entrata

COVID-19 Rental Housing Trends

MID-MONTH REPORT

ENTRATA.COM/COVID19

CONVENTIONAL HOUSING

APRIL 22, 2020

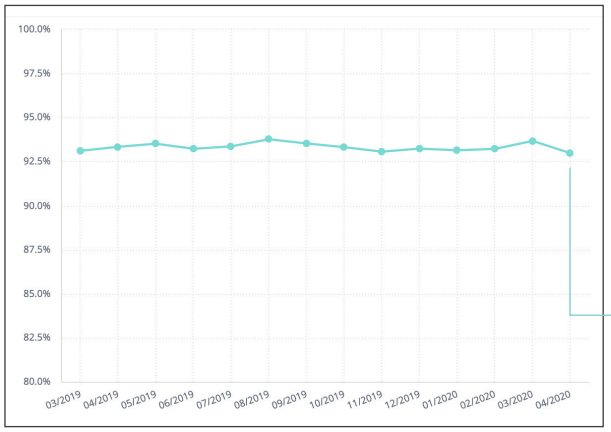
COVID-19 Rental Housing Trends

As the widespread impact of COVID-19 develops around the country, Entrata continues to pay close attention to the trends among its multifamily clients. Entrata will update these findings regularly as we gauge the economic impact that this pandemic is having in the multifamily space. These findings cover several main areas of impact: Occupancy & Renewals, Rent Payments, Fees & Repayment Agreements, Leasing, and Operations.

All findings in this study are specific to Entrata's conventional multifamily clients. The data for these findings consists of the information available through April 19, 2020. Be aware that factors such as days of the week, property policies and office closures, local shelter-in-place regulations, and other circumstances may affect how this data is processed, recorded, and interpreted.

OCCUPANCY

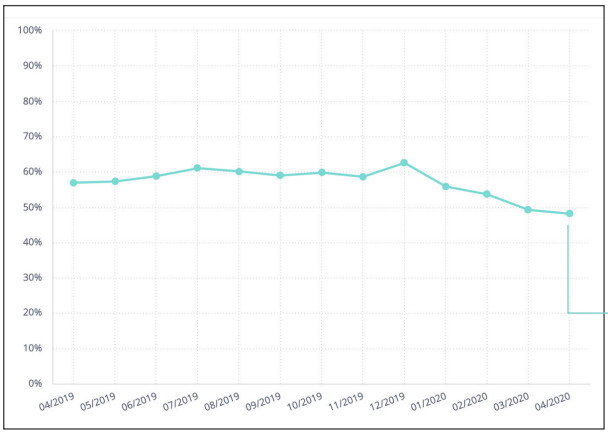
OCCUPANCY PERCENTAGE



OCCUPANCY

At 93 percent, occupancy rates, while down slightly from March, are still in line with the generally high numbers observed over the last twelve months for conventional multifamily properties. We anticipate these numbers will go up and down as the pandemic wanes and markets begin to normalize.

RENEWAL PERCENTAGE



RENEWALS

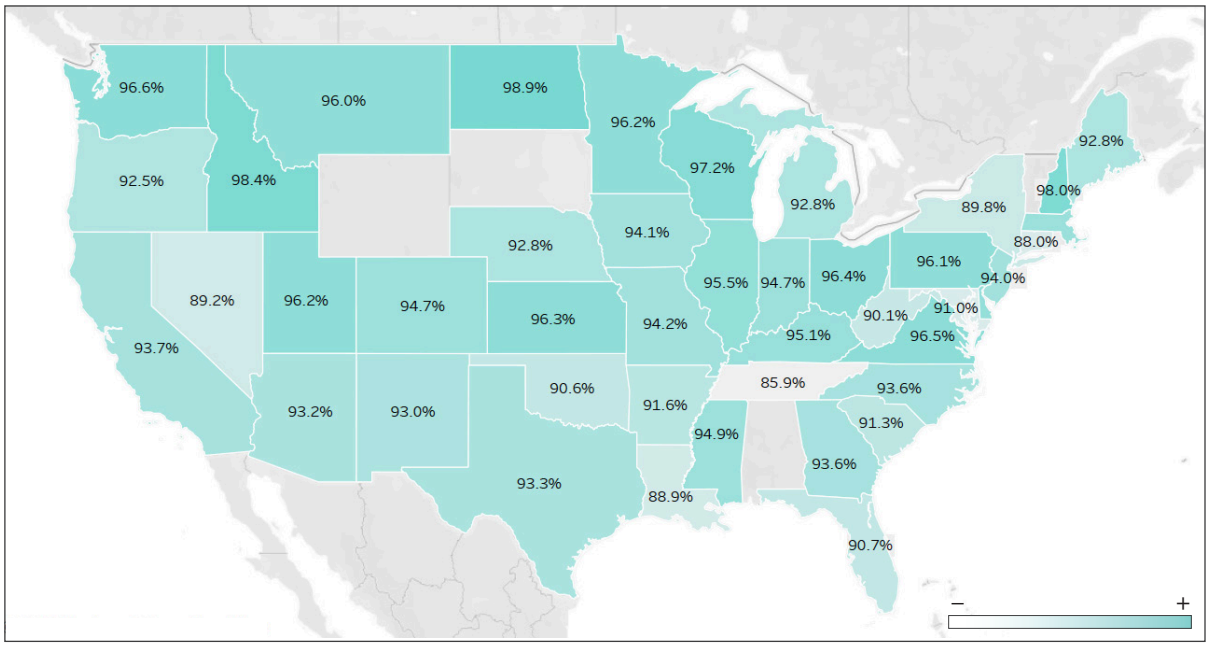
Renewals, at 48 percent, have dipped to their lowest point in the last twelve months, continuing a trend that appears to have begun in January. Many properties are taking on month-to-month leases and staying in wait-and-see mode rather than signing renewals at this point.

