COMPREHENSIVE HOUSING MARKET ANALYSIS

San Antonio-New Braunfels, Texas

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of July 1, 2023

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Executive Summary

Housing Market Area Description

The San Antonio-New Braunfels Housing Market Area (hereafter, San Antonio HMA), which is coterminous with the San Antonio-New Braunfels, TX Metropolitan Statistical Area (hereafter, San Antonio MSA), encompasses eight counties in south-central Texas. The principal city of San Antonio, the seventh most populous in the United States, is in Bexar County. San Antonio had the greatest population increase among cities in the nation from 2020 to 2022, with a population of more than 50,000, up by nearly 33,700 people, or 2.3 percent (U.S. Census Bureau population estimates as of July 1). The city of New Braunfels, the second largest city in the HMA, is 30 miles northeast of the city of San Antonio in Comal and Guadalupe Counties; it was the eighth fastest growing city in the nation from 2020 to 2022, up by a total of 12.5 percent, or 13,100 people. Surrounding Bexar County; Atascosa and Wilson Counties to the south, Bandera and Medina Counties to the west, and Kendall County to the north; complete the HMA.

The current population of the HMA is estimated at 2.70 million.

The HMA is an international tourist destination, attracting visitors to the Alamo, the San Antonio Riverwalk, SeaWorld, and Six Flags Fiesta Texas. The HMA attracted an estimated 34.8 million visitors, generating an estimated $19 billion in the HMA in 2022 (The Economic Impact of San Antonio's Hospitality Industry, 2022, Trinity University). The number of visitors during 2022 was up from 23.0 million in 2020 but remained down from the previous high of 41.0 million in 2019. More than 230 events were canceled during 2020 because of countermeasures to limit the spread of COVID-19.
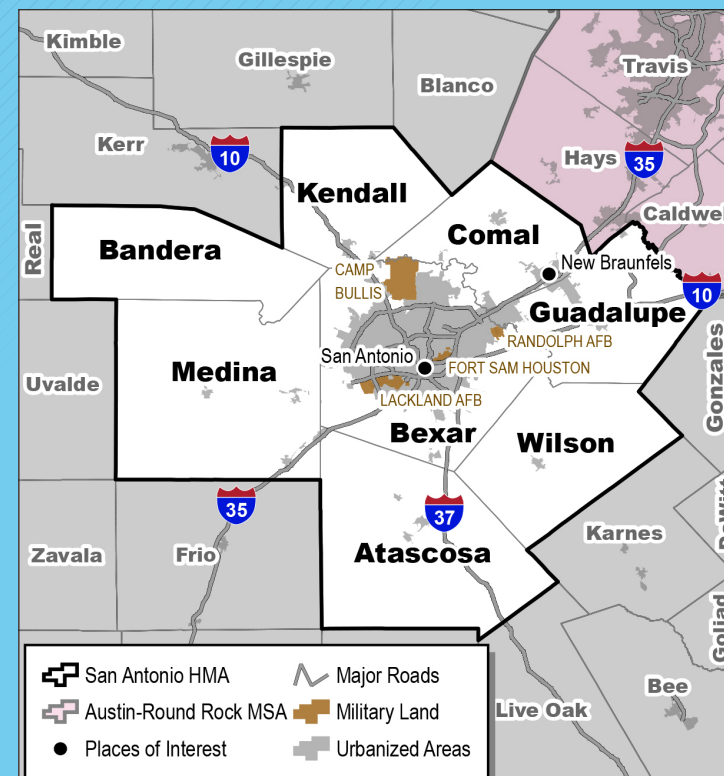
Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Strong: Nonfarm payrolls increased 4.7 percent during the 12 months ending June 2023.

Sales Market

Balanced: During the 12 months ending June 2023, the average new and existing home sales price increased 4 percent, new home sales increased 1 percent, and existing home sales decreased 30 percent (CoreLogic, Inc., with adjustments by the analyst).

Rental Market

Soft: The overall rental market has an estimated vacancy rate of 9.5 percent, down from 10.4 percent in 2020 and equal to the rate in 2010.

Economic expansion in the San Antonio HMA during the past year contributed to strong nonfarm payroll growth. During the 12 months ending June 2023, nonfarm payrolls in the HMA increased by 51,600 jobs, or 4.7 percent, to 1.15 million jobs, following an increase of 62,500 jobs, or 6.0 percent, during the previous 12 months. Nonfarm payrolls increased an average of 2.6 percent annually from 2011 through 2019, with annual growth ranging from 1.7 to 3.5 percent, before declining 4.7 percent during 2020 because of the recession. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 2.6 percent, with notable growth expected in both goods-producing and service-providing sectors.

The home sales vacancy rate is estimated at 1.8 percent and has increased slightly since April 2020, when the vacancy rate was 1.7 percent. The inventory of single-family homes for sale rose to a 3.6-month supply in June 2023, up from 2.0 months a year earlier (Texas Real Estate Research Center at Texas A&M University). New and existing home sales declined 24 percent during the 12 months ending June 2023, and the average price increased 4 percent to $329,200 (CoreLogic, Inc., with adjustment by the analyst). During the 3-year forecast period, demand is estimated for 39,150 additional sales units. The 5,550 units under construction are expected to meet a portion of demand during the first year of the forecast period.

The apartment market is also currently soft, with a 9.0-percent vacancy rate as of the second quarter of 2023, up from 6.5 percent a year earlier (CoStar Group). The average apartment rent in the HMA decreased 1 percent from the second quarter of 2022 to the second quarter of 2023 to $1,258 a month, the first decline in more than a decade. During the 3-year forecast period, demand is expected for 22,950 additional rental units. The 14,600 units under construction and the 1,025 units in final planning are expected to meet the demand during the first 2 years of the forecast.

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3-Year Housing Demand Forecast		
	Sales Units	**Rental Units**
San Antonio-New Braunfels HMA **Total Demand**	39,150	22,950
Under Construction	5,550	14,600

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2023. The forecast period is July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Government

The leisure and hospitality sector, largely supported by a strong tourism industry, has been the fastest growing sector in the HMA during the past 2 years. The sector accounted for more than one-half of the pandemic-related job declines in the HMA during 2020.

Primary Local Economic Factors

The military has a large presence in the HMA, and the effect on the local economy is significant. Joint Base San Antonio (JBSA) had an annual economic impact of $39.1 billion in the HMA during 2021 (Texas Comptroller of Public Accounts). JBSA, the largest employer in the HMA, employs an estimated 82,650 combined military and civilian personnel (Table 1). JBSA was formed in October 2010 by consolidating Fort Sam Houston, Lackland Air Force Base (AFB), and Randolph AFB, a recommendation of the 2005 Base Realignment and Closure (BRAC) Commission. Known as the Gateway to the Air Force, JBSA is where more than 36,000 Air Force personnel complete basic training each year; it is the only basic training location in the nation for enlisted Air Force personnel. The tri-service Medical Education and Training Campus (METC) includes 48 medical education programs, which train 16,500 enlisted medical personnel each year. During the 12 months ending June 2023, the government sector averaged 177,500 jobs, adding 4,000 jobs, or 2.3 percent (Table 2).

Table 1. Major Employers in the San Antonio-New Braunfels HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Joint Base San Antonio	Government	82,650
H-E-B, LP	Mixed Sectors	20,000
United Services Automobile Association	Financial Activities	19,000
University of Texas San Antonio	Government	7,930
Rackspace Technology, Inc.	Information	6,300
Whataburger Restaurants LLC	Wholesale & Retail Trade	6,000
Rush Enterprises, Inc.	Wholesale & Retail Trade	5,000
Cullen/Frost Bankers, Inc.	Financial Activities	4,600
TaskUs, Inc.	Information	4,000
Bill Miller Bar B Q Enterprises, Ltd	Wholesale & Retail Trade	3,500

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. The U.S. Bureau of Labor Statistics classifies headquarters and support facilities of large corporations into nonfarm payroll sectors that may differ from those of the corporations' main line of business.
Sources: greater:SATX Regional Economic Partnership; Texas Comptroller of Public Accounts

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the San Antonio-New Braunfels HMA, by Sector

	12 Months Ending June 2022	12 Months Ending June 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**1,096.8**	**1,148.4**	**51.6**	**4.7**
Goods-Producing Sectors	120.0	127.1	7.1	5.9
Mining, Logging, & Construction	65.6	69.4	3.8	5.8
Manufacturing	54.4	57.7	3.3	6.1
Service-Providing Sectors	976.8	1,021.3	44.5	4.6
Wholesale & Retail Trade	155.9	160.7	4.8	3.1
Transportation & Utilities	41.8	44.7	2.9	6.9
Information	17.7	19.2	1.5	8.5
Financial Activities	96.4	101.7	5.3	5.5
Professional & Business Services	156.3	162.0	5.7	3.6
Education & Health Services	166.2	172.1	5.9	3.5
Leisure & Hospitality	131.4	143.5	12.1	9.2
Other Services	37.6	40.1	2.5	6.6
Government	173.5	177.5	4.0	2.3

