



Perspectives on Rental Housing

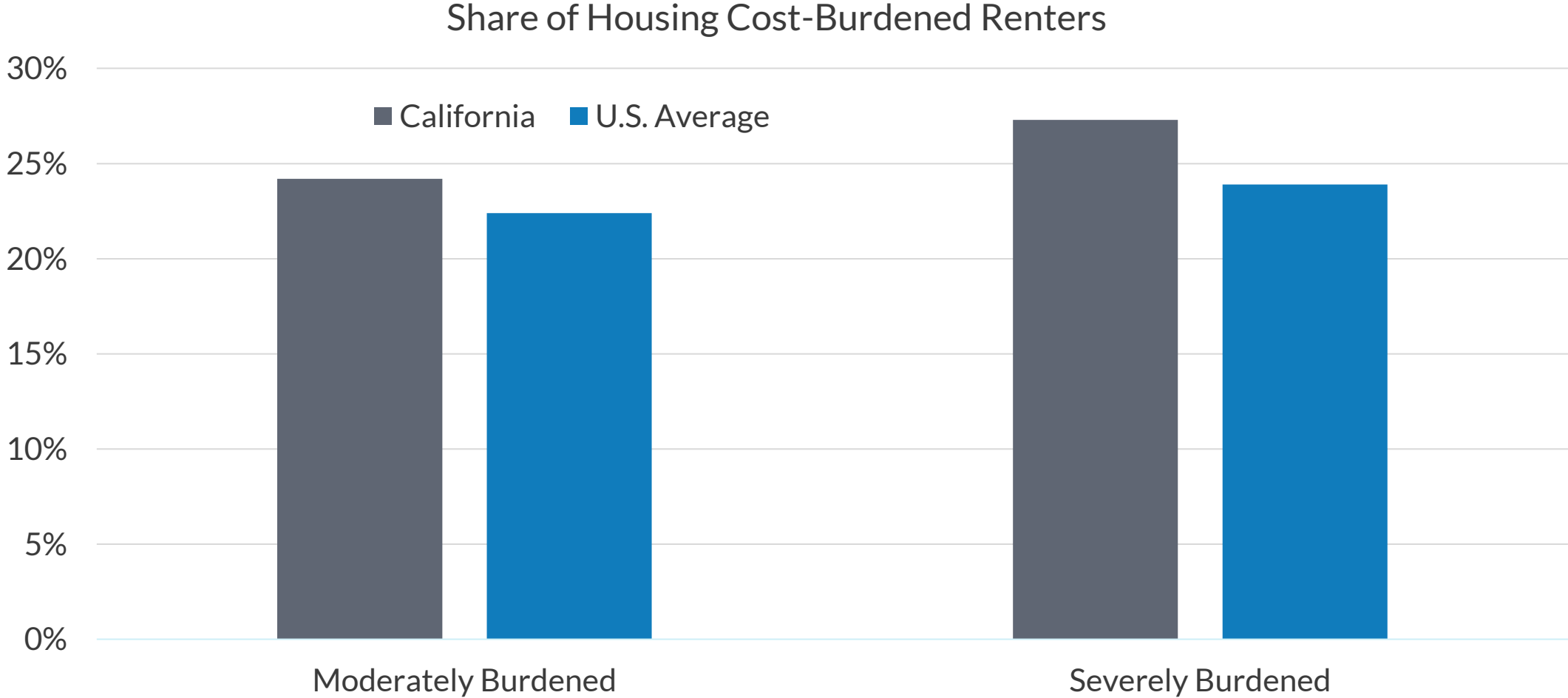
Jay Parsons, VP, Head of Economics, RealPage

