



NEWMARK

*Austin Industrial*  
**Market Overview**

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1Q26

# Market Observations



## Economy

- The market's unemployment rate ticked down by two basis points year over year to 3.6%, remaining below the five-year average of 4.1%.
- Overall nonfarm annual job growth decelerated to 0.7%, reflecting an annual decline of 99 basis points. The national job growth rate decelerated 86 basis points to 0.1%.
- Most employment sectors reporting annual growth, with government leading job gains at 3.4% over the past 12 months.
- Most industrial-using job sectors in the market reflected annual increases, with mining and construction and trade/transportation/utilities reporting gains of 0.2% and 1.3%, respectively. Meanwhile, manufacturing employment marginally decreased by 0.1% on a yearly basis.



## Leasing Market Fundamentals

- The market recorded 144,525 SF of positive absorption in the first quarter of 2025, marking the 27th consecutive quarter of positive absorption.
- Overall rental rates increased by 0.1% quarter over quarter to \$14.48/SF but remain 2.9% below the historic high achieved during the first quarter of 2024.
- After three consecutive years of new deliveries outpacing annual demand, the imbalance persisted into the new year. Through the first quarter of 2026, developers completed 1.8 MSF of new space versus 144,525 SF of net absorption, creating a 1.7 MSF demand deficit that has driven the vacancy rate up by 300 basis points year over year to a record high of 15.9%.
- The under-construction pipeline continues to be elevated at 12.1 MSF, despite decreasing by 4.5% quarter over quarter.



## Major Transactions

- Data center adjacent industries and distributors drove leasing activity during the first quarter of 2026 as companies follow major advanced manufacturers into the region and build out supply chains to capitalize on regional population growth.
- Electronic components manufacturer Baer Manufacturing signed the largest of the quarter, taking 606,060 SF at Crosspoint Phase II – Building 4. It is expected to eventually employ 200 people upon opening its manufacturing facility in 2027. Meanwhile, cloud infrastructure provider ZT Systems and semiconductor logistics provider Infinity Link Logistics each signed one of the quarter's largest leases.
- Notably, all major leases signed during the quarter were direct leases in the Georgetown and Hays County submarkets, underscoring sustained demand for industrial space in the market near major regional advanced manufacturers, such as Samsung in Taylor.



## Outlook

- The Austin industrial market is poised for an influx of new supply in the near term, with 7.8% of the current inventory under construction. New deliveries, which are 50.5% preleased, will outpace demand in the near term as the market absorbs its elevated pipeline. This trend will continue as advanced manufacturers, such as Samsung and Tesla, continue to invest in the region and grow their presence.
- Vacancy rates are projected to rise in the short term as deliveries outpace occupancies and the market works through its elevated under-construction pipeline.
- Asking rents are expected to flatten or ease slightly as the volume of new supply continues to outpace demand in the near term and landlords compete to fill space.

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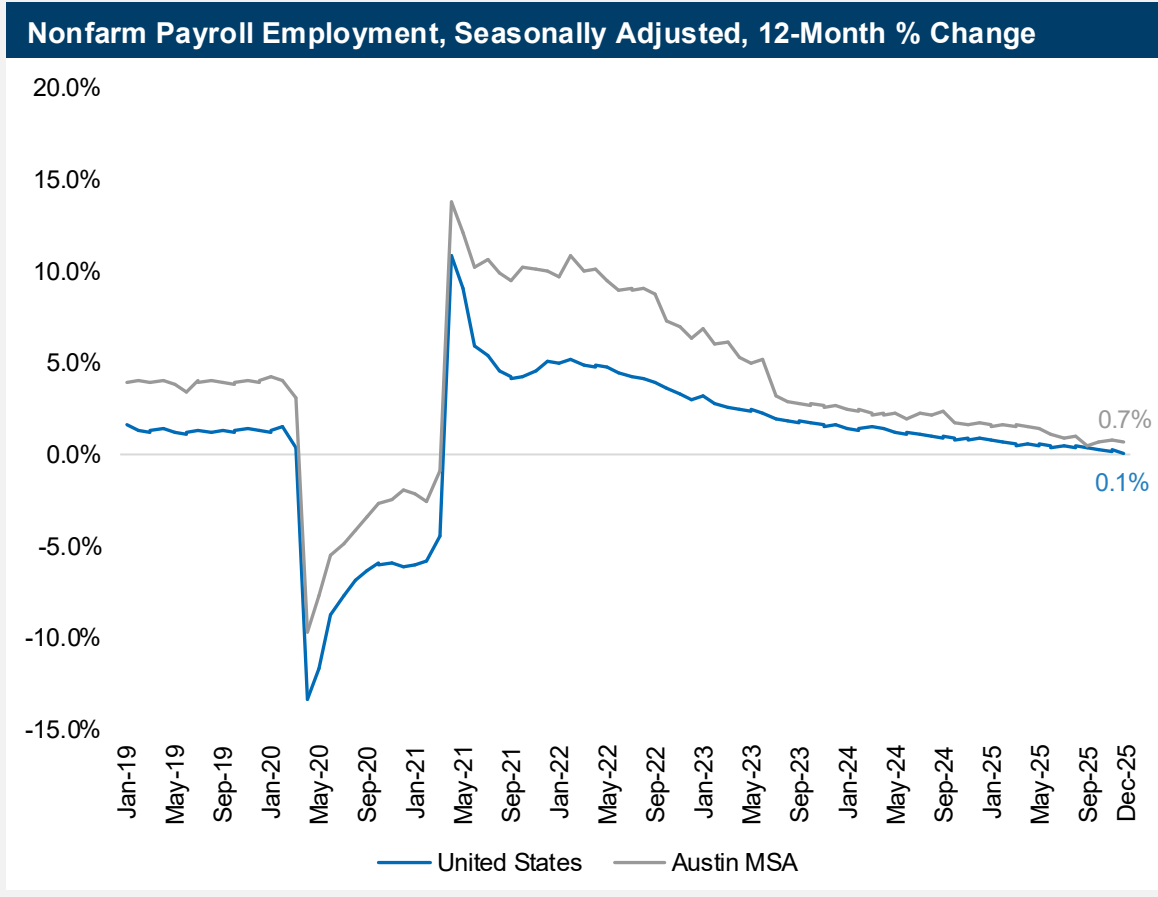
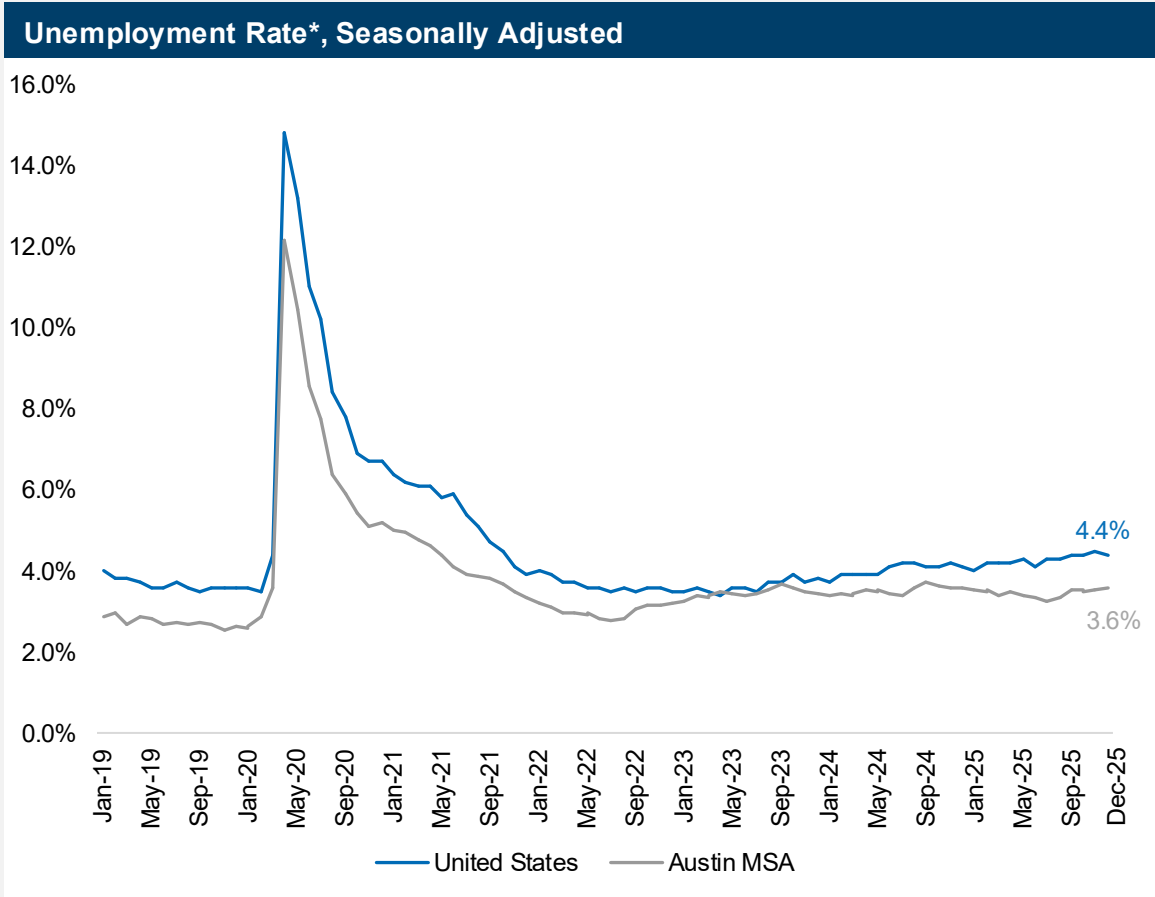
# 01

