



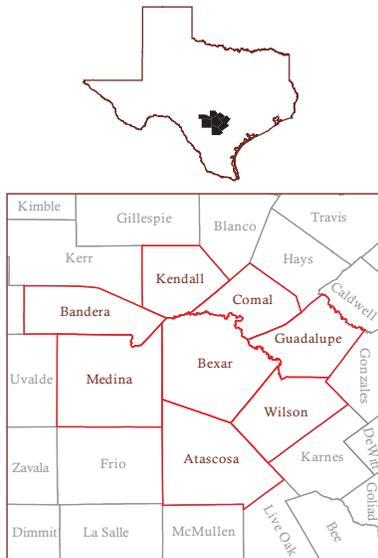
San Antonio-New Braunfels, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2011



Summary

Housing Market Area



The San Antonio-New Braunfels Housing Market Area (HMA) encompasses eight counties in south-central Texas. The principal city of San Antonio, the seventh largest in the United States, is located in Bexar County. New Braunfels, located in Comal and Guadalupe Counties, is situated 30 miles northeast of San Antonio and approximately 45 miles southwest of the state capital, Austin.

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Economy

Economic conditions in the San Antonio-New Braunfels HMA began to recover during the past 12 months, led by nonfarm payroll job gains of more than 2 percent each in the education and health services and the leisure and hospitality sectors. Employment growth is expected to average 1 percent during the next 12 months and to accelerate to 2 percent by the final year of the 3-year forecast period, with most gains likely to occur in those two leading sectors. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is soft, with an estimated vacancy rate of 2 percent. During the 3-year forecast period, employment and population gains are expected to support demand for 30,800 new market-rate sales housing units and an additional 2,650 mobile homes. The 1,150 homes currently under construction will satisfy a portion of that demand (see Table 1). In addition, a portion of the 36,000 other vacant units in the HMA may come back on the market and satisfy some of the demand.

Rental Market

The rental housing market in the HMA is soft but improving. The current rental vacancy rate is estimated to be 8 percent, down from the 9.5-percent rate recorded in April 2010. During the next 3 years, demand is expected for 13,200 new rental units (see Table 1). Approximately 1,000 apartments are currently under construction and will satisfy a portion of the forecast demand.

Table 1. Housing Demand in the San Antonio-New Braunfels HMA, 3-Year Forecast, September 1, 2011 to September 1, 2014

	San Antonio-New Braunfels HMA	
	Sales Units	Rental Units
Total Demand	33,450	13,200
Under Construction	1,150	1,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Demand for sales units includes mobile homes. Units under construction as of September 1, 2011. A portion of the estimated 36,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The economy of the San Antonio-New Braunfels HMA began to show signs of recovery during the past year. During the 12 months ending August 2011, nonfarm payrolls increased by 9,100 jobs, or 1.1 percent, to 847,700 jobs compared with a decrease of 3,700 jobs, or 0.4 percent, during the 12 months ending August 2010 (see Table 2). Following the trend in the regional and national economies, job loss in the HMA was unprecedented in 2009, when nonfarm payrolls decreased by 16,400 jobs, or 1.9 percent. In comparison, from 2005 through 2008, annual gains averaged 23,600 jobs, or 2.9 percent. Despite the recent improvement, the HMA remains 5,000 nonfarm payroll jobs below the peak of 852,700 jobs recorded in 2008.

During the 12 months ending August 2011, hiring was strong in the education and health services sector, which added 6,500 jobs, an increase of 5.2 percent. Much of the nonfarm payroll growth in this sector is attributed to job creation in direct healthcare

services, such as care provided in hospitals, physicians' offices, and nursing homes. According to the Greater San Antonio Chamber of Commerce, hospitals, physicians, and nursing homes had a combined economic impact of \$11 billion on the HMA economy in 2009. The same report indicated that the overall economic impact of the healthcare and bioscience industry totaled \$18.9 billion in 2009, an increase of 9.1 percent from the level recorded in 2008. During the 12 months ending August 2011, job gains were also significant in the leisure and hospitality sector, which increased by 2,900 jobs, or 2.8 percent, compared with the number of jobs reported during the previous 12 months. Hiring in the sector occurred largely in the accommodation and restaurant industries. A 2008 report released by the Greater San Antonio Chamber of Commerce shows that the leisure and hospitality sector in San Antonio had an overall economic impact of \$11 billion on the HMA.

