Office development pipeline reaches lowest level in over a decade

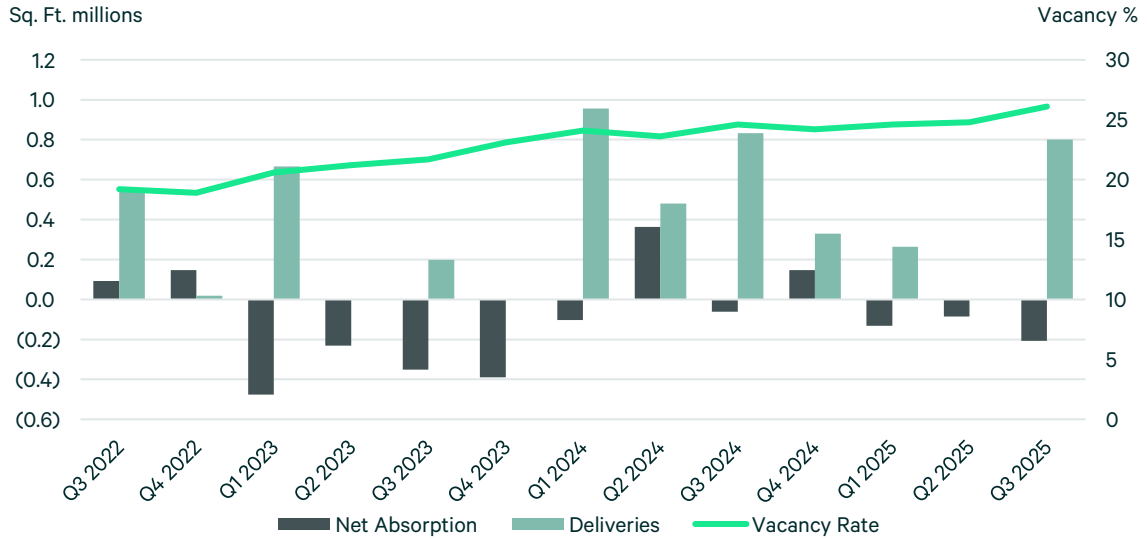
▲ 26.1%	▼ (207,559)	▲ 800,987	▼ 998,438	▲ $48.87
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Key Takeaways

- The Austin office market faced its third consecutive quarter of negative absorption in Q3 2025, recording 207,559 square feet of negative absorption.
- Average gross asking rents across all class types increased by $0.07 per square foot quarter-over-quarter.
- As of September, more than 108 tenants are actively seeking space totaling over 3.52 million square feet. Driving this demand is the technology sector, which is currently pursuing more than 1.5 million square feet of office space across the Austin market.
- In Q3 2025, The Republic was the only office building that completed construction. Located in the CBD, this premier 800,000 square foot project has secured nearly 400,000 square feet of pre-leasing upon delivery.
- In Q3 2025, 85% of leasing activity was captured in Class A buildings, further highlighting the ongoing flight to experience in the Austin office market.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2025

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Market Fundamentals

The Austin office market faced its third consecutive quarter of negative absorption in Q3 2025, recording 207,559 square feet of negative absorption. However, despite this downturn, the availability rate saw a slight improvement, dropping by 10 basis points to 30.7% in Q3 2025. This decrease in availability, coupled with a 2.7% quarter-over-quarter contraction in sublease space, suggests some stabilization within the market. Encouragingly, leasing activity surged in Q3, exceeding 1 million square feet, a significant increase of 76.2% compared to the previous quarter. Additionally, Austin ranks as the 5th best tech talent market in North America for the second consecutive year, according to CBRE's Scoring Tech Talent report. The report also highlights Austin as having the highest growth rate of college-educated residents in their 30s across North America, rising 48.3% from 2018-2023.

