

FIGURES | AUSTIN INDUSTRIAL | Q2 2025

New development surges as 1.9 million sq. ft. breaks ground in Q2



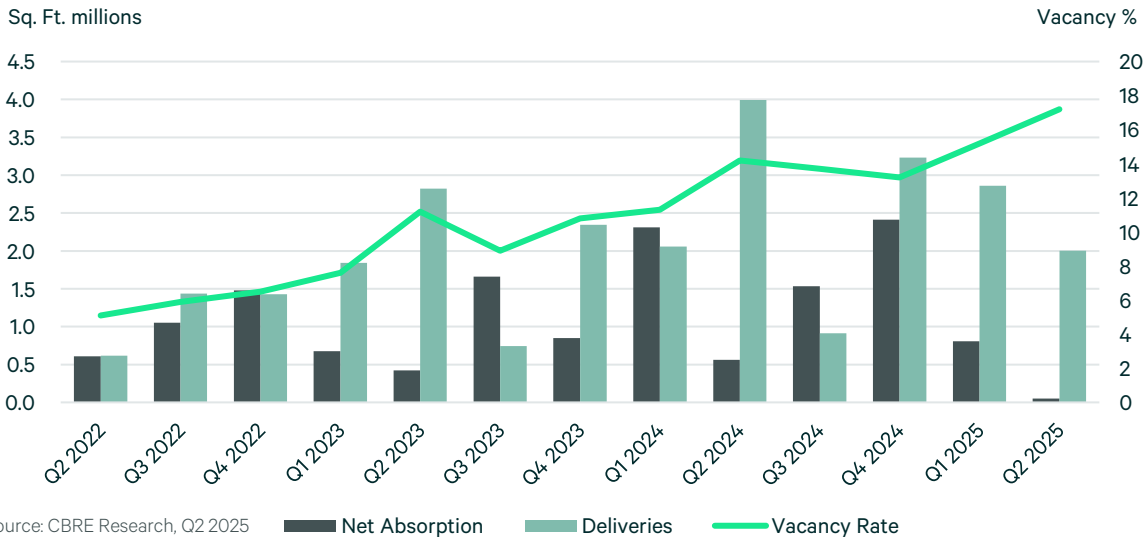
Note: Arrows indicate change from previous quarter.

Key Takeaways

- Pre-leased under construction drops to 0.4% as 15 industrial buildings delivered in Q2 2025, bringing 2.2 million sq. ft. of new product to market.
- Construction starts are up quarter-over quarter as 17 industrial buildings around the Austin market broke ground in Q2 2025, adding 1.9 million sq. ft. of new development to the pipeline.
- Positive net absorption of 53,000 sq. ft. marks the 44th consecutive quarter for positive net absorption, albeit the lowest recorded quarter in more than three years.
- The combination of low quarterly absorption and new construction delivering vacant raises the market-wide vacancy rate to 17.2%, representing a 1.8% increase quarter-over-quarter.
- NNN/YR asking rents across all class types decreased by \$0.14 per sq. ft. quarter-over-quarter.



Historical Absorption, Deliveries, and Vacancy



*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

The industrial real estate market in Austin, and the entire United States are in the longest period of expansion (positive net absorption) on record. Q2 2025 marks the 44th consecutive quarter of positive net absorption for the Austin market, with 52,772 sq. ft. recorded. Although absorption this quarter was modest when compared to those of the post-pandemic boom, demand remains strong.

Flight to quality has never been easier for industrial tenants, as 499,522 sq. ft. of Class A industrial was absorbed this quarter. In contrast, Class B & Class C industrial space had negative absorption this quarter, with -216,818 sq. ft. and -229,932 sq. ft., respectively. Leasing activity for Class A space also remains active, with 11 leases signed for 876,170 sq. ft. of space in Q2 2025. An EV company signed the largest lease of the quarter, taking 296,960 sq. ft. at Austin Hills Commerce Center.

As the dynamics of the market change due to the implementation of tariffs, the demand for onshoring from manufacturers has increased. CBRE is tracking 1.5 million sq. ft. of manufacturing tenant requirements in the Austin market, nearly four times the tenant interest at this time last year.

