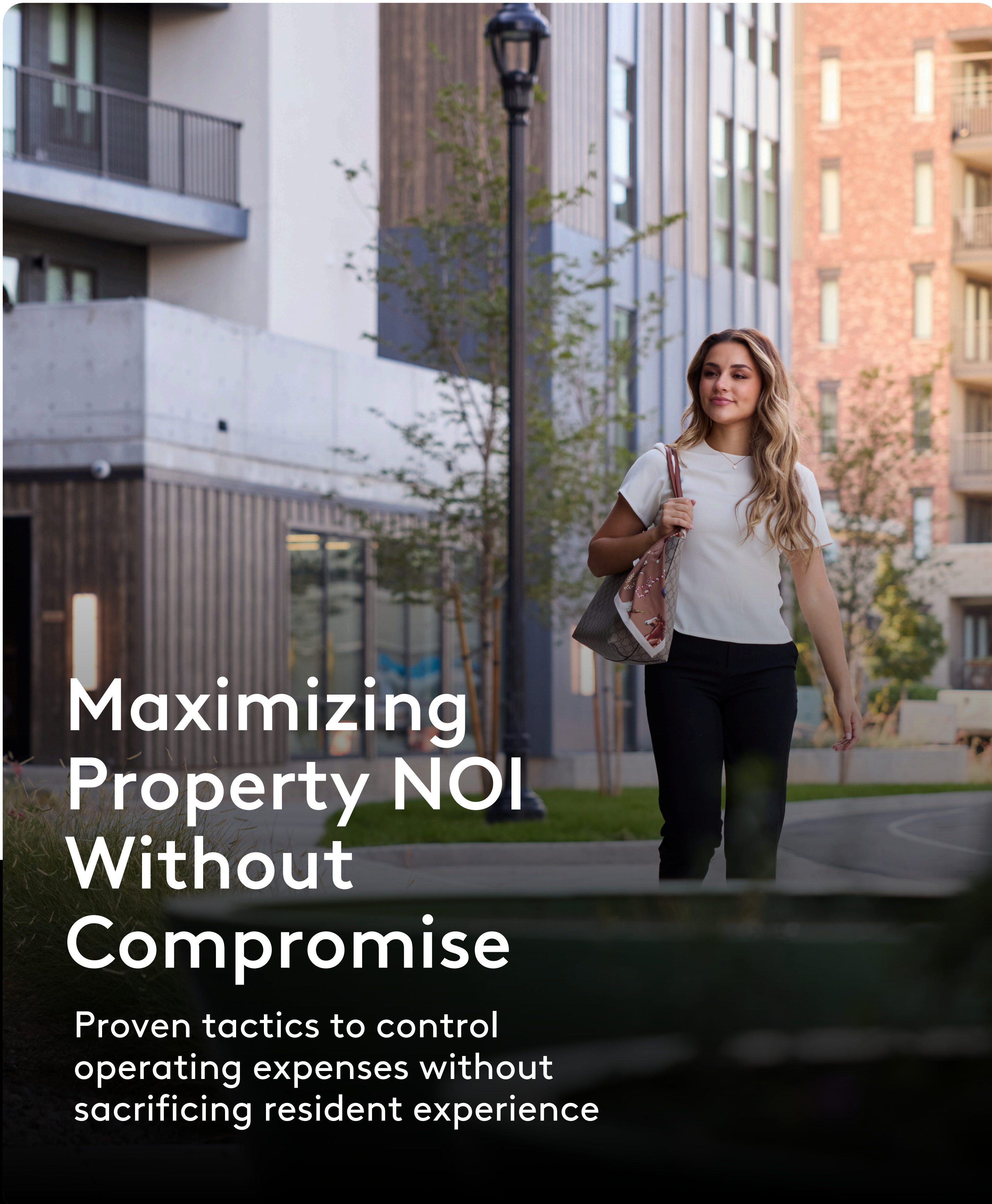