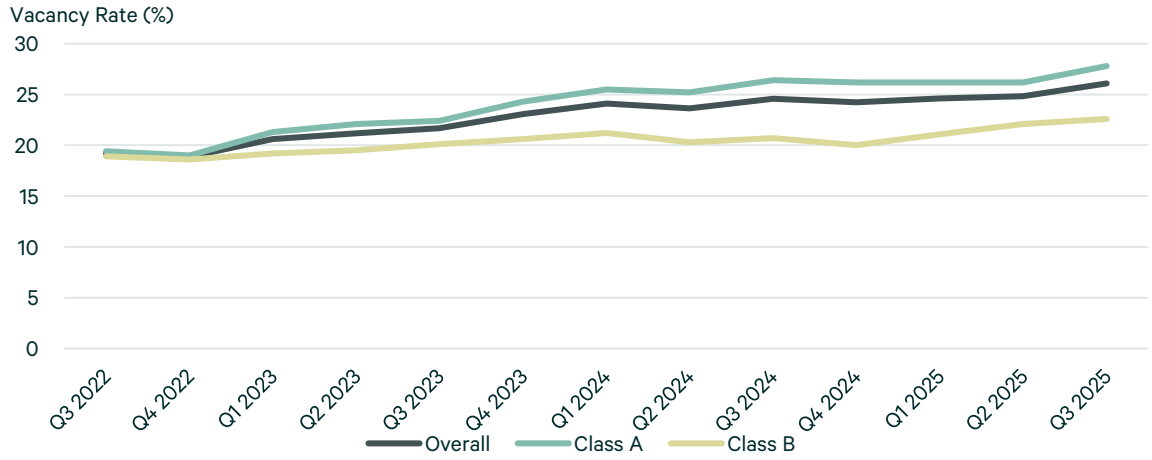
As of September, more than 108 tenants are actively seeking space totaling over 3.52 million square feet. Driving this demand is the technology sector, which is currently pursuing more than 1.5 million square feet of office space across the Austin market.

Additionally, Austin ranked first in the nation in return-to-work efforts with an average building occupancy rate of 78.8% as of September 29th, 2025, according to Kastle Systems' weekly Back to Work Barometer.

Asking Rents & Vacancy

Austin's average gross asking rates have continued to grow quarter over quarter, rising $0.07 per square foot compared to Q2 2025, and up $0.53 compared to Q3 2024. In Q3 2025, the Austin office market experienced a notable rise in vacancy, reaching 26.1% from 24.8% in Q2 2025, a jump of 130 basis points. This rise was primarily driven by the completion of The Republic office tower in the CBD during Q3. Despite nearly 400,000 square feet of leasing activity in the building, only two tenants have moved into space as of September 2025, contributing to the increased vacancy seen this quarter. Additionally, multiple large lease expirations in the Northwest & Southwest submarkets further exacerbated the vacancy increase seen during the quarter.

FIGURE 2: Vacancy Rates by Class



Source: CBRE Research, Q3 2025

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



Source: CBRE Research, Q3 2025

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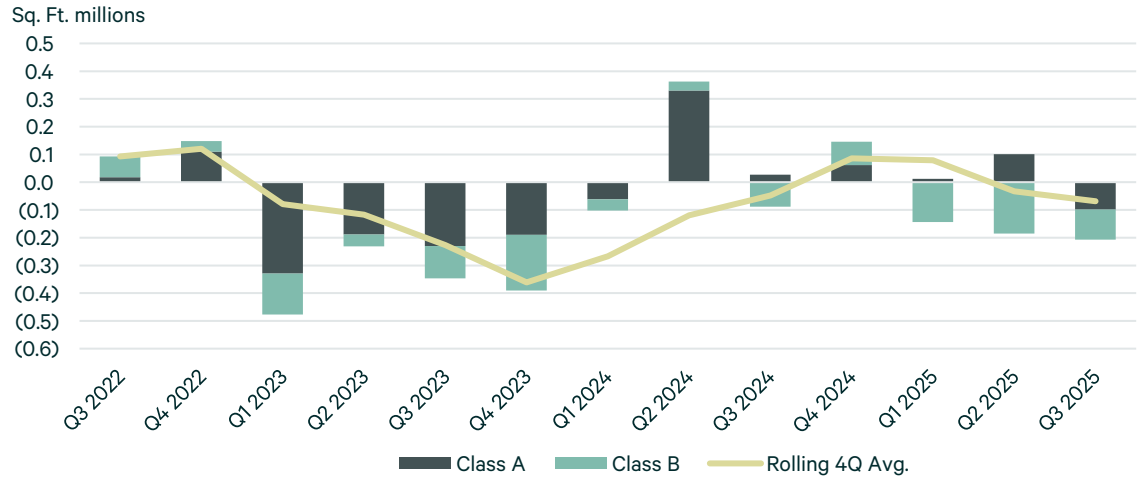
Net Absorption

