

# **Renters' Perceptions of Residential Property Management**

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## **Introduction**

A strong property management team at a rental housing community can have a profound effect on the resident experience. Yet relatively little is known about the specific ways in which renters conceptualize property management quality, or how they account for it when making leasing decisions. This study, supported by a grant from the IREM® Foundation's J.T. Aveni Center for Research, uses propriety data collected via an online survey to address these issues. We aim to empower property managers and property management companies with information they can use to better communicate their value proposition to the renters with whom they interact.

Over 2,000 adults residing in rental housing throughout the United States participated in the study. They were asked a series of questions designed to assess their perceptions of property management and property managers. We examined the aspects of property management that might persuade renters to sign a lease in a rental housing community, as well as those that are most important to their housing satisfaction, quality of life, and willingness to pay additional rent. Additionally, we randomly assigned groups of survey respondents hypothetical vignettes describing different property management scenarios and gauged their reaction to them.

Using statistical models, we reach three conclusions of great relevance to the property management industry. First, renters will take property management quality into consideration when making leasing decisions, given an opportunity to do so. Second, property management quality is an important determinant of renters' overall housing satisfaction and the quality of life they enjoy. Third, property managers can sway perceptions of the quality of service they provide by selectively choosing the words they use to communicate with renters.

## **Data and Methodology**

The survey used in this study was designed over several months, tested with an audience of renters, and reviewed and approved by Clemson University's Institutional Review Board. We included attitudinal questions, as well as questions about respondents' socioeconomic characteristics and the characteristics of the housing in which they currently live (See Appendix 1). Together, these questions yielded data appropriate for the estimation of statistical models examining renters' perceptions of property management after controlling for the effects of their age, race, and income, among other demographic variables.

As previously noted, we also incorporated two different experiments into the survey. In both experiments, groups of respondents were shown randomly assigned vignettes describing different property management scenarios and asked a series of questions about their perceptions of what they read. Each vignette was modeled after a real world situation that renters might experience. Differences in responses to the same questions across groups revealed ways property managers can describe themselves to elicit positive renter feedback.

Qualtrics, a large survey firm that assists researchers in the public, private, and nonprofit sectors, was retained to assist in data collection. It recruited a national sample of U.S. adults currently living in rental housing. Subjects were drawn from a pool of people who have agreed to participate in surveys for some form of compensation. Qualtrics delivered 2,274 completed surveys, which we put through a series of quality checks. We excluded surveys when respondents completed them too quickly or failed to answer open-ended questions in a satisfactory manner. After this culling, 2,090 valid responses remained for statistical analysis.

