San Antonio Retail | Q3 2022
Quarterly Market Report

October 2022

A growing number of companies are eager to launch their brands in San Antonio, one of the country's fastest-growing cities.

Executive Summary

Occupancy at 95.7%

As the third quarter of 2022 ended, the San Antonio retail market showed continued resilience. Vacancies continue to tighten at 4.3%, and net absorption has stayed positive for two years. With 898,000 sq. ft. delivered so far in 2022, 936,000 sq. ft. under construction, and another 1.6 million sq. ft. of proposed projects announced through 2023, the demand for retail real estate may continue to outpace supply.

San Antonio's economy slowed in August

The San Antonio unemployment rate remained at 3.7% in August. The metro's unemployment figure was the same as the U.S rate of 3.7% but below the state's 4.1%. This month, the San Antonio labor force experienced marginal growth at a 0.7% annualized rate. San Antonio payrolls contracted 1.4% from July to August (1,293 jobs). Financial activities grew the most among the major sectors at 12.7% (982 jobs). On the other hand, construction had the greatest decline at 14.2% (761 jobs), followed by the government sector at 11.6% (1,792 jobs). Since the worst of the pandemic in April 2020, San Antonio has gained approximately 170,096 jobs, and numbers remain above pre-pandemic employment. San Antonio wages stayed steady in August. The three-month moving average of hourly wages in San Antonio declined slightly to $27.61, below the state average of $29.92 and the national average of $32.24.

Supply & Demand
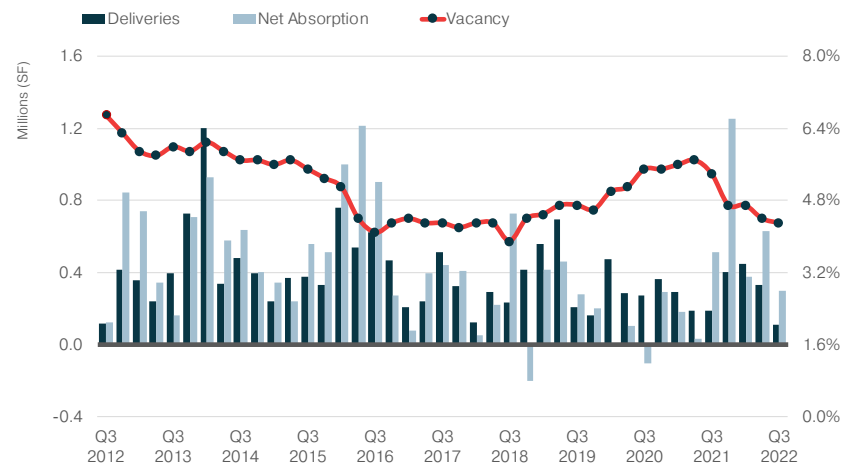
Source: CoStar, Partners Research

Key Market Indicators

	CURRENT Q3 2022	PRIOR QUARTER Q2 2022		PRIOR YEAR Q3 2021	
Vacancy Total (%)	4.3	4.4	⬇	5.4	⬇
Net Absorption (SF)	300,075	634,029	⬇	515,537	⬇
Leasing Activity (SF)	506,291	674,010	⬇	647,810	⬇
Deliveries (SF)	113,150	332,852	⬇	186,431	⬇
Construction (SF)	935,646	989,670	⬇	1,189,666	⬇
Inventory (SF)	117,674,062	117,555,718	⬆	116,370,098	⬆
Avg Asking NNN Rent ($)	17.43	17.23	⬆	16.47	⬆

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Market Overview

Demand outpaced supply in third quarter

The San Antonio retail market realized a net absorption of 300,000 sq. ft. in Q3 2022, the second consecutive quarter that demand (net absorption) outpaced supply. Guadalupe County leads year-to-date net absorption by submarket at 362,000 sq. ft., followed by the Northwest submarket at 328,000 sq. ft., and then the North Central submarket 307,000 sq. ft. So far, in 2022, a total of 996,000 sq. ft. was delivered to the market, with 84% of that space spoken for. Of the 849,000 sq. ft. still in the pipeline, about 24% of that space is available. Some of the top transactions that took place in Q3 were Crunch Fitness leasing 35,534 sq. ft. at Woodlake Crossing in the Northeast submarket; PickUp USA Fitness leasing 18,442 sq. ft. at Westpark Plaza in the Northwest submarket; Castle Hills Embroidery leasing 14,356 sq. ft. at Shops at Churchill Estates in the North Central submarket; and Queen Bea's Bingo inking a deal for 13,461 sq. ft. at San Pedro Towne Center in the North Central submarket.

Investment sales trends

Real Capital Analytics data reports that the quarterly sales volume in the greater San Antonio area is at $74.4 million as of September 30, 2022, down about 72% compared to last year at $268.9 million. The primary capital composition for buyers in 2022 is made up of 85% private investors and 8% institutional. For sellers, the majority were 74% private investors and 21% REIT/listed. A recent noteworthy transaction includes 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.

