

| | YoY Chg | 12-Mo. Forecast |
|------------------------------------|---------|-----------------|
| 20.9% Vacancy Rate | ▲ | ▼ |
| -200K Net Absorption, SF | ▲ | ▲ |
| \$45.24 Asking Rent, PSF | ▲ | ▬ |

(Overall, All Property Classes)

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 economies

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: Office leasing activity remains robust

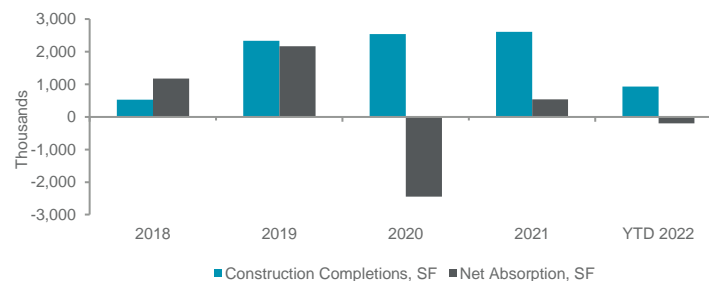
For the fourth consecutive quarter, office leasing remained strong, as nearly 1 million square feet (msf) of space was leased in Q1 2022. Several large high-tech companies inked deals during the quarter, including TikTok and Cirrus Logic which leased 127,000 and 120,000 square feet (sf) of space, respectively, in the Central Business District (CBD). Overall net absorption was negative during the quarter; however, it is expected this will be short-lived as tenants begin to occupy space from deals signed in 2021.

Residual effects of the pandemic have kept vacancy rates elevated as compared to pre-Covid levels with the citywide vacancy rate for the quarter coming in at 20.9%. Despite this, the ongoing trend of increased leasing activity and demand for newer, high-end office space have pushed developers to move forward with new construction. In addition to the 924,000 sf of fresh office product delivered in the first quarter of 2022, there is another 3.9 msf of office space under construction citywide, of which 2.2 msf of this space lies in the CBD. At close of the first quarter, 50% of the office product under construction citywide was pre-leased. The figure was even higher in the CBD, which was approximately 71% pre-leased. Additionally, several new office developments are slated to break ground over the next few quarters, further cementing the confidence developers have in the Austin office market.

PRICING: Average asking rents increase slightly

Average rents increased slightly from the previous quarter. The average full-service asking rate for the entire Austin market increased \$0.32 to \$45.24 per square foot (psf), while the citywide Class A space trended upward as well, coming in at \$50.40 psf. Class A rates in the CBD continue to pace the market at \$65.12 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) | 2022 CNSTR COMPLETIONS (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|----------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|------------------------------|------------------|-----------------------------|--|------------------------------------|
| CBD | 13,101,750 | 827,896 | 2,113,276 | 22.4% | -25,455 | -25,455 | 2,156,189 | 31,641 | \$61.71 | \$65.12 |
| Central | 1,451,916 | 6,428 | 217,327 | 15.4% | 14,481 | 14,481 | 0 | 0 | \$47.81 | \$54.54 |
| Far Northwest | 16,814,877 | 738,130 | 2,265,766 | 17.9% | -131,030 | -131,030 | 333,000 | 384,546 | \$40.61 | \$43.54 |
| North Central | 2,043,346 | 95,810 | 396,088 | 24.1% | 29,774 | 29,774 | 0 | 0 | \$33.56 | \$45.26 |
| Northeast | 2,862,459 | 55,578 | 806,429 | 30.1% | -8,707 | -8,707 | 424,367 | 0 | \$33.78 | \$40.34 |
| Northwest | 4,567,518 | 82,649 | 758,588 | 18.4% | -45,324 | -45,324 | 0 | 0 | \$35.57 | \$38.93 |
| Round Rock | 1,753,684 | 52,004 | 461,066 | 29.3% | -226,857 | -226,857 | 0 | 0 | \$35.27 | \$38.02 |
| South Central | 2,692,719 | 110,987 | 626,503 | 27.4% | 74,722 | 74,722 | 134,623 | 350,611 | \$46.64 | \$62.68 |
| Southeast | 1,436,496 | 8,000 | 201,887 | 14.6% | 0 | 0 | 0 | 0 | \$33.26 | \$37.61 |
| Southwest | 11,576,966 | 522,196 | 1,516,766 | 17.6% | -169,261 | -169,261 | 83,096 | 0 | \$43.96 | \$46.75 |
| East | 2,517,602 | 169,745 | 682,545 | 33.9% | 287,744 | 287,744 | 775,042 | 157,540 | \$53.70 | \$54.07 |
| AUSTIN TOTALS | 60,819,333 | 2,669,423 | 10,046,241 | 20.9% | -199,913 | -199,913 | 3,906,317 | 924,338 | \$45.24 | \$50.40 |

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|-----------------------------|---------------|--------------|---------|------|
| 300 Colorado | CBD | TikTok | 126,429 | New |
| 701 Rio | CBD | Cirrus Logic | 120,000 | New |
| Bouldin Creek | South Central | Atmosphere | 113,250 | New |
| Uplands Corporate Center II | Southwest | Tricentis | 42,019 | New |

KEY SALES TRANSACTIONS Q1 2022

| PROPERTY | SUBMARKET | SELLER / BUYER | SF |
|------------------------|---------------|---|---------|
| Mueller Alpha Building | East | Shorenstein / Teachers Retirement System of Texas | 250,000 |
| Preserve at 620 | Far Northwest | PacVentures / New American Funding | 225,000 |
| The Park | Northwest | OakPoint Real Estate / Divco West | 93,317 |

KEY CONSTRUCTION COMPLETIONS Q1 2022

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER / DEVELOPER |
|----------------|---------------|--------------------------|---------|---------------------|
| River South | South Central | Baker Botts, Alert Media | 350,611 | Stream Realty |
| Domain Tower 2 | Far Northwest | None | 325,100 | Stonelake |
| Centro South | East | Atlassian | 157,540 | Riverside Resources |

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