

MULTIFAMILY | SAN ANTONIO INVESTMENT SALES MARKET REPORT

Capital is starting to return to the Alamo City

Q1 2021

EXECUTIVE SUMMARY

SALES

The coronavirus outbreak has largely slowed transaction activity, though buyers and sellers are starting to feel confident again. Volume remains soft, but with some additional clearness around rent collections, asking rent movement, and absorption available to potential buyers, capital is starting to return. Investment has come into the city, both in the form of development, followed by acquisitions of new, well-leased properties. The market saw new peaks set for sales volume year after year, and based on recent movements, 2021 could surpass 2019 levels. It may point to the fact that liquidity shouldn't be as much of a concern in San Antonio as it has in years past as more than 17,000 units changed hands in 2019. Pricing is up as well across the quality spectrum as the search for yield continues in today's multifamily environment.

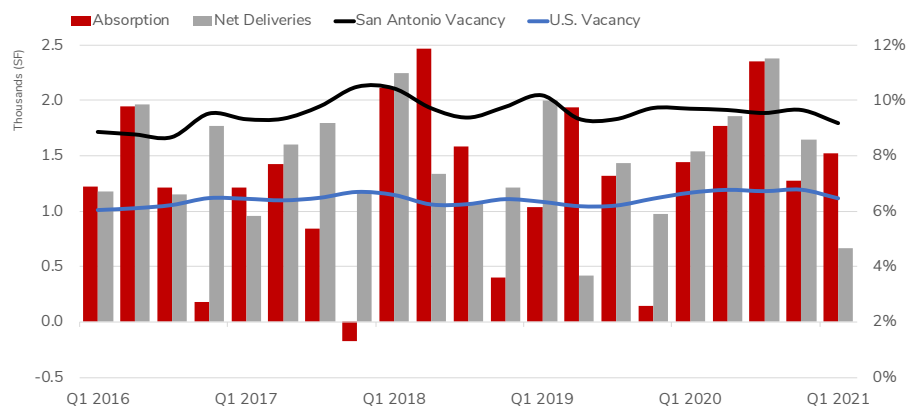
CONSTRUCTION & RENT

The majority of construction has been focused in two submarkets: Far West and Northwest San Antonio. More than 50% of San Antonio's construction activity since 2010 has happened in these two submarkets alone. That has created a relatively similar product in those areas, meaning that the determining factor for renters often came down to pricing. That race to the bottom controlled growth in those two submarkets in particular, as both underperformed an already weak metro-wide growth since the beginning of 2016. Effective rent growth has been even weaker, as well, with reports of more than two months being offered on some properties. But that's not new for San Antonio as more than a third of all units in the metro are offering some form of concession, and almost 15% of the entire market offers at least a month free.

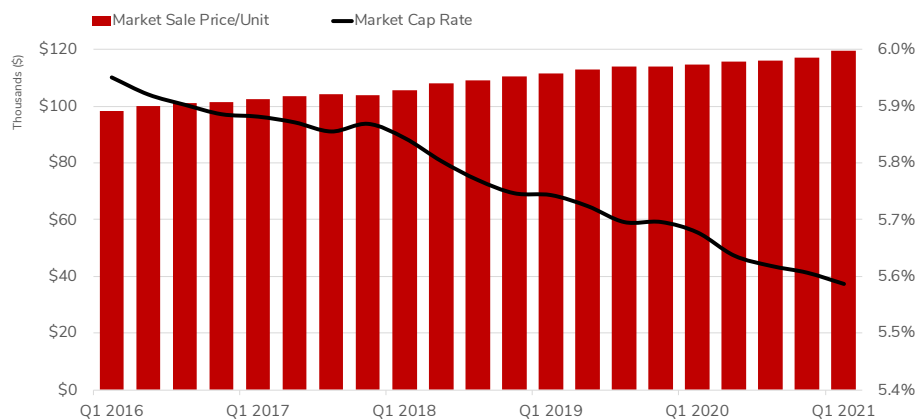
MARKET INDICATORS

	San Antonio Market		National Index	
Market Sale Price/Unit	\$122,000	▲	\$210,000	▲
12 Mo Asking Sale Price/Unit	\$78,400	▼	\$174,000	▲
Market Cap Rate	5.5%	▼	5.5%	▼
12 Mo Sales Volume	\$472 M	▼	\$109 B	▼
12 Mo Transactions	117	▼	15,263	▼
For Sale Listings	24	▲	5,466	▲

SUPPLY & DEMAND



MARKET SALES PRICE & CAP RATE



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