

# HUD PD&R Housing Market Profiles

## San Antonio-New Braunfels, Texas



### Quick Facts About San Antonio

San Antonio, Texas

By T. Michael Miller | As of January 1, 2021

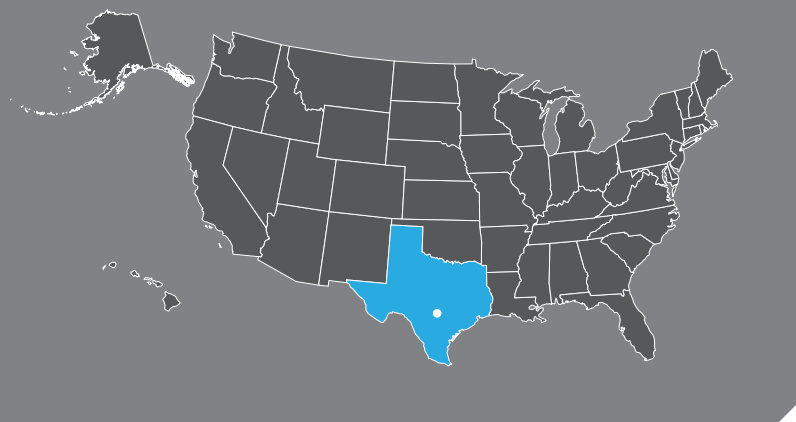
- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- The government sector is the largest employment sector in the metropolitan area, with 171,500 jobs, and accounts for 16 percent of all nonfarm payroll jobs. Joint Base San Antonio is the largest employer in the sector, with 39,900 civilian employees and a total workforce of 80,000.

### Overview

The San Antonio metropolitan area encompasses eight counties in south-central Texas. The principal city of San Antonio is in Bexar County, which includes more than 77 percent of the population in the metropolitan area. The city of San Antonio was the seventh most populous city in the nation; the city had the second largest nationwide population increase among cities, up by 17,250 people, or 1.1 percent, from July 2018 to July 2019 (Census Bureau population estimates as of July 1). New Braunfels—the second largest city in the metropolitan area—was the 12th fastest growing city in the nation, up 6.8 percent, or 5,725 people, from July 2018 to July 2019.

- As of January 1, 2021, the population of the metropolitan area was estimated at 2.60 million, reflecting an average annual increase of 33,650, or 1.3 percent, since July 2018; about 58 percent of the increase was attributable to net in-migration. By comparison, from July 2013 to July 2018, population growth averaged 46,500 people, or 2.0 percent, a year, and 65 percent of the growth was because of net in-migration.

continued on page 2



continued from page 1

- From July 2008 to July 2013, the population grew at an annual rate of 43,750, or 2.0 percent. The large military presence in the metropolitan area helped stabilize the economy during the Great Recession, which led to strong population growth during the period despite weaker economic conditions.
- The slower rate of population growth in the metropolitan area since July 2018 is largely because of decreased net

international migration. The most recent data available estimate net international migration of 2,500 people from July 2018 to July 2019. By comparison, an average of 5,200 people migrated into the San Antonio metropolitan area from outside the United States annually from April 2010 to July 2018 (Census Bureau Metropolitan and Micropolitan Statistical Area Population Estimates and Estimated Components of Change: April 1, 2010, to July 1, 2019).

## Economic Conditions

Economic contraction in the San Antonio HMA during the past year reversed a decade-long trend of strong nonfarm payroll job growth. During the 12 months ending December 2020, nonfarm payrolls in the metropolitan area declined by 33,500 jobs, or 3.1 percent, to 1.05 million jobs; this decline followed an increase of 19,500 jobs, or 1.8 percent, during the previous 12 months. Although nonfarm payrolls have recovered some of the jobs lost earlier in the pandemic, as of December 2020, nonfarm payrolls remain 3 percent below February 2020 levels (not seasonally adjusted). Nonfarm payrolls increased an average of 2.8 percent annually from 2012 through 2018, with annual growth ranging from 1.9 to 3.5 percent. The education and health services sector is the second largest employment sector, with 160,900 jobs. That sector has been the fastest growing employment sector in the metropolitan area since 2000, adding an average 3,600 jobs, or 3.0 percent, annually. Methodist Healthcare System and Baptist Health System are

the fourth and sixth largest employers in the metropolitan area, with 9,625 and 6,375 employees, respectively.

