THE RESIDENT SEARCH JOURNEY

SEARCH

TOUR

LEASE

NAA
NATIONAL APARTMENT ASSOCIATION

REALPAGE

In February 2024, NAA Research, sponsored by RealPage, conducted a survey of apartment residents across the country to gauge their experiences in searching, selecting, touring and applying for new apartments. The survey received nearly 1,000 responses from renters who live in a property with five or more units and had searched for an apartment within the past 12 months.

This report documents their journey and offers insights into what residents **WANT** – and **DON’T WANT** – when they’re choosing their potential new home.

NATIONAL APARTMENT ASSOCIATION

REALPAGE

For more information, contact:

Paula Munger
pmunger@naahq.org

Erioreoluwa Bajomo
ebajomo@naahq.org

National Apartment Association
4300 Wilson Blvd.
Suite 800
Arlington, VA 22203
703-518-6141

www.naahq.org

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THE JOURNEY BEGINS // SEARCH

THE INITIAL SEARCH

When it comes to initially searching for an apartment, an Internet Listing Service (ILS) was the number one source, garnering **57%** of responses, while search engines **(48%)** and apartment ratings websites **(40%)** placed second and third, respectively. Social media channels came in last place in a list of eight answer choices with about **24%** of responses.

Understandably, the most important piece of information to obtain in a search is the rent level with two in five renters ranking it in first place, and two-thirds ranking it within the top three. Location was next but responses were more widely dispersed. A surprising **39%** ranked it in the bottom half of the answer choices, likely a testament to flexible work arrangements, among other factors. Leasing policies ranked third while floorplans came in fourth place. At this stage of the search process, leasing office hours and property contact information were far less important.

THE MOST IMPORTANT CRITERIA TO SEE ON A WEBSITE OR OTHER SOURCE FOR THE INITIAL SEARCH

RENT

LOCATION

LEASING POLICIES

FLOOR PLANS

REVIEWS

THE JOURNEY BEGINS // SEARCH

A slight majority of respondents found the tools available for apartment hunting to be comprehensive but difficult to find what they wanted, while more than one-third agreed the tools were both comprehensive and easy to get the search results they were seeking. Residents offered plenty of suggestions for improvement, including real-time images of the properties and units for rent; information on the year of construction; crime rates in the area; average utility bills; making it easier to find pet-friendly apartments; options to exclude some apartment features; and expanded sort options. Some residents expressed a preference for one source or app while others would like to see even more sources than are currently available.

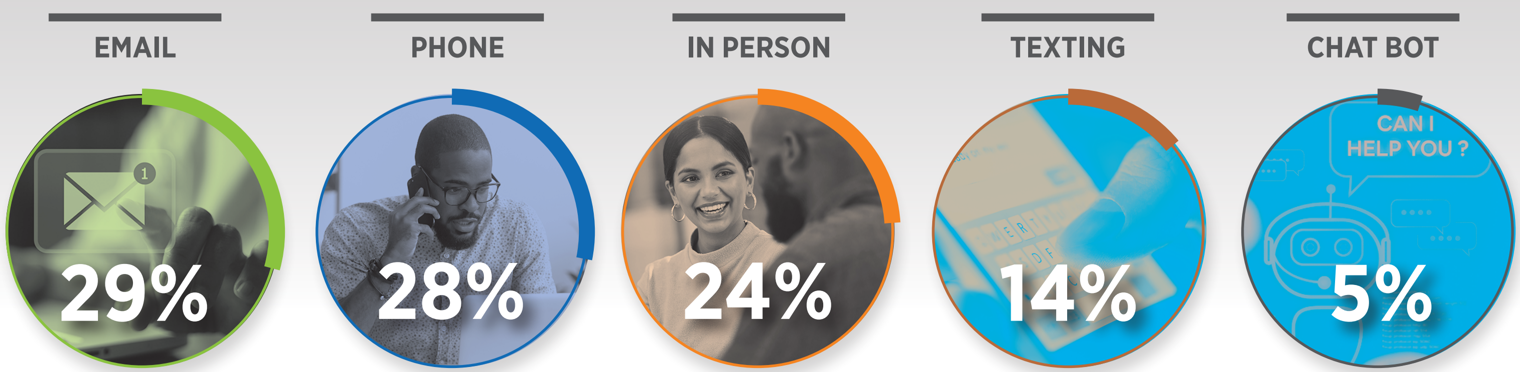
THE SHORT LIST

Once residents narrowed down their choices, communicating with the leasing agent or property manager by email or phone was nearly evenly split for preferred methods at **29%** and **28%**, respectively. An in-person conversation was preferred by nearly one in four apartment searchers. Fourteen percent of respondents noted that they preferred texting while just **5%** wanted to engage with a chatbot.

