

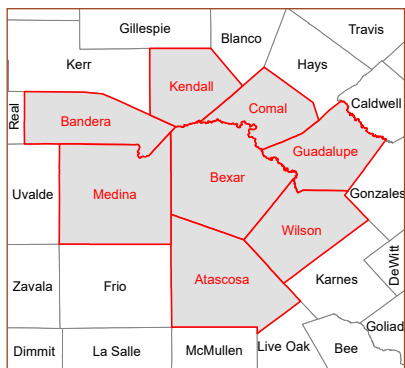


# San Antonio-New Braunfels, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2018



## Housing Market Area



The San Antonio-New Braunfels Housing Market Area (HMA) 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, 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.

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## Summary

### Economy

The economy of the San Antonio-New Braunfels HMA has expanded each year since 2010, although the rate of nonfarm payroll growth has slowed since 2014. During the 12 months ending August 2018, total nonfarm payrolls in the HMA increased by 20,000 jobs, or 1.9 percent, to 1.05 million jobs. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 21,000 jobs, or 2.0 percent, annually. The largest employers in the HMA are Joint Base San Antonio (JBSA), HEB Grocery Company, LP, and United Services Automobile Association, with 80,000, 20,000, and 18,300 employees, respectively.

### Sales Market

The sales housing market in the HMA is balanced, with an estimated sales vacancy rate of 1.5 percent. New and existing

home sales in the HMA totaled 56,600 homes sold during the 12 months ending August 2018, an increase of 1,550, or 3 percent, from the previous 12 months (CoreLogic, Inc.). During the next 3 years, demand is expected for 31,850 new homes (Table 1). The 2,100 homes currently under construction will meet a portion of this demand.

### Rental Market

The rental housing market in the HMA is currently balanced. The overall rental vacancy rate (including single-family homes, apartments, and mobile homes) is currently estimated at 7.0 percent, down from 9.5 percent in April 2010. During the 3-year forecast period, demand is estimated for 21,600 new market-rate rental units (Table 1). The 7,250 units under construction should satisfy some of the forecast demand.

**Table 1.** Housing Demand in the San Antonio-New Braunfels HMA During the Forecast Period

	San Antonio-New Braunfels HMA	
	Sales Units	Rental Units
Total Demand	31,850	21,600
Under Construction	2,100	7,250

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2018. The forecast period is September 1, 2018, to September 1, 2021.*

*Source: Estimates by analyst*

## Economic Conditions

Economic conditions in the San Antonio-New Braunfels HMA are currently strong, following a relatively quick recovery from job losses in the late 2000s. Nonfarm payrolls have increased each year since the end of 2009 and have exceeded the prerecession high since 2011. Expansion at JBSA, which contributed significantly to nonfarm payroll gains in the early 2010s, has slowed since 2015, and the rate of job growth in the HMA has declined each year since 2014. During the 12 months ending August 2018, nonfarm payrolls averaged 1.05 million jobs, which was 22 percent higher than the prerecession high of 863,600 in 2008. Nonfarm payrolls increased 20,000 jobs, or

1.9 percent, during the most recent 12 months, following an increase of 25,100 jobs, or 2.5 percent, during the 12 months ending August 2017. The HMA added an average of 24,100 jobs, or 2.6 percent, each year from 2010 through 2016. By comparison, nonfarm payrolls for the nation increased 1.6 percent during the 12 months ending August 2018 and by an average of 1.7 percent from 2010 through 2016. During the 12 months ending August 2018, the unemployment rate in the HMA averaged 3.3 percent, down from 3.7 percent during the previous 12-month period. By comparison, from 2001 through 2008, from 2009 through 2014, and from 2015 through 2016, the unemployment rate averaged 5.0, 6.3, and 3.8 percent, respectively. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2017.

The military has a large presence in the HMA, and the effect on the local economy is significant. The U.S. Department of Defense has an annual economic impact of \$48.7 billion on the HMA (City of San Antonio, Office of Military Affairs study, 2015, the most recent data available). The largest employer in the HMA is JBSA, with an estimated 80,000 military and civilian personnel (Table 2).

