



## Property Owners Finding Creative Ways to Fill Vacancies During Recession

### According to a Rent.com Survey Over 70 Percent of Property Owners Have Experienced Higher Vacancy Rates Over the Past Year

**Santa Monica, Calif., October 2, 2009** – With unemployment at a 25 year high of 9.7 percent<sup>1</sup> and vacancy rates on the rise at 10.6 percent<sup>2</sup> for the quarter ending June 2009, property owners and management companies are being more resourceful than ever in their quest to fill vacant units in hard hit markets.

To identify what property management companies are experiencing in this economic down-turn and understand how they are dealing with increasing vacancy rates [Rent.com](http://Rent.com) surveyed property owners representing 3,900 communities and approximately 987,450 rental units. According to the survey, over 70 percent of property owners across the country have experienced higher vacancy rates over the past year, in both urban and suburban regions.

#### Moving to Save Money

Rent.com surveyed rental property owners and managers to understand the factors impacting vacancy rates. Of those surveyed, 90% said that job loss was a factor contributing to vacancies while more than half (51 percent) said that tenants moved out because they were trying to save money on rent, or could no longer afford it at all. Additional factors driving increased vacancy rates include “doubling-up” with roommates in order to save money (43% of respondents), moving for a better deal (35% of respondents) and increased credit declines (37% of respondents.)

#### Dealing with Credit Issues

With foreclosure rates hovering near July’s historic high and a year-over-year foreclosure increase of 18 percent since August of 2008<sup>3</sup> many former homeowners are faced with lower credit scores and are struggling to make ends meet. The impact of rising unemployment has left many Americans facing the challenges of declining credit as well. The survey found that 78 percent of property owners have noticed a decline in the creditworthiness or credit scores of prospective renters over the last year. As a result, 43 percent of property owners have modified their credit policies in order to fill units, while 37 percent have modified the methods by which they evaluate the credit-worthiness of their prospects. Twenty percent of respondents said specifically that they are reviewing cases of foreclosure carefully and making exceptions for related credit challenges if the remainder of their credit profile suggests they will be a financially dependable tenant.

#### Getting Creative to Fill Vacancies

Although vacancy is rising nationally and, according to those surveyed, most regions of the country are experiencing higher vacancy in some area, property owners also made it clear that not all markets and sub-markets are facing the same challenges.

<sup>1</sup> Reference: U.S. Bureau of Labor Statistics, August 2009

<sup>2</sup> Reference: U.S. Census Bureau, Quarterly Rental Vacancy Rates, Second Quarter 2009

<sup>3</sup> Reference: RealtyTrac, September 2009

Some property owners are experiencing strong demand in certain cities, suburbs and neighborhoods and have little incentive to offer promotional discounts. However, in the hardest hit markets, property owners are being more resourceful than ever, and are often willing to negotiate when it will deliver a winning situation for both the renter and themselves. Many property owners are lowering rents (69 percent), providing one or more months rent-free (65 percent) and reducing the amount of required deposits (35 percent). In addition to adjusting prices, property owners are drawing renters by offering upgrades to the rental unit (16 percent), allowing tenants leniency for breaking leases early (14 percent), offering storage or parking at reduced rates (10 percent) and relaxing pet policies (6 percent). Other campaigns to drive occupancy have included move-in specials, lease renewal programs and tenant referral programs.

If you are a renter wanting to begin a negotiation for a new lease, or renegotiate your lease with your current landlord make sure you have a good business case first. Here are some tips to help you think about lease negotiation:

- Any negotiation has to be "a win" for both parties, so keep this in mind when building a case.
- Before considering any type of lease renewal negotiation or new lease negotiation, assess honestly if you are a good tenant. Do you have a history of paying your rent on time; are you a thoughtful tenant and a good neighbor? If you aren't a good tenant to begin with, you won't have a strong case to start as the landlord may not want to make concessions to get you or keep you in the rental unit.
- Know the availability and price of rentals in your neighborhood. If rentals are scarce in your particular area and prices are comparable to your current monthly rent, you may not have much of a case for re-negotiating your lease. If, however, there is high vacancy in your neighborhood, similar units are being offered at much lower prices, you are experiencing economic hardship and you have been a reliable tenant during your current lease term, you may have a good case for lease renewal or new lease concessions.
- If you have a good case, open a conversation with the landlord to see what options there may be for lease/renewal negotiation. If you are flexible on the lease term, offering to renew your lease for a longer duration, such as 15-18 months versus 12 months is a good tactic to negotiate with as this helps the landlord secure tenancy, reduce the costs associated with turning the apartment if you move out and filling your vacancy. A longer lease gives landlords some security and peace of mind so consider offering this if it will get you a lower monthly rental price.
- Never bluff or strong arm your landlord as this could backfire and create tension between you and your landlord. You want to have a good relationship with the person who controls your home. Times are tough so be cognizant of the fact that both you and your landlord may be struggling economically.

### **Survey Methodology**

The survey was conducted among a portion of Rent.com's property owners representing 3,900 communities and approximately 987,450 rental units.

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<sup>2</sup> Reference: U.S. Census Bureau, Quarterly Rental Vacancy Rates, Second Quarter 2009

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**About Rent.com**

[Rent.com](http://Rent.com) is the nation's #1 Internet listing site (ILS) in the rental housing industry enabling renters to find a residential rental property online using a free robust search tool. Rent.com has the most online traffic and the largest inventory of contracted property listings. As the only national ILS with a pay per lease business model, Rent.com allows property managers to cost-effectively fill their vacancies.

Prospective renters can search the site's detailed property listings, including contact information, pricing, photos, floor plans, and virtual tours. With the ability to directly contact property managers, finding the rental housing of your dreams is as easy as 1-2-3.

In addition to providing renters free access to detailed property listings and robust search tools, Rent.com rewards renters with a \$100 prepaid Visa® debit card if they: (1) find their property using the Rent.com website, (2) tell the property owner or manager they found their rental home using Rent.com, and (3) report to Rent.com signing a lease with a property that participates in the \$100 Reward Program. Rent.com is dedicated to giving renters a convenient way to find the perfect place to live.

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<sup>2</sup> Reference: U.S. Census Bureau, Quarterly Rental Vacancy Rates, Second Quarter 2009

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