



STATE *of* DOWNTOWN QUARTERLY REPORT

Quarter 3 • October 2024

**DOWN
AUSTINTOWN
ALLIANCE**

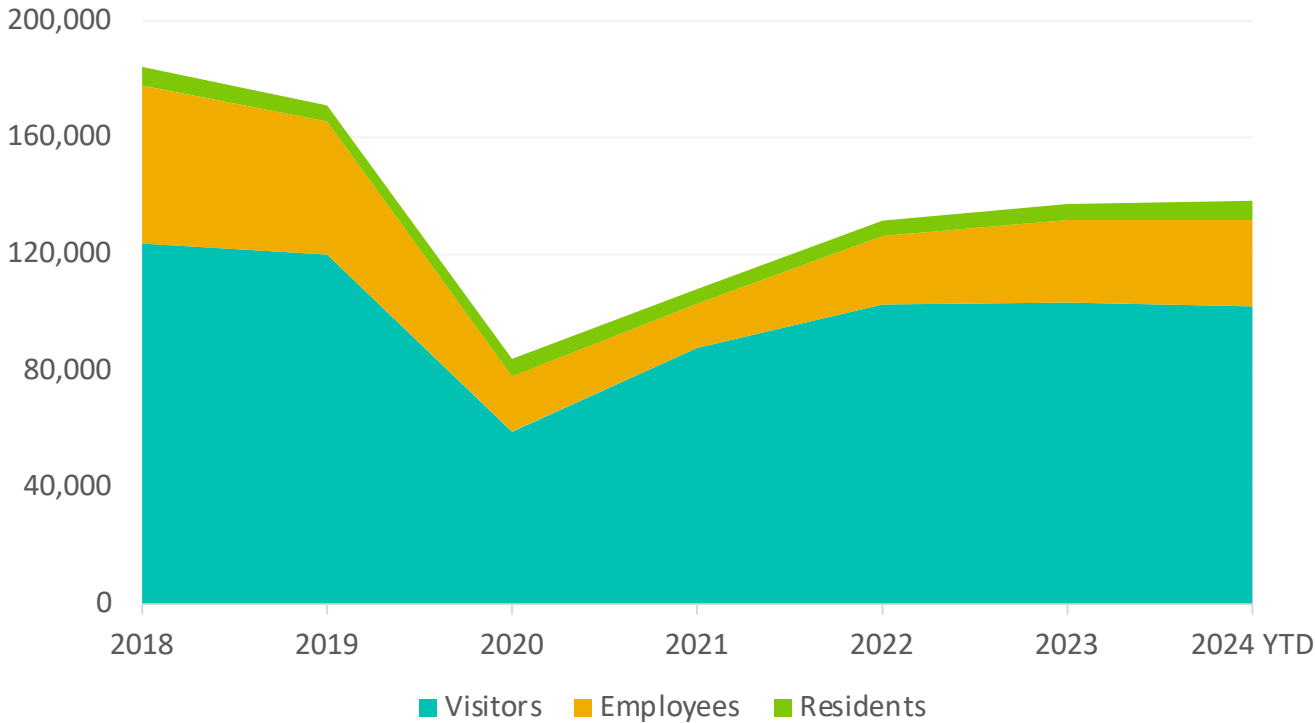
Return to Downtown: Visitors Love Downtown

- Downtown area employees have been steadily returning to the office since the peak of COVID-19 in 2020, hitting 65% of the 2019 average as of October 2024. This average remains higher than the national average of return-to-work trends in downtowns across America.
- Weekday employee population hit a post-pandemic quarterly high in Q3 2024, reaching a daily average of 37,366 people. The average number of daily visitors increased quarter-over-quarter by 1.2%. The return of football and the ACL Music Festival in October will help drive up the total daily average by the end of the year.

Average Daily Visits	2018	2019	2020	2021	2022	2023	2024 YTD
Visitors	123,712	120,004	59,212	87,802	102,761	103,369	102,059
Employees	54,110	45,469	18,959	15,230	23,577	28,473	29,699
Residents	6,468	5,636	5,962	5,110	5,277	5,472	6,629

