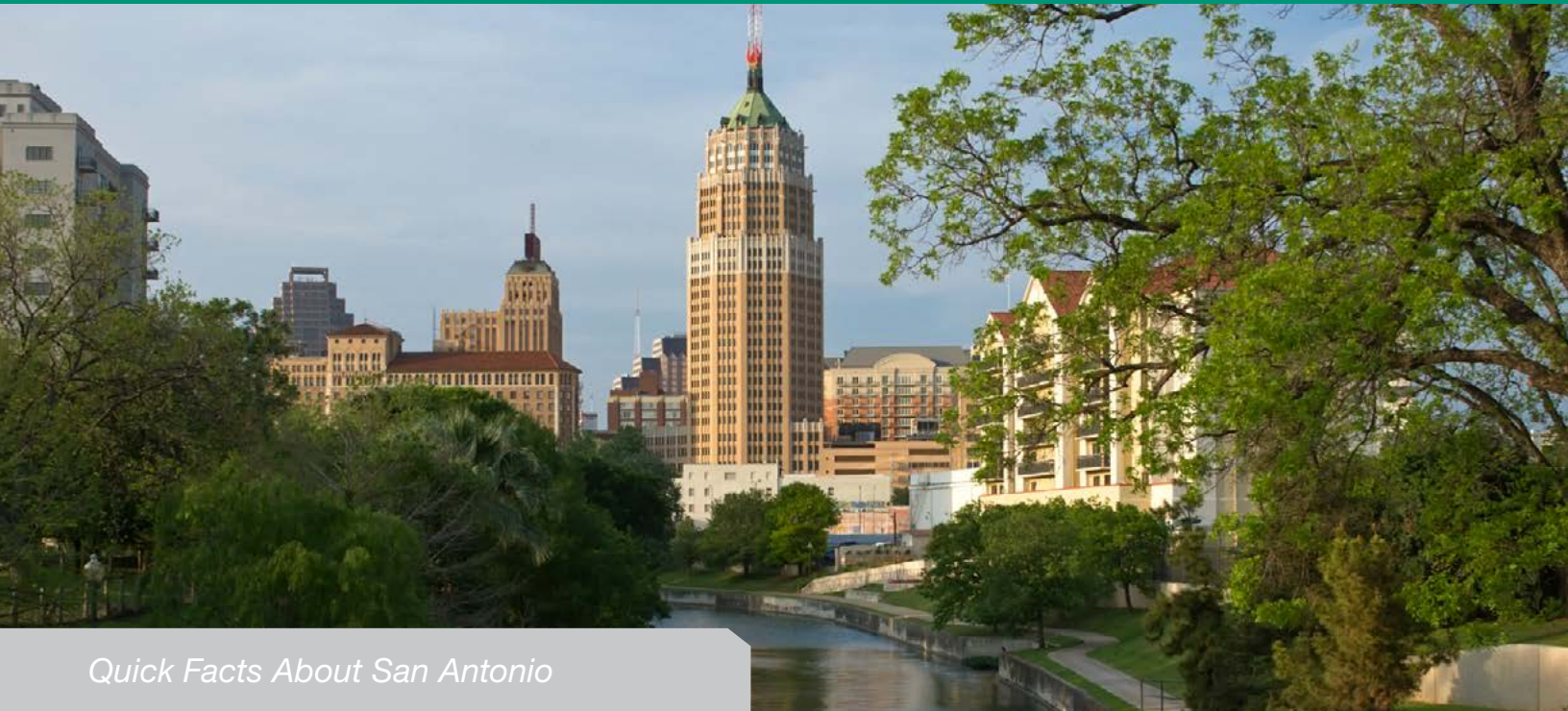


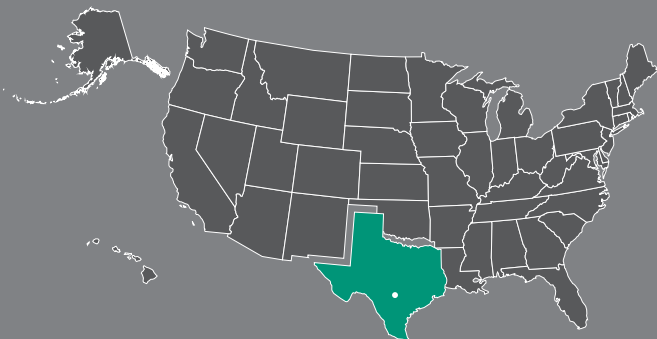
# HUD PD&R Housing Market Profiles

## San Antonio, Texas



### Quick Facts About San Antonio

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: soft.**
- **The metropolitan area is home to Joint Base San Antonio, with 80,000 civilian and uniformed employees.**