## Economy



# Employment Growth Reaccelerates, Unemployment Remains Below National Average

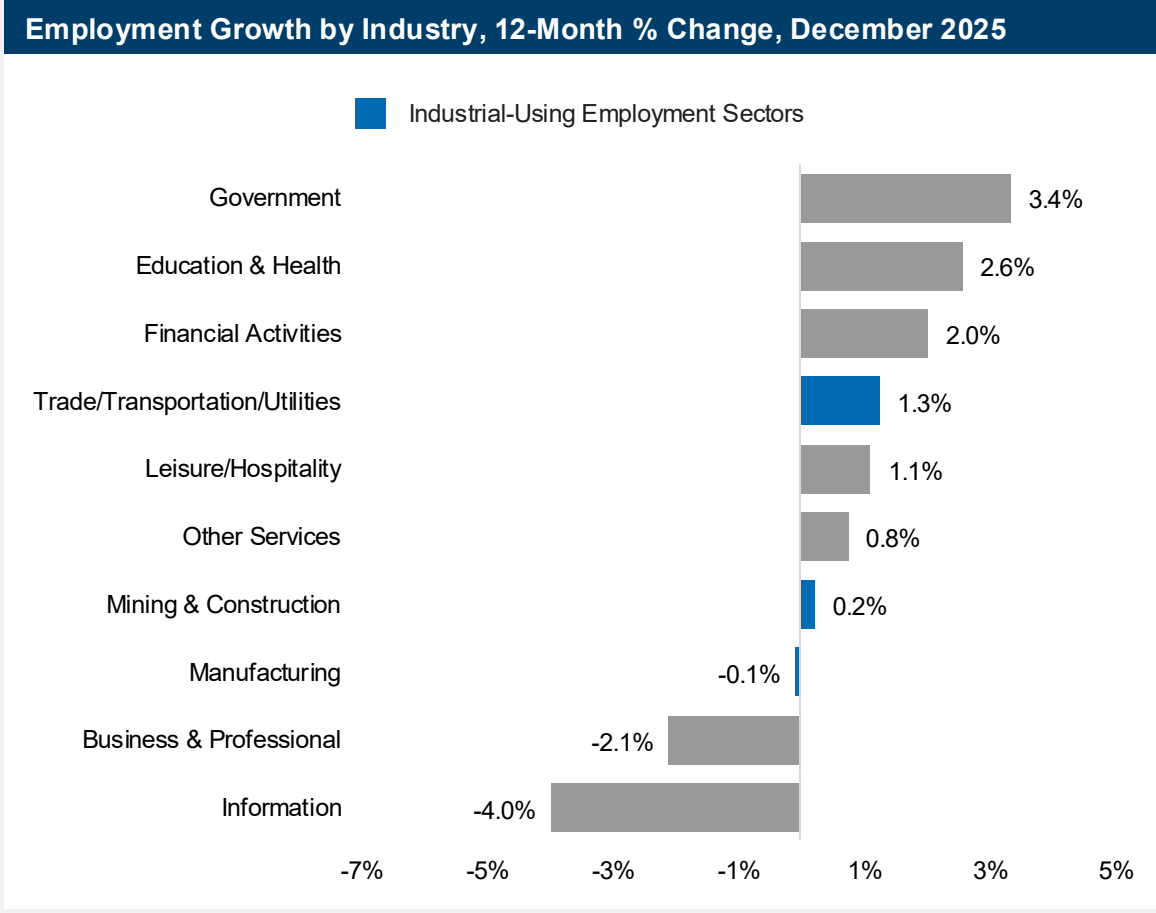
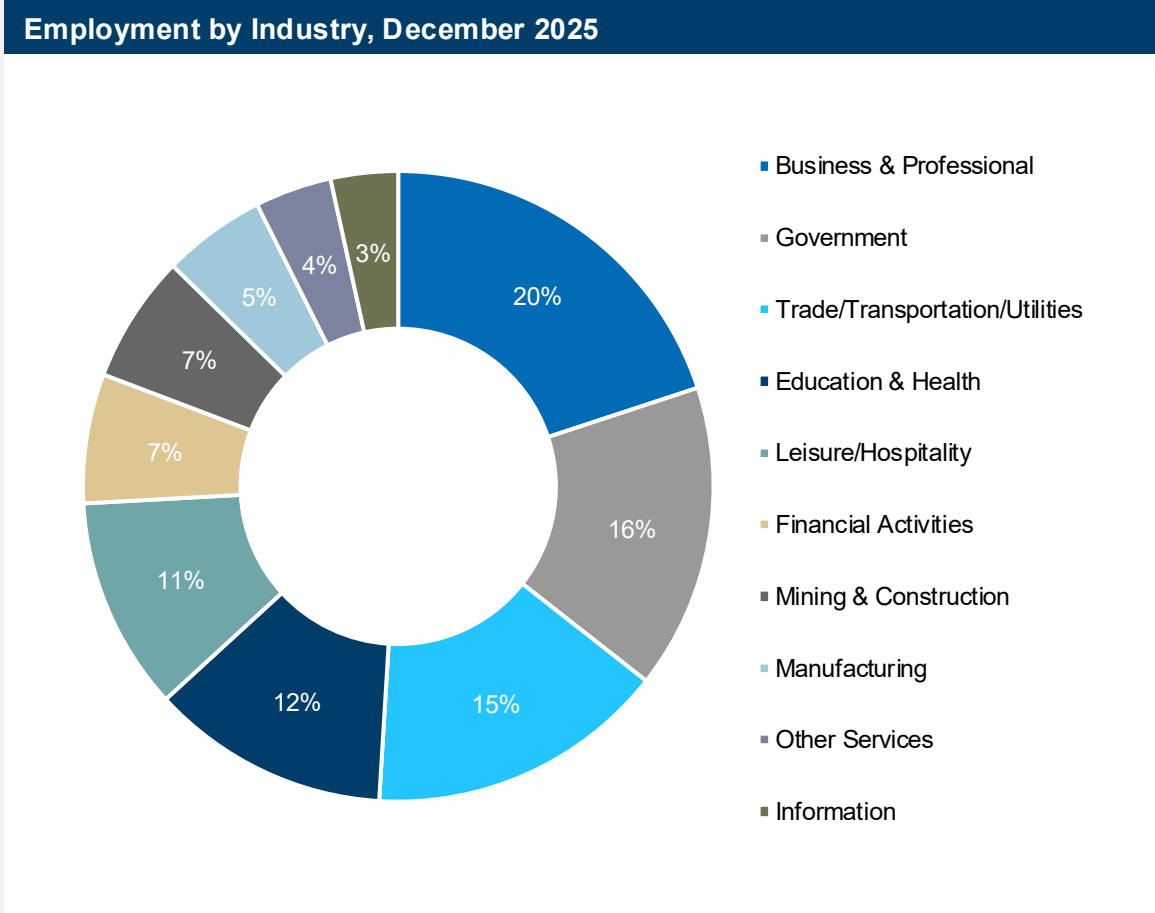
Austin has historically reported lower unemployment rates compared to the national average, while being an outperformer in employment growth. The gap between Austin’s job growth and that of the United States narrowed in recent quarters but began to widen again as of December 2025. Most nonfarm payroll yearly growth has been concentrated in the government, education and health sectors and financial activities sectors. Despite continued national economic headwinds in the fourth quarter of 2025, the region’s unemployment rate ticked down by two basis points year over year. Meanwhile, employment growth decelerated by 99 basis points as compared to the prior year.



Source: U.S. Bureau of Labor Statistics, Austin-Round Rock MSA  
 \*October 2025 government shutdown missing data addressed with duplicating September 2025's data

