

AUSTIN OFFICE Monthly Market Snapshot

SEPTEMBER 2020

Market Highlights

Vacancy at 11.2%. The overall vacancy rate is at 11.2%, up from this time last year at 9.4%, due in part to the 768,000 sq. ft. of vacant space delivered to the market so far in 2020—36.3% of the total 2.1 million sq. ft. completed. Of the 7.2 million sq. ft. currently under construction, 55.9% of that space is available for lease. The vacancy rate for Class A properties is at 12.7%, up from 9.4% this time last year. The Austin office market has recorded net absorption (move-ins minus move-outs) of 292,000 sq. ft., down from 607,000 sq. ft. at this time in 2019. The asking price for office properties is currently at an average annual rate of \$38.74 per sq. ft., up from this time last year at \$35.68 per sq. ft., due primarily to the new product added to the market.

First tenant at The Grove at Shoal Creek.

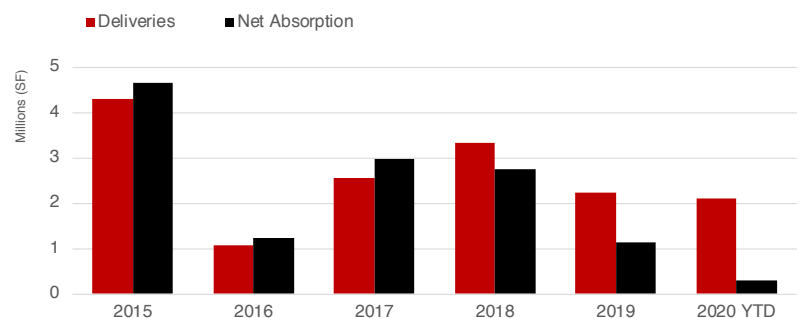
The greater Austin office market has recorded 3.0 million sq. ft. of leasing activity—which is comprised of both new leases and renewals—compared to 5.8 million sq. ft. as of August 2019, a drop of almost 50% year over year. Even as companies wait and watch how the pandemic and work-at-home safety protocols unfold through the rest of the year, Auctane LLC has inked a deal at 4301 Bull Creeks Road to occupy 105,385 sq. ft. in the 76-acre mixed-use project – The Grove at Shoal Creek. Auctane LLC provides web-based shipping software when the demand for ecommerce shipping has intensified during the pandemic.

Austin economic indicators. The Federal Reserve Bank of Dallas reported that the Austin economy continued to improve in July. Recent payrolls posted healthy gains, and while jobs and the unemployment rate improved in June and July, both remain significantly below their March levels. Regional consumer spending since mid-July held at pre-COVID-19 levels. Existing-home sales remained strong, and building permits rebounded.

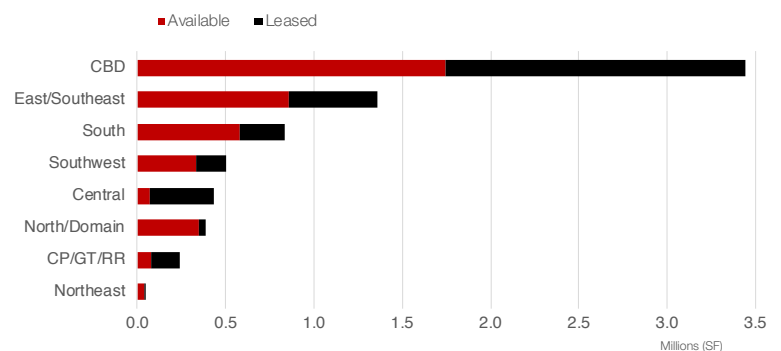
Market Activity

	August 2020 Year-to-Date		August 2019 Year-to-Date
Vacancy	11.2%	↑	9.4%
Availability	18.1%	↑	13.7%
Net Absorption (SF)	291,564	↓	606,862
Leasing Activity (SF)	2,979,681	↓	5,798,005
Deliveries (SF)	2,116,434	↑	1,620,606
Under Construction (SF)	7,238,178	↑	7,044,931
Gross Avg Asking Rent (PSF)	\$38.74	↑	\$35.68

Supply & Demand



Under Construction



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