

SAN ANTONIO OFFICE MARKET

Yardi® Matrix

Market Analysis

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Affordability Drives Gains



Boasting solid employment gains, rapid population growth and a favorable regulatory climate for businesses, San Antonio continues to attract interest in its office sector. Investment through August increased by more than 25% compared to the previous year's total, while investors shifted away from value-add plays in the market. More than 80% of the \$237.5 million in confirmed transactions targeted Class A properties.

Office asking prices averaged approximately \$25 per square foot, \$11 below the national level and \$17 less than nearby Austin's average price. The CBD was one of the most affordable submarkets for leasing, even as a multimillion-dollar revitalization moves forward in the city center. The University of Texas at San Antonio also continued work on its downtown campus expansion, with a particular emphasis on tech education, expected to triple enrollment.

Meanwhile, developers have also focused heavily on the urban core, with more than 65% of San Antonio's 1.2 million square feet of office projects located in the CBD. By the end of the year, nearly 785,000 square feet are expected to deliver in the metro, 75% in the city center. While the market's vacancy was 13.9% in August, the number of upcoming office deliveries is expected to lead to an uptick, primarily in Class B properties.