



2020 Rental Trends: The Impact of COVID-19 on Rent Payments

How has the COVID-19 pandemic affected the U.S. rental industry, and what can we expect in 2021?

January 5, 2020



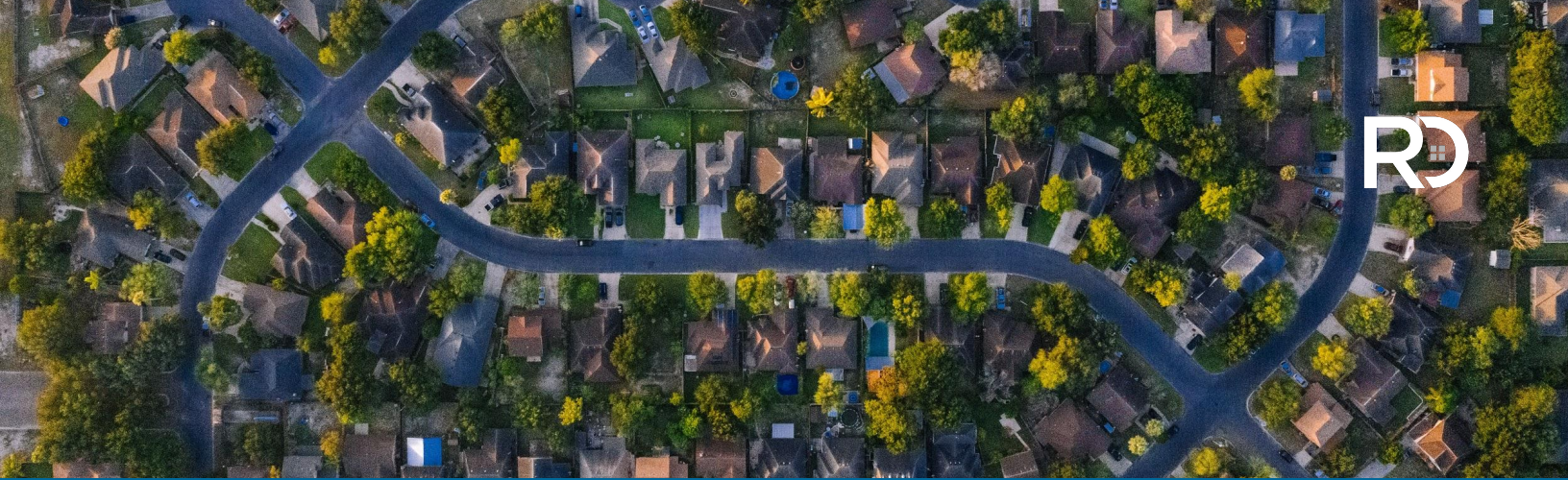
The Impact of COVID-19 on Rent Payments and Rent Payment Behavior

SUMMARY

An analysis of rent payment data collected during 2020 reveals the impact of the COVID-19 pandemic on rent payments and rent payment behavior in the United States.

