

10 Key Trends for Multi-Family Investors in 2025

#1 Natural Disaster Preparedness

Establish comprehensive emergency protocols for events such as fires, flooding, and tornadoes. The 2020 derecho in Cedar Rapids demonstrated how apartment properties can sustain significant roof damage during severe weather events. Having emergency supplies on hand (tarps, batteries, generators) and providing tenants with emergency contact information demonstrates professionalism and preparedness. Proactive planning not only protects your investment but also prevents negative publicity during crisis situations.

#2 Decreased Mobility in Rental Market

Despite record-high apartment construction in 2024, competition in the rental market remains intense. Tenants are increasingly choosing to remain in their current residences rather than relocate. This trend appears to be driven by the highly competitive rental market and elevated interest rates affecting single-family home affordability.

#3 Localized Moving Patterns

According to the Harvard Center for Joint Housing Studies, 61% of tenant relocations occur within the same county, with an additional 17% occurring within the same state. Primary motivations for these local moves include seeking improved housing conditions, establishing new households, or relocating closer to employment or family members.

#4 Enhanced Security Measures

While avoiding explicit safety guarantees in marketing materials, implementing thorough background checks and reviewing police reports on a regular basis communicates your commitment to maintaining a secure environment. Quality tenants appreciate these measures, often noting they "feel safe" at properties where disturbances are not tolerated.

#5 Strategic Property Improvements

With rising costs across all maintenance categories (cabinets, appliances, flooring, HVAC systems), implementing quarterly unit inspections is crucial for identifying issues before they

escalate into costly repairs. Prioritize exterior maintenance, signage, landscaping, office spaces, and parking areas to maximize return on investment. Tenants often perceive exterior and common area improvements as justification for rent increases.

#6 Property Management Excellence

Multi-Family Magazine reports that approximately 50% of prospective tenants' decisions are influenced by their interactions with property managers. These impressions form through various communication channels including in-person meetings, emails, voicemails, and text messages. Ensure professional, responsive communication across all platforms. Notably, promptly returning phone calls can differentiate your properties in a market where personal communication is increasingly rare.

#7 Artificial Intelligence Integration

Major larger portfolios are investing significantly in AI technologies to enhance real estate and property management operations, including underwriting, tenant screenings, maintenance scheduling, and marketing initiatives. Over time, this will reduce costs, since what would once take, quite possibly, several hours to complete can now be performed in seconds.

While implementation costs remain prohibitive for smaller operators, this technology will eventually become more accessible to independent landlords, but it will be a relatively slow process.

#8 Extended Lease Terms

To improve tenant retention, consider offering extended lease agreements. Fifteen-month terms are becoming increasingly common, supplementing the already popular 13-month specials. According to rentcafe.com, longer initial lease terms correlate with higher renewal rates and extended tenant residency, thus, retaining longer term tenants.

#9 Amenity Enhancement

Evaluate your property's common areas and amenities by asking: Would you personally use these facilities? Would you choose to live there? Would you feel comfortable inviting friends and family to the property? Negative responses to any of these questions indicate the need for upgrades to remain competitive. Much like Class A office space, tenants want amenities, and a

space they enjoy staying at and returning to .In competitive markets such as Des Moines, Cedar Rapids, and Iowa City, tenants are paying premiums for amenities such as on site fitness facilities, pickle ball and basketball courts, and clubhouses.

#10 Workforce and Household Formation Trends

The Des Moines area demonstrated a strong employment market as of December 2024, with a 3.1% unemployment rate. Primary growth sectors include information technology, healthcare, government, insurance, and finance. With an estimated labor force of 747,976, understanding these employment trends is essential for anticipating household formation patterns and rental demand.

It should be noted, however, that with Burnett v. NAR, and interest rates creeping back up close to 7%, there will be many single-family home buyers that will be priced out of the market, even as the market shifts more towards the favor of the buyer. These circumstances will make apartment renting very attractive to people across all demographics, but especially to those who may not want to buy or will not have the means to buy.