Austin Industrial Q1 2026

QUARTERLY MARKET REPORT

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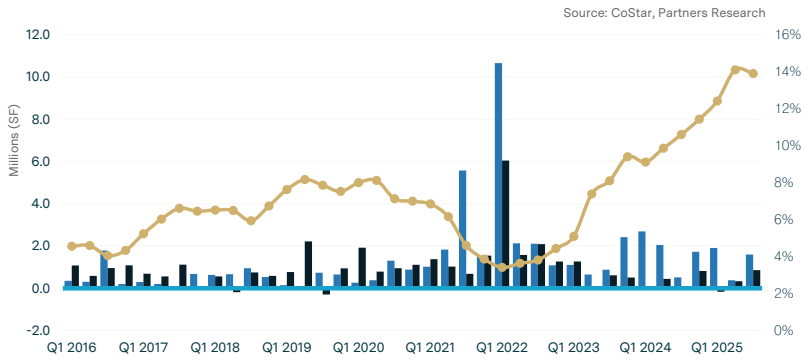
Executive Summary

SUPPLY & DEMAND

Net Absorption Deliveries Vacancy %

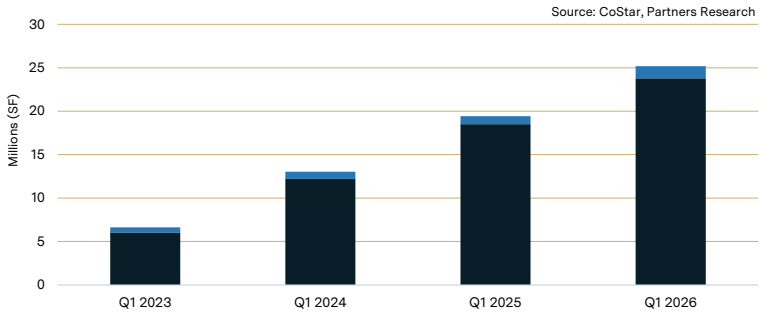


Key Market Indicators

	CURRENT Q1 2026	PRIOR QUARTER Q4 2024		PRIOR YEAR Q1 2025	
Vacant Total	15.7%	14.8%	↑	12.7%	↑
Vacant Direct	14.9%	13.9%	↑	12.1%	↑
Available Total	19.8%	18.5%	↑	17.4%	↑
Available Direct	18.4%	17.0%	↑	16.1%	↑
Net Absorption (SF)	122,998	496,632	↓	1,825,934	↓
Leasing Activity (SF)	2,495,022	2,306,143	↑	2,987,159	↓
Construction (SF)	13,183,230	12,531,397	↑	12,421,038	↑
Deliveries	1,879,754	2,034,416	↓	3,776,520	↓
Avg Asking Rent (Gross)	$14.43	$14.38	↑	$14.41	↑
Inventory (SF)	160,112,293	158,196,539	↑	152,618,741	↑

VACANCIES

Direct Space Sublease Space



Q1 in Review

Austin's industrial market vacancy rate increased, driven by lower absorption and the addition of 1.9 million sq. ft. of deliveries, 82% of which are vacant. The market recorded 122,998 sq. ft. of positive net absorption during the quarter, a 42.2% drop from the prior quarter. Warehouse/distribution and flex properties bolstered absorption, while manufacturing recorded negative absorption. Leasing activity increased 8.2% quarter-over-quarter and was down 16.5% year-over-year. The vacancy rate rose 90 basis points to 15.7% from 14.8% in the previous quarter.

Construction activity considerably increased, with 13.2 million square feet underway, up 7.6% from the prior quarter. Average asking rental rates rose over the quarter, from $14.38 to $14.43 per square foot. Submarkets like South and Central commanded the highest rates.

Austin Economic Update

Austin's unemployment rate was 3.7% in January, up from 3.6% in December, but below the state and national rates, both at 4.3%. In the three months ending in December, the local labor force increased at an annualized rate of 1.3%. The most significant gains were in government, with 2,800 jobs; education and health services, with 1,500 jobs; and construction and mining, with 1,200 jobs. Sectors that declined include professional and business services, which lost 1,300 jobs, and leisure and hospitality, which lost 700 jobs. Average hourly earnings increased to $36.43 in December.