Source: Placer.ai, October 2024

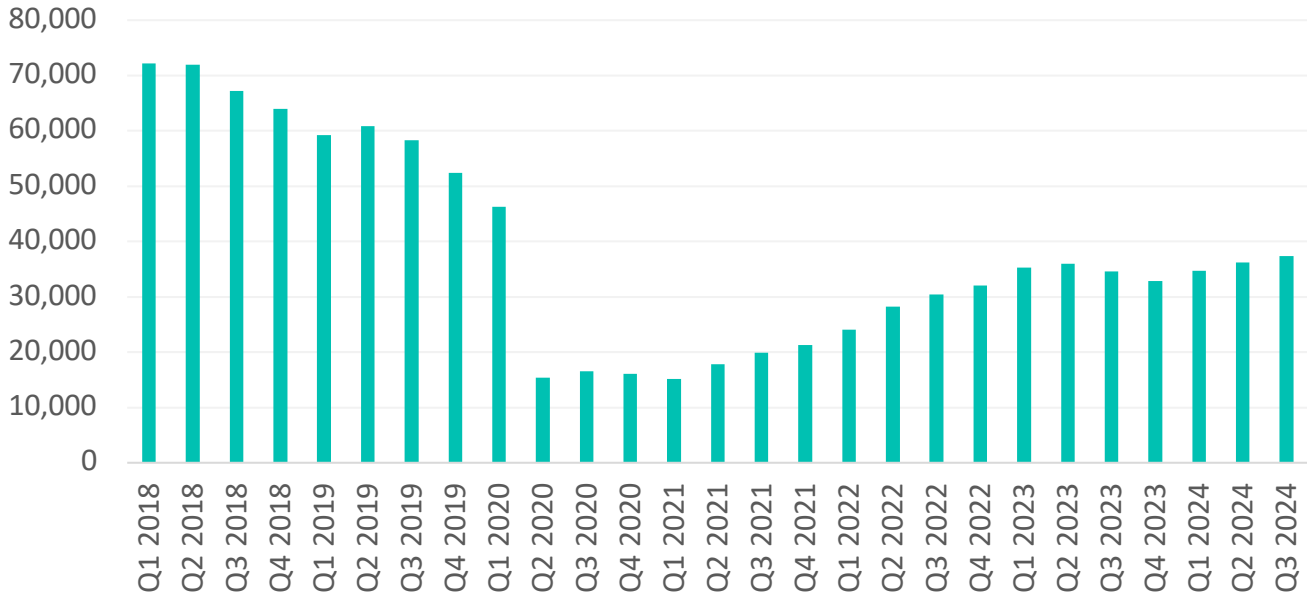
Downtown Average Daily Visits



Source: Placer.ai, October 2024

Return to Downtown: Office & Entertainment

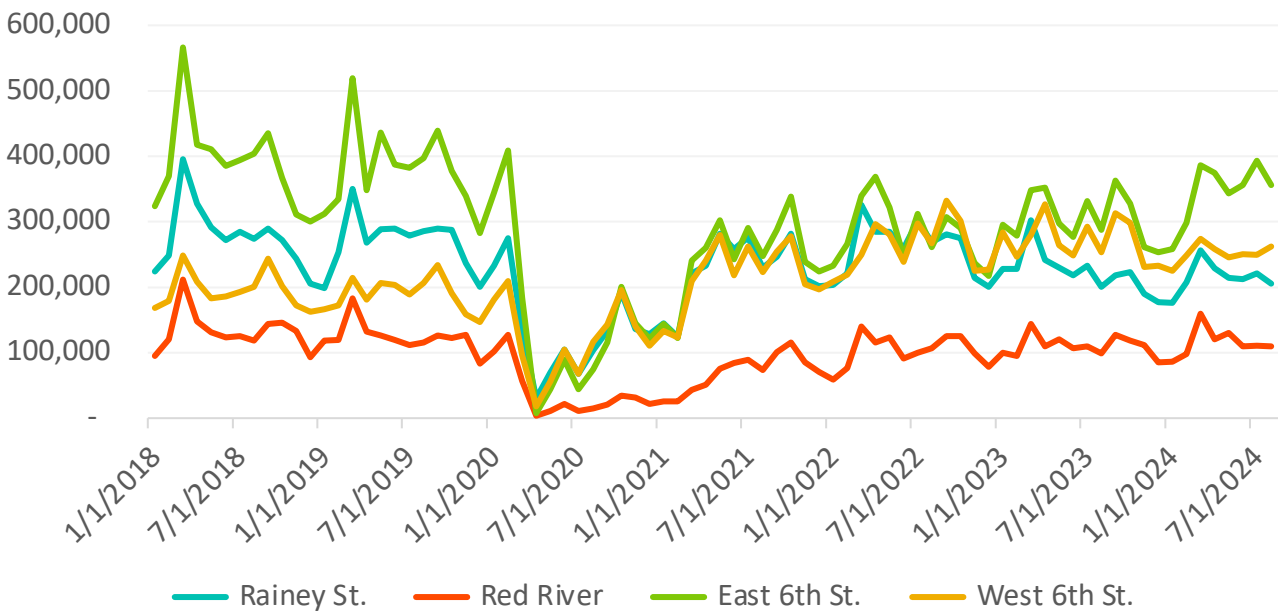
Average Weekday Employee Population



Source: Placer.ai, October 2024

- Despite hitting a post-pandemic quarterly average high in Q3 2024, the average weekday employee count has remained well below 2019 levels. However, with stricter return-to-office mandates becoming more prominent, we anticipate seeing the average weekday count continue to increase.
