



YoY
Chg

12-Mo.
Forecast

15.1%

Vacancy Rate



-107K

Net Absorption, SF



\$24.37

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

YoY
Chg

12-Mo.
Forecast

1.1M

San Antonio
Employment

3.8%

San Antonio
Unemployment Rate

3.6%

U.S.
Unemployment Rate

Source: BLS

ECONOMIC OVERVIEW: San Antonio economy maintains stable growth

Despite uncertainty looming over the U.S. economy, the San Antonio market's diversified job sector has proven it's well positioned to ride out a downturn better than most. Backed by a strong tourism, defense, and healthcare job base, the local unemployment rate declined once again from the previous quarter and now sits at 3.8%. In addition, San Antonio employment grew by 4.4% 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: Uptick in sublease space move vacancy levels higher

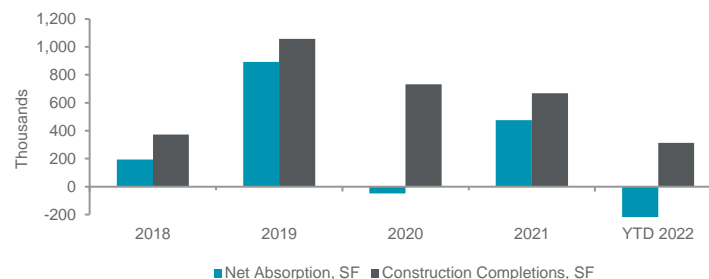
After seeing positive net absorption throughout 2021, absorption has moved into the red in the first half of 2022. Approximately 107,000 square feet (sf) of negative net absorption was recorded citywide in Q2 2022. Like other markets, much of this is due to a growing sublease market as companies deal with both hybrid work and inflation worries. Despite this, office recovery is expected to remain stable as leasing activity continues to show positive signs with nearly million square feet (msf) of space leased during the first half of 2022. Overall vacancy levels rose 40 basis points to close the quarter at 15.1%, with direct vacancy coming in at 13.5%. The CBD ended the quarter with an overall vacancy rate of 18%.

As of Q2 2022, 1.2 million square feet (msf) of office space was under construction citywide with deliveries for the first half of 2022 totaling 314,160 sf. Of the 1.2 msf under construction, approximately 66% of that space is pre-leased. Most of the new construction is occurring in the Far Northwest and Northeast submarkets, with 550,000 sf and 311,203 sf, respectively.

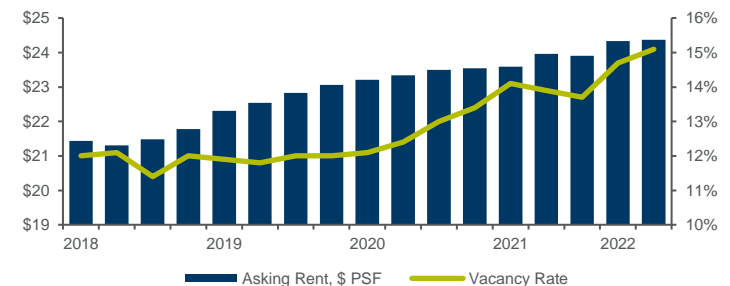
PRICING: Average asking rates remain mostly stable

Average full-service rents remained mostly stable over the prior quarter increasing slightly to \$24.37 per square foot (psf). The citywide Class A space trended upward as well, increasing 87 basis points from the previous quarter to \$28.95 psf. Average full-service rents in the San Antonio CBD closed the quarter at \$26.84 psf with Class A rents in that submarket coming in at \$30.66 psf. The pace of overall rent growth citywide increased annually by 4.2%.

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	7,808,802	413,965	980,966	18.0%	-64,770	-667,348	75,632	45,960	\$26.84	\$30.66
Far North Central	3,361,434	136,610	587,012	21.5%	-63,300	7,441	60,471	0	\$30.21	\$31.56
Far Northwest	1,153,394	89,804	124,872	18.6%	-26,871	-12,869	4,361	550,000	\$30.00	\$30.34
Far West	2,833,942	9,991	195,523	7.2%	-59,436	16,460	11,571	90,000	\$27.40	\$30.30
North Central	12,481,098	41,120	2,146,715	17.1%	143,927	-143,301	471,513	53,000	\$24.66	\$27.49
Northeast	4,064,463	3,184	573,535	14.2%	-58,888	-33,492	140,913	311,203	\$23.64	\$28.77
Northwest	15,699,670	134,923	1,974,226	13.1%	19,127	63,503	398,910	202,819	\$23.21	\$27.62
South	1,975,728	0	61,404	3.1%	2,715	20,778	19,726	0	\$21.98	\$29.00
SAN ANTONIO TOTALS	49,378,531	829,597	6,644,253	15.1%	-107,496	-748,828	1,201,317	1,252,982	\$24.37	\$28.95

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2735 Austin Highway	Northeast	Arrive Logistics	83,050	New
5800 Northwest Pkwy	Northwest	Southwest Immunodiagnostics	19,337	New
10999 W IH-10	Northwest	Kanopy Insurance	10,309	Sublease

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Tower Life Building	CBD	Tower Life Properties / Alamo Capital Advisors	282,551
Northwest Parkway	Northwest	Strategic Office Partners / Sentinel	142,500

KEY CONSTRUCTION COMPLETIONS Q2 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
3939 North Loop 1604	Far North Central	Unknown	56,000	Greenway Park LLC

KEY UNDER CONSTRUCTION Q2 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	July 2022	84,890	Worth & Associates

JEFF GRAVES

Market Director, Austin Research

+1 512 474 2400

jeff.graves@cushwake.com

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