

FIGURES | AUSTIN INDUSTRIAL | Q1 2025

# Robust construction deliveries in Q1 2025 strengthen market position for tenants

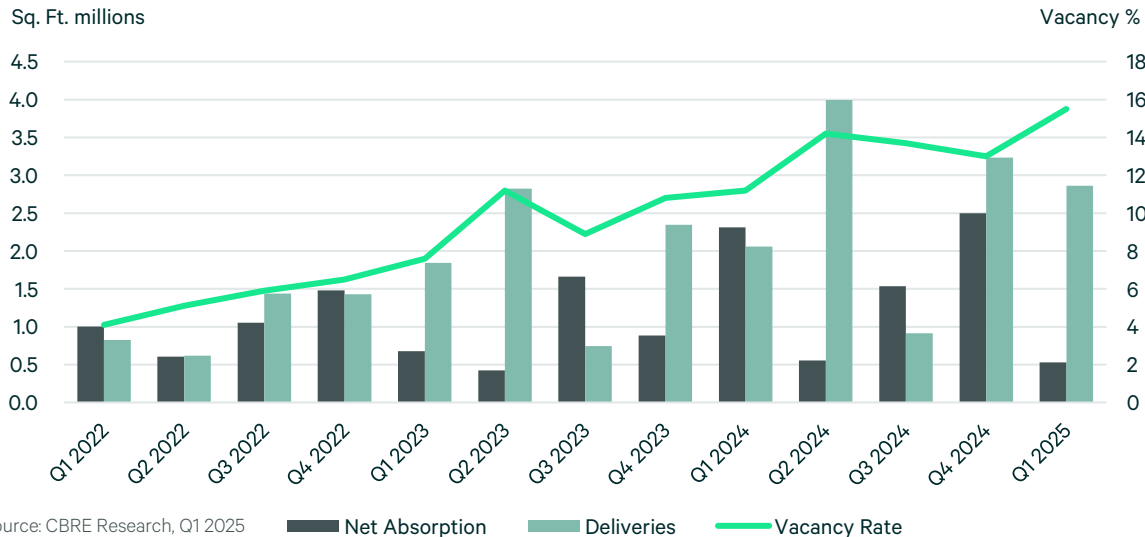


Note: Arrows indicate change from previous quarter.

SUMMARY

- 2025 begins with 2.9 million sq. ft. of delivered construction in Q1, the largest Q1 delivery of new inventory on record for the Austin industrial market.
- Positive net absorption of 530,092 sq. ft. registers Q1 as the second lowest absorption quarter in the last three years, and a 77% decrease year-over-year.
- A combination of construction delivering vacant and low quarterly absorption brings vacancy rates up 3% quarter-over-quarter market-wide.
- 7.1 million sq. ft. of product remains under construction as nearly 500,000 sq. ft. broke ground in the first quarter.
- NNN/YR lease rates remain relatively unchanged by current market conditions, dropping only one cent 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.

