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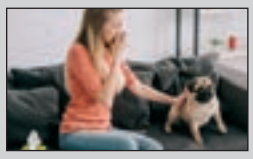

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RHJ RENTAL HOUSING JOURNAL
INSIGHT FOR RENTAL HOUSING PROFESSIONALS

ARIZONA

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Circulated Monthly To Thousands Of Apartment Owners, Property Managers, On-Site & Maintenance Personnel

Coping With Plumbing Emergencies

KEEPE

If you manage rental property, you and your tenants are bound to experience plumbing emergencies at some point. The problems can include broken pipes, gas leaks, blocked drains, faulty taps and tenant-caused issues that can lead to plumbing disasters.

Being prepared and knowing what to do when this happens is your first step to reducing damages and repair costs.

While having a professional plumber on call is the most important factor for having your plumbing issues promptly fixed, here are the steps you should take to minimize damage in a plumbing emergency.

Plumbing emergencies are those that require immediate action now, especially when your tenants call, such as:

- Clogged sinks, toilets, bathtubs or shower drains
- Leaky faucets, toilets, water heater, hoses
- Broken water lines

See 'Advice' on Page 3

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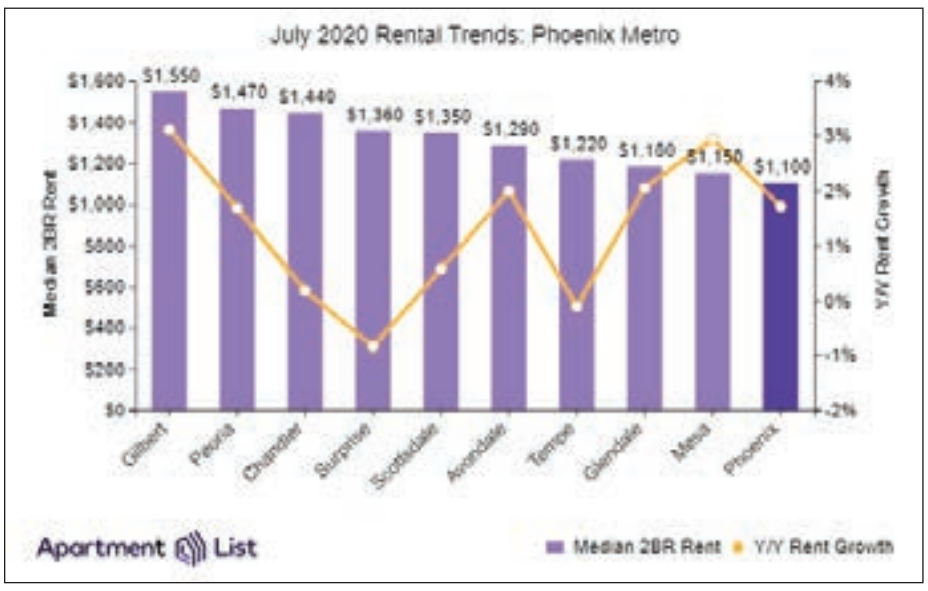
Valley Rents Bounce Back Up

RENTAL HOUSING JOURNAL

Rents in the Valley and across Arizona bounced up in July despite the impact of the pandemic, according to the latest report from Apartment List.

Phoenix rents were up 0.2 percent over the past month after a drop last month, and are up slightly by 1.7 percent in comparison to the same time last year.

Median rents in Phoenix are $886 for a one-bedroom apartment and $1,104 for a two-bedroom.



GILBERT RENTS INCREASED SIGNIFICANTLY OVER THE PAST MONTH

After a couple of months of rent decline, including 0.4 percent in June, Gilbert rents have increased 0.5 percent over the past month, and have increased moderately by 3.1 percent in comparison to the same time last year.

Gilbert rents are typically the highest in the Valley and median rents in Gilbert currently are at $1,241 for a one-bedroom apartment and $1,546 for a two-bedroom.

TEMPE RENTS UP SHARPLY OVER THE PAST MONTH

Also after two months of decline,

See 'Valley' on Page 10

How Property Managers Are Managing COVID-19 Cautions in Communal Spaces

BY HOLLY WELLES

It's now time for many businesses across different industries to reopen their doors amid the COVID-19 pandemic. Unfortunately, it's impossible to predict the future. That's why most companies have heeded health guidelines while they remain flexible. There's no one-size-fits-all approach — even for property managers.

Here's a look at how landlords and other apartment operators have decided to open communal spaces.

WHAT DOES THE CDC RECOMMEND?

The Centers for Disease Control and Protection continue to release information geared toward company owners. They update their coronavirus rules and recommendations frequently, providing an essential resource for many. The CDC maintains a few guides that detail how to clean and disinfect various surfaces — whether or not someone has become sick.

A property manager who wants to reopen spaces such as gyms, lounges and pools should reference these regulations when necessary. It's also essential to keep employees informed about personal protective equipment. All businesses need to establish maintenance practices before they open, so they can keep everyone safe from the start. It's far better to take time to prepare than to open immediately without precautions.

Landlords must keep their residents informed. It's clear that many people don't want to take any risks, preferring to reintroduce themselves gradually to public spaces. The more educated people are about the process, the longer these areas can stay open.

GOVERNMENT REGULATIONS ON MASKS

Masks are another factor that many business owners have to handle. There's currently no national government mandate on whether the public needs to wear a mask. Instead, it's up to state jurisdictions to decide where and when they want their residents to do so. Those who own a few properties shouldn't have to keep up with many different rules unless they manage facilities across county lines.

Property managers should make masks

See 'Tips' on Page 4

Sponsored Content

Grateful to be Debt-Free: Kay Properties Helps a Client Stay Debt-Free in their $1M 1031 Exchange into DST Properties for Sale

By the Kay Properties and Investments, LLC Team

Kay Properties is proud to announce the successful completion of five debt-free DST purchases for a couple selling a single-family home in Southern California. They were excited to be able to defer the accumulated capital gains and depreciation recapture taxes that they have accumulated over the many years of owning and managing the property by utilizing Internal Revenue Code, Section 1031. In addition to deferring the taxes by successfully utilizing the 1031 exchange, the clients were grateful to invest and diversify into more passive real estate investments by utilizing the Kay Properties 1031 DST marketplace at www.kpi1031.com.

The Delaware Statutory Trust exchange investments were completed by Kay Properties and Investments team members Chay Lapin, Senior Vice President, and Matt McFarland, Associate.

Chay Lapin, Senior Vice President, stated, "Over a period of approximately 6 months, we helped educate the clients on the potential pros and cons of real estate, 1031 exchanges and DST structured investments. Through ongoing dialogue and correspondence, the clients decided that they wanted to remain debt-free and take a conservative position in their DST 1031 investments. By the time their single-family investment property sold and they officially entered into a 1031 exchange, we were able to work with them to select 5 different debt free DST properties, diversified across five states and across 4 different asset classes."

Matt McFarland, Associate at Kay Properties, stated, "After successfully completing their DST 1031 investment purchases, the clients informed me that they were confident with their purchases and diversification profile of their 1031 DST portfolio as we head into an ever-changing and uncertain future."

About Kay Properties and www.kpi1031.com

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over $15 billion of DST 1031 investments.

