



2024 Q1 UPDATE SFH RENTAL REPORT



MARKET NOTES



Hello everyone!

The single-family rental market in Q2 has seen a simultaneous increase in both inventory and leased properties. This dual rise has led to a saturated rental market, keeping rental rates stable and preventing significant increases that could offset rising home purchase prices. Given that we have not seen a notable decrease in inventory or a surge in demand by now, we can expect rental rates to remain stable and the market to stay saturated through 2024. Therefore, reducing vacancy days must be a priority.

However, there is a silver lining. The 2024 Rent-to-List ratio is mirroring that of 2021—a year when we saw a significant increase in demand, leading to sharp rental rate increases and decreased vacancy days. While I don't expect the same market dynamics in 2024, the Ren-to-List ratio indicates that the saturated market is leveling out and investors are gradually moving toward more profitable opportunities. This shift could signal a more balanced and potentially lucrative rental market ahead.

OSCAR ARMENDARIZ

COLDWELL BANKER RESIDENTIAL PROPERTY MANAGEMENT
DEPARTMENT HEAD



OVERALL

Increase in Leased Properties

The number of single-family properties leased during this period saw a significant rise of 14.66%. This uptick indicates a healthy demand for rental properties, possibly due to population growth, changing housing preferences, or economic conditions making renting more appealing than buying. Renting in Lubbock has reached a point where it is a cheaper option than purchasing a home, especially for those looking to stay in the area for less than two years.

Average Rents

Average rents have remained relatively flat with a slight decrease of 0.77%. This minor dip suggests that despite the increased demand and leasing activity, rental prices are falling. The saturation of the rental market, with more properties becoming available, is likely keeping rental rates in check and preventing significant rent hikes.

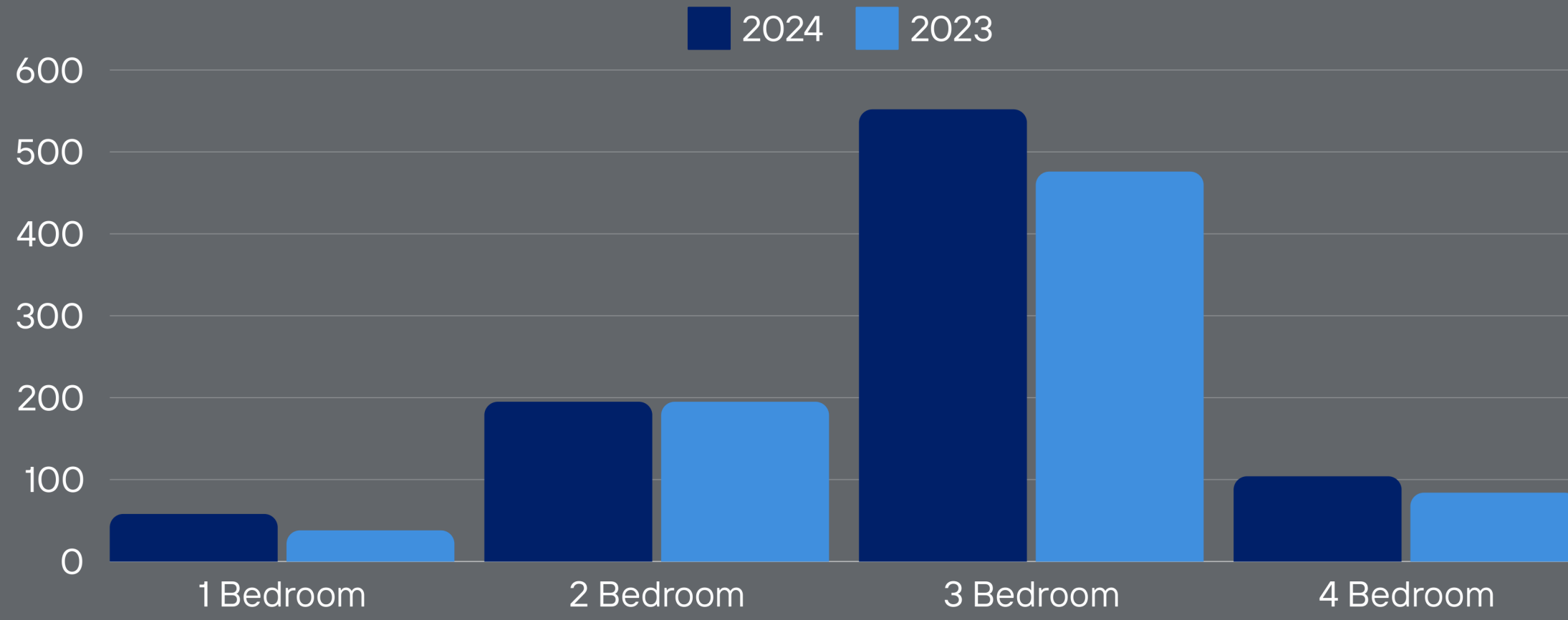
Days on Market

The average days on market (DOM) for single-family homes reduced by 5.26%. This decrease indicates that properties are being rented out more quickly, which is a positive sign for landlords and property managers. It suggests a competitive market where renters are actively seeking and securing housing more swiftly.

