



The State of the Rental Industry Report 2021

TurboTenant, Inc.



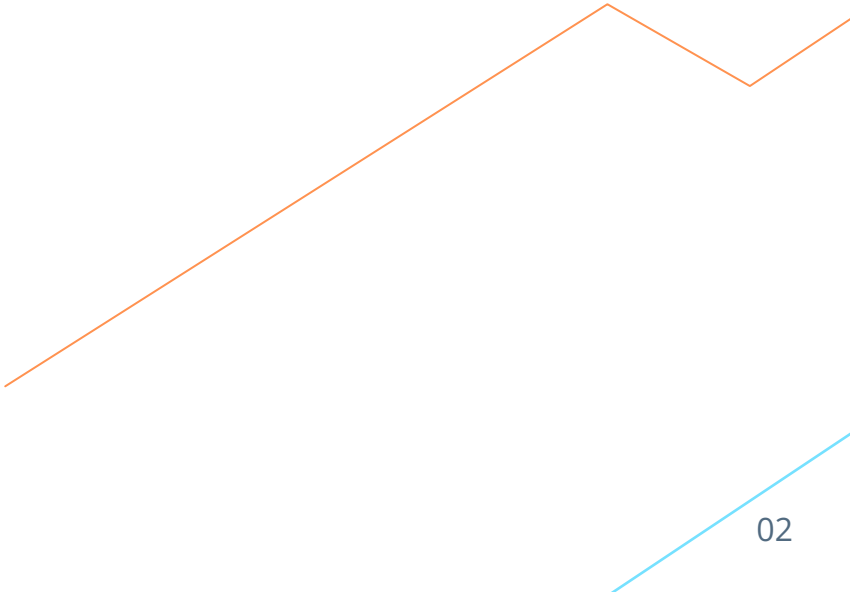
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Executive Summary

Despite positive job growth, spending and increased vaccine availability, many renters still struggled to pay rent throughout 2021. Ultimately, the one tool to combat missed rent payments, rent relief, was jumbled and slow to roll out. Most renters were not even aware rent relief was available, a fact worsened by many landlords' failure to communicate with their tenants about rental assistance programs. Still, despite the poor distribution of funds, the wave of evictions predicted to occur at the end of the eviction moratorium did not materialize in 2021.





Introduction

Compared to 2020, 2021 saw several new external factors impacting the rental industry. Unemployment rates in 2021 did the opposite of last year - according to the **latest report** from the Bureau of Labor Statistics, the unemployment rate has dropped to 4.2% and the number of unemployed people dropped to 6.9 million - both numbers significantly down from their highs in April of 2020. Meanwhile, the historic seller's market drove the **median home price** to \$354,000. Consequently, demand for rentals went up, particularly during the peak rental season in the summer, triggering **rental bidding wars**.

Throughout this, we surveyed both landlords and renters across the U.S. to gain insights into current rental trends regarding rent payments, evictions, financial struggles, rent relief and more. According to the **Pew Research Center**, most landlords are individuals who own just a few units, with the number of individual investors sitting at 14.1 million. These independent landlords, also known as mom-and-pop landlords, and their tenants were the main participants in our surveys.

Rent Payment Trends

During the last two years, rent payments and tenants' ability to pay rent have been a hot topic of discussion in the media, politics and the rental industry itself. We started tracking rent payments in March of 2020 to better understand how many landlords were receiving full rent payments and how many renters were able to pay their monthly rent. At the end of 2020, it was estimated that renters owed approximately **\$70 billion in back rent**. Throughout 2021, tracking rent payments

became even more compelling in the midst of eviction moratoriums, the return to the workforce, vaccine availability and more.

From **our analysis in 2020**, as expected, landlords receiving full rent payments gradually decreased month over month as the pandemic surged. However, in 2021, reflecting improving economic and public health, landlords receiving full rent payments began to recover and trend upwards.

Rent Payments Received

The percent of landlords receiving full rent payments remained steady for the first quarter of 2021 but improved significantly in the summer (**Figure 1**). Yet, after this summer peak, full rent payments slightly dipped throughout the fall with the exception of October - the month that most landlords received full rent payments at 71%. This is a **29% increase** from the lowest percentage of full rent payments in January.

