

# Austin Industrial Q4 2025

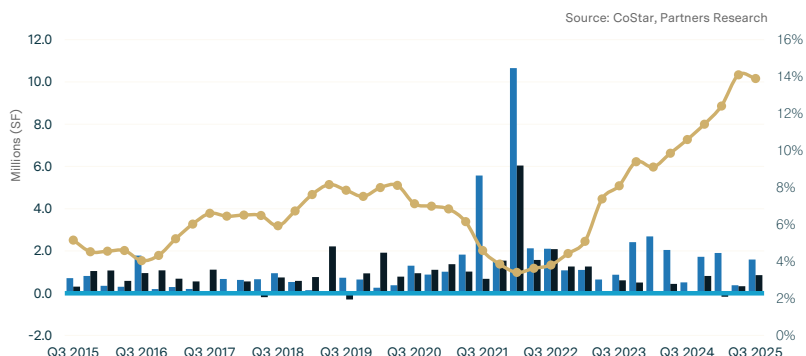
QUARTERLY MARKET REPORT

partners

# Executive Summary

## SUPPLY & DEMAND

Net Absorption Deliveries Vacancy %

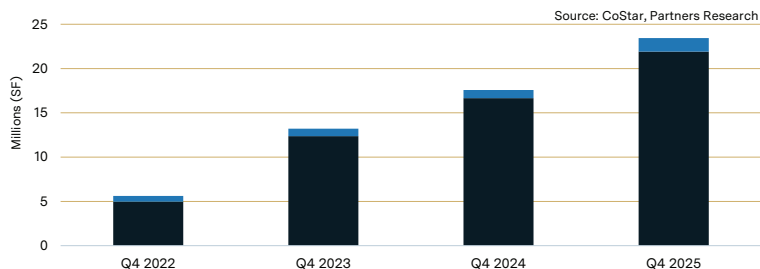


## Key Market Indicators

	CURRENT Q4 2025	PRIOR QUARTER Q3 2024		PRIOR YEAR Q4 2024	
Vacant Total	14.8%	13.9%	↑	11.8%	↑
Vacant Direct	13.9%	13.0%	↑	11.2%	↑
Available Total	18.5%	18.1%	↑	17.4%	↑
Available Direct	17.0%	16.9%	↑	16.4%	↑
Net Absorption (SF)	496,632	859,904	↓	1,672,429	↓
Leasing Activity (SF)	2,306,143	1,915,303	↑	3,030,703	↓
Construction (SF)	12,531,397	17,056,420	↓	16,509,566	↓
Deliveries	2,034,416	1,597,735	↑	1,782,925	↑
Avg Asking Rent (Gross)	\$14.38	\$14.71	↓	\$14.63	↓
Inventory (SF)	157,958,106	157,670,144	↑	146,500,465	↑

## VACANCIES

Direct Space Sublease Space



## Q4 in Review

Austin's industrial market vacancy rate increased, driven by lower absorption and higher deliveries in Q4 2025. The market recorded 496,632 sq. ft. of positive net absorption during the quarter, a 42.2% drop from the prior quarter. Warehouse/distribution properties bolstered absorption, while manufacturing recorded negative absorption. Leasing activity increased 20.4% quarter-over-quarter but decreased annually by 23.9%. The vacancy rate rose 90 basis points to 14.8% from 13.9% in the previous quarter. Available sublease space also increased, rising 40 basis points over the quarter to 18.5%.

Construction activity considerably decreased, with 12.5 million square feet underway, down 26.5% from the prior quarter. Average asking rental rates fell quarter over quarter, from \$14.71 per square foot to \$14.38 per square foot. Submarkets like Northwest and Central commanded the highest rates.

## Austin Economic Update

Austin's unemployment rate was 3.8% in September, up from 3.7% in August, but below the state and national rates of 4.1% and 4.3%, respectively. In September, the local labor force increased at an annualized rate of 0.7%.

The most significant gains from September to September were in government (4,100 jobs or 2.0%) and education and health services (3,100 jobs or 1.9%). Sectors that declined include manufacturing (-1,100 jobs or -1.5%), information (-1,100 jobs or -2.2%), professional and business services (-1,300 jobs or -0.8%), other services (-400 jobs or -0.7%), and construction and mining (-300 jobs or -0.3%). Average hourly earnings dropped to \$34.32 in September from \$36.41 in August.

