

# San Antonio Retail

## Q4 2024

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## Quarterly Market Report

### Low Vacancy and Deliveries Mute Options for Tenants

## Executive Summary

### Q4 in Review

San Antonio's retail market continues to demonstrate robust fundamentals, despite a slowdown in leasing activity and new deliveries. Leasing activity for Q4 2024 totaled 506,552 sq. ft., a 23% decline year-over-year, primarily due to a limited supply of second-generation space available for backfill. Key leases included Restaurant Depot at R/E Business Center, Crunch Fitness at Wurzbach Center and TesoLife at University Square. Net absorption was virtually flat for the quarter at 1,064 sq. ft., a significant decrease compared to earlier quarters; however, 2024 still ended strong overall with 561,601 sq. ft. of positive absorption. The vacancy rate remains extremely low at 4.0%, a figure consistent over nine consecutive quarters, reinforcing the landlord-favorable dynamics in the market.

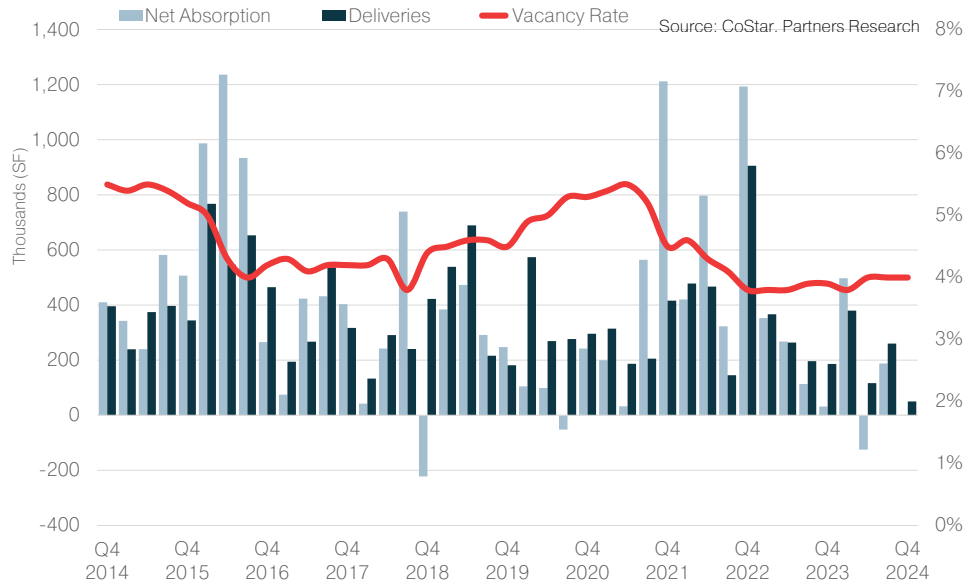
Investment activity remained steady with 195 properties sold over the past year, averaging \$243 per sq. ft. and a cap rate of 6.2%. Average rental rates rose 6% year-over-year, reaching \$19.87 per sq. ft. (NNN), near record highs. With a limited construction pipeline—down 8% from a year ago at 995,084 sq. ft.—and demand outpacing supply, rental rates are expected to continue their moderate upward trajectory. Overall, San Antonio's retail market is poised for sustained growth, supported by its low vacancy, rising rental rates, and continued investor interest.

### San Antonio Economic Update

The San Antonio unemployment rate ticked up to 3.9% in November. The unemployment rates in Texas and the U.S. both rose to 4.2%. The San Antonio Business-Cycle Index, a gauge of economic conditions in the metro area, increased an annualized 1.7% in November.

San Antonio payrolls rose in November, growing an annualized 2.2% (2,200 jobs). From August to November, payrolls grew 1.3% (3,800 jobs), with gains led by leisure and hospitality (4.8%, or 1,700 jobs), education and health services (3.2%, or 1,400 jobs), and professional and business services (2.2%, or 900 jobs). Government, manufacturing and mining sectors lost jobs.