About half of survey participants contacted three to five properties, followed by **30%** who chose to focus on only one or two. Approximately one in five prospects contacted six or more properties at this stage in their search.

Residents encountered difficulties during the selection process, notably listings that had already been rented, outdated information, limited choices, difficulty finding a person to talk to and a lack of information on additional fees or expenses. Trouble finding pet-friendly environments, as well as apartments that would take more than two pets, was also cited as a challenge during property selection. Other survey participants said they did not have enough choices within their price range, that there was a lack of response or delayed response from the property management company and that it was hard to get a good feel for what it would be like to live there. Others felt it was generally a time-consuming process.

PREFERRED WAY OF COMMUNICATING WITH AN AGENT OR MANAGER



JOURNEY'S NEXT STEP // TOUR

WHICH PROPERTIES TO TOUR

Survey participants were given nine factors to rank in terms of importance when deciding which properties to tour. While rent (including concessions) and location were once again the top two, the unit itself becomes more important at this stage. The physical attributes of the apartment ranked third, followed closely by the availability of floor plan preferences, with about one-third of respondents ranking at least two of these attributes in the top three. Property amenities came in the middle of the pack, with **28%** ranking them in their top three. Less important for deciding which properties to tour were the building's ownership and management and pet policies, as residents had already excluded properties that weren't pet friendly.

THE MOST IMPORTANT FACTORS IN DECIDING WHICH PROPERTIES TO TOUR

RENT/CONCESSIONS

LOCATION

ATTRIBUTES OF UNIT

FLOOR PLANS

PROPERTY AMENITIES

JOURNEY'S NEXT STEP // TOUR

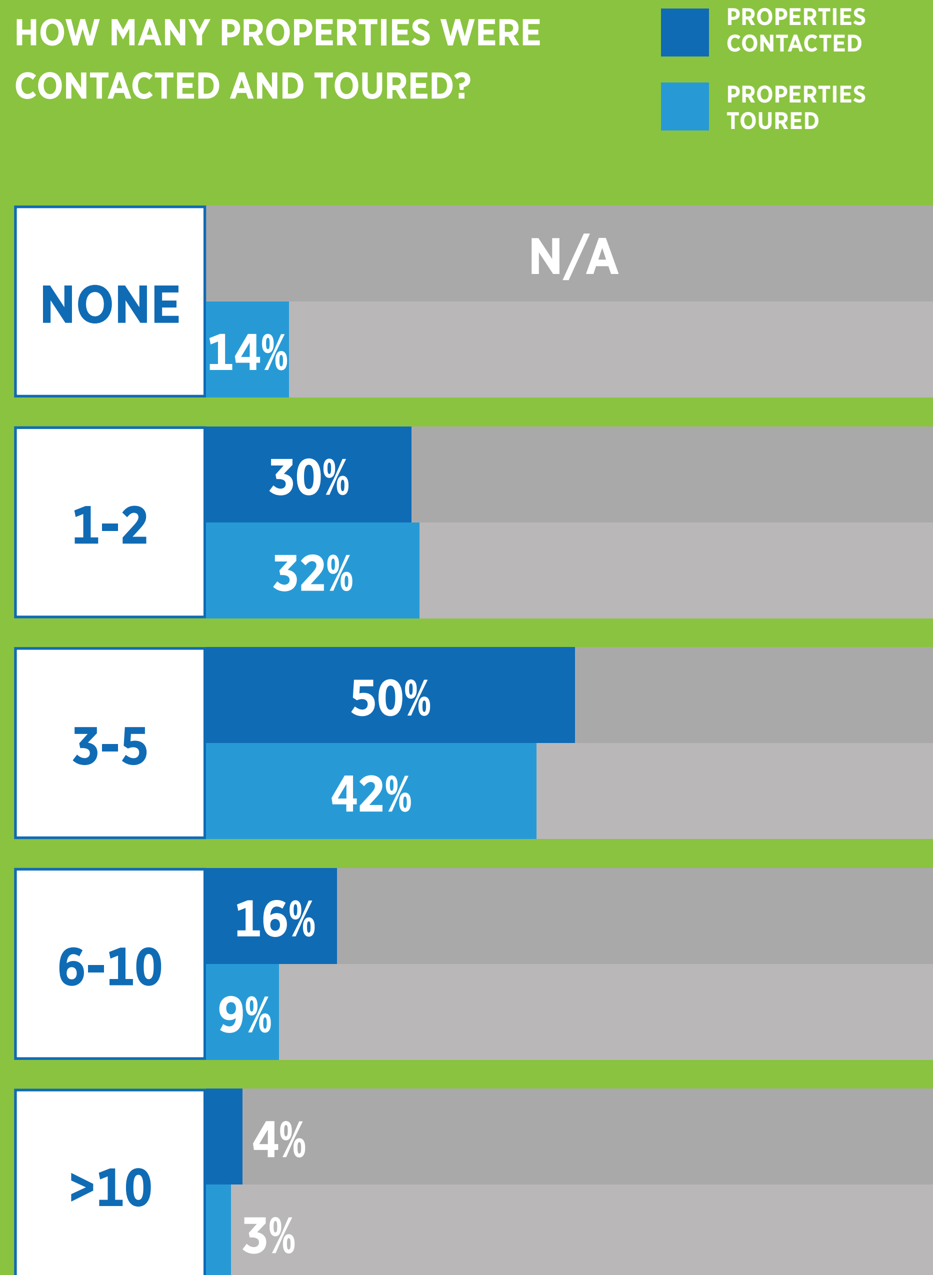
Approximately **42%** of survey respondents chose to tour three to five properties while **32%** toured only one or two. Another 14% ended up not touring any properties at all, supporting the open-ended comments in the selection process which indicated that some renters could not find what they were looking for, either in their price range or desired location.

