

Rents decrease, but not by much

Housing - 2000

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SANTA CRUZ — For the first time in three years, Denise Agosti is recommending landlords pull out their “for-rent” signs and consider reducing rent to retain tenants.

In other words, today’s rental market is different than it was even four months ago, according to Agosti, a manager at Shoreline Property Management in Santa Cruz.

And that may be good news for tenants. “We’ll have landlords call us and want to rent their places for premium rents,

the kind they would charge a year ago,” she said. “Often what we end up doing is listing it for that amount, and sure enough, the property stays on the market for a while, until the rent goes down, usually by several hundred dollars.”

The Tri-County Apartment Association, a trade group that represents landlords in Santa Cruz, Santa Clara and San Mateo counties, backs up Agosti. In the trade organization’s monthly magazine, Apartment Management, the association’s chief executive officer issues a “wake-up call” to landlords.

In a short list of tips to members, Kathy

Thibodeaux warns landlords to “set the price with market reality, not wishful thinking, in mind” and to “accept the reality that this is a tenant’s market for the time being.”

Santa Cruz’s rents and home-sale prices remain unaffordable for most people, however. Earlier this year the county was named the least affordable place to live in the country by the National Association of Home Builders, because of its high cost of living and low-paying jobs.

And because of the high number of vacation rentals and students, the num-

ber of vacancies in this county is never as high as it is in Santa Clara County, according to the real estate data association RealFacts. The local vacancy rate hovers around 3 percent.

Robert Bailey of Bailey Properties in Aptos and Santa Cruz, which sells houses and manages rental properties, said Santa Cruz County hasn’t seen as dramatic a drop in rental rates as Santa Clara County. According to RealFacts, rents in Santa Clara County fell 22 percent last year. RealFacts does not track

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3.2002
S.C. County rents

APARTMENTS

STUDIO: \$700-\$800

ONE-BEDROOM: \$950-\$1,200

TWO-BEDROOM: \$1,100-\$1,500

THREE-BEDROOM: \$1,200-\$1,700

HOUSES

TWO-BEDROOM: \$1,500-\$1,700

THREE-BEDROOM: \$1,900-\$2,200

Source: Shoreline Property Management

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rents in Santa Cruz County.

Bailey pointed to the convergence of two factors that brought Silicon Valley rents down: the bursting of the dot-com bubble and the construction of 7,000 apartments last year.

“When you have that many apartments hitting the market at the same time as a drop in the economy, you’re going to see a significant drop in rents,” he said.

“Santa Cruz County saw a drop, but it’s not as significant as the drop in the Santa Clara Valley.”

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