MBa

Chart of the Week – September 25, 2020

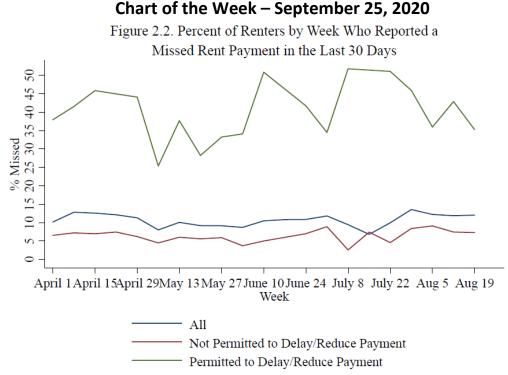Figure 2.2. Percent of Renters by Week Who Reported a Missed Rent Payment in the Last 30 Days

Source: Research Institute for Housing America tabulations of Understanding America Study data.

On September 17, the Research Institute for Housing America (RIHA), MBA's think tank, released a special report on housing-related financial distress during the second quarter – the first three months of the pandemic in the U.S. Gary Engelhardt of Syracuse University and Mike Eriksen of the University of Cincinnati, used a new household panel data source, The Understanding America Study (UAS), that is specially tailored to study the impact of the coronavirus, to examine the effects on renters, mortgagors and student loan borrowers. The report provides a rich set of results (highlighted in MBA's press-release).

Among the report's findings were that 5.88 million renters, or 11% of the national total, missed, delayed, or reduced payment on at least one rent payment during the pandemic's first three months, while 5.14 million homeowners, or 8% of the national total, either missed or deferred at least one mortgage payment.

Figure 2.2 in the report plots the percentage of renter households reporting having had a missed, delayed, or reduced payment by week. This percentage remained around 11% over the quarter. For those with permission, frequency of missed payments fell from April to May, then rose again in June.

In the above chart, we extend the weekly data (that was used to create report Figure 2.2) through August, and show that the percent of renters with missed payments has held steady across July and August at the second quarter levels. This constant frequency of missed payments is slowly broadening distress through the population, especially with sluggish labor market recovery, and as of the end of August, 6.97 million renters either missed, delayed, or reduced payment on their housing costs. The pattern is similar for mortgagors, with 6.37 million homeowners having missed or deferred at least one mortgage payment during the pandemic's first five months.

MBA continues to work with Professor Engelhardt and Professor Eriksen to track the situation using UAS data. Together with RIHA, MBA plans to release real-time updates in October on the impacts of the coronavirus for the third quarter, as they become available. We hope this will provide another gauge of housing market health as the sudden and far reaching impacts of this pandemic has created a greater need for high frequency information.

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