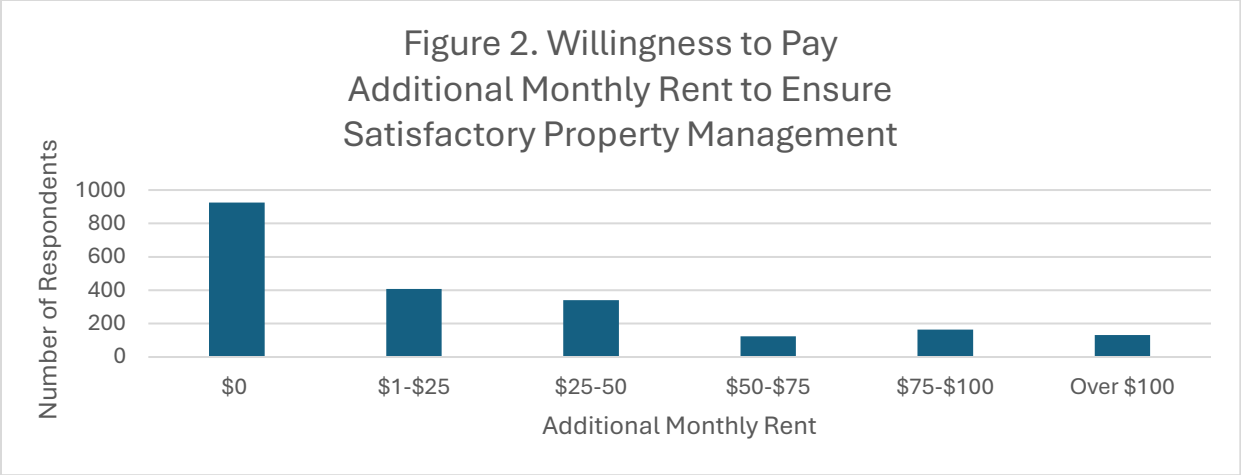
**Results**

Can providing renters with positive information about property management quality influence their leasing decisions? Figure 1 suggests it can. It summarizes survey respondents’ answers to six questions assessing how influential they would find various types of information about property management when evaluating rental housing options. The scores reported in the figure are average scores on a five-point Likert scale, with a score of 1 indicating a piece of information would be very uninformative and a score of 5 indicating it would be very influential.

Survey respondents most frequently identified positive word-of-mouth and online reviews of property management as pieces of information capable of influencing their leasing decisions. However, many also noted they would respond favorably to property managers operating onsite, accredited by a national organization, or award winning for customer service. Fewer respondents noted they would respond favorably to a large property management company, indicating mixed feelings about an organization’s size and ability to deliver a great resident experience.



Figure 2 supports the contention that most renters not only appreciate property management but are also willing to pay for it. Over half the survey respondents indicated they would pay additional monthly rent in some amount to ensure satisfactory customer service from the property manager after moving into rental housing. On average, renters in the sample expressed a willingness to pay \$27 in additional monthly rent for this benefit.



Turning to the question of how renters view property management relative to other aspects of housing, Figure 3 presents the results of six regression models. They collectively examine the extent to which survey respondents' satisfaction with various aspects of their housing – including physical condition, location, size, security, rent, and management – contributes to their overall housing satisfaction. Satisfaction was measured on a 1-5 scale. The models hold demographics constant: that is to say, they reflect how individual characteristics of a rental housing unit affect overall satisfaction with the unit assuming individuals all had the same demographics. The coefficients on the left of the graph indicate how much higher the overall satisfaction score is predicted to rise if each individual aspect of satisfaction were one point higher. The stars indicate the variables' statistical significance levels: that is to say, whether we have an acceptable level of confidence the individual variables are making a difference for overall housing satisfaction.

As the results demonstrate, higher satisfaction with all aspects of housing included in the models contributes to higher overall housing satisfaction. However, satisfaction with property management has the greatest impact. When satisfaction with property management increases by one point, renters' overall housing satisfaction increases by about 0.28 points.