## Supply & Demand



## Market Indicators

	CURRENT Q4 2024	PRIOR QUARTER Q3 2024		PRIOR YEAR Q4 2023	
Vacancy Rate (%)	4.0	4.0	▬	3.8	⬆️
Net Absorption (SF)	1,064	187,982	⬇️	43,816	⬇️
Leasing Activity (SF)	506,552	579,415	⬇️	661,887	⬇️
Deliveries (SF)	50,063	260,311	⬇️	191,254	⬆️
Construction (SF)	995,084	825,717	⬆️	1,084,227	⬇️
Inventory (SF)	125,694,747	124,861,291	⬆️	124,748,590	⬆️
Avg Asking NNN Rent (\$)	19.87	19.90	▬	18.74	⬆️

# Market Overview

## Leasing Activity Down, Partially Due to Limited New Deliveries

Leasing activity has been healthy with 506,552 sq. ft. in Q4 2024 but was down 23% from Q4 2023, largely due to limited options second generation space to backfill. Notable leases recently signed include Restaurant Depot signing a 56,440 sq. ft. lease at R/E Business Center, Crunch Fitness signing a 54,009 sq. ft. lease at Wurzbach Center and TesoLife signing a 26,250 sq. ft. lease at University Square.

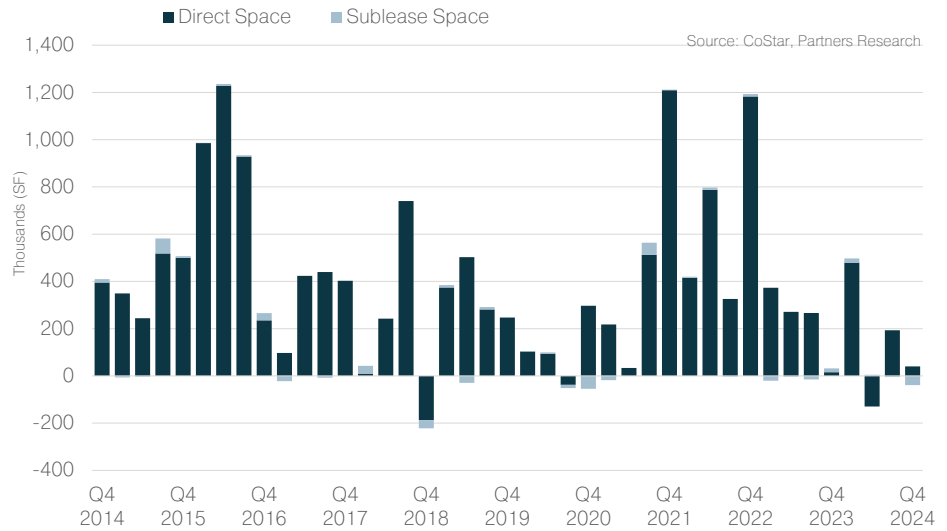
## Net Absorption Flat but Positive for the Quarter

Net absorption was flat for the quarter with 1,064 sq. ft. for the quarter, this was significant slowdown for both the quarter and year over year. For 2024 in total, net absorption was a healthy 561,601 sq. ft. Notable new leases for late 2024 include EOS Fitness taking 39,439 sq. ft. at Windsor Park Center.

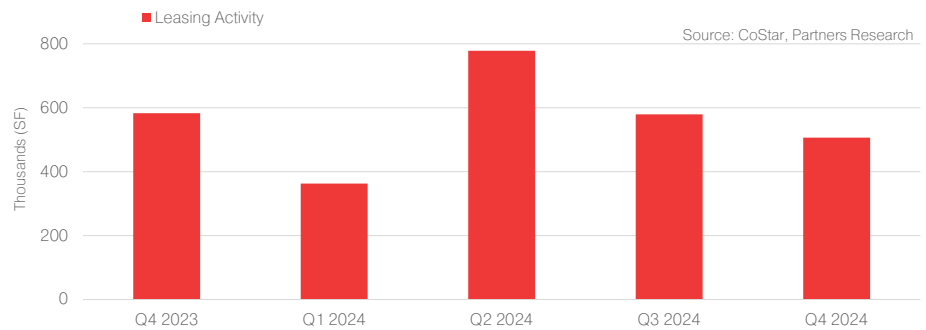
## Vacancy Rate Remains Extremely Low at 4.0%

The overall vacancy rate in San Antonio's Retail market is at 4.0%. This is unchanged over the past quarter and only up slightly (20 basis points) over the past year. Like most major Retail markets across the country, vacancy is near a record low, giving retail tenants looking to expand with limited options. San Antonio has maintained 4% or lower vacancy rate over nine consecutive quarters.

