

The background of the entire page is a photograph of the Austin skyline at dusk. The city lights are on, and the sky is a deep blue. In the foreground, a bridge spans across a body of water, with a boat visible on the right. The overall scene is a vibrant, modern cityscape.

AUSTIN OFFICE MARKET REPORT

Cresa Research | Q1 2026

MARKET REPORT

Supply Surge Nears End as Austin Office Market Eyes Recovery

Austin's office market continues to face elevated vacancy, holding at a historically high 15.9% as it works through a wave of newly delivered, high-quality space. While vacancy only ticked up slightly quarter over quarter, absorption turned negative in late 2025 despite a strong year overall, with 675,000 SF of occupancy gains largely driven by move-ins at newer 4 and 5 Star buildings like The Republic. High-quality, well-located assets continue to capture the majority of leasing activity, highlighted by deals such as Nvidia's 99,000 SF lease at Uptown ATX. Still, overall leasing volume has slowed significantly, with demand impacted by reduced hiring and contraction in key office-using sectors.

Leasing activity in 2025 declined 20% year over year and remains well below pre-pandemic levels, with a notable pullback from large occupiers. At the same time, improving office attendance—now around 65%—signals gradual normalization, though still below historical norms. Additional supply pressures remain, with projects like Waterline set to deliver in 2026 without preleasing, likely pushing vacancy to a peak before stabilizing. While asking rents have held relatively flat, increased concessions are putting pressure on effective rents. Longer term, Austin's strong economic fundamentals position the market for a gradual recovery beginning in late 2026 as new development slows and demand regains momentum.

AUSTIN OFFICE HIGHLIGHTS

Average Asking Rate

\$42.94

Q1 2026

Net Absorption

+2.6M

2025-2026

Availability Rate

15.9%

Q1 2026

Market Sale Price

\$303/ SF

Q1 2026

Under Construction SF

+1.3M

Q1 2026

Sources: CoStar

MARKET AT A GLANCE

THE ECONOMY

Austin remains the fastest-growing metro in the U.S., fueled by strong domestic and international migration and a diverse, resilient economy. The population has reached 2.6 million, growing 1.7% year over year—still among the highest nationally, though below its historical pace. Job growth has also moderated to 1.2%, down from a decade-long average of 4%, reflecting broader economic normalization. The region continues to benefit from a business-friendly environment, a highly educated workforce, and sustained tech momentum, positioning itself as a more affordable alternative to coastal markets. Ongoing expansions from major employers like Tesla and Samsung are expected to support long-term economic growth.

Growth is increasingly concentrated in suburban areas, particularly Williamson County, which accounts for roughly half of recent population gains and is one of the fastest-growing counties in the country. Cities like Leander, Georgetown, and Round Rock are leading this expansion, driven by housing affordability, access to quality schools, and proximity to employment centers. Austin’s young demographic profile and diverse employment base—continue to attract talent, though hiring in tech and knowledge-based sectors has slowed.

RENTAL & VACANCY RATES

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Rent Change
\$35.47	Bastrop County 7.9%	1.3% ▲
\$35.08	Caldwell County -	1.3% ▲
\$57.90	CBD 20.5%	1.3% ▲
\$36.18	Cedar Park 11.1%	1.6% ▲
\$37.43	Central 9.0%	1.3% ▲
\$48.33	East 27.9%	1.2% ▲
\$33.17	Far Northeast 8.6%	1.2% ▲
\$38.25	Far Northwest 18.5%	1.6% ▲
\$34.64	Georgetown 11.0%	1.3% ▲
\$34.27	Hays County 7.6%	1.5% ▲
\$46.77	North/ Domain 12.7%	1.5% ▲
\$32.95	Northeast 26.5%	1.1% ▲
\$36.78	Northwest 18.4%	0.9% ▲
\$34.57	Round Rock 5.0%	1.6% ▲
\$44.68	South 19.2%	1.4% ▲
\$36.75	Southeast 8.3%	1.4% ▲
\$41.07	Southwest 12.8%	1.8% ▲
\$46.39	West Central 6.2%	1.0% ▲

OCCUPIER'S PERSPECTIVE

▲ **Elevated Vacancy, but Stabilizing.** Austin is still working through a historic wave of new supply, keeping vacancy elevated compared to long-term norms. However, the pace of new deliveries has slowed, and vacancy is beginning to level off rather than spike, signaling the market is entering an absorption phase.

