



NEWMARK

Market Overview
Austin Office

1Q26

NMRK.COM



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. However, most office-using sectors, namely business and professional and information, reported annual declines.
- As of the end of December 2025, office-using employment in the market totaled 414,060 jobs, down 2.1% from the all-time high. However, office-using employment remains 29.1% above the year-end 2019 level.



Leasing Market Fundamentals

- Annual full-service rental rates increased to a new high of \$46.27/SF, reflecting quarterly and annual increases of 2.2% and 5.3%, respectively.
- Overall vacancy dropped by 120 basis points quarter over quarter and year over year from a record high of 23.5% to high of 22.3% as the market has begun to work through the surge of deliveries that have occurred in recent years.
- The under-construction pipeline ticked upward, ending the quarter with 191,850 SF under construction as restrictive fiscal policies and rising building costs have curtailed new office groundbreakings.
- Quarterly leasing activity slowed to 1.5 MSF when compared to the first quarter of 2025 and remains below the 16-year first-quarter average of 2.1 MSF as corporations slow decisions to evaluate the impacts of artificial intelligence and macroeconomic uncertainty on space utilization.



Major Transactions

- Contrary to headlines that Austin's reputation as a tech hub may be fading, tech continued to play a dominant role in leasing. Dutch semiconductor manufacturer NXP signed the largest lease of the first quarter of 2026, relocating its U.S. headquarters to Buildings I and II at Champion Office Park after leasing the entire campus. Meanwhile, xAI sublet 112,297 SF at the Seaholm Power Plant Building and Procore expanded its footprint at Procore Tower.
- Three of the quarter's five largest lease transactions were new direct deals, indicating that tenants are using lease expirations to relocate into better amenitized buildings that will entice employees into the office.
- Notably, most of these relocations were northward, with the Northwest and North/Domain submarkets taking the lion's share of the first quarter's notable leases.



Outlook

- Near-term growth in Austin's office market is projected to remain slow. Office investment activity is expected to stay subdued in the near term due to elevated inflation, higher borrowing costs, and muted demand. However, a recent bright spot is Accesso re-committing to its previously stalled plans of adding more office space, retail, multifamily and hospitality to 7700 Parmer.
- Continued expiration of leases signed pre-pandemic will likely push tenants to shed underutilized space and lease smaller spaces in higher-quality, well-located assets. Vacancy is expected to remain elevated in the near term as corporations continue to adjust their office footprints, and the market works through the recent surge in deliveries that have occurred over the past several years.
- Asking rents spiked during the third quarter of 2025 due to the opening of The Republic. Despite this, the office market is expected to remain tenant friendly as landlords compete to fill space by keeping asking rents generally flat or modestly declining to stimulate leasing activity.

Table of Contents

Economy	04
Leasing Market Fundamentals	08
Market Statistics & Map	17
Supplemental Analysis	23
San Antonio Appendix	28

01

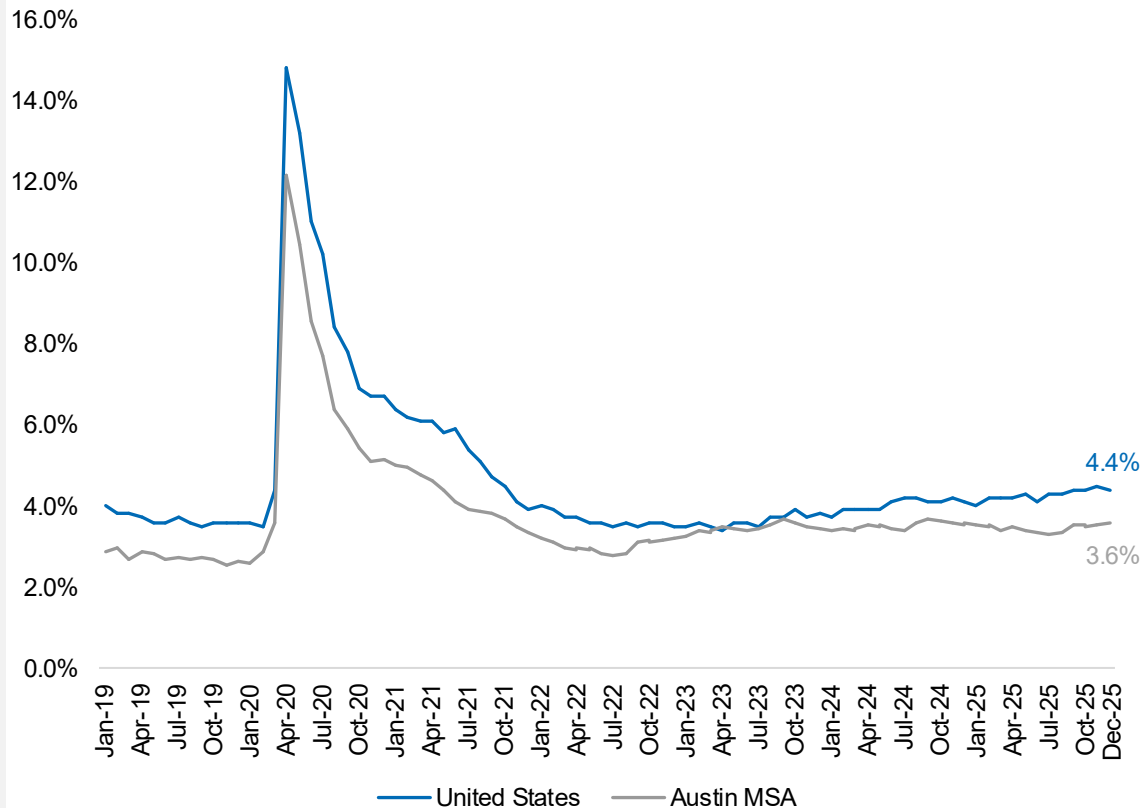
Economy



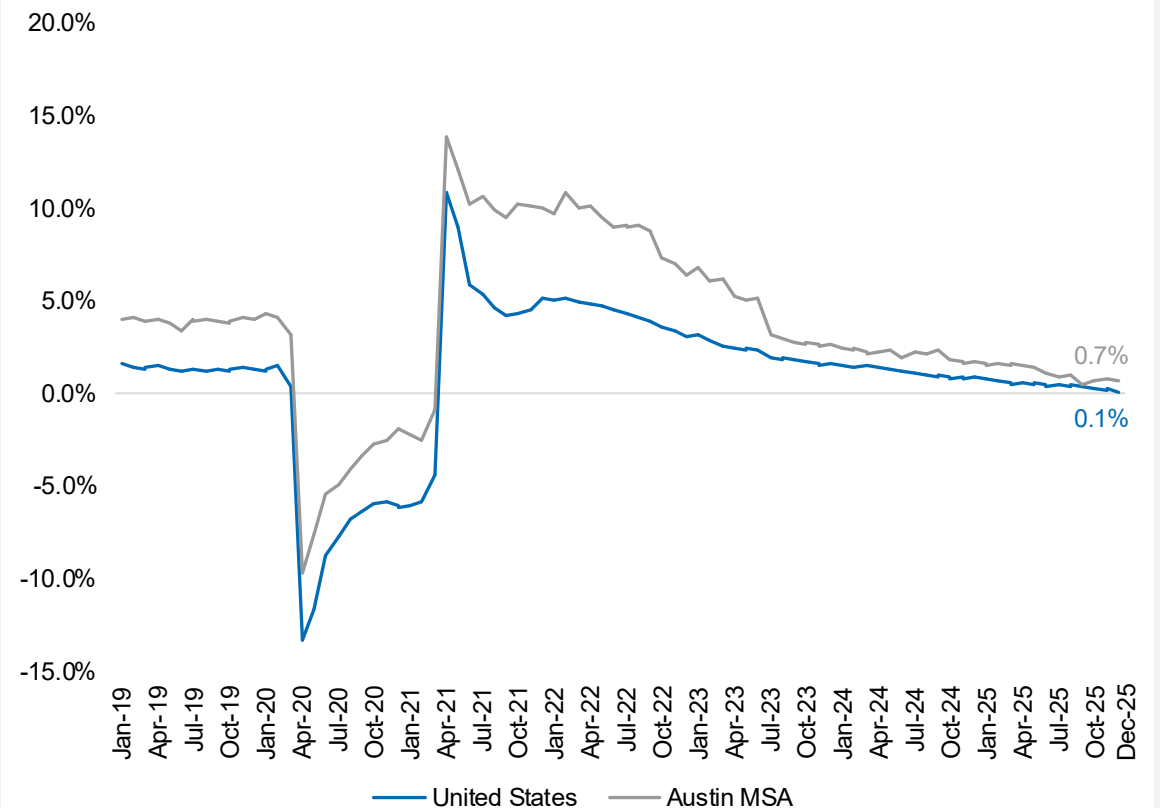
Employment Growth Continues to Slow, Unemployment Remains Below National Average

