

# SAN ANTONIO RETAIL | Q2 2022

## QUARTERLY MARKET REPORT

San Antonio's retail market remains as resilient and relentless as the summer heat as vacancies continue to tighten and economy trends positive.

### JULY 2022

#### EXECUTIVE SUMMARY

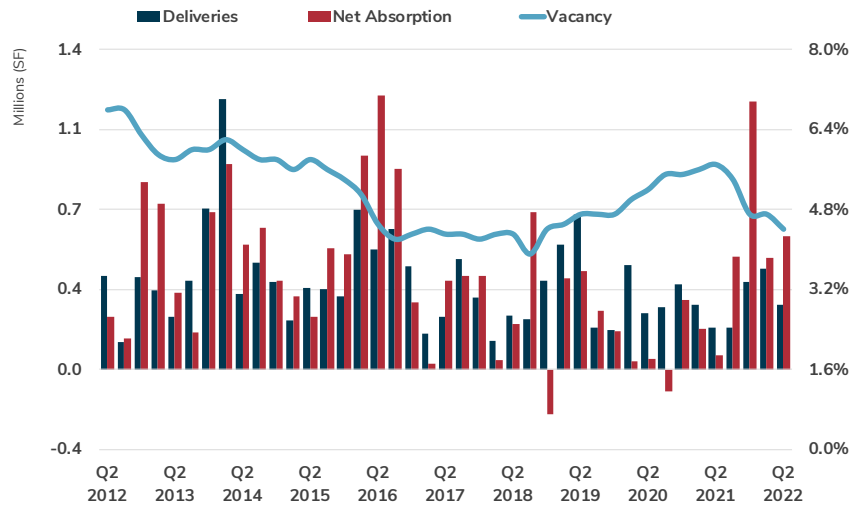
##### CONSISTENT RETAIL DEMAND

As the first half of 2022 came to a close, the San Antonio retail market showed continued improvement. Namely, net absorption—the measure of total square feet occupied in existing buildings (indicated as a move-in) less the total space vacated (shown as a move-out) over a given period—increased in the second quarter by almost ten-fold to nearly 600,000 sq. ft., compared to Q2 2021 at 66,000 sq. ft. San Antonio's retail market has remained resilient, despite the coronavirus pandemic. Vacancies continue to tighten at 4.4%, and net absorption has stayed positive for four consecutive quarters. With 746,000 sq. ft. delivered so far in 2022, 947,000 sq. ft. under construction, and another 2.2 million sq. ft. of proposed projects announced through 2023, the demand for retail real estate may continue to outpace supply.

##### SAN ANTONIO ECONOMY REMAINS POSITIVE

The San Antonio unemployment rate increased in May to 4.0%. The metro's unemployment rate is above the U.S. jobless figure of 3.6% but below the state rate of 4.2%. San Antonio payrolls expanded an annualized 2.1% (5,800 jobs) over the three months ending in May. Among the major sectors, mining led growth with an increase of 11.3% (162 jobs). It was followed by manufacturing, up 10.6% (1,340 jobs), and financial activities, up 7.6% (1,745 jobs). Sectors that posted declines were construction (-6.8%, or 1,035 jobs), trade, transportation, and utilities (-1.0%, or 499 jobs), and professional and business services (-0.7%, or 255 jobs). With the increase in May employment, San Antonio has gained approximately 148,700 jobs since the lowest point of the pandemic in April 2020 and surpassed pre-pandemic employment.

#### SUPPLY & DEMAND



#### MARKET INDICATORS

	CURRENT Q2 2022	PRIOR QUARTER Q1 2022	PRIOR YEAR Q2 2021
Vacancy (%)	4.4	4.7 ↓	5.7 ↓
Net Absorption (SF)	598,575	499,537 ↑	65,911 ↑
Leasing Activity (SF)	601,855	830,913 ↓	929,119 ↓
Deliveries (SF)	292,989	452,573 ↓	186,607 ↑
Construction (SF)	947,387	918,403 ↑	1,210,684 ↓
Inventory (SF)	117,279,311	116,986,322 ↑	115,954,141 ↑
Avg Asking NNN Rent (\$)	17.29	16.42 ↑	16.31 ↑

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## DEMAND CONTINUES TO OUTPACE SUPPLY

The San Antonio retail market realized net absorption of almost 600,000 sq. ft. in Q2 2022, the fourth consecutive quarter that demand (net absorption) outpaced supply. Prior to Q3 2021, supply had surpassed net absorption since Q4 2019, or seven straight quarters. So far, in 2022, a total of 746,000 sq. ft. was delivered to the market, with 83% of that space spoken for. Of the 763,000 sq. ft. still in the pipeline, about 30% of space is available. Some of the significant transactions that took place in Q2 were H-E-B's renewal of its lease for 98,954 sq. ft. at 5601 Bandera Road; Floor & Décor leasing 91,031 sq. ft. at 4200 IKEA RBFCU Freeway; Valor Healthcare subleasing 41,117 sq. ft. at 3418 E. Southcross Blvd., and Ollie's Bargain Outlet moving into 35,000 sq. ft. at 7014 FM 78.

