appfolio

Property Management Benchmark Report

Inside the strategies, technologies, and metrics driving performance

2026 Edition

02 Introduction and Key Findings

03 Market Trends and Expectations

09 Resident Experience: A Strategic Response to Occupancy Pressure

15 Fraud: A Common and Costly Risk

19 The State of AI in Property Management

23 Performance Expectations for 2026

27 Tracking Performance: Metrics, Gaps, and Constraints

30 The Performance Platform for Modern Property Management

Introduction

The real estate industry has reached a crucial pivot point where “business as usual” is no longer an option to achieve success. Net operating income (NOI) is being squeezed by record-high operating costs and elevated vacancy rates, while the modern resident demands a high-touch service model and flexibility.

Is a complete structural overhaul the answer, or could the right technology tools offer a simpler solution? Artificial intelligence (AI) and automation are no longer future concepts; they are the reality defining modern property management operations — and business growth.

Inside the 2026 Benchmark Report, you'll find the strategies and data-backed moves that forward-looking property management leaders are making. The industry is concerned — but our findings show why the most proactive players are confidently poised to win.

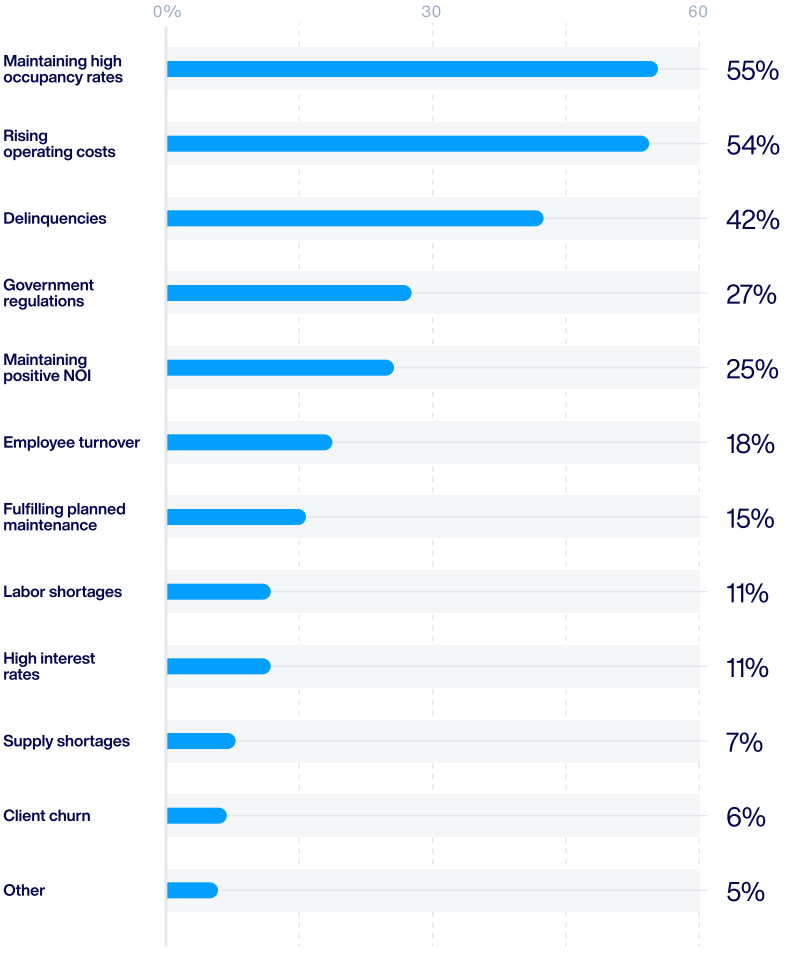
Key Findings

- Rising vacancies are property managers' top challenge for 2026. In response, 86% of respondents are actively implementing strategies focused on improving the resident experience to maintain healthy occupancy rates.
- While property managers are offering more resident services this year, high-demand options such as resident benefits packages (RBPs) and security deposit alternatives (SDAs) are offered by less than 30% of managers.
- AI adoption is rapidly accelerating, with 44% of all respondents — and over half of executive leaders — now using AI in their roles.
- A strong majority of managers track key metrics (marketing, rent collection, maintenance, and resident satisfaction) primarily to drive performance improvements. The most frequently cited barrier to tracking these metrics is lack of time.
- Despite confronting market challenges, 81% of property managers remain optimistic about the state of their business, and 77% expect to add new units in 2026.

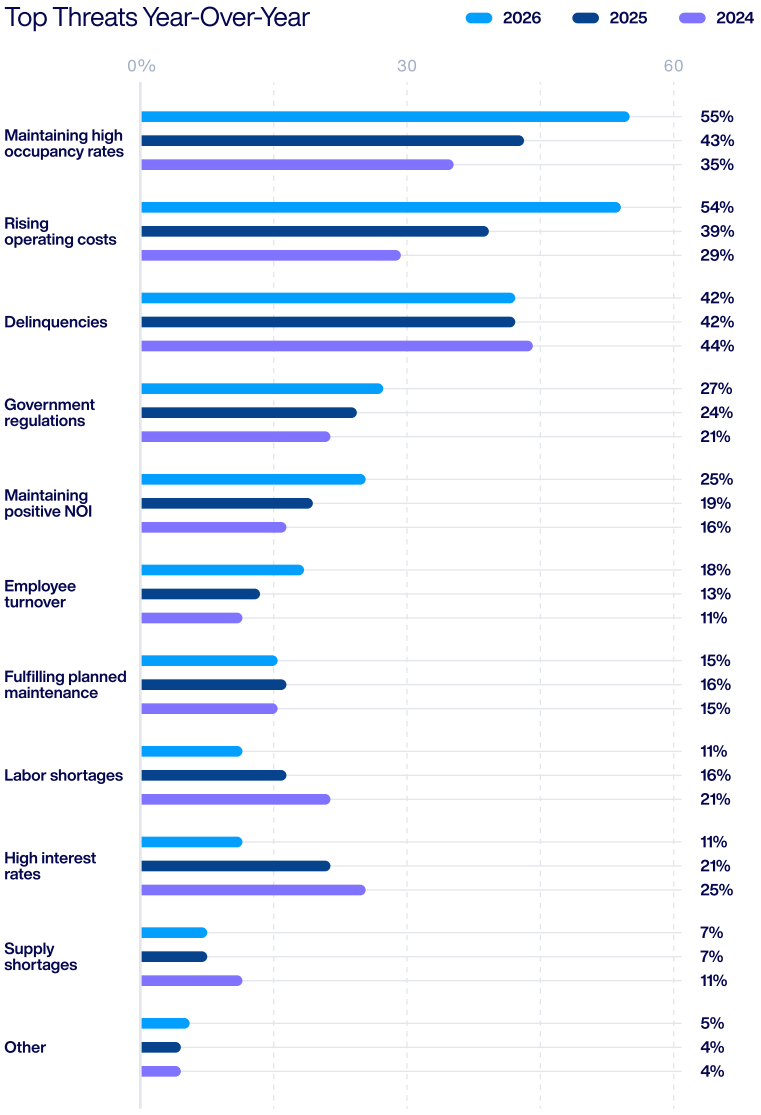
Market Trends and Expectations

In 2026, two critical threats are top of mind: maintaining high occupancy rates and rising operational costs.

