

National Landlord Association Single Family Rental Industry Report 2018





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Introduction:

Single-family rentals have become a significant part of the U.S. economy, with signs of even more growth in 2019. The estimated combined value of single-family homes in the U.S. is approximately \$36 trillion, making it the largest asset class. While the single-family rental market only makes up approximately 15% of the total home market, the 23 million single-family rentals in the U.S. represent one of the largest groups of small businesses, with an estimated 14 million landlords overseeing these properties.

Companies have recently taken to investing in single-family rentals, which include "iBuyer" programs. Zillow, Keller Williams, and more have reportedly been experimenting with new technology and information for direct purchasing. Starwood Waypoint Homes and Blackstone's Invitation Homes are some of the larger institutions investing directly in single-family rentals, with a mix of property management and holdings. New companies like Bungalo are also raising money in order to buy single-family rentals directly for the purpose of renting. Institutional investors, though increasingly engaged in the industry, make up less than an estimated 2% of all single-family rentals.

The largest owner of single-family rentals in the U.S. is the "individual," with an estimated 72% self-managing. In addition to those self-managing their rentals, a large portion of people surveyed have an arrangement with a realtor, friend, or family member for partial management of their rental, and therefore still classify themselves as an active participant in managing their rentals. Single-family rental property managers are also a growing segment of the market, as companies look to create value through property management.

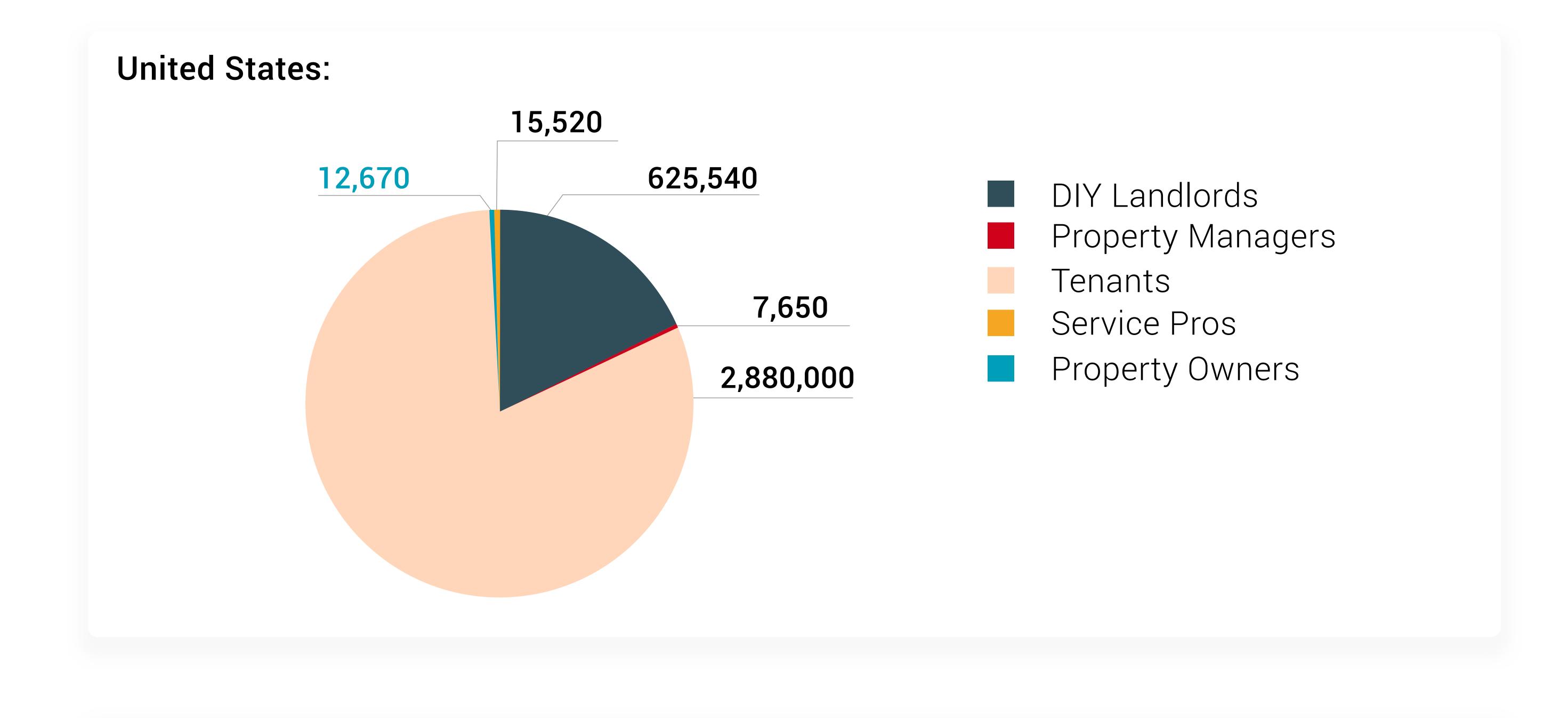
This report focuses on the non-institutionally owned single family rental market within the U.S.

The National Landlord Association, in conjunction with the top four leading brands in the DIY property management software industry, have assisted in compiling this report. They are the premier leading cloud-based property management software solutions with the largest collection of single-family rental data in the U.S. The companies' solutions are used in over 60 countries and in over 12,000 U.S. zip codes.

