



**XCELIGENT™**  
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# OFFICE MARKET REPORT

## San Antonio

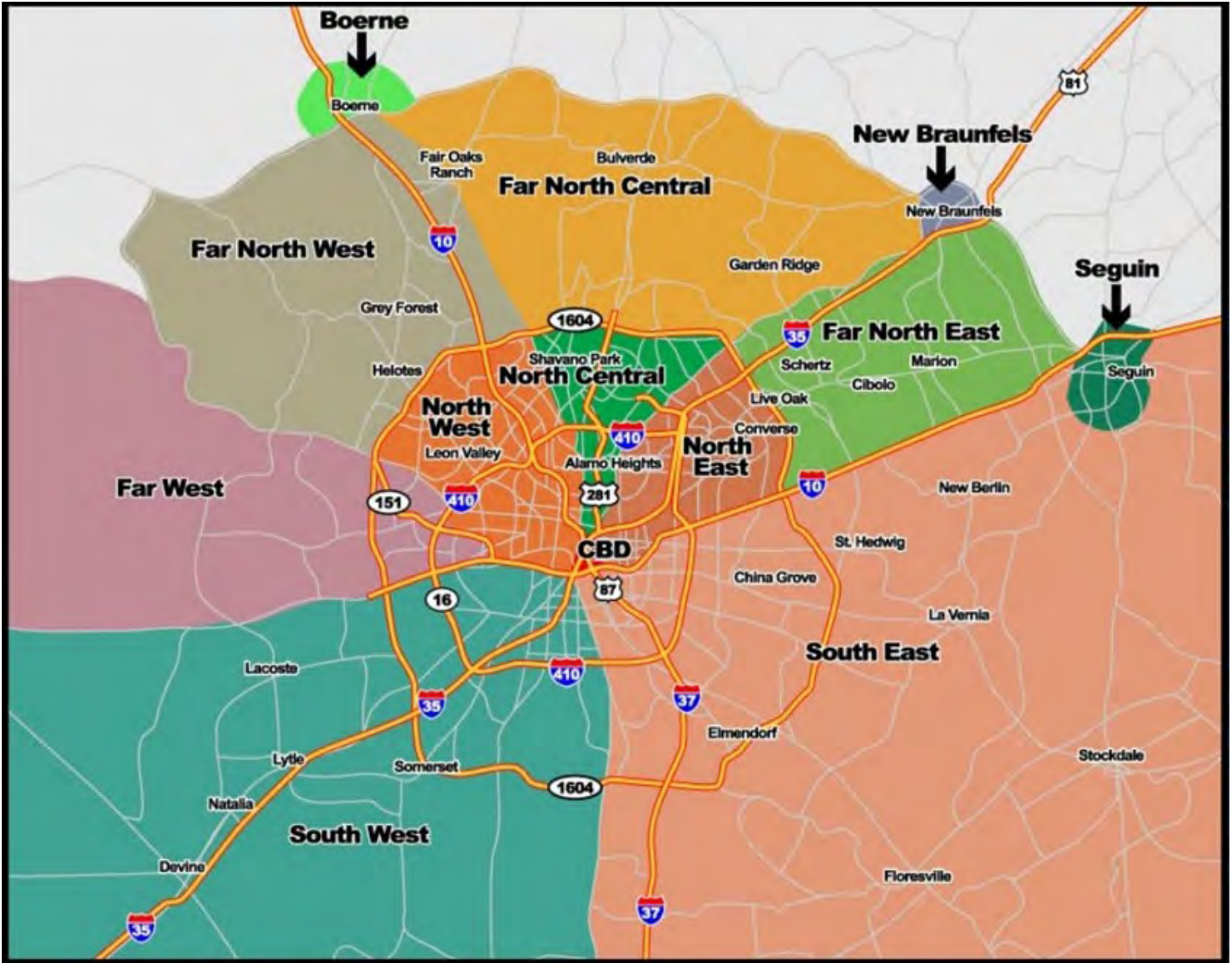
**2nd Quarter 2016**

Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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The San Antonio tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

<b>Inventory</b>	The total square feet of all existing single and multi tenant office buildings greater than 20,000 SF, excluding medical, government and owner occupied buildings.
<b>Class A</b>	Most prestigious buildings competing for premier office users with rents above the market average. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.
<b>Class B</b>	Buildings competing for a wide range of office users with average market rents. Building finishes are fair to good for the area and systems are adequate, but the property does not compete with Class A product.
<b>Total Available SF</b>	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
<b>Total Vacant SF</b>	The total of all of the vacant square footage within a building, including both direct and sublease space.
<b>Direct Vacant SF</b>	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
<b>Sublease SF</b>	Space that is offered for lease by a current tenant, or his agent, within a property.
<b>Net Absorption</b>	The net change in occupancy from quarter to quarter, expressed in square feet.
<b>Weighted Average Direct Lease Rate</b>	The weighted average of all direct asking lease rates expressed as a full service/gross rental rate and weighted on total direct available square feet. Non-full service rates (such as NNN) have been grossed up to reflect a full service/gross rate.