By Fernando L. Ramirez | As of March 1, 2014

## Overview

The San Antonio metropolitan area encompasses eight counties in south-central Texas. The principal city of San Antonio, also known as “Military City USA” and the seventh most populous city in the United States, is in Bexar County, which includes nearly 80 percent of the population in the metropolitan area.

- As of March 1, 2014, the population of the metropolitan area was estimated at 2.30 million, an increase of 40,700, or 1.9 percent, annually since April 1, 2010. The current growth rate remains below the annual rate of 43,100 people, or 2.3 percent, recorded from 2000 through 2010.
- Since 2010, net in-migration to the metropolitan area has averaged 24,600 people annually, slightly fewer than the average of 25,650 people that migrated to the area from 2000 through 2010.
- The city of San Antonio has a population of approximately 1.38 million, or 60 percent of the population in the metropolitan area.



PD&R

The leisure and hospitality sector led nonfarm payroll growth in the San Antonio area.

	3 Months Ending		Year-Over-Year Change	
	February 2013 (thousands)	February 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	892.6	911.8	19.2	2.2
Goods-producing sectors	92.8	94.4	1.6	1.7
Mining, logging, and construction	46.3	48.2	1.9	4.1
Manufacturing	46.5	46.2	-0.3	-0.6
Service-providing sectors	799.8	817.5	17.7	2.2
Wholesale and retail trade	130.4	135.1	4.7	3.6
Transportation and utilities	22.8	23.6	0.8	3.5
Information	20.2	20.9	0.7	3.5
Financial activities	74.7	76.2	1.5	2.0
Professional and business services	109.6	111.5	1.9	1.7
Education and health services	137.0	139.1	2.1	1.5
Leisure and hospitality	110.2	115.1	4.9	4.4
Other services	33.3	34.1	0.8	2.4
Government	161.7	162.0	0.3	0.2
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	6.1	5.4		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

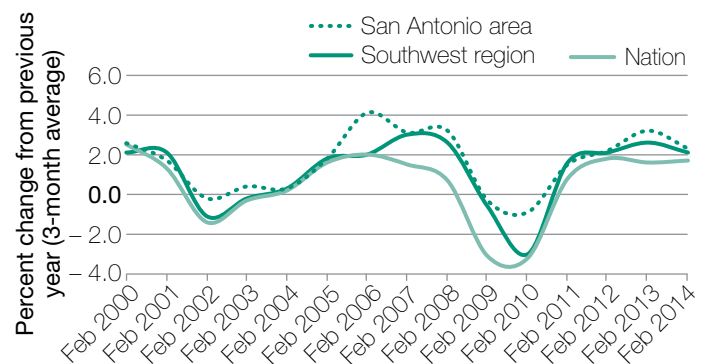
Economic conditions in the San Antonio metropolitan area continued to improve after nonfarm payroll declines from the 3 months ending February 2009 through the 3 months ending March 2010. Job growth in the metropolitan area has averaged more than 2 percent since March 2012. The leading employers are Joint Base San Antonio; HEB Grocery Company, LP; and United Services Automobile Association, with 80,000, 20,000, and 17,000 employees, respectively.

During the 3 months ending February 2014—

- Nonfarm payrolls averaged 911,800 jobs, an increase of 19,200 jobs, or 2.2 percent, from the the same 3-month period in 2013.
- Nonfarm payrolls exceeded the peak of 859,700 jobs recorded during the 3 months ending June 2008.
- The leisure and hospitality and the wholesale and retail trade sectors led job growth by adding 4,900 and 4,700 jobs, increases of 4.4 and 3.6 percent, respectively. From January through August 2012, hotel and motel rental revenues totaled a record \$94.3 million in the metropolitan area (San Antonio Chamber of Commerce).

