



Q3.26

INDUSTRIAL & FLEX REPORT | RESEARCH & MARKET ANALYSIS

Demand accelerates as vacancy tightens.

POWER-INTENSIVE DEMAND CONTINUES

Advanced manufacturing, energy infrastructure and other power-intensive users are a growing source of leasing, with electrical capacity playing a larger role in site selection.

DEMAND KEEPING PACE WITH SUPPLY

Tenant demand is expected to keep pace with deliveries, supporting steady absorption and a gradual decline in vacancy through the remainder of 2026.

INDUSTRIAL + FLEX BY THE NUMBERS

NET ABSORPTION

1.91M SF

▲ 529K SF FROM Q2 2026

INDUSTRIAL + FLEX VACANCY RATE

18.5%

▼ 36 BPS FROM Q2 2026

EXISTING INVENTORY

137M SF

▲ 1.74M SF FROM Q2 2026

UNDER CONSTRUCTION

8.03M SF

▲ 745K SF FROM Q2 2026

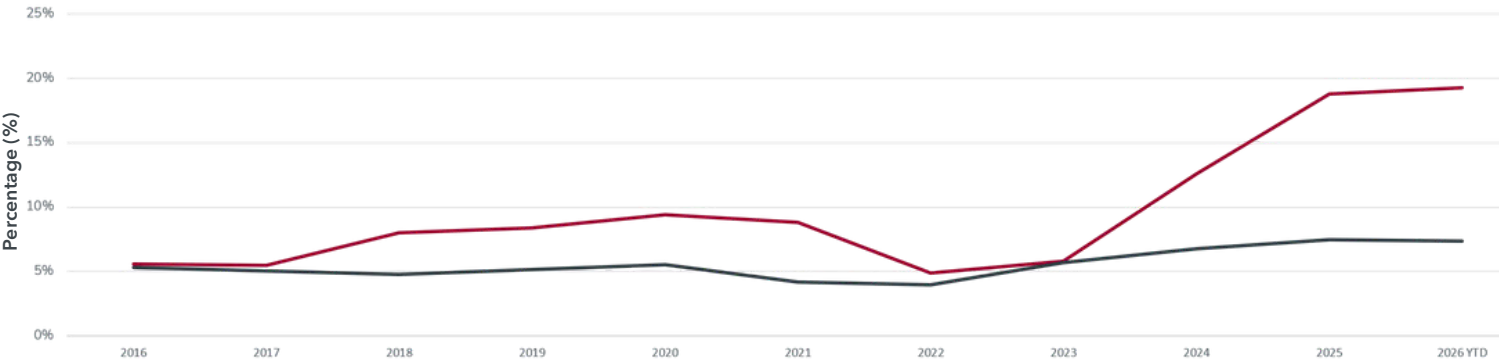
Vacancy Tightens for a Second Straight Quarter

Austin's industrial vacancy declined 33 basis points to 19.26% in Q3, a second straight quarterly improvement. The market recorded 1.62M SF of positive net absorption, led by North Williamson County (+634,797 SF) and Hays County (+477,655 SF). Georgetown continues to outperform, and Cedar Park remains healthy. South and Southeast Austin rebounded with 225,707 SF after a difficult Q2.

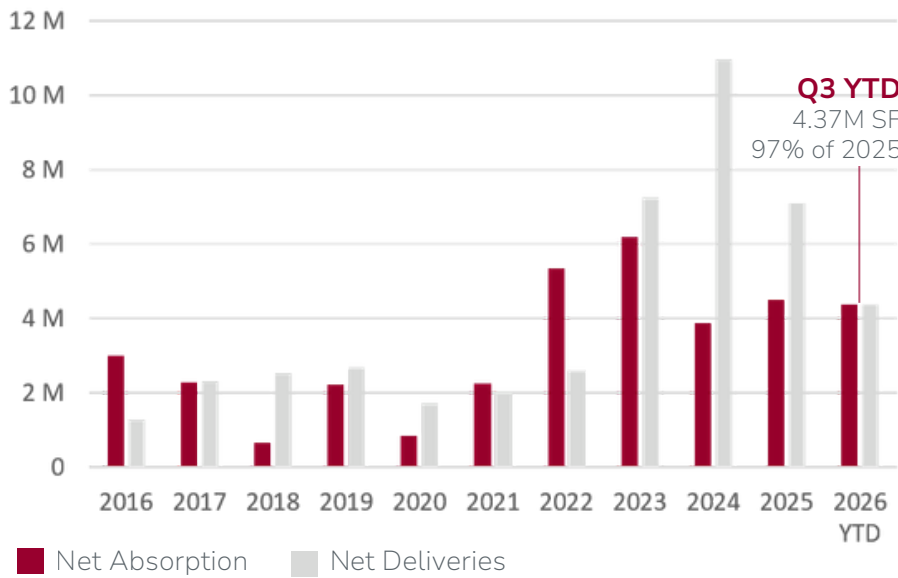
Vacancy remains concentrated in recently delivered 100K–200K SF rear-load buildings, where speculative construction has outpaced demand. Demand is healthy on either side of this range: standalone buildings under 100K SF continue to attract heavy interest, while a growing number of advanced manufacturing and power-intensive users seek 350K SF or more under one roof. Flex's 310,336 SF Q3 lease is one example, with millions of SF of requirements still circling the market.