Vacancy Rate Increases to Historic High

The overall vacancy rate rose to 15.7% in Q1 2026, up from 14.8% in Q4 2025, and was up 23.6% year-over-year, now above the historic high of 15.3% recorded in Q3 2003. The direct vacancy rate increased 100 basis points to 14.9%,

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while the total availability rate rose by 130 basis points to 19.8%. Georgetown posted the highest vacancy rate at 28.4%, followed closely by the southeast market at 28.2%, while Bastrop County remained tight at 3.7%. Looking ahead, if the construction pipeline continues to rise, increasing future deliveries, Austin's industrial market will experience higher vacancy rates in the near term.

Net Absorption Significantly Down in Q1 2026

Net absorption—move-ins minus move-outs—decreased 75.2% quarterly and 93.3% annually to 122,998 sq. ft. Warehouse/distribution properties recorded 221,818 sq. ft. of positive net absorption, driven by demand in submarkets like the Southeast, recording 364,748 sq. ft., and Round Rock/Hutton/Taylor, recording 153,991 sq. ft. Flex space contributed the least amount of 114,209 sq. ft. and manufacturing recorded negative net absorption of -213,029 sq. ft. Notable declines were in the North (-170,041 sq. ft.) and Southwest (-50,410 sq. ft.) submarkets. Some of the tenants that moved during Q1 include Skybox Datacenter, which took 469,000 sq. ft. at PowerCampus Austin, and Zellerfeld, which took 135,000 sq. ft. at Tech Ridge Five.

Leasing Activity Up Quarterly

Quarterly leasing velocity—new leases and renewals—increased 8.2% over the quarter to 2.5 million sq. ft. Flex leasing totaled 460,929 sq. ft., manufacturing 191,633 sq. ft., and warehouse/distribution 1,842,460 sq. ft., reflecting a slowdown in warehouse distribution. Notable leases that were signed in Q1 2026 include Baer Manufacturing's lease of 606,000 sq. ft. in Crosspoint Phase II, ZT Systems' lease of 412,000 sq. ft. at GTX Logistics Park, and U.S. LBM's 95,000 sq. ft. lease at McCarty Park.

Construction, Deliveries & Investment Trends

Construction Pipeline Up and Deliveries Down

The construction pipeline increased 5.2% quarterly to 13.2 million sq. ft. from 12.5 million sq. ft. in the previous quarter and increased 6.1% from 12.4 million sq. ft. a year ago. Significant construction remains concentrated in Round Rock/Hutto/Taylor (4.0 million sq. ft.) and Northeast (2.48 million sq. ft.) submarkets. Deliveries decreased 7.6% quarterly to 1.9 million sq. ft. in Q1 2026 from 2.0 million sq. ft. in Q4 2025 and by 50.2% annually.

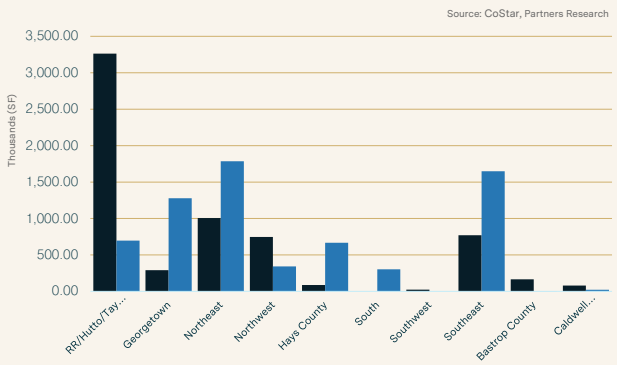
Investment Sales Trends

CoStar Capital Market Analytics reports a cumulative 12-month sales volume of $190 million for Q1 2026. Over the past year, 98 industrial and flex properties were sold, with an average price of $143 per square foot and an average capitalization rate of 78.9%. Notable sale transactions in the first quarter include CesiumAstro's purchase of the 267,000 sq. ft. 3-building West Austin Business Park portfolio from Velocis for an undisclosed amount. Also, Stockbridge Capital Group, LLC, purchased the 269,000 sq. ft. 3-building New Hope Phase I portfolio from Riverside for an undisclosed amount.