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Although nonfarm payrolls in the San Antonio area have increased since 2010, the growth rate has slowed since 2013.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

### Largest employers in the San Antonio area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Joint Base San Antonio	Government	80,000
HEB Grocery Company, LP	Wholesale and retail trade	20,000
United Services Automobile Association	Financial activities	17,000

Note: Excludes local school districts.  
Source: San Antonio Economic Development Foundation

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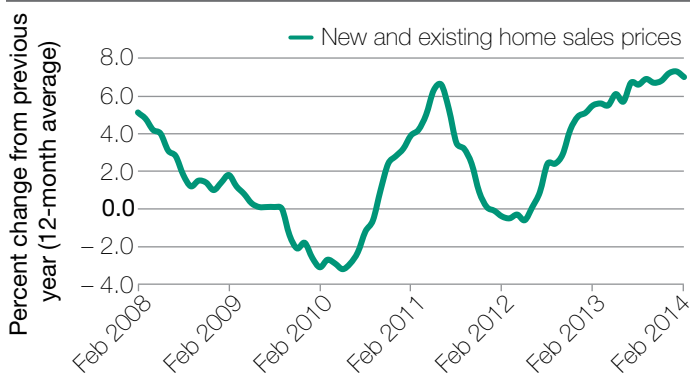
- The only sector that recorded job losses was the manufacturing sector, which lost 300 jobs, or 0.6 percent, compared with payrolls during the same 3-month period a year ago. Cardell Cabinetry, a kitchen cabinet manufacturer based in the city of San Antonio, laid off 900 employees in September 2013, which contributed to the losses in this sector.
- The unemployment rate averaged 5.4 percent, down from the average of 6.1 percent during the same period 1 year ago.

## Sales Market Conditions

The sales housing market in the San Antonio metropolitan area is currently balanced. Recent employment and population growth in the metropolitan area contributed to increased sales demand for single-family homes. During the 12 months ending February 2014, new and existing home sales, including single-family homes, townhomes, and condominiums, totaled 24,200, an increase of 16 percent from the previous 12-month period (Real Estate Center at Texas A&M University). New and existing home sales prices increased and the inventory of homes for sale declined significantly during the 12 months ending February 2014 (Real Estate Center at Texas A&M University).

- The current home sales level remains slightly below the peak levels recorded from 2005 through 2007, when the number of new and existing homes sold averaged 24,700 annually.
- During the 12 months ending February 2014, the average home sales price increased 7 percent, to \$207,600, after increasing 6 percent during the previous 12 months. Home sales prices increased fairly consistently from a low of \$176,300 during the 12 months ending June 2010 and exceeded the prerecession peak of \$183,400 during the 12 months ending February 2009.

Home sales prices in the San Antonio area have generally recovered since 2010, despite a slight dip in early 2012.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Real Estate Center at Texas A&M University

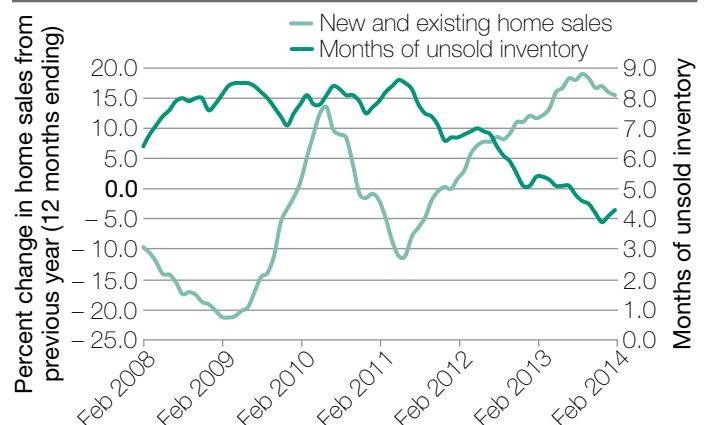
Enovation Controls, LLC, a natural gas engine engineering and manufacturing firm, is relocating to a larger facility that will accommodate an additional 100 to 150 employees by 2015 (San Antonio Economic Development Foundation). HVHC Inc., an optical manufacturing company, opened a \$25 million manufacturing facility in the city of San Antonio in late 2013, which is expected to have created 600 jobs by the time it is fully operational within the next 6 years.

