



AUSTIN

OFFICE & INDUSTRIAL
MARKET REPORT

Q4 2022

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NOTE: The data provided within this report is sourced from CoStar Group, Inc.

OFFICE MARKET REPORT

OVERVIEW

12 Mo Deliveries in SF

4.4M

12 Mo Net Absorption in SF

1.4M

Vacancy Rate

14.4%

12 Mo Rent Growth

1.9%

Austin's office market continues to outperform relative to other major markets and shows resiliency in uncertain economic conditions. Leasing activity through 22Q3 topped 6.4 million SF, which is off the pace from the 6.7 million SF leased during the same period in 2021. The excessive sublease space that flooded the market 18 months ago has seen significant draw downs; however, sublease availabilities are beginning to tick back up.

When looking at the annual net absorption as a percent of inventory, Austin has been a leader nationally among the 30 largest markets, registering a rate of 1.7% for 22Q3, second only to San Jose. In nominal terms, Austin still ranks fourth nationally for the highest net absorption over the past year. Many tech companies like Tesla, Oracle, Google, and Apple are in the midst of major expansions, but near-term outlooks on leasing appear to be in question as many tenants begin to anticipate a slowdown in economic activity.

The prospect of increasing remote work could slow the market's growth moving forward. Austin has many smaller tech companies, which could decide to remain remote for the longer haul, altering how much space the company would need in the future. Austin was already one of the highest remote-work markets before the pandemic, according to the U.S. Census, which may mean that the market will see more remote workers than the average U.S. metro. Risk of an impending recession would also put any immediate plans for office expansions on ice.

The market's vacancy rate of 12.9% has surpassed its 10-year average of 10.4% and could trend higher due to a considerably active construction pipeline. There are nearly 12 million SF under construction, which represents 9.5% of inventory, by far the most of any major market in the U.S. in percentage terms. Over the past decade, Austin's office market has been one of the strongest in the country. Job growth, absorption, and rent growth performed very well, drawing significant developer interest. This elevated development activity paired with increasing remote work could push vacancies higher in the second half of 2022.

Longer term, Austin's office market will likely continue recovering. The economy continues to outperform the broader U.S., and no other market in the country has seen its population growth outstrip Austin. The market's combination of relative affordability compared to other tech-heavy markets, strong immigration, a public university that graduates some of the best and brightest in the country, and generous incentives for companies looking to relocate should continue to spur additional demand for office space across cycles.

Buyers have seen the positive momentum and have continued to deploy capital in Texas' capital city. Current estimates put year-to-date sales volume at \$1.9 billion, indicating that its pace is not far behind 2021's year-end total \$4.3 billion. Those buyers haven't found any pandemic discount either, as a number of high-profile office towers in the CBD have changed hands in recent months, a stark contrast to some CBDs in coastal markets.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	56,974,333	15.8%	\$50.90	22.8%	(229,231)	0	7,711,855
3 Star	49,182,387	15.0%	\$37.79	18.7%	(172,360)	44,496	698,923
1 & 2 Star	24,744,711	10.0%	\$37.07	10.0%	(48,444)	18,600	0
Market	130,901,431	14.4%	\$43.75	19.1%	(450,035)	63,096	8,410,778

Annual Trends	12 Month	Historical Avg.	Forecast Avg.	Peak	When	Trough	When
Vacancy Change (YOY)	1.8%	11.0%	16.4%	16.5%	2003 Q2	3.4%	2000 Q2
Net Absorption SF	1.4M	1,726,576	1,947,050	5,073,738	2015 Q4	(1,381,823)	2002 Q4
Deliveries SF	4.4M	2,516,175	3,408,572	6,477,504	2001 Q4	316,060	2012 Q1
Rent Growth	1.9%	2.4%	0.7%	15.6%	2007 Q3	-14.2%	2003 Q2
Sales Volume	\$805M	\$1B	N/A	\$3.7B	2022 Q1	\$62.6M	2003 Q3

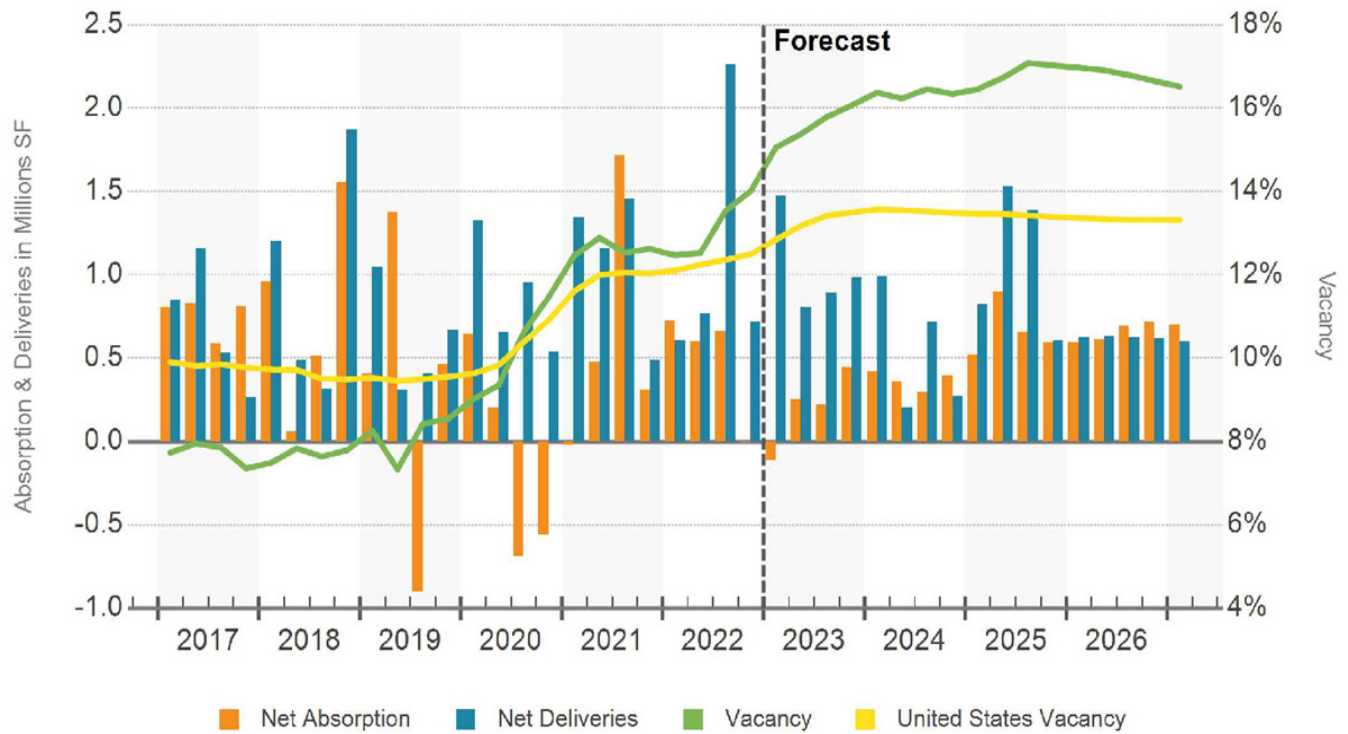
LEASING

Leasing activity has been on a steady path of recovery, and that momentum has carried through into 2022. Tenants have closed deals on nearly 4.9 million SF so far this year, and that is on pace to match the notable bounce-back seen in 2021 of 10.4 million SF. Tech companies opening regional headquarters or expanding their existing footprint has been a key driver of demand for Austin office. Companies like TikTok and Snapchat have opened their first offices in Austin this year. They join ongoing expansions by Google, Facebook, Apple, BAE, and Oracle. The trailing 12-month net absorption has been on a steady incline, as well, with net absorption topping 3 million SF at the close of 22Q2, the highest seen in three years.

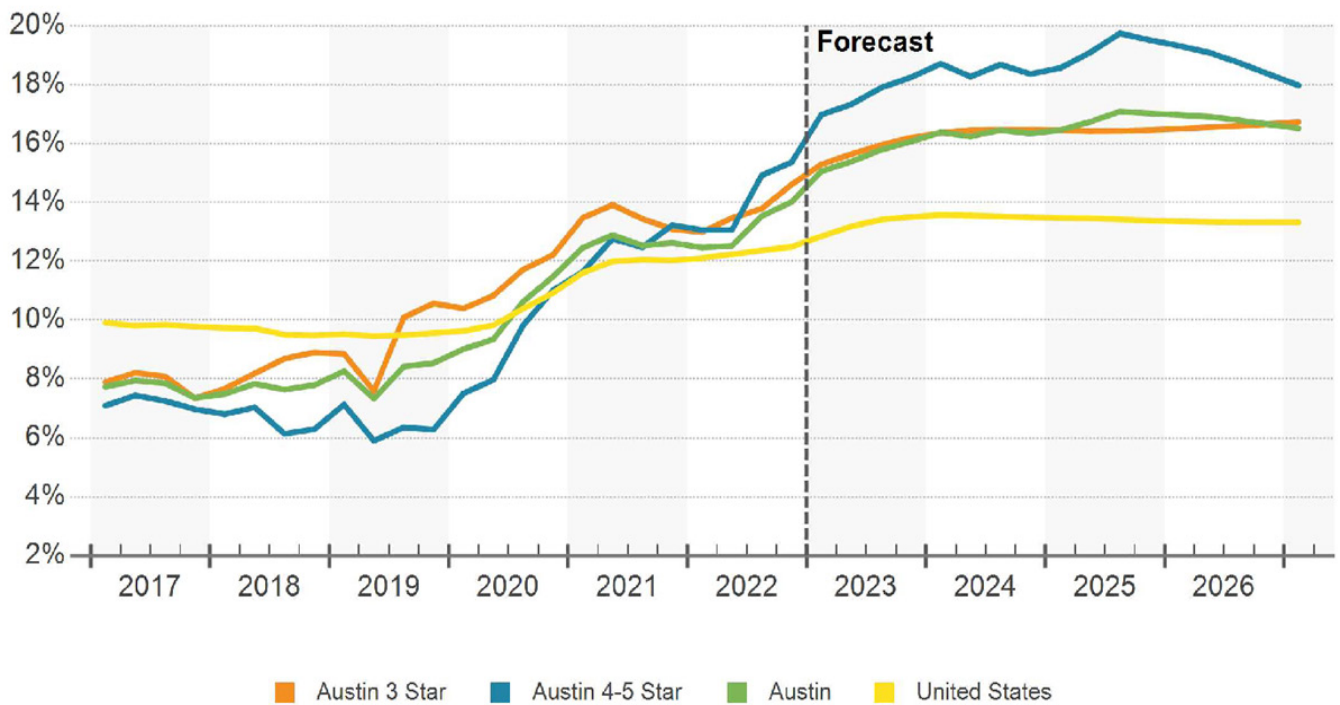
One reason for this strong performance has been both the accessibility and interest in high-quality sublease space in high-profile submarkets that offered more favorable terms at a discount to direct deals. By the end of 22Q2, about 30% of all sublease space had been signed or taken off the market, bringing sublease availabilities to under 3 million SF, a decline of just over 1 million SF. The combination of companies like Peak6, which took GoDaddy's former space on East 6th Street, TikTok taking a large portion of Parsley Energy's space, and Kilroy allowing TRS out of its original Indeed Tower lease have all helped bring the market's sky-high sublease down.

However, the market could be negatively impacted if tech companies continue to face economic headwinds in the second half of 2022. Major tech tenants like Facebook and Google are watching their budgets closely as both revenues and company valuations have taken considerable hits. Additionally, the labor market is still highly favorable to workers who show continued hesitancy to return to the office will also be a hindrance to increased office footprints and usage. However, when compared to other markets nationally, Austin has shown some of the highest office usage rates in the country, according to anonymized

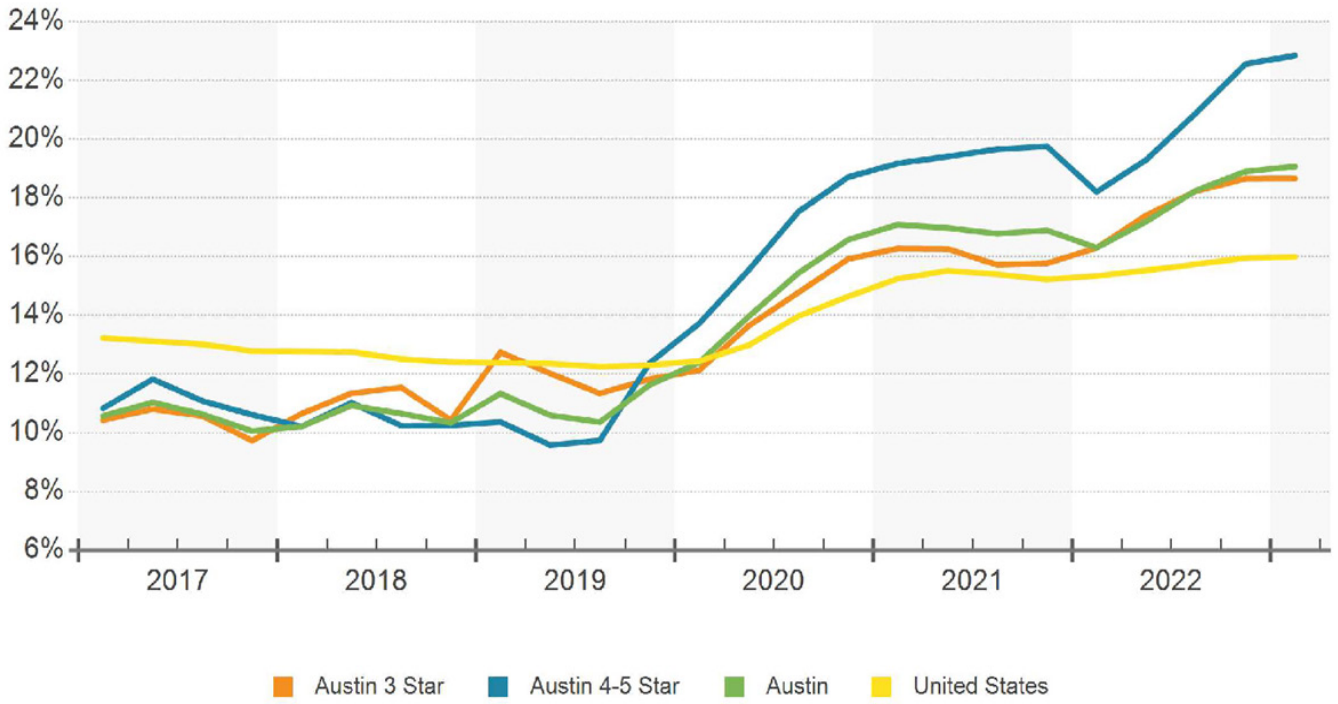
NET ABSORPTION, NET DELIVERIES & VACANCY



