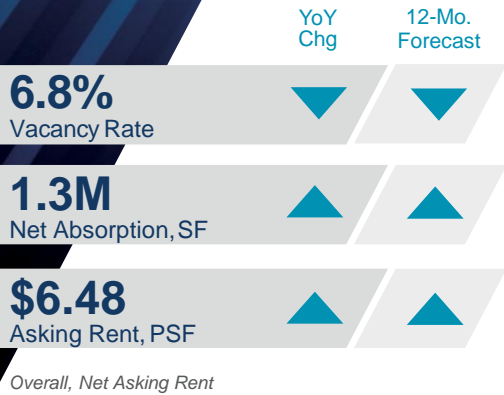
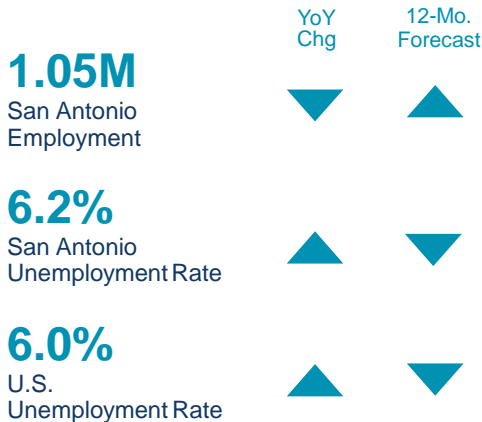


Industrial Q1 2021



ECONOMIC INDICATORS Q1 2021



Source: BLS

ECONOMY: Pandemic-era trends favor San Antonio

San Antonio is uniquely positioned to outperform in the post-pandemic period thanks to a low cost of living, ample housing and a diverse, stable mix of employment sectors. Total employment in the metro as of Q1 2021 is down by 4.0% compared to one year earlier. By comparison, U.S. total employment is down by 5.6% during that period. Industrial-using employment in San Antonio, a more reliable predictor of forthcoming industrial demand is down on a year-over-year (YOY) basis by 1.3%, compared to a decline of 3.1% for the U.S. The market also stands to benefit from the pandemic-era emphasis on housing supply. Single-family permitting levels are increasing at double-digit rates to start 2021 as developers rush to accommodate rapid population growth.

SUPPLY AND DEMAND: Absorption easily surpassing new supply to start 2021

The San Antonio industrial market is currently driven by pandemic-related factors such as surging e-commerce demand and population and housing growth, as well as a burgeoning automotive manufacturing cluster. Demand for goods, locally and in the adjacent Austin metro, can be easily serviced by warehouses along the I-35 corridor as evidenced by Amazon's recent activity in the region: the largest lease signed and the largest move-in during Q1 2021 each belonged to Amazon.

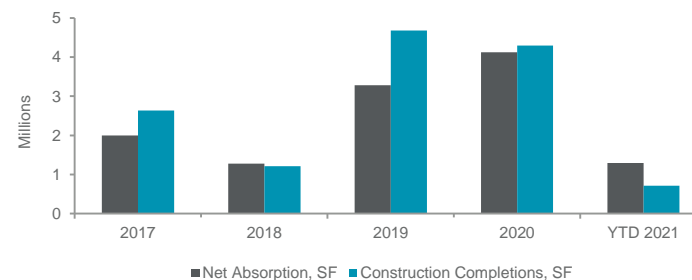
Net absorption of industrial space in San Antonio totaled 1.3 million square feet (msf) during Q1 2021, easily surpassing the 712,000 square feet (sf) of new space that delivered across the market during the same period. As a result, vacancy rates compressed to 6.8% during Q1, down from 7.4% during the prior quarter and from 7.5% one year ago.

San Antonio is experiencing a new supply surge, which should abate by the end of 2022 following the delivery of an expected 8.9 msf of industrial space in that year alone. By comparison, the average annual volume of new supply over the past 10 years was 2.6 msf. The vast majority of construction activity is targeting the high-demand South and Guadalupe County submarkets, which have a combined 88% pre-lease rate.