During the 3 months ending December 2020—

- Nonfarm payrolls declined by 40,900 jobs, or 3.7 percent, to an average of 1.06 million jobs, from the 3 months ending December 2019. About 29 percent of the net decline occurred in the leisure and hospitality sector.
- The leisure and hospitality sector led job losses, contracting by 11,900 jobs, or 8.5 percent, to 128,200.
- The education and health services sector shed 10,300 jobs, or 6.0 percent, to average 160,900 jobs from a year earlier; that decline was partly from a decline in elective health services.
- The government sector shed 4,900 jobs, a decline of 2.8 percent; that decline was due primarily to local government layoffs—the result of a reduced sales tax and

continued on page 3

### During the 3 months ending December 2020, only the transportation and utilities sector added jobs in the San Antonio metropolitan area compared with a year ago.

	3 Months Ending		Year-Over-Year Change	
	December 2019 (Thousands)	December 2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,096.9	1,056.0	-40.9	-3.7
Goods-Producing Sectors	121.2	118.7	-2.5	-2.1
Mining, Logging, & Construction	68.4	67.1	-1.3	-1.9
Manufacturing	52.8	51.6	-1.2	-2.3
Service-Providing Sectors	975.7	937.3	-38.4	-3.9
Wholesale & Retail Trade	153.8	150.4	-3.4	-2.2
Transportation & Utilities	34.4	38.4	4.0	11.6
Information	19.8	19.2	-0.6	-3.0
Financial Activities	95.5	92.9	-2.6	-2.7
Professional & Business Services	144.7	138.3	-6.4	-4.4
Education & Health Services	171.2	160.9	-10.3	-6.0
Leisure & Hospitality	140.1	128.2	-11.9	-8.5
Other Services	39.9	37.6	-2.3	-5.8
Government	176.4	171.5	-4.9	-2.8
<b>Unemployment Rate</b>	2.9%	6.6%		

Note: Numbers may not add to totals due to rounding.  
Source: U.S. Bureau of Labor Statistics



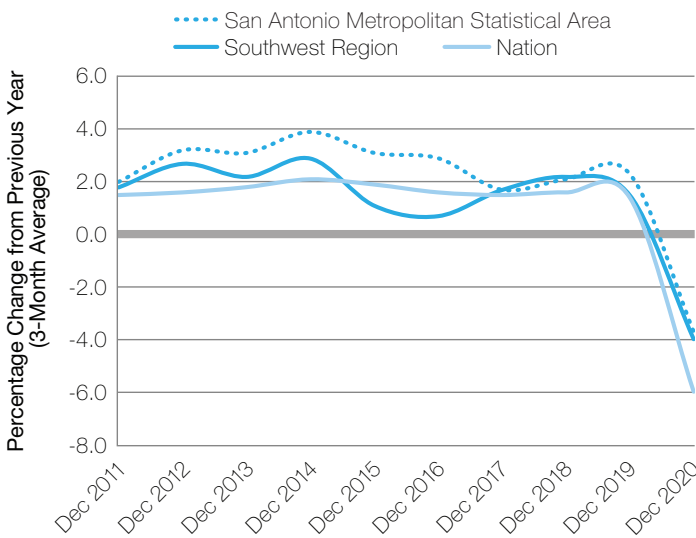
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reduced hotel occupancy taxes, which fund nearly one-fourth of local government.

- The transportation and utilities sector was the only sector to expand, up by 4,000 jobs, or 11.6 percent, partly due to home delivery services replacing retail sales.