Austin's office market saw negative net absorption of 207,559 square feet in Q3 2025. The suburban submarkets, particularly the Northwest submarket with nearly 250,000 square feet of negative absorption, drove this trend, while net absorption for the CBD remained positive. Tenants continue to prioritize high-quality, amenity-rich spaces in Austin, seeking to attract and retain top talent in a competitive job market. In Q3 2025, 85% of leasing activity was captured in Class A buildings, further highlighting the ongoing flight to experience in the Austin office market.

Development Pipeline

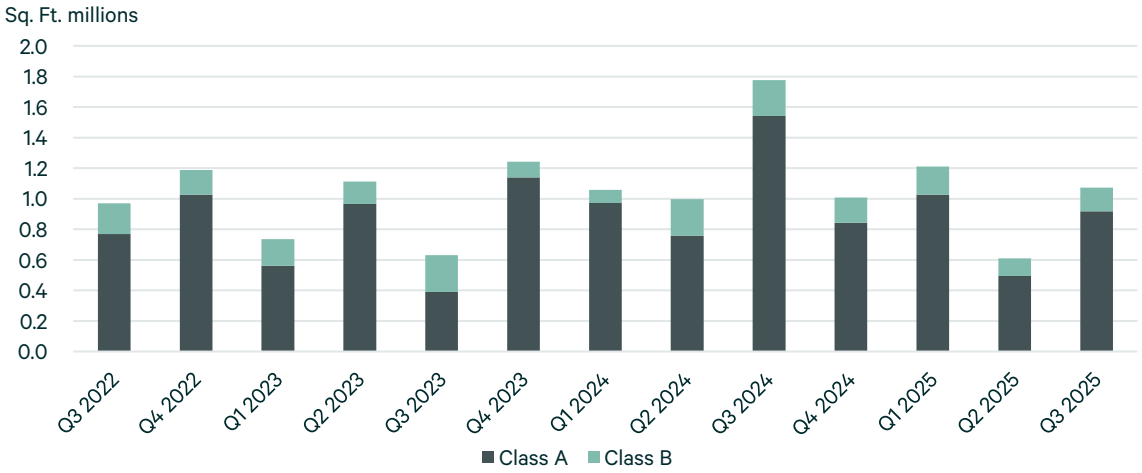
In Q3 2025, The Republic was the only office building that completed construction. Located in the CBD, this premier 800,000 square foot project has secured nearly 400,000 square feet of pre-leasing upon delivery. Austin's office development pipeline has now dropped below 1 million square feet for the first time in over a decade. As of Q3 2025, approximately 998,000 square feet remain under development, all slated for delivery by the end of 2026.

