

Austin Office

Monthly Market Snapshot | September 2022

Austin office market posts some of the highest office usage rates in the country.

Market Highlights

An analysis of activity during the first eight months of the year—August 2022 compared to August 2021.

Austin office vacancy at 15.1%

Eight months into 2022, the overall vacancy is at 15.1%, up 120 basis points from last year at 13.9%. Availability is at 21.1%, up 240 basis points from August 2021 at 18.7%. The difference between this figure and the vacancy rate reflects expected future move-outs. The Austin office market has recorded 5.1 million sq. ft. of leasing activity, comprised of both new leases and renewals, while net absorption (move-ins minus move-outs) is at a positive 1.6 million sq. ft., up 60% from a positive 991,000 sq. ft. this time last year. The amount of square feet delivered to the Austin office market from January through August is 2.9 million sq. ft., down 9% from August 2021.

Robust leasing activity

Despite the increase in vacancy, net absorption (move-ins minus move-outs) and leasing activity remained healthy. Significant lease transactions in 2022 include TRS leasing 235,000 sq. ft. in Mueller Business District—Bravo in the East submarket; Whole Foods Market Headquarters subleasing 188,111 sq. ft. at 525 N. Lamar Blvd. in the CBD; Teacher Retirement System of Texas occupying 158,163 sq. ft. at Mueller Business District—Alpha in the East submarket; TikTok subleasing 149,346 sq. ft. at 300 Colorado St. in the CBD; and Atmosphere taking 114,413 sq. ft. at 2043 S. Lamar Blvd. in the South submarket. In addition, due partly to the new construction added to the market, the average asking full-service rent in the Austin office market metro is \$42.17 per sq. ft., up by 5.3% from this time last year at \$40.06.

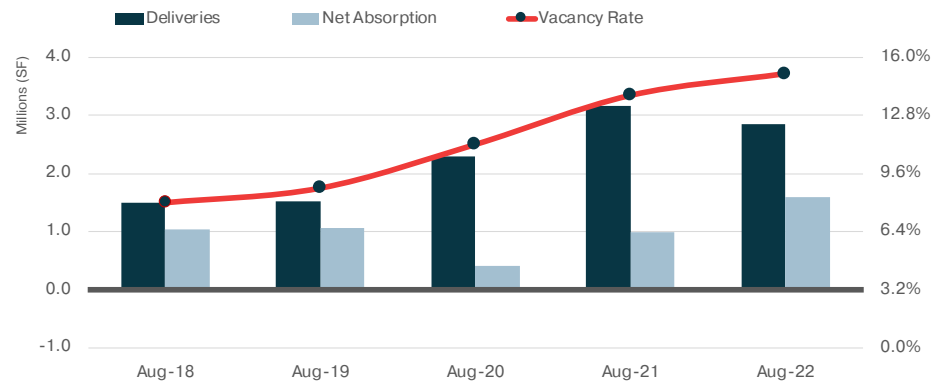
Construction underway on the 74-story Waterline Tower

Lincoln Property Co. and Kairoi Residential have started construction on Waterline Tower, a 74-story, mixed-use high-rise at 98 Red River St. in downtown Austin. Once built, it will be the tallest tower in all of the Lone Star State, standing 1,022 feet tall — 20 feet taller than the 1,002-foot JPMorgan Chase Tower in downtown Houston. The middle 27 floors will hold 700,000 sq. ft. of office space. Waterline Tower is expected to open in downtown Austin by late 2026.

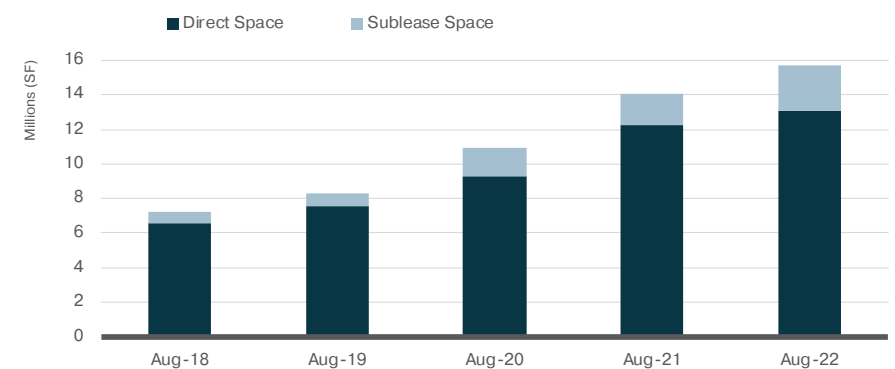
Market Activity

	August 2022	vs	August 2021
Vacancy	15.1%	▲	13.9%
Availability	21.1%	▲	18.7%
Under Construction SF	9,871,484	▲	6,405,184
Gross Average Asking Rent	\$42.17	▲	\$40.06
Net Absorption SF YTD	1,588,738	▲	991,240
Leasing Activity SF YTD	5,132,255	▲	5,059,590
Deliveries SF YTD	2,855,240	▼	3,150,638

Supply & Demand | August - Year Over Year



Vacancy | August - Year Over Year



Source: CoStar, NAI Partners Research

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