

Q2 // 2025

Market Report

AUSTIN INDUSTRIAL MARKET
REPORT + ECONOMIC OVERVIEW



114 WEST 7TH STREET // SUITE 1000 // AUSTIN, TX 78701 // 512.505.0000 // ECRTX.COM

Q2//2025

Market Report



Austin Industrial Real Estate: Oversupply Today, Growth Opportunities Tomorrow

At the midpoint of 2025, the Austin industrial market is navigating a shift to a tenant's market. After years of heavy construction activity, over 2 million square feet of new space broke ground this quarter, most being speculative projects with 0% pre-leasing. Meanwhile, more than 4.5 million square feet delivered in Q2 alone, bringing total deliveries this year above 7 million square feet. Over half of this space is less than 10% leased, putting pressure on landlords to offer aggressive lease rates, generous build-out packages, and extended concessions. While these statistics may cause concern, Austin's role as a leading innovation hotspot consistently proves it's a market where businesses can launch, grow, and invest for the long term. Investors see this promise thus the continued supply of new construction product.

Austin currently ranks as the No. 1 innovation hub in the southern U.S. Between 2020 and 2024. The region leads the South with 82,467 patents granted, ranking 3rd in STEM employment, and No. 2 for business environment (driven by its concentration of life sciences and R&D operations). The city also boasts the second-highest density of STEM professionals nationwide and the third-largest life sciences and R&D building inventory with 2.4 million square feet of space. This strong foundation positions Austin to support the next wave of industrial users in emerging sectors.

Austin's aerospace scene is expanding, led by local companies like Firefly Aerospace (filed for IPO), SpaceX (ramping up manufacturing in Bastrop), and emerging players like Slingshot Aerospace, CesiumAstro, and Icon Technologies. Pulsar Fusion, a UK firm specializing in spacecraft propulsion, also plans to establish its U.S. HQ and a 50,000 SF R&D facility in the area. Acutronic, a global aerospace firm, recently named Austin the HQ of its Aerospace Components Division and is building Texas' first jet engine manufacturing facility on a 14-acre site in Bastrop.

Additionally, Austin is quickly becoming a powerhouse for dual-use defense startups, using innovative technology for both commercial and military applications. Key players include Skyways Air Transportation (secured a \$37M Air Force contract for cargo drones), CesiumAstro (satellite communications), Terradepth (autonomous submarines), Saronic (drone boats), and Allen Control Systems (AI-powered defense systems). The local headquarters presence of Army Futures Command and dual-use accelerators like Capital Factory continue to drive this sector's need for advanced industrial space.

Lastly, with Texas rolling out a revamped \$1.5 billion film incentives program (\$300 million every two years), demand for production facilities is heating up. Major projects include Hill Country Studios in San Marcos and new developments in Bastrop, increasing the need for sound stages, warehouses, and production support spaces.

The current oversupply has created an environment where tenants have more flexibility and negotiating power. Though oversupply is shaping the current market, Austin's strong innovation base and expanding specialized industries point to a healthy long-term outlook. For tenants, this presents an opportunity to build and secure long-term value in a market positioned for future growth.



114 WEST 7TH STREET
SUITE 1000
AUSTIN, TEXAS 78701
512.505.0000
WWW.ECRTX.COM

Q2 2025

Market Overview

Vacancy Rate

13.05% FLEX: 12.5% ▲ WAREHOUSE: 13.6% ▲

Q1 2025 FLEX: 11.1% | WAREHOUSE: 12%

Q2 2024 FLEX: 8.7% | WAREHOUSE: 8.9%

Deliveries

4,648,646 SF ▲

Q1 2025 3,461,242 SF | Q2 2024 2,704,897 SF

Net Absorption

881,966 SF ▼

FLEX: (628,889 SF) WAREHOUSE: 1,510,855 SF

Q1 2025 1,184,556 SF | Q2 2024 824,573 SF

Avg. Gross Rent

\$17.37 FLEX ▼ **\$12.55** WAREHOUSE ▼

Q1 2025 FLEX: \$19.94 | WAREHOUSE: \$12.91

Q2 2024 FLEX: \$19.79 | WAREHOUSE: \$14.19

Under Construction

9,325,789 SF ▼

Q1 2025 13,114,935 SF | Q2 2024 16,264,743 SF

AUSTIN ECONOMIC OVERVIEW

The Austin Business-Cycle Index, a broad measure of economic activity, grew an annualized 2.21 percent in May, slower than the 5.9 percent gain in December. Austin's unemployment rate ticked up to 3.5 percent in April, below the state and national rates of 4.1 and 4.2 percent, respectively. In April, the local labor force increased an annualized 9.6 percent, while the state's increased 2.8 percent, and the nation's grew 3.9 percent.

