

Austin Retail

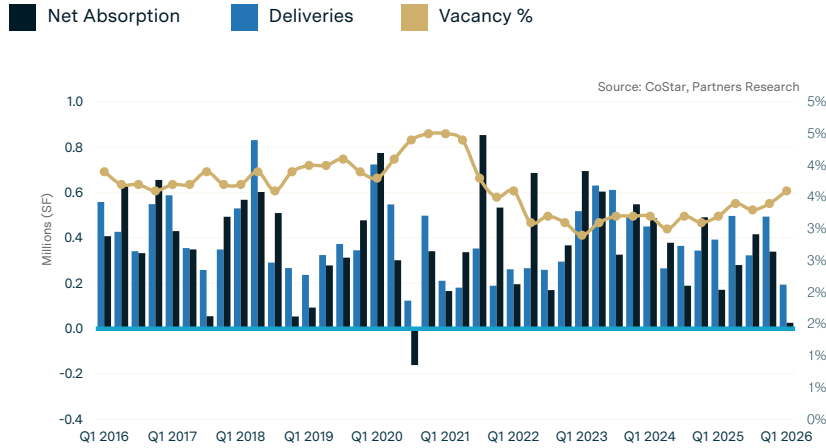
Q1 2026

QUARTERLY MARKET REPORT

partners

Executive Summary

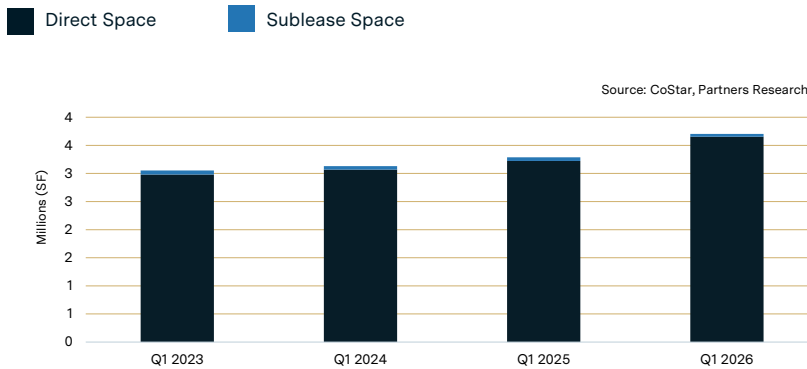
SUPPLY & DEMAND



Key Market Indicators

	CURRENT Q1 2026	PRIOR QUARTER Q4 2025		PRIOR YEAR Q1 2025	
Vacant Total	3.6%	3.4%	↑	3.2%	↑
Vacant Direct	3.5%	3.4%	↑	3.2%	↑
Available Total	5.0%	4.7%	↑	4.2%	↑
Available Direct	4.9%	4.7%	↑	4.1%	↑
Net Absorption (SF)	26,230	340,079	↓	171,437	↓
Leasing Activity (SF)	502,376	553,311	↓	632,144	↓
Construction (SF)	2,801,342	2,662,377	↑	2,610,893	↑
Deliveries	194,632	494,633	↓	392,713	↓
Avg Asking Rent (NNN)	\$26.40	\$26.57	↓	\$25.74	↑
Inventory (SF)	103,598,613	103,403,981	↑	102,012,722	↑

VACANCIES



Q1 in Review

Austin's retail market activity slowed in Q1 2026, with a sharp drop in positive net absorption and a decline in leasing. Net absorption sharply declined but remained positive at 26,230 sq. ft. Vacancy rose by 20 basis points but remained tight at 3.6%. New construction deliveries decreased 60.7% over the quarter, and leasing activity was down 9.2%. The construction pipeline grew 5.2% quarterly and 7.3% year-over-year, creating new opportunities for retail expansion.

