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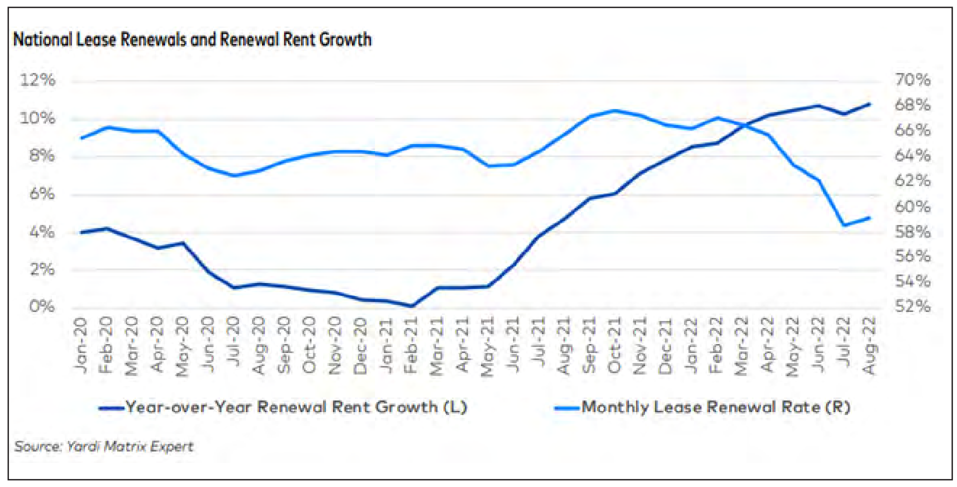
Multifamily Rents 'Hit the Brakes' in September, Two Reports Say

RENTAL HOUSING JOURNAL

The long run of multifamily rent growth "hit the brakes" in September as the economy continued to cool, Yardi Matrix says in its latest monthly report.

Yardi Matrix says multifamily rents remained unchanged in September, while Apartment List reported rent declines in a number of metro markets, indicating the accelerated rent growth fueled by the pandemic has officially ended.

"After a year-and-a-half of record-setting growth, multifamily rents have hit the brakes. Asking rents have flattened this summer at $1,718 for three months in a row. That comes after rents rose more than 20 percent since January 2021," Yardi Matrix says in the report.



REPORT HIGHLIGHTS:

- Multifamily rents were flat in September, as the market continues to decelerate along with the rest of the economy. The average national asking rent was $1,718, the same rate as August. Year-over-year growth decelerated 150 basis points to 9.4 percent. National occupancy rates remained steady at 95.9 percent.
- After five months of declining lease renewals, the lease renewal rate increased 60 basis points in August to 59.1 percent. Year-over-year renewal rent growth also increased 50 basis points, to 10.8 percent. In addition, rent-to-income ratios rose nine basis points nationally for all units in August.
- Rents decreased in the single-family sector for the second month in a row in September. The average single-family asking rent decreased by $7 to $2,081, while year-over-year

See 'Rents' on Page 5

Should Landlord Have a Copy of Tenant's Renters' Insurance Policy?

BY HANK ROSSI

Dear Landlord Hank: We require renters' insurance at our rental property.

In the past we have not asked for a copy of this. Do you think it is wise to attain a copy for our records to prove the tenant followed through on this? After researching online, it seems like a mixed bag of answers for or against. Thank you! – Megan

Hi, Landlady Megan: If you require renters' insurance at your property, I would definitely put in your lease that this is required to be purchased at the tenant's expense and required to be kept in force for the duration of the lease.

Then I would get a copy for yourself along with contact info for the agency selling the policy so you could contact them to make sure the policy is in place.

Each week Hank Rossi answers questions from landlords and property managers across the country in his "Dear Landlord Hank" blog in the digital magazine Rental Housing Journal. https://rentalhousingjournal.com/asklandlordhank/

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The Perks, Pitfalls of Prepaid Rent

BY SCOT AUBREY

The Saturday mornings of my youth were spent eating pancakes and watching cartoons on TV. One in particular, Popeye, had a character named Wimpy who was a well-known cheapskate. The line that defined his character most was, "I'd gladly pay you Tuesday for a hamburger today."

Of course, he rarely showed up on Tuesday to pay his debt; as a landlord, you may be all too familiar with this type of scenario. On the other side of this is something that we are seeing more and more of industrywide, and that is prepaid rent, where a prospective tenant might say, "I'll gladly pay you today for a roof over my head for the next six months." For applicants who do not qualify for your property in a traditional way due to financial or other issues, prepaid rent may be an option that helps fill a vacancy and assists someone with housing.

