

AUSTIN INDUSTRIAL Monthly Market Snapshot

NOVEMBER 2020

Market Highlights

Vacancy rate drops to 6.9%. Overall vacancy is at 6.9%, down 130 basis points from this time last year at 8.2%, while available sublease space increased 60% from roughly 677,000 sq. ft. in October 2019 to 1.3 million sq. ft. in October 2020. However, current sublease space is still only 1.2% of total available space. The occupancy rate of the 1.9 million sq. ft. delivered to the market so far in 2020 stands at 67%, and of the 12.3 million sq. ft. under construction, 74.1% has been spoken for—which includes the 4.5 million-sq.-ft. Tesla Gigafactory, and the 3.8 million-sq.-ft. Amazon Distribution Center. In addition, of the 1.9 million sq. ft. completed in 2020, 32% of that space is available. The vacancy rate for Class A properties is at 16.1%, down from the prior period at 24.9%. The asking price for industrial properties is currently at an average monthly rate of \$0.92 per sq. ft., up from this time last year at \$0.87 per sq. ft. due primarily to the new product added to the market.

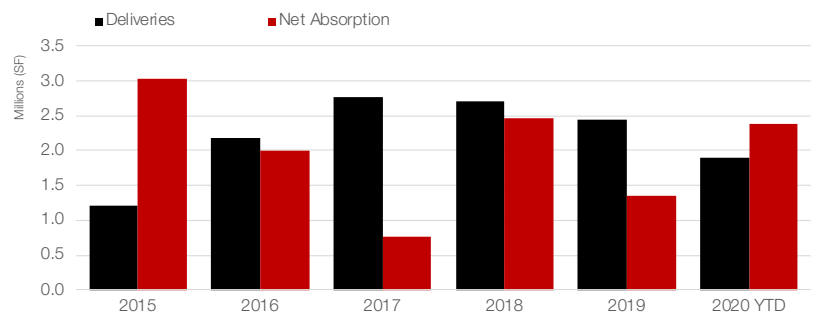
Tesla's Cybertruck. Tesla plans to start delivering the Cybertruck from its \$1.1 billion new factory underway in southeast Austin in Q4 2021. Tesla's Austin facility is expected to include battery and cell manufacturing on site, plus general car assembly, painting, die casting, drive unit assembly, stamping and body-in-white manufacturing, which is putting the frame of the car together. Tesla's plans have generated significant real estate activity in the area surrounding the future plant, as residential and commercial developers alike have proposed new projects and expansions of nearby business parks.

Austin economy continued to recover in September. The Federal Reserve Bank of Dallas reported that Austin payrolls expanded 11.1% (annualized), or 28,340 net jobs, in Q3 2020. The only sector that contracted was construction and mining (-13.8%, or 2,645 jobs). Austin's unemployment rate rose to 6.7% in September, the highest level since May. The jobless rate ticked up to 8.3% in the state, above the nation's 7.9%.

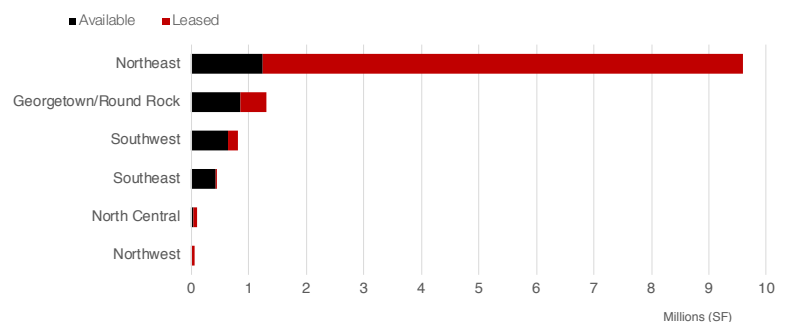
Market Activity

	October 2020 Year-to-Date		October 2019 Year-to-Date
Vacancy	6.9%	↓	8.2%
Availability Overall	10.8%	↑	10.5%
Availability Sublease	1.2%	↑	0.8%
Net Absorption (SF)	2,379,579	↑	882,215
Leasing Activity (SF)	6,577,777	↓	7,312,285
Deliveries (SF)	1,894,590	↓	2,199,000
Under Construction (SF)	12,269,590	↑	2,021,430
Gross Avg Asking Rent	\$0.92	↑	\$0.87

Supply & Demand



Construction Activity



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