



second nature

# The State of Resident Experience

How Property Managers Are Creating Experiences that Residents Pay and Stay For

# Why Read this Report?

The property management space is changing in leaps and bounds. Professional and non-professional property managers are both adapting. Competition is surging around traditional functions of property management: collecting rent, handling maintenance, marketing properties. The evolution of the space has professional PMs asking what parts of their business are being duplicated and commoditized – and what are the opportunities for differentiation in 2024 and beyond?

## **That's what this report is all about.**

At Second Nature, we've built strong relationships with some of the leading thinkers and operators in property management. We are passionate about understanding and sharing different opinions and practices on resident experience, emerging innovations, and business models.

In this report, we've culled weeks of research, interviews, and studies, and packed them together for you – the professional property manager.

Many thanks to the experts featured here who generously brought ground truth and relevance to this report. We hope it's helpful to YOU – and we would love for you to join the conversation and hear your thoughts. Share with us in our Triple Win Property Manager community.

## **We'll answer questions like:**

What will residents be looking for over the next 5-10 years?

How can PMCs stand out from competition?

What new innovations can bring more profit to my PMC?

How are the best property managers succeeding today?

# What's in the Report

## 04. The State of Resident Experience

- 04. Data on Why Residents Renew or Leave
- 05. Experts Weigh In

## 06. How Resident Expectations are Changing

- 06. Generational Shifts

## 07. How Property Managers are Innovating in Response

- 07. The Key Question Driving Resident Retention
- 08. What is the Triple Win
- 09. The Amazon vs. Disney Approach

## 12. #1 Choice for Resident Experience: Resident Benefits Package

- 13. What's in a Resident Benefits Package (RBP)?
- 14. Filter Delivery
- 15. Filter Delivery & HVAC Costs [Data & Results]
- 16. Filter Delivery & Energy Spend [Data & Results]
- 17. Filter Delivery & Resident Health [Data & Results]
- 18. Identity Protection [Data & Results]
- 19. Credit Building [Data & Results]
- 21. Renters Insurance [Data & Results]
- 23. Resident Rewards
- 23. Move-In Concierge

## 24. Conclusion

## Featured Experts



# The State of Resident Experience

## How Property Managers Are Creating Experiences that Residents Pay and Stay For

Ask any property manager, and they'll tell you: property management has changed. In 2024, it's no longer enough to check rent and maintenance off the list. Instead, property managers are creating **experiences** that residents want.

The "convenience" or "experience" economy is as real in real estate as anywhere else. Residents are looking for what "totally taken care of" feels like.

**The current and future reality that property managers are building is one where the resident experience is so good that residents don't want to leave.**



**18% - 22%**

Single-family rental (SFR) residents want to move for better amenities.



**13%**

Residents don't plan to renew due to experience.



“

I THINK TEN YEARS AGO, PROPERTY MANAGERS WERE ONLY CONCERNED WITH COLLECTING RENT AND KEEPING TENANTS FROM DOING DAMAGE TO PROPERTIES. IT WAS A MUCH MORE ADVERSARIAL RELATIONSHIP THAN IT IS TODAY.

TODAY, THE BEST PMS KNOW THAT RESIDENT EXPERIENCE IS VITAL TO MINIMIZING VACANCY AND CREATING A RESIDENT THAT STRIVES TO BE A HIGHER QUALITY TENANT.

”

JONATHAN COOK, EXECUTIVE CONSULTANT AT REVUP

Source: Buildium's 2022 SFR Renter's Report

# The State of Resident Experience

(Continued)

“

NO MATTER WHAT OUR RESIDENTS ARE PAYING EACH MONTH, THE #1 THING THEY LOOK FOR IS EASE AND CONVENIENCE. THEY DON'T WANT COMPLICATED INSTRUCTIONS – THEY WANT SIMPLE, RIGHT NOW, CONTACT-FREE. EVERYTHING WE DO – FROM SHOWINGS, TO MOVE-IN, TO THE EXPERIENCE AFTER MOVE-IN – IS ALL DESIGNED FOR THAT EXPECTATION.

*DD LEE, SKYLINE PROPERTIES GROUP*

”

“

THE BETTER EXPERIENCE WE CAN MAKE WITH THE TENANTS, THE MORE THEY CHOOSE US OVER COMPETITORS. THINK ABOUT STARBUCKS. IT'S ESSENTIALLY THE SAME CUP OF COFFEE AS MCDONALD'S. BUT IT'S THE EXPERIENCE THAT STARBUCKS GIVES YOU. WE WANT TO PROVIDE THE EXPERIENCE THAT RESIDENTS GRAVITATE TO.

