



Summary: South

The South Submarket is just across Lady Bird Lake from the CBD in the trajectory of Austin's growth pattern. While most of this submarket consists of residential neighborhoods, substantial office inventory is located at the periphery and north of Ben White Boulevard. As in most submarkets in Austin, tech companies make up a sizable portion of the tenant base here, with a cluster of tech companies along South Mo-Pac Expressway, including hardware producer Logitech and network/storage management provider SolarWinds, as well as Apple at Bee Caves and S Capital of Texas Highway, though that's in the

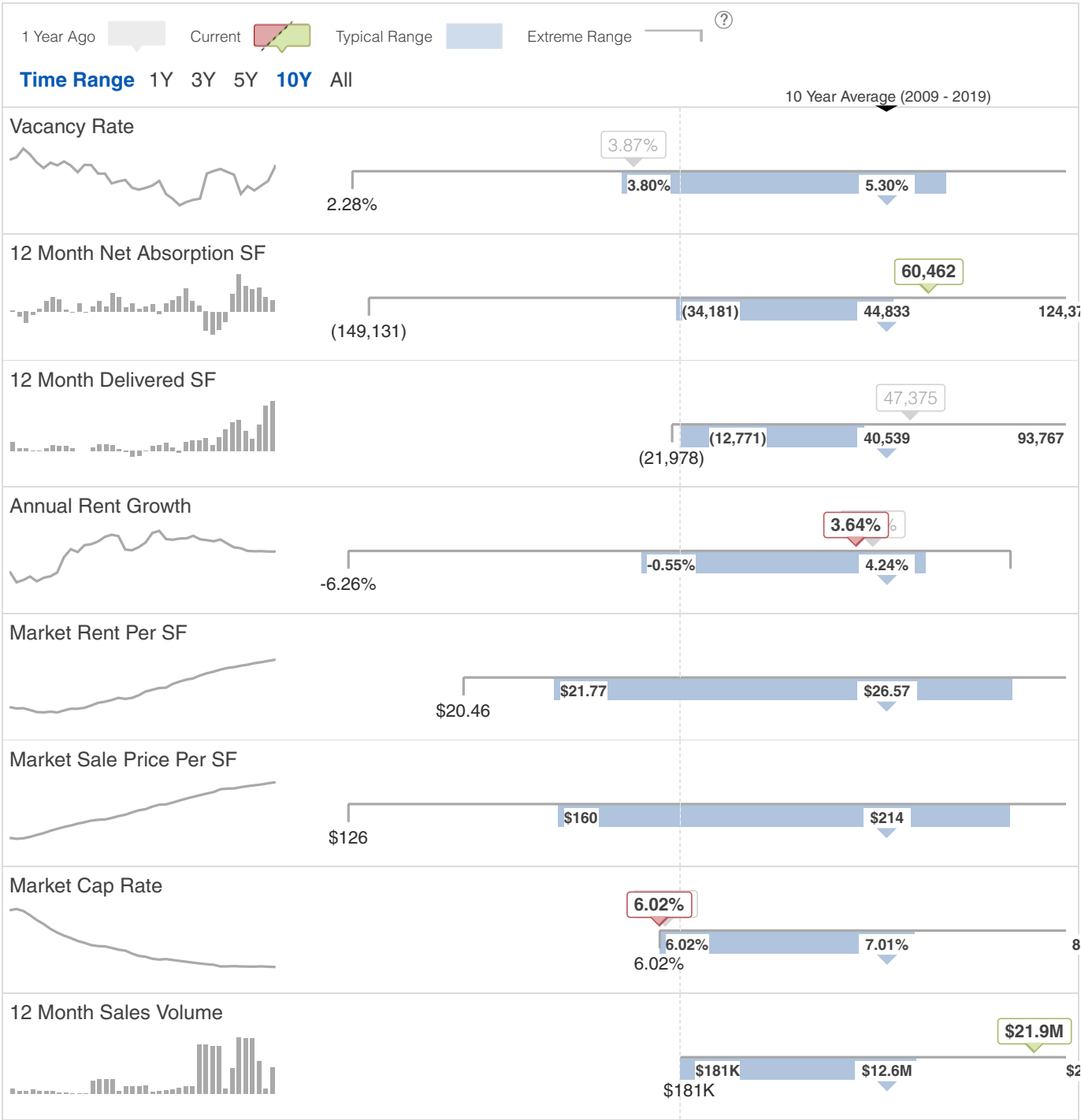
Southwest Submarket. However, local government actually accounts for most of the office demand. The South's government presence is focused along the northern border of the submarket alongside Riverside Drive with the Texas Department of Transportation occupying over 270,000 SF of office space here, making it the submarket's largest tenant. It's likely that over time, this land will be all part of the city's South Central Waterfront Initiative, as TXDOT has announced plans to move to Southeast Austin when their leases expire in 2022.

Key Metrics

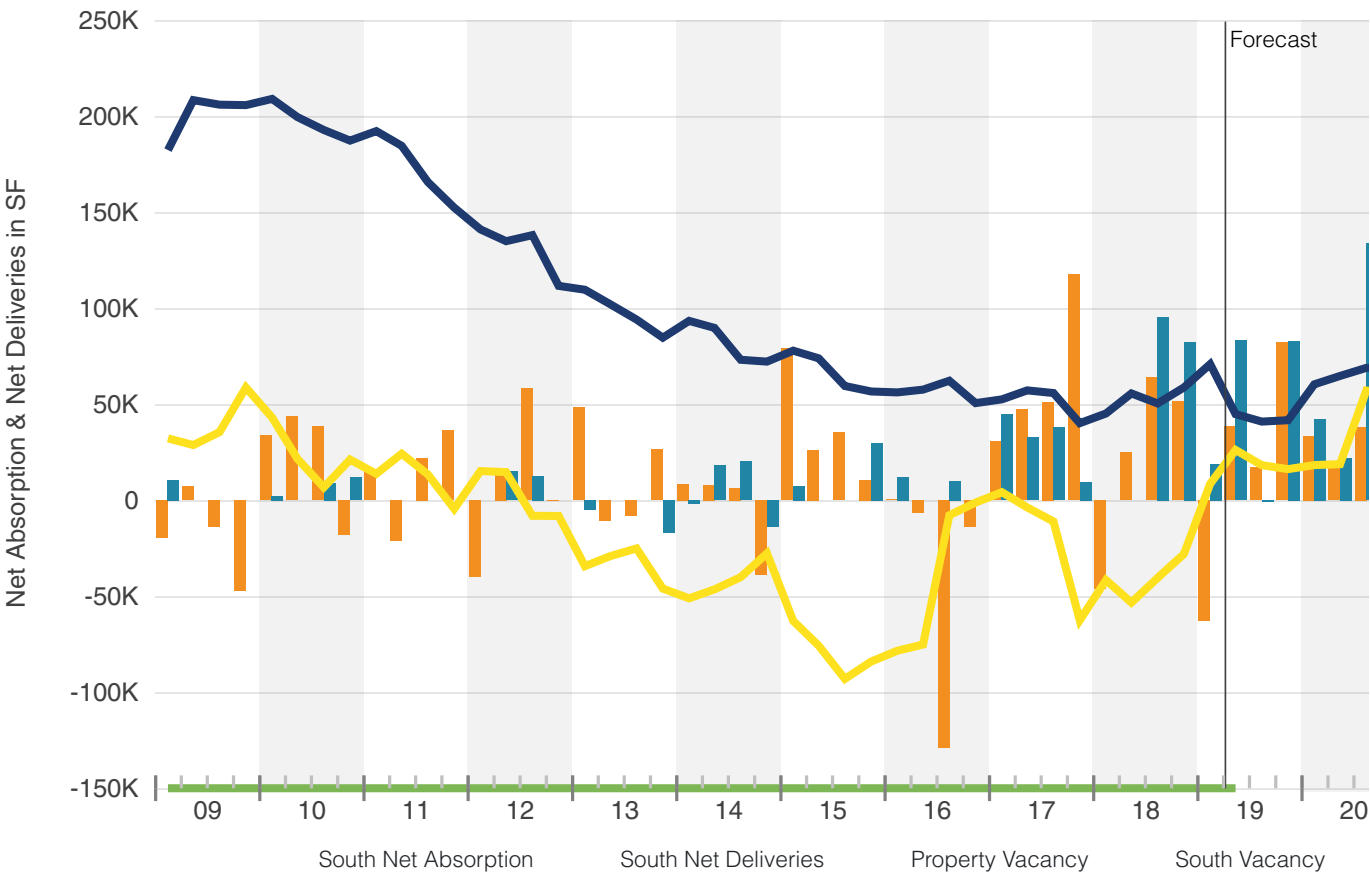
SUBMARKET			SUBMARKET		SUB	
AVAILABILITY	PROPERTY	1-3 STAR	INVENTORY	PROPERTY	1-3	
Market Rent/SF	\$34.30	\$32.97	Existing Buildings		1	
Vacancy Rate	0%	6.0%	Inventory SF		3.1 K	
Vacant SF	-	288 K	Avg Building SF		-	
Availability Rate	-	8.0%	Under Construction SF		0	
Available SF	-	392 K	12 Month Delivered SF		0	
Sublet SF	-	20.2 K	20.2 K			
Months on Market	-	3.9	3.9			
			SALES		PROPERTY 1	
			12 Month Properties Sold		-	

DEMAND	PROPERTY	1-3 STAR SUBMARKET	Market Cap Price/SF	\$401
12 Month Net Absorption SF	0	(48.9)	Avg Market Sale Price	-
6 Month Leasing Probability	100%	49	12 Month Sales Volume	-
			Market Cap Rate	6.3%

