knock

RESEARCH REPORT

The State of Multifamily Leasing Performance in 2022

A comprehensive report based on a survey of more than 700 multifamily professionals, identifying key priorities and frustrations to provide a holistic view of the rapidly evolving multifamily industry.

- Do onsite and corporate priorities align?
- How can companies retain employees?
- What's the main challenge facing multifamily teams?

Table of Contents

After reading this report, you'll be equipped with data-backed insights and strategies to better align your frontline and front office operations teams and lay out a path forward to bridge gaps, improve performance, and drive professional success.
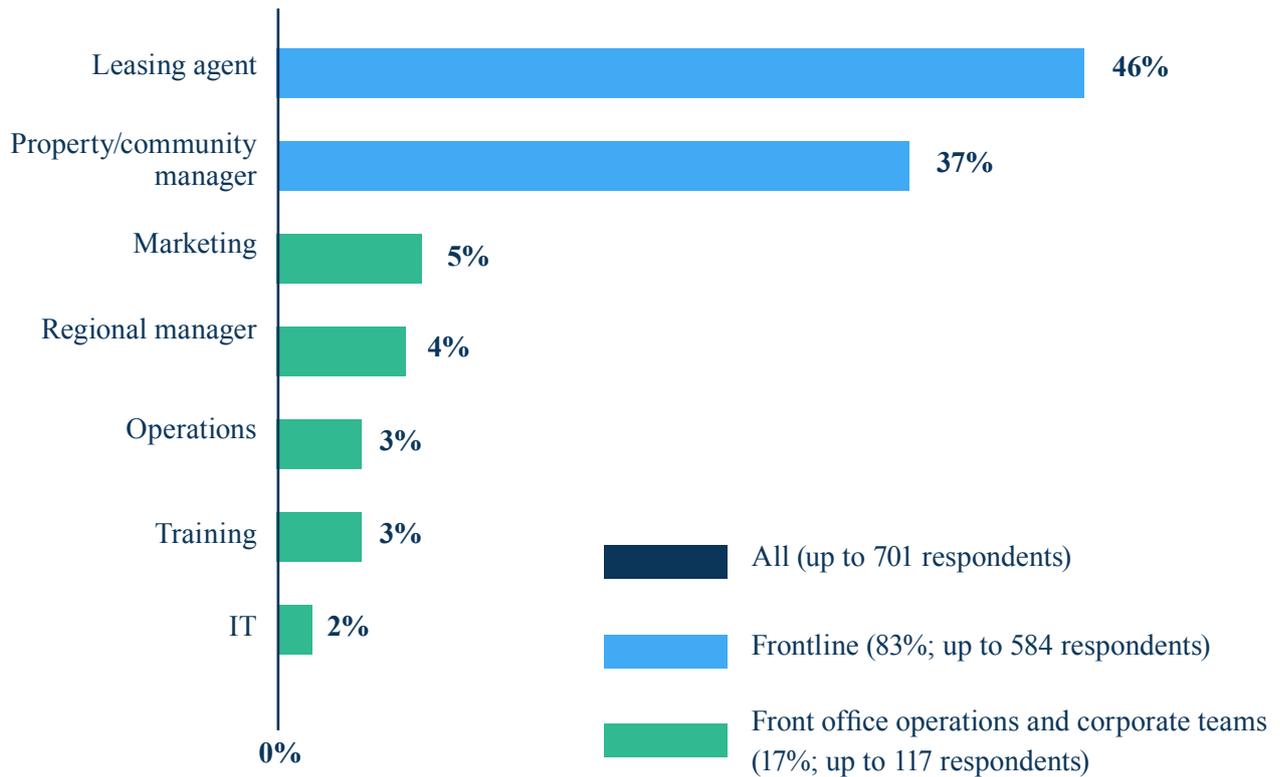
Who we surveyed

Knock surveyed 701 multifamily professionals in the United States in September 2021. We surveyed and compared the results from two audiences:

> • **Frontline teams,** which includes leasing agents, property managers and community managers (83% of the sample)
> • **Front office operations and corporate teams,** which includes marketing, regional managers, operations, training and IT (17% of the sample)

Each group is represented with a distinct color. Read on to learn where the groups align and where they differ.