PAYMENTS

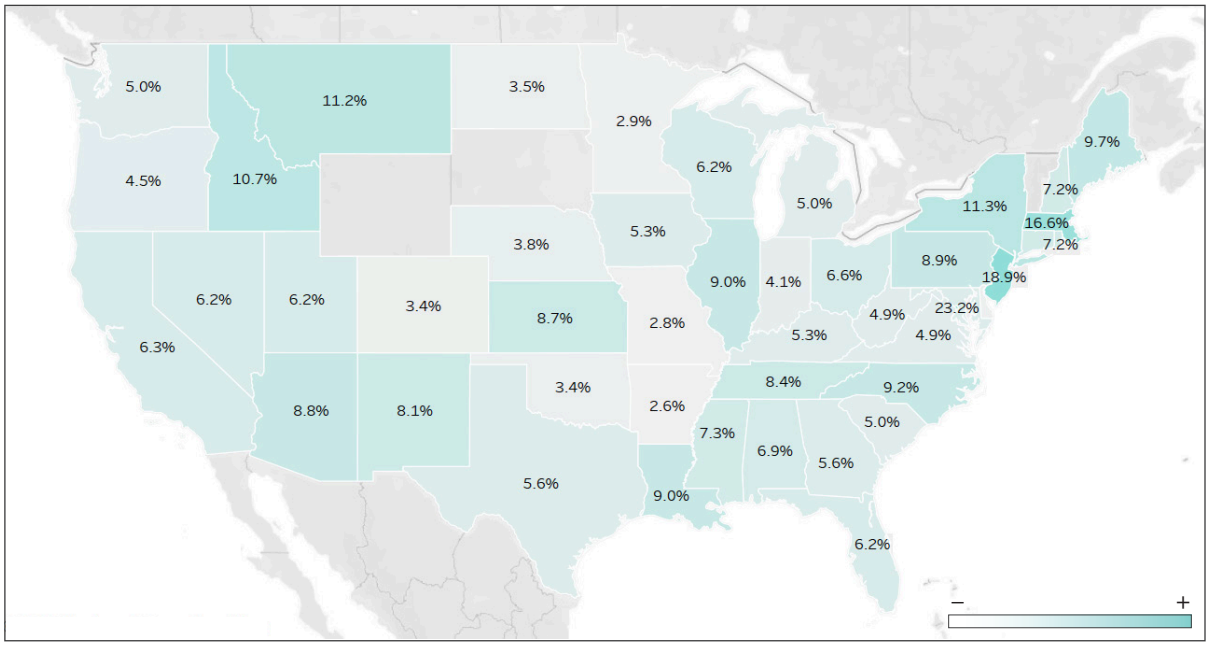
RENT PAID

Rent collection numbers for April continue to show a higher-than-industry-average across our nationwide sample. Stimulus checks and unemployment payments are undoubtedly being used to pay rent. Through the third week of April, 93.36 percent of units have made a rent payment (compared to 94.19 percent in March). We are observing an expected increase in the dollar amount of uncollected rent, at 8.10 percent, which jumped from 5.61 percent in March.

PERCENT OF UNITS THAT MADE A RENT PAYMENT AS OF APRIL 20, 2020



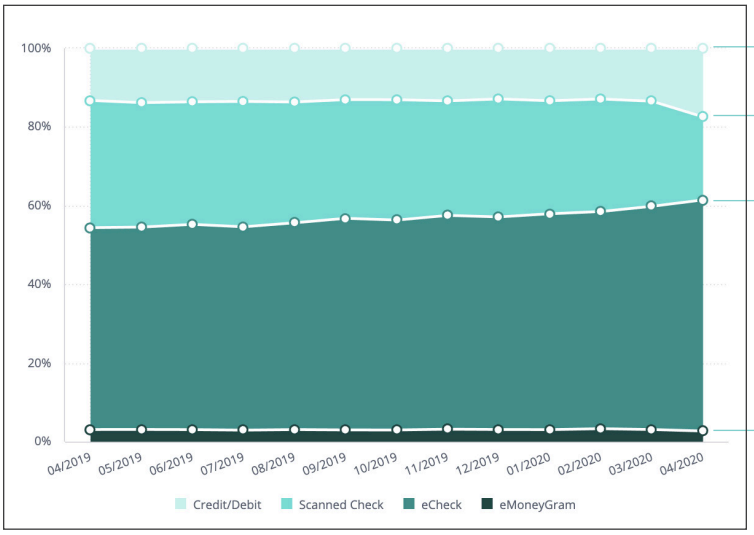
PERCENTAGE OF UNCOLLECTED RENT AS OF APRIL 20, 2020



PAYMENT TYPES & CONVENIENCE FEES

Properties that absorb convenience fees for online payments maintain a slight edge on those that pass fees along to residents. The number of residents choosing to pay online via credit card continues to grow, and at 17 percent, is higher than at any point over the last year.

PAYMENT TYPE



17% ↑1% SINCE 04/07/2020

21% ↑1% SINCE 04/07/2020

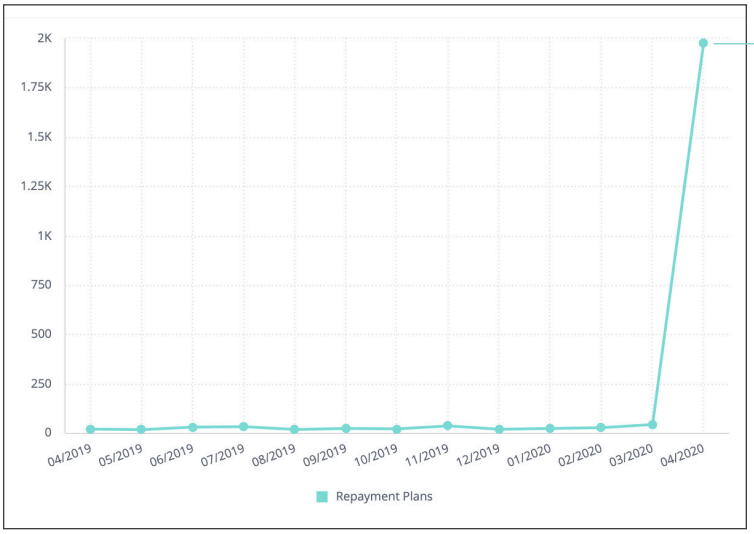
59% ↓3% SINCE 04/07/2020

3% NO CHANGE SINCE 04/07/2020

REPAYMENT AGREEMENTS

As anticipated, the number of repayment agreements posted in Entrata's system has ballooned since the first week of the month, up 135.15 percent since April 7 as properties work with their residents to make payment plans.