*CHENOA STARK, PROPERTY MANAGER AT AMERICAN LEASING AND MANAGEMENT*

”

# How Resident Expectations are Changing

Digital transformation has forever altered resident expectations. Residents don't thank you when the water heater is working, when the air conditioner runs all summer long, or when you communicate with them swiftly. They expect it. And now, many residents are willing to pay a premium for convenience and a more hospitable experience.

Some of this comes down to a change in culture.



THE AVERAGE AGE OF OUR RESIDENT AND INVESTOR BASE IS YOUNGER. BECAUSE OF THAT, WE'RE SEEING A HUGE CULTURE SHIFT IN THE HOUSING SPACE.



*PHIL VERA, CEO OF PARAGON PM*



THE YOUNGER GENERATIONS WE'RE DEALING WITH IN PROPERTY MANAGEMENT, THEY WANT EXPERIENCES AND SIMPLICITY, AND THEY'RE WILLING TO PAY TO HAVE THINGS TAKEN CARE OF FOR THEM.



*ERIC WETHERINGTON, VP OF STRATEGIC INITIATIVES AT PURE PROPERTY MANAGEMENT*



# How Property Managers are Innovating in Response

Property managers today are focused on driving lifetime value instead of transactional value. They're looking for ways to generate wins for the resident, investors, and their own companies. At Second Nature, we call it aiming for the "Triple Win." Whoever creates the best resident experiences will create the most economic value across the board. The key is to ask the following questions: →

How do we create experiences so good that:

Residents never want to leave?

Investors never want to sell?

Talent wants to be in this business forever?



PROPERTY MANAGERS WHO ARE ON THE CUTTING EDGE REALIZE THAT BY FOCUSING ON THE RESIDENT EXPERIENCE, THEY WILL EARN BETTER RETURNS ON INVESTMENT FOR THEIR INVESTOR CLIENTS.

GREGG COHEN, CO-FOUNDER, JWB REAL ESTATE COMPANIES



# What is the Triple Win?

1

## A Win for Residents

For residents, convenience isn't a luxury; it's an expectation. Property Managers in 2024 aim to transform the resident experience, making life easier and more convenient for residents throughout their journey.

2

## A Win for Investors

Professional property managers create value for investors by finding, placing, and keeping residents who pay on time and take excellent care of the property.

3

## A Win for Property Managers

For property managers, convenience isn't a luxury; it's a strategy. When residents feel totally taken care of, they don't want to leave. And when residents stay, pay, and cooperate, investors win. Ultimately, this makes property management more valuable.



# The “Amazon” vs. “Disney” Approach

Let's look at two extremes of the experience spectrum, and the healthy debate in the industry on whether one, the other, or both will win.

## The “Amazon Approach”

Amazon is all about mass market and scale. The goal for consumers is convenience, speed, and budget. You never talk to a person; everything just works.

- **Amazon Echo:** “Always ready, connected, and fast. JUST ASK.”
- **Amazon Drive:** “Your digital content, wherever you are.”
- **Kindle:** “Buy Once. Read Everywhere.”

Target, Walmart, and Starbucks are other examples of customer-facing strategy that values ease, speed, and convenience.

## The “Disney Approach”

Disney is much more high-touch, human, and engaging. They are focused on creating a “WOW” moment for their customers, one that feels unique and special.

- **Disneyland:** “The Happiest Place on Earth”
- **Walt Disney World:** “The Most Magical Place on Earth”
- **Overall Disney Parks:** “Where Dreams Come True”

Other examples of the “Disney Approach” include luxury brands and experiences like Saks, Four Seasons Hotels, etc.



HOW CAN I GET FROM SOMETHING TRANSACTIONAL TO SOMETHING TRANSFORMATIVE – SO THAT PEOPLE ARE GETTING SOMETHING FROM ME THAT THEY AREN'T GETTING FROM MOST OTHER BUSINESSES.

JORDAN MUELA, CEO OF LEADSIMPLE



## Which is the Best?

The approach PMCs choose depends on their niche, their client base, and their goals. For most, it isn't about a choice between "Amazon" or "Disney," it's about knowing when to apply each strategy.

Some property managers say, "Be Saks with the investors and Target with the residents." According to Jordan Muela, CEO of LeadSimple, PMCs should be asking:

*"What are the selective areas where we can make one decision that solves many other decisions? Contrasting that against something 'Imagineered' or exciting feels like a false dichotomy. You're solving for different things."*

“

I DO NOT BELIEVE EVERY PM CAN BE THE BEST SOLUTION FOR EVERY CLIENT. TRYING TO DO SO WILL SPREAD THE BUSINESS SO THIN THAT IT WILL EVENTUALLY OVERWHELM YOUR TEAM, OR YOU WILL FAIL IN YOUR PROMISES.