▲ **Flight to Quality Continues.** Leasing demand is increasingly concentrated in newer, high-quality (Class A / Trophy) buildings, while older assets struggle. Well-located, amenity-rich projects are still leasing—sometimes quickly—while commodity space faces ongoing pressure.

▲ **Slower Leasing, More Tenant Leverage.** Leasing velocity has slowed as companies remain cautious on hiring and space needs, leading to longer deal timelines and fewer large leases. This dynamic, combined with elevated vacancy, continues to create a tenant-favorable environment, with more options and negotiating power for occupiers.

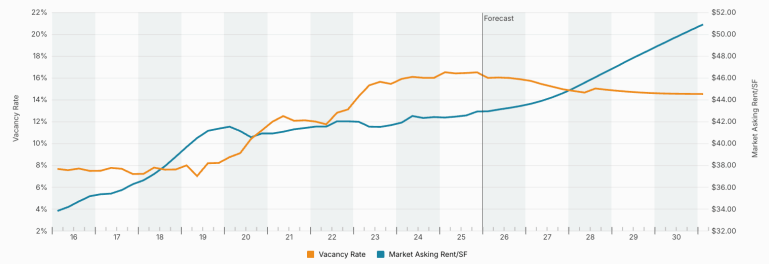


MANY LANDLORDS HAVE FOCUSED ON PRESERVING LONG-TERM PROPERTY VALUATIONS BY KEEPING RENTS STEADY & RENT GROWTH OUT OF NEGATIVE TERRITORY, **INSTEAD COMPETING THROUGH CONCESSIONS.**

Austin Office Data Q1 2026

ASKING RENT & AVAILABILITIES

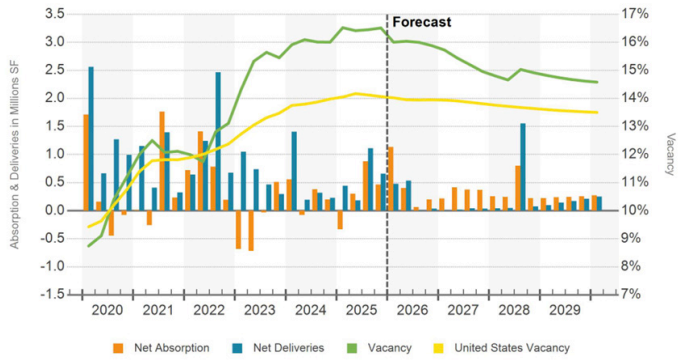
Austin’s office rent growth has remained modest—still positive, but largely flat—as leasing activity slows and a sizable amount of unleased space lingers, with additional deliveries expected through mid-2026. The average asking rent sits at \$43.00/SF (full-service), up just 1.3%, well below the 2.8% historical average over the past decade.



NET ABSORPTION

Absorption turned negative in the final quarter of 2025, but the full year remained firmly positive with 675,000 SF of occupancy gains. Much of this was driven by moves in at The Republic, a new 5 Star high-rise in downtown Austin. Despite these positive signs for the office market, overall leasing volume has slowed.

NET ABSORPTION, NET DELIVERIES & VACANCY



No deals over 100,000 SF were signed in 2025.

Recent leasing activity in Austin continues to highlight a strong “flight to quality,” with the majority of meaningful transactions concentrated in newer, amenity-rich Class A buildings in highly desirable, central locations. This was most evident in 25Q3, where high-quality assets accounted for roughly 80% of the 830,000 SF absorbed, driven in large part by major move-ins at The Republic downtown following its completion.