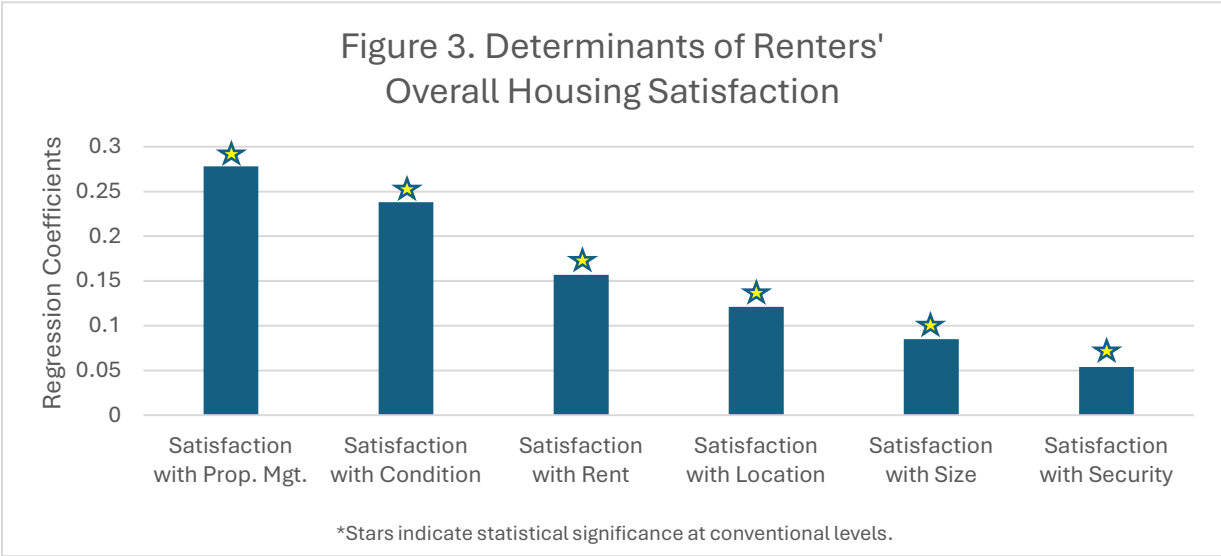
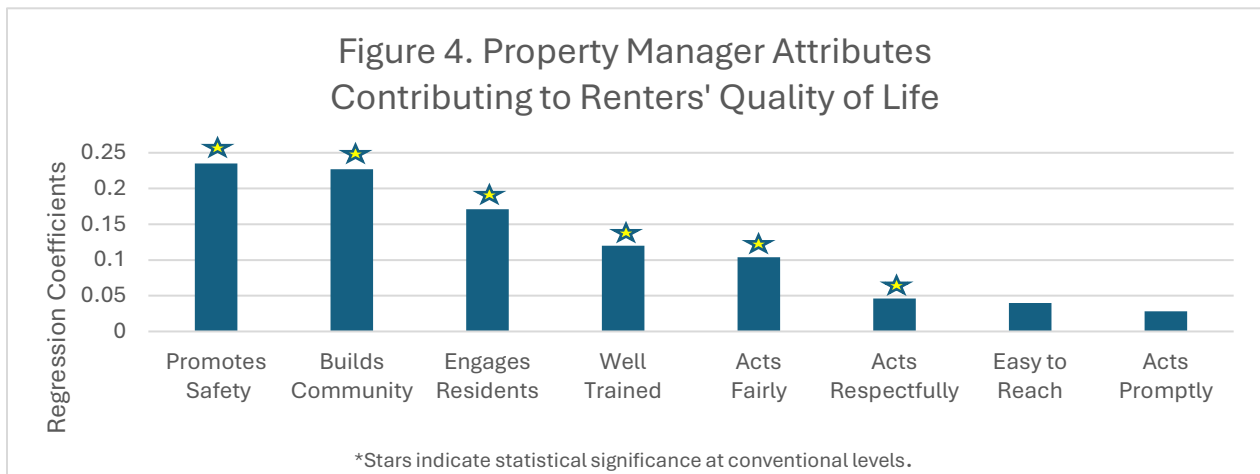


Figure 4 adds another layer to the analysis by zooming in on the specific ways in which property managers satisfy renters. After asking respondents to rate their property managers' performance in eight areas—promoting safety, building community, engaging residents, being well-trained, acting fairly, being respectful, being easy to reach, and responding promptly—the scores derived from these questions were regressed on a measure of property managers' perceived overall contributions to renters' quality of life. So, like the prior section, we look at how satisfaction with all the individual aspects of property management relate to satisfaction with the whole.

