

Tesla deal jolts Austin Industrial leasing activity

Austin Industrial

The overall vacancy rate in the Austin industrial market was 7.8%, marking an increase of 390 basis points from 3.9% in August 2022. Year-to-date, net absorption is at 3.2 million sq. ft., down from 8.7 million sq. ft. in 2022. Year-to-date, leasing activity—comprised of new leases and renewals—equated to 7.6 million sq. ft., up 34% from the prior year-to-date number of 5.6 million sq. ft. In a recent notable transaction, Tesla inked a deal for two industrial buildings totaling 571,540 sq. ft. at 24801 Interstate 35. Austin's industrial construction pipeline increased 31% year-over-year at 16.9 million sq. ft. Average asking rents decreased slightly from the prior year's \$1.11 per sq. ft., standing at \$1.08 per sq. ft.

Austin Retail

As of August 2023, the overall vacancy rate in Austin's retail market is at 3.3%, up 10 basis points from 3.2% the prior year. Year-to-date, net absorption—move-ins minus move-outs—registered at 1.4 million sq. ft., up 70% from the previous year's 873,517 sq. ft. The overall availability rate in Austin's retail market continues to tighten (4.2%), despite the onset of new supply as of August 2023. Retail construction is at 2.4 million sq. ft. in August 2023, up 10% from 2.2 million sq. ft. in August 2022. Year-to-date, deliveries increased year-over-year from 519,283 sq. ft. to 1.6 million sq. ft. The average asking rent currently stands at \$26.62 per sq. ft., increasing 15% from \$23.14 per sq. ft. this time last year.

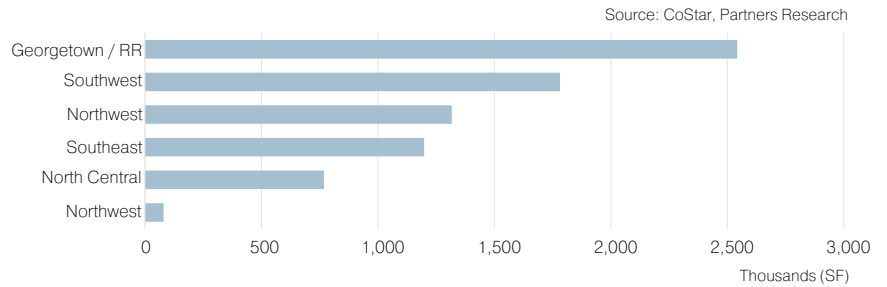
Austin Office

Eight months into 2023, the overall vacancy rate in the Austin office market was 17.8%, up 380 basis points from the previous year's 14.0%. Year-to-date, net absorption is at -2.1 million sq. ft. In August 2023, Indeed put the Domain Gateway up for sublease—returning more than 183,000 sq. ft. to the market—increasing sublease space available in Austin to 6.1 million sq. ft. Year-to-date, leasing activity—comprised of new leases and renewals—amounted to 2.5 million sq. ft., down from the prior year-to-date tally of 4.8 million sq. ft. Deliveries increased 14% year-over-year from 1.2 million sq. ft. to 1.4 million sq. ft. Average asking rents increased slightly from \$40.27 per sq. ft. in August 2022 to \$41.45 per sq. ft.

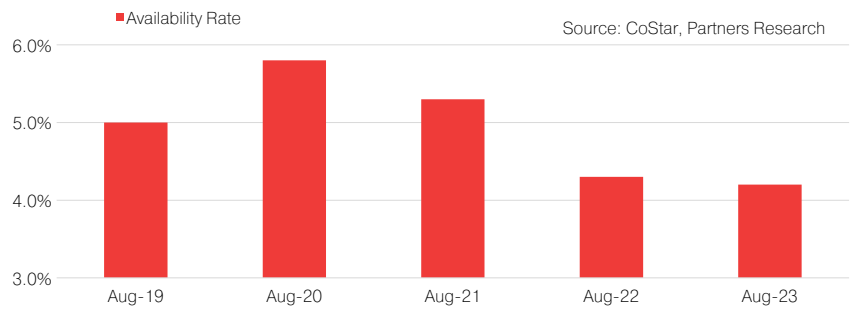
Austin Multifamily

Year-to-date, 9,610 multifamily units have been absorbed in Austin, almost doubling from 5,142 units this time last year. Overall occupancy in the Austin multifamily market declined to 89.4%, down 240 basis points from 91.8% in August 2022. As of August 2023, 47,409 units filled Austin's multifamily construction pipeline. Year-to-date, deliveries totaled 15,958 units, up 76% from the prior year-to-date amount of 9,053 units. Lastly, the multifamily rental rate in Austin decreased year-over-year, from \$1,665 per unit in August 2022 to \$1,607 per unit.

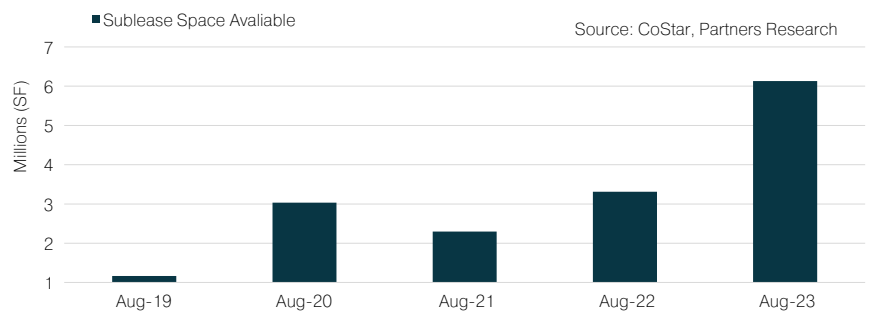
Industrial | Leasing Activity



Retail | Availability Rate



Office | Sublease Space



Multifamily | Supply & Demand