Austin has historically reported lower unemployment rates compared to the national average, while being an outperformer in employment growth. The nation's and Austin's unemployment rates have recently begun to converge, with the market's unemployment rate ticking up to 3.6%. In contrast, the nation's unemployment has inched lower to 4.4%. The gap between Austin's outperformance of the United States in job growth narrowed in recent quarters and began to rebound at the end of 2025, with the United States and Austin diverging to 0.1% and 0.7%, respectively. This reflects annual decreases of 99 basis points in Austin and 86 basis points throughout the nation. Most annual nonfarm payroll growth in the market has been concentrated in the government, education and healthcare and financial activities sectors.

Unemployment Rate*, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change



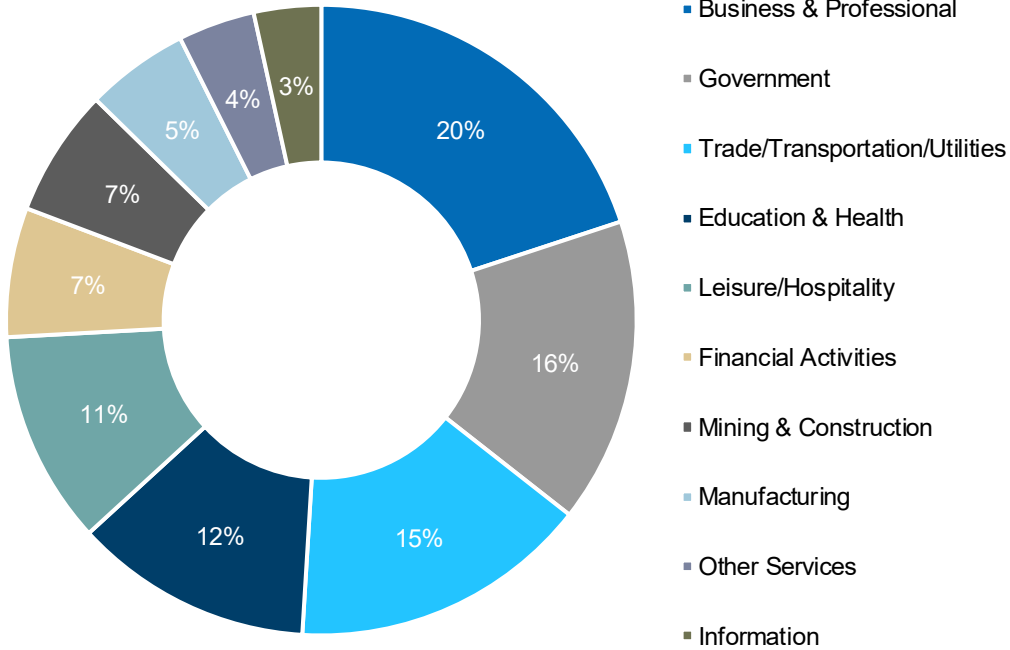
Source: U.S. Bureau of Labor Statistics, Austin-Round Rock MSA

*October 2025 government shutdown missing data addressed with duplicating September 2025's data

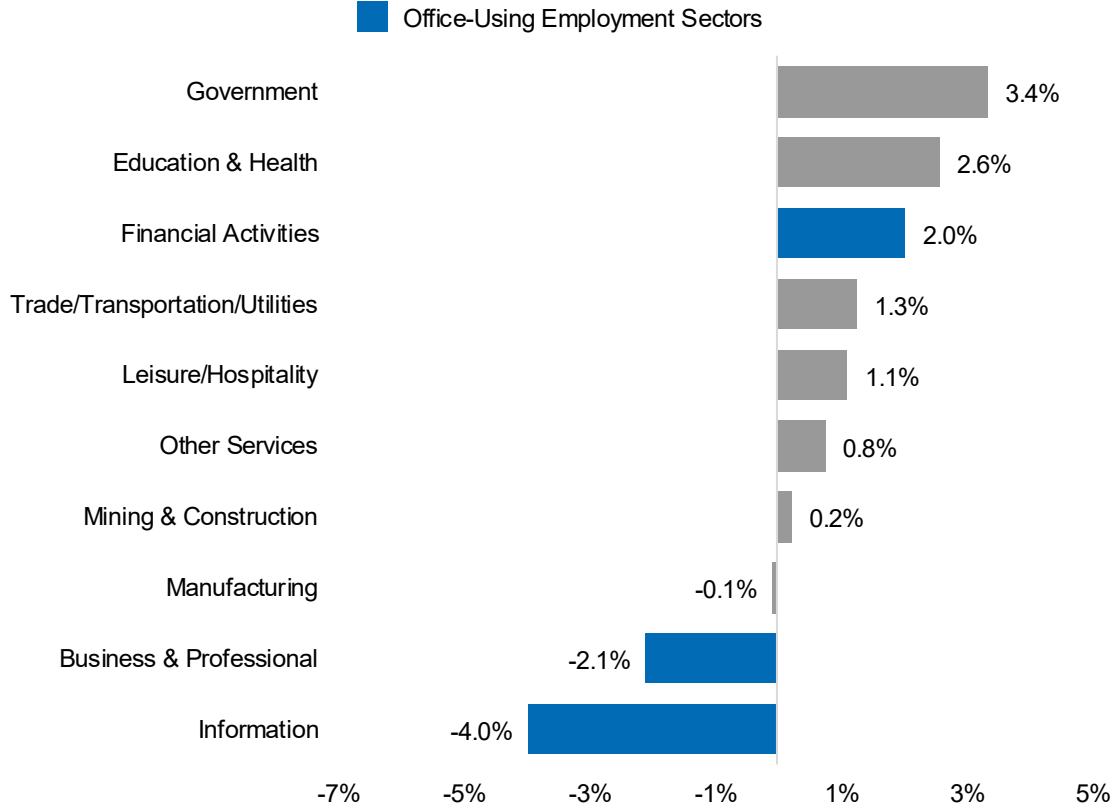
Most Office-Using Jobs Sectors Report Yearly Job Losses

Known for its tech sector, Austin’s top employment industries —business and professional services and government— account for 35.6% of jobs. The business and professional services sector, a key driver of office employment, represents the largest industry at 20.0%. Government has recently overtaken trade/transportation/utilities to become the second largest employment sector. Most employment sectors in the market reported annual job growth, with the government sector leading gains at 3.4% annual growth. In contrast, most office-using employment sectors reported annual declines in job growth as artificial intelligence adoption has reverberated through workflows. Within office-using industries, the financial activities sector reported year-over-year job growth of 2.0%. Meanwhile, the business and professional and information sectors reported declines of 2.1% and 4.0%.

