

FIGURES | AUSTIN OFFICE | Q2 2026

# Three straight quarters of positive absorption signal a turning tide

▶ 23.4%

Vacancy Rate

▼ 50,127

SF Net Absorption

▲ 52,453

SF Construction Delivered

▼ 703,189

SF Under Construction

▲ \$50.51

FSG/YR Direct Lease Rate

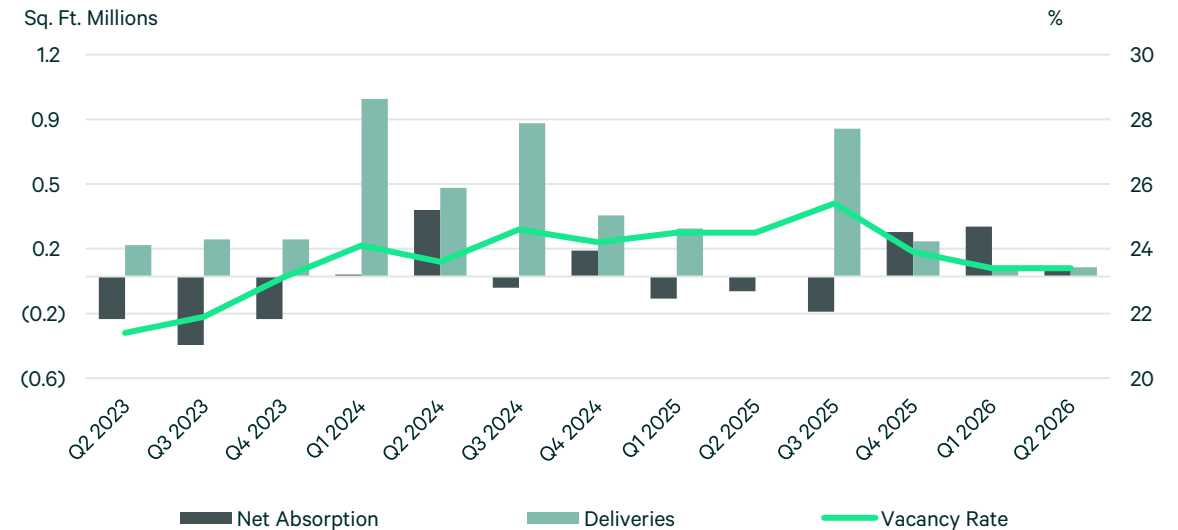
Note: Arrows indicate change from previous quarter.

## Market Overview

Year-to-date net absorption reached 324,000 sq. ft. in Q2 2026, improving from negative absorption over the same period last year and signaling a modest recovery in office market fundamentals. Vacancy held flat quarter-over-quarter at 23.4% and declined 110 basis points year-over-year, while availability continued to compress, down 350 basis points from Q2 2025.

The construction pipeline contracted further to 703,000 sq. ft., down more than 60% year-over-year and well below prior peak levels, as limited new starts follow several years of elevated deliveries. Asking rents increased to \$50.51 per sq. ft., up 1.5% quarter-over-quarter and 3.5% year-over-year, supported by stable Class A pricing. Overall, market conditions point to gradual stabilization, with demand turning positive, supply pressures easing as construction slows, and leasing activity remaining active but concentrated in a handful of submarkets.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

## Vacancy

As of Q2 2026, overall vacancy stood at 24.7% for Class A and 20.7% for Class B assets. For Class A, this reflects a 20-basis-point increase quarter-over-quarter but a 130-basis-point decline year-over-year; vacancy is still 230 basis points higher than in Q2 2023. Class B vacancy fell 40 basis points quarter-over-quarter and 70 basis points year-over-year, yet remains 140 basis points above its Q2 2023 level. Direct vacancy mirrored these trends, at 21.0% for Class A and 19.4% for Class B in Q2 2026.

