Tech demand and positive absorption signal Austin office rebound

▼ 25.0%
Vacancy Rate

▲ 214,383
SF Net Absorption

▼ 194,796
SF Construction Delivered

▼ 803,642
SF Under Construction

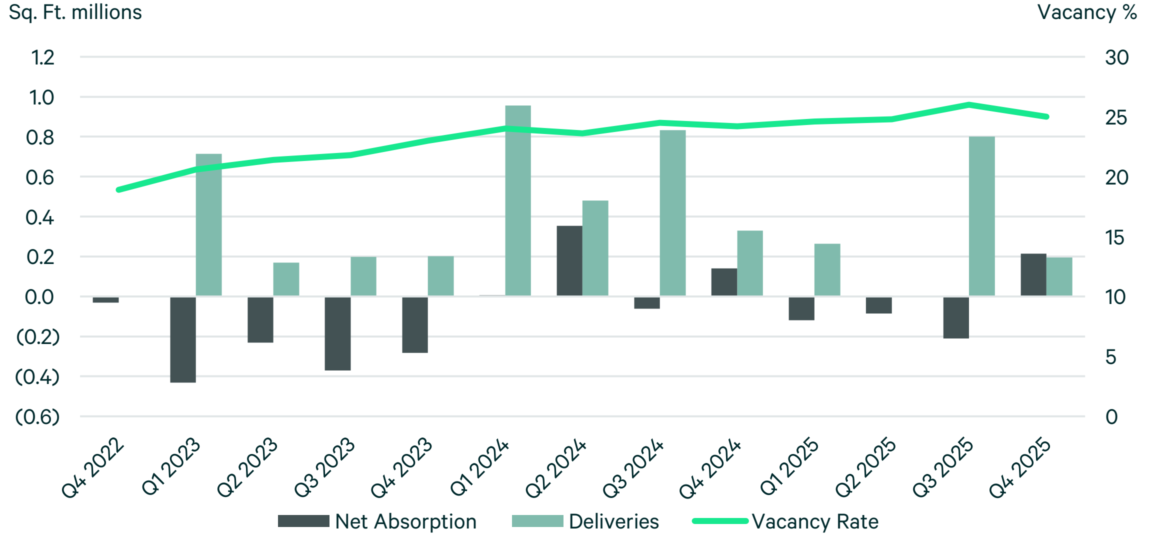
▲ $48.90
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Key Takeaways

- Austin's office market closed 2025 on a strong note, recording 214,383 square feet of positive absorption in Q4 2025.
- Austin's overall gross asking rate continued to grow quarter-over-quarter, reaching $48.90 in Q4 2025.
- As of December, more than 112 tenants are actively seeking space totaling over 4.5 million square feet. Driving this demand is the technology sector, which is currently pursuing more than 2.7 million sq. ft. of office space across the Austin market.
- Two office projects completed construction in Q4 2025, adding nearly 195,000 sq. ft. of new development space to the Austin office market.
- In Q4 2025, the total amount of sublease space in the Austin metro dropped to 3,695,997 sq. ft., a 6% decline quarter-over-quarter, and a 24% decline compared to Q4 2024.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

Market Fundamentals

Austin's office market closed 2025 on a strong note, recording 214,383 square feet of positive absorption in Q4 2025. This marked a turning point for the year, signaling renewed demand and improving market conditions. Overall availability declined for the fourth consecutive quarter, reaching 29.0% in Q4 2025, down 230 basis points from the all-time high of 31.3% in Q4 2024. With only four new office projects scheduled for delivery in 2026 and no new groundbreakings anticipated, the supply of available space is likely to continue trending downward in 2026. Although overall leasing activity slowed in Q4 2025, the flight to experience trend continues to shape the market. Class A properties led the way, accounting for 78% of all leasing activity during the quarter. In 2025, Austin secured the third spot in U-Haul's Growth Index, trailing only Dallas and Houston. This strong performance highlights Austin's continued attractiveness to new residents and its position as a leading growth market in Texas.