▼ AUSTIN IN THE NEWS

"Austin Ranked Top Innovation Hub in the South"
(AUSTIN BUSINESS JOURNAL, MAY 2025)

"Tesla Expands, Inking a 300,000 Square-Foot Lease"
(AUSTIN BUSINESS JOURNAL, MAY 2025)

"Region's Largest Spec Industrial Project Breaks Ground in Small City Outside Austin"
(AUSTIN BUSINESS JOURNAL, APRIL 2025)

AUSTIN LABOR FORCE

9.6% ▲

BUSINESS CYCLE INDEX

2.21% ▲

UNEMPLOYMENT

Austin 3.5% ▲
Texas 4.1%
US 4.2%

TOP INDUSTRIES

- Professional and Business Services up by **+2,550 Jobs** ▲
- Leisure and Hospitality up by **+1,470 Jobs** ▲

Q2//2025

Market Report



114 WEST 7TH STREET
SUITE 1000
AUSTIN, TEXAS 78701
512.505.0000
WWW.ECRTX.COM

DEVELOPMENT OUTLOOK

**SAMSUNG SEMICONDUCTOR
PLANT | RR**
2,800,000 SF
Under Construction
Samsung

CTX 110 | HAYS
893,699 SF
Under Construction
Lincoln Property Company

CELL 1 | E
696,093 SF
Under Construction
Tesla

BURLESON TECH - BLDGS A-D | SE
636,961 SF
Under Construction
Holt Lunsford Commercial Inc.

**MUSTANG RIDGE BUSINESS PARK -
BLDG 2 | SE**
538,720 SF
Under Construction
Clay Development & Construction

AIRPARK 130 - BLDGS 1, 3, & 4 | SE
443,260 SF
Under Construction
Clarius Partners

GTx LOGISTICS PARK - BLDG 2 | GT
412,470 SF
Under Construction
EQT Exeter

12821 TITANIUM ST - BLDGS 1-3 | GT
408,160 SF
Under Construction
Logistic Property Company

**PARK79 COMMERCE CENTER -
BLDGS 1-3 | GT**
362,191 SF
Under Construction
Quannah Partners

**MCCARTY PARK - PHASE 1: BLDGS
1-3 | HAYS**
343,729 SF
Under Construction
Trammell Crow

GTx LOGISTICS PARK - BLDGS 3-5 | GT
2,614,160 SF
Proposed Construction
EQT

LAS COLINAS - BLDGS 1-5 | HAYS
1,100,000 SF
Proposed Construction
Aquila

5270 HWY 71 E | SE
1,023,000 SF
Proposed Construction
St. Croix

**LONE STAR LOGISTICS CENTER |
CALDWELL**
1,008,000 SF
Proposed Construction
Related Fund Management

**HUTTO MEGA TECHCENTER - BLDGS
1-4 | GT**
870,000 SF
Proposed Construction
Titan Development

**AUSTIN HILLS COMMERCE CENTER -
BLDGS 2, 3, & 6 | E**
813,900 SF
Proposed Construction
Sansone Group

LAKESIDE 130 - BLDGS 1-3 | NE
714,490 SF
Proposed Construction
Northpoint Development

HUTTO CROSSING - BLDGS 2-4 | GT
662,379 SF
Recently Delivered
Ironwood Realty Partners

**AUSTIN HILLS COMMERCE CENTER -
BLDGS 1, 4, & 5 | E**
544,782 SF
Recently Delivered
Sansone Group

THE ROCK | RR
500,000 SF
Recently Delivered
Switch

MAJOR LEASES



TESLA
Austin Hills Commerce Center
EAST
296,960 SF
(Direct)



STONE ALLIANCE
Northgate35 Commerce Center
FAR NORTHEAST
104,884 SF
(Direct)



BURLEBO
Southpark Commerce Center
GEORGETOWN
95,763 SF
(Direct)



ACTIVISION BLIZZARD
Davis Spring Corporate Center
CEDAR PARK
65,365 SF
(Direct)



INCORA
8330 Cross Park Dr
NORTHEAST
60,878 SF
(Direct)