**Diversification does not guarantee profits or protect against losses.*

**This case study may not be representative of the experience of other clients. Past performance does not guarantee or indicate the likelihood of future results. Please speak with your attorney and CPA before considering an investment.*

This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the "Memorandum"). Please read the entire Memorandum paying special attention to the risk section prior to investing. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. There are material risks associated with investing in real estate securities including illiquidity, vacancies, general market conditions and competition, lack of operating history, interest rate risks, general risks of owning/operating commercial and multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. Securities offered through WealthForge Securities, LLC. Member FINRA/SIPC. Kay Properties and Investments, LLC and WealthForge Securities, LLC are separate entities.

Advice for Handling Plumbing Emergencies

Continued from Page 1

- Burst or frozen water pipes
- Sewer system backups

First steps to take in plumbing emergencies

Turning off the water supply is the first step, as the most common plumbing emergencies in residential rental housing are water leaks or water flooding an area.

Do you know where all the water shut-off valves are? Many times a property manager may not even know the main source of a water leakage. It could be sewage water or domestic water leaking into your rental from another source.

Find your shutoff valves ahead of time so you know where they are when you need to quickly shut off the water. The valve could be in the building somewhere or out by the street.

Sewage backups: call a professional plumber

Sewage backups usually happen when there is something wrong with the sewage pipes under your foundation. Tree roots can sometimes lead to a blockage, or an incorrect installation may lead to serious problems.

If you see a pool of brown smelly water in your yard, the first thing you should do is to shut off the water. Don't try to fix a sewage-related problem yourself; you could expose yourself to harmful bacteria. Call the water utility company or septic company, who will send a trained professional to investigate and fix the problem.

Overflowing toilets: turn off the water supply

A clogged toilet can quickly overflow when flushed, leading to unsanitary issues and immense water damage. Caution your tenants about paper towels, tissues, wrappers and even baby wipes, all of which can all easily clog your plumbing and cause toilets to overflow.

Your first step is to find and turn off the water-supply valve beneath the toilet tank to prevent more water from entering the bowl. Then, deal with the clog or call the plumber.

Broken water heater: flush the water tank/ call a professional

As a water heater begins to malfunction, your tenants may experience water that's too cold or too hot or has a strange color or odor. Having a professional flush the hot-water tank may solve color and odor problems as well as improve the heater's efficiency. If you notice a leak, it may be time for replacement.

In conclusion

Acting fast can save your rental property from major damage and prevent any significant costs.

Keep your emergency plumber's contact number close, and be prepared with these essential steps to avoid damage during a plumbing emergency.

Best of all, be sure your tenants notify you immediately when there is a plumbing emergency, as the longer they wait, the more damage to your property.

Keepe is an on-demand maintenance solution for property managers and independent landlords. The company makes a network of hundreds of independent contractors and handymen available for maintenance projects at rental properties. Keepe is available in the Greater Seattle area, Greater Phoenix area, San Francisco Bay area, Portland, San Diego and is coming soon to an area near you. Learn more about Keepe at https://www.keepe.com.

Landlord Must Pay Tenant Allergic to Neighbor's Support Dog, Court Rules

Rental Housing Journal

A court has ruled that a landlord caught in a "pickle" must pay a tenant with dog allergies the value of one month's rent because a nearby apartment was leased to another tenant with an emotional-support dog, according to *The Gazette,* in Cedar Rapids, Iowa.

The apartment building had a no-pet policy, but the landlord made an accommodation required under Fair Housing rules for the tenant with the emotional-support dog.

After years of litigation, In a 4-3 decision, the Iowa Supreme Court overturned a district court ruling that concluded the landlord, 2800-1 LLC, shouldn't have allowed the tenant to have a dog because of the other tenant's pet allergies; the lower court then dismissed the case because the law governing accommodations for emotional-support animals wasn't clear, *The Gazette* newspaper said.

Iowa Supreme Court Chief Justice Susan Christensen, who wrote for the majority, said the two tenants — Karen Cohen, who had severe allergies, and David Clark, who had the dog — had the landlord in a "pickle" trying to accommodate both of them.

However, the landlord, who isn't identified by name in the ruling, should have denied the dog request because Cohen lived there first and the dog posed a direct threat to her health.

Christensen pointed out that this ruling is based on the specific facts of this case.

"Our balancing in this case is not a one-size-fits-all test that will create the same result under different circumstances, such as when the animal at issue is a service animal for a visually disabled person," Christensen told the newspaper.

The court concluded that Cohen, who suffered allergic attacks, was entitled to her claims of breach of lease and breach of the "covenant of quiet enjoyment."

The ruling shows Cohen has a "medically documented severe allergy" to pet dander that causes nasal congestion, swollen sinuses and excess coughing. Her allergic reaction is more severe when exposed to cats, requiring her to carry an epinephrine auto-injectable device to protect against anaphylactic shock.

She needed an apartment that didn't allow pets and signed a lease from 2800-1 LLC on Nov. 11, 2015 for the term of July 2016 to July 2017. Cohen relied on the lease that stated no pets were allowed in the building.

On Jan. 18, 2016, Clark signed a lease to rent an apartment down the hall from Cohen during the same lease period, according to the ruling. Clark's lease also included the no-pet provision.

On or around Aug. 23, 2016, Clark gave the landlord a letter from his psychiatrist that explained he had an "impairment in his ability to function." The psychiatrist asked the landlord to allow Clark to have a dog to benefit his "health and well-being."

The leasing and property manager notified other tenants in the building to see if anyone had allergies to dogs, according to the ruling. Cohen responded, detailing her allergies to dogs and cats.

The property manager then contacted the Iowa Civil Rights Commission and requested a formal agency determination, even though nobody had filed a complaint, the ruling states. The commission employee said the property manager and landlord should accommodate Clark and Cohen, instead of denying the request for the emotional support dog.

There was no formal finding by the commission regarding this situation, according to the ruling.

The first-in-time factor

The Davis Brown law firm writes on https://www.jdsupra.com/legalnews/conflict-over-emotional-support-animals-36699/ that "The court noted that the first-in-time factor 'tipped the balance' in Cohen's favor." The court also explained that the first-in-time factor aligned with those of other courts that have rejected requested changes to a residential complex's contract when those changes interfere with the rights of third parties.

"The takeaway: Landlords can and should consider this first-in-time principle in their analysis of accommodation requests where the well-being of two tenants conflict with one another. Though, landlords must remember the first-in-time principle is only one factor in their analysis," the Davis Brown firm writes.

Landlord tried to work things out

The landlord allowed the dog and assigned Cohen and Clark to use separate stairwells to keep Cohen free from pet dander, according to the ruling. The landlord also bought an air purifier for Cohen's apartment.

The yearlong efforts were insufficient to prevent Cohen from having allergic reactions to the dog, and she had to limit the time she spent in her apartment. Cohen said she felt as if she had a permanent cold.

Then Cohen filed a small-claims action against the landlord for one month's rent as damages. After a hearing, the court dismissed Cohen's case, concluding the landlord made reasonable accommodations of both Clark's and Cohen's needs. There was no breach of contract of quiet enjoyment.

Cohen appealed to the district court, which concluded that the landlord made sufficient efforts that would justify denying Clark's request, and dismissed Cohen's claims because the law was unclear. The Iowa Supreme Court then overturned that decision.

Final Thoughts

The Brown Davis law firm on JD Supra writes, "While this landlord seemed to try its best navigating the waters of fair-housing law and conflicting tenant interests, such efforts were not sufficient.

