SNAPPT

2024 Fraud Report

Data, Trends, and Strategies for 2025

SNAPPT

Table of Contents

Introduction

## Fraud is a constantly evolving challenge in the multifamily housing industry.

From forged documents to increasingly sophisticated fraud schemes, the stakes are higher than ever for property owners and operators tasked with safeguarding their communities and bottom lines.

Our **2024 Fraud Report** provides an in-depth look at the fraud landscape in 2024, drawing on data from Snappt's extensive fraud detection platform. This report sheds light on the most prevalent fraud schemes, highlights emerging trends, and compares year-over-year insights to show how fraud is evolving.

But it's not just about numbers. By sharing this data, we aim to equip multifamily operators with the knowledge and tools they need to address fraud head-on. The insights in this report are designed to help you understand the past year's challenges and prepare for what's next in 2025.

From key statistics to expert analysis, we'll guide you through the most notable fraud patterns of 2024 and provide actionable steps to strengthen your defenses in the year ahead.

2024 By the Numbers
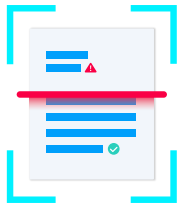
4,831,452
Total Documents Analyzed

1,301,432
Total Applications Submitted

83,590
Fraudulent Applications Found

Average Fraud Rate
6.4%

Average Number of Documents Submitted per Applicant
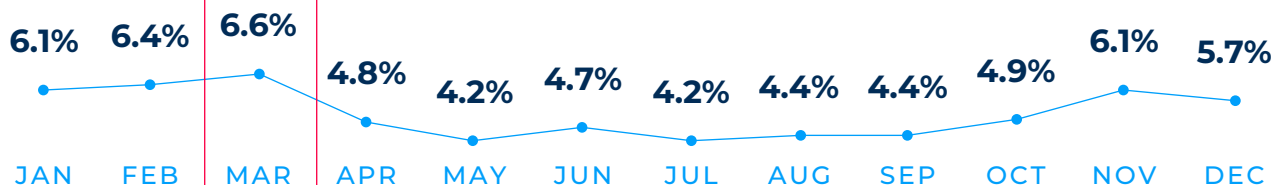**3.71**

Eviction Dollars Saved*
$156,731,250

*Eviction dollars saved is calculated by dividing total number of applications submitted by number of fraudulent applications found.

Most Common Types of Fraud Errors Found

Document Edited Reason	Count
Fraudulent PDF Producer	151,271
Text Insertion	33,545
Font Fail & Text Insertion*	22,006

*Both tactics were used on the same document.

Top Fraud Rates By Month

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
6.1%	6.4%	6.6%	4.8%	4.2%	4.7%	4.2%	4.4%	4.4%	4.9%	6.1%	5.7%

SNAPPT

2024 By the Numbers

**Top Fraud Rates
By Day of the Week**

SUN	MON	TUE	WED	THU	FRI	SAT
4.5%	5.4%	5.7%	5.9%	5.8%	5.8%	5.2%
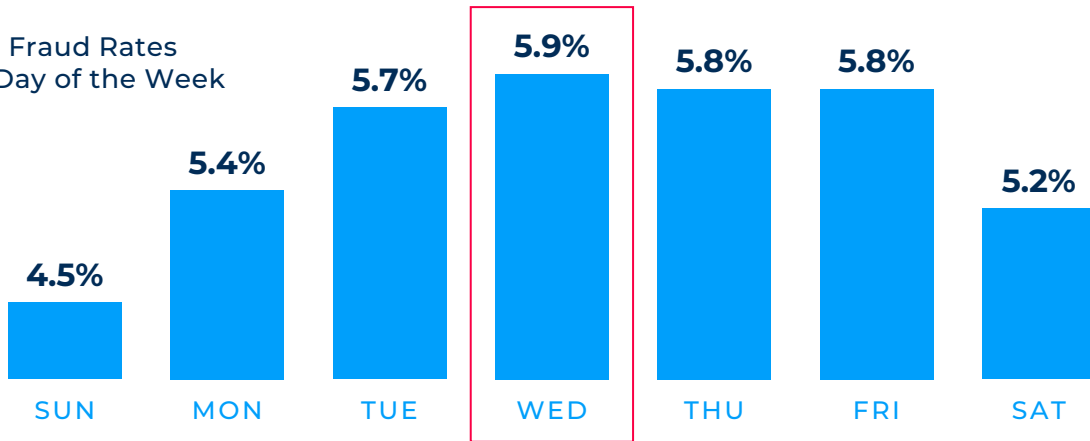
Top 10 Major Metro Areas with the Highest Volume of Fraud

