



VISIO LENDING

LTR SURVEY REPORT

EVERYTHING YOU NEED TO KNOW ABOUT FINDING AND MAINTAINING A
SUCCESSFUL PROPERTY

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NON FI CU DU D O R TH N

In the midst of a volatile market, long-term rental units are thriving. In fact, according to the National Association of Realtors (NAR's) research experts, there are 49.5 million long-term rental housing units in the United States.

Nearly half of those are single family residential units with over 70% managed by mom-and-pop landlords. To break that down, there are approximately 25 million single family rental units in the United States, of which 17.5 million are managed by individuals.

And there are several trends toward rentership which support the volume and need of single-family homes. RCLCO Real Estate Consulting notes many of these rental home demand drivers including lack of mortgage affordability and low inventory. Additionally, millennials are entering prime housing formation years and want to live in single-family homes as opposed to apartment units.

To further understand the factors driving rentership and to help buy and hold investors prosper, we conducted a comprehensive survey on renter preferences. In January of 2023, we polled 1,752 U.S. adults who currently live in a single-family long-term rental home. Our findings confirm the need for single family rental homes. More than half of survey respondents (54%) do not have the money for a down payment, over a third (38%) think home prices are too high right now, and a third (33%) simply do not want the responsibility of owning a home. Other respondents don't have a high enough credit score, can't afford a mortgage payment, or can't afford ongoing maintenance costs.

Our survey uncovered data that can guide investors through the entire LTR investment process from start to finish, including home selection, marketing the property, property management, and tenant retention. We also have a clearer picture of what tenants like and dislike about renting. Let's dive into our results.


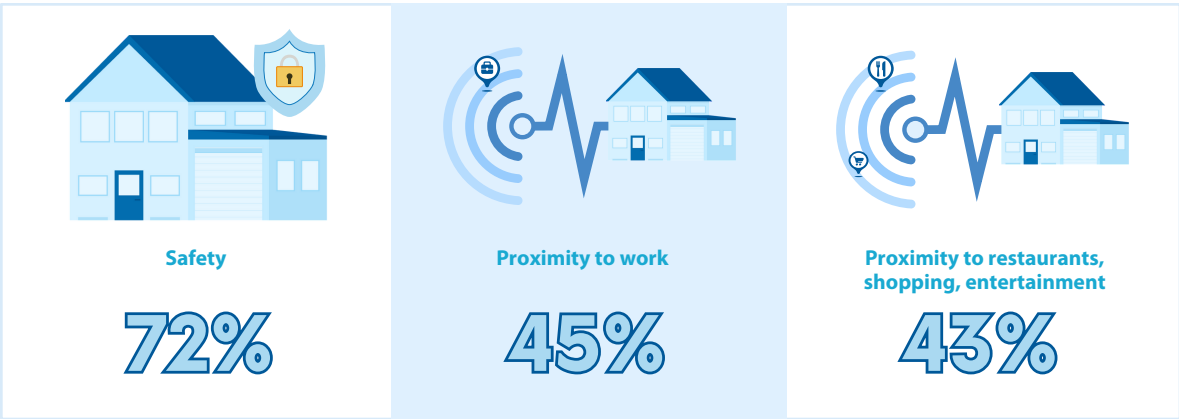
Selecting or upgrading your LTR with tenant preferences in mind

Understanding what tenants look for in a home, can help investors evaluate new investment properties, renovate their current rentals, or write compelling listings. Here are some of our essential survey findings in terms of location and amenities.


Location, Location, Location

When it comes to location, safety, proximity to work, and proximity to restaurants and shopping are the top factors renters consider when exploring rental properties. In fact, when asked why they are satisfied with their rental homes, many respondents directly mentioned location.

Other top location considerations include noise level, environmental risks, school zones, proximity to parks, and access to public transit. Investors looking to purchase a new LTR should consider all of these factors when determining location.



"My rental is in a quiet suburb close to a small town that is convenient for shopping," said one respondent.



