

SAN ANTONIO OFFICE MONTHLY MARKET SNAPSHOT

San Antonio Office market outpacing year-prior leasing velocity

March 2021

MARKET HIGHLIGHTS

VACANCY INCREASES TO 11.1%

The overall vacancy rate in the San Antonio office market is at 11.1%, up 70 basis points from this time last year at 10.4%. The vacancy rate for Class A properties is at 13.1%, up from 11.9% in the prior period. Net absorption (move-ins minus move-outs) of negative 91,000 sq. ft. was up from negative 344,931 sq. ft. at this time in 2020. In addition, 353,000 sq. ft. of new supply has been delivered to the market so far in 2021, with an occupancy rate of 74.4%. Year-to-date through February, the office market has recorded 348,000 sq. ft. of leasing activity—which is comprised of both new leases and renewals—up close to 10% from one year ago.

10-STORY OFFICE BUILDING ACQUIRED IN RIVERWALK AREA

The Navarro Building and garage at 146 Navarro St. was originally built in 1968, the year the World's Fair was held in San Antonio. BH Properties has acquired the 10-story building in San Antonio's RiverWalk area that consists of 100,000 sq. ft. of office space above a 605-space parking structure. A capital improvement program to completely transform the office component into institutional quality Class A space is planned.

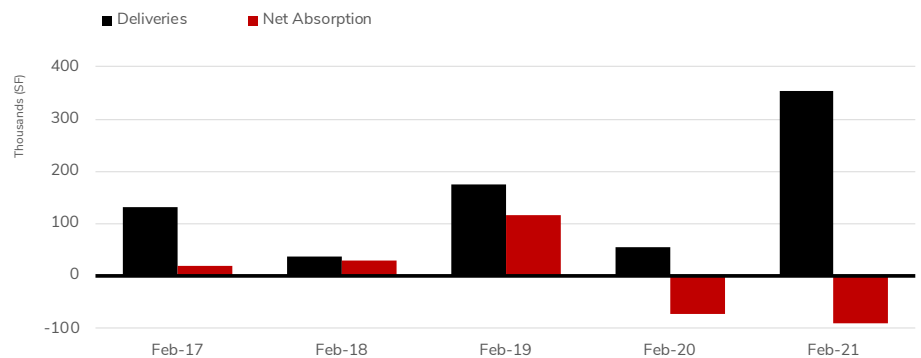
SAN ANTONIO ECONOMIC INDICATORS

According to the Federal Reserve Bank of Dallas, the unemployment rate ticked down, and jobs tightened. Payroll changes were mixed across industries. Local consumer spending declined in mid-February due to a strong winter storm. Home sales activity surged in January. The metro's unemployment rate fell in January to 6.3%. The state and national unemployment rates also declined in January, to 6.8% and 6.3%, respectively. Employment fell across all sectors in 2020, with the most significant declines occurring in mining and leisure and hospitality.

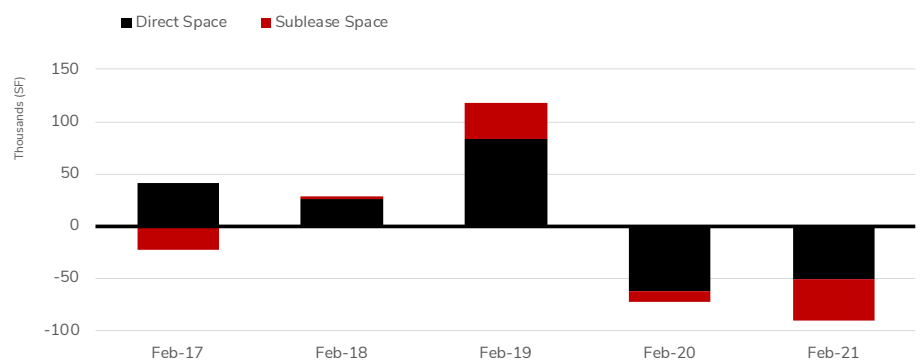
MARKET ACTIVITY

	FEBRUARY 2021		FEBRUARY 2020
Vacancy	11.1%	▲	10.4%
Availability	15.1%	▲	12.9%
Under Construction SF	1,627,210	▼	1,755,726
Gross Average Asking Rent	\$23.59	▲	\$23.25
Net Absorption SF YTD	-90,743	▲	-344,931
Leasing Activity SF YTD	348,204	▼	383,964
Deliveries SF YTD	353,401	▲	82,719

SUPPLY & DEMAND | FEBRUARY - YEAR OVER YEAR



NET ABSORPTION | FEBRUARY 2021



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