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Renters getting a break

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BY **CELESTE BUSK** Staff Reporter

Low occupancy rates are spurring Chicago area landlords to offer special incentives to entice new apartment renters.

"With high unemployment and high vacancies, apartment managers are doing anything they can to fill their buildings," said Ron DeVries, vice president of Appraisal Research Counselors Ltd. based in Chicago. A recent survey by the company reported that 60 percent of the 221 apartment complexes surveyed in the Chicago area currently are offering concessions.

"Our survey indicates one free month's rent is the standard concession in the marketplace, and some suburban landlords are offering two or three months free," DeVries said.

The rental apartment occupancy is averaging 92 percent, according to Appraisal Research. Two years ago, before the recession and high unemployment hit the rental market, the average apartment occupancy rate in the Chicago area was 96 percent.

Rent concessions have lowered the net median apartment rent in the Chicago area by about 5 percent, according to the firm's survey covering the third quarter of 2009. One-bedroom units are leasing for a median net rent of \$860 a month, while 2-bedroom layouts are going for \$1,045 a month.

"It sounds crazy, but now is a great time to rent," said Justin Elliott, founder of Chicago Apartment Finders. "Today's bad economy actually works to a renter's advantage. Brand new luxury apartments are sitting on the market and some landlords are cutting prices. That's why you can now get amazing deals."

Here are some examples of the concessions offered in the Chicago area from Apartment Finders. For more information, call (773) 435-5609 or visit: www.chicagoapartmentfinders.com.

- MDA City Apartments, 63 E. Lake: Renters can get the application and move-in fee waived (often, move-in fees are \$400; application fees typically are \$50 a person). Security deposits are not required with approved credit. Also, \$500 of the first month's rent is waived if a renter applies for an apartment within 24 hours of their initial visit to the rental building.

- 420 East Ohio: Renters who sign a lease for a 2- or 3-bedroom apartment will receive a \$1,000 lease signing bonus, which will be applied to future rent costs. Also, a \$400 administration fee (which covers processing and is usually non-refundable) will be applied to first month's rent if renters sign a lease within 48 hours of their initial visit (\$200 applied if after 48 hours). Garage parking has been reduced to \$99 a month.
- North Harbor Tower, 175 N. Harbor: Renters will receive a \$500 lease signing bonus that will be applied to future rents. Also, a \$450 administration fee will be applied to the first month's rent. Garage parking has been reduced to \$99 per month.

"In addition to already lowered rents, these building landlords as well as many others are throwing around money to spark interest," said Bob Geniusz, leasing agent at Chicago Apartment Finders. "This really is the one time of year where we must tell people to jump on these specials, because come February/March they will be gone and rents will soar again!"

Meanwhile, a national survey of 3,900 rental communities by the Web site www.rent.com indicated that more than 70 percent of property owners and management companies have experienced higher vacancy rates over the past year and are being more resourceful than ever in their quest to fill vacant units in hard-hit markets. Sixty-nine percent of the property owners surveyed said they are lowering rents. The survey also found that 65 percent of property owners are providing one or more months free rent, while 35 percent of owners are reducing the amount of required security deposits.

In addition to adjusting prices, www.rent.com's survey reported 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.

Of the landlords surveyed, 90 percent 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, the survey by www.rent.com showed.

Additional factors driving increased vacancy rates include "doubling-up" with roommates in order to save money (43 percent), moving for a better deal (35 percent) and increased credit declines (37 percent).