Key Performance Indicators

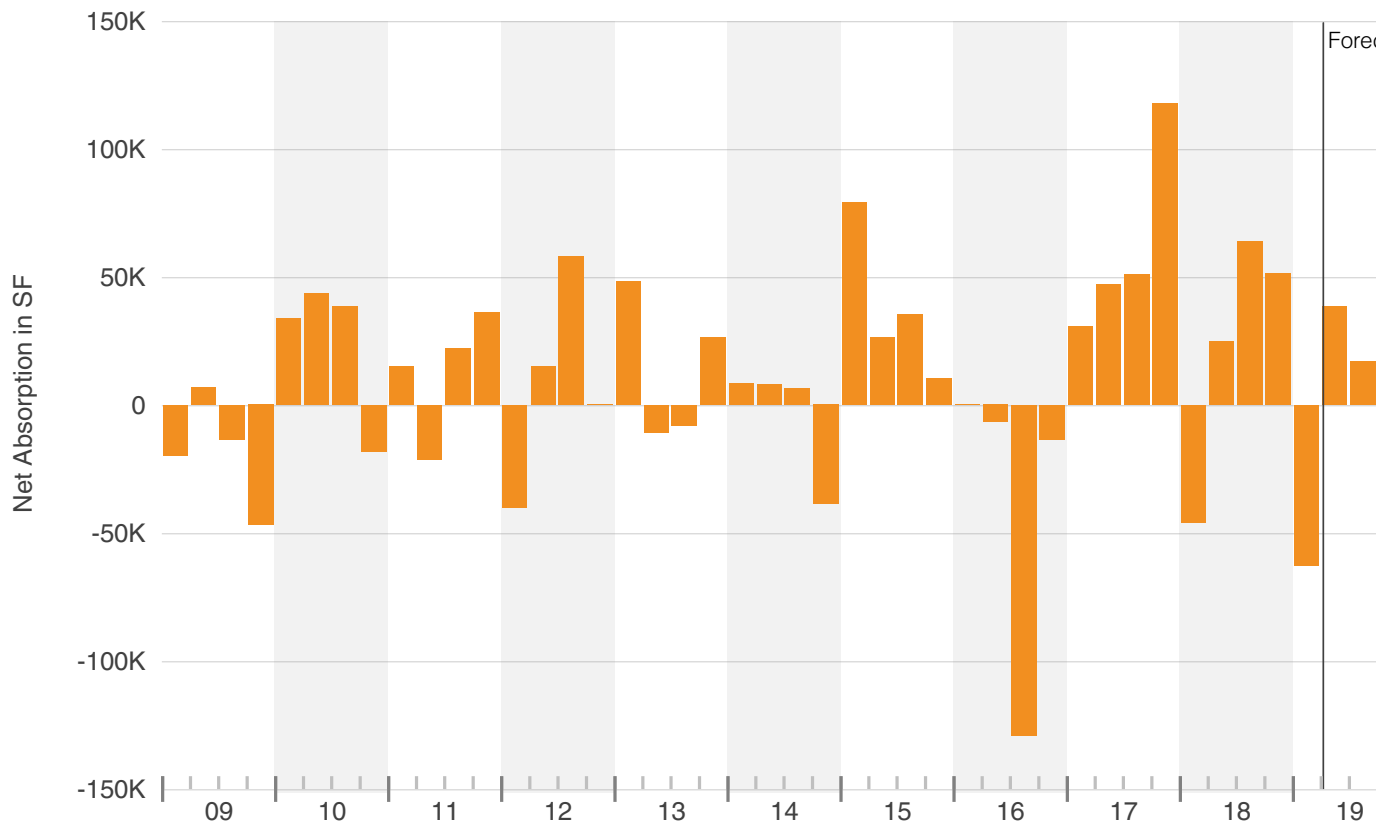


NET ABSORPTION, NET DELIVERIES & VACANCY

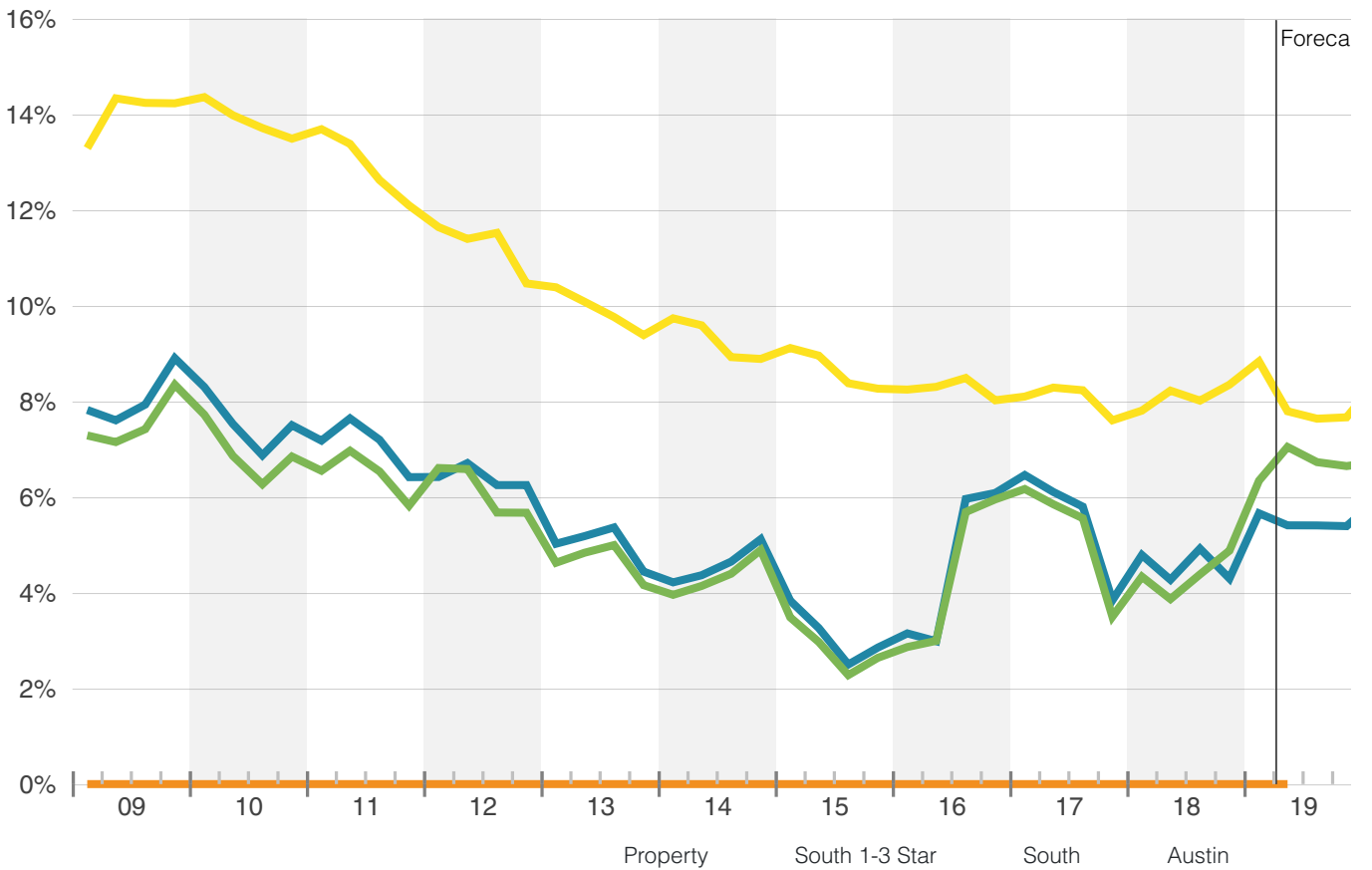


NET ABSORPTION

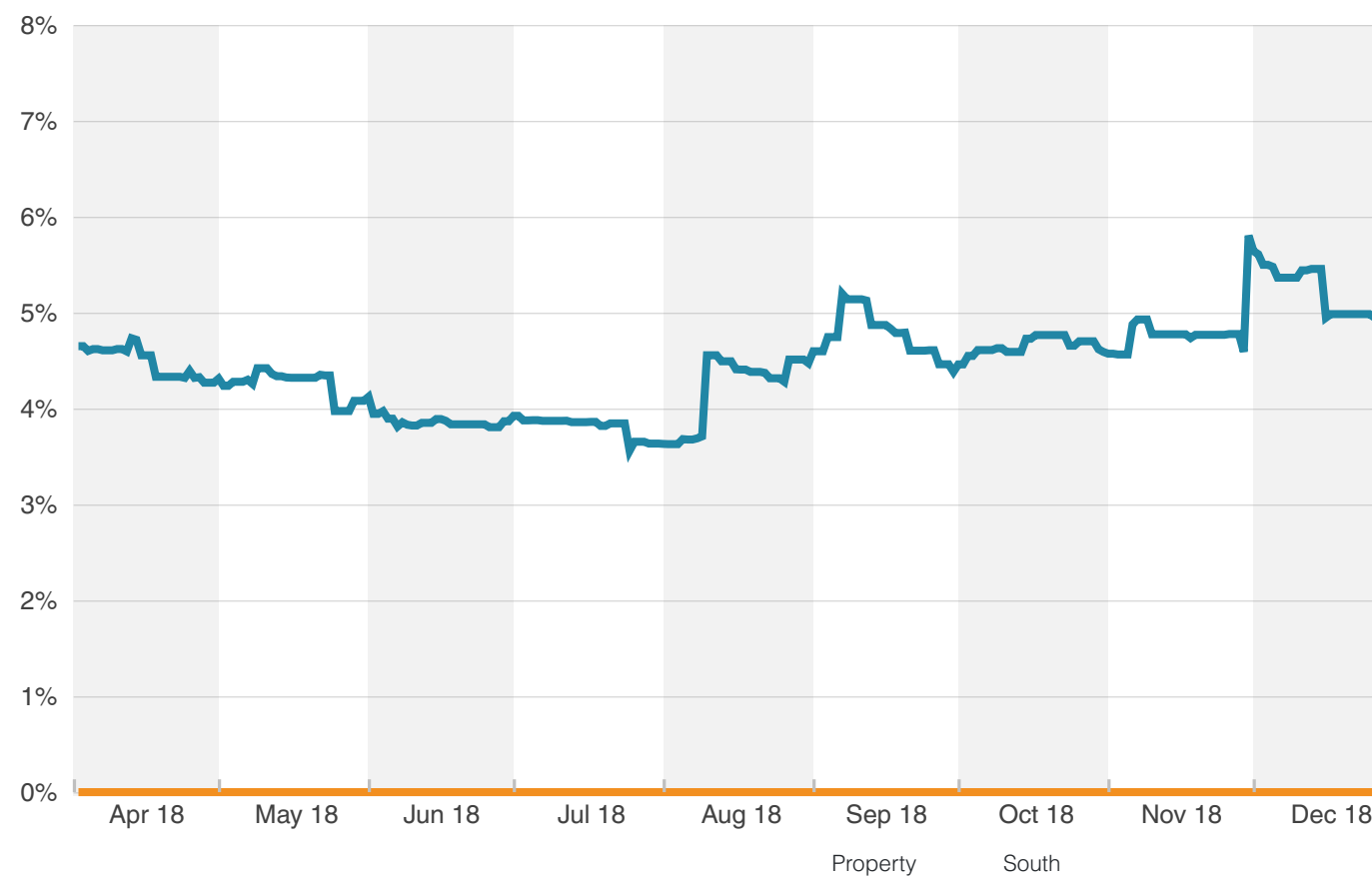




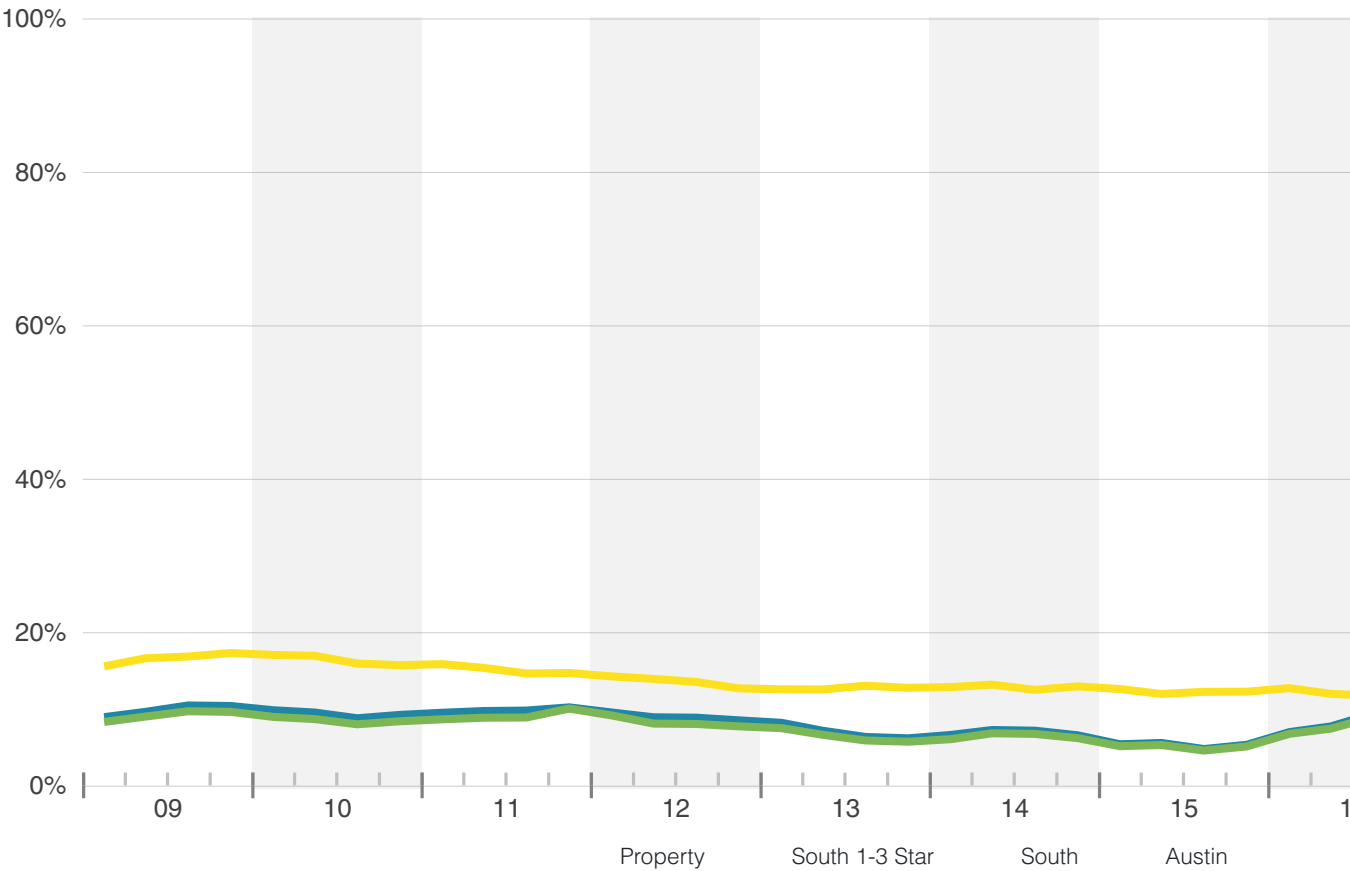
VACANCY RATE



DAILY VACANCY RATE

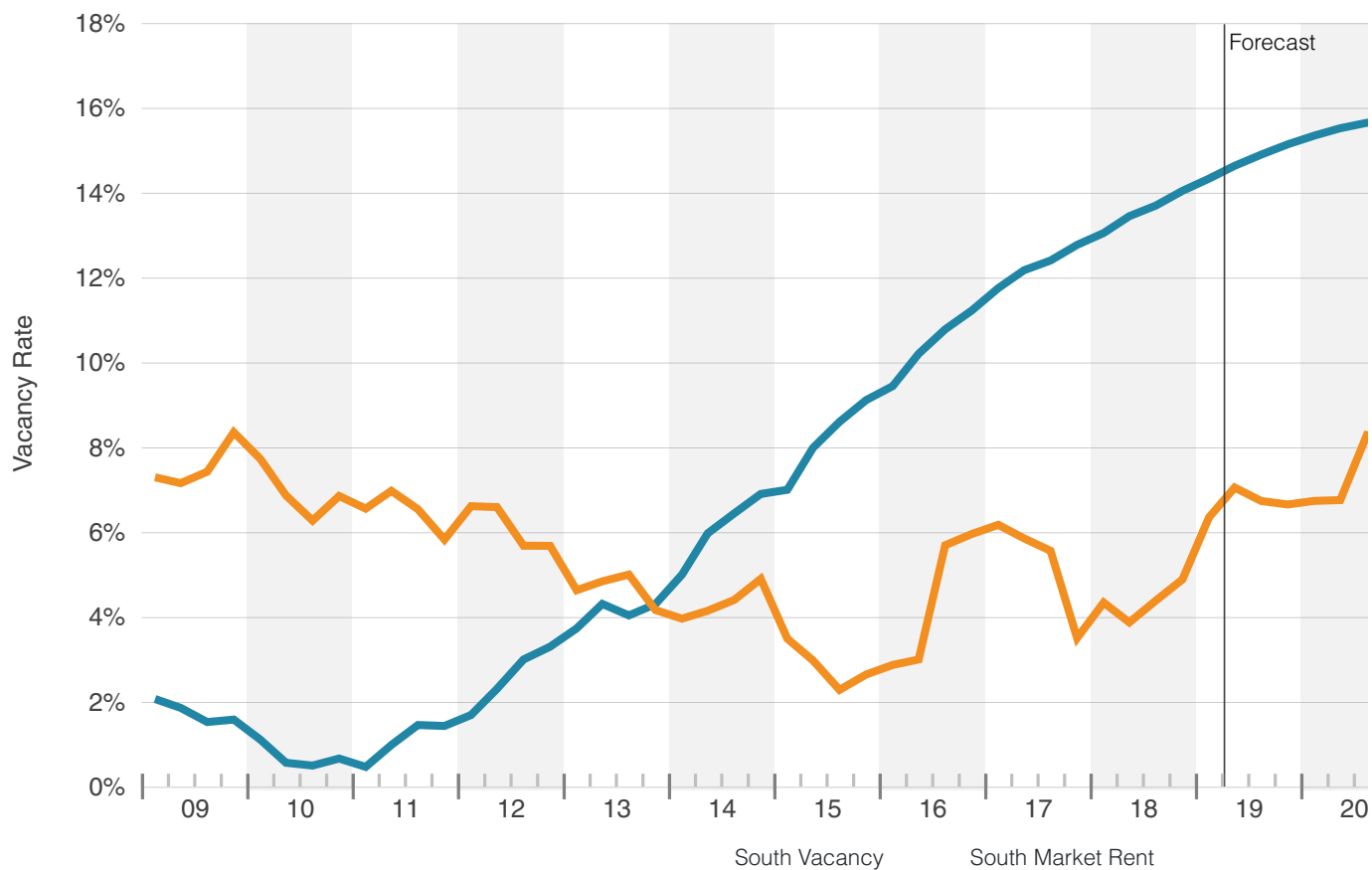


AVAILABILITY RATE



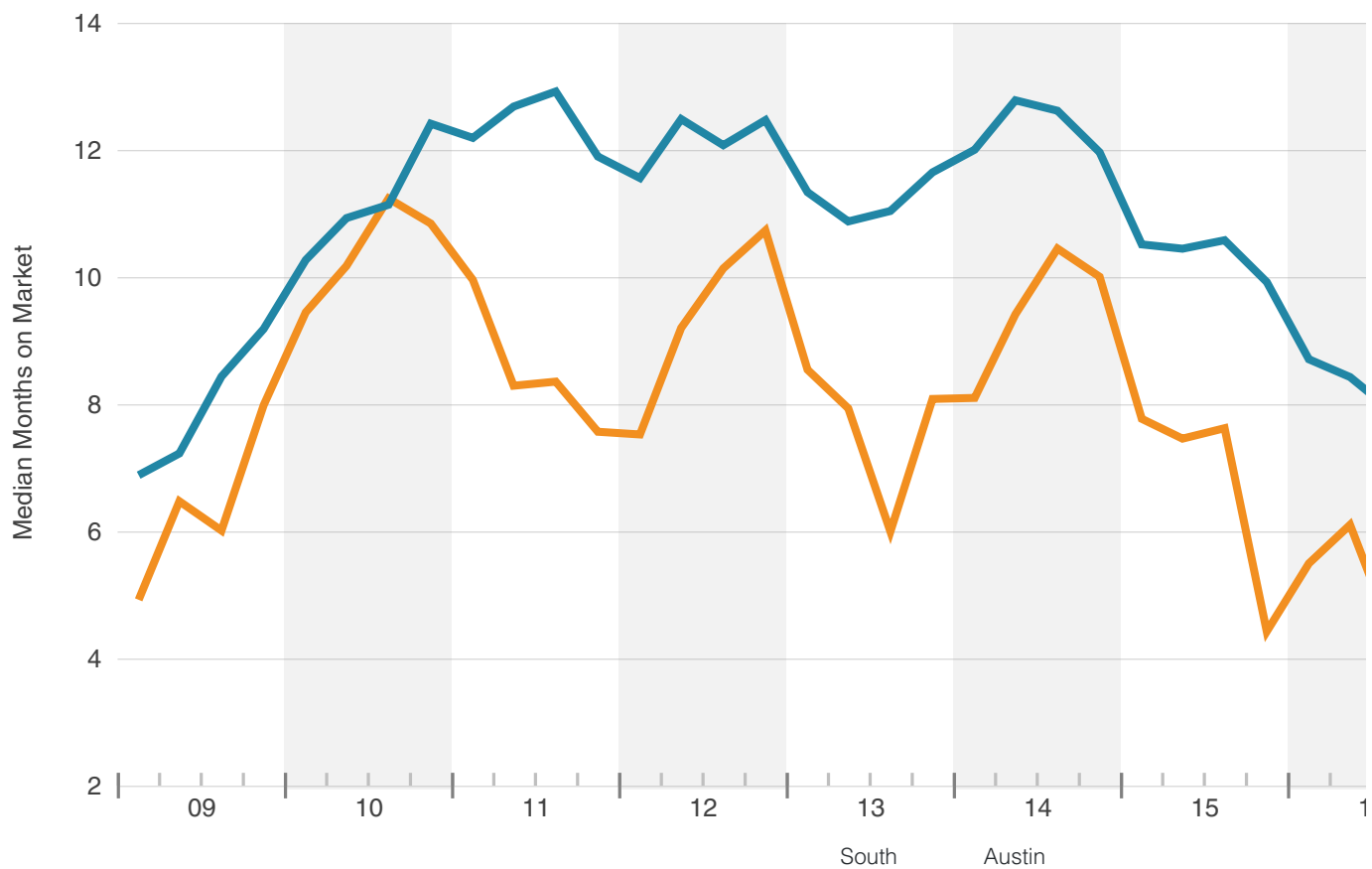
VACANCY & MARKET RENT PER SF



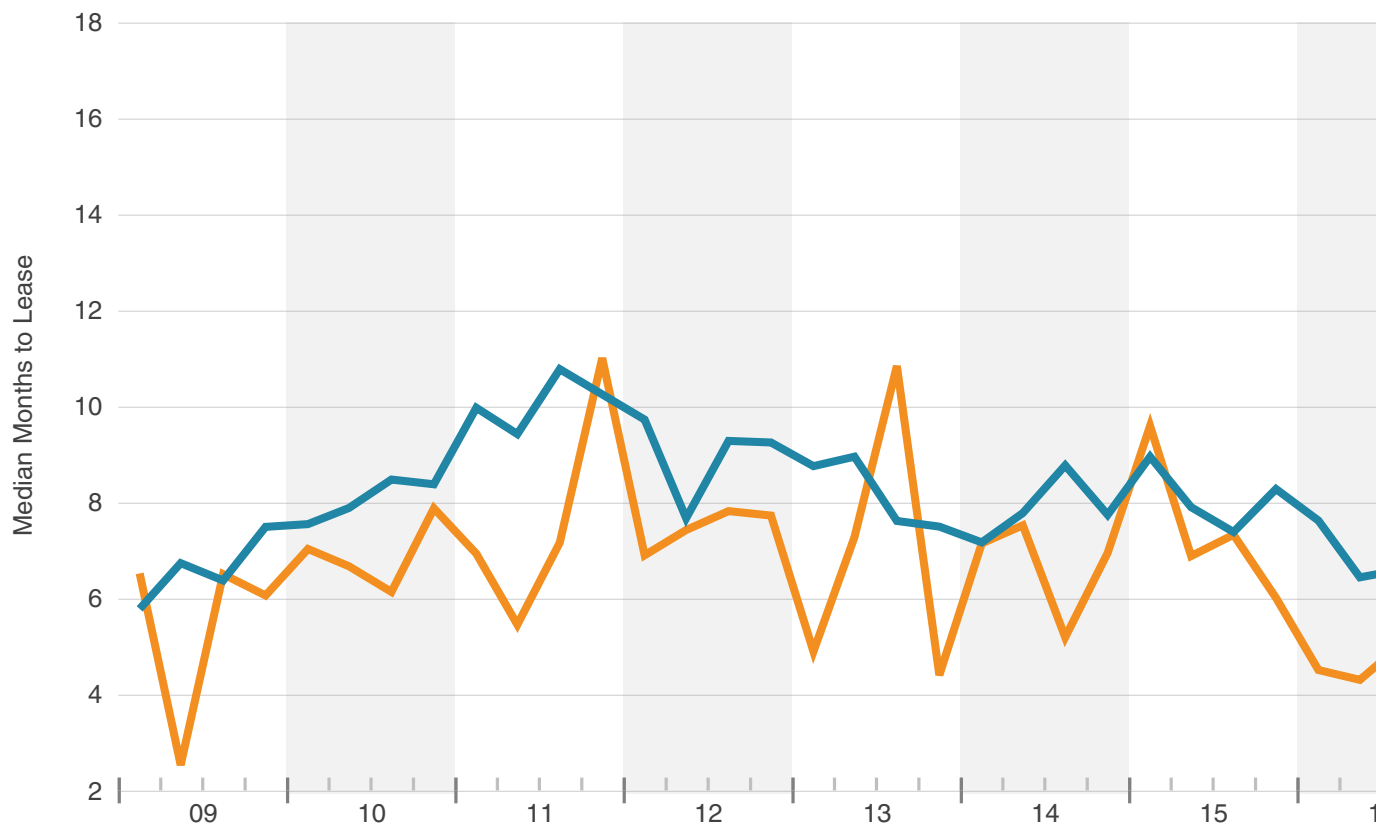


