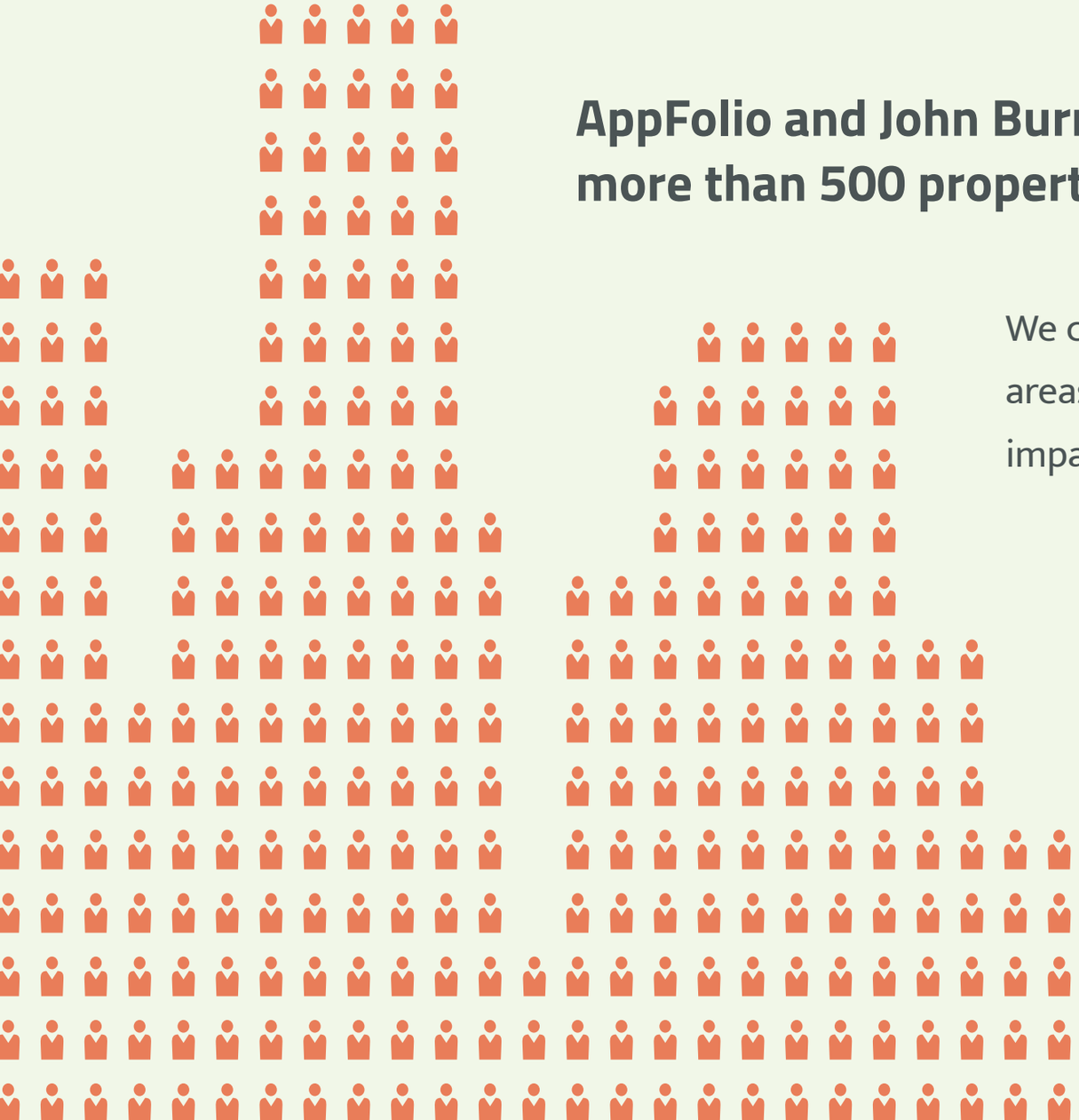
# 2019 Real Estate Industry Report for Residential Property Managers

appfolio PROPERTY MANAGER | JOHN BURNS REAL ESTATE CONSULTING



## AppFolio and John Burns Real Estate Consulting surveyed more than 500 property management professionals.

We collected their top goals and challenges in a variety of areas to bring you data-driven insights on major trends that impact the real estate industry. This report covers:

- Key Growth Inhibitors
- The Need for Strategic Focus
- Adoption of New Technology and Processes
- New Standards in Service
- Emerging Market Trends

# The State of the Real Estate Industry

The purpose of this survey is to get at the heart of what is important to property managers today, what their goals are for the future, and what stands in the way of their success.

