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RECA Releases Second Quarter Commercial Real Estate Data *Demand high, vacancy rates low in office, retail and industrial sectors*

(AUSTIN – July 13, 2016) – The Real Estate Council of Austin (RECA) released second quarter commercial real estate data on its [website](#) today. The numbers indicate continued strong demand for office, industrial and retail space throughout the city as vacancy rates remain exceptionally low.

While overall office vacancy rates actually increased slightly from 8.45 percent in the first quarter of 2016 to 8.98 percent in the second quarter, downtown Class A office space surpassed an average rental rate of \$50 for the first time in history.

“The Austin office market this summer continues to sizzle. Although overall vacancy rates increased marginally, average rental rates rose slightly to a full-service rate of \$33.54 SF/Yr, with demand for high-end space remaining stronger than ever,” said Ryan Kasten, managing director with Cushman & Wakefield Austin. “Downtown Class A office space made history by surpassing the \$50 mark for the first time, with an average rental rate of \$50.21. This upward trend in rates looks to continue as demand for premium Austin office space outpaces supply. With more than 700,000 square feet of additional downtown Class A space set to deliver over the next four quarters, it will be interesting to see what impact this has on the market overall.”

In the retail sector, vacancy rates remained steady from the first quarter of 2016 to the second quarter at 3.5 percent. Quoted rental rates have increased quarter-over-quarter for more than two years, reaching an average quoted rate of \$27.70 gross per square foot in the second quarter of 2016. That’s up from \$24.68 gross per square foot in the second quarter of 2015.

“Austin’s fast-growing population creates a strong demand for retail,” said Karen Judson, Vice President with Transwestern. “Older retail centers are undergoing extensive renovations to capitalize on this demand, such as Lincoln Shopping Center in North Austin rebranded as The Linc, and Highland Village in North Austin redeveloped as The Crescent.”

Judson also said under-construction lifestyle centers such as Northside, the final phase of the Domain in North Austin and Belterra Village in Dripping Springs are seeing active preleasing. Domain’s Northside grand opening is planned for September and she said it is already 80 percent preleased to retail tenants such as Nordstroms, Restoration Hardware, Second Bar + Kitchen and SoulCycle.

Overall industrial vacancy rates saw an uptick in vacancy rates at 7.70 percent in the second quarter of 2016 compared to 4.65 percent in the first quarter of 2016.

RECA aggregates updated commercial real estate statistics on its website quarterly, which you can view in detail [here](#). Statistics are provided by Cushman & Wakefield Austin (office, industrial) and Transwestern (retail). If you have any questions, or would like to arrange an interview, please contact [Ryan Poulos](#) at 512-320-4151.

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The Real Estate Council of Austin (RECA) addresses issues affecting the commercial real estate community in Central Texas. With more than 1,800 members, the non-profit, advocacy organization represents a broad spectrum of the Central Texas economy, ranging from landowners and developers to the various service professions that facilitate the industry. Commercial real estate development brings new jobs to Central Texas while protecting existing jobs and increasing tax revenue, which is used to fund our public schools, city services, infrastructure and parks.