Prepared for California Housing Finance Agency / March 2022



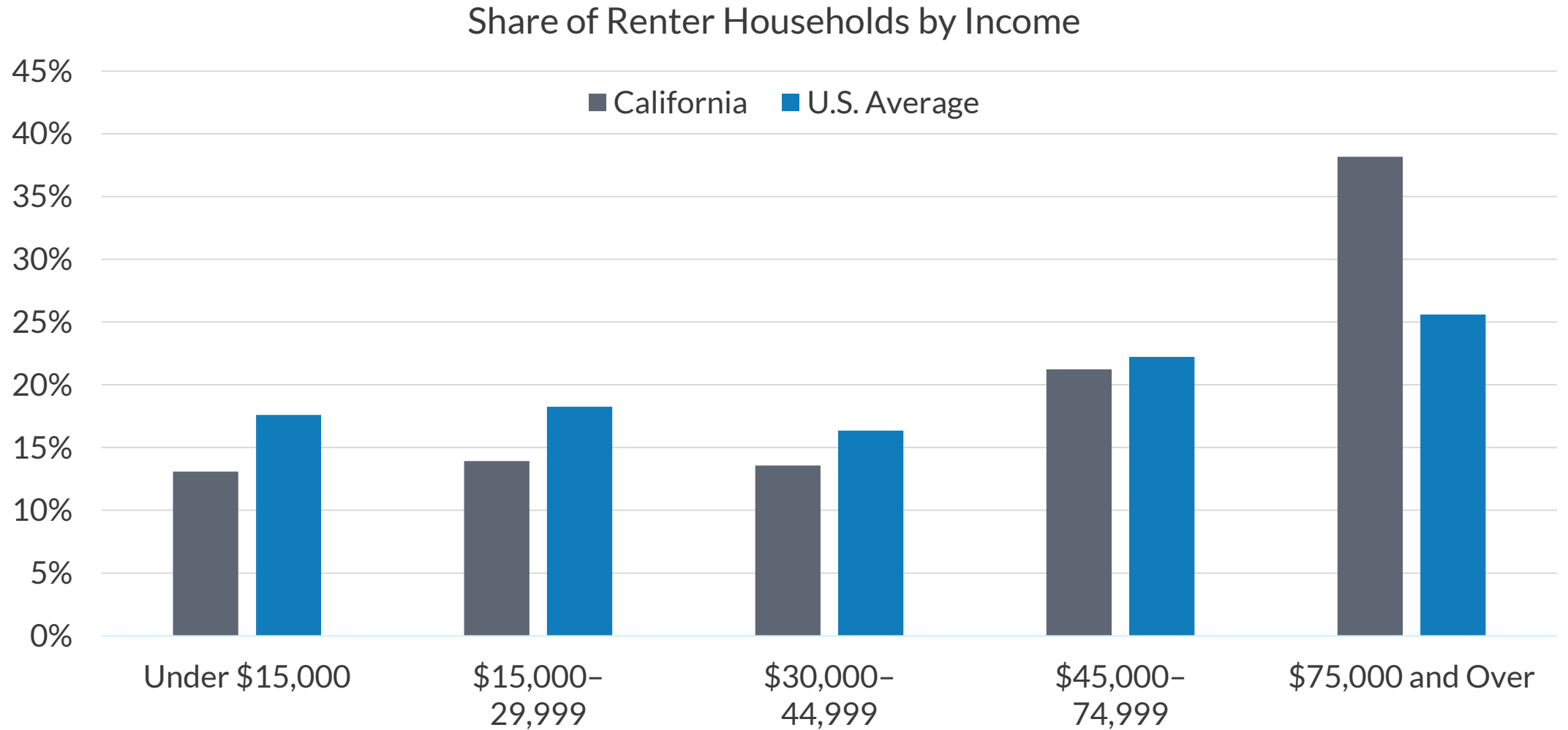
Rental Housing Markets

California Tops the National Average for Share of Cost-Burdened Renters



Source: Harvard Joint Center for Housing Studies

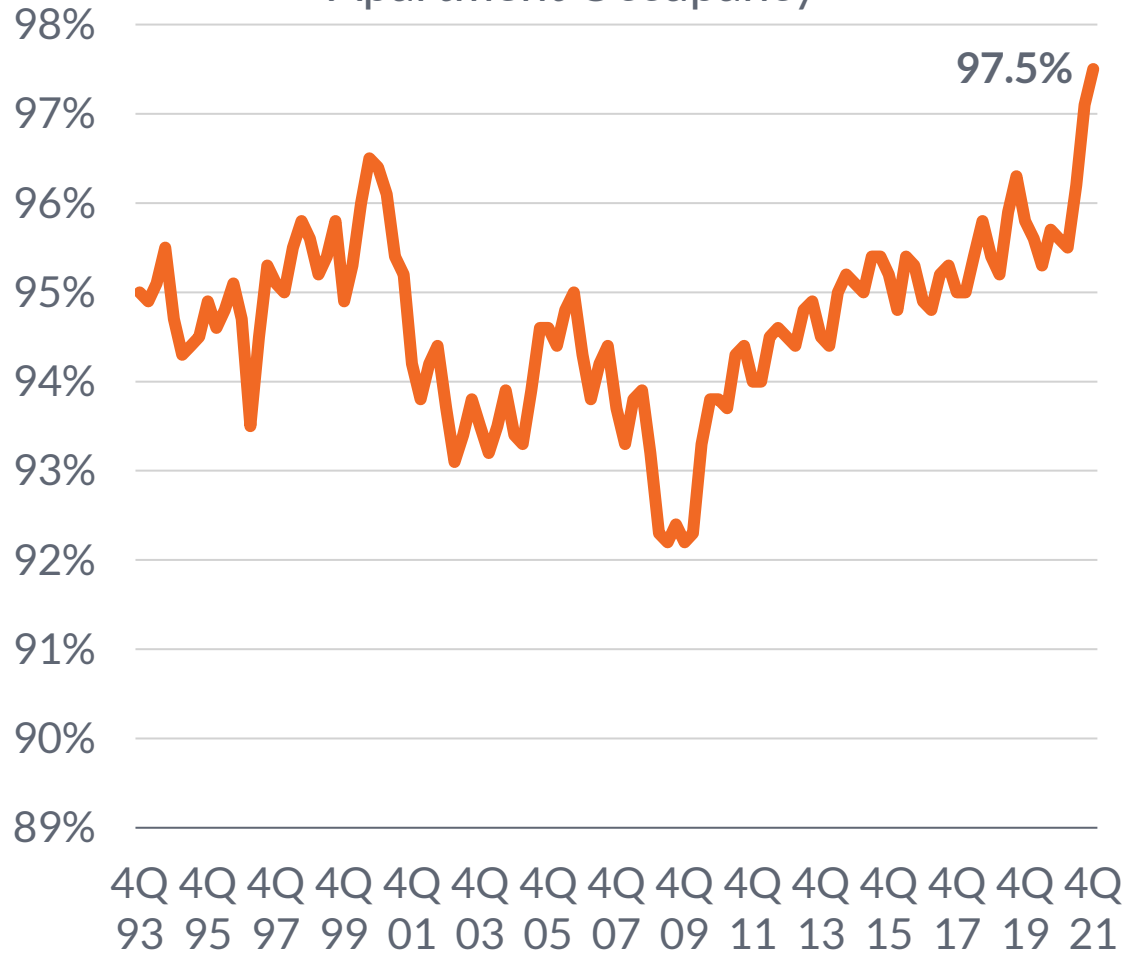
California has Nation's 2nd Largest Share of Upper-Income Renters



