

The analysis presented in this report includes data from the early stages of the COVID-19 outbreak in the United States. The unprecedentedly large and rapid changes in many data series, and the similarly unprecedentedly large policy responses, make analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

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 August 1, 2020



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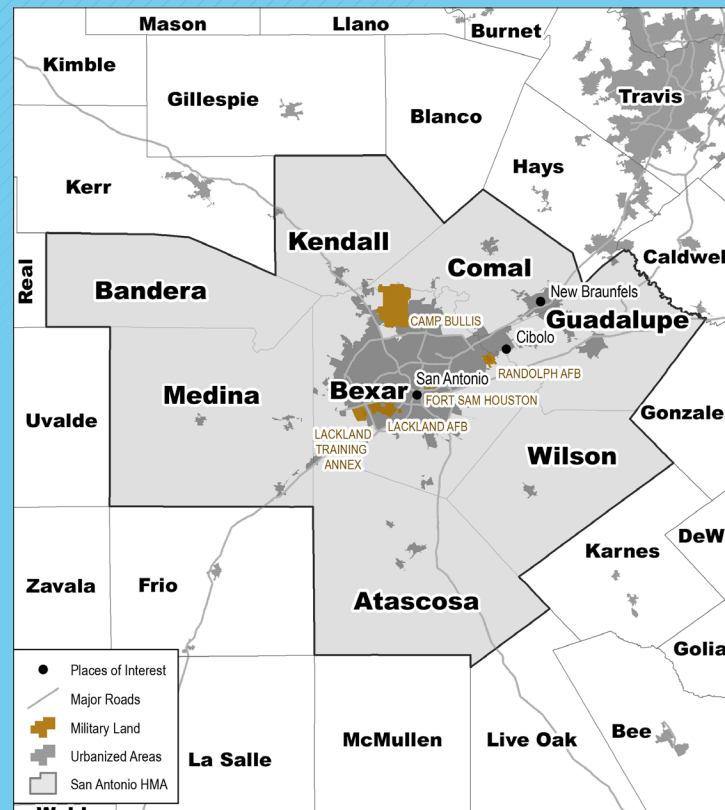
Executive Summary

Housing Market Area Description

The San Antonio-New Braunfels Housing Market Area (HMA), which is coterminous with the San Antonio-New Braunfels Metropolitan Statistical Area (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. The city of New Braunfels, the second largest city in the HMA, in Comal and Guadalupe Counties, is 30 miles northeast of the city of San Antonio. 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 is estimated at 2.59 million.

The HMA is an international tourist destination, attracting visitors to the Alamo, the Riverwalk, Sea World, and Fiesta Texas. The response to limit the spread of COVID-19 has had a significant detrimental impact on the tourism industry in the HMA. Joint Base San Antonio (JBSA) was used to quarantine State Department staff returning from China in February 2020 and treated the 15th confirmed COVID-19 patient in the United States. JBSA has continued to play a significant role in the fight against the pandemic.



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



Weak: Nonfarm payrolls declined 0.6 percent during the 12 months ending July 2020.

Economic contraction in the San Antonio HMA during the past year reversed a decade of strong nonfarm payroll job growth. During the 12 months ending July 2020, nonfarm payrolls in the HMA declined by 6,300 jobs, or 0.6 percent, to 1.06 million jobs; this followed an increase of 19,500 jobs, or 1.9 percent, during the previous 12 months. Nonfarm payrolls increased an average of 2.8 percent annually from 2012 through 2018, with annual growth ranging from 1.9 to 3.5 percent. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 1.7 percent, with notable growth expected in both goods-producing and service-providing sectors.

Sales Market



Balanced: During the 12 months ending July 2020, the average sales prices for new and existing homes increased 5 percent, with an increase in average existing home sales prices offsetting a decline in average new home sales prices.

The home sales market, with an estimated current vacancy rate of 1.5 percent, has improved since April 2010, when the vacancy rate was estimated at 2.0 percent. The inventory of single-family homes for sale fell to a 2.6-month supply in July 2020, down from 3.7 months a year earlier (Real Estate Center at Texas A&M University). New and existing home sales declined 2 percent during the 12 months ending July 2020, and the average price increased 5 percent to \$266,900 (CoreLogic, Inc., with adjustment by the analyst). During the 3-year forecast period, demand is estimated for 24,450 additional sales units. The 3,850 units under construction are expected to meet a portion of demand during the first year of the forecast period.

Rental Market



Balanced: The overall rental market has an estimated vacancy rate of 7.0 percent, down from 9.5 percent in 2010 when the market was soft.

The apartment market is currently balanced with a 6.2-percent vacancy rate during the second quarter of 2020, up from 5.6 percent a year earlier (Reis, Inc.). Nearly one-half of the rental supply in the HMA is in structures with five or more units, typically apartments. The average apartment rent in the HMA increased 2 percent from the second quarter of 2019 to the second quarter of 2020 to \$990 a month. The 2-percent rent growth in the past year was one-half the average annual increase of 4 percent from 2010 to 2019. During the 3-year forecast period, demand is expected for 18,500 additional rental units. The 7,000 units currently under construction are expected to meet the demand during the first year of the forecast.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
San Antonio-New Braunfels HMA		
Total Demand	24,450	18,500
Under Construction	3,850	7,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2020. The forecast period is from the current date (August 1, 2020), to August 1, 2023.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Government

The military has a large presence in the HMA, and the effect on the local economy is significant.

Primary Local Economic Factors

JBSA had an annual economic impact of \$41.3 billion on the HMA during 2019 (Texas Comptroller of Public Accounts). As the largest employer in the HMA, JBSA employs an estimated 80,000 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 Commission (BRAC). The 2005 BRAC recommendations also resulted in the military consolidating several medical and training facilities within the HMA from 2008 through 2011. The San Antonio Military Medical Center, which encompasses the functions of the former Brooke Army Medical Center and multiple other medical facilities, was completed in 2010, and the \$1.2 billion, tri-service Medical Education and Training Campus (METC), which consolidated five major training centers from across the United States, was completed in 2011. Training at the METC and basic training at Lackland AFB have evolved this year to address the pandemic and ensure that airmen are safe

and healthy while maintaining staffing levels throughout the Air Force. During the 12 months ending July 2020, the government sector added 600 jobs, an increase of 0.3 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	80,000
H-E-B, LP	Wholesale & Retail Trade	20,000
United Services Automobile Association	Financial Activities	19,400
Methodist Healthcare	Education & Health Services	9,620
City of San Antonio	Government	9,145
Baptist Health System	Education & Health Services	6,383
Wells Fargo & Company	Financial Activities	5,152
Harland Clarke Corp.	Financial Activities	5,000
JPMorgan Chase & Co.	Financial Activities	5,000
Bill Miller Bar-B-Q Enterprises, Ltd	Wholesale & Retail Trade	4,000

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 40,100 uniformed military personnel, who are not included in nonfarm payroll survey data.

Source: San Antonio Economic Development Foundation

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

	12 Months Ending July 2019	12 Months Ending July 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	1,069.5	1,063.2	-6.3	-0.6
Goods-Producing Sectors	116.3	119.4	3.1	2.7
Mining, Logging, & Construction	65.5	67.6	2.1	3.2
Manufacturing	50.8	51.8	1.0	2.0
Service-Providing Sectors	953.3	943.8	-9.5	-1.0
Wholesale & Retail Trade	150.1	149.0	-1.1	-0.7
Transportation & Utilities	31.5	34.1	2.6	8.3
Information	20.4	19.6	-0.8	-3.9
Financial Activities	93.4	93.8	0.4	0.4
Professional & Business Services	142.0	140.8	-1.2	-0.8
Education & Health Services	166.8	165.2	-1.6	-1.0
Leisure & Hospitality	137.1	130.0	-7.1	-5.2
Other Services	39.4	38.3	-1.1	-2.8
Government	172.5	173.1	0.6	0.3

Notes: Based on 12-month averages through July 2019 and July 2020. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

