on weekends."

AGE 33

"Provide much advance notice on intentions to renew, and provide guidelines at move-in for what they deem normal wear and tear. If inspections are performed, provide guidelines for what they are looking for."

AGE 30

"Look into fixing something the first time it is reported. If it's worth reporting, it is at the very least an inconvenience, or at the very worst, a danger to your residents."

AGE 26

Renters' Financial Health

What's going on: Due to their position on the front lines of processes like rent collection and tenant screening, property managers are often the first to know when renters' financial health is in decline. And indeed, in 2023, property managers have flagged three issues in this area:

- 1 Renter quality** is a concern as high rent prices mean that fewer renters can afford three times the monthly rent with their current incomes. Property management companies are more focused on tenant screening than ever as the pool of qualified renters shrinks, and as the difficulty of evicting non-paying residents grows. In some hot markets, however, rental demand is so strong—and housing inventory is so limited—that the supply of qualified renters is less of an issue when vacancies arise.
- 2 Collections:** Property management companies are still having trouble collecting rents from the small segment of residents who have struggled to pay throughout the pandemic, and no longer have access to aid programs that previously helped to make ends meet. They worry that should a recession materialize, more residents will experience job instability and have trouble paying.



MARKET CONTEXT:

In the first quarter of 2023, rent collections in professionally managed apartment buildings hit their highest rate since the start of the pandemic, with 96% of renters paying their rent on time.

(Source: [RealPage Analytics](#))



3

Rent prices remain a contentious area as property management companies seek to set prices at levels that new and existing residents can afford, and that cover their clients' property expenses. Property management companies play the dual role of providing a level of service that justifies high rent prices for residents, and of convincing their clients to keep prices at reasonable levels in spite of costs that have risen to never-before-seen levels, though rent growth has slowed down significantly in 2023.



MARKET CONTEXT:

In the first quarter of 2023, rents in professionally managed apartment buildings rose 4.5% year over year—down from 15.3% one year earlier. Rents for single-family properties increased by 4.3% during the same time period, down from 13.6% the previous year.

(Source: [Joint Center for Housing Studies](#))

In our own data, we've noticed multiple signs of deterioration in renters' financial health since 2022. More renters are reporting late or missed payments and debt, and fewer are reporting the ability to save, as household incomes have held steady while inflation has remained high.





TRENDS IN RENTERS' FINANCIAL HEALTH:

Renter households' incomes have stayed roughly the same since 2022 as inflation has continued to strain affordability. 50% of renter households earn less than \$50,000 per year, and 83% earn less than \$100,000 per year.

Fewer renters are able to pay their bills on time and in full. 55% of renters report that they're able to pay all of their bills on time and in full—a nine-point decrease since 2022. An additional 29% are able to pay *most* bills on time and in full—a decrease of three points in the last year. 17% report that they've had a hard time keeping up with their bills, representing an increase of six points since 2022.

Debt among renters is on the upswing. 79% of renters report having debt, an increase of three percentage points since 2022. The most common forms of debt are a revolving credit card balance, car loans, student loans, and medical debt.

Renters' savings are on the decline. 22% of renters are consistently able to set aside a portion of their income as savings—a decrease of four percentage points since 2022. 28% haven't been able to set aside savings in the last year and have either depleted their existing savings, or never had savings to begin with—an increase of two percentage points since 2022.

