

October 2020: Concessions Abound in US Cities

October 20, 2020– As property owners, managers, and renters continue to grapple with the fallout from the Coronavirus pandemic, Rental Beast, in our sixth Market Report, features Rental Concession trends throughout the United States.

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.

Prior to the onset of the Coronavirus pandemic, supply often outpaced demand in urban areas, and many property owners and managers only occasionally utilized concessions as a way to entice renters to lease properties. Rental Concessions were limited—a few hundred dollars off of administrative charges, or nominal discounts on pet deposits or parking fees.

However, six months into the Coronavirus pandemic, Rental Concessions are much more prevalent. With economic uncertainty, and difficulties maintaining rental demand due to safety concerns, landlords and property managers are offering high-value, creative Rental Concessions to make moving more appealing.

Rental Beast aggregated single family and multifamily Rental Concession information from our 22 active markets. Our findings are summarized below.

RENTAL CONCESSIONS

Rental Beast Market	YOY Concessions Increase	Typical Concession	Observed Concession
Atlanta	No	Application and Pet Fee Waivers	1 to 2½ Months Free Rent
Boston	Yes	1 Month Free Rent	Look & Lease Rebates
Chicago	Yes	1 Month Free Rent/ Application and Pet Fee Waivers	2- 3 Months Free Rent for longer lease commitments
Jacksonville	Yes	1 Month Free Rent, prorated discounts for accelerated moves	2 Months Free Rent, Rebates through January 2021
Los Angeles	Yes	1 Month Free Rent at Multifamily properties	2 Months Free Rent and Application Fee Waivers
Miami	No	1 Month Free Rent	2 Months Free Rent
Philadelphia	No	1 Month Free Rent	Packaged Specials/ Concessions
Sacramento	No	None	None
Tampa	Yes	2-3 Months Free Rent	\$1,000 gift cards for longer

Atlanta

While Atlanta posted positive year-over-year (YOY) increases in Rental Concessions throughout the year, September Rental Concessions were down 70%. Rental Concessions included waived application and administration fees, as well as meaningful concessions on monthly rent, from one full month to 2½ months' worth of free rent for tenants signing long-term leases on select units.

Atlanta's attractive cost of living and its sustained, diverse job market has made the city one of the hottest residential and labor markets in the country. With the population of Atlanta predicted to reach eight million by 2040, according to a survey conducted by the Atlanta Regional Commission, it is far too early to know if September's decline in Rental Concessions represents the onset of a longer-term trend. Rental Beast will continue to watch this market closely, disclosing our findings in future reports.

Boston

Boston's traditional rent cycle has been upended by the pandemic. Prior to March, Boston landlords rarely offered Rental Concessions or paid broker fees. However, the pandemic has majorly disrupted these legacy practices.

For the seventh month in a row, Boston registered a significant YOY increase in Rental Concessions. In September, landlords continued to struggle to fill vacancies and Rental Concessions increased a whopping 176% YOY.

Aaron Breen, Assistant Property Manager for Chapman Arms Apartments in Cambridge, recently told Rental Beast that to expedite leasing commitments, property management companies are often offering at least one month's worth of free rent, as well as paying broker fees. Breen commented that as Boston vacancy rates increase, property owners and managers need to be creative to attract and keep tenants. He has also observed instances of "look & lease" incentives, wherein if a prospective tenant attends a showing—virtual or in-person—and leases a unit within 24 hours, they get an extra \$1,000 rebate over the term of a lease.

Chicago

As Chicago heads into its traditional off-peak rental season, it is not clear if this year will deviate from pre-established rental patterns. Bucking the trends in other cities, Chicago reported declines in YOY Rental Concessions in June, July, and August. However, as property managers and owners seek to secure as many tenants as possible before the colder weather arrives, Chicago registered an 11% YOY increase in Rental Concessions.

