Austin

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Austin's office market, especially in the tech sector, experienced a slowdown in the final quarter of 2022. Amid economic concerns, quarterly leasing volume declined significantly, and the overall sublease availability increased to 4.8 MSF which exceeds 2.0% of office inventory. Macroeconomic concerns including recession fears, high interest rates and hybrid workplace model have decreased office demands for the tech industry.

Key Stats

Y-O-Y CHANGE (Q4 2021)

28.3%
Availability
+730 bps (21.0%)

$45.53
Overall Asking Rent ($/SF)
+2.5% ($44.44)

1.1 msf
Quarterly Leasing Activity
-2.1 msf (3.2 msf)

4.8 msf
Sublease Space
+2.1 msf (2.7 msf)

Top Tech Deals
2022

Value	Deal
149.3	**1. TikTok** — 149.3K sf (Relocation) CBD
120.9	**2. Cirrus Logic** — 120.9K sf (New) CBD
114.4	**3. Atmosphere** — 114.4K sf (New) South
93.2	**4. Qualcomm** — 93.2K sf (New) Northeast
60.0	**5. PayPal** — 60.0K sf (New) North
316.6	
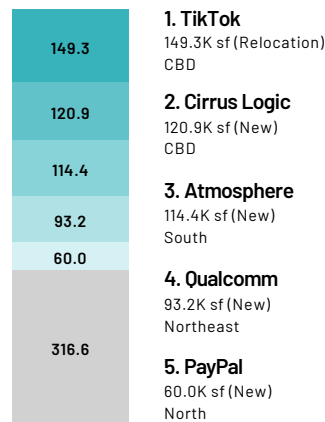
Deal Type Breakdown
2022

Deal Type	%
New Lease	70.4%
Relocation	17.5%
Sublease	14.1%
Renewal	0.0%
Expansion	0.0%
Restructure	0.0%
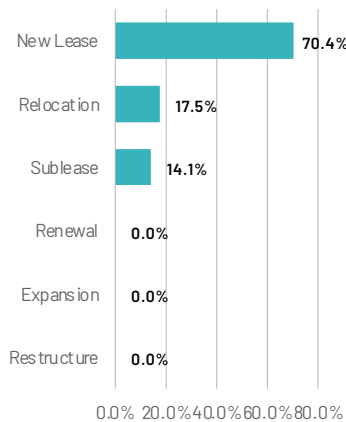
Sublet Blocks Available

Area	%
Other	43.7%
CBD	27.2%
Southwest	12.8%
Northwest	12.5%
East	3.8%
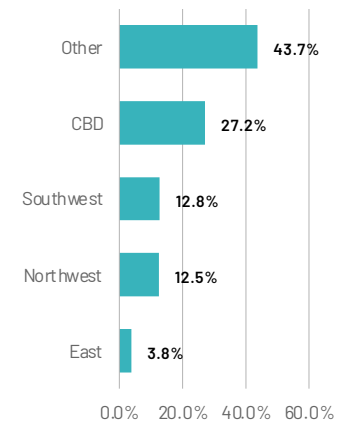
VENTURE CAPITAL ACTIVITY

Historical VC Activity
10-YEAR

Source: Pitchbook

Capital Invested (L) — Deal Count (R)

In 2021, VC funding hit a high of $5.0 billion dollars (B), 2022 funding totaled $5.8B, which was 14.8% higher than the previous year.
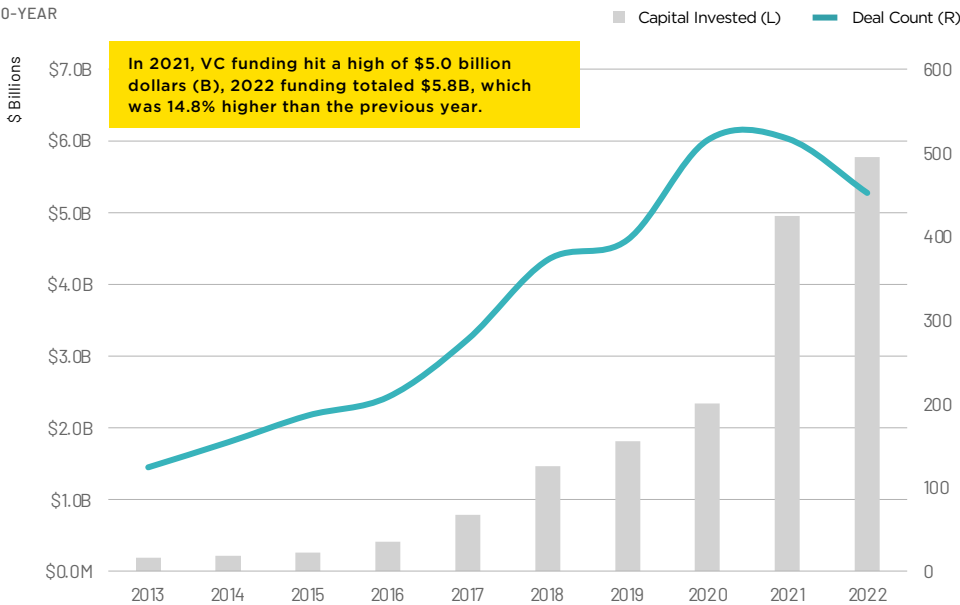
Major Funding Rounds
2022