”

JONATHAN COOK, EXECUTIVE CONSULTANT AT REVUP



Here are a few easy wins that deliver both the efficiency and the “Wow”:

Curating a branded move-in experience with a gift, hand-written note, and Resident Benefits Guide.

Quick video updates to deliver just-in-time information memorably.

Move-in concierge services that help residents set up all their utilities without any of the hassle.

A fully managed **Resident Benefits Package** is the most straightforward strategy to bring both “Amazon” convenience and “Disney” VIP together for your residents and investors. We’ll highlight the reasons why in our next section.



PEOPLE WHO ARE AGAINST AUTOMATION SAY, ‘I DON’T LIKE AUTOMATION BECAUSE I LOSE THAT RELATIONSHIP WITH MY CLIENTS.’ I WOULD FLIP THAT AND SAY: IF I CAN AUTOMATE EIGHT OF THE TEN TASKS THAT NEED TO BE DONE, THAT MEANS I HAVE MORE TIME TO BUILD THE RELATIONSHIPS.

*PETE NEUBIG, CEO OF VPM SOLUTIONS*



# Bringing it All Together with...

## -The Resident Benefits Package-

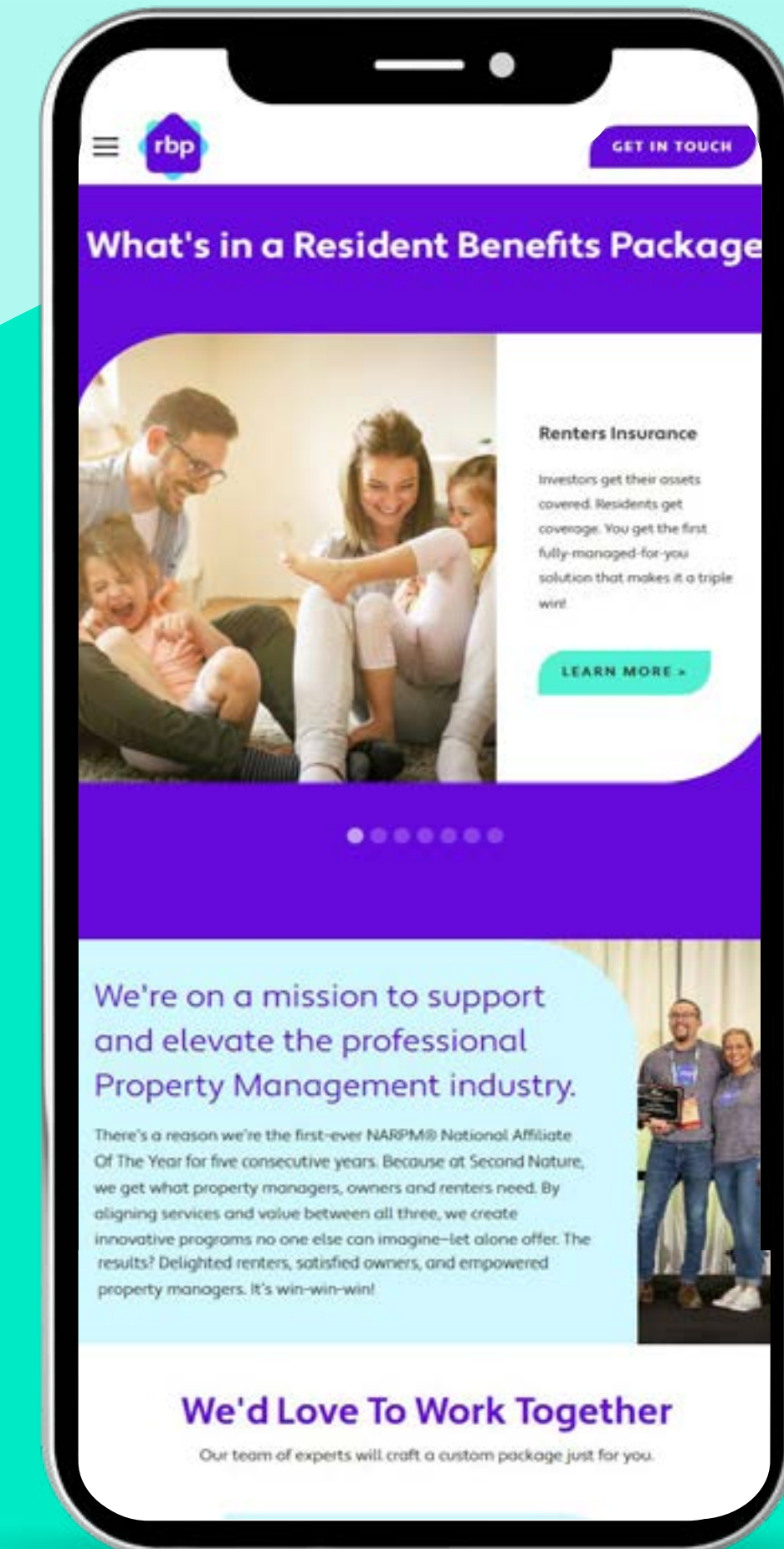
**What is it?** A resident benefits package – or RBP – is a suite of services that property managers provide to their residents to create a first-class living experience. It's the number one tool to deliver experiences that residents pay and stay for.