Despite recent job growth in the HMA overall, during the past 12 months, the mining, logging, and construction sector recorded a significant decline of 2,250 jobs, or 4.6 percent, compared with the number of jobs during the 12 months ending August 2010. All of the job loss during the past 12 months occurred in the construction subsector, because of a decrease in new home production and the completion of nearly \$2 billion in military contracts as a result of the Department of Defense (DoD) 2005 Base Closure and Realignment Act (BRAC). According to The Associated General Contractors of America, the San Antonio-New Braunfels metropolitan area lost approximately 3,300 construction jobs between

Table 2. 12-Month Average Nonfarm Payroll Jobs in the San Antonio-New Braunfels HMA, by Sector

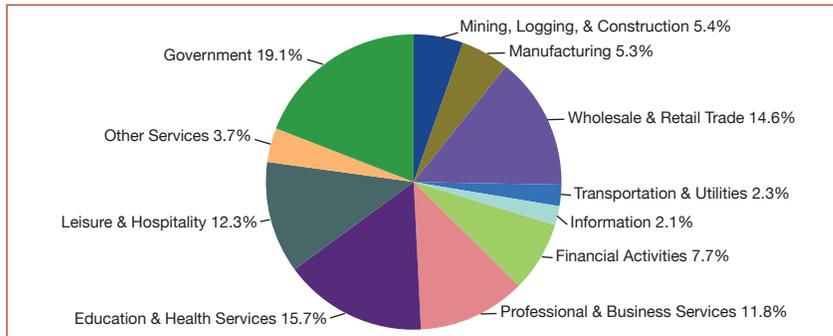
	12 Months Ending August 2010	12 Months Ending August 2011	Percent Change
Total Nonfarm Payroll Jobs	838,800	847,700	1.1
Goods Producing	91,700	90,850	-0.9
Mining, Logging, & Construction	48,100	45,850	-4.6
Manufacturing	43,550	45,000	3.2
Service Providing	747,100	756,800	1.3
Wholesale & Retail Trade	122,900	123,500	0.5
Transportation & Utilities	19,800	19,850	0.4
Information	18,500	17,700	-4.3
Financial Activities	65,500	65,150	-0.5
Professional & Business Services	100,800	100,200	-0.6
Education & Health Services	126,500	133,000	5.2
Leisure & Hospitality	101,000	103,900	2.8
Other Services	31,200	31,750	1.8
Government	160,900	161,800	0.5

Notes: Based on 12-month averages through August 2010 and August 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

March 2010 and March 2011. Job losses are expected to be short term, however, because DoD recently awarded \$110 million in contracts at Fort Sam Houston and Lackland Air Force Base (AFB), with completion dates of 2013 and 2014, respectively.

Figure 1. Current Nonfarm Payroll Jobs in the San Antonio-New Braunfels HMA, by Sector



Note: Based on 12-month averages through August 2011.

