

Q4 // 2023

# Market Report

AUSTIN INDUSTRIAL MARKET  
REPORT + ECONOMIC OVERVIEW





## The Impact of Tesla's Gigafactory in Austin

The "Tesla Effect" in Austin is undeniable as the electric vehicle giant continues to shape the city's economic landscape. Since relocating its headquarters to Texas in 2021, Tesla has become a major player in the region, employing over 20,000 people and contributing significantly to economic growth.

During a recent meeting with the Travis County Commissioners Court, Tesla revealed that its Gigafactory in Austin generated over \$2.1 billion in sales activity within Travis County in 2022. This includes Tesla's operations and its extended supply chain, marking a substantial increase from \$385 million in 2021. The facility, spanning 10 million square feet, manufactures not only vehicles but also driving units, battery packs, and cells for batteries, showcasing Tesla's commitment to vertical integration.

Beyond production, Tesla's economic impact extends to ancillary facilities, with an expected total investment of over \$10 billion. The company has already invested \$5.8 billion in the factory, with a peak workforce of 5,000 – 6,000 during construction.

In terms of wages, Tesla's Austin facility paid \$469 million in 2022, a significant increase from \$126 million in 2021. The average wage was \$74,206, rising to \$131,020 when factoring in equity offered to employees through company shares. Giga Texas contributed \$987 million to the gross state product in 2022, indirectly supporting 5,000 jobs.

Tesla's impact is not limited to Austin's city limits; plans to lease and renovate an industrial warehouse in Hutto signal further growth. This aligns with the city's strategic position as a hub for future-focused development.

As Tesla's influence expands, the economic resurgence it has ignited, coupled with other major investments like Samsung's \$17 billion plant, positions the Austin MSA for a promising future as a hub for innovation and sustained economic prosperity.



# Q4 2023

## Market Overview

### Vacancy Rate

**9.5%** FLEX: 5.6% ▲ WAREHOUSE: 7.3% ▼

Q3 2023 FLEX: 4.8% | WAREHOUSE: 6.5%

Q4 2022 FLEX: 4.8% | WAREHOUSE: 4.9%

### Deliveries

**4,394,045 SF** ▲

Q3 2023 1,781,503 SF | Q4 2022 1,355,505 SF

### Net Absorption

**468,703 SF** ▼

Q3 2023 748,115 SF | Q4 2022 866,703 SF

### Avg. Gross Rent

**\$20.90** FLEX ▼ **\$14.60** WAREHOUSE ▲

Q3 2023 FLEX: \$18.96 | WAREHOUSE: \$13.79

Q4 2022 FLEX: \$16.28 | WAREHOUSE: \$12.95

### Under Construction

**16,485,749 SF** ▼

Q3 2023 16,571,905 SF | Q4 2022 16,176,261 SF

## AUSTIN ECONOMIC OVERVIEW

The Austin Business-Cycle Index – a broad measure of economic activity – grew an annualized 7.7 percent in November, faster than the 4.0 percent gain in October. Austin's unemployment rate declined to 3.4 percent remaining below the state rate of 4.1 percent and the national rate of 3.7 percent. Austin experienced solid job growth, accompanied by a decline in the unemployment rate and a slight fall in wage growth. Employer notices to the federal government of upcoming layoffs under (WARN) increased significantly in 2023, and layoff announcements were concentrated in transportation and warehousing followed by professional business services.