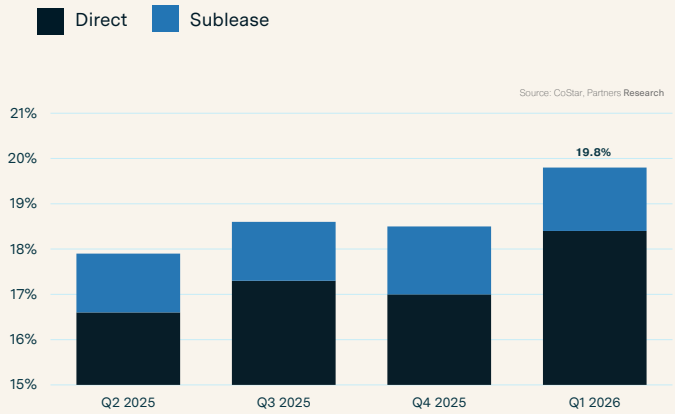
Rental Rates Up

Austin's average asking rent (NNN) rose to $14.43 per sq. ft., up 0.3% from $14.38 in Q4 2025 and up from $14.41 in Q1 2025. Flex space averaged $18.92 per sq. ft., Manufacturing $11.79 per sq. ft., and Warehouse/Distribution $12.74 per sq. ft. Submarket leaders included South at $18.89 per sq. ft., and Central at $17.76per sq. ft. Bastrop County and Caldwell County trailed at $8.35 and $11.50 per sq. ft.

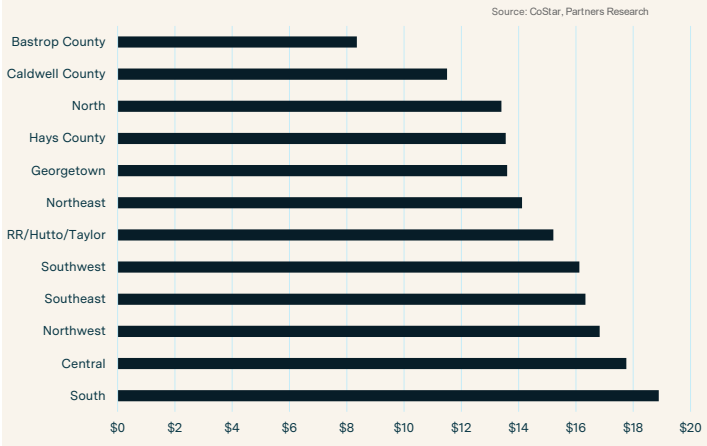
CONSTRUCTION



AVAILABILITY RATE



TOTAL ASKING RENT NNN ($/PSF)



