

Urban Rental Markets Show Signs of Cooling

- Rental Inquiries drop dramatically in most surveyed markets.
- Rental Concessions on the decline after consecutive months of historic highs.

August 18, 2020—Rental Beast is a SaaS platform that simplifies the leasing process with an end-to-end platform and maintains a highly-accurate updated database of over eight million off-MLS rental properties. With active listings in 17 markets across the United States, and 10 additional markets opening within the next 60 days, Rental Beast’s Data Services Group tracks various rental trends in its markets across the nation.

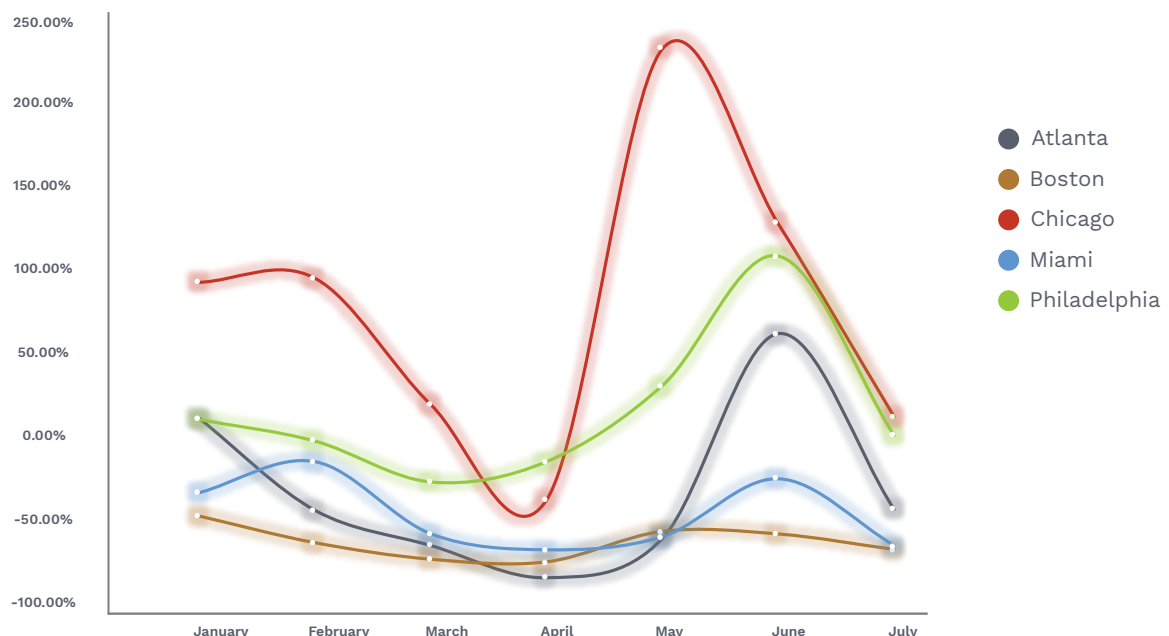
Renters typically intensify apartment searches during summer months, and landlords expect an increase in showings and price hikes as demand soars. However, as the COVID-19 pandemic continues, Rental Beast’s July 2020 data reflects a cooling in the rental market. In this report, we evaluate exclusive data from five major U.S. cities: Atlanta, Boston, Chicago, Miami, and Philadelphia. We track year-over-year (YOY) changes in Rental Inquiries and Rental Concessions in each city to gain a picture of market conditions.

RENTAL INQUIRIES

Rental Inquiries are prospective tenants actively seeking to rent an available property in our database. Rental Inquiry volume typically follows a predictable seasonal pattern—Rental Beast data from previous years show a high volume of Rental Inquiries during the summer months, as renters hoping to move in the fall begin their apartment search. Departures from such patterns serve as powerful, quantifiable early indicators of a shift in the rental marketplace, and are more powerful predictors of future transactional activity than traditional rental information, such as average rent.

