

SAN ANTONIO OFFICE MARKET

Q4 2024



TRENDLINES

	Q4 2024	Q4 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE
UNEMPLOYMENT RATE	3.4%	3.1%	↑	4.5%
NET ABSORPTION (THOUSANDS SF)	83.3	225.8	↓	55.2
OVERALL VACANCY RATE	12.8%	12.1%	↔	10.2%
DIRECT VACANCY RATE	11.9%	11.1%	↔	9.4%
OVERALL VACANT SF (MSF)	7.7	7.4	↔	6.0
DIRECT VACANT SF (MSF)	5.2	4.9	↔	5.5
UNDER CONSTRUCTION (MSF)	0.13	0.63	↓	1.1
RENT, FULL SERVICE (PSF)	\$30.44	\$28.72	↑	\$27.71
SALES VOLUME (MILLIONS)	\$39.9	\$181.9	↓	\$133.9

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

SLOWER Q4 OFFICE MARKET

The San Antonio office market saw a slower 4th quarter, but still recorded positive performance, with around 83,000 square feet of net absorption. While this marks an increase from last quarter's 18,000 square feet, it's a decline from last year's 225,000 square feet.

The office vacancy rate continues to improve, now at 12.8%, matching the rate at the end of Q1 2024. Construction activity remains muted this quarter, with the River Mill project in New Braunfels as the only active development project under construction.

According to the PwC and ULI Emerging Trends Report for 2025, San Antonio ranks 13th in the Top 15 markets for Overall Real Estate Prospects. This city is categorized as part of the Sunbelt market, which is recognized as a leading market to watch in 2025. The report states that the "Sunbelt Markets are large and diverse but still relatively affordable for big metro areas, forming powerhouse economies that attract a wide range of businesses. Despite their large population bases, most are among the fastest-growing markets in the country. Moreover, their economic performance has been solid through thick and thin."