- The entertainment districts downtown experienced a traditional summer slump, as collegiate students went on summer break and locals avoided being outside during the extreme heat months. With the return of football and cooler weather, visitor traffic will spike next quarter.

Total Monthly Visits By Entertainment Districts



Source: Placer.ai, October 2024

Downtown Development Pipeline

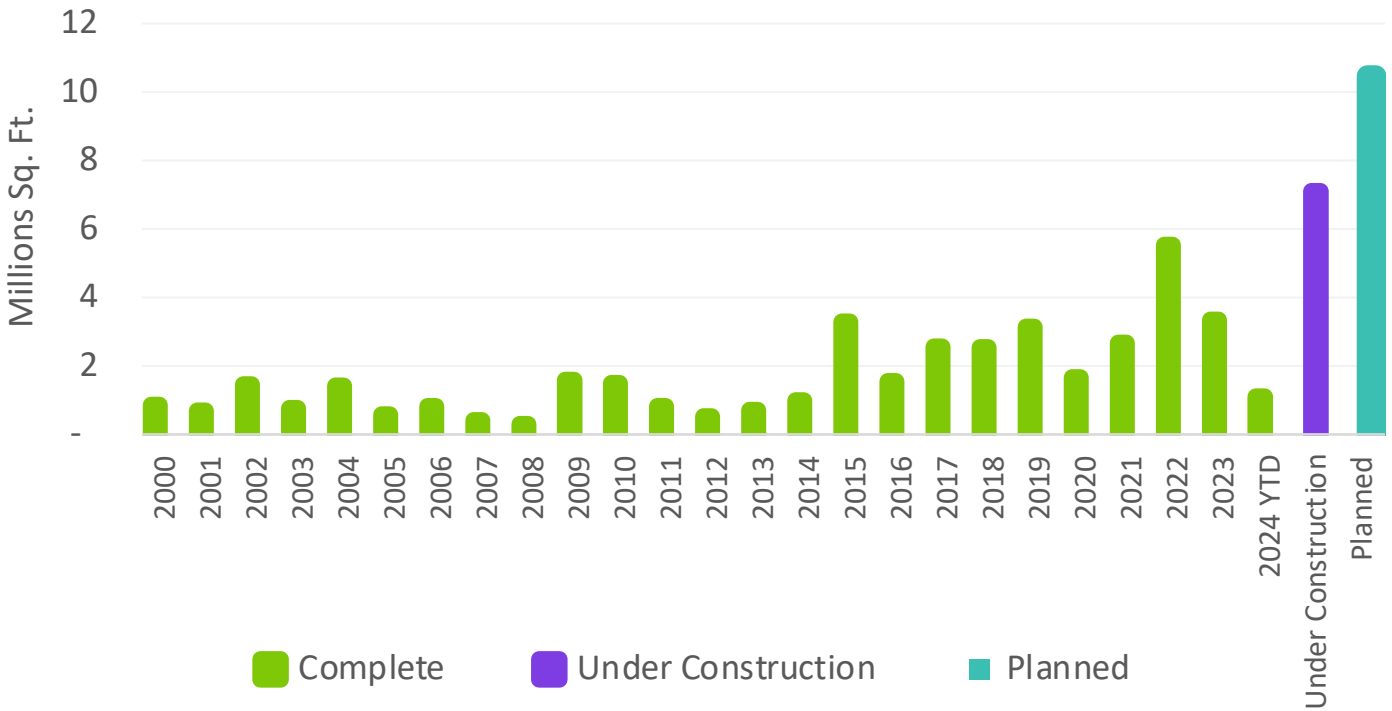
As of October 2024, the DAA has tracked five properties that have delivered, totaling approximately 1.1 million sq ft. While development activity this year has remained stagnant, there is anticipation that 2025 will see a reversal of course and spur life into new construction.

