

Austin Real Estate Market Summary (2026 Outlook) —



Key Themes & Questions for 2026

Austin is no longer a momentum-only market based on strong population and job growth. Although it is still growing, it is **maturing** and **resetting**. 2026 is shaping up as a **selective**, strategy-driven year — favorable for buyers, disciplined developers and long-term investors willing to lean into **fundamentals**.

- **Interest Rates & Job Growth:** Will they trend lower or hold steady? What impact will new Fed leadership and geopolitical events have on the markets? How will this impact Austin's labor market?
- **Bank Lending:** Banks reopening lending channels — active but cautiously
- **Market Bottom:** Summer 2025 felt like the low point — market sentiment has improved since
- **Austin's Long-Term Story - it's all about infrastructure and big generational projects:**
 - **Infrastructure Tailwinds:** \$4.5B I-35 corridor expansion; \$7.1B Project Connect light rail; \$5B Austin Bergstrom Airport expansion; \$1.6B new Convention Center (70% larger)
 - **Major Projects in Pipeline:** \$2B Statesman development; \$2.5B UT MD Anderson Medical Center; Related's 500 Congress/Riverside 5 Tower development; Borden redevelopment; Colony Park 208-acre redevelopment
 - **Urban Public Projects:** East Sixth Street revitalization; Congress Avenue urban design initiative; Waterloo Greenway phase II & III
- **Economic Drivers:** Semiconductors, aerospace / defense / space, advanced manufacturing, high-tech R&D and CPG remain core strengths and emerging sectors. Strong VC Funding. Major Technology Presence: Samsung, Tesla, Apple
- **More Regional Competition for Austin:** Surrounding counties are growing and competing for corporate relocations and jobs; every city/town is trying to create their own downtown and density.
- **Reality Check: Austin cooled after a historic run — but fundamentals remain strong, especially outside of the urban core**

Austin Snapshot in 2026—



Perspective: The following is based on direct market experience broker team feedback, multiple 2025 year-end / 2026 presentations, forecasts conferences and market reports

Residential

- 2026 should show overall **modest improvement over 2025**
- One of the **strongest buyer markets** in recent history - elevated inventory levels but trending down
- 2023-2025 marked the slowest period since the 2008 GFC - market has been “stuck in neutral”
- **Luxury market activity picking up** - seeing more activity and multiple offers
- **High condo inventory** - lower demand due to higher HOA dues, slower job growth & tech relocations
- **Early positive indications**
 - mortgage inquiries are up
 - pent-up buyer demand - pending sales are up
 - **rate predictions: 5.75% to 6.125%** this year (likely no Fed rate cuts until after May)

Office

- Still soft, but **slowly stabilizing** - tenant activity picking up
- High sublease and direct-lease inventory - boutique creative office holding up w/ higher occupancy
- **Vacancy Rate**
 - East Austin: ~40%
 - Downtown CBD: ~24%
- **Notable Positive Signal:** Google fully occupying Sailfin Tower (804,000 SF) - removing long-standing uncertainty that a major DT tower would remain vacant and flood the market with excess inventory

Retail

- One of the **brightest spots**
- **Overall Occupancy: ~97%** - malls are seeing increased foot traffic
- Development pipeline catching up: mostly suburban - urban retail still uneven
- Food & Beverage: 2nd generation spaces in demand due to lower build-out costs
- **Unanchored Retail Centers** remain the strongest subsector

Multifamily

- Still working through heavy supply delivered over the last 4-5 years
- Landlords continuing **aggressive concessions** - should decrease as the year progresses
- Too much luxury product; not enough workforce housing; suburban markets soft
- MF investor activity picking up - but new construction likely won't start until 2027/2028



Industrial / Warehouse

- › Slower due to overbuilding
- › Demand exists especially in service industrial - but excess supply is compressing rents
- › Larger floor plates gradually absorbing
- › Smaller spaces under 25,000 SF remain strong - targeting small and mid-size operator expansion
- › Market has been driven by Samsung & Tesla supply chains but cyclical - Samsung taking longer to ramp up

Data Centers

- › Major growth engine and capital magnet - strong demand tied to AI computing power infrastructure
- › Sector is experiencing an “infrastructure investment super cycle” - factors driving growth
 - design & manufacturing of semiconductors
 - expansion of power generation
 - data center construction
- › Pushback increasing in rural areas due to high water and energy consumption
- › Risk of future overbuilding if tech investment cools - inevitable AI investment bubble

Hospitality

- › ADRs flat to slightly down
- › Event-driven demand remains strong but off-peak periods are inconsistent - Convention Center construction and decreased tourism hurting occupancy
- › Pending STR regulations may benefit hotels by reducing unlicensed competition
- › New hotel development has slowed in Austin: next growth areas are outside of Austin - Fredericksburg has 8 new hotels in the pipeline including a Waldorf Astoria & Kimpton

Development & Investment Sales

- › Developers are cautious but re-engaging
- › Developers beginning to scout sites to refill pipelines, especially in suburban areas & select urban infill
 - office development: dead
 - multi-family: dead but searching
 - industrial: slow & selective
 - retail: strong
- › Investment Sales: bid-ask spreads remain wide
- › Many owners holding for rate and fundamentals to improve
- › Some family and generational investment portfolios coming to market due to timing needs
- › Cash Flow vs Exit Value: many properties are underperforming on cash flow, with IRR driven by exit assumptions
- › Capital Flows: institutional investment capital returning selectively (data centers, storage, senior housing) with potential downstream effects

For more insights or to explore real estate opportunities, feel free to reach out.