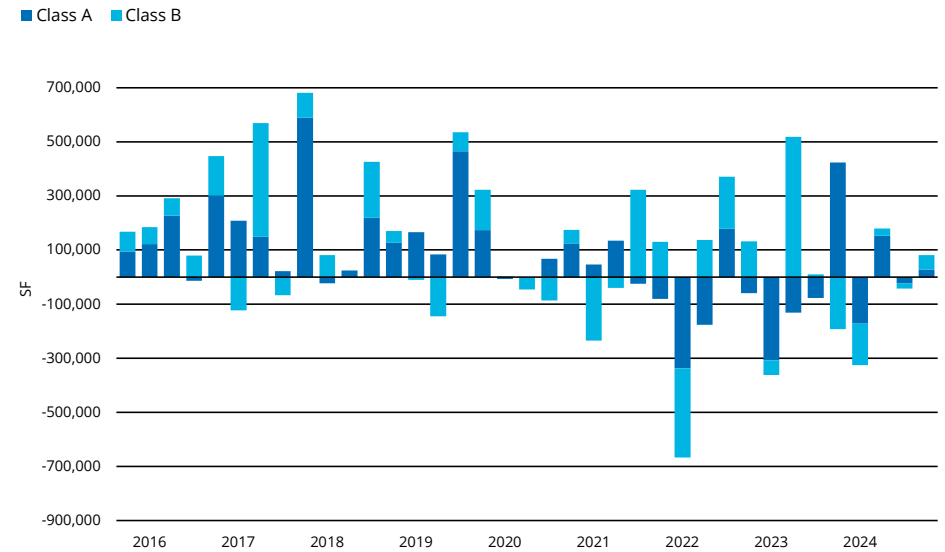


NET ABSORPTION

Net Absorption Trends Down

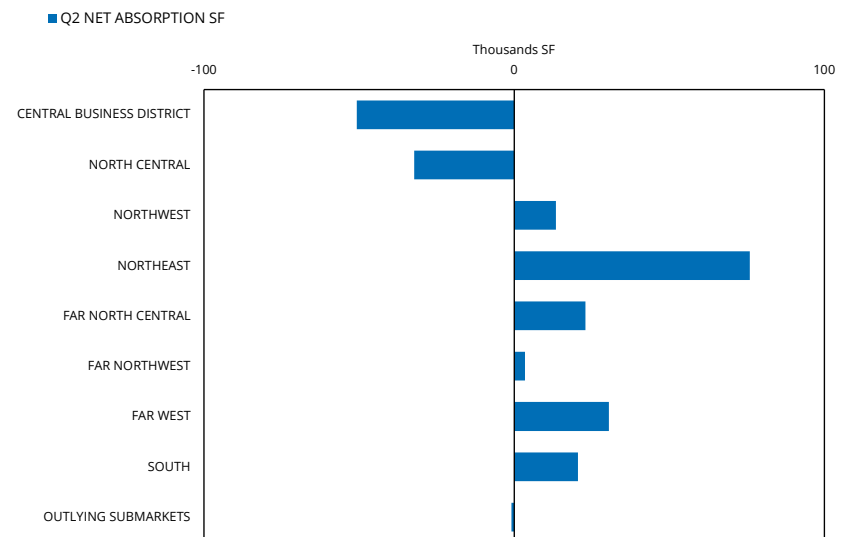
- San Antonio's net absorption was approximately 83,000 square feet, marking an increase from last quarter's 18,000 square feet, but a decline from last year's (Q4 2023) 225,000 square feet.
- Class A office space saw over 27,500 square feet of positive net absorption but experienced a trailing 12-month total of 14,500 square feet of negative net absorption. Class B office space had about 54,000 square feet of positive net absorption and a trailing 12-month total of over 91,000 square feet of negative net absorption.
- The Northeast submarket led in positive net absorption, with around 76,000 square feet, largely due to a 53,000 square foot lease signed at the R/E Business Center for former call center space.
- The Central Business District recorded the highest amount of negative net absorption, totaling approximately 55,500 square feet, primarily due to downsizing of the 2nd floor tenants at the Light Building.

NET ABSORPTION BY CLASS



Source: CoStar, Transwestern

NET ABSORPTION BY SUBMARKET



Source: CoStar, Transwestern

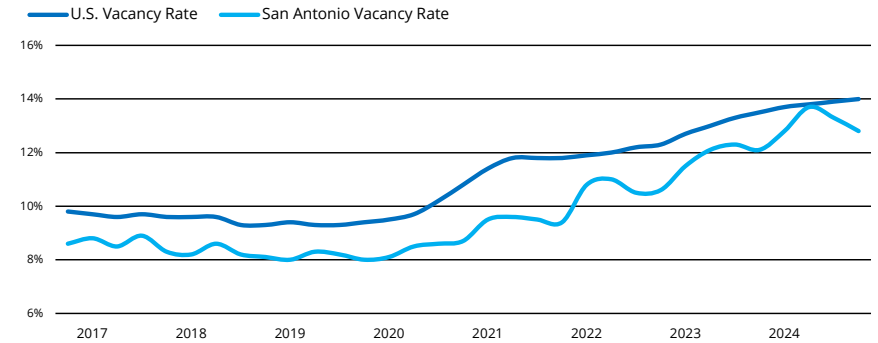


VACANCY

Vacancy Trends Positive

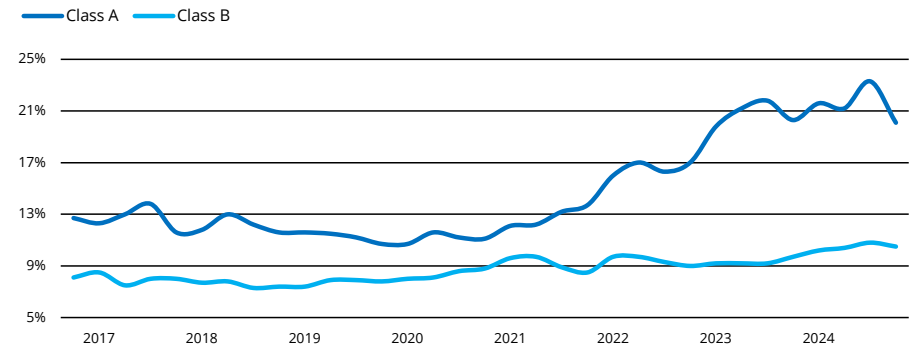
- San Antonio's vacancy rate continues to improve, ending Q4 at 12.8%, the same as at the start of the year. However, compared to last year, the office vacancy rate is still 70 basis points higher than the 12.1% recorded in Q4 2023.
- Class A office vacancy improved to 20.1%, reflecting a 320 basis point improvement from the previous quarter. However, compared to last year, the vacancy rate only improved by 20 basis points from 20.3% in Q4 2023.
- Class B office vacancy decreased to 10.5%, showing a 30 basis point improvement from the last quarter. However, compared to the same time last year, vacancies are up by 80 basis points from 9.7% in Q4 2023.