Company	Amount
Setpoint	$615.0 M
Tricentis	$399.6 M
ICON	$392.0 M
Cart.com	$240.0 M
ZenBusiness	$200.0 M
Ambiq	$194.1 M
Wheel Health	$150.0 M
Founderpath	$145.0 M
Jasper	$140.6 M
SparkCognition	$123.0 M

● Debt Financing ● Buyout/LBO ● Seed Round
● Early Stage VC ● Later Stage VC
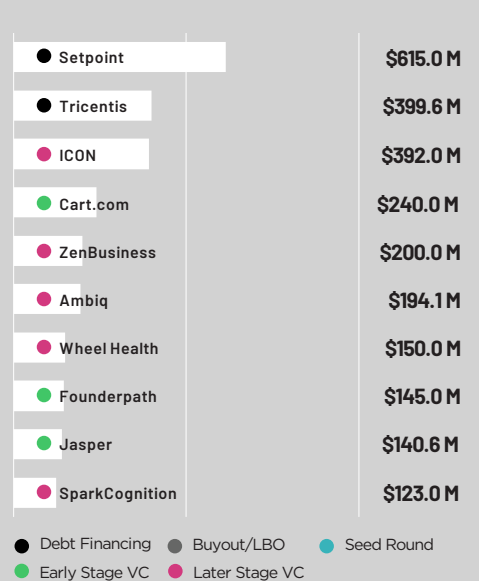
Sublet Availability
OVERALL

4.8 msf | 6.6%

2-year average pre-Covid: 2.4%

Q1 2020 — Q4 2022

Occupancy
OFFICE

Source: Kastle Systems

24.8%

Pre-Covid baseline: 100%

National Average: 21.4%

Q1 2020 — Q4 2022
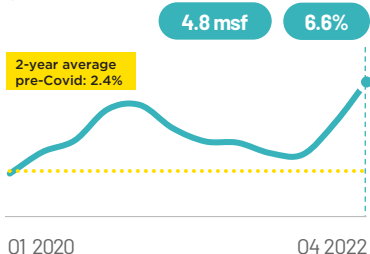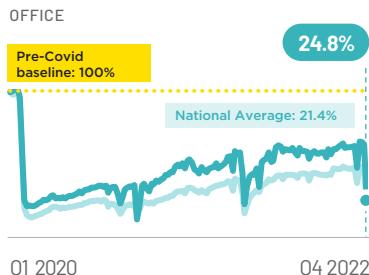
Savills Pulse & Perspective: Workforce Analysis

Despite sweeping tech sector layoffs due to adjustments in over-hiring and falling short of forecasted growth, unemployment rates remain low. For skilled labor in cloud computing, tech sales, and cyber security, it takes less than three months after a layoff to pivot into higher growth sectors among mature and digitally transformed organizations such as automotive, healthcare and logistics. A data-driven location and labor strategy across every industry remains critical to achieving financial and growth objectives.

Amy Fobes, Portfolio Solutions Group, Savills North America

NOTABLE TRANSACTIONS

1. TikTok
300 Colorado Street
149.3 K sf

2. Cirrus Logic
701 Rio Grande Street
120.9 K sf

3. Atmosphere
2043 S Lamar Boulevard
114.4 K sf

4. Qualcomm
13929 Center Lake Drive
93.2 K sf

5. PayPal
10025 Alterra Parkway
60.0 K sf
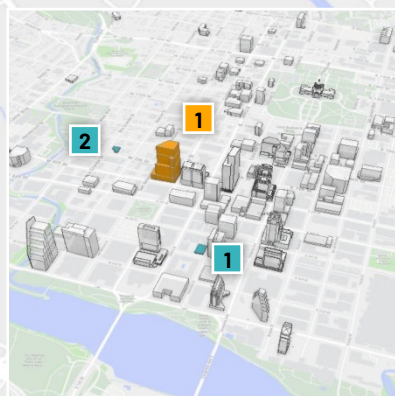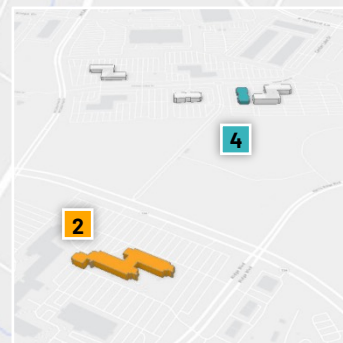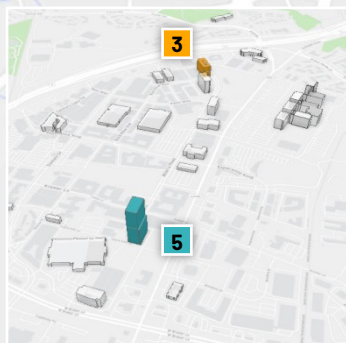
SUBLET BLOCKS

1. Meta
400 W 6th Street
574.1 K sf

2. General Motors
717 E Parmer Lane
169.7 K sf

3. Expedia/Vrbo
11800 Domain Boulevard
98.4 K sf

4. Samsung Austin Semiconductor
3900 N Capital of Texas Hwy
77.4 K sf

5. Netspend
5800 Airport Boulevard
75.7 K sf

Map generated by **Savills Alpha**, our 3D market data and analytics tool for effectively optimizing site selection.

Austin Q4 2022 – The Tech Tenant

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