



COVID-19

Resident Sentiment Report

Issue 2

This report is the second in a series of COVID-19 Resident Sentiment Reports tracking the impact of the pandemic on renters and the property management industry. Issue 1 provided a snapshot ahead of May 1st. Issue 2 returns to renters ahead of June 1st.

The pandemic and its economic consequences have severely tested American multifamily housing residents and the property management industry serving them. Our report finds uncertainty over rent collection and the economy is persisting, even with states relaxing restrictions. However, within our findings we also see evidence that property management firms that are engaging residents are seeing those residents more likely to recommend their communities through these difficult times. This is especially helpful ahead of the traditional apartment search season.

Our survey of nearly 15,000 U.S. renters was developed and fielded by Kingsley, a leading real estate research and consulting firm, in partnership with Apartments.com. Grace Hill, Kingsley's parent company, provided research analysis and reporting.



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Key Findings

Get Resident Feedback:

Property management companies that solicit feedback from residents saw more than twice as many residents likely to recommend their community to others compared to residents who said their feedback was not solicited by property management.

Set Policies:

Residents who believed property management employees are empowered to follow COVID-19 policies were more than six times as likely to recommend their community compared to residents who did not believe employees were empowered to implement policies.

Train:

Residents who reported that property management staff appeared to be trained in COVID-19 policies were also more than six times as likely to recommend their community to others compared to residents who did not believe property management staff were trained on COVID-19 policies.

Retain and Attract:

Having all of these actions in place is important, both in terms of attracting residents during the apartment search season, and retaining existing residents.