Source: U.S. Bureau of Labor Statistics

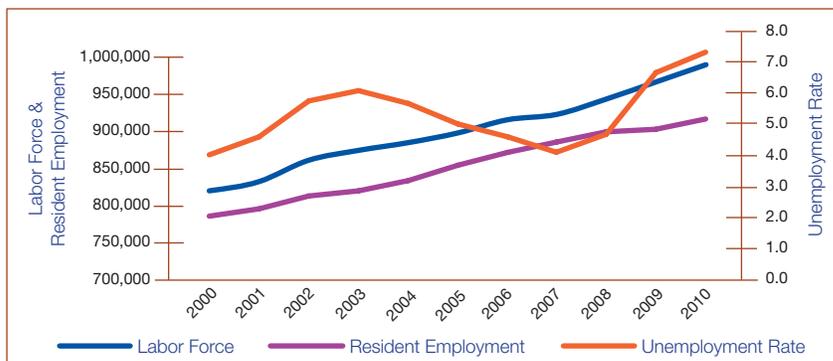
Table 3. Major Employers in the San Antonio-New Braunfels HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lackland Air Force Base	Government	37,100
Fort Sam Houston	Government	32,000
United Services Automobile Association	Financial Activities	14,850
H-E-B grocery stores	Wholesale & Retail Trade	14,600
Randolph Air Force Base	Government	11,050
City of San Antonio	Government	9,450
Methodist Healthcare	Education & Health Services	7,500
Bill Miller Bar-B-Q	Leisure & Hospitality	4,200
Cullen/Frost Bankers, Inc.	Financial Activities	3,975
Valero Energy Corporation	Manufacturing	3,775

Notes: These figures were released before the formation of the Joint Base San Antonio. Excludes local school districts.

Source: San Antonio Economic Development Foundation

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the San Antonio-New Braunfels HMA, 2000 Through 2010



Source: U.S. Bureau of Labor Statistics

In addition, the San Antonio Joint Program Office reported in January 2011 that post-BRAC construction is already planned for multiple projects totaling nearly \$1 billion, with completion dates ranging from 2012 through 2015.

The government sector accounts for nearly 20 percent of all nonfarm payroll jobs in the HMA (see Figure 1). Data from a joint study conducted by the Military Transformation Task Force and the Office of Military Affairs (OMA) in 2006, the latest data available, indicate an estimated economic impact from DoD activities in the HMA of \$13.3 billion annually. In October 2010, Joint Base San Antonio (JBSA) formed in accordance with congressional legislation implementing the 2005 BRAC recommendations. The legislation ordered the consolidation of Fort Sam Houston, Lackland AFB, Randolph AFB, and Camp Bullis. Before October 2010, Lackland AFB and Fort Sam Houston were the two largest employers in the HMA (see Table 3). The newly formed JBSA is estimated to employ approximately 80,000 military and civilian personnel. According to OMA, the economic impact of the combined military base operations on the HMA is expected to increase by about \$1.6 billion because of increasing consumer and operational expenditures.

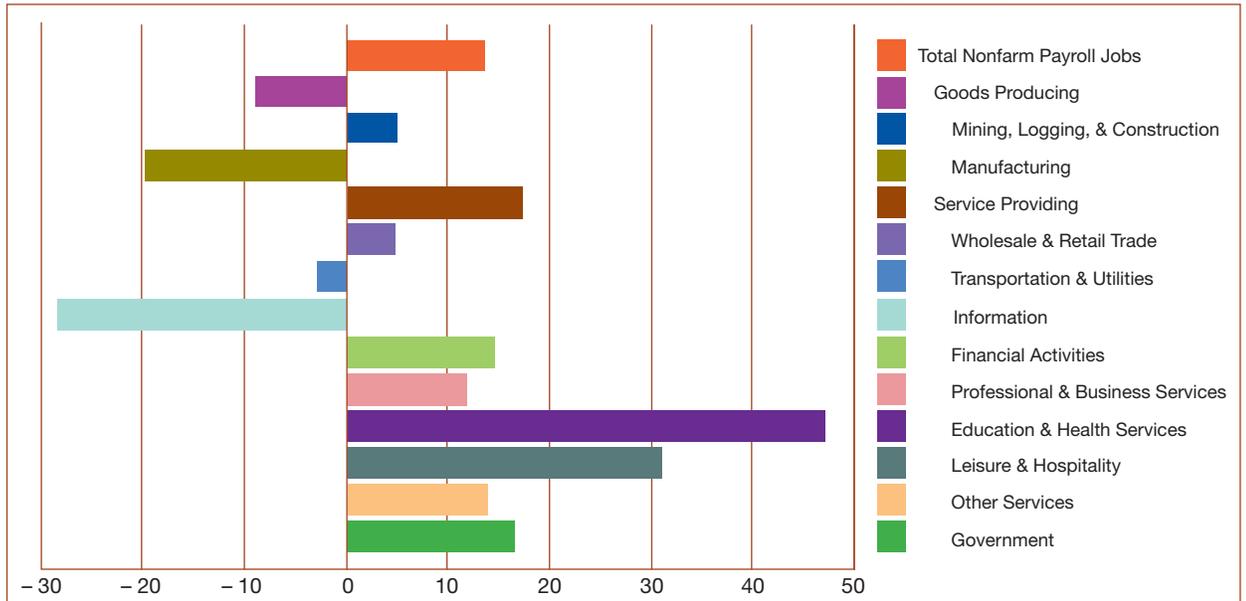
Despite recent employment growth, during the 12 months ending August 2011, the average unemployment rate in the HMA increased slightly, to 7.5 percent, compared with the 7.2-percent rate recorded during the previous 12 months. From 2000 through 2008, the unemployment rate averaged 4.9 percent. Figure 2 illustrates trends in

