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SEPTEMBER 2021

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Apartment Construction Steady

RENTAL HOUSING JOURNAL

The pandemic, a shortage of workers and soaring materials costs have not deterred the apartment construction market, which has maintained a steady pace despite these challenges, according to a study from RentCafe.

"The pandemic shifts and resurgence of the residential-rental market brings new residential supply into focus," said Doug Ressler, manager of business intelligence at Yardi Matrix, in the report.

"Lack of entry-level housing supply and rising home prices will show the multifamily rental market demand increasing as new renters enter the market and millennials extend their rental commit-ments," Ressler said.

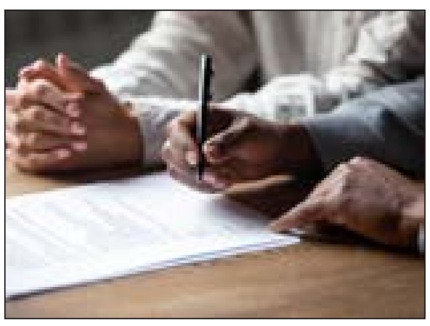
"More precisely, 334,000 units are projected to be opened in the U.S. by the end of this year, ac-cording to Yardi Matrix estimates. These figures reflect the striking difference between the after-math of the pandemic crisis and that of the housing crisis of 2008.

"In 2021, there were nearly three times more apartments under construction than there were in 2011," the report says.

Here are the main drivers of apartment construction this year:

- Eight metro areas out of the top 20 are expected to hit a five-year high in apartment con-struction. Among these are two newcomers to the top builders' club – the metro areas of Kansas City, Mo., (4,967 units), and Raleigh, NC (4,836 units).
- There's a trend shift compared to last year. In 2020, 13 metros out of the top 20 experi-enced decreases in apartment construction. This year,

See 'Apartment' on Page 4



7 Renewal Incentives to Consider

BY JUSTIN BECKER

As a landlord, having good tenants gives you great peace of mind. Having decent people on your property gives the assurance that they won't be causing any intentional damage. Plus, getting rent on time means that you have a steady income stream.

It's not even about the money you earn, it's also about the money you don't lose. A vacant apartment or house is costing you in terms of maintenance, upkeep, taxes, and trying to find new tenants. At the same time, you're not getting any income from your real estate investment.

So, when you get reliable tenants, you naturally want them to stick around as long as possible. The lease renewal can be a tricky business, especially with the housing market being so unpredictable right now.

Ultimately, you want to re-sign those quality renters; for that, the following incentives could be the best ways to start!

1. Cash Incentives

For many tenants, the temptation of a cash bonus might seal their decision to renew their lease. This might be especially true of couples or single individuals who are still living in a 1 bedroom unit and probably want to save

See 'Lease-Renewal' on Page 4

What Drives Your Management Style?

BY SCOT AUBREY

As the end of summer looms, I am looking back fondly on all the adventures this season held for me. Like many of you, I found myself behind the wheel driving long distances. One of the things that I have come to realize over the past 25 years of summer travel are that there are two kinds of drivers: those who use cruise control and those I call "tinkerers."

I myself am a cruise-control guy, while my wife falls squarely in the tinkerer category. It's been my experience that despite these very different driving styles, we typically end up reach-ing our destination at nearly the same time. These same titles can be applied to investors as you manage the tenants of your properties (read that again, because you aren't managing properties, you are really managing relationships with people.)

Cruise Control

I often find myself on long, straight stretches of freeway in the Southwest-ern United States, and putting the car in cruise control is one way to make sure things don't get too crazy in regard to speed. The cruise-control management style is more conservative and usually has a combination of the following characteristics:

- Set it and forget it: What has worked in the past will more than likely work in the fu-ture. Also known as the "if it ain't broke, don't fix it" approach.
- Comfortable with consistency: You are satisfied with the same process and the same results. You like predictable outcomes.
- Low-risk tolerance: You know that by using your tried-and-true, proven methods, you get the results you are satisfied with. The potential gain of change is not worth the pain.
- Stay in your lane: You typically

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Why Real Estate Income Funds Have Distinct Benefits for Investors

By Steve Haskell
Vice President, Kay Properties and Investments, LLC

The recent fluctuations in the United States stock market have many investors looking for more conservative and less volatile investments. On top of that, traditional investment instruments like stocks and bonds are similarly not looking very attractive because of their lackluster yield performances. Therefore, more and more investors are attracted to Real Estate Income Funds.

