

Apartment Vacancy Rate Plunges in Fourth Quarter

Jan. 31, 2006—A significant decline occurred in the rental apartment (units in structures with 5 or more units) vacancy rate during the fourth quarter of last year according to the U.S. Department of Commerce, down to 9.6 percent from the 10.8 percent reported for the third quarter. The fourth quarter level essentially conforms the suspicion the third quarter rate represented a statistical outlier, according to Robert Sheehan, consulting economist for the National Apartment Association (NAA).

“Recovery in the rental apartment market continues to occur as a result of stronger employment and household growth and affordability issues related to homeownership in many local markets,” Sheehan said. “The rental apartment vacancy rate in the fourth quarter was the lowest level since the 9.3 percent recorded in first quarter of 2001. And it was down 2.5 percentage points from the 12 percent record set in second quarter of 2004.

Vacancies in all rental apartment units, according to the U.S. Department of Commerce, declined to 9.6 percent from 9.9 percent in the third quarter, and from the 10 percent recorded in the fourth quarter of a year ago. Also of note is the reported vacancy rate in single family rental units. It rose to 10.2 percent in the fourth quarter from 9.7 percent in the third quarter. And it represented the first time that the single family rental unit vacancy exceeded the rate for rental apartments.

Vacancy rates for all rental units fell in all four regions of the country during the fourth quarter compared to a year earlier. The rate fell in the Northeast to 6.7 percent vs. 6.8 percent, 12.3 percent vs. 12.4 percent in the Midwest, in the South to 12.3 percent vs. 12.4 percent and the West to 7 percent vs. 7.2 percent. The rate rose to a record rate of 13.4 percent in the third vs. 12.3 percent a year ago.

About NAA: NAA, based in Alexandria, Virginia, is the leading advocate for quality rental housing. NAA is a federation of 192 state and local affiliated associations representing more than 51,000 members responsible for more than 6.1 million apartment homes nationwide. NAA is the largest broad-based organization dedicated solely to rental housing. NAA members include apartment owners, management executives, developers, builders, investors, property managers, leasing consultants, maintenance personnel, suppliers and related business professionals throughout the United States and Canada.

NAA provides information through advocacy, research, technology, education and strategic partnerships. NAA offers six national designation programs, publishes *Units* magazine and other industry publications; holds an annual Education Conference and Exposition; and promotes industry professionalism. For information, call 703/518-6141, e-mail information@naahq.org, or visit www.naahq.org. Approximately 81.5 million people, or nearly one-third of the U.S. population, live in renter households. The apartment industry employs more than 600,000 people, and the current estimated value of U.S rental housing stock is \$2.5 trillion.