Surprising rental market trends to watch in 2019

A series of major shifts are reinventing the rental industry as we know it.

People are renting later in life than ever before—a result of the affordable housing shortage and a number of other socioeconomic factors. In addition, a more diverse group of households are renting their homes rather than buying them. These trends have hit close to home over the last few years as skyrocketing rents and home prices have outpaced wage growth, intensifying the need for affordable places to live.

However, though rental demand has never been stronger, property managers are stuck between a rock and a hard place: newly built units have flooded many real estate markets, causing vacancy rates to rise and rents to stagnate after years of steep growth.

Meanwhile, home values are reaching their peak, motivating many rental owners to sell their properties, and causing some property managers' portfolios to shrink. In this strong seller's market, we're also seeing large property management firms acquiring smaller businesses to expand their portfolios and penetrate new markets.

What the data tells us

Each year, Buildium conducts a survey of nearly 2,000 property managers across the U.S. in collaboration with the National Association of Residential Property Managers (NARPM). In the recently released 2018 State of the Property Management Industry Report, 1 in 5 respondents told us that portfolio loss was a top concern over the last year—and it's likely a challenge of moderate impact to many more.

Even with the headwinds they face, property managers are setting aggressive goals for the year to come. In this year's survey, 91% of property managers told us that they expect their revenue to grow in the next two years.

How can property managers ensure that they're poised for success in this rapidly evolving environment? It starts with accepting that in the property management industry of the future, a one-size-fits-all approach to customer service will become increasingly ineffective. In order to stay ahead of the competition, property managers will need to provide top-notch customer service to renters and owners alike.

Know your audience

The importance of personalized service offerings and understanding customer demographics will only grow in the years to come. Retaining renters and owners will require more than handing over the keys, or sticking a check in the mail once a month. It will require getting to know their distinct motivations and stressors, and working with them to solve problems in a way that leaves everyone in a better place.

It also means investing in the right tools to create the consumer-grade experience that many customers have come to expect. The right technologies should do more than simply streamline business operations—they should also facilitate positive interactions between staff members, vendors, owners, and residents, and free up time to focus on building relationships.

For example, 3 in 4 rental owners would like access to an owner portal where they can view business metrics and other information about their properties; and nearly 2 in 3 renters would appreciate being able to pay their rent and communicate with their property manager online.

No matter what 2019 has in store for the real estate industry, property managers have a tremendous opportunity to set themselves apart with empathy-driven, tech-enabled customer service. In the industry of the future, the businesses that put people first will win their loyalty in the long run.

Buildium's 2018 State of the Property Management Industry Report takes a deep dive into rental market trends and property management challenges like resident retention, portfolio loss, and the undeniable influence of technology. Download your free copy today.

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