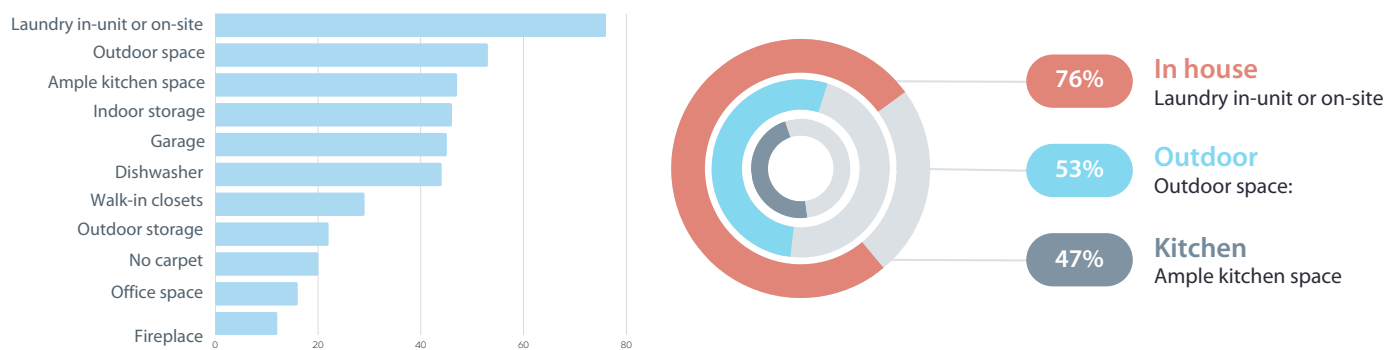
"[Our rental] is in a great school district, quiet neighborhood, yet close to dining and shopping," said another.

Favorite Features and Furry Friends

Excluding location, price, and number of bedrooms and bathrooms, home renters also said they consider laundry in-unit or on-site, outdoor space, and ample kitchen space when selecting their rental home. Here are all of the key features renters consider in order of importance:

- Laundry in-unit or on-site: 76%
- Outdoor space: 53%
- Ample kitchen space: 47%
- Indoor storage: 46%
- Garage: 45%
- Dishwasher: 44%
- Walk-in closets: 29%
- Outdoor storage: 22%
- No carpet: 20%
- Office space: 16%
- Fireplace: 12%

Necessities for Tenants When Looking for Rentals



Investors should look at new properties that have these features or even consider making renovations to existing rentals to get tenants in the door faster.

Pet-friendly properties are also important to a majority of renters (65%), interestingly even those without pets currently.

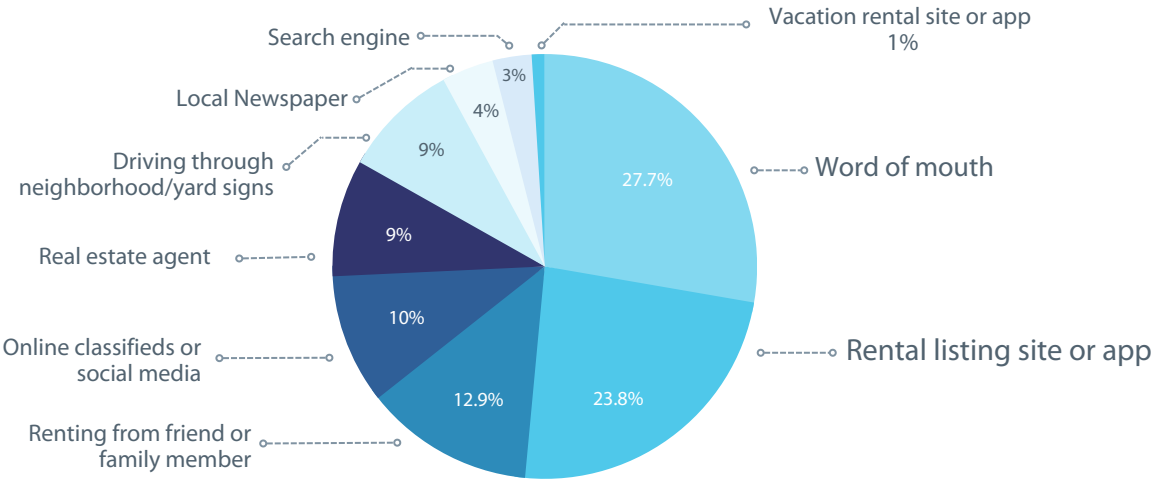
If possible, investors should make their properties pet-friendly to attract a wider audience. Additional factors that renters consider priorities include utilities being included and the property being recently renovated or new.


