

entrata

Renters on the Move:

SURVEY STUDIES RENTER BEHAVIORS
DURING A LANDMARK YEAR

MARCH 2021



INTRODUCTION

2020 was a landmark year for people and industries across the world as the pandemic reshaped habits and changed lives. As nearly everyone was asked to quarantine and work from home, Entrata looked at renter habits throughout the U.S. to see how and where changes occurred, including housing expectations, migrations away from cities, and future plans as vaccines continue to roll out and COVID-19 hopefully moves into the rearview mirror.



KEY FINDINGS

TO RENT, OR TO BUY? THAT IS THE QUESTION

The year 2020 changed many people’s plans, and renters were no exception. Out of American renters, **22%** moved to a larger apartment with more space in the last 12 months, possibly to accommodate for pandemic-imposed work-from-home needs. Meanwhile, a good section of the younger generation went back to their roots with **14%** of Gen Z reporting that they moved back in with parents this last year, compared to only **4%** of Millennials, **3%** Gen X and just **1%** of Boomers.

Contrary to what looked like a mass migration out of urban centers, **20%** of Gen Z renters moved from a rural/suburban area into a larger city, possibly taking advantage of lower prices caused by COVID. In fact, according to Entrata’s internal data, the average cost of rent in two major urban centers, New York City and Houston, respectively decreased by **6.6%** and **9.3%** from 2019 to 2020.

Despite all the shift from the pandemic, the goal of home ownership still is on the horizon for many. According to the survey, **21%** of American renters plan to stop renting and purchase a home after the COVID-19 pandemic is over, including **30%** of millennials. A further **56%** of renters are planning post-pandemic moves. As many as 60% say that in the next three years, they hope to stop renting and own a home.

The top reasons Americans stated for currently renting instead of owning are mostly cost related, with the inability to afford a down payment on a home (**39%**) and home ownership being too expensive (**33%**). Other reasons include:

- Change in personal life (**24%**)
- Uncertainty of housing market (**17%**)
- I like to move and travel around often (**15%**)
- I can’t get a mortgage (**15%**)
- I sold a home that I previously owned (**12%**)
- I don’t want to settle down (**10%**)

Key Takeaway: *The desire to continue to work from home could further add to the housing crunch being felt across the country. As many as **66%** of renters say that renting fits their current lifestyle more than owning a home, while **33%** say that the COVID-19 pandemic has made them motivated to buy a home and stop renting.*



Moving Back in with Parents





WHERE AND WHY RENTERS ARE MOVING

The pandemic has pushed renters in two distinct directions, either to the city or to the suburbs. Some are still planning their moves and others have already made the change.

The top reason for renters to move during the last year was the cost of rent (27%), followed by needing more space (24%), needing a change of pace (18%), and the COVID-19 pandemic (16%). Of those who've moved in the last year, one-third (33%) said their move this past year is short-term, with 61% stating that it will last more than a year. Younger generations are more likely to classify their recent move as short-term compared to older generations.

Those planning to move to more **urban** areas are doing so for myriad reasons, including:

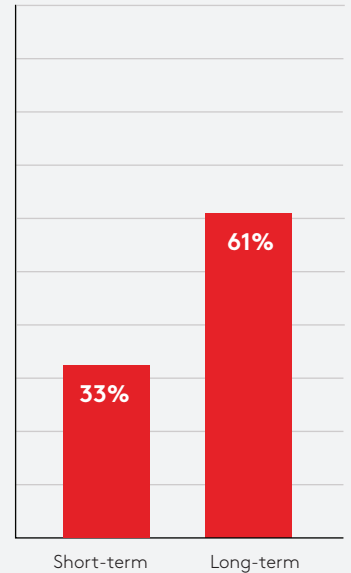
- Lifestyle conveniences (dining, nightlife, etc) (49%)
- Better job opportunities (47%)
- Walkability (30%)
- It's where friends are (27%)
- Schools (Public schools, universities, colleges, etc) (16%)
- My job will require me to return to the office (15%)

Those planning to move to more **suburban and rural** areas cite both expected and surprising reasons, including:

- Want more space for lower costs (50%)
- It feels like home (38%)
- Lifestyle conveniences (dining, nightlife, etc) (29%)
- Better job opportunities (22%)
- I feel more connected to my neighborhood in a rural/suburban area (21%)
- Schools (Public schools, universities, colleges, etc) (14%)

Key Takeaway: The pandemic has renters from all walks of life reevaluating their living situations, whether that be proximity to family and friends, or to restaurants and entertainment. However, all seem to share the desire to find the best possible rental prices in the area of their choice.

