The Resident Retention Formula

How AI and automation streamline renewals, improve resident loyalty, and boost NOI

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Introduction

Financial planning in the multifamily industry has faced unprecedented challenges over the past few years. The pandemic disrupted construction supply chains, slowing new builds and remodels across the U.S. This led to a widespread apartment shortage and a rapid rise in rent prices. At the same time, a combination of tariffs, inflation, and higher interest rates drove up operating costs, impacting everything from labor and materials to utilities, new construction, and capital improvements[1]. In many markets, skyrocketing property values also led to sharp increases in property taxes.

Together, these pressures are presenting property management companies with a complex challenge: **how to maintain a strong net operating income (NOI) while facing rising costs with no clear end in sight.**

And it's not just operators who are feeling the pinch: residents are too. Even modest rent increases can significantly impact a household's budget[2], especially as inflation has far outpaced income growth[3]. Residents are increasingly looking to properties to find ways to control operating costs to avoid steep rent hikes.

While operators have little control over external factors like interest rates, tariffs, insurance premiums, and inflation, they do have influence over **property operations**, including areas that impact both cost control and revenue growth. One such area with a direct effect on NOI is **resident renewals**.

Why Renewals Matter More Than Ever

In business, one truth remains constant: **it's more cost-effective to retain a resident than to attract a new one**.
Here's why:

Marketing & Leasing Costs
Depending on your market, the **cost per lease** can range from $100 to several thousand dollars. Multiple variables influence these expenses: property type, competition, marketing channels (with organic SEO offering the lowest CPL, ILS the highest[4], and PPC somewhere in between[5]), and whether you're in a lease-up period.

[1] Multi-Family Market Faces Both Risks and Opportunities
[2] When the rent comes due: Impact of inflation on renters' financial security
[3] Economy at a Glance - Inflation (PCE)
[4] Which apartment marketing source drives the most leads & leases: SEO, PPC or ILS?
[5] ILS vs. PPC – Which Delivers Better Results?

Administrative & Turnover Costs

Marketing is just the beginning. When a resident moves out, you'll also incur administrative costs tied to processing applications, screening, inspections, and unit prep. On top of that, there's **lost income during vacancy periods**. Industry estimates put the average cost of turning over a unit at **approximately $4,000[6]**.

And even then, there's no guarantee the new resident will be a reliable one. If you have a high-quality resident who pays on time and takes care of the unit, it's in your best interest to retain them.

Retention Starts on Day One

Retention begins the moment a lease is signed. Every resident is yours to lose. That's why it's critical to implement a retention strategy early and maintain it throughout the resident lifecycle. Failing to do so can erode your profitability over time.

This ebook provides the tools and insights to help you build a proactive, data-informed retention strategy. Inside, we'll explore:

- **The top reasons residents choose to move**

- **How properties can address those issues**

- **How AI and automation can reduce administrative overhead**

- **Cost-effective tactics to improve resident retention**

With the right approach, you'll not only reduce turnover and lower costs, you'll also build a stronger, more loyal resident community.

Why Do Good Residents Move?

There are countless reasons why residents choose to leave, and many are outside of your control. Life events like purchasing a home or relocating for a new job are common and not tied to their experience with your property.

But for residents who are on the fence, your communication and engagement strategies can make all the difference. **Retention begins with consistent, transparent, and personalized interaction.**

Poor Communication Strategy

When communication is inconsistent or poorly managed, residents can begin to feel disconnected from the community.

Without the right technology in place, it becomes difficult to track lease end dates, renewal timelines, or send timely updates. And if the renewal process is clunky or last-minute, even your best residents may walk away.

A major issue here is **lack of transparency**. When communication breaks down, both residents and property teams are left guessing each other's intentions. This creates frustration and erodes trust. One of the most common frustrations for residents is when lease changes or rent increases are communicated late, or worse, without context. On the flip side, residents who don't clearly communicate their plans to move out leave your team scrambling to fill vacancies with limited time.

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[6] 14 Surefire Ways to Increase Renewals and Maximize Resident Retention

Impersonal Communication

Another key misstep? **Generic, one-size-fits-all communication.**

Bulk emails with minimal personalization (like including the resident's first name) no longer make the cut. With the widespread adoption of conversational and generative AI, expectations have evolved. Today's residents expect relevant, personalized messaging that speaks directly to their situation.