An RBP works whatever your approach is: boutique or scaled, Amazon, Disney, or both. Providing an RBP is one of the leading ways that the best property managers are setting themselves apart from the crowd.



**A RESIDENT BENEFITS PACKAGE – YOU HEAR PEOPLE CALL IT THE EASY BUTTON. THAT'S BECAUSE IT IS ESSENTIALLY ALL OF THESE DIFFERENT SERVICES AND ALL OF THESE DIFFERENT, VALUABLE ADD-ONS FOR YOUR RESIDENTS THAT ARE DONE FOR YOU.**

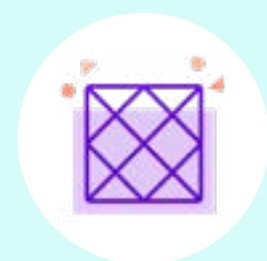
*KELLI SEGRETTO, PROPERTY MANAGEMENT INC.*



# What's IN a Resident Benefits Package?

Second Nature pioneered the only fully managed resident benefits package on the market. The Second Nature RBP includes several services that residents have been **proven** to pay for and stay for.

Those services include highlights like:



**Filter Delivery Service**



**Resident Credit Building**



**Identity Protection**



**Renters Insurance**



**Resident Rewards**



**Move-In Concierge**



WHEN IT COMES TO THINGS LIKE RESIDENT BENEFITS PACKAGES, PET GUARANTEES, AND RENT GUARANTEES WITH SECURITY DEPOSIT ALTERNATIVES, WE CAN OFFER MUCH MORE VALUE.

TODD ORTSCHIED, CEO OF REVOLUTION RENTAL MANAGEMENT



## What makes these features so effective for resident experience?

They solve **real problems** and create **real convenience** where residents say they need it. In the next few pages, we'll explore just why each of these highlighted features makes such a big impact on the Triple Win: resident happiness, investor satisfaction, and property management success.

# How a FILTER DELIVERY SERVICE impacts residents and investors

One of the most common causes of HVAC maintenance requests is residents' failure to change air filters on time.

The innovative solution? **Filter Delivery Service.**

Filter delivery solves pain points for both residents and investors in a few different ways:

## Cost

Average **HVAC repair costs have increased by 48.7%** year over year. An air filter delivery subscription can cut costs up to \$250- \$300 per property per year.<sup>1</sup>

## Labor

Second Nature's filter delivery service resulted in a **38% reduction of total HVAC ticket requests.**<sup>2</sup>

## Energy

Filter delivery is **saving residents \$14.82 per month** in energy costs.<sup>3</sup>

## Health

The World Health Organization has ranked indoor air quality as the #1 environmental health issue. **Americans spend 90% of their time indoors** and most of that at home – but indoor air quality can be up to 5X worse than outdoor air quality.<sup>4</sup>