Type of Development	Under Construction Sq Ft.	Proposed Sq Ft.
Office	1,388,476	2,222,787
Residential	2,610,148	2,245,613
Hotel	300,000	852,360
Mixed Use	2,794,912	5,148,633

Source: Downtown Austin Alliance, October 2024

**Note: DAA Research reclassified several projects that we are tracking to reflect "Mixed Use". This reclassification allows for a more accurate representation of the type of demand the market is experiencing.*

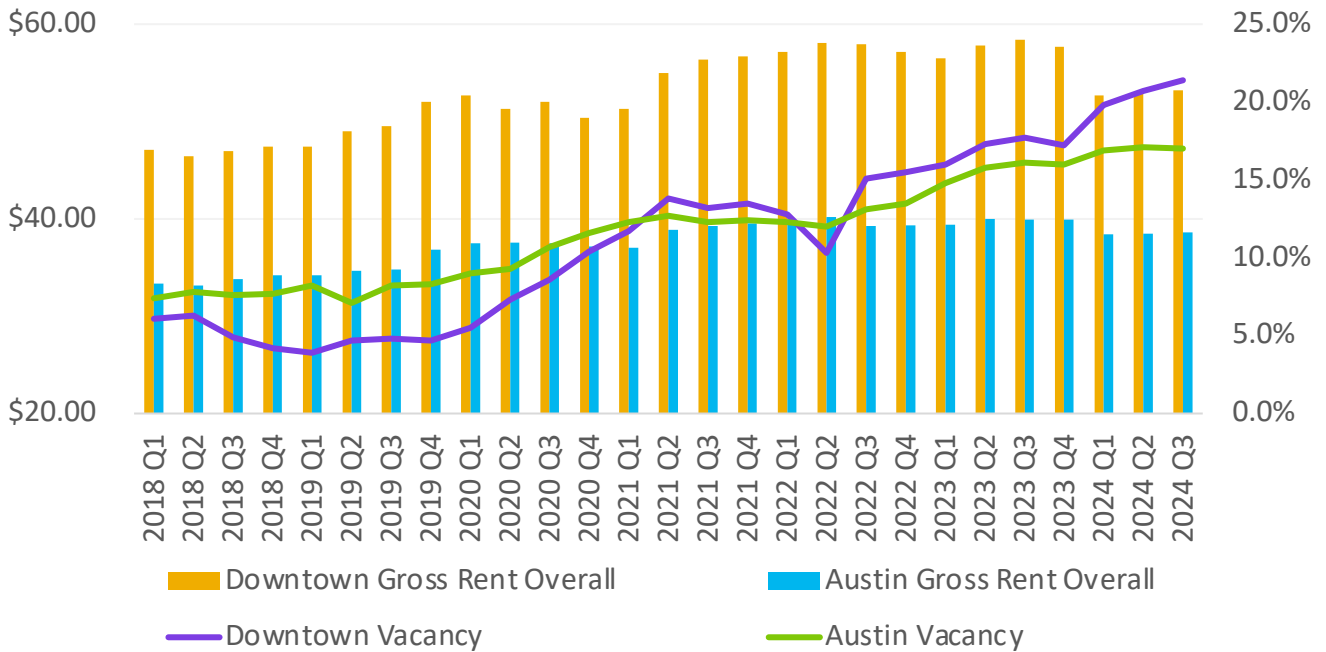
Downtown Development Since 2000



Source: Downtown Austin Alliance, October 2024

Office Market Fundamentals

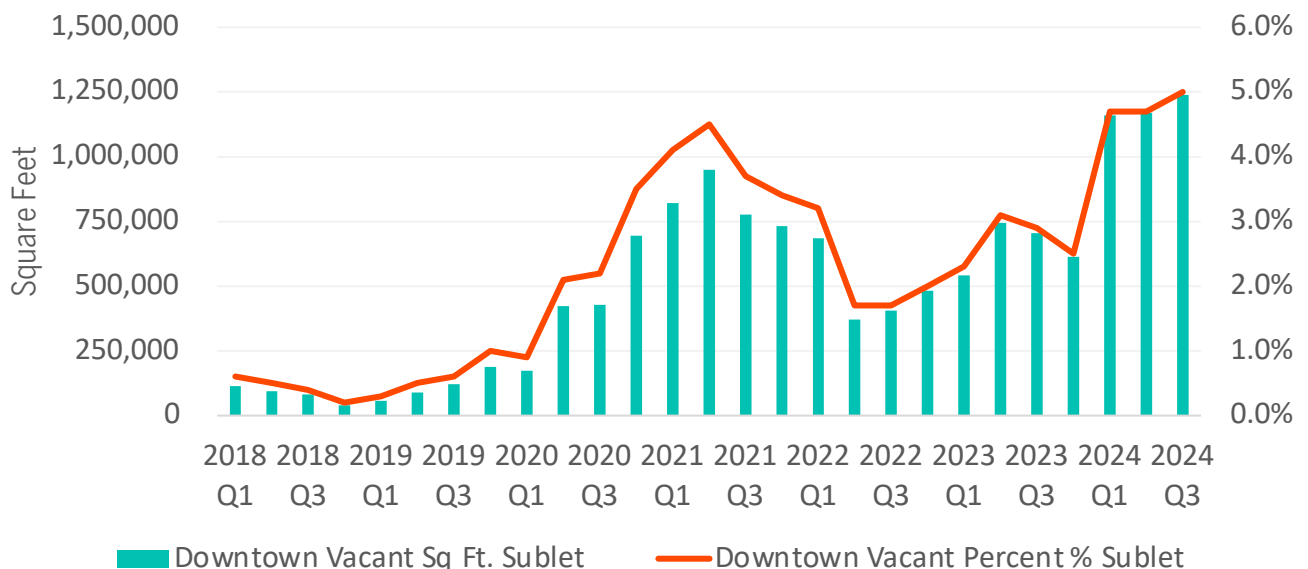
Historical Rents & Vacancy



Source: CoStar, Q3 2024

Available sublease space downtown ticked upwards this quarter by 70,000 sq ft., further pressuring the overall vacancy rate to continue inching upwards. Despite the increase in sublease space, gross asking rents rebounded by \$0.35 per sq ft. quarter-over-quarter. This ebb and flow between vacancy and asking rates suggests that an equilibrium in the office market could soon be reached.

