

# State of the Rental Industry 2022

The American rental market has rarely been as competitive as it stands currently. According to research from RentCafe, 14 renters competed for one lease on average throughout the first half of 2022, spurred on by the fact that 95.5% of rentals were occupied during this same period. With a mere 0.7% increase in inventory, renters are feeling the burn.

Here at TurboTenant, we've been surveying our landlords and tenants alike to understand how this ultra-hot market is impacting them month over month. According to the Pew Research Center, most landlords are individuals who own just a few units with the number of individual investors sitting at 14.1 million – and the independent landlord, also known as mom and pop landlords, was the main participant in our surveys. Over the first half of 2022, we sent a total of eight surveys to our audience, garnering over 4,000 responses. Our findings for the first half of this year are summarized in this report.



The Journey of Becoming a Landlord

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The Landlord-Tenant Relationship

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Financial Challenges

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Respondent Demographics

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TurboTenant's Methodology

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# The Journey of Becoming a Landlord

The desire to earn **passive income** ranks as the **top motivator** to become a landlord.

93.8%

of respondents would become a landlord again.

58.1%

of landlords would highly recommend becoming a landlord to a friend.

One of TurboTenant's main goals with this State of the Industry Report was to better understand how and why people become landlords. First, it's worth noting that 67.6% of our landlord respondents have jobs outside of their own property management business, though they participate in a variety of industries.

# Top 5 Industries in Which Landlords Work

Office and Administrative Support



Healthcare



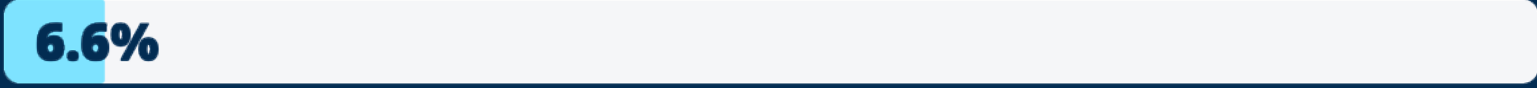
Sales



Computer / IT services



Education



When asked why they became interested in property management, 72.9% of respondents indicated that they wanted to create a passive income stream. A staggering 81.1% of landlords had no real estate experience before purchasing their first property.

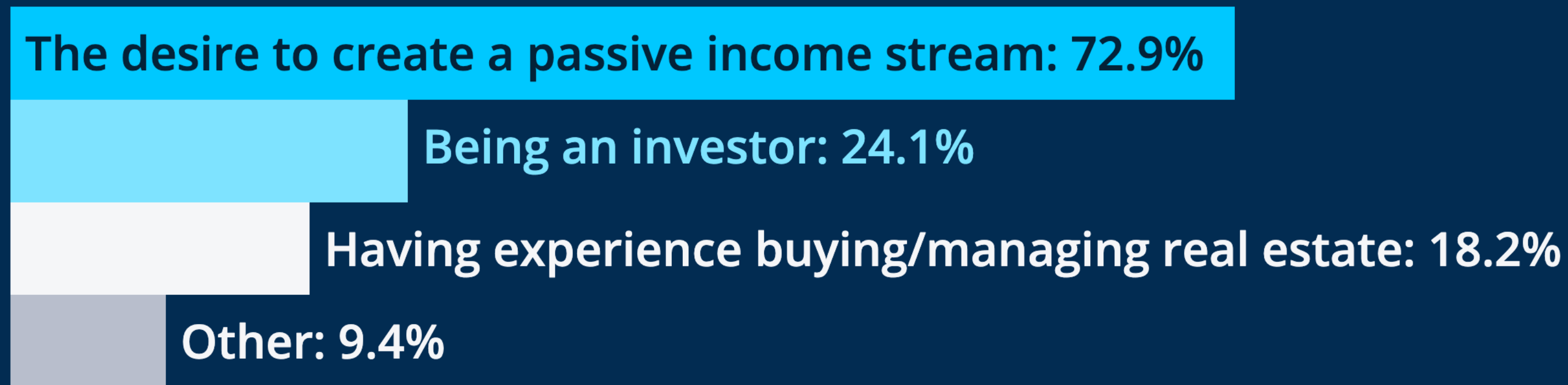


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## What Motivates Someone to Become a Landlord?

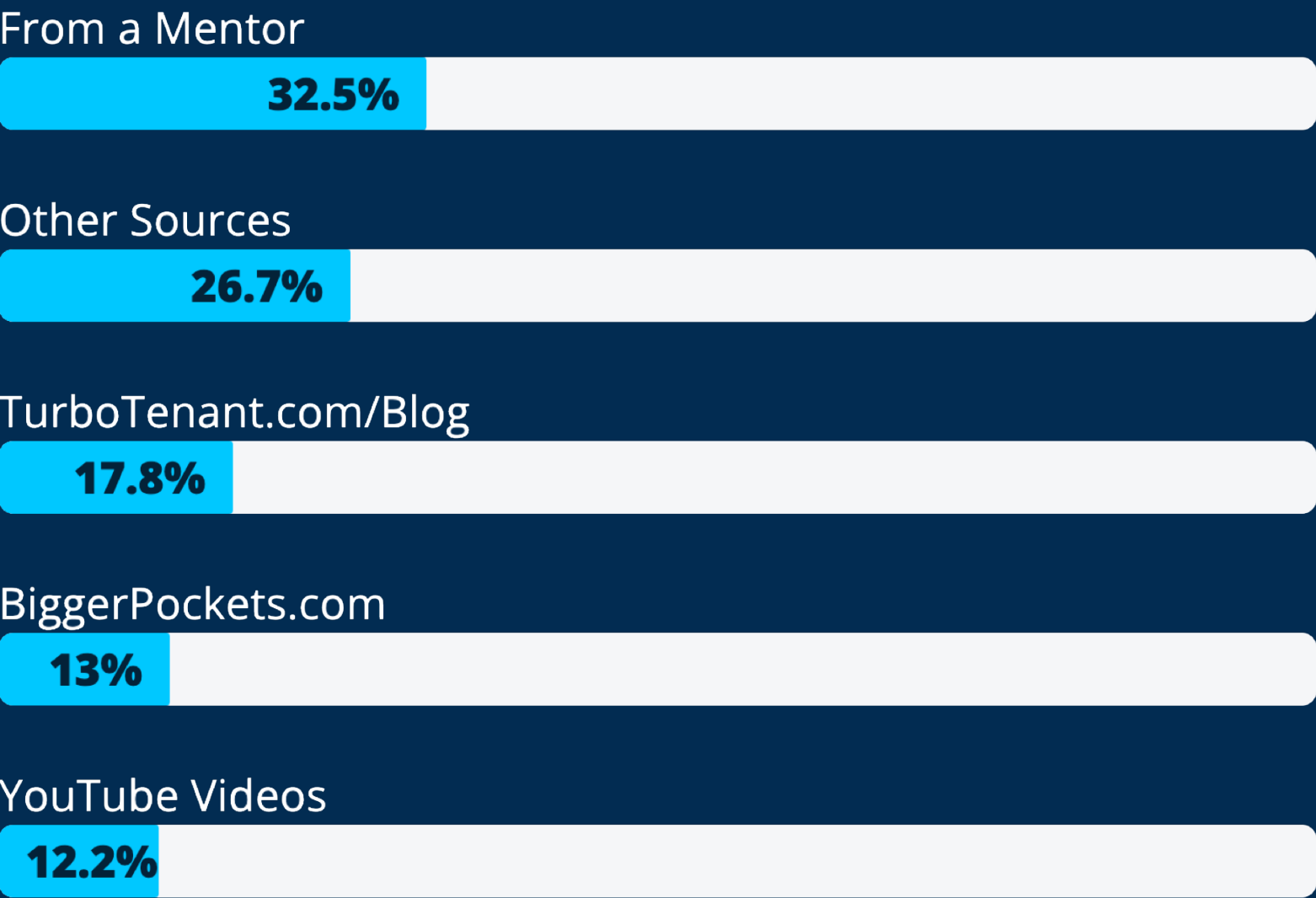


“Other” responses included that property management is part of their family business, they rent out part of their primary residence, and that they inherited the unit.



Though 18.7% of respondents stated that they haven't tried to learn to be a good landlord, the majority of respondents took steps to better understand their business and how to treat their tenants.