# Filter Deliveries Reduced HVAC Ticket Requests

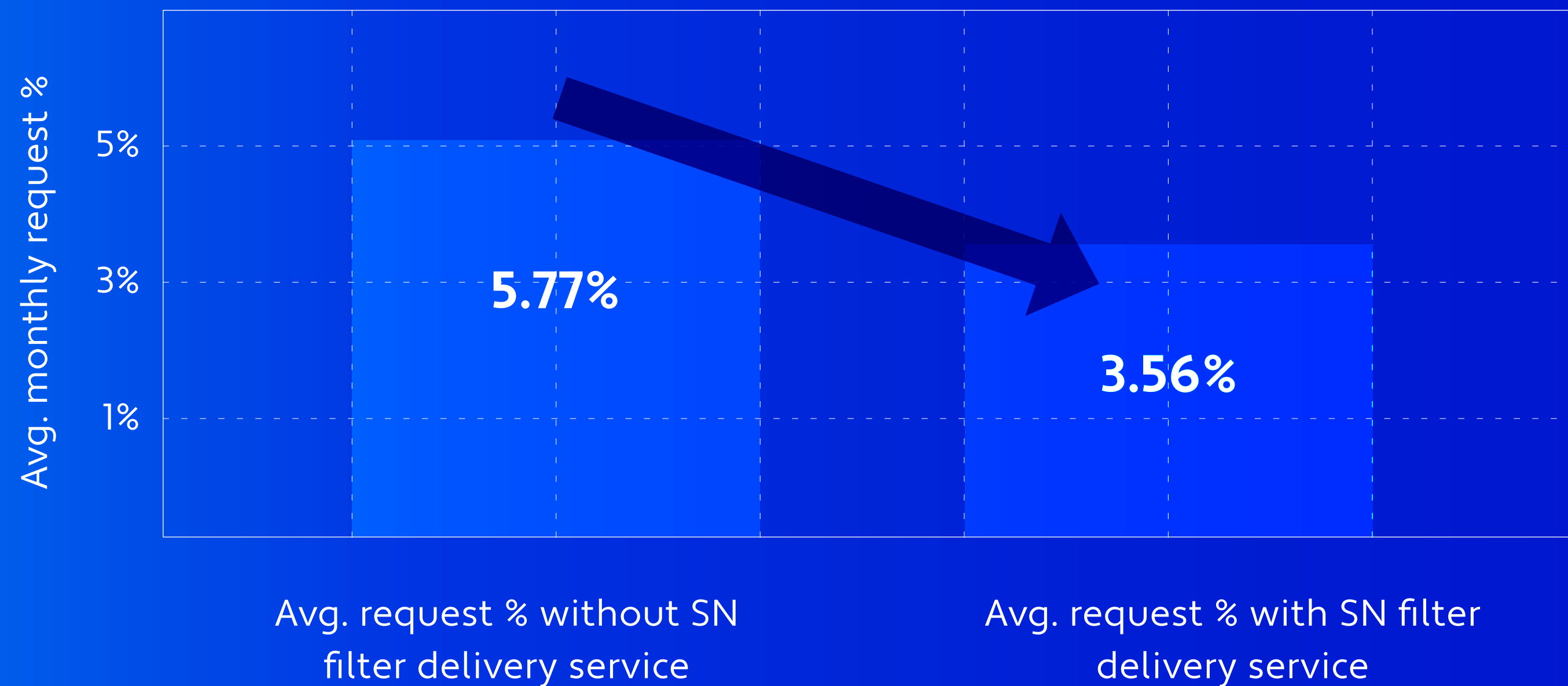
The National Rental Home Council (NRHC) surveyed 7,772 single-family residences over 18 months to analyze the frequency of resident HVAC service requests with and without HVAC filter delivery service.

Second Nature delivered HVAC filters every 60 to 90 days in a date-stamped box with illustrated instructions and sent emails with tracking information and educational content before each delivery.

Overall, there was a 38% reduction in HVAC-related ticket requests among the group that received filter delivery—a result achieved without creating any additional work for the property management company.

**38%** Total work order reduction (NRHC)

## HVAC Ticket Requests



Data Surveyed from 7,772+ units across 4 markets, examined over 18 months.

Source: Property Meld, Service Titan over 18 months.

