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INDUSTRY REPORT

# Multifamily Applicant Fraud Trends

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Q1 2026

*What multifamily teams should know about today's rental application  
fraud landscape.*

Prepared by

**DOCUVERUS INCOME VERIFICATION AND FRAUD DETECTION**

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## EXECUTIVE SUMMARY

*Applicant fraud remains one of the most consequential operational risks facing the multifamily housing industry in 2026. Survey data from the National Multifamily Housing Council shows that the overwhelming majority of rental housing providers continue to encounter fraud, and operators are reporting substantial year-over-year increases in fraudulent application volume<sup>[1]</sup>.*

According to the National Multifamily Housing Council (NMHC), **93.3%** of rental housing providers reported experiencing fraud in the prior twelve months, and **70.7%** observed a year-over-year increase in fraudulent applications<sup>[1]</sup>. The financial toll is severe: survey respondents reported writing off an average of **\$4.2 million** in bad debt annually, with roughly 24.5% of that figure attributable directly to fraudulent applicants who subsequently failed to pay rent<sup>[1]</sup>.

Fraud methods are growing increasingly sophisticated. AI-generated documents and synthetic identity combinations now dominate the threat landscape, while social media platforms have emerged as unexpected vectors for sharing fraud tools and techniques. The industry is responding with biometric verification, machine-learning document authentication, and tighter cross-platform data sharing — yet many property managers continue to report meaningful gaps between the fraud attempts they see and their ability to reliably detect them at the point of application.

This report synthesizes findings from leading industry sources, including NMHC's Pulse Survey and data from the National Apartment Association (NAA), to provide property management professionals with a clear picture of current fraud dynamics and recommended countermeasures.

### AT A GLANCE

<p><b>93.3%</b></p> <p>of landlords reported fraud in the past 12 months</p>	<p><b>70.7%</b></p> <p>saw YoY increase in fraudulent applications</p>	<p><b>\$4.2M</b></p> <p>avg. annual bad-debt write-offs per respondent</p>	<p><b>23.8%</b></p> <p>of eviction filings linked to fraudulent applications</p>
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## KEY FRAUD TRENDS

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### 01 Document and Income Falsification Remains the Dominant Vector

The falsification of income and employment documentation continues to be among the most prevalent forms of applicant fraud. NMHC survey respondents consistently cited fabricated pay stubs, altered employment references, and manufactured income documents as a core threat vector, and property managers report that these documents are growing more difficult to distinguish from authentic records as editing tools become more capable and widely available<sup>[1]</sup>.

The financial consequences of undetected document fraud are significant. Approximately **23.8% of eviction filings** across NMHC survey respondents were linked to fraudulent applications and subsequent failure-to-pay events<sup>[1]</sup>. Properties that have adopted digital fraud detection tools have been shown to reduce fraud-related losses by up to **70%**, according to industry reporting<sup>[2]</sup>.

### 02 Identity Fraud and Misrepresentation at Elevated Levels

Identity-related fraud remains widespread in the applicant pool. **Eighty percent** of NMHC survey respondents reported that applicants misrepresented information on their applications, while **70%** observed identity theft, fraudulent ID documents, or the use of another person's personal information<sup>[1]</sup>.

This persistent pattern of misrepresentation — combined with the growing sophistication of synthetic identity techniques discussed later in this report — represents a compounding liability for property portfolios. Legacy screening workflows that rely on document self-attestation alone are increasingly unable to distinguish between a legitimate applicant and a fabricated or composite identity presented in their place.

### 03 Geographic Concentration in High-Growth Markets

Fraud does not occur uniformly across markets. Industry reporting has documented a notable surge in luxury apartment fraud specifically in the Atlanta market, suggesting that higher-rent Sun Belt properties are not immune to applicant risk<sup>[3]</sup>. More broadly, the concentration of fraud in Sun Belt metros correlates with high rental demand, recent population growth, and elevated competition for units — conditions that create pressure on both applicants and leasing teams that bad actors can exploit.

Operators active in high-growth markets should expect fraud volumes to track with application volumes and should plan their screening capacity, staffing, and tooling accordingly. Regional benchmarking — where available — provides useful context for setting internal thresholds and allocating review resources to the markets where the risk is highest.

## 04 Scale of Financial Impact

The economic burden of rental fraud is substantial across the industry. The average NMHC Pulse Survey respondent reported writing off nearly **\$4.2 million** in bad debt over a twelve-month period, with approximately **24.5%** of that amount — roughly **\$1 million per respondent** — attributable to nonpayment by fraudulent applicants<sup>[4]</sup>.

These headline losses compound when combined with the legal fees, turnover expenses, and vacancy costs associated with eviction proceedings triggered by fraudulent tenancies. For smaller portfolios, even a single fraudulent lease can materially affect a property's annual performance, which is why prevention at the point of application — rather than recovery after move-in — increasingly represents the most cost-effective control.

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## EMERGING FRAUD METHODS

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### AI-Generated and AI-Altered Documents

Generative artificial intelligence has materially lowered the barrier for sophisticated document fraud. Tools that were once available only to technically skilled actors can now produce convincing synthetic pay stubs, bank statements, and employment verification letters at minimal cost. Industry observers consistently note that AI is accelerating risk across the screening landscape, with fraudsters leveraging the same technology advances being adopted for fraud detection. Leasing teams increasingly report encountering pay stubs and bank statements that appear to have been AI-assisted — records that are internally consistent, visually convincing, and designed specifically to defeat pattern-matching checks that look only at surface formatting.

