

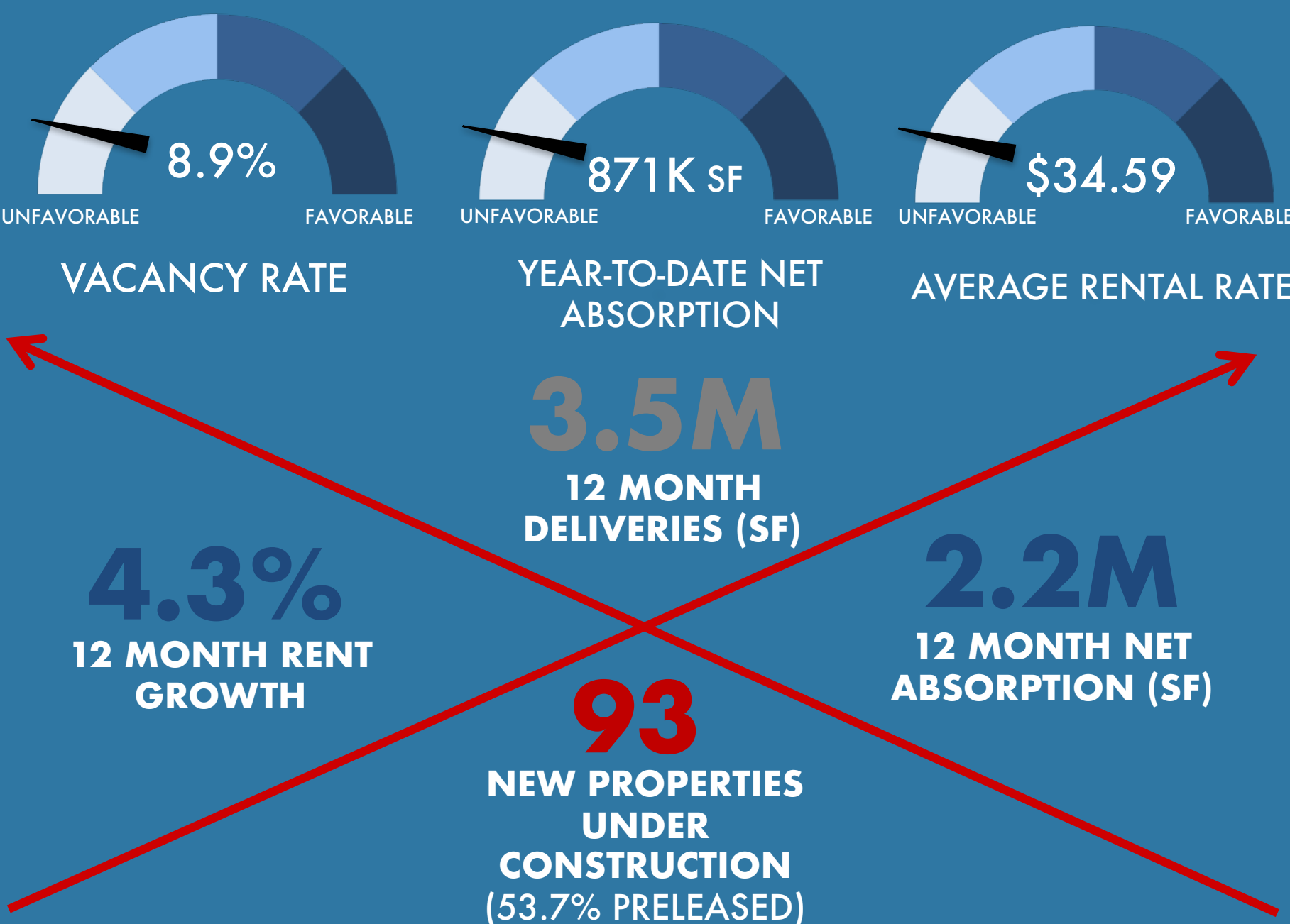
2019 Q1 REVIEW

AUSTIN MARKET + COMMERCIAL REAL ESTATE REPORT

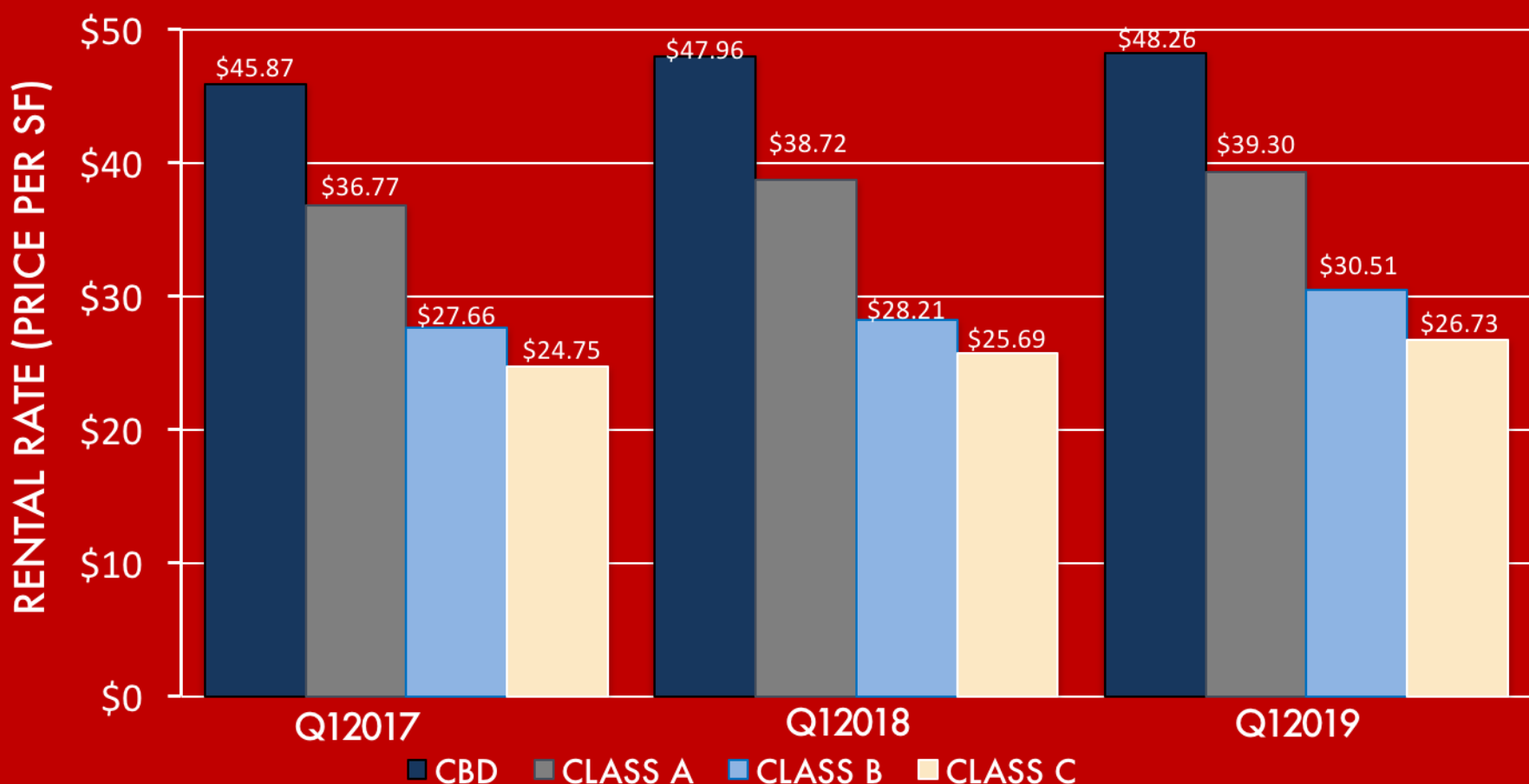
TENANT AND BUYER UPDATE

The Austin office market has been one of the healthiest in the country this cycle. Job growth, as well as absorption, remains strong, and developers seem to be well aware of Austin's story. Nearly 4 million SF has been delivered in the Austin market over the past year, with about 5 million SF currently under construction. Vacancies are as low as they've been since the tech boom in the early 2000s, and there are very few big blocks of space on the market today. This has led companies like Google, Facebook, and Indeed to pre-commit to large spaces, often entire buildings in new developments, one to two years in advance. These big name companies are also heavy users of the growing amount of WeWork space around the city as well. Still, with all the new development, absorption is on pace with deliveries and vacancies are not expected to radically increase in the coming years. Healthy fundamentals have caused rents to grow at a record pace throughout the market. Rent prices have approached 8% annual growth at multiple points but have backed off more recently, registering about 4% over the past year. The tech industry is the wild card here—if the nation enters a tech-driven recession, the office market could suffer as businesses across the country cut IT spending.