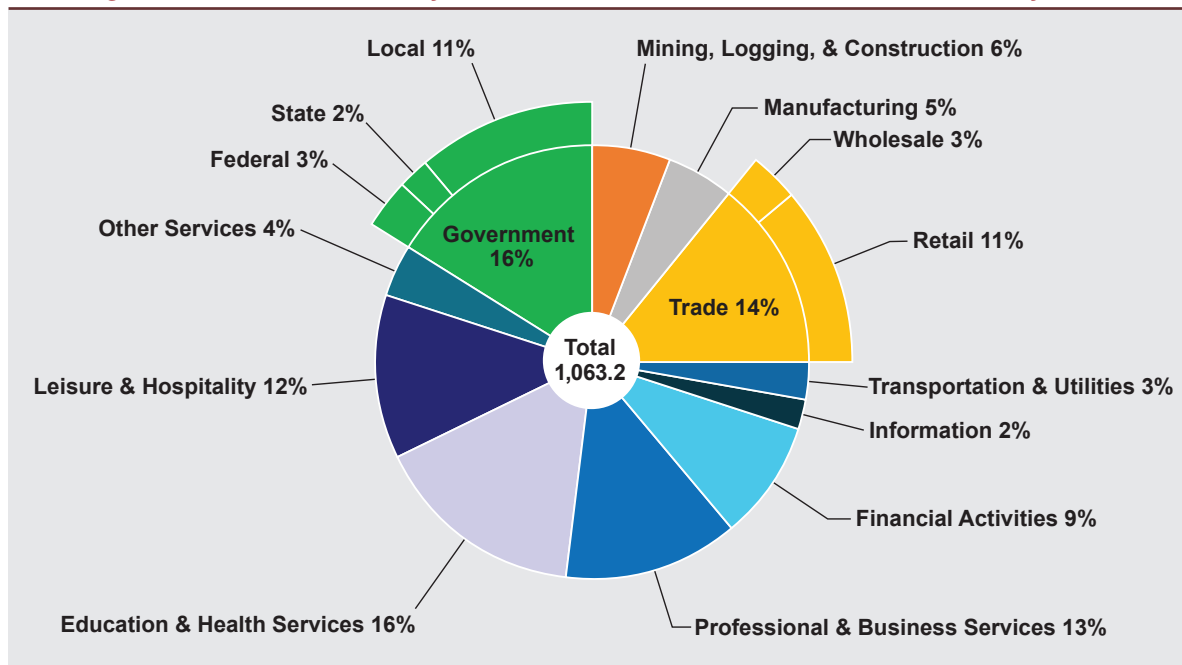


Tourism has remained an increasingly important economic component of the HMA during the past two decades, and the leisure and hospitality sector expanded by more than 75 percent from 2000 through 2019, the second-fastest growing sector in the HMA during the period. The COVID-19 outbreak had a significant impact on tourism in the HMA, as countermeasures to limit the contagion of the virus significantly limited travel and events where social distancing was not possible. Through July 2020, nearly 230 events have been canceled in the HMA. This will result in a severe decline in the hospitality industry, which in 2017 generated more than \$15.2 billion in the HMA (San Antonio Convention and Visitors Bureau). Reduced travel to the HMA has resulted in a 46-percent decline in hotel occupancy tax revenue year-to-date through July 2020.

Current Conditions— Nonfarm Payrolls

Economic conditions in the HMA are currently weak, with nonfarm payrolls declining by 6,300 jobs, or 0.6 percent, to 1.06 million during the 12 months ending July 2020. Current job losses were preceded by an increase of 19,500 jobs, or 1.9 percent, during the 12 months ending in July 2019. Employment within the government and the education and health services sectors, which represent a combined 32 percent of nonfarm payrolls, provides a stable base for the local economy (Figure 1).

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



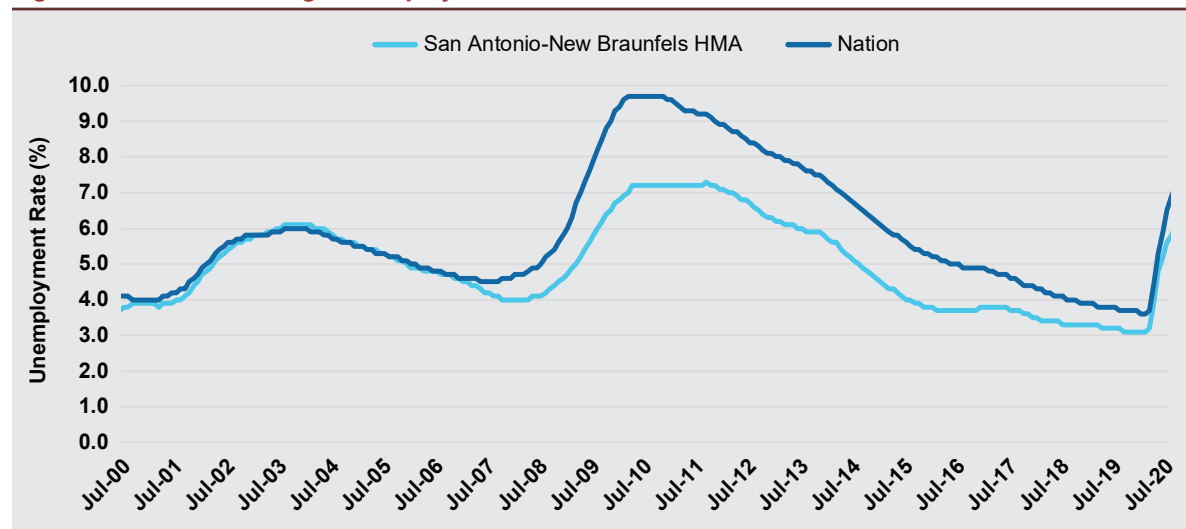
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through July 2020. Source: U.S. Bureau of Labor Statistics

Six of the 11 employment sectors lost jobs during the 12 months ending July 2020. The leisure and hospitality sector led the decline, with a loss of 7,100 jobs, or 5.2 percent. Job losses in the leisure and hospitality sector were directly attributed to the countermeasures used to limit the contagion of COVID-19. The impacts on the leisure and hospitality sector are expected to continue into the forecast, as commercial travel is likely to be slow to return. The mining, logging, and construction and the manufacturing sectors added 2,100 and 1,000 jobs, or 3.2 and 2.0 percent, respectively. Job gains in the mining, logging, and construction sector were partly due to increased single-family housing construction, which has continued to expand despite the COVID-19 pandemic. Nonfarm payroll losses during the 3 months ending July 2020 were greatest in the leisure and hospitality and the education and health services sectors, which declined by 22,800 and 10,400 jobs, or 16.1 and 6.2 percent, respectively, from the same 3-month period a year earlier. The impacts of the COVID-19 pandemic include the delay of medical procedures, both elective and urgent, as patients fear contracting the virus.

Current Conditions— Unemployment

The unemployment rate averaged 5.6 percent during the 12 months ending July 2020, up from 3.2 percent during the previous 12 months and down from the recent 12-month peak of 7.2 percent during 2010 (Figure 2). On March 23, 2020, San Antonio Mayor Ron Nirenberg declared a public health emergency and issued a stay-at-home order for all non-essential workers in the city of San Antonio. During April 2020, the unemployment rate rose to 13.3 percent, up from 4.5 percent during March 2020. The unemployment rate has declined as restrictions have lessened. In May, June, and July 2020, the unemployment rate fell to 12.7 percent, 8.3 percent, and 7.9 percent, respectively. During the most recent 12-month period, the respective rates for the state and nation were 5.9 percent and 6.5 percent compared with 3.6 percent and 3.8 percent a year ago.

