

AUSTIN OFFICE MONTHLY MARKET SNAPSHOT

Austin Office market vacancy rate at 14.0%

March 2021

MARKET HIGHLIGHTS

VACANCY INCREASES TO 14.0%

Overall vacancy in the Austin office market is at 14.0%, up from 9.7% in February 2020. The increased vacancy rate reflects the recorded net absorption (move-ins minus move-outs) of negative 864,000 sq. ft., down from positive 479,000 sq. ft. at this time in 2020. There is 8.4 million sq. ft. currently under construction, with a little over half of that space available. There have been five properties totaling 345,000 sq. ft. delivered so far in 2021 with an occupancy rate of 45%. The vacancy rate for Class A properties is at 16.3%, up from the prior period at 11.4%. The asking price for office properties is currently at an average annual asking rate of \$37.75 per sq. ft., down about 0.7% from this time last year at \$38.03 per sq. ft.

LONG-TERM OUTLOOK FOR WORKING REMOTE

Economist Angelos Angelou recently shared in the Austin Business Journal the indication that working physically in the office might be preferable to remote working after things settle into a post-pandemic tempo, possibly in 2022. Estimates were quoted that about 85% of the workforce will want to go to work at the office after the coronavirus is perceived to be under control, although there may also be companies that decide to work remotely permanently.

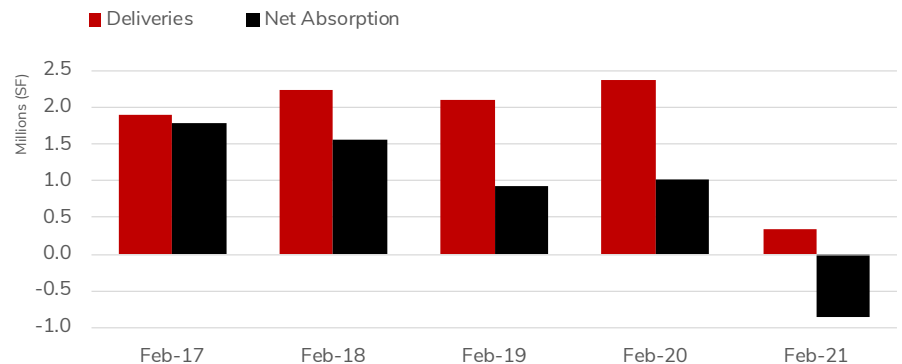
AUSTIN ECONOMIC INDICATORS

The Federal Reserve Bank of Dallas reported that the Austin economy expanded in December with strong job growth and a lower unemployment rate. Austin's unemployment rate fell to 5.7% in December. The state's jobless rate decreased to 7.2%, while the nation's remained unchanged at 6.7%. Financial activities led the job growth (30.8%, or 4,740 jobs), followed by manufacturing (18.7%, or 2,700 jobs) and construction and mining (15.9%, or 2,640 jobs). The only sector that saw a reduction was government (-7.7%, or 3,645 jobs).

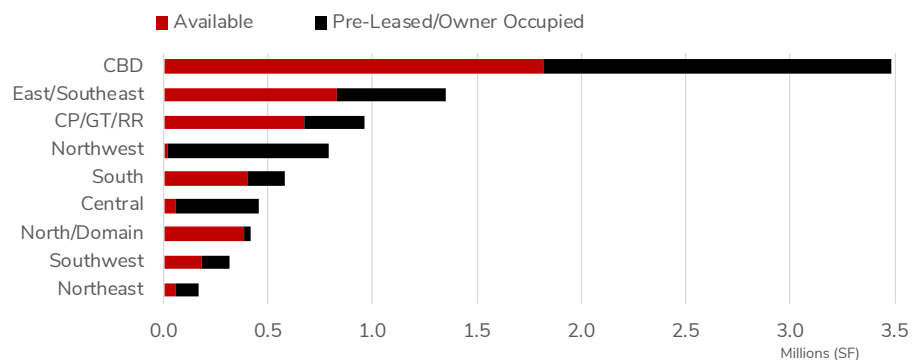
MARKET ACTIVITY

	FEBRUARY 2021		FEBRUARY 2020
Vacancy	14.0%	▲	9.7%
Availability	21.2%	▲	14.8%
Under Construction SF	8,405,469	▲	7,404,634
Gross Average Asking Rent	\$37.75	▼	\$38.03
Net Absorption SF YTD	-863,668	▼	479,074
Leasing Activity SF YTD	661,936	▼	1,430,303
Deliveries SF YTD	344,740	▼	819,816

SUPPLY & DEMAND | FEBRUARY - YEAR OVER YEAR



UNDER CONSTRUCTION | FEBRUARY 2021



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