# Most Industrial-Using Employment Sectors Report Annual Growth

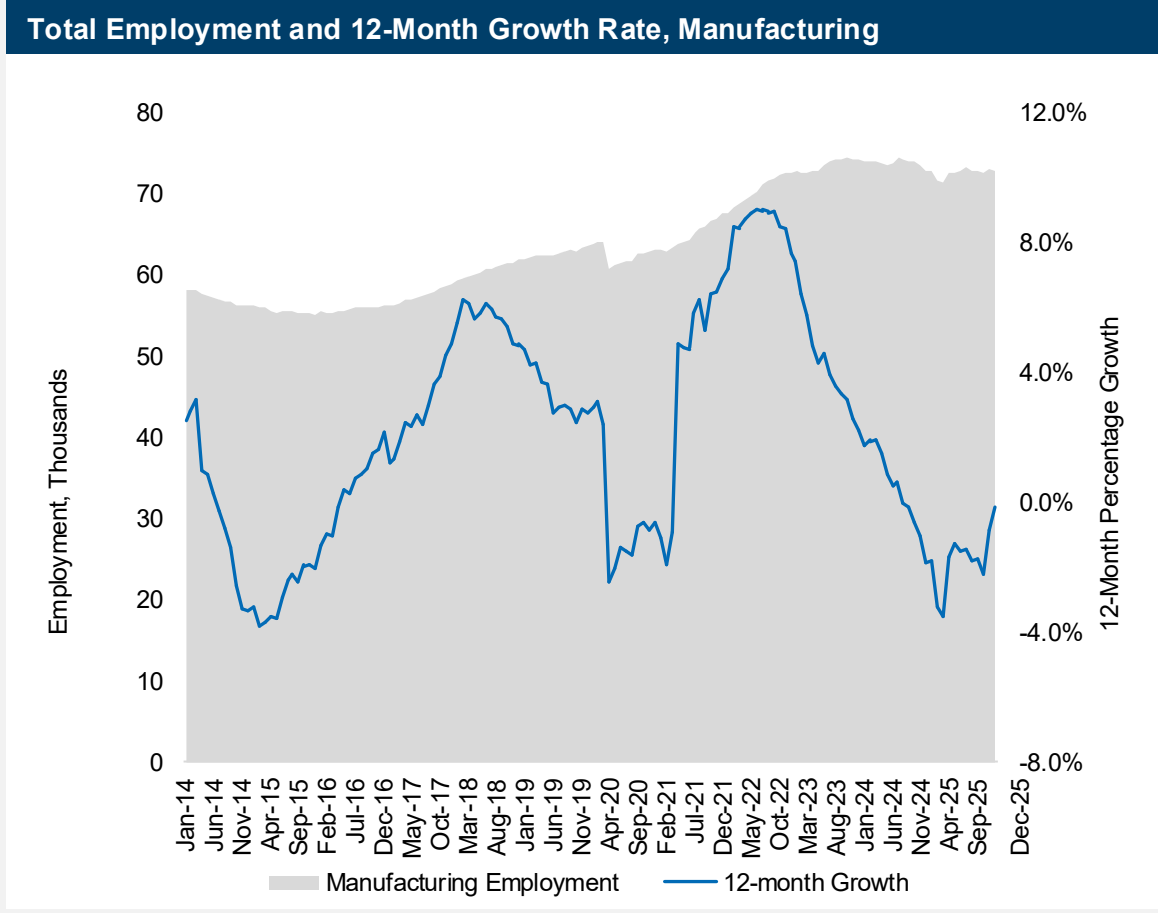
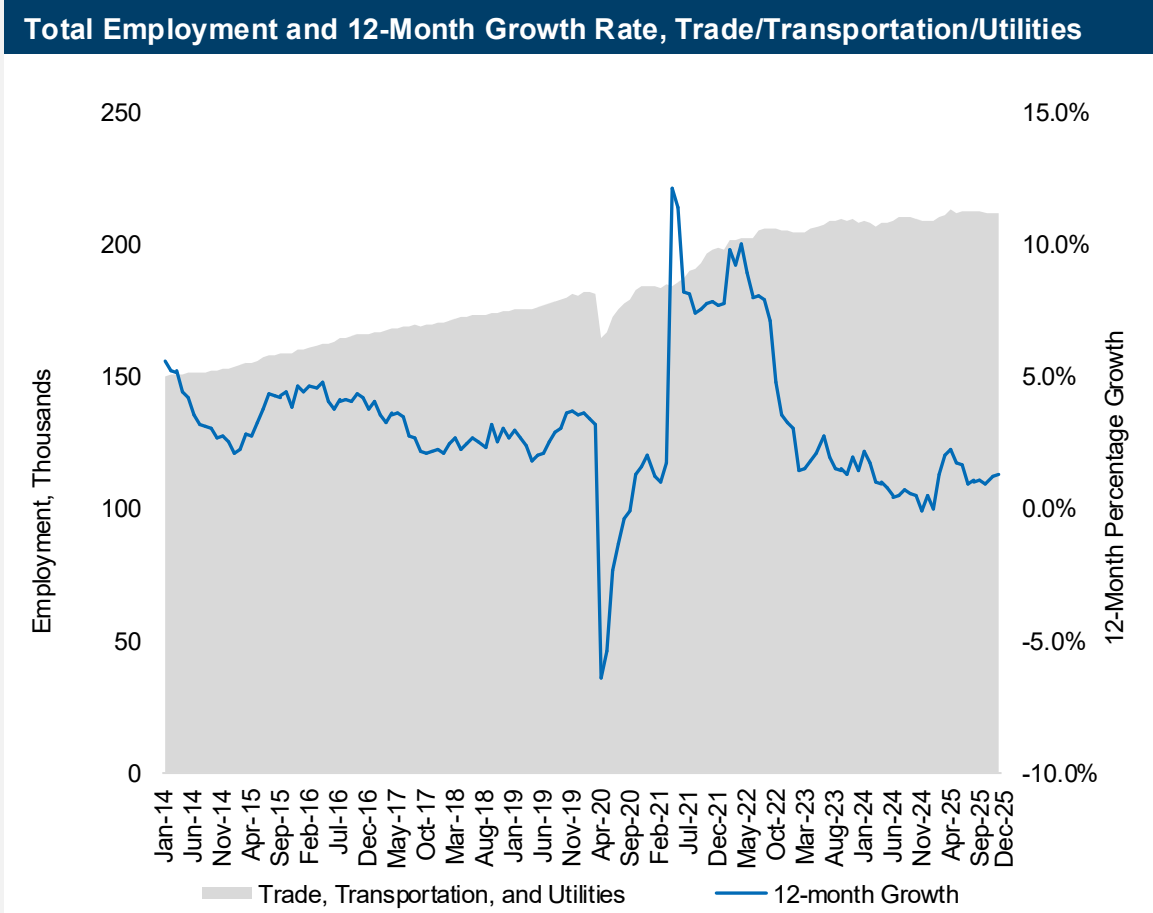
Known for its technology sector, Austin’s top two employment industries—business and professional services and government—account for 35.6% of jobs. The industrial-using trade/transportation/utilities employment sector, composing 15.4% of Austin’s workforce, is the third largest in the metro. Government recently overtook trade/transportation/utilities to become the second largest employment sector. Most industrial-using sectors reported job growth, led by trade, transportation and utilities and mining and construction, which posted gains of 1.3% and 0.2%, respectively. In contrast, manufacturing recorded a slight annual job loss of 0.1%.



Source: U.S. Bureau of Labor Statistics, Austin MSA

# Industrial Employment Shows Mixed Results

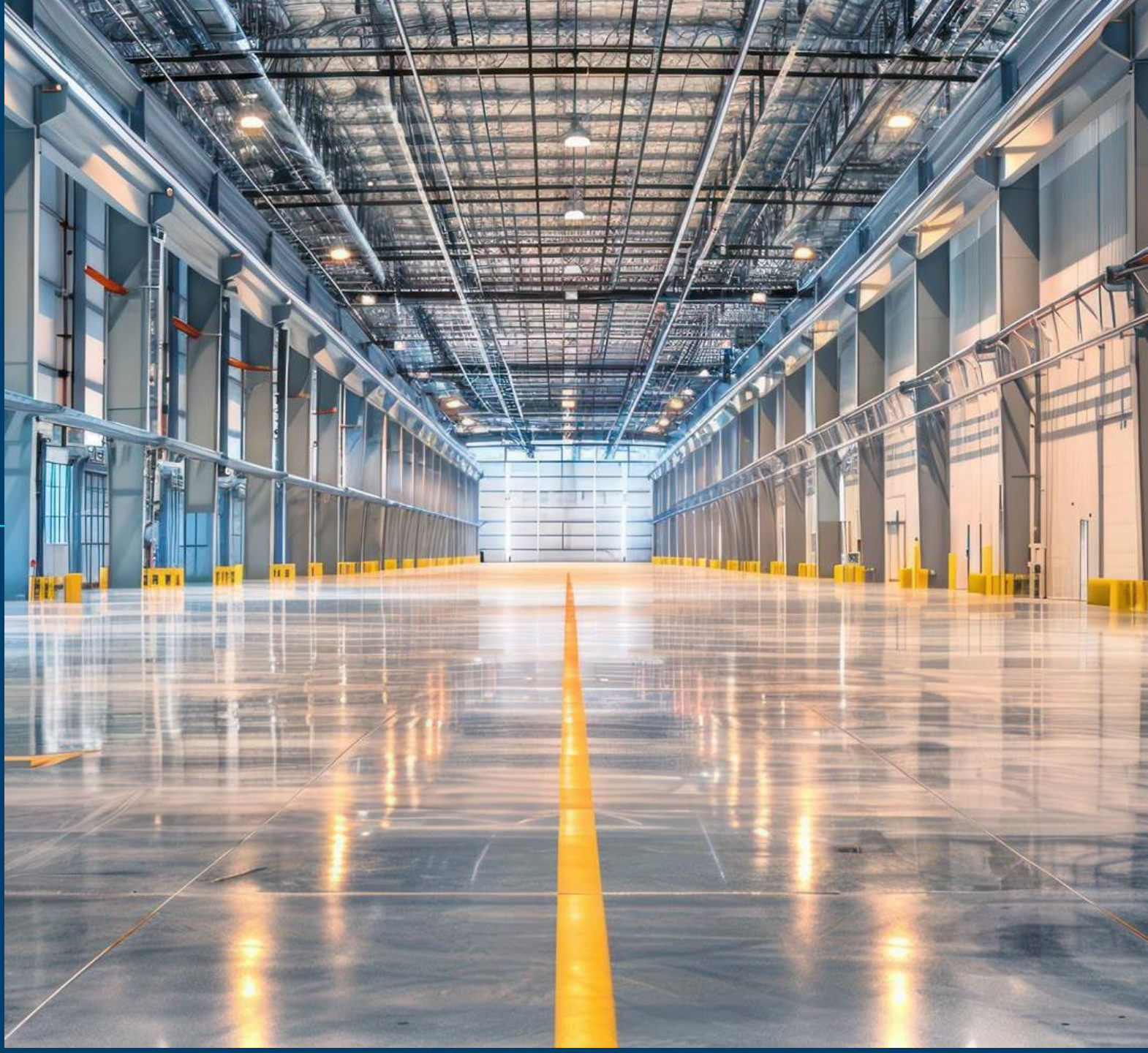
Employment in the trade/transportation/utilities sector totaled 212,040 jobs as of December 2025, just 0.5% below its April 2025 peak, while manufacturing stood at 72,870, or 2.3% below its 2023 high. Annual trends diverged, with trade/transportation/utilities growing 1.3% and manufacturing declining 0.1%.



