

As \$600 unemployment bonus expires, SA apartment analysts uncertain of its impact on market



By [Mitchell Parton](#) – Reporter, San Antonio Business Journal
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While the San Antonio apartment market's numbers have remained steady, industry experts remain skeptical about how the effects of spikes in the coronavirus, layoffs and the expiration of enhanced unemployment benefits could impact renters.

Some renters may have held off on moving during the pandemic or may not have been renewing leases due to layoffs. The region's occupancy did not see the typical slight uptick seen in summers of previous years, according to research from Houston-based data firm ApartmentData.com.

ApartmentData.com and CoStar data show the average rent bounced back to about where it was last summer. The average apartment was priced at \$984 per month in July, compared to \$985 last year, according to numbers from ApartmentData.com as of July 29.

This is most likely due to the boosted market activity seen beginning in June. The firm found a net absorption of 862 units in June and 1,300 in July.

“This more traditional absorption performance most likely contains some pent-up demand from April and May,” said [Bruce McClenny](#), president of ApartmentData.com.

Still, the average rent has stayed relatively flat since last summer, even throughout the health crisis, with the data firm's research showing its lowest point as \$974 in May.

"Through the crisis, there has been a lot of concerns about the ability to pay rent," [Jeanette Rice](#), Americas head of multifamily research for CBRE Group Inc., told the Business Journal. "But across the board, rent collections have held up across the country."

Data from CoStar Group Inc., which owns Apartments.com, found that search activity on its platform dipped substantially in mid-March, but it is now higher than it was before the pandemic. The number of concessions, such as discounts or bonuses, remained steady since February, between 30% and 40%. This number in July matches where it was in February.

"That speaks to the strong momentum San Antonio's apartment market experienced through most of the second quarter," CoStar Central Texas Economist [Sam Tenenbaum](#) said.

Analysts are hesitant to forecast market fundamentals through the remainder of the year, especially as the extra \$600 payments for unemployed Americans included in the CARES Act passed in March are set to expire Friday. The Republican stimulus proposal [introduced in the Senate Monday](#) would not include an extension of the \$600 weekly expanded benefits, instead allocating an additional \$200 per week.

"With that potentially going away or being replaced by something far less, the ability to make rent will look much different and could lead to a wave of evictions, which obviously would weigh on occupancy and rent," Tenenbaum said.

[David Lynd](#) is president and CEO of the San Antonio-based Lynd Co., which owns roughly 35,000 residential units across 16 states. He said that in such an unpredictable environment, market trends don't indicate what will happen next. Instead, he monitors what is going on in the news, especially with ongoing stories of layoffs in the service industry.

"What I do is I read every article, in every paper, in every publication I possibly can to understand how human beings are reacting to all this, because this is unlike something anyone has ever seen before," Lynd said.

Lynd called stimulus a short-term solution, saying employers need to find ways to bring back workers. He said the company's most expensive units are being leased and that it continues to collect rent, but he remains concerned about indicators in the industries that employ renters in its properties.

"All [stimulus] does is artificially prop up rent rolls, where you think you have an income stream that you don't have, because the jobs backing those don't exist and they're being paid by the government," Lynd said. "That's definitely a concern for me."

Rice said that while some developers have slowed construction of new properties, it is unlikely many have stopped entirely. She said that while demand for new multifamily development in San Antonio may be weakened through this year and next, she thinks its rapid economic growth in recent years will continue to attract investors.

"Institutional capital has been putting San Antonio on the map over the last five years," Rice said. "I think that will continue."