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[About NAA](#) | [Government Affairs](#) | [Education](#) | [Publications](#) | [Industry Resources](#) | [Meetings & Events](#) | [Blog](#)

You are here: [NAA Home](#) > [Publications](#) > [The Industry Insider](#)

Menu **Majority Thinks Renting Is Better Option, Chicago Apartments Swing to Owners' Favor**

- units Magazine
- The Industry Insider**
- Connect with NAA
- NAA Annual Report
- NAA Blog - APTly Spoken




More Marketing Value for Your Bottom Line

August 24, 2010

Upcoming Events

2010 Assembly of Delegates
 November 11-13, 2010
 Indianapolis Marriott Downtown
 Indianapolis, IN

2011 Student Housing Conference and Exposition
 February 22-23, 2011
 Caesar's Palace in Las Vegas

2011 Education Conference and Exposition
 June 23-25, 2011
 Las Vegas, Nev.

NAAEI Webinars

Transition to R-410A
 In partnership with Wilmar, NAAEI will host Webinars on the HVAC industry's transition from Refrigerant R-22 to R-410A.
When: Friday, September 10 at 1:00 EST
[Learn More.](#)

Lock Bumping
 Lock bumping provides easy and undetectable entry past pin tumbler locks -- with just a tap on an ordinary looking key.
When: Wednesday,

Headlines

Top Story

[Majority Thinks Renting Is Better Option, Chicago Apartments Swing to Owners' Favor](#)

Industry News

- [Apartments Propel Delinquency Rates in NYC Area](#)
- [Connecticut's Fairfield County Sees Apartment Rebound](#)
- [Minnesota Apartment Owners Are Again Investing in Communities](#)
- [Mid-America Buys N.C. Apartment Community for \\$33.6 Million](#)
- [Rents in Colorado's Weld County Go Down for 1st Time in Years](#)
- [More Than One-Fourth of Those Who Rent Will Never Buy a Home, Trulia.com Reports](#)
- [Austin's Apartment Market Is Booming !\[\]\(6c63a1144094e62a6968227fa9175cd8_img.jpg\)](#)
- [Green Apartments Sprout in North Texas](#)
- [Canadian Apartment REIT Sold to Private Equity Investors](#)
- [Home Properties Buys Two Baltimore-Area Apartment Communities](#)

Legislative/Legal News

- [Democrat Barney Frank Says Abolish Freddie Mac, Fannie Mae](#)
- [Shreveport \(La.\) Proposed Rental Housing Code May Soon Become Law](#)
- [Arizona Court Sides With Trigild in Apartment Sale](#)
- [Fordham University Wins Key Court Challenge for Campus Housing](#)

Top Story



Time Warner Cable Community Solutions has proven success partnering with MDU owners, providing quality voice/video/data products to their residents.

Majority Thinks Renting Is Better Option, Chicago Apartments Swing to Owners' Favor

Digested From "Majority Thinks Renting Is Better Option"
Chicago Sun-Times (08/18/10) by Don Debat

The U.S. Census Bureau reports that its Housing Vacancy Survey found that overall homeownership has declined five years in a row from a 20-year high of 69.1 percent in the first quarter of 2005. The rental apartment market has benefited, as a result. The number of occupied apartments in 64 major U.S. markets nationwide increased by 215,000 in the first half of the year, according to MFP Research. According to a recent survey of 2,000 adults commissioned by the National Apartment Association, 76 percent of consumers now believe renting to be a better option than owning. Roughly 50 percent of those respondents cited financial reasons, while 64 percent cited having no responsibility for upkeep and repairs. Looking at individual markets, rents in the Chicago area are rising again and owners and managers are quite pleased. Ron DeVries, vice president of Appraisal Research Counselors Ltd., remarks, "Over the past three years, net rent growth in the suburbs has amounted to a positive 0.8 of 1 percent. There is a clear rebound in the rental market." One-bedroom units in the Windy City now have a median rent of \$890 a month, while two-bedroom units are at \$1,105. Consequently, concessions are now being handed out in only 56 percent of Chicago-area rental communities. Another trend that is evolving in Chicago's apartment market is some major apartment managers phasing out security deposits in favor of move-in fees.