Top Threats Heading into 2026



A year-over-year analysis shows that both threats have become more common since last year.



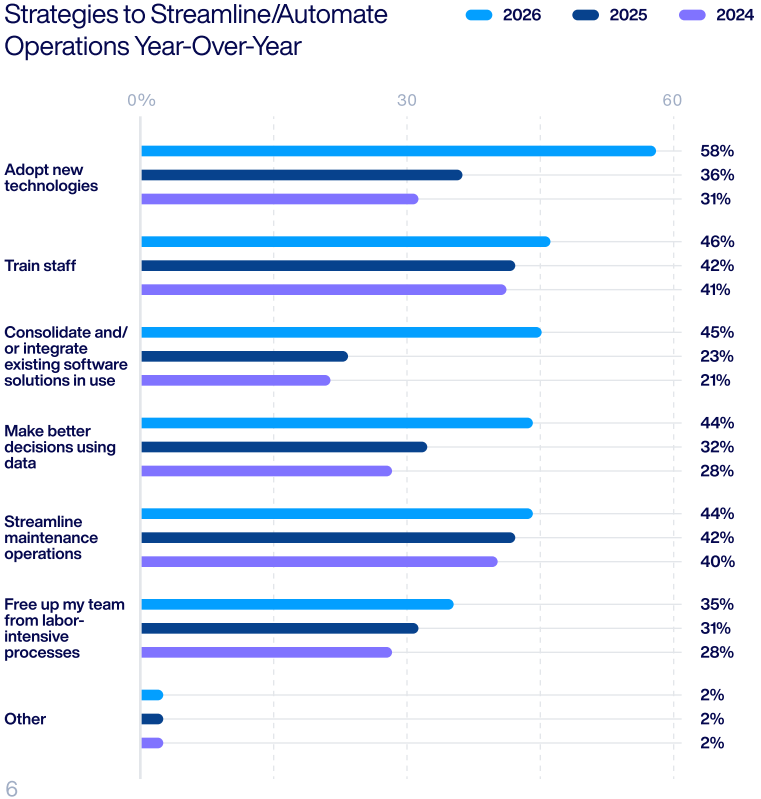
As vacancies and costs rise in tandem, maintaining healthy occupancy while preserving profitability becomes significantly more challenging.

How Property Managers Are Responding

To navigate this environment, property management companies are leaning harder into technology than ever before:

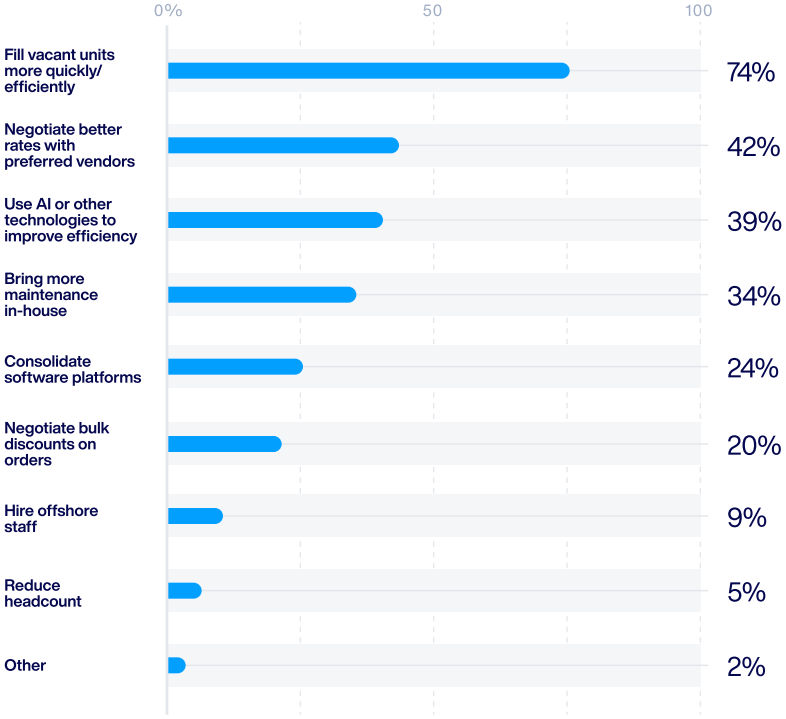
- Adopting new technologies is the top strategy being pursued to streamline or automate operations in 2026, up from third place last year.
- Consolidating software and making better decisions with data also saw large year-over-year increases, signaling a shift toward more integrated, data-driven operations.