## Overview

- According to the Texas Workforce Commission, the unemployment rate in the San Antonio-New Braunfels MSA dropped 0.3 percentage points from 3.7% in May 2015 to 3.4% in May 2016. The San Antonio-New Braunfels statistical area job creation totaled more than 25,400 over the past year.
- The San Antonio metro absorbed over 150,000 square feet (sf) during the second quarter of 2016. Major occupiers of space included Gold Financial, KFW Engineers, USAA, and Paragon Infusion Care.
- Due to continued positive absorption and the delivery of new inventory, the Office market vacancy rate has remained steady at 18.0% at the close of second quarter 2016.
- The North Central submarket recorded the most positive absorption for Class A space in second quarter with over 50,000 square feet (sf) absorbed.

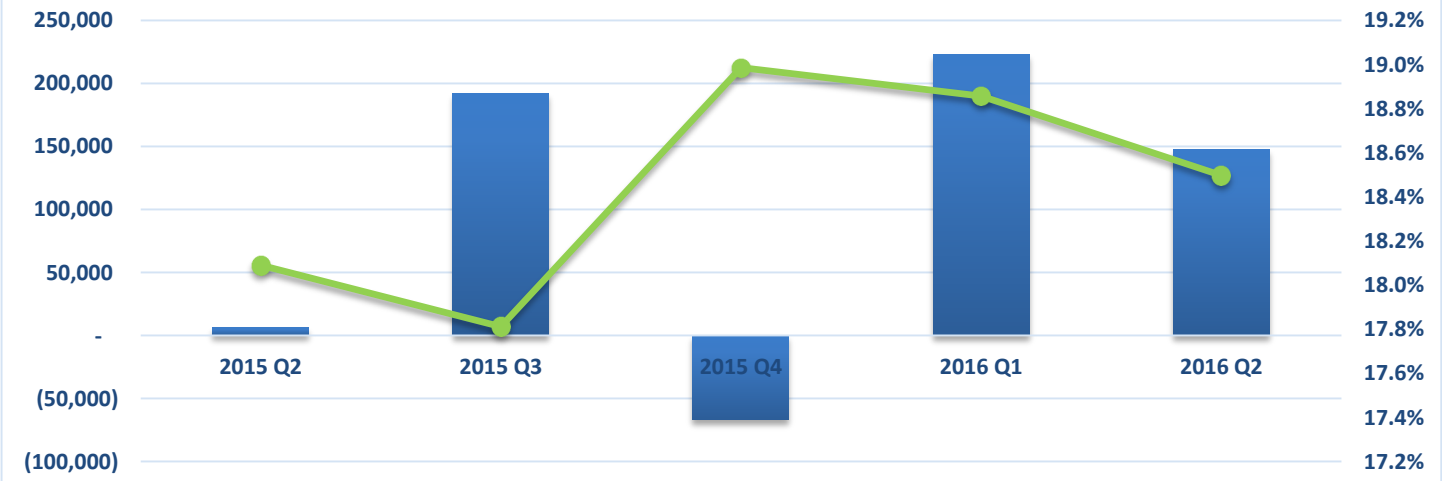
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
A	75	11,250,843	2,075,929	1,645,864	14.6%	101,676	210,959
B	297	16,545,747	3,748,151	3,333,386	20.1%	36,967	160,659
C	92	3,257,651	843,887	765,022	23.5%	8,771	(1,531)
<b>Grand Total</b>	<b>464</b>	<b>31,054,241</b>	<b>6,667,967</b>	<b>5,744,272</b>	<b>18.5%</b>	<b>147,414</b>	<b>370,087</b>

	# of Bldgs	Inventory (SF)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Absorption (SF)	YTD Direct Net Absorption (SF)
A	75	11,250,843	1,902,370	1,560,523	14%	101,683	218,778
B	297	16,545,747	3,703,088	3,311,380	20%	44,692	175,697
C	92	3,257,651	843,887	765,022	23%	8,771	5,506
<b>Grand Total</b>	<b>464</b>	<b>31,054,241</b>	<b>6,449,345</b>	<b>5,636,925</b>	<b>18%</b>	<b>155,146</b>	<b>399,981</b>