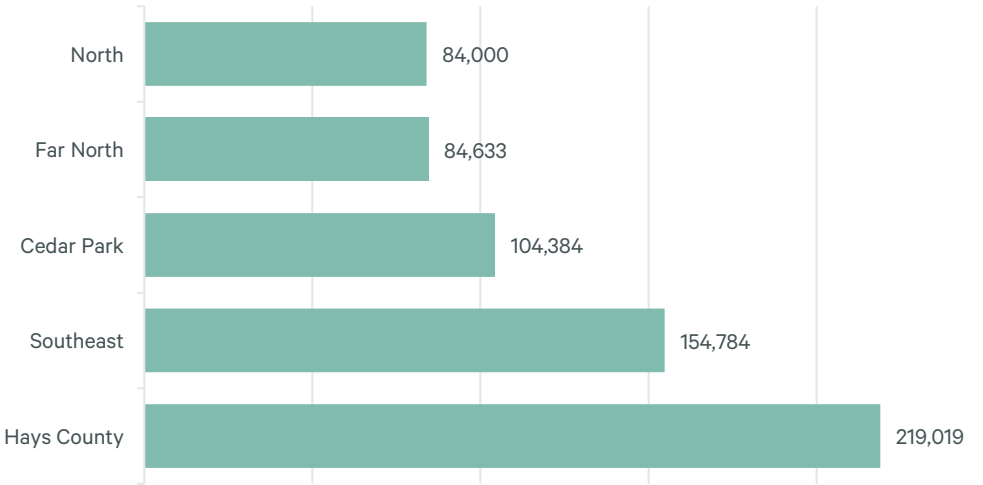
## Demand

Although positive absorption in Q1 was the second lowest quarter in three years, the market is coming off a record year. Austin led all major U.S. industrial markets in leasing volume as a share of inventory in 2024 at 7.1%, giving it the highest growth rate in the country. Q1 2025 marks the 43<sup>rd</sup> consecutive quarter for positive net demand within the Austin industrial market, and quarter-over-quarter leasing volume is up 10%. The average deal size for leases greater than 50,000 sq. ft. increased from 74,000 sq. ft. in Q4 2024 to 129,000 sq. ft. in Q1 2025. The submarkets with the highest leasing activity were the Southeast and Hays County with 292,782 and 276,997 sq. ft. signed, respectively. Speculative construction is expected to further drive vacancy rates as some tenants looking to enter the market have adopted a wait-and-see approach due to global and national economic conditions, particularly around tariffs. CBRE’s national research team has forecasted Austin Texas to lead the nation with a 10.8% average population growth by 2029. These markets are predicted to witness a correlation in further industrial activity in comparison to population growth over the next five years.

## Pricing

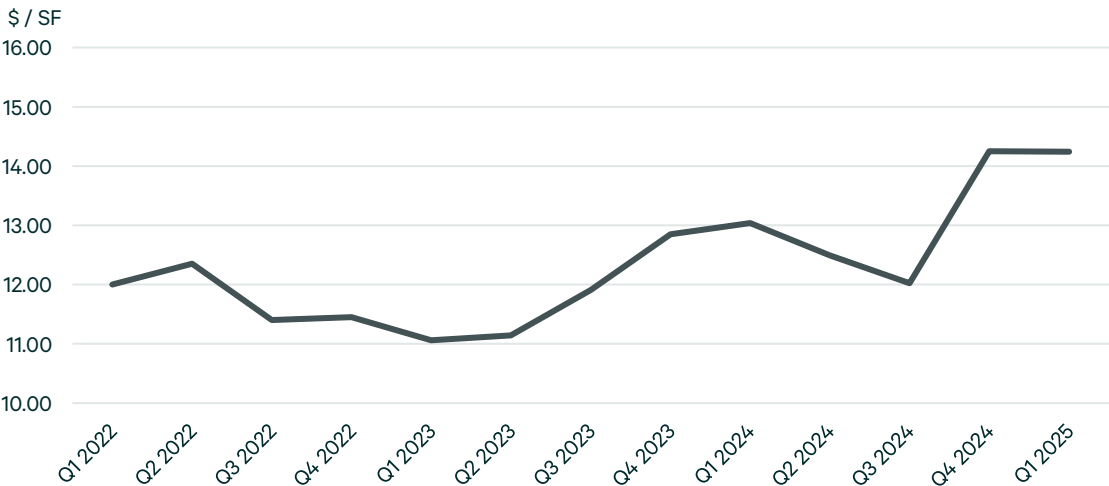
CBRE’s National Research team predicted at the beginning of 2025 that taking rents would fall 5-8% nationwide. The average yearly direct asking rate for industrial space in Austin has plateaued in Q1 2025 after reaching an all time high in the quarter prior. Despite average asking rates seeming to remain flat market-wide, fluctuations in key submarkets have occurred. The North and Central submarkets have seen the largest percentage decrease in pricing, down 10% and 19% quarter-over-quarter, respectively. These two submarkets are densely populated, demand generating infill areas with high barriers to entry, above market rents, and below market vacancy rates. The Austin industrial market had the 8<sup>th</sup> largest positive net absorption out of the 59 markets tracked by CBRE statistics in 2024, showing that even after a slow start to 2025, Austin is still one of the most in-demand markets for tenants.

Q1 Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

Avg. Direct Asking Rate (NNN/YR)

