



# INDEPENDENT LANDLORD RENTAL PERFORMANCE REPORT

**Chandan**  
ECONOMICS



September  
2022



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## Key Takeaways

- 1. The on-time payment rate in independently operated rental units improved by 55 bps between August and September, rising to 81.1%.**
- 2. September's full payment rate is forecast to land at 91.2%, improving 182 bps year-over-year.**
- 3. Gateway markets maintained higher on-time payment rates than units located elsewhere for the ninth consecutive month, though the performance gap has narrowed.**
- 4. Sun Belt rentals underperformed the rest of the US for their sixth consecutive month.**
- 5. 2-4 Family rentals maintain the highest on-time payment rate of all sub-property types in September, coming in at 83.2%.**
- 6. Single-Family Rentals hold the lowest on-time payment rates (81.5%) for September, despite seeing the largest one-month improvement (+88 bps).**



## National Performance

### Current Performance

On-time rental payments in units operated by independent landlords improved between August and September, remaining at healthy levels and standing a few percentage points higher than where they were at this time last year.

August's month-end on-time payment rate was revised up by 71 basis points (bps) from the preliminary estimate, coming in at 80.4%. August's on-time payment rate declined 11 bps from the month prior, though it marked an improvement of 92 bps from the same point last year.

September's first estimate marks a positive reversal from the July and August declines. September's on-time payment rate currently sits at 81.1%— its highest tally since June (81.4%).

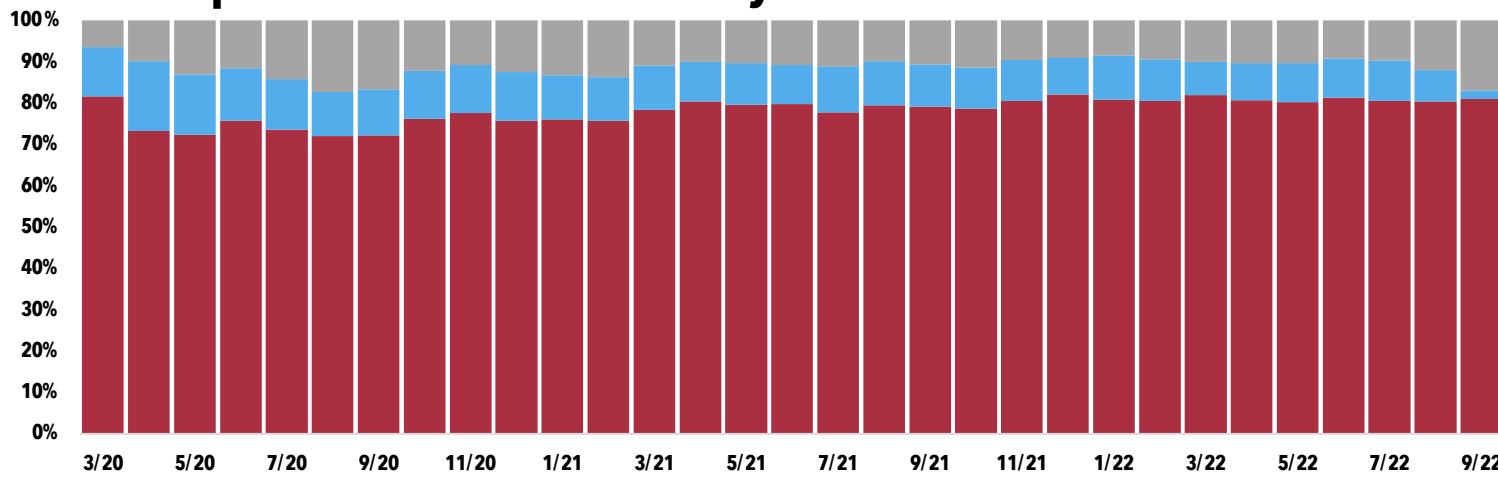
Through September 15th, 2.0% of units have paid rent late, and 17.0% have yet to complete full payments. Chandan Economics forecasts that the national late-payment rate in September will rise to 10.1% over time, with the full-payment rate settling at 91.2%.

After bottoming out at 82.7% in August 2020, full-payment rates for independently managed rental

properties have consistently improved over the past two years. September 2022's forecast full payment rate (91.2%) is the second highest in the post-shutdown era and reflects an improvement of 182 bps from last year.