Once the prospective residents chose which properties to tour, the plurality **(48%)** were willing to wait 24-48 hours (about 2 days) for a response, while about one-third expected contact within 24 hours. Survey participants were asked to choose one touring type as their top preference. About **46%** would prefer an in-person, agent-guided tour when faced with a single choice. Just over one-third preferred an in-person, self-guided tour, and **19%** selected a virtual tour. And while the personal touchpoint was important for touring, the majority of respondents said they would be willing to lease an apartment without visiting it in person if everything they needed to evaluate it, tour it and lease it could occur online.

42%

OF SURVEY RESPONDENTS CHOSE TO TOUR 3-5 PROPERTIES

HOW MANY PROPERTIES WERE CONTACTED AND TOURED?



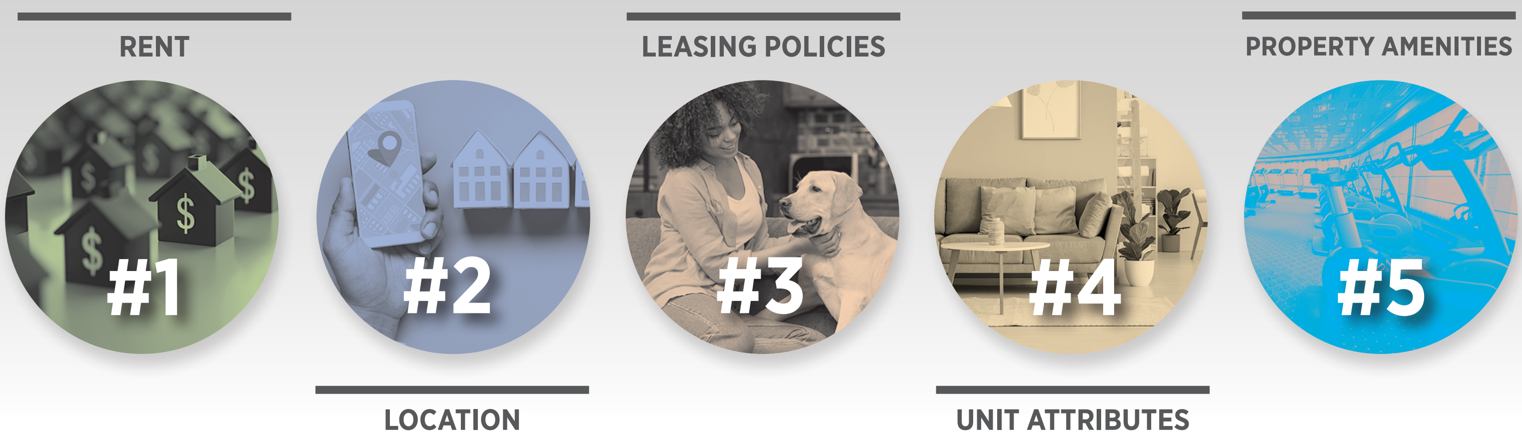
JOURNEY'S LAST PHASE // LEASE

SELECTION AND APPLICATION PROCESS

Some **38%** of survey participants preferred to engage with a member of the onsite leasing team during the tour stage, while **25%** would choose to wait until the application process. Interestingly, an equal number of respondents chose the opposite ends of the spectrum, with **15%** wanting to engage during the search process and another **15%** preferring to wait until move-in. Just **7%** said they would prefer a fully digital process and never engage with the onsite team.

When it comes to ranking the factors that ultimately resulted in where they are living today, rent, location and leasing policies were most important. Policies including deposits, fees, pets and other terms were placed in the top three by **41%** of respondents. The physical attributes of the unit followed by property amenities rounded out the top five. Of lesser importance to renters in this stage of the journey was the convenience and ease of the leasing process, as well as customer service throughout that process. Social events came in last place.

