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.

ENTRATA.COM/COVID19
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 student housing clients. Entrata will update these findings regularly as we gauge the economic impact that this pandemic is having in the student housing 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 student housing clients. The data for these findings consists of the available information through May 20, 2020. Be aware that factors such as days of the week, property policies and office closures, campus closures and local shelter-in-place regulations, and other circumstances may affect how this data is processed, recorded, and interpreted.

OCCUPANCY

Occupancy rates through mid-May are holding steady at just over 89 percent, down only about 0.2 percent year-over-year, and in line with the generally high numbers observed over the last twelve months for student housing properties. We anticipate these numbers will go up and down as the pandemic wanes and schools make and publish plans to reopen over the summer.

OCCUPANCY PERCENTAGE

89.3%  
↓ 0.5% MOM  
↓ 0.2% YOY
RENEWALS/PRE-LEASE
We have seen growth for student housing over the last two weeks. The pre-lease national average through May 20 is at 61 percent, up nearly two percentage points from May 6. Nearly 42 percent of those are renewals.

PRE-LEASE PERCENTAGE BY STATE

NATIONAL AVERAGE - 60.9%  RENEWAL RATE - 42.1%
PAYMENTS

RENT PAID
Rent collection numbers continue strong. In the face of wider uncertainty, renters are prioritizing rent payments aided by stimulus and unemployment measures. Student properties received rent payments for 91 percent of units so far in May, aligned almost exactly with numbers at this point last month. The percent of uncollected rent through May 20, at approximately 6.6 percent, is about 2.5 percentage points higher than May 2019 on average. These rates vary by region, with some states reporting over 35 percent uncollected rent, while others are in the low single digits.

PERCENTAGE OF UNITS PAID RENT - MAY

PERCENTAGE OF UNCOLLECTED RENT - MAY
PAYMENT TYPES
The number of residents choosing to pay online via credit card grew to 22 percent in April and has held steady through mid-May. This reflects a growth of 6 percent year-over-year. At 72 percent, online ACH payments are up 3 percent from May 2019. Scanned checks, at 6 percent of payments received, are down 9 percent from a year ago.
FEES

LATE FEES
Apartment communities continue to embrace flexibility for renters and, in May are posting 271 percent less in late fees than this time last year, averaging $1.57 per unit over the properties surveyed. Late fees are still being waived at higher-than-normal rates, up 271 percent year-over-year, though down 44 percent from an all-time high in April.

LATE FEES POSTED PER UNIT

LATE FEES WAIVED PER UNIT

PERCENT CHANGE IN LATE FEES MONTH OVER MONTH

\[\text{MOM} = \text{Month Over Month} \quad \text{YOY} = \text{Year Over Year}\]
REPAYMENT AGREEMENTS
While the number of repayment plans created through May 20 remains high at 1,350 (up 4,400 percent year-over-year) we’ve observed a 47 percent decrease in new repayment plans created month-over-month. Anecdotal data from properties indicate students are still inquiring about options, taking advantage of the flexibility their communities offer, and paying on payment plans at a faster rate than expected.

REPAYMENT PLANS CREATED BY THE 19TH OF EACH MONTH

![Graph showing repayment plans created by the 19th of each month.](image-url)
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 promising numbers have continued, as metrics in the leasing funnel show continued improvement compared to March and April.

NEW LEADS
The average number of new leads per unit is at 0.8, a 10 percent increase month-over-month and 111 percent increase from this time last year. Regional analysis shows only a few areas unaffected by this rebound from March and April.

NEW LEADS PER UNIT
NEW APPLICATIONS AND SCREENING
The number of new applications per unit appears to be stabilizing. At 0.47 new applications per unit, properties are experiencing 67.89 percent growth compared to this time last year, with only a slight decrease (2 percent) month-over-month.

Further down the leasing funnel, screenings have yet to reflect quite the same degree of stabilization. At 0.1 screenings per unit, rates are still 33 percent lower than last year and 29 percent lower month-over-month. While overall numbers appear down, the data seems to be following seasonal trends in student housing, and are expected to gain positive momentum in coming months as schools reopen.

NEW APPLICATIONS PER UNIT

PERCENT CHANGE IN NEW APPLICATIONS STARTED PER UNIT MONTH OVER MONTH
NEW APPLICATIONS AND SCREENING
Continued...

SCREENINGS PER UNIT

PERCENT CHANGE IN SCREENINGS PER UNIT MONTH OVER MONTH
LEASES
New leases, both generated and approved, continue to bounce back from the lows of mid-April, though they still have some way to climb. Currently, new leases generated per unit are 9 percent lower than year-over-year numbers, and leases approved per unit are down 30 percent.

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
As leases drop, we expect to see the number of concessions posted increase. Student housing generally sees its highest concession rates at the beginning of the term (August & January). Mid-May numbers measure concessions at $7.17 per unit, an increase of 26 percent year-over-year.

CONCESSION DOLLARS PER UNIT

$7.17 11.47 / 25.79% YOY
CALLS

One indicator of leasing velocity monitored by Entrata is call volume. Call volume is also ticking up in recent weeks, registering an average of 0.74 calls per unit, a nearly 9 percent increase from last year. We anticipate this number will continue to climb through the leasing season to come. As anticipated, resident calls are, at 70 percent, forming a higher than normal percentage of total calls in recent weeks. The percent of lead calls, while 8 percent lower than last year, is up 3 percent month-over-month and should be viewed in balance with the increase in overall call volume.

CALLS PER UNIT BY STATE - MAY

LEAD & RESIDENT CALLS AS PERCENT OF TOTAL CALLS
LEAD FUNNEL
As expected, the impacts of the coronavirus pandemic become more pronounced as we move deeper into the leasing funnel. Recent growth in the numbers of new leads and applications are likely to be echoed in screenings and leases generated and approved in the weeks to come. The following chart shows sample effects for a 200 unit student housing property comparing May 2020 to April 2020 and May 2019.

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<th>STUDENT PROPERTIES</th>
<th>MAY 2020</th>
<th>APRIL 2020</th>
<th>MAY 2019</th>
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<td>NEW LEADS</td>
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<td>NEW APPLICATIONS</td>
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<tr>
<td>LEASES APPROVED</td>
<td>46</td>
<td>58</td>
<td>94</td>
</tr>
</tbody>
</table>
MAINTENANCE
Maintenance requests recorded since the first week of May are revealing a slight increase, with a growth from an average of 0.20 work orders per unit on May 6 to 0.25 on May 20. We expect to see a continued jump in service requests as social distancing initiatives relax.

MAINTENANCE REQUESTS PER UNIT

PARCELALERT PACKAGES PER UNIT

PACKAGE TRACKING
The average number of packages being scanned through leasing offices is, at 0.3 packages per unit, 43 percent higher than month-over-month numbers, though down 68 percent year-over-year. Anecdotal data indicates a number of leasing offices are slowly re-opening package distribution rooms, though many are still re-routing deliveries directly to residents.
CONCLUSION

The COVID-19 pandemic is having a measurable impact on student housing properties’ ability to market their communities, lease, and collect rent. However, based on Entrata’s data from properties across the country, student property managers’ mitigation efforts (absorbing transaction fees, waiving late fees, etc.) have so far kept rent payment rates close to normal rates, and although leasing activity slowed significantly in April, mid-May numbers indicate a rebound is already be underway.

As the crisis unfolds and campus closures create economic ripple effects through their communities, student property operators will undoubtedly feel the sting, but early indicators suggest that the industry is positioning itself to weather the pandemic well while providing necessary housing and essential services to American students.