



Over 40 Percent of Property Owners Report Lower Vacancy Rates Year-Over-Year

Tenant Job Loss Affecting Vacancies has Decreased by 20 Percent

Santa Monica, Calif., August 12, 2010 – With rental vacancy rates on the rise for much of 2009 and during the first half of 2010, it's a relief to landlords that these rates are starting to stabilize and even drop. To identify and provide insight on what property management companies are experiencing this year as compared to the previous 12 months, [Rent.com](#) surveyed property owners representing more than 4,000 communities and approximately 1,000,000 rental units. 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.

Job Market Effects

Rent.com surveyed rental property owners and managers to understand the factors impacting vacancy rates. Of those surveyed, 70 percent admitted that tenants' job loss was a factor contributing to vacancies. While still a strong majority, this figure is down from 90 percent of property owners responding this way last year. Moreover, three in five (59 percent) property owners said that tenants moved out in order to save money on rent or because they could no longer afford the rent. Not surprisingly, then, 46% of respondents indicated that tenants were moving to find a better deal.

However, while job loss was a significant factor impacting vacancies rates, so, too, was job improvement. Nearly 22% of property managers said that job improvement was impacting vacancy rates. And a whopping 54% said that vacancy rates were impacted by home buying.

Credit Still an Issue, but Optimism on the Rise

In our 2009 survey, we found that 78 percent of property owners had reported a decline in the creditworthiness or credit scores of prospective renters over the previous 12 months. Despite the already widespread decline reported in 2009, the majority of property managers (53 percent) reported in 2010 that the creditworthiness of renters had further declined.

Even with declining creditworthiness, property owners are starting to see improving fundamentals and express optimism for the future. In addition to the significant number of respondents who reported lower vacancy rates, the majority of property owners expect that future rents will either remain flat or increase, depending on the region. At least half of our respondents predicted that over the next 12 months, rents will rise in the Northeast (63 percent), Southeast (50 percent) and West (50 percent), while many predict that rents will remain flat in the Mid-West (53 percent) and South (45%) over the next 12 months.

At the Negotiating Table

Although 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 incentivize renters. 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.

This year, property owners are operating in an increasingly stabilized market, as more than 1 in 5 property managers (22 percent) said that they don't need to give concessions or lower rents in order to fill vacancies. Further, 25 percent of property managers said they are not doing anything differently this year to fill vacancies as compared to one year ago. Nevertheless, over 1/3 (36 percent) of respondents are offering one or more rent-free months, down from 65 percent last year, 44 percent are reducing the amount of required deposits and 22 percent are offering unit upgrades at no extra charge.

Negotiating may be more difficult this year as much of the reduction in rental rates may have already taken place over the previous two years, but it's not impossible. If you are a renter wanting to begin a negotiation for a new lease, or renegotiate a pre-existing lease, here are some tips to think about beforehand:

- **Make it a Win-Win:** Perhaps most important is that any negotiation has to be "a win" for both parties, so keep this in mind when building a case.
- **Gather Information:** The best way to land a deal on the apartment of your dreams is to arm yourself with information. This will help you make an apples-to-apples comparison of the property that you are interested in and other properties in the same or a nearby neighborhood. By collecting information specific to your local market, you will be able to make choices about what's important to you, get a better idea of what is considered a fair rental price, understand the trade-offs you may need to make and ultimately minimize the stress of rental negotiations.
- **Make Sure You're a Good Citizen and Tenant:** Being polite and professional is the best way to develop a relationship with a prospective landlord and to create a successful rental negotiation for both sides. Never bluff or strong arm a landlord in a negotiation, as this could backfire and create tension. Landlords are looking for good tenants who pay their rent on time, take care of their rental unit, keep noise levels down and stay on good terms with the neighbors and property management staff. Being able to demonstrate that you are a responsible tenant is helpful in negotiating the best lease terms.
- **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, especially if the building or neighborhood it's in has a lot of vacant apartments.
- **Stay Open to Different Rental Options:** Landlords are often trying to lease a specific type of rental unit, so it could be beneficial to stay open to new ideas and living situations that you haven't previously considered. For example, with the economy driving a good deal of doubling-up and shared living situations, your potential landlord might be willing to make a better deal on a one-bedroom versus a two-bedroom unit. If you are trying to negotiate lower rent or other perks, it's important to remain flexible while remembering your priorities. 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.
- **Take Your Time and Really Look Around.** Renters really benefit most when they dedicate a longer period of time to searching for and visiting rental properties. By allowing yourself more time to search, you'll be able to gather more information, compare a greater number of properties and use all of that knowledge to inform your rental negotiation.

Survey Methodology

The survey was conducted among a portion of Rent.com's property owners representing 4,701 communities and approximately 1,010,907 rental units.

About Rent.com

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.

Visit Rent.com's blog, The Shared Wall, for information, advice and insight on the world of rental living at www.rent.com/blog. You can also follow Rent.com on Twitter at [@RentDotCom](https://twitter.com/RentDotCom).

#