MONTHS ON MARKET

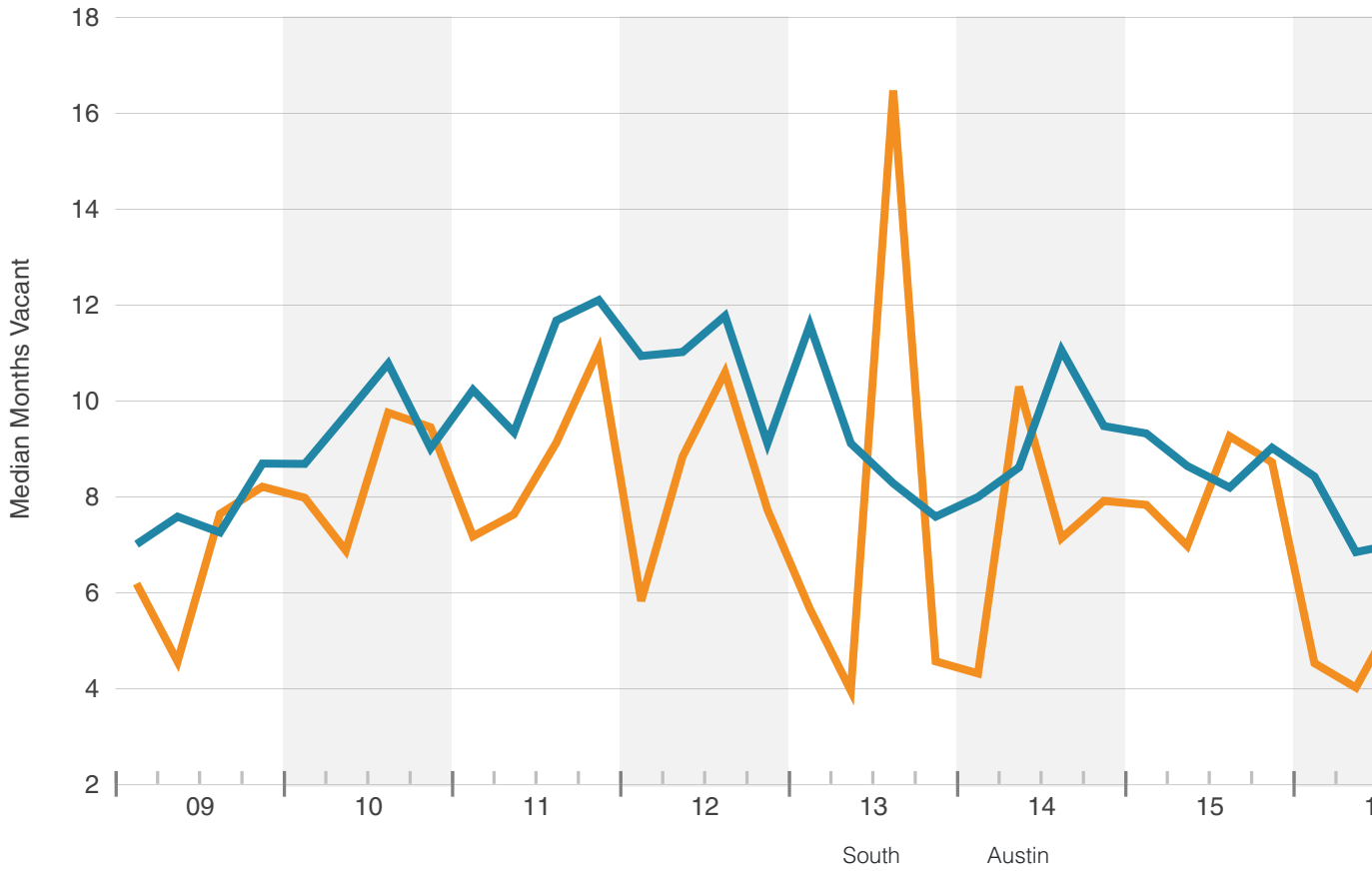




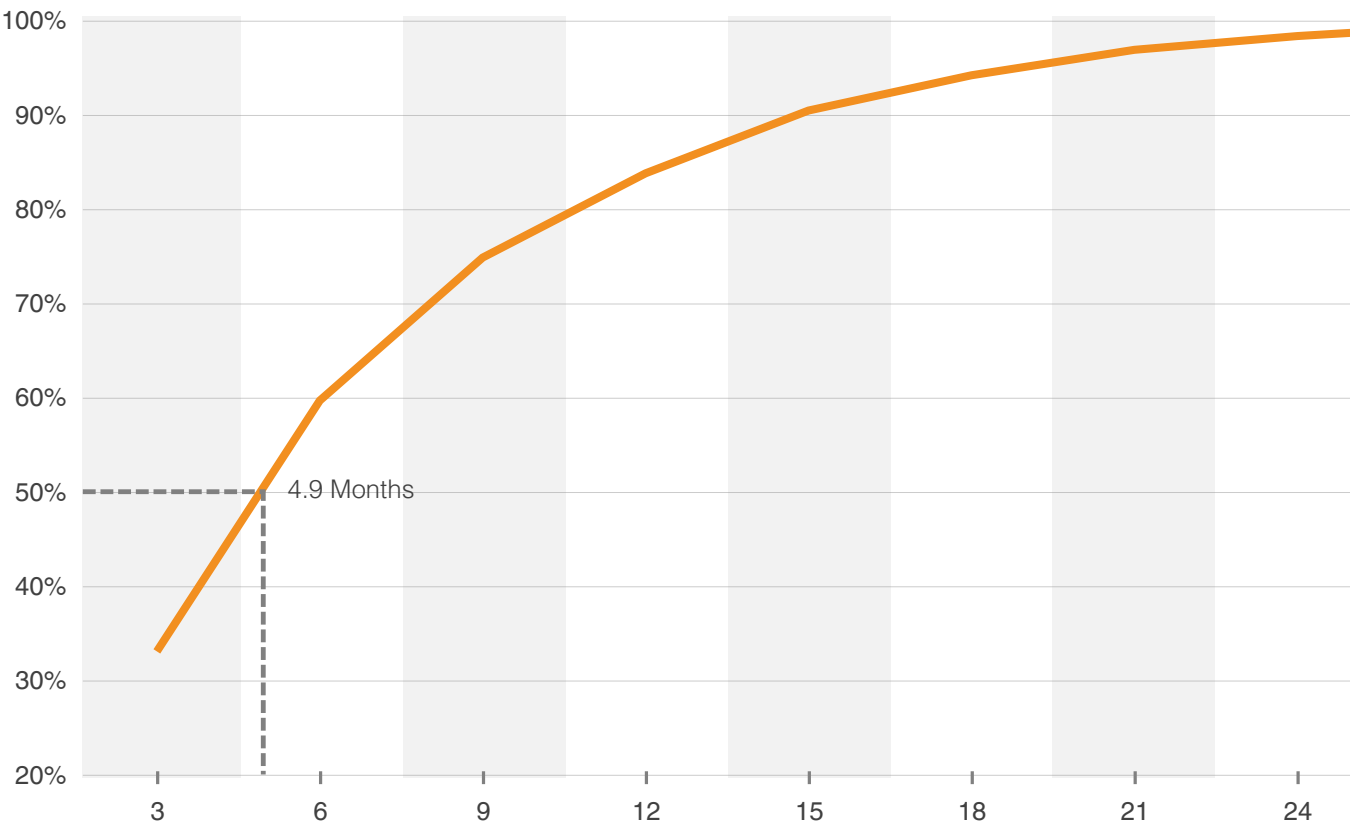
MONTHS TO LEASE



MONTHS VACANT



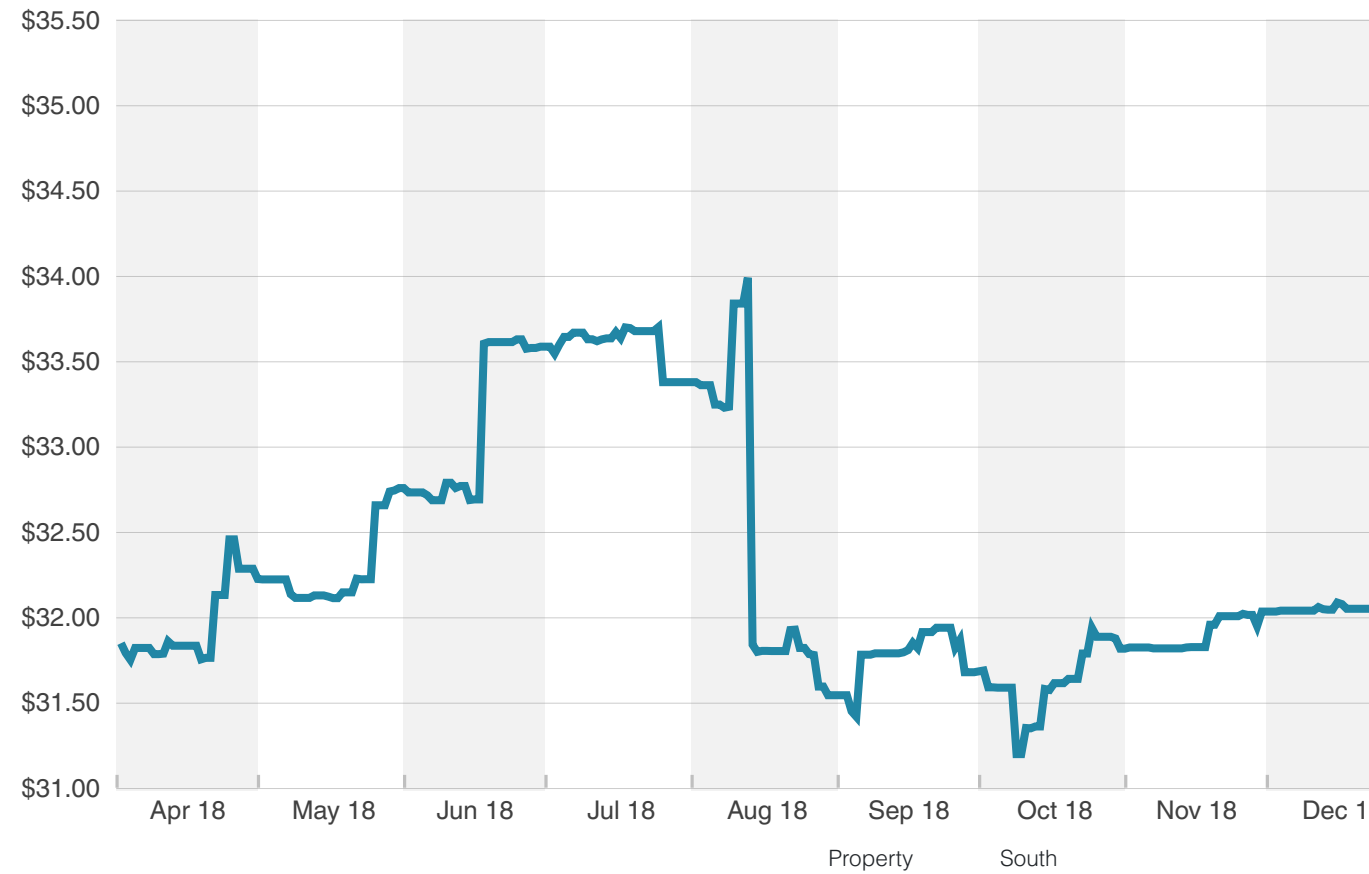
PROBABILITY OF LEASING IN MONTHS



--- 50% Probability Threshold

Rent

DAILY ASKING RENT PER SF



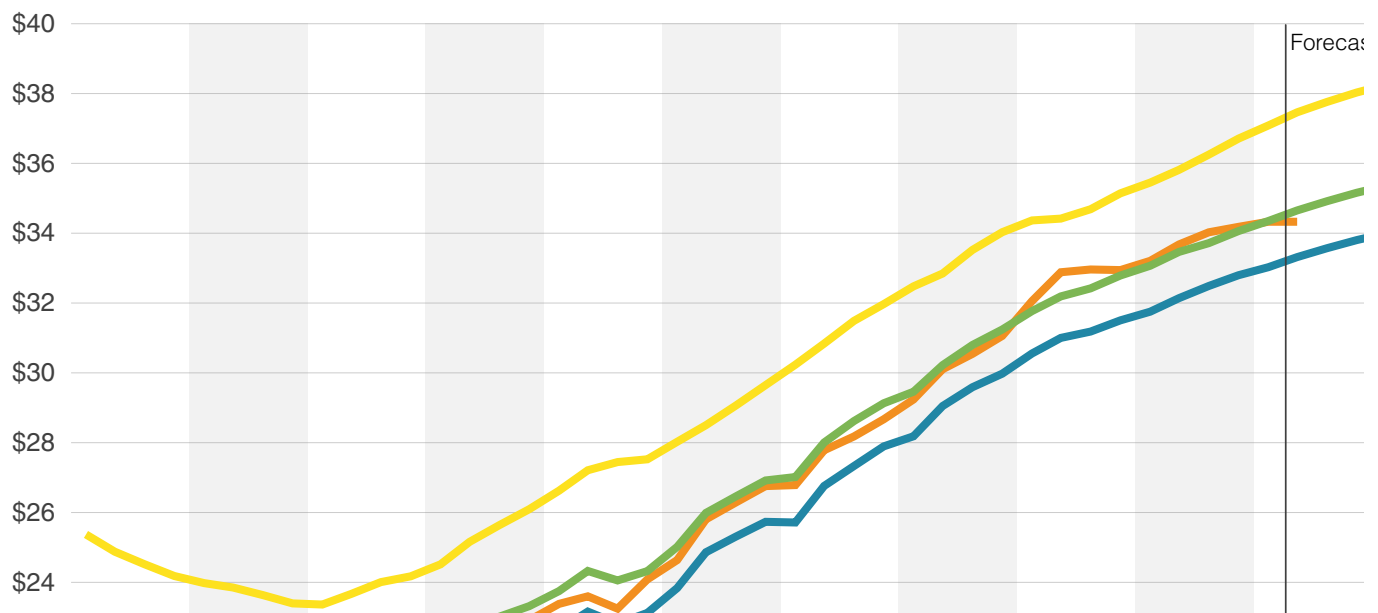
MARKET RENT GROWTH (YOY)





MARKET RENT PER SF





Construction