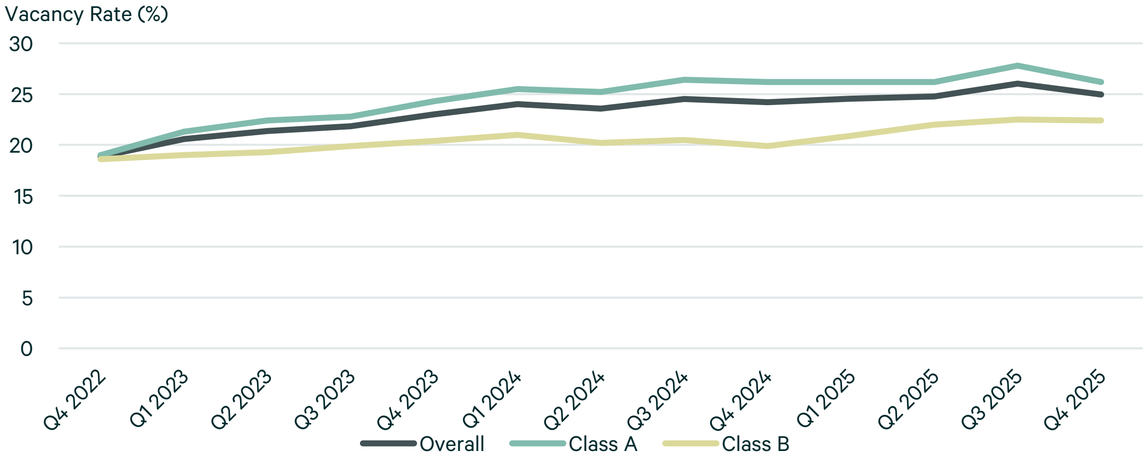
As of December, more than 112 tenants are actively seeking space totaling over 4.5 million square feet. Driving this demand is the technology sector, which is currently pursuing more than 2.7 million sq. ft. of office space across the Austin market.

Additionally, Austin ranked first in the nation in return-to-work efforts with an average building occupancy rate of 74.2% as of December 3rd, 2025, according to Kastle Systems weekly Back to Work Barometer.

Asking Rents & Vacancy

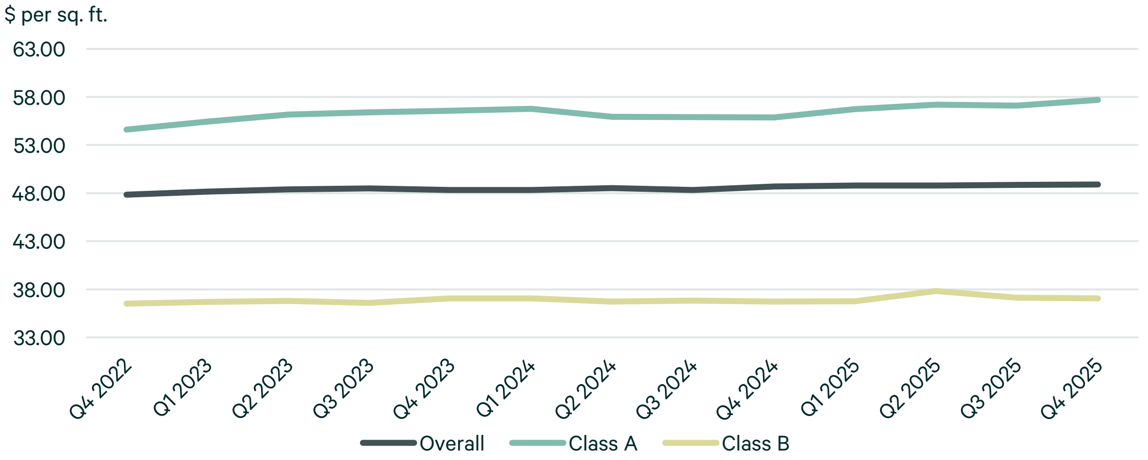
Austin's overall gross asking rate continued to grow quarter-over-quarter, reaching $48.90 in Q4 2025. This represents a $0.02 increase from Q3 2025 and a $0.18 increase year-over-year. With the office development pipeline expected to be fully delivered by the end of 2026, asking rates are anticipated to level off as new supply diminishes. The overall vacancy rate dipped slightly to 25.0% in Q4, a 108-basis-point decrease from last quarter. Class A vacancy dropped to 26.2%, while Class B vacancy declined to 22.4%. Despite the flight-to-experience trend in Austin, the decline in overall vacancy reflects improving absorption across the market, with reductions in both Class A and Class B vacancy helping offset new deliveries such as ATX Tower in the CBD submarket.