THE MOST IMPORTANT FACTORS WHEN CHOOSING THE APARTMENT YOU LIVE IN



CONCLUSION

An opportunity for open comments at the end of the survey yielded many responses dealing with the lack of affordable options, including recognizing the need for more housing. Property security appeared many times as another important factor in choosing a place to live. More standardized language across property websites, more opportunities for month-to-month leases and more virtual tours were cited as possible improvements for the process. There were many mentions of outdated or inaccurate photos, along with outdated reviews. Others found it difficult to find three-bedroom units, an important feature for those renters who have growing families but cannot yet afford to purchase a home. Finally, some respondents expressed that they ultimately discovered there were no apartments that were better than what they have now, while others said that while the process was stressful, they ended up very happy with their choice to the point of referring to it as their forever home.

TOP CONCERNS PROSPECTIVE RESIDENTS ARE FACING IN THEIR JOURNEY

ANALYSIS // DIGGING DEEPER

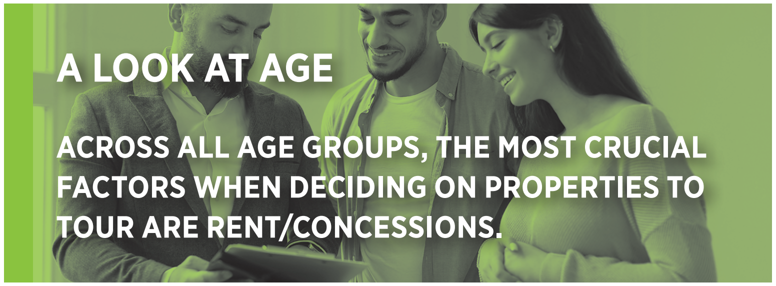
AGE

INCOME

GEOGRAPHY

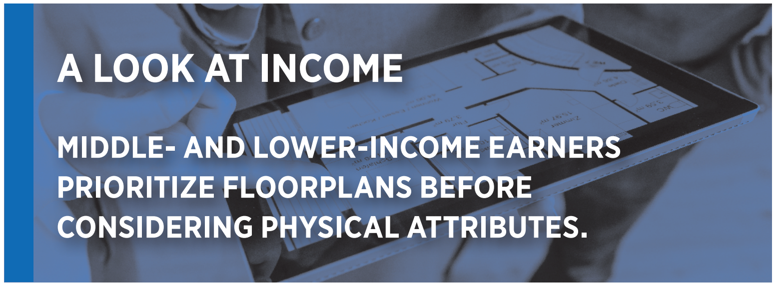
This section examines possible connections among age, demographics and geographical regions in residents' apartment hunting experiences. Overall, most respondents across all age groups and regions described their apartment searches as comprehensive, with varying degrees of difficulty in finding what they wanted using existing tools. Older groups perceived their searches as slightly easier compared to younger age groups. The South and Midwest regions had the highest percentage of respondents describing their searches as comprehensive but difficult to find information.