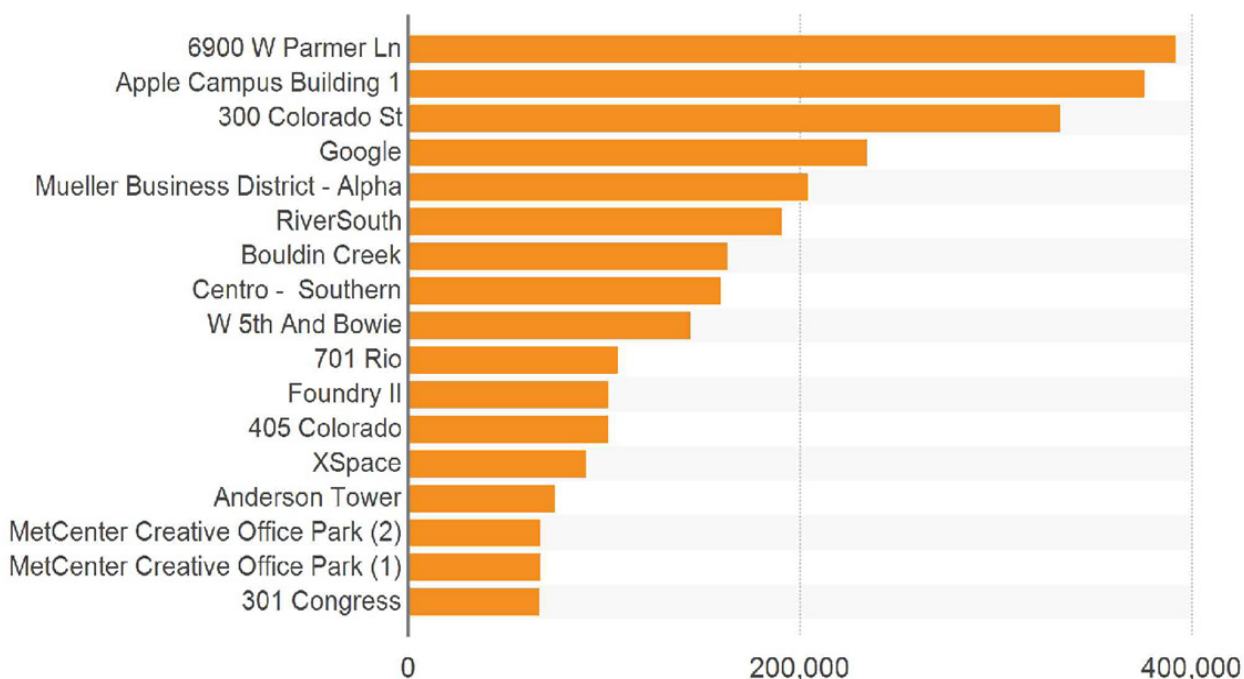
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				12 Month
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
6900 W Parmer Ln	Far Northwest	392,211	0	0	0	0	0	392,211
Apple Campus Building 1	Far Northwest	375,875	0	0	0	0	0	375,875
300 Colorado St	CBD	369,000	21,256	0	0	0	0	332,682
Google	CBD	796,525	562,500	0	0	0	0	234,025
Mueller Business District - Alpha	East	265,000	61,100	0	0	0	0	203,900
RiverSouth	South	372,000	159,378	4,076	0	0	0	190,682
Bouldin Creek	South	177,395	0	0	0	0	0	163,100
Centro - Southern	East	164,155	4,615	0	0	0	0	159,540
W 5th And Bowie	CBD	144,000	0	0	0	0	0	144,000
701 Rio	CBD	124,190	0	0	0	0	0	107,161
Foundry II	East	163,593	0	0	0	0	0	102,278
405 Colorado	CBD	205,803	37,114	18,005	0	0	0	101,962
XSpace	Southwest	101,807	10,919	0	0	0	0	90,888
Anderson Tower	North/Domain	75,034	0	0	0	0	0	75,034
MetCenter Creative Office Park (2)	Southeast	67,625	0	0	0	0	0	67,625
MetCenter Creative Office Park (1)	Southeast	67,625	0	0	0	0	0	67,625
301 Congress	CBD	436,855	129,373	(53,989)	0	0	0	67,139
Subtotal Primary Competitors		4,298,693	986,255	(31,908)	0	0	0	2,875,727
Remaining Austin Market		126,602,738	17,857,430	(418,127)	0	0	0	(1,475,768)
Total Austin Market		130,901,431	18,843,685	(450,035)	0	0	0	1,399,959

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Compa...	Leasing Rep Company
ATX 130	Southeast	280,768	Q4 22	-	-	AQUILA Commercial
Mueller Business District - Bravo	East	235,000	Q2 22	TRS	-	AQUILA Commercial
300 Colorado St	CBD	126,429	Q1 22	TikTok	-	JLL
Bouldin Creek	South	114,413	Q1 22	Atmosphere	-	CBRE
Parmer Business Park	Northeast	93,200	Q1 22	Qualcomm	-	CBRE
Centro - Northern	East	69,670	Q4 22	-	CBRE	Riverside Resources
MetCenter Creative Office Park	Southeast	67,625	Q4 22	-	-	JLL
MetCenter Creative Office Park	Southeast	67,625	Q2 22	AMD	-	JLL
MetCenter Creative Office Park	Southeast	67,625	Q2 22	AMD	-	JLL
Parmer Business Park	Northeast	65,837	Q1 22	VXI	-	CBRE
Domain Tower 2	North/Domain	60,000	Q3 22	PayPal	HPI Real Estate Ser...	HPI Real Estate Servic...
600 Industrial Blvd *	South	58,000	Q4 22	Brazos Forest Products	-	-
600 W 5th St	CBD	54,219	Q2 22	-	-	Development 2000, Inc.
Indeed Tower	CBD	51,031	Q4 22	Page	-	CBRE
Chase Park Office Center	Central	48,809	Q4 22	-	-	Transwestern Real Est...
Braker Center *	North	46,968	Q1 22	Canon Nanotechnologies,...	JLL	-
One Eleven Congress	CBD	46,284	Q2 22	DISCO	-	Colliers
Uplands Corporate Center	Southwest	42,019	Q1 22	Tricentis	-	Cushman & Wakefield
1836 San Jac	CBD	42,000	Q4 22	-	-	CBRE
717 Parmer	Northeast	40,100	Q3 22	Cognizant	-	JLL
Vista Business Park	North/Domain	39,061	Q1 22	-	-	JLL
405 Colorado	CBD	38,138	Q2 22	-	-	Brandywine Realty Tru...
Highland Tech Center	Central	37,362	Q1 22	Austin Stone Community...	Cushman & Wakefield	AQUILA Commercial
9500 Arboretum Blvd	Northwest	35,759	Q4 22	-	-	AQUILA Commercial
The CAMPUS @ Arboretum	Northwest	35,299	Q4 22	-	-	AQUILA Commercial
The Shoppes @ Colony Village	Bastrop County	34,647	Q1 22	Compass Rose	-	Bastrop Property Group
5th + Tillery	East	33,719	Q1 22	BetterUp	CIM Group, LP	Cushman & Wakefield
Stonebridge Plaza	Northwest	33,512	Q3 22	Brookfield Residential	-	AQUILA Commercial
Inner Visions Corporate Center	Georgetown	33,000	Q4 22	-	-	Headwater Commercial...
Parkway at Oak Hill	Southwest	31,446	Q1 22	Texas Windstorm Insuran...	-	Newmark
Domain	North/Domain	30,654	Q2 22	Blackbaud, Inc	-	JLL
The CAMPUS @ Arboretum *	Northwest	29,621	Q1 22	Kimley-Horn & Associates	Savills	AQUILA Commercial
979 Springdale Rd	East	29,505	Q4 22	-	-	Tribeca Company
Riata Corporate Park	Northwest	28,964	Q4 22	-	-	Endeavor Real Estate...
Ladera Bend	Northwest	28,233	Q4 22	Epiphany Dermatology	Colliers	JLL
Amber Oaks	Far Northwest	27,693	Q1 22	-	-	ECR
Rollingwood Center	Southwest	27,085	Q4 22	-	-	Cushman & Wakefield
Barton Skyway	Southwest	26,429	Q2 22	-	-	Brandywine Realty Trust
1915 Kramer Ln	North	25,921	Q2 22	-	-	JLL
3900 San Clemente	Southwest	25,700	Q4 22	GetSales	-	JLL

Renewal

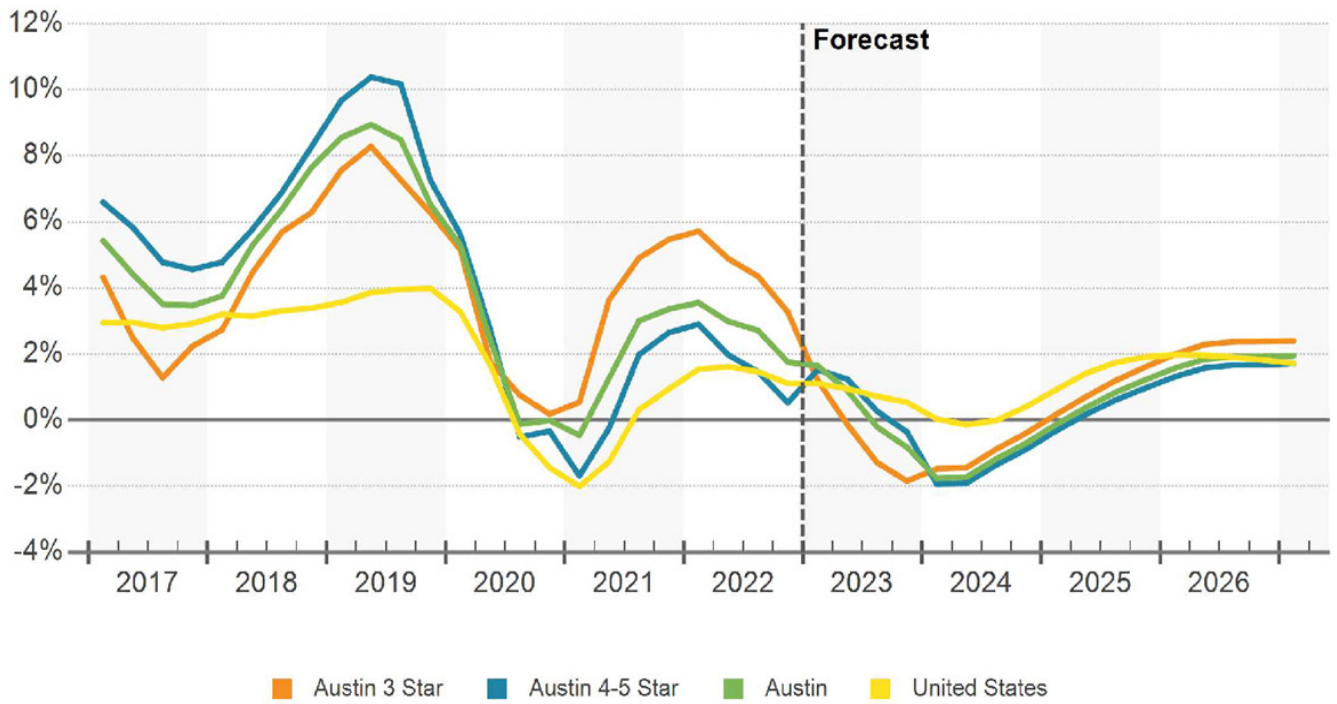
RENT

Rent growth has remained positive since 21Q2 and continues on an upward trajectory. While the national average for annual rent growth hovers around 1.2%, Austin's rent has had a 1.9% increase during the same period. Austin's rent growth is expected to continue to outperform the broader market average in the short to medium term, but several factors could be a weight on future growth. The development pipeline has reached the second-highest level of all-time at 8.4 million SF with roughly 70% of that under construction space expected to deliver in 2022 and 2023, putting the market on a path to a supply surplus. The city has long experienced strong demand from office-using companies looking to tap into the vast talent pool and unique culture that Austin provides, but an economic downturn would likely reduce the number of tenants in search of space. Work-from-home trends are also a risk to rent compression but less so relative to other major markets throughout the country. As of June 2022, Kastle Systems reported office usage of 58.9% in Austin, while other metros like San Francisco or New York ranged anywhere from 34% to 41%.

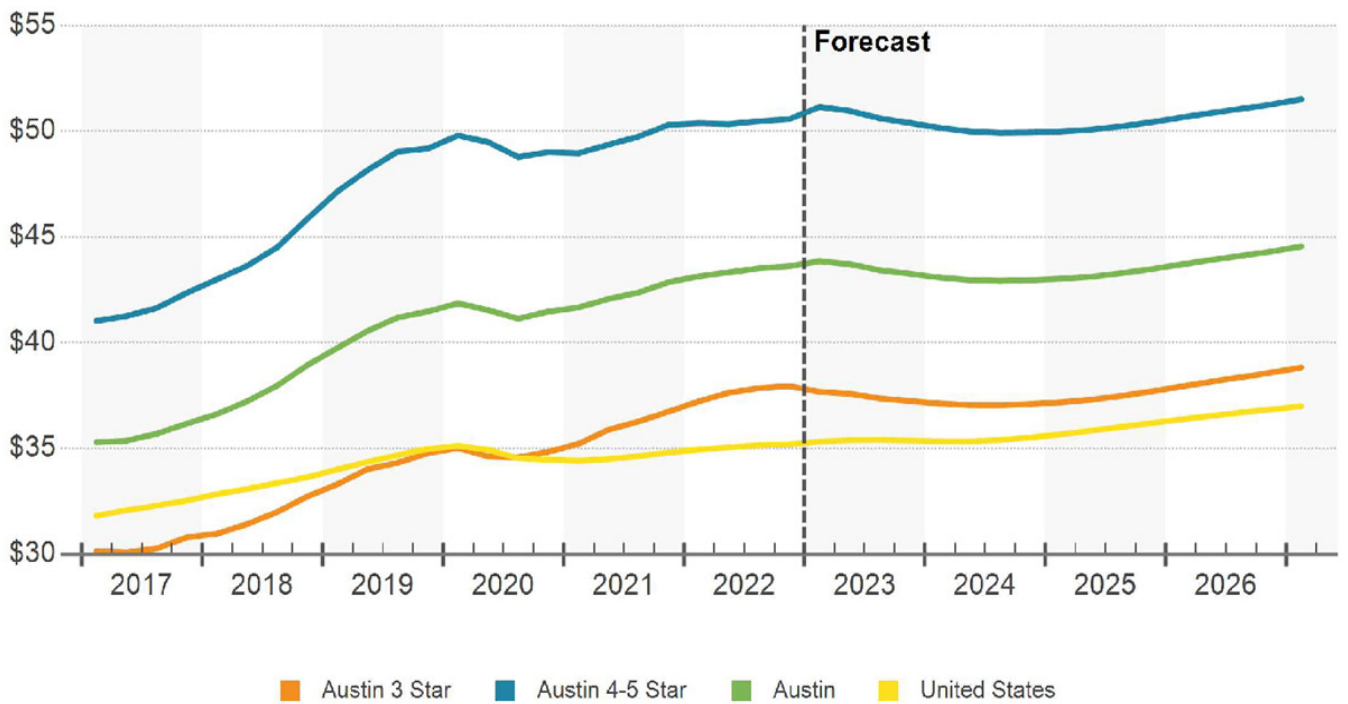
Over the long term, the outlook for rent growth in Austin is expected to remain resilient. During the 2010s, average annual rent growth was close to 5%, with a few peak years surpassing 8%, one of the fastest rates among major markets. Overall market rents are sitting at \$44/SF, which is more than \$9/SF above the national average. In nominal terms, rent has superseded most major markets across the U.S. to become the fourth most expensive in the country.