Strategies to Streamline/Automate Operations Year-Over-Year

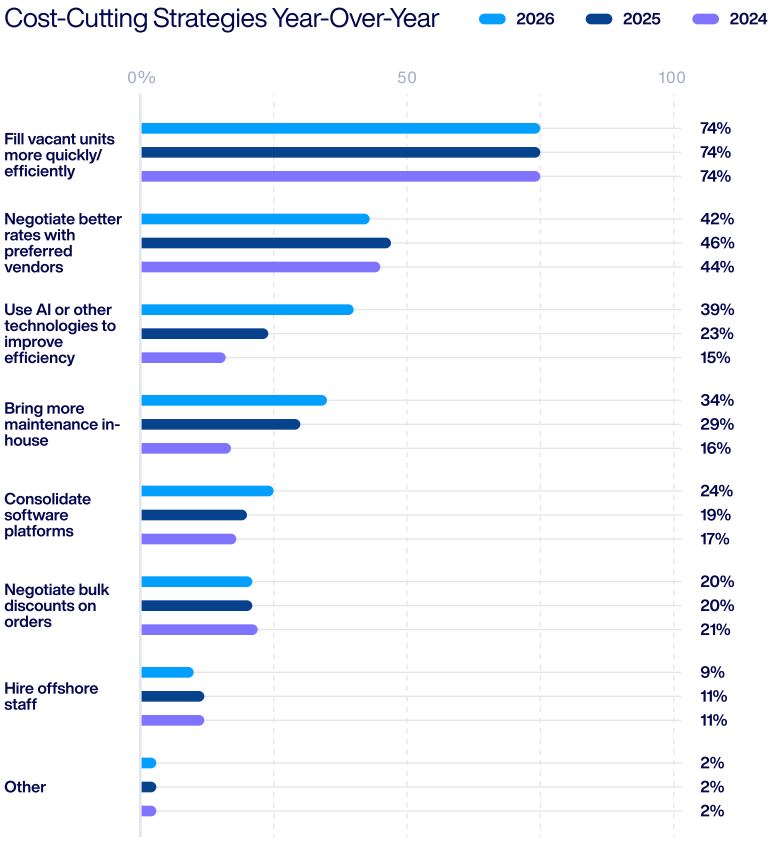


On the cost side, the single most common cost-cutting strategy is to fill vacancies more quickly and efficiently, directly tying back to occupancy concerns.

Opportunities to Cut Costs in 2026



The number of property management companies planning to leverage AI to improve efficiency has been increasing steadily year-over-year and is now one of the top three strategies being pursued to cut costs (up from number 5 last year).



Among AI users, leveraging AI to improve efficiency is the leading cost-cutting strategy. This highlights the technology's usefulness, yet its tangible impact often remains unclear until experienced firsthand.

The market narrative is clear: As external pressures mount, technology and AI are becoming central levers for protecting NOI and sustaining growth.

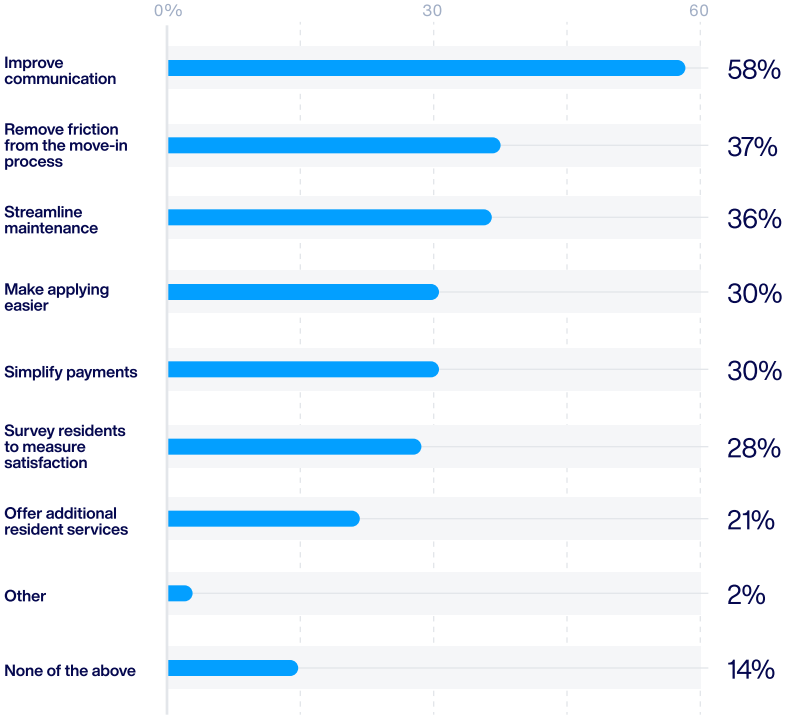
Resident Experience: A Strategic Response to Occupancy Pressure

Concerns about occupancy are leading to a renewed emphasis on the resident experience.

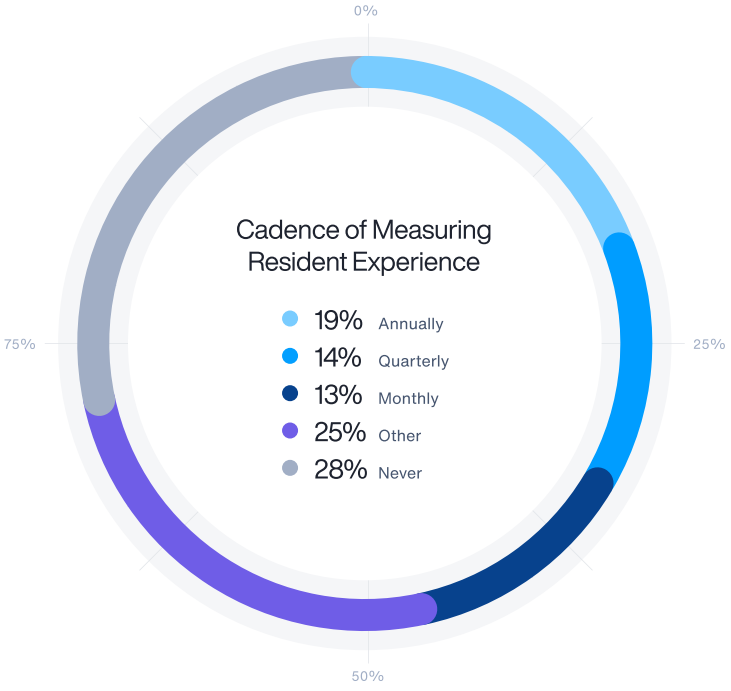
Measuring What Matters: Resident Experience and Satisfaction

Eighty-six percent of property managers report taking steps to improve the resident experience, with the top strategy being better communication — a theme that runs across resident-facing operations, from leasing and onboarding to maintenance and renewals.

Strategies to Improve the Resident Experience



Most property managers are also quantifying resident sentiment. Seventy-two percent now measure resident satisfaction, up slightly from 70% in 2025 and significantly from 60% in 2024.



