



### Market Snapshot

	Q2 2019	Q2 2020
Inventory	39.58 msf	40.27 msf
Vacancy	7.9%	9.24%
YTD Net Absorption	328,689 sf	(265,694) sf
YTD Deliveries	366,035 sf	169,600 sf
Under Construction	1.2 msf	1.3 msf
Avg. Asking Rents	\$24.08 psf	\$26.17 psf

### Market Highlights

- The second quarter of 2020 brought little relief from the pandemic. Similar to its Texas metro counterparts, San Antonio's office market saw another quarter of negative absorption and rising vacancy rates. Leasing activity stalled while rental rates remained unchanged. While absorption remained negative and vacancies showed notable increases, rental rates were not adversely affected.
- Absorption was negative for the second quarter in a row, dropping to (265,694) sf for the first half of 2020. Approximately (50,000) sf of this quarter's negative absorption was caused in part by energy firm Apache vacating a significant amount of space in the Northwest submarket.
- Vacancy ticked up by 65 bps to 9.24% during the second quarter, largely due in part to an increase in Class A vacancies. Meanwhile, office leasing activity was just 172,525 sf, the lowest amount recorded since the second quarter of 2008.
- New office developments continued to break ground in the Northwest and North Central submarkets in the second quarter, even as the pandemic slowed activity in many business sectors throughout the market.
- The effects of the pandemic were largely evidenced by the reduction in investment activity during the second quarter. Investment volume totaled \$75.37MM in office transactions closed during the quarter – roughly half of that of Q1 2020.
- Average rental rates have slightly increased since the end of the first quarter of 2020, rising by \$1.57 psf on average despite rates for available Class B space falling. We expect to see rental rates remain steady or begin to decline if market absorption and vacancies continue their current trend.



**9.24%**  
Average Vacancy Rate



**\$28.<sup>55</sup> PSF**  
Class A Average Gross Rental Rate



**\$75.37M**  
Quarterly Sales Volume

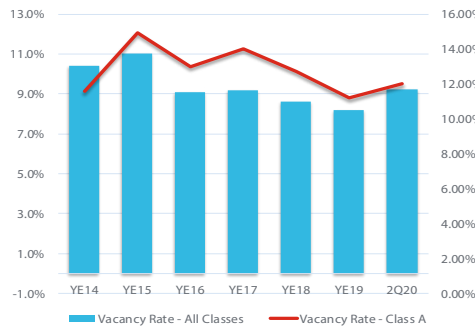


**\$194 PSF**  
Median Sales Price

Average Asking Rates



Average Vacancy Rates



Absorption + Leasing Activity



Market by the Numbers

Submarket	Class	SF Proposed	SF Under Construction	SF Existing	Available SF	Vacant Available SF	Vacancy Rate	Q2 2020 Net Absorption (SF)			Average Rent PSF	YTD Leasing Activity (SF)	YTD Deliveries (SF)
								Direct	Sublet	Total			
CBD	A	0	0	3,187,525	544,538	460,553	14.45%	15,305	0	15,305	\$35.77	12,368	140,600
	B	170,000	30,000	3,170,640	224,553	141,861	4.47%	16,996	0	16,996	\$22.17	30,345	0
FAR NORTH CENTRAL	A	0	120,000	1,561,725	343,533	109,305	7.00%	56,576	(58,972)	(2,396)	\$29.99	78,572	29,000
	B	0	0	1,110,554	72,222	26,066	2.35%	(5,493)	0	(5,493)	-	1,676	0
FAR NORTHWEST	A	0	55,046	938,717	218,245	74,044	7.89%	0	0	0	-	3,003	0
	B	75,000	0	144,000	144,000	0	0.00%	0	0	0	-	0	0
FAR WEST	A	244,224	0	910,930	111,756	111,756	12.27%	0	0	0	\$30.78	0	0
	B	0	0	2,428,703	68,237	36,637	1.51%	0	0	0	\$23.00	0	0
NORTH CENTRAL	A	312,990	444,446	4,572,658	716,341	550,012	12.03%	(4,692)	3,408	(1,284)	\$27.25	147,540	0
	B	0	0	4,289,283	1,110,346	700,674	16.34%	(55,256)	25,405	(29,851)	\$20.67	100,663	0
NORTHEAST	A	0	28,355	972,564	241,741	161,831	16.64%	22,626	0	22,626	\$30.48	1,352	0
	B	80,000	185,000	2,575,453	238,550	197,477	7.67%	(3,670)	(6,362)	(10,032)	\$21.75	4,591	0
NORTHWEST	A	666,664	251,556	3,833,934	791,501	451,210	11.77%	(24,923)	1,715	(23,208)	\$26.68	77,836	0
	B	68,000	0	9,907,015	798,751	666,479	6.73%	(32,614)	0	(32,614)	\$19.49	72,813	0
SOUTH	A	320,300	174,000	86,442	91,962	13,000	15.04%	0	0	0	-	0	0
	B	70,300	0	585,490	20,124	20,124	3.44%	0	0	0	\$21.64	0	0
Market Totals	A	1,544,178	1,073,403	16,064,495	3,059,617	1,931,711	12.02%	64,892	(53,849)	11,043	\$29.90	320,671	169,600
	B	463,300	215,000	24,211,138	2,676,783	1,789,318	7.39%	(80,037)	19,043	(60,994)	\$20.23	210,088	0
	Total	2,007,478	1,288,403	40,275,633	5,736,400	3,721,029	9.24%	(15,145)	(34,806)	(49,951)	\$26.41	530,759	169,600



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