As in most markets across the country, Austin's 4 & 5 Star office product enjoyed the strongest recovery over the past few years. Tenants had been attracted to this segment of the market, as a result of Austin's incredibly tight labor market, which forced companies to opt for higher-quality space to compete for talent. Growth in the information industry, a good proxy for tech hiring in Austin, is up roughly 11% over the past year, indicating that the arms race for talent hasn't subsided as a result of the pandemic.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FOOT



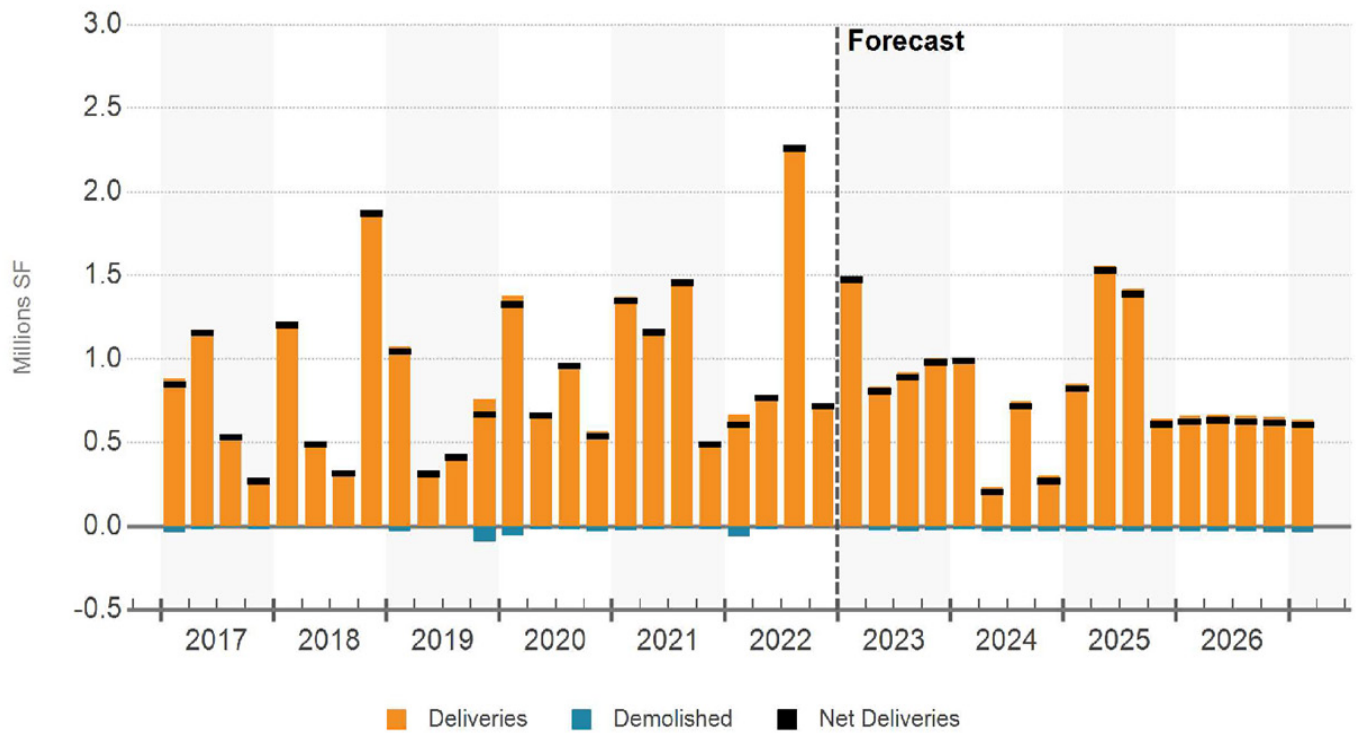
CONSTRUCTION

Construction levels in Austin are among the highest in the nation. About 8.4 million SF is underway, representing more than 6.4% of inventory, in addition to the 4.3 million SF that delivered over the past year. With 1.4 million SF of net absorption over the last 12 months, the steady influx of new office space has pushed vacancies to 14.4%, the highest levels seen since 10Q1. A number of notable, 4 & 5 Star projects have recently broken ground, including The Republic, a 816,000-SF downtown office tower, and Alto, a 110,000-SF building in East Austin. While Austin is typically toward the top of any construction list across asset classes, vacancies remain well above pre-pandemic lows, and bearish outlooks on the economy have not dissipated. Austin draws many employers for its deep talent pool, strong population growth, and lower tax burden, but the crowded development pipeline could begin to force vacancies further up.

Prior to the pandemic, only a handful of markets nationally had seen more rent growth than Austin over the past decade. Vacancies hovered around 8% for years, forcing companies like Google, Facebook, and Indeed to commit to properties that hadn't even broken ground. With companies adjusting to increased remote work, particularly those in the tech sector, those businesses may find that they are over-committed to space if employees remain remote for longer. That could add space to Austin's sublease market over time or cause companies to give back space elsewhere when they take occupancy of their new space.

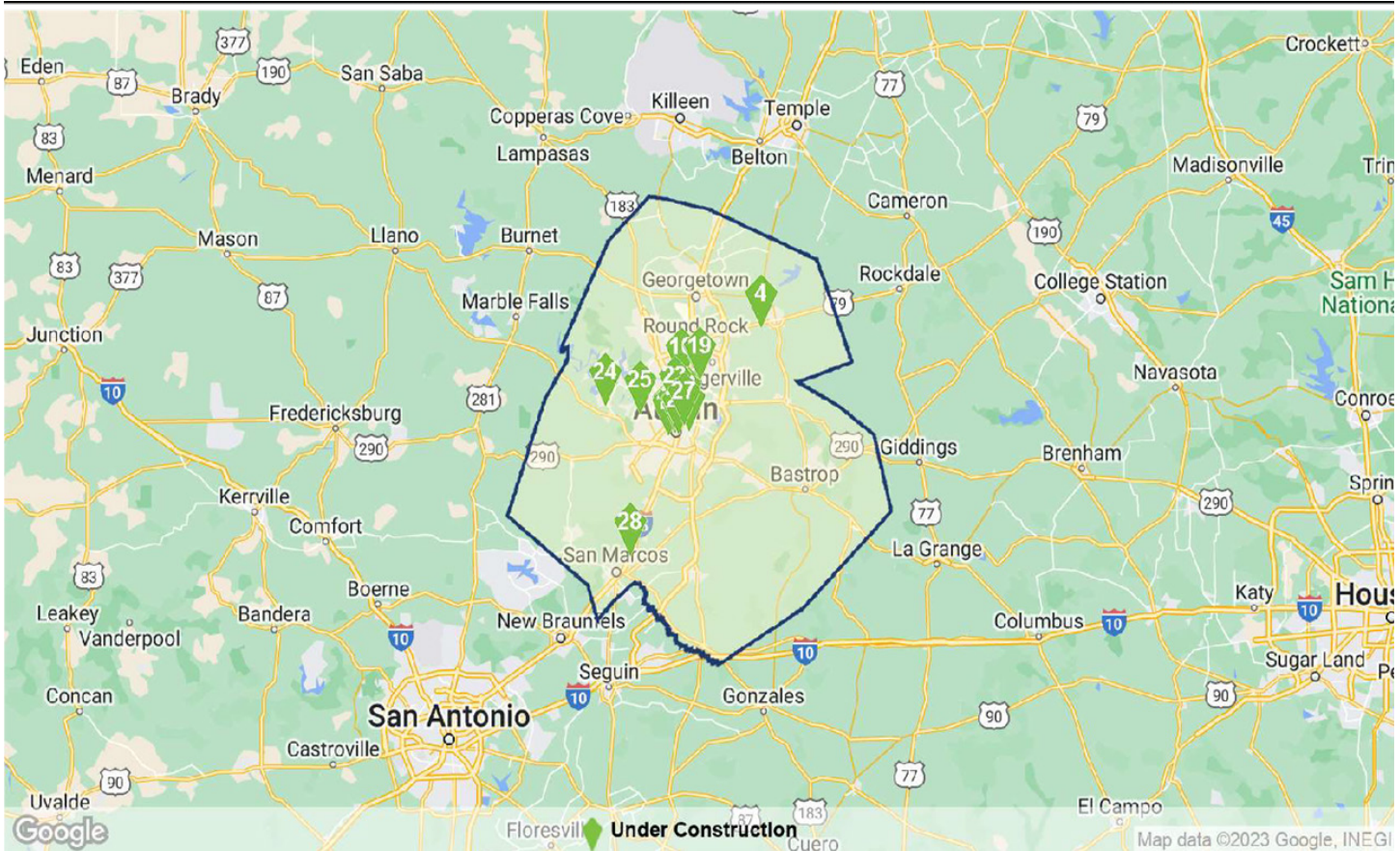
The CBD has seen the bulk of development over the past decade. The three years prior to the pandemic, absorption in the CBD doubled its historical average pace; rents have averaged growth of more than 6% per year; and until 14Q4, no significant supply had been added since the Frost Bank Tower was completed in 2003. There were also minimal availabilities of large blocks of space in premier areas like Downtown and the Domain, which has caused a number of tenants to commit to space early. Other tenants like Atlassian and Oracle have looked beyond traditional office nodes like East Austin and Southeast Austin, opting for cheaper locations that are still close enough to urban nodes. In a tight labor market (with the tech sector boasting an even tighter labor market) such as Austin, companies have been doing all they can to best recruit and retain talent by leasing well-located and highly amenitized offices.

DELIVERIES & DEMOLITIONS



UNDER CONSTRUCTION PROPERTIES

Properties: **99** Square Feet: **8,410,778** Percent of Inventory: **6.4%** Released: **52.3%**



SALES

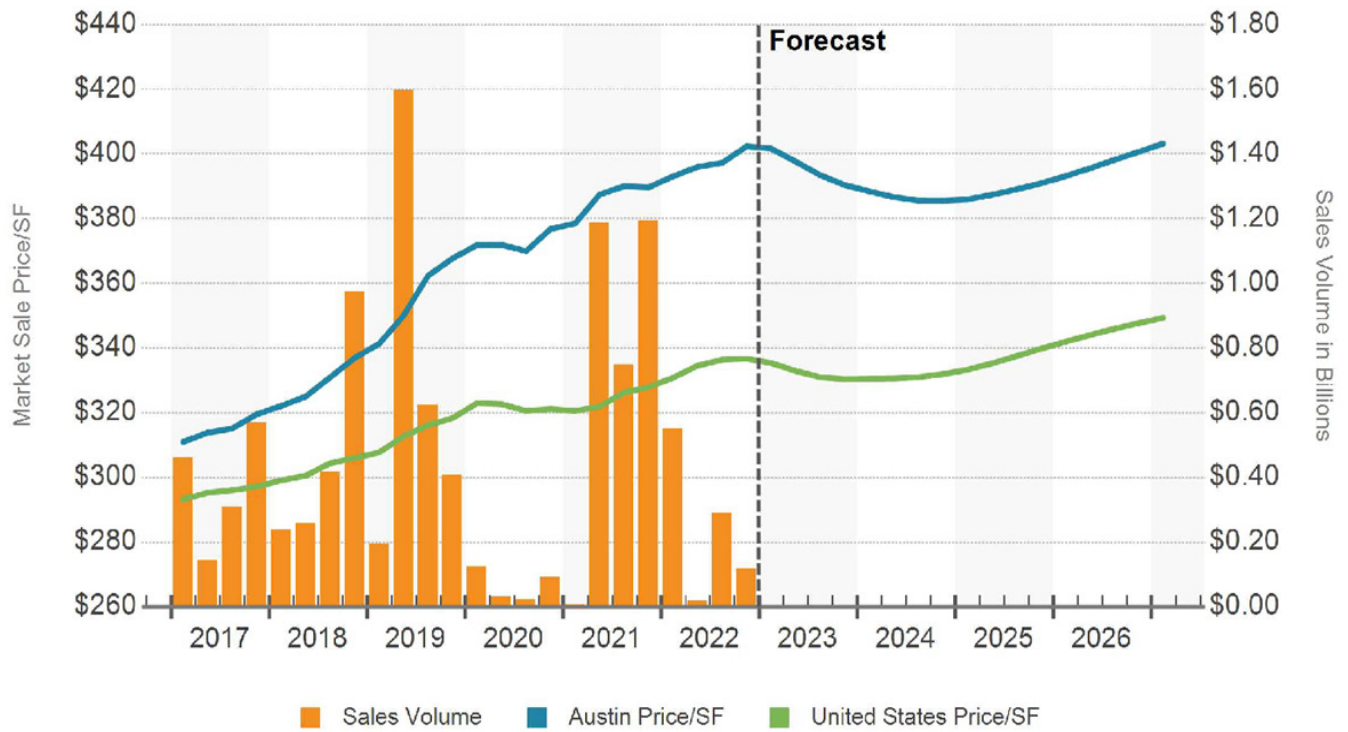
Investor interest from both regional and national buyers continues, making Austin a leading destination for office investments. With an estimated \$4.2 billion worth of sales over the past four quarters, Austin had the 12th- highest transaction volume in the U.S. But volume has slipped below long-term averages over the past two quarters. Total SF sold for 2022 currently measures 6.7 million, 34% lower than 2021's total, and falls 23% short of the 8.7 million SF, 10-year annual average. Deal flow has subsided as both recession fears and costs of capital increase, and leasing activity slows.

Nonetheless, several major institutions have made significant investments in the office market, encouraged by nation-leading net absorption, robust white-collar job growth, and positive, long-term prospects for economic development. Beacon Capital Partners and Transwestern made the biggest splashes on Austin's capital markets over the past 12 months, acquiring 747,000 SF and 588,000 SF worth of properties, respectively, measuring 17% of all SF sold. While Texas-based buyers like Transwestern accounted for 40% of total sales, the majority of SF transacted originated from out-of-state.

