



# Office Market Report

## Austin - TX (USA)

PREPARED BY



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Principal



**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**2.6M**

12 Mo Net Absorption in SF

**(131K)**

Vacancy Rate

**16.7%**

Market Asking Rent Growth

**1.1%**

Another historic year for office inventory growth is on the horizon for Austin's office market. A 3% expansion, equal to 4 million square feet of new office space in 2024, would be more than any other U.S. market. This comes at an inopportune time, as overall demand for office space continues to decline in Austin. Persistent hybrid work arrangements and stagnating job growth among tech firms mean that the market's high-profile office occupiers are likely to need less space for the foreseeable future.

Completions for the last 12 months were the lowest totals in five years, but this was only a temporary respite from the oncoming flood of new supply. Prelease rates for developments scheduled to complete in 2024 are less than 50%, indicating another 2 million SF of uncommitted space is imminent.

The supply boom has exacerbated the market's fundamental imbalance, making Austin's vacancy rate of 16.7% the fifth-highest in the U.S. It is now on a path to vacancy exceeding 20%, which would make it the second-highest rate in the U.S., behind only San Francisco.

The sublet market has significantly impacted demand-side indicators. Users have given up space in high-quality buildings in Austin, leading to a sublet absorption of -780,000 SF over the past four quarters. The trend

increased the sublet vacancy rate to 2.7%, the fourth-highest rate in the country. The combination of historically high sublet vacancies and a glut of new construction means that 4 & 5 Star properties now have a vacancy rate 400 basis points above the market.

Recent estimates from office attendance trackers indicate that utilization of Austin offices has stabilized around 60%. While far from the pre-pandemic norm, it's one of the highest rates in the country among major metros. But the slow rate of increase suggests that a rapid near-term change in utilization patterns is unlikely to be on the horizon.

Despite strong deflationary pressures of high vacancies on rent, they continue to rise at less than 1%. Landlords have held the line by bolstering concessions such as free rent and tenant improvement allowances to prioritize long-term cash flows. Rents for top-tier properties in desirable locations are experiencing the most increases at 0.8%. Mid-tier properties have seen rents stay relatively flat.

The path to recovery will be long and depend on Austin's ability to remain appealing to newcomers seeking to establish regional offices. Austin's allure as a corporate hub for accessing talent could mitigate the ongoing trend of consolidation.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	62,485,164	21.0%	\$50.21	26.1%	37,086	93,419	5,952,492
3 Star	48,995,111	13.6%	\$38.92	17.8%	16,055	24,116	610,504
1 & 2 Star	24,070,563	12.0%	\$35.12	12.0%	(95,005)	0	8,356
<b>Market</b>	<b>135,550,838</b>	<b>16.7%</b>	<b>\$43.71</b>	<b>20.8%</b>	<b>(41,864)</b>	<b>117,535</b>	<b>6,571,352</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.7%	11.1%	20.5%	16.7%	2024 Q2	3.4%	2000 Q2
Net Absorption SF	(131K)	1,647,648	389,102	4,669,784	2015 Q4	(1,357,659)	2023 Q3
Deliveries SF	2.6M	2,605,401	1,845,257	6,027,471	2001 Q4	319,818	2012 Q1
Market Asking Rent Growth	1.1%	2.2%	0.9%	15.7%	2007 Q3	-14.3%	2003 Q2
Sales Volume	\$323M	\$1B	N/A	\$3.7B	2022 Q1	\$62.6M	2003 Q3

Austin is grappling with a rising vacancy rate on multiple fronts. First, tenants seeking to downsize are vacating spaces across the quality spectrum at a pace that outstrips occupancies, resulting in an overall negative net absorption for the market. For example, IBM has decided to let their lease expire on their average-quality properties in the Domain and consolidate into smaller, yet high-end, nearby office space in 2027. Occupiers of 4 & 5 Star offices are also listing, and often vacating, sublet space. Examples include tech companies such as Meta at 300 West Sixth, Indeed at Domain Gateway, and AMD at Met Center as they adapt to new needs and deploy cost-saving measures. Second, these challenges are compounded by the impact of predominantly 4 & 5 Star construction, leading to rising vacancies in this high-quality segment. This has culminated in vacancies increasing by 230 basis points over the past year. With another surge in deliveries expected in 2024, the vacancy rate could reach 20% by 24Q4, moving Austin's ranking up to the second-highest vacancy rate among major U.S. office markets, trailing only San Francisco.

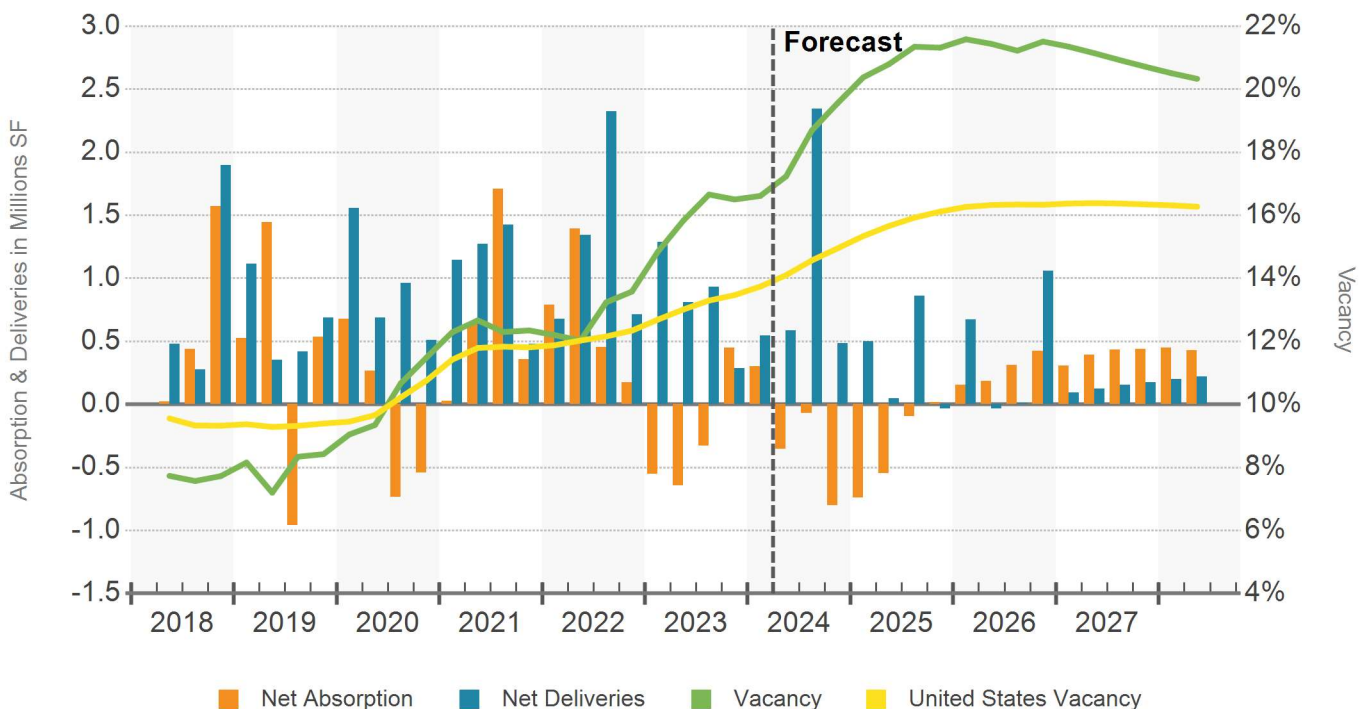
CoStar anticipates -1.5 million SF of negative net absorption in 2024, which, when adjusted for market size, places Austin 32nd of 50 among the largest U.S. office markets. Ongoing trends such as tenant consolidation, a deceleration in corporate expansions, and a slowdown in office-using employment will

contribute to further declines in demand. The anticipated slowdown in demand among suburban offices further exacerbates the downward trajectory. Projections indicate that by 24Q4, annual net absorption will be the lowest among Austin suburbs as occupiers seek well-situated assets near denser retail hubs.

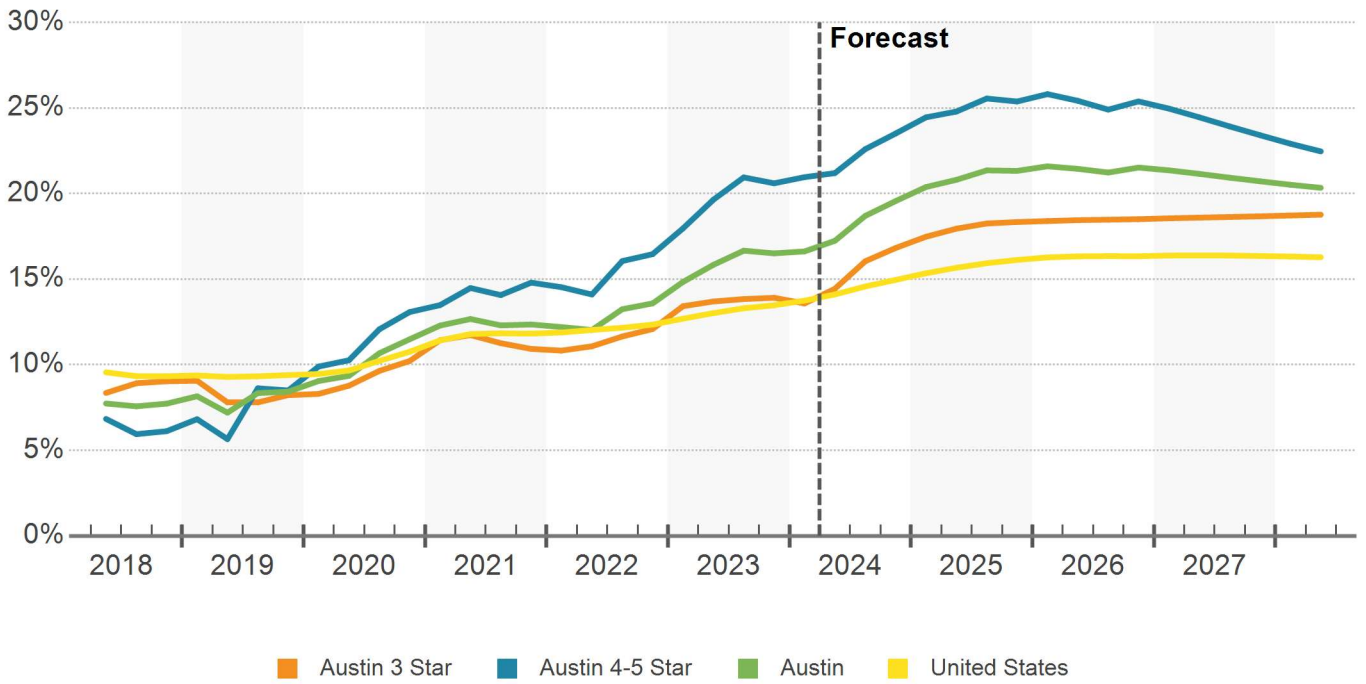
The 4 & 5 Star segment of the market is experiencing the highest vacancy rates, standing at 21.0%. Several large, newly constructed buildings are in lease-up stages, contributing to the significant increase in direct vacant space. Even offices built between 2019 and 2021 are dealing with elevated direct and sublet vacancies, 10% on a direct basis and 5% on a sublet basis. By comparison, the equivalent segment of the market in San Francisco shows a 16% vacancy rate.

The volume of new leases in the second half of 2023 is 10% lower than leasing volume during the same period in 2022. Small leases are becoming the new normal in Austin, a trend expected to continue in the foreseeable future. The average lease size declined by 13% annually in 2023. As sublease space, particularly high-quality space, continues to mount, albeit at a slower pace, tenants searching for value increasingly turn to these often discounted spaces. Subleasing activity has gained some traction, with a 20% year-over-year increase.

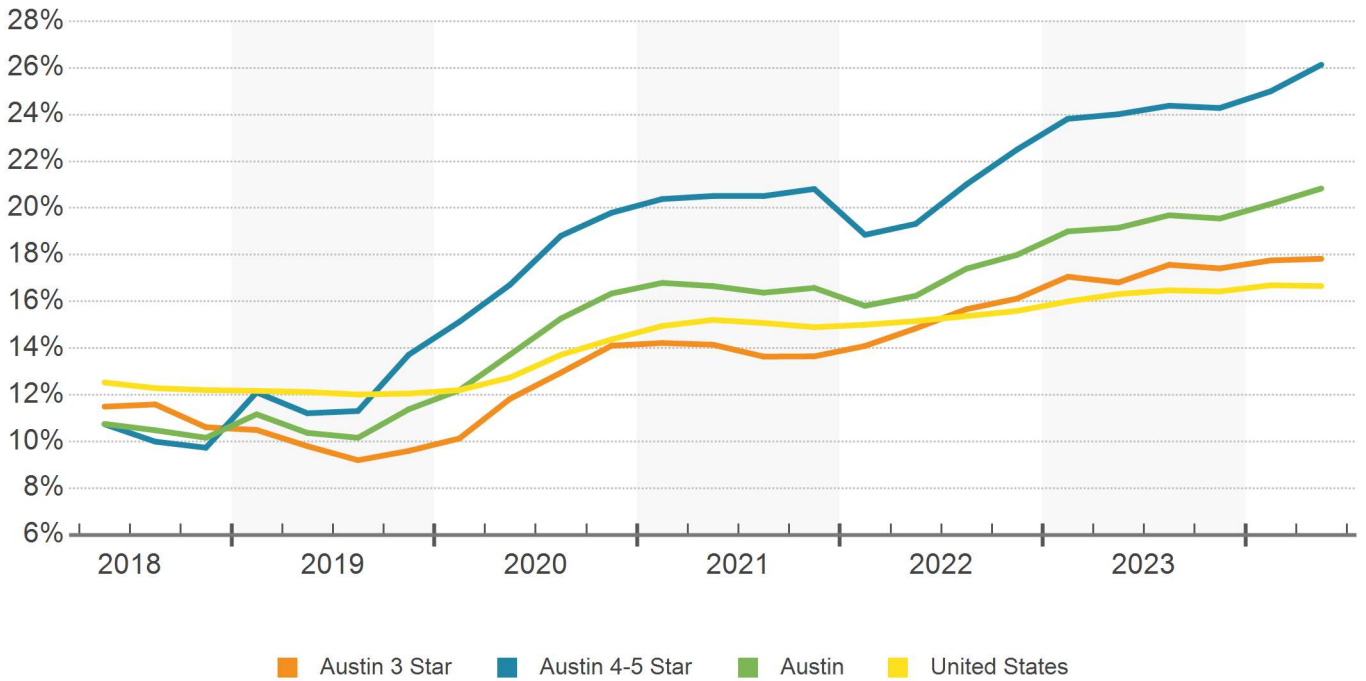
## NET ABSORPTION, NET DELIVERIES & VACANCY