At the submarket level, Southeast posted the lowest overall vacancy in Q2 2026 at 7.4%, followed by Southwest at 13.6%. Northeast recorded the highest overall vacancy at 46.8%, with East also elevated at 42.2%. Sublease vacancy continued to edge lower in Q2 2026, with Class A sublease vacancy at 3.6% and Class B at 1.3%, down 10 and 30 basis points, respectively, quarter-over-quarter. Across all submarkets, vacant sublease space currently totals 1.9 million sq. ft. vacant.

## Asking Rent

In Q2 2026, the overall average asking rent stood at \$50.51. This represents a quarter-over-quarter increase of \$0.74, or 1.5%, from \$49.77 in Q1 2026 and a year-over-year gain of \$1.70, or 3.5%, from \$48.81 in Q2 2025; since Q2 2023, overall asking rents have risen by \$2.10, a 4.3% increase from \$48.41. Class A space continues to command a premium, with an average asking rent of \$58.59 in Q2 2026, up \$2.05 quarter-over-quarter and \$1.37 year-over-year, a cumulative increase of \$2.39, or 4.3%, from \$56.20 in Q2 2023.

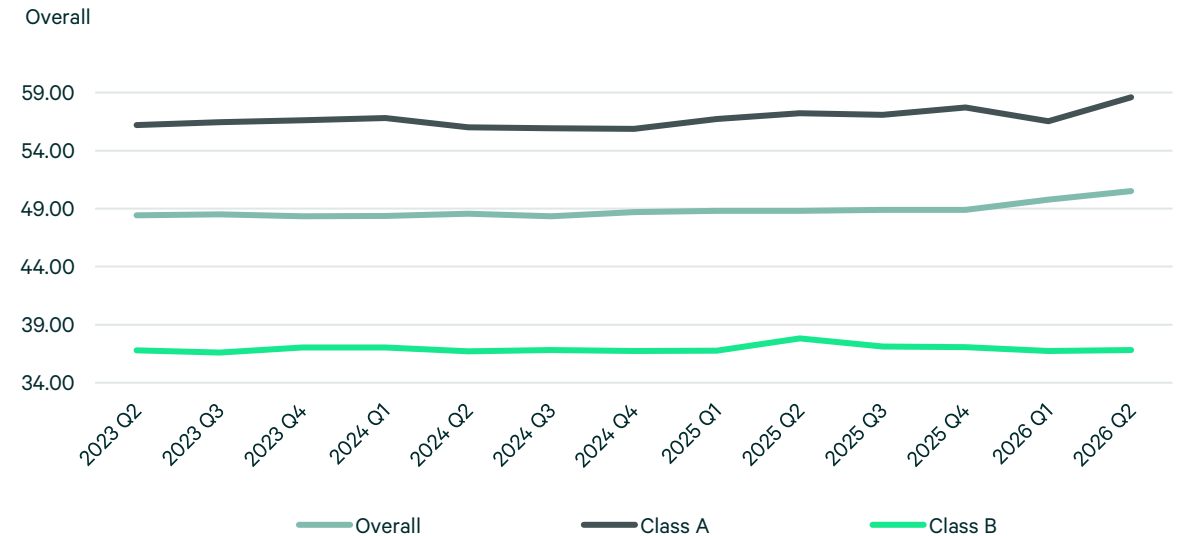
At the submarket level in Q2 2026, CBD recorded the highest asking rents, at \$72.98 for Class A and \$51.59 for Class B, while Northeast sits at the lower end of the spectrum, at \$29.14 for Class A and \$24.95 for Class B. Central, East, Far Northwest, North, Northwest, Round Rock, South, Southeast and Southwest submarket asking rents fell between these extremes, with Class A asking rents ranging from \$40.99 to \$57.35 and Class B from \$25.91 to \$39.23.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

## Net Absorption

Total net absorption reached 50,000 sq. ft. in Q2 2026, with 100,000 sq. ft. of Class A move-ins partly offset by 50,000 sq. ft. of Class B givebacks. This total was below the 273,000 sq. ft. recorded in Q1 2026, reflecting a reduction of 223,000 sq. ft. quarter-over-quarter. Compared with Q2 2025, when the market recorded negative 85,000 sq. ft., Q2 2026 absorption was exceeding that level by 135,000 sq. ft., marking a shift from net move-outs to modest net occupancy gains. Q2 2026 marks the third consecutive quarter of positive net absorption for the Austin office market.