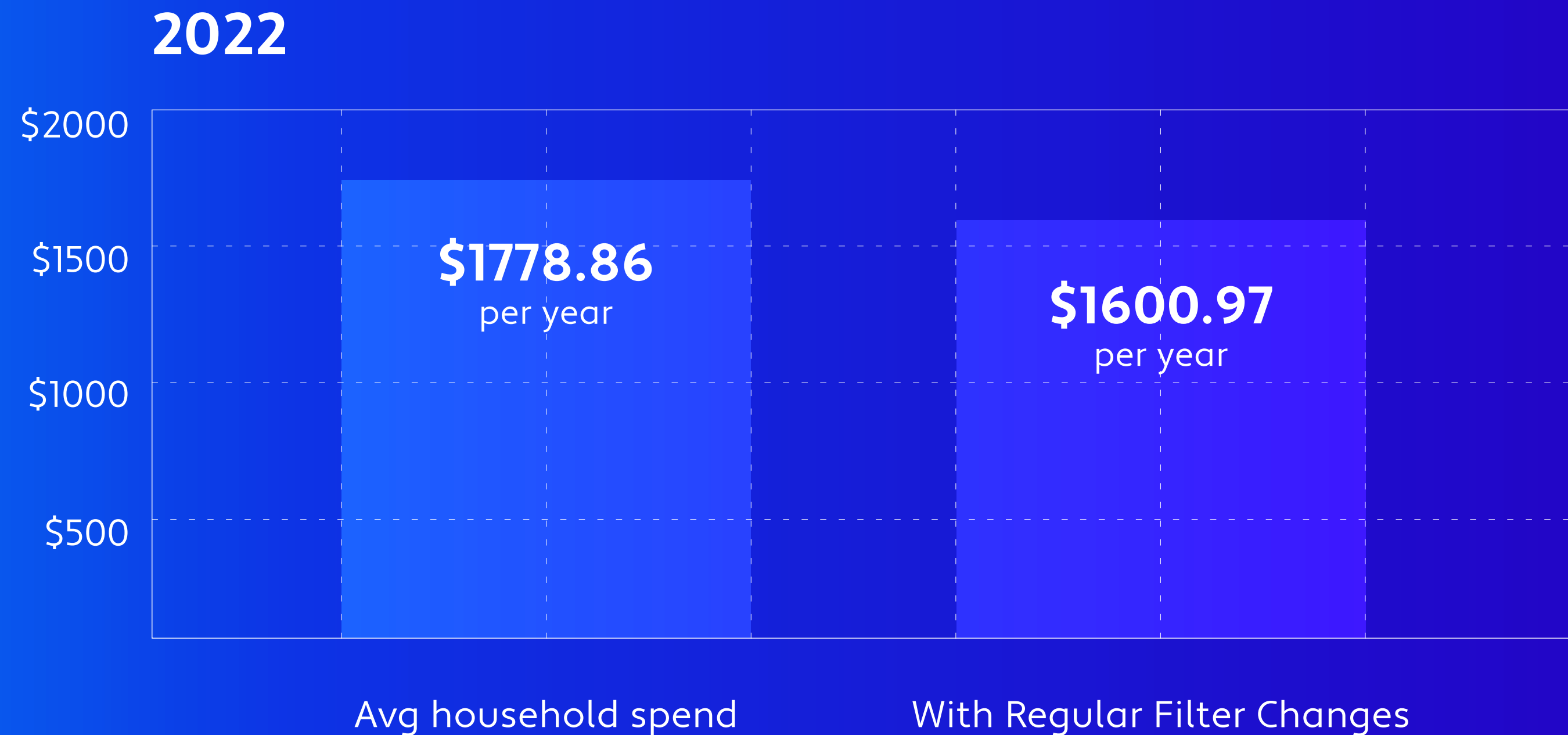
# Reduction in Energy Spend from Filter Changes

Filter delivery drives convenience and ease for residents – and also saves them money!

The average household spends about \$1,778.86 on energy costs every year. With regular filter changes, that number goes down to \$1,600.97, which is a total saving of \$14.82 per month. Air filter delivery makes it easy to get there.

These cost savings can lead to happier residents, higher retention, and better outcomes for you and your investor.

Residents save **\$14.82** per month



Average cost per kWh

EPA says 5-15%



# Filter Delivery Supports Resident Health

## Air Filter Delivery = Healthier Air

We're not done with the benefits of a filter delivery service. Staying up to date on air filters is also critical to the health of your residents.

When we're talking about resident experience, health and safety are the foundation of every other feature. As the property management industry innovates and evolves, we're finding new ways to achieve better health outcomes with simple solutions – like air filter delivery.

Check out these charts on the massive health impact that indoor air quality can have.

Poor indoor air quality (IAQ) causes **200K** premature deaths in the USA alone.

**4.3M**

Of the 7M deaths globally, 4.3M were linked to IAQ.

**34%**  
By stroke.

**26%**  
By heart disease.

**12%**  
By respiratory issues in children

On average we take **20,000** breaths per day.

**90%**

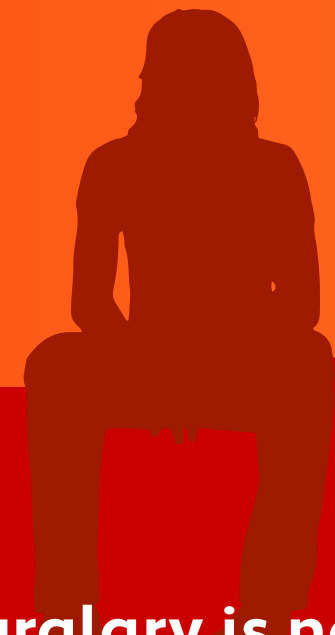
Americans spend 90% of their time indoors and most of that at home.

**5x**

Indoor air quality can be up to 5x worse than outdoor air quality, which is why the World Health Organization (WHO) has ranked indoor air quality as the #1 environmental health issue.

