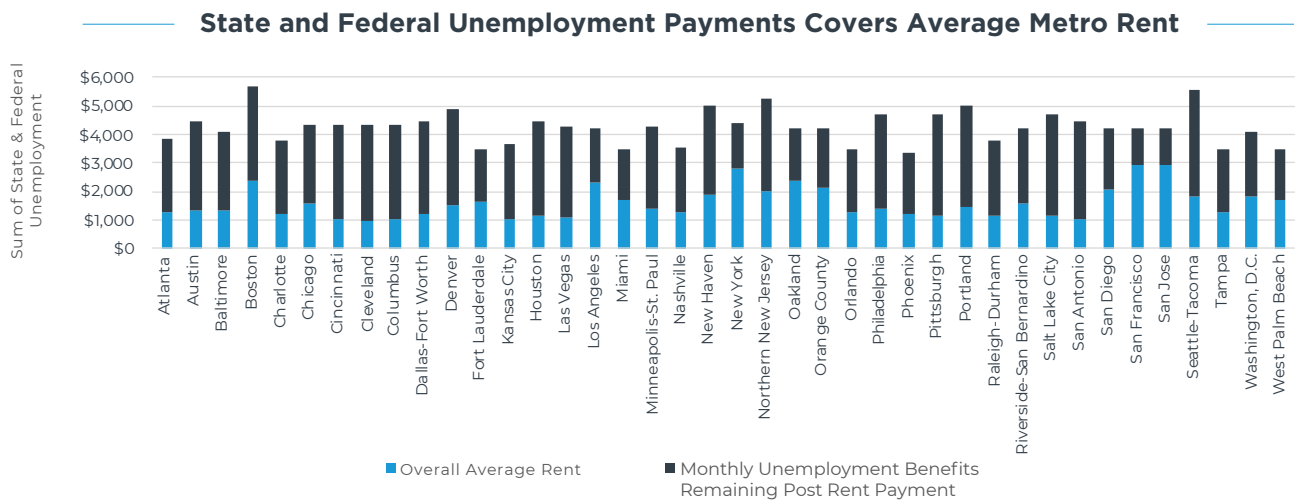


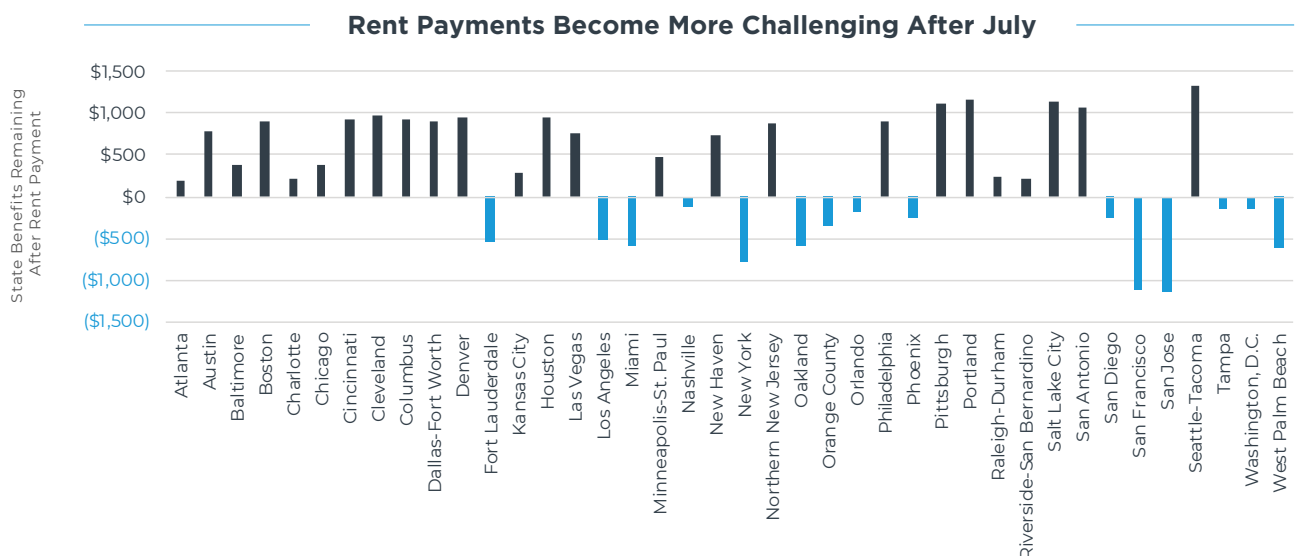
What's in Store for Multifamily Rent Collections After Federal Unemployment Compensation Ends in July?