	August 2022	September 2022 First Estimate
On-Time Payment Rate	80.4%	81.1%
Month-over-Month Change	-11 bps	+62 bps
Year-over-Year Change	+92 bps	+190 bps

### Independent Landlord Rental Payment Tracker



# Performance by Geography

## Gateway vs. non-Gateway

As of the September 2022 first estimate, independently operated units inside Gateway markets (New York, Los Angeles, San Francisco, Washington, DC, Houston, Dallas, Chicago, and Boston) outperformed those outside Gateway markets for the ninth consecutive month—albeit narrowly. September's on-time payment rate stands at 81.2% in Gateway units and 81.0% in non-Gateway units.

Measured month-over-month, on-time payments dipped in Gateway markets, falling 103 bps. Despite the one-month decline, on-time payment rates in Gateway markets are up by 145 bps from last year. Since reaching up to 83.8% in March 2022, on-time payment rates in these Gateway markets have moderated between 81% and 83%. Through September 15<sup>th</sup>, 1.5% of Gateway units have paid rent late, and 17.2% of units have yet to make full payments. Chandan Economics forecasts that the late-payment rate for Gateway units in September will rise to 8.5% over time, bringing the full-payment rate to 89.8%.

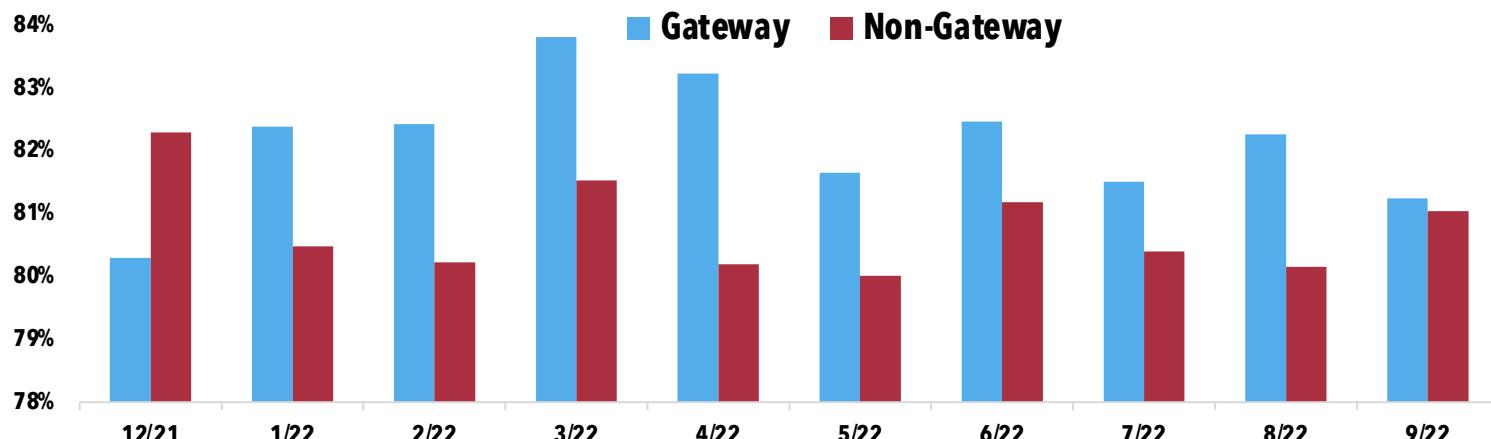
Through September 15<sup>th</sup> for non-Gateway units, 2.0% of apartments have made full payments past their due dates, while 16.9% remain unpaid.

Chandan Economics forecasts that the late-payment rate for non-Gateway units in August will rise to 10.4% over time, with the full-payment rate settling at 91.4%.