Across all age groups and regions, while internet listing services are universally popular, with referral from a friend or family member being more popular among the older population groups, regional variations in the usage of word of mouth and referrals suggest cultural and social influences on apartment search behavior. While word of mouth plays a more influencing role in the Midwest and Southern regions, referrals have a greater impact in the Northeast. Understanding these preferences can help tailor marketing strategies to better target potential renters in different regions.



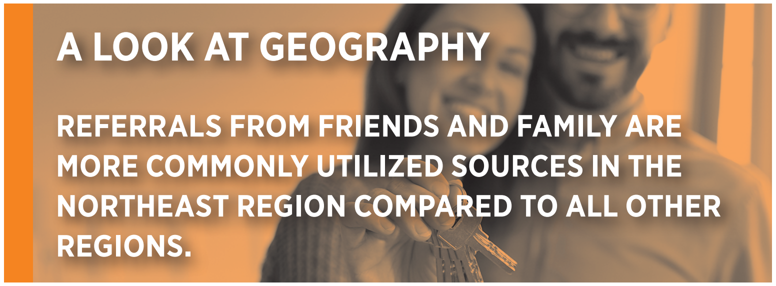
A LOOK AT AGE

ACROSS ALL AGE GROUPS, THE MOST CRUCIAL FACTORS WHEN DECIDING ON PROPERTIES TO TOUR ARE RENT/CONCESSIONS.



A LOOK AT INCOME

MIDDLE- AND LOWER-INCOME EARNERS PRIORITIZE FLOORPLANS BEFORE CONSIDERING PHYSICAL ATTRIBUTES.



A LOOK AT GEOGRAPHY

REFERRALS FROM FRIENDS AND FAMILY ARE MORE COMMONLY UTILIZED SOURCES IN THE NORTHEAST REGION COMPARED TO ALL OTHER REGIONS.

ANALYSIS // DIGGING DEEPER

ANALYSIS BY AGE

When considering apartment search criteria, preferences varied among age groups, with rent and location consistently ranking as the top two priorities. Younger age groups **(18-29)** showed a preference for leasing policies and online reviews, while middle-aged individuals **(30-44)** prioritized floor plans and online reviews, and older demographics **(45+)** focused on leasing policies and floorplans.

Across all age groups, the most crucial factors when deciding on properties to tour are rent/concessions, followed closely by location. Less relevant factors include prompt communication and physical attributes of units available (for younger individuals), building ownership/management and pet policies (for middle-aged individuals) and online reviews (for older individuals).

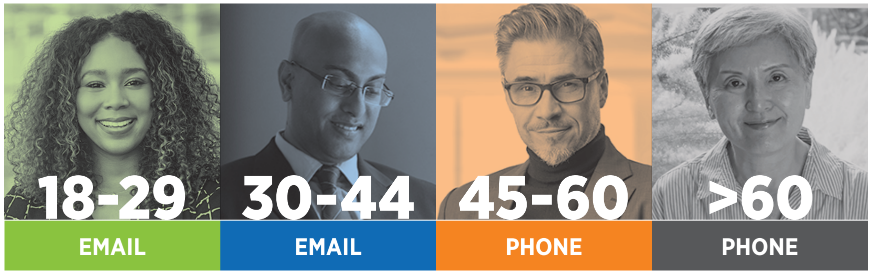
Communication preferences with property agents also differed across age groups, with younger respondents preferring email, middle-aged individuals favoring email with a balanced preference for phone and in-person contact and older demographics exhibiting higher satisfaction with phone and in-person communication. The younger generation showed a slightly higher preference for texting compared to the older generation. Most participants across all age groups contacted three to five properties during the selection phase. Even though statistics reveal that all age groups prefer not to contact more than five properties during selection phase, a higher proportion of the older population contacted more than 10 properties compared to the other age groups.

PREFERRED METHOD FOR COMMUNICATING WITH A LEASING AGENT OR PROPERTY MANAGER

AGE GROUPS	EMAIL	TEXT	CHAT BOT	PHONE	IN PERSON
18-29	31%	17%	5%	24%	23%
30-44	34%	17%	6%	22%	22%
45-60	26%	12%	5%	29%	28%
>60	20%	11%	1%	44%	24%
TOTAL	29%	15%	5%	28%	24%

Although the top three factors influencing the decision to lease an apartment were consistent across all age brackets, it was observed that the older generation showed a stronger inclination toward physical attributes, while the younger generation exhibited a slightly higher preference for property amenities over the physical attributes of the unit. Additionally, older demographics **(60+)** is the only age group disinclined to lease an apartment without visiting it in-person, even if everything they required to evaluate the apartment could occur online.