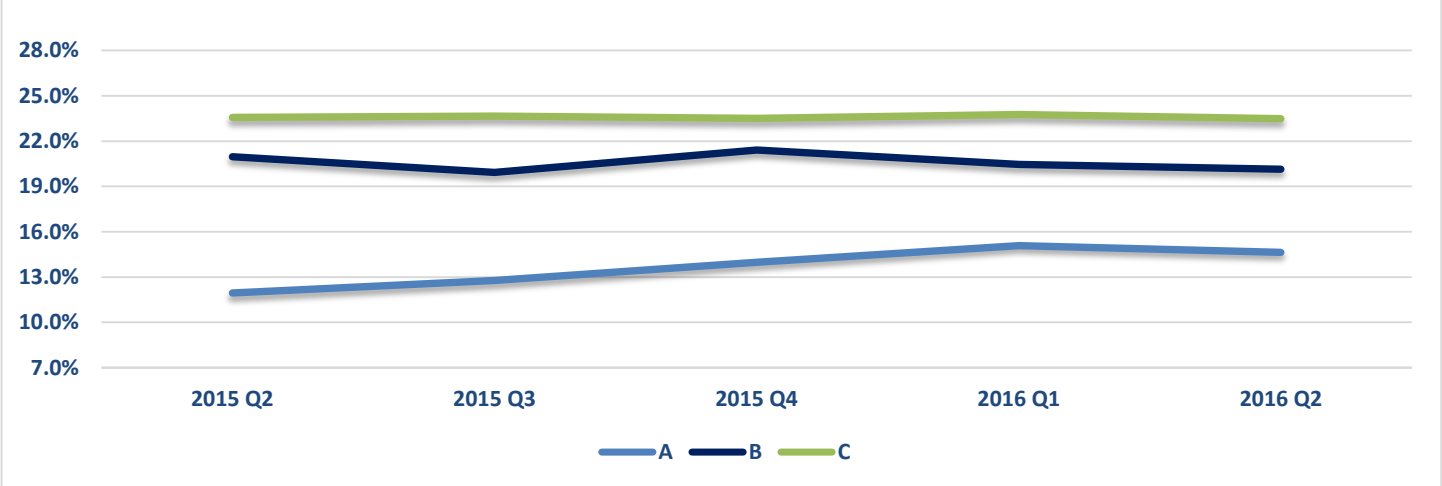
	# of Bldgs	Inventory (SF)	Sublease Available (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
A	75	11,250,843	173,559	85,341	1%	(7)	(7,819)
B	297	16,545,747	45,063	22,006	0%	(7,725)	(15,038)
C	92	3,257,651	-	-	0%	-	(7,037)
<b>Grand Total</b>	<b>464</b>	<b>31,054,241</b>	<b>218,622</b>	<b>107,347</b>	<b>0%</b>	<b>(7,732)</b>	<b>(29,894)</b>



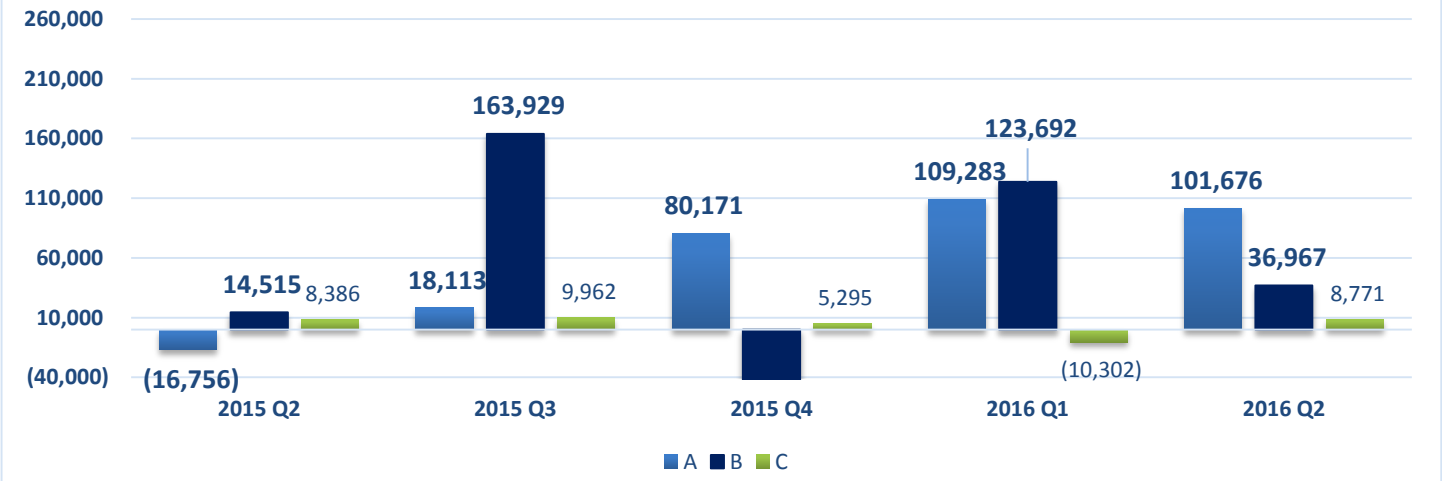
### Historical Vacancy Rate & Net Absorption



