SAN ANTONIO
MULTIFAMILY REPORT

SECOND QUARTER 2019

MARKET AT A GLANCE

OCCUPANCY RATE 93.7%

Up **50 bps** since 2Q18

EFFECTIVE RENT $999

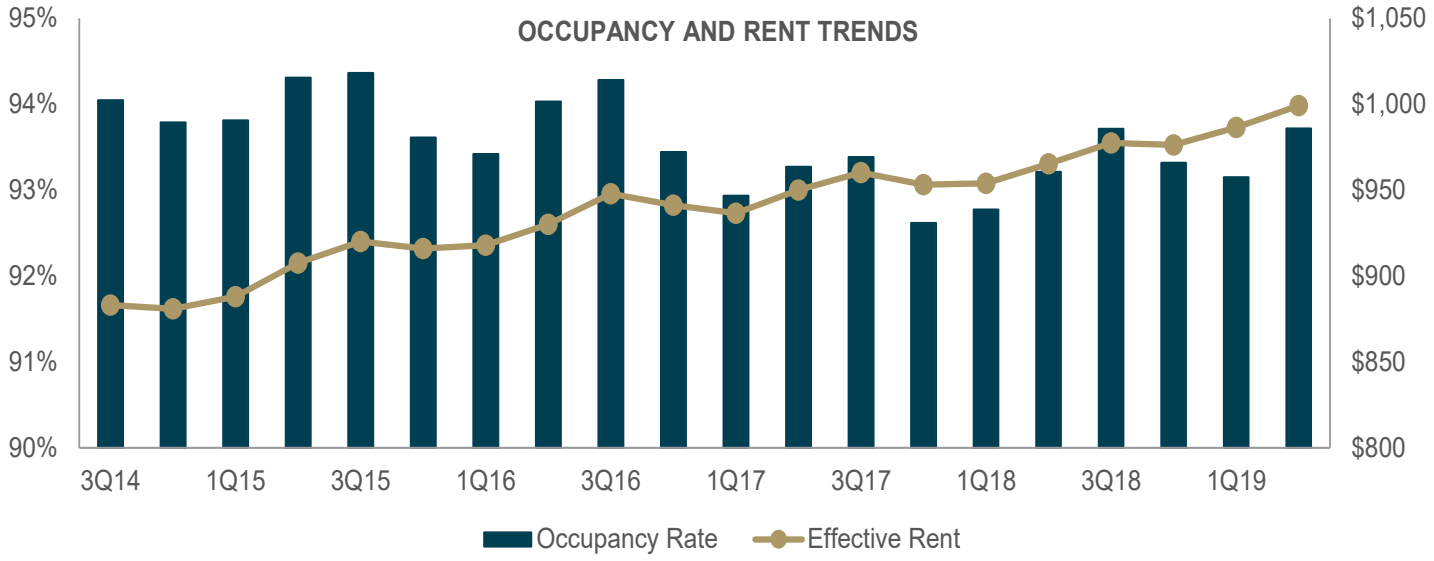
Up **3.5%** since 2Q18

TOTAL INVENTORY 208,950

OCCUPANCY AND RENT TRENDS

BROAD-BASED JOB GROWTH SUPPORTS BRISK APARTMENT ABSORPTION

Net migration of more than 19,500 people in the San Antonio metro area since mid-2018 was a factor in sustained apartment demand. Operators recorded net absorption of 5,499 apartments through mid-2019. The abundance of developable land made the neighboring Far West San Antonio, Far Northwest San Antonio, and Medical Center submarkets favorites for apartment developers. Builders delivered 2,154 apartments across these submarkets since June 2018, accounting for 45% of metrowide deliveries. Leasing activity followed in the three areas, with a total of 2,149 net units absorbed. The annual rate of rent growth also accelerated in these submarkets compared to the prior year. Metrowide absorption outpaced deliveries, resulting in a 50-basis-point annual increase in occupancy to 93.7% in June. Meanwhile, effective rent advanced 3.5% year over year to $999 per month in June. Over the next four quarters, 4,210 apartments are scheduled for completion among 20 developments. Of those developments, seven are in the Central San Antonio submarket, totaling 1,444 units. During that same period, four apartment communities are expected to break ground metrowide, representing more than 1,060 units.