While Kay Properties & Investments is best known for its expert-level knowledge of Delaware Statutory Trust 1031 exchange investment strategies and opportunities, the company also has a great reputation for working with nationally recognized real estate sponsors to source and structure All-Cash/Debt-Free Real Estate Income Funds for accredited investors.

What is a Real Estate Income Fund?

In general terms, any "income fund" is simply a pool of capital that has been assembled on behalf of a group of investors. There are literally tens-of-thousands of different types of investment funds, including equity funds, bond funds, money market funds, mutual funds, and hedge funds. While direct ownership of real estate has been a popular investment for centuries, recently many investors have also started investing in real estate through participation in a fund.

A Real Estate Income Fund is a specific subset of funds that is focused exclusively on investing in potentially income-generating real estate. Real estate income funds provide another entry point for those looking to invest in large commercial or multifamily real estate portfolios. Real Estate Income Funds are particularly appealing to retail investors who want to own institutional quality real estate that would normally be out of reach for them. A Real Estate Income Fund pools capital from many investors, and then the fund's sponsor oversees all the fund's activities, including performing due diligence, underwriting, and property management. Investing in a Real Estate Income Fund is a great way to potentially generate passive income, gain access to institutional level assets, and avoid the responsibilities of direct ownership.

An Example of a Typical Real Estate Investment Fund Exclusively Offered by Kay Properties

Net Lease Income Fund 18 LLC: Focused on acquiring, owning, and actively managing a portfolio of single-tenant, Long-term, NNN lease, income producing tenants operating in the industrial, medical, and retail spaces throughout select United States markets.

This Real Estate Income Fund targets an 8% preferred return* for investors with monthly distributions generated through corporate backed leases. The offering size of this fund is $50,000,000 with a minimum investment of $50,000.

Example properties the funds seeks to acquire include those leased to recessionary-resistant, essential businesses that remained open and paying rent during the pandemic, such as: Amazon, FedEx, Davita Kidney Care, Frito Lay, Walgreens, UPS, CVS, Coca-Cola, In-N-Out Burger, and 7 Eleven.

*Preferred return is not guaranteed and is subject to available cash flow. Past performance is not a guarantee of future results. For further information about cash flow distributions from operations and capital events, please refer to the Private Placement Memorandum.

Three Distinct Benefits of Investing in a Real Estate Income Funds

1. Diversification

The ability to diversify in real estate funds has attracted conservative investors that want to avoid the concentration risk that often accompanies purchasing one piece of real estate. Typically, real estate investing requires a large down payment in order to obtain a loan with reasonable terms, tying up a significant portion of investors' wealth in a single asset. Funds allow an investor to often place a smaller amount of cash into a highly diversified portfolio, therefore mitigating risk through diversification. Not only do funds allow investors to diversify in different pieces of real estate all over the country but investors can also diversify their investment by asset type and tenants. Funds may hold multifamily apartments, net lease commercial assets, medical, industrial, etc. Asset types can have varying market cycles.

Diversifying one's investment across asset types and geography can potentially insulate their investment from market volatility.

*Diversification does not guarantee profits or protect against losses.

2. Depreciation

An additional benefit to real estate income funds is the potential for depreciation. Many real estate income funds allow investors to depreciate their basis in the fund. The non-cash expense lowers the taxable income incurred from fund's distributions. This may hold significant benefits for investors in high tax states such as California and New York.

Investors should speak to their CPA to determine their own potential tax efficiencies from investing in real estate income funds.

3. Ablity to Optimize Both Inflationary and Deflationary Market Cycles

Finally, the ability for funds to continue to purchase real estate over time allows investors to optimize both inflationary and deflationary market cycles. An inflationary market will theoretically drive up the value of the fund. In a deflationary cycle, the fund may continue acquiring assets, cost dollar averaging as the market retreats. Funds have the flexibility to pick up these assets at a discount.

Cap rates often expand in a deflationary market, which will allow investors to potentially realize higher distributions as they wait for the market to turn around.