PREFERRED METHOD OF COMMUNICATING BY AGE



ANALYSIS BY INCOME

This section provides a comparative analysis of residents' apartment touring and leasing preferences based on income levels, categorized into four groups: Low-income earners (less than $25,000), moderate-income earners ($25,000-$49,999), middle-income earners ($50,000-$74,999), and high-income earners ($75,000 and above).

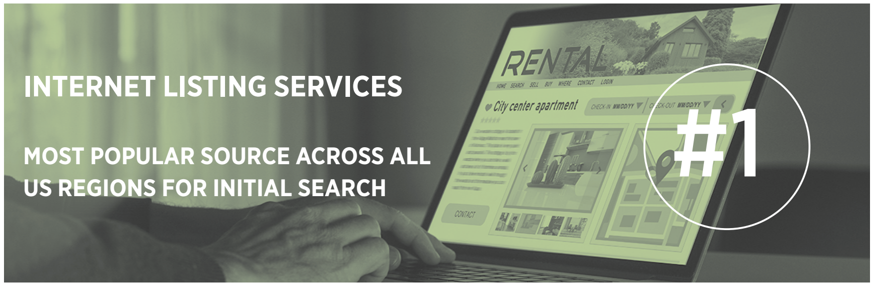
When considering the property to tour, after factoring in rent and location, it is observed that the highest income brackets are the only groups displaying a preference for physical property aesthetics and amenities, while middle- and lower-income earners prioritize floorplans before considering physical attributes.

In the decision-making process for leasing a property, rent and location emerge as consistent priorities across all income brackets. However, the highest income earners exhibit a preference for location over rental prices, while all other income brackets prioritize rental prices above location. Additionally, high- and middle-income earners prioritize property aesthetics, while low- and moderate-income earners focused more on leasing policies and property amenities.

MOST IMPORTANT FACTORS IN CHOOSING THE APARTMENT YOU LIVE IN TODAY – BASED ON INCOME

FACTORS	SCORE BY INCOME GROUPS			
	Less Than $25,000	$25,000 - $49,999	$50,000 - $74,999	$75,000 and Above
RENT	5.55	6.07	6.38	5.60
LOCATION	5.25	5.60	5.40	5.87
PHYSICAL ATTRIBUTES OF UNIT	4.48	4.29	4.75	4.76
PROPERTY AMENITIES	4.47	4.42	4.31	4.57
LEASING POLICIES (i.e. deposits, fees, pets, other terms)	4.81	4.58	4.65	4.42
CONVENIENCE/EASE OF LEASING PROCESS	4.22	4.25	3.99	4.01
CUSTOMER SERVICE THROUGHOUT THE PROCESS	3.81	3.75	3.45	3.70
SOCIAL EVENTS	3.41	3.05	3.08	3.08

ANALYSIS // **DIGGING DEEPER**



ANALYSIS BY GEOGRAPHIC REGIONS

Primary sources for apartment searches were consistent across regions, with internet listing services and search engines being predominant. However, secondary sources varied among regions. For instance, the South and West showed similar preferences for apartment ratings websites, while the Midwest relied more on their background knowledge of the area and the Northeast favored property websites. Furthermore, referrals from friends and family are more commonly utilized sources in the Northeast region compared to all other regions.

After touring a property, on average, prospective residents in all regions are prepared to wait for up to two days for a response from a property they visited. However, the Western region stands out as the only one willing to extend this wait beyond two days.

In the Midwest region, a larger proportion of individuals **(51%)** are not willing to lease a property without visiting it in-person, even if all necessary tools for evaluating apartments remotely are available. However, across all other regions, there remains a stronger preference for finalizing lease agreements solely through online interactions, provided all essential tools for remote apartment evaluation are available. Notably, individuals in the Northeast exhibit the highest inclination to leasing an apartment without physically viewing the property.

