



Study: Baltimore luxury apartments relatively affordable

By: Adam Bednar Daily Record Business Writer April 26, 2018

The cost of renting a high-end apartment in the Baltimore metro area is steep, according to a recent study, but still remains affordable compared to nearby markets such as Washington, D.C. and Philadelphia.

The average rent for a luxury apartment in the Baltimore area is \$1,742 a month, nearly \$700 more than rent for a lower-tier apartment, according to statistics from website RentCafé. Meanwhile, the average cost for apartments in Washington is \$2,591 a month and \$2,197 in Philadelphia.

RentCafé, which links potential tenants with buildings, found the biggest increase in the cost of apartments in Baltimore comes for units with two and three bedrooms. Rents for three-bedroom units in the market had the steepest increase, jumping 9.9 percent in the last three years, to \$2,123 a month.

The average price nationwide for a luxury apartment now stands at \$1,640. The average lowest cost the RentCafé study found was in El Paso, Texas where rents were \$976 a month. Unsurprisingly, Manhattan had the highest rents, at \$4,416 a month.

Demand for apartments in Baltimore continued at a brisk pace to start 2018. A Delta Associates report released Tuesday, covering the Class A apartment market in Baltimore found the metro area absorbed 2,852 units in the 12-month period ending in March. That's the highest absorption level in the Baltimore metro area over a 12-month time period since 2016, when 2,694 units were leased.

Supply in the market has slowed down from last year as well. In seven of the eight submarkets tracked by Delta Associates, based on absorption in the past year, there are less than four years of apartment supply.

Currently, there are 21 actively marketed projects in metro area, which are leasing 14 units a month on average, according to Delta Associates. Recently stabilized units are leasing 12 units a month on average. Vacancy rates are expected to drop by 150 basis points, reaching 4.2 percent by the start of 2021.

The average effective rents, according to Delta Associates, reached \$1,687 at the start of the year, up by nearly 1 percent. Baltimore County was the only suburban jurisdiction where rents decreased. In Baltimore city, rents fell by 3.4 percent marking the second straight quarter of decreases. But rents in tonier parts around the Inner Harbor remained unchanged.

Despite the tightening supply, Delta Associates does not expect rents to grow significantly during the next two to three years. In fact, rent growth is projected to remain below the metro area's long-term average and will fluctuate during that time frame.

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