

AUSTIN OFFICE MARKET

Yardi® Matrix

Market Analysis

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A Tighter Race for Space



As one of the **fastest-growing metros** in the country, Austin draws in technology companies and startups with its favorable tax environment, educated workforce and high quality of life. However, there's more to Austin's **rapid job growth** than its booming tech industry, as hospitality, trade and construction are also expanding rapidly. The market added 11,400 office-using jobs year-over-year through August, up 4.3%. The most significant growth came from professional and business services (9,900, up 5.6%). Information and financial services added a combined 1,500 new jobs.

Strong demand for office space is matched by a robust development pipeline, with the bulk of projects under construction already pre-leased to companies in search of large blocks of space in core submarkets. Almost **4.6 million square feet was underway as of September**—which will add 7.3% to total stock once complete—and more than 1.4 million of that is slated for delivery by year-end. **Downtown Austin** is sought after by large companies looking to expand or consolidate in the metro. For example, Facebook will occupy more than 230,000 square feet at Third + Shoal, while Parsley Energy signed on for 302,000 square feet at 300 Colorado.

Investment activity has lost steam compared to previous years, totaling \$426.5 million year-to-date through September, but the metro is in line with national trends. **Investment sales have slipped about 10%** due to the impact of rising interest rates and investors' concerns about a slowdown in economic growth.