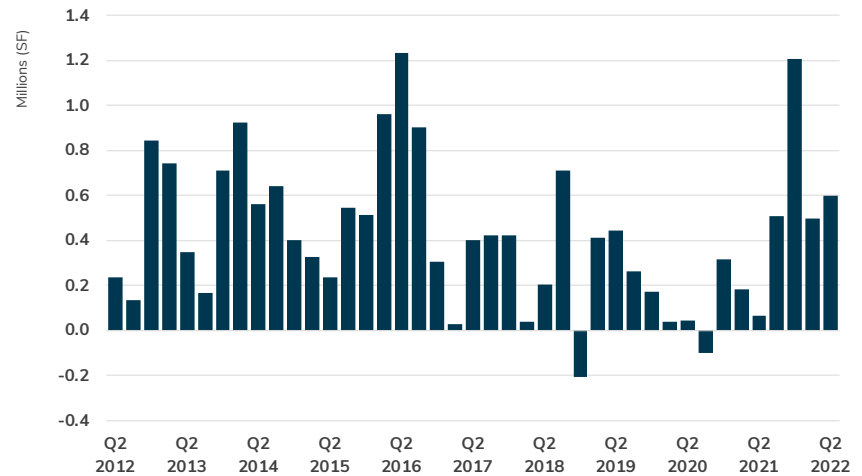
## INVESTMENT SALES TRENDS

Real Capital Analytics data reports that the cumulative monthly sales volume in the greater San Antonio area is at \$200.7 million as of June 30, 2022, down about 30% compared to last year at \$287.3 million. The primary capital composition for buyers in 2022 is made up of 87% private investors and 11% institutional. For sellers, the majority were 92% private investors and 8% REIT/listed. A recent noteworthy transaction included PBC Interests acquiring the 126,000-sq.-ft. Seguin Crossroads Shopping Center positioned along the State Highway 123 bypass. The property was nearly 70% unoccupied when PBC Interests entered the deal. Seguin's retail trade area includes a population of more than 120,000 people. The city is a retail hub for portions of Guadalupe, Gonzales, and Wilson Counties, and it's one of the only major retail stops between San Antonio and Houston along Interstate 10.

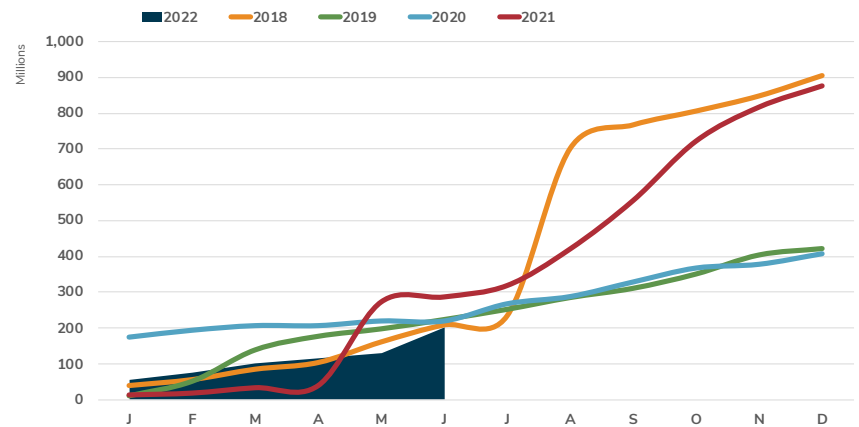
## 2022 CONTINUES TO SEE AN INCREASE IN HOME PRICES FOR SAN ANTONIO

According to the San Antonio Board of Realtors, although there was a slight decrease in sales, the San Antonio area continued to see an increase in median and average home prices. In June, there was an 18% increase in average home prices and a 20% increase in median prices compared to a year ago. The area also saw a 14% increase in price per square foot. 100.9% of homes sold for the list price and stayed on the market for an average of 29 days. The San Antonio area saw a 9% decrease in home sales compared to this time last year. At the end of June, there were 5,399 new listings, 7,721 active listings, and 3,036 pending sales.

