



September 28, 2010
VPM: 790,241



SEPTEMBER 28, 2010

Apartment market might be stabilizing

It's been a pretty good couple of years to be a tenant. Annual rent increases, about 5 percent in the Baltimore metro area right before the recession hit, fell to practically nothing by some measures ([and into negative territory by others](#)) as job losses and doubling up caused vacancies to mount.

But a summer survey by Rent.com suggests that the balance of power has stopped shifting toward renters. Just over 40 percent of rental property owners say their vacancy rates are dropping, the site says.

Thirty-six percent are offering a free month of rent or more as an incentive, but that's down significantly from the 65 percent doing the same last year. Sixty-three percent with properties in the Northeast and 50 percent in the Southeast thought rents would rise in the next 12 months.

Red Capital Group, a multifamily financier, said in a separate report that demand for apartments in the Baltimore metro area -- which was falling in the first quarter -- rose in the second.

For all the landlord optimism, they're seeing a trend that normally bodes ill:

Tenants' financial situations -- as measured by their credit scores -- continues to worsen, Rent.com said. Just over half of survey respondents said prospective renters' creditworthiness declined this year, which is really something considering that it comes on top of widespread deterioration last year.

I wonder how many of those applicants are former homeowners whose credit scores were dented by short sales, foreclosures or strategic default.

These have been unusual times for the apartment market, like everything else in this economy.

When home sales are falling, you might expect good times for landlords because people have to live somewhere. But high unemployment has chipped away at the number of people who can afford to live on their own, and it's made the employed more anxious about their situations -- redefining what "live somewhere" means to folks. Pairing up with roommates. Staying home with parents. You name it.

That means job growth is the key to turnaround. Employers in Maryland were adding jobs this spring, but [some of those gains disappeared in the summer](#).

Renters and landlords: What trends are you seeing out there?