The purchase of 600 Congress, the 1984-built, 4 Star property, by the Massachusetts-based Beacon Capital Partners was the largest building acquired during this period, underscoring Austin's place on the national stage.

High-quality, 4 & 5 Star assets have been an investor favorite as of late, accounting for just over half of all building SF sold. These deals were concentrated primarily in the CBD, but Austin's East submarket also captured much attention, highlighted by the sale of Mueller Business District Alpha, Centro Southern and Centro Northern. As tenants have demonstrated a stronger preference for premier office space over the past 18 months, investors are optimistic that high-quality assets in highly amenitized areas will continue to perform well in the longer term.

SALES VOLUME & MARKET SALE PRICE PER SF



SALES PAST 12 MONTHS

Sale Comparables

374

Avg. Cap Rate

6.2%

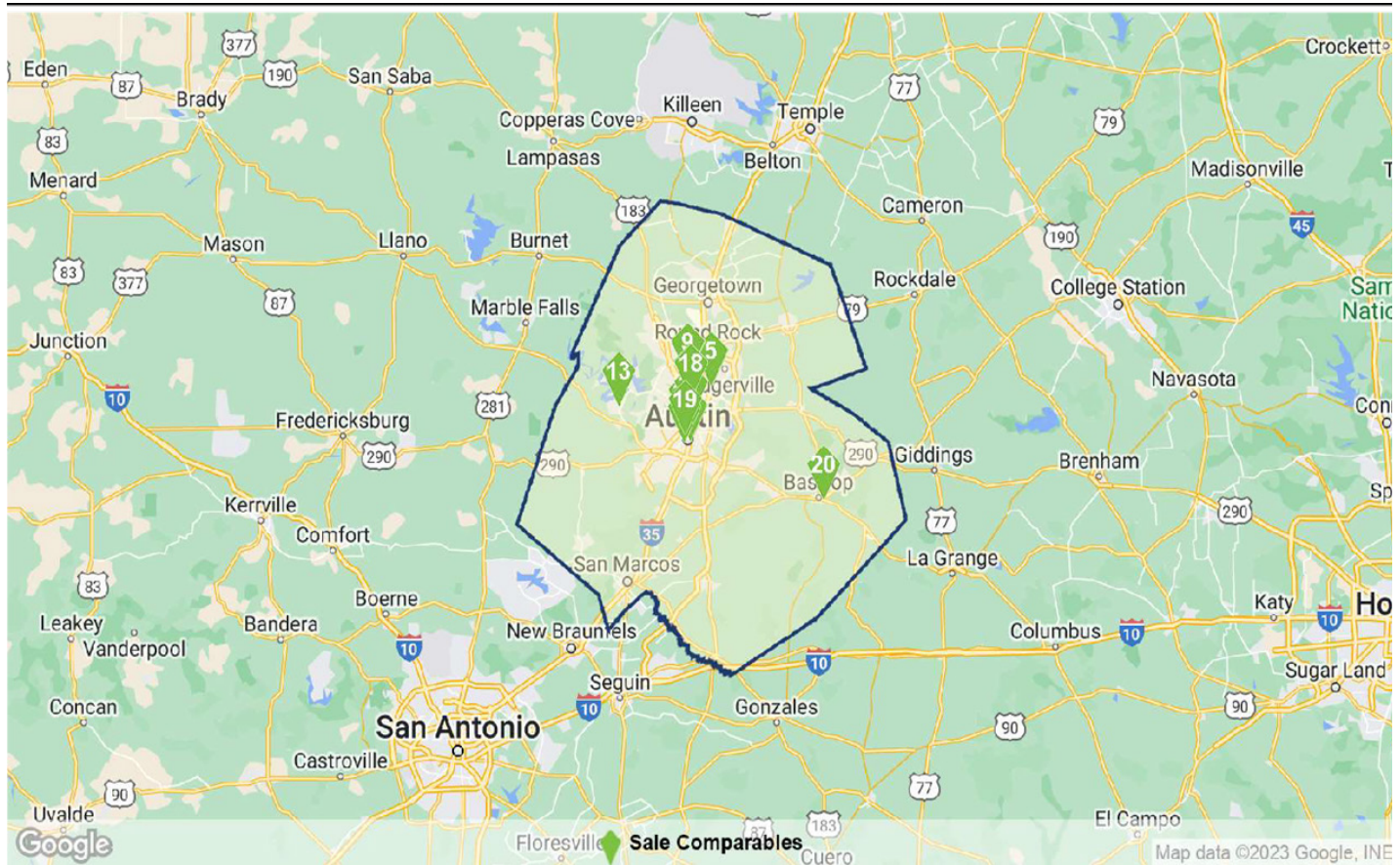
Avg. Price/SF

\$538

Avg. Vacancy At Sale

13.3%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$350,000	\$15,158,040	\$1,650,000	\$123,501,369
Price/SF	\$109	\$538	\$367	\$1,571
Cap Rate	4.4%	6.2%	6.0%	9.3%
Time Since Sale in Months	0.1	6.9	7.1	11.9

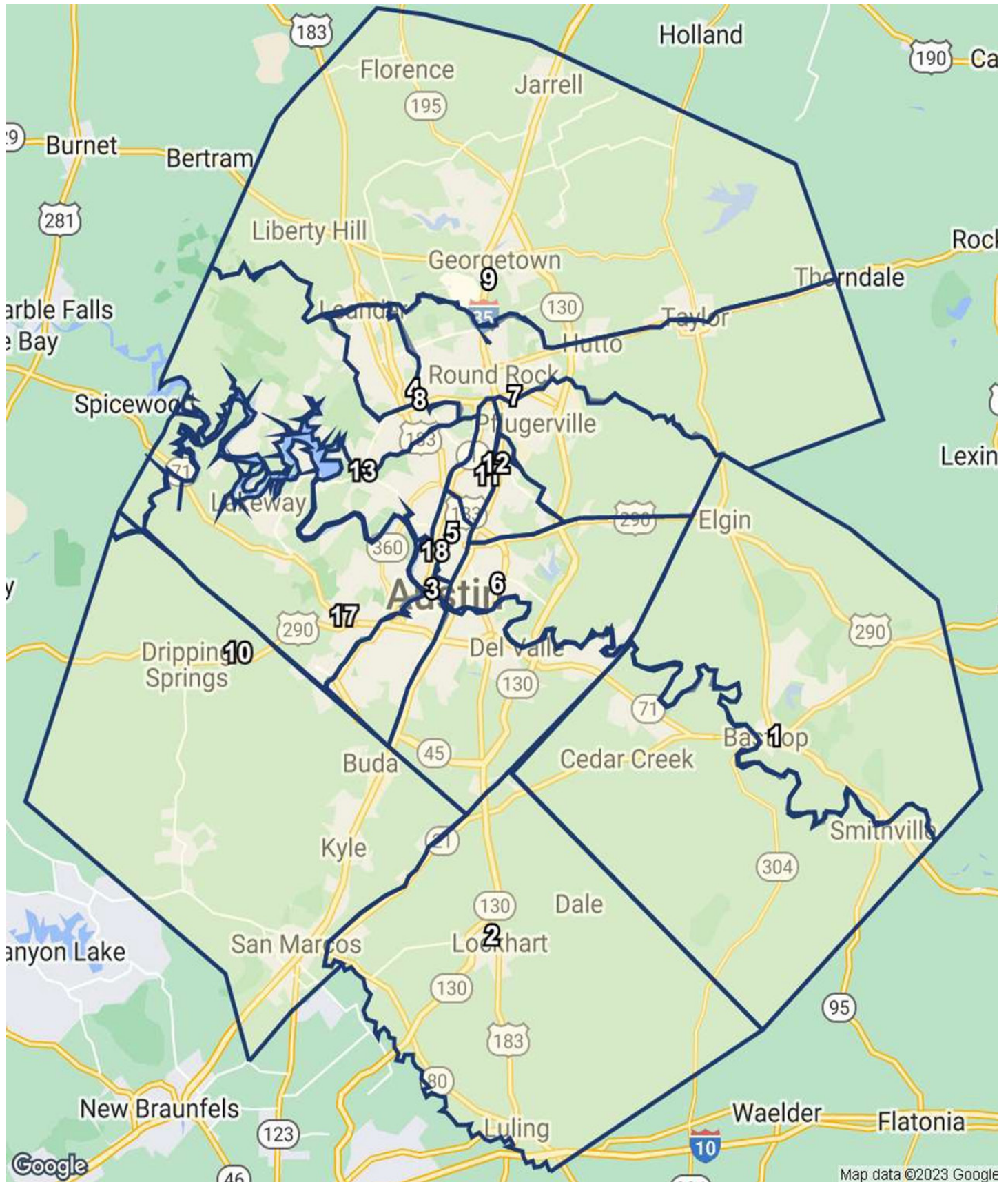
Property Attributes	Low	Average	Median	High
Building SF	684	23,613	5,822	309,883
Stories	1	2	1	25
Typical Floor SF	684	9,481	4,760	66,654
Vacancy Rate At Sale	0%	13.3%	0%	100%
Year Built	1876	1983	1985	2023
Star Rating	★★★★★	★★★★★2.6	★★★★★	★★★★★

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			Cap Rate
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	
1 Foundry II 1600 E 4th St	★★★★★	2021	163,593	0%	8/11/2022	\$123,501,369	\$755	-
2 Waterloo Innovation Cen... 1000 Red River St	★★★★★	1971	198,972	0%	10/4/2022	\$108,000,000	\$543	-
3 Foundry I 310 Comal St	★★★★★	2019	79,603	9.4%	8/11/2022	\$76,498,631	\$961	-
4 Parmer 4.2 13929 Center Lake Dr	★★★★★	2020	112,800	22.8%	1/27/2022	\$74,949,714	\$664	-
5 Parmer 3.4 13011 McCallen Pass	★★★★★	2018	115,821	0%	1/27/2022	\$74,847,053	\$646	-
6 Parmer Riata 1 12535 Riata Vista Cir	★★★★★	1998	92,712	0%	1/27/2022	\$48,550,077	\$524	-
7 Parmer Riata 2 12545 Riata Vista Cir	★★★★★	1998	91,253	0%	1/27/2022	\$45,881,693	\$503	-
8 Parmer Riata 4 12565 Riata Vista Cir	★★★★★	2008	82,000	0%	1/27/2022	\$44,923,426	\$548	-
9 Parmer Riata 3 12555 Riata Vista Cir	★★★★★	1998	93,209	0%	1/27/2022	\$41,099,280	\$441	-
10 Bailey Square 1111 34th St W	★★★★★	1972	70,505	2.7%	2/22/2022	\$24,222,235	\$429	-
11 Congress Square 510 S Congress Ave	★★★★★	1971	43,782	100%	9/28/2022	\$16,090,545	\$368	-
12 Waterford C 9229 Waterford Centre Blvd	★★★★★	1998	57,165	0%	7/20/2022	\$14,125,802	\$247	-
13 Entrance at Lakeway 1 1008 Ranch Road 620 S	★★★★★	2004	28,577	3.0%	3/16/2022	\$9,500,000	\$332	-
14 Waterford A 9120 Burnet Rd	★★★★★	1997	30,340	0%	7/20/2022	\$9,371,506	\$309	-
15 105 W Riverside Dr	★★★★★	1971	25,306	98.4%	9/28/2022	\$9,163,625	\$362	-
16 Bldg H 5555 N Lamar Blvd	★★★★★	1973	18,730	0%	7/20/2022	\$7,079,647	\$378	-
17 Bldg L 5555 N Lamar Blvd	★★★★★	1973	16,619	0%	7/20/2022	\$5,480,606	\$330	-
18 Waterford B 9233 Waterford Centre Blvd	★★★★★	1998	18,195	25.1%	7/20/2022	\$5,372,192	\$295	-
19 Capstar Partners 405 W 14th St	★★★★★	1965	3,056	0%	4/12/2022	\$4,800,000	\$1,571	-
20 3107 Highway 71 E	★★★★★	2009	11,000	0%	3/10/2022	\$4,405,000	\$400	-

AUSTIN MAP

OFFICE SUBMARKETS



SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Bastrop County	119	606	0.5%	17	0	0	0%	-	0	-	-	-
2	Caldwell County	44	171	0.1%	18	1	3	1.8%	14	1	23	13.2%	13
3	CBD	484	22,519	17.2%	1	4	1,304	5.8%	1	7	2,889	12.8%	1
4	Cedar Park	337	3,379	2.6%	12	22	104	3.1%	10	20	295	8.7%	7
5	Central	434	6,772	5.2%	8	0	0	0%	-	1	92	1.4%	11
6	East	398	8,532	6.5%	5	7	751	8.8%	3	14	2,041	23.9%	2
7	Far Northeast	115	1,105	0.8%	16	6	100	9.1%	11	2	20	1.8%	14
8	Far Northwest	214	6,147	4.7%	9	4	795	12.9%	2	7	87	1.4%	12
9	Georgetown	406	2,885	2.2%	14	20	153	5.3%	6	10	151	5.2%	9
10	Hays County	403	3,210	2.5%	13	7	106	3.3%	9	12	148	4.6%	10
11	North/Domain	233	11,239	8.6%	4	2	381	3.4%	4	2	696	6.2%	4
12	Northeast	127	5,659	4.3%	11	0	0	0%	-	4	701	12.4%	3
13	Northwest	477	18,656	14.3%	2	0	0	0%	-	0	-	-	-
14	Round Rock	503	7,430	5.7%	6	7	64	0.9%	12	7	627	8.4%	5
15	South	516	6,971	5.3%	7	2	316	4.5%	5	7	429	6.2%	6
16	Southeast	115	6,094	4.7%	10	2	111	1.8%	8	0	-	-	-
17	Southwest	632	16,753	12.8%	3	4	130	0.8%	7	5	213	1.3%	8
18	West Central	240	2,775	2.1%	15	2	44	1.6%	13	0	-	-	-

SUBMARKET RENT

No.	Market	Gross Asking Rents		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Bastrop County	\$33.18	14	3.6%	2	0.7%	14
2	Caldwell County	\$32.88	16	3.7%	1	-1.5%	16
3	CBD	\$58.17	1	1.7%	16	10.3%	1
4	Cedar Park	\$36.36	10	2.2%	10	1.7%	13
5	Central	\$38.25	9	2.9%	5	2.3%	12
6	East	\$45.71	3	2.0%	12	8.3%	2
7	Far Northeast	\$34.58	13	3.5%	3	-4.9%	18
8	Far Northwest	\$39.70	8	1.8%	14	5.2%	10
9	Georgetown	\$32.83	17	3.3%	4	-1.3%	15
10	Hays County	\$32.52	18	2.6%	7	-1.6%	17
11	North/Domain	\$44.57	4	1.6%	17	6.8%	5
12	Northeast	\$33.17	15	2.2%	11	6.4%	6
13	Northwest	\$41.37	7	1.3%	18	6.4%	7
14	Round Rock	\$35.61	11	1.7%	15	7.6%	4
15	South	\$43.04	6	1.9%	13	6.4%	8
16	Southeast	\$34.91	12	2.4%	8	4.7%	11
17	Southwest	\$44.28	5	2.3%	9	6.4%	9
18	West Central	\$47.35	2	2.7%	6	7.7%	3