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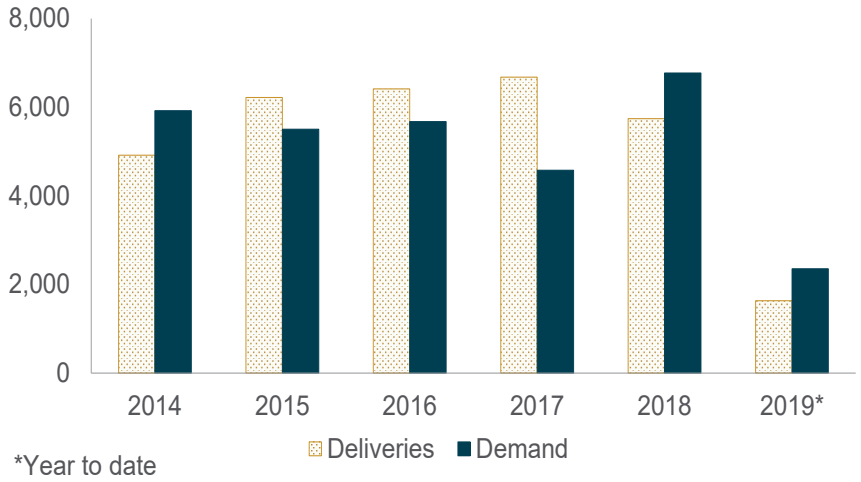
DELIVERIES AND DEMAND

DELIVERIES 1,632
Units YTD

NET ABSORPTION 2,355
Units YTD



ECONOMIC TRENDS

2018		2019
3.4%	UNEMPLOYMENT* **-10 BPS** CHANGE	3.3%
1.05m	EMPLOYMENT* **1.8%** CHANGE	1.07m
39.0k	EXISTING SFH SALES** **-6.4%** CHANGE	36.5k
$224.9k	MEDIAN SFH PRICE** **4.8%** CHANGE	$235.8k
2.91%	10-YEAR TREASURY** **-80 BPS** CHANGE	2.07%

*April; **June

Local employers filled 19,100 new jobs in the 12 months ending in June of this year, a 1.8% annual increase. The leisure and hospitality industry led growth with 4,600 new workers, a 3.4% gain, supported in part by greater discretionary income related to a 2.7% annual rise in median household income. Professional and business services sector employers expanded payrolls 3.1% with 4,400 new recruits. The influx of people in the metro area also generated the need for service providers, particularly in the education and health services sector where 2,900 workers were hired, a 1.8% gain. The prevalence of apartment construction, capital investments, and infrastructure projects kept businesses in the construction industry busy, requiring the addition of 2,700 workers, a 5.1% increase. Looking forward, the professional and business services sector will be boosted by the creation of 1,400 jobs following the completion of OKIN Business Process Services' headquarters. Additionally, Pentagon Federal Credit Union will support the financial activities sector with 500 new jobs.

SUBMARKET BREAKDOWN

	OCCUPANCY		AVG RENT CHANGE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q19	ANNUAL	2Q19	ANNUAL
Airport Area	94.5%	94.7%	1.6%	4.4%	$872	$910	84	24	0	0
Alamo Heights	91.3%	92.9%	-2.1%	4.1%	$1,139	$1,186	-20	106	0	0
Central San Antonio	93.0%	94.2%	2.6%	2.7%	$1,202	$1,235	153	699	146	547
Far North Central San Antonio	92.4%	94.5%	1.1%	1.4%	$1,175	$1,192	396	660	255	457
Far Northwest San Antonio	93.3%	93.1%	0.7%	4.1%	$1,161	$1,209	225	951	220	1,062
Far West San Antonio	93.3%	94.1%	2.0%	2.7%	$987	$1,014	77	526	0	432
Medical Center	92.9%	93.1%	0.1%	3.2%	$906	$936	89	672	0	660
New Braunfels/Schertz/Universal City	93.5%	94.4%	-0.1%	2.0%	$1,023	$1,044	294	752	121	659
North Central San Antonio	94.3%	94.5%	-1.1%	4.8%	$965	$1,011	35	204	0	198
Northeast San Antonio	92.7%	94.0%	2.7%	4.5%	$843	$881	114	211	0	0
Northwest San Antonio	93.6%	93.3%	2.2%	3.1%	$911	$939	143	-54	0	0
South San Antonio	92.5%	93.4%	3.8%	2.9%	$831	$856	222	175	38	38
Southwest San Antonio	93.5%	93.9%	1.3%	4.4%	$845	$882	38	332	41	299
West San Antonio	94.2%	92.9%	3.2%	4.1%	$745	$775	106	240	0	417
TOTALS	**93.2%**	**93.7%**	**1.6%**	**3.5%**	**$965**	**$999**	**1,955**	**5,499**	**821**	**4,769**

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