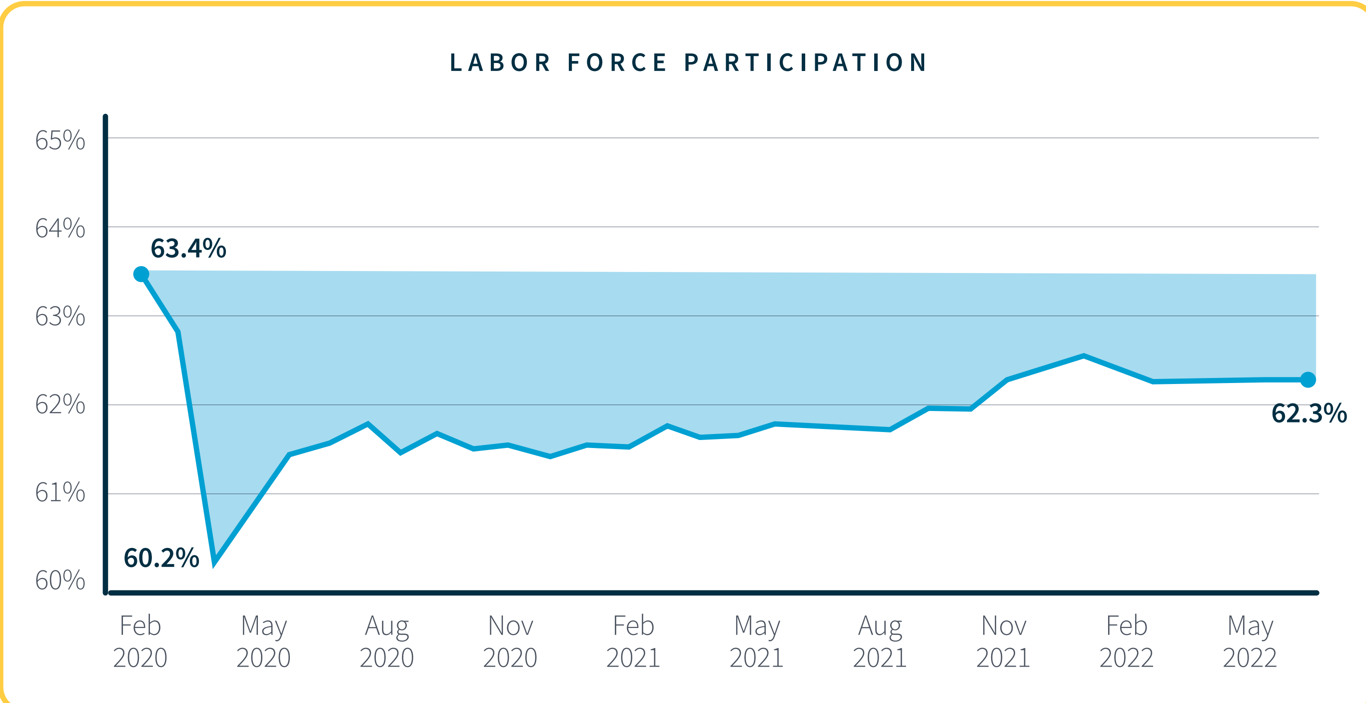
Tackling multifamily staffing shortages while boosting NOI

Labor challenges are sweeping the country, and multifamily is one of many industries heavily impacted by the shortage. Since the pandemic was declared in early 2020, displacing many workers, the labor force has struggled to regain previous employment rates.

According to the US Chamber of Commerce, the labor force is currently at 62.3%, down from 63.3% in January 2020.



Multifamily veteran Joe Summers, vice president of sales at Fetch, said the worker shortage and turnover is the worst he has seen.

> We're a service industry. But I'm seeing more site-level turnover than I've seen in my 23-year career," Summers said. "It's a little scary, because when I started in the industry in the late '90s people used to jump companies but stay in the industry. Now, we're seeing them jump out of the industry."

This means fewer on-site associates, maintenance personnel and smaller multifamily development teams. Rental Housing Journal states multifamily has primarily felt the impact of the labor shortage in maintenance and leasing positions – both of which already had historically high turnover rates. With the absence of these core community roles, owners and operators need to find alternative ways to efficiently manage their assets.

Labor shortages aren't the sole contributor to the recent shift in multifamily. A study done by Money and Morning Consult reported that Gen Z and millenials are less likely to buy homes, and instead rent. Nearly 50% of each demographic said they are unlikely to buy a home due to the unattainable housing market, compared to only 30% of baby boomers and 38% over the overall population.

Because more and more people are choosing to rent over buy, occupancy rates are at an all-time high. According to data from the property management software company RealPage, a record 97.5% of all apartment homes were occupied as of December 2021. A Bloomberg report stated occupancy at the end of last year was 2% higher than it was in December 2020.

The National Apartment Association suggests the general rule of thumb is that communities have a minimum of one maintenance tech and one leasing agent per 100 units, both of which are full-time employees.

