

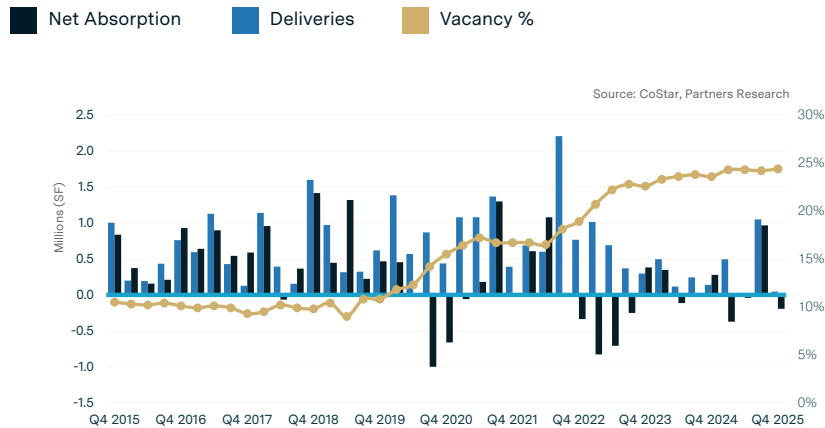
# Austin Office Q4 2025

QUARTERLY MARKET REPORT

partners

# Executive Summary

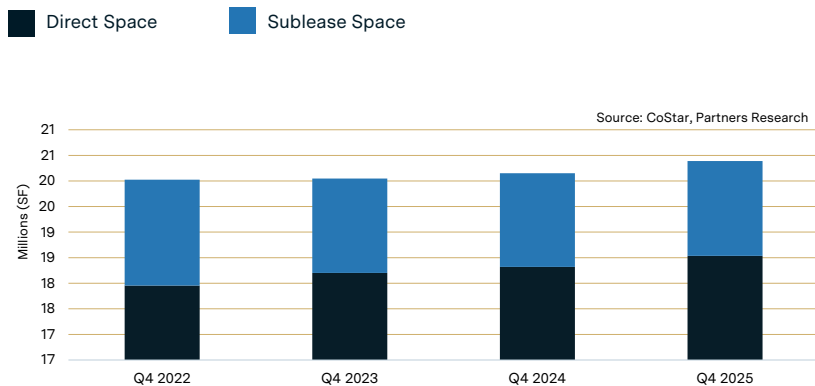
## SUPPLY & DEMAND



## Key Market Indicators

	CURRENT Q4 2025	PRIOR QUARTER Q3 2025		PRIOR YEAR Q4 2024	
Vacant Total	24.4%	24.2%	↑	23.6%	↑
Vacant Direct	22.2%	22.0%	↑	21.2%	↑
Available Total	26.4%	26.7%	↓	27.9%	↓
Available Direct	22.5%	22.5%	↓	23.3%	↓
Net Absorption (SF)	-193,678	967,440	↓	278,933	↓
Leasing Activity (SF)	1,097,308	1,271,509	↓	1,556,715	↓
Construction (SF)	100,453	144,965	↓	1,602,671	↓
Deliveries	44,512	1,050,159	↓	138,996	↓
Avg Asking Rent (Gross)	\$45.64	\$45.12	↑	\$41.82	↑
Inventory (SF)	83,440,589	83,396,077	↑	81,885,918	↑

## VACANCIES



## Q4 in Review

Austin's office market recorded -193,678 sq. ft. of negative net absorption in Q4 2025, a sharp decline from the previous quarter's positive absorption. Fortunately, the negative net absorption did not move the vacancy needle by more than 20 basis points, driven by healthy leasing activity and a lack of deliveries. Class A properties recorded positive net absorption, while Class B properties posted negative absorption.

The construction pipeline shrank by 30.7% over the quarter, and deliveries dropped significantly by 95.8%. Rental rates rose moderately over the year and grew slightly on a quarterly basis. Class A properties saw an increase in the average rental rate, while Class B property rent was flat over the quarter.

## 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.

A photograph of the Austin skyline, featuring several modern high-rise buildings with glass facades. In the foreground, a river flows through a lush green area with trees. The sky is clear and blue.

### **Vacancy Rate Up Marginally**

The overall vacancy rate in Austin's office market is 24.4%, 20 basis points higher than the previous quarter. Over the past few years, however, the total vacancy rate has been trending higher (up 80 basis points over the past year) due to minimal leasing in new spec construction and companies' decisions to downsize their footprints as their leases have expired. On the sublease front, which has been a drag on the market, has been trending downward since reaching an all-time high of 4.6 million sq. ft. in Q4 2023 and now stands at 3.2 million sq. ft.