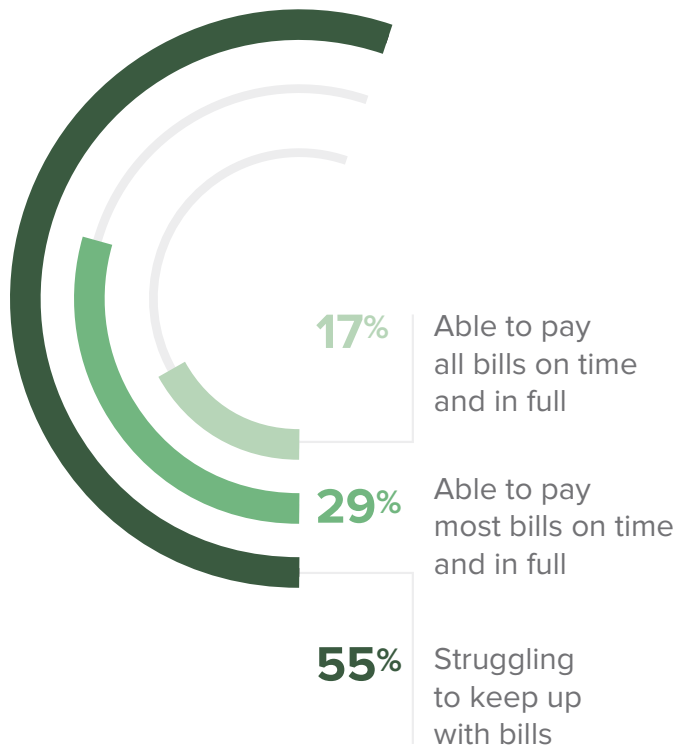


MARKET CONTEXT:

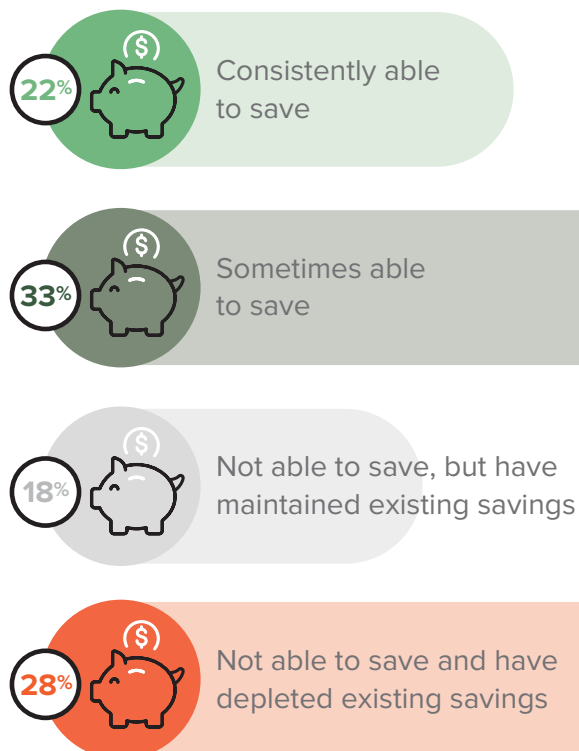
The number of cost-burdened renters—those whose housing costs exceed 30% of their income—increased to a record 21.6 million between 2019 and 2021. 11.6 million renters are considered severely cost-burdened, spending more than 50% of their income on housing.

(Source: [Joint Center for Housing Studies](#))

Renters' Ability to Pay Their Bills



Renters' Ability to Set Aside Savings



Who Lives in Rental Housing Today?

The Growth of Family Renters, and How to Retain Them

What's going on: For the second year in a row, Multigenerational Households and Couples with Kids are the two fastest-growing household types in the population of renters we survey. Although Couples Without Kids remain the most common type of household in our sample, families are rapidly catching up, thanks to the growth of two household arrangements: families with kids and parents with adult children living together in rental housing.

As households grow slightly larger—and as couples and families continue to be priced out of the housing market—we expect to see demand remain strong for single-family rentals.

THE 6 MOST COMMON TYPES OF RENTER HOUSEHOLDS



Couples Without Kids

27%
and rising



Couples With Kids

18%
and rising



Multigenerational Households

25%
and rising



Roommate Households

12%
and holding steady



One-Person Households

24%
and falling



Single-Parent Households

4%
and holding steady



In 2023, families with kids are more likely to be considering moving out of their current rental by a significant difference of 14 percentage points. How can property managers attract and retain this growing population?

- 1 Highlight family-friendly features in the neighborhood, community, and unit.** For example, is there a playground or highly-rated school nearby? Will the layout of the unit allow a larger family to spread out and enjoy the space?
- 2 Make the unit more accessible to residents' evolving needs.** Take steps to child-proof the unit by covering up unused outlets, padding sharp corners, etc. Consider making the unit more accessible for residents with mobility issues.
- 3 Give residents some of the benefits associated with homeownership.** You could enable them to feel more at home by allowing them to adopt a pet, hang pictures, or paint the walls; and allow them to build their credit by having on-time rent payments reported to credit bureaus.
- 4 Provide incentives to move to another unit in your network,** since young families move around more frequently than other demographics. Consider simplifying the processes or bringing down the costs involved in applying for a rental and moving in.

Renters' Reasons for Renting

In 2023, there are two leading reasons why residents rent their homes:

1 in 2 renters would prefer to own a home, but rent out of financial necessity—a rate that's increased as the housing market has become less accessible to many Americans over the last few years.