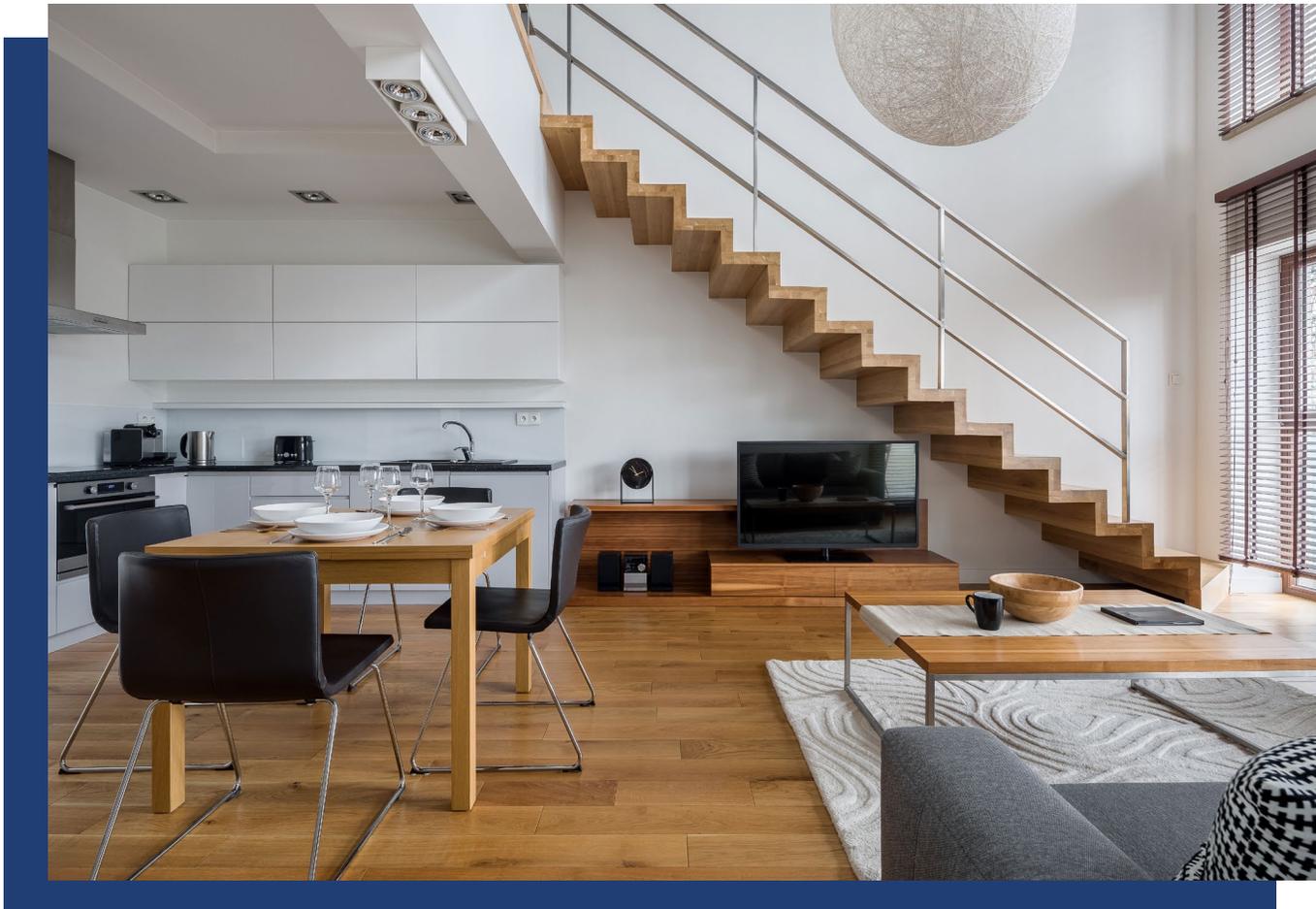
Reopening

As states relax social distancing restrictions, the majority of residents reported no change in feelings of safety compared to how they felt last month. That being said, 17% did report feeling less safe than they had the week before responding to the survey, and 9% reported feeling more safe.

Two-thirds of residents who were satisfied with management's communication during COVID-19 indicated that they were comfortable with restarting certain services at their community like in-unit service requests and package pick-up in the office. This contrasts with residents who were dissatisfied with management's communication during COVID-19, less than a third of whom were comfortable with restarting the same services.

Sixty-four percent of respondents were confident they could pay June's rent in full, compared to 52% in April who were confident they could pay May's rent in full. Eighteen percent said they still didn't know whether they would be able to make their June rent payments at all, compared to 21% in April who were facing their May rent payment.

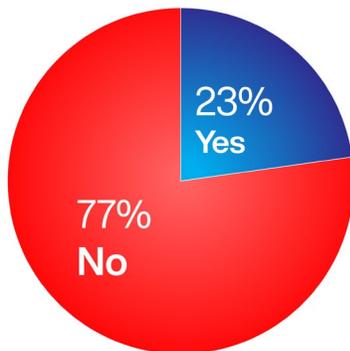
Looking back on how many actually paid rent in May, the National Multifamily Housing Council reported that by May 6 about 20% of renters had not paid full or partial rent. This was down from 22% for the first six days in April.



Open up lines of communication

Forty-one percent of residents who reported satisfaction with management communication during the pandemic indicated they were likely to recommend their community. When the community management team solicits feedback from residents, it resulted in more residents promoting their community, 37% versus 17%. This is also positive for resident retention.

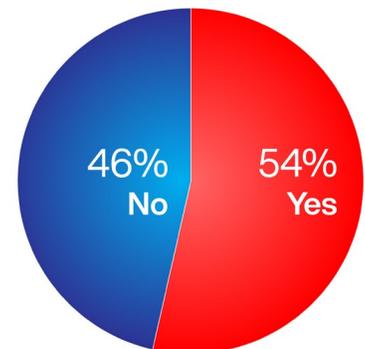
Has your community team been soliciting feedback from residents during the pandemic?



Further, 58% of residents who reported that their feedback was solicited also reported that their on-site property management team was caring. Only 26% of residents who reported not having their feedback solicited felt similarly.

This carried over to feeling safe. Sixty-five percent of residents who said their feedback was solicited also reported feeling safe in their community. But only 48% of residents who had not been able to provide feedback reported feeling safe.

Are you aware of your community's COVID-19 policies and procedures?



Implement policies and training

Residents who see trained and empowered employees at work can be key assets in spreading the word of a community's success, and are more likely to continue to anchor a strong existing community. The survey found that of residents likely to recommend their community, 56% said they agreed property management employees were trained on COVID-19 policies. Fifty-nine percent reported employees were empowered to implement those policies.

Do you feel your community team is trained on COVID policies?



Do you feel your community team is empowered to implement COVID policies?



Almost 35% of respondents indicated they would not renew their lease. In the Kingsley Index™, residents' renewal intention is 80% predictive, meaning that as a community management team, you want to ensure a great resident experience to reduce churn. Having employees trained on COVID-19 policies and procedures translates into 56% of residents saying they intend to renew.

Meet resident expectations

What are communities doing to address COVID-19 while states reopen? Respondents reported that the COVID-19 measures they saw being undertaken most in their communities included enforcing social distancing (46%), communicating regarding deferred maintenance requests (34%) and limiting capacity in amenities spaces like gyms or pools (27%). But the measures they wanted to see most were sanitizer stations throughout the community (64%), use of PPE for maintenance requests (45%) and enforced social

Management Satisfaction Rating



Get virtual tours right

distancing (40%).

