

MARKETBEAT

San Antonio, TX

Industrial Q4 2018



SAN ANTONIO INDUSTRIAL

Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
San Antonio Employment	1,049k	1,059k	▲
San Antonio Unemployment	3.3%	3.4%	■
US Unemployment	4.1%	3.7%	▼

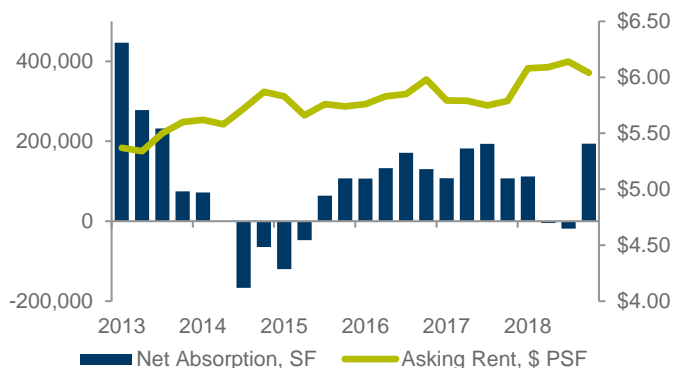
Market Indicators (Overall, All Classes)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	8.8%	7.9%	▼
YTD Net Absorption (sf)	429k	776k	▲
Under Construction (sf)	827k	4.1M	▲
Average Asking Rent*	\$5.79	\$6.04	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE FOR BOTH



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Economy

As San Antonio's Tri-Centennial year comes to a close, the city's economy remains one of the nation's strongest markets going into the new year. Unemployment remains stable, below the US average, while San Antonio's total employment numbers continue to climb, steadily. San Antonio's growing CBD, low cost of living, and stable supply of well paying jobs, draw talent in from all over the U.S. looking for a relaxed and consistent lifestyle. San Antonio's location continues to offer opportunities for industry growth reliant on inter / intra state trade, sitting at the crossroads of I-35 and IH-10, along one of the main USMCA (formerly NAFTA) corridors. San Antonio's market races into 2019 with a full head of steam, poised for unique opportunities of growth and output.

Market Overview & Outlook

San Antonio's industrial market is positioned to deliver a year with increased growth, higher-than-ever rental rates, and an increase in total square feet (sf) of quality space under construction. With vacancy lower than Q4 17, and a competitive market allowing for high amounts of leasing, San Antonio's market continues to increase development to keep up with the high demand for space. While rental rates have fallen by \$0.10 from the previous quarter, a trend due to higher amounts of competition as new projects are delivered, the asking rates were significantly higher than this time last year, by \$0.25. With over 4.1 million square feet (msf) total in development, notable projects included the 400,000-sf Corner Ridge project site; the high cube, Class A 175,055-sf Gateway10 Business Park; the dual building Tri-County Crossing, totaling 203,402 sf; and the TJ Maxx Distribution center, a 1.5 msf project in the south side of town. With ample development in the pipeline to keep up with demand requirements, asking rents and net absorption are expected to rise significantly over the next 12 months. Areas of growth for the industrial market include the East Side, the CBD, Tri-County, and New Braunfels submarkets.

With vacancies falling, yearly rents steadily climbing, and a large volume of quality product under construction, San Antonio's vibrant industrial market continues to attract quality tenants, with little sign of slow down in the coming new year.

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