Notes: Based on 12-month averages through June 2022 and June 2023. Numbers may not add to totals due to rounding. Data are in thousands.
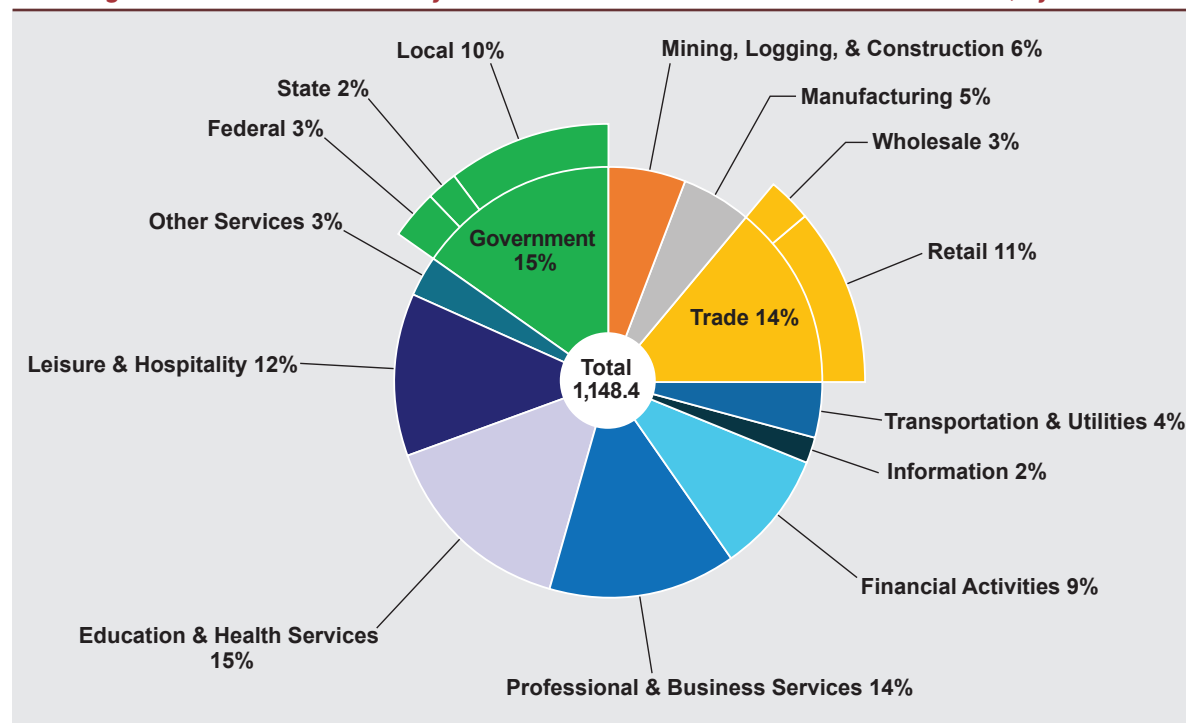Source: U.S. Bureau of Labor Statistics

The San Antonio HMA is a popular tourist destination, contributing to job growth in both the wholesale and retail trade and the leisure and hospitality sectors, the fourth and fifth largest sectors in the HMA, respectively (Figure 1). Cultural and geographic attractions draw both domestic and international tourists to the HMA, increasing retail tourism. In addition to the Alamo, the top tourist attraction in Texas, the HMA is home to several museums, theaters, and art galleries. Historic Market Square, the Pearl District, and the La Villita Historic Arts Village provide visitors with an opportunity to experience local retail and culinary culture. Considered the creative home of Tex-Mex cuisine, San Antonio was recognized as one of the top 12 United Nations Educational, Scientific and Cultural Organization (UNESCO) Creative Cities of Gastronomy to visit in the world.

Current Conditions— Nonfarm Payrolls

Economic conditions in the HMA are currently strong, with nonfarm payrolls averaging 1.15 million jobs during the 12 months ending June 2023. Nonfarm payrolls increased by 51,600 jobs, or 4.7 percent, during the 12 months ending June 2023, following an increase of 62,500 jobs, or 6.0 percent, during the previous year. Jobs in the government and the education and health services sectors, which represent a combined 30 percent of nonfarm payrolls, provide a stable base for the local economy. During March

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

Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2023.
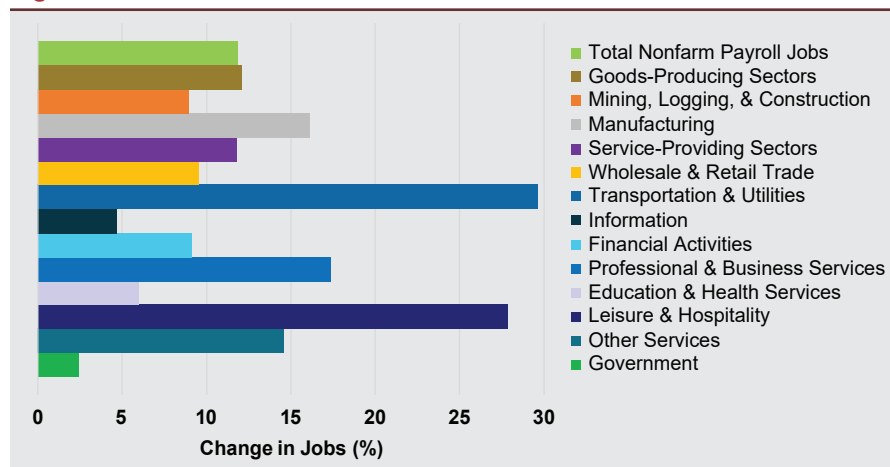Source: U.S. Bureau of Labor Statistics

and April 2020, nonfarm payrolls declined by 117,600 jobs, down from the 1.09 million nonfarm jobs in February 2020 (monthly data, not seasonally adjusted) because of the measures implemented to slow the spread of COVID-19. Nonfarm payrolls exceeded February 2020 monthly levels by October 2021, although some sectors took longer to recover; the information sector remains below February 2020 monthly levels.

The service-providing sectors led growth during the 12 months ending June 2023, with job gains in all nine sectors. The leisure and hospitality sector led growth both in the number of jobs and the rate of growth, with a gain of 12,100 jobs, or 9.2 percent. Strong gains during the past year helped the sector exceed the prepandemic monthly number of jobs during February 2020 by July 2022 (not seasonally adjusted), but it did not remain above that level consistently until January 2023. The education and health services sector,

the second largest sector in the HMA, had the second greatest gain, up by 5,900 jobs, or 3.5 percent, during the 12 months ending June 2023. With the addition of 5,700 jobs, or 3.6 percent, the professional and business services sector had the third greatest gain. The transportation and utilities sector added 2,900 jobs, or 6.9 percent, which was the third fastest growth rate in the HMA during the period. The transportation and utilities sector has been the fastest growing sector since 2021 (Figure 2), partly because of an increase in delivery services spurred by a rise in e-commerce during the pandemic.

Payrolls have increased in the goods-producing sectors in the past 2 years. The mining, logging, and construction sector led growth in the goods-producing sectors with gains of 3,800 jobs, or 5.8 percent, during the 12 months ending June 2023, following an increase of 3,000 jobs, or 4.8 percent, during the previous 12 months. Job gains during the past 2 years were partly due to elevated construction activity, including residential construction, in response to strong in-migration to the HMA. The manufacturing sector gained 3,300 jobs, an increase of 6.1 percent, during the 12 months ending June 2023, following an increase of 4,100 jobs, or 8.1 percent, during the previous year. Gains

were partly due to the completion of the $400 million Aisin Texas Corporation automotive parts production facility, which added 500 workers in early 2022.

Current Conditions—Unemployment

During the 12 months ending June 2023, the unemployment rate averaged 3.7 percent, down from 4.2 percent a year earlier and lower than the 6.5-percent rate during the 12 months ending June 2021. By comparison, the national rate during the 12 months ending June 2023 averaged 3.6 percent, down from 4.2 percent a year earlier. The unemployment rate in the HMA declined each year from 2011 through 2019, reaching a recent low of 3.1 percent during the 12 months ending February 2020. During the month of February 2020, the unemployment rate was at a near-record low of 3.0 percent, but by April 2020, the unemployment rate had reached the highest monthly rate on record at 12.6 percent. Figure 3 shows the 12-month average unemployment rates in the HMA and the nation since 2010.