Inversely, partial payments decreased

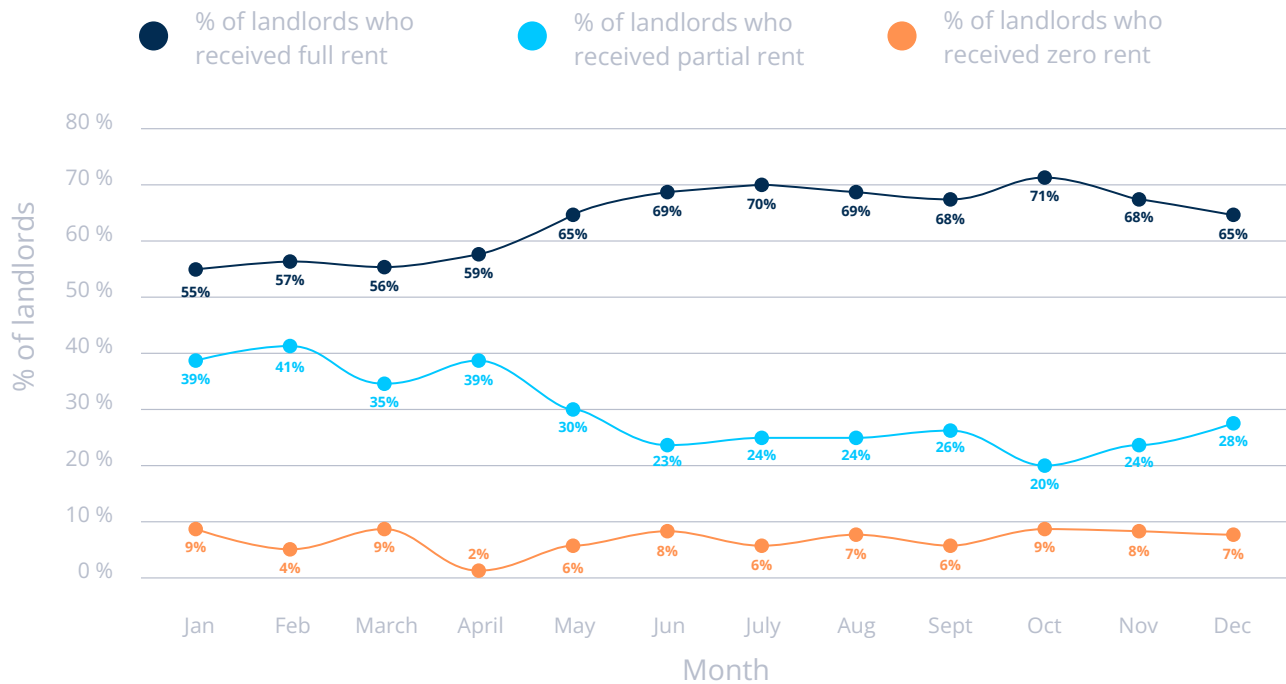
throughout the year. October reported the least amount of partial payments at 20% - a 49% decrease from the beginning of the year (**Figure 1**). The percent of landlords receiving zero rent payments fluctuated between 2% and 9% throughout 2021 (**Figure 1**).

The number of landlords receiving zero rent payments was at its **lowest in April at only 2%** while the highest percentages were in January and October.

Although it is difficult to attribute a reason for the slight fluctuations in zero rent payments month over month, some renters may have caught up on rent only to

fall behind the next month. Plus, the federal eviction moratorium extensions and rent relief access could have both played a role as well.

Rent Payments Received 2021 (Figure 1)



Rent Payments by Units Owned, Community and State

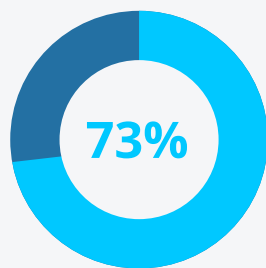
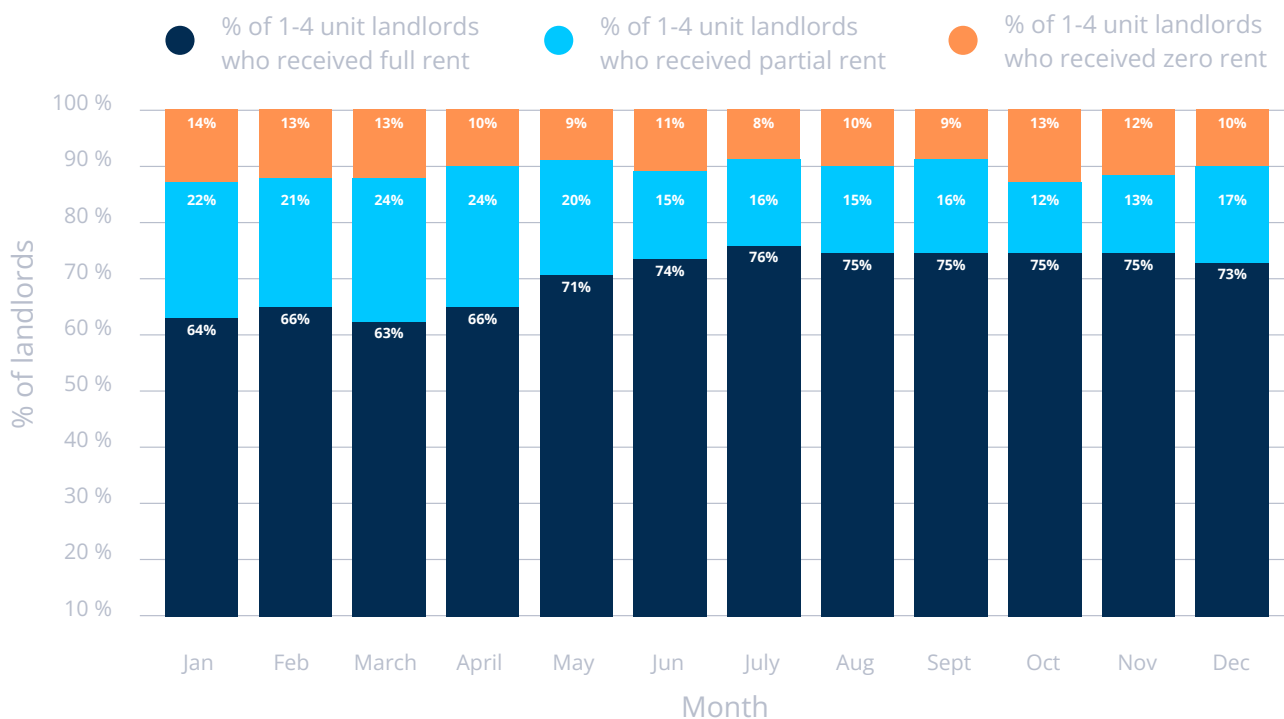
As mentioned previously, there are over 14 million mom-and-pop landlords in the U.S. - many of whom rely on rental property earnings for their income and retirement. Because of this, we analyzed rent payments received by the number of units a landlord owned as well as the type of community and the state the rental