## The data collected indicates:

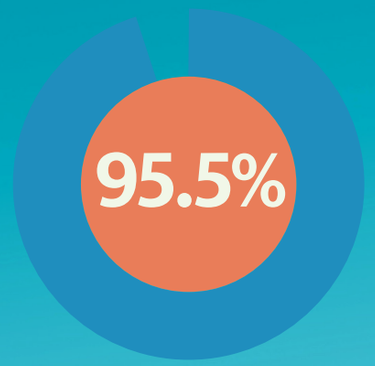
Property managers struggle with personnel and human resources challenges as they strive for growth.

Delivering excellent service is a primary goal of property management professionals.

A lack of modern technology and standardized processes, high employee turnover, and growing competitive pressure hamper the growth of property management businesses.

The overwhelming majority of respondents say they are open to adopting new technology that will allow them to achieve their goals. Read on for detailed results.

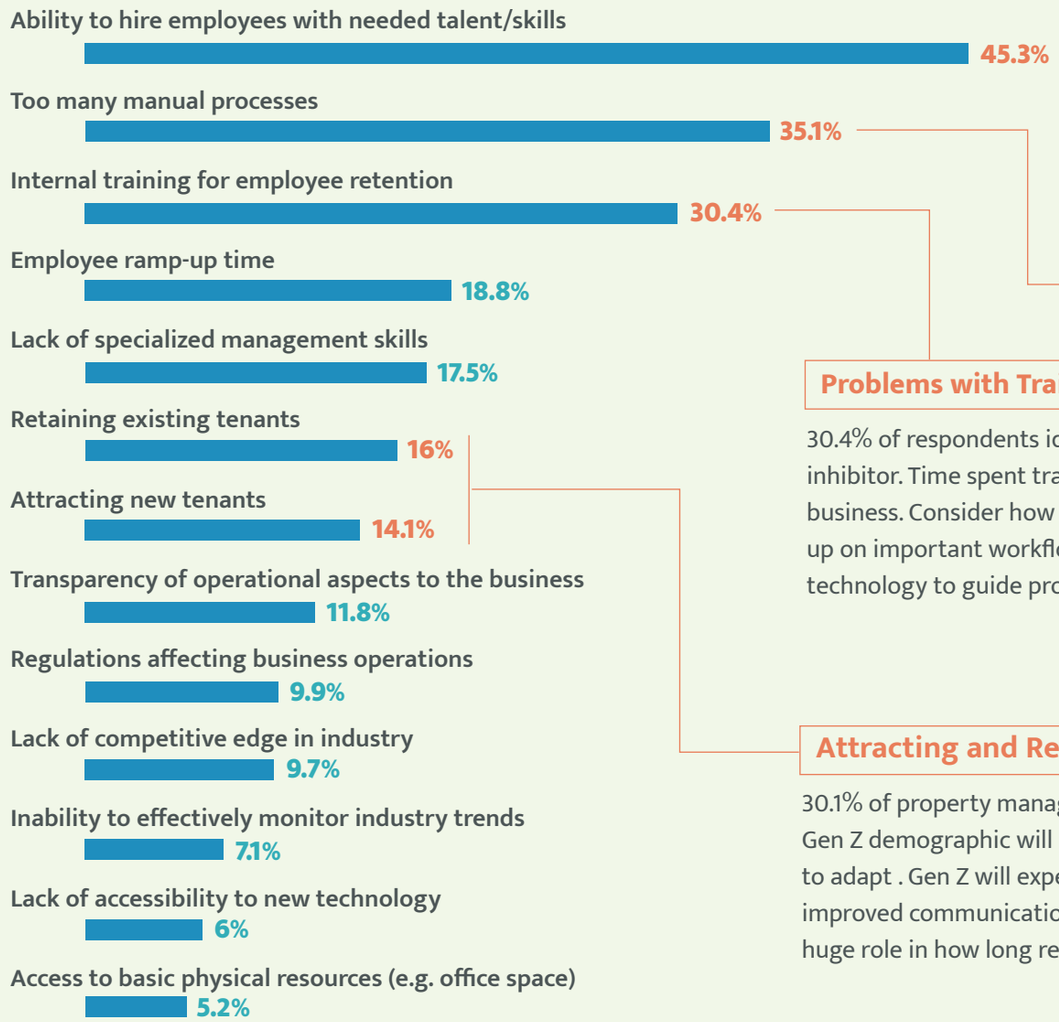
# Key Growth Inhibitors




of respondents want to add units in the coming year.

They identified the key factors inhibiting their growth.

# What factors are inhibiting your company's growth?




## Staffing

A company is only as good as its people, and 45.3% of property managers struggle with hiring qualified employees. It's vital to build a strong team that can keep up with the pace of technology and have excellent customer relationship skills.