"Hindsight is always 20/20, but perhaps this landlord should have continued to work through the interactive process with both tenants to find a goal that was acceptable to both tenants, should have informed Clark of the option of moving to another building, could have tried to obtain a formal opinion ruling from the ICRC (Iowa Civil Rights Commission) on, and/or should have sought legal counsel earlier in the process."

Tips for Managing COVID-19 Cautions in Communal Spaces

Continued from Page 1

mandatory for their employees. It's a move many essential businesses in the housing industry are making to reduce virus spread and exposure on site. While it may not be possible or enforceable to mandate masks for residents, it's also smart to post signs reminding people of safety guidelines and requirements for community spaces.

All apartment operators should keep up with their state's mask guidelines so they can make safe choices for their employees and residents.

It may be necessary for property managers to make alterations to communal areas. It's essential to keep people separated so that COVID-19 doesn't have a chance to spread from a carrier. Places like fitness centers and leasing offices may need to undergo a reconfiguration to keep everyone protected. The same goes for outdoor areas, where residents may gather by the pool, for example.

The National Apartment Association recommends that staff workspaces should maintain a 6-foot distance as a precaution. Property managers should also place markers to keep residents within specific boundaries when necessary. If there's a clubhouse, it's vital to rearrange tables and chairs so that they're not too close together. The same goes for gym equipment.

These spaces should also feature hand sanitizer and other products to keep everyone healthy. Additionally, property managers should consider how they'll clean every area before they make any changes. Property managers and their employees should work out a dedicated cleaning schedule.

Those who wish to reopen communal spaces must consider reduced-capacity procedures. Property managers who have already opened their public spaces have done so with extra caution regarding how many people can visit a location at once. Areas like pools and gyms should contain as few residents as possible to prevent any risks. It's also easier to clean a space when there are fewer people present.

It's up to property managers to figure out their state's guidelines as to how many people can gather safely. Apartment operators need to implement these reduce- capacity regulations beforehand, so residents know what to expect. It's also crucial for property managers to maintain these guidelines. If people can come and go to a pool or fitness center as they please, it's highly likely that the virus will spread.

These reduced-capacity rules should be a top priority for anyone who operates an apartment complex.

As property managers reopen their communal spaces, it's essential to consider regulations on overall maintenance. Many rules are up to individual states, so these companies must consult their local area's recommendations. Those who create a comprehensive plan can provide a safe environment for their employees and residents.

Holly Welles writes about real estate market trends from a millennial perspective. She is the editor behind The Estate Update, a residential real estate blog, and keeps up with the industry over on Twitter @ HollyAWelles.

Market Conditions Weaken Due to Continued COVID-19

Rental Housing Journal

Apartment market conditions weakened in the National Multifamily Housing Council's Quarterly Survey of Apartment Market Conditions for July 2020, as the industry continues to deal with the ongoing COVID-19 pandemic, according to a release.

The Market Tightness (19), Sales Volume (18) and Equity Financing (34) indexes all came in well below the breakeven level (50). However, in a positive sign, the index for Debt Financing (60) signaled improving conditions.

"Recent spikes in COVID-19 cases have caused many areas of the U.S. to scale back or completely reverse their attempts at reopening their local economy. As a result, unemployment levels stand elevated in double digits, as much of the nation's business activity remains temporarily shuttered," said NMHC Chief Economist Mark Obrinsky in the release.

"Amidst this COVID economy, 71 percent of respondents reported looser market conditions this quarter compared to the prior three months, marking the second consecutive quarter of deteriorating conditions.

"The Federal Reserve has countered this economic malaise with aggressively accommodative monetary policy, resulting in historically low interest rates. This, in turn, has created favorable pricing for debt financing, leading more respondents than not (44 percent to 25 percent) in this round of the survey to report improving conditions for borrowing. Nevertheless, these improved financing conditions have been largely confined to stabilized multifamily assets, and underwriting standards remain fairly stringent," he said.

The Market Tightness Index increased from 12 to 19, indicating looser market conditions. The majority (71 percent) of respondents reported looser market conditions than three months prior, compared to 8 percent who reported tighter conditions. One in five respondents (21 percent) felt that conditions were no different from last quarter.

The Sales Volume Index rose from 6 to 18, with 73 percent of respondents reporting lower sales volume than three months prior. While a small group of respondents (13 percent) deemed sales volume unchanged, even fewer (8 percent) indicated higher sales volume.

The Equity Financing Index rose from 13 to 34, indicating the second consecutive quarter of worsening conditions for the equity market, albeit with less of a consensus among respondents than last quarter. Nearly half (49 percent) of respondents reported that equity financing was less available than in the three months prior, while a small portion (16 percent) believed equity financing was more available. Over a fifth of respondents (22 percent), meanwhile, thought that conditions were unchanged in the equity market.

The Debt Financing Index increased from 20 to 60, the only index to rise above the breakeven mark of 50 this quarter. While one quarter (25 percent) of respondents reported worse conditions for debt financing compared to the three months prior, 44 percent felt that financing conditions were more favorable. A number of respondents (17 percent) felt that conditions were unchanged in the debt market.

Given the extraordinary pandemic-related economic shutdown in March and April, residents in many apartment communities asked for, and received, short-term lease renewals. The majority of respondents (51 percent) thought that, while this will result in a somewhat more difficult summer leasing season with lease expirations being greater than normal, renewals will likely continue at an above-average rate and/or new lease-up activity should remain healthy. Nearly one-third (30 percent) of respondents believed, however, that it will be a much more difficult leasing season this summer, with larger-than-normal expirations and uncertain renewal and new lease rates. Still, a small portion (13 percent) believed there should not be any serious problems this leasing season, as apartments remain the preferred housing option for most current renters. (The remaining 6 percent of respondents were unsure.)

About the Survey: The July 2020 Quarterly Survey of Apartment Market Conditions was conducted July 13-July 20, 2020; 96 CEOs and other senior executives of apartment-related firms nationwide responded.

Monthly Meeting Schedule for the Arizona Real Estate Investors Association

PHOENIX MEETING
MONDAY, AUG. 10, 2020

GENERAL MEETING INFORMATION:

The Phoenix-area group of the Arizona Real Estate Investors Association (AZREIA) meets the second Monday of every month, either live or virtually.

The live meetings (when applicable) are held at the Celebrity Theatre at 440 N. 32nd Street, Phoenix, AZ. Registration begins at 5:15 p.m.

AGENDA

Each month's meeting generally includes the following:

- Market Trends & Outlook: Your up-to-date analysis on the trends in National, Regional, and Local areas. Come find out where our market is heading – valuable information no real estate investor should do without.
- Market News: Current news, information and events crucial to your real estate investing business.
- Association Update: Find out about what's happening at AZREIA, how to best leverage your membership benefits, and get the best prices on upcoming events!
- Market Update for Fix & Flip and Rentals: Full analysis of Fix & Flip and Rental markets. Plus, the latest Market News affecting your business.
- Main Presentation: A local or national speaker delivers an educational, entertaining and informative presentation on an area of interest to the real estate investor.

TUCSON MEETING
TUESDAY, AUG. 11, 2020

GENERAL MEETING INFORMATION:

The Tucson-area group of the Arizona Real Estate Investors Association (AZREIA) meets the Tuesday following the second Monday of every month, either live or virtually.

The live meetings (when applicable) are held at Tucson Association of Realtors, 2445 N Tucson Blvd, Tucson, AZ 85716. Registration begins at 5:15 p.m.