See 'Gauging' on Page 7

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How to Plan Your Delaware Statutory Trust to Remove the Stress of a 1031 Exchange

By Matt McFarland, Senior Vice President, Kay Properties and Investments

Any investor who is considering selling a piece of investment real estate will undoubtedly consider a 1031 Exchange.

A 1031 Exchange refers to the IRS code that allows significant tax advantages for investors. How? When you sell an investment property and you have a profit, you normally are required to pay capital gains tax. A 1031 Exchange allows you to sell your investment real estate and reinvest the proceeds in a "like-kind" property, which defers any capital gains and other related taxes.

This doesn't mean you are eliminating any of these taxes, rather you are able to defer them until a later date. However, any investor who has completed a 1031 exchange knows that one of the biggest hurdles to clear is the many time constraints and tight closing windows the IRS imposes when it comes to like-kind exchange investing.

The entire 1031 Exchange process must be completed within 180 days. The clock starts ticking day one after your relinquished property is sold and the funds are escrowed with Qualified Intermediary (QI).

On a side note, it is essential you never hold the proceeds from the sale outside of a QI. If you touch the funds at any time during the process, you eliminate your eligibility for a 1031 exchange and you have to pay all of the capital gains and other related taxes.

As an expert 1031 Exchange professional, I can tell you that it is the initial 45-day identification period that causes the most stress, as an investor is required to formally identify the property (or properties) they intend to purchase within a matter of about 6 weeks. More specifically, in order to avoid any tax liability, you must identify a property or properties that are of equal or greater value than the relinquished property. You can identify up to 3 separate properties with no regard to their value (3 property rule), or you can identify an unlimited number of properties that do not exceed more than 200% of the value of the relinquished property (200% rule).

Here's a quick summary of the 1031 Exchange rules investors should keep in mind when considering selling a piece of investment property:

- Entire 1031 Exchange process must be completed within 180 days
- Day 1 – Sell your property; proceeds are escrowed with a Qualified Intermediary (QI)
- Day 45 – Identify a property(s); you must notify your QI of the identified property(s)
- Day 180 – Close on new property; you must close within 180 days after the first sale
- Maintain equal or greater amount of equity
- Maintain equal or greater amount of debt

Plan Ahead to Reduce the 45-Day Identification Stress

One of the best ways to mitigate the stress of this short time window is to begin searching and selecting potential like-kind properties before you officially close on your relinquished property and the 45-day time clock starts ticking.

When it comes to Delaware Statutory Trust properties, the underlying real estate that is a part of a particular offering is acquired and owned by the trust before it is ever accessible to 1031 exchange investors to consider as an option. This "pre-packaged" element of DSTs affords investors who are in the process of a 1031 Exchange the luxury of a quick and seamless close of their purchase of a DST property.

Another great benefit of DSTs for 1031 Exchange investors is that they can make a great backup or contingency plan. Real estate deals fall apart all the time, and if your replacement property in a 1031 Exchange falls apart for any number of reasons, you could be in a tight spot. Using a DST as an "identified" property makes a great contingency plan if your initial deal does fall through.

However, it is important to remember that even though the Real Estate Sponsor Company has completed their due diligence and acquired a particular property for one of their DSTs does not mitigate the need for an investor to conduct their own due diligence on the various DSTs.

Make sure to look at current DST properties offered on the www.kpi1031.com marketplace.

All 1031 exchange investors, with the help of their Kay Properties' Registered Representative, will assess the various opportunities to ascertain the best potential solution for their particular situation and/or circumstance.

When is the Best Time to Start the DST Selection Process?

In most cases, the most opportune time to begin the screening process is about 30 days before you are scheduled to close on your relinquished or downleg property. The reason for this is simple – DST investments have a finite shelf life or a limited time in which they are 'open' for investment. DST offerings are capped at a specific value and as soon as the last dollar is invested, that particular DST offering is no longer available for further investment.

In my experience, DST offerings are typically available for purchase for about 1-3 months. In many cases, it would be an improper allocation of one's time to begin the selection process 3-6 months out, as most of the opportunities considered will be sold out by the time they have the capital to invest as part of their 1031 exchange. Within 30 days, many of the opportunities will likely be viable options for one to consider as reservation can be made for one's allocation.

In a perfect scenario, an investor has decided exactly which DSTs they are purchasing before they close on their relinquished property. This grants them the ability to quickly close on their DST investments as soon as the funds from the sale become available and successfully complete their 1031 exchange just a few days into their 45-day identification period.

Keeping these points in mind should not only greatly mitigate most of the stress associated with a 1031 exchange, they will also help you to potentially begin accruing cash flow immediately from their investments (a luxury afforded through the quick and seamless purchase of a DST relative to a traditional real estate transaction, which may stretch on for months).

For more information on the 1031 exchange and DST selection process, please reach out to your Kay Properties Registered Representative or visit www.kpi1031.com for more resources.

