

A wide-angle photograph of the Austin skyline, featuring numerous high-rise buildings under a clear sky. The Newmark logo is overlaid in the top left corner.

NEWMARK

Market Overview Austin Office

4Q25

An aerial photograph of a park area in Austin, showing a river, a bridge, and a baseball field. The Newmark website URL is overlaid in the bottom left corner.

NMRK.COM

Market Observations



Economy

- The market's unemployment rate ticked down by 15 basis points year over year to 3.5%, remaining below the five-year average of 4.1%.
- Overall nonfarm annual job growth decelerated below the national average to 0.4%, reflecting an annual decline of 193 basis points. A notable shift, given Austin's usual outperformance of the national average.
- Employment growth reported mixed results that were evenly split between growth and contraction, with financial activities leading job gains at 2.7% over the past 12 months.
- As of the end of September 2025, office-using employment in the market totaled 412,410 jobs, down 2.5% from the all-time high. However, office-using employment remains 28.6% above the year-end 2019 level.



Major Transactions

- Nvidia remained a dominant player in leasing this quarter, renewing and expanding its 79,346 SF lease at The Crossings at Lakeline – Building 2. This follows last quarter's top lease transaction, where the company signed a new lease at Uptown ATX – Block A – One Uptown.
- Four 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.
- Google, after keeping Sail Tower on the sublease market for several quarters, occupied most of their pre-leased space. The top three floors remain on the sublease market. This leaves the 804,000-SF building with only 57,984 SF, or 7.2% on the sublease market.



Leasing Market Fundamentals

- Annual full-service rental rates spiked to a new high of \$45.27/SF, reflecting quarterly and annual increases of 1.0% and 9.3%, respectively.
- Overall vacancy increased by 20 basis points quarter over quarter to a record high of 23.4% as historically low recent net absorption has been driven by business and professional and technology companies continuing to shed excess space.
- The under-construction pipeline continued to empty out, ending the quarter with 100,453 SF under construction as restrictive fiscal policies and rising building costs have curbed new office groundbreakings.
- Quarterly leasing activity decreased to 1.1 MSF as compared to the previous quarter and remains well below the 16-year fourth-quarter average of 1.9 MSF as corporations slow leasing decisions to evaluate the impacts of artificial intelligence and hybrid work policies on space utilization.



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.
- 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.
- Asking rents spiked during the previous quarter 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 to stimulate leasing activity.
- 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.

Table of Contents

Economy	04
Leasing Market Fundamentals	09
Market Statistics & Map	18
Supplemental Analysis	24
San Antonio Appendix	28

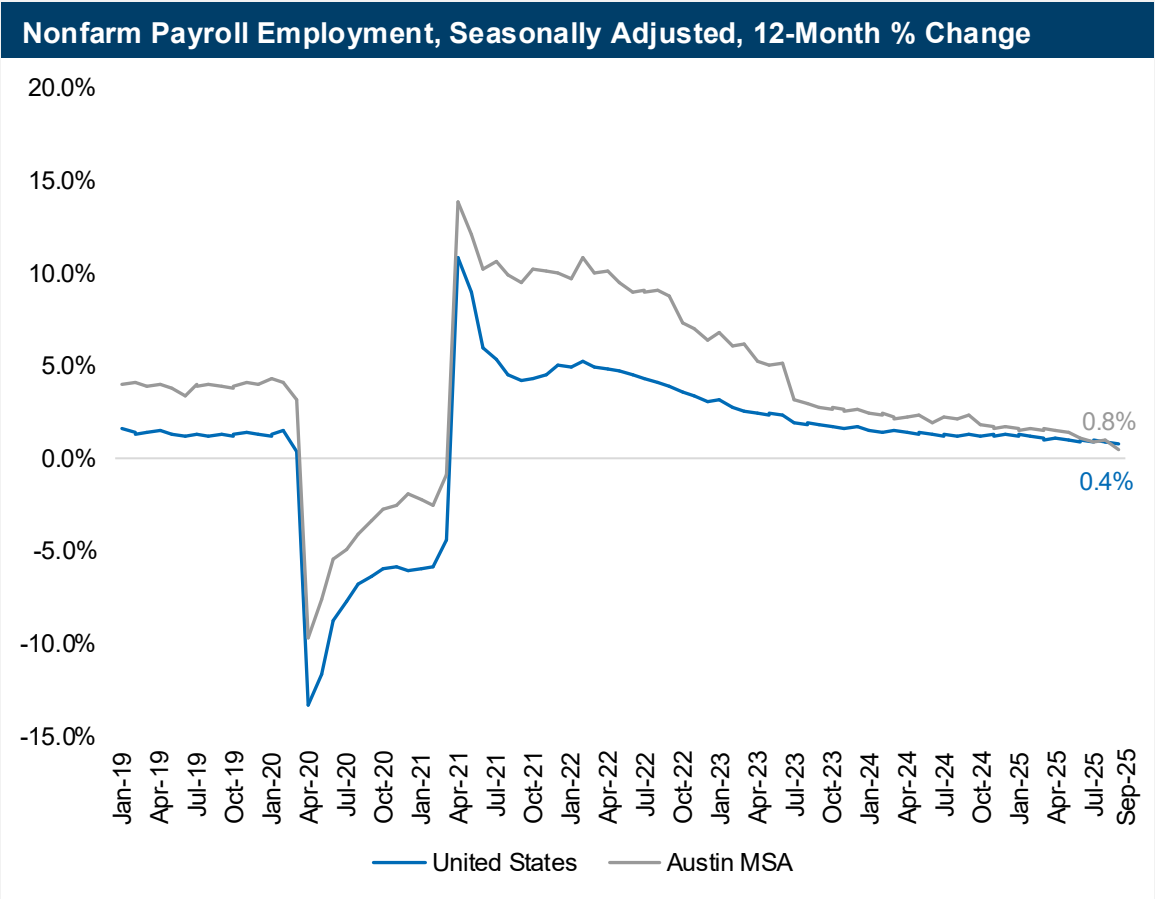
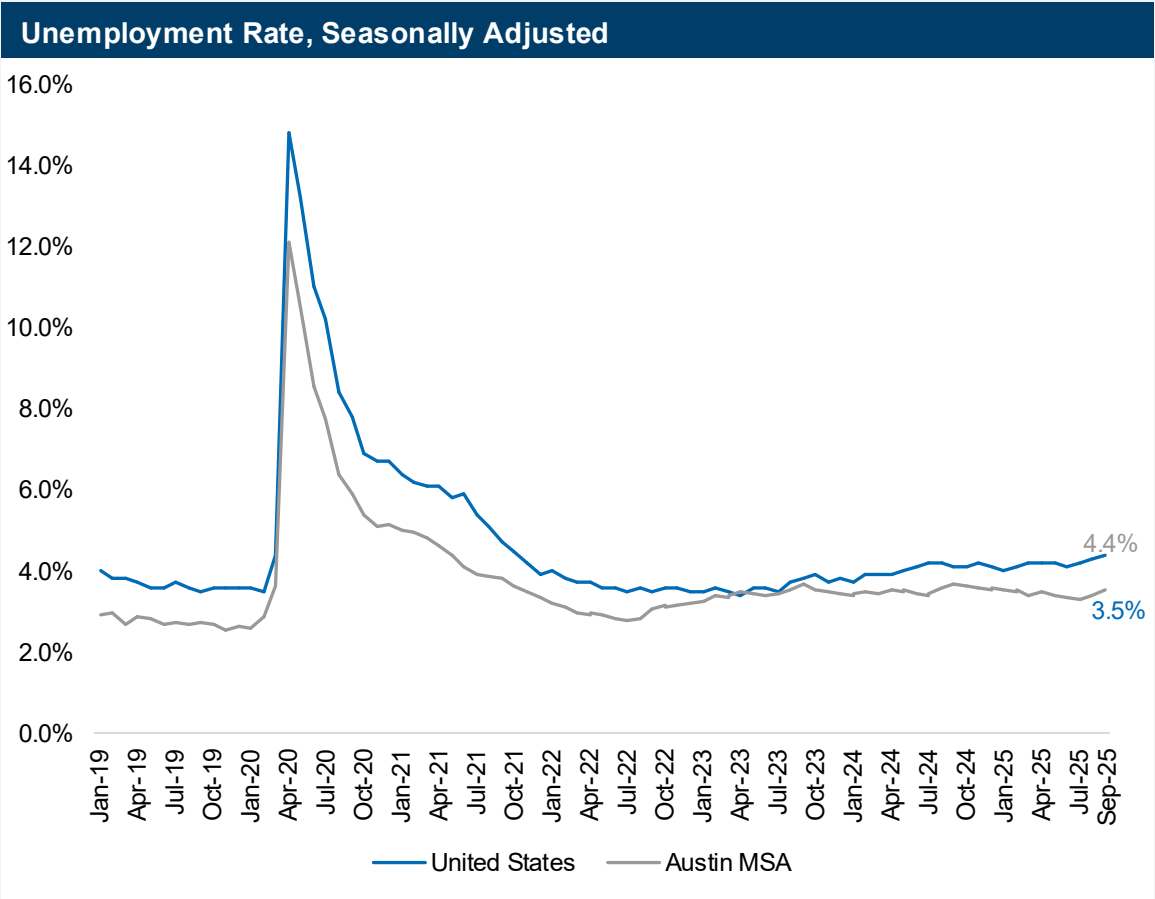
01