Employment by Industry, December 2025



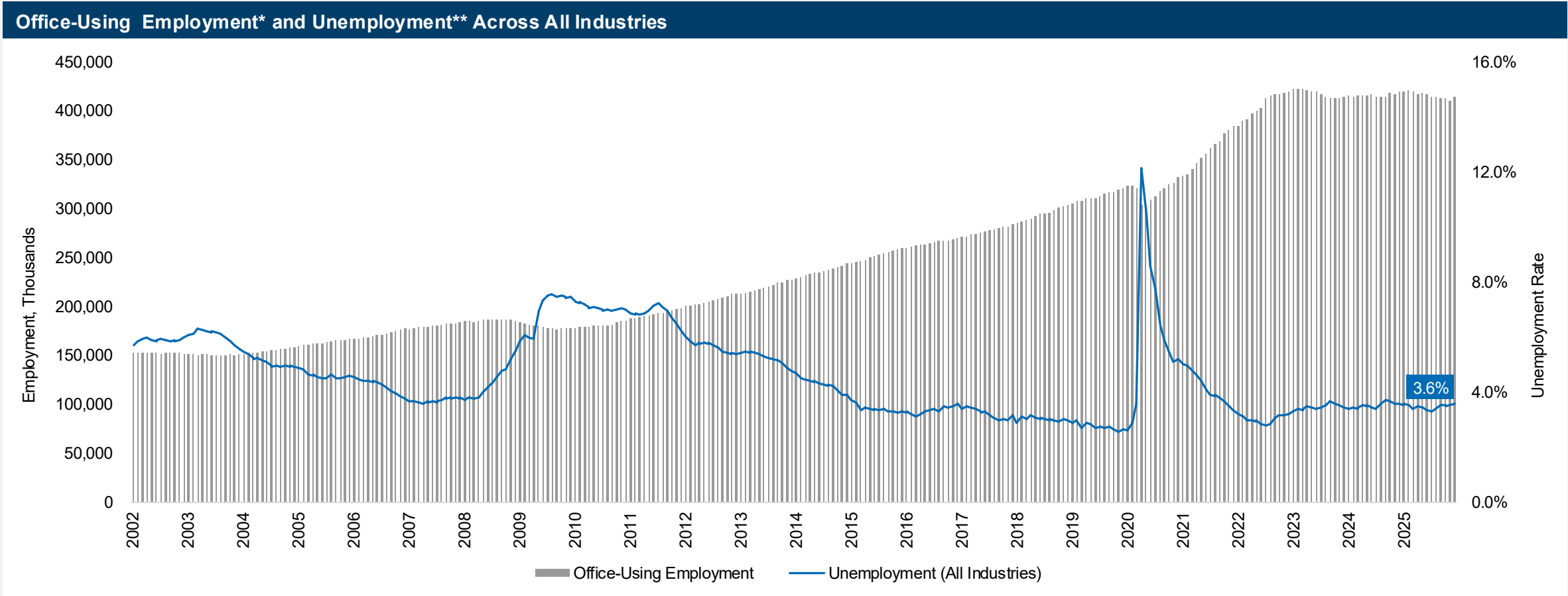
Employment Growth by Industry, 12-Month % Change, December 2025



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

Information, Business & Professional Job Losses Push Office Employment Down

Office-using employment in Austin ended December 2025 with 414,060 employees, down 2.1% from the historical high observed in the first quarter of 2023. The seasonally adjusted unemployment rate stands at 3.6%, reflecting a four-basis-point increase when compared to the previous quarter. However, unemployment remains two basis points lower than December 2024. Office-using jobs steadily declined from June 2025 through November 2025, as mounting job losses in the information and business and professional sectors have placed downward pressure on overall office-using employment. However, they began to rebound in December 2025 as job gains in financial activities outweighed losses in the business and professional services and information sectors.



