SAN ANTONIO, TX

MULTIFAMILY REPORT

2024 | **MID-YEAR**

Jobs Added / Lost*

LAST 12 MONTHS

27,300

2.4%

Unemployment*

JUNE 2024

3.6%

10 BPS YOY

**Seasonally Adjusted*

SAN ANTONIO, TX

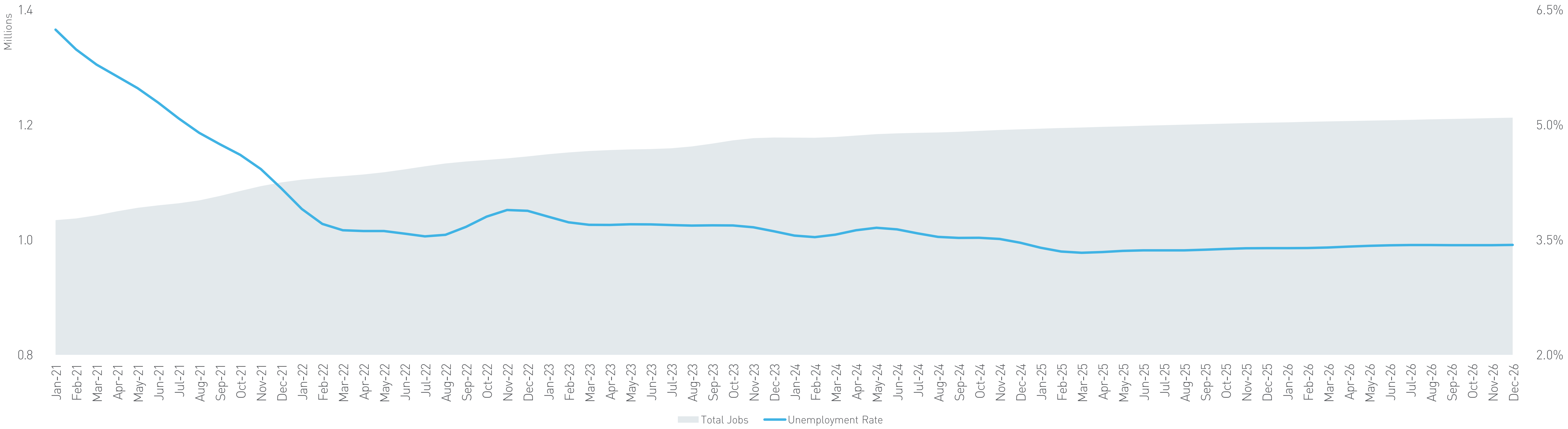
EMPLOYMENT

Metro San Antonio employers added 27,300 nonfarm jobs during the 12 months that culminated at the end of June 2024. The 2.4% annual job increase stood 70 basis points above the national average of 1.7% during the same period. Leisure and hospitality employers contributed the most additions, at 7,800 net jobs across Greater San Antonio. Tourism is the metro's third largest economic driver, with leisure and hospitality employing nearly 150,000 people in June 2024. Over 37 million visitors per year generate an average of over $1.6 billion while visiting famous sites like the Alamo, the San Antonio Riverwalk, and Six Flags Over Texas. Additionally, as the population expands to the outer rim of the metro, new retail opportunities and jobs emerged, as nearly 3 million square feet of retail space delivered between June 2023 and 2024. To meet the needs of new residents, the government added 6,100 new jobs, and the private education and healthcare sector added 5,900 new jobs. Both private and public healthcare providers are busy in Greater San Antonio. University of Texas Health San Antonio pledged to create more than 1,500 new jobs between 2023 and 2026, and currently is investing billions to better care for the region's southernmost populace and northeastern residents. Methodist Health recently opened their Landmark hospital to relieve existing facilities with outpatient care and is working to expand the Stone Oak facility in the far north where population growth is rampant.