Using the proper marketing channels to get tenants in the door


When surveyed on how they found the property they are currently renting, word of mouth was the most popular channel tenants used. While other marketing channels are still important for investors, having a good industry reputation goes a long way. Coming in close behind, rental listing sites or apps were the second most popular channel for renters. Other methods include social media, real estate agents, and driving through neighborhoods.

Keep in mind, this data varies based on age group. For instance, our survey found that Baby Boomers (born 1946 to 1964) are 167% more likely to find their rentals through a print newspaper. Conversely, Millennials (born 1981 to 1996) are 150% more likely than any other age group to find their rental on an online search engine. If you are targeting a certain age group, reach them where they are looking. Alternatively, try a wide range of advertising methods to reach a wide range of possible tenants.

How Tenants are Finding Their Rentals



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Understanding the importance of good customer experience to maximize tenant retention

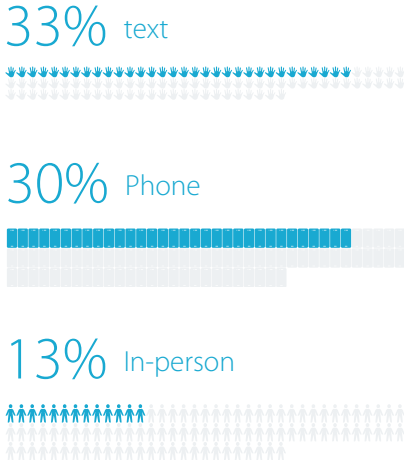
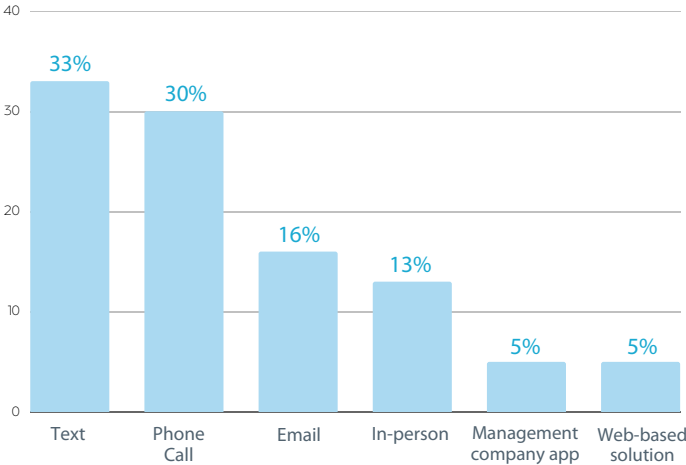
Once you have strong tenants in place, do what you can to keep them. This will not only reduce turnover costs, but will also give you peace of mind that your investment is in good hands. Many of our survey respondents have stayed in their rentals for years. “We’ve lived here over 20 years,” said one respondent. “We’re settled.”

Here are some survey insights into what landlords can do to ensure tenant satisfaction in terms of communication and the lease renewal process.

