HUD PD&R **Housing Market Profiles**

San Antonio-New Braunfels, Texas

San Antonio, Texas

Quick Facts About San Antonio

- **Current sales market conditions: balanced**
- **Current apartment market conditions: soft**
- **H-E-B Grocery Company, LP, the fifth largest private company in the nation, is headquartered in San Antonio.**

By Tim McDonald | As of October 1, 2024

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, in Bexar County, includes nearly 56 percent of the population in the metropolitan area and is the seventh most populous city in the nation. San Antonio is known as Military City USA. Joint Base San Antonio (JBSA) is the largest Department of Defense (DoD)-operated joint base in the nation and the largest employer in the metropolitan area, with 82,000 employees. More students are trained at JBSA than at any other DoD facility, and the base has an economic impact of $55 billion annually on the metropolitan area (Texas Comptroller of Accounts).

- As of October 1, 2024, the population of the metropolitan area is estimated at 2.77 million, reflecting an average increase of 47,100, or 1.8 percent, annually since 2020. Since 2020, net in-migration has accounted for 79 percent of all population growth.
- Comal County, the second most populous county in the metropolitan area, was the fourth fastest growing county in the nation in percentage terms between 2020 and 2023

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because of rapid growth along the Interstate 35 corridor between San Antonio and Austin (U.S. Census Bureau decennial census counts; population estimates as of July 1).

- Less than 13 percent of the population in the metropolitan area is foreign born, the lowest percentage among the four largest metropolitan areas in Texas (2023 American Community Survey 1-year data). By comparison, foreign-born residents in the Houston, Dallas, and Austin metropolitan areas make up 25, 20, and 16 percent of the population, respectively.

Economic Conditions

Economic conditions are strong in the San Antonio metropolitan area. During the 3 months ending September 2024, nonfarm payrolls increased 2.2 percent from a year earlier. Since 2020, nonfarm payrolls have increased an average of 1.8 percent annually, which is less than the average increase of 2.3 percent annually from 2015 through 2019. The unemployment rate in the metropolitan area as of the 3 months ending September 2024 was 3.9 percent, unchanged from 1 year earlier.

As of the 3 months ending September 2024—

- The government sector led job growth, adding 7,300 jobs, a 4.1-percent increase. The local government subsector contributed the most jobs to the sector, increasing by 6,300 jobs, mostly the result of rising demand for schoolteachers to serve the growing population.
- The education and health services sector added the second highest number of jobs, up by 6,900, or 3.9 percent, partly because of several new hospitals opening and some existing hospitals expanding.

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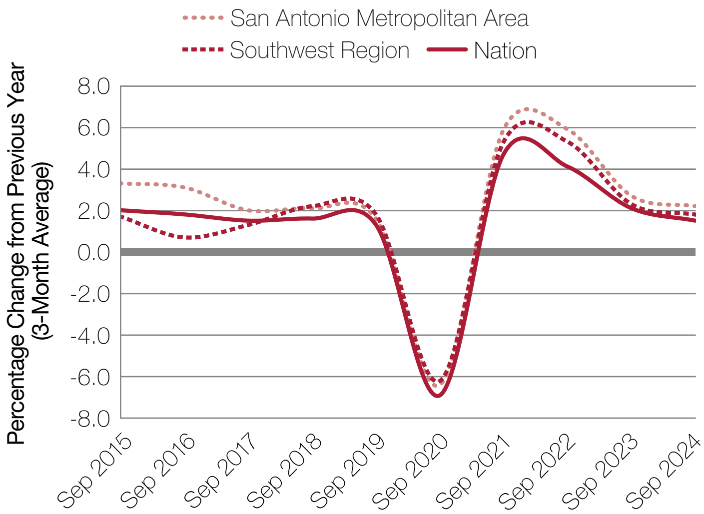
The rate of nonfarm payroll growth in the San Antonio metropolitan area has been stronger than the national rate since at least 2015.



Source: U.S. Bureau of Labor Statistics

Nonfarm payrolls in the San Antonio metropolitan area expanded in 10 of the 11 employment sectors.

	3 Months Ending		Year-Over-Year Change	
	September 2023 (Thousands)	September 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,162.3	1,187.3	25.0	2.2
Goods-Producing Sectors	134.0	139.4	5.4	4.0
Mining, Logging, & Construction	73.0	75.7	2.7	3.7
Manufacturing	61.0	63.7	2.7	4.4
Service-Providing Sectors	1,028.3	1,047.9	19.6	1.9
Wholesale & Retail Trade	161.9	163.2	1.3	0.8
Transportation & Utilities	44.6	44.7	0.1	0.2
Information	17.6	17.0	-0.6	-3.4
Financial Activities	99.7	100.5	0.8	0.8
Professional & Business Services	161.5	161.6	0.1	0.1
Education & Health Services	177.7	184.6	6.9	3.9
Leisure & Hospitality	146.1	148.4	2.3	1.6
Other Services	41.5	42.8	1.3	3.1
Government	177.7	185.0	7.3	4.1
Unemployment Rate	3.9%	3.9%		

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

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- The manufacturing sector had the largest percentage increase, up 4.4 percent and adding 2,700 new jobs. Part of this increase was due to ongoing hiring at Navistar International Corporation for its San Antonio facility, which opened in 2022.
- The information sector was the only nonfarm payroll sector to lose jobs, down by 600 jobs, or 3.4 percent, partly because of Diversified Technical Services Inc. laying off 137 people.