REPAYMENT PLANS CREATED BY THE 20TH OF EACH MONTH



1.98 K ↑1.14 K / 135.15% SINCE 04/07/2020

FEES

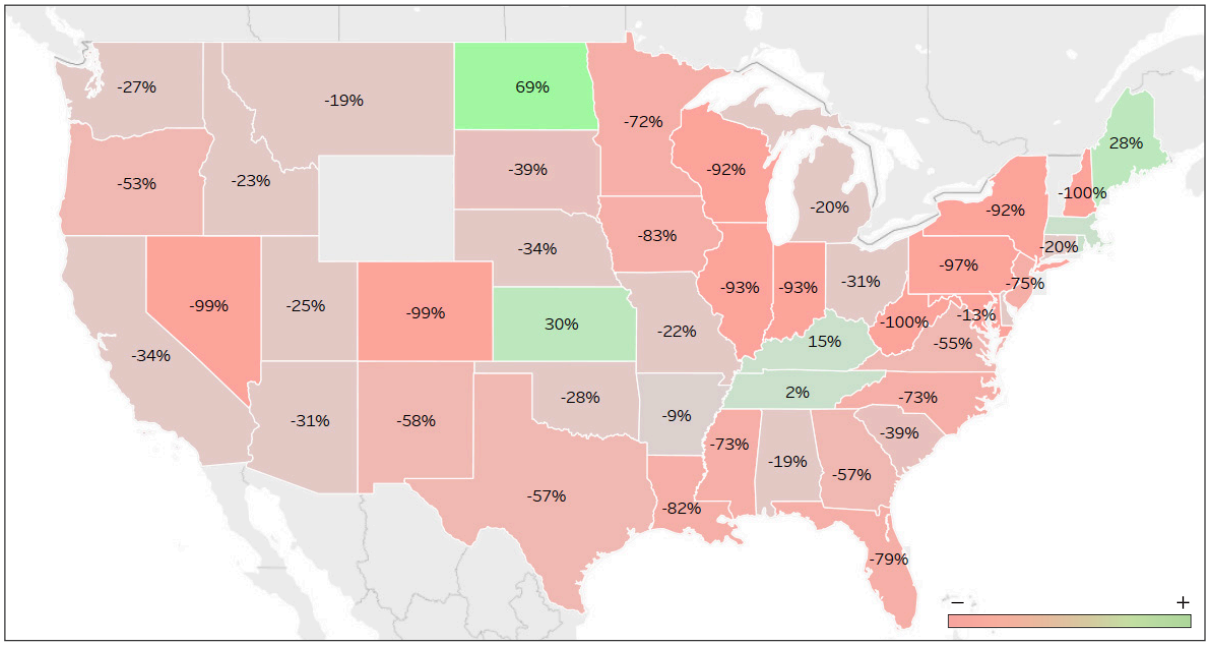
LATE FEES

Not surprisingly, apartment communities have responded to their renters' new economic landscape by significantly dropping the volume of fees charged to residents. Averaged over unit counts, properties have posted only $4.84 per unit in late fees, while waiving $1.09 per unit.

LATE FEES POSTED PER UNIT

LATE FEES WAIVED PER UNIT

PERCENT CHANGE IN LATE FEES MONTH OVER MONTH



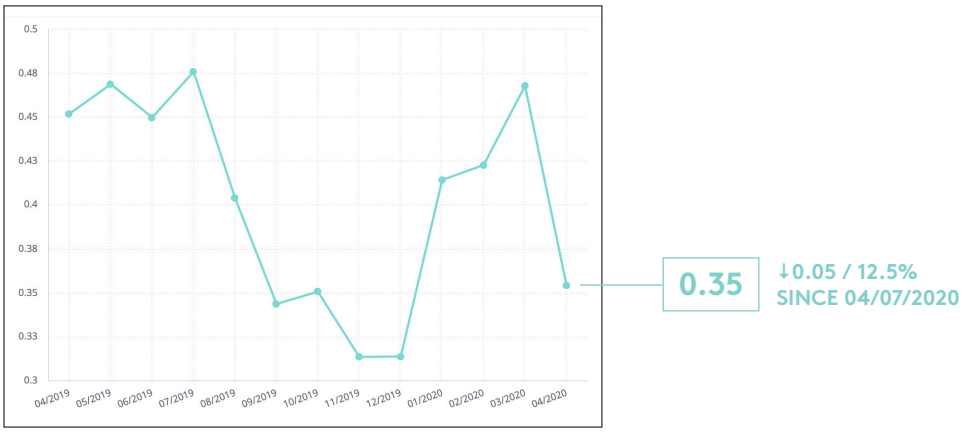
LEASING

Several factors affect the leasing velocity of any given property. Entrata tracks a variety of leasing metrics, including the number of new leads per unit, new applications completed, how many resident screenings are conducted, and the number of leases properties generate. Indications through April show continued softening across most of the leasing metrics we monitor.