If you're not tailoring renewal offers based on rental history, lease preferences, or unit-specific options, residents may assume their only choices are to stay or leave. In reality, there may be compelling alternatives within your community, such as:

A unit with better amenities
A larger or smaller layout
A more affordable option
Flexible lease terms

When residents are informed of these options **proactively**, they're more likely to consider renewing.

Timing also matters. If renewal messages arrive too late – especially close to lease end – residents might feel undervalued. An easy fix: implement **AI-powered renewal agents** that trigger personalized messages 90 days in advance to residents most likely to renew. It shows you're thinking ahead and that their residency matters.

Inefficient Renewal Process

Manual or clunky renewal workflows introduce unnecessary friction. If the process is confusing or inconvenient, you risk losing residents over logistics.

Residents should be able to renew their lease quickly and intuitively, ideally through your **resident portal or mobile app**. If they have questions or want to adjust lease terms, they should be able to **engage with a leasing agent directly in the same channel** the renewal offer was delivered.

Reducing friction shows that your community respects their time, and makes it easier to say yes.

Uncompetitive Renewal Rates

According to the **Entrata Resident Report, the top reason residents move is the cost of rent**.

Manually calculating renewal rates based on competitors' pricing, inventory, demand, and seasonality is inefficient—and by the time a rate is finalized, it's often outdated. This can lead to two critical problems:

1. **Underpricing** – You miss out on potential revenue.
2. **Overpricing** – You price out residents who might have otherwise renewed.

Dynamic pricing tools, like **Entrata Revenue Intelligence**, help ensure your rates reflect real-time market conditions while remaining aligned with resident retention goals.

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[7] Entrata Resident Report

Renewals Best Practices

1. Focus on the Resident

A successful renewal strategy begins on day one with a focus on delivering an exceptional resident experience.

Start by ensuring that your community looks and feels like a place residents want to stay. That means **well-maintained amenities, clean common areas, and functional equipment** – all of which require consistent inspections and timely upgrades.

Just as critical is building a **streamlined, responsive maintenance process**. Residents should be able to submit requests directly through your app or resident portal, with status updates delivered through the same channel. One negative maintenance experience can jeopardize the relationship, so remove friction wherever possible.

To further simplify interactions, centralize all resident communications in one app. Rent payments, past-due notices, community updates, event announcements, and policy changes should all flow through a **single, unified portal**. When powered by AI, these platforms can answer routine questions and provide support with minimal staff involvement while maintaining a high level of service.

Staff Consistency and Professionalism

Professional, consistent, and responsive property staff build trust and satisfaction.

Automation plays a vital role here: when you use technology to **eliminate redundant tasks**, your team can spend more time engaging with residents. Staff who are approachable and attentive help foster a stronger connection which directly improves retention[8].

Resident Rewards Programs

Recognition matters. Reward residents for paying rent on time, referring friends, or completing surveys with incentives like **gift cards, rent credits, or small bonuses[9]**.

These programs are cost-effective and can deliver better results than traditional concessions or one-off offers. They also reinforce that residents are valued members of the community.

2. Foster a Sense of Community Through Effective Communication

Strong communities are built on **clear, proactive communication.**

Use a multichannel strategy (e.g., email, text, in-app notifications, and printed notices when appropriate) to ensure all residents receive important updates. Communicate consistently about:

- Lease timelines
- Community events
- Policy changes
- Scheduled maintenance
- Improvements or upgrades

Equally important: **listen actively**. Regularly collect feedback via:

- Move-in, mid-lease, and post-service surveys
- Suggestion boxes
- Open office hours or resident forums

Then act on that feedback. And don't stop there – encourage satisfied residents to leave online reviews to boost your property's reputation and support future leasing efforts[10].

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[8] The Impact of Professional Property Management on Tenant Satisfaction
[9] 14 Surefire Ways to Increase Renewals and Maximize Resident Retention
[10] 4 Best Practices to Double Down on Renewals

Show Your Appreciation

Small gestures go a long way. A few ways to show residents they're valued:

- Birthday or lease anniversary cards
- Complimentary coffee or snacks in the office
- Community appreciation events
- Personalized check-ins or thank-you notes

Residents who feel seen and appreciated are far more likely to renew.