The Middle Group

MIDDLE GROUP FOODS
Buda Commerce Center
HAYS COUNTY
56,296 SF
(Direct Expansion)

KEY SALES



Innovation Business Park
Building 8

2100 Limmer Loop

GEORGETOWN
195,523 SF

Buyer: Buchanan Capital Partners
Seller: Titan Development
Price: \$27,959,789
Price Per SF: \$143.00



Chargepoint Charging Station

14910 Cameron Road

FAR NORTHEAST
132,214 SF

Buyer: City of Austin
Seller: Trammell Crow
Price: Undisclosed
Price Per SF: Undisclosed



ATX 130
Building 1

6405 Moores Crossing
Boulevard

SOUTHEAST
120,440 SF

Buyer: Spaulding Slye
Seller: Jackson-Shaw
Price: \$24,931,080
Price Per SF: \$207.00



Central Transportation
Systems Building

1001 W Howard Lane

NORTHEAST
100,551 SF

Buyer: Prudential Overall Supply
Seller: Stonelake Capital Partners
Price: Undisclosed
Price Per SF: Undisclosed

Q2//2025

Market Report

INDUSTRIAL STATISTICS BY VACANCY

TOTAL WAREHOUSE

SUBMARKET	TOTAL INV. SF	VACANCY %	AVG. RENTAL RATES
▶ Austin MSA	93,391,335	13.6%	\$12.55
▶ Bastrop	848,711	3.2%	\$6.00
▶ Caldwell	902,925	19.0%	-
▶ Cedar Park	1,312,128	4.0%	\$17.00
▶ Central	909,094	2.9%	-
▶ East	6,239,644	31.7%	\$24.83
▶ Far Northeast	12,285,883	7.0%	\$14.76
▶ Far Northwest	600,456	4.4%	\$17.00
▶ Georgetown	12,240,837	21.9%	\$10.47
▶ Hays County	13,906,063	10.9%	\$11.45
▶ North	11,448,313	6.3%	\$12.50
▶ Northeast	7,178,348	14.5%	\$11.77
▶ Northwest	1,125,317	11.1%	-
▶ Round Rock	6,653,736	19.1%	\$14.45
▶ South	2,079,571	6.4%	\$14.94
▶ Southeast	14,907,210	13.8%	\$17.40
▶ Southwest	753,099	11.9%	\$18.00