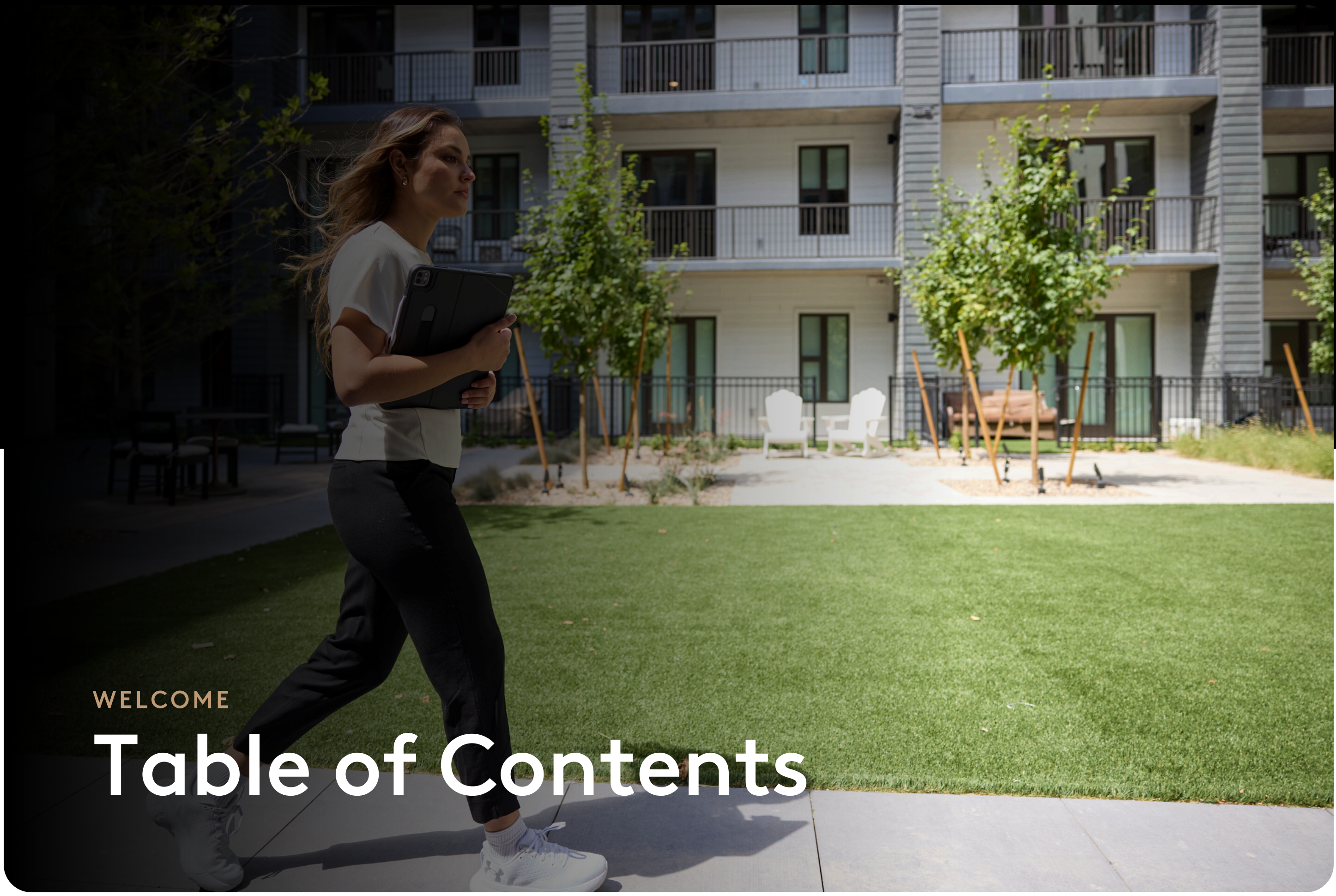