Figure 2. 12-Month Average Unemployment Rate in the San Antonio-New Braunfels HMA and the Nation



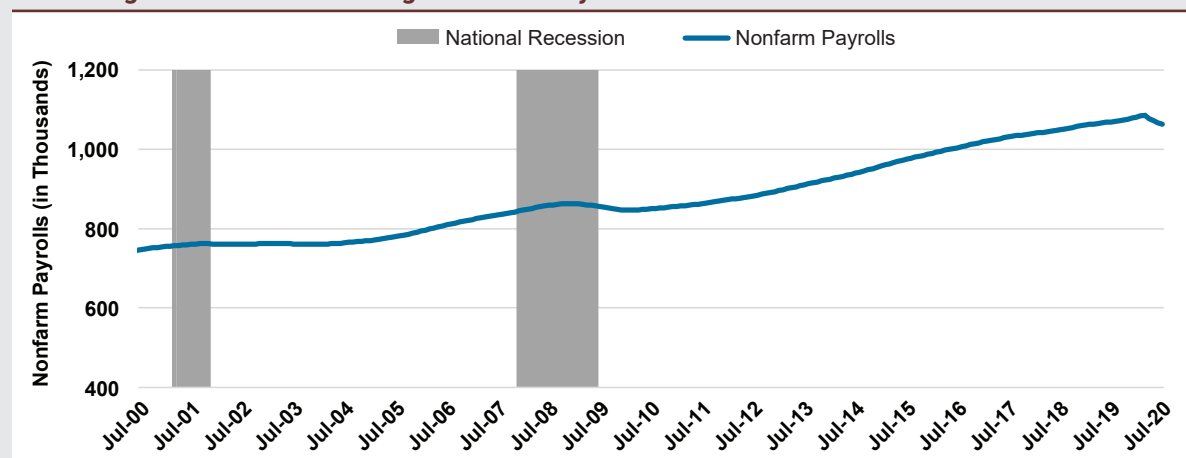
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2001 Through 2003

Nonfarm payrolls in the HMA increased by an average of 2,100 jobs, or 0.3 percent, annually, from 2001 through 2003 (Figure 3). Job growth in service-providing sectors offset job losses in goods-producing sectors during the period. The education and health services and the leisure and hospitality sectors led job growth, adding an average of 3,100 and 1,500 jobs, or 3.3 and 1.8 percent, annually, respectively. The impacts of the 2001 national recession, and the subsequent decline in consumption nationally, contributed to the

Figure 3. 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



average annual decline in the manufacturing sector of 3,000 jobs, or 5.7 percent, during the period.

2004 Through 2008

Payrolls in the HMA increased an average of 20,700 jobs, or 2.6 percent, annually from 2004 through 2008, reaching a high of 863,600 jobs. Gains occurred in 9 of 11 sectors, led by the professional and business services, the education and health services, and the leisure and hospitality sectors, which added 4,000, 3,700, and 3,300 jobs, or 4.0, 3.5, and 3.7 percent, annually, respectively. Strong economic growth during this period coincided with strong in-migration, as workers relocated to the HMA in search of jobs. Although no net additions occurred in the manufacturing sector during the period, 2,000 manufacturing jobs were added in 2006 when Toyota Motor Corporation opened an \$850 million manufacturing facility, which contributed to the relative stability of the sector during the period.

2009 Through 2012

As a result of the Great Recession, which lasted from December 2007 until June 2009, payrolls in the HMA declined in 2009 by 15,800 jobs, or 1.8 percent. The effects of the Great Recession were moderate in the HMA, in part because of strong growth in the education and health services sector and the stability of the government

sector. The education and health services and the government sectors added 5,300 and 4,300 jobs, or 4.5 and 2.7 percent, respectively, during 2009. By contrast, the professional and business services and the mining, logging, and construction sectors lost the most jobs, with losses of 7,300 and 5,900, or 6.6 and 10.3 percent, respectively.

Economic recovery in the HMA began in 2010. From 2010 through 2012, nonfarm payrolls in the HMA grew by an average of 15,300 jobs, or 1.8 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, which is in the city of San Antonio, to 3,200 workers. By comparison, the economy of the nation was slower to recover, with average nonfarm payroll losses of 2.5 percent annually during 2009 and 2010.

2013 Through 2016

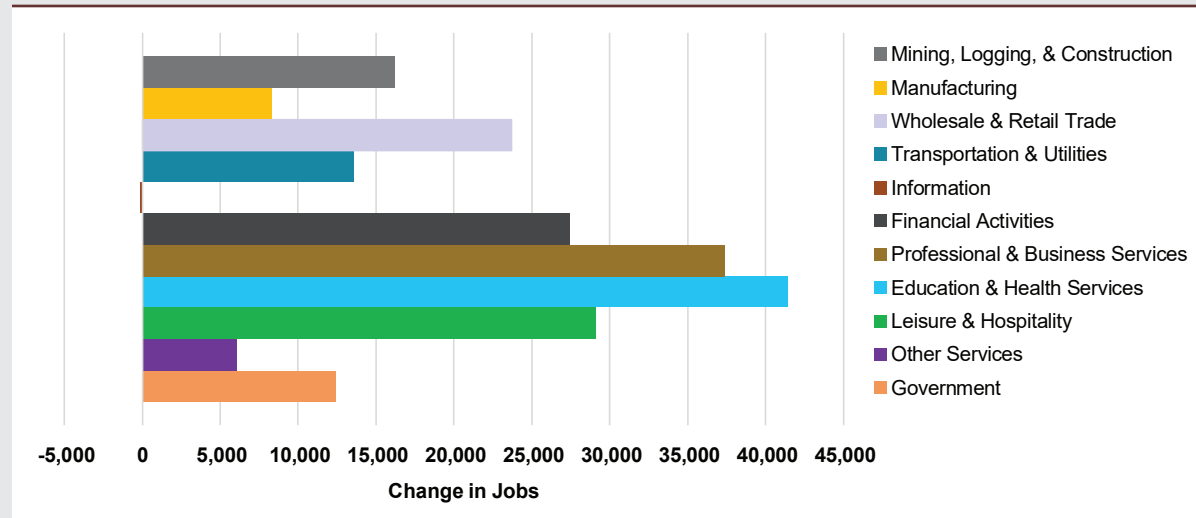
All sectors added jobs from 2013 through 2016 as the recovery transitioned to an expansion. Nonfarm payrolls increased by an average 30,800, or 3.3 percent, led by the professional and business services and the education and health services sectors, which added 5,100 and 4,900 jobs, or 4.3 and 3.4 percent, annually, respectively. HEB Grocery Company, LP, the second largest employer in the HMA, opened the HEB Arsenal Headquarters in San Antonio in late 2013, contributing to the gains during this period. Strong economic growth resulted in increased population growth during the period and builders responded with increased home construction. The mining, logging, and construction sector added 2,900 jobs, or 5.8 percent, annually during the period.

2017 Through 2018

Economic growth began to slow in 2017 following 4 years of stronger growth as in-migration slowed. Nonfarm payrolls increased by an average 21,200, or 2.1 percent, annually from 2017 through 2018, led by the professional and business services and the education and health services sectors, which added 4,900 and 4,000 jobs, or 3.7 and 2.5 percent, annually, respectively. The education and health services sector has been one of the fastest-growing in the HMA since 2010, expanding by more jobs than any other sector during the period, and has added jobs every year during the past two decades (Figure 4). The healthcare and bioscience industry constitutes a large portion of the jobs in the education and health services sector. In total, the industry encompasses 182,000 employees (including military members assigned to the San Antonio Military Medical Center, who are not counted in nonfarm payrolls), or nearly one of every six workers in the HMA, and had an economic impact of \$40 billion in 2017 (Trinity University study, 2018).



Figure 4. Sector Growth in the San Antonio-New Braunfels HMA, 2010 to Current



Note: The current date is August 1, 2020.
 Source: U.S. Bureau of Labor Statistics

Employment Forecast

Job growth in the HMA is expected during the forecast period with slower growth in the first year as a significant portion of the population continues to social distance. During the next 3 years, payrolls are expected to increase an average of 1.7 percent annually.

The goods-producing and the service-providing sectors are both expected to contribute to payroll growth during the next 3 years. Toyota Motor Company (hereafter, Toyota) is investing \$391 million to expand the existing truck assembly plant in San Antonio to include production of the Toyota Tundra. Toyota and the 23 suppliers on-site employ more than 7,200 workers. Aisin Seiki Co., Ltd. will also be investing \$400 million to build a production facility in the city of Cibolo, to provide parts for Toyota, which will employ 900 workers when complete in 2021. As measures to restrict the spread of the COVID-19 virus ease, the leisure and hospitality sector is expected to expand rapidly. Thompson San Antonio, a 162-room luxury hotel is scheduled to open in late 2020 on the Riverwalk in San Antonio and contribute to increases in leisure and hospitality sector jobs.



Population and Households

Current Population: 2.59 million

Population growth has slowed since 2015 as net natural change and net in-migration have both declined.

Population and Migration Trends

From 2000 to 2005, the population of the HMA increased by an average of 35,150, or 2.0 percent, annually, when economic growth was slowest. Population growth increased from 2005 to 2008 as economic growth strengthened, adding 55,000 people, or 2.8 percent, annually, with 67 percent of the growth, or 36,700 people, resulting from in-migration. Although the Great Recession in 2009 slowed economic and population growth, the HMA was not impacted as significantly as other areas in the nation. From 2008 to 2013, population growth slowed to 43,750 people, or 2.0 percent, annually. Net in-migration during this period averaged 26,600 and net natural change averaged 17,150. Population growth increased slightly to an average of 48,750 people, or 2.1 percent, annually, during the 2013-to-2016 period. During this period, when nonfarm payroll growth was the strongest, average net in-migration increased to 31,800 people annually. Strong job growth continued to attract workers from other areas during this period, even as economic condition in the nation expanded.

