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# How to win the battle for an apartment

Tips to get the apartment you want during a landlord's market

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By **Amy Hoak**, MarketWatch

## CHICAGO (MarketWatch) — Competition for apartments is becoming fierce in some markets. And it's about to get worse.

The apartment vacancy rate is expected to fall below 5% this year, crossing a benchmark into what it is commonly considered a "landlord's market," said Brad Doremus, senior analyst for Reis, a commercial real-estate research company. That means securing an apartment will become more difficult and rents are likely to be higher by the end of the year.

Nationally, the apartment vacancy rate is expected to fall to 4.6% by the end of this year, according to the most recent forecast from Reis. The vacancy rate was 5.2% in the fourth quarter of 2011, down from 6.6% in the fourth quarter of 2010. In its research, Reis looks at mainly at apartment buildings that contain 40 or more units.

Blame the wounded housing market for this surge in the popularity of renting over homeownership: In Fannie Mae's fourth quarter National Housing Survey of 3,000 homeowners and renters, 48% of renters said they don't think they can afford the purchase or upkeep of a home and 47% said they don't have good enough credit for a mortgage. A separate survey of 3,000 visitors to Apartments.com in January found that 33.6% of those looking for an apartment this year are previous homeowners.

Also, as the economy improves, more young workers will have the income needed to move out on their own and into a rental.

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Making quicker decisions

For many renters planning a search for a new place this year, the tighter conditions mean a quicker decision process. "You may be put in the situation where you have to make a decision on the spot," said Chris Brown, vice president of product management for Apartments.com, an apartment listings website. "When they say 'We have a lot of other people interested in this apartment,' it's probably true, not just a sales pitch."

Obviously, some markets are tighter than others. New Haven, Conn., had a vacancy rate of 2.1% in the fourth quarter and New York had a rate of 2.4%, according to Reis

data. On the other end of the spectrum, Memphis, Tenn., had 9.9% vacancy rate and Jacksonville, Fla., had a 9.1% rate. Markets have been competitive enough to allow for rising rents over the past year in major markets represented on Apartments.com, Brown said. Nationally, average advertised one bedroom rents have gone up by 4.1% between March 2011 and March 2012, according to Apartments.com. But rent hikes in some cities have been much steeper.

For instance, average advertised one bedroom rents in Chicago are \$1,451 in 2012, up 11% from \$1,302 in 2011, according to the site. In Denver, rents are \$1,067 this year, up 12% from \$950 last year and in Charlotte, rents are \$876 this year, up 13% from \$774 last year.

While tight conditions will cause many current renters to stay put, "on the other side, there will be people who are forced to move because they can't afford the [rent] increase" at their current apartment, said Mark Sperry, vice president of Urban Edge, an apartment listings website for markets in New York, New Jersey and Connecticut. But there are ways that apartment hunters can prepare themselves to make a speedy move when they find a place that suits their needs.

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TrayMeat 21 days ago

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Stupid article. An apartment is an apartment unless you're planning on spending the rest of your life there. Then you should buy a coop or a condo.

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DosEquis 20 days ago

+1 Vote



and - if they only counted Apartments with "40+ units" in their occupancy survey, they're missing out the larger number of apartments available.

Anyone with a computer can search Craigslist & determine that it's still a renter's market out there - IF (though it's a big enough if nowadays) you've got a decent credit history.

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Amy Hoak covers real estate and personal finance for MarketWatch, and writes the Home Economics column. She also writes MarketWatch's Real Estate Weekly... [Expand](#)

Amy Hoak covers real estate and personal finance for MarketWatch, and writes the Home Economics column. She also writes MarketWatch's Real Estate Weekly newsletter and is a contributor to The Wall Street Journal Sunday. She has won awards for her work from the National Association of Real Estate Editors and the Society of American Business Editors and Writers. [Collapse](#)

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**Chicken-Little** 21 days ago

+8 Votes



With 6.1 million VACANT homes in the US, people shouldn't have to hard of a time of finding a place to live. (See chart titled "Housing Vacancies" on page 6 of link below.)

That doesn't include the 1.6 million homes 90+ days past due or seriously delinquent ... which could soon put the figure closer to 7.7 million VACANT homes.

It also does not include foreclosed homes banks have not put on the market which are part of their shadow inventory.

[https://www.wellsfargo.com/downloads/pdf/com/research/real-estate-and-housing/HousingChartbook\\_01312012.pdf](https://www.wellsfargo.com/downloads/pdf/com/research/real-estate-and-housing/HousingChartbook_01312012.pdf)

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**Stub** 20 days ago

+3 Votes



Don't let the facts - vacancy rates and rent increases - confuse you

Reality is a crutch to the perma bear. Paranoid fantasy is much more fun.

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**Chicken-Little** 20 days ago

+2 Votes



As stated above, currently there are 6.1 million VACANT homes in the US.