FIGURE 4: Net Absorption Trend



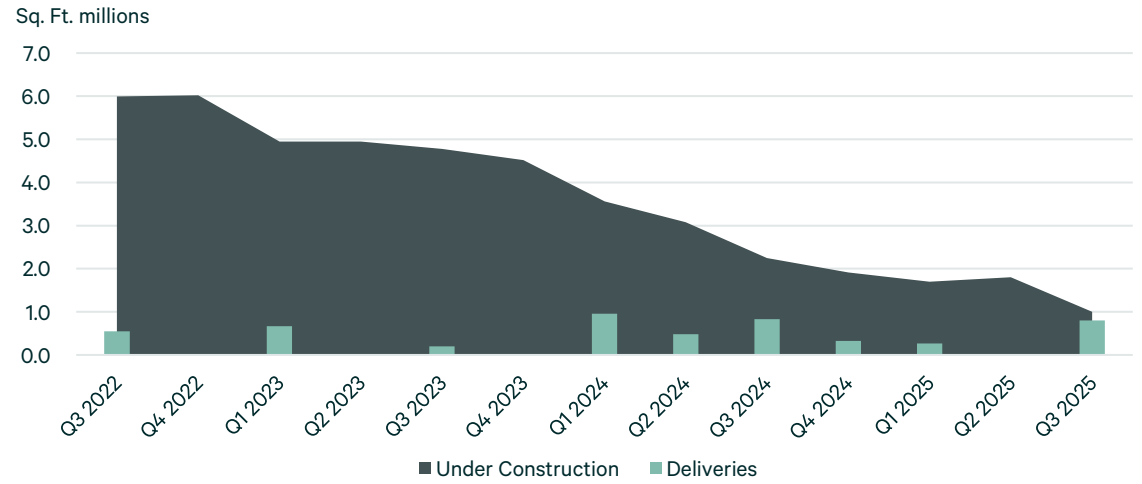
Source: CBRE Research, Q3 2025

FIGURE 8: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q3 2025

FIGURE 6: Construction Activity



Source: CBRE Research, Q3 2025

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Sublease Activity

In Q3 2025, the total amount of available sublease space in the Austin metro dropped to 3,947,397 square feet, a 14% decrease compared to Q3 2024, and a 2.7% decline quarter-over-quarter. Class B sublease availability experienced a significant quarterly decrease of 13.4%, while Class A sublease availability saw a slight uptick, rising nearly 1% compared to Q2 2025. In Q3, the decrease in sublease space was primarily driven by expiring leases. Of the sublease space removed from the market in Q3 2025, 67% was due to lease expirations, and 33% was successfully subleased. Despite the negative net absorption experienced this quarter, the Austin sublease market continued to contract in Q3 2025, and this trend is expected to persist throughout the year.

Sublease availabilities remain heavily concentrated in three key sectors: Technology (48%), Insurance (18%), and Retail and Consumer Goods (10%).

Macro-Economic Overview

CBRE has revised its U.S. growth outlook upward, a shift from the more pessimistic view held in the spring. Greater clarity around trade policy and private sector resilience should equate to 1.6% GDP growth this year. Much of this growth should be frontloaded as higher inflation—peaking in the low-3% range by early 2026—creates some headwinds during the latter half of this year. The labor market is flashing important signals such as falling job openings and weak hiring by firms.

Despite the modest growth outlook and expectations for further rate cuts, 10-year Treasury yields are holding steady in the low 4% range. A combination of higher inflation and excessive U.S. debt levels should keep yields near this level through 2027. This environment—with Treasury yields fluctuating between 4% and 4.5% and moderate economic growth—is fostering some recovery in commercial real estate (CRE) capital markets. Investment volumes are on track to exceed 2023 and 2024 levels.

