

# Austin

## Office market snapshot | Q4 2023

Austin's office market concluded 2023 on a positive note with 507k square feet absorbed in Q4, demonstrating signs of entering a recovery. Vacancy declined for the first time in 18 months, primarily attributed to heightened leasing activity in smaller spaces, which contributes to the overall resilience and vitality of the market. Smaller leases, ranging from 1k-5k sf, lead in demand as tenants continue to acclimate to the hybrid model.

# 1.7 msf

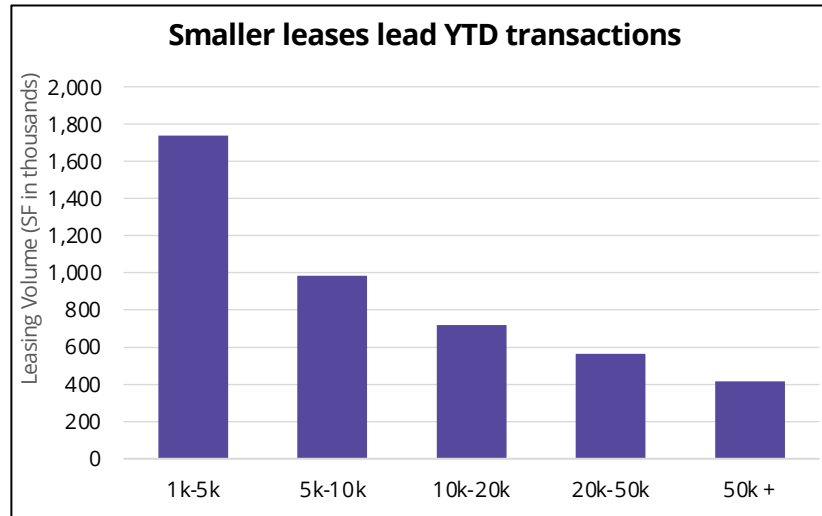
1k-5k sf deals emerged with the top leasing volume in 2023 with a total of 1.7 msf transacted. This suggests return to office has been harder for large tenants.

# +507k

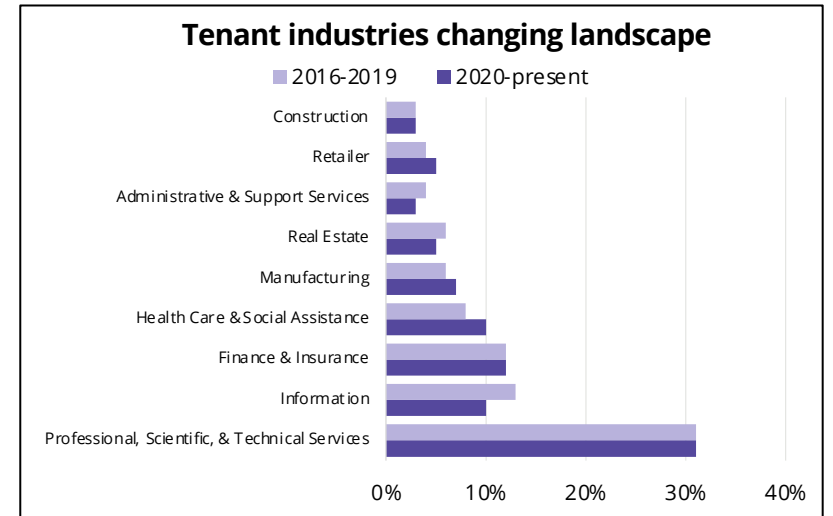
Net absorption increased 507k across the Austin market for the quarter. Notably, Amazon and UT Austin moved into a combined 190k sf of space resulting in positive absorption.

# -0.53%

Vacancy decreased 0.53% from Q3 ending the year below 25%. Although vacancy remains high, leasing activity has risen to help stabilize.



As of 2023, 1.7 million sf of office space, ranging from 1k-5k sf, has been in high demand as seen in recent leasing activity. Leases ranging from 5k-10k sf follow closely in this trend with 983k sf office space leased since the start of the year.