SOURCES USED WHEN CONDUCTING THE INITIAL SEARCH

REGIONS	Google or Other Search Engine	Word of Mouth	Apartment Ratings Websites	An internet listing service (such as Apartments.com, Zillow, etc.)	Property or Property Manager's Website	Drive by / Knowledge of Area	Social Media Channels (Instagram, TikTok, Facebook or other)	Referral from a Friend or Family Member
MIDWEST	49%	34%	32%	58%	36%	40%	25%	31%
SOUTH	54%	36%	44%	56%	33%	40%	26%	28%
NORTHEAST	43%	25%	37%	58%	39%	31%	25%	38%
WEST	45%	26%	43%	57%	35%	39%	20%	22%

SURVEY //
OPERATORS' PERSPECTIVE

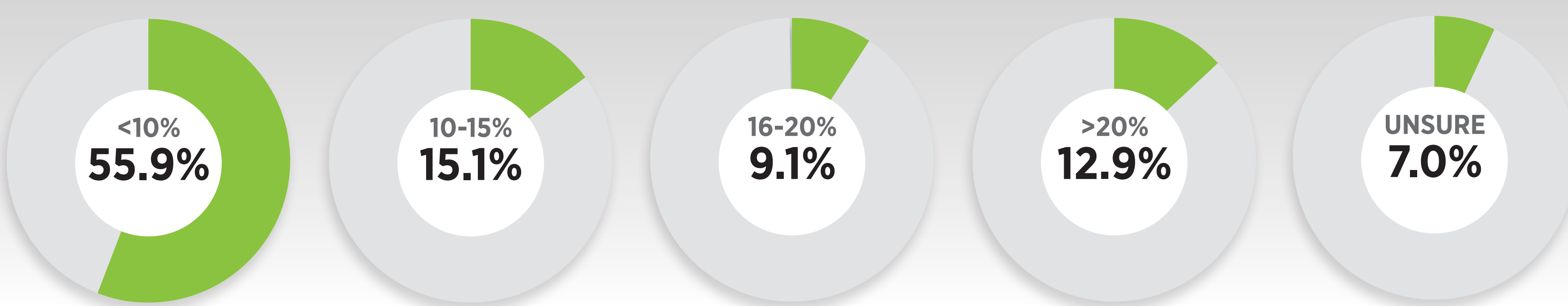
LEASING TRENDS AND IMPROVEMENTS

A separate survey of property management firms related to new leasing trends and improvements to the resident search, tour and application experience was conducted at the end of March and received 270 responses.

With housing costs top of mind for prospective residents, concessions were fairly prevalent among the operator survey respondents. While the majority are budgeting concessions for less than **10%** of their portfolios, **37%** are expecting they will have to offer concessions at more than **10%** of their properties this year. Nearly half are offering less than a half a month of free rent while **31%** are offering a full month. Other strategies to get residents in the door include move-in specials, welcome gifts, free parking, reduced upfront fees and reward programs for on-time payments.

A wide range of technical tools and apps which result in a smoother, more efficient and convenient experience were cited by owners and operators in open-ended comments. They are leaning heavily into a variety of ILS tools, which was the number one search option for residents. Other tools used to improve leads include online advertising, spanning Google, Facebook, TikTok and apps such as Nextdoor, among others; and geofencing, which results in more targeted advertising. Increased usage of self-guided tours, as well as 3D videos and floor plans are also prevalent. Several respondents said that all aspects of the leasing process are now conducted online.

PERCENTAGE OF UNITS BUDGETING TO OFFER CONCESSIONS IN 2024



SURVEY // OPERATORS' PERSPECTIVE

Aside from technology, survey participants said they were renovating and modernizing units to be more competitive. And some operators are leaning fully into the personal touch, including handwritten notes, direct mailers, partnering with local businesses and relying on customer referrals.

There were some disconnects between what residents prefer and what operators are focused on, including AI chatbots, which ranked last for residents during the selection process. However, AI chatbots help free up onsite staff for the personal touch that is far more important to prospects. Improvements and tweaks to the chatbot experience could go a long way in making the leasing process holistically better for new residents.

37%

OF OPERATORS WILL OFFER CONCESSIONS AT MORE THAN 10% OF THEIR PROPERTIES

With the majority of respondents reporting average turn costs ranging from $1,500-$3,500 per unit, owners and operators also expressed the importance of resident retention, which begins with first impressions during the initial leasing process. Just like so many facets of apartment operations, one-size-fits all approaches to marketing and leasing are not optimal. Balancing technology with personal touches and tailoring the process by market, age group and income levels so that it better aligns with resident preferences will help alleviate the stressful process of choosing what could be someone's forever home.

AVERAGE TURN COST PER UNIT IN 2024

Examples of turn costs include but are not limited to lost rent, marketing costs, resident screening costs, cleaning and repair costs.