	Gateway September 2022 First Estimate	Non-Gateway September 2022 First Estimate
On-Time	<b>82.3%</b>	81.2%
Month-over-Month Change	-103 bps	+88 bps
Year-over-Year Change	+145 bps	+199 bps

## Gateway vs. Non-Gateway

85% On-Time Payment Rates



## Sun Belt vs. non-Sun Belt

The Sun Belt— an expansive region that hugs the southern portion of the US from coast-to-coast— continues to be a major engine of economic growth as it attracts residents from coastal markets. According to the Census Bureau, the US metro with the fastest growing population in 2021 in relative terms was Austin (+2.3%), while Dallas added the most residents in aggregate (+97,290 people). In addition, real-time estimates of population flow, including [Placer Lab's](#) monthly migration trends tracker, continue to point to expanding population levels in Sun Belt states as major population centers in the Northeast and on the west coast are seeing declines.

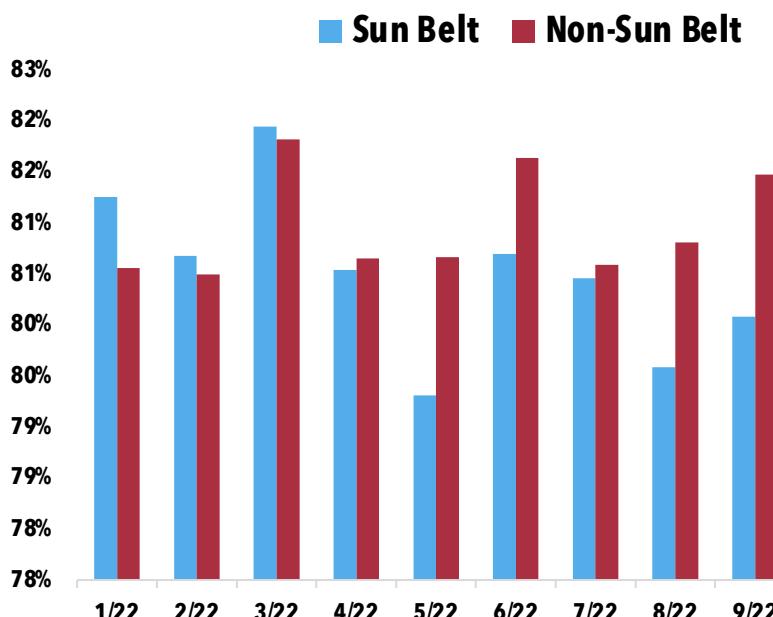
However, with the Sun Belt's growing success, there is some concern that markets are re-pricing more quickly than some existing local residents can handle, especially low-income renters. The inflows of relatively high-earning renters—a trend aided by increased work-from-home adoption—may impact affordability for existing residents.

According to [Yardi Matrix's August Multifamily report](#), Orlando, Nashville, Miami, Tampa, Raleigh, Charlotte, and Dallas are all seeing annual rent growth levels above 15% for renter-by-necessity units. Notably, on-time payment in this reporting generally describes the renter-by-necessity segment of the market. According to a Chandan Economics analysis of the 2020 American Community Survey, 83.1% of Sun Belt renter households earning less \$50,000 annually live in assets containing less than 50 units.

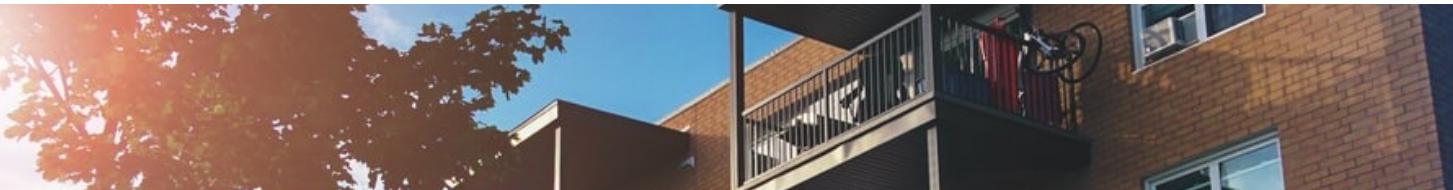
Including the September 2022 preliminary estimate, the on-time collection rate in independently operated Sun Belt units has underperformed non-Sun Belt units in six consecutive months. The performance spread widened to 139 bps, as preliminary September on-time payment rates in Sun Belt and non-Sun Belt units sit at 80.1% and 81.5%, respectively.

