



AUSTIN MARKET REPORT 3Q 2018



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COWORKING IN AUSTIN, TEXAS

BY KIRK SILAS | MARKET RESEARCH ASSOCIATE, AQUILA COMMERCIAL

Have you ever wondered where all the hopeful entrepreneurs, small business owners and work-from-home employees in Austin go to work when they grow tired of going to the same mundane coffee shop (and drink too much caffeine in the process)?

For many (at least those in the “cool” cities like ours), coworking space has provided a much-needed resource to those who aren’t quite ready to lease an entire office, but can’t bear the thought of spending one more day of work inside their apartment. Even enterprise users, from accounting firms all the way to Facebook and Microsoft, are finding value in coworking space as a way to offer a more flexible work environment.

Because coworking has become such a booming industry in Austin, we wanted to highlight a few of the most interesting facts and figures that we could lay our hands on.

In this Eagle’s Nest, we dig deep into the topic of coworking and cover:

- **A brief overview of coworking**
- **The rise of coworking popularity in the United States**
- **A look at coworking in Austin, Texas**

Whether you are sitting in the office or standing in line at your local taco truck, we hope you find this information as interesting as we did.

A Brief Overview of Coworking

Before we can begin discussing coworking, we need to define exactly what it is. For our purposes, coworking is defined like this:

co·work·ing /kô'werking/ [noun]

The renting of desks and offices on a monthly basis by clients looking for the amenities and convenience of high-quality office space without the costs and commitment associated with traditional leasing.

Similar to the role internet cafes and coffee shops played in the 90's and early 2000's, coworking space provides a consistent and convenient place to work for people who do not fall under the traditional 9-5 office worker categorization. However, coworking takes this a step further by offering conference rooms, dedicated workstations and all the amenities of a traditional office environment needed to work efficiently in today's fast-paced world.

In essence, coworking provides a great answer to the question of where a person is supposed to work when the house or coffee shop simply isn't enough.

The Rise of Coworking in the United States

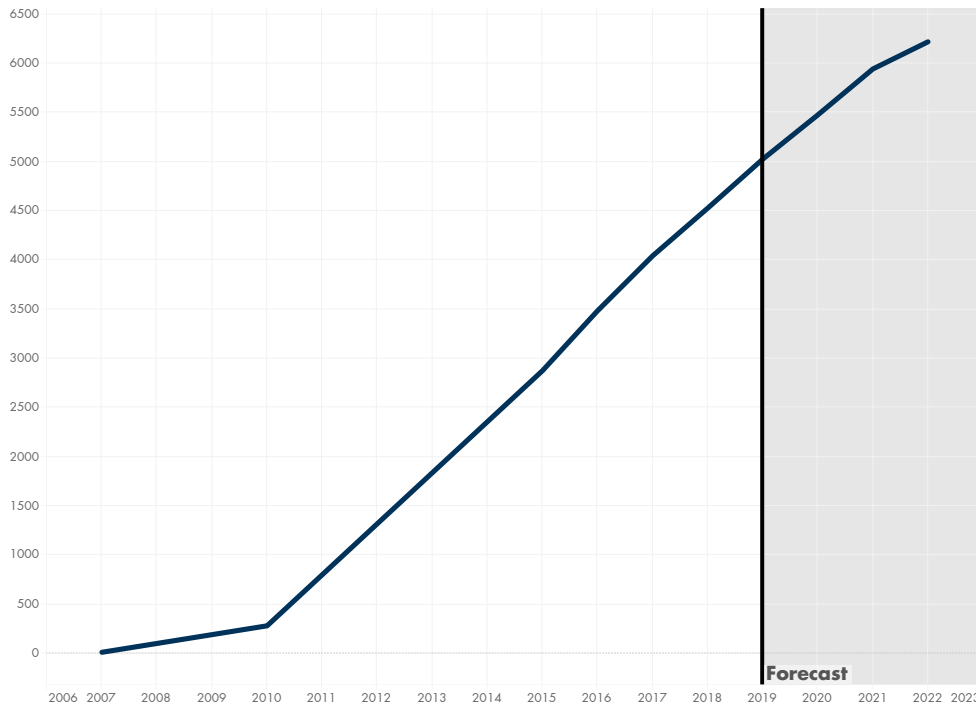
Coworking is a fairly new industry, but has expanded rapidly across the U.S. since the first locations began popping up around 2007. Whereas there were only 14 coworking spaces in the U.S. in 2007, today there are around 4,500, an average year over year growth rate of more than 20%.¹ In fact, 55% of existing coworking spaces have been open for less than 5 years, and forecasts predict that this growth will continue for the foreseeable future.²



¹Source: GCU C Global Coworking Stats 2017-2022

²Source: Global Workspace Association 2017 Industry Survey

Number of U.S. Coworking Spaces



Source: GCUC Global Coworking Stats 2017-2022

And if you still have doubts about the extreme growth of coworking across the country, consider that, as of September 2018, WeWork is the largest office tenant in New York City, knocking JPMorgan Chase & Co. from the top spot.³ Accumulating 5.2 million sf over an 8 year period is no small feat, especially for an industry still in its infancy.

HOW COWORKING CAME TO BE

The concept of leasing small amounts of space on a short-term basis is not new. The original version of coworking spaces were executive suites, commonly leased by small law firms and other professional service companies needing a place to receive mail and meet with clients.

As technology evolved over time and the internet became readily available to the masses, the need for these types of spaces decreased. Employees could now work remotely from anywhere, telecommuting to a central office when needed, but mostly working independently from any “home base.”

Moving to today, where e-commerce sales in the U.S. accounted for \$446 billion in 2017⁴, working outside of the traditional office model is not an uncommon occurrence.

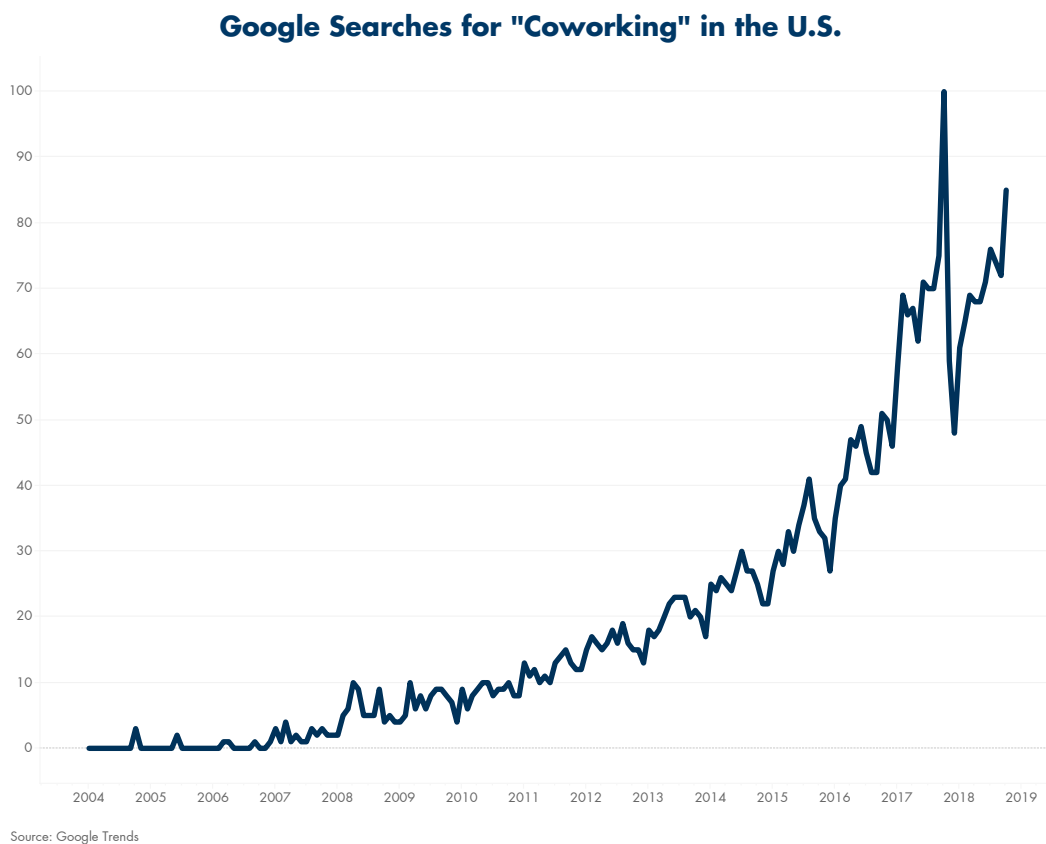
³Source: New York Business Journal - WeWork is Officially New York City's Largest Office Tenant

⁴Source: Statista - U.S. E-Commerce Sales from 2016 - 2022

INCREASE IN THE PUBLIC VOCABULARY

Along with the growth of coworking as an industry came an increasing use of the term “coworking” in the public lexicon.

Using Google Trends, which tracks the frequency of terms being searched through Google’s search engine, we can see that searches using the term “coworking” tracked very closely with the growth of these companies throughout the U.S. Values on the left of the chart indicate popularity of the term over a given period, with 100 being the most popular and 50 being half as popular.



Analyzing the use of “coworking” across major U.S. metros over the last 5 years also reveals an interesting distribution from a geographic perspective, with the Austin - Round Rock metro ranking 1st for “coworking” searches as a percentage of total searches.⁵

⁵Source: Google Trends

COWORKING COMPARED TO TRADITIONAL OFFICE

When discussing coworking, the question is often asked of how it compares to traditional office space. After all, the vast majority of office space in the U.S. is leased traditionally, so what are the benefits of coworking?

Coworking provides some interesting ways to utilize office space that are currently not possible under a traditional office format.

In 2018, the average coworking space in the U.S. had 93 members, 66 desks and 8,975 sf.⁶ Looking at those numbers from a density perspective, this amounts to an office density of 96.5 sf per person. Considering the U.S. average office density in 2018 is 194 sf, coworking companies are able to fit far more people in less space than traditional offices.⁷

Coworking spaces capitalize on the fact that not all users will be in the space at the same time. Because of this, coworking companies can fit more members into fewer desks – 1.6 members per desk according to 2018 numbers.⁸ By utilizing space more efficiently, the argument could be made that coworking is best suited to highly-competitive, low-vacancy markets where density is a deciding factor in space requirements. Austin, in other words.



Coworking spaces capitalize on the fact that not all users will be in the space at the same time. Because of this, coworking companies can fit more members into fewer desks.

⁶Source: GCUC - 2018 Global Coworking Statistics

⁷Source: Cushman & Wakefield - Why Space Matters: Density

⁸Source: GCUC - 2018 Global Coworking Statistics

Coworking in Austin

Coworking companies have not been shy about moving into Austin, and Austinites have accepted them with open arms. In a market with vacancy rates for Class A office space rarely going above 10% and full-service rental rates continually trending upwards, there is an increasing market for these types of spaces in Austin.

TOP COWORKING COMPANIES IN AUSTIN

Today, Austin is home to about 720,000 sf of coworking space.⁹ The majority of this space is attributable to WeWork, with most of the rest attributable to the 4 other top companies.

Spread primarily between the CBD and The Domain, these 5 companies have given Austin's countless tech entrepreneurs and start-up hopefuls a way to be immersed in two of the strongest office markets in Austin.



⁹Source: ABJ - Largest Coworking Firms

AVERAGE PRICES OF COWORKING SPACE IN AUSTIN

Prices for the various types of coworking space in Austin are comparable to prices in other major cities, trending slightly on the higher end.

To calculate these averages, we used WeWork's publicized pricing numbers because they are the dominant company in the U.S. and to maintain consistency across each usage type (other companies have different options that would be challenging to compare). Prices will also vary between locations in the same city.

WeWork Monthly Prices in Major US Cities

Location	Hot Desk	Dedicated Desk	Private Office
Austin	\$410	\$500	\$900
New York City	\$500	\$700	\$1,200
Boston	\$400	\$480	\$750
Chicago	\$400	\$475	\$750
Seattle	\$340	\$450	\$650
Portland	\$300	\$450	\$600
Average	\$392	\$509	\$808

Source: WeWork

In WeWork's case, **"hot desks"** give you access to any available desk in the common area of the WeWork location of your choice. These desks require you to bring your equipment each time you visit, and allow you to book a desk at any other WeWork location for \$50/day.

A **"dedicated desk"** is a designated desk in a shared office that you are able to return to each time you visit.

A **"private office"** is the most premium option, which includes space of your own. These offices can accommodate teams of 1 to 100 plus.¹⁰

While this pricing is obviously more expensive than working from home, it is still significantly cheaper than leasing space in a traditional manner and also gives access to amenities that were historically not accessible to people outside the traditional office environment.

Conclusion

Coworking is another player in the new "sharing economy" that has quickly made a place for itself in the city we call home (along with Uber and those love them / hate them scooters). As technology advances and businesses evolve, it will be interesting to see how companies begin to incorporate coworking into their strategy and how traditional office space will continue to compete.

¹⁰Source: WeWork

CONT

10 SPECIAL REPORT

Northwest Austin: Understanding
The Arboretum/Domain Micromarket

26 AUSTIN CITYWIDE 3Q UPDATE

Major sales, leases and deliveries that
occured this quarter

30 AUSTIN OFFICE DEVELOPMENT PIPELINE

See what's coming down the pipeline in
the near and distant future

34 CBD SUBMARKET UPDATE

Market insights, performance, trends
and activity

36 CBD MAP

New major office, hotel and multi-family
developments and large availabilities

38 CBD SKYLINE

Class A office availability, both sublease
and direct



EVENTS

40 NORTHWEST SUBMARKET UPDATE
Market insights, performance, trends and activity

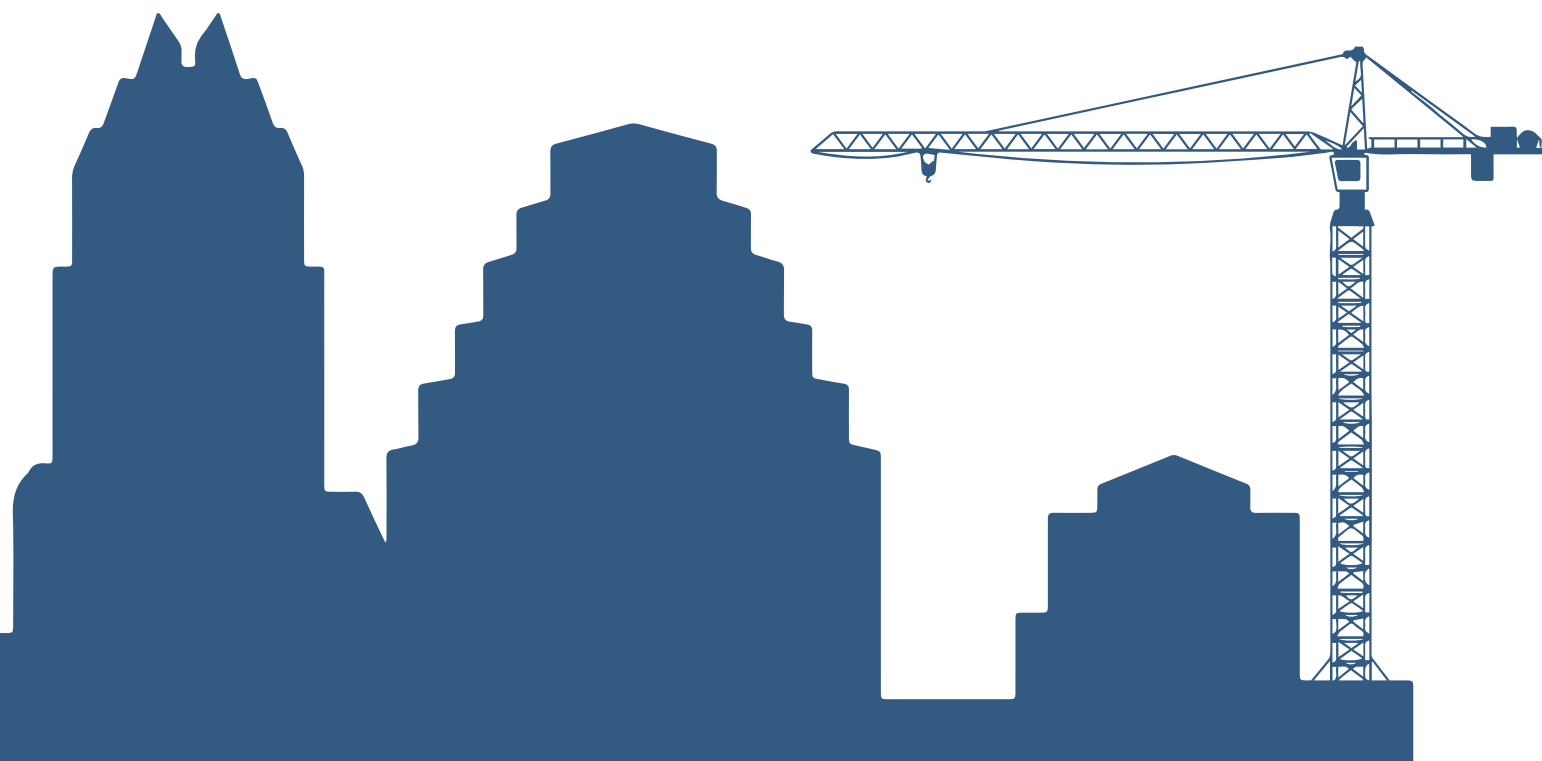
44 NORTHWEST MAPS
New major office developments and large availabilities

46 SOUTHWEST SUBMARKET UPDATE
Market insights, performance, trends and activity

50 SOUTHWEST MAPS
New major office developments and large availabilities

52 SOUTHWEST SKYLINE
Class A office availability, both sublease and direct

54 APPENDIX
Micromarket performance and building lists, historical market performance and rental and vacancy rate projections



NORTHWEST AUSTIN:

Understanding The Arboretum/ Domain Micromarket

3Q 2018 SPECIAL REPORT

The Arboretum/Domain micromarket is one of the most dynamic office markets in Austin.

Named after and anchored by two of Austin's prominent retail developments - The Arboretum and The Domain - this office market has become an exciting area for leasing and development. A majority of the top Northwest office buildings, along with some of the top tenants, are located in this micromarket.

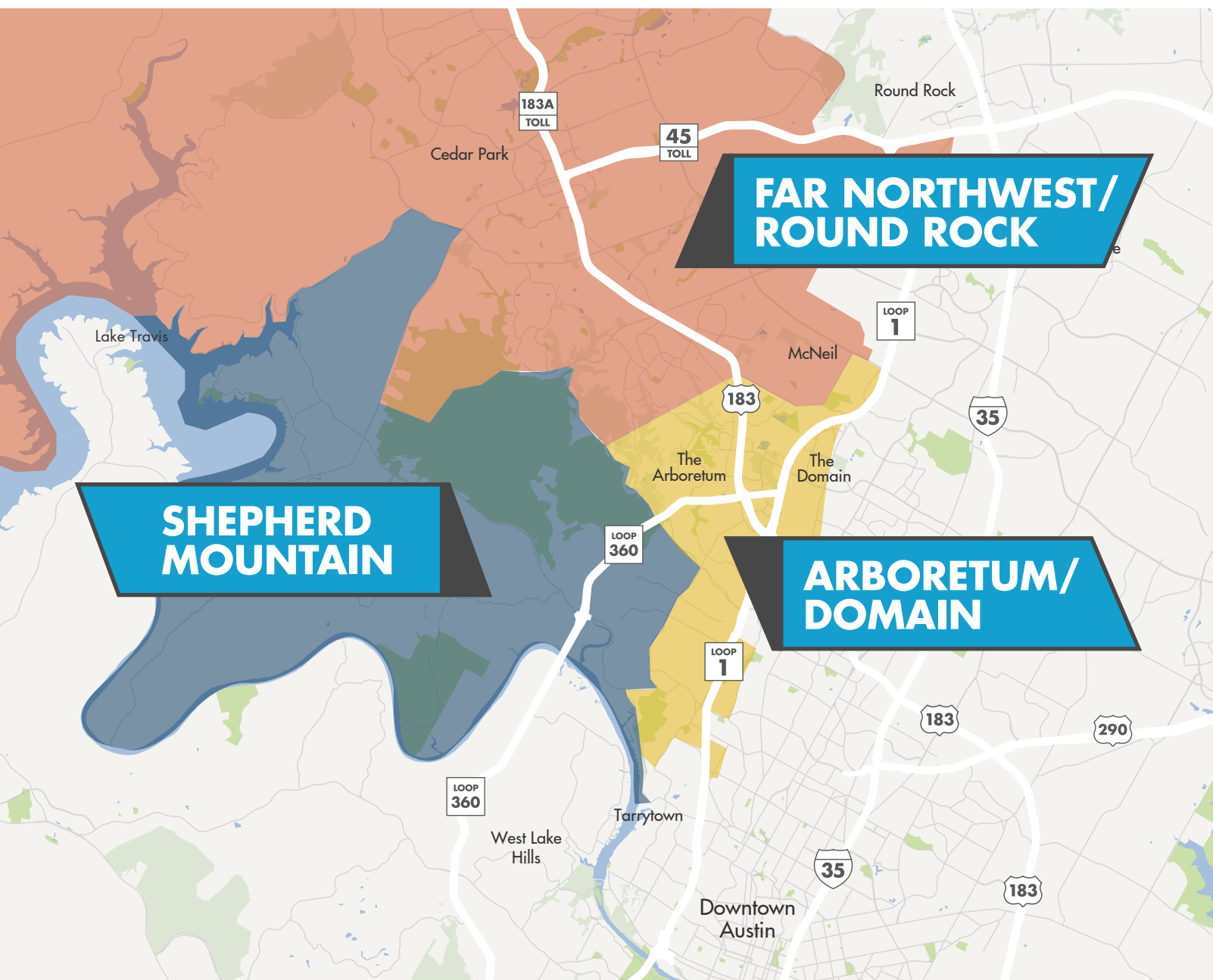
In this special report, we take a look at the histories of these two developments and how they are performing today.

SPECIAL REPORT

UNDERSTANDING THE MICROMARKET

The Arboretum/Domain micromarket represents the most central portion of Austin's Northwest Submarket, and includes the intersection of three of Austin's busiest thoroughfares — US-183, Mopac Expressway and Loop 360/Capital of Texas Highway.

The micromarket's location gives it an important and unique advantage, as these three roads funnel thousands of Austinites through the micromarket every day, while also giving easy connectivity to Austin's densest residential areas.