In addition to having a large military presence, the metropolitan area is also a major tourist destination, with attractions such as the Alamo, Sea World, and Schlitterbahn Waterpark New Braunfels. During 2022, the most recent year in which data were available, nearly 35 million people visited the metropolitan area, and tourism had an estimated economic impact of $19 billion (Trinity University, *The Economic Impact of San Antonio's Hospitality Industry 2022 Report*). Health care is also important in the local economy. The metropolitan area is home to the South Texas Medical Center, consisting of 45 medical institutions, which, combined, had a $12 billion impact on the local economy during 2022 and supported more than 86,000 jobs (The University of Texas at San Antonio, Center for Community and Business Research).

Largest Employers in the San Antonio Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Joint Base San Antonio	Government	82,600
H-E-B Grocery Company, 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 Fort Sam Houston and Lackland and Randolph Air Force Bases. Data for JBSA include 51,700 uniformed military personnel not reported in nonfarm payroll survey data.

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

Sales Market Conditions

The sales market in the San Antonio metropolitan area is currently balanced, with a 1.8-percent vacancy rate, up slightly from 1.7 percent in April 2020. During the 12 months ending September 2024, home sales totaled 55,150, a decline of 3,750 homes, or more than 6 percent, from the previous 12 months (Zonda), and the average home sales price was $351,600, down by $9,675, or nearly 3 percent, from the previous 12 months. During September 2024, the inventory of homes for sale represented 5.2 months of supply, up from 4.2 months a year earlier (Texas Real Estate Research Center at Texas A&M University).

As of the 12 months ending September 2024—

- New home sales totaled 17,700, an increase of 350 homes sold, or 2 percent, from the previous 12 months (Zonda).

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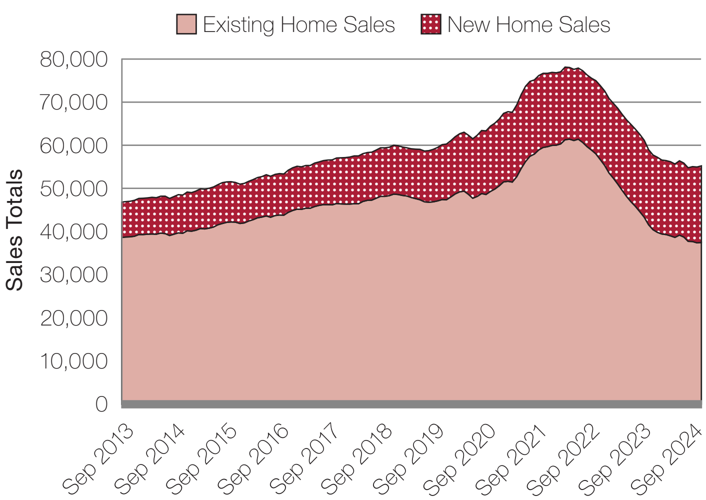
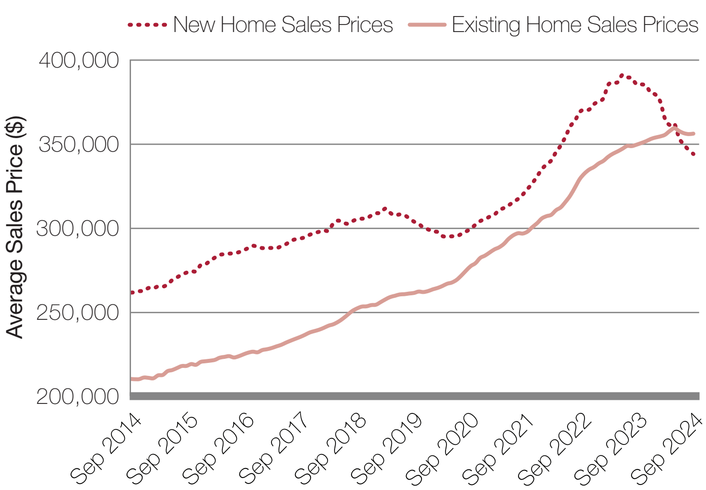
New home sales in the San Antonio metropolitan area during the past 12 months accounted for the highest percentage of total sales in at least 11 years because new home sales prices dipped below existing home prices.