As economic conditions slowed from recent highs, population growth slowed slightly. From 2017 to 2019, the population of the HMA grew by an average of 39,400 people annually, or 1.6 percent, as average net in-migration slowed to 25,350 and net natural change slowed to 14,050. The rate of net natural change reached a recent peak of 17,050 people from 2015 to 2016 but has been in steady decline since.

As of August 1, 2020, the population of the San Antonio HMA is estimated at 2.59 million (Table 3). From 2019 to current, population growth averaged 33,400 people, or 1.3 percent, annually; net in-migration accounted for 58 percent of the increase, or 19,400 people, partly reflecting the weak job growth in the HMA and decline in mobility due to the impacts of the response to the COVID-19 pandemic. Average net natural change of 14,000 people a year accounted for the remaining 42 percent of population growth during this period. Figure 5 shows the components of population change for periods of significance between 2000 and the forecast date.

Population Forecast

Population growth is expected to continue during the 3-year forecast period at a similar rate to the past year, given weak economic conditions due to the impacts of the response to the COVID-19 pandemic and the likely slow recovery of the leisure and hospitality industry in the HMA. Population is expected to reach 2.69 million by August 1, 2023, reflecting average annual growth of 35,350 people, or 1.3 percent. Net in-migration will continue to account for most of the population growth, as economic growth in the HMA continues.

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

	2010	Current	Forecast	
Population Quick Facts	Population	2,142,508	2,587,000	2,693,000
	Average Annual Change	43,100	43,050	35,350
	Percentage Change	2.3	1.8	1.3
Household Quick Facts	Households	763,022	924,100	962,800
	Average Annual Change	16,200	15,600	12,900
	Percentage Change	2.4	1.9	1.4

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (August 1, 2020) to August 1, 2023.

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



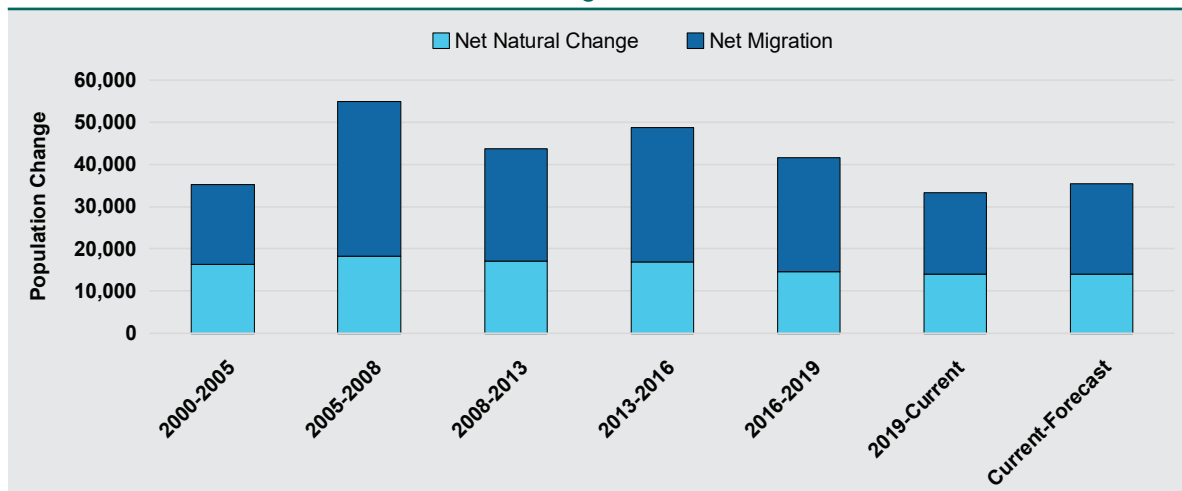
Household Trends

Household growth in the HMA has generally reflected population growth trends since 2000. As of August 1, 2020, the number of households is estimated at 924,100. Since 2010, households increased by an average of 15,600, or 1.9 percent, a year, slightly above the 1.8-percent population growth. From 2000 to 2010, households increased by an average of approximately 16,200, or 2.4 percent, a year, slightly faster than the 2.3-percent population growth. An estimated 61.1 percent of households in the HMA are homeowners, down from a homeownership rate of 64.0 percent in 2010 (Figure 6). Conversely, renter household formation has accelerated slightly since 2010, increasing at an average annual rate of 2.6 percent, or 8,200 households, compared with an average annual increase of 2.5 percent, or 6,100 households, during the 2000-to-2010 period.

Household Forecast

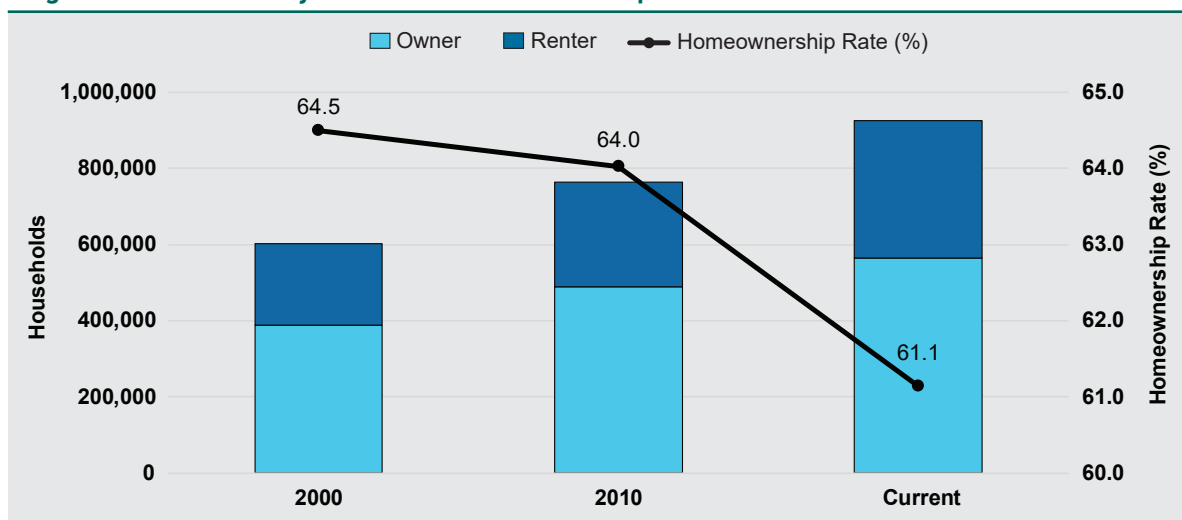
Because economic conditions are expected to moderate and net in-migration will likely slow, household growth in the HMA is expected to decrease to an average of 12,900, or 1.4 percent, annually during the next 3 years. Roughly 60.5 percent of the additional households are expected to be homeowners, down from the current homeownership rate of 61.1 percent, as weakening economic conditions keep homeownership out of reach for many potential first-time buyers.

Figure 5. Components of Population Change in the San Antonio-New Braunfels HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (August 1, 2020) to August 1, 2023.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Figure 6. Households by Tenure and Homeownership Rate in the San Antonio-New Braunfels HMA



Note: The current date is August 1, 2020.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst



Home Sales Market

Market Conditions: Balanced

During the 12 months ending July 2020, a decline in regular resale home sales more than offset an increase in new home sales, resulting in total home sales declining 2 percent.

Current Conditions

The sales housing market in the San Antonio HMA is currently balanced, with an estimated sales vacancy rate of 1.5 percent (Table 4), down from 2.0 percent in April 2010. The for-sale inventory for single-family homes in the HMA fell from a 3.7-month supply in July 2019 to a 2.6-month supply in July 2020 (Real Estate Center at Texas A&M University). New and existing home sales in the HMA declined to 59,000 homes sold during the 12 months ending July 2020, down 2 percent compared with the previous 12 months, as the availability of regular resale homes declined. During the same period, the average new and existing home sales price increased 5 percent to \$266,900.

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

Home Sales Quick Facts	San Antonio-New Braunfels HMA	Nation
	Vacancy Rate	1.5%
Months of Inventory	2.6	2.5
Total Home Sales	59,000	5,895,000
1-Year Change	-2%	-7%
New Home Sales Price	\$294,700	\$388,600
1-Year Change	0%	1%
Existing Home Sales Price	\$260,000	\$307,900
1-Year Change	6%	5%
Mortgage Delinquency Rate	4.5%	4.2%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending July 2020; and months of inventory and mortgage delinquency data are as of July 2020. The current date is August 1, 2020.