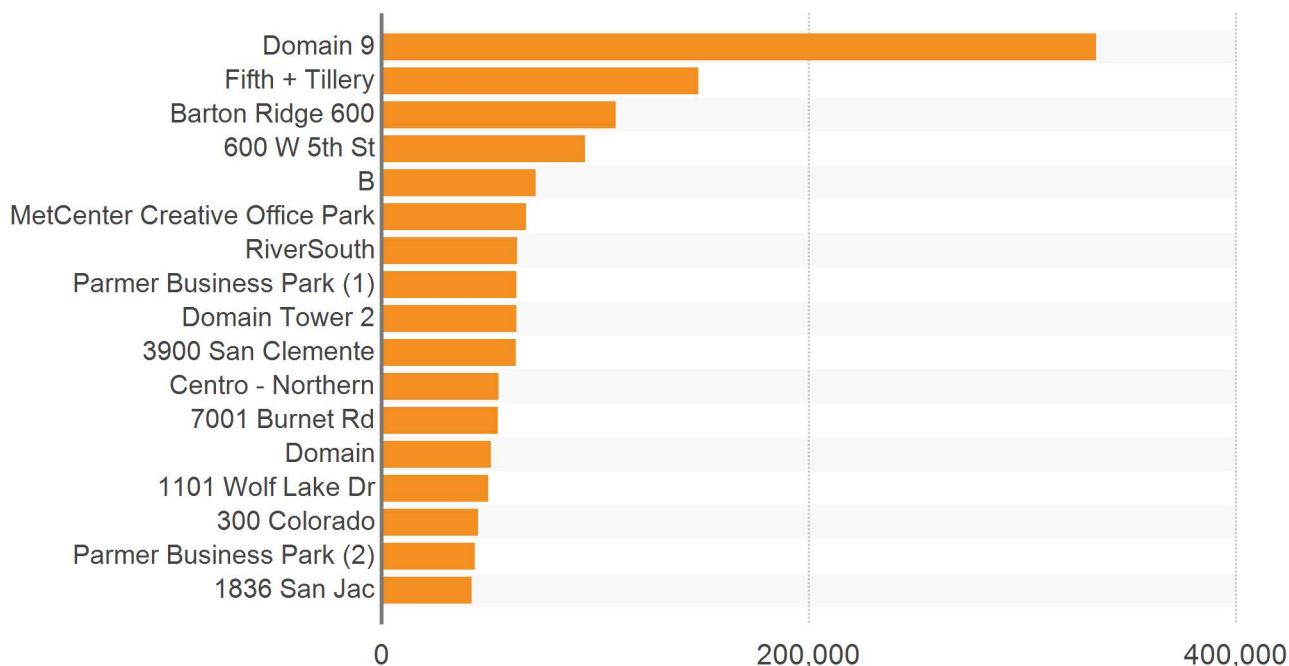
## VACANCY RATE



## AVAILABILITY RATE



### 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Domain 9	North/Domain	335,000	0	332,865	0	0	0	334,554
Fifth + Tillery	East	182,716	10,631	0	0	0	0	148,244
Barton Ridge 600	South	109,540	0	109,540	0	0	0	109,540
600 W 5th St	CBD	144,507	49,288	14,931	0	0	0	95,219
B	West Central	72,230	0	0	0	0	0	72,230
MetCenter Creative Office Park	Southeast	67,625	0	0	0	0	0	67,625
RiverSouth	South	372,000	101,969	22,733	14,130	0	0	63,531
Parmer Business Park (1)	Northeast	187,321	30,000	0	0	0	0	63,200
Domain Tower 2	North/Domain	332,200	242,446	621	0	0	0	63,187
3900 San Clemente	Southwest	251,143	11,874	51,796	0	0	0	62,858
Centro - Northern	East	164,140	74,988	17,821	0	0	0	54,758
7001 Burnet Rd	Central	100,000	45,470	54,530	0	0	0	54,530
Domain	North/Domain	152,999	0	0	51,059	0	0	51,059
1101 Wolf Lake Dr	Georgetown	50,000	0	0	0	0	0	50,000
300 Colorado	CBD	378,000	0	22,076	0	0	0	45,340
Parmer Business Park (2)	Northwest	43,843	0	43,843	0	0	0	43,843
1836 San Jac	CBD	215,000	130,448	(3,365)	0	0	0	42,137
<b>Subtotal Primary Competitors</b>		<b>3,158,264</b>	<b>697,114</b>	<b>667,391</b>	<b>65,189</b>	<b>0</b>	<b>0</b>	<b>1,421,855</b>
Remaining Austin Market		132,392,574	21,968,525	(365,185)	(107,053)	0	0	(1,552,796)
<b>Total Austin Market</b>		<b>135,550,838</b>	<b>22,665,639</b>	<b>302,206</b>	<b>(41,864)</b>	<b>0</b>	<b>0</b>	<b>(130,940)</b>

## TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
The Summit at Lantana *	Southwest	224,734	Q4 23	Advanced Micro Devices,...	CBRE	HPI Real Estate Servic...
The Summit at Lantana *	Southwest	106,275	Q4 23	Advanced Micro Devices Inc	CBRE	HPI Real Estate Servic...
Domain	North/Domain	102,389	Q2 23	Facebook	-	Cushman & Wakefield
RiverSouth	South	98,761	Q4 23	Tokyo Electron U.S. Holdi...	HPI Real Estate Ser...	Stream Realty Partners...
Las Cimas Office Park	Southwest	81,360	Q4 23	Apple, Inc.	JLL	JLL
George H. W. Bush State Office	CBD	74,412	Q3 23	Texas Lottery Commission	-	-
The Summit at Lantana *	Southwest	74,357	Q4 23	Advanced Micro Devices,...	CBRE	HPI Real Estate Servic...
San Jacinto Center *	CBD	73,225	Q2 23	Norton Rose Fulbright	-	Stream Realty Partners...
Plaza 35 Business Park	North	71,192	Q4 23	Infinitum	-	CBRE
501 E 8th St	CBD	66,000	Q2 23	The Salvation Army	-	-
Parmer 3.2	Northeast	50,000	Q1 24	IBM	-	-
600 W 5th St	CBD	45,602	Q2 23	Horizon Bank	-	-
Kramer 1-5 at Braker Center	North/Domain	45,308	Q1 24	Quantic Wenzel	-	CBRE
Parmer Business Park	Northwest	43,843	Q4 23	-	-	The Kucera Companies
The Summit at Lantana *	Southwest	38,621	Q4 23	Advanced Micro Devices,...	CBRE	HPI Real Estate Servic...
Reunion Park	Central	37,246	Q3 23	Signature Science, LLC	-	-
Quarry Oaks I	Northwest	36,536	Q3 23	Netspend	Cushman & Wakefield	JLL
2631 Kramer Ln *	North	36,333	Q3 23	Petrol Lounge	-	HPI Real Estate Servic...
Domain Gateway	North/Domain	36,248	Q1 24	Dun & Bradstreet	CBRE	CBRE;Todd Chessher
8900 Amberglen Blvd	Far Northwest	34,718	Q4 23	-	-	Cushman & Wakefield
6th & Congress	CBD	34,116	Q2 23	Navan Inc	-	Cushman & Wakefield
Research Park Place	Northwest	32,972	Q1 24	-	-	CBRE
Four Points Centre	Far Northwest	32,957	Q4 23	-	HPI Real Estate Ser...	CBRE
JLL Plaza *	West Central	32,766	Q3 23	PNC Bank	JLL	JLL
221 W 6th St	CBD	30,939	Q2 24	-	-	AQUILA Commercial;C...
Riata Corporate Park	Northwest	30,870	Q2 24	Resibrand	Cushman & Wakefield	Savills
Bouldin Creek	South	30,646	Q1 24	National Veterinary Assoc...	-	JLL
Bergstrom Tech Center	Southeast	29,418	Q2 23	Kimley-Horn and Associates	-	ECR
901 E 6th St	East	28,981	Q1 24	Tecovas	CBRE	CBRE
Rollingwood Town Center	Southwest	27,208	Q3 23	-	-	Cushman & Wakefield
2019 Clovis R Barker Rd	Hays County	24,892	Q4 23	ATX Auctions	-	-
Colorado Tower *	CBD	24,184	Q3 23	Dubois Bryant & Campbel...	-	Stream Realty Partners...
1609 Centre Creek Dr *	Northeast	24,184	Q3 23	Deloitte	-	Live Oak
Encino Trace II	Southwest	23,067	Q3 23	-	-	Endeavor Real Estate...
One Eleven Congress *	CBD	22,600	Q2 23	Bracewell	-	Stream Realty Partners...
Great Hills Plaza *	Northwest	22,304	Q3 23	Regus	Colliers	JLL
Stonebridge Plaza	Northwest	22,239	Q4 23	Cobb Fendley	-	The Kucera Companies
300 Colorado	CBD	22,076	Q4 23	Lion Street	Cushman & Wakefield	CBRE
Lamar Central	West Central	21,939	Q2 23	-	-	Cushman & Wakefield
AMD	Southeast	21,545	Q1 24	-	-	Riverside Resources

Renewal

Austin's office rents are poised for a reduction, with annual rent growth of 1.1% expected to decelerate to -0.7% by 24Q4. The market is experiencing a growing office surplus as tenants consolidate space or allow leases to expire, and developers bring uncommitted space to the market. As a result, vacancy rates of 16.7% are among the highest in the U.S. and could reach 20% by the end of the year.

Base rents for Austin's 3 Star suburban properties typically range from \$24/SF to \$31/SF NNN. For instance, Westlake Place, in Austin's Southwest Submarket, quotes direct asking rents of \$28.50/SF NNN. Lesser quality properties like these have experienced better rent gains of 0.6% over the past year, given little construction activity in this sector. However, the flight to quality is expected to weigh on tenant demand and subsequent landlord pricing power, leading to a potential decline despite the limited new supply coming down the development pipeline.

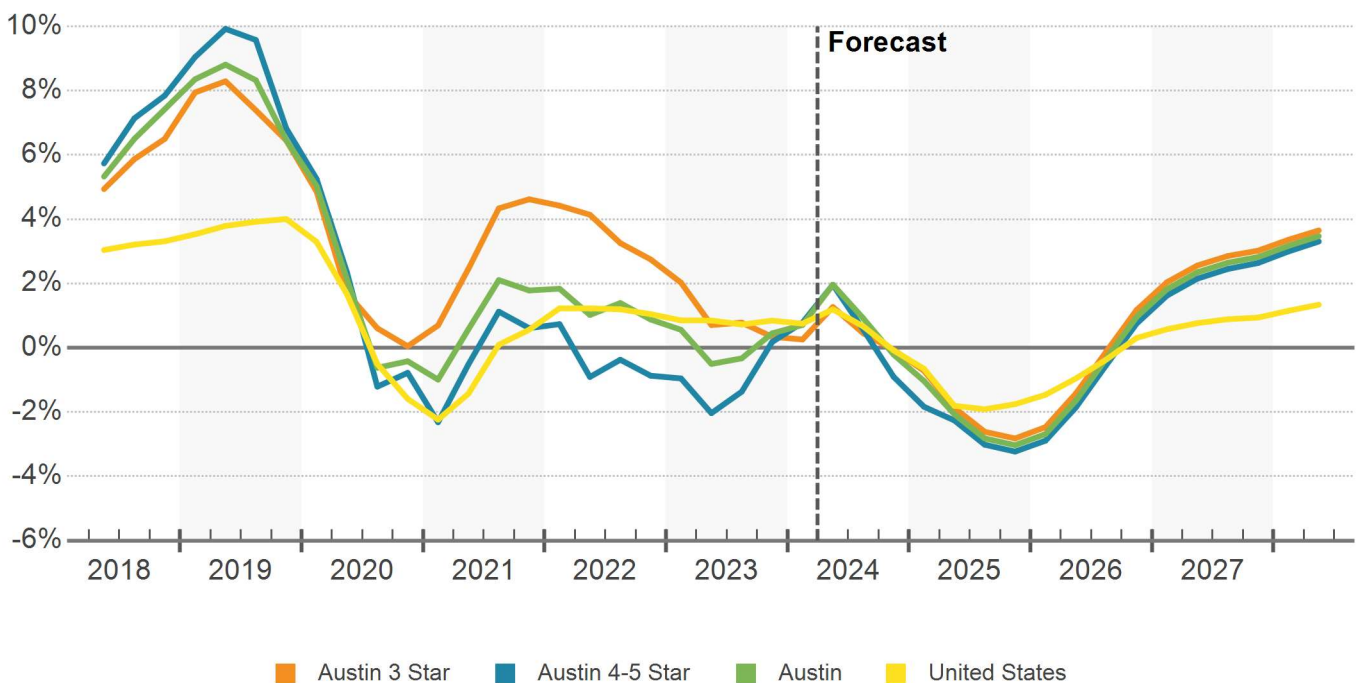
Asking rents for higher-quality assets can be much more dispersed depending on the location of the asset. In suburban locales like the Northwest and Southwest Submarkets, 4 Star rents for low and midrise buildings range from \$24/SF to \$33/SF NNN, highly competitive to 3 Star rents. Rents have declined by 0.5% annually,

given increased competition from new builds and sublet stock. The 4 Star property, Rialto Center Building 1 in the Southwest Submarket, is quoting \$29/SF NNN while offering high-end finishes, building amenities, and accessibility.

In urban locations like the CBD or North/Domain, 4 & 5 Star asking rents are the highest, ranging from \$38/SF to \$46/SF NNN and going as high as \$53/SF. But 4 & 5 Star property owners can expect to face an increasingly competitive landscape as more high-end trophy developments are introduced into the market in the coming year. High-quality assets represent two-thirds of the market's inventory and 90% of the development pipeline, potentially leading to a contraction in rent growth from -1% to -5.3% by 24Q4.

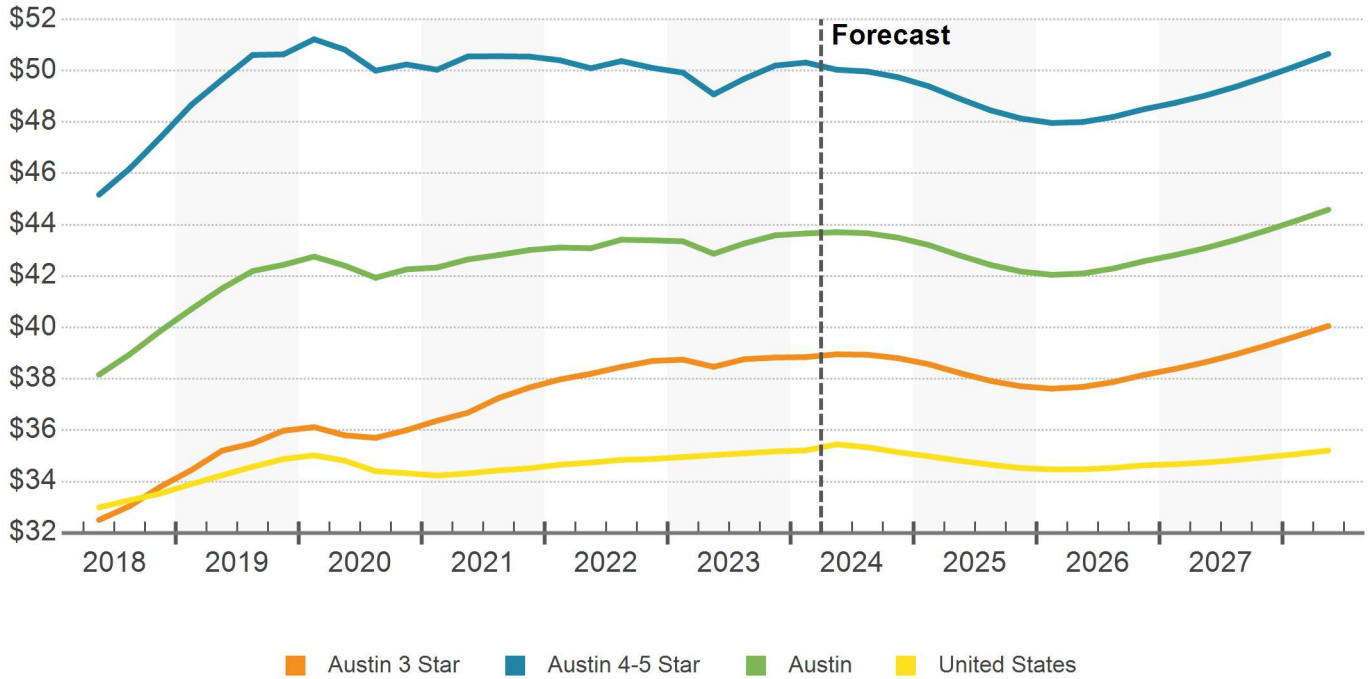
Additionally, with the stock of sublet space remaining elevated, sublet asking rents offer notable discounts. In Austin's CBD, the 4 Star, 1984-built property Capitol Tower offers direct space at \$39/SF NNN, nearly 50% higher than sublet asking rates of \$20/SF NNN. Typical asking rents for high-quality sublet space in Austin's urban core range from \$20/SF to \$42/SF NNN. With sublet inventories remaining at historic highs, pricing is expected to stay competitive as sublessors look to offload these financial commitments.

