



Industry Report • 2025

# 2025 Multifamily Intelligence Report

AI, Speed, and the Economics of Modern Leasing

---

An Industry Analysis by Two Dots  
February 2026

# Table Of Contents

Executive Summary .....	3
Section 1: The AI Transformation in Property Management .....	4
Section 2: The 24/7 Economy Comes to Rentals .....	5
Section 3: Speed to Approval Is Competitive Advantage .....	6
Section 4: The Real Driver of Bad Debt .....	7
Section 5: The Supply and Affordability Context .....	8
Section 6: What the Public REITs Are Saying .....	10
Section 7: Centralization Through Automation .....	12
Section 8: Why PropTech Spend Will Exceed Projections .....	14
Section 9: Recommendations for 2026 .....	15
Section 10: The Cost of Inaction .....	17
Section 11: Addressing Executive Concerns .....	18
Key Numbers at a Glance .....	20
Sources and Methodology .....	21

## About Two Dots

Two Dots builds AI underwriting technology that automates and solves problems traditional systems can't. Our conversational agent, Eve, uses natural language to guide applicants through approvals, like handling sophisticated fraud detection and complex income verification. Eve instantly resolves unusual situations and missing information that typically require manual intervention and create delays, while making the experience effortless for applicants and delivering real-time approvals that boost your bottom line.

In 2025, we processed hundreds of thousands of applications, protecting over \$1 billion in annual rent for our customers.

Learn More at [twodots.net](https://www.twodots.net)

# The Central Thesis

---

This report examines the forces reshaping multifamily operations in 2025-2026. The central thesis: the operators who win the next cycle will be those who recognize that AI is not primarily a cost-reduction tool. It's a quality multiplier that fundamentally changes what is possible in resident and applicant experience.



### Key Findings



#### **Speed is now a competitive advantage**

66% of applicants apply to multiple apartments and by day three after application, approximately 50% of qualified multi-property applicants have already signed leases elsewhere. Approving on day three versus day one requires 45% more applications to fill each unit, translating to \$150,000+ in extra customer acquisition cost for a 450-unit portfolio.



#### **Non-compliance drives more bad debt than fraud**

Only 25-35% of fraudulent applicants default within the first 60 days. The bigger driver of losses: site teams overriding screening criteria under occupancy pressure because their systems cannot handle 100% of decisions.



#### **The public REITs are proving AI works**

AvalonBay generated \$39 million in incremental NOI from operating model transformation in 2024, targeting \$80 million. Equity Residential cut application processing time by 50% using AI. Both held payroll growth flat despite 4% merit increases.



#### **Political consensus is building to increase housing supply**

From California (SB 79) to Montana (first state to preempt local height limits) to the federal ROAD to Housing Act, bipartisan YIMBY momentum means operators can no longer rely on constrained supply. Operational excellence becomes the differentiator.



#### **The total addressable market is the labor budget, not IT**

Payroll accounts for 21-25% of property operating expenses. Property management company revenue is approximately 59% labor. Previous proptech made people slightly more productive. AI proptech actually does the labor.

## SECTION ONE

# The AI Transformation in Property Management

2025 was the year AI entered property management at scale. 2026 will be the year of deeper implementation, moving from chatbots and pilot programs to complete workflow automation. The consumer adoption curve has accelerated dramatically. ChatGPT reached 800 million weekly active users in 2025. The question is no longer whether AI will transform property management, but how quickly operators will adapt.

### The Evidence Is Already In

The data on AI adoption in commercial real estate tells a clear story: we are past the early adopter phase and into mainstream implementation.

**5% → 92%**

CRE companies running AI pilots (3-year change)

**72%**

RE firms planning AI investment increase by 2026

**\$179B**

Projected proptech market by 2034 (from \$40.6B in 2024)

### EliseAI: The Flagship Example

EliseAI represents what AI-native property technology looks like at scale. In August 2025, they raised a \$250 million Series E at a \$2.2 billion valuation, led by Andreessen Horowitz. The company now powers approximately 1 in 8 U.S. apartments (12% of the market). They surpassed \$100 million ARR and have doubled revenue for four consecutive years.