	Metro Area	Fraud Rate
1	Memphis, TN	14.4%
2	Mobile, AL	13.5%
3	Atlanta, GA	12.2%
4	Jackson, MS	11.0%
5	Houston, TX	10.9%
6	Detroit, MI	10.5%
7	New Orleans, LA	9.8%
8	Indianapolis, IN	9.5%
9	Savannah, GA	9.5%
10	Dallas, TX	9.3%

Source: Snappt Database, January 2025, Metro Areas with 500+ Submissions

Top 10 Cities with the Highest Volume of Fraud

	City	Fraud Rate
1	Goldsboro, NC	34.9%
2	Stonecrest, GA	30.1%
3	Elizabeth, NJ	23.3%
4	Lauderdale Lakes, FL	21.6%
5	Southfield, MI	20.3%
6	Houston, Texas	20.0%
7	Middle River, MD	19.8%
8	Montgomery, AL	18.7%
9	Hollywood, CA	18.6%
10	Lancaster, TX	18.2%

Source: Snappt Database, January 2025, Cities with 100+ Submissions

SNAPPT

2023 to 2024: What Changed?

The average fraud rate in 2024 was 6.4%, down 1.5% from 2023.

2024 Average Fraud Rate

6.4%

2023 Average Fraud Rate

7.9%

A decrease in the average fraud rate from 7.9% in 2023 to 6.4% in 2024 could be attributed to several key factors, reflecting improvements in fraud prevention and detection strategies across the multifamily housing industry.

2024 Bad Debt Avoidance

$156,731,250*

*Bad debt avoidance increased in 2024 due to rising rent costs.

2023 Bad Debt Avoidance

$142,756,875

2024 Top 5 Metro Areas with the Highest Fraud Rates

	Metro Area	Fraud Rate
1	Memphis, TN	14.4%
2	Mobile, AL	13.5%
3	Atlanta, GA	12.2%
4	Jackson, MS	11.0%
5	Houston, TX	10.9%

Source: Snappt Database, January 2025, Metro Areas with 500+ Submissions

2023 Top 5 Metro Areas with the Highest Fraud Rates

	Metro Area	Fraud Rate
1	Memphis, TN	14.7%
2	Greenwood, SC	11.7%
3	Atlanta, GA	11.3%
4	Houston, TX	11.2%
5	Detroit, MI	10.7%

Source: Snappt Database, January 2025, Metro Areas with 500+ Submissions

SNAPPT

2023 to 2024: What Changed?

2024 States with the Highest Fraud

	State	Fraud Rate
1	Mississippi	**10.3%**
2	Georgia	**7.9%**
3	Indiana	**7.8%**
4	Texas	**7.8%**
5	Maryland	**7.6%**
6	Nevada	**7.5%**
7	Wisconsin	**6.9%**
8	Arkansas	**6.9%**
9	Washington, D.C.	**6.6%**
10	Alabama	**6.6%**

2023 States with the Highest Fraud

	State	Fraud Rate
1	Georgia	**11.0%**
2	Indiana	**10.2%**
3	Maryland	**9.4%**
4	Nevada	**9.4%**
5	Texas	**9.3%**
6	Michigan	**8.8%**
7	Illinois	**8.4%**
8	South Carolina	**8.0%**
9	Delaware	**8.0%**
10	North Carolina	**7.9%**

Source: Snappt Database, January 2025, States with 100+ Submissions

SNAPPT

2024 Insights & Trends

Top Fraud Methods

The top three methods used by fraudsters in 2024 were:

01

Fraudulent PDF Creators

Fraudsters use specialized software to create fake documents that appear legitimate. This means rental applications, pay stubs, or bank statements can be completely fabricated, making it nearly impossible to detect fraud with a visual inspection or simplistic technology, such as Optical Character Recognition.

02

Text Insertion

This involves editing existing documents to falsify information, such as inflating income or changing employment details. This method is particularly dangerous because the alterations are subtle and designed to pass unnoticed. It highlights the need for technology that can analyze document metadata and history for signs of tampering.

03

Font Fail

Font fail occurs when fraudsters use mismatched fonts or poorly aligned text during document alterations, leaving subtle yet detectable signs of forgery. Spotting these inconsistencies manually is next to impossible, especially when reviewing hundreds of applications.

What does this mean for Property Managers?