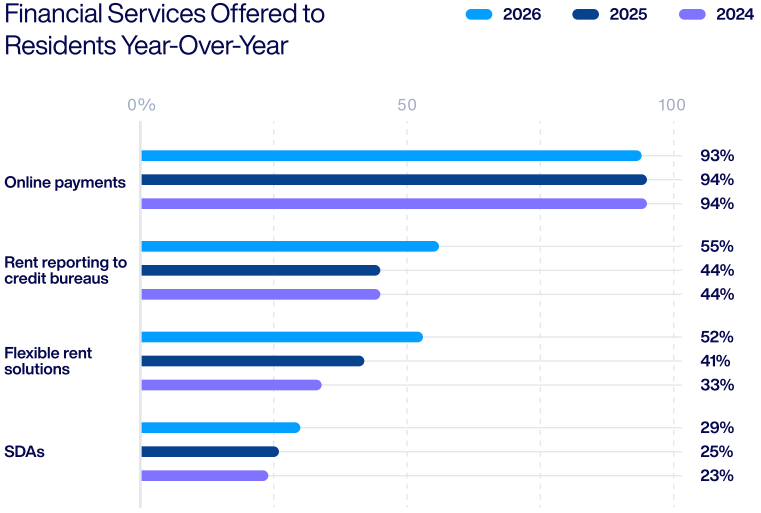
This steady increase suggests that companies increasingly view resident satisfaction as a leading indicator of occupancy, retention, and long-term performance.

Financial Services: Demand Far Exceeds Supply

The survey also tracked adoption of resident-facing financial services, including rent reporting, flexible rent payment options, security deposit alternatives (SDAs), and online payments.

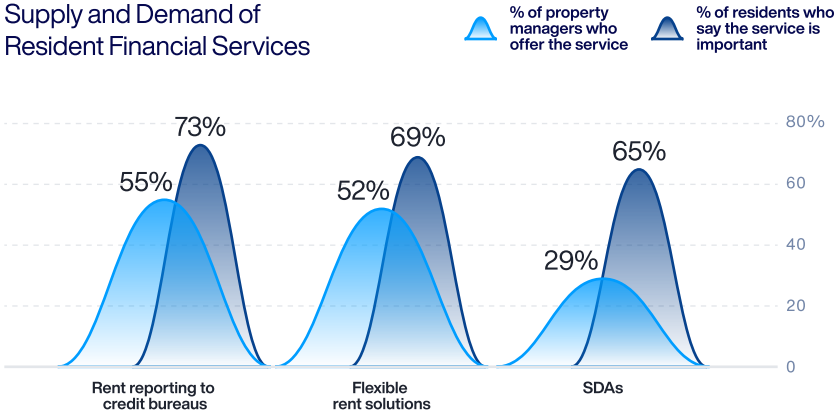
For the first time since we began tracking this data, rent reporting and flexible rent are now offered by a majority of property managers.

Financial Services Offered to Residents Year-Over-Year



SDAs ticked up, and online payments remained relatively stable. However, resident demand still substantially exceeds availability — especially for SDAs, where only 29% of property managers offer them, but 65% of residents say the availability of this service would be important when evaluating a new lease, according to data from our 2025 Renter Preferences Report.

Supply and Demand of Resident Financial Services



These gaps create a clear competitive opportunity: Property managers who offer modern financial services can differentiate themselves with cost-conscious and flexibility-seeking renters.

Resident Benefits Packages: An Opportunity to Stand Out

Only 22% of property managers currently offer a Resident Benefits Package (RBP) — bundling services such as credit building, utilities support, maintenance support, and rewards — during onboarding.

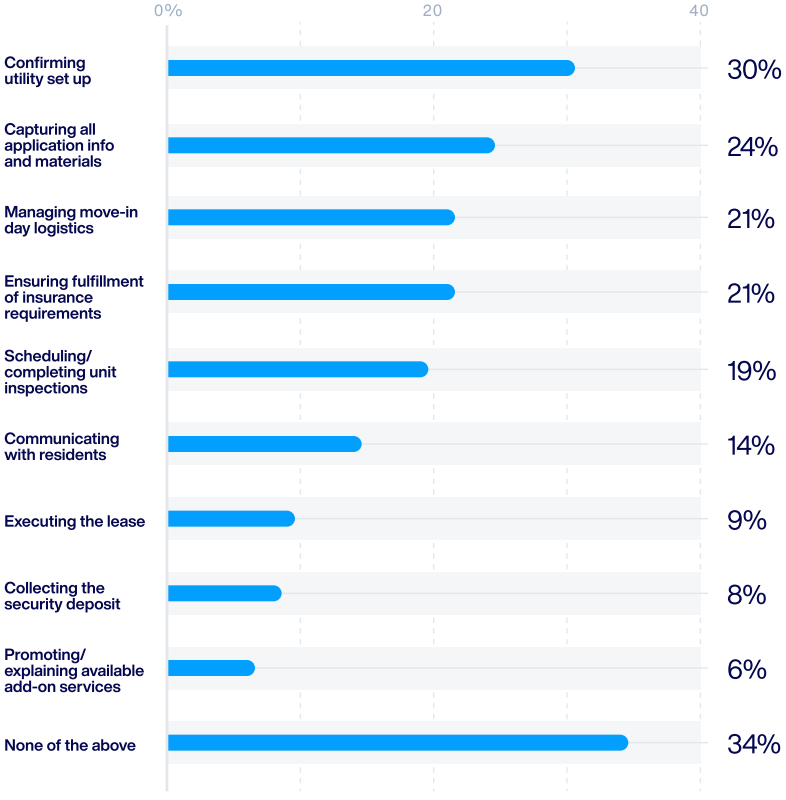
Availability of RBPs

22%	15%	63%
Currently offered	Planning to offer	No plans to offer

However, data from our 2025 Renter Preferences Report shows that 71% of residents say RBPs would be important when evaluating a new rental. Beyond providing a competitive edge, RBPs offer a powerful solution for reducing move-in friction.

The current onboarding process is highly challenging for most companies — only 34% report no difficulties — and utility setup consistently stands out as the greatest point of friction, confirmed by both property managers in this year's survey and resident's in last year's Renter Preferences Report.

Resident Onboarding Challenges



As occupancy pressure increases, RBPs represent a tangible way to stand out and deepen resident loyalty, especially when utility setup is a top frustration for both residents and property managers. This alignment highlights the opportunity for workflow automation and concierge-style services at move-in to reduce friction, save time for your team, and establish a strong resident relationship on a solid foundation.

