ZEGO A Global Payments Company

The 2022 State of Resident Experience Management Report

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Renters value an outstanding living experience more than ever

The multifamily industry has been on a rollercoaster ride since COVID-19 reared its head in 2020. After over two years of ups, downs, twists and turns, the industry is once again in uncharted territory. This time, multifamily companies find themselves in a period of record performance.

But, there's a problem.

After record rent growth in 2021, apartment residents expectations have also risen. While they are paying much higher rents, most of their apartments and community amenities are not growing in grandeur.

Something's got to give.

Luckily, apartment residents are far more likely to take a rent hike in stride when their communities offer an outstanding living experience. And the best part? They'll recommend that others live there, too.

This report shows how the resident experience at your communities can make or break the long-term success of your business. Based on current market dynamics and survey data from 600 property management companies, this analysis details what it takes to thrive in this new era of multifamily.

The Newest Trends Influencing Resident Experience Management

1. **High resident turnover costs:** Despite market changes, resident turnover costs are largely unchanged from last year.
2. **New investments in Resident Experience Management:** 94% of companies now have a dedicated Resident Experience Management position on payroll – and it's paying off over time.
3. **Changing business priorities:** In this red-hot market, fewer companies are setting resident retention goals.
4. **Growth of review site influence:** Companies recognize how critical online reviews are to renter acquisition.
5. **High staff turnover:** Staff retention is a lower priority for companies, even though it directly impacts resident retention.
6. **Staff turnover is impacting resident retention:** High staff turnover is hurting resident retention.
7. **Growing importance of modern living features:** Property managers rank "Modern Living Features" as the top reason renters stay in a community. They also rank it as the top reasons renters move to another community.
8. **Elevated focus on renter safety:** Communities prioritized renter safety throughout the pandemic.

Even though short-term market projections show a bright outlook for property management companies, focusing on resident satisfaction and retention remains critical. Companies who do so will retain high occupancy rates even as demand for multifamily apartments eventually settles.

Meanwhile, these companies will also have an easier time attaining new residents, leading to shorter vacancy times. That's because their existing residents, whose expectations have been exceeded, are busy spreading the word about how special their community is. By telling family, friends, and the interwebs about their exceptional apartment community, companies gain a better online reputation along with higher demand to live in that community.

The findings and recommendations in this report will help multifamily companies chart out ongoing success. By fulfilling resident expectations in a truly unique market, you'll be equipped to offer renters a living experience that stands out amongst your competition.

Current market conditions indicate that resident satisfaction is key to long-term success

Last year, Zego published its inaugural State of Resident Experience Management Report. One top finding revealed why resident retention is so important - turnover costs. In 2021, the average cost to lose a resident was $3,850, and it took property management companies approximately 19 months to break even.

Since then, the rental market has changed, and we've seen a slight increase in turnover costs (which we'll break down later in this report). Minimizing these preventable costs still remains the top reason to focus on resident retention. But, now, the stakes are even higher.

We believe current market dynamics will ultimately result in a sharp increase in turnover rates for companies that do not prioritize resident satisfaction.

Current Market Dynamics that will Increase Resident Turnover Rates

- Rents are rising exponentially – and with higher rents come higher expectations of value and service.
- Meeting renters expectations is proving challenging, especially because many communities are under-staffed and existing employees are burned out.
- With 82% of renters indicating they plan to move in the next year, companies who are not delivering outstanding resident experiences will lose more renters and assume greater financial risks as the market cools.

Fueled by increased demand, rents skyrocketed

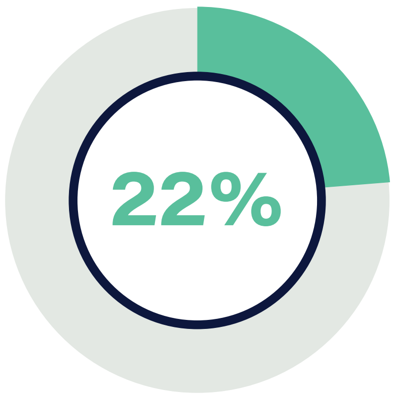
Undoubtedly, the most dramatic market change of the past year has been a wave of rent increases. Between 2021 and 2022, rents rose in almost every market.

And they didn't go up just a little bit.

Annual rent growth smashed records. According to a Rent.com, national rent growth from March 2021 through March 2022 was an astounding 22%. Comparatively, rent growth between 2015 and 2019 was a mere 3.5%.

Renters are going to see increases for the foreseeable future. Albeit, not at such drastic rates. The National Apartment Association (NAA) projects that annual rent growth will continue rising throughout 2022 but at a moderate pace of 6.3% to 7.0%.

While rent increases happened partially to offset stagnant prices at the start of the pandemic, they are more recently spurred by an increase in demand. Between more Americans entering the rental market for the first time and a low inventory of homes for sale, more people are renting than ever before. As a result, vacancies are at 2.7%, a number not seen in decades.



National rent growth from March 2021 – March 2022

Rent increases result in higher renter expectations

Rent increases are a welcome sight for multifamily operators. Renters, on the other hand, are never eager to shell out more money on rent.

Rents are rising universally. Nevertheless, a rent increase does not make people feel good about their management company. No one likes to pay more for something – unless they are receiving more in return.

If residents choose to stay after an increase, their expectations undoubtedly also increase. One study shows that price increases that stem solely from increased demand are a turnoff to customers; however, when customers feel they are receiving more in return after a price increase, they are more likely to remain happy.

Even multifamily executives acknowledge there is pressure to deliver added value to their residents after these historic rent spikes.

This is a critical time to meet or exceed your residents' expectations. Right now, renters are taking stock of what they're receiving. If they feel they are paying in excess of what their community delivers, there's a strong likelihood they will move on when their leases are up.

Resident expectations are on the rise due to increasing rent prices

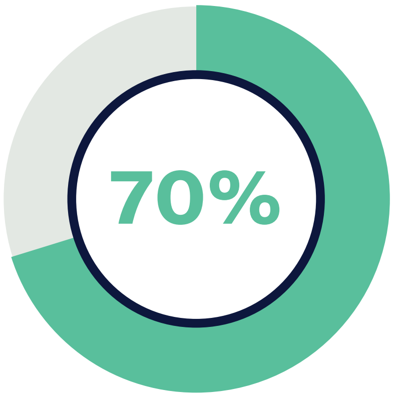
Labor shortages are preventing communities from meeting renter expectations

Renters' expectations of their communities are rising. However, The Great Resignation is making it hard for communities to adequately meet those increasing demands.

Under normal circumstances, turnover for on-site teams is usually around 30-50%. But in the current labor market, NAA estimates turnover is now as high as 70%.

Without proper headcount at your communities, and in an environment where employees are disengaged, the resident experience suffers. Remember, every touchpoint throughout the resident life cycle impacts the overall experience renters have in your community. If you don't have team members to ensure seamless experiences are happening, satisfaction levels are bound to take a nosedive.

Unfortunately short-staffing is already taking its toll on resident satisfaction. J Turner Research finds the more often a community experiences on-site personnel turnover, the lower the satisfaction score is for the respective property. And satisfaction means money. Grace Hill calculates that renters are 6% more likely to renew when a community has engaged employees.



Turnover rate of multifamily employees

Supply chain bottlenecks are resolving, giving renters more choices

Pandemic-related supply chain disruptions combined with shortages of both workers and materials have resulted in widespread construction delays in the apartment industry according to NAA. During Q4 2021, there was a drastic 28% decline in completions of multifamily units compared to the previous year.

However, these disruptions are temporary, and the inventory of homes and multifamily units will eventually start to grow. In fact, a recent report by Apartments.com claims that more new apartment homes are going to be available in 2022 than anytime in the past 40 years. This flood of new availability is going to give renters more inventory to choose from, putting pressure on existing communities to keep their residents happy.

The majority of renters are antsy and want to move

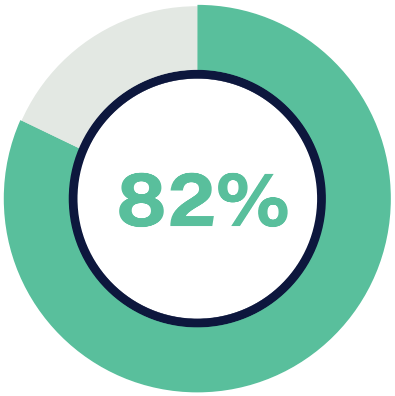
In the beginning of the COVID-19 pandemic, many renters decided to put off moving. But now that life has largely returned to normal, renters who once delayed finding a new apartment are now planning their exits.

Zumper's Annual Rent Report finds that 82% of renters plan to move in the next year. Apartments.com also recently surveyed 30,000 renters about their plans to move and found that 60% say they want to move when their lease expires. That's almost triple the number from this time last year.

Some turnover is always inevitable at multifamily communities. However, with "seeking lower rent" and "better apartment management" among the top reasons renters are moving according to NMHC, we can surmise renters have reached their thresholds of negative interactions with their management companies.

And more rent hikes may be the deciding factor for a large group of renters. In J Turner Research's May 2022 report, How to Ride the Wave, 45% of renters thought their rent will stay the same or even go down this year. However, as we showed previously, most property management companies plan to raise rents in the short term.

These unexpected increases will surprise and frustrate many, ultimately leading to lower satisfaction with community management. Plus, the backlash will affect your on-site teams, who must explain these rent increases to upset residents.



Of renters are planning to move in the next year

Retention efforts are needed now more than ever

All of these conditions indicate the potential to lose a larger percentage of renters than companies have seen in some time. While some degree of turnover is always expected, this wave could take a dramatic toll on NOI. The companies who act now to improve resident satisfaction and the living experience at their communities will minimize turnover and financial risk. Giving renters a superb resident experience will deliver loyalty from existing residents and make it easier to attract a wave of potential new renters.

8 Key Findings from the State of Resident Experience Management Survey

The multifamily industry is in a different position today than it was when we conducted our inaugural survey in early 2021. And our survey approach this year addressed that.

Gaining insight into resident experience management strategies was still our ultimate goal. However, we also explored topics that are uniquely impacting the industry right now.

