

Austin, Texas

Tenant's Guide ■ North American Markets ■ Fourth Quarter 2009

Overview

The Austin market continued to be impacted by the downturn in the national economy during the fourth quarter of 2009. Job losses and delivery of new construction combined to cause vacancy rates to reach their highest levels since 2004. The amount of available sublease space decreased in 2009. However, rental rates have declined at this point. Uncertainty about the national economy has caused many companies to delay making long-term commitments.

Market Trends

- Net vacancy rates dropped to 19.2%.
- Average rental rates are at \$25.28.
- There was 112,000 square feet of negative absorption in the fourth quarter.
- Industrial vacancy has risen to 24%.

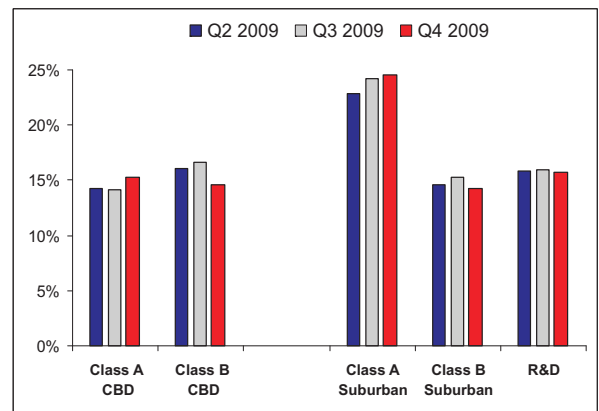
Tenant's Perspective

The recent economic collapse will have a significant impact on the market. The immediate impact has been that landlords are much more willing to offer concessions and enter into early lease renewals. Asking rental rates have been reduced slightly. Landlords are looking more closely at tenants' credit. Increasing consolidation in the real estate industry makes it imperative that tenants work more closely with their real estate advisors to most effectively develop their real estate strategies for the future.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
VMware	50,000	Office	Lease
McGarrah Jesse	30,000	Office	Lease
Rockwell Automation	27,642	Office	Lease
ING	25,000	Office	Lease
American Electric	15,424	Office	Lease
Google	14,425	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2009	Q3 2009	Q4 2009
Class A Office	\$33.05	\$33.45	\$34.02
Class B Office	\$24.60	\$24.05	\$25.15

Suburban	Q2 2009	Q3 2009	Q4 2009
Class A Office	\$27.88	\$26.52	\$26.20
Class B Office	\$24.60	\$20.40	\$20.85
R&D	\$9.40	\$9.25	\$9.25

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