Q2 Comparison of Leased Properties			
	2024	2023	Change Over Year
Total Count	915	798	14.66%
1 Bed	195	195	52.63%
2 Bed	552	476	0.00%
3 Bed	104	84	15.97%
4 Bed			23.81%
	2024	2023	Change Over Year
Total Count	915	729	14.66%
Average Rent	\$1,413.00	\$1,424.00	-0.77%
Avg Dpsqft	\$1.02	\$1.00	2.00%
Average DOM	54	57	-5.26%
Average Age	1987	1987	0.00%
Average Sq Ft	1409	1444	-2.42%

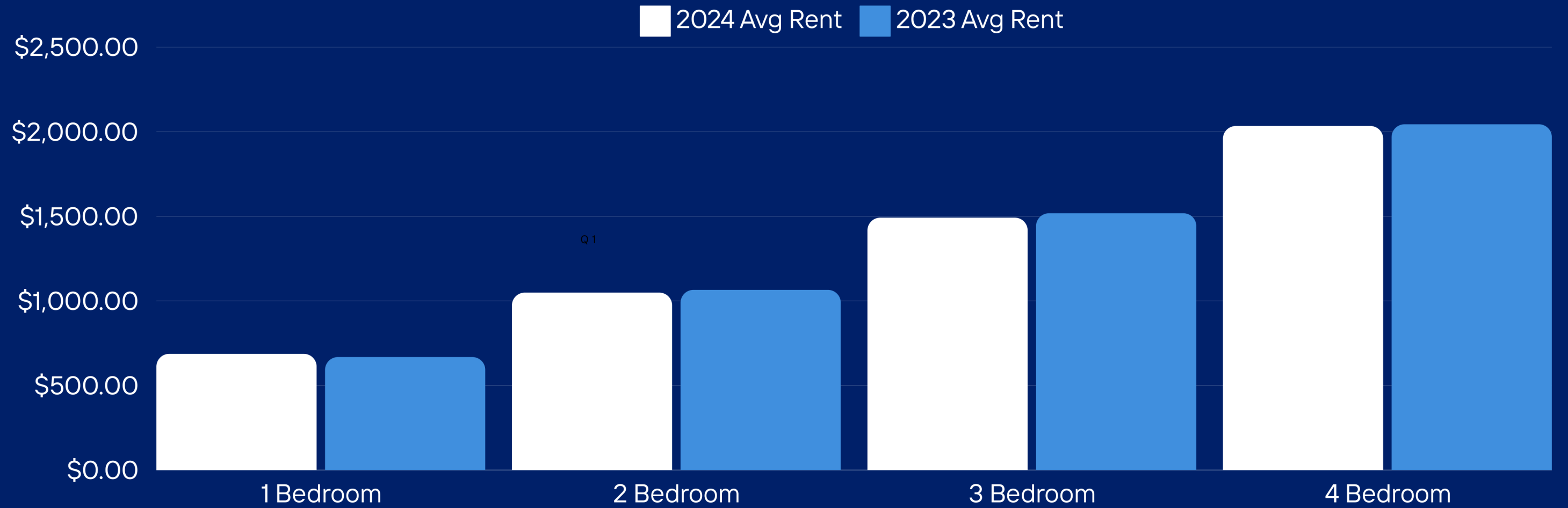
Q2

NUMBER OF LEASED PROPERTIES BY BEDROOM COUNT



Q2

AVERAGE RENT BY BEDROOM

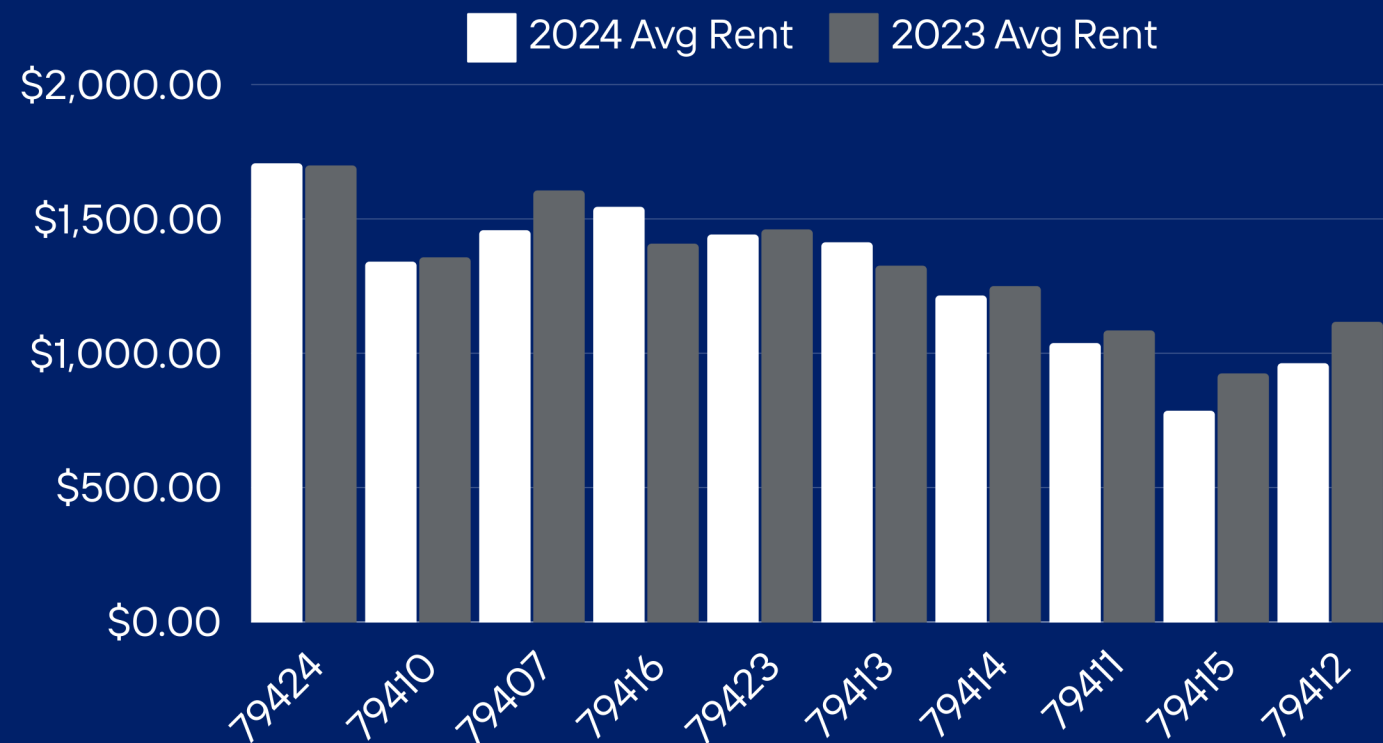




Q2

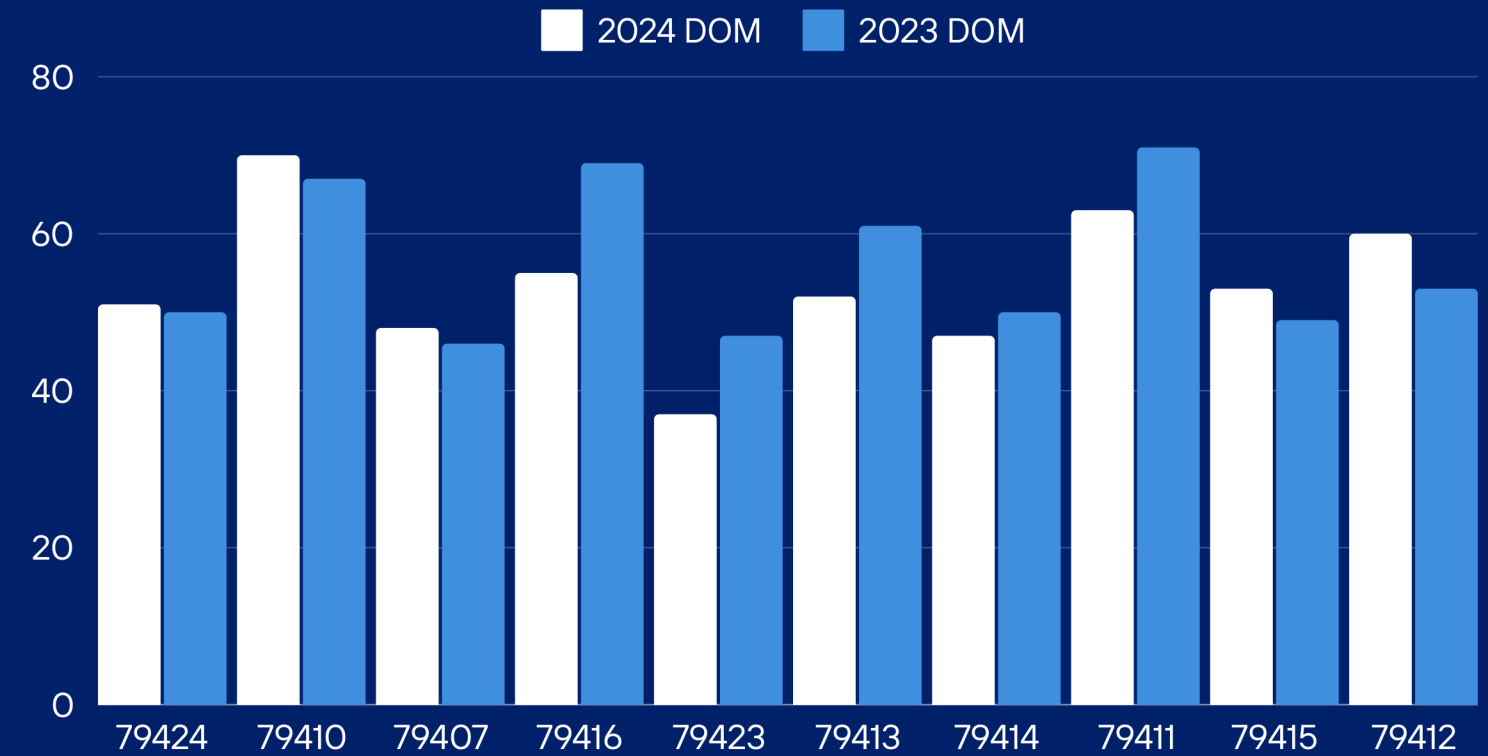
Zip Code	2024 Q2 Count	2024 Q2 Avg Rent	2024 Q2 DOM	2023 Q2 Count	2023 Q2 Avg Rent	2023 Q2 DOM	Rent - Change Over Year	DOM Change Over Year
79424	123	\$1,707.00	51	120	\$1,699.00	50	0.47%	2.00%
79410	92	\$1,341.00	70	75	\$1,357.00	67	-1.18%	4.48%
79407	84	\$1,458.00	48	65	\$1,606.00	46	-9.22%	4.35%
79416	136	\$1,545.00	55	108	\$1,408.00	69	9.73%	-20.29%
79423	148	\$1,442.00	37	137	\$1,461.00	47	-1.30%	-21.28%
79413	69	\$1,413.00	52	83	\$1,326.00	61	6.56%	-14.75%
79414	47	\$1,215.00	47	39	\$1,250.00	50	-2.80%	-6.00%
79411	53	\$1,038.00	63	43	\$1,085.00	71	-4.33%	-11.27%
79415	17	\$786.00	53	9	\$925.00	49	-15.03%	8.16%