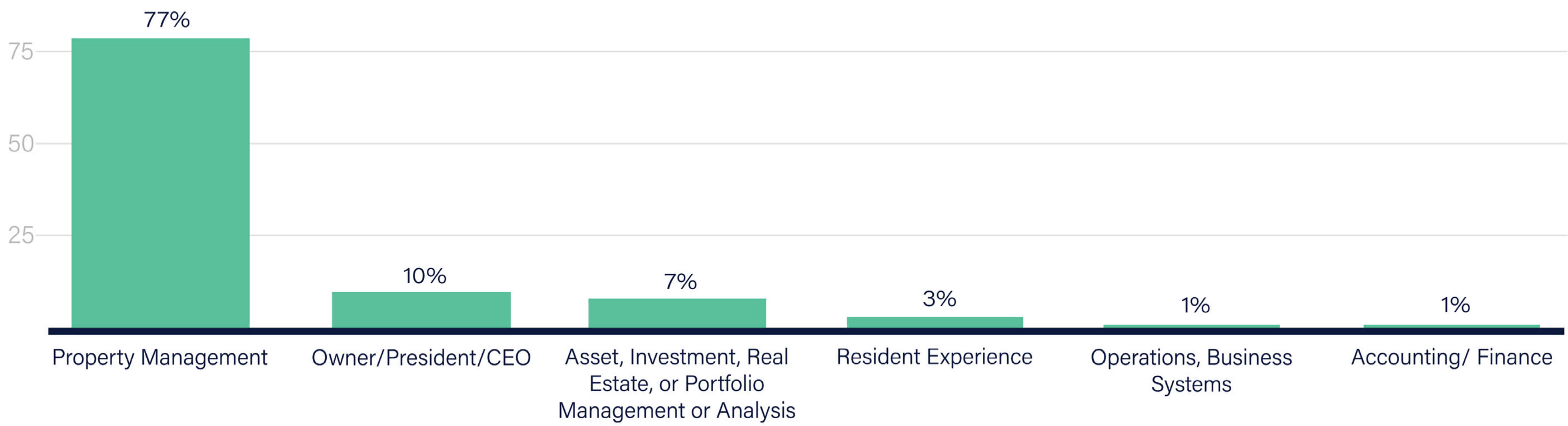
Staff shortages, rent increases, and COVID-19 restrictions have shaken up the playing field. This year's survey respondents offered insight into how these factors are affecting their communities.

What we found remains consistent – companies who are prioritizing resident-focused initiatives are having better business outcomes than ones who are not. Experience-focused operators are retaining more residents, enjoying lower costs, and building better online reputations to attract new renters.

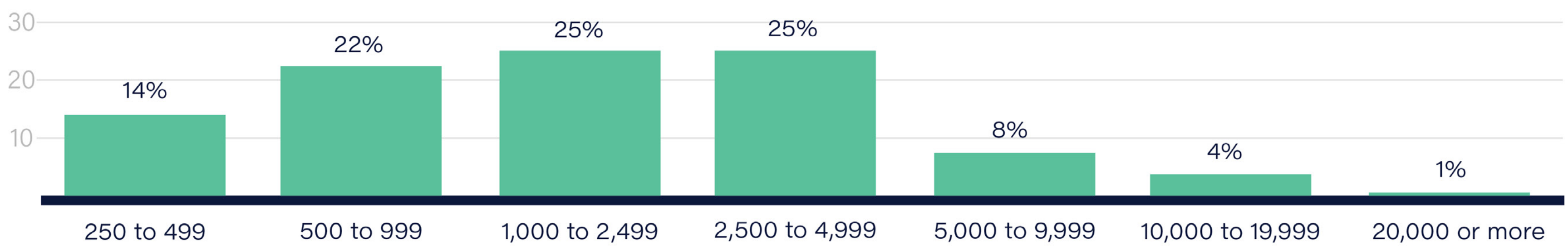
Survey methodology & demographics

In partnership with Strategy Analytics, a third-party research firm, 600 multifamily companies were surveyed to understand today's Resident Experience Management strategies. Surveys were conducted in March 2022 and were completed by professionals that manage a minimum of 250 multifamily units.

Percent of Survey Respondents by Job Function



Percent of Survey Respondents by Units Managed



1. Despite many market changes, turnover costs are still about $4,000 per resident

Losing residents has a financial impact, even when you attain new residents at higher rents. But what do those costs amount to? And how have they changed since last year? Survey respondents were asked to estimate their costs when a resident vacates. Here's how those costs add up.

Turnover costs in 2022 vs 2021

Cost Driver	2022 Cost	2021 Cost
Advertising and marketing costs (including leasing concessions)	$364	$340
Unit repair costs	$775	$780
Concessions	$1,240	$1,200
Unit vancancy costs (lost rents)	$1,598	$1,530
Total cost of turnover	**$3,976**	**$3,850**

How long will it take to recoup turnover costs?

Another way to think about the impact of resident turnover is to consider how long it will take to recoup those costs. Here's how long it will take to return costs associated with turnover.

$1,500* + **$225**** = $3,976/$225= **17.6 months**

Starting rent price | Rent increase | Time to recoup funds

*The average rent is $1,500 according to our survey data

** The most common rent increase was 15 percent according to 43 percent of our survey respondents. A 15 percent increase from $1,500 is $225.

How turnover costs impact resident experience management

Turnover costs are up slightly from last year. This isn't surprising given that costs are rising nationwide. Slightly higher rent concessions and vacancy costs due to higher rents are the main reason for the increase.

Higher rents are also impacting how long it takes to recoup turnover costs. It now takes 17 months to recoup these costs relative to 19 months in 2021.

Even though there's a slight improvement in recovery time, one thing remains clear. The cost of losing a single resident is staggering. And, the financial impact lingers well beyond the point your resident leaves.

Depending on how long your lease terms are and how long the next occupants of that unit stay, you may cycle through two or three more renters before your original turnover costs are recovered! This snowball effect alone is good reason to channel efforts into minimizing turnover as much as possible.

The Cost of Resident Turnover

$3,976

Average cost to turn a resident

17.6 months

Time it takes to recover the cost of losing a resident

6 out of 10

Renters say they want to move when their lease expires

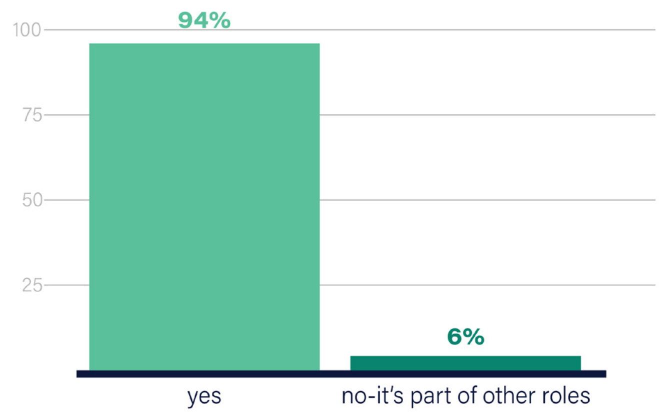
2. 94% of companies now have a dedicated Resident Experience Management position

We know that resident experience management has increasingly become a top priority for many companies. So we wondered if multifamily companies have added employees to manage their resident experience initiatives. They have, and it's paying off over time.

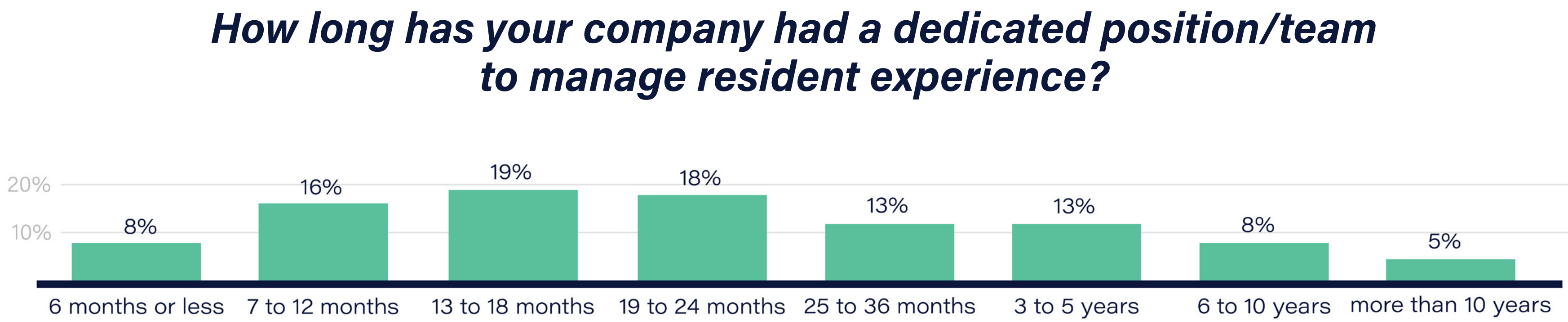
1 in 4 companies have added Resident Experience positions in the past year

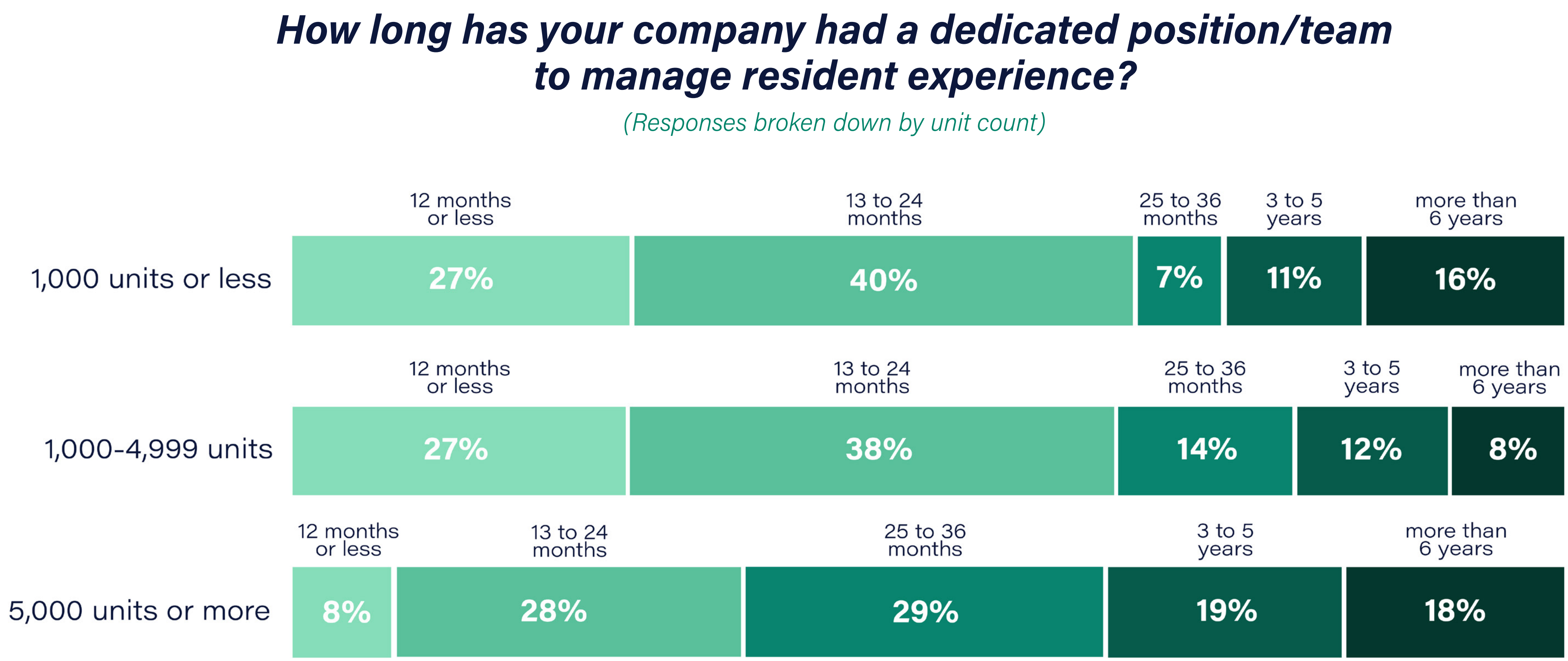
There are numerous touchpoints throughout the resident lifecycle that impact how your renters feel about the community. Because resident experience management is such a broad area, we asked survey respondents if their company has dedicated personnel to manage all of these touchpoints. And if so, when did these positions get created? Survey results show that most companies find value having a dedicated position to manage resident experience.