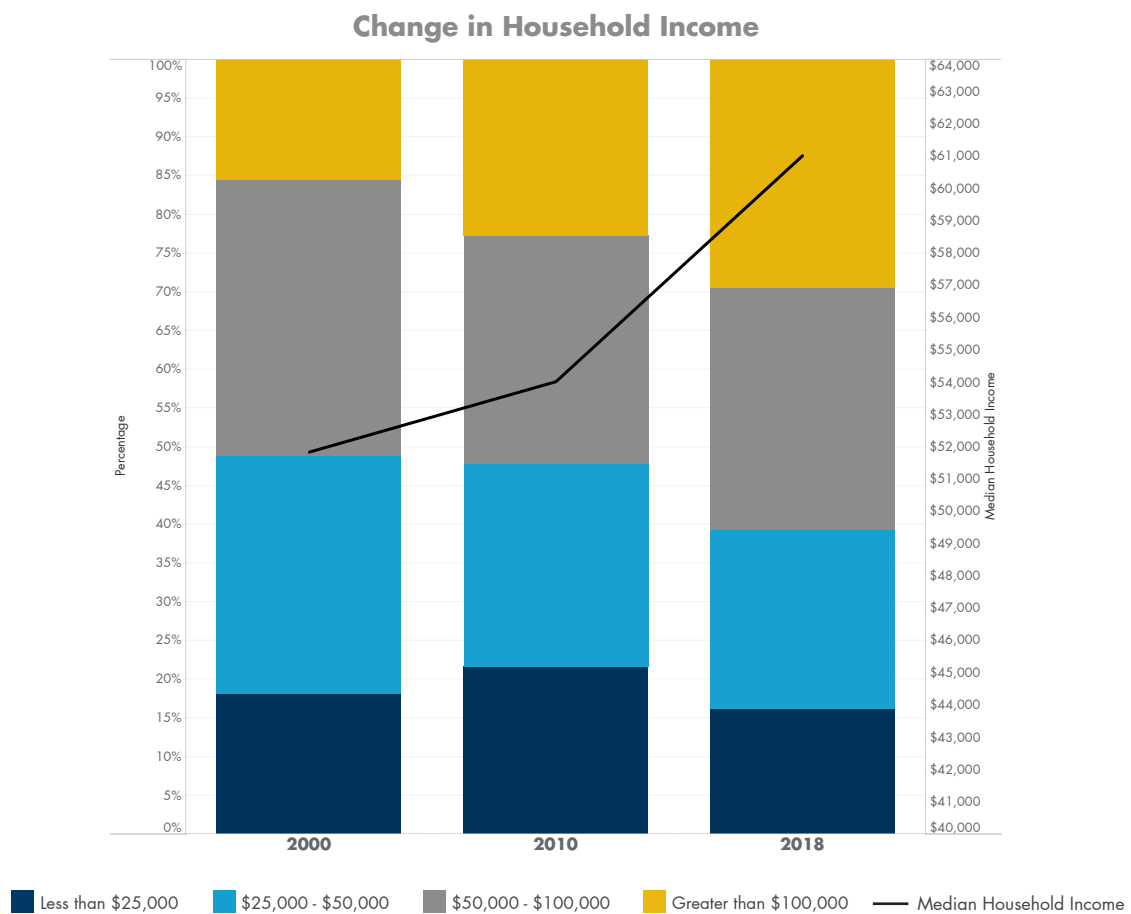
SPECIAL REPORT

DEMOGRAPHIC CHANGES

Over the past decade, this micromarket has changed quite dramatically in terms of demographics. To analyze the micromarket from a demographic standpoint we used census data for the two zip codes containing The Arboretum and Domain (78758 and 78759) and compared those numbers to Austin-wide averages.

Going back to 2000, 50% of households in The Arboretum/Domain area made less than \$50,000 a year, and only about 16% were in the upper income bracket of \$100,000 or more. However, today that distribution has shifted, with over 50% of households now making more than \$50,000 and 30% making more than \$100,000 a year.

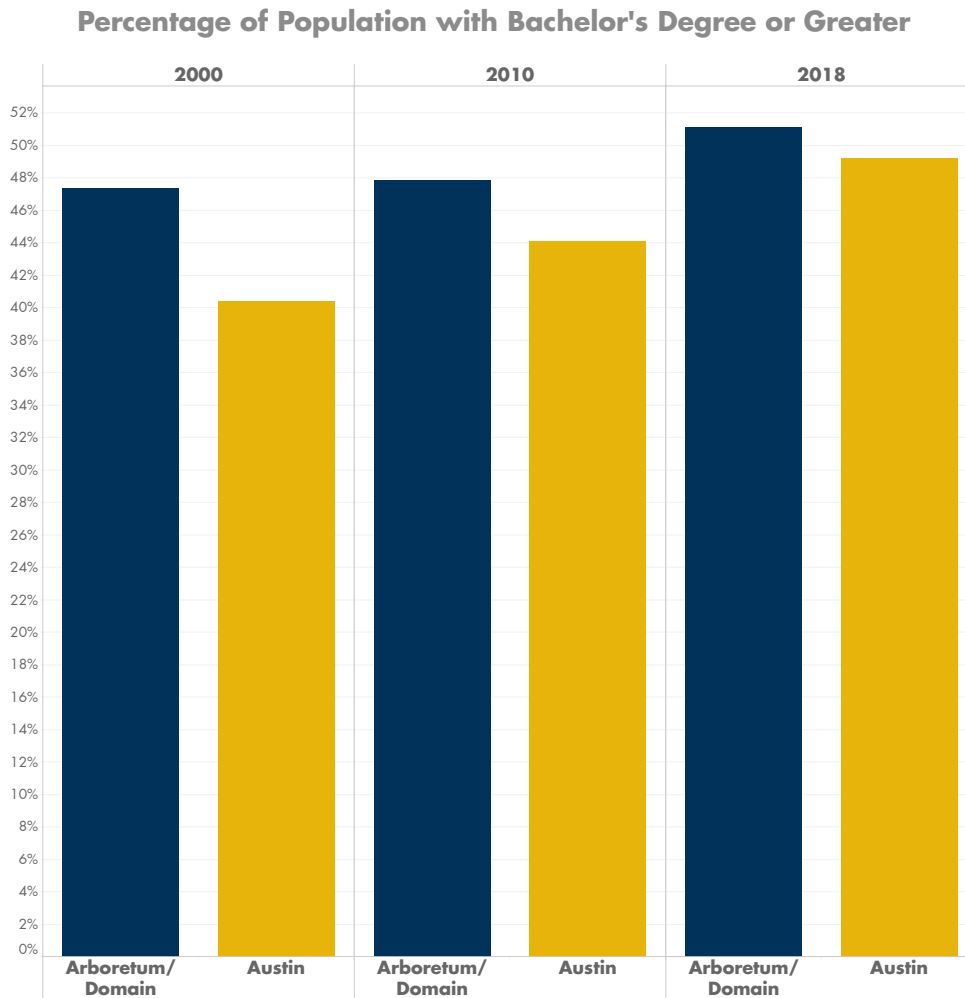
This distribution puts the 2018 median household income of The Arboretum/Domain micromarket at \$61,023, up from \$51,841 in 2000. This is still low compared to the CBD's median income of \$89,743, but slightly above the citywide average of \$59,435¹.



Source: U.S. Census & Esri

¹Source: Esri

SPECIAL REPORT



Along with this growth in income, there has been an increase in education. Looking at the percent of the population 25 years or older with a Bachelor's degree or higher, this micromarket has seen an upward trend since 2000.

Today, over 50% of residents 25 years or older have at least a Bachelor's degree, offering a highly educated workforce for tenants choosing to office in this micromarket. This micromarket has consistently outperformed the city in this department, although that gap has begun to narrow.

THE CENTER OF AUSTIN

Over the past three decades, Northwest Austin has seen enormous growth in order to accommodate Austin's growing population. Northwest suburbs Cedar Park and Leander, for example, have both been ranked among the top 20 fastest growing U.S. cities².

Due to this growth, the demographic center of the city has continued to shift northwest. A 2011 study by the City of Austin used Census data to find the mean center of population in Austin, and placed it to the east of Mopac, just south of 2222³. A similar study done by the City in 2000 put the population center somewhere near the UT campus, showing a continued shift northward towards The Arboretum/Domain market.

Comparison Map of Austin's Population Center (2000 vs. 2010)



²Source: Community Impact - Cedar Park Ranks as 13th Fastest Growing U.S. City

³Source: 2010 Population Center of Metropolitan Austin

The Arboretum

BOUNDARIES

While the actual Arboretum development is bounded by Great Hills Trail to the North and Capital of Texas Highway to the South, for the purposes of this report we have expanded these boundaries northward to Braker Lane and slightly south of Capital of Texas Highway to encompass all the office buildings considered to be part of The Arboretum market. This subset contains 19 Class A office buildings comprising 1.5 million SF.

Class A Office Buildings in The Arboretum



HISTORY

The Arboretum, located at the northwest corner of the intersection of Loop 360 and US-183, was developed by Trammell Crow Company and was Austin's earliest execution of a multi-property, mixed-use development.

The office component, including Arboretum Plaza One and Two and Arboretum Atrium, opened in 1984. The retail, which featured a walkable, open-air mall and food court, opened in 1985. And the project's anchor - the 492-room Wyndham Hotel (now The Renaissance) - opened in 1986.

Situated in a heavily wooded, park-like area, The Arboretum was unique at the time.

Opened when most retail developers were building traditional malls, The Arboretum offered a precursor to today's popular lifestyle center concept, offering walkable retail and desirable restaurants.

"The Arboretum was really groundbreaking for Austin in a variety of ways," says Bart Matheney, a Principal with AQUILA Commercial. "First, it was built within a grove of trees. It was one of the first developments to embrace the emerging environmental movement. At the time, you just didn't see trees

in a retail center. Second, it was one of the first developments to offer walkable amenities to office tenants. That just wasn't a reality elsewhere in that part of town."

In 1984, when The Arboretum opened, Loop 360 had just been extended up to US-183, and the Pennybacker Bridge had just opened a few years prior in 1982. The Arboretum was as far Northwest as the major highways extended.

"The development was very well received and attracted some of the highest-end retail in Austin, as well as several key corporate clients," remembers Matheney.

The Arboretum was a hotbed for technology clients. Dell chose Arboretum Point for its headquarters, where it grew before moving to Round Rock in 1996.

Throughout the late 1980's and into the 1990's, The Arboretum maintained its popularity as one of the prime locations in Austin to shop and lease office space.

AUSTIN IN 1985



Map source (left): The University of Texas Libraries



Monument signage at The Arboretum; photo by Scott Mason Photography.

THE ARBORETUM, TODAY

Today, The Arboretum remains a popular location for Austinites and tenants alike. Complete with everything from national retailers and restaurants like The Cheesecake Factory, Pottery Barn, Gap and Barnes & Noble to local favorites like Amy's Ice Creams and Z'Tejas, The Arboretum has something for everyone. And with vacancy rates below 10%, tenants are clearly seeing the value as well⁴.

Product Type

Office buildings in The Arboretum have an average of four floors, with a few outliers like Arboretum Plaza and Arboretum Point at nine floors. However, that does not mean these properties are small, as the average total rentable area is 83,000 SF.

Similar to many suburban office buildings, almost every property at The Arboretum is filled with a mix of tenants rather than fully leased to a single tenant. Office buildings in this market are also on the older end of the spectrum, with the most recent construction completed in 2001 (The Campus at Arboretum 4) and most buildings completed in the 1980's when The Arboretum was first developed. A few of these buildings have undergone renovations as well, including Arboretum Atrium renovated in 2005 and Colina West renovated in 2012.

⁴Source: CoStar

SPECIAL REPORT

Tenant Mix

Tenants in The Arboretum are a mix of tech and professional service companies. Many of these tenants, such as Gemalto and Rockwell Software Inc. are large, international companies that have chosen to make The Arboretum their home in Austin.

The average size of tenants in The Arboretum is 7,000 SF, with 10 tenants occupying more than 20,000 SF.

Largest Tenants in The Arboretum

Tenant	SF
Gemalto	58,695 SF
AlcatelLucent	38,044 SF
Cognitive Scale	35,751 SF
BMC	34,086 SF
Rockwell Software Inc.	27,642 SF

The Domain

BOUNDARIES

The boundaries of The Domain are generally considered to be Mopac to the West and North, Burnet Road to the East and Braker Lane to the South. The Class A office buildings used in our analysis are located mostly near the outskirts of these boundaries, while the retail and multifamily properties are located closer to the core, with an especially high concentration along Domain Drive.

Class A Office Buildings in The Domain

Building	NBA
1 Braker Pointe I - III	376,948 SF
2 Domain 1	124,571 SF
3 Domain 2	143,331 SF
4 Domain 3	179,006 SF
5 Domain 4	152,012 SF
6 Domain 5	78,987 SF
7 Domain 7	221,973 SF
8 Domain 8	290,983 SF
9 Domain Gateway	173,962 SF
10 Domain Pointe I + II	239,583 SF
11 Offices at The Domain 1	92,955 SF
12 Offices at The Domain 2	75,509 SF



HISTORY

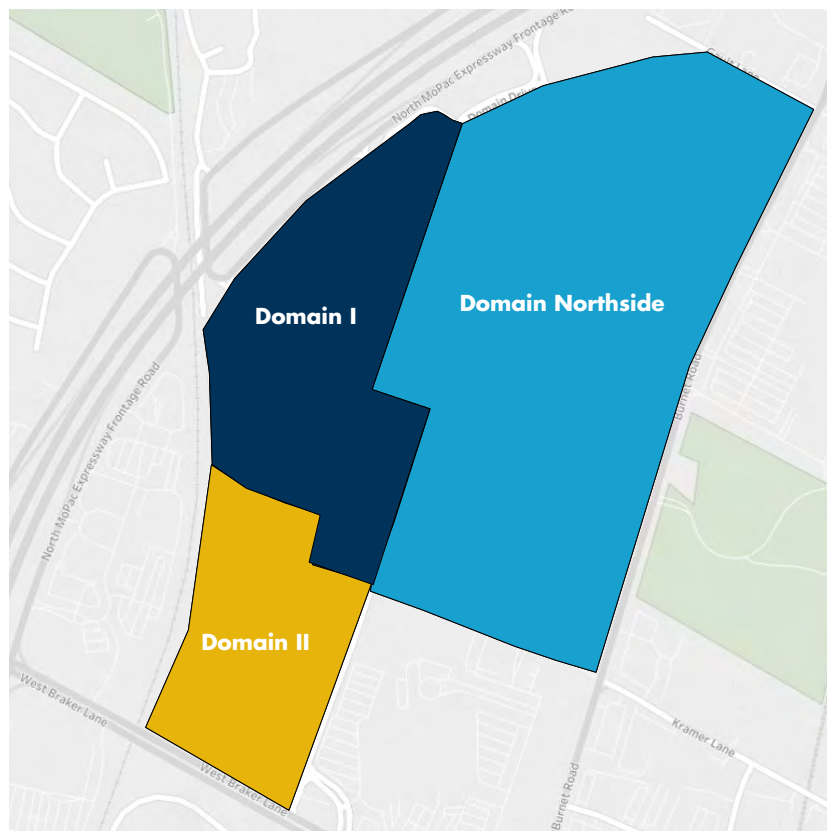
The Domain, once a 304-acre IBM campus, was developed by Endeavor Real Estate Group in partnership with Simon Property Group inc.

In 1999, the area we now know as The Domain was purchased by Endeavor with the Blackstone Group and JER Partners providing financing⁵. Originally intended to be a home for tech companies riding the dot-com wave, the name “Domain” was born to fit the project’s technology-focused image. The ensuing dot-com bust in 2000 quickly put an end to that plan, but the name stuck while Endeavor looked for a different type of project to pursue.

Seeing that the site still offered potential, Endeavor altered course and decided to pursue a less office focused, mixed-use development with retail and multifamily components. The goal was to be not quite an office park, not quite a shopping mall, but rather a community where people could come to work, live and play. Endeavor eventually formed a new partnership with Simon Property Group, experts in mall development with prior experience running multiple sites in Austin, including The Arboretum.

In 2003, Endeavor and the City of Austin struck a deal for \$25 million in funding to be paid out over 20 years to get the development of phase one off the ground. For the City, this funding meant the chance bring more high-end retail to the area, bringing with it more sales tax dollars. The funding also stipulated that the development would need to provide opportunities for local businesses and affordable housing options, both of which Endeavor complied with. With upfront costs covered and the area rezoned, the development of The Domain phase one was finally underway.

Map of The Domain



⁵Source: The Austin Chronicle - The Making of Downtown North



Today, The Domain is comprised of almost 2 million SF of existing Class A office space, with 965,000 SF of Class A office space under construction or proposed⁸.

In 2004, the first IBM buildings were demolished, and in 2007, Domain phase one opened with 700,000 SF of restaurants, stores, apartments and offices. The development brought many new retailers to the area and gave tenants a new option for high-quality office space in Northwest Austin. Simon eventually purchased Endeavor's share of phase one and gained complete control of the project, now known as Domain I.

Although the city's funding could only be applied to phase one, phase two followed closely behind in 2010, bringing with it major tenants like Dick's Sporting Goods and Dillard's⁶. This phase of The Domain, known as Domain II, was developed by Simon.

Phase three, originally also known as Domain II but now called Domain Northside, opened in 2016 to great success. The development delivered 600,000 SF of mixed-use space, 563 apartment units and Rock Rose Ave, a popular destination for bars and restaurants⁷. This section of The Domain remained under Endeavor's control.

⁶Source: Statesman - A Decade In, The Domain Has Made Its Mark on Austin

⁷Source: Statesman - Domain Set to Unveil Final Phase: Domain Northside

⁸Source: CoStar

THE DOMAIN, TODAY

Today, The Domain is comprised of almost 2 million SF of existing Class A office space, 1.8 million SF of retail space and 3,500 apartment units, with 965,000 SF of Class A office space under construction or proposed⁸. The area has established itself as a hub of entertainment and shopping, as well as the location of some of the most impressive leasing activity in Austin.

Most existing office buildings in The Domain are now owned by TIER REIT, a real estate investment trust based in Dallas, Texas.

Product Type

There are basically two types of commercial real estate in The Domain: Class A office and “vertical mixed use”. Office buildings in The Domain are some of the nicest in the Northwest submarket, partly due to their newness and partly due to the high tenant improvement allowances often granted to tenants. Most of these buildings were built in the last 10 years, and almost all have been delivered completely leased.

Office buildings in The Domain also average slightly taller and larger than buildings in The Arboretum, coming in at six stories and 163,000 SF, respectively⁹.

The Domain’s vertical mixed-use properties, with some exceptions, are comprised of retail on the ground floor and multifamily above. A large portion of The Domain’s non-office space is structured in this way.

Tenant Mix

Many tenants in The Domain are large, public-facing companies, such as Facebook, Amazon and Expedia. The Domain offers a similar experience to a downtown office at a slightly lower price, giving tenants who might normally locate in the CBD a chance to locate closer to where many of their employees live.

Tenants in The Domain are also large, averaging almost 20,000 SF.

Part of this is due to the fact that The Domain has become a prime location for tenants looking to lock down large amounts of space in new developments. Companies like Facebook and Amazon have signed large pre-leases in many Domain developments, even taking entire buildings in some cases. Facebook, for example, recently leased all 320,000 SF of Domain 12, not set to deliver until 4Q 2019¹⁰.

Largest Tenants in The Domain

Tenant	SF
Facebook	422,363 SF
Indeed	309,883 SF
Amazon	245,228 SF
Expedia	114,665 SF
Trend Micro	74,804 SF

⁹Source: CoStar

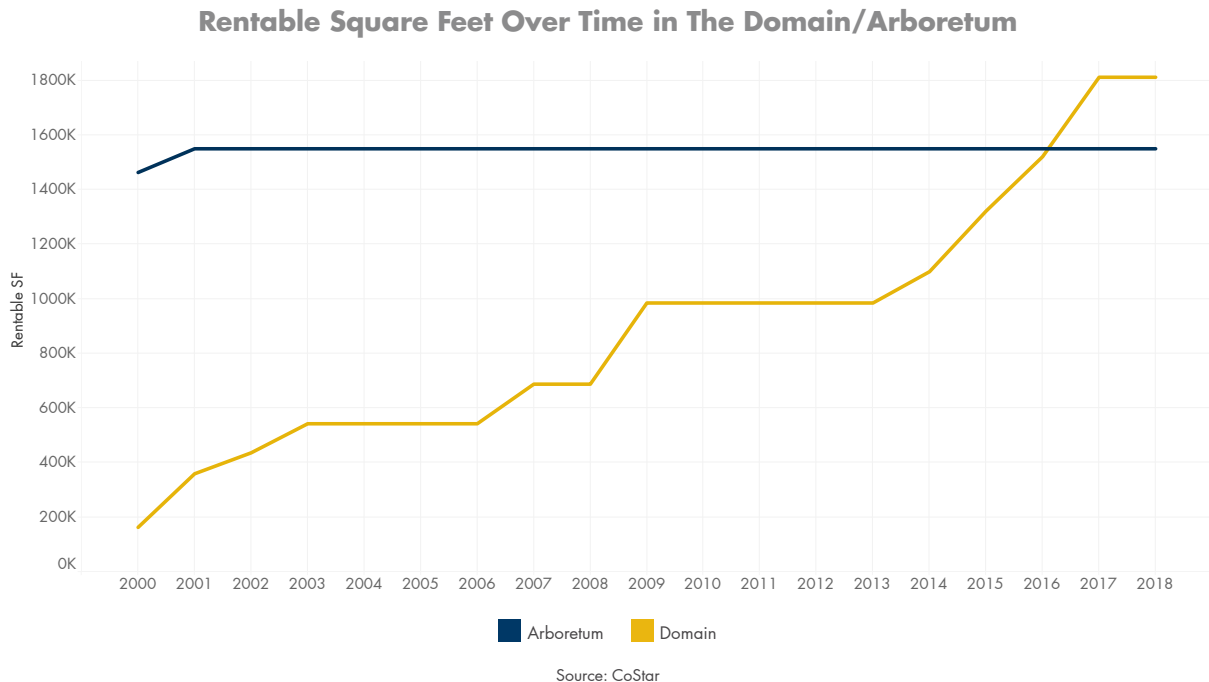
¹⁰Source: Austin Business Journal

State of the Micromarket

DEVELOPMENT ACTIVITY

Interestingly, The Arboretum has had no major Class A office space deliveries since at least 2001, remaining steady at 1,550,264 SF of rentable space. This is likely due to the fact that the site is fully built out, hence no need for any new buildings.

The Domain, on the other hand, has exploded in terms of Class A office space, going from 162,959 SF of space in 2000 (before development began) to 1,812,250 SF in 2018. This amounts to an increase of 1,012% over an 18-year period. Over the same period, the Northwest Class A office market grew 66% and the citywide office market grew 96%. Considering The Domain has an additional 965,000 SF under construction and planned, there is no doubt The Domain has been and will continue to be one of the fastest growing markets in Austin.