TOTAL FLEX

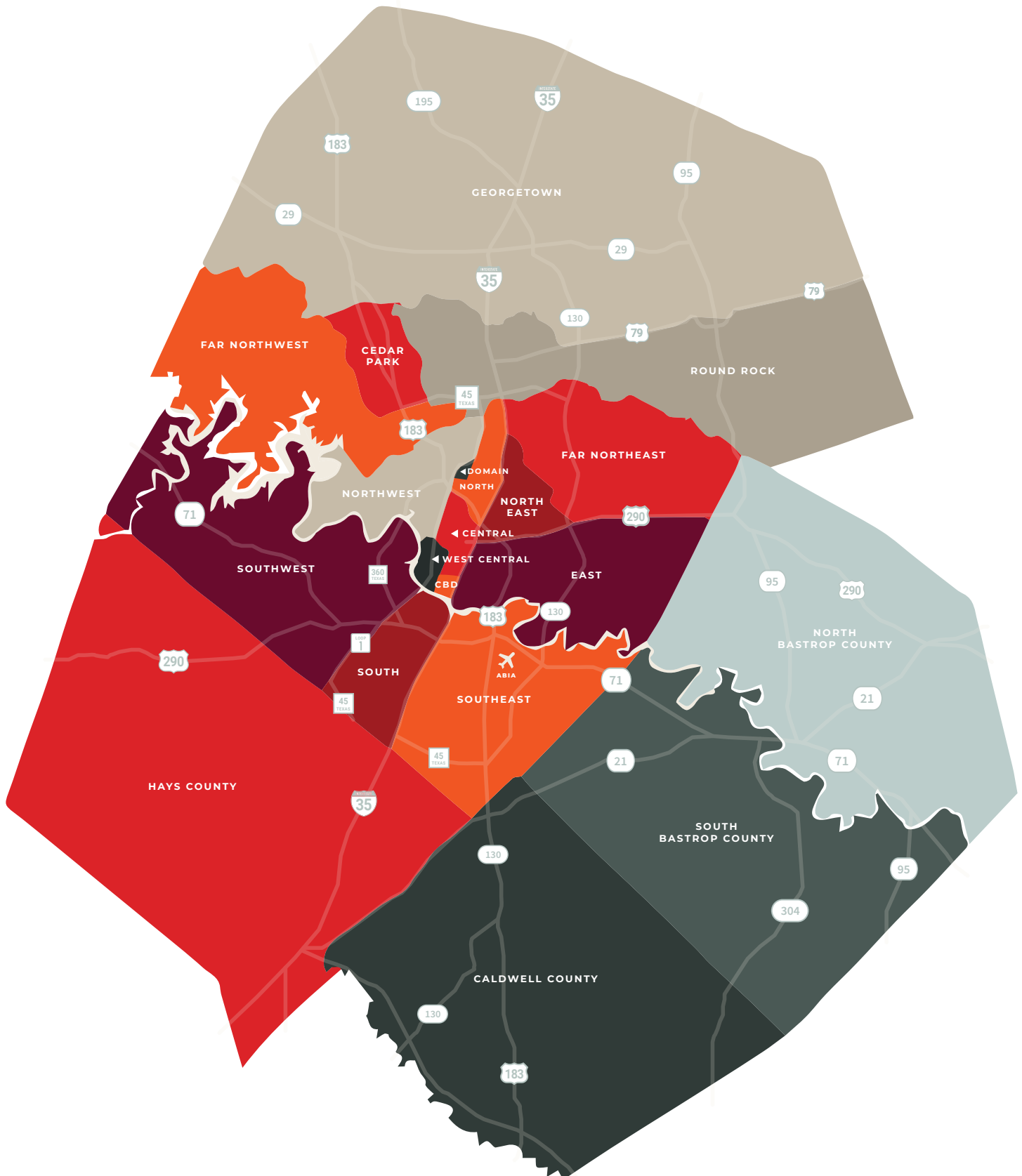
SUBMARKET	TOTAL INV. SF	VACANCY %	AVG. RENTAL RATES
▶ Austin MSA	19,290,614	12.5%	\$17.37
▶ Bastrop	56,525	0%	-
▶ Caldwell	30,150	0%	-
▶ Cedar Park	721,988	1.8%	\$19.82
▶ Central	646,500	10.9%	\$12.00
▶ East	1,376,416	4.3%	-
▶ Far Northeast	407,742	12.9%	\$17.82
▶ Far Northwest	194,870	20.4%	\$16.86
▶ Georgetown	785,057	30.7%	\$18.76
▶ Hays County	573,184	7.0%	-
▶ North	3,975,970	13.4%	\$20.67
▶ Northeast	3,125,977	14.3%	\$16.95
▶ Northwest	1,732,675	7.3%	\$20.00
▶ Round Rock	1,199,728	13.3%	\$14.79
▶ South	571,060	14.5%	\$14.00
▶ Southeast	3,368,419	14.5%	\$13.96
▶ Southwest	524,353	11.7%	\$40.66

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



114 WEST 7TH STREET
SUITE 1000
AUSTIN, TEXAS 78701
512.505.0000
WWW.ECRTX.COM

AUSTIN SUBMARKET MAP



Market Report

Q2 2025 // AUSTIN INDUSTRIAL
MARKET REPORT + ECONOMIC OVERVIEW

industrialteam

beyond
real
estate.
EST. 2010



Ryan Wilson
BROKERAGE PRINCIPAL
rwilson@ecrtx.com
512.505.0006



Matt Fain
BROKERAGE PRINCIPAL
mfain@ecrtx.com
512.505.0011



David Dawkins
SENIOR BROKERAGE
ADVISOR
ddawkins@ecrtx.com
512.505.0022



Stephen Pannes
SENIOR BROKERAGE
ADVISOR
spannes@ecrtx.com
512.505.0018



Hayden McCarty
SENIOR BROKERAGE
ADVISOR
hmccarty@ecrtx.com
512.505.0017



Sean Couey
SENIOR BROKERAGE
ADVISOR
scouey@ecrtx.com
512.505.0027



Hannah Huskey
BROKERAGE ADVISOR
hhuskey@ecrtx.com
512.505.0015



Ross Chumley
BROKERAGE ADVISOR
rchumley@ecrtx.com
512.505.0029



Rhett Kruger
BROKERAGE ADVISOR
rkruger@ecrtx.com
512.505.0020



Charles Herst
RESEARCH ANALYST
cherst@ecrtx.com
512.505.2762



Cory Camp
RESEARCH ANALYST
ccamp@ecrtx.com
512.505.2761