OVERALL VACANCY RATE



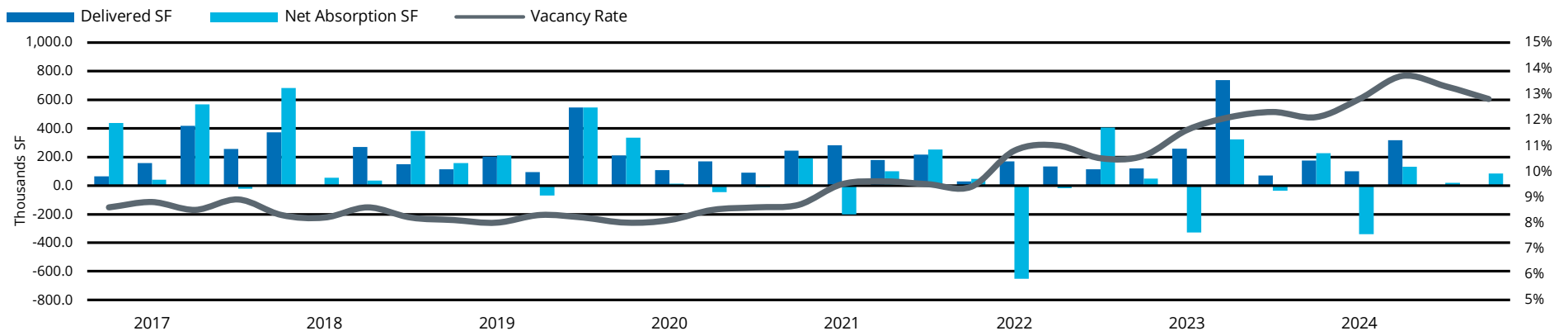
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY CLASS



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern



UNDER CONSTRUCTION

Office Construction Remains the Same

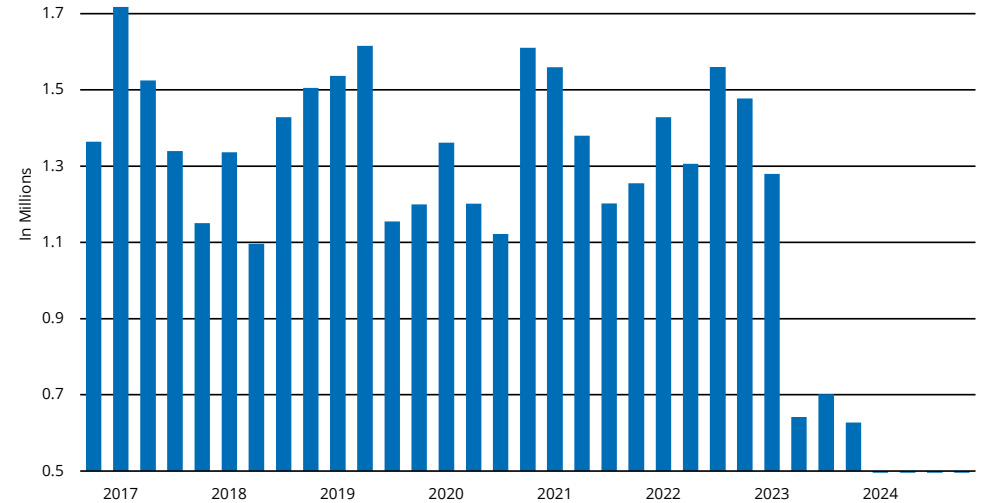
- San Antonio's office construction remains unchanged in Q4 2024, with only 130,000 square feet in the pipeline and no deliveries scheduled for this quarter.
- Currently under construction is Casey Development's mixed-use project in Comal County, which includes 130,000 square feet of office space named the River Mill.
- Despite a decrease in Fed Funds rate in 2024, interest rates tied to the 10-year Treasury yield have not moved lower. As a result, San Antonio is not expected to see an increase in construction activity for the remainder of the year.