# Why IDENTITY PROTECTION matters for residents

In 2021, digital theft surpassed home burglary incidents for the first time. With identity protection, backed by AIG and monitored through IBM's Watson, residents get automatic peace of mind. Protecting a resident's finances and ability to pay rent is a win for the investor, too.



## Home burglary is now less of a security risk than identity theft.

- The home burglary rate **decreased** from 2020 to 2021.
- At the same time, **Americans lost 64% more to identity theft** in 2021 than they did in 2020. At a loss of \$7B in 2021, identity theft is up 400% since 2017.
- A record **300,000+ Americans were victims of phishing scams** in 2021.



## In 2021...

- Identity theft reports went up 26% to a record high.
- Social media account takeovers were up 1,044%.
- 50% of people contacted by scammers gave up Personally Identifiable Information (PII).



## The Cost of Identity Fraud.

- **1 in 8 Americans** were victims of identity fraud in 2021 (which is even broader than identity theft), equaling up to \$52B in losses.
- The average loss per victim was **\$1,238**.
- The annualized average loss equaled **\$154.75 per year**, or \$12.90 per month.
- The average single-family rental has 1.8 adults, which equals an **identity fraud cost of \$27/month**.

# How CREDIT BUILDING is Becoming a Must-Have

Here are some key trends in credit reporting as part of a resident benefits package.

**67%**

of residents would choose homes with Rent Reporting over other equivalent homes.

**17%**

of PMC's offer Rent Reporting.

**26%**

of residents whose payments were reported decreased late payments.

## Why have property managers who report payment taken the plunge?



TransUnion stats

# Credit Building Impact

The digital economy is driving innovation in credit reporting. Consumers can build credit by paying for a digital subscription like Netflix – so why shouldn't they get credit for paying their largest monthly expense?

The RBP credit reporting program reports on-time rent payments to all three credit bureaus. Residents build credit and are incentivized to pay on time.

The chart here shows the kind of impact that credit reporting can have on the total cost of major payments like a mortgage, car loan, and credit card. You can see the original values on the left and the new values for a resident whose on-time payments are being reported to credit bureaus.

The outcome is significant savings for residents.

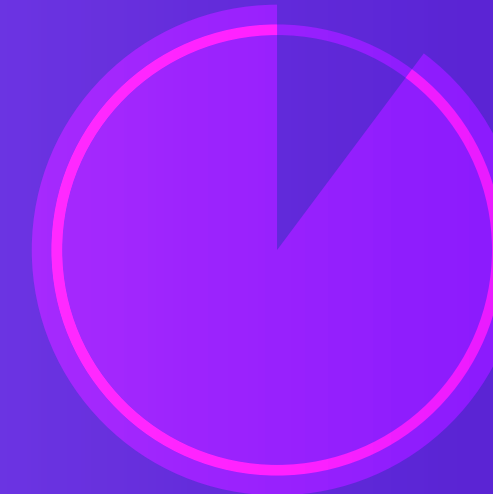
Link to the calculator		Original Costs (Before credit building)	New Costs (After credit building)	Savings
Mortgage	Monthly	\$2,506.61	\$2,173.63	<b>\$332.99</b>
	Total	\$902,380.58	\$782,505.33	<b>\$119,875.25</b>
Car Loan	Monthly	\$849.25	\$767.65	<b>\$81.59</b>
	Total	\$59,217.86	\$53,528.31	<b>\$5,689.55</b>
Credit Card	Monthly	\$345	\$325	<b>\$20</b>
	Total	\$18,331	\$17,236	<b>\$1,095</b>

\*Based on a one-tier credit score increase

# How a RENTER'S INSURANCE PROGRAM Protects Residents, Investors, and PMCs

As part of an RBP, property managers can offer price-competitive insurance coverage that applies to all their residents with one basic group rate. These programs provide quality coverage for the investor and resident and add no extra hassle to the property manager. Here are some key stats around renters insurance.

## Did You Know?

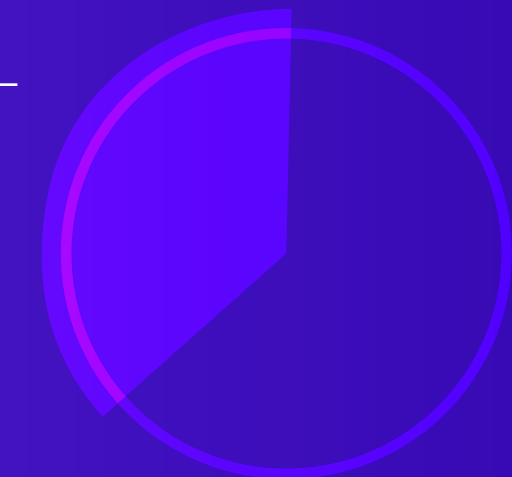


**90%**

9 out of 10 professional PMs require residents to carry insurance on the lease.

