Record High Positive Net Absorption and Construction Deliveries in 2024

▼12.4%	▲2.5M	▲3.2M	▼9.0M	▲$14.25
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/YR Lease Rate

Note: Arrows indicate change from previous quarter.

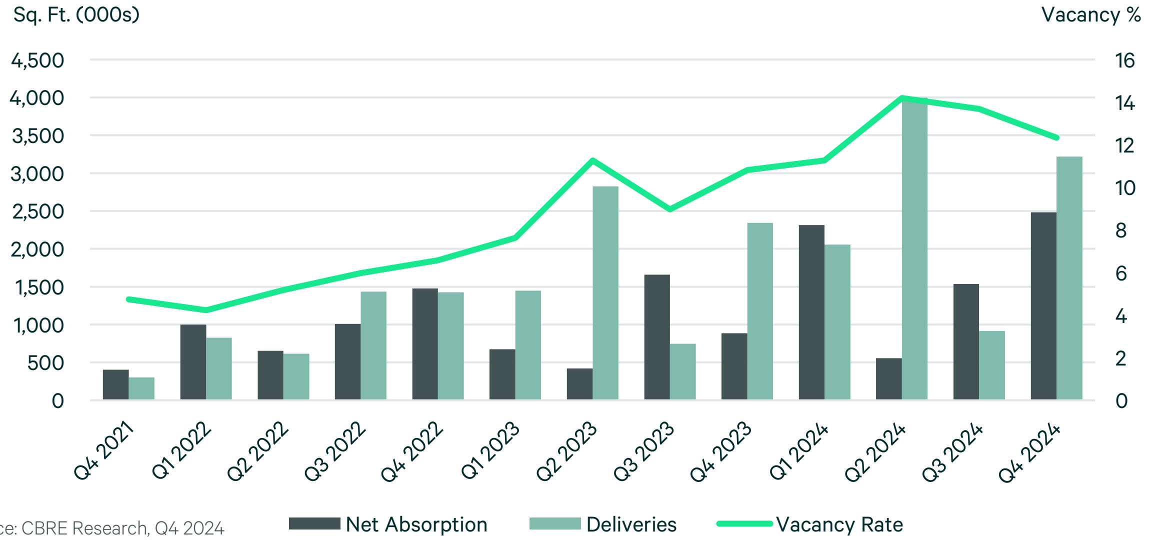
SUMMARY

- Positive absorption reached 2.5 million sq. ft. this quarter, and 6.7 million sq. ft. annually, a record high for the Austin market and a year-over-year increase of 82.7%. Major absorption drivers include Four Hands and Simwon, occupying 570,489 and 218,400 sq. ft. respectively.

- 3.2 million sq. ft. of construction delivered market-wide this quarter, bringing annual deliveries to 10.1 million sq. ft., a 34.7% increase year-over-year and the most of all time. As deliveries jumped to new heights YTD, under construction sq. ft. dipped below 10 million for the first time in more than two years.

- Market-wide vacancy dipped to 12.4%, representing a quarter-over-quarter decrease of 505 bps, and a year-over-year increase of 1470 bps as new product delivering vacant continues to push vacancy.