Market-Driven Amenities Add Value and Help Create a Competitive Edge

By Robert Trujillo
Harvard Investments

As consumers become more discerning, with an increased focus on housing that enhances their desired quality of life, and municipalities more demanding of developments they'll approve, multifamily developers must become more strategic and creative in an increasingly competitive market.

Today's traditional multifamily and single-family rental (SFR) communities must provide wide-ranging amenities to earn the business and loyalty of those who have the means to buy but choose to rent and have an elevated perception of how their home environments should look and feel.

First-generation SFR models only had homes and few, if any, amenities. Often the leasing office was an empty unit.

Those models quickly elevated to second-generation SFR communities, with separate buildings for a clubhouse, a small leasing office, a fitness center, pool, etc.

Now we're moving to a third-generation design which feels very similar to suburban luxury apartment complexes with expansive amenity offerings and robust community centers.

The challenge with these enhancements is offsetting the cost per unit. Typical apartment communities are 300 units or more but build to rent (BTR) and SFR are closer to the 150–200-unit range. Justifying a large amenity center may feel tough, however we've found it's necessary and can payoff in renter retention.

Multifamily typically has a 60 percent turnover, but because SFR turnover is significantly lower, amenity costs can be recouped.

For example, our First Street Ballpark community in Goodyear, Arizona, has a spacious 5,000-square foot club house with fitness center, co-working area, indoor-outdoor kitchens for rent, much larger resort-style pools, lap pools, and hot tubs. We're building outdoor ball courts for bocce ball, creating rental demand.

Requirements of Municipalities

Amenity evolution isn't just driven by residents. Many cities are requiring the quality and appeal of multifamily to be long-lasting. They are demanding that communities feel more like traditional owner-occupied communities including more green space. This often means lower density, which can be financially challenging.

Adding Value through Multifamily Amenities

With these changes, existing multifamily communities are in a great position to remain competitive by enhancing existing assets. The surge of BTR has led to an increase in value-added amenities among traditional multifamily communities.

Complexes built in the 1980s and '90s have been upgraded substantially. Many were built when land wasn't at such a premium, so they have more of the green space and mature trees renters want.

The competitive edge for existing multifamily owners is to use your space and use it wisely. Many have gutted the leasing office and converted the community space within the leasing office into co-working space.

Adding dog parks to existing green spaces is another easy upgrade for renters who increasingly prioritize their pets – 50-80 percent of renters now have dogs.

Another important step would be to upgrade the pool to reflect the resort-like feel that draws residents to use the space and attracts new renters.

Upgrading Design and Function

In addition to the enhanced amenity options, developers are increasing the thoughtfulness and quality of the units they design, both inside and out.

Very early on, apartments and BTR were very basic; BTR developers wanted to test the market and see if people would actually rent these new concepts over a traditional apartment in a three-story complex. The past decade has clearly demonstrated they will.

Now, most SFR homes have fenced-in backyards. Some have sidewalks leading to clusters of homes with a courtyard. Generally, more thought is going into the way these are placed on the site, so they encourage community and interaction but still provide privacy.

Inside, developers have upgraded the finishes and replaced carpet with hard floor surfaces. Similarly, quartz countertops and stainless-steel appliances are now common.

If you plan on owning your communities for the duration, providing materials that will last is always smart.

These upgrades ensure happy renters and long-term financial benefit for developers and property managers.

Paying attention to the shifts in consumer demand as well as municipality requirements and answering the call to upgrade amenities and interior spaces pays off in the long run, especially as teams look to be best in class and hold assets for long-term profits and long-term renter loyalty.

Robert Trujillo serves as vice president of Harvard Investments, overseeing the FirstStreet™ division. He has more than 25 years of multifamily development experience including previous roles in Phoenix; Santa Fe, N.M., and the southeastern United States. He has overseen multiple industry functions including land acquisition, project feasibility, planning, public agency entitlements, community relations, financing, environmental mitigation, construction management and leasing and sales.

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Website
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Mailing Address
4500 S. Lakeshore Drive, Suite 300
Tempe, AZ 85282

Email
info@rentalhousingjournal.com
Phone
(480) 454-2728 - main
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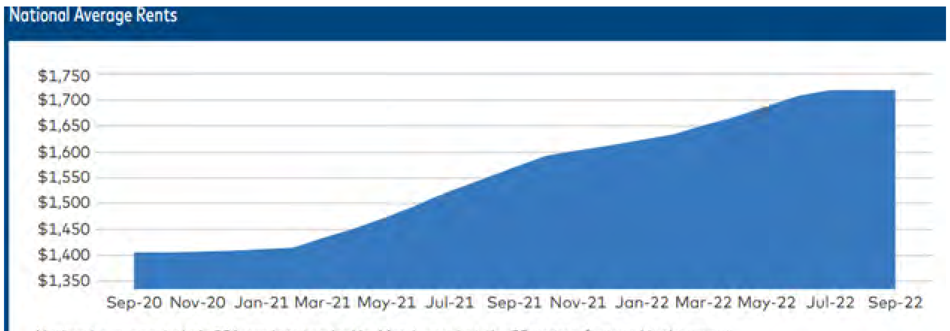


National averages include 136 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by Yardi Matrix.