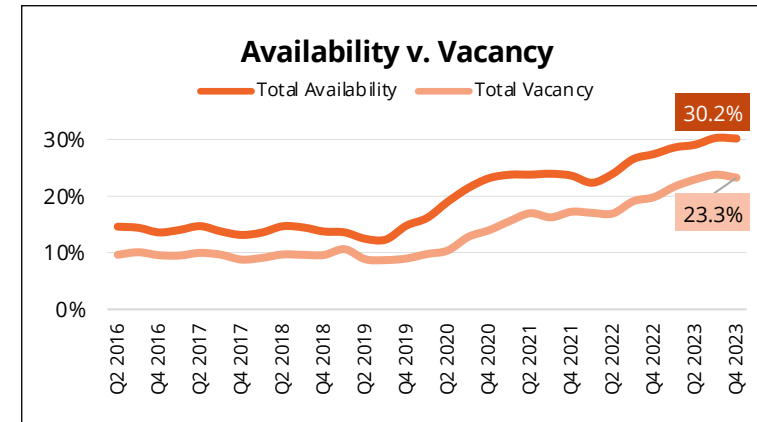
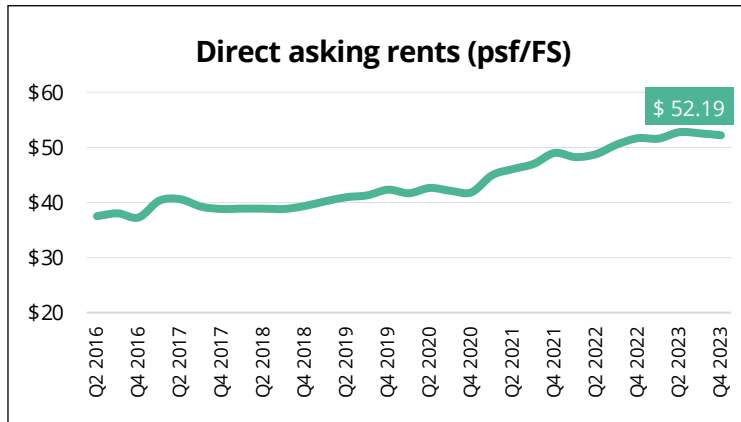
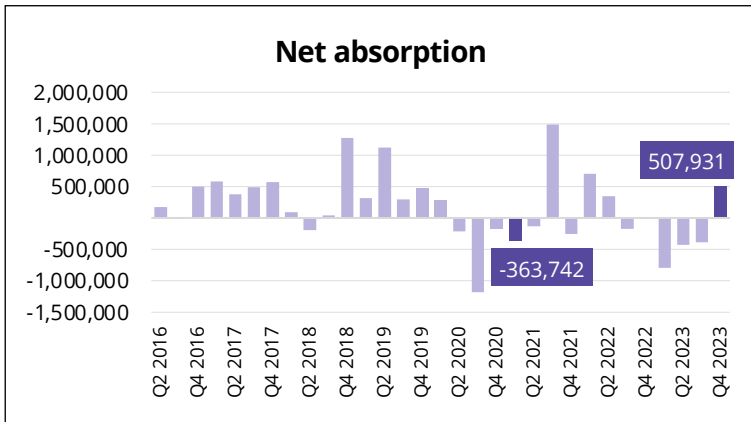


Despite shifts in leasing trends, the stability of tenant occupancy persists. Notably, the professional, scientific, and technical services sector maintains its prominence as the leading industry, constituting 31% of the occupied spaces.

Source: AVANT by Avison Young, CoStar

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### Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
AMD	7171 Southwest Pky	98,920	Direct	Renewal
Cogent	7301 Metro Center	23,227	Direct	Renewal
Cobb Fendley & Associates	9600 N MoPac Expy	22,239	Direct	New
PMG Worldwide	515 Congress Ave	14,004	Direct	Renewal

### Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Trinity Foundation	9900 Spectrum Dr	\$41,000,000	\$196	LegalZoom

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (QTD)	Net absorption (YTD)	Annual direct asking rent psf FS
CBD	15,525,677	517,495	2,244,105	21.9%	4.0%	25.9%	1.6%	267,709	142,421	\$66.31
Cedar Park	491,130	20,190	-	-	4.3%	4.3%	3.8%	-	1,615	-
Central	1,371,806	-	92,217	12.0%	3.9%	15.9%	5.0%	(31,679)	(69,085)	\$51.00
East	4,389,245	355,545	1,278,519	22.2%	4.6%	26.8%	2.1%	81,586	175,710	\$56.46
Far East	139,250	-	-	-	-	-	-	-	-	-
Far Northeast	45,114	45,114	-	50.0%	-	50.0%	50.0%	-	22,557	-
Far Northwest	4,071,511	45,168	-	12.2%	9.5%	21.7%	9.6%	(35,043)	(350,777)	\$43.29
North	792,605	-	-	49.2%	2.8%	52.0%	(1.7%)	6,065	13,841	\$42.29
North Central	9,540,120	332,865	363,000	15.7%	4.1%	19.8%	5.7%	120,375	(261,077)	\$48.57
Northeast	3,580,549	387,000	-	26.6%	12.4%	39.0%	6.8%	36,243	18,020	\$32.27
Northwest	13,059,011	-	-	17.6%	4.0%	21.7%	3.0%	38,889	(386,011)	\$41.53
Round Rock	1,035,688	-	33,669	6.1%	3.2%	9.3%	2.0%	(1,361)	(20,521)	\$34.93
South	431,731	-	-	23.2%	-	23.2%	13.2%	28,762	(57,094)	\$38.96
South Central	2,672,782	-	344,996	28.7%	6.7%	35.5%	9.4%	13,050	(250,201)	\$55.17
Southeast	2,888,750	-	58,738	12.5%	0.9%	13.3%	(0.8%)	20,990	23,215	\$36.03
Southwest	11,707,370	-	180,000	14.6%	5.1%	19.7%	0.9%	(37,655)	(102,879)	\$47.16
<b>Market total</b>	<b>71,742,339</b>	<b>1,703,377</b>	<b>4,595,244</b>	<b>18.4%</b>	<b>4.9%</b>	<b>23.3%</b>	<b>3.4%</b>	<b>507,931</b>	<b>(1,100,266)</b>	<b>\$52.19</b>

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (QTD)	Net absorption (YTD)	Annual direct asking rent psf FS
Class A	39,362,623	1,485,675	4,502,837	18.5%	5.9%	24.4%	3.7%	392,190	(281,703)	\$64.83
Class B	30,539,442	217,702	92,407	17.6%	3.8%	21.5%	2.7%	117,681	(645,963)	\$40.38
Class C	1,840,274	-	-	29.3%	0.4%	29.7%	9.4%	(1,940)	(172,600)	\$33.04
<b>Market total</b>	<b>71,742,339</b>	<b>1,703,377</b>	<b>4,595,244</b>	<b>18.4%</b>	<b>4.9%</b>	<b>23.3%</b>	<b>3.4%</b>	<b>507,931</b>	<b>(1,100,266)</b>	<b>\$52.19</b>