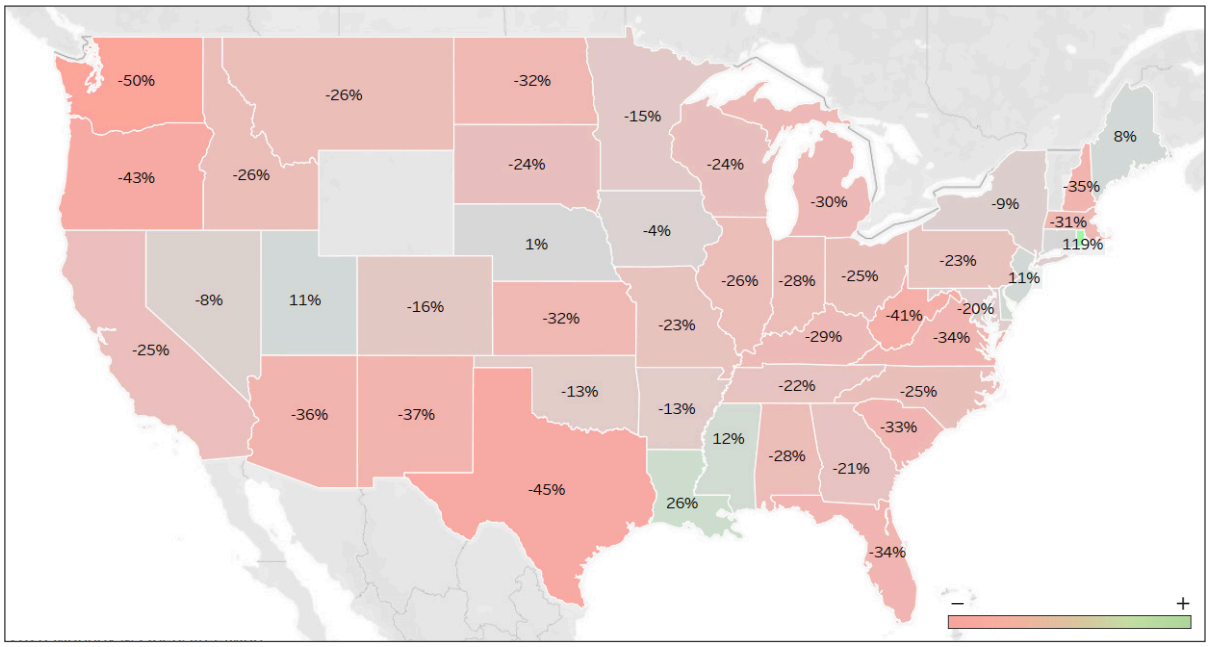
NEW LEADS

The average number of new leads per unit through April 19 dipped to 0.35, down from March 2020 and 12.5 percent lower than the numbers in the first week of the month. Regional analysis shows COVID-19 hotspots seeing the greatest drop in new lead activity.

NEW LEADS PER UNIT



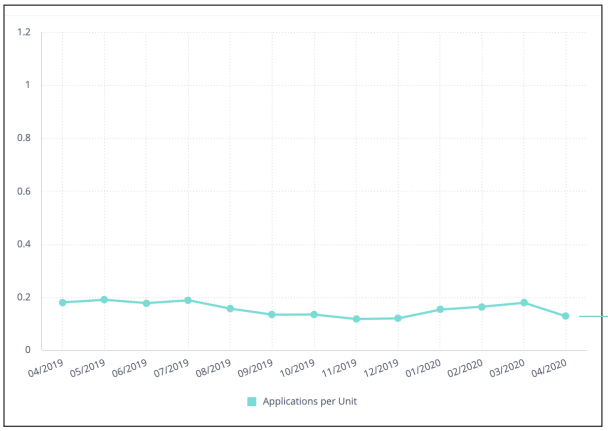
PERCENT CHANGE IN LEADS MONTH OVER MONTH



NEW APPLICATIONS AND SCREENING

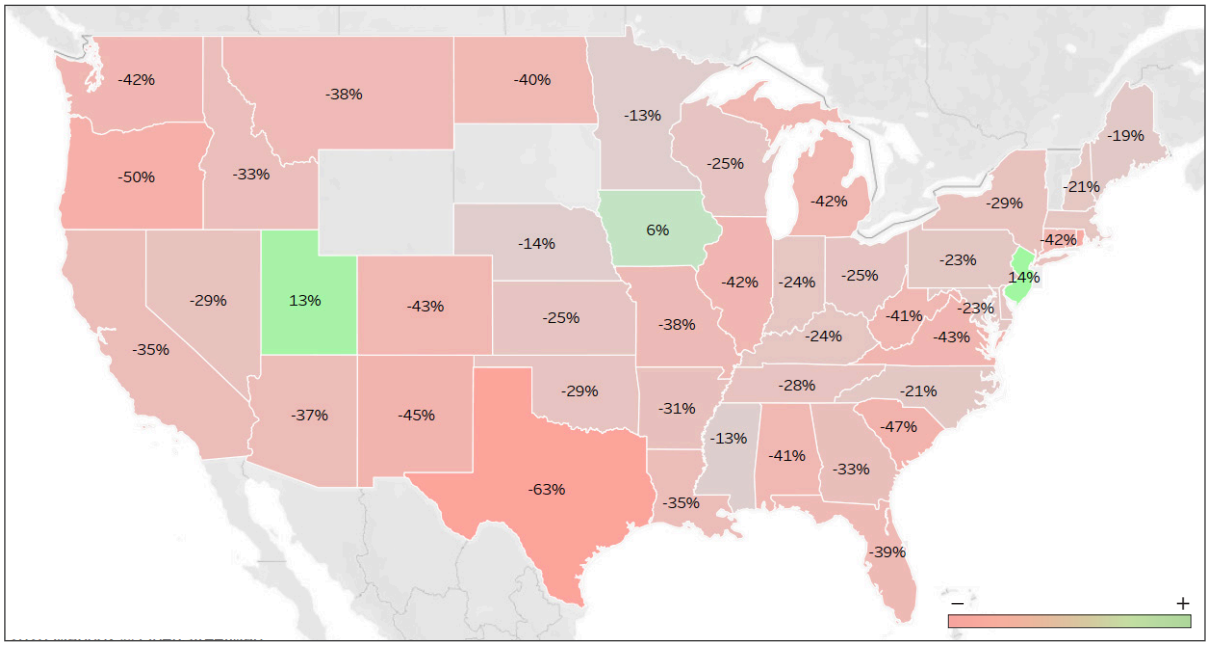
New applications per unit show a slight growth (8.33 percent) since earlier in the month, although they are slightly down year over year. Screening numbers are sharply lower, at 0.032 per unit, down 46.67 percent from earlier in the month.