4.2 million of those vacant homes are currently "For Rent", and 1.9 million of those vacant homes are for sale. For millions of those rental homes it is taking months to find renters.

With over 4 million VACANT homes currently "For Rent" in the United States many people could move from an apartment to a rental home.

Don't let the facts - vacancy rates and what it means for smart renters - confuse you (See post below on how a friend got 15% off his rent.)

No one is forced to stay in an apartment, they can rent homes too, and millions of rental homes are currently sitting vacant. All ... [more](#)

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**Chicken-Little** 20 days ago

+4 Votes



Stub, give you an example of how one of my friends used the facts to his advantage to get a lower rental rate.

Knowing there are millions of rental homes sitting empty, he told the landlord he wanted 15% off the market rental rate the first 6 months. The rental home had been sitting VACANT for 5 1/2 months.

At first the landlord did not like the offer, until my friend explained to the landlord if he gave 15% off rent on the first 6 months he could rent out the property that day.

The landlord realized if the rental home sat vacant another 4 weeks he would be losing money if he did not accept the offer.

Result: My friend, his wife and child all moved into a 3 bedroom rental home ... [more](#)

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**NeverTrustRealtor** 20 days ago

+3 Votes



Wrong again Stub.

Vacancy rates are at MULTI DECADE highs and rising.

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**EvanRocks** 21 days ago

+2 Votes



I can't smoke in my apartment.  
And if I get a cat, the rent goes up 600\$ a month. 800\$ for a small dog and 1,200\$ for a big dog.  
But it gets great sun light.  
And there is no graffiti in the parking garage.

There really wasn't much competition -

I live next to some idiots that can never put their garbage in the garbage shoot.  
They are always trying to recycle.

By piling up all their garbage next to the garbage shoot.

Like that's how you recycle - Idiots !!!

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**Chicken-Little** 21 days ago

+8 Votes



Consider renting a home.

Currently there are millions of vacant homes for rent in the United States.

You do not have to worry about finding a parking space, and would have a yard for you and your pets.

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**Csense** 19 days ago

0 Votes



You want to live the way you want? buy a home!  
Bring your credit score to 800, put 20% down and then pay only the real estate property taxes and maintenance costs; you are a HOME OWNER.

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**EvanRocks** 16 days ago

+2 Votes



What is a single affluent heterosexual male in his early 30's going to do with a House in the Suburbs ?

Listen to you jokesters mown the lawn every sunday morning ?

I don't think so !!!

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**NeverTrustRealtor** 21 days ago

+8 Votes



Another article attempting to create a sense of urgency. There is no urgency with 25 MILLION excess empty housing units in the US.

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**wallies** 21 days ago

+ 1 votes



Trust Marketwatch to hype the next "bull market"...in landlording! Yeah right.

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**Stub** 20 days ago

+4 Votes



Rent increases are very real problems in many markets. If you leave grandmas basement you will be Able to verify the basis for the article

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**NeverTrustRealtor** 20 days ago

+2 Votes



Real only in your imagination.

Rental rates are falling my friend.

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**wallies** 21 days ago

+6 Votes



Baloney...all these people who can't sell their houses are becoming unwitting landlords, thus driving rental vacancies up.

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**squashy1** 20 days ago

+1 Vote



This is part of the fallout from the reckless mortgage scam-fest of the last decade which created the tight financing credit we now experience. If possible buy a condo and live in it. If you don't have good credit then that is your responsibility and quite likely your own fault. (Live within your financial means). Pay off your 18-24% credit card balances. Save \$ for 5-10 years, borrow money from relatives, make them co-owners, live with roommates, i.e. whatever you need to do to save money and improve your credit status with the ratings agencies.

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**thedoglad** 20 days ago

+4 Votes



People don't understand that it's not about being a former homeowner or credit problems, many jobs demand frequent relocation. If you're in a city where homes aren't selling, you don't buy one. If we're going to be sent elsewhere in a year or two I'd rather rent (we're in a three month rental, rented furniture, in a new town so we can check it out) than own and be unable to sell it. As one moves up in the market the availability is there, they're already trying to get us to move to a 2BR so a college kid can get our tiny place. That's the way it goes. Oh, one more thing to offer prospective renters: if you have a pet have a one-pager with a photo and pertinent info (spayed, housetrained...).

