



STATE *of* DOWNTOWN QUARTERLY REPORT

Quarter 2 • July 2023

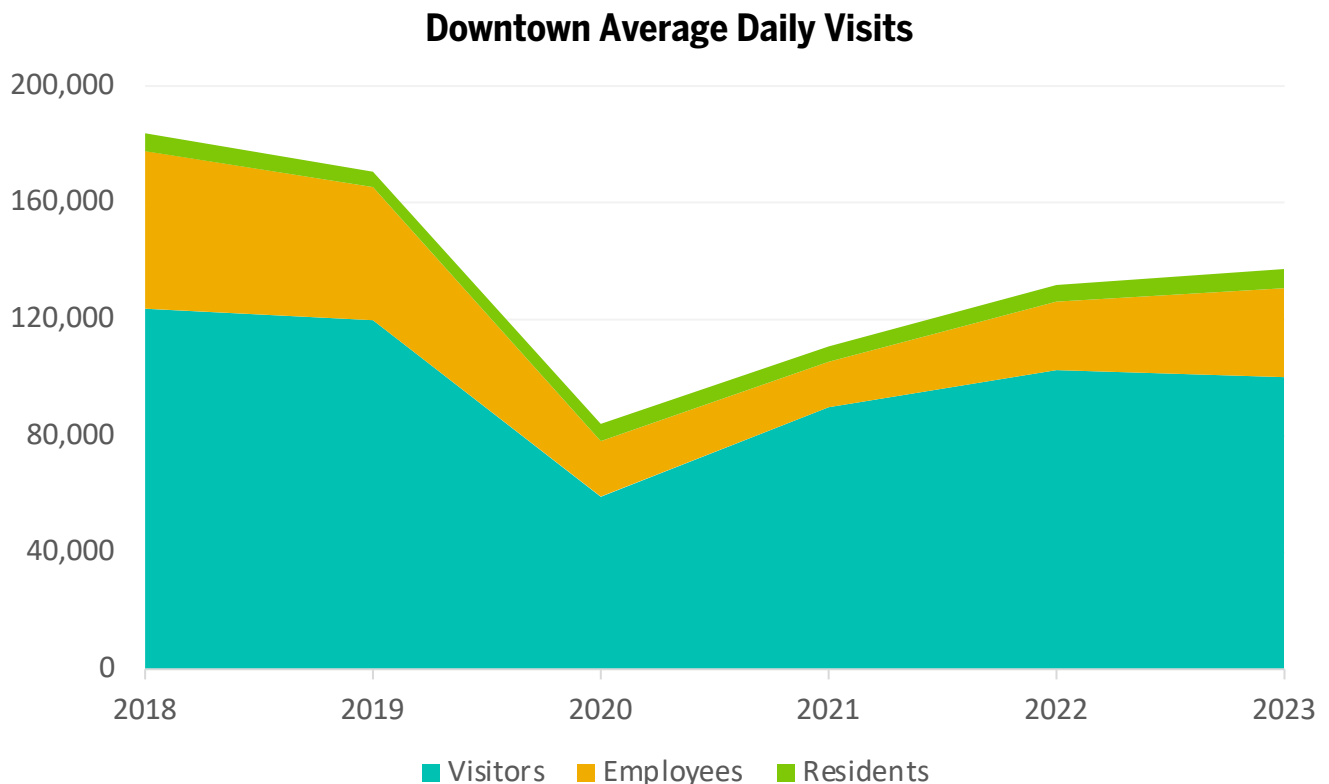
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ALLIANCE**

Return to Downtown: Foot Traffic is Increasing

- Downtown area employees have been steadily going back into the office since the peak of COVID-19 in 2020, hitting 62% of the 2019 average as of June 2023.
- Despite the popular perception office attendance only started to decline due to COVID-19 in 2020, data from Placer.ai shows the number of workers going into an office began decreasing in 2019. As a tech-centric hub, downtown employers already had the infrastructure in place to accommodate for remote and hybrid work models.

Average Daily Visits	2018	2019	2020	2021	2022	2023
Visitors	123,613	119,808	59,229	89,796	102,633	100,201
Employees	54,106	45,456	19,001	15,601	23,406	30,466
Residents	6,085	5,456	5,937	5,201	5,686	6,542

