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2021 STATE OF THE

# Property Management Industry

REPORT

2021

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# Introduction

**The property manager's role has never been more visible or more valuable than it is in 2020—in spite of the challenges presented by COVID-19.**

Property managers have been at the center of the struggles and opportunities that the year has ushered in, working harder than ever to balance business with compassion. Their overlapping responsibilities to provide safe housing for renters, profitable investments for rental owners, and safe conditions for their employees and vendors have never felt more urgent. They've acted as a liaison between residents and owners to find solutions that leave everyone in a better place, even when doing so requires them to put their own goals on the back burner.

The pandemic and resulting financial crisis have reshaped the way that businesses and rental properties operate. Property managers have adopted new technologies and communication patterns to stay connected with residents, clients, and employees in constantly changing conditions. They've sought out ways to infuse humanity into their services, even as they're increasingly delivered online. They've pivoted their strategies to keep their businesses growing in the face of unprecedented challenges.

But adapting to change is nothing new for property managers. Under normal circumstances, it's something they love about their jobs: knowing that every day presents new opportunities to outpace their own records, as well as those of the competition.

COVID-19 has made property managers' value more more evident than ever—and this is causing them to feel more optimistic about the future of rental housing and their own businesses than countless other industries. The massive changes that have rocked the rental market have only increased property managers' determination to grow their businesses and exceed their customers' expectations in the weeks, months, and years to come.

Our respondents told us that they believe 2020 represents a fork in the road, where the value of strategic, tech-embracing property managers and investors will become clearer than ever. They see a burgeoning opportunity to gain market share through an approach that they described as both aggressive and empathetic—and they know that the right technology will make all the difference.

This report will reveal the specific impacts that the pandemic and recession have had on property managers, rental owners, and renters—but it won't stop there. It will look into the future, examining how the property management industry has been permanently transformed by this crisis, in ways that are far more positive than negative. It will outline the opportunities and challenges that property managers foresee for our post-COVID-19 world, and their strategies for achieving sustainable growth and surpassing the competition in this new environment. And most of all, it will reveal the undeniable importance of property managers within the rental housing industry in a time like none we've ever faced before.

# ABOUT OUR Research

Our research combines **5,167** survey responses from:



**1,302**

renters in August



**2,005**

property managers  
in August



**1,200**

property managers  
in May & June

**660**



property owners  
in July & August

with

**6 years**

of trend data derived  
from past years' surveys

**+ Plus, industry-leading market research.**

## SECTION ONE

# How Property Managers Plan to Grow After 2020

## Introduction | Property Managers' Shifting Outlook on the Rental Market

We ran [our first survey](#) to assess the impact of COVID-19 on property managers in late spring, when many cities had just endured the first wave of the crisis. We imagined that the effects of the pandemic and recession would vary dramatically by location and property type. What seemed less certain was how property managers' long-term outlook on their business and the rental market would be shaped by the challenges they'd endured.

What we found surprised us. In May, three-quarters of property managers told us that they expected their revenue to increase and their portfolios to grow in the next two years. Our survey in August confirmed their optimism, with the number who anticipated revenue growth rising by two percentage points to 79%, and the number who expected portfolio growth rising by one point to 77%.





**HIGHLIGHT**

**More than three-quarters** of property managers plan to grow in the next two years, even with six months' experience in a COVID-19 market under their belts. This clearly reflects property managers' determination to adapt to changing circumstances and keep their business' growth on track.

To be clear: The number of property managers who feel confident in their growth over the next two years dropped in 2020. The downshift in expectations from 'significant growth' to 'slight growth,' and from 'slight growth' to 'no growth,' has been substantial. But the fact still remains that more than three-quarters of property managers plan to grow in the next two years, even with six months' experience in a COVID-19 market under their belts. This clearly reflects property managers' determination to adapt to changing circumstances and keep their business' growth on track.

In this section, we'll examine the details of how property managers' plans for growth have evolved over time—and in particular, the strategies they've devised to balance out the impact of at-risk rent payments and flat rent growth in the wake of COVID-19.

## Subsection 1A | How COVID-19 Has Impacted Property Managers' Plans for Portfolio Growth

Portfolio growth is still property managers' #1 priority for the coming year. But in 2020, for the first time, the number of property managers naming growth a top priority has reached a plateau, when our survey had previously found an increase of 4 to 5 percentage points every year.

### INDUSTRY SURVEY

#### Do you expect to expand your portfolio over the next 2 years?

	August 2020	May 2020	2019	2018	2017	2016
Those who expect to expand it	76.9%	76.1%	84.0%	84.2%	83.2%	88.8%
<i>Those who expect to expand it significantly</i>	35.3%	32.3%	41.1%	40.1%	45.4%	50.6%
<i>Those who expect to expand it a little</i>	41.6%	43.8%	42.9%	44.1%	37.9%	38.1%
Those who expect it to stay the same	19.6%	18.8%	14.2%	14.0%	14.7%	9.1%
Those who expect it to shrink	3.5%	4.6%	1.8%	1.8%	2.1%	2.1%

Since 2016, when we ran our first annual survey of property managers, respondents' plans for portfolio growth have mirrored the market:

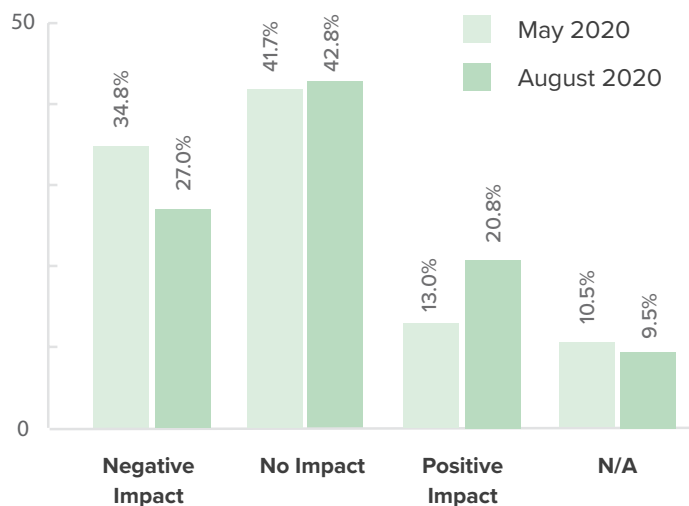
- ◆ As cap rates compressed in most markets over the last several years, the number of property managers actively focused on portfolio growth has decreased by 12 percentage points, from 89% of property managers in 2016 to 77% this August.
- ◆ The biggest shift has been among property managers who anticipate significant growth in the near future: In 2016, 51% of property managers anticipated significant portfolio growth. After the onset of COVID-19, in May 2020, this number dropped to 32%, then rose slightly to 35% by August.



This slight cooling in growth expectations in 2020 reflects some rental property investors' desire to assess the impact that COVID-19 will have on the rental market before acquiring any new properties—what several property managers described as the “wait and see” mindset. In May, broker-owners' desire to grow their portfolios lagged behind third-party property managers by 9 percentage points, potentially indicating that property managers who are also investors were feeling more cautious than those who solely manage other people's properties. However, by August, that gap had decreased to just 2 percentage points, suggesting that investors' optimism about the future of rental property investment caught up to third-party property managers' over the summer.

#### INDUSTRY SURVEY

##### How has your portfolio's growth been impacted by COVID-19?



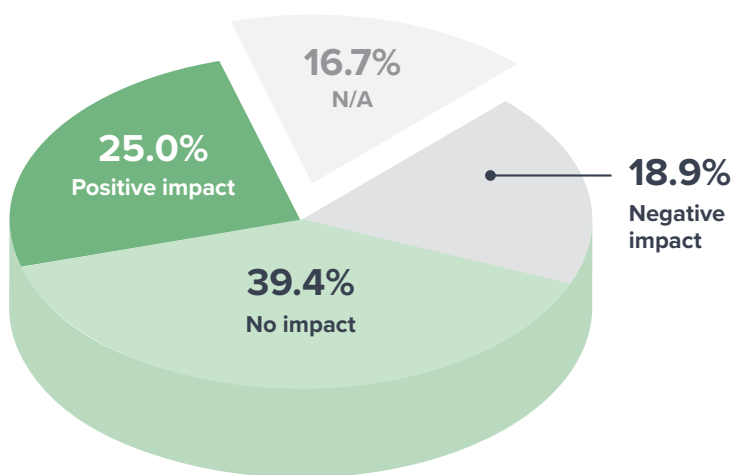
There was also a shift in property managers' views on whether the crisis has had a positive, neutral, or negative impact on the rate at which they're growing their portfolios.

Between May and August, the number of property managers who said that COVID-19 had slowed their rate of growth actually decreased by 8 percentage points, from 35% to 27%. Meanwhile, the number who said that it had accelerated their growth rose by the same margin, from 13% to 21%. The number who said it had had no impact on their rate of growth held steady.

Many property managers who had pressed ‘pause’ on their growth plans in May felt comfortable resuming them once they’d gotten in the swing of operating fully online in a COVID-19 environment. But for the 24% who expect their portfolios to stay the same size or shrink in the next two years, rent payments are their main concern. One property manager told us, “I personally am waiting to purchase any rental properties until I know that I will be able to legally enforce non-payment policies”—a view that many others echoed. In addition, we’ve heard reports that banks are taking a more cautious approach to lending to rental property investors as the reliability of monthly rental income wavers, preventing some prospective buyers from obtaining financing.

#### INDUSTRY SURVEY

**How has your clients’ desire to continue to invest in rentals been impacted by COVID-19?**



#### HIGHLIGHT

One property manager told us, “I personally am waiting to purchase any rental properties until I know that I will be able to **legally enforce non-payment policies**”—a view that many others echoed.



## STRATEGIES

But with more than three-quarters of property managers still planning to add new units to their portfolios in the next two years, **how do they plan to do it?** Here's a summary of the strategies they shared with us:

- ◆ **Acquiring new properties** by encouraging current clients to grow, finding new clients, purchasing retiring property managers' portfolios, and buying up properties themselves
- ◆ **Acquiring new clients** by increasing marketing and advertising efforts, reaching out to local investors and owners in need of property management services, and providing excellent service that encourages referrals
- ◆ **Cutting unsuccessful properties and resource-intensive clients** from their portfolios so they can better focus their efforts

## Subsection 1B | How COVID-19 Has Impacted Property Managers' Expectations for Revenue Growth

Property managers' expectations for revenue growth are highly correlated with their plans for portfolio growth: Those who expect to grow their portfolios significantly in the next two years tend to have significantly higher expectations for revenue growth than other companies. All in all, 79% of our respondents shared this high-growth mindset, feeling optimistic about and focused on business expansion in the coming years, with their revenue growth to be heavily determined by the rate at which they're able to grow.

However, there's also a subset of property managers (21%) who have cut back their

revenue growth expectations because they're hesitant to acquire more units in the near future. As we discussed in the previous section, many of these property managers have scaled back their goals for revenue and portfolio growth because their monthly rents have taken a hit in 2020.

Among the 40% of property managers who report that COVID-19 has negatively impacted their business' profitability, 76% report receiving fewer rent payments than usual, making the connection between these two factors very clear.

### INDUSTRY SURVEY

#### Do you expect your revenue to increase over the next 2 years?

	August 2020	May 2020	2019	2018	2017
Those who expect it to increase	79.0%	77.0%	87.5%	91.4%	90.3%
<i>Those who expect it to increase significantly</i>	34.8%	27.6%	37.8%	44.0%	46.0%
<i>Those who expect it to increase a little</i>	44.2%	49.4%	49.7%	47.4%	44.3%
Those who expect it to stay the same	15.4%	15.9%	10.7%	7.2%	7.9%
Those who expect it to decrease	5.7%	6.8%	1.8%	1.4%	1.8%

Overall, 60% of property managers had residents whose financial struggles necessitated the creation of rent payment plans. 24% of property managers ended up deferring or waiving some rent payments altogether, while 53% decided not to raise rents on renewals; 12% lowered rents; and 11% kept rents flat on new leases. In addition, 79% of property managers cut late fees—many of whom were required to do so by local regulations enacted during COVID-19—which cut into their revenue significantly.

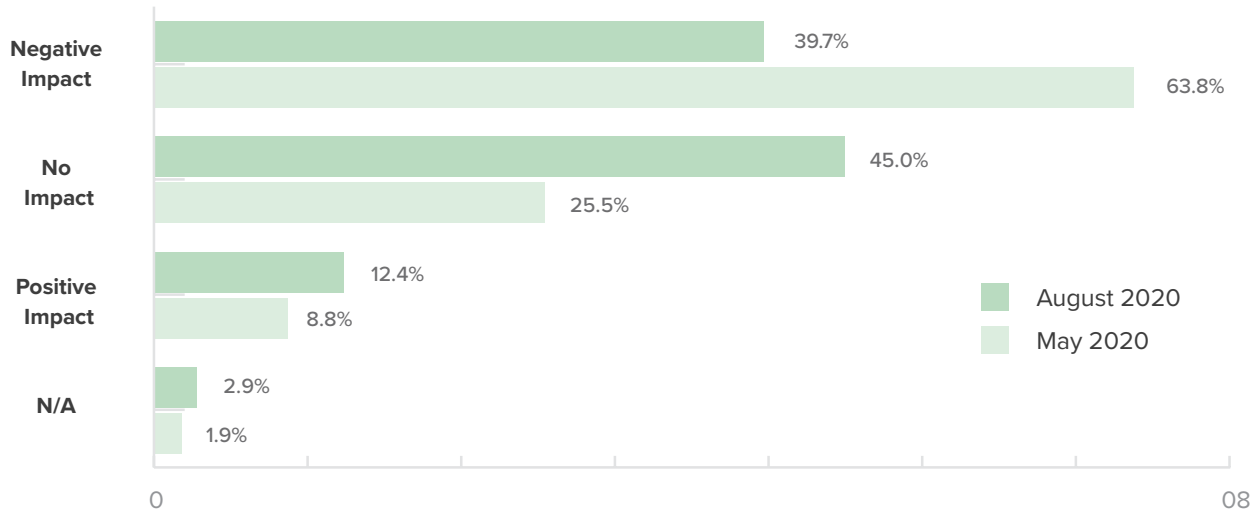
In the end, many of the measures that property managers have taken to reduce financial strain on struggling renters—while still working hard to keep owners' properties profitable—have reduced the management fees they're receiving. By necessity, profitability was less of an urgent concern for property managers this year, falling out of property managers' top three priorities in 2020 as 'residents' rocketed from ninth on the list to second.