Economy



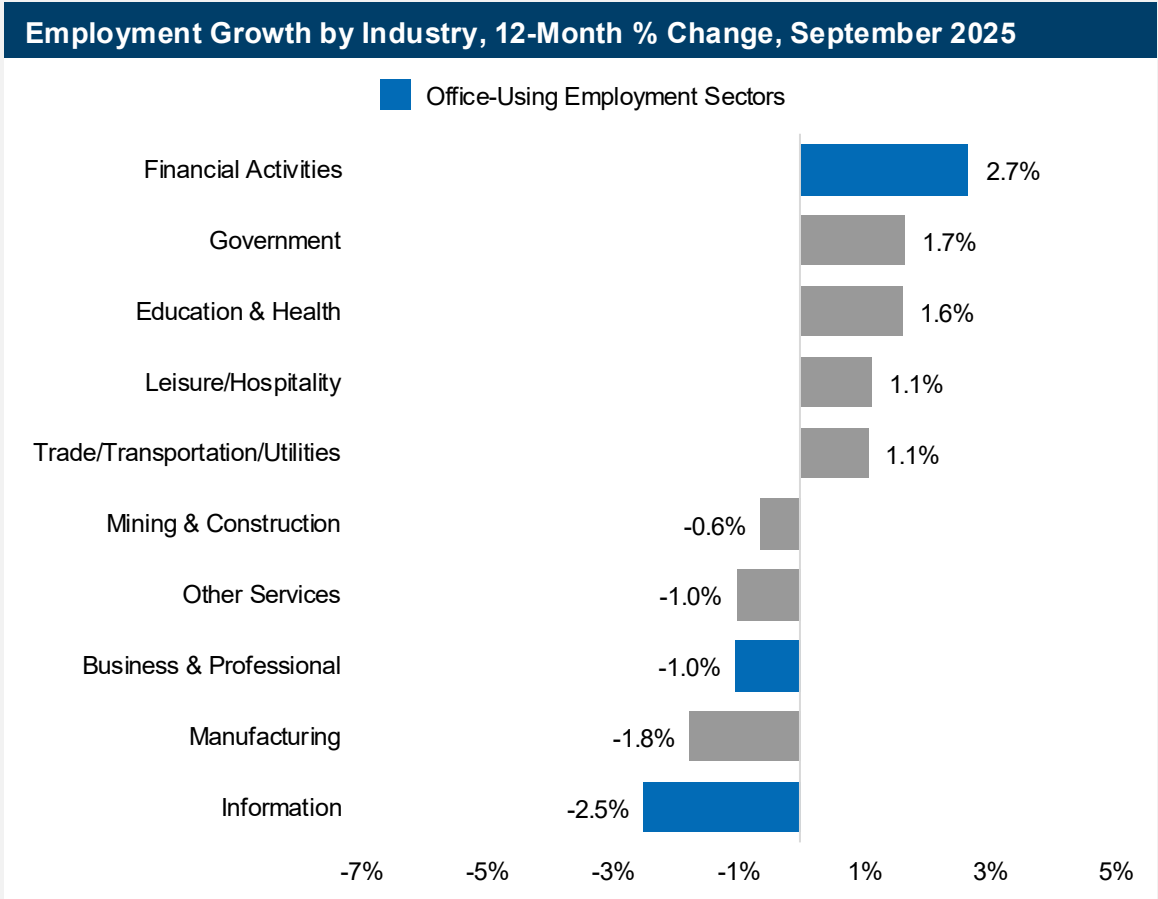
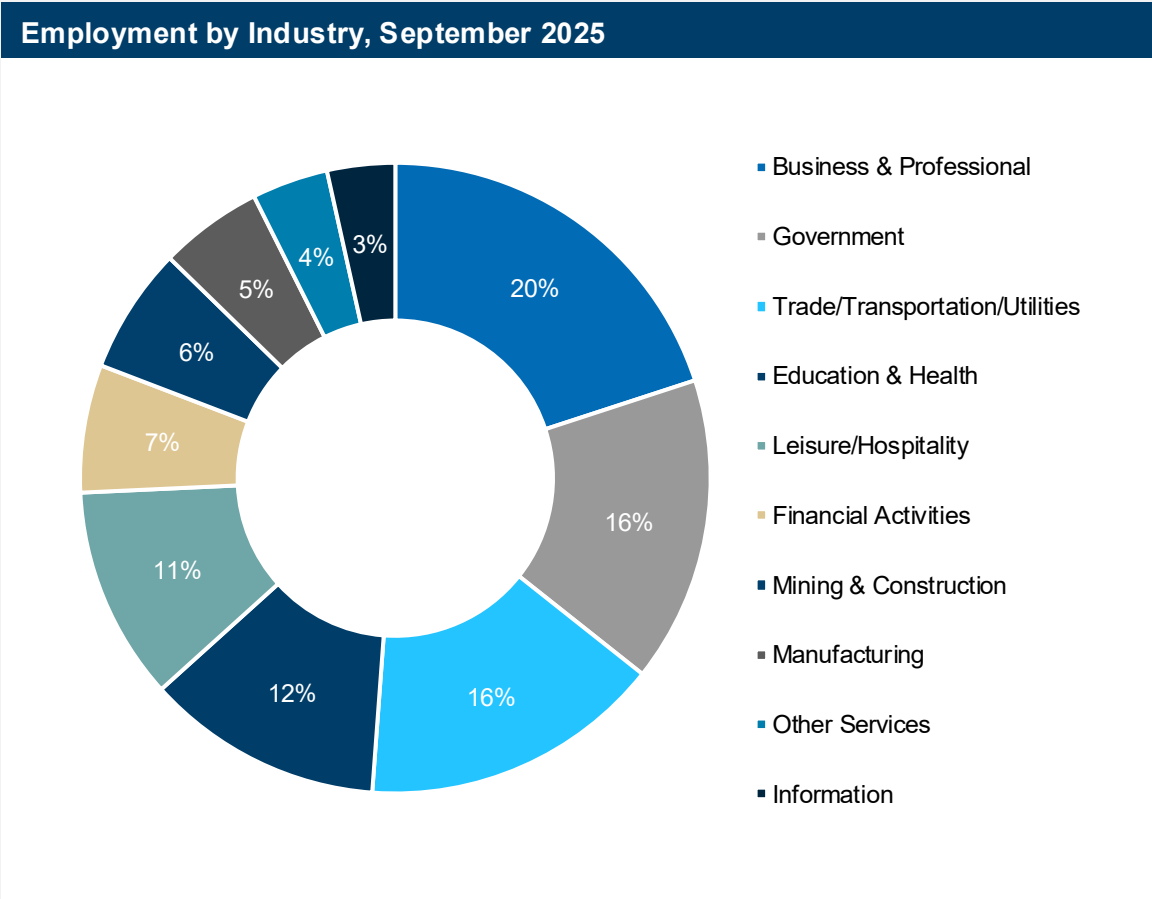
Employment Growth Continues to Slow, Unemployment Remains Below National Average