Construction increased to 8.03M SF across industrial and flex, with very little preleased. Developers are responding to the shifting demand profile, with a move toward buildings over 400K SF expected to become more apparent in coming quarters. While considerable speculative inventory remains, strong demand at both ends of the size spectrum supports a positive outlook for continued absorption.

Austin Industrial Vacancy vs. U.S. Average, 2016 - Q3 2026 YTD — Austin — U.S. Average

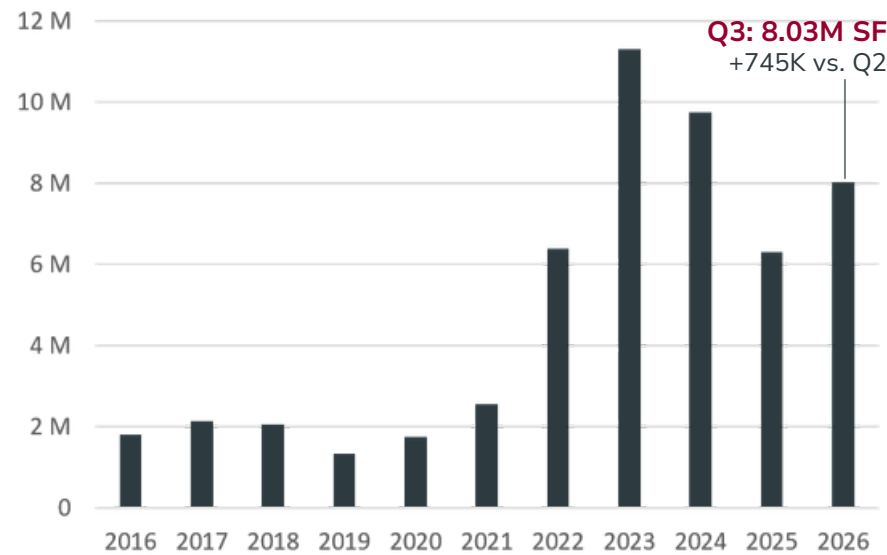


Q3 Demand Outpaces New Supply



After new deliveries outpaced tenant demand each year from 2023 through 2025, Q3 marked a shift. Industrial net absorption of 1.62M SF exceeded the roughly 1.55M SF of new space added to inventory, helping vacancy fall to 19.26%, its second straight quarterly decline. Year-to-date, absorption of 4.37M SF has nearly matched 4.38M SF of deliveries and already reached 97% of 2025's full-year total.

