

# Austin Retail

## Q2 2025

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## Austin Retail Market Experiences Increased Activity in Q2 2025

### Executive Summary

#### Q2 2025 In Review

The Austin retail market showed signs of increased activity in Q2 2025, with net absorption sharply up 157.3% over the quarter, but down 26% year-over-year. New construction deliveries increased by 25% over the quarter and by 69.3% annually. Leasing activity increased by 10.2% in Q2 to 685,687 sq. ft. Some of the tenants that signed leases in Q2 2025 include Balloon Museum, Crunch Fitness, and Burlington. Meanwhile, the construction pipeline grew 31.6% quarterly and 141.6% year-over-year, signaling renewed opportunities for expanding retail tenants after quarters of constrained supply. Notable completions in Q2 2025 included Lowe's 16 2301 Interstate 35 in Georgetown, Home Depot at 11713 Pillion Place in the Far Northeast submarket, and Hooky Entertainment in the Townwest Commons in the Georgetown submarket.

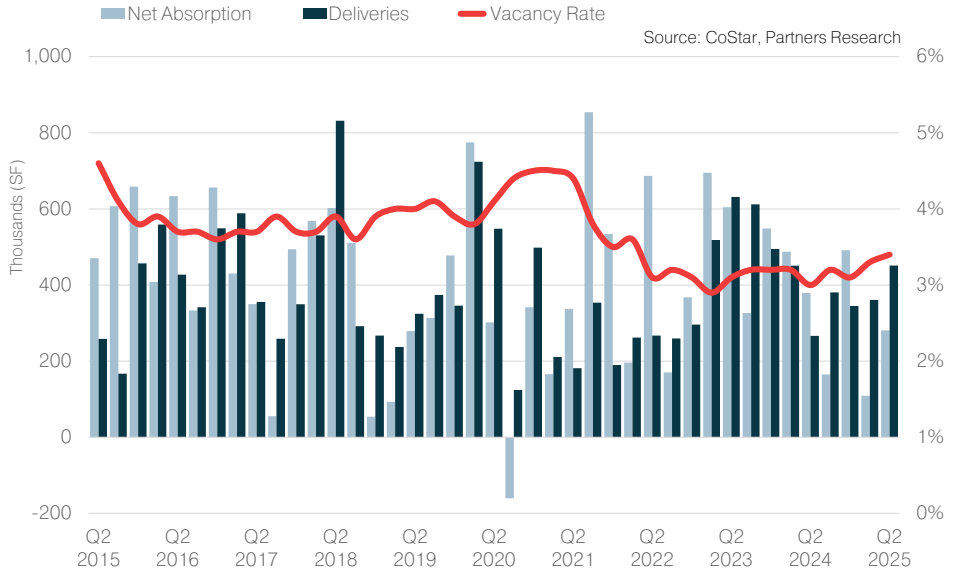
Investment sales remained active, with a cumulative 12-month volume of \$73.3 million and an average transaction price of \$257 per square foot. Key sales included the 43,800-square-foot Shops at Ladera Bend in the Northwest submarket and The Hub at Research and 45 in the Cedar Park submarket. Rents increased marginally by 0.2% for the quarter, remaining relatively flat at \$26.26 per square foot, with the CBD commanding the highest rates. With a tight vacancy rate and limited supply, rents are expected to remain steady, positioning Austin's retail market for continued growth in 2025.

#### Austin Economic Update

Austin's unemployment rate was 3.5% in May, below the state and national rates of 4.1% and 4.2%, respectively. In May, the local labor force decreased at an annualized rate of 0.4%, while the state's labor force increased 1.9% and the nation's fell 4.3%. Austin employment increased at an annualized rate of 2.7% in May, surpassing the 2.4% growth rate in April. In the three months ending in May, employment increased 1.9%

The most significant gains were in leisure and hospitality (2,150 jobs) and trade, transportation and utilities (1,800 jobs). Sectors that declined include professional and business services (-770 jobs) and information (-700 jobs). Austin's year-to-date employment in May grew 1.5%, slower

### Supply & Demand



### Key Market Indicators

	CURRENT Q2 2025	PRIOR QUARTER Q1 2025		PRIOR YEAR Q2 2024	
Vacancy (%)	3.4	3.3	↑	3.0	↑
Net Absorption (SF)	280,674	109,097	↑	379,064	↓
Leasing Activity (SF)	685,687	622,488	↑	824,084	↓
Deliveries (SF)	451,029	360,899	↑	266,390	↑
Construction (SF)	3,290,796	2,499,765	↑	1,362,060	↑
Inventory (SF)	102,345,305	101,894,276	↑	100,823,507	↑
Avg Asking NNN Rent (\$)	\$26.26	\$26.22	↑	\$26.98	↓

# Market Overview

## Austin Economic Update - continued

than for Texas, which had 2.5% growth, but faster than the nation's gains of 0.9%.

