

Atlanta Rental Market is Back!

By Robert M. Locke

In the late 90's, the Atlanta sales market was very strong. Houses sold for premium prices in short time periods. Landlords sold off many of their houses and rental inventories shrunk. The rental market became very strong because of low availability. Rents increased as demand remained strong. Investors didn't have to do much to their properties as tenants were grabbing them up fast. We raised rents regularly and kept our properties full. The Atlanta apartment industry was thriving and vacancies reduced to 2%. We rented everything we listed regardless of condition. **Then ... 2001 hit.** Between 9/11, the sagging stock market, and growing concerns over terrorism, public confidence slid and home buying slowed. This deadly combination caused rental inventories to expand to record levels.

From 2001 to 2003, the apartment industry gave free rent, dropped security deposits and eliminated pet deposits to get tenants to move in. The average 3-bedroom garden apartment rent went from \$730 to \$618 in 3 years. Concessions went through the roof as apartment owners competed for good tenants. The single-family market mirrored this slide and everyone's rental inventories grew out of control. Crown went from 40 houses on the market to over 140 in one year. All the property managers in Atlanta started turning down new listings and eliminating bad ones. In trade association meetings the cry was, "How do I get all these properties rented?"

Anytime supply exceeds demand, prices fall. In 2003, we rented houses for \$1,200 that rented for \$1,400 two years earlier. Single-family property managers followed the apartment community's lead by offering concessions to get good tenants to move in. Landlords spent more getting properties in re-rent condition and lowered their rents to attract good occupants. We all lowered our qualifying standards and security deposits, gave away the first month's rent, and invited tenants to dinner if that's what it took to rent our properties. At renewal time we waived rent increases, shampooed carpets, and installed ceiling fans to get a good tenant to renew for another year.

Things began to change in 2005. We track the industry statistics carefully and constantly compare them with our own experience. In January, 2005 our rental applications increased by 60% over 2004. **In the first quarter of 2005, we leased almost twice the number of properties compared to the year before and the balance of 2005 was the same.** We rented 300 houses in 2005 (50% more than 2004), and we got better quality applicants to boot. The apartment industry also reported a strong upsurge in 2005. [<see report>](#)

2006 is off to a roaring start! **Our applications were off the chart for the first quarter.** We received 165 applications and completed 118 leases in the first three months. The apartment industry is raising rents rapidly and eliminating all concessions. **We are renting good houses in two to three weeks instead of months.** We are raising rents and our available inventory is still shrinking. **Good news for investors.**

One reason we are renting houses so quickly is our increased presence on the internet. The availability of national rental hosting sites has dramatically increased in the last two years. Crown lists its available inventory on 12 national and local sites today as compared to five a year ago. Our costs are much higher but the results are amazing. Eighty-five percent of our applicants find our properties on the internet today as compared to 50% a year ago [<see our inventory>](#). We have a smooth application process online [<view>](#) and currently receive an average of two applications a day. **The overall rental market in Atlanta is booming, and we are setting new records every week.**

It's going to be a good year for our investor/landlord clients.