

PYMNTS



February 2023

Money Mobility Helps Property Managers in a Difficult Economy

Money Mobility Tracker® Series

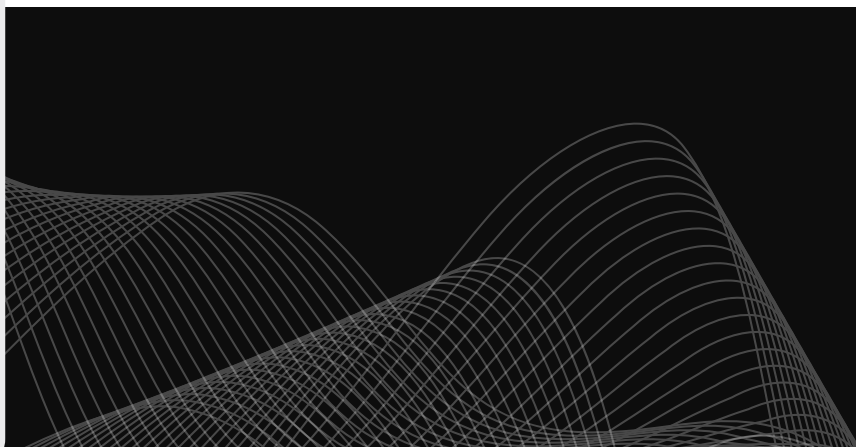
■ Read the previous edition



FEBRUARY 2023

Money Mobility Tracker® Series

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PYMNTS



Acknowledgment

The Money Mobility Tracker® Series is produced in collaboration with Ingo Money, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

Need to Know

Property Management Companies Are Under Pressure

The massive property management industry has plenty of promise in the United States, with a market size that totaled \$115.4 billion in 2022. In a survey, nearly three-quarters of U.S. renters said they are satisfied with their property management companies or landlords. Another promising sign is that the rental market has been heating up since a slowdown at the beginning of the pandemic.

In Q3 2022, the number of rental households in the U.S. stood at nearly 44 million. This was an increase of more than 400,000 units since 2021, according to the U.S. Census. Vacancy rates dipped from 6.6% at the beginning of 2020 to 6% by Q3 2022, in fact.



44M

The total number of rental households in the U.S. as of Q3 2022



\$115.4B

The market size of the U.S. property management industry in 2022



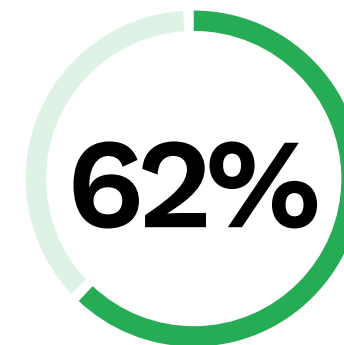
Need to Know

Rising rent prices threaten the rental sector.

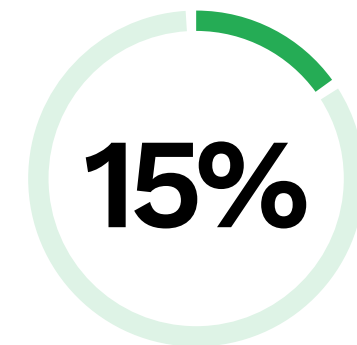
There are worrying signs, however. Compared to 2021, the property management industry's market size declined more than 4% in 2022, and as 2023 progresses, it is forecast to shrink by another 0.4%. Rising rent prices could further dampen the outlook. In the U.S., the median monthly asking rent price hit \$2,002 last May — 15% higher than the year prior and the first time median prices ever surpassed \$2,000.

By August, almost 60% of renters experienced an increase in rent in the past year and 62% were concerned about being unable to pay for housing in the coming year, according to one study. On the commercial side, even businesses were struggling to pay rent, and some major companies were closing offices to cut costs.

With the price of rent rising, many Americans are worried about their ability to pay.



Share of
Americans worried
about being unable
to pay for housing
in the next year



Increase in the
median rental
price between May
2021 and May 2022

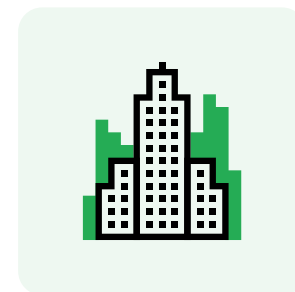
Need to Know

Improving payments can help property management companies gain an edge.

Another difficulty is that the industry is becoming increasingly competitive. There are now an [estimated](#) 296,254 property management companies in the U.S. — an increase of 2.1% since 2018. Economic headwinds and fierce competition make it essential for property management companies to improve their services.