### **Vacancy Rate Increases 90 Basis Points**

The overall vacancy rate rose to 14.8% in Q4 2025, up from 13.9% in Q3 2025, and was up annually by 25.4%, still below the historic high of 15.3% recorded in Q3 2003. The direct vacancy rate increased 90 basis points to 13.9%, while the total availability rate rose by 40 basis points to 18.5%. Georgetown posted the highest vacancy rate at 27.8%, while Bastrop County remained tight at 4%. Looking ahead, if the construction pipeline continues to rise, increasing future deliveries, Austin's industrial market will experience higher vacancy rates in the near term.

### **Net Absorption Down in Q4 2025**

Net absorption—move-ins minus move-outs—decreased 42.2% quarterly and 70.3% annually to 496,632 sq. ft., pushing the year-end total to 3.6 million sq. ft. Warehouse/distribution properties recorded 624,493 sq. ft. of positive net absorption, driven by demand in submarkets like the Northeast, recording 552,991 sq. ft., and Georgetown, recording 502,863 sq. ft. Flex space contributed the least amount of 34,538 sq. ft. and manufacturing recorded negative net absorption of -162,399 sq. ft. Notable declines were in the North (-340,298 sq. ft.) and Hays County (-167,949 sq. ft.) submarkets. Some of the tenants that moved during Q4 include Hanwha Advanced Materials America, LLC, which took 200,000 sq. ft. at 3546 N Interstate 35, and Stone Alliance Group, which took 105,000 sq. ft. at Northgate 35 Commerce Center.

### **Leasing Activity Up Quarterly**

Quarterly leasing velocity—new leases and renewals—rose 20.4% over the quarter to 2.3 million sq. ft. Flex leasing totaled 180,367 sq. ft., manufacturing 42,299 sq. ft., and warehouse/distribution 2.1 million sq. ft., reflecting a slowdown in flex and manufacturing. Warehouse/distribution properties saw an increase in leasing activity over the quarter. Notable leases that were signed in Q4 2025 include Compal USA Technology Inc.'s lease of 366,000 sq. ft. in TaylorPort Rail Park, Compal USA Technology Inc.'s lease of 213,000 sq. ft. at Georgetown Logistics Park, and Firefly Aerospace Inc.'s 45,000 sq. ft. lease at New Hope Distribution Center.

# Construction, Deliveries & Investment Trends

## Construction Pipeline Down and Deliveries Up

The construction pipeline decreased while deliveries increased over the quarter. The construction pipeline fell to 12.5 million sq. ft., down 26.5% from 17.1 million sq. ft. in the previous quarter and decreased 24.1% from 16.5 million sq. ft. a year ago. Significant construction remains concentrated in Round Rock/Hutto/Taylor (4.0 million sq. ft.) and Southeast (2.4 million sq. ft.) submarkets. Deliveries increased 27.3% quarterly to 2.0 million sq. ft. in Q4 2025 from 1.6 million sq. ft. in Q3 2025 and by 14.1% annually.

## Investment Sales Trends

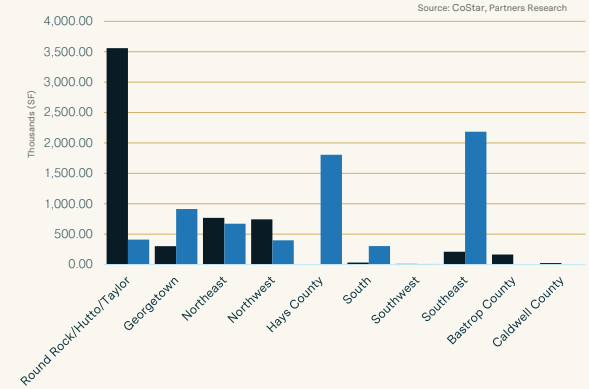
CoStar Capital Market Analytics reports a cumulative 12-month sales volume of \$216 million for Q4 2025. Over the past year, 130 industrial and flex properties were sold, with an average price of \$170 per square foot and a 7.2% average capitalization rate. Notable sale transactions in the fourth quarter include Altura's purchase of an 80,365 sq. ft. building in ATX 130 Distribution Park from Jackson-Shaw Company for a reported \$15.3 million or \$190 per square foot. Also, Reich Brothers acquired a 265,000 sq. ft. manufacturing building located at 1611 Clovis Barker Rd. from Signify for an undisclosed amount.