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

*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

**October 2025 government shutdown missing data addressed with duplicating September 2025's data

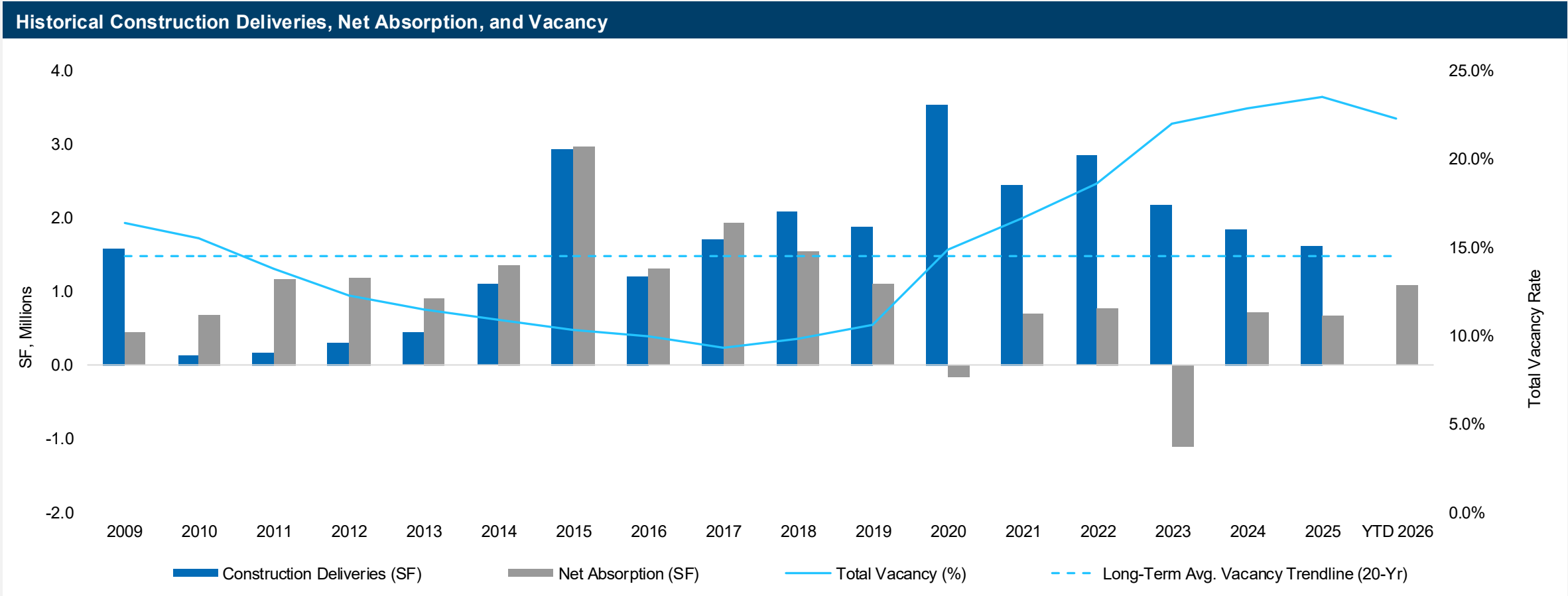
02

Leasing Market Fundamentals



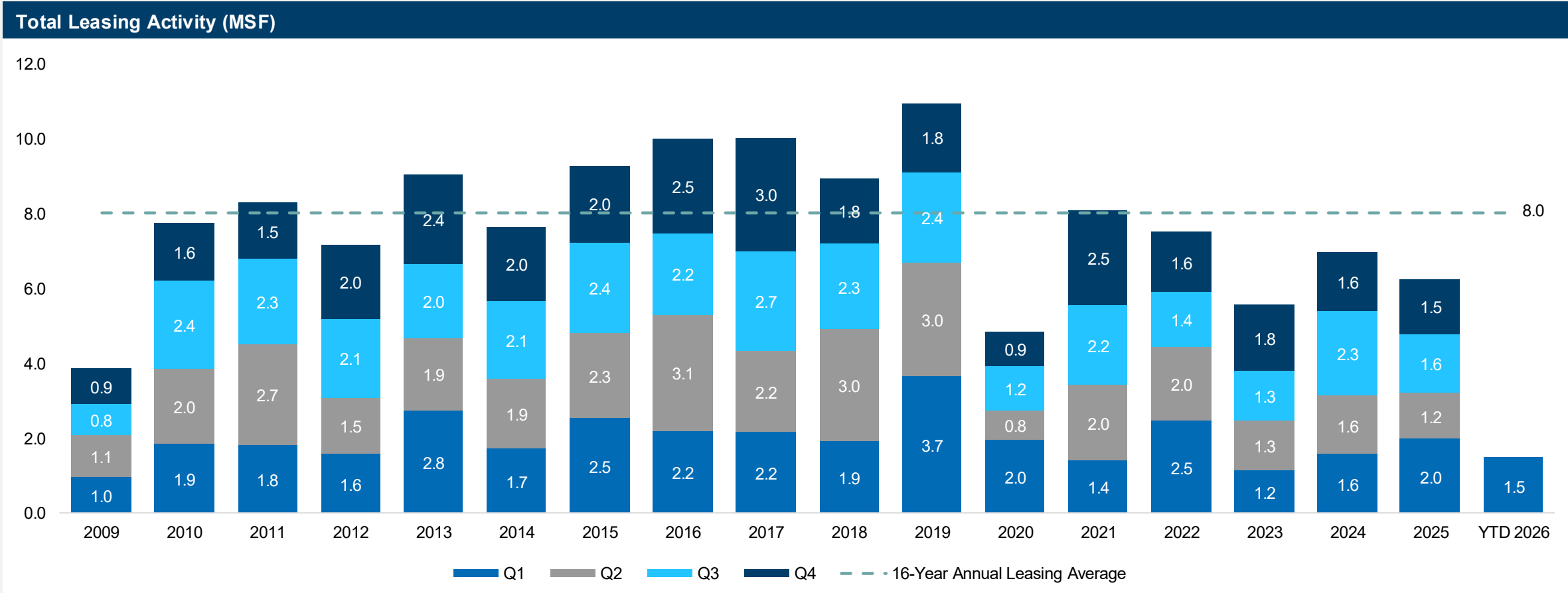
Strong Absorption Reverses Vacancy's Multi-year Trend

Vacancy has generally trended up since 2019 due to elevated construction deliveries and historically low absorption from technology and business and professional services companies shedding excess space to prioritize efficiency and signing smaller leases in high-quality spaces. Further compounding the issue was the implementation of hybrid work policies and artificial intelligence into workflows that have reduced corporate headcounts and space requirements. However, that trend reversed during the first quarter of 2026 as the overall vacancy rate dropped 120 basis points on a quarterly and annual basis from the record high of 23.5% to 22.3%. Vacancy remains above the 20-year vacancy average of 14.5% as the office market works through the surge of deliveries that occurred in recent years. Vacancy is expected to remain elevated in the near term as companies continue to adjust their footprints and the market works through recent deliveries.



Macroeconomic Uncertainty Slows Leasing Activity Annually

The first quarter of 2026 reported total leasing activity of 1.5 MSF, well below the 16-year first-quarter average of 2.1 MSF. Overall, leasing activity in Austin moved up 0.6% on a quarterly basis but decreased 25.3% when compared to the first quarter of 2025. Primary causes of this slowdown in leasing include companies controlling and trimming costs by right-sizing workforces and office space and pausing long-term decisions in an uncertain macroeconomic and geopolitical environment. Meanwhile, companies are still evaluating the impacts of the adoption of artificial intelligence into workflows. Average deal sizes have fallen 5.6% over the past year, underscoring that tenants are leasing less space in higher quality spaces that will appeal to their employees and entice them to come into the office.



Class A Vacancy Drops as Companies Trade Up their Office Space

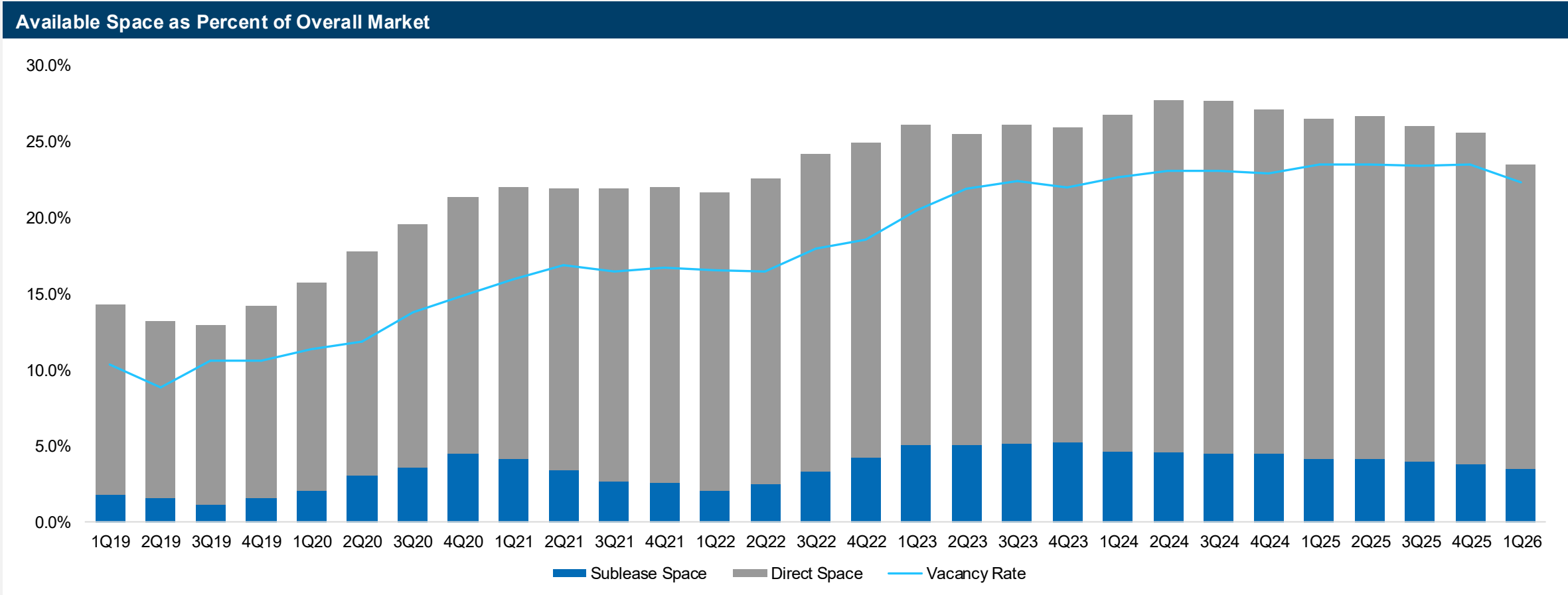
As of the first quarter of 2020, America's Class A office market totaled 41.9 million sq ft of space. Meanwhile, America's Class A office vacancy rate dropped 270 basis points from the fourth quarter of 2017 to 21.4%, reflecting a 160 basis point decline from the record high set during the first quarter of 2015. This indicates that corporations are trading larger space in lower quality buildings for smaller space in higher **amenitized** buildings to better employees into the office. However, the market's Class A vacancy remains above the market's

Please reach out to your
Newmark business contact for this information



Direct and Sublet Availabilities Show Quarterly and Annual Declines

Sublease availabilities in the first quarter of 2026 declined by 30 basis points quarter over quarter and by 70 basis points year over year to 3.5%, as excess sublease has begun to convert to direct availability. Firms have also absorbed sublease space that technology companies put on the market, including Amazon’s sublease of Indeed’s space at Domain Gateway. Meanwhile, direct availability dropped by 180 basis points quarter over quarter and 230 basis points year over year to 20.0%. In turn, overall vacancy decreased by 120 basis points on both a quarterly and annual basis as the market has begun to work through the plethora of recently delivered space that has yet to be absorbed. Meanwhile, vacancy will continue to taper off as the market works through its recent deliveries and the under-construction pipeline remains muted due to high interest rates curbing new groundbreakings.