property was located in. For mom-and-pop landlords, or those who own 1-4 units, full rent payments followed the same positive trend above with an increase in full rent payments in the first half of the year. However, unlike the general trend, full payments **held strong for these landlords at 75%** from August to

November (Figure 2). For every month of 2021, when compared to landlords with 5-10 units, 11-20 units, and 21+ units, landlords with 1-4 units received **the most amount of full rent payments and simultaneously the most amount of**

missed rent payments. As expected, landlords with more units received more partial payments as they had a higher chance of not receiving some portion of the rent due to them.

1-4 Units Owned Rent Payments Received 2021 (Figure 2)



of landlords with rental properties in suburban areas received full rent payments in December.

Throughout the year, suburban landlords consistently received the most full rent payments. In December, 73% of landlords with rental properties in suburban areas received full rent payments. Rural landlords reported the most amount of zero payments throughout the year with **15% reporting zero rent payments in June** - the highest percentage of the year. When it came to landlords with rental properties in urban areas, month over month they had the least amount of full rent payments, **yet the highest percentage of partial payments**. In December, only 60% of urban landlords received full payments, but 32% received partial payments.

At the state level, Colorado landlords consistently reported the most full rent payments while New York landlords had the highest percentage of missed rent payments.

In January, **Colorado landlords received the most full rent payments** at 73% while New York landlords had the most missed payments at 20%.

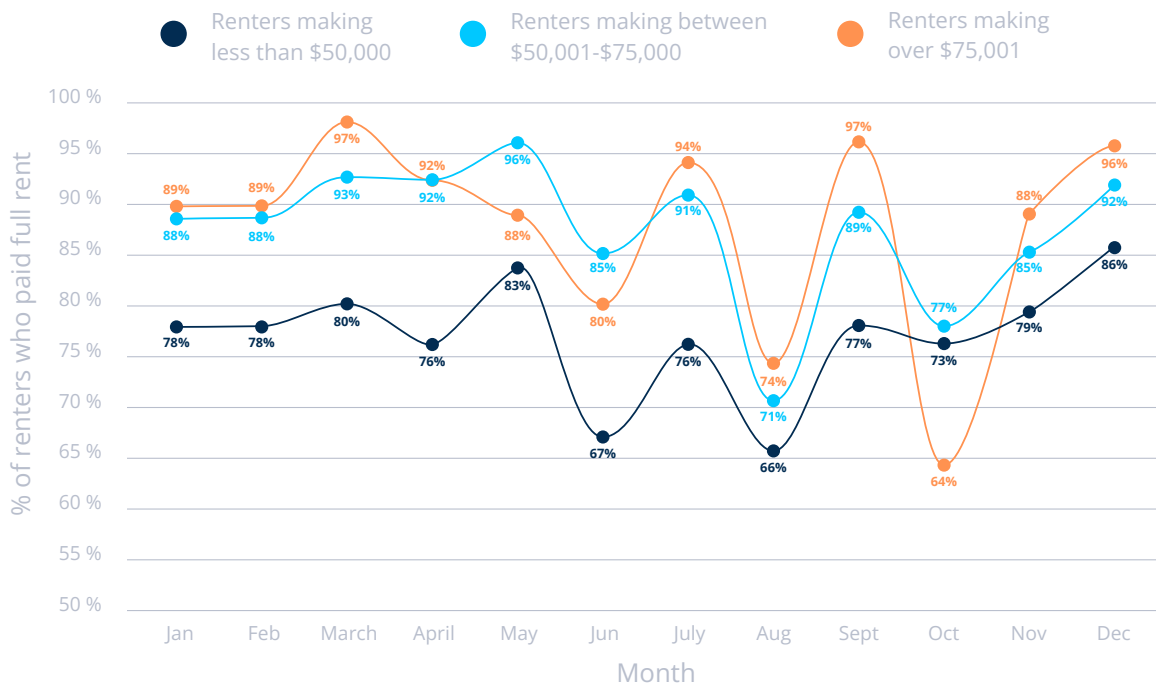
By December, Colorado landlords still received the most rent payments at 88%, an increase of 20% since January, while New York landlords had the most missed payments at 28%, a **40% increase since January**.