3. Implement Efficient, Automated Processes

When it's time to renew, the experience should be simple and seamless. Key elements of a modern, efficient renewal strategy include:

- **Early notifications** (ideally 90 days before lease end)
- **Transparent pricing** and rent breakdowns
- **Clear explanations of any lease changes**
- **Automated reminders** at regular intervals
- **A dedicated renewal contact or AI-powered renewal agent**

Residents should be able to review terms, ask questions, and complete renewals **digitally through your resident portal**. Use automation to present them with tailored options, such as flexible lease lengths[11] or unit upgrades, based on their history and preferences.

This level of personalization and convenience removes friction and increases the likelihood of renewal. And with **AI renewal agents**, you can streamline this process even further, reducing staff workload and increasing conversions.

4. Make Data-Driven Decisions

Use data to refine your renewal strategy over time.

Start by analyzing **turnover trends**: why residents leave, when they leave, and what patterns exist. Then use this insight to proactively improve the experience.

Segment residents by behavior and demographics to create **targeted renewal messaging** and incentives that align with their needs.

And when it comes to pricing, rely on a **revenue intelligence tool** to help set renewal rates. By factoring in real-time market data, unit performance, and resident-specific variables, you can offer rates that are competitive and aligned with retention goals without sacrificing revenue.

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[11] 8 Strategies to Boost Renewals and Enhance Resident Retention

How Entrata Can Help

Entrata offers a suite of intelligent tools designed to simplify operations, drive renewals, and boost resident satisfaction. Here's how our platform helps you retain great residents and maximize your performance.

Homebody: Resident Experience Platform

Homebody is Entrata's **all-in-one Resident Experience Platform**—a mobile-first solution that puts everything residents need at their fingertips. Through one streamlined app, residents can:

- Submit maintenance requests
- Pay rent and view payment history
- Reserve amenities
- Communicate with property staff
- Receive real-time updates

Homebody automates and centralizes **resident engagement** by consolidating communications like rent reminders, policy updates, event invites, maintenance notifications, feedback surveys, and rewards program incentives—all in one place. The result? A seamless, personalized resident experience that increases satisfaction and supports long-term retention.

Entrata Renewals AI

Renewals AI automates the lease renewal process, reducing manual work and improving operational efficiency.

Powered by machine learning, Renewals AI **predicts which residents are most likely to renew** up to 90 days before lease expiration. It engages residents in real time by sending automated, personalized messages and renewal offers, which can be reviewed and signed online —minimizing vacancy and maintaining steady revenue.

> "
> Smart, centralized tools are the future of property m anagement. They're the key to boosting retention, cutting costs, and keeping residents happy.

Renewals AI also:

- Responds instantly to resident questions
- Builds trust by providing clear, timely communication
- Segments residents based on renewal intent
- Collects valuable trend data to inform renewal strategies

On average, properties that implement Renewals AI **cut manual renewal tasks by 80%**, reducing labor costs while improving the resident experience.

Entrata Business Intelligence

Entrata Business Intelligence (BI) turns your leasing and renewal data into actionable insights.

With BI, you can:

- Identify residents with the highest likelihood to renew
- Track which communication strategies drive the best results
- Segment audiences by behavior or demographic data
- Tailor outreach for maximum conversion

This data-backed approach ensures your team communicates with the right residents, using the right message, at the right time.

Entrata Revenue Intelligence

Revenue Intelligence gives you the tools to strategically manage renewal pricing – an essential component of sustained property performance.

Since renewals often represent up to **50% of a property's rent roll**, pricing them correctly is critical.

Revenue Intelligence empowers operators with:

- **Bedroom-level expiration management** – Balance lease expirations across unit types to prevent overexposure in low-demand periods
- **Market-aligned pricing tools** – Ensure rates reflect supply, demand, and competitor trends
- **Granular control** – Optimize lease lengths and pricing strategies across your entire portfolio

This smart approach leads to smoother leasing cycles, fewer occupancy fluctuations, and higher NOI.

Ready to Learn More?

Entrata's Property Operating System is built to help you **increase renewals, boost revenue, and deliver a seamless resident experience**. Request a demo today to see how Entrata can help future-proof your retention strategy.