SALES

Office Sales Hold Steady

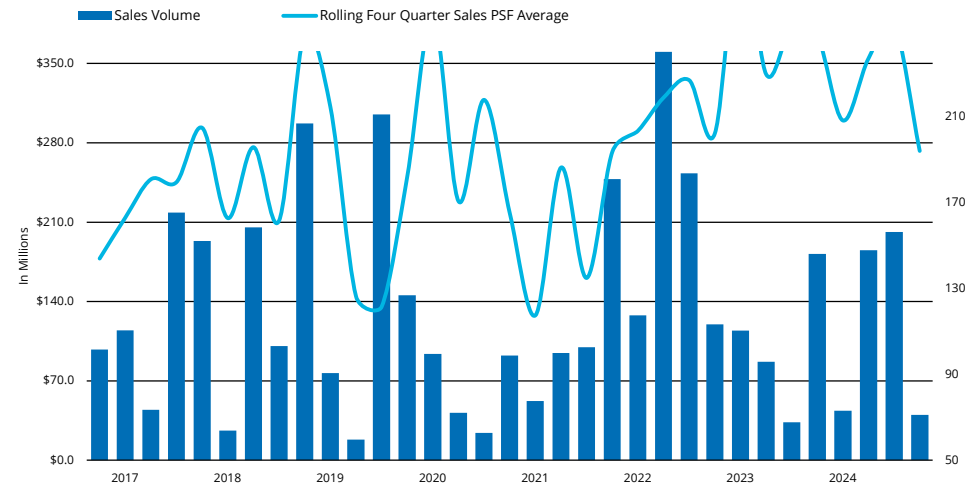
- San Antonio saw approximately \$40 million in sales volume this quarter, with recorded sales prices translating to an average of \$194 per square foot. This represents a \$60 decrease from the previous quarter but remains steady compared to last year.
- Sageview Partners acquired the Forum buildings (a three-building portfolio) from Endeavor Real Estate, which had been on the market since 2021.
- Charles Marten purchased the Energy Plaza buildings from Silver Star CRE.
- Garrison Investment Group sold Tech Center VII to Tiger Bioscience, who plans to fully occupy the building.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

SALES VOLUME



Source: Real Capital Analytics, Transwestern





MARKET INDICATORS

All Classes | Q4 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	12-MONTH ROLLING NET ABSORPTION SF	ASKING RENT PSF
CENTRAL BUSINESS DISTRICT	7,773,156	1,661,541	21.4%	1,675,135	21.6%	-	(50,726)	(298,716)	\$29.98
NORTH CENTRAL	14,107,266	1,731,020	12.3%	1,792,757	12.7%	-	(32,212)	14,352	\$29.08
NORTHWEST	18,951,378	1,655,012	8.7%	1,813,188	9.6%	-	13,437	122,236	\$29.87
NORTHEAST	4,082,720	706,971	17.3%	802,671	19.7%	-	75,947	6,308	\$26.92
FAR NORTH CENTRAL	3,404,054	496,067	14.6%	539,333	15.8%	-	23,018	(25,953)	\$35.77
FAR NORTHWEST	2,270,686	325,644	14.3%	325,644	14.3%	-	3,496	40,721	\$37.58
FAR WEST	6,007,433	542,566	9.0%	552,557	9.2%	-	30,511	10,228	\$31.88
SOUTH	2,277,330	246,286	10.8%	246,286	10.8%	-	20,483	(81,794)	\$28.68
OUTLYING SUBMARKETS	2,151,808	75,835	3.5%	134,409	6.2%	130,000	(902)	7,011	\$31.03
TOTAL	61,025,831	7,440,942	11.9%	7,881,980	12.8%	130,000	83,052	(205,607)	\$29.81



