

Yardi® Matrix

The Alamo City Keeps Rising

Multifamily Report Fall 2017

Investment Promises to
Top \$1 Billion Once More

Development Picks
Up in Core Areas

Rent Growth Slows
Amid Inventory Expansion

SAN ANTONIO MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2017

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New Supply Tempers Rent Growth

In recent years, San Antonio has been riding favorable demographic trends, healthy job creation and a high demand for apartments. The metro's population continues to grow at a pace nearly three times the national rate. The prime renter cohort, aged between 20 and 34 years old, accounts for much of this increase. A heavy new supply of apartments has put a damper on rent growth, up 1.1% year-over-year through August, trailing the 2.4% national average.

Employment gains were led by the education and health services sector, with 10,100 new jobs. The sector's progress is likely to continue due to a \$390 million Women & Children's Inpatient Tower announced for northwest San Antonio. Also on the northwestern side, Hulu is investing \$13 million in a new, 45,000-square-foot viewer operations center that will employ 500 people.

The metro's economy continues to appeal to both investors and developers. More than \$780 million in multifamily assets changed hands by July 2017, placing the metro on track to surpass the \$1 billion mark for the third consecutive year. Apartment construction is still strong, with 3,200 units already completed and an estimated 7,800 apartments expected to come online by the end of the year. Upcoming supply is robust, with more than 8,000 units under construction and more than 10,000 units in different planning stages. Yardi Matrix forecasts rent growth of 1.5% for 2017.

Recent San Antonio Transactions

Agave



City: San Antonio
Buyer: Castle Lanterra Properties
Purchase Price: \$66 MM
Price per Unit: \$188,378

327 Sunset



City: San Antonio
Buyer: Lantower Residential
Purchase Price: \$55 MM
Price per Unit: \$176,282

Hidden Lake



City: San Antonio
Buyer: Starwood Capital Group
Purchase Price: \$46 MM
Price per Unit: \$120,000

The View at Encino Commons



City: San Antonio
Buyer: Draper & Kramer
Purchase Price: \$46 MM
Price per Unit: \$140,481

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