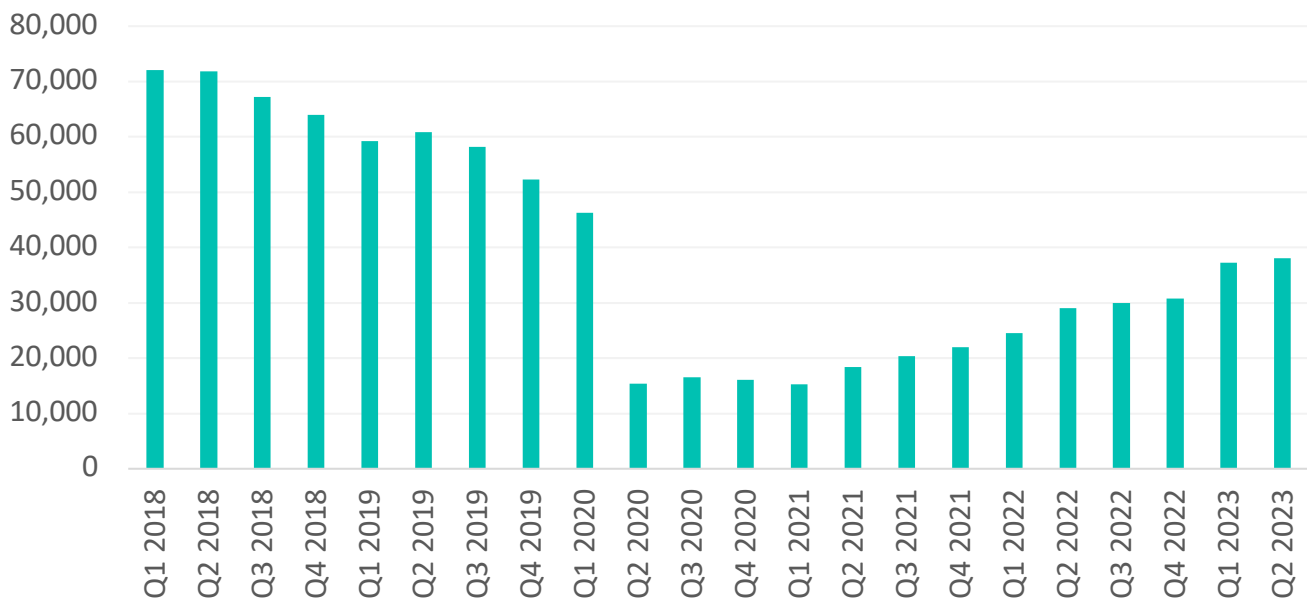
Source: Placer.ai, July 2023



Source: Placer.ai, July 2023

Return to Downtown: Office & Entertainment

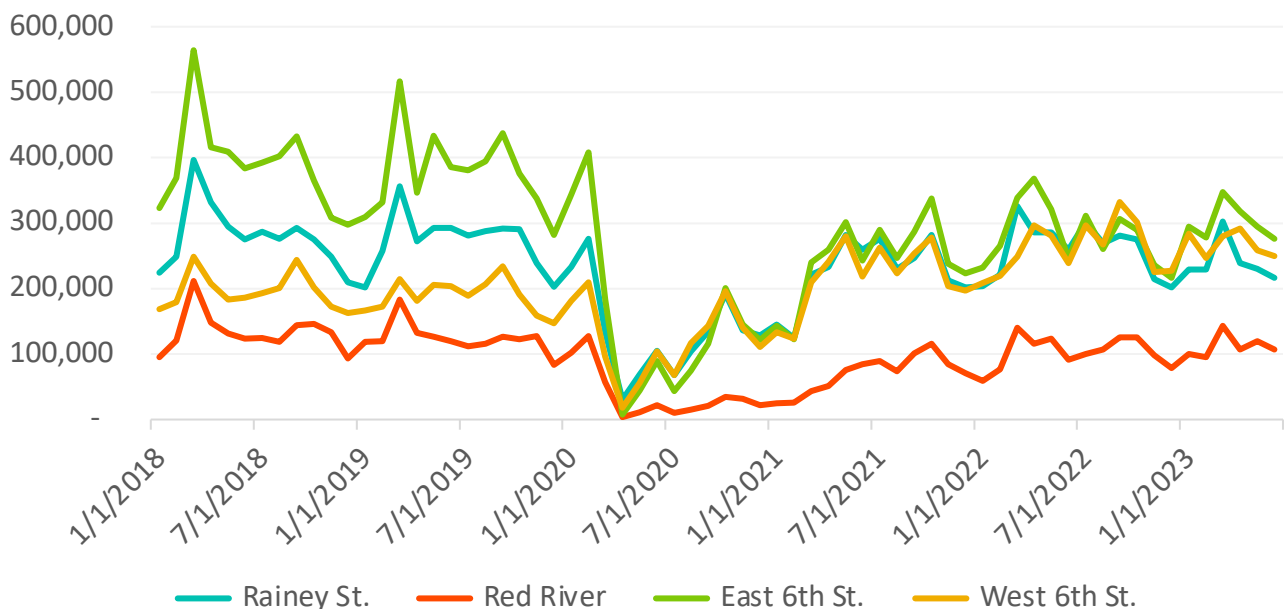
Average Weekday Employee Population



Source: Placer.ai, July 2023

- The average weekday employee population has steadily increased since 2020, averaging 72% of Q4 2019 levels as of Q2 2023.
- Nightlife activity foot traffic has almost surpassed pre-pandemic levels; in 2023 for the major entertainment districts in downtown, average foot traffic is at 95% of 2019 levels.

