

YoY Chg 12-Mo. Forecast

5.1%
Vacancy Rate



246K
Net Absorption, SF



\$11.32
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

1,143K
Austin Employment



5.0%
Austin Unemployment Rate



6.0%
U.S. Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW: Recovery slow but moving in the right direction

With 2020 now in the rearview mirror and the effects of the COVID-19 pandemic slowly subsiding, the Austin economy is looking optimistic as some signs of normalcy have emerged. Local employment continues to rebound as job losses due to the pandemic steadily return. The local unemployment rate fell once again to 5.0% and remains lower than both the state and national levels of 6.8% and 6.0% respectively. Population growth in Texas — and Austin in particular — continues its impressive run. An influx of both people and businesses looking to capitalize on Texas' tax-friendly and pro-business environment, as well as the city's unique quality of life have made Austin one of the most desirable locations in the country.

SUPPLY AND DEMAND: E-Commerce growth continues to push vacancy levels lower

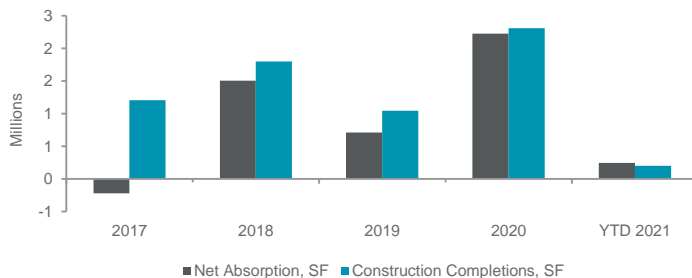
Online consumer spending continues to fuel e-commerce growth, and with the pandemic still lingering, an unprecedented demand for warehouse and distribution space has pushed vacancy levels to record lows. The vacancy rate for all types of industrial product closed Q1 2021 at 5.1%. Not surprisingly, warehouse and distribution space demand pushed vacancies even lower than all product types, closing the quarter at 4.7%.

The industrial development pipeline continues to grow as new projects are announced to keep up with the high demand. As of Q1 2021, approximately 6.7 million square feet (msf) of product was under construction in the Austin metro. This includes Amazon's 3.8 msf fulfillment center currently under construction in the northeast Austin suburb of Pflugerville. The construction of Tesla's new \$1 billion Gigafactory in southeast Austin continues to spur demand for space in and around that area, particularly to vendors that will supply critical parts to the electric car giant.

PRICING: Rental rate growth on the rise as demand spikes

The ongoing demand for high-end industrial product has overall rental rates trending upward. The average net rental rate for all property types for Q1 2021 was up to \$11.32 per square foot (psf). Warehouse/Distribution continues to be the darling of all product types, increasing once again to \$10.26 psf. Office service (flex) properties also continue to perform well as vacancy rates remained healthy despite the pandemic. Overall average rental rates of flex product increased to \$14.90 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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 WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Far Northwest	1,949,588	0	196,239	10.1%	-6,433	-6,433	0	0	\$16.32	\$12.00
North Central	6,447,370	14,656	207,256	3.4%	55,816	55,816	0	0	\$17.83	\$11.24
Northeast	11,327,063	28,021	382,148	3.6%	3,364	3,364	483,800	0	\$12.56	\$9.74
South Central	1,899,078	0	78,238	4.1%	85,057	85,057	0	0	\$16.24	\$10.85
Southeast	12,300,690	288,103	506,019	6.5%	-60,630	-60,630	945,284	0	\$15.03	\$8.29
Southwest	542,549	0	15,857	2.9%	-3,000	-3,000	0	0	\$18.00	\$12.24
Round Rock	10,770,920	4,311	568,344	5.3%	172,173	172,173	5,269,706	199,800	\$16.12	\$7.45
AUSTIN TOTALS	45,237,258	335,091	1,954,101	5.1%	246,347	246,347	6,698,790	199,800	\$14.90	\$10.26

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Park 183 Phase III	Southeast	Move Solutions	155,000	New
301 West Howard	Northeast	University Technical Institute	107,000	New
Plum Creek Building 1	Southeast	Viking Supply	62,000	New
Raceway Crossing, Building 2	Round Rock	UPS	53,000	New

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Innovation Business Park 2	Northeast	Titan Development / Ledo Capital Group	212,344
11550 Stonehollow Drive	North Central	Anna Wright Properties / Longpoint Realty Partners	152,474
220 Saint Elmo Road	Southeast	Twin Oaks / Ungar & Company	86,300

KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Springbrook Corporate Center 2	Round Rock	None	124,200	IDI Logistics
Springbrook Corporate Center 3	Round Rock	None	75,600	IDI Logistics

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