Pricing

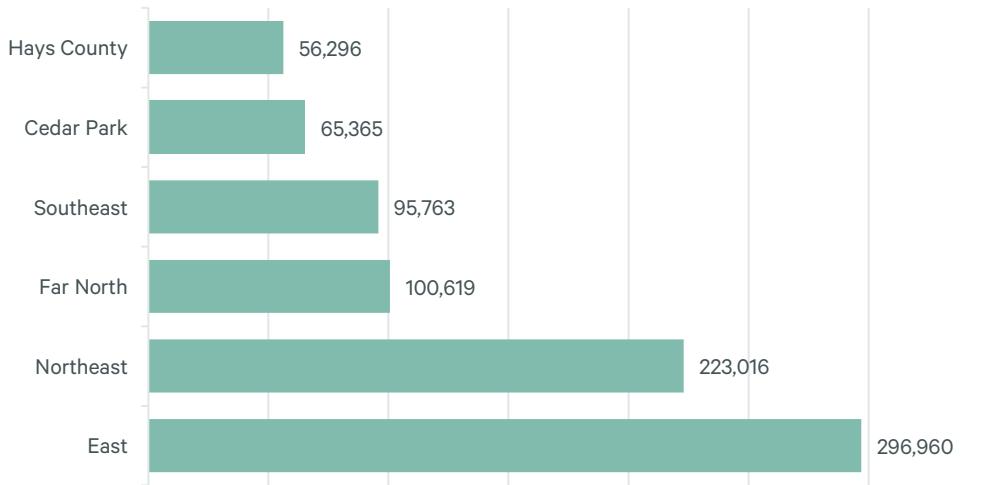
The direct average NNN asking rental rates dropped by \$0.14 quarter-over-quarter to \$14.09 per sq. ft.. This drop in asking rates is primarily due to an influx of Class B & Class C space coming back on the market with lower asking rates.

Manufacturing asking rates increased \$0.27 per sq. ft. increase quarter-over-quarter. Flex/R&D also saw a \$0.33 per sq. ft. increase quarter-over-quarter, while Distribution/Logistics rents dropped \$0.13 per sq. ft. quarter-over-quarter.

Average asking rates for properties less than 100,000 sq. ft. in size dropped \$0.19 market-wide to \$15.19 per sq. ft. while properties in all other size ranges remained stagnant quarter-over-quarter.

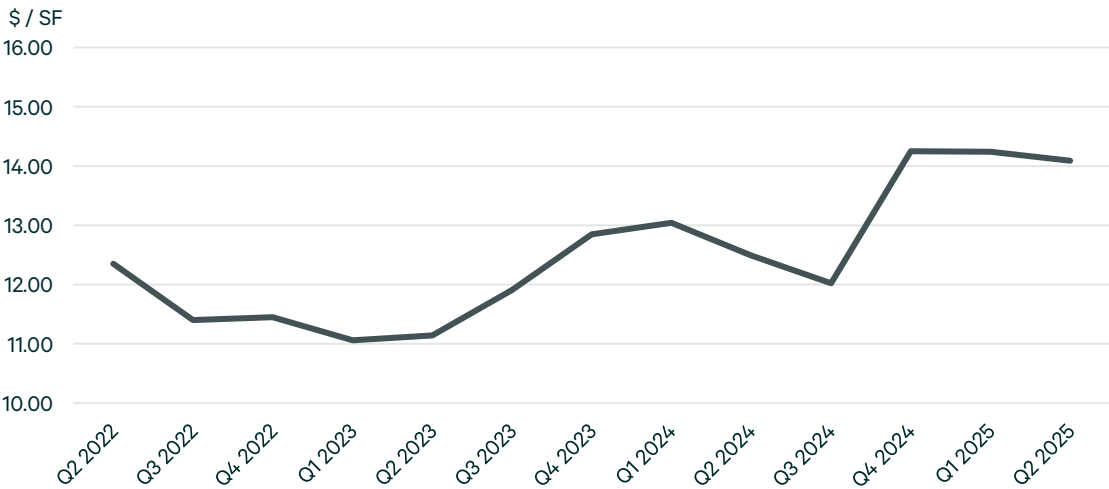
Asking rates market-wide have increased 11.2% year-over-year, and the Southeast submarket has seen the largest asking rate increase in that timeframe, jumping from \$8.91 to \$16.06 per sq. ft.