Sources: CoreLogic, Inc.; Real Estate Center at Texas A&M

Home Sales

Regular resale home sales in the HMA peaked at 44,200 homes sold during 2006, before falling from 2007 through 2011, and then increased each year through 2019 (CoreLogic, Inc., with adjustments by the analyst). From 2002 through 2006, regular resale home sales increased by 2,750 sales, or 8 percent, annually. Sales fell an average of 11 percent, or by 3,875 sales, annually from 2007 through 2011, to 24,900 sales—a result of the national housing crisis. From 2012 through 2019, regular resale home sales rose by an average of 2,800, or 8 percent, annually. During the 12 months ending July 2020, regular resale home sales declined to 44,900, down 5 percent from a year earlier. By comparison, the 47,050 regular resale homes sold during the 12 months ending July 2019 was a 2-percent increase from a year prior. The recent decline in regular resale homes has coincided with a decline in home sales inventory.

New home sales have increased every year since 2011 except for 1 year of decline in 2018. The 11,800 new home sales during the 12 months ending July 2020 represented an increase of 7 percent from a year earlier (CoreLogic, Inc.). By comparison, 11,050 new homes were sold during the 12 months ending July 2019, up 3 percent from a year prior. From 2007 through 2011 new homes sales declined an average of 20 percent annually to a recent low of 6,525 home sales in 2011. New homes sales



increased from 2012 through 2017 by 730 homes, or 9 percent, annually, when the economy was strongest. New home sales subsequently declined by 4 percent during 2018, following a year of slower nonfarm payroll growth, before increasing through July 2020. (Figure 7).

Distressed home sales in the HMA peaked at 6,650 homes sold during 2010 before falling during 2011, increased during 2012, and then declined each year through 2018 (CoreLogic, Inc.). During 2011, distressed home sales fell by 1,125, or 17 percent. Sales increased by 10 percent or by 530 sales to 6,050 sales during 2012. From 2013 through 2017, distressed home sales declined by an average of 760, or 18 percent, annually. During the 12 months ending July 2020, distressed home sales were virtually unchanged from the 2,250 sales during a year earlier.

Delinquent Mortgages and REO Properties

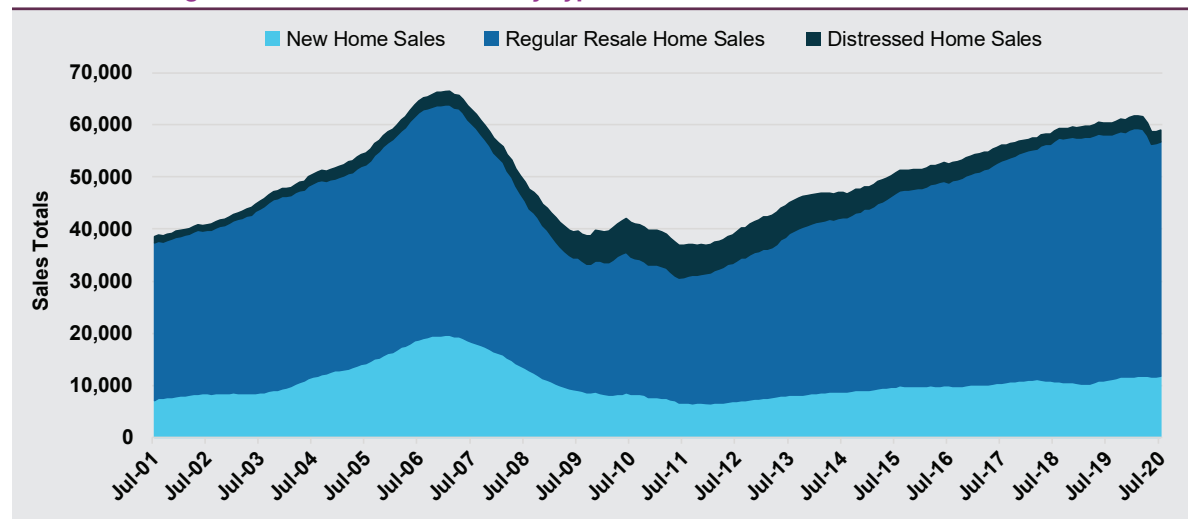
In July 2020, 5.0 percent of home loans in the San Antonio HMA were seriously delinquent or had transitioned into REO (real estate owned) status, up from 1.4 percent a year earlier and less than the peak 5.6-percent rate in January 2010 caused by the Great Recession and foreclosure crisis

(CoreLogic, Inc.). By comparison, the national percentage of seriously delinquent mortgages and REO properties was 4.2 percent in July 2020, up from 1.4 percent a year earlier and significantly below the peak rate of 8.6 percent in January 2010. The rate of seriously delinquent mortgages and REO properties in the HMA have increased during the past year primarily a result of increased unemployment from the impacts of the responses to limit the spread of the COVID-19 virus.

Home Sales Prices

The prevalence of distressed sales in the HMA during the late 2000s impacted home prices by providing a lower cost alternative to regular resale home sales, particularly from 2008 through 2009, when regular resale home prices declined an average of 4 percent, or \$7,500, annually. The average sales price in the HMA for regular resale homes increased every year since 2010, as distressed sales have generally become less common. From 2009 through 2012, 19 percent of existing sales were distressed. The portion of existing sales that were distressed declined to 11 percent from 2013 through 2016, and since 2017, distressed sales have represented less than 5 percent of existing sales. From 2010 through 2011, when economic growth was slowest following the Great Recession, the average regular resale home sales price increased 3 percent annually to \$178,600. When nonfarm

Figure 7. 12-Month Sales Totals by Type in the San Antonio-New Braunfels HMA



Source: CoreLogic, Inc. with adjustments by the analyst

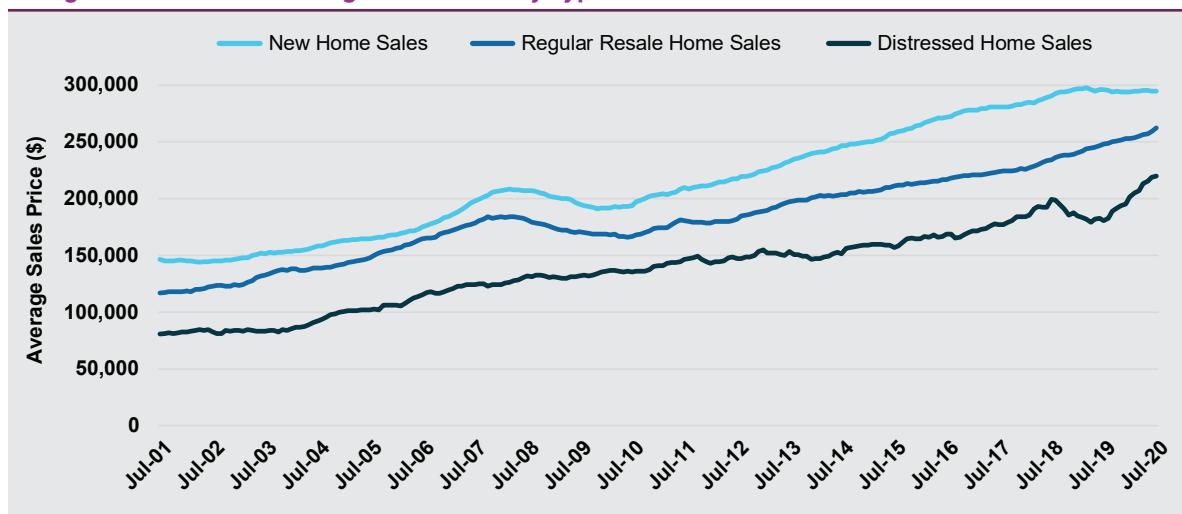


payroll growth was strongest, from 2012 through 2016, the average regular resale home price increased by 4 percent annually to \$219,900. From 2017 through 2018, as distressed home sales fell below 5 percent, the average regular resale home sales price continued to increase an average of 4 percent annually to \$239,200. During the 12 months ending July 2020, the average sales price for regular resale homes was \$262,000, up 6 percent from a year ago.