# The Top Five Sources That Teach How to Be a Good Landlord



“Other sources” included relying on their past experience as a renter, having a friend in the business, “common decency”, and Facebook groups, among others.

# What Makes a Landlord Good?



According to our landlords, being responsive, attentive, fair, and compassionate while maintaining great communication sets good property managers apart from the pack.

To understand what makes a good landlord, we asked our tenant respondents to rank the following qualities of a landlord in order of importance.

## According to Tenants, a Good Landlord Is...

- ✓ Respectful of boundaries
- ✓ Reliable
- ✓ Trustworthy
- ✓ Responsible
- ✓ Communicative
- ✓ Organized
- ✓ Flexible
- ✓ Professional

# How Likely Are Landlords to Recommend Becoming a Landlord?



Given that these attributes are well within reach for most, it's unsurprising that 58.1% of respondents stated they would recommend becoming a landlord to a friend.

- Highly Likely: 58.1%
- Likely: 31.8%
- Unlikely: 5.3%
- Highly Unlikely: 4.7%

When asked why they would recommend becoming a landlord, many respondents noted that as long as their friend had the right personality, the passive income stream and the ability to be their own boss made the challenges of property management worth it — particularly for those seeking a retirement plan. However, respondents who were unlikely and highly unlikely to recommend becoming a landlord indicated that the number of repairs, rent control restrictions, and the liability of taking on the role deterred them from encouraging others to join suit.





93.8% of landlords are happy with their decision to become a landlord.

That said, 93.8% of landlords would take on the role all over again if given the chance, meaning only 6.2% of landlords regret their decision to join the property management industry. We asked our respondents to tell us their favorite part of being a landlord, which included generating passive income, helping people afford a place to live, and building equity.

Though there are consistent pros to becoming a landlord, it's worth noting that only 31.0% of renters surveyed see themselves becoming landlords in the future. The top reasons to avoid pursuing this job included not being interested in the work it offers, lacking the ability to purchase property, and feeling like they wouldn't want to be responsible for the actions of their tenants.

To glean more insights, we then turned our focus to the most important part of property management: the landlord-tenant relationship.

# The Landlord-Tenant Relationship

63.3% of renters rated their  
current landlord as

**5/5**

On average, landlords rated  
their tenants as

**4.3/5**

Though pop culture often paints the landlord-tenant relationship as a strenuous one, the **data doesn't support this outdated ideology.**



## How Likely Are Tenants to Recommend Their Landlord?

When asked why they had rated their landlords so highly, respondents praised their landlords' good communication skills, empathy, honesty, attentiveness, and willingness to help with issues as they arise.

- Highly Likely: 72.1%
- Likely: 11.3%
- Unlikely: 4.6%
- Highly Unlikely: 11.9%



By and large, landlords' strategic examination of these factors seems to pay off. On a scale of 1-5 (wherein 1 was terrible and 5 was amazing), landlords rated their current tenants as 4.3/5.

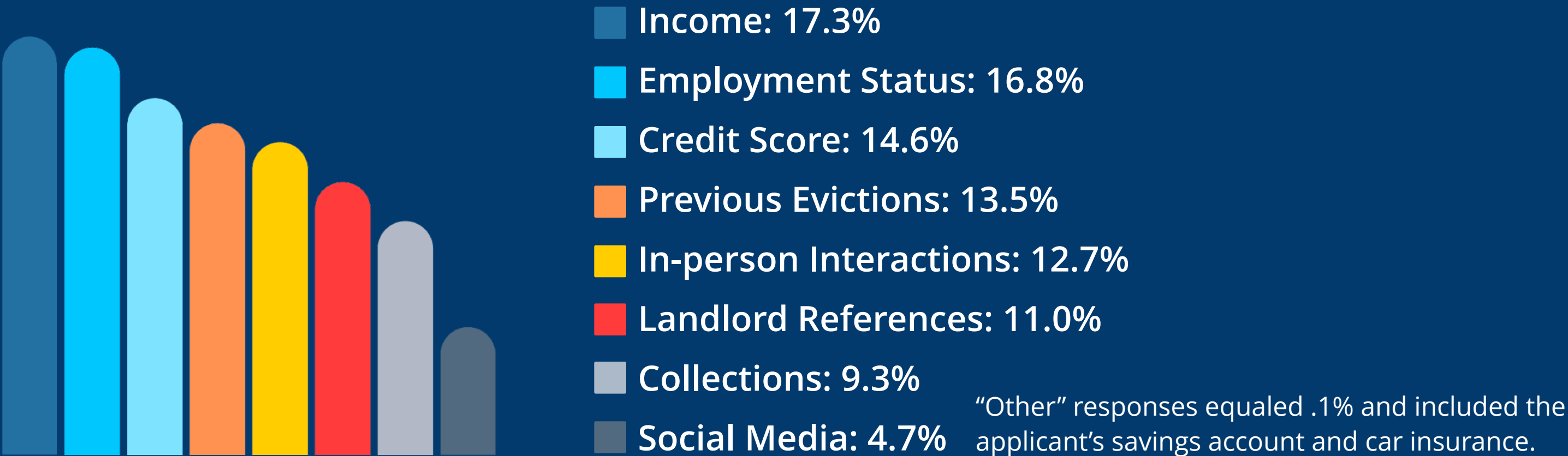
Similarly, 63.3% of renters rated their landlord as a 5/5, and 72.1% of tenants were highly likely to recommend their landlord to friends.

On average, landlords  
rated their tenants as

**4.3/5**

Let's examine what landlords prioritize when evaluating potential tenants. Though landlords should consider each applicant holistically, a prospective tenant's **income is the most important factor in determining who will fill their vacant unit.**

## What Aspects Do Landlords Consider When Evaluating Prospective Tenants?



# Financial Challenges

**46.0%**

of renters spend 30-50% of their income on rent.

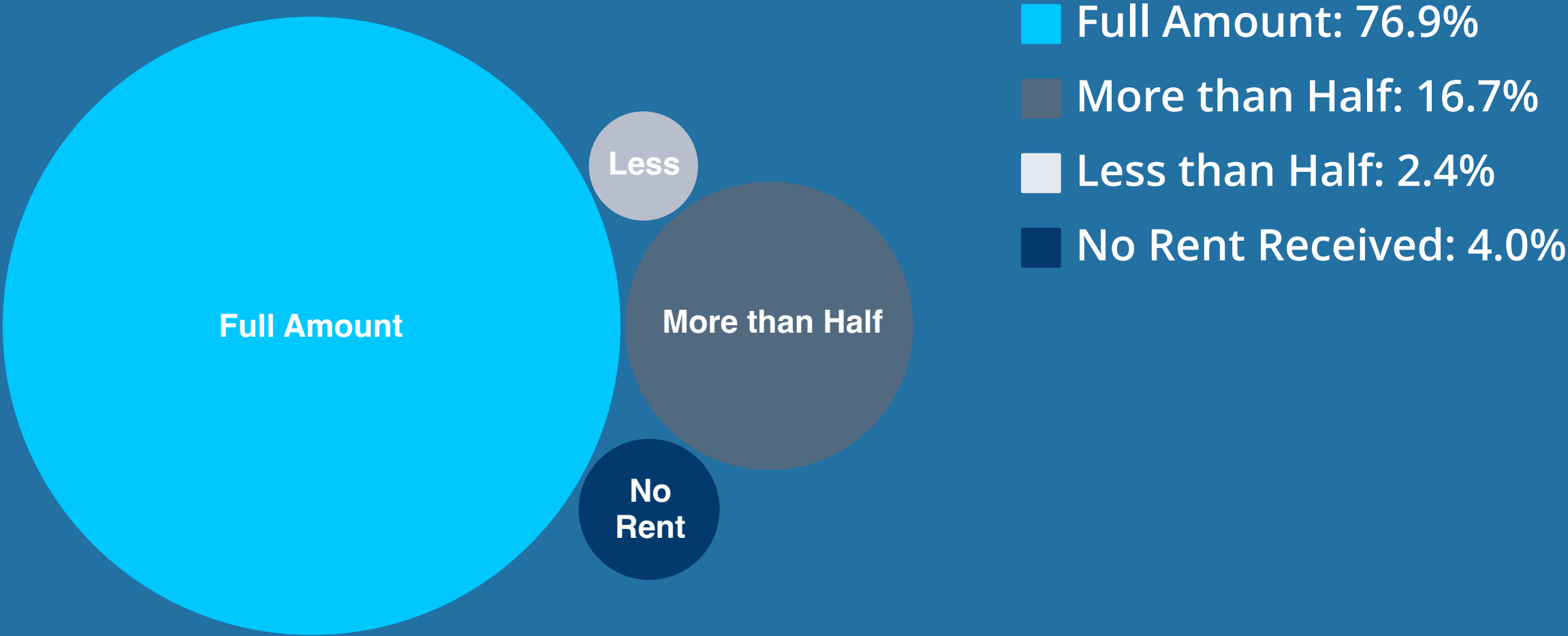
**76.9%**

of landlords received the full amount of the rent owed to them over the first half of 2022.