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			Constrct. Ratio
		SF	Percent	Rank	SF	% of Inv	Rank	
1	Bastrop County	48,474	8.0%	8	858	0.1%	12	-
2	Caldwell County	1,529	0.9%	1	11,380	6.7%	11	0.3
3	CBD	3,684,560	16.4%	14	490,657	2.2%	3	2.7
4	Cedar Park	144,530	4.3%	3	201,231	6.0%	4	0.4
5	Central	738,993	10.9%	10	97,848	1.4%	7	-
6	East	1,930,213	22.6%	18	527,036	6.2%	2	1.4
7	Far Northeast	78,513	7.1%	4	71,740	6.5%	9	1.2
8	Far Northwest	683,212	11.1%	11	620,617	10.1%	1	1.3
9	Georgetown	221,702	7.7%	6	172,054	6.0%	5	0.8
10	Hays County	256,043	8.0%	7	129,726	4.0%	6	0.8
11	North/Domain	1,506,101	13.4%	12	(119,039)	-1.1%	15	-
12	Northeast	1,147,368	20.3%	17	(486,836)	-8.6%	18	-
13	Northwest	3,691,475	19.8%	16	(148,463)	-0.8%	16	-
14	Round Rock	228,821	3.1%	2	96,214	1.3%	8	0.6
15	South	1,238,001	17.8%	15	(116,912)	-1.7%	14	-
16	Southeast	517,097	8.5%	9	(8,560)	-0.1%	13	-
17	Southwest	2,529,791	15.1%	13	(166,792)	-1.0%	17	-
18	West Central	197,262	7.1%	5	27,201	1.0%	10	0.2

INDUSTRIAL MARKET REPORT

OVERVIEW

12 Mo Deliveries in SF

13.5 M

12 Mo Net Absorption in SF

11 M

Vacancy Rate

5.0%

12 Mo Rent Growth

11.2 %

Fueled by one of the strongest economies in the nation, Austin's industrial market has arguably had one of the best years ever in its history. Despite 13.4 million SF delivering over the past year, vacancies are still well below historic averages. As a result, landlords have pushed rents up by 11.2% since one year ago. With nearly 15.1 million SF underway, or about 11.3% of current inventory, Austin has one of the largest construction pipelines in the country, relative to the market's size.

The pipeline has been inflated by a number of build-to-suits, with the largest project recently delivering, Tesla's Giga-Texas, representing about 4.5 million SF. Other projects, including a 750,000-SF distribution center for Amazon, in addition to the recently completed 4 million-SF project in Pflugerville, Applied Materials, BAE, and Simwon represent other large, fully leased projects underway today. Simwon, a supplier for Tesla, represents the largest ripple-effect of Tesla's move to Austin, but it's likely that the auto-giant will attract more vendors and suppliers to the Austin region. As a result of these headline-grabbing projects, developers have responded with more than 10.4 million SF of available space currently underway. With a low vacancy rate, additional unleased supply would be a welcome change for tenants; however, could be disadvantageous for landlords giving the risk of increased vacancies.

Outside of the Tesla, Amazon, and Samsung headlines, leasing activity has also been robust during the pandemic. Manufacturers, third-party logistics companies, and companies tied to the local homebuilding industry have all expanded rapidly, as consumers continue with strong goods purchasing trends. As a result, the market has absorbed about 11.0 million SF over the past year, one of the highest on record. While some of that is tied to Amazon and Tesla's facilities, the 6 million SF absorbed absent that move would still rank as the highest in Austin's history.

As a smaller industrial market, comparable in size to Hartford, Oklahoma City, and Providence, Rhode Island, investors often have faced challenges transacting in Austin. The market lacks the depth of inventory found in larger buildings, meaning most of what trades tends to be smaller, locally focused product. But given the robust performance, as well as the national headlines the market has garnered over the past few years, investors from around the country have been flooding Austin's industrial market with capital. CoStar's estimated sales volume year to date has reached \$1.1 billion, on pace to surpass the \$1.2 billion worth of sales closed in 2019.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	84,163,502	5.7%	\$12.68	16.6%	(56,889)	286,121	13,019,971
Specialized Industrial	25,800,882	2.8%	\$14.62	2.7%	30,368	0	1,727,235
Flex	23,643,588	5.1%	\$16.99	7.2%	(50,029)	0	336,880
Market	133,607,972	5.0%	\$13.73	12.5%	(76,550)	286,121	15,084,086

Annual Trends	12 Month	Historical Avg.	Forecast Avg.	Peak	When	Trough	When
Vacancy Change (YOY)	1.4%	8.4%	7.2%	14.6%	2003 Q3	3.2%	2022 Q1
Net Absorption SF	11M	2,420,537	4,505,928	16,191,215	2022 Q2	(2,923,524)	2002 Q2
Deliveries SF	13.5M	2,695,554	6,210,303	14,685,940	2022 Q2	171,037	2011 Q2
Rent Growth	11.2%	3.3%	2.2%	11.8%	2022 Q3	-9.6%	2003 Q3
Sales Volume	\$48.4M	\$199.7M	N/A	\$683.3M	2019 Q4	\$12.3M	2009 Q4

LEASING

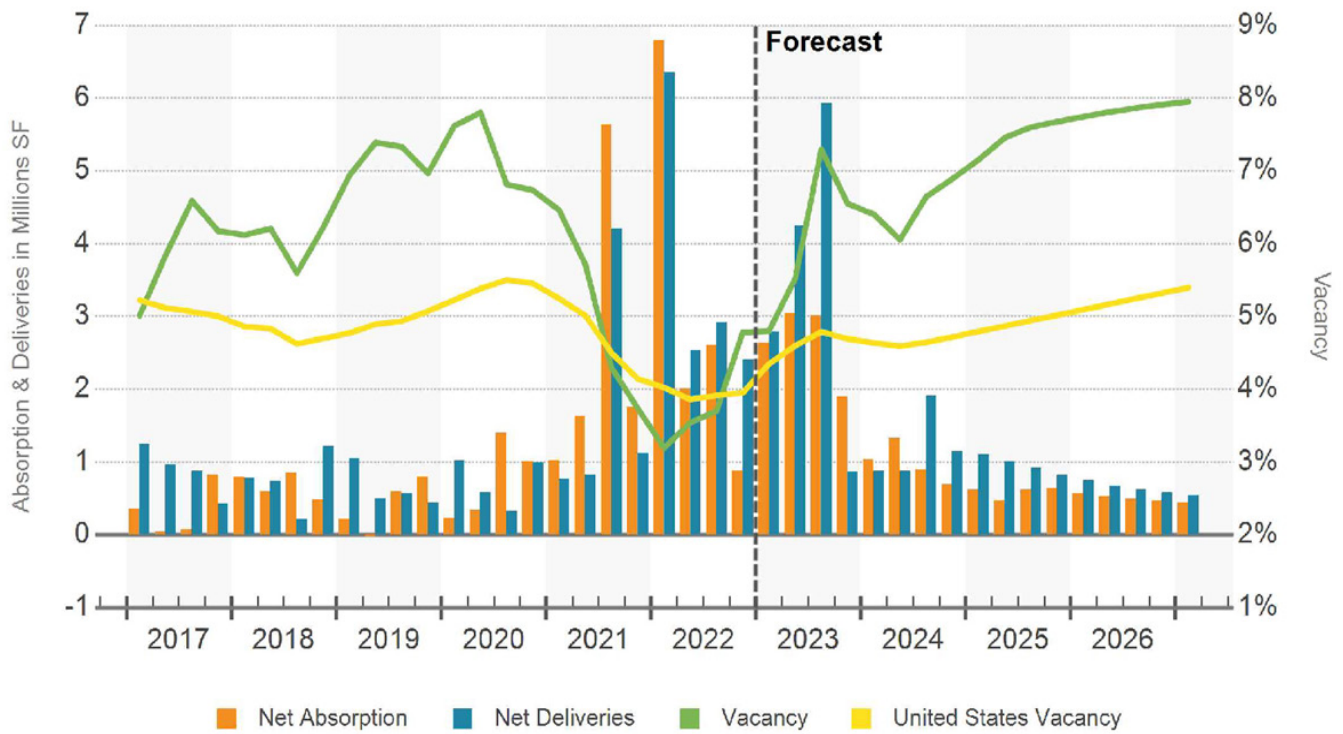
As a smaller metro, Austin's industrial growth is typically more dependent on local economic growth for improving fundamentals. Much of the demand over the past few years has been driven by locally oriented firms like Elliott Electrical Supply and Tri Supply, but that trend is gradually shifting thanks to substantial leases signed by national companies like Three Way Logistics and Costco.

Austin is seeing additional demand build as a result of the new Tesla Gigafactory. The automaker has publicly said that it wants to source as many parts locally as possible, which has already prompted suppliers and vendors to set up shop near the roughly 4.5 million-SF factory that recently opened near the airport along TX-130. Simwon, an automotive parts supplier for Tesla's Fremont, CA plant, launched a 500,000 SF facility in Kyle, just south of Austin. Hardware companies like Samsung and AMD are also expanding in Austin, driven by the automotive sector and Austin's deep experience in semiconductor manufacturing. With Toyota's truck plant located just down I-35 in San Antonio, it's possible that Central Texas could become a new haven for auto manufacturing, creating a center of gravity for the industry that may attract others to the region. Efforts by Tesla and the Austin Community College system, as well as local high schools, have established new programs to support the growing need for workers in this burgeoning industry.

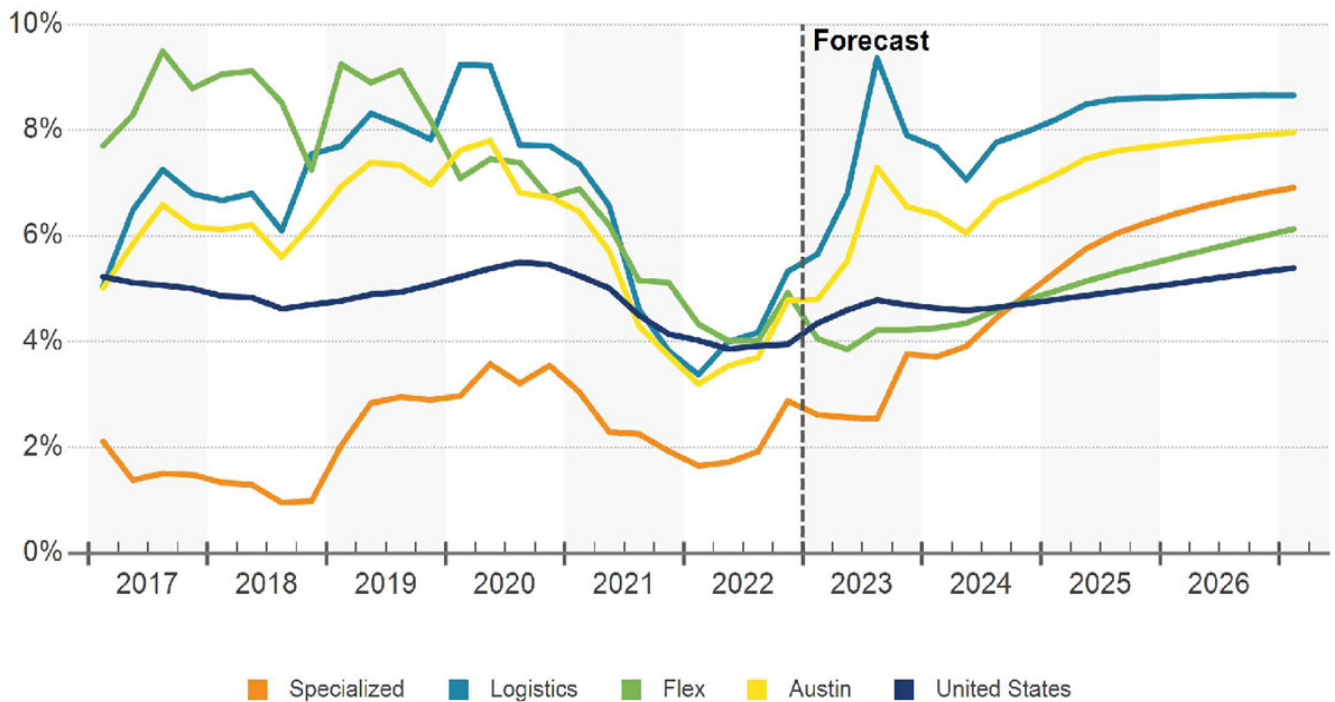
Developers are well aware of Austin's robust economic performance to date and have been reacting. Over the past year, roughly 13.4 million SF have delivered, and inventory has expanded by 28% since 2017, one of the fastest rates among major markets in the U.S. Strong rent growth has certainly given developers confidence - rents are up by more than 37.5% over the same period.

Despite having easy access to I-35, which cuts right through downtown, and being within 250 miles of four Texas ports (Houston, Beaumont, Corpus Christi, and Texas City), Austin doesn't compete significantly with other Texas metros for distribution demand. Well-established Texas distribution hubs like Laredo, which sits on the Texas-Mexico border, and Dallas-Fort Worth, which has multiple interstates and rail lines running through its center, have attracted much more attention. Along with limited interstate access, Austin's distribution infrastructure consists of one cargo airport and rail access via the Union Pacific Railroad. While the market lacks the infrastructure for national distribution, Austin does well by catering to the growing population and local technology market.

