San Antonio Retail Q3 2025

QUARTERLY MARKET REPORT

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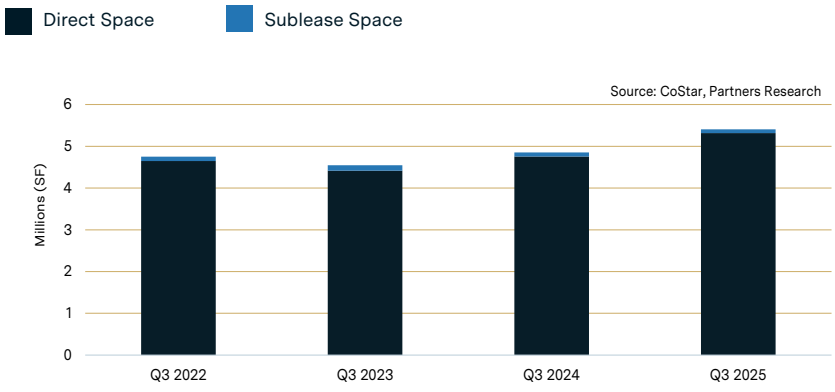
Executive Summary

SUPPLY & DEMAND

Key Market Indicators

	CURRENT Q3 2025	PRIOR QUARTER Q2 2024		PRIOR YEAR Q3 2024	
Vacant Total	4.3%	4.1%	↑	4.0%	↑
Vacant Direct	4.2%	3.9%	↑	3.8%	↑
Available Total	5.4%	5.5%	↓	5.3%	↑
Available Direct	5.3%	5.3%	≈	5.1%	↑
Net Absorption (SF)	81,810	80,409	↑	189,560	↓
Leasing Activity (SF)	632,968	758,887	↓	813,243	↓
Construction (SF)	1,443,751	1,647,762	↓	935,769	↑
Deliveries	430,247	167,613	↑	260,960	↑
Avg Asking Rent (Gross)	$19.16	$19.79	↓	$19.47	↓
Inventory (SF)	125,237,308	124,807,061	↑	124,116,733	↑

VACANCIES



Q3 in Review

Despite increased vacancy and deliveries, lower rents, and lower leasing activity, San Antonio's retail market remains healthy, with positive fundamentals continuing. Leasing activity for Q3 2025 totaled 632,968 sq. ft., a 16.6% quarterly decrease and a 22.2% annual increase, but still a fair amount for the market. Net absorption rose 1.7% quarterly, posting 81,810 sq. ft., pushing the year-to-date total net absorption to 364,800 sq. ft. The vacancy rate rose 20 basis points quarterly and 30 basis points annually to 4.3%. Low vacancy reinforces the landlord-favorable dynamics in the market.

Investment activity remained steady with 252 properties sold over the past year, averaging $203 per sq. ft. and a cap rate of 7.0%. Average rental rates dropped 3.2% quarter-over-quarter and 1.6% year-over-year, settling at $19.16 per sq. ft. (NNN), well above the historic average. Deliveries outpaced demand in Q3, and construction activity remained brisk with 1.4 million sq. ft. in the pipeline. San Antonio's retail market remains healthy and is poised for sustained growth and continued investor interest.

San Antonio Economic Update

According to the U.S. Bureau of Labor Statistics, the San Antonio unemployment rate increased from 3.7% in May 2025 to 4.1% in August 2025. The unemployment rate in Texas remained at 4.1%. The San Antonio Business-Cycle Index, a gauge of economic conditions in the metro area, increased an annualized 8.1% in August.

San Antonio payrolls rose in August, increasing at an annualized rate of 6.6%. From May through August, payrolls grew 4.1% (12,100 jobs), driven by gains in education and health services (8,700 jobs) and government (8,100 jobs). The mining sector lost 6,400 jobs.

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Vacancy Rate Remains Low at 4.3%

The overall vacancy rate in San Antonio's Retail market is 4.3%, up 20 basis points quarterly and 30 basis points annually. Like most major Retail markets nationwide, vacancy is near record lows, giving retail tenants looking to expand limited options. San Antonio's vacancy rate has remained under 5% since mid-2021.

Net Absorption Positive for the Quarter

Net Absorption increased by 1.7% over the quarter to 81,810 sq. ft. but decreased by 56.8% year-over-year. Notable move-ins during the third quarter include Dick's Sporting Goods taking 187,000 sq. ft. at Live Oak Town Center, Home Depot moving into 105,000 sq. ft. at 2607 W Loop 1604, and Planet Fitness moving into 50,000 sq. ft. at Westwood Center shopping center.

Leasing Activity Decreased Over the Quarter

Leasing activity slowed in Q3, down 16.6% quarter over quarter to 632,968 sq. ft. This was down 22.2% from Q3 2024. Notable leases recently signed include Crunch Fitness, which signed a 33,000 sq. ft. lease at Northern Hills shopping center; EOS Fitness, which signed a 30,000 sq. ft. lease at The Village at the Summit shopping center; and Pizza Ranch, which signed a 16,000 sq. ft. lease at 5303 Walzem Rd.

