

AUSTIN OFFICE MARKET

Yardi® Matrix

Market Analysis

Third Quarter 2019

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Tech Continues to Thrive



Continued expansion in Austin's office market is underpinned by a robust development pipeline, healthy demand for space and consistent population and job growth. Sustained investor interest, a diverse economy and a skilled labor pool add to the metro's strength. For the third consecutive year, Austin topped the list of the 125 Best Places to Live in the U.S.A., according to *U.S. News & World Report*. Employers added 11,400 office-using positions in the metro year-over-year through June, with the professional and business services sector leading growth (up 4.1%).

Investor appetite is strong and continues to gain momentum, with transaction volume of \$594 million year-to-date through July, outpacing last year's total sales for the same interval (\$445 million). With acquisition yields for top-rated assets hovering in the 5.5% to 6.0% range, Austin is in line with other fast-growing metros, like Denver, and much larger markets, like Chicago. Downtown led the way for investment, with the sale of Third + Shoal, the biggest office transaction in the metro year-to-date.

Construction activity is showing no signs of wavering, as developers continue to match soaring demand with projects. Some 6.3 million square feet of office space was underway as of July, representing 9.3% of total stock. Nearly three-quarters is scheduled for completion over the next three years. And with 13.4 million square feet in the planning and permitting stages, Austin's pipeline is poised for further growth.