## Sun Belt vs. Non-Sun Belt

On-Time Payment Rates



	Sun Belt September 2022 First Estimate	Non-Sun Belt September 2022 First Estimate
On-Time	80.1%	81.5%
Month-over-Month Change	-98 bps	-37 bps
Year-over-Year Change	+50 bps	+67 bps



## Performance by Rent Level

### Price Point Analysis

Analyzing performance trends at different rental price points, it is mid-priced rental units that have shown the strongest performance in recent months.

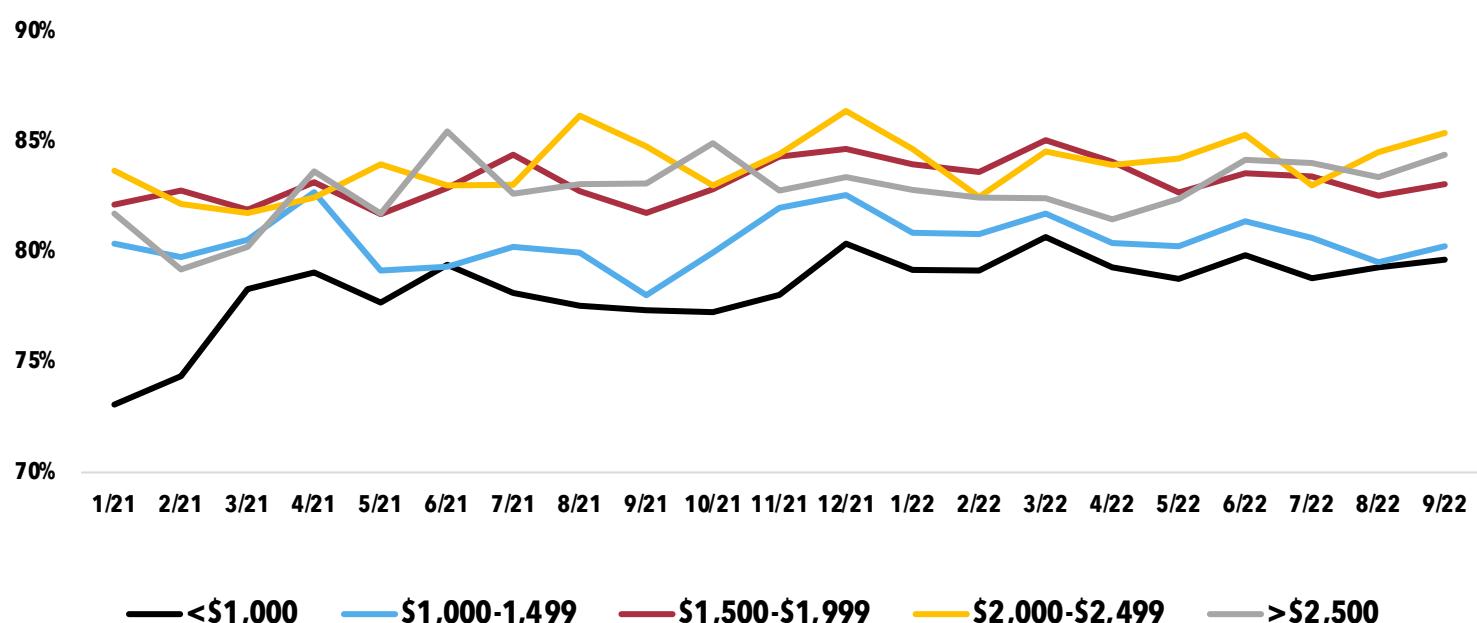
Units with monthly rents below \$1,000 maintained the lowest average on-time payment rate as of the September 2022 preliminary estimate, coming in at 79.6%. With limited exceptions, these lowest-price rental units have consistently held lower on-time payment rates than the rest of the independently operated rental housing market.

These sub-\$1,000 monthly rent units tend to have lower household incomes and lower credit scores in their tenant mix.

According to a Chandan Economics analysis of the US Census Bureau's [Household Pulse Survey](#), renter households earning less than \$50,000 per year are 67% more likely to rate the likelihood of a near-term eviction as somewhat or very likely.

As has become a recent trend, the best performing price point for independently operated rental units are units charging \$2,000-\$2,499, which recorded an on-time rent payment rate of 85.4% through September 15<sup>th</sup>— the highest mark for these rentals in 2022 to date. Rentals charging more than \$2,500 followed next, with a preliminary on-time rate of 84.4%.