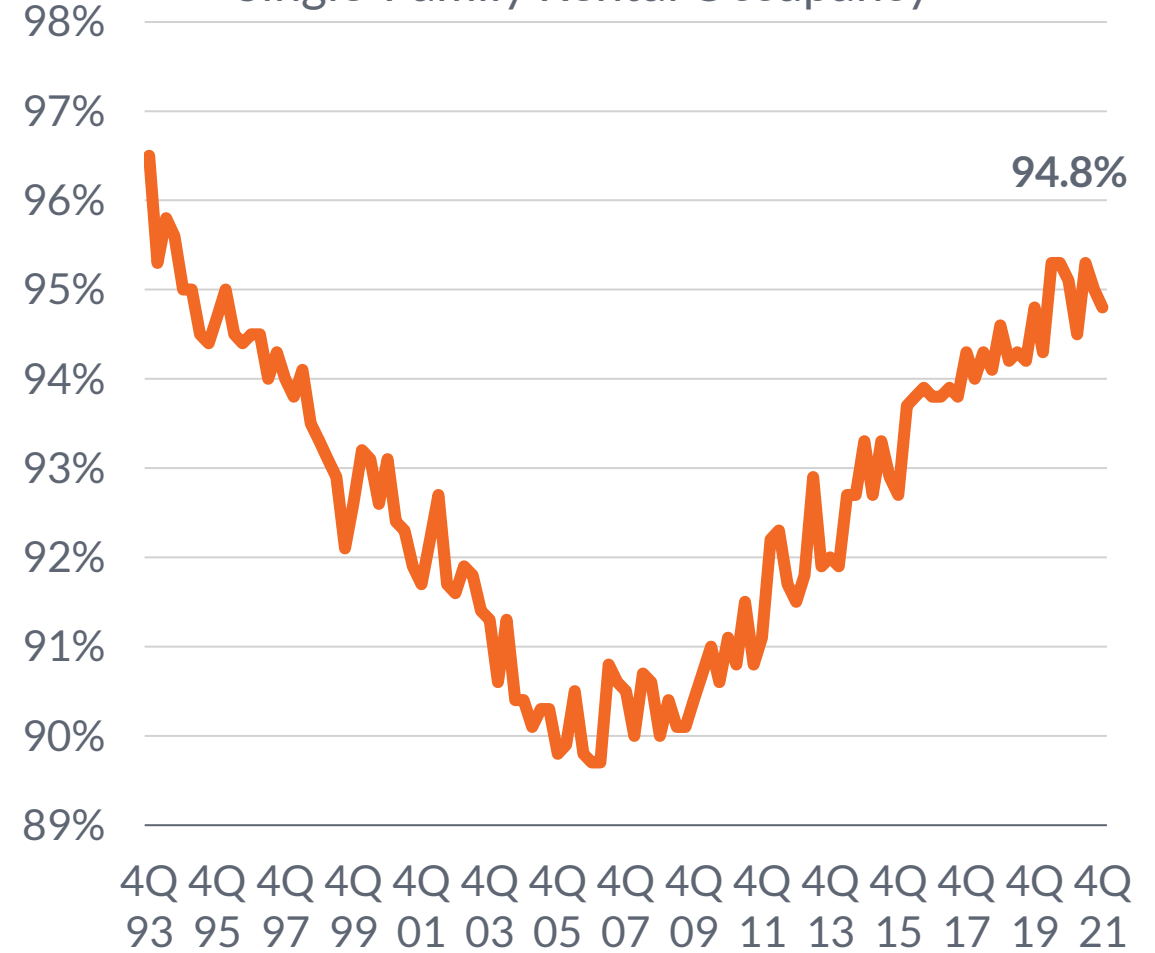
Source: Harvard Joint Center for Housing Studies