San Antonio area continues to see an increase in home prices

According to the San Antonio Board of Realtors, the average home price for September was $389,752, an increase of 12% from the same time last year. An increase of 14% was also reported for median prices, now at $337,200. For the month of September, homes spent an average of 42 days on the market, an increase of 14 days from 2021. The area also saw an increase in price per square foot, now at $188, which is an increase of 15% from last year. In total, 3,167 homes sold in September, the sixth consecutive month of a decrease in sales; however 98.3% sold for their listing price.
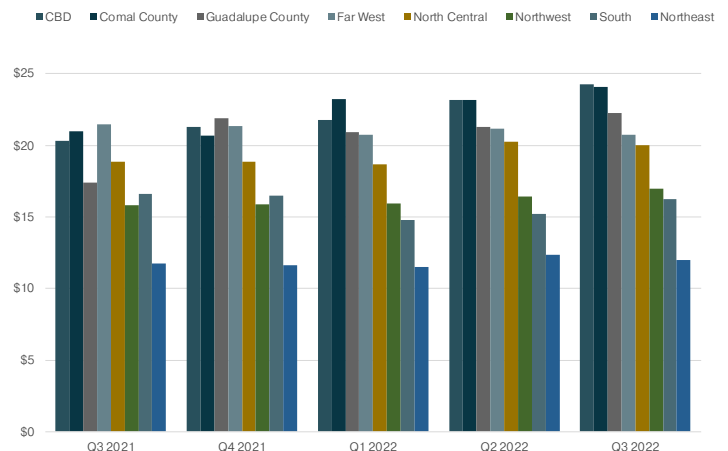
Net Absorption Year-To-Date
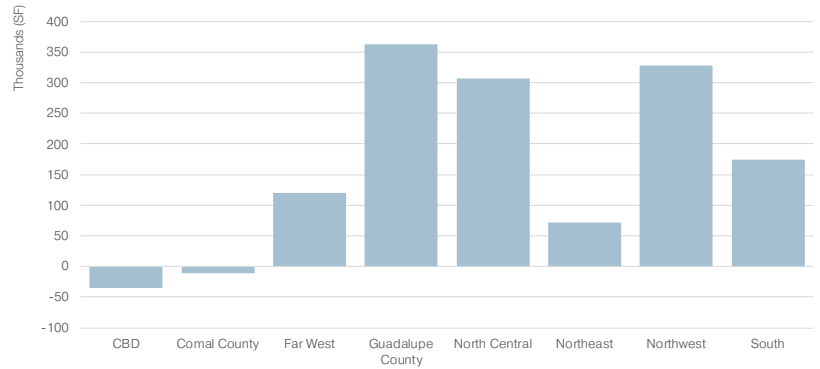
Cumulative Monthly Sales Volume
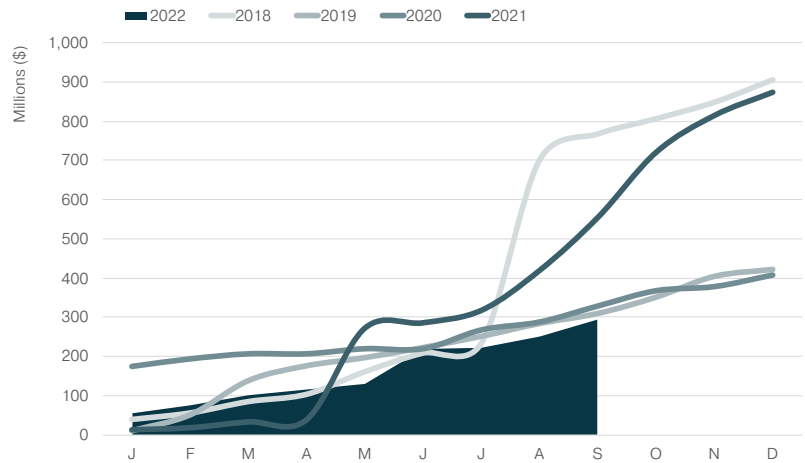

Source: Real Capital Analytics

Overall NNN Asking Rent ($/PSF)

Market Overview
## Submarket Stats

Submarket	Net Rentable Area (SF)	Vacancy (%)	Q3 2022 Total Net Absorption (SF)	YTD Total Net Absorption (SF)	Q3 2022 Leasing Activity (SF)	Q3 2022 Deliveries (SF)	YTD Deliveries (SF)	Under Construction (SF)	Total Avg Asking Rent NNN ($/PSF)
San Antonio Total	117,674,062	4.3	300,075	1,314,861	506,291	113,150	898,093	935,646	17.43