Source: U.S. Bureau of Labor Statistics, Austin MSA

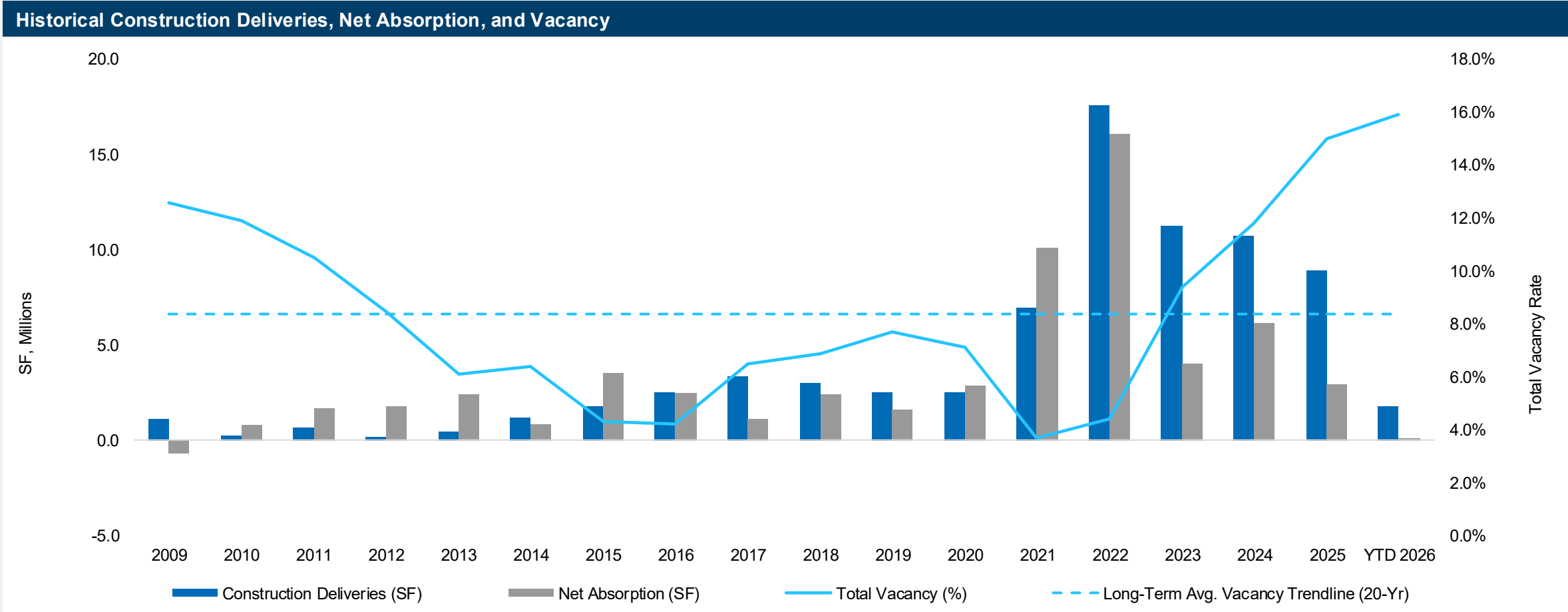
# 02

## Leasing Market Fundamentals



# Elevated Deliveries Push Vacancies to Record High

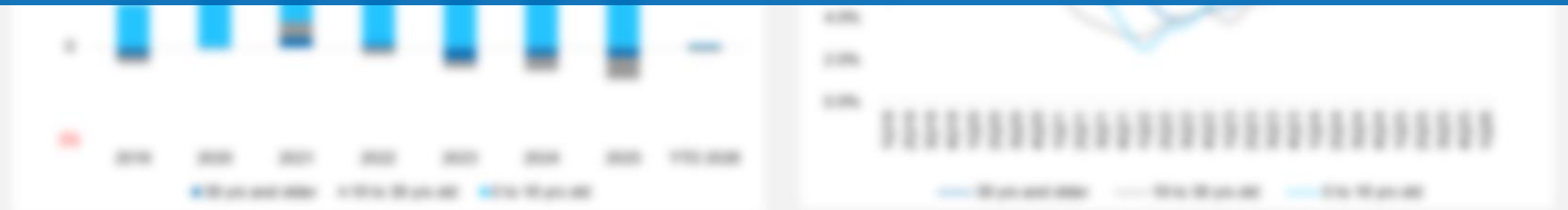
The Austin industrial vacancy rate rose by 300 basis points year over year to an all-time high of 15.9% in the first quarter of 2026, primarily due to another quarter of elevated deliveries that are yet to be absorbed by the market. The first quarter reported roughly 1.8 MSF of deliveries. Despite national economic headwinds, demand for industrial space remained positive for the 27<sup>th</sup> consecutive quarter, totaling 144,525 SF. Vacancy is likely to trend upward as the market works through the elevated under-construction pipeline of predominantly speculative development that has occurred over recent years.



## Preference for Modern Industrial Buildings Drives Demand

Modern industrial buildings built in the last 10 years accounted for record high vacancy of 18.4% during the first quarter of 2024, unchanged from the previous quarter. Modern industrial buildings account for 67.1% of all vacant space in the market. Moreover, modern industrial buildings have contributed to nearly all positive net absorption going back to at least 2018, reflecting strong new demand for newer facilities. The higher vacancy rate for modern warehouses is largely supply driven, whereas the continued rise in vacancy among older legacy industrial properties is a result of increased supply and absorption since 2017, reflecting a general weakening in competitiveness of demand.

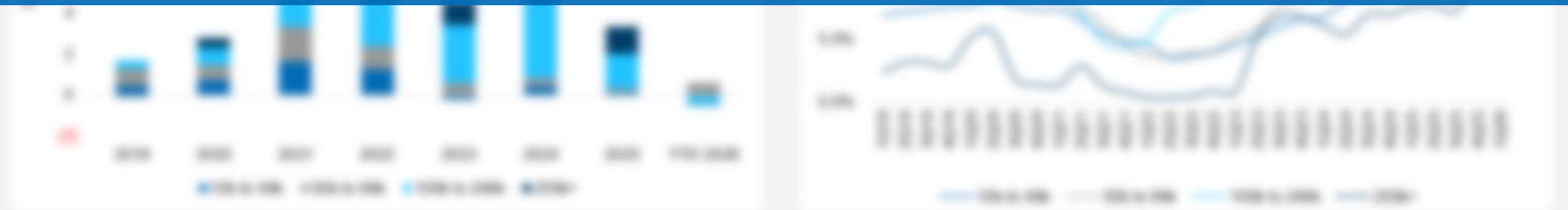
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# Vacancy in Largest Buildings Trends Up to Record High

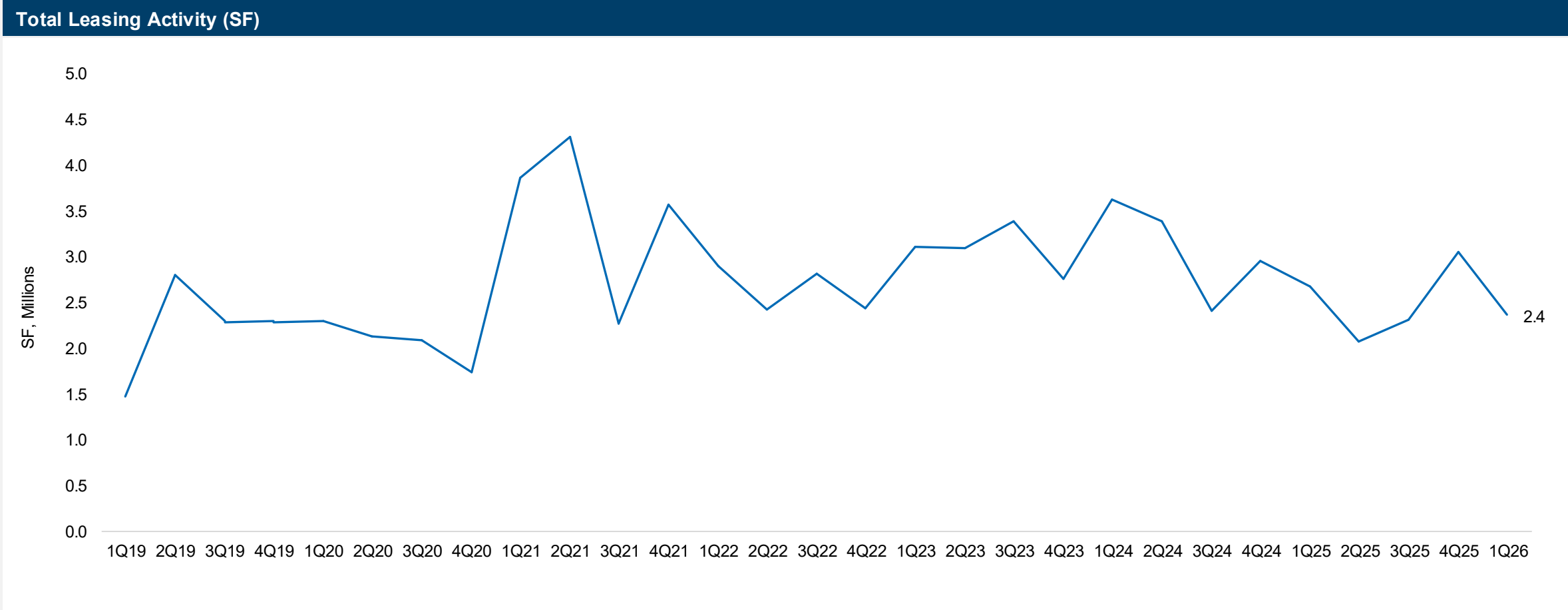
Market's industrial market continues to see stable demand, particularly for large properties over 100,000 sq. feet. Industrial buildings, 100,000 sq. feet and larger accounted for 76.7% of total sq. footage going back to 2019. However, the rapid pace of new deliveries has disrupted the balance, contributing to rising vacancy rates across most size categories. The 100,000 to 150,000 sq. foot segment's vacancy rate began to trend downward in the first quarter of 2024 after reaching the all-time high in the prior quarter. The 100,000 to 150,000 sq. feet and 150,000 sq. feet and larger segments have seen the most significant vacancy increases quarter-over-quarter, rising by 7.7% and 19.6% last quarter, respectively. This shift highlights the ongoing challenge of staying on pace with demand as a market experiencing unprecedented levels of new construction.

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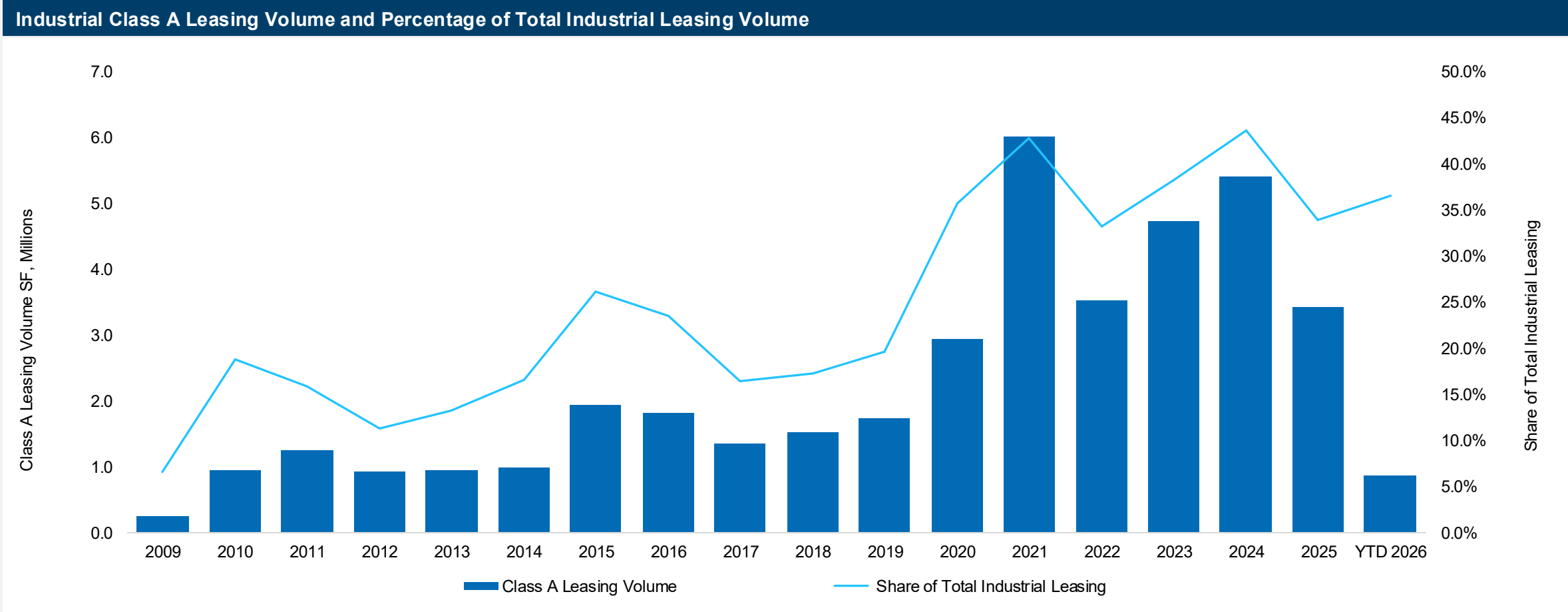
# Macroeconomic and Geopolitical Uncertainty Depresses Leasing Activity

