

Quarterly leasing volume reaches 3-year high amid accelerating construction activity

▲ 20.6%
Vacancy Rate

▼ 361,437
SF Net Absorption

▼ 385,184
SF Construction Delivered

▲ 6.1M
SF Under Construction

▲ 3.2M
SF Leasing Activity

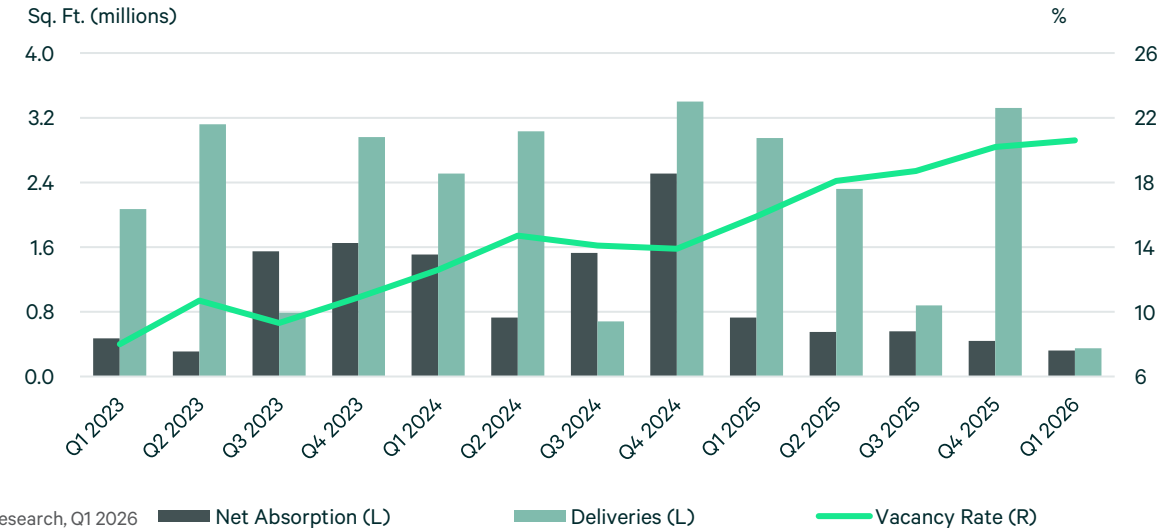
▼ \$14.03
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Core Insights

The Austin industrial market continued to recalibrate in Q1 2026 as new supply pushed vacancy by a nominal amount while demand fundamentals remained intact. Vacancy increased for the fifth consecutive quarter, rising 20 basis points quarter-over-quarter, driven by ongoing deliveries. Despite this, net absorption remained positive for the 47th consecutive quarter, totaling 385,000 sq. ft. Seven buildings delivered during the quarter, adding 360,000 sq. ft. of new supply, while the development pipeline remained elevated at 6.1 million sq. ft., supported by 2.0 million sq. ft. of construction starts. Leasing activity accelerated to 3.2 million sq. ft., the highest quarterly total since Q2 2023, though NNN/YR asking rents declined \$0.19 per sq. ft. quarter-over-quarter, reflecting increased tenant leverage amid higher availability.

Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026 ■ Net Absorption (L) ■ Deliveries (L) — Vacancy Rate (R)

*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.

