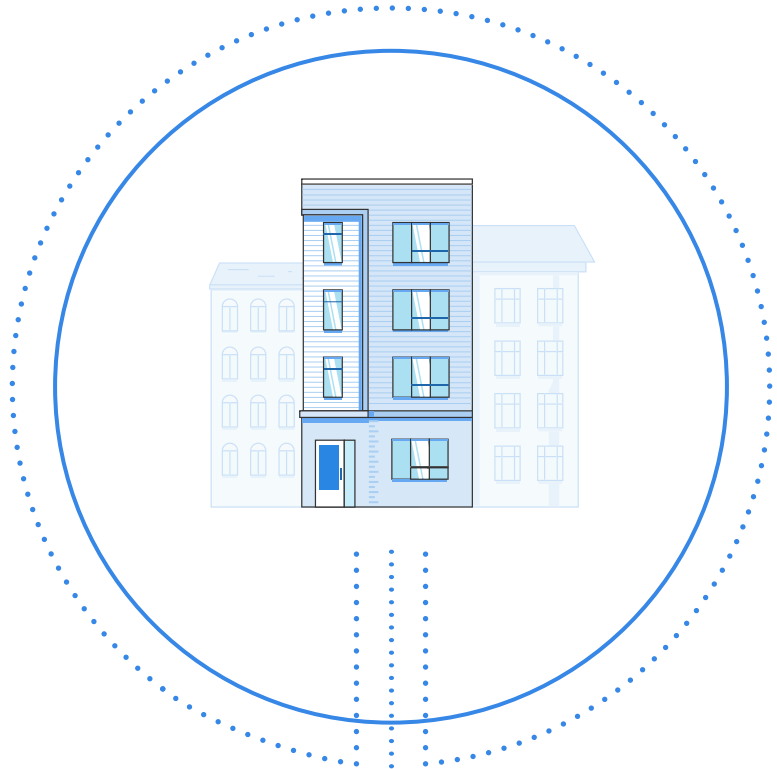




LeaseLock

COVID-19 Rent Payment Report

Exclusive Analysis - May 2020



Introduction

The COVID-19 pandemic has affected residents and multifamily operators in unprecedented ways, and its effects are still unfolding. In our [April Rent Payment Report](#) we explored how, in spite of small dips in rent payments overall, there were strong signals that operators were working closely with residents to develop payment plans and keep their residents in-unit.

This report provides data on rent payments through the May grace period (May 1 - 5), based on actual transaction data sourced in real-time from multifamily property management systems. In this report, you will learn:

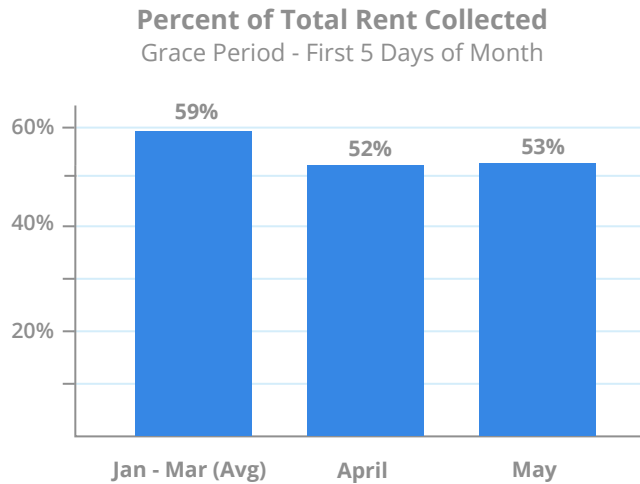
- Changes to **rent payment behavior** in May
- Growing shifts towards **payment plans** and relief efforts
- Comparisons and trends across **major metro areas**
- Behavior and impact by **asset class**

Methodology

Rent payment data is sourced from direct integrations with three property management systems in the multifamily industry. Analysis includes a 96,268 unit sample from 1,029,428 units under management by LeaseLock clients.

Data is nationwide, representing over half of the NMHC Top 10 property managers in the country and all asset classes. Asset class composition: class A (36%), class B (55%) class C (9%). All data has been anonymized to remove personally identifiable information for renters and property managers.

