

## Availability levels off some, asking rents face upward pressure

Availability in Austin is holding fairly flat, with the overall availability rate declining just 20 basis points over the year to 11.9%. Class A availability saw a slightly larger drop, declining 80 basis points year-over-year to end Q1 at 12.1%. In Austin's CBD submarket, availability dipped below 10.0% for the first time in four years, declining 120 basis points year-over-year to 9.1%. Asking rents are trending upwards on the whole, with overall rents increasing 2.5% year-over-year to \$36.64 per square foot (psf). Class A rents increased 3.6% over the year to \$41.87 psf. As tech and coworking tenants continue to drive demand – and pay above-market rents for top-quality space – asking rents are expected to face continued upward pressure.

### Leasing sees strongest first-quarter total in at least five years

Total leasing activity for the quarter totaled an astonishing 2.7 million square feet (msf), marking a 38.5% increase compared to the same period last year and the strongest first-quarter total in more than five years. Tenants are on the move – coming from both within and outside the market. Of the ten largest transactions, all were new market entrants, expansions or relocations. Austin continues to cement its reputation as a top tech city with tenants from the technology, advertising, media and information (TAMI) sector driving the majority of new growth.

### Tech bets big on Austin

This quarter several of the most notable tech giants signed leases in the Austin market. Google took a combined 939,999 square feet (sf) across two locations at 601 W 2nd Street in the CBD and 901 E 5th Street in the East submarket – both new buildings that are planned to deliver in the next few years. These two new locations bring the company's total presence close to 1.5 msf in the greater Austin metropolitan area. Amazon also expanded its presence this quarter, taking 145,000 sf at another to-be-built location, Domain 10 at 11815 Alterra Parkway in the North submarket. Other notable tech tenants active this quarter included Indeed.com, Apple and Khoros. The TAMI sector accounted for 81.9% of major transactions signed.

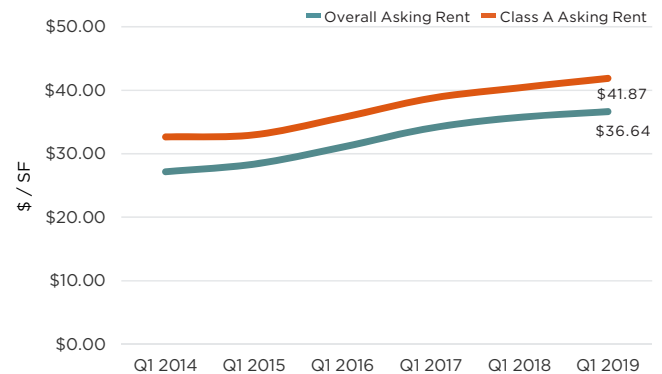
### Outlook

- Tech giants and co-working tenants are willing to pay a premium for first generation space and top-tier amenities, driving asking rents upwards
- First quarter demand was 56.0% higher than the average for the previous four years and should persist through the remainder of 2019 due to the market's increasing popularity amongst major employers
- The market is seeing some tightening in availability, but a healthy development pipeline will continue to add top-tier space to the market

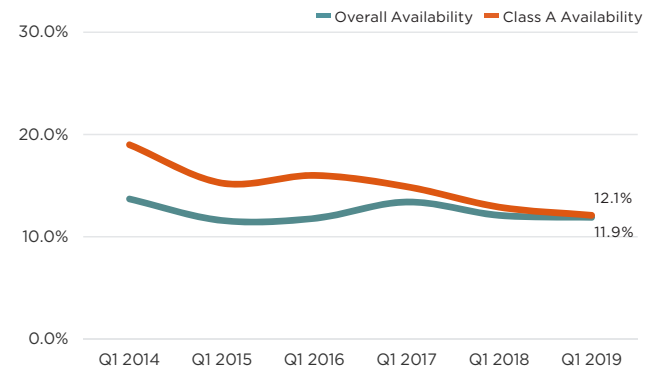
### KEY STATISTICS

	Q1 2018	Q1 2019	y-o-y Change
Inventory	61.4 MSF	<b>62.0 MSF</b>	▲
Availability Rate	12.1%	<b>11.9%</b>	▼
Asking Rental Rate	\$35.74	<b>\$36.64</b>	▲
Class A Asking Rental Rate	\$40.40	<b>\$41.87</b>	▲
Quarterly Leasing Activity	1.9 MSF	<b>2.7 MSF</b>	▲