## MARKET ASKING RENT GROWTH (YOY)





## MARKET ASKING RENT PER SQUARE FEET



## 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Austin</b>	\$0.66	\$1.81	\$0.25	\$9.02	\$9.85	<b>\$21.59</b>
CBD	\$0.55	\$1.54	\$0.25	\$10.77	\$11.82	<b>\$24.93</b>
Cedar Park	\$0.58	\$1.35	\$0.19	\$6.95	\$10.17	<b>\$19.24</b>
Central	\$1.03	\$1.90	\$0.31	\$6.31	\$8.63	<b>\$18.18</b>
East	\$0.56	\$2.04	\$0.29	\$5.87	\$6.47	<b>\$15.23</b>
Far Northeast	\$0.58	\$1.55	\$0.22	\$5.58	\$9.51	<b>\$17.44</b>
Far Northwest	\$0.75	\$2.06	\$0.22	\$7.47	\$9.81	<b>\$20.31</b>
Georgetown	\$0.58	\$1.35	\$0.19	\$4.12	\$10.21	<b>\$16.45</b>
Hays County	\$0.55	\$2.02	\$0.29	\$7.62	\$5.83	<b>\$16.31</b>
North	\$0.59	\$1.41	\$0.19	\$11.50	\$10.35	<b>\$24.04</b>
Northeast	\$0.60	\$1.43	\$0.20	\$8.35	\$10.15	<b>\$20.73</b>
Northwest	\$0.66	\$1.70	\$0.21	\$11.98	\$11.01	<b>\$25.56</b>
Round Rock	\$0.59	\$1.44	\$0.18	\$8.22	\$9.29	<b>\$19.72</b>
South	\$0.90	\$2.99	\$0.38	\$8.43	\$7.42	<b>\$20.12</b>
Southeast	\$0.60	\$2.18	\$0.31	\$5.39	\$5.68	<b>\$14.16</b>
Southwest	\$0.77	\$2.05	\$0.28	\$10.68	\$11.60	<b>\$25.38</b>
West Central	\$0.84	\$2.24	\$0.30	\$5.56	\$12.62	<b>\$21.56</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Austin</b>	\$0.59	\$1.60	\$0.20	\$7.48	\$5.85	<b>\$15.72</b>
Bastrop County	\$0.50	\$1.78	\$0.25	\$4.57	\$3.38	<b>\$10.48</b>
Caldwell County	\$0.55	\$2.01	\$0.28	\$2.81	\$3.52	<b>\$9.17</b>
CBD	\$0.48	\$1.34	\$0.22	\$9.97	\$6.79	<b>\$18.80</b>
Cedar Park	\$0.54	\$1.26	\$0.14	\$7.15	\$6.70	<b>\$15.79</b>
Central	\$0.52	\$1.58	\$0.27	\$7.71	\$6.62	<b>\$16.70</b>
East	\$0.56	\$2.04	\$0.28	\$9.25	\$3.68	<b>\$15.81</b>
Far Northeast	\$0.55	\$1.30	\$0.15	\$8.21	\$6.71	<b>\$16.92</b>
Far Northwest	\$0.76	\$2.06	\$0.16	\$6.10	\$5.77	<b>\$14.85</b>
Georgetown	\$0.54	\$1.27	\$0.15	\$5.08	\$6.79	<b>\$13.83</b>
Hays County	\$0.54	\$1.97	\$0.28	\$4.70	\$3.45	<b>\$10.94</b>
North	\$0.47	\$0.64	\$0.15	\$8.25	\$7.90	<b>\$17.41</b>
Northeast	\$0.51	\$1.21	\$0.17	\$6.37	\$6.44	<b>\$14.70</b>
Northwest	\$0.61	\$1.50	\$0.14	\$9.72	\$7.56	<b>\$19.53</b>
Round Rock	\$0.57	\$1.40	\$0.14	\$6.86	\$6.10	<b>\$15.07</b>
South	\$0.73	\$2.40	\$0.31	\$7.70	\$1.95	<b>\$13.09</b>
Southeast	\$0.60	\$2.20	\$0.30	\$7.53	\$3.36	<b>\$13.99</b>
Southwest	\$0.68	\$1.57	\$0.21	\$7.78	\$6.93	<b>\$17.17</b>
West Central	\$0.51	\$1.64	\$0.24	\$10.83	\$7	<b>\$20.22</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Austin</b>	\$0.51	\$1.42	\$0.17	\$8.81	\$4.84	<b>\$15.75</b>
Bastrop County	\$0.51	\$1.87	\$0.17	\$4.36	\$3.39	<b>\$10.30</b>
Caldwell County	\$0.53	\$1.93	\$0.18	\$4.20	\$3.50	<b>\$10.34</b>
CBD	\$0.42	\$1.16	\$0.19	\$14.25	\$5.31	<b>\$21.33</b>
Cedar Park	\$0.50	\$1.18	\$0.14	\$7.69	\$5.44	<b>\$14.95</b>
Central	\$0.50	\$1.40	\$0.15	\$9.72	\$5.85	<b>\$17.62</b>
East	\$0.51	\$1.87	\$0.17	\$10.35	\$3.39	<b>\$16.29</b>
Far Northeast	\$0.52	\$1.26	\$0.14	\$8.11	\$5.67	<b>\$15.70</b>
Far Northwest	\$0.58	\$1.69	\$0.14	\$6.82	\$4	<b>\$13.23</b>
Georgetown	\$0.51	\$1.20	\$0.14	\$4.90	\$5.54	<b>\$12.29</b>
Hays County	\$0.50	\$1.84	\$0.17	\$4.56	\$3.34	<b>\$10.41</b>
North	\$0.45	\$0.56	\$0.14	\$5.78	\$6.54	<b>\$13.47</b>
Northeast	\$0.48	\$1.13	\$0.14	\$6.50	\$5.37	<b>\$13.62</b>
Northwest	\$0.52	\$1.30	\$0.13	\$7.97	\$5.78	<b>\$15.70</b>
Round Rock	\$0.41	\$1.32	\$0.13	\$5.98	\$5.59	<b>\$13.43</b>
South	\$0.65	\$1.49	\$0.22	\$10.49	\$2.29	<b>\$15.14</b>
Southeast	\$0.52	\$1.91	\$0.17	\$7.43	\$0.86	<b>\$10.89</b>
Southwest	\$0.55	\$1.49	\$0.19	\$6.62	\$6.18	<b>\$15.03</b>
West Central	\$0.46	\$1.54	\$0.20	\$16	\$6.22	<b>\$24.42</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

Austin maintains its position as one of the country's most active construction pipelines relative to its size, ranking second among the 50 largest U.S. office markets. The total square footage currently under construction stands at 6.6 million SF, or 4.8% of inventory. After years of robust demand for large-block spaces in premium office buildings, developers had good reason to feel optimistic about speculative construction before the market slowdown. However, with a downturn in market demand, new, unleased space continues to accrue, contributing to a supply surplus.

Development is concentrated in Austin's urban core, with the CBD and East accounting for 55% of the development pipeline. These submarkets command some of the highest rents in Austin and have historically been attractive to large national occupiers due to their central location and walkable amenities. They offer one of the few live/work/play environments available to Austin office workers.

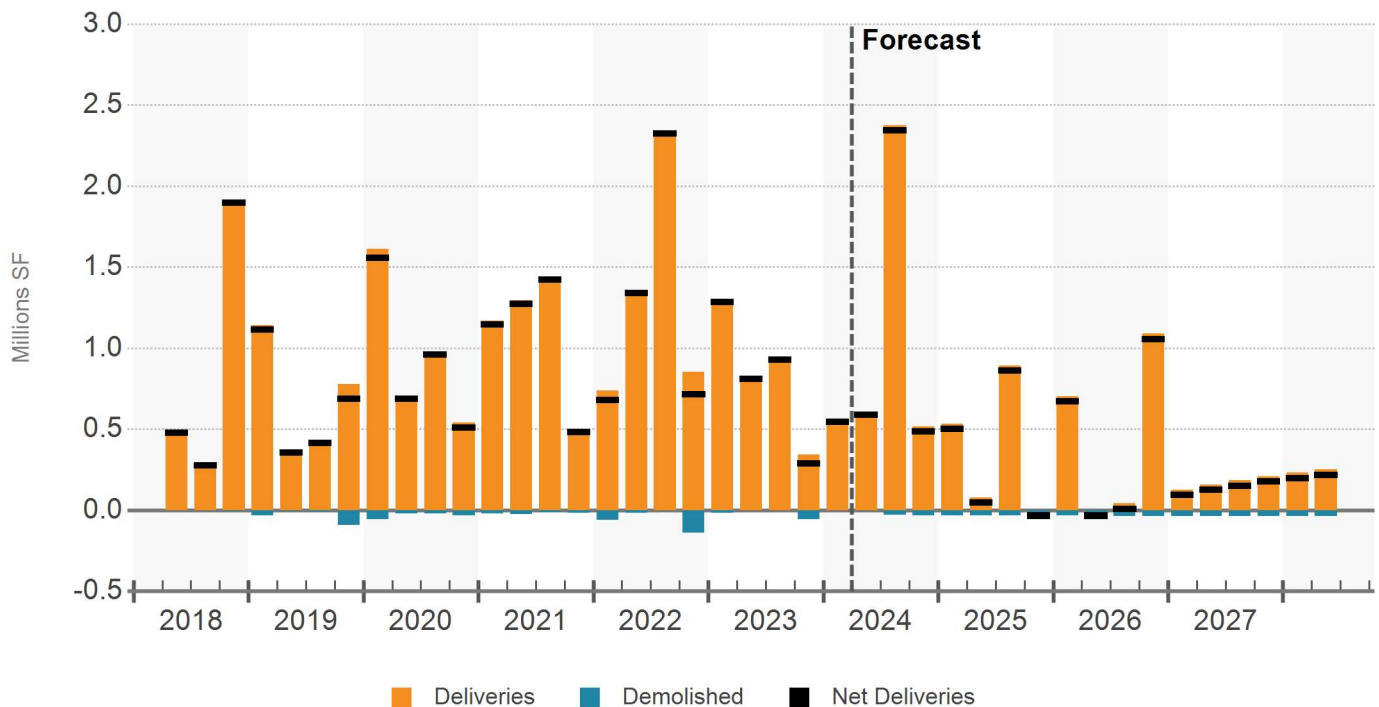
Several sizable projects are expected to deliver within the next 18 months. The Republic is the largest office building underway, adding 816,000 SF of 5 Star space to the CBD, with 51% still available. In Austin's highest-profile submarket, this premium office tower quotes

average asking rents of \$53/SF triple net. In the Domain, nicknamed Austin's second downtown, One Uptown at Uptown ATX is scheduled to deliver 363,000 SF of 5 Star space to the North Submarket in 24Q2. At 94% available, it is one of the many projects expected to contribute to Austin's rising vacancy rate.

Builders continue introducing high-quality assets to the market as existing tenants move from aging inventory to more high-end, amenity-rich spaces. Around 90% of the ongoing construction is 4 & 5 Star. Moreover, development is happening at scale, with properties over 300,000 SF accounting for two-thirds of the construction pipeline. Prominent national developers such as Lincoln Property Company and Brandywine Realty Trust are some of the most active developers in Austin and are driving this scaled growth.

But as the market experiences oversupply and rising availabilities, creditors have tightened the purse strings on new development, making capital unavailable to build speculative office space. In 23Q4, construction starts declined by 80% year over year. Speculative projects are expected to commence once the market sees fundamentals stabilize and sublease availabilities begin to draw down.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	CBD	4	1,660	422	25.4%	9	49,942	414,920	2
2	East	9	1,643	689	41.9%	6	21,594	182,574	4
3	North/Domain	1	1,000	1,000	100%	1	50,561	1,000,000	1
4	Round Rock	15	846	839	99.1%	2	14,653	56,415	6
5	South	4	415	33	7.9%	10	13,489	103,656	5
6	Southwest	15	303	120	39.7%	7	26,145	20,179	8
7	Northeast	1	255	66	25.9%	8	48,274	254,961	3
8	Georgetown	13	236	127	53.9%	5	7,051	18,130	9
9	Cedar Park	8	135	75	55.4%	4	9,979	16,854	10
10	Far Northeast	2	45	42	93.0%	3	9,659	22,371	7
	All Other	3	35	26	76.0%		21,324	11,585	
<b>Totals</b>		<b>75</b>	<b>6,571</b>	<b>3,439</b>	<b>52.3%</b>		<b>22,603</b>	<b>87,618</b>	