Construction, Deliveries & Investment Trends

Deliveries Increased and the Construction Pipeline Decreased

New deliveries for Q3 2025 were up sharply by 156.7% over the quarter, with 430,247 sq. ft. of new product completed. There is currently 1.4 million sq. ft. in the construction pipeline, down 12.4% quarterly and up 53.3% annually. The new supply, along with future deliveries, should help demand remain balanced, and market fundamentals are expected to remain strongly landlord-favorable for the foreseeable future.

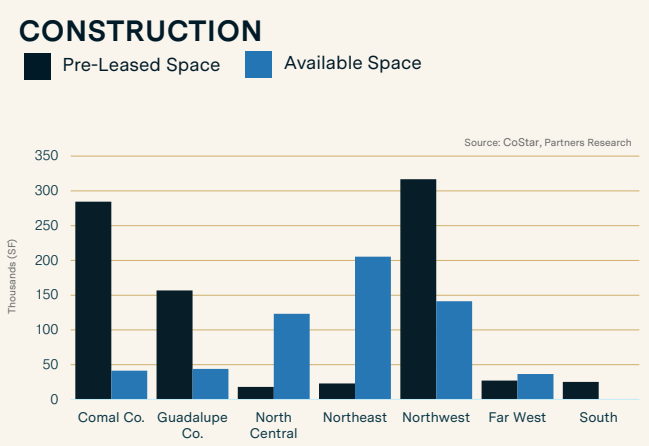
Investment Sales Trends

CoStar Capital Market Analytics reports that the cumulative 12-month sales volume at the end of the third quarter in the San Antonio retail market was $122 million. With 262 deals completed, the average transaction price currently stands at $203 per sq. ft., and the average capitalization rate is 7.0%. Notable sale transactions in Q3 2025 include a 104,000 sq. ft. JCPenney store in Creekside Town Center. This was part of a 2-property portfolio sale, sold to NewQuest Properties from Copper Property CTL Pass Through Trust for a reported $4.9 million. Also, the 31,225 sq. ft. San Pedro Place shopping center was purchased by Sadan Pant from THF Holdings, LLC for an undisclosed amount.

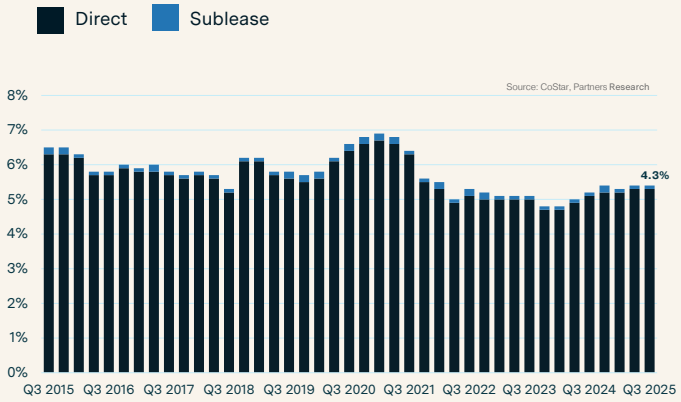
Rental Rates Drop 3.2% Quarterly and 6.1% Annually

The average monthly rental rate (NNN) for San Antonio's retail market is $19.16 per square foot. This represents a 1.6% decrease over the past year and is 4.9% below the all-time historical high. With vacancy rates low and steady construction activity, rates are expected to remain relatively flat in the near term.

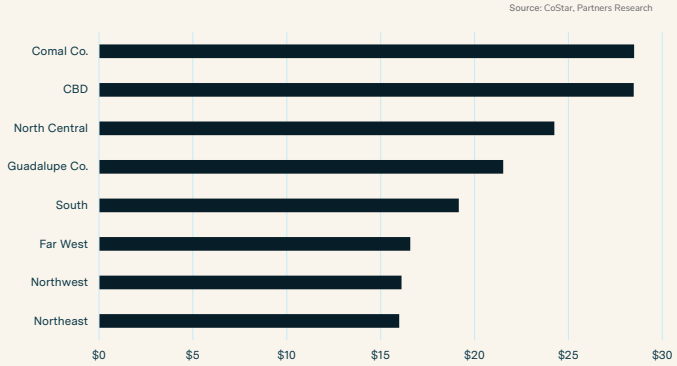
CONSTRUCTION



AVAILABILITY RATE



OVERALL NNN ASKING RENT ($/PSF)