All Housing Types are Seeing Historically High Demand & Occupancy in 2021

Apartment Occupancy

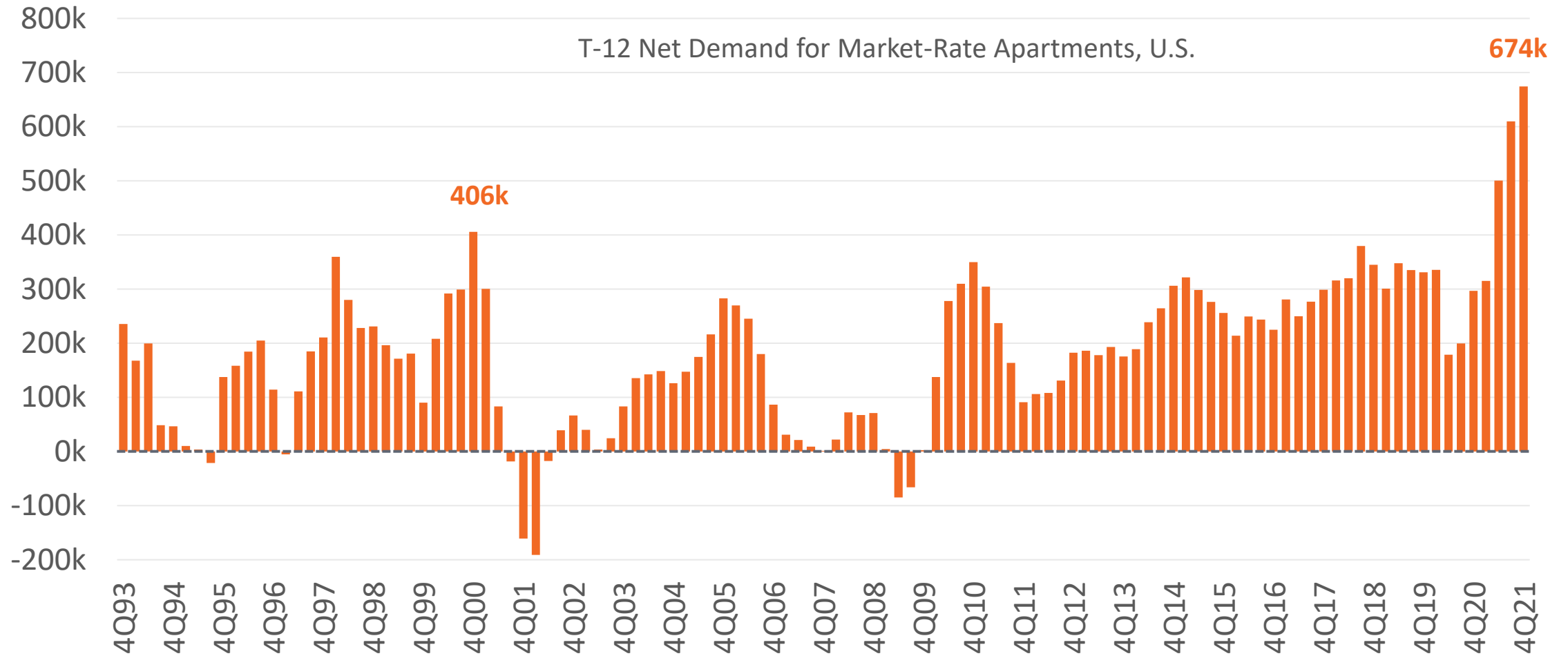


Single-Family Rental Occupancy



Sources: RealPage, U.S. Census

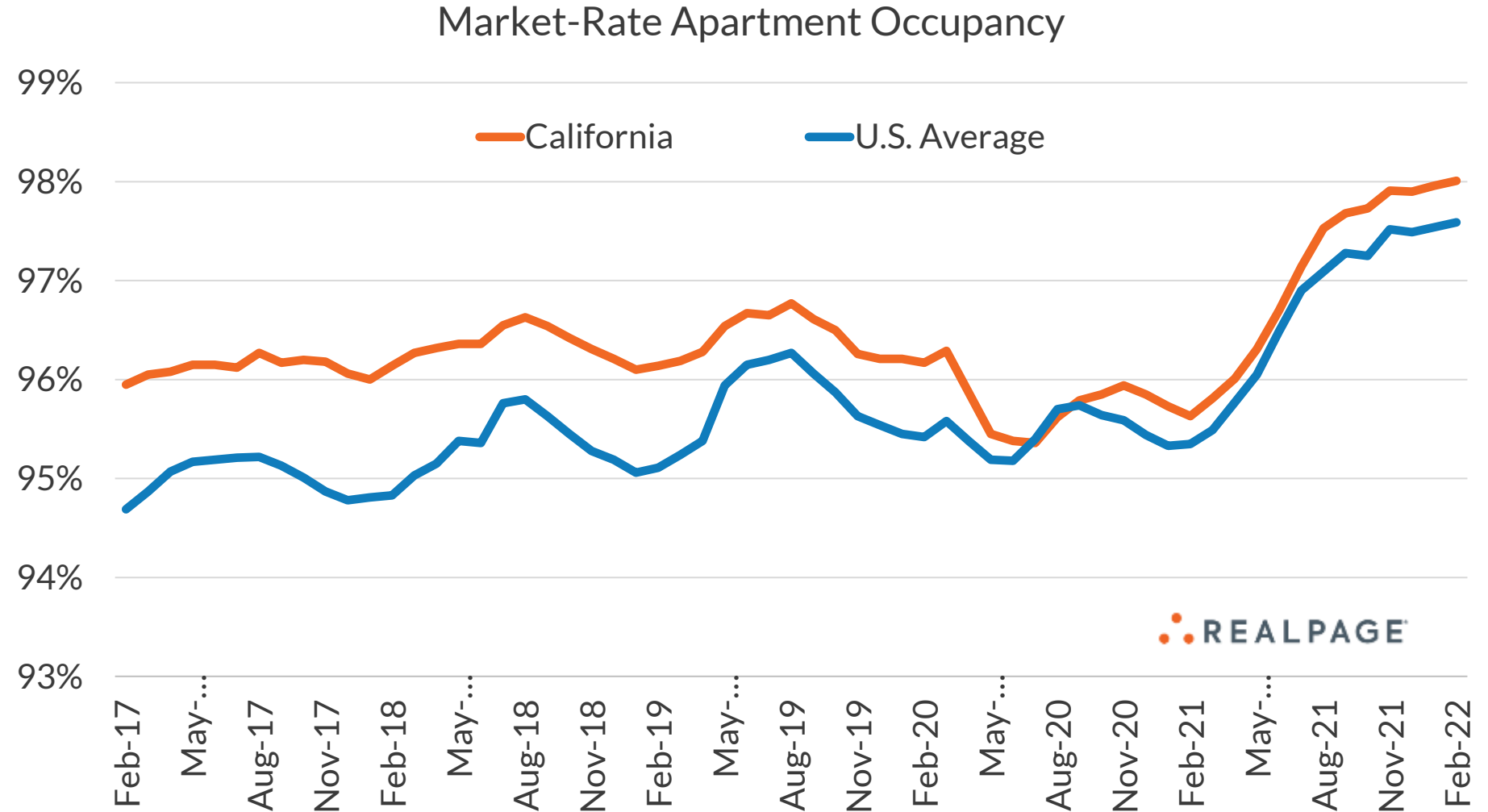
Demand for Market-Rate Apartments is Massive, >60% Above Previous Peak



