

Driving NOI with AI:

A multifamily survey

How AI can impact NOI growth
in today's economic climate.



Introduction

At the most recent Entrata Summit held in September 2024, a group of attendees were asked what the primary challenges the industry faced—chief among those challenges were the potential impacts AI could have on their organization and how they could maintain NOI in the current economic climate. In this environment, we partnered with Qualtrics to survey 300 multifamily industry executives in January 2025 about their plans for AI and how they plan to grow NOI in these difficult conditions.



300

**multifamily industry
executives surveyed**

Key Findings:



AI adoption is lower than expected. With the prevalence of AI-powered chatbots on seemingly every website you visit, it was surprising to learn 59% of respondents had not started using AI tools.



Top AI use cases involve improving resident/leasing experience: The top use cases for AI currently are resident communication, marketing and leasing (i.e. nurturing leads, creating content, researching best ways to invest your marketing spend), and predictive maintenance/automated work orders.



Improving decision-making is by far the biggest benefit of AI: More than 70% of respondents cited improved decision-making as the biggest benefit achieved from rolling out AI.



Single platform preferred: Respondents would rather work out of a single, unified platform rather than disparate point solutions to drive efficiencies.



Better investment into training employees: Whether it is bringing on new technologies, like AI, or finding ways to make your employees more efficient, ongoing training initiatives are paramount.



Dynamic pricing is the top priority for driving NOI: Edging out energy efficiency and controlling expenses, dynamic pricing was the top tactic being employed to drive increases in NOI.

Multifamily slower to adopt AI than other industries

While approximately **82%** of all companies worldwide have implemented or are at least considering implementing AI¹, only **41%** of multifamily businesses have done so. However, that doesn't mean that won't change soon as **52%** of respondents who have yet to incorporate AI said they had plans to do so while another **18%** have yet to decide.