**Whether or not they plan to acquire new properties in 2021 and 2022, property managers are taking measures to ensure that their business will remain healthy, even in uncertain conditions. They're paying more attention than ever to reducing their operating expenses, and are also searching for new ways to diversify their sources of revenue.**

As one property manager told us, "There's a much greater need to build residual revenue streams, and as competition decreases, it is a perfect opportunity to gain market share."

## INDUSTRY SURVEY

## How has the profitability of your business been impacted by COVID-19?




## STRATEGIES

So, how do property managers plan to **generate additional revenue** over the next two years? Here's a summary of the strategies they shared with us:

- ◆ **Bringing in more rents** by acquiring properties in higher-rent areas, making value-add updates to properties, transitioning struggling property types into standard long-term rentals, screening for residents with stable employment, and raising rents on new leases where possible
- ◆ **Expanding their services** by getting licensed to buy and sell properties; managing new property types; forming in-house maintenance and renovation teams; establishing referral programs with attorneys, insurance agents, and real estate brokers; and offering benefit packages and concierge services for residents
- ◆ **Lowering their expenses** by increasing their efficiency through technology
- ◆ **Raising their rates and fees** for new clients

## IN YOUR WORDS

## How Property Managers Are Leveraging Resident Services to Generate Revenue

- 
- 💬 We offer a **resident benefit package** which includes insurance, air filter delivery, credit reporting, online payments, and more.
  - 💬 We have a sister property that offers **concierge services** (house cleaning, pet care, mail shipping, etc.) that has created a revenue stream.
  - 💬 We have a **referral service** for renters insurance. We receive \$40 per referral.
  - 💬 One of our properties offers a **utility fee option**. This allows the resident to pay one monthly bill (rent, water, electric, trash) for a set fee each month.
  - 💬 We've added **tenant liability insurance, pet screening, and insurance for security deposits**, as well as a [free] **COVID-19 page with community resources** for our tenants.



## How Property Managers Plan to Grow in the Next Two Years

### IN YOUR WORDS



Continuing to follow our plan of steady growth through referrals. Keeping scalable processes and adapting to this changing industry on a regular basis. Also, working to grow our in-house maintenance operations.

Adding more customers/doors, implementing resident benefit packages and raising my price point, utilizing technology to improve systems and processes and save time and money.

I plan to get a real estate license to expand my outreach to prospective clients, in addition to using lead generation services. As a single-member LLC, I hope to hire an employee within the next 2 years to allow me to focus my time on growing the business.

I plan to grow my personal portfolio and continue to work with local investors on growing their portfolios. I am also planning to market my business through lead generation sites, mailers, and Chamber of Commerce and other local sources to reach investors that are either not happy with their current services, or have been trying to manage their personal rentals with little success.

The parts are in place for 25% growth in fee-based income (like our tenant benefit package and pet fees), increased sales to tenants through our 'Buy Through Us' program, continued organic growth and referrals of new owners, and expanding profit from our growing property maintenance business.



🗨 The expansion of our property portfolio will be our primary revenue driver. However, we may elect to increase management fees for our newer investors and/or implement a tier management structure.

🗨 We are partnering with a real estate brokerage that has a concierge service that vets their leads, but does not offer property management as part of their business model. They will be turning those leads over to us. In exchange, if that lead turns into a buyer, we will facilitate the sale and provide a referral fee to the other brokerage.

🗨 Whenever there is turnover, we do cosmetic upgrades to our rentals. And as demand has increased, on our turnovers, we will increase our new rent anywhere from 5% to 10%, depending on the length of the lease.

🗨 We are taking a 3-pronged approach to portfolio/revenue growth: Looking for acquisition targets (other PM companies); connecting with out-of-state investors looking for management services; and helping our current owners find new investment properties to grow their personal portfolio.

”

## SECTION TWO

# How Property Managers Have Worked with Residents in 2020

## Introduction | Balancing Business with Compassion

In 2019, just 16% of property managers said that attracting and retaining great residents was one of their top three priorities for the coming year. Over the last year, that number rose by an unprecedented 29 points: **45% of property managers now name ‘residents’ as a top priority, beating out efficiency and profitability for the first time.**

What does this shift reflect? In 2020, the most pressing issues facing property managers have revolved around residents and their homes: trying to keep units full, rents paid, and residents safe. One property manager told us, *“I have been feeling like a mediator between the tenants and owners. It has been physically draining to hear from the wonderful, stable tenants I have that are now without a job, through no fault of their own.”*

Another expressed a similar sentiment: *“It’s been extremely stressful and exhausting, trying to stay up on the ever-changing laws, while being both compassionate to tenants and fulfilling obligations to owners.”*

## INDUSTRY SURVEY

**What are your top 3 priorities for your business for the coming year?**

	2020	2019	2018	2017
Growth	47.3%	47.8%	42.8%	38.9%
Residents	45.1%	16.1%	23.8%	19.3%
Efficiency	34.3%	45.1%	39.0%	48.7%
Profitability	30.1%	31.0%	34.7%	—
Owners	24.5%	23.0%	20.3%	15.4%
Balance	19.8%	20.5%	12.9%	21.4%
Communication	18.4%	22.6%	17.1%	20.5%
Organization	16.7%	19.1%	23.4%	20.8%
Marketing	14.7%	19.0%	16.7%	12.8%
Vendors	12.4%	11.4%	12.1%	13.7%
Staff	12.3%	12.3%	15.6%	12.4%
Technology	11.7%	11.2%	15.2%	9.9%
Property improvements	11.0%	12.8%	16.0%	17.3%
Downsizing	1.8%	1.6%	1.9%	1.8%

Balancing business with compassion has been no easy task for property managers in 2020. With renters, rental owners, and property management teams all impacted by the pandemic and recession, it has been up to property managers to find solutions that work for everyone. They've felt the weight of their overlapping responsibilities: to sustain their clients' and their own businesses by collecting rents, while keeping units full and residents in their homes during the crisis. Renting has always been a critical lifeline for Americans who can't own their homes, particularly during difficult economic times; but never has the need for shelter felt more critical than during a pandemic.

So, what did property managers do? In this section, we'll look at the measures that property managers took to protect renters, fulfill their owners' objectives, and keep their own businesses running during 2020.

## How Property Managers Feel Their Role Has Changed During COVID-19

### IN YOUR WORDS



Our level of compassion for our tenants and homeowners has increased during the pandemic. Not only tenants, but our homeowners have lost jobs and income. It has affected all levels of society. Our role has become one of a steady hand, providing reassurance that everything will be OK, even if we are not being paid. It got messy and terrifying for everyone for a while, but providing a source of stability and comfort has been something we have had to step in and do, rather than being 100% staunch on following procedures. This culture will absolutely stay within our company going forward.”



I now look at property management as a tool that I can use to better people's lives. People are scared. When we are able to offer some comfort and reassurance that we will do everything we can to help them, especially during COVID-19, this is a win-win-win. It allows us to help owners, tenants, and our company.

“

“ I feel like I have always played a role for my residents in helping them find comfort in their home. However, with the pandemic, you have to find more compassion in their situations. I have personally sent out information to all my residents to give them information on nonprofits, government assistance, or jobs hiring to help them succeed and not take a chance on being evicted.

“ I think we have been a good middleman for our clients and tenants. When this all started, we notified tenants that we would waive late fees and help with payment plans where necessary. We had owners who were not happy about that and simply wanted to evict as usual. Thankfully, the courts were closed and we couldn't file evictions. We were able to work with most all of our tenants, and so far, we are collecting rents pretty much as we have always done. The owners are happy—they feared the worst—and the tenants are happy that we were willing to work with them.

”





## Subsection 2B | Rent Payments, Evictions & COVID-19

With COVID-19 leaving millions of Americans unemployed, rent payments have been more stable than many had expected at the outset of the crisis. However, with federal aid programs like expanded unemployment benefits lapsing over the summer, many property managers have been holding their breath as each new month arrives.

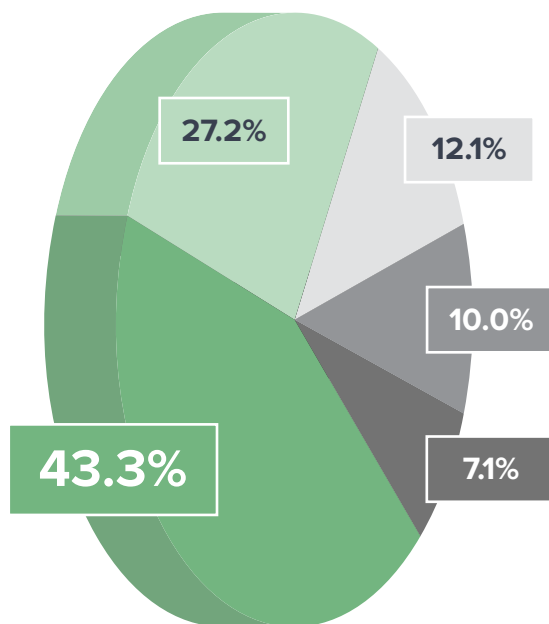
In August, 30% of the renters we surveyed reported that COVID-19 had impacted their ability to pay their rent so far: 12% were late at one point, but have since caught up; 7% were

unable to pay for one month; and 10% have been unable to pay for two or more months. 25% of renters reported that they'd worked out a payment plan with their property manager.

However, in the absence of additional aid, the stability of rent payments continues to be at risk. 27% of renters said they'd been able to pay their rent so far, but are concerned about their ability to pay in the future; and 14% reported that they'd paid their rent with a credit card because they couldn't cover the full amount.

### RENTERS' SURVEY

#### How has COVID-19 impacted your ability to pay rent?



- I have been able to continue paying as usual
- I have paid so far, but am concerned about the future
- I was late at one point, but have since caught up
- I was unable to pay in full for 2+ months
- I was unable to pay in full for 1 month

**43%**  
were able to continue  
paying rent as usual



Property managers have workshopped a variety of solutions to address residents' financial struggles, often tailoring their approach to each individual's situation. One property manager told us, *"You need to be prepared to treat each rental individually and adjust rents and services to help them navigate these unusual times."*

Another described, *"We're proactively communicating and offering support outside of standard real estate management resources. For example, having more financial and mental health resources easily available for tenants. It has made our business more humanized."*

43% of property managers say that the pandemic and recession have increased the number of residents at risk of eviction. However, property managers have told us that they've worked hard to avoid eviction wherever possible; keeping paying renters in place remains the best outcome for all involved parties. As a result of their efforts—in addition to federal and state aid, the passage of eviction moratoriums, and the shutdown of courts during the initial wave of the crisis—countless evictions have been averted. However, the non-specific eviction bans passed in many areas, as well as the growing backlog of court cases, have made it difficult for property managers to follow through on issues with residents other than non-payment of rent; and this has been a source of great frustration in 2020.



## IN YOUR WORDS

“

**At this time, we certainly feel like we need to be much more understanding of our current tenants' financial situations.** We want to retain as many as our current tenants as possible, so we are being extremely flexible with rent payments. The application process is not so black-and-white anymore, because most applicants are not 'qualified.' We want our locals to have a place to call home. We are all holding on to some hope that businesses will safely reopen, offering our tenants the jobs they need to get by.

”

## Subsection 2C | Leasing in the Time of COVID-19

The [2020 leasing season](#) has been unusual by every measure. The season began with lockdowns in some of the biggest rental markets in the country, including New York City, San Francisco, and Boston. This resulted in record-low rates of leasing activity in March and April, creating pent-up demand for rentals when cities began to reopen in late spring, then gradually leveling off.

In May, property managers across the U.S. reported that COVID-19 initially had a much more negative impact on vacancies, with 45% saying that units were staying vacant longer than in a normal year. By August, however, just 28% reported a negative impact, with 49% saying that their vacancies lasted no longer than normal, and **17% saying they were actually filling units faster than usual.**

In addition, some longer vacancies were a result of property managers' efforts to keep their residents safe: 53% waited to show units until the previous residents had moved out.

But filling vacancies isn't just a question of finding renters who are interested in a unit—it also requires renters to prove their financial ability to pay their rent each month, in addition to charges like security deposits, broker fees, first and last month's rent, and moving costs. With millions of Americans out of work, this is no easy task; and as a result, 25% of property managers say that COVID-19 has had a negative impact on the number of qualified rental applicants. In response, 20% have required applicants to be pre-approved before they can schedule a showing; and 19% have raised their screening criteria to ensure that prospective residents have a steady source of income.

## The Transformation of Leasing Operations

Another novel challenge that property managers have faced in 2020 is the need to create a zero-touch resident experience. In order to bring the lead-to-lease process fully online, they've adopted technologies that may never have been on their radar in a normal year. Property managers who were already making use of online rental listings (used by 77% of property managers in 2020), rental applications (63%), and lease signing (52%) began to experiment with tools like virtual showings and 3D video tours (25%), in addition to self-service showings (15%).

The infusion of new technology into the leasing process has had beneficial effects all around, allowing tasks to be completed more efficiently as property managers, leasing agents, and current and prospective residents keep a safe distance from one another.

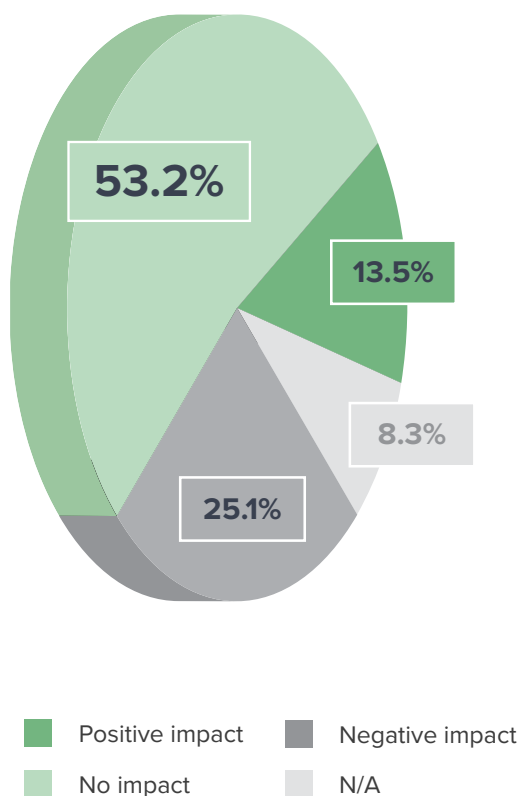
The renters we surveyed told us that they've appreciated their property managers' efforts to allow them to communicate, pay rent, sign documents, and take care of other rental processes from their homes.