Figure 2. Sector Growth in the San Antonio-New Braunfels HMA, 2021 to Current

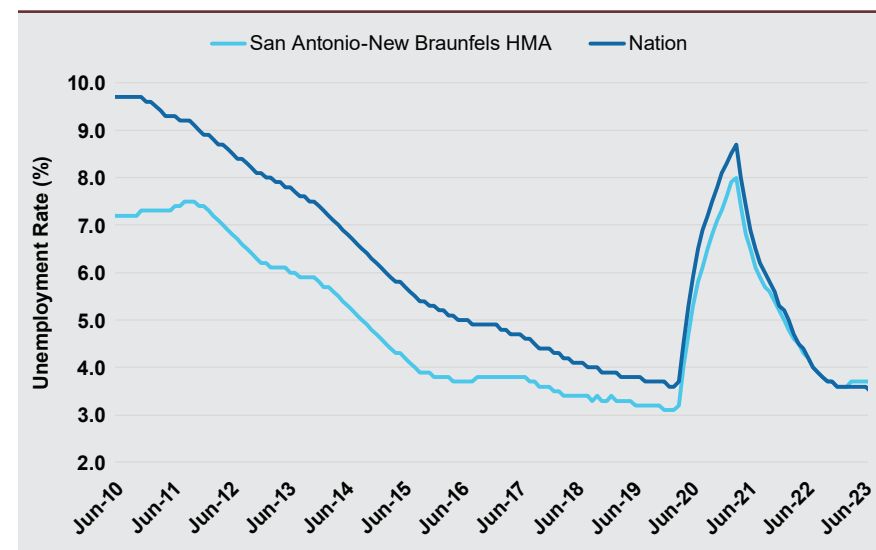
Note: Data for the current are the averages for the 12 months ending June 2023.
Source: U.S. Bureau of Labor Statistics

Figure 3. 12-Month Average Unemployment Rate in the San Antonio-New Braunfels HMA and the Nation

Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2010 Through 2012

Economic recovery in the HMA in 2010 and 2011 following the Great Recession led to economic expansion through 2019. During 2010, nonfarm payrolls increased and accelerated through 2012 (Figure 4). During 2011 and 2012, nonfarm payrolls in the HMA increased by an average of 19,300 jobs, or 2.2 percent, annually, and the 2009 job losses were fully recouped by 2011. The Boeing Company added 400 jobs in 2012, increasing employment at their largest aircraft maintenance, modification, and support facility in the city of San Antonio to 3,200 workers. By comparison, the economy of the nation was slower to begin recovering from the Great Recession, with average nonfarm payroll losses continuing through 2010.

2013 Through 2016

All sectors added jobs from 2013 through 2016 because the economic expansion that began in 2012 continued. Nonfarm payrolls increased by an average of 30,800 jobs, or 3.3 percent, annually, led by the professional and business services and the education and health services sectors, which added averages of 5,100 and 4,900 jobs, or 4.3 and 3.4 percent, annually, respectively. H-E-B, LP, the second largest employer in the HMA, opened the HEB Arsenal Headquarters in San Antonio in late-2013, contributing to job gains from 2013 through 2016. Strong economic growth increased

Figure 4. 12-Month Average Nonfarm Payrolls in the San Antonio-New Braunfels HMA
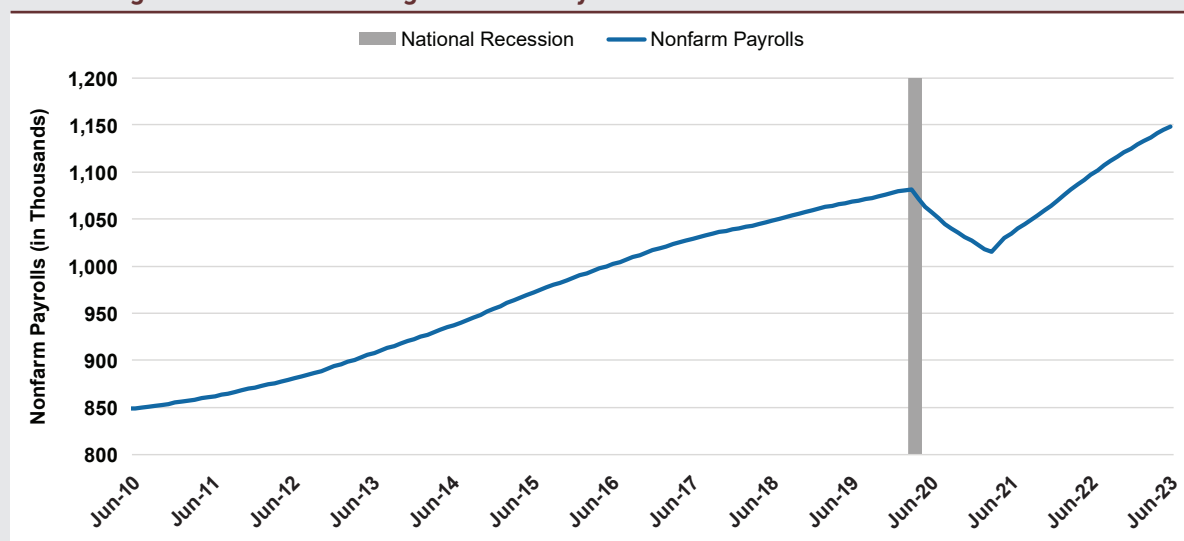
Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

population growth, and builders responded with increased home construction. The mining, logging, and construction sector added an average of 2,900 jobs, or 5.8 percent, annually during the period.

2017 Through 2019

Following 4 years of strong growth, economic growth began to slow in 2017 because in-migration slowed. Nonfarm payrolls increased by an average of 20,200 jobs, or 2.0 percent, annually from 2017 through 2019, led by the education and health services and the professional and business services sectors, which added averages of 3,900 and 3,800 jobs, or 2.5 and 2.8 percent, annually, respectively. The education and health services sector has been one of the fastest growing sectors in the HMA since 2010, growing by more jobs than any other sector from 2017 through 2019 and adding jobs every year during the past two decades except 2020. The healthcare and bioscience industry included 180,500 employees as of 2021 (including military members assigned to the San Antonio Military Medical Center, who are not counted in nonfarm payrolls) and had an economic impact of $44 billion in 2021, up from $40 billion in 2017 (Trinity University Economic Impact Studies, 2018 and 2021).

2020

Nonfarm payrolls in the HMA declined slower than in the nation during 2020 because the military and the healthcare and bioscience industry provided a more stable economic base during the pandemic. During 2020, payrolls declined by 50,500 jobs, or 4.7 percent, compared with a decline of 5.8 percent nationally. Losses occurred in 10 of 11 sectors in the HMA, with the greatest losses in the leisure and hospitality, the education and health services, and the other services sectors, which declined by 26,000, 6,000, and 4,600 jobs, or 18.8, 3.6, and 11.6 percent, respectively. The transportation and utilities sector was the only sector to grow during 2020, adding 2,200 jobs, or 6.8 percent, primarily because of increased home delivery services.

Forecast

Job growth is expected in the HMA during the forecast period, with stronger growth in the first year and the economy returning to historic growth levels in the second and third years, following a strong recovery from the 2020 recession. Thus, during the next 3 years, payrolls are expected to grow by an average of 2.6 percent annually.

The goods-producing and the service-providing sectors are both expected to contribute to payroll growth during the next 3 years. The University of Texas (UT) Health Science Center at San Antonio anticipates investing $1 billion to expand and upgrade facilities and research capabilities in San Antonio, expecting to add nearly 1,500 jobs during the next 3 years. Microsoft Corporation plans to build two data centers and an administrative building in San Antonio, with the combined $230 million development expected to be complete by the end of 2024.

Population and Households

Current Population: 2.70 million

Population growth has accelerated since 2021 because net natural change and net in-migration have both increased compared with growth during 2020 to 2021.

Population Growth Trends

From 2010 to 2013, population growth averaged 40,050 people, or 1.8 percent, annually (Figure 5). Net in-migration during this period averaged 24,050 annually, and net natural change averaged 16,000 annually. Population growth increased slightly to an average of 45,350 people, or 1.9 percent, annually

from 2013 to 2017. During this period, net in-migration increased to an average of 28,700 people annually, when nonfarm payroll growth was the strongest. Strong job growth continued to attract workers from other areas during this period as the national economy also expanded.

As economic conditions slowed from recent highs, population growth slowed slightly. From 2017 to 2020, the population of the HMA grew by an average of 38,100 people annually, or 1.5 percent, as average annual net in-migration slowed to 24,350 and net natural change slowed to an average of 13,750 annually. Net natural change slowed to 6,050 people from 2020 to 2021, primarily due to COVID-19. Slower net natural change contributed to population growth slowing to 36,550, or 1.4 percent, despite an in-migration increase to 30,500 people.

As of July 1, 2023, the population of the San Antonio HMA is estimated at 2.70 million (Table 3). Since 2021, population growth has averaged 48,250 people, or 1.8 percent, annually; net in-migration accounted for 82 percent of the increase, or 39,750 people, partly because of strong job growth occurring in the HMA and reduced effects of COVID-19 on net in-migration since 2021. An average net natural change of 8,500 people a year accounted for the remaining 18 percent of population growth during this period.

