

*December 16, 2011*

**Announcement: Student Housing conducts 36<sup>th</sup> annual City of Davis Vacancy and Rental Rate Survey.**

The apartment vacancy rate in the city of Davis decreased since last fall to 2.5 percent, and rents also decreased by an average of 1.0 percent. Last year, the apartment vacancy rate was 3.4 percent, and the average rent decreased by 0.55 percent.

Economists and urban planners consider a vacancy rate of 5 percent to be the ideal balance between the interests of the landlord and tenant. During the last 10 years, the apartment vacancy rate in Davis has varied from a low of 0.2 percent in 2002 to as high as 4.2 percent in 2005.

The Ramble and Viridian apartment complexes, opened this fall in the UC Davis West Village project, participated in the vacancy survey and their responses are reflected in the overall numbers.

**Rental rates**

Among 12 types of rental units included in the survey, the highest average monthly rent increase was 30.59 percent for 48 furnished one-bedroom apartments (from \$886 to \$1,157).

According to the survey, the average monthly rent this year for unfurnished two-bedroom apartments — which account for 43 percent of units in the survey — rose by 0.24 percent or \$3, from \$1,237 to \$1,240.

Rents decreased for the studio and four bedroom units. The average rent for 452 unfurnished studio apartments fell from \$819 to \$705, or 13.92 percent. The average rent for 617 unfurnished four-bedrooms decreased by \$306 to \$2,092.

The overall change in the average rent is calculated by considering the percentage change for each type of rental unit and the proportion of each type of rental unit among the entire rental inventory.

The survey excludes those apartments that require an income-eligibility test to qualify low-income residents for reduced rent, because students typically are not eligible for these units.

This year supplemental questions were asked to help determine the apparent softening of the rental market. This was done in response to the number of units observed advertising available apartments during the summer and after the start of the fall quarter. The supplemental questions asked if specials were offered to help fill vacant units, and if so, what type. 51 respondents indicated they offered move in specials, with 43 respondents indicating that the special was reduced rent. 24 respondents indicated they offered a roommate program (matching up perspective roommates, and/or offering

bed leases to roommates in an apartment). 26 respondents indicated they did or planned to do renovations to improve the product.

This data suggests that changes in the rental market have resulted in more affordable options for students. In addition, the vacancy rate decreased after the addition of units in West Village, which suggests that the landlords responded to the changing characteristics of the Davis rental market.

### **Campus enrollment and housing**

Total enrollment for fall 2011 is at 31,732, up 340 from fall 2010. Not all students attend classes on the Davis campus itself, and enrollment averaged over the three academic quarters is typically lower than fall enrollment.

UC Davis guarantees housing to all incoming freshman and transfer students. The university has about 4,725 students living in residence halls. An additional 476 families and single graduate students live in Orchard and Solano parks and 1,535 students live in privately managed housing complexes on campus, such as The Colleges at La Rue or master leased space, such as The Lexington.

### **Changes in housing stock**

In fall 2011, UC Davis made available about 400 beds for incoming freshman in Primero Grove (third party owned and operated apartments on campus). This was done to compensate for lost beds at Pierce and Thille halls, which closed in June 2011 (800 beds). Castilian Hall was also closed with a loss of 495 beds. Construction will begin in 2012 for a 1,200-bed housing project to open in the fall of 2014. The Castilian buildings will be demolished and the site reserved for future development.

Bixby, Gilmore, Ryerson and Malcolm buildings, representing 800 beds, were renovated last year and re-opened up for incoming freshman in fall 2011.

**2011 THE CITY OF DAVIS VACANCY AND RENTAL RATE SURVEY**  
**UC DAVIS STUDENT HOUSING**

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The UC Davis Student Housing Department has conducted a Vacancy and Rental Rate Survey on apartments in Davis since Fall quarter 1975. The purpose of this survey is to provide the campus and the Davis community with information for future planning.

The 2011 Vacancy Survey was conducted in October and November. Questionnaires were sent to all apartments in Davis with five or more rental units. Mailing of questionnaires coincided with the last day to add or drop classes to ensure the information solicited reflected final enrollment data. The vacancy report has remained consistent in reflecting data at the time of final registration and enrollment deadlines. Enrollment figures used are for fall quarter only and do not represent the entire academic year.

A total of 178 questionnaires were mailed. Apartment managers and owners who did not return the surveys were again contacted by phone and mail. In all, 132 of the 178 complexes participated by providing data. The surveys requested information on capacity, vacancies, and rent by type of market rate units, along with an additional supplement questionnaire regarding current year specials or limited offers. Type of unit denotes the number of bedrooms and whether the apartment is furnished or unfurnished.