79412	33	\$963.00	60	13	\$1,117.00	53	-13.79%	13.21%


AVERAGE RENT BY ZIP CODE



Q2

DAYS ON MARKET BY ZIPCODE





FOCUSING ON THE NUMBERS

54

Days on Market

For the months of April, May, and June the days on market haven't been below 60. While this is still high, the DOM is trending in the right direction.

2,019

New Inventory

Since 2019 the amount of new inventory through the end of June has increased at minimum rates of 20%. 2024 is the first year where new inventory has decreased. In 2023 there were 2,085 new listings, 2024 has seen **2,019** new listings.

5%

Rent Increases

Owners should look to get **5%** rent increases on existing leased homes. While the market is not increasing at that rate, a **5%** rent increase is typically less than what a tenant will have to pay to move and find a new place. If you find that a 5% rent increase is potentially causing a vacancy, you should renew with no rent increase.

Q2 PARTING THOUGHTS

For Owners Who Have Owned Their Homes for More Than 3 Years

If you have owned your home for more than three years, you are likely benefiting from the average rent increase over that period. For example, the average rent was \$1,120 in 2019, and as of June 30, 2024, it has risen to \$1,380, representing a 16% increase. Additionally, with lower interest rates, this market remains advantageous. The stable rental income, coupled with lower financing costs, provides a steady and potentially profitable investment environment.

For Owners Who Have Owned Rentals for Less Than 3 Years

For those who have owned rental properties for less than three years, it is important to remain patient and stay the course. Market saturation is expected to subside eventually. Single-family investment is inherently a long-term strategy. Focus on maintaining high occupancy rates rather than seeking high rents. **Prioritize reducing your days on market (DOM) by ensuring your property is appealing and competitively priced, rather than cutting essential expenses that help in reducing the DOM.**

By focusing on these strategies, you can navigate the current market conditions effectively and position your investments for future growth.



**COLDWELL
BANKER**

TRUSTED ADVISORS

PROPERTY MANAGENT

OSCAR ARMENDARIZ
DEPARTMENT HEAD

806-784-3290

OSCARA@COLDWELLBANKER.COM



**COLDWELL
BANKER**
TRUSTED ADVISORS
PROPERTY MANAGENT

MICHAEL FERNUIK
BUSINESS DEVELOPMENT MANAGER

806-784-3278

MICHAEL@CBLUBBOCK.COM