It is not uncommon in multifamily properties for tenants to receive two months' worth of free rent for signing 12-14 month leases. Josh Dolgin, President of The Manderly Group, which owns more than 67 multifamily units in Chicago's North Side, shared "you often see an uptick in concessions around this time of year, as landlords need to get vacancies filled before winter begins." Dolgin continues to see plenty of interest for units renting for \$1,500 per month or less, but demand for higher-priced units is "crazy slow." Dolgin added, "tenants willing to sign an 18-month lease can get concessions ranging from 1 to 2 months' worth of free rent, along with a waiver of pet and administrative fees." Dolgin made clear that "in this environment, I will not lose a tenant over a \$250 annual pet fee."

Dolgin emphasized he would rather get creative with concessions instead of lowering the rent, especially in buildings where he is looking to refinance, as underwriters will give more favorable rates to properties with higher rent rolls. Dolgin shared that his most generous concessions are applied to new construction units, some of which have been sitting empty since May. He said, "I am happy to offer three months' worth of free rent for an 18-month lease on these units if I can get them rented before the holidays."

Jacksonville

Jacksonville, a relatively new market for Rental Beast, is very much on the move. Victoria Moneo, Director of Sales for the Fort Family Investment Group, shared that over the past six months she has seen more people relocating to Jacksonville, attracted by the greater affordability compared to Northeast and Southern Florida. "People are not only attracted to Jacksonville's pricing. There's a lot of new construction here, including a large selection of Class A properties to choose from."

Moneo said her firm started leasing Class A units in July, and has not had to offer significant Rental Concessions. "The only concession we've offered is if you move in by the 10th of the month then the rest of the month is free." Moneo is aware that many other operators in the area will offer up to two months' worth of free rent. Additionally, the Rental Beast team identified one over-the-top incentive: tenants who sign a lease and move in by September 10th will receive free rent until January.

Los Angeles

Los Angeles is a new market for Rental Beast and, in our initial discussions with property managers and owners, we discovered that more than 50% are offering significant Rental Concessions. These concessions range from one month to two months' worth of free rent, and in rare cases tenants can also get application and other administration fees waived.

Miami

After registering a 103% YOY increase in Rental Concessions in August, Miami saw a 62% YOY decline in Rental Concessions in September, as landlords cope with a new normal of uncertainty. Despite the September dip, Miami renters continue to enjoy a plethora of Rental Concession offers as short and medium-term rentals driven by the tourism and hospitality industries remain depressed by the pandemic. More than 56% of Miami landlords and management companies polled are offering Rental Concessions specials. Miami's renters can secure up to two months free rent for signing anywhere from a 13-month to 15-month leases, and receive half off of application and administrative fees based on credit approvals.

A member of the Property Management Team from the Royal Palms Luxury Rentals Property in Miami confirmed that for the first four to five months of the pandemic, they were offering two months' worth of free rent to lure tenants. Now, it is more common to see one month free rent specials for one and two-bedroom units. If a unit is vacant for 50-60 days, then they may also waive the application and administrative fees to encourage tenants to sign a lease. Pre-pandemic, there typically were no specials and units rented for market prices. Occasionally, they would run a one month free rent special. However, Rental Concessions such as these were highly unusual.

To get a sense of the Rental Concession environment north of Miami, Rental Beast spoke with a property manager in North Broward County. Pre-pandemic, the typical concession included a waived application and/or administration fees. Now, it is commonplace for renters to secure one month's worth of free rent in this area.

Philadelphia

For the third month in a row, Philadelphia saw a sizable drop in Rental Concessions. In September, Rental Concessions were down 97% YOY, as more people prioritize affordability and space that Philadelphia offers compared to some other major U.S. metros.

While Rental Concessions in Philadelphia have been lower on a YOY basis, they are still being offered on a more measured scale. Despite continued rental demand, Philadelphia renters can secure one month's worth of free rent for signing long-term leases. Additionally, an analysis of Rental Beast's Philadelphia data set identified Rental Concession packages, where pet, parking, and administrative fees are waived. Complimentary gym memberships are also included in some packages.