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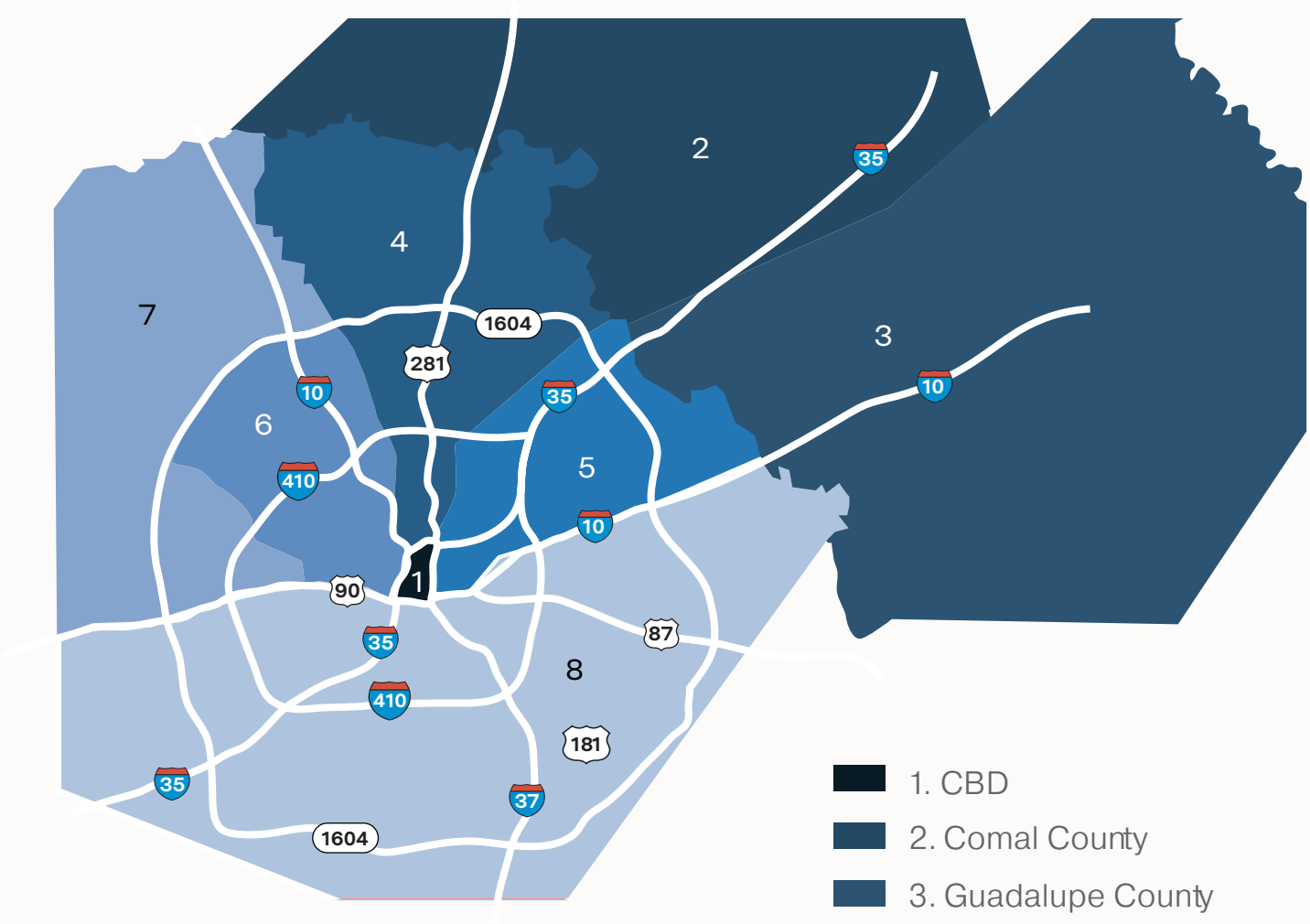
Market Overview

Submarket	Total Inventory (SF)	Q3 2025 Vacancy (%)	Q2 2025 Vacancy (%)	Q3 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q3 2024 Deliveries (SF)	Under Construction (SF)	Total AVG Asking Rent NNN ($/PSF)
CBD	3,987,674	3.0	8.0	2,165	-16,096	0	0	28.48
Comal Co.	8,963,089	2.8	3.7	132,527	236,717	256,649	325,989	28.50
Guadalupe Co.	6,227,447	1.5	2.8	42,060	61,714	20,146	200,858	21.53
North Central	27,237,514	5.4	6.6	-76,826	-85,345	59,059	141,270	24.25
Northeast	16,444,832	5.2	6.7	-19,201	-4,018	0	228,437	15.99
Northwest	36,079,384	4.7	5.2	-40,699	38,169	43,001	458,148	16.11
Far West	10,244,174	4.0	5.7	-41,790	116,371	14,168	63,790	16.58
South	16,053,194	3.3	3.6	83,574	17,288	37,224	25,259	16.35
Austin Total	125,237,308	4.3	5.4	81,810	364,800	430,247	1,443,751	19.16

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

Houston
5847 San Felipe St, Suite 1400
Houston, TX 77057
713 629 0500

Austin
901 South MoPac, Suite 550
Austin, TX 78746
512 580 6025

San Antonio
112 E. Pecan, Suite 1515
San Antonio, TX 78205
210 446 3655

Dallas - Ft. Worth
1717 McKinney Ave, Suite 1480
Dallas, TX 75202
214 550 2990

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999 Peachtree St NE, Suite 1250
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