[Web Link](#) | [Return to Headlines](#)

Industry News



Apartments Propel Delinquency Rates in NYC Area

Digested From "Apartments Propel Delinquency Rates"
Wall Street Journal (08/23/10)

The New York City region has seen a sharp increase in commercial building delinquencies as vacancies have increased, rents have fallen, and financing has remained tight. However, a closer look at the Trepp LLC data shows that the area's problem has mostly been with apartments. When it comes to hotels, office buildings, and retail properties, New York and the surrounding vicinity is outperforming the rest of the nation. Trepp researchers report that the overall delinquency rate in the New York metro area has skyrocketed from 0.15 percent at the end of 2007 to 7.73 percent currently. That spike was primarily because of the collapse of apartment deals near the top of the market involving huge communities such as Peter Cooler Village and Stuyvesant Town in Manhattan and Riverton Houses in Harlem. Such defaults drove the multifamily housing delinquency rate up to nearly 36 percent versus 14 percent nationally. By contrast, the office, hotel, and retail delinquency rates in the region were only 3.9 percent, 6.3 percent, and 4.4 percent respectively.

[Web Link](#) | [Return to Headlines](#)

Connecticut's Fairfield County Sees Apartment Rebound

Digested From "A Rental Rebound in Fairfield County"
New York Times (08/22/10) by Lisa Prevost

Reis Inc. reports that the apartment vacancy rate for Connecticut's Fairfield County peaked at about 6 percent in early 2009 and has been on a steady decline ever since. In fact, by the second quarter of this year, it had dipped below the 5 percent mark. Not surprisingly, rents are once again creeping back up in what is already one of the nation's priciest markets. Competition is stiff for the most affordable communities. Owners and managers say that while they are seeing a slight increase in demand from people relocating for work reasons, they

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Did You Know?

Tired of waiting until the NAA Education Conference to network with your colleagues in the apartment industry? This fall NAA is launching the NAA Community Site and Online Resource Center. NAA members will be able to participate in discussion forums, read blogs and easily access industry resources.

Questions? Resource submissions? Contact Mary Scott, Online Resource Manager at mary@naahq.org

The Industry Insider, a weekly e-newsletter published by the National Apartment Association (NAA), is your source for apartment industry news and information. This is a complimentary member benefit for NAA members. Membership in your local apartment association also entitles you to membership in NAA at no additional cost.

The National Apartment Association (NAA) is America's leading advocate for quality rental housing. NAA's mission is to serve the interests of multifamily housing owners, managers, developers and suppliers and

are also fielding inquiries from potential residents looking to cut their household costs. Still, others are expressing interest after growing wary of committing to a mortgage before the economy improves. The demand for newer, high-quality apartments in or near downtown Stamford is so strong that Building and Land Technology says it can't finish its new apartment construction fast enough.

[Web Link](#) | [Return to Headlines](#)

Minnesota Apartment Owners Are Again Investing in Communities

Digested From "Landlords Are Again Investing in Apartments as Market Improves"

Minneapolis Star Tribune (MN) (08/22/10) by Don Jacobson

With the market for apartments steadily improving in Minnesota's Twin Cities, some owners are taking the opportunity to make sorely needed upgrades to their communities as part of an effort to reposition them for a more competitive tomorrow. This entails installing everything from new kitchen cabinets and appliances to flooring and bathroom fixtures. Such improvements are proving to be financially feasible because strengthening demand is enabling owners to hike rents. That, in turn, is better positioning owners to recruit more prosperous residents who now view rentals as a smarter move than buying. The latest GVA Marquette Advisors of Minneapolis study indicates that although apartment residents continued to largely be bargain-hunters looking for the best possible deals, more were signing leases at this year's mid-point. The Twin Cities' apartment vacancy rate fell from 6 percent in July 2009 to 5 percent this year thanks largely to the creation of 13,500 new jobs in the metro area from April through June. GVA estimates show this has resulted in the absorption of 3,500 apartment units in the first six months of 2010. At the same time, research has shown that the new breed of apartment resident is looking for the kinds of amenities he/she may have received in new condos, including new countertops and attractive common areas.

[Web Link](#) | [Return to Headlines](#)

Mid-America Buys N.C. Apartment Community for \$33.6 Million

Digested From "Mid-America Buys NC Apartment for \$33.6 Million"

Business Week (08/20/10)

Mid-America Apartment Communities Inc. has acquired a 208-unit apartment community in North Carolina for \$33.6 million. Originally developed as condominiums, the high-end apartment and retail property was completed in 2009 and is situated in downtown Raleigh. Memphis-based Mid-America purchased the community from the construction lender in a deal funded by borrowings under existing credit facilities and stock issuances.

[Web Link](#) | [Return to Headlines](#)

Rents in Colorado's Weld County Go Down for 1st Time in Years

Digested From "County Rents Go Down for 1st Time in Years"

iStockAnalyst (08/20/10)

While other areas of Colorado see monthly apartment rents increasing, rents in Weld County are dropping. Rents fell to \$618.29 from \$629.01 at the same time last year, representing an almost 2 percent drop and a three-year low. Average rents dropped nearly 6.5 percent from the first quarter of the year. Bruce Disselkoen of the Weld County Apartment Association is not ready to call the numbers a trend, but adds that the true result will be revealed in the third and fourth quarters. Statewide, vacancies fell in seven of the eight metropolitan areas.

