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Lower rent is possible; maybe you should ask

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MARKETWATCH

CHICAGO - It isn't easy to build up the nerve to ask your landlord for a reduction in rent. But these days, having the gumption to renegotiate a lease is paying off as landlords struggle to find and keep tenants with good credit and a history of paying on time.

Ask Mike Haskins, a Raleigh, N.C., resident who recently was able to lower his rent. The vacancy rate had risen in his neighborhood after two other apartment complexes had been built. He knew that the complex in which he was renting was not at capacity, and rent for a similar unit on the first floor was set at \$650; his rent was \$750.

"I felt like I had some power," said the 24-year-old.

It took a threat to take his business elsewhere, but before long, Haskins made a deal. When he renewed his lease, his rent was \$100 lower.

"It felt like it was the same experience you go through when getting a car. If you agree to the first thing they offer you, it's probably not the best you're going to get," he said.

Several factors may make landlords willing to make a deal.

Eighty-eight percent of property owners who participated in a recent Rent.com survey said that job losses were contributing to vacancy rates. Fifty percent said would-be tenants could not afford rent, and 45 percent said that the trend of more people doubling up with roommates was causing units to sit vacant. The survey polled owners representing 3,192 apartment communities throughout the country.


Plus, there is even more inventory to compete with these days because, in sluggish housing markets, many homeowners rent their homes instead of selling, said Peggy Abkemeier, general manager of Rent.com. And some renters are becoming homeowners as affordability improves and the government entices them with a tax credit for first-time buyers.

Even Haskins said the credit for first-time buyers had him thinking of becoming a homeowner. "For my friends who could go either way . . . that was a final push," he said.

In response to vacancies, 68 percent of landlords said they were lowering rents, and 68 percent also said they were giving one or more months of rent free; 38 percent said they were reducing deposits; and 18 percent were offering upgrades or allowing more leniency for breaking leases, according to the Rent.com survey. Fifteen percent are offering storage or parking at reduced rates, and 8 percent are relaxing pet policies.

Another survey, from Move Inc., which runs Realtor.com, found that 39 percent of people would sign a 12-month lease if it came with two months of free rent, and 18 percent would sign for free utilities for two months.

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Real estate lessors are earning significantly less so far this year, said financial-information company Sageworks Inc., and empty units cost money to maintain.

"Sometimes it's as simple as asking - a lot of times people just don't ask," said Dan Saklad, chief operating officer of Sageworks. "If you've been renting for a while, you're a known tenant and you're in good standing. . . . They probably will be willing to work with you a little bit."