These methods underscore the increasing sophistication of fraud in the multifamily industry. Traditional screening methods and visual inspections are no longer enough to catch these advanced schemes.

Leveraging document fraud detection technology (like Snappt) can help identify these tactics before they result in costly fraudulent leases.

SNAPPT
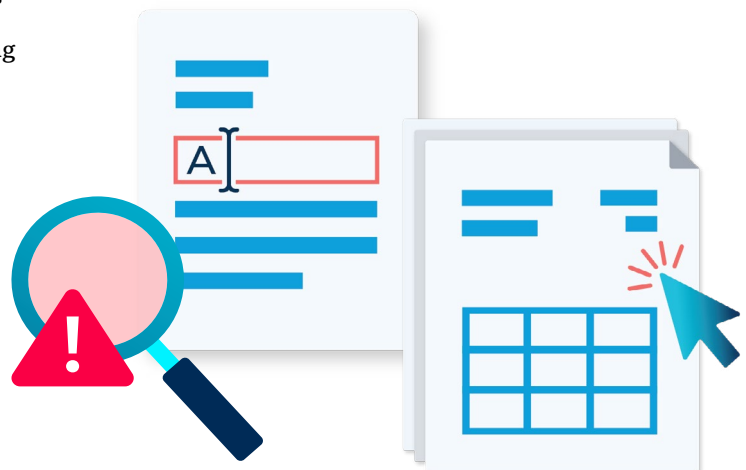
2024 Insights & Trends

Decrease in Fraud Rates

Fraud rates may have dropped in 2024 due to several key factors such as these:

01 Improved Technology & Tools

The continued adoption of advanced fraud detection tools has likely played a significant role in reducing fraud. These tools can quickly and accurately identify forged documents, making it harder for fraudsters to bypass screening processes.

02 Increased Awareness

Property managers and operators are becoming more informed about fraud risks and red flags. This growing awareness, combined with training and resources, has strengthened the industry's ability to detect and prevent fraudulent activity.

03 Stronger Screening Practices

Enhanced screening protocols, such as requiring more robust documentation or using AI-powered verification systems, have raised the barrier for fraudsters, leading to fewer successful attempts.

04 Industry Collaboration

Collaboration within the industry, including data sharing and discussions on best practices, has created a more unified defense against fraud. Events, webinars, and educational reports help leasing teams stay ahead of emerging threats.

What does this mean for Multifamily Operators?

The decrease in fraud rates is a promising sign, but it doesn't mean the risk has disappeared. Fraud tactics are constantly evolving, and a lower average rate may indicate that while the industry is improving, there is still a significant percentage of fraudulent activity to address.

What's in Store for 2025?

A Competitive Rental Market

Many individuals now feel that buying a home is no longer a smart financial option. Expensive mortgages, maintenance costs, and uncertain economic times have made renting a much more attractive option[1] for both individuals and families. This is great news for property managers who are looking to fill vacancies and keep their units occupied.

However, more demand for rental units typically leads to an increased risk for fraud, as applicants may be more inclined to exaggerate their income or falsify their rental history in order to beat out their competition and secure their desired unit. However, property managers are increasingly turning to technology to mitigate this risk and ensure they are choosing reliable tenants.

Need for Centralization

Businesses must constantly adapt to stay competitive, and centralizing tools and processes allows for greater efficiency, consistency, and collaboration among departments, resulting in improved overall performance. Operators will look for additional ways to consolidate their tech stack in 2025, prioritizing the need for systems that work together and eliminating siloed solutions.
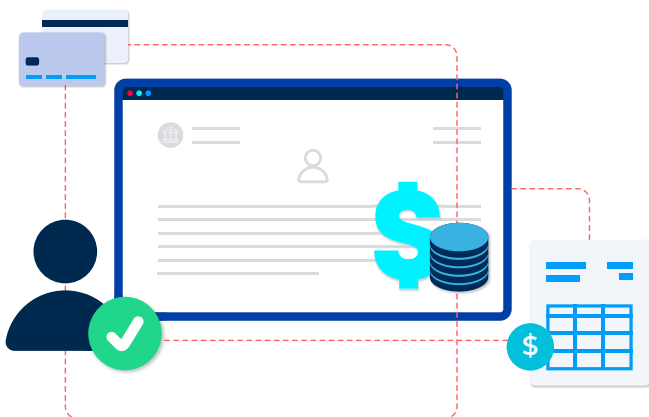
With this push for centralization, it's important to be aware of the potential risks associated with relying on one central system. Just because one company can provide multiple services doesn't mean it is the most equipped to do so. It's important to thoroughly evaluate each system and ensure that it meets your specific needs before fully integrating it into your operations.