FIGURE 7: Historical Sublease Trends

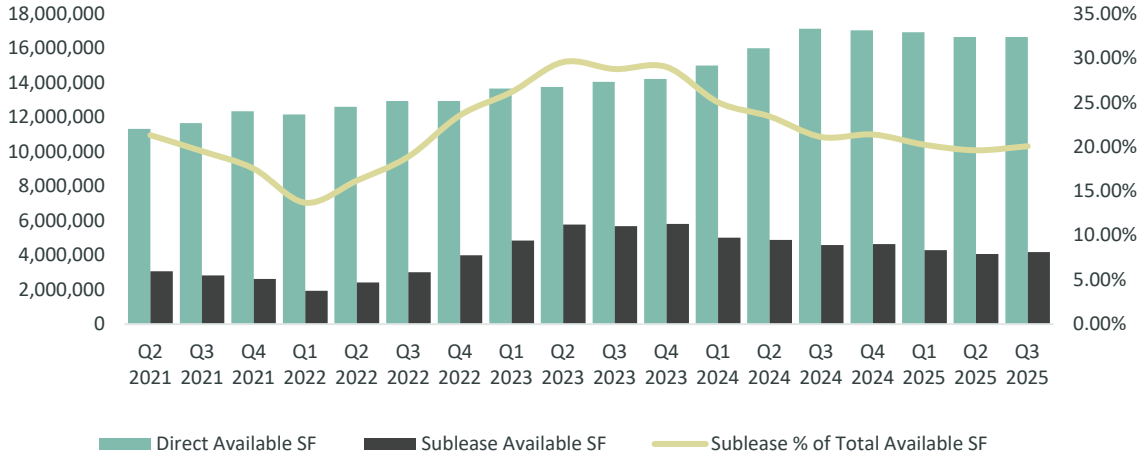
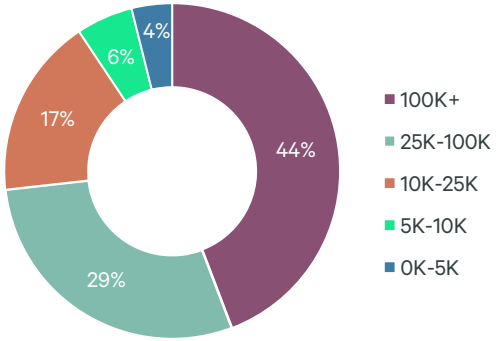
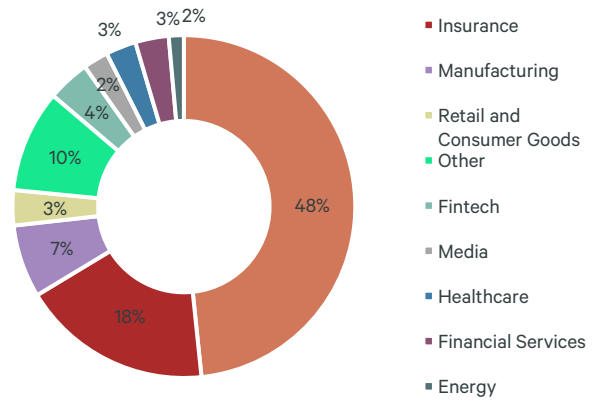


FIGURE 8: Sublease Availability by Space Size



Source: CBRE Research, Q3 2025.

FIGURE 9: Sublease Availability by Industry



Source: CBRE Research, Q3 2025.
Data is measured by sublease space availabilities over 20,000 sq. ft. in size.

