

Higher-quality new construction driving Office demand in Alamo City

San Antonio Office

Eight months into 2023, the overall vacancy rate in the San Antonio office market was 15.5%, marking a 370-basis point increase from 11.8% in August 2022. Year-to-date, deliveries totaled 1.0 million sq. ft., more than tripling from the previous year-to-date tally of 313,541 sq. ft. Roughly 80% of the 2023 office deliveries have been Class A buildings—many of which are already 80%-100% leased, emphasizing tenant preference for higher quality buildings. Year-to-date, leasing activity registered at 2.1 million sq. ft., increasing 34% from the prior year-to-date figure of 1.5 million sq. ft. In a notable transaction, NuStar Energy inked a deal for a 321,840-sq.-ft. Class A office space within the Northeast submarket in March 2023. Lastly, the average asking rent currently stands at \$24.59 per sq. ft., up slightly from \$24.09 per sq. ft. year-over-year.

San Antonio Industrial

The overall vacancy rate in the San Antonio industrial market as of August 2023 was 6.0%, up 250 basis points from the previous year's 3.5%. Year-to-date, net absorption—move-ins minus move-outs—is at 1.3 million sq. ft., down from 7.6 million sq. ft. in August 2022. Year-to-date, leasing activity—comprised of new leases and renewals—equaled 5.2 million sq. ft., up 16% from 4.5 million sq. ft. the prior year. The Northeast submarket leads year-to-date leasing activity at 2.1 million sq. ft., followed by the South submarket at 1 million sq. ft. The average asking rent currently stands at \$0.70 per sq. ft., up 7% from \$0.65 per sq. ft. in August 2022.

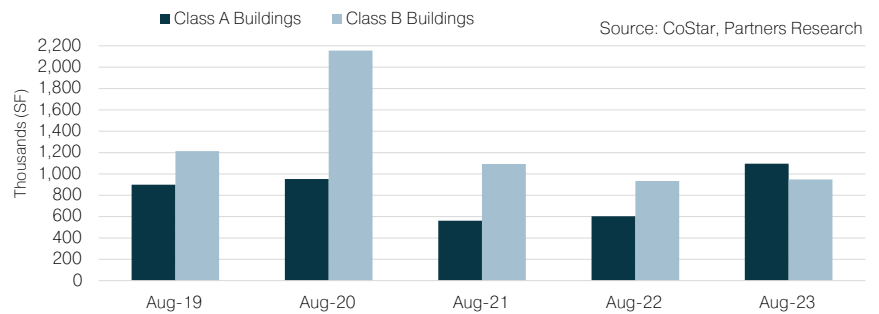
San Antonio Multifamily

Year-to-date, 2,875 multifamily units have been absorbed in San Antonio, up from 546 units this time last year. Overall occupancy in the San Antonio multifamily market declined to 88.9% in August 2023, down 290 basis points from 91.8% in August 2022. As of August 2023, 19,881 units filled San Antonio's multifamily construction pipeline. Over the prior three years, construction averaged around 12,000 units annually. Year-to-date, deliveries amounted to 6,263 units, nearly tripling from the prior year-to-date number of 2,966 units. The average monthly rate currently stands at \$1,221 per unit, down slightly from \$1,230 per unit the prior year.

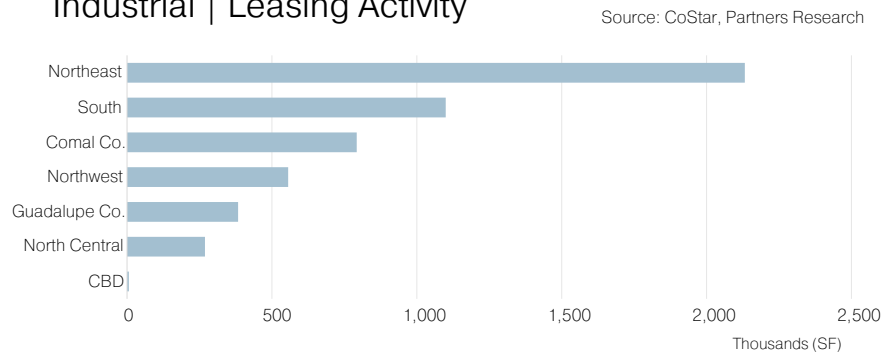
San Antonio Retail

As of August 2023, the overall vacancy rate in San Antonio's retail market was 3.9%, down 20 basis points from 4.1% the previous year. Over the next three years, vacancies are projected to stabilize—staying close to 3.9% through 2026. In addition, the moderately slim margin (46,855 sq. ft.) between year-to-date deliveries (759,233 sq. ft.) and year-to-date absorption (712,378 sq. ft.) indicates balanced market fundamentals for San Antonio's retail sector. The average asking rent increased 5% year-over-year—with the strongest rent growth concentrated in the CBD (14%) and Northwest submarkets (8%), respectively. Currently, the average asking rent stands at a record-high \$18.94 per sq. ft. in San Antonio's retail market.

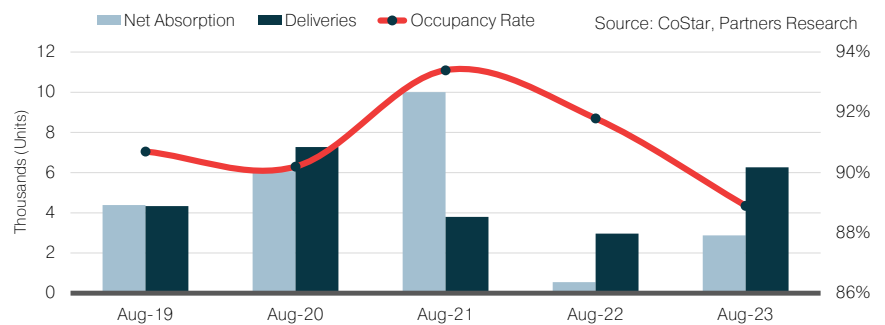
Office | Leasing Activity



Industrial | Leasing Activity



Multifamily | Supply and Demand



Retail | Supply and Demand

