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San Antonio Apartment Update Report Details Impact of Hurricane Katrina

Houston, TX (February 1, 2007) – In San Antonio, the remains of Hurricane Katrina are still being felt.

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 San Antonio and surrounding areas.

Mostly in preparation of the end of FEMA rental assistance, absorption during the fourth quarter of 2006 fell overall by 834 units. Class B and C units, where most evacuees lived, showed the weakest absorption figures with 261 and 473 less units absorbed, respectively. Classes A and D properties showed 64 and 36 fewer units absorbed, respectively.

San Antonio area apartment occupancy also fell from last quarter, down 1.07 points overall. On average, apartments in the Alamo city show a 90.13 percent occupancy rate. Class A properties fell 1.16 points to 90.36 percent; Class B fell 1.01 points to 90.92 percent; Class C fell 1.22 points to 88.76 percent and Class D fell .47 points to 91.55 percent. The highest occupancy levels were in Kerville at 98.38 percent. The South and Southeast submarkets had the lowest occupancy rate at 83.74 and 83.76 percent, respectively.

Despite the overall decline in occupancy, overall rental rates remained the same in the fourth quarter. On average, apartment rent is \$0.83 per square foot. Classes A, B and D apartments remain unchanged at \$0.99, \$0.83 and \$0.68 per square foot, respectively. Class C properties showed a one cent increase from \$0.75 to \$0.76 per square foot. The

highest overall rates by submarket were found in the North Central and Far Northwest areas at \$1.02 and \$0.98 per square foot, respectively. The lowest rents were in Kerville at \$0.67 per square foot.

San Antonio has a total of 659 operating or under-construction projects greater than 25 units with a total of 128,246 units. Class A properties make up 18 percent, Class B make up 42 percent, Class C make up 33 percent and Class D make up seven percent.

For a complete report on the San Antonio apartment market, visit http://www.poconnor.com/file_repository/san_antonio_apartment_update_4Q06.pdf. The report measures demand (absorption), occupancy, rates and apartment inventory.

San Antonio Apartment Market at a Glance							
	Class A	Class B	Class C	Class D	Overall	Qtr	Yr
Occupancy	90.36%	90.92%	88.76%	91.55%	90.13%	▼	▼
Rent/Unit	\$912	\$637	\$588	\$508	\$668	▲	▲
Rent/SF	\$0.992	\$0.832	\$0.755	\$0.684	\$0.829	▲	▲
Absorption	-64	-261	-473	-36	-834	▼	▲

Source: O'Connor & Associates fourth-quarter 2006 San Antonio 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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