# Under Construction Properties

Austin Office

Properties

Square Feet

Percent of Inventory

Released

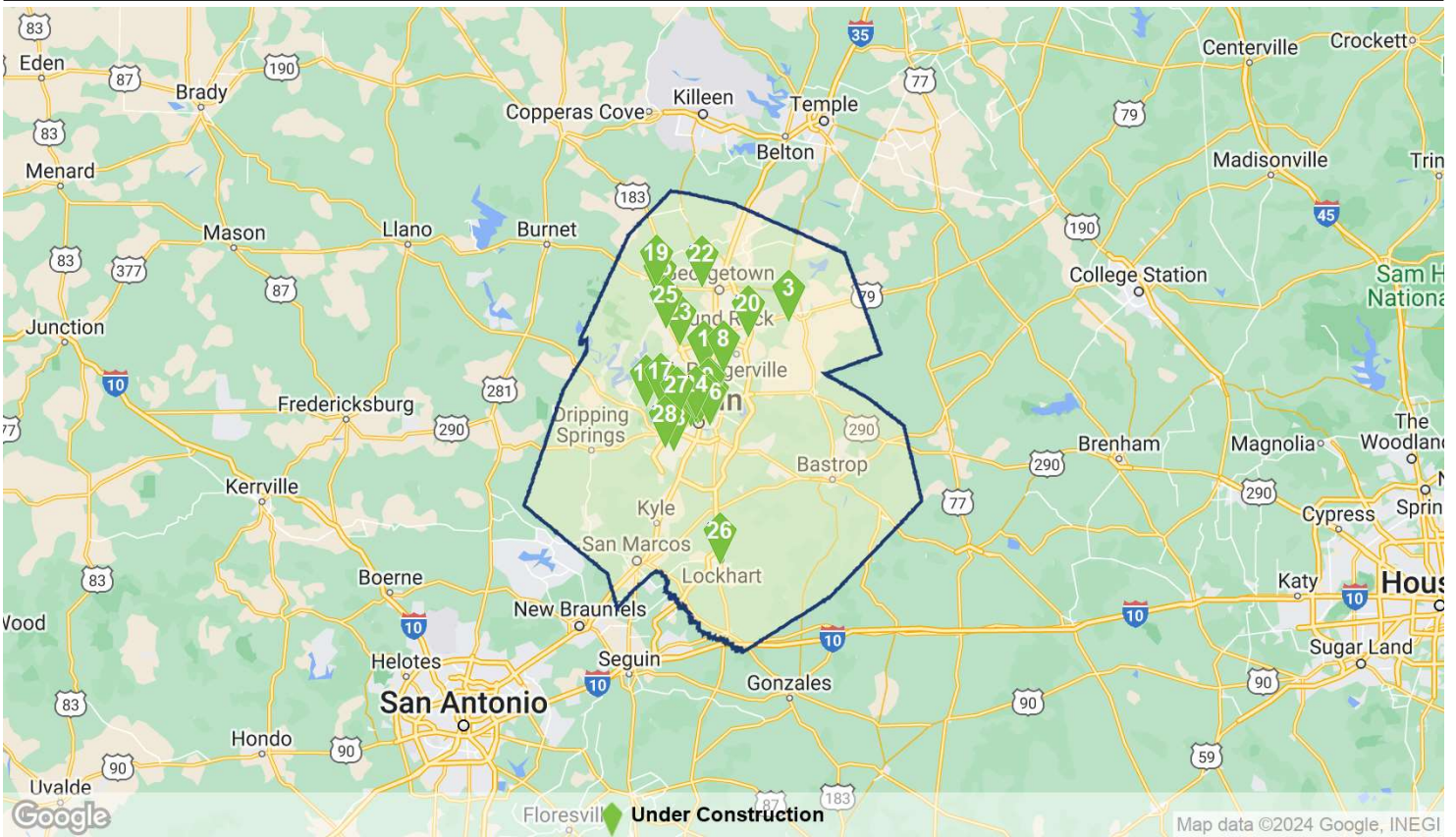
76

6,573,352

4.8%

52.3%

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Domain Block C Office</b> 3000 Palm Way	★★★★★	1,000,000	24	Mar 2024	Sep 2026	Northwood Retail
2 <b>The Republic</b> 401 W 4th St	★★★★☆	816,583	48	Oct 2022	Jun 2025	Phoenix Property Company Travis County
3 <b>Samsung Office</b> 900 County Road 401	★★★★☆	800,000	6	Apr 2022	Jun 2024	-
4 <b>Waterline Tower A</b> 98 Red River St	★★★★☆	703,000	28	Sep 2022	Jan 2026	- Lincoln Property Company
5 <b>Springdale Green Bldg B</b> 1017 Springdale Rd	★★★★★	447,800	6	May 2021	Jun 2024	-
6 <b>Springdale Green Bldg A</b> 1017 Springdale Rd	★★★★★	385,000	6	May 2022	Jun 2024	- Jay Paul Company
7 <b>MuellerAustin</b> 4901 Mueller Blvd	★★★★☆	350,000	4	Sep 2022	Dec 2024	Catellus Development Corporation City of Austin

# Under Construction Properties

Austin Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>Parmer 2.1</b> Parmer 2.1	★★★★☆	254,961	4	May 2023	Nov 2024	- Karlin Real Estate
9 <b>Mueller Business Distric...</b> 4655 Mueller Blvd	★★★★☆	245,000	4	Apr 2022	Aug 2024	Catellus Development Corporation Teacher Retirement System of T...
10 <b>Zilker Point</b> 218 S Lamar Blvd	★★★★☆	206,000	7	Sep 2022	Sep 2024	Runa Workshop Generational Commercial Propert...
11 <b>10900 Senna Hills &amp; Bee...</b>	★★★★☆	180,000	2	Mar 2023	Aug 2024	- -
12 <b>1301 S Lamar</b>	★★★★☆	138,996	4	Oct 2021	May 2024	Rogers-O'Brien Construction Co... Seamless Capital, LP
13 <b>415 Colorado St</b>	★★★★☆	110,097	6	Mar 2022	Dec 2024	- Stonelake Capital Partners
14 <b>Alto</b> 924 E 7th St	★★★★☆	110,000	5	Sep 2022	May 2024	- -
15 <b>10861 183A Toll Rd</b>	★★★★☆	79,500	1	Jul 2023	May 2025	- Kudu Realty Partners
16 <b>Ellie May</b> 755 Springdale Rd	★★★★☆	76,719	4	Jan 2023	Aug 2025	StoryBuilt StoryBuilt
17 <b>Nutrabolt HQ</b> 332 Grace Ln	★★★★☆	75,000	3	Mar 2023	Feb 2025	- Nutrabolt
18 <b>Building 1</b> 8701 Menchaca Rd	★★★★☆	51,114	2	Aug 2021	May 2024	Templar Development Templar Development Inc.
19 <b>820 US 183</b>	★★★★☆	50,000	1	May 2023	Aug 2024	- -
20 <b>201 E Wilco Hwy</b>	★★★★☆	36,000	2	Mar 2023	Aug 2024	- Dunn & Drinkard Development
21 <b>Novak</b> 320 Wolf Ranch Rd	★★★★☆	35,000	3	Nov 2023	Jun 2024	- -
22 <b>320 Wolf Ranch</b>	★★★★☆	35,000	3	Nov 2023	Jun 2024	- -
23 <b>H-Mart Office Bldg 8</b> 11301 Lakeline Blvd	★★★★☆	32,000	2	Dec 2022	May 2024	- -
24 <b>502 W 15th St</b>	★★★★☆	30,000	3	Dec 2023	Jun 2024	- -
25 <b>610 Brashear Ln</b>	★★★★☆	27,800	1	Jul 2023	Jun 2024	- -
26 <b>Building 1</b> 1126 S Colorado St	★★★★☆	22,500	2	Oct 2023	May 2024	- Tony Jacob
27 <b>Bldg C</b> 3423 Bee Cave Rd	★★★★☆	20,626	2	Sep 2023	Jun 2024	- -
28 <b>Building B</b> 9010 Brodie Ln	★★★★☆	18,513	2	Jan 2023	May 2024	- HOLLINGSWORTH FAMILY TR...

Expectations on office values continue to diverge among buyers and sellers due to elevated borrowing costs and declining occupancies, which are slowing income growth. That has translated into a 50% slowdown in sales volume over the past four quarters, now totaling \$320 million across 200 transactions.

Office owners in prime locations, such as the CBD, East Austin, and the Domain, have shown an unwillingness to sell at today's prices. These properties tend to feature central locations, walkability, and dense retail offerings, tailwinds of long-term leasing demand. This dissonance between buyer and seller price expectations has led to these urban submarkets accounting for only 15% of sales over the past year, a significant drop from the 40% average seen in 2021 and 2022.

The focus has shifted to low-rise, 4 Star office properties in first-ring suburbs, which have seen the largest transactions occur. These properties sit on the edge of the urban core, only three to four miles from the CBD, and maintain their appeal due to their well-maintained condition and accessibility to the white-collar workforce. Stabilized properties like these sold at an average price of \$285/SF, a 35% discount from the \$445/SF average in 2021. One recent example is Brandywine's disposition of the 173,000-SF Barton Skyway in the Southwest Submarket for \$308/SF to local investor Riverside Resources. The property was 84% leased at the time of sale.

While private investors represented the largest buyer group, institutional investors set themselves apart as net buyers over the past year, drawn to high-quality, stabilized assets at attractive discounts to peak pricing. For instance, Blue Owl Capital purchased Intel's corporate campus for \$262/SF or \$111 million in 23Q3 in a sale-leaseback agreement, with the chipmaker leasing

the space on a short-term basis.

Meanwhile, owner-users, mainly comprising public institutions, have also been active buyers. The City of Austin purchased the 3-Star, suburban office, Ben White, in the urban adjacent Southeast Submarket for \$309/SF or \$71.5 million, which was 30% lower than the \$430/SF average trade in 2021. The City of Austin was the primary occupant of the building.

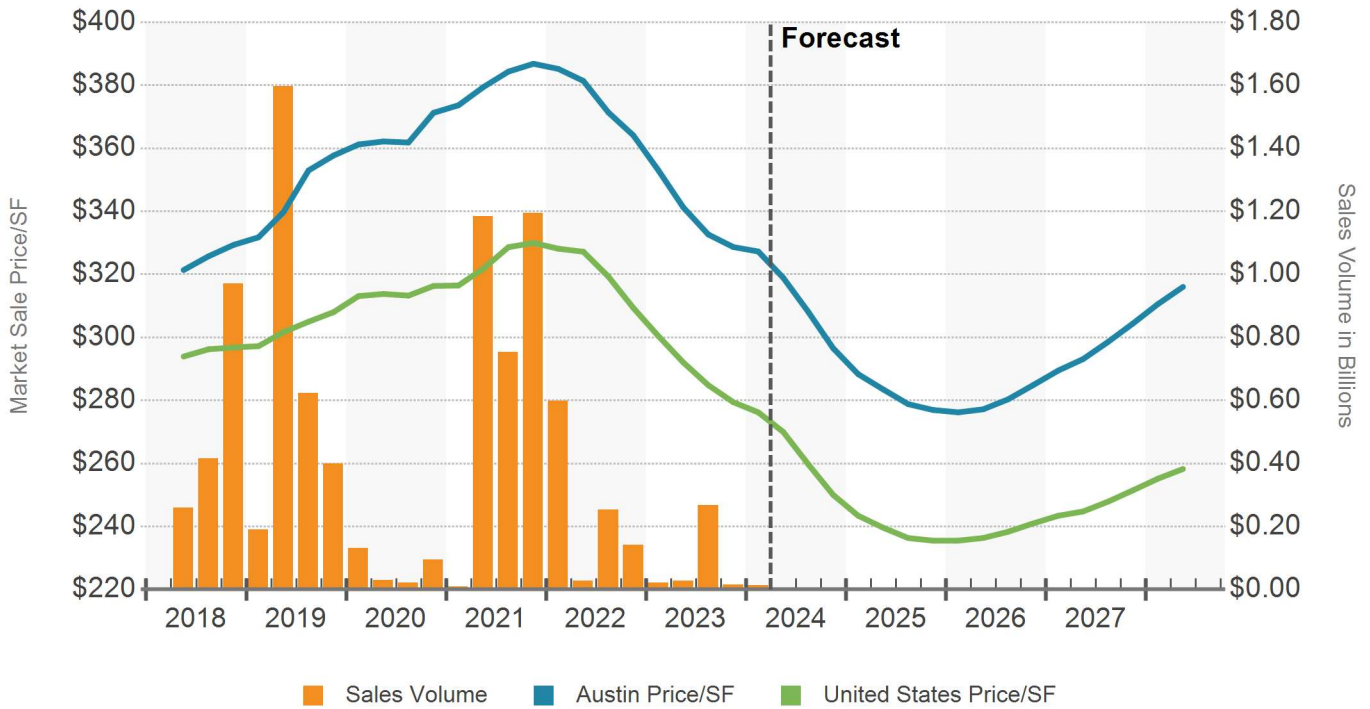
Most acquisitions occurred in the smallest segment of the office market, with buildings under 20,000 SF accounting for 30% of total sales volume over the past year. That average in the three years before the pandemic was closer to 12%.

These office buildings, primarily acquired by private investors, were mostly lower-quality spaces that traditionally appeal to cost-conscious users in suburban areas. Occupancy levels for this cohort of properties are approximately 60%, indicating these were likely value-add opportunities. They sold for 34% less than prices in early 2022 when they averaged \$450/SF.

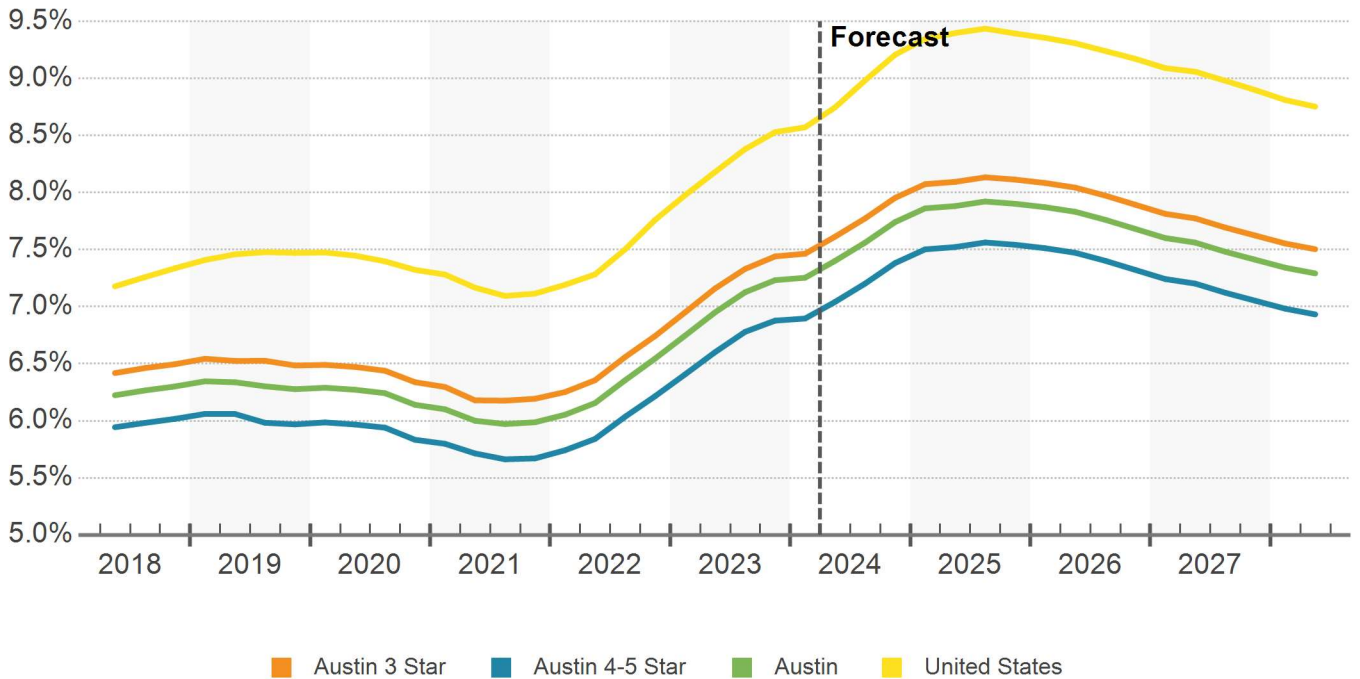
Despite being net buyers, owner-users have also increased selling activity. Before the pandemic, in healthy market conditions, they tended to sell only 7% of the market's total volume. That share has increased to over 20% in the last two years. While motivations can vary, these transactions, which are mainly sale-leasebacks, give sellers the ability to unlock liquidity and reduce real estate expenses.