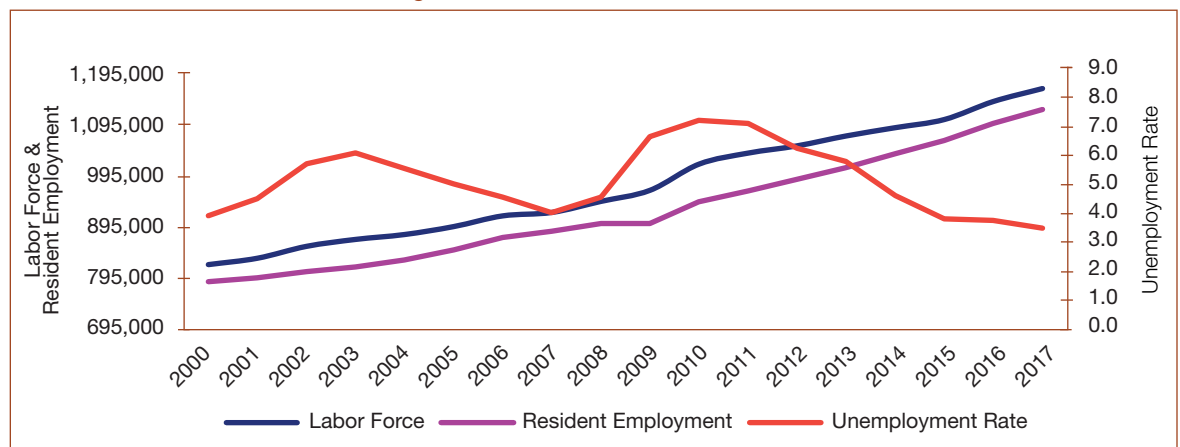
**Table 2.** Major Employers in the San Antonio-New Braunfels HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Joint Base San Antonio	Government	80,000
HEB Grocery Company, LP	Wholesale & Retail Trade	20,000
United Services Automobile Association	Financial Activities	18,300
Methodist Healthcare System	Education & Health Services	9,625
City of San Antonio	Government	9,150
Baptist Health System	Education & Health Services	6,375
Wells Fargo & Company	Financial Activities	5,075
Harland Clarke	Financial Activities	5,000
JPMorgan Chase & Co.	Financial Activities	5,000
Marathon Petroleum Corporation	Manufacturing	5,000

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

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the San Antonio-New Braunfels HMA, 2000 Through 2017



Source: U.S. Bureau of Labor Statistics

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. More than 16,500 military personnel graduate from the METC annually. In total, the BRAC recommendations resulted in the in-migration of an estimated 5,000 military personnel, 5,500 family members, and 9,000 military students to the HMA from 2008 through 2011. Across-the-board federal spending cuts mandated by the Budget Control Act of 2011 (also known as sequestration) has limited

the growth of JBSA since 2015. Although the fiscal year (FY) 2018 military operating budget was increased by \$82 billion, the effect on JBSA is still unclear. During the 12 months ending August 2018, the government sector added 1,600 jobs, an increase of 0.9 percent (Table 3). The gains were entirely in the local government subsector, which gained 2,000 jobs, or 1.7 percent, offsetting losses in the federal and state government subsectors.

Nonfarm payroll growth in the HMA has consistently outperformed that of the nation since 2003. Payrolls in the HMA increased an average of 13,700 jobs, or 1.7 percent, annually from 2001 through 2008 and reached a high of 863,600 jobs, which included the 2,000 manufacturing jobs added in 2006 when Toyota Motor Corporation opened an \$850 million manufacturing facility. During the same period, nonfarm payrolls for the nation increased by an average of 0.5 percent. 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

**Table 3.** 12-Month Average Nonfarm Payroll Jobs in the San Antonio-New Braunfels HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	August 2017	August 2018		
Total Nonfarm Payroll Jobs	1,032,100	1,052,100	20,000	1.9
Goods-Producing Sectors	106,200	112,200	6,000	5.6
Mining, Logging, & Construction	58,000	63,300	5,300	9.1
Manufacturing	48,200	48,900	700	1.5
Service-Providing Sectors	925,800	939,900	14,100	1.5
Wholesale & Retail Trade	150,900	150,700	- 200	- 0.1
Transportation & Utilities	30,800	32,900	2,100	6.8
Information	20,900	20,400	- 500	- 2.4
Financial Activities	88,900	89,100	200	0.2
Professional & Business Services	133,400	136,000	2,600	1.9
Education & Health Services	160,300	163,700	3,400	2.1
Leisure & Hospitality	132,300	136,200	3,900	2.9
Other Services	37,600	38,500	900	2.4
Government	170,800	172,400	1,600	0.9

Notes: Based on 12-month averages through August 2017 and August 2018. Numbers may not add to totals because of rounding.