Maximizing Property NOI Without Compromise

Proven tactics to control operating expenses without sacrificing resident experience

entrata®

The OS for Property Management



WELCOME

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Introduction

For many multifamily businesses, maintaining a healthy and growing net operating income (NOI) is the top priority. Unfortunately, today's economic climate is making that goal harder to reach. Since the pandemic, nearly every line item in an operating budget has seen noticeable and sustained increases. The following areas represent some of the most significant cost pressures property operators are facing today.

Property Insurance

Annual budget plans often account for moderate insurance premium increases. But in recent years, the increases have been far from moderate. As of the first half of 2024, the multifamily industry had experienced 27 consecutive quarters of rising property insurance premiums before finally seeing a slight decline — the first since 2017. Even with this pause, insurance rates remain elevated compared to historical norms and continue to place a heavy burden on property owners.

Average Reported Year-over-Year Insurance Premium Increases

Type of Coverage	Percent Increase
Property	24.6%
Liability	14.7%
Umbrella	16.6%
Earthquake	14.9%
Terrorism	6.2%
Cyber	24.4%
Crime	4.7%

Source: NMHC

In response, many operators have been forced to make adjustments. According to NMHC, 61% of surveyed properties increased their deductibles to keep coverage affordable. In addition, 57% reported that carriers added new policy limitations, while one-third noted that their coverage was reduced[1]. Insurance premiums now make up a significantly larger portion of total operating costs, rising from a historical average of 8% to 17% today[2].

Utilities

Data from NMHC's Income/Expense IQ indicates that utilities have seen the sharpest increases among all operating expenses. Since 2021, utility costs for multifamily properties have grown by an average of 10% per year and now account for 15% to 20% of total expenses.

The most significant jumps have occurred in natural gas and heating fuel, which rose by 42% and 19% respectively. Increases were also reported in electricity, internet, water, and sewer — each showing double-digit growth. Total repair and maintenance costs are also climbing, up 13.7% overall with a median expense of $950 per unit. Appliance replacements, painting, decorating, and general repairs have all risen by 20% or more.

Labor Costs

According to the National Association of Home Builders (NAHB), payroll and administrative costs for multifamily properties have increased by 8.5%. Payroll for onsite teams alone has climbed by 12%. Labor challenges have been a concern in the industry for years, but the post-2022 job market has made hiring and retaining qualified team members even more competitive.

Property Taxes

While increased property values may reflect portfolio strength, they also drive up tax liabilities. Since 2020, property values have risen 27% faster than inflation, leading to higher tax assessments that directly affect NOI.

Tax hikes vary widely by market. For example:

- Richmond, VA saw a 15.3% year-over-year increase
- Orlando-Kissimmee-Sanford, FL rose by 12.2%
- Salt Lake City, UT increased by 11.9%
- Virginia Beach-Norfolk-Newport News, VA-NC grew by 10.9%
- Chicago-Naperville-Elgin, IL-IN-WI experienced a 9.9% increase

In many cases, these higher taxes are a major drain on operational budgets and profitability.

Marketing and Leasing

The cost of acquiring a new lease varies significantly depending on the market, property type, and marketing strategy. Lease costs can range from under $100 to several thousand dollars per lease. Channel selection plays a big role — SEO tends to offer the lowest cost per lease, internet listing services (ILS) the highest, and paid search (PPC) falls in the middle.

However, marketing expenses are just one part of the turnover cost. When a resident chooses not to renew, operators must also consider administrative processing, screening, inspections, unit prep, and vacancy losses. Estimates place the total cost of turning a unit at around $4,000 on average.

There is also the risk that the incoming resident may not be as reliable as the one who moved out. A quality, rent-paying resident who maintains the unit is a valuable asset worth retaining. Renewals should be a strategic focus.

The Ripple Effect of Rising Costs

Increases in operating costs have far-reaching effects across the organization. They add pressure to site teams, strain resources, and may result in rent increases that impact resident satisfaction. In today's environment, property managers cannot afford to rely on outdated approaches. It's time for a strategic reset.