In the News

- UT Health San Antonio hiring 800 employees for multispecialty hospital
- Baptist Health's Westover hospital expansion to create 500 new jobs
- Construction on JCB's $500 million factory is underway, hiring 1,500 employees

Employment Trends



Source: Moody's Analytics

DELIVERIES & ABSORPTION

2024 YEAR TO DATE

DELIVERIES
5,423 UNITS

ABSORPTION
4,498 UNITS

2024 TOTAL*

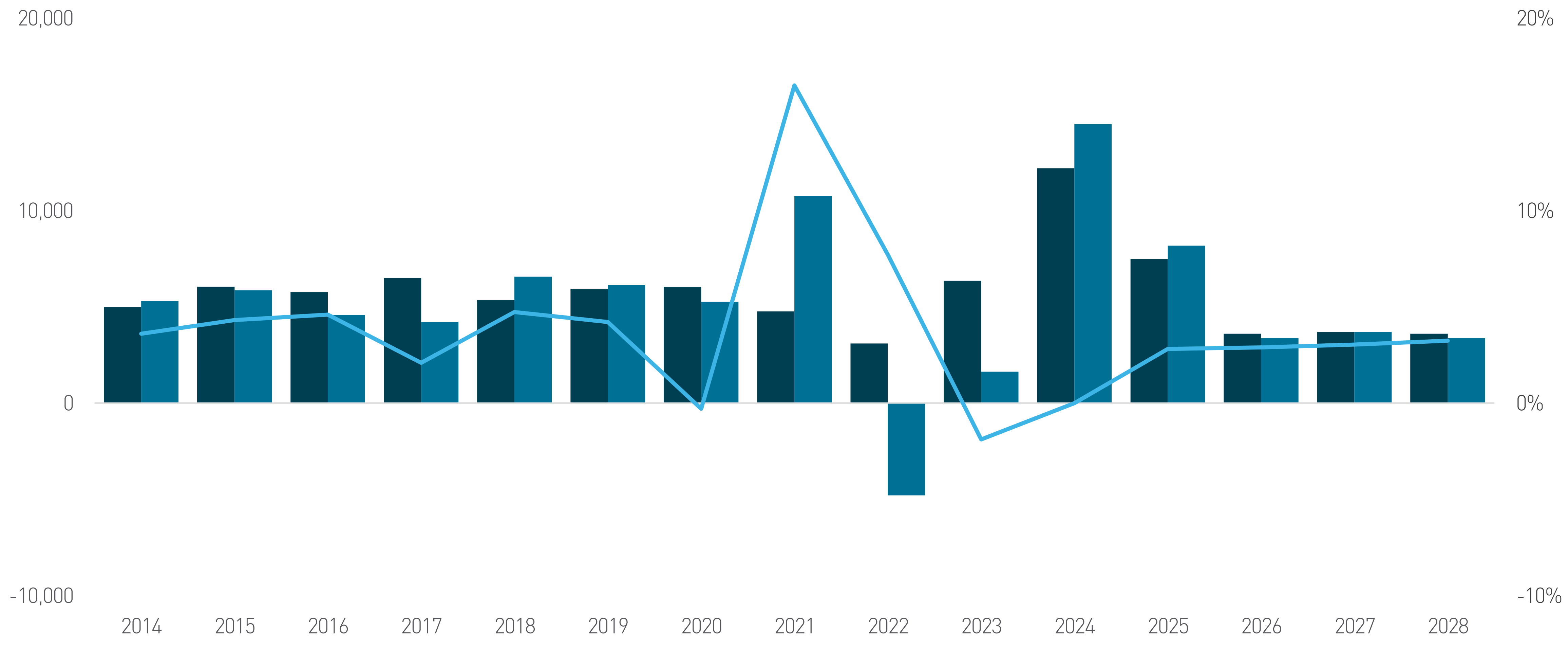
DELIVERIES
12,202 UNITS

ABSORPTION
14,490 UNITS

**Projected*

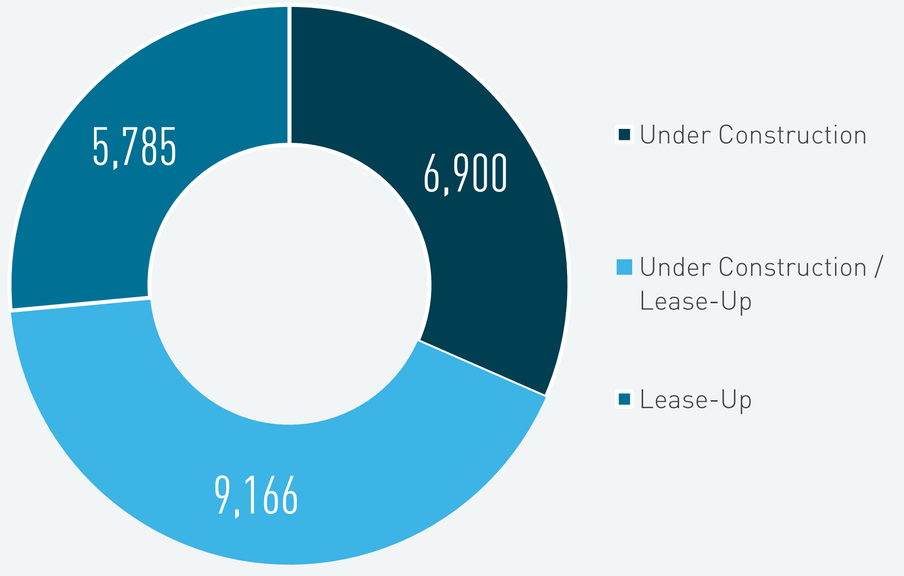
San Antonio multifamily builders added nearly 9,020 units annually through the second quarter of 2024. The 3.9% inventory increase year over year was the third largest percentage of inventory change of all Texas multifamily markets. Approximately 60%, or 5,423, of those units came online during the first six months of 2024. Developers heavily targeted the New Braunfels/Schertz/Universal City and the Far Northwest San Antonio submarkets, which comprised nearly 55% of the total volume of new units delivered in the first half of 2024. They also led all submarkets in current construction pipeline, with nearly 3,080 units in New Braunfels/Schertz/Universal City and 2,829 units in Far Northwest San Antonio under construction and under construction/lease-up phases. The new inventory facilitated leasing activity in New Braunfels/Schertz/Universal City and Northwest San Antonio, with these submarkets accounting for 57% of the market's 4,498 net move-ins during the first half of 2024. Comal County's rapid population growth further fueled housing demand in the New Braunfels area, which draws in renters with the affordable, high quality of life and growing economic hub that includes TaskUs and major industrial operations of CAT and Vitesco Technologies. Northwest San Antonio also offers major benefits, as it is just outside the University of Texas San Antonio Campus and surrounding corporate campuses, as well as the ample entertainment corridor around La Cantera.

