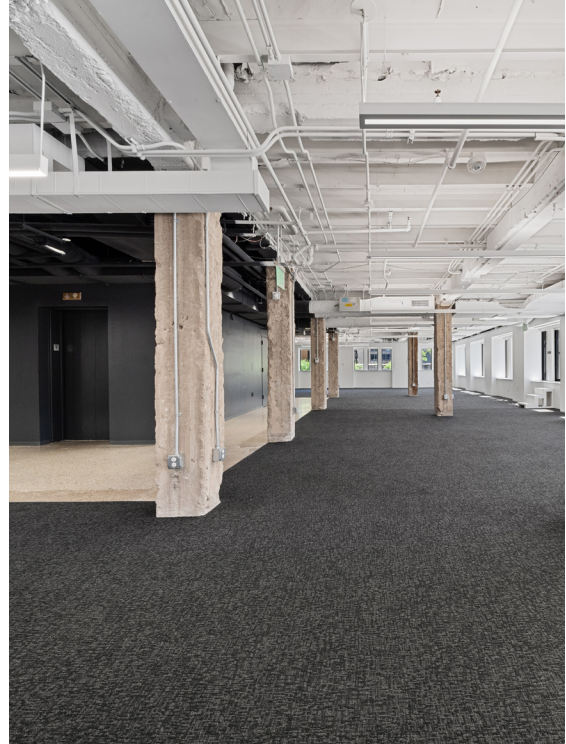


Planning for Growth: The Importance of Spec Suites in Austin's Commercial Real Estate Market

As Austin's commercial real estate market continues to expand, the demand for spec suites has surged. These pre-built, move-in-ready office spaces offer tenants and brokers the flexibility and speed needed in an unpredictable market. Drew Hanish, Founder and CEO of Pravo Construction, has observed this shift firsthand and shared his insights on the current trends shaping spec suite construction in Austin.

Over the past couple of years, the Austin market has seen a significant increase in the demand for spec suites. According to Drew Hanish, this trend is driven by two key factors: "For new buildings, the ROI (Return on Investment) has changed," he explains. "The uncertainty in the market has also prompted many companies to seek shorter lease terms and move-in-ready spaces that spec suites offer, allowing them to quickly set up operations without the long lead times associated with custom build-outs."

This shift is particularly relevant as businesses increasingly prioritize velocity in their operations and buildings. The ability to move into a fully equipped space without the delays of a custom build-out is a critical advantage in a competitive and lopsided market like Austin.



BALANCING CUSTOMIZATION WITH MARKET NEEDS AND BUDGET CONSTRAINTS

Tenant customization needs are playing a significant role in the design and construction of spec suites. As Hanish notes, "By incorporating flexible design elements, we can create spaces that appeal to a broad range of tenants, increasing the likelihood of leasing the space quickly." This approach not only makes the space more attractive to potential tenants but also allows for personalized touches that can set a suite apart.

For example, Pravo Construction with their design and broker partners often incorporate "tenant leave outs" — elements intentionally left unfinished so future tenants can add their branding or make minor modifications to



suit their needs. This could be anything from a reception desk accent wall to a section of a wall that can easily be converted into offices, conference rooms, or breakout spaces.

In addition to design flexibility, cost efficiency is another critical aspect of spec suite construction. "Balancing budget constraints with the need to attract tenants requires a strategic approach," says Hanish. Pravo Construction focuses on using durable, cost-effective materials that offer a high-end look without breaking the bank. In addition, getting with the construction team early and locking in costs can avoid changes in material or timeline associated costs. By staying attuned to market conditions, Pravo Construction can adjust its build-out strategies to deliver a product that meets tenant expectations while remaining within budget.

This trend is a double-edged sword. While it increases demand for spec suites, it also puts pressure on developers and building owners to deliver high-quality spaces that meet modern tenants' needs—spaces that emphasize collaboration, natural light, and wellness-oriented design features. As Austin continues to grow, so does the importance of strategic planning in the construction of spec suites. Developers must navigate a complex landscape of economic trends, tenant demands, and competitive pressures.



Spec suites offer a unique opportunity for owners to quickly establish themselves in a thriving market without the lengthy timelines associated with traditional office build-outs. As Hanish emphasizes, "Planning for growth in spec suite construction is not just about meeting current demand—it's about anticipating future needs and being ready to deliver spaces that are as adaptable as they are attractive."