

30% Of Rental Listings Offering Concessions In Competitive Apartment Market

November 22, 2023 | Taylor Driscoll, Boston (<https://www.bisnow.com/author/taylor-driscoll-574145>)
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Just in time for the holidays, renters are being gifted more perks when leasing apartments in a market that is delivering more supply.

Landlords are offering at least one concession on 30% of rental listings, the highest rate in two years, according to a report this week from Zillow (<https://www.zillow.com/research/renter-concessions-33386/>). These concessions include free months of rent and free parking.

Of the 50 largest U.S. markets, 43 are seeing more concessions on listings than last year, according to Zillow (<https://www.bisnow.com/tags/zillow>). In the Salt Lake City, Washington, D.C., and San Jose, California, markets, 50% or more of listings have at least one concession.

The markets with the sharpest increase in concessions compared to last year were Salt Lake City, Charlotte, Dallas, Atlanta and Columbus, Ohio.

There are only a handful of markets where the rate of concessions in listings has dropped from last year, including Richmond, Virginia; Louisville, Kentucky; Providence, Rhode Island; and Sacramento, California.

One of the driving factors for the uptick in concessions has been the influx of new apartments (<https://www.bisnow.com/national/news/multifamily/q3-construction-surge-for-apartment-weighs-down-rents-120970>) this year. In the third quarter, more than 128,000 new units came online, with just over 90,000 units absorbed, according to RealPage (<https://www.bisnow.com/tags/realpage>). More than 460,000 units have been completed this year, with 1 million coming online over the last three years.

Markets seeing the most new construction include New York, D.C., Austin and Dallas, according to Fannie Mae's Mid-2023 Multifamily Construction Update (<https://multifamily.fanniemae.com/news-insights/multifamily-market-commentary/mid-2023-multifamily-construction-update>).

Due to this surge, rental vacancy has risen to 6.6%, according to Census Bureau (<https://www.bisnow.com/tags/u.s.-census-bureau>) data cited in Zillow's report, leading to more options for renters to choose from and forcing landlords to bring more to the table.

However, while concessions are rising, the competition hasn't led rents to come down just yet. Rents rose 3.2% year-over-year in October, according to Zillow.

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