

AUSTIN INDUSTRIAL Monthly Market Snapshot

JUNE 2019

Market Highlights

Industrial vacancy increases. Nearing the end of the second quarter, overall vacancy is at 8.6%, up significantly from this time last year. Year-to-date, almost 1.6 million sq. ft. of industrial product has been delivered to the Austin metro, with 84.8% of that space available for occupancy, resulting in the increased vacancy rate. The Austin industrial market has recorded 2.3 million sq. ft. of leasing activity—which is comprised of both new leases and renewals—while net absorption (move-ins minus move-outs) was in the red as of June 2019. The asking price for industrial properties has steadily grown over the past ten years and increased to \$0.89 per sq. ft. in June 2019—in line with rent levels for the new developments added to the market.

1980s-era newspaper manufacturing building.

A huge mixed-use project calling for 3.5 million sq. ft. of development at 305 S. Congress Ave. is one of the most anticipated redevelopment projects in Austin. The 19-acre tract along the shores of Lady Bird Lake has housed the American-Statesman newspaper since 1980. The newspaper is no longer printed on site, but its editorial offices and other roles remain there in a 330,000-sq.-ft. building that will be demolished to make way for the new project called 305 S. Congress. Approvals from governmental entities to develop the property could take up to a year, with construction to follow within 12 to 18 months.

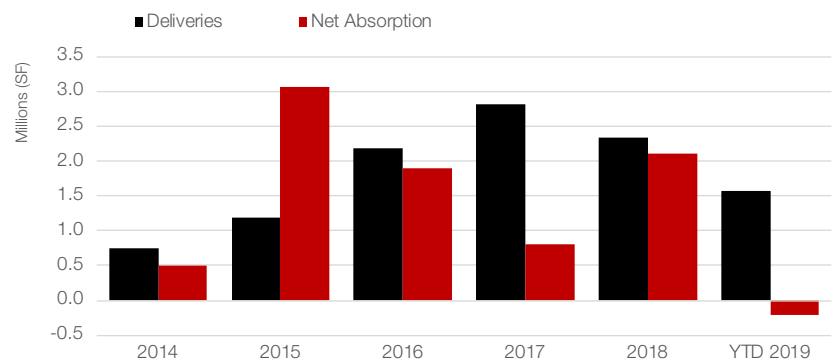
Healthy job expansion in April. The Austin metro added jobs at an annualized rate of 3.5% during the three months ending in April. Job growth was led by the construction and mining sector, which surged at an annualized rate of 17.6%, adding a net 2,600 jobs. The financial activities sector grew at 8.3% (1,300 jobs), and professional and business services increased by 6.6% (3,100 jobs). Austin's April unemployment rate dropped to 2.5%—significantly below the Texas rate of 3.7% and the U.S. rate of 3.6%—marking the lowest rate since December 1999.

Market Activity

(includes industrial and flex properties)

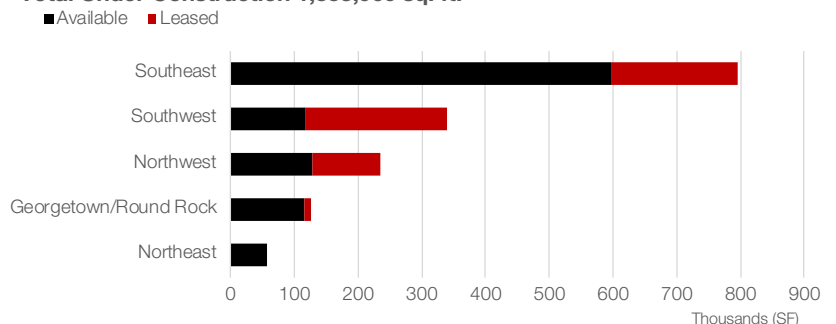
	Year-to-Date June		
	2019		2018
Vacancy	8.6%	▲	6.7%
Availability	11.3%	▼	11.4%
Net Absorption (SF)	-216,326	▼	946,808
Leasing Activity (SF)	2,336,931	▲	1,849,690
Deliveries (SF)	1,569,724	▲	913,384
Under Construction (SF)	1,553,960	▼	2,284,866
NNN Avg Asking Rent (PSF)	\$0.89	▲	\$0.86

Supply & Demand



Construction

Total Under Construction 1,553,960 sq. ft.



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