Much like the East Submarket, South Austin has reaped the benefits of gentrification and spillover from the CBD. Plenty of apartments have been built this cycle, and plenty of new bars and restaurants continue to build on the growth along South Congress. Even office tenants are moving across the river, the most recent notable example being uShip, which is leaving behind a handful of locations scattered throughout the CBD for a single headquarters building along Riverside Drive. Generational Commercial Properties and HTZ Investments also recently finished the 90,000 SF speculative 801 Barton Springs across the street from the Palmer Events Center for a reported \$35–\$40 million (\$390–\$450/SF). The project leased fully to WeWork, who is looking to sublease the space to commercial tenants.

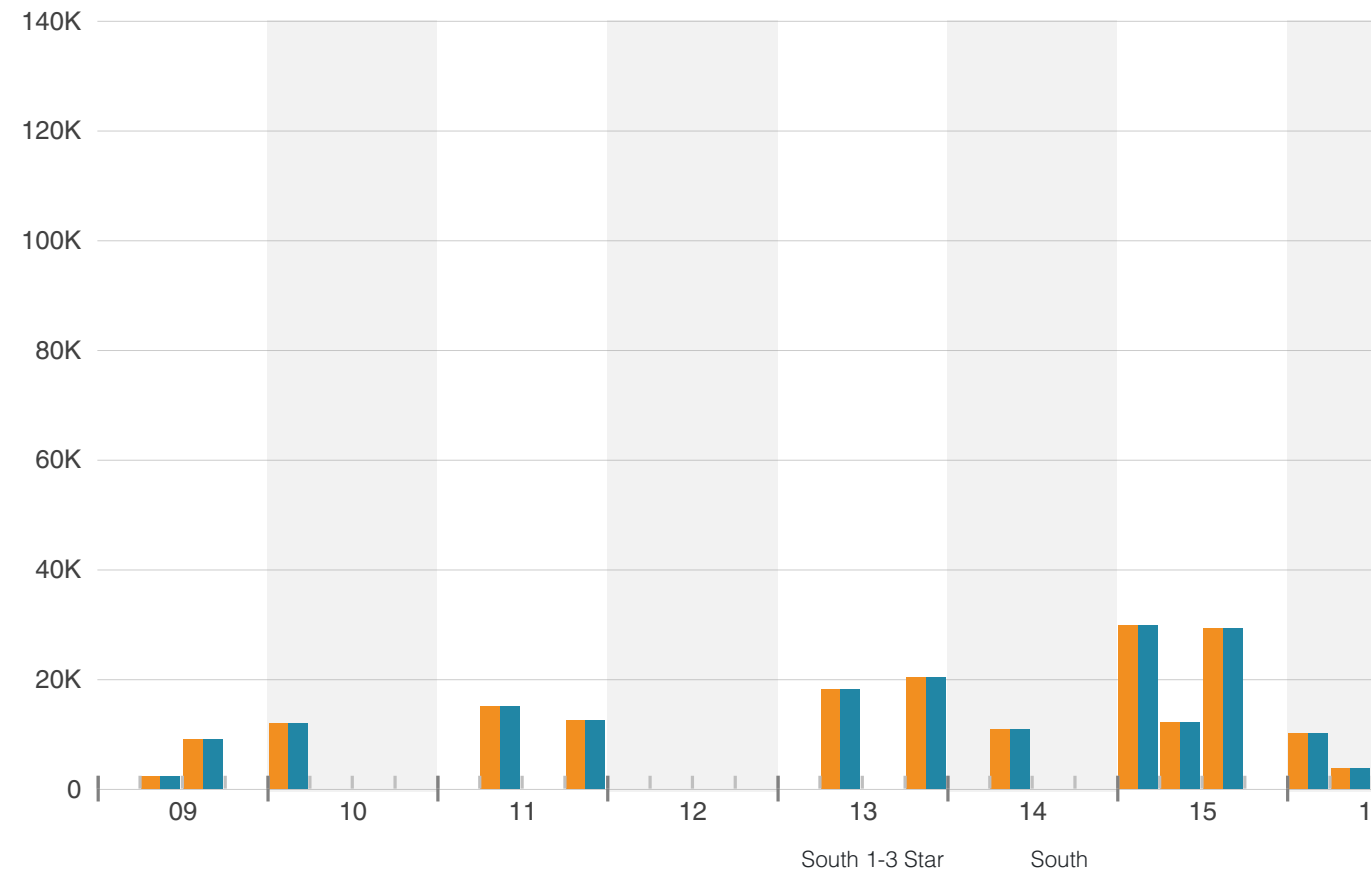
A handful of ambitious developments are on the horizon in Austin's South Submarket. The redevelopment around St. Elmo, which