the labor force, resident employment, and unemployment rate in the HMA from 2000 through 2010.

Nonfarm payrolls in the HMA are expected to continue to increase, by 1 percent during the next 12 months and by 2 percent by the final year of the 3-year forecast period, with the

education and health services sector expected to lead job growth. The professional and business services and the leisure and hospitality sectors will likely account for the bulk of the remaining forecast job growth in the HMA. Figure 3 illustrates employment sector growth in the HMA from 2000 to the current date.

Figure 3. Sector Growth in the San Antonio-New Braunfels HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through August 2011.

Source: U.S. Bureau of Labor Statistics

Population and Households

As of September 1, 2011, the population of the San Antonio-New Braunfels HMA is estimated to be 2,199,000, an increase of 1.6 percent compared with the population a year earlier. Population growth averaged 1.9 percent a year from 2000 through 2004 but accelerated to 2.9 percent annually from 2005 through 2008, when the economy was expanding more rapidly. Population growth has returned to

the levels recorded in the early 2000s, averaging 1.9 percent annually since 2009, the result of decreased in-migration in response to the slower growing, although improving, economy. During the forecast period, the population is expected to increase by 43,000, or 1.9 percent, annually and total approximately 2,328,000 by September 1, 2014.

During the 2000s, the population of the HMA increased by an average

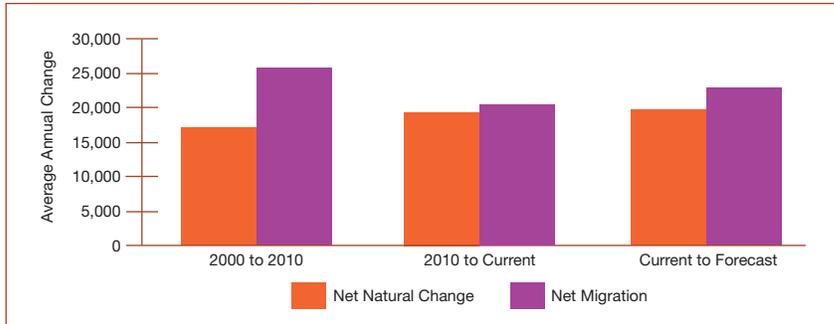
of 43,100, or 2.3 percent, a year. Net in-migration accounted for nearly 60 percent of the population gain during the decade; the remainder of the growth came from net natural change (resident births minus resident

deaths). In the 12 months ending August 2011, net migration decreased to approximately 50 percent of the population growth, or an average of 19,950 people, primarily because of the weakened economy. During the 3-year forecast period, net migration into the HMA is expected to average 23,000 people a year as the economy continues to improve. See Figure 4 for the components of population change in the HMA from 2000 to the forecast date.

Largely because of the decline in population growth during the past 18 months, the household growth rate in the HMA has been slower than during the previous decade. The number of households increased by an average of 16,200, or 2.4 percent, annually during the 2000s, to 763,022 as of April 1, 2010. Currently, the HMA has 771,600 households, an increase of less than 1 percent compared with the number of households a year earlier. Figure 5 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date.

