

REAL ESTATE RENTAL UPDATE

From Bermuda's Real Estate Company – February 2009



BERMUDA REALTY

Gail Aruda, Rental Representative
Nakia Warner, Rental Representative
Rebecca Dunstan, Rental Representative

Atlantic House, 11 Par La Ville Road, Hamilton ♦ tel: 441-292-1793 ♦ www.bermudarealty.com

The Residential Rental Market today.

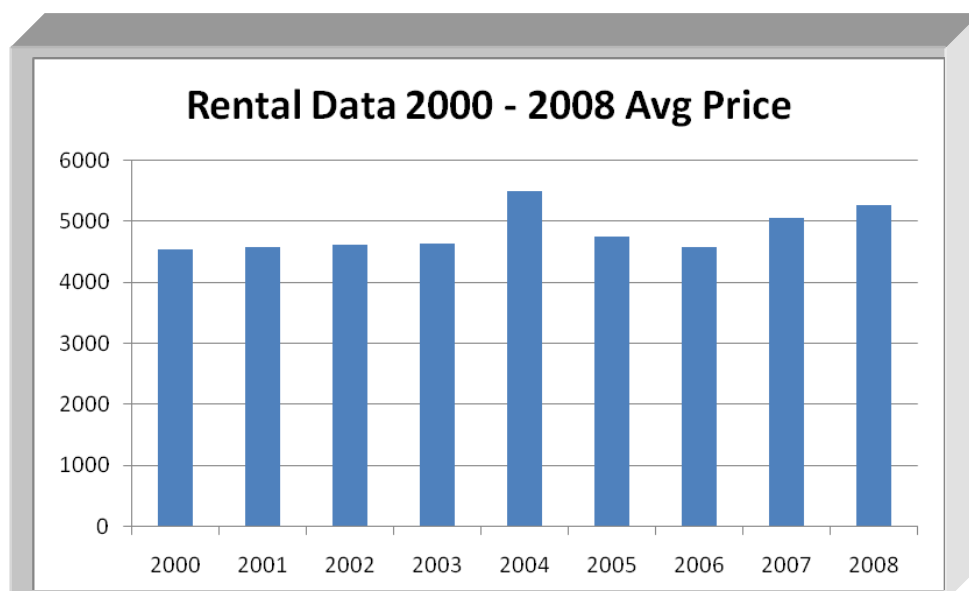
Word on the streets is doom and gloom, the media gives us a daily blasting of dire financial times ahead and we're all concerned for what is to come. There is no doubt that we will have to plan ahead, tighten our belts a bit and be aware.

Many things came together in the latter months of 2008 to create a very slow and changing rental market:

- News reports that the financial system in the US was on the verge of collapse spread panic and all of us have felt the affects in our savings and pension plans
- Fear that our International companies would be hit even harder by changes in the US tax codes
- A large number of leases expiring due to the time of year. Historically, new reinsurance companies have come to Bermuda late in the year to open their operations for January 1 and taken up leases in all price ranges for their staff. There were some people leaving at the end of their contracts and many looking to 'down-size' due to reductions in housing allowances. As a result, we found that the inventory of properties available was the highest in recent history and that prospective tenants had a large selection of properties to choose from. Rents became more negotiable and in some cases, Landlords agreed to negotiate lower rents to keep their existing tenants.
- And finally – Christmas! No one wants to move over the holidays.

Like all markets, the rental market is governed by the Law of Supply and Demand. Over the past 8 or 9 years, we have seen the rental prices rising dramatically in the high end housing market and it is no surprise to see that segment peak and correct to reflect the current financial status.

2009 is off to a brisk start in the Residential Rental Market with the available housing inventory being rented daily. Our residential rental representatives can report that rents have remained the same or slightly lower in the mid-price range, more negotiable in the high end properties and have been adjusted accordingly. Although it is too early to qualify corrections in percentage terms, City living properties have remained fairly consistent and the lower price range rentals have been relatively unaffected. Of interest, our database of properties listed at \$4,999 and lower represents 40% of the inventory; \$5,000 to \$9,999 represents 30% of the inventory and \$10,000+ also represents 30% of the current inventory. Despite all of these factors our internal data shows little variation in average prices over 2007 and in fact, no huge increase or decrease in average prices over the past eight years.



© Copyright 2009 Coldwell Banker Bermuda Realty. All rights reserved.

appraisals ♦ building services ♦ commercial ♦ land surveying ♦ property management ♦ international referrals ♦ rentals ♦ sales ♦ vacation services

Each office is independently owned and operated. Coldwell Banker Bermuda Realty is a trade name of Bermuda Realty Company Limited.