Subsidized apartments, those which require an income eligibility test to qualify low-income residents for reduced rent, were not included in this report. Most students are not eligible for these units. While we have considerable confidence in our data collection and analysis, the reliability of the information reported is dependent upon the accuracy of information provided by the apartment owners and managers.

The construction of new complexes, conversions and demolition of some units, as well as non-participation in the survey by some apartment complexes, affects overall totals.

**TABLE 1**  
**2011 VACANCY RATE BY TYPE OF UNIT**  
**FAIR MARKET UNITS PROFILE**

<b>UNIT TYPE</b>	<b># UNITS</b>	<b>#VAC</b>	<b>% VACANT</b>
Studio unfurnished	455	8	1.8%
Studio furnished	3	0	0.0%
1-Bedroom unfurnished	2628	26	1.0%
1-Bedroom furnished	48	0	0.0%
2-Bedroom unfurnished	3918	123	3.1%
2-Bedroom furnished	149	5	3.4%
3-Bedroom unfurnished	1302	52	4.0%
3-Bedroom furnished	1	0	0.0%
4-Bedroom unfurnished	617	15	2.4%
4-Bedroom furnished	4	0	n/a
5-Bedroom unfurnished	0	0	n/a
6-Bedroom unfurnished	4	0	0.0%
<b>TOTALS</b>	9129	229	2.5%

## VACANCY RATES

The 2011 data reflect a vacancy factor for apartments in Davis of 2.5% overall. Table I illustrates the type and number of units currently rented in the city. For the purpose of this survey, if tenants have the option to rent a unit furnished or unfurnished, half of these are reported as furnished, and half as unfurnished.

Economists and planners typically regard a vacancy rate of 5% as the ideal balance between the interests of the landlord and the tenant. This is largely predicated on the assumption that it serves as a deterrent to unjustified rent increases, while still allowing property owners to make a fair return on their investment. Likewise, it provides landlords an incentive to maintain facilities in good working order and gives renters a choice and an opportunity to negotiate contractual terms.

Table II provides historical data on UC Davis enrollment and the apartment vacancy rates for the past ten years.

**TABLE II  
UC DAVIS ENROLLMENT AND VACANCY RATE  
HISTORICAL DATA**

YEAR	ENROLLMENT	TOTAL APARTMENTS	DAVIS VACANCY RATE
2002	29,087	8,600	0.2
2003	30,229	9,200	1.7
2004	30,065	8,790	3.3
2005	29,637	8,750	4.2
2006	30,475	8,740	1.8
2007	30,685	8,634	0.7
2008	31,426	8,469	0.8
2009	32,153	8,720	3.2
2010	31,392	8,724	3.4
2011	31,732	9,129	2.5

## RENTAL RATES

Table III reflects the percentage change in rental rates from 2010 to 2011 for all apartment types. The overall mean average change was a decrease of **-1.00%** in 2011.

To draw any conclusions about the rate would require analysis of each property, since we report an average rate. Factors contributing to rental increases or decreases may include vacancy rates, profit, overall inflation, utility rates, property sales, current or planned renovations, refinancing, and/or other expenses.

**TABLE III  
2011 AVERAGE RENTAL RATE COMPARISON  
BY TYPE OF UNIT  
(FAIR MARKET UNITS)**

	<b>Total #</b>	<b>2011 Average</b>	<b>2010 Average</b>	
<b>Unit Type</b>	<b>of Units</b>	<b>Rent</b>	<b>Rent</b>	<b>% Change</b>
Studio unfurnished	455	\$705	\$819	-13.92%
Studio furnished	3	\$699	\$815	-14.23%
1-Bedroom unfurnished	2628	\$946	\$914	3.50%
1-Bedroom furnished	48	\$1,157	\$886	30.59%
2-Bedroom unfurnished	3918	\$1,240	\$1,237	0.24%
2-Bedroom furnished	149	\$1,288	\$1,152	11.81%
3-Bedroom unfurnished	1302	\$1,707	\$1,817	-6.05%
3-Bedroom furnished	1	\$1,500	\$1,500	0.00%
4-Bedroom unfurnished	617	\$2,092	\$2,398	-12.76%
4-Bedroom furnished	4	\$2,095	\$2,145	-2.33%
5-Bedroom unfurnished	0	n/a	n/a	n/a
6-Bedroom unfurnished	4	\$2,850	\$2,850	0.00%
<b>Mean Average Increase</b>				<b>-1.00%</b>

*This is a weighted average based on the number of units of each type. The apartment complexes with more units contribute more to this figure.*

The 2011 Davis Apartment Vacancy and Rental Rate Survey is subject to a variety of interpretations. It is our hope that the information provided in this report will provide a framework for future discussions concerning rental housing in the campus and Davis communities.