The ongoing uncertainties surrounding office utilization and its ultimate impact on demand will be a critical piece to how pricing evolves for the year to come, as firms are increasingly adapting to a new workplace environment.

## SALES VOLUME & MARKET SALE PRICE PER SF



## MARKET CAP RATE





# Sales Past 12 Months

Austin Office

Sale Comparables

**220**

Avg. Cap Rate

**6.5%**

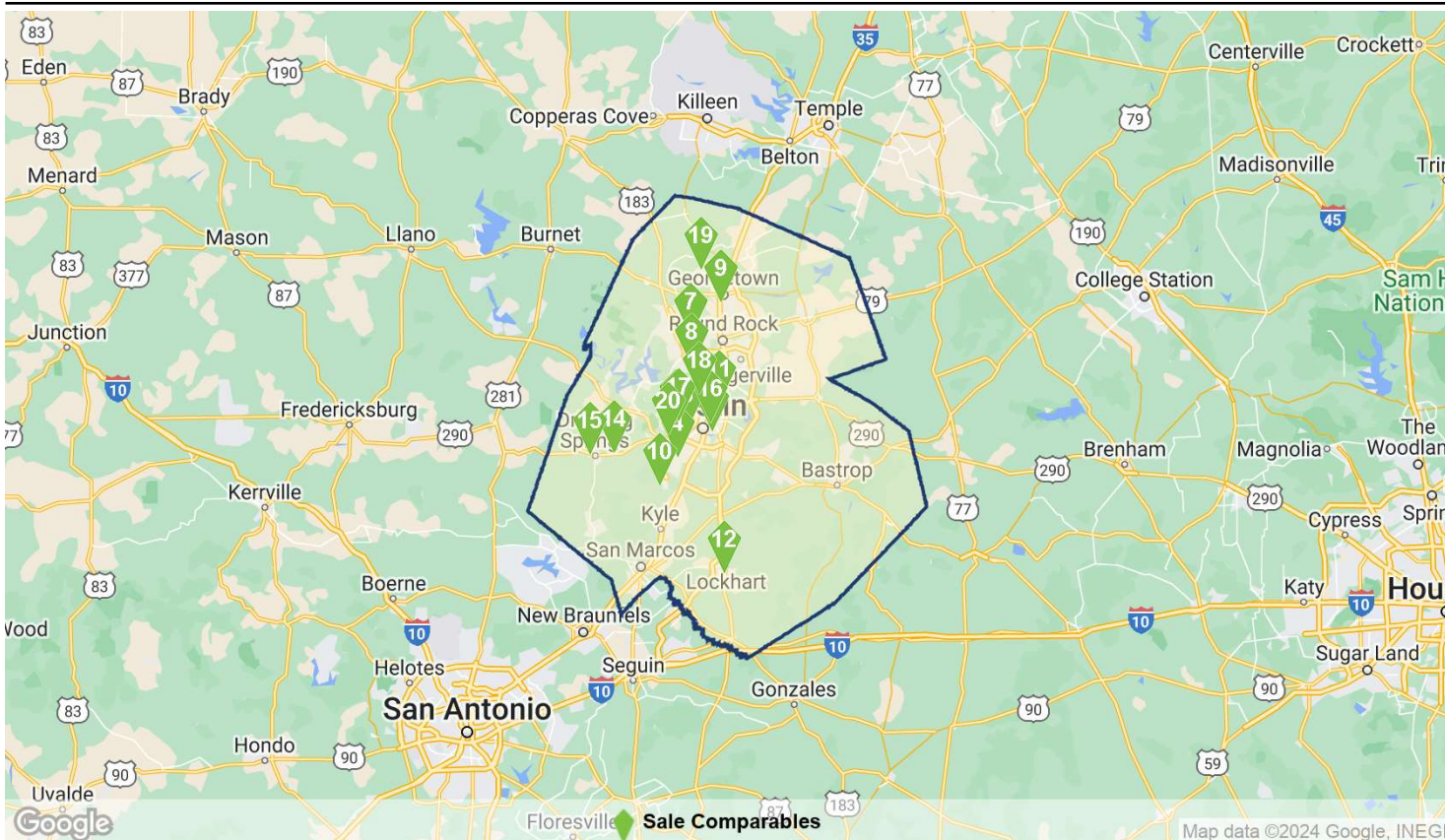
Avg. Price/SF

**\$303**

Avg. Vacancy At Sale

**7.3%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$65,000	\$10,217,501	\$1,300,000	\$111,000,000
Price/SF	\$68	\$303	\$325	\$981
Cap Rate	4.9%	6.5%	6.5%	8.0%
Time Since Sale in Months	0.1	6.6	6.9	12.0
Property Attributes	Low	Average	Median	High
Building SF	440	19,938	4,317	424,332
Stories	1	2	1	5
Typical Floor SF	374	8,283	3,799	84,866
Vacancy Rate At Sale	0%	7.3%	0%	100%
Year Built	1893	1981	1985	2024
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.4	★ ★ ★ ★ ★	★ ★ ★ ★ ★

# Sales Past 12 Months

Austin Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
<b>1</b> Intel Campus 1300 S Mopac Expy	★★★★★	1995	424,332	0%	7/18/2023	\$111,000,000	\$262	-
<b>2</b> Fifth + Tillery 3100 East 5th St	★★★★★	2020	182,716	5.8%	8/21/2023	\$87,250,000	\$478	-
<b>3</b> The Barton 1221 S Mopac Expy	★★★★★	2001	173,302	4.0%	8/4/2023	\$53,300,000	\$308	-
<b>4</b> 8721 Menchaca Rd	★★★★★	2013	9,644	0%	11/21/2023	\$7,655,000	\$794	6.5%
<b>5</b> Bldg II 7901 Cameron Rd	★★★★★	1986	44,518	0%	4/24/2023	\$6,493,901	\$146	-
<b>6</b> Bldg III 7901 Cameron Rd	★★★★★	1986	55,370	0%	4/24/2023	\$5,632,153	\$102	-
<b>7</b> 3005 Glacier Pass	★★★★★	2007	4,430	0%	6/7/2023	\$4,344,000	\$981	6.7%
<b>8</b> Thrive Centre Building I 12885 Research Blvd	★★★★★	1985	25,082	4.1%	8/28/2023	\$3,659,448	\$146	-
<b>9</b> 3527 Snead	★★★★★	2014	15,038	0%	2/2/2024	\$3,550,000	\$236	7.4%
<b>10</b> The Overlook Center 589 N FM 1626	★★★★★	2017	11,250	0%	7/14/2023	\$3,300,000	\$293	6.4%
<b>11</b> Building I 7901 Cameron Rd	★★★★★	1986	17,063	0%	4/24/2023	\$2,273,945	\$133	-
<b>12</b> Access Health Urgent Care 1701 S Colorado St	★★★★★	2022	3,003	0%	5/24/2023	\$2,265,625	\$754	6.4%
<b>13</b> Westlake Oaks A1 & A2 1101 S Capital Of Texas H...	★★★★★	1982	5,250	0%	7/13/2023	\$2,023,000	\$385	-
<b>14</b> 3998 E Highway 290	★★★★★	1992	7,797	0%	1/8/2024	\$1,725,000	\$221	-
<b>15</b> Dripping Springs Profes... 701 W Highway 290	★★★★★	2010	4,800	0%	10/18/2023	\$1,575,000	\$328	6.9%
<b>16</b> 1804 Ulit Ave	★★★★★	1970	2,788	100%	12/29/2023	\$1,500,000	\$538	-
<b>17</b> Park at Eanes Creek 5 4407 Bee Caves Rd	★★★★★	2001	2,730	0%	1/4/2024	\$1,425,000	\$522	-
<b>18</b> 7514 N Mopac Expy	★★★★★	1983	4,943	0%	4/17/2024	\$1,350,000	\$273	-
<b>19</b> 5373 Williams Dr	★★★★★	2019	7,500	48.3%	3/28/2024	\$1,300,000	\$173	-
<b>20</b> 5900 Southwest Pky	★★★★★	2005	2,729	0%	8/31/2023	\$1,250,000	\$458	-

Austin's labor market continues to show a healthy growth rate of 2.7%, outperforming the national average; however, it has cooled notably from the 8.9% growth recorded in the previous year. Recent data highlights that annual employment growth has remained positive across all industries. Manufacturing jobs have expanded by 3.4%, professional and business services by 3.7%, and leisure and hospitality jobs by 5.3%. The recent expansions by Samsung and Tesla serve as catalysts for future corporate expansions and relocations, signaling a promising outlook for new jobs in the Austin market.

The metro has also been attracting companies from expensive coastal markets to set up operations in Austin. Two companies, Oracle and Tesla, have recently relocated their headquarters from Silicon Valley to Austin. Oracle has been building out its roughly 1 million-SF Austin office in the East Riverside corridor, and Tesla completed construction on its Giga Texas site along TX-130. The 4.5 million-SF factory will produce the Cybertruck, Model 3, and Model Y.

The region's business-friendly environment, no state corporate or income taxes, higher quality of life, and deep talent pool should continue to draw businesses to Austin. That talent is sourced in-house from the University of Texas at Austin. The world-class institution regularly ranks as one of the best schools in the world for STEM graduates. Job growth and company relocations continue to drive population growth ahead of any other major market in the country. Since 2010, Austin's population has outperformed the second-

fastest-growing market, Raleigh, by more than 7.5%, growing by 33% between 2010 and 2020.

State and local governments continue to provide employment stability in the Texas capital as the sector comprises 15% of the workforce.

The education and health services sector has also proven to be more resilient during declining economic growth. While this sector makes up only 12% of the metro's overall employment, it has grown 7.6% over the last year. The University of Texas at Austin, one of the largest universities in the country by enrollment, is the metro's second-largest employer, with over 23,000 employees. This industry should continue to see strong job growth and will be vital to serving one of the fastest-growing metros in the nation.

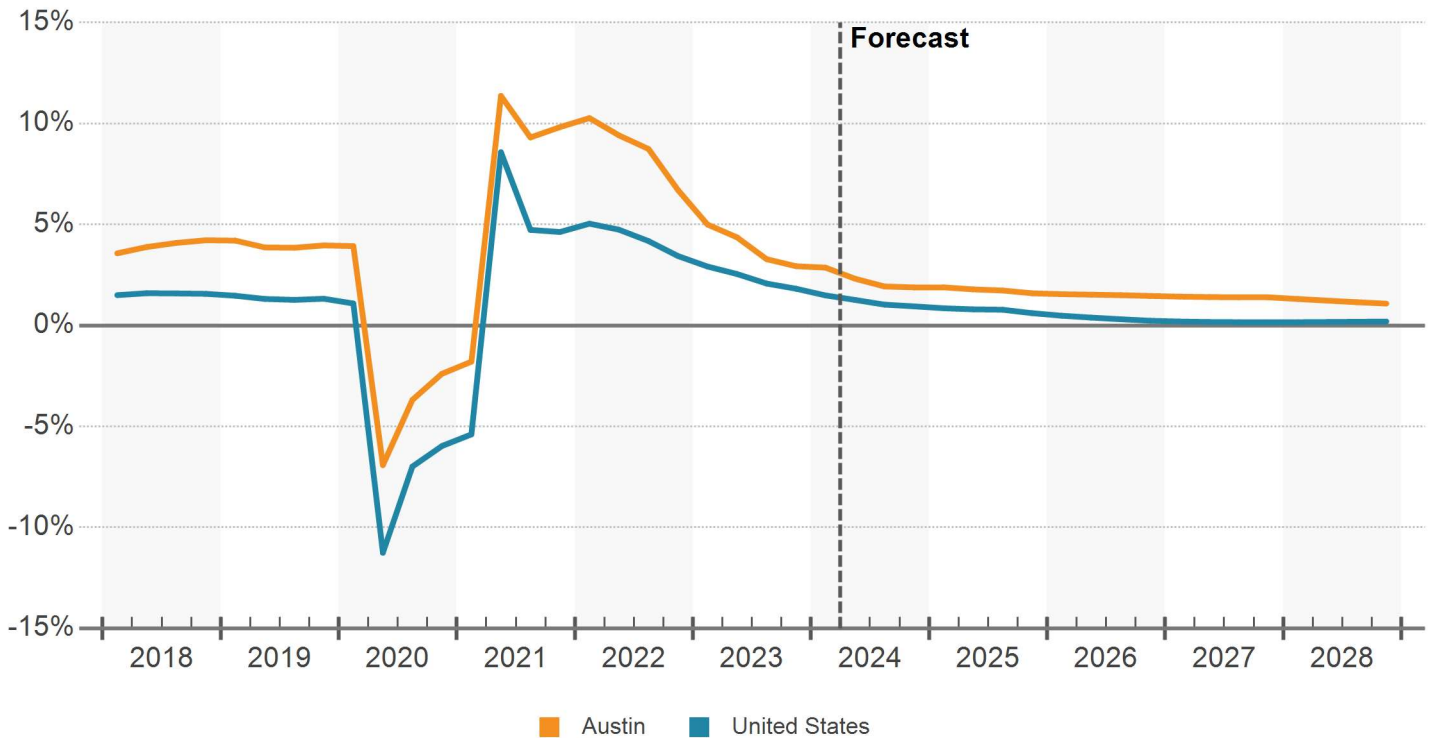
Thanks to its younger demographic, Austin is also likely to outperform many of its peer markets. Roughly 25% of the metro's population is between 20 and 34 years old. This can be attributed partly to UT students who remain in Austin after graduating, attracted to the metro's culture, warm climate, and optimistic employment prospects. It's helped bolster Austin's status as the fastest-growing city in the U.S. since the last U.S. Census. The metro has grown by roughly 35% since 2010. This young, highly educated workforce has attracted employers and delivered high-paying jobs, boosted the median household income to above the U.S. average, and contributed to the city's economic growth.