AGENDA

Each month's meeting generally includes the following:

- Open Networking: The perfect time to get checked-in to the event and chat with other local real estate investors in attendance.
- Investor-to-Investor Networking and Dynamic Haves & Wants: This is an important part of the Tucson AZREIA meeting. This is your chance to meet local investors, ask for what you need, and share what you have. Deal of the Month is your chance to find out what your local investors are doing and how they are doing it. Don't miss this opportunity!
- Local Area Update: The latest in trend analysis for the Greater Tucson area including existing homes, new homes, foreclosures, REO, short sales and traditional sales. What investment strategies are working and why. This is must know information for the serious real estate investor.
- Main Presentation: National or local expert speaker or an expert panel.

PRESCOTT MEETING
TUESDAY, AUG. 4, 2020

GENERAL MEETING INFORMATION:

The Prescott-area group of the Arizona Real Estate Investors Association (AZREIA) meets the first Tuesday of every month, either live or virtually.

The live meetings (when applicable) are held at the Yavapai Title Conference Room, 1235 E. Gurley St., Prescott AZ, from 5:15 to 7:15 p.m.

AGENDA

Each meeting includes networking, a market overview, and a main presentation.

5:15 – 6:00 pm: Networking, "Haves & Wants," & Market Overview

6:00 – 7:15 pm: Main Meeting with guest speaker

For questions, email Allan Woodruff, Director, AZREIA Prescott, at awoodruff@ccim.net, or call (928) 830-2599.

The meeting is $10 for AZREIA Members and $20 for Guests.
PLUS members can attend free of charge.
Please refer to the website www.azreia.org closer to the meeting time for up-to-date information on meeting place/format and detailed agenda.

REGISTER ONLINE AT www.azreia.org

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Pandemic Will Lead Companies, Millennials to Suburbs to Work From Home, Reports Say

Rental Housing Journal

Companies and millennials will be heading to the suburbs as a result of the pandemic and the increasing trend of working from home and desire for shorter commuting times, according to new research and special report from Marcus & Millichap.

The research says the pandemic will increase the trend of moving to the suburbs, which will potentially create "a structural shift" in demand for multifamily housing, single-family housing and suburban office space.

"Even without additional health concerns, suburban popularity had already begun to rise. While a decade ago the pace of population growth was higher in downtown areas, now that activity has shifted to the suburbs. This trend is being accelerated by health concerns, but demographics are at the root," Marcus & Millichap says in the report.

Other research has shown people value more living space now that they stay at home more, and they need home office space as well. Plus they prefer not to have to commute into the office in a downtown location.

The other research, a poll conducted by The Harris Poll, finds that 75 percent of Americans working from home due to COVID-19 say they would prefer to continue doing so at least half the time, if given the option, after the pandemic subsides.

As millennials lead the move to suburban multifamily and single-family residences, this will drive the need for nearby office as well as retail space.

"The gap between suburban and urban apartment and office vacancies, which both reached peaks of over 200 basis points during the Great Recession, has since fallen to less than 40 basis points," Marcus & Millichap write in the report.

"While partly influenced by varying construction levels, this near parity is largely a result of more millennials moving out of urban cores. Firms are following suit, with rising foot-traffic levels also catching the eye of retailers."

The survey also points out that even if a company wanted to bring back workers to a central urban location, "there are several logistical challenges to overcome. Taking public transit to the center of town and riding an elevator to a top-floor suite pose health risks that a drive to a low-rise suburban office does not," the report says.

Costs are lower in the suburbs, so companies may move there while holding on to a central business location. However, the shift to suburban office space "in conjunction with suburban residential growth, would also influence the retail and industrial sectors. Retailers will want to be close to both suburban residential and commercial hubs, with distributors seeking space to support last-mile deliveries to consumers," Marcus & Millichap says in the report.

Year-Over-Year Growth in Rents is Negative for First Time Since 2010

Rental Housing Journal

The effects of the pandemic on rents is becoming more apparent now, and year-over-year rent growth has turned negative across the country for the first time since 2010, according to Yardi Matrix.

National rents declined by two dollars in June, falling to $1,457, said the June National Multifamily Report.

"Since January, U.S. multifamily average rents have declined by $12. A few months ago, many were hopeful that economic expansion would return by July, but with a rise in cases in many Southern states, the economic recovery will likely be pushed out further than many initially hoped," the report said.

"Given the rapid decline in rents since March, we may not see positive year-over-year rent growth for the remainder of 2020."

Highlights of the report:

- U.S. multifamily rents decreased by two dollars in June, falling to $1,457 and continuing the four-month trend of declines. Year-over-year growth turned negative for the first time since December 2010, falling to -0.4 percent, a 70-basis-point decline from May.
- Average U.S. rents declined by 0.8 percent in the first half of 2020 and 0.4 percent in the second quarter. This is a stark contrast from 2.6 percent rent growth in the first half of 2019 and 1.2 percent growth in the second quarter. Rent growth typically slows down in the second half of the year, but we could see a reversal of that trend if this fall becomes the new leasing season.
- West Coast and tech-hub markets were among the hardest hit in the first half of 2020. Since the beginning of the year, rents are down 4.6 percent in San Jose and 3.8 percent in San Francisco. On the other hand, more affordable California markets like Sacramento (2.2 percent) and the Inland Empire (2.9 percent) have held up relatively well. The ability to work remotely and the desire to live in a less-densely populated area are likely contributing to the strength of the latter two California markets.

Yardi Matrix said another stimulus package "seems even more likely now than it did a month ago, as coronavirus cases continue to skyrocket in many Southern states and the economy doesn't recover as quickly as many had hoped.

"Second quarter GDP is scheduled to be released by the end of July, as well. Estimates currently range from -30 percent to -50 percent. The passage of another stimulus package could help to boost spending for the second half of the year."

Dear Landlord Hank

What Should a Landlord Consider in Buying Duplex?

Dear Landlord Hank,

I am interested in buying a duplex. Can you tell me the requirements I should have? — **Melanie**

Dear Landlord Melanie,

When I'm buying any rental property, I want to make sure that it will really produce income.

I look at all fixed expenses – taxes, HOA fees if any, insurance, lawn/pool care, mortgage monthly payment, etc. – and add those all up.

Then I determine what I need to do to have the rentals rent-ready, such as painting the units, maybe changing out flooring, etc.

Then I check the rental rates those units will command. Then, I subtract fixed expenses from monthly rents and I know how much I'll net every month.

If that is a number that works for me and the upfront costs to make the rentals rent-ready are not too high, then I'm ready to move forward.

It's best to be a little conservative on market rents and a little high on renovation costs, as renovations often cost more than expected.

*****

Dear Landlord Hank,

I have had a good tenant for more than 10 years. Is my responsibility to replace the flooring and painting while he is living there? — **Sharon**

Dear Landlord Sharon,

I would check the laws in your area to see if this is addressed.

The Department of Housing and Urban development guidelines are that carpeting should be replaced after 7 years. A paint job usually lasts 3-5 years.

I typically paint between tenants, and that is when flooring is dealt with as well.

It's easier to work in an empty unit than one where furniture would need to be moved.

I have replaced carpeting for a good tenant, during a lease.

We agreed that tenant would be responsible for moving all furniture so the job could be done and the tenant would pay for any delays or increased costs, if furniture was not moved as required.

So to answer your question, I don't know if the law in your area requires flooring or painting while a tenant is still living in the unit, but if the carpet is in need of replacement, I would definitely consider this to keep such a good, long-term tenant.