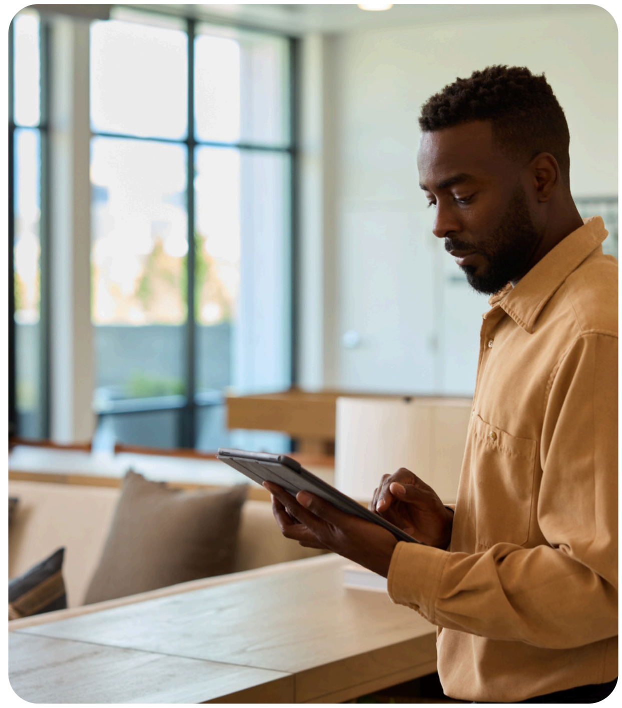
This ebook outlines actionable strategies for reducing expenses, leveraging technology to drive operational efficiency, and uncovering new sources of revenue — all while preserving a positive resident experience.

[1] NAA and Coalition Comment Letter on Rising Insurance Premiums
[2] Multi-Family Market Faces Both Risks and Opportunities

SECTION I

Strategies for Reducing Operating Costs

The rising costs across key operational areas may seem overwhelming, but with a renewed focus on efficiency, property management teams can regain control. By modernizing processes, applying strategic oversight, and embracing technology, operators can weather economic challenges and emerge more resilient and profitable.



Vendor Management

Vendor relationships play a critical role in your bottom line. Take advantage of contract renewal periods to renegotiate terms, identify vendors who can provide equal or better service at a lower cost, and ensure contracts align with current service needs. Business intelligence tools can help track vendor agreements and expiration dates across your portfolio, making it easier for procurement teams to optimize the request-for-quote process and negotiate discounts at scale.

Loyalty has its place, but it should not come at the expense of efficiency. Explore new options regularly, and when negotiating, consider offering longer contract terms in exchange for better pricing. Just be sure cost savings do not come at the expense of service quality.

Energy Efficiency and Utility Management

Green energy initiatives can lead to long-term savings. While upfront investments may feel daunting, the long-term return is worth it. Start by upgrading to LED lighting, installing smart thermostats, and using energy-efficient HVAC systems. Pair these improvements with regular energy audits to identify and correct inefficiencies.

If possible, install individual utility meters so residents pay only for their own usage.

If metering is not an option, implementing a Ratio Utility Billing System (RUBS) can encourage conservation. While RUBS introduces some estimation and potential billing disputes, it may be more practical than the expense of full metering.

Also, make a plan for vacant units. During turns, check for water leaks, replace weather stripping, and inspect HVAC filters. These simple preventive measures can reduce utility costs and extend the life of appliances and equipment.

Streamline Property Operations

New property management technologies, including AI and automation, make it possible to offload repeatable tasks such as rent collection, lease renewals, maintenance workflows, and accounting. Automating these responsibilities frees up your site teams to focus on higher-value work that improves the resident experience

Efficiency does not just save time. It reduces human error and the cost of correcting mistakes, helping your teams operate with greater confidence and precision.

Proactive Maintenance

Maintenance can be a powerful tool for cost control when it shifts from reactive to proactive. Instead of waiting for appliances or systems to fail, site teams should follow a strategic maintenance schedule.

A simple example is HVAC filter replacement. Scheduling quarterly or biannual changes can lower energy usage, extend unit lifespan, and prevent peak-season service calls. Proactive maintenance also reduces resident frustration by resolving issues before they arise.

Other proactive tasks include gutter cleaning, roof inspections, pest control, and seasonal system checks. By scheduling ahead, you can better forecast labor and material costs and adjust seasonal technician staffing as needed.

> Every dollar saved through smarter operations is a dollar added to your NOI, but only if you act before issues become expenses.