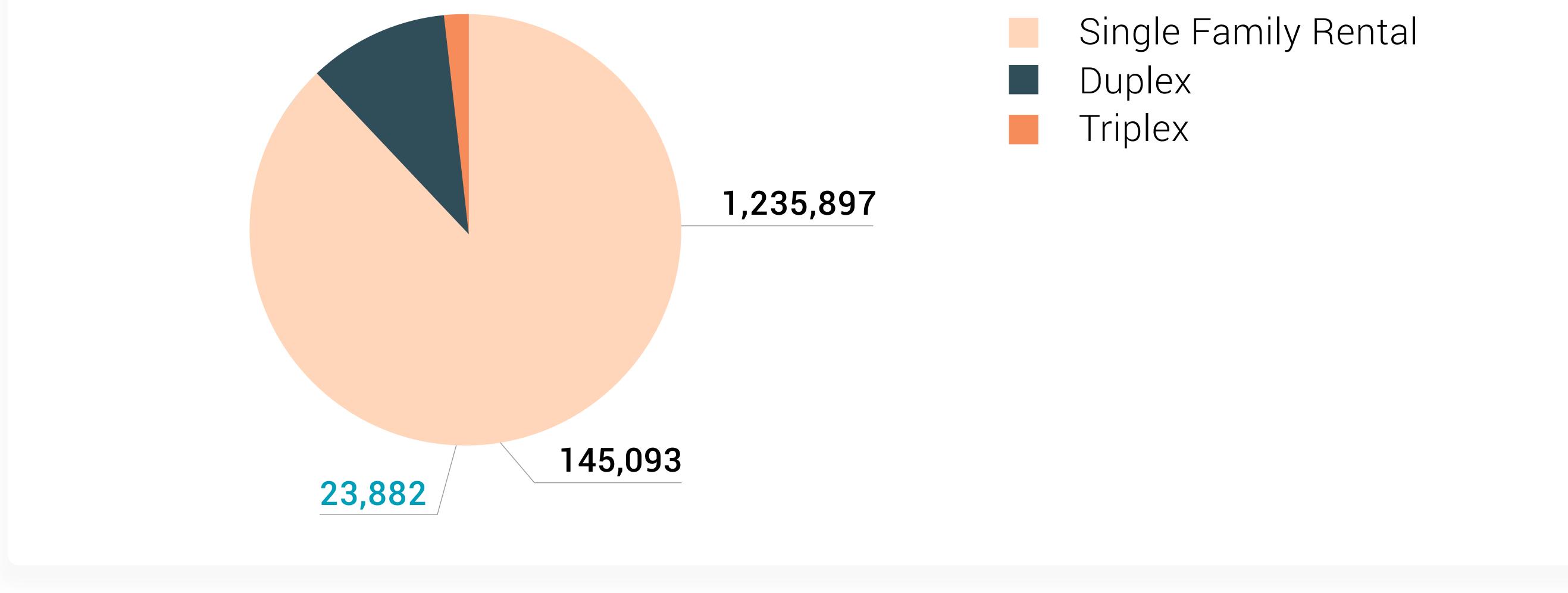
For the purposes of this report, DIY Landlords are those who self-declare that they manage their own properties, while Property Managers are those who are managing Property Owners' rentals for them. Tenants can be both roommates of other tenants and individual renters. A Service Pro is an individual providing service to other users.

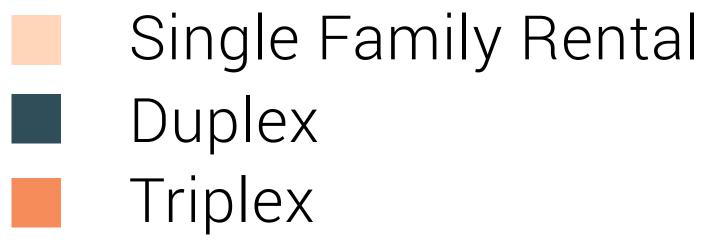


Number of aggregate software users and individual members for compiling this report



Types of Properties:



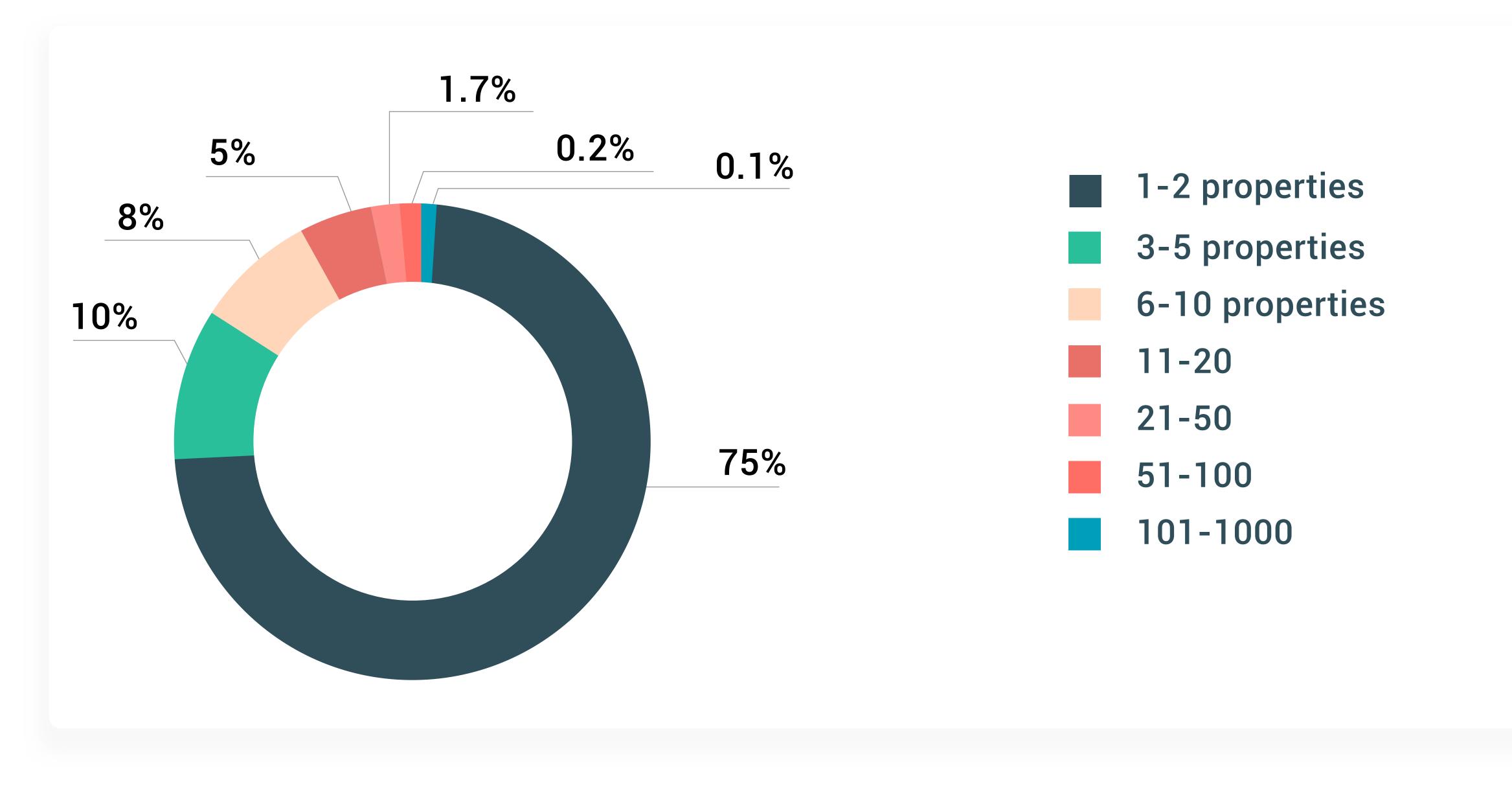


Landlords and property managers of single-family rentals are becoming increasingly technologically savvy as they look to find more tenants and manage more properties. The number of properties managed by users shows that the largest portion of rentals managed

are typically under five properties.



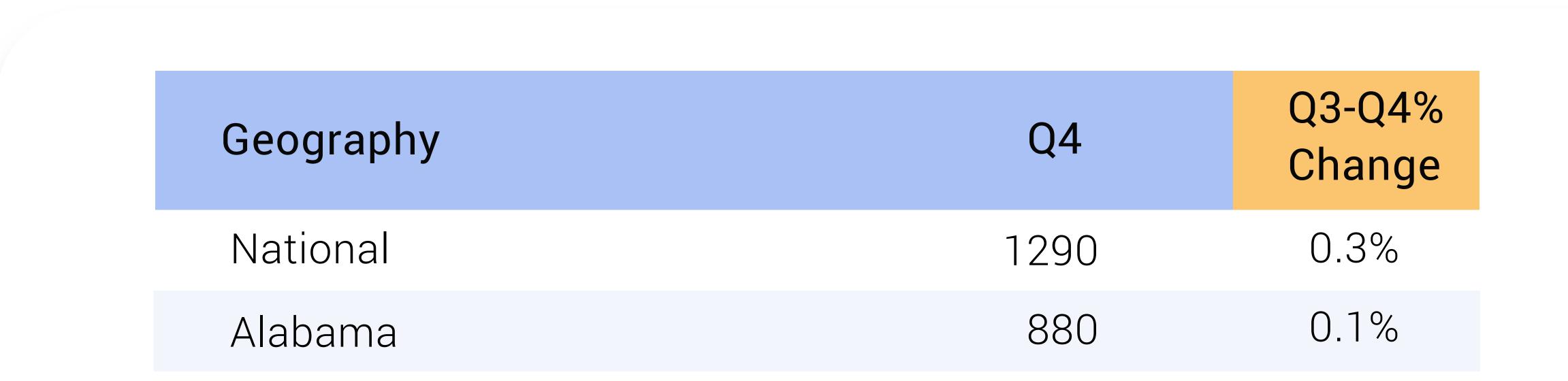
Number of properties managed per user:







The U.S. has seen some unprecedented rent prices across the country, but average increases are slowing down. Only one state, Oklahoma, had a negative rent increase.



Alaska	1596	0.5%
Arizona	1248	0.1%
Arkansas	835	0.4%
California	2446	0.1%
Colorado	1831	0.4%
Connecticut	1660	0.2%
Delaware	1316	0.4%
Florida	1515	0.1%
Georgia	1157	0.1%
Hawaii	2261	0.2%

Idaho	1150	0.2%
Illinois	1323	0.1%
Indiana	992	0.5%
lowa	924	0.1%
Kansas	932	0.1%
Kentucky	953	0.1%
Louisiana	1101	0.3%
Maine	1336	0.2%
Maryland	1689	0.3%
Massachusetts	2136	0.5%
Michigan	995	0.4%





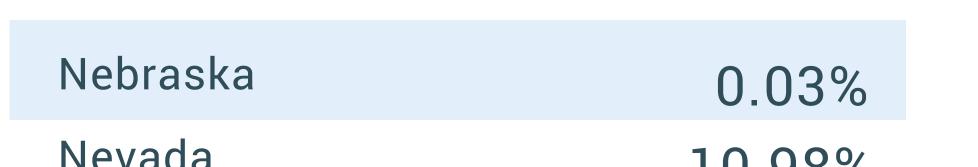
Geography	Q4	Q3-Q4% Change
Mississippi	963	0.5%
Missouri	911	0.3%
Montana	1077	0.5%
Nebraska	1120	0.1%
Nevada	1353	0.3%
New Hampshire	1660	0.3%
New Jersey	1933	0.4%
New Mexico	1078	0.5%
New York	1911	0.3%
North Carolina	1091	0.4%
North Dakota	1173	0.1%
Ohio	988	0.3%
Oklahoma	822	-0.1%
Oregon	1550	0.2%
Pennsylvania	1127	0.1%
Rhode Island	913	0.5%
South Carolina	1102	0.1%
South Dakota	1077	0.5%
Tennessee	1038	0.1%
Texas	1357	0.0%
Utah	1439	0.1%
Vermont	867	0.0%
Virginia	1335	0.4%
Washington	1720	0.5%
West Virginia	768	0.1%
Wisconsin	987	0.1%
Wyoming	994	0.5%





Rural areas also showed some differences in comparison to urban areas. Data was compiled based on municipalities of 50,000 in population as the divider for urban and rural areas. The below table shows the percentage difference in rural rent as compared to urban for each state based on zip codes within areas of municipalities that have 50,000 in population or more.

