

| | YoY Chg | 12-Mo. Forecast |
|------------------------------------|------------|--------------------|
| 3.3% Vacancy Rate | ▼ | ▲ |
| 371K Net Absorption, SF | ▲ | ▲ |
| \$11.78 Asking Rent, PSF | ▲ | — |
| Overall, Net Asking Rent | | |

ECONOMIC INDICATORS Q1 2022

| | YoY Chg | 12-Mo. Forecast |
|--|------------|--------------------|
| 1.2M Austin Employment | ▲ | ▲ |
| 3.4% Austin Unemployment Rate | ▼ | ▼ |
| 3.6% U.S. Unemployment Rate | ▼ | ▼ |

Source: BLS

ECONOMIC OVERVIEW: Austin remains one of the nation's fastest-growing cities

As the COVID-19 pandemic has slowly subsided, the Austin MSA has rebounded exceptionally well and continues to outperform nearly every major market in the country. The local unemployment rate declined once again and now sits at 3.4%, which is lower than both the state and national levels of 4.7% and 3.6% respectively. In addition, Austin continues to add new jobs at a record pace as more businesses make their way to the Texas capital.

SUPPLY AND DEMAND: Unprecedented demand keep vacancy rates near record lows

Austin's booming population coupled with continued e-commerce growth has resulted in an unprecedented demand for warehouse and distribution space across the Austin metro area. Vacancy rates remain near record lows for all types of industrial product, closing out the first quarter of 2022 with an overall vacancy rate of 3.3%. Significant demand for quality warehouse and distribution space has kept vacancy in that product type even lower, coming in at 3.0% to close out the first quarter. Industrial flex product has also fared well, with vacancy stabilized at a healthy 4.0%.

As is the case with many major metro areas, the industrial construction pipeline continues to grow across the Austin MSA in order to keep up with pent-up demand. At close of the first quarter, there was approximately 5.7 million square feet of industrial product under construction in the Austin metro area. The now completed \$1 billion Tesla Gigafactory in southeast Austin continues to spur warehouse demand in and around that area. Other areas experiencing a boom in industrial development include the south I-35 corridor between Austin and San Antonio, which continues to be a major logistics destination, as well as the Georgetown/Round Rock region in northern Austin, which has become one of the fastest-growing population centers in the nation.

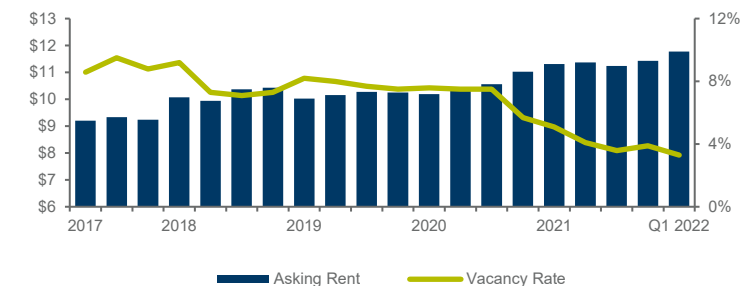
PRICING: Rental rates remain elevated as demand spikes

The sustained demand for industrial space, particularly newer warehouse-distribution product, has asking rates trending upward. The average net rental rate for all property types for Q1 2022 was \$11.78 per square foot (psf). Warehouse/Distribution continues to be the most desired of all product types, with an average rate to \$10.73 psf. Office service (flex) properties also continue to perform well as vacancy rates remained low. Overall average rental rates of flex product finished the first quarter at \$15.40 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 | 2021 OVERALL ABSORPTION (SF) | UNDER CNSTR (SF) | 2021 CNSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|----------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|------------------------------|------------------|-----------------------------|------------------------------------|-------------------------------------|
| Far Northwest | 1,821,129 | 0 | 95,154 | 5.2% | -9,005 | -9,005 | 0 | 0 | \$19.11 | \$12.00 |
| North Central | 6,343,823 | 7,445 | 337,742 | 5.4% | 16,957 | 16,957 | 0 | 0 | \$19.34 | \$11.06 |
| Northeast | 11,790,599 | 0 | 286,792 | 2.4% | -15,945 | -15,945 | 2,304,081 | 0 | \$10.87 | \$11.10 |
| South Central | 3,208,554 | 0 | 80,785 | 2.5% | 17,205 | 17,205 | 1,544,960 | 767,000 | \$16.24 | \$10.80 |
| Southeast | 13,010,902 | 56,850 | 332,380 | 3.0% | 426,762 | 426,762 | 54,850 | 317,572 | \$13.70 | \$11.52 |
| Southwest | 656,454 | 0 | 27,613 | 4.2% | -2,500 | -2,500 | 0 | 0 | \$15.96 | \$13.50 |
| Round Rock | 9,996,026 | 22,803 | 303,492 | 3.3% | -62,175 | -62,175 | 1,814,311 | 43,286 | \$13.40 | \$8.64 |
| AUSTIN TOTALS | 46,827,487 | 87,098 | 1,463,958 | 3.3% | 371,299 | 371,299 | 5,718,202 | 1,127,858 | \$15.40 | \$10.73 |

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

KEY LEASE TRANSACTIONS OF Q1 2022

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|----------------------|------------|------------------|---------|----------|
| Park 183 | Southeast | American Canning | 155,000 | New |
| 130 Logistics Center | Northeast | REE Automotive | 118,000 | New |
| Northpark35 | Round Rock | Four Hands | 100,504 | Sublease |
| Crystal Park | Round Rock | Valex | 57,000 | New |

KEY SALES TRANSACTIONS OF Q1 2022

| PROPERTY | SUBMARKET | SELLER / BUYER | SF |
|-------------------------------|------------|---|---------|
| Brushy Creek Corporate Center | Round Rock | IGSouthwest / TPG Real Estate | 232,868 |
| Parmer 7.1 & 7.3 | Northeast | Trammell Crow & Karlin Real Estate / Transwestern | 223,308 |
| MetCenter Building 14 & 15 | Southeast | Mohr Capital / Radler | 156,000 |

KEY CONSTRUCTION COMPLETIONS OF Q1 2022

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER / DEVELOPER |
|-------------------|---------------|------------------|---------|-------------------|
| Amazon Sat6 | South Central | Amazon | 767,000 | Undisclosed |
| Park 183 – Bldg 3 | Southeast | Move Solutions | 162,786 | Trammell Crow |
| Park 183 – Bldg 5 | Southeast | American Canning | 154,786 | Trammell Crow |

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