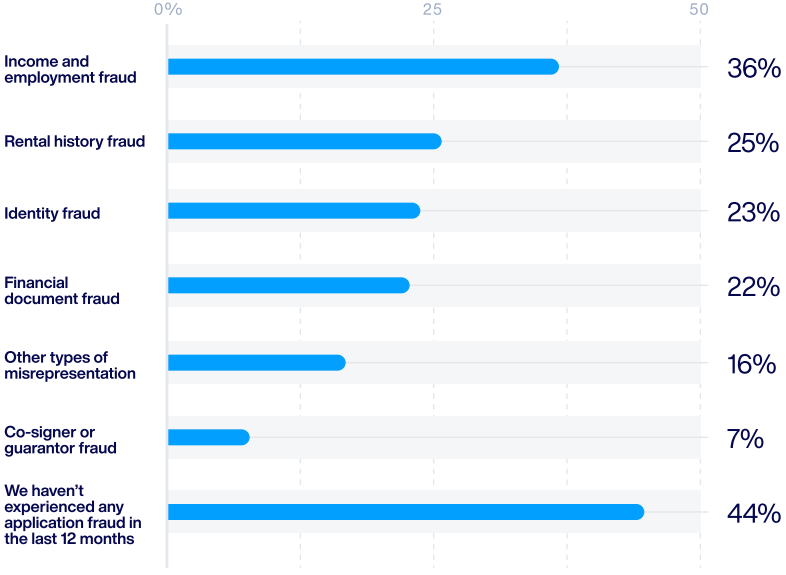
Fraud: A Common and Costly Risk

Fraud remains a significant concern across the property management industry, particularly as digital leasing accelerates and identity verification grows more complex.

The Prevalence of Rental Application Fraud

More than half of property managers surveyed report experiencing at least one form of rental application fraud in the last 12 months.

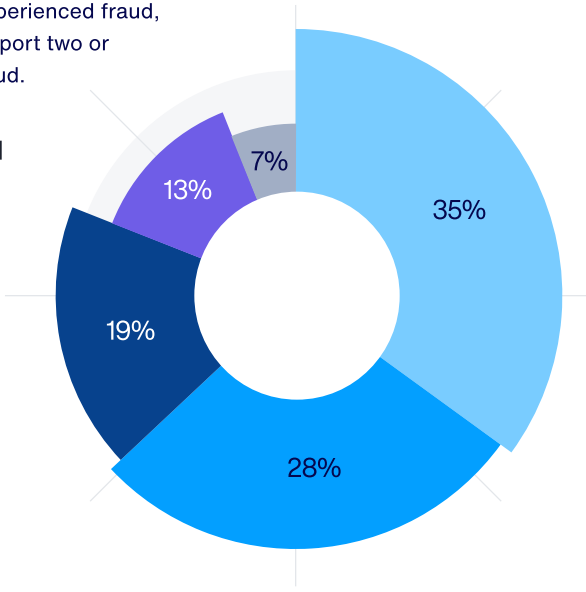
Types of Rental Application Fraud Experienced in the Last 12 Months



Among those who have experienced fraud, nearly two-thirds (65%) report two or more different types of fraud.

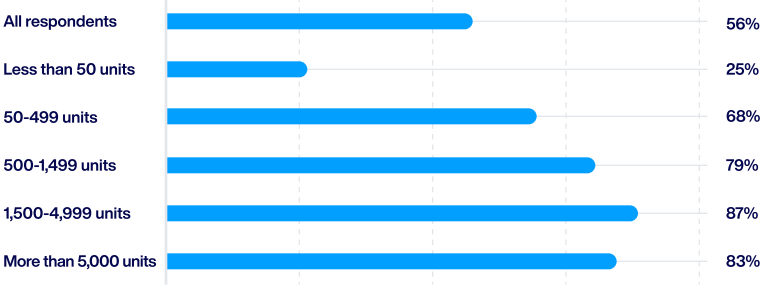
Different Types of Rental Application Fraud Experienced

- 35% One type of fraud
- 28% Two
- 18% Three
- 13% Four
- 7% Five or more



Fraud is far more common among larger businesses, which process more applications and operate at a greater scale.

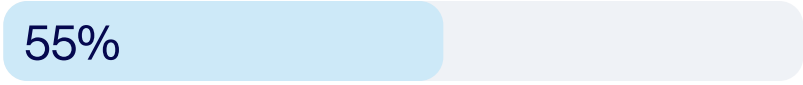
% of Respondents Who Have Experienced Rental Application Fraud



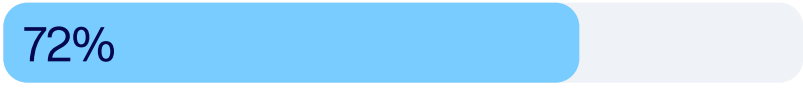
Income and employment misrepresentation are the most frequently cited forms of application fraud, but identity, documentation, and rental history-related fraud also appear across portfolios.

How Property Managers Are Responding

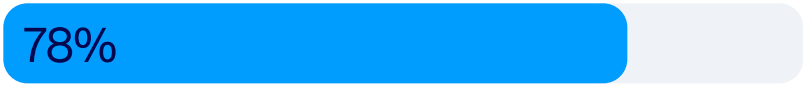
Fraud is not just an operational nuisance — it has clear performance implications:



55% of respondents adjusted their tenant screening process in the last 12 months in response to application fraud.



72% agree that application fraud has a negative impact on their company's performance.



Interestingly, even with this level of fraud exposure, 78% of respondents remain confident in the authenticity of applicant-provided documentation, such as IDs or pay stubs.

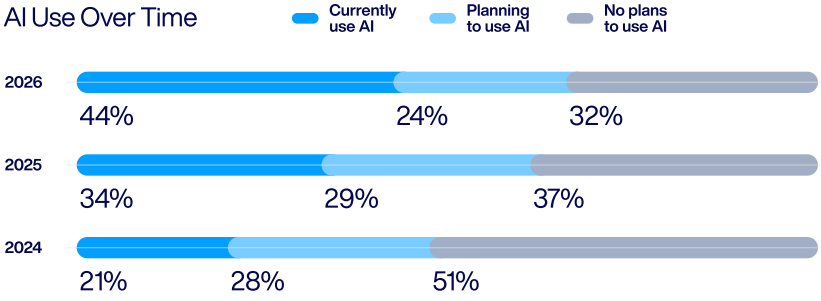
This suggests that while fraud is recognized and impactful, many businesses may still underestimate its prevalence — and the sophistication of fraudulent documentation. As occupancy becomes harder to maintain, the pressure to approve qualified applicants quickly can create tension with the need for rigorous fraud prevention. This is an area where technology, integrated screening tools, and policy updates are likely to play a bigger role going forward.