is a GroundFloor Development mixed-use planned project with offices, a hotel, condos, and a centralized public market (in the vein of Pike's Place, per the developer). As of this writing, there is nearly 200,000 SF of creative office space scheduled to come to market by 2020, though the bulk of the properties are expected 2019–20. The City of Austin has also envisioned a complete overhaul of the waterfront area just south of the river, with the redevelopment of the Austin American-Statesman building likely signaling a start to the process. The property sold to Cox Enterprises (the company that owns the paper) back in 2015. The company has tapped Endeavor to design the redevelopment into a higher and better use as it sits prominently along Congress just over the river from Downtown. Similarly, Stream Realty continues to make progress on their 350,000 SF tower dubbed RiverSouth on the Schultz Triangle, the

piece of land across from 422 At The Lake and the Catherine apartment buildings. The property is part of the envisioned South Central Waterfront plan, which involves the

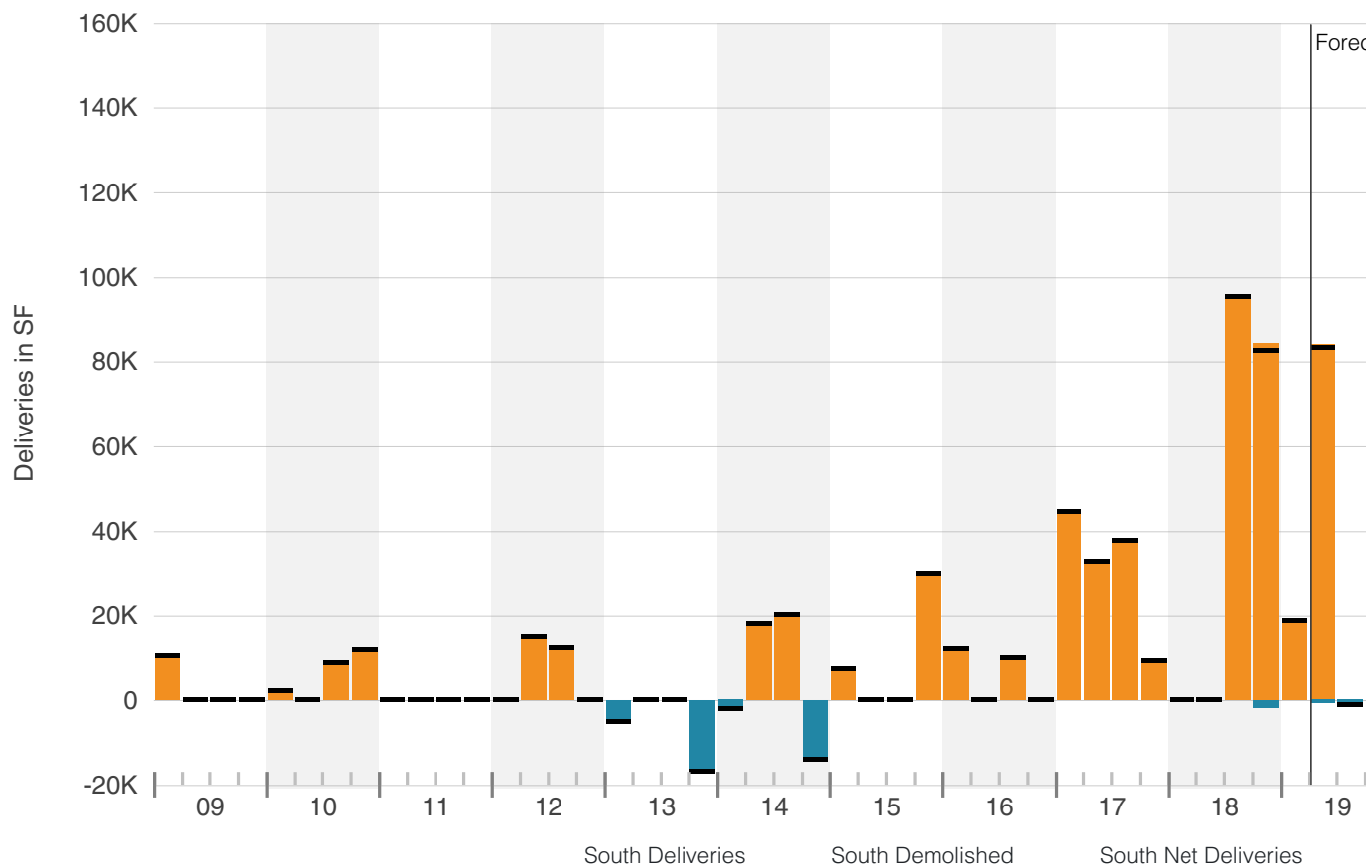
redevelopment of most of the commercial property within a few blocks of Lady Bird Lake.