## Rental Rates Down

Austin's average asking rent (NNN) dropped to \$14.38 per sq. ft., down 2.2% from \$14.71 in Q3 2025 and down from \$14.63 in Q4 2024. Flex space averaged \$19.39 per sq. ft., Manufacturing \$12.16 per sq. ft., and Warehouse/Distribution \$12.65 per sq. ft. Submarket leaders included Central at \$20.77 per sq. ft., and South at \$19.02 per sq. ft. Bastrop County and Caldwell County trailed at \$8.34 and \$11.50 per sq. ft.

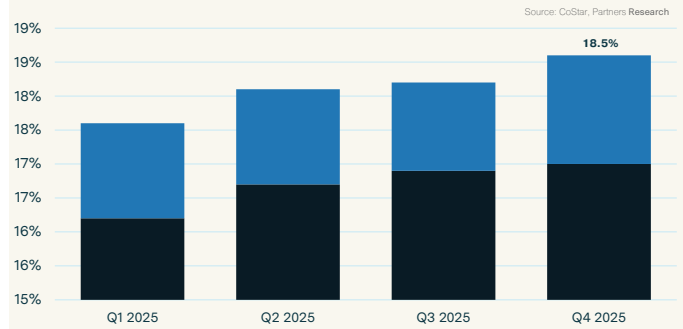
## CONSTRUCTION

■ Pre-Leased Space ■ Available Space

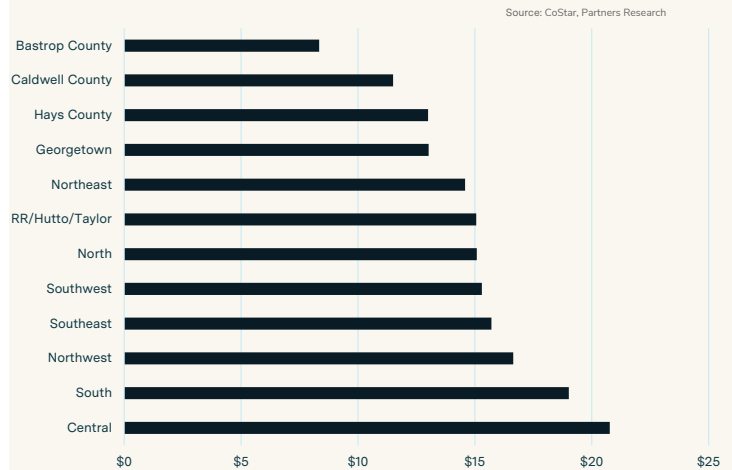


## AVAILABILITY RATE

■ Direct ■ Sublease



## TOTAL ASKING RENT NNN (\$/PSF)



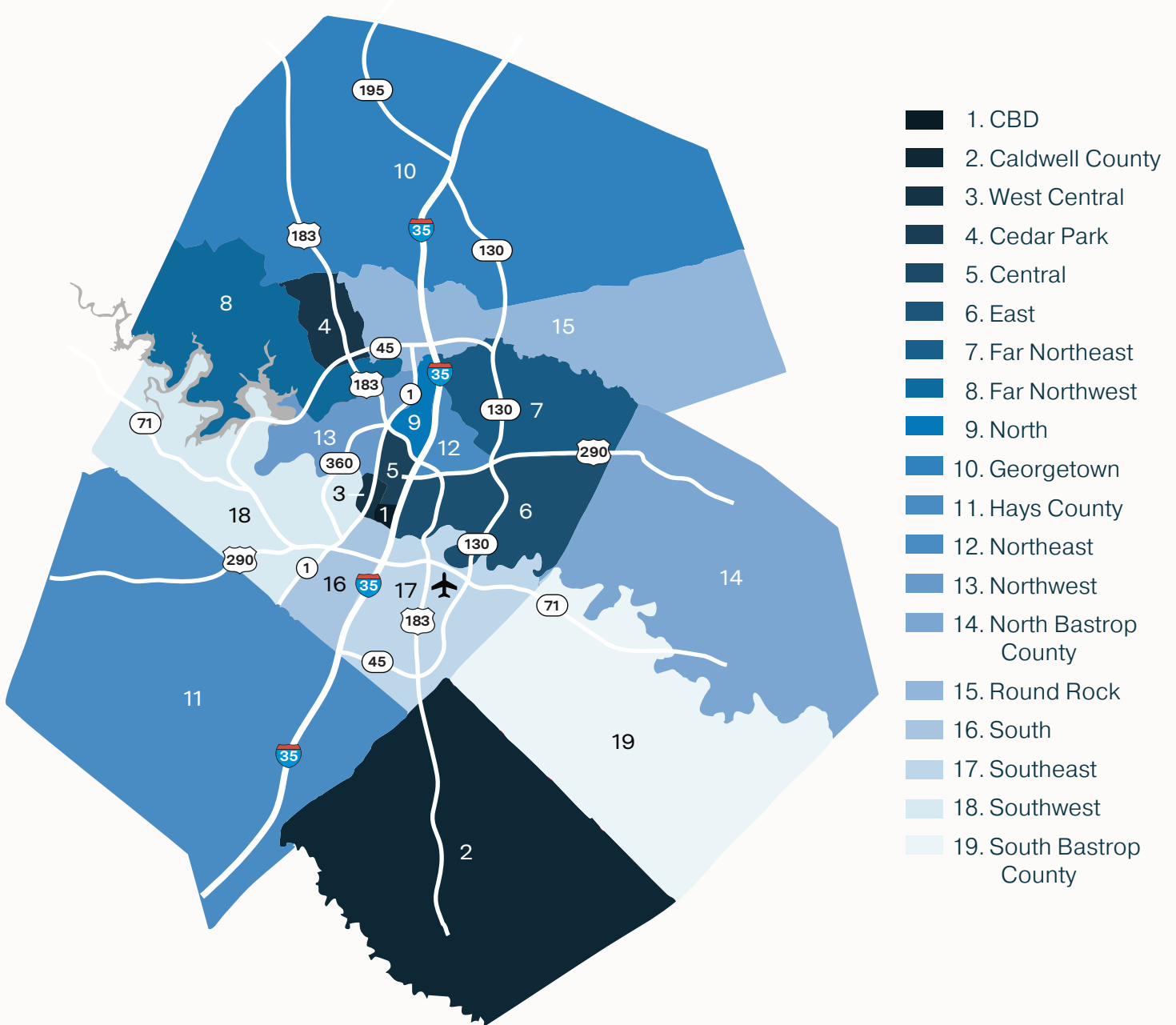
# Market Overview

Submarket/Property Type	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q4 2024 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN (\$/PSF)
<b>Austin Market Total</b>	157,958,106	14.8%	18.5%	496,632	3,639,104	2,034,416	12,531,397	14.38
Flex	22,619,205	14.0%	18.1%	34,538	-319,641	154,373	908,991	19.39
Manufacturing	29,592,657	3.7%	5.3%	-162,399	206,882	37,500	4,804,513	12.16
Warehouse/Distribution	105,746,244	18.1%	22.6%	624,493	3,751,863	1,842,543	6,817,893	12.65
<b>Round Rock/Hutto/Taylor Total</b>	9,203,210	22.1%	15.7%	-2,584	220,193	16,800	3,970,045	15.06
Flex	994,601	19.3%	27.1%	26,032	24,780	16,800	70,200	15.22
Manufacturing	934,542	4.8%	1.1%	-15,000	5,100	0	2,800,000	14.70
Warehouse/Distribution	7,274,067	24.7%	20.8%	-13,616	190,313	0	1,099,845	15.10
<b>Georgetown Total</b>	17,965,867	25.5%	27.8%	502,863	1,107,225	1,314,578	1,216,572	13.02
Flex	1,119,410	24.2%	40.2%	21,619	69,644	11,814	334,721	21.22
