



Iowa City Area  
Apartment Rent  
Survey

**PURPOSE** – This survey was created in 1992 to provide valuable information on the rental market in Johnson County. We greatly appreciate all the owners and managers who have contributed to the survey over the years. It is your assistance that makes this possible. We Thank You.

**OVERVIEW**-For the past ten years, we have been compiling statistics regarding trends in the local multi-family housing market. The time involved with completing a study such as this is extensive, therefore we have been completing the study every two years. The report was not done during 2002. However, with this year's survey we attempted to collect rent data from both 2002 and 2003 so as to avoid a gap in the information.

In order to get a consistent comparison, we selected a core group of apartments with information for at least a three-year period. As a result, newer units, especially four bedroom units tend to be underrepresented in this survey. In this years report, the core group consisted of 3,762 units located throughout Iowa City, Coralville and North Liberty. All of the units were constructed since the 1960's, with the exception of 2 buildings. Built in 1920 and 1930, these two buildings total only 36 units. Of the core units, 20% were built in the 1960's, 28% in the 1970's, 20% in the 1980's, 27% in the 1990's and 5% were built since 2000.

We have made an effort to adjust for owner paid utilities. Typically, units built prior to 1980 have owner paid heat, water and trash while the tenant pays electric, including air conditioning. Units built prior to 1990 typically include owner paid water and trash only. With units built since that time owners are increasingly passing utility costs onto the tenants including water, electric and heat. The rents used to calculate the averages have been adjusted in the case of owner paid utilities.

In addition to dividing the information into rents by unit type (1BR, 2BR, 3BR and 4+BR units), we have also segregated the information based on location. We have identified four zones. The prime location has historically been within one mile of the Pentacrest. The Pentacrest is the original five buildings that make up the University of Iowa's central campus. This includes the original state capital and this area dovetails with the downtown business district. The second geographic area is the rest of Iowa City. The third area includes Coralville and the fourth zone is North Liberty.

**Boundaries for definition of  
"Pentacrest mile" area.**

The red line shows the boundaries used to define the "Pentacrest Mile" area. Bordered on the north by the Iowa River and south by Highway 6. The western border lines up with Sunset St while the eastern border lines up with Governor St and Summit St.

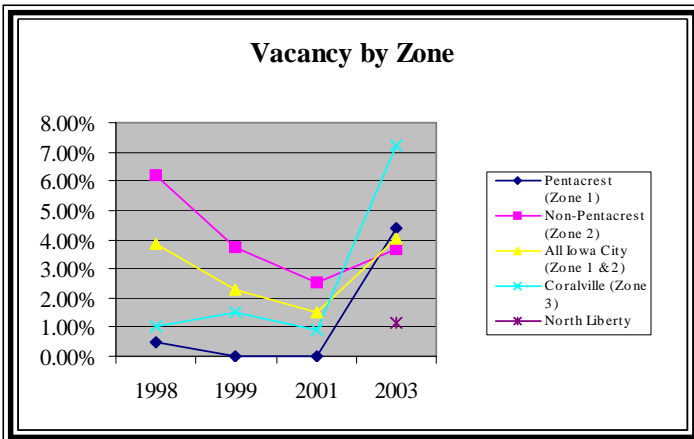
**QUESTIONNAIRE**-This year we included a questionnaire centered on the issue of vacancy. Eighteen of our 28 respondents returned the optional questionnaire.

In response to the question of how have vacancy rates changed, many stated that vacancies have increased. The low interest rates were the main factor cited by the managers to explain for the increase. Another was the increased construction of multi-family units in the area. On the other end of the spectrum, some respondents had little to no vacancy, but did recognize that the market is struggling. Those that are struggling with vacancy issues see this trend continuing until interest rates rise.

The offering of concessions or incentives to help in renting units has been a common practice this year. One month of free rent has been a common concession. Some stated that they now allow pets and others offer a free parking space or garage. Rents have remained flat in some complexes. Other managers offered existing tenants \$50 off one month of rent and a \$50 referral fee for finding new tenants. Implementing short-term leases has been considered, although this practice can be risky as it may be difficult to lease these units for the remainder of the year. Lastly, one manager commented that it no longer appears that location is the only driving force for renters. In this manager's experience, the tenants as of late want units that have had updates, such as new carpet or vinyl, or new appliances.