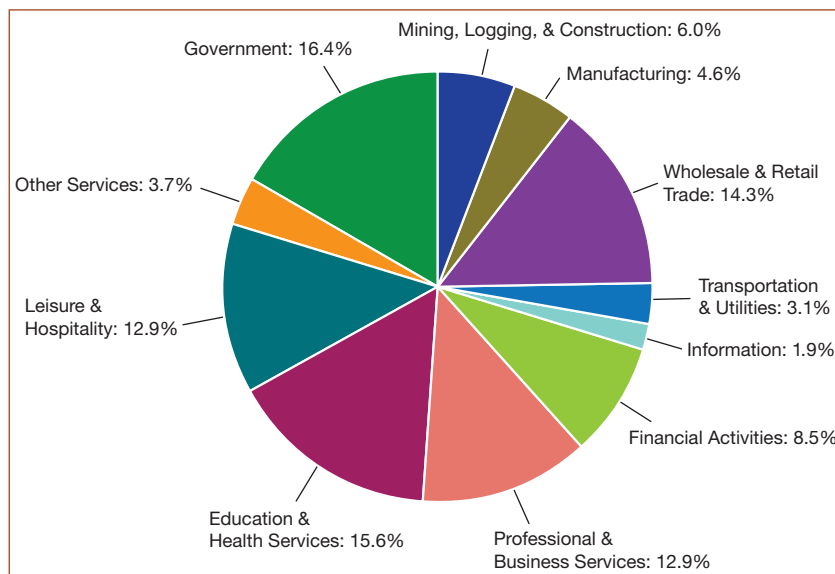
Source: U.S. Bureau of Labor Statistics

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 recorded job gains of 5,300, or 4.5 percent, and 4,300, or 2.7 percent, respectively, during 2009. By contrast, during 2009, the professional and business services and the mining, logging, and construction sectors lost the most

jobs, recording losses of 7,300, or 6.6 percent, and 6,000, or 10.5 percent, respectively. In 2010, the economy began to recover. By comparison, the economy of the nation was slower to recover, recording average nonfarm payroll losses of 2.5 percent annually during 2009 and 2010. From 2010 through 2013, nonfarm payrolls in the HMA grew by an average of 18,700 jobs, or 2.1 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. During 2014 and 2015, nonfarm payrolls increased by an average 32,400, or 3.5 percent, before slowing during 2016 and 2017, when nonfarm payroll gains averaged 25,900, or 2.6 percent.

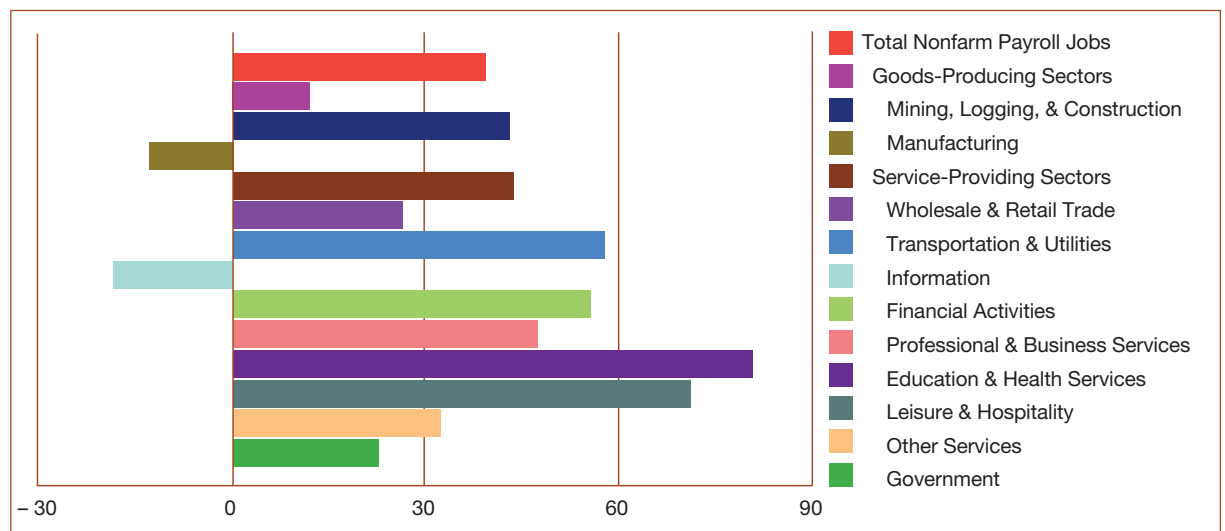
The education and health services sector is the second largest sector in the HMA, accounting for 163,700 jobs, or 15.6 percent of total nonfarm payrolls, during the most recent 12 months (Figure 2). The sector has been the fastest growing in the HMA since 2000, expanding by more than 81 percent during the period (Figure 3). During the 12 months ending August 2018, the sector

**Figure 2. Current Nonfarm Payroll Jobs in the San Antonio-New Braunfels HMA, by Sector**



*Notes: Based on 12-month averages through August 2018. Numbers may not add to 100 percent due to rounding.*  
*Source: U.S. Bureau of Labor Statistics*

**Figure 3. Sector Growth in the San Antonio-New Braunfels HMA Percentage Change, 2000 to Current**



*Note: Current is based on 12-month averages through August 2018.*  
*Source: U.S. Bureau of Labor Statistics*

gained 3,400 jobs, or 2.1 percent. The healthcare and bioscience industry constitutes a large portion of the jobs in the education and health services sector. In total, the industry encompasses 171,100 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 \$37 billion in 2015 (Trinity University study, 2016).