### On-Time Rent Payments by Rental Price Point





## Performance by Property Type

### Property Type Overview

On-time performance rates in independently managed units across the three tracked sub-property types (single-family rentals, two-to-four units, and 5-49 units) trended together in September, all posting improvements.

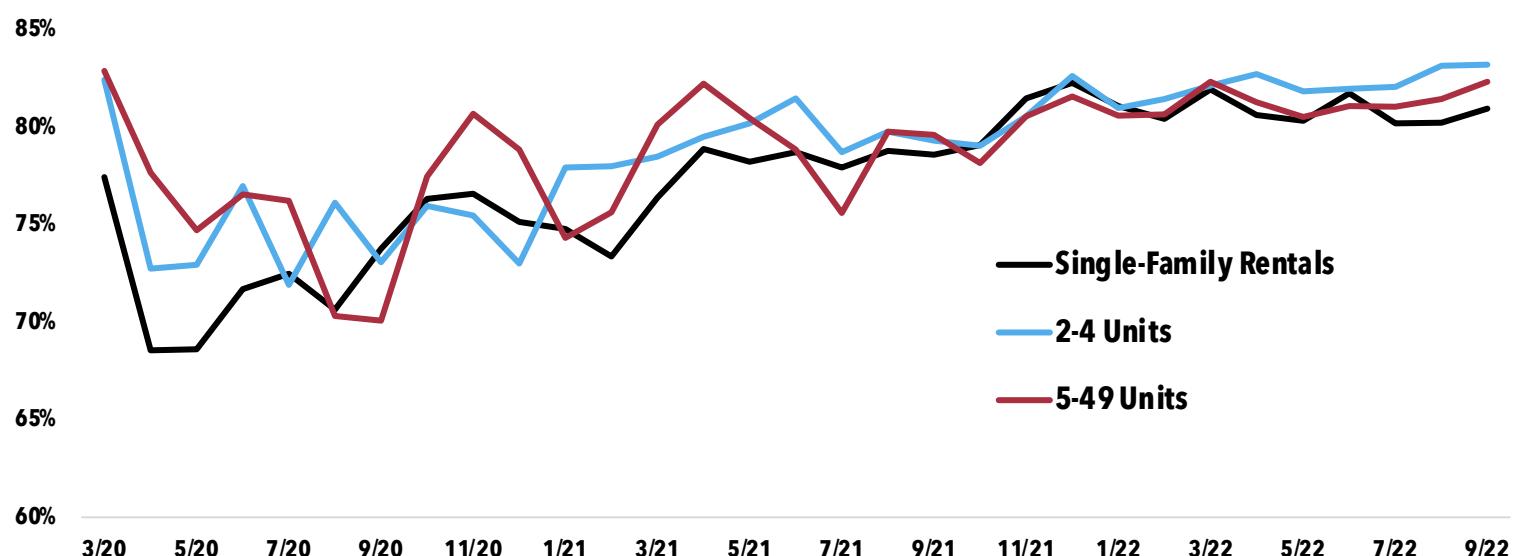
The gap between the best and worst performing sub-property types narrowed to 224 bps, though it remains well above the average set over the past 12 months (136 bps). The September narrowing moves away from the spread of 294 bps from the month prior—a reading that stands as the widest gap in over a year.

While current performance gaps remain wider than recent averages, the differentials are still a refreshing contrast from the early days of the shutdown in 2020.

Between April 2020 and August 2021, the on-time payment rate difference between the best and worst-performing property types averaged 419 bps.

The pandemic's asymmetric impact on urban amenities proved to be a significant factor in household location preferences. According to research by the [Cleveland Federal Reserve](#), the so-called urban exodus was more about potential residents opting against moving to large metros rather than the popular narrative of existing urban residents leaving cities. Moreover, urban residents that lacked the ability to transition into remote working setups, especially those in the service sector, disproportionately felt the impact of 2020's economic shutdown.