Nearly 1 in 3 renters rent because their current rental meets their needs and they don't want to deal with the hassle of moving. This rate has also increased as renewal rents have remained more affordable than rents on new leases.

Renters' Reasons for Renting

50%

Finances prevent them from buying a home

29%

Current rental meets their needs/don't want to move

21%

Don't want the responsibility of maintaining a home

21%

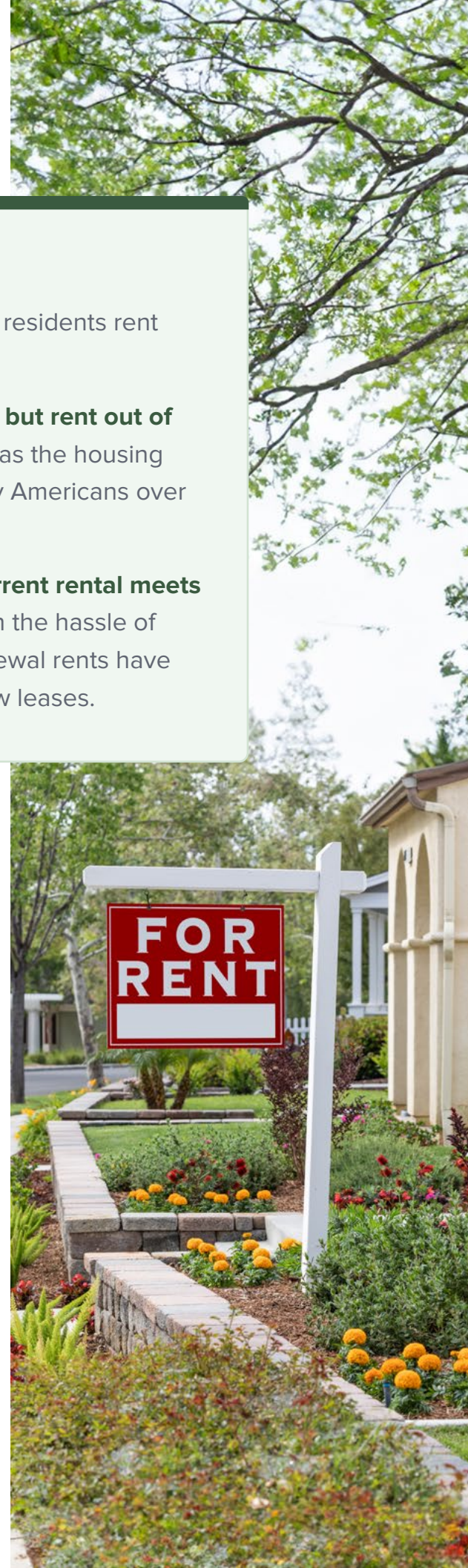
Like the flexibility renting gives them

16%

Prefer to live in a centrally located neighborhood

12%

Like the amenities/community they have access to





Where Renters Want to Live

The Increasing Influence of Neighborhood Characteristics & In-Unit Amenities

What's going on: For multiple years now, we've seen renters prioritizing the characteristics of their neighborhood and the amenities in their rental unit over shared community amenities. Renters are gravitating toward neighborhoods that are safe and quiet—though still convenient to stores and restaurants—leading half of the renters we surveyed to rental properties in the suburbs.

When it comes to the amenities within their rental unit, renters are looking for a space with all the comforts of home, from air conditioning and a washer and dryer to the option to own a pet—features that have drawn a third of the renters we surveyed to single-family rentals.

Community amenities like a fitness center or pool still hold appeal to residents; they're just seen as perks rather than necessities for today's cost-conscious renters.

This Year's Most Desirable Amenities & Characteristics



1

Safe neighborhood



6

Option to have a pet



2

Air conditioning



7

Dishwasher



3

In-unit washer & dryer



8

Parking



4

High-speed internet



9

Proximity to stores & restaurants



5

Quiet neighborhood



10

Private outdoor space

Today, 90% of renters are interested in completing at least some (if not all) rental processes online—an increase of 19 percentage points since 2021.

Renters' Technology Preferences

Over the last two years, we've seen a sea change in renters' level of comfort with technology. Today, 90% of renters are interested in completing at least some (if not all) rental processes online—an increase of 19 percentage points since 2021.