Source: RealPage

Apartment Occupancy is Even Higher in California, with Minimal Availability

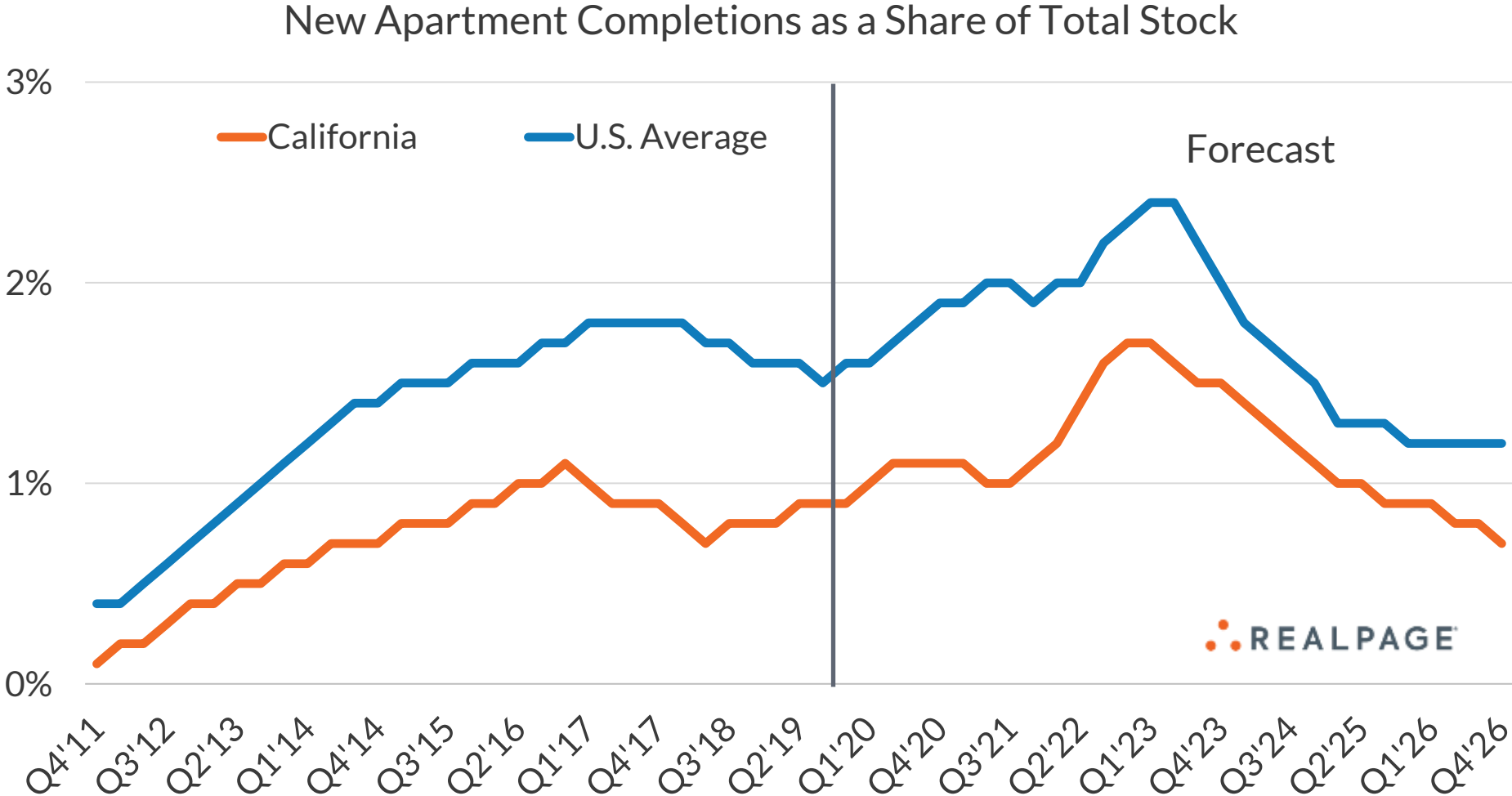
- Occupancy of 95-96% is typically considered as “essentially full” due to normal turnover