## Problems with Training

30.4% of respondents identified training as a key growth inhibitor. Time spent training eats into time spent growing the business. Consider how many hours employees spend ramping up on important workflows, and evaluate how to leverage technology to guide processes and save time.

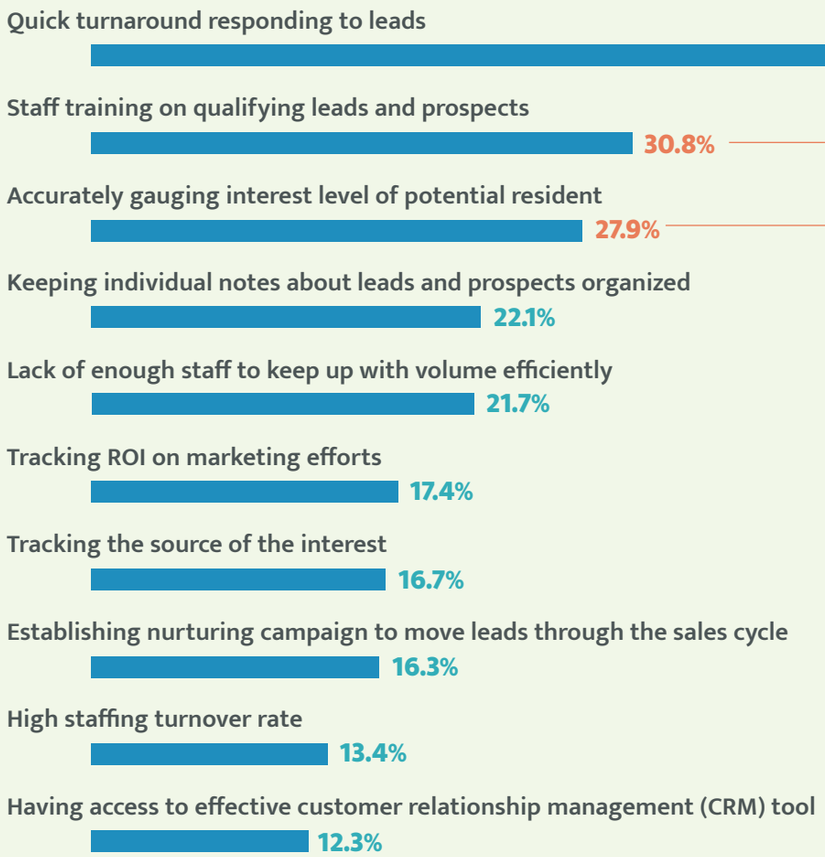
## Doing Things the Old Way

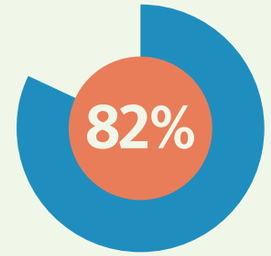
The lack of automation is slowing the growth of 35.1% of property management businesses. Too much time is spent with pen, paper, and spreadsheets instead of letting modern technology take the load off employees.

## Attracting and Retaining Renters

30.1% of property managers see problems with attracting and retaining renters. With over 61 million members, the Gen Z demographic will be the next wave of tenants, and to appeal to this slice of society property managers will have to adapt . Gen Z will expect certain things—whether it's top-of-the-line amenities, increased leasing functionality, or improved communication. While there are many reasons for rental turnover, the level of service you provide plays a huge role in how long renters stay in your properties and how often they recommend them to friends.

# What are the primary challenges you face in regard to managing leads and property inquiries?




of property managers report challenges with managing leads and property inquiries.

## The Desire For Timely Responses

While property managers know it's important to respond quickly to leads, they continue to struggle to do so. Slow response times can create a negative customer experience from the prospective renter's initial interaction with a business. Renters expect instant service and will opt to do business with companies that consistently provide it.

## Training Falls Short

Lack of trained staff has a negative impact on the ability of property managers to qualify leads and prospects. Streamlined training and self-guided resources built into software can fill this gap.

## Serious Inquiries Only

Pre-qualifying leads before reaching out to them is a huge time saver. Unfortunately, this is a challenge for property managers today. One solution is built-in guest cards on your property's website that enable you to automate responses and collect resident data online, making inquiries easy to sort and manage.

# The Need for Strategic Focus

**25%** of property managers identified the lack of time to focus on business strategy as their number one challenge.

# What is the biggest challenge you're currently experiencing?

## Too Much Time Spent on Manual Processes

According to the survey, 18% of property managers spend too much time on manual processes, which gets in the way of more strategic thinking. Automating day-to-day tasks can free up time to focus on the future.

## Maintenance Management Is a Time Sink

Managing maintenance was identified by 17% of respondents as their biggest challenge. Maintenance is commonplace in property management, but unexpected issues can take time out of the day and inefficient service can be detrimental to the renter experience. Utilizing mobile technology can greatly free up time for property managers and vendors, while allowing them to provide improved service to renters.

