

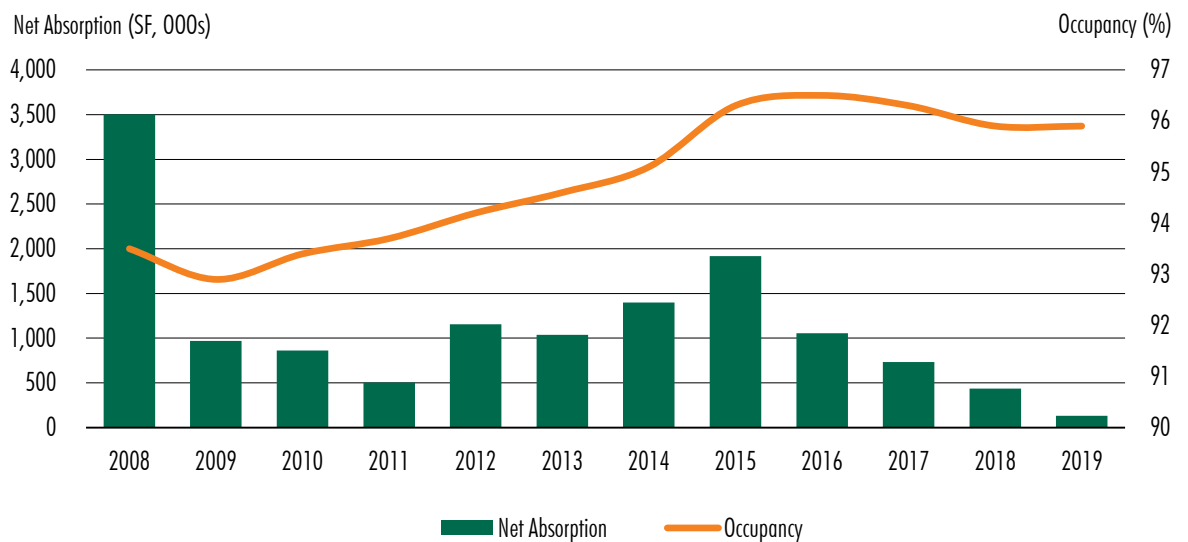
Austin Retail, Q1 2019

# Retail bounds into 2019 with fresh life as fundamentals improve

▶ Occupancy 95.9%
▲ Under Construction 804,785 SF
▼ Deliveries 86,677 SF
▲ Net Absorption 131,930 SF
▲ Avg. Asking Rate \$20.75 PSF

Figure 1: Net Absorption and Market Occupancy

\*Arrows indicate trend from previous quarter.



Source: CBRE Research, Q1 2019.

**AUSTIN RANKS AS NINTH FASTEST-GROWING MAJOR METRO**

Austin had added 27,100 net new jobs in the 12-month period preceding the end of January 2019. This movement equates to 2.6% annual growth, placing Austin as the ninth fastest growing major metro in the country.

**SOUTH BY SOUTHWEST DESCENDS UPON AUSTIN FOR 32<sup>ND</sup> TIME**

For a crazy 10 days in March, the South by Southwest (SXSW) festival comes to the Austin metro, the most profitable event for the hospitality industry for the City of Austin. In 2018, SXSW brought 289,000 festival attendees and an economic impact of \$350.6 million to the Austin economy. The influx of visitors to the region greatly benefits the retail segment of the city, with an estimated consumer impact in 2018 of \$27.1 million.

**UNEMPLOYMENT IN AUSTIN REMAINS ONE OF THE LOWEST IN THE STATE**

Austin's unemployment rate for January 2019 was 3.2%, up from 2.9% in December 2018. This uptick was felt statewide as the other major metros in the state saw an increase in unemployment as well, with the statewide average climbing to 3.8% in January 2019, up from 3.7% in December 2018. This movement is due more to an increase in labor force rather than employment.