Monitor Staffing Levels with Business Intelligence

Labor remains one of the highest expenses for multifamily operations. Use business intelligence to assess staffing levels, identify inefficiencies, and explore cross-training opportunities or shared roles between properties. In some cases, staggering shifts for shared services like concierge desks can increase productivity without adding headcount.

Be strategic, not reactive. Any changes to team structure should protect — not diminish — the resident experience. A thorough, data-driven review can reveal areas to optimize without sacrificing service quality.

Optimize Insurance Expenses

Insurance is a growing expense, but there are ways to manage it. Review your policy annually with your insurance agent to ensure coverage aligns with property needs. Consider raising deductibles if you're comfortable with the added risk or bundling multiple policies to secure better rates.

You can also invest in preventative measures such as water leak sensors or temperature monitors. These show carriers that you're proactively reducing risk, which may result in lower premiums over time.

Challenge Property Tax Assessments

With soaring property values, tax increases are almost inevitable. However, if you believe your property's valuation is inaccurate or excessive, you have the right to appeal. A successful appeal can reduce your property tax liability and help protect your NOI.

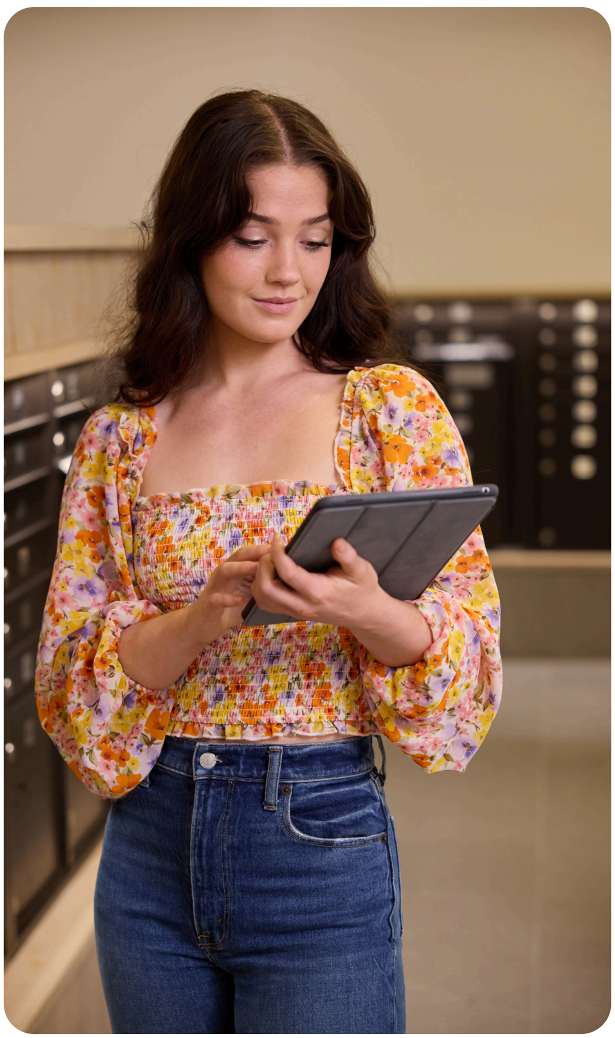
SECTION II

Unlocking Hidden Revenue

Reducing costs is only one part of the equation when it comes to improving net operating income. This section outlines strategies to help maximize NOI by generating new revenue without increasing resident turnover.

Focus on Retention

Retaining a resident is significantly more cost-effective than replacing one. With turnover costs — including vacancy loss, unit prep, marketing, and administrative tasks — averaging around $4,000 per move-out, resident retention remains one of the most direct ways to protect NOI.



Start by implementing AI-driven renewal workflows. Automation allows renewal offers to be generated and sent based on lease expiration, payment history, and market conditions. This ensures no renewal opportunity is missed and reduces the burden on your onsite team.

Beyond automation, investing in the overall resident experience leads to long-term value. Resident-facing platforms like **Homebody RXP** give residents a simple, mobile-friendly way to pay rent, submit maintenance requests, and renew leases on their terms. Convenience leads to satisfaction, and satisfaction leads to loyalty.