Total Monthly Visits By Entertainment District



Source: Placer.ai, July 2023

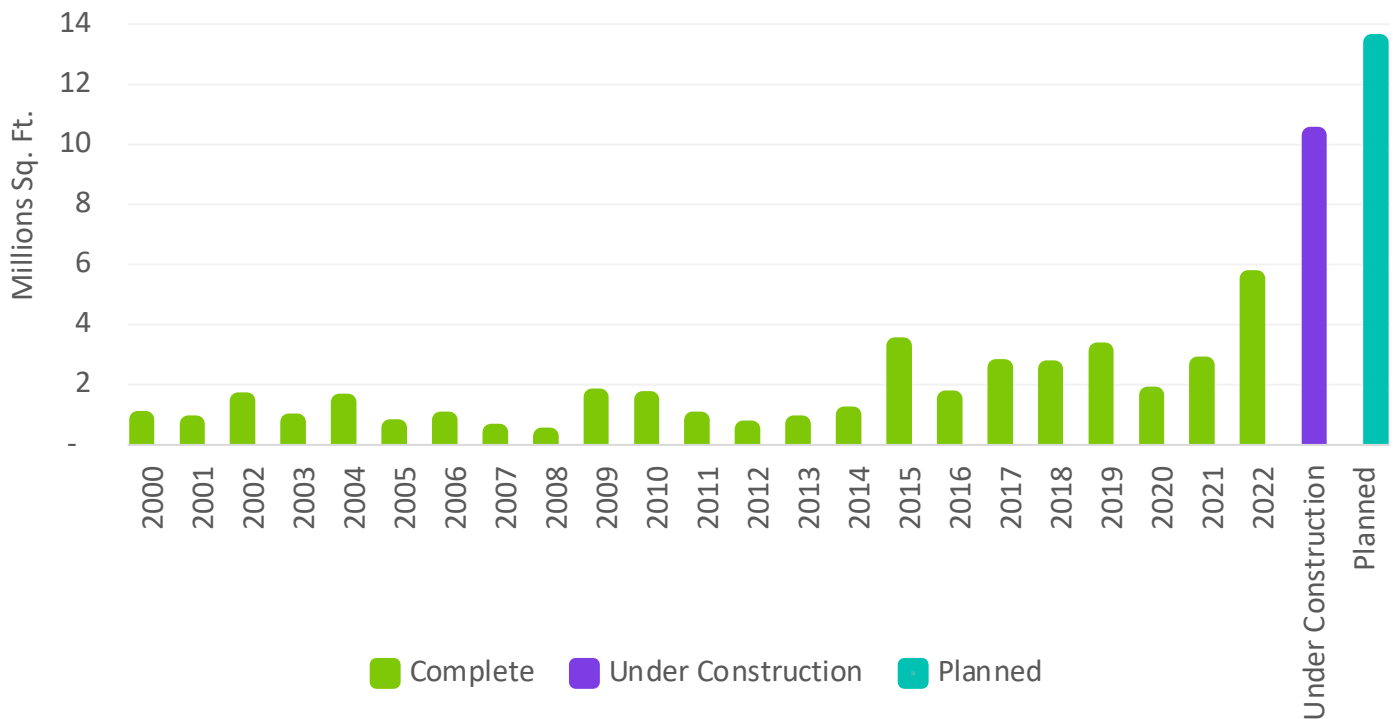
Downtown Development Pipeline

Development activity remains robust during 2023, despite the current economic headwinds. While new construction activity has fallen, developers remain bullish on the downtown market with 32 projects proposed for the immediate area, accounting for more than 13.4 million sq. ft. of total space.

Type of Development	Under Construction Sq. Ft.	Proposed Sq. Ft.
Office	3,418,482	7,595,625
Residential	6,006,131	2,383,407
Hotel	691,579	1,031,301
Mixed Use	127,134	432,270