Technology Surges

Artificial Intelligence (AI)

In 2025, artificial intelligence will play an increasingly vital role[2] in streamlining operations and improving efficiency. Leveraging this technology allows property management companies to automate tasks such as tenant screening and rent collection, reduce human error, and ultimately save time and resources.

This centralization of operations also allows for easier monitoring of potential rental fraud. As bad actors become more tech-savvy in their use of AI to sneak past screening platforms, it's crucial for property management companies to stay ahead of the game by investing in "good AI" technology to fight the bad AI.

Fraud Methods Continue to Innovate

Multifamily operators will continue to face increasingly sophisticated fraud schemes that can cause significant financial and reputational damage. 2024 saw the emergence of Inception Fraud, a devious tactic in which an applicant uses a real pay stub from a legitimate company, even though the applicant does not exist as an employee at said company.

This type of fraud could never be caught with standard screening tools, which is why it's so important to boost your fraud defenses. Relying solely on tools that identify fraud after it occurs is no longer sufficient; proactive solutions that detect fraud trends as they emerge are essential for staying ahead of these bad actors.

Investing in forward-thinking tools and partnering with innovative companies not only minimizes risk but also strengthens the integrity and security of rental operations in an increasingly complex environment.

Emergence of "Fraud-as-a-Service"

A concerning trend is the rise of "Fraud-as-a-Service,"[3] where fraudsters offer their tools and services to others, making it easier for applicants to commit fraud. This essentially turns fraud into a business, with individuals and companies profiting from the exploitation of management companies and their properties. These services can include fake IDs, financial statements, credit reports, and even rental references.

These fraudulent businesses use advanced technology, making detecting their activities more challenging for traditional screening methods. To combat this, property managers must adapt and utilize multiple layers of fraud detection tools to stay ahead of evolving fraud techniques and protect their communities.

SNAPPT

Zero-day fraud attacks

In today's fast-paced technological landscape, zero-day attacks are becoming increasingly common, with many property managers unaware that they're happening right under their noses.

A zero-day attack occurs when cybercriminals exploit vulnerabilities in software or hardware before developers have the chance to detect and fix them. They are particularly harmful because they capitalize on previously undiscovered weaknesses, leaving businesses with limited to no defenses.

Property managers, who regularly handle large volumes of sensitive customer and resident data, are especially at risk of cyber-attacks. When it comes to applicant fraud, breaches may occur when these bad actors successfully evade fraud detection systems using new methods of deception. Partnering with a fraud detection provider that invests in R&D and fraud research is the best way to protect your business from these vicious attacks.

Synthetic Identity Fraud

Synthetic IDs utilize real and fake information to create a completely new ID for an individual. Synthetic identity fraud is a growing threat in the multifamily industry, as fraudsters use this technique to bypass background checks, hide poor financial history, and gain access to rental properties.

Implementing advanced ID verification software can help identify red flags and stop these individuals before they step foot on your property. Look for software that includes biometric scans and additional checks to confirm validity.

Building Up Defenses

Multi-layer Fraud Detection

Another way multifamily operators can stay ahead of fraud in 2025 is to implement a multi-layer defense strategy. The best way to catch all types of fraud is to include steps that address fraud at every stage of the process.

Document Fraud Detection. Document fraud detection will analyze a document's metadata, checking for edits, manipulations, or forgeries.

ID Verification. The ID verification layer confirms an applicant is who they say they are. It needs to include numerous ID checks and biometric live scans.

Income Verification. Different methods of income verification and calculation are used to determine and calculate an applicant's income.

Connected Payroll. Easily verify income and employment information by giving the applicant the option to connect their payroll provider.

Inception Fraud Check. Inception fraud is when legitimate pay stubs are used for fraudulent purposes. Because these pay stubs are created using recognized payroll providers, inferior fraud detection methods will rule these documents as "clean" or "unedited." The only way to catch this is to maintain a list of the companies and LLCs that do this.

Proprietary Threat List Check. An established fraud detection provider should have a known threat list of users and companies that have a history of committing fraud.