The State of AI in Property Management

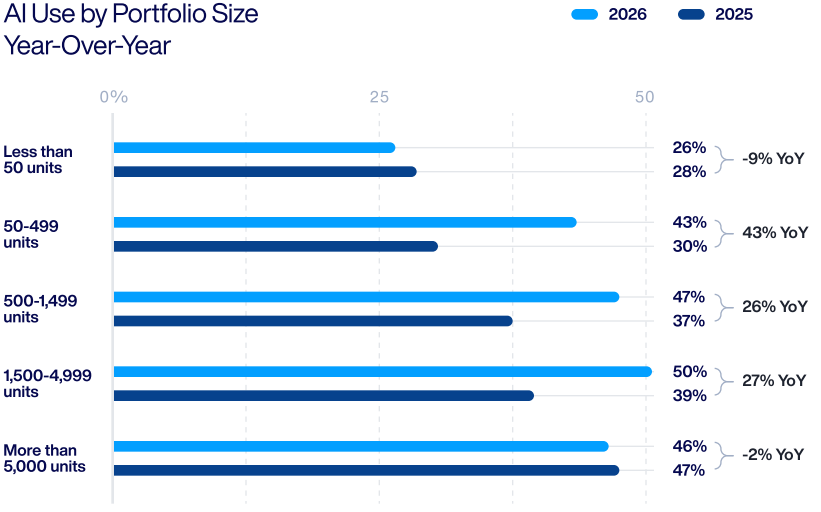
AI has moved firmly into the mainstream of property management operations

Adoption Is Growing — and the Gap Is Narrowing

Overall, AI usage increased by 29% year-over-year, with 44% of respondents now utilizing AI in their roles.



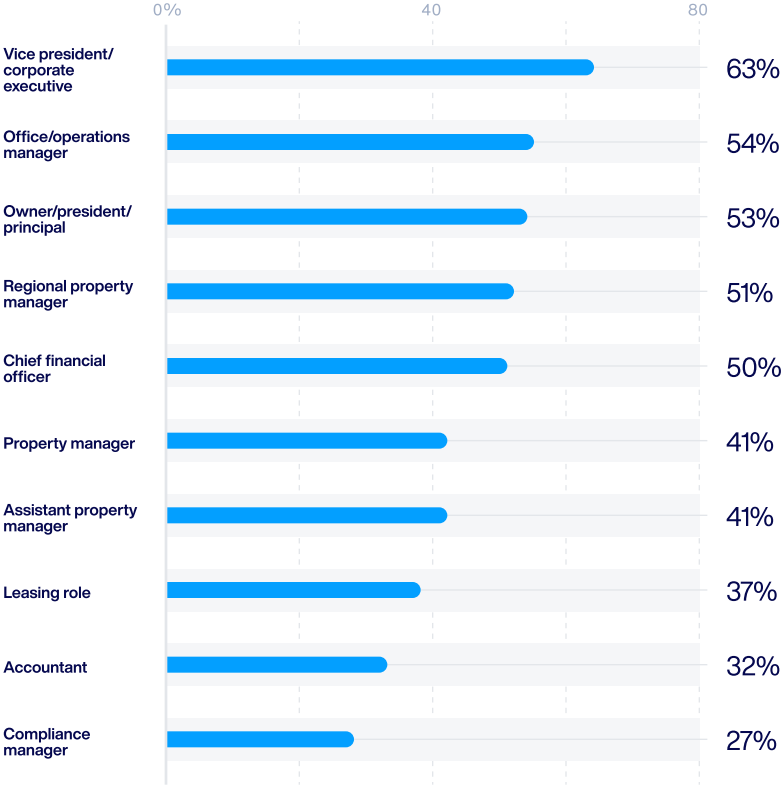
Adoption gains among smaller operators were especially strong, narrowing the gap between small and large businesses.



With AI becoming more accessible, small businesses can now automate tasks such as marketing, customer support, and operations at a level once reserved for enterprise-level businesses.

AI use also increased across nearly every role, with leadership roles such as vice president and other executives now exceeding 50% adoption.

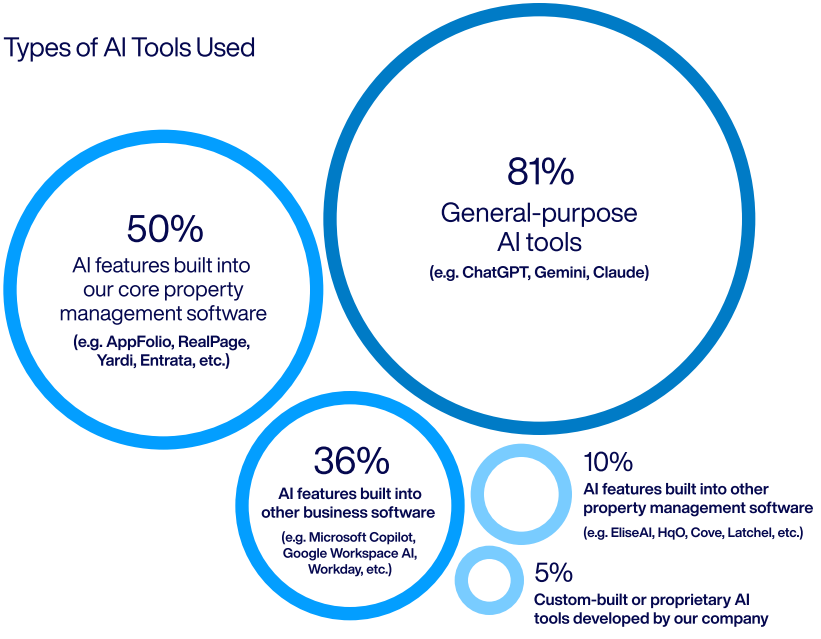
AI Use by Role



The implication is clear: AI is becoming a leadership-level tool for strategy, decision-making, and performance optimization.

AI Tools in Use: General vs. Embedded

Among respondents who use AI, the vast majority rely on general-purpose AI tools (for example, standalone AI assistants and content tools). Only about half report using AI features built into their core property management software (that number jumps to 98% among AppFolio customers[1]).



[1] Based on a Q3 2025 AppFolio Property Manager usage report.

Performance Expectations for 2026

Despite pressure on NOI and rising costs, property managers are entering 2026 with a striking degree of confidence.