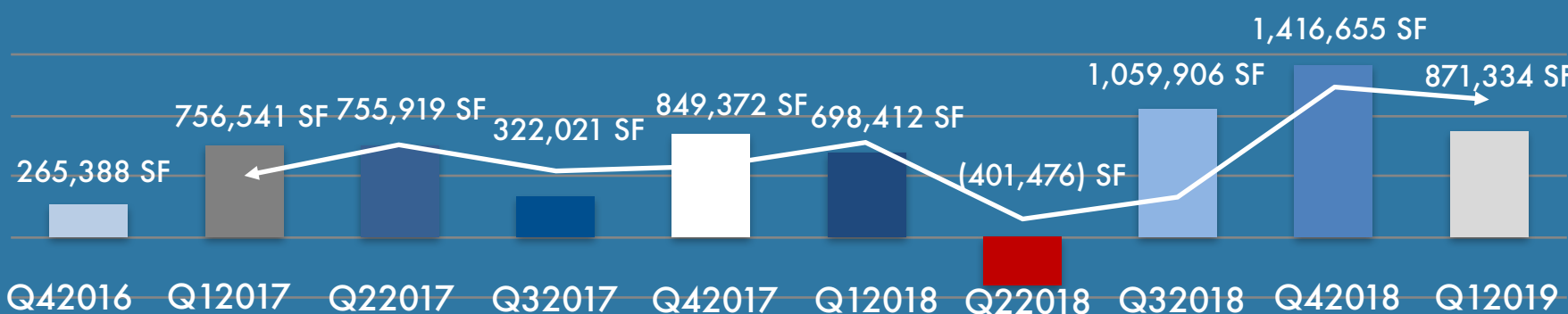
OFFICE MARKET OVERVIEW



HISTORICAL RENTAL RATES COMPARISON



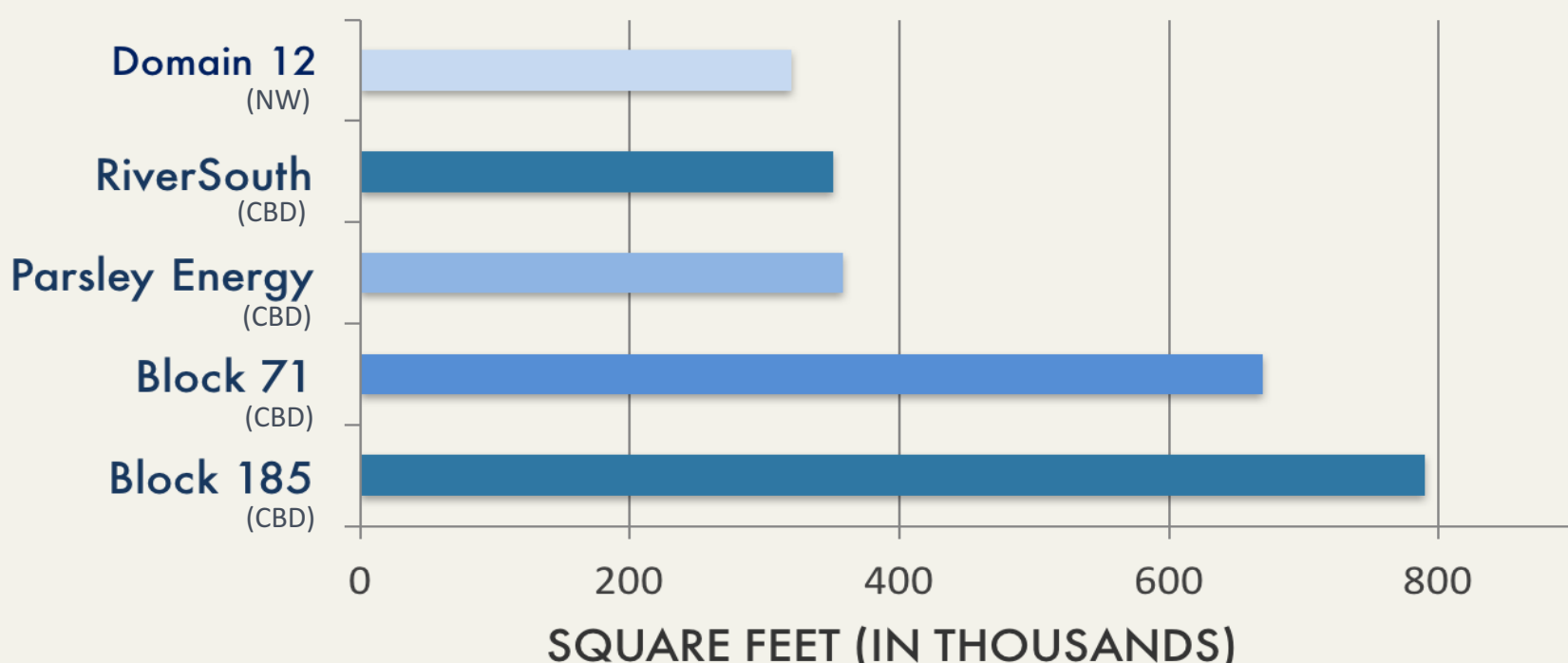
NET ABSORPTION



5,070,228 SF UNDER CONSTRUCTION IN Q1↑

1,172,703 SF DELIVERED IN Q1

NEW CONSTRUCTION



Source: CoStar Realty Information, Inc.