Historical Absorption, Deliveries, and Vacancy



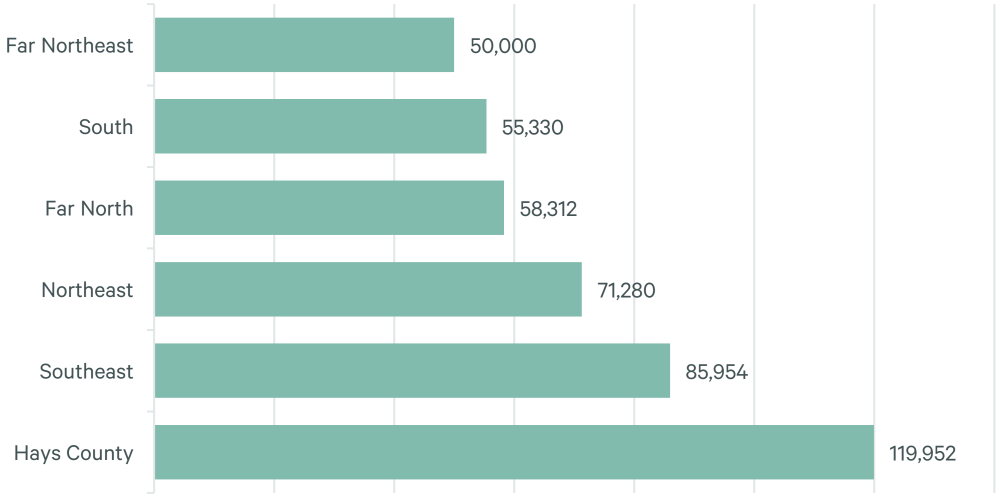
Source: CBRE Research, Q4 2024

*As of Q3 2024, the CBRE Research statistical methodology for Austin has been adjusted to exclude Owner/User industrial properties. As of Q3 2024, the CBRE Research statistical methodology for Austin Industrial has been adjusted to ensure alignment with the market and peer market comparisons. As such, consistent historical/pre-Q3 2024 statistics for new or substantially adjusted submarkets are not available and historical metrics reported for these areas will not sum to historical Austin market totals.

Demand

Q4 2024 marks the 42nd consecutive quarter for positive net demand within the Austin industrial market, as 2.5 million sq. ft. of positive net absorption brought vacancy down 120 bps. There was 700,000 sq. ft. of leasing activity in Q4, with the largest deal of the quarter occurring at Whisper West in Hays County, where Mattress Firm agreed to occupy 119,952 sq. ft. in Q1 of 2025. Leasing activity totaled 5.4 million sq. ft this year, with Q4 only comprising 13% of lease signings YTD. The Southeast and Far North submarkets saw the most activity, with 1.5 million sq. ft. and 1.0 million sq. ft. signed for throughout the year. Over the past four years, 33.9 million sq. ft. of leasing activity has been recorded in the market, as Austin continues to emerge as one the more prominent industrial markets in the country.

Q4 Leasing Activity by Submarket – Leases 50,000 sq. ft. and up

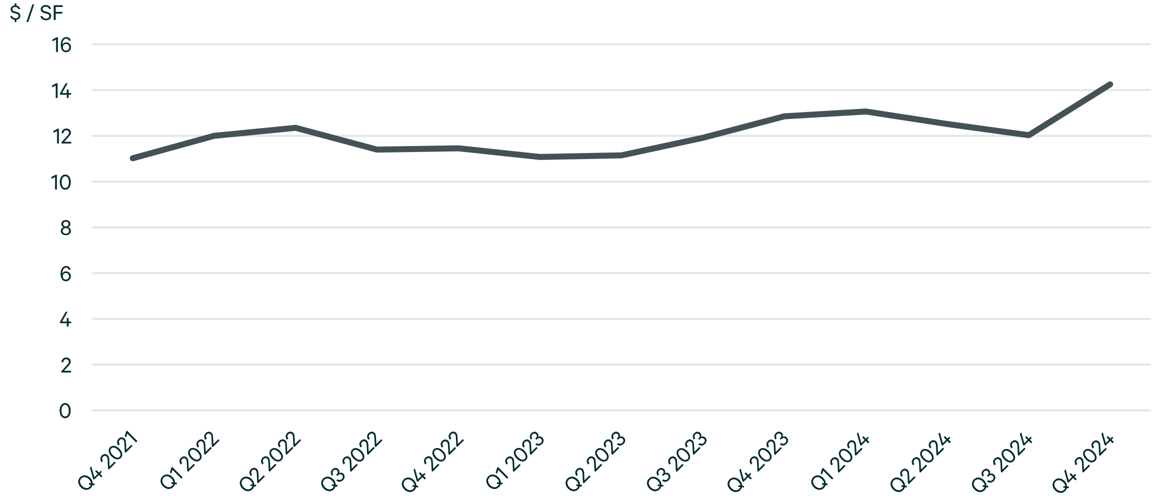


Source: CBRE Research, Q4 2024

Pricing

The average yearly direct asking rate for industrial space in Austin reached an all time high in Q4 2024 at $14.25 per sq. ft., representing a year-over-year increase of 10.9%. The Central and North submarkets experienced significant quarter-over-quarter hikes in asking rent, increasing by 53% and 63%, respectively. As of Q4, there is no construction under way in either submarket, which will limit supply for the foreseeable future. Asking rates are lowest in Bastrop County at $6.00 per sq. ft., which comprises less than 1% of the NRA in the Austin market. The Southwest submarket commanded the highest asking rate at $22.91 per sq. ft.. This submarket also comprises less than 1% of the entire market in terms of NRA.

Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q4 2024

Construction Activity

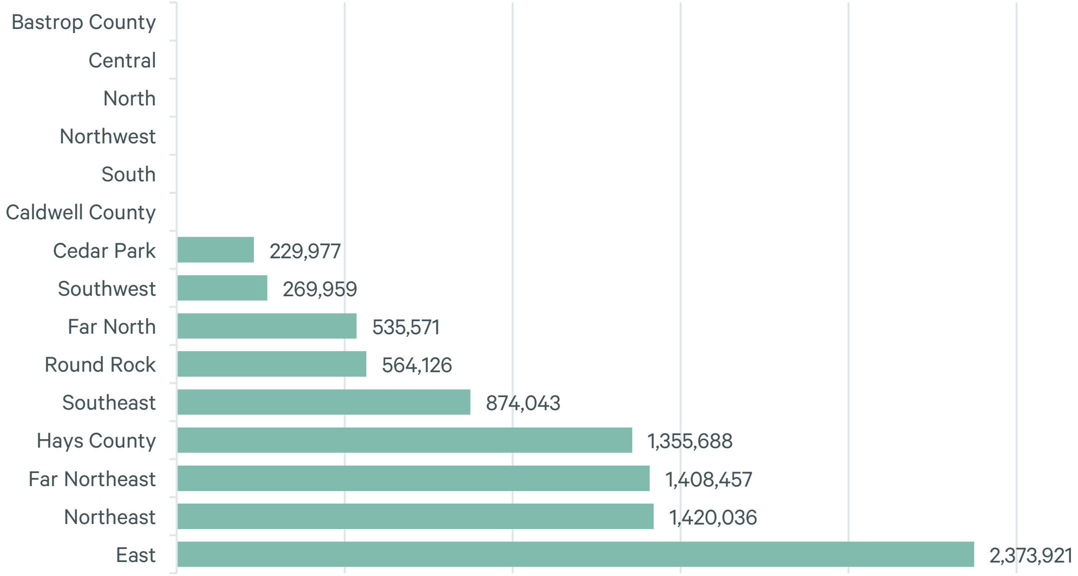
The Austin development pipeline remains robust as 1.5 million sq. ft. of new construction broke ground in Q4. Q4 marks the first time in over two years where we observe less than 10 million sq. ft. of on-going construction throughout the market; This can be attributed to 3.2 million sq. ft. of construction being delivered this quarter, and an all time high of 10.2 million sq. ft. being delivered YTD . Three out of the five largest complexes currently under construction are situated in the East submarket, which has the most sq. ft. of inventory in the development pipeline. The majority of deliveries occurred in the Southeast submarket, where 3.2 million sq. ft. of space hit the market throughout 2024.

Notable Developing Projects by NRA

Building Name	Submarket	Size (Sq. Ft)	% Pre-Leased	Expected Delivery	Owner/Developer
CTX 110	Hays County	893,699	0	Q4 2025	Lincoln Property Group
Park 290	East	792,139	0	Q1 2025	Brookfield Properties
Bluebonnet Business Center	East	684,344	13.4	Q1 2025	Hines Interests
Hutto Crossing	Far Northeast	662,379	0	Q2 2025	Ironwood Realty / Velocis
Austin Hills Commerce Center	East	544,160	0	Q3 2025	Sansone Group