Q2 Leasing Activity by submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q2 2025

Avg. Direct Asking Rate (NNN/YR)



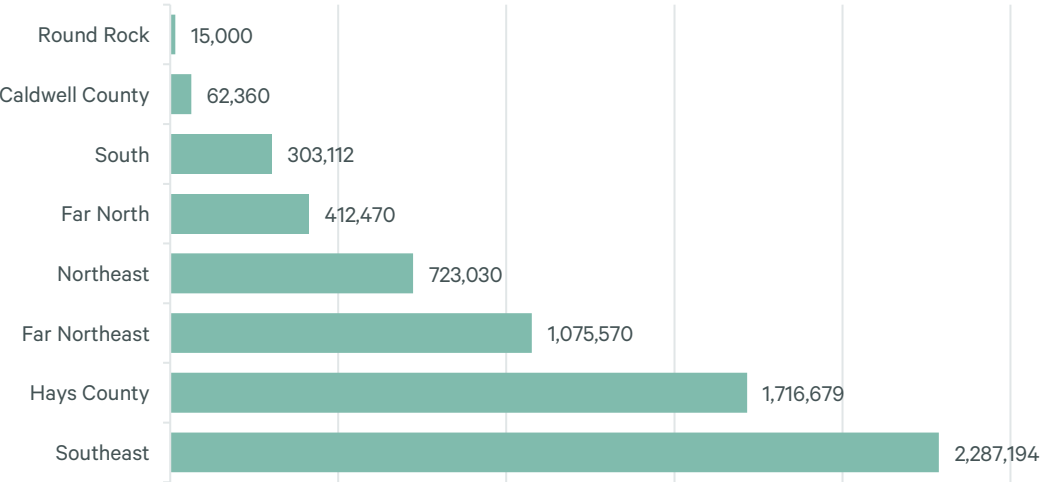
Source: CBRE Research, Q2 2025

Construction Activity

Austin’s industrial development pipeline remains one of the most robust in the country with 6.6 million sq. ft. under construction at the end of Q2 2025. 2.2 million sq. ft. of new industrial product delivered in Q2, while 1.9 million sq. ft. broke ground this quarter, nearly replacing all delivered product in the pipeline. The submarkets leading the way in construction are the Southeast and Hays County, with 2,657,716 sq. ft. and 1,716,679 sq. ft., respectively. Round Rock is now the least active submarket for industrial construction, as 489,852 sq. ft of product has been delivered this year.

All new construction starts in Q2 2025 came south of the Colorado River. The largest speculative industrial building available in Austin broke ground this quarter, with an NRA of 538,720 sq. ft. at Mustang Ridge Business Park. The pre-leasing rate for under construction properties in the Austin industrial market is minimal, hovering at 0.4%, representing a 5.8% decrease quarter-over-quarter. As pre-leasing remains minimal, the vacancy rate could continue to climb upon delivery.

Construction by Submarket



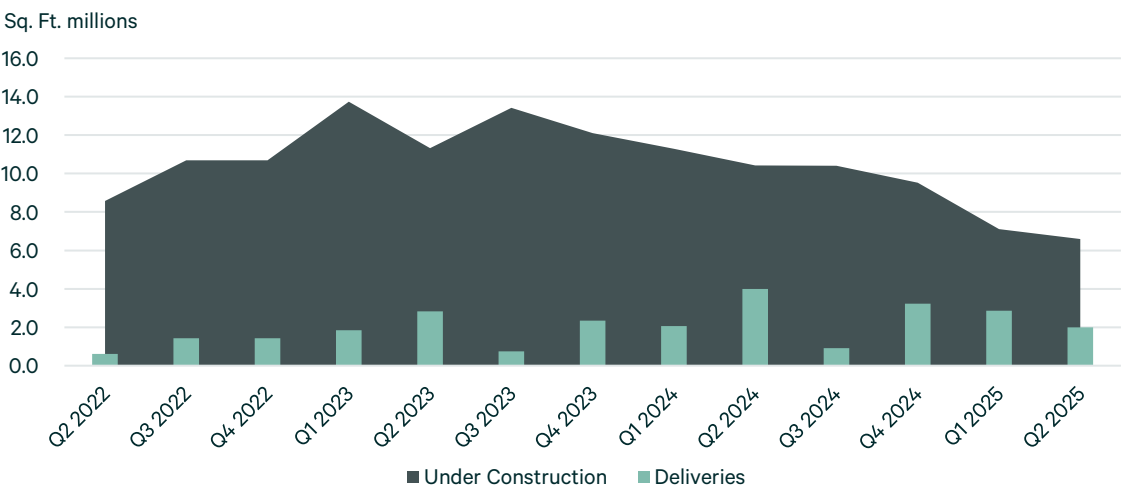
Source: CBRE Research, Q2 2025
*As of Q3 2024, owner-occupied properties are no longer included in our tracked inventory for this data segment.

