

Job growth will bolster rental market

Contributed by Heidi Schoonover

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Vacancy in the Austin apartment market fell to 7.1 percent in 2006 and is expected to decline even further in the coming year as new construction continues to fall short of increasing demand. That's according to Marcus & Millichap Real Estate Investment Brokerage Co.'s 2007 National Apartment Report.

Asking rents in the market are forecasted to rise 3.2 percent to \$817 a month as effective rents jump 5.3 percent to \$756 a month.

On the supply front, developers are likely to bring roughly 2,800 new units to market in 2007, about the same as 2006. And investors will continue to look for value-add properties near Austin's core as the city continues its efforts to get more people living in and around downtown.

"The local economy and limited new construction will combine to push vacancy rates below 7 percent this year, down from the double-digit rates of three to four years ago," says Brad Bailey, regional manager of Marcus & Millichap's Austin office.

According to the report's findings, Austin is expected to record the second-highest employment growth rate in the country in 2007 along with the second-highest rate of population growth. The report's National Apartment Index, which ranks 42 major apartment markets on a series of indicators, puts Austin at No. 16, up seven places from last year.

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