COVID-19 Rental Housing Trends

MID-MONTH REPORT

DISCLAIMER
The data for these findings consists of the available information for Entrata Clients through the date of publication of this document or as otherwise indicated. Data has been aggregated and normalized to provide trends, and Entrata makes every effort to ensure accuracy and completeness, but does not guarantee, warrant, or represent the information is accurate or complete.

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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 May 20, 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

Occupancy rates through mid-May are holding steady at just under 93 percent, less than one percent lower than May 2019 rates and 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.

**OCCUPANCY PERCENTAGE**

- Occupancy: 92.9%
- Month-over-Month (MOM): -0.3%
- Year-over-Year (YOY): +0.6%
RENEWALS
Renewals have slowed to 45 percent, down 10 percent year-over-year as of mid-May. Month-to-month leases appear to be picking up some of the slack, and at 9 percent, have climbed over 3 percent since last year. We are keeping in mind that the growth of month-to-month leases may set up properties for future volatility in occupancy rates.

RENEWAL PERCENTAGE

MONTH-TO-MONTH PERCENTAGE
RENT PAID
Rent collection numbers continue to be strong through May. In the face of wider uncertainty, renters are prioritizing rent payments aided by stimulus and unemployment programs. Properties have received rent payments for 93 percent of units so far in May, aligned almost exactly with numbers at this point in the month last year. The percentage of uncollected rent through May 20 is, at 8 percent, about two and a half percent higher than May 2019 on average. These rates vary by region, with some states reporting over 25 percent uncollected rent, while others are in the low single digits.
PAYMENT TYPES & CONVENIENCE FEES
The number of residents choosing to pay online via credit card maintained through May at 17 percent reflecting a growth of 5 percent year-over-year. Payments made via eCheck dropped off slightly, down to 59 percent from 61 percent earlier this month. Over the last few weeks scanned checks took back a share of rent payments, up to 22 percent. Money order payments held steady at 3 percent.

PAYMENT TYPE
**FEES & REPAYMENT AGREEMENTS**

**LATE FEES**

Apartment communities continue to embrace flexibility for renters and, in May are posting 68 percent less in late fees than this time last year, averaging $4.23 per unit over the properties surveyed. Late fees continue to be waived at higher rates YOY, although at $0.99 the late fees waived is 22 percent less than just a few weeks ago. This appears to indicate that, rather than posting and waiving fees, many properties have stopped posting them in the first place.

**LATE FEES POSTED PER UNIT**

![Graph showing late fees posted per unit with a decrease from $4.23 in May 2019 to $0.98 in May 2020.]

**LATE FEES WAIVED PER UNIT**

![Graph showing late fees waived per unit with an increase from $0.99 in May 2019 to $0.28 in May 2020.]

**PERCENT CHANGE IN LATE FEES MONTH OVER MONTH**

![Map showing the percent change in late fees across different states with various colors indicating the percentage change.]

- **MOM**: ↓$0.98 / 18.81%
- **YOY**: ↓$9.16 / 68.41%
- **MOM**: ↓$0.28 / 22.04%
- **YOY**: ↑$0.64 / 182.86%
REPAYMENT AGREEMENTS
Like Late Fees Waived, we’ve seen a slight drop in new repayment agreements created in May. 1,420 is still a 3,000 percent climb from typical pre-COVID repayment numbers, but the number has dropped 47 percent month-over-month.

REPAYMENT PLANS CREATED BY THE 19TH OF EACH MONTH

![Graph showing repayment plans created by the 19th of each month from April 2019 to May 2020. The peak is in May 2020 with 1,420 plans, a drop from 1,280 in April 2020 (47.41% decrease).]
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. May’s leasing numbers look very strong, as early metrics in the leasing funnel bounced back late last month and maintained through the last few weeks.

NEW LEADS
The average number of new leads per unit was measured at 0.52 on May 20, a 67 percent jump from May 1-20, 2019. Regional analysis shows some significant variation in lead numbers.
NEW APPLICATIONS AND SCREENING

New applications are also continuing to show promising numbers. At 0.16 new applications per unit with another week to go in the month, indications are that YOY totals for May will be higher than in 2019. Regional variations indicate most states are enjoying this uptick in leasing activity.