Does your company have team members dedicated to managing the resident experience?



We asked how long companies have had resident experience positions on their payroll. We found that the majority of companies have only recently created this position, with one in four doing so in the past year. In multifamily, larger-sized companies tend to pave the way on implementing new trends. This is especially true when there's the potential to lower costs. Because of this, we were curious if larger companies have had resident experience management roles longer than smaller companies. We found that 66% of companies with over 5,000 units have had a dedicated resident experience management role for 2 years or longer compared to just 34% of companies with less than 5,000 units.





Companies who have had dedicated resident experience management positions for longer have higher retention rates

Companies with dedicated resident experience roles can use a variety of KPIs to see if these employees are achieving positive business outcomes. One way to measure success is by looking at resident retention rates. Retention rates won't go up overnight. **But most companies will see improved retention rates about 18 months after creating this position.** Our survey found that 77% of companies with a dedicated Resident Experience role for 18 months or more see a retention rate of over 50%, compared to just 62% of those who created the dedicated position in the last 18 months.

What is your current resident retention rate?

How dedicated roles impact the resident experience

Between move-in and move-out, there are numerous touchpoints that impact the resident experience. To exceed renter expectations, more and more companies are entrusting Resident Experience Managers to refine these interactions. And, it's paying off over time. The longer a company has had someone overseeing the resident experience, the higher their resident retention rate.

The percentage differences in retention may not be huge as time goes on. But when you look at the financial impact of a slight change in retention, you can see there's a lot at stake. For the sake of example, let's compare a 57% retention rate to a 61% retention rate, assuming 100% occupancy.

Difference in Turnover Cost: 57% Retention Rate vs 61% Retention Rate

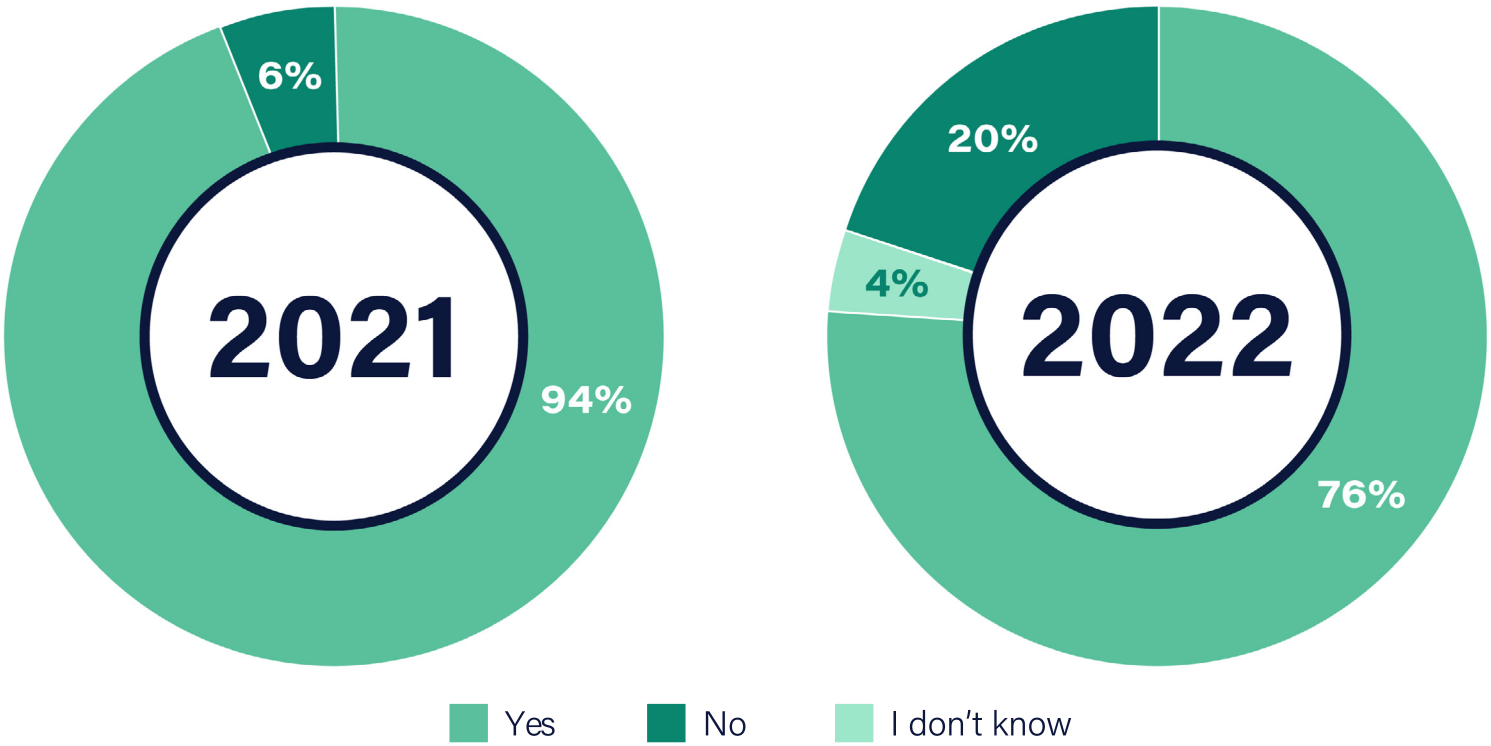
Unit Count	Retention Rate	# of New Residents Annually	Cost of New Residents (New residents x $3,976 turnover cost per resident)
1,000	57%	430	$1,709,680
1,000	61%	390	$1,550,640
		Total Cost Difference:	$159,040 annually

3. In this red-hot market, fewer companies are setting formal retention goals

Multifamily companies that prioritize positive living experiences often set goals for resident retention. We wanted to see if that's changed over the past year – and it has. Our 2021 State of Resident Experience Management Report found that 94% of property management companies had a formal resident retention goal they were trying to meet. However, in 2022 there were far less companies with a retention goal.

Survey results show that the number of companies who have a resident retention goal has dropped significantly – from 94% last year to 76% in 2022. It's clear that priorities have shifted, so let's examine the reasons why.

Percentage of companies with a resident retention goal



How retention goals impact the resident experience

With demand for multifamily apartments at an all-time high, some companies may feel that retention goals are not needed, or are not as important as they once were. However, this is reckless.

Given that 82% of renters wish to move within the next year, companies need a plan to minimize their turnover rates. Just like budgets are useful to prevent costs from spiraling out of control, so too are retention goals for keeping turnover rates to a minimum.

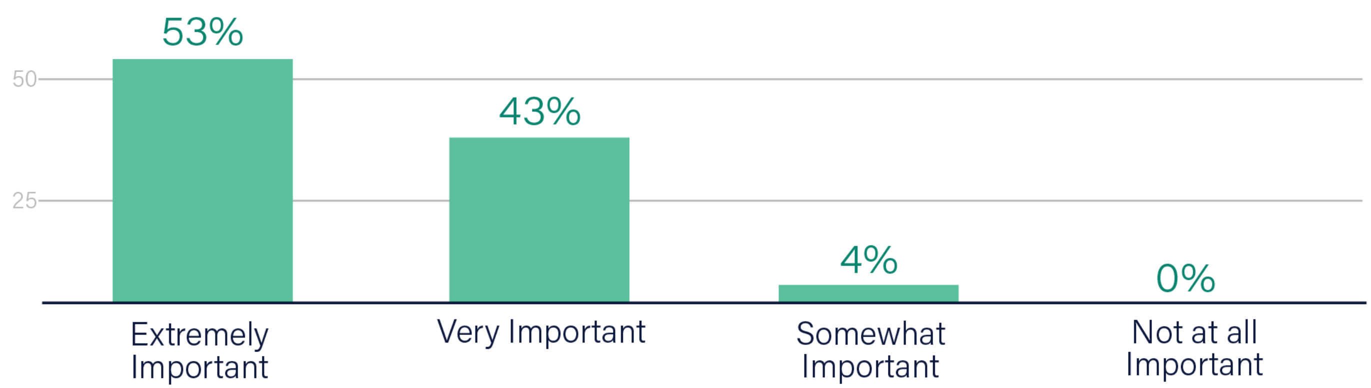
Setting goals is essential for growth. And, when properly communicated, goals help your teams understand how to prioritize their duties. Without knowing there are resident retention goals, your on-site teams may choose to tackle low-value tasks instead of activities that promote renter satisfaction.

