

## Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
<b>4.4%</b> Vacancy Rate	▲	▼
<b>1.4M</b> Net Absorption, SF	▲	▲
<b>\$7.05</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
<b>1.1M</b> San Antonio Employment	▲	▲
<b>4.8%</b> San Antonio Unemployment Rate	▼	▼
<b>4.2%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

### ECONOMY: San Antonio industrial continues to grow

San Antonio continues to build its reputation as a top commercial real estate market. In addition to its low cost of living and stable mix of employment sectors, the unemployment rate decreased from 5.5% to 4.8% quarter-over-quarter (QOQ). Total employment in the metro is up by 4.4% year-over-year (YOY). With additional employment gains in other top sectors, economic growth is expected to continue. Industrial-using employment in San Antonio, a reliable predictor of forthcoming demand, is up by 2.9% YOY. The industrial market continued to grow and is anticipated to see additional gains from increased demand in e-commerce.

### SUPPLY AND DEMAND: San Antonio industrial maintains positive absorption

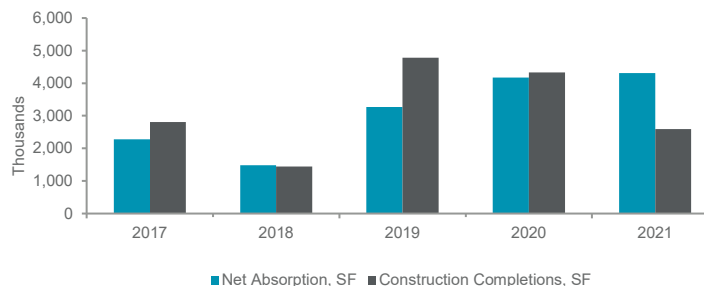
After three years of steady growth, industrial demand continues to exceed supply. In Q4 net absorption was 1.4 million square feet (msf), bringing the annual total to 4.3 msf, reflecting a 3.3% YOY increase. Warehouse and distribution accounted for 81% of total absorption for the year with South and Comal County submarkets housing 54% of total absorption. Leasing in 2021 totaled 11.7 msf, exceeding the large volume of leases in 2020 by 2.3%. The top three move-ins and top three leases in Q4 were made by Amazon, with 319,042 square feet (sf) of new leasing and 562,869 sf of move-ins. Vacancy rates decreased by 240 basis points YOY from 6.8% to 4.4%. The Northeast submarket currently has the highest vacancy rate at 7.7% with the Northwest submarket trailing behind with a 7.2% vacancy rate. Of the larger submarkets, the South submarket has the lowest vacancy rate of 1.7%, with 6.8 msf under construction. Seventeen buildings totaling 2.6 msf delivered in 2021, a decrease over the prior year's 4.3 msf deliveries. The industrial pipeline is anticipated to continue growing with 8.9 msf (26 buildings) of proposed inventory to address the increasing demand.

Compared to the previous year construction deliveries increased in manufacturing, from 150,000 sf to 773,161 sf in 2021. Many of the buildings under construction are warehouse & distribution, with 5.6 msf build-to-suit and 2.4 msf speculative. A total of 935,000 sf build-to-suit are under construction for manufacturing. In Q4 of 2021, the largest building delivery was Cornerstone Logistics Crossing in the Northeast submarket (224,220 sf).

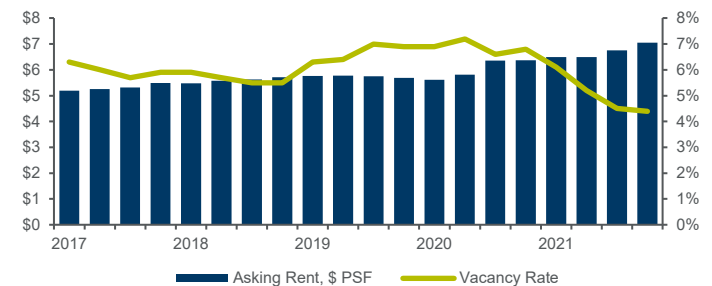
### PRICING: Net Asking Rents steadily rise despite increased supply

Asking rates continue to see increases. For the third consecutive quarter asking rates grew and ended 2021 at \$7.05 per square foot (psf), a 4.3% increase QOQ and 10.7% YOY. Warehouse & distribution saw rate increases at 3.1% QOQ and 5.1% YOY while manufacturing ended 2021 with a rate of \$7.76 psf, a 39% increase YOY.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	2021 OVERALL NET ABSORPTION (SF)	UNDER CNSTR Q4 (SF)	CONSTR COMPLETIONS Q4 (SF)	OVERALL WEIGHTED AVG NET RENT	DIRECT WEIGHTED AVG NET RENT
CBD	2,415,435	47,048	1.9%	38,543	44,314	0	0	\$9.65	\$9.65
Comal County	14,767,715	425,461	2.9%	31,684	987,838	925,071	35,000	\$5.79	\$5.79
Far North Central	793,640	0	-	0	83,016	0	0	\$14.23	\$14.23
Far Northwest	512,975	0	-	0	0	0	0	\$6.80	\$6.80
Far South	912,095	63,529	7.0%	77,124	249,612	0	0	\$8.28	\$8.28
Far West	3,131,782	16,174	0.5%	6,000	6,000	0	0	\$6.00	\$6.00
Guadalupe County	11,136,867	123,358	1.1%	64,043	718,887	348,871	0	\$6.00	\$6.00
Kendall County	900,472	28,722	3.2%	16,046	13,592	0	0	\$12.25	\$12.25
North Central	9,992,577	478,794	4.8%	61,411	225,731	0	0	\$11.02	\$11.04
Northeast	37,015,816	2,839,009	7.7%	655,738	863,194	708,949	694,851	\$7.36	\$7.41
Northwest	10,967,022	784,426	7.2%	-294,930	-229,989	187,200	0	\$8.20	\$8.23
Outlying West	1,073,984	0	-	0	0	0	0	-	-
South	26,032,116	442,434	1.7%	772,396	1,347,070	6,757,093	315,572	\$5.31	\$5.31
<b>SAN ANTONIO TOTAL</b>	<b>119,652,496</b>	<b>5,248,955</b>	<b>4.4%</b>	<b>1,428,055</b>	<b>4,310,165</b>	<b>8,927,184</b>	<b>1,045,423</b>	<b>\$7.05</b>	<b>\$7.05</b>

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2218 Corner Rdg	Northeast	Amazon	125,814	New Lease
10939 Fischer Rd	South	Amazon	98,298	New Lease
2222 Corner Rdg 400	Northeast	Amazon	94,930	New Lease
802 San Fernando St -802	Northwest	Klip	51,897	New Lease

## KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Comerstone Logistics Crossing	Northeast	Undisclosed	224,220	Scannell Properties

## KEY UNDER CONSTRUCTION Q4 2021

PROPERTY	SUBMARKET	EXPECTED COMPLETION	SF	OWNER/DEVELOPER
Rosillo Creek Industrial Park I	South	August 2022	560,500	PCCC LLC / Milam LLC
Becknell – Foster Ridge II	South	January 2022	439,809	Becknell Industrial
Selma Industrial Park Building II	Comal County	September 2022	305,760	Robinson Weeks Partners / Titan
Connections Distribution Center	South	March 2022	267,840	Phelan-Bennett
Becknell – Foster Ridge I	South	January 2022	258,715	Becknell Industrial
Building VII	Comal County	June 2022	175,492	Robinson Weeks Partners / Titan

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