

This article from the *NAA Industry Insider* gives some encouraging statistics on rental occupancy, rates and trends.

In Lexington, we are finding we can successfully boost rents on new leases, particularly on utility-included apartments, and new leases are reflecting that effort. While most of Lexington's C-level properties are still forced by the market to bundle utilities with rents, we can offset the utility costs somewhat by these modest rent increases. A- and B-level properties, generally, fare better on rents and in having tenants who pay utilities.

We are not on the verge of a rental climate change in Lexington, however. We have too many apartments for the number of renters, and consequently, we have little push-back leverage. Contrast that with Evansville, Indiana, where C-property tenants still expect to pay their own utilities. There are different market forces at work in these two cities.

We will keep raising rents as far as we can as soon as we can, and we'll unbundle utilities whenever possible. We'll keep you posted on progress. Please call your property manager or me if you would like to discuss any aspect of your property or the rental market.

Best regards,
Tim

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More People Choosing to Rent, Not Buy

Digested From "More People Choosing to Rent, Not Buy, Their Home"
MarketWatch (02/08/11) by Amy Hoak

U.S. Census Bureau data show a drop in the nation's homeownership rate to 66.5 percent in 2010 from 67.2 percent in 2009 and 69 percent in 2005 as more people became renters. While concerns about additional declines in house prices, uncertainty in the job market, and tighter credit standards have been attributed to the increase in renters, experts say the number of renters may be rising because more people are making purchase decisions based on their personal finances -- not the anticipated return on investment. MPF Research says a surge in rental demand will translate into a 5.1 percent average hike in rents this year. "Demand came out really, really strong and much stronger than the jobs market would have suggested," says Greg Willett, vice president of research at MPF. He says one apartment was absorbed for every three to four new jobs last year, versus one

apartment per every six or seven jobs historically. According to National Multi Housing Council Chief Economist Mark Obrinsky, "Rising apartment demand reflects a drop in demand for homeownership in today's marketplace. This growing demand against the backdrop of the lowest apartment starts in 40 years -- barely enough to offset the units lost to demolition and obsolescence -- will result in further tightening in the apartment sector in the near term."

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