

Apartment buyers stoke market

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Investors are buying San Antonio apartment complexes and builders are putting up new ones at a pace that reflects unbridled optimism, according to a market assessment of 2003 and 2004.

Research firm Austin Investor Interests said developers have "tossed aside the caution" to proceed at a record pace.

A record 1,658 apartment units were submitted for city permits in the fourth quarter, giving the San Antonio area over 6,000 potential units coming to market over the next 24 months.

"What you're having right now with interest rates being as low as they are and stocks performing as they have in recent years, is a ton of capital looking for a haven," David Lynd of San Antonio-based Lynd Co. said. "That's what is leading to a lot of transactions.

"They can lock in interest rates today in the 5 to 6 percent range on 10-year terms and hold the property," Lynd said. "It makes the investment worth a tremendous amount. It's a great time for people looking to sell, and buy, too."

Meanwhile, fourth-quarter occupancy fell less than 1 percent, and net leasing activity was negative despite only 400 new units added. About 70 percent of properties were offering concessions, AII said.

However, the long-term picture is stronger. Citywide occupancy has averaged above 91 percent over a decade, and the market has absorbed 90 percent of new construction since the first quarter of 2000. Rents have crawled but steadily upward.

Commercial investors at CB Richard Ellis also noted concession levels have been decreasing, and there has been steady renovation of older properties.

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