Austin has historically reported lower unemployment rates compared to the national average, while being an outperformer in employment growth. The gap between Austin’s outperformance of the United States in job growth has narrowed in recent quarters and dropped below the national average as of September 2025. Most nonfarm payroll yearly growth has been concentrated in the financial activities, government and education and health sectors. Despite continued national economic headwinds in the fourth quarter of 2025, the region’s unemployment rate ticked down by 15 basis points year over year. Meanwhile, employment growth decelerated by 193 basis points as compared to the prior year.



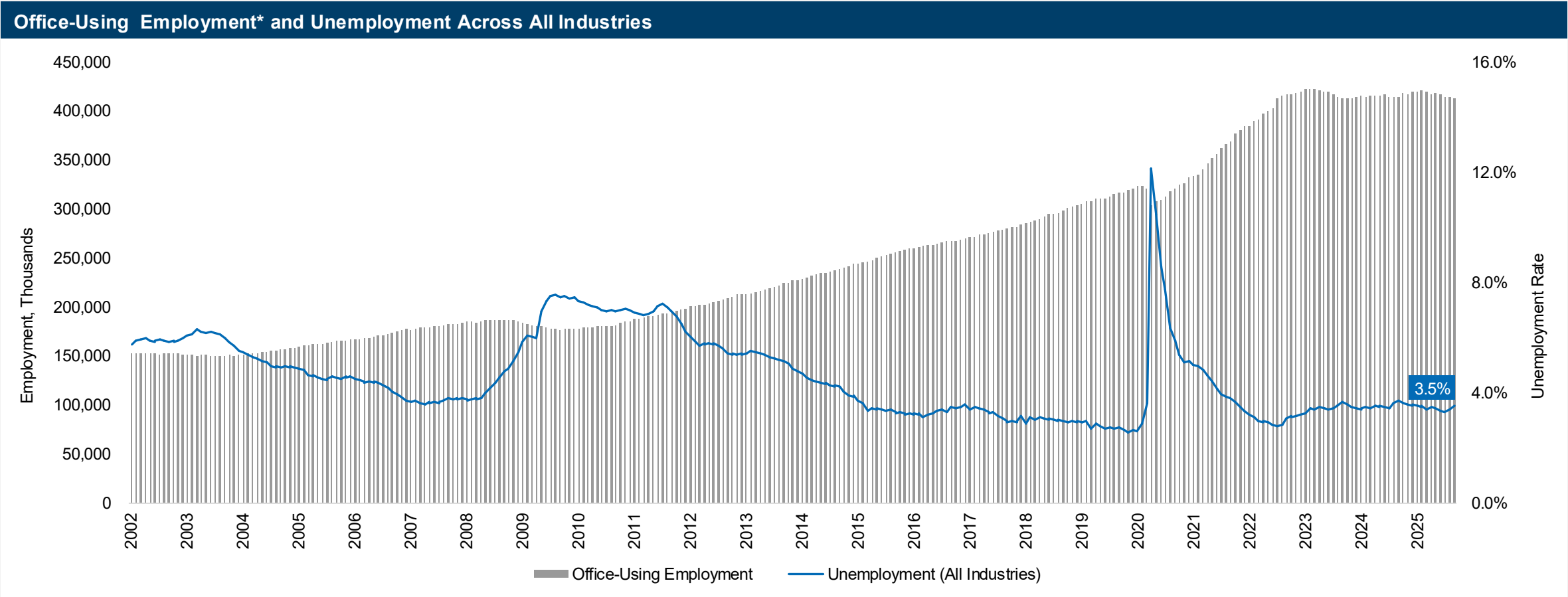
Most Office-Using Jobs Sectors Report Yearly Job Losses

Known for its tech sector, Austin’s top employment industries —business and professional services and government— account for 35.7% of jobs. The business and professional services sector, a key driver of office employment, represents the largest industry at 20.0%. Meanwhile, government has recently overtaken trade/transportation/utilities to become the second largest employment sector. Employment sectors were evenly split between job growth and job losses. Within office-using industries, the financial activities sector reported year-over-year job growth of 2.7%. Meanwhile, the business and professional and information sectors reported declines of 1.0% and 2.5%, respectively.



Information, Business & Professional Job Losses Push Office Employment Down

Office-using employment in Austin ended September 2025 with 412,410 employees, down 2.5% from the historical high observed in the first quarter of 2023. The seasonally adjusted unemployment rate stands at 3.5%, reflecting a 20-basis point increase when compared to the previous quarter. However, unemployment remains 15 basis points lower than September 2024. Office-using jobs have steadily declined since June 2025, as mounting job losses in the information and business and professional sectors have placed downward pressure on overall office-using employment.



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.

Austin Gross Metropolitan Product

The gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. As of the end of 2023, the gross metropolitan product rose 5.0% year over year to reach a new all-time high of roughly \$270 billion.