4. Companies recognize how critical online reviews are to brand reputation & renter acquisition

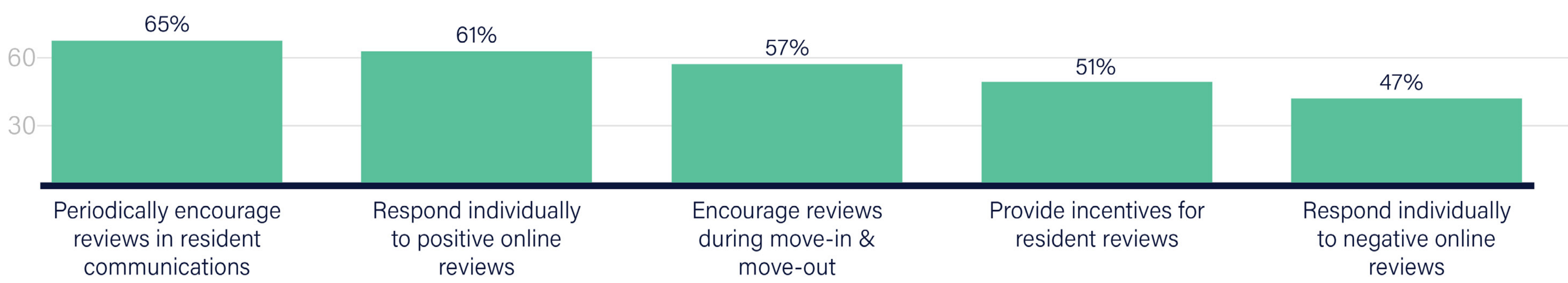
According to NMHC's Renter Preferences Report, 69% of renters read reviews when searching for a new apartment. Hopefully, these potential renters like what they read. Because 79% of those renters won't visit a property if the reviews aren't stellar.

Clearly, renters value online reviews about apartment communities. But do multifamily operators place the same importance on reviews? We asked them. Not a single respondent felt that reviews were not important in attracting new renters. In fact, the majority said online reputation was 'Extremely important' in their acquisition efforts.

How important do you think online reviews are to acquiring new residents?



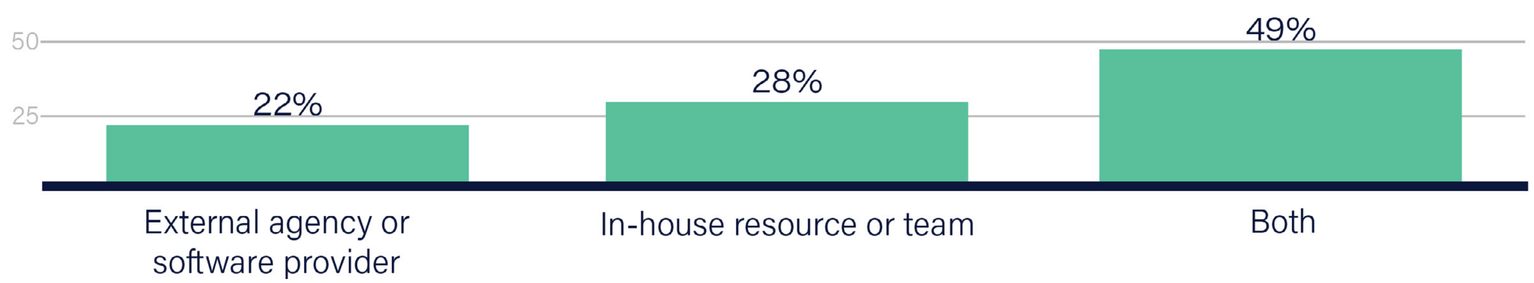
Which of the following are you doing to encourage more favorable online reviews of your properties?



It takes a village to manage online reviews

Reading each review and responding in a timely manner also contributes to your online reputation. If your company receives frequent reviews, it can be tricky to stay on top of them. That's why we asked our respondents how reviews were managed at their company. The majority of companies rely on their staff and an external agency to manage reviews about their properties.

Which of the following do you primarily use to manage your online reputation?

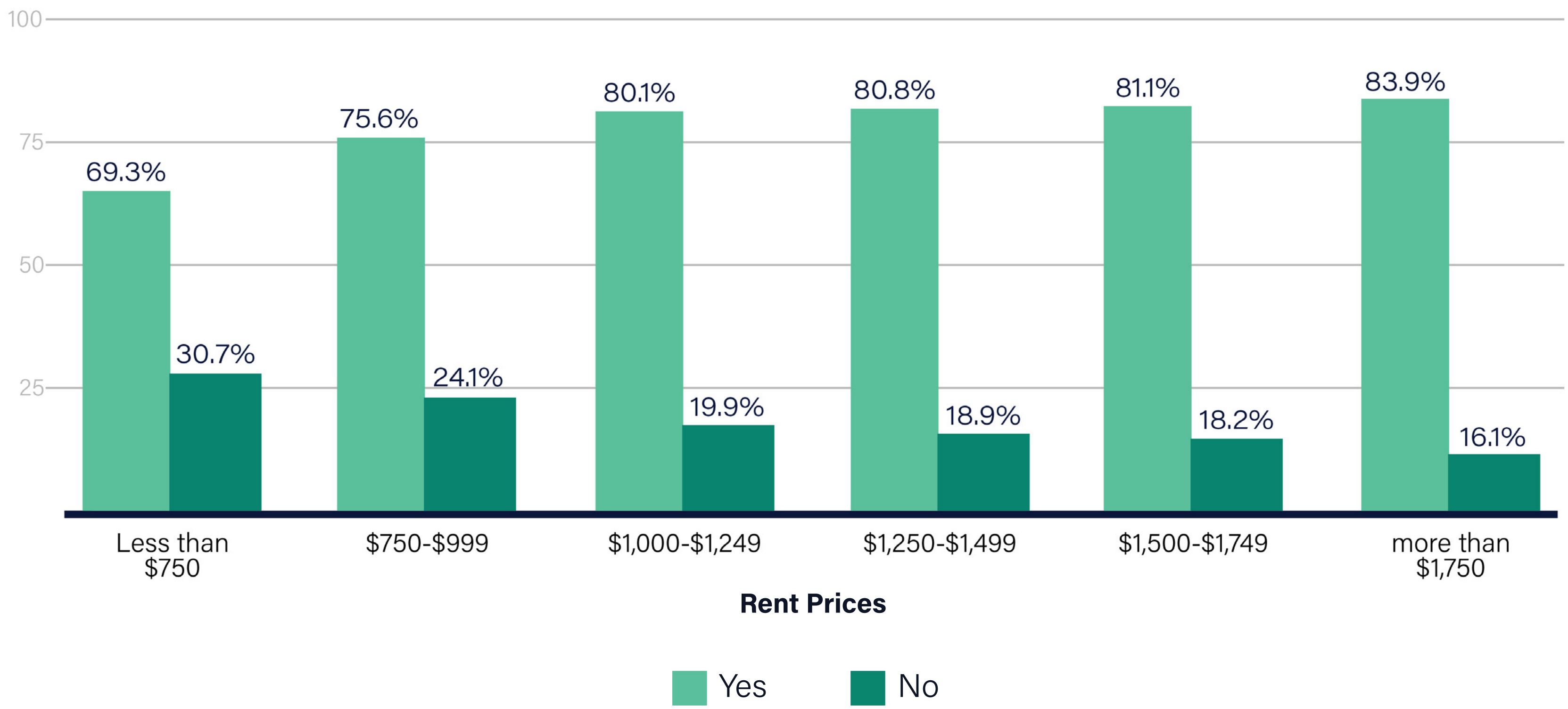


How resident experience impacts online reviews

Luckily, renters and property managers align on the importance of online reviews. Because it's arguably the most influential reason renters choose to visit (or not visit) your property. Positive reviews, which result from pleasant resident experiences, generate a continuous cycle of returns. Most people write reviews when they've had an exceptional experience – either positive or negative. Consumers understand this. So when there's a hefty amount of positive reviews for a community, it signals that communities prioritize keeping their residents happy.

And, the higher the rent, the more critical it is for your reviews to be favorable. The Biennial Online Renter Survey conducted by Apartment Ratings & SatisFacts looked at how higher rent prices demand better reviews. So, if you are raising rent prices, your reviews will determine if renters want to justify the price.

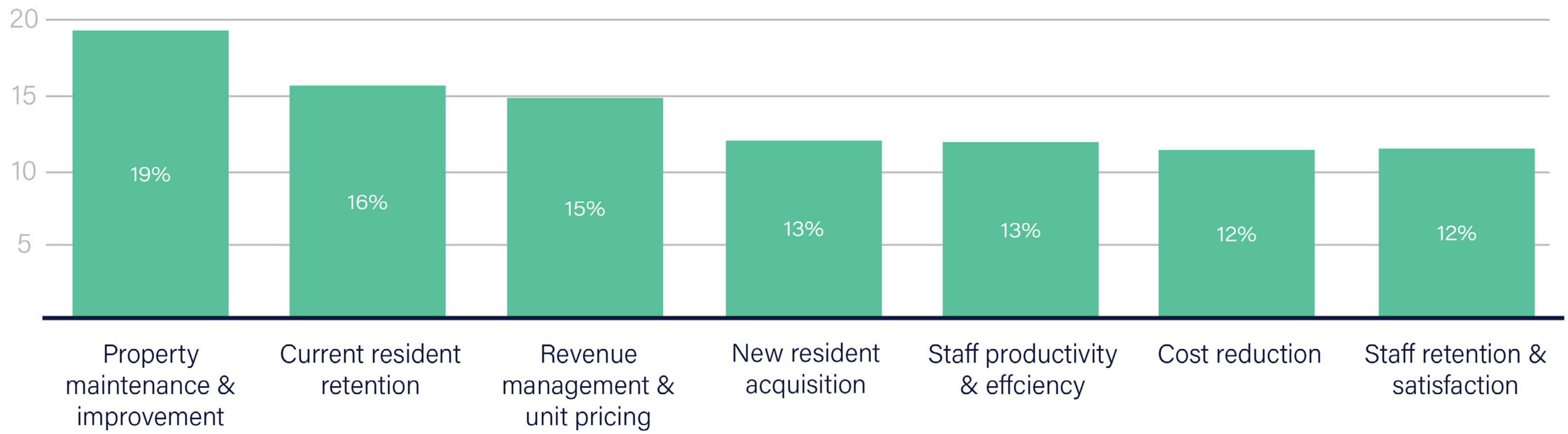
Renters were asked: Did you research your current apartment community's online reviews before contacting the community about renting there?



5. Staff retention and satisfaction is ranked as the lowest priority for companies

In this unique market, we especially wanted to hear how leaders prioritize what their business focuses on. After all, there are several challenges the multifamily industry is facing.

What are your top business priorities?