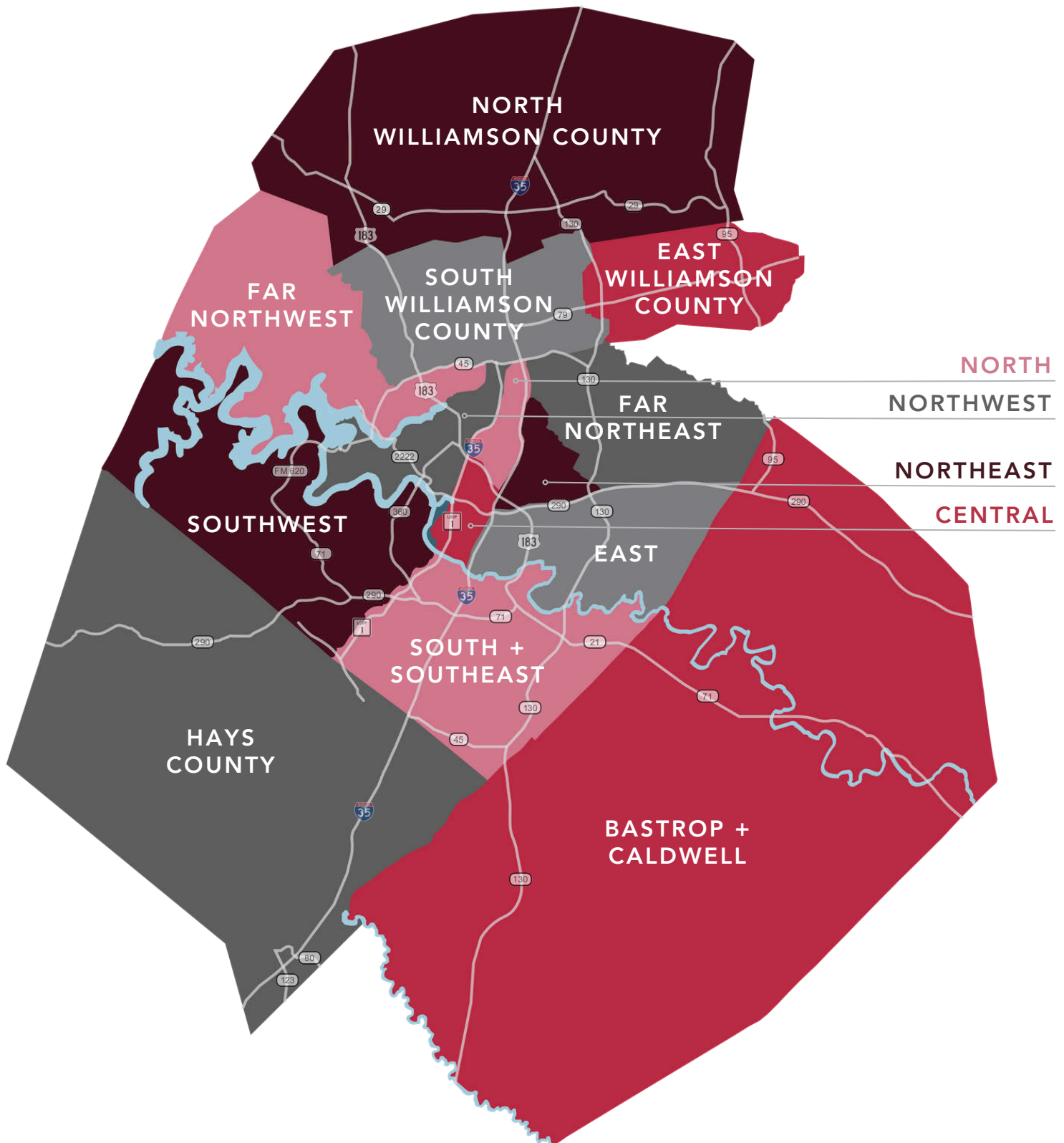
Construction Pipeline Rebuilds



After peaking at 11.4M SF in 2023 and easing through 2025, construction has rebuilt through 2026. Space under construction rose to 8.03M SF in Q3, up 745K SF from Q2 and its second straight quarterly gain. With more projects breaking ground across the Austin MSA, activity is expected to continue picking up over the next few quarters.