**THE TAKEAWAY:** This is not a pilot program. This is a company that has reached meaningful scale by demonstrating real operational impact.

### What Comes Next?

The question executives should be asking is not whether to adopt AI, but where the technology has matured enough to handle complete workflows without human intervention. The answer in 2026: applicant screening, lead response, tour scheduling, and increasingly, maintenance triage.

## SECTION TWO

# The 24/7 Economy Comes to Rentals

Consumer expectations have fundamentally shifted. Tesla delivers vehicles with three clicks. Amazon Prime arrives the same day. Consumer lending decisions happen in seconds. The expectation of instant service has become the baseline.

Rental housing has lagged. Virtual tours exist, but the approval process still takes days. The gap between consumer expectation and operational reality creates both risk and opportunity.

### The Expectation Gap

Consider the typical consumer experience: they can order new furniture with same-day delivery, but have to wait days to find out what their new delivery address will be.

☞☞ A prospective resident can be approved for a \$30,000 car loan in under a minute, but waits 48-72 hours to find out if they can rent an apartment. ☞☞

This gap is not just an inconvenience, it is a competitive disadvantage that loses qualified applicants.

### Why Speed Was Impossible to Deliver (Until Now)

Screening has historically required human judgment at multiple decision points:

- **The conditional credit bucket.** 7-15% of credit reports return conditional results: risk warnings triggered by typos, wrong dates of birth, thin credit files, or name mismatches. Each requires manual investigation.
- **The income verification gap.** Even with bank-linking technology, 20-30% of applicants require manual review: self-employed individuals, those with offer letters but no pay stubs, retirees drawing from multiple sources.
- **Fraud complexity.** The landscape now includes synthetic identities, friendly fraud, SSN scraping, and sophisticated income misrepresentation, all requiring cross-referencing and deep research that historically required trained investigators.



**Two Dots Insight:** AI changes this equation by handling the conversational follow-up (chatting with applicants to fix typos, collecting missing documents, cross-referencing data across sources) at machine speed and at scale.

## SECTION THREE

# Speed to Approval Is Competitive Advantage

This section presents proprietary data from Two Dots on the relationship between approval speed and applicant conversion. The findings have significant implications for how operators should prioritize their technology investments.

### The Day 3 Problem

Two Dots analyzed application timing across properties using their platform and found a striking pattern:

**~50%**  
of multi-property applicants have signed  
leases elsewhere by Day 3

These are not marginal applicants. Multi-property applicants are actively shopping: they have income, they have credit, and they are ready to sign. They are the exact applicants every operator wants.

### The Math Is Brutal

Approving on day one versus day three fundamentally changes your applicant funnel:

Approval Timing	Applications Needed Per Lease
Day 1 approval	2.0 applications
Day 3 approval	2.9 applications (+45%)

For a 450-unit portfolio, this translates to real dollars:

Impact Category	Annual Cost
Additional marketing spend (more applications needed)	\$151,875
Lost rent from extended vacancy days	\$101,250
<b>Total annual impact</b>	<b>\$253,125</b>

### Turn Time: The Hidden NOI Lever

Beyond applicant conversion, faster screening directly reduces turn time. Some Two Dots customers have reduced turn times by nearly 5 days on average. Using CBRE/RealPage data on 47.5% annual turnover and Redfin data on \$1,790 average rent, 5-day turn time reduction = \$142,500 additional NOI per 1,000 units annually. This is not cost savings. Those days of vacancy represent rent that was simply never collected. This is revenue capture.

## SECTION FOUR

# The Real Driver of Bad Debt

---

The conventional narrative around bad debt focuses on fraud. The data tells a more nuanced story.

### The Fraud-to-Default Timeline

Two Dots data shows that only 25-35% of applicants identified as fraudulent default within the first 60 days. This finding challenges the assumption that catching fraud immediately eliminates bad debt risk.

What explains this? Many fraudulent applicants are not career criminals. They are people who misrepresented their income or identity because they could not otherwise qualify, but who intend to pay rent and do so for months or even years. They are severely rent-burdened, which makes them a ticking time bomb, but they are not immediately in default.