How business priorities impact the resident experience

While it's promising that resident retention is a top priority, apartment operators are cannibalizing those efforts by placing staff retention and satisfaction at the bottom of their priority list. Your associates are a critical piece of the resident experience. Happy and fulfilled employees are far more likely to be attentive and courteous to your residents than unhappy ones.

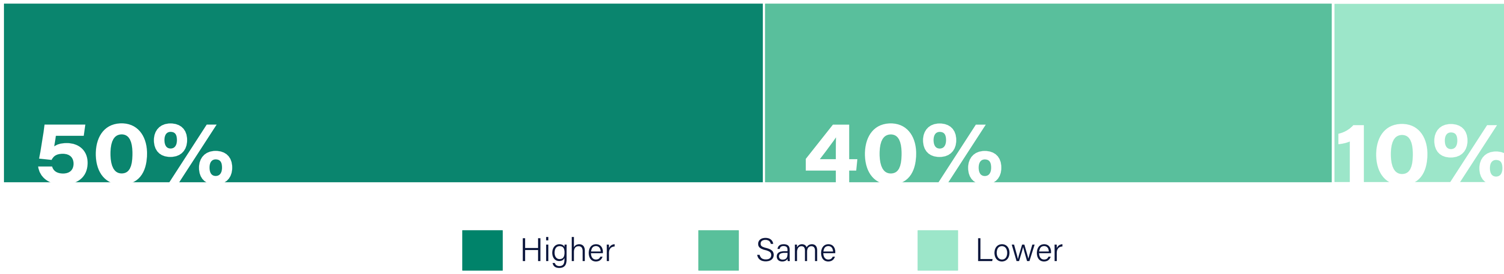
Also, happy employees are motivated to achieve great results. And, they often do. Gallup finds that engaged teams generate 23% more revenue than their disengaged counterparts.

The disposition of your on-site associates clearly influences prospective renters. NAA reports that 20% of renters said their interactions with on-site staff had a strong influence on their renting decision. Furthermore, 55% said that staff caring about renters was the most important factor for selecting their apartment.

6. Staff turnover is higher than it used to be & it's hurting resident retention

In the property management world, job turnover is typically much higher than other industries. And with The Great Resignation leaving most industries short staffed, multifamily has struggled to retain its employees. Half of companies surveyed say they have had higher than average employee turnover.

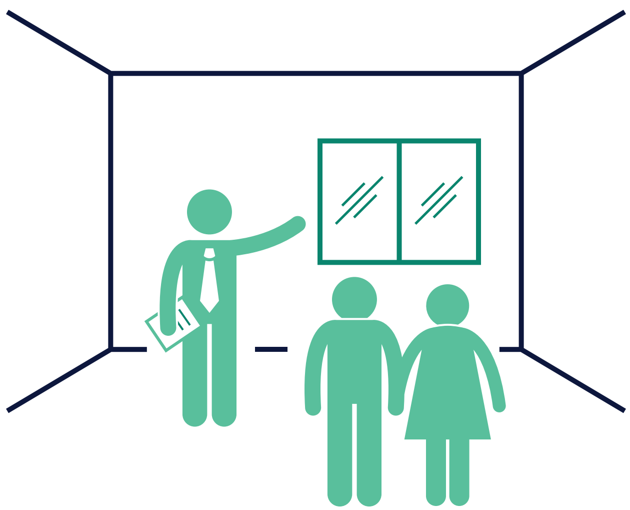
How has your rate of staff turnover increased over the past year?



Lower staff turnover yields higher resident retention rates

If your communities are not fully staffed, it's reasonable to assume that it negatively impacts the resident experience. After all, fewer staff members means it takes longer to help residents who need assistance.

We tested this theory by comparing survey respondents' staff turnover rates to their resident retention rates. As it turns out, higher staff turnover does, in fact, breed higher resident turnover. Those with low staff turnover have higher retention rates, with 1 in 4 retaining over 70% of their residents.



How staff turnover rates impact resident retention

How employee turnover impacts the resident experience

As we saw earlier in this report, companies are placing staff happiness and retention at the bottom of their priority list. And, unfortunately, this is attributing to higher-than-normal staff turnover along with lower resident retention rates. It doesn't stop there.

Staffing issues are also damaging online reputations for many property management companies, as unhappy residents often share their experiences. For example, in 2021, the top complaint by renters in one to three star reviews was poor customer service according to J Turner Research.

This data proves that there's never been a better reason to prioritize staff retention and happiness. Without a full team of engaged employees, many parts of your business start to unravel.

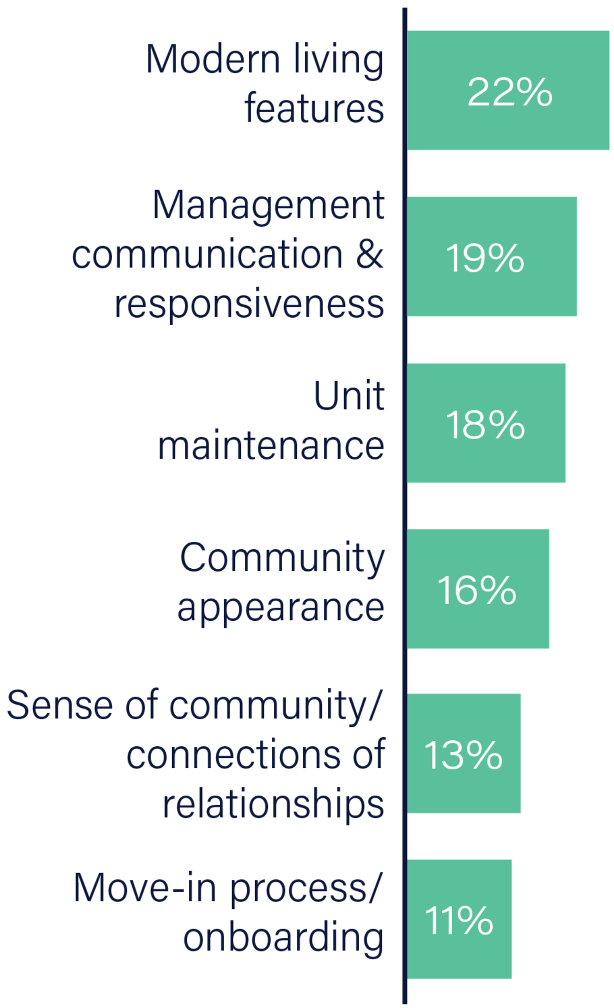
Resident satisfaction is one area that takes a hit. Unfortunately, that negatively affects reputation and revenue, too. And since staffing is more of a challenge than ever, it's clear that employee retention HAS to be prioritized. Otherwise, companies risk increasingly lower resident retention over time.

7. "Modern living features" are the top reason renters renew their lease

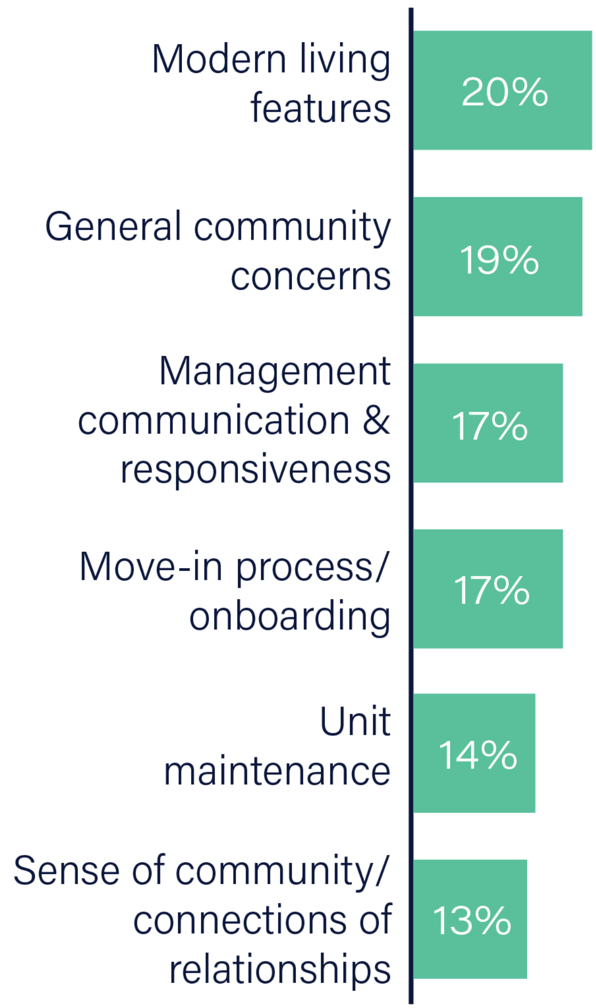
There will always be reasons why renters move out that are beyond a management company's control. Perhaps a renter has had a change in marital status, or is moving to a new town. There are also a multitude of factors that cause renters to leave that *are* in a company's control.

We asked survey respondents to order by importance the reasons renters stay in addition to why they choose to renew. The cause for both is the same: “modern living features.”

Reasons residents choose to renew their lease



Reasons residents choose to leave a community



How modern living features impact the resident experience

“Modern living features” encompasses everything from the facade of your community, to unit features, to the building’s technology. While there are several components, property managers clearly find that it’s a must-have for renters. **And the more outdated your community, the less likely you will retain residents**.

