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## RealFacts, LLC 4Q13 Executive Summary

1 message

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### 4Q13 Executive Summary

Sarah Bridge, Founder and Managing Member – RealFacts LLC

## 2013 Year-End Shows Sustained Rent Growth for Apartments



Our year-end apartment round up shows sustained nationwide rent growth. However, the distribution is heavily weighted towards the California markets. Six of the top ten ranked are in California, as were the top three.

RealFacts annual review of the best performing rental markets of 2013

MSA	Average Rent	Yr-over-Yr Average Rent Change in dollars
San Jose , CA	\$2,153	\$197.00
San Francisco, CA	\$2,044	\$183.00
Santa Rosa, CA	\$1,438	\$156.00
Seattle, WA	\$1,252	\$ 93.00
Denver, CO	\$1,092	\$ 91.00
Los Angeles, CA	\$1,771	\$ 81.00
San Diego, CA	\$1,529	\$ 73.00
Boulder, CO*	\$1,243	\$ 70.00
Oxnard-Thousand Oaks, CA*	\$1,595	\$ 70.00
Portland, OR	\$1,016	\$ 67.00
Miami-Ft Lauderdale, FL	\$1,332	\$ 60.00
<b>National Average</b>	\$1,093	\$ 53.00

Source: RealFacts 4Q13 \*Boulder and Oxnard are tied

Other strong performers in 2013 are Austin, TX up \$56/yr. from \$949/mo. to \$1,005/mo. and Atlanta up \$54/yr. from \$880/mo. to \$934/mo.

Overall the rental market performed well with 32 markets out of the 40 published by RealFacts at or higher than inflation, CPI and cost of living---all three indices for 2013 are approximately 1.5%. The national average rent was up 5.1% or \$53/mo. from \$1,040/mo. to \$1,093/mo. yr./yr. Over a four year period, the national average increased by 12.3%, from \$952/mo. to \$1,078/mo. or \$126/mo. gain in absolute dollars.

Over the past four years, apartments grew to be very popular with investors because its returns are predictable and stable. In 2010, when the economy was sluggish, rental housing was thriving. Turn the page to 2014 to find apartments competing with far more lucrative investment opportunities. In 2013, the stock market grew by 29% and 35%. For- sale housing is rebounding--trading at levels not seen since 2006. Meanwhile, San Jose, arguably the most aggressive rent growth market we track posted a four year average increase of 35%. The San Francisco MSA was up, 29%; Denver 24% and Seattle 19.4% over the four year period. Annualized those rent increases range from 4.7% to 8.7% for our strongest markets in the nation.

So, what do these statistics suggest about the direction of rental housing in 2014? RealFacts predicts it will bode well for renter and investor alike.

Investors should set their sights on those markets that haven't fully appreciated in terms of rent growth such as Greater Los Angeles. A recent RealFacts report shows its four year average increase is just 11% or 2.8% per year. Los Angeles also has a high barrier to entry. That means it's expensive and time consuming for developers to bring new supply to market. High barrier markets rarely become unbalanced, at least not to a degree that would accelerate a market bust.

For the renter, there are still many affordable options in the heart of the Bay Area with plenty of units available to rent. If one finds San Francisco too pricey at \$3,055/mo., cheaper housing is available in the city of Richmond at \$1,305/mo. on average. It's a seventeen mile drive or easily accessible by public transit. Or, for those who prefer Berkeley, but can't afford its price tag at \$2,500/mo. they can opt for a quick commute to the city of San Pablo, just under ten miles away, and pay around \$1,266/mo.

See attached Executive Summary and MSA Synopsis in .pdf form.

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**2 attachments**

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 **4Q13 MSA Synopsis\_pdf.html**  
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