



Data Embargoed Until Midnight PST April 21st, 2010

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1Q10 Press Release – April 19th, 2010

Rental Housing Fundamentals Improve Virtually Overnight

RealFacts just released its new data in April 2010 after conducting a comprehensive survey of rents and occupancy in March of 100+ units, market rate communities throughout the country. In December 2009, the outlook for apartments was positively grim, driving landlords to clamber upon their chairs noose in hand. But here in the first quarter of 2010, market conditions seemed to have improved virtually overnight.

As RealFacts stated in its 4Q2009 press release, an important indicator for rental housing is employment. As we have no doubt all heard in the news, there has been a modest up tick in the rate of employment and rental housing has responded by posting equally modest gains in rents and occupancy.

The national average rent for 1Q2010 is \$943.00, compared to \$932.00 in 4Q09 or an \$11/mo. increase. Leading the way to recovery with rent increases in excess of 2% for the quarter are Phoenix, regaining some of its' losses over the past two quarters at 4.5%, from \$694 in 4Q09 to \$725 in 1Q10. Charlotte gains 4.6% this quarter from \$657 to \$687. Other markets guiding rental housing to safe harbors are Baltimore and Denver at 3.5%, Salt Lake at 3.4% and San Antonio at 2.4%. Yet there are also markets that are still far from becoming an overnight sensation. Atlanta lost -3.4% from \$839/mo to \$820/mo. in the current quarter. Durham lost ground posting a loss of 2.4%.

Occupancy rates haven't escalated as quickly as rental rates but stabilization has been firmly established in this early part of 2010. The most promising market this quarter is Fresno, gaining 2.4% from 91.7% to 92.5%. Other markets inching up this quarter are Charlotte at 1.5%, and Phoenix, Orlando, Seattle and San Jose at 1%. Markets still waving the red flag are Vallejo and Tulsa, both losing 2.0% and Atlanta losing 1.5%.

In 2009, 32,556 new units were added to the rental housing supply. This number is nearly identical to the 2008 figure at 32,536 units. This represents a measly 1% increase to the overall supply of rental housing covered in the RealFacts database of 3,271,521 units. Yet absorbing those new units proved to be quite a challenge as they were built in highly concentrated markets rather than spread evenly throughout the country. Net absorption in

2009 was -12,351 units, nationally. This is the worst performance on record, and far outtrivals what occurred in 2002. In 2002 there was both an economic recession and a hefty pipeline which delivered roughly 80,000 new units to the market nationwide. As of 1Q10, the rental units built in 2009 are currently 60% leased.

Most of the development of 2009 occurred in Texas. The cities of San Antonio, Houston and Dallas were able swallow 8,667 units without a hiccup. Texas has had promising growth indicators such as increased population and jobs and fields such as energy making Texas a feasible investment for developers and their partners.

Many experts in the field predicted modest growth for rental housing in 2010 but are placing their belief in 2011 as the time where they will reap the benefits of sustained growth and value appreciation for apartments.