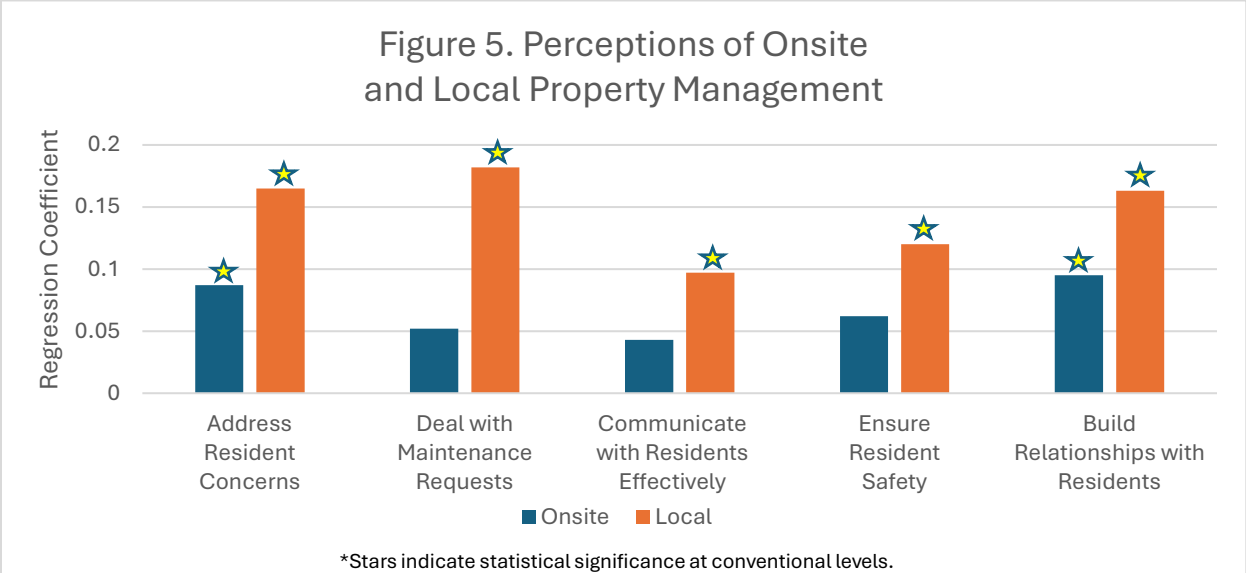
We observe positive and statistically significant relationships between six of the eight aspects of property management and the overall resident experience. Promoting safety, building community, and engaging residents appear to be the most “important” facets of the property manager's contribution to quality of life. But interestingly, we do not find strong links between quality of life and managers being prompt and/or easy to reach.



As for the vignette experiments, Figure 5 reports results of the first experiment where survey respondents were shown one of four randomly assigned vignettes depicting online reviews renters might come across when searching for housing (See Appendix 2). All the vignettes were identical, except for the description of the property manager. Two of the vignettes described the property manager as part of a locally owned and operated company and two described the property manager as part of a large organization operating nationwide. Similarly, two of the vignettes described the property manager as operating onsite and two described the property manager as operating offsite. This set the stage for an analysis of whether renters view property managers differently based on the scale of their organizations or their proximity to the renters they serve.

After viewing the vignettes, survey respondents were asked to identify the extent to which they agreed or disagreed that the property manager described was well positioned to address resident concerns, deal with maintenance requests, communicate with residents effectively, ensure resident safety, and build relationships with residents. Again, we use regression to determine which characteristics of the manager - local vs. national and onsite vs. offsite - influence perceptions of the manager and thus possibly interest in the unit.

The respondents expressed a statistically significant preference for locally owned and operated property management in all five of the models estimated with data from the first vignette experiment. Further, they expressed positive and statistically significant preferences for onsite property management in the models examining property managers’ perceived ability to build relationships with residents and address resident concerns.