Average hourly earnings rose to \$36.29, reflecting a year-over-year increase of 5.8%. At the same time, apartment rents in Austin fell 2.7. As of May 2025, the median sales price for the Austin metro was \$449,900, down 1.6% year-over-year. The median sales price is highest in the city of Austin itself, at \$595,000, and lowest in Caldwell County, at \$317,990.

## Demand Increases Significantly

Net absorption, which is the difference between move-ins and move-outs, is at 280,674 sq. ft., up 157.3% from the previous quarter, pushing the year-to-date total net absorption to 389,771 sq. ft. Notable Q2 2025 move-ins, dominated by Big Box concepts, include fitness concepts, including Crunch Fitness moving into 43,700 sq. ft. in Scofield Crossing in the North/Domain submarket, Los Campeones Gym moving into 30,000 sq. ft. in Mays Crossing in Round Rock, and Gold's Gym moving into 28,000 sq. ft. in The B Spot on Burnet. Other tenants moving into Big Box space include Dillard's (175,000 sq. ft.), Costco (152,000 sq. ft.), and H-E-B (94,600 sq. ft.).

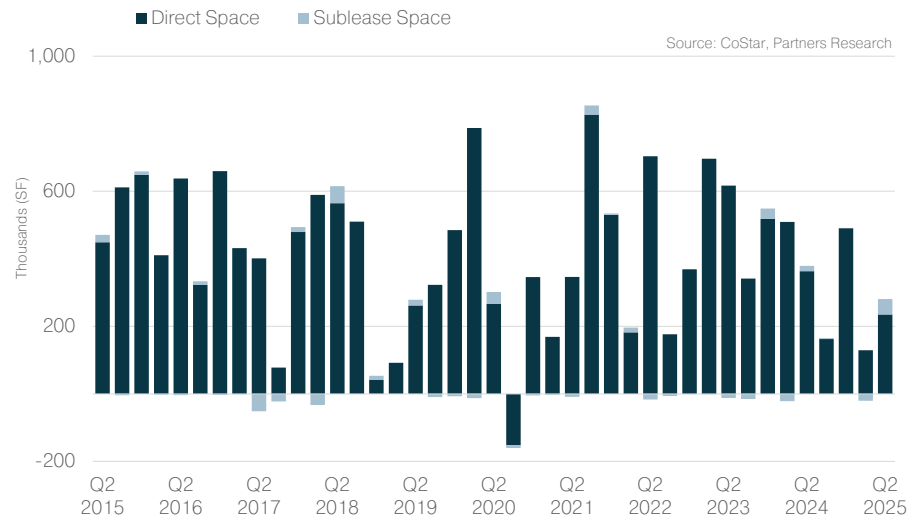
## Construction Pipeline Continues to Increase

In Q2 2025, the under-construction pipeline increased by 14.16% over the past year to 3.3 million 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 second quarter include a 120,000 sq. ft. Lowe's on Interstate 35 in Georgetown, a new 110,000 sq. ft. Home Depot on Pillion Place in Manor, the 54,400 sq. ft. Hooky Entertainment in the Townwest Commons in Georgetown, and the 15,120 sq. ft. Centro Plaza in Round Rock.

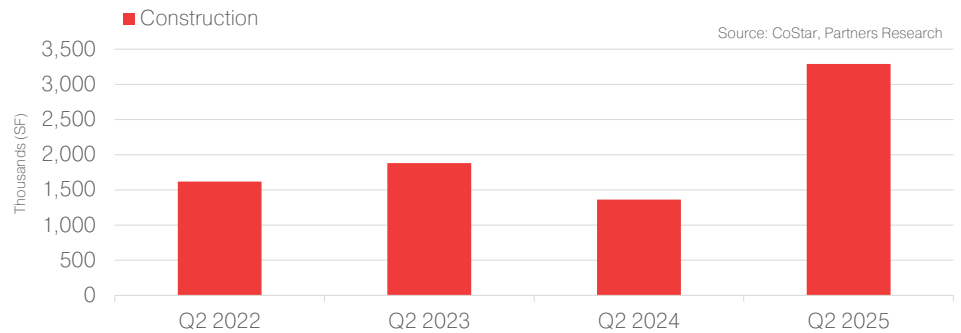
## Leasing Activity Up

Leasing activity increased 10.2% over the quarter, recording 685,687 sq. ft. in Q2 2025. Notable deals signed in the second quarter include Ballon Museum signing an agreement for 94,600 sq. ft. at 2930 W Anderson Ln., Crunch Fitness signing two deals, one for 44,400 sq. ft. in the South submarket and one for 43,700 sq. ft. in the North/Domain submarket, and House of Gainz signing a 31,700 sq. ft. lease in Cedar Park.

