

MARKET FUNDAMENTALS

	YOY Chg	Outlook
15.2% Vacancy Rate	▼	▲
-100K YTD Net Absorption, SF	▲	▲
\$28.67 Asking Rent, PSF (Overall, All Property Classes)	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M San Antonio Employment	▲	▲
4.3% San Antonio Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

ECONOMY: UNEMPLOYMENT RATE EDGES HIGHER

San Antonio maintained stable market conditions in Q3 2026 despite moderating hiring activity. The unemployment rate measured 4.3%, up slightly from 4.0% one year earlier, while job growth remained positive with approximately 9,400 positions added across the metro area.

SUPPLY AND DEMAND: VACANCY HOLDS, ABSORPTION SOFTENS

San Antonio's office market remained relatively stable in Q3 2026, with overall vacancy holding at 15.2%, a 160 basis points (bps) improvement year-over-year (YOY). Occupancy gains recorded earlier in the year helped sustain market stability, though tenant move-outs and space consolidations contributed to negative net absorption of approximately 65,000 square feet (sf) during Q3, bringing absorbed space year-to-date (YTD) to roughly 100,000 sf. In the Central Business District (CBD), vacancy rose to 18.8%, highlighting ongoing challenges in backfilling larger vacancies and continued efforts to reposition aging office assets.

Despite the quarterly occupancy decline, leasing activity remained robust, totaling nearly 497,000 sf and pushing YTD leasing volume to almost 1.5 million square feet (msf), an 8.0% increase compared to the same period in 2025. Leasing activity was concentrated primarily in the North Central and Northwest submarkets. The largest transaction of the quarter was completed by the General Services Administration (GSA), which signed a 37,000 sf lease at Waters Edge I.

Development activity remained subdued, with no projects under construction and no new deliveries completed during the quarter. The lack of new supply continued to support market fundamentals by limiting additional vacancy pressure while allowing existing inventory to gradually absorb demand and improve overall market balance.

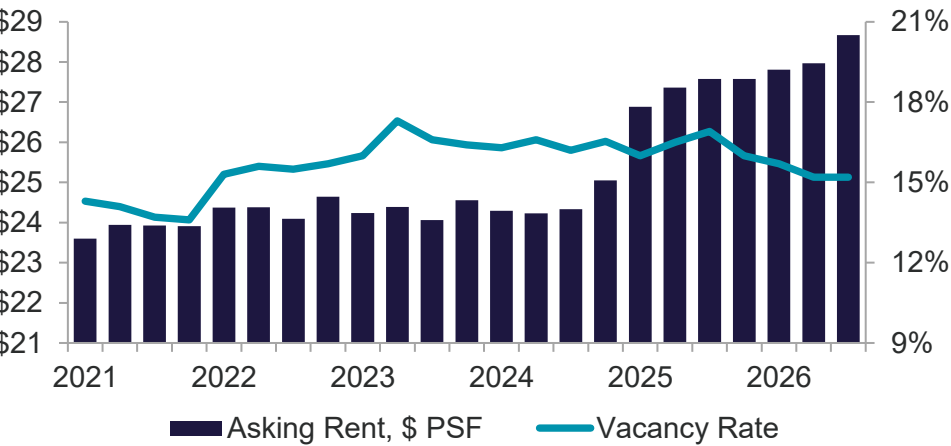
PRICING: RENT GROWTH REMAINED POSITIVE

Average asking rents continued to trend upward in Q3 2026, increasing 4.1% YOY to \$28.67 per square foot (psf). Class A asking rents also climbed, reaching \$32.02 psf, up 8.0% YOY and reflecting sustained demand for the market's highest-quality office product. With little new construction entering the market and obsolete inventory increasingly repositioned or removed from competition, top-tier buildings continue to capture the majority of leasing interest and support rent growth across the Class A segment.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD 2026 OVERALL NET ABSORPTION (SF)	YTD 2026 LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,594,596	71,948	1,352,327	18.8%	-39,883	104,444	58,841	0	\$29.93	\$31.66
Far North Central	3,548,070	54,921	420,753	13.4%	2,875	32,249	145,228	0	\$34.08	\$35.31
Far Northwest	1,727,533	7,531	143,768	8.3%	20,608	-54,749	72,119	0	\$40.91	\$40.90
Far West	2,881,302	77,438	156,460	8.1%	-6,446	-15,211	72,858	0	\$32.59	\$32.59
North Central	12,146,971	41,435	1,867,356	15.7%	-27,405	-170,669	443,604	0	\$26.54	\$29.60
Northeast	4,184,358	17,480	624,284	15.2%	-565	110,547	141,450	0	\$24.51	\$27.72
Northwest	15,477,929	99,664	2,365,919	16.0%	71,034	14,468	465,142	0	\$27.60	\$33.03
South	2,299,074	0	255,553	11.1%	-85,448	-120,613	114,608	0	\$29.36	\$39.63
SAN ANTONIO TOTALS	49,859,833	370,417	7,186,420	15.2%	-65,230	-99,534	1,513,850	0	\$28.67	\$32.02

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
WatersEdge I	South	General Services Administration	36,755	New Lease
Fountainhead Business Park – Building 2	Northwest	UT Health San Antonio	29,054	New Lease
The Oaks – Building III	Northwest	Undisclosed	19,883	New Lease
Colonial Center	Northwest	ECPI University	18,477	New Lease
250 Nottingham Pl	North Central	Touchstone Communities	16,770	New Lease

KEY SALES TRANSACTIONS YTD 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF
Summit At The Rim	Far Northwest	Union Square Spe LLC / SynerMark Properties	273,366
WestRidge One and Two at LaCantera	Far Northwest	Perform Properties / SageView Partners	258,031
Santa Rosa Medical Center	Northwest	Ackerman & Co. / University Health	200,833

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