Deliveries, Absorption, & Effective Rent Change

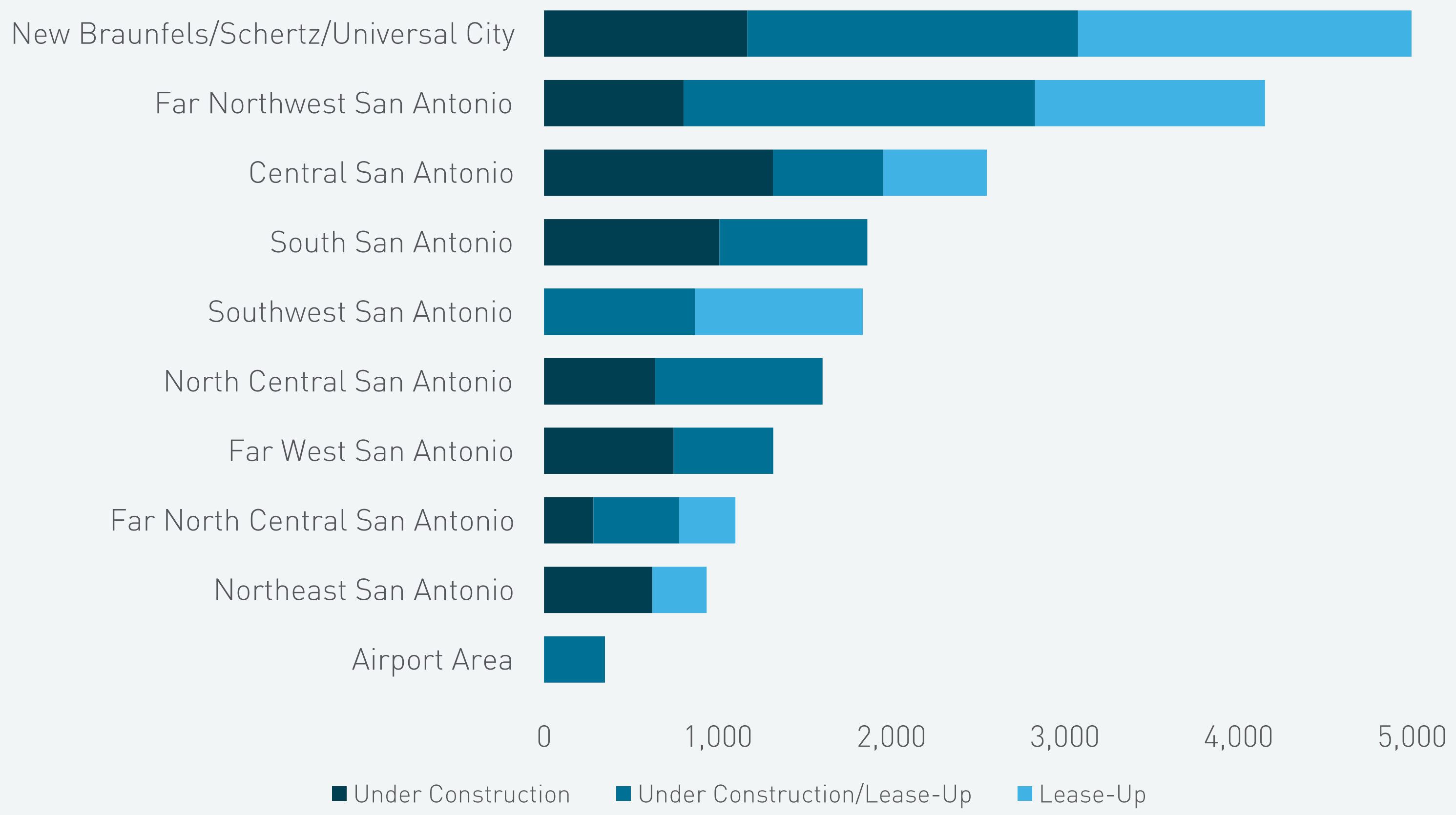


Source: RealPage

Market Pipeline



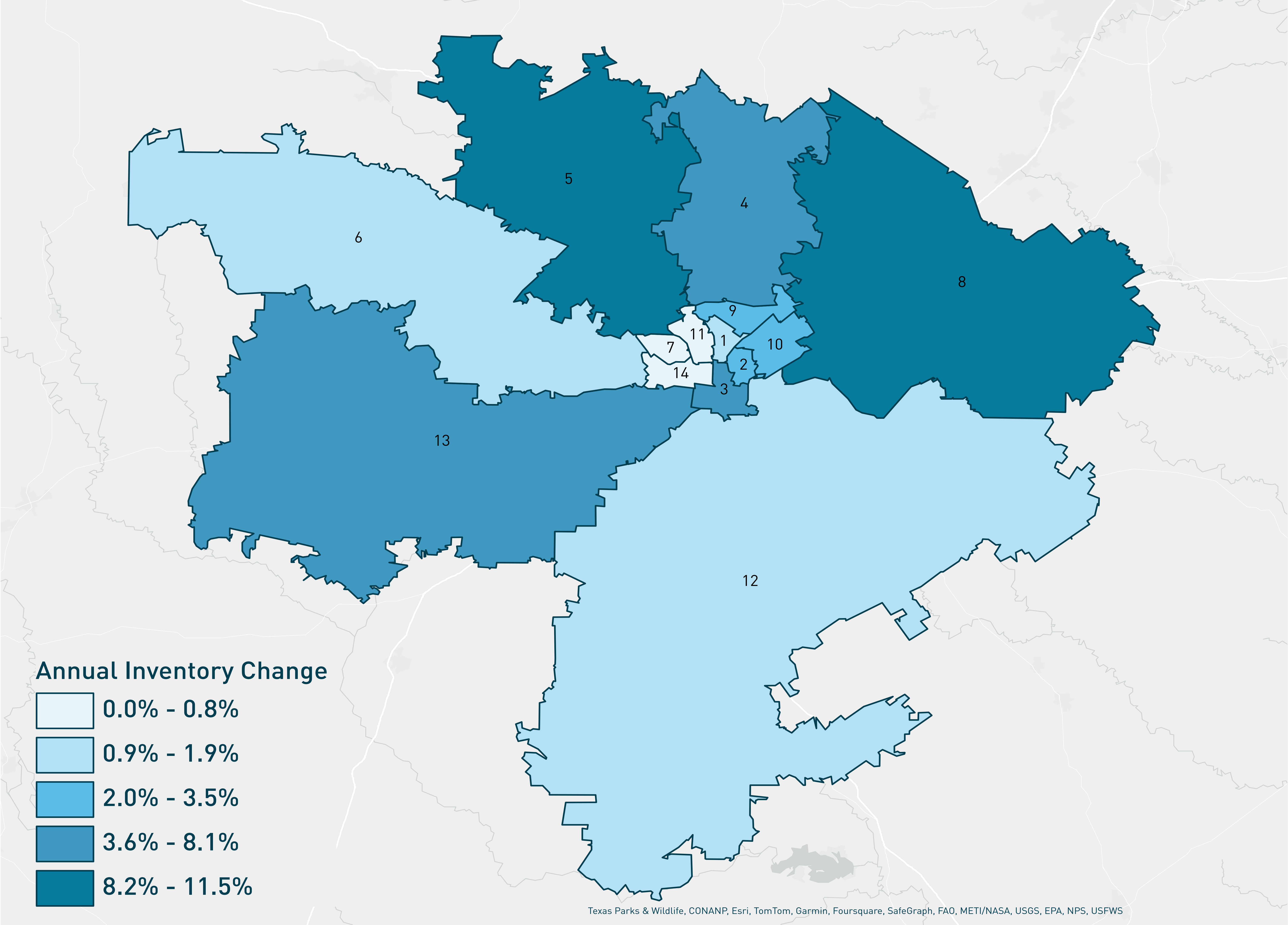
Top Submarket Pipelines



Developers are racing to complete projects in New Braunfels spurred by recent rapid population growth and the city's report that developable land will run out by 2035. In the second quarter of 2024, the submarket posted an 11.5% inventory increase, which is more than double the 4.5% average increase for the second quarter over the last 10 years. Over 69% of the 2,131 units that delivered over the past year emerged in the first two quarters of 2024, representing a major uptick in investment for the submarket. Comal County, where the New Braunfels/Shertz/Universal City submarket is located, ranked seventh in the U.S. for the 5% population increase between July 2022 and 2023. New Braunfels' location acts as a gateway to San Antonio from Austin via I-35. Evidenced by investments by Tesla, Inc. and growth in Austin's San Marcos submarket, developers are readying the I-35 corridor for the 4 million incoming residents predicted by 2030.