FIGURE 2: Vacancy Rates by Class



Source: CBRE Research, Q4 2025

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q4 2025

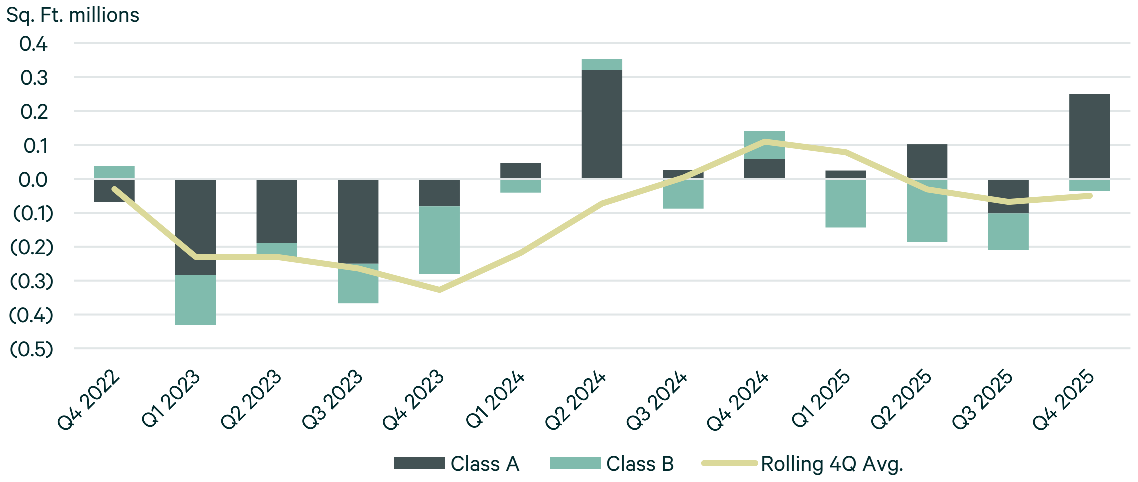
Net Absorption

The Austin office market recorded 214,383 sq. ft. of positive net absorption in Q4 2025, marking the first quarter of positive net absorption since Q4 2024. The CBD submarket accounted for the bulk of positive net absorption recorded in Q4 2025, with 251,898 sq. ft. of positive absorption. In Q4 2025, 78.2% of leasing activity was captured in Class A buildings, highlighting the ongoing flight to experience seen in the Austin office market in 2025.

