

Austin, TX



Quick Stats

\$47.66

Average Rental Rate PSF

11.46%

Average vacancy rate

813K

SF Delivered in Q1

\$420M

Q1 Total sales volume

\$540

Average sales price PSF

The new year in Austin brought with it a glimmer of hope that a sense of normalcy would come back with the rollout of the long-awaited COVID-19 vaccines and the ever-closer goal of achieving herd immunity. Occupiers have begun planning and many smaller users are even implementing efforts to return to office. Congress Avenue has increasing levels of activity and the beloved live music scene seems to have come out of hibernation.

The greatest trend that the response to the COVID pandemic caused in the Austin Office Market was unquestionably the record setting amount of sublease space that came to the market during 2020. Of the 3.7 msf of available sublease space on the market, it remains unclear as to how many of those tenants will decide to return to their space once the dust settles or decide to reduce their office footprint entirely. This trend coupled with sparse leasing activity have shared responsibility for the near doubling of the vacancy rate to 11.46% in Q1 2021 from just 6.14% in Q1 2020.

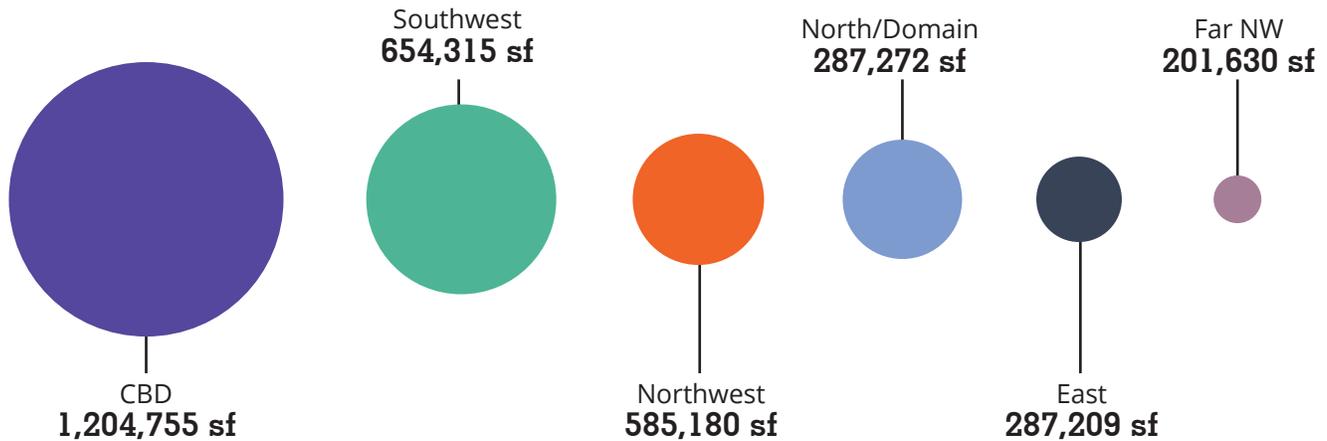
Despite these headwinds in the short-term, our outlook on Austin remains very bullish. Austin issued 21,653 permits for single family homes in 2020, making it the number one major metro in Texas on a per-capita basis. Companies such as Google, Facebook, and Tesla have all been continuing to expand their Austin footprint and placing bets on the Austin's bright future, while companies like Oracle have decided to completely relocate

their corporate headquarters to Austin.

In Q1, there was a net absorption of -349,874 sf while Class A CBD space actually tallied nearly 100,000 sf of positive absorption. Despite some negative indicators, there are also many glimmers of hope toward a brighter tomorrow. For example, the absorption was indisputably affected by the deliveries of buildings which have delivered with significant blocks of space still available. Leasing activity, at 813,139 sf, was the highest since the largely pre-pandemic Q1 2020. While there is still ground to cover in order to get back to a pre-COVID number, its considerably higher than the previous few pandemic quarters in which leasing activity hovered right around 500,000 sf.

All indications point towards the capital markets roaring back to life during the opening quarter of 2021. \$420m of transactions occurred which was the highest amount since pre-COVID Q4 2019. The legendary 100 Congress Ave went under contract, Tishman Speyer had acquisitions in the East submarket, and all three Paloma Ridge Buildings went under contract to Starwood Capital and Vanderbilt Properties. Although not immune, Austin remains poised to weather the storm and all indications point towards recovery in the Austin office market, which may have even benefitted in the long run from the continuing trend of companies choosing Austin as a prime candidate for expansions and relocations.