### The Bigger Problem: Non-Compliance

The more significant driver of bad debt is leasing criteria non-compliance: site teams approving applicants who do not meet the property's stated standards. This happens because:

- **Occupancy pressure is real.** When vacancy climbs, site managers face intense pressure to fill units. The easiest lever to pull is loosening standards on marginal applicants.
- **Screening systems force human judgment.** Most screening platforms cannot handle 100% of decisions automatically. They flag applicants for review, put them in conditional buckets, or require manager approval. Every decision point is an opportunity for override.
- **Consistency is impossible at scale.** Ten different reviewers will make ten different judgment calls on the same borderline applicant. Without automation, there is no way to enforce consistent standards across a portfolio.

### The Affordability Context

This dynamic exists within a broader affordability crisis. With 23.2 million cost-burdened renters in the U.S., the pool of applicants who clearly meet traditional standards has shrunk. Site teams are making difficult tradeoffs every day.



**Two Dots Insight:** The solution is not simply catching more fraud, but building systems that can make consistent, defensible decisions at scale, reducing the pressure on site teams to exercise judgment they should not have to exercise.

## SECTION FIVE

# The Supply and Affordability Context

### Current Market Conditions

Metric	2024-2025 Data
New apartment units delivered (2024)	550,000 - 600,000
National multifamily vacancy rate	6.0 - 6.25% (Fannie Mae)
Annualized rent growth (2024)	~1.0%
Cost-burdened renters (U.S.)	23.2 million
Median asking rent (2024)	\$1,486 - \$1,790

The supply picture creates a challenging competitive environment. With record deliveries and elevated vacancy, operators face limited pricing power. The absorption story is positive (552,000 units absorbed in 2024), but rent growth remains constrained.

### The Political Winds Have Shifted

The most significant long-term shift may be political. A bipartisan consensus is emerging that America needs to build more housing. This has implications for operators who have historically benefited from supply constraints.

#### → California: YIMBY Has Won

State Senator Scott Wiener, the most prominent YIMBY champion in state politics, is the frontrunner to succeed Nancy Pelosi in Congress. He authored SB 79, which allows 9-story apartment buildings near transit stops and overrides local zoning. Tom Steyer is running for governor pledging to build one million homes in four years. Governor Newsom signed what California YIMBY called "the most transformative housing legislation ever signed into law by any governor."

#### → Red States Building Aggressively

Texas passed a major bipartisan pro-housing package in 2025, making it easier to build townhomes and apartments in commercial corridors and vacant parcels. Montana, under Republican Governor Greg Gianforte, may have adopted the most ambitious pro-housing reforms in the country, legalizing duplexes and tiny homes, limiting design review, and becoming the first state to directly preempt local height limits.

## → **Federal Action**

A bipartisan YIMBY Caucus formed in Congress. The Senate passed the ROAD to Housing Act, led by Senator Tim Scott (R-SC) and Senator Elizabeth Warren (D-MA), which ties federal Community Development Block Grant funding to housing production. This represents a significant shift in federal housing policy.

## → **The Trump Administration's Housing Focus**

The current administration has made housing affordability a stated priority. In January 2026, President Trump announced he is "immediately taking steps to ban large institutional investors from buying more single-family homes," calling on Congress to codify the measure. He also directed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage bonds to drive down rates.

As Trump posted on Truth Social: "For a very long time, buying and owning a home was considered the pinnacle of the American Dream. It was the reward for working hard, and doing the right thing, but now... that American Dream is increasingly out of reach for far too many people, especially younger Americans."

Senator Tim Scott, chair of the Senate Banking Committee, responded: "2026 must be the year we get housing affordability right for working families. I welcome President Trump's desire to look for ways to create more homeowners, especially first-time homeowners."

The administration has promised "the most aggressive housing reform plans in American history" with additional proposals expected at the World Economic Forum and in a forthcoming executive order. While experts debate the effectiveness of specific measures like the institutional investor ban, the political signal is unmistakable: housing affordability is a top domestic priority across both parties.

