

Apartments fill up but rental rates remain flat

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Brian Cassidy

Ben Cherry said occupancy at Manor Real Estate's properties in University City and south St. Louis has been gradually improving over the past 18 months.

More St. Louisans are putting out the welcome mat at area apartment complexes.

The vacancy rate for apartments in the St. Louis region fell to 7.3 percent in the first quarter of this year, down from 9 percent a year ago, according to research from New York-based [Reis Inc.](#)

"Overall our occupancy has gradually been increasing and improving for the past year to year and a half," said **Ben Cherry**, vice president of Manor Real Estate, which operates rental properties in University City and south St. Louis. Despite the improving occupancy rates, rent rates are remaining flat in the St. Louis market, Cherry said.

Rents on Manor properties range from \$1,300 for a three-bedroom, one-bath apartment in University City to \$495 for a one-bedroom, one-bath apartment in south St. Louis, he said.

"We have tried to increase rents and have experienced a significant amount of push back from our tenants," he said. "From an occupancy standpoint everything is great, but I don't yet feel that the occupancy levels in St. Louis have reached a point where we would be able to increase rents because of a significant demand increase for apartment properties."

Rents in St. Louis increased just 1.1 percent over the past year, according to the Reis Inc. research. Meanwhile, rental rates nationally rose 1.9 percent.

The national apartment vacancy rate dropped to 6.2 percent in the first quarter of 2011 from 6.6 percent in the fourth quarter of 2010, according to Reis. A year ago the national rate was 8 percent.

Cherry said that similar to the housing market, tenants who are out there looking for apartments are expecting the best, so his company does what it can to keep properties up to snuff. He said Manor's properties are currently at 96 percent occupancy for the first time in several years.

"We're doing a significant amount of improvements to our property," he said. "When a tenant vacates, we make sure that the hardwood floors are gleaming, all the appliances are working and the light fixtures are updated."

To keep vacancy rates down in a tight market, communication between landlords and tenants is increasingly important, Cherry said.

"I'd say that the landlord-tenant relationship is more crucial now than it ever has been," he said. "Staying in touch with your tenants and making sure that you're promptly responding to any maintenance calls or emergencies is very important."

Cherry said his company also does what it can to make sure its rental rates are in line with the market.

"We drive around and call other properties to see what their asking rents are and see what they're able to get," he said.

Jill Belsky, vice president of Rodemyer-Christel Inc. sees some parts of the St. Louis market doing quite well and experiencing lower vacancy rates as well as increased rents.

"I think the rental market is really strong in certain parts of the city, and so as vacancy rates decline, I've definitely seen rents begin to increase," Belsky said. "We manage 6,000 units across the St. Louis area. The downtown market is very strong, certain parts of the county are very strong, some parts of South City."

She said her company's apartment rents range from \$300 a month for a one-bedroom, one-bath senior apartment in St. Louis City to \$2,500 a month for a two- or three-bedroom penthouse apartment in Clayton or downtown.

Belsky said that in the current market it is important for landlords to deliver clean safe housing and respond to tenants needs.

Tom Pickel, executive director of the DeSales Community Housing Corp., said that over the past year, occupancy has stabilized for properties in the city of St. Louis managed by his firm, but rents have not risen.

"We'd like to see rents go up," Pickel said. "Looking ahead 12 months, it's probably going to be in the low single digits."

A new trash collection fee imposed by the city is impacting apartment owners and managers, Pickel said.

“It’s \$11 per unit per year. That adds up to \$132 per unit, per year, for your property. We try to pass that along in rent increases, but it doesn’t leave much additional margin for an additional rent increase,” he said.

Real estate agent and landlord **Annette Canale** said the rental market is volatile because a lot of homeowners can’t sell their homes and are renting them. There are a lot of people to fill those homes, because people who are in foreclosure have to go rent, she said.

“I’m also finding that a lot of people are doubling up,” Canale said. “Young adults are moving back in with their parents or they’re getting roommates rather than getting their own apartment. Single parents are moving in with their kids or siblings. If everybody doubles up, we’re going to have a 50 percent vacancy rate.”

Canale said very few adults had roommates in the past in the St. Louis area, and now she is seeing more and more adult single people getting roommates.

She said rents are remaining stable for her properties, and she has offered a month of free rent to tenants whose leases are up.

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