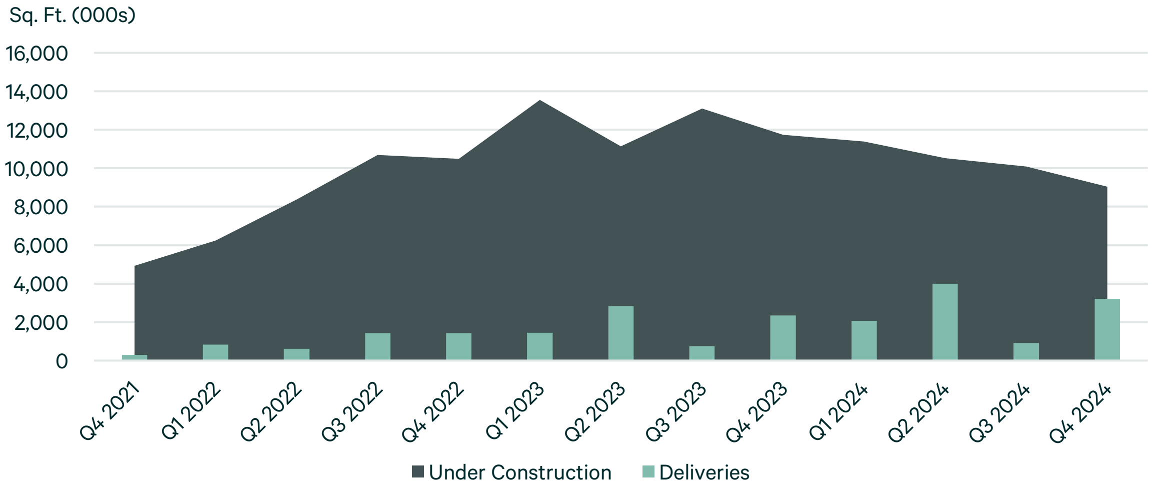
Source: CBRE Research, Q4 2024

Construction by Submarket



Source: CBRE Research, Q4 2024

Construction & Delivery Activity



Source: CBRE Research, Q4 2024

*As of Q3 2024, owner-occupied properties are no longer included in our tracked inventory for this data segment..

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	46,151,335	9.8	14.3	12.7	1.7	15.29	1,183,910	837,673	476,438	1,935,647
100,000-199,999 sq. ft.	27,667,664	15.9	24.2	21.8	2.4	11.11	438,446	1,872,562	1,693,493	3,520,763
200,000-299,999 sq. ft.	10,322,203	15.5	22.2	18.7	3.5	10.20	288,920	2,340,090	652,809	2,503,541
300,000-499,999 sq. ft.	7,959,871	20.2	23.3	22.8	0.5	9.25	-	1,262,388	395,567	1,071,827
500,000-749,999 sq. ft.	570,489	0.0	0.0	0.0	0.0	-	570,489	570,489	-	-
750,000 sq. ft.	5,464,019	0.0	0.0	0.0	0.0	-	-	-	-	-
Total	**98,135,581**	**12.4**	**17.8**	**15.9**	**1.9**	**14.25**	**2,481,765**	**6,883,202**	**3,218,307**	**9,031,778**

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	70,653,516	13.4	18.5	16.8	1.7	12.68	2,179,288	7,308,309	3,202,107	8,178,654
Manufacturing	4,320,107	7.7	8.7	6.1	2.6	11.79	(90,000)	287,234	0	163,472
R&D / Flex	23,107,758	10.1	17.3	15.1	2.2	18.90	377,818	(724,915)	0	190,959
Other Industrial	54,200	6.7	6.7	6.7	0.0	17.50	14,659	12,574	16,200	0
Total	**98,135,581**	**12.4**	**17.8**	**15.9**	**1.9**	**14.25**	**2,481,765**	**6,883,202**	**3,218,307**	**9,031,778**

Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	39,448,577	29.0	34.7	32.6	2.2	10.20	1,565,995	4,903,776	1,823,087	7,342,091
Other	58,687,004	9.4	14.8	13.0	1.8	14.91	915,770	1,979,426	1,395,220	1,689,687
Total	**98,135,581**	**12.4**	**17.8**	**15.9**	**1.9**	**14.25**	**2,481,765**	**6,883,202**	**3,218,307**	**9,031,778**

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Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Bastrop County	605,133	3.1	3.1	3.1	0.0	6.0	0	85,000	0	0
Caldwell County	750,476	22.0	53.2	53.2	0.0		0	0	0	0
Cedar Park	5,178,027	13.6	15.4	12.4	3.0	17.74	(47,138)	(103,222)	0	229,977
Central	1,408,670	5.5	8.0	7.7	0.3	18.34	1,656	41,145	0	0
East	3,525,085	8.4	12.9	10.8	2.1	16.8	29,312	30,527	0	2,373,921
Far North	7,330,619	23.8	23.9	23.7	0.2	14.16	194,743	1,186,646	31,304	535,571
Far Northeast	3,024,053	26.0	26.0	26.0	0.0	10.5	30,500	726,054	0	1,408,457
Hays County	12,384,055	14.9	19.7	19.5	0.2	11.79	315,403	2,163,306	1,283,551	1,355,688
North	14,968,134	7.9	14.7	11.8	2.9	19.87	431,189	(381,639)	0	0
Northeast	21,439,953	10.8	17.8	15.6	2.2	14.06	34,686	932,667	771,893	1,420,036
Northwest	315,182	5.1	7.7	7.7	0.0	17.0	6,040	10,040	0	0
Round Rock	5,642,328	14.2	14.8	13.8	1.0	14.39	140,200	747,644	310,689	564,126
South	2,403,903	3.7	6.8	5.5	1.2	17.33	101,284	81,060	0	0
Southeast	18,258,395	11.2	19.5	16.4	3.1	11.68	1,242,428	1,400,377	820,870	874,043
Southwest	901,568	5.5	12.9	11.2	1.7	22.91	1,462	(36,403)	0	269,959
Total	98,135,581	12.4	17.8	15.9	1.9	14.25	2,481,765	6,883,202	3,218,307	9,031,778

