

YoY Chg      12-Mo. Forecast

**13.4%**

Vacancy Rate



**104k**

Net Absorption, SF



**\$23.89**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2021

YoY Chg      12-Mo. Forecast

**1.1M**

San Antonio Employment



**4.8%**

San Antonio Unemployment Rate



**4.2%**

U.S. Unemployment Rate



Source: BLS

## ECONOMY: San Antonio observes slow and steady growth in Q4

According to the National Association of Realtors, San Antonio has been identified as one of America's top ten commercial office markets of 2021. In addition to its low cost of living and stable mix of employment sectors, the unemployment rate has decreased from 5.5% to 4.8% quarter-over-quarter (QOQ). Total employment in the metro as of Q4 2021 is up by 4.4% year-over-year (YOY). San Antonio's third largest industry in the market, Leisure and Hospitality, the sector most directly impacted by the recession is up by 5.3% QOQ and 13.3% YOY. With gains in employment not only in Leisure & Hospitality but other top sectors (Government, Professional & Business Services) continued economic growth is anticipated in the future. Office-using employment in San Antonio, a more reliable predictor of forthcoming office demand, is up by 3.6% on a YOY basis. Although positive, economic performance in Q4 has been stunted by the presence of the latest pandemic variant. It is expected that the San Antonio market will continue to see positive economic gains at a slow and steady pace.

## SUPPLY AND DEMAND: San Antonio office market maintains positive trajectory in Q4

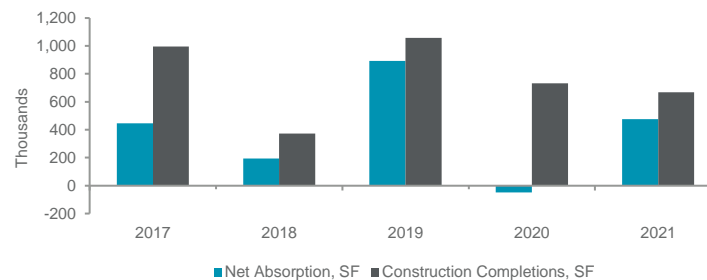
After seeing positive absorption for the past two quarters, the trend is maintained with a positive absorption of 103,836 square feet (sf) in the fourth quarter with a total absorption of 476,316 sf for 2021. Office recovery is expected to continue after observing three contiguous quarters of positive absorption. In the CBD, absorption has continued to increase, with gains of 71,001 sf in the fourth quarter of 2021, with 2021 total absorption at -57,308 sf. Class A total vacancy saw an absorption of 85,595 sf, decreasing the QOQ vacancy rate by 90 basis points to 13.9%.

As of Q4 2021, 1.3 million square feet (msf) remain under construction with a new building delivery of 23,886 sf. Of the 1.3 msf under construction, 267,890 sf is Class A, or 20% of the overall total. In 2021 the largest building delivery was the Credit Human Tower in the North Central submarket at 221,000 sf. Most of the new construction is occurring in the Northeast and Far Northwest submarkets, accounting for 67% of all new construction.

## PRICING: Class A rent continues increasing while all classes see decreases

The pace of overall rent growth increased annually but decreased slightly QOQ. In Q4 of 2021, rental rates increased by 1.4% from \$23.55 per square foot (psf) in Q4 2020. The year ended with a slight QOQ decrease in all class rental rates by 0.1% QOQ and 1.4% YOY. Class A rental rates closed Q4 of 2021 at \$27.83 psf, an 0.3% increase QOQ, but 1.3% lower YOY.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,678,806	41,688	755,189	10.4%	71,001	-57,308	233,207	45,960	\$24.69	\$27.48
Far North Central	3,280,640	79,453	489,066	17.3%	-48,386	-122,777	112,098	156,000	\$30.83	\$30.21
Far Northwest	1,098,550	72,656	101,557	15.9%	21,874	201,399	151,658	550,000	-	-
Far West	3,097,603	9,991	153,850	5.3%	101,380	114,130	51,632	108,000	\$25.57	\$30.76
North Central	12,412,015	42,779	2,118,372	17.4%	-75,542	-89,342	625,242	53,000	\$24.01	\$27.89
Northeast	3,914,965	3,184	462,267	11.9%	127,298	140,986	80,939	340,709	\$24.25	\$28.66
Northwest	15,423,357	78,246	2,042,532	13.8%	-166,133	113,196	702,174	84,890	\$22.91	\$27.01
South	1,865,012	0	90,676	4.9%	72,344	176,032	114,148	0	\$17.00	-
<b>SAN ANTONIO TOTALS</b>	<b>48,770,948</b>	<b>327,997</b>	<b>6,213,509</b>	<b>13.4%</b>	<b>103,836</b>	<b>476,316</b>	<b>2,077,529</b>	<b>1,338,559</b>	<b>\$23.89</b>	<b>\$27.83</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7330 San Pedro Avenue	North Central	Elliot Connection LLC	38,323	New
1560 Cable Ranch Road	Far West	Air Force Credit Union	31,600	New

## KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Nationwide Westover Hills Center	Far West	Nationwide Insurance / Reserve Capital Partners	269,162
Pyramid Building	North Central	Taurus Investment LLC / Boyd Watterson Asset Management	218,859
University Park Tech Center I & II	Northwest	Clarion Partners / Merit	190,762

## KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
CorePath Laboratories	Far Northwest	CorePath Laboratories	23,886	CorePath Laboratories

## KEY UNDER CONSTRUCTION Q4 2021

PROPERTY	SUBMARKET	EXPECTED COMPLETION	SF	OWNER / DEVELOPER
19500 IH-10 W	Northwest	October 2022	550,000	Fasken Oil & Ranch
Jefferson Bank HQ	Northeast	July 2022	230,000	Milam Real Estate LLC
Concord Park III	North Central	January 2022	100,000	Concord Property Corporation

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