Geography	Percentage Difference
All States	0.06%
Alabama	0.45%
Alaska	0.03%
Arizona	-0.61%
Arkansas	1.34%
California	-11.42%
Colorado	31.16%
Connecticut	-14.33%
Delaware	6.91%
Florida	21.22%
Georgia	1.55%
Hawaii	24.07%
Idaho	0.05%
Illinois	21.50%
Indiana	-16.25%
lowa	0.07%
Kansas	55.41%
Kentucky	0.07%
Louisiana	10.06%
Maine	0.07%
Maryland	-9.19%
Massachusetts	-8.05%
Michigan	-13.52%
Minnesota	-15.47%
Mississippi	0.07%
Missouri	19.52%
Montana	0.62%



Nevada	-10.98%
Alaska	0.01%
Arizona	-0.61%
Arkansas	23.88%
California	30.17%
Colorado	24.61%
Connecticut	21.20%
Delaware	6.91%
Florida	21.22%
Georgia	-13.67%
Hawaii	-0.10%
Idaho	-5.77%
Illinois	0.12%
Indiana	0.20%
lowa	0.45%
Kansas	0.13%
Kentucky	21.54%
Louisiana	-3.97%
Maine	17.04%
Maryland	0.25%
Massachusetts	62.58%
Michigan	60.28%
Minnesota	0.04%
Mississippi	0.28%
Missouri	0.03%



Transactions:

Compiled payment data represents payments accounted for by tenants and landlords in the U.S. through online payment services. Transactions are limited to rent payments, but often a rental will include utilities or even late payment invoices. The amount of each transaction is exclusive to rent payments.

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Check	765,456	744,822	743,223	741,640	730,524
Cash	24,322	24,808	25,801	25,285	25,790
Cashier's Check	245,129	233,129	221,008	208,015	214,913
Credit Card	7,410	7,243	7,076	6,909	6,742
Electronic Financial Transfer (EFT)	6,809	9,420	12,790	13,920	15,822
Automatic Clearing House (ACH)	9,044	14,006	18,732	23,683	27,683
	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Check	\$3,578,328,677	\$3,556,128,690	\$3,523,286,301	\$3,512,722,434	\$3,498,328,678
Cash	\$125,609,993	\$123,364,754	\$129,585,711	\$127,654,508	\$130,609,994
Cashier's Check	\$1,219,212,348	\$1,217,600,621	\$1,216,377,279	\$1,215,143,035	\$1,218,566,378
Credit Card	\$31,809,223	\$32,445,407	\$32,769,862	\$33,163,100	\$33,660,546
Electronic Financial Transfer (EFT)	\$28,176,133	\$39,014,300	\$52,387,395	\$58,139,286	\$65,904,000
Automatic Clearing House (ACH)	\$43,234,555	\$66,234,555	\$89,234,555	\$112,234,555	\$132,038,816

The national average grace period for late payments was 4.8 days, with all states falling within a four- to five-day window when averaged as a state. For reporting, we state that the grace period is five days, and therefore a late fee is not assessed until the sixth day. There is a notable trend change in the fourth quarter of 2018, as tenants pay rent a few days later than the previous quarter.

Percentage of rent paid early, on time, and late:

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Rent Paid Early	7.80%	7.60%	7.80%	7.50%	7.10%
Rent paid on time or within grace period	58.00%	57.20%	65.40%	56.00%	55.10%
Rent paid within 6-11 days of grace period	12.40%	12.80%	13.30%	14.00%	12.10%