### Historical Vacancy Rates by Class



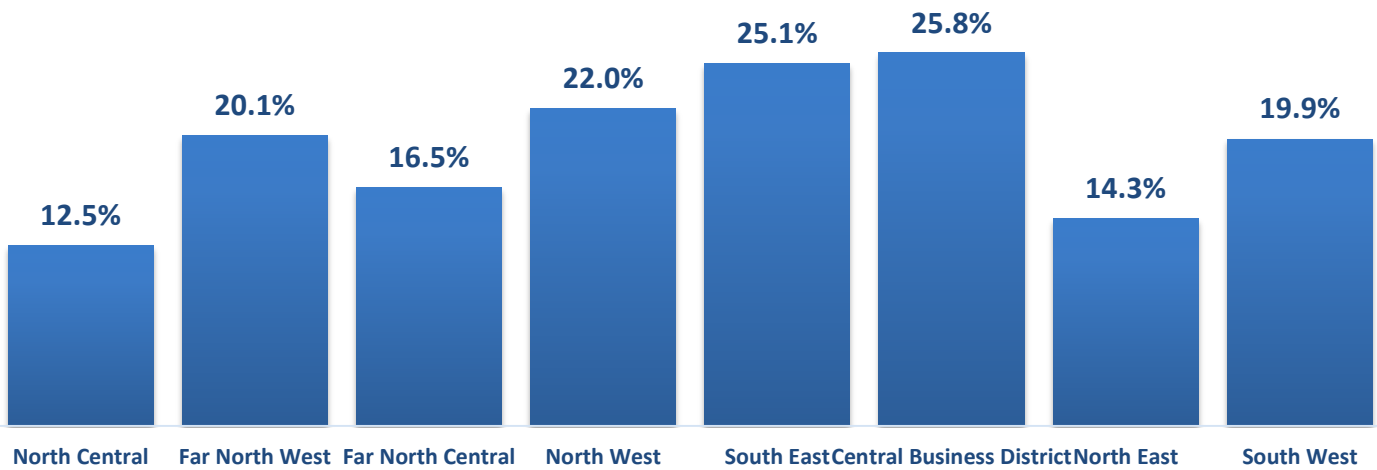
### Historical Net Absorption by Class



	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Total Vacancy Rate (%)	Total Qtrly Net Absorption (SF)	YTD Total Net Absorption (SF)
<b>A</b>	<b>75</b>	<b>11,250,843</b>	<b>1,645,864</b>	<b>85,341</b>	<b>14.6%</b>	<b>101,676</b>	<b>210,959</b>
Central Business District	7	2,099,381	252,529	-	12.0%	17,649	31,469
Far North Central	15	1,712,585	318,012	-	18.6%	(1,724)	12,899
Far North West	5	608,282	129,015	-	21.2%	-	-
Far West	3	350,733	50,091	-	14.3%	-	51,298
North Central	23	3,404,637	292,158	1,800	8.6%	54,823	23,825
North East	3	593,084	37,924	-	6.4%	-	1,218
North West	19	2,482,141	566,135	83,541	22.8%	30,928	90,250
<b>B</b>	<b>297</b>	<b>16,545,747</b>	<b>3,333,386</b>	<b>22,006</b>	<b>20.1%</b>	<b>36,967</b>	<b>160,659</b>
Central Business District	31	2,900,737	951,261	-	32.8%	(12,729)	38,616
Far North Central	48	1,261,649	165,399	-	13.1%	9,831	9,013
Far North West	5	34,304	-	-	0.0%	-	-
Far West	3	281,075	45,935	-	16.3%	18	18
North Central	85	4,486,924	634,036	4,141	14.1%	39,785	48,319
North East	20	1,074,178	181,022	12,117	16.9%	(15,607)	(420)
North West	93	5,910,570	1,267,417	3,771	21.4%	15,669	65,900
South East	7	289,453	27,355	1,977	9.5%	-	(787)
South West	5	306,857	60,961	-	19.9%	-	-
<b>C</b>	<b>92</b>	<b>3,257,651</b>	<b>765,022</b>	<b>-</b>	<b>23.5%</b>	<b>8,771</b>	<b>(1,531)</b>
Central Business District	17	838,943	294,213	-	35.1%	(3,150)	(4,921)
North Central	23	898,646	106,269	-	11.8%	8,253	3,852
North East	9	284,405	84,885	-	29.8%	(8,345)	(5,748)
North West	38	1,021,254	179,545	-	17.6%	13,163	6,436
South East	5	214,403	100,110	-	46.7%	(1,150)	(1,150)
<b>Grand Total</b>	<b>464</b>	<b>31,054,241</b>	<b>5,744,272</b>	<b>107,347</b>	<b>18.5%</b>	<b>147,414</b>	<b>370,087</b>

