

# Austin Retail

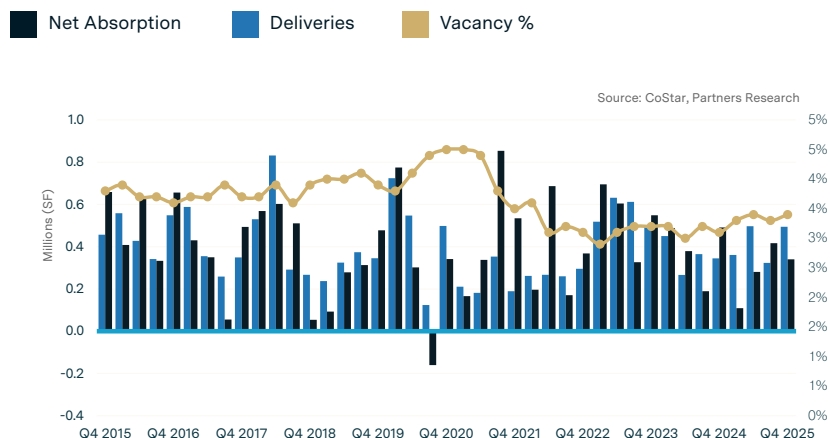
## Q4 2025

QUARTERLY MARKET REPORT

partners

# Executive Summary

## SUPPLY & DEMAND

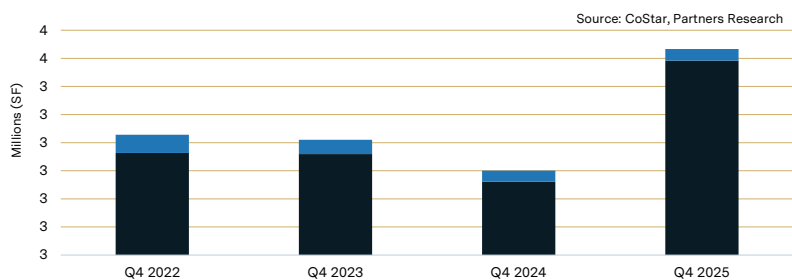


## Key Market Indicators

	CURRENT Q4 2025	PRIOR QUARTER Q3 2025		PRIOR YEAR Q4 2024	
Vacant Total	3.4%	3.3%	↑	3.0%	↑
Vacant Direct	3.4%	3.3%	↑	3.0%	↑
Available Total	4.7%	4.8%	↓	3.8%	↑
Available Direct	4.7%	4.8%	↓	3.7%	↑
Net Absorption (SF)	340,079	416,566	↓	491,321	↓
Leasing Activity (SF)	553,311	543,165	↑	712,442	↓
Construction (SF)	2,662,377	2,528,243	↑	2,239,272	↑
Deliveries	494,633	323,441	↑	344,809	↑
Avg Asking Rent (Gross)	\$26.57	\$25.96	↑	\$26.12	↑
Inventory (SF)	104,080,164	103,636,498	↑	102,332,315	↑

## VACANCIES

■ Direct Space ■ Sublease Space



## Q4 in Review

The Austin retail market remained active in Q4 2025, with positive net absorption, low vacancy, active leasing, and increased deliveries. Net absorption decreased, but was still positive at 340,079 sq. ft., pushing the year-end 2025 absorption total to 1.1 million sq. ft. Vacancy rose by 10 basis points, but is still tight at 3.4%. New construction deliveries increased 5.3% over the quarter, and leasing activity was up by 1.9%. The construction pipeline grew 5.3% quarterly and 18.9% year-over-year, offering new opportunities for expanding retail tenants.

The average asking rental rate grew 2.3% quarter over quarter to \$26.57 per square foot, with the CBD commanding the highest rates. Investment sales activity increased 63% over the quarter, with a cumulative 12-month volume of \$157 million and an average transaction price of \$290 per square foot. With a tight vacancy rate and limited supply, rents are expected to remain steady, positioning Austin's retail market for continued growth in 2026.