NEW APPLICATIONS PER UNIT



0.13 ↑0.01 / 8.33% SINCE 04/07/2020

PERCENT CHANGE IN NEW APPLICATIONS STARTED PER UNIT MONTH OVER MONTH



NEW APPLICATIONS AND SCREENING

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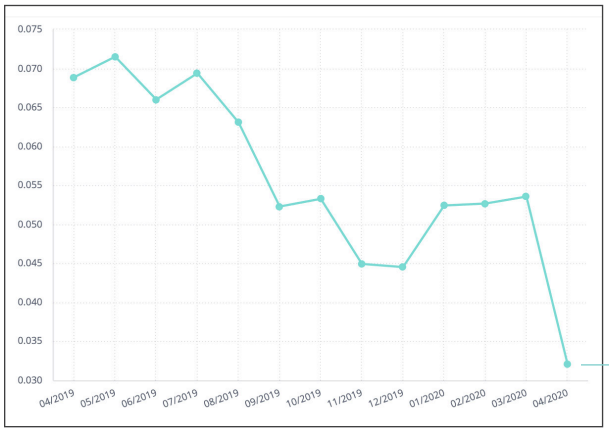
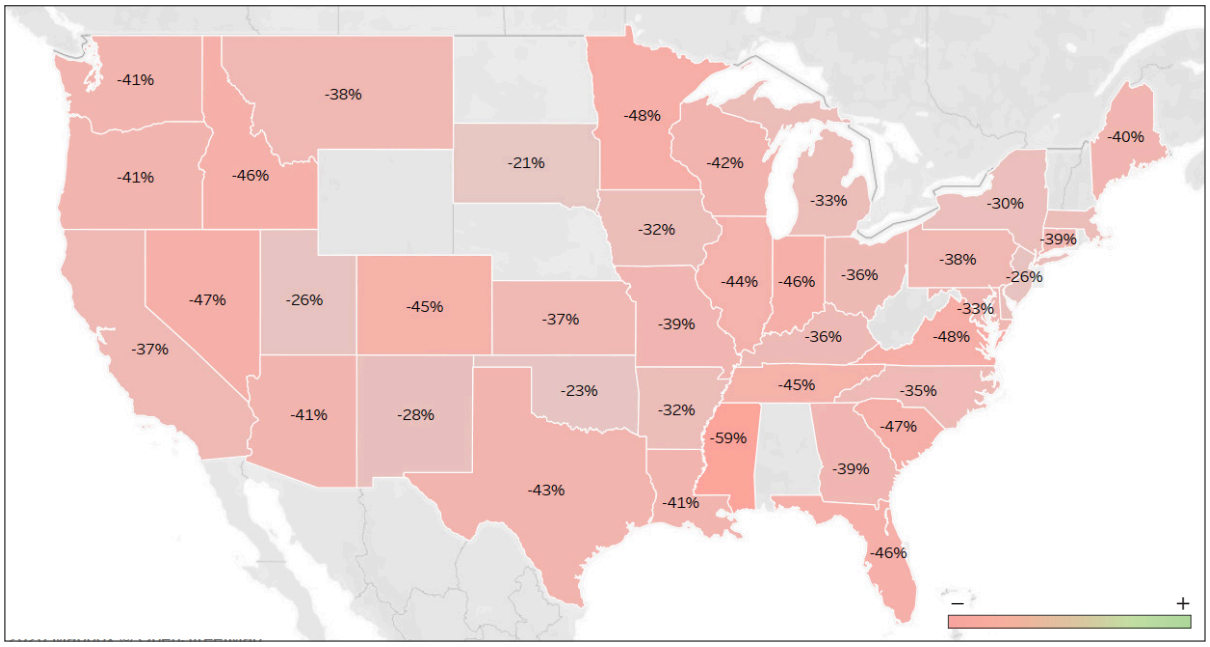
SCREENINGS PER UNIT



0.032

↓0.028 / 46.67%
SINCE 04/07/2020

PERCENT CHANGE IN SCREENINGS PER UNIT MONTH OVER MONTH

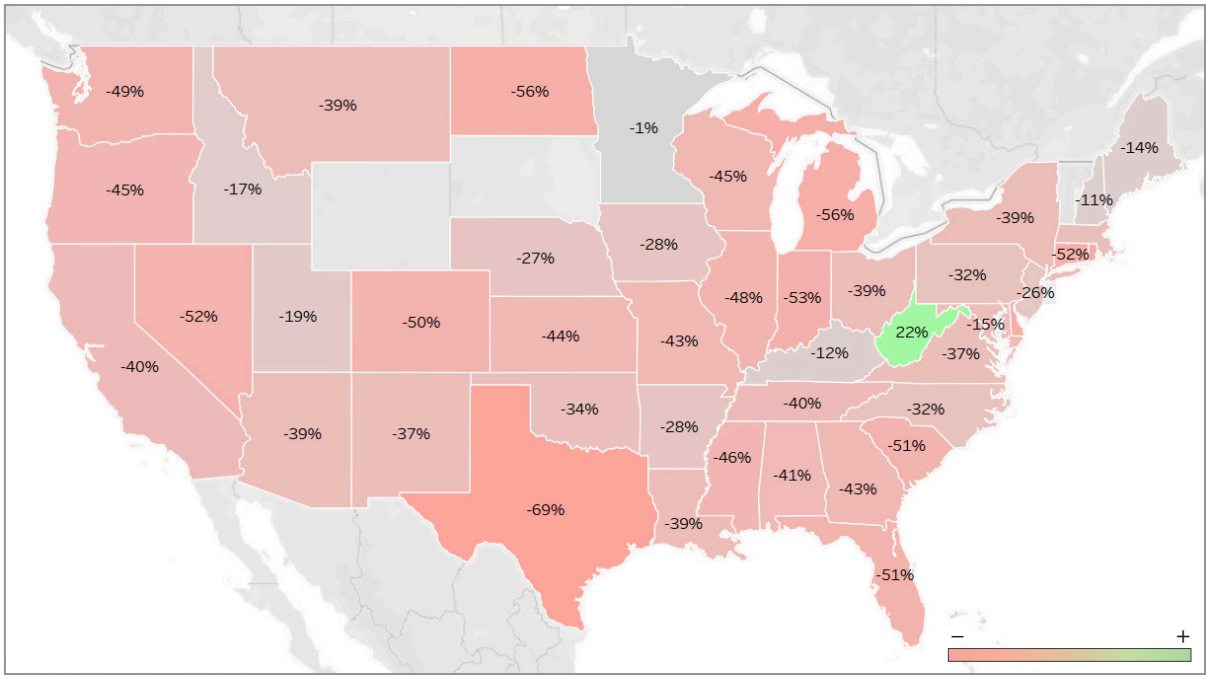


LEASES

Fewer leases have been generated and approved this month than we would normally expect to see in early April. This identifies another point of drop off where leases may be created but are not getting signed.