Figure 5. Components of Population Change in the San Antonio-New Braunfels HMA, 2010 Through the Forecast
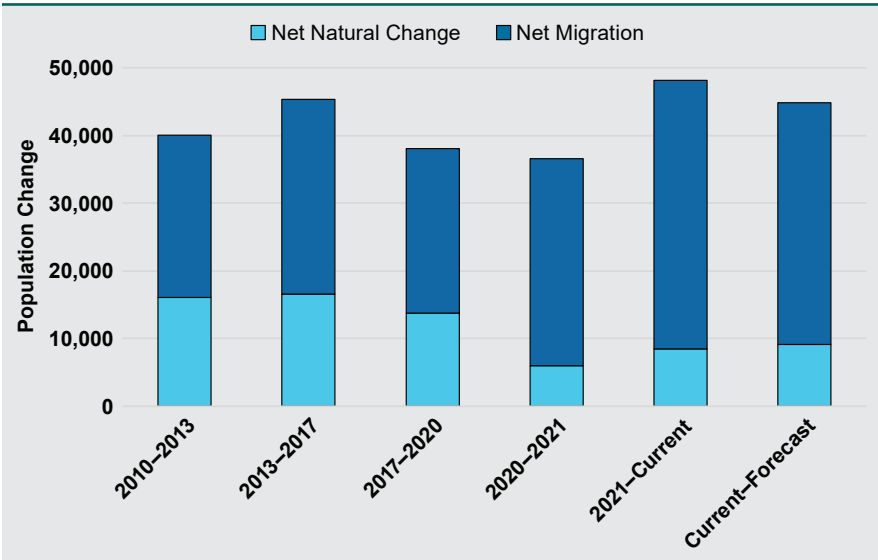
Notes: Data displayed are average annual totals. The forecast period is from the current date (July 1, 2023) to July 1, 2026.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Table 3. San Antonio-New Braunfels HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	2,558,143	2,701,000	2,836,000
	Average Annual Change	41,550	44,100	44,900
	Percentage Change	1.8	1.7	1.6

Household Quick Facts		2020	Current	Forecast
	Households	925,609	998,300	1,061,000
	Average Annual Change	16,250	22,350	20,900
	Percentage Change	2.0	2.4	2.1

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is from the current date (July 1, 2023) to July 1, 2026.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Household Growth Trends

The rate of household growth in the HMA has exceeded the rate of population growth since 2010. As of July 1, 2023, the number of households is estimated at 998,300. Since 2020, the number of households has increased by an average of 22,350, or 2.4 percent, a year, faster than the 1.7-percent population growth during the same period. From 2010 to 2020, the number of households increased by an average of approximately 16,250, or 2.0 percent, a year, slightly faster than the 1.8-percent population growth rate. An estimated 61.9 percent of households in the HMA are homeowners, down from a homeownership rate of 62.7 percent in 2020 (Figure 6). Renter household formation has accelerated slightly since 2020, increasing at an average annual rate of 3.0 percent, or 10,850 households, compared with an average annual increase of 2.3 percent, or 7,100 households, during the 2010-to-2020 period.

Forecast

During the next 3 years, the population and number of households are expected to increase by averages of 44,900 and 20,900, or 1.6 and 2.1 percent, respectively. A decline in net in-migration to an average of 35,700 people annually and

Figure 6. Households by Tenure and Homeownership Rate in the San Antonio-New Braunfels HMA
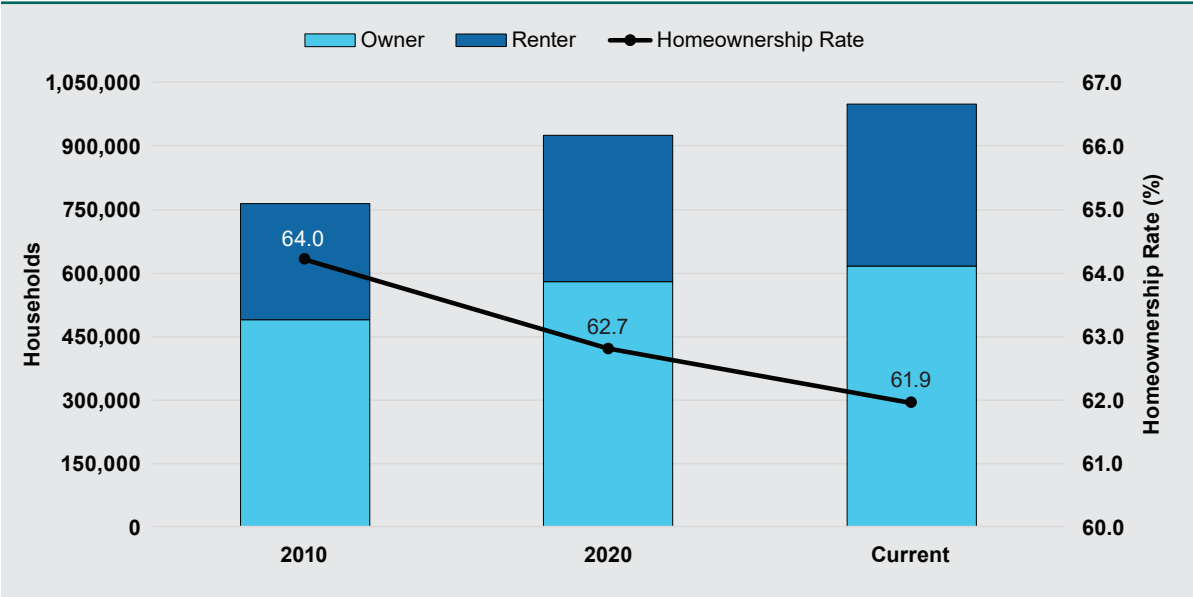
Note: The current date is July 1, 2023.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

a moderate increase in net natural change to 9,200 are expected to result in slightly slower growth in population than during the past 2 years. Household growth in the HMA is expected to slow slightly during the next 3 years because economic conditions and net in-migration are also expected to slow. Approximately 58.8 percent of the additional households are expected to be homeowners, down from the current homeownership rate of 61.9 percent, because elevated mortgage interest rates and new and existing home prices keep homeownership out of reach for many potential first-time buyers. Based on expected economic and net migration trends, the population and the number of households are estimated to be 2.84 million and 1.06 million, respectively, by July 1, 2026, with growth steady through the forecast.

Home Sales Market

Market Conditions: Balanced

> The number of homes sold declined 24 percent in the San Antonio HMA to the lowest level since 2017 during the 12 months ending June 2023.

Current Conditions

The sales housing market in the San Antonio HMA is currently balanced, with an estimated sales vacancy rate of 1.8 percent (Table 4), up from 1.7 percent in April 2020. The for-sale inventory of single-family homes in the HMA rose from a 2.0-month supply in June 2022 to a 3.6-month supply in June 2023 (Texas Real Estate Research Center at Texas A&M University). New and existing home sales in the HMA declined to 60,050 homes sold during the 12 months ending June 2023, down 24 percent compared with the previous 12 months, coinciding with increasing new and existing home sales prices and mortgage interest rates (CoreLogic, Inc., with adjustments by the analyst). During the

same period, the average home sales price increased 4 percent to $329,200, which followed an increase of 13 percent during the previous 12 months.

Home Sales Trends

Resale home sales in the San Antonio HMA fell to 25,200 homes sold during 2011 following the national housing crisis before increasing each year through 2021 (CoreLogic, Inc., with adjustments by the analyst). From 2012 through 2021, resale home sales rose by an average of 3,750, or 10 percent, annually (Figure 7). Strong in-migration and expanding economic conditions during this period fueled the increase in home sales. During the 12 months ending June 2023, resale home sales totaled 43,550, down 30 percent from a year earlier. By comparison, the 62,600 resale homes sold during the 12 months ending June 2022 represented a 7-percent increase from the previous 12 months. The recent decline in resale home sales has coincided with an increase in mortgage interest rates.

