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# Vacancy rate falls as home prices soar — now, rents for houses are likely to rise

The vacancy rate for houses in Ada County has fallen dramatically in the last year, according to a recent industry survey.

A poll by the Boise chapter of the National Association of Residential Property Managers turned up an overall vacancy rate for rental houses of 2.4 percent for the first quarter of the year, compared with 10.8 percent for the same period a year ago.

Industry members attributed the scarcity of houses for rent to increases in home values that have priced many area consumers out of the market, and to an influx of new residents who are choosing to rent while they decide where to live.

"One big reason for these vacancy rates is because the three- bedroom house that used to cost \$130,000 now costs \$200,000," said Patrick J. Chapman of Chapman Properties.

The result is that rents are expected to increase, said Tony Drost, owner of First Rate Management.

"It's that supply-and-demand thing," he said.

The property managers association polled area property managers who handle 1,012 rentals in Ada County. The survey showed major declines in the vacancy rate in each of the five categories surveyed.

One of the biggest declines was in the popular three-bedroom home market, which went from a vacancy rate of 12.8 percent a year ago to just 2.4 percent during the first three months of 2007.

Mike Rampelberg of Greater Boise Property Management, said the demand for rental houses during the first quarter was surprising because the first three months of the year are historically slow.

"That's what's making supply even tighter now in the June time frame," Rampelberg said.

Chapman, a 13-year veteran of the property management business, said the current vacancy rates are the best that property managers have seen "in the last five years."

He said some newcomers to the rental market include consumers who purchased homes with adjustable-rate loans and now have seen their monthly mortgage payment jump dramatically. They sold their homes or were foreclosed on and had to move into rentals.

"Lenders were letting just about every Joe into a home," Chapman said.

"Now those lenders are foreclosing on a lot of those homes. And they have increased their lending criteria, which makes it impossible for some people to buy a home."

According to RealtyTrac.com, an online marketplace for foreclosures, the most recent statistics available show that there were 424 foreclosures in Idaho in April, compared with 190 for the same month a year ago.

Ada County had 116 filings in April, compared with 44 a year ago. Canyon County had 97 filings compared with 79 in April 2006.

Overall, there were 1,457 foreclosures in Idaho during the first four months of the year, up from 947 for the same period in 2006.

J.J. Suitter, of Apex Property Management, said in-migration that has been estimated at 22,000 people last year has been soaking up much of the rental house inventory.

"About 42 percent of the leases I've signed this year were people who have moved here," Suitter said.

She speculated that some homeowners may have sold their homes and moved into rentals in order to use the profits from the sale to pay down debt.

Rampelberg, of Greater Boise Property Management, said all 35 of his rental properties are occupied.

Demand for rental houses has been so strong, he said, a recent vacancy he had was snatched up the same day he put up a for-rent sign.

"I think my situation is similar to other property managers," he said.

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