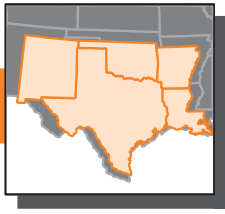


Housing Market Profile



Southwest • HUD Region VI

San Antonio-New Braunfels, Texas

The San Antonio-New Braunfels metropolitan area encompasses eight counties in south-central Texas. The principal city of San Antonio, the seventh largest in the United States, is in Bexar County. New Braunfels, in both Comal and Guadalupe Counties, is situated 30 miles northeast of San Antonio and approximately 45 miles southwest of the state capital, Austin. As of July 1, 2012, the population of the metropolitan area was estimated at 2.23 million, an average annual increase of approximately 41,100, or 1.9 percent, since April 2010. By comparison, from 2006 through 2010, the population increased at an average annual rate of 49,400, or 2.4 percent. During the past 2 years, net in-migration has accounted for approximately 60 percent of population growth because of improving economic conditions, but that share is down from nearly 70 percent of population growth from 2005 through 2008.

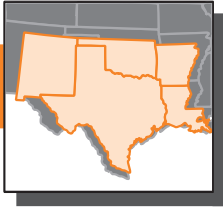
After 2 continuous years of modest job growth, the economy of the metropolitan area has fully recovered from the 5-year low of 835,800 nonfarm payroll jobs recorded during the 12 months ending February 2010 and surpassed the decade-high average of 852,700 jobs recorded during the 12 months ending December 2008. During the 12 months ending June 2012, nonfarm payrolls increased by 9,900 jobs, or 1.2 percent, to 858,800 jobs compared with the number of jobs during the same period a year ago. The largest nonfarm payroll gains during the past 12 months occurred in the leisure and hospitality and the education and health services sectors, which grew by 4,300 and 3,200 jobs, or 4.1 and 2.5 percent, respectively. The government sector, which accounts for approximately 20 percent of nonfarm payrolls in the metropolitan area, recorded the largest decline, down 3,400 jobs, or 2.1 percent, to 158,400 jobs. The local government subsector accounted for approximately 90 percent of the loss because cities and municipalities continue to be revenue constrained. Despite recent job losses in the government sector, a strong military presence continues to stabilize the local economy. Joint Base San Antonio, which formed in accordance with congressional legislation as part of the Base Realignment and Closure Act, includes Fort Sam Houston, Lackland Air Force Base (AFB), Randolph AFB, and Camp Bullis; it is the largest employer in the area, with an estimated 80,000 military and civilian personnel. Top private

employers in the metropolitan area include the United Services Automobile Association and Methodist Healthcare, with 15,000 and 7,750 employees, respectively. During the 12 months ending May 2012, the unemployment rate in the metropolitan area averaged 7.2 percent, down from 7.4 percent during the previous 12 months. From 2005 through 2009, the unemployment rate averaged 5 percent.

Home sales market conditions in the San Antonio metropolitan area are currently soft but improving. The 1.9-percent estimated sales vacancy rate is down slightly from 2 percent in April 2010. Increased employment levels and low interest rates have combined to increase the demand for single-family homes. Based on data from the Real Estate Center at Texas A&M University, during the 12 months ending June 2012, new and existing home sales in the metropolitan area totaled approximately 19,050, a 7-percent increase compared with the 17,800 homes sold during the previous 12-month period but 16 percent less than the average of 22,800 homes sold annually from 2004 through 2008. During the 12 months ending June 2012, the average sales price of new and existing homes remained virtually unchanged at about \$188,200 compared with the previous 12 months. The amount of unsold inventory declined from an 8-month supply in June 2011 to 7 months inventory in June 2012. According to data from LPS Applied Analytics, in June 2012, 4.5 percent of the total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 4.2 percent in June 2011.

Home construction activity, as measured by the number of single-family building permits issued, has increased in the metropolitan area but remains at levels much less than those recorded earlier in the decade. According to preliminary data, during the 12 months ending May 2012, permits were issued for 4,675 single-family homes, a 7-percent increase compared with the 4,350 permits issued during the previous 12 months. By comparison, an average of 5,750 homes was permitted annually from 2008 through 2009. After peaking at 14,700 homes permitted in 2005, single-family home construction activity declined each year through 2011. Stonehaven-The Enclave is currently under construction north of San Antonio, in Boerne. Prices at The Enclave start at \$196,500 for new three-bedroom, two-bathroom homes and are as high as \$256,500 for larger luxury homes.

The improving economy and steady population growth have led the number of multifamily units permitted to



increase since 2009, after a surge in building activity during the middle of the past decade. Based on preliminary data, during the 12 months ending May 2012, approximately 2,950 multifamily units were permitted, up nearly 190 percent from 1,575 during the previous 12 months. Multifamily construction activity peaked at an average of 5,600 units permitted annually from 2004 through 2007 then fell to an average of 2,500 units permitted annually from 2008 through 2009. Condominiums and townhomes are estimated to account for less than 5 percent of all multifamily units in the metropolitan area, but they have accounted for slightly more than 10 percent of all multifamily units under construction or completed since 2010, according to data from the McGraw-Hill Construction Pipeline database.

The rental housing market in the San Antonio metropolitan area is currently somewhat soft. Rental market

conditions have improved since the first quarter of 2010, because apartment production declined, which allowed for the supply of vacant available units to be absorbed. According to ALN Systems, Inc., in the second quarter of 2012, the apartment vacancy rate in the metropolitan area was 8 percent compared with the 9-percent rate recorded in the second quarter of 2011. The average apartment rent in the metropolitan area increased from approximately \$740 to \$780, or 5 percent, compared with the rents recorded during the second quarter of 2011. Recent apartment completions include Westover Oaks and Slate Creek at Westover Hills, with 256 and 241 units, respectively. Both properties, which are in western San Antonio outside Loop 410, are offering concessions averaging \$500 on a 12-month lease. Of the 650 apartment properties that ALN Systems, Inc., surveys in the metropolitan area, approximately 50 percent are currently offering concessions averaging \$40 a month.