Leasing activity in Austin totaled 2.4 MSF at the close of the first quarter of 2026, reflecting quarterly and annual decreases of 22.4% and 11.6%, respectively. This reverses a trend of increasing leasing activity reported during the previous two quarters. Despite a slowdown driven by macroeconomic and geopolitical uncertainty, market demand and leasing activity will likely remain positive as companies continue to build out supply chains and infrastructure in the region. Further catalyzing demand will be advanced manufacturers leveraging Tesla and Samsung’s regional investments to grow. Notable examples include Baer Manufacturing and ZT Systems signing two of the quarter’s largest leases.



# Class A Warehouse Transaction Share of Leasing Activity Increases Quarterly

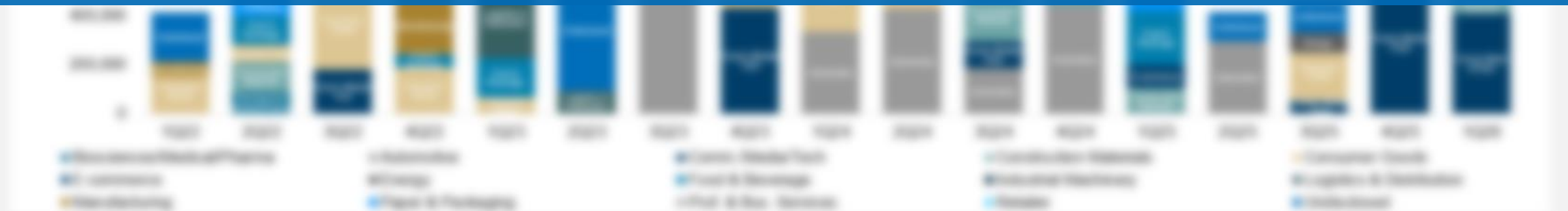
Class A warehouse space accounted for 867,039 SF, or 36.6% of total industrial leasing activity, in the market during the first quarter of 2026. This reflects quarterly and annual decreases of 1,215 and 782 basis points, respectively. However, it remains well above the 13.8% first-quarter average reported between 2009 and 2019. Meanwhile, leased square footage also decreased by 41.7% quarterly and 27.1% annually. Class A warehouse’s share of leasing activity will likely increase as tenants who have traditionally been kept out of high-quality space will seize on favorable market conditions to relocate and sign leases in such space. The market is currently working through a glut of recently delivered space.



## Five Largest Deals Done by Industry Type

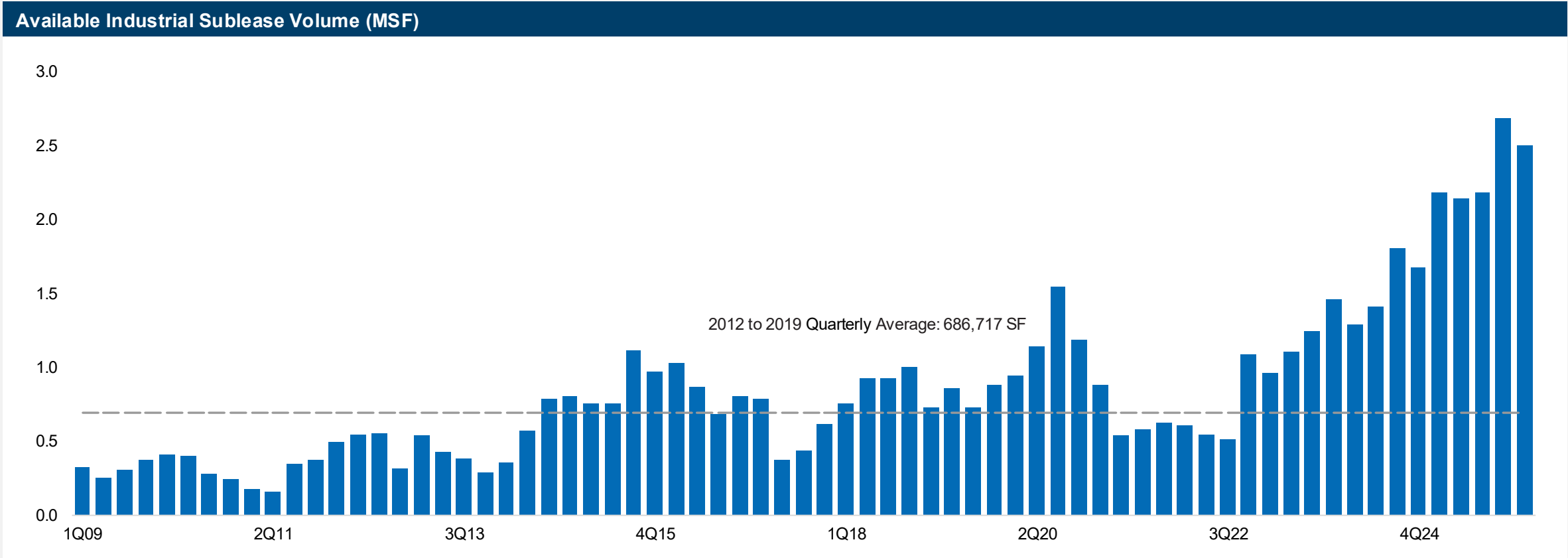
Industry types in the five largest deals reported in the market have shifted over time. Since the third quarter of 2021, the construction industry has had a strong presence in quarterly buying activity as evidenced by the "Build Back" Assembly, when compared to all industries, construction deals made have consistently topped deals in the market for most of the last 17 quarters. During the second half of 2021, the communications technology sector played a more prominent role in the market's largest deals, accounting for 60% of all buying activity, a trend that continued into the first quarter of 2022. This trend continued into the first quarter of 2022, where the manufacturing sector is again on the list for the first time since the second quarter of 2021. This could be the beginning of a resurgence in activity in this sector, although manufacturing was the sector's largest deal.

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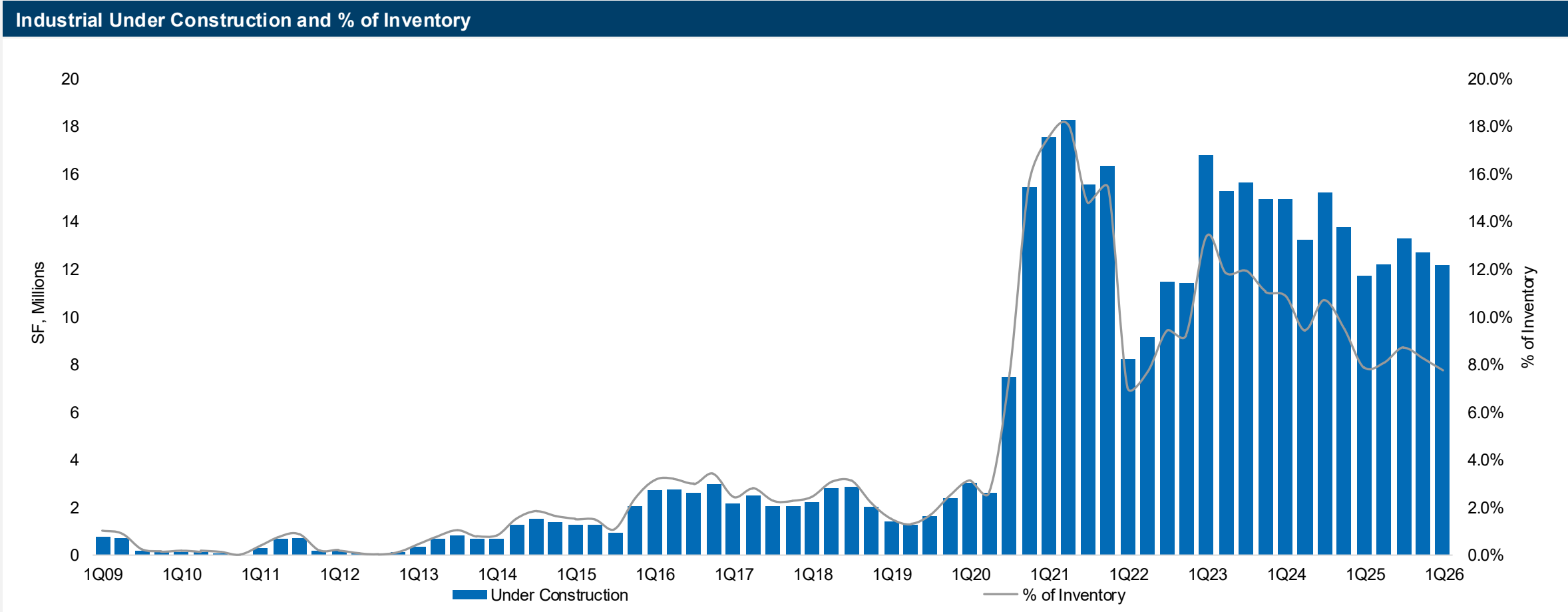
# Industrial Sublease Availability Drops from Record High

At the end of the first quarter of 2026, sublease availabilities decreased by 6.8% quarter over quarter to 2.5 MSF but remained 14.8% higher on an annual basis. This is well above the 686,717 SF quarterly average that the market reported from 2012 through 2019. The increase in available sublet space is attributable to an emphasis on corporate efficiency amidst an uncertain macroeconomic and geopolitical environment stemming from surging energy costs and stubborn inflation. This, coupled with a recent decline in consumer sentiment, has likely pushed many companies to pare back and list underutilized warehouse space on the sublease market to aid in controlling costs in preparation for future trade volatility. Notable occupants listing space include PODS (99,000 SF) and Vayan Group (49,672 SF).