Sublease space by submarket



Available Sublease Space YTD

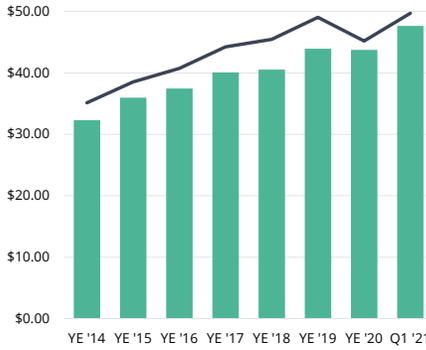
Month	Total Sublease Space	CBD	East	Far NW	North/Domain	Northwest	Southwest
4/1/21	3,660,156	1,204,755	287,209	201,630	287,272	585,180	654,315
1/1/21	3,752,181	1,376,877	214,919	216,360	296,700	565,309	561,141
10/1/20	2,695,728	958,309	226,585	232,379	71,231	525,393	401,745
7/1/20	2,369,116	960,779	56,638	235,775	34,212	437,473	246,148
4/1/20	1,666,523	475,386	51,651	258,987	11,293	322,248	179,099

Q4 2020 Top leases

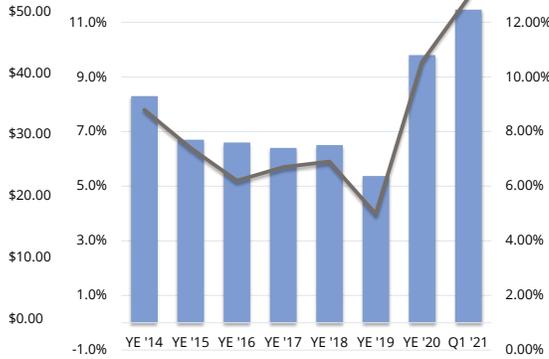
	Tenant	Property	Type	Submarket	sf
1	Vinson & Elkins LLP	200 W 6th St - Indeed Tower	New	CBD	50,243
2	Undisclosed	2117 Perseverance Dr	New	West Central	46,825
3	F45 Training	3601 S Congress Ave - Penn Field E	New	South	44,171

Q4 2020 Top sales

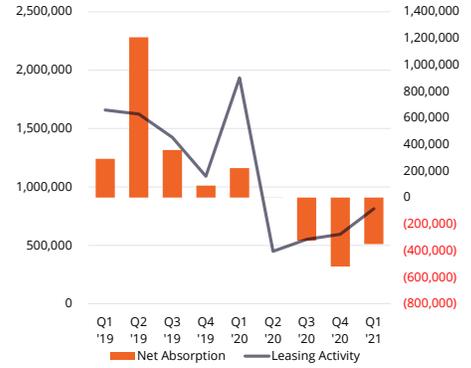
	Property	Submarket	sf	Year Built	Stories
1	13011 McAllen Pass Dr - Parmer 3.1	Northeast	199,410	2016	3
2	101 W Louis Henna Blvd - Fronterra Crossing	North/Domain	163,772	1984	4
3	310 Comal St - Foundry I	East	76,263	2019	3