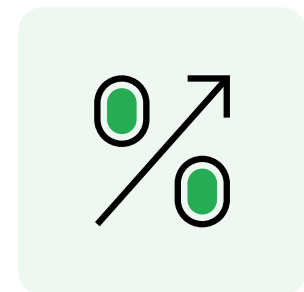
As payments play a vital role in property management for tenants and owners alike, payment systems are a good place to start. Slow and inefficient payments are frustrating tenants and holding back business. By improving payments processes, companies can streamline their business operations, improve customer satisfaction and gain a competitive edge.

Property management companies face a lot of competition, according to [recent data](#).



296,254

Estimated number of property management companies in the U.S.



2.1%

Increase in the number of property management companies since 2018

News and Trends

Missed and Late Rent Payments Are on the Rise

When it comes to rent, small businesses are feeling the strain. According to a [poll](#), 41% of U.S. small businesses were either unable to pay their rent on time or in full during November — a new record for 2022 and an increase of 4% since October.

The problem for many businesses is that revenue is falling, while rent is growing more expensive. Of the 6,326 small businesses surveyed, 52% reported higher rents, yet a striking 41% reported that monthly revenue is half or less than it was before the pandemic — up 7% since October.



News and Trends

Major tech companies consider closing offices to reduce costs

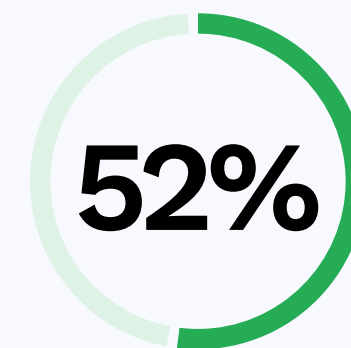
Small businesses are not the only ones struggling in the current economic climate. As part of cost-cutting measures, major companies such as Microsoft, Meta, Salesforce and Alphabet are [reportedly](#) looking to move out of leased offices in London and Dublin. Meta has also explored ending the leases for or subletting offices in California, Texas and New York.

These changes reflect a wider trend of tech companies embracing remote or hybrid work arrangements over traditional office environments. Not all major technology companies are abandoning the office, however, with Snapchat owner Snap contemplating reopening offices.

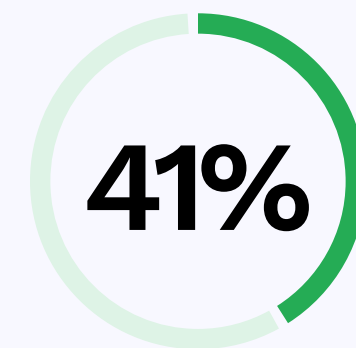
Boise government considering limits to rent late fees

When renters miss a payment, their landlords often charge them late fees, resulting in additional revenue for the latter. In Boise, Idaho, this source of revenue may soon evaporate. The Boise City Council is [considering](#) a proposal that would regulate how much landlords can charge in late fees, with the aim of preventing owners from further profiting off their renters.

Under the proposal, property managers and owners would not be allowed to charge late fees that exceed “the reasonable actual expense caused by the late payment.” Owners that violate this would face fines. Neighboring states Washington, Oregon and Utah all have regulations governing late fees.



Share of small businesses reporting higher rents in November 2022



Portion of small businesses that had monthly revenue fall to half or less of pre-pandemic totals

PYMNTS Intelligence

Money Mobility Boosts Owner and Tenant Satisfaction

Online payment platforms are a powerful tool for property management companies. Property managers are constantly handling payments, whether collecting rent from tenants or paying employees, business partners and maintenance workers. As such, adopting an online system that supports fast and frictionless payments can have far-reaching benefits.

Firms that offer online rent payment platforms not only are better positioned to meet customer preferences but also can use these platforms to increase their employees' productivity and morale. It is no surprise, then, that interest in online payments is growing. A [report](#) from 2021 found that interest in online rent payment services among property managers surged by 16%.



PYMNTS Intelligence

Online payment platforms help landlords deliver on tenant demand

Although one [report](#) found that consumers were generally satisfied with their property management companies, the vast majority of respondents were not impressed enough with the level of service to recommend those companies to peers. By meeting renters' payment preferences and exceeding their expectations, companies can go a long way to change that.

There has been a surge in demand for payment flexibility and seamless digital solutions as well. Twenty-seven percent of respondents said that it has become more important since the pandemic began for property managers to offer flexible payment plans, while 28% felt the same way about property managers offering digital tools to manage rentals. With online payment platforms, landlords can provide such functionality.

Consumer interest in digital experiences is growing.