Clear communication is also essential. Automated messaging tools can keep residents informed about service updates, community events, and policy changes. This transparency helps reduce frustration and builds trust. Additionally, collecting feedback through digital surveys or satisfaction scoring provides actionable insights. When residents feel heard, they are far more likely to stay.

Revenue Management

Raising rents is often necessary to keep up with rising expenses, but arbitrary increases can lead to backlash. A better approach is to focus on value. If you're adding new features — such as stainless steel appliances, smart thermostats, or in-unit washers and dryers — these enhancements can justify an increase. Residents are more accepting of higher rent when they clearly understand the added value.

Flexibility can also make a difference. For long-term residents or those experiencing financial hardship, offer payment plans, short-term deferrals, or structured grace periods. These options offer support while still preserving revenue. They also foster goodwill, which helps with retention and long-term resident satisfaction.

Evaluate pricing on a unit-by-unit basis with **Entrata Revenue Intelligence**. The platform analyzes publicly available data and factors like market demand, competitor pricing, lease terms, unit features, and timing. With this insight, it recommends rental rates based on current conditions and perceived value — not outdated manual methods — resulting in more accurate, responsive pricing.

Monetize Ancillary Revenue Streams

Identifying new revenue streams is vital in today's economic climate. With the right tools, you can add meaningful income while delivering added value to residents.

One high-impact opportunity is **renters insurance**. Offering it directly through your resident portal not only protects your property but also creates a new revenue stream when policies are purchased through your platform. Automation removes the burden from staff, who would otherwise need to track compliance manually.

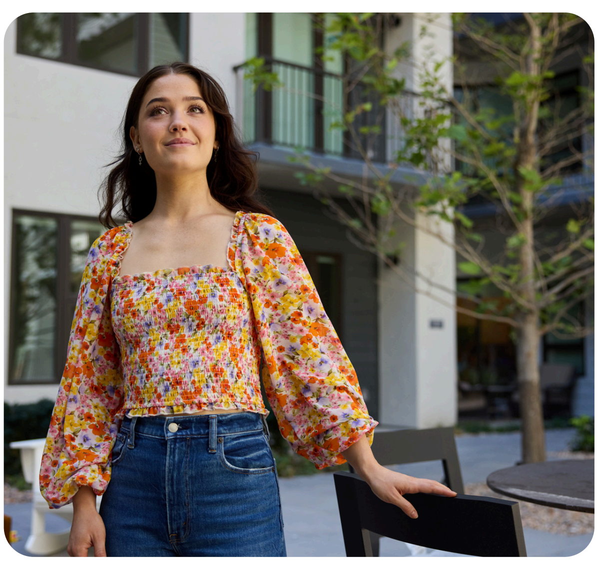
This approach can be expanded to include other insurance types — such as pet, auto, or disability coverage — giving residents choice and flexibility while adding recurring revenue to your business.

Rent credit reporting is another valuable offering. By giving residents the option to report on-time rent payments to the major credit bureaus, you help them build credit history while creating an additional revenue stream. This is particularly appealing to residents with thin or recovering credit files and may also lead to reduced delinquency, as credit-conscious residents are more likely to pay on time.

Deposit alternatives are becoming more popular, especially among cost-sensitive renters. Surety bonds and deposit waiver programs reduce move-in costs for residents while generating income through service fees or commissions. These programs are easy to integrate and work well when bundled with onboarding tools like auto-pay enrollment and renters insurance.

CONCLUSION

Strong NOI That Can Weather Any Financial Storm



Maximizing NOI is not about cutting corners or nickel-and-diming residents. It is about building smarter, more efficient processes that create value at every stage of the resident lifecycle and empower your teams to focus on the work that matters most.

With resident-focused retention strategies, value-based pricing, and scalable ancillary revenue programs, you can drive long-term revenue growth without sacrificing resident satisfaction. Entrata's all-in-one property operating system gives property managers the automation, insights, and tools they need to control costs and grow NOI with precision.

Request a demo today to see how Entrata helps you operate more efficiently and strengthen your bottom line.