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

The average sales price of a new home in the San Antonio metropolitan area dropped below the average price of an existing home in the past year because home builders cut prices to boost sales faster than existing homeowners.



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

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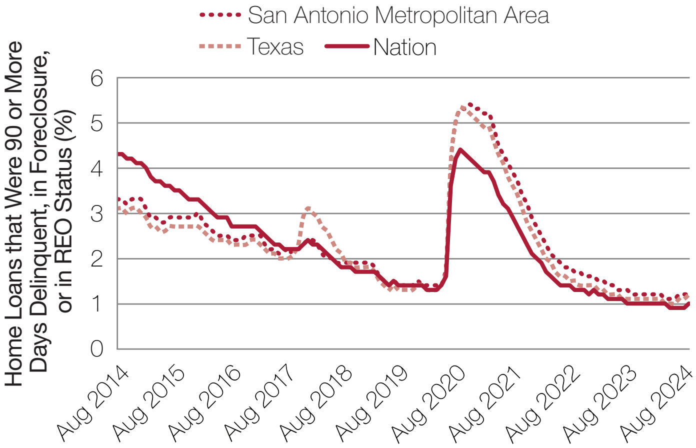
- Existing home sales totaled 37,400, a decline of 4,100 homes sold, or 9.9 percent, from the previous 12 months.
- The average price of a new home was $343,100, a decline of $42,200, or 11 percent, from the previous 12 months, partly because of home builders offering smaller, more affordable homes at lower prices.
- The average price of an existing home was $356,100, an increase of $5,700, or 1.6 percent, from the previous 12 months.

Construction of new sales units, as measured by the number of units permitted, increased after a period of declining production during 2022 and early 2023 because of rising interest rates. Even with the increase during the past 12 months, production remains well below the peak during 2021, when 22,300 sales units were permitted.

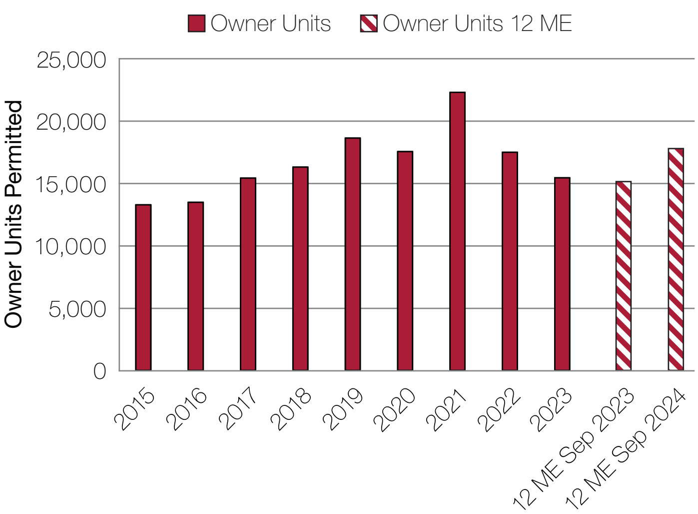
The percentage of home loans 90 or more days delinquent, in foreclosure, or that have transitioned to REO status in the San Antonio metropolitan area as of August 2024 remains unchanged from a year earlier at 1.2 percent.



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

- During the 12 months ending September 2024, 17,800 sales units were permitted (preliminary data, with adjustments by the analyst), an increase of 2,650, or more than 17 percent, from the previous 12 months.
- During the 12 months ending September 2024, Bexar County accounted for 55 percent of all sales units permitted, whereas Comal and Guadalupe Counties accounted for 19 and 17 percent, respectively.
- Recent developments include Cordova Trails, a 158-home community in Guadalupe County, with prices starting at $321,000 for three-bedroom homes. Morgan Meadows in Bexar County is a 117-home development that is about 80 percent complete; home prices start at $279,000.

Annual permitting of sales units in the San Antonio metropolitan area has not been below 15,000 since 2016.



12 ME = 12 months ending.
Note: Owner units include single-family homes, townhomes, and condominiums.
Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

The rental market in the San Antonio metropolitan area is currently soft, largely because nearly 22,000 new apartment units were delivered in the past 24 months (CoStar Group). Developers increased apartment construction activity, as measured by the number of multifamily units permitted, during 2021 and 2022, when interest rates reached a low and absorption of apartment units reached record highs. The 22,000 apartment units delivered in the past 24 months exceeded the previous record of 13,900 deliveries in a 24-month period during 2014 and 2015. As the absorption of apartment units returned to more typical levels, the rapid increase in new units created an excess supply of vacant units on the market.

