

Top 10 Revenue Levers to Pull in Lean Times: A Multifamily Guide

The multifamily industry experiences cycles of growth and contraction. When rent growth stagnates or goes negative, operators must dig more deeply to uncover every possible revenue opportunity. These 10 actionable strategies will help you navigate lean times effectively and position your portfolio for long-term success.

1. Optimize Unit Amenity Pricing

- **Why It Matters:** Mislabeled or mispriced amenities (e.g., views, balconies, upgrades, ...) can cost operators thousands of dollars annually in lost revenue.
- **Action:** Conduct an amenity audit to identify and correct errors. Leverage statistical analyses to price amenities “just right” based on leasing velocity.

2. Fine-Tune Your Pricing & Revenue Management System

- **Why It Matters:** PRM systems are powerful tools, but only when properly configured for your strategy; and lean times often call for strategy changes.
- **Action:** Adjust PRM settings to prioritize occupancy or rent growth, depending on market conditions. Ensure the system aligns with your goals rather than forcing a “one-size-fits-all” approach. And when market conditions change, so should your strategy—and your PRM system parameters!

3. Reduce Override Rates

- **Why It Matters:** High override rates indicate misalignment between PRM recommendations and strategy, while low override rates may signal missed opportunities.
- **Action:** Target an override rate between 3-10%, ensuring PRM recommendations are optimized but flexible. If you can't hit that rate, then change your parameters...or change your PRM system.

4. Revisit Concessions

- **Why It Matters:** Concessions are often necessary in soft markets, but improper use can erode revenue.
- **Action:** Strategically deploy concessions to defend occupancy while protecting renewal rates. Monitor and adjust as needed to ensure effectiveness.

5. Enhance Transparency Between Teams

- **Why It Matters:** Mistrust between Pricing and Operations teams can lead to inefficiencies and missed revenue.
- **Action:** Foster collaboration by ensuring PRM systems are transparent and team members are trained to understand recommendations and underlying data.

6. Unlock Revenue in Lease-Ups

- **Why It Matters:** Lease-ups require a tailored pricing strategy to balance absorption and rent growth.
- **Action:** Use modern PRM systems to adjust pricing dynamically based on leasing performance.

7. Improve Renovation Pricing

- **Why It Matters:** Renovated units can command premium rents, but simplistic pricing models often leave revenue on the table.
- **Action:** Analyze market demand and the value of specific upgrades to develop tiered pricing strategies for renovated units.

8. Address Rent Control Complexities

- **Why It Matters:** Rent control regulations are increasingly common and require nuanced compliance.
- **Action:** Use systems that can handle caps, notice requirements, and other process-oriented regulations efficiently, avoiding costly manual (and mistake-prone) workarounds.

9. Maximize Small Count Unit Type Potential

- **Why It Matters:** Unique or low-volume unit types often receive less attention, but they present untapped revenue opportunities.
- **Action:** Apply single-family rental strategies to tailor pricing for these “snowflake” units, ensuring optimal performance. And use a PRM system that has purpose-built functionality to help with low-count Unit Types.

10. Reduce the Cost of Ownership for Your PRM System

- **Why It Matters:** Legacy PRM systems often require extensive support, increasing operational costs.
- **Action:** Consider modern systems with better user interfaces and workflow, reduced manual intervention and scalability to handle more communities per pricing manager.

Lean times require multifamily operators to be strategic, agile, and collaborative. By addressing these 10 areas, you can uncover hidden revenue, streamline operations to increase productivity (thus reducing expenses) and position your properties for resilience during market downturns. These strategies aren't just about surviving tough times—they're about thriving and building a stronger foundation for the future.