Landlords with 1-4 units are largely uninterested in investing in more properties this year.

As inflation rates in 2022 have marched ever upward, it's no surprise that finances were on renters' and landlords' minds alike over the first half of this year. However, it's not all bad news.

# Rent Received – 1st Half of 2022



When rent wasn't paid in full, landlords landed on tried-and-true methods including creating a payment plan, beginning eviction proceedings, and negotiating with their tenants.

## How Did Landlords Handle Not Receiving the Full Rent Owed?

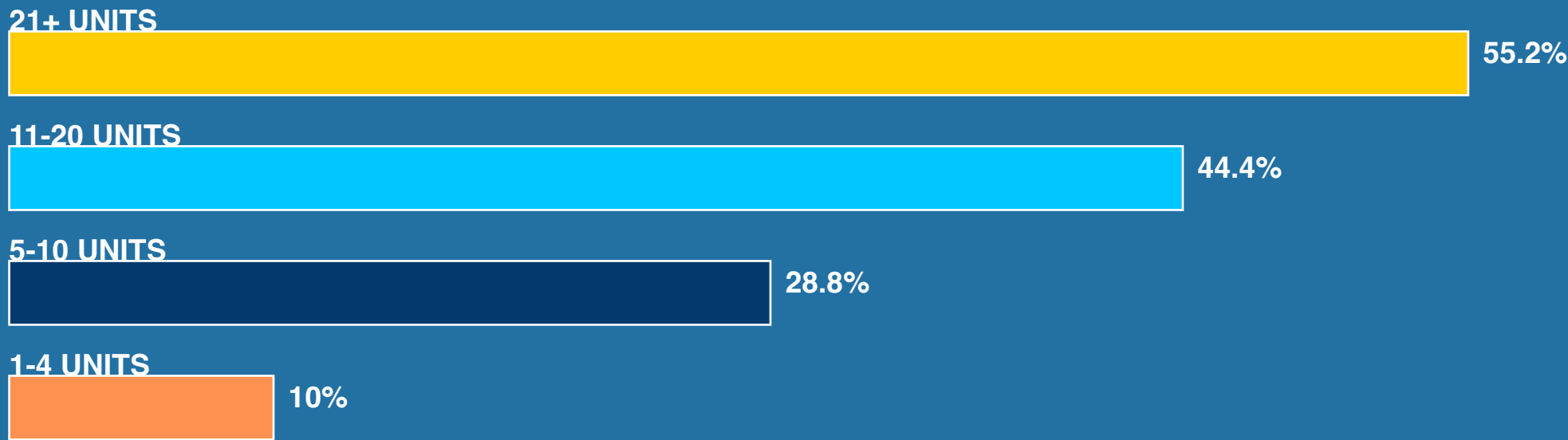


- Set up a payment plan: 48.1%
- Started eviction proceedings: 34.0%
- Negotiated temporarily reduced rent amount: 10.1%
- Negotiated permanently reduced rent amount: 3.7%
- Other: 4.1%

“Other” options for handling this situation include reaching out to their tenants repeatedly, allowing their tenants to break their lease without legal repercussions, allowing a partial payment, and feeling helpless due to the eviction moratorium (particularly in the first quarter of the year).

While no landlord enjoys receiving less than they're owed, some property owners feel the sting more than others, especially given that the number of units owned impacted how much of the rent comprised the landlords' total income.

## Number of Units Owned & More than Half of Income From Rental Properties



# Number of Units Owned & Percentage of Income From Rental Properties

1-4 Units	5-10 Units	11-20 Units	21+ Units
< 25%: 73.1%	< 25%: 43.9%	< 25%: 27.2%	< 25%: 25.2%
25-49%:17.0%	25-49%: 27.3%	25-49%: 28.4%	25-49%: 19.6%
50-74%:6.2%	50-74%: 16.7%	50-74%: 22.6%	50-74%: 20.4%
75% + : 3.8%	75% + : 12.1%	75% + : 21.8%	75% + : 34.8%

In short, owning more units translated into more of their income coming from their rental business. Though most landlords aren't looking to expand their rental property portfolio in 2022, landlords whose rental income comprises more than half of their household income are slightly more likely to purchase more property this year.



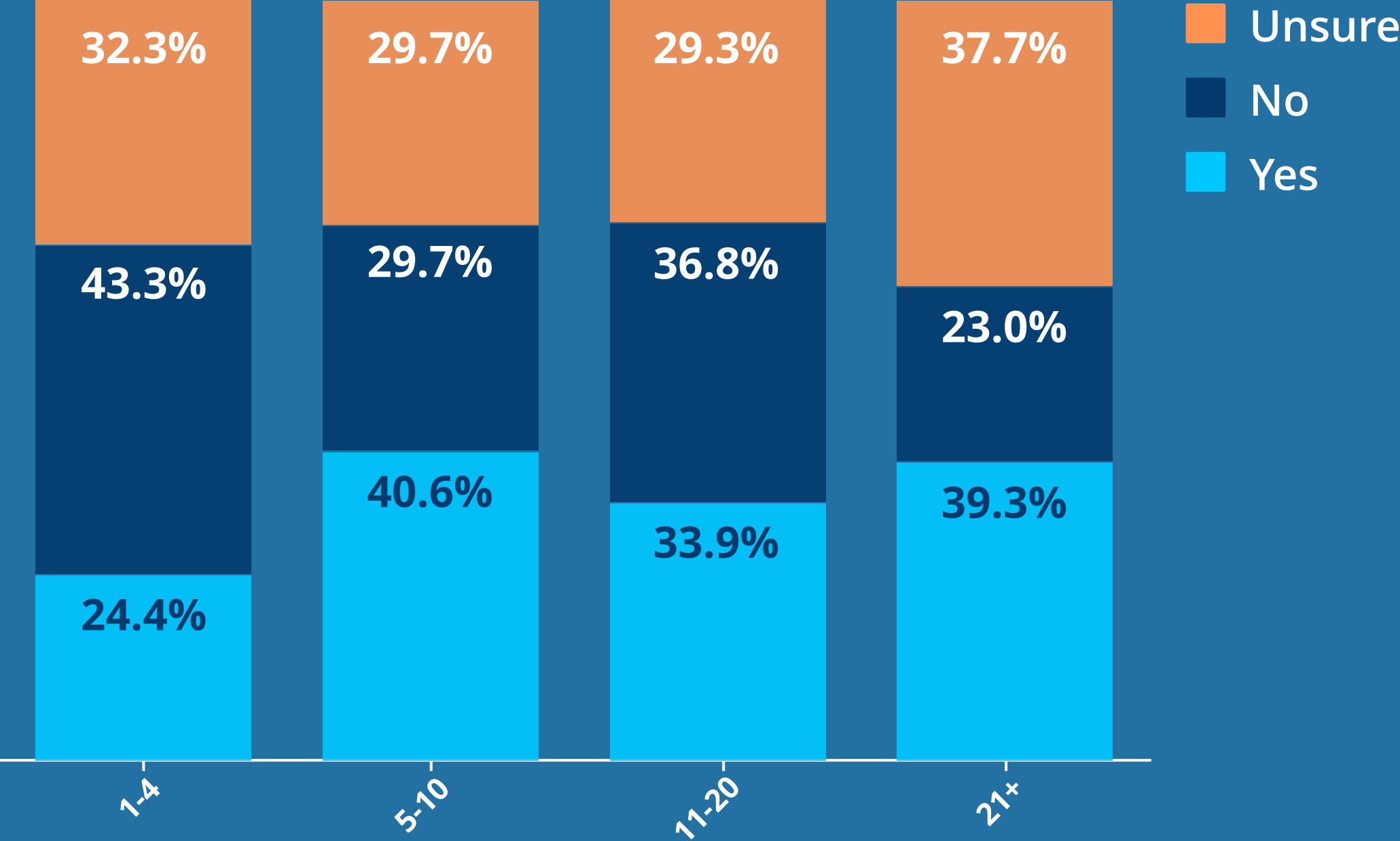
# Do Landlords Plan to Purchase More Property in 2022?