Development Pipeline

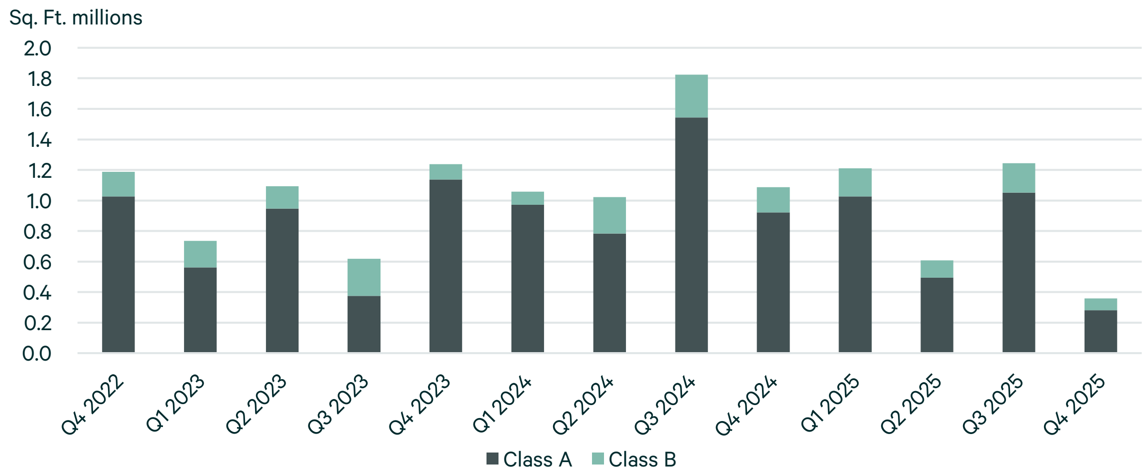
Two office projects completed construction in Q4 2025, adding nearly 195,000 sq. ft. of new development space to the Austin office market. ATX Tower, a 148,231 sq. ft. mixed use development in the CBD submarket is one of the last major projects to be delivered in the submarket for the foreseeable future. A creative office project in the St. Elmo District of the South Austin submarket also completed construction in Q4 2025, bringing 46,565 sq. ft. of creative office space to this growing district. The Waterline, Lincoln Properties 703,189 sq. ft. mixed used development in the CBD submarket, is slated for delivery in 2026. Its completion will mark the close of Austin's latest office construction boom, which started in the late 2010's.

FIGURE 5: Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 4: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Construction Activity

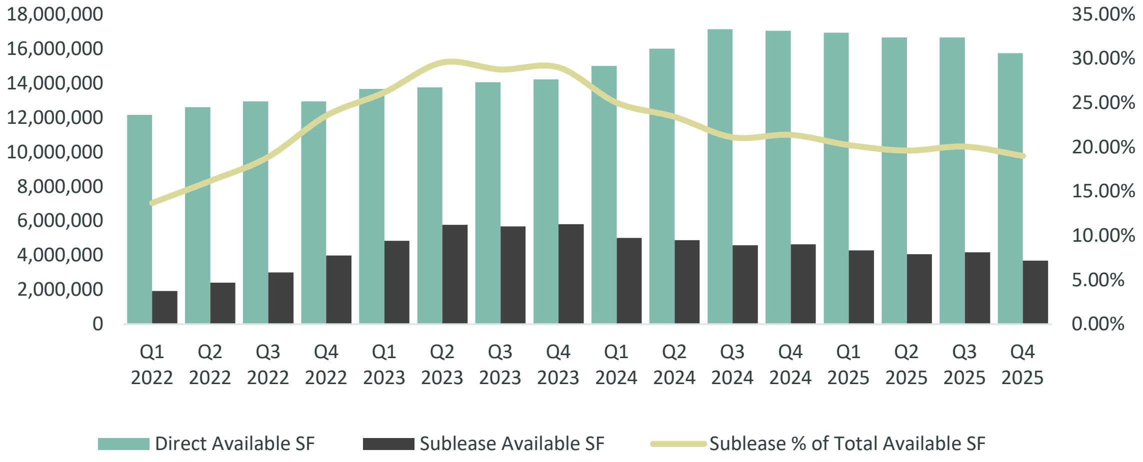
Source: CBRE Research, Q4 2025

Sublease Activity

In Q4 2025, the total amount of sublease space in the Austin metro dropped to 3,695,997 sq. ft., representing a 6% decline quarter-over-quarter and a 24% decrease compared to Q4 2024. Class A sublease availability experienced a significant quarterly decrease of 8%, while Class B sublease availability remained unchanged from Q3 2025. During the quarter, the reduction in sublease space was driven by both natural lease expirations and sublease signings, with expirations accounting for 46% of removals and signings making up 54%. The Austin office sublease market has contracted for the fourth consecutive quarter, and this downward trend is expected to continue into 2026.