	Vacancy Rate %					Weighted Asking Rate (FSG)				
	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
<b>Central Business District</b>	<b>28.6%</b>	<b>27.1%</b>	<b>26.9%</b>	<b>25.8%</b>	<b>25.7%</b>	<b>\$22.78</b>	<b>\$22.79</b>	<b>\$23.15</b>	<b>\$22.87</b>	<b>\$23.10</b>
A	13.8%	14.0%	13.5%	12.9%	12.0%	\$27.09	\$26.58	\$27.36	\$27.29	\$27.45
B	37.5%	34.5%	34.4%	32.6%	32.8%	\$22.03	\$22.07	\$22.24	\$21.69	\$22.18
C	36.1%	35.2%	34.7%	34.7%	35.1%	\$17.47	\$16.33	\$16.44	\$15.65	\$15.85
<b>Far North Central</b>	<b>14.1%</b>	<b>13.7%</b>	<b>15.0%</b>	<b>16.5%</b>	<b>16.3%</b>	<b>\$26.75</b>	<b>\$27.30</b>	<b>\$28.60</b>	<b>\$28.77</b>	<b>\$28.27</b>
A	10.4%	11.0%	16.0%	18.5%	18.6%	\$28.96	\$29.26	\$30.37	\$30.32	\$30.53
B	18.6%	16.9%	13.8%	13.9%	13.1%	\$24.83	\$25.19	\$25.21	\$25.25	\$24.46
C	-	-	-	-	-	-	-	-	-	-
<b>Far North West</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.1%</b>	<b>20.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$31.25</b>	<b>\$31.04</b>
A	-	-	-	21.2%	21.2%	-	-	-	\$31.25	\$31.04
B	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
<b>Far West</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$20.16</b>	<b>\$20.16</b>	<b>\$25.68</b>	<b>\$25.93</b>	<b>\$25.93</b>
A	-	-	-	-	-	-	-	\$25.68	\$25.93	\$25.93
B	-	-	-	-	-	\$20.16	\$20.16	-	-	-
C	-	-	-	-	-	-	-	-	-	-
<b>North Central</b>	<b>11.7%</b>	<b>11.9%</b>	<b>12.1%</b>	<b>12.5%</b>	<b>11.7%</b>	<b>\$23.27</b>	<b>\$23.32</b>	<b>\$23.89</b>	<b>\$23.94</b>	<b>\$24.07</b>
A	9.6%	9.8%	9.1%	10.0%	8.6%	\$26.39	\$26.52	\$27.52	\$27.28	\$28.41
B	13.3%	13.3%	14.4%	14.3%	14.1%	\$22.77	\$22.73	\$22.53	\$22.61	\$22.19
C	12.1%	12.5%	12.3%	12.7%	11.8%	\$15.32	\$14.63	\$14.50	\$15.49	\$16.36
<b>North East</b>	<b>14.9%</b>	<b>14.7%</b>	<b>15.3%</b>	<b>14.3%</b>	<b>15.6%</b>	<b>\$17.69</b>	<b>\$18.12</b>	<b>\$18.15</b>	<b>\$18.08</b>	<b>\$18.62</b>
A	7.0%	7.0%	6.6%	6.4%	6.4%	\$23.50	\$23.50	\$23.50	\$23.50	\$24.50
B	16.6%	15.5%	16.8%	15.4%	16.9%	\$17.57	\$18.07	\$18.09	\$17.97	\$18.13
C	24.6%	27.7%	27.8%	26.9%	29.8%	\$14.37	\$15.38	\$15.24	\$15.24	\$16.73
<b>North West</b>	<b>20.7%</b>	<b>20.8%</b>	<b>22.9%</b>	<b>22.0%</b>	<b>21.4%</b>	<b>\$21.42</b>	<b>\$21.81</b>	<b>\$22.03</b>	<b>\$21.90</b>	<b>\$22.04</b>
A	20.0%	22.4%	22.4%	22.3%	22.8%	\$25.52	\$26.55	\$26.79	\$26.97	\$26.79
B	21.4%	20.5%	23.9%	22.3%	21.4%	\$20.40	\$20.33	\$20.57	\$20.39	\$20.51
C	18.3%	18.2%	18.2%	18.9%	17.6%	\$17.40	\$17.37	\$17.09	\$17.25	\$17.27
<b>South East</b>	<b>25.3%</b>	<b>25.3%</b>	<b>24.9%</b>	<b>25.1%</b>	<b>25.3%</b>	<b>\$16.17</b>	<b>\$16.17</b>	<b>\$16.18</b>	<b>\$16.17</b>	<b>\$16.19</b>
A	-	-	-	-	-	-	-	-	-	-
B	9.8%	9.8%	9.2%	9.5%	9.5%	\$15.64	\$15.64	\$15.67	\$15.66	\$15.66
C	46.2%	46.2%	46.2%	46.2%	46.7%	\$16.31	\$16.31	\$16.31	\$16.31	\$16.33
<b>South West</b>	<b>19.9%</b>	<b>19.9%</b>	<b>19.9%</b>	<b>19.9%</b>	<b>19.9%</b>	<b>\$25.66</b>	<b>\$25.66</b>	<b>\$25.66</b>	<b>\$25.66</b>	<b>\$25.66</b>
A	-	-	-	-	-	-	-	-	-	-
B	19.9%	19.9%	19.9%	19.9%	19.9%	\$25.66	\$25.66	\$25.66	\$25.66	\$25.66
C	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>18.3%</b>	<b>18.0%</b>	<b>18.9%</b>	<b>18.9%</b>	<b>18.6%</b>	<b>\$22.18</b>	<b>\$22.43</b>	<b>\$23.03</b>	<b>\$23.08</b>	<b>\$23.15</b>