The average sales price for a new home during the 12 months ending July 2020 was \$294,700, reflecting a decline of less than 1 percent from a year earlier. By contrast, the average new home sales price increased 2 percent during the previous 12 months, to approximately \$295,600. From 2011 through 2018, the average sales price increased 5 percent annually (Figure 8). During the 12 months ending July 2020, nearly 48 percent of new homes sold were in the \$200,000-to-\$299,999 sales price range (Figure 9).

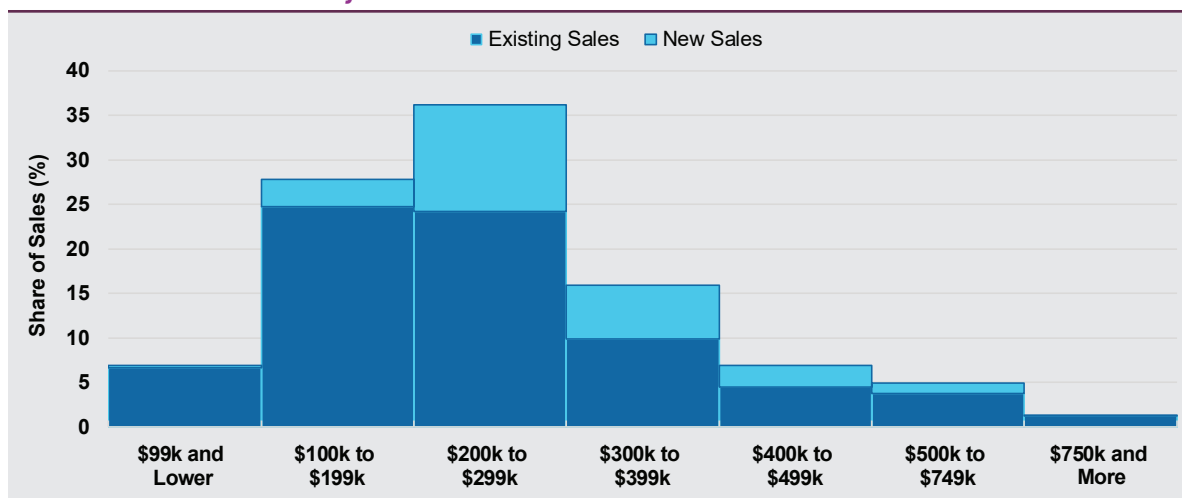
The average sales price for a distressed home during the 12 months ending July 2020 was \$219,900, reflecting an increase of 22 percent from a year earlier, coinciding with an increase of seriously delinquent mortgages and increased unemployment. By contrast, the average distressed home sales price declined 9 percent during the previous 12 months to approximately \$180,300. During 2013, the average distressed

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 July 2020 in the San Antonio-New Braunfels HMA



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company



home sales price declined \$6,425, or 4 percent, and then from 2014 through 2018, the average distressed home sales price increased by an average of \$8,100, or 5 percent, annually.

Sales Construction Activity

Beginning in 2007, increasingly stringent lending practices, slower population growth, and a weakening economy around the local economic downturn led to a decline in the demand for new homes, resulting in a decline in the number of homes permitted (including single-family homes, townhomes, and condominiums), compared with the 2003-through-2006 period (Figure 10). New home construction was strong from 2003 through 2006, when an average of 13,350 homes were permitted annually. The housing crisis in the San Antonio HMA began in 2007 and resulted in slower new home construction activity that lasted through 2011; during the weakened economy, demand for new housing fell, despite lower average new home prices. Home construction fell an average of 20 percent annually from 2007 through 2011 to 4,850 units. As the economy expanded, migration into the HMA increased and consumer confidence

returned, which led to an increase in the demand for new homes beginning in 2012. New home construction increased an average of 8 percent annually from 2012 through 2015. During 2016, an average of 6,550 homes were permitted, a decline of 2 percent from the previous year. From 2017 through 2018, new home construction increased by 11 percent, or 750 homes, annually. During the 12 months ending July 2020, the number of homes permitted increased 19 percent from the previous 12 months to 9,825 units permitted (preliminary data).

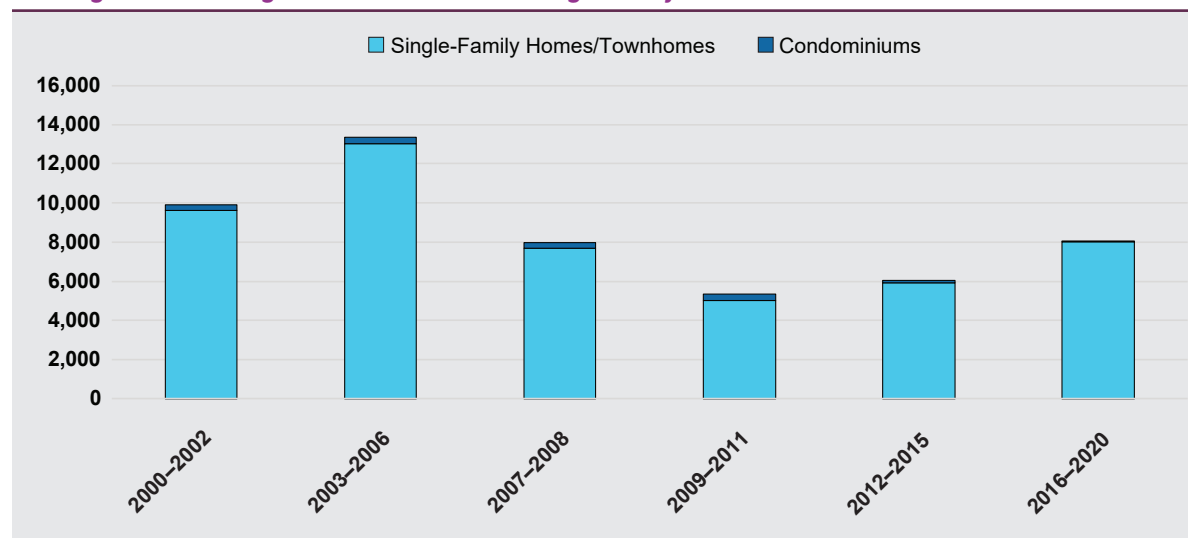
New Construction

Recent new home construction has been concentrated in areas to the west of the city of San Antonio and along the Interstate 35 (I-35) corridor between San Antonio and New Braunfels. New developments include Meyer Ranch, which began construction in 2019 on 690 acres in the city of New Braunfels. Meyer Ranch is expected to include approximately 1,600 single-family homes and 113 condominiums when complete, with new home sales prices starting at \$245,000. New three-bedroom, single-family homes in the HMA are available starting in the low \$100,000s, although those prices are primarily limited to the outlying areas of Bexar County.

Housing Affordability

Homeownership in the San Antonio HMA has historically been relatively affordable, but

Figure 10. Average Annual Sales Permitting Activity in the San Antonio-New Braunfels HMA



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

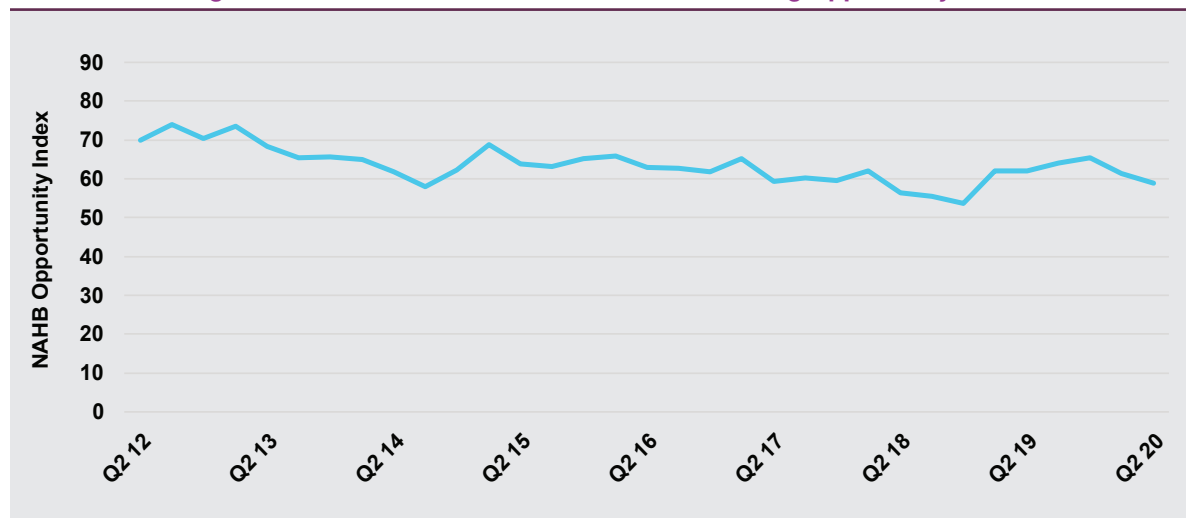
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



the affordability of buying a home in the area has declined since 2010. A large number of distressed home sales, which peaked during 2010, contributed to lower prices during the foreclosure crisis. Excess inventory has since been absorbed, which has put upward pressure on sales prices. The National Association of Home Builders (NAHB) and the Wells Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 58.9 during the second quarter of 2020, down from 62.0 during the second quarter of 2019 (Figure 11). During the most recent quarter, 157 metropolitan areas out of the 238 metropolitan areas measured, or 66 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 a rating of 53.7 but has since increased from the recent low value. Since 2012, the HOI has generally trended downward, indicating an overall decline in affordability, because home prices have risen and lending standards have remained high, reducing the number of potential new homeowners in the HMA, which is reflected in the decline in homeownership from 64.0 percent in 2010 down to 61.1 percent currently.