# Construction Activity Declines on a Quarterly Basis but Remains Elevated

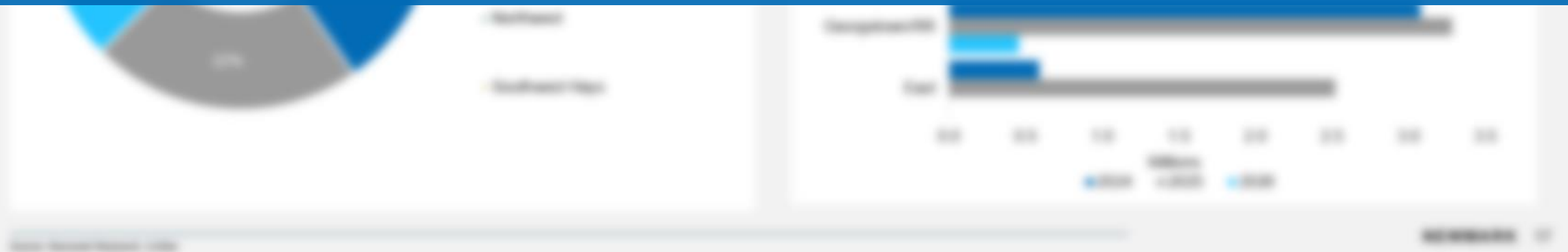
Austin’s industrial pipeline remains historically elevated at 12.1 MSF under construction, comprising 7.8% of the market’s total inventory as of the end of the first quarter of 2026. Developers continue to launch new projects, anticipating demand from advanced manufacturing companies moving into and expanding within the region. Meanwhile, significant regional investments and agreements by firms like Tesla and Samsung are leading the expansion of supply chains along the I-35 corridor. This may accelerate if the current administration’s tariffs incentivize firms to re-shore manufacturing. Under-construction projects are 50.5% preleased.



## Georgetown/Round Rock Submarket Leads With New Construction and Deliveries

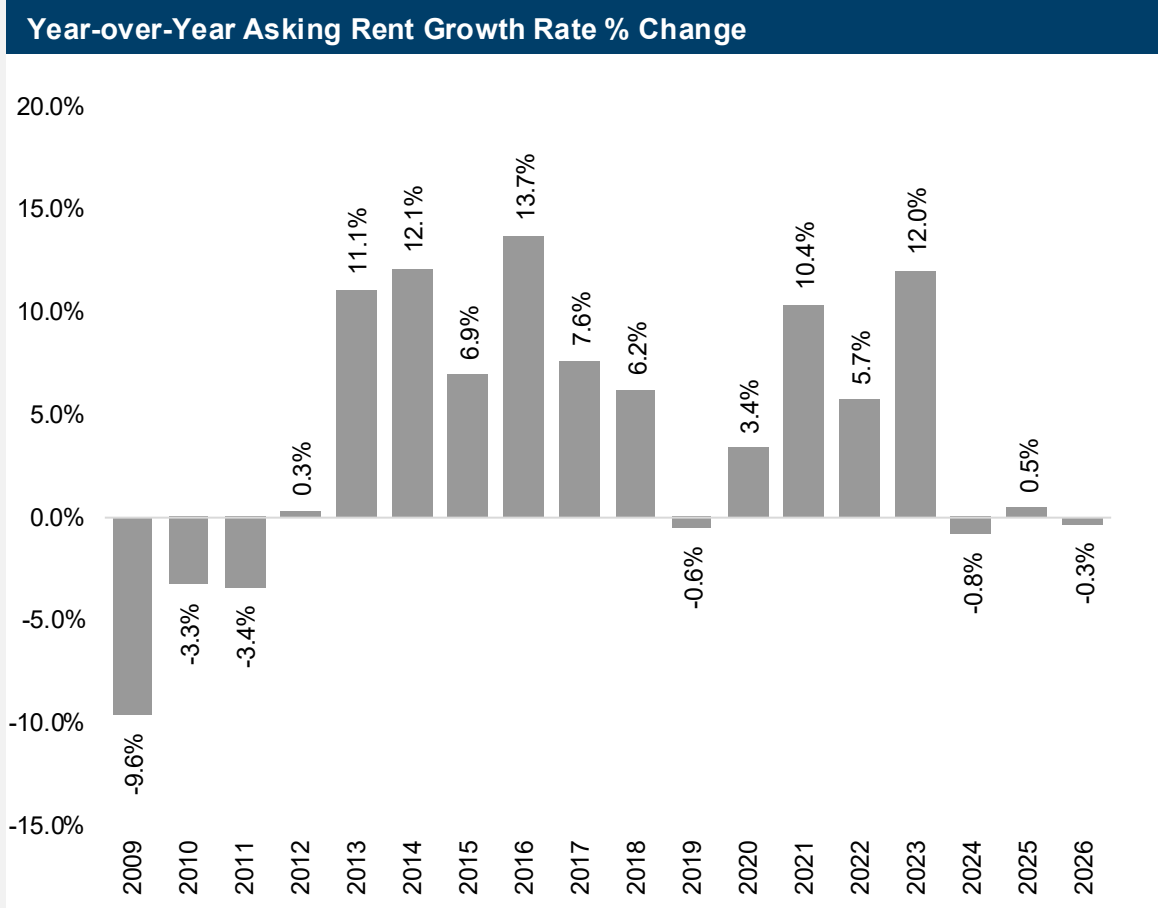
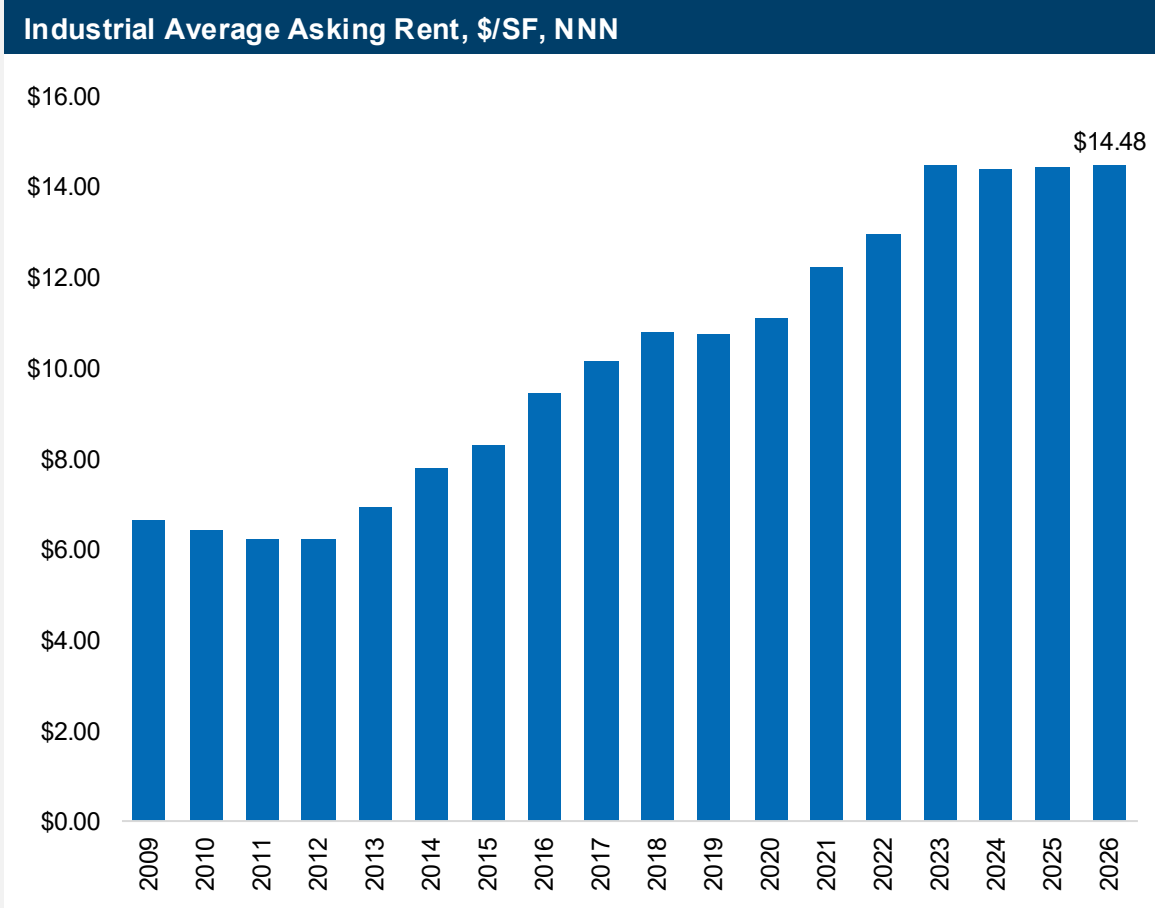
The Greater Falls/Georgetown/Round Rock submarket currently accounts for 46.2% of all multi-unit construction permits, or 2.2 BSM. The submarket also continues to lead delivered permits, growth with 2.2 BSM delivered since the beginning of 2024. Developers have been drawn to the submarket as affordable multifamily. This has continued to grow its family of multifamily, affordable multifamily have been capitalizing on Title I commitments and leasing space throughout the year year. Three of the first quarter of 2024's largest units were in the submarket.

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# Delivery of New Product Keeps Rents Near Record Highs

At the end of the first quarter of 2026, industrial average asking rents declined by 0.1% quarter over quarter to \$14.48/SF, remaining 2.9% below the historic high of \$14.92/SF recorded in the first quarter of 2024. Rents decreased 0.3% year over year, reflecting a moderation in rent growth that has recently turned negative. Deliveries of a plethora of high-quality new product continue to keep asking rents near record highs, as landlords look to recover elevated building costs. However, rent growth is expected to stay flat or ease slightly as the volume of new supply continues to outpace demand in the near term and landlords compete to fill vacant space.



