Press Release:
Apartment Industry Recovery Well Underway

The below Information is courtesy of NMHC. NMHC is a national association representing the interests of the larger apartment firms in the U.S.

After years of flat rent growth and increasing vacancy rates, conditions in the apartment industry are clearly recovering, according to the National Multi Housing Council's (NMHC) October 2004 quarterly Survey of Apartment Market Conditions. The Survey's indexes measure changes in occupancy rates, sales volume, availability of equity and debt market conditions between July 2004 and October 2004. For only the second time in the Survey's five year history, all four indexes recorded improvement compared with three months earlier. (The first time was January 2004).

"After a slow start, the apartment industry is now seeing signs of a real recovery", noted NMHC Chief Economist Mark Obrinsky. "The combination of modest economic growth, strong demographic trends, and the rising cost of homeownership compared with renting is leading to greater demand for apartment residences. Right now the only thing holding the industry back is the still-weak labor market."

Highlights of the survey are as follows:

- The Market Tightness Index, which reflects changes in vacancy rates and rent increases, came in at 60, the fifth consecutive quarter of improving demand.(A score above 50 means more respondents saw improving conditions than saw worsening conditions over the past three months.)

- Apartment property sales continue to post record high levels. The Sales Volume Index hit 65 this quarter, the highest level ever. A record high number of respondents (38 percent) said sales volumes were higher than three months earlier, while a record low eight percent reported lower sales volume. In all probability, sales of apartment properties in 2004 will top last year's record volume.

- The Equity Financing Index rose to 59, the ninth time in the past 10 quarters that the index has surpassed 50. While two-thirds (66 percent) of respondents indicated conditions were unchanged, almost one-fifth (19 percent) noted conditions had improved, while a mere one percent (an all-time low) reported conditions had worsened.

- The Debt Financing Index rebounded sharply to 58 following two sub-50 quarters. This is likely the result of the fact that interest rates have reversed course and declined in recent months, and are now back where they were in March.