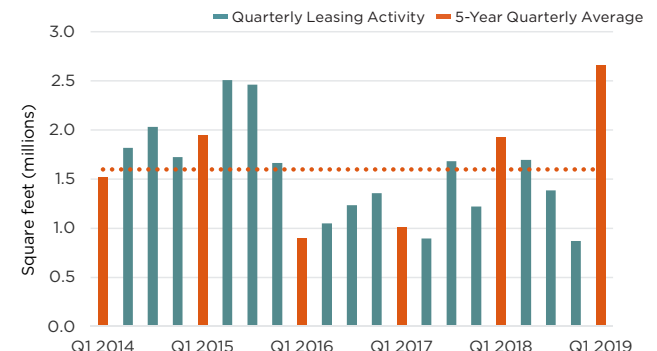
### ASKING RENT TRENDS



### AVAILABILITY TRENDS



### LEASING ACTIVITY



MAJOR TRANSACTIONS

**ALL**

major transactions were **new market entrants, expansions or relocations**

**55.2%**

of large transactions occurred in the **CBD** submarket

**81.9%**

**TAMI** represented 81.9% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Google	790,000	601 W 2nd Street	New Location	CBD	TAMI
Indeed.com	183,911	2900 Esperanza Crossing	New Location	North	TAMI
Google	149,999	901 E 5th Street	New Location	East	TAMI
Amazon	145,000	11815 Alterra Parkway	New Location	North	TAMI
Austin Municipal Court	115,043	6800 Burleson Road	Relocation	Southeast	Government
Teacher Retirement System of Texas	100,992	200 W 6th Street	Relocation	CBD	Government
Apple	93,716	12365-B Riata Trace Parkway	Expansion	Northwest	TAMI
WeWork	65,000	1400 Lavaca Street	New Location	CBD	Coworking
Khoros	56,466	7300 Ranch Road 2222	New Location	Northwest	TAMI
Workforce Solutions	33,167	9001 I-35 N	New Location	Northeast	Professional Services

Source Savills Research

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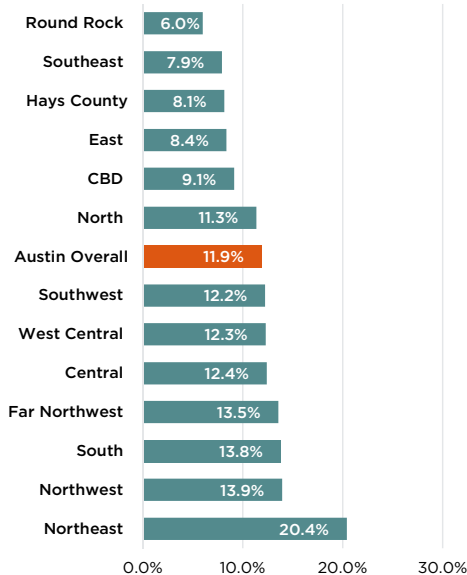
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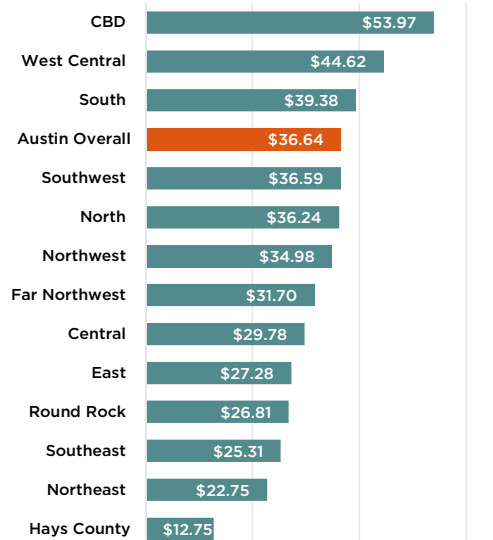
AVAILABILITY RATE COMPARISON

Austin Submarkets



RENTAL RATE COMPARISON (\$/SF)

Austin Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents psf. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills compiled with the support of The CoStar Group.

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