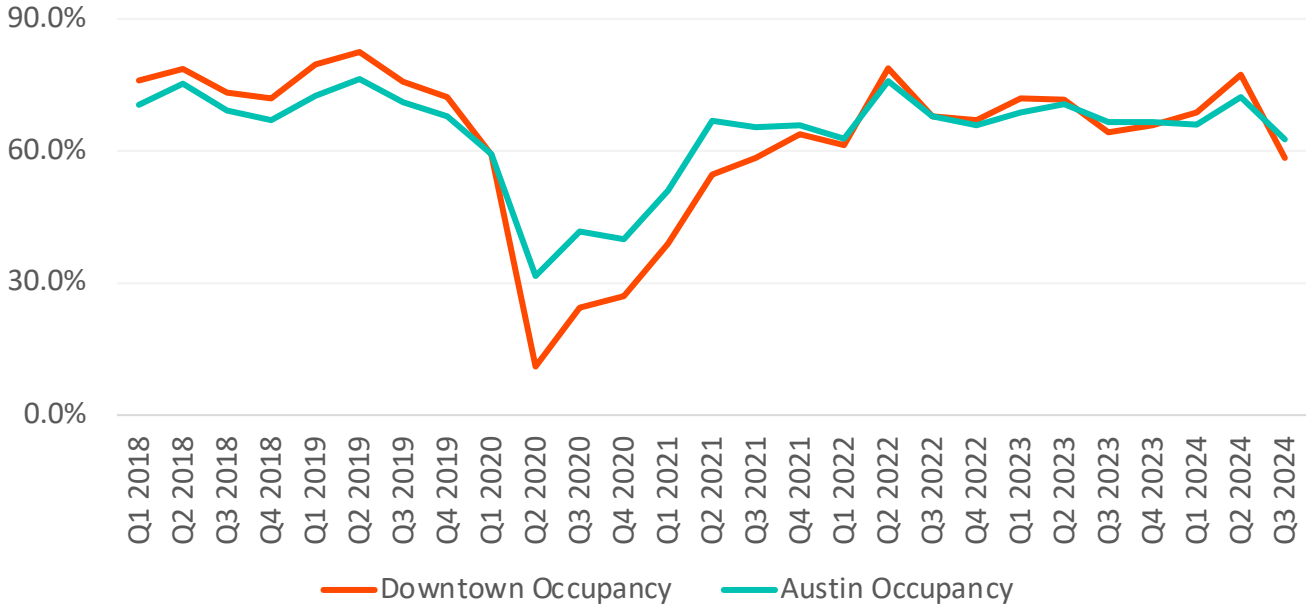
Sublease Activity in Downtown



Source: CoStar, Q3 2024

Hotel Market Fundamentals

Downtown Hotel Occupancy Rate

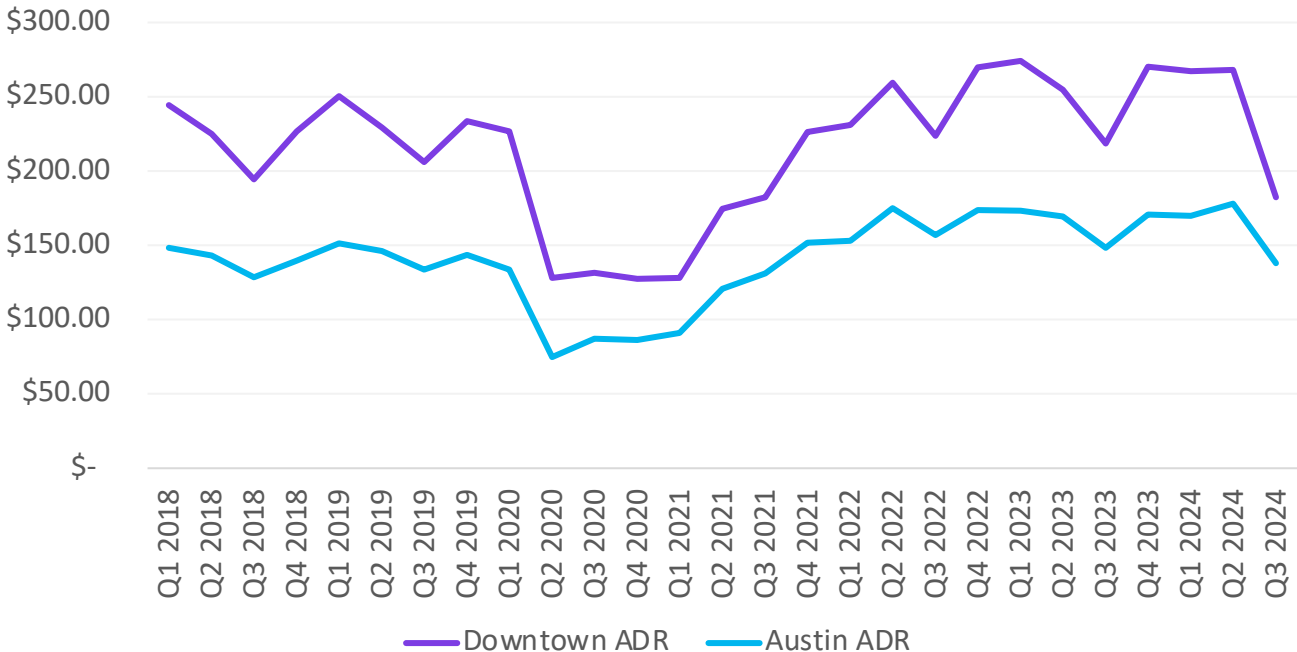


Source: CoStar, Q3 2024

For the summer months of July and August*, hotel occupancy rates downtown stumbled 19% quarter-over-quarter to 58.4%, a low not seen since Q3 2021. The ADR also fell significantly quarter-over-quarter by an average of \$85.

*At the time of publication, data for September 2024 was unavailable. Without a complete dataset for the entire quarter, trend analysis would not be accurate.

