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## Preparing for a Tighter Rental Market

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Courtesy of Nora Hill

When Nora Hill was six months pregnant, she and her husband Dietrich moved out of their \$650-per-month apartment and in with his parents in Atlanta. That was about a year ago. Hill, a nutritional assistant in Cobb County, Ga., and her 31-year-old husband, a supervisor at UPS, didn't receive pay raises the last two years due to the lackluster economy. So they pay her mother-in-law \$150 per month to rent out two rooms.

"It's not for long-term, it's what you do at the time," says the 25-year-old Hill (pictured with her husband and child). "My income did decrease in order for me stay at home [for 10 weeks with the baby], so that was a big help financially -- not to pay rent in an apartment."

When they are ready to move out, finding a decent place to rent at a reasonable price might not be as affordable, nor as easy as they hope, depending on how long they wait to move, say housing experts. Still, there are some things you can do to prepare yourself.

There currently are not enough rental units in multifamily buildings to meet the number of renters that the U.S. will have, once sales of single-family homes get back to normal levels. That's according to the National Association of Home Builders' Multifamily Market Indices released this week. A recent survey by the Pew Research Center finds that 13 percent of parents with grown children say that one of their adult sons or daughters has moved back home in the past year.

Many people are staying put, especially young adults and seniors who would traditionally be renting right now. And some young families have opted to rent single-family homes from strapped homeowners-turned-[accidental landlords](#), who have been unable to sell their homes.

When the economy improves, more young adults, such as recent high school or college graduates, will branch out on their own, away from their parents' basement or from roommates, says [NAHB](#) Chief Economist David Crowe. And there just will not be enough multifamily rentals to house them all.

Crowe says that builders would like to start construction on more multifamily housing, but the banks have put up roadblocks. "Lenders have been unwilling to fund multifamily development," he says, because so many renters have turned to single-family homes.

But lately more renters have been seeking out traditional apartments, says an [August study from Rent.com](#). According to the survey, real estate markets across the country are just now beginning to see an uptick in renters, with 42 percent of property owners experiencing lower vacancy rates compared to just one year ago.



vacancy rates were impacted by home buying.

In addition, three in five (59 percent) property owners managing a total of 1 million units, said that tenants moved out in order to save money on rent or because they could no longer afford the rent (due to employment factors). However, while job loss played a significant role in the vacancy rates, so, too, did job improvement. Nearly 22 percent of property managers said that job improvement was impacting vacancy rates. And a whopping 54 percent said that

While many property owners had to be resourceful and willing to negotiate in the face of financial struggles last year, fewer landlords currently find it necessary to give renters an incentive. This year, only 38 percent of property owners are willing to make concessions to fill vacancies, and 31 percent are lowering rent rates. Last year, more than double that (69 percent of property owners) admitted to lowering their rates.

As a result, negotiating a rental rate reduction may not be as easy going forward, but also not impossible.

Nora Hill says she hopes to find a good deal on a bigger place when she, her husband, and baby Zoey move. "We are going to save money for a move at the end of this year so we can move comfortably," says Hill. "We want to have enough saved for the rental truck, security deposit, get utilities turned on, luxury like cable, all that stuff, instead of just moving and charging things."

For renters wanting to begin a negotiation for a new lease, or renegotiate a pre-existing lease, here are some tips Rent.com says to think about beforehand:

### **1. Compare Apartment Complexes**

By comparing a variety of places in your local market, you will get a better idea of what is considered a fair rental price. (Also see AOL Real Estate's ["Tips for Finding a Rental Apartment."](#))

### **2. Show You're Responsible**

Landlords are looking for good tenants who pay their rent on time, take care of their rental unit, keep noise levels down, and are polite and professional. So be respectful during any negotiations. Never bluff or strong arm a landlord during negotiations, as this could backfire and create tension. (Also see AOL Real Estate's ["Renting With Bad Credit."](#))

### **3. Discuss Your Priorities**

Share your list of must-haves and nice-to-haves with prospective landlords so that they can help you to find the right apartment at the right price. There is always a chance that the landlord may have other rentals available if the one that you are looking at isn't a good fit,

### **4. Stay Open to Different Rental Options**

With the economy driving a good deal of doubling-up and shared living situations that require more bedrooms, your potential landlord might be willing to make a better deal on a one-bedroom unit. Offering to sign for a longer lease term is also a good tactic to negotiate with, as it gives landlords some security and peace of mind.