HUD Secretary Scott Turner has emphasized the administration's commitment to "putting the American Dream of homeownership back within the grasp of the American people" through deregulation and market-based solutions. First-time homebuyer share has contracted from 40% pre-2008 to just 21% in 2025, and the average age of first-time homebuyers has risen from 33 in 2020 to 40 today, statistics the administration frequently cites.

### **The Strategic Implication**

Operators cannot rely on perpetually constrained supply to protect margins. When more housing is built, competition for residents intensifies and pricing power erodes. The operators who thrive will be those who achieve operational efficiency by reducing costs, improving experience, and capturing every qualified applicant before competitors do.

## SECTION SIX

# What the Public REITs Are Saying

The largest multifamily REITs are explicitly discussing AI, centralization, and labor efficiency on their earnings calls. Their experiences, backed by audited financials, validate both the opportunity and the execution path.

### AVALONBAY (AVB)

## \$39M NOI

Incremental NOI from transformation in 2024, targeting \$80M. Payroll flat vs 4% merit increases.

### EQUITY RESIDENTIAL (EQR)

## 50% Faster

Application processing time cut in half. AI assistant "Ella" booked 80,000+ appointments.

### UDR

## \$5-10M

Expected revenue impact from innovation initiatives. Implementing AI-based screening improvements.

### MAA

## 40.2%

Record-low turnover rate. Tech driving margin improvement across portfolio.

### **AvalonBay Communities (AVB): \$39M NOI from Transformation**

AvalonBay's operating model transformation generated \$39 million in incremental NOI by year-end 2024, running \$2 million ahead of plan. The company is targeting \$80 million in annual incremental NOI through expanded centralized services, AI adoption, and ancillary revenue streams.

On payroll specifically: same-store payroll expense declined in 2023 and was flat in 2024. Payroll costs grew at roughly 1%, well below the average merit increase of approximately 4%. AvalonBay is an early adopter of AI, particularly with their Lease AI system, and has expanded centralized services to support leasing.

### **Equity Residential (EQR): AI Cuts Processing Time By 50%**

Equity Residential reported that AI initiatives have cut application processing time by 50%, with further tech-driven efficiencies in development. Their AI leasing assistant "Ella" engaged with 600,000 customer inquiries, sent 2 million responses, and booked over 80,000 appointments in 2023.

The company achieved a turnover rate of 42.5% for 2024, the lowest in their 30-year history as a public company. They attribute payroll results to their "use of technology and pods of properties that share resources."

## UDR: The Second Generation of Centralization

UDR's CTO described their current work as "the next generation of centralization." As he put it: "Much of the focus of the initial centralization phase had to do with cost savings, but it is not enough to just go after that. It is also about gaining efficiencies, improving systems, and looking at how to use those resources to improve the customer experience."

UDR expects innovation initiatives to add \$5-10 million to 2024 same-store revenue growth and is implementing AI-based screening improvements and credit threshold reviews.

## The Private Market Is Behind

REITs have led centralization efforts for fifteen years. While private operators have recently begun moving roles like assistant manager offsite, the public companies have been executing this playbook, and seeing results, for much longer.

The gap represents both a challenge and an opportunity for private operators. The challenge: competing against operators with 15 years of efficiency gains. The opportunity: the technology has matured to the point where private operators can leapfrog the early centralization phases entirely and move directly to AI-enabled automation.

## We Are Barely in the First Inning

Here is the most important insight from the REIT data: these results are coming from early, limited AI implementations. AvalonBay's \$39 million NOI gain came primarily from centralization and process improvement; their AI capabilities are still ramping. Equity Residential's Ella handles lead response and appointment booking, but screening, renewals, and maintenance triage remain largely human-driven.

The public REITs are demonstrating returns from partial automation. Full AI-native workflows, where machines handle the complete applicant journey from first inquiry through move-in, have not yet been deployed at scale by any major operator.

Consider what this means: if centralization plus early AI generates \$39 million in incremental NOI for a single REIT, what will comprehensive automation deliver? If 50% faster application processing comes from chatbots handling lead response, what happens when AI handles the entire screening decision? The operators deploying full-stack AI solutions today are building competitive advantages that will compound for years.