**At the same time, property managers have unlocked new efficiencies *and* found ways to offer the same level of service as they did in person, convincing many of the benefits of leasing technologies even in a post-COVID-19 world.**

## How has the length of time that units stay vacant been impacted by COVID-19?

	Negative impact	No impact	Positive impact	N/A
August 2020	28.1%	49.3%	16.9%	5.7%
May 2020	44.7%	38.1%	10.2%	7.0%

## How has the number of qualified rental applicants been impacted by COVID-19?



## Which measures have you taken to fill vacancies in 2020?

Enabling online rental applications	61.3%
Implementing social distancing measures, conducting COVID-19 screenings, or requiring masks for showings	58.6%
Enabling digital lease signing	55.3%
Waiting to show units until previous residents have moved out	53.0%
Conducting virtual tours or adding videos to listings	44.8%
Providing keys in lockboxes for showings & move-ins	30.2%
Renovating or updating vacant units to be more competitive	29.2%
Advertising a 'zero-touch' leasing/ move-in process	25.3%
Expanding efforts to market vacancies	24.4%
Spacing out showings to allow time for disinfecting	24.2%
Enabling self-guided showings	21.6%
Requiring applicants to be pre-approved before showings	19.5%
Increasing screening criteria for prospective residents	18.8%
Lowering rents on new leases	10.7%





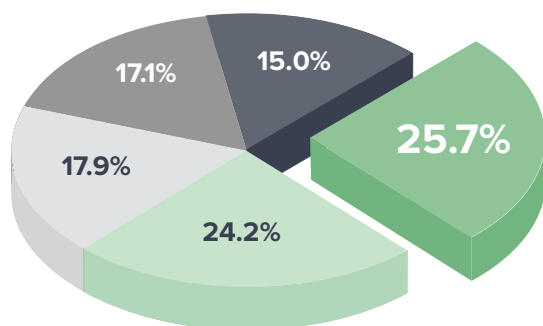
## Subsection 2D | Retaining Renters in Uncertain Times

One side effect of COVID-19 has been a marked decline in renters' certainty about their living situations. Many renters' plans to stay put or move out have been in flux as the impact of the pandemic and recession has evolved. Our survey has historically found that about 41% of renters plan on renewing their lease each year; but this year, just 26% of renters feel certain that they'll renew when their current lease ends. This leaves 74% of renters who may move out in the coming year, including 18% who don't want to leave their current rental, but are concerned about their ability to continue paying their rent. 24% of renters have no definite plans to move, but also haven't decided whether or not to renew; 17% have made plans to move to another rental; and 15% plan on buying a home in the next year.

In response to this uncertainty, property managers have been incredibly flexible. For residents whose moving plans were delayed by COVID-19, 56% of property managers allowed them to switch over to month-to-month leases, and 44% offered temporary lease extensions. For those whose moving plans changed, 30% of property managers allowed residents to break their leases without penalty, and 25% allowed residents to revoke their notice to move out. To encourage residents to sign a new lease, 53% of property managers kept rents flat for renewals; 27% offered shorter or more flexible lease options; and 15% offered concessions for longer lease terms or early renewal.

## RENTERS' SURVEY

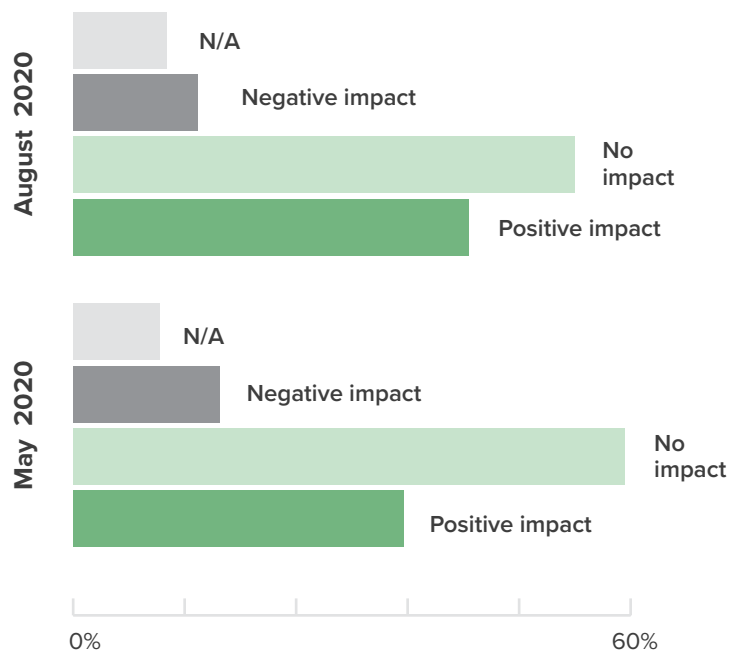
How likely are you to move in the next year?



- I plan on renewing my lease
- I am on the fence about moving
- I don't want to move, but am concerned about the cost of staying
- I plan on moving to another rental
- I plan on buying a home in the next year

## INDUSTRY SURVEY

How has COVID-19 impacted the number of residents who renew their leases?



Overall, though our survey found that residents feel less certain than ever about their living situations, **just 11% of property managers** felt that COVID-19 has had a negative impact on the number of renters who renew their leases.

45% reported that renewals had been unaffected by COVID-19; and as of August, 36% said that the number of renewals has been higher than in past years—up from 30% on our survey of property managers in May. This suggests that though renters feel a great deal of uncertainty regarding their future plans, this may not actually result in significantly higher turnover rates for the remainder of the year—particularly as COVID-19 complicates the leasing and move-in process.



## How COVID-19 Has Impacted Renters' Plans to Move

58% of renters told us that COVID-19 impacted their plans to move in 2020, whether they had originally considered moving, but ultimately decided not to (20%); are moving unexpectedly (15%); cancelled plans to move (14%); or delayed plans to move (9%).

To understand how renters' moving plans were impacted by the pandemic and recession, we divided up the data by generation. Here's what we found:

### Renters in their twenties, thirties, and forties are less certain about their plans for the coming year, between financial insecurity and dreams of homeownership.

- ◆ **24% of Generation Z renters** (born in 1997 or later) plan on renewing their current lease, in comparison with 39% a year ago. 19% of Generation Z renters—many of whom are students, recent grads, and entry-level workers—worry that financial insecurity will put them at risk of not being able to stay in their current rental. In addition, 26% are on the fence about whether to renew or move out; 18% already have plans to move to a different rental; and 13% plan on buying a home in the next year.
- ◆ **23% of Millennial renters** (born between 1981 and 1996) plan on renewing their current lease, in comparison with 35% a year ago. 17% of Millennial renters—a majority of whom are now in their thirties—plan on buying a home in the next year. 28% are on the fence about whether to renew or move out; 18% already have plans to move to a different rental; and 14% are concerned about their ability to afford their current rental in the near future.
- ◆ **24% of Generation X renters** (born between 1965 and 1980) plan on renewing their current lease, in comparison with 46% a year ago. 17% of Generation X renters—many of whom live with children and other family members—plan on buying a home in the next year. 22% worry that they won't be able to afford to stay in their current rental; 20% are on the fence about whether to stay or go; and 17% have plans to move to a different rental once their lease ends.

## RENTERS' SURVEY

## How Likely Each Generation is to Move in the Next Year

	Gen Z	Millennials	Gen X	Baby Boomers	Silent Generation	Renters Overall
I plan on renewing my lease	24.0%	23.3%	23.9%	36.8%	57.7%	25.8%
I am on the fence about moving to another rental or staying put	25.6%	27.7%	20.4%	20.1%	3.9%	24.3%
I plan on moving to another rental when my lease is up	18.2%	18.1%	17.3%	10.4%	19.2%	17.1%
I plan on buying a home next year	12.8%	17.1%	16.6%	9.0%	0.0%	14.9%
I don't want to move, but am concerned about my financial ability to stay in my current rental	19.4%	13.9%	21.8%	23.6%	19.2%	18.0%

### Older renters are more likely to plan on renewing their lease for another year, but many are concerned about their financial stability.

- ◆ **37% of Baby Boomer renters** (born between 1946 and 1964) plan on renewing their current lease, in comparison with 53% a year ago. Older renters have always been less likely to move around from year to year; and are also less likely to want the responsibility of owning and maintaining a home of their own. However, 10% of Baby Boomers have plans to move to a different rental when their current lease ends; and 9% are considering buying a home in the next year. An additional 24% of Baby Boomers—many of whom are living on fixed incomes—are concerned about their financial ability to stay in their current rental. 20% are still on the fence about whether to renew or move out.
- ◆ **58% of Silent Generation renters** (born in 1945 or earlier) plan on renewing their current lease, in comparison with 67% a year ago. Though this generation of renters is least likely to move out from year to year, the reality of living alone and on a fixed income during COVID-19 has left 19% concerned about their ability to afford their current rental in the future. 19% have plans to move to a different rental once their lease ends; and 4% are on the fence about whether to renew or move out. None plan on buying a home in the next year.

## IN THEIR WORDS

## How COVID-19 Has Impacted Each Generation's Attitude Toward Renting & Homeownership

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It has not changed how I view renting, but I might try to find a location that has better options of stores within walking distance instead of taking public transportation.

COVID-19 has made my income a little less stable, so I feel less inclined and less comfortable with moving out.

In the future, I will only rent at the lowest end of my budget.

I may need to rent somewhere bigger in the future to accommodate working from home.

I was planning on buying a home soon, but we both got sick and were down for over a month, so all our savings is gone.

The ability to work remotely has us considering buying a home not as close to the city in a place that's more affordable.

It makes me wish, more than ever, that I owned my own place. Renting during this time is making me feel more insecure than ever. I really have no idea how I will be able to pay all the back rent I owe.

	Generation Z
	Generation Y (Millennial)
	Generation X
	Baby Boomer
	Silent Generation

”

Renting seems the safer way to go, especially if big repairs pop up. We have owned and rented, and at this point prefer renting.

COVID-19 has galvanized my resolve to NOT buy an overpriced house.

I'm too old to worry about upkeep on my own home and property!

I will be looking for a more private area further away from the city.

Unstable income sources mean no commitment to long-term housing.

I have always rented, but may consider a roommate.

I can afford the rent. I like where I am. I have rented all my life.



## Where Renters Moved During COVID-19

Among the renters that we surveyed, 42% had moved or would soon be moving for reasons related to COVID-19. We dug into their decision to leave one rental for another and found that most often, renters moved in order to live with friends or family, to find a more affordable rental, or to live in a different area. Smaller numbers of renters moved to rentals with more space, better accommodations for working from home, or better conditions for social distancing. An additional 10% of renters hadn't moved out of the place that they rented, but were staying elsewhere due to COVID-19.

We were interested to see where residents who moved out during COVID-19 chose to go.

**We discovered that 41% of renters who moved during the pandemic chose to live in single-family rental properties.**

Single-family rentals have risen in popularity over the last decade, and this trend has accelerated during COVID-19: The number

of single-family renters in our annual survey has risen from 32% in 2018 and 2019, to 35% in the months prior to COVID-19, then to 38% in August 2020. We believe this illustrates renters' desire to live in lower-density properties and neighborhoods due to the pandemic, as well as their need for more space as they spend more time at home. Additionally, with 40% of renters stating that they'd prefer to own their own home but aren't in a position to buy a place right now, single-family rentals seem to present an appealing alternative to homeownership.



## RENTERS' SURVEY

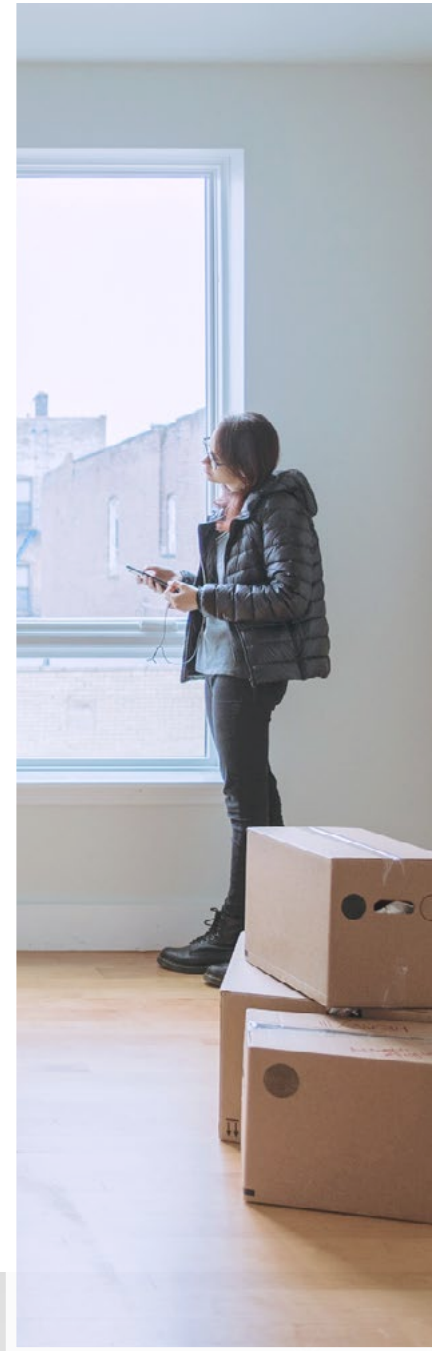
**How has COVID-19 impacted your living situation since March 2020?**

I still rent the same place, but am staying elsewhere	10.4%
I moved to a more affordable rental	9.8%
I moved to a different area	9.5%
I moved in with others for financial reasons	8.4%
I moved in with others for personal reasons	5.1%
I moved to a rental with more space	3.8%
I moved to a rental that's better for working from home	2.8%
I moved to a rental that's better for social distancing	2.6%
None of the above	47.8%

**We also noticed some movement between other property types:**

The number of renters living in multifamily homes (such as duplexes and triplexes) fell by 5 percentage points during COVID-19, likely influenced by residents' concerns over the spread of the virus in shared spaces.