# Data Center Industries Drive Leasing Activity

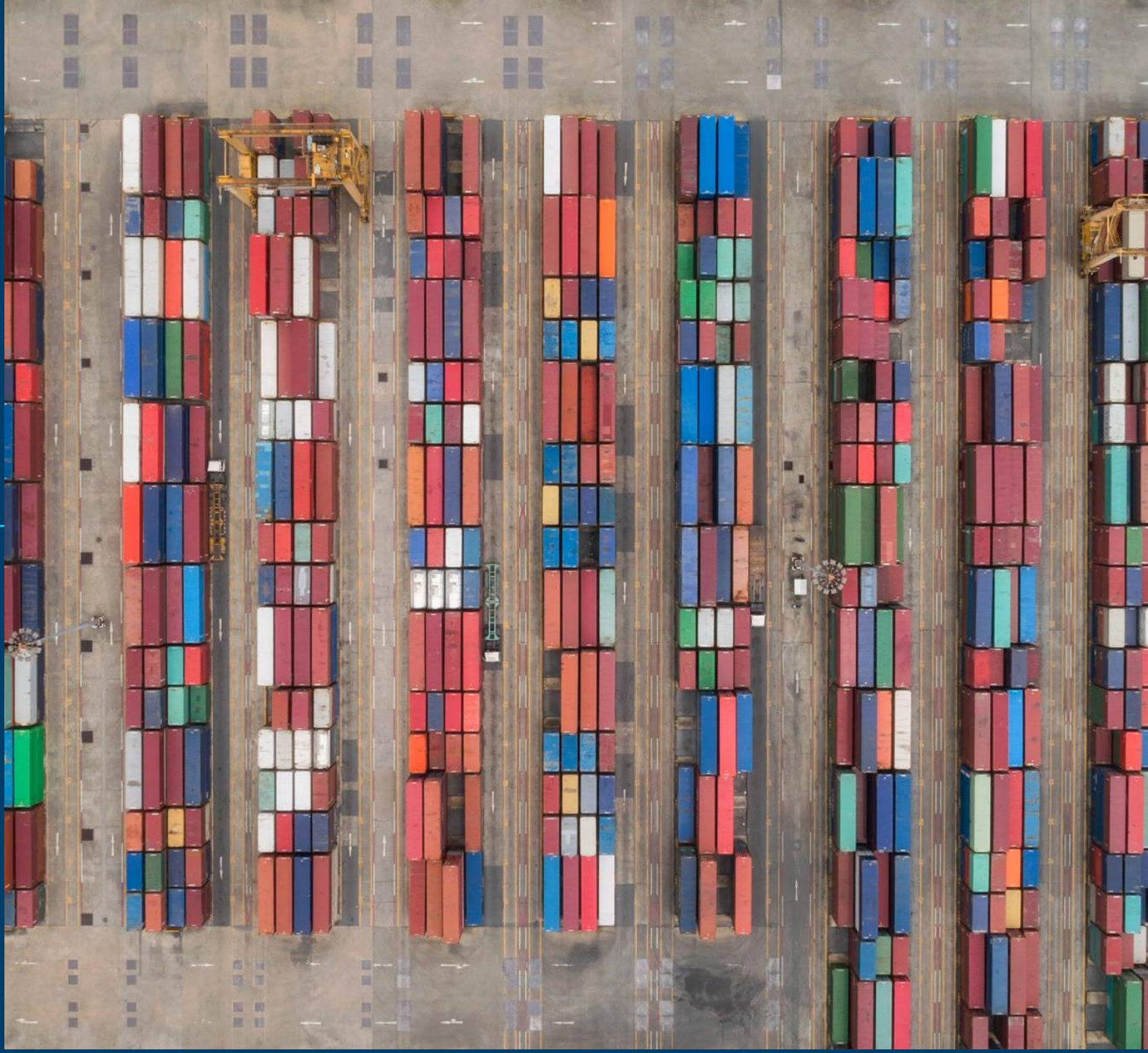
Data center adjacent industries and distributors drove leasing activity during the first quarter of 2026 as companies follow major advanced manufacturers into the region and build out supply chains to capitalize on regional population growth. Electronic components manufacturer Baer Manufacturing signed the largest deal of the quarter, taking 606,060 SF at Crosspoint Phase II – Building 4. It is expected to eventually employ 200 people upon opening its manufacturing facility in 2027. Meanwhile, cloud infrastructure provider ZT Systems and semiconductor logistics provider Infinity Link Logistics each signed one of the quarter’s largest leases. Notably, all major leases signed during the quarter were direct leases in the Georgetown and Hays County submarkets, underscoring sustained demand for industrial space near major regional advanced manufacturers, such as Samsung in Taylor.

## Notable 1Q26 Lease Transactions

| Tenant   | Building(s)                         | Submarket   | Type       | Square Feet |
|--|-------------------------------------|-------------|------------|-------------|
| Baer Manufacturing   | Crosspoint Phase II – Building 4    | Georgetown  | Direct New | 606,060     |
| <i>Electronic components manufacturer Baer pre-leased 606,060 SF at 4805 North Interstate 35 to build a manufacturing facility that will be completed in 2027 and eventually create at least 200 jobs. In the interim, Baer also leased 73,510 SF in the nearby Crosspoint Industrial Park – Building 3, which it is expected to immediately occupy.</i> |                                     |             |            |             |
| ZT Systems   | GTX Logistics Park – Building 2     | Georgetown  | Direct New | 412,470     |
| <i>ZT Systems, an Advanced Micro Devices subsidiary and provider of cloud and artificial intelligence infrastructure, leased the entirety of 600 Farm to Market Road 972. It is suspected that this location will support the firm’s nearby manufacturing facility at NorthPark 35.</i>  |                                     |             |            |             |
| U.S. LBM   | McCarty Park – Building 3           | Hays County | Direct New | 94,648      |
| <i>Atlanta-based U.S. LBM, one of the nation’s largest distributors of specialty building materials, leased 94,648 SF at 1600 East McCarty Lane in San Marcos.</i>   |                                     |             |            |             |
| Infinity Link Logistics  | Park79 Commerce Center – Building 2 | Georgetown  | Direct New | 87,000      |
| <i>Semiconductor logistics specialist Infinity Link leased 87,000 SF at 14501 Highway 79 near Samsung’s Taylor plant, which is one of their major clients.</i>   |                                     |             |            |             |
| TNT Crane & Rigging  | Buda Commerce Center – Building 4   | Hays County | Direct New | 78,228      |
| <i>Houston-based TNT Crane &amp; Rigging, one of the largest lessors of cranes in the nation, signed a lease at 318 Commerce Center Drive in Buda. The company boasts 40 branches, a fleet of more than 750 cranes and more than 1,000 customers nationwide.</i>   |                                     |             |            |             |

# 03

## Market Statistics & Map



# Austin Industrial Submarket Overview

Submarket Statistics - All Classes

NEW LISTINGS (20)    NEW LISTINGS (20)    NEW LISTINGS (20)    NEW LISTINGS (20)    NEW LISTINGS (20)    NEW LISTINGS (20)    NEW LISTINGS (20)    NEW LISTINGS (20)

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|                 |             |            |       |         |         |         |         |         |
|-----------------|-------------|------------|-------|---------|---------|---------|---------|---------|
| Industrial      | 25,750,000  | 2,750,000  | 10.7% | 25,000  | 25,000  | 25,000  | 25,000  | 25,000  |
| Industrial Flex | 25,750,000  | 25,000     | 10.7% | 2,000   | 2,000   | 25,000  | 25,000  | 25,000  |
| Market Total    | 100,000,000 | 10,000,000 | 10.0% | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |

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## Austin Industrial Submarket Map



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## 1Q26 Texas Industrial Market Overview

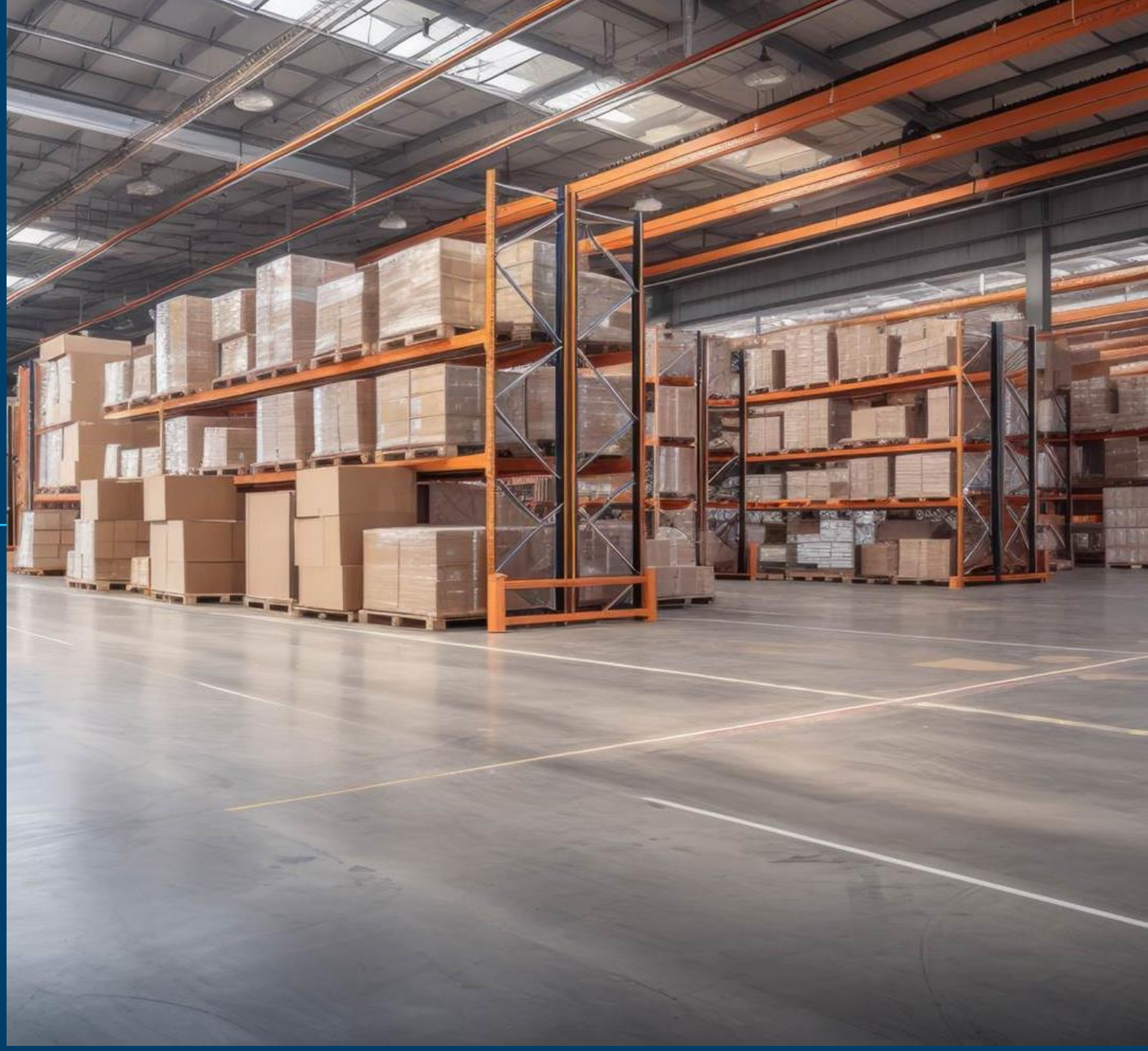


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|                           |           |           |           |           |           |
|---------------------------|-----------|-----------|-----------|-----------|-----------|
| YTD Deliveries            | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Direct Selling Rate (SDR) | 85%       | 85%       | 85%       | 85%       | 85%       |
| Sublet Selling Rate (SSR) | 15%       | 15%       | 15%       | 15%       | 15%       |
| Total Selling Rate (STR)  | 100%      | 100%      | 100%      | 100%      | 100%      |

