

Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
5.2% Vacancy Rate	▼	▼
345K Net Absorption, SF	▼	▲
\$6.48 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
1.1M San Antonio Employment	▼	▲
5.9% San Antonio Unemployment Rate	▲	▼
5.9% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: Pandemic economic resiliency pays off in Q2

San Antonio's pandemic-resilient economic drivers—namely, a low cost of living, ample housing and a diverse, stable mix of employment sectors—as well as economic development initiatives that have resulted in a number of corporate relocations to San Antonio continue to support the market's fundamentals. Total employment in the metro as of Q2 2021 is up by 8.5% compared to one year earlier. By comparison, total employment in Texas is up by 6.8% during the same period. Employment associated with industrial demand suffered no pandemic-related losses and is up by an astounding 14.5% on a year-over-year (YOY) basis. Leisure and hospitality, the sector most directly impacted by the recession, remains meaningfully below its pre-crisis peak, but up by 2.3% from the prior quarter.

SUPPLY AND DEMAND: Pipeline continues to grow with no demand slowdown in sight

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 and the enormous volume of construction in the region.

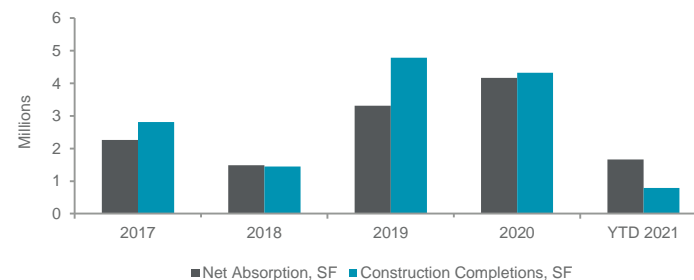
Net absorption of industrial space in San Antonio totaled 345,157 square feet (sf) during Q2 2021, falling well below the 1.3 million square feet (msf) in Q1, but easily surpassing the 73,161 sf of new space that delivered across the market during Q2. As a result, vacancy rates compressed to 5.2% during Q2, down from 6.1% during the prior quarter and from 7.2% one year ago.

San Antonio's construction pipeline continues to grow, with 8.5 msf of space actively under construction, up from 7.9 msf at the end of Q1. The vast majority of construction activity is targeting South San Antonio (6.5 msf; 76% of the total), followed by Guadalupe County (931,279 sf; 11% of the total). Amazon's Project Star in the South submarket remains the largest property currently under-construction at 3.8 msf. It is expected to deliver in Q1 2022.

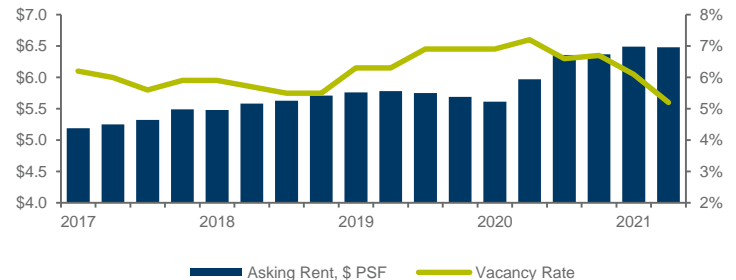
PRICING: Demand continues to surpass construction, causing stellar rental growth rates

Booming industrial construction has yet to satisfy the insatiable demand for industrial space in San Antonio, which translates into phenomenal rent growth. Overall net asking rents during Q2 2021 came in at \$6.48 per square foot, which reflects an 8.5% YOY increase. This comes on top of the whopping 15.7% YOY growth rate reported during Q1.

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	2,442,035	34,537	1.4%	3,633	5,771	0		0	\$10.23	\$10.23
Comal County	14,796,086	624,056	4.2%	216,936	584,338	245,000		0	\$4.81	\$4.81
Far North Central	793,640	0	0.0%	80,986	80,986	0		0	\$14.23	\$14.23
Far Northwest	512,975	0	0.0%	0	900	0		0	\$6.80	\$6.80
Far South	890,495	168,253	18.9%	41,290	144,888	0		0	\$7.53	\$6.00
Far West	3,131,782	22,174	0.7%	0	0	0		0	\$6.00	\$6.00
Guadalupe County	10,316,887	132,454	1.3%	-71,433	127,383	931,279		0	\$6.00	\$6.00
Kendall County	725,180	0	0.0%	0	7,500	0		0	\$6.00	\$6.00
North Central	10,013,455	514,267	5.1%	57,976	75,063	92,459		0	\$10.69	\$10.76
Northeast	36,957,975	3,244,918	8.8%	-6,767	134,795	768,778		73,161	\$6.71	\$6.73
Northwest	10,916,450	577,572	5.3%	-81,337	-16,336	0		0	\$8.12	\$7.91
Outlying West	996,129	0	0.0%	0	0	0		0	-	-
South	25,823,365	789,177	3.1%	103,873	514,265	6,497,253		0	\$5.30	\$5.30
SAN ANTONIO TOTAL	118,316,454	6,107,408	5.2%	345,157	1,659,553	8,534,769		73,161	\$6.48	\$6.44

*Statistics are not reflective of U.S. MarketBeat Tables.

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6655 Lancer Blvd	South	Amazon	327,600	New Lease
Corner Ridge Crossing 3	Northeast	Amazon	125,814	New Lease
Ridgeview 35 Building 1	Northeast	Undisclosed	114,100	New Lease
5807 Business Park Building 9	Northeast	Southern Warehousing	112,000	New Lease

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
1727 Cornerway Blvd Building 2	Northeast	N/A*	73,161	Exeter Property Group

*Currently building 100% vacant and available for lease

KEY UNDER CONSTRUCTION Q2 2021

PROPERTY	SUBMARKET	EXPECTED COMPLETION	SF	OWNER/DEVELOPER
Project Star (Amazon)	South	March 2022	3,800,000	Seefried Properties
10360 US 90 Hwy (Amazon)	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

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