The number of renters living in apartment buildings stayed steady during COVID-19; but we noticed a 5 percentage point drop that occurred between 2018 and 2020, with residents leaving large apartment buildings with more than 50 units, but not small or medium-sized ones.





## RENTERS' SURVEY

### What kind of rental property do you live in?

	2020: During COVID-19	2020: Pre-COVID-19	2019	2018
Single-family rental	38.3%	34.8%	31.9%	31.5%
Multifamily rental	17.4%	22.0%	19.1%	20.5%
Apartment building: <10 units	12.5%	15.0%	14.6%	12.8%
Apartment building: 11-50 units	12.7%	10.5%	13.8%	12.5%
Apartment building: >50 units	14.3%	13.7%	17.5%	19.3%
Mobile home/Other	4.8%	4.1%	3.1%	3.4%

The share of renters living in luxury housing also fell by 4 percentage points during COVID-19, likely reflecting the filtering-down of higher-income renters to Class B and C rentals due to financial insecurity. Many renters in our survey expressed a desire to live on the low end of their budget during a time of high unemployment. 49% of residents moving out of a luxury property during COVID-19 went to a non-luxury rental, including 21% who moved into subsidized or low-income housing. Meanwhile, the number of renters living in subsidized housing declined by 3 percentage points. This is likely a sign of housing instability among the lowest-income renters—a group that has been hit hard by COVID-19-related layoffs, and often has no savings to fall back on.

### Does the property where you live fall into any of the following categories?

	2020: During COVID-19	2020: Pre-COVID-19
Luxury housing	8.2%	11.6%
Military housing	4.1%	6.2%
Off-campus student housing	6.9%	13.4%
Rental located in an HOA	13.6%	20.7%
Senior housing	4.2%	5.0%
Subsidized housing	10.7%	13.6%
None of the above	59.8%	41.2%

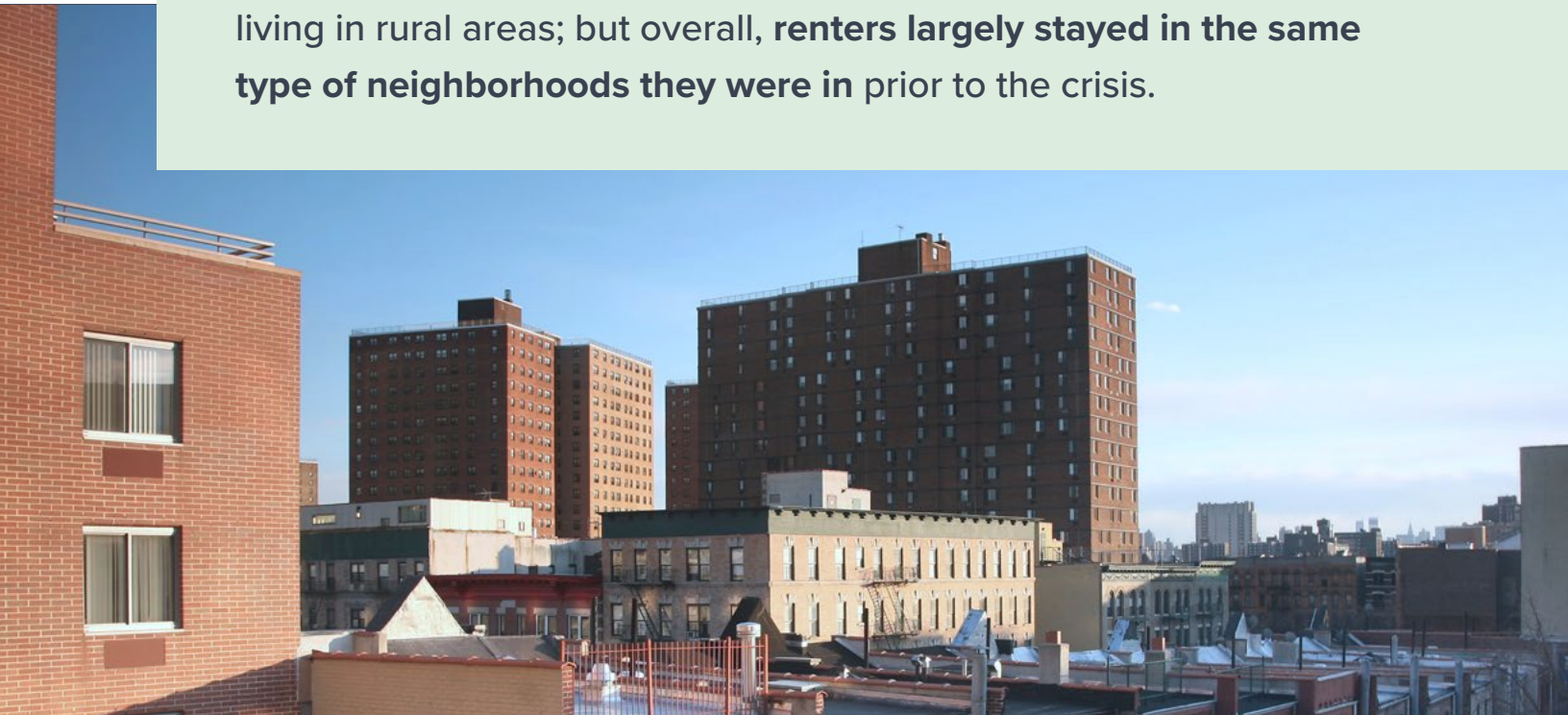


## What kind of neighborhood do you currently live in?

	2020: During COVID-19	2020: Pre-COVID-19
Urban	29.8%	31.1%
Suburban	51.5%	53.5%
Rural	18.8%	15.5%

We saw some evidence of residents favoring less dense neighborhoods during COVID-19. Among renters who lived in an urban neighborhood prior to their move, 30% moved to the suburbs, and 9% moved to a rural area. Meanwhile, 14% of residents who had lived in the suburbs prior to their move chose a more rural area, while 15% moved to the city. Lastly, among renters who already lived in a rural area prior to COVID-19, 27% moved to the suburbs, and 12% moved to the city.

In the end, this led to a small loss in renters from urban and suburban neighborhoods, and a 3 percentage point gain in renters living in rural areas; but overall, **renters largely stayed in the same type of neighborhoods they were in prior to the crisis.**



Lastly, we examined who renters moved in with during COVID-19. The biggest shifts were among younger renters leaving roommate arrangements to move in with significant others (7% of Generation Z renters and 4% of Millennial renters did so), and older renters moving to live by themselves (1.4% of Baby Boomers and 7% of Silent Generation renters did so). Overall, 13% of renters moved in with family, friends, or roommates due to COVID-19—8% for financial reasons, and 5% for personal reasons. In most cases, however, renters are living with the same people they were at the beginning of the year.

## RENTERS' SURVEY

### Who have you lived with since March 2020?

	2020: During COVID-19	2020: Pre-COVID-19
Significant other	41.0%	38.4%
Alone	22.7%	22.5%
Minor children	21.7%	20.8%
Roommates/friends	15.8%	18.6%
Parents	15.3%	14.6%
Adult children	8.0%	7.9%
Other relatives	7.6%	7.7%

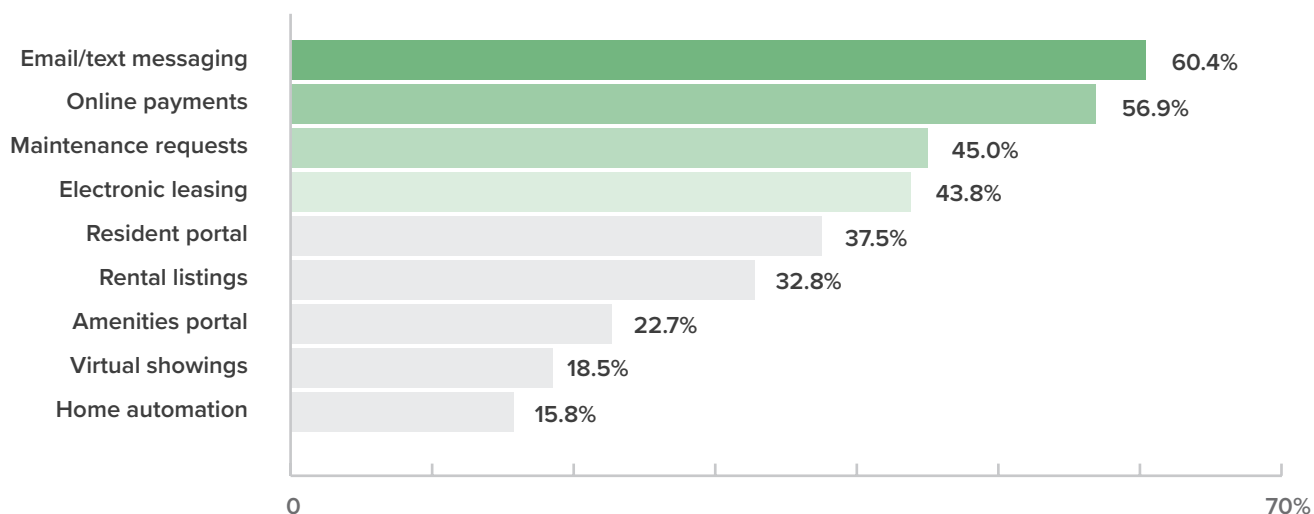


## Subsection 2E | Renters' Technology Preferences

Renters were incredibly consistent in the technologies they agreed are a necessity in 2020: Digital communications, electronic payments, online maintenance, electronic leasing, and a resident portal were the top 5 technologies identified by residents of all ages, apart from the very oldest renters.

### RENTERS' SURVEY

#### Which technologies are important to you as a renter?

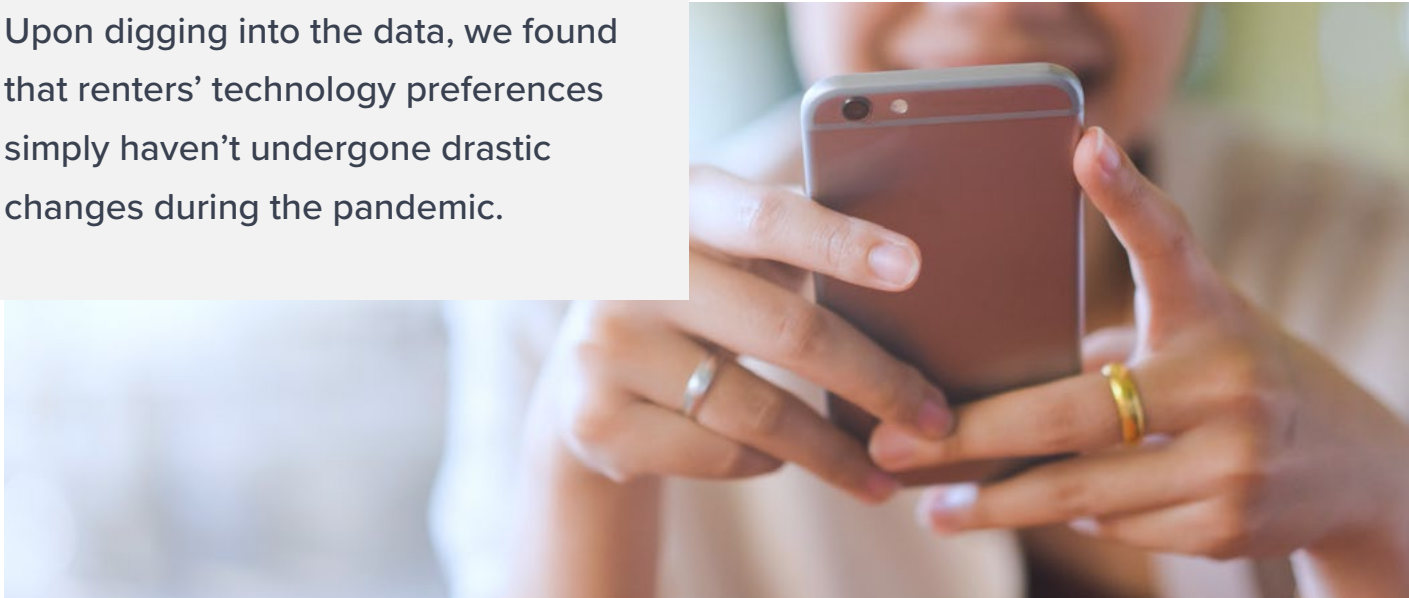


Beyond this, our findings on renters' technology preferences surprised us in 2020. We had expected to see demand rise dramatically for capabilities like online payments and electronic leasing. Instead, for each technology, we saw demand continue its slow upward trajectory or even stay flat, resembling a normal year.

How can this be? Upon digging into the data, we found that renters' technology preferences simply haven't undergone drastic changes during the pandemic. Those who paid their rent online prior to COVID-19 continued to do so, with a few new converts who found it easier to transfer money online than to put a check in the mail. Perhaps in the midst of so much uncertainty, residents gravitated to familiar habits.

**HIGHLIGHT**

Upon digging into the data, we found that renters' technology preferences simply haven't undergone drastic changes during the pandemic.



But what *did* change was renters' gratitude for property managers' use of technology in ways that made their lives easier and kept them safe. Over and over again in their survey responses, renters expressed their appreciation for property managers' availability and responsiveness during an incredibly stressful time. They understood that in adopting new technologies to bring processes like inspections and showings online, their property manager was doing what they could to ensure their residents' safety inside their homes.



## Communications

61% of renters want to be able to communicate with their property manager by email or text, making digital communications the most-requested technology across all five generations, from Generation Z to the Silent Generation. 64% of property managers already communicate with their residents via text or email. Renters' preference for digital communications has increased by 12% since 2017.



