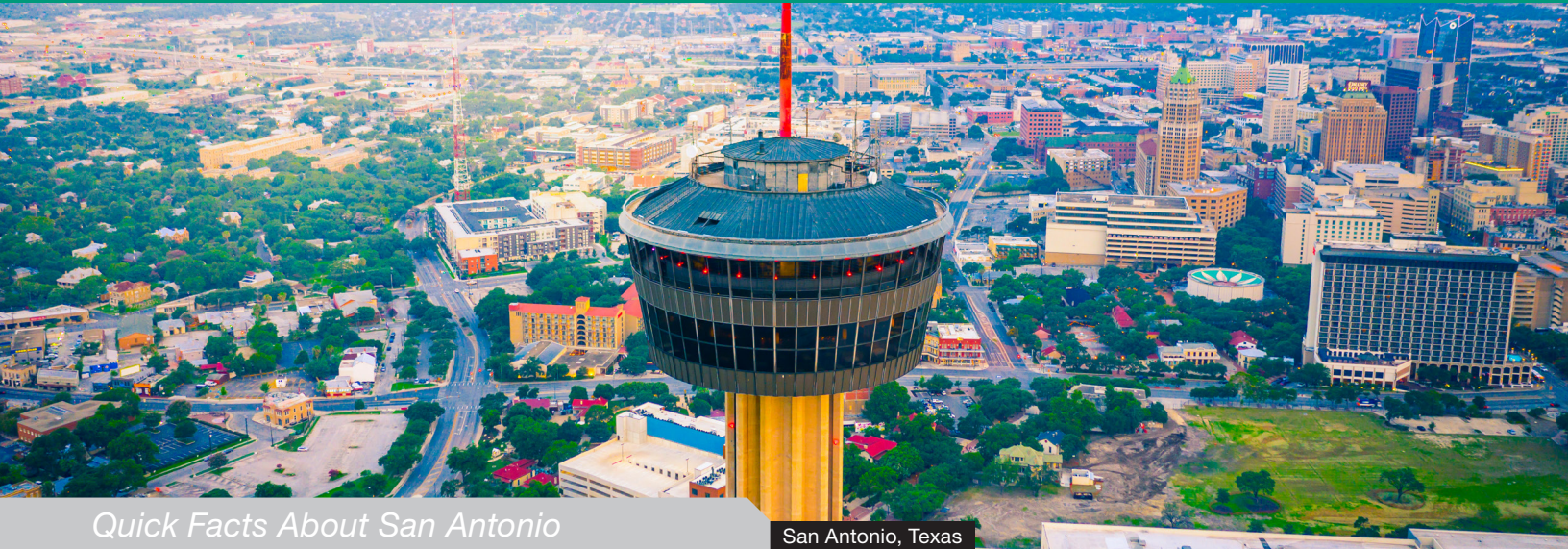


HUD PD&R Housing Market Profiles

San Antonio-New Braunfels, Texas

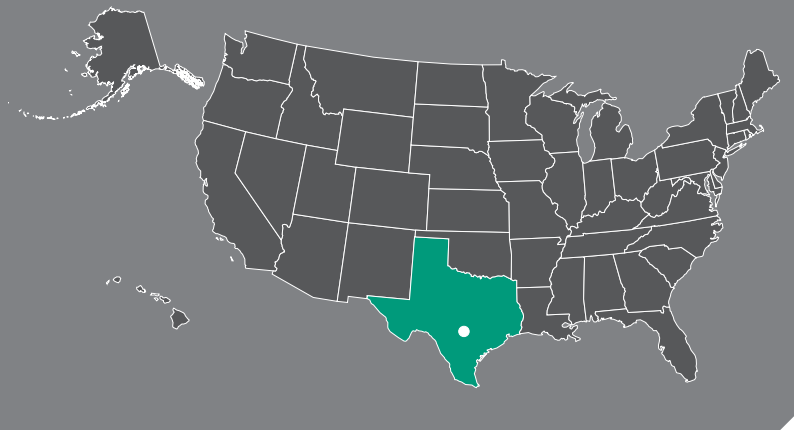


Quick Facts About San Antonio

San Antonio, Texas

By T. Michael Miller | As of March 1, 2023

- Current sales market conditions: balanced
- Current apartment market conditions: slightly soft
- The government sector is the largest employment sector in the metropolitan area, with 178,700 jobs, and accounts for nearly 16 percent of all nonfarm payroll jobs. Joint Base San Antonio is the largest employer in the sector, with 30,950 civilian employees and a total workforce of 82,650.