Source: Downtown Austin Alliance, July 2023

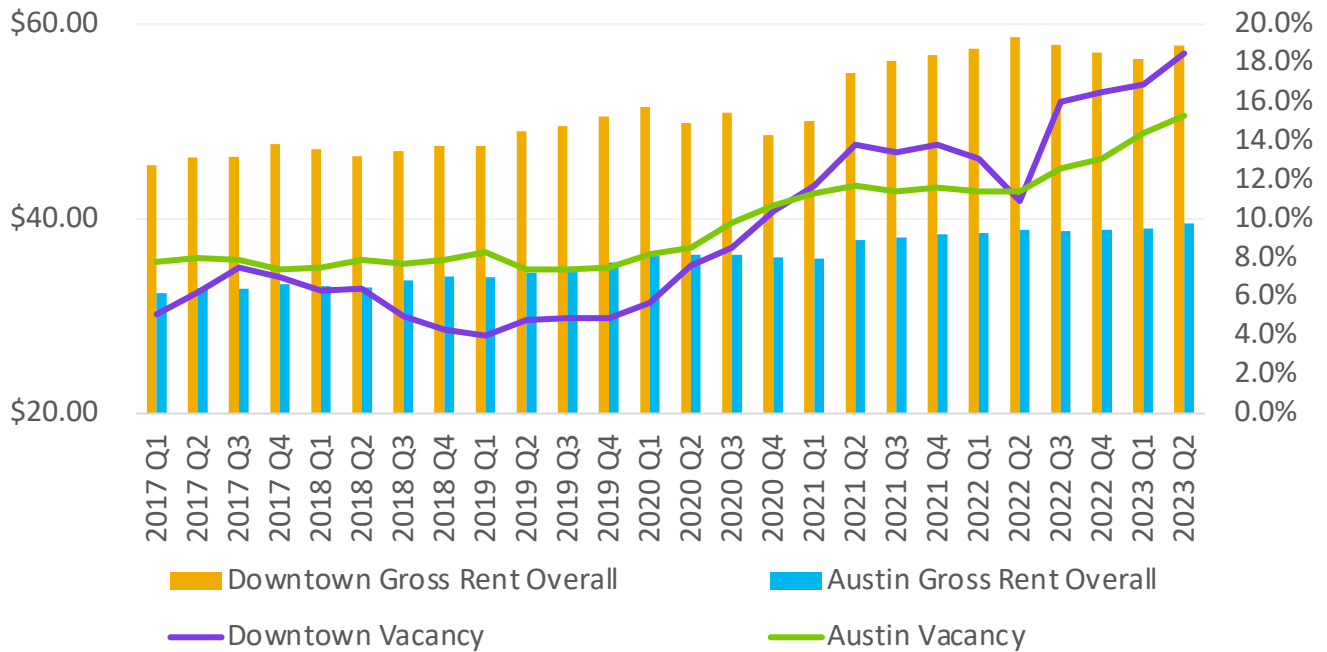
Downtown Development Since 2000



Source: Downtown Austin Alliance, July 2023

Office Market Fundamentals

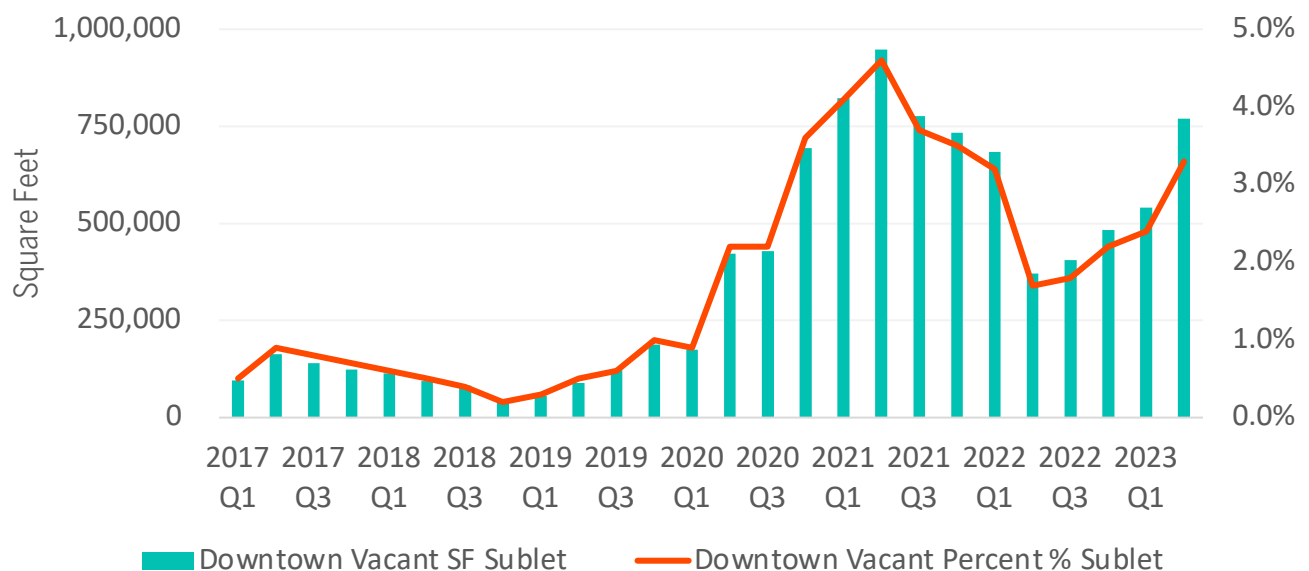
Historical Rents & Vacancy



Source: CoStar

Austin's downtown office market accounts for 22% of the entire region. While the market is still adjusting to the effects of the pandemic, and there is high sublease availability downtown, overall asking rates remain 46% higher than the rest of the metro. However, vacancy rates downtown remain 3% higher than the metro average.

