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Austin sees struggling industrial market

AUSTIN, TX – (*January 23, 2009*) – Austin set a historical record in 2008 for most new industrial space added in a single year. The industrial-investment property tracked by NAI Austin brokers expanded to 36.9 million square feet in 2008, a 7 percent increase in total capacity over the 34.5 million square feet at year-end 2007. The overall vacancy rate at the end of 2008 was 18 percent, which, although high, did not approach the record vacancy rates of 20-21 percent during the high-tech bubble years of 2002-2004.

At year-end 2008, Austin's industrial market recorded a net positive absorption of 8,671 square feet in a market of 36.9 million square feet! At the half-year mark in June, absorption was a positive 253,141 square feet, despite the slowing economy since late 2007. By the end of December, following a near total meltdown of the national economic health in the second half of 2008, Austin's absorption slipped to a negative 244,470 square feet, leaving a positive absorption of 8,671 square feet in 2008. The slide is likely to continue through 2009, but no one can predict how much.

Lease rates are coming down as landlords with the flexibility to do so try to retain or attract what movement there is in the market. Transactions for the last half of 2008 slowed dramatically, and the recent trend of higher absorption and leasing activity in the third and fourth quarters of the last several years ceased.

Nonetheless, if credit access and reliability can be stabilized, the Austin market should outperform the national market.

NAI Austin is one of Austin's most experienced commercial real estate firms and the Austin area representative for NAI Global™, the industry's largest global network of real estate service-providers, comprising 5,000 brokers in 325 offices serving more than 55 countries worldwide. For more information on NAI Austin, please visit www.naiatx.com.

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