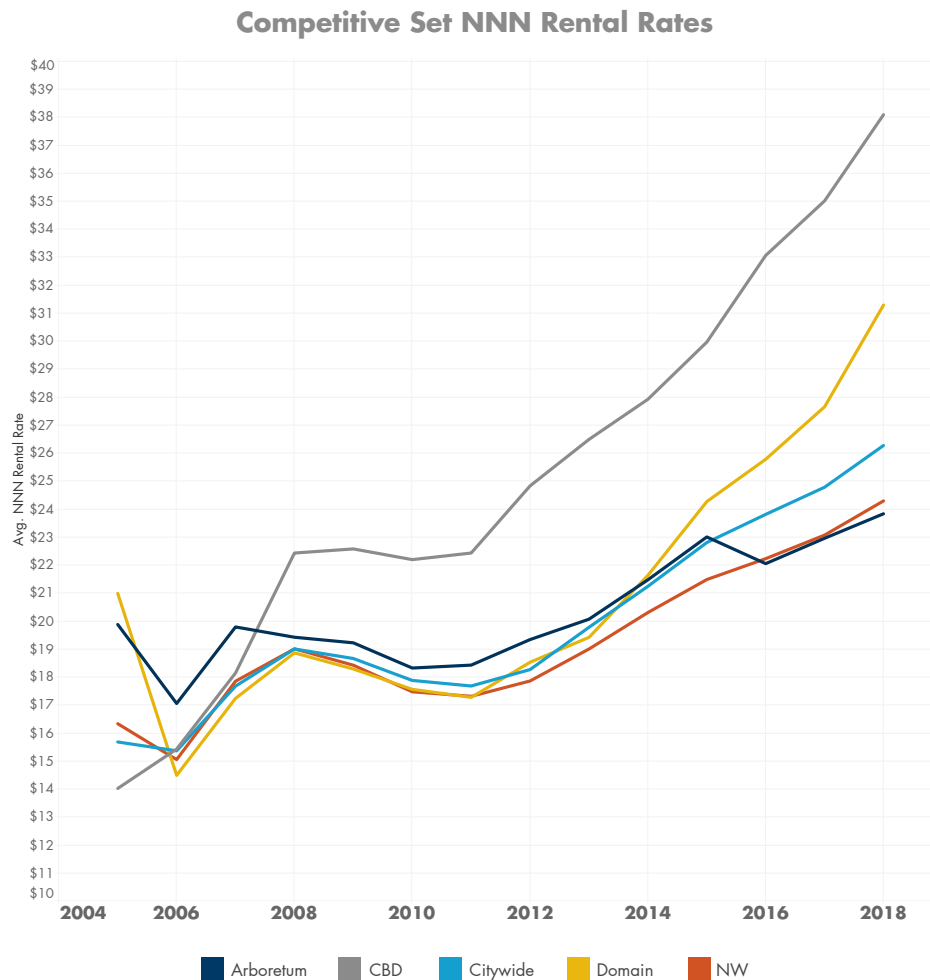


Part of this growth can be explained by the fact that The Domain had very little Class A space to start with, but considering The Domain has gone from a deficit of 1,300,358 SF in 2000 to an excess of 261,986 SF compared to The Arboretum, this dramatic rate of growth is still very impressive.

SPECIAL REPORT

RENTAL RATES

Looking at rental rates for our Arboretum/Domain competitive set, more interesting trends become clear. Starting at a very similar rate 10 years ago, the difference in NNN rental rates in these two markets has grown to \$7.46 / SF in favor of The Domain.



Rental rates in The Domain have far outpaced citywide rate growth since 2008 (66% vs. 38%), and very closely tracked rate growth in the CBD. Rates in The Arboretum, conversely, not only grew less than citywide rates (23% vs. 38%), but also grew less than rates in the NW submarket (23% vs. 28%).

Office tenants wishing to locate in the Northwest are clearly willing to pay more for space in The Domain, while The Arboretum presents an opportunity to secure high-quality space at a slightly lower price.

The Future of The Domain and The Arboretum

The Arboretum/Domain micromarket has captured a lot of headlines recently, and rightfully so. If all goes to plan, this market could become even more of a bright spot in the Austin commercial real estate market in the near future.

MLS SOCCER STADIUM

Perhaps the most well known development in this micromarket is the proposal for a brand new, \$200 million soccer stadium at a site known as McKalla Place, an area just south of The Domain. This stadium, which has been met with harsh criticism along with avid support, was recently approved by the Austin city council in a 7-4 vote¹¹.

The stadium would be an encouraging step towards bringing CapMetro closer to this micromarket, as part of the agreement for the development specifies the stadium will have to pay \$3.64 million to CapMetro to accommodate the transportation needs. Considering the current plans for the stadium include no parking, this will be an essential aspect of the entire project¹².



A rendering of McKalla Place, the new MLS soccer stadium just south of The Domain which will be home to the Austin FC.



A rendering of the Broadmoor campus, a redevelopment that holds the potential to completely reshape the Northwest submarket.

BROADMOOR CAMPUS REDEVELOPMENT

On the office space front, the Broadmoor campus redevelopment holds the potential to completely reshape the Northwest submarket. Located adjacent to The Domain, this site was rezoned by the city in June 2018 to allow for taller, denser development, opening the doors for a potential mega-development. Brandywine, which is in charge of the development, already has plans for 6 million square feet of development across 16 city blocks, connected by 23 miles of trails and a potential light rail stop¹³.

Incorporating the rail station is an essential part of the development if it is to reach its full potential, as the city has made the new density bonuses subject to a new rail stop being put in place. The details surrounding how this station will be funded and exactly how it will play out are still not quite clear, but if all goes to plan it is very likely commuters will have better direct access to offices in both the Broadmoor campus and The Domain.

WHAT IT ALL MEANS

The Arboretum/Domain micromarket is an exciting area for everyone; Austinites have access to extensive shopping and entertainment options, real estate professionals continue to be impressed by the deals being struck in the area and tenants have the chance to get the “downtown feel” without the downtown prices. With all the planned development in the works and new announcements coming out each quarter, there is no doubt we will revisit this micromarket in a future analysis.

¹¹Source: Austin Business Journal ¹²Source: City of Austin ¹³Source: Austin Business Journal

AUSTIN CITYWIDE

3Q UPDATE



575,927 SF

Net Absorption



10.20%

Direct & Sublease Vacancy Rate



\$41.30

Avg. Class A Full Service Rental Rate



MAJOR SALES

TRANSACTIONS IN 3Q 2018

Major sales that happened this quarter include:

SOLD NORTHSHORE

Market	CBD
Type	Multi-Family/Retail/Office
Size	439 Residential Units/ 52,083 SF Retail & Office
Buyer	American Realty Advisors
Seller	High Street Residential
Price	n/a
Price/SF	n/a

SOLD 3700 SAN CLEMENTE

Market	Southwest
Type	Office
Size	249,870 SF
Buyer	Azrieli Group
Seller	HPI Real Estate Services & Investments
Price	\$100,500,000
Price/SF	\$402.21

SOLD STONEBRIDGE PLAZA I & II

Market	Northwest
Type	Office
Size	388,024 SF
Buyer	Intercontinental Real Estate Corporation
Seller	KBS Realty Advisors
Price	\$161,029,960
Price/SF	\$415.00

SOLD ASPEN HEIGHTS WEST CAMPUS

Market	Central
Type	Multi-Family
Size	166 Units
Buyer	The Preiss Company
Seller	Aspen Heights
Price	n/a
Price/SF	n/a

SOLD LAS CIMAS II & III

Market	Southwest
Type	Office
Size	313,716 SF
Buyer	Rockpoint
Seller	GLL Las Cimas
Price	\$108,000,000
Price/SF	\$344.26

SOLD AUSTIN OAKS

Market	Northwest
Type	Office
Size	445,322 SF
Buyer	The Luzzatto Company
Seller	Alden Global Distressed Opportunities Fund
Price	\$97,970,840
Price/SF	\$220.00

SOLD OVERLOOK AT ROB ROY

Market	Southwest
Type	Office
Size	98,166 SF
Buyer	Congress Holdings
Seller	Steve Harren
Price	\$25,915,824
Price/SF	\$264.00

SOLD INNOVATION PARK

Market	North
Type	Office
Size	69,547 SF
Buyer	BW 2115 Kramer LLC
Seller	Oak Point Real Estate
Price	\$12,100,000
Price/SF	\$173.98

MAJOR LEASES

SIGNED IN 3Q 2018

Leases signed this quarter over 20,000 sf:

Tenant	Property Name	Submarket	Size (SF)	Transaction Type
Facebook	Domain 12	Northwest	316,345	Direct
Visa	Research Park Plaza II	Northwest	135,813	Direct
HEB/Favor	UpCycle	East	81,660	Direct
Google	100 Congress Ave	CBD	61,000	Direct
Keller Williams Realty	Three Barton Skyway	SW	41,883	Direct
DPR Construction	310 Comal St	East	27,486	Direct
PIMCO	401 Congress Ave	CBD	47,244	Sublease
Dickinson Wright	Third + Shoal	CBD	22,300	Direct
Texas Mutual Insurance Co.	6210 Hwy 290 E	Northeast	21,292	Sublease
NSS Labs Inc	The Park on Barton Creek	Southwest	21,266	Sublease

CBD

- Investment management firm PIMCO signed a two-floor, 47,244-sf lease in Frost Tower - its third U.S. office location. PIMCO cites the reason in choosing Austin was due in part to Austin's talented workforce and the lower cost of living compared to other major cities.
- Google signed a 61,000-sf lease at 100 Congress as they continue to grow in the Austin area. In 2017, Google occupied 200,000 sf at 500 W. 2nd Street, which was not enough space for the tech powerhouse.

East

- Austin's largest private employer, HEB, plans to add 500 more employees with its 81,000-sf lease at UpCycle. The recently renovated industrial warehouse in East Austin will provide office space for HEB's tech employees as well as Favor, the on-demand delivery service HEB recently acquired.

Northwest

- Social media giant Facebook plans to increase its presence in Austin with their recent lease at Domain 12 (expected to be completed in 4Q 2019). Facebook will lease the entire 17-story building, totaling 316,345 sf. Last year, Facebook signed a lease for approximately 230,000 sf at Third + Shoal. Between both locations, Facebook will be home to over one thousand employees in the Austin Area.

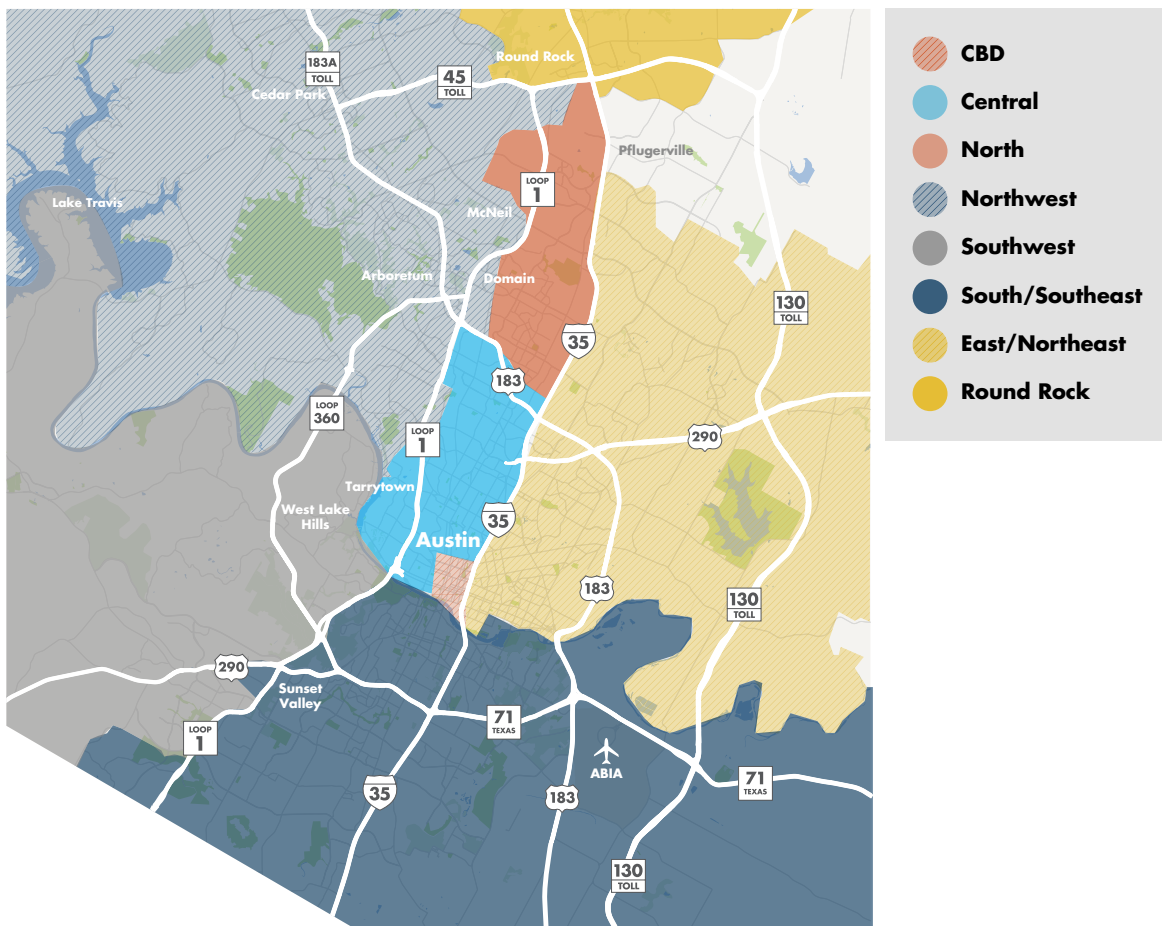
DELIVERIES

THAT OCCURED IN 3Q 2018

Four buildings delivered this quarter including:

Name	Size	% Leased	Submarket
Domain Tower	310,000 SF	100%	Northwest
Mueller Market Space	270,000 SF	-	East
Texas Mutual Insurance	270,000 SF	99.2%	East
Fourth & Office	42,000 SF	66.2%	East

OFFICE SUBMARKET MAP



AUSTIN OFFICE DEVELOPMENT PIPELINE

This timeline shows office projects over 30,000 sf that have either broken ground or will be breaking ground soon.



2018

4Q

Name	Size	% Leased	Submarket
Third + Shoal	347,000 SF	100%	CBD
2010 S Lamar Blvd	78,000 SF	21.6%	South
Domain 11	315,862 SF	94.6%	Northwest
901 E 6th	129,444 SF	22.2%	East
Preserve at 620	250,000 SF	17.7%	Northwest
Springdale General Bldgs. 11-15	165,000 SF	98%	East
Sheldon Cove Corporate Center Bldgs. 3 & 4	82,826 SF	100%	Northeast

FUTURE

2Q 2020

Name	Size	% Leased	Submarket
Indigo Ridge	1,400,000 SF	0%	Cedar Park

2Q 2021

Name	Size	% Leased	Submarket
Block 71 (200 W 6th)	678,923 SF	45.8%	CBD

2019

1Q

Name	Size	% Leased	Submarket
The Foundry	75,369 SF	70.2%	East
1801 E 6th St	134,367 SF	87.7%	East
Four Points Centre III	170,000 SF	100%	Northwest
3M (Parmer 3.3) *	204,400 SF	100%	Northeast

2Q

Name	Size	% Leased	Submarket
1400 Lavaca (SXSW HQ)	140,000 SF	44.9%	CBD
2010 E 6th St	115,000 SF	100%	East
Offices at Saltillo	150,000 SF	0%	East
St. Elmo	100,000 SF	0%	South
Met Center Creative Office Bldgs. A & B	138,850 SF	0%	Southeast
CityView	50,000 SF	75%	South
Davenport 360	35,129 SF	0%	Southwest

4Q

Name	Size	% Leased	Submarket
Mueller Austin Bldg. I	270,000 SF	-	East
Music Lane Office Bldg. I	55,000 SF	16.7%	South
Domain 12*	316,345 SF	100%	Northwest
SHI Bldg. (Garza Development) *	250,000 SF	100%	Southwest

*Single Tenant Building



PLANNED/PROPOSED

Name	Size	Submarket
200 E 18th	207,857 SF	CBD
405 Colorado	206,946 SF	CBD
410 W 18th	348,000 SF	CBD
56 East Ave	700,000 SF	CBD
600 Guadalupe	500,000 SF	CBD
6th + Guadalupe	587,780 SF	CBD
701 Rio Grande	120,000 SF	CBD
Aspen Lake Three	128,700 SF	Northwest
Bouldin Creek Commons	142,000 SF	South
Broadmoor Redevelopment	4,900,000 SF	Northwest
Cityline at MLK	150,000 SF	East
Colorado and Lavaca	665,000 SF	CBD
Ditmarr Office Park Bldg. 1	71,600 SF	South
Domain Tower 2	30,000 SF	Northwest
Domain Tower 3	300,000 SF	Northwest
Foundry II	160,000 SF	East
Four East	60,000 SF	East
Four Points Center Bldg. 4	80,000 SF	Northwest
Garza Office Park Phase II	150,000 SF	South
Highland Business Park	1,000,000 SF	Central
Met Center Creative Office Bldg. C&D	270,500 SF	Southeast
Met Center Office Campus	600,000 SF	Southeast
Mueller Market District	100,000 SF	East
MuellerAustin	550,000 SF	Austin
Oracle Campus Phase II*	420,000 SF	Southeast
Paloma Ridge Bldg. C	160,000 SF	Northwest

Name	Size	Submarket
Parmer 4.1	500,000 SF	Northeast
Parmer Sector 1&2	1,000,000 SF	Northeast
Parsley Energy Bldg. (300 Colorado)*	309,000 SF	CBD
Red River Tower	80,000 SF	CBD
Regency Park	90,000 SF	Southwest
Research Park Bldg. 6	117,321 SF	Northwest
Riata Corporate Park Bldg. 1	65,000 SF	Northwest
Riata Crossing 6	50,914 SF	Northwest
RiverSouth (Snoopy PUD)	289,000 SF	South
Rollingwood Town Center III	128,000 SF	Southwest
Sabine Office Park	125,000 SF	CBD
Seven Oaks I & II	300,000 SF	Southwest
Sunset Ridge at Southwest Parkway	197,300 SF	Southwest
The Backyard Business Park	349,190 SF	Southwest
The Lakes at TechRidge Phase I	140,000 SF	Northeast
The Park @ Mueller	116,000 SF	East
The Republic	1,420,000 SF	CBD
The Terrace 3	203,130 SF	Southwest
The Terrace 4	285,663 SF	Southwest
The Terrace 5	218,809 SF	Southwest
Travesia Corporate Park Bldg. 4	80,000 SF	Northwest
Upland Corporate Center Phase II	121,296 SF	Southwest
UT Office Site	600,000 SF	CBD
Waller Park Place	1,000,000 SF	CBD

*Single Tenant Building



ALL WAY

CBD SUBMARKET 3Q UPDATE

FEATURING MATT WILHITE

SENIOR VP, AQUILA CORPORATE SERVICES



105,537 SF

Net Absorption



5.91%

Direct & Sublease Vacancy Rate



\$65.45

Avg. Class A Full Service Rental Rate



Above: Matt Wilhite on a Bird scooter in downtown Austin; scooters are a new mode of transportation that are all over Austin and many other cities.

AQUILA EXPERT INSIGHT

Matt is a native Austinite, and an important part of AQUILA's tenant representation team. He has experience working with companies on the cutting edge of workforce, real estate and social trends. This quarter, Matt helped us answer some topical questions on the Austin CBD market.

Q Our CBD competitive set saw the lowest vacancy since 2015, with rental rates rising for the 20th straight quarter. What is driving this market's performance?

Matt: West Coast tech giants as well as Parsley Energy and Indeed continue to consume all the new construction in the CBD. Upward pressure from existing tenants can't be alleviated by new product and continues to build. It appears developers are viewing this as an opportunity to be more ambitious with future projects, as planned building sizes have increased significantly.

Q The CBD has become a hot spot for coworking space in Austin. Why do you think the CBD is the submarket of choice?

Matt: Coworking, by nature, is amenity driven; therefore, access to walkable amenities tends to be the key component of site selection for most coworking operators. Parking and proximity to dense residential areas are additional demand drivers in the coworking space. The CBD has the highest concentration of the attributes listed above and should continue to remain at the top of the coworking landscape.

Q How do you feel about the scooters around downtown? Have you had the chance to ride one?

Matt: I have just recently adopted the occasional scooter ride into my weekend and evening routines. I think, when ridden mindfully and safely, scooters are an incredibly efficient and fun mode of transportation. Unfortunately, not all scooter riders are both safe and courteous, therefore I do often find myself unsettled by the scooters while driving in and around downtown.

SNAPSHOT

3Q 2018 ACTIVITY

MAJOR LEASES

Property Name	Size (SF)	Tenant	Transaction Type
100 Congress Ave	61,000	Google	Direct
401 Congress Ave	47,244	PIMCO	Sublease
Third + Shoal	22,300	Dickinson Wright	Direct

UPCOMING DELIVERIES

Property Name	Size (SF)	% Leased	Est. Delivery
Third + Shoal	347,000	100%	4Q 2018
1400 Lavaca (SXSW HQ)	140,000	44.9%	2Q 2019

MAJOR SALES

SOLD

NORTHSHORE

Market	CBD
Type	Multi-Family/Retail/Office
Size	439 Residential Units/ 52,083 SF Retail & Office
Buyer	American Realty Advisors
Seller	High Street Residential
Price	n/a
Price/SF	n/a



This quarter, Google signed a 61,000-sf lease at 100 Congress as they continue to grow in the Austin area.