Hank Rossi started in real estate as a child watching his father take care of the family rental maintenance business and was occasionally his assistant. In the mid-'90s he got into the rental business on his own, as a sideline. After he retired, Hank only managed his own investments, for the next 10 years. A few years ago Hank and his sister started their own real estate brokerage focusing on property management and leasing, and he continues to manage his real estate portfolio in Florida and Atlanta. Visit Landlord Hank's website: https://rentsrq.com

NAA NATIONAL APARTMENT ASSOCIATION Education Institute

Apartment Jobs Snapshot

Q2 2020

Apartment-Jobs Hiring Resilient in 2nd Quarter

Despite the uncertainty and economic damage caused by the COVID-19 pandemic, apartment-jobs hiring was resilient during the second quarter of 2020, according to the latest report from the National Apartment Association.

In the June report of the National Apartment Association's Education Institute (NAAEI) Apartment Jobs Snapshot, job openings in the apartment industry comprised nearly 44 percent of positions available in real-estate sector jobs across the county.

This level of available apartment jobs is well above the 5-year average of 31.5 percent.

Many property management companies have increased hiring and staffing efforts in preparation for pent-up apartment demand due to stay at home orders.

High demand due to Covid-19

In terms of specific jobs, property-manager positions were the most sought after.

Property management positions were in high demand during Q2 2020 and had the largest growth in demand, increasing three percentage points. Property managers are on the front lines for ensuring that all COVID-19 safety precautions are in effect and making residents feel safe in their communities.

Around the country, Seattle, Dallas, Los Angeles, Atlanta and Washington, D.C. ranked highest for apartment-job demand.

Leasing momentum for student housing is increasing as universities plan to open on-campus classes, resulting in high demand for leasing consultants. However, this could be subject to change depending on pandemic issues in certain states.

Student housing

During the past 12 months ending June 30, 2020, demand for student housing management professionals was highest in Columbus, College Station, Chicago, Austin, and Tempe.

Leasing consultants were in highest demand, accounting for almost 14 percent of all student housing job postings. As of late June, leasing velocity for the fall semester has regained momentum, only 2.3 percentage points down from 2019. According to CBRE, demand for on-campus student housing has remained steady since 92.0 percent of international students have stayed in the U.S and 80 percent of American students studying abroad have returned home.

Summary

The apartment sector often competes with the hospitality and retail sectors for personnel with similar experience and skills. Customer service, communication, and organizational skills were among the most desired skills across all three sectors.

The hiring back of retail and hospitality employees has intensified competition for talent, particularly since the labor pool has begun to shrink. In June, the retail and hospitality sectors led the US in job growth. The leisure and hospitality industry hired back 2.1 million employees. The retail trade hired 740,000 people, nearly doubling the job growth it made in May.

NAAEI's mission is to provide broad-based education, training and recruitment programs that attract, nurture and retain high-quality professionals and develop tomorrow's apartment industry leaders.

Sources: NAA Research; Burning Glass Technologies; GlobeSt; CBRE; RealPage; Greystar student housing job postings as of July 8, 2020; Bureau of Labor Statistics

* MSAs with 100 or more apartment job postings.
** Cities with 75 or more job postings
*** Location quotients show how concentrated demand is within a particular geography. US-wide average demand equals 1.0; an LQ of 1.2, for example, indicates 20% higher demand than the US average (or 1.2 times the US concentration).

Total Q2 Job Postings in Apartment Industry (% of Real Estate Sector)

Q2 2020: **43.5%**

Q2 2019: **38.0%**

2014-2019 Average: **31.5%**

Summary: *Multifamily hiring remains solid amid the Coronavirus pandemic. Nearly 44.0 percent of available real estate jobs in the US were in the apartment sector during the second quarter, far ahead of the five-year average of 31.5 percent. Many property management companies have increased hiring and staffing efforts in preparation for pent-up apartment demand due to stay at home orders.*

Job Postings by Major Category (As a percent of all Apartment Jobs)

	Property Management	Leasing	Maintenance
Q2 2020	27.0%	24.1%	26.6%
Q2 2019	24.0%	24.5%	25.8%

Summary: *Property management positions were in high demand during Q2 2020 and had the largest growth in demand, increasing three percentage points. Property managers are on the front lines for ensuring that all COVID-19 safety precautions are in effect and making residents feel safe in their communities.*

Top MSAs* (As a percent of all U.S. Apartment Jobs)

Q2 2020		Q2 2019	
Dallas	5.6%	Los Angeles	5.4%
Los Angeles	4.2%	Dallas	4.9%
Atlanta	3.3%	Washington, D.C.	4.2%
Washington, D.C.	3.2%	Phoenix	3.6%
Seattle	3.2%	Seattle	3.5%

Summary: *Dallas, Los Angeles, Atlanta, Washington, D.C, and Seattle were among the top markets for highest concentration of apartment job openings. According to RealPage, these markets lead the nation for apartment demand during Q2 2020.*

June 2020: % Apartment Jobs of Total Real Estate Jobs

Louisville, KY	63.6%
Kansas City	58.0%
Austin	55.9%
Oklahoma City	55.3%
Dallas	54.9%

Summary: *During June, Louisville, Kansas City, Austin, Oklahoma City, and Dallas lead the US in available apartment positions as measured against the entire real estate sector.*

Student Housing Job Postings** (% of all student job postings)

Top Cities**
(12 months ending June 30, 2020)

Columbus, OH	2.6%
College Station, TX	2.6%
Chicago, IL	2.3%
Austin, TX	2.2%
Tempe, AZ	2.2%

Top Student Housing Job Titles

Leasing Consultant	13.5%
Property Manager	9.3%
Maintenance Technician	9.1%
Maintenance Supervisor	6.9%
Leasing Manager	5.4%

Summary: *During the past 12 months ending June 30, 2020, demand for student housing management professionals was highest in Columbus, College Station, Chicago, Austin, and Tempe. Leasing consultants were in highest demand, accounting for almost 14.0 percent of all student housing job postings. As of late June, leasing velocity for the fall semester has regained momentum, only 2.3 percentage points down from 2019. According to CBRE, demand for off-campus student housing has remained steady since 92.0 percent of international students have stayed in the U.S and 80 percent of American students studying abroad have returned home.*

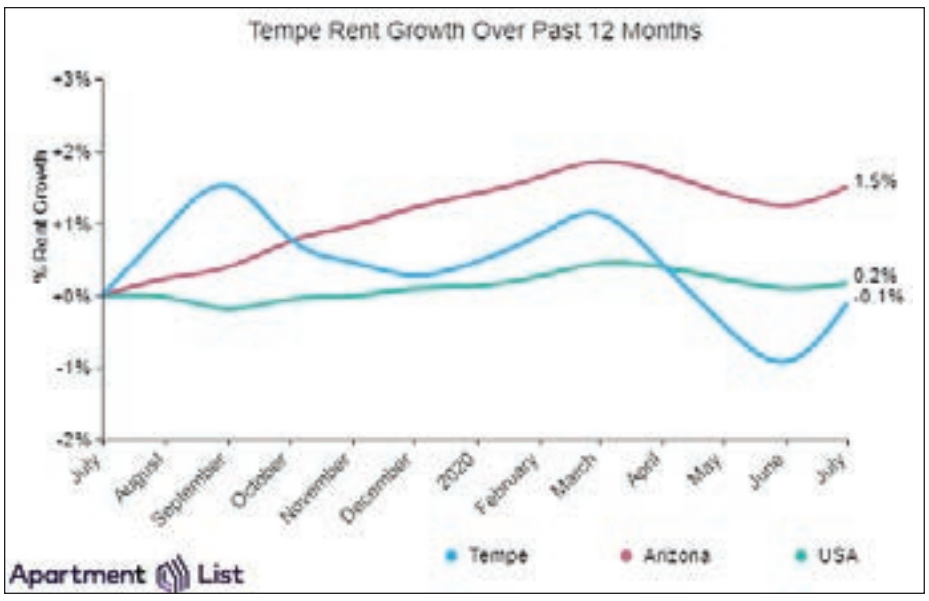
Competing Sectors (Highest Location Quotients)**