Rental Beast monitors all inquiries to available listings on the Rental Beast website and listings syndicated to our partner sites including Facebook Marketplace and Realtor.com.

In July, Rental Inquiries were down YOY in four out of five markets surveyed. Boston, Miami, Atlanta, and Philadelphia all recorded significant YOY declines, and Chicago registered the only YOY increase:



July represents the seventh consecutive month that Boston and Miami reported negative YOY Rental Inquiry rates—down 74% and 72%, respectively. As COVID-19 continues to force more people to work from home and reconsider their professional and personal priorities, city-center living becomes increasingly unappealing to renters.

In July, Atlanta reported a 50% decline, continuing the city's nearly year-long trend of negative YOY Rental Inquiries. Industry leader, JP & Associates REALTORS® recently opened a string of fast-growing brokerages in the Atlanta area. Owner and Managing Partner of JP & Associates REALTORS® Metro Atlanta, Christopher Schlitz—a real estate veteran, having launched his career in Atlanta in 1991—commented on recent Rental Inquiry trends. Schlitz suggests that a recent spike in interest for large suburban homes from Atlanta-based apartment renters likely drove the year-to-date decrease in Rental Inquiries for Atlanta.

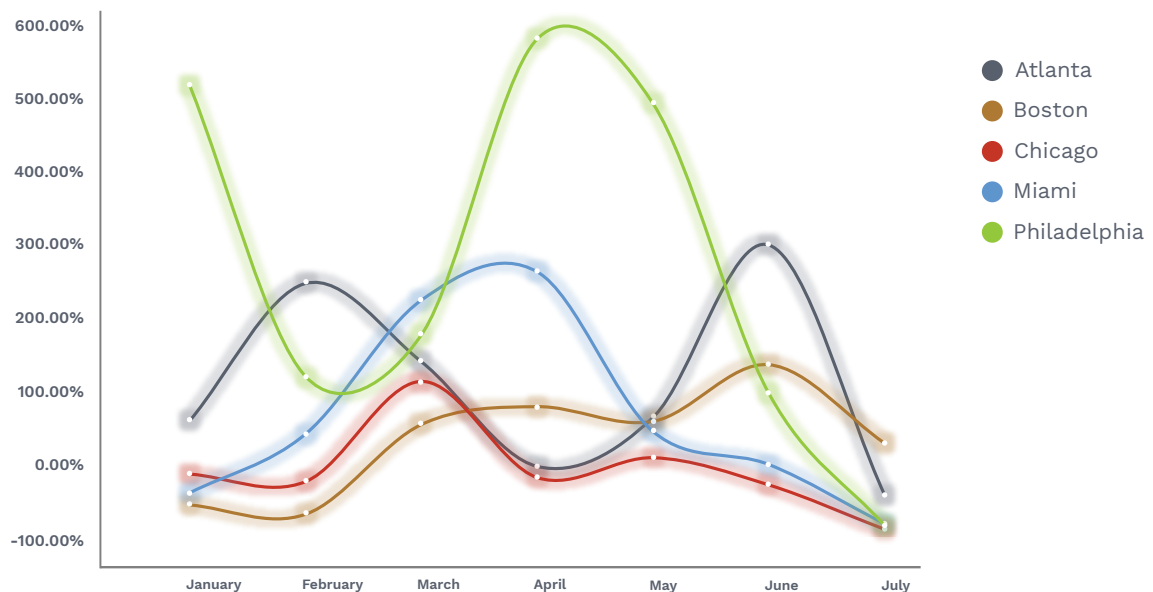
Philadelphia registered a YOY drop of 5.7% in July. This decline marks the end of Philadelphia's upward trending Rental Inquiries.

For a third consecutive month, Chicago registered positive YOY Rental Inquiries—a 5.6% YOY gain for July. In reaction to Chicago's July Rental Inquiry data, Kenneth Hawkins, Rental Beast's General Manager for the firm's Chicago Office, explains, "So many people expected the pandemic to be over with by now. Chicagoans are anxious to get back to some sort of normalcy and contemplating new living arrangements is part of that process." Hawkins continues, "While some renters plan to relocate out of the city, others are pursuing different living options within city limits."

