



MULTIFAMILY REPORT

San Antonio Rents Take A Step Back

October 2023

Economic Growth Endures

Rents Decline in Upscale Assets

Construction Starts Hold Steady

SAN ANTONIO MULTIFAMILY



Persisiting Volatility Softens Fundamentals

The string of Federal Reserve decisions in an attempt to bring down inflation amid a soft landing is prolonging uncertainty, and San Antonio multifamily fundamentals, which are steady but softening, have felt the pinch. Rent growth fell back into negative territory, down 0.1% on a trailing three-month basis through August, to \$1,287. Year-over-year, the San Antonio average was down 0.6%, while the U.S. figure rose 1.5%, to \$1,728. The metro's slide was solely due to the Lifestyle segment, where rates dropped 2.2%, while rents in Renter-by-Necessity assets were actually up 1.6%.

In the 12 months ending in June, the metro gained 41,700 jobs, a 4.2% expansion, well ahead of the 2.8% national average. All sectors added jobs, led by leisure and hospitality (7,500 jobs) and education and health services (6,600 jobs). Meanwhile, the unemployment rate clocked in at 4.2% in July, trailing the U.S. and outperforming the state by only 10 basis points. San Antonio's hosting of high-profile events such as the U.S. Travel Association's IPW trade show could further bolster the sector's expansion in the coming years. In addition, San Antonio International Airport will embark on a \$2.5 billion upgrade in 2025, with completion slated for 2028.

Development remained healthy, but softened. Deliveries amounted to 2,090 units in 2023 through August and the pipeline had 17,943 units underway. Mirroring the overall trend, transactions moderated sharply, to \$560 million in total volume through August.

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Recent San Antonio Transactions

Signature Ridge



City: San Antonio
Buyer: Kairoi Residential
Purchase Price: \$76 MM
Price per Unit: \$124,830

Presidium Chase Hill



City: San Antonio
Buyer: Edgewood REIT
Purchase Price: \$67 MM
Price per Unit: \$181,081

Diamond Ridge



City: San Antonio
Buyer: Sapphire Partners
Purchase Price: \$31 MM
Price per Unit: \$101,974

Republic at Alamo Heights



City: San Antonio
Buyer: JW Capital Management
Purchase Price: \$31 MM
Price per Unit: \$110,432