CBD

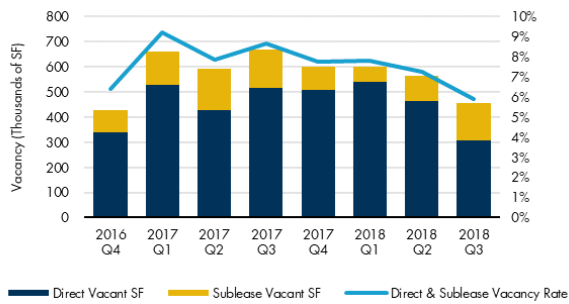
COMPETITIVE SET PERFORMANCE

CBD COMPETITIVE SET

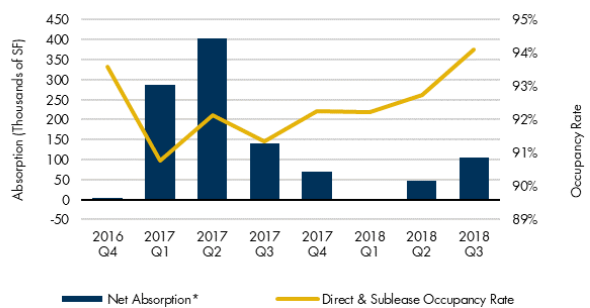
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	6,650,834	337,907	88,482	2,908	6.41%	\$56.02
2017 Q1	7,173,657	527,719	134,155	287,338	9.23%	\$57.86
2017 Q2	7,505,657	427,349	163,763	402,762	7.88%	\$58.64
2017 Q3	7,722,908	515,690	152,255	140,418	8.65%	\$59.08
2017 Q4	7,722,908	506,225	92,892	68,828	7.76%	\$61.33
2018 Q1	7,722,908	541,227	60,055	-2,165	7.79%	\$62.36
2018 Q2	7,730,823	463,919	98,288	46,990	7.27%	\$63.94
2018 Q3	7,730,823	307,489	149,181	105,537	5.91%	\$65.45

*Absorption includes sublease space

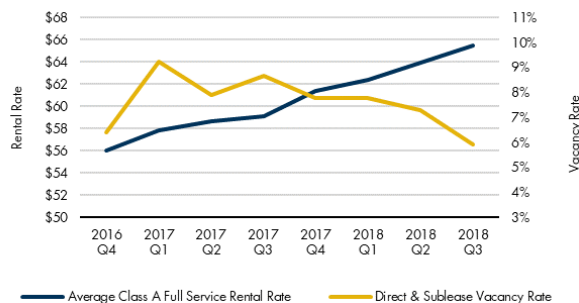
AVAILABLE SF VS. VACANCY RATE



NET ABSORPTION



VACANCY VS. RENTAL RATES



CBD DEVELOPMENT & LARGE AVAILABILITY

- OFFICE UNDER CONSTRUCTION
- HOTEL/RESIDENTIAL UNDER CONSTRUCTION
- FUTURE DEVELOPMENTS
- EXISTING AVAILABILITIES

400 WEST 15TH

1400 LAVACA
(SXSW HQ)

410 UPTOWN
(410 W 18TH)

11th Street

900 CONGRESS

5th Street

SHOAL
CREEK WALK

701 RIO GRANDE

6TH + GUADALUPE

600 GUADALUPE

5TH & WEST

N. Lamar Blvd.

THE
INDEPENDENT

THE
REPUBLIC

UT OFFICE
SITE

HOTEL ZAZA/
GABLES

405
COLORADO

THIRD +
SHOAL

AUSTIN
PROPER

300 COLORADO
(PARSLEY BUILDING)

301 CONGRESS

6th Street

Cesar Chavez St.

ONE
ELEVEN

AUSTIN
MARRIOTT

S. 1st Street

Congress Ave.

WALLER
PARK PLACE

HOMWOOD
SUITES AT
EAST AVE

70
RAINEY

56 EAST
AVE

RED RIVER
TOWER

Barton Springs Rd.

LARGE BLOCKS OF CONTIGUOUS AVAILABILITY

Building	Available SF	Max. Contiguous
301 Congress	29,406	24,119
400 West 15th	71,461	34,507
823 Congress	41,716	35,253
900 Congress	64,644	30,553
One Eleven	41,732	23,108
Shoal Creek Walk	21,309	21,309

OFFICE PROJECTS UNDER CONSTRUCTION

Building	% Preleased	Total SF	Est. Delivery
Third + Shoal	100%	347,000 SF	2018 4Q
1400 Lavaca (SXSU HQ)	45%	140,000 SF	2019 2Q
Block 71	46%	678,923	2021 2Q

HOTEL/RESIDENTIAL UNDER CONSTRUCTION

Building	Units/Rooms	Est. Delivery
Hotel ZaZa/Gables	221 Units, 160 Rooms	2019 1Q
Austin Marriott	613 Rooms	2020 2Q
70 Rainey	200 Units	2019 1Q
5th & West	154 Units	2018 Q4
Homewood Suites at East Avenue	150 Rooms	2018 4Q
Austin Proper Hotel & Residencies	99 Units, 244 Rooms	2019 2Q
The Independent	372 Units	2019 1Q

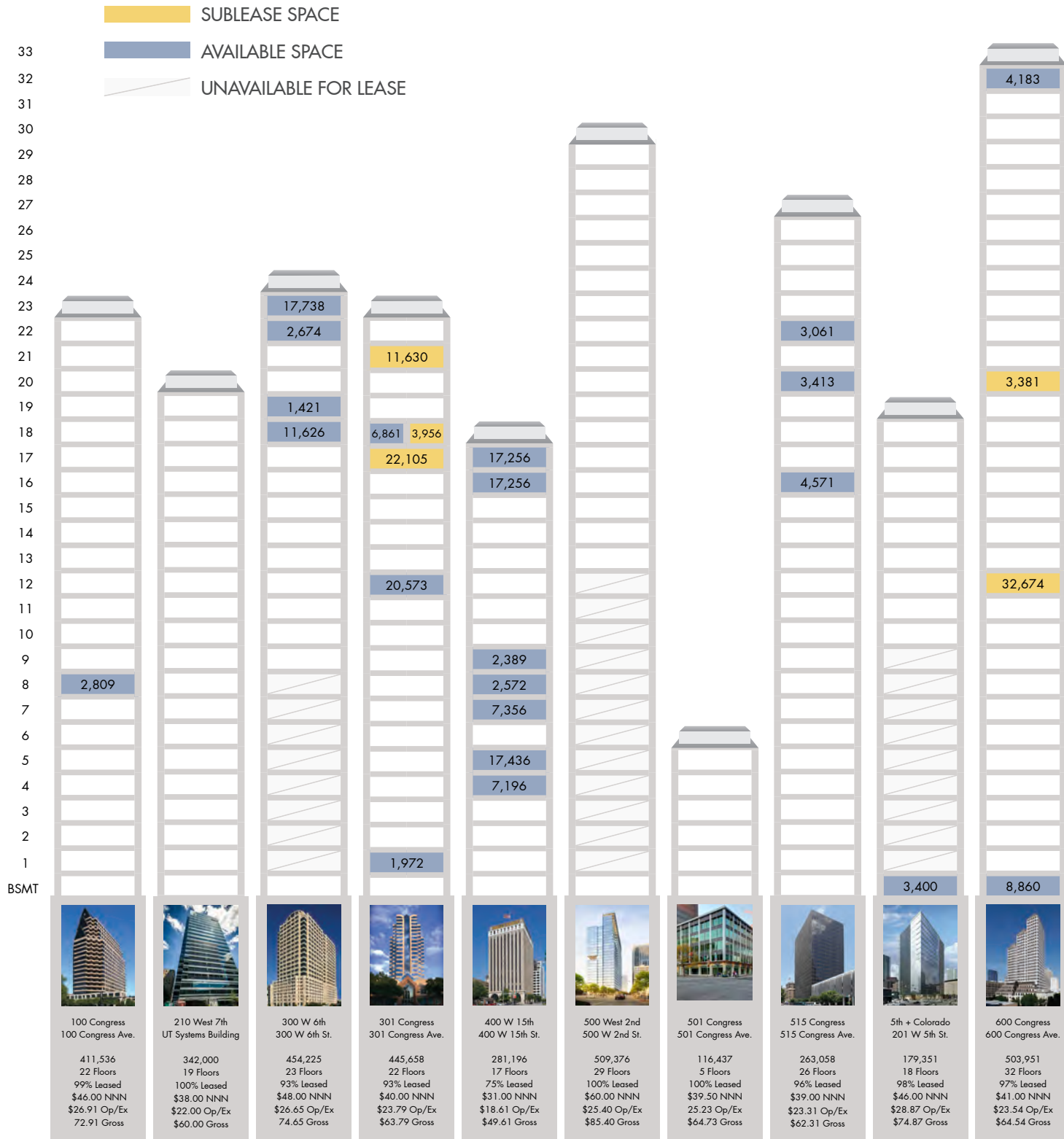
FUTURE/PLANNED OFFICE DEVELOPMENTS

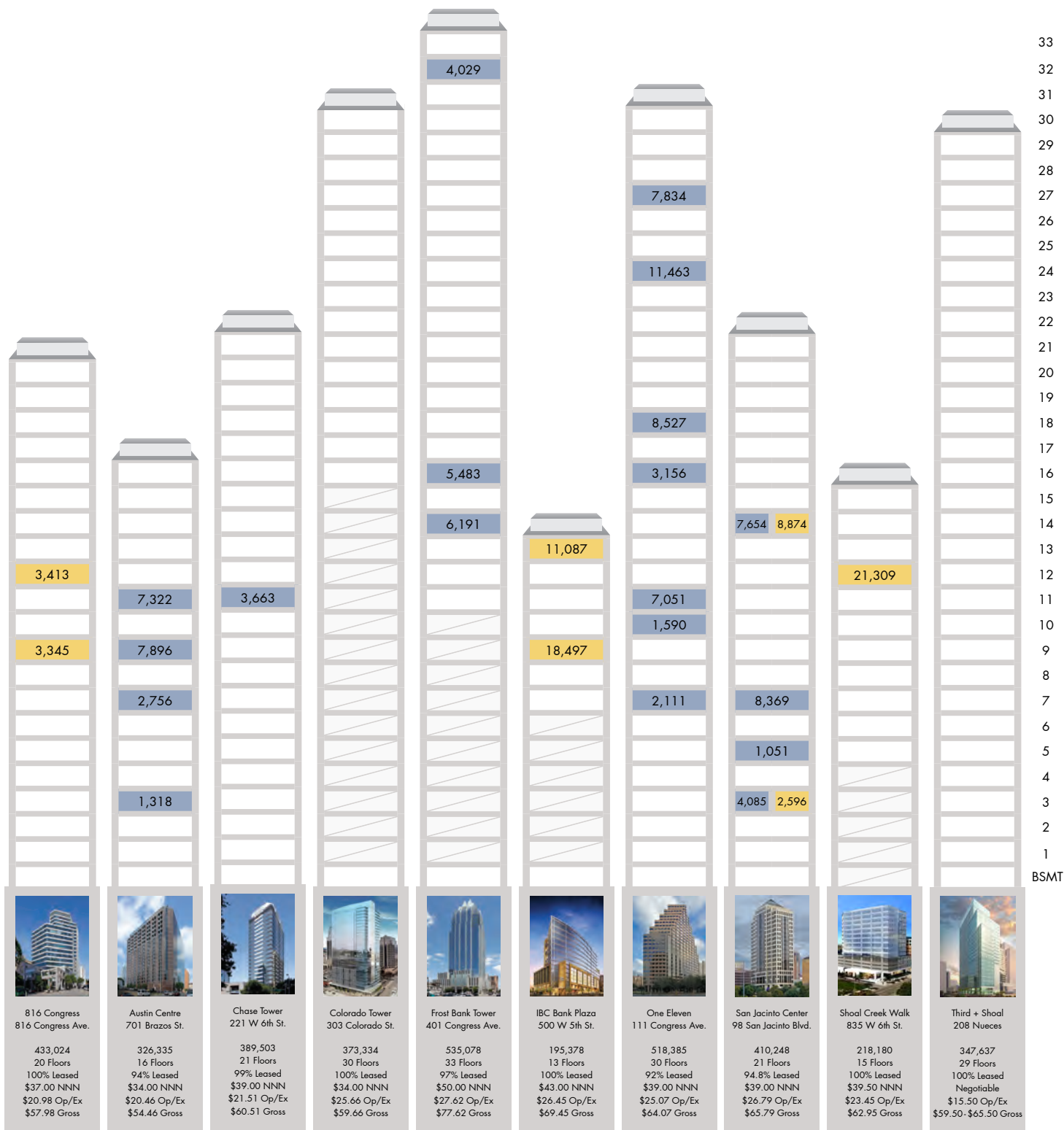
Building	Size/Units	Use
200 E 18th	207,857 SF	Office
Parsley Building (300 Colorado)	309,000 SF	Office
405 Colorado	206,946 SF	Office
410 W 18th	348,000 SF	Office
56 East Ave	700,000 SF	Office
600 Guadalupe	500,000 SF	Office
6th + Guadalupe	587,780 SF	Office
701 Rio Grande	120,000	Office
Red River Tower	80,000 SF	Office
Sabine Office Park	166,000 SF	Office
The Republic	1,420,000	Office
UT Office Site	600,000 SF	Office
Waller Park Place	1,000,000 SF	Office



AVAILABILITY SUMMARY

CBD CLASS A OFFICE







NORTHWEST SUBMARKET 3Q UPDATE

FEATURING MAX MCDONALD

SENIOR ASSOCIATE, AQUILA CORPORATE SERVICES



58,584 SF

Net Absorption



9.84%

Direct & Sublease Vacancy Rate



\$39.80

Avg. Class A Full Service Rental Rate

Above: Austin is expecting its first professional sports team, an MLS franchise, no later than 2021. The Austin FC stadium is slated to be built just south of The Domain.

AQUILA EXPERT INSIGHT

Max is a dynamo; a workhorse for AQUILA's tenant representation team. A born and raised Austinite, the Austin market is Max's own backyard. This quarter we got Max's thoughts on the Northwest Market.

Q The Northwest submarket has an expected 1 million sf to be delivered by the end of 2019, compared to 500,000 in the CBD and 300,000 in the Southwest. Why do you think so much development is being pursued in the Northwest?

Max: The Northwest submarket contains the population center of Austin near Mopac and US-183, and as transportation continues to be a concern and congestion on the roads lead to longer commute times, companies want to address these issues for their employees when selecting office sites. Additionally, the Northwest part of town could be considered somewhat easier to develop in when compared to the topography and zoning issues faced in the CBD & Southwest.

Q Rumor has it that Facebook has fully leased Domain 12, expected to deliver in 4Q 2019. Why do you think large tenants like this are choosing to lock down large swaths of space in The Domain?

Max: Going back to the issue of transportation, The Domain is located closer to the population center of Austin, allowing for a larger selection of employees within reasonable driving distances. In addition, companies like Facebook and other California-based firms have their second largest offices in Austin, and this is where they want to continue growing. They have experienced success here and wish to continue doing so.

Q What do you think about Austin getting an MLS team? Are you a soccer fan?

Max: I, personally, am a fair-weather soccer fan (World Cup, USA, etc.), but I do have several close friends here in Austin that would define soccer as their favorite sport. I think Austin getting an MLS team is a great thing for the city, and they will have success as a business near The Domain. Honestly, I'm holding out hope that the Oakland A's will relocate to the Statesman site as the Austin A's and have the best skyline backdrop of any MLB stadium in America!

SNAPSHOT

3Q 2018 ACTIVITY

MAJOR LEASES

Property Name	Size (SF)	Tenant	Transaction Type
Domain 12	316,345	Facebook	Direct
Research Park Plaza II	135,813	Visa	Direct

MAJOR DELIVERIES

Property Name	Size (SF)	% Leased
Domain Tower	310,000	100%

MAJOR SALES

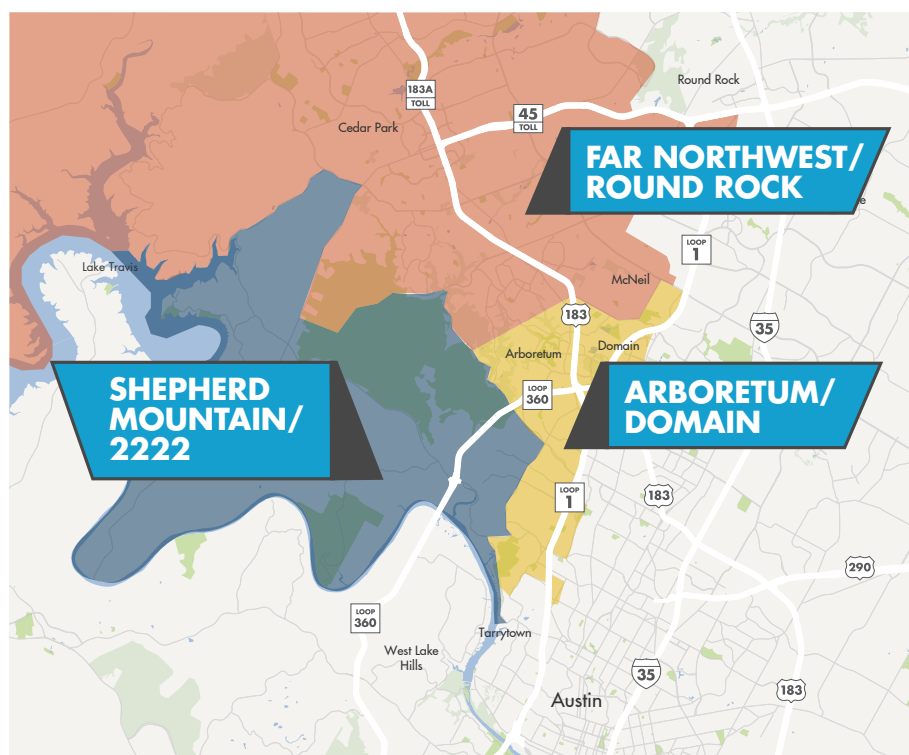
SOLD AUSTIN OAKS

Market	Northwest
Type	Office
Size	445,322 SF
Buyer	The Luzzatto Company
Seller	Alden Global Distressed Opportunities Fund
Price	\$97,970,840
Price/SF	\$220.00

SOLD STONEBRIDGE PLAZA I & II

Market	Northwest
Type	Office
Size	388,024 SF
Buyer	Intercontinental Real Estate Corporation
Seller	KBS Realty Advisors
Price	\$161,029,960
Price/SF	\$415.00

NORTHWEST MICROMARKETS



NORTHWEST

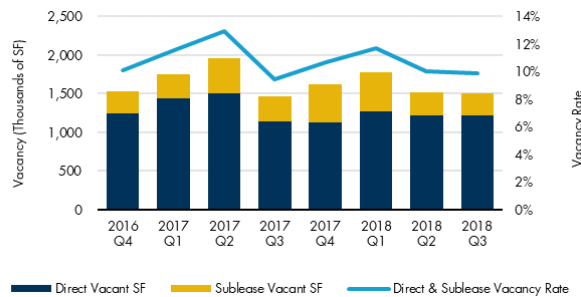
COMPETITIVE SET PERFORMANCE

NORTHWEST COMPETITIVE SET

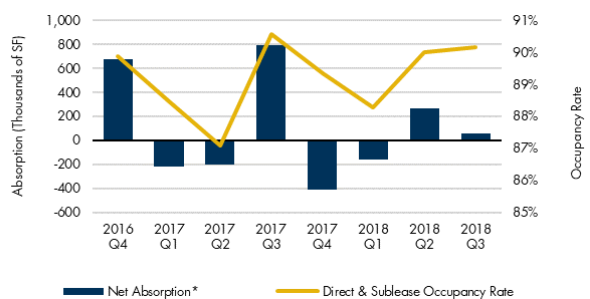
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	15,142,863	1,238,333	294,295	671,694	10.12%	\$35.73
2017 Q1	15,142,591	1,436,071	314,004	-217,719	11.56%	\$36.35
2017 Q2	15,142,591	1,501,447	453,376	-204,748	12.91%	\$36.59
2017 Q3	15,433,574	1,137,533	322,672	785,601	9.46%	\$37.23
2017 Q4	15,178,585	1,127,712	493,174	-415,670	10.68%	\$37.60
2018 Q1	15,178,688	1,275,190	504,347	-158,548	11.72%	\$38.19
2018 Q2	15,179,602	1,219,407	300,317	260,727	10.01%	\$38.91
2018 Q3	15,216,118	1,211,908	285,748	58,584	9.84%	\$39.80

*Absorption includes sublease space

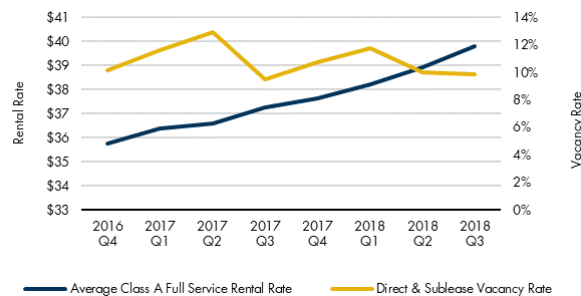
AVAILABLE SF VS. VACANCY RATE

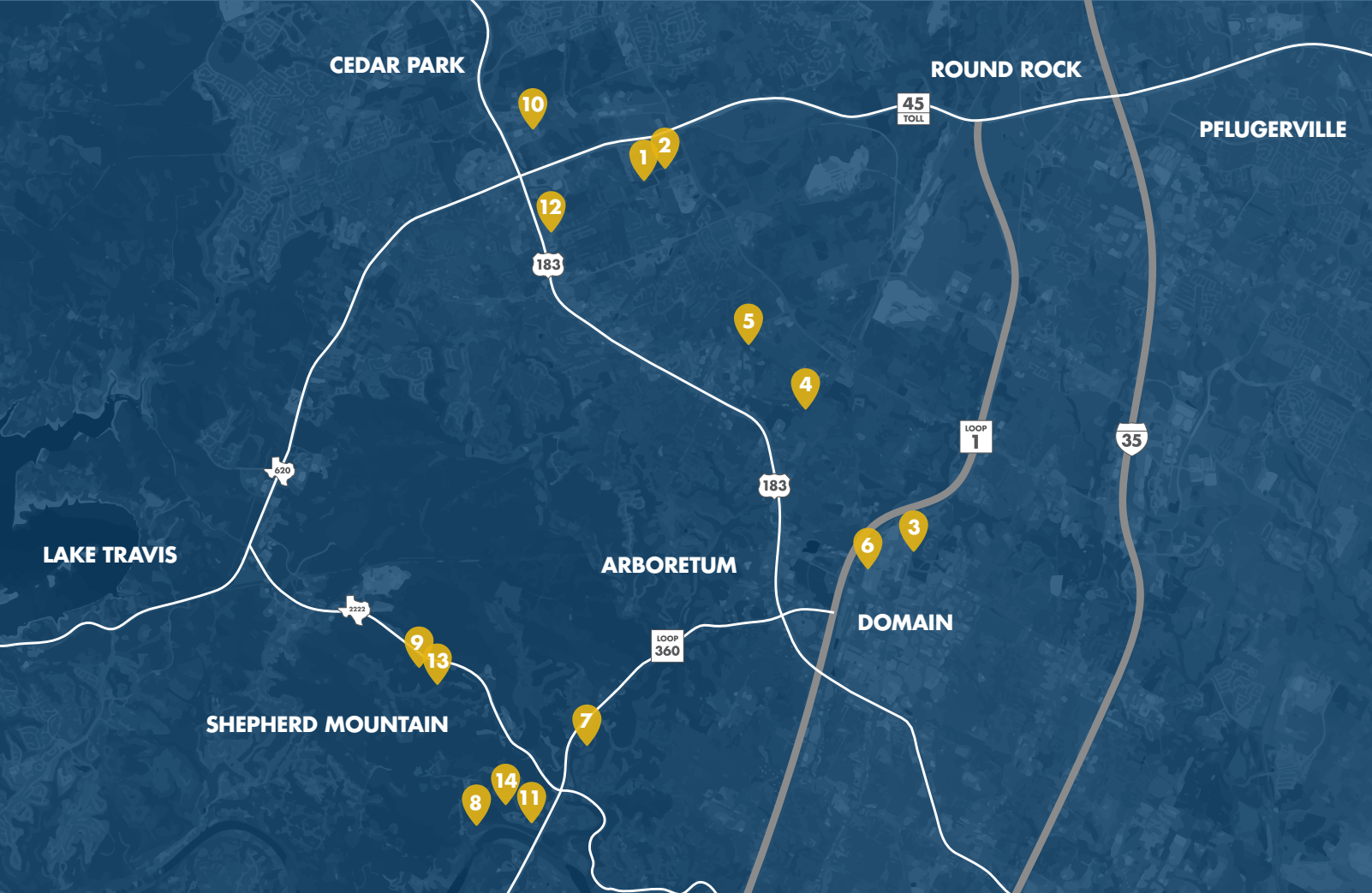


NET ABSORPTION



VACANCY VS. RENTAL RATES





LARGE OFFICE AVAILABILITY IN NORTHWEST AUSTIN

Large blocks of available space

	Building Name	Biggest Available Block	Total Available SF	Total Vacant SF
1	Amber Oaks F	60,562	60,562	60,562
2	Amber Oaks A	39,702	48,099	42,862
3	Domain Gateway	39,377	54,289	54,289
4	Riata Corporate Park Bldg. 8	33,468	93,717	93,717
5	Research Park Place 7	32,062	75,307	43,245
6	Braker Pointe III	29,302	29,302	29,302
7	Lakewood Center I	25,457	32,408	32,408
8	Millennium Building	24,561	41,587	41,587

