HBS GLOBAL corporation

WHY RENTERS RENEW

The operating system behind resident retention, pricing power, and durable multifamily value

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THE HBS VIEW

Residents renew when the value and certainty of staying exceed the financial, practical, and emotional case for leaving.

EXECUTIVE SUMMARY

Renewal is not primarily a leasing-office event. It is the cumulative result of hundreds of small experiences during the lease term: whether the apartment works, whether the resident feels safe and respected, whether maintenance is dependable, whether charges are understandable, and whether the new price still feels fair relative to the alternatives.

For owners, the practical mistake is to treat renewal as a notice sent 60 or 90 days before expiration. By then, the resident has already formed most of the opinion that determines the decision. The renewal offer can influence the outcome, but it rarely repairs a year of friction.

CORE CONCLUSION

Retention is earned operationally, tested economically, and closed administratively.

This paper presents the HBS Renewal Equation: a resident is likely to stay when perceived home value, service trust, neighborhood fit, social attachment, and the avoided cost of moving collectively outweigh the proposed rent change, accumulated dissatisfaction, and the attractiveness of available alternatives.

The evidence supports a disciplined focus on fundamentals. In the 2021 American Housing Survey, 31.8% of renter households that moved cited a larger or better-quality home as a reason. The same Census analysis found that 58.5% located a new rental in less than a month, showing that once the decision to leave is made, the market can move quickly. Meanwhile, Census reported that 49.7% of renter households were cost-burdened in 2023. Renewal strategy therefore must protect the lived experience while respecting genuine affordability limits.

The owner's objective is not to maximize renewal percentage at any price. It is to maximize renewal-adjusted revenue: the expected economic value of keeping a resident after considering rent, concessions, vacancy, make-ready expense, leasing cost, bad debt risk, and the probability that a replacement resident can actually be secured at the asking rent.

1: THE HBS RENEWAL EQUATION

The decision can be expressed as a simple behavioral model:

RENEWAL LIKELIHOOD

[Home value + service trust + location fit + attachment + avoided moving cost] − [rent pressure + unresolved friction + strength of alternatives]

This is not intended as a statistical formula. It is a management framework. Each term is observable, and most can be influenced by property operations.

Force	What the resident is really asking	Owner's controllable response
Home value	Does the apartment still meet my household's needs?	Condition, cleanliness, functionality, quiet, connectivity and targeted upgrades
Service trust	Will management respond fairly and reliably when something goes wrong?	Maintenance execution, communication, follow-through and consistent policies
Location fit	Does this home still support my work, school and daily life?	Protect access, security, parking and neighborhood convenience
Attachment	Would leaving disrupt routines, relationships or identity?	Community belonging, staff continuity and respectful resident engagement
Avoided moving cost	Is a new home worth the money, work and uncertainty of moving?	Make staying simple; remove administrative friction
Rent pressure	Can I afford the new total monthly cost?	Price discipline, transparent fees and appropriate term/options
Alternatives	Can I obtain clearly better value nearby?	Current comp intelligence and product-specific positioning

2: THE SEVEN REASONS RENTERS RENEW

2.1 THE HOME WORKS

The first requirement is functional reliability. Water, HVAC, appliances, locks, lighting, internet access and basic building systems are not amenities; they are the product. Residents may forgive an occasional failure. They are far less forgiving of repeated failure, slow response, weak communication, or a repair that does not hold.

Quality also matters as households change. Census data identify the desire for a larger or better-quality home as a leading reason for moving. The retention implication is straightforward: operators should look for inexpensive ways to restore the resident's sense that the current home is still competitive—freshening worn finishes, resolving chronic work orders, offering transfer options, or completing a pre-renewal condition review.[1]

2.2 MANAGEMENT HAS EARNED TRUST

Residents renew when the property feels predictable. Trust is built when staff members answer, explain, document and do what they promised. It is destroyed by surprise fees, unanswered messages, inconsistent rule enforcement and having to repeat the same problem to multiple people.

The strongest retention teams manage "closed-loop service": every meaningful resident issue has an owner, a promised next action, a deadline, and confirmation that the resident believes the matter is resolved. A work order marked complete in the software is not necessarily complete in the resident's mind.

2.3 THE PRICE FEELS FAIR—NOT MERELY LOW

Renters compare the renewal offer with both their budget and the market. Because nearly half of renter households were cost-burdened in 2023, affordability is not a messaging problem that operators can talk their way around.[2] Yet price is evaluated in context. A resident may accept an increase when the home is dependable, fees are transparent, the staff is credible, and competing properties would require deposits, application costs, movers, utility transfers, time and risk.

Fairness has a procedural dimension. Adequate notice, a clear explanation, consistent treatment, and real choices—such as lease length, transfer opportunities or a modest upgrade—can make the same economic offer feel more reasonable.