28%

Share of respondents who [felt](#) that it was more important for their property managers to offer digital tools to manage rentals than it was pre-pandemic



67%

Portion of consumers who have [paid](#) a bill via a mobile device

Property managers should also consider bolstering their online payments offerings with mobile options. In a recent [survey](#) on consumers' bill-paying habits, mobile payment channels overtook online portals as the most preferred and frequently used payment channel, with 67% of respondents having paid a bill via a mobile device. In addition to mobile, it is important for property managers to support a variety of options, including traditional debit and credit card payments as well as digital wallets such as Apple Pay.

PYMNTS Intelligence

Money mobility benefits the back office

Money mobility benefits not just the user experience but also the back office. Because online rent payments can be fully automated, switching to an online platform can save landlords considerable time. After adopting an online payments system, one property manager estimated that his team saved 15 to 20 man-hours per week. It also led to happier employees because they spent less time on frustrating data entry.

Improvements such as this can have an enormous impact on a property management company. Staffing and retention are among the industry's top challenges, and when it is hard to find and retain staff, every hour counts.

“I’d estimate 15 to 20 hours weekly are saved through online payments. Additionally, the checks we do still receive are more easily applied to the proper accounts because we can search name, address and unit number depending on what information is available on the check. This has been a great time saver.”

MIKE CARRIER
Founder and president



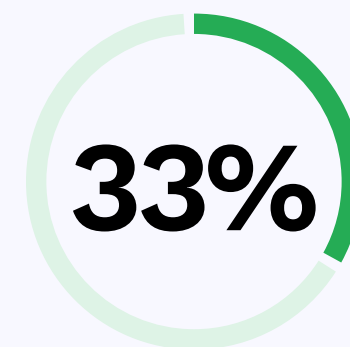
PYMNTS Intelligence

Online payment platforms streamline B2B payments

Money mobility can benefit property managers and improve back-office processes by making business-to-business (B2B) payments easier, faster and more secure. B2B payments are ripe for disruption due to the high volume of transactions still occurring on legacy payment methods. For example, an [estimated](#) 33% of B2B payments in the U.S. and Canada are still made by check — a slower, less dynamic and more expensive method than online payments.

If property managers were to ditch checks in favor of online payments, the impact could be considerable. Speed is one of the top areas that would improve, as online payment platforms can support faster or real-time payments. In a [survey](#) of treasury and finance professionals, 69% of respondents believed that B2B transactions benefit the most from faster payment capabilities. Since property management involves the making of payments to multiple entities, from maintenance workers to lawyers, having a better payment platform can go a long way, and money mobility can make all the difference.

B2B payments are ripe for digitization.



Share of B2B [payments](#) in Canada and the U.S. that are check-based



Share of treasury and finance officials who [believe](#) real-time payments will benefit B2B transactions the most

Chart of the Month

Digital Bill Pay Brings Convenience and Speed

Consumers using digital channels to pay their bills are finding key benefits. In a PYMNTS [survey](#), nearly 63% of respondents reported ease and convenience as important reasons for using digital methods for recurring bill payments, with 41% saying it was the most important reason. Similarly, almost 31% said saved time was another important factor in using digital bill pay methods. Payment speed was a major factor, with 48% of respondents citing faster or instant payments as an important reason.



Consumers’ reasons for choosing a digital method to pay their recurring monthly bills

Share of reasons why consumers using digital payment methods chose this channel

	Most important	Important but not ranked first	Total
• Ease and convenience	41.1%	21.6%	62.6%
• Faster or instant payments	23.0%	24.6%	47.6%
• Feeling of security	10.9%	12.3%	23.2%
• Time saving	5.4%	25.2%	30.6%
• Ability to split payments with multiple people	3.5%	2.5%	6.0%
• Ability to see billing details	3.2%	14.6%	17.8%
• Cheaper	2.7%	7.8%	10.5%
• Receiving alerts to remind due date	2.4%	14.1%	16.5%
• More options of ways to pay available	2.3%	7.4%	9.7%
• Keeping personal information private	1.8%	9.3%	11.1%
• Receiving alerts on unusual activity	1.1%	6.5%	7.6%
• Easier to dispute charges	0.6%	5.9%	6.5%
• Easier to contact customer service	0.5%	5.8%	6.3%
• Other	1.4%	0.1%	1.5%

Source: PYMNTS
Streamlining Bill Payment: How Frictionless Experiences Drive Customer Engagement, May 2022
N = 2,913: Complete responses, fielded Dec. 10, 2021 – Dec. 20, 2021

Insider POV

An Insider on Why Online Payments Are Critical for Property Managers



ADAM FEINSTEIN
Vice president of product
for payments

appfolio

“We see modern, digital payment products as a critical part of the property management technology stack and have been focused on improving experiences and developing secure, trusted solutions to address this long-outdated part of the ecosystem.”