Apartments		Retail Trade		Hospitality	
Austin	3.5	Bremerton, WA	3.7	Lubbock, TX	2.3
Denver	3.0	Seattle	1.9	Nashville	2.2
Boulder, CO	2.5	San Francisco	1.8	Reno	2.2
Dallas	2.4	Worcester, MA	1.8	Savannah	2.2
Seattle	2.4	Stockton, CA	1.8	Virginia Beach	2.1

Common Skills (Percent of Jobs Requiring Skill)

	Apartments	Retail Trade	Hospitality
Specialized Skills			
Customer Service	32.1%	45.0%	24.9%
Sales	19.4%	41.2%	7.9%
Scheduling	15.7	21.4%	17.1%
Baseline Skills			
Communication Skills	39.9%	38.9%	34.5%
Organizational Skills	28.7%	22.1%	19.9%
Detail-Oriented	22.6%	14.3%	13.9%
Teamwork/Collaboration	15.3%	15.6%	22.8%

Summary: *The apartment sector often competes with the hospitality and retail sectors for personnel with similar experience and skills. Customer service, communication, and organizational skills were among the most desired skills across all three sectors. The hiring back of retail and hospitality employees has intensified competition for talent, particularly since the labor pool has begun to shrink. In June, the retail and hospitality sectors led the US in job growth. The leisure and hospitality industry hired back 2.1 million employees. The retail trade hired 740,000 people, nearly doubling the job growth it made in May.*



Valley Rents Halt Decline, Bounce Back Up

Continued from Page 1

Tempe rents bounced back 0.8 percent over the past month, but are still down year-over-year by 0.1 percent. Median rents in Tempe are $976 for a one-bedroom apartment and $1,217 for a two-bedroom.

Chandler rents increased significantly over the past month

Much like the rest of the East Valley, after two months of rent declines, Chandler rents were up 0.5 percent over the past month.

Chandler rents are just about flat year-over-year. Median rents in Chandler are $1,157 for a one-bedroom apartment and $1,442 for a two-bedroom.

Mesa rents increased moderately over the past month

Mesa did not previously see as much decline in rents as the rest of the East Valley. Mesa rents have increased 0.3 percent over the past month, and are up moderately by 2.9 percent year-over-year.

Median rents in Mesa are $924 for a one-bedroom apartment and $1,152 for a two-bedroom. This is the second straight month that the city has seen rent increases after a decline in May.

Scottsdale rent trends were flat over the past month

Also after a two-month decline, Scottsdale halted the downward trend with rents staying flat for the month. Scottsdale also has seen only a 0.6 percent year-over-year growth rate.

Median rents in Scottsdale are $1,083 for a one-bedroom apartment and $1,349 for a two-bedroom.

In the West Valley

Goodyear rents increased significantly over the past month

Goodyear rents have increased 0.5 percent over the past month, and are up significantly by 4.4 percent year-over-year.

Median rents in Goodyear are $1,193 for a one-bedroom apartment and $1,486 for a two-bedroom. This is the second straight month that the city has seen rent increases after a decline in May.

Goodyear's year-over-year rent growth of 4.4 percent leads the state average of 1.5 percent, as well as the national average of 0.2 percent

Glendale rents increased significantly over the past month

Also after seeing two months of decline, Glendale rents were up 0.4 percent over the past month. Year-over-year Glendale rents are up 2.0 percent.

Median rents in Glendale are $948 for a one-bedroom apartment and $1,181 for a two-bedroom.

Peoria rents increased slightly over the past month

After a drop in recent months, Peoria rents have increased 0.2 percent over the past month, and are up slightly by 1.7 percent year-over-year.

Median rents in Peoria are at $1,177 for a one-bedroom apartment and $1,467 for a two-bedroom.

Tucson also sees rent increases

Tucson rents increased slightly over the past month

Tucson rents have remained relatively flat over the previous months, but increased 0.2 percent in July, and are up 1.4 percent year-over-year.

Median rents in Tucson are $721 for a one-bedroom apartment and $958 for a two-bedroom.

This is the ninth straight month that the city has seen rent increases after a decline in October of last year.

Marana rents increase sharply over the past month

After a decline in May, Marana rents increased 0.8 percent over the past month. Year-over-year they are up 0.6 percent.

Median rents in Marana are $1,173 for a one-bedroom apartment and $1,507 for a two-bedroom. This is the second straight month that the city has seen rent increases after a decline in May.