Overview

The San Antonio-New Braunfels Metropolitan Statistical Area (hereafter, San Antonio metropolitan area) encompasses eight counties in south-central Texas. The principal city of San Antonio, which includes nearly 56 percent of the population in the metropolitan area, is in Bexar County. The city of San Antonio is the seventh most populous city in the nation; the city had the largest population increase among cities with a population of more than 50,000 in the nation, up by 13,625 people, or 0.9 percent, from 2020 to 2021 (U.S. Census Bureau population estimates as of July 1). New Braunfels, the second largest city in the metropolitan area, was the seventh fastest growing city in the nation, up 8.3 percent, or 7,550 people, from 2020 to 2021.

- As of March 1, 2023, the population of the metropolitan area is estimated at 2.68 million, reflecting an average annual increase of 42,950, or 1.7 percent, since April 2020; about 83 percent of the increase was attributable to net in-migration. By comparison, from July 2017 to April 2020, population growth averaged 37,850 people, or 1.5 percent, a year, and 71 percent of the growth was because of net

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PD&R

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in-migration (Census Bureau decennial census counts and population estimates as of July 1).

- From April 2010 to July 2017, the population grew at an annual rate of 42,950, or 1.9 percent. The rate of population growth during this period was faster than in the years since 2017, partly because international migration was higher.

- According to the most recent data available, net international migration averaged 3,100 people a year from July 2017 to July 2022. By comparison, an average of 4,950 people a year migrated into the San Antonio metropolitan area from outside the United States from April 2010 to July 2017.

Economic Conditions

Economic expansion in the San Antonio metropolitan area during the past year was a continuance of strong nonfarm payroll job growth following the recession of 2020. During the 3 months ending February 2023, nonfarm payrolls in the metropolitan area increased by 48,500 jobs, or 4.4 percent, to 1.15 million jobs; that increase followed an increase of 57,400 jobs, or 5.6 percent, during the same 3 months a year ago. By comparison, nonfarm payrolls increased an average of 2.6 percent annually from 2011 through 2019. The metropolitan area had recovered all jobs lost earlier in the pandemic by October 2021, and all sectors except the information sector have exceeded February 2020 levels (not seasonally adjusted). The leisure and hospitality sector is currently the fifth largest employment sector, with 142,500 jobs. That sector has been the fastest growing employment sector in the metropolitan area since 2020, adding an average of 12,700 jobs, or 10.7 percent, annually. The sector was also the hardest hit by the 2020 recession, representing more than one-half of jobs lost in the metropolitan area, with job losses of 26,000, or 18.8 percent, during 2020 compared with 2019.

During the 3 months ending February 2023—

- The leisure and hospitality sector led job gains, expanding by 14,400 jobs, or 11.2 percent, from a year ago to 142,500. That increase accounted for about 30 percent of total nonfarm payroll growth during the period.
- An expansion of wealth management firms in the metropolitan area helped the financial activities sector increase by 5,800 jobs, or 6.0 percent, from a year earlier to average 102,300 jobs.
- The wholesale and retail trade sector increased by 4,500 jobs, or 2.9 percent, from a year earlier, partly because of an increase in visitors to the metropolitan area.
- The professional and business services sector expanded by 4,300 jobs, or 2.7 percent, from a year ago. That increase occurred partly due to corporate headquarters—including Pabst Brewing Company, Nissei America, Inc., and Cuisine Solutions—recently relocating to the metropolitan area.

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Nonfarm payroll growth in the San Antonio metropolitan area was very strong during the 3 months ending February 2023, with gains in all 11 sectors.