# Net Absorption



# Leasing Activity | Quarter-over-Quarter



## Deliveries Down While Construction Pipeline Increases

New deliveries for Q4 2024 were very low with just 50,063 sq. ft. completed. The current under construction pipeline of 995,084 sq. ft. is down 8% below Q4 2023 when it stood at 1,084,227 sq. ft. With this level of construction and vacancy near a historic low, market fundamentals are expected to remain strongly landlord favorable for the foreseeable future.

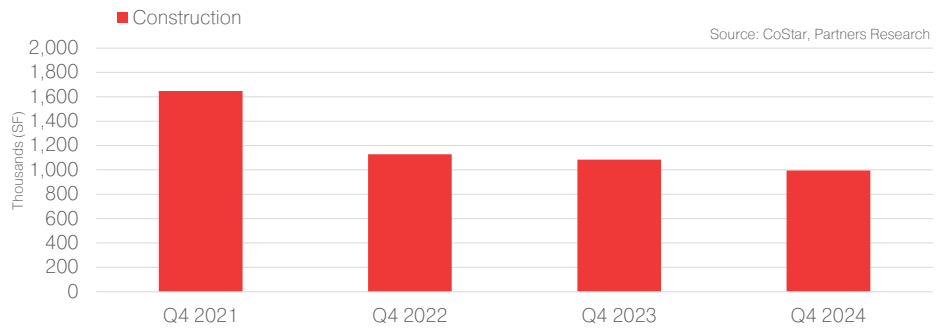
## Investment Sales Trends

Over the past year, 195 Retail properties were sold in the San Antonio Retail market with an average transaction price of \$243 and an average cap rate of 6.2%. Notable sales in late 2024 include Bianco Properties purchasing the 103,813 sq. ft. San Antonio Crossing shopping center from The Rainier Companies and Saremco sold the 57,622 sq. ft. Love Oak Shopping Center as part of a larger portfolio sale.

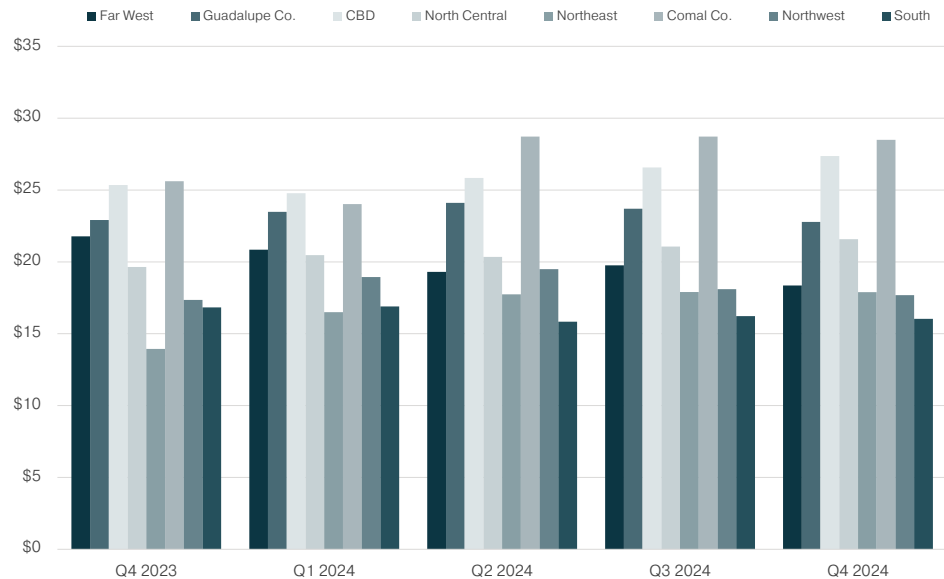
## Rental Rates Up 6% Over Past Year, Near All-Time High

The average monthly rental rate (NNN) for San Antonio's Retail market is \$19.87 per sq. ft. This is up 6% over the past year and less than 1% from all-time highs seen in mid-2024. With vacancy rates near historic lows and limited construction underway, rates are expected to increase moderately over the next few quarters.