Role	Percentage
Leasing agent	46%
Property/community manager	37%
Marketing	5%
Regional manager	4%
Operations	3%
Training	3%
IT	2%

0%

Legend:
- All (up to 701 respondents)
- Frontline (83%; up to 584 respondents)
- Front office operations and corporate teams (17%; up to 117 respondents)

Want more data?

Download the **Success in Multifamily Leasing Performance Data Supplement**, which has all of the questions and answers from the survey.

Key takeaways

Optimizing the resident experience, hiring and retaining top talent, and improving performance in key metrics next year were the top priorities from our report. These might seem like a tall order, but in the data, we also find solutions and a sigh of relief.

Defining and aligning *together* what success and progress look like, with the transparency and tools to keep both onsite and corporate teams accountable, will unlock the procedures and processes to drive more growth.

• **Providing an exceptional experience to renters and prospects** is the top priority for multifamily professionals. Both corporate and onsite teams are interested in actively looking for ways to automate routine processes in order to give leasing agents more time to spend with clients.

• **Disconnects between corporate and onsite teams** are potentially eroding the performance of multifamily.

• **Hiring and retaining leasing teams is a key challenge** for multifamily teams. Three out of four corporate respondents are concerned the labor market shortage will impact their ability to retain and hire leasing teams. The good news: There are several things multifamily teams can do to improve the likelihood of retaining talent.

• **The vast majority of multifamily teams would like better insights to improve profitability.** Only 9% of corporate respondents are extremely confident that the data they are using to make decisions is consistent across reports/systems.

Stay up to date as we explore more of this data and release additional research and insights. **Sign up to receive Knock Notes**, our monthly newsletter.

Top priorities

Our report is organized by the priorities <u>you</u> consider to be most important.

We asked: What is the top priority for your business? Accordingly, our report is organized by the three priorities you consider to be most important:

- Providing an exceptional experience for renters and prospects
- Retaining and hiring the right staff
- Increasing rents and occupancy rates

In each section of this report, we'll look at the data and provide concrete ideas to help you bridge the gaps in these high-priority areas.

It's important to note that onsite and corporate respondents aren't fully aligned when it comes to business priorities.

- Both groups agree renter experience is a top priority.
- Onsite staff are much more likely to prioritize increasing rents and occupancy rates.
- Corporate team members are focused on retaining and hiring the right staff.

Also useful to note: 9% of onsite staff and a full 14% of leasing agents (who are included in the "onsite staff" category) report they are "unsure" what the top priority is for the business, while only 2% of corporate respondents say they are "unsure" what the top priority for the business is.

KEY INSIGHT: Improving performance starts with getting aligned on what the business wants to accomplish. The first step is identifying and communicating the top priority to your team members at all levels and clarifying how you will measure success.