	3 Months Ending		Year-Over-Year Change	
	February 2022 (Thousands)	February 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,099.7	1,148.2	48.5	4.4
Goods-Producing Sectors	120.0	126.6	6.6	5.5
Mining, Logging, & Construction	65.2	68.5	3.3	5.1
Manufacturing	54.8	58.0	3.2	5.8
Service-Providing Sectors	979.7	1,021.6	41.9	4.3
Wholesale & Retail Trade	157.3	161.8	4.5	2.9
Transportation & Utilities	44.7	45.3	0.6	1.3
Information	17.6	19.2	1.6	9.1
Financial Activities	96.5	102.3	5.8	6.0
Professional & Business Services	157.6	161.9	4.3	2.7
Education & Health Services	165.8	170.0	4.2	2.5
Leisure & Hospitality	128.1	142.5	14.4	11.2
Other Services	37.2	40.0	2.8	7.5
Government	174.9	178.7	3.8	2.2
Unemployment Rate	4.1%	3.8%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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Tourism has become an increasingly important economic component of the metropolitan area during the past two decades. The leisure and hospitality sector expanded by 74 percent from 2000 through 2019 and was the second fastest growing sector in the metropolitan area during the period. During 2021, tourism had an economic impact of more than \$16.2 billion in the metropolitan area, up from \$13.9 billion in 2020 but below the prepandemic level of \$17.4 billion in 2019 (*The Economic Impact of San Antonio's Hospitality Industry 2021 Report*).

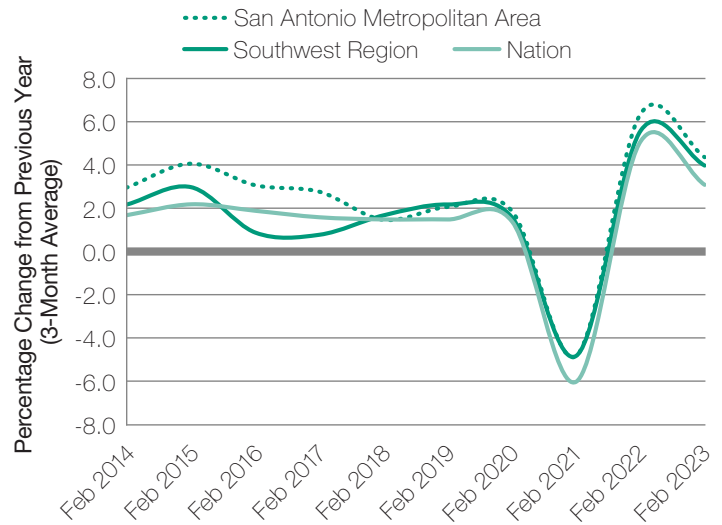
Largest Employers in the San Antonio Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Joint Base San Antonio	Government	82,650
H-E-B, LP	Wholesale & Retail Trade	20,000
United Services Automobile Association	Financial Activities	19,000

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 51,700 uniformed military personnel, who are not included in nonfarm payroll survey data.

Sources: Texas Comptroller of Public Accounts; greater: SATX Regional Economic Partnership

Nonfarm payroll growth in the San Antonio metropolitan area has outpaced growth in the Southwest region and the nation during the past year.