### ▼ AUSTIN IN THE NEWS

"No Vacancy? Not Anymore: Industrial Tenants Have Leverage At Last"

(BISNOW, OCTOBER 2023)

"US Industrial Market Continues to Slow as Record Amount of Construction Delivers"

(AUSTIN BUSINESS JOURNAL, NOVEMBER 2023)

"After 12 Years, Site Selection Magazine Puts Texas Back on Top of Prestigious Ranking"

(AUSTIN BUSINESS JOURNAL, NOVEMBER 2023)

### AUSTIN LABOR FORCE

**6.3%** ▲

### BUSINESS CYCLE INDEX

**7.7%** ▲

### UNEMPLOYMENT

**Austin 3.4%** ▼  
Texas 4.1%  
US 3.7%

### TOP INDUSTRIES

▶ Government up by **9.9%** ▲

▶ Financial Activities up by **8.6%** ▲

## DEVELOPMENT OUTLOOK

**SAMSUNG SEMICONDUCTOR PLANT | RR**  
**2,500,000 SF**  
 Under Construction  
 Samsung

**BOBCAT PROJECT | E**  
**1,500,000 SF**  
 Under Construction  
 Tesla

**BUDA COMMERCE CENTER | HAYS**  
**968,475 SF**  
 Under Construction  
 Stream Realty Partners

**AIRPORT LOGISTICS CENTER | SE**  
**801,840 SF**  
 Under Construction  
 Dalfen Industrial

**PARK 290 | E**  
**792,139 SF**  
 Under Construction  
 Brookfield Properties

**BLUEBONNET BUSINESS CENTER | E**  
**684,344 SF**  
 Under Construction  
 Hines

**BLUE SPRINGS BUSINESS PARK | GT**  
**604,064 SF**  
 Under Construction  
 Molto Properties

**ATX 130 | SE**  
**602,370 SF**  
 Under Construction  
 Jackson-Shaw Company

**TESLA - CATHODE & DRIVE UNIT | E**  
**572,458 SF**  
 Under Construction  
 Tesla

**130 CROSSING - PHASE II | FNE**  
**482,160 SF**  
 Under Construction  
 Ironwood Realty Partners

**POWERCAMPUS AUSTIN - BLDGS 1-6 | RR**  
**4,000,000 SF**  
 Proposed Construction  
 Skybox / Prologis

**GTX LOGISTICS PARK - BLDGS 2-5 | GT**  
**3,026,630 SF**  
 Proposed Construction  
 Green Point Property Company

**HUTTO CROSSING | GT**  
**1,419,080 SF**  
 Proposed Construction  
 Ironwood Realty Partners

**AUSTIN HILLS COMMERCE CENTER | E**  
**1,352,718 SF**  
 Proposed Construction  
 Sansone Group / Principal

**MUSTANG CROSSING | FNE**  
**1,214,880 SF**  
 Proposed Construction  
 Ryan Companies

**CROSSPOINT INDUSTRIAL PARK - PHASE II | GT**  
**1,156,270 SF**  
 Proposed Construction  
 Jackson-Shaw Company

**BRIDGE BUSINESS PARK | GT**  
**1,094,640 SF**  
 Proposed Construction  
 Bridge Logistics Properties

**SETTLERS GROVE | RR**  
**631,100 SF**  
 Recently Delivered  
 Link Logistics

**NORTHEAST CROSSING - PHASE II | FNE**  
**564,080 SF**  
 Recently Delivered  