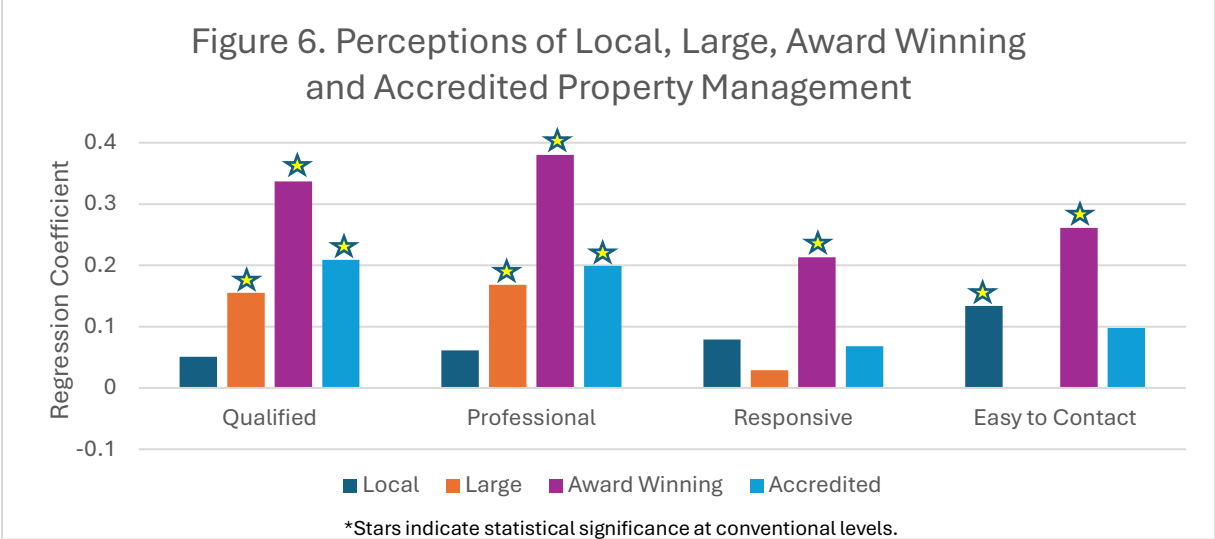
To probe more deeply into the question of whether renters have more favorable perceptions of locally owned and operated property management companies than large property management companies operating nationwide, we conducted a second vignette experiment. In this experiment, survey respondents were shown hypothetical letters from the owner of an apartment complex to the current residents, informing them of a property management change (See Appendix 3). Survey respondents in the control group viewed a letter with no information about the property management company other than its name, while respondents in four treatment groups viewed letters describing the property management company as either locally owned and operated, one of the nation’s largest, a recipient of the Institute of Real Estate Management’s® REME Award for Real Estate Management Excellence, or an Accredited Management Organization (AM0).

Once again, after viewing a randomly assigned vignette, survey respondents were asked several questions. However, this time they were asked to identify the extent to which they agreed or disagreed that the property management company described appeared qualified, professional, responsive, and easy for residents to contact. Using regression as in the models above, the coefficients measure the impact of various property management company descriptors on renters’ perceptions, and the stars indicate whether the scores are positive and statistically significant.

Results presented in Table 6 suggest property management companies described as award winning are consistently viewed more favorably than those described in ways that offer no indication of their capacity for customer service. At the same time, large property management companies operating nationwide, and accredited property management companies, are viewed as more highly qualified and professional than their smaller and unaccredited peers, whereas local

property management companies are viewed as easier to contact. In aggregate, these observations indicate that renters do not uniformly favor locally owned and operated property management companies over large property management companies operating nationwide, but rather have nuanced views about how different types of property management companies are likely to approach their work. Renters appear to view large property management companies as quite able yet somewhat disconnected from residents due to the scale of their operations.

At this point, it is useful to note that the vignette experiments presented in this study do not explore the offsetting effects of different combinations of property management descriptors. For example, the experiments do not speak directly to whether describing a locally owned and operated property management company as accredited or award-winning is sufficient to encourage renters to view it as being just as qualified or professional as a large property management company operating nationwide. Additional research is necessary before drawing any such conclusions.



**Conclusions**

Perhaps the most important takeaway from this study is that property management matters to renters for a variety of reasons. Renters recognize the multiplicity of ways in which property managers contribute to their quality of life and have a great deal of appreciation for those that treat them with dignity and respect. Further, renters tend to prioritize satisfaction with property management over satisfaction with other aspects of their housing such as its size, quality and location. Property managers should approach their work with these findings in mind if they hope to maximize the value they bring to the table.

Results of the vignette experiments also indicate that property management companies should be very conscious of the way they communicate with renters. Subtle signals about property management companies’ capacity for customer service appear to resonate strongly with renters and influence their perceptions of what they will experience should they choose to live in a rental housing community. Accentuating some characteristics and credentials of property management companies, while downplaying others, may improve their standing with renters in ways that have

gone unrecognized to date. For example, property management companies that hope to position themselves as accessible, responsive, and customer focused may find it advantageous to market themselves as “local,” while those that wish to communicate an image of professionalism may be better off marketing themselves as “national”, “accredited”, or “award winning.”