**RETAIL FUNDAMENTALS LOOK SOLID IN 1<sup>ST</sup> QUARTER OF 2019**

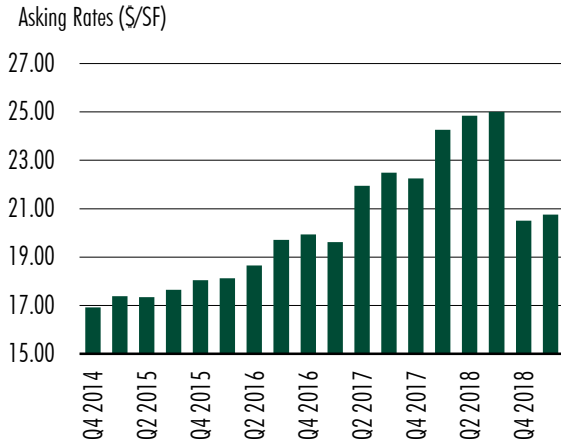
Market fundamentals rebounded in Q1 2019 as occupancy held steady at 95.9% , while the citywide average asking rate increased by \$0.25 to \$20.75 per sq. ft. Net absorption was up this quarter as well, registering 131,930 sq. ft. of positive net demand. Six projects delivered in Q1 2019 spread out over 86,000 sq. ft., with 41 additional projects under construction, totaling 804,785 sq. ft.