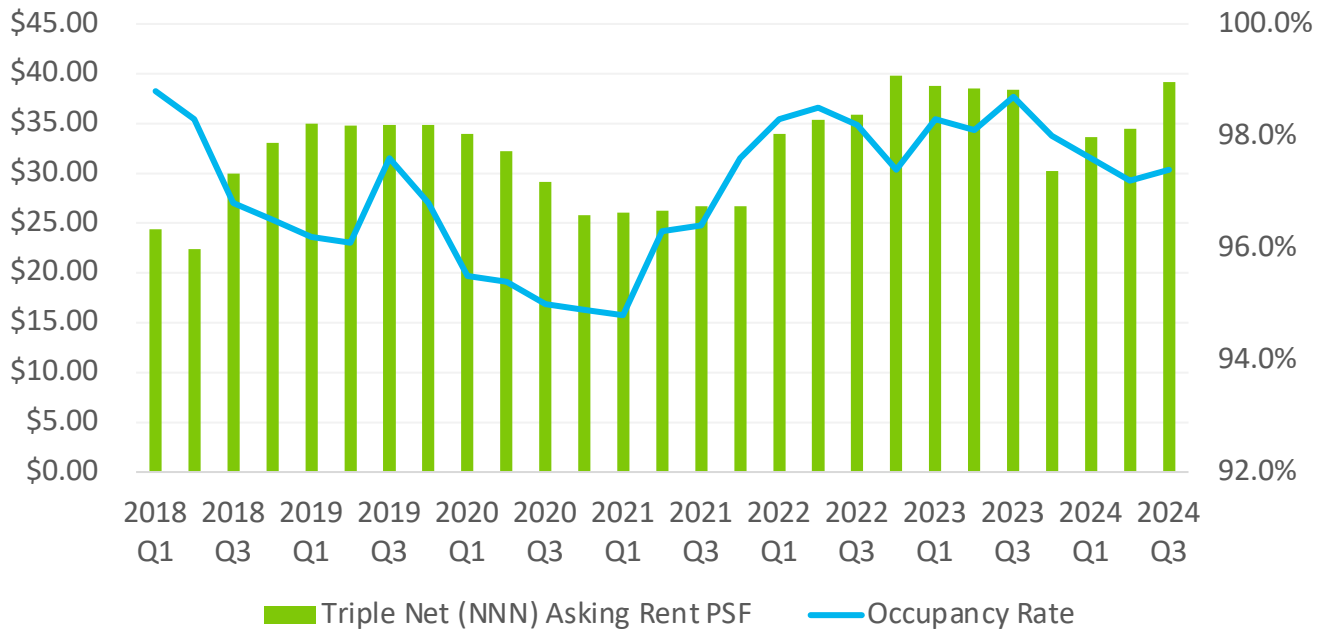
Downtown Hotel Average Daily Room (ADR) Rate