SAN ANTONIO, TX

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE



SUBMARKET BOUNDARIES

1. Airport Area
2. Alamo Heights
3. Central San Antonio
4. Far North Central San Antonio
5. Far Northwest San Antonio
6. Far West San Antonio
7. Medical Center
8. New Braunfels / Schertz / Universal City
9. North Central San Antonio
10. Northeast San Antonio
11. Northwest San Antonio
12. South San Antonio
13. Southwest San Antonio
14. West San Antonio

Effective Rent

Q2 2024

$1,231

3.5% YOY

Occupancy

Q2 2024

91.2%

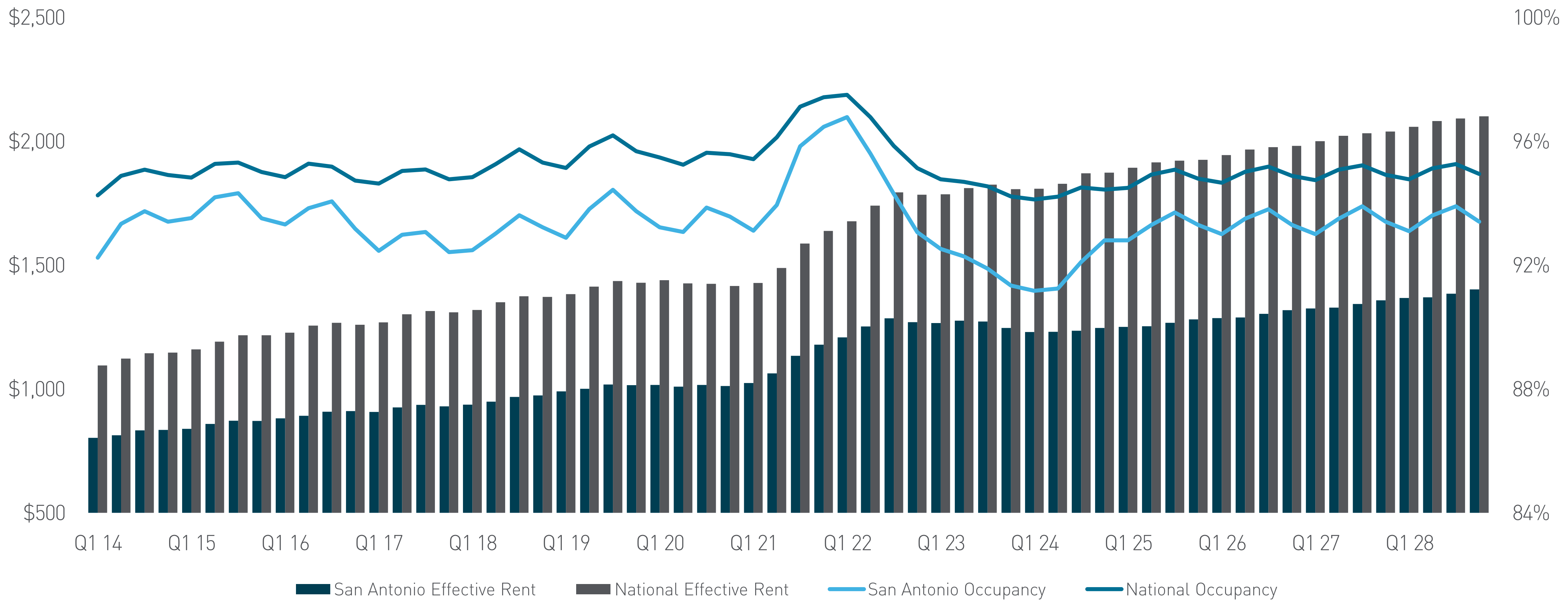
100 BPS YOY

SAN ANTONIO, TX

RENT & OCCUPANCY

Like many multifamily markets around the U.S., San Antonio's felt growing pains with backwards leaps in both the average effective rent and occupancy rates. The average effective rent receded 3.5% year over year to $1,231 per month in the second quarter of 2024. With increased competition, multifamily operators have increased concessions, with 48% of all units offering them in the second quarter. The share nearly doubled from last year, thus impacting the effective rent overall. Additionally, the average concession value itself, at $52, was the highest amount recorded at mid-year since $59 in 2010 after a 13% year-over-year jump. After a 100-basis-point fall from the year prior, the average occupancy rate sat at 91.2% in the second quarter of 2024. Retracting occupancy rates were most prominent in submarkets that experienced