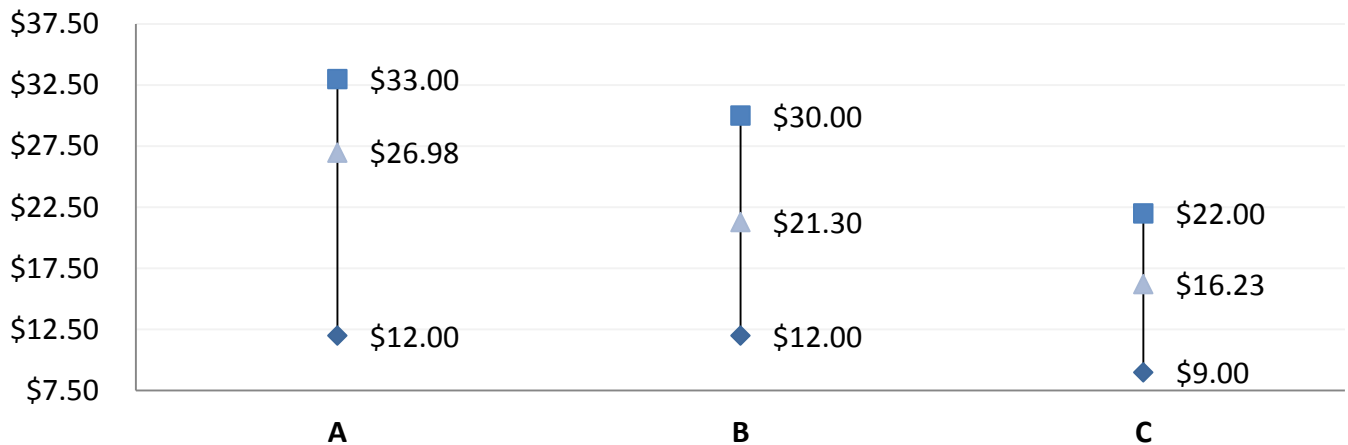
### Vacancy Rate by Market



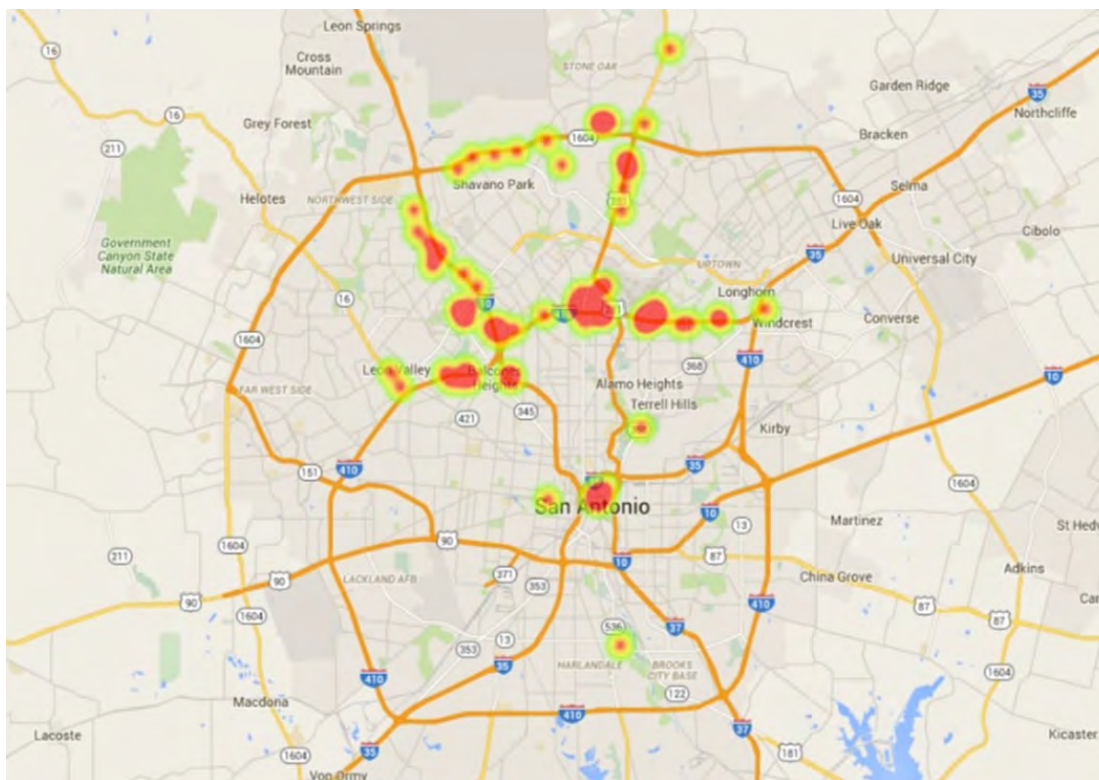
### Average Weighted Asking Rates by Market (FSG)