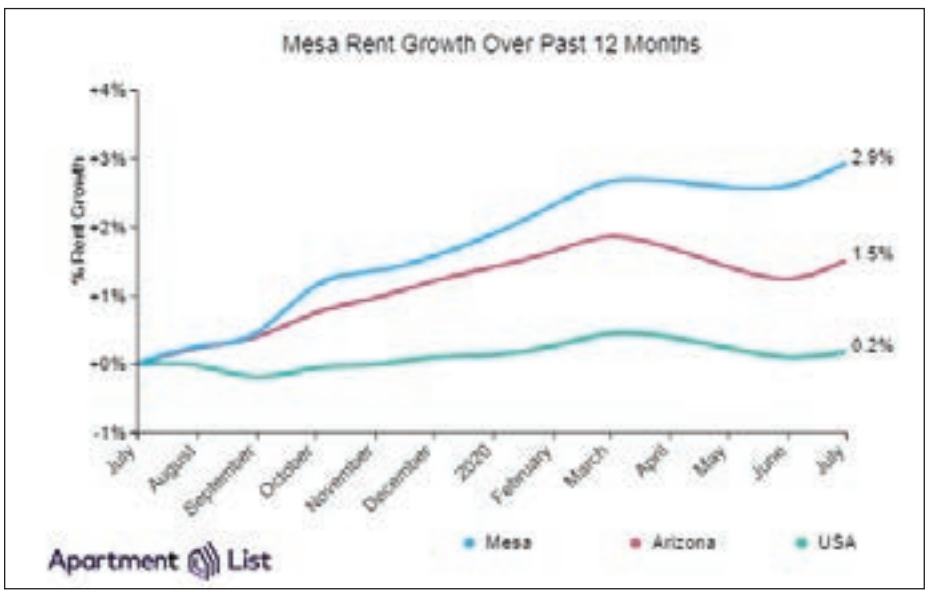
Flagstaff rents jump

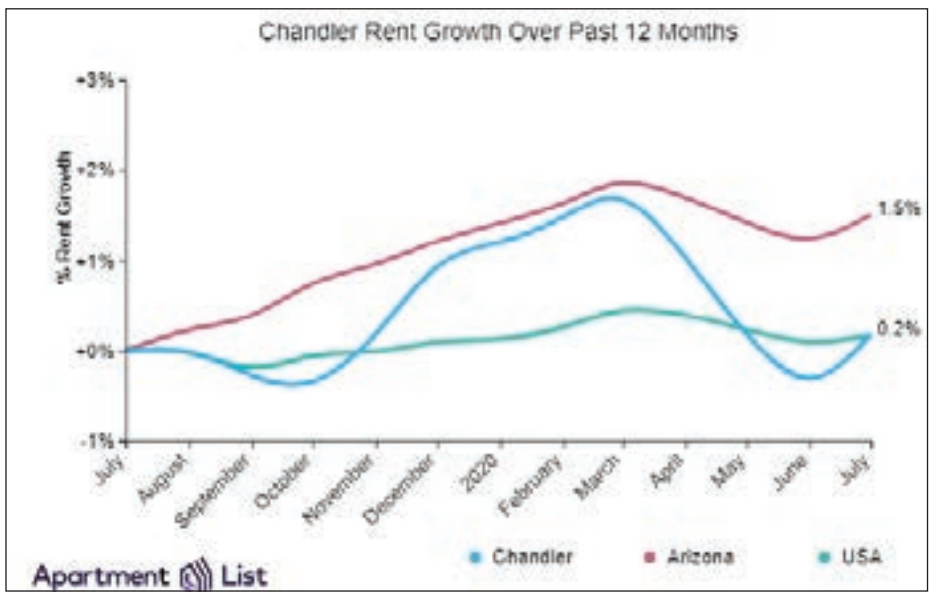
Flagstaff rents increase sharply over the past month

Flagstaff rents have increased 1.0 percent over the past month. Year-over-year Flagstaff rents have decreased moderately by 0.8 percent.

Median rents in Flagstaff stand at $1,339 for a one-bedroom apartment and $1,662 for a two-bedroom.

This is the fourth straight month that the city has seen rent increases after a decline in March.





Apartment List is committed to making its rent estimates the best and most accurate available. To do this, they start with reliable median rent statistics from the Census Bureau, then extrapolate them forward to the current month using a growth rate calculated from their listing data. In doing so, they use a same-unit analysis similar to Case-Shiller's approach, comparing only units that are available across both time periods to provide an accurate picture of rent growth in cities across the country. Apartment List's approach corrects for the sample bias inherent in other private sources, producing results that are much closer to statistics published by the Census Bureau and HUD. Their methodology also allows them to construct a picture of rent growth over an extended period of time, with estimates that are updated each month.

No Large-Scale Urban Exodus Underway

Rental Housing Journal

Search-behavior data show subtle regional shifts, but no overwhelming evidence of a large-scale urban exodus, according to behavior on the Apartment List marketplace, the company says.

"While the coronavirus's short-term impact on the housing market has already started to materialize in the form of softening rents, the long-term implications for the urban landscape are still far from certain and being hotly debated," the release said.

"We've heard a lot of talk recently about an oncoming 'urban exodus,' but our data simply isn't showing any evidence of such a trend at this point," said Chris Salviati, Housing Economist at Apartment List.

"While there are certainly plenty of anecdotes about folks who have been spurred to make major moves out of the city since the onset of the pandemic, this isn't something that we see happening at a large enough scale to really move the needle.

"Since the start of the pandemic, we actually see a slightly greater share of suburban renters looking to move into urban areas, rather than the other way around," Salviati said.

Key findings from the report include:

- Nationally, America's appetite for urban life remains strong. Since the start of the pandemic, the share of apartment searches targeting higher-density cities rose from 33.8 percent to 35.2 percent.
- In recent months, the share of users living in suburban areas and searching to move to large central cities increased, not the other way around. Suburb-to-central city searches are up 11 percent quarter-over-quarter.
- Search trends vary by city. While users in New York and San Francisco don't appear to be fleeing for the suburbs, those in Chicago and Boston appear more interested in suburban life.

Renters looking for someplace new

"We do see a slight uptick in the share of renters looking to move someplace new," the study says, with 78 percent of renters "searching in a different city from where they currently live" in the second quarter, up from 76 percent in the first quarter of 2020.

"Similarly, the share of users searching in a different metro rose slightly from 35 percent to 36 percent, and the share searching out-of-state ticked up from 22 percent to 23 percent.

"But even if renters are a bit more likely to search in new locations, they are not eschewing density," the report says.

Summary

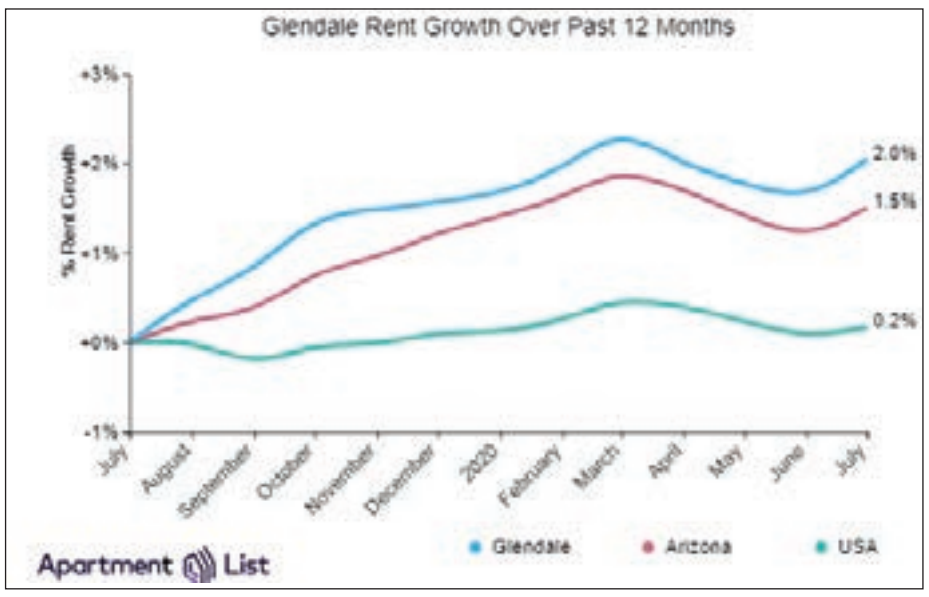
While stories of Americans abandoning cities proliferate, "our search data present a far more nuanced account of COVID-19's impact on housing choice," Apartment List says in the study.

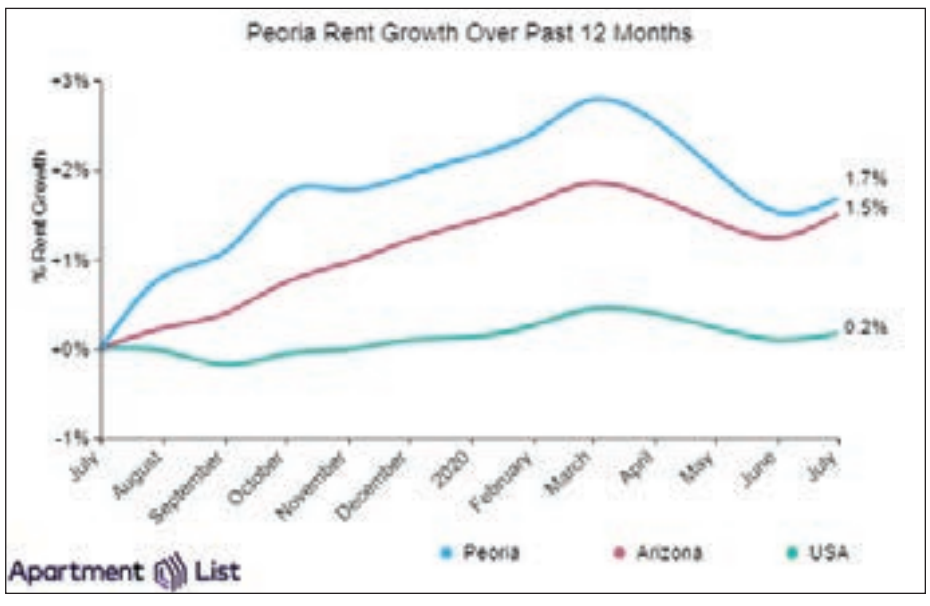
"That said, these aggregate statistics mask that in certain markets, we are seeing early signs of a shift away from downtown. In Boston and the Bay Area, for example, search activity is up in the more affordable suburbs. In New York City, however, the opposite is true. If anything, these data show that search patterns in the COVID(-19) era defy broad generalizations.