Notable Developing Projects by NRA

| Building Name | Submarket | Size (Sq. Ft.) | Owner/Developer | Pre-Leased % |
|--|---------------|----------------|--------------------------|--------------|
| Mustang Ridge Business Park – Building 2 | Southeast | 538,720 | Clay Development | 0% |
| GTX Logistics Park – Building 2 | Far North | 412,470 | EQT Exeter | 0% |
| CTX 110 – Building 4 | Hays County | 335,879 | Lincoln Property Group | 0% |
| Hutto Crossing – Building 3 | Far Northeast | 280,229 | Velocis | 0% |
| Burleson Tech – Building B | Southeast | 263,662 | Holt Lunsford Commercial | 0% |

Source: CBRE Research, Q2 2025

Construction & Deliveries Activity



Source: CBRE Research, Q2 2025

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. | 47,363,904 | 13.0 | 16.3 | 14.8 | 1.5 | 15.13 | (314,176) | (33,679) | 269,959 | 1,357,674 |
| 100,000-199,999 sq. ft. | 29,724,674 | 22.5 | 26.2 | 23.8 | 2.3 | 11.35 | 86,712 | 405,294 | 1,227,877 | 2,707,035 |
| 200,000-299,999 sq. ft. | 11,354,543 | 22.1 | 26.3 | 24.2 | 2.1 | 10.20 | 280,236 | 391,405 | 750,766 | 1,243,637 |
| 300,000-499,999 sq. ft. | 8,787,030 | 27.8 | 27.8 | 27.4 | 0.4 | 9.24 | 0 | 98,410 | 0 | 748,349 |
| 500,000-749,999 sq. ft. | 570,489 | 0.0 | 0.0 | 0.0 | 0.0 | - | 0 | 0 | 0 | 538,720 |
| 750,000 sq. ft. | 5,464,019 | 0.0 | 0.0 | 0.0 | 0.0 | - | 0 | 0 | 0 | 0 |
| Total | 103,264,659 | 17.2 | 20.3 | 18.6 | 1.6 | 14.09 | 52,772 | 861,430 | 2,248,602 | 6,595,415 |

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 | 75,586,445 | 19.1 | 21.9 | 20.4 | 1.5 | 12.70 | 183,362 | 1,021,092 | 2,085,130 | 6,423,055 |
| Manufacturing | 4,384,690 | 9.7 | 9.7 | 7.2 | 2.6 | 11.79 | 99,253 | 99,253 | 163,472 | 172,360 |
| R&D / Flex | 23,270,728 | 12.8 | 16.9 | 15.1 | 1.7 | 18.79 | (236,439) | (265,511) | 0 | 0 |
| Other Industrial | 22,796 | 15.9 | 15.9 | 15.9 | 0.0 | 17.50 | 6,596 | 6,596 | 0 | 0 |
| Total | 103,264,659 | 17.2 | 20.3 | 18.6 | 1.6 | 14.09 | 52,772 | 861,430 | 2,248,602 | 6,595,415 |

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 | 44,585,976 | 25.0 | 28.0 | 26.6 | 1.4 | 11.98 | 499,522 | 1,218,130 | 861,500 | 5,661,812 |
| All Other Buildings | 58,678,683 | 13.3 | 16.5 | 14.9 | 1.5 | 14.63 | (446,750) | (356,700) | 1,387,102 | 933,603 |
| Total | 103,264,659 | 17.2 | 20.3 | 18.6 | 1.6 | 14.09 | 52,772 | 861,430 | 2,248,602 | 6,595,415 |

