

Austin Retail, Q3 2018

Population growth and strong economy leads to a healthy retail market

Occupancy **96.3%**

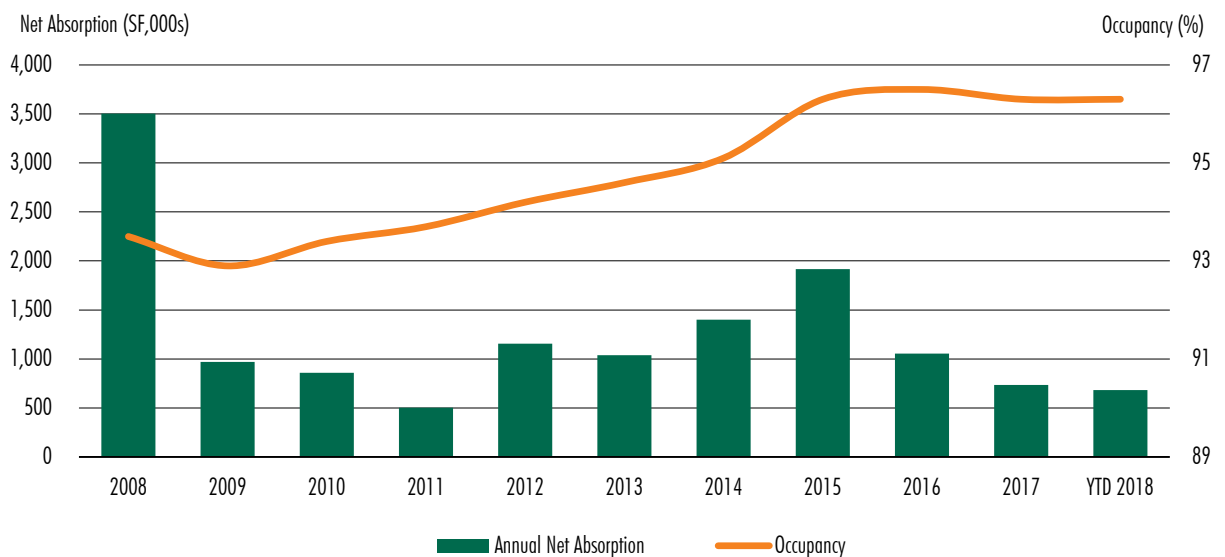
Under Construction **655,890 SF**

Completions **166,046 SF**

Net Absorption **199,096 SF**

Figure 1: Net Absorption and Market Occupancy

*Arrows indicate trend from previous quarter.



Source: CBRE Research, Q3 2018.

AUSTIN’S RETAIL MARKET REMAINS STRONG

Austin’s retail market remains strong, as a result of a consistently strong local job market and rapid population growth. The market should remain tight with vacancies rates below 4% and new construction in control. The outlook for the market will continue to climb, with rising median household income and population gains.

REBUILDING SOUTH CONGRESS: SIGNS OF CHANGE

South Austin, once the cities red light district is experiencing a renaissance. Today you will see cranes and construction crews up and down South Congress Avenue as a number of new development projects have begun. The newcomers include the new flagship store for Kendra Scott jewelry, a new concept that will replace uncommon objects, and a mixed-use project.

AUSTIN RECORDS THE FOURTH LOWEST JOB RATES IN TEXAS

Austin’s unemployment rate for August was 3%, making it the fourth lowest jobless rate in Texas. These historically lower jobless rate numbers have put stress on recruiters, who are seeing difficulty in finding and retaining employees in this job-seekers market.

BUDDING DOWNTOWN MARKET SEEING BOOM

The Downtown restaurant/entertainment scene is experiencing a surge that it has not seen in its existence. Additions to the market include, True Food Kitchen, Flower Child, North Italia, Arlo Grey, and the Fareground food hall. Just north of Second Street is seeing an expansion as well, with half a dozen new restaurant/entertainment concepts that have recently opened or are beginning construction soon.