On a blended average across all landlords surveyed, the distribution of those looking to purchase more property in 2022 vs. those against the idea vs. landlords who remained unsure stayed relatively balanced.



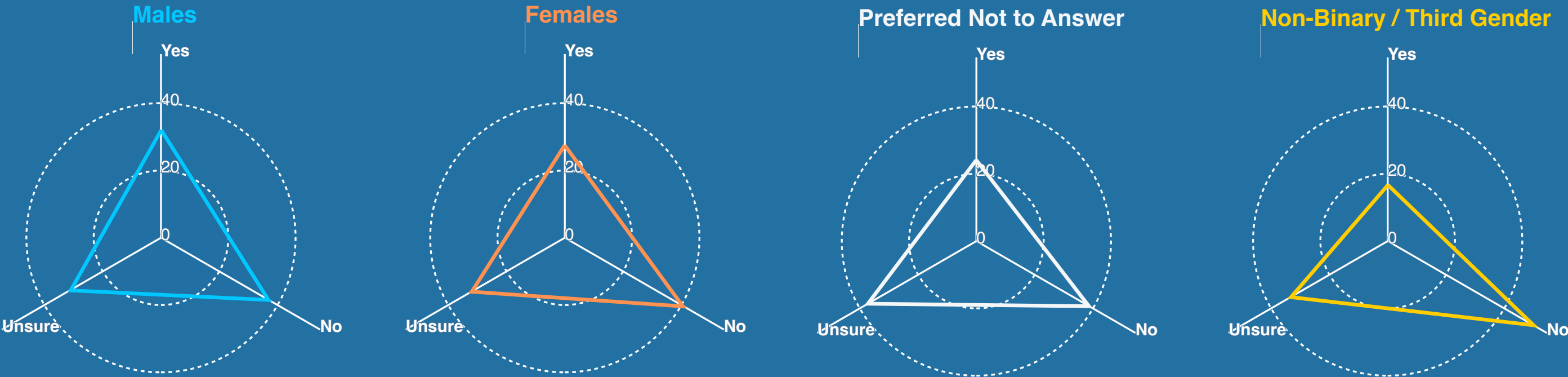
- Yes: 30.7%
- No: 38.0%
- Unsure: 31.3%

# Number of Units Owned & Investing Decision



When examining the responses through a gendered lens, we can see that male landlords are slightly more willing to embrace the risk than their peers.

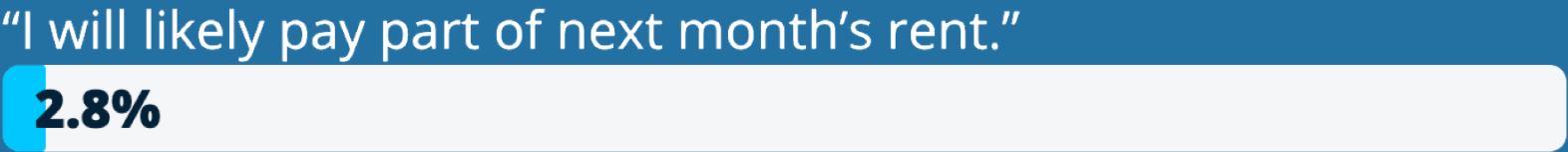
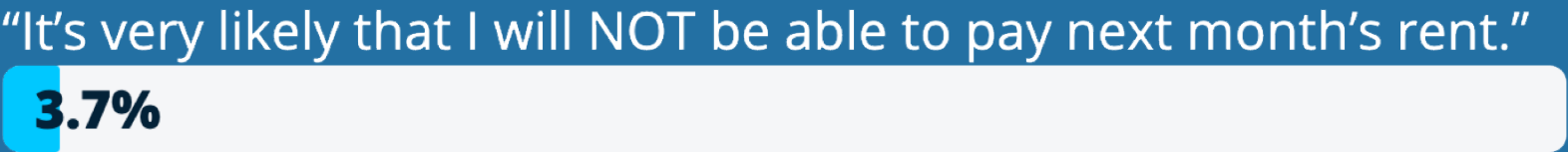
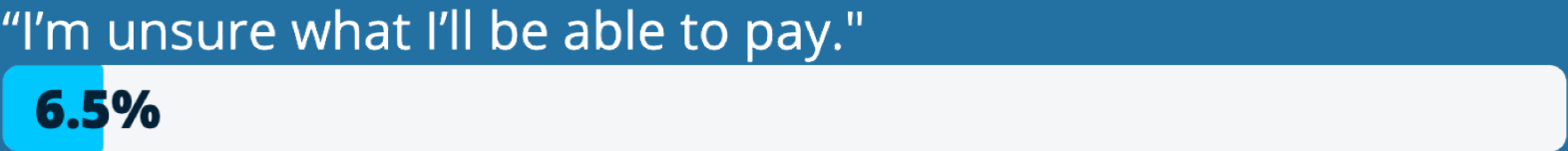
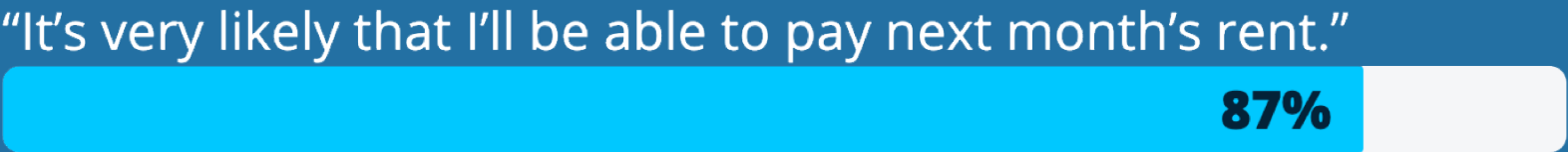
## Gender and 2022 Investing Decision



# Renter Financials

On the flipside, most renters were confident in their ability to pay rent over the first half of 2022. 87.0% of renters indicated that they were very likely able to pay the next month's rent, with only 3.7% stating that it was very likely they would NOT be able to pay their full monthly rent.

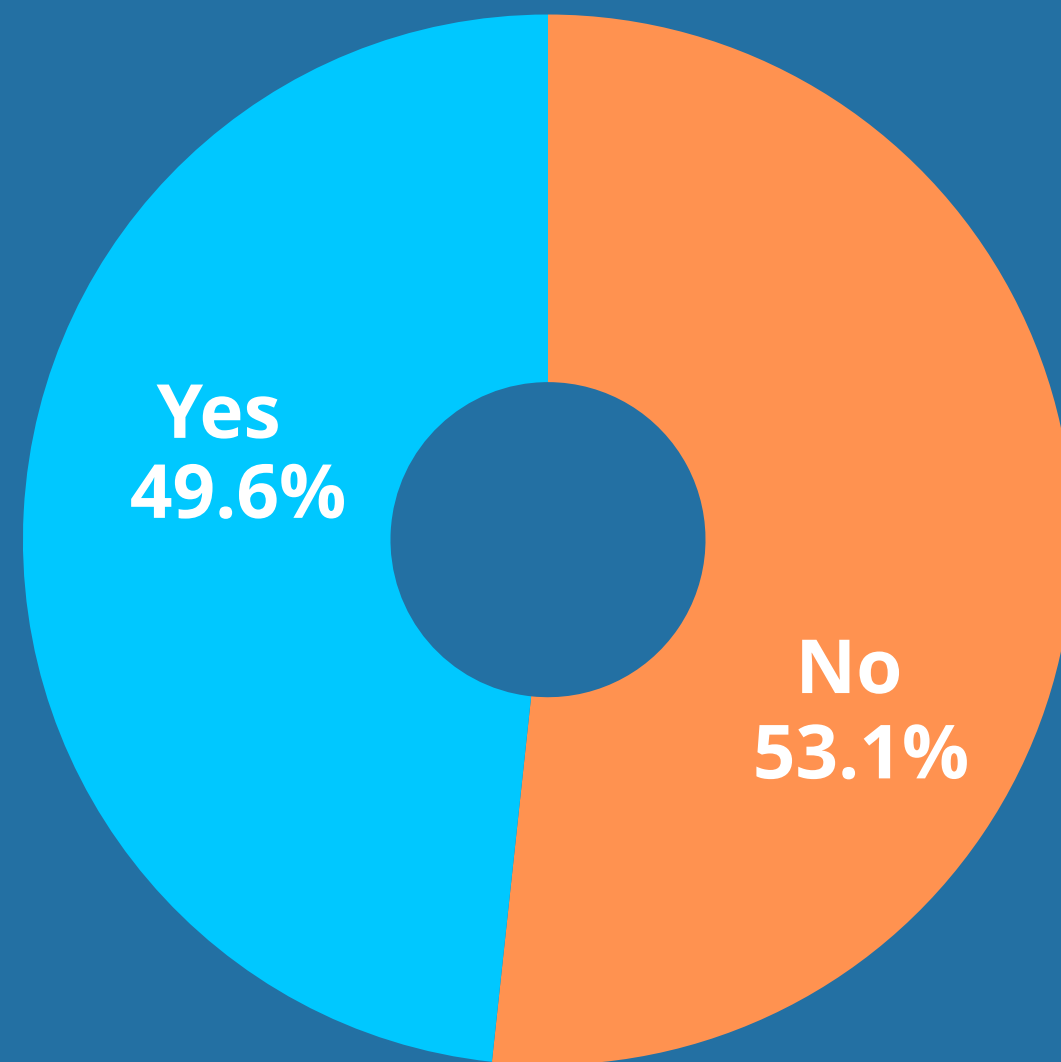
# How Confident Are Renters in Their Ability to Pay Next Month's Rent?



