Office/medical space tightens

As of the end of the second quarter of 2019, the vacancy rate for Class A and Class B office/medical properties was down 20 basis points quarter-over-quarter to 16.3%, and up 150 basis points year-over-year. As a point of comparison, the San Antonio area’s overall office vacancy rate for Class A space registered at 12.9% as of Q2 2019, and Class B at 9.7%. Overall net absorption increased from this time last quarter at positive 74,000 sq. ft., with Class A space representing positive 117,000 sq. ft. and Class B space totaling negative 44,000 sq. ft. The previous run of overall positive net absorption lasted five consecutive quarters, Q3 2017 through Q3 2018.

Laurel Ridge Treatment Center expanding

Laurel Ridge Treatment Center is building an 80-bed hospital that will treat military veterans and first responders. Universal Health Services Inc. plans to build a behavioral health hospital near Stone Oak, breaking ground in the second quarter of 2019 across from the company’s 250-bed Laurel Ridge Treatment Center on Corporate Woods Drive. It will also provide specialized behavioral health care and substance abuse services for patients of all ages. Laurel Ridge is the largest civilian provider treating combat-related post-traumatic stress disorder in the U.S.

San Antonio Economic Indicators

Job growth was mild in the San Antonio metro area as new jobs were added to the region at a 0.3% annualized rate during the three months ending in June. Health and education services experienced gains (about 1,900 net jobs), with particular strength in jobs related to health care and social assistance. Growth was largely led by the professional and business services sector as payrolls expanded an annualized 7.4%, or a net 2,600 jobs. Payrolls constricted 10.7% (3,900 jobs) in leisure and hospitality and 9.4% (1,350 jobs) in construction. The unemployment rate inched up but remained noticeably low at 3.0% in June, well below the state and national rates of 3.4% and 3.7%, respectively.