

AUSTIN, TEXAS

Q1 2012 MARKET REPORT

COUNTRY DATA

2011 Population	1,773,641
2016 Estimated Population	2,004,139
Employment Population	981,663
Household Average Income	\$79,309
Median Household Income	\$59,722
Total Population Median Age	32

SUMMARY

It is only natural that the capital city for the state that added more people (nearly 4.3 million) than any other between the census counts of 2000 and 2010, ranked #8 for fastest growing city in the past decade (CNNMoney.com). Austin has also been recognized as one of the top performing cities in the nation ranking #1 on the list of Next Big Boom Towns (Forbes.com) and #1 for small business two years in a row (Bizjournals.com).

Austin was recently named as one of the 10 “up and coming” commercial real estate markets by the American Law Media’s Real Estate Forum magazine. Limited speculative construction in all product types has been an important factor in the recovery of the market by keeping current demand directed at filling existing vacancies.

Despite challenges, the Austin market continues to show improvement overall. Despite the closure of three Borders Books & Music stores as well as three Lack’s furniture stores in 2011, demand for well located retail space contributed to improved occupancy within the local retail market. Healthy leasing activity backfilled a number of big box vacancies including Nordstrom Rack (34,000 SF) at Sunset Valley Village Shopping Center and the combination of Sears Outlet and Gold’s Gym at the former Albertsons grocery store (61,000 SF) in Anderson Arbor Shopping Center. In addition, Highland Mall, Austin’s oldest enclosed mall, was purchased by Austin Community College with plans to redevelop the property for the school’s use. Many new and expanding restaurant concepts have also contributed to the overall retail market performance.

The Austin office market has not been as susceptible to the negative trends experienced in other regions of the country. Mid-sized and larger leases have generated strong positive absorption resulting in an improved vacancy rate. Activity within Austin’s industrial leasing market has supported a sustained recovery. A steady stream of tenant expansions coupled with a handful of new relocations in 2011 has generated healthy positive net absorption which has tightened the citywide vacancy rate. Quoted rental rates have remained stable, but as market conditions improve, the availability of concessions has begun to decline.

(Rent/SF/YR)	LOW	HIGH	EFFC. AVG.	VACANCY
DOWNTOWN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 24.00	\$ 46.00	\$ 35.08	15.50%
Class B (Secondary)	\$ 20.00	\$ 34.00	\$ 26.17	12.90%
SUBURBAN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 19.00	\$ 33.00	\$ 25.81	20.60%
Class B (Secondary)	\$ 16.00	\$ 28.00	\$ 19.16	18.50%
INDUSTRIAL				
Bulk Warehouse	\$ 3.96	\$ 5.76	\$ 5.56	19.70%
Manufacturing	\$ 4.80	\$ 7.20	\$ 5.25	15.00%
High Tech/R&D	\$ 7.80	\$ 11.40	\$ 9.20	17.80%