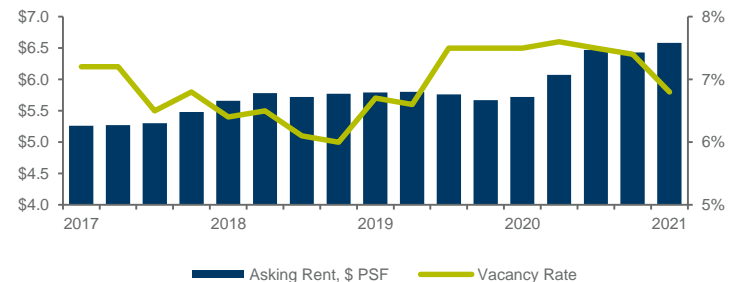
PRICING: Stellar, well above average, rental rate growth continues into the new year

As expected, the strength of demand for industrial space, caused by the aforementioned local demand drivers, has translated into phenomenal rent growth in recent quarters. Overall asking rents during Q1 2021 came in at \$6.58 per square foot (psf), which reflects a 15.0% YOY increase. The past three consecutive quarters (Q3 2020 through Q1 2021) have seen double-digit rental growth rates, averaging 13.6%.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR	COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT	DIRECT WEIGHTED AVG NET RENT
CBD	2,211,062	69,224	3.1%	-1,346	-1,346	0		0	\$12.00	\$12.00
Comal County	14,418,869	980,897	6.8%	367,402	367,402	30,000		0	\$5.82	\$5.82
Far North Central	793,640	83,016	10.5%	0	0	0		0	\$15.00	\$15.00
Far Northwest	288,130	0	0%	0	0	0		0	\$6.80	\$6.80
Far South	846,835	203,343	24.0%	102,198	102,198	0		0	\$7.53	\$6.00
Far West	3,007,112	22,174	0.7%	0	0	0		0	\$6.00	\$6.00
Guadalupe County	10,046,973	60,521	0.6%	198,016	198,016	931,279		200,000	\$6.01	\$6.01
Kendall County	725,180	0	0.0%	7,500	7,500	0		0	\$6.00	\$6.00
North Central	9,367,425	609,364	6.5%	16,387	16,387	92,459		0	\$10.48	\$10.54
Northeast	35,385,601	3,913,090	11.1%	130,223	130,223	418,679		162,000	\$6.25	\$6.27
Northwest	10,613,529	571,950	5.4%	65,001	65,001	0		0	\$8.05	\$8.05
Outlying West	745,126	0	0.0%	0	0	0		0	-	-
South	25,130,479	1,261,186	5.0%	410,392	410,392	6,452,524		350,000	\$5.29	\$5.29
SAN ANTONIO TOTAL	113,579,961	7,774,765	6.8%	1,295,773	1,295,773	7,924,941		712,000	\$6.48	\$6.47

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6806 Cal Turner Dr	South	Amazon	3,800,000	New Lease
1228 Cornerway Blvd	Northeast	No7 Labs	180,000	New Lease
17745 Lookout Rd	Comal County	FAMSA USA	95,931	New Lease
17745 Lookout Rd	Comal County	Restoration Hardware	62,000	New Lease

KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Brooks Industrial Building 1	South	Amazon	350,000	Brooks Development / Cambridge Property
0 N Guadalupe	Guadalupe County	United Alloy	200,000	Seguin Economic Development Corp
Galleria Cornerstone	Northeast	N/A	162,000	Galleria Cornerstone, LLC

KEY UNDER CONSTRUCTION Q1 2021

PROPERTY	SUBMARKET	EXPECTED COMPLETION	SF	OWNER/DEVELOPER
Project Star	South	March 2022	3,800,000	Seefried Properties
10360 US 90 Hwy	South	December 2022	1,000,000	Amazon
Navistar	South	March 2022	900,000	RIOCO Corporation
565 Bolton Rd	Guadalupe County	August 2021	500,000	Aisin World Corporation of America

LOUIS ROSENTHAL

Sr. Research Analyst

+1 972 663 9655 /louis.rosenthal@cushwake.com

JEFF GRAVES

Associate Market Director, Research

+1 512 370 2455 /jeff.graves@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.