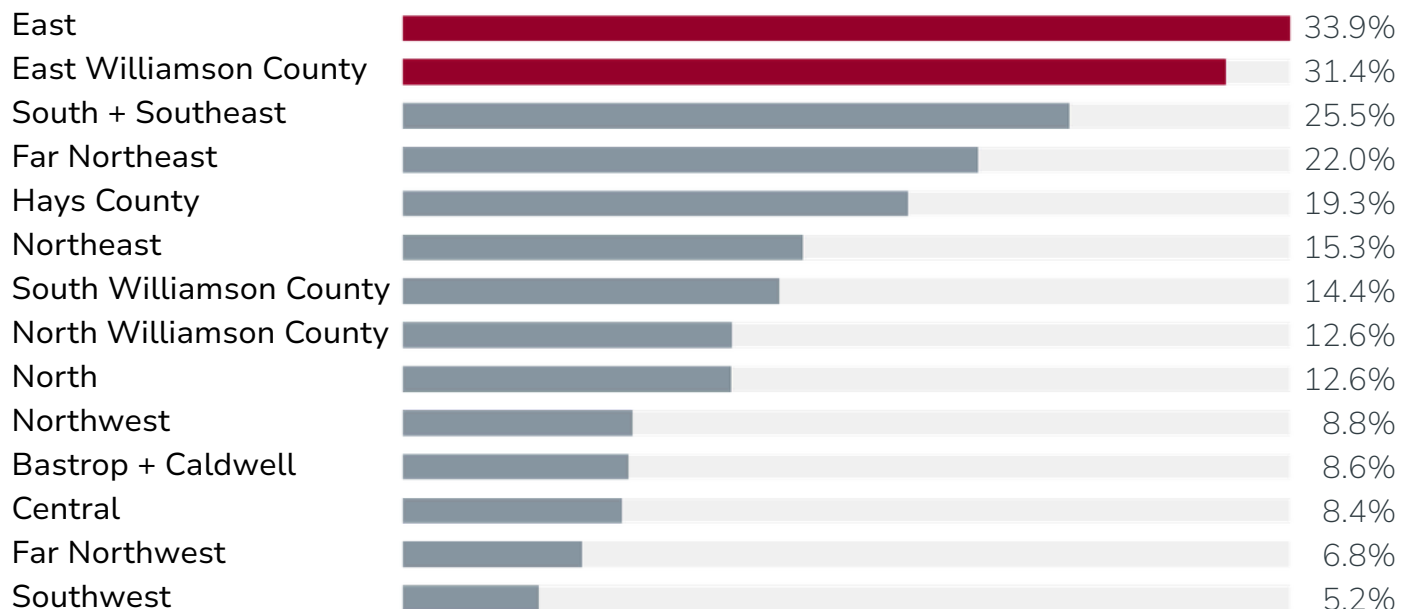
SUBMARKET GEOGRAPHY

Lee & Associates – Austin tracks industrial and flex performance across fourteen submarkets spanning the metro and its surrounding counties of Bastrop, Caldwell, Hays and Williamson. Williamson County – the region's most active industrial corridor – is reported across three distinct submarkets: North, East and South Williamson County.



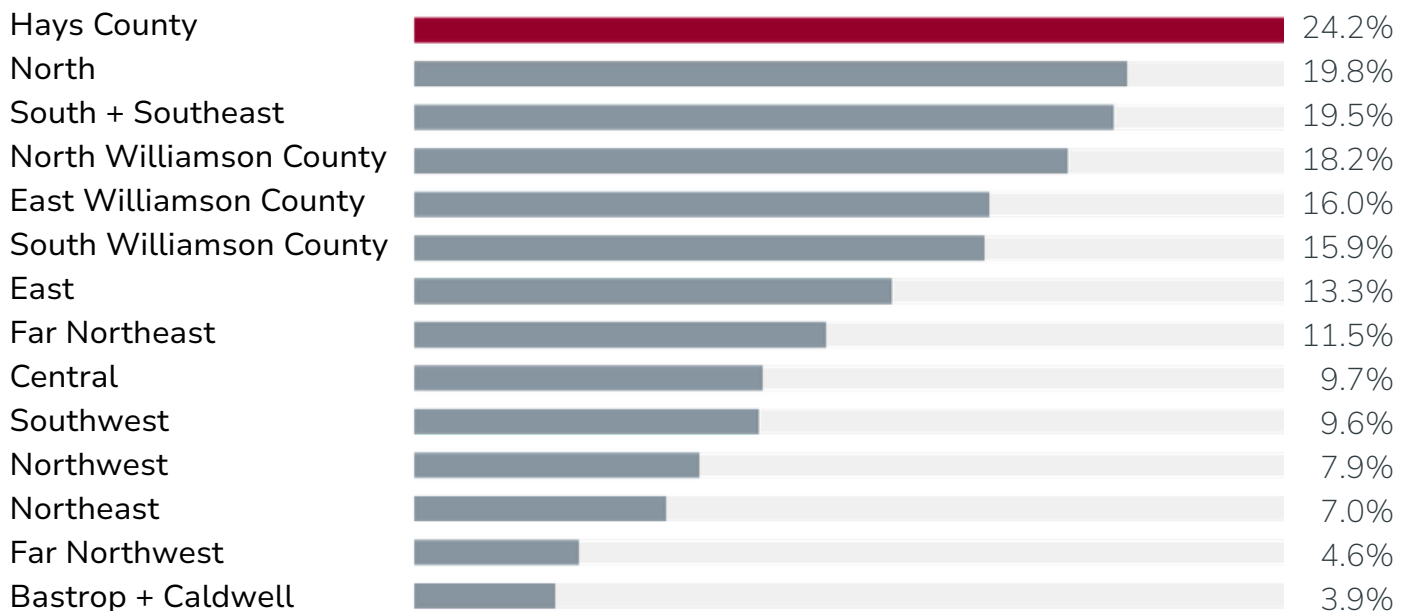
Submarket	Existing (SF)	Under Constr. (SF)	Vacancy	Q3 Net Absorption (SF)
North Williamson County	13,220,061	1,108,900	12.6%	+634,797
East Williamson County	5,938,622	224,202	31.4%	+134,606
South Williamson County	8,919,903	991,143	14.4%	+180,566
Far Northeast	10,640,197	1,067,081	22.0%	-62,683
Far Northwest	951,050	—	6.8%	+5,240
North	12,627,499	—	12.6%	-36,307
Northeast	7,739,038	—	15.3%	-68,113
Northwest	1,103,274	—	8.8%	+12,327
East	7,119,087	1,254,000	33.9%	+122,682
Central	1,464,155	—	8.4%	-41,988
Southwest	1,365,501	—	5.2%	-19,338
South + Southeast	20,326,654	1,368,525	25.5%	+225,707
Bastrop + Caldwell	2,485,448	65,525	8.6%	+54,229
Hays County	19,915,238	823,310	19.3%	+477,655
Total – Industrial	113,815,727	6,902,686	19.26%	1,619,380