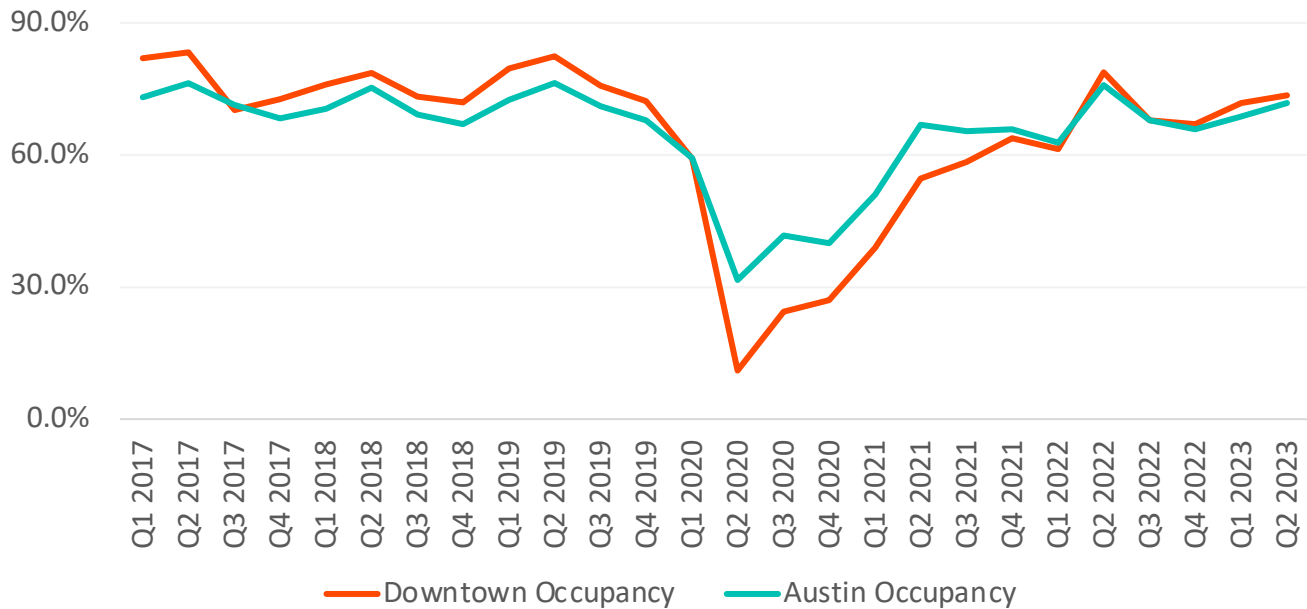
Sublease Activity in Downtown



Source: CoStar

Hotel Market Fundamentals

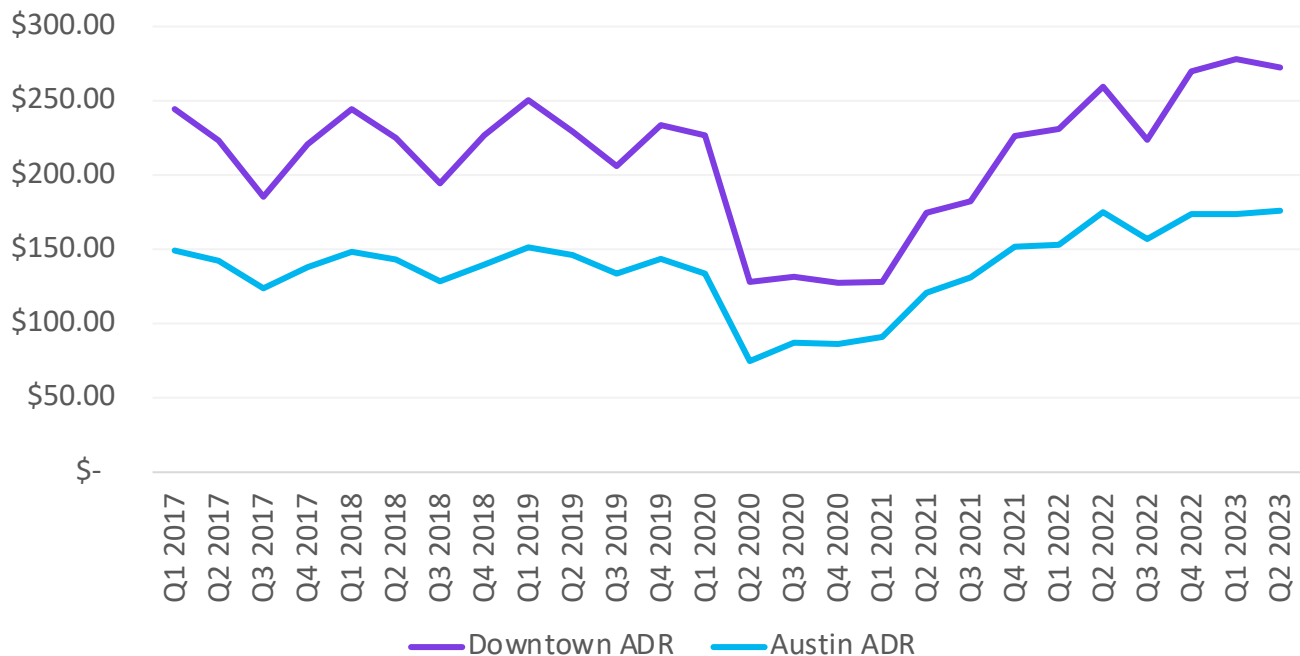
Downtown Hotel Occupancy Rate



Source: CoStar

Downtown Austin's hotel market has been thriving in the years since the pandemic. In Q2 2023, average