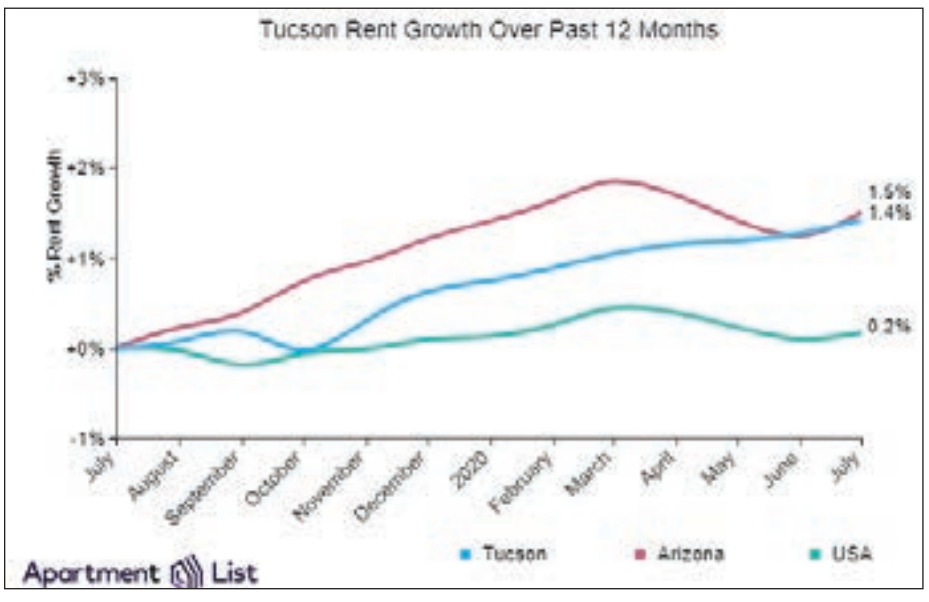
"In prior research, we have found that to the extent that the pandemic is incentivizing moves, it is doing so primarily among those who have fallen victim to the economic fallout of the crisis and who now need to find more affordable housing.

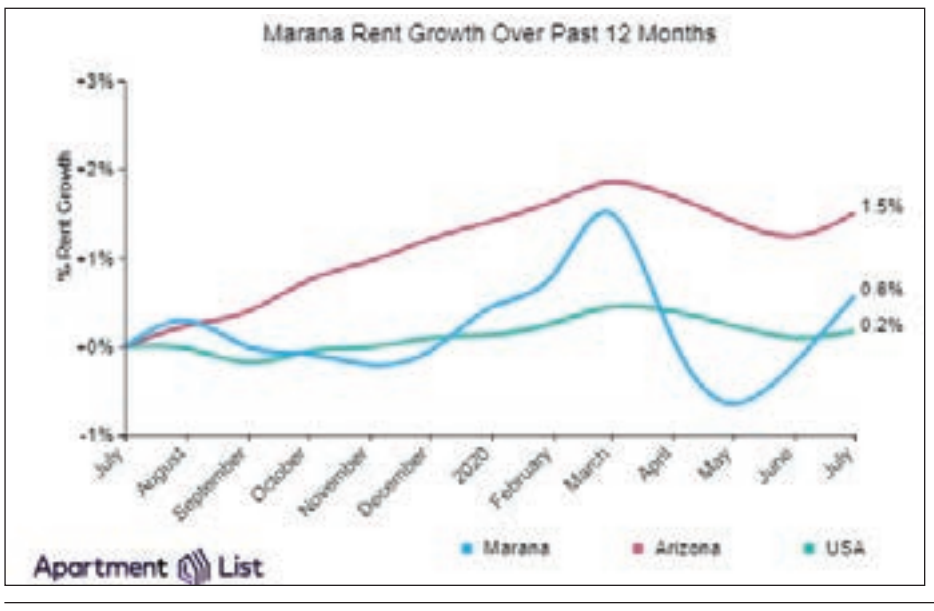
"In this sense, the pandemic's impact on migration trends may not be so different from what we've seen in prior recessions. We also find evidence that a growing embrace of remote work will play a role, but this represents an acceleration of trends observed prior to the pandemic, and these shifts are likely to play out over years, not months. The long-term implications of this continually evolving situation are still far from clear -- we will continue monitoring the data closely and reporting changes as they occur," the report says.

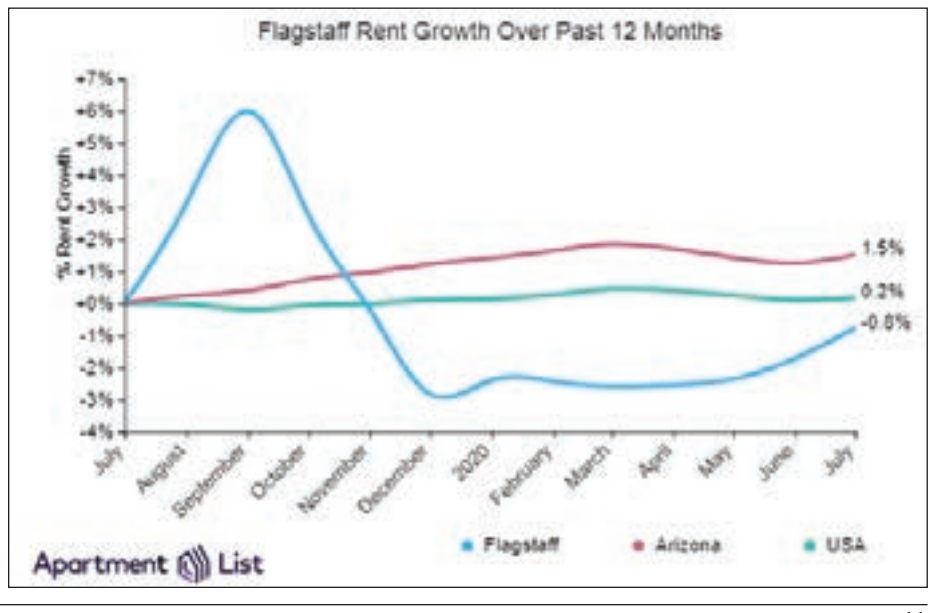
Apartment List Monthly Rent Report for Arizona











JETTING SERVICES

Do you need jetting services? Hydro Jetting is a pipe cleaning method that uses very high-pressure water that shoots out of a special snake hose. With up to 3,500 pounds per square inch of pressure, these powerful streams of water are strong enough to clean and cut through any debris in your sewer or drain lines.