41%

of multifamily
businesses have
implemented AI

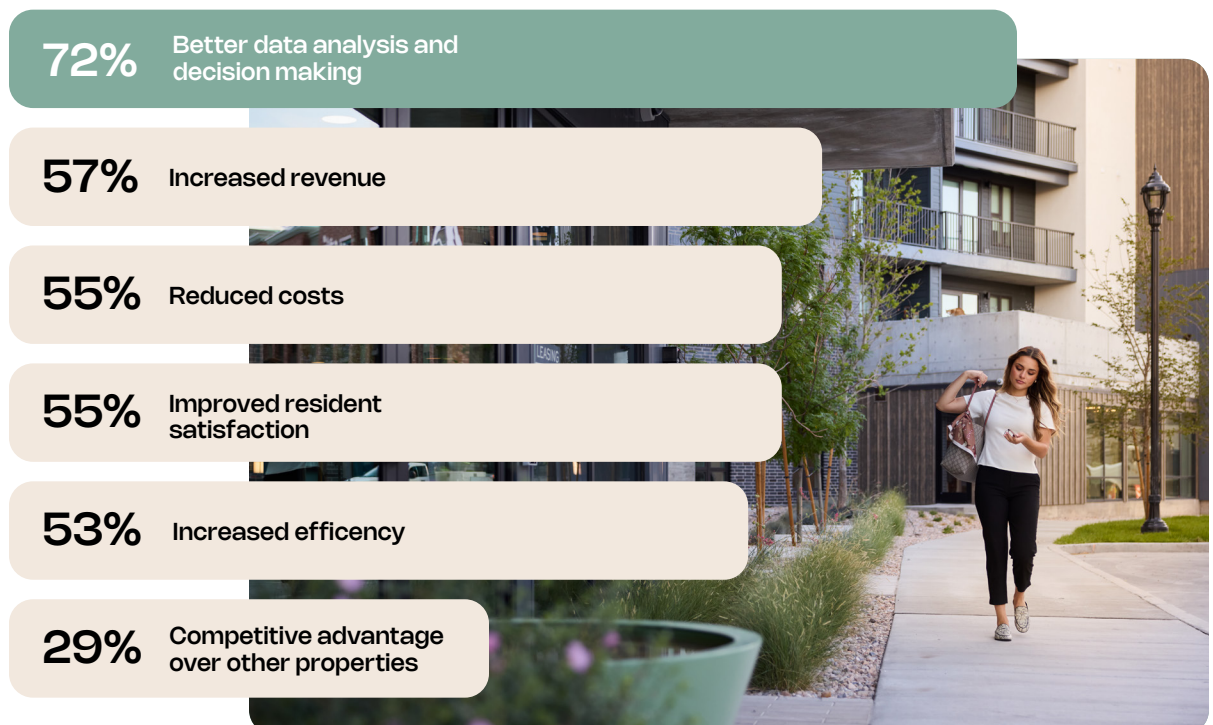


Resident communication, marketing, and maintenance top AI use cases

Improving the resident experience is always a top priority for multifamily businesses and the use cases for AI fall in line with that priority. The top use cases for AI for current users include resident communication (66%), marketing and leasing (53%), and predictive maintenance/automated work orders (48%). The priorities for those individuals who have yet to adopt AI are the same as those who have adopted AI, but in a slightly different order with maintenance taking the top spot with **64%** citing maintenance as their top priority, followed by resident communication (55%) and marketing and leasing (52%).

AI leads to better decision-making and data analysis

Having access to not only vast amounts of data, but also the ability to leverage that data to learn more about your business and make it more efficient has been a calling card for AI since its inception, and it's no different for multifamily businesses. A vast majority (72%) cited improved decision-making.

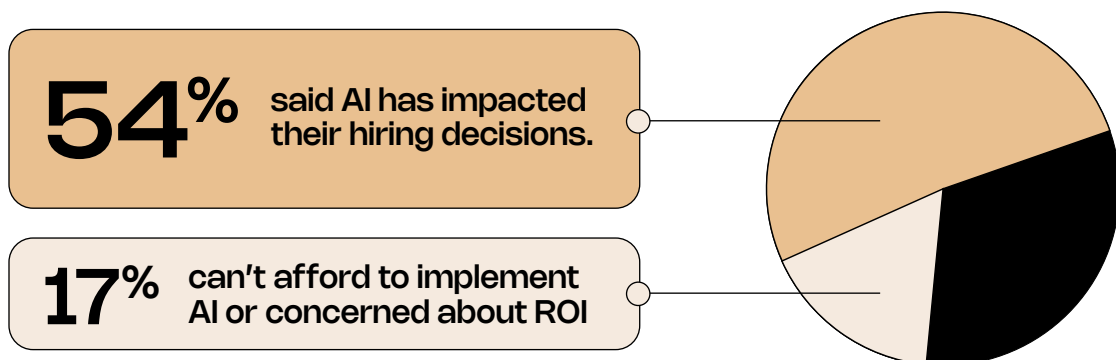


AI tools have had an impact on hiring decisions

The biggest challenge multifamily businesses face when implementing AI is a lack of skilled personnel with AI experience (71%) followed closely by data quality and availability (66%), so it makes sense that **54%** of respondents using AI said that using AI has impacted their hiring decisions to help narrow the knowledge gap. Other challenges include the cost and maintenance of the solution (54%), concerns about data privacy and security (52%), and the ability to integrate with existing systems (47%).

Some wonder if AI is financially viable or worth the investment

There is also some concern among those surveyed that either they couldn't afford it due to budget constraints (17%) or they didn't feel the returns would warrant the necessary investment (17%). Respondents also stressed when evaluating AI solutions one of the top factors to consider is the cost-effectiveness of the solution. If they are going to take the time and effort to implement an AI at their properties they want to make sure they are getting the biggest bang for their buck.