## Finding the Right People for the Job Is Difficult

Happier employees equal happier customers. Unfortunately, the property management industry has a very high turnover rate, and 13% of respondents are experiencing challenges in hiring the right people for the job. Today's tech-savvy job seekers appreciate easy-to-use, modern technology that helps them to be efficient.

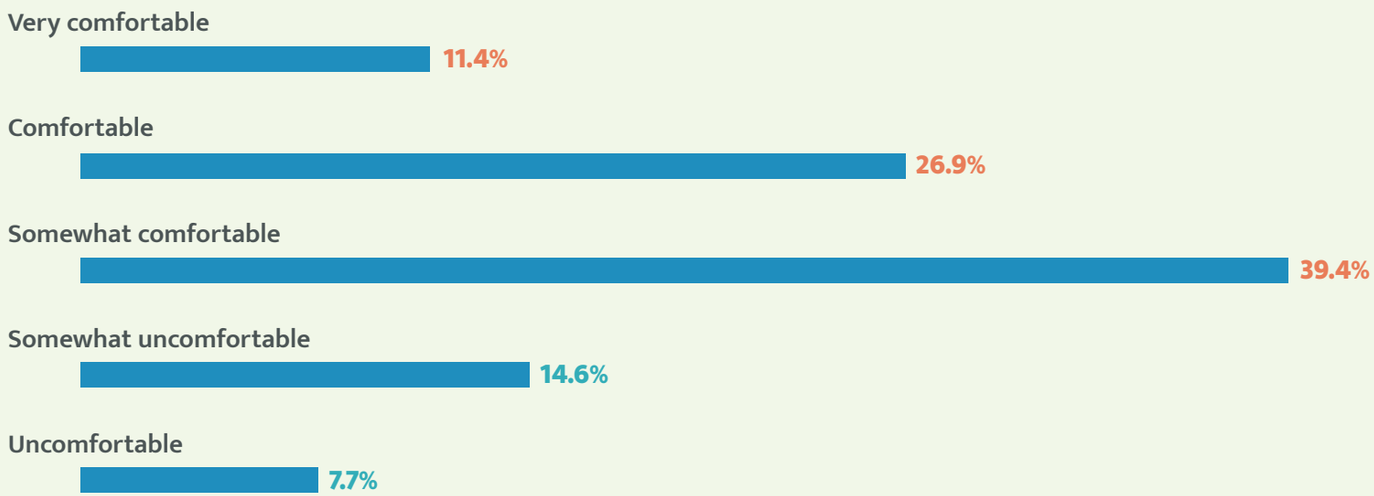
**As competition heats up and it becomes more important than ever to attract and retain loyal customers, focusing on strategy will be necessary for success.**

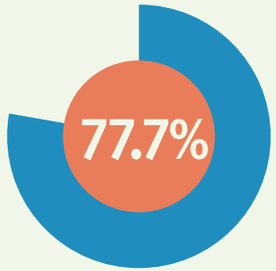
# Adopting New Technology and Standardized Processes

**22%** of property mangers say their organization is uncomfortable with adopting new technology.

This reluctance will increasingly hamper their growth.

