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Austin ranked best city to invest in commercial real estate

Austin Business Journal

Austin has the best prospects for commercial real estate investment this year, a [Grubb & Ellis Co.](#) (NYSE:GBE) forecast reported today.

The Santa Ana, Calif.-based real estate services and investment firm said it expects commercial real estate will continue to falter this year, but at a slower rate, according to the 2010 forecast. Most property types will reach bottom pricing near the end of 2010 with a slow recovery beginning in 2011, officials said.

In a ranking of the top 10 markets for long-term office, industrial, retail and multi-housing investment potential, Austin was listed No. 1. Houston was the only other Texas city to make the list, taking the sixth spot.

“Because commercial real estate lags the labor market, it still has a ways to go before reaching its own low point,” said Bob Bach, Grubb & Ellis senior vice president and chief economist. “The good news is that the freefall we saw in 2009 is over and the future is more certain, giving owners and users of real estate the confidence to begin making decisions again.”

The investment market will see a slight rebound in 2010, according to the forecast, with at least some assets entering the market in 2010. Officials said the shift should prompt increased sales volume of 20 to 30 percent. The report said record-high office vacancy rates will likely continue, reaching as high as 19 percent by the year’s close.

Courtesy of JB Goodwin