Rents 'Hit Brakes' After 18-Month Growth Streak

Cooling Economy is Being Felt

Continued from Page 1

growth dropped by 170 basis points to 7.8 percent. Overall occupancy also decreased 10 basis points, to 1.1 percent.

"The cooling economy is beginning to show its effect on multifamily. However, key fundamentals remain strong," Yardi Matrix says in the report.

"Rent decreases continue to be concentrated in high-end lifestyle units, which dropped 0.3 percent nationally in September.

"Rents increased 0.2 percent for renter-by-necessity units and stabilized nationally for all units.

"Despite the flattening rent growth, much about the market remains positive. National asking rents are still at record highs, and national occupancy rates have been hanging around 96 percent since June of 2021."

Yardi Matrix has two new additions to its monthly report, lease-renewal percentages and rent-to-income ratios in top metros.

- Monthly lease renewals increased in August after falling each month since February of this year. With the Fed hiking up interest rates, buying a home has grown out of reach for many, and renewal rent growth, while high, is typically lower than rent growth for a new lease.
- National rent-to-income ratios for all units were 29.0 percent in August, 9 basis points higher than July.

"The outlook for multifamily remains strong, although the market may be coming to an end of its extraordinary run of rent growth.

"Demand is slowing as migration and household formation drop to normal levels," Yardi Matrix says.

Market	All Units	Lifestyle Units	Renter-by-Necessity Units
New York	33.9%	31.2%	36.8%
Orange County	33.6%	29.7%	37.6%
Washington DC	33.0%	30.4%	34.8%
Sacramento	32.4%	28.8%	38.7%
Los Angeles	32.4%	28.1%	36.1%
San Francisco	32.1%	28.5%	36.2%
Inland Empire	31.9%	30.5%	33.1%
Baltimore	31.4%	28.8%	32.7%
Orlando	31.4%	30.5%	32.5%
Portland	31.1%	29.8%	33.2%
Tampa	31.1%	29.5%	32.8%
Seattle	30.4%	28.2%	34.0%
Nashville	30.3%	25.8%	35.1%
Las Vegas	29.3%	27.7%	32.9%
Philadelphia	29.3%	27.6%	30.4%
Denver	28.9%	27.3%	31.2%
Phoenix	28.8%	27.1%	30.8%
Atlanta	28.7%	28.3%	29.7%
San Jose	28.3%	26.9%	30.2%
Twin Cities	28.1%	26.1%	30.0%
Boston	28.0%	25.8%	32.9%
Charlotte	27.9%	26.4%	31.6%
Chicago	27.8%	25.0%	29.3%
Raleigh	27.6%	27.1%	29.0%
Dallas	27.5%	26.4%	29.2%
Miami	27.3%	26.5%	29.6%
Houston	27.0%	24.9%	30.1%
Austin	26.5%	25.6%	28.7%
Indianapolis	25.9%	23.3%	27.5%
Kansas City	24.2%	22.8%	25.2%

Yardi Matrix researches and reports on multifamily, office and self-storage properties across the United States, serving the needs of a variety of industry professionals. Yardi Matrix Multifamily provides accurate data on 18+ million units, covering more than 90 percent of the U.S. population. Contact the company at (480) 663-1149.

St. Paul Rolls Back Part of its Rent Control Law

Rental Housing Journal

The St. Paul (Minnesota) City Council has rolled back some key provisions of the city's rent control ordinance, once described as the strictest in the nation.

The changes are in response to a citizen-authored rent control ordinance that caps annual rent increases at three percent, which voters approved last fall.

With pressure from landlords and developers, the city voted 5-2 to change provisions to allow landlords to raise rents by eight percent plus inflation when a tenant moves out, according to reports.

The city's changes also allow a rent control exemption for any building constructed in the past or next 20 years, according to Minnesota Public Radio.

Developers and landlords had advocated for changes to the three percent cap, saying the strict rent control ordinance will discourage owners from making repairs and hinder new construction.

Technically, the three percent cap on annual rent increases will not change, but the council voted to make inflation an explicit reason for landlords to be granted an exemption under their "right to a reasonable return" on investment.