**Figure 2: Historical Market Statistics**

		2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
<b>BASTROP COUNTY</b>	Absorption (Net SF)	(16,461)	(626)	4,633	11,733	1,526	(11,260)
	Asking Rent, Avg. Annual	20.00	21.00	24.00	24.00	23.50	22.75
	Delivered Construction (SF)	-	-	-	-	-	-
	Occupancy Rate (%)	96.7	97.1	96.8	97.2	97.2	96.7
<b>CALDWELL COUNTY</b>	Absorption (Net SF)	(1,525)	6,203	-	-	1,950	-
	Asking Rent, Avg. Annual	9.75	9.25	9.25	9.25	9.00	8.50
	Delivered Construction (SF)	-	-	-	-	-	-
	Occupancy Rate (%)	97.1	97.5	94.2	94.4	94.9	-
<b>CBD</b>	Absorption (Net SF)	9,080	(3,709)	(3,482)	(12,931)	(5,830)	(688)
	Asking Rent, Avg. Annual	22.00	26.75	32.00	32.00	42.50	32.25
	Delivered Construction (SF)	-	-	-	-	36,000	-
	Occupancy Rate (%)	98.7	94.4	98.7	97.7	97.3	97.2
<b>CEDAR PARK</b>	Absorption (Net SF)	394,795	(21,699)	20,210	17,108	2,167	(7,450)
	Asking Rent, Avg. Annual	23.25	22.50	26.00	26.00	21.25	20.75
	Delivered Construction (SF)	372,515	-	-	11,500	37,171	15,200
	Occupancy Rate (%)	96.8	95.5	97.0	97.0	96.8	96.7
<b>CENTRAL</b>	Absorption (Net SF)	(35,491)	(7,631)	1,045	24,446	(20,635)	(333)
	Asking Rent, Avg. Annual	21.25	22.00	26.00	26.00	22.25	21.00
	Delivered Construction (SF)	-	-	-	-	-	-
	Occupancy Rate (%)	94.2	95.2	93.7	93.8	93.6	93.4
<b>EAST</b>	Absorption (Net SF)	(28,767)	8,785	(1,700)	(9,826)	(13,600)	(48,120)
	Asking Rent, Avg. Annual	20.50	25.00	30.00	30.00	24.50	24.00
	Delivered Construction (SF)	32,600	-	-	27,000	-	15,000
	Occupancy Rate (%)	97.4	94.5	97.1	96.9	96.5	94.6
<b>FAR NORTHEAST</b>	Absorption (Net SF)	71,182	17,226	514,100	9,835	(37,414)	3,735
	Asking Rent, Avg. Annual	20.00	20.50	22.00	22.00	18.50	20.00
	Delivered Construction (SF)	112,872	-	522,531	-	29,722	12,000
	Occupancy Rate (%)	96.8	95.2	98.1	97.7	96.2	96.3
<b>FAR NORTHWEST</b>	Absorption (Net SF)	(4,542)	56,189	5,052	22,190	35,739	(17,898)
	Asking Rent, Avg. Annual	17.00	17.75	18.00	18.00	17.00	18.00
	Delivered Construction (SF)	15,000	-	-	-	-	11,772
	Occupancy Rate (%)	92.2	95.2	94.3	95.2	96.2	95.4
<b>GEORGETOWN</b>	Absorption (Net SF)	69,161	8,806	19,179	11,711	(17,625)	3,676
	Asking Rent, Avg. Annual	14.00	11.50	24.00	24.00	13.50	14.00
	Delivered Construction (SF)	58,200	100,068	-	-	71,805	-
	Occupancy Rate (%)	95.4	95.2	96.2	96.2	95.3	95.1
<b>HAYS COUNTY</b>	Absorption (Net SF)	68,409	(13,582)	(13,211)	15,290	(5,816)	27,092
	Asking Rent, Avg. Annual	22.75	22.25	24.00	24.00	22.75	21.75
	Delivered Construction (SF)	26,000	245,150	-	65,446	-	-
	Occupancy Rate (%)	98.0	95.2	97.8	97.8	97.9	98.2
<b>NORTH</b>	Absorption (Net SF)	(36,779)	20,453	17,518	20,625	(13,058)	70,883
	Asking Rent, Avg. Annual	18.75	20.50	24.00	24.00	19.00	20.00
	Delivered Construction (SF)	27,988	-	13,650	-	-	-
	Occupancy Rate (%)	97.1	95.2	96.6	96.7	96.5	97.4
<b>NORTHEAST</b>	Absorption (Net SF)	19,660	(120,033)	(93,468)	(59,019)	(31,509)	(26,415)
	Asking Rent, Avg. Annual	17.25	18.50	20.00	20.00	16.75	17.25
	Delivered Construction (SF)	11,000	-	-	12,800	-	-
	Occupancy Rate (%)	94.0	93.0	91.1	91.8	90.5	89.6
<b>NORTHWEST</b>	Absorption (Net SF)	125,701	22,004	10,446	82,769	(20,931)	(20,479)
	Asking Rent, Avg. Annual	23.25	24.75	26.00	26.00	24.75	26.00
	Delivered Construction (SF)	36,600	-	-	-	-	-
	Occupancy Rate (%)	96.8	94.7	97.2	98.7	98.2	97.7
<b>ROUND ROCK</b>	Absorption (Net SF)	91,810	(1,126)	61,001	55,830	(39,291)	63,336
	Asking Rent, Avg. Annual	22.50	21.25	25.00	25.00	21.75	21.50
	Delivered Construction (SF)	171,194	14,000	-	34,700	22,500	-
	Occupancy Rate (%)	93.6	95.0	94.3	94.1	93.0	93.9
<b>SOUTH &amp; SOUTHEAST</b>	Absorption (Net SF)	3,623	(775)	1,687	2,815	(100,600)	(13,939)
	Asking Rent, Avg. Annual	23.00	23.00	24.00	24.00	22.00	22.00
	Delivered Construction (SF)	11,050	38,700	-	38,700	10,000	32,705
	Occupancy Rate (%)	97.3	95.1	97.3	96.1	96.2	96.1
<b>SOUTHWEST</b>	Absorption (Net SF)	7,149	(19,457)	(5,261)	(17,898)	16,120	107,688
	Asking Rent, Avg. Annual	28.00	26.00	28.00	28.00	29.75	28.00
	Delivered Construction (SF)	56,390	11,000	-	25,600	47,000	-
	Occupancy Rate (%)	97.7	94.7	97.8	95.6	95.5	96.7
<b>WEST CENTRAL</b>	Absorption (Net SF)	(3,063)	(8,230)	2,990	(389)	1,387	2,102
	Asking Rent, Avg. Annual	26.75	28.75	32.00	32.00	29.75	32.50
	Delivered Construction (SF)	-	-	-	-	-	-
	Occupancy Rate (%)	99.1	94.7	98.3	97.8	98.1	98.4
<b>AUSTIN TOTAL</b>	Absorption (Net SF)	733,942	(57,202)	540,739	174,289	(247,420)	131,930
	Asking Rent, Avg. Annual	20.75	21.75	24.75	24.75	20.50	20.75
	Delivered Construction (SF)	931,409	408,918	536,181	215,746	254,198	86,677
	Occupancy Rate (%)	96.3	96.2	96.4	96.6	95.9	95.9