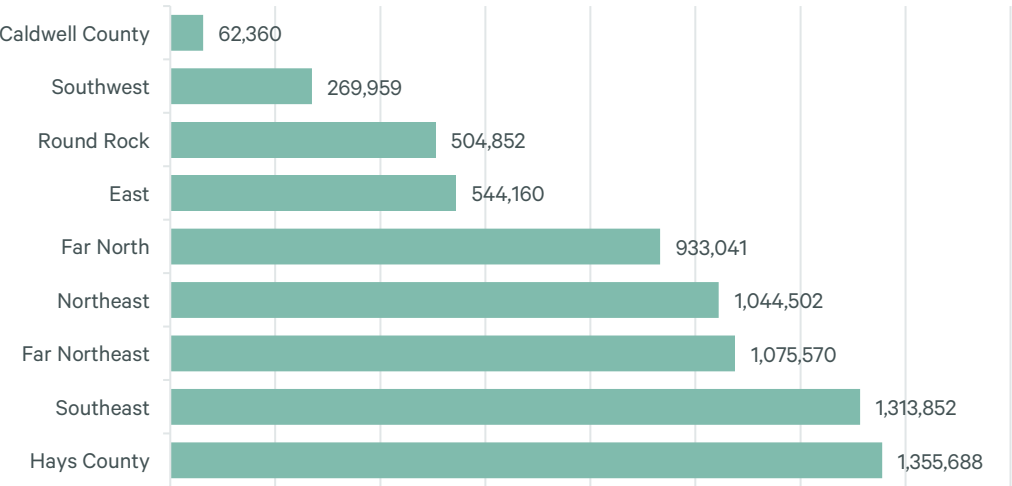


Source: CBRE Research, Q1 2025

## Construction Activity

Deliveries outpaced ground breakings in the first quarter of 2025, as product under construction decreased to 7.1 million sq. ft. market-wide. In Q1 2025, 65% of all delivered inventory came from the East submarket, where 1.8 million sq. ft. of construction was completed. Park 290 and Blue Bonnet Business Center comprised almost 1.5 million of the construction deliveries alone, both of which are in the East submarket. Hays County is now the submarket with the most net rentable area under construction with, projects CTX 110 and McCarty Park combining for 90% of all development in the submarket. The only construction starts observed throughout the market came from the Southeast, where just under 500,000 sq. ft. of new development is now underway. A preleased rate of 6.2% signals that the vacancy rate will likely continue to rise through 2025 and into the first half of 2026, despite steady demand. Ground breakings are expected to pick up in late 2025, although policy speculation and announcements are now the key drivers of macro expectations and financial markets. Should the impact of tariffs prove to be limited, the Fed could give a green light for further rate cuts and help unlock monies waiting on the sidelines for new development.

### Construction by submarket



Source: CBRE Research, Q1 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
GTX Logistics Park Building 2	Far North	412,470	EQT Exeter	0
CTX 110 Building 4	Hays County	335,879	Lincoln Property Group	0
Austin Hills Commerce Center Building 1	East	296,960	Sansone Group	0
Hutto Crossing Building 3	Far Northeast	280,229	Velocis	0
Berry Creek Business Park Building 3	Far North	253,164	Fidelis Realty Partners	0

Source: CBRE Research, Q1 2025

Construction & Deliveries Activity



Source: CBRE Research, Q1 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.	47,027,981	11.6	15.3	13.9	1.4	15.32	46,832	46,832	710,417	1,326,768
100,000-199,999 sq. ft.	28,597,747	20.0	25.7	22.4	3.4	11.35	273,681	273,681	904,495	3,298,126
200,000-299,999 sq. ft.	10,603,777	19.2	25.4	22.0	3.4	10.20	111,169	111,169	510,278	1,730,741
300,000-499,999 sq. ft.	9,091,819	26.9	26.9	26.4	0.4	9.24	98,410	98,410	735,948	748,349
500,000-749,999 sq. ft.	570,489	0.0	0.0	0.0	0.0	-	0	0	0	0
750,000 sq. ft.	5,464,019	0.0	0.0	0.0	0.0	-	0	0	0	0
Total	101,355,832	15.4	19.4	17.4	2.0	14.24	530,092	530,092	2,861,138	7,103,984

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	73,496,697	17.1	21.1	19.2	1.9	12.83	630,994	630,994	2,861,138	6,313,034
Manufacturing	4,526,007	7.4	8.1	5.6	2.5	11.52	0	0	0	335,832
R&D / Flex	23,278,928	11.9	16.2	14.2	2.0	18.46	(100,902)	(100,902)	0	20,000
Other Industrial	54,200	6.7	6.7	6.7	0.0	17.50	0	0	0	435,118
Total	101,355,832	15.4	19.4	17.4	2.0	14.24	530,092	530,092	2,861,138	7,103,984

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	41,816,502	21.53	26.05	24.02	2.2	12.32	206,862	594,750	2,020,794	5,682,787
All Other Buildings	59,539,330	11.6	15.8	13.8	1.9	14.80	323,230	(64,658)	840,344	1,421,197
Total	101,355,832	15.4	19.4	17.4	2.0	14.24	530,092	530,092	2,861,138	7,103,984