occupancy surpassed 73% while the average daily asking rate was greater than \$270. As leisure and business activity continues to expand downtown, hotel fundamentals are expected to grow in the coming years.

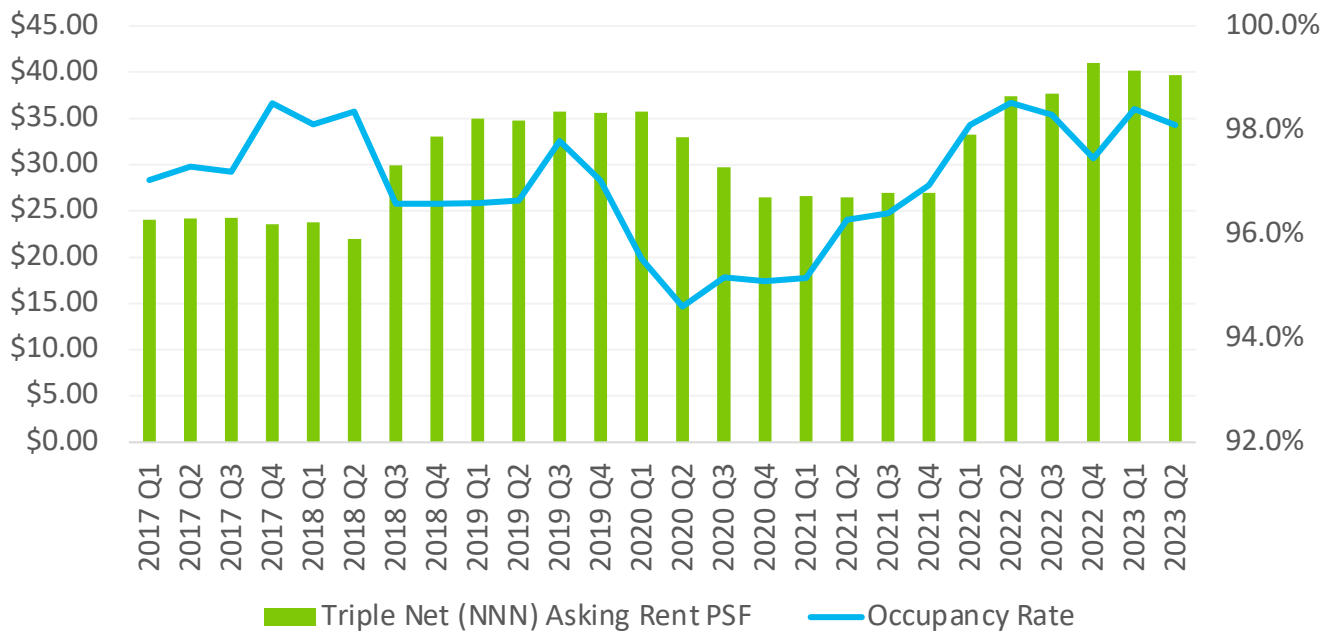
Downtown Hotel Average Daily Room (ADR) Rate