Sublease availabilities remain concentrated in three key sectors: Technology (56%), Insurance (19%), and Retail and Consumer Goods (9%).

FIGURE 7: Historical Sublease Trends



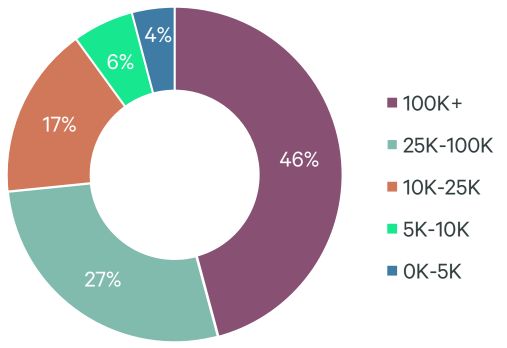
Source: CBRE Research, Q4 2025

Macro-Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

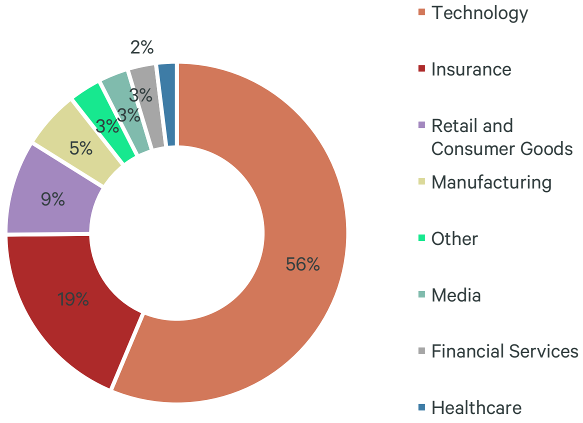
The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