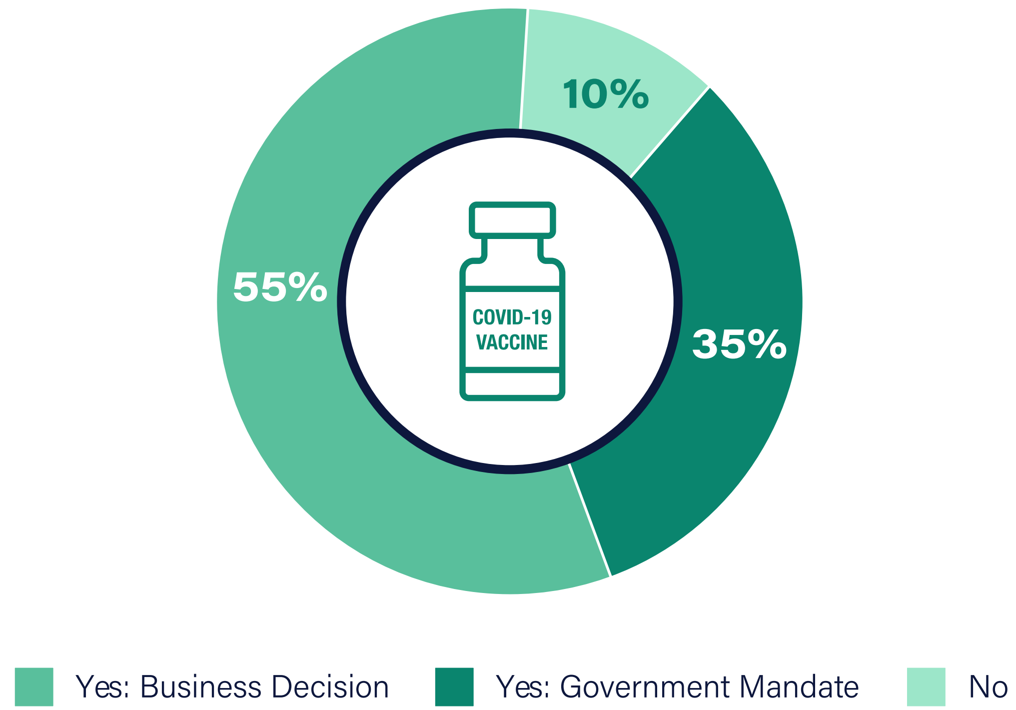
Renters always want the best value for their money, particularly now when rent prices are at their peak. New and modern is not only attractive, but it signals that companies prioritize updating the community.

Newer sometimes translates to having less things break. Even if your communities are swift to resolve maintenance issues, renters still don’t want to be burdened with things not working properly. When apartment communities offer modern features it can give renters a more seamless living experience than when things are old and outdated.

8. Communities prioritized renter safety throughout the pandemic

The COVID-19 pandemic impacted every industry while also creating hot button issues that divided the nation. We wanted to know the policies that multifamily communities implemented to minimize the spread. With vaccine mandates stirring up heated debates nationwide, we wondered how many companies require employees to get a COVID-19 vaccine. The vast majority of companies required this of their team members.

Are you currently implementing a vaccine mandate for staff?

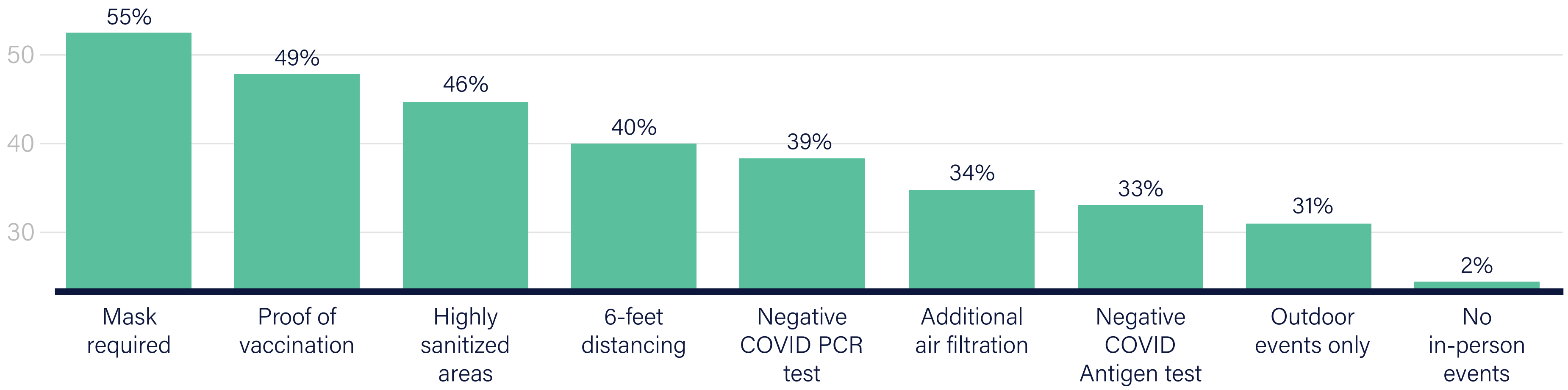


Communities had a variety of requirements for their in-person events

As people began socializing more and communities resumed in-person events, finding the right balance of fun and safety was necessary. Survey respondents were asked what measures were required for residents to attend community events.

Masks were the top requirement to attend an in-person event, closely followed by showing proof of vaccination. Only a small percentage of companies were still not holding any in-person events.

What measures are you taking to keep residents safe at in-person events?



How COVID-19 has impacted the resident experience

COVID-19 threw every business some curveballs, and the multifamily industry was no exception. Apartment operators didn't have a how-to guide for running communities with a highly contagious virus circulating.

But one thing became clear during these tumultuous times. More than ever, renters craved the essential elements of a great resident experience: efficient service, community connection, and a safe, comfortable environment. One way communities responded was being agile and adaptable as the guidelines around COVID-19 evolved. While communities had differing policies for minimizing the spread of COVID-19, they were still driven by a need to protect the health and wellbeing of their renters.

Even though vaccine mandates were reported by many survey respondents, we do not know if they were enforced. The number of employees lost because of their vaccination status is also unknown.

Best practices for acquisition & retention

Our survey data shows that turnover costs are extremely expensive and that prioritizing resident experiences lets communities attract more renters and enjoy higher resident retention rates. Based on our data, there are certain strategies that you can implement to encourage better resident experiences.

When it comes to keeping your renters happy, some tactics will never go out of style. For instance, these tried-and-true strategies are essential to the resident experience.

- Provide a seamless move-in experience
- Keep your community attractive and tidy
- Host community events
- Ensure consistent communication and responsiveness
- Establish impeccable maintenance service and response times

But in this market, there are a few things that companies need to excel at in order to keep occupancy rates high. Based on the results of Zego's survey data, property management companies should prioritize these acquisition and retention strategies.

Retention and Acquisition Best Practices

Best Practice	Tactics and Strategies
Remain attentive to your digital curb appeal	▪ Don't be afraid to ask for reviews (again and again!) ▪ Offer incentives for reviews ▪ Respond to all reviews ▪ Thoughtful responses to negative reviews trump an immediate response
Don't lose sight of resident retention goals	▪ Communicate and drive activation around your goals
Put your on-site staff on a pedestal	▪ Offer more self-service options to free up employees ▪ Devote more time to training ▪ Check in and connect with on-site team members
Modernize where possible	▪ Prioritize technology updates ▪ Share plans to upgrade your community with renters

Remain attentive to your digital curb appeal

A positive online reputation is necessary to attract potential renters. Luckily, the vast majority of multifamily professionals (and almost all of the ones who took our survey) already know this.

But the importance of online reviews is so critical that it bears repeating. How you approach reviews can have significant financial impacts on your business. A study by Harvard Business School found that a one star increase on Yelp translates to a 5-9% increase in revenue.

And, data from NMHC and our own survey shows that good reviews are the key to generating interest in your community. Here are some considerations for managing your online reputation.

Don't be afraid to ask for reviews (again and again)!

Apartment Ratings and Satisfacts conducted a Biennial Online Renter Survey which focuses heavily on online reviews. They found that 60.4% of renters would write a positive review if asked. But, this is a missed opportunity for many communities. Because 71% say they've never been asked to write a review of their community!

Asking for reviews shouldn't be a one-time occurrence. The more times you encourage reviews, the better the chance you'll get one. Timing can be everything.

Here are some moment that you should consider requesting a review.

- When a maintenance request has been resolved
- After a renter leaves positive survey feedback
- After community events
- After a resident signs a renewal

Offer incentives for reviews

If you are asking for reviews without much success, it's time to consider sweetening the pot. Good reviews bring business to your community, so incentives are money well spent. And, incentives are very impactful when you need to boost the number of reviews about your community. Here are ideas on incentives that will move the needle:

- Gift cards to local businesses
- Waived ancillary fees for one month (parking, pet rent, etc)
- An experience in your community (a catered pool party)
- A raffle to win a bigger prize like a new phone or TV
- A free service to improve their unit (carpet cleaning, new paint, tile cleaning)

Keep in mind that 46% of renters expect responses to ALL reviews

Apartment hunters pay as much attention to a management company's response (or lack of one) when they are reading reviews.

NMHC's Renter Preferences report shows that 46% of renters expect property managers to respond to each review written about their community. So it's important to post a response, particularly if it's a negative review.

How you respond to negative reviews may potentially redeem you, not only in the eyes of the reviewer but also those who are deciding whether or not to tour your community.

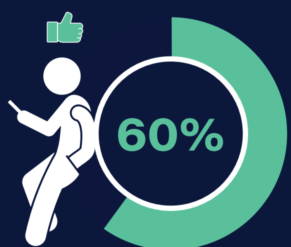
Thoughtful responses to negative reviews trump an immediate response

While you should respond to all reviews in a timely manner (no later than 72 hours), what you say to the reviewer is ultimately what matters. Sometimes this means sacrificing an immediate reply while you craft the right words and/or attempt to rectify the situation. After all, reviewers and prospective renters largely want to see a proper response from the community.

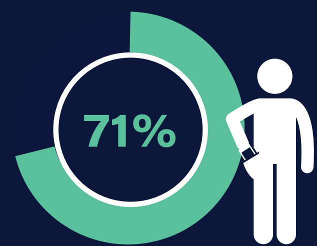
In cases of negative reviews, NAA reports that 58% of prospects prefer a response within 72 hours that offers a solution and contact info, compared to 42% who prefer a reply from the community within 24 hours with a simple acknowledgement of the issue.

Also, steer clear of repeatedly replying with a canned or automated response. Prospects can spot boilerplate language from a mile away. And if those messages comprise the bulk of your replies, your responses will appear less genuine.