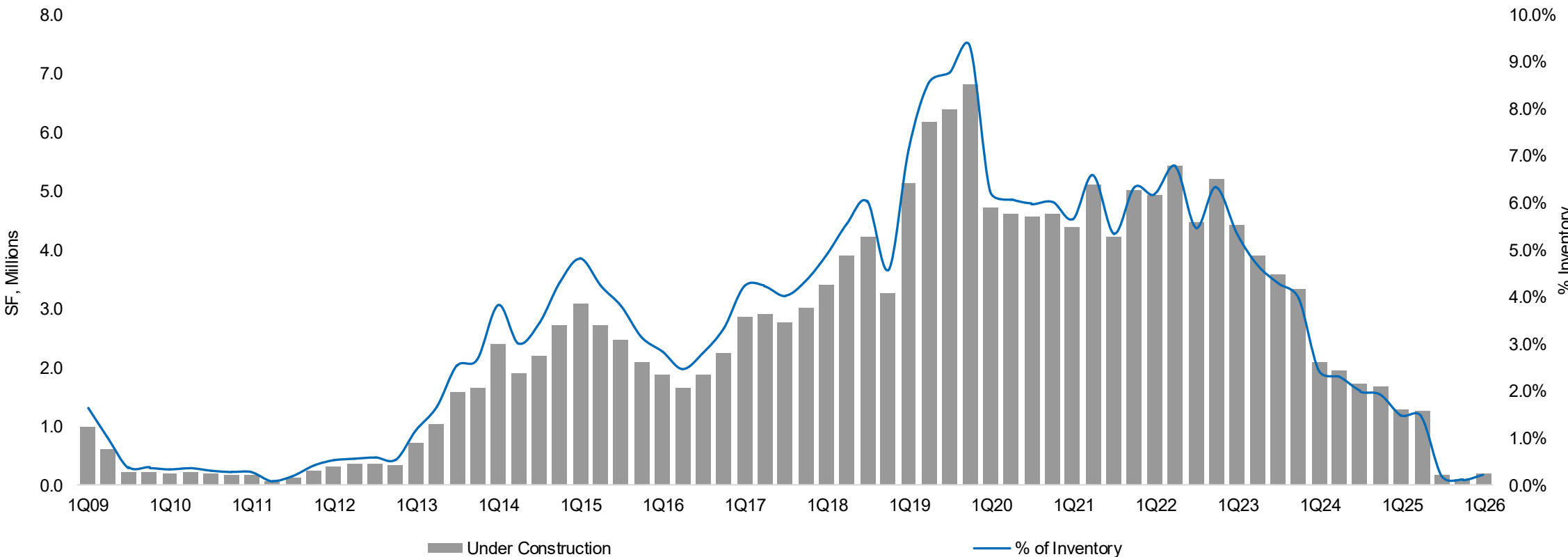


Source: Newmark Research, CoStar

Construction Activity Ticks Up

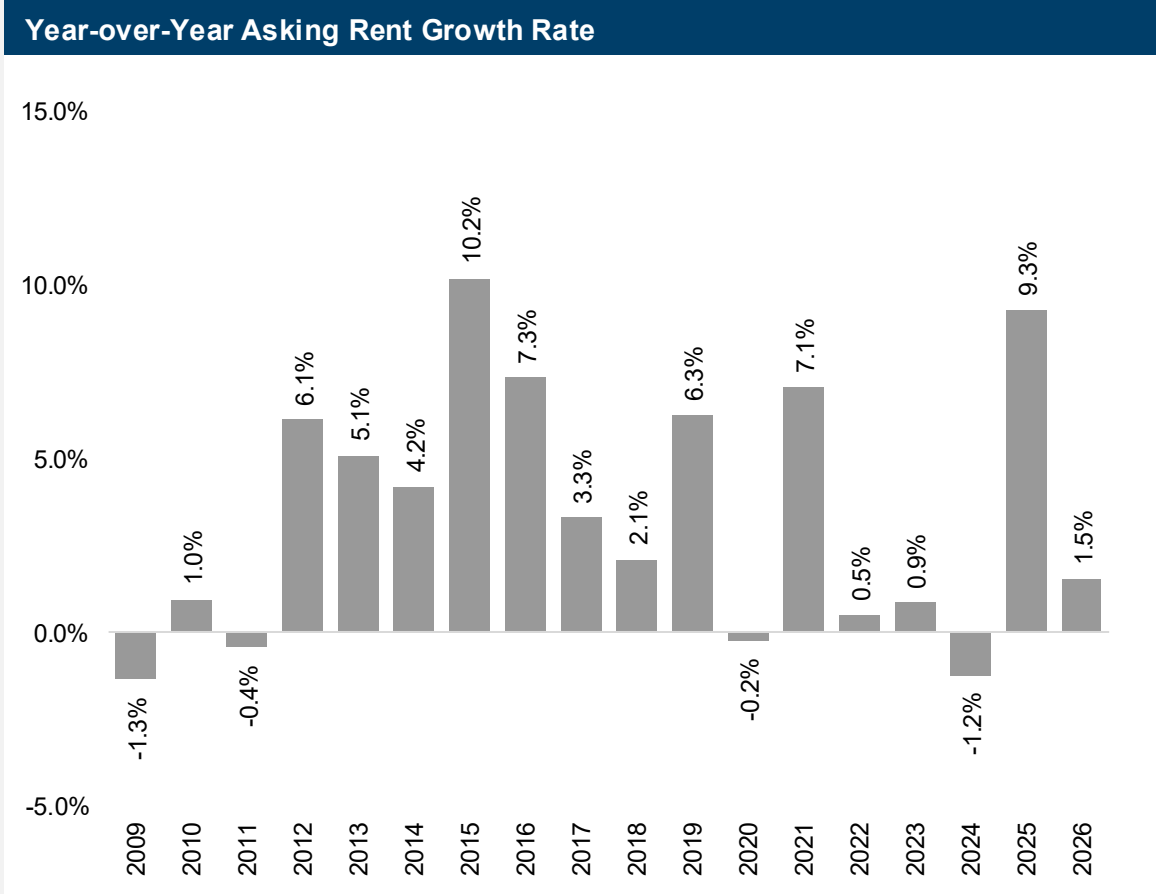
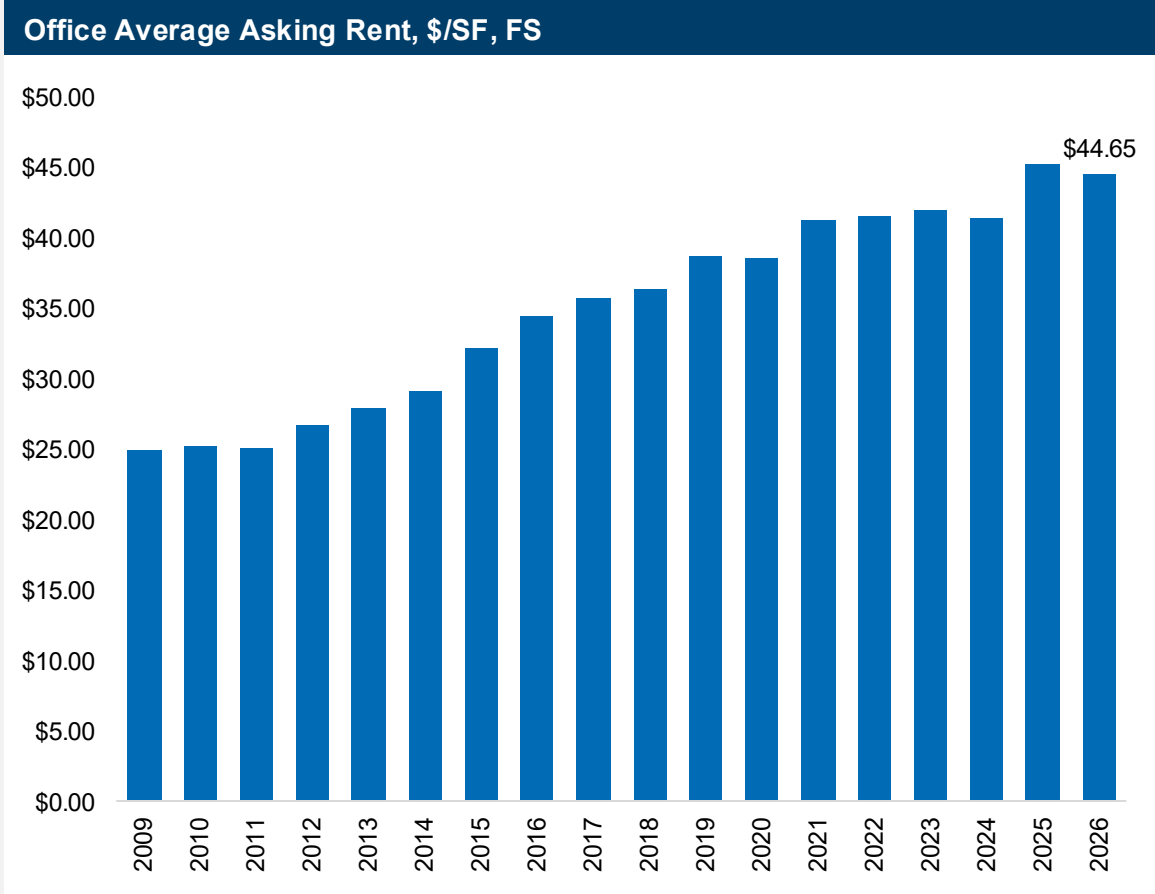
Construction activity in the market spiked during the first quarter of 2019 and remained elevated through the end of 2023, fueled by the growth of Austin’s technology sector and demand for high-quality office space. The construction pipeline has generally declined since recording a recent peak of 6.8 MSF during the fourth quarter of 2019, with the sharpest decline in total square footage under construction occurring during the first quarter of 2020. As of the end of the first quarter of 2026, the construction pipeline totaled 191,850 SF, or 0.2% of total office inventory. A significant portion of the recent steep drop in the under-construction pipeline that occurred during the third quarter of 2025 can be attributed to the delivery of 857,629 SF at The Republic. Meanwhile, restrictive fiscal policies and rising building costs have curbed new groundbreakings. The pipeline may begin to increase again as Acceso Partners has re-committed to its plans to add additional office, retail and multifamily and hospitality space at 7700 Parmer.

