

Rents climb in vacancy squeeze tied to foreclosures

By Roger Showley
STAFF WRITER

September 28, 2008

Apartment rents in the county increased 2.49 percent in the last six months while vacancies decreased 1.38 percentage points as homeowners lost their properties to foreclosures and renters found themselves unable to buy.

MarketPointe Realty Advisors said in its semiannual survey of 804 large apartment complexes with a total of 115,576 units that the average rent this month stood at \$1,344, up from \$1,312 in the March survey and \$1,291 last September.

MarketPointe President Russ Valone said the rental increase was the largest in recent years and likely to increase further.

“It will move out a little more if we continue to see really tough economic times,” Valone said.

The vacancy rate dropped to 2.25 percent after rising from 2.58 percent a year ago to 3.63 percent last spring.

Valone said the figure does not include individual homes and apartments that were foreclosed and rerented by new owners and investors. But he estimated that the overall rental vacancy rate countywide is somewhere between 2.25 percent and 4.4 percent, the figure published by the state early this year that reflects all rentals, not just large complexes owned by companies, partnerships and institutional investors.

He said the rental market is strong, from the landlord's perspective, because of would-be buyers remaining in apartments until home prices and mortgage availability stabilize; former owners moving into rentals when they lose their homes; tenants relocating because their landlords lost the units to foreclosure; and buyers of foreclosure and short-sale homes – those sold for less than the loan value – fixing them up and putting them back into the rental pool.

But he said an apartment shortage is unlikely.

“Is the rental market becoming so tight,” Valone said, “that we will end up with households being homeless because they can't find a place to rent? I don't think we're at that condition yet.”

He said developers are planning to build new apartments rather than condo projects because financing is easier, but that those units might only rent for a couple of years before they convert to condo status if buying conditions improve.

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File photo
The average rent rose to \$1,344 as the overall vacancy rate dropped to 2.25 percent this month.