Please reach out to your
Newmark business contact for this information



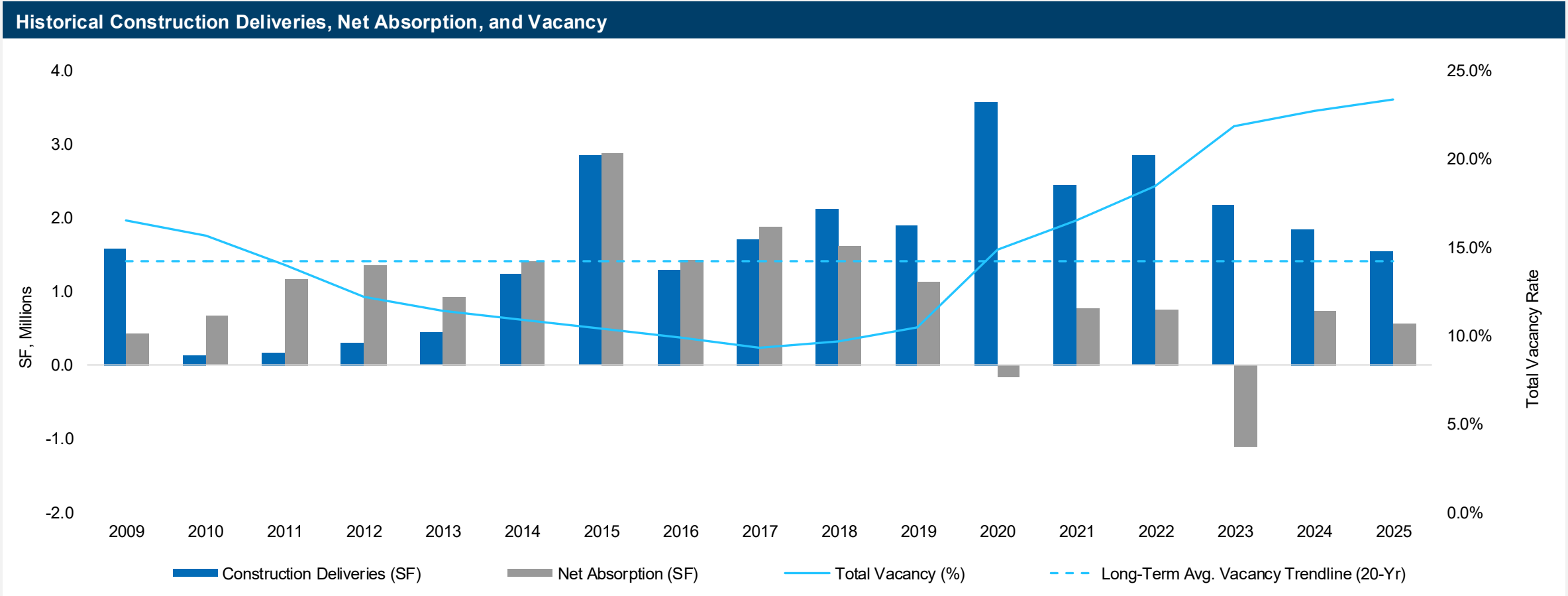
02

Leasing Market Fundamentals



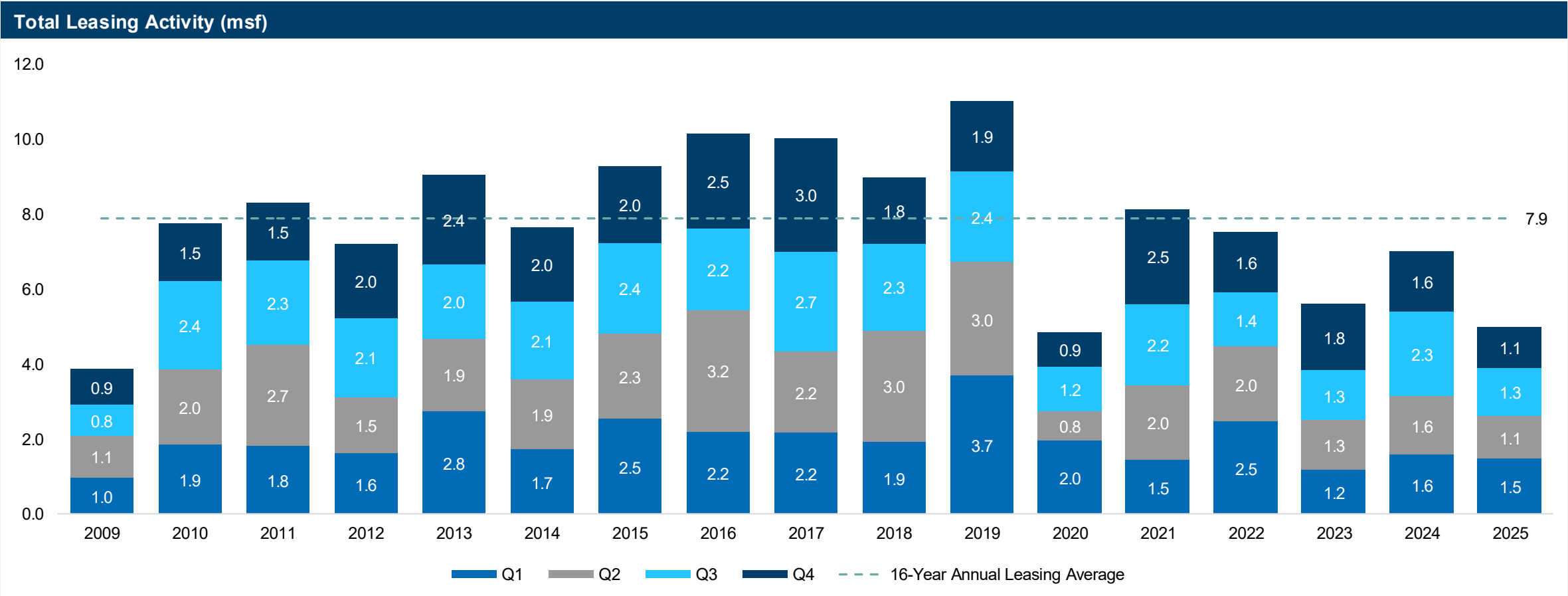
Negative Quarterly Absorption Pushes Vacancy to Record High

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 is the implementation of hybrid work policies and artificial intelligence into workflows that have reduced corporate headcounts and space requirements. Austin’s overall office vacancy rate increased by 20 basis points quarter over quarter and 70 basis points year over year to a record high 23.4% in the fourth quarter of 2025, above the 20-year vacancy average of 14.2%. 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.



Tariff Turmoil and Economic Uncertainty Slows Leasing Activity

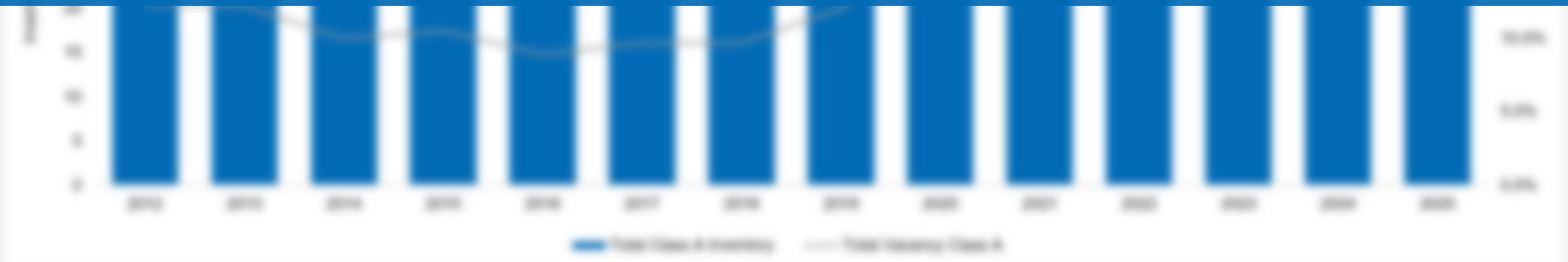
Leasing activity in Austin declined on a quarterly and annual basis. The fourth quarter of 2025 reported total leasing activity of 1.1 MSF, well below the 16-year fourth quarter average of 1.9 MSF. The slowdown in leasing reflects companies prioritizing efficiency through right-sizing workforces and office space amid an uncertain economic environment stemming from stubborn inflation and tariffs. Further complications include the future of hybrid work policies and the adoption of artificial intelligence into workflows. However, leasing could rebound as companies phase out work from home policies and require more space to implement full-time in-person work. Average deal size for the fourth quarter of 2025 was 4,770 SF, significantly down from the fourth quarter of 2024’s average deal size of 6,082 SF.