For example, three office associates would be needed to cover a community of 100 homes over the course of a seven-day workweek. At a 300-home community, the same office team could only keep the community fully staffed three days a week.

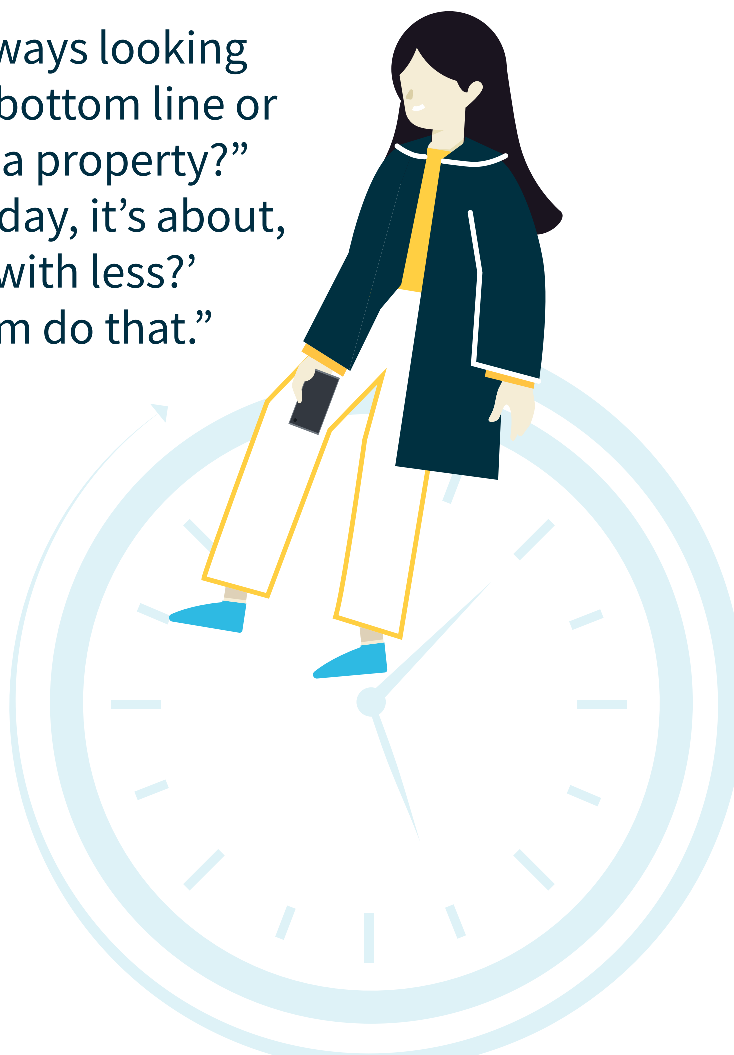
The dramatic decrease in multifamily labor and the substantial increase in renters is pushing communities to find creative ways to centralized operations and support residents while maintaining the community's value.

Centralizing operations to maximize efficiency

With a portfolio of communities, the labor shortage is even more daunting. For this reason, some property management groups have turned toward centralizing their operations to better manage their assets. Although centralization is still a newer strategy in multifamily management, owners and operators have found the benefits of centralization are novel.

Michael Tuer, vice president and general manager of the western region at Yardi Systems, advocated for centralization during the beginning of the COVID-19 pandemic, to help communities accommodate for the staff shortages and generate more NOI.

> The thing that people are always looking at is, how can I increase the bottom line or the net operating income at a property?" Tuer said. "At the end of the day, it's about, 'How can I get and do more with less?' and centralization helps them do that."



Tuer said a main reason property management groups are centralizing operations is to facilitate "a direct way to improve returns by reducing costs and improving efficiency." Bringing operations to one centralized office, finding innovative technology and services that remove burdens from on-site teams, and putting automations in place gives associates the opportunity to reallocate their time toward improving the resident experience and bolster the community's value.

By centralizing operations, communities will begin to generate more NOI and better support their valued on-site associates ***and*** residents.

Reallocate associates' time, not headcount

On-site associates are vital members of the community and account for the real, human-powered aspect of multifamily. Compensation for on-site team members in just the past year has risen by an average of 12%, according to National Association of Home Builders. This study reports leasing agent compensation rising by 9.4% and maintenance tech up 11.3%. To subsidize the labor shortage and tackle rising operating costs, property management groups and communities alike are adopting new technology and ancillary services. Along with that, additional NOI generated at the community, Owners and operators can allocate some of this additional capital to compensate on-site staff with higher wages during a labor shortage.

Having enough overhead is easy for communities to manage when they're utilizing the right resources. A recent Multifamily Executive report suggests that multifamily operators are becoming more willing to outsource cumbersome on-site processes, thanks to an increase in quality third-party solutions.

Ancillary services that help combat multifamily's labor shortages

Package management is just one way in which multifamily is seeing advances in adapting to smaller on-site teams and generating more NOI.

Data collected by Multifamily Insiders using an incentive

According to a poll run by Multifamily Insiders, on-site teams are still spending a large portion of their day on non-leasing tasks, only some of which really influence resident satisfaction and community value.

