

San Antonio Retail, Q4 2017

# Growth, expansion expected in 2018 following strong 2017

Occupancy **95.2%**

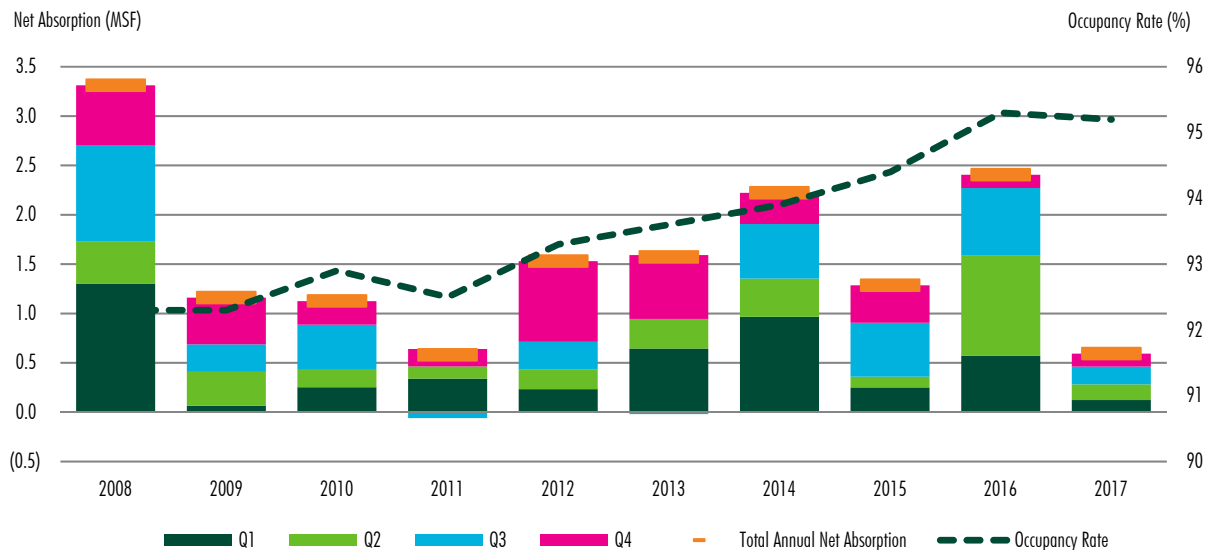
Under Construction **365,620 SF**

Avg. Asking Rate **\$15.49 PSF**

Net Absorption **130,441 SF**

Figure 1: Net Absorption and Market Occupancy

\*Arrows indicate trend from previous quarter.



Source: CBRE Research, Q4 2017.

**OCCUPANCY STABILIZES; RISING SLIGHTLY TO 95.2%**

Modest year-end net absorption in San Antonio’s tightening retail market did little to impede overall rising occupancy rates. Broad-based demand growth across the region ensured the backfilling of available space, while limited availability held down net demand growth.

**LENDERS REMAIN ACTIVE**

A robust pre-leasing environment has alleviated construction concerns across the San Antonio market, bucking an emerging trend seen in the northern part of the state. Strong developer-lender relationships, made up primarily of local and regional players with strong track records in the area, have allowed for projects to continue being seeded.

**SAN ANTONIO POPULATION GROWTH EXCEEDS DALLAS AND HOUSTON**

In December, the U.S. Census Bureau released data showing a 10% increase in San Antonio population since 2011, second to Austin (16.1%) but outpacing Houston (7.2%) and Dallas (6.8%). Household incomes rose in most San Antonio neighborhoods, primarily north of the city.

