

	YoY Chg	12-Mo. Forecast
21.1% Vacancy Rate	▲	▼
-80K Net Absorption, SF	▲	▲
\$45.49* Asking Rent, PSF	▲	▬

(Overall, All Property Classes)
(*Not reflective of U.S. MarketBeat Tables)

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
1.2M Austin Employment	▲	▲
3.2% Austin Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMIC OVERVIEW: Austin economy thriving despite recession fears

With inflation spiking and concerns of a recession looming over the U.S. economy, Austin has remained steadfast as one of the most active and stable markets in the country. The Texas capital continues to perform exceptionally well with a solid job market and low unemployment. The local unemployment rate declined once again and now sits at 3.2%, which is lower than both the state and national levels of 4.2% 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 strong

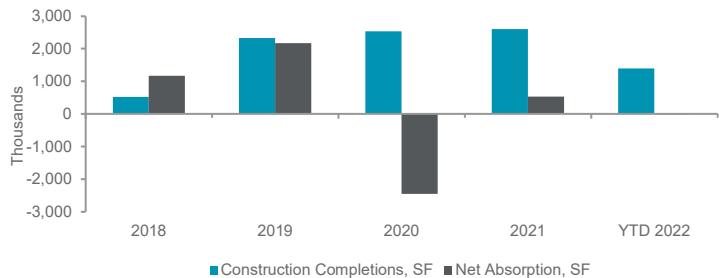
A steady stream of companies moving to Austin kept leasing activity strong, with nearly 1.4 million square feet (msf) of space leased in Q2 2022. Once again, several large companies inked deals during the quarter, including Vista Equity Partners, which leased approximately 200,000 square feet (sf) of space at The Republic, which recently broke ground in the Central Business District (CBD), as well as PayPal, which leased approximately 60,000 sf of new construction in The Domain. Overall net absorption was pushed into negative territory of approximately 80,000 sf as several large blocks became vacant during the quarter.

Vacancy rates remained mostly flat from the previous quarter with the citywide vacancy rate for the quarter coming in at 21.1%. Vacancy in the CBD dropped slightly from the prior quarter to 21.3%. Despite concerns of a slowing economy, developers continue to move forward with new construction. In addition to the 1.4 msf of fresh office product delivered in the first half of 2022, another 5.1 msf of office space is under construction citywide, of which 2.8 msf of this space lies in the CBD. At close of the second quarter, 40% of the office product under construction citywide was pre-leased. The figure was even higher in the CBD, which was approximately 61% pre-leased. Additionally, several new office developments are slated to break ground over the next few quarters, proving developers remain bullish on 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 55 basis points to \$45.49 per square foot (psf), while the citywide Class A space trended upward as well, coming in at \$50.69 psf. Class A rates in the CBD continue to pace the market at \$66.15 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	13,454,300	571,540	2,297,218	21.3%	359,872	371,469	2,818,173	356,151	\$62.09	\$66.15
Central	1,451,916	15,088	197,071	14.6%	-1,228	26,077	0	0	\$48.86	\$54.62
Far Northwest	16,785,820	699,885	2,201,071	17.3%	13,447	-62,158	681,000	384,546	\$40.88	\$44.03
North Central	2,043,346	94,794	386,829	23.6%	7,646	39,321	88,377	0	\$34.26	\$45.26
Northeast	2,862,459	201,438	733,586	32.7%	-292,662	-96,249	424,367	0	\$31.98	\$37.14
Northwest	4,567,518	63,396	829,151	19.5%	-59,430	-113,102	0	0	\$35.86	\$38.79
Round Rock	1,753,684	52,004	457,539	29.1%	3,527	-223,330	0	0	\$36.97	\$40.52
South Central	2,694,592	193,773	700,161	33.2%	-178,043	-81,722	134,623	350,611	\$46.23	\$58.85
Southeast	1,436,496	9,315	204,166	14.9%	9,544	-3,594	0	0	\$31.82	\$36.01
Southwest	11,562,259	484,999	1,525,591	17.4%	66,250	-145,526	83,096	0	\$44.36	\$47.06
East	2,669,527	213,241	800,383	38.0%	-9,409	278,335	887,671	309,465	\$55.39	\$55.71
AUSTIN TOTALS	61,281,917	2,599,473	10,332,766	21.1%	-80,486	-10,479	5,117,307	1,400,773	\$45.49	\$50.69

*Rental rates reflect full service asking

Note: Rents are not reflective of U.S. MarketBeat tables

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
The Republic	CBD	Vista Equity Partners	220,000	New
300 Colorado	CBD	Latham & Watkins	69,000	Sublease
Domain Tower 2	Far Northwest	PayPal	60,000	New
111 Congress	CBD	DISCO	46,284	Sublease

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Centro North & South	East	Riverside Resources / AEW Capital Management	328,295
823 Congress	CBD	Brickman Associates / Pillar Commercial-DRA Advisors	190,254
Wild Basin Atrium Park	Southwest	RMR Group / MFSC Wild Basin LLC	118,217

KEY CONSTRUCTION COMPLETIONS Q2 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Innovation Tower	CBD	None	324,510	Travis County Healthcare District
Centro North	East	None	151,925	AEW Capital Management

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