Due in part to job gains associated with extraction activity in the Eagle Ford Shale, a geological formation rich in hydrocarbons that is south of the city of San Antonio, the mining, logging, and construction sector was the fastest growing sector in the HMA during the 12 months ending August 2018. Although most of the drilling activity is done outside the HMA, some extraction occurs in Atascosa and Wilson Counties. Support operations for drilling activities, such as trucking, often are based within the HMA as well. The University of Texas at San Antonio (UTSA) estimated the economic impact of the Eagle Ford Shale activity in Bexar County in 2016 at approximately \$3.99 billion and 23,550 jobs (UTSA Center for Community and Business Research, September 2016). During the most recent 12 months, the mining, logging, and construction sector added 5,300 jobs, or 9.1 percent, to total 63,300 jobs. Contributing to the job gains, Venado Oil & Gas LLC, an Austin, TX-based energy company, expanded its holdings to include 74,400 acres of Eagle Ford Shale leases, some of it located in Atascosa County in 2018.

Tourism has remained an increasingly important economic component of the HMA during

the past 2 decades, and the leisure and hospitality sector expanded by more than 71 percent from 2000 through the most recent 12 months, the second fastest growth rate in the HMA. The sector is anchored by tourism primarily associated with the Alamo, the Riverwalk, Sea World, and Fiesta Texas. During the 12 months ending August 2018, the sector expanded by 3,900 jobs, or 2.9 percent, to total 136,200 jobs, due in part to the more than 700 events associated with the 300th anniversary of the city of San Antonio, which occurred in 2018. Fiesta San Antonio, an annual festival recurring in April with an annual economic impact of \$340 million, was a featured event of the anniversary celebration. Visitors to the HMA spent an estimated \$7.94 billion in 2017, up 7 percent from 2016 (The Economic Impact on Travel of Texas 1994–2017, Dean Runyan Associates).

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 21,000 jobs, or 2.0 percent, annually. OKIN BPS, a global telecommunications company, will establish a U.S. headquarters in San Antonio, which is expected to add 1,400 jobs and about \$23 million in capital in Bexar County. By 2020, CGT U.S. Limited, a leading producer of coated fabrics and films for automotive and industrial applications, will complete the \$30 million expansion of their New Braunfels manufacturing plant, which is expected to add about 130 jobs to the manufacturing sector. In addition, University Hospital—University Health System will expand, creating the \$452 million Women's and Children's Tower, which is expected to add more than 300 beds when complete.

## Population and Households

As of September 1, 2018, the population of the San Antonio-New Braunfels HMA is estimated at 2.53 million, reflecting an average annual increase of 46,050, or 2.0 percent, from approximately 2.14 million on April 1, 2010. Population growth since 2015 has been faster than it had been in the early 2010s but remains below that in the mid-2000s. Population growth averaged 35,150 people, or 2.0 percent, a year from 2000 to 2005 but accelerated to 55,000, or 2.8 percent, annually from 2005 to 2008, partly as a result of strong job growth associated with the opening of a Toyota manufacturing plant in November 2006 and the military-related construction that resulted from the 2005 BRAC recommendations. Net in-migration accounted for nearly 60 percent of population growth, or an average of 25,700 people annually during the 2000s; the remainder came from net natural increase (resident births minus resident deaths).

From 2008 to 2010, population growth slowed to an average of 46,400 people, or 2.2 percent, annually, as weak economic conditions contributed to net in-migration of only 27,350 people annually. Population growth slowed again to an average of 42,250 people, or 1.9 percent, annually, from 2010 to 2013. Despite job growth during period, the unemployment rate in the HMA remained relatively high, an average of 6.9 percent, and net in-migration averaged only 26,200 people annually. Population growth increased to an average of 2.2 percent, or 49,600 people, annually from 2013 to 2015. Job growth was strong, and the unemployment rate declined to an average of 4.7 percent during the period, and net in-migration increased to an average of 32,650 people, annually. Since 2015, population growth has averaged 2.0 percent a year, or 47,650, with slowing job growth contributing

to a reduction in net in-migration, which has averaged 31,100 people.

Population growth has become increasingly concentrated in Bexar County and the northern part of the HMA. During the 2000s, Bexar County accounted for 59 percent of the net in-migration to the HMA and 81 percent of the net natural increase. Due in part to the influx of generally younger residents associated with JBSA and increased international in-migration, those figures have risen to 65 and 89 percent, respectively, since 2010. The median age in Bexar County was 33.5 years of age as of 2017, notably lower than 36.7 and 41.2 years of age in Guadalupe and Comal Counties, respectively, the two most populous counties in the HMA after Bexar County. Recent population growth has also been notable in Comal and Guadalupe Counties, which account for a combined 12 percent of the total population of the HMA but have accounted for 24 percent of net in-migration and 18 percent of population growth in the HMA since 2010. Those two counties are between the cities of San Antonio and Austin. The population in the 13 counties surrounding San Antonio and Austin are expected to expand by more than 30 percent by 2030 and create a single mega-metro area, with most of the growth occurring in the four counties separating the two cities (Texas Water Development Board).

