



PorchLight

RENTAL & DESTINATION SERVICES



U.S. Rental Trends

*Prepared by
PorchLight Rental & Destination Services*

The U.S. rental market continues to transition following the initial outbreak of the pandemic.

The mass exodus from the expensive metropolitan cities in 2020, and people seeking larger spaces and more affordable monthly rents, caused an upheaval in the housing market. During that time, rental rates in traditionally expensive cities such as San Francisco, New York, and Boston drastically fell due to lack of demand.

Fast forward to April of 2021 and the housing market experienced another upheaval. As businesses began hybrid working and requiring a return to office at some level, people transitioned, again. Cities of all sizes were seeing increased demand and housing supply couldn't keep up. The quick turn of events caused a major disruption for those relocating and seeking a rental in their new location.

Looking ahead to 2022, what should we expect in the U.S. rental market?

Apartment Trends

According to Apartment List, year-over-year rent growth currently stands at a record-setting 17.8 percent, but over the past four months, rents have increased by a total of just 0.9 percent. The early stages of the pandemic led to a modest decline in rents from January 2020 through January 2021 (-1.4%), but the staggering growth of 2021 more than made up for the lost ground. In fact, the national median rent (\$1,312) is now \$120 greater than where Apartment List projected it would have been if rent growth since the start of the pandemic had been in line with the average growth rates we saw in 2018 and 2019. Over the past year, rent growth has far outpaced that of any prior year in Apartment List's estimates, which go back to 2017.

As high as rents and occupancy rates are, there was a slight cool down in December 2021 related to seasonal factors. It is common for rent growth to return as moving activity picks back up in the spring and summer.



Apartment Trends cont.

As demonstrated in the chart below, vacancy rates have been gradually easing, but the market remains tight. Even if prices don't rise as rapidly as they did in 2021, many markets will still experience a year of above-average growth.

Monthly Change in National Rent Index (2018 – Present)

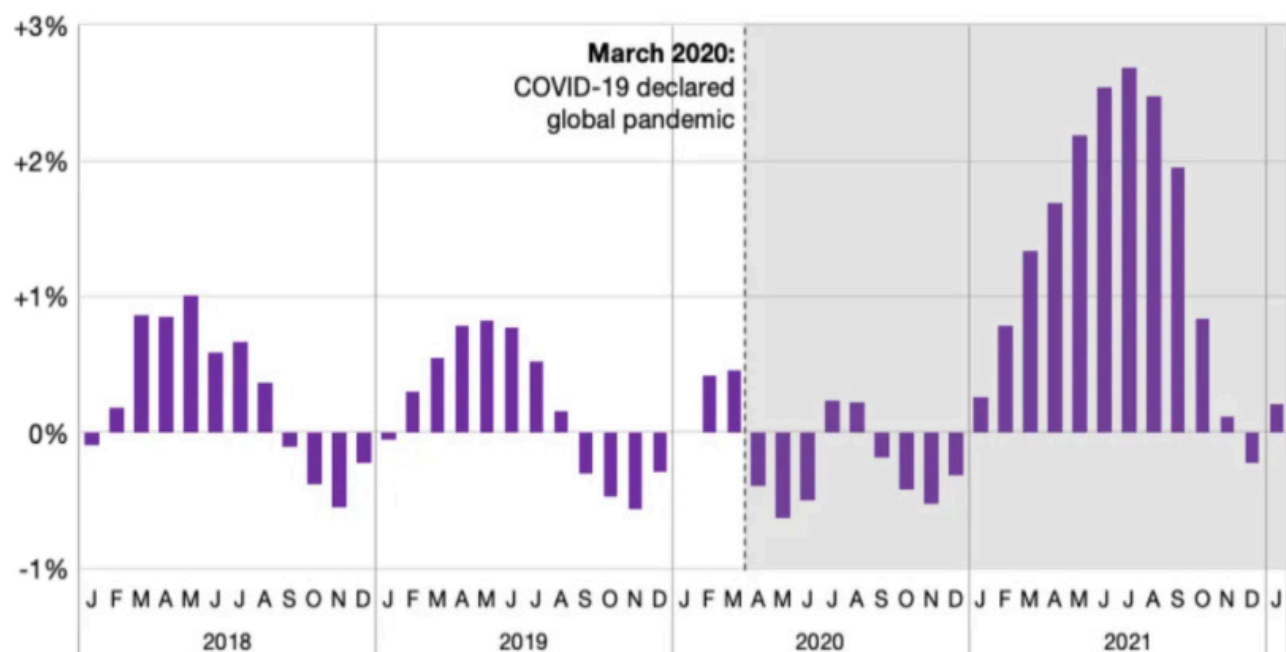


Chart Source: Apartment List Rent Estimates

Data available: apartmentlist.com/research/category/data-rent-estimates

Many of the of the fastest growing rental markets are in areas with a lower cost of living. Rising rent may make living in these areas less affordable.

Here's where renters are more likely to experience rising costs ►

- 1 Phoenix, AZ ↑ 7.6%
- 2 Las Vegas, NV ↑ 7.0%
- 3 Tampa, FL ↑ 6.9%
- 4 Tucson AZ ↑ 6.5%
- 5 Albuquerque, NM ↑ 6.2%
- 6 Atlanta, GA ↑ 5.9%
- 7 Sacramento, CA ↑ 5.8%
- 8 Riverside, CA ↑ 5.7%
- 9 West Palm Beach, FL ↑ 5.5%
- 10 Fort Lauderdale, FL ↑ 5.2%



2022 Single Family Home Rental Market Trend

The single-family rental home market remains in high demand and low supply.