Rent Payments Paid by Annual Household Income

We also analyzed the percent of renters who paid full rent by their income brackets. For context, the **median rental household income** in 2020 was \$43,000. Unsurprisingly, for most of the year, households making less than \$50,000 a year struggled the

most to make full rent payments (**Figure 3**). The exception is October, where 73% of renters making less than \$50,000 made full rent payments, compared with 64% of renters making more than \$75,000.

Renters Who Paid Full Rent by Annual Household Income 2021 (Figure 3)



Other Rent Payment Trends – Renters

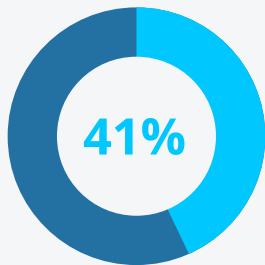
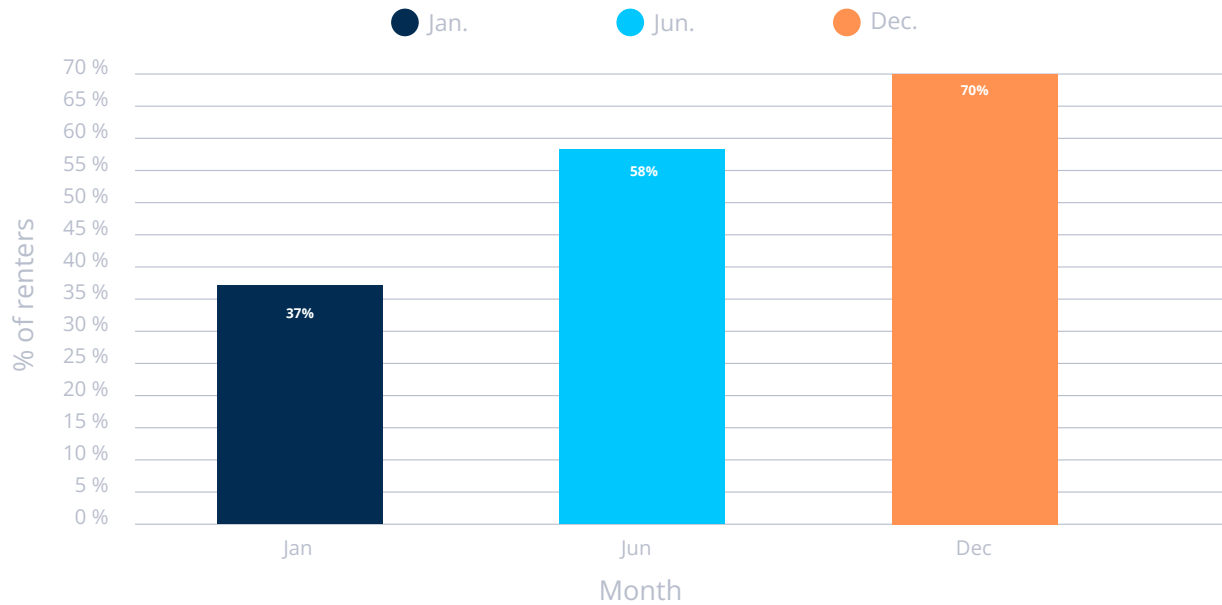
Throughout 2021, we asked renters what they did if they could not pay the full month's rent. The most popular answer was to **set up a payment plan with their landlord**. Other options renters could have selected were "negotiated rent with their landlord" or "my landlord started eviction proceedings."

As 2021 progressed, more renters started to set up payment plans with their landlords (**Figure 4**). In January, only 37% of renters who could not pay the full month's rent set up a payment plan with their landlord, and by December,

that percentage had increased to 70% - **an 89% increase from the start of the year**.

Month over month, the majority of renters reported they were paying rent via a money transfer platform, such as an ACH transfer, digital wallet or rent payments platform. In December, 41% of renters reported paying rent with a money transfer platform, and **the second most popular payment method was via check at 22%**. Paying rent with cash became less popular throughout the year. In January, 31% of renters reported paying rent with cash, but by December, only 20% reported cash payments - a significant decrease of 35%.

Renters Who Set Up a Payment Plan with Landlords 2021 (Figure 4)



of renters in December reported they have been paying their rent with a money transfer via an ACH/Digital Wallet/Rent Payments Platform.

Renters were also asked monthly how confident they were in their ability to pay the next month's rent. **Renters were the most confident in May** where 90% reported they were confident they could pay June's rent, and 91% reported they were confident they

could pay July's rent. This timeline coincides with wider vaccine availability and rising employment numbers in the U.S. and was validated by our rent payments received data above (**Figure 1**).

