



CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **7,925**

UNITS DELIVERED (YTD) **3,973**

MARKET FUNDAMENTALS



VACANCY RATE **10.9%**

YEAR-OVER-YEAR CHANGE **+10bps**

ASKING RENTS **\$1,153**

YEAR-OVER-YEAR CHANGE **-4.6%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$129,300**

SAN ANTONIO MULTIFAMILY
2Q 2025

MARKET INSIGHTS

Construction pipeline beginning to thin, vacancies dip

HIGHLIGHTS

- Operating conditions in the San Antonio multifamily market were mixed during the second quarter as the vacancy rate improved while rents declined. Multifamily development remains elevated, though it has slowed from last year's highs.
- After spiking in the closing months of 2024, vacancy has trended lower to this point in the year. The vacancy rate declined by 30 basis points during the second quarter to 10.9%. During the past 12 months, vacancy is up by 10 basis points.
- Asking rents in San Antonio softened during the second quarter, decreasing by 0.6% after posting a modest increase at the beginning of the year. At \$1,153 per month, current asking rents are down 4.6% from one year ago.
- Sales activity in the San Antonio multifamily market accelerated during the second quarter after transaction counts were light during the opening months of the year. In transactions where pricing was available, the median sale price year-to-date is \$129,300 per unit, with cap rates averaging in the low 6% range.

SAN ANTONIO MULTIFAMILY MARKET OVERVIEW

As the pace of deliveries eases from the highs recorded last year, multifamily operating conditions in San Antonio are beginning to trend in a more favorable direction. During the first half of the year, deliveries declined by 20% compared to the same period in 2024, allowing strong local demand to begin catching up with supply growth. With new supply tapering, vacancy rates declined in both the first and second quarters of this year, marking a reversal after nearly three years of consistent increases dating back to mid-2022. During this same period, rents also fell in nearly every quarter, though the most recent dip was milder than the sharper drops recorded during the second half of 2024. There were a handful of submarkets that posted positive shifts in both rents and vacancy, including the Far Northwest, North Central, and Northeastern San Antonio areas.

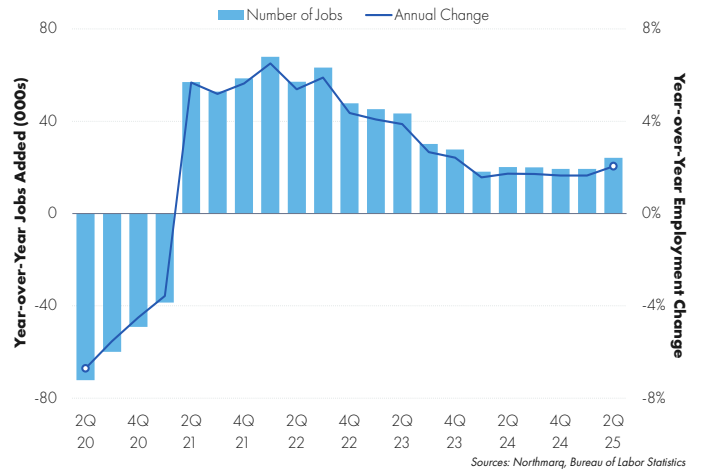
The San Antonio multifamily investment market improved in the second quarter as activity accelerated. Year to date, total sales have surpassed the same period of 2024 by nearly 30%. While pricing has dipped slightly from last year's peak, it remains elevated compared to years prior to 2024. For transactions with available pricing data, the median sale price during the first six months of the year was \$129,300 per unit, down from \$135,200 per unit in 2024. During the first half, most sales were concentrated in northern submarkets that have shown the strongest improvements in operating performance. The North Central and Northwestern areas of San Antonio accounted for nearly half of all transactions during the first half of the year. Cap rates remained between 6.0% to 6.5%, a range that has held since early 2024.

EMPLOYMENT

- Employers in San Antonio continued to increase payrolls at a steady pace, maintaining a consistent growth rate since early 2024. During the past 12 months, total employment has expanded by 24,200 positions, reflecting a 2.1% rise.
- Employment growth was positive across most industries, with the trade, transportation, and utilities sector recording some of the strongest gains. Year over year, employers in this sector have hired 5,400 new workers, an increase of 2.6%.
- Consulting firm Guidehouse has expanded into a new office at The Reserve at Westover Hills in West San Antonio. The company plans to add 1,000 new jobs in the area over the next five years.
- **FORECAST:** Employment growth in 2025 is expected to outpace the modest gains recorded last year, though it will likely remain below the stronger levels recorded in 2023. San Antonio employers are forecast to increase payrolls by 2.1% this year, adding approximately 25,000 new hires.