Fraud Forensics Team. A team dedicated to catching the latest fraud tactics is crucial to staying on top of fraud trends and building the best defense system.
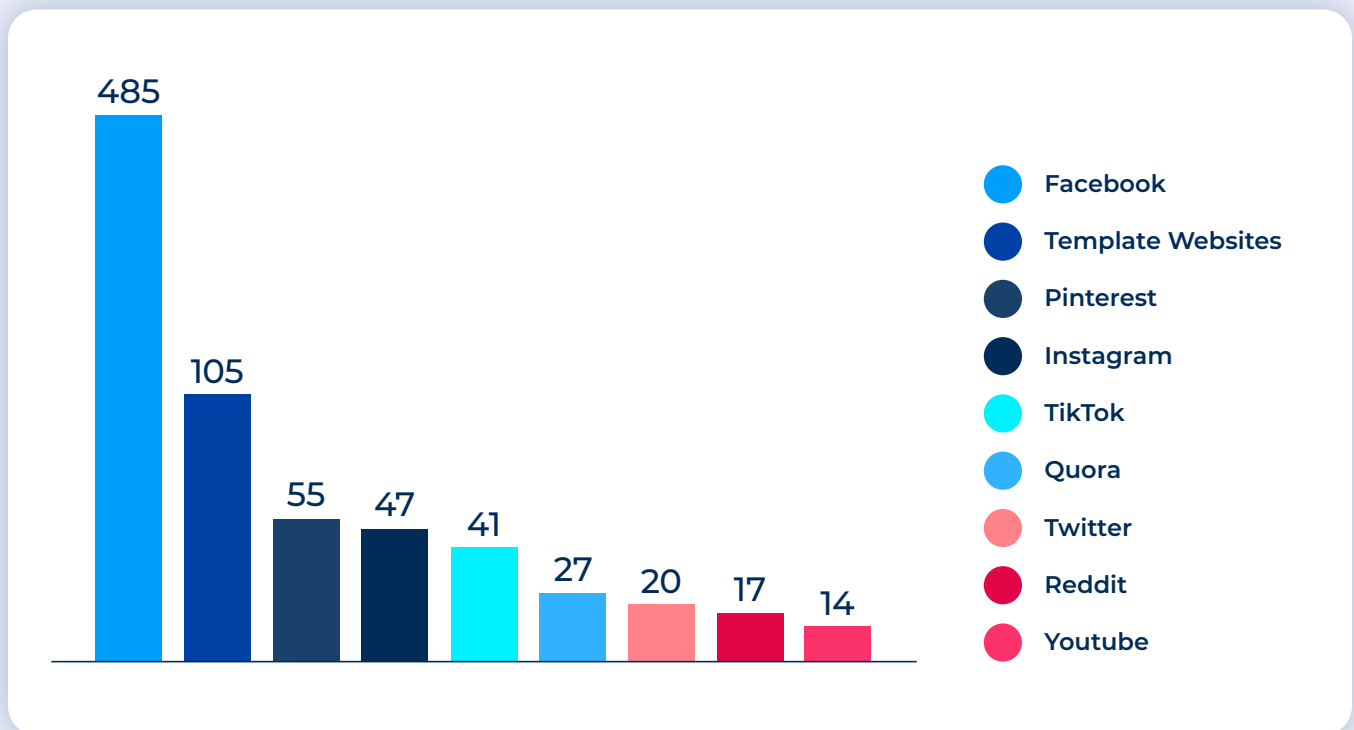
Fraud Forensics

Property managers have started to seek out companies that invest time in fraud research to address these rapidly evolving fraud tactics. Fraud forensics, the practice of analyzing data, patterns, and trends to detect potential fraud attempts, is no longer a nice-to-have but a need-to-have step in your process. A fraud forensics team should proactively identify vulnerabilities, thoroughly investigate potential threats, and extract actionable insights to continually refine and strengthen their fraud detection capabilities.

Currently, Snappt is the only fraud detection company that has a team that proactively finds **fraudsters, investigates their methods, and develops a strategy to defeat them.** Our team constantly studies new tips, techniques, and patterns used by fraudsters so we can stay ahead of the curve, and our system constantly evolves to protect our customers from the latest fraud attempts. Some recent types of fraud our Fraud Forensics team has caught are:

- Payroll Fraud

- Inception Fraud

- High-Volume Application Fraud

- Subletting Fraud

Our team of experts has uncovered hundreds of documents, DIY templates and tools that enable bad actors to commit fraud.

485 Facebook
105 Template Websites
55 Pinterest
47 Instagram
41 TikTok
27 Quora
20 Twitter
17 Reddit
14 Youtube

Closing Insights

Fraud remains a persistent challenge for property owners and managers. However, you can effectively detect and prevent fraudulent activities by taking proactive measures to safeguard their properties.

Key Takeaways

✓ Implement a multi-layer approach that combines traditional screening methods with advanced fraud detection technologies.