[Web Link](#) | [Return to Headlines](#)

More Than One-Fourth of Those Who Rent Will Never Buy a Home, Trulia.com Reports

Digested From "One-Fourth of Renters Will Never Buy a Home: Survey"

Reuters (08/18/10) by Nick Zieminski

According to a survey by real estate search site Trulia.com, 27 percent

maintain a high level of professionalism in the multifamily housing industry to better serve the rental housing needs of the public.

For more information on NAA and *The Industry Insider*, contact:

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of renters do not plan on ever buying a home. The portion of those that expect to buy a home -- 72 percent -- is down from 77 percent six months ago. Two-thirds of that 72 percent plan to wait two years or more before buying, and this reluctance could perpetuate the real estate market's slump. Factors affecting the sentiment include renters' inability to save for a down payment and/or their anticipation of a new job elsewhere.

[Web Link](#) | [Return to Headlines](#)

Austin's Apartment Market Is Booming

Digested From "Austin's Apartment Market Is Booming"
KXAN36 News (Austin, TX) (08/18/10) by Catenya McHenry

A new Austin Investor Interests report shows that apartment occupancy in Austin rose from 91 percent a year ago to 94 percent currently. Monthly rents are up, too, about \$17 for a one-bedroom unit on average. As its gets closer to the start of a new college semester, the hunt to find the perfect apartment will only get more intense. Apartment locator Scott Stevens acknowledges that he has been busy working the phones and hitting the street. Like others in his field, he starts each day by calling apartment communities throughout the 78704 ZIP code looking for the best deals of the day. One-bedroom apartments, in particular, are quickly becoming quite scarce in and around Austin.

[Return to Headlines](#)

Green Apartments Sprout in North Texas

Digested From "Green Apartments Sprout in North Texas"
GlobeSt.com (08/18/10)

North Texas could emerge as the next hotbed for so-called "green" apartments. UDR's Belmont apartment community recently received LEED Silver certification from the U.S. Green Building Council, the first apartment community in the Dallas/Fort Worth area to receive the designation. It was designed and engineered to use 36 percent less water and 20 percent less energy than a conventional apartment community, creating significant operational savings for all concerned. On average, residents can expect to benefit from an annual reduction of \$380 to \$550 to their utility bill. Among the key green features of The Belmont are highly efficient windows and insulation, compact fluorescent lighting, an onsite public transit stop and bicycle storage. Additionally, the five-building community features what UDR is touting as the first networked electric vehicle charging station in the multifamily housing industry. In addition to The Belmont, UDR is developing another green apartment community with a projected third-quarter 2010 completion. Meanwhile, Wood Partners LLC's Glass House Dallas high-rise apartment property has also received LEED certification. The firm made the move into green building after it saw evidence of demand from residents participating in surveys that they wanted more efficient living choices. Company management issued a new energy policy in the first quarter of last year that said all of its new projects would be designed and constructed to achieve efficiency standards either via LEED or ENERGY STAR certifications whenever possible. Mark Culwell, senior vice president of development for UDR, concludes, "There are clearly other cities that are more attuned and further down the road when it comes to sustainability -- Portland, Seattle, the Bay Area, and Washington D.C. I think there is growing momentum in Dallas-Fort Worth for sustainable apartments and a heightened awareness among renters."

[Web Link](#) | [Return to Headlines](#)

Canadian Apartment REIT Sold to Private Equity Investors

Digested From "Timbercreek REIT Sold to Private Equity Investors "
Toronto Globe & Mail (Canada) (08/18/10) by Steve Ladurantaye

Private equity investors have purchased one of the biggest blocks of privately owned apartment communities in Canada after its owners opted not to test the public market's hunger for another real estate offering. Analysts say this week's C\$182-million sale of Timbercreek Real Estate Investment Trust is the latest in a string of deals in the apartment sector. Apartment communities -- there are approximately 100,000 spread throughout Canada -- have attracted buyer interest

from as far away as Kuwait, mainly because they held their value through the darkest days of the recession at a time when such other property types as shopping centers and office buildings saw prices drop. That stability is partly due to apartment owners being able to access new debt inexpensively via Canada Mortgage and Housing Corp.. In other words, they were able to refinance during the credit crunch, thus preventing fire sales at a time when other building owners ran up against debt markets that were completely closed. Dennis Mitchell, vice president and senior portfolio manager at Sentry Investments, states, "This is an asset class that is clearly drawing attention from around the globe. And if you look at the real estate companies that really knocked it out of the park this earnings season, many of them were multi-residential REITs."