### On-Time Rent Payments by Property Type



## Single-Family Rentals

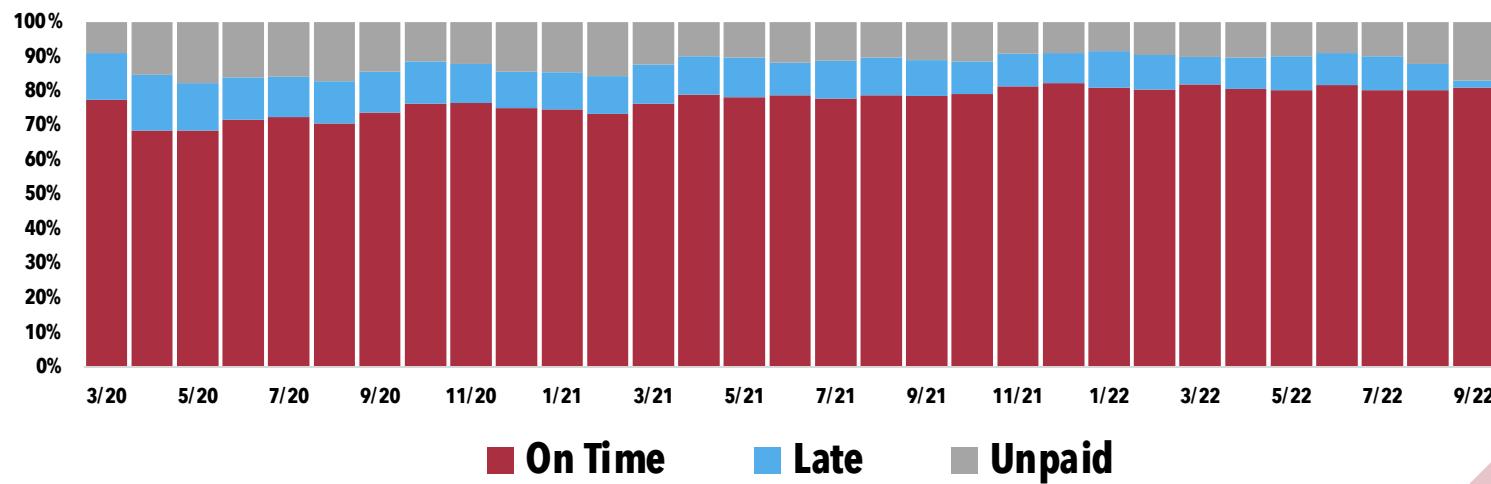
As of the preliminary September estimate, 81.0% of SFR units have paid their rent on time this month—the lowest mark of the three tracked sub-types. Measured month-over-month, SFR's on-time payment rate rose by 75 bps. Compared to one year ago, the on-time payment rate is up by a healthy 239 bps.

Through September 15<sup>th</sup>, 2.0% of SFR units have paid their rent late, while another 17.0% have yet to make their full payment. Chandan Economics forecasts that the late-payment rate for SFR units in August will rise to 10.1% over time, with the full-payment rate settling at 91.1%.

	August 2022	September 2022 First Estimate
On-Time Payment Rate	80.2%	81.0%
Month-over- Month Change	+2 bps	+75 bps
Year-over- Year Change	+142 bps	+239 bps

## Single-Family Rentals

Independent Landlord Rental Payment Tracker



## 2-4-Unit

Independently operated apartments in properties with 2-4 units had an average on-time payment rate of 83.2% as of the preliminary September 2022 estimate—an increase of 4 bps from August's 83.1%. September marks the sixth consecutive month where 2-4-unit properties maintained the highest on-time payment rate of the three tracked sub-property types. Measured year-over-year, on-time payment rates in September are up by 390 bps.