Though the majority of renters indicated they were confident about paying next month's rent, some tenants struggled more than others.

Unfortunately, most tenants were unaware of any federal or state emergency rental assistance programs for renters and landlords enacted through stimulus relief bills.

## Are Renters Aware of Federal or State Emergency Rental Assistance Relief Programs Enacted Through Stimulus Relief Bills?



And of those who knew about these programs, the majority didn't apply for assistance, though that could be because only 12.7% of respondents applied and received funds.

## Have Renters Applied to Any Rental Assistance Programs and Received Funds?

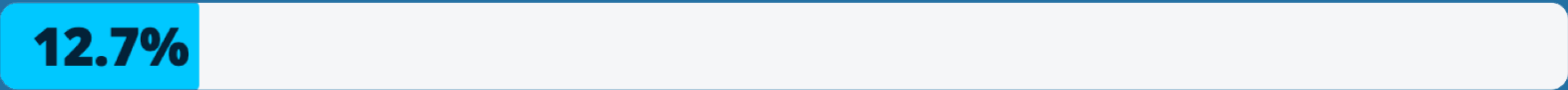
"I have not applied."



"I was ineligible, so I did not apply."



"Yes, I applied and received funds."



"Yes, I applied but haven't received funds."

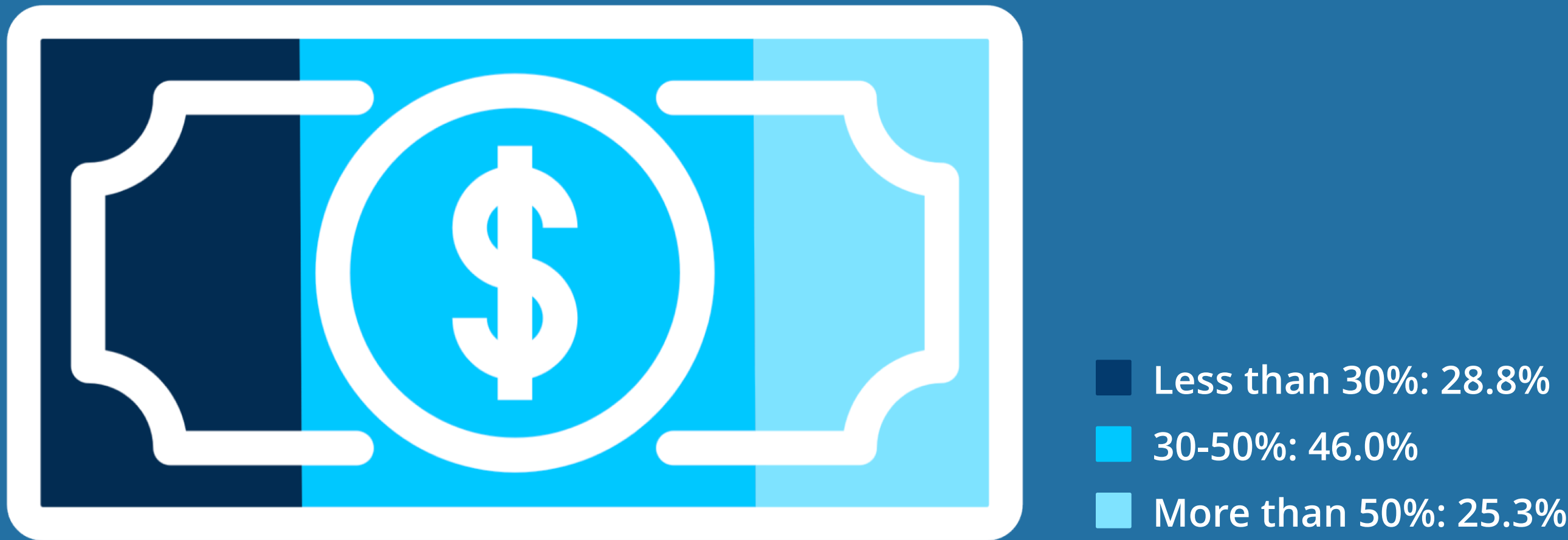


Perhaps aiding in the renters' general confidence about paying rent, 74.0% of renters reported that their landlord had not raised the rent recently — which is positive, given that the majority of renters surveyed spent more on rent than is typically recommended by a popular budgeting rule stating rent should be a maximum of 30% of a tenant's gross monthly income.

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# Percentage of Income Spent on Rent



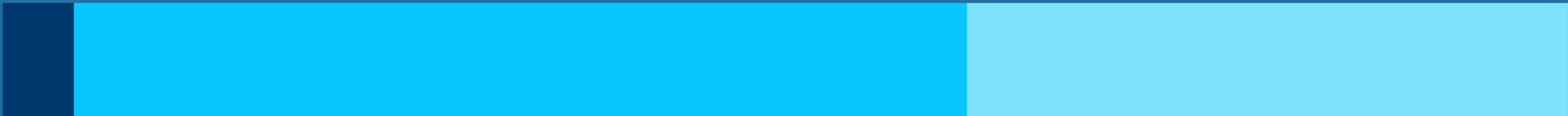
When asked to rank rental payment methods in order of preference, money transfers via ACH/digital wallet/rent payments platform led the pack.

## A Ranking of Preferred Payment Methods

- 1 Money transfer via ACH/digital wallet/rent payments platform
- 2 Credit card via a digital wallet or rent payments platform
- 3 Check
- 4 Cash

Despite being unable to follow the classic budgeting rule, the majority of renters indicated that they pay a fair amount in rent compared to the quality of their unit.

## In Comparison to the Monthly Rent Amount, How Do Renters Feel About the Quality of Their Unit?



- "I pay too little in rent compared to the quality of my rental." 4.5%
- "I pay a fair amount in rent compared to the quality of my rental." 56.9%
- "I pay too much in rent compared to the quality of my rental." 38.6%

