

ECONOMY: LABOR MARKET REMAINED STABLE

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

SUPPLY: DEVELOPMENT SLOWS, VACANCY CONTINUED TO IMPROVE

San Antonio’s industrial market continued to stabilize in Q3 2026 as development activity remained subdued. No new industrial product was delivered during the quarter, reflecting the impact of elevated financing costs and a more cautious development environment. While new supply has slowed considerably, approximately 2.3 million square feet (msf) remained under construction and is expected to deliver over the coming quarters. Limited new completions allowed the market to absorb existing vacant space more effectively, contributing to a 110-basis-point decline in overall vacancy from the prior quarter to 10.6%. As developers focus on leasing existing inventory before launching new projects, market fundamentals should continue to improve.

DEMAND: LEASING MOMENTUM ACCELERATED

Industrial demand accelerated in Q3 2026, with leasing activity totaling 2.3 msf during the quarter, underscoring improving tenant confidence and sustained demand from warehouse and distribution occupiers. Year-to-date (YTD) leasing volume reached 5.1 msf, representing a 46.5% increase compared with the same period in 2025. Net absorption totaled approximately 310,000 square feet (sf) during the quarter, bringing YTD occupancy gains to 1.4 msf. Demand growth and stronger leasing activity helped reduce vacancy and demonstrate the market’s ability to absorb recently delivered inventory. Although occupiers remain selective, growth in logistics and distribution requirements has supported improving space needs, positioning the market for further stabilization through the remainder of the year.

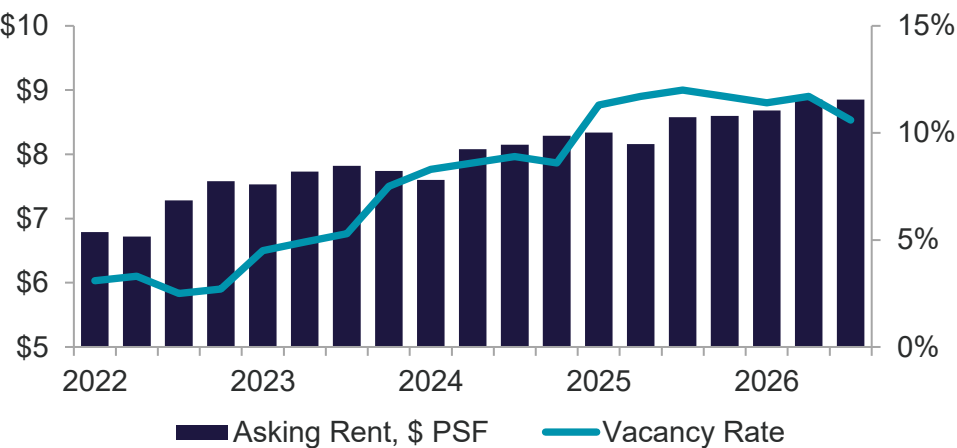
PRICING: RENT GROWTH REMAINED STEADY

Industrial asking rents continued to edge higher in Q3 2026. Overall average asking rents reached \$8.85 per square foot (psf), reflecting modest growth from the previous quarter and 3.1% YOY. Warehouse/distribution space averaged \$8.34 psf, benefiting from ongoing demand, while office service/flex rents remained steady at \$12.61 psf. Although rent growth has moderated from the rapid pace seen in recent years, limited new supply and improving market conditions continue to support pricing stability across market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
10.6% Vacancy Rate	▼	—
1.4M YTD Net Absorption, SF	▲	▲
\$8.85 Asking Rent, PSF (Overall, Net Asking Rent)	▲	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.2M San Antonio Employment	▲	▲
4.3% San Antonio Unemployment Rate	▲	▼
4.2% United States Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
CBD	2,170,963	184,532	8.5%	44	-64,044	0	0	0	\$12.55	\$9.21
Comal County	17,903,133	2,026,468	11.3%	-105,495	183,995	650,206	311,343	202,500	\$15.24	\$10.09
Far North Central	814,276	212,203	26.1%	-2,700	-114,963	9,600	0	0	\$10.80	\$18.00
Far Northwest	634,798	30,726	4.5%	7,331	147,827	7,042	0	178,553	\$16.98	\$7.20
Far West	4,091,484	631,824	15.4%	-200,175	-349,295	184,683	0	0	\$16.50	\$6.09
Guadalupe County	13,261,488	661,474	5.0%	329,657	-171,018	226,300	511,787	20,000	\$12.00	\$11.80
North Central	10,400,307	766,402	7.4%	242,212	294,615	437,488	0	0	\$13.07	\$11.12
Northeast	42,861,942	7,607,644	17.7%	25,358	-268,738	1,571,615	60,409	697,617	\$9.62	\$7.41
Northwest	11,870,933	1,053,767	8.9%	-53,133	-126,438	399,058	0	39,400	\$13.53	\$10.77
South	38,291,437	1,917,961	5.0%	67,003	1,903,064	1,622,221	1,450,660	423,350	\$13.76	\$7.18
SAN ANTONIO TOTALS	142,300,761	15,093,001	10.6%	310,102	1,435,005	5,108,213	2,334,199	1,561,420	\$12.61	\$8.34

TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*
Warehouse / Distribution	131,049,938	14,207,237	10.8%	253,061	1,208,273	4,820,620	2,334,199	1,353,700	\$8.34
Office Service / Flex	11,250,823	885,764	7.9%	57,041	226,732	287,593	0	207,720	\$12.61

*Rental rates reflect weighted net asking \$psf/year

OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Foster Commerce Center 6	South	PepsiCo	708,000	New Lease
Connection Park Logistics	South	Penske	490,083	New Lease
302 Tayman Street	South	Winland Foods	360,000	New Lease
Park 35	Comal County	Hollingsworth Logistics Group	340,090	New Lease

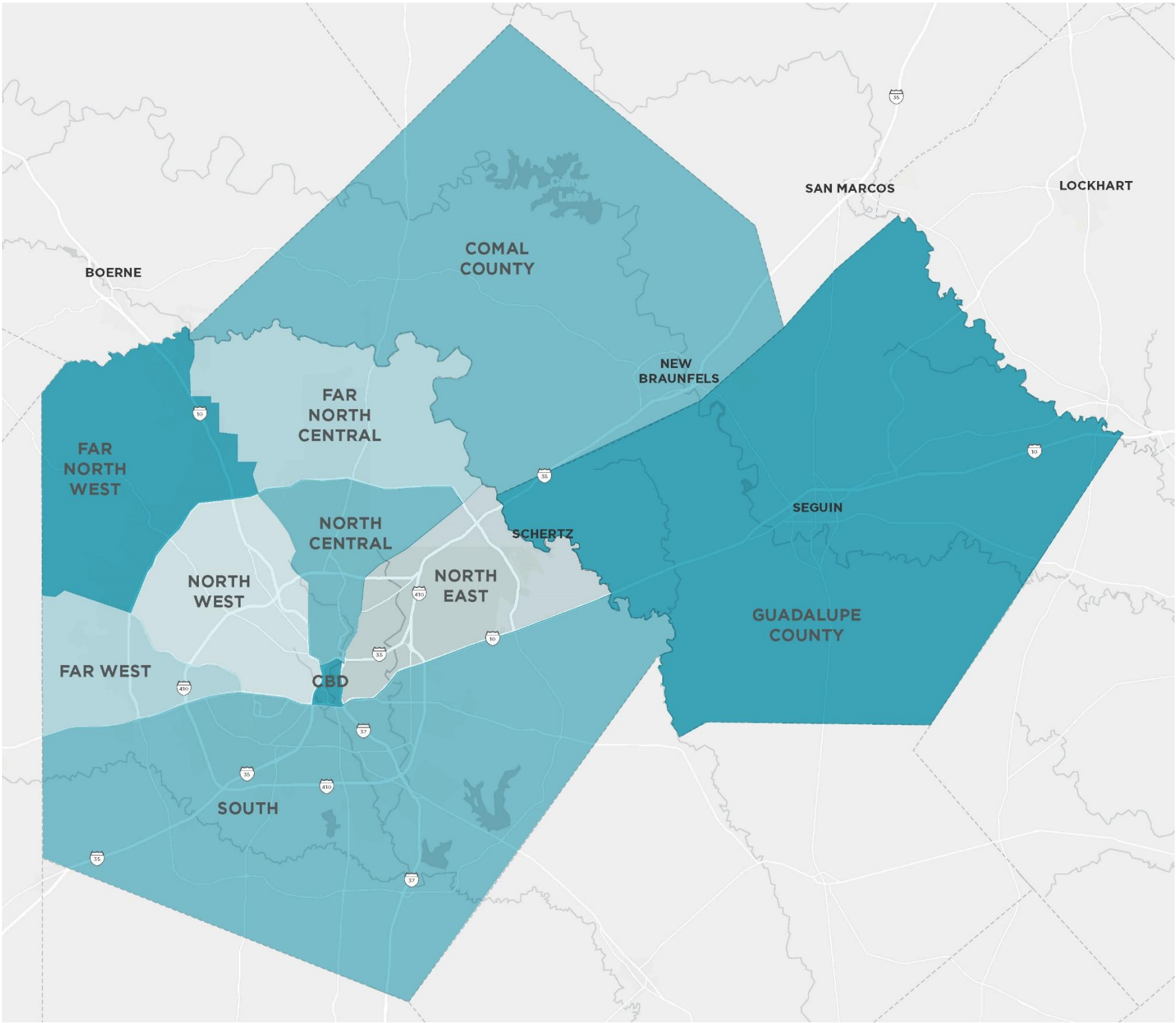
KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Eisenhauer Logistics Park	Northeast	None	698,000	NIT Industrial
Innovation Industrial Park – Building 1	South	None	218,809	Merit CRE-SATA, Ltd.
Schertz Summit Park	Comal County	Unknown	202,500	EastGroup Properties
Freeport 35	South	None	175,374	Lincoln

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
TriPoint Logistics Center	Guadalupe County	Ranch Hand	511,787	Ackerman & Co.
Medio Creek Business Park	South	None	500,000	Bailey Commercial
Toyota Rear Axle Plant	South	Toyota	500,000	Toyota Texas Manufacturing
Ironhorn Industrial Park 2	Comal County	None	260,343	Goldenrod Companies

INDUSTRIAL SUBMARKETS



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