During the forecast period, the number of households is expected to increase by 15,350, or 1.9 percent, annually to total approximately 817,600 by September 1, 2014. Figure 6 shows population and household growth in the HMA from 2000 to the forecast date.

Figure 4. Components of Population Change in the San Antonio-New Braunfels HMA, 2000 to Forecast



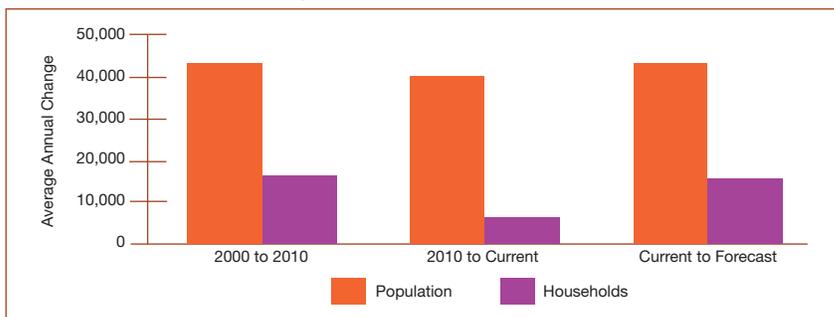
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Number of Households by Tenure in the San Antonio-New Braunfels HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the San Antonio-New Braunfels HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the San Antonio-New Braunfels HMA is currently soft because of strict lending standards and decreased demand resulting from a slower economy. According to the Real Estate Center at Texas A&M University, during the 12 months ending August 2011, sales of new and existing homes totaled 18,075 units, a decrease of 7 percent compared with the number sold during the previous 12 months. The pace of home sales has declined gradually from the peak of 25,100 homes sold annually from 2006 through 2007. Condominiums and townhomes currently represent less than 1 percent of existing home sales in the HMA, a rate unchanged from a year ago.

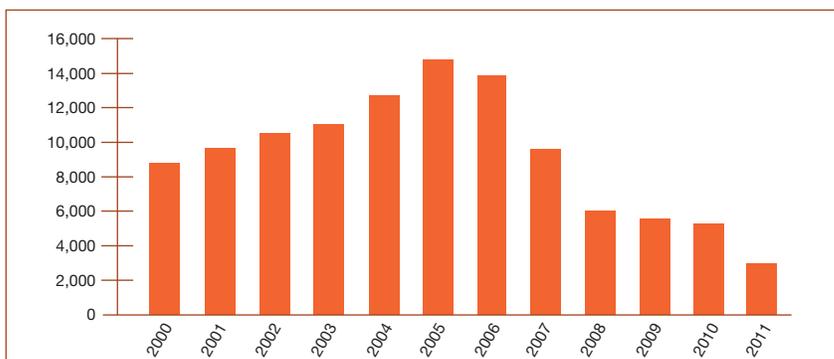
Despite the decline in sales, during the 12 months ending August 2011, the average sales price for single-family homes in the HMA increased to \$186,300, up approximately 4 percent compared with the price recorded a year earlier. A decrease in the number of distressed sales, which includes Real Estate Owned (REO) and short

sales, contributed to the increase in home sales prices. According to LPS Applied Analytics, as of September 2011, 4.3 percent of home loans in the HMA were 90 or more days delinquent, in foreclosure, or in REO, down from 4.6 percent in September 2010.

New home construction, as measured by the number of single-family building permits issued, slowed in response to declining demand. Based on preliminary data, during the 12 months ending August 2011, the number of single-family homes permitted was down 21 percent, to 4,300 homes, compared with 5,475 homes permitted during the 12-month period ending August 2010. Since 2009, single-family construction activity has been well below the average of 13,100 permits issued annually from 2004 through 2007. Despite the recent decrease in production, new home construction is currently under way in northern San Antonio, in the city of Boerne, and on the Interstate 35 corridor from Cibolo to New Braunfels. Sales prices for newly constructed homes in the HMA typically range from \$125,000 to \$175,000. Figure 7 shows the number of single-family building permits issued in the HMA from 2000 to the current date.