The council also approved new rules requiring landlords to inform tenants if their apartment is covered by rent control, and for tenants to be notified when their landlords apply for exemptions in order to give them time to appeal the increase, according to reports.

The changes will take effect on Jan. 1, 2023.

"This ordinance adds additional protections and notifications for tenants, it keeps the three percent annual increase, it provides more flexibility for property owners to reinvest in their property," said Chris Tolbert, the council member who proposed changes to the ordinance, to Minnesota Public Radio.

St. Paul Mayor Melvin Carter has said he'll sign the changes to the ordinance.

The citizen-authored rent control ordinance passed with 53 percent of the vote, however without city input.

Council members and city staff frequently voiced their frustration with the policy that was drafted and approved without their input and over the objections of most council members, who have advocated for more construction and government subsidies over administratively burdensome price controls

How Do You Handle Relay-Operator Calls?

By The Fair Housing Institute

Although not frequent, relay-operator calls do come into leasing offices from callers who have hearing issues. What are your policies and procedures when it comes to how to navigate these types of calls? Do they comply with fair housing laws? Does everyone on your staff have sufficient training to avoid a fair housing complaint?

What Are Relay-Operator Calls?

While technology is evolving to help people with communication disabilities, the use of relay-operator calls still exists. Relay-operator calls are a service used by deaf or hard-of-hearing individuals. It employs a communication assistant, or relay operator, who relays the call between two parties by reading out what the hard-of-hearing or deaf individual types using a specific machine while typing back whatever the speaking individual says. While this form of communication can be helpful, it is also time-consuming, posing a problem for a very busy leasing office.

Fair Housing Relay-Operator Testing

A recent testing campaign shared some pretty concerning results. Nearly half of the properties tested did not know how to correctly respond to or handle relay-operator calls. Even worse were some of the comments that were recorded, such as, "I don't have time for this," or "I don't know what this is about," followed by the leasing agent hanging up the phone.

As a result of this campaign, multiple lawsuits were filed, since refusing to talk to a relay operator and provide information is discriminatory and is considered denying access to housing because of a disability.

Proper Fair Housing Training Is a Must

The relay-operator testing campaign clearly highlights the need for training. That training needs to target specific situations like this. Training should include practicing the many different situations that can arise when handling a relay-operator call.

For example, how would you or your staff handle being on a relay call and having another prospect walk into the leasing office looking for information? The easy thing may seem to be to tell the relay operator that they will have to call back, but that could be perceived as discrimination, that the leasing agent would rather work with a person without disabilities. Best practices would be to quickly and respectfully tell the person who walked in that you are on a call that may take some time and that you will be with them as soon as possible.

Another pitfall that proper training can help you avoid is over-explaining or offering information without it being requested. For instance, just because you are talking to a hard-of-hearing or deaf person, you do not need to launch into describing your units that accommodate their disability. Go about your regular presentation and only offer this information if asked.

Work with your team to brainstorm other situations that might arise and work together to find fair housing-friendly solutions.

Avoid a Complaint by Being Compliant

Remembering to treat every person that walks in, calls, or contacts your leasing office the same way will aid greatly in maintaining compliance.

Although relay-operator calls may take a considerable amount of time, and you may already be very busy, these calls need to be handled in a timely and respectful manner.

Be sure to give all the same information that you would for any other call, regardless of how long it might take, so as to avoid a possible fair housing complaint.

Even though the technology is changing and relay calls may be happening less frequently, proper protocols on how to handle them still need to be part of your fair housing training program.

In 2005, The Fair Housing Institute was founded as a company with one goal: to provide educational and entertaining fair-housing compliance training at an affordable price at the click of a button. Learn more at the Fair Housing Institute's website: www. https://fairhousinginstitute.com/

How Much to Upgrade to Extra Room/Work Space?

Rental Housing Journal

The average American renter could make the switch to an apartment with an extra bedroom for $200 per month, according to a new study from RentCafé.

More than half of the job holders in the United States have the opportunity to work from home at least one day a week, so the need for ample living spaces with work space has intensified even more.

Overall, over the last 10 years, the size of new apartments has decreased, putting more pressure on extra space and extra bedrooms.

"For apartment-dwellers who want more space, one simple solution is to upsize on the cheap. That may not be an easy thing to accomplish in some cities — but do not worry, we found plenty of places where all you'd have to do is give up a couple of pizzas each month for an extra bedroom," RentCafé says in the study.

"So, we looked at 728 U.S. cities and determined that, on average, it costs $199 extra per month to upgrade to an apartment with an additional bedroom. We then ranked the cities based on the lowest amount necessary to upgrade. Of these, in 83 locations — mostly suburbs — you could upsize for less than $100 per month.