	Building Name	Biggest Available Block	Total Available SF	Total Vacant SF
9	Park Centre Bldg. 3	20,748	74,478	74,478
10	Crossings at Lakeline II	20,367	28,863	28,863
11	Bridgepoint Plaza I	16,790	28,242	28,242
12	Aspen Lake One	15,373	28,257	-
13	Park Centre Bldg. 1	14,980	28,210	28,210
14	Bridgepoint Square 3	12,926	29,748	12,926
15	Austin Oaks	9,670	114,160	110,269

OFFICE DEVELOPMENTS IN NORTHWEST AUSTIN

	Building	Total SF	Percent Preleased	Estimated Delivery	Status
1	Domain Tower	310,000 SF	100%	3Q 2018	Delivered
2	Domain 11	315,862 SF	100%	4Q 2018	Under Construction
3	Preserve at 620	250,000 SF	18%	4Q 2018	Under Construction
4	Four Points Centre III	170,000 SF	100%	1Q 2019	Under Construction
5	Domain 12	316,345 SF	100%	4Q 2019	Under Construction
6	Aspen Lake Three	128,700 SF	0%	Planned	Planned
7	Broadmoor Redevelopment	4,900,000 SF	0%	Planned	Planned
8	Domain Tower 2	30,000 SF	0%	Planned	Planned
9	Domain Tower 3	300,000 SF	0%	Planned	Planned
10	Four Points Center Building 4	80,000 SF	0%	Planned	Planned
11	Paloma Ridge Building C	160,000 SF	0%	Planned	Planned
12	Research Park Building 6	117,321 SF	0%	Planned	Planned
13	Riata Corporate Park Building 1	65,000 SF	0%	Planned	Planned
14	Riata Crossing 6	50,914 SF	0%	Planned	Planned
15	Travesia Corporate Park Building 4	80,000 SF	0%	Planned	Planned



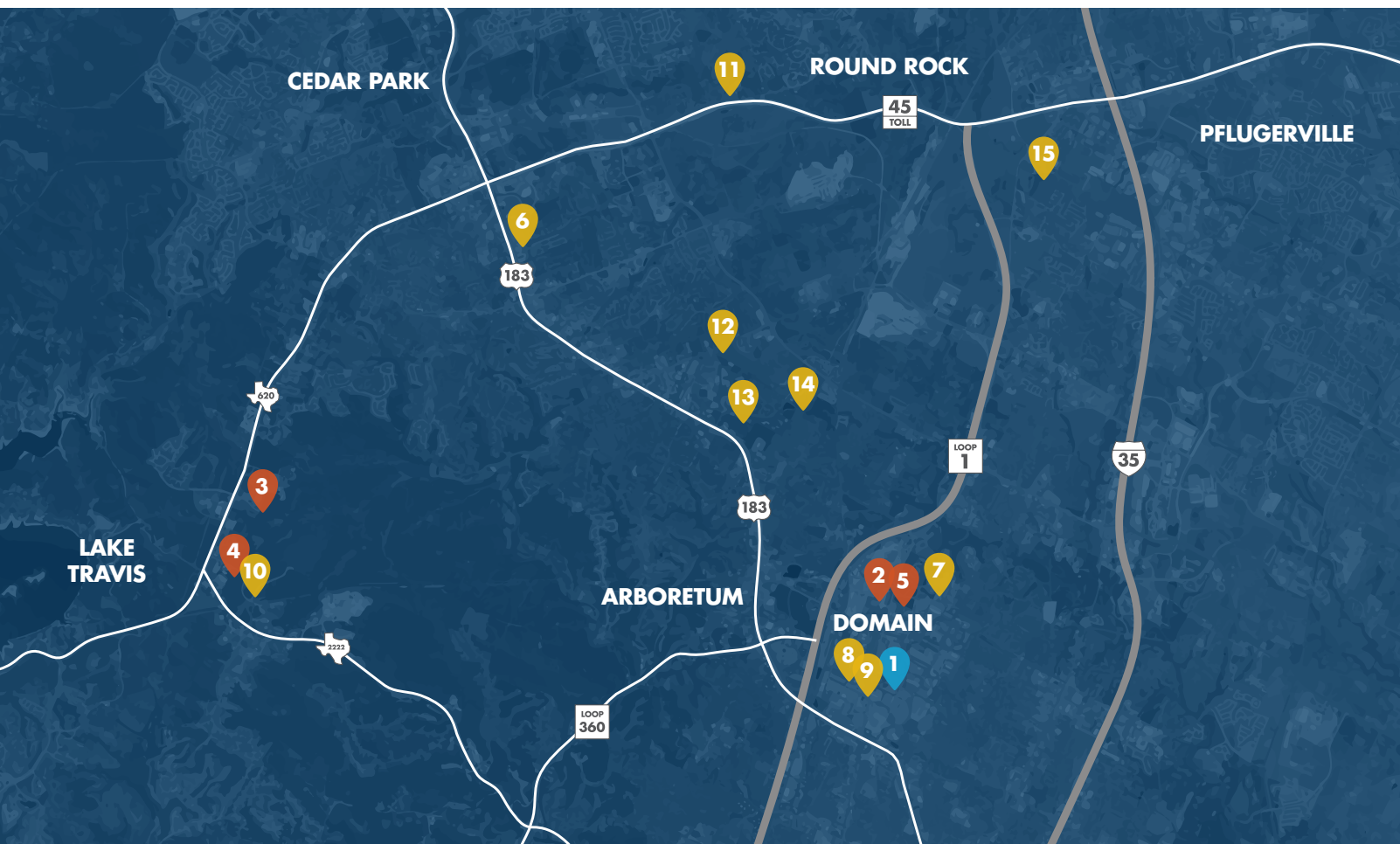
Delivered this Quarter



Under Construction



Planned





SOUTHWEST SUBMARKET 3Q UPDATE

FEATURING KRISTI SVEC SIMMONS
PRINCIPAL, AQUILA CORPORATE SERVICES



18,378 SF

Net Absorption



11.66%

Direct & Sublease Vacancy Rate



\$41.86

Avg. Class A Full Service Rental Rate

Above: Taj Palace serves food to hungry tenants in the Hartland Plaza lobby. Fooda, a service that brings a different restaurant to office buildings each day, is a new amenity that makes grabbing lunch fast and easy.

AQUILA EXPERT INSIGHT

Kristi is a proven leader both in and out of the commercial real estate industry. She is also a leader on AQUILA's tenant representation team. This quarter we picked Kristi's brain on the Southwest market and what tenants are looking for.

Q Three major office sales occurred in the SW this quarter. What is encouraging buyers to invest in the SW submarket?

Kristi: Southwest Austin has always been a favorite submarket for tenants, which, in turn, makes it appealing to investors. The topography and proximity to downtown appeals to many types of companies, and rising rental rates in the CBD continue to cause tenants to look for alternatives nearby that will cause the least amount of disruption in terms of drive times for employees. We see all types of companies consider this submarket, from law firms to tech, due to the numerous retail, restaurant and housing options in the area.

Q From your experience, what are the main drivers pulling tenants to the SW rather than the CBD or NW?

Kristi: As stated above, rising rental rates in the CBD and a need to locate close to where employees live are major drivers pulling tenants to the Southwest. The Southwest is almost divided into two markets, the closer of which (South Mopac) is where you see tenants relocating to if they decide to leave the CBD. The closest buildings to the CBD are in this area, and it is an easier sell to employees when a decision to leave the CBD has been made.

Q What is the coolest building amenity you've seen lately?

Kristi: The coolest building amenity I have seen is the addition of Peloton bikes in the fitness centers. Tenants always say they want fitness centers, but they are rarely used. With the addition of the newest technology in fitness, I can see these fitness centers becoming more of a true amenity in buildings. More and more companies are pushing fitness and exercise for employees to stay healthy and this type of amenity promotes that desire.

Fooda is another big amenity for office buildings. We currently have this service in our building, Hartland Plaza. It makes lunch efficient and easy by rotating restaurants in the lobby of your building. The food is inexpensive, and it allows you to grab a good lunch if you are in a pinch. They have an easy app that tells you the restaurant of the day.

SNAPSHOT

3Q 2018 ACTIVITY

MAJOR LEASES

Property Name	Size (SF)	Tenant	Transaction Type
The Park on Barton Creek	21,266	NSS Labs Inc.	Sublease

MAJOR SALES

SOLD LAS CIMAS II & III

Market	Southwest
Type	Office
Size	313,716 SF
Buyer	Rockpoint
Seller	GLL Las Cimas
Price	\$108,000,000
Price/SF	\$344.26

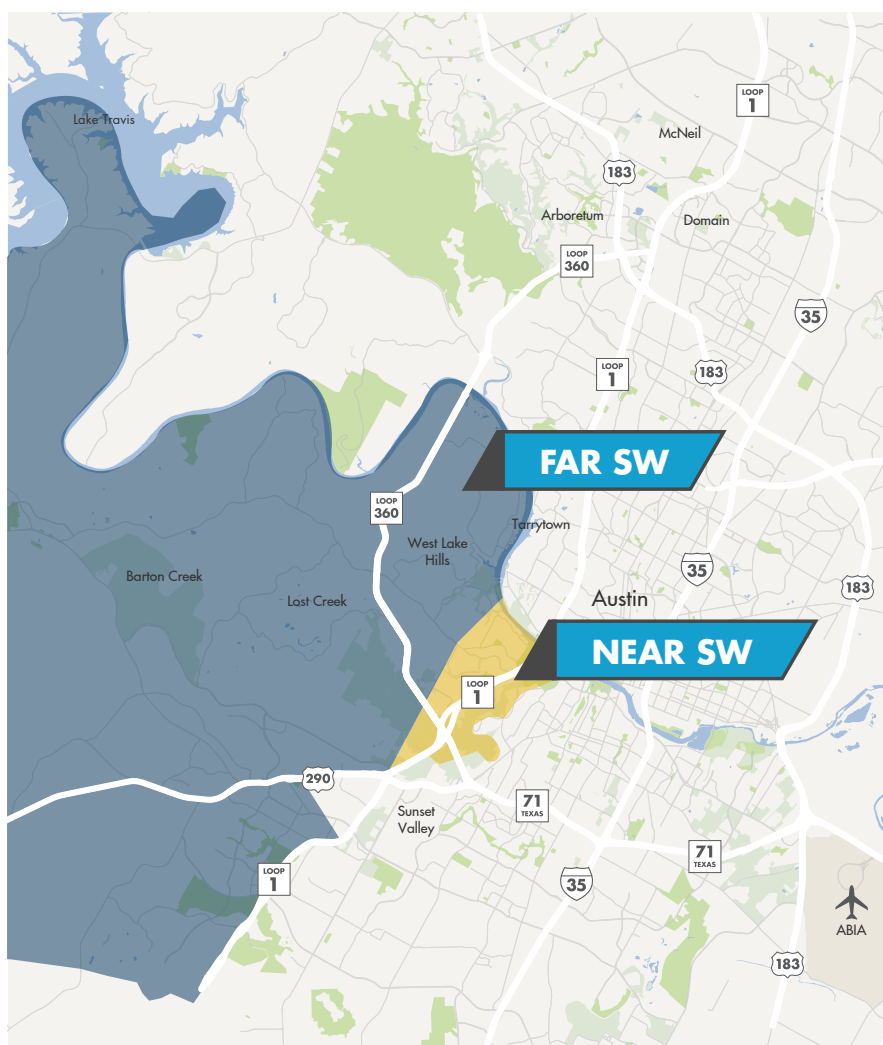
SOLD 3700 SAN CLEMENTE

Market	Southwest
Type	Office
Size	249,870 SF
Buyer	Azrieli Group
Seller	HPI Real Estate Services
Price	\$100,500,000
Price/SF	\$402.21

SOLD OVERLOOK AT ROB ROY

Market	Southwest
Type	Office
Size	98,166 SF
Buyer	Congress Holdings
Seller	Steve Harren
Price	\$25,915,824
Price/SF	\$264.00

SOUTHWEST MICROMARKETS



SOUTHWEST

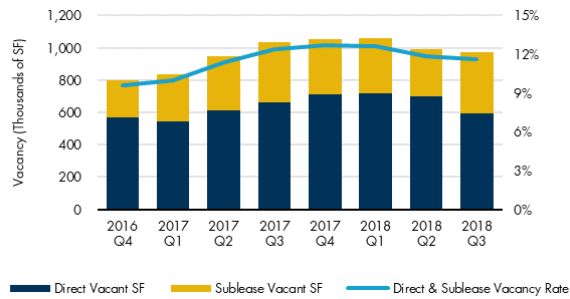
COMPETITIVE SET PERFORMANCE

SOUTHWEST COMPETITIVE SET

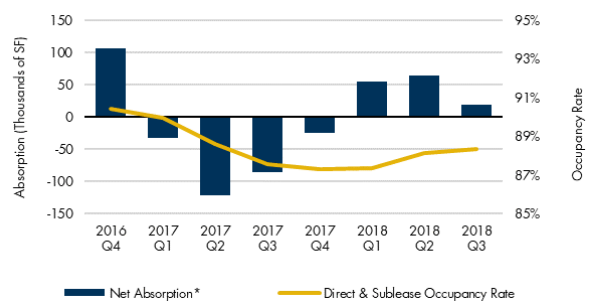
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	8,318,522	572,249	226,773	105,799	9.61%	\$39.44
2017 Q1	8,321,117	546,345	288,264	-32,992	10.03%	\$39.53
2017 Q2	8,312,584	612,833	334,355	-121,112	11.39%	\$39.85
2017 Q3	8,312,584	664,219	368,873	-85,904	12.43%	\$39.72
2017 Q4	8,307,597	709,458	343,983	-25,336	12.68%	\$40.43
2018 Q1	8,366,103	716,686	341,383	53,878	12.65%	\$41.26
2018 Q2	8,366,103	702,806	291,043	64,220	11.88%	\$41.21
2018 Q3	8,366,103	593,422	382,049	18,378	11.66%	\$41.86

*Absorption includes sublease space

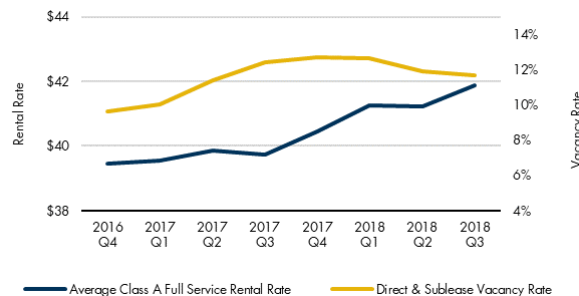
AVAILABLE SF VS. VACANCY RATE

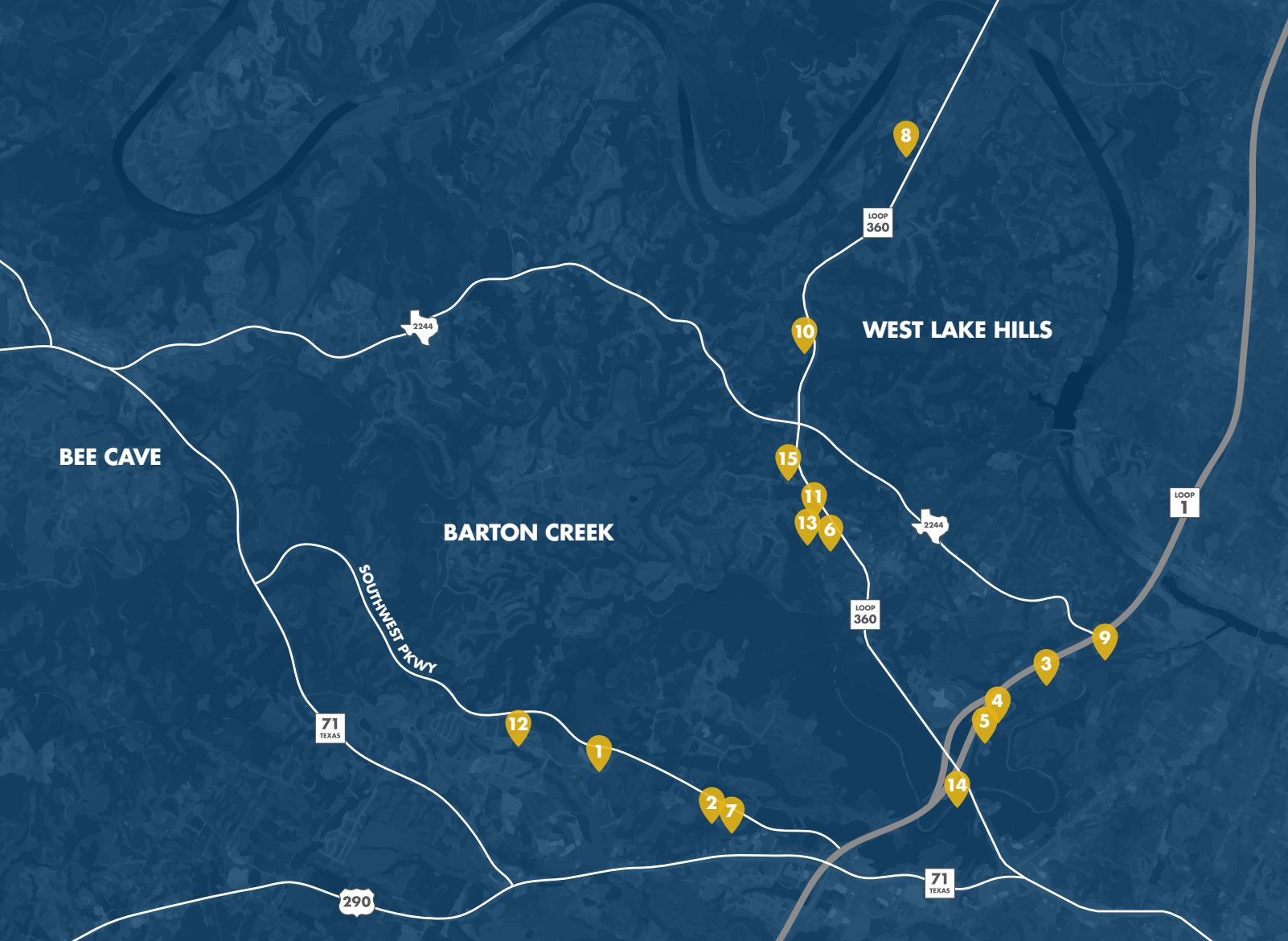


NET ABSORPTION



VACANCY VS. RENTAL RATES





LARGE OFFICE AVAILABILITY IN SOUTHWEST AUSTIN

Large blocks of available space

	Building Name	Biggest Available Block	Total Available SF	Total Vacant SF
1	The Summit at Lantana 1-5	59,406	101,248	25,938
2	Uplands Corporate Center I	45,255	97,725	73,769
3	Barton Skyway II	26,429	72,206	45,777
4	The Terrace 1	25,924	68,482	39,998
5	The Terrace 2	24,963	57,430	53,110
6	Cielo Center	14,450	53,803	39,831
7	Travis Oaks	10,939	37,660	37,660
8	3600 San Clemente Bldg. B	14,558	27,620	15,378

	Building Name	Biggest Available Block	Total Available SF	Total Vacant SF
9	Barton Oaks Plaza III	25,384	27,304	1,920
10	Wild Basin II	14,100	25,677	25,677
11	Lost Creek Point	7,282	24,811	24,811
12	Rialto II	10,311	24,806	24,806
13	CityView Center	45,242	24,693	-
14	The Park on Barton Creek I	3,258	24,524	3,258
15	Las Cimas III	11,568	24,455	15,388