## AUSTIN EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	74	0.7	-0.01%	0.04%	2.44%	0.70%	0.69%	0.13%
Trade, Transportation and Utilities	210	0.9	-0.15%	0.07%	3.33%	1.03%	1.33%	0.14%
Retail Trade	118	0.9	0.37%	-0.17%	1.97%	0.18%	1.09%	0.13%
Financial Activities	81	1.0	2.34%	0.54%	4.62%	1.44%	1.68%	0.18%
Government	191	1.0	3.13%	2.35%	1.21%	0.55%	0.64%	0.32%
Natural Resources, Mining and Construction	86	1.2	8.43%	2.16%	5.82%	2.35%	1.52%	0.24%
Education and Health Services	152	0.7	4.27%	3.32%	3.84%	1.98%	1.44%	0.63%
Professional and Business Services	292	1.5	3.73%	0.69%	6.49%	1.97%	1.67%	0.47%
Information	54	2.1	0.74%	-1.76%	8.27%	1.10%	2.08%	0.22%
Leisure and Hospitality	153	1.1	2.44%	2.56%	3.85%	1.51%	2.17%	0.69%
Other Services	52	1.0	2.14%	1.48%	2.06%	0.65%	1.24%	0.26%
<b>Total Employment</b>	<b>1,344</b>	<b>1.0</b>	<b>2.74%</b>	<b>1.44%</b>	<b>3.98%</b>	<b>1.34%</b>	<b>1.44%</b>	<b>0.37%</b>

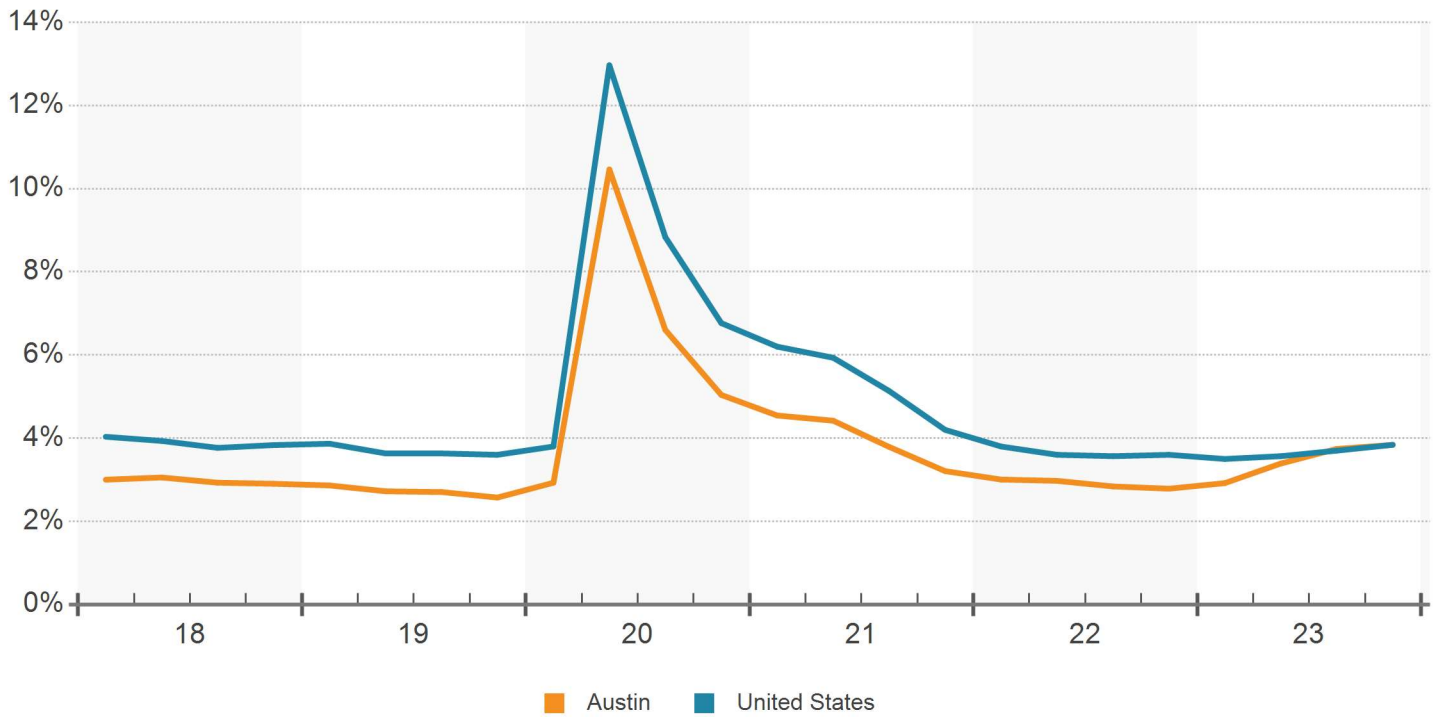
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

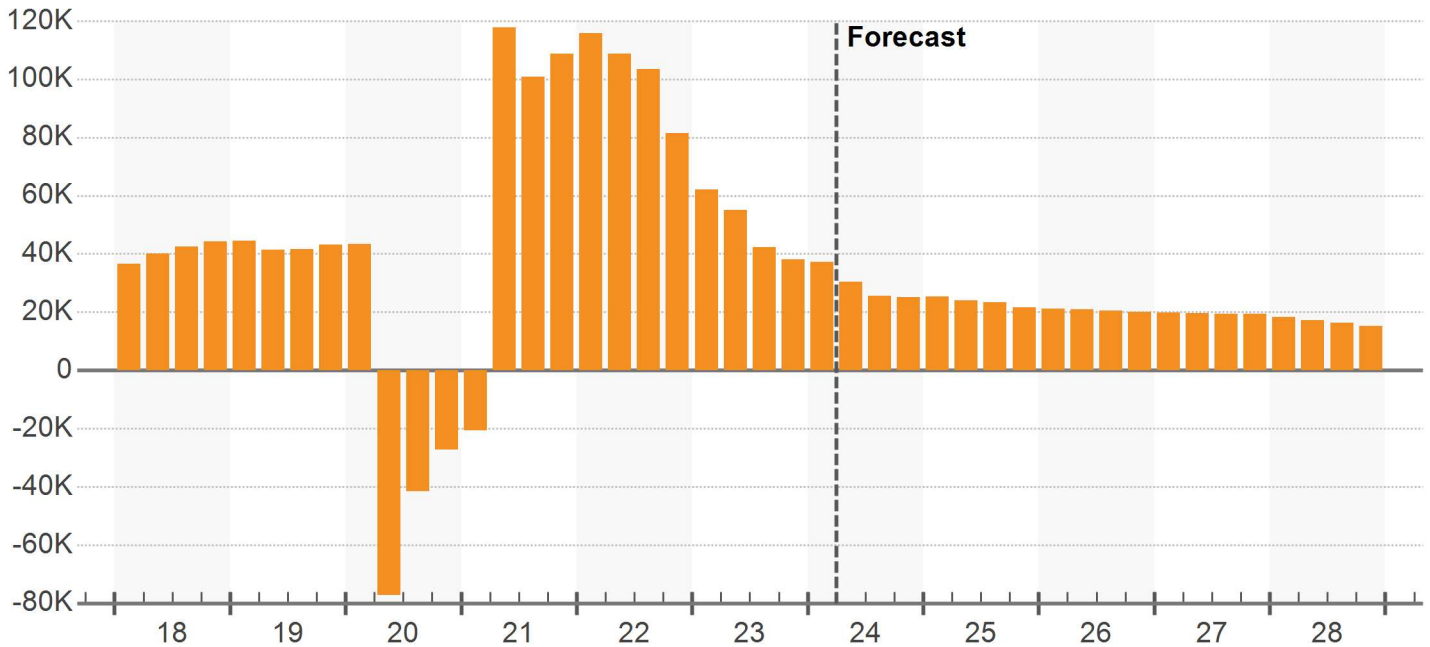


Source: Oxford Economics

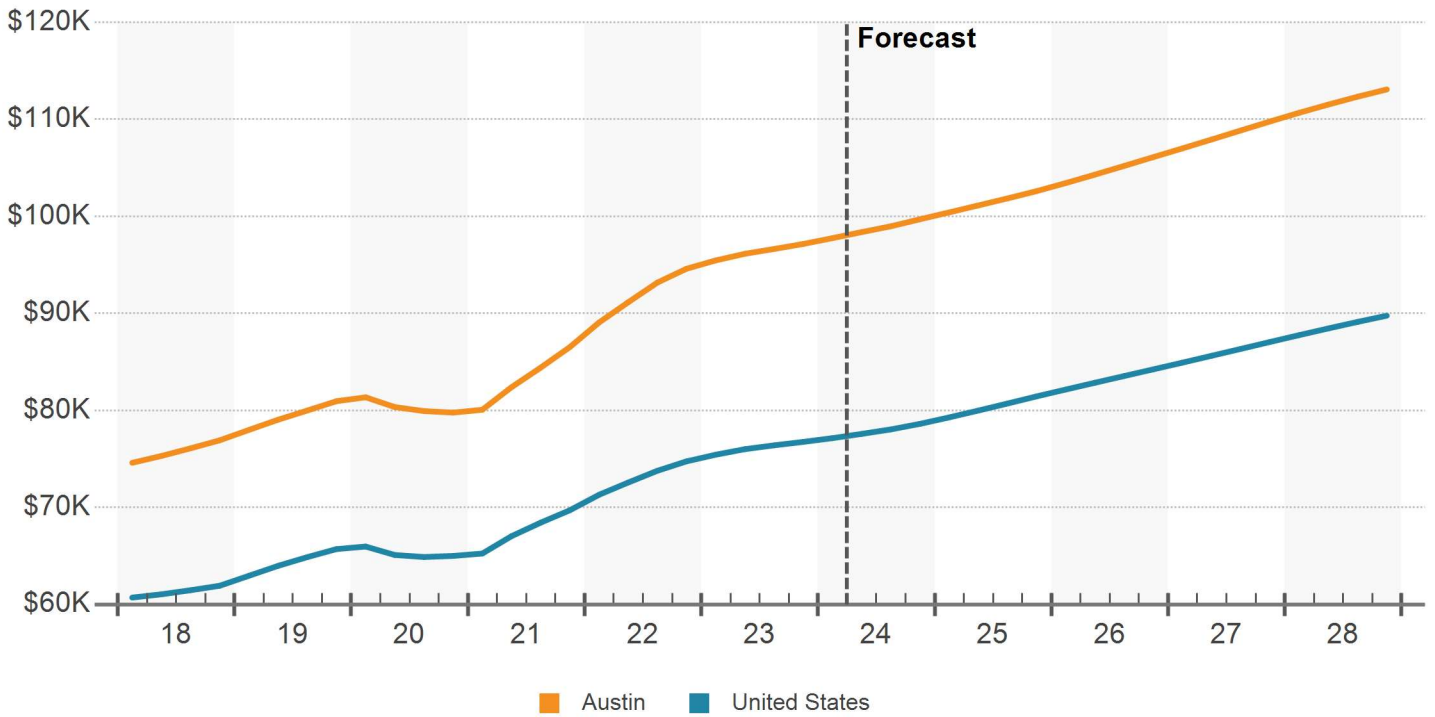
## UNEMPLOYMENT RATE (%)



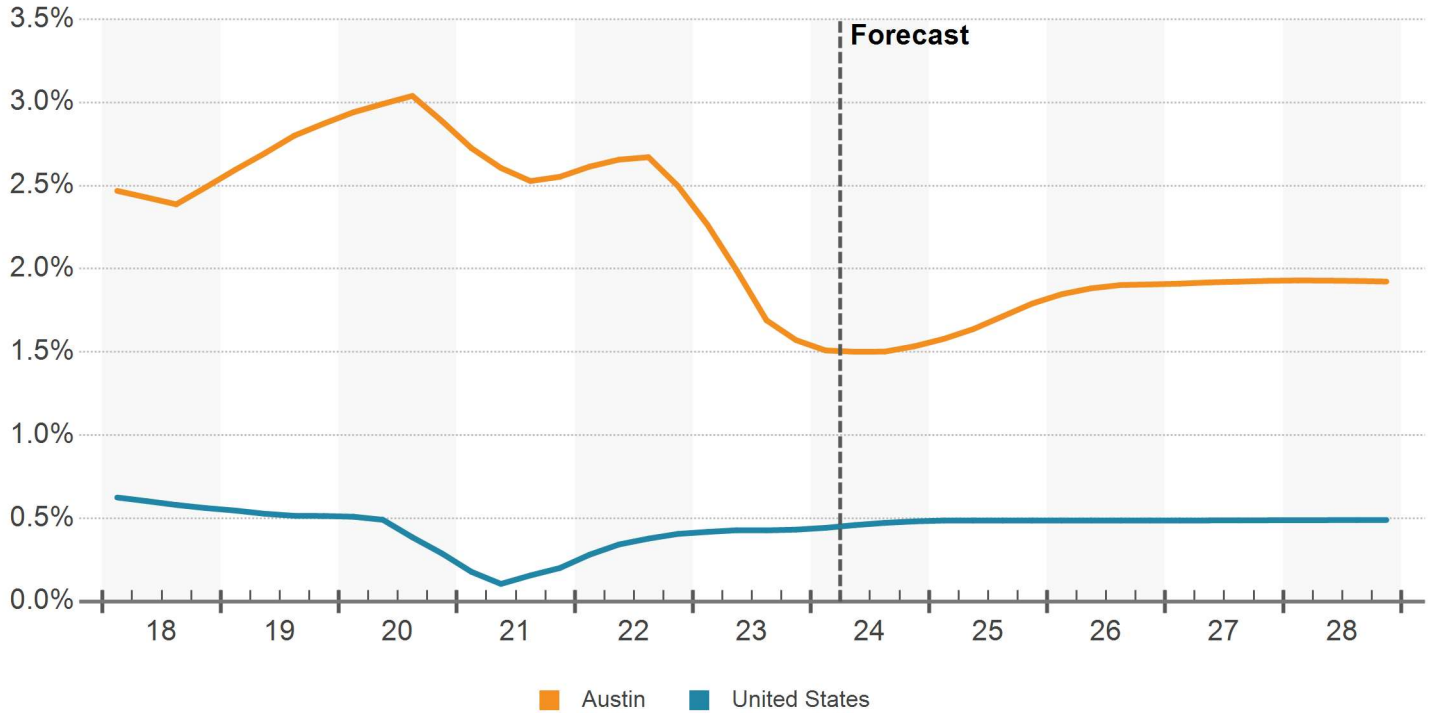
## NET EMPLOYMENT CHANGE (YOY)