"To be more specific, renters looking to upsize from a studio to a larger rental where the living room doesn't double as a bedroom could do so just by paying an extra $71 per month.

"Furthermore, Americans living in one-bedroom apartments could make the move to a two-bedroom rental for an average extra cost of $236 per month. Meanwhile, those who already live in a two-bedroom apartment but need more space would need to take $294 per month, on average, out of their pockets," the study says.

RentCafe.com is a nationwide apartment-search website featuring apartments and houses for rent throughout the United States. It regularly analyzes rental data from across the United States

Gauging the Perks and Pitfalls of Prepaid Rent

Continued from Page 1

As with anything outside the normal transaction, there are some rules to be aware of that vary from state to state, so we always advise consulting your local landlord attorney on what works best for you. With evictions on the rise, please review the following guidelines of which to be aware if presented with this unique way of collecting rent.

What Prepaid Rent is Not

Sometimes the best way to understand what something is, is to understand what it isn't. In this case, prepaid rent is not:

- A substitute for criminal and credit background screening checks. Always adhere to your criteria in every situation and do not be tempted to change a "denied" applicant with disqualifying criminal or credit history into an "approved" as a response to their offer to prepay rent.
- A security deposit: Most states limit the security deposit to 1.5 times to 2 times the monthly rent. However, there is normally not a cap on prepaid rent amounts.
- A holding account for your tenant to use when they need funds: The tenant must understand that they forfeit rights to this money until it has all been used to cover the agreed-to payments for the agreed-to rental term.
- A source of funds for tenant late fees, court fees, or attorney fees.

As an example, if you collect $6,000 in prepaid rent and the rent is $1,000 per month, you have six months' rent. Nothing more, nothing less.

Prepaid Rent Must be Voluntary

Don't go running out and start shouting from the rooftops that you are now accepting prepaid rent for your property. In every state this will immediately get you in trouble.

The key word to understand when discussing prepaid rent is voluntary. I can't stress this enough; the tenant must initiate any and all conversations regarding prepaid rent. Any mention of it by you as the landlord could be considered coercion, and that will get you an automatic loss in court.

Get It in Writing

If your tenant initiates a conversation about prepaid rent, make sure before collecting any monies that you have the agreement in writing. Ideally you would have this included and agreed to in your lease. If that's not possible, we recommend creating an addendum that should be signed by both parties. You can receive a free copy of our recommended addendum language by requesting it from info@rentperfect.com.

Money Management

As recommended earlier, it is a best practice to create a separate account for each property where you can hold any prepaid rent. Two important things if you accept prepaid rent are:

1. If — and only if — a tenant is evicted from the property, you can use any remaining prepaid rent to pay for expenses related to the property that exceed the security deposit, and
2. No refunds of excess funds are considered returnable until the lease/contract has been completed and all accounting is completed.

Let me reemphasize that the security deposit and any prepaid rent are completely separate and should be managed in a way that you can verify their independence.

Ideally, every one of your tenants would come to you financially qualified with a crime-free history and no record of evictions. In reality, we know that many of your applicants may present issues that disqualify them from being the ideal tenant. If they offer to prepay their rent, use this as a reference point and counsel with your landlord attorney to ensure you are following your local and state laws.

Scot Aubrey is vice president of Rent Perfect, a private investigator, and a fellow landlord who manages short-term rentals. Subscribe to the weekly Rent Perfect podcast (available on YouTube, Spotify, and Apple) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

Outer Suburbs Hit Hardest by Rent Inflation Since 2020

By Chris Salviati and Rob Warnock
Apartment List

Rent inflation has hit the outer-ring suburbs of major metros the hardest in the last two and a half years, according to new research from Apartment List.

The report says, "Over the past two and a half years, the rental market has been on a rollercoaster ride, as the pandemic has shaken up the ways that we live and work. As remote (work) has made proximity to the office less of a concern for housing choice, one result has been that the suburbs of large metros have been experiencing notably faster rent growth than the core cities that they surround," write Chris Salviati and Rob Warnock in the report.

"We estimate that since March 2020, rents have increased by an average 19.8 percent in the core cities of large metros, while the suburbs of these metros have seen rents spike by 27.2 percent," Salviati and Warnock write.

The report says the impact of remote work on these changing preferences "would seem to be validated by an additional finding that emerges when we break down our suburban rent data into more granular categories.

"Namely, the fastest rent growth since March 2020 has been occurring in the suburbs that sit furthest from the urban core. For the purposes of this analysis, we have limited the data to 13 large metros where we have robust rent estimates for a wide swath of suburbs at varying distances from the core city.