RENTAL CONCESSIONS

Rental Concessions are compromises landlords make to original rent terms in the hope of filling a vacancy more quickly. Rental Concessions can include monetary compensation, a discount, or various goods and services.

For July, Rental Concessions dropped in Chicago, Philadelphia, Miami, and Atlanta. Only Boston registered a YOY increase:



Despite continued uncertainty surrounding rent moratoriums and the efficacy of supplemental unemployment benefits, landlords slowed the pace of Rental Concessions. July saw the following YOY declines: Chicago (-90%), Philadelphia (-86%), Miami (-83%), and Atlanta (-44%).

In the months directly following increased lockdown orders—March, April, and May—many cities recorded double and triple-digit YOY increases in Rental Concessions. July’s declines may reflect a temporary reprieve rather than a permanent reversal of this trend. Rental Beast’s Hawkins suggests, “Many of the landlords who have consistently offered Rental Concessions since the pandemic’s onset have now reached a point where they can no longer afford to do so without putting their property investments in jeopardy.”

Schlitz suggests that Atlanta’s decline in Rental Concessions may be attributed to the pressure on families to finalize their living arrangements in advance of Atlanta schools’ August 12th opening date. Due to this urgency to secure a new home, property owners are less incentivized to offer Rental Concessions. JP & Associates continues to monitor trends as the group expands rapidly in the Georgia and Florida area.

For the fifth month in a row, Boston landlords utilized Rental Concessions to minimize vacancies. In July, Boston reported a 28% YOY increase in Rental Concessions, down from a 105% YOY increase in June. Throughout the month of July, many Boston landlords have been preparing properties for student move-ins under strict and expensive cleaning protocols and adjusting amenities to a new reality for student housing. During the summer months, many Boston-based colleges and universities announced plans to hold exclusively, or majority, online classes. While Boston can anticipate fewer students relocating to attend school, it is likely that a decrease in overall rental demand will be partially offset as on campus dorms de-densify.

In response to these developments, Ishay Grinberg, Rental Beast’s founder and CEO, says, “COVID-19 is a healthcare crisis that impacts every aspect of people’s lives. As uncertainty continues, landlords are forced to make difficult choices with potentially long-term financial consequences. By continuing to offer Rental Concessions, property owners are clearly opting for a short-term but prudent loss in order to protect their property assets.”

ABOUT RENTAL BEAST

Rental Beast is a SaaS platform dedicated to simplifying every part of the leasing processes for real estate agents, landlords, and tenants. Rental Beast offers its users exclusive access to the nation’s most comprehensive and accurate rental database, powerful communication and marketing tools to acquire and retain clients, and a secure and fast online application engine. We tackle the notoriously challenging leasing market and help landlords and agents build lasting relationships with many American renters.

Rental Beast Markets

Active Markets:

Atlanta, GA
Austin, TX
Baltimore, MD
Boston, MA
Chicago, IL
Dallas-Fort Worth, TX
Denver, CO
Houston, TX
Jacksonville, FL
Miami, FL
Minneapolis, MN
Orlando, FL
Philadelphia, PA
Phoenix, AZ
San Antonio, TX
Tampa, FL
Washington, D.C.

Active Soon:

September 1, 2020

Charlotte, NC
Norfolk, VA
Richmond, VA
San Diego, CA
Virginia Beach, VA

September 30, 2020

Anaheim, CA
Long Beach, CA
Los Angeles, CA
Riverside, CA
Sacramento, CA

Expansion Markets:

Cincinnati, OH
Cleveland, OH
Columbus, OH
Detroit, MI
Kansas City, KS/MO
Las Vegas, NV
Milwaukee, WI
New Orleans, LA
Nashville, TN
Pittsburgh, PA
Portland, OR
Salt Lake City, UT
Seattle, WA
St. Louis, MO