

SAN ANTONIO OFFICE MARKET

Yardi® Matrix

Market Analysis

Second Quarter 2019

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Reemergence of the CBD



San Antonio continues on a path of slow but steady growth. The economy is in good shape overall, boosted by strong population increases, a large military presence and employment expansion across a variety of sectors. In March, the unemployment rate was 3.1%, 70 basis points below the national average. While the metro's office activity has traditionally been concentrated in the northern suburbs, the downtown area is gaining traction with investors and developers.

The metro's development scene was particularly noteworthy. While 2018 was below average in deliveries, more than 1.3 million square feet was under construction as of April 1, most of it slated for completion before the end of 2019. Developers began targeting downtown San Antonio, with four projects underway, the first major central business district office developments in more than a decade.

While overall vacancy is trending downward, Class A assets are in particularly high demand as firms seek to shift from dated space to amenitized properties. USAA, one of San Antonio's largest employers, moved out of 125,000 square feet in the I-10 Corridor in favor of a smaller footprint in the CBD. Several other notable firms also announced plans to relocate to Class A space downtown, though vacancy in most suburban submarkets continues to decrease.