New condominium construction has come to a virtual halt because of high sales prices, large downpayment requirements, and a weakened economy. The condominium market in the HMA is concentrated primarily in downtown San Antonio. According to local sources, most condominiums approach 1 year on the market before

Figure 7. Single-Family Building Permits Issued in the San Antonio-New Braunfels HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through August 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

they sell. Currently, several condominium units are offered for sale with prices ranging from \$195,000 at the 146-unit Vidorra property to \$3.8 million at the 90-unit, 20-story Broadway property.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the San Antonio-New Braunfels HMA, September 1, 2011 to September 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	124,999	4,625	15.0
125,000	149,999	6,475	21.0
150,000	174,999	5,225	17.0
175,000	199,999	4,625	15.0
200,000	249,999	3,700	12.0
250,000	299,999	2,475	8.0
300,000	399,999	2,150	7.0
400,000	and higher	1,550	5.0

Notes: Excludes mobile homes. The 1,150 homes currently under construction and a portion of the estimated 36,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

During the 3-year forecast period, demand is expected for 30,800 new market-rate homes in the HMA. The 1,150 homes currently under construction will meet a portion of this demand (see Table 1). In addition, a portion of the 36,000 other vacant units may come back on the market and satisfy some of the forecast demand. Table 4 illustrates estimated demand for new market-rate sales housing in the HMA by price range. Demand is expected to average 7,800 homes during 2012 and increase to 13,000 homes by the last year of the forecast period. In addition, demand is expected for 2,650 mobile homes during the next 3 years. Mobile homes currently make up an estimated 6 percent of the total housing inventory in the HMA.

Rental Market

The rental housing market in the San Antonio-New Braunfels HMA is currently soft but improving, with an estimated overall vacancy rate of 8 percent, down from the 9.5-percent rate recorded in April 2010 (see Figure 8). Rental occupancy and average apartment rents have increased during the past year because of a decrease in production and strong demand for rental units as mortgage lending standards remain high.

Apartment market conditions are similar to the overall rental housing market trends. According to The Apartment Listing Network (ALN), the vacancy rate in San Antonio as of September 1, 2011 was 8.5 percent. Effective rents in San Antonio averaged \$640 for a one-bedroom unit, \$830 for a two-bedroom

unit, and \$1,025 for a three-bedroom unit. In Comal County, New Braunfels had a 4.5-percent vacancy rate, with effective rents averaging \$770 for a one-bedroom unit, \$940 for a two-bedroom unit, and \$1,225 for a three-bedroom unit. According to Reis, Inc., apartment rents in the HMA increased 2 percent to \$730 in the third quarter of 2011 compared with rents in the third quarter of 2010.

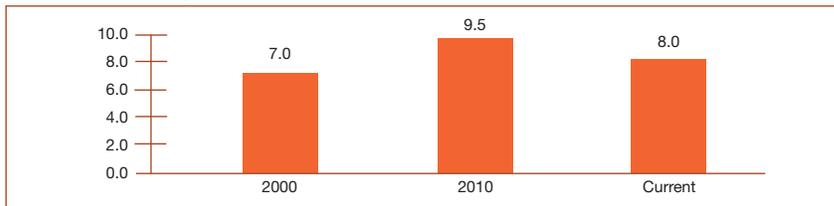
Multifamily construction, as measured by the number of multifamily units permitted, increased nearly 50 percent to 2,075 units during the 12 months ending August 2011 compared with 1,400 units permitted during the 12-month period ending August 2010, based on preliminary data. During the 2 years ending