**Two Dots Insight:** This is not the ninth inning of a mature technology cycle. This is the first inning of a transformation that will reshape the industry over the next decade.

## SECTION SEVEN

# Centralization Through Automation

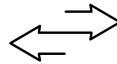
The traditional path to centralization (building regional teams, implementing new processes, managing organizational change) takes 18-24 months and requires significant upfront investment. A new path is now available.

### The Double Squeeze

Property operators face pressure from both sides of the income statement:

#### Revenue stagnation

Rent growth is running below the 10-year average, with some markets seeing declines. New supply limits pricing power.



#### Cost escalation

With unemployment at 4%, labor markets remain tight. Staff retention is challenging. Payroll accounts for 21-25% of total property operating expenses, making it the single largest controllable cost category.

### The Old Way: 18-24 Months

Traditional centralization requires: Hiring centralized teams (often in lower-cost markets). Developing new processes for remote decision-making. Running pilots across subset of properties. Managing organizational change and role transitions. Implementing technology to support the new structure.

This works for some NMHC Top 10 operators who have the scale and resources to execute. For most operators, it is too daunting, too expensive, and too slow.

### The New Way: Centralization via Software

AI-enabled automation offers a different path. Rather than building human teams to handle workflows remotely, the workflow itself is automated.

Modern AI screening can deliver approvals or denials on **99% of applicants without human intervention**. No 18-month transition. No new headcount. No change management complexity.

## What AI Now Handles

The breakthroughs that make this possible:

- 1 **Conversational follow-up:** AI can chat with applicants to fix data entry errors, request missing documents, and resolve identity questions, work that previously required staff time.
- 2 **Cross-referencing at scale:** Identity can be validated against income documentation, with pattern detection across thousands of data points simultaneously.
- 3 **Consistent criteria application:** Every applicant is evaluated against the same standards, eliminating the variance that comes from different reviewers making different judgment calls.

## Quality First, Cost Second

The most important shift in thinking: this is not primarily about cost reduction. It is about delivering a fundamentally better experience.

Human-Heavy Model	AI-First Model
2-3 day approval times	Same-day or instant approvals
Inconsistent decisions across reviewers	Consistent criteria every time
Applicants waiting, calling, frustrated	Real-time status, proactive updates
Best applicants sign elsewhere by Day 3	Capture applicants before competitors
Site staff stressed, 25-30% turnover	Staff focused on tours and relationships
Non-compliance risk	No overrides, no judgment errors

## The ROI Calculation

For a 1,000-unit portfolio, the combined value\* breaks down as follows:

### Bad debt reduction

AI-powered identity verification and income validation reduces fraud-related losses by 60%. Based on industry-standard bad debt rates of 3% of gross potential rent, this translates to over \$300K of annual savings from fewer evictions and uncollected rent.

**\$330K**

### Occupancy improvement

Faster screening decisions recapture 5 vacancy days per turn, while cash flow underwriting expands your approval pool to qualified renters who would otherwise be declined. Combined, these fill units faster and reduce costly vacancy gaps.

**\$460K**

### Labor savings

Automated screening eliminates 3.5 hours of manual work per application—including document collection, verification, and back-and-forth with applicants. For a 1,000-unit portfolio, this frees up nearly 2 FTEs of leasing team capacity.

**\$160K**

**Total combined value: Up to \$1 million annually per 1,000 units under management.**

\*Note: These figures are conservative estimates based on a 1,000-unit portfolio. They do not include harder-to-quantify benefits like higher applicant conversion from a smoother experience, improved resident satisfaction from consistent service, or reduced turnover among site staff freed from repetitive manual tasks.

## SECTION EIGHT

# Why PropTech Spend Will Exceed Projections

Most analysts project proptech spending based on historical IT budget growth. This misses a fundamental shift in what property technology actually does.

### **The Old Model: Making People More Productive**

Previous generations of property technology (property management systems, CRM tools, listing syndication) helped people do their jobs more efficiently. They were productivity tools. They competed for IT budget allocation.

