

AUSTIN INDUSTRIAL MONTHLY MARKET SNAPSHOT

Record-breaking Austin industrial construction underway

June 2021

MARKET HIGHLIGHTS

VACANCY RATE CONTINUES TO DROP TO 6.3%

Overall vacancy is at 6.3%, down 200 basis points from this time last year at 8.3%, while available sublease space also decreased 48% from roughly 1.1 million sq. ft. in May 2020 to 583,000 sq. ft. in May 2021. Of the record-breaking 13.4 million sq. ft. under construction, 81% has been spoken for—which includes the 4.5 million-sq.-ft. Tesla Gigafactory, and the 3.8 million-sq.-ft. Amazon Distribution Center. Eighteen properties have delivered so far in 2021 totaling 1.1 million sq. ft., with an occupancy rate of 15.1%. The vacancy rate for Class A properties has plunged to 12.5%, down from the prior period at 23.5%. The asking price for industrial properties is currently at an average monthly rate of \$0.92 per sq. ft., unchanged from this time last year. These elevated rates are due primarily to the new product added to the market.

AUSTIN INDUSTRIAL SECTOR PRIMED FOR FUTURE GROWTH

The Austin industrial market has seen one of the best performances nationwide throughout the pandemic. While Austin's not the size of the larger Texas markets, only Charleston, South Carolina, saw more leasing activity relative to the market's inventory than Austin has seen over the past year, according to CoStar. Outside of the ongoing Amazon construction projects, the company also leased more than a 1 million sq. ft. in Austin over the past 18 months. Additional leasing activity will likely be a result of continued growth in a rapidly increasing auto-part manufacturing industry.

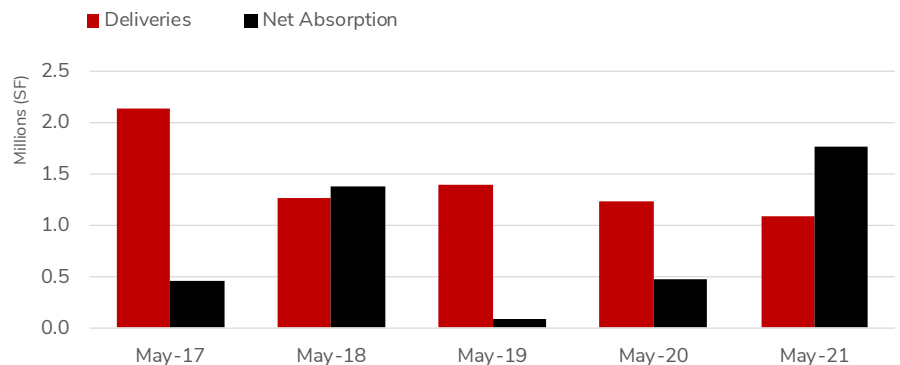
TESLA SUPPLIERS INVESTING IN AUSTIN AREA

Plastikon Industries, a plastic parts manufacturer, has leased nearly 100,000 sq. ft. in the Plum Creek Industrial Center in the suburb of Kyle, about 30 minutes from Tesla's rising gigafactory. In addition, Simwon North America Corp., an auto body manufacturer, also recently signed a lease at Plum Creek for nearly 500,000 sq. ft. The Austin Business Journal reported that experts have long said dozens of companies will follow Tesla to Central Texas to join in on its supply chain, and some have predicted Tesla will want some of its suppliers nearby.

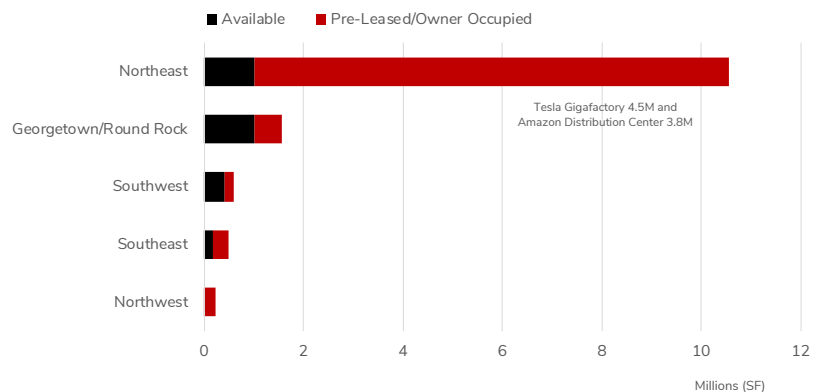
MARKET ACTIVITY

	MAY 2021		MAY 2020
Vacancy	6.3%	↓	8.3%
Availability Overall	8.3%	↓	10.6%
Availability Sublease	0.5%	↓	1.1%
Under Construction SF	13,419,602	↑	2,571,339
NNN Avg Asking Rent/MO	\$0.92	▬	\$0.92
Net Absorption SF YTD	1,759,715	↑	473,810
Leasing Activity SF YTD	4,967,149	↑	4,441,634
Deliveries SF YTD	1,094,261	↓	1,233,445

SUPPLY & DEMAND | MAY - YEAR OVER YEAR



CONSTRUCTION ACTIVITY



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