✓ Stay informed on trends and tactics used by fraudsters and educate your team.

✓ Proactively enhance security measures at your property.
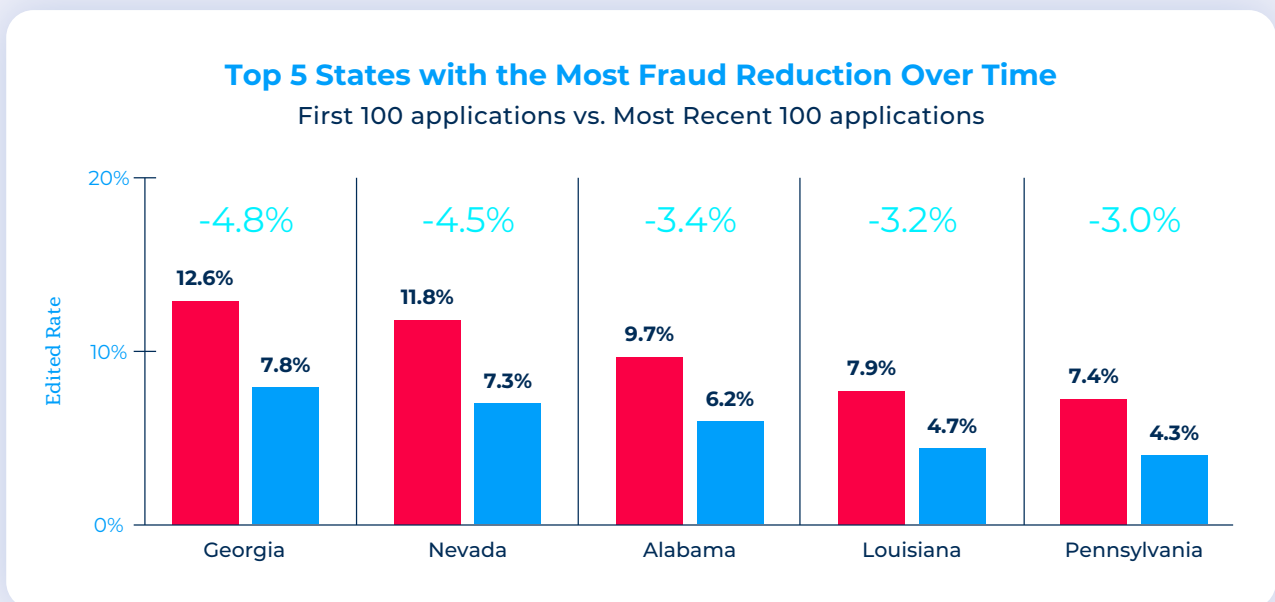
The Snappt Difference

Snappt is **the only solution** in the multifamily industry with multiple layers of protection for your properties. With a robust proprietary threat list check and the industry's only dedicated fraud forensics team, Snappt is committed to staying ahead of the most devious fraudsters and protecting properties from reputational damage and bad debt.

Using Snappt deters fraudsters from applying to your portfolio. These bad actors get pushed to other properties in the area that don't use Snappt, where they can easily get through the application process, resulting in increased fraud rates at non-Snappt protected properties.

Our team of experts has uncovered 800+ documents, DIY templates, and tools that enable bad actors to commit fraud. This level of thoroughness in our fraud detection process sets us apart from other providers and ensures that properties are secure from potential damages.

With Snappt, businesses can have peace of mind knowing that they are protected by the most advanced and reliable fraud detection solution on the market.

The longer a property uses Snappt, **the lower their fraud rate becomes.**

Top 5 States with the Most Fraud Reduction Over Time
First 100 applications vs. Most Recent 100 applications

State	First 100	Most Recent 100	Reduction
Georgia	12.6%	7.8%	-4.8%
Nevada	11.8%	7.3%	-4.5%
Alabama	9.7%	6.2%	-3.4%
Louisiana	7.9%	4.7%	-3.2%
Pennsylvania	7.4%	4.3%	-3.0%

Edited Rate (y-axis: 0% – 20%)

Sources

1. US Real Estate Market Outlook Dollars - CBRE

2. Real Estate Trends to Watch in 2025 - Multifamily Executive

3. Top Fraud Trends and Considerations for 2025 - Onfido, an Entrust Company

Don't risk using an inadequate or unreliable system – trust Snappt to safeguard your properties. **To learn more about our fraud detection, visit snappt.com.**

SNAPPT

snappt.com