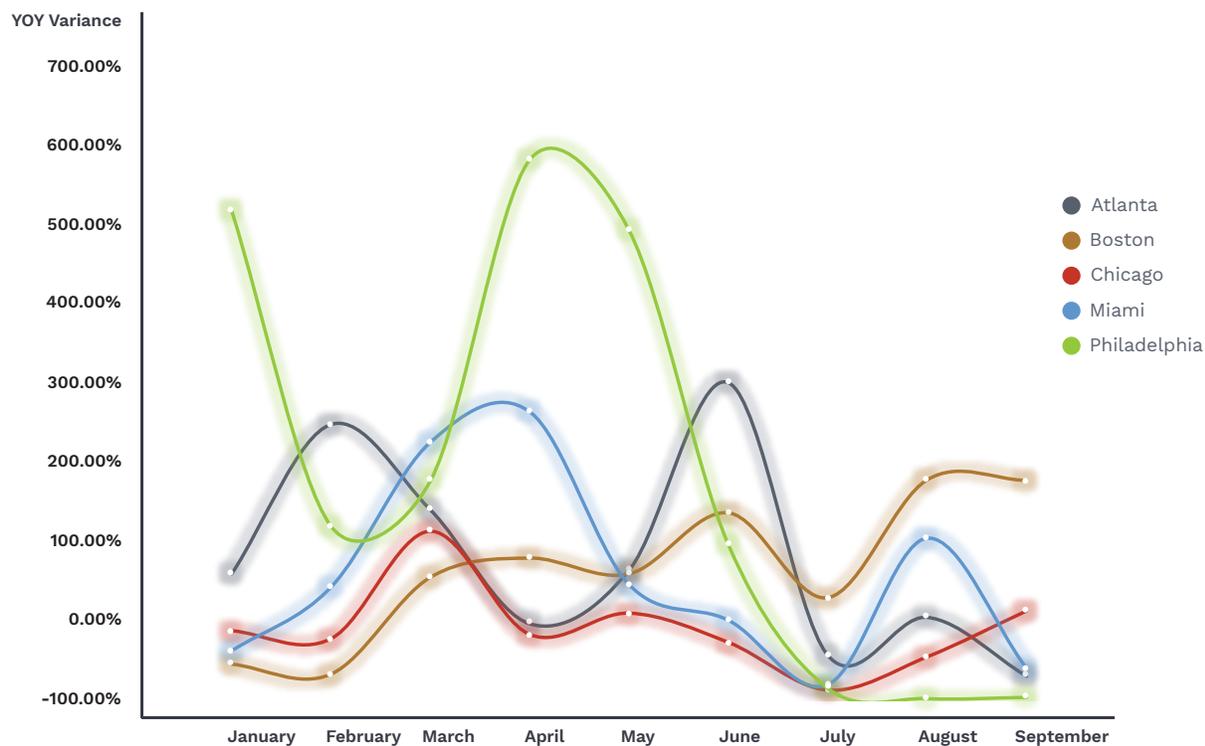
Sacramento

As Rental Beast continues to expand across the United States, we have found a drastically different rental environment in Sacramento, including far fewer Rental Concessions when compared to Los Angeles or San Diego.

Vacancy rates in Sacramento remain very low and, as a result, Rental Concessions offered by Sacramento landlords are few and far between. Sacramento may be a city benefitting from companies and government offices extending their work from home policies, where employees explore housing options well beyond the limits of the city center. As renters seek out less expensive housing alternatives, Sacramento property managers in this city are flush with inquiries and need not offer many Rental Concessions.

