

SAN ANTONIO OFFICE MARKET

Yardi® Matrix

Market Analysis

Second Quarter 2018

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Steady As It Grows



Healthy fundamentals, ideal geographical positioning, diverse economy, skilled workforce, and good infrastructure make San Antonio **one of the fastest growing cities in the U.S.** The metro's economy rests on four major industries—hospitality, health care, defense and education—and several **Fortune 500 companies.**

The market's office inventory encompasses almost **34 million square feet**, with some 416,000 square feet added to the market in 2017. Construction activity has gradually picked up over the past four years thanks to local revitalization initiatives such as the \$850 million Urban Renewal Plan that was adopted by the City Council in spring 2017.

Developers are focusing on premier assets that attract companies looking to set up operations in the area and willing to pay a premium for quality office space. Upgraded properties were also in high demand, especially among existing businesses that expanded their local footprint.

Overall office vacancies averaged **14.8%** in April, due to positive net absorption and strong demand for quality product. **Northeast San Antonio** and **Outlying Bexar County** were a magnet for tenants, pushing vacancy rates to 8.9% and 9.4%, respectively.

Investor activity remained sluggish over the past four quarters, with total sales volume amounting to **\$107 million** in April. More than half of the transactions were concentrated near the expanding suburban-primary areas, especially in the I-10 Corridor submarket.