

AXIOMETRICS INC.

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National Apartment Market Pushes Toward 6.0% Annual Effective Rent Growth

Many markets in the west and southwest rising even faster

(DALLAS, TEXAS - June 30, 2011) – [Axiometrics Inc.](#), a provider of data and analysis on the multi-family housing sector, announced today in its latest research report that, like the weather, the national apartment market continued to heat up in May, with effective rents (rents net of concessions) increasing 0.70% from April levels. Based on results year-to-date, Axiometrics estimates that effective rents will rise 5.9% in 2011, which would be the largest annual increase since a rate of 5.8% in 2005. The top performing major markets for annual effective rent growth in May included San Jose (13.0%), San Francisco (9.7%), Austin (8.7%), Seattle (8.5%), Boston (7.4%), and Dallas (6.5%).

“2010 was a very strong year in terms of effective rent growth, but so far this year we are seeing rents rising at an even faster pace,” said [Ron Johnsey](#), president of Axiometrics Inc. “With year-to-date increases in effective rents, and continued strong occupancy levels, renters who are able might be wise to sign longer term leases as property owners in most markets will maintain pricing power at least through the rest of 2011.”

Year-to-date, effective rents nationally have risen 3.17%, as compared to 2.55% in 2010. For a complete summary of monthly and year-to-date results of the 88 markets Axiometrics tracks, visit [Apartment Market Performance May 2011](#).

Effective rents

In Axiometrics' latest report, seventy-seven markets had at least some positive growth in effective rents; eleven showed declines, with Tucson the worst at a negative rate of 1.11%.

In addition, Axiometrics ranked markets according to level of momentum, or how monthly and annual effective rent growth rates compare to national rates. Those with **leading momentum** have both monthly and annual growth rates above the national average; those with **declining momentum** have annual rent growth above, but monthly growth below, the national average; those with **improving momentum** have monthly growth rates above, but annual rates below, the national average; and those with **lagging momentum** have both monthly and annual growth rates below the national average.

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Effective Rental Rate Growth						
	Month			Annual		
	May '11	National	Variance	May '11	National	Variance
Leading Momentum						
San Jose, CA	2.5%	0.7%	1.8%	13.0%	4.9%	8.1%
San Francisco, CA	1.0%	0.7%	0.3%	9.7%	4.9%	4.8%
Austin, TX	1.2%	0.7%	0.5%	8.7%	4.9%	3.8%
Seattle, WA	1.2%	0.7%	0.5%	8.5%	4.9%	3.6%
Boston, MA	1.2%	0.7%	0.5%	7.4%	4.9%	2.5%
Dallas, TX	0.8%	0.7%	0.1%	6.5%	4.9%	1.6%
Declining Momentum						
Portland, OR	-0.2%	0.7%	-0.9%	8.0%	4.9%	3.2%
Phoenix, AZ	-0.2%	0.7%	-0.9%	6.5%	4.9%	1.6%
Improving Momentum						
Orange County, CA	0.8%	0.7%	0.1%	4.1%	4.9%	-0.8%
Houston, TX	0.8%	0.7%	0.1%	4.2%	4.9%	-0.7%
Lagging Momentum						
Las Vegas, NV	-0.1%	0.7%	-0.8%	-1.3%	4.9%	-6.2%
W. Palm Beach, FL	-0.6%	0.7%	-1.3%	1.7%	4.9%	-3.2%
Los Angeles, LA	-0.1%	0.7%	-0.8%	1.8%	4.9%	-3.1%
National	0.7%	0.7%	0.0%	4.9%	4.9%	0.0%
<i>Source: Axiometrics Inc.</i>						

Occupancy rate

The national occupancy rate increased for the twelfth time in the past 16 months, rising from 93.3% in April to 93.96% in May. From January through May 2011, the occupancy rate has increased 86 basis points (bps), which is below the rate of 136 bps for the same period of 2010. The slowdown in absorption can partially be attributed to the increase in effective rents year-to-date. However, occupancy in May was still above the previous peak of 93.5% reached in August 2008.

From May 2010, eight major markets increased occupancy by more than 100 bps and have rates above 95%: New York, Minneapolis, Austin, San Jose, Cleveland, Orange County, Chicago, and Denver. Also, some of the most overbuilt markets are recovering rapidly. Six major markets that had low occupancy rates in May of 2010 (ranging from 89.8% to 92.0%) have increased their occupancy levels between 142.5 to 333.4 bps. These markets are: Charleston, Charlotte, Dallas, Orlando, Phoenix, and Houston.

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Occupancy Rate: High Occupancy & Absorption				Occupancy Rate: Low Occupancy & High Absorption			
Market	Rate		Absorption Rate (BP)	Market	Rate		Absorption Rate (BP)
	May '10	May '11			May '10	May '11	
New York, NY	94.6%	96.5%	187.3	Charleston, SC	90.6%	93.9%	333.4
Minneapolis, MN	95.6%	97.4%	187.2	Charlotte, NC	92.0%	93.7%	172.7
Austin, TX	93.4%	95.1%	168.1	Dallas, TX	91.7%	93.7%	196.1
San Jose, CA	96.3%	97.5%	118.8	Orlando, FL	91.5%	93.2%	165.8
Cleveland, OH	94.0%	95.2%	113.9	Phoenix, AZ	90.9%	92.7%	179.8
Orange City, CA	94.5%	95.6%	112.7	Houston, TX	89.8%	91.2%	142.5
Chicago, IL	94.1%	95.2%	109.0				
Denver, CO	94.6%	95.6%	105.2				
<i>Source: Axiometrics Inc.</i>							

About Axiometrics

Axiometrics Inc. measures the performance of the apartment sector every month. The company tracks individual properties or portfolios owned by both private and publicly traded apartment REITs (Real Estate Investment Trusts), as well as properties owned and managed by private investors, developers, and management companies in more than 300 markets, totaling over 16,500 properties and 4.4 million units. Axiometrics delivers its data and analysis through a set of affordable, sophisticated tools that enable clients to improve property and investment performance at a fraction of the cost of the additional revenue generated. Learn more at www.axiometrics.com or call 214-953-2242.

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