# What is your organization's level of comfort with adopting new technology?

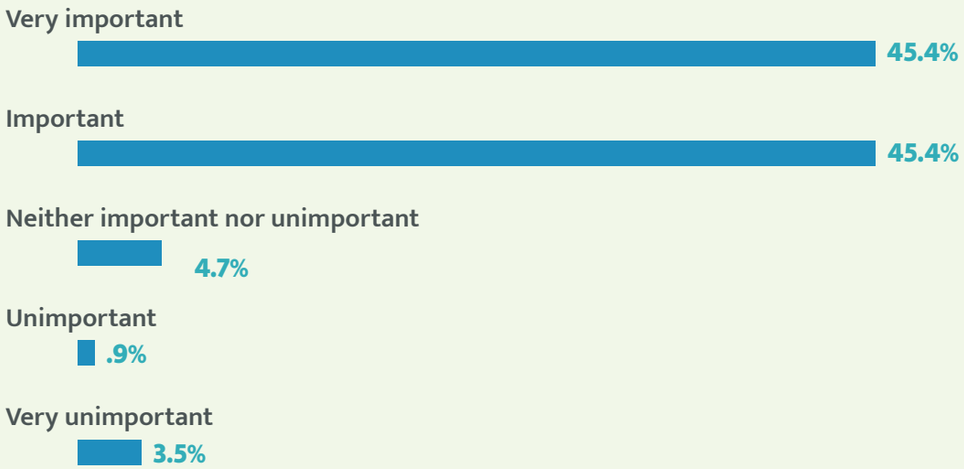


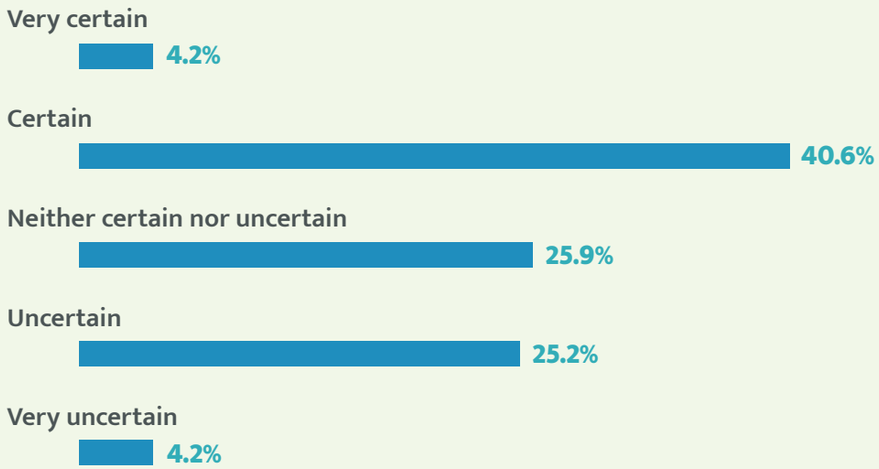

## Comfortable with Adopting New Technology

The data tells us that 77.7% of property managers are open to adopting new technology. This is an encouraging sign for the real estate industry as a whole, considering the increasingly rapid pace of technological development.

## How important are standardized processes for employees in your organization?

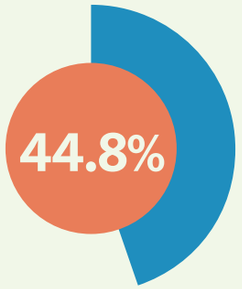



## How certain are you that your employees follow standardized processes efficiently?



## The Confidence Conundrum

While 90.8% of respondents say that standardized processes are important, only 44.8% say they are certain that their employees follow standardized processes efficiently.

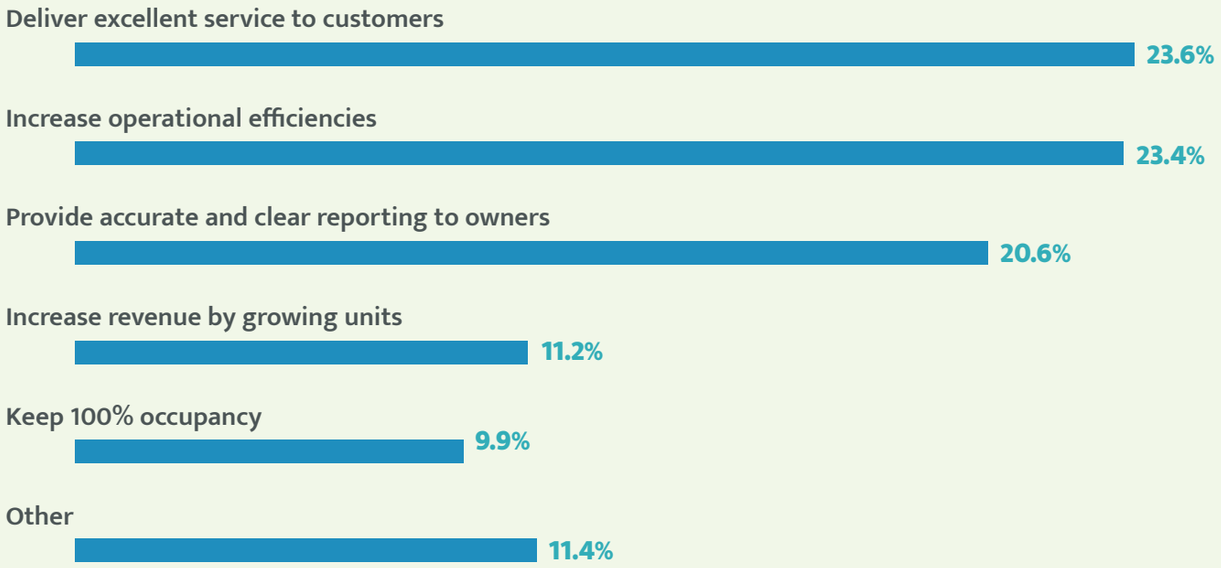


# A Stellar Experience is the New Standard for Service

**23.6%**

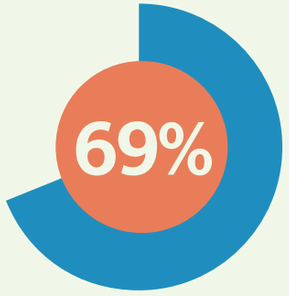
of property management professionals say that delivering excellent service is their number one goal.