Class A Vacancy Stays Near Record High Amid Office Downsizing and Recent Deliveries

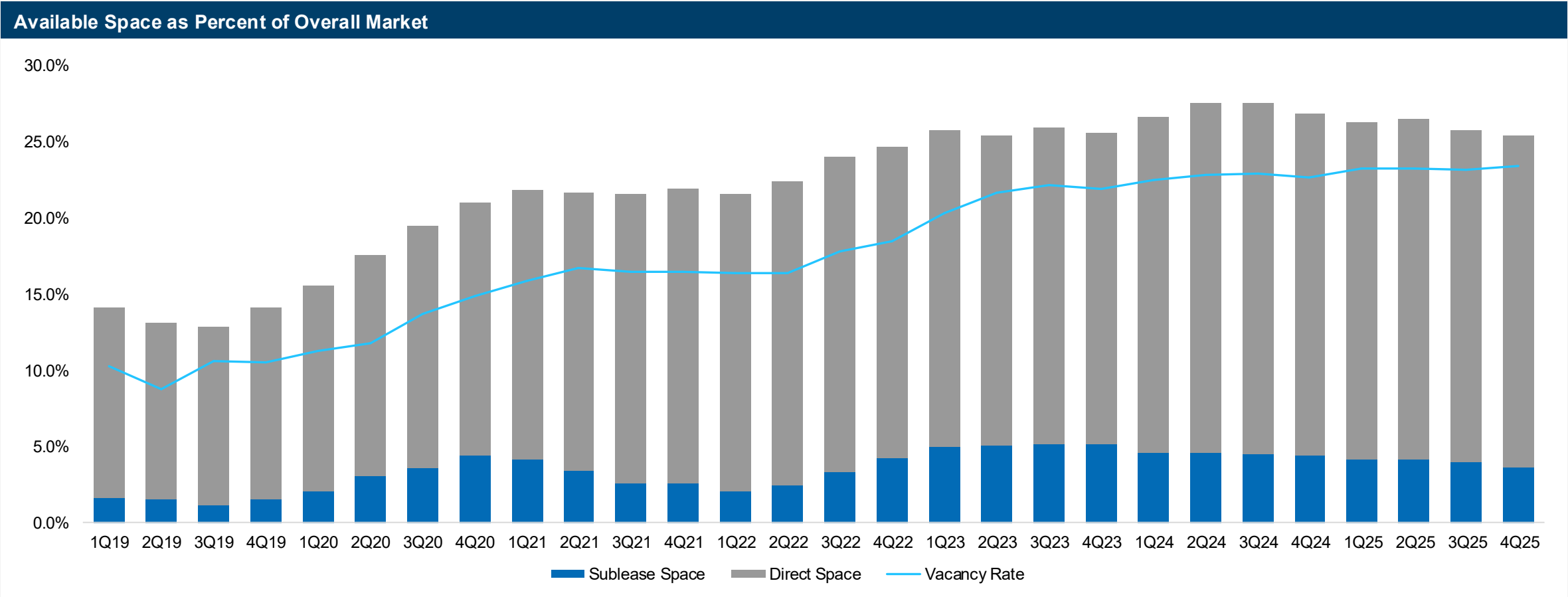
As of the fourth quarter of 2023, Austin's Class A office market totaled 45.4 MM of space. Corporations are trading larger spaces in lower-quality buildings for smaller spaces in better amenitized buildings to attract employees into the office. Austin's Class A office vacancy rate dropped 10 basis points from the third quarter of 2023 to 28.4%, reflecting a 50 basis point decline from the record high set during the first quarter of 2023. The market's Class A vacancy remains above the market's overall vacancy rate of 23.4%. This dynamic

Please reach out to your
Newmark business contact for this information



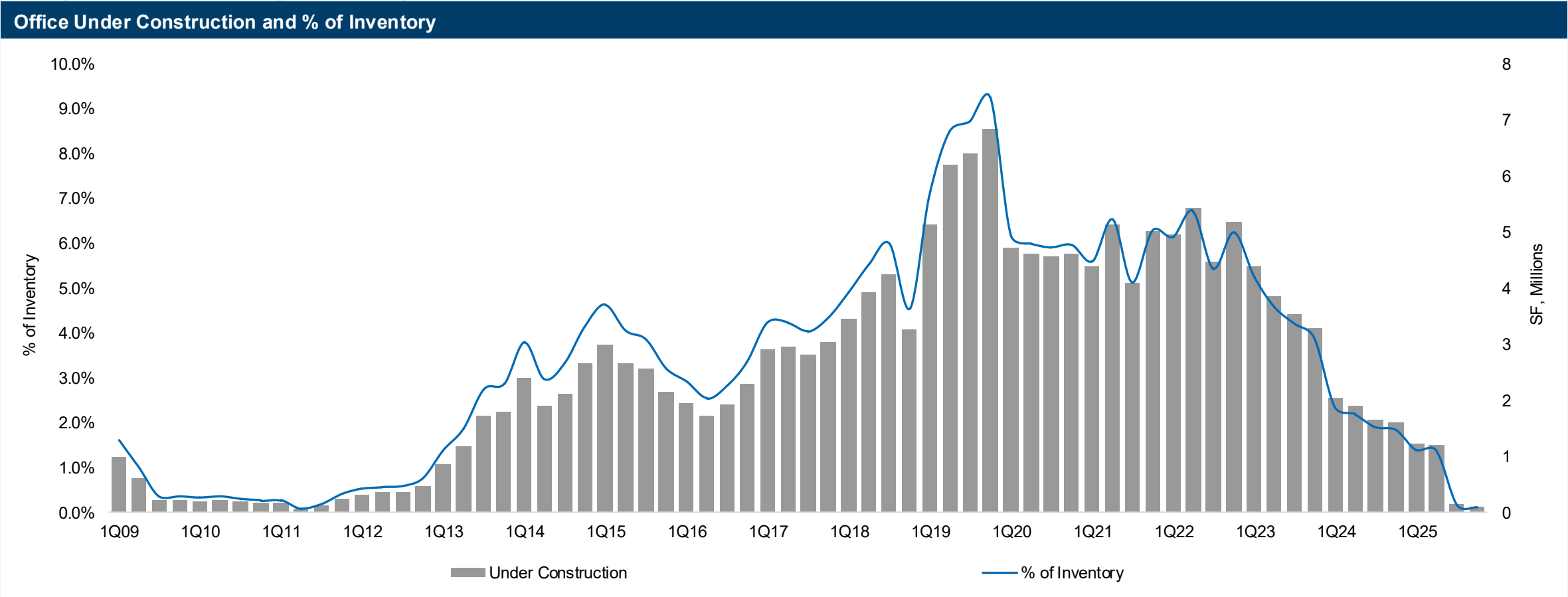
Direct and Sublet Availabilities Show Quarterly and Annual Declines

Sublease availabilities in the fourth quarter of 2025 declined 30 basis points on a quarterly basis with a larger decline annually by 70 basis points to 3.7% as firms have sublet space put on the market by technology companies, such as PricewaterhouseCoopers’ sublet of Meta’s space at Sixth and Guadalupe during the previous quarter. Meanwhile, direct availability edged lower by 10 basis points quarter over quarter and 80 basis points year over year to 21.7%. However, overall vacancy remains 20 basis points higher quarter over quarter and 70 basis points higher year over year due to a plethora of recently delivered space that has yet to be absorbed. It will likely taper off as the market works through its recent deliveries and the under-construction pipeline remains muted.