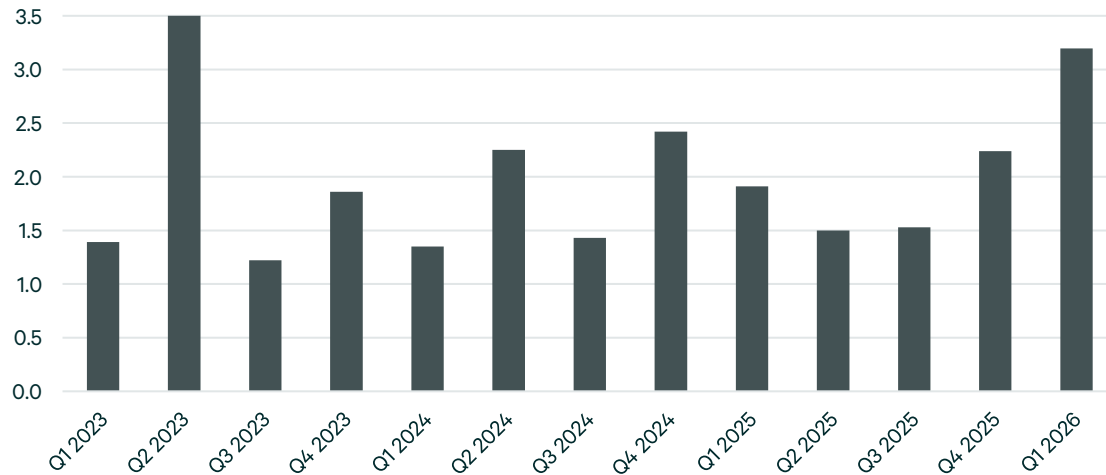
Demand

The Austin industrial market continues to adjust to elevated vacancy levels following the delivery of an outsized development pipeline in recent quarters. Despite increased availability, leasing velocity reached its highest quarterly level since 2023, while net absorption remained positive for the 47th consecutive quarter, indicating that occupier demand remains intact. Tenants are increasingly selective, leveraging greater choice and improved negotiating power, particularly within Class A and well-located product. Overall, market conditions reflect a period of normalization rather than a deterioration in underlying fundamentals.

Positive net absorption in Q1 2026 was concentrated in a handful of submarkets. The Northeast led the market with 260,000 sq. ft., followed by Hays County (176,000 sq. ft.) and Round Rock (89,000 sq. ft.). Additional gains were recorded in the Far Northeast (52,000 sq. ft.), East (48,000 sq. ft.), and Southeast (47,000 sq. ft.), highlighting continued momentum within established and emerging industrial nodes.

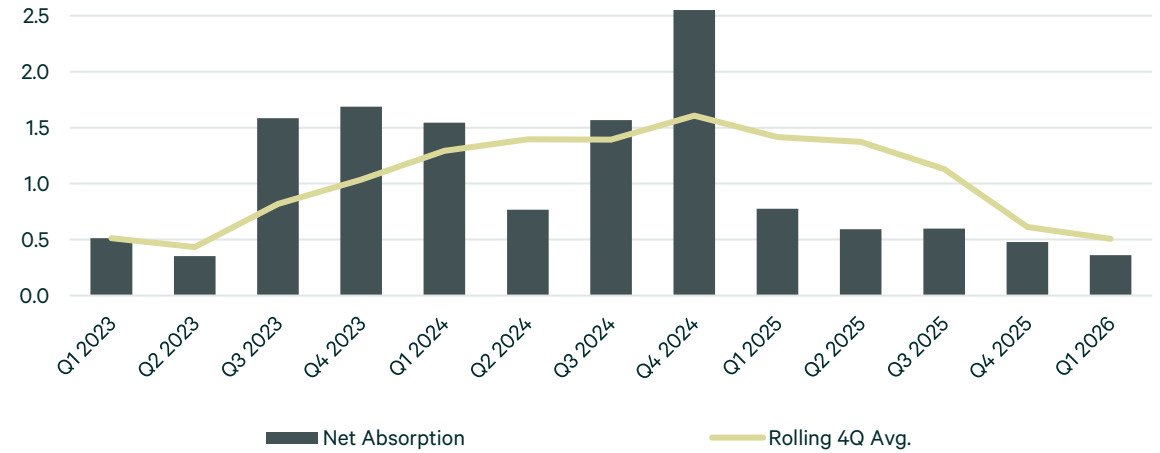
Leasing activity totaled 3.2 million sq. ft. during the quarter, driven primarily by new demand. New leases accounted for 2.2 million sq. ft., or roughly two-thirds of total volume, reinforcing that tenant expansion—not rollover activity—continues to support market fundamentals.

