



Yardi[®] Matrix

National Multifamily Report

July 2020



Editorial Note

We have, for more than five years, published these reports monthly with no reference to our proprietary Matrix expert data set (which is drawn from the data run through the Yardi software operating platforms), as the surveyed and transactional data sets were broadly consistent.

However, over the last three months, a significant variance in occupancy has emerged in Manhattan, Chicago, San Francisco, Los Angeles and Miami. The transaction-based data is showing occupancy 3-4% lower than our publicly reported postal delivery data-based method. I believe it our duty, so as not to mislead the investment community, to make you aware of this variance.

Jeff Adler

Rents Show Signs of Stabilization—For Now

- Multifamily rents increased by \$2 in July, to \$1,460, putting an end to the four-month trend of declines. However, year-over-year rent growth remained negative at -0.3%, unchanged from June.
- Gateway markets continued their steep year-over-year declines, with San Jose (-5.0%) and San Francisco (-4.1%) leading the way. This is a stark contrast from last July, when rents in San Jose grew by 2.0% and rents in San Francisco grew by 2.8%.
- With millions of Americans still unemployed, all eyes have shifted to the new stimulus package currently being debated. With the Senate scheduled to go into recess on August 7, the race is on to find a compromise between Democrats and Republicans.

The COVID-19 pandemic continues to be an ever-changing situation that is extremely unpredictable. In May and even into the beginning of June, the situation looked brighter, with many restrictions lifted and many Americans returning to work. The hopes of another stimulus package were beginning to fade. However, in recent weeks, many states have taken a step backwards on the coronavirus response, which has significantly slowed the economic recovery.

Another stimulus package is all but guaranteed, although the details are still being debated. One aspect of the package is almost certain: a stimulus payment. The payment will likely look similar to the last one, with \$1,200 distributed to Americans earning \$75,000 or less per year. If this payment can be distributed in August, it could help many renters make their August rent payments, as the initial additional unemployment insurance is scheduled to end in July. Some form of extra unemployment insurance is likely.

Rent payments continue to be on par with last year, with 91.3% of apartment households making a full or partial rent payment by July 20, according to the National Multifamily Housing Council's Rent Payment Tracker. With another stimulus check, August rent payments will likely be in line with the strong payment trends we have seen since the beginning of the pandemic.

In the short term, month-over-month rents showed signs of improvement in July, with 25 of the top 30 markets performing better in July than June, although MoM rents tend to be more volatile and we could see a reversal of this trend next month. Many tech hub markets—like Denver (-1.2%), Orlando (-2.1%) and Austin (-1.5%)—are performing significantly better on a MoM basis than YoY. This is to be expected, as rents fell significantly over the last few months and there is little room left to fall further. Could this be the start of a turnaround?

National Average Rents