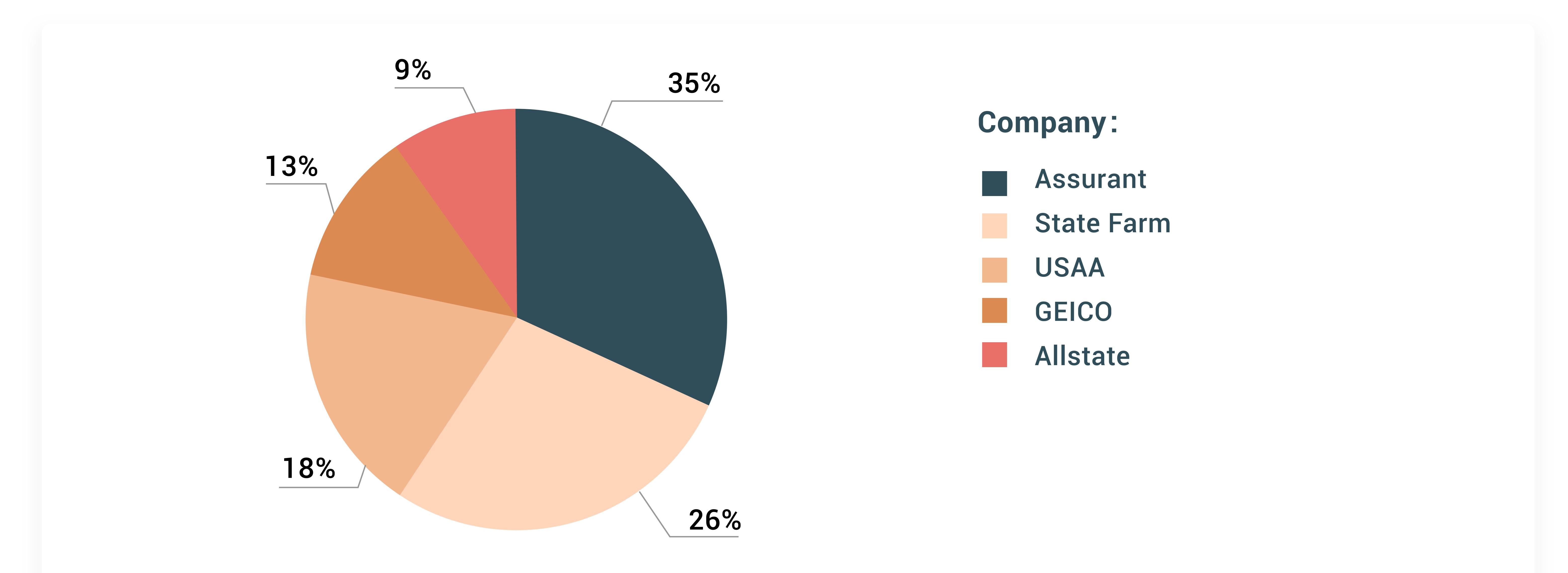
grade period			

Rent paid within 12-31 days after due date	16.10%	16.30%	16.70%	17.00%	16.30%
Rent paid over 30 days late	3.50%	3.60%	3.90%	4.00%	4.10%
Rent outstanding	1.90%	2.10%	1.90%	2.00%	1.90%

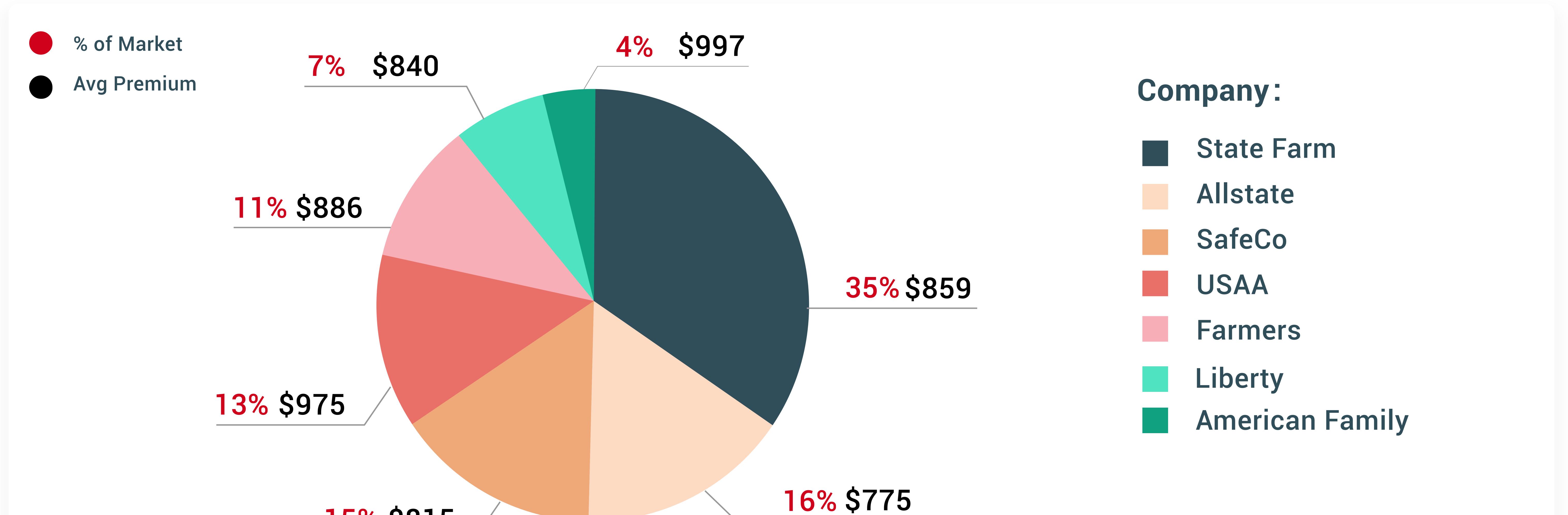


Insurance:

Based on information gathered from the top five renters insurance companies that provide policies to tenants, managed through partner sites.



Landlord insurance was a bit different with State Farm as the majority provider.





We also looked at the insurance premiums by state and saw there were some large differences.