CONSTRUCTION STARTS IN SF



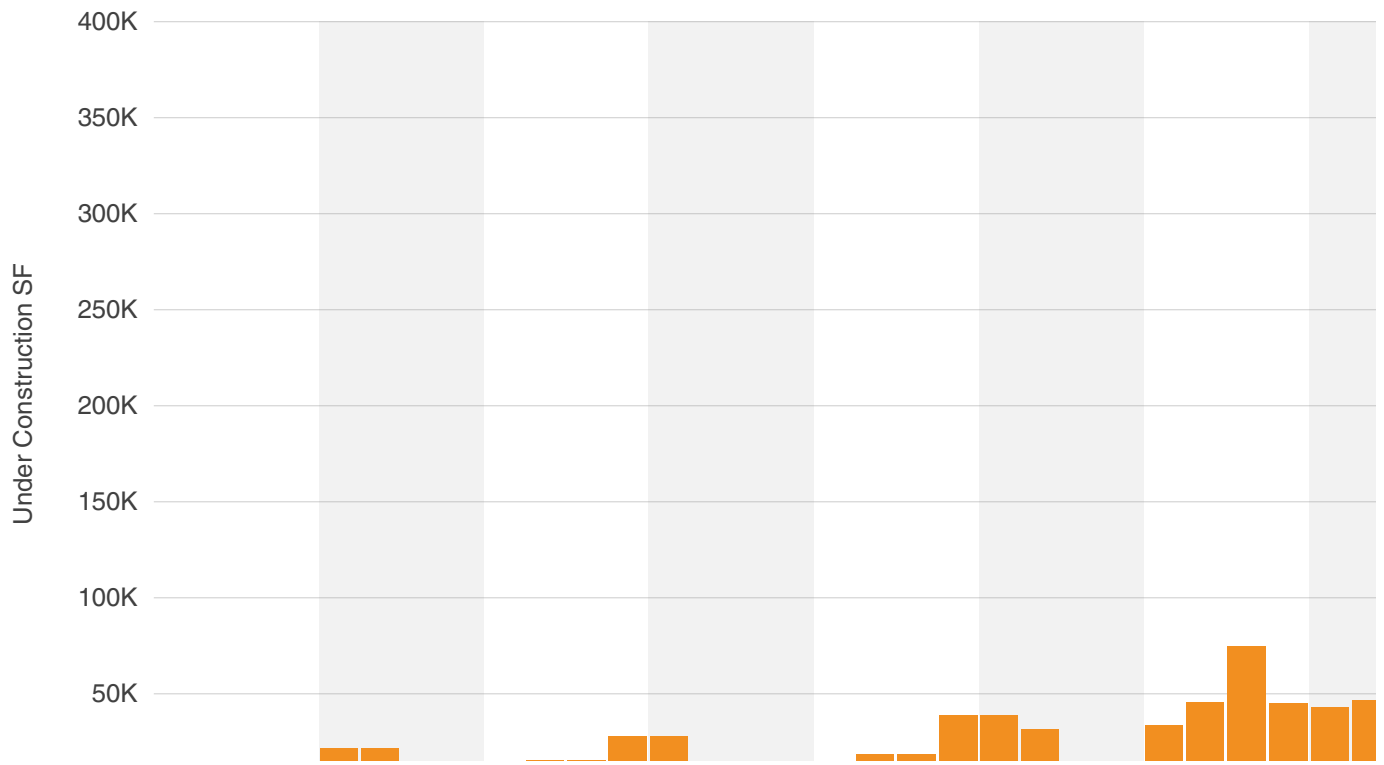
DELIVERIES & DEMOLITIONS





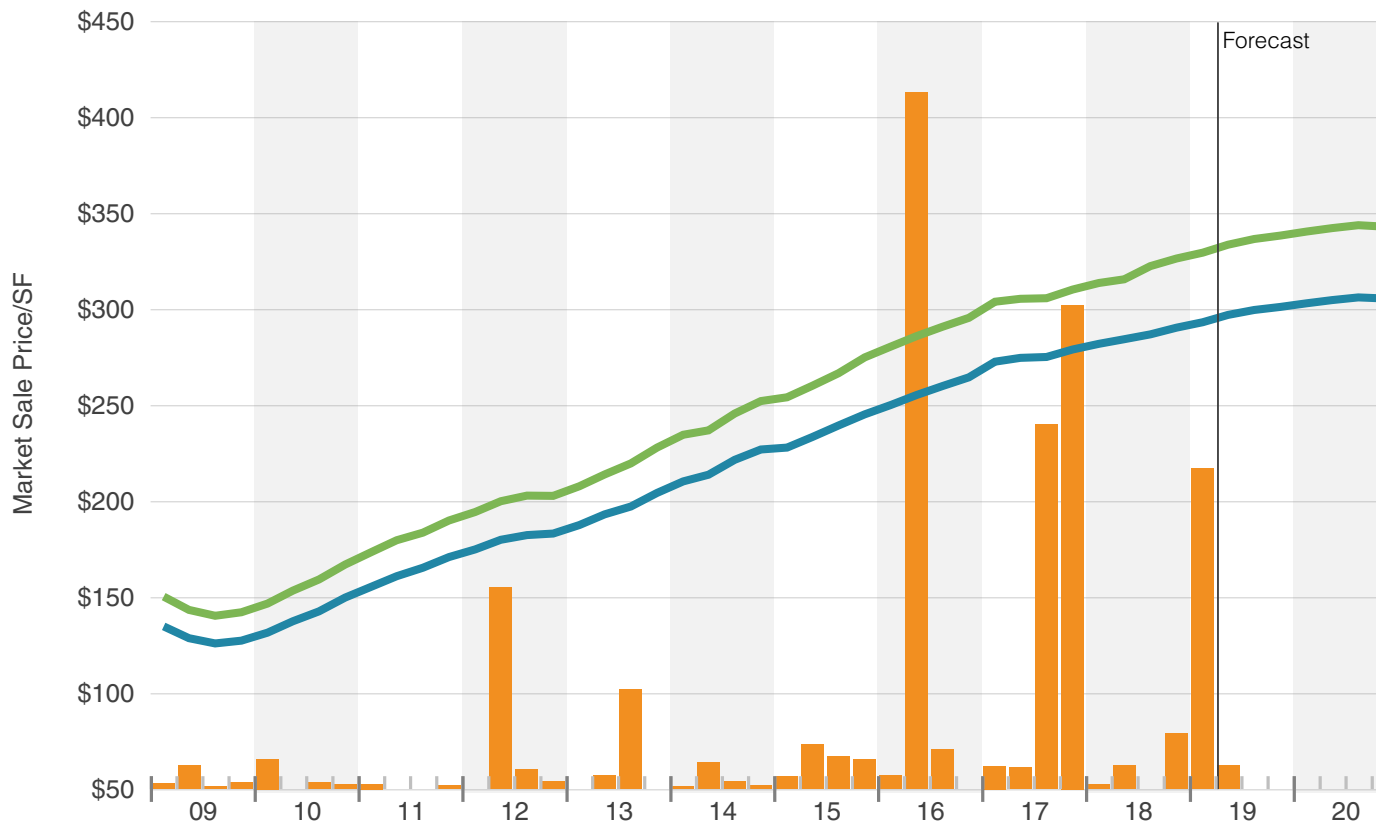
UNDER CONSTRUCTION



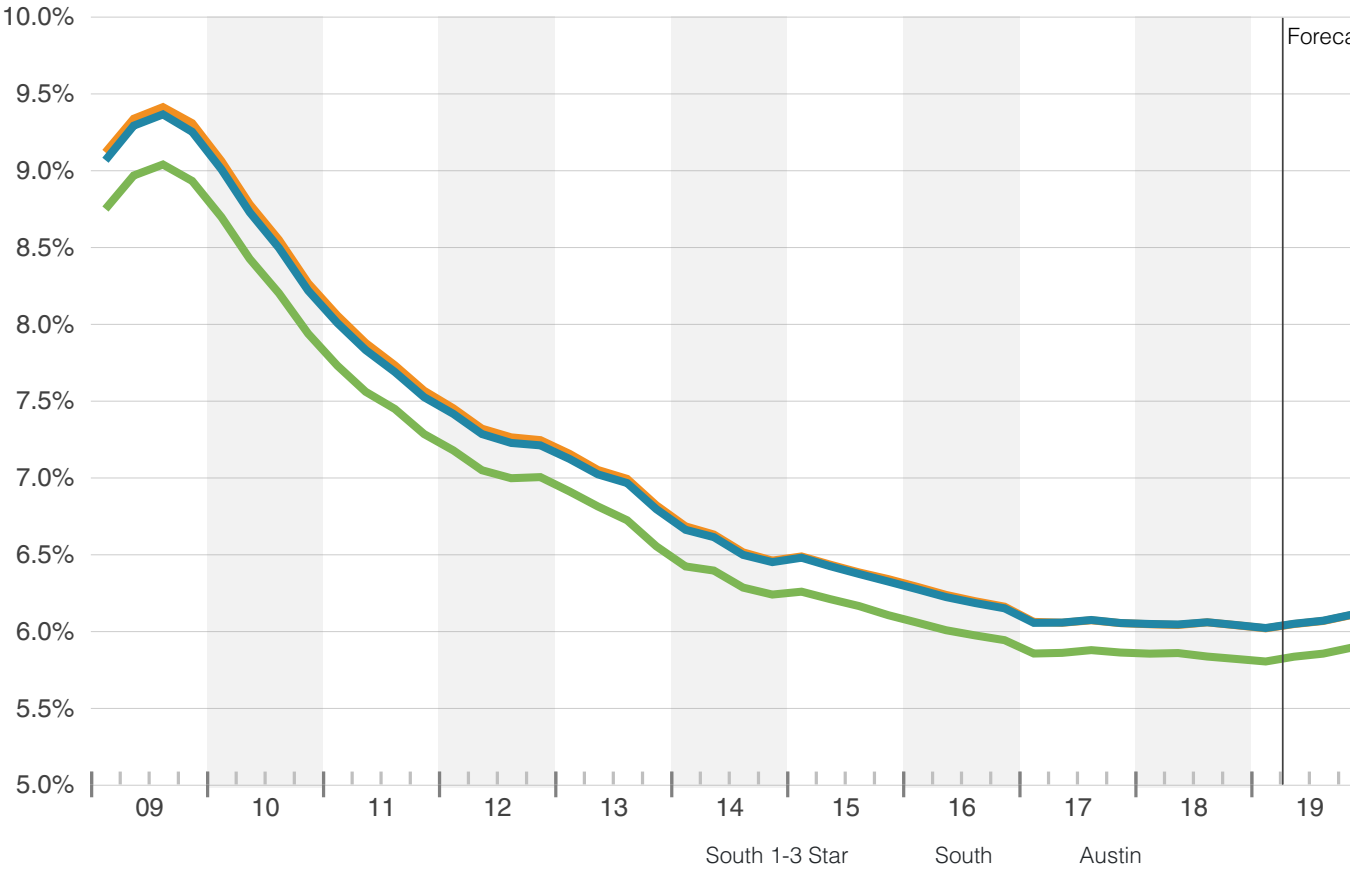


Sales

SALES VOLUME & MARKET SALE PRICE PER SF

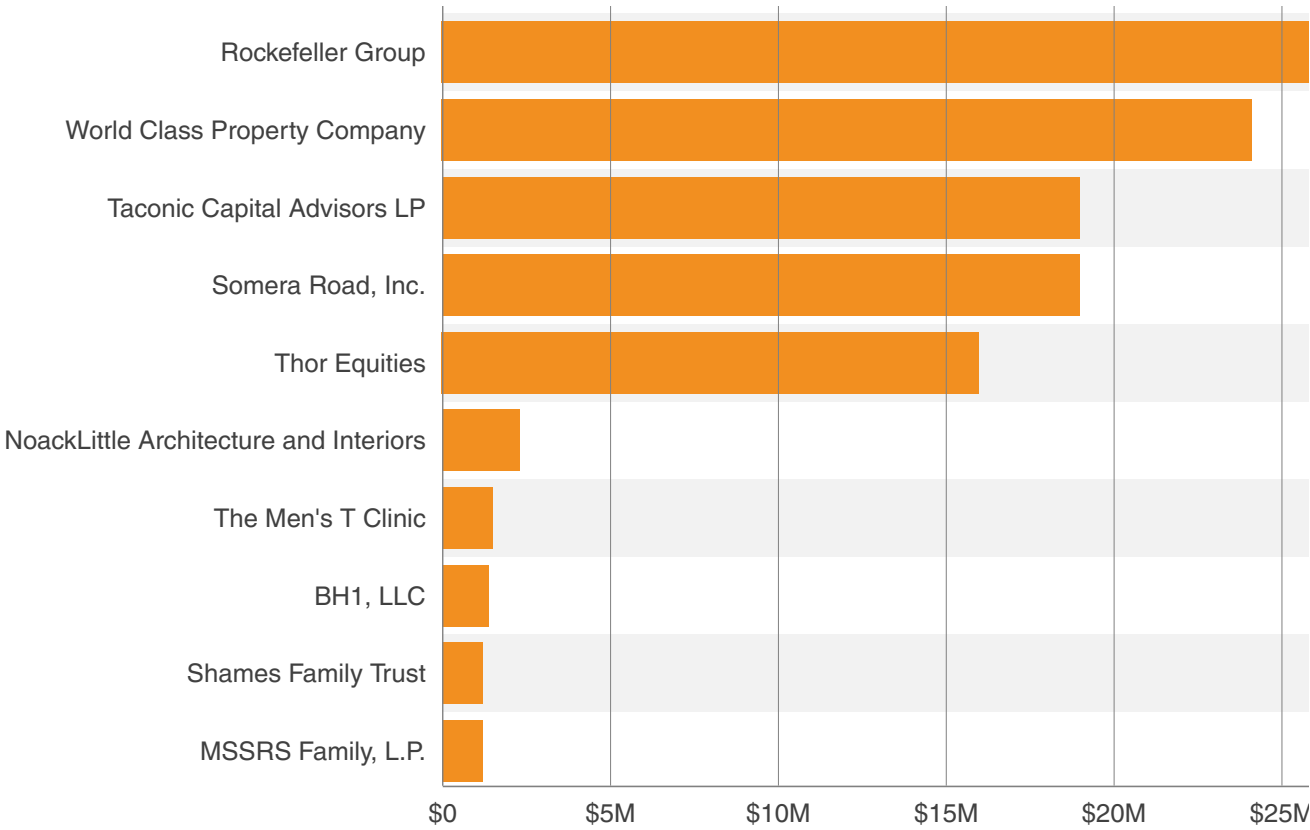


MARKET CAP RATE



