

SAN ANTONIO, TEXAS

RECOVERING ECONOMY TO BOOST APARTMENT FUNDAMENTALS IN 2021

Disruption from the COVID-19 pandemic, combined with a wave of new apartments, caused multifamily fundamentals to dip in 2020. Economic and demographic strengths, however, will foster a healthy rebound. Multifamily builders delivered 4,770 apartments in 2020 while renters newly occupied 3,226 units. The supply-demand imbalance led to a 50-basis-point annual reduction in occupancy to 93.3% in December. Meanwhile, average effective rent decreased 1.1% to \$1,004 per month. Approximately 43% of the jobs lost between January and May 2020 were recovered by December, but unemployment in the area's large leisure and hospitality sector persisted. Losses of these low-wage jobs became apparent in Class C apartment communities where occupancy and rent growth did not fare as well as among Class A and B properties. Improvement in overall apartment fundamentals is anticipated in 2021. Monthly effective rent is projected to rise 1.4% to \$1,018 in 2021 while apartment completions taper to 4,065 units. Net absorption is forecast to outpace deliveries, spurring a 60-basis-point increase in occupancy to 93.9% by year-end. The multifamily pipeline indicates that new apartment inventory, which in the past several years has been heavily concentrated in the Far West San Antonio and Far Northwest San Antonio submarkets, will be more evenly distributed in the metro area over the next few years. This change will give renters more choices about what part of the metro to reside in and may allow absorption to catch up in the recent build-up of apartments in the western and the northwestern portions of the metro.



2021 MARKET AT A GLANCE

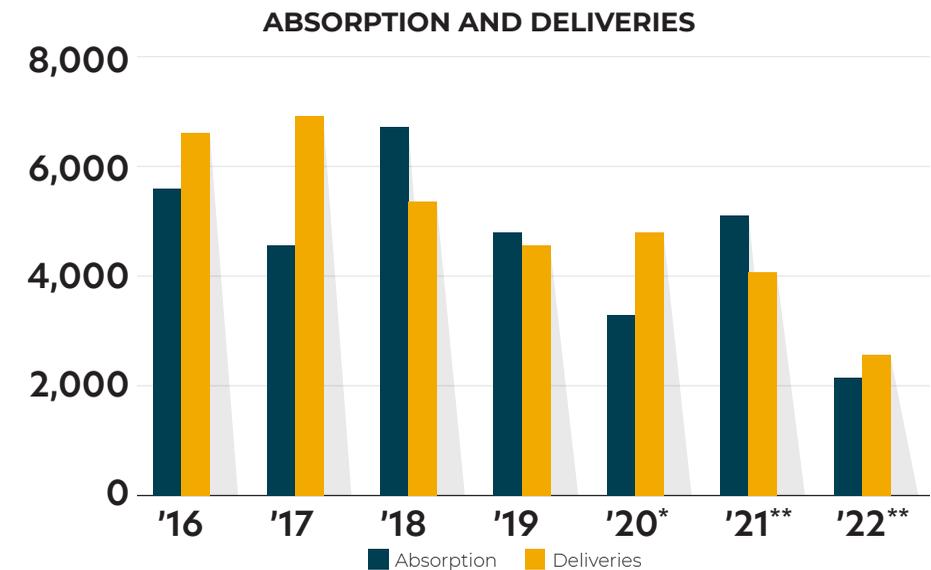
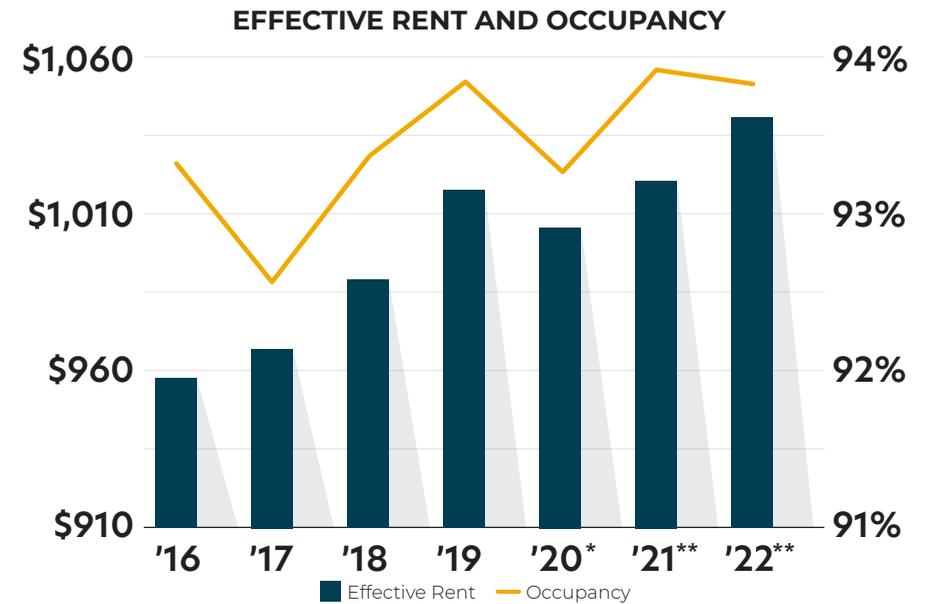
- 

OCCUPANCY RATE
93.9%
 Up 60 bps YOY
- 

EFFECTIVE RENT
\$1,018
 Up 1.4% YOY
- 

RENT SHARE OF WALLET
19.3%
 Unchanged YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

SAN ANTONIO, TEXAS

EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
1,102,600	-5.4%	1,043,200	3.4%	1,078,600

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.3%	450 BPS	6.8%	-100 BPS	5.8%

2019	YOY CHANGE	2020	YOY CHANGE	2021
2,569,000	1.3%	2,602,200	1.3%	2,636,300

2019	YOY CHANGE	2020	YOY CHANGE	2021
948,400	1.4%	961,900	1.6%	977,300

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$62,815	-0.8%	\$62,307	1.7%	\$63,355

SALES TRENDS

2019	YOY CHANGE	2020*
\$96,757	-5.9%	\$91,015

2019	YOY CHANGE	2020
5.3%	40 BPS	5.7%



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.