Source: U.S. Bureau of Labor Statistics

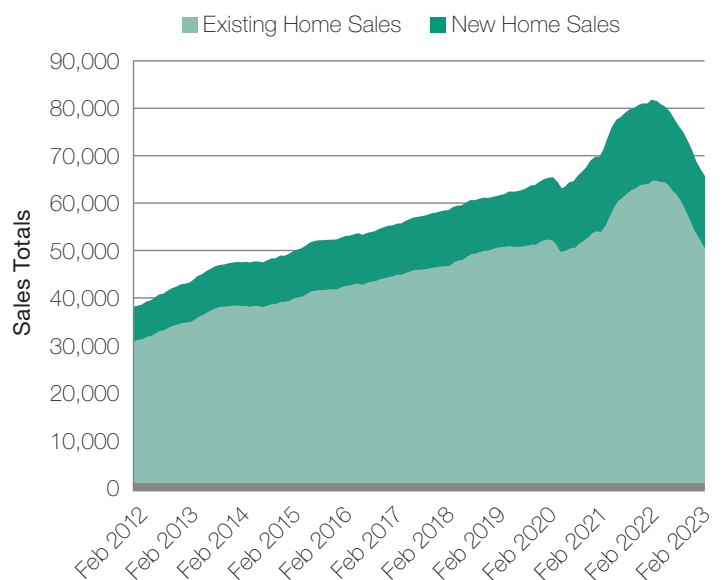
Sales Market Conditions

Sales housing market conditions in the San Antonio metropolitan area are currently balanced, with a 2.0-percent vacancy rate, unchanged from 2010. An estimated 3.2 months of for-sale inventory was available in the San Antonio metropolitan area as of February 2023, up from 1.1 months during February 2022, when the market was tight (Texas Real Estate Research Center at Texas A&M University). The sales market has eased in part because of rising interest rates; the average 30-year mortgage interest rate increased from 2.96 percent in 2021 to 5.34 percent in 2022 (Freddie Mac). The percentage of home loans in the San Antonio metropolitan area that were seriously delinquent or transitioned into REO status declined from 2.3 percent in February 2022 to 1.5 percent in February 2023 (CoreLogic, Inc.).

During the 12 months ending February 2023—

- Existing home sales decreased to 51,450, a decline of 21 percent from the 65,000 existing homes sold during the 12 months ending February 2022; that decrease followed a 20-percent increase from the 12 months ending February 2021.
- The average sales price of an existing home was \$322,000, a 9-percent increase from \$295,300 during the previous

The number of new and existing home sales decreased in the San Antonio metropolitan area during the 12 months ending February 2023.



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

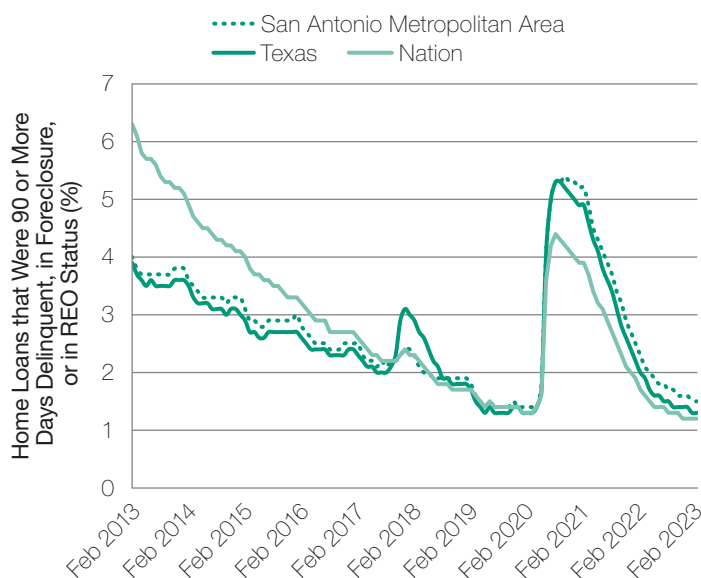
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12 months; the price had increased an average 5 percent annually from 2013 through 2021.

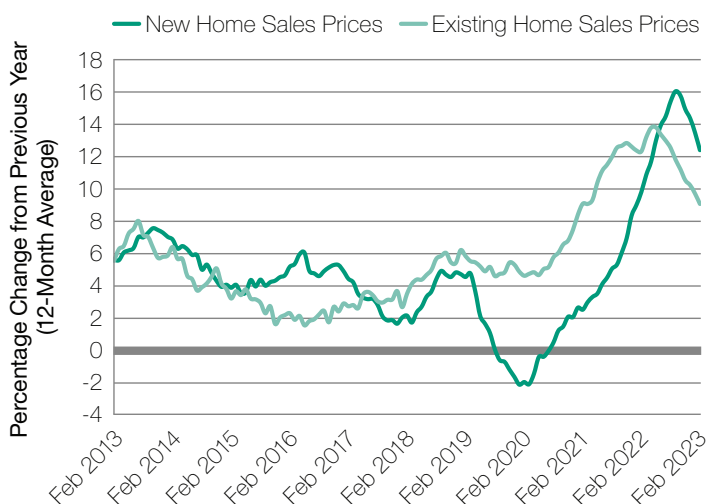
- Approximately 14,100 new homes sold, down 15 percent from the 16,500 homes sold during the 12 months ending

The share of seriously delinquent home loans in the San Antonio metropolitan area has been more than the state and national share during the past 2 years.