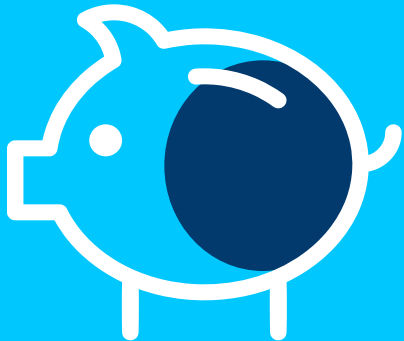
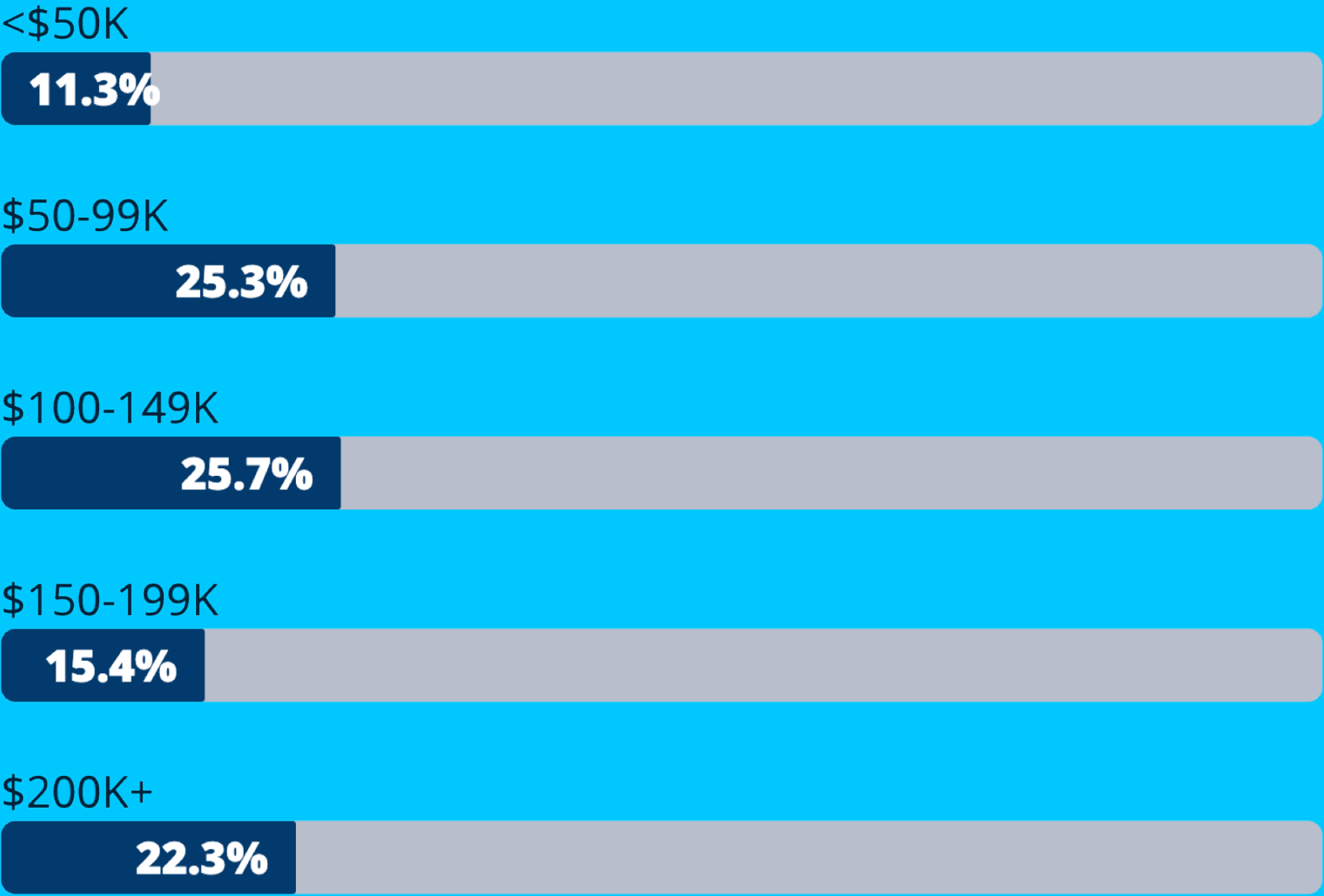
Respondents who indicated that they pay too much in rent compared to the quality of their rental reported that their landlord could lower rent (for humans and pets alike), improve their relationship by being more attentive to things like maintenance issues, or provide amenities like air conditioning to provide additional value.

However, several renters also stated that the market was too hot everywhere and didn't blame their landlord for the state of the economy at large.

# Respondent Demographics

To give you the full picture of our results, we've outlined pertinent demographic data for both landlords and renters.

# Household Income

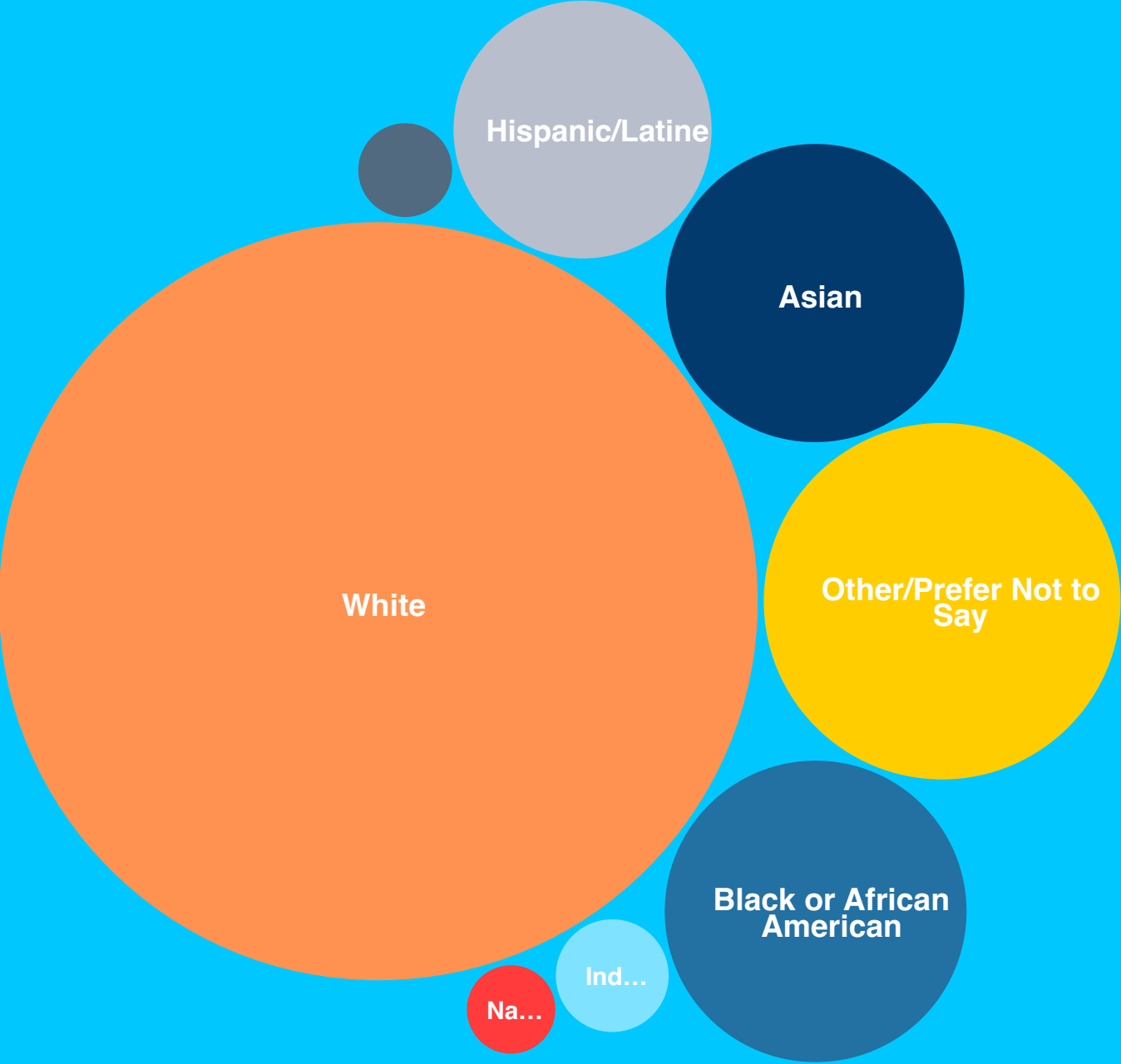


# Gender



- Male: 48.5%
- Female: 45.8%
- Prefer Not to Answer: 5.4%
- Non-Binary / Third Gender: 0.4%

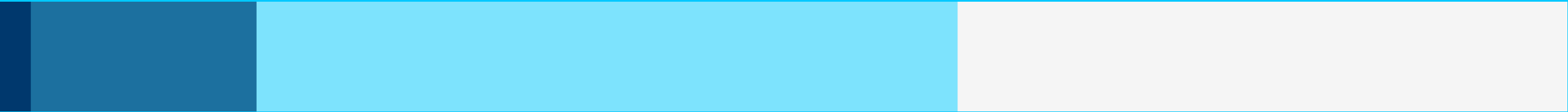
# Race & Ethnicity



- Asian: 9.1%
- Black or African American: 9.3%
- Hispanic/Latine: 6.8%
- Indigenous/Alaska Native: 1.3%
- Native Hawaiian/Pacific Islander: 0.8%
- White: 58.8%
- Other/Prefer Not to Say: 13%
- Unknown: 0.9%