- Occupancy by market-rate “classification” in California:
 - A: 97.4%
 - B: 98.2%
 - C: 98.8%



REALPAGE

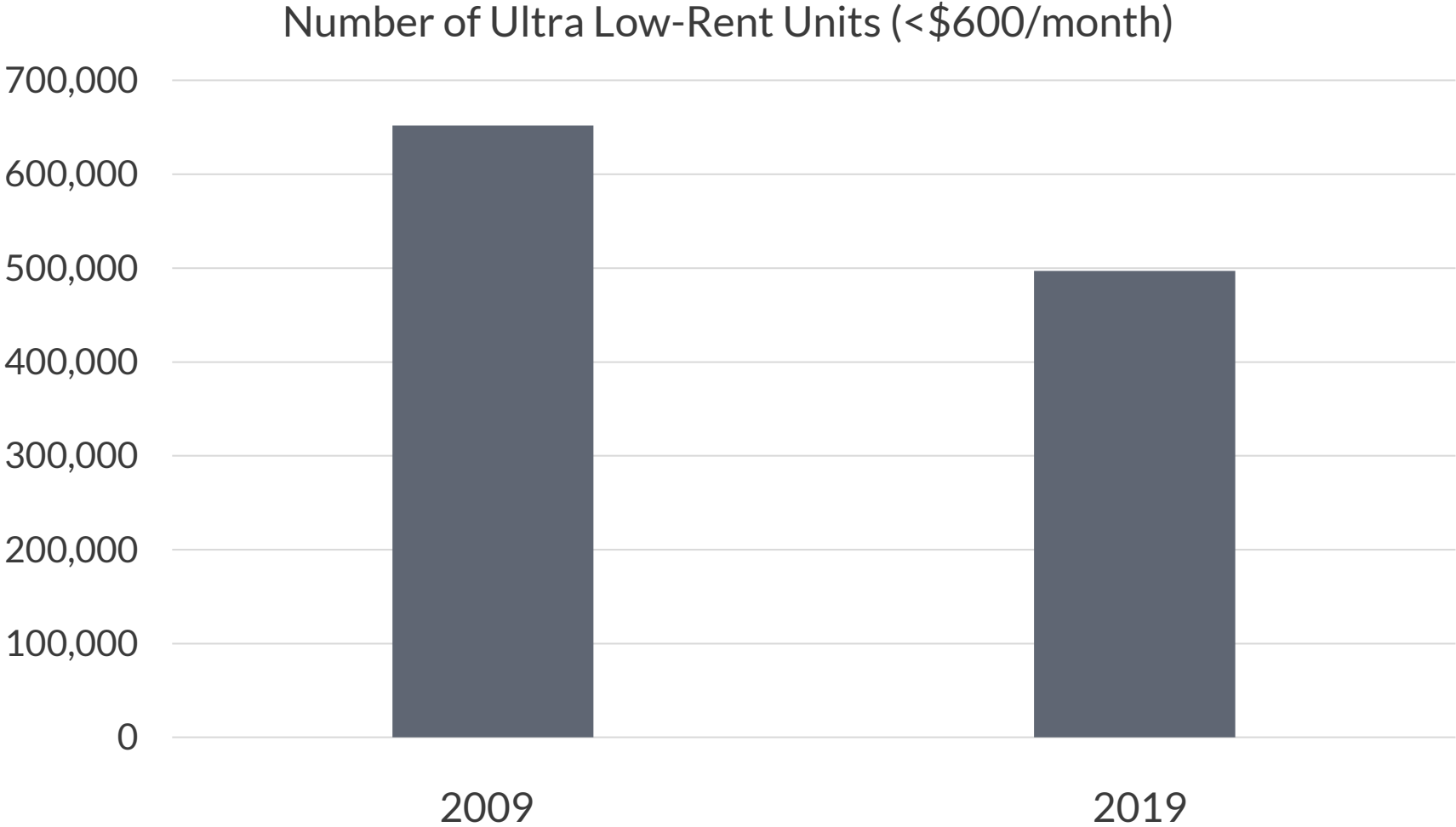
Apartment Construction in California Measures Half the National Pace