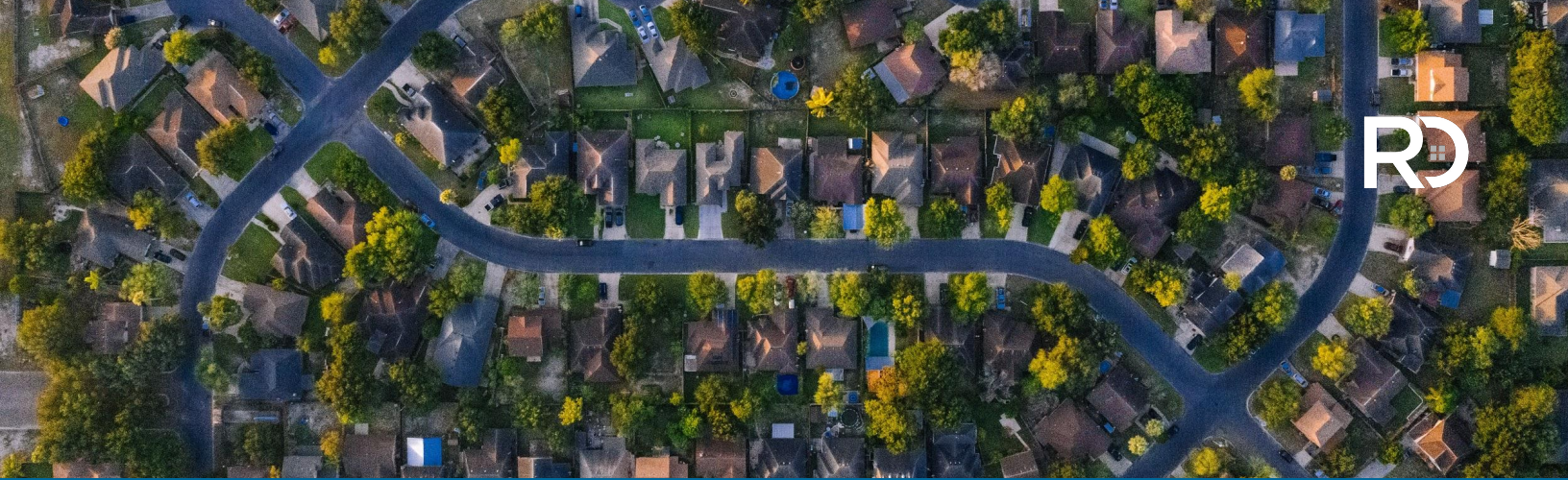
The global COVID-19 pandemic has affected our lives and our businesses in ways no one could have predicted. 2020 presented extraordinary challenges and difficulties, and no industry has been completely immune. Widespread unemployment and income loss has caused renters across the country to struggle with cost-of-living expenses – the largest of which is typically rent payments. While legislation has been put in place to try and protect renters from losing their homes, a decrease in rent payments received has caused a snowball effect for landlords and the greater rental industry.

[Rentec Direct](#) has been collecting and analyzing rent payment data monthly over the past year. Several trends in rent payment behavior have emerged based on 10 months of data.



KEY TAKEAWAYS

- ✓ The majority of renters are paying rent on time, but the total number of rent payments received nationwide by landlords and property managers has declined significantly
- ✓ Tenants with online rent payment options are more likely to pay rent on time
- ✓ Landlords and property managers are actively expressing interest in online rent collection options



BACKGROUND

[Rentec Direct](#) has been collecting and analyzing monthly aggregated anonymous rent payment data representing 620,000 rental properties nationwide. The study began in March 2020, when most business shutdowns and stay-at-home orders were initiated, in order to determine the impact of the pandemic on certain renter behaviors. Rentec Direct also analyzed data from January and February of 2020 as a baseline for rental payment behavior prior to the pandemic.

Because most tenants pay rent during the first week of the month, data from the first week of each month was compared to the same period for prior months.

FINDINGS

Landlords and property managers received fewer rent payments in 2020.

NUMBER OF RENT PAYMENTS RECEIVED



The number of rent payments received nationwide by property managers and landlords decreased every month between April 2020 and December 2020 when compared to the same period in March, prior to the onset of the COVID-19 pandemic.

- September 2020 saw the largest drop in total number of rent payments received, with a 35% decrease compared to March 2020.
- Since October 2020, the number of rent payments received has been slowly increasing, though the December 2020 number was still 24% less than March 2020 baseline.

FINDINGS

Tenants are more likely to pay rent online.

ONLINE RENT PAYMENTS RECEIVED



Throughout 2020, the number of online rent payments received nationwide by landlords and property managers saw minimal decreases when compared to the total number of rent payments received each month. Of tenants who pay rent electronically, rent payments received were on average 3% higher than online rent payments received for the same period in March 2020.