May Rent Payments Hold Steady for Now

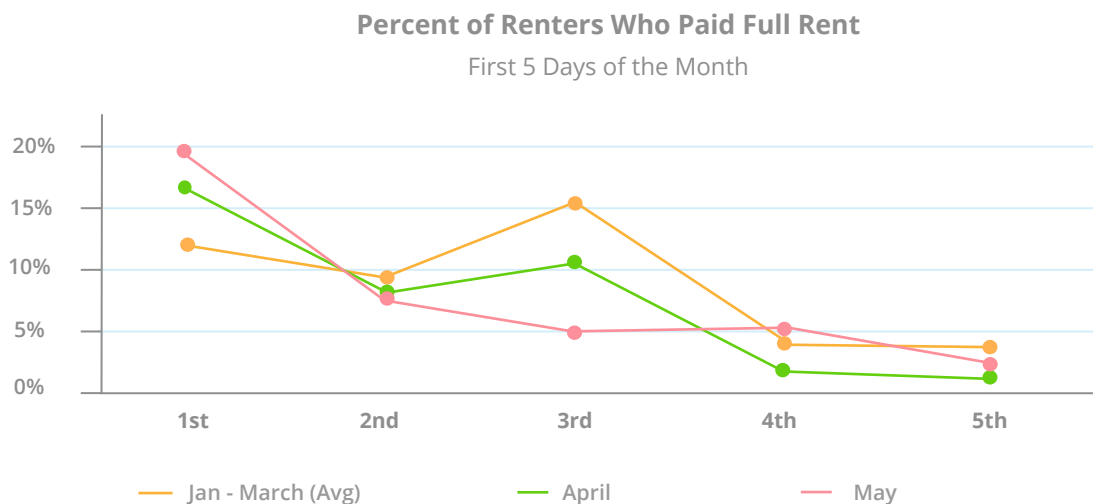


Looking at the percent of total rent collected during the May grace period (typically the first 5 calendar days of the month), we still see a decrease from the average — but steady payments compared to April. May rent collected through the grace period was 6 percentage points down from the pre-COVID three month trailing average, compared to April that saw a [7 percentage point](#) decline.

First Day Payments Started Strong, Then Declined

As we observed in our [May 1st rent payment analysis](#), the percentage of full rent payments made on the first of the month exceeded the average, a pattern seen on [April 1st](#) as well. As more data comes in, we found that payments made on the first day of May actually slightly *exceeded* April and March, but then tapered off during the grace period.

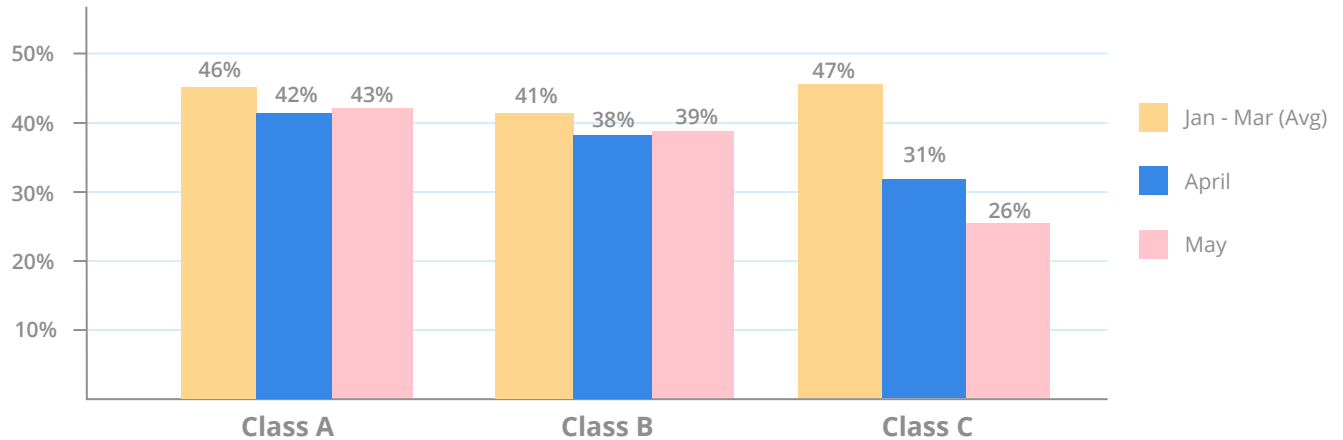
Residents who pay on the first day of the month are reliable rent payers — many of whom are enrolled in auto-pay programs. Federal relief checks, unemployment benefits, and other forms of financial assistance also began kicking in towards the end of April, and this data suggests renters who could pay rent, did so. Whether this behavior will continue throughout May (or the remainder of the summer) remains to be seen.



