

# Forecast 2021



**Austin, TX**

**AVISON  
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# Austin, TX



## Executive Summary

- Austin is expected to remain one of the most attractive cities for growth in the US
- Companies continue to see economic advantages when considering Austin as a part of location strategies in 2021
- Sustained population increase expected to propel economic growth potential through 2021.

**2020 proved to be a year marked by uncertainty and concern as the nation grappled with the COVID-19 pandemic. Yet, the outlook for Austin is resoundingly positive. Austin retains nearly all fundamental strengths responsible for its strong position before the pandemic. Austin will remain ready and open for business and suited for additional growth throughout 2021.**

Austin's real estate market persists as a powerful force; rated the second-best market in the US for overall real estate prospects<sup>1</sup>. Although, the pandemic slowed Austin's consistent, rapid growth which took place over the better part of the last decade, the city remains one of the best places to live year after year, and for good reason. Austin's culture is unlike any other city in the world. It's warm climate and relaxed social scene attracts people from all walks of life to live in and thrive in a place that is inclusive, welcoming and fun. As local celebrity Matthew McConaughey recently said, "A lot of people come to

Texas because (of) no taxes. A lot of people come to Austin because you can be yourself." This is exactly what we are seeing as people move to the Texas capital in droves. Company relocations and expansions in Austin have remained robust (tracked by the Austin Chamber of Commerce) even during the COVID slowdown and the city expects this growth to continue throughout 2021. Companies are eager, and in some cases willing to relocate entirely, to take advantage of the business-friendly environment that Texas has to offer. With over 3.1 million square feet (msf) of office sublease space on the market and nearly 6 msf of office space under construction, Austin has a plethora of discounted opportunities heading into 2021 for companies looking to expand or relocate from more expensive and regulatory coastal markets. In addition, by all indications from regional and local EDC groups, 2021 will have the largest number of companies and jobs come to the Austin area in several years and possibly ever.

<sup>1</sup>According to PWC's Emerging Trends in Real Estate 2021 report.

*“Investment volume returned to lows not seen in Austin for nearly a decade. Given the predicted “Tesla Effect” and the thriving capital markets environment prior to the COVID-19 pandemic, we should anticipate a return to an investment volume more typical to the levels seen before the pandemic.”*

Activity in the capital markets are expected to make a recovery to levels more akin to those seen before the pandemic. While deals remained in the works during 2020, many closings were delayed until the outcomes of various uncertainties, particularly the election and pandemic, became more apparent. With strong indications of a vaccine on the near horizon both institutional and local investors will begin to make moves. The election results, have given us an idea of the direction that the market may be heading in. This has freed people up to move forward with the decision-making process, because in many cases real estate focused capital that has been sitting on the sidelines will need to be placed.

In 2020, Tesla secured over 2,400 acres of land with property tax incentives where they are building Giga Texas, a manufacturing facility which will be the main factory for the upcoming Tesla Cybertruck and the proposed Tesla Semi. With it, approximately 5,000 jobs are expected to be created. We have already seen the impacts that Tesla’s announcement has had on East Austin, and expect the increased activity to result in additional investment and development in the surrounding area throughout 2021.

## Trend watch



**No place like home**  
Austin’s thriving tech scene companies have embraced work from home policies contributing to the record high office sublease space availabilities.



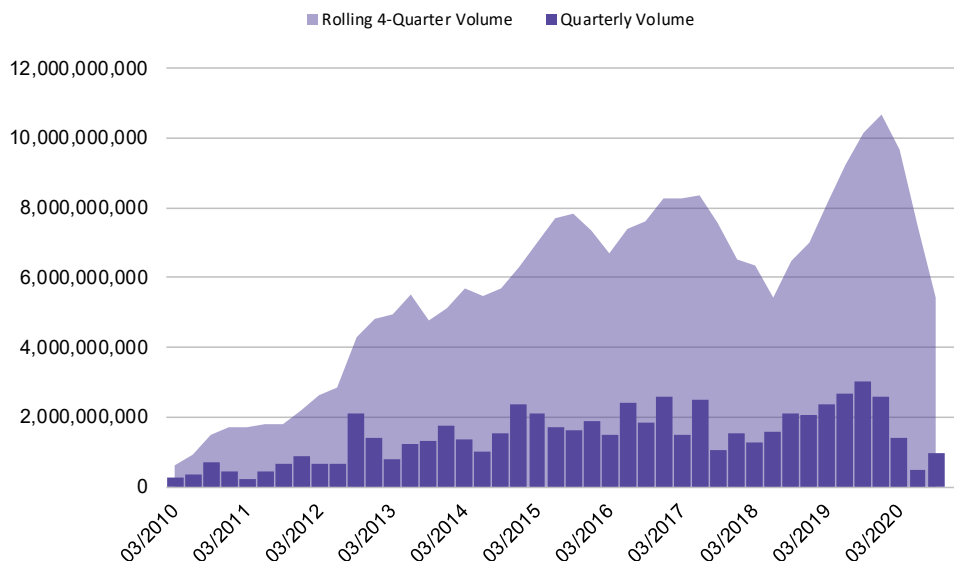
**Workplace eXperience**  
Companies will have to compete to entice employees to come back into the workplace.



**Hyperlocal**  
Last mile delivery and the implications of e-commerce for physical retail will dictate the future of retail.

### Rolling 4 - Quarter Volume: multifamily, office, industrial and retail

Real Capital Analytics



# Get more market information

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