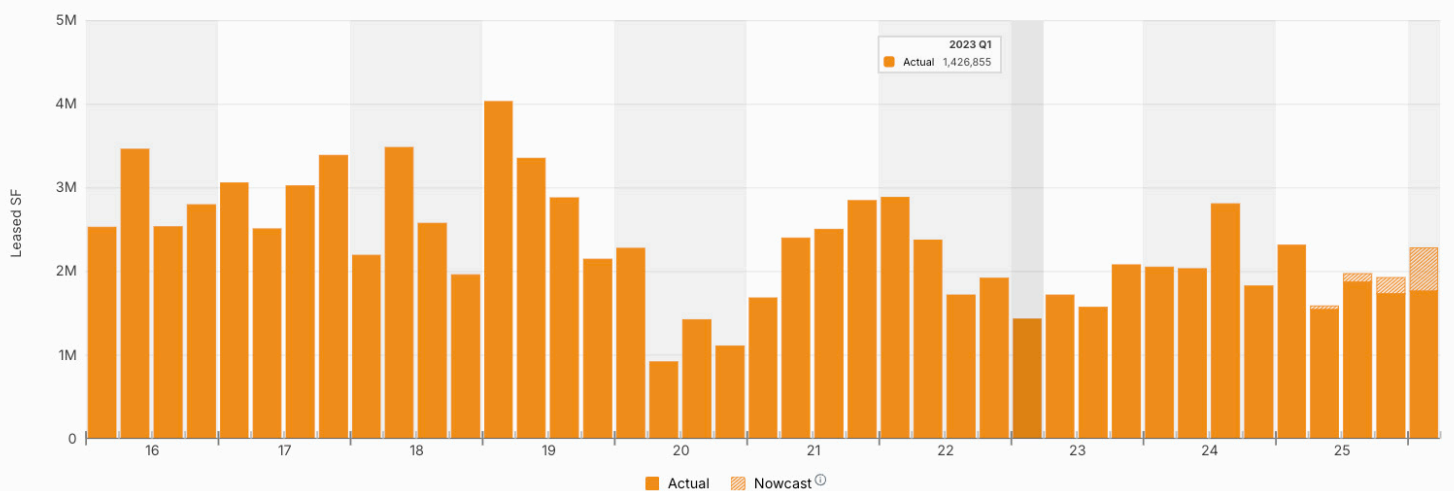
Notable leasing activity has also remained centered in walkable submarkets such as the CBD, East Austin, and Central Austin, reinforcing tenant preference for location, amenities, and employee experience. However, despite these standout transactions, overall leasing volume has slowed, with fewer large deals and no leases over 100,000 SF in 2025, signaling a continued pause among larger occupiers even as smaller tenants remain active.



RECENT TRANSACTIONS

Tenant	Building/ Address	Submarket	Sign Date	SF Leased
1 Terafab	Seaholm Power	CBD	Q1 26	112,297
2 Nvidia	Uptown ATX	North/ Domain	Q3 25	99,370
3 Office of Texas Government	400 West	CBD	Q3 25	94,211
4 TBD	1200 E Anderson Ln.	Northeast	Q4 25	86,910
5 Samsung Semiconductor	3900 San Clemente	Cedar Park	Q4 25	79,338
6 Capital Factory	Austin Centre	CBD	Q3 25	60,872

LEASING ACTIVITY SF (Direct & Sublease) 2016- Q1 2026



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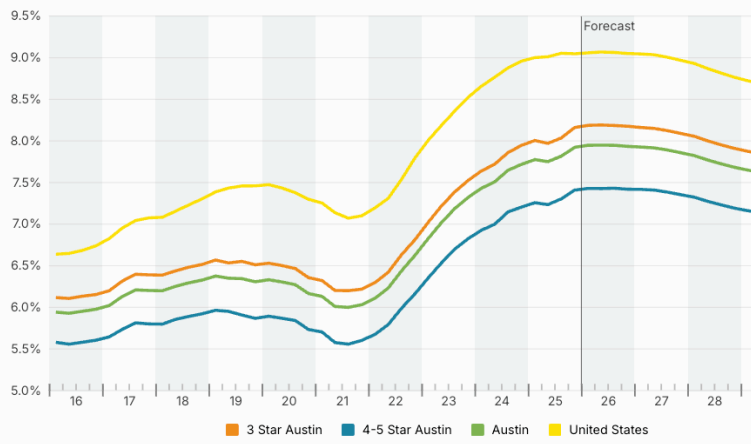