Class C Properties See Sharpest Decline

While full rent payments held steady for asset class A and B in May, Class C properties saw a 5 percentage point drop from April — and a sizable 21 percentage point drop from the average. Traditionally, Class C properties house lower-income residents, who have been more greatly impacted by COVID-19 service industry lay-offs in general.

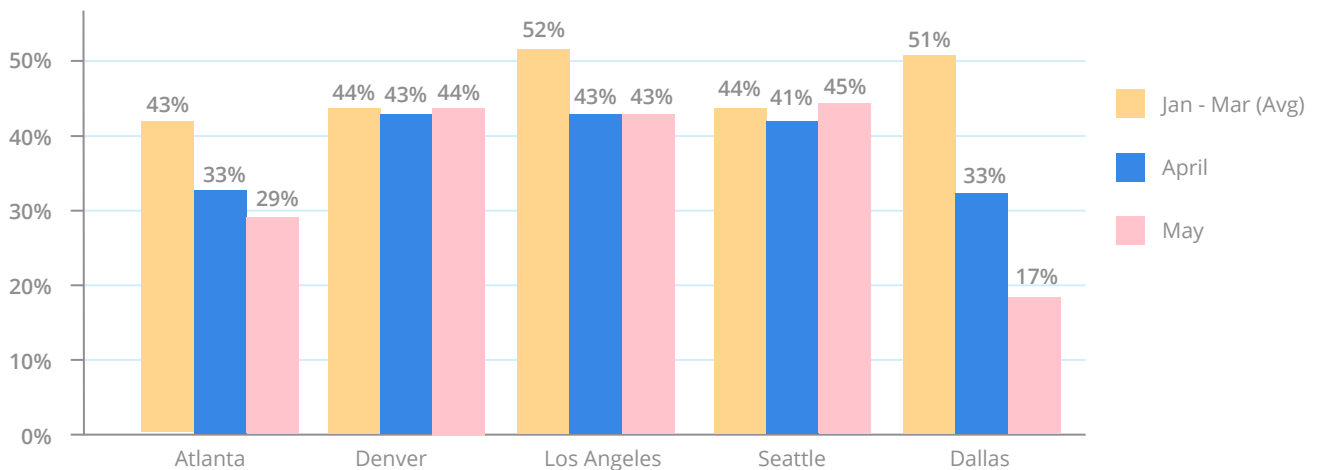
Percent of Renters Who Paid Full Rent by Property Class - 5 Day Grace Period



Some Metros Show Payment Drop, Others Rebound

Several major metro areas, such as Atlanta and Dallas saw a continued drop in full rent payments in May, while other cities held surprisingly steady — and a few even rose slightly. Interestingly, Seattle returned to average levels of full rent payments in May. However, Seattle residents who did not (or perhaps could not) make full rent payments in May continue to move deeper toward partial payment behavior, as we explore below.