Eviction Trends

In 2021, one of the most discussed topics about the rental industry was evictions. As the pandemic continued and rent relief was slow to roll out, many predicted a “wave of evictions” once the CDC’s federal eviction moratorium ended. The moratorium originally took effect September 4, 2020, and **was extended**

legislatively numerous times - finally ending in August 2021 when the Supreme Court struck down its validity. Yet, the “wave of evictions” that was predicted after the moratorium’s end **did not happen** - instead, the number of landlords filing for eviction due to nonpayment of rent is gradually ticking up.

Eviction Trends – Landlords

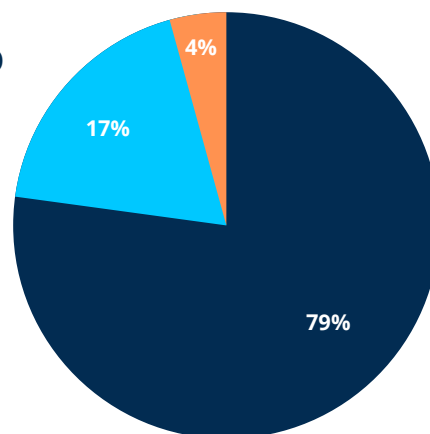
When landlords were asked in July if they were planning on evicting tenants when the moratorium was set to end, **83% of respondents said no**. In September, only 7% said they had filed for an eviction due to nonpayment of rent.

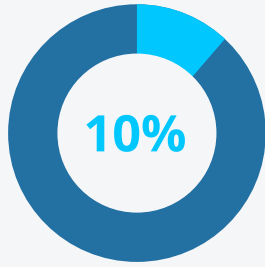
By December, 17% of landlords said they had filed for eviction due to nonpayment of rent while 79% had not and 4% reported their state still had an eviction ban in place **(Figure 5)** - this is the highest percentage that has answered yes to filing an eviction during 2021. Currently, 10% of landlords are in eviction proceedings.

Have you filed for eviction due to nonpayment of rent? (Figure 5)

December 2021

- No
- Yes
- No, my state still has an eviction ban in place.





of landlords are currently in eviction proceedings.

Eviction Trends – Renters

Four percent of renters moved out of a rental property in November and December because they were anticipating an eviction. Of those that did move out, 21% anticipated being evicted specifically for nonpayment of rent.

Some point to landlords waiting for rent relief checks to be sent to their tenants as a reason why the eviction wave has not happened. With many renters still owing back rent, it will be important to monitor eviction filings in the next few months of 2022.

Rent Relief

Rent relief was yet another important topic we surveyed landlords and renters about month over month. On December 27, 2020, and March 11th, 2021, the **Emergency Rental Assistance Program** allocated two allotments of funds worth **a total of \$46 billion** for assisting households unable to pay for rent or utilities.

As crucial as rent relief was for avoiding a surge of evictions, the distribution of the

funds was slow to roll out, mainly **due to a lack of infrastructure**.

Out of the first allotment, only **\$12 billion had been distributed** by October 2021, and only \$1 billion out of the second round, according to the Treasury Department. This left many renters unable to pay rent on time or at all, putting them at risk of eviction for nonpayment of rent.

Rent Relief – Landlord Trends

Contributing to the issue of rent relief access was a lack of awareness. As recently as May 2021, **39% of landlords** reported being unaware of federal or state emergency rental assistance programs for renters enacted through stimulus relief bills, which landlords can apply for on behalf of their tenants.

Awareness was not the only factor playing into the issue of access – many landlords simply did not apply. As of December 2021, **82% of landlords** reported not applying

for rental assistance (**Figure 6**). While it could be argued that this is due to factors such as eligibility, only 7% of landlords reported not being eligible to apply for the program (**Figure 6**). This data poses several questions such as:

- Did the majority of landlords not require rent relief?
- Were the majority of landlords not proactive in seeking out rent relief?
- Was the process of applying for rent relief too difficult?

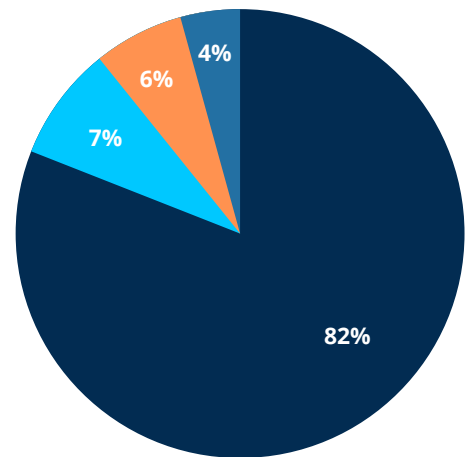
Regardless, monitoring the rent relief distribution into 2021 will be important as several states, such as Oregon, New York and Texas, have run out of funds, while

other states, whose distribution of aid falls far below the Treasury's benchmark, are at risk of having funds reallocated elsewhere.

Have you applied to any federal or state rent relief programs in the last two months? (Figure 6)

Landlords - December 2021

- I have not applied for rental assistance.
- My tenant was not eligible for rental assistance, so I did not apply.
- Yes, I applied and have not received funds.
- Yes, I applied and received funds.