Austin Office Sale Data Q1 2026

SALES VOLUME / CAP RATES

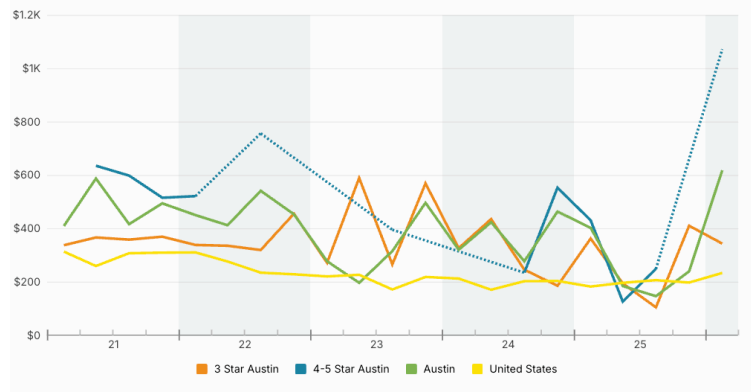
Sales volume has jumped in the past few years but remains muted compared to the country average.



THE SALE OF STABILIZED ASSETS HAS ACCOUNTED FOR A SMALLER SHARE OF RECENT SALES ACTIVITY.

PRICE PER SQUARE FOOT

Pricing has decreased over the past five years. As underwriting improves and the leasing market continues to strengthen, prices per square foot are expected to rise.





AUSTIN INDUSTRIAL REPORT

Cresa Research | Q1 2026

www.cresa.com

MARKET REPORT

Opportunities Emerge as Austin Industrial Supply Surges

Austin's industrial market is still absorbing the impact of a massive development cycle. Vacancy has climbed to long-term highs as a wave of new supply—largely big-box logistics space—has outpaced demand. Leasing activity has slowed over the past year, with many occupiers pausing decisions amid broader economic and policy uncertainty, leading to softer absorption in the non-owner segment.

Even so, demand hasn't disappeared—it's just more selective. Larger owner-user projects are helping support overall absorption, and Austin's long-term fundamentals remain strong, driven by population growth and expansion in sectors like semiconductors, EVs, and advanced manufacturing. For many occupiers, the current environment offers more flexibility and negotiating leverage than in recent years.

On the supply side, deliveries are still elevated but beginning to taper, though a meaningful amount of unleased space remains in the pipeline. Speculative development and lower preleasing levels continue to reflect the gap between supply and demand. As a result, rents have come under pressure, particularly in larger-format spaces. Looking ahead, the market is expected to gradually stabilize as construction slows and demand begins to catch up.