At the submarket level, Northwest posted the highest positive net absorption at 133,000 sq. ft., followed by the CBD at 111,000 sq. ft. Additional gains came from the FNW with 10,000 sq. ft. and South with 15,000 sq. ft. On the downside, the East submarket recorded the most negative net absorption at negative 110,000 sq. ft., with Southwest also registering a sizable decline of negative 69,000 sq. ft. Overall, positive demand is concentrated in a handful of core submarkets, while several others continue to experience net move-outs.

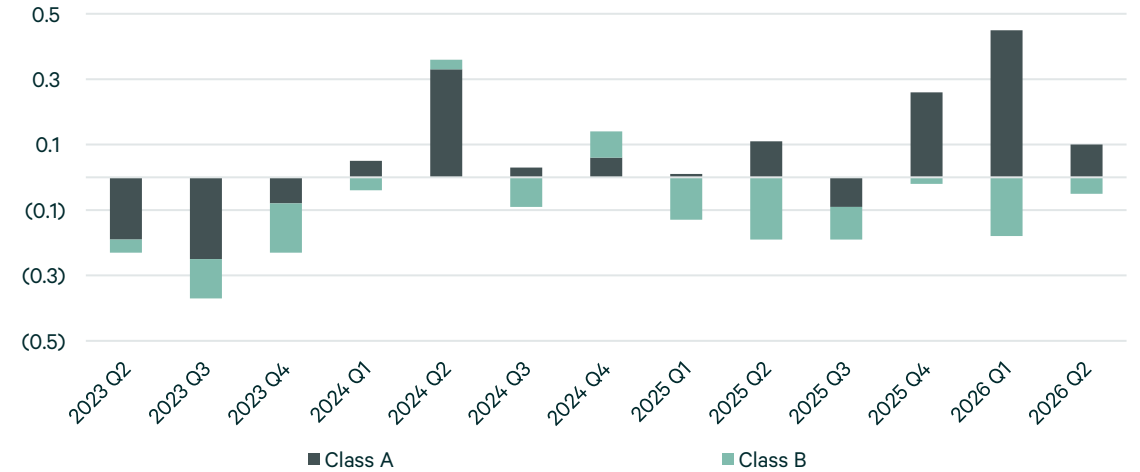
## Construction Activity

Under construction inventory declined to 703,000 sq. ft. in Q2 2026, down 7.0% quarter-over-quarter and 60.9% year-over-year from 1.8 million sq. ft. in Q2 2025. Compared with 4.9 million sq. ft. in Q2 2023, the pipeline has contracted by 4.2 million sq. ft. over the last three years as projects delivered. Deliveries totaled 52,000 sq. ft. in Q2 2026, an 8.3% increase quarter-over-quarter, bringing total new supply since Q2 2023 to 4.5 million sq. ft.

Within the Austin office development pipeline, the CBD is the only submarket represented, anchored by Waterline Tower at 98 Red River Street, a 703,189 sq. ft. general office development that is 0.0% pre-leased and scheduled to deliver in Q3 2026. Upon completion the Waterline Tower will be the tallest building in Texas.