OFFICE DEVELOPMENTS IN SOUTHWEST AUSTIN

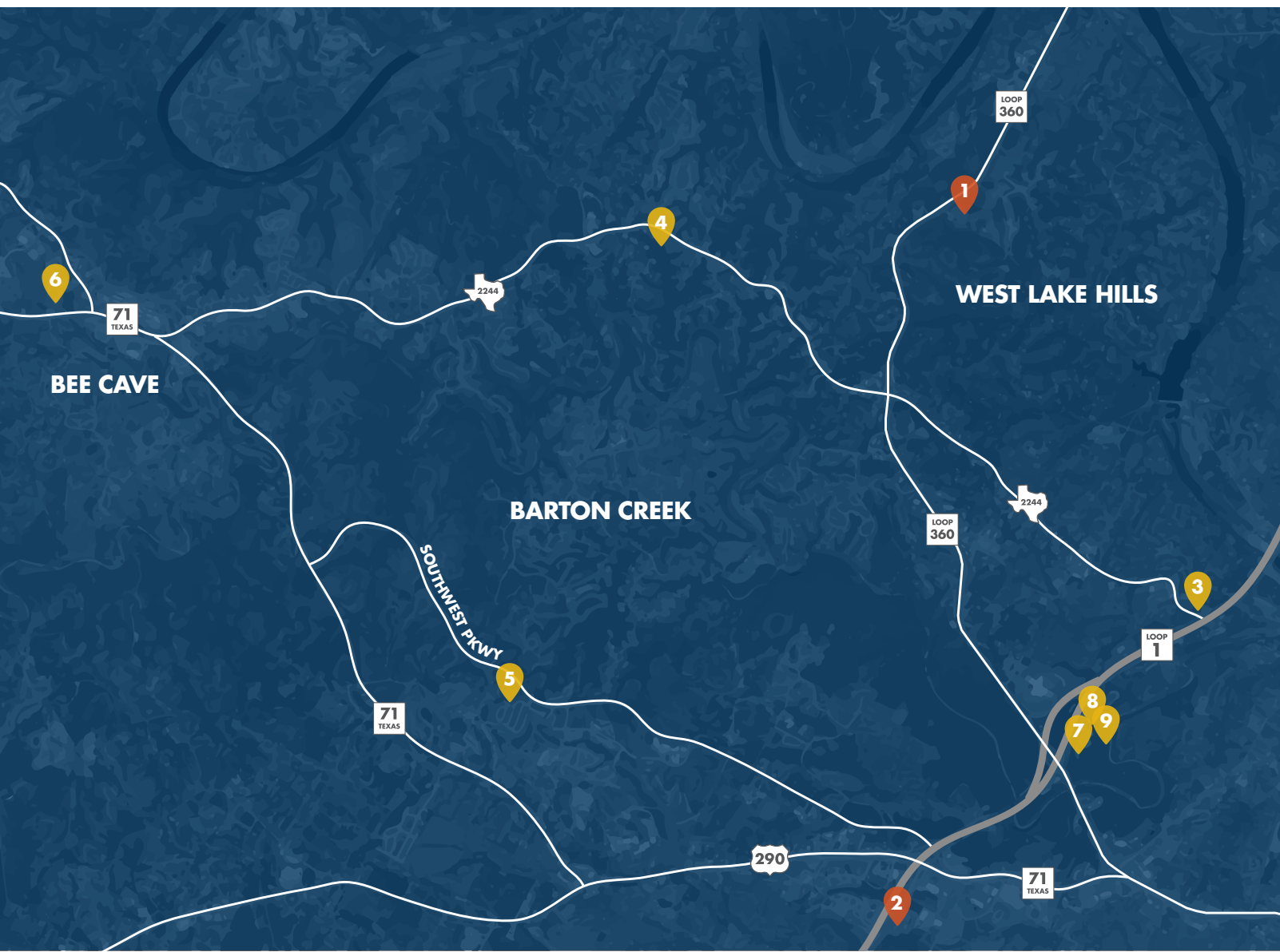
	Building	Total SF	Percent Preleased	Estimated Delivery	Status
1	Davenport 360	35,129	0.0%	2Q 2019	Under Construction
2	SHI Building (Garza Development)	250,000	0.0%	4Q 2019	Under Construction
3	Rollingwood Town Center III	128,000	5.8%	Planned	Planned
4	Seven Oaks I & II	300,000	0.0%	Planned	Planned
5	Sunset Ridge at Southwest Parkway	197,300	0.0%	Planned	Planned
6	The Backyard Business Park	349,190	0.0%	Planned	Planned
7	The Terrace 3	203,130	0.0%	Planned	Planned
8	The Terrace 4	285,663	0.0%	Planned	Planned
9	The Terrace 5	218,809	0.0%	Planned	Planned



Under Construction

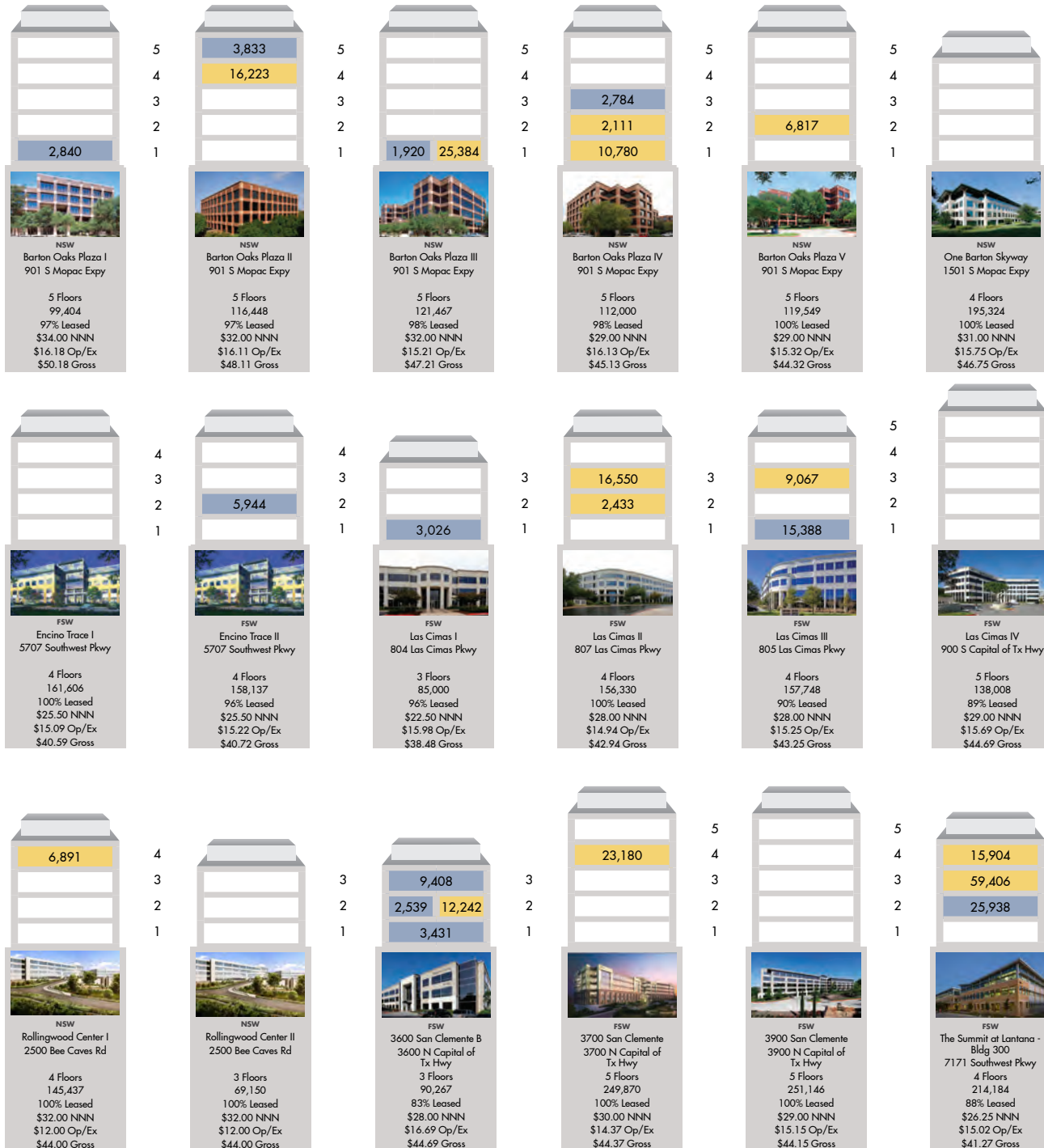


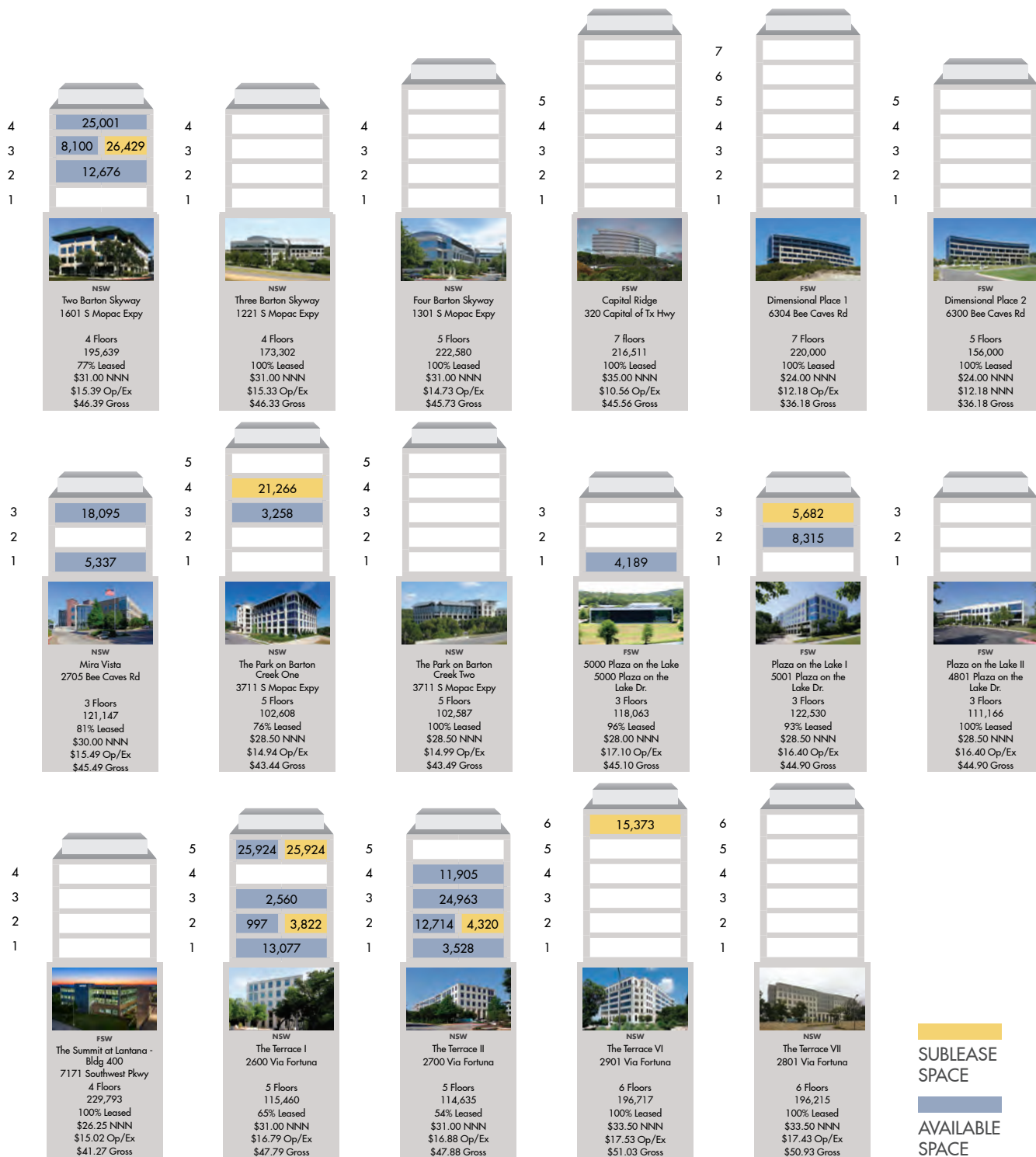
Planned



AVAILABILITY SUMMARY

SOUTHWEST CLASS A OFFICE





SUBLEASE
SPACE

AVAILABLE
SPACE



Thomas
Properties
Group

VIBRANCY
BY CRAIG HEIN



Appendix

Competitive Set Performance	56-67
Central Business District	56
Arboretum/Domain	57
Shepherd Mountain/2222	60
Far Northwest	62
Near Southwest	64
Far Southwest	66
Longterm Performance of Submarkets	68
Longterm Performance: CBD vs. Suburban	69
CBD Overall Performance	70
Northwest Overall Performance	72
Southwest Overall Performance	74
The AQUILA Methodology	76

COMPETITIVE SET

BUILDING LISTS AND SUBMARKET DATA

CBD COMPETITIVE SET BUILDINGS

Building Name	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Asking Rental Rate	Estimated OpEx
100 Congress	411,536	2,809	-	\$46.00	\$26.91
210 W 7th (UT System Building)	342,000	-	-	\$38.00	\$22.00
300 West 6th	454,225	33,459	-	\$48.00	\$26.65
301 Congress	445,658	29,406	37,691	\$40.00	\$23.79
400 West 15th	281,196	71,461	-	\$31.00	\$18.61
500 W 2nd St	509,376	-	-	\$60.00	\$25.40
501 Congress	116,437	-	-	\$39.50	\$25.23
515 Congress	263,058	11,045	-	\$39.00	\$23.31
5th + Colorado	179,351	3,400	-	\$46.00	\$28.87
600 Congress Ave.	503,951	13,043	36,055	\$41.00	\$23.54
816 Congress	433,024	-	6,758	\$37.00	\$20.98
Austin Centre	326,335	19,292	-	\$34.00	\$20.46
Capitol Center	162,512	21,662	-	\$34.00	\$21.83
Capitol Tower	175,510	14,024	6,314	\$34.00	\$19.33
Chase Tower	389,503	3,663	-	\$39.00	\$21.51
Colorado Tower	373,334	-	-	\$34.00	\$25.66
Frost Bank Tower	535,078	15,703	-	\$50.00	\$27.62
IBC Bank Plaza	195,378	-	29,584	\$43.00	\$26.45
Lavaca Plaza	118,635	-	-	\$36.50	\$23.91
Littlefield Building	111,000	5,631	-	\$40.00	\$18.17
One Eleven	518,385	41,732	-	\$39.00	\$25.07
San Jacinto Center	410,248	21,159	11,470	\$39.00	\$26.79
Scarborough Building	130,789	-	-	\$40.00	\$20.66
Seaholm	126,124	-	-	\$40.00	\$24.00
Shoal Creek Walk	218,180	-	21,309	\$39.50	\$23.45

ARBORETUM/DOMAIN

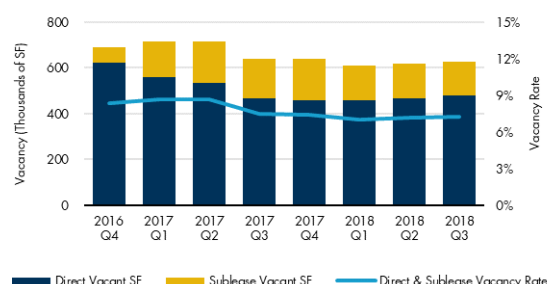
MICROMARKET PERFORMANCE

ARBORETUM/DOMAIN COMPETITIVE SET

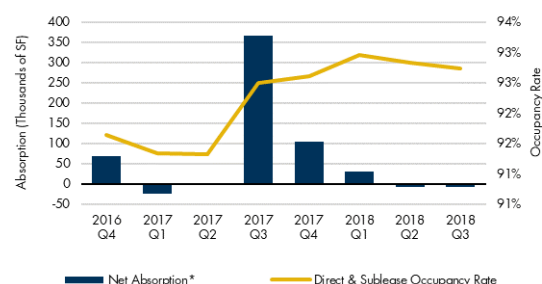
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	8,253,506	621,665	68,648	68,305	8.36%	\$36.34
2017 Q1	8,253,506	561,578	153,518	-24,783	8.66%	\$37.11
2017 Q2	8,253,506	536,354	179,577	-835	8.67%	\$37.35
2017 Q3	8,544,489	466,830	174,979	365,105	7.51%	\$38.24
2017 Q4	8,645,088	458,895	180,469	103,044	7.40%	\$38.69
2018 Q1	8,645,191	459,266	150,395	29,806	7.05%	\$39.39
2018 Q2	8,646,105	467,377	152,439	-9,241	7.17%	\$40.34
2018 Q3	8,646,105	479,435	149,660	-9,279	7.28%	\$41.58

*Absorption includes sublease space

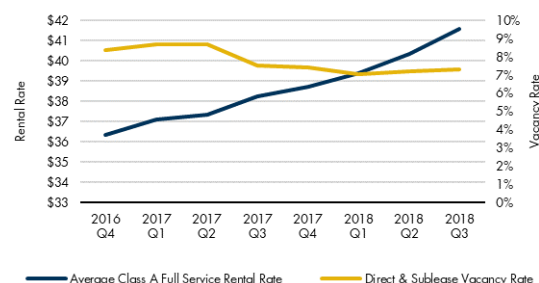
AVAILABLE SF VS. VACANCY RATE



NET ABSORPTION



VACANCY VS. RENTAL RATES



ARBORETUM/DOMAIN MICROMARKET COMPETITIVE SET BUILDINGS

Building Name	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Asking Rental Rate	Estimated OpEx
9500 Arboretum	182,331	-	-	\$28.50	\$13.74
Arboretum Atrium	90,280	-	-	\$20.00	\$16.81
Arboretum Plaza One	146,347	10,801	6,388	\$30.00	\$16.67
Arboretum Plaza Two	98,828	-	-	\$30.00	\$16.67
Arboretum Point	150,033	-	-	\$25.00	\$13.44
Atrium Office Centre	199,858	23,170	-	\$19.50	\$13.00
Austin Oaks	445,240	110,269	3,891	\$19.00	\$12.04
Balcones Centre	74,876	-	-	\$26.00	\$10.67
Braker Pointe I	77,454	-	1,927	\$26.50	\$14.47
Braker Pointe II	103,114	1,074	-	\$26.50	\$13.88
Braker Pointe III	196,380	29,302	-	\$27.00	\$14.41
Broadmoor Campus (901-908)	1,111,734	5,459	-	\$30.00	\$11.00
Colina West	69,299	4,174	3,693	\$22.25	\$14.09
Domain 1	124,571	-	-	\$35.00	\$20.45
Domain 2	143,331	-	-	\$35.00	\$20.45
Domain 3	179,006	-	20,816	\$30.00	\$14.65
Domain 4	152,012	-	-	\$29.00	\$12.03
Domain 5	78,987	-	-	\$35.00	\$15.93
Domain 7	221,973	-	-	\$35.00	\$16.99
Domain 8	290,983	-	4,496	\$35.00	\$11.20
Domain Gateway	173,962	54,289	-	\$36.00	\$15.86
Domain Pointe I	76,860	6,802	-	\$31.00	\$16.08
Domain Pointe II	162,723	-	-	\$31.00	\$15.30
Great Hills Corporate Center I	59,228	3,073	4,288	\$20.00	\$12.24
Great Hills Corporate Center II	60,429	3,493	2,259	\$20.00	\$12.24
Great Hills Corporate Center III	56,422	9,946	11,861	\$20.00	\$12.24
Great Hills Plaza	139,252	3,621	-	\$25.00	\$13.30
Greystone Plaza	78,248	14,302	-	\$25.00	\$14.40
Heritage Plaza	74,839	7,498	-	\$21.00	\$12.59
Kaleido I & II	73,149	15,118	-	\$19.00	\$11.02
MoPac Centre	95,863	22,845	-	\$31.00	\$14.00

COMPETITIVE SET

Building Name	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Asking Rental Rate	Estimated OpEx
Northland Office Building	98,888	1,298	9,124	\$17.50	\$12.24
Northpoint Centre I & II	151,126	5,244	2,957	\$26.00	\$13.65
Offices at the Domain Bldg. 1	92,955	-	-	\$46.50	\$12.01
Offices at the Domain Bldg. 2	75,509	-	-	\$46.50	\$12.01
One Far West Plaza	70,642	10,179	-	\$20.00	\$14.46
Park North I & II	134,482	17,879	-	\$20.50	\$12.50
Plaza 7000	155,076	19,789	-	\$28.50	\$14.97
Prominent Pointe I	150,508	12,802	4,184	\$26.00	\$15.87
Prominent Pointe II	102,567	4,917	-	\$25.50	\$15.60
Quarry Lake I	117,512	-	-	\$25.00	\$11.79
Quarry Lake II	120,559	-	-	\$26.00	\$12.98
Quarry Oaks I	165,435	-	-	\$31.00	\$15.89
Quarry Oaks II	126,000	-	-	\$31.00	\$16.05
Quarry Oaks III	137,615	-	11,814	\$32.00	\$12.00
Reunion Park	118,142	3,378	16,412	\$20.50	\$12.93
Stone Creek Park	77,185	-	-	\$25.00	\$15.78
Stonebridge Plaza I	194,103	-	22,216	\$32.00	\$14.84
Stonebridge Plaza II	193,921	-	-	\$32.00	\$14.64
Stratum Executive Center Bldg. A	62,110	8,293	-	\$24.50	\$15.72
Stratum Executive Center Bldg. B	61,768	21,006	-	\$24.50	\$15.72
Stratum Executive Center Bldg. C	61,502	1,763	5,331	\$24.50	\$15.72
Stratum Executive Center Bldg. D	61,264	3,065	-	\$24.50	\$15.72
The Campus at Arboretum 1	60,059	-	-	\$26.50	\$15.02
The Campus at Arboretum 2	33,135	-	-	\$26.50	\$14.64
The Campus at Arboretum 3	32,765	-	-	\$26.50	\$14.69
The Campus at Arboretum 4	85,916	-	6,852	\$26.50	\$14.92
The Campus at Arboretum 5	105,000	-	-	\$26.50	\$14.57
The Park at 8300 N. MoPac	93,317	12,233	-	\$24.00	\$14.61
UFCU Plaza	246,869	11,022	-	\$25.00	\$14.24
Westech 360 Bldgs. 1-4	175,529	16,064	11,151	\$26.00	\$14.23
Westpark Office 1-4	97,034	5,267	-	\$20.00	\$11.09

SHEPHERD MOUNTAIN/2222

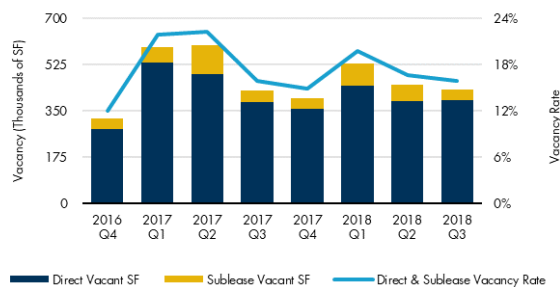
MICROMARKET PERFORMANCE

SHEPHERD MOUNTAIN/2222 COMPETITIVE SET

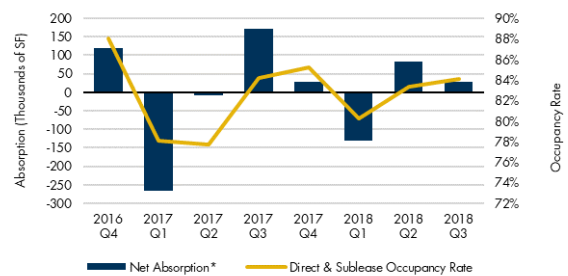
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	2,690,835	279,953	42,875	119,797	12.00%	\$36.19
2017 Q1	2,690,563	533,573	56,582	-267,599	21.93%	\$36.73
2017 Q2	2,690,563	488,721	110,385	-8,951	22.27%	\$37.20
2017 Q3	2,690,563	384,217	42,431	172,458	15.86%	\$37.20
2017 Q4	2,689,723	356,366	42,431	27,011	14.83%	\$37.29
2018 Q1	2,689,723	443,400	87,197	-131,800	19.73%	\$37.47
2018 Q2	2,689,723	386,908	60,594	83,095	16.64%	\$37.48
2018 Q3	2,700,981	390,178	39,776	28,806	15.92%	\$38.02