Manufacturing	3,023,518	0.0%	6.6%	78,800	123,498	37,500	12,500	9.90
Warehouse/Distribution	13,822,939	31.2%	30.9%	402,444	914,083	1,265,264	869,351	10.81
<b>Central Total</b>	2,178,560	4.9%	5.4%	-5,267	-18,899	0	0	20.77
Flex	661,696	12.3%	13.7%	-5,267	-34,354	0	0	20.97
Manufacturing	174,937	0.0%	0.0%	0	0	0	0	0.00
Warehouse/Distribution	1,341,927	2.0%	2.0%	0	15,455	0	0	19.00
<b>Northeast Total</b>	51,790,690	12.3%	13.4%	552,991	1,167,370	233,522	1,441,722	14.58
Flex	5,924,717	9.8%	13.5%	113,968	-256,052	0	84,200	17.91
Manufacturing	15,201,450	2.1%	1.8%	-6,465	432,292	0	713,093	19.66
Warehouse/Distribution	30,664,523	17.9%	19.2%	445,488	991,130	233,522	644,429	12.84
<b>Northwest Total</b>	8,040,998	8.2%	13.0%	-47,517	98,577	45,759	1,143,070	16.64
Flex	3,523,884	11.0%	14.4%	-31,646	-64,060	45,759	99,240	20.15
Manufacturing	1,073,772	0.0%	1.2%	0	-1,649	0	700,000	0.00
Warehouse/Distribution	3,443,342	7.8%	17.2%	-15,871	164,286	0	343,830	12.11
<b>North Total</b>	16,639,478	11.5%	16.1%	-340,298	-456,842	0	0	15.08
Flex	4,229,662	16.6%	18.9%	-74,468	-87,775	0	0	21.61
Manufacturing	1,553,924	3.9%	20.4%	0	-21,089	0	0	15.00
Warehouse/Distribution	10,855,892	10.6%	14.3%	-265,830	-347,978	0	0	12.79
<b>Hays County Total</b>	18,236,371	15.3%	24.3%	-167,949	750,074	264,638	1,806,443	13.00
Flex	826,125	20.0%	29.9%	12,398	44,602	80,000	86,095	20.02
Manufacturing	1,727,481	19.9%	36.3%	-264,620	-309,261	0	427,920	11.21
Warehouse/Distribution	15,682,765	14.6%	22.5%	84,273	1,014,733	184,638	1,292,428	11.74
<b>South Total</b>	3,355,201	10.2%	15.6%	-25,364	-72,376	0	338,112	19.02
Flex	587,264	13.3%	13.3%	9,391	-19,513	0	35,000	19.87
Manufacturing	498,839	16.0%	0.0%	0	-80,000	0	0	0.00