## Austin Economic Update

Austin's unemployment rate was 3.8% in September, up from 3.7% in August, but below the state and national rates of 4.1% and 4.3%, respectively. In September, the local labor force increased at an annualized rate of 0.7%.

The most significant gains from September to September were in government (4,100 jobs or 2.0%) and education and health services (3,100 jobs or 1.9%). Sectors that declined include manufacturing (-1,100 jobs or -1.5%), information (-1,100 jobs or -2.2%), professional and business services (-1,300 jobs or -0.8%), other services (-400 jobs or -0.7%), and construction and mining (-300 jobs or -0.3%). Average hourly earnings dropped to \$34.32 in September from \$36.41 in August.



## Vacancy Sees Marginal Increase Over the Quarter

The overall vacancy rate in the DFW retail market rose 10 basis points over the quarter and was up 40 basis points annually. This small decrease is most likely due to decreased absorption and increased deliveries. Total available space dropped 10 basis points from 4.8% in Q3 to 4.7% in Q4 2025. The vacancy rate is extremely low compared to the historical highs of 9.0% to 10.0% in 2009 through 2013.

## Demand Slows, But Remains Positive

Net absorption, which is the difference between move-ins and move-outs, is at 340,079 sq. ft., down 18.4% from the previous quarter. The addition of quarterly positive absorption pushed the year-end total to 1.1 million sq. ft. Notable fourth-quarter move-ins, once again dominated by Big Box concepts, include Lowe's moving into 120,000 sq. ft. in Georgetown, H-E-B moving into 100,000 sq. ft. on Hwy 290 in Manor, and Burlington moving into 47,000 sq. ft. at Lake Creek Festival Center in the Far Northwest submarket.

## Leasing Activity Increases

Leasing activity rose 1.9% quarterly, recording 553,311 sq. ft. in Q4 2025. Notable deals signed in the fourth quarter include Office Depot's lease for 43,000 sq. ft. at Braker Lane Crossing in the Northwest submarket, and Crunch Fitness's 33,000 sq. ft. lease at Plaza FAMSA in the Central submarket. Also, Melrose signed a lease for 12,000 sq. ft. at Boardwalk Shopping Center in Round Rock.

# Construction, Deliveries & Investment Trends

## Construction Pipeline and Deliveries Up in Q4

In Q4 2025, the under-construction pipeline increased by 5.3% over the quarter and 18.9% over the past year to 2.7 million sq. ft. Deliveries increased 52.9% quarterly to 494,633 sq. ft. This is positive for the market, as the limited supply over recent quarters has limited growth opportunities for retail tenants looking to expand. Notable retail completions in the fourth quarter include an H-E-B in Manor Crossing, in the Far Northeast submarket, and 61,093 sq. ft. at Centro Plaza in Leander.

## Investment Sales Trends

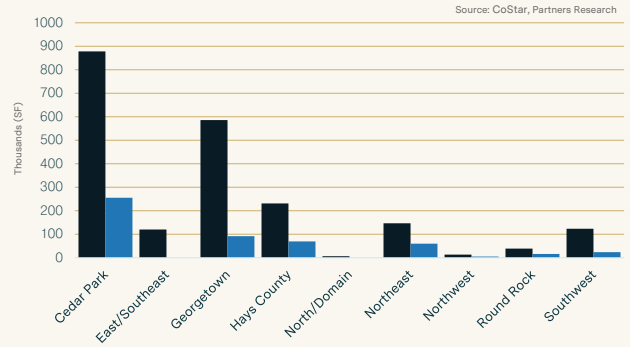
CoStar Capital Market Analytics reports a cumulative 12-month sales volume of \$157 million for Q4 2025, a 63% increase over the previous quarter. Over the past year, 156 properties were sold, with an average transaction price of \$290 per square foot and an average capitalization rate of 6.7%. A notable fourth-quarter transaction was the 99,453-square-foot, 7-property Lantana Place property portfolio located at 7415 Southwest Parkway, for a reported \$57.5 million, or \$578 per sq. ft.

