

YoY Chg      12-Mo. Forecast

**4.1%**

Vacancy Rate



**1.2M**

Net Absorption, SF



**\$11.37**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC OVERVIEW: Austin recovery in full swing as pandemic subsides

With COVID-19 subsiding and all statewide mandates now lifted, the Austin economy is once again flourishing. Local employment has recovered swiftly and the Austin job market has rebounded as one of the hottest in the country. The local unemployment rate now sits at 5.1% and remains lower than both the state and national levels of 6.7% and 5.9% respectively. The number of people and businesses making their way to Austin continues to impress. According to the U.S. Census Bureau, the Austin MSA is now the fastest growing major metro area in the country, with the population increasing 3.0% over the last year.

### SUPPLY AND DEMAND: E-Commerce & population growth push vacancy levels to record lows

Like many other cities, Austin's demand for industrial space seems to be never-ending. Online consumer spending continues to fuel the red-hot e-commerce market. Coupled with an exploding population base, there is an unprecedented demand for warehouse and distribution space across the Austin metro area. Vacancy rates for all types of industrial product declined once again, dropping 100 basis points from the previous quarter, to close at 4.1%. As was expected, demand for warehouse and distribution space pushed vacancy in that product type even lower, decreasing 80 basis points to close the quarter at 3.9%.

Developers remain bullish on Austin and the industrial construction pipeline continues to grow in order to keep up with the pent-up demand. Approximately 7.5 million square feet (msf) of product is under construction in the Austin metro area. This includes Amazon's 3.8 msf fulfillment center currently under construction in the northeast Austin suburb of Pflugerville. The ongoing construction of Tesla's \$1 billion Gigafactory in southeast Austin continues to spur demand in and around that area. Several large lease transactions related to the electric car giant were signed in the second quarter, including an approximately 500,000 sf lease executed by electric vehicle auto part maker Simwon.

### PRICING: Rental rate growth on the rise as demand spikes

The sustained demand for high-end industrial product has overall rental rates trending upward. The average net rental rate for all property types for Q2 2021 was up \$0.05 to \$11.37 per square foot (psf). Warehouse/Distribution continues to be the darling of all product types, increasing \$0.12 to \$10.38 psf. Office service (flex) properties also continue to perform well as vacancy rates remained healthy despite the lingering pandemic. Overall average rental rates of flex product increased to \$15.04 psf.

### ECONOMIC INDICATORS Q2 2021

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**1.1M**

Austin Employment



**5.1%**

Austin Unemployment Rate



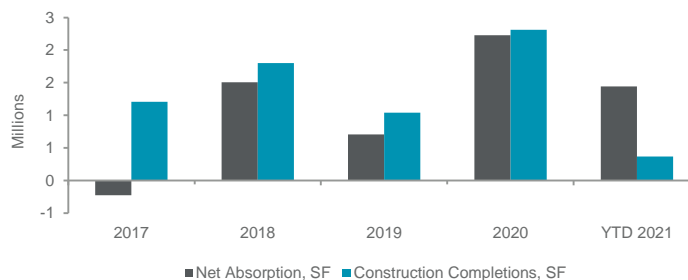
**5.9%**

U.S. Unemployment Rate



Source: BLS

### 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	1,821,129	0	149,980	8.2%	24,259	17,826	610,911	0	\$15.21	\$12.00
North Central	6,447,370	54,166	153,249	3.2%	-2,723	53,093	0	0	\$17.56	\$11.82
Northeast	11,497,063	9,609	439,578	3.9%	139,962	143,326	1,701,340	170,000	\$12.54	\$9.74
South Central	1,899,078	0	72,195	3.8%	207,501	292,558	0	0	\$16.24	\$10.41
Southeast	12,664,186	25,420	329,111	2.8%	506,228	445,598	762,890	258,884	\$15.04	\$8.32
Southwest	476,062	0	0	0.0%	2,877	-123	0	0	\$18.00	\$12.48
Round Rock	9,782,045	4,311	574,255	5.9%	320,871	493,044	4,385,144	199,800	\$16.36	\$7.91
<b>AUSTIN TOTALS</b>	<b>44,586,933</b>	<b>93,506</b>	<b>1,718,368</b>	<b>4.1%</b>	<b>1,198,975</b>	<b>1,445,322</b>	<b>7,460,285</b>	<b>628,684</b>	<b>\$15.04</b>	<b>\$10.38</b>

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

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Plum Creek Industrial Center	Southeast	Simwon	491,651	New
14500 Single Trace	Round Rock	DXC Technology	185,757	New
Plum Creek Industrial Center	Southeast	Undisclosed	184,584	New
Springbrook Corporate Center	Round Rock	Three Way Logistics	124,200	New

## KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Southpark Commerce Center	Southeast	KBS / BentallGreenOak	372,763
MetCenter 10	Southeast	Virtua Partners / Graymark Capital	345,600
Pecan 130 Business Park	Round Rock	Birtcher Anderson & Davis / Dogwood	239,952
MetCenter II	Southeast	Moh Capital / Four Springs Capital Trust	289,600

## KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Plum Creek Industrial – Building 2	Southeast	Undisclosed	258,884	NorthPoint Development
130 Crossing – Building 4	Northeast	None	170,000	Cactus Commercial

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