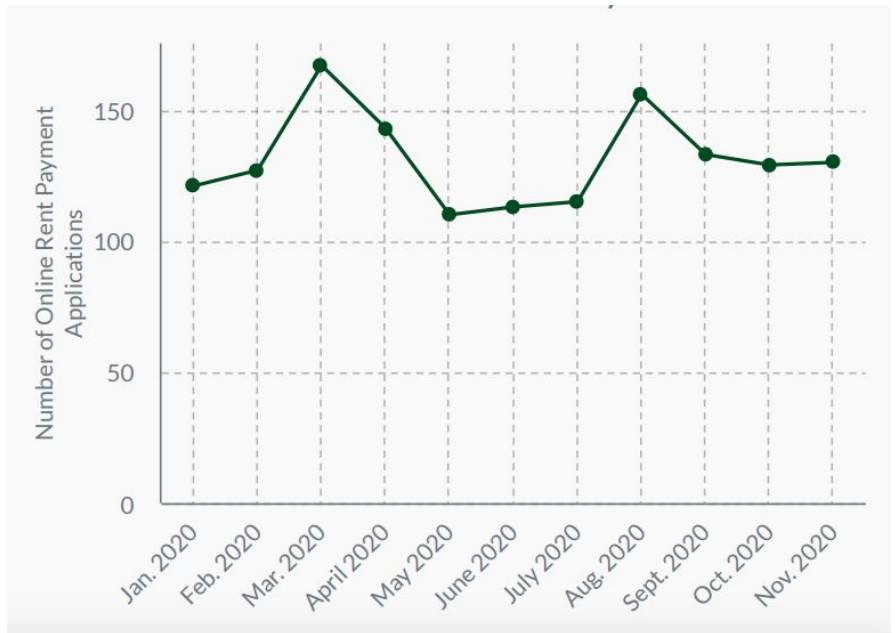
- When compared to the average 25% decrease in total number of rent payments received, it is clear that online rent payment options dramatically increase the likelihood of tenants paying rent on time.
- August 2020 saw the largest drop in number of online rent payments received since March, while December 2020 saw the largest increase.



FINDINGS

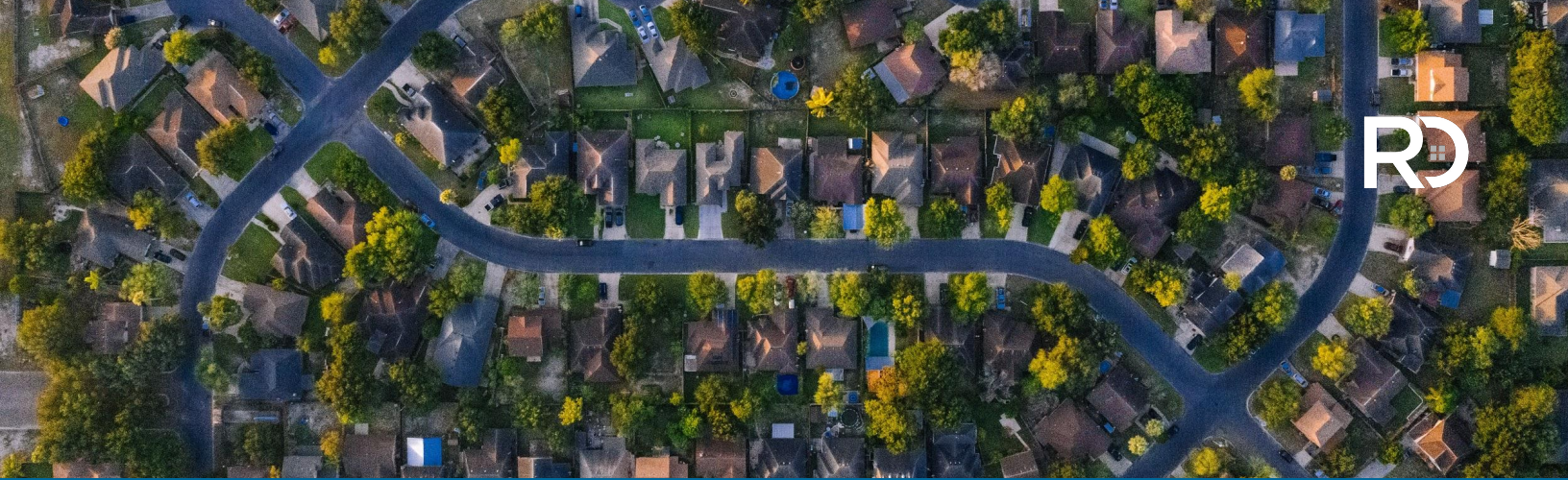
Landlords and property managers remain interested in online rent collection options.