PYMNTS speaks with Adam Feinstein, vice president of product for payments at [AppFolio](#), about how the company is helping property managers offer a fully digital payments process and how this can help drive better outcomes for employees and tenants alike.

There is a growing interest in and need for digital payments technology in most industries — and property management is no exception. Feinstein explained that the proper facilitation of and visibility into payments is critical for operating a property management business. This means that incorporating digital payments technology into business operations can yield tremendous benefits.

“Online payments processes can help create new efficiencies and uncover cost savings opportunities, increase security to lower fraud incidents and create a more convenient, modern experience for everyone involved,” he said.

Insider POV

Given the growing need for online payments capabilities and the benefits they bring, AppFolio is focused on developing these solutions for property managers. Feinstein said that enabling property managers to deliver an exceptional experience for owners, vendors and residents is crucial because renters are increasingly seeking out consumer-like experiences when it comes to paying rent and interacting with landlords.

AppFolio is also focused on providing a seamless, purpose-built connection on its platform, equipping users with a single source and system of record. In designing and providing this platform, AppFolio aimed to prioritize safety and reliability.

“That gives all parties piece of mind,” said Feinstein.

Speed and ease with signing up for the platform are also important, he noted, with the process able to be completed in as little as a few days.

The most effective platform is one that can handle all types of payments a property manager will deal with. Making sure that renters can make online payments is only part of the ideal approach to improving the payments experience. Property managers also make payments to employees, vendors and other third-party companies.

“We focus on ... facilitating rent payments for residents and dues payments for homeowners, ... security deposit return to residents, distributing payments to property owners and supporting service vendor payments,” Feinstein explained.

Supporting a variety of payment types also contributes to an improved payments experience. For its part, the company offers ACH, credit and debit cards, electronic cash payments and Apple Pay as well as invoice processing for greater control. Another important aspect is being able to scale accordingly, ensuring that new users can get the most out of the platform.

Insider POV

“As we designed our platform, it was critical to us to find the right partners and technology that would scale with us and with our customers, and provide a secure, reliable and modern experience that met the expectations of property managers, residents and owners,” he said.

Feinstein emphasized that leveraging payment platforms can provide a number of benefits to property managers beyond enhanced reporting capabilities, improved data hygiene and security. A modern online payments platform also streamlines time-consuming accounts receivable and accounts payable processes; facilitates faster payments processes for owners, residents and vendors; and delivers an overall better customer experience.

An AppFolio survey found that streamlining financial operations is top-of-mind for property managers in 2023.



46%

Share of property managers who cited processing more rent payments online as a key tactic they are pursuing this year



42%

Portion of property managers who cited improving the accounts payable process as a key tactic they are pursuing this year

Companies to Watch

Property Management Payment Innovations Roll Out

J.P.Morgan

After years of development, JPMorgan is [piloting](#) a platform to help property managers ditch paper checks for digital payments. The platform automates online rent payments invoicing.



Software company PayProp [announced](#) that it was expanding its PropTech rental payment platform to cover Illinois. PropTech is an automated rental payment and reconciliation platform for single-family residential properties.



Global payment solutions provider Transcard [launched](#) a product that helps property managers refund security deposits quicker. It allows lessees to choose how they receive the money and also supports the real-time delivery of funds.

J.P.Morgan



What's Next

Instant Digital Payments Are a Win-Win for Tenants and Landlords

Real-time digital payments are a no-brainer for the property management industry, according to Drew Edwards, CEO of Ingo Money. Today, he said, property managers often rely on antiquated methods such as paper checks to collect and pay out funds on both an ad hoc and a recurring basis. Modernizing the process can lead to cost savings, improved efficiency and — perhaps most importantly — happier renters, vendors and employees. The compelling opportunity here, he noted, is to follow the lead of other industries and embed instant digital payments within business operating systems serving these organizations using best-in-class technology and partners.

“Instant digital payments are an easy way — especially when they are available through operating system partners — for property managers to appeal to renters’ expectations for digital experiences while also maximizing the cost and efficiency gains that will translate into a competitive advantage.”

DREW EDWARDS
CEO



About

PYMNTS [PYMNTS](#) is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



[Ingo Money](#) is the money mobility company. Founded in 2001, it provides technology platforms and expert risk management to fintechs, banks and businesses that enable safe and instant money movement, from any source to any destination. Ingo’s solutions power deposits and transfers for inbound and outbound money flows, cross-platform P2P and digital payouts, with network reach to more than 4.5 billion bank accounts, cards, digital wallets and cash out locations. This transformation of traditional payments helps businesses reduce cost and delays while dramatically improving the consumer experience. Headquartered in Alpharetta, Georgia, Ingo employs over 200 professionals and serves some of the largest brands in North America.

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