

SAN ANTONIO OFFICE MONTHLY MARKET SNAPSHOT | MAY 2022

Post-pandemic leasing activity up 13% in San Antonio office market.

MARKET HIGHLIGHTS

AN ANALYSIS OF ACTIVITY DURING THE FIRST FOUR MONTHS OF THE YEAR—APRIL 2022 COMPARED TO APRIL 2021.

SAN ANTONIO OFFICE VACANCY AT 12.1%

Four months into 2022, overall vacancy is at 12.1%, up 130 basis points from this time last year at 10.8%. Availability is at 15.1%, up 60 basis points from April 2021 at 14.7%. The difference between this figure and the vacancy rate reflects expected future move-outs. The San Antonio office market has recorded 876,000 sq. ft. of leasing activity, comprised of new leases and renewals, while net absorption (move-ins minus move-outs) is at negative 935,000 sq. ft., down from negative 112,000 sq. ft. year-over-year.

LEASING ACTIVITY UP YEAR-OVER-YEAR

Even with the increase in vacancy, leasing activity was up 13% year-over-year. The largest transaction year-to-date was 88,520 sq. ft. leased at One International Centre in the North Central submarket. USAA announced plans to have fewer employees located at its One RiverWalk and 300 Convent sites. Executives with economic and community development for Bexar County attributed the decision to unexpected conditions i.e., a pandemic that has lasted more than two years, that no one could have expected when the deal was reached in 2017.

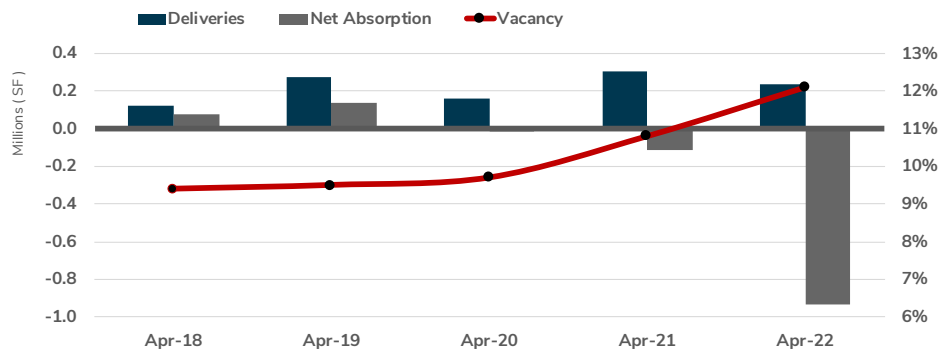
FROST TOWER

Frost Tower is the largest office tower completed in downtown San Antonio in more than 30 years. At the end of 2021, the building went up for sale, only to be taken off the market in Q2 2022. The building's owner, Weston Urban, has decided to keep the 24-story, 462,054-sq.-ft. tower for now. Local experts don't believe taking Frost Bank off the market will negatively affect the overall San Antonio office market. Even with signs of cautious optimism—the outlook is uncertain. It's unclear whether the recent desire to work from home will reduce demand for office space or if companies may lease similar square footage as before the pandemic with a hybrid workplace schedule.

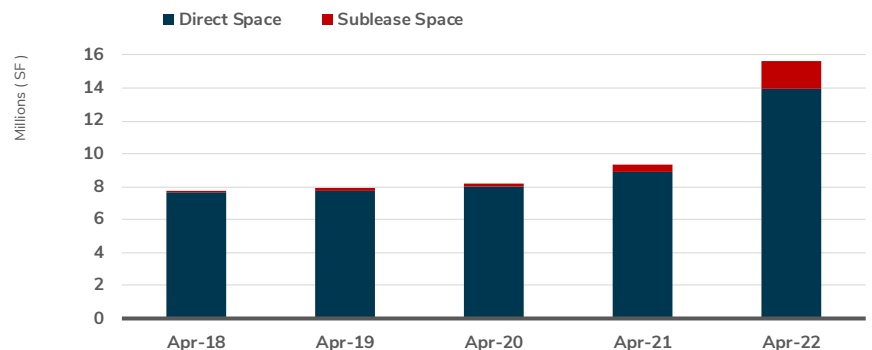
MARKET ACTIVITY

	APRIL 2022	vs	APRIL 2021
Vacancy	12.1%	▲	10.8%
Availability	15.3%	▲	14.7%
Under Construction SF	1,332,488	▲	1,184,303
Gross Average Asking Rent	\$24.62	▲	\$23.94
Net Absorption SF YTD	(934,852)	▼	(112,210)
Leasing Activity SF YTD	876,262	▲	775,156
Deliveries SF YTD	234,654	▼	305,551

SUPPLY & DEMAND | APRIL - YEAR OVER YEAR



VACANCY | APRIL - YEAR OVER YEAR



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