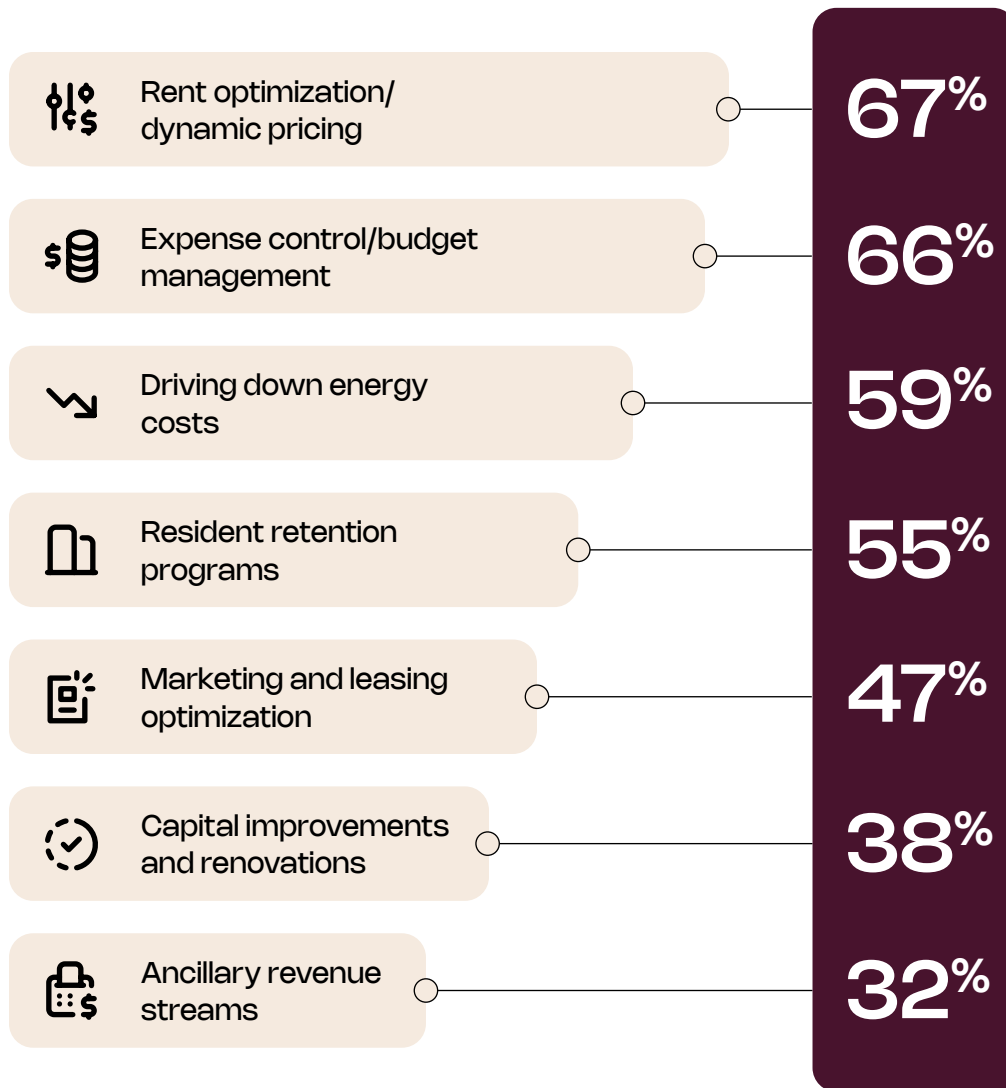


Working with a single vendor/unified solution preferred

The top factors when considering which AI solution purchase cited by respondents are seamless integration within a unified platform and breadth of AI functionality offered by a single partner. This would decrease complexities and make training employees much easier, which as noted, are concerns with AI.

Top priorities that contribute to a healthy NOI

When it comes to building a healthy net operating income (NOI), respondents are focused on expense control, revenue growth, reducing energy costs, and resident retention. The key tactics being deployed to achieve those priorities include:



As far as key challenges that keep them from achieving their NOI goals are competition, rising operating costs, and economic conditions like inflation and interest rates.

Heads in beds top KPI for measuring operational efficiency

Setting the goal to improve NOI is just the first step. You have to identify key metrics to measure the success or failure of your NOI-related initiatives. The following are the top five KPIs to measure operational efficiency.

1. Occupancy rates

4. Maintenance response time

2. Operating cost per unit

5. Net Operating Income (NOI)

3. Resident turnover

Technological concerns are the top challenges to becoming more efficient

Achieving operational efficiency goals isn't going to be easy as there are several challenges businesses face when trying to improve NOI.

Data security concerns
Cost of technology
Integration with existing systems
Training employees on new technologies
Resistance to change



How Entrata can help

To learn more about how Entrata's AI platform ELI+ can help improve your decision-making and improve your net operating income, request a demo today.