Single-family rentals preferred by 43% of Generation Z

The single-family rental (SFR) market shows no signs of slowing down this year. According to the Q3 2021 Single-Family Rental Investment Trends Report from Arbor Realty Trust, short-term economic factors combined with long-term demographics are two factors driving the demand for professionally managed single-family rental homes.

While younger renters once preferred to live in dense urban areas, today's Gen-Zers (people born between 1997 and 2015) have a higher preference for vibrant suburban living than the Millennials that came before them. In fact, 43% of Gen Zers want to rent a single-family home after they graduate from university, as an earlier report from Arbor noted.

Single-family home rents have increased by 10.2% over the last year

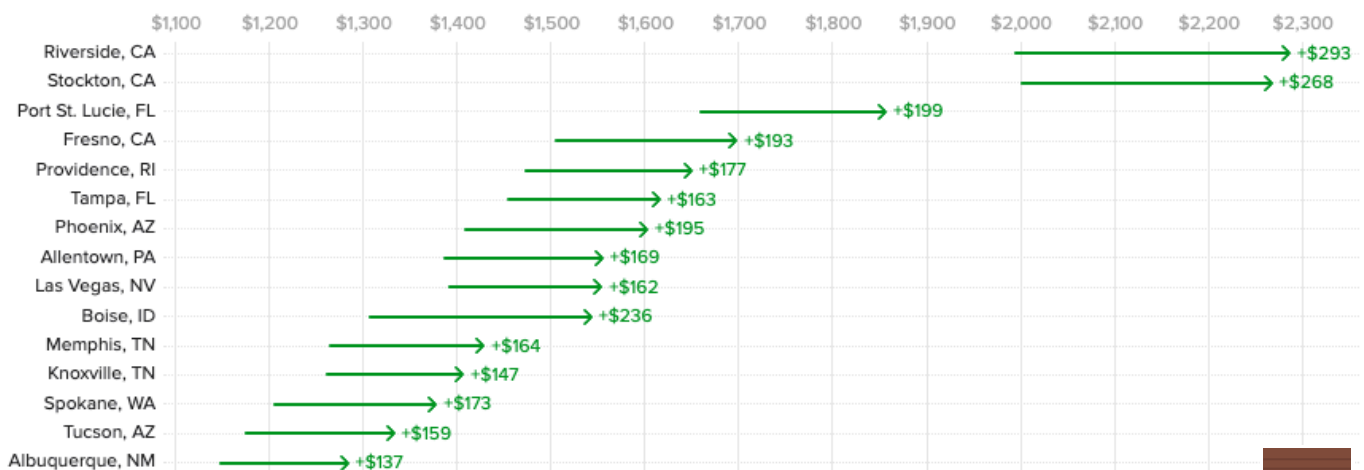
Rents for single-family homes are soaring, according to a recent article from CoreLogic. Single-family home rents were up 10.2% year-over-year in September 2021, marking the largest rental gain in over 16 years. Single family home rentals are averaging 95% occupancy and quickly becoming the starter homes of previous generations.

In fact, SFR occupancy rates have been consistently increasing since 2011, although there is some variation on a quarter-over-quarter basis due to factors such as seasonality. Vacancy rates for single family homes are now at a 25-year low.

Regionally, rent growth in Miami was the highest of the major metropolitan markets, with rents up 29.7% year over year. That was followed by Phoenix and Las Vegas at 19.3% and 16.5%, respectively. Chicago had the lowest annual growth at 4.2% in October, but that is more than double its pre-pandemic growth rate.

Double-digit Rent Hikes

These cities have seen average rents increase by 10% or more since before the pandemic.



Source: Zillow



What will renters experience and how can PorchLight help?

- As indicated in the information above, PorchLight, and our customers, experienced challenging market conditions with limited inventory in both apartments and single-family homes. This will continue in 2022.
- Pets continue to grow in numbers! Cats, dogs and even horses are part of the relocation with over 60% of customers moving with dogs. With limited housing inventory and multiple rental applicants for the same property, PorchLight's service and local experts advocating on their behalf, customers have a higher chance of success.
- With the limited housing supply for the customer, and multiple applicants for properties, landlords are more selective. A 650 credit score, or better, is the expectation of landlords and management companies. When customers have lower credit scores, PorchLight becomes critical in the process.
- For the past 5 years, PorchLight's reporting shows renters want to bypass temporary housing and move-in to their new home. PorchLight's Renter Analytics captures this information for our clients.
- Virtual tours have increased in popularity since 2020. In 2021 we had our highest utilization of virtual tours. Virtual tours are growing in numbers due to the short window of time between hire date and start date in the new location. Others don't have the funds provided for a visitation trip or the time to take one. Relying on PorchLight's area rental experts provides peace of mind and high success with securing a lease.
- As the timeline for relocation gets expedited, collaborating with PorchLight and our local rental experts helps renters make quality decisions quickly and mitigate the risk of a poor decision. This approach also will help customers achieve their objective of bypassing temporary housing and moving directly into their new lease.

Why PorchLight?

As the leader in the rental finding and destination service segment, PorchLight supports our customers until they have their new address. Our service process, internal research capabilities, vast rental network and expertise provide customers peace of mind, successful outcomes and measurable results. If you are a current client, you can access your PorchLight portal to view your renter analytics and service outcomes: www.porchlightinsidetrak.com/Public/Reporting/Login.aspx

PORCHLIGHT'S RENTER ANALYTICS PROVIDES:

- Transferee service satisfaction ratings
- Percentage of renters who found their lease through PorchLight's support
- Service utilization such as lease review or area acclimation
- Overall spend
- Overall cost savings opportunity achieved for our clients due to effective service delivery

If you want to learn more about PorchLight, visit us at www.porchlightrental.com