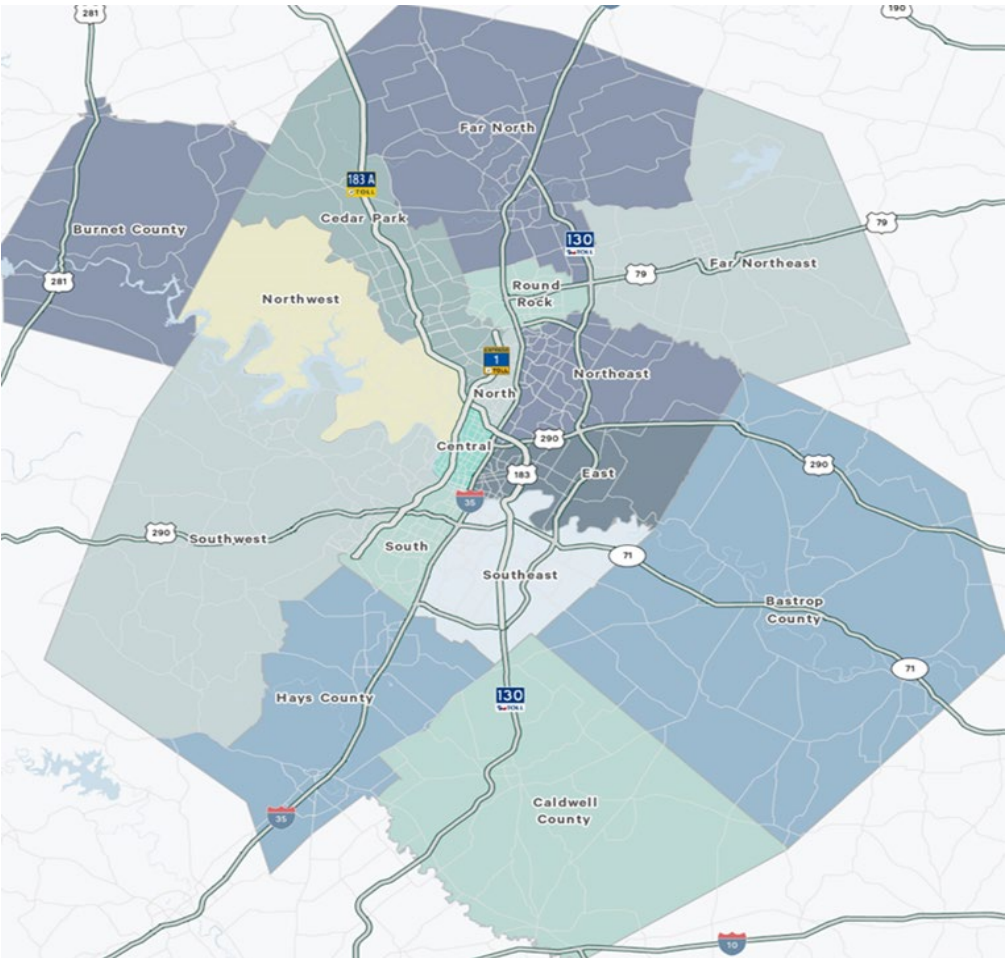
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Market Statistics by Submarket

| | 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 | 0 | 0 | 0 |
| Caldwell County | 750,476 | 22.0 | 53.2 | 53.2 | 0.0 | | 0 | 0 | 0 | 62,360 |
| Cedar Park | 5,408,135 | 16.5 | 18.1 | 16.1 | 2.1 | 17.03 | 50,880 | 79,332 | 0 | 0 |
| Central | 1,365,522 | 7.7 | 9.0 | 8.3 | 0.7 | 12.0 | (25,024) | (44,205) | 0 | 0 |
| East | 5,899,006 | 35.8 | 40.5 | 38.6 | 2.0 | 23.4 | 223,342 | 292,812 | 544,160 | 0 |
| Far North | 7,878,254 | 28.0 | 29.4 | 28.8 | 0.7 | 16.49 | (7,607) | 74,456 | 520,571 | 412,470 |
| Far Northeast | 3,280,125 | 31.2 | 31.7 | 31.7 | 0.0 | 10.76 | (3,100) | 31,200 | 0 | 1,075,570 |
| Hays County | 12,424,045 | 14.6 | 16.9 | 16.7 | 0.2 | 11.88 | 82,472 | 401,722 | 0 | 1,716,679 |
| North | 14,806,490 | 9.6 | 15.3 | 13.1 | 2.2 | 14.92 | (132,629) | (290,805) | 0 | 0 |
| Northeast | 22,238,265 | 13.8 | 16.2 | 14.6 | 1.6 | 14.23 | 180,936 | 176,909 | 163,472 | 723,030 |
| Northwest | 315,182 | 5.6 | 6.8 | 6.8 | 0.0 | 17.81 | 0 | (1,500) | 0 | 0 |
| Round Rock | 6,142,180 | 21.8 | 21.7 | 20.7 | 1.0 | 13.46 | (24,807) | (42,920) | 361,136 | 15,000 |
| South | 2,123,076 | 7.6 | 8.3 | 7.0 | 1.3 | 16.86 | (38,395) | (71,887) | 0 | 303,112 |
| Southeast | 18,857,243 | 16.8 | 19.9 | 17.0 | 3.0 | 16.06 | (265,138) | 246,974 | 389,304 | 2,287,194 |
| Southwest | 1,171,527 | 26.5 | 32.7 | 31.8 | 0.8 | 22.91 | 11,842 | 9,342 | 269,959 | 0 |
| Total | 103,264,659 | 17.2 | 20.3 | 18.6 | 1.6 | 14.09 | 52,772 | 861,430 | 2,248,602 | 6,595,415 |

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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 10,000 sq. ft. and greater in size in the greater metropolitan area of Austin, TX. Buildings which have begun construction as evidenced by site excavation or foundation work.

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