

Q1 TAKEAWAYS

Despite macroeconomic uncertainty and a market still adjusting to hybrid work norms, Austin's core submarkets continue to show resilience. Demand remains centered on newer buildings in walkable, amenity-rich environments, with a growing divide between Class A and commodity space. With limited new deliveries expected this year and a steadily growing tech and professional talent pool, Austin's long-term fundamentals remain strong. However, deal timelines are longer, and tenants continue to reassess space needs, making the outlook for the rest of 2025 cautiously optimistic.

DEMAND & LEASING

Touring activity hit its highest level since mid-2022, with 112 active requirements (~3.75 MSF).

FLIGHT-TO-QUALITY

Class A product is absorbing the majority of new leasing. Trophy assets now average \$71.73 / SF with vacancy of 16.4 %, versus \$36.76 / SF and 20.3 % for Class B.

SUPPLY PIPELINE

Deliveries (300 KSF) outpaced absorption, nudging vacancy upward. Only one start (46 KSF creative office on St. Elmo) broke ground—the first in almost two years—signaling a near-term supply pause.

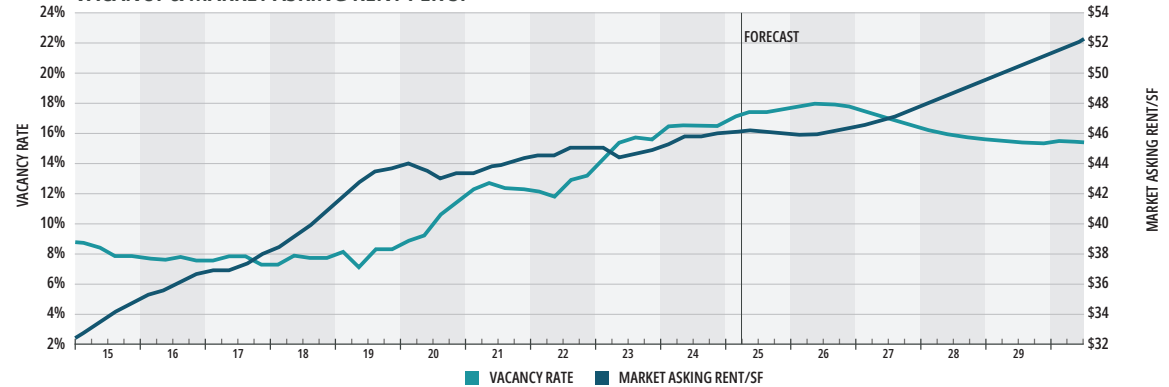
SUBLEASE OVERHANG SHRINKS

Sublease availability fell for the third consecutive quarter (-14 % y/y). Tech still holds the largest share (49 %), but insurance and consumer-goods groups are now returning pockets of space.

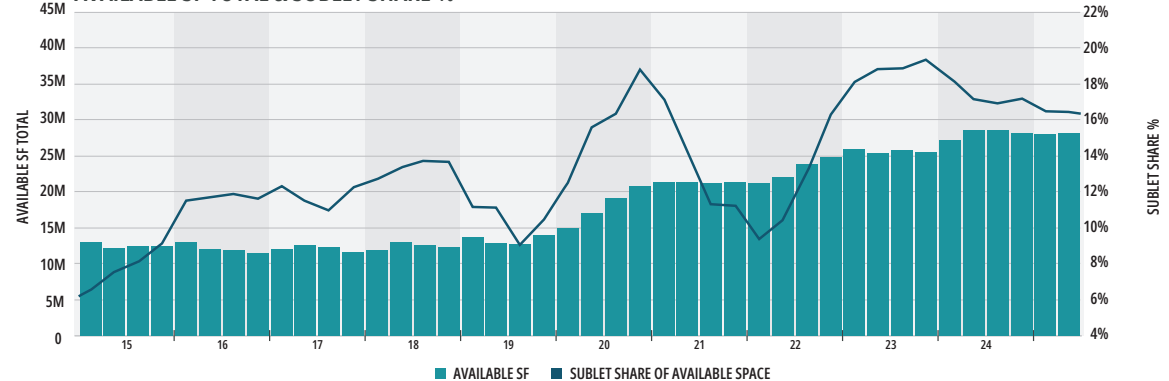
Q1 2025 SNAPSHOT

INDICATOR	Q1 2025	CHANGE
Vacancy Rate	24.5 %	▲ 50 bps
Availability Rate	31.4 %	▲ 80 bps
Avg. Direct Asking Rate (Full-Service)	\$48.80 / SF / year	▲ \$0.10
Net Absorption YTD	-131,274 SF	-348,598
Space Under Construction	1.9 MSF (all scheduled 2025 delivery)	flat
Sublease Inventory	4.30 MSF	-11.7%