Leasing Activity Trend
Sq. Ft. millions



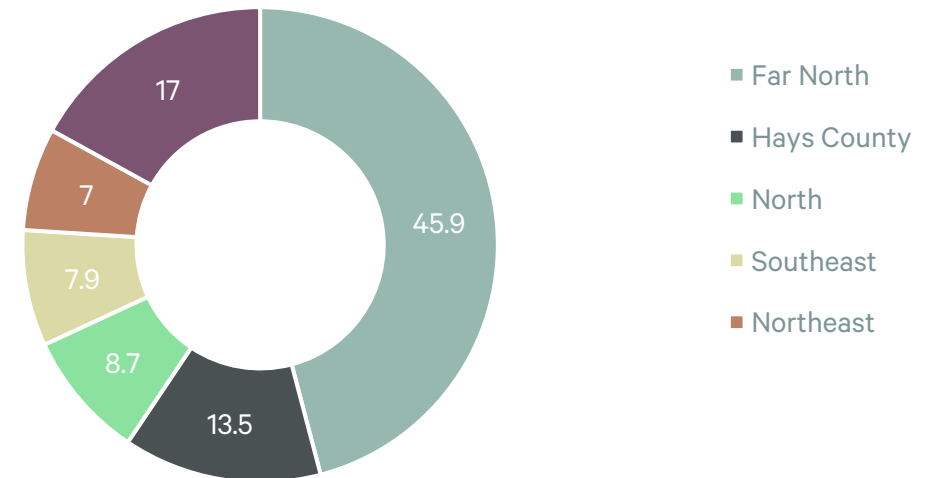
Source: CBRE Research, Q1 2026

Net Absorption Trend
Sq. Ft. millions



Source: CBRE Research, Q1 2026

Leasing Activity by Submarket (%)



Source: CBRE Research, Q1 2026

Construction Activity

The first quarter of 2026 marked a notable period for industrial development in the Austin market. Despite vacancy reaching new cyclical highs, both the largest build-to-suit manufacturing facility and the largest speculative industrial building in the market broke ground during the quarter. This level of construction activity reflects continued developer confidence, with projects scaling larger to compete more effectively with available product in Houston and Dallas. By the end of Q1 2026, nine of Austin’s fifteen submarkets had more than 250,000 sq. ft. of industrial space under development, reinforcing confidence in the market’s long-term fundamentals despite near-term supply pressures.

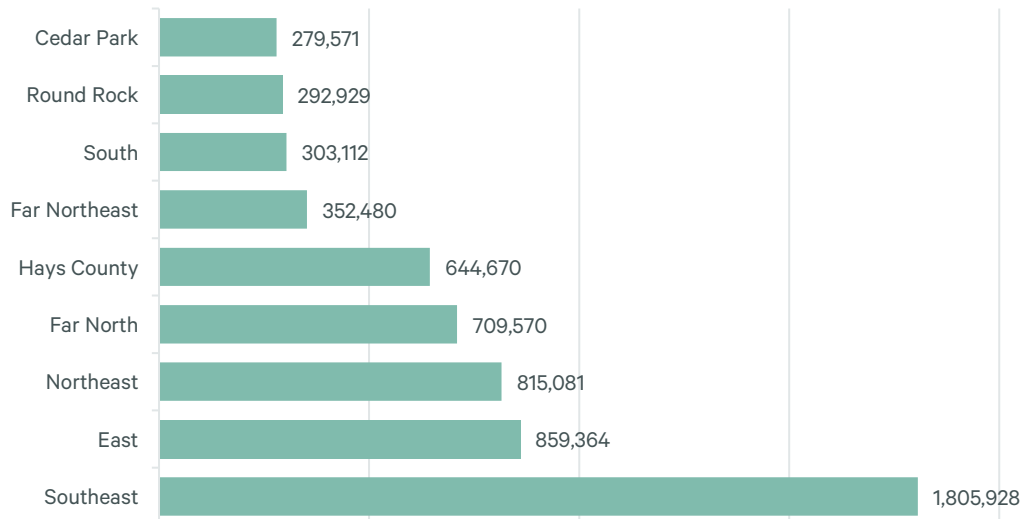
Under-construction activity is concentrated in the Southeast and East submarkets, totaling 803,000 sq. ft. and 681,000 sq. ft., respectively. Key projects include Mustang Ridge Business Park – Building 2 and Burleson Tech – Building B in the Southeast, and Austin Hills Commerce Center 6 in the East, all of which are distribution/logistics facilities without any pre-leasing. Far North and Hays County also maintain active pipelines, led by CrossPoint Phase 2 – Building 4 (606,000 sq. ft., fully pre-leased, Q4 2027 delivery) and San Marcos Business Park – Building C (377,000 sq. ft., 0.0% pre-leased, Q2 2026 delivery). Seven buildings totaling 385,000 sq. ft. delivered in the Southeast submarket, representing 100% of quarterly deliveries.

