

## Industrial Q3 2022

YoY  
Chg12-Mo.  
Forecast**3.9%**

Vacancy Rate

**984K**

Net Absorption, SF

**\$7.21**

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS  
Q3 2022YoY  
Chg12-Mo.  
Forecast**1.1M**San Antonio  
Employment**3.7%**San Antonio  
Unemployment Rate**3.5%**U.S.  
Unemployment Rate

Source: BLS

## ECONOMY: San Antonio economy continues to improve

Although there has been growing economic concerns with rising interest rates and inflation, San Antonio is positioned better than most cities due to their low unemployment rate and strong performance in key employment sectors. San Antonio benefits from a friendly business environment that has allowed them to attract new companies which has helped fuel the city's growth. This impressive growth has led to a year-over-year increase of approximately 50,000 jobs. In addition, San Antonio's unemployment rate continued to decline as it decreased to 3.7% in the third quarter. With its low cost of living and stable mix of employment sectors, the San Antonio Metropolitan Statistical Area (MSA) continues to show significant improvement.

## SUPPLY AND DEMAND: Industrial demand reaches record highs

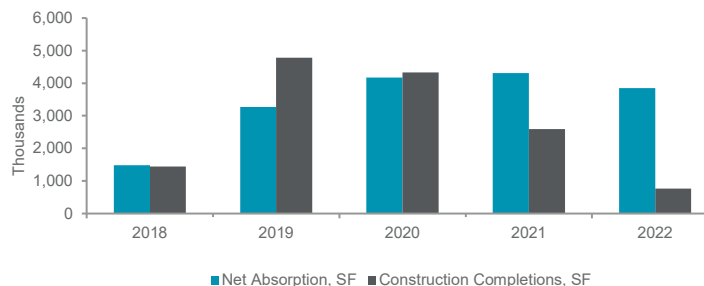
San Antonio sits at the forefront of the booming Central Texas industrial market with its strong demand for new industrial facilities backed up by an extensive construction pipeline. Demand continues to rise as San Antonio has become a hub for large industrial tenants, pushing vacancy rates to a record low of 3.9% in the third quarter. Net absorption of industrial space in San Antonio totaled approximately 984,000 square feet (sf) in Q3 2022, down 35% from the second quarter. Despite the drop in net absorption, industrial leasing activity increased slightly, totaling close to 1.7 million square feet (msf).

San Antonio's record demand for industrial space has led to well over 6.0 million square feet (msf) of space under construction for the third quarter. The construction totals in the third quarter alone nearly surpassed the construction totals in the first two quarters. The majority of construction activity is targeting Northeast San Antonio (2.8 msf; 46% of the total), followed by the South submarket (1.3 msf; 31% of the total). The Oakmont 410 distribution facility in the South submarket remains the largest property currently under construction at 639,525 sf. It is expected to deliver in Q4 2022.

## PRICING: Rental rates continue to soar as demand spikes

With vacancy rates continuing to decline and the market for space becoming more competitive, rental rates soared upward in the third quarter. Overall, asking rates continue to rise as there was a 10% increase in year-over-year (YOY) net rental rates for all industrial product. The average net rental rate for all property types for Q3 2022 increased to \$7.21 per square foot (psf). Additionally, Warehouse/Distribution rates continue to rise as they are up 15% YOY, with an average rate of \$6.49 psf. With an abundance of new construction in the upcoming quarters and a recent "flight-to-quality", it is safe to assume these rental rates will continue to increase in this growing industrial market.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	2022 OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	2022 CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Central Business District	1,030,764	0	81,348	5.3%	0	13,300	0	0	\$15.00	\$8.40
Comal County	9,821,406	0	585,780	6.0%	-84,289	-125,040	1,196,152	124,186	\$13.20	\$6.40
North Central	6,284,580	5,000	181,999	3.0%	73,000	124,517	0		\$14.24	\$10.08
Northeast	25,704,896	50,043	809,384	3.3%	403,670	2,881,814	2,847,104	377,314	\$19.33	\$6.79
Northwest	6,936,139	15,400	214,265	4.2%	-5,754	235,357	187,200		\$12.98	\$7.97
South	14,590,699	0	591,958	4.1%	597,303	715,969	1,933,518	268,203	\$15.23	\$5.50
<b>SAN ANTONIO TOTALS</b>	<b>64,368,484</b>	<b>70,443</b>	<b>2,464,734</b>	<b>3.9%</b>	<b>983,930</b>	<b>3,845,917</b>	<b>6,163,974</b>	<b>769,703</b>	<b>\$15.93</b>	<b>\$6.49</b>

\*Rental rates reflect weighted net asking \$psf/year

## KEY LEASE TRANSACTIONS OF Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7015 Lancer Blvd	South	Tesla	439,809	New
638 Davy Crockett Road	South	Unknown	133,875	New
5311 Dietrich Road	Northeast	Unknown	112,025	New
5367 Dietrich Road	Northeast	Unknown	107,040	New
5300 Brewster Road	Northeast	Southern Moving & Storage	59,657	New

## KEY SALES TRANSACTIONS OF Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Interpark Logistics Center	North Central	Unknown / Stream Realty	689,215
Foster Commerce North	South	Z-Farm / NorthPoint Development	649,000
CenterPoint Logistics Park	Northeast	Unknown / Greystar	416,707

## KEY CONSTRUCTION COMPLETIONS OF Q3 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Tri-County Crossing	Comal County	None	124,186	EastGroup
Connections Distribution Center	Northeast	None	268,203	Welcome Group

## Michael DesRoches

Analyst, Austin/San Antonio Research

+1 512 474 2400

[michael.desroches@cushwake.com](mailto:michael.desroches@cushwake.com)

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