# What is your current top business goal?



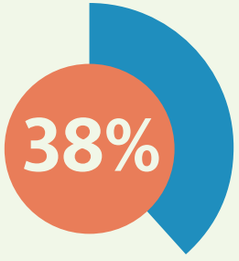

Consumers have high expectations when it comes to service and the quality of interactions. This is particularly evident in the real estate industry, which historically reacts more slowly to market changes than other industries. Property management professionals are starting to recognize the importance of becoming customer experience managers.

In a mobile-first, on-demand economy, businesses need to boost their customer experience strategy to meet the expectations of today's customer and gain a competitive advantage. A strong company culture will attract not only loyal employees, but owners and renters as well.




## The Gap between "Wanting to" and "Doing"

**69% of property managers believe that establishing a service oriented culture would have a positive impact on their business, but only 38% say they are prepared to do so.**

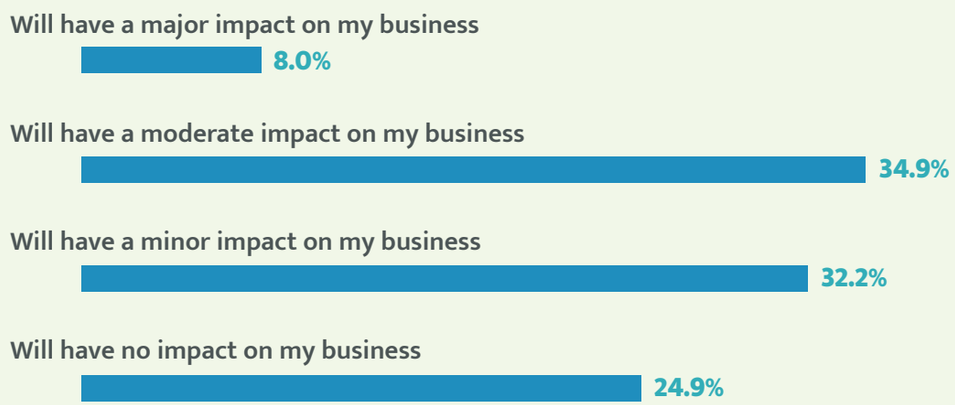


# Emerging Market Trends

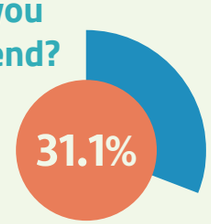
How deeply will current trends impact the real estate industry...and how ready are property managers to deal with them?

## The Trend toward Industry Consolidation

More property management firms are acquiring one another, resulting in fewer and larger companies.



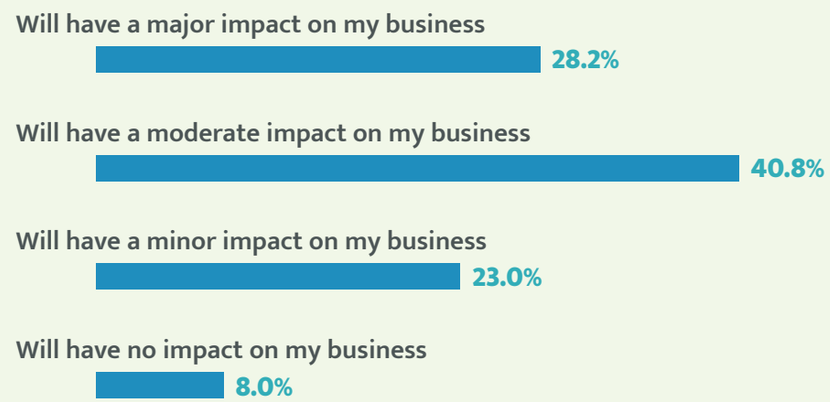

### How prepared are you to deal with this trend?




of respondents feel prepared.

## The Trend toward Establishing a Service-Oriented Company Culture

There is a move toward creating a company culture based on excellence in tenant/resident service.