Notable Developing Projects by Building NRA

| Building Name | Submarket | Size (Sq. Ft.) | Owner/Developer | Pre-Leased % |
|--|-------------|----------------|--------------------------|--------------|
| Austin Hills Commerce Center 6 | East | 681,259 | Sansone Group | 0% |
| CrossPoint Phase 2 – Building 4 | Far North | 606,060 | Jackson Shaw and Co. | 100% |
| Mustang Ridge Business Park – Building 2 | Southeast | 538,720 | Clay Development | 0% |
| San Marcos Business Park C | Hays County | 377,500 | Ledo Capital / St. Clair | 0% |
| Burleson Tech – Building B | Southeast | 263,609 | Holt Lunsford Commercial | 0% |

Source: CBRE Research, Q1 2026

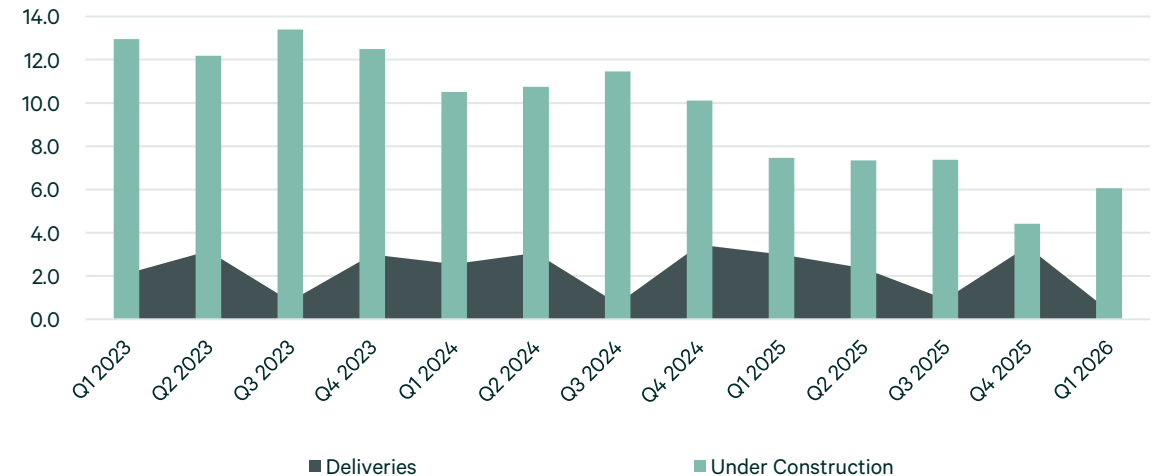
Construction by Submarket



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

Construction Activity

Sq. Ft. millions



Source: CBRE Research, Q1 2026

Market Statistics by Size

| Size Range | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF NNN/yr) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (MSF) |
|-------------------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|--|-------------------------------------|-------------------------|-----------------|--------------------------|
| Under 100,000 sq. ft. | 48.23 | 14.8 | 17.1 | 15.2 | 1.9 | 14.69 | 535,000 | 535,000 | 228,000 | 0.91 |
| 100,000-199,999 sq. ft. | 30.94 | 27.5 | 28.6 | 25.0 | 3.6 | 13.62 | (173,000) | (173,000) | 157,000 | 2.45 |
| 200,000-299,999 sq. ft. | 12.35 | 28.6 | 30.6 | 27.9 | 2.7 | 10.20 | - | - | - | 0.50 |
| 300,000-499,999 sq. ft. | 9.44 | 30.1 | 29.8 | 29.4 | 0.4 | 12.00 | - | - | - | 0.38 |
| 500,000-749,999 sq. ft. | 0.57 | - | - | - | - | - | - | - | - | 1.83 |
| 750,000 sq. ft. | 5.46 | - | - | - | - | - | - | - | - | 0 |
| Total | 106.99 | 20.6 | 22.2 | 19.9 | 2.2 | 14.03 | 361,000 | 361,000 | 385,000 | 6.06 |