Office Under Construction and % of Inventory



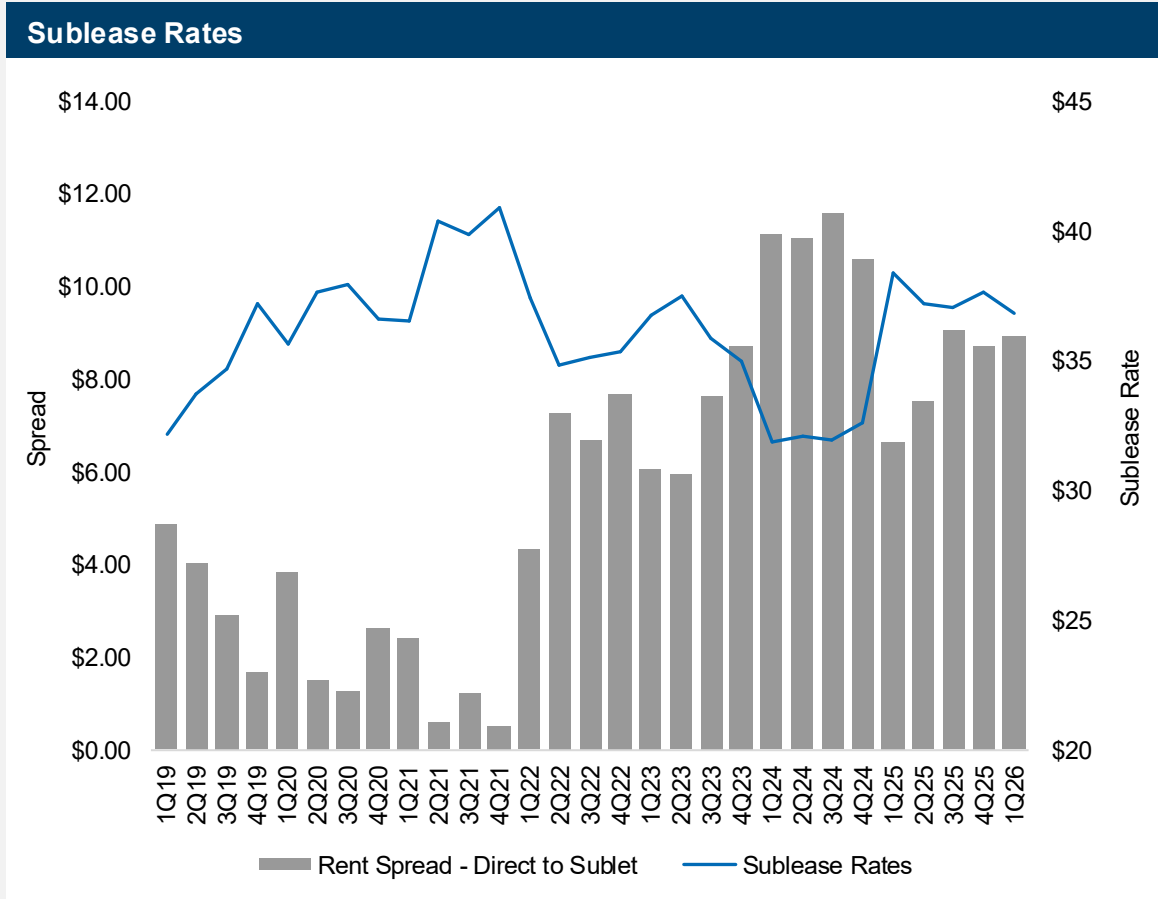
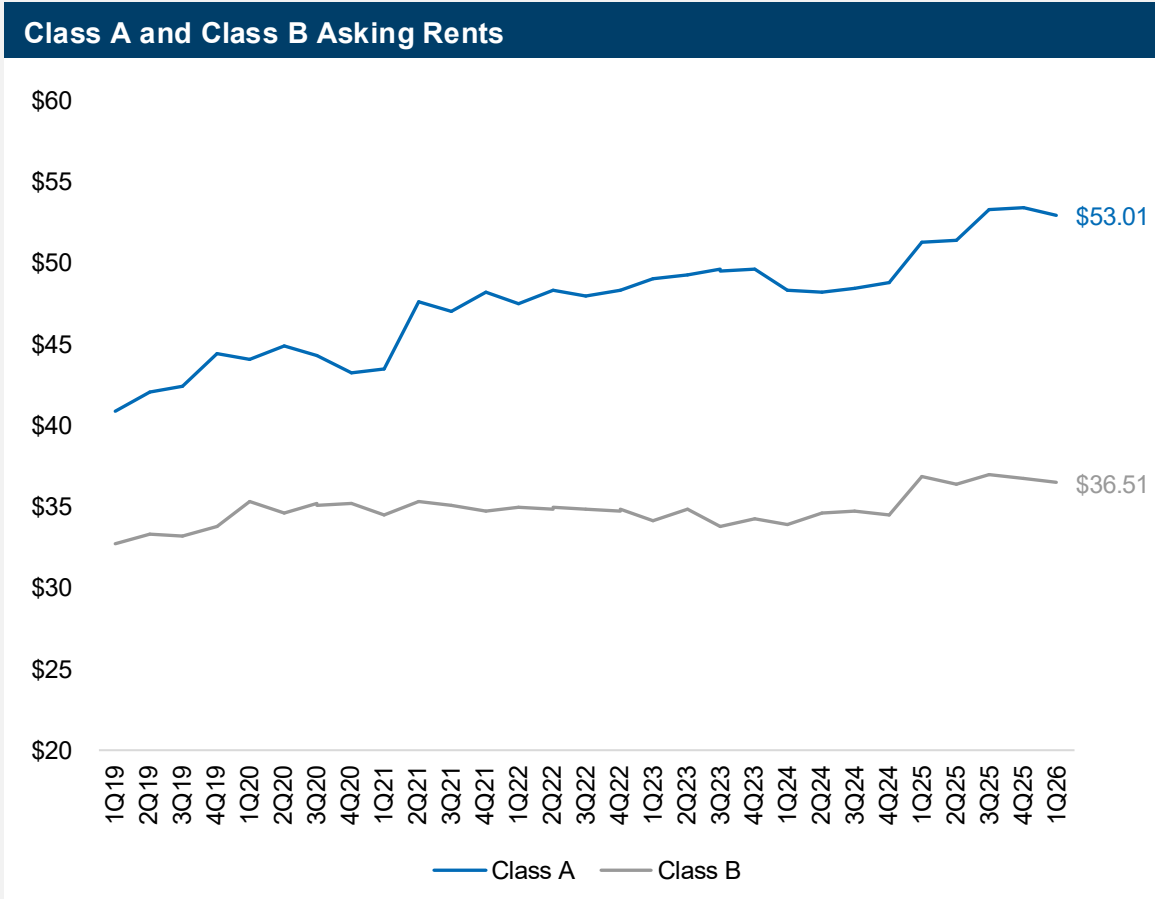
Asking Rents Decline from Record High