### **Net Absorption Takes a Sharp Dive from Positive to Negative**

Net absorption—move-ins minus move-outs—sharply decreased -120% over the quarter, moving from positive 967,440 sq. ft. in Q3 to negative -193,678 sq. ft. in Q4 2025. The year-end total remains positive though, sitting at 358,637 sq. ft. Class A properties contributed 201,492 sq. ft. of positive net absorption in Q4 2025, while Class B's contribution was -395,170 sq. ft. Southwest Class A properties contributed the highest amount of positive absorption of 107,625 sq. ft., while the Northwest submarket posted the highest amount of negative absorption, -185,864 sq. ft. Notable move-ins in Q4 2025 include Austin Community College taking 155,000 sq. ft. at 11928 Stonehollow Dr. in the North/Domain submarket and U.S. Money Reserve taking 60,000 sq. ft. in Seven Oaks East located in the Southwest submarket.

### **Quarterly and Annual Leasing Activity Down**

Quarterly leasing activity, which is comprised of both new leases and renewals, stood at 1.1 million sq. ft., down 13.7% from the previous quarter and 29.5% year over year. Notable new leases signed in Q4 2025 include The McKinsey Club leasing 33,000 sq. ft. at the Summit at Addie Roy in the Southwest submarket, and One Gast signing a 22,000 sq. ft. lease at The Terrace 6 in the Southwest submarket.

# Construction, Deliveries & Investment Trends

## Deliveries and Construction Pipeline Down

Only 44,512 sq. ft. of new space was delivered to Austin's office market in Q4 2025, a sharp 95.8% decrease from the previous quarter. The under-construction pipeline fell 30.7% quarterly and 93.7% annually, with 100,453 square feet currently underway. All the current construction is in the southern submarkets.

## Investment Sales Trends

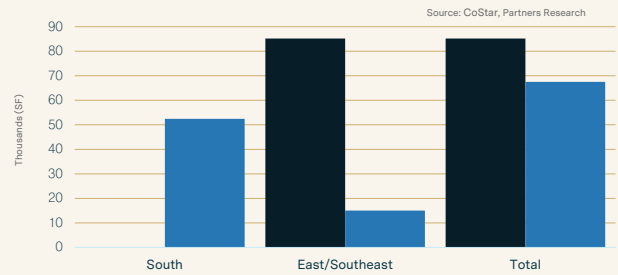
CoStar Capital Market Analytics reports a cumulative 12-month sales volume of \$303 million for Q4 2025. Over the past year, 70 office properties were sold, with an average price of \$186 per square foot and a 6.5% average capitalization rate. Some notable sales transactions that occurred in the fourth quarter of 2025 include Artivion, Inc.'s purchase of a 87,000 sq. ft., 3-story office building located at 1200 E Anderson Ln. from Sentinel Net Lease for an undisclosed price. Also, Central Health purchased the 261,500 sq. ft. Northview Business Center office property from R2 Companies. The sale price was not disclosed.

## Average Asking Rental Rates Increase Quarterly and Annually

Austin's full-service average rent stands at \$45.64 per square foot, which is up 1.2% for the quarter and 9.1% year-over-year. Asking rents for Class A and Class B space are \$53.17 and \$36.68 per sq. ft., respectively. At the submarket level, CBD and North/Doman have the highest rates, at \$60.57 and \$51.92 per sq. ft., respectively.

