



Proptech – Landlords Gain Efficiencies

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Summary: Proptech is starting to grow. Property management technologies are being used to help compensate for the labor shortage, create efficiencies in the leasing process, and identify and keep profitable tenants. Community financial institutions want to keep their eyes on proptech developments. Here are the drivers, tenant perks, and property owner benefits.

Mickey Mouse has a birthday today. 93 Ys have elapsed since he appeared as Steamboat Willie in one of the first cartoons with sound. While last year was a record low in attendance, 20.6MM people on average visit Mickey Mouse every year at one of the Magic Kingdom theme parks. That is a lot of households visiting Mickey!

According to the National Multifamily Housing Council (NMHC), many of those Mickey Mouse households are also renters. The NMHC estimates around 44MM American households, or 36% of the total, are paying rent for housing. The past 2Ys have not been easy for many of these tenants nor many landlords. As the dust settles, landlords are looking for new ways to manage their tenants and properties.

As digital adoption exploded during the pandemic, more people have become used to the idea of digital experiences, including virtual tours and online forms for the rental market. Along with that, new property management technologies (proptech) emerged to provide capabilities to make the process of leasing an apartment or house more streamlined. Similar to the efficiencies of booking a hotel room online, proptech helps both the property manager and the tenant, which ultimately benefits the property owner. We explore this development to give you a deeper understanding when talking to your customers in this industry sector.

Drivers

Labor shortage. The turnover rate in the property management industry used to be higher than most industries, at around 32%. These days, it has hit 70%, primarily due to pandemic-related issues. Not surprisingly, [74% of apartment owners and managers cited staffing and recruitment as one of their top challenges](#).

Manual process. Much of the leasing process and day-to-day management is labor-intensive and time-consuming. Looking for leads, verifying information, managing payment, etc. can all take time. So, with the labor shortage, it has been especially difficult to manage these duties. But, with technology that manages the data-driven tasks, the leasing team can turn their attention to more value-added activities, such as negotiating service contracts, proactively maintaining the grounds, and finding ways to keep profitable tenants long-term.

As one property management team notes, *“Through leveraging a variety of technologies, we are now able to offer multiple options to learn more about a property on various platforms from the palm of someone’s hand. This further allows our on-site staff to focus on the human elements and best serve prospective and existing residents.”*

Tenant perks

Better customer experience. Not only property managers see benefits in new proptech, but also tenants.

They experience a better overall customer experience with faster response times in the leasing process and more efficient communication. They also get more attention from the property management staff who have more “freed up” time to engage with tenants personally regarding requests or issues.

Rewards. There are also apps out there that help incentivize tenants to pay rent on time, renew their lease early, and refer other tenants. Some of these apps even have debit cards embedded, where landlords can provide “cash back” for those preferred behaviors. While these apps charge landlords a subscription-based fee, it is expected to be more than offset by the number of profitable, loyal tenants.

“A component of the rent-rewards equation means that renters can build their credit score through a history of on-time payments of their largest living expense, which is a terrific trend,” noted Mr. Eisenberg of Zigg Capital, who also anticipates greater competition in this area and sees it coming from digital banking apps too.

Property owner benefits

It goes without saying that the property owner is the ultimate recipient of proptech benefits. When properties can be more easily managed, their businesses flourish.

1. With a greater number of on-time payments, cash flow cycles are shortened.
2. Operating efficiencies cut expenses and help the bottom line.
3. An enhanced customer experience through digital channels appeals to technologically savvy tenants that likely are up-and-comers in their careers and make good tenants.

While proptech is still in its growing stage, you want to keep your eyes open to the developments. Technology has a way of increasing faster than expected and with many of these benefits, your customers could be the happy recipients. That would be good news for you.

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ECONOMY & RATES

Rates As Of: 11/18/2021 07:07AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.05	0.00	-0.04
6M	0.06	-0.01	-0.03
1Y	0.17	0.02	0.06
2Y	0.53	0.03	0.40
5Y	1.26	0.07	0.89
10Y	1.61	0.05	0.69
30Y	2.00	0.06	0.35
FF Market	FF Disc		LOBB
0.08	0.25		0.15
SOFR	Prime		OBFR
0.05	3.25		0.07

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