

# San Antonio Texas

NAI Colglazier Properties (Industrial)  
NAI Rohde, Ottmers and Siegel Realty (Office/Retail)

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## Metropolitan Area Economic Overview

### Population

Total Est. 2005	1,763,573
Population Growth Index – 2010	1.59
Income Index	0.89
Affordability Index	1.66
Education Index	0.95
Age Index	0.92

### Employment

Total Est. 2005	756,313
Office Index	0.24
Health Services Index	0.99
Government Index	1.17
Retail Services Index	0.98
Wholesale Index	0.86

## Market Overview

The office market in San Antonio continues to hover at a low point, primarily as a result of the "jobless recovery" and job growth focused on national employers. While hiring by Toyota Motor Manufacturing, Washington Mutual, and The National Security Agency have boosted the local job market, most of these job additions have not improved the overall office occupancy rate within the multi tenant office building sector. Year end 2005 vacancy exceeded 5 million square feet in a market of 23 million square feet. The national organizations fueling these larger job gains have tended to gravitate toward single user campus-type facilities leaving the overall occupancy rate of multi-tenant office building at about 78%.

San Antonio's industrial market continued to recover in 2005 and has exhibited flat net adsorption and rental rates; however, Class "A" bulk warehouse space in San Antonio for the previous twelve months has been balanced with a very low vacancy. The local SIOR group estimates the current total market inventory vacancy rate to be in the 14% range. Rental rates are not expected to increase in the short term; however, San Antonio should begin to experience net positive absorption.

Toyota related activity is accelerating rapidly as the plant's 2006 opening date approaches. Tier 1 supplier, Grupo Metalsa, and its subsidiary Proeza Automotive, announced plans to build a \$4 million frame-processing center at

the Toyota Park. Additional projects designed to attract Toyota suppliers have been added to the list, including a November 2005 launch of construction for over 400,000 square feet in South Port Industrial Park located directly across from the Toyota site.

There has also been a marked increase in non-automotive activity with both new deals and existing tenants needing expansion space – all good signs of an improving market. Class "A" projects under construction at year end included ProLogis' Coliseum Road Distribution Center Buildings 4 and 5; ProLogis' 204,600 square feet at Tri-County 35 Business Park Building 3 on Tri-County Parkway; Cavender & Hill's 267,500 square feet at Tri-County 35 Business Park Phase III; and 140,000 square feet in two buildings at Crosswinds Distribution Center.

In the retail sector, San Antonio's rapid population growth is stirring up more shopping centers with over 15,000 new homes developed in 2005. Major employment is driving this expansion and this should continue on into 2007.

Citywide, the retail market experienced positive absorption of 2.3 million square feet through late in the year. The city's vacancy rate stood at 10.3%, down 2.6% from the prior year. Smaller projects are benefiting from booming residential growth and the positions recently taken by giant stores such as the Wal-Mart Super center, Super Target, and H.E.B. Plus Grocery.

## San Antonio At-A-Glance

(Rent/Square foot/Year)	Low	High	Effective Avg.	Vacancy
<b>DOWNTOWN OFFICE</b>				
New Construction (AAA)	\$ 18.00	\$ 25.00	\$ 18.16	13.0%
Class A (Prime)	\$ 18.00	\$ 25.00	\$ 18.16	13.0%
Class B (Secondary)	\$ 16.00	\$ 18.00	\$ 17.00	20.0%
<b>SUBURBAN OFFICE</b>				
New Construction (AAA)	\$ 18.00	\$ 23.00	\$ 21.00	13.0%
Class A (Prime)	\$ 21.00	\$ 25.00	\$ 22.00	13.0%
Class B (Secondary)	\$ 16.00	\$ 18.00	\$ 17.50	17.0%
<b>INDUSTRIAL</b>				
Bulk Warehouse	\$ 3.00	\$ 4.35	\$ 3.84	7.0%
Manufacturing	\$ 2.70	\$ 5.00	\$ 3.90	7.0%
High Tech/R&D	\$ 10.00	\$ 13.50	\$ 11.75	7.0%
<b>RETAIL</b>				
Downtown	\$ 12.00	\$ 31.00	\$ 25.00	10.0%
Neighborhood Service Centers	\$ 8.00	\$ 23.00	\$ 18.00	10.3%
Community Power Center	\$ 12.00	\$ 19.00	\$ 16.00	5.0%
Regional Malls	\$ 24.00	\$ 36.00	\$ 28.00	6.0%
<b>DEVELOPMENT LAND</b>				
	Low (Price/Acre)		High (Price/Acre)	
Office in CBD (per buildable SF)	\$ 25		\$ 100	
Land in Office Parks	\$ 359,370		\$ 653,400	
Land in Industrial Parks	\$ 43,560		\$ 152,460	
Office/Industrial Land - Non-park	\$ 43,560		\$ 435,600	
Retail/Commercial Land	\$ 108,900		\$ 261,360	
Residential	\$ 13,068		\$ 65,340	

Source: NAI Colglazier Properties/NAI Rohde, Ottmers and Siegel Realty