### **The New Model: Doing the Labor**

AI proptech does not make people more productive. It does the work itself. This means the addressable market is not the IT budget. It is the labor budget. Consider the numbers: payroll accounts for 21-25% of property operating expenses. Property management company revenue is approximately 59% labor. These are the budgets AI is now competing for.

## **The Paradox That Drives Proptech Growth**

There is a counterintuitive dynamic most analysts miss: when AI makes property management cheaper and better, the industry will spend more on technology, not less. This is the Jevons Paradox, where efficiency improvements often increase consumption rather than decrease it.

We see this playing out in property management today. When AI screening delivers instant approvals with higher accuracy, operators want to apply it everywhere: every renewal, every maintenance request. Operators who see \$2 million in annual savings per 10,000 units do not stop. They look for the next workflow to automate.

At the same time, lower costs unlock growth. When buildings become cheaper to operate, investors acquire properties that were not viable before. Better service leads to premium rents and higher retention. Higher NOI justifies more investment in the technology that enables it.

**The result: a self-reinforcing cycle where efficiency gains fuel greater adoption, not less.**

Efficiency has never reduced demand for the underlying resource—fuel-efficient cars enabled longer commutes, not less driving. Property management will follow the same pattern: AI that improves operations will create demand for more AI, not less.

**THE BOTTOM LINE:** Analysts projecting proptech growth based on traditional IT budgets are missing the bigger picture. When AI transforms property management into a technology-enabled platform, the addressable market is not the IT budget. It is the entire operating expense stack.

## Recommendations for 2026



As AI gets more efficient and accessible, we will see its use skyrocket, turning it into a commodity we just cannot get enough of.

— Satya Nadella, Microsoft CEO



Based on the data and trends outlined in this report, we recommend operators focus on five priorities. Note: these recommendations are ordered by impact on applicant experience and revenue capture, not by cost savings. The operators winning with AI are those who recognize it as a quality multiplier first.

1

### **Audit Where Humans Are Creating the Worst Applicant Experience**

Map your applicant journey and identify every point where humans introduce delay, inconsistency, or frustration. Common culprits: conditional credit reviews that take 24-48 hours, income verification phone tag that stretches across days, inconsistent decisions across different reviewers.

→ **Key questions:** Where do applicants wait longest? Where do they abandon the process entirely?

2

### **Measure Decision Consistency, Not Just Speed**

Two reviewers looking at the same borderline applicant will often reach different conclusions. This inconsistency is unfair to applicants, creates compliance risk, and drives bad debt when the wrong reviewer is on duty during high-pressure occupancy periods.

→ **Key questions:** If you sent the same 100 applications to three different reviewers, how many would get identical decisions? Do override rates vary significantly by reviewer or property?

3

### **Identify Where You Are Losing Qualified Applicants**

The Day 3 data is clear: slow approval means lost applicants. But speed is not the only factor. Applicants also abandon processes that feel opaque, require excessive documentation, or involve repeated follow-up requests.

→ **Key questions:** What is your application abandonment rate at each stage? How many complete the process but sign elsewhere before you approve them?

4

#### **Reframe from Fraud Prevention to Revenue Protection**

Fraud prevention is necessary but insufficient. The real goal is maximizing the revenue from every qualified applicant while minimizing losses from unqualified ones. This reframe changes how you evaluate solutions.

→ **Key questions:** What is your approval rate for qualified applicants? Does your screening process create friction that qualified applicants experience as punitive?

5

#### **Calculate the Revenue Impact of Experience Improvement**

Staff time savings and bad debt reduction are real, but they are often not the largest value driver. The larger opportunity is revenue capture: applicants who sign because you approved them first.

→ **Key questions:** What would 10% higher applicant conversion be worth to your portfolio? What is the lifetime value difference between a resident who started with a frustrating experience versus one who started with a seamless one?

### **The Path Forward**

The operators who win the next cycle will recognize that AI is not primarily about cost reduction. It is about quality: better decisions, faster service, more consistent experience. The cost savings follow, but they are secondary to the competitive advantage of being the operator that qualified applicants choose because you made the process easy.