- New completions in California tend to lease up quickly with renters able to pay high-end rents.
- Lack of new supply keeps higher-income renters in more affordable rental options - limiting access for those needing those lower price points.
- Today's new completions are tomorrow's middle-income, workforce housing



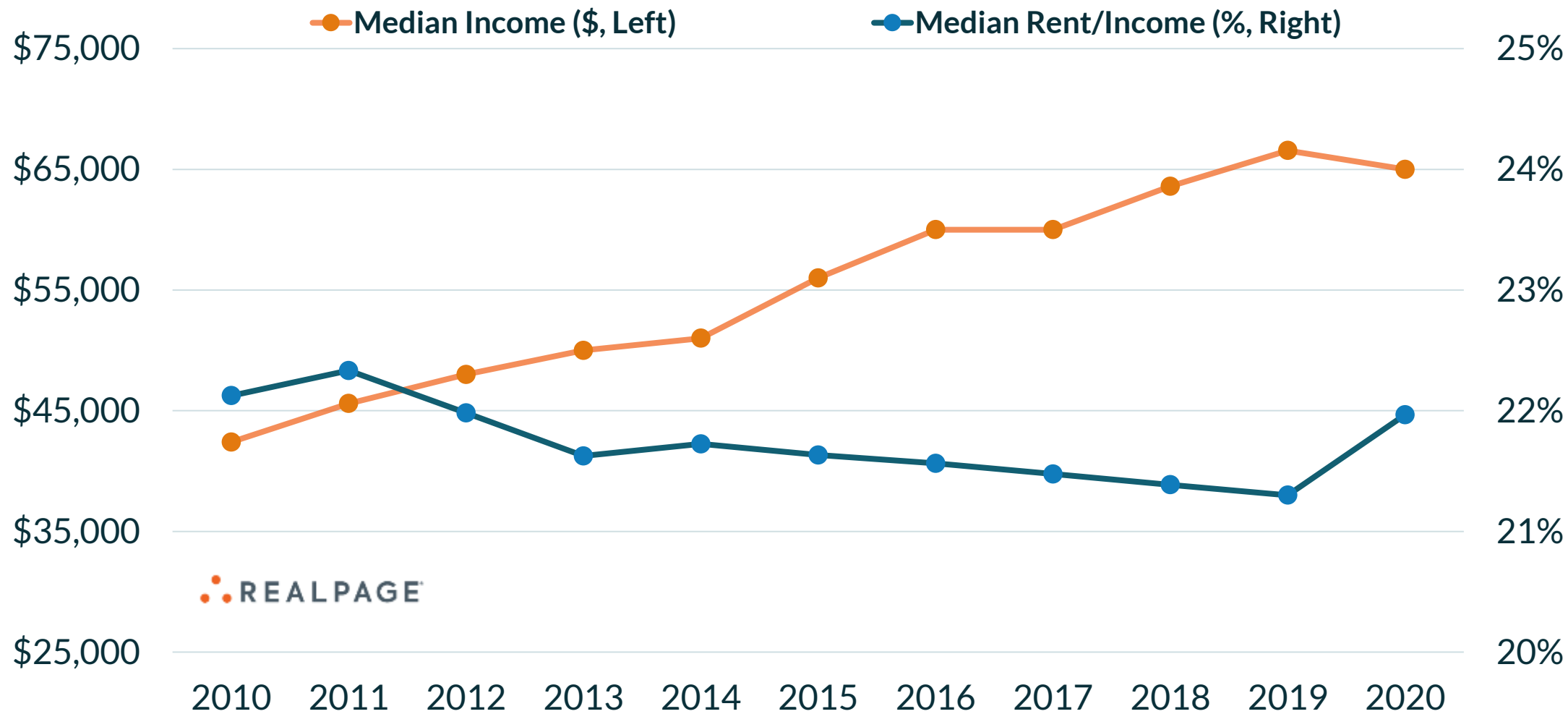
Number of Ultra-Low Rent Units in California are Shrinking

- Ultra low-rent units require subsidies or other funding to offset land, construction and operating costs.



