

Economic Trends

Employment growth slowed to 1.8 percent over the past year ended in June, below the two-decade average of 3.6 percent. Corporate downsizing led to a loss of 6,600 traditionally office-using jobs — roughly three-fourths of which were positions in professional and business services — over the past seven months through July. Job creation in the local government, health services, and accommodations and food services sectors, however, totaled 12,700 positions, mitigating the contraction.

Demographic Trends

Compared with all other major U.S. markets, Austin boasted the fastest rate of population growth year-over-year in June at 2.3 percent. The metro's strength as a recreational and technology hub in the South continues to drive standout rates of in-migration and household formation during the second half of this year, despite economic headwinds and some tech sector contraction. As such, in-migration of 42,100 new residents during 2024 helps support the creation of 24,200 households.

Supply and Demand Trends

Developers are set to complete an additional 90,000 square feet relative to the prior year. Still, the anticipated 2024 delivery slate trails the previous five-average by 130,000 square feet. Despite a slight annual uptick in deliveries, demand for storage due to household formation and in-migration will limit year-over-year vacancy growth to nearly half of that seen in 2023. The rate will taper to 10.2 percent by year-end.

Rent Trends

Seven-year high vacancy, coupled with a loosening employment market and low population growth relative to recently historic standards, are expected to cause the average asking rent to decrease slightly to \$1.03 per square foot by year-end. Despite this contraction, the rate ends this year at 6.2 percent above the 2019 metric.

FORECAST

EMPLOYMENT

▲ +2.2%

CONSTRUCTION

▲ 704,000
square feet

VACANCY

▲ 80 bps
basis points

RENT

▼ -1.0%

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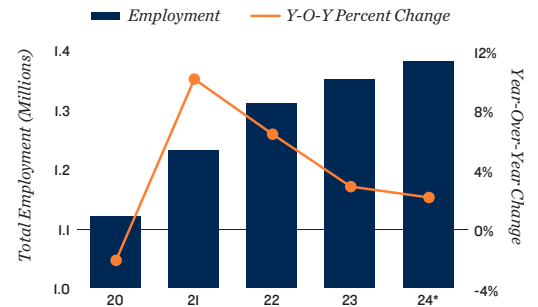
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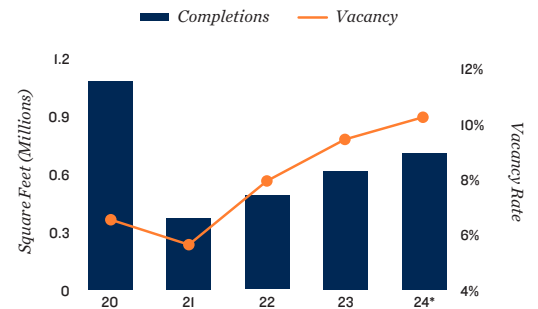
Price: \$500

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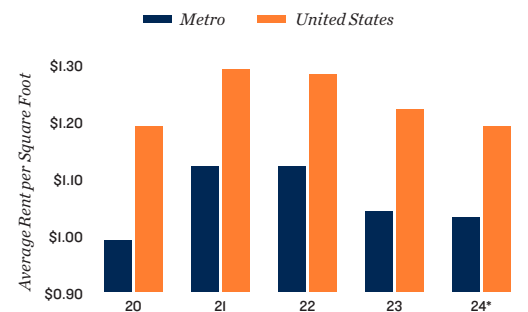
Employment Trends



Supply and Demand Trends



Rent Trends



* Forecast

Sources: BLS; Moody's Analytics; Radius+; Yardi Matrix; U.S. Census Bureau

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