

# THE AUSTIN OFFICE SPACE MARKET



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AUSTIN  
OFFICE SPACE

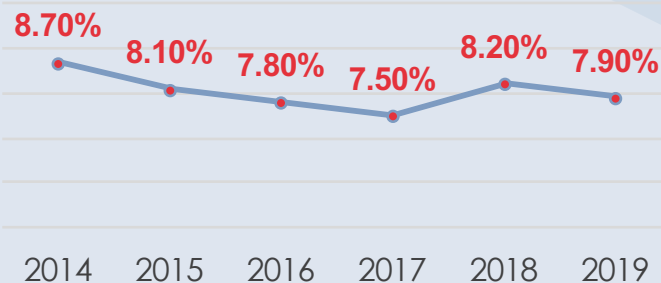
## OVERVIEW

The Austin office space market continues to be one of the healthiest in the country. Job growth and absorption remain strong, and developers continue to enter the market. Nearly 4 million SF has been delivered in the Austin market over the past year, with nearly 5 million SF currently under construction. Vacancies are low and there are very few big blocks of space on the market today. Even with all the new development, absorption is currently on pace with deliveries, and vacancies are expected to be relatively stable in the near term. 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.

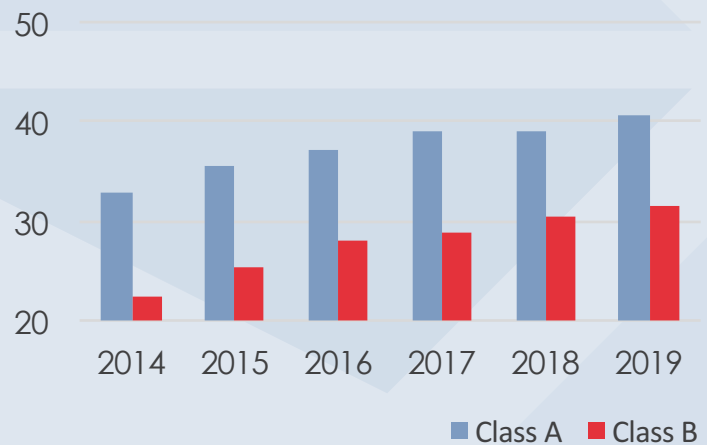
## FUNDAMENTALS

	Forecast
YTD net absorption	1.7M ▼
Under construction	7.9M ▲
Average asking rent (gross)	\$32.89 ▲
Concessions	\$3-5 TI per SF/YR, Limited Free Rent ►
 Market Size 110M	 Largest Office Deal 320K
	 Total Vacancy 9.2M

## TOTAL VACANCY



## AVERAGE ASKING RENTS



## OUTLOOK

- We predict rental rates to continue to rise throughout the next couple of years as demand stays strong and construction prices remain high.
- High construction prices and the long lease terms required by landlords for turnkey buildouts will continue to be a mismatch for the needs of start-up companies that are making their home in Austin.
- The next generation of high-growth businesses will be seeking shorter-term commitments and more flexibility similar to what they have become accustomed to with popular coworking options.
- Strong investor interest will continue in the market and new developments will continue in the foreseeable future.

For more information, please contact:



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