Housing Market Trends

Rental Market *Continued*

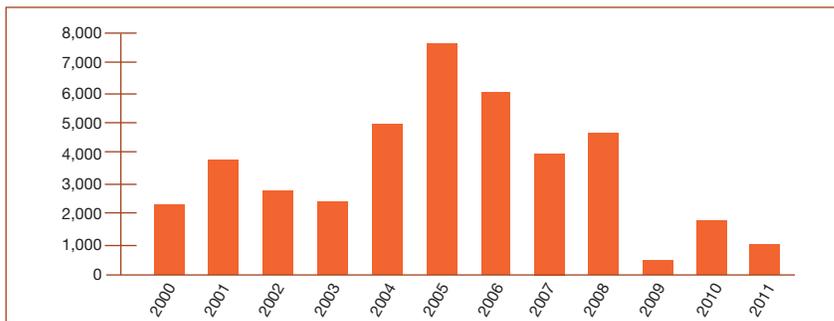
September 1, 2011, the pace of multifamily construction has been well below the average of 5,075 units permitted annually from 2005 through 2008, when employment was increasing more rapidly. Figure 9 illustrates the number of multifamily building permits issued from 2000 to the current date.

Figure 8. Rental Vacancy Rates in the San Antonio-New Braunfels HMA, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the San Antonio-New Braunfels HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through August 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the San Antonio-New Braunfels HMA, September 1, 2011 to September 1, 2014

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
640 to 839	4,150	830 to 1,029	5,275	1,025 to 1,224	1,775
840 or more	460	1,030 to 1,229	660	1,225 or more	200
		1,230 or more	660		
Total	4,625	Total	6,600	Total	1,975

Notes: The 1,000 units currently under construction will satisfy some of the structural demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Several properties are currently in lease up in the HMA, primarily in Bexar, Comal, and Guadalupe Counties. Lookout Hollow, a 240-unit complex in Selma, completed construction in March 2011. Rents at Lookout Hollow average \$750 for one-bedroom units, \$1,000 for two-bedroom units, and \$1,300 for three-bedroom units. Carmel Canyon Apartment Homes in San Antonio completed construction in April 2011 and consists of 124 units, with rents averaging \$750, \$1,020, and \$1,250 for one-, two-, and three-bedroom units, respectively. In addition to the units in lease up, several properties are currently under construction throughout the HMA. In Seguin, construction of the 160-unit Oak Hollow development is under way with an expected completion date of October 2011. Multifamily construction in Seguin has accelerated during the past 2 years in response to rapid expansion at a nearby Caterpillar plant. To the north, in New Braunfels, construction of Sundance Apartments is under way. When completed in 2012, Sundance Apartments will consist of 252 units with rents in line with the averages for recently completed units in the area.

During the next 3 years, demand is expected for 13,200 new market-rate rental units in the HMA, increasing from 4,200 units in 2012 to 6,500 units in 2014. The 1,000 apartments currently under construction will meet a portion of this demand (see Table 1). Table 5 illustrates estimated demand for rental housing in the HMA by rent.

Data Profile

Table DP-1. San Antonio-New Braunfels HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	785,220	916,219	919,400	1.6	0.5
Unemployment Rate	4.0%	7.3%	7.5%		
Nonfarm Payroll Jobs	745,200	841,400	847,700	1.2	1.1
Total Population	1,711,703	2,142,508	2,199,000	2.3	1.9
Total Households	601,265	763,022	771,600	2.4	0.8
Owner Households	387,770	488,523	494,800	2.3	0.9
Percent Owner	64.5%	64.0%	64.1%		
Renter Households	213,495	274,499	276,800	2.5	0.6
Percent Renter	35.5%	36.0%	35.9%		
Total Housing Units	648,593	821,503	841,700	2.4	1.7
Owner Vacancy Rate	1.5%	2.0%	2.0%		
Rental Vacancy Rate	7.0%	9.5%	8.0%		
Median Family Income	\$41,900	\$57,200	\$57,800	3.2	1.0

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through August 2011. Median family incomes are for 1999, 2009, and 2011.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 9/1/2011—Analyst's estimates

Forecast period: 9/1/2011–9/1/2014—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units are classified as commercial structures and are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_SanAntonioTX_12.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.