

AUSTIN OFFICE | U.S. 183-MOPAC EXPRESSWAY SUBMARKET SPOTLIGHT

Continued development of U.S. 183-MoPac Expressway submarket brings prominence to Austin's office market.

Q4 2021

SUBMARKET HIGHLIGHTS

VACANCY RATE TIGHTENS TO 10.6%

As of Q4 2021, overall vacancy in the U.S. 183-MoPac Expressway area has tightened to 10.6%, down 60 basis points from 11.2% in Q3 2021, although up 140 basis points from 9.2% in Q4 2020. Availability is at 14.2%, down 200 basis points from 16.2% at the end of 2020. The difference between this figure and the vacancy rate reflects expected future move-outs. The U.S. 183/MoPac Expressway office submarket recorded 756,000 sq. ft. of leasing activity, comprised of new leases and renewals, while net absorption (move-ins minus move-outs) stood at 111,000 sq. ft. The area's full-service average asking rent as of Q4 2021 is at \$38.78 per sq. ft., up from \$37.15 as of Q4 2020, a \$1.63 per sq. ft. or 4.4% increase.

LEASING ACTIVITY INCREASES

Leasing activity was up significantly quarter-over-quarter and year-over-year. The largest transaction in Q4 2021 was Amazon.com Inc. signing a 330,000-sq.-ft. lease at the under-construction Domain 9 office tower, taking full occupancy of the building. Amazon plans to occupy the new space in Domain 9 in three phases beginning in the first quarter of 2024. In addition, Hanger, Inc. renewed the 79,292 sq. ft. lease at Office at the Domain Building 2, and Ottobock Healthcare took 29,034 sq. ft. at Domain 2.5.

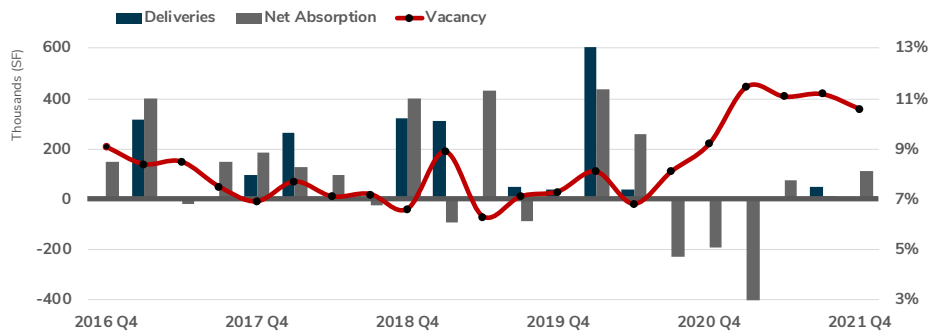
DEVELOPMENT ACTIVITY IN 2021

Development and enthusiasm surrounds the Domain, which is just north of the U.S. 183-MoPac intersection at Braker Lane, including several high-profile tech companies calling this submarket home now: Amazon, Facebook, Dropbox, and Indeed, to name a few, following the trend to the new amenities-heavy node. Outside of the Domain and the immediate surrounding area, occupancies are around 90%, tighter than the overall Austin market at 85%. This is likely because of a broader trend towards newer, more efficient buildings.

MARKET INDICATORS

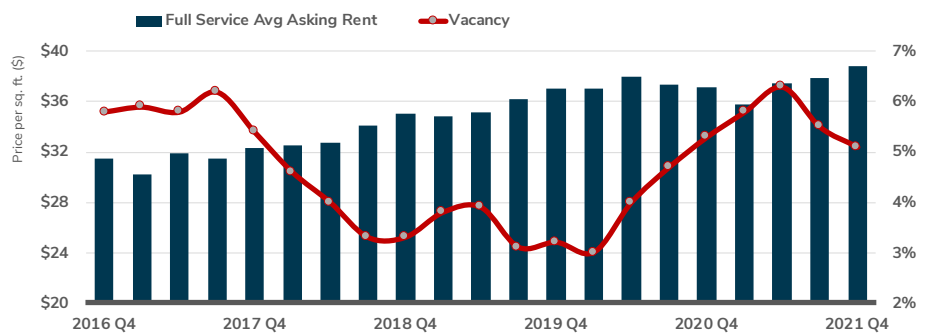
	Current Q4 2021	Prior Quarter Q3 2021	Year Ago Q4 2020	
Vacancy (%)	10.6	11.2	9.2	↓
Availability (%)	14.2	16.2	16.0	↓
Net Absorption (SF)	110,631	13,754	-192,658	↑
Leasing Activity (SF)	756,474	355,717	125,087	↑
Construction (SF)	724,511	724,511	439,646	↑
Avg Asking Rent (Gross)	\$38.78	\$37.87	\$37.15	↑
Inventory (SF)	17,556,601	17,556,601	17,508,601	↑

SUPPLY & DEMAND



Source: CoStar, NAI Partners Research

RENT & VACANCY



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