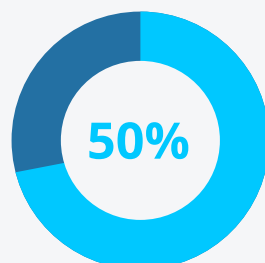


Rent Relief – Renter Trends

Renters also lacked awareness of the rental assistance programs available to them. Since April of 2021, **over 50% of renters** reported monthly that they were unaware of federal or state emergency

rental assistance programs. Furthermore, **92% of renters** in December reported their landlords had not provided them with information regarding rental assistance or how to apply for rent relief.

Since April of 2021, over



of renters reported monthly they were unaware of federal or state emergency rental assistance programs.

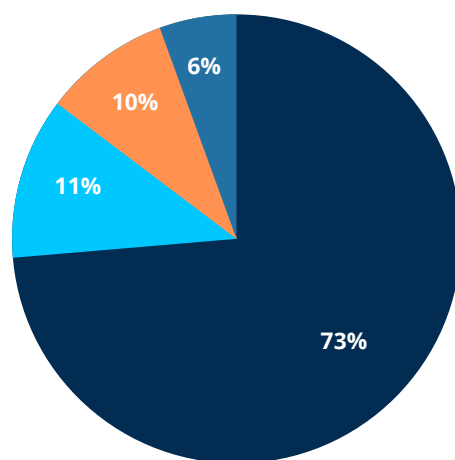
Despite the lack of awareness, more renters did apply for assistance than landlords - with 16% of renters reporting they applied in October or November, as compared to 14% of landlords; percentages that varied only slightly throughout the year. Still, 73% of renters did not

apply in October or November (**Figure 7**). As 2022 unfolds, it will be crucial to continue monitoring rent relief trends to determine if rental assistance programs can mitigate a rise in evictions.

Have you applied to any federal or state rent relief programs in the last two months? (Figure 7)

Renters - December 2021

- I have not applied for rental assistance.
- I was not eligible for rental assistance.
- Yes, I applied and have not received funds.
- Yes, I applied and received funds.



Financial Challenges

As evidenced by **dropping unemployment rates** and increasing hiring rates, 2021 saw obvious economic recovery. For landlords, this meant receiving consistent full rent payments, and for renters, the ability to

make full, on-time rent payments. However, many landlords and renters still felt the lingering effects of the previous year's financial challenges.

Financial Challenges – Landlord Trends

Even among tenants who were able to make full rent payments, many still owed their landlord rent from an earlier date - known as back rent. In December alone, **29% of landlords** reported they were owed back rent.

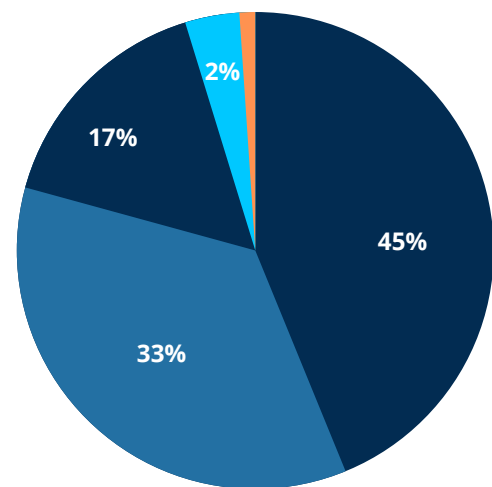
While most landlords reported amounts between \$1,000 to \$2,000 owed, several landlords were due upwards of \$25,000 to \$50,000. Based on these figures, one might expect high mortgage forbearance and foreclosure rates. Surprisingly enough, as of December, only 0.5% of landlords reported being in mortgage forbearance (**Figure 8**) and just 1.7% of landlords reported selling their home to avoid foreclosure. This data could point to landlords reaching into their personal savings or salary to cover mortgage payments.



Have you gone into forbearance with your rental mortgage(s)? (Figure 8)

Landlords

- I have a mortgage but have not gone into forbearance.
- I do not have a mortgage on my rental property.
- I am not currently in forbearance.
- I was in forbearance but no longer am.
- I am currently in forbearance.

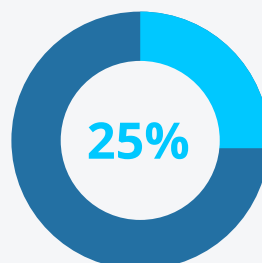


Financial Challenges – Renter Trends

Renters faced a whole different challenge in 2021 - increasing rent prices. After falling for much of 2020, rent prices surpassed their pre-pandemic levels. Since January, the national median **rent price has increased 16.4%**, rising faster than before the pandemic. Renters are now spending a