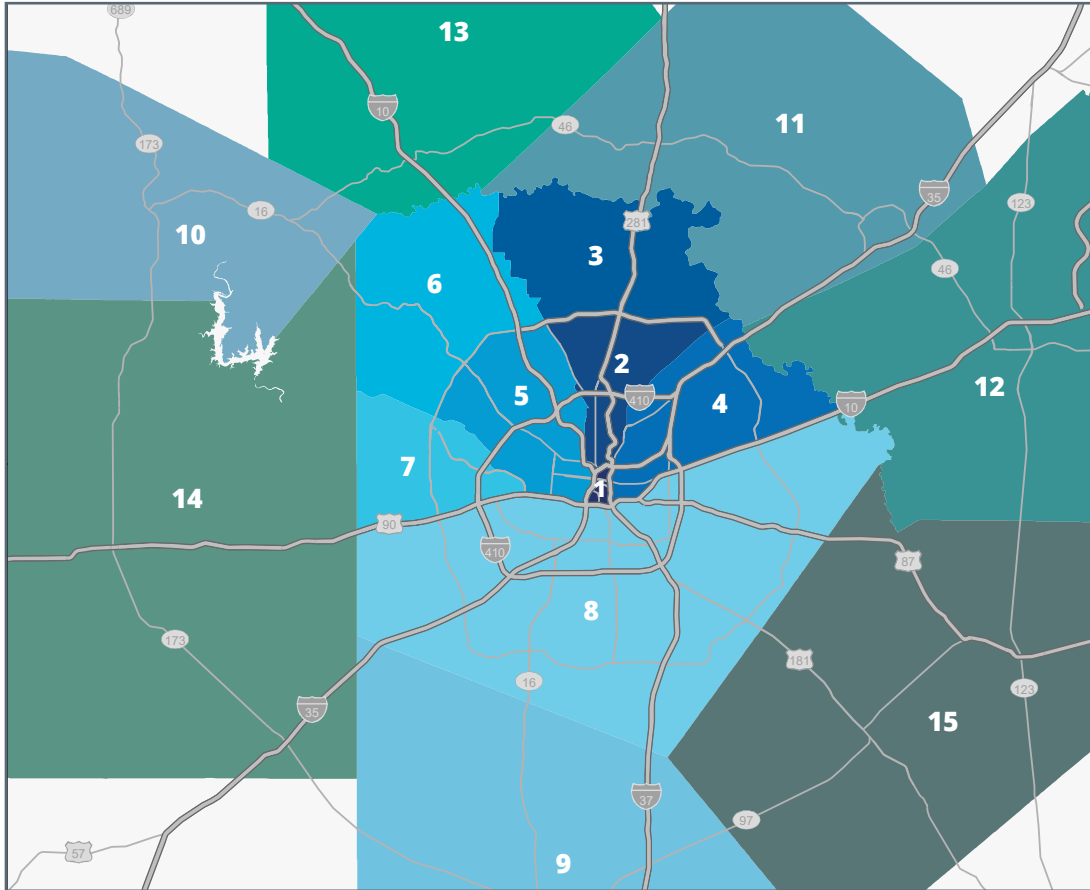
NOTABLE LEASES

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
CITY OF SAN ANTONIO	Trinity Building	Northwest	Renewal	53,000
HII MISSION TECHNOLOGIES 	Brownwood Building	Northwest	Renewal	28,628
METHODIST HEALTHCARE	University Heights Tech Center	Northwest	New	14,720
SPECTRUM LIGHTING SAN ANTONIO	RidgeWood Business Center	Far North Central	New	13,838
C12 BUSINESS FORUM	The Terrace at Concord Park	Far North Central	New	13,043
ACTION BEHAVIOR CENTER 	Pinnacle Oaks	Northwest	New	12,127
STEVEN BANKLER, CPA	Colonnade	Northwest	Renewal/Expansion	10,970
BIBERK BUSINESS INSURANCE	Forum One	Northwest	New	10,661

NOTABLE SALES

PROPERTY	SUBMARKET	BUILDING SF	YR BUILT	STORIES	CLASS	BUYER	SELLER
FORUM OFFICES	Northwest	381,393	1983	16	A	SageView Partners	Endeavor Real Estate
ENERGY PLAZA I & II	North Central	179,775	1980/2013	7	B	Charles Marten	Sliver Star CRE
PARK OAK	North Central	75,280	1985	4	B	Eric King	Live Oak
TECH CENTER VII	Northwest	58,700	2008	1	B	Tiger Biosciences LLC	Garrison Investment Group
HARTMAN CENTRE	Far North Central	15,421	2005	2	B	Texas Drywall Service	Almanza Business Group

 = Transwestern transaction



San Antonio Office Submarkets

- 1 CBD
- 2 North Central
- 3 Far North Central
- 4 Northeast
- 5 Northwest
- 6 Far Northwest
- 7 Far West
- 8 South
- 9 Atascosa County
- 10 Bandera County
- 11 Comal County
- 12 Guadalupe County
- 13 Kendall County
- 14 Medina County
- 15 Wilson County

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on office properties located in the San Antonio metropolitan area. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding condo and medical office facilities and those properties owned and occupied by a government agency.

ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, investment management, and opportunistic endeavors for high-net-worth investors. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at transwestern.com.

FOR MORE INFORMATION

[Guy Liljenwall](mailto:Guy.Liljenwall@transwestern.com)

Research Analyst
Guy.Liljenwall@transwestern.com
210 202 2677