

Yardi® Matrix

San Antonio In High Gear

Multifamily Report Winter 2018

Job Gains Sustain Demand

Transaction Volume Hits Cycle High

Development Activity Remains Elevated

SAN ANTONIO MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Construction Surge Stalls Rent Growth

Above-trend employment gains, falling occupancy rates and elevated deliveries characterized San Antonio's multifamily market in 2017. Texas was among the top five states in the U.S. for job growth last year, thanks in part to San Antonio's contribution. Rents were up 0.8%, reaching \$987 but well below the 2.5% national rate. Even though a supply surge dampened rent growth, the metro's multifamily fundamentals remain healthy.

Employment growth was diverse in 2017, with education and health services and mining, logging and construction leading the expansion. In addition to the hefty multifamily pipeline, new projects across the metro kept the construction industry busy. The list of notable projects underway includes the 23-story Frost Bank Tower, anticipated for delivery in 2019, and Oden Hughes' 57-acre mixed-use development, to be delivered in three stages, with the first, 338-unit phase scheduled to open in late 2018.

San Antonio occupancy in stabilized properties remains the lowest among major U.S. metros, falling 90 basis points in 2017, to 92.9% as of December. Investors have set their eyes on San Antonio: Nearly \$1.4 billion in multifamily properties changed hands in 2017, representing an all-time cycle high. Apartment construction is strong, with more than 7,100 units underway and an additional 19,000 in various planning stages, leading Yardi Matrix to forecast rent growth of 1.5% in 2018.

Recent San Antonio Transactions

Agave



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

The Preserve on Fredericksburg



City: San Antonio
Buyer: Cortland Partners
Purchase Price: \$57 MM
Price per Unit: \$151,596

Marquis at Stone Oak



City: San Antonio
Buyer: Bluerock Real Estate
Purchase Price: \$55 MM
Price per Unit: \$154,609

Hidden Lake



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

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