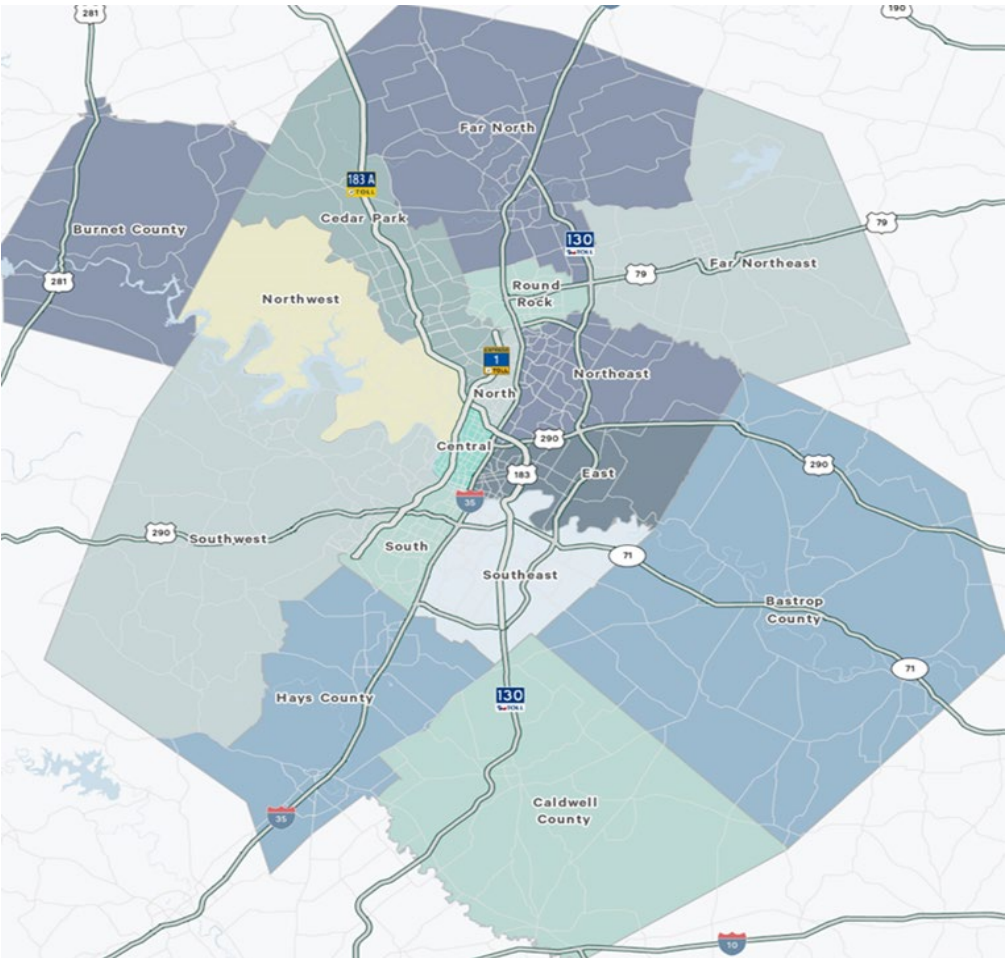
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Market Statistics by Submarket

	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	17.0	16.5	13.9	2.6	17.06	51,194	51,194	179,955	0
Central	1,408,670	6.9	7.8	7.5	0.3	16.43	(19,181)	(19,181)	0	0
East	5,354,846	34.2	40.7	39.6	1.2	15.82	69,470	69,470	1,829,761	544,160
Far North	7,357,683	22.8	23.1	22.4	0.7	14.03	82,063	82,063	0	933,041
Far Northeast	3,280,125	30.8	30.8	30.8	0.0	10.41	34,300	34,300	256,072	1,075,570
Hays County	12,424,045	14.9	18.0	17.8	0.2	11.54	341,250	341,250	0	1,355,688
North	14,900,844	8.5	13.7	11.9	1.8	16.07	(114,976)	(114,976)	0	0
Northeast	22,130,993	13.4	17.6	14.8	2.8	15.07	19,973	19,973	156,000	1,044,502
Northwest	315,182	5.6	6.6	6.6	0.0	17.85	(1,500)	(1,500)	0	0
Round Rock	5,642,328	14.5	16.0	15.0	1.0	14.25	(18,113)	(18,113)	0	504,852
South	2,427,865	5.1	5.8	5.1	0.7	17.46	(33,492)	(33,492)	0	0
Southeast	18,447,939	15.4	21.7	17.8	3.9	18.84	121,604	121,604	439,350	1,313,852
Southwest	901,568	5.8	13.8	11.0	2.8	22.91	(2,500)	(2,500)	0	269,959
Total	101,355,832	15.4	19.4	17.4	2.0	14.24	530,092	530,092	2,861,138	7,103,984

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Market Area Overview



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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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