

YARDI[®] Matrix

San Antonio's Investor Appeal

Multifamily Summer Report 2016

New Buyers Arrive as Sales Volume Hits Peak

Rent Growth Slows Despite Strong Demand

Developers Shift Focus to Central, South Submarkets

SAN ANTONIO MULTIFAMILY

YARDI® Matrix

Market Analysis

Summer 2016

Contacts

Paul Fiorilla

Associate Director of Research

Paul.Fiorilla@Yardi.com

(800) 866-1124 x5764

Jack Kern

Director of Research and Publications

Jack.Kern@Yardi.com

(800) 866-1124 x2444

Author

Anca Gagiuc

Associate Editor

Supply, Investor Demand on the Rise

San Antonio's multifamily market continues to be healthy, with the metro adding jobs and households at an above-trend rate. The metro's central location within the U.S. and the skill set of the local workforce are attracting investors interested in secondary market expansion.

Though softening from recent years, the metro added 25,400 jobs, a 2.7% increase, through April 2016, with further growth expected to be driven by non-energy-related sectors including health care, leisure and hospitality, and trade and transportation. Examples include Microsoft's eight-building data center, started in early 2016 and expected to add 900 construction jobs, while General Motors Financial Co. is creating another 700 positions.

Apartment construction slowed slightly in 2015 after marking a cyclical high in 2014, but the development pipeline is robust, with 22,000 units, 9,900 of which are under construction. Last year, San Antonio added 4,200 units to total stock, and more than 7,000 are scheduled to come online in 2016. Developers are focusing on projects in Central and South San Antonio, after having focused on the northern part of the city. The metro is becoming increasingly popular with investors, and transaction volume reached a record high of \$1 billion in 2015. We expect that strong renter demand will be balanced by development and affordability issues, leading to a moderate 3.3% rise in rents in 2016.

Recent San Antonio Transactions

Hidden Lake



City: San Antonio
Buyer: Milestone Group
Purchase Price: \$51 MM
Price per Unit: \$134,211

The Brackenridge at MidTown



City: San Antonio
Buyer: Pure Multi
Purchase Price: \$51 MM
Price per Unit: \$180,851

Sonterra Blue



City: San Antonio
Buyer: Draper & Kramer
Purchase Price: \$47 MM
Price per Unit: \$136,452

Walker Ranch



City: San Antonio
Buyer: Milestone Group
Purchase Price: \$44 MM
Price per Unit: \$135,385