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Austin Apartment Update Report Details Impact of Hurricane Katrina

Houston, TX (February 1, 2007) – The Austin apartment market appears to be the most capable of all the major Texas markets of withstanding the effects of Hurricane Katrina.

This is according to the fourth-quarter apartment update reported by O'Connor & Associates, the Houston-based real estate consulting firm and leader in apartment market research data in Texas. The report tracks the growth of apartment living in the Austin and surrounding areas.

For more than two years, Austin has recorded occupancy levels above 90 percent, but FEMA's decision to end assistance housing at the end of February may cause occupancy levels to dip slightly in the first quarter of 2007. Overall, the Austin apartment market saw a 37 unit drop in absorption. Most of these were in the areas of North and East Austin, with their high concentration of Class B and C complexes which was responsible for housing many of the Katrina evacuees.

Austin area apartment occupancy also fell from last quarter, down 0.47 points overall. On average, apartments in Austin show a 92.73 percent occupancy rate. Class A properties fell 0.47 points to 92.19 percent; Class B fell 0.8 points to 93.77 percent; Class C increased 0.10 points to 93.49 percent and Class D fell .45 points to 90.87 percent. The highest occupancy levels were in the UT Campus area at 98.02 percent, followed by Downtown at 97.76 percent. Georgetown and Bastrop had the lowest occupancy rate at 82.22 and 86.61 percents, respectively.

Despite the overall decline in occupancy, overall rental rates increased one cent in the fourth quarter. On average, apartment rent is \$0.95 per square foot. Classes A apartments remain unchanged at \$1.05 while Class B and C properties increased one cent each to

\$0.89 and \$0.88 per square foot, respectively. Class D properties showed a one cent decrease from \$0.76 to \$0.75 per square foot. The highest overall rates by submarket were found in the Downtown and West areas at \$1.44 and \$1.19 per square foot, respectively. The lowest rents were in Lockhart at \$0.62 per square foot.

Austin has a total of 631 operating or under-construction projects greater than 25 units with a total of 134,779 units. Class A properties make up 40 percent, Class B make up 37 percent, Class C make up 20 percent and Class D make up three percent.

For a complete report on the Austin apartment market, visit http://www.poconnor.com/file_repository/austin_apartment_update_4Q06.pdf. The report measures demand (absorption), occupancy, rates and apartment inventory.

Austin Apartment Market at a Glance							
	Class A	Class B	Class C	Class D	Overall	Qtr	Yr
Occupancy	92.19%	93.01%	93.49%	90.87%	92.73%	▼	▼
Rent/Unit	\$984	\$689	\$638	\$586	\$789	▲	▲
Rent/SF	\$1.048	\$0.889	\$0.880	\$0.762	\$0.945	▲	▲
Absorption	109	-158	30	-18	-37	▼	▲

Source: O'Connor & Associates fourth-quarter 2006 Austin Apartment Market Update

About O'Connor & Associates

O'Connor & Associates, a Texas-based national real estate service firm providing appraisals, market research, cost segregation studies and federal and ad valorem tax reduction services, has been in business since 1974 and has more than 40,000 clients. Patrick O'Connor, MAI, president of O'Connor & Associates since 1983, is frequently acknowledged by national publications as a respected source of information on real estate trends. Visit www.poconnor.com

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