

# RealPage MPF(TM) Research Division Reports U.S. Apartment Revenues Soar 2.5 Percent in the Second Quarter

## San Jose and Other Pacific Northwest Metros Rank as Top Rent Growth Centers

CARROLLTON, Texas, June 29, 2011 (GLOBE NEWSWIRE) -- The U.S. apartment sector turned in near-record revenue growth performance in the second quarter of 2011, according to MPF Research, an industry leading market intelligence division of RealPage, Inc. (Nasdaq:RP). Occupancy climbed 0.8 percentage points during the past three months, and effective rents jumped 1.7 percent, taking the total revenue lift for the quarter to 2.5 percent. A comprehensive discussion of the nation's latest apartment market performance results is available at [www.realpage.com/MPFQ2Report](http://www.realpage.com/MPFQ2Report).

"The last time quarterly revenue growth came in at such strong levels was at the height of the tech boom in 2000 and early 2001," said Greg Willett, MPF Research vice president. "That previous peak was driven in large part by huge numbers posted in just a handful of tech-heavy metros, in contrast to the much broader upturn now seen all across the country."

Average occupancy for U.S. apartments reached 94.3 percent in 2011's second quarter. That rate is up from a low of 91.8 percent recorded at the bottom of the recent cycle in late 2009, but still below the 95.6 percent occupancy achieved prior to the recession which began in 2008.

Typical monthly rent increased to \$1,054 as of June. The past quarter's sizable rent jump accounted for almost half of the total 3.8 percent increase in pricing seen since mid-2010.

The return of job growth, even at muted overall levels, is helping fuel strong apartment demand, according to Willett. "While increases in total employment aren't occurring at the pace we'd like to see, it's important to realize that young adults, who tend to be renters rather than home buyers, are capturing a disproportionately large share of the job additions. In turn, some who previously went home to live with mom and dad or doubled up into roommate living arrangements are now forming their own households."

Strong resident retention when leases expire also is impacting occupancy numbers, since most new renters now translate to additional net demand, rather than replacements for households leaving for other housing options.

"The churn traditionally seen in the resident base just isn't there at this point," Willett said. "Very few households are exiting the apartment sector to make first-time home purchases. Even the trade off from one apartment property to another is down, despite rising rents. Pricing only now is getting back to the levels that were typical prior to the start of the recession in most places. The share of income spent on rent isn't yet out of line with the historical norm."

Other than limiting loss of existing renters to purchase, struggles in the for-sale housing market aren't presently a big influence on the apartment sector's performance, according to Willett. "Household size and lifestyle preferences largely determine whether you live in multifamily or single-family product. Families who come out of foreclosed homes most often opt for single-family rentals, not apartments. That's where housing substitution comes into play."

The nation's biggest rent growth is occurring across the Pacific Northwest. Effective rents for new leases in San Jose are up 12.2 percent on an annual basis for the period ending second quarter, by far the most aggressive pace. Pricing is up 7.7 percent in San Francisco, 7.1 percent in Seattle, 6.6 percent in Oakland and 6.4 percent in Portland, Ore. Outside the Pacific Northwest, metros recording rent increases above 6 percent are Austin, Texas, at 6.4 percent and Pittsburgh at 6.1 percent.

Markets registering rent growth in the range of 5 percent to 6 percent year-over-year include Minneapolis at 5.8 percent, Chicago at 5.4 percent, Denver at 5.3 percent, and Boston at 5.2 percent.

For a second consecutive quarter, Las Vegas is the only major metro in the country where rents continue to slide on an annual basis. Effective prices were cut 2.1 percent between mid-2010 and mid-2011.

Second Quarter 2011

Rank	Metro	Annual Rent Growth
1	San Jose, Calif.	12.2%
2	San Francisco	7.7%
3	Seattle	7.1%
4	Oakland	6.6%
5 (tie)	Portland, Ore.	6.4%
5 (tie)	Austin, Texas	6.4%
7	Pittsburgh	6.1%
8	Minneapolis	5.8%
9	Chicago	5.4%
10	Denver	5.3%
11	Boston	5.2%

#### About MPF Research

A member of the RealPage family, MPF Research provides market intelligence and objective insights to the multifamily industry. The market intelligence offered by MPF Research is used in formulating and fine tuning business strategies in a variety of multifamily industry specialties, including investment, operations and development. For more information on MPF Research, call 877-284-4938 or visit [www.mpfresearch.com](http://www.mpfresearch.com).

#### About RealPage, Inc.

Located in Carrollton, Texas, a suburb of Dallas, RealPage provides on-demand (also referred to as "Software-as-a-Service" or "SaaS") products and services to apartment communities and single family rentals across the United States. Its six on-demand product lines include OneSite® property management systems that automate the leasing, renting, management, and accounting of conventional, affordable, tax credit, student living, and military housing properties; Level One® and CrossFire® that enable owners to originate, syndicate, manage and capture leads more effectively and at less overall cost; YieldStar® asset optimization systems that enable owners and managers to optimize rents to achieve the overall highest yield, or combination of rent and occupancy, at each property; Velocity™ billing and utility management services that increase collections and reduce delinquencies; LeasingDesk® risk mitigation systems that are designed to reduce a community's exposure to risk and liability; and OpsTechnology® spend management systems that help owners manage and control operating expenses. Supporting this family of SaaS products is a suite of shared cloud services including electronic payments, document management, decision support and learning. Through its Propertyware subsidiary, RealPage also provides software and services to single-family rentals and low density, centrally-managed multifamily housing. For more information, call 1-87-REALPAGE or visit [www.realpage.com](http://www.realpage.com).

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