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CBD	4,586,258	4.2	-20,124	-34,917	18,917	0	7,506	22,920	24.23
Comal Co	7,986,167	2.3	3,819	-11,645	22,550	17,299	30,139	268,013	24.09
Guadalupe Co	5,430,609	2.9	147,796	362,038	3,840	24,032	195,554	191,479	22.27
North Central	25,985,945	5.7	31,087	306,607	173,770	27,720	124,317	30,631	20.00
Northeast	16,145,174	4.8	68,661	71,273	70,065	0	104,715	27,966	11.98
Northwest	34,729,269	3.9	83,526	327,873	156,573	27,665	177,378	127,000	16.95
Far West	9,517,236	4.9	21,165	119,721	40,421	0	65,776	218,997	20.72
South	13,293,404	3.2	-35,855	173,911	20,155	16,434	192,708	48,640	16.24
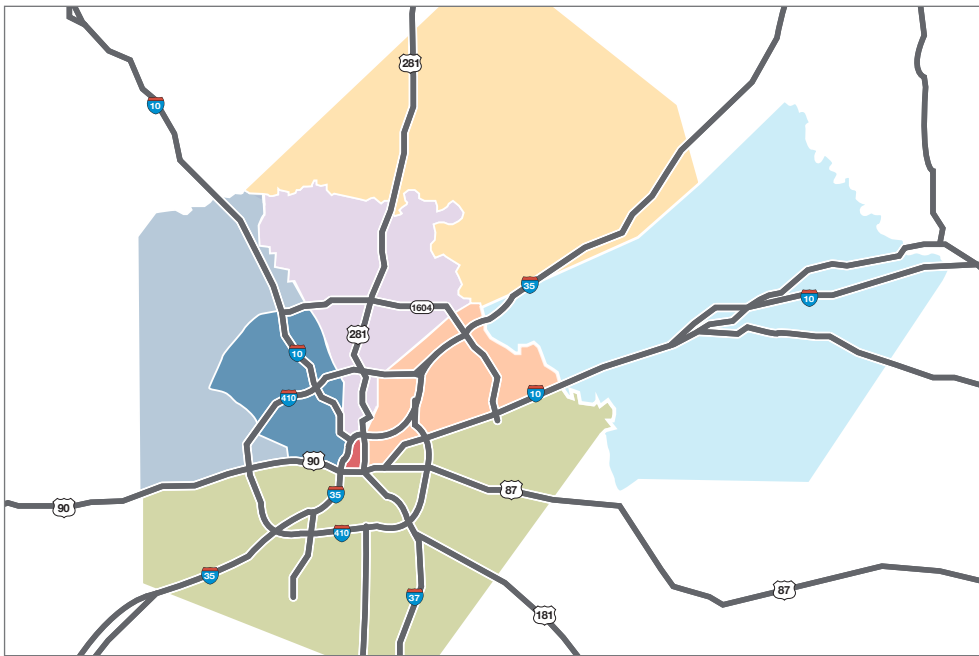
SAN ANTONIO RETAIL SUBMARKETS

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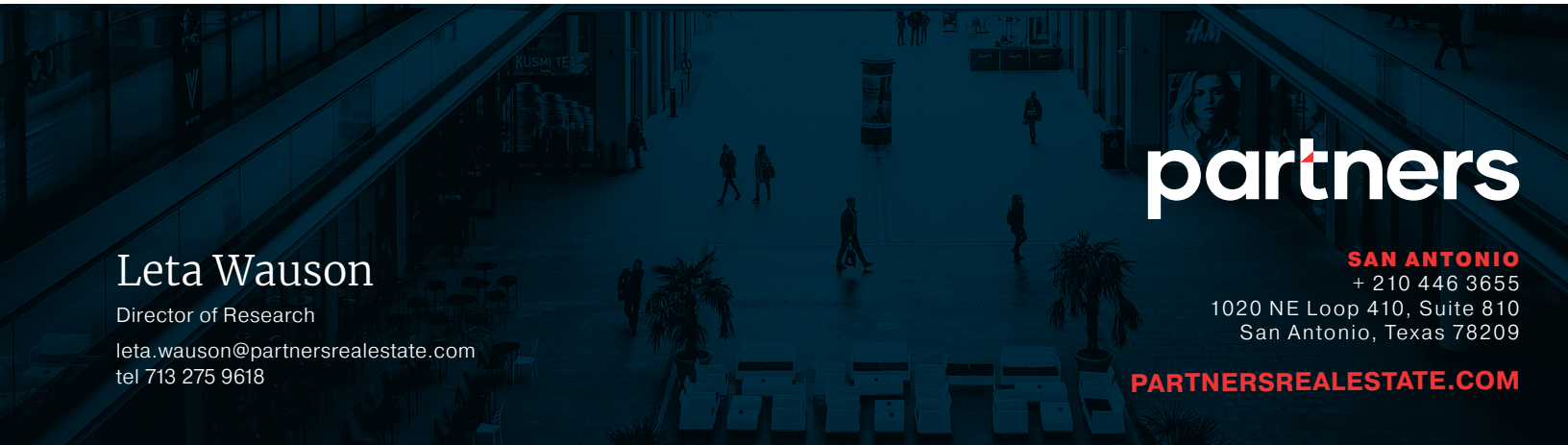
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Leta Wauson
Director of Research

leta.wauson@partnersrealestate.com
tel 713 275 9618

SAN ANTONIO
+ 210 446 3655
1020 NE Loop 410, Suite 810
San Antonio, Texas 78209

PARTNERSREALESTATE.COM