

Austin

Industrial | Q1 2024 Market Report

Quarterly Snapshot

- ↑ Average Rent
\$14.51/SF
- ↑ Vacancy
9.2%
- ↑ Net Absorption
6,181,624 SF

Occupier's Perspective

As a supply surplus continues to build in 2024, the increased availability of industrial space has made lease negotiations tilt more in favor of tenants.

The expansions of Tesla and Samsung have played a pivotal role, attracting suppliers and vendors to the area and boosting absorption to 6.2 million square feet over the past 12 months.

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Austin's industrial market has seen significant changes, driven by a surge in speculative development, resulting in a sharp increase in the vacancy rate, currently the fourth-highest in the nation at 9.2 percent. This surge has been influenced by Tesla's and Samsung's expansions, attracting suppliers and vendors to the area. Despite absorption slowing from its peak in 2022, it remains 60 percent higher than pre-pandemic levels. Additional projects, like Samsung's chip plant, could further boost absorption to 8.3 million square feet in 2024, making it the fourth-highest in the U.S.

However, the rapid development has led to a rise in vacancies, particularly in bulk warehouses over 100,000 square feet. Austin is experiencing an unprecedented third consecutive year of 13 million square feet of completions, leading to short-term oversupply.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
US Farathane	260,000 SF	Georgetown	New Lease	Industrial
FMT	187,558 SF	Georgetown	New Lease	Industrial
Flextronics	152,400 SF	Round Rock	New Lease	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
3.7%	▼	\$11.27	Bastrop County
14.4%	▼	\$12.25	Caldwell County
24.6%	▲	\$12.37	Georgetown
11.8%	▼	\$12.60	Hays County
6.5%	▲	\$12.82	Far Northeast
6.1%	▲	\$14.07	Southeast
7.4%	◆	\$14.69	North/ Domain
5.5%	▲	\$15.09	Northeast
14.9%	▲	\$15.44	Round Rock
2.6%	▼	\$15.75	East
4.8%	▲	\$17.13	Northwest
n/a	◆	\$17.41	West Central
6.4%	◆	\$17.60	Central
7.2%	▼	\$17.63	South
5.9%	▲	\$17.83	Far Northwest
6.7%	▲	\$18.40	Cedar Park
5.9%	▲	\$20.35	Southwest
n/a	◆	\$26.68	CBD