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Area apartment vacancies mount

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Too many apartments, too few renters and property owners eager to attract tenants have made it a true renter's market in the Triad.

Just ask new Greensboro resident "bb" Bird.

She spent just a few weeks last November looking for an apartment and watched as the price on one unit dropped dramatically as she shopped.

Bird, who was moving from Wake Forest to be near her daughter, wanted a two-bedroom, two-bath unit. She had visited a new complex and was completely smitten, but the rent at \$1,000 a month for 1,000 square feet was too much for her budget.

One day she drove past Woodland Park Apartments in northern Greensboro and stopped by for a visit. She met the sales agent, who showed her just the kind of unit she wanted in the older complex and then surprised her with a rental figure of \$650.

"She called me the next time," Bird said, "and it was \$619. The next time it was \$609 — and we're talking a matter of weeks. When I arrived, it was \$599."

Bird, who moved into the place a month ago, is entering the work force after 25 years as a housewife and plans to attend UNCG next fall and study to become a librarian.

She and her family owned homes in Raleigh and Wake Forest for 35 years, so renting an apartment is new for her. But she has found her dollar buys a lot.

"The neighbors are lovely," she said. "Just because the rent has gone down, the standard of living has not gone down."

She walks five miles a day, and the apartments are close to a nice neighborhood where she feels right at home.

Good times for renters are making it tough, however, for the companies that own apartments right now. That's why the prices are dropping. They're called "concessions" in the business.

The number of vacant apartments in the Greensboro/Winston-Salem area grew from 8 percent in September 2008 to 14 percent in September 2009,



BY THE NUMBERS

- The number of vacant apartments in the Greensboro/Winston-Salem area grew from 8 percent in 2008 to 14 percent in 2009.
- Southern Greensboro has the highest vacancy rate in the city at 18 percent.

according to the most recent data from Real Data Apartment Market Research of Charlotte.

High unemployment and tight budgets are keeping many people from renting hundreds of new apartments, the legacy of easy credit and a once-booming construction trade.

Engle Addington of Real Data said that 3,200 new apartments opened during the 18 months prior to the survey and, while the boom is slowing, it'll be a long time before renters absorb all those units.

"Demand's not more because people are doubling up and moving back in with their parents and maybe not moving out of their parents' home," said Addington, the company's multifamily analyst for North Carolina. "It just seems like it's been a homebuyer's market and now it's a renter's market, too. People are cutting their expenses in any way they can."

In Greensboro, the vacancy rate differs in the various divisions or "submarkets" that Real Data tracks.

In southern Greensboro, for example, 18 percent of the 4,394 apartments are vacant, the highest vacancy rate for any section of the city.

The lowest vacancy rate is found in northern Greensboro, where 10 percent of the 4,693 apartments are vacant.

Monthly rates for apartments between 900 square feet and 1,000 square feet are highest in the southeastern and southwestern sections of the city, according to the survey, running above \$700 a month.

Keeping those apartments full is a far more scientific process nowadays than when most complexes advertised their discounts in big red letters outside their offices.

Some of the biggest property managers, such as Greensboro's Bell Partners, use a complex computer program to manage many of their properties. The program sets a new lease rate daily. It considers such factors as the condition of the local market, current vacancies and historic prices charged for apartments at the property, said Jeff Reet, the Triad's regional manager for Bell's eight apartment properties.

Woodland Park is owned by Bell but not managed by the computer program, so it offers rent concessions in more traditional ways, Reet said.

For those that fall under the new management system, Bell does not offer any discounts because all rents are priced to sell for market conditions at any given time, Reet said.

An empty apartment produces no income and costs its owner money, so keeping it rented is everything to a property owner, Reet said.

"We're dealing with a perishable item," he said.

"You don't get it back. Once you lose that day, you never get it back."

Addington expects to see more people renting apartments later this year. The construction boom has stopped and the market can begin to soak up the overload.

"The apartment market industry will rebound much quicker than the housing market because ... there's just not as much cost involved with renting an apartment as there is owning a home," Addington said. "The outlook is still good for apartments."

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