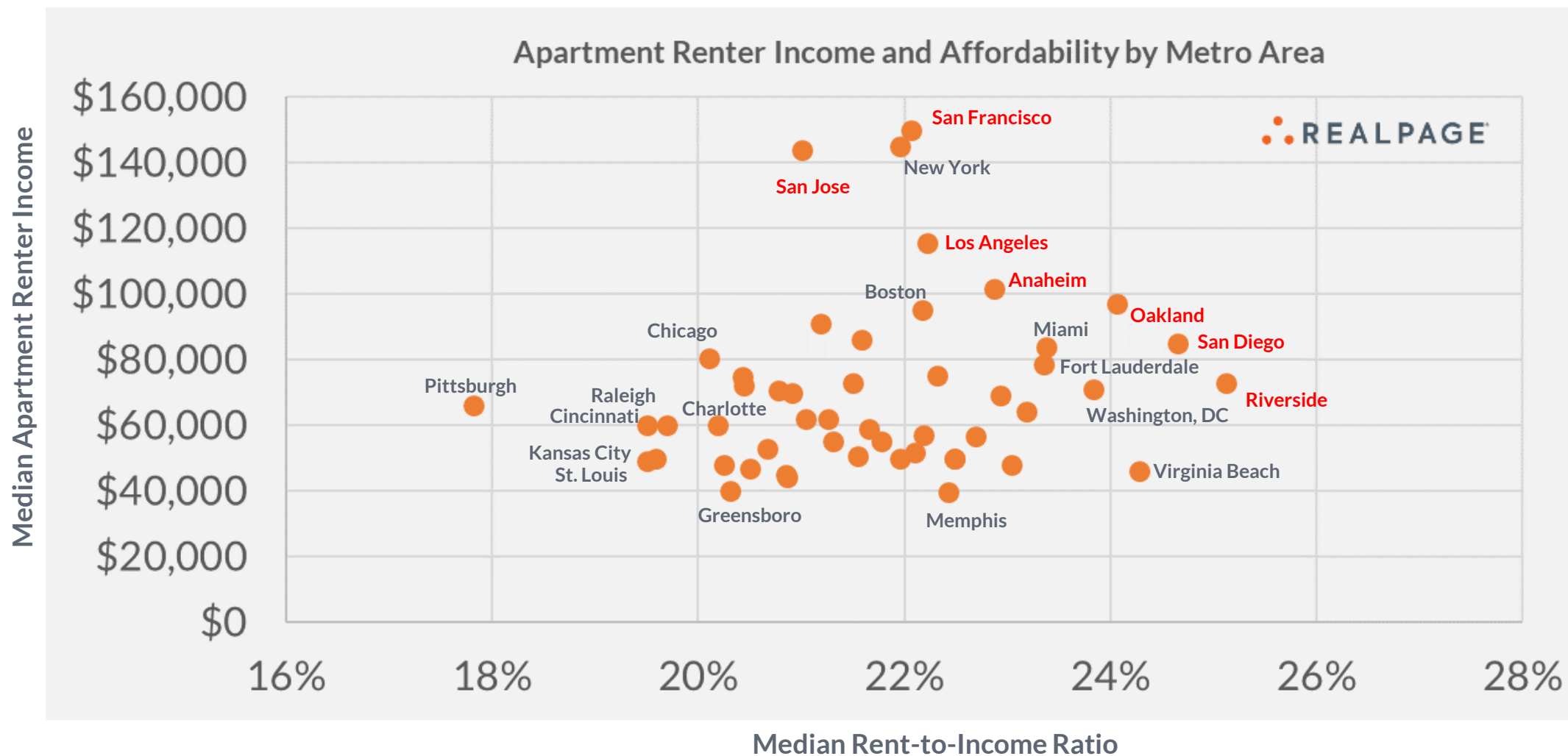
Source: Harvard Joint Center for Housing Studies

Rent-to-Income Ratios Hold Around 22% in U.S. Market-Rate Apartments



Source: Signed new leases in market-rate apartments running on the RealPage platform

Market-Rate Affordability Varies Modestly by Metro, but Incomes Tell Full Story



Source: RealPage, Inc.

Challenges & Recommendations

Full-picture housing policy accounting for all income groups

- Low vacancy, high demand, insufficient supply for housing at all price points
- Only true fix: Significantly more housing supply
- Changing investor/developer perceptions – positive partnerships



THANK YOU!