The average asking rental rate marginally decreased 0.3% quarter over quarter to \$26.40 per square foot, with the CBD commanding the highest rates. Investment sales activity was down 18% over the quarter, with a cumulative 12-month volume of \$144 million and an average transaction price of \$288 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 3.7% in January, up from 3.6% in December, but below the state and national rates, both at 4.3%. In the three months ending in December, the local labor force increased at an annualized rate of 1.3%. The most significant gains were in government, with 2,800 jobs; education and health services, with 1,500 jobs; and construction and mining, with 1,200 jobs. Sectors that declined include professional and business services, which lost 1,300 jobs, and leisure and hospitality, which lost 700 jobs. Average hourly earnings increased to \$36.43 in December.



Vacancy Up Over the Quarter

The overall vacancy rate in the DFW retail market rose 20 basis points over the quarter to 3.6% and was up 40 basis points annually. This small increase is due to decreased absorption. Total available space increased 30 basis points from 4.7% in Q4 to 5.0% in Q1 2026. The vacancy rate is extremely low compared to the historical highs of 9.0% to 10.0% in 2009 through 2013.

Demand Sharply Decreases, But Remains Positive

Net absorption, which is the difference between move-ins and move-outs, is at 26,230 sq. ft., down sharply 92.3% from the previous quarter. Notable first-quarter move-ins include Mega Furniture moving into 38,000 sq. ft. in Southpark Meadows, Crunch Fitness moving into 28,000 sq. ft. at Barrington Oaks in the Northwest submarket, and The Picklr moving into 27,000 sq. ft. at Oak Hill Plaza in the Southwest submarket.

Leasing Activity Slows

Leasing activity decreased 9.2% quarterly, recording 502,376 sq. ft. in Q1 2026 and was down 20.5% annually. Notable deals signed in the first quarter include Crunch Fitness's 44,000 sq. ft. lease at North Bluff Plaza in the Southeast submarket, and Zoocade's lease for 33,000 sq. ft. at 11000 N IH 35 in the North/Domain submarket. Also, Furniture Market signed a lease for 16,000 sq. ft. at San Gabriel Ridge in the Georgetown submarket.

Construction, Deliveries & Investment Trends

Construction Pipeline Up and Deliveries Down

In Q1 2026, the under-construction pipeline increased 5.2% over the quarter and 7.3% over the past year to 2.8 million sq. ft. Deliveries decreased 60.7% quarterly to 194,632 sq. ft. Over 72% of the space under construction is pre-leased. Notable projects in the construction pipeline include a 160,000-square-foot Costco Wholesale in Liberty Hill, a 148,000-square-foot Target in Liberty Hill, and the 130,705-square-foot Georgetown Commons Shopping Center at 130 Old Bishop Rd.

Investment Sales Trends

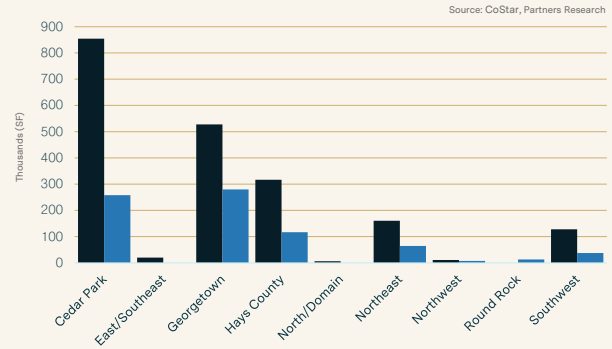
CoStar Capital Market Analytics reports a cumulative 12-month sales volume of \$144 million for Q1 2026, an 18% decrease over the previous quarter. Over the past year, 216 properties were sold, with an average transaction price of \$288 per square foot and an average capitalization rate of 6.8%. A notable first-quarter transaction was Eden's acquisition of the 480,000-square-foot Gateway Shopping Center, part of a 10-property portfolio sold by Washington Prime Group Inc. The center is located in the Northwest submarket. The price was undisclosed.

Rental Rates Decrease

Austin's average asking rent currently stands at \$26.40 per sq. ft., down 0.6% from \$26.57 per sq. ft. in the previous quarter. The CBD submarket had the highest average rate at \$33.89 per sq. ft., while the North/Domain submarket had the lowest average rate at \$21.70 per sq. ft. With near-record-low vacancy rates and a limited retail pipeline, rates are expected to remain steady.