Industrial Vacancy by Submarket, Ranked High to Low



Submarket	Existing (SF)	Under Constr. (SF)	Vacancy	Q3 Net Absorption (SF)
North Williamson County	761,136	371,221	18.2%	+65,796
East Williamson County	297,898	11,900	16.0%	-12,253
South Williamson County	2,611,269	25,000	15.9%	+110,874
Far Northeast	671,296	—	11.5%	+3,646
Far Northwest	934,921	14,656	4.6%	+8,610
North	4,107,379	—	19.8%	+19,343
Northeast	3,969,233	246,074	7.0%	+63,520
Northwest	1,750,957	—	7.9%	-18,253
East	462,720	17,000	13.3%	+18,073
Central	663,995	—	9.7%	+11,990
Southwest	658,365	14,000	9.6%	+32,345
South + Southeast	4,427,140	207,564	19.5%	-47,395
Bastrop + Caldwell	361,188	—	3.9%	+6,400
Hays County	1,271,863	224,730	24.2%	+27,271
Total – Flex	22,949,360	1,132,145	14.5%	289,967

Flex Vacancy by Submarket, Ranked High to Low



NOTABLE ACTIVITY

Leasing activity in the third quarter was anchored by large-block commitments from advanced manufacturing and energy-related users. Flex's 310,366 SF lease at 610 Blue Springs Blvd in Georgetown led all transactions, followed by AI Prefab Solutions (196,523 SF) in Hutto and Ambrosia Energy (146,216 SF) in Del Valle. Williamson County continued to capture an outsized share of demand, with North, East and South Williamson County combining for 949,969 SF of industrial net absorption in Q3. On the investment side, EastGroup acquired Harris Ridge Business Center, a 95% leased, five-building, 386,000 SF Class B park in Northeast Austin, from TA Realty.

TOP LEASE TRANSACTIONS – Q3 2026



**BLUE SPRINGS
BUSINESS PARK**

SUBMARKET	N. Williamson
SIZE (SF)	310,366
TENANT	Flex
INDUSTRY	Advanced Manufacturing



**INNOVATION
BUSINESS PARK**

SUBMARKET	E. Williamson
SIZE (SF)	196,523
TENANT	AI Prefab Solutions
INDUSTRY	Modular Power



AIRPARK 130

SUBMARKET	South + Southeast
SIZE (SF)	146,216
TENANT	Ambrosia Energy
INDUSTRY	Renewable Energy

TOP SALE TRANSACTION – Q3 2026

HARRIS RIDGE BUSINESS CENTER



SUBMARKET	Northeast
SIZE (SF)	386,000
ACREAGE	28.86 AC

BUYER	EastGroup Properties
SELLER	TA Realty
USE	Investment
BUILDING CLASS	B

DEFINITIONS

Vacancy Rate – Total vacant space available for lease, whether occupied or not, divided by total existing inventory.

Net Absorption – The net change in physically occupied square footage between two points in time.

Under Construction – Square footage of buildings actively being built but not yet delivered.

Existing Inventory – Total square footage of completed, competitive industrial or flex buildings tracked in the market.

METHODOLOGY & SOURCES

Submarket boundaries were realigned this quarter to reflect current brokerage coverage: Williamson County is now reported across three submarkets – North, East and South Williamson County.

Data is compiled from Lee & Associates – Austin research and third-party commercial real estate data providers, and is deemed reliable but not guaranteed.

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