## Construction | YOY



## Overall Average Asking NNN Rents



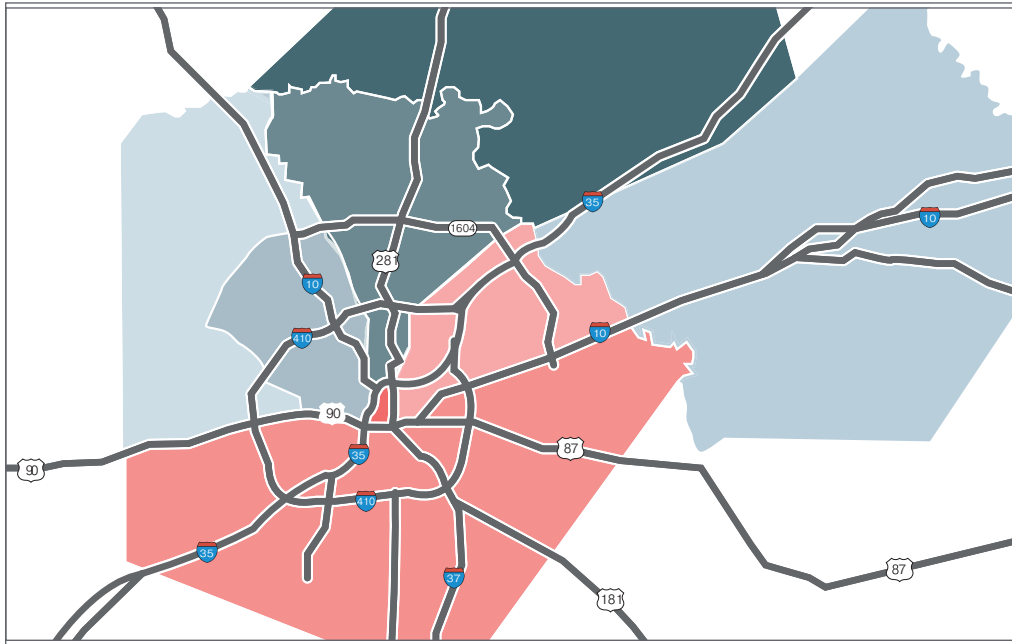
# Market Overview

## Submarket Stats

Submarket	Net Rentable Area	Vacancy	Q4 2024 Total Net Absorption	YTD Total Net Absorption	Q4 2024 Leasing Activity	Q4 2024 Deliveries	YTD Deliveries	Under Construction	Total Avg Asking Rent NNN
	(SF)	(%)	(SF)	(SF)	(SF)	(SF)	(SF)	(SF)	(\$/PSF)
CBD	4,659,092	2.8	21,592	30,375	12,000	0	0	0	27.37
Comal Co.	8,549,915	2.1	45,779	101,110	9,677	10,218	100,408	370,149	28.49
Guadalupe Co.	6,174,204	2.3	4,496	90,629	18,155	0	63,246	41,618	22.78
North Central	27,303,557	4.7	-49,307	197,607	109,264	0	50,342	113,051	21.58
Northeast	16,666,342	5.1	45,185	46,445	103,486	0	56,530	10,573	17.89
Northwest	35,880,651	4.1	16,554	-29,669	188,924	26,783	195,036	232,187	17.68
Far West	11,021,353	3.6	8,571	197,301	26,356	0	221,105	227,506	18.36
South	15,439,633	3.8	-91,806	-72,197	38,690	13,062	120,062	0	16.04
San Antonio Total	125,694,747	4.0	1,064	561,601	506,552	50,063	806,729	995,084	19.87

# Market Overview

## 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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