Table 4. Home Sales Quick Facts in the San Antonio-New Braunfels HMA

|		San Antonio-New Braunfels HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.8%	NA
	Months of Inventory	3.6	2.3
	Total Home Sales	60,050	5,489,000
	1-Year Change	-24%	-28%
	New Home Sales Price	$360,900	$506,600
	1-Year Change	6%	8%
	Existing Home Sales Price	$318,600	$424,000
	1-Year Change	3%	2%
	Mortgage Delinquency Rate	1.3%	1.1%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2023; and months of inventory and mortgage delinquency data are as of June 2023. The current date is July 1, 2023.
Sources: Vacancy rate—estimates by the analyst; mortgage delinquency rate—CoreLogic, Inc.; months of inventory—Texas Real Estate Research Center at Texas A&M University; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

Figure 7. 12-Month Sales Totals by Type in the San Antonio-New Braunfels HMA
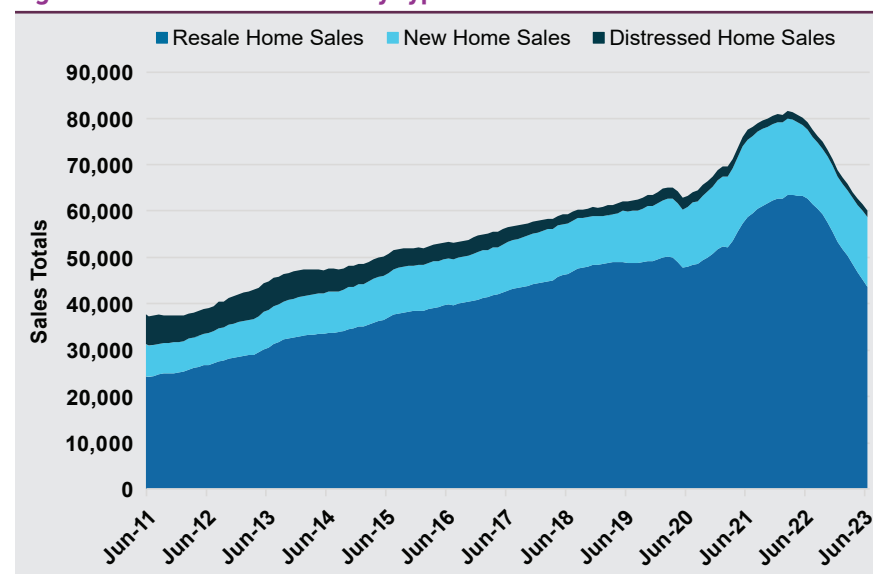
Source: CoreLogic, Inc., with adjustments by the analyst

New home sales increased almost every year from 2012 through 2021 before declining significantly during 2022. Sales declined during 2011, and then from 2012 through 2017, increased an average of 9 percent annually, to 10,950 homes sold in 2017. New home sales decreased during 2018 by 430 homes, or 4 percent, partly because of slower nonfarm payroll growth, and subsequently increased by an average of 1,975, or 16 percent, annually from 2019 through 2021. The 15,050 new home sales during the 12 months ending June 2023 represented an increase of 1 percent from a year earlier. By comparison, 14,950 new homes were sold during the 12 months ending June 2022, down 10 percent from the previous 12 months, when sales peaked because labor shortages and supply chain disruptions caused by COVID-19 eased.

Distressed sales in the HMA declined each year from 2013 through 2018, increased during 2019, and have declined each year since 2020 (CoreLogic, Inc., with adjustments by the analyst). In 2011, distressed sales fell by 1,125, or 17 percent, because banks slowed the processing of distressed loans pending foreclosure litigations nationwide. Real estate owned (REO) and short sales increased by 520 sales, or 9 percent, during 2012 to 6,075, when foreclosure litigation nationwide was mostly resolved. From 2013 through 2018, distressed sales declined by an

average of 680, or 17 percent, annually before increasing by 500 sales, or 25 percent, during 2019 to 2,475 because the inventory of distressed properties slowly declined. In 2020 and 2021, distressed sales declined by an average of 410, or 18 percent, annually. During the 12 months ending June 2023, distressed sales declined to 1,425, or 3 percent, from 1,475 sales a year earlier, when increased home prices enabled homeowners with mortgages in distress the option of selling in lieu of foreclosure.

Home Sales Price Trends

The prevalence of distressed sales in the HMA during the early 2010s following the national housing crisis impacted home prices by providing a lower cost alternative to resale home sales. The average sales price in the HMA for resale homes has increased every year since 2011 because REO and short sales have generally decreased. From 2010 through 2012, 19 percent of existing home sales were distressed sales (CoreLogic, Inc., with adjustments by the analyst). That portion declined to 7 percent from 2013 through 2020, and since 2021, distressed sales have represented less than 3 percent of existing home sales. In 2011, when economic growth was slow following the Great Recession, the average resale home sales price increased 3 percent to $178,400. Strong job growth from 2013 through 2016 contributed to the average resale home price increasing 3 percent annually from 2012 through 2017. From 2018 through 2020, the average resale home sales price increased at a faster pace, averaging 6 percent annually to reach $260,100. During the 12 months ending June 2023, the average sales price for resale homes was $320,700, up 3 percent from a year ago, compared with the 13-percent increase during the previous 12 months.

The average sales price for a new home during the 12 months ending June 2023 was $360,900, reflecting an increase of 6 percent from a year earlier. By comparison, the average price increased 14 percent during the previous 12 months to approximately $341,700. From 2011 through 2018, the average new home sales price increased 5 percent annually before declining 2 percent during 2019. The decline was primarily because of an increase in the proportion of lower priced new homes. During 2019, the portion of new home sales that were less than $250,000 increased to 39 percent, up from 37 percent a year earlier (Zonda). The average sales price for a new home during 2020 was $292,500, reflecting an increase of 2 percent from a year earlier (CoreLogic, Inc., with adjustments by the analyst) (Figure 8). During the 12 months ending June 2023, nearly 54 percent of new homes sold were in the $200,000-to-$349,999 sales price range (Figure 9; Zonda).

The average sales price for a distressed home during the 12 months ending June 2023 was $254,700, reflecting an increase of 7 percent from a year earlier and coinciding with a continued decline of seriously delinquent mortgages (CoreLogic, Inc.). By comparison, the average distressed sales price increased 10 percent during the previous 12 months to approximately $239,000. During 2013, the average distressed sales price declined $6,500, or 4 percent, and from 2014 through 2020, it increased by an average of $10,100, or 6 percent, annually.

## Delinquent Mortgages and REO Properties

In June 2023, 1.3 percent of home loans in the San Antonio HMA were seriously delinquent or had transitioned into REO status, down from 1.8 percent a year earlier and less than the peak 5.6-percent rate in January 2010 caused by the Great Recession and housing crisis (CoreLogic, Inc.). By comparison, the percentage of seriously delinquent mortgages and REO properties was 5.4 percent in October 2020, a recent peak, when the impacts of measures to slow the spread of COVID-19 resulted in a significant number of homeowners falling behind on mortgage payments, many of which went into forbearance. The rate of seriously delinquent mortgages and REO properties in the HMA has declined since because economic conditions have improved.

Figure 8. 12-Month Average Sales Price by Type of Sale in the San Antonio-New Braunfels HMA
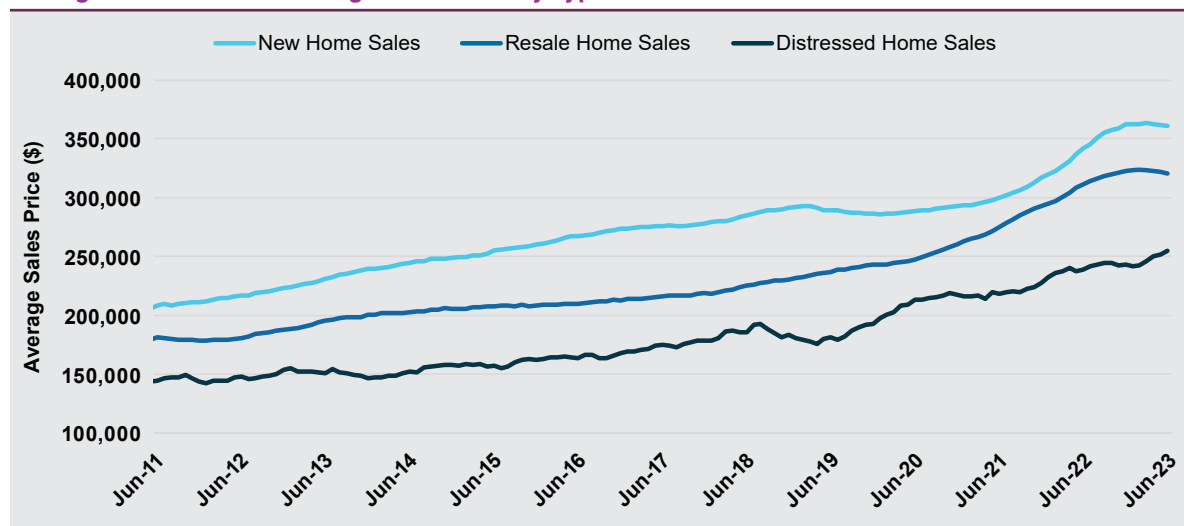
Source: CoreLogic, Inc., with adjustments by the analyst

