

## **Apartment Rents Rise in First Quarter of 2007!**

*By RealFacts*

First quarter survey results revealed new market leaders in quarterly rent growth, according to data recently released by RealFacts. Unlike the last five to six years, recently each quarter reveals different markets accelerating and decelerating in rent growth, as very few coast with little change. Long time leaders Riverside-San Bernardino and Las Vegas continued decelerating during the first quarter with 0.4% and 0.8% quarterly rent growth respectively, while Seattle and Salt Lake City accelerated rapidly, growing at 2.9% and 2.5%. First quarter 2007 results continue the recent trend of a constantly changing list of market leaders in the rent growth parade.

Of the 29 major *Metropolitan Statistical Areas (MSAs)* reported on by RealFacts, 10 posted accelerated rent growth during the first quarter, 15 decelerated and only 4 coasted. Leading the accelerating MSAs were Seattle (2.9%), Salt Lake City (2.5%), Austin (1.8%) and Albuquerque (1.6%). If these quarterly rates continue the annual rent growth will be 11.6%, 10%, 7.2% and 6.4% respectively. Accelerating markets reported quarterly rent growth greater than one quarter of their current annual rate.

Among decelerating MSAs were previous long-time rent growth leaders Riverside-San Bernardino (0.4%), Los Angeles-Long Beach-Santa Ana (1.5%), Phoenix (0.9%) and Las Vegas (0.8%). If these rates continue for a full year, the MSAs will post 1.6%, 6%, 3.6% and 3.2% annual growth, all significantly down from recent increases. Decelerating rapidly were recent growth leaders Oxnard-Ventura (1.3%) and Portland OR (1.0%); down from their previous quarter rates of 2.3% for Oxnard in the fourth quarter of 2006 and 2.7% for Portland in third quarter of 2006. Decelerating markets reported quarterly rent growth of less than one quarter their current annual rate. The four coasting MSAs were Colorado Springs, Fresno, Kansas City and Indianapolis, all with quarterly rent growth within a half a percent of their current annual rate.

Occupancy was mixed with 17 MSAs reporting quarterly increases, 11 decreases, and one showing no change. These results are a notable change from last quarter's occupancy declines in every MSA. All MSAs reported over 90% occupancy for the first quarter, with 7 over 95%, 17 between 92 and 95% and 5 below 92%. Houston was the lowest at 90.6% and San Jose was the highest at 96.5%. Salt Lake City was second highest at 96.3% occupancy, and was the only MSA to report gains of at least 1% in both quarterly and annual rent and occupancy growth.

Below is a partial list of California's area analysis of average rents:

### **SUMMARY:**

Annual rent growth was almost uniformly up, as only Colorado Springs posted a decrease at -1.7%. San Jose led the eight MSAs - over 5% annual rent growth at 12.1%. The highest average monthly rent was in Los Angeles at \$1,588, the lowest in Tulsa at \$538, and Seattle became the first MSA outside California to post average monthly rent over \$1,000 at \$1,004.

*RealFacts is a data and analysis firm serving the multifamily industry since 1989. The database currently includes 12,134 investment grade, market-rate rental communities of 100 units and larger, covering major markets in 15 states. RealFacts surveys every community every quarter for current rent and occupancy levels. For more information, call 415 884-2480.*