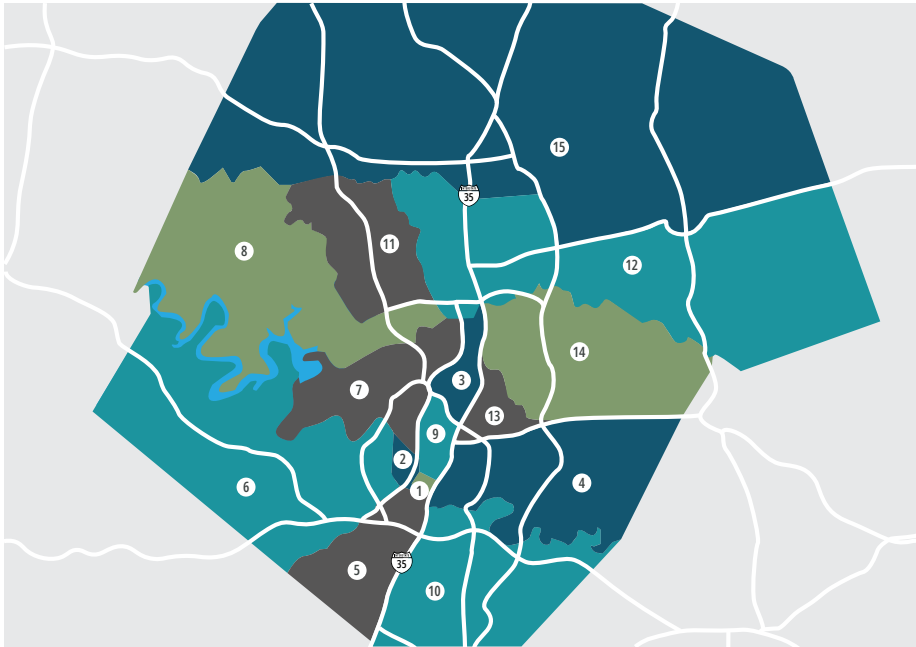
VACANCY & MARKET ASKING RENT PER SF



AVAILABLE SF TOTAL & SUBLET SHARE %



MARKET AREA OVERVIEW



Submarket	Inventory (Buildings)	Vacancy Rate (%)	Vacancy (SF)	12 mo Absorption (%)	12 mo Deliveries (Buildings)	Under Construction (SF)	Market Asking Rent
1 CBD	487	22.5%	5,582,743	-2.4%	2	1,679,000	\$62.76
2 West Central	238	3.7%	103,031	1.9%	0	-	\$50.88
3 North / Domain	217	11.1%	1,272,249	1.6%	0	-	\$50.70
4 East	429	29.7%	3,030,372	3.1%	5	98,000	\$48.00
5 South	539	19.5%	1,459,490	1.0%	3	104,000	\$45.15
6 Southwest	662	13.6%	2,309,063	0.1%	6	137,000	\$44.62
7 Northwest	479	23.4%	4,343,620	-1.5%	0	-	\$43.05
8 Far Northwest	226	16.3%	994,176	-0.3%	0	606,000	\$42.73
9 Central	445	14.8%	1,031,563	0.8%	1	-	\$38.58
10 Southeast	121	5.5%	312,763	0.2%	1	-	\$37.79
11 Cedar Park	361	11.2%	391,600	1.3%	8	32,000	\$37.50
12 Round Rock	547	4.4%	337,246	0.1%	12	859,000	\$36.09
13 Northeast	128	29.5%	1,781,444	-0.1%	1	-	\$34.13
14 Far Northeast	120	5.6%	75,676	2.0%	1	17,000	\$34.12
15 Georgetown	489	8.1%	266,355	1.3%	14	318,000	\$33.67

OUTLOOK (2025 - 2026)

FACTOR	TREND	COMMENTARY
Leasing Demand	▲	Pent-up requirements + Austin's #1 national office-utilization rate (72.8 % badge data) should translate into modest positive absorption by H2 2025.
Vacancy	■ → ▼	Expected to peak near 25 % mid-year, then plateau and drift down as the construction pipeline empties and sublease space continues to burn off.
Rents	■	Headline asking rents likely hold ground; concessions (TI, free rent) remain elevated but stable. Trophy assets will keep widening the rent gap vs. commodity Class B.
Capital Markets	▲	Active buyers are targeting stabilized CBD & Domain core deals; pricing discovery improving as financing spreads tighten.

MAJOR Q1 TRANSACTIONS

MISSION 42
CBD
21,309 SF
(Sublease)

Airtable
CBD
21,280 SF
(Renewal)

windsurf
CBD
21,309 SF
(Sublease)

TEXAS
The University of Texas at Austin
CBD
27,104 SF
(Expansion)

LEGALZOOM
NORTH/DOMAIN
30,654 SF
(Sublease)

Spectrum
NORTH
40,536 SF
(Renewal)

ninjaOne
CBD
60,033 SF
(Direct)

BIGCOMMERCE
NORTH/DOMAIN
65,050 SF
(Sublease)

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