Start by mapping where humans are creating problems, not just where they are creating costs. Automate the friction points that drive applicants away. Measure success by applicant conversion and resident satisfaction, not just expense ratios. The technology has matured. The question is whether you will deploy it to win applicants or watch competitors do it first.

## SECTION TEN

# The Cost of Inaction

Some will decide to wait, choosing to see how the technology matures, to let others go first, to avoid the disruption of change. This section quantifies what waiting costs.

### The Compounding Gap

Every month of delay has three compounding effects:

- 1 Direct losses continue.** If your portfolio is losing \$250,000 annually per 450 units due to slow approvals (as calculated in Section 3), that is \$20,800 per month you are not recovering. For a 10,000-unit portfolio, extrapolate accordingly.
- 2 Competitors pull ahead.** The REITs are already 1-3 years into their AI implementations. Every quarter they operate with these advantages, they build operational muscle memory, refine their approaches, and widen the gap.
- 3 Talent expectations shift.** Your best employees know what AI can do. Asking them to spend 30% of their time on screening tasks that could be automated is a retention risk. The operators with modern tools attract and keep better people.

### The 2026-2027 Inflection

Supply dynamics will shift over the next 18-24 months. If supply tightens, operators with efficient operations will capture disproportionate upside. If we see supply in a growth window, those still running manual processes will be playing catch-up.

### What "Wait and See" Actually Costs

For a 10,000-unit portfolio, one year of delay at the conservative end of our ROI estimates:

Category	Annual Cost
Bad Debt reduction	\$3,300,000
Occupancy improvement	\$4,600,000
Labor savings	\$1,600,000
<b>Total potential cost of one year delay</b>	<b>\$10,000,000</b>

This does not include harder-to-quantify costs: talent attrition, brand perception among applicants, or the organizational debt of eventually needing to implement changes under time pressure.

## SECTION ELEVEN

# Addressing Executive Concerns

---

We have presented this research to hundreds of property management executives. Here are the most common questions and concerns, with direct answers.

Q

### **"How is this different from the last wave of proptech hype?"**

Previous proptech required humans to use software more efficiently. AI proptech does the work itself. The difference is not incremental, it is categorical. When EliseAI handles 600,000 inquiries and books 80,000 appointments without human involvement, that is not "making leasing agents more productive." That is replacing a function.

The proof is in REIT earnings calls. AvalonBay's \$39 million in incremental NOI is audited. EQR's 50% reduction in application processing time is measured. This is not a pitch deck. This is financial performance.

Q

### **"My properties are different. We need human judgment."**

Some properties do require more nuanced evaluation. But the question is not whether AI handles 100% of your decisions. The question is whether it handles 80%, 90%, or 99%. Even at 80%, you have freed the majority of staff time for the cases that genuinely require human expertise.

The data shows that human judgment is often not as valuable as we assume. Inconsistency across reviewers, overrides under pressure, and decision fatigue all degrade quality. For most routine decisions, consistent AI outperforms variable humans.

Q

### **"What about liability? Who is responsible when AI makes a bad decision?"**

You are responsible, just as you are responsible when a human employee makes a bad decision. The question is: which approach creates more defensible decisions?

AI systems apply your criteria consistently, create complete audit trails, and document every factor in every decision. Human reviewers make judgment calls that are difficult to reconstruct after the fact. From a fair housing and compliance perspective, AI often creates less liability, not more.

Q

### **"We have tried technology projects before and they failed."**

Most failed technology projects suffer from one of three problems: they tried to change too many things at once, they did not have executive sponsorship, or they were not measured against clear outcomes.

AI screening is a contained, measurable intervention. You can pilot on a subset of properties, measure specific KPIs, and make data-driven decisions about rollout. The implementation risk is lower than ERP migrations, PMS changes, or organizational restructuring.

Q

### **"Our residents/applicants want to talk to humans."**

Some do. Most want their problem solved quickly. The REIT data on record-low turnover and record-high satisfaction suggests that speed and consistency matter more than whether a human or AI delivered the service.