2.4 MOVING IS DISRUPTIVE AND UNCERTAIN

Leaving imposes visible costs—movers, deposits, applications, utility setup, cleaning and time off work—and invisible costs: search effort, uncertain neighbors, unknown management quality, commute risk and the possibility that the new unit will not match the tour. These switching costs naturally favor renewal, but owners should never mistake inertia for loyalty. Friction can delay a departure without preventing it.

The Census finding that most recent movers found a home quickly suggests that an operator's advantage can disappear once a resident begins an active search. Renewal conversations should therefore begin before the resident is shopping, not after.[1]

2.5 THE LOCATION AND ROUTINES REMAIN VALUABLE

Residents organize daily life around a home: commute, school, childcare, medical care, shopping, exercise, worship, parking and social relationships. The property's value is partly the value of those routines. Operators cannot change the neighborhood, but they can protect the resident's use of it through reliable access, lighting, security practices, parking management, package handling, landscaping and clean common areas.

2.6 THE RESIDENT FEELS RESPECTED AND CONNECTED

A resident does not need a calendar full of events to feel connected. Recognition, courtesy, staff continuity, quiet enjoyment and a sense that rules protect the community often matter more than elaborate programming. Community events can reinforce attachment, but they cannot compensate for dirty hallways, unresolved noise problems or dismissive service.

2.7 RENEWAL IS EASY

Administrative ease matters at the margin. NMHC's customer-experience research reported that 50% of respondents preferred an online-only renewal process and described self-service renewal tools as a way to simplify the resident experience. Digital convenience should be offered without eliminating a human path for residents who have questions or need options.[3]

3: WHY RENTERS LEAVE

Not all turnover is preventable. Job relocation, household formation, marriage, divorce, children, caregiving, military orders, home purchase and the need for a different unit type may override excellent operations. A serious retention program separates structural move-outs from controllable move-outs.

Move-out category	Typical examples	Management interpretation
Structural	Relocation, household-size change, home purchase, school or family need	Usually not "saveable"; offer transfer or sister-property options when relevant
Product gap	Needs larger, smaller, newer, quieter or more accessible unit	Potentially saveable through transfer, upgrade or targeted capital work
Service failure	Maintenance delays, poor communication, cleanliness, noise, policy inconsistency	Highly actionable; identify root cause and accountable owner
Economic pressure	Renewal increase, fees, income disruption, better competing value	Requires total-cost comparison and disciplined pricing
Relationship rupture	Resident feels ignored, embarrassed, treated unfairly or surprised	Often avoidable; escalation and recovery must occur before renewal season

Operators should code the primary and secondary reason for every notice, using a controlled list rather than free-form anecdotes. "Rent too high" is often true but incomplete. The useful question is: too high relative to what—the household budget, a specific competitor, the unit's condition, or the quality of service received?

4: THE ECONOMICS OF RENEWAL

A retained resident can avoid vacancy days, make-ready labor and materials, marketing, leasing commissions or payroll, concessions, screening risk and early-period delinquency. NMHC's 2023 customer-experience technology report cited an industry estimate of almost $4,000 in turnover cost per resident and a roughly 52% average resident retention rate for multifamily companies in 2022.[3] The exact figure for an owner should be calculated property by property.

The correct comparison is not "old rent versus market rent." It is expected cash contribution under each path:

Renew current resident	Replace with new resident
New renewal rent × expected occupied months	New lease rent × expected occupied months
Less any renewal concession or upgrade	Less vacancy loss and new-lease concessions
Less incremental service/upgrade cost	Less make-ready, marketing and leasing cost
Adjusted for resident payment history	Adjusted for collection, screening and execution risk

ILLUSTRATIVE EXAMPLE

If 50 leases expire and renewal performance improves from 50% to 60%, five additional turns are avoided. At an illustrative $4,000 per turn, that protects about $20,000 before considering rent collection, staff capacity, or avoided vacancy days.

This analysis also prevents false economy. Granting a large concession to retain every resident can suppress revenue, while pushing every resident to the highest advertised comp can create expensive vacancy. The best decision is unit-specific and probability-weighted.

5: A RENEWAL OPERATING SYSTEM

5.1 DAY 1 THROUGH DAY 300: EARN THE RENEWAL

Track first-week defects, repeat work orders, unresolved complaints, payment friction, rule-enforcement conflicts and low survey scores. Contact new residents after move-in, confirm that repairs actually solved the problem, and review recurring issues monthly. The general manager should be able to identify high-risk expirations well before offers are generated.