Source: CoStar, Q3 2024

Retail Market Fundamentals

Downtown Retail Asking Rent & Occupancy Rates



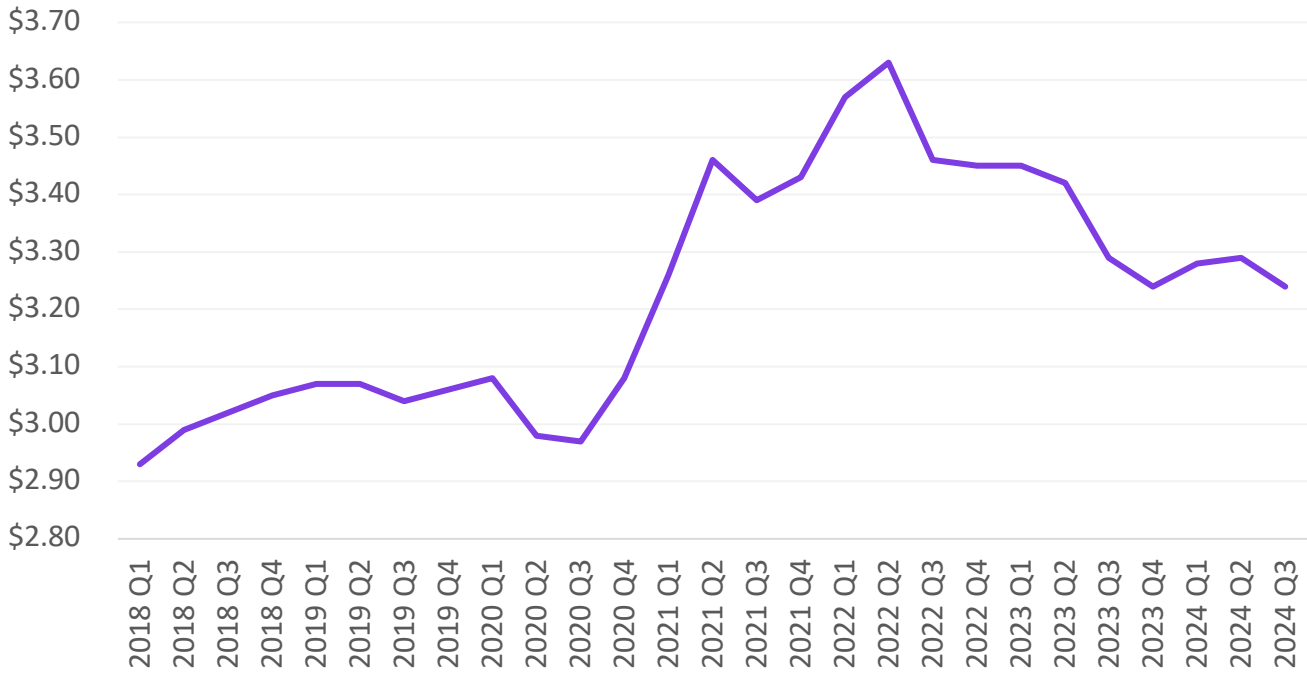
Source: CoStar, Q3 2024

Demand for retail space downtown remains robust, with occupancy rates above 95%. Asking rates saw a substantial increase of 14% quarter-over-quarter to \$39.17 per sq ft., the second-highest recorded asking rate (behind \$39.79 per sq ft. in Q4 2022). Affordability remains an obstacle for many prospective tenants, which has helped spur demand for the newly formed Downtown Austin Space Activation (DASA) program that the Downtown Austin Alliance unveiled in June 2024.



Housing Market Fundamentals

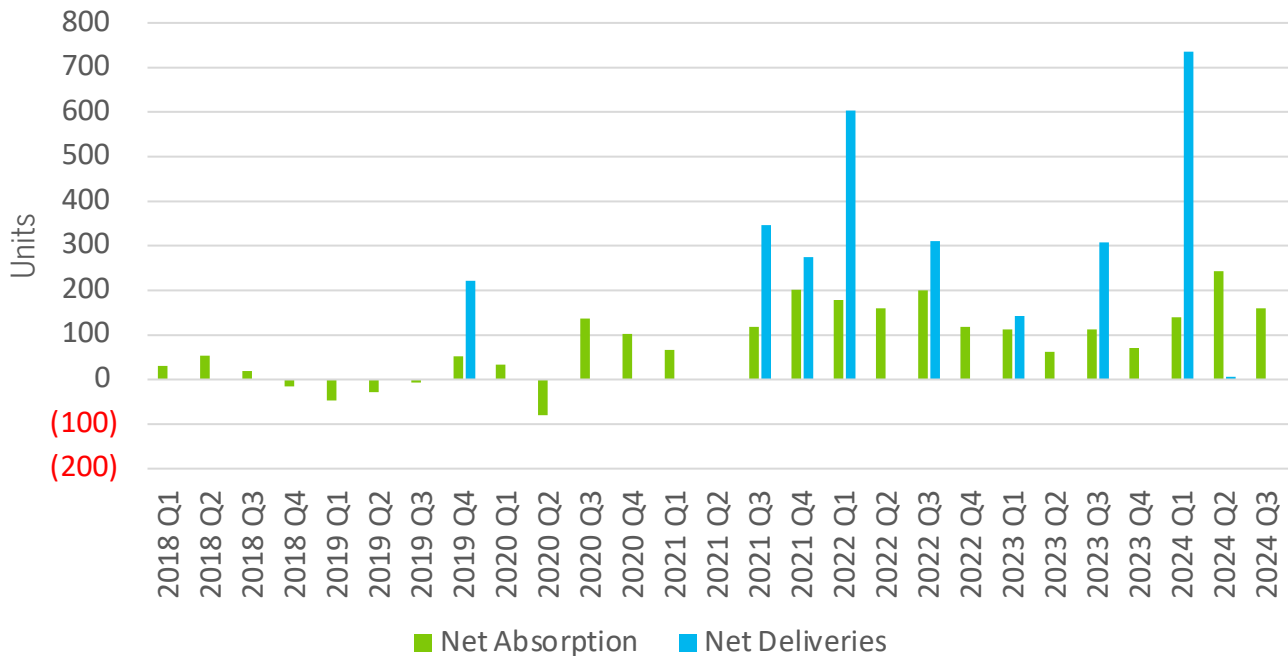
Downtown Market Asking Rent Per Sq Ft.



Source: CoStar, Q3 2024

As the epitome of the live/work/play model in Central Texas, the housing market downtown is bracing for a massive influx of new product to deliver to the market within the next two years. While this influx has compressed the average daily asking rent per sq ft., it has also allowed more people to take advantage of all the benefits of living downtown.

Downtown Apartment Absorption & Deliveries



Source: CoStar, Q3 2024



Contacts:

Jenell Moffett

Chief Impact Officer

jmoffett@downtownaustin.com

Luke Goebel

Economic Development Research Manager

lgoebel@downtownaustin.com

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