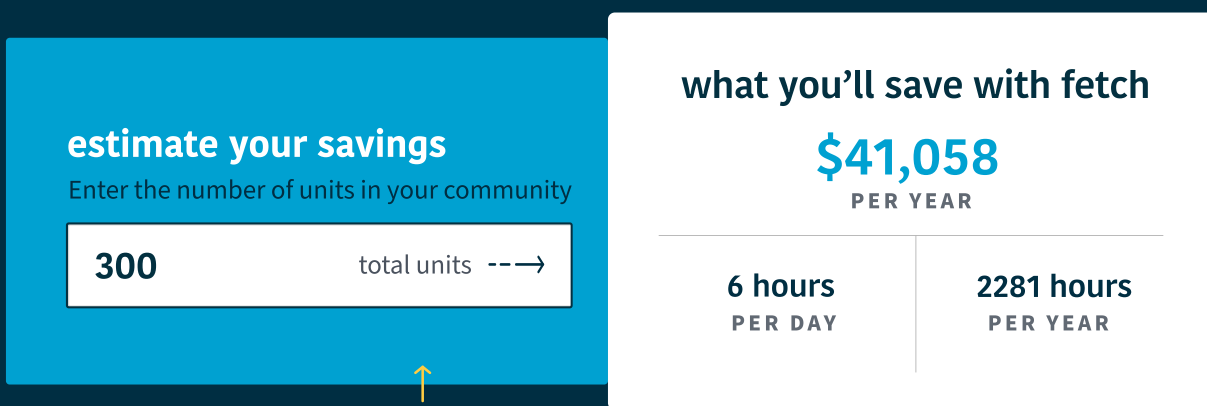
In this poll, 24% of respondents said their on-site team members are spending their time on non-leasing activities handling resident packages. Expecting on-site teams to handle resident packages doesn't take into account how much e-commerce has taken off in 2022. Statista data indicates that global parcel shipping volume is expected to double, to 266 billion parcels, by 2026.

While on-site teams managing resident packages may have been a more feasible time management tactic in the past, the recent skyrocket in package deliveries is ***incomparable*** to previous delivery rates. Luanne McNulty, vice president of the central region for ZRS Management, believes centralizing ZRS operations using Fetch has drastically improved ZRS communities' package delivery experience, and eliminated the need for any additional package systems.

"What we've found is that whether you have lockers or a package room, you always need a secondary package management program going on behind the scenes that entails utilizing the management team or leasing staff," said McNulty. "Fetch is the only permanent package management solution. You're going to outgrow every other solution out there. It's absolutely a no-brainer to me, especially after the success we've had with it. From my perspective, it's certainly the future of managing packages in multifamily."

Off-site package management with Fetch is the first multifamily package management solution that completely removes all resident packages from the community, leaving deliveries in resident's hands. Not only does this mean on-site teams will never have to touch another resident package again, with direct-to-door delivery residents get the freedom to choose when they want their packages delivered, at a time convenient for them, rather than limiting package delivery to on-site business hours.

Outsourcing package management means on-site staff no longer deal with the headache of logging, delivering, or even handing out packages at the leasing office, and instead can allocate their time to what really matters. On average, Fetch can save on-site teams 2,281 hours per year at a 300-unit community.



Click here to find out how much you could be saving

"The residents are happy when the team is able to do what they were hired to do — to ensure that they have a great experience when they walk through the door or are calling on the phone." said Roxann Bacchus, vice president of asset management at CityStreet Residential on resident life after implementing Fetch.

Fetch isn't the only multifamily solution helping combat the multifamily labor shortage. Knock CRM is a company offering front office technology that owners and operators can use to maximize efficiency, produce more NOI and guide renters from lead to lease to retained resident, saving on-site teams hassle during the leasing process and smoothing out the resident experience. SmartRent entered the game in 2017 to provide self-guide tour solutions, greater access control, and smart home technology to enhance utility management, maintenance services and overall community operations. SmartRent also allows communities new opportunities to generate additional revenue while giving residents smart home technologies control.

Key Takeaways

Although the industry labor shortage has presented new challenges, owners and operators are overcoming staffing shortages through the adoption of new technology and centralization of their operations. Labor is low yet demand is high, and because multifamily is ever-changing, scalable solutions are always in a property owners' best interest. Fetch is another player on your community's team, there to support overhead and on-site staff. Understanding and appreciating the value on-site teams bring to the table (especially during a labor shortage) is all about implementing solutions and services to take a load off of their already full plates. Eliminating the intense package burden is just the beginning.

Fetch's package management solution does more than just give on-site teams their time back. Using Fetch helps communities produce enough overhead to assist in daily operations. By solving the resident package problem and rerouting packages to a local Fetch warehouse facility, communities function better without looming package burdens that other package systems cannot solve.

With Fetch as a community delivery partner, communities are able to generate more NOI year after year using pass-through fees. As a community begins applying a monthly Fetch-fee to new leases and renewals, it enables operators to offset incurred costs and begin generating NOI for the community. And Fetch can customize pass-through fees work for every community (find out more here).