### Synthetic Identity Fraud

Synthetic identity fraud — in which a fraudster combines real elements (a legitimate Social Security number, authentic address history) with fabricated information (a false name, fictitious employment record) to create a new composite identity — has become the fastest-growing form of identity-related fraud in rental housing. This type of fraud now accounts for an estimated **85% of all identity fraud nationally**<sup>[4]</sup>.

**+311%** *year-over-year increase in synthetic identity document fraud, Q1 2024 → Q1 2025.*

The growth rate is alarming: research from Sumsub documented a 311% year-over-year increase in synthetic identity document fraud between Q1 2024 and Q1 2025<sup>[4]</sup>. Because synthetic identities can pass individual verification checks that examine only the consistency of information — rather than confirming whether the combination represents a real person — conventional screening processes are frequently insufficient to catch them.

### Social Media as a Fraud Enablement Channel

A notable and growing trend involves the use of social media platforms — particularly TikTok — as venues for sharing fraud tools, techniques, and fake document templates with large audiences. Industry reporting from Multifamily & Affordable Housing Business documents how platform users openly exchange methods for falsifying income, employment, and identity to gain access to rental housing<sup>[5]</sup>. This represents a shift from fraud as an organized criminal enterprise toward broader participation by individual applicants who view application misrepresentation as a housing affordability workaround rather than a crime.

### Unauthorized Occupancy and False Rental History

Beyond application document fraud, **67.1%** of NMHC respondents reported experiencing unauthorized cohabitants, illegal subletting, or other actions designed to evade the leasing process entirely<sup>[4]</sup>. False or fabricated rental history references are also increasingly common, making it more difficult to rely on traditional landlord-reference checks as a standalone screening measure.

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## INDUSTRY RESPONSE

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### Technology-Driven Detection Tools

The multifamily industry is investing heavily in technology-based countermeasures. Leading screening providers have deployed machine learning models capable of detecting metadata anomalies, font inconsistencies, and template reuse that are invisible to human reviewers. Biometric identity verification — using facial recognition and liveness detection to confirm that an applicant matches the identity document they present — is increasingly being integrated into digital application workflows. Purpose-built solutions now combine document authentication, income verification via direct payroll data access, and identity confirmation into unified screening workflows<sup>[2]</sup>.

The effectiveness of these tools is measurable: properties using advanced digital fraud detection have demonstrated up to **70% reduction in fraud-related losses** compared to manual-review-only workflows<sup>[2]</sup>. A meaningful share of rental fraud is not discovered until after a resident has already moved in — a dynamic that purpose-built pre-approval screening tools, operated by providers such as DocuVerus, are specifically designed to address.

### Direct Data Access and Payroll Integration

Recognizing the limitations of document review, a growing segment of the industry has moved toward **direct data verification** — pulling income and employment data directly from payroll processors, financial institutions, and tax records rather than relying on applicant-submitted documents. This approach eliminates the surface on which most document fraud occurs, since a forged pay stub cannot replicate a live payroll feed. Services that connect to payroll platforms such as ADP, Paychex, and Gusto are now available through major screening providers and represent a meaningful advancement in application integrity.

### Government and Regulatory Attention

The Federal Trade Commission published analysis in late 2025 confirming that consumers have lost millions of dollars to rental scams, bringing regulatory attention to the broader rental fraud ecosystem<sup>[6]</sup>. NMHC and NAA have jointly submitted letters to federal agencies urging the development of clearer standards for resident screening and advocating for enhanced data sharing between landlords and credit bureaus to better identify serial fraudsters across markets<sup>[4]</sup>.

### Broader Adoption Imperative

Despite available technology, many property managers continue to report gaps between the fraud attempts they see and the confidence they have in their current prevention stack. The industry's challenge is not solely technical — it also involves change management, training, and the integration of new tools into leasing workflows without creating friction that drives applicants to competitors. Industry

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associations and vendors are increasingly offering training resources, shared fraud intelligence, and market-specific benchmarking to help operators close the gap between detection capability and actual adoption.

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## SOURCES

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*The following sources informed the analysis and statistics presented throughout this report.*

- [1] [National Multifamily Housing Council \(NMHC\). \(2024\). NMHC Pulse Survey: Analyzing the Operational Impact of Rental Application Fraud and Bad Debt.](#)
  - [2] [Multifamily Executive. \(2026\). Detection Improves, but Fraud Pressure Persists in Multifamily.](#)
  - [3] [CRE Daily. \(2025\). Rental Fraud Surges in Atlanta Luxury Apartment Market.](#)
  - [4] [National Apartment Association \(NAA\). \(2025\). Synthetic Fraud: How to Identify, Respond To & Prevent It.](#)
  - [5] [Multifamily & Affordable Housing Business. \(2025\). TikTok Is Fueling a New Era of Real Estate Fraud.](#)
  - [6] [Federal Trade Commission. \(2025\). FTC Analysis Shows Consumers Have Lost Millions to Rental Scams.](#)
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