# Education



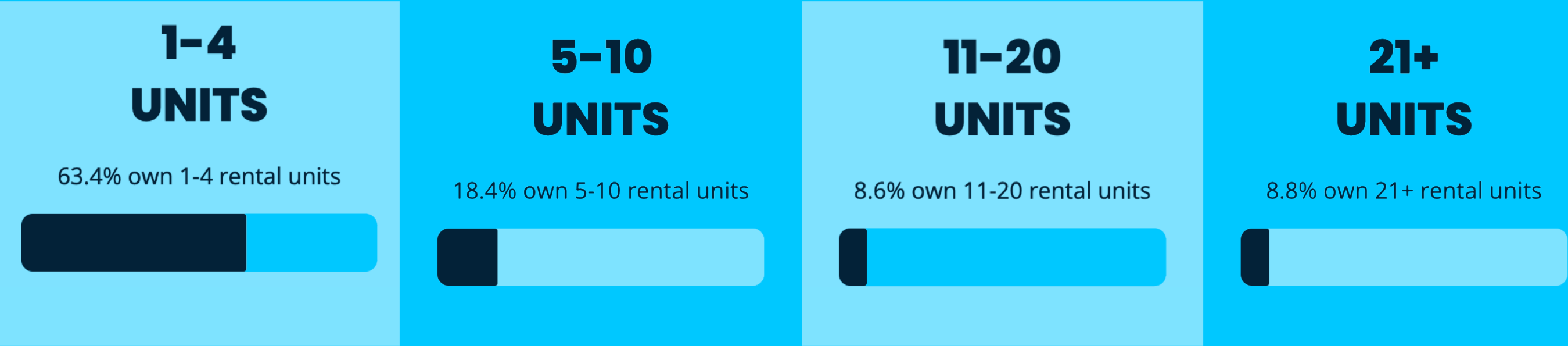
- Some high school, no diploma: 0.9%
- High school diploma/GED: 14.4%
- Associate's/ Bachelor's degree: 44.9%
- Graduate/ Professional degree: 39.9%