Additional Potential Benefits of Real Estate Income Funds

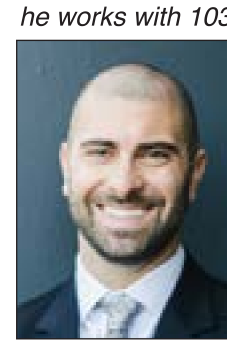
- Passive income and/or distribution potential
- May provide monthly cash flow and/or distributions
- Capital appreciation/equity growth potential
- Tax advantages
- Typically low minimum investment amounts ($25k - $50k)
- Professional asset management
- Elimination of day-to-day management headaches

While it is almost impossible to predict what the economic future will look like, many prudent investors are posturing their portfolios to mitigate risk while optimizing their upside potential no matter which direction the market turns.

As more investors learn about the potential benefits of Real Estate Income Funds, their popularity will continue to grow throughout the coming years.

ABOUT THE AUTHOR:

Steve Haskell is Vice President and DST 1031 specialist at Kay Properties and Investments where he works with 1031 exchange and direct investment clients throughout San Diego County and the rest of the United States.



Prior to coming to Kay Properties and Investments, Steve served for seven years as an officer in the United States Air Force in the special operations community where he led small teams as well as a large staff of hundreds of military and civilian personnel. He has served in numerous locations around the world, including multiple deployments to Afghanistan and locations throughout Africa. Though Steve has retired from active duty, he still serves in the Air Force Reserves.

Prior to his military service, Steve worked in sales and marketing for multiple businesses, which included providing energy management solutions to institutional multifamily apartment owners.

Steve holds a Master's Degree from the American Military University and a Bachelors in Accounting from Point Loma Nazarene University where he graduated as International Development Student of The Year for his work providing business education to entrepreneurs in impoverished areas in Mexico, Nicaragua, and San Diego.

Lease-Renewal Incentives You Should Consider

Continued from Page 1

what they can.

For most tenants, you can decide whether a discount on their rent might be possible.

After that, you can consider actual cash, security-deposit rebates, etc. At times, it might be enough to just offer some tenants direct incentives such as gift cards from Target or Amazon. The incentive equality and likelihood of success will vary according to the tenants' age groups, family size, socioeconomic status, and several other factors.

Another example of an attractive cash incentive is to have desirable renewal terms. For instance, a landlord might offer a two-year lease renewal at little to no increase in the rental rates.

This way, the tenant is happy at having at least one major cost unaffected by inflation rates. At the same time, the landlord gets to have their quality tenants firmly in place for two years instead of one (or however long the deal is for).

2. Gift Incentives that Aren't Monetary

When we use the word "gift" here, we mean something that's non-monetary. For instance, you can offer tenants certain upgrades, such as a ceiling fan or a newer model of an appliance. Appliances that they don't already have, such as an air fryer or toaster oven, might also get a lot of appreciation. Since the kitchen is among the most essential rooms in rentals, start thinking from there.

Other items you can consider are televisions, tablets, a new bed, etc. Perhaps it would help to take a tour of the place or just keep your eyes and mind open when you're talking to your tenants. They might need a certain item and let it slip mid-conversation.

3. The Option of Covered Parking

Another convenient non-monetary incentive could be the option of covered parking near the rental property. If you already provide parking in exchange for a fee, consider waiving it for the next year or at least give a discount. You can also offer free parking to residents who have been renting from you for a certain number of years.

Covered parking will be especially attractive for those who live in a very cold region. With snow and other weather elements, people are always looking for places to park their car safely. Having a nice spot near your tenant's home will certainly make them think twice about moving out (if ever!).

4. Unit Upgrades or Enhancements

When you're offering homes for rent, be ready to upgrade the place a bit as time goes by. Remember, if those quality tenants end up leaving, you might have to spend a lot on upgrades to attract new parties. You can probably save money and hassle by working on a unit upgrade now without paying for a whole rehaul.

If most of the rental place is carpeted, you might want to offer free carpet cleaning to start with. A better incentive is to get new carpeting, a coat of fresh paint on every wall, or new flooring, according to the tenants' wishes. However, keep in mind that such major upgrades should only be offered to tenants who have been with you for at least five years.