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending June 2023 in the San Antonio-New Braunfels HMA
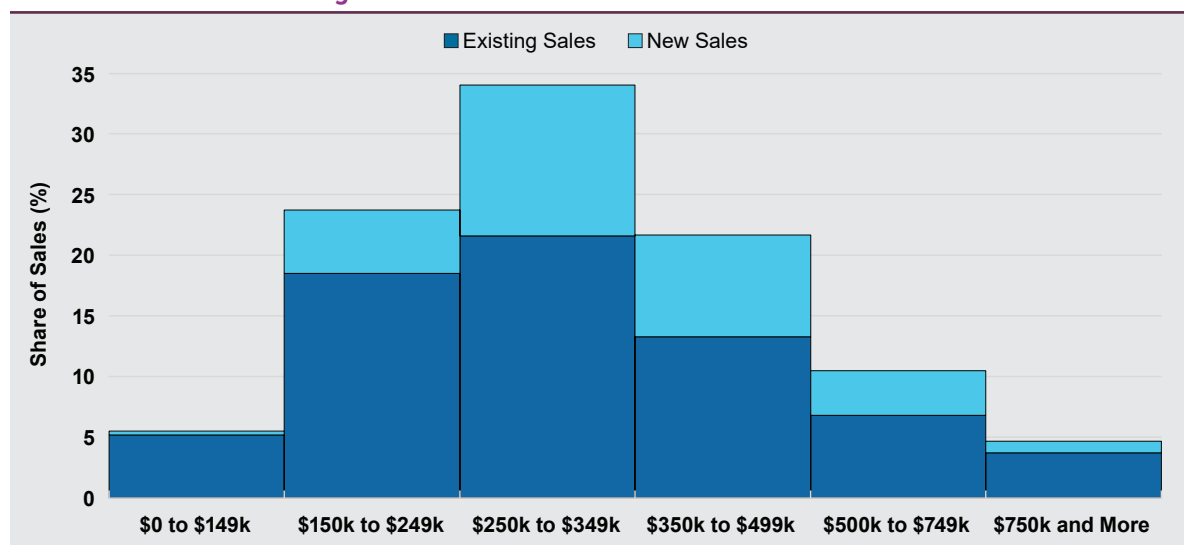

Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Sales Construction Activity

The national housing crisis, which greatly increased the number of homes in REO status, impacted the San Antonio HMA and resulted in slower new home construction activity that lasted throughout the early 2010s. From 2010 through 2012, when the housing market weakened, demand for new housing remained low despite lower average new home prices. New home construction, as measured by the number of sales housing units permitted (see building permits)—which includes single-family homes, townhomes, and condominiums—averaged 4,850 units annually during 2010 and 2011 (Figure 10). In-migration was strong beginning in 2012 because the economy expanded and consumer confidence returned, leading to an increase in the demand for new homes in the HMA. New home construction increased an average of 10 percent annually from 2012 through 2015. During 2016, an average of 6,475 homes were permitted, a decline of 2 percent from the previous year. From 2017 through 2021, new home construction increased an average of 16 percent, or 1,425 homes, annually due to increased new home sales demand during most of the period. During the 12 months ending June 2023, the number of homes permitted declined 37 percent to 8,150 from a near high during the previous 12 months (preliminary data).

Figure 10. Annual Sales Permitting Activity in the San Antonio-New Braunfels HMA
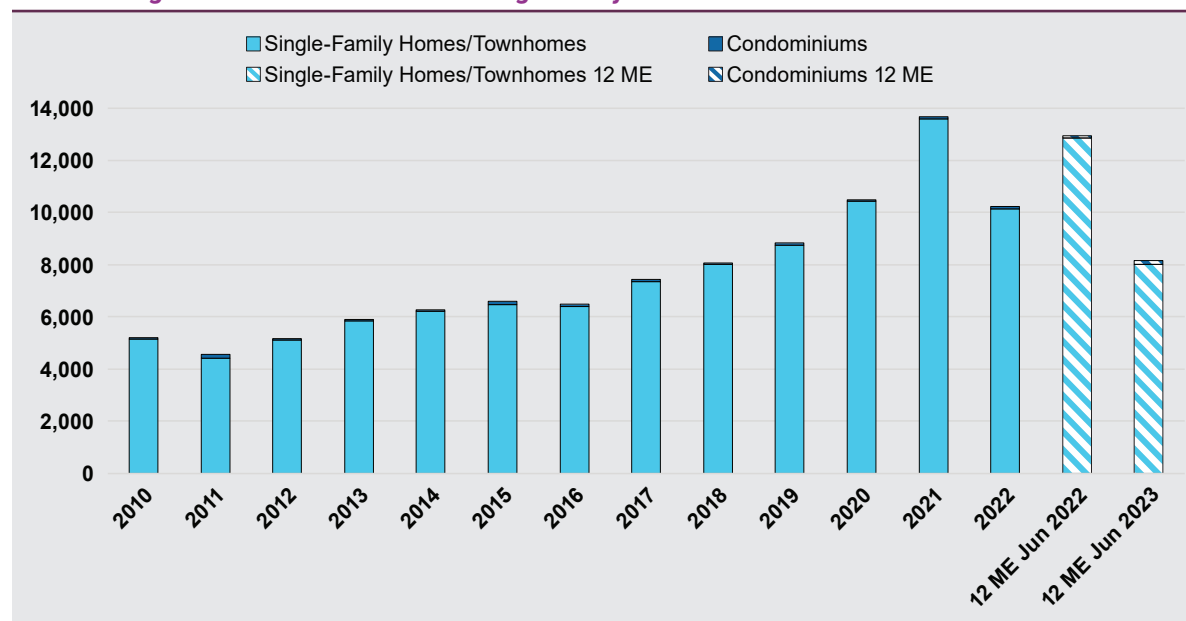
12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

New Construction

Recent new home construction has been concentrated in areas to the west of the city of San Antonio and between San Antonio and New Braunfels along Interstate 35, which connects the city of San Antonio and the Austin-Round Rock MSA. 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.

Housing Affordability

Homeownership in the San Antonio HMA has historically been relatively affordable, but the affordability of buying a home in the area has declined since 2010. Many distressed home sales, which peaked in 2010, contributed to lower prices during the foreclosure crisis in the late 2000s and early 2010s. Excess

inventory has since been absorbed, which has put upward pressure on sales prices. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI), which represents the share of homes sold that would have been affordable to a family earning the local median income for the HMA, was 40.1 during the second quarter of 2023, up from 39.9 during the second quarter of 2022 (Figure 11). During the past quarter, 141 of the 238 metropolitan areas measured, or 59 percent of metropolitan areas in the nation, had greater housing affordability than the San Antonio HMA. After reaching 76.8 during the first quarter of 2012, the index slowly declined through the fourth quarter of 2018 to 53.7 and then increased to the recent high of 67.9 during the first quarter of 2021. Since 2021, the HOI has generally trended downward, indicating an overall decline in affordability, because home prices and mortgage interest rates have risen, reducing the number of potential new homeowners in the HMA, reflected in the decline in homeownership from 62.7 percent in 2020 down to 61.9 percent currently.

Rising home sales prices have been a barrier to homeownership for households with heads of household aged 25 to 44 years, a prime age cohort for first-time homebuyers. From 2010 to 2021, the homeownership rate in the HMA for households aged 25 to 34 declined 0.8 percentage point. By comparison, the homeownership rate for heads of household aged 35 to 44 years declined significantly faster than total households because affordability concerns limited the ability of this group to purchase a home. From 2010 to 2021, homeownership in this age group declined 3.4 percentage points (Table 5). By comparison, the homeownership rate declined nationally 0.5 and 1.4 percentage points for heads of household aged 25 to 34 and 35 to 44, respectively, from 2010 to 2021.

Figure 11. San Antonio-New Braunfels HMA Housing Opportunity Index
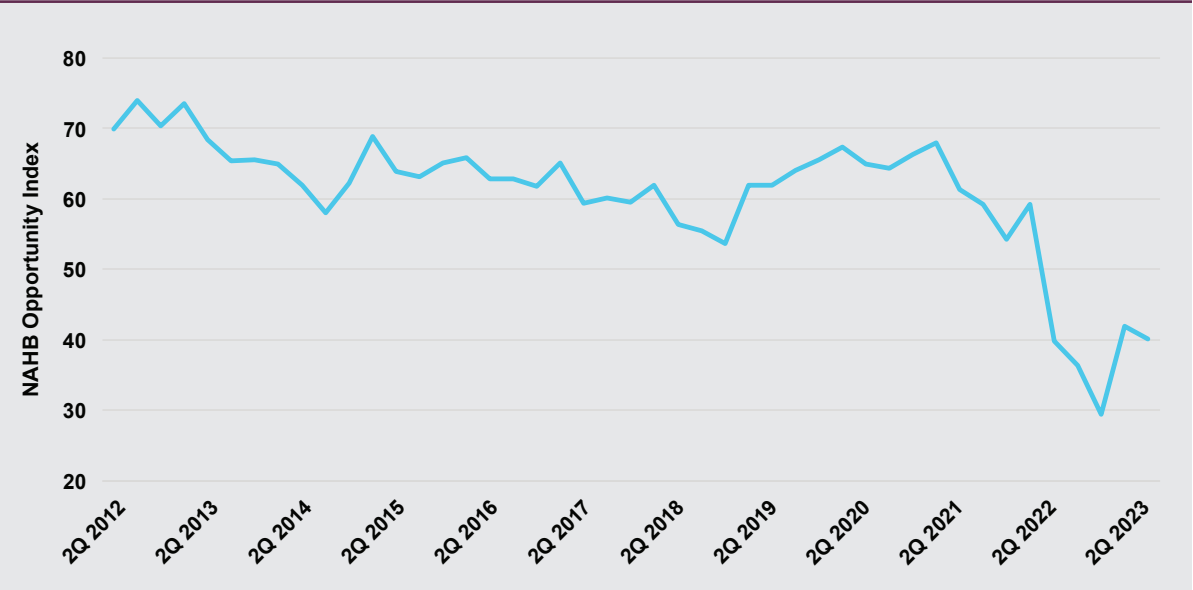
NAHB = National Association of Home Builders. 2Q = second quarter.
Source: NAHB/Wells Fargo