**41%**

BUT: Only 41% of residents maintain compliant coverage.\*



## Second Nature has 100% compliance...



**96.3%**

96.3% of SN residents are enrolled into a master policy or the custom HO4 we offer in our program.

**3.7%**

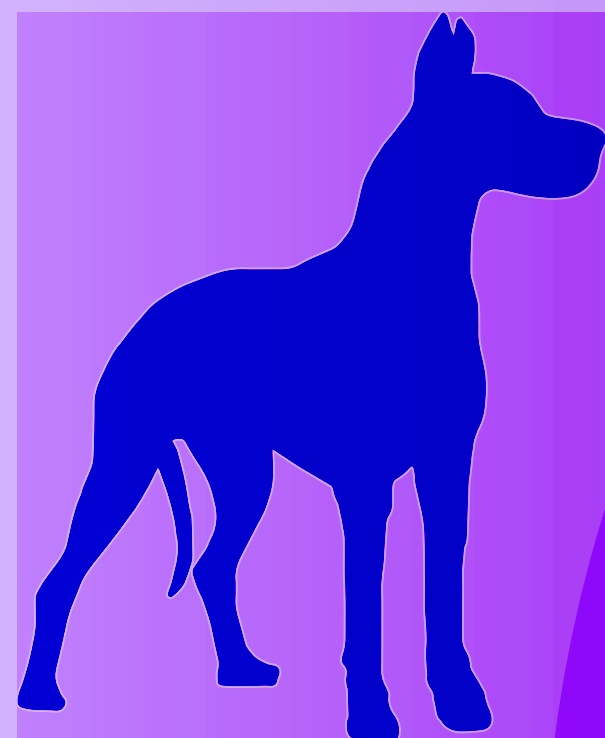
3.7% of residents bring their own approved policy.

# How a RENTERS INSURANCE PROGRAM Protects Residents, Investors, and PMCs

Professional property managers want to be pet friendly and are offering guarantees that allow residents choice and investors protection. But many policies offered to property managers don't include dog bite. And those that do usually have breed restrictions. In fact dog bite was over 1/3 of all of State Farm's losses in a recent study, and the risks of limited coverage are increasing.

**\$882M**

Dog bite insurance losses cost \$882 million in 2021.



According to the CDC, over 4.5 million Americans are bitten each year by dogs, 800K that require medical attention, and over 1,000 per day that require emergency care.

Dog bite insurance is critical, and yet many insurers don't cover certain breeds. We do.

**2.2%  
YoY**

Dog bite claims are up 2.2% year over year

**39%**

Costs per claim has gone up 39% from 2012 to 2021

# Other benefits that residents pay and stay for...

## Resident Rewards Program

Rewards are a powerful way to incentivize on-time rent payments. You can build the cost into your resident's monthly payments so that you and the resident only see benefits. You and the investor get an increase in on-time payments, and for the resident, rent day is now rewards day.

- Gifts can include things like:
  - \$30 gift card for national and local brands
  - \$25 restaurant card
  - \$40 rewards cash on rent day each month rent is paid on
  - time
- And more

## Move-In Concierge

Setting up utilities can be a massive headache for a new resident. Residents aren't sure who to call and who provides utilities and home services like Internet and TV for their new address. More, the research for discounts/promotions/coupons available takes more time. Most times, the process is clunky, with lots of friction that gets in the way of it getting 100% done. And it is too easy to overlook fine print in the lease about installing satellite dishes.

Move-in Concierge changes all of that for professional property managers. In one phone call, residents find out what their best options are and can even get help simplifying setup. An experienced concierge confidently guides multiple people every day to properly set up their utilities.

# Conclusion

RBP by Second Nature empowers property managers through the world's only fully managed Resident Benefits Package – a custom suite of benefits that elevates the resident experience while adding profit to your bottom line. Transforming the property management space, Second Nature develops innovative programs that deliver delighted residents, satisfied investors, and empowered property managers: the Triple Win. Second Nature actively serves over 1M residents in all 50 states.

## Don't have a fully managed RBP yet?

Get matched with an expert to get a profit map of exactly how much you would make.

[Learn More >](#)



# Footnotes

1. HVAC Data: Maintenance Reduction Study, National Rental Home Council & Second Nature
2. HVAC Data: Maintenance Reduction Study, National Rental Home Council & Second Nature
3. Energy Data: U.S. Energy Information
4. Indoor Air Quality Data: World Health Organization
5. Dog Bite Data: American Veterinary Medical Association