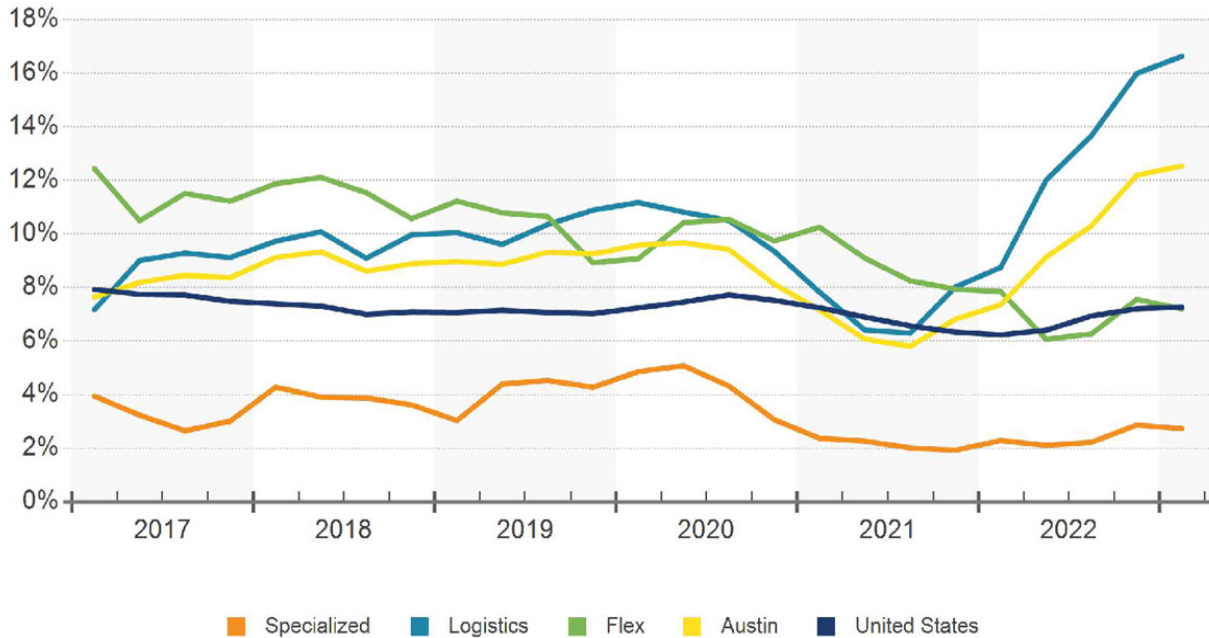
NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS

Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				12 Month
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Tesla Gigafactory Austin	East Ind	4,542,562	0	0	0	0	0	3,734,994
Amazon Sat6	Hays County Ind	767,000	0	0	0	0	0	630,644
Applied Materials Logistics Cent..	Northeast Ind	725,000	0	0	0	0	0	596,110
Plum Creek Industrial Center	Hays County Ind	491,651	0	0	0	0	0	491,651
Parmer Business Park	Northeast Ind	396,000	0	0	0	0	0	396,000
Building 4	East Ind	319,535	0	0	0	0	0	319,535
Gateway35 Building 1	Georgetown Ind	294,297	0	0	0	0	0	294,297
Buda Midway	Hays County Ind	244,285	0	0	0	0	0	244,285
3033 Airport Rd	Georgetown Ind	230,000	0	0	0	0	0	230,000
Texas Outdoor Power Equipment	Georgetown Ind	224,915	0	0	0	0	0	224,915
Sector 7	Far Northwest Ind	210,385	0	0	0	0	0	210,385
Building 2	Northeast Ind	202,165	0	0	0	0	0	202,165
Innovation Business Park (1)	Georgetown Ind	196,128	0	0	0	0	0	196,128
Innovation Business Park (2)	Georgetown Ind	196,000	0	0	0	0	0	196,000
Crossroads Logistics Center 3	Far Northeast Ind	181,440	0	0	0	0	0	181,440
Crossroads Logistics Center 2	Far Northeast Ind	181,440	0	0	0	0	0	181,440
UpLift Desk	Northeast Ind	178,875	0	0	0	0	0	178,875
Subtotal Primary Competitors		9,581,678	0	0	0	0	0	8,508,864
Remaining Houston Market		124,026,294	6,738,094	(76,550)	0	0	0	2,490,723
Total Houston Market		133,607,972	6,738,094	(76,550)	0	0	0	10,999,587

TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
110 SE Interloop Rd	Georgetown	449,642	Q3 22	GAF Energy	CBRE	Partners
320 Deep Roots Dr	Hays County	244,085	Q3 22	Four Hands	-	AQUILA Commercial
109 Velocity Dr	Georgetown	189,280	Q4 22	Valex	-	-
Parmer Lane & US 290	Far Northeast	181,440	Q3 22	CASS, Inc.	-	HPI Real Estate Servic...
Parmer Lane & US 290	Far Northeast	181,440	Q3 22	Ultra Clean Technology S...	-	HPI Real Estate Servic...
3100 E Pecan St	Far Northeast	170,100	Q4 22	Applied Materials	-	Stream Realty Partners...
3212 E Pecan St	Far Northeast	170,000	Q3 22	-	-	Stream Realty Partners...
FM 2720 & US 130	Caldwell County	167,794	Q4 22	-	-	AQUILA Commercial
Hwy 183 & Burleson Rd	Southeast	154,786	Q1 22	American Canning LLC	CBRE	CBRE
1070 New Technology Blvd	Georgetown	142,667	Q3 22	DB Schenker	JLL	AQUILA Commercial
12521 Harris Branch Pky *	Far Northeast	134,400	Q2 22	3-Way Logistics	-	-
15825 Impact Way	Far Northeast	118,132	Q1 22	REE Automotive	-	JLL
250 Deep Roots Dr	Hays County	115,000	Q3 22	Four Hands	-	AQUILA Commercial
6301 E Stassney Ln	Southeast	109,203	Q2 22	Bosworth Papers	-	CBRE
3300 E Pecan St	Far Northeast	102,060	Q2 22	-	-	Stream Realty Partners...
11708 McAngus Rd	Southeast	99,000	Q3 22	PODS	-	Stream Realty Partners...
1051 New Technology Blvd	Georgetown	87,360	Q2 22	Ovivo	-	AQUILA Commercial
100 Velocity Dr	Georgetown	86,339	Q4 22	-	-	AQUILA Commercial
15500 Wells Port Dr	North	84,678	Q1 22	-	-	JLL
328 Barnes Dr	Hays County	81,799	Q4 22	Deming Designs	-	Live Oak
1551 Clovis R Barker Rd	Hays County	77,703	Q1 22	Century HVAC	-	-
170 Deep Roots Dr	Hays County	76,250	Q3 22	Sherri Hill	Stream Realty Partn...	AQUILA Commercial
201 Velocity Dr	Georgetown	71,978	Q3 22	Texas Speed and Perform...	-	AQUILA Commercial
2401 Ferguson Ln	Northeast	70,121	Q2 22	Kroger	-	JLL
3300 E Pecan St	Far Northeast	68,040	Q4 22	EOS	-	Ironwood Realty Partne...
116 E Old Settlers Blvd	Round Rock	65,219	Q3 22	Thermo Fisher Scientific	-	-
1551 Clovis R Barker Rd	Hays County	62,194	Q1 22	-	-	Bearden Investments
1200 BMC Dr	Cedar Park	61,257	Q2 22	-	-	AQUILA Commercial
4045 Airport Rd	Georgetown	58,312	Q3 22	Onx Homes	-	Cantera Real Estate Gr...
10611 N I-35	Northeast	57,691	Q3 22	Hail Specialists	-	CBRE
120 E Old Settlers Blvd	Round Rock	56,721	Q1 22	Valex	-	JLL
15601 Long Vista Dr	North	55,800	Q1 22	TForce Logistics	-	HPI Real Estate Servic...
1100 E Howard Ln	Far Northeast	54,460	Q3 22	AIT Worldwide Logistics	-	HPI Real Estate Servic...
334 Warehouse Dr	Hays County	53,490	Q3 22	Interior Logic Group	-	Centric Commercial
1070 New Technology Blvd	Georgetown	53,461	Q3 22	Barnsco	JLL	AQUILA Commercial
16931 N IH 35 Frontage Rd	Hays County	53,232	Q4 22	-	-	Transwestern Real Est...
301 Vista Ridge Dr	Hays County	50,000	Q3 22	Redbird Flight	-	HPI Real Estate Servic...
Heatherwilde and SH 45	Far Northeast	48,719	Q3 22	Wilsonart	-	Live Oak
Heatherwilde and SH 45	Far Northeast	47,965	Q2 22	Johnstone Supply	-	Live Oak
6320 E Stassney Ln	Southeast	47,456	Q1 22	Dakota Hardwoods	-	HPI Real Estate Servic...

Renewal

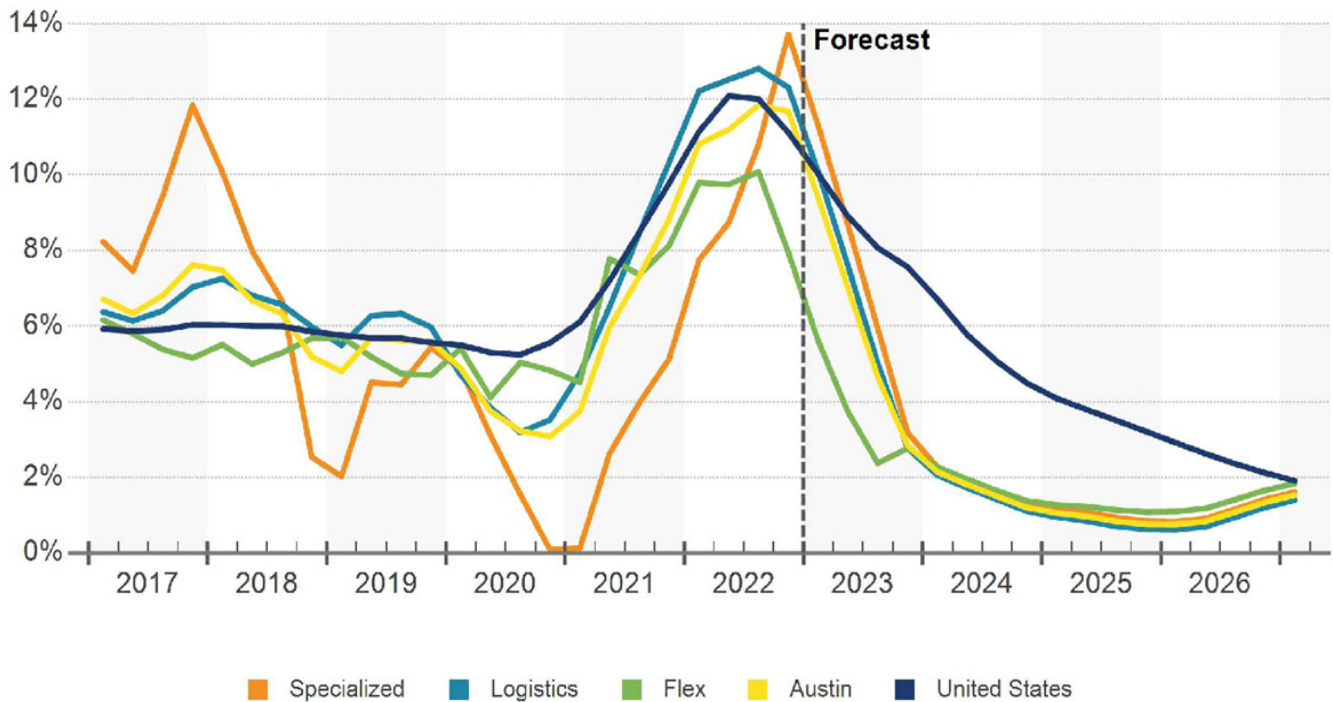
RENT

In spite of the market's strong performance during the pandemic, rent growth only recently caught up to the national average. The shift towards e-commerce, as well as the newfound institutionality of the property type has led landlords nationwide to feel confident in recent years. Given the continued shift towards e-commerce that is already occurred during the pandemic, demand and rent growth could see a strong bounce back during the recovery, perhaps outperforming the baseline forecast.

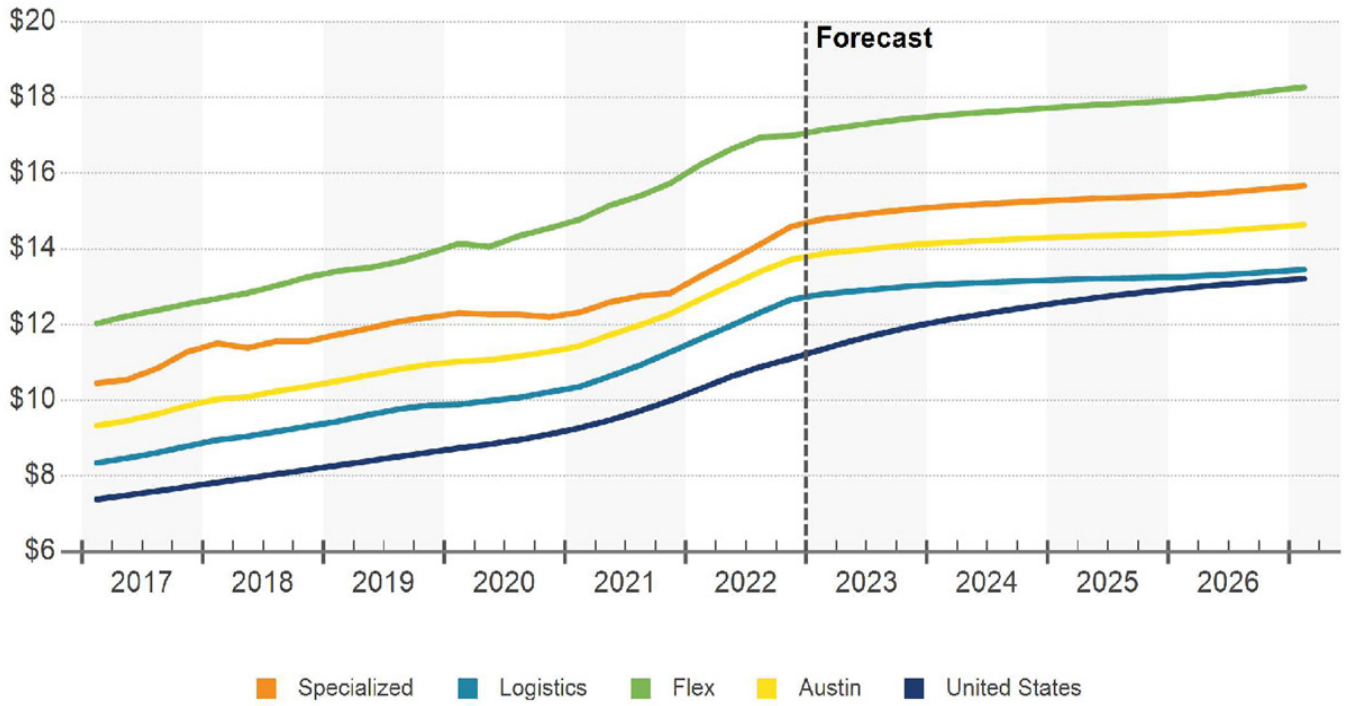
For landlords, today's strong rent growth are a "best-case scenario." Austin's economy has recovered at one of the fastest rates nationally,

and more companies and people continue to move to Texas' capital city. The lone risk stems from Austin's construction pipeline. As a smaller market, vacancies can be more volatile, which presents downside risk to the outlook here. The more than 10.4 million SF of available space currently underway represents the largest unleased pipeline in Austin's history and could cause vacancies to rise more than anticipated. If that occurs, landlords may pull back on rent hikes.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FOOT