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

New and existing home sales price growth in the San Antonio metropolitan area slowed during the 12 months ending February 2023, following strong growth during the previous 12 months.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

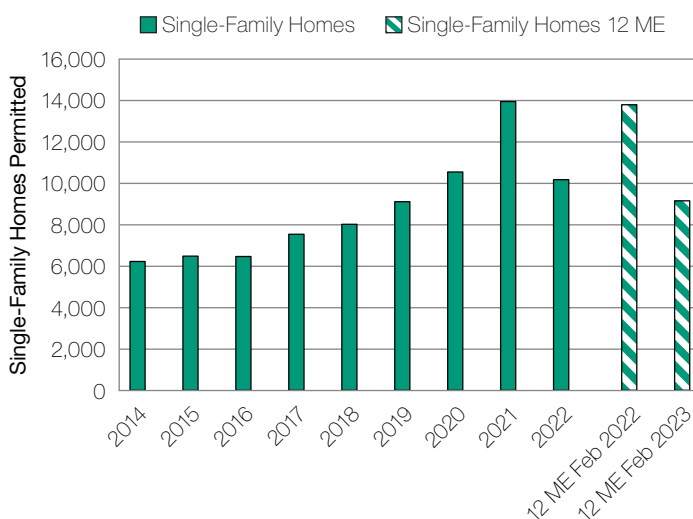
February 2022. The decrease was reversed from a year earlier, when new home sales increased 9 percent.

- The average sales price of a new home increased 12 percent from a year ago to \$362,400; prices have had an average increase of \$13,100, or 5 percent, annually since 2010.

Single-family home construction activity, as measured by the number of single-family homes permitted, decreased during the past 12 months in response to reduced demand, partly due to rapidly increasing home mortgage interest rates. An estimated 7,750 single-family homes are under construction.

- The number of single-family homes permitted declined to 9,150 during the 12 months ending February 2023, down 34 percent from the 13,800 homes permitted in the previous 12 months (preliminary data).
- Single-family construction activity averaged 6,400 homes annually from 2014 through 2016; construction activity then increased to an average of 8,225 homes annually from 2017 through 2019 and 10,550 homes during 2020.
- Notable single-family developments under construction are in the city of San Antonio, including Valley Ranch, the 24th top-selling master-planned community in the nation during 2022, with 480 homes sold (RCLCO Real Estate Consulting). The community, a collection of subdivisions under the Valley Ranch name, has homes with sales prices starting at \$201,000 for a three-bedroom home.

The number of single-family homes permitted in the San Antonio metropolitan area declined during the 12 months ending February 2023 following a year of stronger permitting.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; 2022 and past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

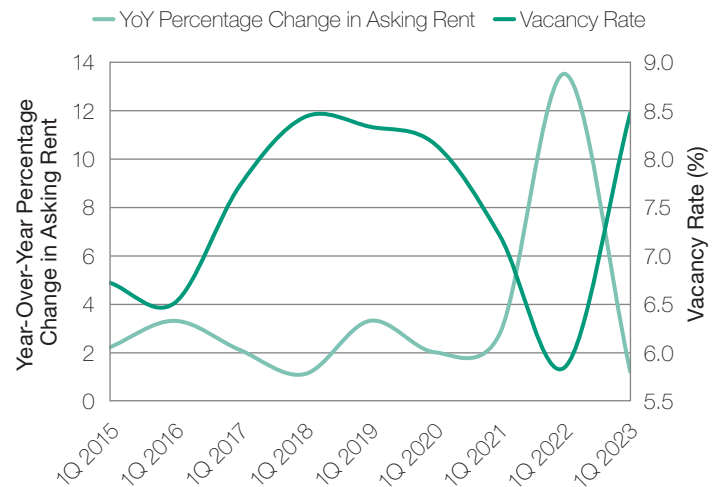
Apartment market conditions in the San Antonio metropolitan area are slightly soft. The market has softened slightly during the past year because supply has exceeded demand for apartments; 6,300 apartment units were completed during the past year. The average apartment vacancy rate increased 3.3 percentage points to 9.8 percent during the first quarter of 2023 compared with the first quarter of 2022. During the same period, asking rents in the metropolitan area increased 1.8 percent to average \$1,254.