**CONSTRUCTION, ABSORPTION, AND ASKING RATES CONTINUE TO GROW YEAR OVER YEAR**

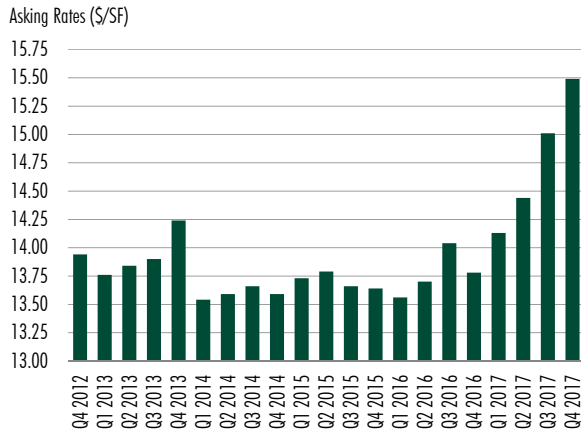
Retail product in San Antonio continues to exhibit strength as high occupancy rates persist, rents continue to increase, and the construction pipeline remains robust. With multiple ground breakings, grand openings, and a strong economy, San Antonio closes out 2017 on a strong note, and will head into 2018 on a tailwind.

Figure 2: Market Snapshot

	Q1 2017	Q2 2017	Q3 2017	Q4 2017
<b>ATASCOSA COUNTY</b>				
Absorption (Net, SF)	(7,600)	3,445	11,291	-
Avg. Asking Rent (Annual, Net, \$/SF)	9.29	9.18	9.18	22.00
Under Construction (SF)	10,000	-	-	-
Occupancy Rate (%)	98.9	98.3	99.4	99.4
<b>COMAL COUNTY</b>				
Absorption (Net, SF)	56,258	9,271	(10,578)	(9,886)
Avg. Asking Rent (Annual, Net, \$/SF)	17.49	17.30	17.48	17.36
Under Construction (SF)	28,175	28,175	41,283	86,155
Occupancy Rate (%)	96.1	95.6	95.2	95.7
<b>KENDALL COUNTY</b>				
Absorption (Net, SF)	9,118	(21,531)	(12,736)	7,999
Avg. Asking Rent (Annual, Net, \$/SF)	13.10	11.93	12.90	13.08
Under Construction (SF)	-	-	-	-
Occupancy Rate (%)	99.2	95.8	94.6	95.4
<b>CENTRAL BUSINESS DISTRICT</b>				
Absorption (Net, SF)	(4,019)	27,331	(5,170)	(7,412)
Avg. Asking Rent (Annual, Net, \$/SF)	15.82	16.72	22.11	22.11
Under Construction (SF)	-	-	-	-
Occupancy Rate (%)	98.6	98.5	98.5	98.3
<b>WILSON COUNTY</b>				
Absorption (Net, SF)	(8,600)	(2,583)	3,886	(5,294)
Avg. Asking Rent (Annual, Net, \$/SF)	18.38	18.46	19.44	17.40
Under Construction (SF)	-	-	-	-
Occupancy Rate (%)	98.3	95.5	96.5	95.2
<b>MEDINA COUNTY</b>				
Absorption (Net, SF)	(6,000)	(6,001)	(812)	(2,130)
Avg. Asking Rent (Annual, Net, \$/SF)	23.00	23.00	22.00	16.66
Under Construction (SF)	-	-	-	-
Occupancy Rate (%)	93.9	84.6	84.4	84.5
<b>NORTH CENTRAL</b>				
Absorption (Net, SF)	(21,301)	(1,349)	(10,129)	5,950
Avg. Asking Rent (Annual, Net, \$/SF)	18.12	18.87	18.46	18.26
Under Construction (SF)	-	70,000	44,050	34,050
Occupancy Rate (%)	95.7	95.0	94.8	94.8
<b>NORTHWEST</b>				
Absorption (Net, SF)	147,182	50,187	113,679	77,277
Avg. Asking Rent (Annual, Net, \$/SF)	13.54	12.89	12.47	12.64
Under Construction (SF)	184,800	189,278	113,153	78,870
Occupancy Rate (%)	95.3	94.6	94.9	95.0
<b>SOUTH</b>				
Absorption (Net, SF)	(30,242)	13,517	11,044	(31,168)
Avg. Asking Rent (Annual, Net, \$/SF)	14.80	14.94	15.93	16.12
Under Construction (SF)	11,420	33,740	178,175	166,545
Occupancy Rate (%)	96.8	96.3	96.5	96.1
<b>NORTHEAST</b>				
Absorption (Net, SF)	(16,325)	88,521	73,877	101,080
Avg. Asking Rent (Annual, Net, \$/SF)	12.56	12.32	12.64	12.56
Under Construction (SF)	23,000	-	-	-
Occupancy Rate (%)	93.6	93.0	93.8	94.7
<b>GUADALUPE COUNTY</b>				
Absorption (Net, SF)	(1,533)	(5,235)	7,139	(5,975)
Avg. Asking Rent (Annual, Net, \$/SF)	4.49	8.75	5.97	6.20
Under Construction (SF)	10,060	10,060	-	-
Occupancy Rate (%)	97.9	95.7	93.2	93.7
<b>BANDERA COUNTY</b>				
Absorption (Net, SF)	5,250	2,750	-	-
Avg. Asking Rent (Annual, Net, \$/SF)	8.94	8.94	11.48	11.48
Under Construction (SF)	-	-	-	-
Occupancy Rate (%)	98.4	100	100	100
<b>SAN ANTONIO MARKET TOTAL</b>				
Absorption (Net, SF)	122,188	158,323	181,491	130,441
Avg. Asking Rent (Annual, Net, \$/SF)	14.13	14.44	15.01	15.49
Under Construction (SF)	267,455	331,253	376,661	365,650
Occupancy Rate (%)	95.8	95.0	95.0	95.2