■ Corporate   ■ Onsite

Provide exceptional experience for renters and prospects

29%	
32%	

Increase rents

9%	
14%	

Retain and hire the right staff

25%	
16%	

Increase occupancy rates

8%	
11%	
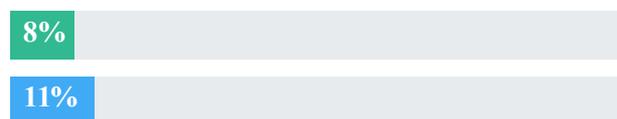
Residents First: Providing an Exceptional Experience Remains Top Priority
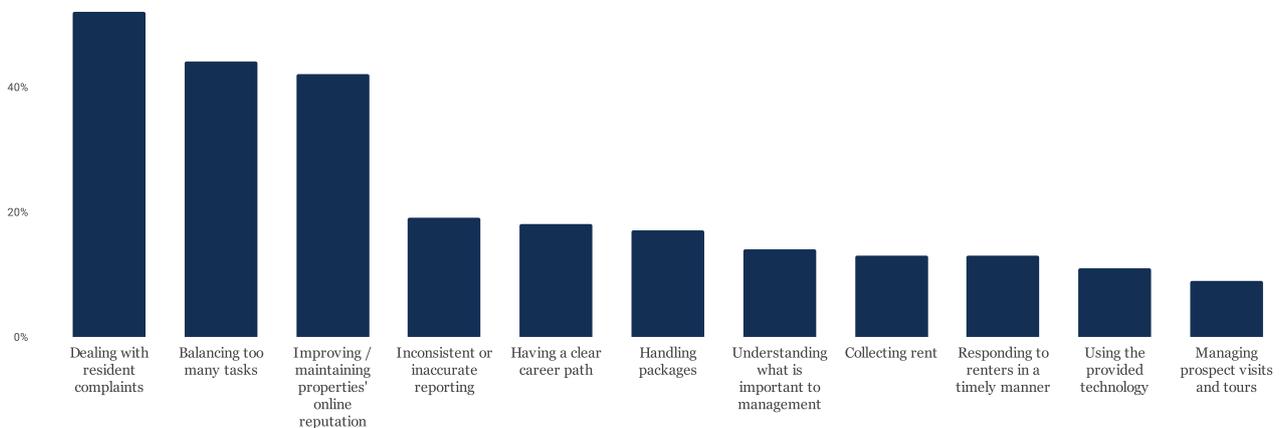
Renter experience

Providing an exceptional experience for renters is the top priority for both onsite and corporate respondents. And, our data shows that **renter experience is also one of the top challenges onsite teams face.**

When presented with a list of challenges ranging from "collecting rent" to "using the provided technology," onsite teams identified as their top two: "dealing with resident complaints" (52%) and "balancing too many tasks" (44%).

Both of these directly affect onsite staff's impact on renters' experience with the property.

52%
of onsite teams report dealing with resident complaints is a top challenge

44%
of onsite teams report balancing too many tasks is a top challenge

In addition to "dealing with resident complaints" and "balancing too many tasks," onsite teams cite the following as their top challenges.

Our survey does not provide a direct measure of how successful multifamily teams are in providing an exceptional renter experience (and we have plans to dig into this in the future).

However, we asked respondents how satisfied they believe renters would say they are with their experience with onsite staff. **There is a significant disparity between how satisfied corporate and onsite teams perceive renters to be.** Some 63% of onsite respondents think renters are very highly satisfied with their experiences, while just 28% of corporate respondents think so.

Onsite teams are 2x more likely to think that renters are very highly satisfied with their experience with the onsite staff compared to those working in corporate.

Corporate — **28%**
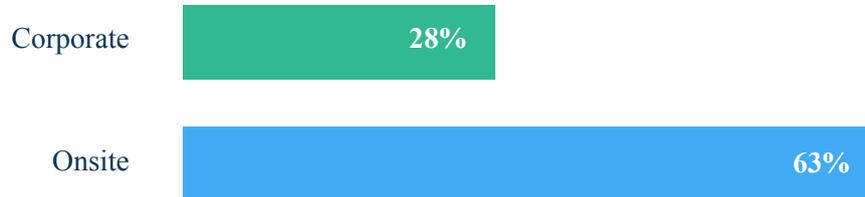
Onsite — **63%**

Why might this be the case?

• People take pride in their work and know what challenges they have overcome, so **onsite team members, who are the "front lines" with renters, may naturally have a more positive outlook.**
• **Corporate respondents, who are not in contact with renters on a regular basis, may be more likely to hear complaints** instead of compliments.
• The data also shows a possible reason for this disconnect: **Corporate teams admit they don't know how the onsite staff is performing.** Only 36% of corporate teams say they have very clear visibility into how leasing agents are performing.

36%
Only 36% of corporate teams report having clear visibility into how leasing teams are performing.

Automation can boost renter experience.