Average Asking Rates



Average Vacancy Rates



Absorption + Leasing Activity

Submarket	Class	SF Proposed	SF Under Construction	SF Existing	Available SF	Vacant Available SF	Vacancy Rate	Q4 2020 Net Absorption (SF)			Average Base Rate	Average OpEx	Average Gross Rate	2020 Leasing Activity (SF)	2020 Deliveries (SF)
								Direct	Sublet	Total					
CBD	A	4,602,000	2,002,099	10,267,398	3,168,288	1,489,369	14.51%	(89,248)	189,213	99,965	\$35.18	\$25.38	\$60.56	242,668	353,938
	B	513,469	0	3,833,332	405,707	255,459	6.66%	(20,162)	(9,333)	(29,495)	\$34.09	\$11.20	\$45.29	10,756	0
Cedar Park	A	0	185,319	608,598	87,120	39,969	6.57%	11,046	(63)	10,983	\$27.25	\$8.67	\$35.92	-	0
	B	56,250	0	69,463	-	-	-	-	-	-	-	-	-	-	0
Central/West Central	A	1,053,067	296,000	1,721,428	534,296	158,402	9.20%	(53,943)	(11,748)	(65,691)	\$36.10	\$17.61	\$53.71	67,668	91,548
	B	0	109,085	2,012,079	324,803	187,628	9.33%	24,647	(941)	23,706	\$23.94	\$13.07	\$37.01	15,956	0
East	A	1,056,771	1,307,325	1,450,490	1,412,425	428,697	29.56%	24,625	(27,000)	(2,375)	\$38.06	\$21.98	\$60.04	2,698	172,423
	B	24,363	0	1,518,568	230,382	139,224	9.17%	1,306	11,019	12,325	\$31.19	\$16.04	\$47.23	-	64,674
Far Northwest	A	170,000	897,076	2,167,764	405,849	299,356	13.81%	(29,474)	0	(29,474)	\$24.13	\$13.49	\$37.62	13,848	0
	B	0	22,584	1,164,514	232,506	20,751	1.78%	(16,081)	0	(16,081)	\$24.73	\$8.63	\$33.36	2,835	0
North Domain	A	3,908,444	389,446	3,846,707	686,764	203,959	5.30%	(39,910)	7,734	(32,176)	\$35.23	\$16.99	\$52.22	33,592	0
	B	0	0	3,172,494	495,580	231,913	7.31%	(1,315)	(34,796)	(36,111)	\$23.98	\$10.80	\$34.78	15,600	0
Northeast	A	1,082,826	0	2,406,116	878,539	351,155	14.59%	319,913	0	319,913	\$20.59	\$5.84	\$26.43	-	0
	B	0	0	1,987,412	155,482	143,864	7.24%	3,028	0	3,028	\$18.74	\$9.77	\$28.51	7,320	0
Northwest	A	0	0	8,562,274	1,700,693	1,259,352	14.71%	(197,606)	(101,122)	(298,728)	\$25.31	\$15.16	\$40.47	105,868	0
	B	0	0	4,911,142	947,736	772,998	15.74%	(93,093)	(16,841)	(109,934)	\$20.58	\$12.61	\$33.19	102,442	0
Round Rock	A	0	64,000	2,291,552	170,737	54,474	2.38%	(4,469)	(4,095)	(8,564)	\$24.21	\$13.24	\$37.45	11,560	0
	B	20,000	22,500	489,228	67,139	41,743	8.53%	(2,631)	0	(2,631)	\$20.64	\$11.40	\$32.04	-	0
South	A	239,623	380,611	1,428,765	530,176	242,329	16.96%	14,207	0	14,207	\$32.63	\$12.19	\$44.82	-	0
	B	0	20,895	1,784,157	280,549	215,295	12.07%	(16,134)	6,256	(9,878)	\$30.39	\$11.71	\$42.10	74,959	0
Southeast	A	874,996	0	1,480,689	66,489	61,143	4.13%	(14,521)	0	(14,521)	\$24.75	\$6.88	\$31.63	-	0
	B	0	0	2,336,507	85,297	49,889	2.14%	(26,948)	0	(26,948)	\$24.34	\$7.63	\$31.97	-	0
Southwest	A	352,995	124,081	8,572,916	1,878,585	1,190,650	13.89%	(27,538)	(94,367)	(121,905)	\$30.58	\$16.85	\$47.43	63,171	130,152
	B	22,360	0	2,784,459	464,688	283,799	10.19%	(42,088)	12,599	(29,489)	\$22.38	\$14.00	\$36.38	42,198	0
Market Totals	A	13,340,722	5,645,957	44,804,697	11,519,961	5,778,855	12.90%	(86,918)	(41,448)	(128,366)	\$31.47	\$18.27	\$49.74	541,073	748,061
	B	636,442	175,064	26,063,355	3,689,869	2,342,563	8.99%	(189,471)	(32,037)	(221,508)	\$24.72	\$12.07	\$36.79	272,066	64,674
Total		13,977,164	5,821,021	70,868,052	15,209,830	8,121,418	11.46%	(276,389)	(73,485)	(349,874)	\$30.51	\$17.15	\$47.66	813,139	812,735