## IN THEIR WORDS

## Which Services Renters Have Appreciated Most During COVID-19

- 
- 
- “ I’ve appreciated my landlord’s communication via text the most. She’s easy to get a hold of even though she doesn’t need to be here in person.
  - “ Additional communication, cleaning, and contactless options for rent. Love our apartment manager.
  - “ The ability to pay rent online, and his quickness in responding to maintenance calls.
  - “ We highly value the contactless mail delivery services since our online ordering behavior has increased during the pandemic.
  - “ I have most appreciated being able to pay my rent online because I have not been living in the area since COVID-19 started.
  - “ When I renewed my lease, she just emailed me the electronic lease to sign and we talked on the phone. It was a much better way to stay in contact.

## Payments

Online payments were renters' second most-requested technology in 2020, with every age group (except the very oldest Silent Generation renters) expressing an equal desire to make payments electronically. Overall, 57% of residents said that the ability to pay rent online is important to them in 2020—a number that we had expected to be even higher during COVID-19. However, we noticed that the pandemic didn't have a dramatic impact on residents' preferences for paying rent—the issue of how to afford their rent seems to have outweighed the issue of how to *pay* their rent.

### RENTERS' SURVEY

#### What has your preferred method of paying rent been since March 2020?

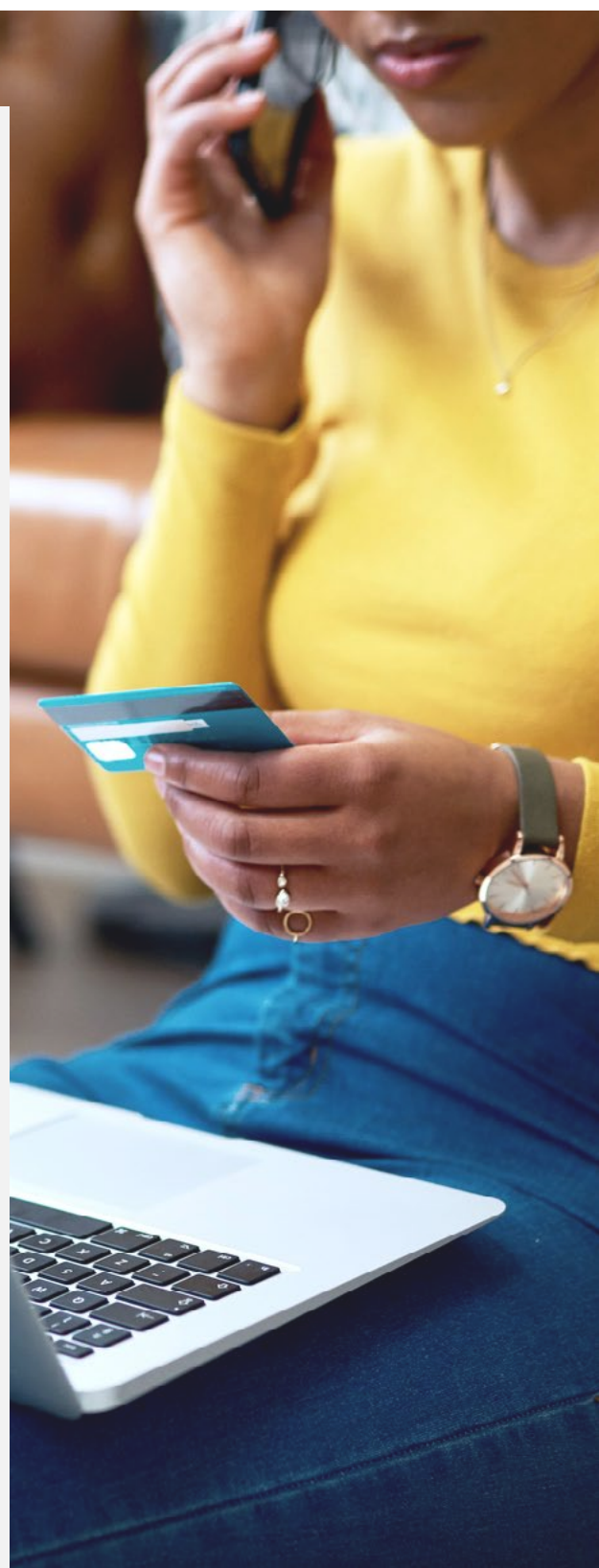
	2020: Pre-COVID-19	2020: During COVID-19
Check	26.2%	22.3%
Electronic bank transfer (e.g. Zelle)	16.9%	18.1%
Debit card	14.4%	15.1%
Cash	15.6%	14.0%
Credit card	7.2%	9.3%
App (e.g. Venmo)	7.0%	7.9%
Electronic payment (e.g. PayPal)	5.8%	6.9%
Money order or cashier's check	6.5%	6.1%
Retail store payment (e.g. PayNearMe)	0.5%	0.3%

Though the use of physical payment methods (like cash and checks) decreased, and electronic payment methods (like EBT and debit/credit cards) increased, the most variation that we saw was a 4 percentage point shift among renters who switched from checks to other payment methods. This underlines the importance of offering residents a variety of ways to pay their rent.



**Here's how renters' usage of top payment methods differs—before and after COVID-19, as well as by generation:**

- ◆ **Payments by check decreased from 26% to 22%** during COVID-19. However, checks remain older residents' preferred way to pay their rent. Residents may have simply switched from handing over checks in person to mailing them in during the pandemic.
- ◆ **Electronic bank transfers saw a nominal increase from 17% to 18%** during COVID-19, making this the second most popular method of paying rent. It's slightly more common among Baby Boomers and Millennials.
- ◆ **Payments by debit card saw a nominal increase from 14% to 15%** during COVID-19. It's the third most common way that residents pay their rent, particularly among Generation Z renters.
- ◆ **Payments by cash decreased from 16% to 14%** during COVID-19. Generation Z, Baby Boomer, and Silent Generation renters are slightly more likely to pay in cash.
- ◆ **Payments by credit card increased from 7% to 9%** during COVID-19. This payment method is most common among Generation Z and Millennial renters; and the small uptick in the usage of credit cards for rent is one illustration of residents' difficulty in paying their rent during the crisis. Overall, 14% of residents reported charging their rent to a credit card because they couldn't cover the full amount.



## Leasing

Prior to 2020, renters' preference for online leasing capabilities was a matter of convenience. However, during COVID-19, it became an urgently needed safety measure for every participant in the leasing process, from prospective and current residents to property managers and leasing agents. Generation Z, Millennial, and Generation X renters cared most about the availability of rental technologies, which is both a reflection of younger generations' stronger preference for technology, as well as their higher likelihood of moving.

Among renters who moved in 2020:

- ◆ 51% of renters want to be able to **sign leases online**, and 52% of property managers offer this technology
- ◆ 32% of renters want to be able to **search and apply for a rental online**; and 77% of property managers offer online rental listings, while 63% offer electronic rental applications
- ◆ 21% of renters want to be able to **tour apartments virtually**; and 25% of property managers offer virtual or 360° tours, while 15% provide a self-service showings coordinator



## Maintenance

45% of renters would like to be able to file maintenance requests online—a number that has stayed steady over the four years that we've been tracking renters' technology preferences. It's also relatively stable between generations, with electronic maintenance requests ranking as the third-most requested technology among every age group but the oldest Silent Generation renters. 54% of property managers provide online maintenance ticketing systems for their residents.

## Other Rental Technologies

Among the other technological capabilities that we surveyed renters about:

- ◆ 38% of renters would like to have access to a **resident portal** for online payments, communications, maintenance requests, and other capabilities—particularly Generation Z, Millennial, and Generation X renters. 71% of property managers offer this technology in 2020—an increase of 12 percentage points since 2018.
- ◆ 23% of renters would like to have access to an **amenities portal** to book time slots for shared amenities and pay for the services they use. Generation Z, Millennial, and Generation X renters are more interested in this technology than older renters. Only 5% of property managers currently offer an amenities portal, though the ability to book shared amenities has become increasingly important during COVID-19, especially for large apartment buildings.
- ◆ 16% of renters would like to have access to **home automation technologies**, particularly Millennials; and as of 2019, 8% of property managers reported that smart home devices were present in at least some of the rentals they managed. Interest in this technology has decreased by 7 percentage points over the last year, likely as the recession has made residents more sensitive to amenities that would require them to pay higher rents.

### Resident Technologies Property Managers Offer in 2020

Electronic payments	77.4%
Online property listings	77.0%
Tenant screening	75.5%
Resident portal	71.2%
Document signing, sharing & storage	68.0%
Digital communications (e.g. text & email)	64.2%
Electronic rental applications	62.8%
Online maintenance ticketing	54.3%
Electronic leasing	52.0%
Utility management & billing	27.1%
Virtual/360° tours	25.3%
Self-service showings coordinator	15.0%
Amenity booking tools	4.7%



## SECTION THREE

# How Property Managers Have Worked with Owners in 2020

## Introduction | Why Owners Need Property Managers Now More Than Ever

44% of property managers believe that their clients view their services as more valuable during the COVID-19 pandemic and financial crisis.

Why is this the case? First: As the COVID-19 crisis deepened, rental owners realized the value of property managers' experience in working with residents to collect rents. With tens of millions of Americans unemployed, property managers devised collections strategies that balanced renters' and owners' financial needs, often on a case-by-case basis. Their efforts have sustained rent payment rates at a surprisingly high level throughout the crisis.

### OWNERS' SURVEY

#### Which factors motivate you to work with a property manager?

Distance	66.8%
Maintenance	45.6%
Residents	42.3%
Regulations	24.1%
Profitability	18.3%
Growth	8.3%

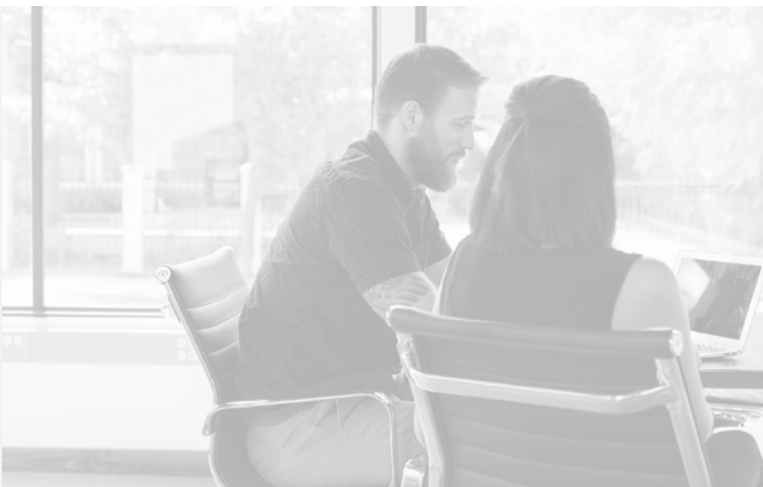
### HIGHLIGHT

Between 2019 and 2020, the number of rental owners who **hired a property manager due to a lack of desire or expertise to manage residents** climbed from 11% to 42%.

Second: Property managers are helping rental owners navigate a legal landscape that's grown significantly more complex during COVID-19. Prior to the current crisis, property managers were under pressure to prove to DIY landlords that the services they provide can't be replaced with an app. But in recent years, increasing regulations in the rental market have made running a property more difficult than ever—and this trend has accelerated during COVID-19, with legislators searching for ways to protect Americans' access to housing during the pandemic. Property managers' expertise in local laws grows more valuable with each passing year; and in 2020, 24% of rental owners agreed that regulations have made running their property on their own too complicated or risky, motivating them to seek a property manager's help.







**Third: COVID-19 has both increased the costs of running a rental property, and slowed the potential for rent growth. As the number of rental owners relying on rental property for income increases, they're realizing the critical difference that an expert can make in increasing a property's profitability, particularly when cap rates are compressed.**

In addition, with 67% of rental owners seeking a property manager's help because they don't live near their property, property managers have leveraged their expertise to help owners understand the opportunities available in their local market, as well as the challenges endemic to the area. Overall, the number of rental owners who sought an expert's help in increasing their rental properties' profitability has risen by 6 percentage points since 2019.



## IN YOUR WORDS

**How Property Managers Feel Their Value Has Been Proven During COVID-19**

-  I believe that the current situation has highlighted our value as property managers. By being proactive in our communication and working positively with tenants and owners, we have seen very few tenants not be able to pay their rent. Staying up-to-date on current laws and communicating those clearly to owners and the public has made us a trusted source for information in the community.
-  One interesting aspect of management is its resiliency during recessions or economic downturns. The pandemic and accompanying government response is only furthering that, as private owners are not knowledgeable enough to navigate the increased regulation, nor deal effectively with residents who are experiencing hardship. This better positions us for growth and provides value and education to both owners and residents.
-  I believe the overall goal of property management is much more clearly defined now. The day-to-day operations and work orders have been pushed aside by the necessity of a good property manager to handle the property owner's greatest asset. The difference between a successful and a non-successful investment falls on the shoulders of the property manager.
-  I feel that property management services are needed more now than ever. Those owners that self-manage are not always 'in the know' and now seek the legal and professional management to secure profitability.
-  I believe this is the best time to show I am the expert in my area that can help clients profit, have long-term occupancy, and preserve their properties.
-  I think more private landlords will hire professional property management companies in order to stay on top of new legislation.



## Subsection 3A | How Property Managers' Services Have Shifted in Response to Owners' Needs

Here are the trends that we discovered in the services that rental owners want, as well as those that property managers provide:

- ◆ The number of rental owners who want their property managers to provide any given service has increased by an average of 11 percentage points since 2019, giving property managers a golden opportunity to expand their services in 2020 and beyond. The services that saw the biggest jumps in demand over the last year were financial reporting; construction and renovation; accounting, bookkeeping, and tax preparation; cleaning; purchasing, selling, or brokering property sales; property inspections; and rent and fee collection.
- ◆ Between 2017 and 2020, the number of property managers providing any given service rose by an average of 17 points as they sought to outperform their competition and create new sources of revenue.
- ◆ The 5 most common services that property managers added to their offerings over the last year were cleaning, construction and renovation, insurance services, legal advice, and outdoor services. The number of property managers providing these services increased by an average of 6 percentage points since 2019.
- ◆ The services that rental owners want most in 2020 reflect the processes that have become increasingly taxing and complex during COVID-19. The most-requested services this year were rent and fee collection; maintenance and repairs; evictions; leasing properties and marketing vacancies; and property inspections.