AUSTIN INDUSTRIAL HIGHLIGHTS

Average Asking Rate

\$14.06 | **\$12.14**
Austin | National

12 Mo Net Absorption

+2.7M | **+119M**
Austin | National

Availability Rate

18.1% | **9.6%**
Austin | National

Net Delivered SF

+8.6M | **+257M**
Austin | National

Under Construction SF

+14.6M | **+341M**
Austin | National

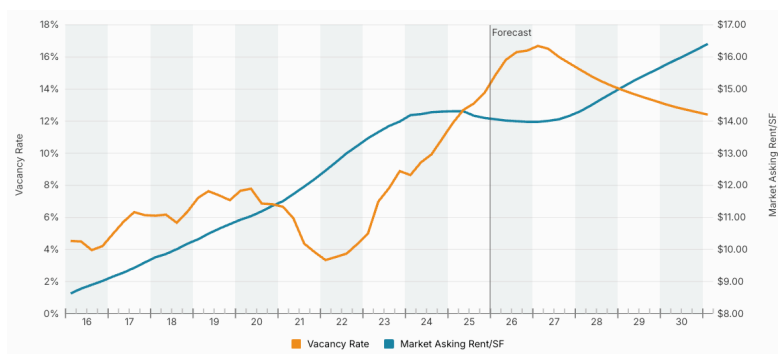
Sources: CoStar



Austin Industrial Data Q1 2026

ASKING RENT & AVAILABILITIES

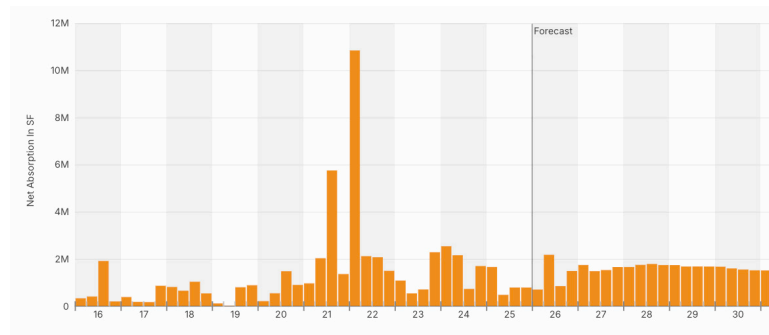
As a supply surplus continues to build, the increased availability of industrial space has made lease negotiations tilt more in favor of tenants. As a result, rent growth for Austin's industrial market has turned negative, underperforming the national average by a notable margin.



AUSTIN BENEFITS FROM RAPID POPULATION GROWTH, A GROWING LABOR POOL, STRONG CONSUMER SPENDING, AND A **MORE DIVERSE INDUSTRIAL BASE THAT INCLUDES SEMICONDUCTOR MANUFACTURING, ELECTRIC VEHICLE PRODUCTION, AND AEROSPACE.**

NET ABSORPTION

Absorption has remained positive, but has cooled over the past year, adding to these challenges. Leasing activity slowed most in the second and third quarters of 2025 following changes to U.S. trade policy, as uncertainty led many users to delay decisions and pushed leasing volumes to multi-year lows.



Austin ranks the highest in the U.S. among the largest industrial markets.

Austin’s industrial vacancy has risen to the highest level among major U.S. markets, driven primarily by a surge in new construction alongside a slowdown in leasing activity. While demand remains above pre-pandemic norms, it has cooled over the past year as tenants take a more cautious approach, with many delaying decisions in an environment where available space is abundant.

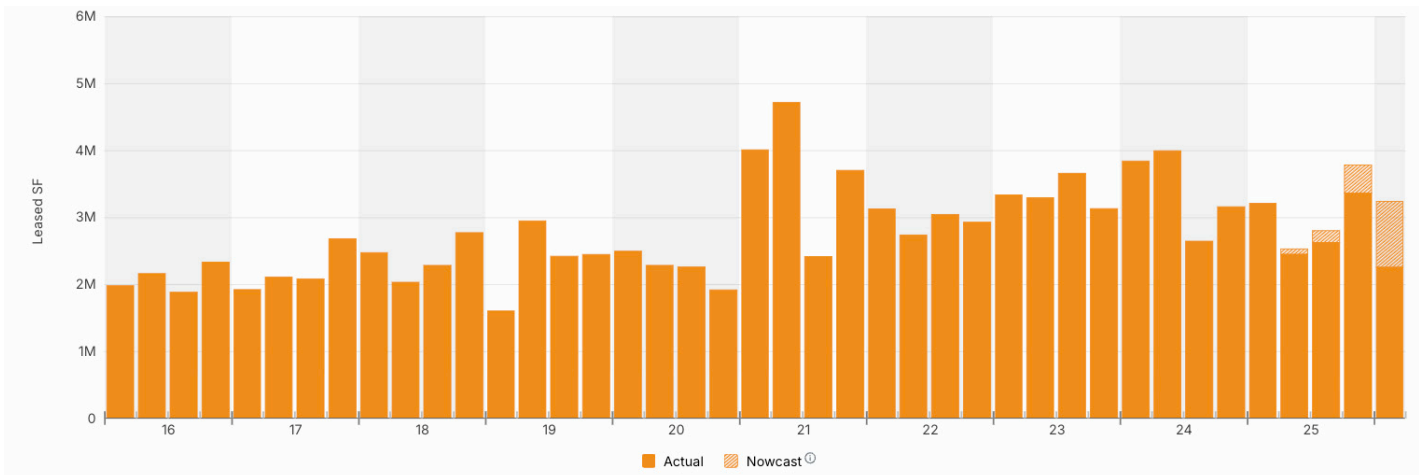
Even so, leasing activity continues to concentrate in high-quality, modern logistics facilities. Large users like Compal and Tesla have recently committed to newly built space, reinforcing a clear preference for best-in-class product with strong access to major corridors. Submarkets such as Hays County, Far Northeast Austin, and Georgetown have led activity, reflecting where newer inventory is most concentrated and aligned with current tenant demand.