While renter experience is a complex issue, automating certain tasks can significantly contribute to improving it. For example:
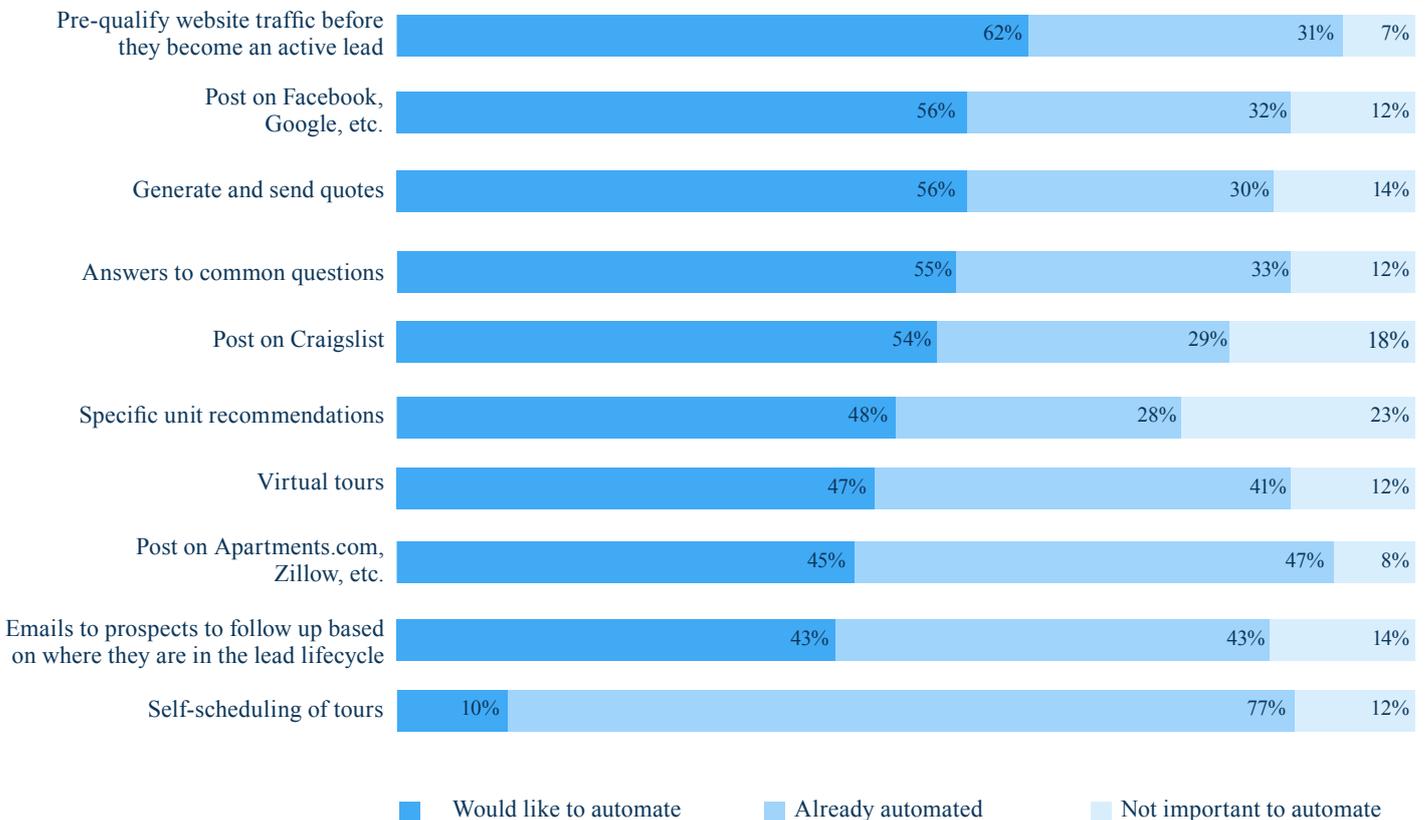
> • Automating processes for scheduling tours, sending quotes and answering common questions **provides renters faster response times.**
> • Automating tasks such as posting listings and emailing prospects **frees up onsite staff members' time**, giving them more opportunity to engage with renters in a positive way.

Fortunately, corporate teams realize the importance of automation. Fully 91% of corporate respondents report they are actively looking for ways to reduce repetitive tasks so leasing agents can have more time to focus on the renter experience.

Onsite teams are also very interested in automating tasks, most commonly:
• Pre-qualifying website traffic before they become leads
• Posting on Facebook, Google, etc.
• Generating and sending quotes
• Answering common questions

Leasing tasks onsite teams would like to automate.