Tourism has remained an increasingly important economic component of the HMA during the past two decades. The

**Job losses resulting from countermeasures to limit the contagion of COVID-19 were less severe in the San Antonio metropolitan area and the Southwest Region than in the nation.**



Source: U.S. Bureau of Labor Statistics

leisure and hospitality sector expanded by more than 75 percent from 2000 through 2019 and was the second fastest growing sector in the HMA during the period. The COVID-19 outbreak has had a significant effect on tourism in the HMA, as countermeasures to limit the contagion of the virus significantly limited travel and events where social distancing was not possible. Through December 2020, more than 260 events were canceled in the metropolitan area. Those cancellations have resulted in a severe decline in the hospitality industry, which in 2017 generated more than \$15.2 billion in the metropolitan area (San Antonio Convention and Visitors Bureau). The tourism industry accounted for nearly one of every eight jobs in the San Antonio metropolitan area and was the second greatest source of job growth from 2000 through 2019. During 2020, hotel occupancy averaged 42.2 percent in the city of San Antonio, down from 66.4 percent during 2019 (San Antonio Tourism Public Improvement District).

**Largest Employers in the San Antonio Metropolitan Area**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Joint Base San Antonio	Government	80,000
H-E-B, LP	Wholesale & Retail Trade	20,000
United Services Automobile Association	Financial Activities	19,400

Notes: Excludes local school districts. Joint Base San Antonio (JBSA) includes Lackland Air Force Base, Fort Sam Houston, and Randolph Air Force Base. Data for JBSA include 40,100 uniformed military personnel, who are not included in the nonfarm payroll survey data.

Source: San Antonio Economic Development Foundation

**Sales Market Conditions**

Sales housing market conditions in the San Antonio metropolitan area are currently balanced, although nonfarm payrolls have declined and population growth has slowed. During the 12 months ending November 2020, the average sales price of a new home increased 2 percent from a year ago, to \$292,200; prices have had an average increase of \$9,300, or 4 percent, annually since 2010 (CoreLogic, Inc., with adjustments by the analyst). Approximately 13,900 new single-family homes, townhomes, and condominiums sold during the 12 months ending November 2020—up 16 percent from the 11,950 homes sold during the previous 12-month period and up from an average of 9,500 homes sold annually from 2013 through 2018. The increase in new home sales was a continuation from a year earlier, when new home sales increased 13 percent as the available inventory of existing homes continued to decline and historically low home mortgage

interest rates made homeownership more affordable. The 30-year mortgage interest rate averaged 4.54, 3.94, and 3.11 percent during 2018, 2019, and 2020, respectively (Federal Reserve Bank of St. Louis). An estimated 1.7 months of for-sale inventory was available in the San Antonio metropolitan area as of December 2020, down from 3.2 months during December 2019 (Real Estate Center at Texas A&M University).

- Existing home sales decreased to 50,150 during the 12 months ending November 2020, down 1 percent from the 50,450 existing homes sold during the 12 months ending November 2019; that decrease followed an average annual 7-percent increase from 2012 through 2019.
- The average sales price of an existing home was \$255,400 during the 12 months ending November 2020, a 6-percent increase from \$240,200 during the previous 12 months and up an average 4 percent annually from 2012 through 2019.