higher inventory gains through 2023 and into 2024, with one exception. Only the New Braunfels/Shertz/Universal City submarket escaped dipping occupancy rates. Without an annual change, the submarket posted the market's highest occupancy rate at 92.7% in the second quarter, attributable to having the highest demand of any submarket in the metro to better match the rapid development in the area. With apartment demand projected to outpace new supply by the end of 2024, the market occupancy rate is forecast to climb 160 basis points from mid-year to 92.8% as the effective rent reaches $1,246.

San Antonio vs. National Effective Rent & Occupancy



Source: RealPage *Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.*

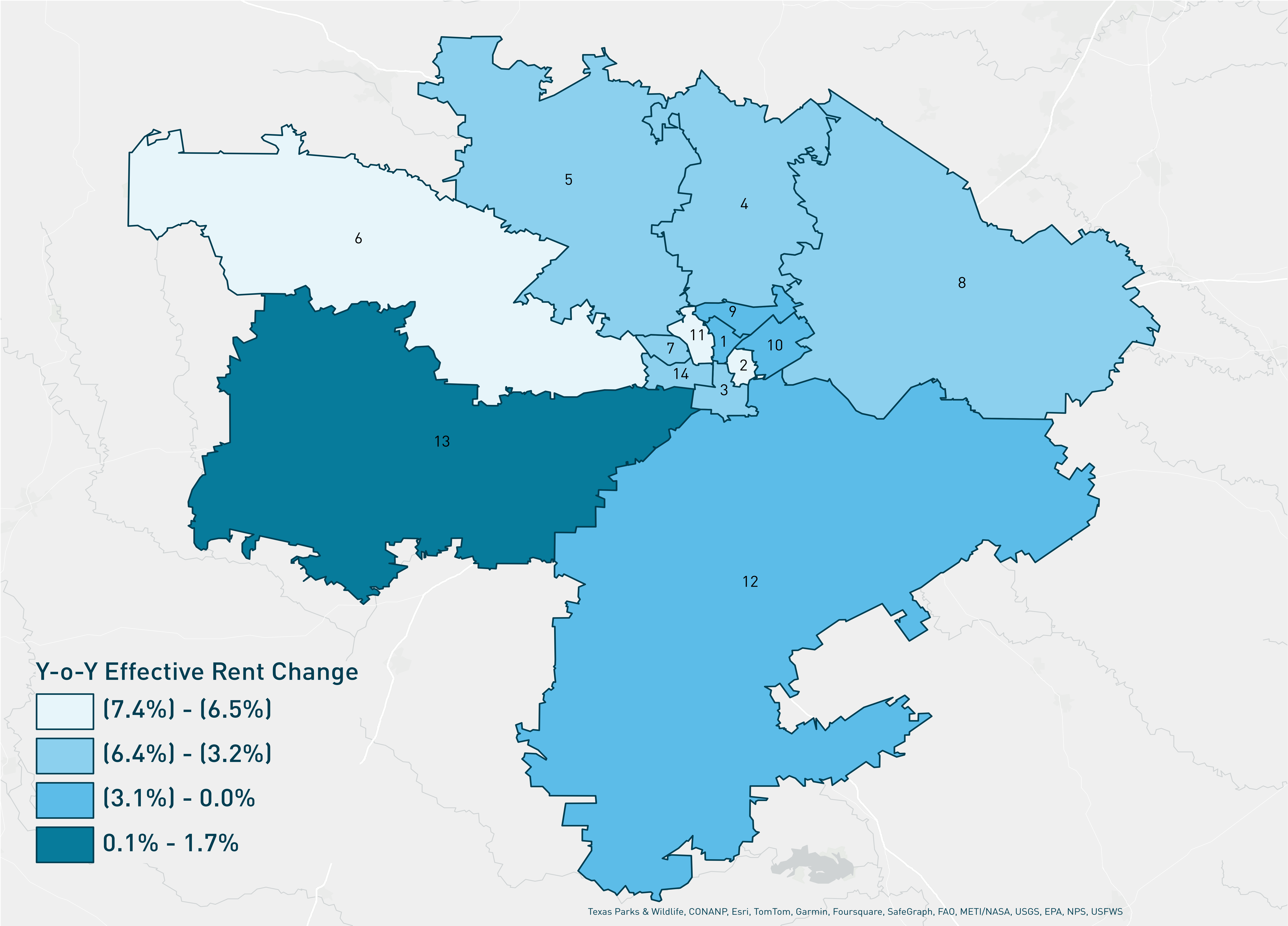
Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Airport Area	91.6%	-20	$1,110	-1.0%
Alamo Heights	91.4%	-80	$1,395	-6.5%
Central San Antonio	91.8%	-170	$1,461	-4.1%
Far North Central San Antonio	92.6%	-100	$1,443	-3.2%
Far Northwest San Antonio	91.5%	-110	$1,428	-3.8%
Far West San Antonio	91.8%	-70	$1,209	-7.4%
Medical Center	90.7%	-80	$1,118	-4.4%
New Braunfels/Schertz/Universal City	92.7%	0	$1,300	-3.7%
North Central San Antonio	91.9%	-100	$1,268	-1.7%
Northeast San Antonio	90.3%	-180	$1,119	-1.9%
Northwest San Antonio	89.6%	-260	$1,102	-7.2%
South San Antonio	90.3%	-110	$1,093	-1.5%
Southwest San Antonio	90.0%	-60	$1,125	1.7%
West San Antonio	91.0%	-100	$993	-4.0%