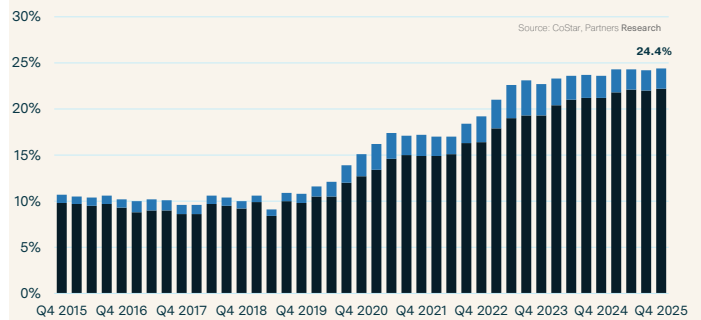
## CONSTRUCTION

■ Pre-Leased Space ■ Available Space

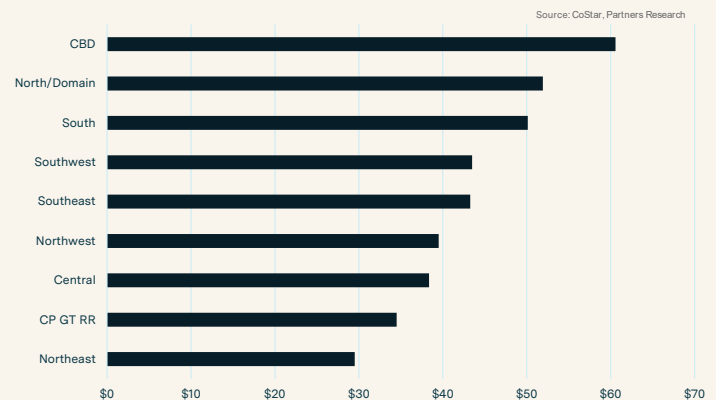


## AVAILABILITY RATE

■ Direct ■ Sublease



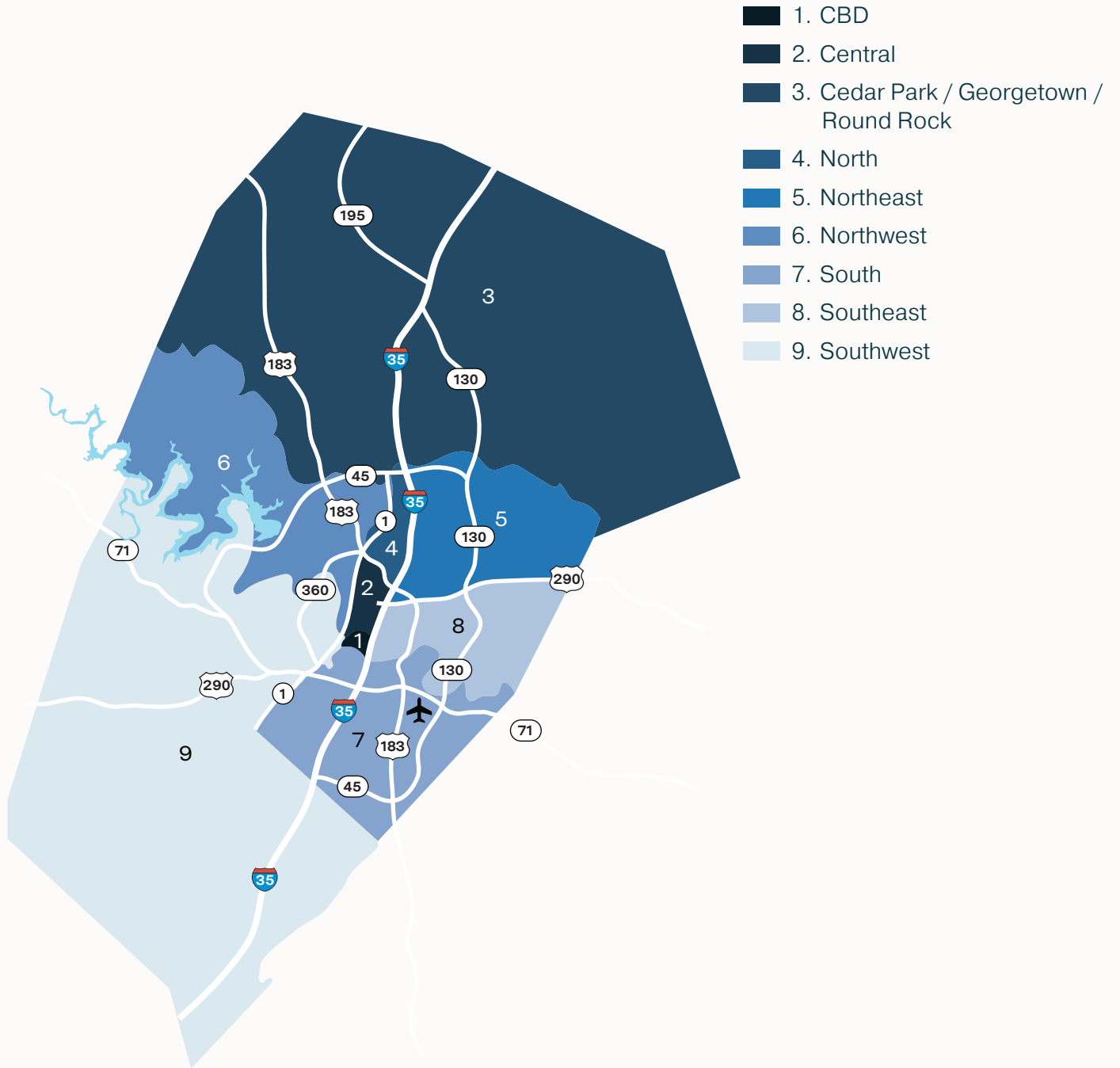
## OVERALL GROSS ASKING RENT (\$/PSF)



