Market Highlights

Supply outpacing demand. Overall vacancy is at 8.4%, up from this time last year at 7.2%, due in part to the vacant space delivered to the market in 2019—about 60% of the total 2.8 million sq. ft. completed. Of the 1.8 million sq. ft. currently under construction, about 68% of that space is available for lease. The vacancy rate for Class A properties is at 26.8%, up from 19.0% this time last year. The Austin industrial market has recorded 568,000 sq. ft. of leasing activity—which is comprised of both new leases and renewals—while net absorption (move-ins minus move-outs) year-to-date is at negative 113,000 sq. ft., up from negative 144,000 sq. ft. year-over-year.

Proposed five-story Amazon warehouse. Pflugerville, a suburb about 15 miles north of downtown Austin, is considering a $200 million, 3.8 million-sq.-ft. distribution center, that could be as tall as five stories called “Project Charm.” The proposed site plan has 3 million sq. ft. of robotic mezzanines space, 781,000 sq. ft. of warehouse space, 43,000 sq. ft. of office space, and includes 69 loading docks plus room for 242 trailers. The land where Amazon is considering building its distribution center in Pflugerville is located in the five-county greater Austin area that has led the nation for fastest-population growth for the past eight consecutive years, according to U.S. Census data.

Robust job growth in fourth quarter. Austin’s unemployment rate dropped to 2.6% in December after remaining at 2.7% for five consecutive months. The unemployment rate for Texas increased to 3.5%, while the rate for the U.S. remained at 3.5%. Austin added jobs at a sharp pace of 5.7%, or a net 15,500 jobs, in Q4 2019. Expansion was led by the construction sector, which added 3,700 net jobs. Leisure and hospitality added 4,200 jobs, followed by other services with 1,300 jobs.