Getting a washer/dryer could also be a great incentive here. The main aim here is to make changes that positively affect the whole rental. Don't think of it as spending money to make other people happy; everything you do in this regard will ultimately increase your property value.

5. Going Off-Site for Activities and Entertainment

Not every lease-renewal incentive needs to be about the property. Many renters might like something else that makes their lives better in their current space. A membership to a nearby gym, for instance, is both a nice gift and an added incentive to stay in the area. If this doesn't seem viable (some people might be offended if you hint that they need to hit the gym!), consider a subscription to a book-box service or a grocery-delivery service.

6. Getting Services to Lower Expenses

You can also consider giving certain services as an incentive. These may include media services, which means an internet connection and free cable.

Landlords who own huge apartment buildings often qualify for rewards or referral discounts from cable and internet companies. Consult your provider and find out if these discounts can trickle down to benefit certain residents as well. The same goes for any upgrade you might get for free or at a lower price than usual.

If your tenants are in an older age group, they might not want upgraded internet or cable services. What they might appreciate more are laundry and housecleaning services. Even those who live in luxury 3 bedroom apartments for rent will appreciate such services at a reasonable rate.

7. Put Together a Menu of What You Can Afford

If your tenants are worth keeping around, then why not go the extra mile? If you can afford several minor upgrades, or a major one, put all the choices together and present them to the family or individuals. The menu items might include cleaning services, touch-ups, wallpapering, installing a swing, and so on.

This way, you can offer choices that are in your budget and also give tenants the freedom to choose. They just might appreciate this freedom even more than the incentive itself.

The Takeaway

So, how do you decide which could be the right incentives to keep your valued tenants around? By offering varied incentives; we are all individuals, after all. Remember, the implementation also counts for a lot; you don't want to foist a major renovation on their living space until they've agreed to it.

Before you make any decisions, be sure to stay respectful, within boundaries, and aware of what your tenants need. Look at your budget as well; weigh the pros and cons, and then go for what seems best. In the meantime, stay courteous and give good customer service to your quality tenants. Let them know how much you appreciate them throughout the year instead of just at lease renewal time!

Justin Becker is a property owner in the state of Michigan and has a passion for managing communities. He owns apartment complexes and mobile home communities, and has been writing his own blogs for his properties for several years.

Do You Favor Cruise Control or Tinkering as a Manager?

Continued from Page 1

invest one way, whether that is long-term holds, flips, or short-term rentals.

There is absolutely nothing wrong with this style of management; think of it as being a suc-cessful, lazy landlord. Predictable patterns create predictable returns, and depending on what you want and where you are in your investment life cycle, this approach makes sense. We al-ways stress the importance of finding the right "business partner" to be your tenant, and when done properly, that tenant can be expected to pay you $120,000 over five years. Identifying that right tenant is critical when you consider those numbers.

The Tinkereer

We've all ridden in a car with the tinkerer, and for some it creates great anxie-ty; for others it is as natural as breathing. The stop-and-go style of driving, weaving in and out of lanes, always looking for a way to get to the destination a little bit quicker, easily define the tinkerer. Considered a more aggressive approach to investing and managing, the tinkerer can be characterized as follows:

- Speed up, slow down… on repeat: Unsettled by doing the same old thing, you find the ever-changing pace of managing in this style exhilarating. Imagine riding the waves of real estate and you will have a clearer vision of this characteristic.
- Changing lanes: You are always looking for the latest and greatest opportunities, of-ten willing to give up on one good thing in hope for two of a better thing.
- Head on a swivel: Rather than focusing on the ultimate destination, you are constant-ly looking all around you for opportunities to accelerate your business.
- Drafting: Just like on the highway where you fall in behind a larger vehicle, drafting as an investor will often place you behind someone moving faster than you, letting them break the wind and allowing you to capitalize on their successes and style.

Again, there is absolutely nothing wrong with this style of management. Being inquisitive and willing to take chances has helped generate billions of dollars for investors. Choosing this man-agement style requires more of a risk-taker mentality that many find intimidating, but for those who do it well, the rewards are generous. On a recent podcast, industry expert and Rent Perfect President David Pickron cautioned that "when you start chasing after every new idea or way of investing, it's easy to spread yourself too thin and become distracted." Having the right tenant is even more critical to this type of investor versus the cruise controller. You are con-stantly changing directions, and using the proper screening tools to identify your perfect tenant is key because you don't have the time or focus to deal with the issues that a less-than-ideal tenant is sure to bring.