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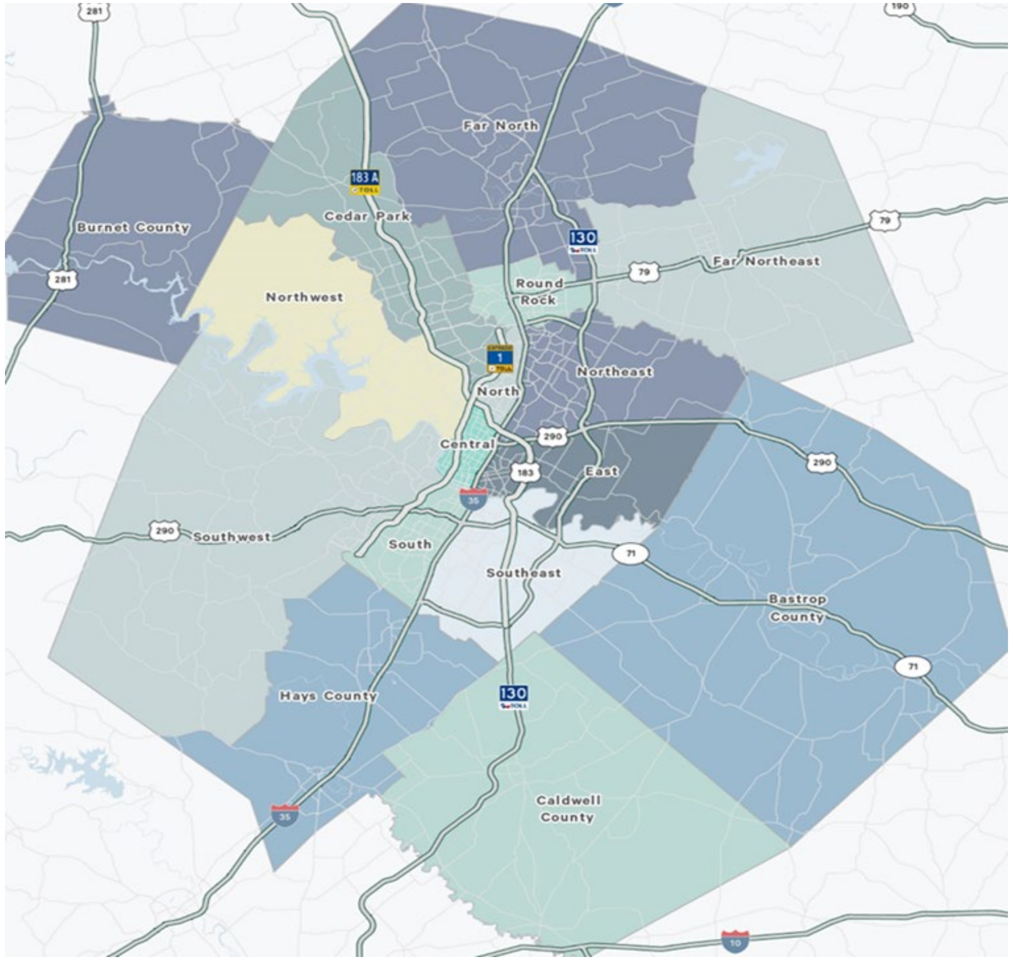
Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all non-owner occupied, non-medical industrial buildings 10,00 sq. ft. and greater in size in greater metropolitan area of Austin, TX. Buildings which have begun construction by site excavation or foundation work.

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