

# Report: Apartment occupancy slips, rents rise in 2Q

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Multifamily occupancy in the Austin market **declined 0.56 percent** between the first and second quarter but climbed 1.53 percent during the last year, according to the latest trend report from [Austin Investor Interests](#).

**The report cites movement among students as the primary reason behind the decline in Class B and C property occupancies over the quarter.** Class A occupancy also fell, due in large part to tenants being stripped of move-in concessions relocating to more affordable properties. The report says concessions declined 7 percent during the quarter, with only 47 percent of the market continuing to offer specials.

Rents meanwhile continue a steady climb, rising \$.01 per square foot for the quarter and \$.06 per square foot over the year. While 11 of the metro area's 16 residential submarkets reported declines in occupancy over the quarter, only four reported a decline in rents. The Central Business District submarket was the only one to report a significant decline in rents during the 90 day period, falling \$.09 to \$1.68 per square foot.

The report anticipates that the third quarter will bring the largest number of new project starts in several years. Several projects slated to start in the second quarter were delayed by a month or two, pushing them into the current quarter. The report says one project did not start construction officially due to escalating construction costs. At quarter's end, there were 74 properties -- totaling 16,647 units -- under construction or in the permitting stage in the metro area.

Trends toward both condo conversions and mixed-use projects are having an effect on inventory, according to the report. In particular, older apartment complexes in the central and Central Business District submarkets continue to be torn down to make room for new development as land values rise.