Task	Would like to automate	Already automated	Not important to automate
Pre-qualify website traffic before they become an active lead	62%	31%	7%
Post on Facebook, Google, etc.	56%	32%	12%
Generate and send quotes	56%	30%	14%
Answers to common questions	55%	33%	12%
Post on Craigslist	54%	29%	18%
Specific unit recommendations	48%	28%	23%
Virtual tours	47%	41%	12%
Post on Apartments.com, Zillow, etc.	45%	47%	8%
Emails to prospects to follow up based on where they are in the lead lifecycle	43%	43%	14%
Self-scheduling of tours	10%	77%	12%

Value: The Key to Overcoming Labor Market Woes

Labor shortage

Retaining and hiring the right staff is the second priority for corporate teams.

The data also indicates this is a significant challenge.

> • 75% of corporate respondents report they are concerned the labor shortage will impact their ability to hire and retain leasing teams.
> • The top challenges reported by corporate teams are all focused on retaining talent and training new talent.

Perhaps not surprisingly, onsite teams don't identify this as a priority. But it's important to remember that the survey asked for the top priority for the *business*. This may indicate that leasing teams don't understand the weight and thought corporate teams are giving to the retention and hiring challenge.

KEY INSIGHT: While the hiring challenge is significant, the data shows there is something corporate teams can do to help retain their leasing team members: Make them feel valued. Many in the industry are already doing this, and there's room for improvement — which could make the difference in a tight labor market.

About one-third of onsite team members report feeling extremely valued, one-third feel very valued and one-third feel somewhat valued; only 7% report not feeling valued.

The data also shows the impact of making leasing teams feel valued. Those who feel very valued are less likely to be looking for new jobs. They are also more likely to report that their renters are very highly satisfied with their experience.

Leasing agents and property managers who feel extremely/very valued report higher renter satisfaction and are less likely to look for a new job than those who feel somewhat valued.

Extremely/very valued		Somewhat valued
70%	Thinks renters have a very high satisfaction	51%
42%	Actively looking for a new job or open to new opportunities	73%

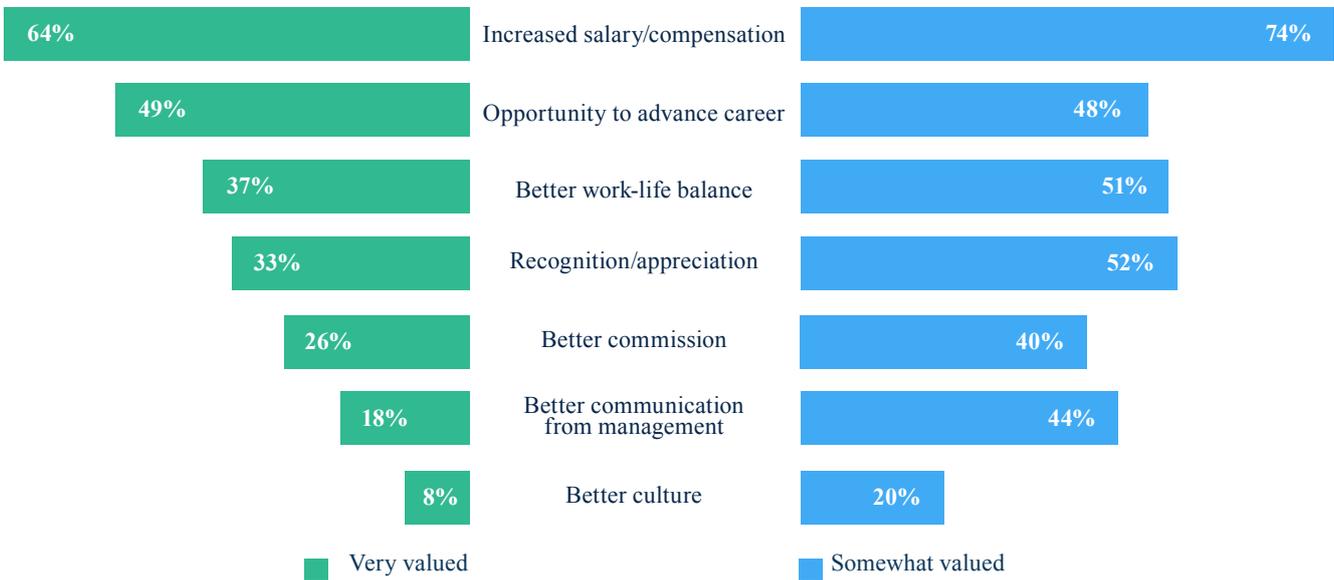■ Extremely/very valued   ■ Somewhat valued