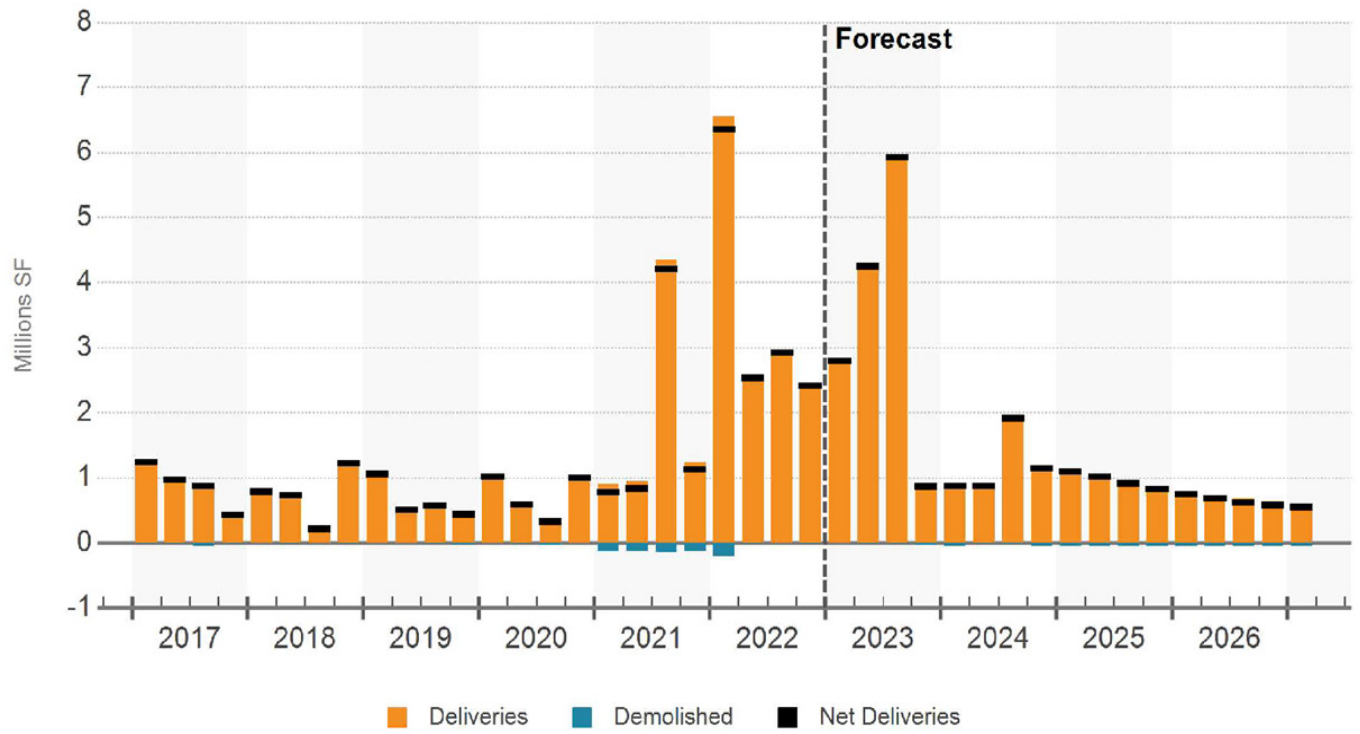
CONSTRUCTION

Over the past five years, developers responded to a tight industrial market by bringing roughly 30.6 million SF to the market. Most of the new product has been smaller; in fact, about a third of the square footage delivered since then has been in properties smaller than 100,000 SF, and 16 properties built since then have been over 200,000 SF. That speaks to the local nature of the distribution product in Austin: This isn't a market that typically sees 40-plus-foot clear height distribution centers that dot the landscape of nearby Dallas-Fort Worth. Most of the product is a mix of showroom, flex R&D, and distribution, often located either near the airport or in Austin's northern suburbs.

Austin's inventory recently grew by about 7% from two projects: Tesla's 4.5 million-SF manufacturing site near the airport as well as Amazon's nearly 3.8 million SF project in Pflugerville. The Amazon project is the company's first large distribution center in Central Texas since it built its first in San Marcos in 2016, and the company recently completed another San Marcos facility, amounting to more than 750,000 SF.

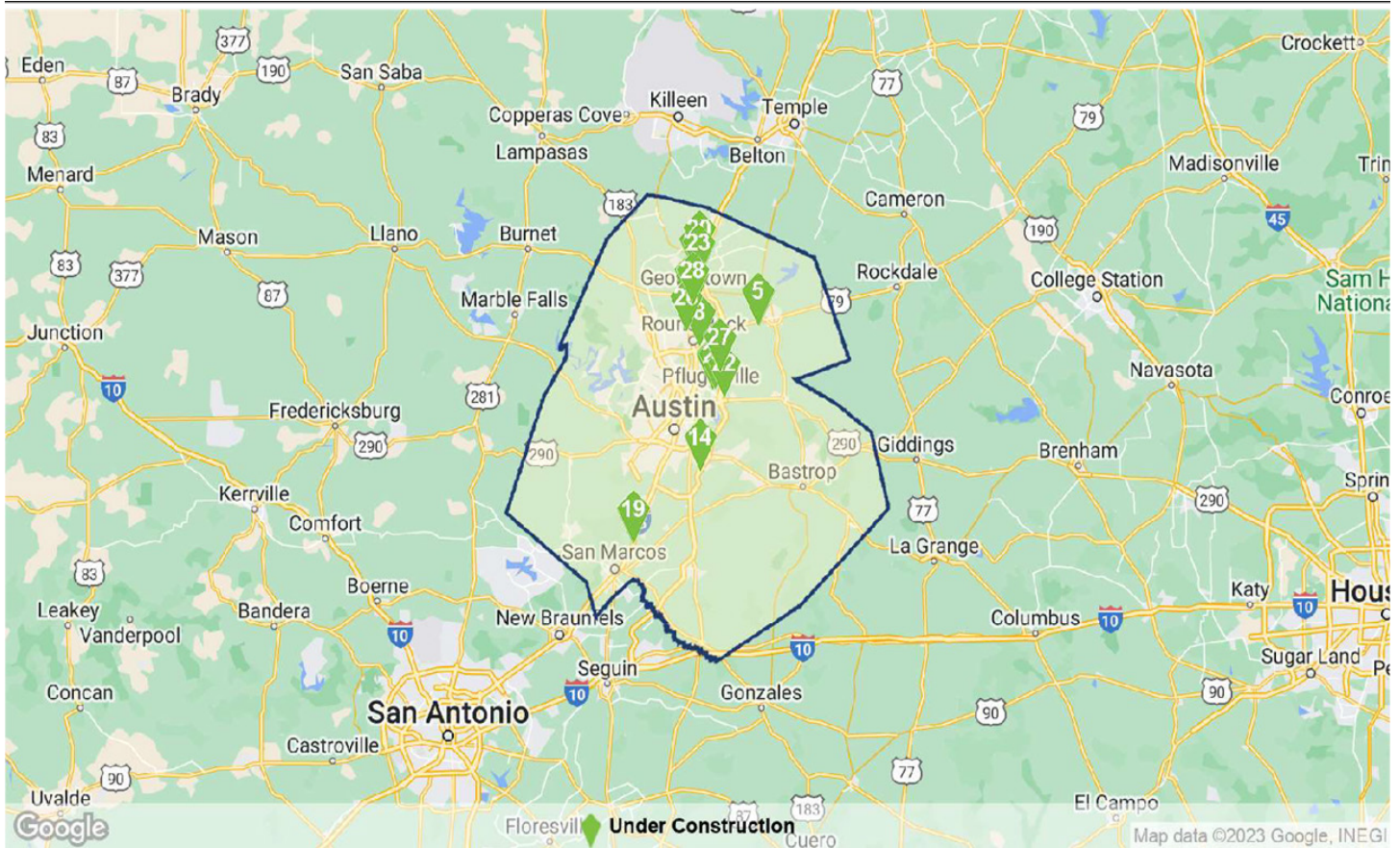
Of the roughly 8 million SF underway outside of the two Amazon properties and the Tesla Giga Factory, most are smaller projects. Indeed, only seven projects are over 200,000 SF, five of which are entirely preleased. While Austin's industrial leasing velocity has been robust through the pandemic, the supply pipeline outside of the major projects remains unleased (about 3 million SF remains available for lease), presenting some potential downside risk to the outlook.

DELIVERIES & DEMOLITIONS



UNDER CONSTRUCTION PROPERTIES

Properties: **156** Square Feet: **15,084,086** Percent of Inventory: **13.7%** Released: **33.8%**



SALES

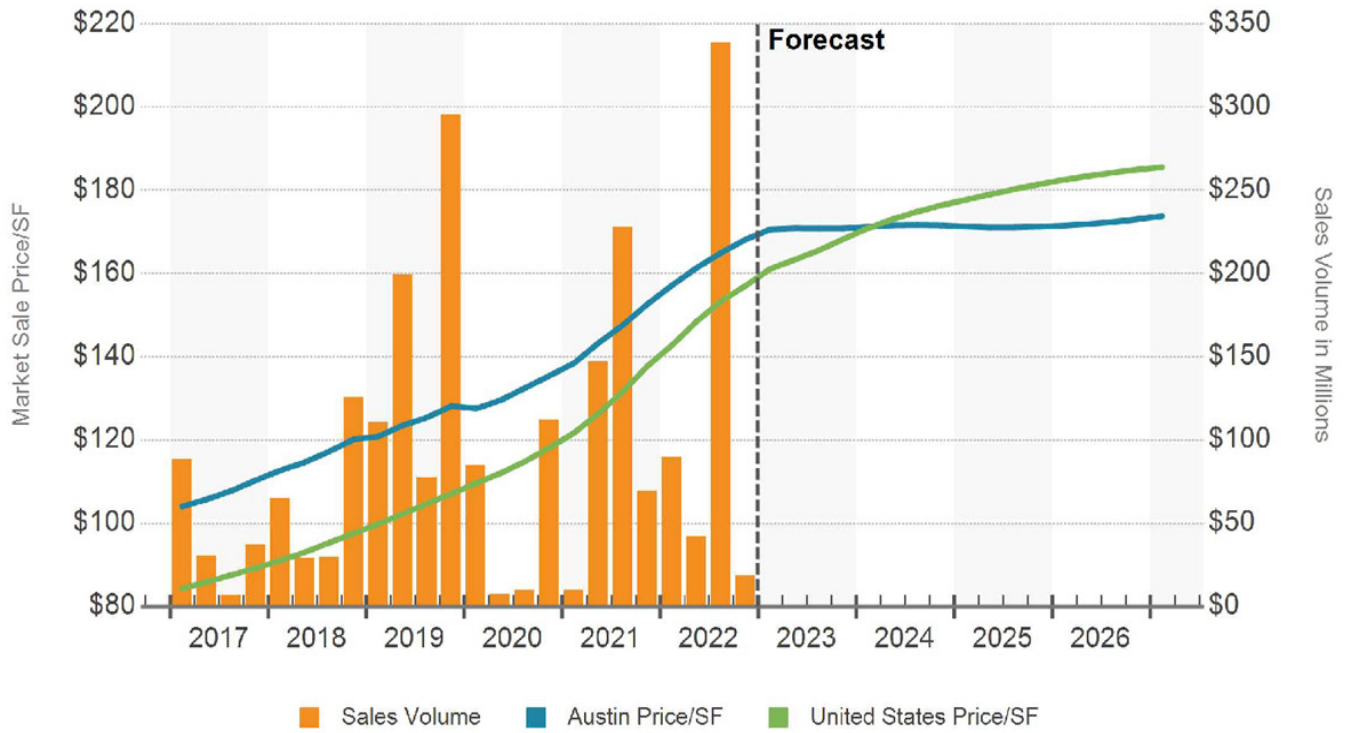
Investors have shown continued interest in Austin's fast-growing industrial market following a strong economic performance and promising growth outlooks. Year to date, nominal sales volume reached \$474.1 million and continue to surpass long-term averages. Both national and international investors have seen headlines highlighting Austin's historically low vacancies and high-profile corporate relocations, and have subsequently deployed capital into more than 6.3 million SF of Austin assets this year. That is on pace to surpass the 10-year average of 6.9 million SF per year. As a non-disclosure state, unreported sale prices are difficult to uncover in Texas, but CoStar estimates 2022 sales volume is north of \$1.1 billion, slightly off the pace from 2021's \$1.45 billion total estimated sales volume.

Over the past year, properties sold in the Hays County & Georgetown submarkets accounted for nearly half of all sales over the past year with Hays County taking the top spot at 24% and Georgetown closely trailing with 23%.

The high concentration of sales in these northern and southern suburban areas closely mirrors the interest developers have demonstrated in these areas, as they are also the second- and third-most active submarkets in terms of total SF under construction.

Underscoring this trend was the sale of the 294,000-SF, Gateway35 Commerce Center Building 1, in Georgetown, which was the largest property sold over the past year. The recently completed development is fully leased to the electrical circuit manufacturer, CelLink, and was acquired by the Utah-based, Property Reserve Inc. for an undisclosed price.