Of course, there is always a hybrid model of these styles, but the majority of investors settle into one of these two major categories. Regardless of how you manage, knowing and sticking to the fundamentals is critical to your success. Having a consistent set of criteria, a personal-ized lease, and a way to collect rent easily make life easier for all investors. Using profession-als who know the industry inside and out will be some of the best money you spend today, and will save you thousands in the future. Finally, knowing who your renter really is by doing pro-fessional background screens will help you avoid the pitfalls of having the wrong person occu-pying your property. As stated before, having the right "business partner" is paramount for whatever investing strategy you adopt.

Having lots of time for "windshield therapy" and contemplating life for you, my fellow land-lords, leads me to the same conclusion every time: We are in the best business in the world, with amazing growth potential. Knowing the type of investor you are helps as you navigate through times like those we've been experiencing for the last 18 months. And seeing others' investment styles can generate ideas for the future, as your investing goals may change over time. Most of all, get out there and enjoy the journey and the adventure that comes with being a real-estate investor.

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

Apartment Construction Remains Steady Despite Pandemic

Continued from Page 1

only six out of 20 metros are seeing drops.

- The Dallas-Fort Worth metro area is the torchbearer of apartment construction for the fourth year in a row. Renters can rejoice knowing there are 21,173 new units in the pipe-line, to be available on the market by year end.
- A welcoming sight: New York metro returns to pre-pandemic levels, with 19,375 projected units. The area is expected to see an 11 percent increase in apartment construction com-pared to last year.
- Phoenix is one of the surprising markets this year, claiming the No. 3 spot nationally. A much-needed supply of 15,846 units is planned here, creating 76 percent growth com-pared to 2020.
- Charlotte, NC is witnessing a boom, with a 100 percent increase in apartment construction. The projections show 10,723 apartments to be delivered this year. Orlando, FL is another promising market, with 78 percent growth, projections at 8,211 units.

Of all the metros analyzed, eight are set to hit their peaks in apartment construction this year compared to their totals from the last five years.

First up is Phoenix, the most notable metro, which is projected to build 15,846 new units this year — considerably more than its deliveries in past years. Currently witnessing a housing boom and a population increase of 2.1 percent, the metro is set to meet the demand for new apartments in the area.

"The strong demand fueled by robust inbound migration and employment growth" is the reason we're seeing such high levels of construction in these markets, according to Ressler. "The South-west market which meets both these conditions is Phoenix. In addition, Phoenix zoning and availa-bility of land is adding to the attraction."

Guaranteed-Rent Firm Could Help Struggling Landlords

Co-founders Matt Thelen, left, and P.J. O'Neil

By John R. Triplett

A new company has entered the Phoenix market after success in Denver offering guaranteed rent and two-year leases for rental property to landlords to help ease pandemic concerns and vacancy issues.

Nomad said their research shows the Phoenix metro market is a good market for their expansion, according to P.J. O'Neil, founder and a veteran operator of Opendoor.com, which buys homes from individual sellers.

A key is that the company is not a property manager, but it does guarantee leases, so landlords can continue to manage their own properties if they desire, or choose a third-party property management company.

O'Neil said the Phoenix market was chosen for three key reasons:

- A stable economy with growing job market
- Rentals are easier to price in the Phoenix metro market
- The team comes largely from Opendoor.com, which launched originally in Phoenix

"When we're guaranteeing rent, we're taking risks that we may be guaranteeing rent too high, or if we are guaranteeing too low, no one's going to sign up with us. We wanted to make sure that we could accurately predict rental rates in Phoenix and because of the housing stock in Phoenix, it's a little bit more homogenous than many other markets," O'Neil said.

The company has about 20 homes under lease in Phoenix right now and a little over 300 in Denver. O'Neil predicts they will be getting closer to about 750 properties by the end of this year in the two markets.

