

Yardi® Matrix

National Multifamily Report

April 2020



Impact of COVID-19 on Multifamily Beginning to Emerge

- April rent growth began to show signs of reversal, as the country moved into month two of stay-at-home orders. April collections were strong, based on data published by the National Multifamily Housing Council, despite more than 33 million Americans filing for unemployment in the last seven weeks.
- Many states have begun to relax their shelter-in-place rules, but returning to life outside of lockdown will require changes to normal daily life for some time, absent a pharmaceutical solution.
- Major gateway markets and tech hubs have already seen declining rents on a month-over-month basis. Many of these markets have had some of the highest COVID-19 infections in the country, while others seemed to skate by unscathed. While pain will be felt nationwide, tourist-based and oil heavy markets will likely be the hardest hit.

The United States continues to lead the world in COVID-19 cases, but is beginning to shift its focus to reopening the economy. The White House has issued guidelines for a three-phased approach to opening, and many cities and states are beginning phase one.

April rents signaled the beginning of trouble, growing by 1.6% on a year-over-year basis but declining \$8 from March. This marks the biggest one-month decline in our dataset, including during the Great Recession, and puts rents right back where they were in August 2019. The pain in rents is likely to be intensified for the lifestyle asset class, as major cities struggle with younger people extinguishing their leases and moving home.

April rent collections surprised many to the upside. The National Multifamily Housing Council Rent Payment Tracker found that 91.5% of professionally managed apartment households made a full or partial rent payment by April 26. The number

reflects a payment rate of 96.6% compared to the same time last month. The stimulus checks likely provided assistance to renters who found themselves unemployed. May collections started off strong, as well, with 80.2% of households making a full or partial payment by May 6, a payment rate of 98.1% compared to this time last year. But with the additional \$600 in unemployment insurance provided through the CARES Act ending in July, many renters might choose to conserve their cash in the coming months as evictions are paused in many cities and states. Residents' notices to vacate are down in the Renter-by-Necessity class, as well, as they choose to stay put, especially in more affordable units.

Even though the COVID-19 pandemic has deeply disrupted the apartment rental process, the industry has responded quickly with virtual or self-guided tours and online leasing, which has enabled operations to continue.

National Average Rents