LEASES GENERATED PER UNIT

PERCENT CHANGE IN LEASES GENERATED PER UNIT MONTH OVER MONTH



LEASES
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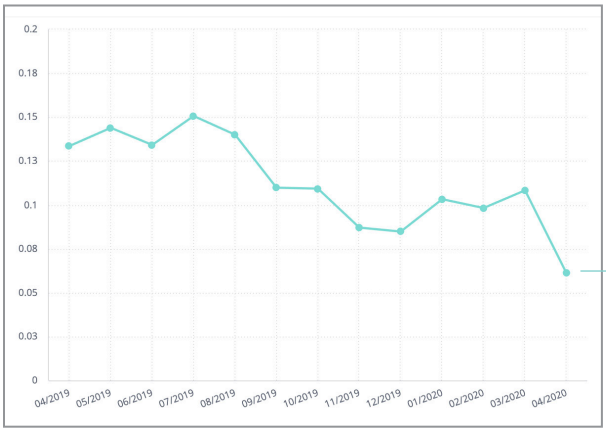
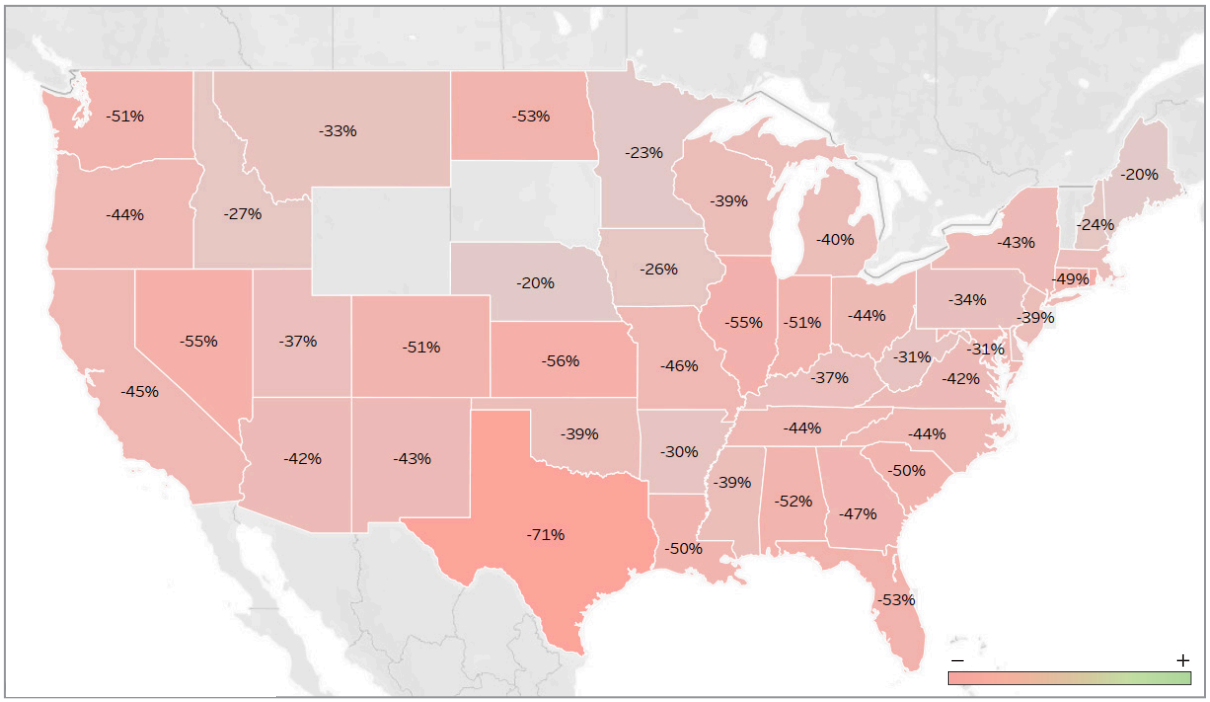
LEASES APPROVED BY UNIT



0.06 ↓0.03 / 33.33% SINCE 04/07/2020

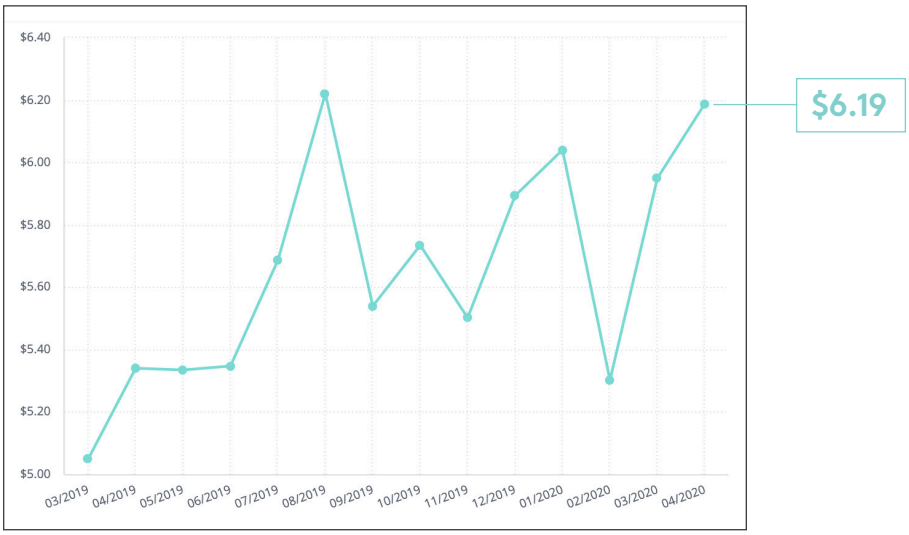
PERCENT CHANGE IN LEASES APPROVED PER UNIT MONTH OVER MONTH



CONCESSIONS

As leases drop, the number of concessions posted increases. Through the first week in April we've observed an average of $6.19 per unit in concessions, up slightly from March but still lower than the 12-month high we saw last August.