Rising home sales prices have acted as a barrier to entry into homeownership and have been

Figure 11. San Antonio-New Braunfels HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q2 = second quarter.
Sources: NAHB; Wells Fargo

particularly pronounced for the head of households aged 25 to 34 years, a prime age cohort for first-time homebuyers. From 2010 to 2019, the homeownership rate in the HMA declined 0.6 percentage points despite improved economic conditions. During this period, homeownership for head of households aged 25 to 34 years declined at a slightly faster rate than total households as affordability concerns limited the ability of this group to purchase a home; from 2010 to 2019, homeownership in this age group declined 0.8 percentage points (Table 5). By comparison, the overall homeownership rate increased 0.3 percentage points nationally during the 2010-to-2019 period and declined 0.7 percentage points for the head of households aged 25 to 34.

Forecast

During the 3-year forecast period, demand is expected for 24,450 new homes, with demand evenly distributed annually, primarily a result of strong economic conditions and steady population growth (Table 6). The 3,850 homes currently under construction will satisfy some of the demand during the first year of the forecast.



Table 5. Homeownership Rates by Age of Householder in the San Antonio-New Braunfels HMA

	San Antonio-New Braunfels HMA		Nation	
	2010	2019	2010	2019
Householder Age 25 to 34 Years	41.0	40.2	42.0	41.3
Householder Age 35 to 44 Years	62.0	60.6	62.3	61.9
Total Households	64.0	63.4	65.1	65.4

Source: 2010 Decennial Census, 2019 American Community Survey 1-year estimates

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

Sales Units	
Demand	24,450 Units
Under Construction	3,850 Units

Note: The forecast period is from the current date (August 1, 2020), to August 1, 2023.

Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

Increased rental construction activity and strong renter household growth has resulted in balanced rental market conditions in the HMA since the early 2010s.

Current Conditions and Recent Trends

Overall rental housing market conditions (which includes single-family homes, townhomes, and mobile homes for rent) in the HMA are currently balanced, with an estimated rental vacancy rate of 7.0 percent, down from 9.5 percent in 2010 when the market was soft (Table 7). Nearly one-half of the rental supply in the HMA is in structures with five or more units, typically apartments. The apartment market is also balanced. During the second quarter of 2020, the HMA had a vacancy rate of 6.2 percent, up from 5.6 percent during the same period a year earlier (Reis, Inc.). Apartment vacancy rates ranged from 5.4 to nearly 7.7 percent from 2000 through 2008. During 2009 and 2010, apartment vacancy rates increased to 10.1 and 10.4 percent, respectively, as many renters were unable to maintain rental payments during the economic weakness that resulted from the Great Recession. During the same period, many owner households shifted to renter status, and rental market

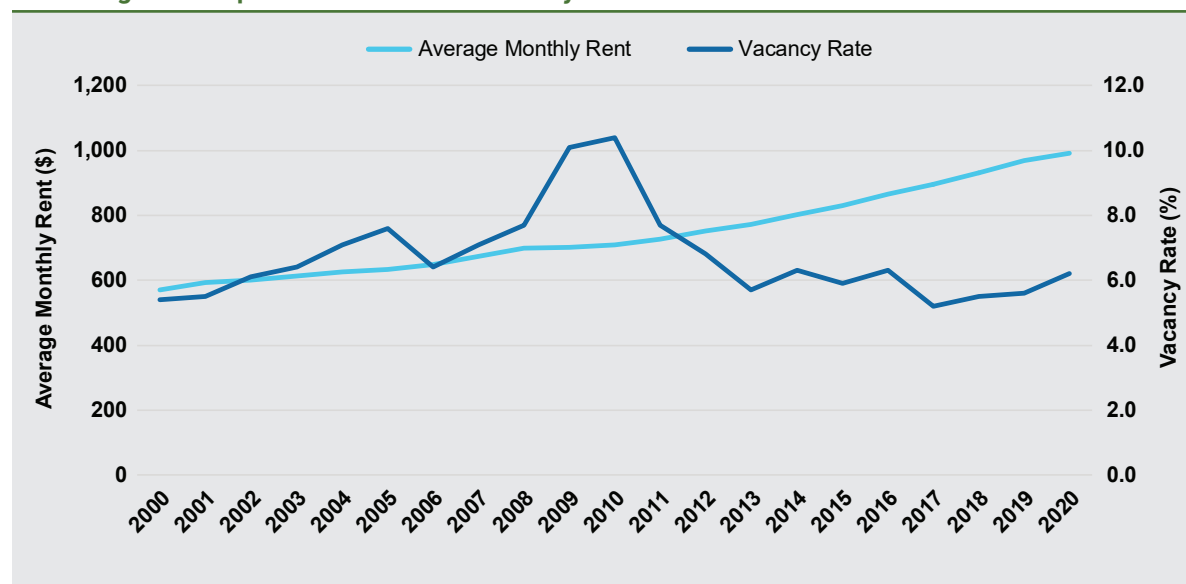
conditions began to improve. From 2011 to July 2020, average apartment vacancy rates have ranged from 5.2 to 7.7 percent (Figure 12). During this period, the rental market was balanced as a result of increased population growth, strong household preferences to rent, and a sustained economic recovery.

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

	2010 (%)	2019 (%)
Rental Vacancy Rate	9.5	7.0
Occupied Rental Units by Structure		
Single-Family Attached & Detached	37.0	33.0
Multifamily (2–4 Units)	11.0	14.0
Multifamily (5+ Units)	45.0	49.0

Notes: The current date is August 1, 2020. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2019 American Community Survey, 1-year data; Reis, Inc.

Figure 12. Apartment Rents and Vacancy Rates in the San Antonio-New Braunfels HMA



Source: Reis, Inc.



Average apartment rents in the HMA have increased every year since 2000. Apartment rents increased by an average of 4 percent annually from 2011 to 2019, compared with an average increase of 3 and 1 percent annually from 2001 to 2008 and 2009 to 2010, respectively. During the second quarter of 2020, the average rent was \$990, an increase of 2 percent from the same period a year earlier. The average rents by unit type were \$696 for studio units, \$851 for one-bedroom units, \$1,107 for two-bedroom units, and \$1,410 for three-bedroom units.