Overall Confidence

Eighty-one percent of respondents say they are confident in the state of their business heading into 2026 — up slightly from last year.

Confidence Heading Into 2026

Notably, the share of those who are very confident increased from 39% in 2025 to 50% in 2026, marking a substantial shift in sentiment. Several factors likely contribute to this optimism:

- Expectations that new construction will taper in 2026, which could ease vacancy pressure and support rent growth
- Recent and anticipated interest rate cuts, which may lower borrowing costs for acquisitions and capital projects
- A more business-friendly, deregulatory national policy environment that many leaders view as supportive of investment and expansion.

Portfolio Growth

Seventy-seven percent of property managers expect the number of units in their portfolio to increase in 2026, up from 65% in 2025.

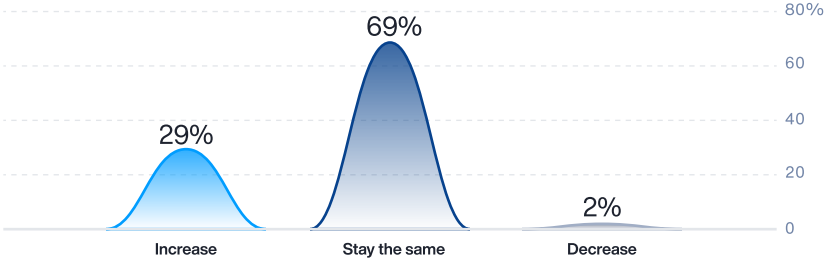
On average, respondents expect their portfolios to grow by about 12%. AI users stand out even more, expecting their portfolios to grow by around 29%. This reinforces that efficiency gains achieved through AI use make it possible for AI users to grow more rapidly.

Headcount Outlook

Despite stronger expectations for unit growth, staffing plans are more cautious:

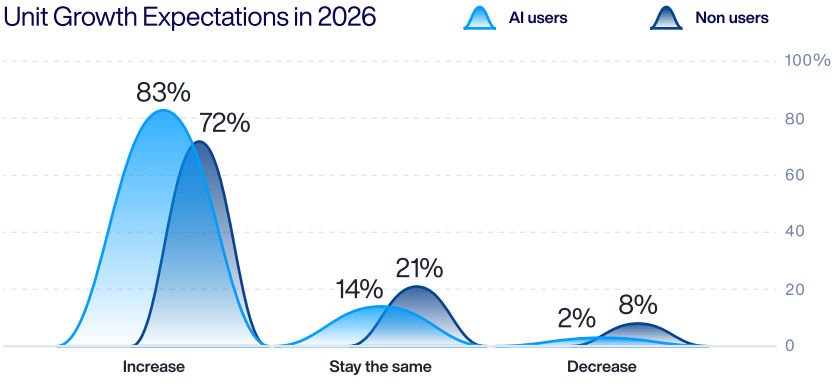
- Sixty-nine percent of respondents expect headcount to stay the same in 2026.
- Only 29% expect headcount to increase, down sharply from 49% in 2025.

Headcount Expectations in 2026

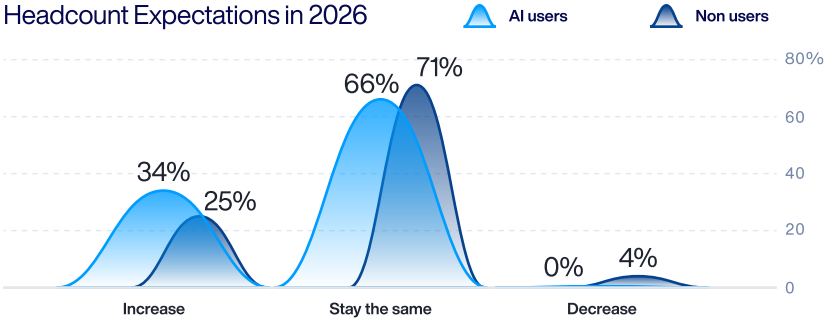


AI and Performance Expectations

The survey findings indicate a significant correlation between AI adoption and a confident performance outlook. Specifically, property management leaders currently using AI are more likely to anticipate portfolio growth compared to non-users. On average, AI users expect the number of units in their portfolio to grow by 31%, compared to just 12% for non users.



AI users are also more likely to be planning headcount increases, even as the broader industry anticipates relatively flat staffing levels. While this may seem counterintuitive to the expectation that AI enables businesses to do more with less, it actually reflects the growth expectations of AI users — their expected portfolio expansion is significant enough to necessitate an increase in staff to manage that growth.



Tracking Performance: Metrics, Gaps, and Constraints

With performance front and center, this year's survey took a deeper look at which metrics property managers actually track — and why.

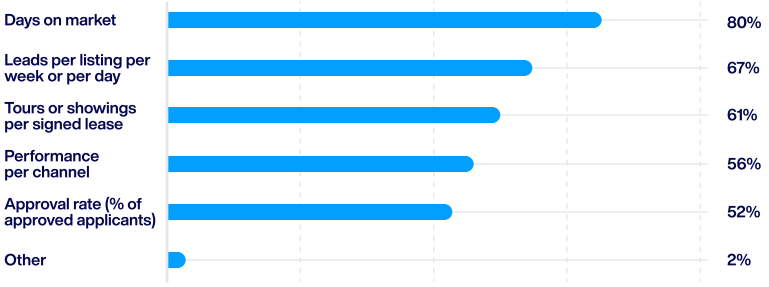
Operational Metrics Are Widely Tracked

Large majorities of businesses consistently track metrics pertaining to marketing and leasing, rent collection and delinquency, and maintenance.

Marketing and Leasing

Eighty-five percent of respondents track marketing and leasing metrics such as days on market, leads per listing, and approval rate.

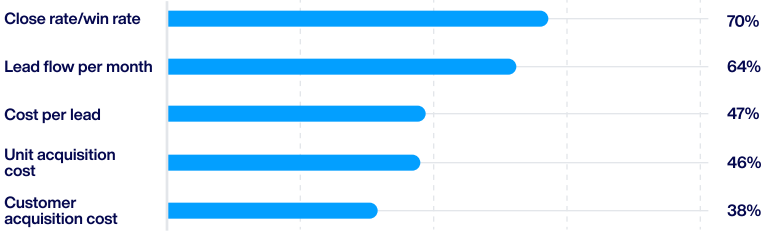
Marketing and Leasing Metrics Tracked



Owner and Investor Marketing

Among fee managers, 62% track metrics related to acquiring new owners, investors, or clients. Win rate and lead flow per month are tracked by 70% and 64% of respondents, respectively. However, less than half track metrics like cost per lead/unit and customer acquisition cost.