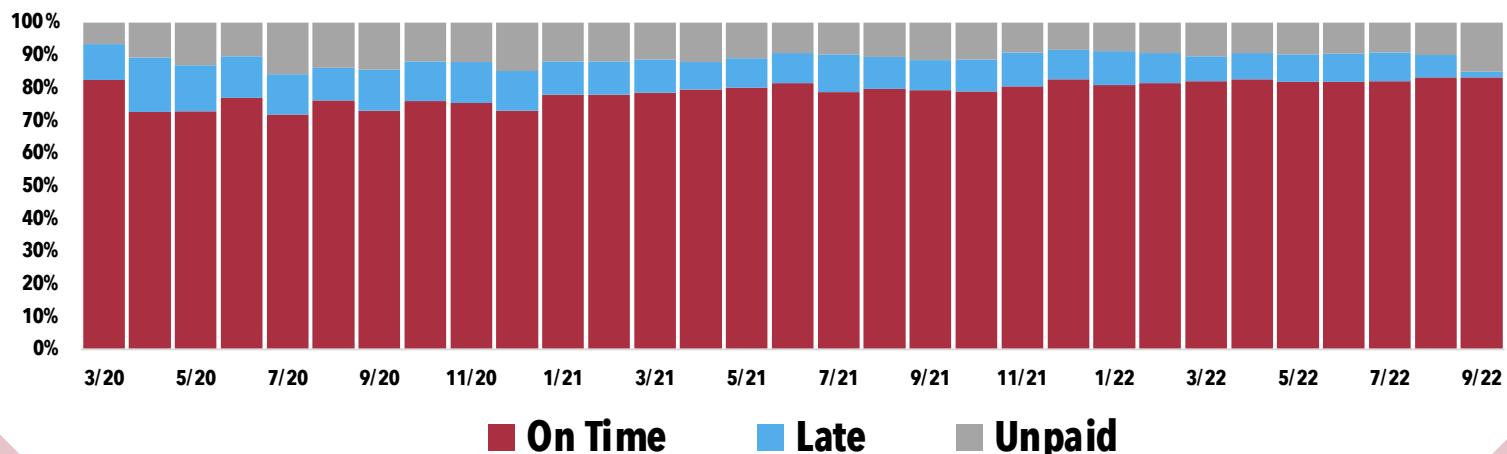
Throughout the pandemic, 2-4 Family properties have been the most consistent rental sub-type and the least likely to experience distress. On-time collection rates in 2-4 Family properties never fell below 71.9%—183 bps and 335 bps better than Small Multifamily and SFR, respectively.

Through September 15<sup>th</sup>, 1.9% of 2-4 Family units have paid their rent late, while another 15.0% have yet to make their full payment. Chandan Economics forecasts that the 2-4 unit late-payment rate in September will rise to 9.5% over time, with the full-payment rate settling at 92.6%.

	August 2022	September 2022 First Estimate
On-Time Payment Rate	83.1%	83.2%
Month-over- Month Change	+111 bps	+4 bps
Year-over-Year Change	+338 bps	+390 bps

## 2-4 Family Rentals

Independent Landlord Rental Payment Tracker


■ On Time

■ Late

■ Unpaid




### Small Multifamily (5-49 Unit) Rentals

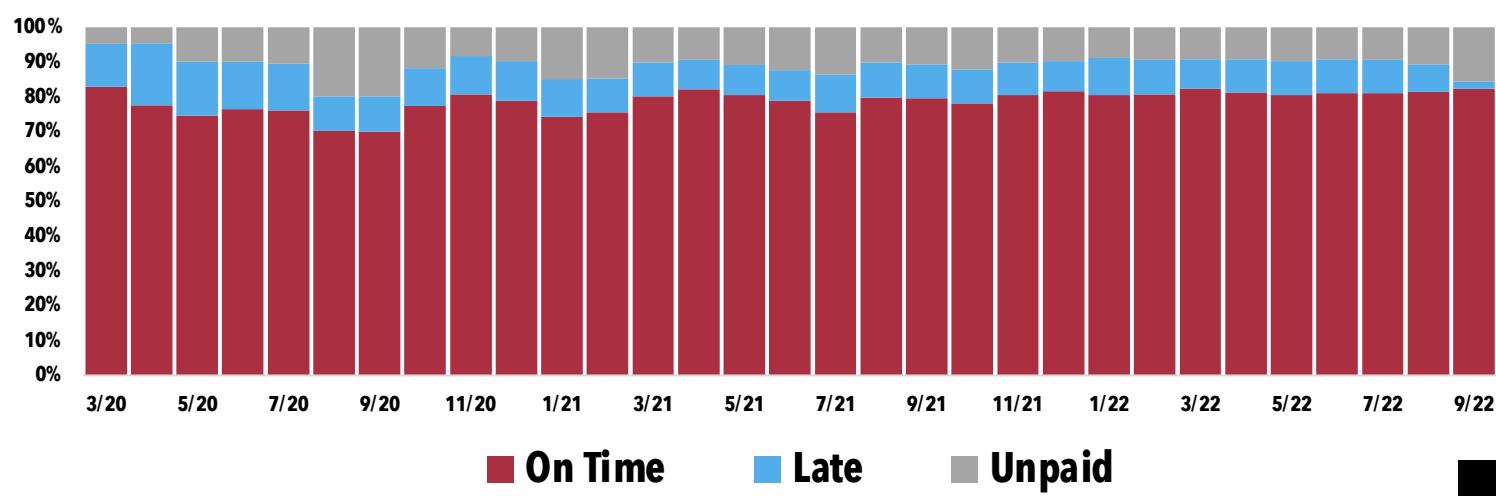
The on-time payment rate for apartments in Small Multifamily properties (5-49 units) averaged 82.3% as of the preliminary September 2022 estimate. The September on-time payment reading represents an increase of 88 bps from the month prior—the most significant one-month improvement of the three tracked property types. Measured year-over-year, the September 2022 on-time payment rate is up by 271 bps.