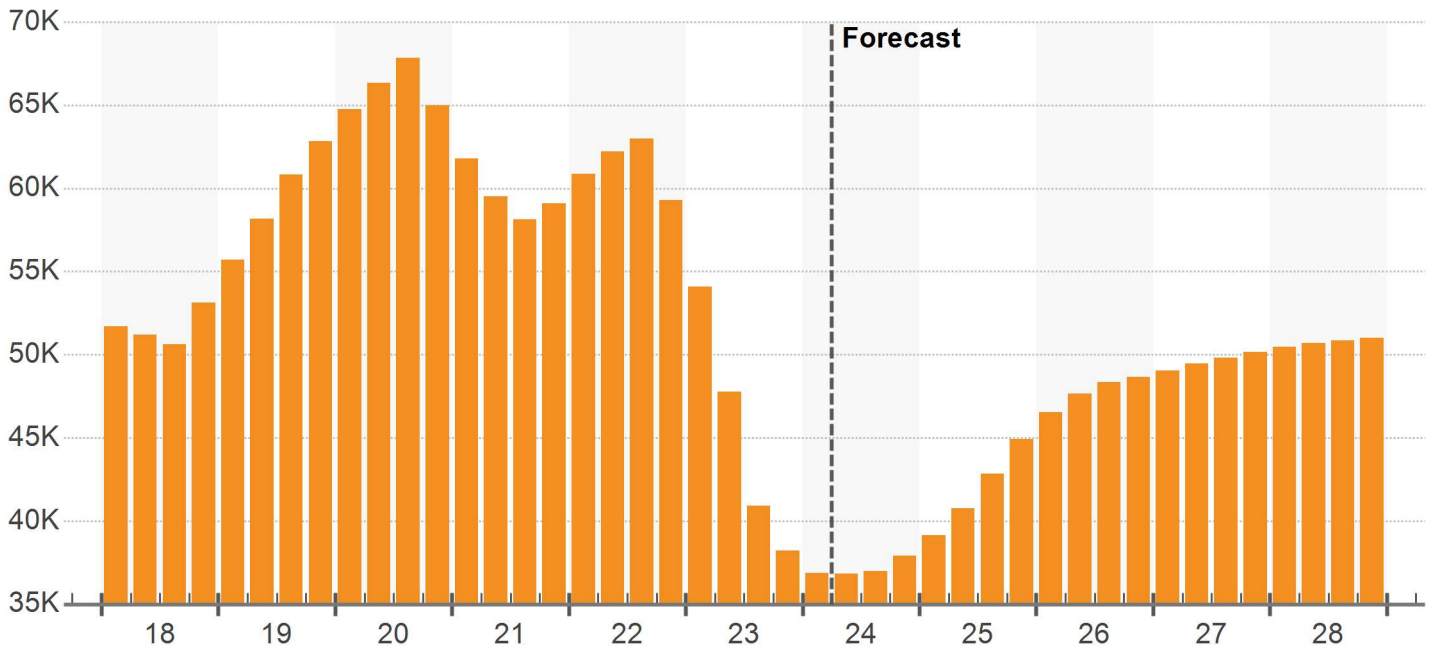
## MEDIAN HOUSEHOLD INCOME



## POPULATION GROWTH (YOY %)



## NET POPULATION CHANGE (YOY)

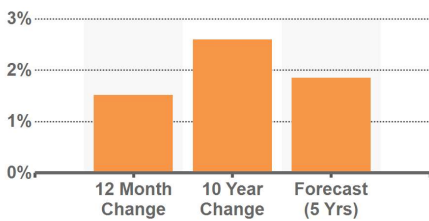


## DEMOGRAPHIC TRENDS

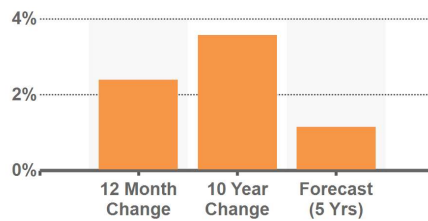
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	2,482,311	335,580,156	1.5%	0.4%	2.6%	0.5%	1.8%	0.5%
Households	1,027,922	131,073,781	1.7%	0.6%	3.7%	0.9%	1.9%	0.6%
Median Household Income	\$97,887	\$77,237	2.4%	2.2%	4.6%	3.9%	3.1%	3.2%
Labor Force	1,459,977	169,070,125	2.4%	1.6%	3.6%	0.8%	1.1%	0.1%
Unemployment	3.8%	3.8%	0.8%	0.3%	-0.1%	-0.3%	-	-

Source: Oxford Economics

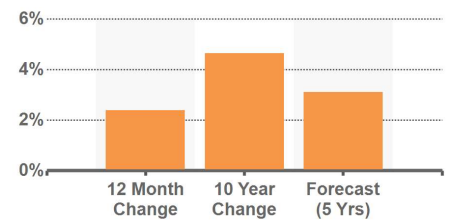
### POPULATION GROWTH



### LABOR FORCE GROWTH

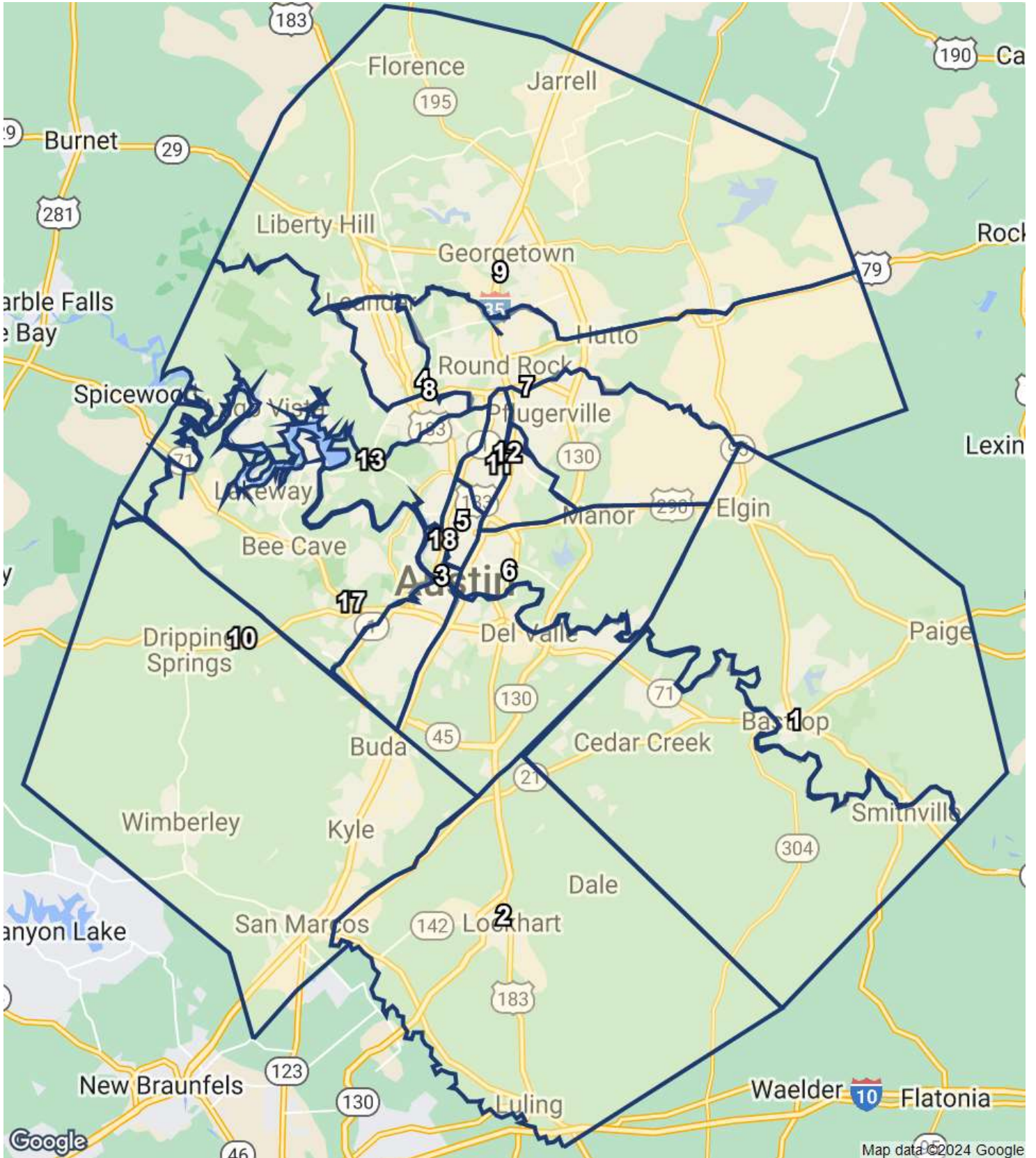


### INCOME GROWTH



Source: Oxford Economics

## AUSTIN SUBMARKETS





## SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Bastrop County	125	621	0.5%	17	0	0	0%	-	0	-	-	-
2	Caldwell County	48	181	0.1%	18	0	0	0%	-	1	23	12.4%	11
3	CBD	490	24,472	18.1%	1	3	909	3.7%	1	4	1,660	6.8%	1
4	Cedar Park	359	3,582	2.6%	12	8	72	2.0%	10	8	135	3.8%	9
5	Central	441	6,990	5.2%	8	2	193	2.8%	4	0	-	-	-
6	East	416	8,983	6.6%	5	5	217	2.4%	3	9	1,643	18.3%	2
7	Far Northeast	119	1,149	0.8%	16	1	11	0.9%	14	2	45	3.9%	10
8	Far Northwest	223	6,179	4.6%	10	1	18	0.3%	12	0	-	-	-
9	Georgetown	444	3,131	2.3%	14	8	122	3.9%	5	13	236	7.5%	8
10	Hays County	431	3,394	2.5%	13	7	82	2.4%	8	2	12	0.4%	12
11	North/Domain	218	11,022	8.1%	4	2	628	5.7%	2	1	1,000	9.1%	3
12	Northeast	131	6,324	4.7%	9	0	0	0%	-	1	255	4.0%	7
13	Northwest	479	18,682	13.8%	2	0	0	0%	-	0	-	-	-
14	Round Rock	527	7,722	5.7%	6	11	101	1.3%	6	15	846	11.0%	4
15	South	534	7,203	5.3%	7	4	55	0.8%	11	4	415	5.8%	5
16	Southeast	122	6,131	4.5%	11	1	15	0.2%	13	0	-	-	-
17	Southwest	649	16,968	12.5%	3	4	83	0.5%	7	15	303	1.8%	6
18	West Central	241	2,817	2.1%	15	1	72	2.6%	9	0	-	-	-

## SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Bastrop County	\$31.71	17	1.2%	6	14.7%	1
2	Caldwell County	\$31.34	18	1.1%	9	14.0%	2
3	CBD	\$57.06	1	1.2%	5	0.3%	16
4	Cedar Park	\$37.32	10	0.8%	14	2.5%	12
5	Central	\$38.47	9	2.0%	1	12.4%	3
6	East	\$45.49	4	0.8%	12	1.9%	13
7	Far Northeast	\$34.84	13	0.8%	16	7.7%	6
8	Far Northwest	\$40.40	8	1.1%	8	2.6%	11
9	Georgetown	\$33.29	15	0.9%	11	9.3%	5
10	Hays County	\$32.79	16	1.3%	3	9.5%	4
11	North/Domain	\$46.07	3	0.6%	18	-1.2%	18
12	Northeast	\$34.04	14	0.8%	13	1.7%	14
13	Northwest	\$41.25	7	1.0%	10	0.1%	17
14	Round Rock	\$35.50	11	0.8%	15	0.3%	15
15	South	\$43.19	6	1.1%	7	5.5%	8
16	Southeast	\$35.34	12	0.6%	17	2.7%	10
17	Southwest	\$43.83	5	1.3%	4	4.3%	9
18	West Central	\$47.73	2	1.5%	2	6.8%	7

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Bastrop County	36,373	5.9%	4	8,992	1.4%	10	-
2	Caldwell County	7,557	4.2%	2	(1,381)	-0.8%	11	-
3	CBD	4,934,628	20.2%	15	(162,254)	-0.7%	15	-
4	Cedar Park	375,322	10.5%	9	(50,396)	-1.4%	13	-
5	Central	1,094,539	15.7%	13	(65,514)	-0.9%	14	-
6	East	2,150,729	23.9%	17	121,905	1.4%	2	1.5
7	Far Northeast	93,783	8.2%	5	10,996	1.0%	9	1.0
8	Far Northwest	949,765	15.4%	12	(17,676)	-0.3%	12	-
9	Georgetown	306,879	9.8%	7	49,479	1.6%	6	1.9
10	Hays County	291,044	8.6%	6	31,565	0.9%	7	2.3
11	North/Domain	1,633,430	14.8%	11	251,049	2.3%	1	1.3
12	Northeast	1,876,491	29.7%	18	(164,738)	-2.6%	16	-
13	Northwest	4,094,372	21.9%	16	(259,578)	-1.4%	18	-
14	Round Rock	299,067	3.9%	1	77,035	1.0%	5	1.2
15	South	1,239,929	17.2%	14	11,118	0.2%	8	-
16	Southeast	631,165	10.3%	8	(174,440)	-2.8%	17	-
17	Southwest	2,490,931	14.7%	10	97,327	0.6%	4	0.5
18	West Central	159,635	5.7%	3	105,570	3.7%	3	0.7

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	143,375,458	905,441	0.6%	1,745,277	1.2%	0.5
2027	142,470,017	544,973	0.4%	1,574,435	1.1%	0.3
2026	141,925,044	1,701,400	1.2%	1,069,800	0.8%	1.6
2025	140,223,644	1,373,527	1.0%	(1,363,470)	-1.0%	-
2024	138,850,117	3,963,448	2.9%	(925,851)	-0.7%	-
YTD	135,550,838	664,169	0.5%	260,342	0.2%	2.6
2023	134,886,669	3,311,222	2.5%	(1,080,413)	-0.8%	-
2022	131,575,447	5,055,645	4.0%	2,810,056	2.1%	1.8
2021	126,519,802	4,322,327	3.5%	2,732,830	2.2%	1.6
2020	122,197,475	3,720,039	3.1%	(337,172)	-0.3%	-
2019	118,477,436	2,568,299	2.2%	1,538,791	1.3%	1.7
2018	115,909,137	3,853,470	3.4%	3,027,397	2.6%	1.3
2017	112,055,667	2,614,858	2.4%	2,879,642	2.6%	0.9
2016	109,440,809	1,802,562	1.7%	1,856,303	1.7%	1.0
2015	107,638,247	4,338,394	4.2%	4,669,784	4.3%	0.9
2014	103,299,853	1,821,892	1.8%	2,176,152	2.1%	0.8
2013	101,477,961	468,452	0.5%	1,289,135	1.3%	0.4
2012	101,009,509	647,216	0.6%	2,284,627	2.3%	0.3

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	70,228,421	1,004,391	1.5%	2,025,764	2.9%	0.5
2027	69,224,030	656,870	1.0%	1,854,419	2.7%	0.4
2026	68,567,160	1,832,504	2.7%	1,364,347	2.0%	1.3
2025	66,734,656	1,507,899	2.3%	(95,027)	-0.1%	-
2024	65,226,757	3,331,681	5.4%	749,120	1.1%	4.4
YTD	62,485,164	590,088	1.0%	208,124	0.3%	2.8
2023	61,895,076	2,727,551	4.6%	(282,601)	-0.5%	-
2022	59,167,525	4,522,221	8.3%	2,868,304	4.8%	1.6
2021	54,645,304	3,377,253	6.6%	1,997,947	3.7%	1.7
2020	51,268,051	3,071,796	6.4%	462,366	0.9%	6.6
2019	48,196,255	1,590,526	3.4%	347,088	0.7%	4.6
2018	46,605,729	3,011,527	6.9%	3,110,314	6.7%	1.0
2017	43,594,202	1,976,719	4.7%	2,093,691	4.8%	0.9
2016	41,617,483	1,204,868	3.0%	1,764,482	4.2%	0.7
2015	40,412,615	3,732,738	10.2%	3,303,257	8.2%	1.1
2014	36,679,877	1,297,901	3.7%	1,306,972	3.6%	1.0
2013	35,381,976	206,556	0.6%	627,743	1.8%	0.3
2012	35,175,420	276,200	0.8%	1,405,542	4.0%	0.2

# Supply & Demand Trends

Austin Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	49,654,519	33,717	0.1%	(68,743)	-0.1%	-
2027	49,620,802	20,583	0%	(67,140)	-0.1%	-
2026	49,600,219	682	0%	(81,051)	-0.2%	-
2025	49,599,537	(4,148)	0%	(756,425)	-1.5%	-
2024	49,603,685	679,655	1.4%	(856,899)	-1.7%	-
YTD	48,995,111	71,081	0.1%	218,830	0.4%	0.3
2023	48,924,030	537,038	1.1%	(421,554)	-0.9%	-
2022	48,386,992	569,359	1.2%	(54,371)	-0.1%	-
2021	47,817,633	966,875	2.1%	531,392	1.1%	1.8
2020	46,850,758	726,396	1.6%	(268,774)	-0.6%	-
2019	46,124,362	964,965	2.1%	1,246,085	2.7%	0.8
2018	45,159,397	832,224	1.9%	17,250	0%	48.2
2017	44,327,173	663,546	1.5%	782,591	1.8%	0.8
2016	43,663,627	551,401	1.3%	271,490	0.6%	2.0
2015	43,112,226	607,538	1.4%	1,138,348	2.6%	0.5
2014	42,504,688	536,704	1.3%	474,700	1.1%	1.1
2013	41,967,984	292,876	0.7%	394,214	0.9%	0.7
2012	41,675,108	292,700	0.7%	954,805	2.3%	0.3

