

*April 26, 2013\**

**Announcement: Student Housing conducts 37<sup>th</sup> annual City of Davis Vacancy and Rental Rate Survey.**

The survey findings for this year report that the vacancy rate is at 1.7%. Last year the updated vacancy rate was 2.5% resulting in a 0.8% decrease in vacancy over last year.

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.

**Updated 2011 report**

While analyzing this year's survey results, it was discovered that in 2011 there was a reporting discrepancy identified which resulted in one large apartment complex rents being under reported. Because of the number of units, the correction resulted in a significant change in the average rents for 2011. This information has been updated and is provided at the end of the 2012 survey findings.

**2012 data and impact to future surveys**

In analyzing the 2012 data, it was noted that 1331 fewer units are included in this year's report, despite several efforts of contacting property owners and encouraging participation. This, combined with the addition of two large complexes at West Village resulted in difficulty in doing an "apples to apples" comparison of 2012 to prior year's data. The annual rent increase is a weighted average, and a large change in the numbers of reported units results in a statistically different average each year. In addition, a majority of properties reported offering leasing specials that include rent discounts, and the survey has asked for gross rents to be reported. Rental discounts is a fairly new occurrence in the Davis market, which is another reason why it is difficult to compare vacancy survey data to prior years. In addition, the rental market in Davis has become larger and more diverse since Student Housing began the survey in 1975. For these reasons Student Housing will work on-campus and off-campus stakeholders to consider alternative methods for evaluating the Davis rental market and providing relevant information to end users.

**Campus enrollment and housing**

Total enrollment for fall 2012 is at 32,354, up 622 from fall 2011. 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, and this year's incoming freshman class is also guaranteed housing in 2013-14. The university has about 4,800 students living in residence halls. An additional 476 families and single graduate students live in Orchard and Solano parks and 1,940 students live in privately managed housing complexes on campus, such as The Colleges at La Rue or master leased space, such as The Lexington.

*\*revised from original published date of January 31, 2013*

## Changes in housing stock

In fall 2012, UC Davis made available about 500 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 began in 2012 for a 1,200-bed housing project to open in the fall of 2014. The Castilian buildings have been demolished and Real Estate Services is negotiating a ground lease to repurpose the location for single graduate student housing.

## 2012 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.

*While conducting the 2012 survey, it was discovered that a reporting discrepancy occurred in recording the 2011 average rents. Because of the significance of this discrepancy, Student Housing has republished the 2011 Average Rental Rate Comparison by Type of Unit. Note that the 2012 data is comparing against the updated 2011 data. See page 5 to this survey for corrected 2011 data.*

The 2012 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 177 questionnaires were mailed. Apartment managers and owners who did not return the surveys were again contacted by phone and mail. In all, 101 of the 177 complexes participated by providing data, resulting in 1331 fewer units included in the 2012 survey than last year. The surveys requested information on capacity, vacancies, and rent by type of market rate units, along with an additional supplemental 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, i.e., 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**  
**2012 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	180	3	1.7%
Studio furnished	2	0	0.0%
1-Bedroom unfurnished	2192	39	1.8%
1-Bedroom furnished	5	0	0.0%
2-Bedroom unfurnished	3371	57	1.7%
2-Bedroom furnished	0	0	n/a
3-Bedroom unfurnished	1236	31	2.5%
3-Bedroom furnished	2	0	0.0%
4-Bedroom unfurnished	806	2	0.2%
4-Bedroom furnished	0	0	n/a
5-Bedroom unfurnished	0	0	n/a
6-Bedroom unfurnished	4	0	0.0%
<b>TOTALS</b>	7798	132	1.7%

### VACANCY RATES

The 2012 data reflect a vacancy factor for apartments in Davis of 1.7% 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**

<b>YEAR</b>	<b>ENROLLMENT</b>	<b>TOTAL APARTMENTS</b>	<b>DAVIS VACANCY RATE</b>
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
2012	32,354	8,032	1.7%

## RENTAL RATES

Table III reflects the percentage change in rental rates from 2011 to 2012 for all apartment types. The overall mean average change was an increase of **4.97%** in 2012. Note that the overall mean average change is based on the updated overall averages by unit for 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  
2012 AVERAGE RENTAL RATE COMPARISON  
BY TYPE OF UNIT  
(FAIR MARKET UNITS)**

	<b>Total #</b>	<b>2012 Average</b>	<b>2011 Average</b>	
<b>Unit Type</b>	<b>of Units</b>	<b>Rent</b>	<b>Rent</b>	<b>% Change</b>
Studio unfurnished	180	\$871	\$705	23.55%
Studio furnished	2	\$995	\$699	42.35%
1-Bedroom unfurnished	2192	\$998	\$946	5.50%
1-Bedroom furnished	5	\$800	\$1,157	-30.86%
2-Bedroom unfurnished	3371	\$1,307	\$1,260	3.73%
2-Bedroom furnished	0	\$0	\$1,288	n/a
3-Bedroom unfurnished	1236	\$1,888	\$1,808	4.42%
3-Bedroom furnished	2	\$1,125	\$1,500	-25.00%
4-Bedroom unfurnished	806	\$2,582	\$2,444	5.65%
4-Bedroom furnished	0	\$0	\$2,095	n/a
5-Bedroom unfurnished	0	\$0	n/a	n/a
6-Bedroom unfurnished	4	\$2,870	\$2,850	0.70%
<b>Mean Average Increase</b>				<b>4.97%</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 2012 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.

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

	<b>Total #</b>	<b>2011</b>	<b>2010</b>	
<b>Unit Type</b>	<b>of Units</b>	<b>Average</b>	<b>Average</b>	<b>% Change</b>
		<b>Rent</b>	<b>Rent</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	\$1,260	\$1,237	1.86%
2-Bedroom furnished	149	\$1,288	\$1,152	11.81%
3-Bedroom unfurnished	1302	\$1,808	\$1,817	-0.50%
3-Bedroom furnished	1	\$1,500	\$1,500	0.00%
4-Bedroom unfurnished	617	\$2,444	\$2,398	1.92%
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>1.52%</b>

The mean average increase for 2011 was originally reported as -1%. Due to the size of the complex that was erroneously entered into the Student Housing report, the updated data resulted in an actual increase in the mean average rent for 2011. The 2012 comparison reflects the corrected data above.