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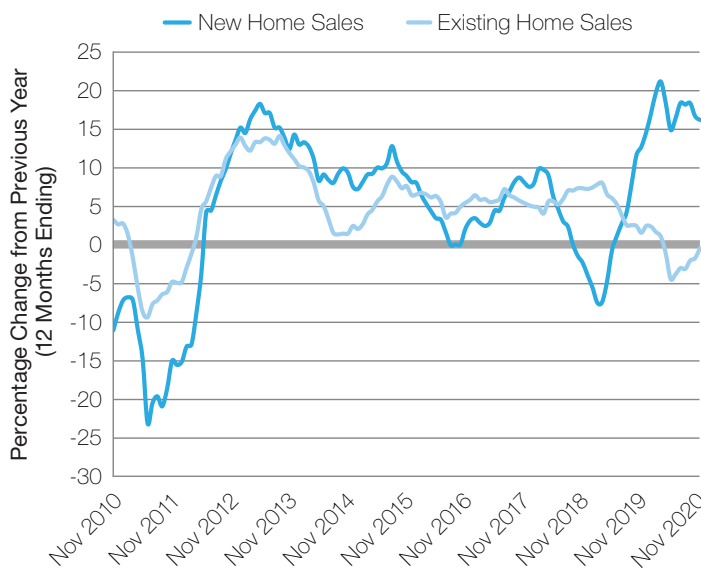
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- The gain in the average existing home sales price was partly attributed to a decline in the number of real estate owned (REO) home sales, which are currently priced approximately \$41,100 less than the price of regular resales. Distressed home sales (REO and short sales) accounted for 4 percent of total existing sales during the 12 months ending November 2020, down from 5 percent during the previous 12-month period and from 21 percent during 2010.
- The percentage of home loans in the San Antonio metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into REO status increased from 1.5 percent in November 2019 to 5.3 percent in November 2020 (CoreLogic, Inc.). Although REO sales and foreclosures are down 46 and 35 percent, respectively, the number of home loans that were 90 or more days delinquent has nearly quadrupled during the same period.

Single-family home construction activity, as measured by the number of single-family homes permitted, increased during the past 12 months in response to fewer available existing homes for sale and declining home mortgage interest rates.

- The number of single-family homes permitted grew to 10,600 during the 12 months ending December 2020, up 16 percent from the 9,100 homes permitted a year earlier (preliminary data).

**New home sales have increased in the San Antonio metropolitan area since late 2019, contrasting with declining existing home sales.**

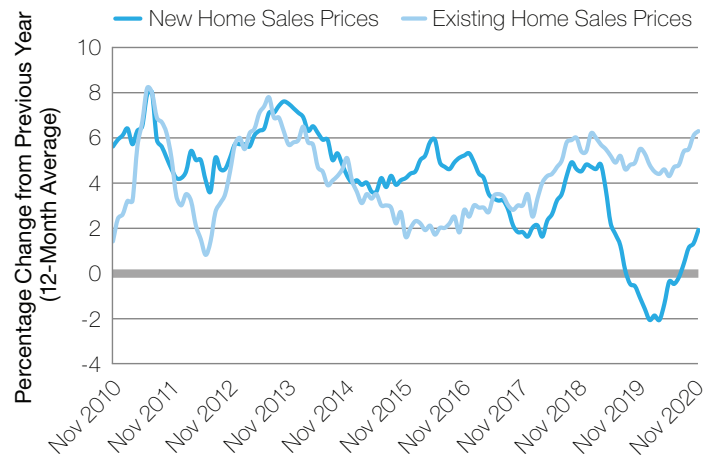


Note: Sales are for single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

- Single-family construction activity averaged 5,225 homes annually from 2008 through 2012; construction activity then increased to an average of 6,250 homes annually from 2013 through 2016 and 7,775 homes from 2017 through 2018.

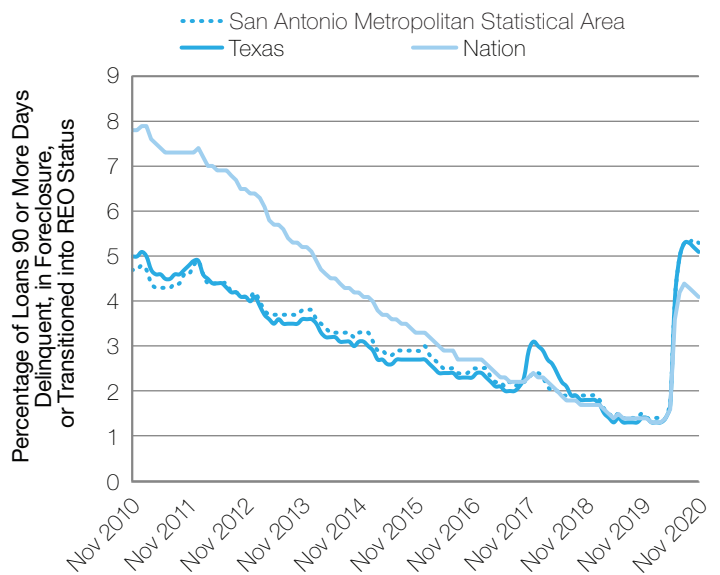
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**New home sales prices and existing home sales prices in the San Antonio metropolitan area have increased during the past year, partly due to historically low interest rates.**