 Link Logistics

**SPACEX - PROJECT ECHO | BASTROP**  
**521,521 SF**  
 Recently Delivered  
 Tesla

**HOWARD 130 | FNE**  
**376,380 SF**  
 Recently Delivered  
 Stream

**ROUND ROCK 45 | RR**  
**367,887 SF**  
 Recently Delivered  
 Link Logistics

**CROSSPOINT INDUSTRIAL PARK - BLDGS 1 & 2 | GT**  
**349,658 SF**  
 Recently Delivered  
 Jackson-Shaw Company



## MAJOR LEASES



**ZT SYSTEMS**  
*NorthPark35*  
**GEORGETOWN**  
 435,714 RSF  
*(Direct)*

**FOUR HANDS**

**FOUR HANDS**  
*14625 Campo Del Sol Rd*  
**SOUTHEAST**  
 181,660 RSF  
*(Direct)*

**CUBEWORK®**

**CUBEWORK**  
*8119 Exchange Dr*  
**NORTHEAST**  
 112,000 RSF  
*(Sublease)*



**THREE WAY LOGISTICS**  
*Northeast Crossing*  
**FAR NORTHEAST**  
 110,440 RSF  
*(Direct)*



**WESTERN PACIFIC**  
**BUILDING MATERIALS**  
*Vista Park 5*  
**NORTH**  
 87,000 RSF  
*(Renewal)*



**FLUENCE/SIGNIFY**  
*Southpark 3*  
**SOUTHEAST**  
 68,000 RSF  
*(Renewal)*



**ICON FURNITURE**  
*Ben White 6*  
**SOUTHEAST**  
 37,102 RSF  
*(Direct)*



**TESLA**  
*200 Country Rd 199*  
**HUTTO**  
 35,000 RSF  
*(Direct)*

## KEY SALES



Northpark35, Building 6

*100 Velocity Drive*

**GEORGETOWN**  
 435,714 SF

**Buyer:** ZT Systems  
**Seller:** Titan Development



130 Crossing, Building 3 & 5

*3100 & 3300 E Pecan Street*

**FAR NORTHEAST**  
 340,200 SF

**Buyer:** BentallGreenOak  
**Seller:** Affinius Capital



Waypoint 130, Building 4

*13350 N SH 130*

**FAR NORTHEAST**  
 95,310 SF

**Buyer:** Slate Real Estate  
 Partners  
**Seller:** United Properties  
 Investment



Decker Ridge

*6201 Quinn Luke Trail*

**EAST**  
 52,430 SF

**Buyer:** SH130 MMD  
**Seller:** Taurus Investment  
 Holdings

## INDUSTRIAL STATISTICS BY VACANCY

## TOTAL WAREHOUSE

SUBMARKET	TOTAL INV. SF	VACANCY %	AVG. RENTAL RATES
▶ Austin MSA	69,223,383	7.3%	\$14.60
▶ Bastrop	560,027	-	-
▶ Caldwell	157,420	-	-
▶ Cedar Park	722,721	3.5%	-
▶ Central	937,924	11.9%	\$16.60
▶ East	3,619,056	4.7%	\$15.63
▶ Far Northeast	10,567,127	4.5%	\$14.47
▶ Far Northwest	631,970	2.5%	\$17.00
▶ Georgetown	8,080,250	22.2%	\$10.35
▶ Hays County	9,025,610	9.1%	\$14.92
▶ North	10,937,097	3.9%	\$15.55
▶ Northeast	5,221,791	4%	\$14.04
▶ Northwest	1,185,026	3.3%	-
▶ Round Rock	4,232,686	11.3%	\$15.31
▶ South	2,017,450	9.0%	\$16.50
▶ Southeast	10,952,087	3%	\$16.09
▶ Southwest	375,141	5.5%	\$18.00