Warehouse/Distribution	2,269,098	8.1%	19.2%	-34,755	27,137	0	303,112	17.33
<b>Southwest Total</b>	4,524,926	10.8%	10.6%	-20,682	-7,712	0	23,750	15.30
Flex	678,214	11.6%	18.7%	-19,767	-3,479	0	0	33.06
Manufacturing	2,722,328	4.6%	0.0%	0	0	0	0	0.00
Warehouse/Distribution	1,124,384	25.6%	30.8%	-915	-4,233	0	23,750	15.20

# Market Overview

Submarket/Property Type	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q4 2024 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN (\$/PSF)
<b>Southeast Total</b>	22,406,786	17.5%	27.4%	-1,891	459,824	96,759	2,397,273	15.71
Flex	3,867,553	16.6%	16.5%	-17,722	-12,898	0	170,625	15.53
Manufacturing	2,147,585	4.8%	5.2%	44,886	57,991	0	41,000	0.00
Warehouse/Distribution	16,391,648	19.3%	32.4%	-29,055	414,731	96,759	2,185,648	15.78
<b>Bastrop County Total</b>	2,131,209	1.7%	4.0%	3,600	23,064	0	168,910	8.34
Flex	145,929	0.0%	1.4%	0	19,464	0	28,910	0.00
Manufacturing	467,978	5.8%	7.0%	0	0	0	110,000	8.47
Warehouse/Distribution	1,517,302	0.7%	3.2%	3,600	3,600	0	30,000	7.80
<b>Caldwell County Total</b>	1,484,810	12.5%	11.4%	48,730	368,606	62,360	25,500	11.50
Flex	60,150	0.0%	0.0%	0	0	0	0	0.00
Manufacturing	66,303	0.0%	0.0%	0	0	0	0	0.00
Warehouse/Distribution	1,358,357	13.7%	12.4%	48,730	368,606	62,360	25,500	11.50

# Austin Industrial Submarkets



#### **Houston**

5847 San Felipe St, Suite 1400  
Houston, TX 77057  
713 629 0500

#### **Austin**

901 South MoPac, Suite 550  
Austin, TX 78746  
512 580 6025

#### **San Antonio**

112 E. Pecan, Suite 1515  
San Antonio, TX 78205  
210 446 3655

#### **Dallas - Ft. Worth**

1717 McKinney Ave, Suite 1480  
Dallas, TX 75202  
214 550 2990

#### **Atlanta**

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