[Web Link](#) | [Return to Headlines](#)

Home Properties Buys Two Baltimore-Area Apartment Communities

Digested From "Home Properties Buys Two Baltimore-Area Apartment Complexes"

Baltimore Business Journal (08/17/10) by Ryan Sharrow

Home Properties Inc. has acquired two Baltimore-area apartment communities for \$58.1 million combined. The first contains 282 rental units and is located just off the Bay Bridge, while the other is a 168-unit community located in the Baltimore-D.C. suburb of Columbia. With the purchase, the Rochester, N.Y.-based REIT assumes \$9.6 million in existing debt from M&T Realty Capital Corp./Fannie Mae. Home Properties has been quite active in the market as of late, having bought two other apartment communities in Maryland earlier this year for a combined sum of nearly \$24 million.

[Web Link](#) | [Return to Headlines](#)

Legislative/Legal News



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Democrat Barney Frank Says Abolish Freddie Mac, Fannie Mae

Digested From "Democrat Says Abolish Freddie, Fannie"

Fox Business (08/23/10) by JoAnne Allen

In an interview on Fox Business last week, Rep. Barney Frank (D-Mass.) asserted that Fannie Mae and Freddie Mac should be abolished rather than reformed as part of the White House's planned overhaul of the government's role in housing finance. Frank, chairman of the House Financial Services committee, stated, "They should be abolished. The only question is what do you put in their place." Frank went on to criticize public policy that promoted homeownership at any cost.

[Web Link](#) | [Return to Headlines](#)

Shreveport (La.) Proposed Rental Housing Code May Soon Become Law

Digested From "Shreveport Renter's Code Re-Emerges"

Shreveport Times (LA) (08/22/10) by Adam Kealoha Causey

In Louisiana, a Shreveport proposal aimed at protecting those who rent from substandard housing may soon become law. Essentially, this new code would require owners of apartments and other rental housing to register their property with the city. Failure to register or to fix up units in disrepair would result in fines of as much as \$500. Registration fees would begin at \$25 for a single-family dwelling and increase depending on unit size. That means apartment communities and duplexes would be included. The proposed ordinance stipulates that homes must be in "operating condition," which means having working plumbing as well as sufficient heating and cooling and also being structurally sound and

sanitary. Most estimates have Shreveport's rental housing stock approaching the 50,000-60,000 range. Even if the number is much lower, it will take significant manpower in terms of inspectors to adequately enforce such a law.

[Web Link](#) | [Return to Headlines](#)

Arizona Court Sides With Trigild in Apartment Sale

Digested From "Local Receivership Firm Wins Arizona Court Case"
San Diego Business Journal (08/20/10) by Lou Hirsh

The Arizona Superior Court has ruled in favor of Trigild, decreeing that the California-based receivership and loan recovery services firm can sell seven distressed Arizona apartment communities for \$123 million to Standard Portfolio. Currently in escrow, the seven properties were placed in receivership during last year's first quarter after being abandoned by The Bethany Group. An Aug. 20 statement from Trigild said the receivership firm and the property lender's legal counsel won authority from the court to sell the apartments during receivership. Trigild President Bill Hoffman states, "This was unprecedented -- and a major victory for special servicers -- as a sale by the receiver brings the properties to market much sooner than a foreclosed property, and allows the special servicer to provide assumable financing for the new owner." He adds that the availability of financing for the transaction "allows us to deliver a much better recovery for the lender."

[Web Link](#) | [Return to Headlines](#)

Fordham University Wins Key Court Challenge for Campus Housing

Digested From "Fordham Campus Backed by Court"
Wall Street Journal (08/20/10) by Josh Barbanel

In New York, Fordham University reports that its plan to expand its Lincoln Center campus and build two luxury residential towers has won a key court challenge. Indeed, a state judge upheld changes that permit much larger and bulkier buildings on the site. The current Lincoln Center campus was originally built for 3,500 students, but now serves nearly 8,000. The new building plan calls for additional dormitories, library space, a new theater, a new law school, and other academic buildings over the next quarter-century. Fordham is one of a number of area universities to run into opposition from community groups regarding their expansion plans. This case is a little different in that the opponents live in the midst of the campus. The two residential towers in the plan are slated to be sold to a private developer, with one rising about 600 feet high. Both will be taller than 15 Central Park West and almost as tall as the Time Warner Center at Columbus Circle just a few blocks away.

[Web Link](#) | [Return to Headlines](#)



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