Market Conditions by Geography

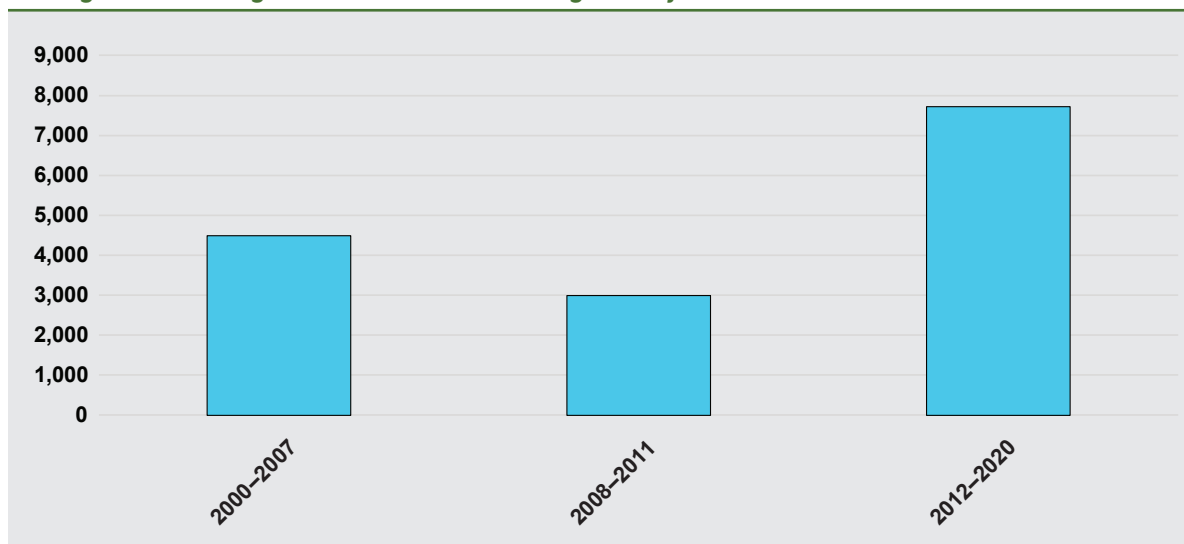
Among the 12 Reis, Inc.-defined market areas (hereafter, market areas) apartment rents are notably highest in the New Braunfels-I-35 East market area, where housing is located between the job centers in the San Antonio HMA and the Austin-Round Rock, TX MSA. The New Braunfels-I-35 East, East, and Far North Central market areas had the highest average rents in the HMA during the second quarter of 2020 at \$1,208, \$1,093, and \$1,068, reflecting rent increases of 2, 3, and 2 percent, respectively, compared with the same period a year earlier. The apartment vacancy rates in the three market areas were 5.1, 6.3, and 6.7 percent, respectively. Vacancy rates are generally higher in the more affordable market areas. In the South and

Southeast market areas, average rents were \$845 and \$791, respectively, during the second quarter of 2020, with apartment vacancy rates of 8.7 and 8.5 percent, respectively, the highest in the HMA. All market areas in the HMA had rent increases during the second quarter of 2020, compared with a year earlier, ranging from less than 1 percent in the Northeast market area to nearly 13 percent in the Southeast market area. The increased vacancy and increased average rents in the Southeast market area are partially due to recently completed higher-priced units.

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; rental construction began to increase in 2012 and has remained high compared with historic levels (Figure 13). During the 12 months ending July 2020, approximately 6,825 rental units were permitted, down 25 percent compared with the 9,075 units permitted during the previous 12 months. From 2000 through 2007, an average of 4,475 rental

Figure 13. Average Annual Rental Permitting Activity in the San Antonio-New Braunfels HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through July 2020. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



units were permitted annually, followed by an average of 3,000 units permitted each year from 2008 through 2011. Builders have responded to the recent trend of increased rental demand with relatively high levels of rental construction since 2012. The number of rental units permitted increased to an average 7,850 from 2012 through 2019.

Recently Completed Rental Properties

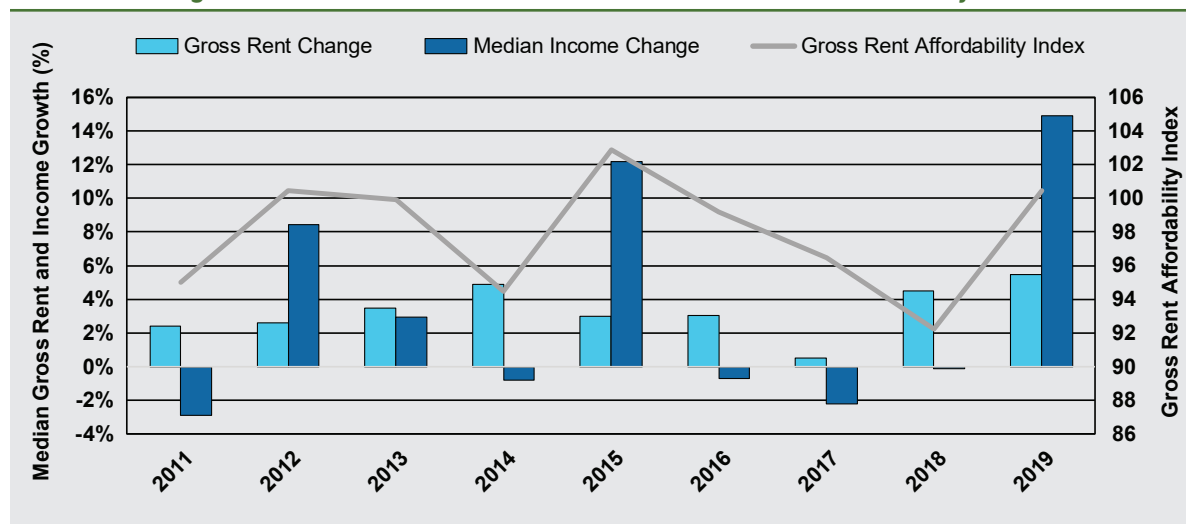
New rental construction activity in the HMA has occurred throughout the HMA, with nearly all construction occurring north of Interstate 10. Among several recently completed apartment developments is the 197-unit Liv at Westover, which opened in 2020 on the west side of San Antonio; 173 of the units are restricted to households with incomes up to 60 percent of area median income. The unit mix at Liv at Westover includes studio, one-bedroom, and two-bedroom units, with the market-rate rents ranging from \$1,256 to \$2,221. Riverhaus Creekside, a market-rate property in the city of New Braunfels, was also built in 2020, with rents for one-, two-, and three-bedroom units starting at \$1,043, \$1,450, and \$1,839, respectively. The 396-unit The Abbey at Sonterra was recently completed in early 2020 on the north side of San Antonio, with rents for one-, two-, and three-bedroom units starting at \$1,195, \$1,499, and \$1,875, respectively.

Housing Affordability: Rental

Rental housing is affordable in the San Antonio HMA, with growth in the median household income matching rental growth since 2010. The median gross monthly rent in the HMA rose 34 percent from \$788 in 2010 to \$1,057 in 2019. During the same period, the median household income for renter households also increased 34 percent, from \$31,589 in 2010 to \$42,437 in 2019. As a result, the 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 100.0 during 2019, 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.

During 2013 through 2017, 22.7 percent of all renter households in the HMA were cost burdened, spending between 30 and 49 percent of their income on rent, whereas 20.4 percent were severely cost burdened, spending more than 50 percent of their income towards rent (Table 8). Nationwide, the proportion of

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



MSA = Metropolitan Statistical Area.

Notes: Rental affordability is for the larger San Antonio-New Braunfels MSA. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.

Source: American Community Survey, 1-year data



Table 8. Percentage of Cost-Burdened Renter Households by Income in the San Antonio-New Braunfels HMA and the Nation, 2013–2017

	Cost Burdened		Severely Cost Burdened	
	San Antonio-New Braunfels HMA	Nation	San Antonio-New Braunfels HMA	Nation
Renter Households with Income <50% HAMFI	27.6	25.6	50.3	50.1
Total Renter Households	22.7	21.8	20.4	22.9

HAMFI = HUD area median family income.

Note: "Cost-burdened" households spend between 30–49 percent of their income on rent, and "severely cost-burdened" households spend over 50 percent of their income on rent.

Sources: Consolidated Planning/CHAS Data; 2013–2017 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	18,500 Units
Under Construction	7,000 Units

Note: The forecast period is from the current date (August 1, 2020), to August 1, 2023.

Source: Estimates by the analyst

renter households that were cost burdened and severely cost burdened were 21.8 and 22.9 percent, respectively. However, cost burdens are particularly notable for lower-income renter households in the HMA. For renter households with incomes less than 50 percent of the area median family income, a higher proportion of 27.6 percent were cost burdened, but 50.3 percent of the households at this income level were severely cost burdened. By comparison, 25.6 percent of lower-income renter households nationwide were cost burdened, and 50.1 percent were severely cost burdened.

Forecast

During the 3-year forecast period, demand is estimated for 18,500 additional rental units in the HMA (Table 9). The 7,000 units currently under construction are expected to meet demand during the first year of the forecast. Demand is expected to be stronger in the second and third years of the forecast period, primarily a result of improving economic conditions as the impact of the response to slow the spread of COVID-19 lessens.



Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units 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.
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.
Forecast Period	8/1/2020–8/1/2023—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.



Regular Resales	Existing sales minus distressed 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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C. Additional Notes

1.	The NAHB 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.
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D. Photo/Map Credits

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