INTEREST IN ONLINE RENT PAYMENT OPTIONS



On average, approximately 124 property managers per month submit applications through the Rentec Direct software platform to turn on online rent collection capabilities. This number saw several spikes throughout 2020.

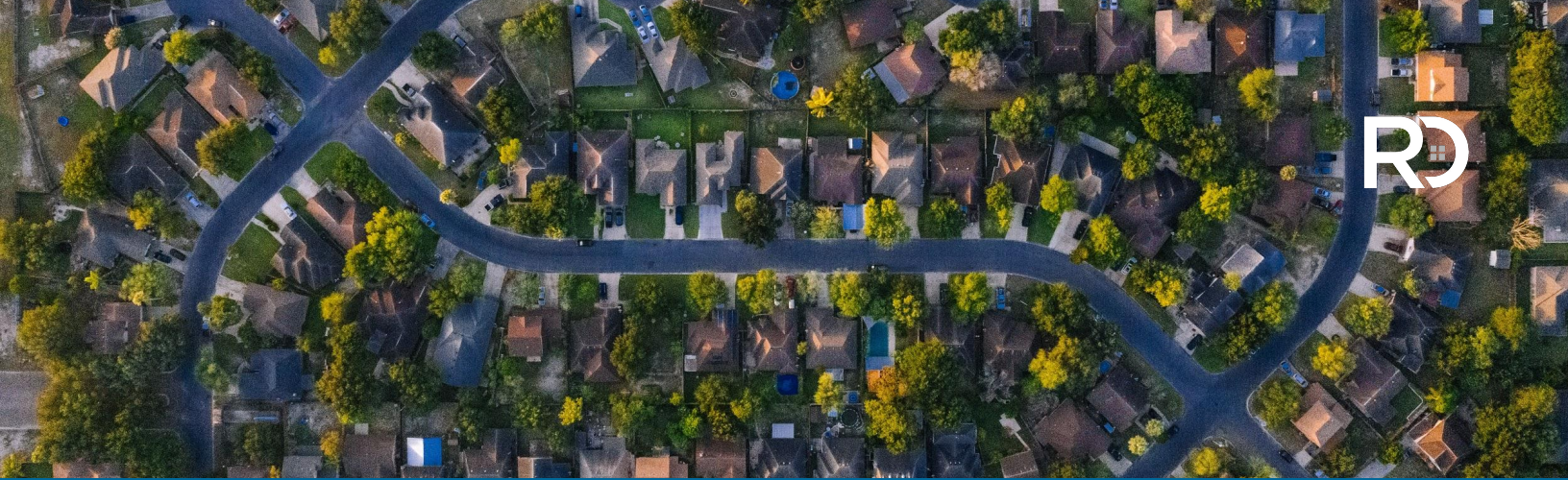
- March and August saw the most dramatic increase in interest from landlords and property managers. Online rent collection applications were up 24% in March 2020, and 26% in August 2020.
- Interest in online rent collection stabilized during the period between May and July, and appears to be following a similar trend as of September.



ANALYSIS

Tenants have struggled to pay rent throughout the entirety of the COVID-19 pandemic, which is not surprising considering the extensive income loss and heightened unemployment rates in the U.S. in 2020. The major drop in number of rent payments received in September may correlate with the labor force participation rate in the U.S. being at its lowest level since 1971, as well as changing stimulus packages and unemployment benefits.

Tenants with online rent payment options have remained more likely to pay rent on time throughout 2020 when compared to tenants who pay rent by cash or check. We understandably saw a spike in interest in online rent collection capabilities from landlords and property managers in March, when most stay-at-home orders and social distancing measures were first put into place.