2020 Moves:
Temporary or Permanent



COVID-19'S IMPACT

More than half (54%) of renters who moved in the last year say they experienced moving difficulties due to COVID-19. Some of the top hardships included difficulty finding rental units in their price range (24%), family and friends being unavailable to help with moving (20%), and the inability to tour rental units (18%).

Younger renters seemed to have more conflict with rental properties due to COVID-19. Fifteen percent of Millennials and 11% of Gen Z say they experienced disagreement with rental properties over COVID-19 precautions, compared to only 6% Gen X and 2% of Boomers.

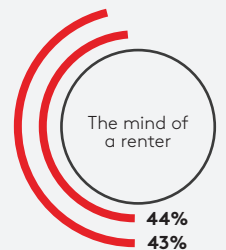
Further spurred by the pandemic, more than one-third (36%) of renters spent more time this last year questioning where they live and why. Some of the top questions renters had on their mind include:

- 44% of renters value living closer to their family due to the pandemic
• 43% of renters want to settle down more after the last year
• Older generations are more likely to say that they want to settle down more after the last year during the COVID-19 pandemic. (48% Boomers, 48% Millennials, 44% Gen X, 33% Gen Z)

Due to the pandemic, 50% of respondents expect rental rates to increase in the next year and 27% say they feel that the rental market was hit harder by COVID-19 than the overall housing market.

Because of the pandemic, nearly half (47%) of American renters switched to month-to-month payments. Of those, 42% say the pandemic affected their rental rate, and for many (34%) it increased their rate.

Key Takeaway: COVID-19 forced many to move in the last year, whether they liked it or not. Further difficulties around month-to-month payments, in-person tours, availability of family to help move and more are pushing the rental industry to adapt and innovate at a swift pace to accommodate renter needs and desires.



- Renters want to settle down
■ Renters value living closer to family



HOW AMENITIES HAVE CHANGED

According to renters, **61%** of rental properties on-site amenities have been closed or are now strictly regulated due to COVID-19. The main on-site amenities that have been impacted by COVID-19 closures are fitness centers (**70%**), pool/hot tub (**66%**), clubhouse/gathering space (**56%**), and playgrounds (**32%**). Renters seem to approve of the decision to limit on-site amenities, with **21%** whose rental property's on-site amenities were not closed due to COVID-19 thinking that they should have been closed.

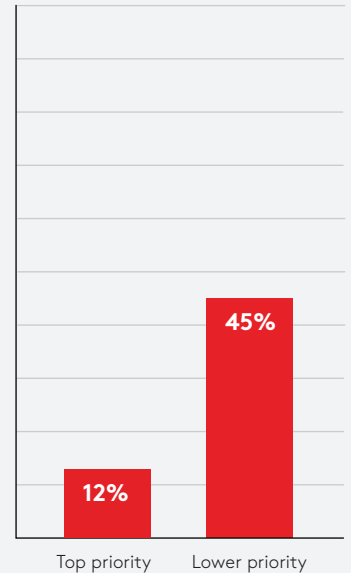
With many amenities going away or being limited, only **14%** of renters say their rent was decreased because of those restrictions. However, **79%** of those whose on-site amenities have been closed or regulated due to the pandemic think that their rent should have dropped.

According to the survey **12%** of American renters say that, compared to before COVID-19, on-site amenities make or break rental properties for them now, while **45%** say that they still want good amenities but will ultimately choose a property based on location or price.

Key Takeaway: Apartment and rental community amenities took a severe hit during the pandemic as managers moved swiftly to keep residents safe and stay in compliance with local and national guidelines. With this new way of living, most people wanted rent prices to be dropped. Amenities may no longer be the driving force they once were. Rather, renters are more interested than ever in location and pricing.



Priority of on-site amenities during COVID-19



ABOUT THE RESEARCH

Entrata conducted this research using an online survey prepared by Method Research and distributed by Qualtrics among n=1,000 adults in the United States who currently rent and have moved in the last 3 years. The sample was balanced across age, gender and geography. Data was collected from March 9 to March 29, 2021.



ABOUT ENTRATA

Founded in 2003, Entrata® is multifamily real estate's fastest-growing technology company. It provides the only comprehensive property management software provider with a single-login, open-access Platform as a Service (PaaS) system. Offering a wide variety of online tools including websites, mobile apps, payments, lease signing, accounting, and resident management, Entrata® PaaS currently serves more than 20,000 apartment communities nationwide. Entrata's open API and superior selection of third-party integrations offer management companies the freedom to choose the technology and software that best fit their needs.