

## Austin Apartment Occupancy Is Surging, With Rent Growth Likely to Follow

Strong demand seen at the same time that the completion pace has slowed is pushing up apartment occupancy in metro Austin, according to mid-year performance results from analysts at MPF Research. Occupancy jumped to **92.4 percent in June**, rising 2.5 percentage points from the rate seen at the end of 2009.

The apartment market is a little tighter in Austin than in most other large cities across Texas. Occupancy stands at 91.8 percent in San Antonio, 90.8 percent in Dallas, 90.5 percent in Fort Worth and 88.7 percent in Houston. El Paso apartments are 97.5 percent full, due to expansion at Fort Bliss plus an influx of households moving across the Mexican border from Juarez.

Average monthly rents in Austin now stand at \$839. Junes effective rents were off 0.5 percent from the pricing seen in March, and rents dropped 2.9 percent over the course of the past year.

But MPF Research anticipates that those declines are the last that Austin will see for a while. It's a little surprising that Austin rents haven't gone up yet, said Greg Willett, MPF's vice president of research. Rent growth is already starting to emerge elsewhere in Texas, even in the cities with somewhat lower occupancy. When the pricing bump does come in Austin, and it could happen any day now, the upturn probably will be sharp.

Demand for 3,830 apartments registered in Austin during 2nd quarter, taking absorption for the first half of the year to 5,600 units. That demand volume compares to just 1,228 units in new properties completed so far in 2010.

**Austin has just over 2,000 apartments under construction, so deliveries this year will come in around 3,200 units. That's a drastic shift from completions that tallied at 10,895 units in 2009.**

Greg Willett  
Vice President, Research & Analysis