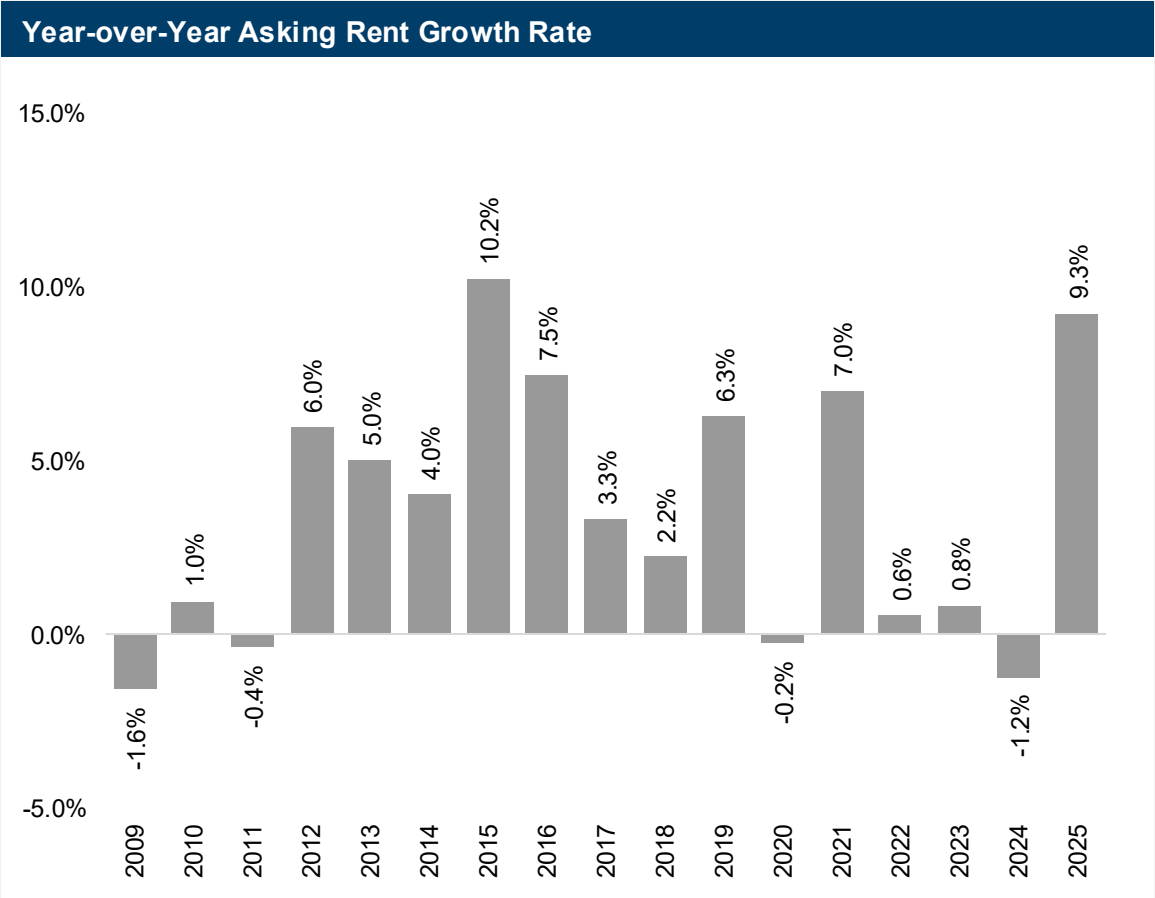
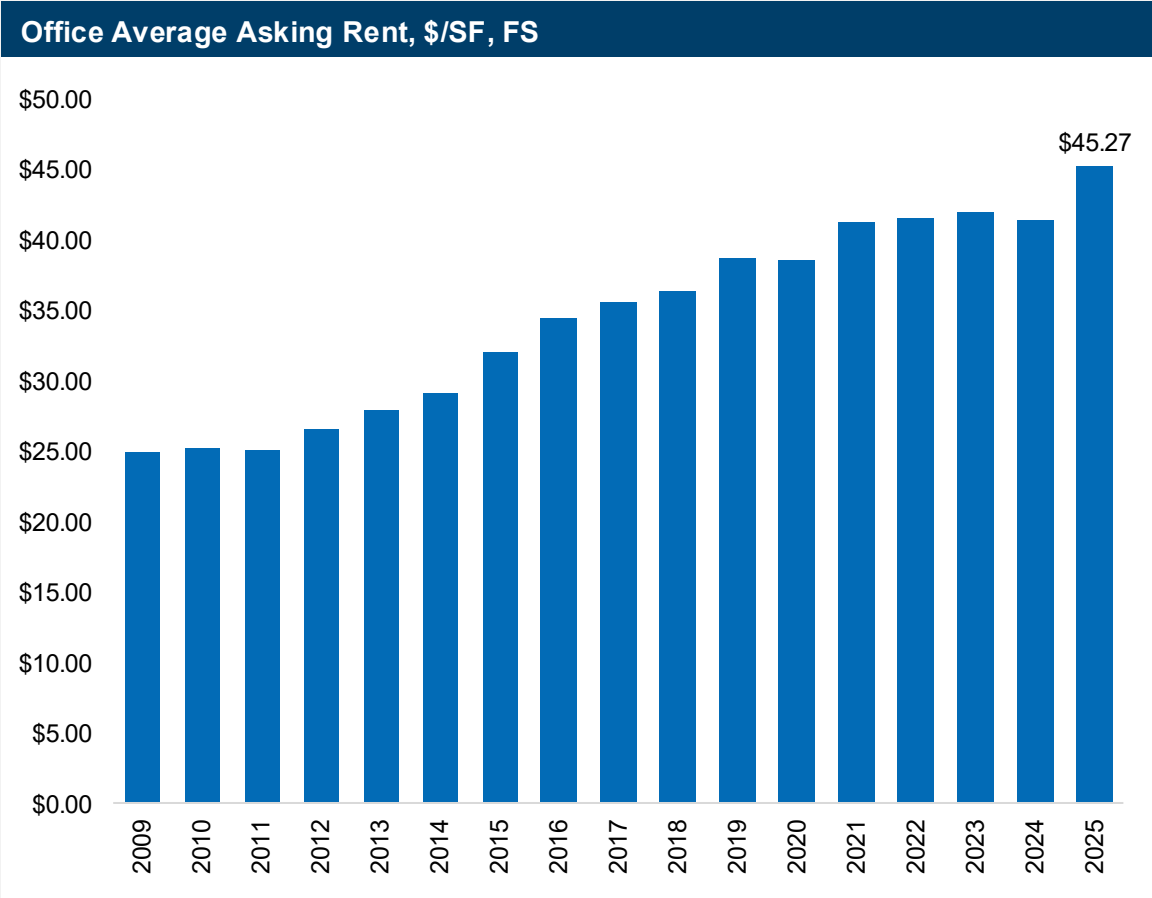
Construction Activity Continues to Decline

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 6.9 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 fourth quarter of 2025, the construction pipeline totaled 100,453 SF, or 0.1% of total office inventory, the lowest proportion of under construction activity since the second quarter of 2011. 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 The Republic in the CBD. Meanwhile, restrictive fiscal policies and rising building costs have curbed new groundbreakings.