Source: CoStar

Retail Market Fundamentals

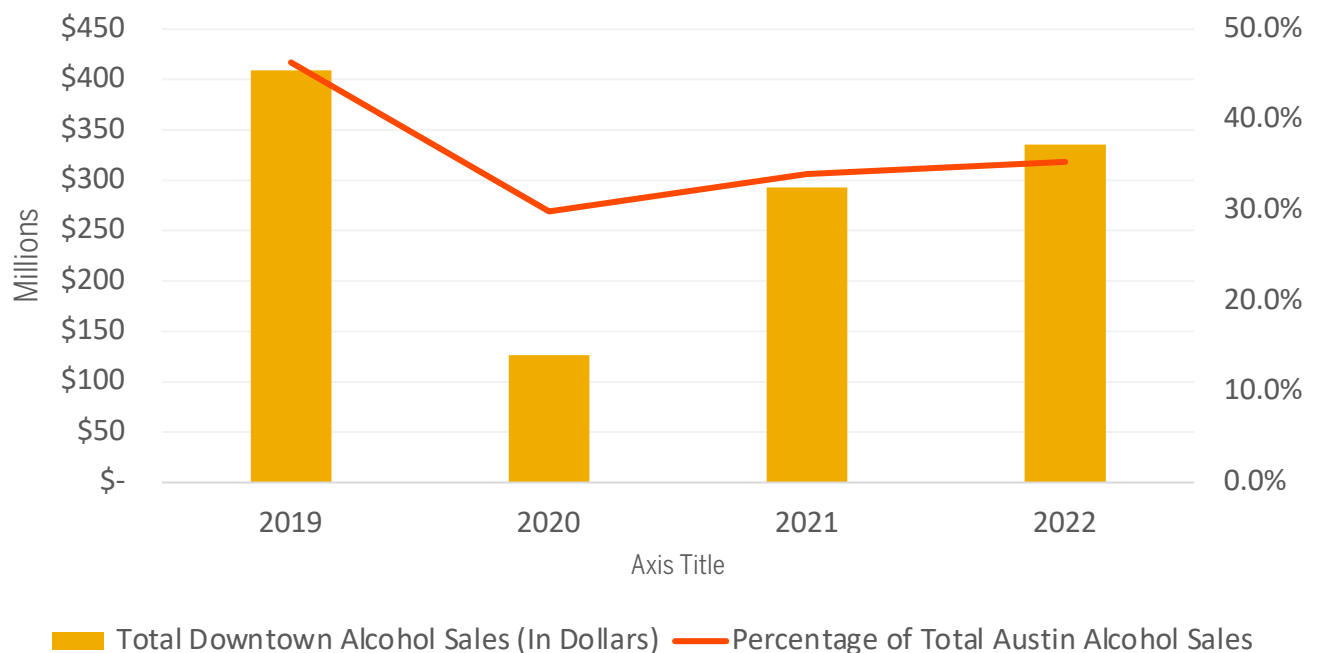
Downtown Retail Asking Rent & Occupancy Rates



Source: CoStar

The retail market in downtown Austin remains resilient, with occupancy rates surpassing 98% and the average NNN asking rate cresting \$40 per sq. ft. in Q2 2023. Alcohol sales in downtown have drastically risen since bottoming out in 2020, hitting 82% of 2019 sales in 2022.