# Net Absorption



# Construction



# Market Overview

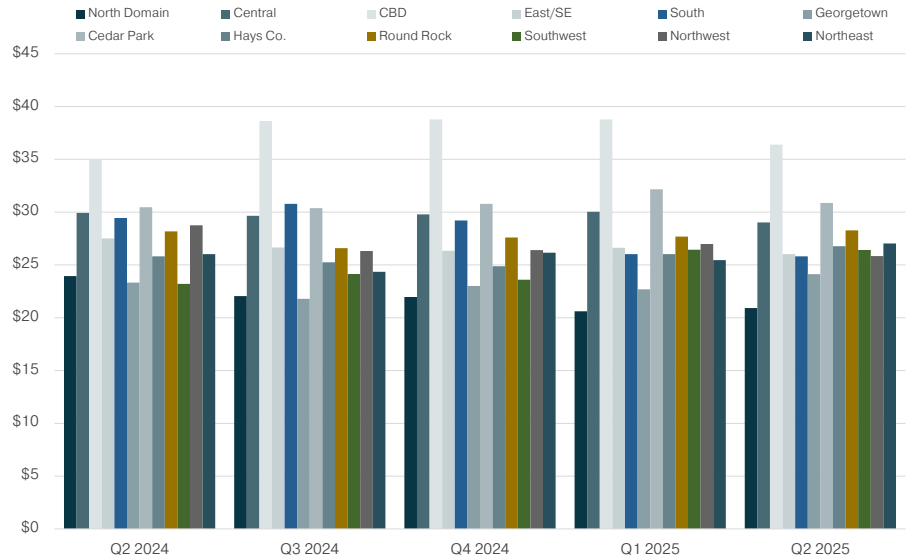
## Investment Sales Trends

CoStar Capital Market Analytics reports a cumulative 12-month sales volume of \$73.3 million for Q2 2025. Over the past year, 155 properties were sold, with an average transaction price of \$257 per square foot and an average capitalization rate of 6.4%. Notable second quarter transactions include 111,400 sq. ft. of Kyle Crossing with tenants such as Academy Sports, and Hobby Lobby. Also, the 43,800 square-foot Shops at Ladera Bend in the Northwest submarket traded hands, as did The Hub at Research and 45 in the Cedar Park submarket.

## Rates Marginally Up for the Quarter, Down Year Over Year

Austin's average asking rent currently stands at \$26.26 per sq. ft.—up 0.2% over the past quarter but down by 2.7% annually. The CBD submarket had the highest average rate at \$36.39 per sq. ft., while the North Domain submarket had the lowest average rate at \$20.92 per sq. ft. With near-record-low vacancy rates and a limited retail pipeline, rates are expected to remain near record highs.

## Average Asking Rent (NNN)



# Market Overview

## Submarket Stats

Submarket	Net Rentable Area (SF)	Q2 2025 Vacancy (%)	Q1 2025 Vacancy (%)	Q2 2025 Net Absorption (SF)	YTD 2025 Net Absorption (SF)	Q2 2025 Leasing Activity (SF)	Q2 2025 Deliveries (SF)	Under Construction (SF)	Total Avg Asking Rent NNN (\$/PSF)
CBD	1,778,078	1.3	3.3	39,152	248	1,200	0	0	36.39
Cedar Park	9,613,555	3.3	3.7	43,350	91,541	69,399	0	1,121,874	30.87
Central	8,509,416	5.4	6.0	19,744	23,603	160,527	0	0	29.02
East/Southeast	6,540,106	2.6	2.3	-8,625	4,925	22,630	0	56,195	26.03
Georgetown	9,745,277	3.2	3.4	283,264	376,608	63,262	263,800	1,065,636	24.13
Hays County	10,986,653	1.9	1.2	-54,264	816	15,962	26,119	144,363	26.77
North Domain	7,130,916	3.5	3.8	22,282	-49,043	121,825	0	7,200	20.92
Northeast	8,938,255	4.4	4.2	40,933	115,261	23,000	128,550	655,779	27.03
Northwest	9,414,327	4.8	4.6	-27,843	-50,193	58,871	0	86,278	25.84
Round Rock	8,367,621	3.8	2.7	-64,088	-43,690	60,816	32,560	85,293	28.27
South	11,978,751	2.6	2.4	-31,011	-67,998	64,070	0	18,678	25.81
Southwest	9,342,350	2.4	2.6	17,780	-12,307	24,125	0	49,500	26.42
Austin Total	102,345,305	3.4	3.3	280,674	389,771	685,687	451,029	3,290,796	26.26

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