The survey found that more than half (52%) of respondents have toured an apartment virtually. Twenty-two percent had done so since March. Of those who have taken virtual tours, most were satisfied (39%) or very satisfied (14%) with the experience, and 49% said the tour was sufficient to make their leasing decision.

For context, the NMHC/Kingsley 2020 Apartment Resident Preferences Study conducted in the fall of 2019 by the National Multifamily Housing Council and Kingsley Associates found 14% of residents were willing to rent without an in-person tour. In April's Issue 1 of the COVID-19 Resident Sentiment Report, we saw that number increase to 29% and now, in this survey, 40% of residents said they would rent without an in-person tour. This shows property management teams and firms need to place an even higher focus on making sure their online presence and virtual features highlight the community effectively.

Four-in-five renters who had a tour with a leasing agent reported the agent being well trained, an important factor in tour satisfaction. For self-guided tours, the most important aspects were a tour of an actual unit, not just a model (83%). Respondents also wanted a tour of specific apartment features (64%), and community features (60%).

Which of the following would be necessary of a self-guided virtual tour to make your decision?

83%

Tour of actual unit

49%

Tours of multiple floor plans

64%

Tour of apartment features

47%

Measurements of specific unit available

60%

Tour of community features

3%

Other

Stabilizing confidence

In May, 61% of households said they experienced income loss compared to 63% in April. Forty-two percent described the loss as major or devastating compared to 48% in April. In April, 42% also said they were satisfied with the general service provided by their community management team in response to COVID-19. In May, 40% now report being satisfied.

Regional differences continue to evolve. Geographically, the hardest hit states as June approaches — where renters say they won't be able to pay rent — include Oklahoma (16%), Mississippi (14%), Arkansas (13%), Florida (12%), and Georgia (11%). In May, the hardest hit were Maryland (17%), Nevada (16%), Oklahoma (16%), New York (15%) and Georgia (15%).

Overall, being flexible with rent payment appears important given 38% of residents who indicated their community showed flexibility were promoters, versus only 10% of those who indicated their community was not flexible. While 27% of renters describe their management team as being flexible with rent payment, the majority note an absence of flexibility, with 35% reporting their management being “not at all flexible.”



Long-term impact of the stimulus

The evolution in sentiment may continue to reflect the timing of stimulus payments from the federal government. When our survey closed in mid-May, the portion of residents who said they would ask landlords to defer their rent was set to be 30%, compared to 40% in April.

Sixty-eight percent reported receiving stimulus assistance, and of those 38% said it helped them feel more financially secure, whereas 49% said it made no difference. Fourteen percent of residents reported they believed they would be more financially secure in three to six months compared to how they were before COVID-19. Forty-eight percent anticipated they would be somewhat (28%) or significantly (20%) less secure financially 3-6 months from now than they were before COVID-19.

This suggests that financial recovery may not be straightforward, and more problems remain ahead. However, property managers that open lines of communications with residents and deliver policies and training that meet resident expectations can and are strengthening their communities. As the apartment search season commences, these are key ideas for retaining tenants and winning over new residents.



About Grace Hill



Grace Hill helps companies managing multifamily residential properties reduce operating risk and increase property performance — with industry-leading policy, training and assessment solutions that develop, retain, and build top talent. Its advanced technology-enabled solutions are bolstered by years of multifamily experience, in-depth service-level expertise, outstanding customer support, as well as a partnership with the National Apartment Association Education Institute (NAAEI). Today, more than 1,600 companies covering a workforce of more than 500,000 people rely on talent performance solutions from Grace Hill.

About Kingsley Associates



Grace Hill includes Kingsley Associates. Kingsley Associates' comprehensive suite of research and benchmarking tools assess firm performance and competitive position based on direct feedback from key stakeholders. Kingsley's primary services include resident and tenant surveys, employee engagement studies, client and investor surveys, and peer benchmarking programs. In response to the need for performance-based benchmarks, Kingsley Associates developed the Kingsley Index[®], which is now the largest and most comprehensive benchmarking database of customer satisfaction metrics available to the real estate industry. Kingsley Associates also maintains partnerships with the Building Owners and Managers Association (BOMA), National Multifamily Housing Council (NMHC), Institutional Real Estate Inc. (IREI), and the Global Real Estate Sustainability Benchmark (GRESB).