KEY INSIGHT: The survey asked onsite teams what would help them feel more valued, and the data offers several ideas for what you can do to improve satisfaction:

- **Consider financial measures.** Some of the ways onsite team members want to feel valued include increased salary/compensation and a better commission structure.
- **Provide opportunities for career advancement.** About half of all leasing agents, regardless of how valued they feel, are looking for opportunities to advance their careers.
- **Support work-life balance.** Half of those who report feeling somewhat valued would also like better work-life balance. While this is a complicated issue with no magic bullet, automating key and time-consuming tasks can help free up your leasing teams' time.
- **Recognize team members' efforts and accomplishments.** 52% of those who report feeling somewhat valued want recognition and appreciation.
- **Improve communication.** 44% of those who report feeling somewhat valued would like better communication from management.

Leasing agents who feel only "somewhat valued" are more likely to want to improve aspects of their jobs.

Job aspects that would make onsite teams feel more valued.

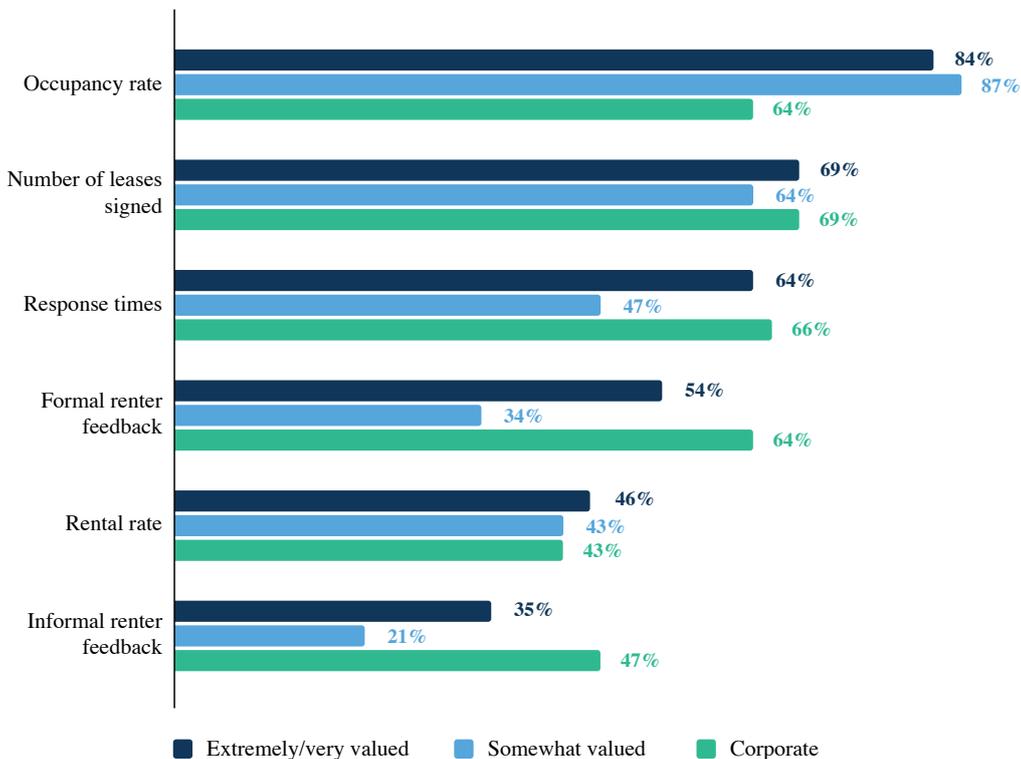|	Very valued	Somewhat valued
Increased salary/compensation	64%	74%
Opportunity to advance career	49%	48%
Better work-life balance	37%	51%
Recognition/appreciation	33%	52%
Better commission	26%	40%
Better communication from management	18%	44%
Better culture	8%	20%

In addition to looking at what onsite teams need in order to feel valued, we also looked at the processes corporate uses to evaluate their onsite teams. Two important insights came from this.