## Rental Rates Increase

Austin's average asking rent currently stands at \$26.57 per sq. ft., up 2.3% from \$25.96 per sq. ft. in the previous quarter. The CBD submarket had the highest average rate at \$44.90 per sq. ft., while the Northeast submarket had the lowest average rate at \$22.11 per sq. ft. With near-record-low vacancy rates and a limited retail pipeline, rates are expected to remain near record highs.

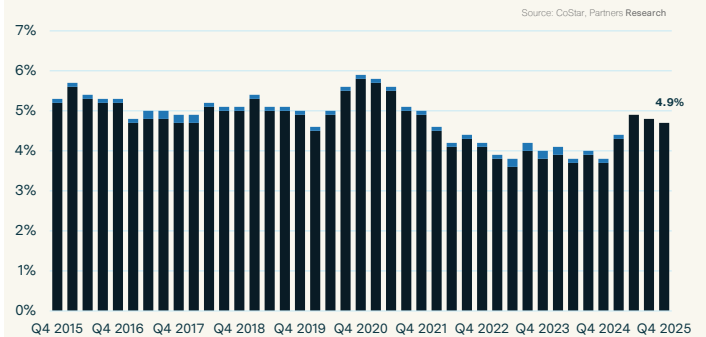
## CONSTRUCTION

■ Pre-Leased Space ■ Available Space

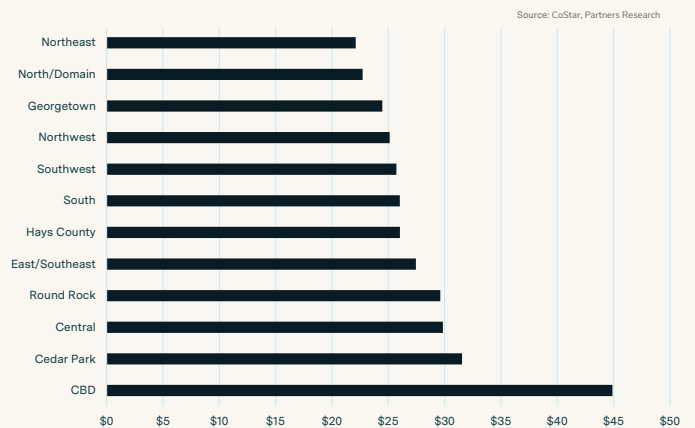


## AVAILABILITY RATE

■ Direct ■ Sublease



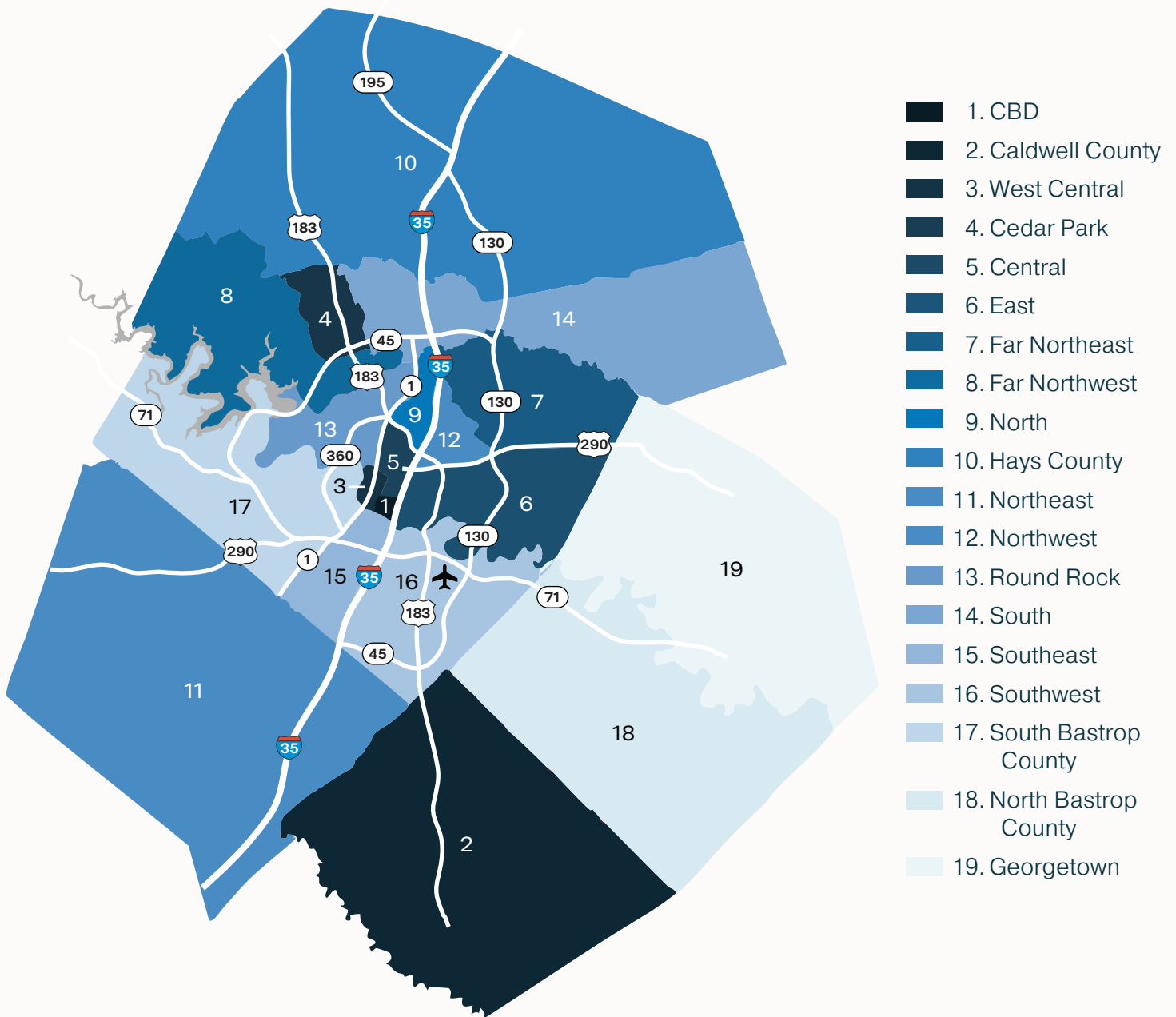
## OVERALL NNN ASKING RENT (\$/PSF)



# Market Overview

Submarket	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q4 2024 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN (\$/PSF)
CBD	1,738,698	2.5	3.1	666	-19,777	0	0	44.90
Cedar Park	9,738,850	3.3	5.7	2,109	120,199	14,000	1,133,351	31.54
Central	8,573,264	3.9	6.3	32,675	137,057	0	0	29.85
East/Southeast	7,151,368	2.3	2.8	44,821	32,900	29,945	120,000	27.45
Georgetown	10,116,836	3.4	4.8	73,254	657,956	131,033	677,464	24.47
Hays County	11,141,447	2.0	3.5	15,190	91,420	50,967	300,300	26.03
North/Domain	7,115,877	4.5	5.6	-26,214	-108,652	0	6,120	22.72
Northeast	9,271,762	5.3	7.6	231,130	295,305	239,006	205,982	22.11
Northwest	9,548,608	4.9	5.4	-54,622	-64,799	0	18,278	25.12
Round Rock	8,312,802	3.3	4.3	75,806	91,155	11,004	54,410	29.62
South	12,083,523	2.3	3.5	-12,311	-47,093	18,678	0	26.02
Southwest	9,287,129	3.0	3.1	-42,425	-39,255	0	146,472	25.72
Austin Total	104,080,164	3.4	4.7	340,079	1,146,416	494,633	2,662,377	26.57

# Austin Retail Submarkets



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