Figure 4: Net Absorption Trend

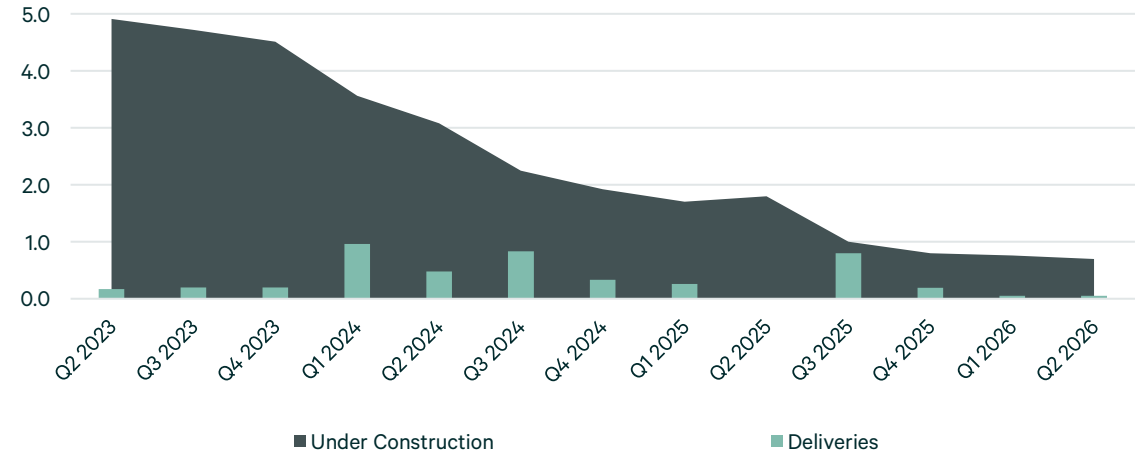
Sq. Ft. Millions



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity

Sq. Ft. Millions



Source: CBRE Research, Q2 2026

## Leasing Activity

Total leasing in Q2 2026 reached 873,000 sq. ft., with Class A accounting for 718,000 sq. ft. and Class B for 155,000 sq. ft. This represented a 17.1% drop quarter-over-quarter from 1.1 million sq. ft. in Q1 2026, but a 39.2% increase year-over-year compared with 627,000 sq. ft. in Q2 2025. Activity remains below the recent high of 1.8 million sq. ft. recorded in Q3 2024, highlighting a pullback from peak volumes even as leasing strengthens versus last year.

Within Q2 2026, the CBD and Southwest submarkets posted the highest leasing volumes, at 266,000 sq. ft. and 207,000 sq. ft., respectively. Positive leasing also extended to Northwest (165,000 sq. ft.), Far Northwest (116,000 sq. ft.), Northeast (66,000 sq. ft.), South (30,000 sq. ft.), East (14,000 sq. ft.), and Southeast (10,000 sq. ft.), with activity heavily weighted toward Class A space across most submarkets.

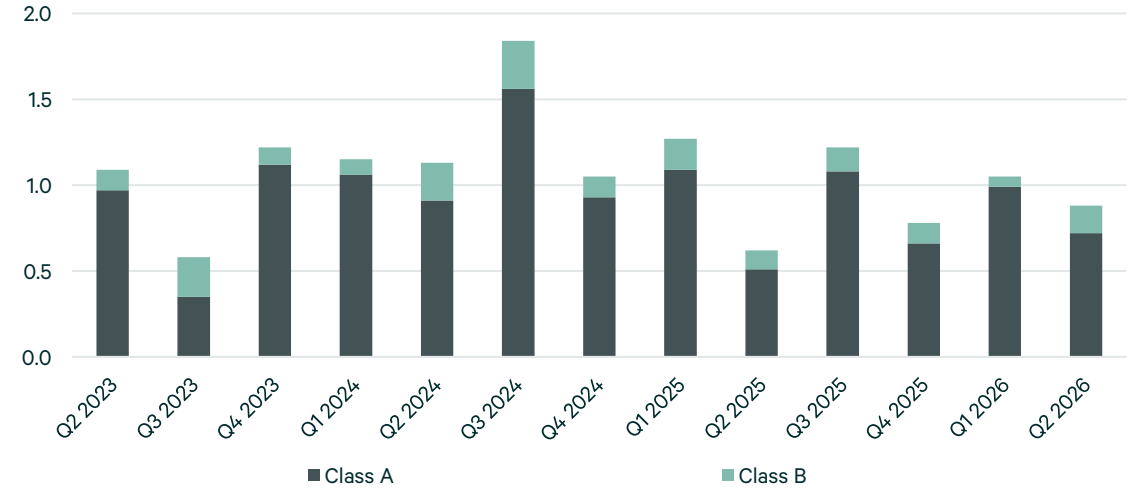
## Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