Tampa

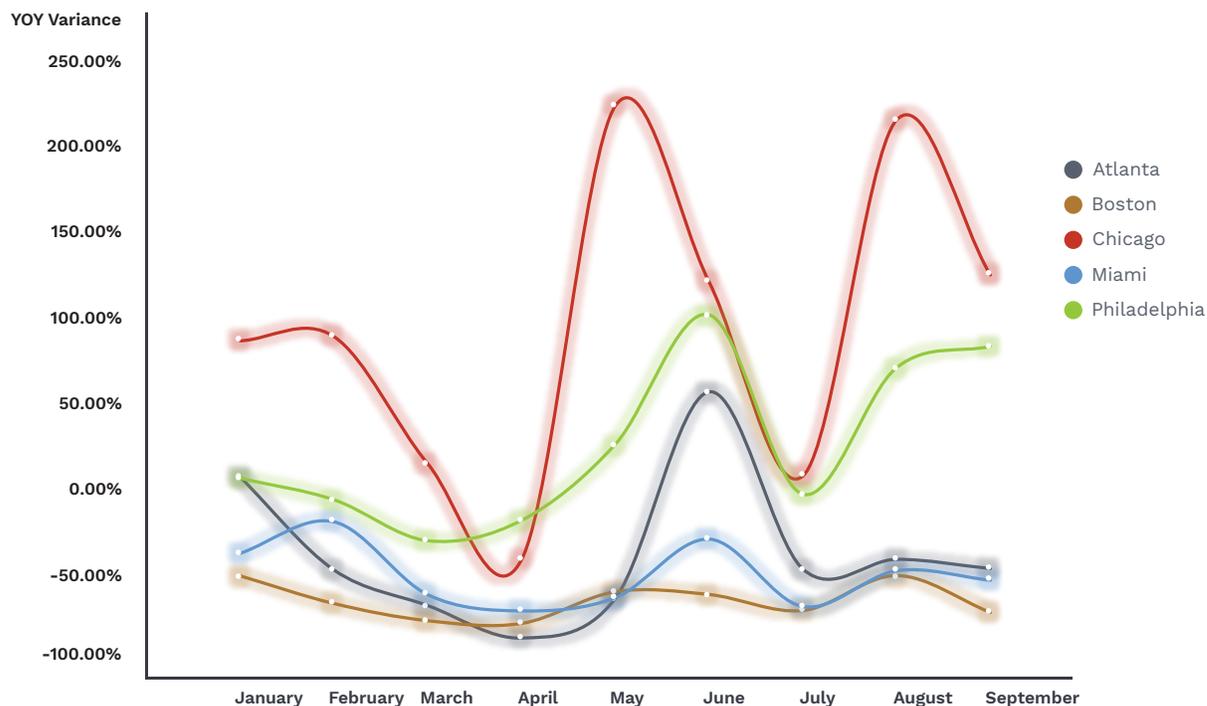
A combination of new multifamily developments and heightened interest from people looking to either temporarily or permanently relocate from the Northeast to the Southeast has created a strong environment for Rental Concessions in Tampa. With many people priced out of Southern Florida, Tampa has become an attractive alternative. Almost half of the building managers Rental Beast spoke with are offering Rental Concessions that range from two to three months' worth of free rent on select units, along with \$1,000 gift card incentives for signing longer leases.



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.

September is typically a month dominated by back-to-school excitement and while most schools did kick-off the new school year they did it mostly remotely or in a hybrid model as the U.S. continues to suffer from widespread COVID-19 outbreaks. For the second consecutive month Rental Inquiries for Boston, Miami and Atlanta were down at least 50% or more from YOY levels while Chicago and Philadelphia registered YOY gains. On a year-to-date basis, Boston and Miami have registered Rental Inquiry declines every month of this year while Atlanta suffered declines in 7 out of 9 months; Philadelphia had declines in 4 out of 9 months and Chicago leads the group as the city only logged 1 negative month (April) on a YTD basis.



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.

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Rental Beast Markets

Active Markets:

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

Expansion Markets:

Anaheim, CA
 Cincinnati, OH
 Cleveland, OH
 Columbus, OH
 Detroit, MI
 Indianapolis, IN
 Kansas City, KS/MO
 Las Vegas, NV
 Long Beach, CA
 Milwaukee, WI
 Nashville, TN
 New Orleans, LA
 Norfolk, VA
 Pittsburgh, PA
 Portland, OR
 Richmond, VA
 Riverside, CA
 Salt Lake City, UT
 Seattle, WA
 St. Louis, MO
 Virginia Beach, VA