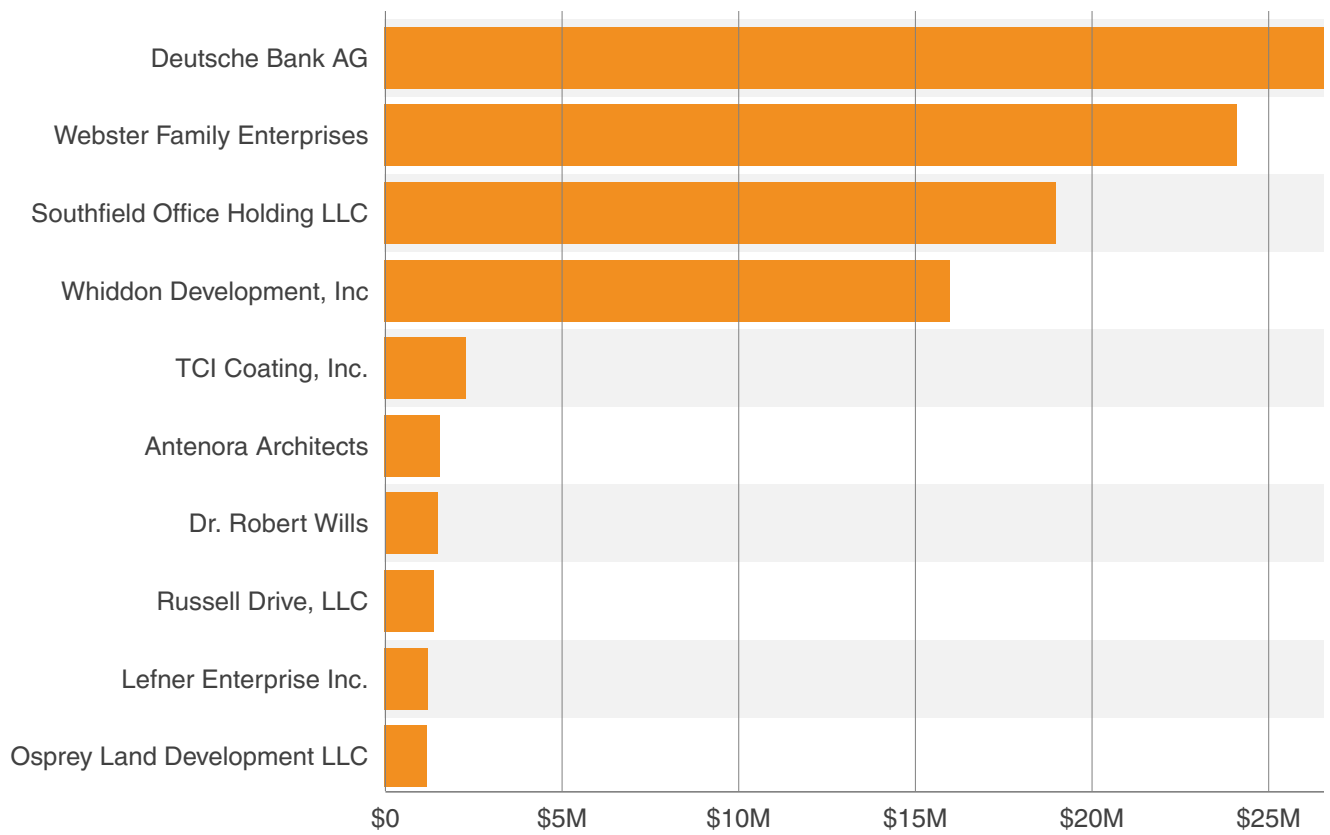
Players

TOP BUYERS



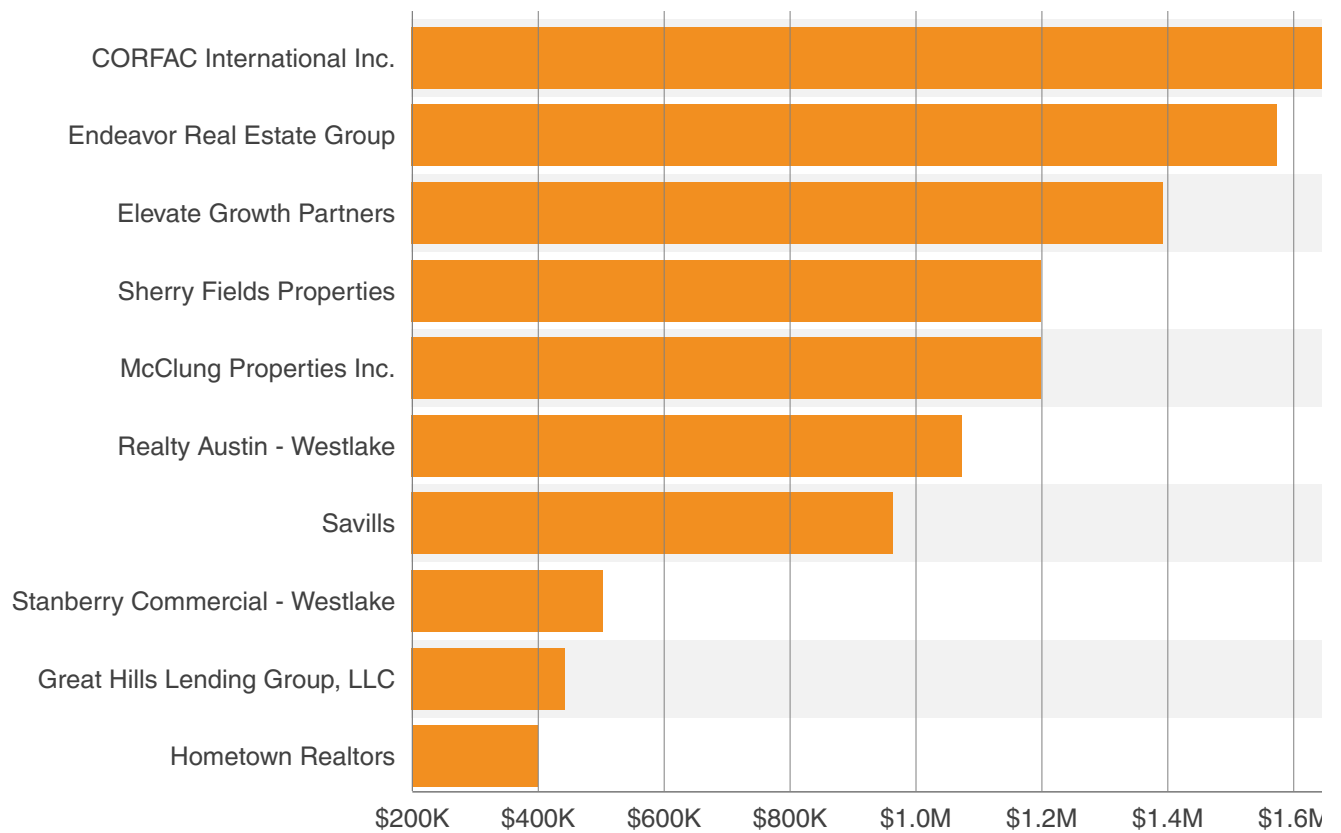
TOP SELLERS



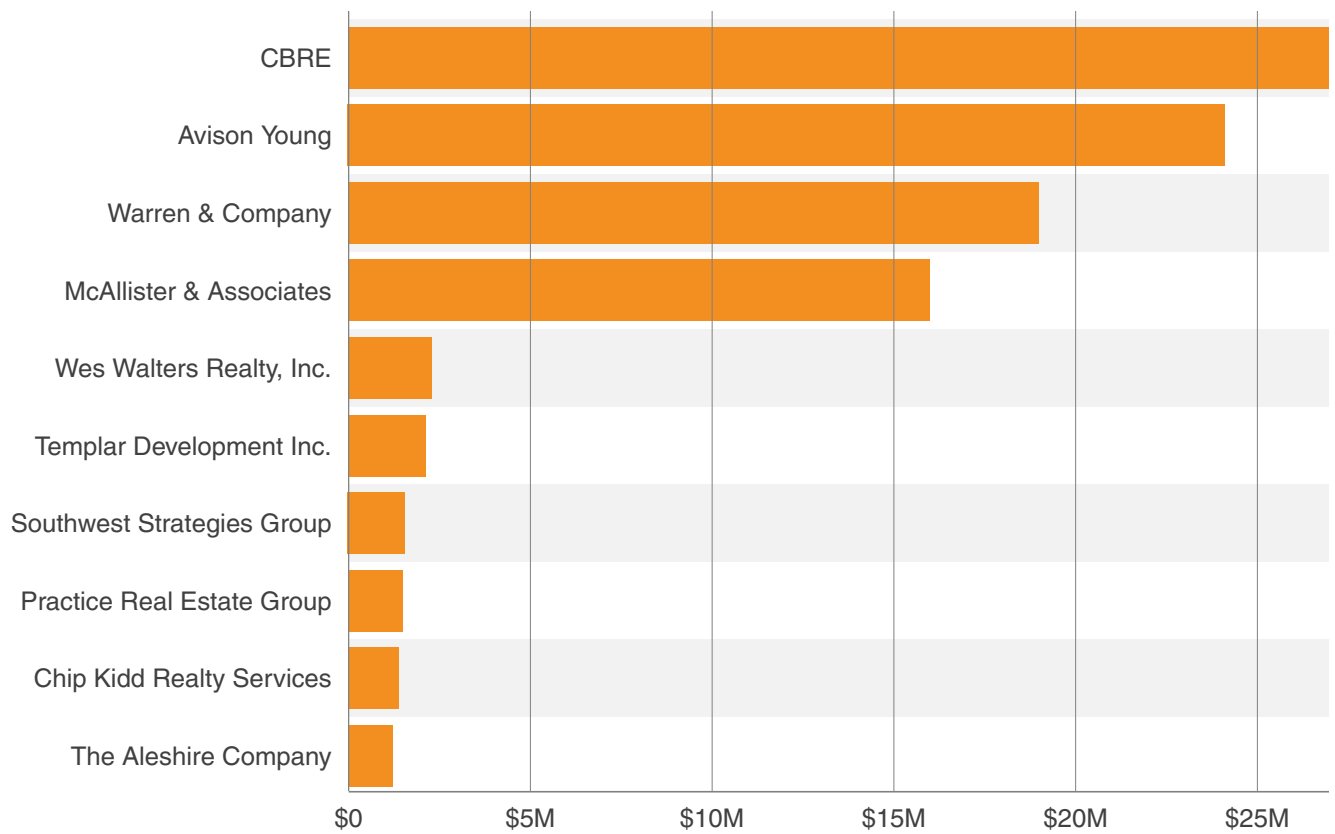


TOP BUYER BROKERS

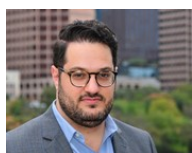




TOP SELLER BROKERS



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