FIGURE 8: Sublease Availability by Space Size



Source: CBRE Research, Q4 2025

FIGURE 9: Sublease Availability by Industry



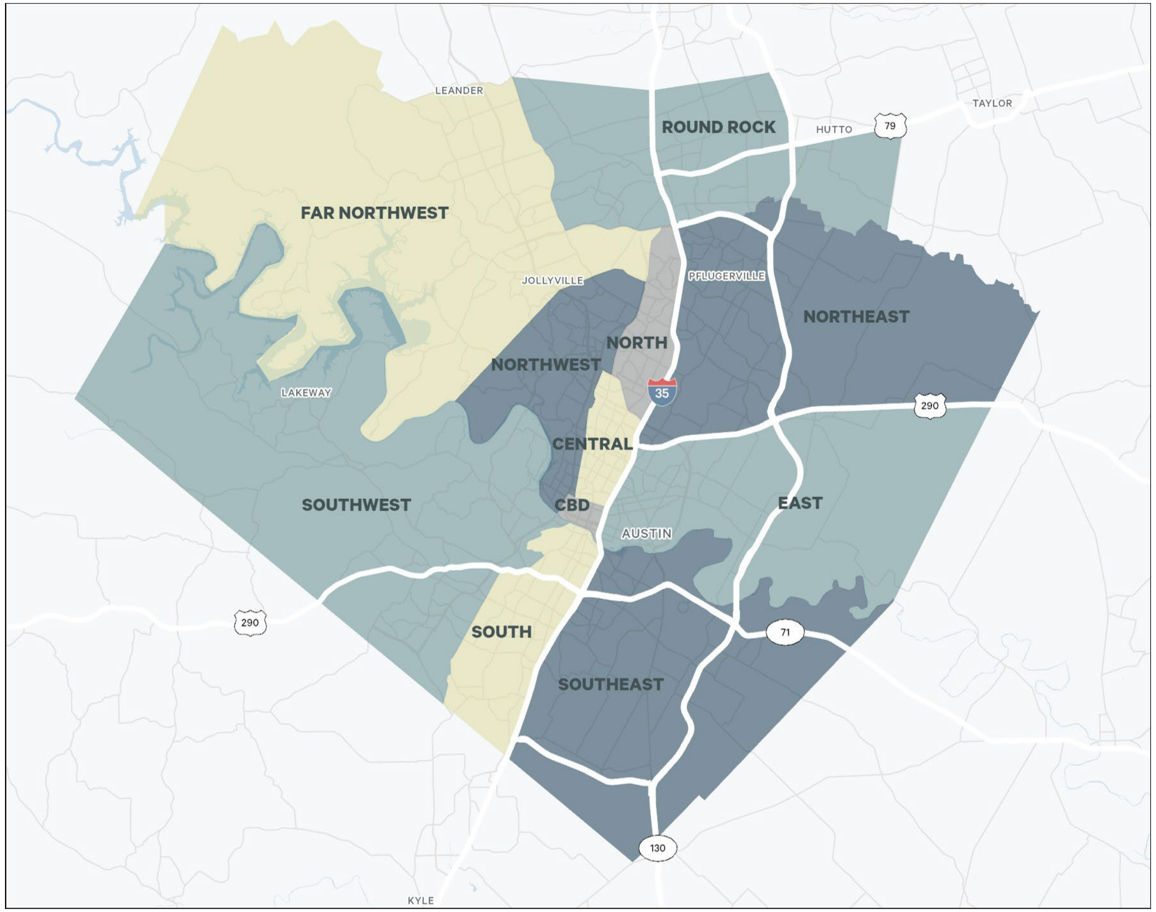
Source: CBRE Research, Q4 2025

FIGURE 10: Austin Office Market Statistics

Market Statistics by Submarket

Submarket	Total Inventory (SF)	Total Vacancy (%)	Total Vacancy (SF)	Total Availability (%)	Total Availability (SF)	Sublease Availability (SF)	Avg. Direct Asking Rate (FSG/YR)	Under Construction (SF)	Deliveries (SF)	Net Absorption (SF)	YTD 2025 Net Absorption (SF)
CBD	**16,514,772**	**30.7%**	**5,066,259**	**34.7%**	**5,724,640**	**1,308,870**	**$65.55**	**703,189**	**148,231**	**251,898**	**55,951**
Class A	13,407,868	31.3%	4,198,885	35.9%	4,819,336	1,237,642	$70.27	703,189	148,231	166,631	17,893
Class B	3,106,904	27.9%	867,374	29.1%	905,304	71,228	$51.90	-	-	85,267	38,058
Central	**2,220,991**	**23.0%**	**510,016**	**17.3%**	**383,295**	**13,487**	**$33.91**	**-**	**-**	**1,525**	**22,689**
Class A	830,526	20.7%	171,989	8.0%	66,340	-	$52.38	-	-	9,065	70,958
Class B	1,390,465	24.3%	338,027	22.8%	316,955	13,487	$28.88	-	-	(7,540)	(48,269)
East	**4,191,171**	**43.4%**	**1,821,056**	**45.2%**	**1,895,618**	**265,993**	**$59.40**	**48,000**	**-**	**8,745**	**87,706**
Class A	3,294,457	48.3%	1,592,028	49.2%	1,620,767	225,873	$63.45	48,000	-	(28,749)	109,702
Class B	896,714	25.5%	229,028	30.7%	274,851	40,120	$37.84	-	-	20,004	(21,996)
Far Northwest	**5,161,609**	**26.6%**	**1,375,404**	**36.1%**	**1,863,650**	**448,785**	**$40.71**	**-**	**-**	**(64,518)**	**(299,679)**
Class A	3,375,522	30.0%	1,013,832	36.0%	1,216,371	146,889	$41.97	-	-	(60,436)	(268,007)
Class B	1,786,087	20.2%	361,572	36.2%	647,279	301,896	$39.18	-	-	(4,082)	(31,672)
North	**979,767**	**30.5%**	**299,149**	**32.5%**	**318,546**	**26,052**	**$37.25**	**-**	**-**	**2,657**	**(11,919)**
Class A	-	-	-	-	-	-	-	-	-	-	-
Class B	979,767	30.5%	299,149	32.5%	318,546	26,052	$37.25	-	-	2,657	(11,919)
Northeast	**3,266,500**	**45.7%**	**1,494,148**	**53.7%**	**1,755,433**	**603,676**	**$27.75**	**-**	**-**	**754**	**(85,812)**
Class A	2,263,609	45.5%	1,030,749	56.9%	1,288,707	603,676	$31.05	-	-	-	(94,662)
Class B	1,002,891	46.2%	463,399	46.5%	466,726	-	$27.04	-	-	754	8,850
Northwest	**17,877,401**	**19.3%**	**3,453,744**	**23.3%**	**4,159,891**	**447,891**	**$40.16**	**-**	**-**	**(43,408)**	**(223,838)**