International in-migration to the HMA has risen significantly since 2010, with much of the increase concentrated in Bexar County. From July 2010 to July 2017, 19 percent of in-migration to the HMA was from outside the United States, up from only 9 percent during the 2000s. Bexar County has received approximately 95 percent of the international in-migration to the HMA since 2010, compared with only 58 percent of the domestic in-migration.

The availability of resources for new immigrants and the long history of international in-migration to San Antonio make Bexar County a natural destination for new arrivals.

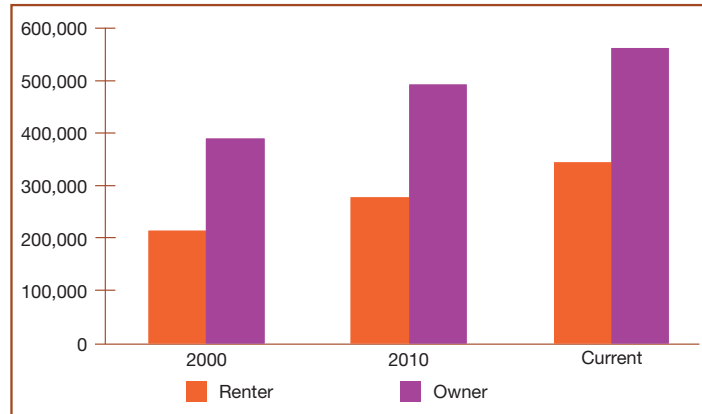
Largely because of the decline in the rate of population growth since 2010, the rate of household

growth in the HMA has been slower than it had been during the previous decade. The increased in-migration from outside the United States has resulted in a larger household size and slower household growth relative to population growth. From 2000 to 2010, the number of households increased by an average of 16,200, or 2.4 percent, annually to total 763,022 as of April 1, 2010. The HMA currently has 900,300 households, an average annual increase of 16,300, or 2.0 percent, compared with the number of households on April 1, 2010. Figure 4 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date.

The homeownership rate in the HMA declined from 64.5 percent in 2000 to 64.0 percent in 2010. The number of renter households grew at a faster pace than the number of owner households during that time, in part because of tighter lending standards that began during the latter part of the decade. Since 2010, the decline in the homeownership rate in the HMA has accelerated to an average of 0.3 percentage points a year. The current estimated homeownership rate is 62.0 percent. Table DP-1 at the end of this report provides additional demographic data for the HMA.

During the 3-year forecast period, the population of the HMA is expected to increase by 45,350, or 1.8 percent, annually to 2.67 million by September 1, 2021. Net in-migration is expected to average 28,750 people a year during the period, as the economy continues to expand. Figure 5 illustrates the components of population change in the HMA from 2000 to the forecast date. The number of households is expected to increase by 16,650, or 1.8 percent, annually, to approximately 950,200 by September 1, 2021. Figure 6 shows population and household growth in the HMA from 2000 to the forecast date.

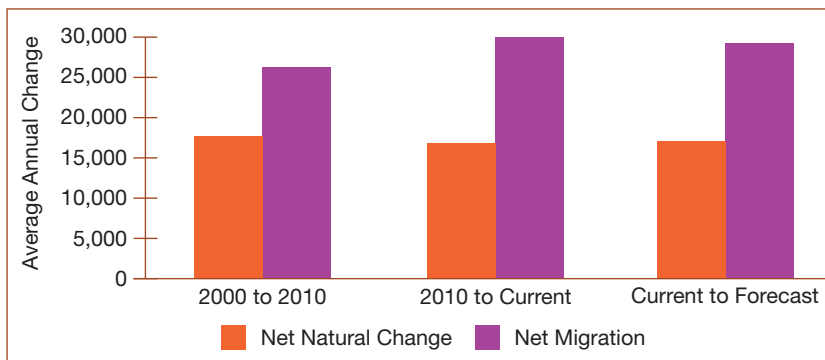
**Figure 4.** Number of Households by Tenure in the San Antonio-New Braunfels HMA, 2000 to Current



Note: The current date is September 1, 2018.

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

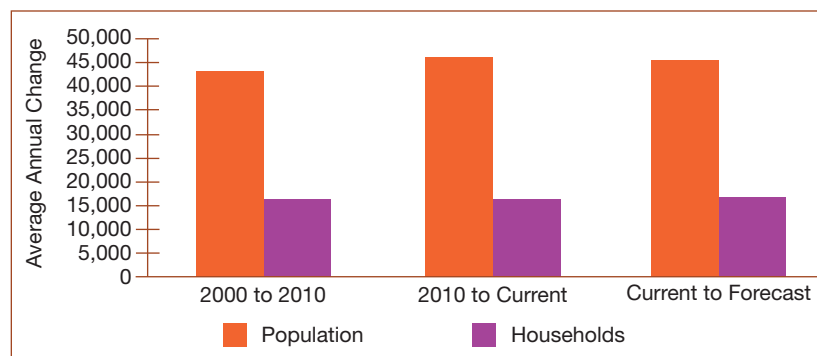
**Figure 5.** Components of Population Change in the San Antonio-New Braunfels HMA, 2000 to Forecast



Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.