Communication is Key

Text, phone call, and email are the primary ways survey respondents communicate with their property managers or landlords:

- Text: 33%
- Phone Call: 30%
- Email: 16%
- In-person: 13%
- Management company app: 5%
- Web-based solution: 5%



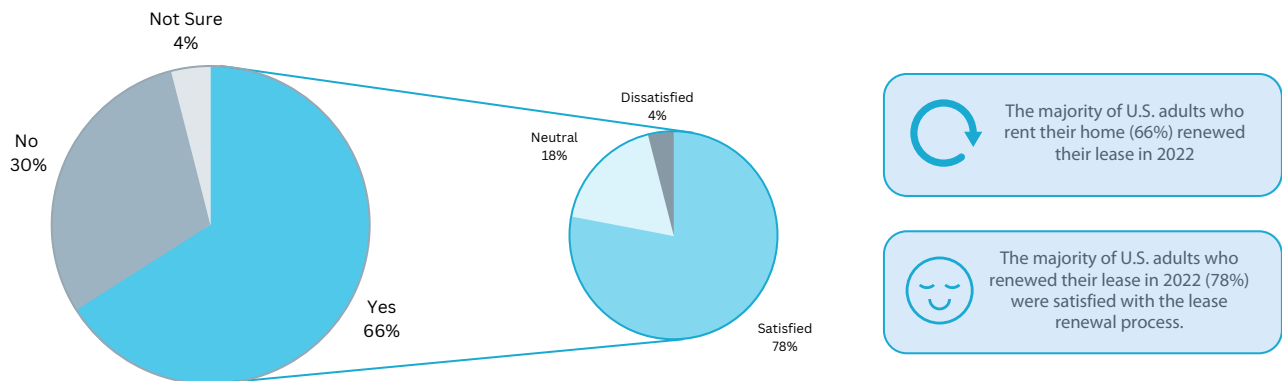
However, the primary methods of communication are not necessarily the preferred methods of communication. Tenants who communicate with their landlord or property manager in-person, by phone, or by text are most likely to be satisfied with their method of communication. On the other hand, tenants who communicate with their landlord or property manager through a web-based solution, management company app, or by email are the most likely to be dissatisfied with their method of communication.

Landlords should consider [or encourage their property managers to utilize] direct lines of communication with their tenants for optimal satisfaction.

Seamless Lease Renewals = Higher Tenant Retention

Our survey found that the lease renewal process directly impacts whether or not tenants decide to stay. 66% of our survey respondents renewed their leases in 2022, and the majority of them (78%) were satisfied with the process.

Not surprisingly, tenants with a rent increase in 2022 were 700% more likely to be dissatisfied with the lease renewal process. However, giving appropriate notice to a rent increase will lead to higher satisfaction with the lease renewal process:



- Tenants who were given LESS than 30 days notice about a rent increase during their lease renewal process in 2022 were 180% more likely to be dissatisfied with the process than those who were given more time
- Tenants who were given MORE than 30 days notice about their rent increase in 2022 were 32% more likely to be satisfied with the lease renewal process

Tenants given less than 30 days notice of a rent increase during their 2022 lease renewal were 180% more likely to be dissatisfied than those given more time.

180%+

Tenants who were given MORE than 30 days notice about their rent increase in 2022 were 32% more likely to be satisfied with the lease renewal process

32%+



Rent increases are often inevitable, but a takeaway from our survey is to provide as much notice and make the process as seamless as possible. When asked about why they were satisfied with their lease renewal process, one respondent said: "The renewal was very straightforward. I signed for another year."

Getting in the mindset of tenants to understand their motivations and hesitations for renting