During the first quarter of 2026, asking rents declined from the record high set during the previous quarter to \$44.65/SF, reflecting a quarterly decrease of 1.4% and an annual increase of 1.5%. Since 2010, Austin has generally reported positive yearly rent growth, with the trend continuing into the first quarter of 2026. The annual increase can likely be attributed to landlords raising asking rates to compensate for higher costs related to stubborn inflation and the recent delivery of new high-quality space, like The Republic, into the market. This upward trend is expected to continue to soften as landlords hold rents steady or modestly decrease them to compete to fill space amid an uncertain macroeconomic and geopolitical environment.



Class A and B Rents Show Mixed Yearly Growth; Reflect Quarterly Declines

As of the end of the first quarter of 2026, Class A rents averaged \$53.01/SF and Class B rents averaged \$36.51/SF, with both segments down 0.7% quarter over quarter. The overall rent spread between Class A and Class B asking rents declined from the record set during the previous quarter to \$16.50/SF, reflecting a 54.6% increase since the fourth quarter of 2019. The increasing divergence between Class A and Class B rents is likely driven by Class A landlords leveraging growing demand for, and diminishing supply of, highly-amenitized spaces to keep asking rents elevated. Class B landlords are likely lowering asking rents to stimulate demand. Meanwhile, sublease asking rents decreased by 2.3% quarter over quarter and 4.1% year over year during the first quarter of 2026. The direct to sublet asking rent spread declined 2.3% quarterly and 4.1% annually to \$8.90/SF.



Tech Drives Leasing Activity for a Third Consecutive Quarter

Contrary to headlines that Austin’s reputation as a tech hub may be fading, tech continued to play a dominant role in leasing during the first quarter of 2026. NXP Semiconductors signed the largest lease of the quarter, when it re-located its U.S. headquarters to Champion Office Park. Meanwhile, xAI sublet 112,297 SF at the Seaholm Power Plant Building and Procore expanded its footprint at Procore Tower. Most of the top leases signed this quarter were direct new leases, indicating that tenants are using lease expirations to relocate into higher-quality buildings. Most relocations were northward, with the Northwest and North/Domain submarkets taking a majority of the first quarter’s notable leases. A recent bright spot of activity was Accesso moving forward with previously stalled plans to continue developing 7700 Parmer, which will add more office, retail, hospitality and multi-family space.

Notable 1Q26 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
NXP Semiconductors	Champion Office Park – Building I and II	Northwest	Direct New	225,000
<i>Dutch semiconductor manufacturer NXP relocated its national headquarters when it leased the entirety of 6433 Champion Grandview Way. The firm will be marketing its previously occupied headquarters for sale.</i>				
xAI	Seaholm Power Plant Building	CBD	Sublease	112,297
<i>xAI sublet 112,297 SF of space at 800 West Cesar Chavez Street from Athenahealth. The company will be forming a joint venture with Tesla, SpaceX and Intel at the newly announced “Terafab” facility to produce a terawatt of AI compute per year.</i>				
Procore	Procore Tower	CBD	Direct New	34,088
<i>Construction software developer Procore expanded its footprint at 221 West 6th Street. It has occupied the property since 2021.</i>				
Industrious	Uptown ATX – Block A – One Uptown	North/Domain	Direct New	27,278
<i>Coworking company Industrious will join Cigna and Nvidia at 11515 Burnet Road, where it will share management responsibilities with owner Brandywine Realty Trust. The firm leased the entirety of the seventh floor and is expected to offer 314 office seats and 40 coworking seats upon completion and opening.</i>				
Cigna/Express Scripts	Domain 7	North/Domain	Renewal	22,384
<i>Insurer Cigna signed a short-term extension of its lease on the fifth floor of 11501 Alterra Parkway. Cigna will be re-locating their office to Uptown ATX-Block A-One Uptown in the North/Domain submarket.</i>				

03

Market Statistics & Map



Austin Office Submarket Map

The image shows a map of Austin, Texas, with a central area highlighted in blue. This highlighted area represents the office submarket. The map includes various street names and markers, such as 'DOWNTOWN' and 'CENTRAL BUSINESS DISTRICT'. A large blue banner is overlaid on the map, containing the text 'Please reach out to your Newmark business contact for this information'.

Please reach out to your
Newmark business contact for this information

Austin Office Submarket Overview -- All Classes

Submarket Statistics -- All Classes

Please reach out to your
Newmark business contact for this information

Office	15,150,000	0	0%	1,750,000	1,750,000	0%	0%	0%
Sub-office	1,000,000	0	0%	-50,000	-50,000	0%	0%	0%
Office	11,000,000	0	0%	-100,000	-100,000	0%	0%	0%
Sub-office	10,000,000	0	0%	0%	0%	0%	0%	0%
Total	27,150,000	0	0%	1,600,000	1,600,000	0%	0%	0%

Austin Office Submarket Overview – Class A

Submarket Statistics – Class A

Please reach out to your
Newmark business contact for this information

Office	1,175,000	0	0%	1,175,000	1,175,000	0%
Submarket	1,175,000	0	0%	1,175,000	1,175,000	0%
Office	1,175,000	0	0%	1,175,000	1,175,000	0%
Submarket	1,175,000	0	0%	1,175,000	1,175,000	0%
Office	1,175,000	0	0%	1,175,000	1,175,000	0%

Austin Office Submarket Overview – Class B

Submarket Statistics – Class B

Please reach out to your
Newmark business contact for this information

Office	1,000,000	0	0%	-100%	-100%	0%
Multi-tenant	1,000,000	0	0%	-100%	-100%	0%
Office	1,000,000	0	0%	-100%	-100%	0%
Multi-tenant	1,000,000	0	0%	-100%	-100%	0%
Market Total	1,000,000	0	0%	-100%	-100%	0%