Note: Prices are for single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

**The percentage of home loans 90+ days delinquent, in foreclosure, or recently transitioned to REO status has spiked since the onset of the pandemic, with the rate in the San Antonio metropolitan area exceeding that of the nation.**



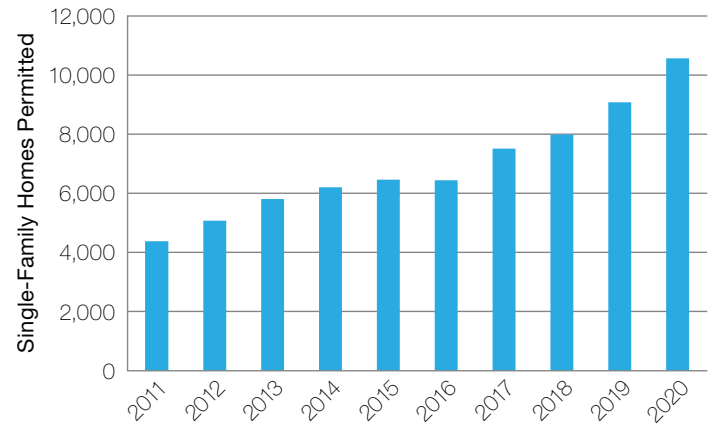
REO = real estate owned. Source: CoreLogic, Inc.



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- Notable single-family developments under construction are in West San Antonio and include Meyer Ranch, with approximately 1,600 single-family homes and 113 condominiums at buildout. The community began construction in 2019, with home sales prices starting at \$245,000 for a three-bedroom home.

**New home construction in the San Antonio metropolitan area has trended upward since 2011.**



Note: Includes preliminary data from January 2020 through December 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

**Apartment Market Conditions**

Apartment housing market conditions in the San Antonio metropolitan area are currently balanced. The market has softened slightly during the past year as the supply exceeded the demand for apartments; the supply included the addition of 7,900 units and the absorption of 6,600 new units.

During the fourth quarter of 2020—

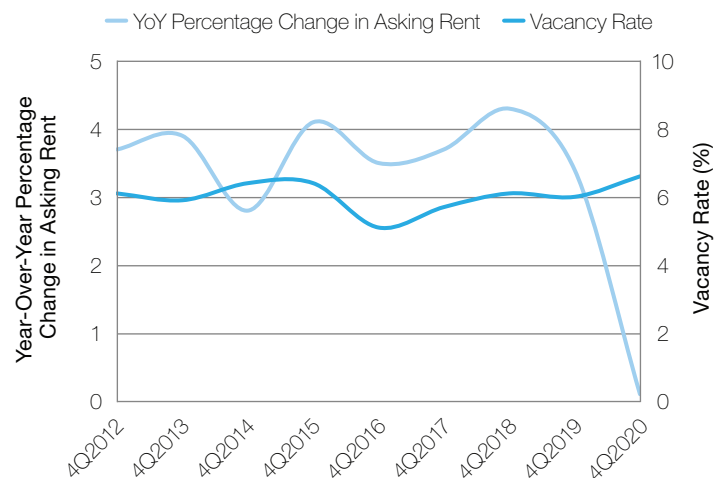
- Apartment vacancy rates in the 12 Moody’s Analytics REIS-defined market areas within the San Antonio metropolitan area ranged from 5.1 percent in the Far Northeast market area to 12.5 percent in the South market area.
- The apartment vacancy rate increased in 7 of the 12 market areas relative to a year ago. The largest apartment vacancy rate increase occurred in the South market area, where the apartment vacancy rate was up 5.8 percentage points from a year ago. Approximately 80 percent of the total apartment additions were completed in market areas that recorded vacancy increases during the past year.
- The largest vacancy decline, 1.2 percentage points, occurred in the Southeast market area; that market area had an average asking apartment rent that was 10 percent below the average in the metropolitan area, at \$887—up 3 percent from the fourth quarter of 2019. The Northwest market area had an apartment vacancy rate of 5.4 percent—virtually unchanged from a year ago—and had the lowest average rent of all market areas, at \$629, down 7 percent from a year ago.
- Asking apartment rents declined from the fourth quarter of 2019 in 7 of 12 market areas; rent declines ranged from less than