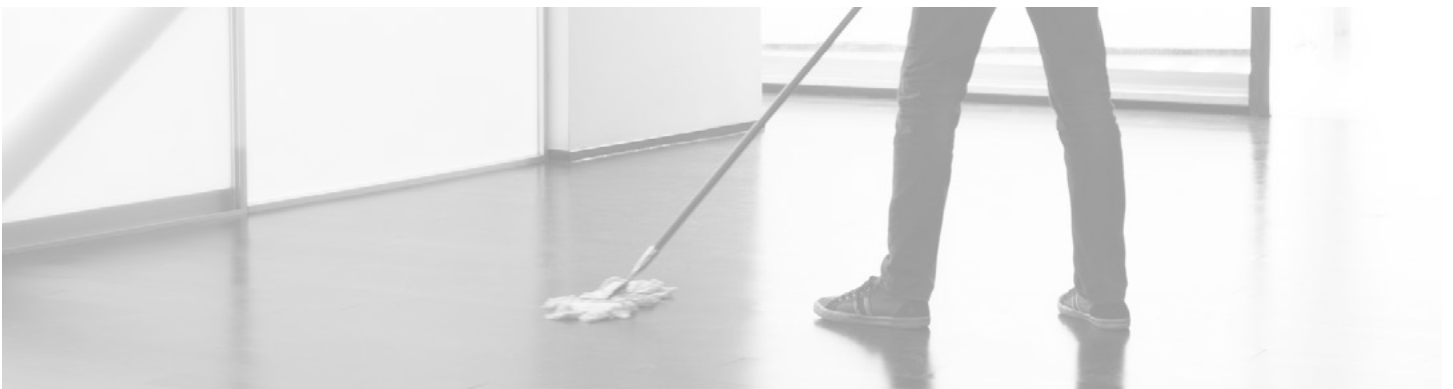
### HIGHLIGHT

The number of rental owners who want their property managers to provide any given service has **increased by an average of 11 percentage points since 2019.**

## OWNERS' SURVEY

## Which services would you like a property manager to provide?

	Owners Who Want Each Service		Property Managers Who Provide Each Service	
	2020	2019	2020	2019
Rent collection	90.0%	78.2%	81.6%	80.1%
Maintenance	81.2%	75.6%	83.5%	80.4%
Evictions	77.4%	67.2%	71.9%	68.4%
Leasing/marketing	69.0%	68.6%	76.9%	77.3%
Property inspections	67.4%	55.2%	75.6%	73.9%
Cleaning	55.2%	41.9%	70.4%	62.2%
Accounting/bookkeeping/taxes	44.8%	30.5%	55.3%	57.1%
Construction/renovation	37.2%	23.0%	55.8%	47.6%
Financial reporting/benchmarking	36.8%	14.0%	47.2%	54.8%
Outdoor services	32.6%	25.3%	57.7%	52.3%
Legal advice	31.0%	21.5%	16.7%	12.5%
Property sales	20.9%	7.6%	53.8%	52.5%
Financial/investment advice	16.7%	8.1%	24.5%	22.1%
Interior design/staging	15.1%	4.9%	14.5%	12.9%
Insurance services	11.7%	6.7%	20.5%	15.3%



## OWNERS' SURVEY

**Which rental processes would you like your property manager to handle digitally?**

Payments	79.0%
Communications	74.1%
Rental applications	72.8%
Maintenance requests	71.4%
Rental listings	71.0%
Tenant screening	70.1%
Lease signing	68.8%
Financial reporting	63.4%
Property inspections	56.3%
Document sharing	53.1%
Property accounting	53.1%
Virtual showings	51.8%
Business analytics	32.6%
Tax preparation	26.8%

We also noticed a shift in rental owners' expectations for how property managers use technology during 2020—particularly when it comes to financial reporting, analytics, and communication.

One rental owner said, **“Go fully digital. Let me look at the numbers and run reports. Give me a dashboard and tools like I get from my bank or investment manager.”** Many echoed this desire for financial reports that they can access on-demand, without needing to ask their property manager. Others asked for regular updates on local market fundamentals and regulatory changes to inform their decision-making and assess how their properties are doing.



## New Client Services Property Managers Are Offering to Generate Revenue

### IN YOUR WORDS

- “ We have been offering to meet at properties that owners might be interested in and walking through with them to address all aspects, from potential rents to maintenance and safety issues.
- “ We have increased our insurance referrals and have been intentional about making sure our owners and tenants have insurance.
- “ We offer collection services for owners who are owed back rent and damages.
- “ State law prohibits a real estate broker from giving legal advice, but I have many attorneys that provide legal service to my clients [for a referral fee].
- “ We pay all of the expenses, HOA dues, insurance, and property taxes [for a fee].
- “ We really utilized the Buildium bill pay and accounting services this year. The bill markup was a HUGE help.



## How Rental Owners Expect Property Managers to Leverage Technology in 2020

### IN THEIR WORDS

- Be extremely responsive. Tell the owner if the rental rates are right for the local market, and, if not, what needs adjusting. Provide a software dashboard that allows the owner to see what the income and expenses are all the time.
- Weekly/monthly reports on proposed laws affecting landlords and assistance programs available to tenants.
- Go digital. I wish I could log into his website and see my monthly report with a year-to-date feature that will save a lot of time spent on taxes.
- Maintenance issues all on a digital portal with quicker responses so that tenants are happier with the follow-up. No more wondering if something is done or still needs to be done.
- Easy online view of monthly transactions. We should be able to view transactions for different time periods without need for emailing the team each time.



## How Owners' & Investors' Outlook on the Rental Market Has Changed in 2020

Rental owners are as interested in growth as they were a year ago—which is to say, most are not interested in acquiring more properties; but those who are have not been dissuaded by the current crisis.

30% of rental owners are actively growing their portfolios—a number that remains unchanged from 2019, and has only fallen by 2 percentage points since 2018. Segmenting these numbers by investor type reveals clear differences in rental owners' growth outlook:

- ◆ **Intentional Investors purchased rental property as an investment from the start.** 40% plan to grow their portfolios in the next two years, which is unchanged from 2019, even though 30% of Intentional Investors reported that COVID-19 had had a negative impact on the rate at which they're growing their portfolios.
- ◆ **Accidental Landlords fell into rental property ownership due to circumstance—for example, some rent out a property that they inherited.** They have always been unlikely to want to acquire more properties; and 38% say that they're just waiting for a good time to sell their current rentals. As a result, it's not surprising that only 6% plan to grow in the next two years, though this represents an increase of 3 percentage points over the last year.
- ◆ **Unintentional Investors fell into rental property ownership due to circumstance, then began to see their properties as an investment.** This group saw the biggest change in their growth plans: In 2019, 47% planned to grow—8 percentage points higher than the number of Intentional Investors who planned on acquiring new properties last year. But in 2020, only 38% plan to grow. Unintentional Investors may be more easily spooked by a volatile market, and are less likely to be full-time investors relying on an active stream of rental income. As a result, they may be more likely to adopt a “wait and see” mindset when the market seems to be shifting.



## OWNERS' SURVEY

**Do you expect to expand your rental property portfolio over the next 2 years?***By Investor Type*

- ☒ I have recently acquired new rental properties or plan to in the near future
- ☐ I am focused on managing the properties I already have or am not interested in acquiring more

	2020	2019	2018
<b>Accidental Landlords</b>	5.7%	2.7%	4.4%
	94.3%	97.3%	95.6%
<b>Unintentional Investors</b>	37.5%	46.9%	41.0%
	62.5%	53.1%	59.0%
<b>Intentional Investors</b>	40.2%	39.1%	45.8%
	59.8%	60.9%	54.2%
<b>Rental Owners Overall</b>	29.6%	29.7%	31.7%
	70.4%	70.3%	68.3%



## OWNERS' SURVEY

**Why do you own rental property?** *by Investor Type***Accidental Landlords**

	2020	2019	2018
Waiting for a good time to sell	37.8%	31.1%	33.1%
Passive stream of income	34.7%	13.5%	16.7%
To move into eventually	18.1%	16.9%	12.5%
Active stream of income	16.5%	19.6%	25.8%
For sentimental reasons	12.6%	35.1%	24.9%
To make available to family/friends	7.1%	7.4%	3.4%

**Unintentional Investors**

	2020	2019	2018
Passive stream of income	60.0%	35.8%	38.1%
Active stream of income	32.2%	45.7%	46.4%
For sentimental reasons	16.7%	19.8%	13.7%
To move into eventually	12.2%	14.8%	9.5%
To make available to family/friends	11.1%	7.4%	4.8%
Waiting for a good time to sell	11.1%	11.1%	14.3%

**Intentional Investors**

	2020	2019	2018
Active stream of income	55.2%	66.0%	63.2%
Passive stream of income	50.5%	32.3%	36.5%
To move into eventually	12.7%	5.4%	8.8%
To make available to family/friends	9.9%	3.2%	6.0%
Waiting for a good time to sell	6.6%	8.2%	5.0%
For sentimental reasons	1.9%	3.6%	3.5%



## A Shift in How Owners View Their Properties

We've noticed an interesting shift over the last year: More and more owners are thinking of their rental properties as investments—including Accidental Landlords. In examining rental owners' reasons for owning rental property, in the last year alone, we noticed a 23 percentage point drop in the number of Accidental Landlords who are holding onto property for sentimental reasons. At the same time, there was a 21 percentage point increase in the number who own rental property as a passive source of income. Simultaneously, the number of Accidental Landlords who are renting out their property while they wait for a good time to sell rose to an all-time high of 38%.

What does this mean? After many Accidental Landlords sold their properties over the last few years, it seems that there are two groups of Accidental Landlords remaining in the rental market. One group is composed of true Accidental Landlords: those who own rental property for circumstantial or sentimental reasons, and are waiting for the right time to sell. The other group is essentially indistinguishable from Unintentional Investors: those who didn't set out to invest in rental property, but have decided to rent out a home they acquired for the passive income it provides.

This is a trend that we've noticed among rental owners of all kinds in 2020: Over the last year, the number of owners who say they own rental property as a *passive* stream of income rose by 20 percentage points, at the same time as the number who own property as an *active* source of income fell by 8 points. This seismic shift occurred across all three investor types.

What's behind this sea change? The COVID-19 crisis may have provided a stark reminder that rent payments are subject to the same fluctuations as the rest of the economy during a recession. Rental owners who rely entirely on monthly rent payments to meet their own obligations may have realized the need to diversify their income sources to be able to weather uncertain times. Many property managers told us that COVID-19 reminded their clients of the importance of emergency funds, whether they're used for situations like we've encountered in recent months, or for unanticipated repairs on their properties.

All in all, we believe that the owners who stay in the game after the difficulties they've encountered in 2020 will act more like investors than ever. The constant updates that COVID-19 has required have raised owners' expectations for communicating with their property manager.

They want to know who's paid and how much has been spent at each property right away, rather than waiting to receive a report after the month has ended.

Property managers can attract and retain owner clients in 2021 and beyond by keeping them apprised of local market conditions, regulatory changes, and—when necessary—financial assistance programs for themselves and their residents.

**When rental owners trust that their property manager is on top of the latest changes and is doing everything they can to keep their properties running safely, legally, and profitably, they're much more likely to choose to grow with them in the future.**

As one rental owner put it, "It helps to have a level of earned mutual trust with my property management team. I rest assured that my property manager knows me well enough to help me weather this storm, protect my interests, and maintain quality services to the best of their ability."

## SECTION FOUR

# How Property Managers' Business Operations Have Evolved in 2020

The work of property management isn't getting done in the same way it was at the beginning of the year. 69% of property managers are on teams where at least one person is working remotely. 60% closed their offices to visitors. 45% suspended non-emergency maintenance work. 25% adopted a zero-touch leasing process.








As a result of these widespread changes, property managers, their residents, and their clients have had the same realization all at once: With the right technologies in place, digital interactions and transactions can be just as effective as those that take place in person—and sometimes, **the benefits of doing business online far outweigh the challenges.**

Property managers are finding ways to increase their efficiency and connect with their coworkers, residents, and clients as they work outside of the office. Residents are loving the convenience of virtual tours, online payments, and electronic leasing. Rental owners have appreciated hearing from their property managers more often with updates on their properties, their local market, and the regulatory changes that affect them.

Property managers are now advertising their ability to conduct business fully online for clients and residents alike. Above all, they're realizing that even when a global pandemic is no longer a primary concern, they don't want to revert back to the way things were in many regards.

### IN YOUR WORDS

## How COVID-19 Has Changed the Way Property Managers Do Business

-  I am marketing my ability to conduct business via technology. Clients can stay apprised of their properties from vacation or quarantine with ease.
-  It has given us the ability to communicate with our residents on a regular basis, which has helped our overall relationships with them. It all falls into place: more communication + better relationships with tenants = regular payments and renewed leases.
-  It's making touchless, no-personal-contact technologies acceptable to renters. We're renting units now where we never see the client. With remote lock access and phone apps, we can literally rent a place in a few minutes while the prospect is there looking at it in a self-showing.
-  It has been proven that we can think outside the box and perform more of our jobs from home and online, without having to go into a structured place of employment.
-  I am making a point to advertise my ability to conduct business via technology and no need to come to the office.
-  The pandemic has pushed management companies to prioritize, develop, and utilize technology that enables us to conduct business remotely.
-  We used to have **EVERYONE** follow the same policies. Now, we may negotiate what works best for each client and tenant.



## Subsection 4A | Technology & Efficiency

Between 2017 and 2019, 'efficiency' and 'growth' fought it out for first and second place on property managers' lists of priorities. But in 2020, the number of property managers who selected 'efficiency' as one of their top 3 priorities fell by 11 percentage points, causing it to drop into third place—below 'residents,' which had risen 7 spots since 2019.

In the past, we've thought of 'efficiency' as a proxy for 'technology': When property managers place efficiency high on their list of priorities, it's tended to motivate them to adopt new tools to streamline and automate business processes.

But perhaps, in 2020, efficiency is now a side benefit of technology adoption, rather than a goal in and of itself. Instead, **technology has become a necessity for connecting with clients, residents, and staff** when they can't be in the same room.