Market Statistics by Product Type

| Product Type | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF NNN/yr) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (MSF) |
|-------------------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|--|-------------------------------------|-------------------------|-----------------|--------------------------|
| Distribution/Logistics | 79.10 | 22.1 | 24.2 | 21.8 | 2.4 | 13.16 | 430,000 | 430,000 | 385,000 | 5.84 |
| Manufacturing - General | 4.60 | 20.9 | 9.3 | 6.9 | 2.4 | 6.98 | - | - | - | 0.22 |
| R&D/Flex | 23.29 | 15.2 | 17.7 | 16.1 | 1.6 | 16.14 | (68,000) | (68,000) | - | - |
| Total | 106.99 | 20.6 | 22.2 | 19.9 | 2.2 | 14.03 | 361,000 | 361,000 | 385,000 | 6.06 |

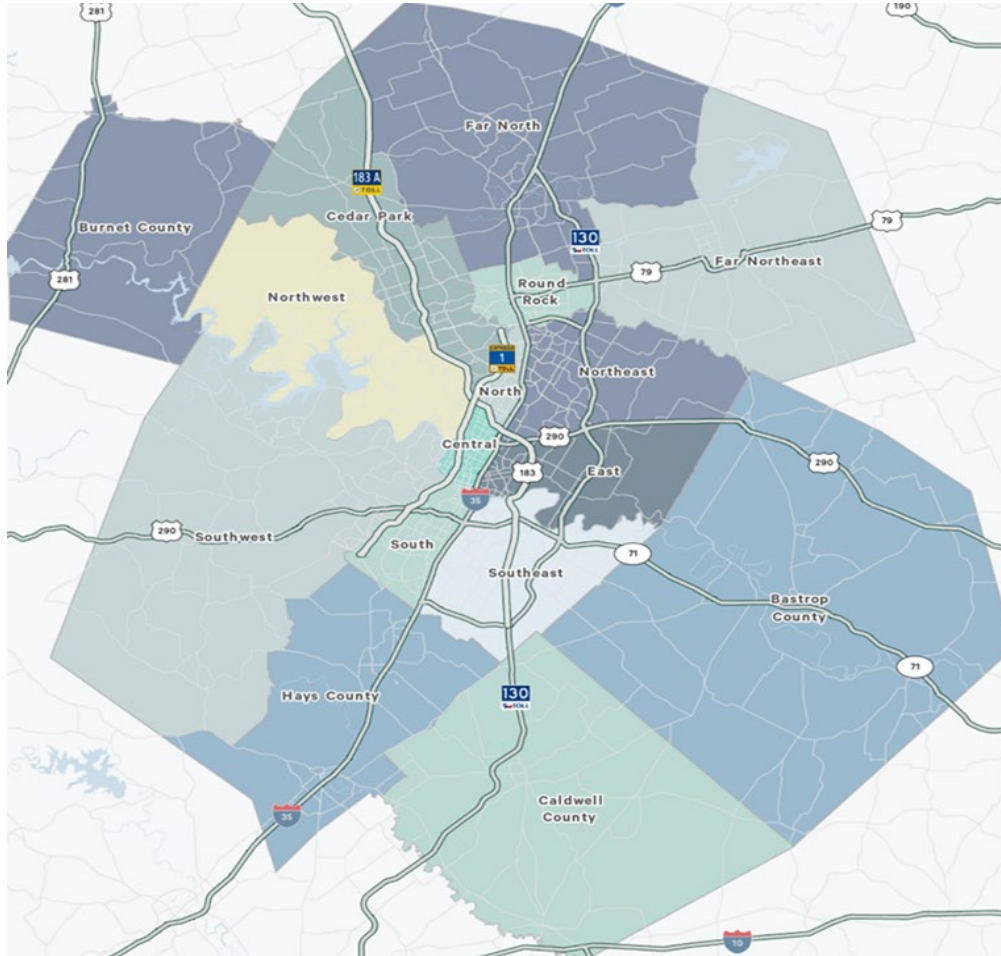
Market Statistics by Class

| Property Class | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF NNN/yr) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (MSF) |
|----------------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|--|-------------------------------------|-------------------------|-----------------|--------------------------|
| Class A | 28.64 | 29.7 | 32.9 | 29.7 | 3.2 | 12.60 | 465,000 | 465,000 | 365,000 | 4.43 |
| All Other Industrial | 78.35 | 17.3 | 18.2 | 16.4 | 1.9 | 14.30 | (103,000) | (103,000) | 20,000 | 1.63 |
| Total | 106.99 | 20.6 | 22.2 | 19.9 | 2.2 | 14.03 | 361,000 | 361,000 | 385,000 | 6.06 |

Market Statistics by Submarket

| Submarket | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF NNN/yr) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (MSF) |
|-----------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|--|-------------------------------------|-------------------------|-----------------|--------------------------|
