

Study: Seattle-area apartment owners missed out on \$23M in rent early in pandemic

According to a new study, Seattle-area apartment owners missed out on \$23 million in rent in May.

It's estimated that in May alone, apartment owners in the four-county Seattle metro region likely didn't collect more than \$22.6 million in unpaid rent due to coronavirus-caused unemployment.

In King County, Seattle was most affected, with over \$14.5 million in lost revenue, according to modeling by Commercial Analytics of Seattle. Estimated impacts on the Eastside and South King County were nearly \$4 million and \$3.5 million, respectively.

Seattle For Growth, a nonprofit that promotes policies to increase the stock of housing, commissioned the study. The group has been advocating for cash relief for households suffering from job losses caused by government shutdowns.

Seattle For Growth Director Roger Valdez said the U.S. Centers for Disease Control and Prevention has banned any rental assistance, and that state and county governments are making help hard to get, and will cover only 80% of unpaid rent.

"What this survey shows is that the vast majority of people are paying rent, but many people need help," Valdez said in a press release. "State and local government should be acting fast to get resources to the people that need it most."

Commercial Analytics surveyed about 750 housing providers in King, Kitsap, Pierce and Snohomish counties, representing just over 22,300 units of rental housing.

Of the surveyed units, only 3.9% had not paid full rent as of May 15.

Separate from the study, 86% of households in Seattle Housing Authority properties paid rent in April and 89% in May, according to SHA spokeswoman Kerry Coughlin. By the third week in June, the numbers were back up to "very normal high numbers – 96.5%," she said.

Another housing provider, Bellevue-based HNN Communities, which has about 6,500 apartment units in Western Washington, has been "consistently surprised at how amazing our residents are doing paying their rent," Heidi Anderson, HNN resident relations manager, told the Business Journal.

Ninety percent of HNN households paid rent by the end of April, though that number declined in subsequent months, falling to 82% in August, she said.

The September delinquency numbers will be telling with federally enhanced unemployment benefits having expired at the end of July.

To determine non- or partial payment from rent rolls, Commercial Analytics analyzed each property's documents for units with unpaid rent and the delinquent rent amount. Commercial Analytics then followed up with property managers by email surveys or phone interviews to determine the reason of non- or partial payment.

The Seattle submarket showed the most delinquency, at 6.1%, followed by South King at 4.5%, Kitsap, 4.2%, and Pierce and the Eastside, both at 3.2%. Snohomish County's delinquency rate was 2.5%.

To determine the possible impact of rent delinquency, Commercial Analytics used two of its datasets: rents and apartment inventory. The company calculated an average rent per unit for each submarket, weighted by the frequency – or appearance – of rents in survey sample.

Commercial Analytics multiplied the delinquency factor to inventory of multifamily properties to estimate the units possibly delinquent in each submarket.

Of the 876 households that did not pay full rent as of May 15, 70% paid no rent, with the rest paying partial rent.

The most common reason (77.6%) for nonpayment was verified income loss due to unemployment because of the Covid crisis. Just over 15% gave no reason for not paying. The rest did not pay rent for reasons unrelated to the pandemic.