### The Technologies Property Managers Use in 2020

Property management software	81.8%
Electronic payments	77.4%
Online property listings	77.0%
Tenant screening	75.5%
Resident portal	71.2%
Document signing, sharing & storage	68.0%
Digital communications (e.g. text & email)	64.2%
Client portal	64.1%
Property accounting	63.1%
Electronic rental applications	62.8%
Online maintenance ticketing	54.3%
Electronic leasing	52.0%
Property inspection tools	37.6%
Utility management & billing	27.1%
Project management tools	26.6%
Virtual/360° tours	25.3%
Videoconferencing	23.7%
CRM software	19.8%
Business analytics	16.7%
Self-service showings coordinator	15.0%
Amenity booking tools	4.7%

As a result, property managers have digitized cumbersome tasks that they now realize technology could have expedited a long time ago. More than two-thirds of property managers have now adopted property management software, electronic payments, online rental listings, tenant screening, a resident portal, and document sharing. For property managers who already had many of these technologies in place, it was just a matter of connecting the dots with tools for videoconferencing, project management, remote property inspections, virtual tours, and showings coordination—all of which rose in popularity in 2020. Many expect to keep these technologies in place for the foreseeable future.

## Staff & Remote Work

Businesses across the country had worried about the effect that full-time remote work would have on their teams—and property managers were no different. In an industry that's always prided itself on face-to-face contact, it was initially hard to imagine how all of the different components of property managers' day-to-day jobs could be accomplished online.

### INDUSTRY SURVEY

#### Which measures have you taken to safely manage your team in 2020?

Allowing employees to work remotely	69.1%
Closing office to in-person or drop-in visitors	59.8%
Allowing employees to decline tasks if they don't feel safe	58.8%
Supplying employees with personal protective equipment	43.3%
Physically separating employees within the office	27.3%
Shifting employees' responsibilities in line with current needs	20.2%
Staggering schedules to reduce interactions between employees	16.4%
Conducting COVID-19 screenings for employees	12.2%
Reducing employees' hours	11.7%

## HIGHLIGHT

**More than two-thirds of property managers** have now adopted property management software, electronic payments, online rental listings, tenant screening, a resident portal, and document sharing.

But of course, property managers made it work—and they kept making improvements to their process as time went on. Back in May, 21% of property managers said that working remotely had actually made their team *more* efficient and effective than before, and had also boosted morale. By August, that number had risen to 27%—and the number who reported that it had had a negative impact on their team decreased to 18%. A majority of property managers reported that working remotely hadn't had any impact on their effectiveness, efficiency, or morale—they found that they could do their jobs just as well from home as from the office.

## Communication

Property managers are communicating with their residents, clients, and staff more than ever before—and this is a major way that they're infusing a human touch into their business processes, even as they're conducted online. To do so, they're leveraging capabilities like email, texting, videoconferencing, and instant messaging; as well as increasing their use of online portals to give residents and clients more self-service access.

At its heart, this increase in communication represents a shift in the relationship that property managers have with their customers: More than ever, they see themselves as skilled liaisons working collaboratively with residents and rental owners to find solutions that leave everyone in a better place.

During COVID-19, property managers needed to run information past rental owners far more often than in the past—from finding out whether their properties were covered by the provisions of the CARES Act, to getting their approval on payment plans for struggling renters. 73% of property managers reported that they'd advised owners on payment plans, rents, and concessions; 69% kept owners apprised of rental market conditions and regulatory changes; and 45% communicated with owners more frequently about KPIs and incoming payments during COVID-19.

With their clients eager for up-to-date information on incoming rent payments, vacancies, regulatory changes, and how their properties compare to the competition, many property managers decided to send weekly updates by email. Clients responded positively to this increase in communication, with many expressing a desire for a regular cadence of property and market updates going forward.

Simultaneously, property managers found themselves needing to speak with their residents more often—from building safety updates, to individual communications about their financial situations. With residents'

anxiety at an all-time high about their ability to make rent payments, property management teams took on the task of working out payment plans for each person who was struggling, getting to know their residents better in the process. 68% of property managers reported communicating with residents more frequently about their financial situations during COVID-19; and 60% worked out payment plans for a portion of their renters.

49% of property managers also put in extra legwork to connect their residents with local aid resources; and 21% helped residents fill out forms for government assistance.

One property manager told us, “I feel as if right now, I am definitely the **on-site psychologist, mentor, and leader, more so than before the pandemic.** I always try to maintain a great relationship with my residents, and I feel that during the pandemic, they were able to see that I really care about them and their family's needs.”



“

## IN YOUR WORDS

- 💬 I actually think COVID-19 has had a positive impact, in that clients are not so demanding of instant answers. Residents also understand this. They understand that life is happening and impacts everyone. People seem to be more empathetic to everyone else.
- 💬 I have always felt I played a vital role in the association, and the pandemic has not changed that; it just changed the way I accomplish tasks, and made me aware of how important it is to be able to relay information quickly in order to keep owners and staff healthy.
- 💬 The biggest change (which will be integrated into how we do things) is that we played an active role with tenants and landlords in making them aware of programs available to assist them through these difficult times.





## Maintenance, Inspections, Renovations & Cleaning

Maintaining properties during COVID-19 has presented both challenges and opportunities for property managers. When the pandemic first began, there was a great deal of uncertainty about how to handle maintenance and repairs: Should all non-emergency maintenance be delayed—and for how long? Should all projects be pushed off that would require workers to enter residents' units? With property revenues placed at risk by missing rent payments, would owners be able to afford necessary repairs? What about CapEx projects?

In the end, though 45% of property managers initially suspended non-emergency maintenance work, the protracted nature of the crisis has required a more measured approach. 57% of property managers have gone ahead with maintenance projects while doing what they could to keep everyone safe, including implementing social distancing measures, conducting COVID-19 screenings, and requiring personal protective equipment when entering residents' units. 56% allow vendors and employees to decline jobs if residents are sick, and 48% allow residents to decline non-emergency maintenance if they don't feel comfortable with workers entering their homes.



## INDUSTRY SURVEY

**Which measures have you taken to safely manage your properties in 2020?**

Enabling online maintenance requests	58.6%
Implementing social distancing measures, conducting COVID-19 screenings, or requiring personal protective equipment when entering units	57.4%
Allowing vendors/staff to decline maintenance jobs if residents are sick	55.7%
Having units professionally cleaned between tenants	54.2%
Allowing residents to decline non-emergency maintenance	47.5%
Suspending non-emergency maintenance work	44.8%
Adapting properties to be as 'zero-touch' as possible	40.0%
Cleaning high-traffic areas on a regular basis	34.6%
Distributing safety information on flyers or by email	27.1%
Allowing residents to complete property condition reports	26.6%
Limiting traffic in common areas/amenities	19.2%
Providing masks or disinfectant to residents	17.4%

## INDUSTRY SURVEY

**How has the efficiency, effectiveness & morale of your team been impacted by COVID-19?**




Team Morale, Efficiency & Effectiveness	Negative impact	No impact	Positive impact	N/A
August 2020	21.0%	44.7%	27.1%	7.2%
May 2020	24.9%	43.0%	25.7%	6.5%
<i>Efficiency &amp; Effectiveness</i>	21.4%	44.8%	26.7%	7.1%
<i>Morale</i>	28.3%	41.2%	24.7%	5.9%

*\*Note: Our August survey combined these two variables as one; so for comparison purposes, the May number represents an average of the two separate variables (morale, plus efficiency & effectiveness)*



## IN YOUR WORDS

**Maintenance, Inspections,  
Renovations & Cleaning**

-  Simple tasks have become more challenging. Something as simple as changing a light bulb requires COVID-19 screening and PPE to ensure employee and tenant safety. It takes many more steps to do the same tasks as before, although the number of requests seems to have gone down slightly.
-  We have always had our building professionally cleaned and maintained. We have added sanitizer stands in the building where needed. I personally interact with the tenants, and I feel everyone is in this together and we are all doing what we need to do to get through this pandemic.
-  My strategy is to provide the security tenants and owners are looking for by taking extra care in cleaning, using products safe for the environment, and continuing to offer activities that keep morale high.
-  I feel I play more of a protective role now than in the past. Especially for an older demographic community, I need to ensure procedures are in place to protect those most at risk.



Property inspections are another process that's required an update in the era of COVID-19. To avoid entering residents' units, 27% of property managers instead allowed renters to complete property condition reports, while others facilitated virtual walk-throughs. One property manager told us, "I kind of like the virtual walk-through instead of in-person. We will probably do this every 3 to 6 months. It's less intrusive to the renter, and less travel time for me. The renter knows exactly what I look for each time, so she sends photos, and the documentation is better this way, too."

An opportunity that some property managers have seized during COVID-19 has been creating in-house maintenance and renovation teams. In a time when many small businesses are struggling, maintenance and renovation projects have been a source of additional revenue for teams with these skill sets—especially as the number of rental owners who want their property manager to offer construction and renovation services increased by 14 percentage points in 2020.

With some vacancies taking longer to fill than usual, property managers have taken the chance to refinish or renovate units, improving their appeal to prospective renters and their ROI for rental owners.

Lastly, property management teams have been working overtime to prevent the spread of the virus within their properties, and to reassure residents that they're looking out for their safety. 54% have units professionally cleaned between tenants, and 24% have spaced out showings so they can clean units in between appointments. 35% clean high-traffic areas on a regular basis, with particular attention paid to areas like entrances and laundry rooms. 27% have distributed safety information to residents; 19% have limited traffic in common areas and amenities spaces; and 17% have provided masks or disinfectant to residents. All in all, the number of rental owners who want a property manager to provide cleaning as a service rose by 13 percentage points in the last year alone; and many property managers expect it to become a regular part of their job for the foreseeable future.

#### HIGHLIGHT

**In a time when many small businesses are struggling, maintenance and renovation projects have been a source of additional revenue for teams with these skill sets.**

## IN YOUR WORDS

## How Property Managers Are Generating Revenue Through Property Services

- 
- “
- For tenants, we are looking at offering regular home maintenance usually reserved for owners, such as lawn care for single-family homes and residential cleaning services.
  - We've added a cleaning crew, lawn care company, and carpet installer to our team of vendors.
  - We started an AC filter service with monthly mailed filters. We make a small profit from the service.
  - We are exploring the options of more regularly scheduled home maintenance to increase revenues from owners, such as annual gutter cleanings.
  - We have an in-house design team to help clients update rental homes to maximize rent.
  - We offer loans with interest to help pay for large repairs.

## CONCLUSION

# How Do Property Managers Believe COVID-19 Will Change the Industry?

In closing: When we asked property managers what they foresee for the industry in the coming weeks, months, and years, here's what they had to say.

### How Property Managers' Industry Outlook Has Changed (Or Not) in 2020



I've been in this business for over 30 years and have gone through various recessions and economic cycles. The pandemic has made some difference; but for us personally, it really has not affected our cash flows. If anything, it serves as a reminder that we are stewards of our properties and that our renters are our customers. This is a service business, and we have built strong, respectful relationships with our residents.



My outlook hasn't changed. This industry has its ups and downs. No one could have predicted a pandemic, but no one predicts earthquakes, tornadoes, or hurricanes, either, and property managers weather those conditions, too.

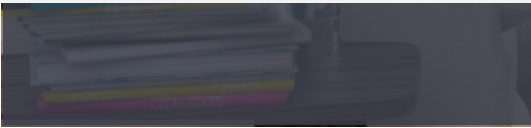


I feel the current climate will weed out the average and shine a spotlight on the great property managers. Not everyone is cut out for this job, but a lot of people got into it over the last several years thinking they could.





## How Property Managers' Industry Outlook Has Changed (Or Not) in 2020 *Continued*

- Property management is ever-changing, so the pandemic and recession are just new challenges. This is what makes this industry interesting.
  - The pandemic reminds us that there are good times and there are bad times. Use the good times to save money and prepare for bad times.
  - Property management is a relatively safe industry to work in. People will always need homes, and I believe that owners may have to give on rent growth in the short term, but there will be an eventual return to growth.
  - We'll weather the storm that is 2020. The pandemic has certainly had an impact on the portfolio (with owners retaking possession of their units, sales, and some self-management), but we anticipate a surge of interest in our service once we establish the new normal.
  - We plan on staying in this field for the long term. There is always something changing the face of our society and our profession, and we always need to learn to adapt and to treat our clients and owners as well as possible, working with them in difficult times. **There is nothing that we cannot get through.**
- 



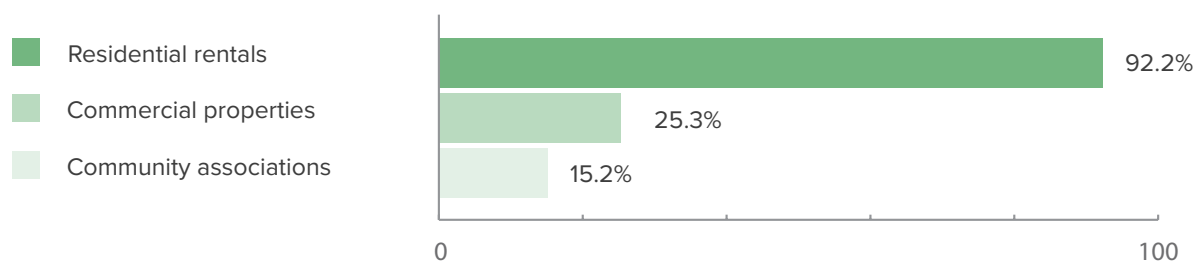


## APPENDIX | WHO OUR RESPONDENTS ARE

# Property Managers (August)

2,005 respondents

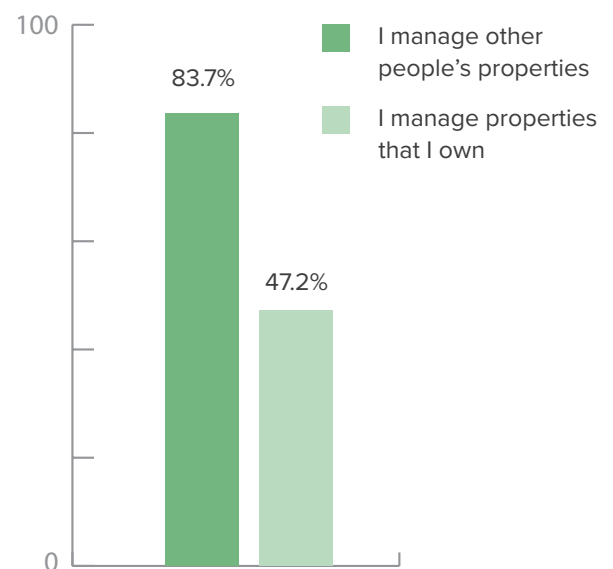
## Which categories of properties do you manage?



