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Is the End of Rent Negotiation Near?



Landlords looking for good news, read on:

- Rent.com says that only 31% of you are reporting **lowering rents** this year, compared with 69% just a year ago.
- The National Housing Council reports that **vacancy rates are falling** throughout the rental market, while **demand is increasing**.
- According to a study by MPF Research, which analyzes **apartment trends**, June vacancy rates averaged 6.6% at the end of 2009 in the largest 64 markets in the U.S.
- The U.S. Census Bureau's vacancy figures, which include **apartments and single family units** were 10.6% in the second quarter of 2010—down from 10.7 in the fourth quarter 2009 and 11.1% in Q3 2009.

As units fill, **rental property owners** become more confident—and less likely to negotiate or reduce rents. Also becoming a thing of the past are the incentives many **landlords** initiated to fill vacancies—like large-screen TVs, free cable to go with them, and **free rent** offers.

Rent.com's survey of **rental property owners** in June and July revealed that 56% of respondents said the number of vacancies dropped or remained steady from the previous year—good news in an economy which has not seen significant employment growth. Strength of local economies, not reflected in national reports, is given as one reason for increased **demand for rental housing**. Even small upticks mean people are more willing to **sign leases**, or parents are more willing to co-sign a child's lease.

Another factor affecting **rental demand** is the continued weakness in the housing market. Homeownership fell in the second quarter to 66.9%—that's the lowest it's been since 1999. Financing difficulties and plummeting values continue to fuel the rental market.

Rental property owners, keep your eyes on both national and local **vacancy rates** and **market rents**, and react accordingly. Keeping up with data means you won't make the mistake of **undercharging on rent** because you didn't realize your market had improved!