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National Multifamily Report

March 2020



Full Extent of COVID-19 Outbreak Yet to Appear

- March seemed to exhibit most signs of a normal spring month for apartment rents. However, major impacts from the spread of COVID-19 will likely begin to show on April 1.
- As unemployment claims eclipse records and government stimulus reaches unseen heights, the question arises: Who will be able to pay rent in the coming months?
- Some major metros with high concentrations of employment in hospitality, trade, retail and energy may already be showing signs of slowdown in rents. With second quarter GDP projected to fall between 10% and 20%, governments at the federal, state and local levels are rolling out moratoriums on eviction and requiring rent flexibility and forbearance.

The United States is now the leading nation for active COVID-19 cases, as the month of March turned out to be an unprecedented social and economic period in our nation's history.

On the surface, March appears to be a normal month; rents grew 2.9% on a year-over-year basis, and increased \$6 from February as the typical spring rental season began. However, with each passing week, the coronavirus tightened its grip on the U.S. economy, and the fallout has been catastrophic.

In the last two weeks of the month alone, unemployment claims are expected to range between five and six million, far surpassing any two-week stretch in history. As a result, the federal government has already passed three stimulus measures, with the third totaling roughly \$2.1 trillion. The rapid and wide-reaching fiscal and monetary response is far greater than all stimulus packages combined during the financial crisis.

Both private and public responses to the growing crisis are affecting the multifamily industry, and April 1 is likely to be a bellwether for the months to come. With so many Americans unemployed and the first stimulus checks still likely a month away from being delivered, many apartment renters will be hard-pressed to cover their rent payments.

The FHA has announced it will refrain from evictions for those affected by COVID-19 and unable to cover their monthly housing expenses. Many states have approved similar measures. The National Multifamily Housing Council has issued guidance for landlords to stop evictions for impacted residents for 90 days, and many large owners and operators have publicly agreed to the recommendation. As a result, agency lenders Fannie Mae and Freddie Mac have said they will provide flexible terms for loan payments, as have other lenders.

National Average Rents