### Asking Lease Rate Range by Class (FSG)





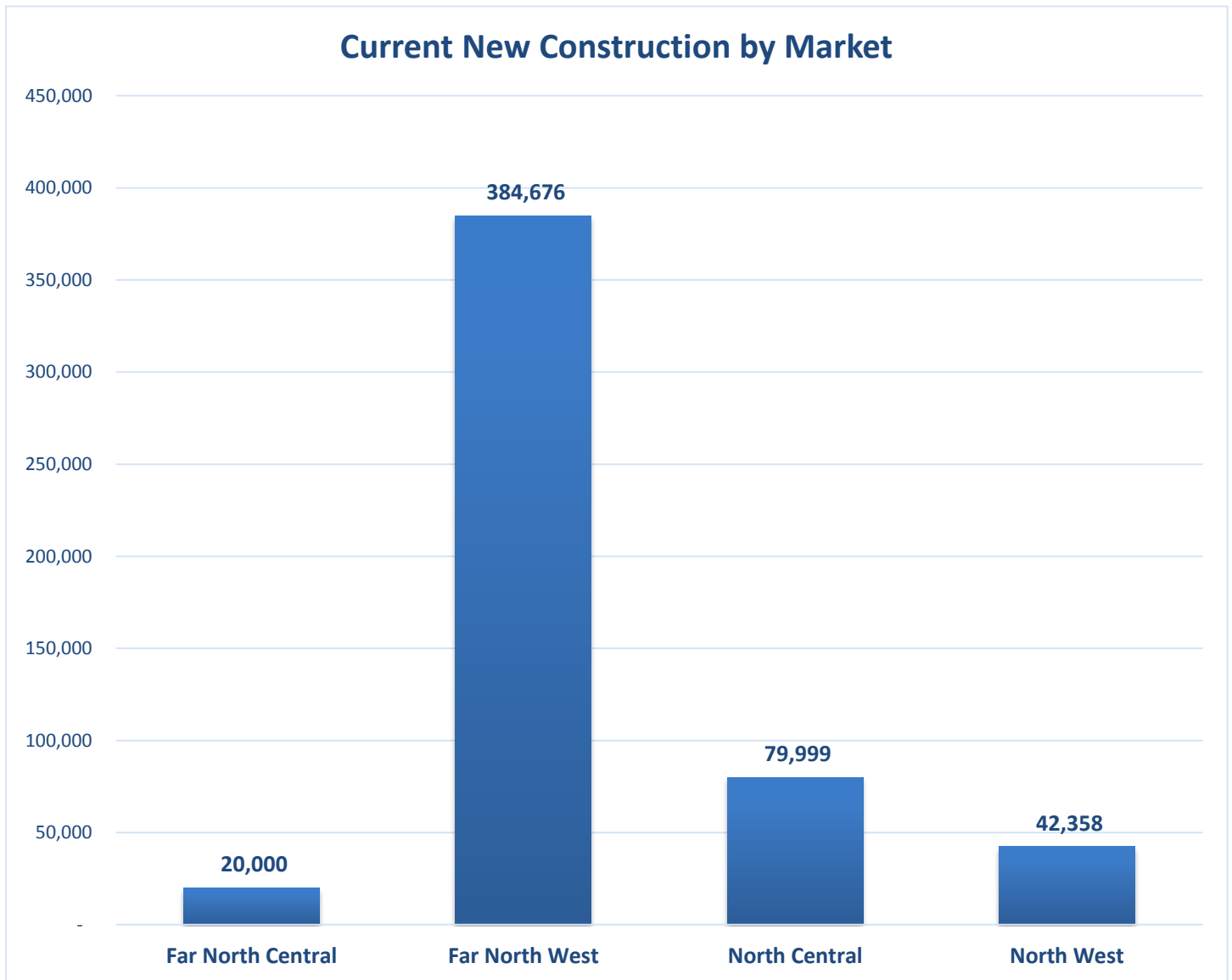


## Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Submarket	Bldg Class
The Spectrum	50,576	Oracle	North Central	A
Gold Financial	22,000	Gold Financial	North Central	B
KFW Engineers	21,020	KFW Engineers	North Central	B
Network Crossing Bldg 5	17,445	SWBC	North West	B
One Riverwalk Place	14,935	USAA	CBD	A
RidgeWood Business Center II	11,293	Paragon Infusion Care	Far North Central	B
San Pedro Plaza	(5,513)	Neighborhood Assistance Corp	North Central	A
Parkway North Office Park	(8,123)	Lennar Homes	North Central	B
One Alamo Center	(10,000)	Finser	CBD	B
Marymont Business Park Bldg 3	(11,334)	Aga Khan Church	North East	C
Tech Ridge Center Phase II	(21,737)	Healthways Inc	North West	B

## Top Transactions

Property Name	Sale Price	SF Sold	Buyer	Seller	Market	Bldg Class
The Orthopaedic Institution	\$10,698,860	30,000	400 Concord TX LLC	OI Rehab LP	North Central	B
4602-4626 E Southcross Blvd	\$6,915,625	29,000	Oxford Las Palmas LLC	Las Palmas Professional Centre Ltd	South East	C
17440 Henderson Pass	\$6,495,430	34,500	Boyd Watterson Asset Management	HP Medical Ltd	North Central	B
18618 Tuscany Stone	\$3,812,500	23,337	S A Loma Roja Real Estate LLC	Dirt Dealers Office Investors Ltd	Far North Central	A