Avg Property Insurance Pmt by State

STATE



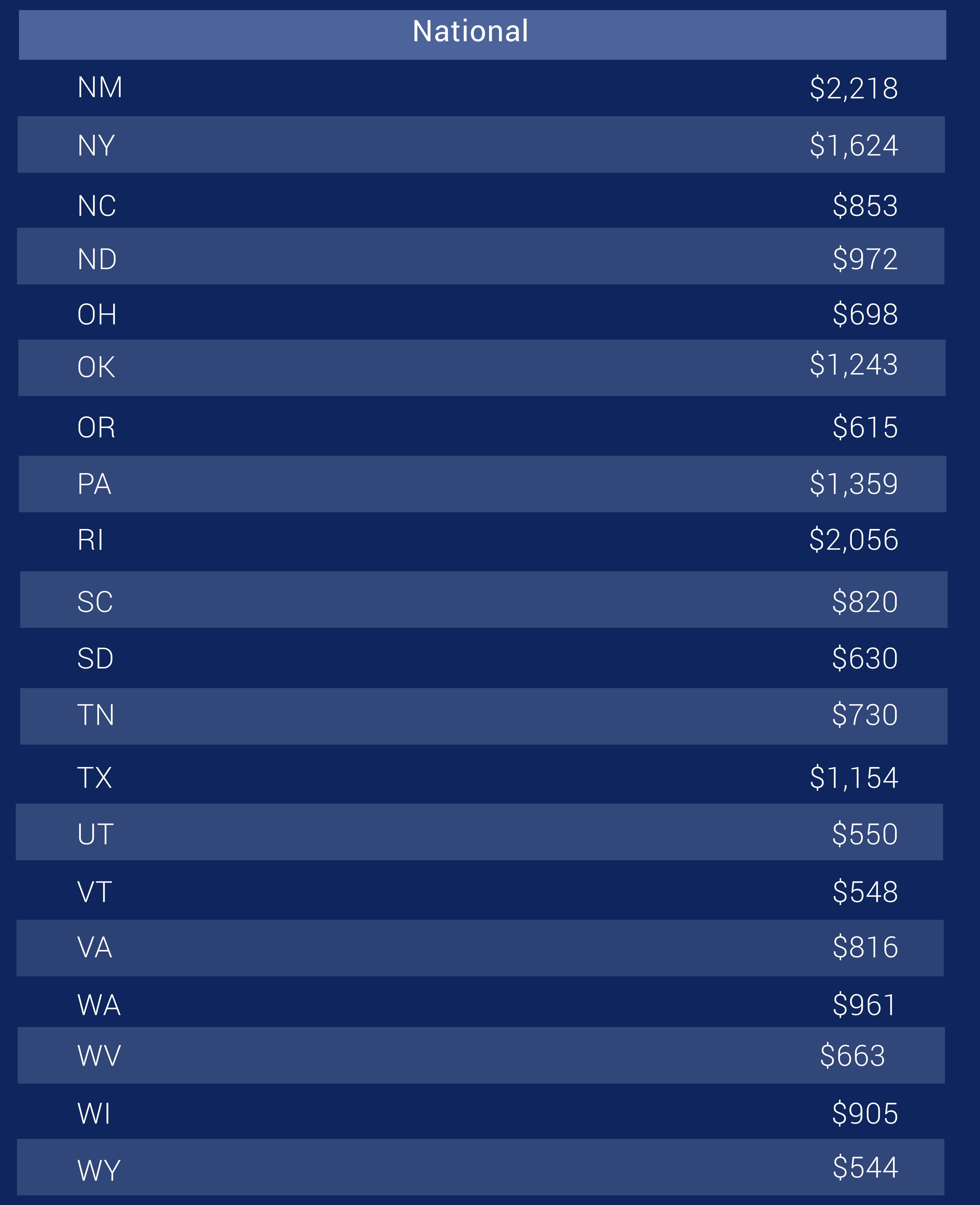
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KS	\$668
ΚY	\$742
LA	\$1,400
ME	\$2,308
MD	\$773
MA	\$1,724
MI	\$693
MN	\$1,812
MS	\$519