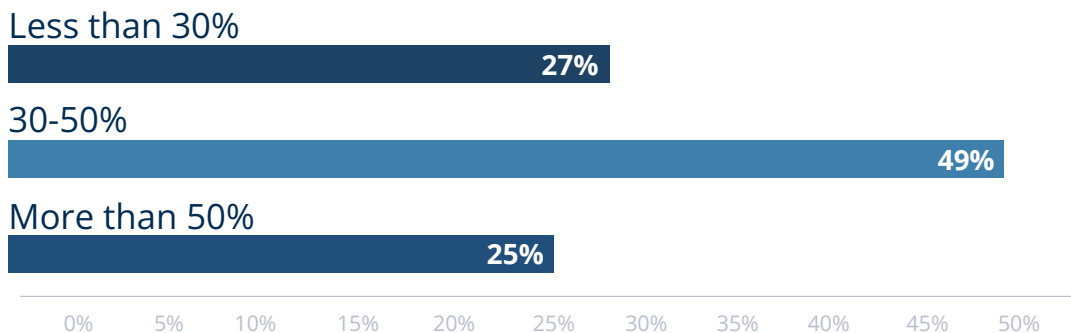
larger percentage of their income on rent. The standard recommended **rent-to-income** ratio is around 30%, but in December, 25% of renters reported spending 50% of their income on rent, with 49% of renters spending between 30% to 50% (**Figure 9**).

As of
December,



of renters reported
spending 50% of their
income on rent.

Percentage of Income Needed for Rent (Figure 9) December 2021



Up until July, we asked renters if they had to dip into their **personal savings** to fulfill their on-time rent payments. February saw the highest percentage of renters dipping into their savings at 43% while that percentage decreased to 22% March through May. Possibly more concerning is the number of renters - 27% - who reported

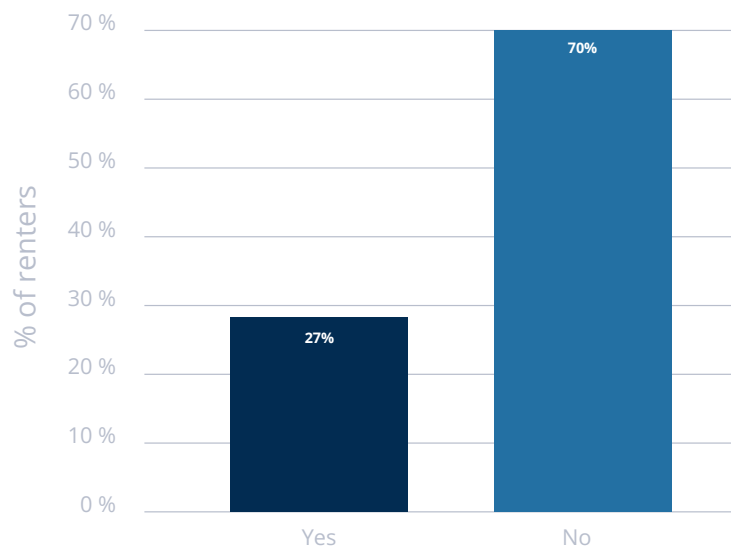
taking on debt to cover their rent payments in December (**Figure 10**). Monitoring these trends further will be crucial to determine if the pandemic continues to have major effects on the economic well-being of renters, and subsequently, their landlords.

Did you have to take on additional debt to cover rent payments?

(Figure 10)

December 2021

- Yes
- No



Looking Forward

As we move into our third year of the COVID-19 pandemic, factors such as the spread of variants, the vaccine's adoption and efficacy rates, and legislative response will continue to impact independent landlords and tenants alike. How they will be affected in 2022 is yet to be determined, but what we now know after two years is that the pandemic has had an astonishing impact on the rental industry. It will be vital to watch if the effects on renters and landlords are lessened next year or if there will be yet another year of volatility.

While a return to normal rental demand and rent prices would be welcomed by renters, nothing is trending in that direction. **High rent prices** in many of the U.S.'s top markets do not appear to be dropping anytime soon and have the momentum to rise into the new year. As recent as December, **53% of landlords** reported they plan to raise rent prices in 2022.

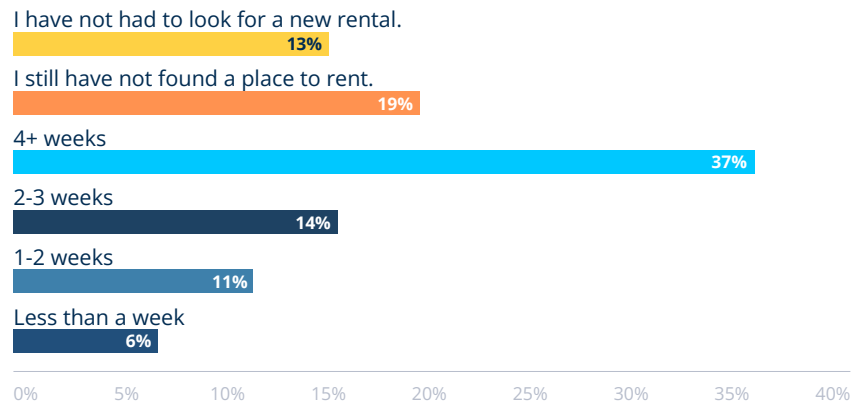


With the average price of American homes jumping 18%, many potential home buyers were forced to continue renting, saturating the rental market with renters, **leading to a shortage of rental properties**. Unless home prices return to pre-pandemic levels or at least stabilize, the **high demand for rentals** will only increase in 2022. Renters may encounter a new reality - one of competition and longer search times for rentals. In December, the majority of renters reported that it took 4+ weeks to find a new rental (**Figure 11**).