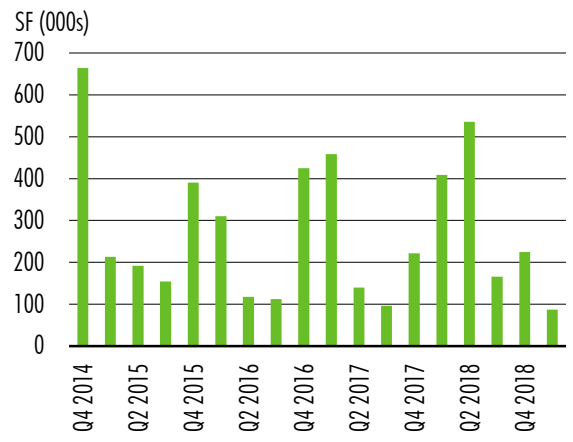
Source: CBRE Research, Q1 2019.

Figure 3: Asking Annual Rents, NNN Avg.



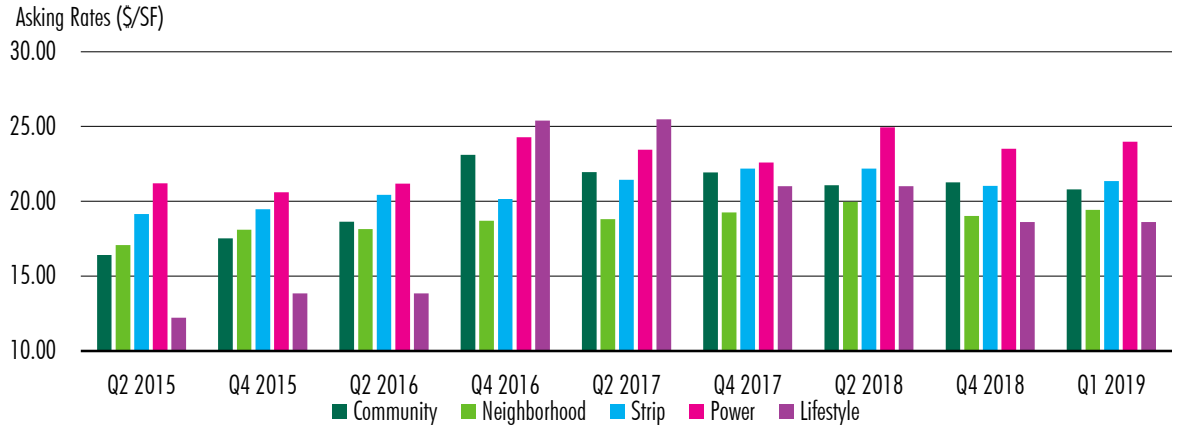
Source: CBRE Research, Q1 2019.

Figure 4: Deliveries



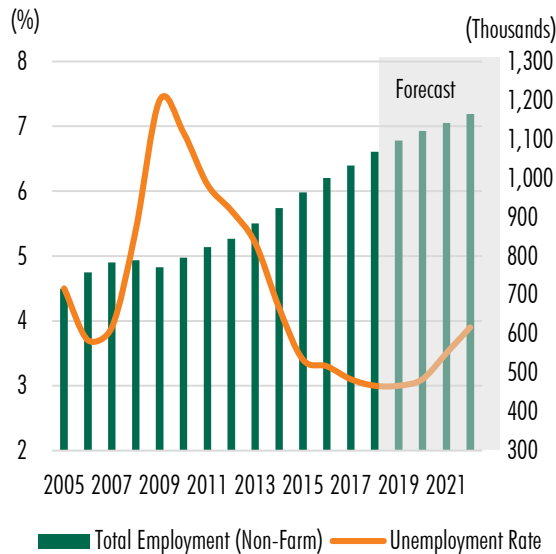
Source: CBRE Research, Q1 2019.

