

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**. [Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy. [Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

[Click to Sign Up for ongoing insights in your inbox.](#)

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	11,378,507	305,367	692,669	8.8%	-131,567	-131,567	3,380,548	0	\$57.50	\$63.72
Central	1,201,335	21,220	84,052	8.8%	-4,571	-4,571	180,939	0	\$42.29	\$50.64
Far Northwest	15,614,197	296,963	1,163,089	9.4%	131,042	131,042	949,775	165,714	\$37.40	\$38.63
North Central	1,917,426	0	256,221	13.4%	4,543	4,543	22,909	0	\$31.27	\$35.49
Northeast	2,939,315	170,387	467,774	21.7%	10,426	10,426	0	314,000	\$27.61	\$34.68
Northwest	4,520,518	76,883	543,160	13.7%	-67,032	-67,032	0	0	\$34.25	\$39.02
Round Rock	1,662,225	8,879	153,647	9.8%	1,319	1,319	0	0	\$32.92	\$37.25
South Central	1,974,696	9,046	98,038	5.4%	63,367	63,367	660,981	64,917	\$35.94	\$49.24
Southeast	1,169,060	0	240,590	20.6%	-10,256	-10,256	0	0	\$32.44	\$33.05
Southwest	11,168,568	125,737	739,223	7.7%	46,282	46,282	508,794	121,541	\$41.78	\$44.60
East	1,224,022	8,805	40,744	4.0%	113,499	113,499	1,141,457	152,756	\$57.25	\$58.03
AUSTIN TOTALS	54,769,869	1,023,287	4,479,207	10.0%	157,052	157,052	6,845,403	818,928	\$39.79	\$43.78

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Centro	East	Atlassian	160,000	New
Research Park Plaza IV	Far Northwest	Visa	49,312	New
Parmer 4.2	Northeast	WiPro	44,000	New
Parmer 4.2	Northeast	TaTa	44,000	New

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Parmer 3.1 & 3.2	Northeast	Karlin-Trammell Crow / Kuwait Finance-GMF	153,715	\$145M / \$471
8317 Cross Park Drive	Northeast	Dupont Group / Barton W. Smith	91,568	Undisclosed
Executive Plaza	Round Rock	Wes Walters Realty / Novel CoWorking	66,976	Undisclosed

KEY CONSTRUCTION COMPLETIONS Q1 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Saltillo	East	Google	152,756	Endeavor / Endeavor
Rollingwood Center III	Southwest	Gartner	121,541	Endeavor / Endeavor
Parmer 4.2	Northeast	WePro & TaTa	118,000	Karlin / Trammell Crow

JEFF GRAVES

Market Director, Austin Research

+1 512 474 2400

jeff.graves@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com