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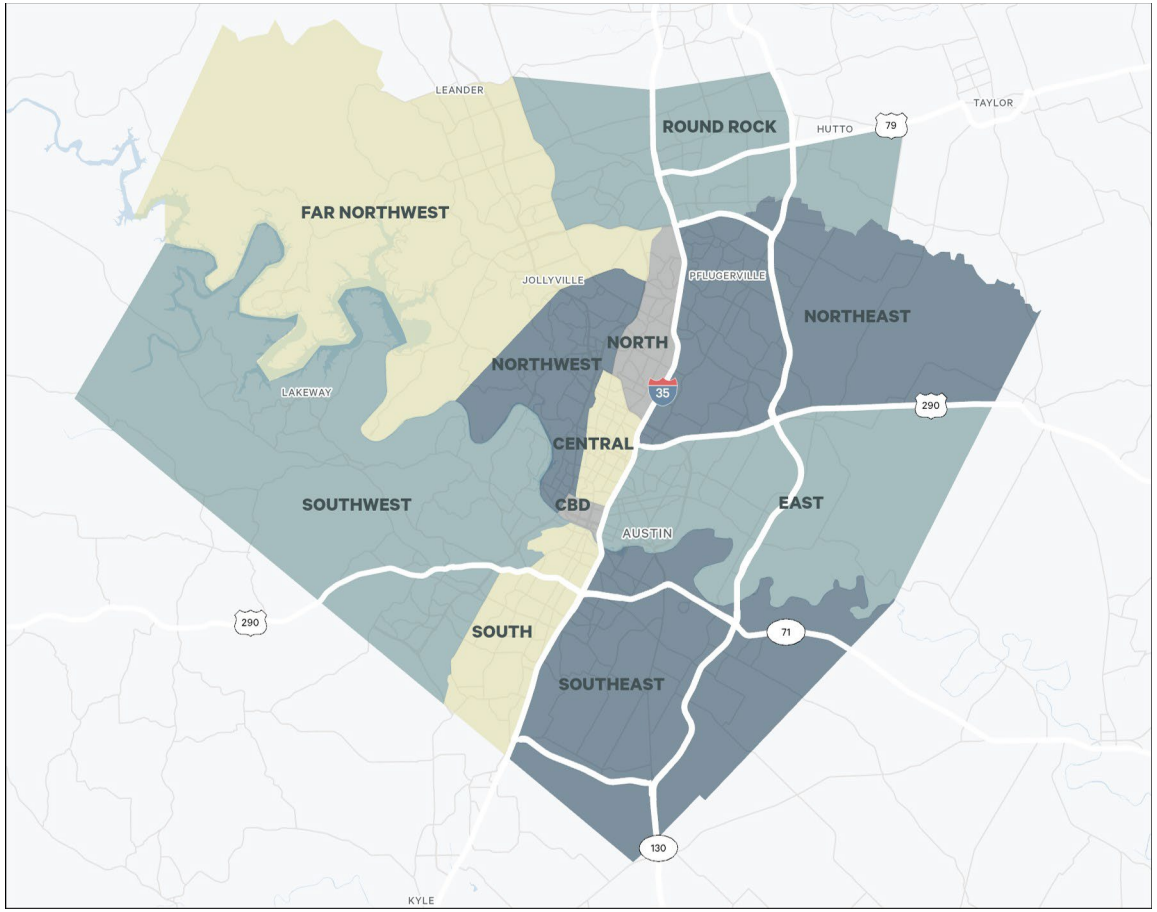
FIGURE 10: Austin Office Market Statistics