# 04

## Supplemental Analysis



## Austin Industrial Market



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# Highest Loan Volume Due in 2029

In the first quarter of 2024, CMBS remained the leading source of debt financing, accounting for 38.1% of total volume. Financial loan maturities are heavily front-loaded, with 74.8% of debt maturing through 2027, leaving the balance 2028. Across all debt sources, maturities peak in 2029 at \$1.2 billion dollars, underscoring the need to closely monitor upcoming maturities as an indicator of future market activity. The concentration of new issue maturities, particularly in financial loans, stresses refinancing risk in a higher rate environment and reinforces the importance of credit quality and proactive capital planning over the asset cycle.

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## Multifamily Maturities Particularly Elevated Through 2031, Industrial Not So Much

As of the first quarter of 2026, industrial loans comprise 1.2% of the upcoming \$27.2 billion of loans maturing within the next five years, representing progress in the office sector's challenges. Meanwhile, the multifamily sector comprises 62.4% or \$17.1 billion of maturities through 2031. However, lenders' continued appetite for multifamily assets with refinancing alternatives remains high, emphasizing the capital markets' focus on asset quality and flexibility as a result of the low debt-to-value ratio in the face of economic uncertainty. Future demand for multifamily assets will be driven by job and population growth in the region as more companies continue to expand and enter the region.

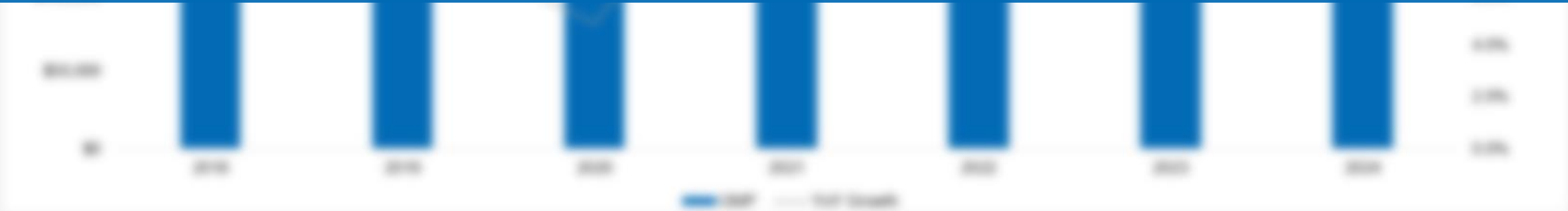
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# Austin Gross Metropolitan Product

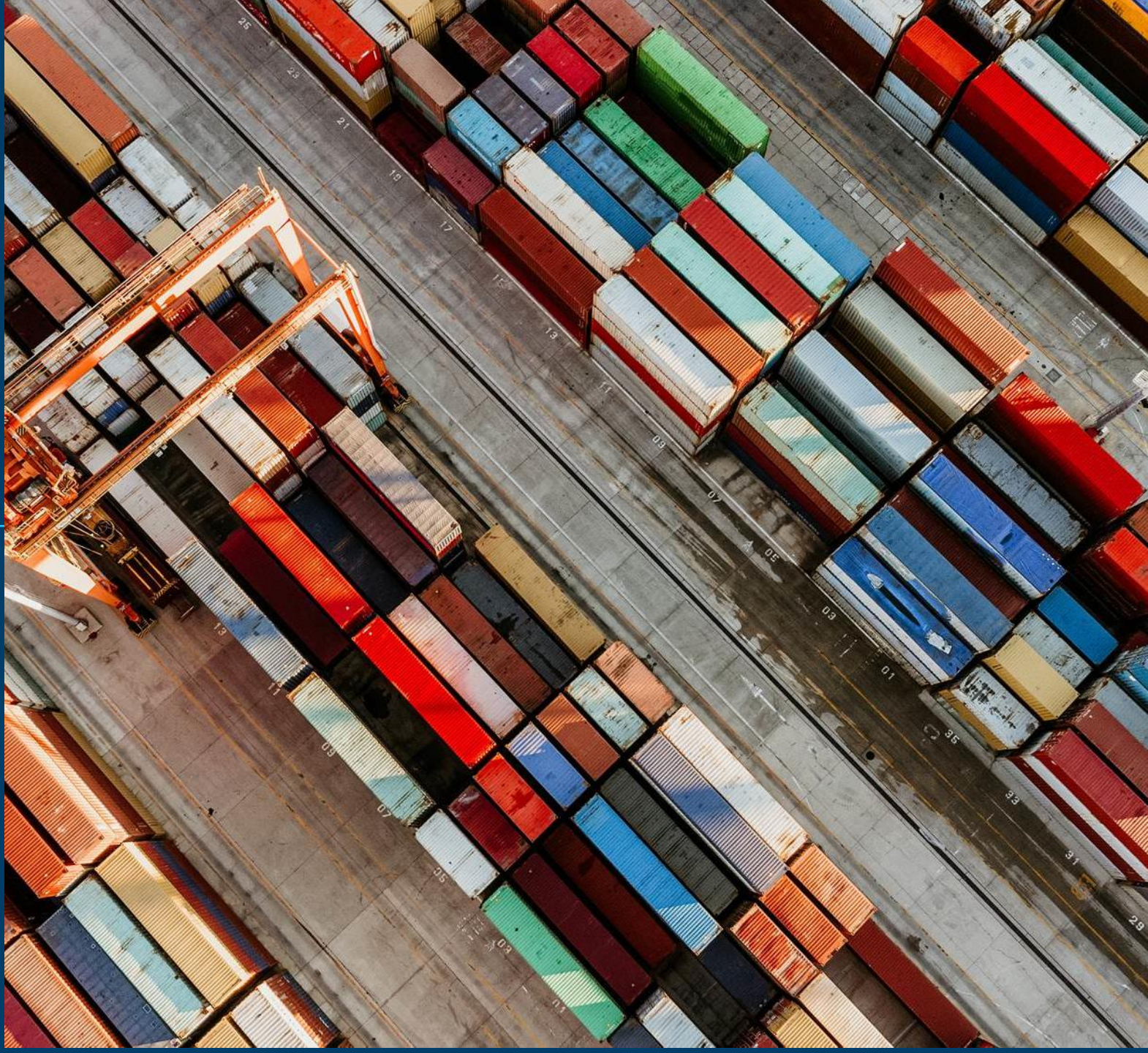
After declining growth since 2021, Austin's gross metropolitan product continued to grow to record highs as of the end of 2024. The region's gross metropolitan product increased by 6.6% to a new record of \$208.4 billion during 2024.

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# 05

## San Antonio Appendix



# San Antonio Industrial Market Overview

Q3 2024 MARKET SNAPSHOT



178.7 MSF  
Total Inventory



11.2%  
Total Inventory Rate



\$9.91  
Average Asking Price



408,976  
FTE 2024 New Absorption



3.3 MSF  
Under Construction

Current Conditions

Average Asking Price: Q3 2024 FTE & Inventory

Deliveries & New Absorption

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- 1. Industrial space is in high demand in a growing area and expected to reach levels of an average year for several years to come. With the current rate of 11.2% and being the first quarter of 2024.
- 2. There are currently 33 projects totaling 1.1 MSF under construction in the market.

| Recent Lease Transactions |      |       |           |        |
|---------------------------|------|-------|-----------|--------|
| Location                  | Year | Type  | Size (SF) | Value  |
| Industrial Park (North)   | 2023 | Lease | 10,000    | \$9.91 |
| Industrial Park (South)   | 2023 | Lease | 10,000    | \$9.91 |

| Recent Sale             |      |      |           |        |
|-------------------------|------|------|-----------|--------|
| Location                | Year | Type | Size (SF) | Value  |
| Industrial Park (North) | 2023 | Sale | 10,000    | \$9.91 |
| Industrial Park (South) | 2023 | Sale | 10,000    | \$9.91 |

# San Antonio Industrial Submarket Overview

## Submarket Statistics - All Classes

Year Ending 2011    Year Ending 2012    Year Ending 2013    Year Ending 2014    Year Ending 2015    Year Ending 2016    Year Ending 2017    Year Ending 2018

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|              | 2011              | 2012              | 2013       | 2014              | 2015              | 2016              | 2017              | 2018              |
|--------------|-------------------|-------------------|------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Industrial   | 21,000,000        | 20,000,000        | 20%        | 20,000,000        | 20,000,000        | 20,000,000        | 20,000,000        | 20,000,000        |
| Office       | 10,000,000        | 1,000,000         | 10%        | 1,000,000         | 1,000,000         | 1,000,000         | 1,000,000         | 1,000,000         |
| Other Class  | 10,000,000        | 0                 | 10%        | 1,000,000         | 1,000,000         | 1,000,000         | 1,000,000         | 1,000,000         |
| <b>Total</b> | <b>41,000,000</b> | <b>21,000,000</b> | <b>30%</b> | <b>22,000,000</b> | <b>22,000,000</b> | <b>22,000,000</b> | <b>22,000,000</b> | <b>22,000,000</b> |

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