COVID-19 and Multifamily: Connectivity, Trends and Market Update

May 20, 2020
NMHC RESOURCES - NMHC.ORG/COVID19

Explore the recent updates, resources and research NMHC has assembled relating to the COVID-19 crisis.

URGENT: Ask Congress for Further Relief for Renters & Property Owners from COVID-19 →

NMHC Rent Payment Tracker →
The NMHC Rent Payment Tracker, powered by Entrata, MRI Software, RealPage, ResMan and Yardi, provides a weekly regular accounting of rent payments.

COVID-19 Updates Newsletter →
Read the newsletter and sign up to receive weekly updates in your inbox on the COVID-19 crisis and its effects on the multifamily industry.

COVID-19 News →
News, analysis, and advocacy from the NMHC team to keep you updated during the COVID-19 crisis.

COVID-19 Webinars →
These on-demand recorded webinars cover a variety of topics including construction impacts, policy updates, legal obligations and more.
NMHC MEMBER CALL TO ACTION

Visit NMHC’s COVID-19 Hub or find it directly at nmhc.org/housing-relief
NMHC RENT PAYMENT TRACKER: APRIL RESULTS

Note: Data collected from 11.5 million apartment units
NMHC RENT PAYMENT TRACKER: WEEKLY RESULTS

Week Ending:

<table>
<thead>
<tr>
<th></th>
<th>Week Ending:</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>6th</td>
<td>90.1%</td>
<td>85.0%</td>
</tr>
<tr>
<td>May</td>
<td>13th</td>
<td>89.8%</td>
<td>87.7%</td>
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Note: Data collected from 11.5 million apartment units in April and 11.4 million apartment units in May.
LOOSENING MARKET CONDITIONS AND LOWER SALES VOLUME
WORSENING CONDITIONS FOR DEBT AND EQUITY FINANCING

![Chart showing worsening conditions for debt and equity financing from 2006 to 2020. The chart compares debt financing and equity financing over the years, with peaks and troughs indicating changes in market conditions.](chart.png)
STRONG INDUSTRY PERFORMANCE PRE-COVID
NMHC CONSTRUCTION SURVEY - DELAYS FAIRLY WIDESPREAD

Delays in Permitting

- Yes: 76% (Round 1), 77% (Round 2)
- No: 18% (Round 1), 17% (Round 2)
- N/A: 7% (Round 1), 6% (Round 2)

Delays in Starts

- Yes: 59% (Round 1), 70% (Round 2)
- No: 24% (Round 1), 13% (Round 2)
- N/A: 16% (Round 1), 17% (Round 2)
IMPACTS ON MATERIALS AVAILABILITY, BUT NOT PRICING (YET)

Lack of Materials

<table>
<thead>
<tr>
<th></th>
<th>Round 1</th>
<th>Round 2</th>
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<tbody>
<tr>
<td>Yes</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>No</td>
<td>73%</td>
<td>67%</td>
</tr>
<tr>
<td>N/A</td>
<td>3%</td>
<td>5%</td>
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Price Increases in Materials

<table>
<thead>
<tr>
<th></th>
<th>Round 1</th>
<th>Round 2</th>
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<tbody>
<tr>
<td>Yes</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>No</td>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td>N/A</td>
<td>7%</td>
<td>10%</td>
</tr>
</tbody>
</table>
LABOR AVAILABILITY MIXED, RESPONDENTS ADAPTING

**Labor Constraints**

- Yes: 41% (Round 1), 44% (Round 2)
- No: 57% (Round 1), 54% (Round 2)
- N/A: 2% (Round 1), 2% (Round 2)

**Strategies Being Implemented**

1. **Sourcing materials from alternative locations**
   - Round 1: 0%
   - Round 2: 20%
2. **Sourcing alternative building materials**
   - Round 1: 40%
   - Round 2: 60%
3. **Using technology to replace in-person transactions like inspections and approvals**
   - Round 1: 80%
   - Round 2: 100%
4. **Staggering shifts to reduce on-site exposure**
   - Round 1: 60%
   - Round 2: 80%
5. **Offering workplace incentives or other benefits**
   - Round 1: 20%
   - Round 2: 40%
6. **Other**
   - Round 1: 20%
   - Round 2: 20%
CONNECTIVITY AND COVID-19

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REMOTE WORKFORCE CHALLENGES AND OPPORTUNITIES

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NMHC
A NEW ERA OF REMOTE WORK

Many residents will continue to work at home for foreseeable future

- Demand for bandwidth
- Reliance on connectivity
- Remote work in common spaces while social distancing
- Increased expectation for community-wide connectivity
- Security and privacy considerations when using smart home/community solutions
REMOTE WORK AT THE CORPORATE LEVEL

- Employees found success with remote work
  - Learning curve
  - Communication tools
  - Reliance on the cloud

- Importance of strong security practices
  - COVID-19 phishing
  - Remote security + access
  - Personal devices
REOPENING CORPORATE + REGIONAL OFFICES

- Identify the resources needed to reopen
- Verify that all systems, communications and other capabilities are back online at each location
- Recover from emergency + contingency operations
- Enhance less-secure, temporary solutions used to support employee connectivity
- Consider impact of flexible + nontraditional work schedules
BUSINESS CONTINUITY PLANNING

- Build out a working group
- Reflect on the pandemic crisis timeline
- Update the timeline as situation continues to evolve
- Evaluate and analyze response
- Identify gaps
- Learn from successes and challenges
- Bonus: know your experts
BUSINESS CONTINUITY PLANNING

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INDUSTRY TRENDS / RPS / COVID-19 LASTING IMPACT

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PHASE 1: CRISIS MANAGEMENT

Community

Enterprise

Closures
Services
Comms
Payment
WFH
Comms
Cyber
VOIP

May 20, 2020
The adoption of self-service apartments has been accelerated
PHASE 2: INTERIM NEW NORMAL

Reopening plans are underway

Community
- Space
- Capacity
- Cleaning
- Monitoring

Enterprise
- Government guidance
- Legal & risk
- Staffing
- Safety
PHASE 3: REAL NEW NORMAL

There will be a focus on these areas in the near term:

- Touchless access
- Geofencing
- Indoor air quality
- Predictive maintenance
PHASE 4: APARTMENT OF THE FUTURE

A transition is happening
PHASE 4: APARTMENT OF THE FUTURE

Major design considerations ahead

Home office  Sound attenuation  Outdoor space  Ventilation  Connectivity

May 20, 2020
THANK YOU

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