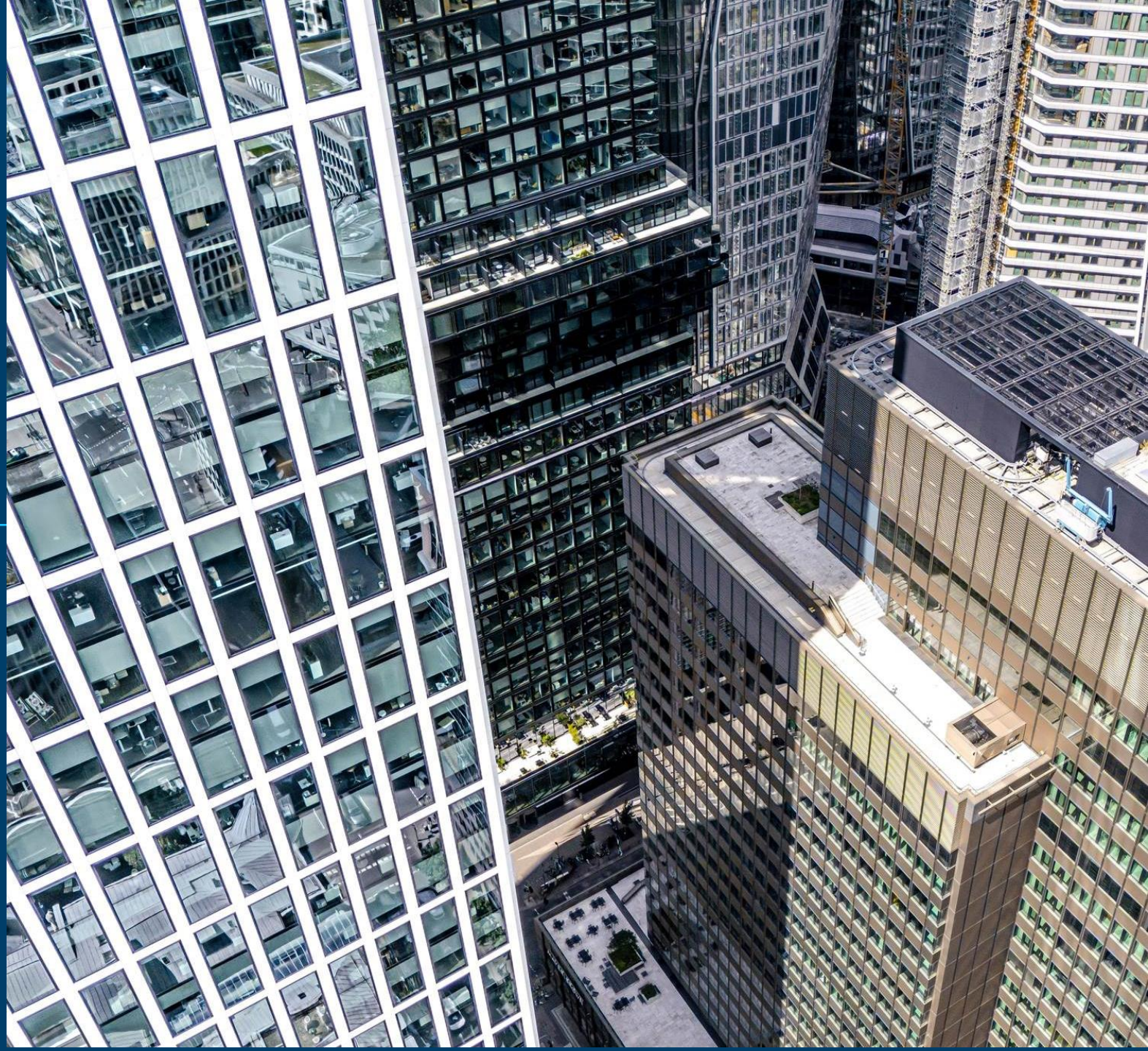
1Q26 Texas Office Market Overview

Please reach out to your
Newmark business contact for this information

Office Market	1,200,000	1,200,000	1,200,000	1,200,000
FFO Available	1,200,000	1,200,000	1,200,000	1,200,000
Market Expenses	0	0	0	0
FFO Available	0	0	0	0
Other Selling Fee (20%)	0	0	0	0
Market Selling Fee (20%)	0	0	0	0
Total Selling Fee (20%)	0	0	0	0

04

Supplemental Analysis





Please reach out to your
Newmark business contact for this information

- Continued expansion of the tech sector offers opportunities for office space demand
- Many top tech and fast growth are seeking expansion, but in almost urban and suburban, offering incentives and supporting office market growth
- New competitors and existing office buildings offer modern spaces to attract tenants seeking high quality facilities
- Demand for smaller, flexible office spaces (1,000 to 2,000 sq ft) and flexible, supporting remote working opportunities for workers to able to incorporate working hybrid models

- The use of hybrid work, telecommuting, telepresence and work from home decreasing may decrease long-term demand for traditional office space
- Builders hope office work may push businesses away from built to lease and into more completed models
- Rising construction costs and tighter financial conditions create headwinds for landlords
- Investors will demand more lease security, shorter and more structured processes or ways to hedge their landlord's risk

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 6.0% to a new record of \$208.4 billion during 2024.

Please reach out to your
Newmark business contact for this information



Highest Loan Volume Due in 2029

In the first quarter of 2025, CMBB received the leading source of debt financing, accounting for 28.1% of total volume. Financial loan maturities are heavily front loaded, with 74.8% of debt maturing through 2027 ending the latter 2028. Across all debt sources, maturities peak in 2029 at \$4.4 billion dollars, underscoring the need to closely monitor upcoming maturities as an indicator of future market activity. The concentration of near-term maturities, particularly in financial loans, creates challenges such as a higher rate environment and

Please reach out to your
Newmark business contact for this information



Multifamily Maturities Particularly Elevated Through 2031, Office Not So Much

As of the first quarter of 2024, office loans comprise 1.0% of the upcoming \$27.2 billion of loans maturing within the next five years, representing exposure to the office sector's challenges. Meanwhile, the multifamily space constitutes 62.0% of \$27.2 billion of maturities through 2026. However, lenders' continued appetite for multifamily assets under refinancing conditions, particularly with respect to loans on asset quality and flexibility, is a notable factor for the above-average maturity in the face of economic uncertainty.

Please reach out to your
Newmark business contact for this information







05

San Antonio Appendix



San Antonio Office Submarket Overview

 **45.9 MSF** Total Inventory
 **17.1%** Total Inventory Turn
 **\$28.24** Average Asking Price
 **36,549** 170,000 Sq. Ft. Absorption
 **170,000 SF** Under Construction

 Current Conditions
 Average Asking Price, 2024 YTD & Inventory
 Deliveries & Net Absorption

Please reach out to your Newmark business contact for this information

- The construction pipeline dropped to the lowest in over 10 years, comprising 100,000 SF of under construction.
 - Manufacturers increasingly skimming their supply chain, with one manufacturer in the area announcing to close testing facilities in the market recorded 100,000 SF of testing activity during the first quarter of 2024, nearly half of the 10-year first quarter average of 170,000 SF.

Recent Lease Transactions				
Leasing Date	Year	Type	Sq. Ft.	Price/Sq. Ft.
The City of University Business Park - Building 4	2024/01	Warehouse	100,000	\$1.00
Central at the Hill	2024/01/01	Warehouse	10,000	\$1.00

Recent Sale				
Leasing Date	Year	Type	Sq. Ft.	Price/Sq. Ft.
Building 100 at The Hill	2024/01/01	Office	100,000	\$1.00

San Antonio Office Submarket Overview – All Classes

Submarket Statistics – All Classes

Please reach out to your
Newmark business contact for this information

Office	1,000,000	0	0%	0%	0%	0%	0%	0%
Office	1,000,000	0%	0%	-10%	-10%	0%	0%	0%
Hotel	1,000,000	0	0%	0%	0%	0%	-	0%
Industrial	1,000,000	0%	0%	-10%	-10%	0%	0%	0%
Medical	1,000,000	0%	0%	0%	0%	0%	0%	0%

Andrew Cook*Research Analyst*

Andrew.Cook@nmrk.com

Kirsten Kempf*Senior Research Analyst*

Kirsten.Kempf@nmrk.com

Ching-Ting Wang*Head of Southeast Research*

ChingTing.Wang@nmrk.com

Austin

2530 Walsh Tarleton, Suite 200

Austin, TX 78746

t 512-342-8100

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.