Why the guaranteed-rent model works for landlords

With the guaranteed-rent model, "We want to pay our landlord clients market rent, guaranteed, and charge them a fee equivalent to how risky it is for us to do that every month. So they're never worried about vacancy costs. They're never worried about a delinquent tenant.

"If you're a big investor, you experience vacancy as sort of an average across your portfolio, but if you're a small mom-and-pop landlord, you experience vacancy in a very binary, very visceral way.

"One month you have rent supporting your mortgage. The next month you don't. And then in the time during COVID, during these eviction moratoriums, that fear is even greater for landlords. They may have a tenant who loses their job and they can't evict them and they're now stuck paying a mortgage without any rent coming in for an unforeseeable amount of time.

"We really want to limit some of that downside risk for property investors and give them more certainty over a long period of time. That's the pain point we're trying to solve," O'Neil said.

What is the cost to landlords of the guaranteed rent model?

The cost to landlords of the guaranteed rent model depends on the risk to the company and the length of the lease. However, Nomad does the tenant screening to help the landlord get a good tenant.

O'Neil said, "The guarantee fee ranges we offer are a one-year guarantee, a two-year guarantee, or a three-year guarantee.

"So, a three-year guarantee is the riskiest for us because inevitably over three years there will be vacancy or delinquency on that property, or there's a higher likelihood of that happening.

"And then the one-year, there's less risk of those things. The one-year lease can range from anywhere from two percent to five percent of monthly rent, and the three-year can range anywhere from seven percent to 10 percent of monthly rent. And then the two-year falls in between.

"You really choose your adventure. You decide, 'Hey, how long do I want certainty for, and how much am I willing to pay for that certainty?' "O'Neil said.

Guaranteed rent is not property management

O'Neil reiterated that "We are not property managers ourselves. If you do want property management, we introduce you to a partner property manager in the area.

If a landlord or property owner wants to layer on property management on top of the guaranteed-rent plan, "You're introduced to a partner on the ground who charges seven percent a month of rent.

"We have a lot of owners who are getting property management plus guaranteed rent for 10 percent a month. That includes a one-year guarantee plus seven percent property management fee," O'Neil said.

Any plans for guaranteed rent for multifamily properties?

While O'Neil says the company is focused on single-family right now, they can work with multifamily owners as each individual unit turns.

"The product really works for smaller landlords and so we're single-family, but that includes single-family homes, condos, and town homes. We're not doing a lot of multifamily yet," he said.

He said they work with multifamily owners "who are getting guaranteed rent from us every time one of their doors turns.

"They may have a 10-unit building and every time one of those units comes available for rent, they're handing it over to Nomad to guarantee the rent, get it leased, et cetera, but then they're handing them over to us as they turn.

"They're not necessarily handing the whole building over to us. They're getting guaranteed rent as each of the units turns," he said.

Do you strictly deal with landlords or could tenants contact Nomad directly?

O'Neil said a Nomad resident has a better or at least a more consistent experience with Nomad than with individual landlords.

"The way it's structured is we sign a master lease with the landlord, so we are technically the landlord's tenant and that's how the landlord thinks of us, and then the resident is our sub-tenant.

"(The tenant pays) us rent every month. We give them a better experience. They accrue rewards with us over time. The more often they pay rent on time, every time they renew a lease, they're accruing rewards with Nomad Lease and those rewards can be turned in for discounted rent.

"We're still building the rewards platform out, but the idea is you as a Nomad resident should have a superior experience, and so when you're ready to move to your next place, you're starting at Nomad Lease – not Zillow – to look for your next place because you understand the experience you get with Nomad," he said.

The Guaranteed-Rent Innovation Model following Opendoor.com

O'Neil said many of the Nomad team came from Opendoor.com, which was founded in Phoenix and has had a lot of success there.

"We were able to pretty quickly grow the team from ex-Opendoor.com talent who understand the business very well. It's a pretty powerful story for the first I-renter, is how we think of ourselves.

"We're pioneering the I-rental business to launch in the birthplace of the I-buyer movement. Opendoor.com was founded in Phoenix. Zillow offers has a big operation in Phoenix. OfferPad has a big operation in Phoenix. We thought that the population of Phoenix was more accustomed to these new offerings than some of the other markets out there."