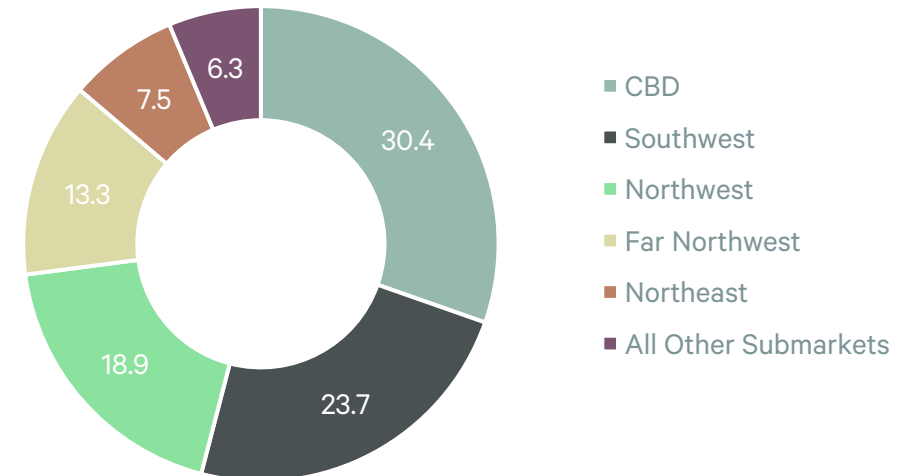
Figure 6: Leasing Activity Trend

Sq. Ft. Millions



Source: CBRE Research, Q2 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

## Market Statistics by Submarket

Figure 8

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
CBD	16.40M	28.0	30.6	23.6	6.9	68.76	72.98	111,000	489,000	-	703,000
Central	2.02M	15.0	19.3	18.8	0.5	33.79	51.38	(16,000)	(49,000)	-	-
East	4.24M	42.2	43.6	36.2	7.5	51.26	57.35	(110,000)	(97,000)	-	-
Far Northwest	5.14M	26.1	37.2	27.8	9.4	40.47	41.80	10,000	(59,000)	-	-
North	980,000	29.9	33.0	31.9	1.1	37.38	-	2,000	6,000	-	-
Northeast	3.01M	46.8	52.5	38.1	14.4	27.08	29.14	(10,000)	(71,000)	-	-
Northwest	17.80M	17.9	21.5	19.8	1.8	42.79	48.45	133,000	252,000	-	-
Round Rock	965,000	14.3	16.2	12.4	3.7	32.92	-	(10,000)	(39,000)	-	-
South	2.48M	27.2	30.9	29.3	1.6	45.00	57.07	15,000	28,000	52,000	-
Southeast	1.34M	7.4	25.9	8.4	17.5	33.65	40.99	(5,000)	(28,000)	-	-
Southwest	11.48M	13.6	15.2	13.9	1.3	44.19	51.20	(69,000)	(110,000)	-	-
<b>Total</b>	<b>65.86M</b>	<b>23.4</b>	<b>27.2</b>	<b>22.4</b>	<b>4.8</b>	<b>50.51</b>	<b>58.59</b>	<b>50,000</b>	<b>324,000</b>	<b>52,000</b>	<b>703,000</b>

Source: CBRE Research, Q2 2026

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	44.16M	24.7	27.8	22.5	5.3	58.59	100,000	550,000	-	703,000
Prime	7.80M	18.7	18.7	7.8	10.9	80.22	82,000	403,000	-	-
Other Class A	36.36M	26.0	29.7	25.6	4.1	56.54	19,000	147,000	-	703,000
Class B	21.70M	20.7	26.1	22.2	3.8	36.83	(50,000)	(227,000)	52,000	-
<b>Total</b>	<b>65.86M</b>	<b>23.4</b>	<b>27.2</b>	<b>22.4</b>	<b>4.8</b>	<b>50.51</b>	<b>50,000</b>	<b>324,000</b>	<b>52,000</b>	<b>703,000</b>

Source: CBRE Research, Q2 2026