# Market Overview

Submarket (Total reflects Class A/B Only)	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q4 2024 Deliveries (SF)	Under Construction (SF)	Overall Gross AVG Asking Rent (\$/PSF)
<b>CBD Total</b>	16,520,706	30.6%	30.0%	-31,086	239,732	0	0	60.57
Class A	13,304,378	32.5%	31.2%	-17,995	237,060	0	0	63.12
Class B	3,216,328	22.9%	25.0%	-13,091	2,672	0	0	45.95
<b>Central Total</b>	5,247,232	11.4%	14.6%	-50,666	81,572	0	0	38.36
Class A	1,862,725	6.3%	10.9%	-2,705	-6,512	0	0	54.76
Class B	3,384,507	14.2%	16.6%	-47,961	88,084	0	0	33.51
<b>Cedar Park/George- town/ Round Rock</b>	4,233,008	13.0%	19.2%	59,664	-31,896	0	0	34.50
Class A	1,563,932	19.8%	24.1%	46,840	-53,456	0	0	36.82
Class B	2,669,076	9.0%	16.3%	12,824	21,560	0	0	33.01
<b>North/Domain Total</b>	8,966,833	15.0%	16.7%	-157,147	-15,444	0	0	51.92
Class A	4,773,599	11.4%	13.5%	8,499	223,598	0	0	59.47
Class B	4,193,234	19.2%	20.2%	-165,646	-239,042	0	0	37.05
<b>Northeast Total</b>	3,804,498	45.1%	47.8%	57,599	-18,870	0	0	29.51
Class A	1,750,070	63.4%	64.6%	58,366	-44,757	0	0	33.67
Class B	2,054,428	29.6%	33.4%	-767	25,887	0	0	26.91
<b>Northwest Total</b>	17,922,113	29.0%	33.8%	-185,864	-718,682	0	0	39.51
Class A	8,930,297	35.4%	38.0%	-106,084	-412,180	0	0	41.66
Class B	8,991,816	22.6%	29.6%	-79,780	-306,502	0	0	38.05
<b>South Total</b>	4,175,587	25.5%	26.8%	53,892	160,569	0	52,453	50.12
Class A	2,100,800	22.0%	23.3%	51,354	141,324	0	0	53.77
Class B	2,074,787	29.1%	30.1%	2,538	19,245	0	52,453	46.79
<b>East/Southeast Total</b>	9,705,640	31.4%	28.1%	-31,314	296,884	0	48,000	43.26
Class A	4,448,905	38.8%	37.8%	55,592	444,554	0	48,000	54.63
Class B	5,256,735	25.2%	19.8%	-86,906	-147,670	0	0	35.39
<b>Southwest Total</b>	12,864,972	14.0%	17.6%	91,244	364,772	44,512	0	43.49
Class A	6,600,517	16.8%	21.5%	107,625	291,451	44,512	0	47.67
Class B	6,264,455	11.0%	13.5%	-16,381	73,321	0	0	36.63
<b>Suburban Total</b>	66,919,883	22.9%	25.5%	-162,592	118,905	44,512	100,453	41.37
Class A	32,030,845	26.7%	29.2%	219,487	584,022	44,512	48,000	47.85
Class B	34,889,038	19.4%	22.1%	-382,079	-465,117	0	52,453	35.95
<b>Austin Market Total</b>	83,440,589	24.4%	26.4%	-193,678	358,637	44,512	100,453	45.64
Class A	45,335,223	28.4%	29.8%	201,492	821,082	44,512	48,000	53.17
Class B	38,105,366	19.7%	22.4%	-395,170	-462,445	0	52,453	36.68

# Austin Office 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**

999 Peachtree St NE, Suite 1250  
Atlanta, GA 30309  
404 595 0500

**Steve Triolet**

SVP of Research and Market Forecasting  
tel 214 223 4008  
steve.triolet@partnersrealestate.com