

# INVESTMENT FORECAST

Retail  
Austin

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

## Robust Tenant Demand and Competitive Pricing Positive Signs as Capital Targets Suburbs

**Suburban growth nodes emerge.** Austin's multi-tenant vacancy fell below single-tenant for the first time in a decade last year, supported by limited deliveries. This trend should hold through early 2026. Multi-tenant vacancies may climb over single-tenant again, however, as new projects enter the market. Momentum should persist in supply-constrained submarkets where recent vacancies leased within five months. Tenants are showing interest in space near Interstate 35 and the west side, where high income and transit access drive foot traffic. Austin is still expected to rank among the top 10 major markets for retail sales growth in 2026, even as job growth slows. Urban properties are likely to build on 2025 performance, with the CBD at sub-3 percent vacancy and above-market rent. Meanwhile, emerging nodes like Hays County and Pflugerville offer upside tied to housing development and migration.

**Volume and composition of non-CBD trades signal widening investor confidence.** Austin's average sale price per square foot continued to increase in 2025, signaling sustained competition for retail assets. Transaction activity has edged higher for multi- and single-tenant properties, reflecting greater liquidity, but underwriting discipline will be critical as competition intensifies. Georgetown leads in capital deployment, while Hays County presents yield opportunities with lower average pricing and strong economic tailwinds, particularly for single-tenant properties favored in the area. Multi-tenant vacancy falling near 4 percent in Cedar Park last year helped attract \$114 million across four projects, including a significant transaction with international capital from a global investment group. This influx of institutional and cross-border investment signals confidence in suburban growth nodes.

## 2026 MARKET FORECAST

+0.9%



**Employment:** The metro will add 13,000 new roles, up from the previous year. Austin's projected job creation for 2026 ranks 15th among major markets.

1,500,000  
sq. ft.



**Construction:** The current pipeline will expand the metro's inventory by 1.5 percent in 2026, with Georgetown and Cedar Park accounting for over half of the incoming inventory.

+20 bps



**Vacancy:** Deliveries this year will exceed 1 million square feet for the fourth consecutive year and will stand out nationally, pushing vacancy up to 3.8 percent by year-end.

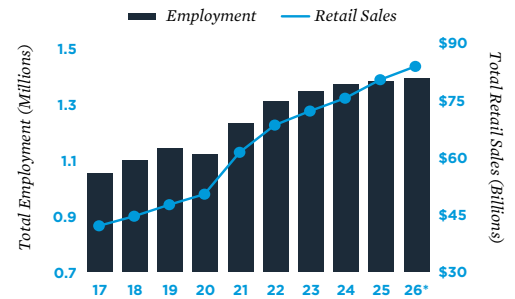
-0.9%



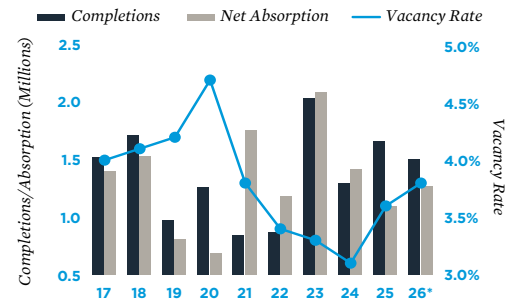
**Rent:** While net absorption will surpass 1.2 million square feet for the second year in a row, it will not outpace new supply, which will inch the average asking rent down to \$26.70 per square foot.

**INVESTMENT:** Investors seeking to capitalize on population growth may look to Hays County, between San Antonio and Austin, where the multi-tenant vacancy rate was below 1 percent despite record new supply.

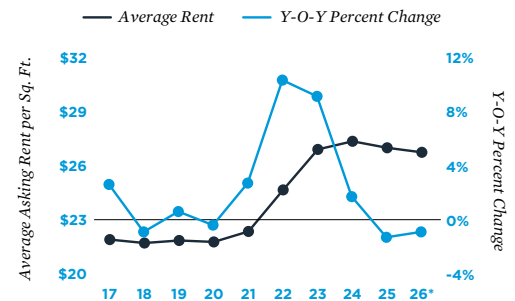
### Economic Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

Gregory A. LaBerge

Senior Vice President, National Division Leader

Tel: (818) 212-2250 | glaberge@ipausa.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.