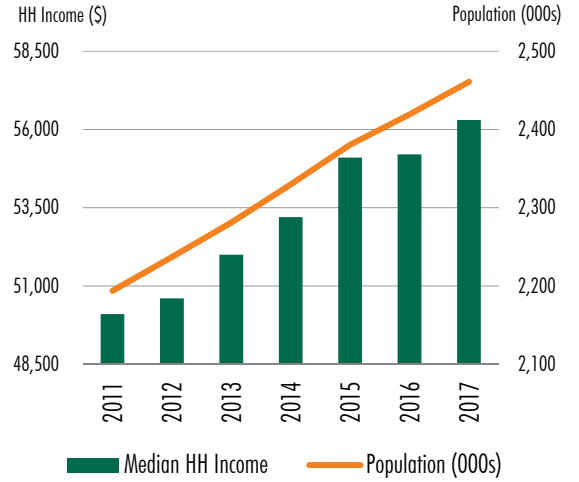
Source: CBRE Research, Q4 2017.

Figure 3: Asking Annual Rents, NNN Avg.



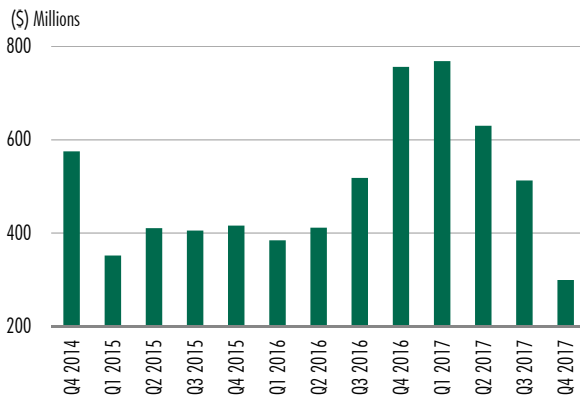
Source: CBRE Research, Q4 2017.

Figure 4: Population Growth and Purchasing Power



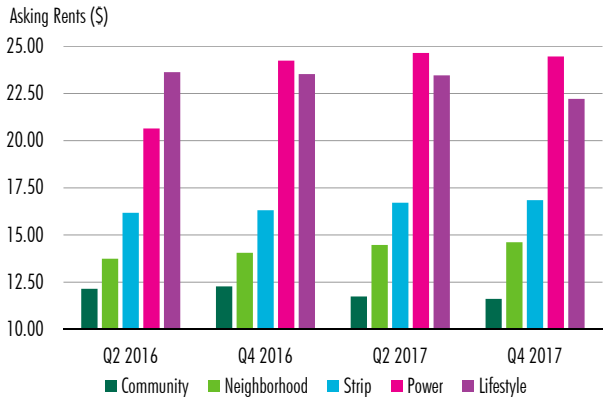
Source Moody's Analytics, Q4 2017.

Figure 5: Retail Investment Sales Volume



Source: Real Capital Analytics, Q4 2017.