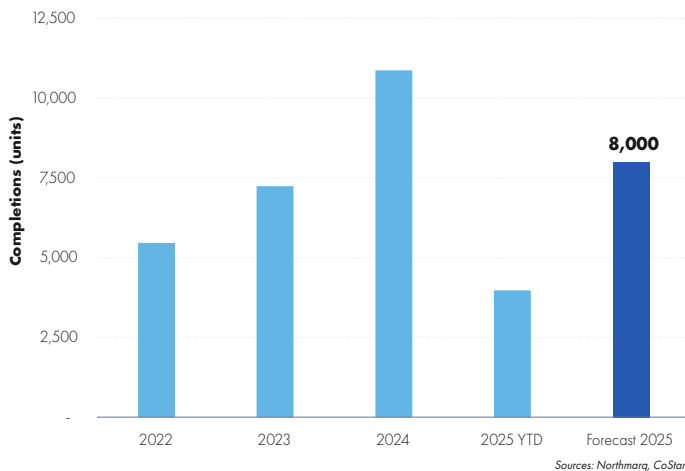
During the past 12 months, total employment has expanded by 24,200 positions.

EMPLOYMENT OVERVIEW



To this point in the year, just under 4,000 units have come online.

DEVELOPMENT TRENDS

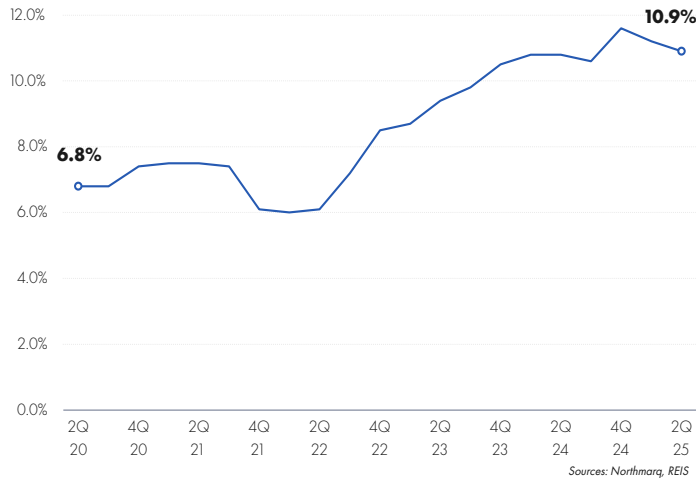


DEVELOPMENT & PERMITTING

- Multifamily completions have slowed from peak levels recorded last year. To this point in the year, just under 4,000 units have come online in San Antonio, down 20% from the first half of 2024.
- The number of units under construction in San Antonio dipped in the second quarter, with approximately 7,900 units currently underway. This marks a decline from the previous two quarters.
- Multifamily permitting activity continued to slow in recent months, with permits issued for just 420 units during the second quarter, the lowest quarterly total since 2015. Year to date, permits for roughly 1,000 units have been issued, down 11% from the same period of last year.
- **FORECAST:** The pace of multifamily deliveries is expected to closely track levels from the first half through the remainder of 2025. Projects totaling 8,000 units are slated for completion in 2025, down 26% from 2024.

During the first half of this year, net move-ins totaled approximately 4,800 units.

VACANCY TRENDS



VACANCY

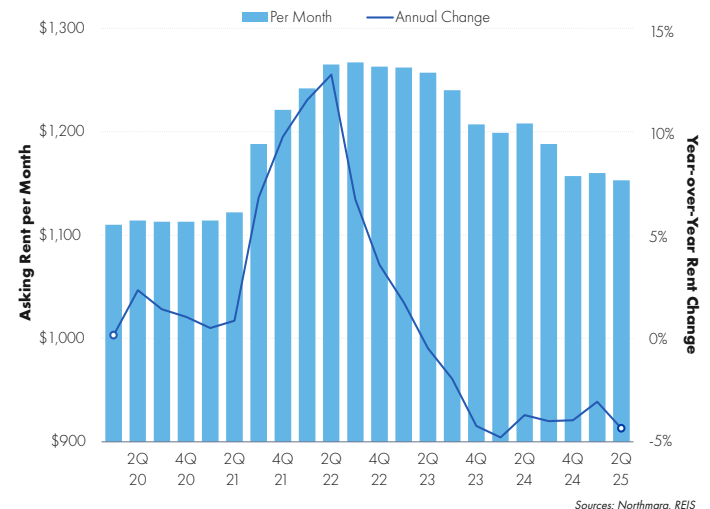
- The vacancy rate in San Antonio continued to improve during the second quarter, declining by 30 basis points following a similar decrease during the first quarter. Compared to the same period in 2024, the vacancy rate is up 10 basis points, standing at 10.9%.
- The Far Northwest San Antonio submarket recorded some of the strongest vacancy improvements in recent periods. During the second quarter, the rate fell 270 basis points to 9.7%. Year over year, vacancy is down 230 basis points.
- Strong absorption in the region has driven the recent improvements in occupancy. During the first half of this year, net move-ins totaled approximately 4,800 units, up nearly 10% from levels in the same period in 2024.
- FORECAST:** The vacancy rate in San Antonio is expected to remain stable through the remainder of the year as the projected rate of absorption is expected to roughly match new deliveries. The year-end vacancy rate is forecasted at 10.7%, representing a 90 basis point decline from 2024.