During the first quarter of 2023—

- Apartment vacancy rates in the 17 CoStar Group-defined market areas within the San Antonio metropolitan area ranged from 3.6 percent in the Bandera County market area to 16.3 percent in the Kendall County market area.
- The apartment vacancy rate increased in 15 of the 17 market areas relative to a year ago. The largest apartment vacancy rate increase occurred in the Kendall County market area, where the apartment vacancy rate was up 12.9 percentage points from a year ago. Approximately 360 apartment units were added to the market area during the past year, a 23-percent increase in supply.
- The largest vacancy rate decline occurred in the Downtown San Antonio market area, decreasing 3.8 percentage points to 10.5 percent; minimal apartment completions in the market area during the past year allowed for existing units to be absorbed.
- The Bandera County and Medina County market areas had apartment vacancy rates of 3.6 and 4.8 percent, respectively, and had the lowest average rent of all market areas, at \$619 and \$878, up 2 and 3 percent from a year ago.
- Asking apartment rents increased from the first quarter of 2022 in 16 of 17 market areas despite rising vacancies in nearly every market area; rent declined less than 1 percent in the Downtown San Antonio market area. Asking apartment rent increases ranged from less than 1 percent in the Far West San Antonio market area to nearly 11 percent in the Southwest San Antonio market area.

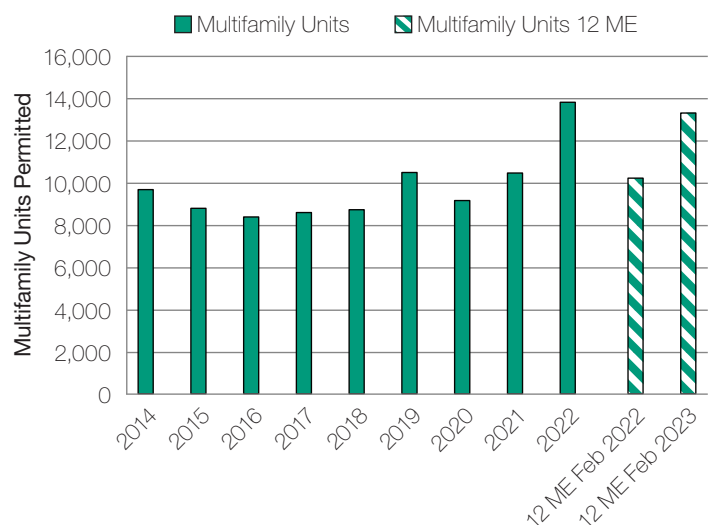
Multifamily construction activity, as measured by the number of multifamily units permitted, increased significantly during the 12 months ending February 2023 to 13,300 units, up 30 percent from the previous 12 months as higher levels of population growth and net in-migration continue to drive strong rental demand. Increased supply during the same period has exceeded demand, however, resulting in softening markets. Multifamily construction activity in the metropolitan area was

As new apartment units entered the market during the 12 months ending February 2023, vacancy rates increased and rent growth slowed in the San Antonio metropolitan area.



1Q = first quarter. YoY = year-over-year.
Source: CoStar Group

Multifamily permitting activity in the San Antonio metropolitan area has increased during the 12 months ending February 2023 and each year since 2020.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; 2022 and past 24 months of data—preliminary data and estimates by the analyst

relatively stable from 2015 through 2018, averaging 8,625 units a year. As developers responded to increased apartment demand, multifamily construction increased to 10,050 units annually from 2019 through 2021.

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- An estimated 6,300 units were added to the apartment inventory in the metropolitan area from the first quarter of 2022 to the first quarter of 2023. That figure represents a 3-percent increase in the existing inventory during the period, following an average 4-percent gain annually from 2010 to 2022.
- In the past year, multifamily construction was concentrated in the Far West San Antonio, Northwest San Antonio, Comal County, and North San Antonio market areas, which accounted for approximately 69 percent of all completed multifamily units.
- An estimated 14,500 apartment units are under construction in the metropolitan area, mostly in the Northwest San Antonio, Comal County, Far West San Antonio, and North San Antonio market areas, with 19, 15, 12, and 12 percent, respectively, of total units under construction in the metropolitan area (CoStar Group).

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures 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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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