

MARKET FUNDAMENTALS

	YOY Chg	Outlook
27.1% Vacancy Rate	▼	▼
103K YTD Net Absorption, SF	▼	▲
\$50.47 Asking Rent, PSF (Overall, All Property Classes)	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.4M Austin Employment*	▲	▲
3.7% Austin Unemployment Rate*	▲	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS, Moddy's Analytics

ECONOMY: AUSTIN ECONOMY CONTINUED TO SHOW STRENGTH

Despite ongoing uncertainty, Austin’s economy remained resilient through Q3 2026, supported by continued population growth and business expansion. The region added approximately 18,200 jobs year-over-year, representing 1.3% employment growth. Austin’s labor market continued to outperform many major U.S. metros, with an unemployment rate of 3.7%, well below the national rate and reflecting the area’s strong economic fundamentals.

SUPPLY & DEMAND: LEASING ACTIVITY REMAINED STRONG

Office market fundamentals improved in Q3 2026 as tenant activity remained steady and occupancy levels moved higher. Leasing volume totaled approximately 1.1 million square feet (msf) across the metro, reflecting another quarter of solid transaction activity and continued confidence in Austin's office sector. The Central Business District (CBD) accounted for nearly 36.0% of total leasing volume, underscoring ongoing demand for premier downtown properties. Occupancy gains also strengthened during the quarter, with the market recording approximately 229,000 square feet (sf) of positive net absorption. Rather than being driven by a handful of large occupancies, the positive absorption stemmed from a broad range of tenants across the market taking occupancy of previously leased space, signaling improving demand throughout the market.

Despite the improvement in demand, citywide vacancy increased slightly to 27.1%. The rise was driven primarily by the delivery of Waterline, a new trophy office tower in the CBD that added 700,000 sf of vacant inventory to the market. As a result, CBD vacancy increased 230 basis points (bps) quarter-over-quarter to 33.3%. Meanwhile, sublease availability declined to approximately 3.2 msf, continuing a gradual downward trend and signaling that excess space is steadily being absorbed across the market. Sublease space represented approximately 18.0% of total office availability.

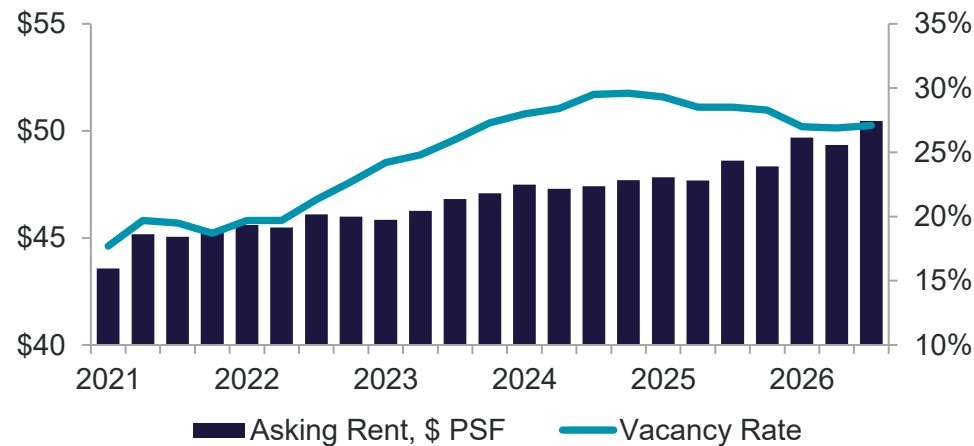
PRICING: AVERAGE ASKING RENTS CONTINUED TO RISE

The completion of Waterline further expanded Austin’s inventory of top-tier office space, helping drive asking rents to record levels. The market's average full-service asking rent rose to a record \$50.47 per square foot (psf), while the citywide Class A asking rents increased to \$55.37 psf. The CBD continued to command the region's highest rental rates, with average Class A asking rents rising to \$70.97 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 (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	16,965,965	1,119,645	4,522,583	33.3%	104,948	127,622	1,027,977	0	\$66.73	\$70.97
Central	1,347,794	39,065	111,676	11.2%	-27,361	-12,680	66,338	177,193	\$51.74	\$62.45
Far Northwest	17,742,918	493,802	3,990,265	25.3%	-82,795	-45,016	1,008,209	0	\$41.93	\$43.29
North Central	2,189,282	5,894	452,556	20.9%	8,258	17,961	34,976	0	\$30.57	\$45.51
Northeast	3,210,721	585,050	931,066	47.2%	110,582	165,407	290,837	0	\$34.48	\$36.71
Northwest	4,379,281	61,186	670,222	16.7%	-24,959	-27,560	129,526	0	\$35.91	\$39.35
Round Rock	1,850,692	93,342	352,537	24.1%	-24,619	-32,923	3,963	0	\$37.76	\$39.31
South Central	3,022,527	135,994	628,922	25.3%	68,679	10,327	197,517	0	\$52.15	\$61.96
Southeast	975,984	246,790	67,393	32.2%	0	1,049	22,719	0	\$30.36	\$25.83
Southwest	11,187,999	136,058	1,723,014	16.6%	47,306	-76,828	461,707	0	\$44.24	\$47.12
East	3,966,333	276,492	1,485,753	44.4%	49,227	-24,206	167,272	0	\$59.17	\$59.78
AUSTIN TOTALS	66,839,496	3,193,318	14,935,987	27.1%	229,266	103,153	3,411,041	177,193	\$50.47	\$55.37

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
The Republic	CBD	Jackson Walker	117,000	New
Parmer 4.1	Northeast	Qualcomm	65,628	Sublease
The Republic	CBD	Virtu Financial	54,288	New
7700 Parmer	Far Northwest	Accenture	29,451	New
5th & Walsh	Central	Corridor Title	18,500	New
Riata Corp Park V	Far Northwest	R365	16,652	New

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF
111 Congress	CBD	Cousins Properties / Canyon Capital	519,959
515 Congress	CBD	KBS / Palmatum Ventures	267,956
405 Colorado	CBD	Brandywine Realty Trust / Hines	206,000

YTD COMPLETIONS / UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	STATUS
Workbench	East	Swinerton	49,737	Completed Q1 2026
Waterline	CBD	None	703,000	Completed Q3 2026
5 th & Walsh	Central	Endeavor	198,000	Under Construction

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