



EMPLOYMENT AND TENANT BACKGROUND CHECKS

Yardi Rent Price-Fixing Scheme – Nationwide

Antitrust Lawsuit Accuses 18 Property Management Companies and Yardi Systems of Rent Price-Fixing Scheme Affecting Millions of Renters

New class action alleges a multiparty scheme to raise the cost of rent in cities across the country

SEATTLE – Eighteen property management companies, together with property management software company Yardi Systems Inc., were named in an [antitrust class-action lawsuit filed today](#) accusing the alleged cartel of orchestrating a nationwide scheme to fix the cost of multifamily apartment rent, according to attorneys at Hagens Berman.

The lawsuit was filed in the U.S. District Court for the Western District of Washington and accuses the conspirators of colluding to coordinate pricing

through the usage of a centralized, automated pricing software, “RENTmaximizer,” created by Yardi Systems in 2011. By 2013, the software was used to price 8 million residential units. The new lawsuit falls on the heels of the law firm’s [class action against RealPage](#) alleging similar rent price-fixing tactics.

The class action names as defendants or co-conspirators the following property management companies using Yardi’s RENTmaximizer and “Revenue IQ” revenue management software: Bridge Property Management LLC, Calibrate Property Management LLC, Clear Property Management LLC, Dalton Management Inc., HNN Associates LLC, LeFever Mattson, Manco Abbott Inc., Morguard Corporation, Pillar Properties LLC, Summit Management Services Inc., Creekwood Property Corporation (Tonti Properties), Legacy Partners Inc., Jones Lang Lasalle Incorporated (JLL), Alco Management Inc., McWhinney Property Management LLC, KRE Group Inc., Towne Properties and Tribridge Residential LLC.

[If you rented an apartment from any one of the above listed companies or any other property management company using Yardi’s RENTmaximizer since September 2019, find out more about your consumers rights.](#)

“Our antitrust legal team has uncovered what we believe to be a clear gaming of the system through controlled, lockstep algorithmic increases to fix the cost of rent — one that has affected millions of renters,” said Steve Berman, managing partner and co-founder of Hagens Berman. “Housing is a basic human need. What these companies have done is both legally and morally bankrupt.”

How 18 Competing Companies Conspired to Raise Rent

The class action centers on Yardi’s RENTmaximizer, a complex software used to automatically manage the rental pricing of multi-unit properties across the country, with the express goal of — as implied by the name — increasing the price of rent, according to the law firm.

The lawsuit quotes Yardi's senior vice president of sales, who explained in 2016 that, "[b]y automating rental pricing that factors in portfolio and market data, RENTmaximizer not only improves rental income while maintaining occupancy, it simplifies the process by eliminating rent rate guesswork and traditional sales devices such as concessions and specials."

"As if underhandedly conspiring across these companies to raise rents wasn't bad enough, Yardi had the audacity to name its tool something as brazen as RENTmaximizer," Berman said. "We intend to fight for the rights of anyone subjected to this rent price-fixing scheme who has been left to pay inflated prices during a historically tumultuous time."

Through Yardi's software, otherwise competing rental companies teamed up to outsource their pricing decisions to Yardi, thus artificially eliminating any competition between them. According to Yardi promotional documents cited in the lawsuit, a key input to Yardi's pricing algorithm – along with companies' own price and availability data – is comparative rent, which is input into Yardi's algorithmic "pricing engine" to generate supracompetitive rent recommendations.

"Defendant Yardi and the Operator Defendants collectively used Yardi's 'RENTmaximizer' software to coordinate on setting supracompetitive pricing on multifamily properties across the nation," the lawsuit states. "In a competitive market, these companies would compete on rental prices to attract renters—that is, they would set rents in accordance with the fundamentals of supply and demand."

Thus, instead of courting would-be renters based on market conditions – for example, by offering move-in deals and competing on price – property management companies used Yardi's algorithmic pricing tool to automate the rental pricing process. Yardi's software thus effectively outsources the management of rental pricing from a landlord to Yardi itself, which then implements higher prices collectively across a group of landlords, according

to attorneys. This eliminates the discounting that would occur in a competitive market, the lawsuit states.

Yardi has marketed its tools to rental companies as a method to “beat the market” and maximize profits, the lawsuit states, and claims in promotional videos that “revenue grows on Yardi.” Yardi also advertises that, through RENTmaximizer, it gives lessors “complete visibility” into the market, providing them with “property performance benchmarking . . . compared to the market, submarket and competition,” the lawsuit states.

The class action alleges that use of Yardi’s RENTmaximizer has led to property companies “aggressively” raising rents. The lawsuit cites a “test run” economic analysis finding an average overcharge of 6% on units priced using RENTmaximizer in certain zip codes, consistent with Yardi’s public statements that RENTmaximizer leads to, on average, a 6% average increase in lessors’ net rental income. The lawsuit also identifies statements by numerous lessors who have used RENTmaximizer to raise rents, including one who explained in 2016 that, without RENTmaximizer, “[w]e simply wouldn’t have raised rents that much or that quickly on our own.”

Confidential Witness: “It was ridiculous.”

The lawsuit also cites confidential witnesses who attest to using Yardi’s RENTmaximizer to set listing prices for apartments, and identifies one, a former leasing consultant for defendant Bridge Property Management, who stated that, in her opinion, “[i]t was ridiculous. We were supposed to be helping these people who couldn’t afford a home. Instead, we were raising rents.”

Another confidential witness and former employee of Bridge Property Management stated the pricing practice gave “an unfair advantage” to lessors because they “all know what they should be renting for” by using the same pricing platform, the lawsuit states.

The lawsuit brings claims of violation of federal antitrust laws and seeks to recover losses of those who paid inflated rent, as well as injunctive relief putting an end to the price-fixing scheme.

[Find out more about the new antitrust rent price-fixing class-action lawsuit against Yardi and 18 property management companies.](#)

[About Hagens Berman](#)

Hagens Berman is a global plaintiffs' rights complex litigation law firm with a tenacious drive for achieving real results for those harmed by corporate negligence and fraud. Since its founding in 1993, the firm's determination has earned it numerous national accolades, awards and titles of "Most Feared Plaintiff's Firm," MVPs and Trailblazers of class-action law. More about the law firm and its successes can be found at www.hbsslaw.com Follow the firm for updates and news at [@ClassActionLaw](#)

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