O'Neil's own story of rental property

"When I graduated from college, I bought my first investment property. When I was very young, I put as little money down as I possibly could, because I had not a lot of money to put down, and I rented it to college students.

"I started my investment journey early and I've kind of grown my portfolio, but every month any of my properties are vacant, that's a really painful month for me.

"I may cut back that month. I may not be going out to dinner as often with my wife and it's just the uncertainty around vacancy and delinquency is something I've historically solved for that by keeping the rent low on my properties and actually not maximizing my rent to ensure that I kept tenants in there for a long period of time."

"And so, at Nomad, we figured there's a better way."

John R. Triplett is publisher of Rental Housing Journal.

Renters Returning to Big-City Apartments, Study Shows

Rental Housing Journal

Renters are starting to return to big-city apartments, as high-income earners were most active and among the most likely to switch apartments in 2021, according to a study from RentCafe.

The report says the peak renting season started out twice as strong as usual, with 45 percent more renters applying for apartments in March than in February. By comparison, during the same time period in 2018 and 2019, applications rose by an average of just 23 percent.

RentCafé surveys show the main reason for the move to new rentals was the opportunity to get good deals after the pandemic as well as the need for more space for working from home.

Renters earning upwards of $100,000 were the most active this year – 34 percent more than last year. Meanwhile, interest in big-city apartments is surging, and rental applications rose in all of the nation's 30 largest cities.

The study showed that earners in the top two income brackets proved to be the most eager to switch apartments, taking advantage of deals on luxury apartments. So those most likely to move were renters who earn between $75,000 and $100,000, as well as renters who earn over $100,000.

Although last year's reports "lamented about people 'fleeing' the nation's largest cities, this year's rental stats put those worries to rest," RentCafé said in the study.

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Rental Housing Journal is a monthly publication of Rental Housing Journal, LLC.

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3 Reasons Investors Prefer Real Estate

Contributed by Ashcroft Capital

Two common forms of investment strategies that smart investors use to grow their wealth with passive income include creating a diversified portfolio of stocks and investing in real estate. While investing in the stock market is beneficial for numerous reasons, investing in private market properties like multifamily provides several advantages. Here are three important reasons why some investors prefer multifamily private placement investments over stock market investments.

No. 1. Lower Volatility

Stocks can have a volatility that's not found with most private placement offerings. Real estate provides a long-term cash flow provides passive income and the promise of appreciation[1].

The stock market is particularly vulnerable to several different forms of risk, which include economic, inflationary, and market risks. This volatility can occur because of company-specific or geopolitical events. The real estate market across the U.S. has been strong for more than a decade. Since 2010, the national housing market added $11.3 trillion in value – a more than 50% increase[2].

No. 2. Your Gains Can Be Deferred

If you sell a property that you've invested in and put the proceeds towards purchasing a similar property, your capital gains taxes can be deferred to a later date, which is called a 1031 tax-deferred exchange[3]. During this process, a qualified intermediary will hold the proceeds from the sale until the money can be transferred to the other property's seller. Engaging in a 1031 allows you to avoid the 15-20% long term capital gains tax rate[4].

No. 3. Can Be Used As Hedge Against Inflation

Over time, the value of a dollar increases as a result of inflation. While the value of currency will invariably increase over time, the rate of inflation isn't always consistent. As inflation rises, the cost of everything goes up, including real estate[5]. When property values increase, the property owner can charge more for rent, which ensures a higher revenue stream. By keeping pace with inflation, you gain an advantage that is difficult to obtain with stock market investments.

It's never too early to start generating passive income. Placing some of your money into multifamily private placements could help you balance your portfolio and reduce the potential for losses.

To assist you on this journey, download this free 20-page guide to Understanding Real Estate Private Placements.

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1 Investopedia. "Reasons to Invest in Real Estate vs. Stocks"

2 Zillow. "Recovery Added $11.3 Trillion to U.S. Housing Value in the 2010s.

3 Internal Revenue Service. "IRS 1031 Exchange."

4 Investopedia. "1031 Exchange Rules: What You Need to Know."

5 Forbes. "How Buying a House Can Hedge Against Inflation."

Monthly Meeting Schedule for the Arizona Real Estate Investors Association

PHOENIX MEETING
MONDAY, SEPT. 13, 2021
5:45 P.M.