RECENT TRANSACTIONS

Tenant	Address	Submarket	Sign Date	SF Leased
1 Bear Manufacturing	4805 N Interstate 35	Georgetown	Q1 26	606,000
2 Compal USA	1069 FM 3349	Round Rock	Q4 25	355,115
3 Tesla	11801 Decker Lake Rd.	East	Q4 25	296,960
4 Compal USA	Aviation Dr.	Georgetown	Q4 25	212,793
5 MEI Rigging & Crating	6719 E Howard Ln.	Far Northeast	Q4 25	197,980
6 -	12420 Entrada Blvd.	Far Northeast	Q4 25	135,927

LEASING ACTIVITY SF (Direct & Sublease) 2016 - Q1 2026



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SEVERAL FACTORS
CONTINUE TO DRIVE
AUSTIN'S APPEAL,
INCLUDING FEWER
REGULATIONS AND A
LOWER CORPORATE TAX
BURDEN.

AUSTIN INDUSTRIAL SUBMARKETS SNAPSHOT

Submarket	Inventory SF	Availability Rate	Net Absorption / SF	Market Asking Rate/ SF	12 mo. Market Rent Growth	2025 Building Deliveries	SF Under Construction
Bastrop County	2,560,000	3.6%	(16,260)	\$10.56	-2.1%	1	1,169,000
Caldwell County	1,868,000	13.4%	49,820	\$12.37	-1.3%	2	104,000
CBD	320,000	-	0	\$17.84	-5.7%	0	-
Cedar Park	3,912,000	9.7%	209,473	\$17.02	-2.0%	7	1,099,000
Central	2,099,000	6.2%	(22,002)	\$17.42	-1.5%	0	-
East	19,758,000	12.3%	446,824	\$15.48	-3.9%	6	1,572,000
Far Northeast	17,201,000	13.7%	613,969	\$12.27	-0.1%	10	899,000
Far Northwest	1,787,000	7.2%	(21,713)	\$18.05	-1.4%	2	9,000
Georgetown	20,585,000	24.7%	916,468	\$12.35	-0.9%	38	1,038,000
Hays County	22,629,000	18.8%	551,815	\$12.20	-0.2%	51	700,000
North	18,682,000	11.8%	(495,664)	\$14.64	-1.1%	3	-
Northeast	13,358,000	8.9%	184,030	\$14.72	-2.1%	2	321,000
Northwest	3,706,000	11.2%	(169,865)	\$16.35	-1.7%	0	-
Round Rock	11,377,000	18.5%	395,402	\$14.66	-3.0%	9	4,881,000
South	4,304,000	9.0%	33,331	\$16.93	-1.6%	2	328,000
Southeast	23,931,000	15.0%	51,057	\$13.51	-0.8%	23	2,452,000
Southwest	5,225,000	11.0%	(63,888)	\$19.56	-3.3%	4	28,000
West Central	92,000	-	0	\$17.40	-3.9%	0	-