# RESULTS

**VACANCIES-** We have looked at vacancies based on location and bedroom type. In regard to zone, the preponderance of vacancies were found in Coralville, Zone 3. In this zone 83% of these vacant units were in buildings built in the 1960's. It is not unusual when a market softens for the older complexes to suffer most. Other issues that may result in vacancies are problems with management (the quality or lack of), location or the amenities of the complex itself in relation to the market. The 2003 vacancy rates in the larger units remained very low. It is in the 1 and 2 bedroom units that we saw a dramatic increase in the vacancy rates. If we look at this as an indication of who is renting a particular type of unit, we can presume that mostly students (likely undergraduates) are leasing the larger 3 and 4 bedroom type units. If we were to presume that singles or two-person households are commonly renting 1 or 2 bedroom units, then this would lend some explanation to the higher vacancy rates in those unit types (these individuals are buying condos or small houses vs. renting). The highest vacancy rate by unit type is in the 2-bedroom units at 5.34%. The 1-bedroom units are not far behind at 5.18%.



**RENTS-** When comparing the average rents by zone, Coralville and North Liberty remained flat in the past year, while the Pentacrest and the remainder of Iowa City increased by 3% to 4%. Our findings in the 2001 report indicated that there were very few vacancies throughout the entire metro area. The increase in rental rates from 2001 to 2002 reflects the tight market at that time and the owners ability to increase rents with little concern given to vacancy rates. Rents increased in the larger 3 and 4 bedroom units by approximately \$30 in 2003. In contrast, the 1 and 2 bedroom units remained fairly flat with little to no increase in rents from 2002 to 2003.

## Vacancy by Zone and Bedroom

	1998	1999	2001	2003
Pentacrest (Zone 1)	0.50%	0.00%	0.00%	4.40%
Non-Pentacrest (Zone 2)	6.17%	3.74%	2.51%	3.66%
All Iowa City (Zone 1 & 2)	3.86%	2.27%	1.49%	4.06%
Coralville (Zone 3)	1.01%	1.50%	0.89%	7.19%
North Liberty (Zone 4)	N/A	N/A	N/A	1.14%
1 Bedroom	3.59%	3.85%	1.05%	5.18%
2 Bedroom	2.40%	1.00%	1.48%	5.34%
3 Bedroom	5.43%	0.80%	0.81%	0.93%
4+ Bedroom	0.00%	0.00%	0.00%	0.00%

**SUMMARY-** Rents in Coralville showed a slight decrease in 2003 and average rents in Iowa City showed an increase. One could presume that the increase of new construction in Iowa City is having more of an effect on the existing multi-family units in the Coralville market than in the Iowa City market. Because of this we would expect rents in Coralville and North Liberty to remain relatively flat over the next two years. We anticipate Iowa city rents will also remain at or near the current levels over the same time period.

Considering the current vacancies and the proposed construction, we expect that vacancy rates will increase. In the Pentacrest (Zone 1), the vacancy rate went from 0% in 2001 to a 4.40% in 2003. In the past, the Pentacrest area was the the premier location to live in. Now tenants appear to be as interested in the updates and amenities offered rather than only the convenience of location.

In conclusion, the recurring themes were the low interest rates and increased new construction. A majority of the property managers and owners felt that until interest rates rise and new construction slows, the vacancy rates are likely to creep up an added 1-3% throughout the area.

## Average Rent by Zone and Bedroom

	1998	1999	2001	2002	2003
Pentacrest (Zone 1)	\$542	\$551	\$571	\$632	\$654
Non-Pentacrest (Zone 2)	\$471	\$479	\$498	\$545	\$568
All Iowa City (Zone 1 & 2)	\$500	\$507	\$526	\$538	\$612
Coralville (Zone 3)	\$461	\$468	\$486	\$539	\$532
North Liberty (Zone 4)	N/A	N/A	N/A	\$570	\$577
1 Bedroom	\$377	\$379	\$390	\$445	\$448
2 Bedroom	\$494	\$502	\$523	\$594	\$595
3 Bedroom	\$738	\$762	\$787	\$841	\$870
4+ Bedroom	\$1,002	\$1,041	\$1,083	\$1,169	\$1,203



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