

# San Antonio Office Monthly Market Snapshot | December 2022

Despite a warming up of investment and rent growth, San Antonio's office market remains uncertain.

## Market Highlights

An analysis of activity during the eleven months of the year—November 2022 compared to November 2021.

### San Antonio vacancy at 12.1%

Eleven months into 2022, overall vacancy is at 12.1%, up 150 basis points from last year at 10.6%. Availability is at 16.0%, up 140 basis points from November 2021 at 14.6%. The difference between this figure and the vacancy rate reflects expected future move-outs. The San Antonio office market has recorded 2.7 million sq. ft. of leasing activity, comprised of new leases and renewals, down slightly by about 7,000 sq. ft. from last year, while net absorption (move-ins minus move-outs) is at a negative 579,000 sq. ft., down from a positive 403,000 sq. ft. year-over-year.

### Construction

Office development in San Antonio has returned to a pre-pandemic pace, though activity is 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 northeast submarket accounts for most of this construction, home to approximately 65% of the entire pipeline, including medical office space.

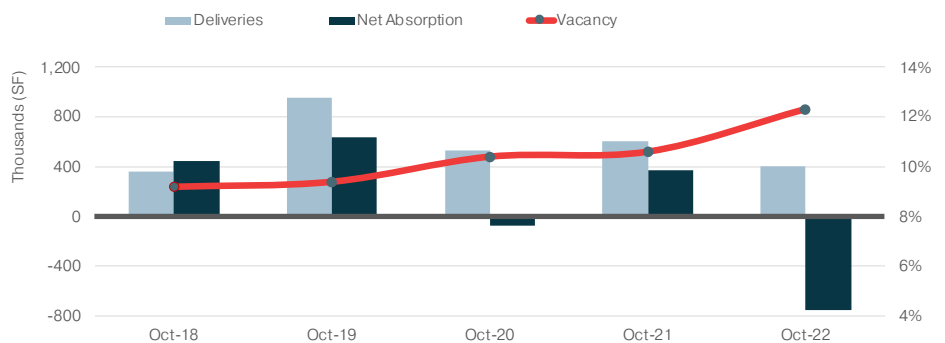
### Investment trends

The quarterly office sales volume for Q3 2022 in the San Antonio metro area was \$256.1 million, up almost 120% from this time last year at \$117.1 million, reported Real Capital Analytics. The primary capital composition for buyers so far in 2022 was made up of 81% private investors and 13% institutional. For sellers, the majority were 60% private investors, 21% REIT/listed, and 12% user/other. One of the largest sales of 2022 is the purchase of 6200 Northwest Parkway by Sentinel Net Lease. The buyer paid more than \$26 million, or \$184/sq. ft. to secure this asset in Northwest San Antonio—the city's most liquid suburban submarket. The property is a single-tenant office building leased to United Health Care, close to the South Texas Medical Center.

## Market Activity

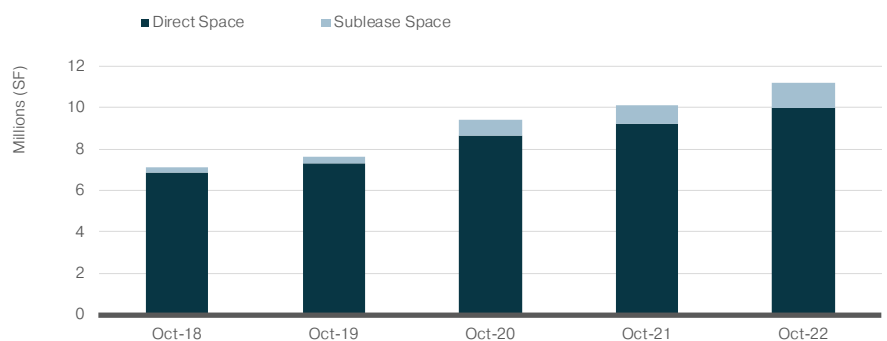
	November 2022	vs	November 2021
Vacancy	12.1%	▲	10.6%
Availability	16.0%	▲	14.6%
Under Construction SF	1,761,249	▲	1,186,079
Gross Average Asking Rent	\$24.65	▲	\$23.91
Net Absorption SF YTD	(579,341)	▼	402,866
Leasing Activity SF YTD	2,655,128	▼	2,647,688
Deliveries SF YTD	482,050	▼	614,487

## Supply & Demand | November - Year Over Year



Source: CoStar, Partners Research

## Availability | November - Year Over Year



Source: CoStar, Partners Research

### LETA WAUSON

DIRECTOR OF RESEARCH  
leta.wauson@partnersrealestate.com  
tel 713 275 9618

**partners**  
PARTNERSREALESTATE.COM

Independently written, researched, edited, and produced in-house by Partners.