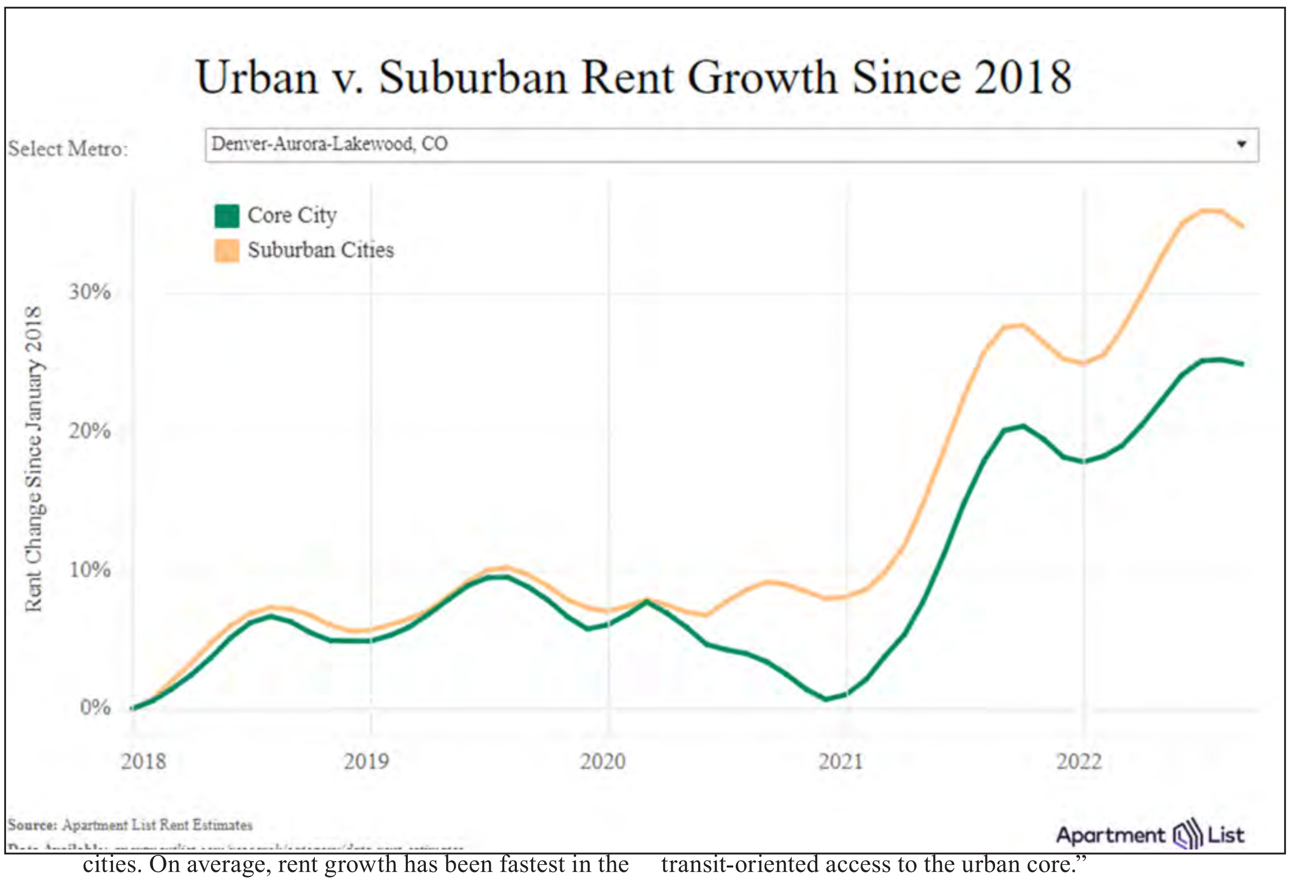
"Among these 13 metros, the first year of the pandemic brought an average rent decline of 5.2 percent in the core cities. Over that same year, the outer-ring suburbs that sit more than 30 miles from the core city saw the fastest rent growth, with an average increase of 4.8 percent, roughly proportional to the decline in the core cities. Looking over the full pandemic period, rents in the core cities have risen by an average of 16.8 percent since March 2020. Over the same period, the near suburbs that lie within 15 miles of the core cities saw rents increase by 23.5 percent," the report says.