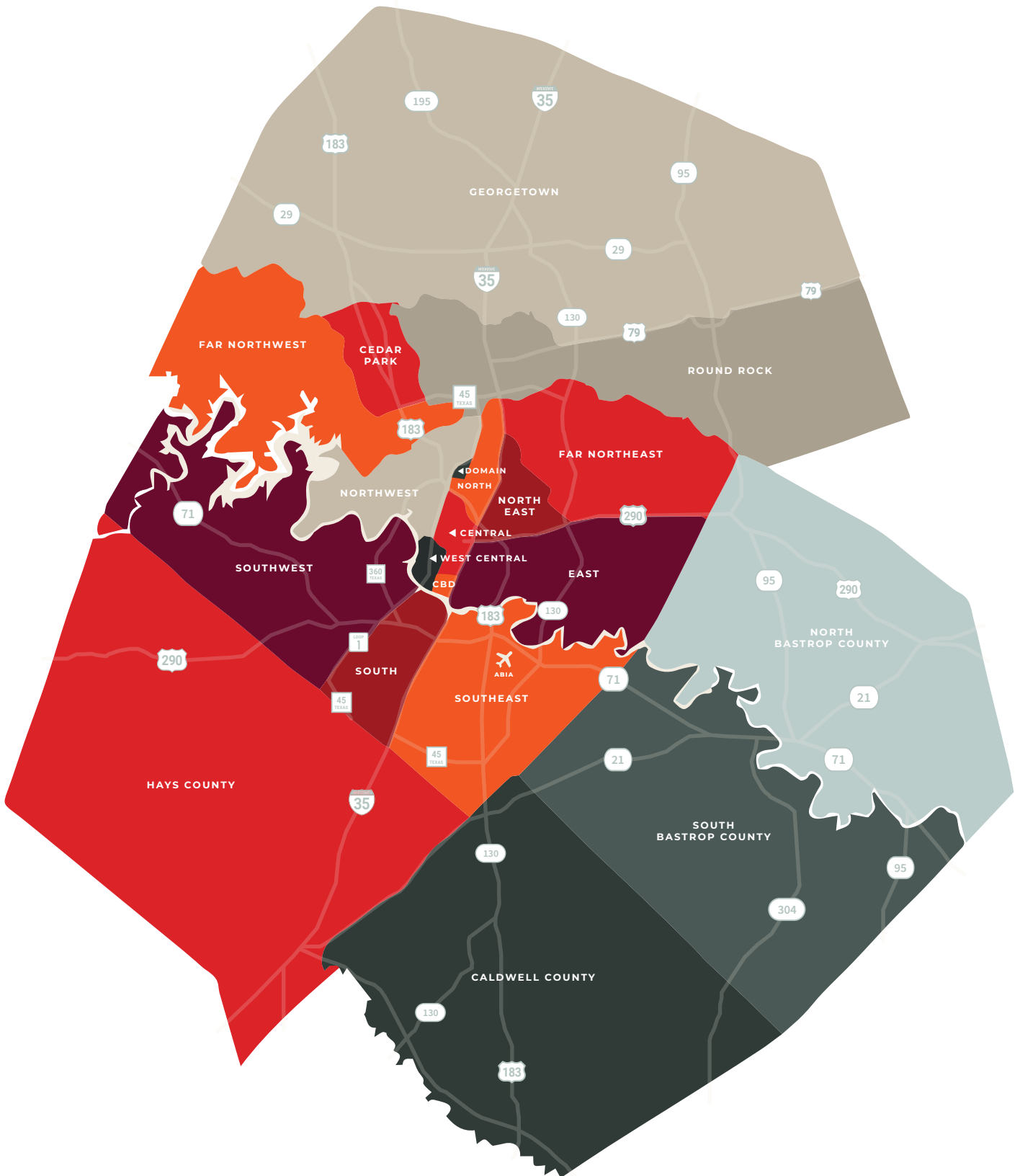
## TOTAL FLEX

SUBMARKET	TOTAL INV. SF	VACANCY %	AVG. RENTAL RATES
▶ Austin MSA	18,457,186	5.6%	\$20.90
▶ Bastrop	56,525	-	-
▶ Caldwell	30,150	-	-
▶ Cedar Park	513,206	0.6%	\$17.20
▶ Central	644,114	2.1%	\$18.00
▶ East	1,277,986	4.1%	\$25.00
▶ Far Northeast	508,531	9%	\$19.35
▶ Far Northwest	151,230	8.8%	\$17.50
▶ Georgetown	430,444	11.7%	-
▶ Hays County	365,563	3.4%	\$15.00
▶ North	4,240,600	9.5%	\$21.43
▶ Northeast	3,968,952	4.4%	\$14.82
▶ Northwest	1,660,804	3.1%	\$20.00
▶ Round Rock	556,529	0.5%	\$18.21
▶ South	451,321	3%	\$21.38
▶ Southeast	3,263,511	6%	\$11.50
▶ Southwest	337,720	1.7%	\$18.00

\*Research information is sourced from CoStar data compiled through ECR from custom reports using existing, non-owner occupied properties above 10,000 SF.



# AUSTIN SUBMARKET MAP



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