First, **onsite staff who say they are somewhat valued are more likely to report they don't know how they are being evaluated.** Almost half (43%) of those who feel somewhat valued say they do not know how they are evaluated by management, compared to just 18% of those who feel extremely/very valued.

Second, among onsite staff who do know how they are being evaluated, **those who feel somewhat valued are more likely to think they are evaluated based on hard metrics** such as occupancy rates, the number of leases signed and rental rate. **But survey responses from corporate team members show they actually use a variety of other metrics**, including response times, formal renter feedback and informal renter feedback — and this is something that those who feel very valued appear to better understand.

What factor(s) do you use when evaluating performance?

Factor	Extremely/very valued	Somewhat valued	Corporate
Occupancy rate	84%	87%	64%
Number of leases signed	69%	64%	69%
Response times	64%	47%	66%
Formal renter feedback	54%	34%	64%
Rental rate	46%	43%	43%
Informal renter feedback	35%	21%	47%

■ Extremely/very valued ■ Somewhat valued ■ Corporate

KEY INSIGHT: Finding ways to improve and better communicate your evaluation process can offer benefits beyond increasing onsite employee satisfaction. As noted earlier, only one-third of corporate respondents say they have very clear visibility into how leasing agents are performing. So, taking a critical eye to your evaluation process may help you identify ways to increase that visibility as well.

While many of the steps corporate teams can take focus on communication and recognition, there is also a technology component to a leasing agent's well-being. Our survey finds that those **onsite teams who feel very valued are much more likely to report they are extremely/very confident that the data used to make decisions is consistent across reports and systems.** This makes sense: When you have the right data, you can be more confident in all areas of your work.

Profit Motive: Focus on Financial Metrics

Focus on financial metrics

Increasing rents and increasing occupancy rates make up the third priority.

Both of these relate directly to the organization's need to improve profits.

NOTE: In this section, we're going to look at leasing agents separately from property/community managers because the differences in the data are significant.

We asked respondents to select **which metric is most important for the business.** This surfaced some important issues:

> **• 16% of leasing agents report they don't know what the top metric for the business is.** This is obviously a concern; it's tough to optimize your performance when you don't even know what the goal is.
> **• Corporate teams and property/community managers are prioritizing net operating income (NOI), while leasing agents are focused on occupancy rates.** Only 12% of leasing agents report NOI as the top metric for the business, compared to 42% of property/community managers and 45% of corporate respondents.

We also asked respondents what metrics they are tracking in general — and we see another significant disconnect with NOI. 76% of corporate respondents and 78% of property/community managers say they are tracking NOI, compared to only 44% of leasing agents.

KEY INSIGHT: Multifamily professionals need to make sure that team members at all levels are on the same page about what metrics are important to the business and why, and then provide a way to track them or make them visible to the entire team working to hit the financial goals of the property.

Metrics considered the top priority for the business, by respondent role.

	Corporate	Leasing agents	Property and community managers
1	Net operating income (45%)	Occupancy rates (36%)	Net operating income (42%)
2	Rent growth (17%)	Net operating income (12%)	Rent growth (22%)
3	Occupancy rates (11%)	Rent growth (10%)	Occupancy rates (17%)