Percent of Renters who Paid Full Rent - 5 Day Grace Period

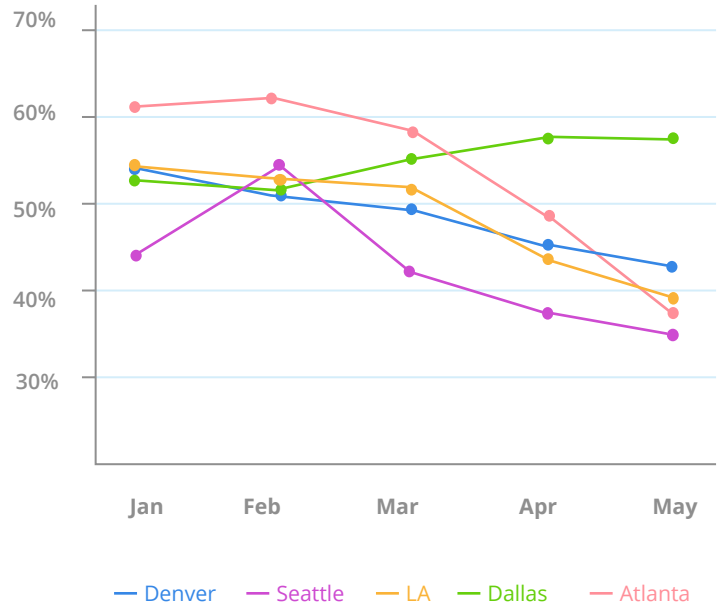


Partial Payment Behavior Deepens in Seattle and LA

Ramping up from findings in the [April Report](#), partial payments have intensified in several key metro areas. The percentage of total rent paid in May declined month-over-month in Seattle, Los Angeles, and Atlanta. For example, Seattle partial rent payers paid only 35% of total rent owed in May, compared to 37% in April and 44% back in January.

This suggests that operators in hard-hit cities are continuing to develop payment plans and alternate payment arrangements with residents unable to make full rent.

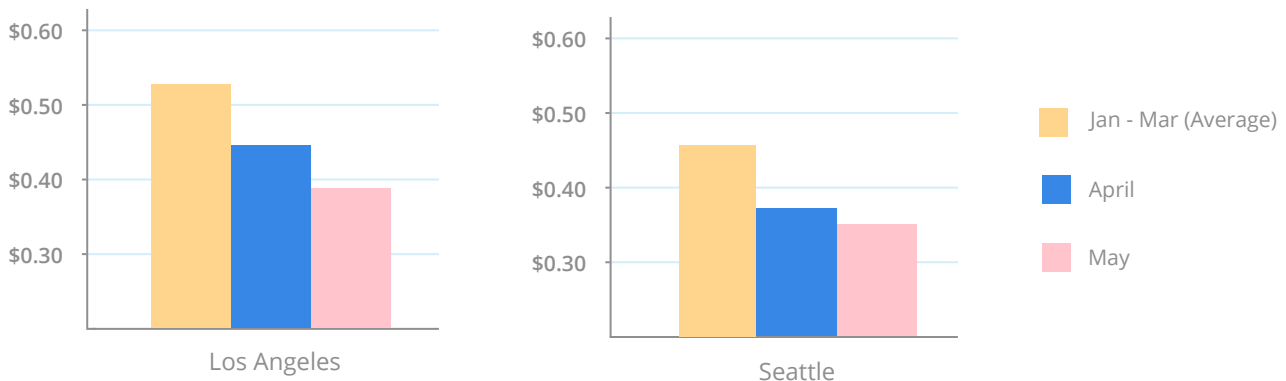
Percent of Total Rent Paid - Partial Payments



Spotlight - Partial Rent Payments in Seattle and LA

Focusing exclusively on partial rent payers, we see how the amount of partial rent paid dropped in both April and May. This is especially pronounced in cities like Seattle and Los Angeles, which have been hit hard by the COVID-19 pandemic. This suggests that while residents who are able to make full payments do so, those who cannot continue to require financial assistance, payment plans, and alternative payment arrangements.

Amount of Partial Rent Paid Per Dollar Owed



What This Means for Multifamily

The good news? Early May rent payments appear to be holding steady, and in some areas are even showing a very slight boost. This suggests that federal assistance, bolstered unemployment benefits, operator payment plans, and [rent relief programs](#) are working. However, questions remain about the state of rent payments moving forward.

After the federal relief checks are spent and unemployment assistance dries up, it's unclear how residents will continue to make ends meet. By July 31, the \$600 supplemental payment to unemployment is set to end, and federal eviction moratorium is set to expire on July 25th. As highlighted by the drops in Class C rent payments, Americans who need the most assistance will continue to struggle in an economic downturn.

While steady rent payment behavior is promising in the short-term, Doug Bibby, president of the National Multifamily Housing Council, [expressed concern](#) in early May about resident's ability to continue paying, and operator's ability to provide viable relief in the long-term. "For that reason, lawmakers need to act now to enact a direct renter assistance program," Bibby explained.

We will continue to monitor data as it rolls in through May, so stay tuned for our mid-month check-in on May 15th.

Helping Protect Multifamily From Rent Loss

LeaseLock provides over \$5,000 coverage on every lease, and totally eliminates security deposits, surety bonds and guarantors. Increase your occupancy, and reduce your bad debt to generate \$100k NOI per property:

[Learn More](#)