As of the third quarter of 2024—

- The apartment market had a 13.6-percent vacancy rate, up from 11.4 percent a year earlier and up sharply from 2021, when the apartment vacancy rate reached a third quarter low of 6.3 percent.
- The average rent for an apartment was $1,289. The average rent peaked during the third quarter of 2022 at

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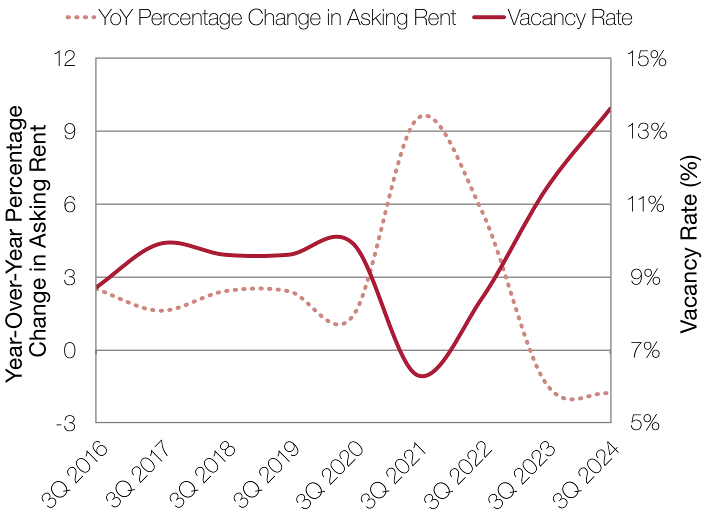
$1,331 and has since declined by an average of $23, or nearly 2 percent, annually.

- The absorption of apartment units totaled 6,700, more than triple the 2,050 units absorbed during the previous 12 months. However, absorption remains well below the record of 11,200 units absorbed during the 12 months ending September 2021.
- Of the 17 CoStar-defined market areas in the metropolitan area, only 2, Bandera and Medina Counties, have apartment vacancy rates below 10 percent. These two counties are in the westernmost part of the metropolitan area, are very rural, and have had no new apartment construction in the past 15 years.
- The two market areas with the highest apartment vacancy rates are Comal and Guadalupe Counties, which have had a surge in new apartment completions, and both have vacancy rates above 20 percent. Approximately 30 percent of all existing apartment units in these market areas have been delivered during the past 24 months.

As apartment conditions softened because of the large number of units entering the market during the past 24 months, developers pulled back significantly on production.

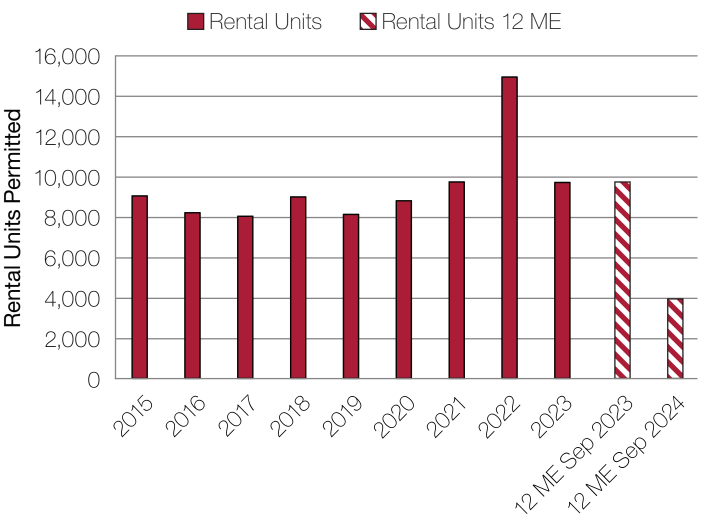
- During the 12 months ending September 2024, building activity, as measured by the number of rental units permitted, totaled 3,950, a decline of 5,800 units, or nearly 60 percent, from the previous 12 months.
- Construction in Comal and Guadalupe Counties has declined more rapidly than in the metropolitan area overall. During the 12 months ending September 2024, 920 rental units were permitted in these two counties, down by 2,625, or 74 percent, from the previous 12 months.
- The slowdown in building activity in the metropolitan area has been widespread. None of the 17 CoStar-defined submarkets had an increase in the number of apartment units under construction during the past 12 months.
- During 2024, the first two highrise apartment buildings completed in the metropolitan area since 2009 opened; both are in downtown San Antonio. The 32-story 300 Main apartment building has 354 units, with monthly rents ranging from $1,482 to $10,731. The Floodgate is a 63-unit, 16-story building with monthly rents ranging from $3,270 to $7,215.

Rent growth in the San Antonio metropolitan area turned negative as of the third quarter of 2023, when the vacancy rate exceeded 11 percent.



3Q = third quarter. YoY = year-over-year.
Source: CoStar Group

The number of rental units permitted in the San Antonio metropolitan area fell below 4,000 during the 12 months ending September 2024, the lowest 12-month total since at least 2010.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
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.
Existing Home Sales	Includes regular resales and real estate owned 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 or more 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.