18540 Sigma Rd	\$3,802,570	16,902	The Inland Real Estate Group	Sigma Proton Ltd	Far North Central	B
7832 Pat Booker Rd	\$3,721,530	20,264	The Inland Real Estate Group	CMR Med Ltd	North East	B
Medical Center Ophthalmology Associates	\$3,002,930	18,211	Texas Healthcare Portfolio DST	9157 Huebner Ltd	North West	B



San Antonio		Research	
CBRE	Lindsey Tucker	CBRE	Nick lanetta
Endura Advisory Group	Taylor Dorris	Endura Advisory Group	Deborah Hester
	Teresa Corbin	Oldham Goodwin Group	Raelin Fontenot
	Vicki Cade	REOC San Antonio	Margaret Genzer
Peloton Commercial Real Estate	Amber Austin	Transwestern	Yesenia Dominguez
	Jason Adkinson		
Providence Commercial Real Estate Services	Dan Gostylo		
	Steve Garza		
	Seth Prescott		
REOC San Antonio	Brian Harris		
	Kim Gately		
	Margaret Genzer		
R.L. Worth & Associates	Rick Littleton		
REATA Real Estate Services	David Ballard		
Steam Realty Partners	Ryan Harrison		
San Antonio Commercial Advisors	Paul Fagan		
	Bryan Sethney		
Transwestern	Russell Noll		
Travis Commercial	Lisa Mittel		

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy. **For more information, please contact :**

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