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

**Figure 6.** Population and Household Growth in the San Antonio-New Braunfels HMA, 2000 to Forecast



Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.

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

# Housing Market Trends

## Sales Market

The sales housing market in the San Antonio-New Braunfels HMA is currently balanced. Builders responded to strong new home sales during the past two years with increased new home construction, which resulted in continued balanced sales housing market conditions. The home sales vacancy rate is currently estimated at 1.5 percent, down from 2.0 percent in April 2010. During August 2018, the inventory of available new and existing homes in the HMA represented a 3.6-month supply compared with a 3.7-month supply recorded a year earlier (Real Estate Center at Texas A&M University), a result of continued population and nonfarm payroll growth.

During the 12 months ending August 2018, the number of new single-family homes, townhomes, and condominiums sold in the HMA totaled 10,200, down 2 percent from the previous 12-month period, when new home sales increased 7 percent as buyers purchased homes prior to an anticipated increase in interest rates (CoreLogic, Inc., with adjustments by the analyst). The current level of sales exceeds the average of 7,575 homes sold annually from 2009 through 2011 but is significantly less than the average of 15,100 homes sold annually from 2004 through 2008, when population growth was strongest. During the 12 months ending August 2018, 46,400 existing single-family homes, townhomes, and condominiums were sold in the HMA, up 4 percent from the previous 12-month period. The current level of existing sales exceeds the average of 30,850 existing homes sold annually from 2009 through 2011 and the average of 40,000 homes sold annually from 2004 through 2008.

During the 12 months ending August 2018, the average sales price for new homes in the HMA was \$291,600, an increase of 4 percent compared with the average sales price during the previous 12-month period and the highest on record for the HMA (CoreLogic, Inc., with adjustments by the analyst). The average new home sales price was \$213,800 during 2007 before declining 5 percent annually to \$191,500 during 2009, when the economy in the HMA was most affected by the national recession. From 2010 through 2016, the new home sales price recovered, increasing more than 5 percent annually to reach an average of \$277,800. The average sales price for existing homes in the HMA was \$232,500 during the 12 months ending August 2018, an increase of 5 percent compared with the average sales price during the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). The average existing home sales price was \$185,900 during 2007 before declining 7 percent annually to \$162,200 during 2009. During the next 4 years, the average existing home sales price increased an average of 4 percent annually to reach \$215,400 in 2016, as the economy recovered from the downturn of the late 2000s, and the number of distressed homes declined sharply. In August 2018, 1.9 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status, down from 2.2 percent in August 2017 and the peak of 5.6 percent in January 2010 (CoreLogic, Inc.). By comparison, the corresponding rates for Texas and the nation were 1.9 and 1.8 percent, respectively, during August 2018.



## Housing Market Trends

### Sales Market *Continued*

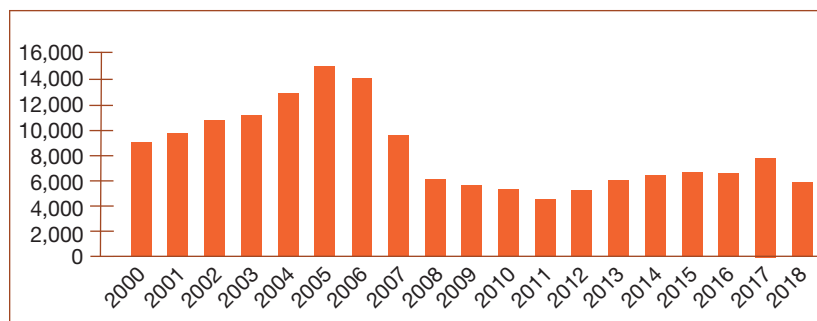
Condominium and townhomes sales in the HMA have remained a small portion of total sales, although the total number of condominium and townhomes sales continues to increase. During the 12 months ending August 2018, the average sales price for new and existing condominiums and townhomes increased 13 percent, to \$214,100 (Metrostudy, A Hanley Wood Company). By contrast, from 2009 through 2011, sales prices averaged \$157,000 annually. During 2012 and 2013, condominium and townhome sales prices averaged \$369,900, primarily because of the sale of luxury condominiums at The Broadway and Alteza. Sales at The Broadway included penthouses priced at \$3.0 million, and sales at Alteza included penthouses priced at \$2.4 million. From 2014 through 2016, when sales of the higher priced luxury condominiums slowed, the average sales price declined to \$200,200. During the 12 months ending August 2018, the number of condominiums and townhomes sold increased 4 percent, to 1,041, compared with the 1,000 sales during the previous 12-month period. The current level of sales is higher than the average of 890 and 640 per year recorded from 2014 through 2016 and 2009 through 2013, respectively. New condominium and townhome sales during the 12 months ending August 2018 represented 7 percent