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	23,492,518	(132,667)	-0.6%	(211,744)	-0.9%	-
2027	23,625,185	(132,480)	-0.6%	(212,844)	-0.9%	-
2026	23,757,665	(131,786)	-0.6%	(213,496)	-0.9%	-
2025	23,889,451	(130,224)	-0.5%	(512,018)	-2.1%	-
2024	24,019,675	(47,888)	-0.2%	(818,072)	-3.4%	-
YTD	24,070,563	3,000	0%	(166,612)	-0.7%	-
2023	24,067,563	46,633	0.2%	(376,258)	-1.6%	-
2022	24,020,930	(35,935)	-0.1%	(3,877)	0%	-
2021	24,056,865	(21,801)	-0.1%	203,491	0.8%	-
2020	24,078,666	(78,153)	-0.3%	(530,764)	-2.2%	-
2019	24,156,819	12,808	0.1%	(54,382)	-0.2%	-
2018	24,144,011	9,719	0%	(100,167)	-0.4%	-
2017	24,134,292	(25,407)	-0.1%	3,360	0%	-
2016	24,159,699	46,293	0.2%	(179,669)	-0.7%	-
2015	24,113,406	(1,882)	0%	228,179	0.9%	-
2014	24,115,288	(12,713)	-0.1%	394,480	1.6%	-
2013	24,128,001	(30,980)	-0.1%	267,178	1.1%	-
2012	24,158,981	78,316	0.3%	(75,720)	-0.3%	-

## OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$45.40	167	3.7%	4.2%	28,675,015	20.0%	-0.7%
2027	\$43.78	161	2.8%	0.4%	29,509,856	20.7%	-0.8%
2026	\$42.58	156	1.0%	-2.3%	30,534,355	21.5%	0.2%
2025	\$42.18	155	-3.0%	-3.2%	29,897,129	21.3%	1.8%
2024	\$43.50	160	-0.2%	-0.2%	27,153,884	19.6%	3.1%
YTD	\$43.71	160	1.1%	0.3%	22,665,639	16.7%	0.2%
2023	\$43.59	160	0.4%	0%	22,261,812	16.5%	2.9%
2022	\$43.39	159	0.9%	-0.4%	17,870,177	13.6%	1.2%
2021	\$43.01	158	1.8%	-1.3%	15,624,588	12.3%	0.9%
2020	\$42.26	155	-0.4%	-3.0%	14,035,091	11.5%	3.1%
2019	\$42.44	156	6.5%	-2.6%	9,979,020	8.4%	0.7%
2018	\$39.87	146	7.4%	-8.5%	8,955,512	7.7%	0.5%
2017	\$37.11	136	3.4%	-14.9%	8,132,596	7.3%	-0.4%
2016	\$35.90	132	6.1%	-17.6%	8,395,523	7.7%	-0.2%
2015	\$33.83	124	7.6%	-22.4%	8,457,412	7.9%	-0.7%
2014	\$31.43	115	7.4%	-27.9%	8,788,802	8.5%	-0.5%
2013	\$29.26	107	5.7%	-32.9%	9,143,062	9.0%	-0.9%
2012	\$27.69	102	8.5%	-36.5%	9,978,938	9.9%	-1.7%

## 4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$51.55	167	3.6%	1.8%	15,179,946	21.6%	-1.8%
2027	\$49.78	162	2.6%	-1.7%	16,202,235	23.4%	-2.0%
2026	\$48.50	157	0.8%	-4.2%	17,400,722	25.4%	0%
2025	\$48.14	156	-3.2%	-4.9%	16,933,016	25.4%	1.9%
2024	\$49.74	161	-0.9%	-1.8%	15,330,090	23.5%	2.9%
YTD	\$50.21	163	0.9%	-0.8%	13,129,474	21.0%	0.4%
2023	\$50.20	163	0.2%	-0.9%	12,747,510	20.6%	4.1%
2022	\$50.11	163	-0.9%	-1.0%	9,737,358	16.5%	1.7%
2021	\$50.55	164	0.6%	-0.2%	8,083,441	14.8%	1.7%
2020	\$50.24	163	-0.8%	-0.8%	6,704,135	13.1%	4.6%
2019	\$50.63	164	6.8%	0%	4,094,705	8.5%	2.4%
2018	\$47.40	154	7.8%	-6.4%	2,851,267	6.1%	-0.6%
2017	\$43.95	143	4.4%	-13.2%	2,950,054	6.8%	-0.6%
2016	\$42.08	137	7.1%	-16.9%	3,067,026	7.4%	-1.6%
2015	\$39.30	128	8.2%	-22.4%	3,626,640	9.0%	0.3%
2014	\$36.32	118	6.9%	-28.3%	3,197,159	8.7%	-0.3%
2013	\$33.99	110	5.3%	-32.9%	3,206,230	9.1%	-1.3%
2012	\$32.26	105	11.0%	-36.3%	3,627,417	10.3%	-3.3%

## 3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$40.82	170	3.9%	5.1%	9,365,802	18.9%	0.2%
2027	\$39.30	164	3.0%	1.2%	9,263,377	18.7%	0.2%
2026	\$38.15	159	1.2%	-1.7%	9,175,662	18.5%	0.2%
2025	\$37.71	157	-2.8%	-2.9%	9,093,905	18.3%	1.5%
2024	\$38.80	162	-0.1%	-0.1%	8,341,588	16.8%	2.9%
YTD	\$38.92	162	0.6%	0.2%	6,657,223	13.6%	-0.3%
2023	\$38.83	162	0.3%	0%	6,804,972	13.9%	1.8%
2022	\$38.70	162	2.7%	-0.3%	5,846,380	12.1%	1.2%
2021	\$37.66	157	4.6%	-3.0%	5,222,650	10.9%	0.7%
2020	\$36	150	0%	-7.3%	4,787,167	10.2%	2.0%
2019	\$35.98	150	6.5%	-7.3%	3,791,997	8.2%	-0.8%
2018	\$33.80	141	6.5%	-13.0%	4,079,117	9.0%	1.7%
2017	\$31.74	132	2.2%	-18.3%	3,265,443	7.4%	-0.4%
2016	\$31.05	130	5.9%	-20.0%	3,384,488	7.8%	0.5%
2015	\$29.32	122	5.9%	-24.5%	3,112,382	7.2%	-1.4%
2014	\$27.68	116	7.8%	-28.7%	3,643,192	8.6%	0%
2013	\$25.68	107	7.6%	-33.9%	3,581,188	8.5%	-0.3%
2012	\$23.86	100	6.8%	-38.6%	3,682,719	8.8%	-1.7%

## 1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$37.38	155	3.9%	8.0%	4,129,267	17.6%	0.5%
2027	\$35.97	150	3.1%	3.9%	4,044,244	17.1%	0.5%
2026	\$34.89	145	1.3%	0.8%	3,957,971	16.7%	0.5%
2025	\$34.45	143	-2.7%	-0.5%	3,870,208	16.2%	1.7%
2024	\$35.40	147	2.3%	2.3%	3,482,206	14.5%	3.2%
YTD	\$35.12	146	2.7%	1.5%	2,878,942	12.0%	0.7%
2023	\$34.61	144	1.8%	0%	2,709,330	11.3%	1.7%
2022	\$33.99	141	4.1%	-1.8%	2,286,439	9.5%	-0.1%
2021	\$32.64	136	0.5%	-5.7%	2,318,497	9.6%	-0.9%
2020	\$32.49	135	0.1%	-6.1%	2,543,789	10.6%	1.9%
2019	\$32.45	135	4.8%	-6.2%	2,092,318	8.7%	0.3%
2018	\$30.95	129	7.7%	-10.6%	2,025,128	8.4%	0.4%
2017	\$28.74	120	1.6%	-17.0%	1,917,099	7.9%	-0.1%
2016	\$28.29	118	2.5%	-18.2%	1,944,009	8.0%	0.9%
2015	\$27.59	115	9.1%	-20.3%	1,718,390	7.1%	-1.0%
2014	\$25.29	105	9.0%	-26.9%	1,948,451	8.1%	-1.7%
2013	\$23.21	97	2.8%	-32.9%	2,355,644	9.8%	-1.3%
2012	\$22.59	94	2.8%	-34.7%	2,668,802	11.0%	0.6%

## OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$326.33	196	7.2%
2027	-	-	-	-	-	-	\$304.44	183	7.4%
2026	-	-	-	-	-	-	\$284.85	171	7.7%
2025	-	-	-	-	-	-	\$276.97	166	7.9%
2024	-	-	-	-	-	-	\$296.54	178	7.7%
YTD	54	\$16.1M	0.8%	\$1,007,957	\$262.16	7.7%	\$326.84	196	7.3%
2023	234	\$327.7M	1.9%	\$5,461,048	\$308.56	5.8%	\$328.68	197	7.2%
2022	396	\$1B	6.2%	\$11,605,152	\$392.41	6.2%	\$364.11	219	6.5%
2021	592	\$3.1B	8.4%	\$28,536,655	\$490.28	6.0%	\$386.83	232	6.0%
2020	359	\$275.7M	2.7%	\$5,012,672	\$442.48	6.5%	\$371.26	223	6.1%
2019	403	\$2.8B	9.1%	\$20,347,016	\$394.87	6.3%	\$357.72	215	6.3%
2018	371	\$1.9B	8.2%	\$16,080,601	\$349.95	7.4%	\$329.37	198	6.3%
2017	285	\$1.4B	6.4%	\$15,968,442	\$319.62	6.1%	\$316.37	190	6.2%
2016	353	\$1.4B	9.2%	\$14,386,299	\$300.08	7.0%	\$312.94	188	6.0%
2015	279	\$2.1B	9.1%	\$17,832,430	\$253.92	6.7%	\$297.24	178	6.0%
2014	384	\$1B	9.6%	\$8,772,983	\$197.59	7.2%	\$271.07	163	6.1%
2013	365	\$2B	12.2%	\$16,390,615	\$215.40	7.0%	\$243.21	146	6.4%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$389.53	197	6.9%
2027	-	-	-	-	-	-	\$363.43	183	7.1%
2026	-	-	-	-	-	-	\$340.05	172	7.3%
2025	-	-	-	-	-	-	\$330.82	167	7.5%
2024	-	-	-	-	-	-	\$355.07	179	7.4%
YTD	6	\$0	1.0%	-	-	-	\$393.80	199	6.9%
2023	18	\$253.5M	1.9%	\$42,250,665	\$323.17	-	\$396.10	200	6.9%
2022	55	\$708.2M	7.2%	\$39,341,882	\$393.08	6.9%	\$440.23	222	6.2%
2021	46	\$2.4B	10.5%	\$110,649,510	\$557.69	5.0%	\$470	237	5.7%
2020	26	\$83.3M	1.3%	\$27,782,641	\$596.43	-	\$451.08	228	5.8%
2019	44	\$2.1B	11.6%	\$59,417,416	\$426.81	6.0%	\$434.46	219	6.0%
2018	51	\$1.5B	12.1%	\$42,353,789	\$403.64	8.2%	\$396.65	200	6.0%
2017	34	\$985.3M	9.2%	\$46,920,403	\$342.81	6.2%	\$381.87	193	5.9%
2016	39	\$926.2M	12.6%	\$57,884,638	\$355.87	6.3%	\$375.76	190	5.7%
2015	31	\$1B	8.2%	\$38,533,545	\$341.27	-	\$358.21	181	5.7%
2014	57	\$650M	13.7%	\$19,116,450	\$198.25	5.4%	\$324	164	5.9%
2013	60	\$1.7B	22.5%	\$33,247,998	\$238.13	6.3%	\$290.98	147	6.2%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$271.05	196	7.4%
2027	-	-	-	-	-	-	\$252.82	182	7.6%
2026	-	-	-	-	-	-	\$236.51	171	7.9%
2025	-	-	-	-	-	-	\$229.83	166	8.1%
2024	-	-	-	-	-	-	\$245.43	177	8.0%
YTD	23	\$10.3M	0.9%	\$1,144,146	\$268.47	7.4%	\$269.32	194	7.5%
2023	110	\$26.8M	1.7%	\$1,073,196	\$419.31	6.0%	\$270.91	195	7.4%
2022	187	\$161.4M	5.8%	\$4,035,337	\$329.33	6.1%	\$298.82	216	6.7%
2021	264	\$548.7M	6.4%	\$12,471,381	\$397.71	5.9%	\$314.18	227	6.2%
2020	159	\$154.8M	3.2%	\$5,951,985	\$429.95	6.5%	\$301.29	217	6.3%
2019	178	\$608.3M	8.5%	\$9,811,456	\$317.10	6.4%	\$289.80	209	6.5%
2018	153	\$359.1M	6.7%	\$6,650,546	\$232.98	7.5%	\$269.47	194	6.5%
2017	117	\$333M	4.9%	\$8,999,042	\$296.22	6.0%	\$258.13	186	6.4%
2016	113	\$338.2M	7.7%	\$8,672,676	\$214.71	6.9%	\$257.09	185	6.1%
2015	116	\$1B	11.1%	\$15,958,152	\$243.28	6.6%	\$242.78	175	6.2%
2014	148	\$322M	8.7%	\$6,708,810	\$203.71	7.2%	\$224.51	162	6.3%
2013	115	\$330.3M	7.1%	\$7,863,111	\$164.13	6.7%	\$201.23	145	6.6%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$260.64	194	7.8%
2027	-	-	-	-	-	-	\$243.16	181	8.0%
2026	-	-	-	-	-	-	\$227.54	169	8.3%
2025	-	-	-	-	-	-	\$221.06	164	8.5%
2024	-	-	-	-	-	-	\$235.53	175	8.3%
YTD	25	\$5.8M	0.3%	\$832,857	\$251.71	8.0%	\$255.03	190	7.9%
2023	106	\$47.3M	2.6%	\$1,632,034	\$221.71	5.7%	\$256.12	190	7.8%
2022	154	\$151.7M	4.6%	\$5,056,199	\$487.97	6.2%	\$282.28	210	7.1%
2021	282	\$156M	7.4%	\$3,545,501	\$237.13	6.4%	\$300.15	223	6.5%
2020	174	\$37.6M	4.6%	\$1,446,055	\$304.68	6.6%	\$288.59	215	6.6%
2019	181	\$60.6M	5.1%	\$1,513,775	\$334.91	6.3%	\$279.60	208	6.7%
2018	167	\$39.9M	3.4%	\$1,425,653	\$245.92	6.8%	\$261.57	194	6.7%
2017	134	\$71M	4.3%	\$2,446,947	\$203.74	6.5%	\$250.19	186	6.6%
2016	201	\$87.9M	6.0%	\$2,254,451	\$267.50	8.8%	\$249.49	185	6.3%
2015	132	\$40.6M	7.0%	\$1,504,629	\$39.23	7.3%	\$236.17	176	6.4%
2014	179	\$28.1M	5.1%	\$879,309	\$139.05	9.0%	\$216.58	161	6.5%
2013	190	\$39.8M	6.0%	\$1,243,304	\$89.92	8.8%	\$193.96	144	6.9%

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