Using descriptors that send positive signals about property management to renters is important given that they appear willing to pay rent premiums for housing they are confident will be well managed. Property management companies stand the greatest chance of unlocking these premiums when they understand the concerns of the renters they hope to reach and communicate with them in ways that appeal to their preconceptions. In some instances, it may be advantageous for large property management companies to emphasize their size to instill confidence in renters, while in other instances it may be advantageous for them to do the opposite. The decision must be made on a case-by-case basis, recognizing that different groups of renters have different priorities.

Moving forward, opportunities exist to study renters’ perceptions of property management in greater detail. This may involve collecting survey data from a larger sample of renters, asking them a broader array of questions, or exposing them to different hypothetical scenarios designed to assess their values and beliefs about rental housing and those who operate it. The value of this research is likely to hinge on its relevance to industry and ability to yield actionable information.

## Appendix 1

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### Control Variables Included in Regression Models

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- Respondent's age and respondent's age squared
  - Respondent's gender: male, female, other
  - Respondent's race: White, Black, Hispanic, Asian, Native American
  - Respondent's marital status: married, never married, divorced/separated, widowed
  - Respondent's number of children: zero, one, two, three, four, five or more
  - Respondent's employment status: employed full-time, employed part-time, unemployed, not in the labor force, student
  - Respondent's rental housing type: single-family detached house, townhouse, apartment complex less than 10 units, apartment complex 10-49 units, apartment complex 50 units or greater, assisted living, corporate housing, dorm, military housing, other
  - Respondent's housing assistance: subsidized, unsubsidized
  - Respondent's education: no high school degree, high school degree, some college, associate degree, 4-year college degree, postgraduate degree
  - Respondent's disability status: self-reported disability, no self-reported disability
  - Respondent's citizenship status: U.S. citizen, non-U.S. citizen
  - Respondent's household income in six bins (from less than \$30,000 to over \$150,000) Normalized by the square root of household size to reflect living standards
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## Appendix 2

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### Vignette Experiment #1

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#### Scenario Presented to the Survey Respondents:

Overall Rating 3/5 Stars - This place has a great feel! The amenities are nice. They also have 24/7 access to an (*onsite or offsite*) property management team that is (*part of a locally owned and operated property management company or part of one of the nation's largest property management companies*). I had to give 3 stars because of my day to day experience living here. I could hear EVERY step that my upstairs neighbors took. I don't think this is an issue of the neighbors being noisy on purpose. I think it just has to do with the way the buildings were constructed. So overall, I would only recommend this place to a friend IF it was a top floor apartment and noise wouldn't be an issue.

#### Questions Presented to the Survey Respondents:

After reading the review, identify the extent to which you agree or disagree with the following statements:

The property management team described seems well positioned to:	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree
Address resident concerns	○	○	○	○	○
Deal with maintenance requests	○	○	○	○	○
Communicate with residents effectively	○	○	○	○	○
Ensure residents are safe and secure	○	○	○	○	○
Build relationships with residents	○	○	○	○	○



### Appendix 3

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#### Vignette Experiment #2

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Scenario Presented to the Survey Respondents:

Dear Resident,

The owner of Cherrywood Manor Apartment Community has opted to change property management companies. As such, Seneca Management Services will now be responsible for lease administration, maintenance issues, rent collection, and all other aspects of your tenancy. Please know that Seneca Management Services is *(a locally owned and operated property management company or one of the nation's largest property management companies or a recipient of the Institute of Real Estate Management®'s REME Award for Real Estate Management Excellence or recognized as an Accredited Management Association by the Institute of Real Estate Management®).*

Sincerely,

Cherrywood Manor Apartment Community, LLC

Questions Presented to the Survey Respondents:

After reading the letter, identify the extent the extent to which you agree or disagree with each of the following statements about the property management company described:

The property management company described appears likely to be:	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree
Qualified for the assignment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Behave in a professional manner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Responsive to resident concerns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Easy for residents to contact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>