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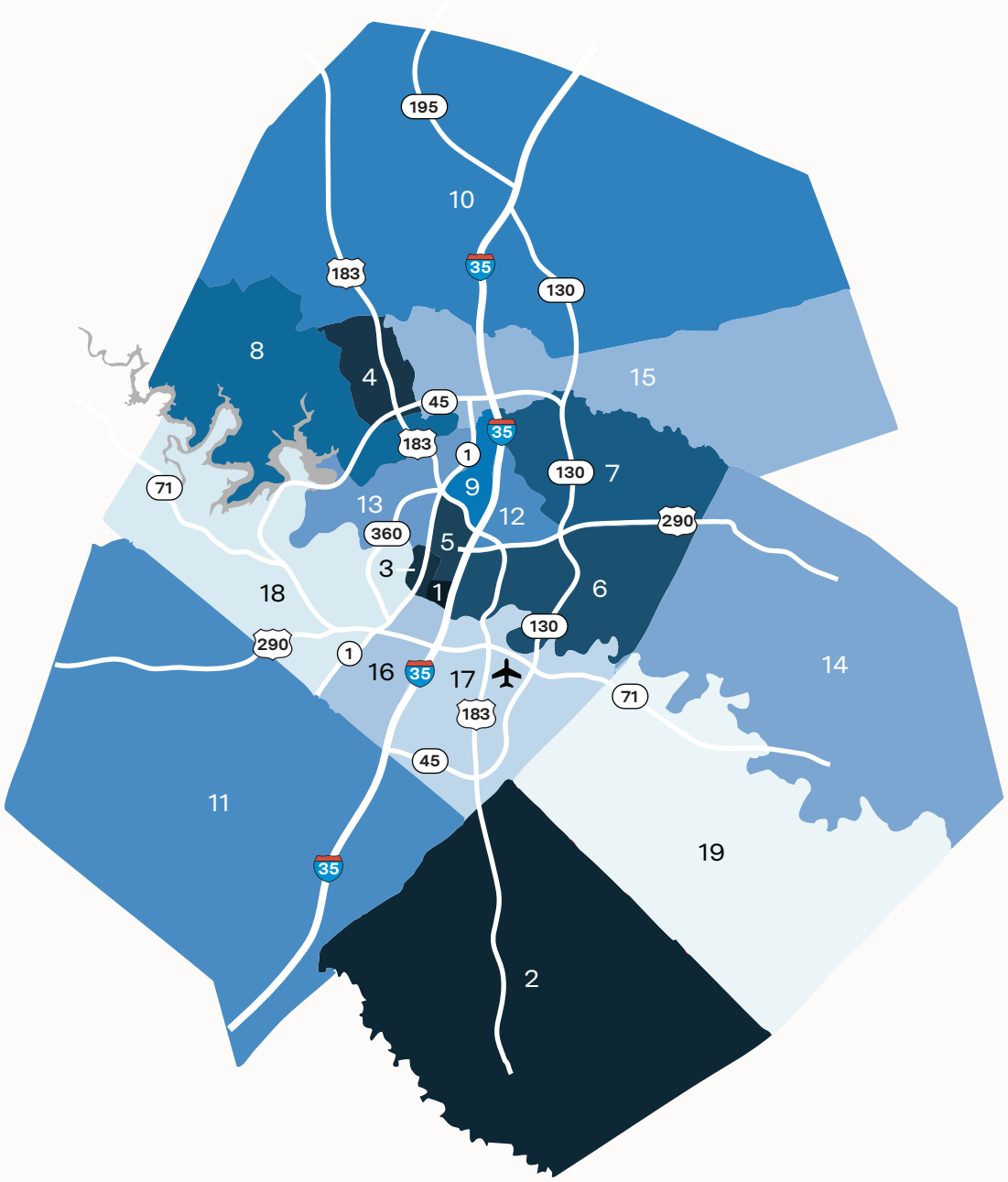
Market Overview