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



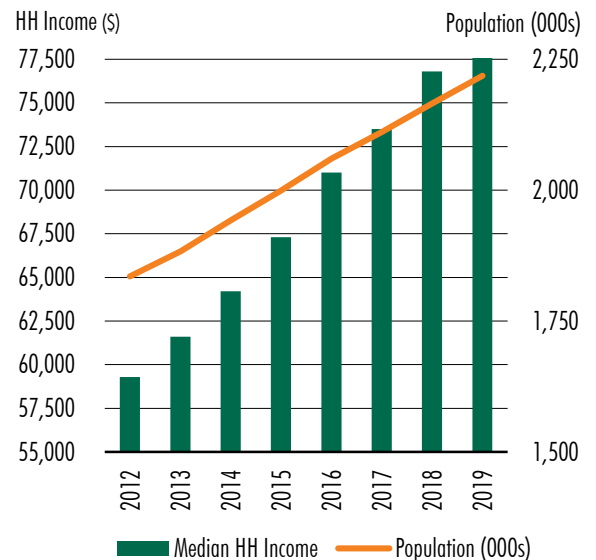
Source: CBRE Research, Q1 2019.

Figure 6: Austin Labor Force & Unemployment

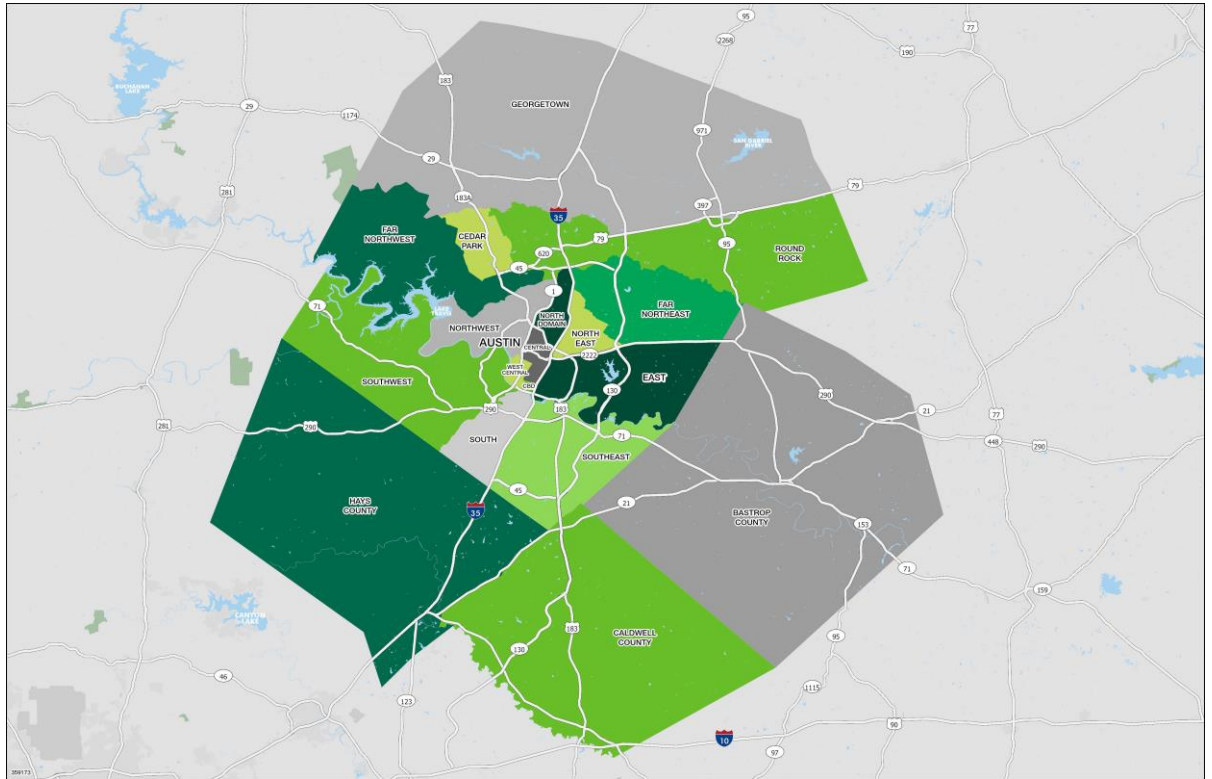


Source: U.S. Bureau of Labor Statistics, Moody's Analytics, Q1 2019.

Figure 7: Population Growth and Purchasing Power



Source: Moody's Analytics, Q1 2019.



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