Figure 2: Historical Market Statistics

		Q1 2018	Q2 2018	Q3 2018	YTD 2018
BASTROP COUNTY	Absorption (Net, SF)	-626	4,633	11,733	15,740
	Delivered Construction (SF)	0	0	0	0
	Rentable Building Area (RBA)	2,249,119	2,106,611	2,120,081	2,120,081
	Occupancy Rate (%)	97.1	96.8	97.2	97
CALDWELL COUNTY	Absorption (Net, SF)	6,203	0	0	6,203
	Delivered Construction (SF)	0	0	0	0
	Rentable Building Area (RBA)	449,337	449,337	460,065	460,065
	Occupancy Rate (%)	97.5	94.2	94.4	94.4
CENTRAL BUSINESS DISTRICT	Absorption (Net, SF)	-3,709	-3,482	-12,931	-20,122
	Delivered Construction (SF)	0	0	0	0
	Rentable Building Area (RBA)	1,853,427	1,825,427	1,794,120	1,794,120
	Occupancy Rate (%)	94.4	98.7	97.7	97.7
CEDAR PARK	Absorption (Net, SF)	-21,699	20,210	17,108	15,619
	Delivered Construction (SF)	0	0	11,500	11,500
	Rentable Building Area (RBA)	7,555,227	7,518,939	7,541,892	7,541,892
	Occupancy Rate (%)	95.5	97	97	97
CENTRAL	Absorption (Net, SF)	-7,631	1,045	25,446	18,860
	Delivered Construction (SF)	0	0	0	0
	Rentable Building Area (RBA)	6,283,838	6,266,018	6,284,316	6,284,316
	Occupancy Rate (%)	95.2	93.7	93.8	93.8
EAST	Absorption (Net, SF)	8,785	-1,700	-9,826	-2,741
	Delivered Construction (SF)	0	0	27,000	27,000
	Rentable Building Area (RBA)	2,991,099	3,210,915	3,253,190	3,253,190
	Occupancy Rate (%)	94.5	97.1	96.9	96.9

Source: CBRE Research, Q3 2018.

Figure 2: Historical Market Statistics

		Q1 2018	Q2 2018	Q3 2018	YTD 2018
FAR NORTHEAST	Absorption (Net, SF)	17,226	514,100	9,835	541,161
	Delivered Construction (SF)	0	522,531	0	522,531
	Rentable Building Area (RBA)	2,675,130	3,291,681	3,388,610	3,388,610
	Occupancy Rate (%)	95.2	98.1	97.7	97.7
FAR NORTHWEST	Absorption (Net, SF)	56,189	5,052	22,190	83,431
	Delivered Construction (SF)	0	0	0	0
	Rentable Building Area (RBA)	3,481,407	3,455,429	3,387,759	3,387,759
	Occupancy Rate (%)	95.2	94.3	95.2	95.2
GEORGETOWN	Absorption (Net, SF)	8,806	19,179	11,711	39,696
	Delivered Construction (SF)	100,068	0	0	100,068
	Rentable Building Area (RBA)	5,176,911	5,216,452	5,258,439	5,258,439
	Occupancy Rate (%)	95.2	96.2	96.2	96.2
HAYS COUNTY	Absorption (Net, SF)	-13,582	-13,211	15,290	-11,503
	Delivered Construction (SF)	245,150	0	65,446	310,596
	Rentable Building Area (RBA)	7,936,548	7,973,710	8,038,688	23,948,946
	Occupancy Rate (%)	95.2	97.8	97.8	97.8
NORTH	Absorption (Net, SF)	20,453	17,518	20,625	58,596
	Delivered Construction (SF)	0	13,650	0	13,650
	Rentable Building Area (RBA)	6,468,793	6,498,905	6,502,927	6,502,927
	Occupancy Rate (%)	95.2	96.6	96.7	96.7
NORTHEAST	Absorption (Net, SF)	-120,033	-93,468	-59,019	0
	Delivered Construction (SF)	0	0	12,800	12,800
	Rentable Building Area (RBA)	2,625,216	2,688,195	2,644,795	2,644,795
	Occupancy Rate (%)	93	91.1	91.8	91.8