Moreover, AI screening frees your humans to have higher-quality interactions where they matter most: tours, move-in experience, resident relationship building. You are not eliminating human connection; you are focusing it.

Q

### **"This will alienate our site teams."**

Leasing agents did not go into property management because they love chasing pay stubs and verifying income. They went into it because they like working with people. AI screening takes away the tedious parts of the job and lets them focus on tours, relationship building, and closing.

The operators who frame this correctly ("we are giving you better tools so you can focus on what matters") see positive team response. The operators who frame it as cost-cutting see resistance.

Q

### **"The economics do not work for my portfolio size."**

The economics scale. For smaller portfolios, the per-unit savings may not justify enterprise solutions, but the industry is rapidly developing options at every price point. The question to ask vendors: what is your minimum viable portfolio size, and what does ROI look like at my scale?

Also consider: the cost of inaction scales with portfolio size too. A 1,000-unit operator losing \$25,000 annually to slow approvals has less urgency than a 50,000-unit operator losing \$1.25 million. But both are leaving money on the table.

## QUICK REFERENCE

# Key Numbers at a Glance

<b>SPEED ECONOMICS</b>		<b>ROI SUMMARY (PER 1K UNITS)</b>	
Applicants lost by Day 3	~50%	Total annual value	~\$1.0M
Extra applications needed (Day 3 vs Day 1)	+45%	Vacancy recapture	\$460K
5-day turn time value (per 1K units)	\$142,000/yr	Labor + bad debt savings	\$490K
<b>REIT BENCHMARKS</b>		<b>INDUSTRY METRICS</b>	
AvalonBay NOI gain	\$39M → \$80M	Payroll as % of property OpEx	21-25%
EQR application speed improvement	50% faster	Target staffing ratio improvement	1:220+
EQR turnover rate	42.5% (30yr low)	OpEx increase since Q1 2021	+24.4%

## Key Decision Points

**If approval time > 24 hours**

You are losing qualified applicants

**If override rate > 10%**

Non-compliance is likely driving bad debt

**If human review > 20%**

You have automation opportunity

**If agent ratio < 1:200**

You are likely overstaffed vs AI-enabled peers

## READY TO PROTECT YOUR PORTFOLIO?

### See Your Own Numbers

The data in this report represents industry averages. Your portfolio is different: your markets, your processes, your staffing model. See how

Two Dots can help you catch fraud before move-in.

1

Analyze your applications

2

See what our AI flags

3

Calculate your ROI

[Book a Demo Today →](#)

## SOURCES

# Sources and Methodology

---

This report draws on the following sources:

### Proprietary Data

Two Dots internal data on application timing, approval rates, fraud-to-default patterns, and turn time impact across customer portfolios.

### Public Company Filings

AvalonBay Communities (AVB), Equity Residential (EQR), UDR, Inc., Mid-America Apartment Communities (MAA), and Camden Property Trust (CPT) quarterly earnings releases and conference call transcripts, 2024-2025.

### Industry Research

National Apartment Association (NAA) I/E IQ benchmarks; RealPage Market Analytics; CBRE U.S. Real Estate Market Outlook; Fannie Mae Multifamily Economic and Market Commentary; Deloitte Commercial Real Estate Outlook; Northspyre AI adoption survey; iProperty Management vacancy research.

### Political and Policy Sources

California YIMBY; Texas Tribune; Mercatus Center (Montana housing analysis); Congressional ROAD to Housing Act documentation; Politico and local reporting on housing policy developments.

### About Two Dots

Two Dots builds AI underwriting technology that automates and solves problems traditional systems can't. Our conversational agent, Eve, uses natural language to guide applicants through approvals, like handling sophisticated fraud detection and complex income verification. Eve instantly resolves unusual situations and missing information that typically require manual intervention and create delays, while making the experience effortless for applicants and delivering real-time approvals that boost your bottom line. For more information, visit [twodots.net](https://twodots.net).



**Henson Orser**

Co-Founder & CEO

(415) 699-6416

[www.twodots.net](http://www.twodots.net)