7 percent in the Northwest market area to less than 1 percent in the Airport-Northeast market area. Asking apartment rent increases ranged from less than 2 percent in the Far North Central market area to 7 percent in the South market area.

Multifamily home construction activity—as measured by the number of units permitted—has declined during the past

continued on page 6

**The apartment vacancy rate in the San Antonio metropolitan area increased during the fourth quarter of 2020, and rent growth slowed to the lowest rate since the fourth quarter of 2009.**



4Q = fourth quarter. YoY = year-over-year. Source: Moody’s Analytics REIS



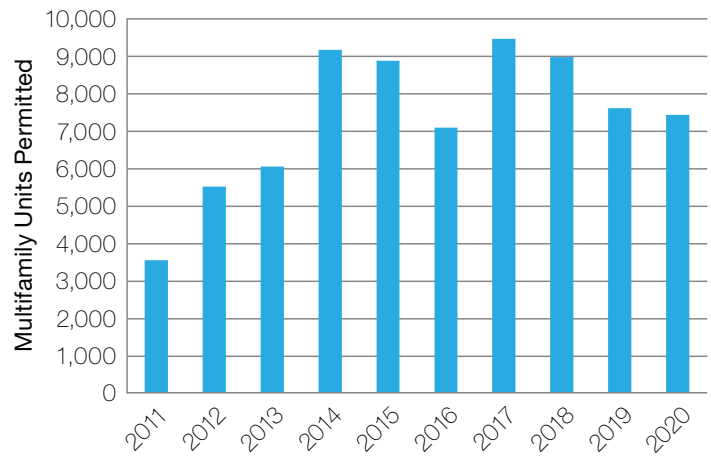
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year and is down significantly from the recent highs from 2014 through 2018; during that period, the San Antonio-New Braunfels metropolitan area had higher levels of population growth and net in-migration. During the 12 months ending December 2020, 7,450 multifamily units were permitted in the metropolitan area, a 2-percent decline from the same period a year ago. The average 8,725 units permitted annually from 2014 through 2018 is the highest figure on record for any 5-year period for the metropolitan area and is 56 percent above the previous high, which averaged 5,575 units permitted from 2004 through 2008.

- An average of 5,775 multifamily units were permitted each year during 2012 and 2013, compared with an average of only 2,500 multifamily units permitted each year from 2009 through 2011 and an average of 4,475 units permitted each year from 2000 through 2008.
- An estimated 6,525 units were added to the apartment inventory in the metropolitan area during 2020. That figure represents a 3-percent increase in the existing inventory during the period, continuing a 3- to 4-percent annual gain since 2013.
- Recent multifamily construction was concentrated in the South, Far North Central, and Far Northwest market areas, which accounted for approximately 71 percent of all multifamily construction activity during the past year.

- An estimated 7,900 apartment units are currently under construction in the metropolitan area, concentrated in the Central San Antonio, South, and Far West market areas, with 26, 19, and 17 percent, respectively, of total units under construction in the metropolitan area.

The number of multifamily permits issued in the San Antonio metropolitan area has steadily declined from the recent peak in 2017.



Note: Includes preliminary data from January 2020 through December 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