If you moved recently, how long did you spend looking for a new rental?

(Figure 11)

December 2021



While landlords will surely benefit from higher demand, institutional investors may come out on top. This December **43% of landlords** had an institutional investor ask to buy their home in 2021 - a trend landlords should expect to see well into 2022. Rising home prices paired with increasing rent puts institutional investors in an advantageous position that could push them to further build out their real estate portfolio this upcoming year.

Outside of the pandemic's effects, additional pressures are shaping the rental industry. As recent as September, **6% of landlords** had a rental that was affected by a natural disaster this year.

Out of those landlords, several reported up to **\$350,000 in damage costs**. With the **frequency of natural disasters increasing**, mom-and-pop landlords may face a challenging future where the cost of repairs and insurance may outweigh the benefits of running a rental business.

Throughout 2022, we will continue to survey our landlords and renters to deepen our understanding of rental industry trends, and ultimately, how landlords and renters are affected. This data will assist us in providing landlords and renters with solutions to help mitigate potential hardship as well as inform policymakers on necessary steps forward.

The Rental Data Center

Made available by assisting over 400,000 landlords to find and screen tenants, the **Rental Data Center** is an excellent resource for tracking major rental market trends. Landlords, property investors and renters can monitor active rental industry trends throughout the year via the metrics updated every month - which can assist with rental-related decisions such as

setting competitive rent prices and determining where to invest. Some of the data sets you can expect to find within the Rental Data Center include the following: average rent and security deposit for two-bedroom listings, rent payment trends, renter demand, new mover behavior and more.

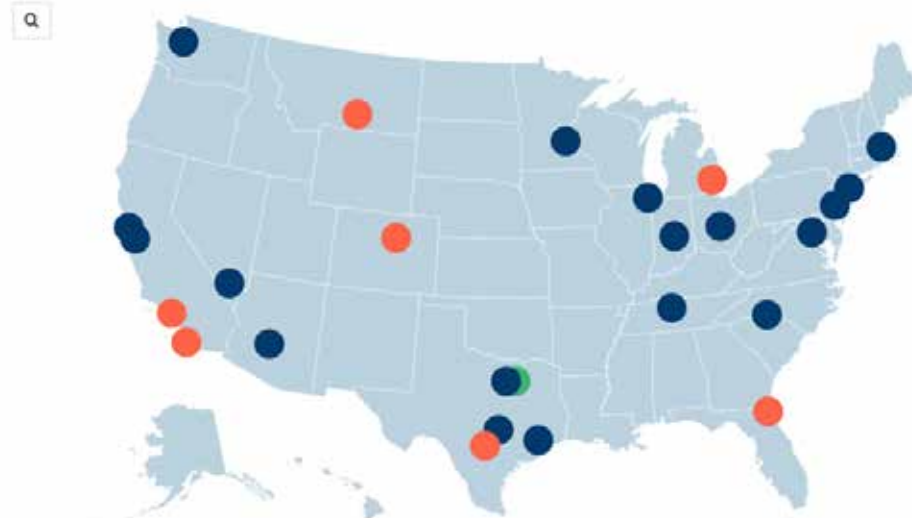
Renter Demand - Median Leads per Listing



Median leads per listing illustrate supply vs. demand. In more competitive markets, like Billings, MT, the median is higher, and in less competitive markets, like Las Vegas, NV, the median is lower.

The National Median Leads per Listing is 4
Reporting period: The last 45 days

- Lower than National Median
- At National Median
- Higher than National Median



Visit the **Rental Data Center** today, and see how it can assist your rental business or research.

Methodology

Starting in January 2021 and ending December 2021, we sent monthly surveys to our active landlord and renter bases. Survey topics covered rent payments, financial challenges, moving trends, rent relief, eviction trends and more. Surveys are conducted using Typeform and

SurveyMonkey. All data is for general analytical use only. Individual responses are confidential, and we do not share the identity publicly or with third parties.

For access to the data or to discuss a collaboration, please email press@turbotenant.com.

Monthly Survey Reports 2021

Below you will find links to our monthly survey reports published throughout the year on TurboTenant's blog:

[State of the Rental Industry 2020](#)

[January 2021 - Rent Payment and Eviction Trends](#)

[February 2021 - Rent Payment and Eviction Trends](#)

[Quarterly Report 2021 \(January - March\)](#)

[April 2021 - Rent Payment and Eviction Trends](#)

[May 2021 - Rent Payment and Eviction Trends](#)

[June & July 2021 - Rent Payment and Eviction Trends](#)

[August & September 2021 - Rent Payment, Eviction, & Rental Trends](#)