

# APARTMENT LEASING

## Landlords doubling down on freebies

Waived deposits, free rent offered to sweeten deal



**Nationwide**, 63% of apartment renters report getting concessions. The most popular giveaways include free months or weeks of rent, waived or reduced deposits, gift cards and free parking. (Juan Figueroa/Staff Photographer)

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Apartment landlords are ramping up the freebies to attract tenants during the pandemic.

The share of rental units offering concessions to tenants has almost doubled since early this year as COVID-19 has swept the country, according to a new study by Zillow.

More than 30% of nationwide rentals are offering some kind of concessions.

And in the Dallas-Fort Worth area, the share of landlords using giveaways is even larger — almost 39% in July compared with 22% a year earlier, Zillow reports.

D-FW ranked in 12th place nationally for rental freebies among the top 50 largest metro areas Zillow looked at.

“Before the pandemic, rent growth was accelerating and the nation was seeing concessions dwindle,” Zillow economist Joshua Clark said in the report. “That trend reversed sharply after the pandemic hit in February.

“In a softer rental market, landlords are trying to push the right button to bring renters into their space.”

Zillow looked at both apartments and single-family home rentals for its market overview.

Nationwide, 63% of apartment renters report getting concessions, compared with only 35% of single-family renters.

The most popular giveaways include free months or weeks of rent, waived or reduced deposits, gift cards and free parking.

Zillow said the median amount of free rent offered to tenants is six weeks — the equivalent of more than an 11% annual discount.

D-FW area apartment rents have been flat this year since the start of the pandemic. And demand for local apartments has plunged with rising unemployment and concerns about increases in vacancies.

Zillow analysts warn that the spike in recent concessions could signal a future wave of outright rent cuts.

“Concessions can often be a leading indicator of a coming price drop in that landlords will often offer them first, before reducing rent,” Clark said. “If owners feel concessions are no longer moving the needle, they’ll reduce prices.

“Many landlords prefer to offer a concession rather than cut rent and set a precedent that could linger when the market picks back up.”

U.S. markets with the biggest share of rent concessions as of July included Washington, D.C. (57.5%); Charlotte, N.C. (53%); and Austin (47.1%).

The cities where landlords are offering the fewest rent freebies include Oklahoma City (6.2%) and Providence, R.I. (12.8%).

Dallas-Fort Worth is currently the country’s fastest-growing apartment market, with more than 40,000 new units on the way. More than half of the new rental units under development in North Texas will open this year.

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