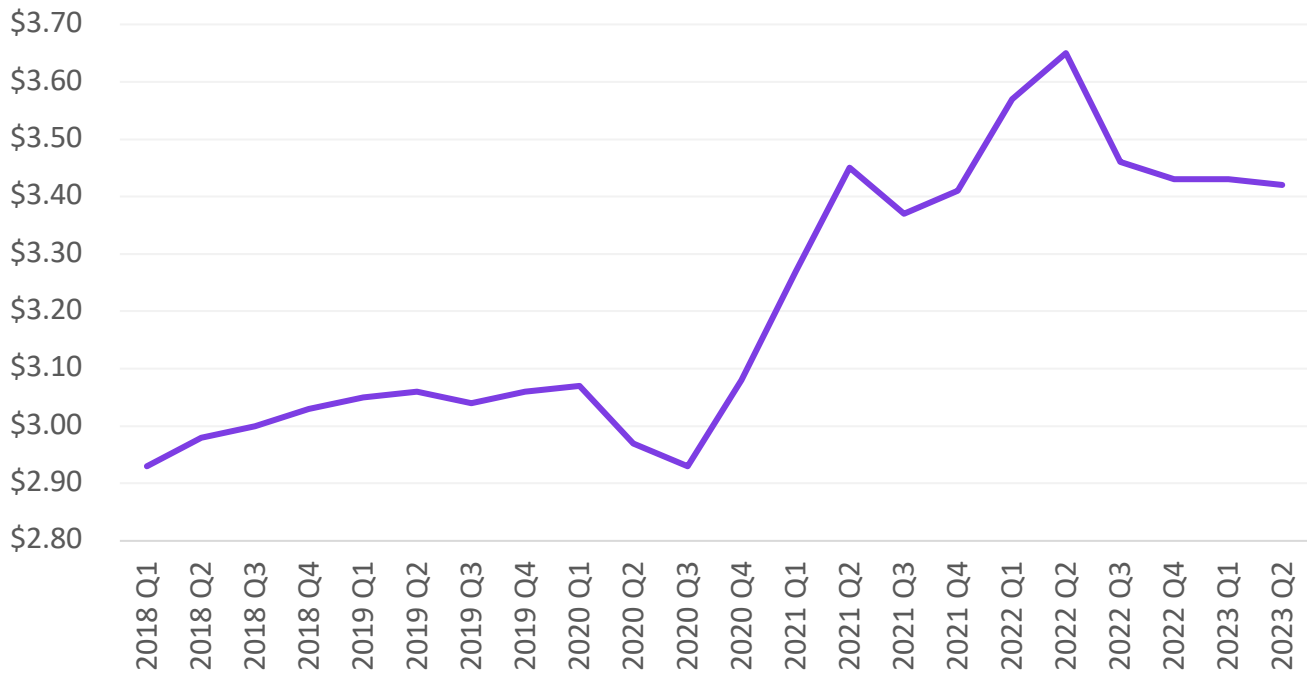
Downtown Historical Alcohol Sales



Source: State of Texas Comptroller

Housing Market Fundamentals

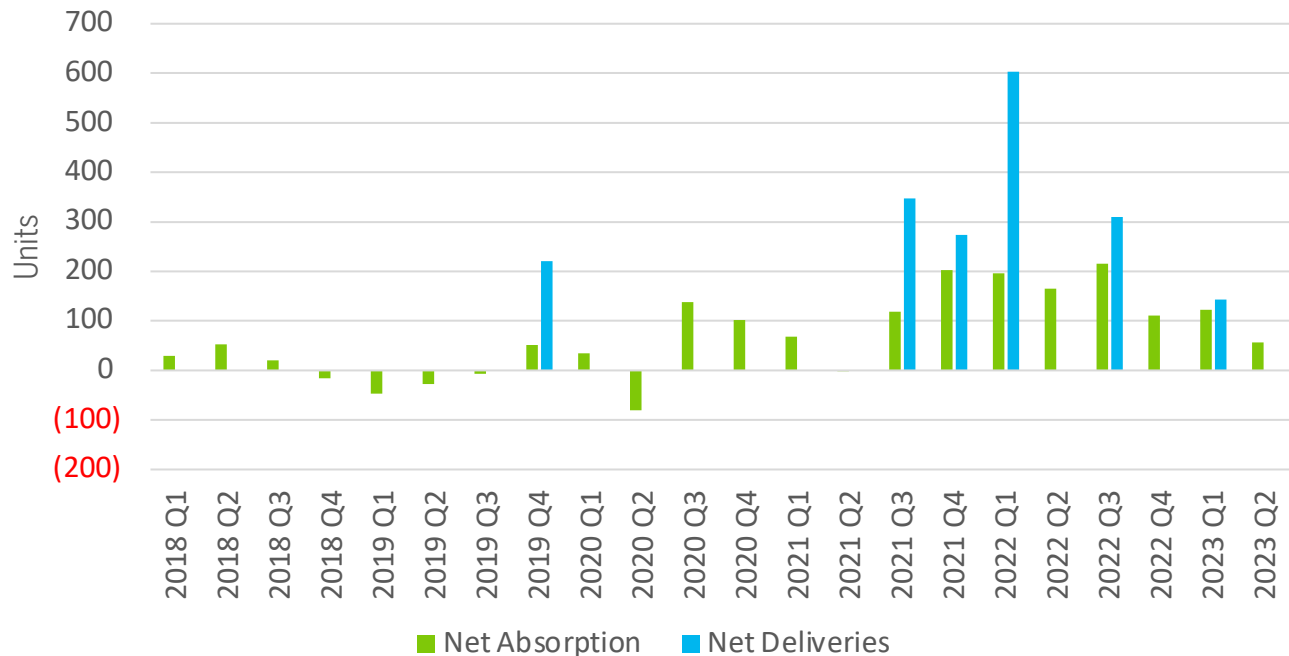
Downtown Market Asking Rent Per Sq. Ft.



Source: CoStar

Despite the delivery of multiple multifamily projects over the past two years, demand for living space downtown remains robust. The average asking rent for a unit downtown has remained over \$3.40 per sq. ft. since 2021, which has helped drive positive absorption of new units recently delivered to the market.

Downtown Apartment Absorption & Deliveries



Source: CoStar



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