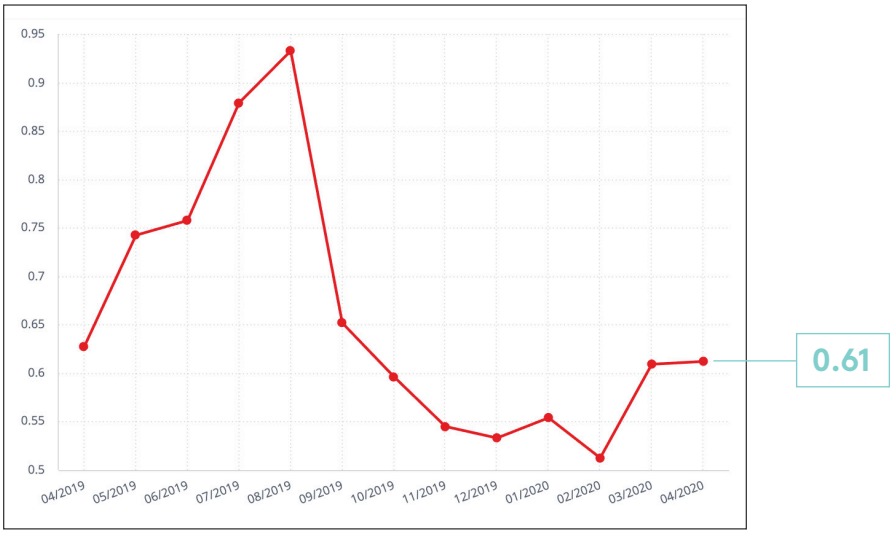
CONCESSION DOLLARS PER UNIT



CALLS

One indicator of leasing velocity monitored by Entrata is call volume. Call volume remains in line with traffic observed in April of 2019 and up from 12-month lows observed in February. We anticipate this number climbing through the leasing season to come. As anticipated, resident calls are, at 68 percent, forming a higher than normal percentage of total calls over the last three weeks, however lead calls are down only slightly.

CALLS PER UNIT



CALLS
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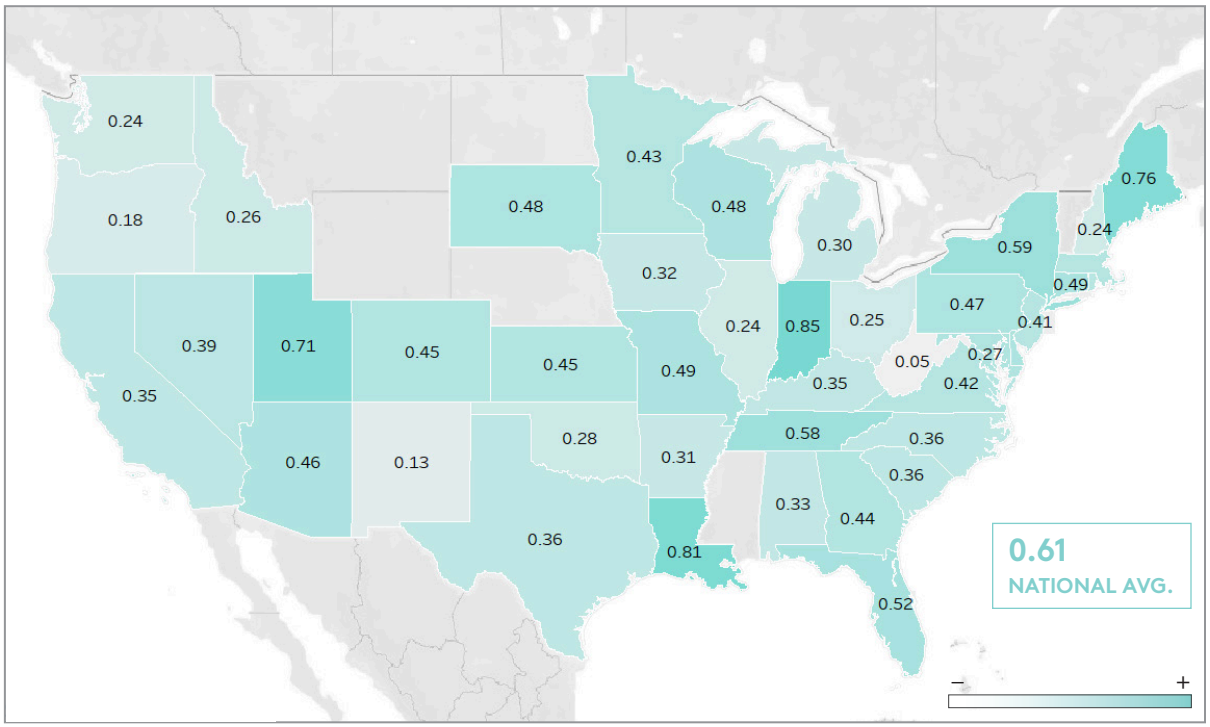
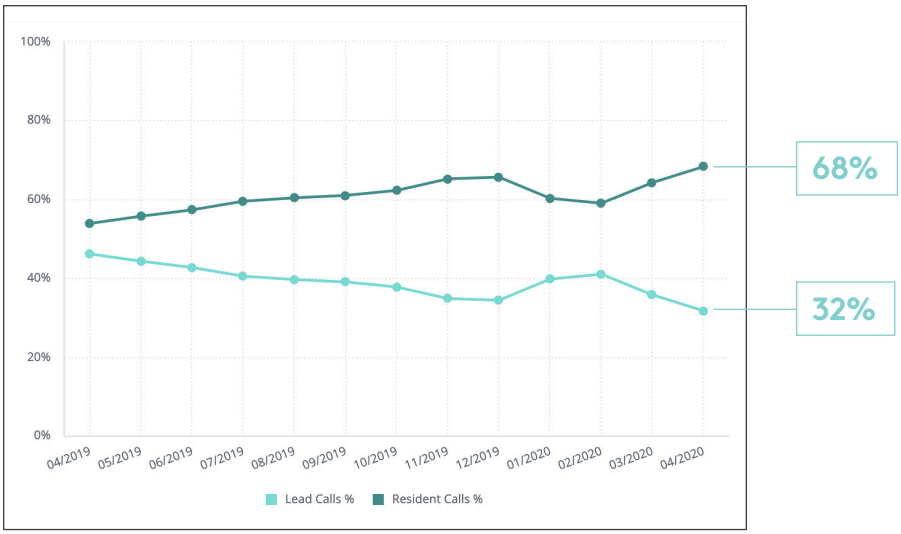
CALLS PER UNIT BY STATE AS OF APRIL 20, 2020