How You Manage Online Reviews Matters to Prospective Renters

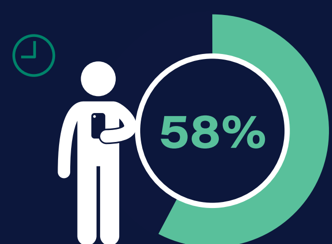


Of renters would write a positive review if asked



Of renters say they've never been asked to write a review of their community

Of renters expect property managers to respond to each review written about their community



Of prospects prefer a response within 72 hours that offers a solution and contact info

Of prospects prefer a reply from the community within 24 hours with a simple acknowledgement of the issue

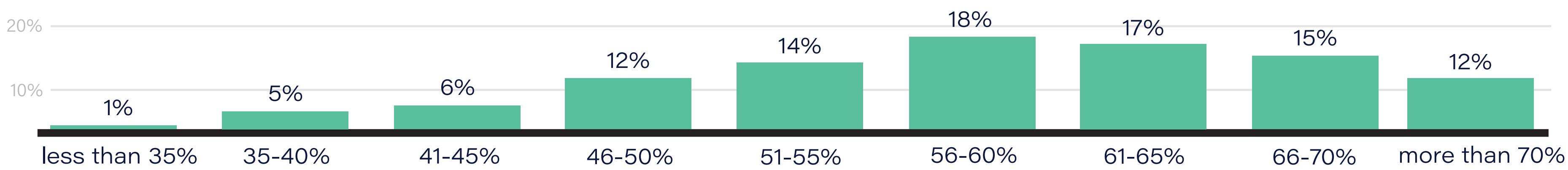
Don’t lose sight of resident retention goals

Even though the multifamily market is in the midst of a boom, it’s short-sighted to abandon resident retention goals. It’s still extremely expensive to lose residents. And many instances of turnover are entirely preventable. In fact, Zego’s research last year found that by a factor of 2:1, residents choose to leave a community due to a reason that is within their management company’s control.

Having a set goal that your team works towards will help minimize your turnover costs. Also, you will have better visibility into your company’s performance by seeing how things change over time. So, if you’ve put goal setting aside, it’s time to get something on paper.

If you have trouble deciding what an attainable goal would be, the average industry retention rate is 59%. However, the chart below shows retention goals from our survey respondents. We found that 44% have retention rates that are above the average.

What is your current resident retention goal?



Communicate and drive activation around your goals!

Whatever metric you set, it has to be communicated company-wide. Don't stop at the executive level.

Everyone in your organization has to know what your goal is, the importance of it, and what they can do about it. Having a solid resident retention rate ultimately benefits everyone in your company anyway. Saving money is just one advantage of reducing turnover. It also relieves your team members of the constant cycle of work that is involved in turning units.

> "The commitment can't just be on the manager's side or the regional or the owner, it has to be from the groundskeeper to the maintenance person, to the housekeeper, to the leasing person. Everybody has to contribute and they have to see the value in it."
>
> \- Elaine Simpson, President, Occupancy Solutions, LLC

Put your on-site staff on a pedestal

Finding and keeping good talent is one of the top challenges property management companies face today. However, our survey data reveals that "staff retention and happiness" is the lowest priority for multifamily companies.

At some management companies, employees are clearly receiving the message that their job happiness is not prioritized. NAA's Mental and Emotional Health Survey, which surveyed 2,300 multifamily professionals, found that a quarter of them did not think that employee well-being was a priority at their company.

Employees who question if their organization values their well-being will likely only be around for the short term. The same NAA survey found that 1 in 4 employees say they are unlikely to be in their position for another year. Unfortunately, quitting is contagious. 58% of employees who have resigned in the past year said that seeing their colleagues leave cemented their own decision to leave.

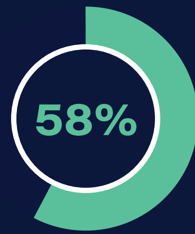
If you want to stop the cycle of losing employees, it's time to rethink the employee experience. Because, as we've seen by our data, it's clearly tied to resident retention. Aside from boosting wages, here are some ways to keep your team members happy.

Multifamily Professionals Need More Support

1 in 4

Employees say they are unlikely to be in their position next year

Of employees do not think their well-being is a priority



Of employees who have resigned said that seeing a colleague leave cemented their own decision to leave

Offer more self-service options to free up employee bandwidth

Working at an apartment community is extremely demanding. Community managers have so many responsibilities that, according to a Swift Bunny study, 30% say their workload is unmanageable. Furthermore, 27% say they do not have the tools to adequately perform their jobs.

This is why automation and self-service options are a community manager's best friend. Many of your associates are short-staffed and doing the job of more than one person. Tackling the monotonous aspects of the job with self-service or automation frees up their bandwidth so they can properly serve your residents. And when they aren't performing the same menial tasks over and over again, it helps prevent burnout.

Relying on technology isn't short-changing your residents either. According to a Zendesk survey of their customers, 67% of consumers would rather use self service channels rather than interact with a human.

On-demand services deliver better efficiency for both residents and community managers while also providing a more personalized experience. Some of the most useful applications include:

- Rent payments
- Package lockers and notifications
- Vehicle registrations
- Booking clubhouse facilities
- Registering guests
- Issuing temporary access codes to service workers
- Pet registrations
- Self-guided leasing tours

"Don't become disassociated from the people that touch your customer, number one. And if they say they need something, get it for them. How could you be a technician with tools that are 10 years old, that barely work? If you want realistic results, you have to give people realistic resources, realistic training, clear cut goals, and realistic timeframes. Otherwise, all of your expectations will propel your failure."

\- Mark Cukro, President of Plus One Consulting

In the past, automating community-level tasks used to be a relatively controversial subject amongst on-site employees. Many felt that technology would be used to replace them, ultimately leading to lower headcounts on site.

But since many communities are already lean on employees, automation has become a lifesaver. Existing employees are able to use their bandwidth more effectively and prioritize duties that require face-to-face interaction with your residents. Highland Ranch REIT said in a recent call with analysts that its new technology offerings that automated many processes allowed it to cut its headcount by 30% and increase customer satisfaction scores by 24%!

Devote more time to training

Your communities have likely been understaffed for some time. So when a new hire starts, you may be tempted to have them dive in head first. Don't do this!

Improper onboarding is one of the top four reasons that leads to job unhappiness. Swift Bunny's survey of multifamily professionals reported that 45% said their first week was disorganized. And 36% said they didn't have enough time to train before they were expected to perform their duties.

So before you send employees off to interact with residents, make sure they have had sufficient time to learn processes and how your technology platforms work. This not only benefits them, but it's a better experience for residents who come to them seeking help. When they are properly trained, employees are more confident and deliver better outcomes – a win-win for everyone.

Check in and connect with on-site team members

This may not sound like groundbreaking advice, but regularly asking "How are you doing?" is rather effective in today's burn and churn workforce.

On-site associates want to know they are valued team members and that their leaders care about their job happiness. When they do, it leads to better performance. According to the ADP Research Institute, team members who said they trusted their team leader were 12 times more likely to be fully engaged at work.

Start establishing this trust by routinely asking them about their workload and the challenges they are facing. Since there's so much activity happening in community offices, it's probably not wise to call them out of the blue to check in. That just disrupts their day. Plus, they may not be mentally prepared to give honest feedback when a conversation is spur of the moment.

Instead, make sure to set aside time for regular check-ins. This allows team members to thoughtfully prepare the topics they want to share. Even if they don't have any pressing issues to discuss, it gives them a platform to vent any concerns, frustrations, or even the high points of their job.

> "We truly believe that having a dedicated, engaged staff is an unspoken amenity that pays off with a great retention rate."
>
> \- MJ Trujillo, Founder and Managing Partner of PRAXM Property Management

Modernize where possible

If having modern features are the top reasons renters renew their lease, and also the top reason they go to another community, then follow suit! Making updates to your community where needed not only adds value to the building, but in the minds of your residents as well.

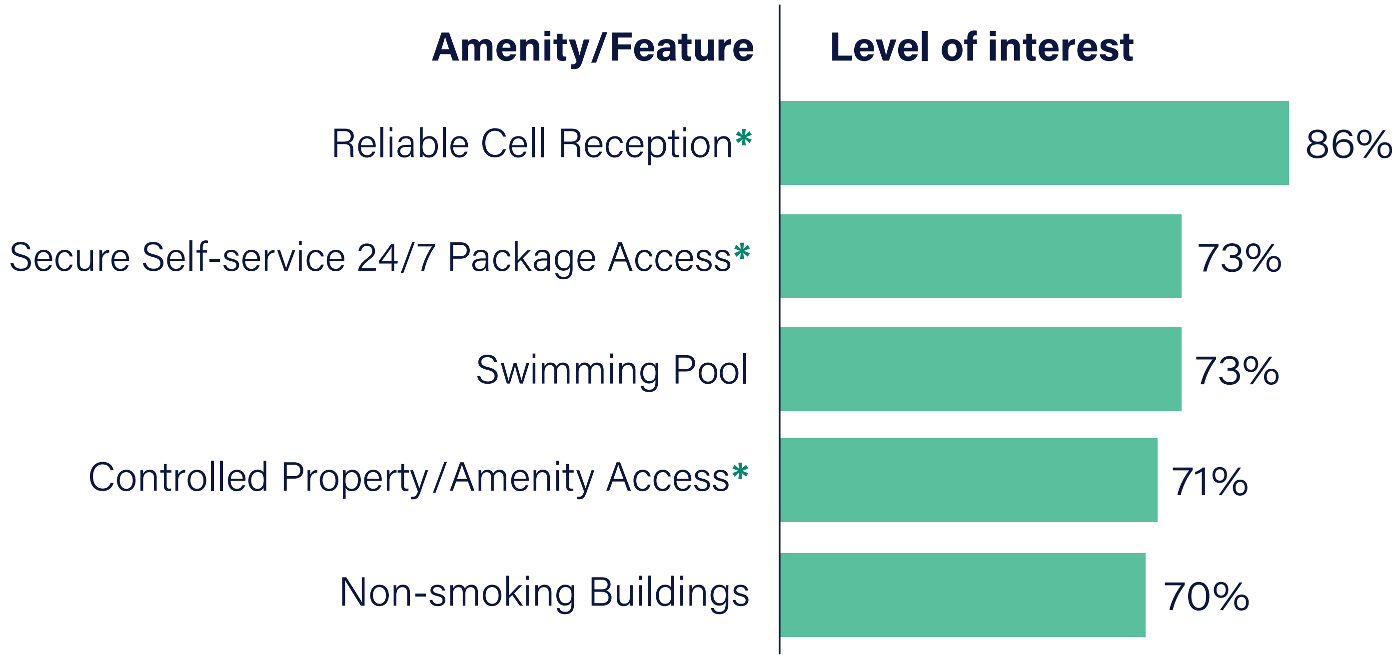
Prioritize technology updates

One area where "modern" will become increasingly imperative is the technology in your communities. That's because Gen Z is the fastest-growing segment of renters and they have little patience with outdated technology.

Gen Z are digital natives. That means they were born in the age of the internet. They've never lived in a world that didn't have social media, smart phones, or a heavy reliance on online shopping. They will expect their apartment communities to provide up-to-date platforms.

It doesn't seem specific to Gen Z either. According to NMHC, three out of the five of the top things that renters want in a community are technology-related.