Further down the leasing funnel, screenings have yet to reflect quite the same degree of growth. Through the third week of the month we recorded a rate of 0.047 screenings per unit, down 12 percent from the end of April, but with another week to go before May’s numbers are finalized.

NEW APPLICATIONS PER UNIT

![Graph showing new applications per unit with a rate of 0.16.]

PERCENT CHANGE IN NEW APPLICATIONS STARTED PER UNIT MONTH OVER MONTH

![Map showing percent change in new applications started per unit month over month.]

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NEW APPLICATIONS AND SCREENING
Continued...

SCREENINGS PER UNIT

[Graph showing screenings per unit]

NEW APPLICATIONS AND SCREENING
Continued…

SCREENINGS PER UNIT

[Graph showing screenings per unit]

PERCENT CHANGE IN SCREENINGS PER UNIT MONTH OVER MONTH

[Map showing percent change in screenings per unit across the United States]

-14%  21%  -19%  -38%  -2%  -27%  -21%  -27%  -9%  -7%  -13%  -7%  -42%
-14%  -15%  -3%  0%  -21%  -13%  -19%  -9%  -17%  -14%  -25%  -7%
-8%  -22%  -27%  -28%  -21%  -13%  -19%  -19%  -18%  -3%  -2%  -2%
-14%  -12%  5%  -8%  -2%  -3%  -14%  -3%  -2%  -14%  -3%  -2%

MAY 1-20, 2019

0.007 / 12.96% MOM
0.002 / 4.44% MAY 1-20, 2019
LEASES
New leases, both generated and approved, are down 25 and 27 percent respectively month-over-month, but are in line with leases in May 1-20 of last year. This is likely an indicator that the greatest leasing activity takes place in the final days of the month, and we expect to see those numbers jump in the next few days (as they did in the final days of April).

LEASES GENERATED PER UNIT

PERCENT CHANGE IN LEASES GENERATED PER UNIT MONTH OVER MONTH
LEASES
Continued...

LEASES APPROVED PER UNIT

PERCENT CHANGE IN LEASES APPROVED PER UNIT MONTH OVER MONTH
CONCESSIONS
The number of concessions have continued to settle since last month’s high of $6.19 per unit to $5.54 per unit, but are still 5 percent higher year-over-year.

CONCESSION DOLLARS PER UNIT

CALLS
One indicator of leasing velocity monitored by Entrata is call volume. Call volume continues to grow, registering an average of 0.74 calls per unit, up 8 percent month over month. We anticipate this number will continue to climb through the leasing season to come.

Properties are experiencing higher percentages of lead calls as compared to calls from residents, with calls from prospective renters climbing to 41 percent of total calls, up 6 percent from last month.

CALLS PER UNIT
CALLS
Continued...

CALLS PER UNIT BY STATE - MAY

LEAD & RESIDENT CALLS AS PERCENT OF TOTAL CALLS
LEAD FUNNEL
The growth in leasing activity we first witnessed in the final week of April has been sustained through May, and with another week of leasing to go, paints a very optimistic picture. The following chart shows sample effects for a 200 unit conventional multifamily property compared to April 2020 and May 2019.

![Conventional Properties Chart](chart.png)
MAINTENANCE
Maintenance requests recorded through May 20 climbed to 0.08 per unit, a 14 percent increase month-over-month although still down slightly year-over-year. Anecdotal data tells us many properties continue to limit service calls to emergencies only. Properties are well advised to take time to plan preventive maintenance and prepare for a jump in service requests as social distancing initiatives relax.

PACKAGE TRACKING
The number of packages being scanned through leasing offices is, at 0.73 packages per unit, lower than many expected. It’s likely that the total number of deliveries to residents is much higher, and the ParcelAlert numbers reflect the 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.
CONCLUSION

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 kept rent payment rates close to normal, and although delayed by a couple of months, leasing activity is rebounding as well.

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 ongoing indicators suggest that the industry is positioned to weather the pandemic well while providing housing and essential services to American families.