*Absorption includes sublease space

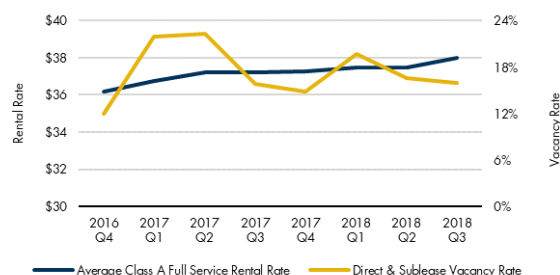
AVAILABLE SF VS. VACANCY RATE



NET ABSORPTION



VACANCY VS. RENTAL RATES



SHEPHERD MOUNTAIN/2222 MICROMARKET COMPETITIVE SET BUILDINGS

Building Name	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Asking Rental Rate	Estimated OpEx
Bridgepoint Plaza I	105,328	28,242	-	\$26.50	\$14.90
Bridgepoint Plaza II	72,640	11,303	2,052	\$26.50	\$14.90
Bridgepoint Square 1	84,692	1,975	-	\$25.50	\$15.59
Bridgepoint Square 2	92,459	-	-	\$25.50	\$15.59
Bridgepoint Square 3	78,352	12,926	16,822	\$25.50	\$15.59
Bridgepoint Square 4	109,175	11,290	4,082	\$25.50	\$15.59
Bridgepoint Square 5	76,793	5,646	3,850	\$25.50	\$15.59
Champion Office Park I & II	230,000	-	-	\$26.50	\$11.00
Four Points Centre I & II	192,396	11,610	9,192	\$24.50	\$13.78
Ladera Bend 1	56,466	-	-	\$23.00	\$14.47
Ladera Bend 2	45,766	-	-	\$23.00	\$14.71
Ladera Bend 3	55,925	20,528	-	\$23.00	\$14.08
Lakewood Center I	47,389	32,408	-	\$22.00	\$15.19
Lakewood Center II	44,611	8,654	-	\$22.00	\$15.19
Lakewood on the Park B	102,086	26,736	-	\$24.00	\$12.51
Lakewood on the Park C	78,596	1,765	-	\$23.25	\$12.47
Millennium Building	136,000	41,587	-	\$25.00	\$13.01
Park Centre Bldg. 1	89,822	28,210	-	\$21.00	\$11.41
Park Centre Bldg. 2	35,095	18,889	-	\$21.00	\$11.41
Park Centre Bldg. 3	78,270	74,478	-	\$21.00	\$11.41
Reserve at Bull Creek A	43,867	2,688	-	\$20.00	\$13.58
Reserve at Bull Creek B	43,713	-	-	\$20.00	\$13.58
Reserve at Bull Creek C	43,695	-	-	\$20.00	\$13.58
River Place Corporate Park I	76,529	-	-	\$24.50	\$15.04
River Place Corporate Park II	114,491	8,176	3,778	\$24.50	\$13.70
River Place Corporate Park III	113,465	-	-	\$24.50	\$14.82
River Place Corporate Park IV	87,639	11,405	-	\$24.50	\$15.17
River Place Corporate Park V	67,601	-	-	\$24.50	\$15.85
River Place Corporate Park VI	62,037	-	-	\$24.50	\$15.53
River Place Corporate Park VII	69,119	-	-	\$24.50	\$15.36
Shepherd Mountain Plaza	100,937	21,293	-	\$24.50	\$13.39
Stone Cliff	66,027	10,369	-	\$18.00	\$12.89

FAR NORTHWEST

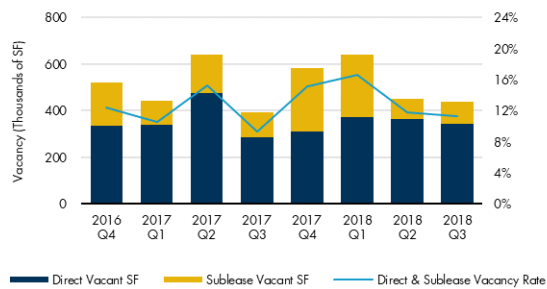
MICROMARKET PERFORMANCE

FAR NORTHWEST COMPETITIVE SET

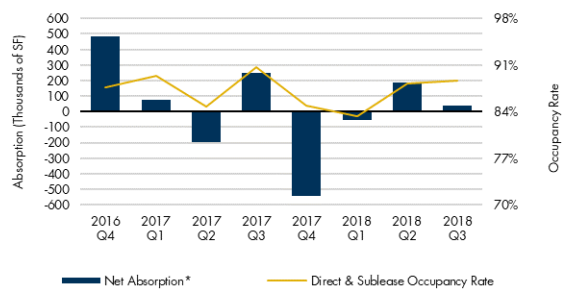
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	4,198,522	336,715	182,772	483,592	12.37%	\$34.09
2017 Q1	4,198,522	340,920	103,904	74,663	10.59%	\$34.46
2017 Q2	4,198,522	476,372	163,414	-194,962	15.24%	\$34.54
2017 Q3	4,198,522	286,486	105,262	248,038	9.33%	\$35.00
2017 Q4	3,843,774	312,451	270,274	-545,725	15.16%	\$35.35
2018 Q1	3,843,774	372,524	266,755	-56,554	16.63%	\$35.97
2018 Q2	3,843,774	365,122	87,284	186,873	11.77%	\$36.70
2018 Q3	3,869,032	342,295	96,312	39,057	11.34%	\$37.06

*Absorption includes sublease space

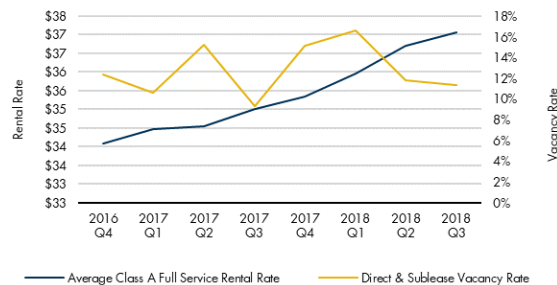
AVAILABLE SF VS. VACANCY RATE



NET ABSORPTION



VACANCY VS. RENTAL RATES



FAR NORTHWEST MICROMARKET COMPETITIVE SET BUILDINGS

Building Name	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Asking Rental Rate	Estimated OpEx
Amber Oaks A	78,164	42,862	5,237	\$22.50	\$11.65
Amber Oaks B	44,184	-	-	\$22.50	\$8.30
Amber Oaks C	44,184	-	-	\$22.50	\$8.60
Amber Oaks D	28,733	-	-	\$22.50	\$10.45
Amber Oaks E	63,111	-	-	\$22.50	\$8.03
Amber Oaks F	79,732	60,562	-	\$22.50	\$11.65
Amber Oaks G	106,455	7,811	-	\$20.50	\$11.89
Amber Oaks H	101,045	-	-	\$22.50	\$10.93
Amber Oaks I	50,313	-	-	\$22.50	\$13.03
Amber Oaks J	50,111	-	-	\$22.50	\$11.65
Aspen Lake One	205,072	-	28,257	\$26.50	\$14.50
Aspen Lake Two	129,000	-	-	\$24.50	\$10.00
Crossings at Lakeline I	114,726	-	-	\$23.00	\$13.72
Crossings at Lakeline II	118,046	28,863	-	\$23.00	\$13.03
Paloma Ridge	212,400	-	24,611	\$25.00	\$12.25
Parmer Business Park A-F	256,273	-	-	\$18.50	\$8.60
Pecan Park I	136,444	8,798	3,791	\$24.50	\$11.92
Pecan Park II	136,245	-	-	\$20.00	\$13.60
Research Park Place 7	125,701	43,245	32,062	\$24.00	\$16.00
Research Park Place 8	125,700	12,161	-	\$24.00	\$16.00
Research Park Plaza I	135,541	7,641	-	\$26.25	\$15.10
Research Park Plaza II	135,813	-	-	\$26.25	\$14.76
Research Park Plaza III	173,530	-	-	\$24.00	\$15.90
Research Park Plaza IV	184,114	-	-	\$26.00	\$15.90
Research Park Plaza V	172,854	4,754	-	\$24.00	\$15.65
Riata Corporate Park Bldg. 2	63,372	6,881	-	\$24.50	\$14.78
Riata Corporate Park Bldg. 3	63,920	-	-	\$24.50	\$14.78
Riata Corporate Park Bldg. 4	93,737	-	-	\$24.50	\$14.78
Riata Corporate Park Bldg. 5	93,828	6,215	-	\$24.50	\$14.78
Riata Corporate Park Bldg. 6	93,834	-	-	\$24.50	\$14.78
Riata Corporate Park Bldg. 7	92,719	-	-	\$24.50	\$14.78
Riata Corporate Park Bldg. 8	93,717	93,717	-	\$24.50	\$14.78
Riata Corporate Park Bldg. 9	92,972	-	-	\$24.50	\$14.78
Tower of the Hills/Tower Point	173,442	18,785	2,354	\$24.50	\$13.49
Riata Crossing Bldg. 1	81,775	0	0	N/A	N/A
Riata Crossing Bldg. 2	114,906	0	0	N/A	N/A
Riata Crossing Bldg. 3	81,229	0	0	N/A	N/A
Riata Crossing Bldg. 4	79,465	0	0	N/A	N/A
Tower of the Hills/Tower Point	173,442	39,932	2,354	\$23.00	\$13.49

NEAR SOUTHWEST

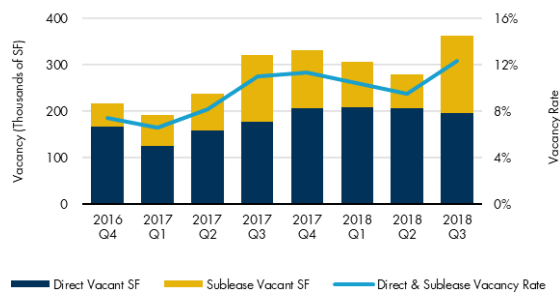
MICROMARKET PERFORMANCE

NEAR SOUTHWEST COMPETITIVE SET

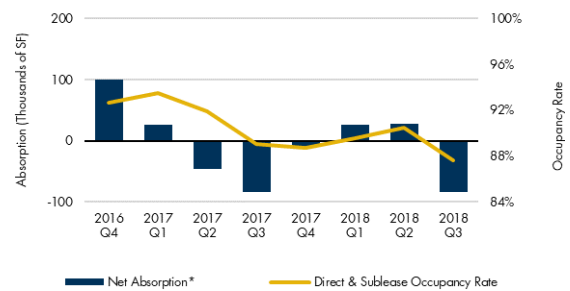
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	2,926,017	166,865	49,953	99,521	7.41%	\$42.16
2017 Q1	2,926,017	124,580	66,528	25,710	6.53%	\$42.30
2017 Q2	2,926,017	157,691	80,103	-46,686	8.13%	\$42.52
2017 Q3	2,926,017	177,652	143,235	-83,093	10.97%	\$42.76
2017 Q4	2,926,017	205,348	125,304	-9,765	11.30%	\$43.43
2018 Q1	2,926,017	207,210	98,011	25,431	10.43%	\$44.73
2018 Q2	2,926,017	206,396	71,980	26,845	9.51%	\$45.14
2018 Q3	2,926,017	195,685	166,027	-83,336	12.36%	\$45.88

*Absorption includes sublease space

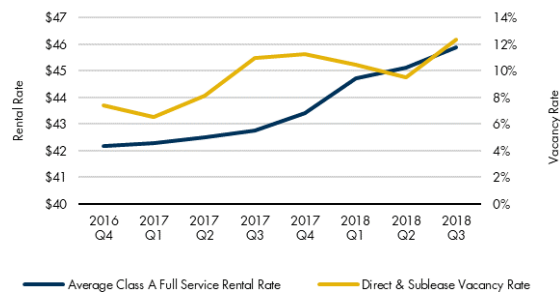
AVAILABLE SF VS. VACANCY RATE



NET ABSORPTION



VACANCY VS. RENTAL RATES



NEAR SOUTHWEST MICROMARKET COMPETITIVE SET BUILDINGS

Building Name	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Asking Rental Rate	Estimated OpEx
Barton Creek Plaza I	72,974	3,930	1,981	\$25.50	\$14.64
Barton Creek Plaza II	64,718	-	-	\$27.00	\$14.42
Barton Creek Plaza III	64,842	9,202	-	\$27.00	\$14.84
Barton Oaks Plaza I	99,404	2,840	-	\$34.00	\$16.18
Barton Oaks Plaza II	116,448	3,833	16,223	\$32.00	\$16.11
Barton Oaks Plaza III	121,467	1,920	25,384	\$32.00	\$15.21
Barton Oaks Plaza IV	112,000	2,798	12,859	\$29.00	\$16.13
Barton Oaks Plaza V	119,549	-	6,817	\$29.00	\$15.32
Barton Skyway I	195,324	-	-	\$31.00	\$15.75
Barton Skyway II	195,639	45,777	26,429	\$31.00	\$15.39
Barton Skyway III	173,302	-	-	\$31.00	\$15.33
Barton Skyway IV	222,580	-	-	\$31.00	\$14.73
Centre I	39,903	5,587	-	\$22.00	\$13.00
Centre II	54,610	-	-	\$22.00	\$13.38
Mira Vista	121,147	23,432	-	\$30.00	\$15.49
Overlook at Gaines Ranch	50,725	-	-	\$28.00	\$16.32
Rollingwood Center I & II	214,587	-	6,891	\$32.00	\$12.00
Spyglass Point	58,576	-	-	\$25.00	\$14.94
The Park on Barton Creek 1	102,608	3,258	21,266	\$28.50	\$14.94
The Park on Barton Creek 2	102,587	-	-	\$28.50	\$14.99
The Terrace 1	115,460	39,998	28,484	\$31.00	\$16.79
The Terrace 2	114,635	53,110	4,320	\$31.00	\$16.88
The Terrace 6	196,717	-	15,373	\$33.50	\$17.53
The Terrace 7	196,215	-	-	\$33.50	\$17.43

FAR SOUTHWEST

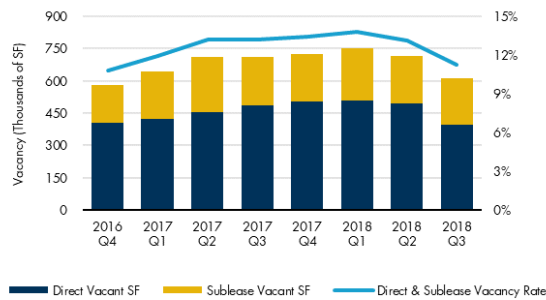
MICROMARKET PERFORMANCE

FAR SOUTHWEST COMPETITIVE SET

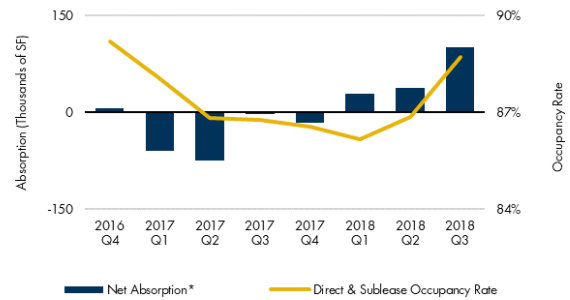
Quarter	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	5,392,505	405,384	176,820	6,278	10.80%	\$37.93
2017 Q1	5,395,100	421,765	221,736	-58,702	11.93%	\$37.99
2017 Q2	5,386,567	455,142	254,252	-74,426	13.17%	\$38.37
2017 Q3	5,386,567	486,567	225,638	-2,811	13.22%	\$38.02
2017 Q4	5,381,580	504,110	218,679	-15,571	13.43%	\$38.76
2018 Q1	5,440,086	509,476	243,372	28,447	13.84%	\$39.40
2018 Q2	5,440,086	496,410	219,063	37,375	13.15%	\$39.09
2018 Q3	5,440,086	397,737	216,022	101,714	11.28%	\$39.70

*Absorption includes sublease space

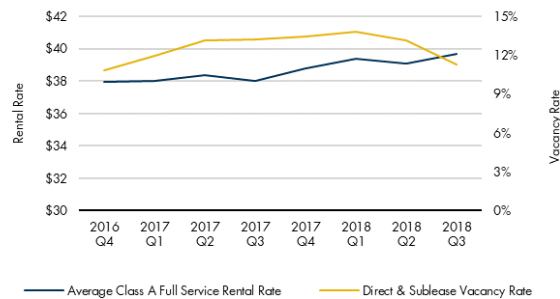
AVAILABLE SF VS. VACANCY RATE



NET ABSORPTION



VACANCY VS. RENTAL RATES



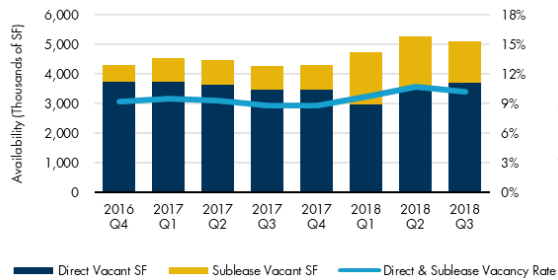
FAR SOUTHWEST MICROMARKET COMPETITIVE SET BUILDINGS

Building Name	Net Rentable Area	Direct Vacant SF	Sublease Available SF	Asking Rental Rate	Estimated OpEx
3600 San Clemente Bldg. B	90,267	15,378	12,242	\$28.00	\$16.69
3700 San Clemente	249,870	-	23,180	\$30.00	\$14.37
3900 San Clemente	251,146	-	-	\$29.00	\$15.15
5000 Plaza on the Lake	118,063	4,189	-	\$28.00	\$17.10
7000 West at Lantana 1 & 2	136,075	-	-	\$24.00	\$12.18
Canyon at Wild Basin	74,580	11,134	-	\$24.00	\$13.30
Capital Ridge	216,511	-	-	\$35.00	\$10.56
Cielo Center	270,711	39,831	13,972	\$23.50	\$14.35
CityView 1	48,798	3,515	-	\$23.50	\$13.44
CityView 2	46,432	3,632	-	\$23.50	\$13.44
CityView 3	48,243	4,395	-	\$23.50	\$13.44
CityView Center	129,230	-	24,693	\$24.50	\$13.16
Crystal Mountain 1, 2 & 3	61,762	5,247	-	\$19.00	\$9.50
Dimensional Place I	220,000	-	-	\$24.00	\$12.18
Dimensional Place II	156,000	-	-	\$24.00	\$12.18
Encino Trace I	161,606	-	-	\$25.50	\$15.09
Encino Trace II	158,137	5,944	-	\$25.50	\$15.22
Escalade Bldg. A	58,344	2,916	-	\$23.50	\$12.24
Escalade Bldg. B	57,142	-	-	\$23.50	\$12.24
Lake Pointe II	42,933	6,876	-	\$21.00	\$9.00
Las Cimas I	85,000	3,026	-	\$22.50	\$15.98
Las Cimas II	156,330	-	18,983	\$28.00	\$14.94
Las Cimas III	157,748	15,388	9,067	\$28.00	\$15.25
Las Cimas IV	138,008	-	-	\$29.00	\$15.69
Lost Creek Point	73,026	24,811	-	\$18.00	\$12.61
Parkway at Oak Hill I & II	145,475	-	6,905	\$24.50	\$14.16
Plaza 290	63,163	1,946	-	\$20.50	\$14.21
Plaza on the Lake I	122,530	8,315	5,682	\$28.50	\$16.40
Plaza on the Lake II	111,166	-	-	\$28.50	\$16.40
Rialto I	79,547	3,930	-	\$24.50	\$13.68
Rialto II	75,475	24,806	-	\$24.50	\$13.68
The Enclave Bldgs. 1-4	44,704	5,500	-	\$20.00	\$9.27
The Summit at Lantana Bldgs. 1-5	865,832	25,938	75,310	\$26.25	\$15.02
Travis Oaks	123,434	37,660	-	\$25.50	\$13.29
Uplands Corporate Center I	164,700	73,769	23,956	\$26.00	\$13.60
Vista Ridge I	67,933	1,252	-	\$19.00	\$12.71
Walsh Tarlton Overlook	55,640	8,067	-	\$30.00	\$14.00
Westlake Place	61,184	4,677	2,032	\$22.50	\$14.30
Wild Basin Atrium Bldgs. A & B	118,217	10,781	-	\$18.00	\$12.83
Wild Basin I	60,498	19,137	-	\$21.00	\$12.22
Wild Basin II	74,626	25,677	-	\$21.00	\$11.17

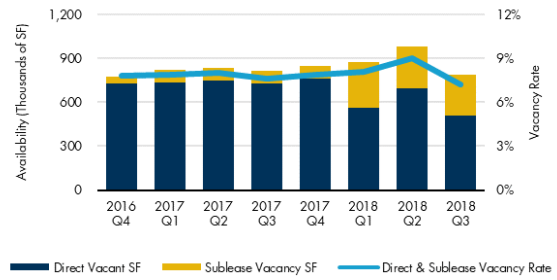
LONG TERM PERFORMANCE OF SUBMARKETS

Numbers based on CBRE statistics.

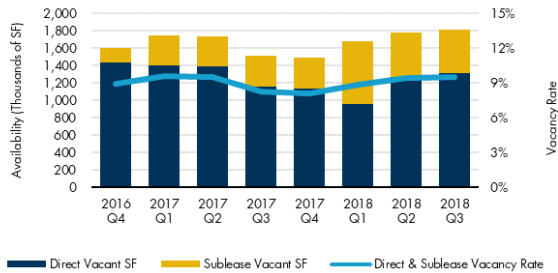
CITYWIDE VACANT SF VS. VACANCY RATE



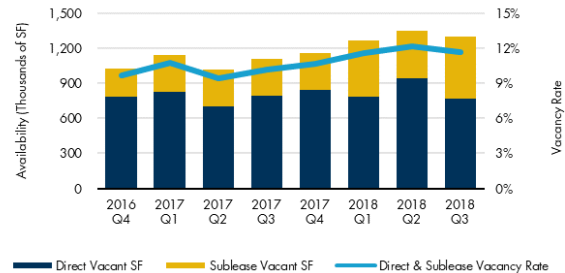
CBD VACANT SF VS. VACANCY RATE



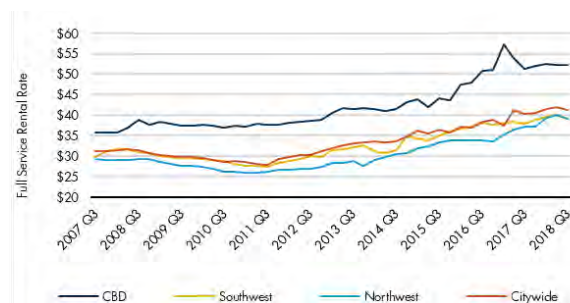
NORTHWEST VACANT SF VS. VACANCY RATE



SOUTHWEST VACANT SF VS. VACANCY RATE

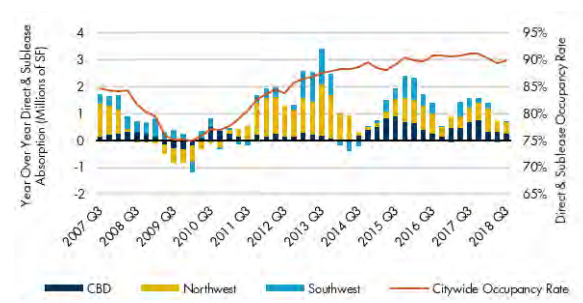


CITYWIDE AVERAGE CLASS A ASKING RATES



ABSORPTION & OCCUPANCY RATE

*Absorption includes sublease space.

