



## Cox Oddo Commercial | Austin, Texas

### Good News Bad News

Slowly but steadily, the U.S. economy has been roaring back. The GDP has been above 3.5 percent four out of the last five quarters. The Dow Jones average rose 11.4 percent in 2014 for the third straight year of double-digit growth. Unemployment has dropped to 5.6 percent—the lowest in seven years. Inflation remains under two percent for the eighth consecutive year. Consumer spending will continue to increase in 2015 due to declining fuel and energy prices and growing employment. Even the housing market has begun to rebound.

The impact of this financial good news is bad news for users of office, retail, and industrial space. Since there has been minimal construction during the past five years, the increasing demand due to the improving economy will cause vacancy rates to decline at a faster pace. Declining vacancy rates mean rising rental rates.

The central business districts have been ahead of this curve by enjoying record growth due to Millennials populating the burgeoning technology sector. As a result, the price per square foot of commercial space has reached new highs in saturated markets like New York City, San Francisco, and Chicago.

The bottom line is that the economy is taking off and should continue to do so for at least another two years. This will drive commercial rents and prices back to pre-recession levels. The savvy business owner or professional should use their local tenant representative to attain long-term leases now to avoid the coming rental price spike. We will provide no-conflict negotiations to achieve this goal, so please contact us at 512.478.1711.

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