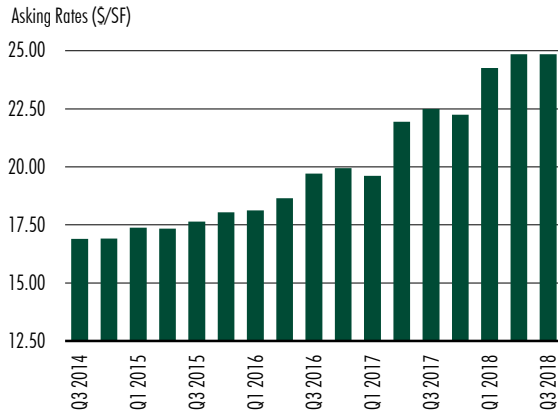
Source: CBRE Research, Q3 2018

Figure 2: Historical Market Statistics

		Q1 2018	Q2 2018	Q3 2018	YTD 2018
NORTHWEST	Absorption (Net, SF)	22,004	10,446	82,769	115,219
	Delivered Construction (SF)	0	0	0	0
	Rentable Building Area (RBA)	4,592,017	4,607,237	4,607,237	4,607,237
	Occupancy Rate (%)	94.7	97.2	98.7	98.7
ROUND ROCK	Absorption (Net, SF)	-1,126	61,001	55,830	115,705
	Delivered Construction (SF)	14,000	0	34,700	48,700
	Rentable Building Area (RBA)	6,801,553	6,881,225	6,945,824	6,945,824
	Occupancy Rate (%)	95	94.3	94.1	94.1
SOUTH & SOUTHEAST	Absorption (Net, SF)	-775	1,687	1,903	2,815
	Delivered Construction (SF)	38,700	0	0	38,700
	Rentable Building Area (RBA)	11,526,541	11,318,357	9,958,466	9,958,466
	Occupancy Rate (%)	95.1	97.3	96.1	96.1
SOUTHWEST	Absorption (Net, SF)	-19,457	-5,261	6,820	-17,898
	Delivered Construction (SF)	11,000	0	14,600	25,600
	Rentable Building Area (RBA)	7,921,738	7,915,129	7,971,956	7,971,956
	Occupancy Rate (%)	94.7	97.8	95.6	95.6
WEST CENTRAL	Absorption (Net, SF)	-8,230	2,990	-389	-5,629
	Delivered Construction (SF)	0	0	0	0
	Rentable Building Area (RBA)	686,618	686,521	686,521	686,521
	Occupancy Rate (%)	94.7	98.3	97.8	97.8
AUSTIN MARKET TOTAL	Absorption (Net, SF)	-57,202	540,739	199,096	682,633
	Delivered Construction (SF)	408,918	536,181	166,046	1,111,145
	Rentable Building Area (RBA)	81,274,519	81,910,088	82,255,198	82,255,198
	Occupancy Rate (%)	96.2	96.4	96.6	96.6

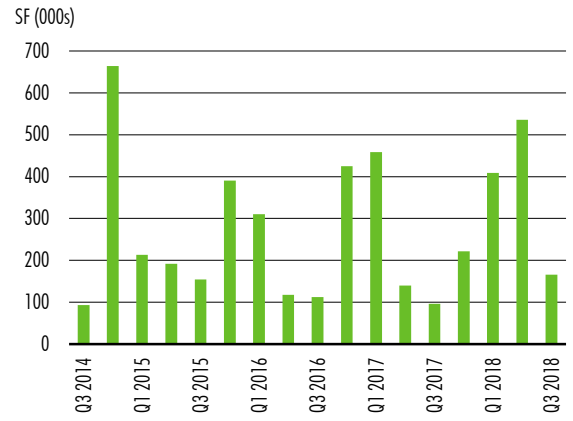
Source: CBRE Research, Q3 2018

Figure 3: Asking Annual Rents, NNN Avg.



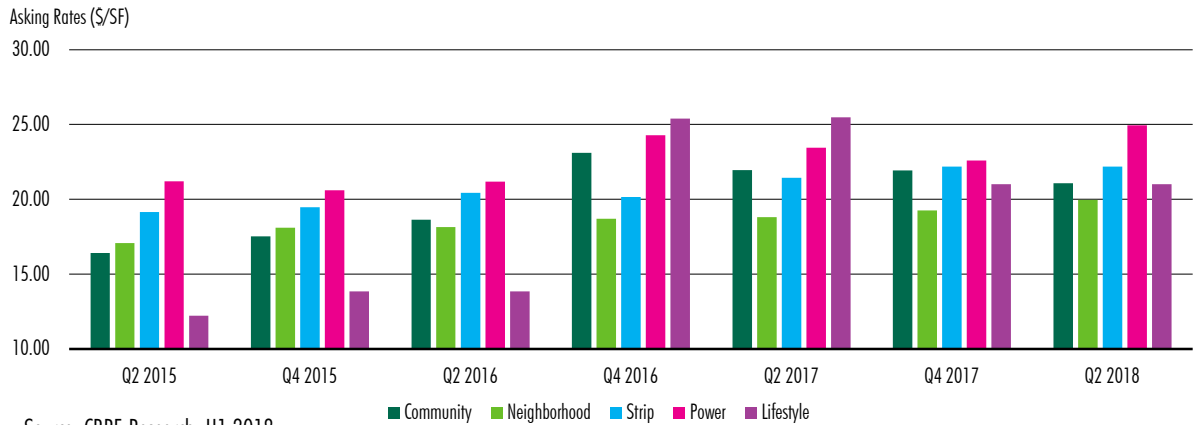
Source: CBRE Research, Q3 2018.

Figure 4: Deliveries



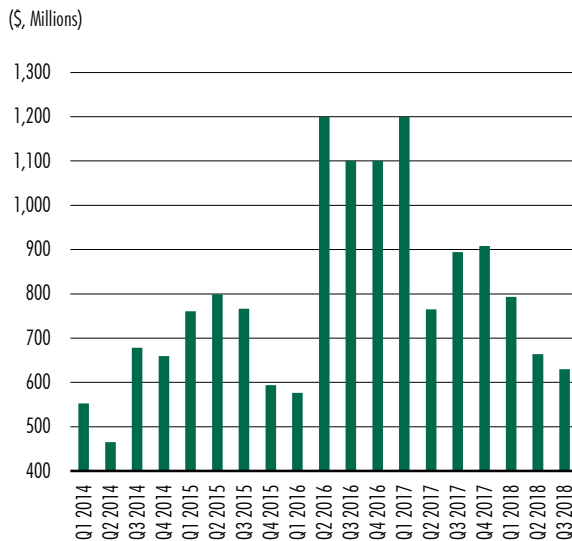
Source: CBRE Research, Q3 2018.