VENUE 8600
8600 E. ANDERSON DR.
SCOTTSDALE, AZ 85008

The Phoenix meeting is held on the second Monday of the month. These meetings are full of education, information, and networking.

Open Networking: The perfect time to get checked in to the event and chat with other local real estate investors in attendance.

Market Trends and Outlook: Your up-to-date analysis on the trends in national, regional, and local areas. Come find out where the market is heading – valuable information no real estate investor should do without.

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!

Trade Show, Networking and Guest Orientation: Spend time meeting AZREIA business associates and other investors and build your team. (Live meetings)

Market Update for Fix ands Flip and Rentals: Full analysis of fix & flip and rental markets. Plus, the latest market news affecting your business.

Main Presentation: This presentation features a national or local panel of experts on general topics such as fix and flip, buying notes, private money lending, marketing strategies, buying land or commercial/multi-family property. These are "you can't afford to miss" meetings.

TUCSON MEETING
TUESDAY, SEPT. 14, 2021
5:45 P.M.

TUCSON ASSOCIATION OF REALTORS®
2445 N. TUCSON BLVD,
TUCSON, AZ 85716

The Tucson meeting is held the Tuesday after the Phoenix monthly meeting each month. These meetings are full of education, information, and networking.

Investor-to-Investor

Networking and Dynamic Haves and Wants are 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!

Open Networking: The perfect time to get checked in to the event and chat with other local real estate investors in attendance. (Live meetings)

Local Market Update: The latest in trend analysis for the U.S., Arizona and 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: This presentation features a national or local panel of experts on general topics such as fix and flip, buying notes, private money lending, marketing strategies, buying land or commercial/multi-family property. These are "you can't afford to miss" meetings.

The cost for meetings 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 agenda.

REGISTER ONLINE AT: www.azreia.org

U.S. Supreme Court Ends Eviction Moratorium

Rental Housing Journal

In a major victory for landlords and rental property owners, the U. S. Supreme Court last month ended the nationwide eviction moratorium in an eight-page ruling saying "It is up to Congress, not the CDC, to decide whether the public interest merits further action here."

Realtor associations and rental-property managers in Alabama and Georgia had sued saying the CDC lacked the authority to impose the eviction moratorium.

"The applicants not only have a substantial likelihood of success on the merits—it is difficult to imagine them losing," the court said in its ruling.

"The moratorium has put the applicants, along with millions of landlords across the country, at risk of irreparable harm by depriving them of rent payments with no guarantee of eventual recovery. Despite the CDC's determination that landlords should bear a significant financial cost of the pandemic, many landlords have modest means. And preventing them from evicting tenants who breach their leases intrudes on one of the most fundamental elements of property ownership—the right to exclude," the court said in its ruling.

"As harm to the applicants has increased, the Government's interests have decreased. Since the District Court entered its stay, the Government has had three additional months to distribute rental-assistance funds to help ease the transition away from the moratorium. Whatever interest the Government had in maintaining the moratorium's original end date to ensure the orderly administration of those programs has since diminished. And Congress was on notice that a further extension would almost surely require new legislation, yet it failed to act in the several weeks leading up to the moratorium's expiration," the court said.

The current nationwide eviction moratorium had been set to expire on October 3.

However, many states and localities, including California, have extended their own moratoriums, providing another layer of protection for some renters. Also in some locations judges, aware of the potential for large numbers of people to be put out on the street even as the pandemic intensifies again, have said they would "slow-walk cases" and make greater use of eviction-diversion programs.

The National Apartment Association (NAA) and the Multifamily Housing Council (NMHC) both said it is time to move on to other solutions besides an eviction moratorium.

"The government must move past failed policies and begin to seriously address the nation's debt tsunami, which is crippling both renters and housing providers alike," said Bob Pinnegar, the president of the NAA, in a release.

"At the onset of the pandemic, NMHC supported a voluntary, short-term halt to evictions to keep families safely and securely housed. However, a long-term eviction moratorium was never the right policy. It does nothing to speed the delivery of real solutions for America's renters and ignores the unsustainable and unfair economic burden placed on millions of housing providers, jeopardizing their financial stability and threatening the loss of affordable housing stock nationwide," the NMHC said in a release.