What apartment features and community amenities are you most interested in?



*3 of the 5 most-desired amenities revolve around technology

Share plans to upgrade your community with renters

Supply chain disruptions and labor shortages are making it difficult to get some upgrades completed. Perhaps your company has intentions of updating certain areas of the community but nothing is happening just yet. If that's the case, share your plans with renters. If they know improvements are on the way, they may consider putting off the hassle of moving to wait out your updates.

Find the best communication platform

If there's one thing that's become clear from the pandemic, it's that communication between on-site teams and residents can make or break satisfaction with the community.

Residents have high standards about communications with their property managers. When they need to reach out to on-site teams they want an easy way to get in contact with someone. Not only do they want it to be easy to reach someone, but they also want a quick response. Promptly responding to resident concerns helps build trust in their on-site teams.

But when you're facing staffing challenges, how can your teams remain communicative and prompt without burning themselves out? This is where communication platforms like community apps are proving to be a valuable tool for maintaining resident satisfaction.

Apps improve resident engagement, particularly with younger renters

You've probably heard the term "meet them where they are." And when it comes to Millennials and Gen Z (the two largest renter demographics), apps are the best way to engage with them.

These two demographics are accustomed to receiving and sending communication almost non-stop on their mobile devices. When they need something from their community, they certainly don't want to make a phone call. And they aren't going to want to use their phone's browser to navigate to your online portal.

Instead they want an easily accessible platform that lets them solve their problems in a few taps.

Resident apps **will not only let them take control of what they need without making a call, it gives them something else they want from a customer service perspective. That's transparency and constant updates.** If they are waiting on a package or have a work order in the queue, all they have to do is hop into their app for real-time updates.

Real-time updates are also a relief for on-site employees. It means they aren't getting bombarded by a slew of emails or calls requesting a status update. And when some of the annoyances of their job are minimized, they are much more likely to be fully attentive to prospects or residents who choose face-to-face service.

How to use your app to improve the resident experience

The first step to using an app to improve your community's living experience is to make sure it's robust with several features that your renters will use. You need to limit yourself to one app per property, so the one you have must deliver considerable value to your renters and your on-site associates.

Why only one app? First, it's a pain for renters to install multiple apps. And, they probably won't. It's even more of a pain trying to remember which app is used for what.

Your app needs to offer a mix of solutions for day-to-day apartment needs along with functionalities that let residents engage with neighbors and your staff. Here's what you need your app to do to make everyone in your community happy - residents and employees.

The win-win's of community apps: perks for everyone!

Quicker resolution to maintenance requests: Instead of calling a maintenance request into the office residents can submit a ticket anytime using an app. They can submit pictures if necessary and grant technicians permission to enter their unit. Plus, residents can see updates about the status of their ticket without having to ask.

Simplified and safe visitor access: Between friends, extended family members, and food deliveries, your residents have a lot of visitors. Apps let your renters register visitors so your on-site associates aren't continually policing who comes and goes.

Package notifications: Resident apps allow on-site teams check in a whole truckload of packages in a matter of minutes, while triggering automatic notifications to residents. It drastically cuts down on administrative work for your team members while keeping residents from wondering where their package is.

Smart renewals: Forget printing out giant packets of paper that residents need to sign in the office if they want to renew their lease. From presenting multiple offers with pricing and deadlines to sharing contracts and completing e-signatures, the entire process can be done in-app.

Organized and communicative move-ins: Community apps let you streamline the move-in process for both parties. Incoming residents can download the app ahead of their move day to see everything they need to know about the process. From access codes to parking instructions, or any other FAQs, it gives renters clarity and community managers a reprieve from conveying every little detail.

Community app perks for residents

Community connections: Apps can give residents a digital space to interact with one another. They can list items for sale, promote their small business, or invite neighbors to a party. Having interactions with other residents helps build a sense of community.

Better amenity experiences: It's not a great experience when renters show up to use an amenity space only for it to be full or a long wait. Having an app with amenity reservations helps manage crowds so your residents can actually enjoy those prized spaces.

Better communication with on-site teams: When residents need to communicate with on-site teams, they can send a message directly through the app. This lets the whole on-team have access to the message so whoever is on duty can respond. This helps renters get a faster response without having to call the office or send multiple emails.

Coupons and free stuff: It's always appreciated to get a free cup of coffee or a discount from a local business. Some apps offer a marketplace feature to showcase exclusive resident discounts to businesses near your community. Getting perks because they are a community member adds value to their living experience.

Community app perks for employees

Shared knowledge: Sometimes there are instances where an on-site associate needs to relay knowledge to another team member. Rather than leave a sticky note on someone's desk, they can relay those messages within your app. This helps everyone stay in the loop and respond to one another if clarification is needed. Plus, it leaves a digital paper trail if someone needs to reference an earlier conversation.

Easier event logistics: Organizing an event for an entire apartment community can be a colossal task. But the logistics are far less daunting when you have a proper headcount. Team members can publish events and collect responses all within their community app.

Organized and automated resident feedback: Using a mobile app is one of the easiest ways to send a completely customized survey to your residents. And since it appears on their mobile device, residents are more likely to see it. Surveys can automatically deploy after a resident makes a certain action. For example, if the resident submits a maintenance request, you can arrange for the survey to go out as soon as the work order is completed. And, employees can easily review the survey results within their admin portal.

Resident experiences make or break your success, especially as the market cools

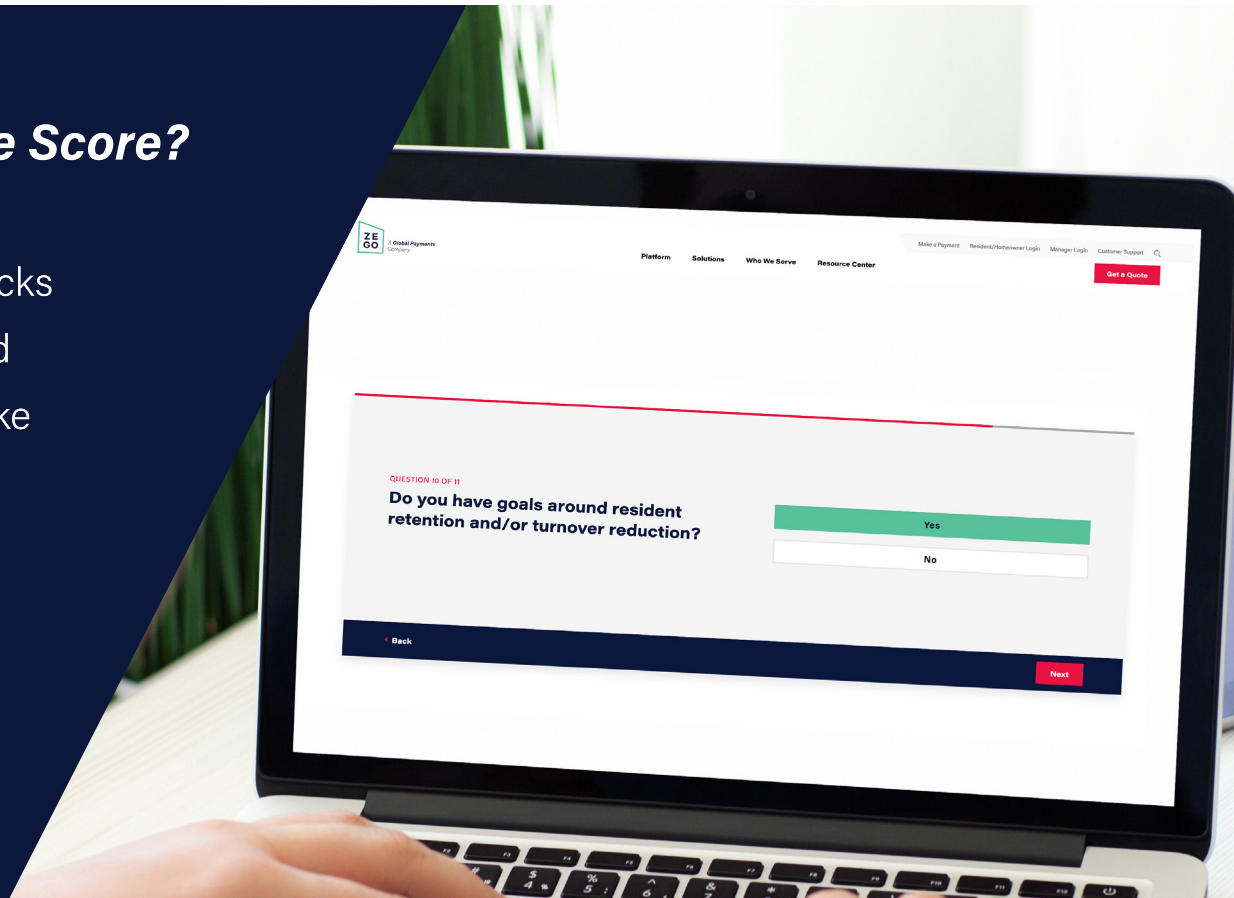
The findings of this report speak for themselves. Companies who put resident experience at the forefront of their priorities have higher retention rates and better opportunities for attracting new renters than ones who do not. They will have higher and more stable occupancy rates thanks to the exceptional living experiences that keep renters loyal.

At Zego, we firmly believe that improving the resident experience is the most important opportunity facing multifamily companies. Companies that embrace the findings from our report and are willing to adapt to change will continue to garner higher rents - even when the market begins to cool.

What's Your Resident Experience Score?

Take this 10-question diagnostic to find out how your Resident Experience program stacks up! At the end, you'll get a set of customized recommendations and resources to help take your score to the next level.

Take the quiz



ZEGO A Global Payments Company

Zego (A Global Payments Company) is a property technology company that modernizes Resident Experience Management to boost retention, productivity, and NOI. Zego's mobile-first engagement platform for the residential real estate industry unifies the most critical resident touch-points into one app. Everything seamlessly integrates into your back-end system, from payments and utilities to communications and smart devices.

Since its inception in 2003, Zego has grown from a payments provider to a comprehensive Resident Experience Management platform. With more than 350 employees, Zego serves 6,000 residential real estate companies and over 12 million units nationwide. Learn more about how Zego powers a better resident experience at gozego.com.

gozego.com | 1.866.729.5327 | @go_zego

Written by:
Jennifer Stahlman
Senior Manager, Writing & Editorial
Zego (A Global Payments Company)

Designed by:
Vik Pitones
Graphic Designer
Zego (A Global Payments Company)