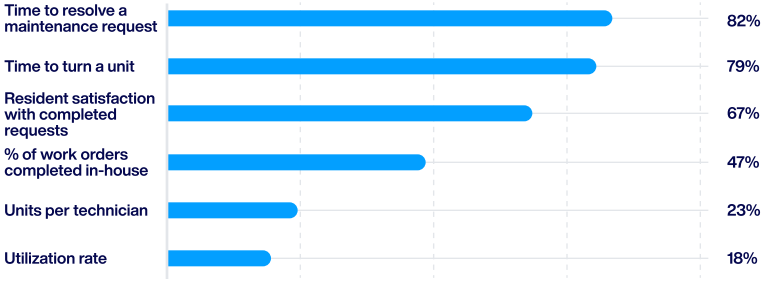
Owner/Investor Marketing Metrics Tracked



Maintenance

Seventy-seven percent track maintenance metrics, including days to turn a unit and days to resolve requests including time to resolve a maintenance request and time to turn a unit.

Maintenance Metrics Tracked



In follow-up questions that asked why property managers do or do not track performance metrics in these areas, the top reason for tracking metrics is to improve performance. The top reason for not tracking metrics is lack of time or bandwidth, highlighting a core tension in performance management: Leaders know what they should measure, but the effort required to set up, maintain, and interpret reporting often competes with day-to-day operational demands.

The Performance Platform for Modern Property Management

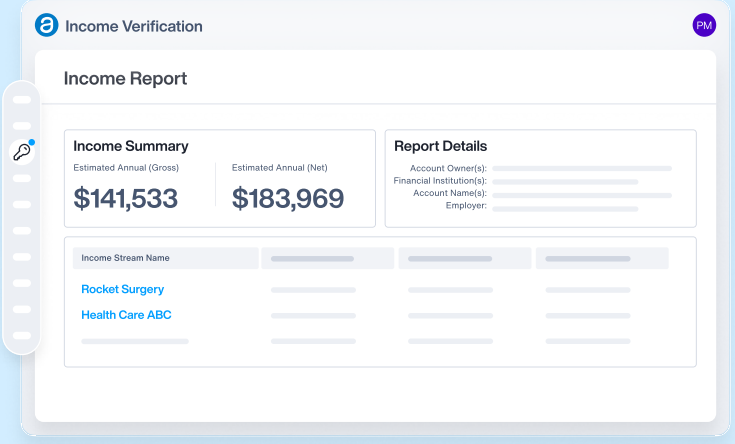
The 2026 Benchmark and Performance Survey makes two things clear:

- Occupancy, costs, fraud, and rising resident expectations are reshaping the industry.
- AI and technology are now the primary tools property managers plan to use to streamline, cut costs, track performance, and grow.

The AppFolio Performance Platform stands at this intersection:

folioscreen

FolioScreen™ Trusted Renter equips property managers with all the tools to make informed decisions — credit checks, criminal history, landlord-tenant history, and income, employment, and ID verification — all in one place.



Resident Onboarding

Simplify what has traditionally been a manual process into a guided move-in experience for residents, boosting satisfaction on day one and giving your team greater visibility into the process.

Enhanced Move-In Insights

See every resident's onboarding status at a glance. Upcoming move-ins stay visible on your dashboard, allowing you to track progress and keep residents completing tasks before move-in day.

Guided Move-In Experience

Replace manual follow-ups with a simple self-service checklist. Residents complete key steps in minutes — freeing your team from emails and calls.

Seamless Utility Configuration

Streamline the number one move-in pain point. Assign required utilities and let residents confirm setup directly in their checklist — no back-and-forth, all in one system.

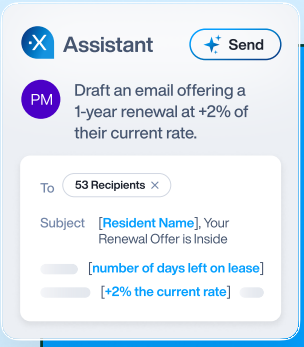
Resident Onboarding Lift

Developed in partnership with Second Nature, Resident Onboarding Lift seamlessly offers Resident Benefits Packages, Group Rate Internet, and FolioGuard™* during lease signing. Renters get convenience and savings on services they would otherwise purchase piecemeal, while property managers can capture significant revenue with every new lease.

*FolioGuard™ is a collection of comprehensive, best-in-class risk mitigation products for residents and property managers that includes FolioGuard™ Smart Ensure, FolioGuard™ Security Deposit Alternative powered by Obligo, and access to Renters Insurance.

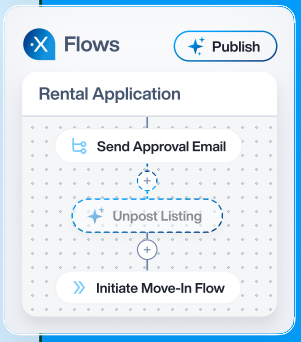
appfoliorealm·x

AppFolio Realm-X is AppFolio's suite of native AI tools, including:



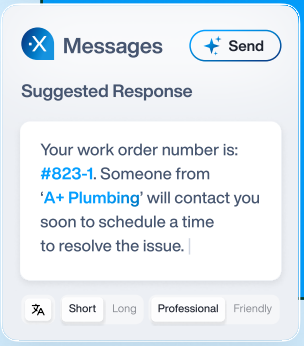
Realm-X Assistant

As your copilot, Realm-X Assistant can instantly draft personalized communications, execute bulk actions, and generate ad hoc reports on the fly, all with a simple request.



Realm-X Flows

Realm-X Flows is a workflow automation engine that standardizes processes, increases efficiency, and guides teams to consistently achieve high performance.



Realm-X Performers

Realm-X Performers utilize agentic AI to automate entire workflows and repetitive tasks, operating 24/7 within your existing system to achieve optimal leasing, maintenance, and resident satisfaction outcomes.

Your Partner in Performance

Instead of just helping teams do the same work faster, AppFolio is built to help property management companies create enduring value for residents, teams, owners, and investors — and to thrive in an environment where performance is the ultimate differentiator.

To learn more about how the AppFolio Performance Platform can be a partner in your success, schedule a custom demo with us at appfolio.com.

appfolio