



Residential Rental Index

Market Insights for
Real Estate Investors

OCTOBER 2020

Report Purpose & Initial Trend Outline

The report highlights trends in rent collection and offers fresh insight into the current residential rental market trends in the USA and the impact of current events.

COVID-19 has continued to affect the lives of people in the US, increasing uncertainties in the rental market. Stimulus action was implemented in May and did a lot to support those individuals that suddenly found themselves unemployed, as well as support many companies that suffered from a decline in business. However, this financial aid was quickly spent, and by the end of July elements like increased unemployment benefits lapsed. As such, we expected to see a gradual increase in late and missed rent payments over the following months.

Our data shows a 2% decrease in payments made on or before the rent due date in both August and September, followed by an additional 5% decrease in rent payments in October by the rent due date. However, this disparity of rent collection flattened out after 28 days, with 79% of tenants having paid in full after 28 days in September, which was up 2% compared to June. This indicates that while rent is still being collected, it is taking much longer.

Our data is a broad sample of aggregated data from 10,000+ active leases in the US. These rentals cover various rental class groups, from class A single-family homes, to short term rentals, and student accommodation. This gives a good indication of overall trends across all sub-segments of the market.



*April and October Month-On-Month Comparison after 28 Days

Percentage Of Completed Rent Collection After 28 Days

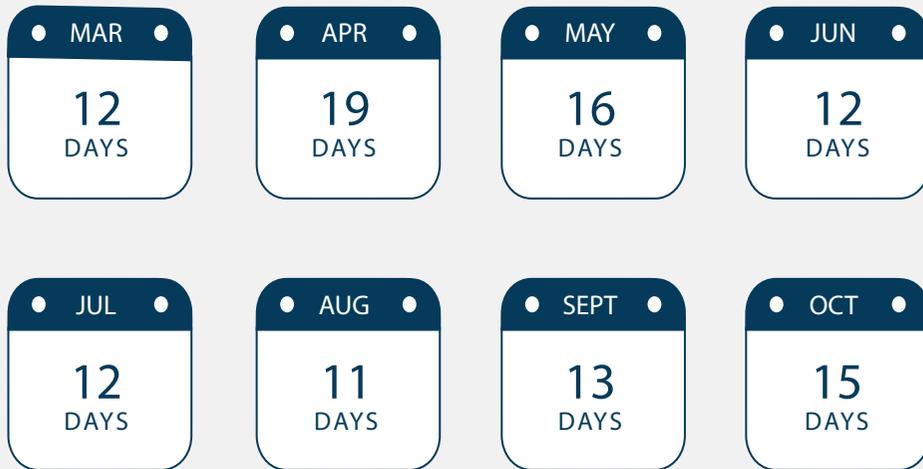


Chart 1.1 shows the percentage of completed rent collection 28 days after the rent due date.

There is a seasonal drop in January which coincides with the holiday period. February and March see the trend returning towards the baseline of 78%. April however, sees an unexpected 3% drop month-on-month which coincides with the dramatic rise in unemployment. October sees another significant 2% drop month-on-month to levels below May.

Number Of Days To Reach 70% Rent Completion

In the months of April and October, the number of days for 70% of the active leases in this date sample to complete rental payments was much longer than the expected baseline of 12 days.



* 2019 average according to our data was less than 14 days.

Percentage Of Completed Rent On Due Date



Graph 1.2 shows the total of rent paid on or before the actual rent due date.

About one third of the landlord's logged income in the system on the day or before the rent was due for the months of May, June, and July. This number drops drastically, falling below 30% in August and is only 26% in October.



* October Month-On-Month Comparison after 28 Days

What's Happening and Why Are We Seeing These Trends?

These rent collection stats show a relatively stable trend after 28 days which signifies that the predicted "tsunami's of evictions" are catchy headlines, but unlikely realities. However, the data also indicates that in April, May, and October there were significant increases in late rent payments and it took longer for landlords across the country to collect rental payments.

In April over **20 million Americans** filed for unemployment benefits. By August this number reached **28,059,555**.

The fast rise in unemployment



1 in 3 adults have more than 3 months savings.

* Source: Bank Rate



On average, Americans spend more than 30% of their income on rent.

* Source: Bank of America



28% of U.S. adults have no emergency savings.

* Source: Bank Rate

Uncertainty In The Market

This trend aligns with uncertainty in the market and what we know of the current economic hardship faced by many Americans as a result of the pandemic with 7.9% of Americans still unemployed compared to 3.5% in February, according to Statista.

Our data suggests that changes will need to be made such as temporary rent drops, and other compromises between landlords and tenants to retain this current rental market stability.

Additionally, for the situation not to worsen there is arguably a need for further stimulus action to extend unemployment benefits to enable tenants to continue their rent payments and to further stimulate small business growth to recreate jobs

Landlord Studio gives you a complete accounting and property management toolset to manage your rentals.