

No respite on rent

Despite housing downturn, Hub apartment hunters finding few deals

By Jenifer B. McKim, Globe Staff | April 18, 2010

It may still be a buyer's market for Boston-area residents looking to purchase a home. But for renters in the Hub, it's a different story.

While Boston housing values have dropped in the double digits over the last five years, rents have only dipped and now appear to be rebounding. As a result, prospective tenants looking to sign leases on apartments before the city's traditional Sept. 1 rush will find high prices and few incentives, real estate brokers and property managers say.

"I don't think there any deals out there unless it is" a last-minute special, said Leslie Morgan-Dwinell, an agent for apartmenthub.com, a rental company that specializes in Cambridge and Somerville apartments.

Boston-area home values fell about 16 percent since their peak in 2005, motivating bargain hunters to scurry in search for affordable homes. But rents in larger Boston-area buildings have fallen only about 3.7 percent since their peak in late 2008, according to new data by REIS.com a New York-based company that tracks apartment buildings with 40 or more units.

And rent decreases have slowed this year, real estate brokers say, as some landlords have resisted slashing rent or offering prospective tenants incentives, despite the economic downturn. Rent dropped only 0.2 percent in the first quarter of 2010, according to REIS, which tracks about 200,000 units locally.

As a result, the Boston area remains one of the most expensive places to rent in the country, despite the fact that vacancy rates in the area have steadily increased over the last few years — from 5.1 percent in the first quarter of 2006 to 6.5 percent in the first quarter of this year, according to REIS data. Tenants here pay an average rent of \$1,598, the fourth largest average rent behind New York, San Francisco, and Fairfield County, Conn., the real estate tracker said.

Despite the numbers, many local property managers say that demand is increasing as more people decide to rent rather than buy and college students and others begin their apartment search earlier this year.

Boston resident Julie Farrer is one of those people. Farrer, 27, and her husband, Matt Bingham, 25, want to move from their Dorchester apartment, where rent is going up to \$1,400, by Aug. 1 to a place closer to her work in Cambridge and his law school classes in Andover. The couple, who are hoping to find a place for \$50 less, are limiting their search to private landlords who don't charge broker's fees. "I feel I'm still a little early, but there's stuff out there," said Farrer who advertised her housing needs on Craigslist.

Indeed, there may be a lot of vacant apartments in the market, but brokers and property managers say prospective renters won't find a lot of deals. Renters who are looking for properties in the city's urban centers, where tenants can walk to restaurants and stores, may find particularly high prices and fewer incentives.

Matt Picarsic, a principal with the Somerville-based real estate investment and property management firm RCG, said rents in RCG's 600 Boston-area apartment units, for instance, have remained flat or have increased over the last year.

Curtis Kemeny, chief executive and president of Boston Residential Group that develops and manages 20 high-end multifamily buildings in and around Boston, said as demand has increased, his company has rolled back on some incentives meant to attract tenants, including a month's free rent, the payment of broker's fees, or a \$500 gift certificate.

"We began the year with a more aggressive incentive package, and have recently been able to cut back certain aspects of

it,” said Kemeny. “The market is coming back into balance.”

Steven Handler, property manager for Beacon Realty Properties LLC, said rents at Beacon Realty’s 10 Boston-area buildings this year have stayed the same or inched upward, including studios starting with monthly rents at about \$1,000 and one-bedroom apartments starting at \$1,295. Handler said in Boston, it “is not a renter’s market.”

The Boston rental market is particularly tight for people with special needs, like pet owners or families with young children who need a lead-free apartment, said Ishay Grinberg, president of Rental Beast Inc., a Somerville company that provides online services to apartment seekers. Incentives, if any, are offered in the city’s luxury apartments, he said.

“It’s a tough market in Boston if you are looking for average rents,” said Grinberg. “It is becoming more and more competitive.”

Lower-income tenants also are being especially squeezed, said Aaron Gornstein, executive director of the Citizens’ Housing and Planning Association, a nonprofit organization focusing on affordable housing. The federal Fair Market Rents, an index used to guide payment amounts under certain subsidized programs, averaged \$1,355 over the last four years for a two-bedroom apartment including utilities.

“Incomes aren’t going up, and unemployment is a huge problem,” said Gornstein. “Renters are struggling to make ends meet.”

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