| Bastrop County | 0.62 | 3.0 | 3.0 | 3.0 | - | 6.00 | - | - | - | - |
| Caldwell County | 0.81 | 20.3 | - | - | - | - | 14,000 | 14,000 | - | - |
| Cedar Park | 5.37 | 14.1 | 15.7 | 13.1 | 2.6 | 17.59 | (21,000) | (21,000) | - | 0.28 |
| Central | 1.32 | 6.7 | 8.8 | 8.5 | 0.3 | 12.00 | 6,000 | 6,000 | - | - |
| East | 5.70 | 39.4 | 40.1 | 39.7 | 0.4 | 15.98 | 48,000 | 48,000 | - | 0.86 |
| Far North | 8.11 | 24.5 | 27.3 | 27.1 | 0.2 | 14.42 | (64,000) | (64,000) | - | 0.71 |
| Far Northeast | 4.35 | 47.5 | 38.5 | 36.2 | 2.3 | 10.66 | 52,000 | 52,000 | - | 0.35 |
| Hays County | 13.83 | 22.8 | 23.9 | 21.3 | 2.6 | 12.04 | 176,000 | 176,000 | - | 0.64 |
| North | 14.77 | 13.2 | 16.8 | 14.4 | 2.5 | 14.64 | (183,000) | (183,000) | - | - |
| Northeast | 22.94 | 14.6 | 16.8 | 14.2 | 2.6 | 14.67 | 260,000 | 260,000 | - | 0.82 |
| Northwest | 0.32 | 9.9 | 11.2 | 11.2 | - | 17.18 | (20,000) | (20,000) | - | - |
| Round Rock | 6.15 | 22.2 | 22.3 | 19.4 | 2.9 | 16.66 | 89,000 | 89,000 | - | 0.29 |
| South | 2.33 | 17.6 | 15.3 | 14.8 | 0.5 | 16.43 | (32,000) | (32,000) | - | 0.30 |
| Southeast | 19.23 | 21.3 | 24.7 | 21.5 | 3.1 | 13.28 | 47,000 | 47,000 | 385,000 | 1.81 |
| Southwest | 1.15 | 30.8 | 34.9 | 34.9 | - | 19.80 | (10,000) | (10,000) | - | - |
| Total | 106.99 | 20.6 | 22.2 | 19.9 | 2.2 | 14.03 | 361,000 | 361,000 | 385,000 | 6.06 |

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 the greater metropolitan area of Austin, TX. Buildings which have begun construction as evidenced by site excavation or foundation work.

Contacts

Jack Rancier

Field Research Analyst
+1 505 803 7400
jack.rancier@cbre.com

Jeremy Bock

Field Research Manager
jeremy.bock@cbre.com

Marc L. Miller

Research Director
marc.miller1@cbre.com