

**Good News for Owners!**  
by Caroline S. Latham, CEO

Second quarter data released by RealFacts on July 15 reveals increased occupancy across all but one of the 29 major Metropolitan Statistical Areas, (MSAs) covered. Rents followed occupancy, showing gains across the board also. The strong occupancy and rents recently seen in Southern California, Las Vegas, and Phoenix remained on pace, while every other MSA, except Fresno, joined them with positive annual occupancy growth, with none below 90%.

As is expected, increasing occupancy exerted upward pressure on rents, with twice as many MSAs showing over 3% annual rent growth as a year ago. Reflecting the overall nature of the gains, occupancy for the whole database stood at 94.3%, up 0.7% for the quarter, and 2.0% annually; rents were up 1.1% for the quarter and 3.7% annually.

One year ago, four MSAs had occupancy below 90%, 21 MSAs were between 90% and 95%, and four were over 95%. This year none are below 90%, 15 are between 90% and 95% and 14 are over 95% occupancy. Rents have made a similar shift since last year, when nine MSAs had annual rent growth rates of below 1%, 14 were between 1% and 3%, and six were over 3%. This year, seven are below 1%, nine are between 1% and 3%, and 13 are over 3%, including three MSAs with over 7% annual rent growth.

Northern California lead the way with the San Jose-Sunnyvale-Santa Clara MSA recording 9.1% annual rent growth, and occupancy stabilized at around 96%; San Francisco-Oakland-Fremont had 5.9% rent growth, and 96.1% occupancy; and Vallejo-Fairfield followed at 2.6% rent growth and occupancy of 94.9%, up 2.6% from a year ago. The Southern California MSAs maintained their pace, with Los Angeles-Long Beach-Santa Anna at 6.8% annual rent growth and 95.9% occupancy; Riverside-San Bernardino slowed slightly with 5.7% rent growth, and 94.9% occupancy; San Diego-Carlsbad-San Marcos continued to lag with 3.1% rent growth, and 95% occupancy, down 0.1% on the quarter; and Oxnard-Thousand Oaks-Ventura showed the strongest growth in the region with 7.3% rent growth, and 96.3% occupancy.

Examples of MSAs entering the ranks of areas with annual occupancy increases and subsequent rent growth include Tucson, Arizona where occupancy grew annually by 3.1% to 95.4% and annual rent growth is at 2.3%; Denver-Aurora, Colorado had 1.4% occupancy growth to 93% and slight rent growth of 0.5%; Indianapolis, Indiana climbed above 90% occupancy to 91.1% with rent growth at 0.6%; Kansas City, Kansas - MO had an annual occupancy gain of 2.3% to 94.5% and rents at 2%; and Oklahoma City, Oklahoma recorded a 3.7% occupancy gain since last year to 95.8%, and annual rent growth at 2.6%.

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