

YoY
Chg12-Mo.
Forecast

15.1%

Vacancy Rate



-801k

Net Absorption, SF



\$24.56

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q1 2022YoY
Chg12-Mo.
Forecast

1.1M

San Antonio
Employment

4.4%

San Antonio
Unemployment Rate

3.6%

U.S.
Unemployment Rate

Source: BLS

ECONOMIC OVERVIEW: San Antonio economy observes slow and steady growth

As the COVID-19 pandemic has slowly subsided, the San Antonio economy continues to right itself with steady job growth and declining unemployment figures. The local unemployment rate declined once again from the previous quarter and now sits at 4.4%. In addition, San Antonio employment grew by 5.6% year-over-year. With its low cost of living and stable mix of employment sectors, the San Antonio MSA continues to show positive economic gains at a slow and steady pace.

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

After seeing positive net absorption for the past three quarters, absorption returned to the red in Q1 2022 with approximately 801,000 square feet (sf) of negative net absorption recorded citywide. This was due in large part to a 420,000 sf sublease coming to market in the Central Business District (CBD) as most of the Bank of America Plaza building located downtown became vacant during the first quarter. Despite this, office recovery is expected to continue as leasing activity continues to show positive signs with nearly 600,000 sf of space leased during the quarter. The negative hit to absorption coupled with the residual effects of the pandemic pushed overall vacancy levels up 170 basis points to close the quarter at 15.1%, with direct vacancy coming in at 13.4%. The CBD ended the quarter with an overall vacancy rate of 18.8%.

As of Q1 2022, 1.4 million square feet (msf) of office space was under construction citywide with deliveries for the first quarter totaling 194,654 sf. Of the 1.4 msf under construction, approximately 70% of that space is pre-leased. Most of the new construction is occurring in the Far Northwest and North Central submarkets, with 550,000 sf and 333,000 sf, respectively.

PRICING: Average asking rates continue to climb

Average full-service rents continued their upward climb increasing quarter-over-quarter by \$0.67 to \$24.56 per square foot (psf). The citywide Class A space trended upward as well, increasing \$0.40 from the previous quarter to \$28.23 psf. Average full-service rents in the San Antonio CBD closed the quarter at \$26.63 psf with Class A rents in that submarket coming in at \$32.72 psf. The pace of overall rent growth citywide increased annually by 4.1%.

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	2021 OVERALL ABSORPTION (SF)	2021 LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,751,251	471,457	985,369	18.8%	-634,186	-634,186	31,840	45,960	\$26.63	\$32.72
Far North Central	3,460,390	101,840	556,470	19.0%	72,589	72,589	26,360	0	\$30.58	\$31.56
Far Northwest	1,153,394	72,656	110,788	15.9%	14,001	14,001	4,361	550,000	\$35.86	-
Far West	2,955,807	9,991	161,572	5.8%	32,528	32,528	0	130,000	\$31.07	\$30.30
North Central	12,555,245	31,776	2,234,648	18.1%	-298,836	-298,836	186,957	333,000	\$24.75	\$27.49
Northeast	4,091,279	40,318	494,939	13.1%	-49,580	-49,580	84,772	110,709	\$23.97	\$28.77
Northwest	15,451,027	101,307	2,113,155	14.3%	44,376	44,376	254,104	240,114	\$23.04	\$27.62
South	1,975,728	0	75,681	3.8%	18,063	18,063	5,668	0	\$21.52	-
SAN ANTONIO TOTALS	49,394,121	829,345	6,732,622	15.1%	-801,045	-801,045	594,062	1,409,783	\$24.56	\$28.23

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Crowwinds Technology Park	Northeast	Spectrum	69,000	New
Brookhollow Park	North Central	Pape Dawson Engineers	27,247	New
University Heights Tech Center	Northwest	GC Services	17,792	New

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Legacy Oaks	Northwest	Velocis / Altera Fund Advisors & Harrison Street	227,657
Pinnacle Oaks	Northwest	ALC Partners / Fuller Realty & ICP	79,369

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Concord Park III	Far North Central	None	100,000	Concord Property Corporation

KEY UNDER CONSTRUCTION Q1 2022

PROPERTY	SUBMARKET	EXPECTED COMPLETION	SF	OWNER / DEVELOPER
North Rim Corporate Campus	Northwest	October 2022	550,000	Fasken Oil & Ranch
Jefferson Bank HQ	North Central	July 2022	280,000	Milam Real Estate LLC
Farinon Business Park	Northwest	April 2022	84,890	Worth & Associates

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