This preference for digital processes cuts across generations: It's not surprising to see that 96% of Generation Z, 94% of Millennials, and 89% of Generation X renters would like to complete rental processes online. However, so do 82% of Baby Boomers and 72% of Silent Generation renters, showing just how much residents' sense of familiarity with online methods of paying rent, communicating, submitting maintenance requests, and signing leases has improved since the start of the pandemic.



THE 5 GENERATIONS:

Generation Z:
Born in 1997–2012

Baby Boomers:
Born in 1946–1964

Millennials:
Born in 1981–1996

Silent Generation:
Born in 1928–1945

Generation X:
Born in 1965–1980

(Source: [Pew Research Center](#))



TRENDS IN RENTERS' TECHNOLOGY PREFERENCES:

Payments: 61% of renters would like to be able to make rent payments online, an increase of nine percentage points since 2022 and 20 points since 2021.

Communications: Text messaging is now the preferred method of contact for 59% of renters, a sizable increase of 13 points since 2022 and 22 points since 2021. Email remains the second-most-preferred method of contact.

Resident portals: 70% of renters say that it's important to them that their property manager or landlord provide access to an online resident portal where they can pay rent, submit maintenance requests, and complete other rental processes.

Renters' interest in completing the following processes online has increased significantly since 2022:

Applying and qualifying for a rental property:

+9 percentage points

Making rent payments:

+9 points

Searching for rental properties:

+8 points

Communicating with their PMC: **+8 points**

Setting up utilities and paying bills: **+8 points**

Filing and tracking maintenance requests:

+8 points

Signing and viewing their lease: **+7 points**

Having rent payments reported to credit bureaus:

+6 points

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



Renters insurance



Maintenance request tracking



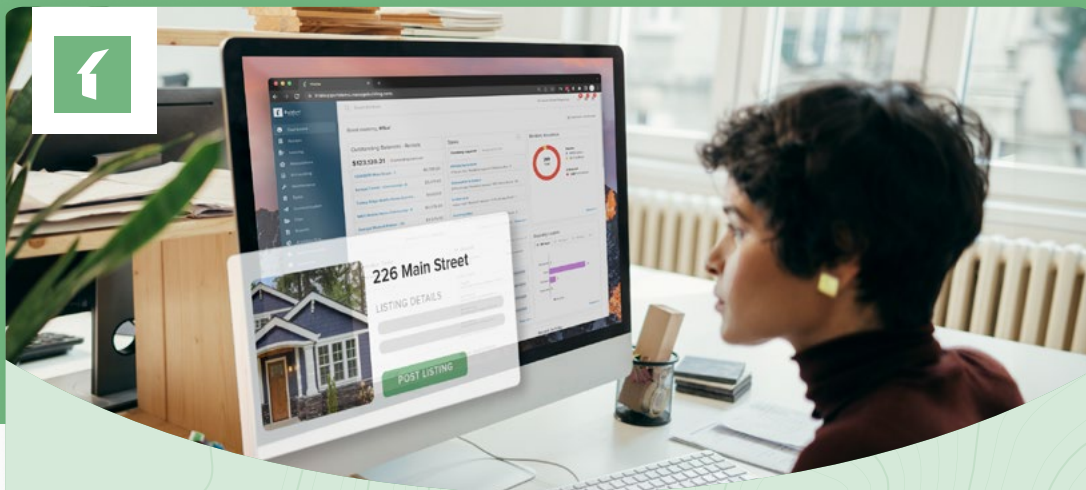
Document signing, sharing and storage



Text and email communications



Online rental listings and applications



See how Buildium's all-in-one platform lets you control your operations, compete on experiences, and thrive.