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	**16,308,325**	**30.4%**	**4,950,843**	**34.9%**	**5,692,337**	**1,345,844**	**$64.29**	**851,420**	**800,987**	**35,894**	**(195,947)**
Class A	13,201,421	30.3%	3,417,338	36.3%	4,792,647	1,288,586	$67.60	851,420	800,987	(4,800)	(155,421)
Class B	3,106,904	30.7%	965,297	29.0%	899,690	57,258	$51.90	-	-	40,694	(40,526)
Central	**2,220,991**	**22.8%**	**511,541**	**17.3%**	**384,399**	**4,690**	**$35.12**	**-**	**-**	**10,683**	**21,164**
Class A	830,526	21.8%	181,054	11.2%	93,434	-	$53.70	-	-	25,107	61,893
Class B	1,390,465	23.4%	330,487	20.9%	290,965	4,690	$28.41	-	-	(14,424)	(40,729)
East	**4,189,071**	**43.3%**	**1,812,311**	**45.4%**	**1,901,272**	**247,232**	**$54.74**	**48,000**	**-**	**81,451**	**84,089**
Class A	3,292,357	47.5%	1,563,279	49.7%	1,637,851	211,469	$59.86	48,000	-	81,921	126,089
Class B	896,714	27.8%	249,032	29.4%	263,421	35,763	$39.21	-	-	(470)	(42,000)
Far Northwest	**5,198,096**	**25.9%**	**1,346,896**	**40.2%**	**2,089,743**	**570,276**	**$40.62**	**-**	**-**	**16,421**	**(235,161)**
Class A	3,375,522	28.2%	953,396	40.8%	1,378,697	251,536	$42.07	-	-	(23,344)	(207,571)
Class B	1,822,574	21.6%	393,500	39.0%	711,046	318,740	$38.88	-	-	39,765	(27,590)
North	**2,611,392**	**29.8%**	**777,997**	**27.9%**	**729,378**	**26,052**	**$42.23**	**-**	**-**	**8,303**	**(15,747)**
Class A	362,679	87.3%	316,457	59.9%	217,087	-	$55.50	-	-	23,978	32,120
Class B	2,248,713	20.7%	461,540	22.8%	512,291	26,052	$34.98	-	-	(15,675)	(47,867)
Northeast	**3,264,732**	**44.0%**	**1,494,902**	**56.5%**	**1,844,721**	**689,762**	**$27.72**	**-**	**-**	**12,164**	**(86,566)**
Class A	2,263,609	43.1%	1,030,749	60.2%	1,363,340	689,762	$31.05	-	-	-	(94,662)
Class B	1,001,123	45.9%	464,153	48.1%	481,381	-	$27.03	-	-	12,164	8,096
Northwest	**17,399,621**	**23.4%**	**4,080,432**	**27.2%**	**4,733,672**	**293,537**	**$40.51**	**-**	**-**	**(243,879)**	**(175,759)**
Class A	11,820,055	25.2%	2,984,326	29.1%	3,437,187	207,873	$45.14	-	-	(179,186)	(5,173)
Class B	5,579,566	19.6%	1,096,106	23.2%	1,296,485	85,664	$34.39	-	-	(64,693)	(170,586)
Round Rock	**964,565**	**11.6%**	**112,201**	**14.3%**	**137,813**	**69,737**	**$31.12**	**-**	**-**	**(4,031)**	**(28,772)**
Class A	210,610	6.3%	13,224	6.1%	12,914	-	$37.50	-	-	(4,184)	(4,184)
Class B	753,955	13.1%	98,977	16.6%	124,899	46,462	$29.97	-	-	153	(24,588)
South	**2,524,006**	**22.7%**	**573,423**	**26.0%**	**656,979**	**89,835**	**$48.96**	**99,018**	**-**	**13,719**	**145,010**
Class A	1,723,695	23.6%	406,096	25.9%	446,361	75,901	$57.01	46,565	-	31,673	157,886
Class B	800,311	20.9%	167,327	26.3%	210,618	13,934	$32.84	52,453	-	(17,954)	(12,876)
Southeast	**1,831,302**	**15.2%**	**277,919**	**35.2%**	**643,748**	**263,008**	**$34.85**	**-**	**-**	**(71,038)**	**(74,233)**
Class A	466,772	4.1%	19,006	17.5%	81,463	43,677	$40.84	-	-	194	(2,351)
Class B	1,364,530	19.0%	258,913	41.2%	562,285	219,331	$34.15	-	-	(71,232)	(71,882)
Southwest	**11,500,040**	**15.8%**	**1,813,995**	**18.0%**	**2,073,267**	**347,424**	**$44.41**	**-**	**-**	**(78,192)**	**138,533**
Class A	8,037,158	15.0%	1,209,308	17.7%	1,426,446	285,168	$49.17	-	-	(77,602)	106,448
Class B	3,462,882	17.5%	604,687	18.7%	646,821	62,256	$38.92	-	-	(590)	32,085
Austin Total	**68,032,495**	**26.1%**	**17,752,460**	**30.7%**	**20,887,329**	**3,947,397**	**$48.87**	**998,438**	**800,987**	**(207,559)**	**(423,389)**
Class A	**45,584,668**	**27.8%**	**12,675,097**	**32.7%**	**14,887,427**	**3,053,972**	**$57.09**	**998,438**	**800,987**	**(98,272)**	**15,074**
Class B	**22,447,827**	**22.6%**	**5,077,363**	**26.7%**	**5,999,902**	**893,425**	**$37.11**	**-**	**-**	**(109,287)**	**(438,463)**

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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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