

San Antonio Office

Quarterly Market Report | Q4 2022

The San Antonio office market remains uncertain despite an improvement in investment and rent growth.

Market Highlights

An analysis of activity during 2022 compared to 2021.

San Antonio vacancy at 14%

To close out 2022, the overall vacancy is at 14.0%, up significantly from last year at 10.6%. Availability is at 18.0%, up from 14.6% as of year-end 2021. The difference between this figure and the vacancy rate reflects expected future move-outs. The San Antonio office market has recorded 3 million sq. ft. of leasing activity, comprised of new leases and renewals, equal to last year, while net absorption (move-ins minus move-outs) is at a negative 1.7 million sq. ft., down from a positive 622,000 sq. ft. year-over-year.

Construction activity

Office development in San Antonio has returned to a pre-pandemic pace, though activity has softened compared to the peaks of previous cycles. Developers are currently working to bring 1.8 million sq. ft. to market. As a share of the city's existing stock, office construction represents 2.6% of total inventory, which is above the national average. San Antonio's northwest submarket accounts for most of this construction, home to over 80% of the entire pipeline, including medical office space.

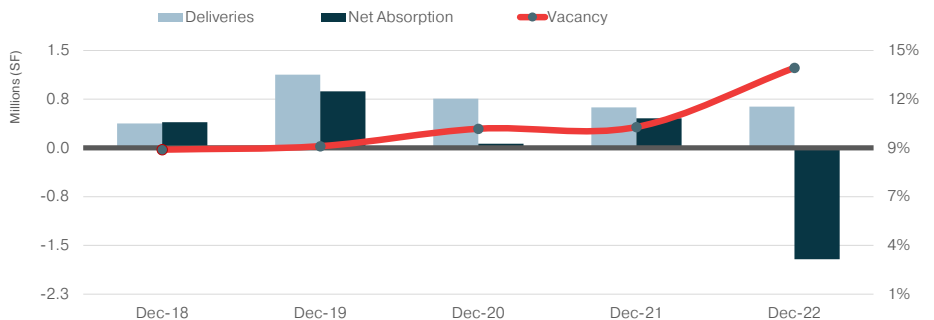
Investment trends

The quarterly office sales volume for Q4 2022 in the San Antonio metro area was \$149.1 million, down 65% from this time last year at \$399 million, reported Real Capital Analytics. The primary capital composition for buyers in 2022 was made up of 84% private investors and 11% institutional. For sellers, the majority were 59% private investors, 17% REIT/listed, and 14% user/other. One of the largest sales of 2022, Fuller Realty Interests acquired a five-building office park in Northwest San Antonio at the end of the year. Network Crossing is 153,000 sq. ft. office park located at 5250 to 5255 Prue Road near the South Texas Medical Center.

Market Activity

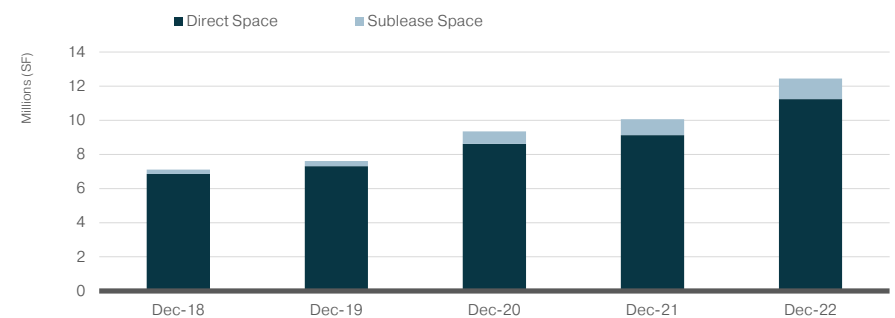
	2022	vs	2021
Vacancy	14.0%	▲	10.6%
Availability	18.0%	▲	14.6%
Under Construction SF	1,750,982	▲	1,353,119
Gross Average Asking Rent	\$24.67	▲	\$23.91
Net Absorption SF YTD	(1,711,365)	▼	456,811
Leasing Activity SF YTD	3,025,109	▲	2,946,240
Deliveries SF YTD	636,079	▲	622,449

Supply & Demand | December - Year Over Year



Source: CoStar, Partners Research

Availability | December - Year Over Year



Source: CoStar, Partners Research

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