

Local apartment market shows signs of strength

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After two years of steady decline, Austin's apartment occupancy rate ticked up by the end of 2009, settling at 90.4 percent in December, up from 89.5 percent in June, according to Capitol Market Research, a local real estate consulting firm.

Healthy leasing activity helped landlords maintain rents, which had been declining for more than 18 months, said Charles Heimsath, the firm's president.

Rents averaged \$942 for a two-bedroom, two-bathroom apartment in December, unchanged from June but down from \$962 at the end of 2008.

Heimsath attributes the June-to-December increase in occupancy to people continuing to move to the Austin area, as well as fewer people being able to afford to move into homes.

From June to December, 4,088 new apartment units opened in the Austin area, and Heimsath had expected the occupancy rate to slide as a result. But "we actually leased more units than we delivered," he said.

It's still a renter's market, Heimsath said. However, he said, the market appears to be headed toward a shift.

Many experts think that "2010 is going to be a turnaround year for Austin" in which it is expected to recoup jobs lost during the recession and then some, Heimsath said.

"I think that the job prospects are pretty solid for 2010," he said, noting that the economy is expected to "gradually improve and gain strength by the end of the year."

