

AUSTIN OFFICE Monthly Market Snapshot

AUGUST 2020

Market Highlights

Vacancy at 10.9%. The overall vacancy rate is at 10.9%, up from this time last year at 8.5%, due in part to the 642,000 sq. ft. of vacant space delivered to the market so far in 2020—30.3% of the total 2.1 million sq. ft. completed. The vacancy rate for Class A properties is at 12.6%, up from 8.4% this time last year. The Austin office market has recorded net absorption (move-ins minus move-outs) of 512,000 sq. ft., down from 1.4 million sq. ft. at this time in 2019. The asking price for office properties is currently at an average annual rate of \$38.94 per sq. ft., up from this time last year at \$35.67 per sq. ft., due primarily to the new product added to the market.

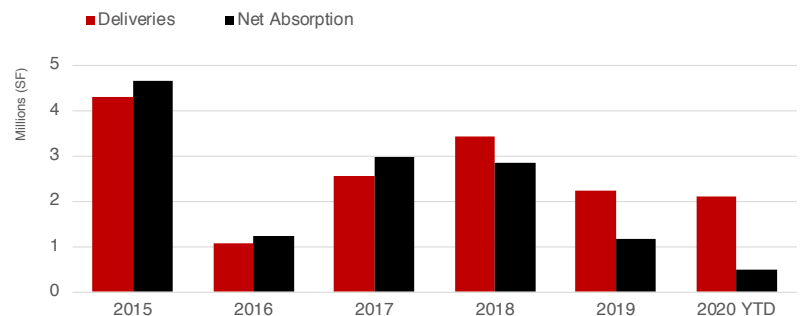
Rise in office sublease space. Available sublease space has more than doubled to 3.2 million sq. ft., up from 1.5 million sq. ft. at the end of 2019. Impending dispositions adding large blocks of sublease space to Austin's market include: Parsley Energy, Rigup, GLG, TRS, and RetailMeNot totaling 1.1 million sq. ft. downtown; Cognitive Scale and Qualcomm tallying 620,000 sq. ft. in the Northwest submarket; Samsung, Data Foundry, TrueCar and MedSpring adding 336,000 sq. ft. in the Southwest submarket; GoDaddy, Car2Go, and ScaleFactor totaling 206,000 sq. ft. in East Austin; and VRBO plus Blackbaud adding 135,000 sq. ft. in the Domain.

Austin economy. The Federal Reserve Bank of Dallas reported the Austin economy showed signs of improvement in June following the impact of COVID-19. Austin's unemployment rate fell to a still-elevated 6.4% in June, compared to 8.6% in Texas and 11.1% in the U.S.

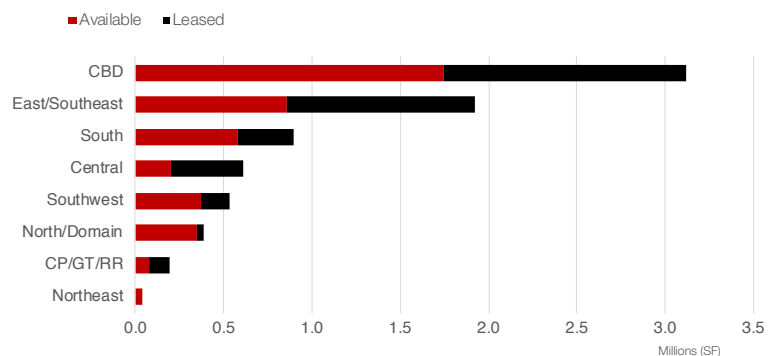
Market Activity

	Year-to-Date July 2020		Year-to-Date July 2019
Vacancy	10.9%	↑	8.5%
Availability	18.0%	↑	13.8%
Net Absorption (SF)	512,249	↓	1,420,691
Leasing Activity (SF)	2,624,295	↓	7,830,035
Deliveries (SF)	2,116,444	↑	1,445,096
Under Construction (SF)	7,416,957	↑	7,098,486
Gross Avg Asking Rent (PSF)	\$38.94	↑	\$35.67

Supply & Demand



Under Construction



Leta Wauson

Director of Research

leta.wauson@naipartners.com

tel 713 275 9618

NAIPartners

HOUSTON | AUSTIN | SAN ANTONIO

www.naipartners.com