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- Existing home sales increasing at record pace. Up 4 months in a row.

Increase in Applicant Traffic Should Continue Through 2009

For apartment operators, jobs equal tenants. A year ago at this time, we were entering a period of great uncertainty, and renters seemed to have disappeared from the market. With monthly traffic at apartment communities off by as much as 20% early in 2009, thousands of extra units were left unoccupied. Approximately, 3.4 million jobs were shed in the first 6 months of 2009, with almost 750,000 being cut in January alone.

From 2008 to 2009 RentGrow's client base saw a decline in application processing of -13.5% in Q1 and -12.1% in Q2.

Starting in July 2009, things began to get a little better on the employment front. While jobs were still being lost, the rate at which this was happening began to slow considerably. In turn, for Q3 of 2009, RentGrow's client base saw a much smaller decline in application processing compared to 2008, at only -3.3%.

Looking Ahead

As we project out through the end of 2009 and into early 2010, things are looking up in terms of applicant traffic. Based on our modeling, and shown in the chart above, we are anticipating an increase in traffic of around 6.5% for Q4 of 2009 compared to the same quarter a year ago. While we won't be back to pre-2008 levels any time soon, the next few months look a lot brighter than the last few.

What does this mean for our clients?

Most indicators suggest that applicant traffic rates are improving, but don't expect big numbers of new applicants to reappear overnight. First of all, although the relative year-over-year traffic statistics are trending upward, we still expect the typical seasonal patterns to occur, including reduced traffic in the autumn and winter months. In addition, it took several years for this economic cycle to fully decline, and it may take several more to improve. That being said, the data provides a reason to be optimistic: if, like most of the multifamily industry, you have been experiencing significantly reduced year-over-year applicant traffic, you may have already hit rock bottom several months ago.

Conclusion

We've all learned a lot over these past few challenging months. Many companies took advantage of the "down time" to get back to the basics and focused on improving operational efficiencies. As things improve, let's not forget perhaps the most important lesson we've learned: each prospective resident you see is more valuable than ever before. It's likely that you will have more applicant traffic to help fill your units in 2010 than you did in 2009 - make the most of each of these opportunities.

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