Table 5. Homeownership Rates by Age of Householder

	San Antonio-New Braunfels HMA		Nation	
	2010	2021	2010	2021
Householder Aged 25 to 34 Years	41.0	40.2	42.0	41.5
Householder Aged 35 to 44 Years	62.0	58.6	62.3	60.9

Sources: 2010 Census; 2021 American Community Survey 1-year data

Forecast

During the 3-year forecast period, demand is expected for 39,150 new homes, with demand evenly distributed annually, primarily because of continued economic expansion and steady population growth (Table 6). The 5,550 homes under construction are expected to satisfy some of the demand during the first year of the forecast.

Table 6. Demand for New Sales Units in the San Antonio-New Braunfels HMA During the Forecast Period

Sales Units	
Demand	39,150 Units
Under Construction	5,550 Units

Note: The forecast period is from July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst

Rental Market

Market Conditions: Soft

Strong rental construction activity outpacing renter household growth has resulted in soft rental market conditions in the HMA during the past year.

Current Conditions and Recent Trends

Rental housing market conditions in the HMA are currently soft overall, with an estimated rental vacancy rate of 9.5 percent, down from 10.4 percent in 2020, when the rental market was also soft (Table 7). Nearly one-half of the renter-occupied supply in the HMA is in structures with five or more units, typically apartments. The apartment market is also soft. As of the second quarter of 2023, the HMA had an average apartment vacancy rate of 9.0 percent, up from 6.5 percent a year earlier (Figure 12; CoStar Group). Approximately 9,250 apartment units were added to the inventory from the second quarter of 2022 through the second quarter of 2023. Apartment vacancy rates declined from 9.2 percent in the second quarter of 2010 to 6.3 percent by the second quarter of 2015, partly because of slower permitting from 2010 through 2012. By the second quarters of 2016 and 2017, apartment vacancy rates had increased to 6.6 and 7.7 percent, respectively, and from the second quarter of 2018 to the second quarter of 2020, average apartment vacancy rates ranged

Table 7. Rental Market Quick Facts in the San Antonio-New Braunfels HMA

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	10.4	9.5
		2019 (%)	**2021 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	33	34
	Multifamily (2–4 Units)	14	13
	Multifamily (5+ Units)	49	49
	Other (Including Mobile Homes)	4	4

Notes: The current date is July 1, 2023. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2019 and 2021 American Community Survey 1-year data

Figure 12. Apartment Rents and Vacancy Rates in the San Antonio-New Braunfels HMA
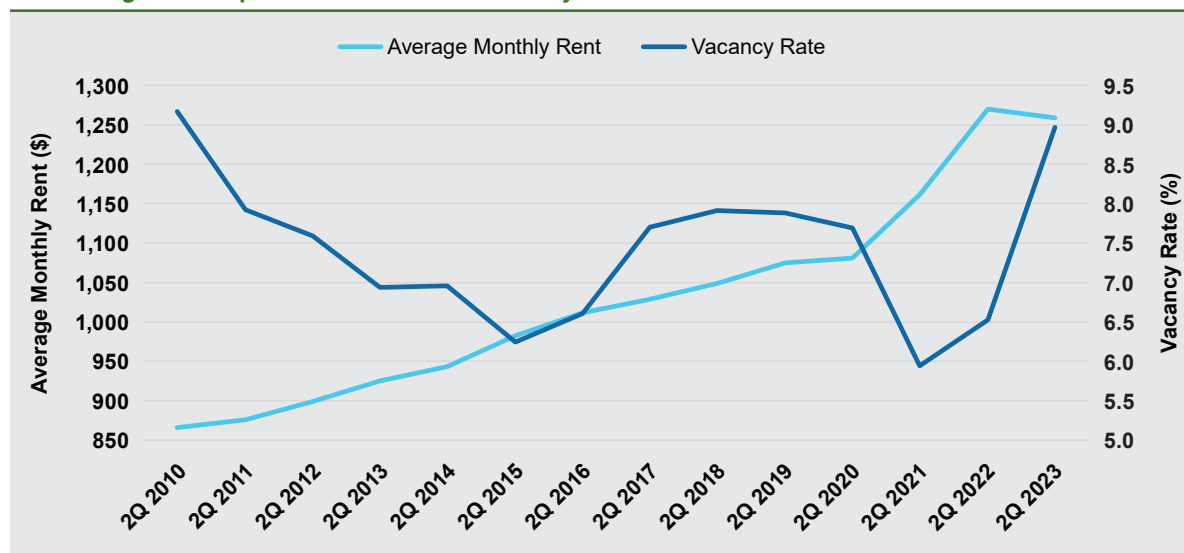
2Q = second quarter.
Source: CoStar Group

from 7.7 to 7.9 percent. During this period, the apartment market was balanced because of strong rental preferences of households. By the second quarter of 2021, the apartment market had tightened slightly, and the apartment vacancy rate declined to 5.9 percent, primarily due to delayed apartment completions due to labor shortages and supply chain disruptions caused by COVID-19.

Average apartment rents had fallen in the HMA as of the second quarter of 2023 after increasing every year from the second quarter of 2011 to the second quarter of 2022. Apartment rents increased by an average of 2 percent annually from the second quarter of 2011 to the second quarter of 2020, compared with an average increase of 9 percent annually from the second quarter of 2021 to the second quarter of 2022. As of the second quarter of 2023, the average rent was $1,258, a decline of 1 percent from the same period a year earlier. The average rents by unit type were $894 for studio units, $1,074 for one-bedroom units, $1,339 for two-bedroom units, and $1,540 for three-bedroom units.

Market Conditions by Geography

Among the 17 CoStar Group-defined market areas (hereafter, market areas), apartment rents are notably highest in the Midtown San Antonio market area, near downtown and the Riverwalk. The Midtown San Antonio, Downtown San Antonio, and Comal County market areas had the highest average rents in the HMA as of the second quarter of 2023 at $1,806, $1,474, and $1,467, respectively, reflecting a rent increase of 2 percent in the Midtown San Antonio market area compared with a year earlier and a rent decline of 1 percent in both the Downtown San Antonio and Comal County market areas. The average apartment vacancy rates in the Midtown San Antonio, Downtown San Antonio, and Comal County market areas were 10.3, 7.4, and 7.6 percent, respectively, during the second quarter of 2023. Apartment

vacancy rates were generally lower in the more affordable market areas. In the Medina County and Bandera County market areas, average rents were $881 and $621, respectively, as of the second quarter of 2023, with apartment vacancy rates of 4.9 and 1.7 percent, respectively—the lowest in the HMA. Rent increases occurred in 9 of 17 market areas in the HMA as of the second quarter of 2023 compared with a year earlier. Changes in average apartment rents among market areas ranged from a decline of 6 percent in the Kendall County market area to a 7-percent increase in the Southwest San Antonio market area. The average rent in the Southwest San Antonio market area increased partially because of recently completed higher priced units, which contributed to an increase in the average apartment vacancy rate in the market area from 5.2 percent as of the second quarter of 2022 to 8.5 percent as of the second quarter of 2023.