Figure 5: Asking Annual Rents by Center Type, NNN Avg.



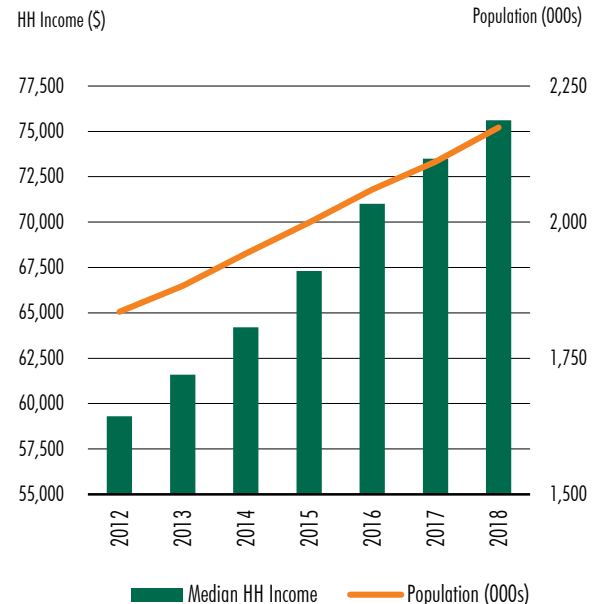
Source: CBRE Research, H1 2018.

Figure 6: Retail Investment Sales Volume

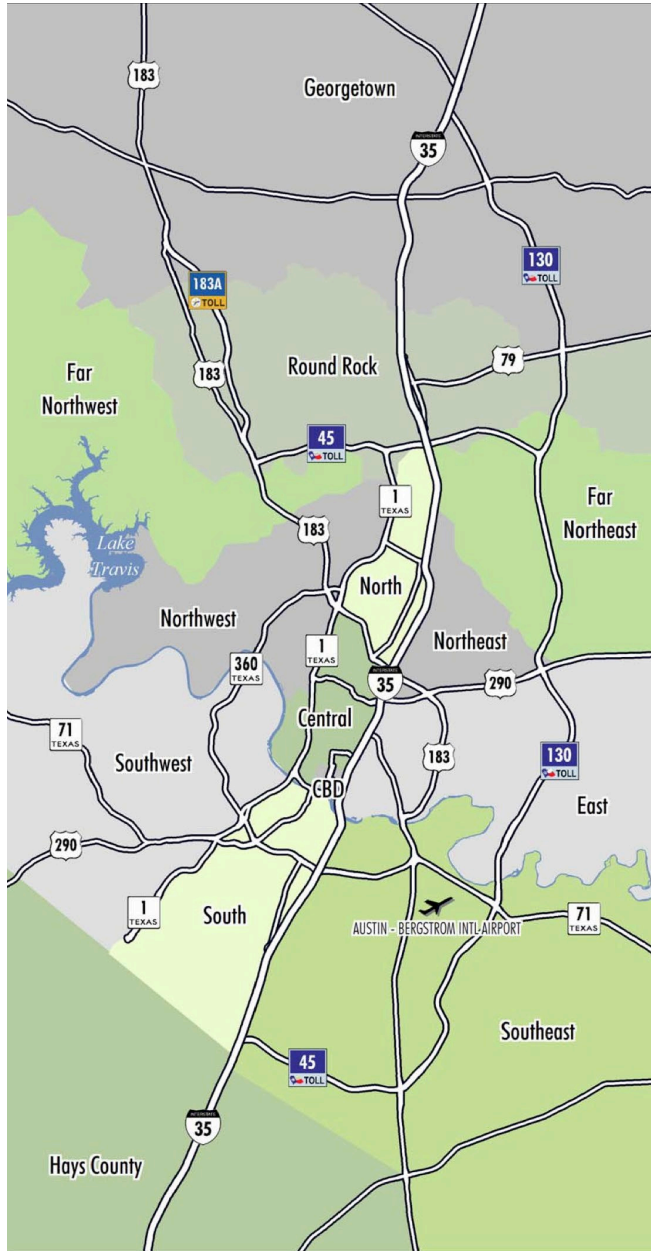


Source: Real Capital Analytics, Q3 2018.

Figure 7: Population Growth and Purchasing Power



Source: Moody's Analytics, H1 2018.



**The Retail dataset includes properties 10,000-sq.-ft. and up.*

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