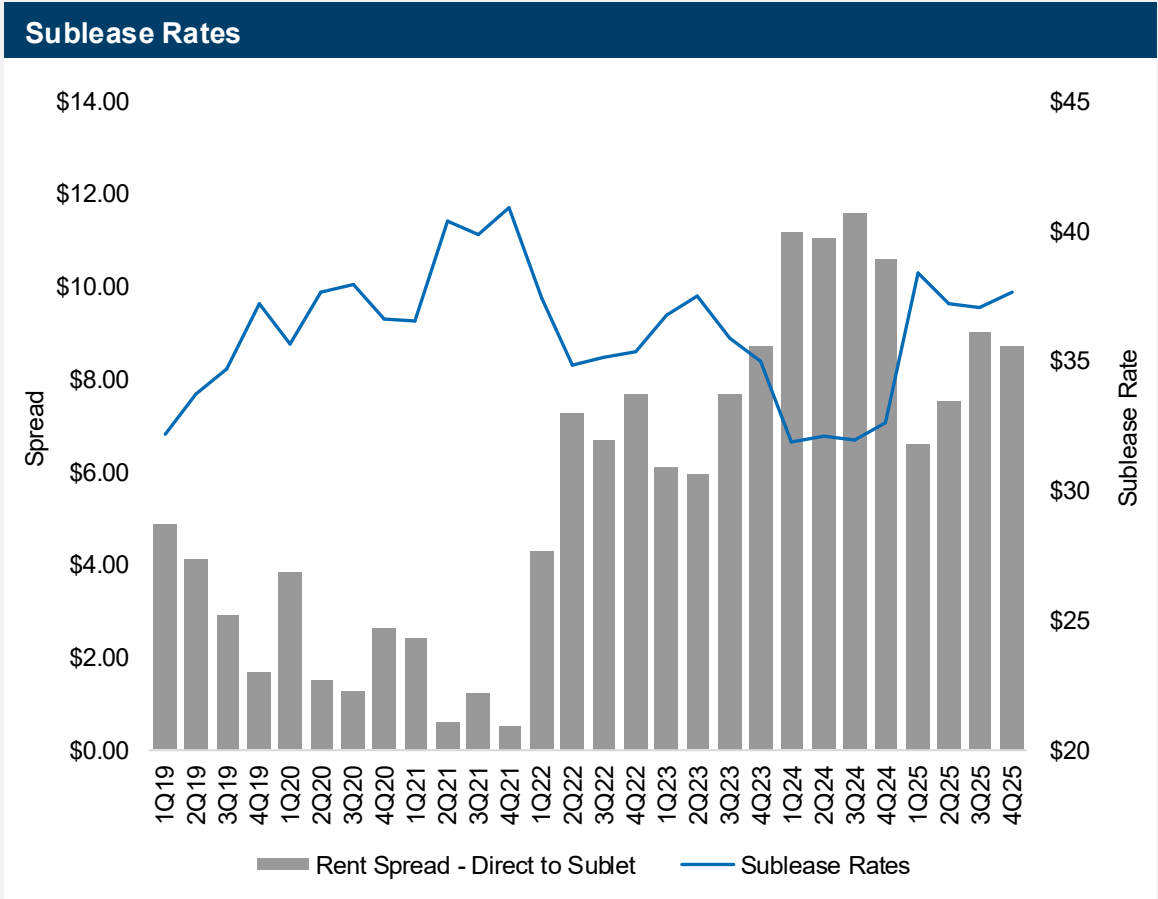
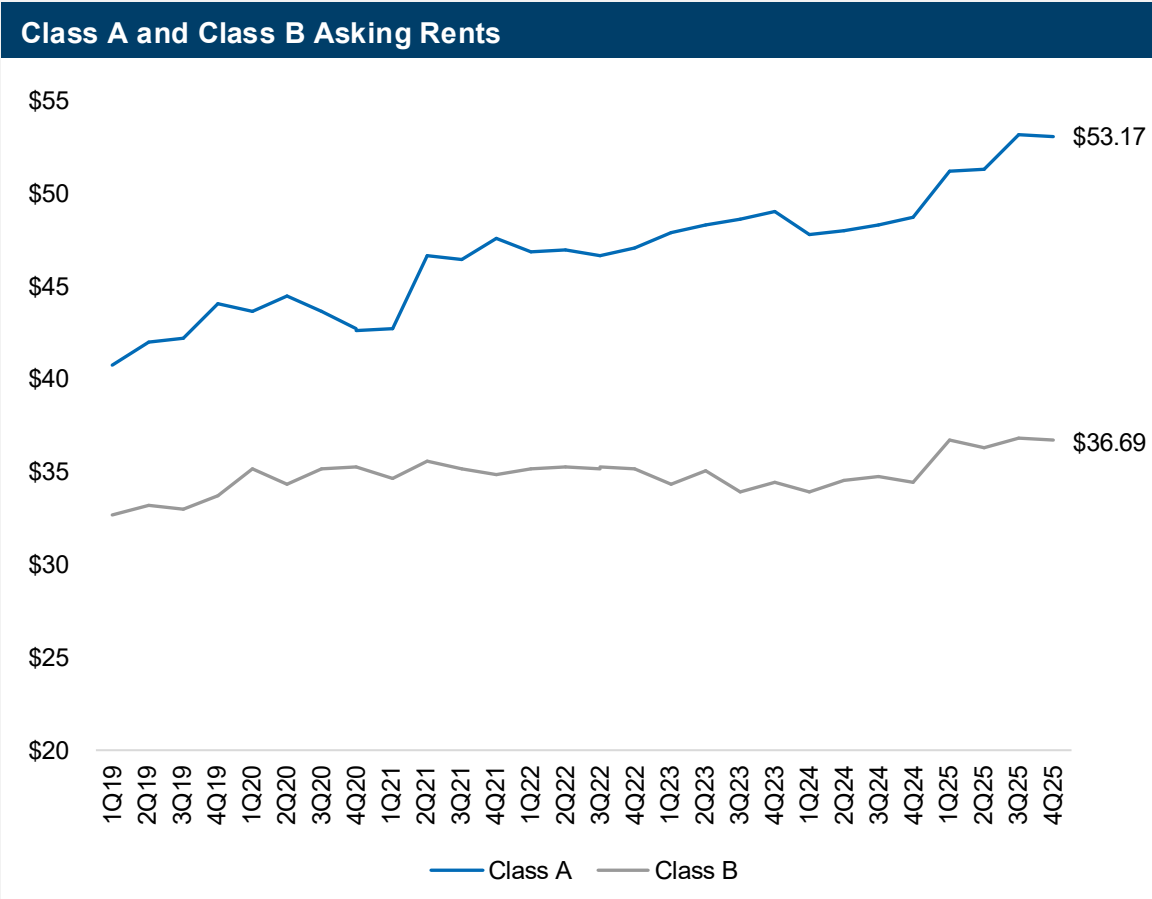
Asking Rents Rise to Record High

Asking rents spiked to a new record high of \$45.27/SF, reflecting quarterly and annual increases of 1.0% and 9.3%, respectively. Since 2010, Austin has generally reported positive yearly rent growth, with the trend continuing into the fourth quarter of 2025. 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 trend may reverse as landlords compete to fill space amid an uncertain economic environment.



Class A and B Rents Drop from Prior-Quarter Peaks, Yet Remain Higher Year Over Year

As of the end of the fourth quarter of 2025, Class A rents averaged \$53.17/SF, while Class B rents were \$36.69/SF. These reflect marginal declines for both classes from the record highs reported during the previous quarter. Class A asking rents rose by 9.0% on a yearly basis, while Class B asking rents increased 6.5%. Overall rent spread between Class A and Class B asking rents also climbed to a historic high of \$16.48/SF, reflecting a 58.5% 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 highly-amenitized spaces and diminishing supply of such spaces to push up asking. Meanwhile, sublease asking rents increased by 1.6% quarter over quarter and 15.5% year over year during the fourth quarter of 2025.



Nvidia Remains a Dominant Force in Leasing for a Second Consecutive Quarter

Contrary to headlines that Austin’s reputation as a tech hub is fading, tech continued to play a dominant role in leasing. Nvidia signed the largest lease of the quarter at The Crossings at Lakeline – Building 2, where it renewed and expanded its lease. This builds on momentum from the previous quarter, when they signed also the quarter’s largest lease. 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 to entice employees into the office. A recent bright spot of activity in the market was Google moving into its space at Sail Tower, which it had previously listed for sublease for several quarters. The top six floors remain on the sublease market.

Notable 4Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Nvidia	The Crossings at Lakeline – Building 2	Cedar Park	Renewal	79,346
Technology company and artificial intelligence darling Nvidia signed one of the quarter's largest deals of the quarter when it renewed its lease and expanded its occupied space at 11001 Lakeline Boulevard. This expands their Austin presence and builds on the lease that they signed during the previous quarter at Uptown ATX – One Uptown.				
Cigna	Uptown ATX – Block A – One Uptown	North/Domain	Direct New	43,939
Insurance company Cigna will join Nvidia and others at 11515 Burnet Road. It leased the entirety of the ninth floor and is expected to move in during the second quarter of 2026.				
The McKinsey Club	Summit at Addie Roy	Southwest	Direct New	33,007
Austin-based golf and social club The Mackenzie Club leased the entirety of 260 Addie Roy Road. The property is currently under renovation and expected to be completed during the first half of 2026. The firm will move in shortly thereafter.				
Pulte Homes	The Crossings at Lakeline Building 1	Cedar Park	Direct New	28,715
National homebuilder Pulte Homes leased the third floor of 11001 Lakeline Boulevard. It is expected to move in during the second quarter of 2026.				
One Gas	The Terrace 6	Southwest	Direct New	22,247
Tulsa-based natural gas distribution services provider One Gas inked a 10-year lease for the second floor of 2901 Via Fortuna Drive. They are expected to move in during the second quarter of 2026.				