## Which types of residential rental property do you manage?

Single-family homes	69.0%
Multifamily homes (e.g. duplexes)	50.2%
Apartment buildings	46.4%
Condos or homeowners associations	31.2%
Low-income housing	15.6%
Luxury rentals	14.3%
Mobile homes	7.8%
Vacation rentals	7.4%
Student housing	6.7%
Senior housing	2.2%
Military housing	1.4%

## Do you manage properties you own, other people's properties, or both?



### In which metro area are a majority of your properties located? (Top 20)

1	Los Angeles, CA
2	Miami, FL
3	Chicago, IL
4	Dallas, TX
5	Atlanta, GA
6	Orlando, FL
7	Phoenix, AZ
8	Tampa, FL
9	Houston, TX
10	Seattle, WA
11	Denver, CO
12	Boston, MA
13	Austin, TX
14	Honolulu, HI
15	Sacramento, CA
16	San Diego, CA
17	Minneapolis, MN
18	Jacksonville, FL
19	Detroit, MI
20	New York, NY

### How many total units do you manage?

1 to 20 units	14.5%
21 to 40 units	14.8%
41 to 100 units	25.0%
<b>101 to 400 units</b>	<b>29.6%</b>
401 to 600 units	6.5%
601 to 1000 units	4.2%
1001 to 2500 units	3.6%
2501 to 5000 units	1.3%
More than 5000 units	0.5%

### How many full-time employees does your company have?

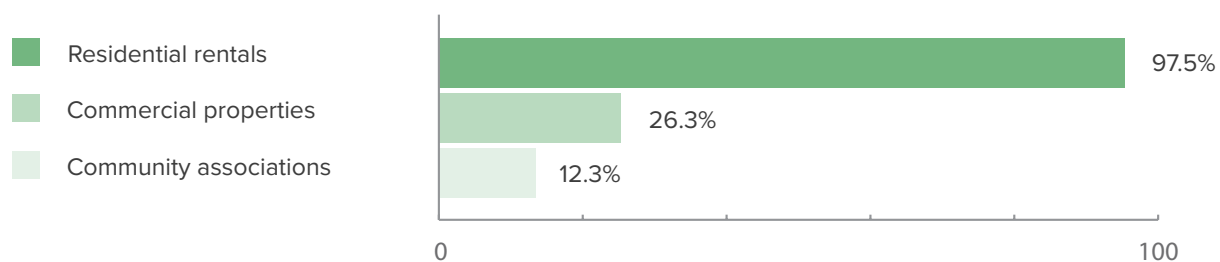
0 full-time employees	21.1%
<b>1 to 2 full-time employees</b>	<b>29.3%</b>
3 to 5 full-time employees	23.8%
6 to 10 full-time employees	11.9%
11 to 25 full-time employees	8.7%
26 to 50 full-time employees	2.2%
More than 50 full-time employees	3.0%

## APPENDIX | WHO OUR RESPONDENTS ARE

# Property Managers (May)

1,200 respondents

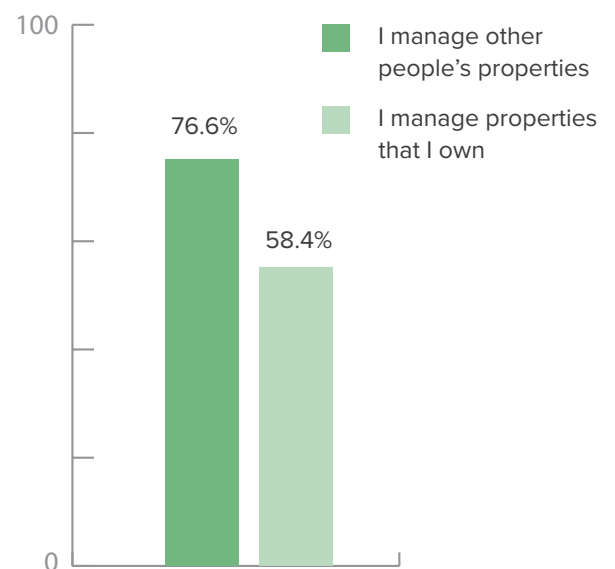
## Which categories of properties do you manage?



## Which types of residential rental property do you manage?

Single-family homes	71.6%
Multifamily homes (e.g. duplexes)	54.0%
Apartment buildings	45.5%
Condos or homeowners associations	29.4%
Low-income housing	20.7%
Luxury rentals	20.6%
Mobile homes	10.2%
Student housing	8.6%
Vacation rentals	8.5%
Senior housing	2.7%
Military housing	2.1%

## Do you manage properties you own, other people's properties, or both?



### In which metro area are a majority of your properties located? (Top 20)

1	Los Angeles, CA
2	Miami, FL
3	Chicago, IL
4	Dallas, TX
5	Atlanta, GA
6	Orlando, FL
7	Phoenix, AZ
8	Tampa, FL
9	Houston, TX
10	Seattle, WA
11	Denver, CO
12	Boston, MA
13	Austin, TX
14	Honolulu, HI
15	Sacramento, CA
16	San Diego, CA
17	Minneapolis, MN
18	Jacksonville, FL
19	Detroit, MI
20	New York, NY

### How many total units do you manage?

1 to 20 units	14.5%
21 to 40 units	14.8%
41 to 100 units	25.0%
<b>101 to 400 units</b>	<b>29.6%</b>
401 to 600 units	6.5%
601 to 1000 units	4.2%
1001 to 2500 units	3.6%
2501 to 5000 units	1.3%
More than 5000 units	0.5%

### How many full-time employees does your company have?

0 full-time employees	21.1%
<b>1 to 2 full-time employees</b>	<b>29.3%</b>
3 to 5 full-time employees	23.8%
6 to 10 full-time employees	11.9%
11 to 25 full-time employees	8.7%
26 to 50 full-time employees	2.2%
More than 50 full-time employees	3.0%

## Are you a member of the National Association of Residential Property Managers?

Yes, I'm a National, State, or Local NARPM® Member	32.8%
No, I'm not a NARPM® member	67.2%

### WHAT NARPM™ MEMBERS HAVE TO SAY ABOUT THE VALUE OF THEIR MEMBERSHIP

*"Access to resources and networking are the biggest benefits. I also believe it provides a seal of professionalism to those who are seeking a property manager. I believe it is a very good value for the cost."*

*"It's been a great resource. They are very good at keeping its members up-to-date with all the legislative changes."*

*"My local chapter/leadership are invaluable to me as a resource. They view each other as 'colleagues' and are trying to raise everyone's level of professionalism. They don't just see each other as 'competition'."*

*"NARPM is the best thing I've ever done for my career. The things I have learned and connections I have made are invaluable."*

*"NARPM is very valuable. When you realize that others have experienced the issue you are currently facing, it is very comforting. Members are very helpful and willing to provide information."*

*"NARPM is invaluable. It is THE go-to resource for property management."*

*"Over the years, I have benefitted from joining NARPM by receiving more referrals and obtaining my designation, proving that I know what I am doing in the field of property management. Also, by attending conventions and educational courses, I have met many wonderful new friends around the country."*

*"The value of my NARPM membership is priceless. I don't know how a PM could survive without being a NARPM member."*

*"It is a great resource to stay up-to-date with current regulations and keep abreast of what other managers are doing."*

*"I couldn't have navigated through the pandemic with my sanity without my NARPM family!"*



## APPENDIX | WHO OUR RESPONDENTS ARE

## Renters

1,302 respondents

## Which metro area do you live in?

(Top 20)

1	New York, NY
2	Los Angeles, CA
3	Dallas, TX
4	Boston, MA
5	Portland, OR
6	Houston, TX
7	Philadelphia, PA
8	San Diego, CA
9	Tampa, FL
10	Seattle, WA
11	San Francisco, CA
12	Chicago, IL
13	Phoenix, AZ
14	Atlanta, GA
15	Newark, NJ
16	San Jose, CA
17	Miami, FL
18	Pittsburgh, PA
19	Sacramento, CA
20	Minneapolis, MN

## What kind of rental property do you live in?

Single-family rental	38.3%
Multifamily rental	17.4%
Apartment building: >50 units	14.3%
Apartment building: 11-50 units	12.7%
Apartment building: <10 units	12.5%
Mobile home/Other	4.8%

## Does the property where you live fall into any of the following categories?

Rental located in a HOA	13.6%
Subsidized/low-income housing	10.7%
Luxury housing	8.2%
Off-campus student housing	6.9%
Senior housing	4.2%
Military housing	4.1%
None of the above	59.8%

## APPENDIX | WHO OUR RESPONDENTS ARE

# Renters *(continued)*

1,302 respondents

## What kind of neighborhood do you live in?

Urban	29.8%
Suburban	51.5%
Rural	18.8%

## What is the primary reason you rent?

I would prefer to own my home, but I'm not in a position to buy a place right now	40.4%
Renting is more affordable than buying in the area where I like to live	16.8%
I don't want the responsibility of owning and maintaining a home	13.7%
I feel my current rental meets my needs and don't want to deal with the hassle of moving	12.2%
I like the flexibility of renting	10.9%
I like the amenities or community that my current rental gives me access to	6.0%

## Which generation do you fall into?

Generation Z: Born 1997 or later	19.2%
Millennials: Born 1981 — 1996	44.3%
Generation X: Born 1965 — 1980	23.0%
Baby Boomers: Born 1946 — 1964	11.4%
Silent Generation: Born 1945 or earlier	2.2%

## Who do you live with?

I live with my significant other	41.0%
I live alone	22.7%
I live with children under age 18	21.7%
I live with roommates or friends	15.8%
I live with my (or my partner's) parents	15.3%
I live with my (or my partner's) adult children	8.0%
I live with other relatives	7.6%

## APPENDIX | WHO OUR RESPONDENTS ARE

# Rental Owners

660 respondents

## Which types of residential rental property do you own?

Single-family homes	55.0%
Rentals in a condo or HOA	33.6%
Multifamily homes (e.g. duplexes)	18.7%
Multifamily units (in an apartment building)	9.0%
Low-income housing	5.6%
Vacation rentals	5.2%
Luxury rentals	2.5%
Mobile homes	1.8%
Military housing	0.9%
Student housing	0.9%
Senior housing	0.5%

## How many total units do you manage?

1 unit	50.2%
2 to 5 units	32.2%
6 to 10 units	7.2%
11 to 20 units	4.5%
21 to 40 units	2.5%
41 to 150 units	2.5%
More than 150 units	0.9%

## In which metro area are a majority of your properties located? (Top 20)

Los Angeles, CA	1	Phoenix, AZ	6	Riverside, CA	11	San Diego, CA	16
Chicago, IL	2	Orlando, FL	7	Sacramento, CA	12	Tampa, FL	17
San Francisco, CA	3	Denver, CO	8	Las Vegas, NV	13	New York, NY	18
Seattle, WA	4	Baltimore, MD	9	Cleveland, OH	14	Portland, OR	19
Atlanta, GA	5	Arlington, VA	10	Houston, TX	15	Washington, DC	20

## APPENDIX | WHO OUR RESPONDENTS ARE

# Rental Owners *(continued)*

660 respondents

## Which statement best describes your reasons for owning rental property?

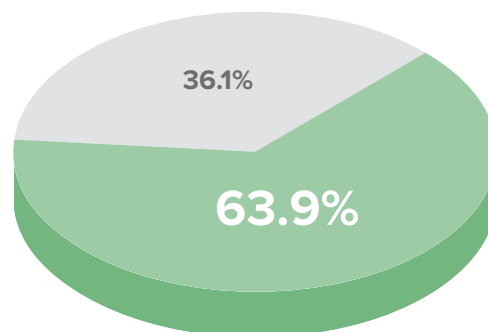
<b>Intentional Investor:</b> <i>I purchased rental property as an investment from the start</i>	<b>49.1%</b>
<b>Accidental Landlord</b> <i>I fell into rental property ownership due to circumstance, and don't consider myself an investor</i>	<b>30.1%</b>
<b>Unintentional Investor</b> <i>I fell into rental property ownership due to circumstance, but now consider myself an investor</i>	<b>20.8%</b>

## Why do you own rental property?

<b>To provide a passive stream of income</b>	<b>47.6%</b>
To provide an active stream of income	38.8%
Waiting for a good time to sell	16.6%
To move into eventually	14.8%
To make available to family or friends	9.5%
For sentimental reasons	8.1%

## Do you work with a property manager to run your rental properties?

<span style="color: green;">■</span> <b>Yes, I have a property manager</b>	<b>63.9%</b>
<span style="color: gray;">■</span> <b>No, I don't have a property manager</b>	<b>36.1%</b>



## ABOUT THE SURVEY

Buildium's surveys of property managers, renters, and rental owners were conducted between May and August of 2020. Our 5,167 responses came from a variety of sources: Our property manager respondents were drawn from Buildium and NARPM's databases, and were also recruited on LinkedIn. Our rental owner respondents came from the All Property Management database. Our renter respondents were recruited by SurveyMonkey. The surveys had a 95% level of confidence and a margin of error of +/- 3%; meaning that if the surveys were repeated, 95 times out of 100, the results would be within 3 percentage points of the numbers we published.



**Buildium®**  
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**| ABOUT BUILDIUM®, A REALPAGE COMPANY**

Buildium is the only property management solution that helps real estate professionals win new business from property owners and community associations seeking services. Backed by expert advice and relentless support, Buildium enables you to outperform across all facets of your business with intuitive software that balances power, simplicity, and ease of use. Buildium services customers in more than 50 countries, totaling over 1.9 million residential units under management.



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**| ABOUT NARPM™**

Established in 1988, 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 the membership. 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](https://narpm.org/join)