Avg Property Insurance Pmt by State

STATE



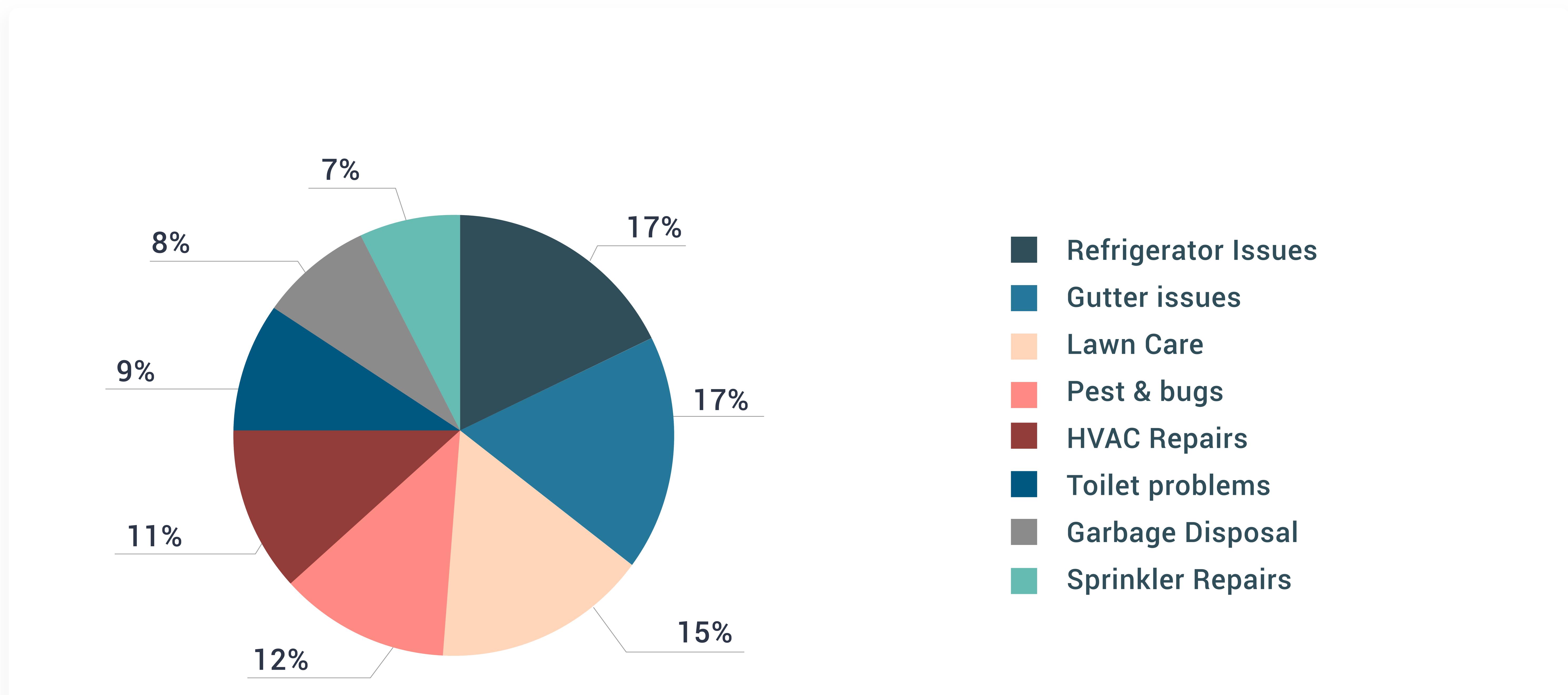




Maintenance and Repairs

A major part of self-managing a rental is addressing the maintenance requests that are submitted by tenants. Below are the most commonly submitted requests by category and description of the problem.

Top Maintenance Request General Issues:





Top Maintenance Requests by Description

1 Sink is leaking

2 Toilet keeps running

3 Lights aren't working

4 Ceiling fan is humming

5 Air Conditioner isn't working right

6 Windows need cleaning

8 Shower is leaking

9 Unit isn't clean

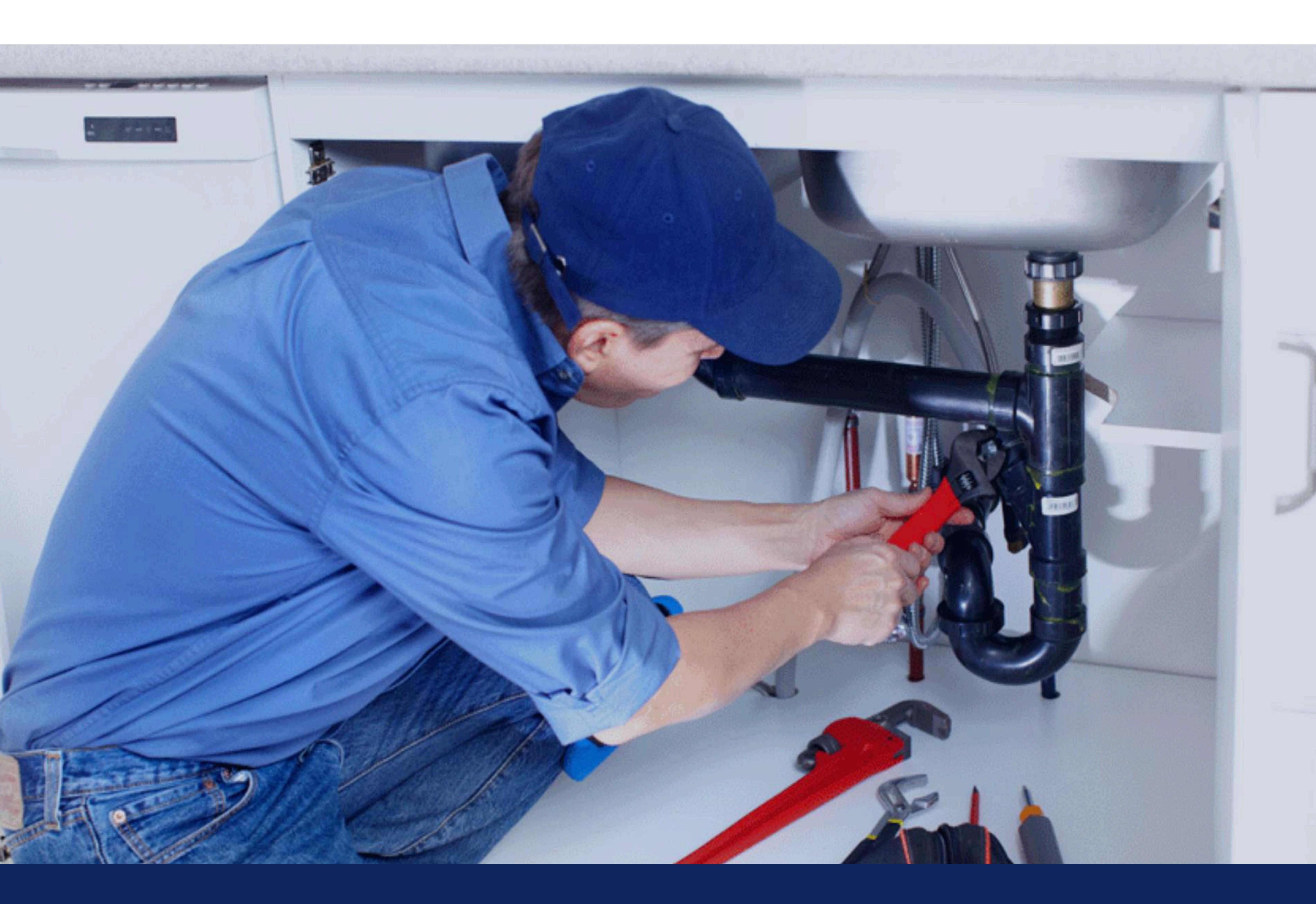
10 Floor needs cleaned

11 Faucet is leaking

12 Roof is covered in leaves

13 Heater isn't working

7 Air filter needs changing

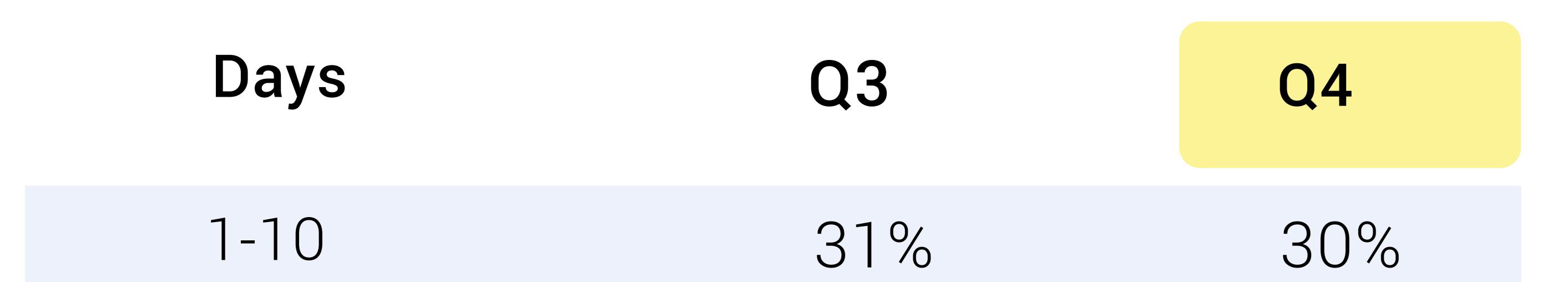




Listings

There seems to be a slight slow-down in rentals available, as demand remains high. Peak rent prices with a longer time on the market might help lower or slow rent prices.

Days on Market



19%	17%
15%	15%
14%	14%
9%	10%
8%	10%
4%	4%
	15% 14% 9% 8%

Applications per listing stayed flat, but average day on the market extended slightly. The national vacancy rate for single-family rentals remained substantially high overall, but dropped slightly from that of the third quarter.

Activity Type	Q3	Q4
Applications per listing	2.9	2.9
Averege days on market	23.5	24.2
National vacancy rate	3.8	3.9

Most pet-friendly states:

Pets are a growing trend with all states, and rental listings that allow pets increased by 10% year over year. Below is a breakdown of the most pet-friendly states, with Colorado, Mississippi, and Wyoming taking the top spots. Texas is notable, since the number of listings was nearly four times that of the other top states.

State	% Allow Pets	State	% Allow Pets
CO	14%	LA	6%
MS	13%	NC	6%
WY	12%	MT	5%
ND	11%	GA	5%
TX	9%	ОH	5%
KS	9%	AК	5%
IA	8%	AR	5%
OR	8%	MN	5%
	8%	NH	5% 50/
WA	8%		5% 5%
AZ	8%	RΥ PA	5% 4%
λλ	8%	SC	4%
ΛI		ID	4%
AL	8%	UT	4%
3D	7%	NM	4%
MI	7%	MD	4%
	7%	WI	4%
ОK	7%	DC	4%
CA	7%	ME	3%
NE	6%	NY	3%

NE	6%	NJ	3%
VT	6%	MA	3%
MO	6%	CT	2%
IN	6%	RI	2%
	U /o	WV	2%
NV	6%	DE	2%



Appliances

Below is a list of appliances used based on brand and sorted by appliance type:

Fridge
Frigidaire
Whirlpool(Roper)
GE
Kenmore
Samsung

Clothes Washer

Whirlpool

Dishwasher Whirlpool GE(Hotpoint)

Frigidaire Bosch Kenmore

Whirlpool

Clothes Dryer

Stove

GE (Hotpoint) Whirlpool (& Roper) Frigidaire Kenmore Amana

Air Conditioner

Zamil

GE	GE	LG
Kenmore	Maytag	York
Maytag	Samsung	Goodman
LG		Carrier

Since the refrigerator was the most common maintenance request, we decided to dig deeper into what type of refrigerator had the least number of maintenance requests when compared across equal time periods. All refrigerators that were bought in the same year were then compared.

Our conclusion? The GE Hotpoint refrigerator had the least number of maintenance requests over the last four years.

We also looked to see which refrigerators were in service the longest, regardless of

maintenance request issues. Whirlpool took the top spot as being the oldest refrigerator still in operation; however, we don't know if the refrigerators were purchased new or used. We also don't know how much maintenance the refrigerators received over that time.

Financing

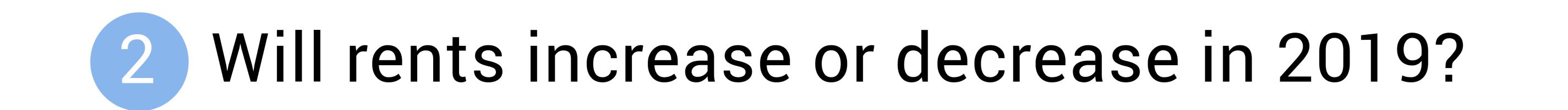
Financing of single-family rentals is very diverse, with the major names in lending taking the top spots.

Lender	Average Rate	Avg. Tenure (years)	Average Down Payment%
BB&T	4.39%	17.8%	12.10%
Bank of America	4.21%	28.21%	12.50%
Chase	4.45%	24.16%	13.9%
Quicken Loans	4.35%	28.75%	14.2%
US Bank	4.10%	22.5%	15%
USAA	3.86%	29.4%	21%
Wells Fargo	4.66%	26.3%	12%
"Private Lender"	6.30%	3.6%	2.10%

Surveyed landlords: 50,000 invites to respond to survey, with 9,221 respondents.



- a. Stronger rental market 51%
- b. Weaker rental market 16%
- C. Unsure 33%



a. Rents will go up 53%

b. Rent will go down 9%

c. Stay the same 38%





- a. Rates will increase 81%
- b. Rates will decrease 2%
- C. Stay flat 17%

4 Will you be selling or buying rental properties in 2019?

- a. Considering selling my rental 9%
- **b.** Considering buying more rentals **55%**
- C. Neither 36%

5 Do you feel optimistic about being in the rental business for the next five years?

a. Optimistic about the future of rentals 84%

b. Pessimistic about the future of rentals 11%

c. Neither 4%