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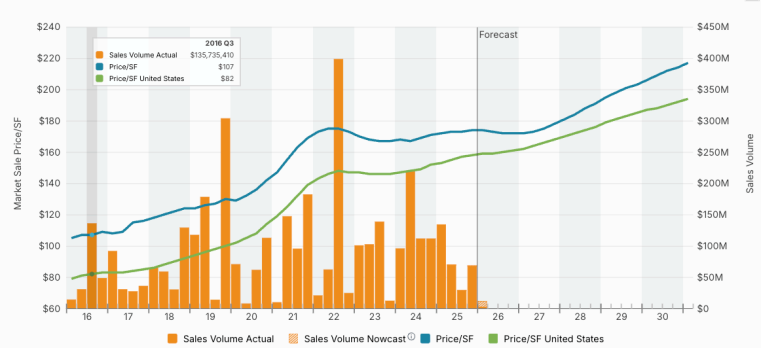
**HAYS COUNTY AND
GEORGETOWN,
ACCOUNTED FOR 40%
OF SALES VOLUME**

Austin Industrial Sale Data Q1 2026

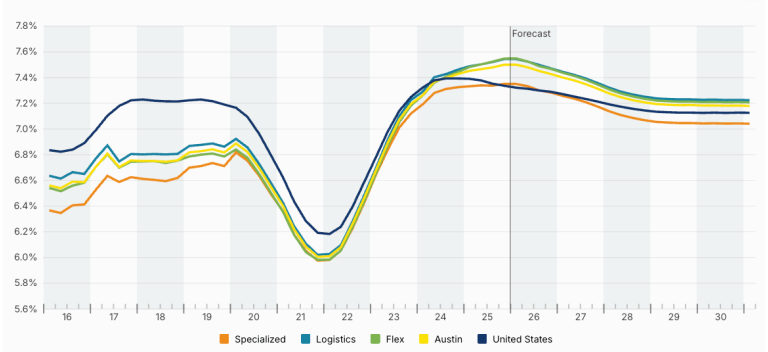
SALES VOLUME / CAP RATES

Sales volume also points to a preference for larger assets, with properties over 100,000 SF driving 57% of activity, up from 45% for the historical average.

SALES VOLUME & MARKET SALE PRICE PER SF

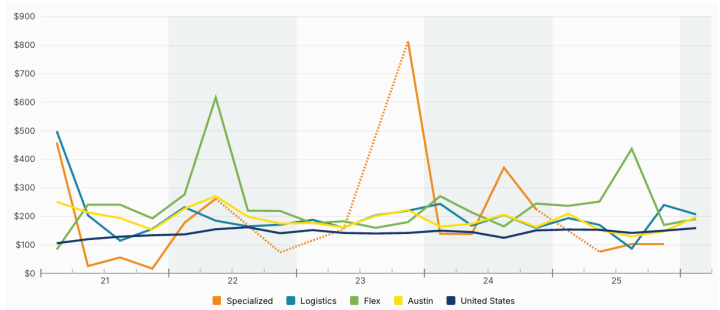


MARKET CAP RATE



PRICE PER SQUARE FOOT

Price pressure has created opportunities for investors who are betting on Austin's long-term growth and strong industrial demand while securing more favorable pricing.



An aerial photograph of the Austin skyline, featuring a prominent, modern skyscraper with a glass facade and a distinctive top section. The city is surrounded by greenery and other buildings of varying heights. The sky is blue with scattered white clouds.

FUTURE AUSTIN PREDICTIONS

Austin's office market is moving into a stabilization and gradual recovery phase. After several years of elevated vacancy, new construction is slowing, which is allowing demand to begin catching up. Early signs of this shift are already showing — sublease space is being absorbed and leasing activity is improving, particularly in well-located, high-quality buildings.

Looking ahead, vacancy is expected to trend downward slowly rather than sharply, with Class A and amenity-rich buildings continuing to outperform. Demand will remain uneven, driven by smaller and mid-sized tenants rather than large tech users, as hybrid work persists. That said, Austin's strong business formation and population growth should support steady absorption over time, keeping the long-term outlook positive.

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