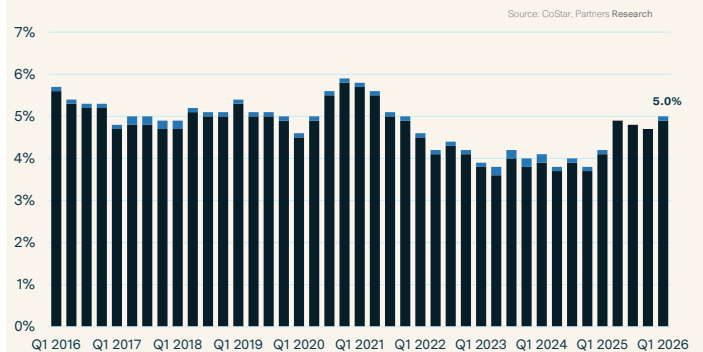
CONSTRUCTION

■ Pre-Leased Space ■ Available Space

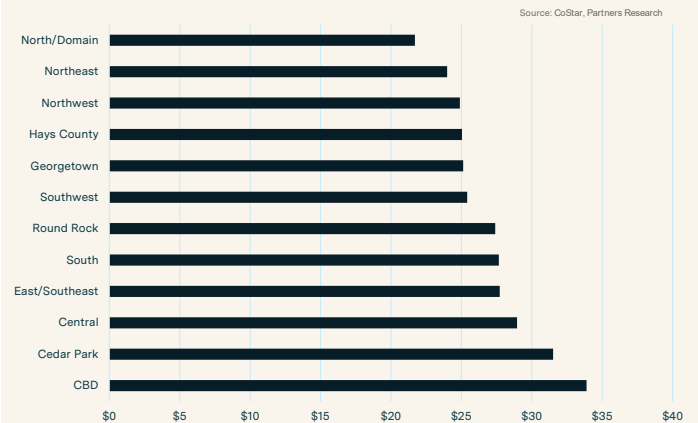


AVAILABILITY RATE

■ Direct ■ Sublease



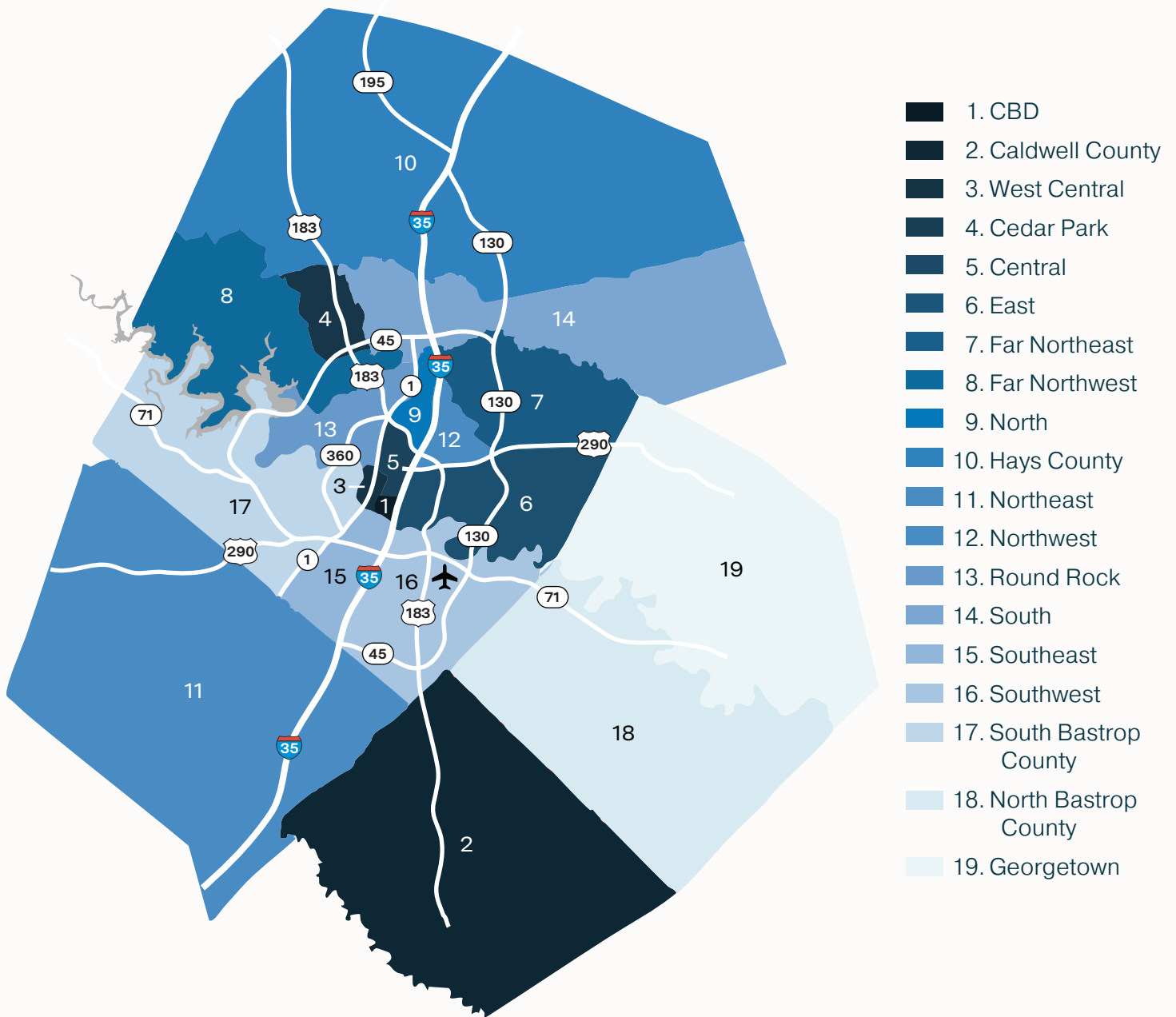
OVERALL NNN ASKING RENT (\$/PSF)



Market Overview

Submarket	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q1 2026 Net Absorption (SF)	Q1 2026 Leasing Activity (SF)	Q1 2026 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN (\$/PSF)
CBD	1,684,932	1.5	2.5	18,195	0	0	0	33.89
Cedar Park	9,723,590	3.7	6.3	39,761	29,033	77,617	1,112,164	31.51
Central	8,403,447	4.5	6.2	-42,058	37,306	12,097	0	28.95
East/Southeast	6,750,668	2.7	3.2	-11,454	55,397	0	20,000	27.72
Georgetown	10,092,646	4.0	6.1	-51,435	75,620	16,425	807,147	25.13
Hays County	11,263,533	1.7	3.5	41,187	35,880	11,000	433,798	25.04
North/Domain	7,246,583	4.2	5.4	11,876	48,107	0	6,120	21.70
Northeast	9,303,407	5.9	8.1	-34,320	77,763	26,455	225,302	23.99
Northwest	9,305,899	5.0	4.7	8,315	43,563	0	18,278	24.89
Round Rock	8,375,153	3.7	4.5	20,226	20,952	45,938	13,140	27.40
South	12,120,234	2.7	3.7	-50,566	55,493	0	0	27.66
Southwest	9,328,521	2.2	3.3	76,503	23,262	5,100	165,393	25.41
Austin Total	103,598,613	3.6	5.0	26,230	502,376	194,632	2,801,342	26.40

Austin Retail Submarkets



Houston

5847 San Felipe St, Suite 1400
Houston, TX 77057
713 629 0500

Austin

301 Congress, Suite 1360
Austin, TX 78701
512 580 6025

San Antonio

112 E. Pecan, Suite 1515
San Antonio, TX 78205
210 446 3655

Dallas - Ft. Worth

2515 McKinney Ave, Suite 950
Dallas, TX 75201
214 550 2990

Atlanta

999 Peachtree St NE, Suite 200
Atlanta, GA 30309
404 595 0500