Unemployment claims surged by 33 million from March to the beginning of May as the COVID-19 pandemic spread across the nation. Due to the severity and rapid slowing of the economy, the federal government under the CARES Act has begun providing an additional \$600 per week in expanded unemployment compensation to those receiving state unemployment benefits. Under the current legislation, the expanded unemployment compensation will be available through July 31st.

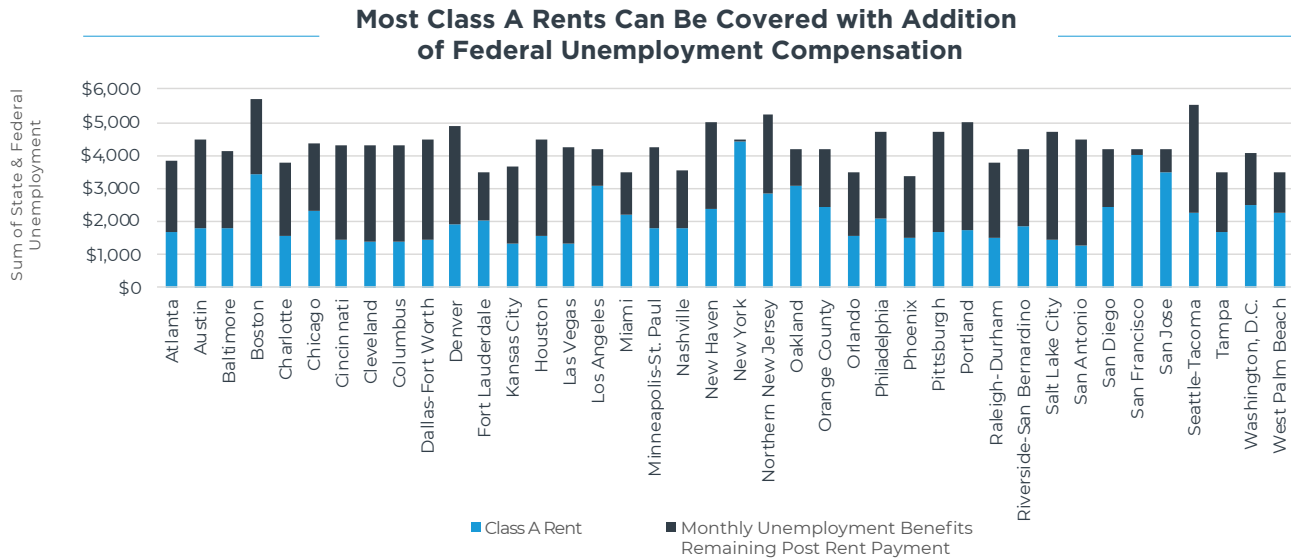
We compared the average multifamily rents in 40 major metros across the nation against maximum state unemployment benefits combined with and without additional unemployment benefits provided by the CARES Act. The analysis shows that a tenant receiving the maximum state unemployment benefit plus the expanded unemployment funds from the CARES Act would have enough funds to cover their monthly rent and have sufficient funds to cover their other living expenses.



Once the federal unemployment benefits stop at the end of July, tenants ability to cover their monthly rent commitment changes by metro. Tenants in 15 metros won't be able to cover their average monthly rent payments with the maximum state benefits alone. In addition, tenants in eight metros would have less than \$500 left for living expenses after paying their monthly rent.



When analyzing Class A apartment communities, tenants collecting both state and federal unemployment benefits would be able to meet their monthly rent obligation and still have funds left over for living expenses in most major metros, except in New York City, San Francisco and to a lesser degree in San Jose.



Tenants currently receiving both state and the addition federal unemployment compensation appear to be positioned to cover their monthly rent and living expenses. However, once the weekly \$600 federal unemployment compensation payments stop at the end of July, the fiscal situation will change significantly for many households depending on the metro in which they live.

The ability and speed of the economy to begin growing again needs to be watched closely by owners and property managers with the end of July squarely in focus as to what the potential impact to their collections could be in the months that follow.

Source: IPA Research Services, Real Page, Inc.

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