Through September 15<sup>th</sup>, 2.0% of units in Small Multifamily properties have paid their rent late, while another 15.7% have yet to make their full payment. Chandan Economics forecasts that the late-payment rate for Small Multifamily units in September will rise to 10.3% over time, with the full-payment rate settling at 92.6%.

	August 2022	September 2022 First Estimate
On-Time Payment Rate	81.4%	82.3%
Month-over- Month Change	+40 bps	+88 bps
Year-over-Year Change	+167 bps	+271 bps

## Small Multifamily Rentals

Independent Landlord Rental Payment Tracker



## About This Report

The Independent Landlord Rental Performance report is a real-time look at how well non-institutional operators are collecting owed monthly rental payments. Utilizing data provided by property management software RentRedi, these findings have a reduced sample size of 40,687 units, which are analyzed and reported by Chandan Economics. Where sample size quality meets sufficient reporting standards, data are offered from March 2020 forward, and new trends and analyses are reported monthly. Performance trends are discussed nationally, as well as along the lines of residential property type and geography.

Notably, these data track a segment of landlords that are underrepresented in leading market samples. For example, while the National Multifamily Housing Council's (NMHC) Rent Tracker holds an unmatched sample size (11+ million), it represents exclusively the professionally managed segment of the rental housing sector. Data contained within this report offer a contrasting set of statistics that may allow investors, brokers, academic researchers, and policymakers a benchmark to compare the performance and health of independent landlords against institutional operators tracked by NMHC.

## About: Chandan ECONOMICS

[Chandan Economics](#) is an economic advisory and data science firm serving the commercial real estate industry. The firm's primary businesses include real estate data science (REDS), economic & market research, and litigation consulting.



[RentRedi](#) is a property management software that saves landlords time & money by empowering them with tech to manage their rentals—all from the palm of their hand.

For landlords, RentRedi provides all-in-one web and mobile apps to collect rent, list & market vacancies, find & screen tenants, sign leases, and manage maintenance & accounting. RentRedi has partnered with platforms including Plaid, REI Hub, Latchel, TransUnion, TSYS, Sure Insurance, and Realtor.com, and Doorsteps to create the best experience possible.

For tenants, RentRedi's easy-to-use mobile app allows them to pay rent, set up auto-pay, report rent payments to credit bureaus, prequalify & sign leases, and submit maintenance requests



## Methodology

Data are reported on a forward basis from March 2020 through September 2022 (current reporting period). As of the latest month of data availability, the reduced unit sample size totals 40,687. Rent charges are measured on a 15th-to-15th of the month basis. Rent charges that are issued after the 15th of the current month are treated as a rent charge for the following rent-tracking period. (E.g., a rent charge sent on May 16th would be treated as a charge corresponding to June's owed rental payment.)

Only charges designated as "rental income" are included for analysis. Rent charges below \$500 and above \$10,000 are excluded from this analysis.

Units that have not paid any form of rental income (full or partial) in the previous 60 days at the time a new rental charge is issued are removed from the sample tracking sample. Unpaid units refer to all units that have yet to fully satisfy their owed rents for a collection period. These unpaid units include units that have only partially paid their rent. As a means of reporting standardization, units with more than one monthly rent charge (E.g., rent paid weekly) are removed from the rent tracking sample.

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