Rental Construction Activity

Rental construction activity in the San Antonio HMA, as measured by the number of rental units permitted, declined significantly during and following the housing market collapse in the late 2000s. From 2010 through 2012, an average of 5,100 rental units were permitted annually (Figure 13). Builders have

Figure 13. Annual Rental Permitting Activity in the San Antonio-New Braunfels HMA
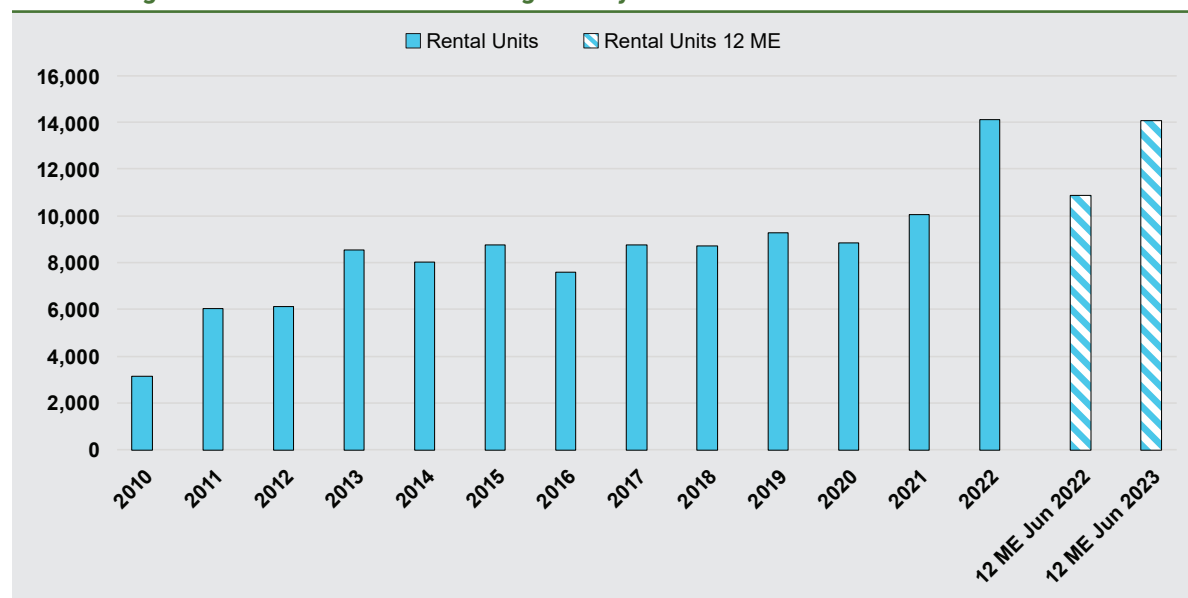
12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

responded to increased rental demand with relatively high levels of rental construction since 2013. The increased number of rental units permitted averaged 8,725 from 2013 through 2021. During the 12 months ending June 2023, approximately 14,050 rental units were permitted, up 29 percent compared with the 10,850 units permitted during the previous 12 months.

Recently Completed Rental Properties

New rental construction activity has occurred throughout the HMA, with a significant portion of construction occurring north of the downtown San Antonio area. Among several recently completed apartment developments is the 336-unit Prose Westover Hills, which opened in 2023 on the west side of San Antonio. The development includes one- and two-bedroom units with market-rate rents starting at $1,375 and $1,579, respectively. Bainbridge Creekside, a market-rate property in the city of New Braunfels, was also completed in 2023, with rents for one- and two-bedroom units starting at $1,560 and $1,789, respectively. The 213-unit 100 Labor Downtown Apartments was recently completed in 2023 near downtown San Antonio, with rents for studio, one-bedroom, and two-bedroom units starting at $1,100, $1,400, and $1,880, respectively.
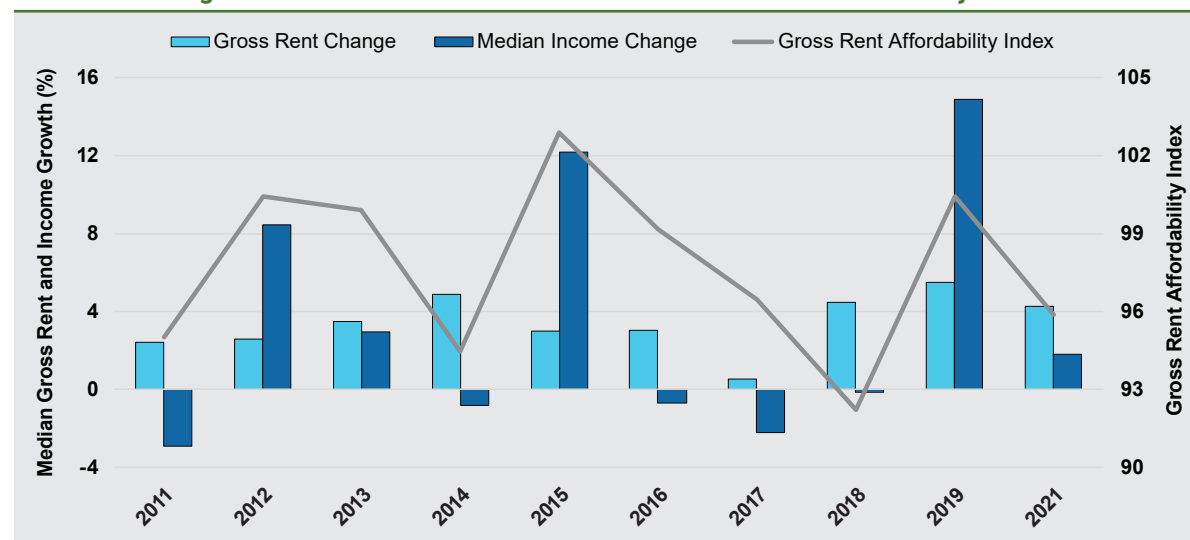
Housing Affordability: Rental

Rental housing is relatively affordable in the San Antonio HMA, with the average growth in median

household income near the average rent growth since 2010. The median gross monthly rent in the HMA rose an average of 3.5 percent annually, from $788 in 2010 to $1,147 in 2021. During the same period, the median household income for renter households increased an average of 3.1 percent annually, from $31,600 in 2010 to $44,000 in 2021 (American Community Survey 1-year data); thus, the U.S. Department of Housing and Urban Development (HUD) Rental Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, has remained at or above 92.0 since 2010. The index was 95.9 during 2021, up from 92.0 in 2018 but below the high of 102.9 in 2015. Figure 14 compares year-over-year change in the median gross rent to the respective change in the median gross income.

Although rental housing is currently relatively affordable in the San Antonio HMA, 23.0 percent of all renter households in the HMA were cost burdened, spending between 31 and 50 percent of their income on rent, while 20.2 percent were severely cost burdened, spending 51 percent or more of their income toward rent during 2015 through 2019 (Consolidated Planning/Comprehensive Housing Affordability Strategy [CHAS] Data, 2015–2019 American Community Survey 5-year estimates; Table 8). Nationwide, the

Figure 14. San Antonio-New Braunfels HMA Gross Rent Affordability Index

Notes: Rental affordability is for the larger San Antonio-New Braunfels, TX MSA. The Gross Rent Affordability Index differs from the U.S. Department of Housing and Urban Development (HUD) Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.
Source: American Community Survey 1-year data

proportion of renter households that were cost burdened and severely cost burdened has been 21.7 and 22.2 percent, respectively; however, cost burdens are particularly notable for lower income renter households in both the HMA and the nation. For renter households with incomes less than 50 percent of the area median family income, a higher proportion of 28.2 percent were cost burdened, but 48.9 percent of the households at this income level were severely cost burdened. By comparison, 27.5 percent of lower income renter households nationwide were cost burdened, and 47.4 percent were severely cost burdened.

Forecast

During the 3-year forecast period, demand is estimated for 22,950 additional rental units in the HMA (Table 9). The 14,600 units under construction and the 1,025 units in final planning are expected to meet the demand during the first two years of the forecast. Demand is expected to be evenly distributed during the forecast period, primarily because of continued economic expansion and steady population growth in the HMA.

Table 8. Percentage of Cost Burdened Renter Households by Income, 2015–2019

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	San Antonio-New Braunfels HMA	Nation	San Antonio-New Braunfels HMA	Nation
Renter Households with Income <50% HAMFI	28.2	27.5	48.9	47.4
Total Renter Households	23.0	21.7	20.2	22.2

HAMFI = HUD Area Median Family Income.
Source: Consolidated Planning/Comprehensive Housing Affordability Strategy (CHAS) Data, 2015–2019 American Community Survey 5-year estimates (huduser.gov)

Table 9. Demand for New Rental Units in the San Antonio-New Braunfels HMA During the Forecast Period

Rental Units	
Demand	22,950 Units
Under Construction	14,600 Units

Note: The forecast period is July 1, 2023, to July 1, 2026.
Source: Estimates by the analyst

Terminology Definitions and Notes

A.   Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area (HMA). 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.
Cost Burdened	Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of income on housing costs.
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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resale sales, short sales, and REO sales.
Forecast Period	7/1/2023–7/1/2026—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Net Natural Change	**Resident births minus resident deaths.**
Rental Market/ Rental Vacancy Rate	**Includes apartments and other rental units such as single-family, multifamily, and mobile homes.**
Resale Home Sales	**These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.**
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.**
2.	**Urbanized areas are defined using the U.S. Census Bureau 2020 Census Urban and Rural Classification and the Urban Area Criteria.**

C.   Additional Notes

1.	**The NAHB/Wells Fargo Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.**
2.	**This analysis has been prepared for the assistance and guidance of 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.**

3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

D.　Photo/Map Credits

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Contact Information

T. Michael Miller, Economist
Jacksonville HUD Field Office
817–978–9418
timothy.m.miller@hud.gov