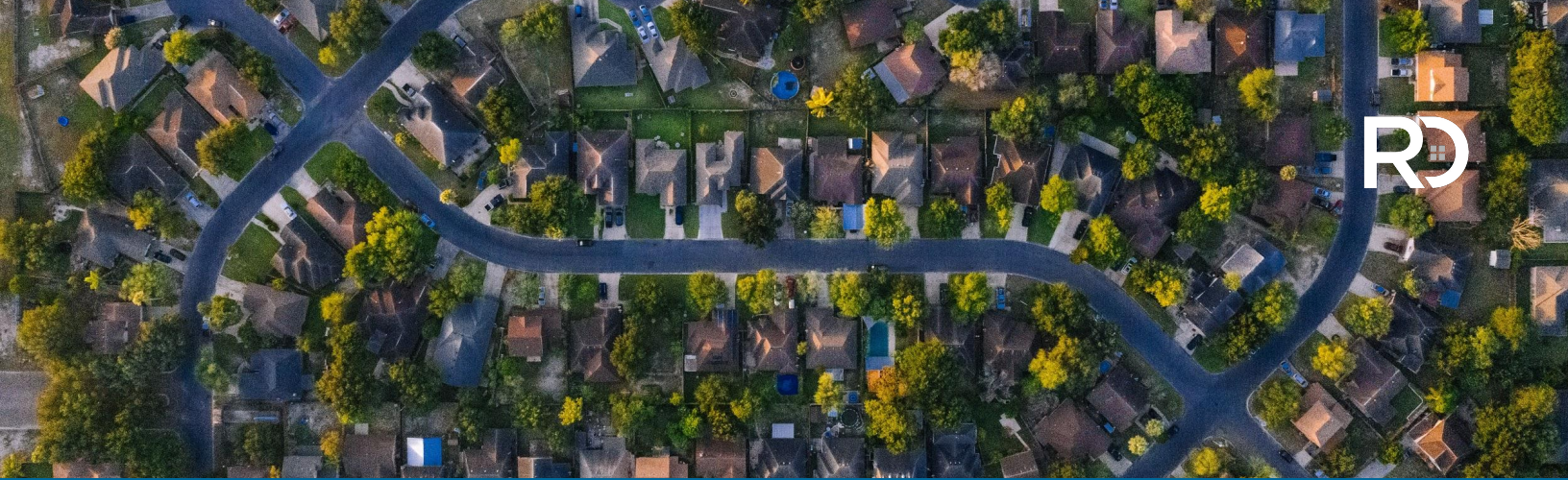


2021 PREDICTIONS

While the federal and state legislation put in place during the pandemic has been critical to protect renters, these regulations have in turn inhibited the natural course of the move-in, move-out and eviction cycle. Eviction moratoriums are creating inflated occupancy rates, and low vacancy rates are driving up rental prices. This unnatural inflation of housing needs could lead to a housing market crash in 2021. When eviction moratoriums are lifted, the rental market will likely be flooded with vacancies. This could very quickly lead to a decrease in property values and rental rates.

At this time, we don't expect to see much change in the number of rent payments received in the early months of 2021. Once businesses are confident enough to start bringing staff back and resuming normal hiring practices, we can expect to see employment numbers improve and - in turn - the number of rent payments made on time should increase. Online rent payments are likely to continue to increase. Even without a pandemic, renters and landlords have realized the benefits and simplicity of paying rent online.

We believe most landlords and property managers who were interested in switching to online rent collection have already done so at this point. The upward trend in online rent collection will follow a natural curve now, based more on the benefits of online rent payment than directly related to the pandemic.



CONCLUSION

[RentecDirect.com](https://rentecdirect.com)

800-881-5139

press@rentecdirect.com

ABOUT THE RESEARCH

[Rentec Direct](https://rentecdirect.com) collected aggregated anonymous rent payment data and analyzed rent payment behavior from clients using Rentec Direct's property management software platform in 2020. Data represents information from 620,000 rental properties nationwide.

***Please note: This data was pulled from clients using the Rentec Direct property management software platform. Data is intended to show trends only, and may not be a representative sample of industry as a whole.*

ABOUT RENTEC DIRECT

Rentec Direct offers industry-leading property management software and tenant screening solutions for real estate professionals. Features include online rent payments, tenant and owner portals, the industry's largest vacancy listing syndication network, full property, tenant, and owner accounting, 1099-MISC reporting and more. Rentec Direct was named a silver Most Customer Friendly Company of the Year winner in the 2020 Best in Biz Awards, received the silver Real Estate Company of the Year Award in the 2020 American Business Awards, has been named to the Inc. 5000 List of Fastest-Growing Private Companies for four years in a row (as of 2020), and was also included on the 2017, 2018 and 2019 Entrepreneur360 list for Best Entrepreneurial Companies in America.