# Location

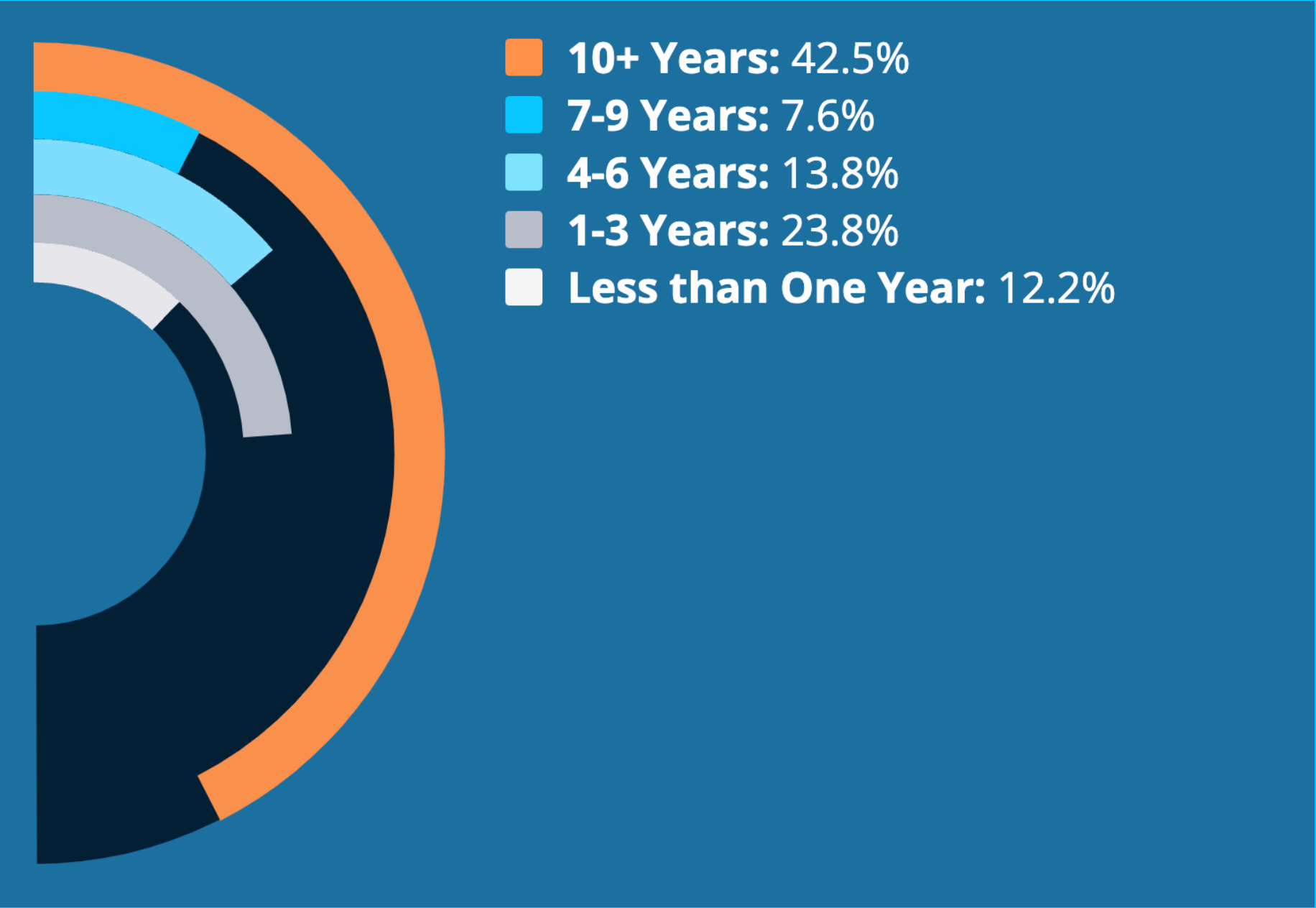


- Urban: 49.7%
- Suburban: 39.1%
- Rural: 11.2%

# Number of Rental Units Owned



# Number of Years of Landlording Experience



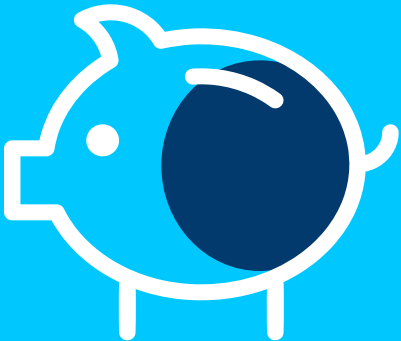
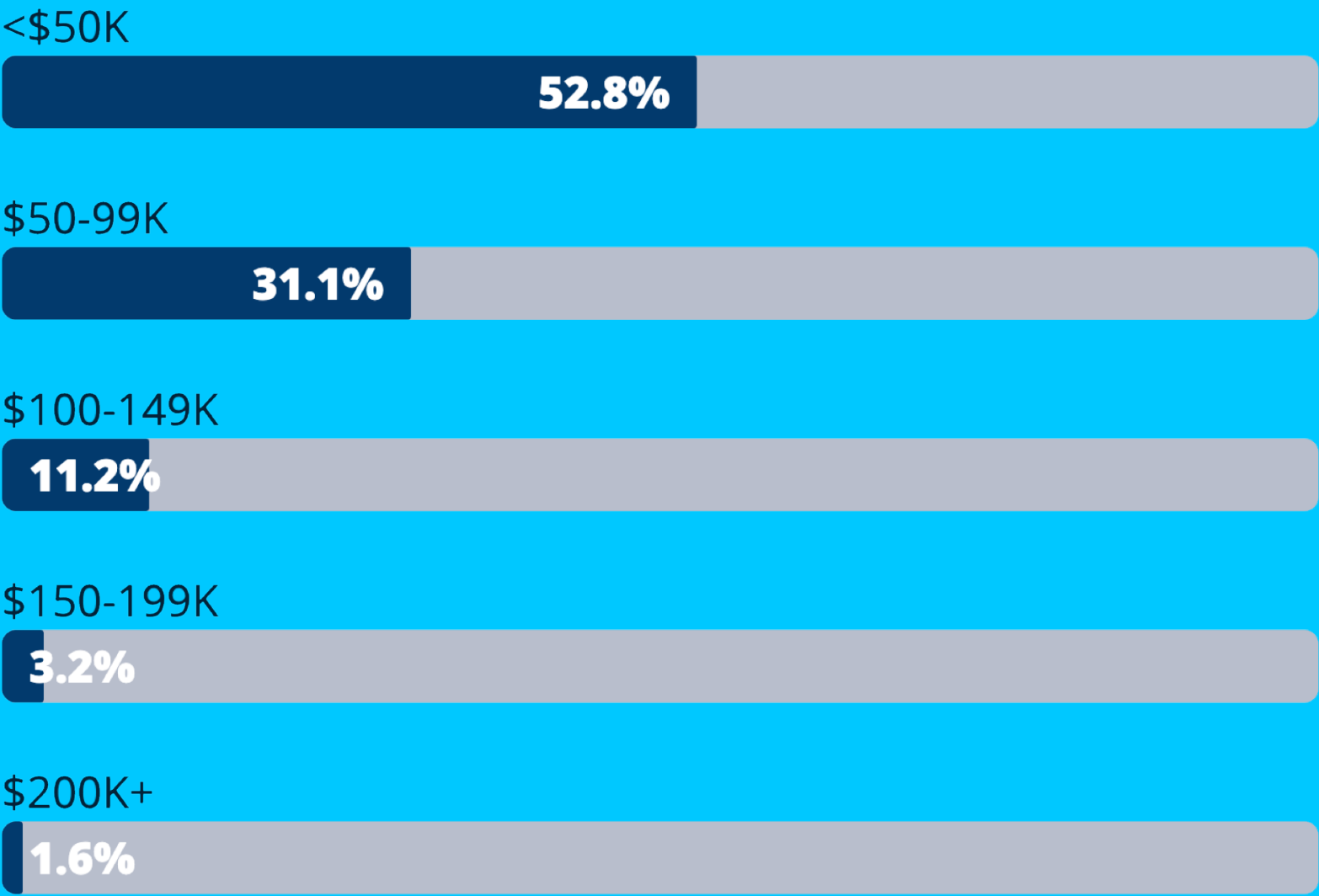
# Property Management Business Structure



- Sole Proprietorship: 46.7%
- LLC: 36%
- Other: 11.6%
- S-corp: 3.3%
- Partnership: 2.5%

# Landlord Demographics

## Household Income

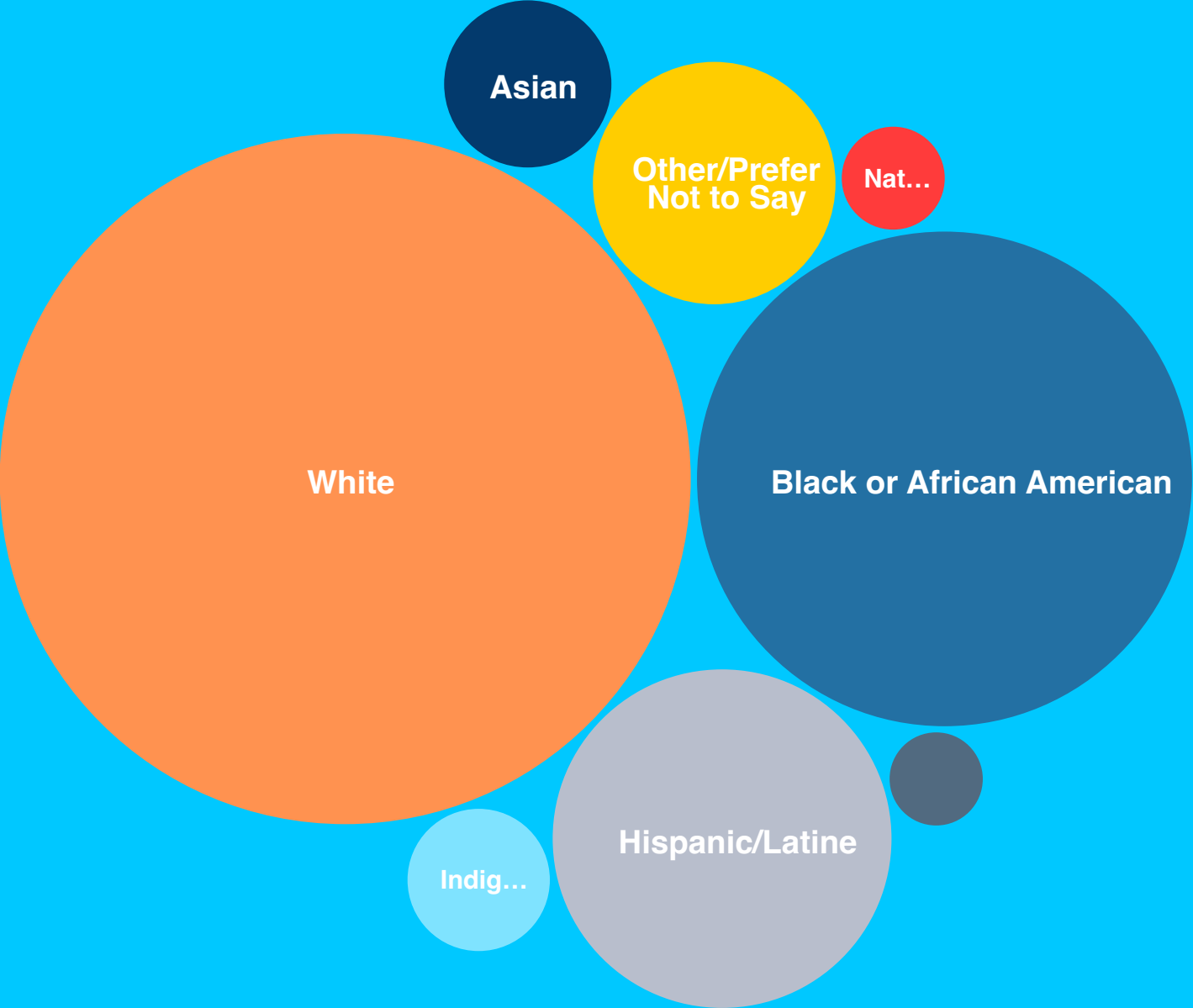


# Gender



- Female: 66.3%
- Male: 30.9%
- Prefer Not to Answer: 1.8%
- Non-Binary / Third Gender: 1.0%

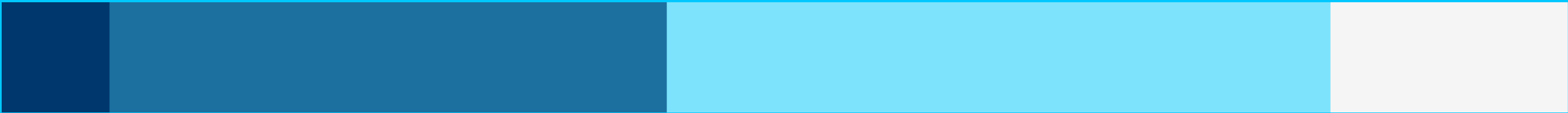
# Race & Ethnicity



- Asian: 2.9%
- Black or African American: 25.4%
- Hispanic/Latine: 11.9%
- Indigenous/Alaska Native: 2.1%
- Native Hawaiian/Pacific Islander: 1.1%
- White: 49.5%
- Other/Prefer Not to Say 6.1%
- Unknown: 0.9%



## Education



- Some high school, no diploma: 6.8%
- High school diploma/GED: 35.4%
- Associate's/ Bachelor's degree: 41.6%
- Graduate/ Professional degree: 15.3%

# Location



- Urban: 59.8%
- Suburban: 28.4%
- Rural 11.7%

# TurboTenant's Methodology

Throughout the first half of 2022, we regularly sent surveys to our active landlord and renter bases, receiving 4,040 completed responses. Survey topics covered rent payments, financial challenges, and sentiments surrounding the landlord-tenant relationship. Our surveys are conducted using Typeform. All data is for general analytical use only. Individual responses are confidential, and we do not share the identity publicly or with third parties. For access to the data or to discuss a collaboration, please email [press@turbotenant.com](mailto:press@turbotenant.com).

