



More renters are filling up apartments

Almost 7,000 units have been leased since the end of June

10:05 AM CDT on Wednesday, September 26, 2007

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After snoozing through the first half of the year, the Dallas-Fort Worth apartment market took off in the third quarter with a surge in leasing.

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Renters filled almost 7,000 apartments since the end of June, according to statistics released Tuesday by apartment analysts at M/PF YieldStar Inc.

"The key factor seems to be that we've stemmed the loss of renters to first-time home purchases now that mortgage underwriting standards have tightened up," said M/PF vice president Greg Willett.

"Also, apartment operators now are starting to talk about getting back some households who had left for single-family home rentals.

"Either they didn't like the lesser service you get with single-family rentals or, in a few cases, they rented single-family homes that ended up in foreclosure," Mr. Willett said.

The increase in net leasing pushed overall apartment occupancy in the D-FW area above 94 percent – the highest level in six years.

Mr. Willett said the rise in occupancy also was due to record apartment demolitions. So far this year, about 5,700 local apartments have been demolished.

"So far we have torn down a handful more than we have built this year," he said. "That's the key to the occupancy going up."

Developers started 2,384 apartments in the third quarter, bringing construction totals for the year so far to 5,534 units.

More than 13,000 apartments are in the construction pipeline, with the largest concentration of new units in central Dallas and in Irving's Las Colinas development.

Rents have continued to inch up. This quarter the average D-FW area apartment rent is \$724 a month – up 2.3 percent from a year ago. "Not a great number but much better than was seen previously," Mr. Willett said.

With strong employment growth in North Texas this year, developers and real estate analysts had been puzzled by the low apartment leasing numbers early in the year. During the first six months, net apartment rents added up to only a few hundred units.

But rentals of single-family homes were up almost 18 percent through August, with almost 13,000 transactions, according to the North Texas Real Estate Information System.

With large numbers of investment homes up for rent, analysts said that potential apartment renters were choosing houses instead.

Darren Schackman, apartment developer Trammell Crow Residential senior managing director, said he is glad to see apartment rentals jump.

"I'm not surprised at all with the job growth Dallas has," Mr. Schackman said. "I expect it will continue to be positive."