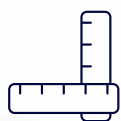


San Antonio, Texas

Quick Stats



16

Buildings Proposed to the Market at the close of Q1 2020



10

Buildings Under Construction in the Market at the close of Q1 2020



8.59%

Average Vacancy Rate among all classes during Q1 2020



\$31.²⁷

Average Gross Rental Rate per square foot for Class A Product during Q1 2020



\$263

Average Sales Price PSF



46%

YOY Change in Sales Volume

In light of the uncertain effects from COVID-19, the conditions of the San Antonio office market are subject to change over the coming months.

Following the trends of 2019, San Antonio's office market began the new year on relatively stable footing. Activity remained widespread throughout the market with over 1 million

1M+

SF under construction

square feet (SF) of office product under construction. Vacancy and asking rates held steady between quarters

with vacancy hovering around 8.5 percent and average asking rates at \$24.20 per square foot (PSF).

Net absorption was negative market wide for the first time since Q1 2018, primarily driven by direct space coming back onto the market as well as lackluster leasing activity. However, San Antonio developers remained bullish on long term demand from tenants for new office space with roughly 2.5M SF of product, including both under construction and proposed, planned to the market. The North Central submarket continues to show long term potential with seven new buildings in the pipeline.

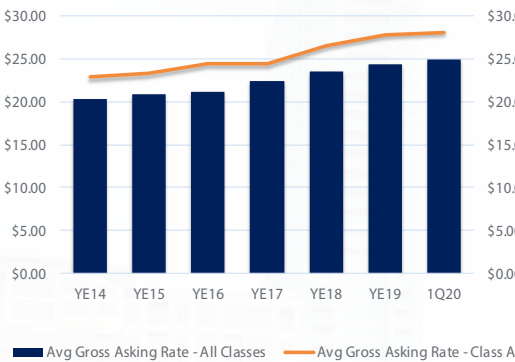
Prior to the COVID-19 outbreak, investment activity in San Antonio was

strong. Sales volume reached \$130M by the close of the quarter, with investors paying a median price of \$263 PSF – a \$67 increase over the median price PSF seen in the fourth quarter of 2019.

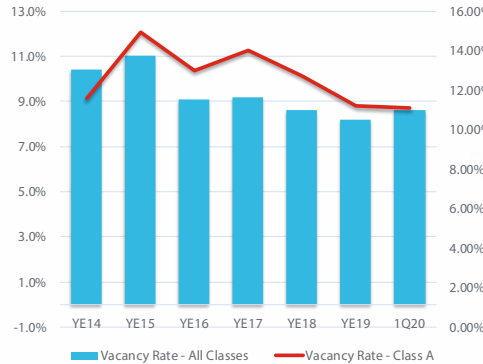
Due to the substantial uncertainty created by both COVID and the oil price war in March 2020, the future performance of the market is to be determined. Rising unemployment is expected to bring new supply of direct and sublease space on top of 1M SF of new construction that is expected to deliver over the coming months, and the demand side is equally unknown. While a large portion of the workforce is employed in at-risk sectors such as hospitality, energy, and retail, San Antonio has an established track record as a low-cost metro area which could serve to attract companies as they begin to revise and pivot their long term strategies toward more cost-effective solutions. Further, San Antonio is a diverse city with strong defense, medical, and education sectors that are expected to propel the city forward in a post-pandemic world. Time will provide more concrete data as the market continues to evolve throughout the coming quarters.

\$130M
Quarterly Sales Volume

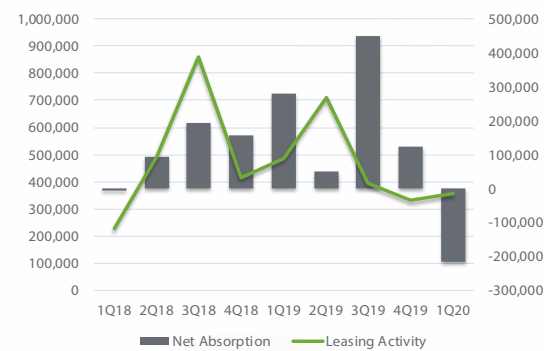
Average Asking Rates



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	2020 Net Absorption (SF)			Average Gross Rate	2020 Leasing Activity (SF)	2020 Deliveries (SF)
CBD	A	0	140,600	3,046,925	552,135	323,758	10.63%	(12,041)	0	(12,041)	\$35.88	12,368	0
	B	170,000	30,000	3,152,795	297,291	215,520	6.84%	(15,585)	0	(15,585)	\$22.12	24,604	0
FAR NORTH CENTRAL	A	0	149,000	1,532,725	360,213	134,197	8.76%	(1)	0	(1)	\$29.17	39,243	0
	B	0	0	1,110,554	72,222	20,573	1.85%	(6,667)	0	(6,667)	\$22.00	1,676	0
FAR NORTHWEST	A	0	56,469	938,717	205,578	74,044	7.89%	3,003	(69,086)	(66,083)	\$24.50	3,003	0
	B	75,000	0	145,025	0	0	0.00%	0	0	0	N/A	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	2,428,665	36,637	36,637	1.51%	0	0	0	\$23.00	0	0
NORTH CENTRAL	A	242,990	386,446	4,500,658	606,397	504,960	11.22%	12,571	3,360	15,931	\$26.48	82,006	0
	B	66,000	0	4,510,405	1,133,767	696,938	15.45%	(127,084)	5,226	(121,858)	\$22.37	50,836	0
NORTHEAST	A	0	0	971,729	199,665	185,809	19.12%	0	0	0	\$28.21	0	0
	B	265,000	0	2,619,083	239,431	197,445	7.54%	(16,805)	0	(16,805)	\$21.85	3,228	0
NORTHWEST	A	0	84,890	3,833,934	631,043	410,360	10.70%	28,455	28,656	57,111	\$26.41	72,674	0
	B	68,000	0	9,997,107	592,765	536,135	5.36%	(51,306)	1,561	(49,745)	\$18.97	68,596	0
SOUTH	A	250,000	174,000	86,442	93,447	13,000	15.04%	0	0	0	N/A	0	0
	B	70,300	0	505,067	926	926	0.18%	0	0	0	N/A	0	0
TOTALS	A	737,214	991,405	15,822,060	2,760,234	1,757,884	11.11%	31,987	(37,070)	(5,083)	\$27.95	209,294	0
	B	714,300	30,000	24,468,701	2,373,039	1,704,174	6.96%	(217,447)	6,787	(210,660)	\$21.43	148,940	0
Total		1,451,514	1,021,405	40,290,761	5,133,273	3,462,058	8.59%	(185,460)	(30,283)	(215,743)	\$24.93	358,234	0