Not only is there misalignment around what metrics are most important (aka a people communication problem), there is also a lack of visibility into metrics (aka a technology problem).
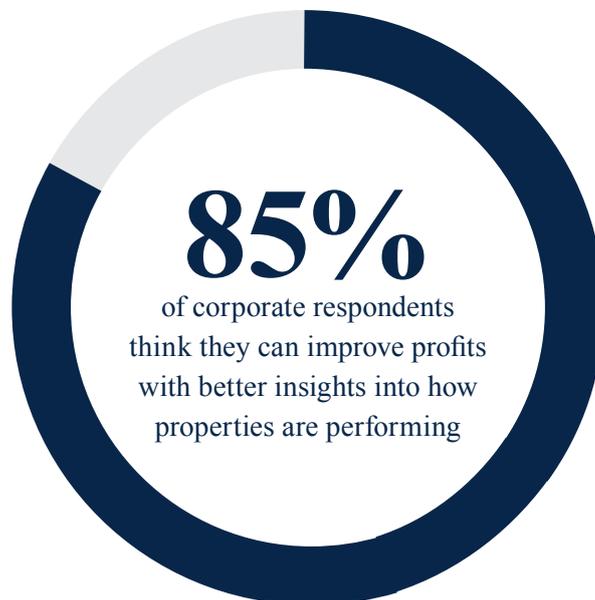
KEY INSIGHT: 85% of corporate respondents think they would be able to improve profits if they had better insights into how properties are performing.

This lack of visibility into the data is something corporate teams feel more pain around than onsite teams do.

- One-third of corporate team members report inconsistent/inaccurate reporting as a top challenge, compared to 19% of onsite team members.
- 26% of onsite respondents consider it very easy to pinpoint performance, compared to 9% of corporate respondents. (And almost 1 in 10 leasing agents report that the company does not have any performance issues.)
- 9% of corporate respondents are extremely confident that the data used to make decisions is consistent across platforms, compared to 25% of onsite team members.

One possible reason for these disconnects is that different roles are interested in different metrics — and some are easier to track than others.

85%
of corporate respondents
think they can improve profits
with better insights into how
properties are performing

Methodolgy

Success in Multifamily Leasing Performance: Aligning Frontline and Front Office Priorities is published by Knock. The survey was fielded in September 2021 by an independent research firm. In total, 701 people completed the survey; of those, 584 are onsite employees (leasing agents or property/community managers) and 117 corporate employees (marketing, operations, regional managers, etc).

Corporate Role	
Associate	11%
Manager	33%
Director	34%
Vice president / Senior vice president	10%
C-Suite	3%
Business owner	2%
Other	7%

Type of Property	
Fee managed	23%
Owner operated	46%
Mixed	31%

Number of Units Managed	
Fewer than 750	31%
750 - 1,999	8%
2,000 - 4,999	13%
5,000 - 14,999	18%
15,000 - 49,999	17%
50000+	13%

Asset Class Managed	
Class A	42%
Class B	38%
Class C	21%
Workforce	8%
Affordable	18%
Unsure	24%

Note: Respondents could choose more than one property type.

Where to go from here

Many thanks to the 701 multifamily professionals who completed this year's survey, and thank you to everyone who helped share it with the industry.

If you found this report valuable, please share this data with other multifamily professionals. Our goal is to help multifamily companies succeed — and for their teams to truly enjoy their jobs.

Have feedback to share on the contents of this report or ideas about what you'd like us to cover in future surveys? Don't hesitate to drop us a note: **hello@knockcrm.com**

If you want to see the full dataset, **download the data supplement.**

Finally, if you want to stay informed about new developments regarding this research or new research to come, **sign up for Knock Notes**, our monthly email newsletter.

About Knock

In 2014, co-founders Demetri Themelis and Tom Petry made a bet on creating better multifamily technology, and they built Knock from the ground up. Their goal was the same then as it is now: help property management companies improve their renters' and onsite teams' experiences and increase operational efficiency for the sake of healthier returns.

Today, Knock continues its commitment to helping multifamily owners and operators gain the clarity of vision and ease of execution necessary to drive profits, stimulate growth and meet modern (and evolving) renter expectations and demands.

This report is a fruit of that commitment and just one more demonstration of how Knock has grown to become the premier partner to future-forward multifamily property managers, operators and investors that want to improve experience and returns.

Knock is an award-winning performance management platform and CRM for multifamily property management companies that elevates property management teams into modern, high-performance sales organizations. Hundreds of the leading apartment managers and owners across North America rely on Knock's automation, integration and data transparency tools to increase tours, improve occupancy and renewal rates, and make things easier for their front office teams.

For more information about Knock, visit our website: **www.knockcrm.com**.

Keep up with us on social media!