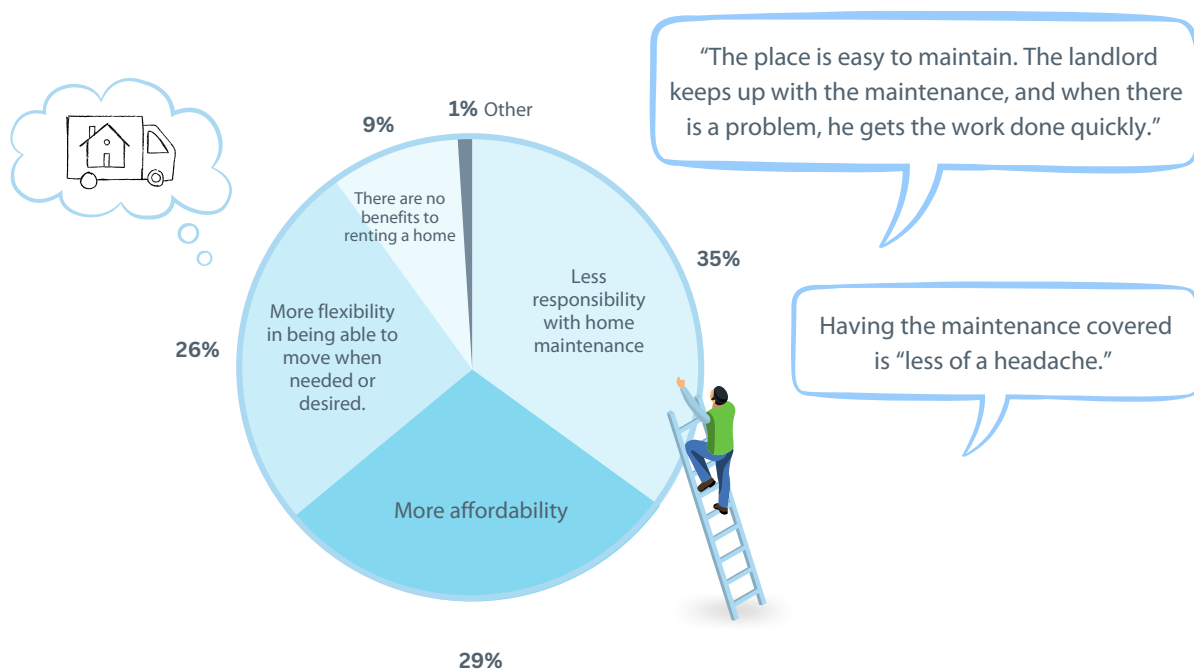
Understanding what tenants see as the upsides and downsides to renting can drive investors' tenant strategies.

Less maintenance & more flexibility

We found that the majority of survey respondents (35%) appreciate less maintenance and upkeep. When asked why they like their rental home, one respondent said "The place is easy to maintain. The landlord keeps up with the maintenance, and when there is a problem, he gets the work done quickly." Another survey respondent simply stated that having the maintenance covered is "less of a headache."

Over a quarter of survey respondents (26%) appreciate the flexibility renting provides. One survey respondent commented on moving frequently for the military.

Landlords can use this insight to their advantage by incorporating a strong maintenance program and offering flexible leases.



Lack of stability & personalization

The majority of survey respondents (58%) said the biggest downside to renting is the lack of stability caused by possible rent increases or the house going up for sale. Landlords can ease this concern by communicating that advance notice will be given for any rent changes or possible sale.

Another identified downside of renting is little to no flexibility of decorating or making changes. To combat this concern, landlords can provide guides on landlord friendly ways to decorate your rental home. Another idea is to allow paint color changes, which can easily be reversed.

Overall Findings

The demand for single-family rental houses is high. Landlords can use tenant preferences to guide their strategies and expand their portfolios. And the good news is investors are already thriving. The majority (75%) of survey respondents are satisfied with their landlords with nearly everyone else (16%) remaining neutral.

Although our survey uncovered some property-specific findings such as location and amenities, there are many universal takeaways for every property. Investors who focus on strong communication, timely maintenance, and easy processes are sure to thrive.

Survey Methodology & Definitions

The findings presented in this article are the result of a January 2023 study of 1,752 U.S. adults who currently live in a long-term rental, conducted by Visio Lending. (Confidence Level: 95%, Margin of Error: 2%)

Audience Definitions

Audience: U.S. adults who currently live in a long-term rental

- **Long-term rental:** single-family home, condominium, townhome, duplex, triplex, or quadplex
- **Adult:** 18+

Balanced for gender, ethnicity, geographic location, and annual household income