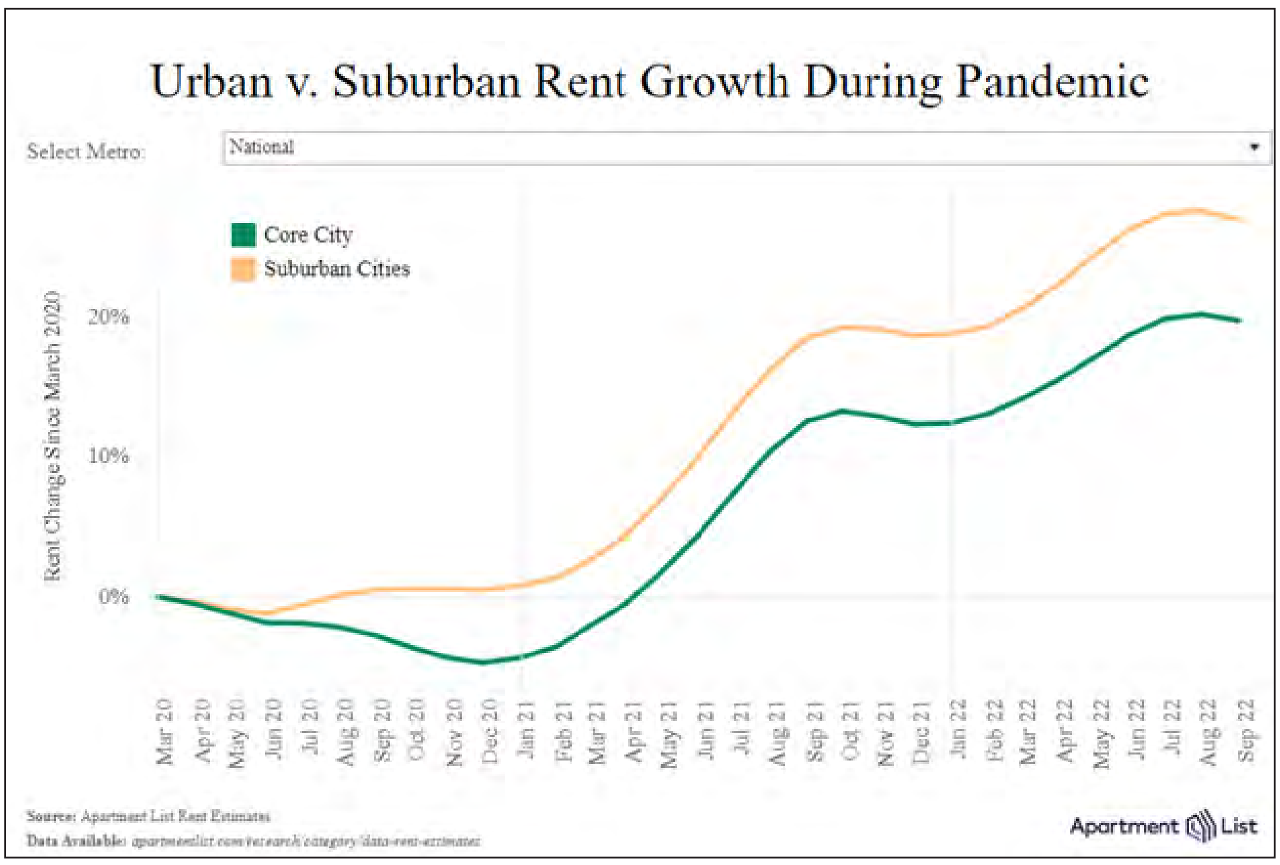
"Meanwhile, the mid-distance suburbs (15 to 30 miles from the core city) experienced rent growth of 26.8 percent, and the farthest flung suburbs that are more than 30 miles from the urban core have seen the fastest rent growth at 30.1 percent. In other words, rent growth has been progressively hotter moving outward in concentric rings from the urban core."

Some highlights:

- In the first year of the pandemic, rents in the city of Phoenix rose by 5.8 percent, compared to an increase of 7.8 percent in the metro's surrounding suburbs.
- From the start of the pandemic to present, Phoenix rents are up by 33.2 percent, while the metro's suburbs have seen rents rise by 34.9 percent.
- Among the 39 metros analyzed, 33 have seen rent growth in the suburbs outpacing that of the core cities. On average, rent growth has been fastest in the suburbs that sit farthest from the urban core.

The past two and half years "have ushered in rapid changes to the ways that we live and work, driving significant shakeups to the housing market. One such disruption has been a spike in demand for suburban rentals. Even before the pandemic, increasingly unaffordable housing costs close to the urban core had been pushing more and more renters to the far peripheries of the nation's large metro areas, resulting in a proliferation of 'super commuters.' Spiking demand in the far suburbs appears to have more to do with affordability than with geographic preference – this trend should only emphasize the need for sustainable development with easy transit-oriented access to the urban core."





Chris Salviati is a senior housing economist at Apartment List, where he conducts research on economic trends in the housing market. Chris previously worked as a research assistant at the Federal Reserve and an economic consultant, and he has BA and MA degrees in economics from Boston University. Rob Warnock is a senior research associate at Apartment List, where he examines trends in the housing and rental markets. Previously he worked in public health policy, and before that, graduated from UCLA with a degree in Globalization.