Class A	11,008,799	19.7%	2,164,501	24.0%	2,637,055	337,321	$45.72	-	-	984	39,026
Class B	6,868,602	18.8%	1,289,243	22.2%	1,522,836	110,570	$33.66	-	-	(44,392)	(262,864)
Round Rock	**964,565**	**14.0%**	**134,860**	**13.1%**	**126,337**	**69,737**	**$32.45**	**-**	**-**	**33,639**	**4,867**
Class A	210,610	21.0%	44,154	6.1%	12,856	-	$37.39	-	-	25,368	21,184
Class B	753,955	12.0%	90,706	15.1%	113,481	69,737	$30.99	-	-	8,271	(16,317)
South	**2,570,571**	**23.8%**	**611,665**	**26.1%**	**669,842**	**74,783**	**$48.20**	**52,453**	**46,565**	**22,522**	**167,532**
Class A	1,770,260	25.6%	453,565	26.7%	472,183	68,455	$56.10	-	46,565	13,295	171,181
Class B	800,311	19.8%	158,100	24.7%	197,659	6,328	$34.79	52,453	-	9,227	(3,649)
Southeast	**1,831,302**	**18.9%**	**345,906**	**34.3%**	**627,611**	**252,789**	**$34.58**	**-**	**-**	**(114,503)**	**(188,736)**
Class A	466,772	4.1%	19,006	17.3%	80,887	36,977	$40.74	-	-	-	(2,351)
Class B	1,364,530	24.0%	326,900	40.1%	546,724	215,812	$33.65	-	-	(114,503)	(186,385)
Southwest	**11,500,304**	**14.1%**	**1,625,459**	**16.7%**	**1,915,217**	**209,986**	**$45.77**	**-**	**-**	**132,562**	**271,095**
Class A	8,037,422	12.8%	1,029,480	16.3%	1,310,858	146,671	$51.17	-	-	123,854	230,302
Class B	3,462,882	17.2%	595,979	17.5%	604,359	63,315	$37.87	-	-	8,708	40,793
Austin Total	**67,078,953**	**25.0%**	**16,737,666**	**29.0%**	**19,440,080**	**3,695,997**	**$48.90**	**803,462**	**194,796**	**214,383**	**(200,144)**
Class A	**44,665,845**	**26.2%**	**11,718,189**	**30.3%**	**13,525,360**	**2,803,504**	**$57.70**	**751,189**	**194,796**	**250,012**	**295,226**
Class B	**22,413,108**	**22.4%**	**5,019,477**	**26.4%**	**5,914,720**	**892,493**	**$37.06**	**52,453**	**-**	**(35,629)**	**(495,370)**

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 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.

Survey Criteria

Includes all Class A & B non-owner occupied, non-medical office buildings 10,000 sq. ft. and greater in size in greater metropolitan area of Austin, TX. Buildings which have begun construction as evidenced by site excavation or foundation work.
* Submarket created in 2017
** Annual totals include North Central submarket, which was broken up in 2017

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