

South Lamar project ready for launch

Apartment-retail complex has been in works for more than 4 years

By [Shonda Novak](#) and [Barry Harrell](#)

AMERICAN-STATESMAN STAFF
Wednesday, Feb. 9, 2011

Post Properties Inc. plans to break ground next month on a long-delayed South Lamar Boulevard apartment project.

Post South Lamar, at 1500 S. Lamar Blvd., will have 298 units, Atlanta-based Post said Wednesday.

The project will be on the former site of Stoneridge apartment complex, which was torn down, leaving a 4-acre lot.

The \$41.7 million project will include more than 8,500 square feet of street-level retail space, Post Properties said in its quarterly financial report. The company projected that the first apartments would be ready for residents in late 2012.

The Post South Lamar project has been in the works for more than four years, with delays in part due to negotiations between Post Properties and the City of Austin over how to assure that some units would be affordable for lower-income residents.

In November 2008, the City Council approved using \$710,350 in bond money to essentially buy down rents for some of the project's units.

However, the project was put on hold and the agreement with the city expired at the end of 2010, so no city bond money will be used, said Jerry Rusthoven, a manager in the city's planning department.

Under city agreements for this type of mixed-use project along major roads, the developers will still be required to reserve 10 percent of the project's units — 30 in this case — with rents affordable for residents earning 80 percent or less of the city's annual median household income. The 80 percent level works out to \$41,350 for one person, \$47,250 for a two-member household and \$59,050 for a family of four.

David Ward, Post Properties' Dallas-based executive vice president, said market rate rents for one-bedroom apartments will start at \$1,100 per month and two-bedroom units at \$1,400.

Post Properties' decision to move ahead with the project comes as Austin's apartment market is booming, thanks to scant new apartment construction combined with population growth and job growth.

Average rents per square foot hit an all-time high of 98 cents at the end of 2010, according to Capitol Market Research.

Occupancy rates averaged 94.8 percent.

The last time occupancy rates were at or above that mark was in late 2007, said real estate consultant Charles Heimsath, president of the firm.

Heimsath said this is "a perfect time" for Post Properties to start a new project, "since there is so little new product coming to market."

"The delay caused by the national recession has worked to Post's advantage, because the market is much stronger now than it was two years ago," said Heimsath, who served as a consultant on the project during the approval process.



Courtesy of JB Goodwin