03

Market Statistics & Map



Austin Office Submarket Map

Please reach out to your
Newmark business contact for this information

Austin Office Submarket Overview

Submarket Statistics - All Classes

Please reach out to your
Newmark business contact for this information

South Submarket	7,000,000	10,000	10.0%	-10,000	10,000	\$60.00	\$60.00	\$60.00
Southwest	11,000,000	0	10.0%	10,000	10,000	\$60.00	\$60.00	\$60.00
Submarket	70,000,000	100,000	10.0%	-100,000	100,000	\$60.00	\$60.00	\$60.00
Market	100,000,000	100,000	10.0%	-100,000	100,000	\$60.00	\$60.00	\$60.00

Austin Office Submarket Overview – Class A

Submarket Statistics – Class A

Please reach out to your
Newmark business contact for this information

South Submarket	1,700,000	0	17.0%	35,000	107,700	300.00
Northwest	1,200,000	0	16.0%	30,000	90,000	300.00
Submarket	2,900,000	0	16.5%	65,000	197,700	300.00
Market Total	4,000,000	0	16.5%	90,000	260,000	300.00

Austin Office Submarket Overview – Class B

Submarket Statistics – Class B

Please reach out to your
Newmark business contact for this information

South/Central	1,000,000	10,000	10.0%	-10,000	-100,000	100.0%
North	1,000,000	0	10.0%	-10,000	10,000	100.0%
Suburban	10,000,000	10,000	10.0%	100,000	-100,000	100.0%
Market Total	10,000,000	10,000	10.0%	-100,000	-100,000	100.0%

4Q25 Texas Office Market Overview

Please reach out to your
Newmark business contact for this information

FFB Absorption	98,330	1,000,000	1,107,000	261,000
Quarter Deliveries	98,330	98,330	98,330	98,330
FFB Deliveries	1,000,000	1,000,000	874,000	271,000
Direct Leasing Rate (FFB/FFB)	98.33	98.33	98.33	97.98
Supplier Leasing Rate (FFB/FFB)	97.98	98.33	98.33	98.33
Total Leasing Rate (FFB/FFB)	98.33	98.33	98.33	97.98

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.
- Strong life health and long health care sectors, especially due to strong culture and amenities, offering businesses and supporting office market growth.
- New construction and renovation adds buildings offer modern spaces to attract tenants seeking high-quality facilities.
- Demand for smaller, flexible office spaces (1,000-5,000 sq ft) and flexible, expanding spaces presents opportunities for landlords to cater to companies adopting hybrid models.

- The use of remote work, home offices, telepresence and tech sector diversifying may decrease long-term demand for traditional office space.
- Builders' high office prices may push businesses away from Austin to lower-cost and more competitive markets like Dallas.
- Rising construction costs and tighter financial conditions create headwinds for landlords.
- Shifts in regulations, such as those affecting commercial real estate, could pose challenges to owner ability.

Highest Loan Volume Due in 2029

In the fourth quarter of 2023, government agency remained the leading source of debt financing, accounting for 33.2% of total volume. Financial loan institutions are heavily leveraged, with 62.4% of debt maturing through 2024 coming due before 2029. Across all debt sources, maturities peak in 2029 at \$1.4 billion dollars, underscoring the need to closely monitor government activities as an indicator of future market activity. The concentration of new issue maturities, particularly in financial loans, illustrates challenges such as a higher

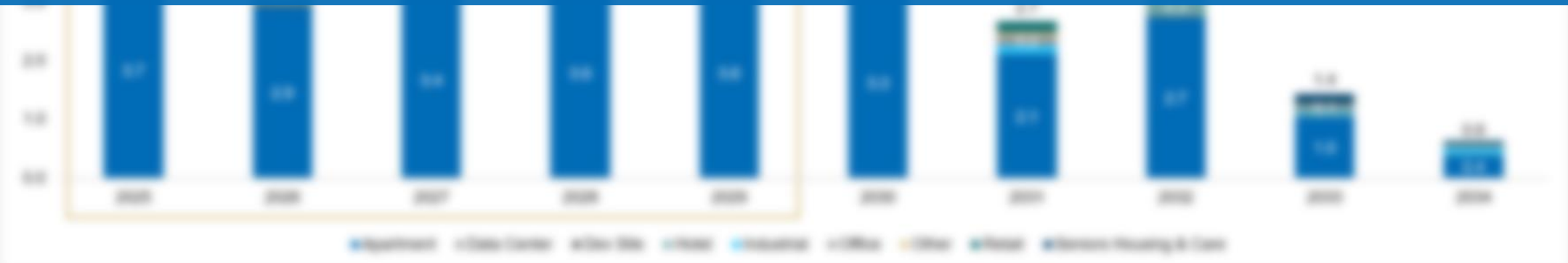
Please reach out to your
Newmark business contact for this information



Multifamily Maturities Particularly Elevated Through 2029, Office Not So Much

As of the fourth quarter of 2023, office loans comprise 18.8% of the upcoming \$277.2 billion of loans maturing within the next five years, accounting for more than half the office sector's challenges. Meanwhile, the multifamily space constitutes 42.4% or \$277.2 billion of maturities through 2029. However, lenders' continued appetite for multifamily assets under refinancing relatively successfully, underwriting the capital markets' focus on asset quality and flexibility as a result of the low down payment in the face of economic uncertainty.

Please reach out to your
Newmark business contact for this information



05

San Antonio Appendix



San Antonio Office Market Overview

Q321 MARKET SNAPSHOT

51,814,713 SF 16.3% \$27.64 273,000 SF 261,597 SF

Please reach out to your
Newmark business contact for this information

construction decreased by 20 basis points in a steady state, putting overall vacancy down by 10 basis points year over year to 16.3%.

- The construction pipeline dropped to 280,000 SF under construction.
- While vacancy is still high and most interest rates, competitor businesses to increase leasing activity in the market recorded 710,071 SF of leasing activity during the fourth quarter of 2020, slightly above the 10-year fourth quarter average of 710,071 SF.

Notable Lease Transactions

Building Name	Tenant	Type	Sq. Ft.
The Westgate at Westover Hills	AT&T, Inc.	New Lease	100,000
Hopwood Park	Crack	New Lease	20,000

Notable Sale Transactions

Building Name	Buyer	Seller	Price (\$)	Sq. Ft.
10000 Highway 160 East	State Community College District	Capital Partners	Undisclosed	100,000

San Antonio Office Submarket Overview

Submarket Statistics - All Classes

Please reach out to your
Newmark business contact for this information

Office	15,750,000	150,000	15.7%	157,000	15.0%	100.0%	100.0%	100.0%
Health	2,750,000	0	15.0%	15,000	100.0%	100.0%	-	100.0%
Education	10,000,000	100,000	10.0%	100,000	100.0%	100.0%	100.0%	100.0%
Market	18,500,000	250,000	15.0%	172,000	100.0%	100.0%	100.0%	100.0%

Andrew Cook*Research Analyst**Southeast Research*

Andrew.Cook@nmrk.com

Ching-Ting Wang*Head of Southeast Research**Southeast Research*

ChingTing.Wang@nmrk.com

Kirsten Kempf*Senior Research Analyst**Southeast Research*

Kirsten.Kempf@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.