of total new home sales in the HMA, virtually unchanged since 2010 (Metrostudy, A Hanley Wood Company). Nearly one-half of all new condominium sales in the HMA occurred in the city of San Antonio, within the Interstate-410 loop.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the 12 months ending August 2018 in response to strong net in-migration and strong sales market conditions. The number of single-family homes permitted increased 4 percent, to 7,575 homes, compared with the 7,275 homes permitted during the previous 12-month period (preliminary data). The current level of permitting activity is notably higher than the average of 5,225 and 6,250 homes permitted annually from 2008 through 2012 and 2013 through 2016, respectively, but is well below the average of 11,300 homes permitted annually from 2000 through 2007, when mortgage lending standards were less restrictive (Figure 7). Condominium construction activity averaged 220 units annually from 2010 through 2015 and has averaged about 10 units annually since 2016.

Recent new home construction has been concentrated in areas west of the city of San Antonio and along the Interstate-35 corridor northeast of the city. New developments include Meyer Ranch, which will begin construction of model homes in early 2019 on 690 acres in 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 \$200,000. New three-bedroom, single-family homes in the HMA are available in the low \$100,000s, although those prices are primarily limited to the outlying areas of Bexar County.

**Figure 7.** Single-Family Homes Permitted in the San Antonio-New Braunfels HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 preliminary data and analyst estimates

## Housing Market Trends

### Sales Market *Continued*

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the San Antonio-New Braunfels HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
120,000	199,999	2,550	8.0
200,000	249,999	6,375	20.0
250,000	299,999	5,425	17.0
300,000	349,999	5,100	16.0
350,000	399,999	3,500	11.0
400,000	499,999	5,725	18.0
500,000	599,999	2,225	7.0
600,000	and higher	960	3.0

*Notes: Numbers may not add to totals because of rounding. The 2,100 homes currently under construction in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

During the next 3 years, demand is expected for 31,850 new homes (Table 1). The 2,100 homes currently under construction will meet a portion of this demand. Demand is expected to remain constant during the 3-year forecast period, at about 10,625 homes annually. About 53 percent of the demand is expected to be for homes priced between \$200,000 and \$349,999 (Table 4).

## Rental Market

Rental housing market conditions in the San Antonio-New Braunfels HMA are balanced, with a current overall rental vacancy rate estimated at 7.0 percent, which is lower than the rate of 9.5 percent in April 2010 (Figure 8). The apartment market, which comprises about 47 percent of the overall rental inventory, is also balanced. Renter household growth has generally outpaced apartment construction and conversion of single-family homes to rental units since the early 2010s. Relatively high levels of apartment construction since 2014 resulted in a modest increase in the apartment vacancy rate during the past year, however. During August 2018, the apartment

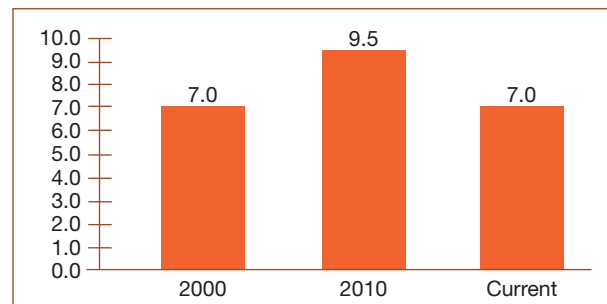
vacancy rate was 5.9 percent, up from 5.1 percent in August 2017 (Reis, Inc.).

Despite the vacancy rate increase during the past year, the recent influx of new, generally higher priced units contributed to rent growth in the HMA. The average effective rent for all apartment units increased to \$934 during August 2018, up 4 percent from a year ago. Average rents at units completed since 2010 increased by 14 percent during the past year, compared with an increase of only 2 percent for units completed before 2010.

The East and the Far North Central Reis-defined market areas recorded the highest average rents in the HMA during August 2018, at \$1,035 and \$1,025, respectively. Approximately 25 percent of recently completed units and 16 percent of units under construction are in the Far North Central market area.

Multifamily construction activity, as measured by the number of units permitted, has decreased significantly during the past year but remains above the lows recorded from 2007 through 2010, a period when the HMA had lower levels of population growth