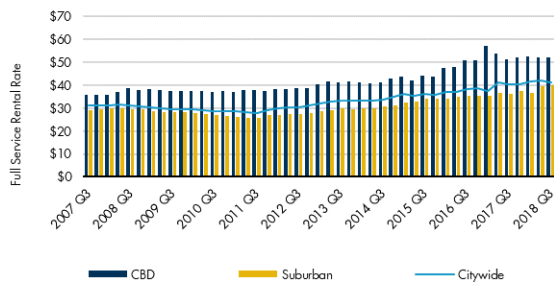


LONG TERM PERFORMANCE

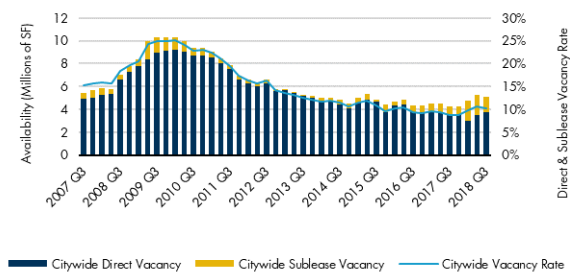
CBD VS. SUBURBAN

Numbers based on CBRE statistics.

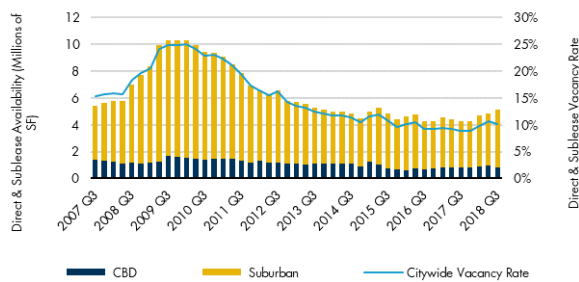
AVERAGE CLASS A ASKING RATES



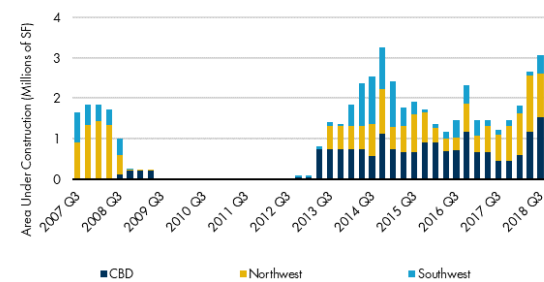
VACANT SF VS. VACANCY RATE



DIRECT & SUBLEASE AVAILABILITY



SF UNDER CONSTRUCTION



CBD

OVERALL PERFORMANCE

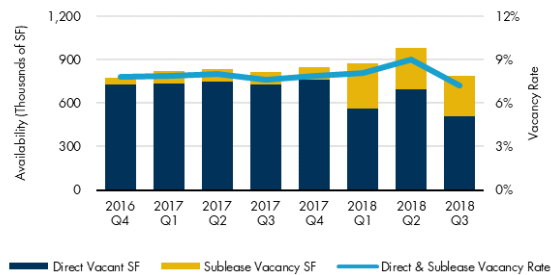
CBD SUBMARKET

Quarter	Net Rentable Area	Direct Vacant SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	9,946,701	727,763	-106,896	7.80%	\$51.06
2017 Q1	10,447,213	733,975	-16,337	7.90%	\$57.24
2017 Q2	10,481,705	747,181	92,240	8.00%	\$53.91
2017 Q3	10,769,214	727,105	328,589	7.60%	\$51.26
2017 Q4	10,776,719	760,006	149,303	7.90%	\$52.05
2018 Q1	10,827,027	561,308	24,271	8.10%	\$52.59
2018 Q2	10,929,693	693,052	70,059	9.00%	\$52.32
2018 Q3	10,996,720	509,018	302,381	7.20%	\$52.23

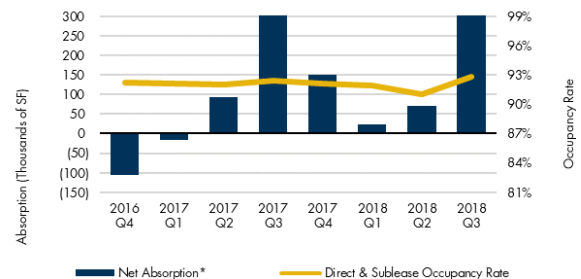
*Absorption includes sublease space

Numbers based on CBRE statistics.

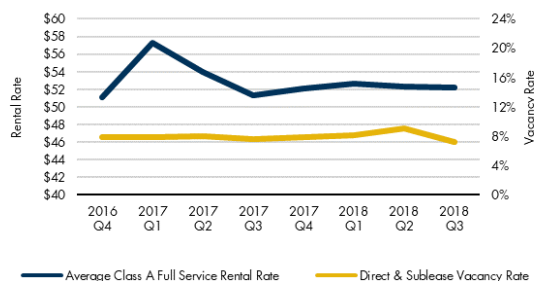
AVAILABLE SF VS. VACANCY RATE



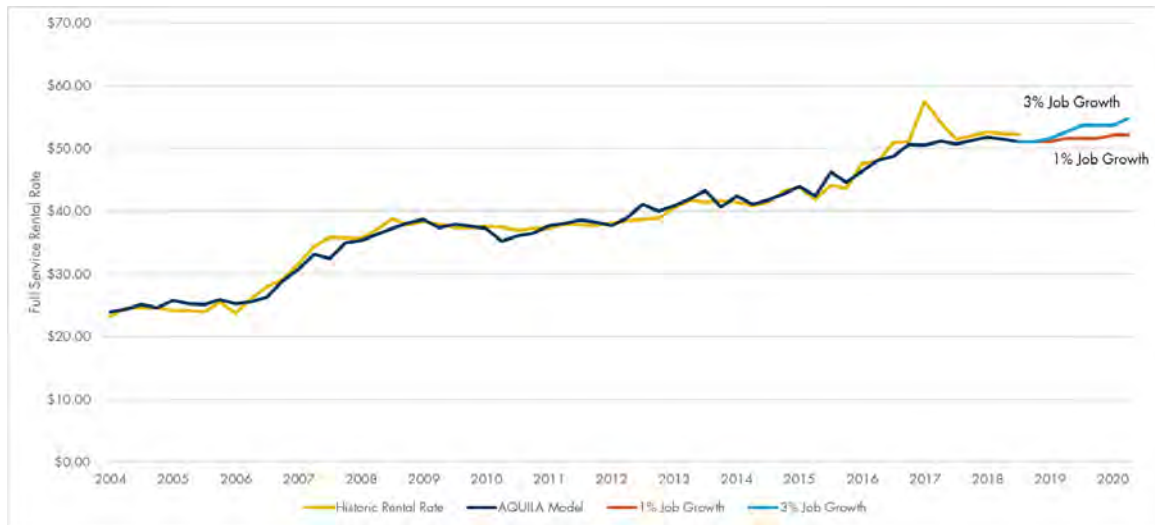
NET ABSORPTION



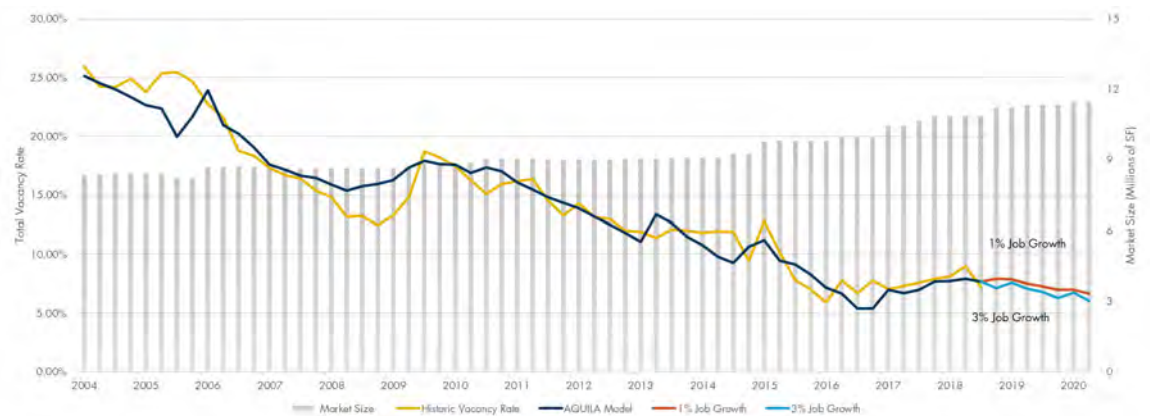
VACANCY RATES VS. RENTAL RATES



AUSTIN CBD OFFICE RENTAL RATE PROJECTIONS



AUSTIN CBD OFFICE VACANCY RATE PROJECTIONS



NORTHWEST

OVERALL PERFORMANCE

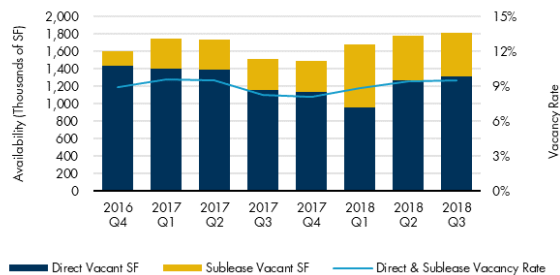
NORTHWEST OVERALL SUBMARKET PERFORMANCE

Quarter	Net Rentable Area	Direct Vacant SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	17,912,626	1,429,468	10,335	8.94%	\$33.67
2017 Q1	18,203,581	1,393,054	47,965	9.58%	\$35.30
2017 Q2	18,364,246	1,384,126	197,186	9.45%	\$36.54
2017 Q3	18,362,537	1,156,408	299,107	8.21%	\$37.09
2017 Q4	18,442,605	1,137,062	122,846	8.07%	\$37.16
2018 Q1	18,973,516	958,873	1,051	8.81%	\$39.31
2018 Q2	18,843,292	1,270,432	-22,497	9.41%	\$39.95
2018 Q3	19,081,479	1,310,352	7,809	9.48%	\$39.11

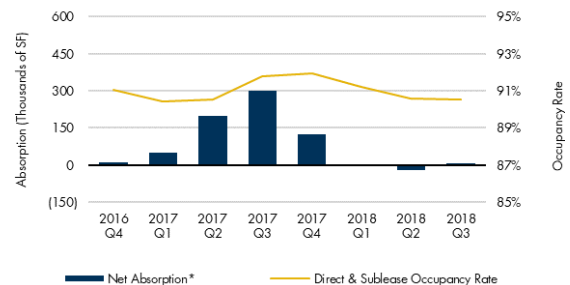
*Absorption includes sublease space

Numbers based on CBRE statistics.

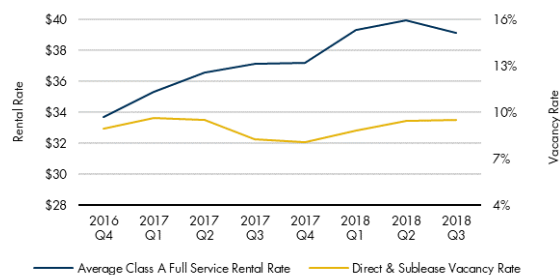
AVAILABLE SF VS. VACANCY RATE



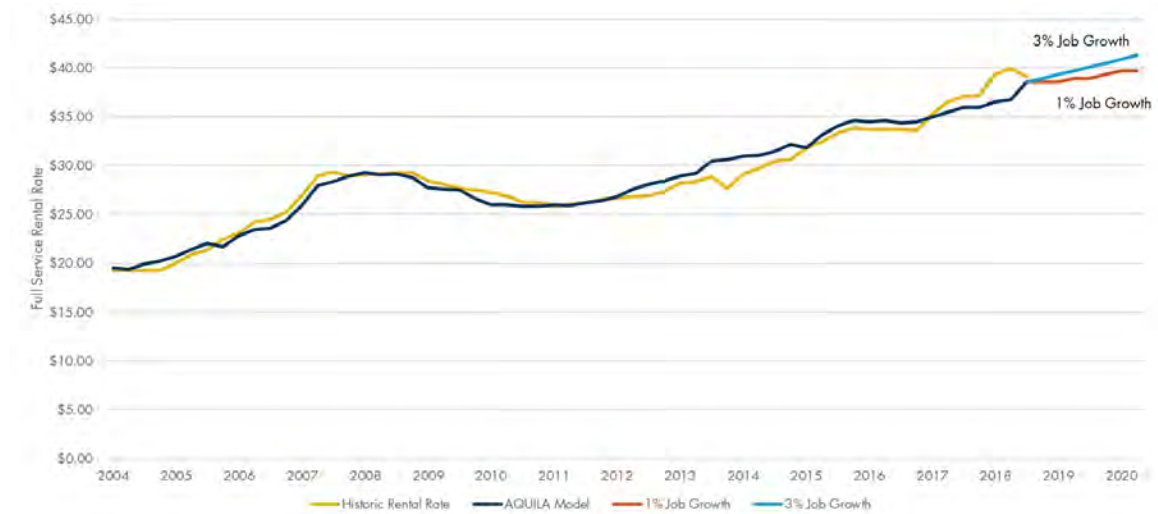
NET ABSORPTION



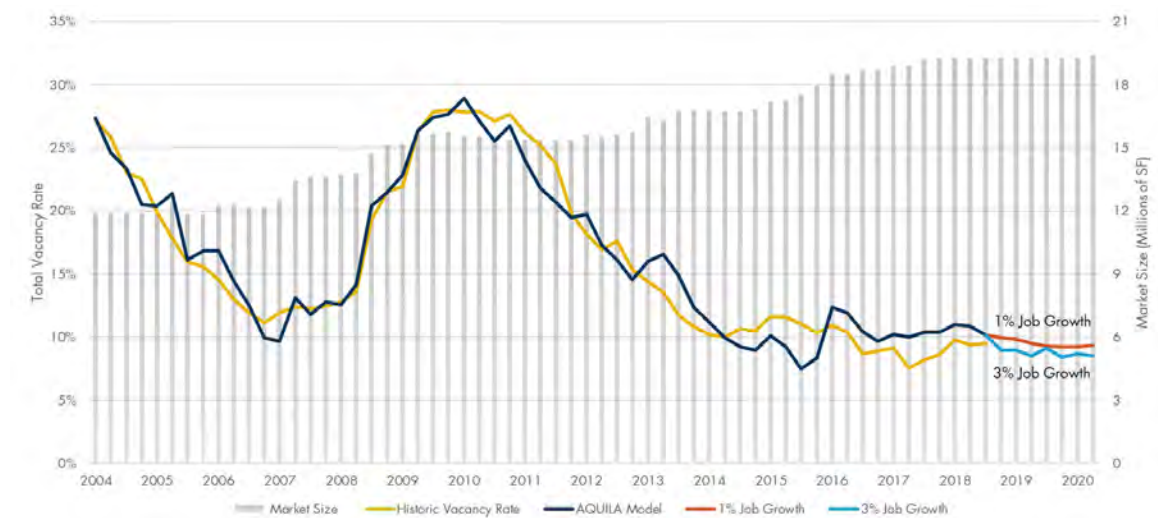
VACANCY RATES VS. RENTAL RATES



NORTHWEST SUBMARKET OFFICE RENTAL RATE PROJECTIONS



NORTHWEST SUBMARKET OFFICE VACANCY RATE PROJECTIONS



SOUTHWEST

OVERALL PERFORMANCE

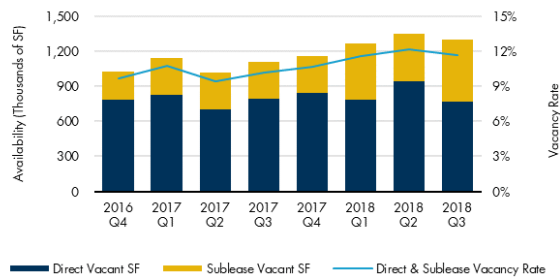
SOUTHWEST OVERALL SUBMARKET PERFORMANCE

Quarter	Net Rentable Area	Direct Vacant SF	Net Absorption*	Direct & Sublease Vacancy Rate	Average Class A Full Service Rental Rate
2016 Q4	10,539,771	784,066	68,801	9.70%	\$37.75
2017 Q1	10,585,108	828,230	4,171	10.80%	\$38.12
2017 Q2	10,834,072	703,441	233,590	9.40%	\$38.26
2017 Q3	10,860,592	792,818	-38,325	10.20%	\$37.85
2017 Q4	10,853,834	846,398	-43,993	10.70%	\$38.77
2018 Q1	10,950,597	786,565	-21,386	11.60%	\$39.59
2018 Q2	11,086,097	940,238	64,631	12.20%	\$40.04
2018 Q3	11,102,764	768,639	85,437	11.70%	\$39.02

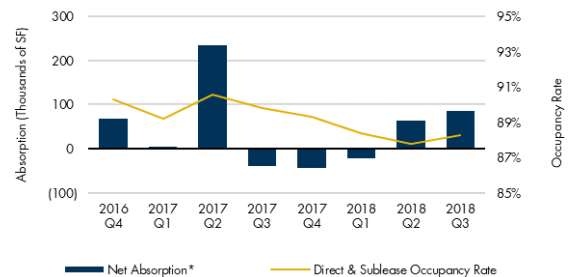
*Absorption includes sublease space

Numbers based on CBRE statistics.

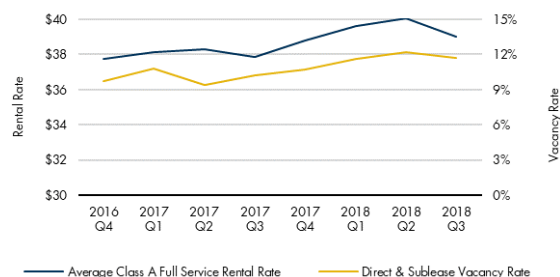
AVAILABLE SF VS. VACANCY RATE



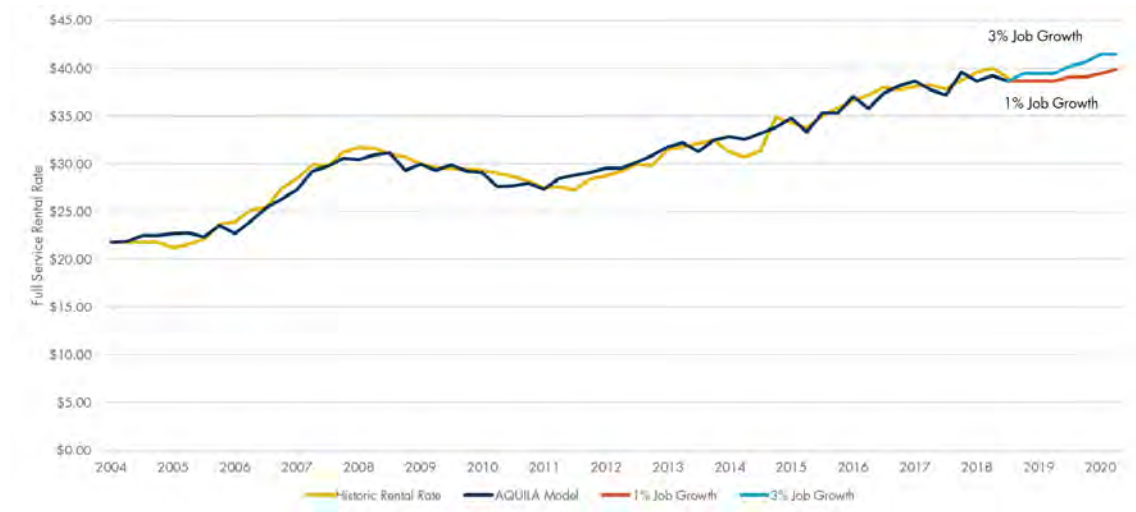
NET ABSORPTION



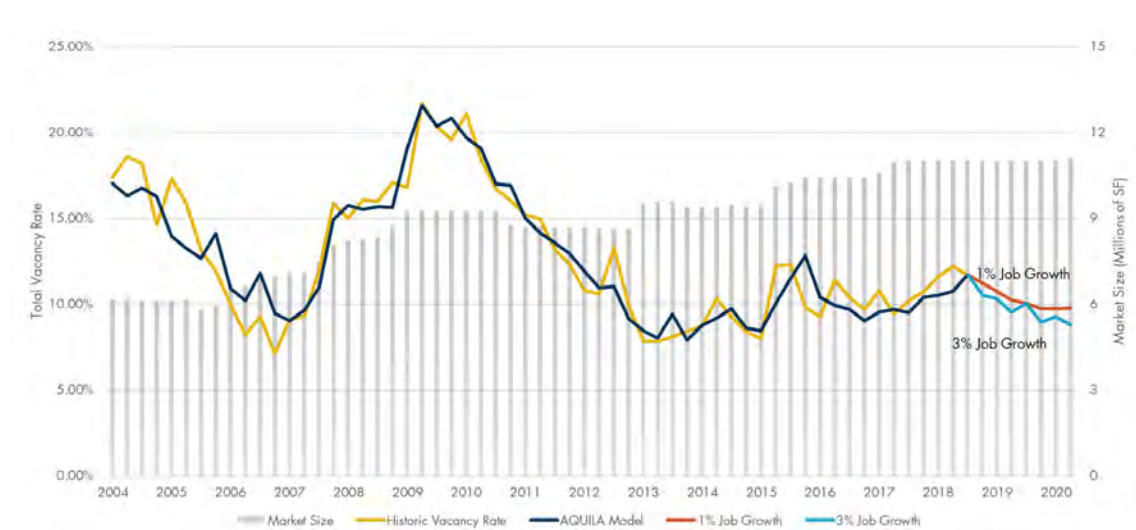
VACANCY RATES VS. RENTAL RATES



SOUTHWEST SUBMARKET OFFICE RENTAL RATE PROJECTIONS



SOUTHWEST SUBMARKET OFFICE VACANCY RATE PROJECTIONS



THE AQUILA METHODOLOGY

DEFINITIONS

CBD Competitive Set Buildings:

Class A buildings located in, or near, the core of downtown.

Suburban Competitive Set Buildings:

Newer suburban office buildings that typically have structured parking and amenities such as conference rooms, workout facilities and/or delis.

Direct Vacant SF:

Space that is currently vacant and immediately available to lease.

Sublease Available SF:

Space that is currently available to sublease.

Direct & Sublease Vacancy Rate:

$(\text{Direct Vacant SF} + \text{Sublease Available SF}) / (\text{Net Rentable Area})$

Absorption:

$(\text{NRA}_2 - \text{Direct Vacant SF}_2 - \text{Sublease Available SF}_2) - (\text{NRA}_1 - \text{Direct Vacant SF}_1 - \text{Sublease Available SF}_1)$

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