

# SmartMoney

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## Renters See Prices Skyrocket

By Kelli B. Grant



Sorry renters, but the days of low rents and lenient landlords are over — at least for now.

Nationwide, the average rate for apartment and home rentals is up 6.7% from June 2010, according to a new report from housing search engine HotPads.com. Prices for studio apartments are up 14.3%, and a five-bedroom home is 12.1% more. One- and two-bedrooms got off relatively easy, with average increases of 2.3% and 2%, respectively. Tenants will see the bulk of rent increases this year, predicts listing site Rent.com, but can expect another 3% jump when it's time to renew in 2012.

At the heart of the increases: vacancy rates have dropped from about 8% to 6.2% nationwide over the past year. "That's a really steep decline in a 12-month period," says Christina Aragon, a spokeswoman for Rent.com. The drop indicates pent-up demand from people who made-do with roommates or stayed with family during the recession. Nearly half of property managers say they have also seen an increase in applicants moving from a foreclosed property, according to a recent survey from credit bureau TransUnion. "Landlords have the power right now," Aragon says.

In past years, renters could negotiate a lower rent or other concessions, like a waived pet fee or free parking. That's largely disappeared, leaving consumers little recourse but hunting around.

Renters have a glimmer of hope for better deals in coming years. Landlords are so thrilled with the market that they're starting to take out permits to build new multi-family buildings, Aragon says. Prices may loosen somewhat once those properties come in the market, as early as 2013.