The Southwest San Antonio submarket was the only one in San Antonio to post year-over-year rent gains, with a 1.7% increase bumping up the average effective rent to $1,125 per month. The submarket posted the third largest annual increase in inventory in the second quarter, at 8.1% with 1,025 units delivered, and even led all submarkets for inventory gain the year prior. However, at 45.1%, the percentage of units offering concessions in the submarket was about 300 basis points below the market average, although the submarket's average value was $1 more. What kept the submarket's effective rent increasing was the higher rate change on renewal leases and the lower discount on new leases signed than the market. During the second quarter, new lease rate changes in Southwest San Antonio were 2.7%, compared to 3.1% for the San Antonio market, and renewal lease rate changes for the submarket were 3.8% compared to 3.3% in the San Antonio market.

SAN ANTONIO, TX

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



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SAN ANTONIO, TX

SALES

2024 Year to Date*

VOLUME
Nondisclosure

PRICE PER UNIT (AVG)
Nondisclosure

TRANSACTIONS
16

CAP RATE (AVG)
Nondisclosure

What's Trading?*

UNITS (AVG)
174

YEAR BUILT (AVG)
1980s

BUILDINGS (AVG)
10

ACRES (AVG)
9.84

Top Buyers*

BUYER	LOCATION
Venterra Properties	Richmond Hill, ONT
Madera Equity	Lubbock, TX
Waymaker Ventures	Austin, TX
Viking Capital	Vienna, VA
CREE Capital	Oro Valley, AZ

Top Sellers*

SELLER	LOCATION
DR Horton	Fort Worth, TX
Benefit Street Partners	New York, NY
Strategic Properties of North America	Lakewood, NJ
Franklin BPS Realty Trust	New York, NY
Berkson Asset Management	Los Angeles, CA

Source: MSCI Real Capital Analytics
**$2.5m+*

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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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