

YoY
Chg

12-Mo.
Forecast

3.9%

Vacancy Rate



218K

Net Absorption, SF



\$11.44

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

YoY
Chg

12-Mo.
Forecast

1.2M

Austin
Employment

3.8%

Austin
Unemployment Rate

4.2%

U.S.
Unemployment Rate

Source: BLS

ECONOMIC OVERVIEW: Austin remains one of the nation's fastest-growing cities

Despite the persistent effects of the COVID-19 pandemic, the Austin MSA continues to outperform nearly every major market in the country. Major corporations continue to bet on Austin, bringing with them increased population and thousands of high-paying jobs. The local unemployment rate declined once again and now sits at 3.8%, which is lower than both the state and national levels of 5.2% and 4.2% respectively.

SUPPLY AND DEMAND: Strong demand keeping vacancy rates near record lows

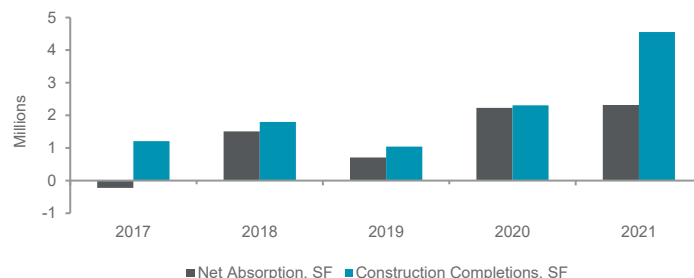
Continued e-commerce growth coupled with Austin's booming population has resulted in an unprecedented demand for warehouse and distribution space across the Austin metro area. Vacancy rates remain near record lows for all types of industrial product, closing out the end of 2021 with an overall rate of 3.9%. As has been the case over the last 24 months, demand for quality warehouse and distribution space has kept vacancy in that product type even lower, coming in at 3.3% to close out the fourth quarter. Industrial flex product has also fared well, with vacancy stabilized at a healthy 5.4%.

Developers remain bullish on Austin and the industrial construction pipeline continues to grow in order to keep up with the pent-up demand. At close of the fourth quarter, there was approximately 4.1 million square feet of industrial product under construction in the Austin metro area. The construction of Tesla's \$1 billion Gigafactory in southeast Austin continues to spur demand in and around that area. In addition, the south I-35 corridor between Austin and San Antonio continues to be a major logistics destination, as several large users, including Amazon, Lowe's, Simwon, and others continue to lease large amounts of space in that area.

PRICING: Rental rates remain elevated as demand spikes

The sustained demand for industrial space, particularly newer warehouse and distribution product, has overall rental rates trending upward. The average net rental rate for all property types for Q4 2021 was \$11.44 per square foot (psf). Warehouse/Distribution continues to be the most desired of all product types, with an average rate to \$10.61 psf. Office service (flex) properties also continue to perform well as vacancy rates remained healthy despite the lingering pandemic. Overall average rental rates of flex product finished the third quarter at \$14.93 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	2021 OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	2021 CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Far Northwest	1,821,129	16,200	77,970	5.2%	22,419	35,976	0	0	\$16.28	\$12.00
North Central	6,447,370	7,445	367,817	5.8%	-136,370	-54,390	0	0	\$17.84	\$11.21
Northeast	11,497,063	100,609	506,431	5.3%	25,588	447,734	1,297,540	3,970,000	\$10.79	\$10.32
South Central	2,417,576	44,000	60,207	4.3%	-7,277	253,269	1,489,651	185,174	\$16.24	\$10.53
Southeast	12,693,330	40,091	267,630	2.4%	129,865	732,984	317,572	199,839	\$15.75	\$9.06
Southwest	476,062	0	5,140	1.1%	0	-123	0	0	\$18.00	\$12.48
Round Rock	9,952,740	4,311	286,892	2.9%	184,270	900,556	985,670	199,800	\$13.99	\$8.64
AUSTIN TOTALS	45,305,270	212,656	1,572,087	3.9%	218,495	2,316,006	4,090,433	4,554,813	\$14.93	\$10.61

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS OF 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Plum Creek Industrial Center	Southeast	Simwon	491,651	New
10000 Decker Lane	Northeast	Amazon	319,540	New
Gateway35 Commerce Center	Round Rock	Cellink	294,297	New
Tuscany Logistics Way	Round Rock	Target Corp.	202,165	New

KEY SALES TRANSACTIONS OF 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Harris Ridge Business Center	Northeast	HPI Real Estate / TA Realty	387,838
Southpark Commerce Center	Southeast	KBS / BentallGreenOak	372,763
Parmer 3.3 & 7.3	Northeast	PRP Real Estate - KFH / Transwestern	335,825

KEY CONSTRUCTION COMPLETIONS OF 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Amazon Fulfillment Center	Northeast	Amazon	3,842,019	Seefried Properties
Plum Creek Industrial Park	Southeast	Simwon	444,058	NorthPoint Development
Chisholm Trail Trade Center	Round Rock	Amazon	442,000	Transwestern Development

JEFF GRAVES

Market Director, Austin Research

+1 512 474 2400

jeff.graves@cushwake.com

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