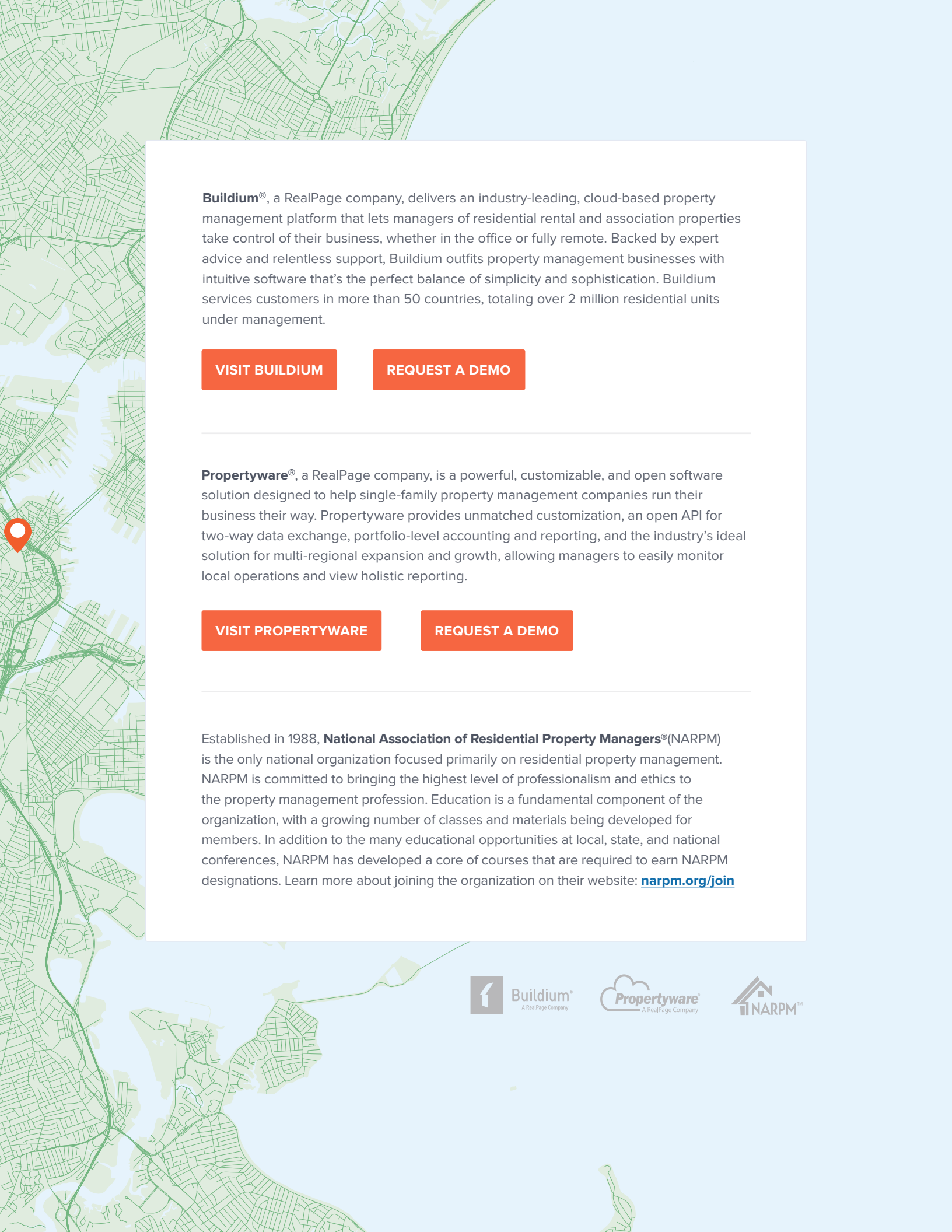
[REQUEST A DEMO](#)

Read the full 2024 Property Management Industry Report

Data-driven insights into top rental market trends

GET YOUR FREE COPY





Buildium®, a RealPage company, delivers an industry-leading, cloud-based property management platform that lets managers of residential rental and association properties take control of their business, whether in the office or fully remote. Backed by expert advice and relentless support, Buildium outfits property management businesses with intuitive software that's the perfect balance of simplicity and sophistication. Buildium services customers in more than 50 countries, totaling over 2 million residential units under management.

VISIT BUILDIUM

REQUEST A DEMO

Propertyware®, a RealPage company, is a powerful, customizable, and open software solution designed to help single-family property management companies run their business their way. Propertyware provides unmatched customization, an open API for two-way data exchange, portfolio-level accounting and reporting, and the industry's ideal solution for multi-regional expansion and growth, allowing managers to easily monitor local operations and view holistic reporting.

VISIT PROPERTYWARE

REQUEST A DEMO

Established in 1988, **National Association of Residential Property Managers®(NARPM)** is the only national organization focused primarily on residential property management. NARPM is committed to bringing the highest level of professionalism and ethics to the property management profession. Education is a fundamental component of the organization, with a growing number of classes and materials being developed for members. In addition to the many educational opportunities at local, state, and national conferences, NARPM has developed a core of courses that are required to earn NARPM designations. Learn more about joining the organization on their website: narpm.org/join



Buildium®
A RealPage Company