5.2 APPROXIMATELY 120 DAYS BEFORE EXPIRATION: ASSESS

Review current rent, total charges, payment history, work-order history, complaint record, unit condition, comparable availability, likely make-ready scope and the resident's probable reason to stay or leave. Assign a renewal-risk rating and a maximum economically rational save package.

5.3 APPROXIMATELY 90 DAYS BEFORE EXPIRATION: ENGAGE

Start with a genuine check-in, not a price announcement. Ask whether the home still meets the household's needs, whether any issue remains unresolved, and whether the resident anticipates a change. Where permitted and appropriate, present clear term choices and a deadline that is long enough for a considered decision.

5.4 APPROXIMATELY 60 DAYS BEFORE EXPIRATION: RESOLVE AND CLOSE

Escalate unresolved service issues, quantify the cost of turnover, compare the offer with real—not aspirational—competitors, and authorize targeted interventions. Keep the process easy: a clear offer, a visible total monthly cost, simple electronic execution, and access to a person with authority.

5.5 AFTER NOTICE: LEARN

Conduct a short, respectful exit interview. Code the reason, identify whether it was controllable, document the competitor if one was selected, and review the result at the weekly operating meeting. The goal is not to pressure a departing resident; it is to improve the next renewal cohort.

6: WHAT OWNERS SHOULD MEASURE

Metric	Definition	Why it matters
Offer renewal rate	Renewals offered ÷ eligible expirations	Separates eligibility decisions from resident acceptance
Acceptance rate	Signed renewals ÷ offers delivered	Core closing measure; segment by property, unit type and price change
Controllable turnover	Service, product or economic move-outs ÷ total move-outs	Directs management attention toward preventable loss
Renewal spread	Renewal rent change versus prior rent	Measures pricing outcome, not just retention
Renewal-adjusted revenue	Expected contribution after vacancy, turn and concession costs	Aligns retention with asset economics
Repeat-work-order rate	Residents with repeat issue ÷ residents with work orders	Early warning of broken trust
Days to first contact	Days from eligibility/offer window to substantive conversation	Tests whether engagement begins before shopping
Save conversion	Notices rescinded or renewed ÷ qualified save attempts	Measures targeted intervention effectiveness

Report renewal results by expiration month and cohort. A single property-wide percentage can conceal a weak floor plan, an excessive price band, a staffing problem, or a sudden competitor concession. Every metric should lead to an operating question and a named action owner.

7: THE HBS 30-DAY OWNER AGENDA

Week	Owner action	Required output
1	Calculate true turn cost and pull 12 months of expirations, offers, outcomes and move-out reasons	Property-specific retention baseline and data-quality gaps
2	Interview site staff and a sample of renewing and departing residents; inspect repeat work orders	Top five controllable causes of nonrenewal
3	Reprice upcoming expirations using expected contribution, not asking rent alone	Unit-level offer strategy and save authority
4	Install weekly renewal meeting, risk list, reason codes and KPI dashboard	Operating cadence with accountable owners and deadlines

MANAGEMENT TEST

If the team cannot explain why each resident is likely to renew or leave 90 days before expiration, the property does not yet have a renewal strategy—it has a renewal notice process.

CONCLUSION

Renters renew because the current home continues to solve their life better than the available alternatives. Price matters greatly, especially in a cost-burdened market, but price is filtered through product quality, service trust, location, routine, attachment, transparency and the real burden of moving.

For multifamily owners, retention is therefore an asset-management discipline. It begins with a functioning apartment, depends on reliable site operations, requires accurate competitive intelligence, and ends with a timely, fair and convenient offer. Properties that manage those elements deliberately can reduce avoidable turnover without sacrificing pricing discipline—and convert better resident experience into more durable net operating income.

Sources and Notes

[1] U.S. Census Bureau, "Most Renters Who Moved From 2019 to 2021 Found a New Home in Less Than a Month," May 17, 2023. View source

[2] U.S. Census Bureau, "Nearly Half of Renter Households Are Cost-Burdened, Proportions Differ by Race," September 12, 2024. View source

[3] National Multifamily Housing Council, "2023 Customer Experience (CX) Technology Report," including cited findings from the 2024 NMHC/Grace Hill Renter Preferences Survey, Zego and RealPage Analytics. View source

[4] National Multifamily Housing Council, "Frequently Asked Questions: Bulk Internet in Rental Housing," 2024. View source

Method note: The HBS Renewal Equation and operating recommendations are management frameworks developed for this paper. Industry figures are directional and should be replaced with property-level costs, leasing velocity, collections experience and market data before making a specific pricing decision.

ABOUT HBS GLOBAL CORPORATION

HBS Global Corporation advises multifamily owners on operational turnarounds, revenue performance, occupancy recovery and asset-level execution. HBS works from the owner's perspective: identify the causes of underperformance, assign accountable actions, and connect daily operations to property value.

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