Submarket/Property Type	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q1 2026 Net Absorption (SF)	Q1 2026 Leasing Activity (SF)	Q1 2026 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN ($/PSF)
Austin Market Total	160,112,293	15.7%	19.8%	122,998	2,495,022	1,879,754	13,183,230	14.43
Flex	22,727,043	14.3%	19.7%	114,209	460,929	143,328	1,269,506	18.92
Manufacturing	29,647,204	4.6%	5.3%	-213,029	191,633	12,000	4,792,013	11.79
Warehouse/Distribution	107,738,046	19.1%	24.1%	221,818	1,842,460	1,724,426	7,121,711	12.74
Round Rock/Hutto/ Taylor Total	9,257,276	21.5%	18.1%	69,177	143,204	26,872	3,959,218	15.21
Flex	1,007,195	17.2%	23.3%	18,703	68,452	0	86,200	17.48
Manufacturing	934,542	15.9%	4.3%	-103,517	0	0	2,800,000	14.70
Warehouse/Distribution	7,315,539	22.8%	23.5%	153,991	74,752	26,872	1,073,018	14.21
Georgetown Total	18,411,571	27.2%	28.4%	51,544	751,285	493,870	1,568,206	13.60
Flex	1,194,089	21.3%	40.4%	82,956	30,933	79,479	454,791	21.94
Manufacturing	3,018,379	1.6%	6.4%	-36,000	0	12,000	0	9.45
Warehouse/Distribution	14,199,103	33.1%	31.4%	4,588	720,352	402,391	1,113,415	11.85
Central Total	2,143,200	4.9%	6.1%	2,880	31,719	0	0	17.76
Flex	626,336	11.7%	12.0%	8,280	31,719	0	0	17.11
Manufacturing	174,937	0.0%	0.0%	0	0	0	0	0.00
Warehouse/Distribution	1,341,927	2.4%	4.1%	-5,400	0	0	0	19.00
Northeast Total	51,766,867	12.4%	15.8%	40,371	349,159	0	2,792,812	14.12
Flex	5,919,661	8.9%	13.9%	49,642	130,699	0	330,274	16.92
Manufacturing	15,261,136	2.2%	1.7%	29,848	58,707	0	713,093	35.00
Warehouse/Distribution	30,586,070	18.2%	23.1%	-39,119	159,753	0	1,749,445	12.90
Northwest Total	8,132,776	9.4%	13.9%	-41,151	78,341	63,484	1,089,962	16.83
Flex	3,552,803	10.5%	13.1%	43,385	73,391	28,849	35,756	19.87
Manufacturing	1,073,772	3.1%	1.9%	-33,529	0	0	700,000	17.00
Warehouse/Distribution	3,506,201	10.1%	20.2%	-51,007	4,950	34,635	354,206	12.82
North Total	16,549,637	12.8%	17.4%	-170,041	233,460	0	0	13.40
Flex	4,161,235	17.8%	20.7%	-9,678	74,273	0	0	19.02
Manufacturing	1,553,924	6.8%	17.6%	-45,787	29,601	0	0	0.00
Warehouse/Distribution	10,834,478	11.7%	16.1%	-114,576	129,586	0	0	10.62
Hays County Total	19,844,887	20.7%	23.9%	-48,128	497,443	1,260,528	754,620	13.55
Flex	866,601	19.9%	36.0%	7,266	1,250	0	162,950	18.97
Manufacturing	1,727,481	19.9%	35.8%	0	0	0	427,920	11.21
Warehouse/Distribution	17,250,805	20.8%	21.8%	-55,394	496,193	1,260,528	163,750	11.82
South Total	3,349,455	10.2%	15.5%	35,668	80,551	35,000	303,112	18.89
Flex	622,264	14.0%	16.9%	25,758	5,380	35,000	0	19.18
Manufacturing	498,839	16.0%	0.0%	0	0	0	0	0.00
Warehouse/Distribution	2,228,352	7.8%	18.2%	9,910	75,171	0	303,112	17.94
Southwest Total	4,594,185	11.8%	10.9%	-50,410	15,311	0	23,750	16.12
Flex	784,214	14.9%	21.2%	-32,732	8,816	0	0	18.05
Manufacturing	2,722,328	4.6%	0.1%	0	0	0	0	0.00
Warehouse/Distribution	1,087,643	28.0%	30.4%	-17,678	6,495	0	23,750	14.95

Market Overview

Submarket/Property Type	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q1 2026 Net Absorption (SF)	Q1 2026 Leasing Activity (SF)	Q1 2026 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN ($/PSF)
Southeast Total	22,446,420	15.8%	28.2%	261,333	304,549	0	2,419,140	16.33
Flex	3,786,566	19.1%	22.4%	-79,371	36,016	0	170,625	15.28
Manufacturing	2,147,585	5.9%	3.2%	-24,044	103,325	0	41,000	0.00
Warehouse/Distribution	16,512,269	16.4%	32.3%	364,748	165,208	0	2,207,515	16.74
Bastrop County Total	2,131,209	3.7%	3.7%	-41,875	10,000	0	168,910	8.35
Flex	145,929	0.0%	1.4%	0	0	0	28,910	0.00
Manufacturing	467,978	5.8%	7.0%	0	0	0	110,000	8.47
Warehouse/Distribution	1,517,302	3.4%	2.7%	-41,875	10,000	0	30,000	6.38
Caldwell County Total	1,484,810	11.6%	12.3%	13,630	0	0	103,500	11.50
Flex	60,150	0.0%	0.0%	0	0	0	0	0.00
Manufacturing	66,303	0.0%	0.0%	0	0	0	0	0.00
Warehouse/Distribution	1,358,357	12.7%	13.4%	13,630	0	0	103,500	11.50

Austin Industrial Submarkets



1. CBD
2. Caldwell County
3. West Central
4. Cedar Park
5. Central
6. East
7. Far Northeast
8. Far Northwest
9. North
10. Georgetown
11. Hays County
12. Northeast
13. Northwest
14. North Bastrop County
15. Round Rock
16. South
17. Southeast
18. Southwest
19. South Bastrop County

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