**Figure 8.** Rental Vacancy Rates in the San Antonio-New Braunfels HMA, 2000 to Current



*Note: The current date is September 1, 2018.*

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

**Housing Market Trends**  
Rental Market *Continued*

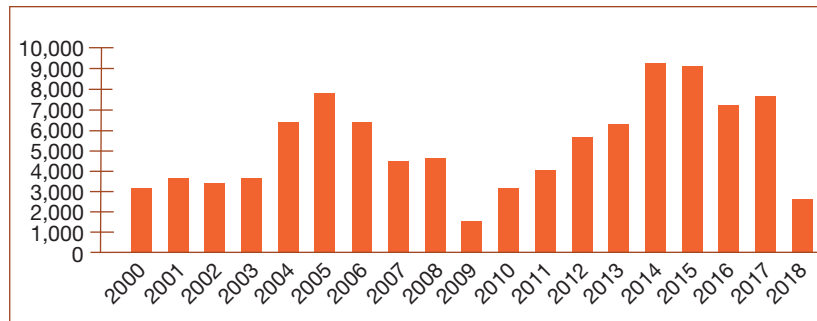
and in-migration. From 2011 through 2013, an average 5,275 multifamily units were permitted annually, up from 3,375 units permitted annually from 2007 through 2010 (Figure 9). The level of multifamily units permitted from 2014 through 2017 averaged 8,275 units, the highest 4-year period on record. By comparison, an average 6,825 units were permitted annually from 2004 through 2006, when the HMA experienced significant job growth and net in-migration before the most recent recession. During the 12 months ending August 2018, the number of multifamily units permitted decreased significantly, to 4,400 units permitted, a decline of 41 percent from the previous 12 months, as developers responded to the rising apartment vacancy rate (preliminary data). Nearly all multifamily units permitted

have been apartments rather than condominiums.

Developments currently under construction in the city of San Antonio include the 308-unit Amara in northwest San Antonio, with rents for one-, two-, and three-bedroom units starting at \$1,099, \$1,795, and \$2,300, respectively, which is expected to be complete by the first quarter of 2019; the 321-unit Viridian in northeast San Antonio, with rents for one-, two-, and three-bedroom units starting at \$840, \$975, and \$1,400, respectively, which is expected to be complete in late 2018; and the 220-unit 120 Ninth Street in downtown San Antonio, with rents for one- and two-bedroom units starting at \$1,300 and \$2,000, respectively, which is expected to be complete by the end of 2018.

During the 3-year forecast period, demand is estimated for 21,600 new market-rate rental units in the HMA (Table 1). The 7,250 units currently under construction should satisfy the demand for rental housing during the first year of the forecast period. Demand is expected to be consistent in all 3 years of the forecast period because of steady population and household growth. Rental housing demand is expected to be greatest for one-bedroom units at rents ranging from \$925 to \$1,124 (Table 5).

**Figure 9.** Multifamily Units Permitted in the San Antonio-New Braunfels HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 preliminary data and analyst estimates

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the San Antonio-New Braunfels HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
700 to 899	390	725 to 924	1,375	815 to 1,014	1,375	1,300 to 1,499	430
900 to 1,099	130	925 to 1,124	2,425	1,015 to 1,214	2,425	1,500 to 1,699	540
1,100 to 1,299	65	1,125 to 1,324	1,725	1,215 to 1,414	1,725	1,700 to 1,899	650
1,300 to 1,499	30	1,325 to 1,524	1,050	1,415 to 1,614	1,050	1,900 to 2,099	320
1,500 to 1,699	20	1,525 to 1,724	210	1,615 to 1,814	210	2,100 to 2,299	170
1,700 or more	15	1,725 or more	140	1,815 or more	140	2,300 or more	45
<b>Total</b>	<b>650</b>	<b>Total</b>	<b>6,925</b>	<b>Total</b>	<b>6,925</b>	<b>Total</b>	<b>2,150</b>

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 7,250 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

## Data Profile

**Table DP-1.** San Antonio-New Braunfels HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	787,868	943,771	1,141,000	1.8	2.5
Unemployment Rate	3.9%	7.2%	3.3%		
Total Nonfarm Payroll Jobs	753,900	855,000	1,052,000	1.3	2.7
Total Population	1,711,703	2,142,508	2,530,000	2.3	2.0
Total Households	601,265	763,022	900,300	2.4	2.0
Owner Households	387,770	488,523	557,900	2.3	1.6
Percent Owner	64.5%	64.0%	62.0%		
Renter Households	213,495	274,499	342,400	2.5	2.7
Percent Renter	35.5%	36.0%	38.0%		
Total Housing Units	648,593	837,999	963,600	2.6	1.7
Sales Vacancy Rate	1.5%	2.0%	1.5%		
Rental Vacancy Rate	7.0%	9.5%	7.0%		
Median Family Income	\$41,900	\$57,200	\$63,500	3.2	1.3

*Notes: Median Family Incomes are for 1999, 2009, and 2017. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2018.*

*Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development*

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 9/1/2018—Estimates by the analyst

Forecast period: 9/1/2018–9/1/2021—Estimates by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

**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.

**Other Vacant Units:** In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

**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.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.gov/publications/pdf/CMARtables\\_SanAntonio-NewBraunfelsTX\\_18.pdf](http://www.huduser.gov/publications/pdf/CMARtables_SanAntonio-NewBraunfelsTX_18.pdf).

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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.

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.

For additional reports on other market areas, please go to [huduser.gov/portal/ushmc/chma\\_archive.html](http://huduser.gov/portal/ushmc/chma_archive.html).