

# San Antonio, Texas

Tenant's Guide ■ North American Markets ■ Second Quarter 2010

## Overview

The San Antonio market started feeling the impact of the downturn in the national economy in 2009.

Vacancy rates held steady during the second quarter, and rental rates have basically remained unchanged. A diversified employment base should help San Antonio weather the economic storms of a meltdown in the lending markets and a drop in consumer confidence.

## Market Trends

- Citywide vacancy rates are at 11.9%.
- Average rental rates are \$18.52.
- Economic development efforts have been successful in attracting large call center and data center users to San Antonio.

## Tenant's Perspective

Recent economic events have shifted the market back to the tenant's favor. However there are very few existing blocks of vacant space in the market. The immediate impact has been that landlords are more willing to offer concessions and aggressively attempt to retain tenants. Landlords are looking more closely at tenants' credit. Increasing consolidation in the real estate industry makes it imperative that tenants work more closely with their real estate advisors to most effectively develop their real estate strategies for the future.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Kohl's	101,000	Office	Lease
HEB	81,745	Industrial	Lease
Social Security	33,906	Flex	Lease
Brandt Engineering	24,000	Flex	Lease
Christus Health	18,447	Office	Lease

## Vacancy Rate



## Average Rental Rates

CBD	Q3 2009	Q4 2009	Q1 2010
Class A Office	\$22.48	\$20.25	\$20.24
Class B Office	\$17.00	\$15.27	\$15.10

  

Suburban	Q3 2009	Q4 2009	Q1 2010
Class A Office	\$22.95	\$22.30	\$22.05
Class B Office	\$17.10	\$17.00	\$17.25
R&D	\$8.95	\$8.95	\$9.00

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