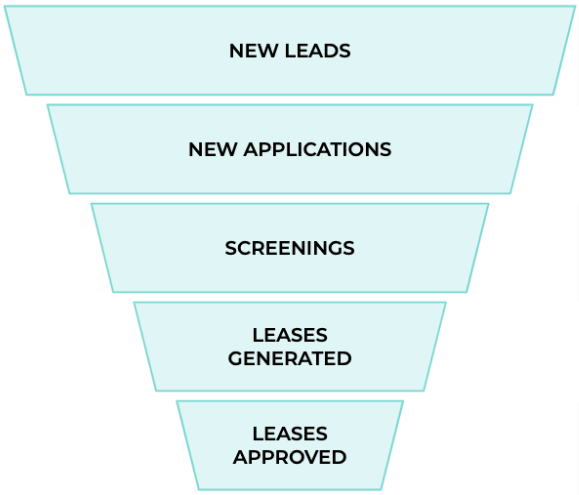


LEAD & RESIDENT CALLS AS PERCENT OF TOTAL CALLS



LEAD FUNNEL

We have observed that the impacts of the coronavirus pandemic become more pronounced as we move deeper into the leasing funnel. The following chart shows sample effects for a 200 unit conventional multifamily property compared to March 2020 and April 2019.



CONVENTIONAL PROPERTIES

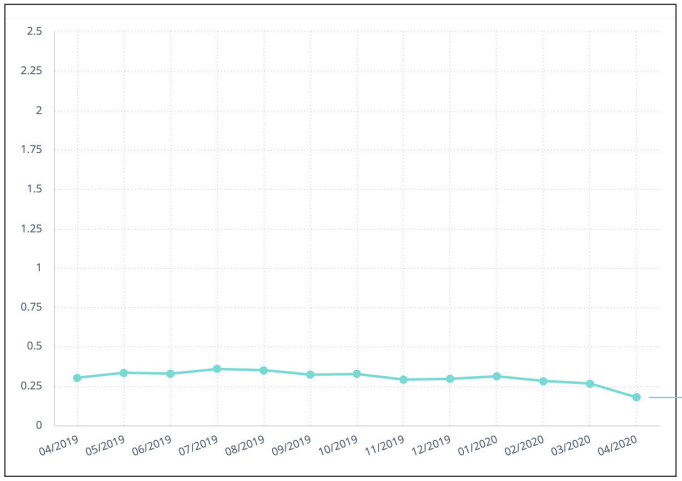
	APR 2020	MAR 2020	APR 2019
NEW LEADS	70	94	90
NEW APPLICATIONS	26	36	36
SCREENINGS	6	11	14
LEASES GENERATED	14	24	28
LEASES APPROVED	12	20	26

OPERATIONS

MAINTENANCE

Maintenance requests recorded by April 20 continue to drop off, down 40 percent from an average 0.30 work orders per unit to 0.18 in recent weeks. This may reflect changing processes put in place to protect staff, with some properties limiting maintenance to emergencies only. We expect to see a jump in service requests as social distancing initiatives relax.

MAINTENANCE REQUESTS PER UNIT

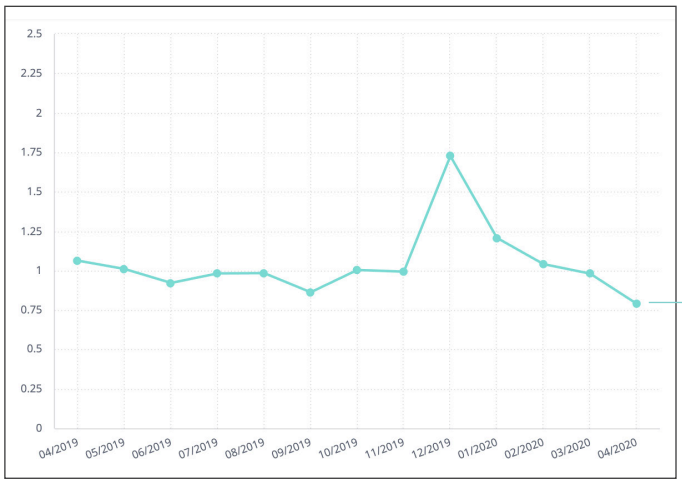


0.18 ↓0.12 / 40% SINCE 04/07/2020

PACKAGE TRACKING

The number of packages being scanned through leasing offices, although up 464.29 percent in the last two weeks, at 0.79 packages per unit is still lower than March's numbers. We suspect this does not indicate a lower number of deliveries to residents, but more likely an implementation of social distancing procedures to keep traffic in leasing offices to a minimum. Anecdotal data indicates a number of leasing offices are closing package distribution rooms and re-routing deliveries directly to residents' doors in some cases.

PARCELALERT PACKAGES PER UNIT



0.79 ↑0.65 / 464.29% SINCE 04/07/2020

CONCLUSION

Entrata has announced enhanced reporting capabilities available to partners with new COVID-19 delinquency reports. These reports are built to help property managers track delinquency and collection trends with increased granularity through the coronavirus outbreak.

The COVID-19 pandemic is having a measurable impact on multifamily properties' ability to market their communities, lease, and collect rent. However, based on Entrata's data from conventional properties across 50 states, property managers' mitigation efforts (absorbing transaction fees, waiving late fees, etc.) have so far kept rent payment rates close to normal, and although leasing activity is predictably slowing, there's reason for cautious optimism.

With maintained flexibility and responsiveness to resident needs and early planning for post-COVID's new normal, property management companies have a lot to prepare for. As the crisis unfolds, communities will undoubtedly feel the sting of the wider economic downturn, but early indicators suggest that the industry is positioning itself to weather the pandemic well while providing housing and essential services to American families.