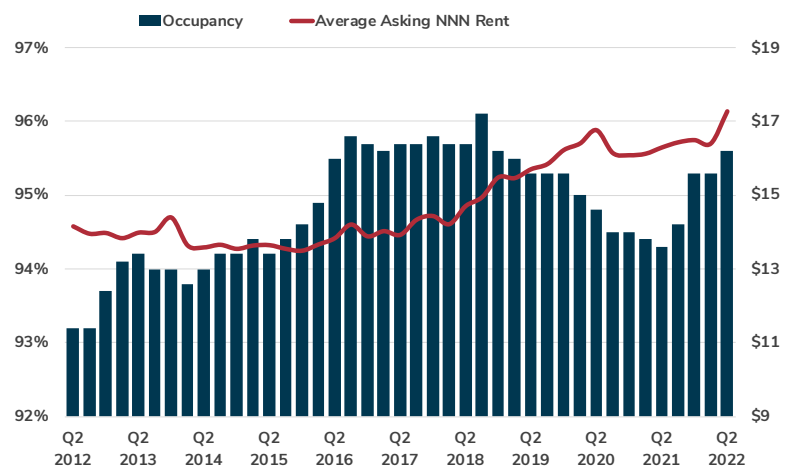
## NET ABSORPTION



## CUMULATIVE MONTHLY SALES VOLUME



## OCCUPANCY & AVERAGE ASKING RENT

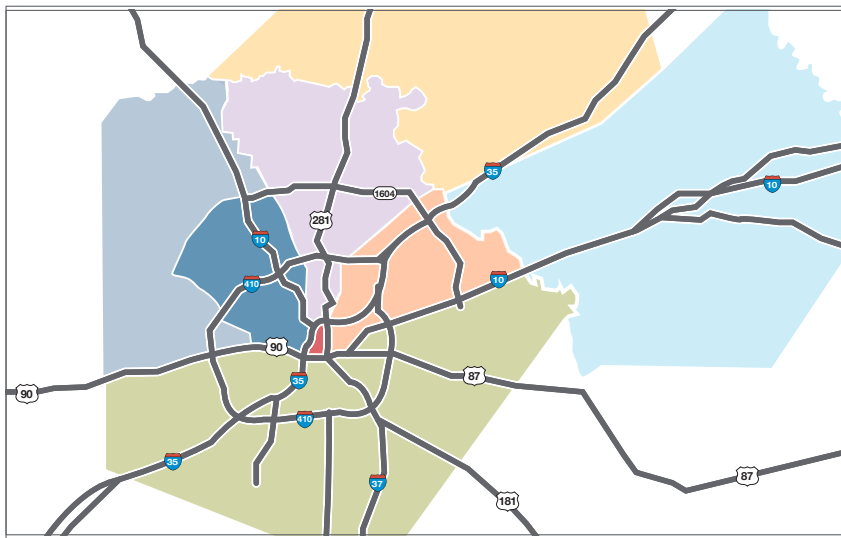


# MARKET OVERVIEW

## SUBMARKET STATS

Submarket	Net Rentable Area (SF)	Vacancy (%)	Q2 2022 Total Net Absorption (SF)	YTD Total Net Absorption (SF)	Q2 2022 Leasing Activity (SF)	Q2 2022 Deliveries (SF)	YTD Deliveries (SF)	Under Construction (SF)	Total Avg Asking Rent NNN (\$/PSF)
San Antonio Total	117,279,311	4.4	598,575	1,098,112	601,855	292,989	745,562	947,387	17.29

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CBD	4,613,920	3.9	-6,075	-14,783	2,007	7,516	7,516	22,920	23.16
Comal Co.	8,040,512	2.1	-3,305	-9,344	57,234	0	18,960	220,639	23.48
Guadalupe Co.	5,361,872	5.2	22,166	208,962	34,357	0	166,242	202,759	21.59
North Central	25,944,163	5.6	129,260	305,145	163,604	23,428	88,815	44,920	20.27
Northeast	15,863,026	4.8	-8,370	75,012	131,546	13,685	104,715	22,916	11.76
Northwest	34,573,396	4.2	257,615	236,347	128,470	83,549	141,713	260,964	16.44
Far West	9,565,543	5.1	30,558	100,181	23,013	14,611	67,401	116,195	21.52
South	13,316,879	2.7	176,726	196,592	61,624	150,200	150,200	56,074	14.99



### SAN ANTONIO RETAIL SUBMARKETS

- 1. CBD
- 2. Comal County
- 3. Guadalupe County
- 4. North Central
- 5. Northeast
- 6. Northwest
- 7. Northwest/Far West
- 8. South

Information and data within this report were obtained from sources deemed to be reliable. No warranty or representation is made to guarantee its accuracy.

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