TRANSWESTERN

SAN ANTONIO

OFFICE MARKET | Q1 2025

61.2 MSF
Inventory

(123,639) SF
Net Absorption

12.5%
Direct Vacancy

13.0%
Total Vacancy

0 SF
Under Construction

$30.33 PSF

Slow Start in Q1 2025

Market Observations

- San Antonio's overall office vacancy rate rose to 13.0% at the start of 2025, reflecting a 20 basis point increase both from the previous quarter year-over-year from Q1 2024

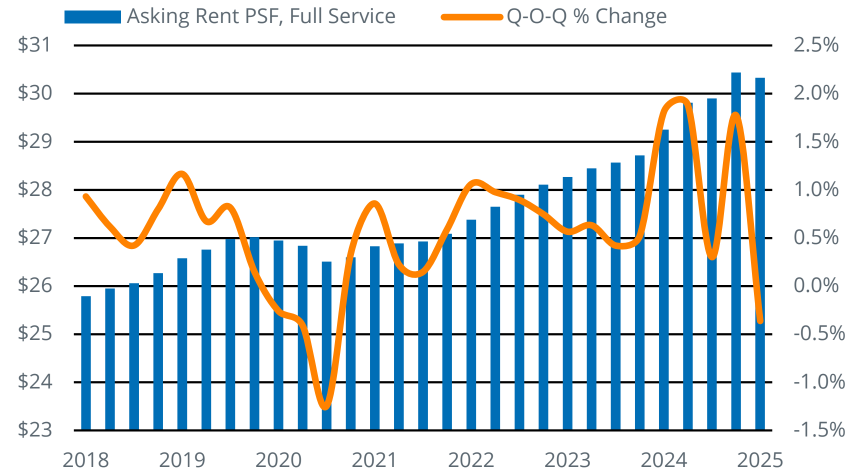
- San Antonio recorded approximately negative 120,000 square feet of net absorption, a decline from the positive 83,000 square feet posted in the previous quarter. However, this represents an improvement compared to Q1 2024, which saw negative 340,000 square feet of net absorption.

- Asking rents declined slightly during the quarter, decreasing $0.11 to $30.33 PSF. However, Year-over-year asking rents are up by $1.08

- San Antonio's office inventory under construction falls to zero square feet and zero deliveries for this quarter. Last quarter, Transwestern reflected 130,000 SF of office product under construction in Comal County, but Casey Development has elected to proceed with their development of this mixed-use project (River Mill) without the office component.

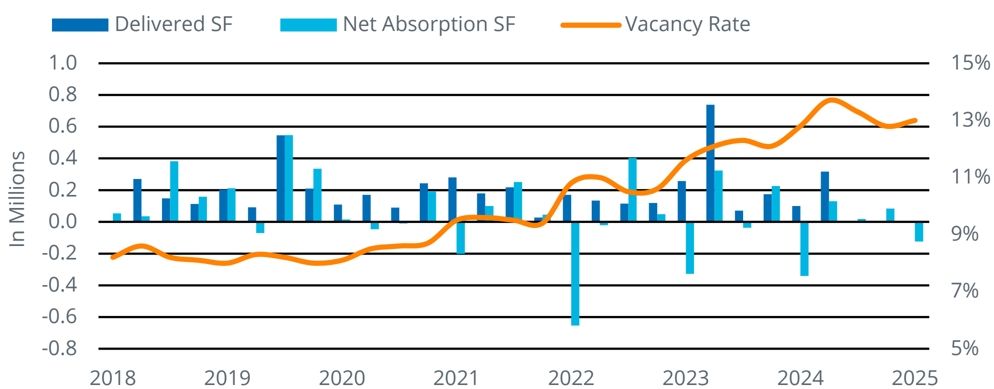
- **Net absorption** for Class A office space posted over 21,000 square feet of positive net absorption, bringing its trailing 12-month total to 178,000 square feet. In contrast, Class B office space experienced approximately 210,000 square feet of negative net absorption, with a 12-month total of more than 148,000 square feet of negative net absorption.
- Class A office **vacancy** improved to 17.4%, marking a 270 basis point decrease from the prior quarter and a 420 basis point improvement compared to Q1 2024.
- Class B office **vacancy** rose to 11.8%, representing a 130 basis point increase from the last quarter and a 160 basis point increase year-over-year.
- Despite a decrease in **Fed Funds rate** in 2024, interest rates tied to the 10- year Treasury yield have not moved significantly lower. As a result, San Antonio is not expected to see an increase in construction activity for the remainder of the year.

ASKING RENT



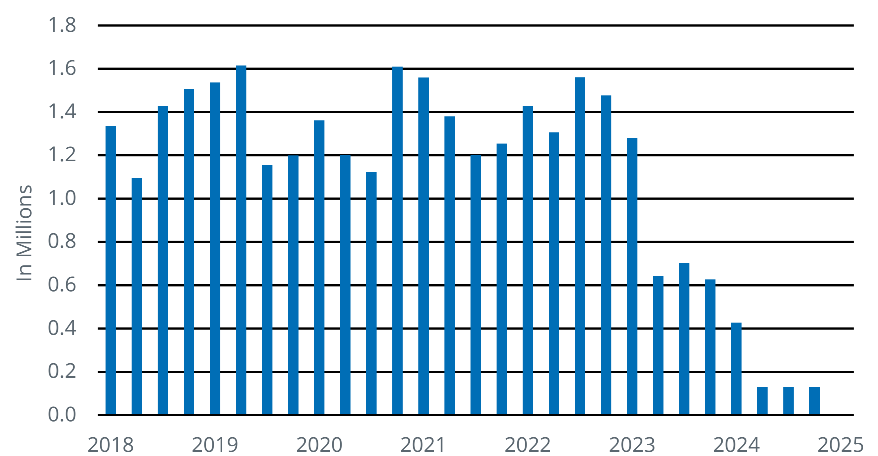
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

MARKET INDICATORS TABLE

All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANT SF	OVERALL AVAILABILITY RATE	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
CENTRAL BUSINESS DISTRICT	7,452,462	1,670,205	22.4%	1,687,067	22.6%	(5,250)	(5,250)	$30.43
NORTH CENTRAL	13,921,488	1,856,647	13.3%	1,921,022	13.8%	(101,306)	(101,306)	$29.90
NORTHWEST	20,092,268	1,986,693	9.9%	2,139,697	10.6%	(47,037)	(47,037)	$29.33
NORTHEAST	4,082,720	686,213	16.8%	721,913	17.7%	(42,220)	(42,220)	$28.99
FAR NORTH CENTRAL	3,440,270	468,638	13.6%	528,547	15.4%	61,963	61,963	$36.74
FAR NORTHWEST	1,809,721	154,012	8.5%	154,012	8.5%	5,540	5,540	$37.84
FAR WEST	5,867,901	511,607	8.7%	511,607	8.7%	0	0	$29.52
SOUTH	2,277,330	245,718	10.8%	245,718	10.8%	32,010	32,010	$28.89
OUTLYING SUBMARKETS	2,320,196	84,368	3.6%	84,368	3.6%	(27,339)	(27,339)	$32.00
Total	**61,264,356**	**7,664,101**	**12.5%**	**7,993,951**	**13.0%**	**(123,639)**	**(123,639)**	**$30.33**

Source: CoStar, Transwestern

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

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and @Transwestern.

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