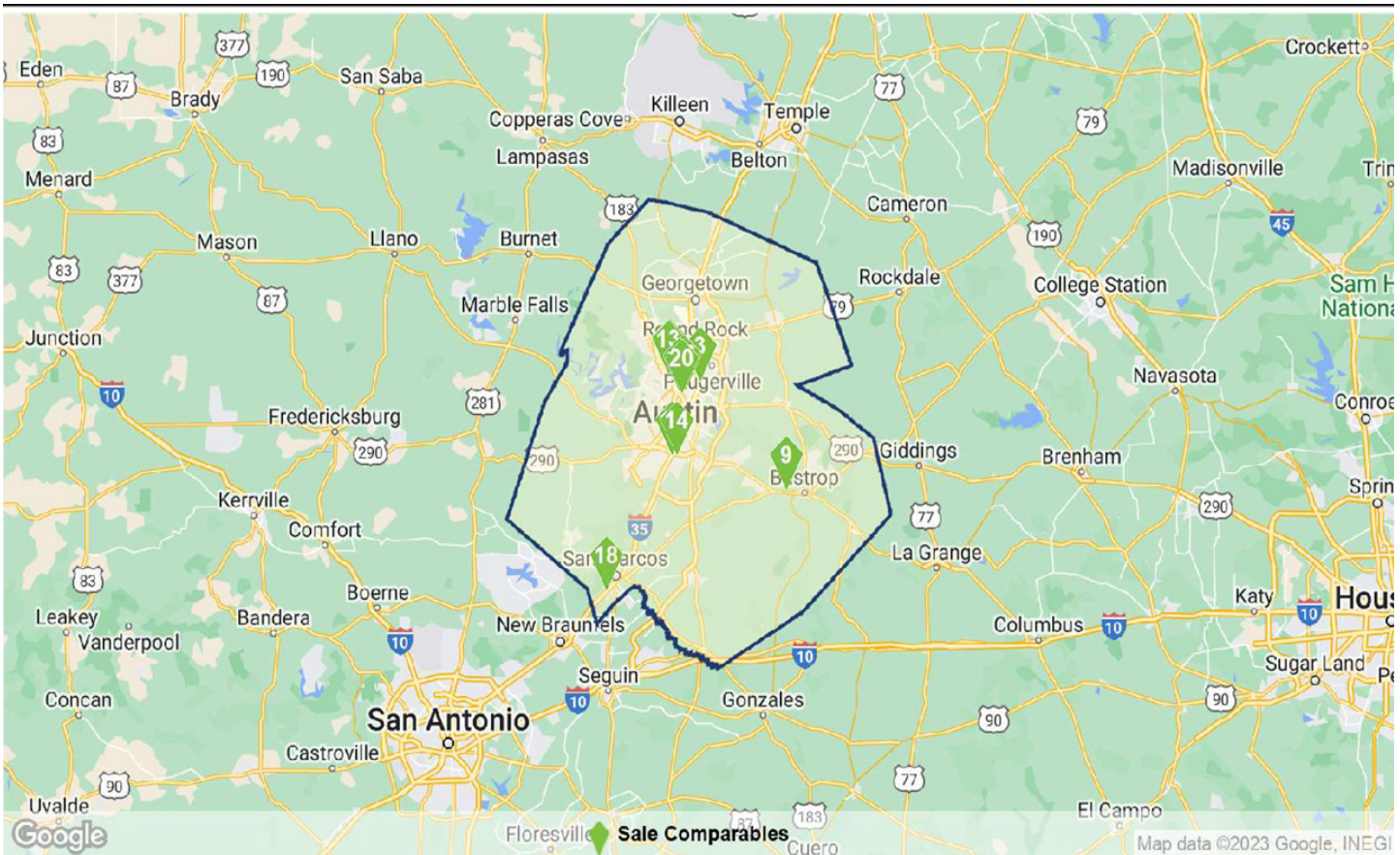
SALES VOLUME & MARKET SALE PRICE PER SF



SALES PAST 12 MONTHS

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
266	6.0%	\$202	9.1%

SALE COMPARABLE LOCATIONS



KEY INDICATORS

Sales Attributes	Low	Average	Median	High
Sale Price	\$275,000	\$6,429,883	\$4,490,000	\$40,820,169
Price/SF	\$80	\$202	\$226	\$4,391
Cap Rate	4.6%	6.0%	6.0%	6.5%
Time Since Sale in Months	0.2	6.2	5.9	12.0

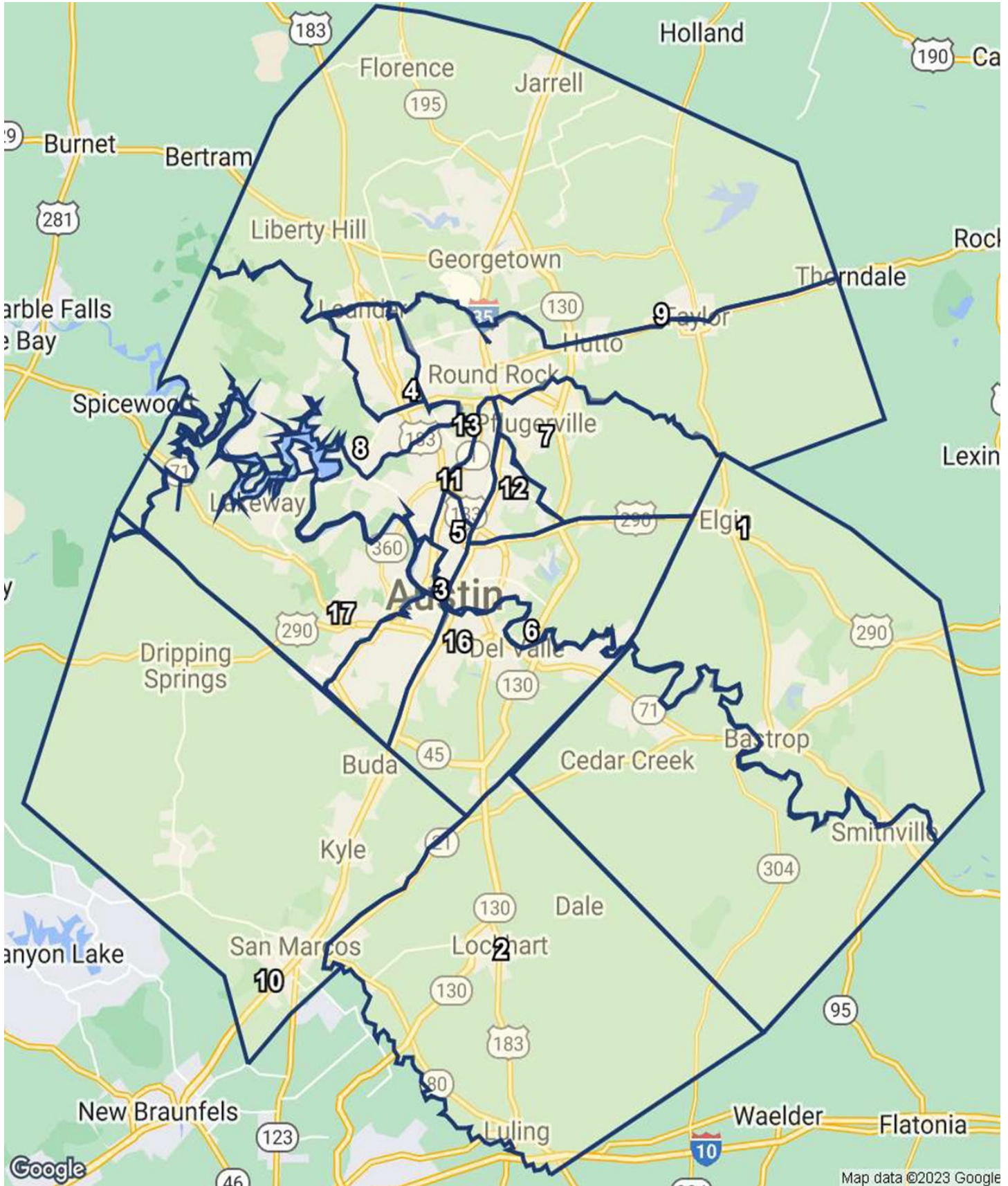
Property Attributes	Low	Average	Median	High
Building SF	928	31,474	11,376	500,000
Ceiling Height	6'	19'	18'	36'
Docks	0	6	1	89
Vacancy Rate At Sale	0%	9.1%	0%	100%
Year Built	1925	1993	1988	2023
Star Rating	★★★★★	★★★★★ 2.4	★★★★★	★★★★★

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Parmer 7.2 507 E Howard Ln	★★★★★	2019	131,425	0%	1/27/2022	\$40,820,169	\$311	-
2 McNeil 1 12317 Technology Blvd	★★★★★	1979	244,390	0%	7/20/2022	\$32,021,937	\$131	-
3 Parmer 7.1 507 E Howard Ln	★★★★★	2019	91,711	0%	1/27/2022	\$29,328,588	\$320	-
4 McKalla 2 2500 McHale Ct	★★★★★	1980	124,200	0%	7/20/2022	\$15,671,525	\$126	-
5 McNeil 4 12112 Technology Blvd	★★★★★	1983	42,958	0%	7/20/2022	\$14,630,014	\$341	-
6 Braker H 11209 Metric Blvd	★★★★★	1985	90,374	6.0%	7/20/2022	\$14,453,109	\$160	-
7 McNeil 5 12212 Technology Blvd	★★★★★	1983	40,894	0%	7/20/2022	\$14,427,752	\$353	-
8 McNeil 9 12303 Technology Blvd	★★★★★	1985	79,994	0%	7/20/2022	\$13,014,971	\$163	-
9 Texas Original 176 FM 969	★★★★★	2023	85,000	0%	6/14/2022	\$12,000,000	\$141	-
10 Braker C 1807 W Braker Ln	★★★★★	1985	72,250	0%	7/20/2022	\$11,622,778	\$161	-
11 Southpark N 4150 Freidrich Ln	★★★★★	1984	46,000	9.6%	7/20/2022	\$11,468,176	\$249	-
12 Southpark K 4175 Freidrich Ln	★★★★★	1981	49,520	0%	7/20/2022	\$11,330,455	\$229	-
13 McNeil 3 12201 Technology Blvd	★★★★★	1981	68,400	0%	7/20/2022	\$10,793,957	\$158	-
14 MoPac 4 3800 Drossett Dr	★★★★★	1984	81,218	0%	7/20/2022	\$10,447,337	\$129	-
15 McKalla 4 2601 McHale Ct	★★★★★	1985	59,606	0%	7/20/2022	\$9,418,992	\$158	-
16 Braker 5 2111 Braker Ln	★★★★★	1983	56,596	0%	7/20/2022	\$9,348,098	\$165	-
17 Rutland 14 2112 Rutland Dr	★★★★★	1985	61,247	7.8%	7/20/2022	\$9,109,075	\$149	-
18 2809 S Interstate 35	★★★★★	1978	84,386	0%	9/14/2022	\$8,738,106	\$104	6.0%
19 McKalla 3 2600 Mchale Ct	★★★★★	1985	53,480	9.1%	7/20/2022	\$8,677,262	\$162	-
20 Rutland 12 2020 Rutland Dr	★★★★★	1984	59,720	0%	7/20/2022	\$8,618,361	\$144	-

AUSTIN MAP

INDUSTRIAL SUBMARKETS



SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Bastrop County	119	1,482	1.1%	15	0	0	0%	-	2	105	7.1%	9
2	Caldwell County	72	806	0.6%	16	0	0	0%	-	2	322	40.0%	6
3	CBD	8	98	0.1%	18	0	0	0%	-	0	-	-	-
4	Cedar Park	188	3,228	2.4%	12	9	79	2.4%	11	9	128	4.0%	8
5	Central	144	2,189	1.6%	13	0	0	0%	-	0	-	-	-
6	East	385	12,321	9.2%	5	4	4,163	33.8%	1	4	146	1.2%	7
7	Far Northeast	351	11,869	8.9%	6	13	1,140	9.6%	5	17	1,870	15.8%	4
8	Far Northwest	127	1,828	1.4%	14	4	236	12.9%	8	1	51	2.8%	11
9	Georgetown	569	11,204	8.4%	7	27	2,271	20.3%	3	42	4,211	37.6%	1
10	Hays County	682	14,783	11.1%	4	27	2,596	17.6%	2	36	2,838	19.2%	3
11	North/Domain	707	17,786	13.3%	2	3	81	0.5%	10	1	8	0%	14
12	Northeast	335	17,053	12.8%	3	7	1,567	9.2%	4	3	103	0.6%	10
13	Northwest	58	4,055	3.0%	11	0	0	0%	-	0	-	-	-
14	Round Rock	350	7,450	5.6%	8	9	464	6.2%	7	13	3,449	46.3%	2
15	South	310	4,287	3.2%	10	0	0	0%	-	1	24	0.6%	12
16	Southeast	418	18,447	13.8%	1	6	758	4.1%	6	24	1,818	9.9%	5
17	Southwest	219	4,616	3.5%	9	7	190	4.1%	9	1	10	0.2%	13
18	West Central	14	108	0.1%	17	0	0	0%	-	0	-	-	-

SUBMARKET RENT

No.	Market	Gross Asking Rents		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Austin County	\$11.05	18	10.7%	10	-0.1%	18
2	CBD-NW Inner Loop	\$11.05	17	11.1%	7	2.9%	7
3	Downtown Houston	\$23.86	1	7.2%	18	8.3%	1
4	East I-10 Outer Loop	\$16.61	5	9.3%	14	1.1%	17
5	East-Southeast Far	\$16.78	4	8.3%	17	2.3%	13
6	Hwy 290/Tomball Pky	\$15.05	9	10.9%	8	2.4%	11
7	Hwy 59/Hwy 90 (Alt)	\$12.47	14	12.7%	1	2.3%	14
8	Liberty County	\$17.37	3	9.1%	15	3.1%	6
9	North Fwy/Tomball Pky	\$11.23	16	11.7%	5	3.6%	5
10	North Hardy Toll Road	\$11.80	15	11.9%	3	2.2%	15
11	North Inner Loop	\$13.88	12	10.3%	13	2.2%	16
12	North Outer Loop	\$14.40	10	11.1%	6	2.3%	12
13	Northeast Hwy 321	\$16.35	6	10.6%	11	7.3%	2
14	Northeast Hwy 90	\$14.19	11	11.9%	4	2.7%	10
15	Northeast I-10	\$16.34	7	8.9%	16	3.9%	4
16	Northeast Inner Loop	\$13.48	13	11.9%	2	2.8%	9
17	Northwest Hwy 6	\$18.13	2	10.9%	9	2.9%	8
18	Northwest Inner Loop	\$16.04	8	10.6%	12	3.9%	3

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			Constrct. Ratio
		SF	Percent	Rank	SF	% of Inv	Rank	
1	Austin County	208,565	14.1%	16	(14,690)	-1.0%	16	-
2	CBD-NW Inner Loop	8,582	1.1%	1		3.8%	12	-
3	Downtown Houston	-	-	-	(7,626)	-7.8%	15	-
4	East I-10 Outer Loop	114,743	3.6%	8	72,094	2.2%	10	1.0
5	East-Southeast Far	167,924	7.7%	14	10,840	0.5%	13	-
6	Hwy 290/Tomball Pky	296,532	2.4%	4	4,084,953	33.2%	1	0.1
7	Hwy 59/Hwy 90 (Alt)	420,450	3.5%	7	867,103	7.3%	5	1.3
8	Liberty County	29,582	1.6%	2	219,039	12.0%	7	1.1
9	North Fwy/Tomball Pky	1,505,091	13.4%	15	1,509,479	13.5%	4	1.5
10	North Hardy Toll Road	716,907	4.8%	12	2,255,611	15.3%	2	0.8
11	North Inner Loop	826,124	4.6%	10	(142,482)	-0.8%	18	-
12	North Outer Loop	593,832	3.5%	5	1,561,788	9.2%	3	0.6
13	Northeast Hwy 321	142,737	3.5%	6	(80,211)	-2.0%	17	-
14	Northeast Hwy 90	288,623	3.9%	9	284,005	3.8%	6	1.5
15	Northeast I-10	93,123	2.2%	3	48,615	1.1%	11	-
16	Northeast Inner Loop	1,103,021	6.0%	13	135,256	0.7%	9	3.7
17	Northwest Hwy 6	222,258	4.8%	11	162,204	3.5%	8	1.2
18	Northwest Inner Loop	-	-	-	2,731	2.5%	14	-