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**squashy1** 20 days ago

0 Votes



You mean "where homes are not selling" because demand is low? In simple market conditions that would make them more affordable. You're implying that transients in the labor market have a major effect and dictate the conditions to most US home markets. I think low earned income growth nation-wide and tight credit resulting from burned speculators and failed banks are more likely causes of tight credit requirements and anemic home price appreciation. Plus, people are scared to buy. They don't want to suffer a repeat of the last 10 years. As with stocks after after the market crashes, no one wants 'em and everyone has 100 reasons not to buy when actually that's the best time to go long. I'd be surprised. If people were relocating ... [more](#)

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**Markangelo** 20 days ago

+3 Votes



This woman is a shrill for the industry. She has been repeatedly pushing for higher rents even though the underlying equity of the buildings is still falling. Ask for your rent to be pegged to those lower home prices. The Real Estate business is the most controlled market ever. There are tons of empty places kept off the market on purpose to control the inventory. These landed gentry or wannabe british nobles dont want to dirty their hands with real work; they want to take their loses out on the lowly tenant. GREED KILLED AMERIKA

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**CalifGal** 19 days ago

0 Votes



Your comment makes me laugh, just like the majority of the comments on here. The equity of a building has NOTHING to do with the amount of rent a landlord/lady can collect. It's all a matter of the location where the rental is located as well as the condition of the property up for rent.

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**NeverTrustRealtor** 19 days ago

0 Votes



Equity? There is no "equity". Housing prices are cratering.

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**FilthyBeast** 20 days ago

+2 Votes



Get an acre of land. Plant a good used doublewide. The price will be far less than renting in the long run and you can do as you please.

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**NeverTrustRealtor** 20 days ago

+3 Votes



Renting is a tiny fraction of the cost of a acre of land and double wide. Rent while prices continue to crater. Then buy later for 65% less.

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**FilthyBeast** 19 days ago

+1 Vote



Rent is throw away money. Why rent for \$800 a month when you can BUY a \$70K property for around \$400 a month with taxes paid. Seems a bit dumb.

4% \$70K around \$280 a month..Rural real estate taxes are near free.

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**NeverTrustRealtor** 19 days ago

0 Votes



Buying when prices are cratering is throw away money. Why buy for \$800 a month plus taxes, insurance and maintenance when you can RENT the same property for around \$400 a month with with no other costs. Seems a bit dumb.

See how that works?

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**CrazyBear** 20 days ago

+1 Vote



I think this article is a hype to get people to dump money in apartment ownership. There are tons of people already investing in this bubble, good luck. It would really be lame having to manage apartments and deal with messes for no profit.

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**CalifGal** 19 days ago

0 Votes



LOL. You, and many on this thread don't know a thing about investing in Real Estate and making a profit off of it. I've been living off of my rental properties since I turned 55 years old and had to leave my regular day job due to "carpal tunnel."

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**FilthyBeast** 19 days ago

+1 Vote



I was a landlord for about 8yrs.. Then I wised up to making more money with far less hassles. It is called trading.

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**NeverTrustRealtor** 19 days ago

0 Votes



"You, and many on this thread don't know a thing about investing in Real Estate"

And neither do you. That's why you're neck deep in debt and underwater on those depreciating houses of yours.

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**FilthyBeast** 19 days ago

0 Votes



I've been retired 10 years and I'm 59 and my wife is 52 and retired. What I owe on real estate I could payoff today. Gold and Silver has been very very good to me in 11 years.

[Link](#) | [Report Abuse](#)

**wallies** 19 days ago

+1 Vote



To spend 25% to 30% of gross pay on rent as the article suggests is reckless. 25% may be do-able, but at 30% all utilities better be included because after taxes, retirement contributions and healthcare premiums half of take-home pay could easily be gone. And what happens if the income tax cuts expire next year? Talk about "rent-poor!"

A better financial analysis is "Crisis Prompts a Rush Back to the Mortgage Basics" -

[http://www.nytimes.com/2009/03/21/your-money/mortgages/21thirty.html?\\_r=1&scp=1&sq=financial%20crisis%20brings%20return%20to%20mort](http://www.nytimes.com/2009/03/21/your-money/mortgages/21thirty.html?_r=1&scp=1&sq=financial%20crisis%20brings%20return%20to%20mort)

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**FilthyBeast** 19 days ago

+1 Vote



With interest at 4% do the math.. \$100K \$400 a month plus taxes.

While you wait for the price to drop you waste how much renting? The interest rates will do what later? Bad gamble.

No way no how would I rent at 4% to buy. That is like FREE real estate-negative the inflation rate on most of your needs.

Fearful? Buy a duplex or triplex and let your renters pay the freight.

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**NeverTrustRealtor** 19 days ago

+1 Vote



Let's see.

As prices continue to crater another 50% minimum, I just saved.... let's see... 50% of the median of \$160k or \$80k in cash. \$80k in cash buys many years of rent.

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**everything** 18 days ago

+1 Vote



I was a previous home owner, just the property taxes were \$3500 a year on that home, and the place was junk, I'm going to stay a renter for life. I've heard competition for rentals in the desirable areas has always been fierce, nothing has changed, just that investors own more of them, as they are out of the price range of ordinary folks like myself..

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