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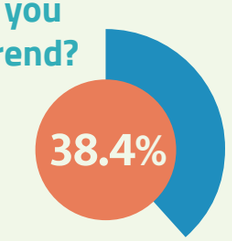
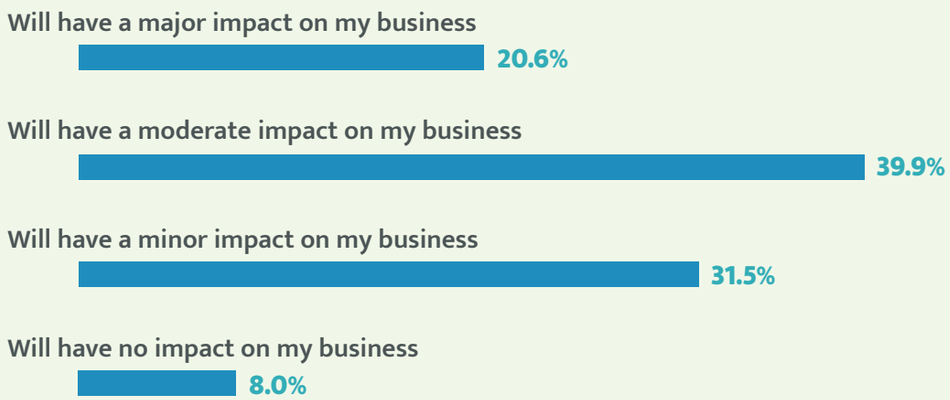



of respondents feel prepared.

## The Trend toward Utilizing Advanced Analytical Tools

Extremely sophisticated tools are now available for developing business intelligence and visualization.

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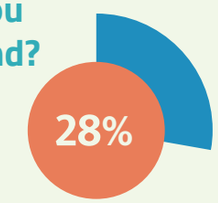
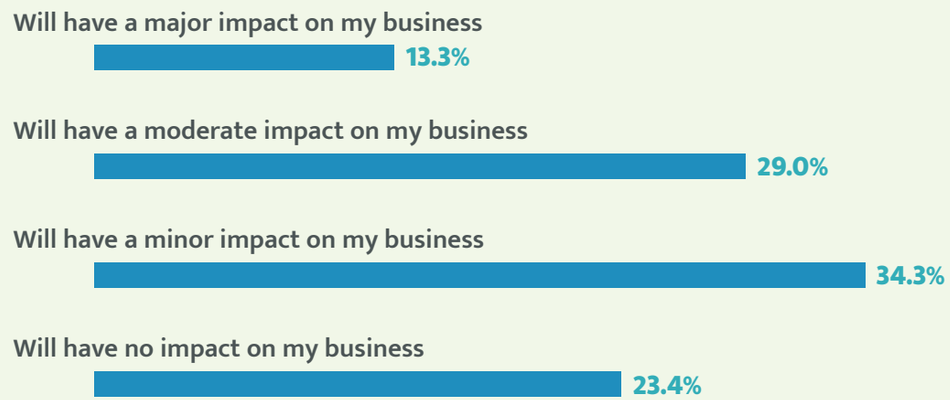



of respondents feel prepared.

## The Trend toward Competition from Big Investment Firms

Large firms that do their own rehab and maintenance are becoming more of a presence in the market.

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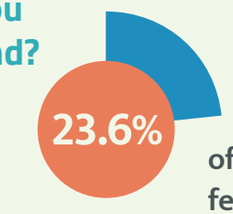
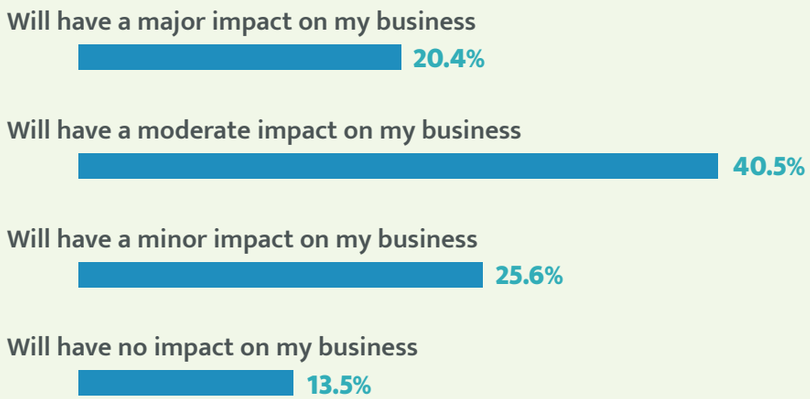



of respondents feel prepared.

## The Trend toward New Approaches in Tenant Acquisition

Practices such as 24/7 access to property viewing are increasingly common.