RENTS

- Multifamily rents in San Antonio declined again over the past three months, following a modest increase in the first quarter. Average asking rents are currently \$1,153 per month, down 0.6% in the second quarter. Year-over-year, rents are down 4.6%.
- Concessions have been on the rise as operators compete for tenants. During the second quarter, concessions averaged \$87 per month, up from \$50 per month one year ago.
- Even as rents declined across most of the market, a handful of submarkets posted healthy quarterly gains. The Far Northwest San Antonio area was a top performer, with rents rising 2.0% during the second quarter to \$1,438 per month.
- FORECAST:** While vacancies have begun tighten, the overall rate remains elevated and rents will likely continue to inch lower in the second half. Average rents are forecast to decline 1.5% in 2025, ending the year at \$1,140 per month.

Average asking rents are currently \$1,153 per month.

RENTS TRENDS

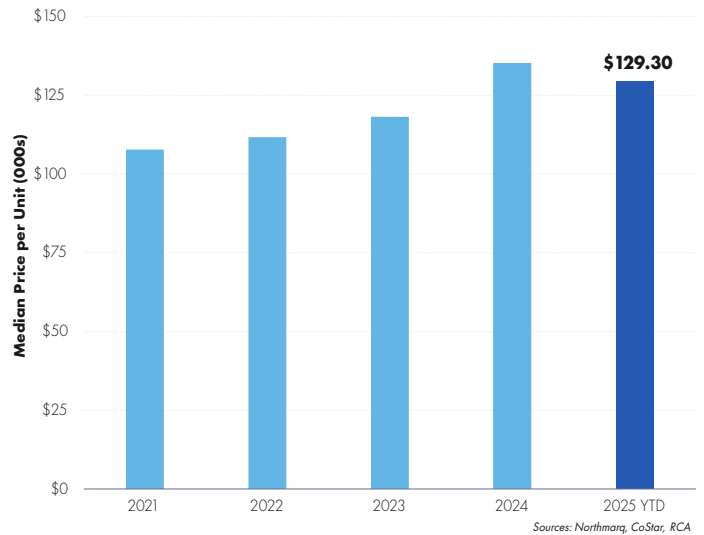


MULTIFAMILY SALES

- Transaction activity in San Antonio accelerated during the second quarter after a slow start to the year. Total sales during the first half of 2025 surpassed the same period last year by nearly 30%.
- Pricing has dipped slightly, though per-unit prices recorded to this point in 2025 are higher than levels from 2021-2023. In transactions where pricing was available, the median price year to date is \$129,300 per unit, down approximately 5% from peak pricing in 2024.
- Cap rates were consistent throughout 2024 and into 2025. Since early last year, cap rates have averaged between 6.0% and 6.5%. Compared to early 2023, this is an increase of roughly 50 basis points.

The median sale price year to date is \$129,300 per unit.

INVESTMENT TRENDS

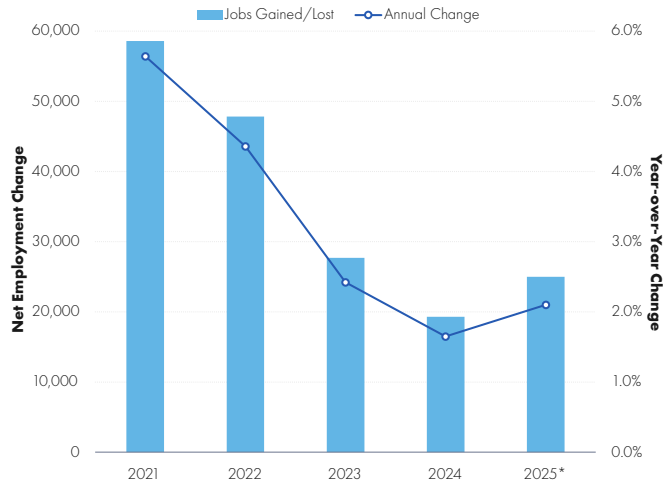


LOOKING AHEAD

Developers are set to maintain the pace of multifamily deliveries set in the first half through the end of the year. Projects totaling 8,000 units are scheduled to come online in 2025, lagging the peak levels recorded last year by 26%, but still outpacing the region's trailing 10-year average by a wide margin. While deliveries are forecasted to be above trend, renter demand is expected to remain elevated, fueled by a local employment market that is expanding nearly twice as quickly as the national rate. Vacancy is expected to tick lower in the second half, marking the local market's first annual improvement since 2021. Despite the anticipated vacancy tightening, rents are expected to record a modest decline in the coming periods; rent increases are likely to resume beginning in 2026. Longer-term, supply and demand trends should return closer to equilibrium as multifamily permitting levels have begun to ease and the number of units under construction is beginning to contract.