Figure 6: Asking Annual Rents by Center Type

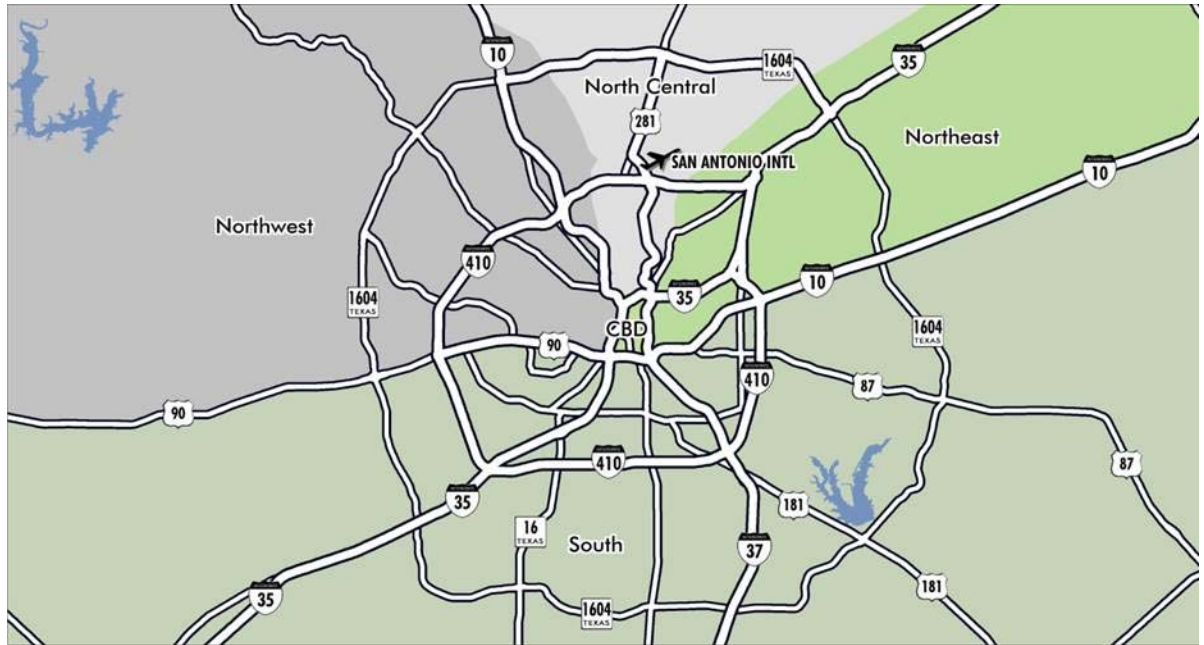


Source: CBRE Research, Q4 2017.

Figure 7: Top 10 Largest Available Big Box Spaces

Submarket	Address	City	Former Use	Available (SF)
Northeast	7014 FM 78	San Antonio	Target	130,000
Northwest	622 NW Loop 410	San Antonio	Sears	85,380
Northwest	6301 NW Loop 410	San Antonio	Multiple	76,670
Northwest	5776 Stemmons Drive	San Antonio	Floor & Decor	59,000
Northwest	8203 State Highway 151	San Antonio	Gander Mountain	48,663
Northwest	618 NW Loop 410	San Antonio	Multiple	44,400
North Central	21115 N Highway 281	San Antonio	Sports Authority	42,057
Northeast	7517 Loop 1604	Live Oak	Multiple	39,944
Northwest	14602 Huebner Rd	San Antonio	Multiple	35,000
Northeast	6212 Woodglen Dr	San Antonio	Office Max	30,162

Source: CBRE Research, Q4 2017.



**CONTACTS**

**Robert C. Kramp**  
 Director, Research & Analysis  
 robert.kramp@cbre.com

**E. Michelle Miller**  
 Research Operations Manager  
 michelle.miller@cbre.com

**Robert Basiliere**  
 Senior Research Analyst  
 robert.basiliere@cbre.com

**CBRE OFFICES**

**CBRE San Antonio**  
 200 Concord Plaza Drive, Suite 800  
 San Antonio, TX 78216

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at [www.cbre.com/researchgateway](http://www.cbre.com/researchgateway).