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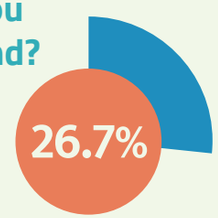
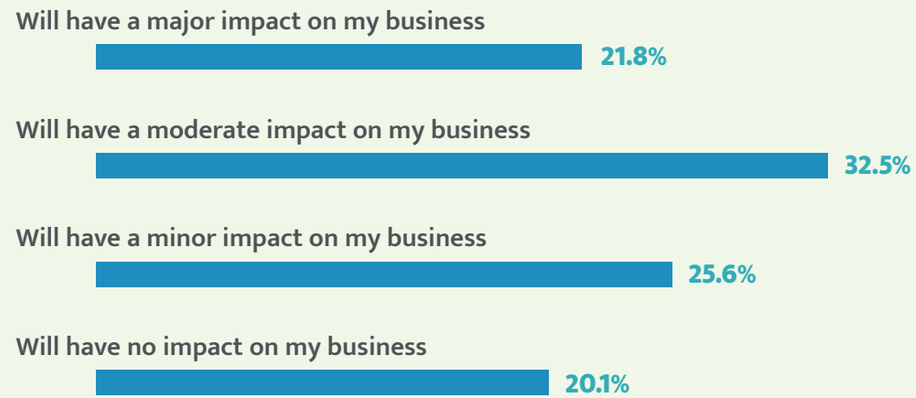



of respondents feel prepared.

## The Trend toward Shrinking Inventory

A current inventory of for-rent product is undergoing a steady reduction.

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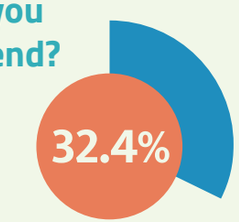
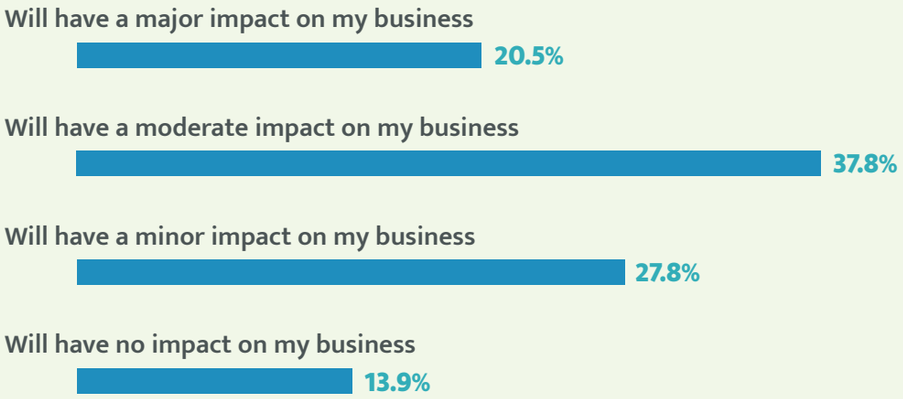



of respondents feel prepared.

## The Trend toward Adding Construction, Rehab, and Maintenance Services

The addition of services beyond management as a means to grow revenue with fewer doors.

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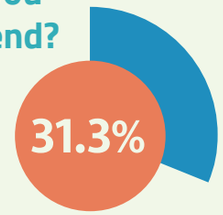
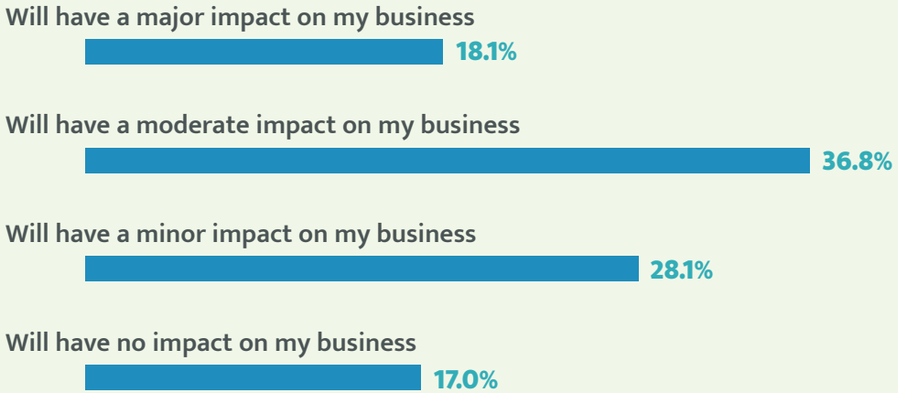



of respondents feel prepared.

## The Trend toward Investors Having Increased Expectations

As technology improves, investors are expecting performance and financial information to be available online.

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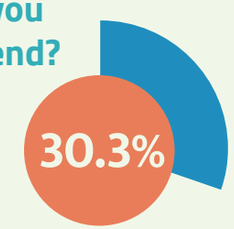


of respondents feel prepared.

# 2019 Real Estate Industry Report for Residential Property Managers

## Methodology

More than 500 property management professionals were surveyed for this report. They work in many different roles, including but not limited to, president, CFO, property manager, accountant, regional manager, and leasing agent. Their organizations manage a variety of property types ranging from multi-family and single-family to senior and student housing, and almost 83% of them manage portfolios of between 500 and 3,000 units.

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