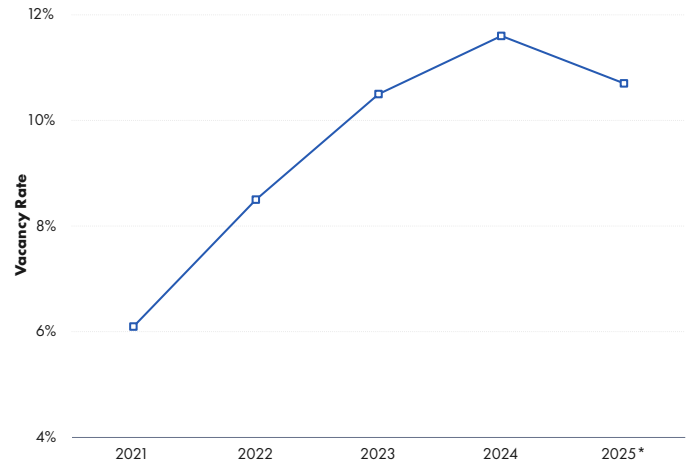
Properties are expected to change hands at an accelerating pace through the end of 2025. Total sales this year are likely to exceed last year's levels, though still fall short of historical averages. Still, the current oversupply conditions may continue to weigh on the sales market. Once inventory growth begins to cool in 2026, an uptick in transactions is anticipated, supported by stronger market fundamentals forecasted for San Antonio in the coming years. Stabilizing vacancies and rents should enhance investment viability. Recently, investors have demonstrated a preference for acquiring properties in submarkets with solid fundamentals, such as North Central and Northwestern San Antonio. As these improved operating conditions expand, transaction activity may become more widespread. Cap rates in San Antonio remain higher than in many comparable markets, which could attract investors, particularly if anticipated interest rate cuts materialize in the coming months.

EMPLOYMENT FORECAST



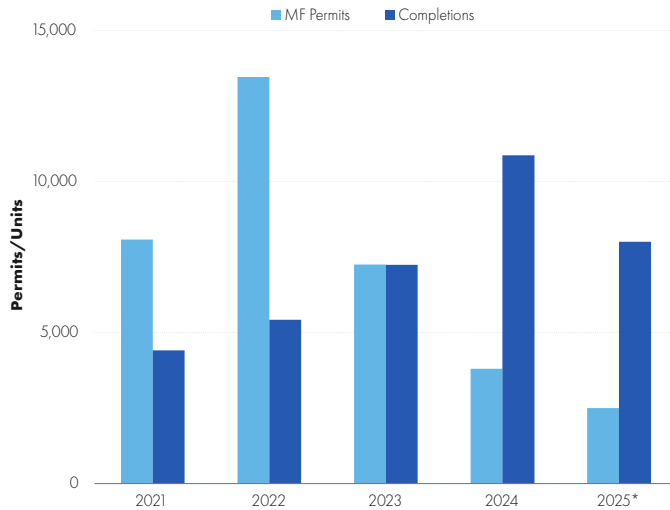
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



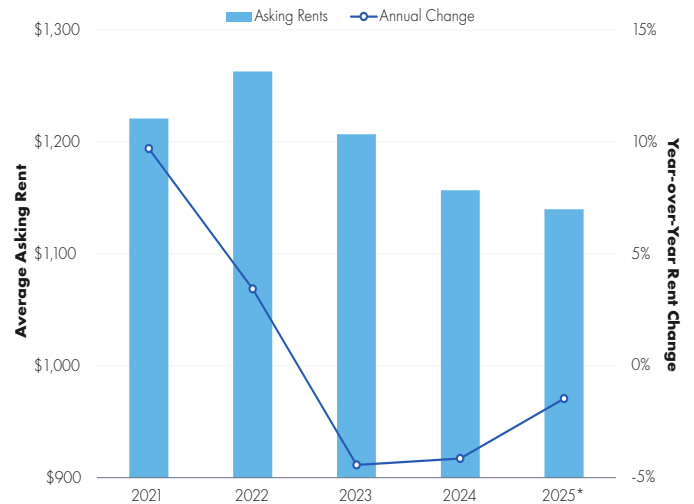
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, CoStar

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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