- The inventory of homes for sale declined significantly, to a 4.7-month supply, from the 6.2-month supply during the previous 12 months and is the lowest level of inventory since 2007.
- As of February 2014, 3.7 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 4.2 percent in February 2013 (Black Knight Financial Services, Inc.). By comparison, the distressed loan percentages for Texas and the United States in February 2014 were 3.7 and 5.3 percent, respectively.
- During the financial crisis, the distressed mortgage and REO property rate, which peaked at 5.5 percent in January 2010, was not as severe in the metropolitan area as in many parts of the nation because of comparatively strong employment growth and more modest price gains during the early 2000s to mid-2000s.

Single-family home construction activity, as measured by the number of single-family homes permitted, continued to increase during the most recent 12 months as builders responded to increasing demand and improving sales market conditions in the San Antonio metropolitan area.

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Home sales have increased in the San Antonio area since 2011, and the inventory of homes for sale has declined from the mid-2011 peak.



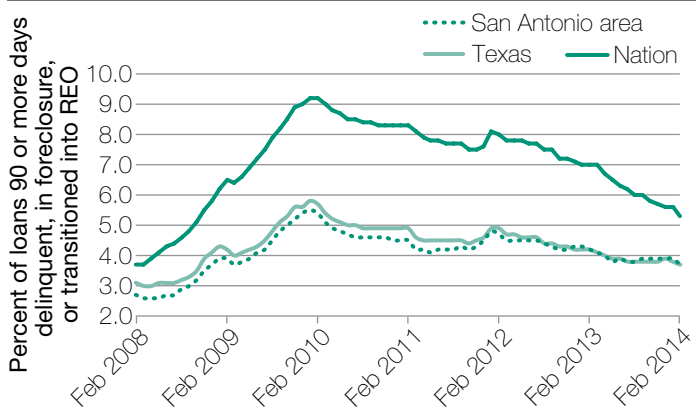
Note: Includes single-family homes, townhomes, and condominiums.  
Source: Real Estate Center at Texas A&M University



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- During the 12 months ending February 2014, the number of single-family homes permitted totaled 5,975, a 16-percent increase compared with the number permitted during the previous 12-month period and up from the 14-percent increase during the 12 months ending February 2013.

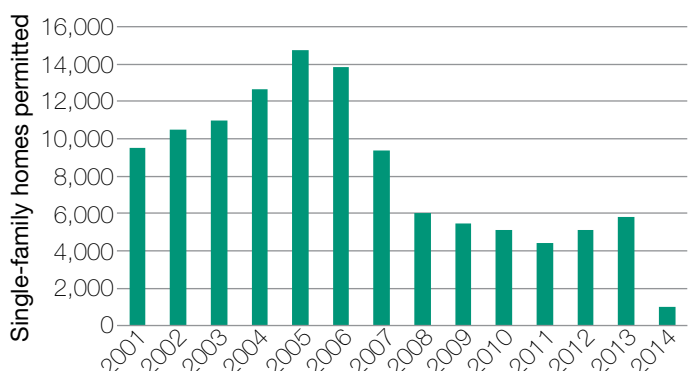
**The distressed mortgage rate in the San Antonio area continued to decline and remained well below the national average.**



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

- By comparison, from 2001 through 2007, the number of single-family homes permitted averaged 11,650 annually before declining to an average of 5,225 annually from 2008 through 2012.
- Alamo Ranch, in the city of San Antonio, is the seventh fastest growing master-planned community in the United States, with 575 starts in 2013 (Metrostudy, A Hanley Wood Company).

**Single-family permitting activity in the San Antonio area has recovered since 2011 but remained at historically low levels.**



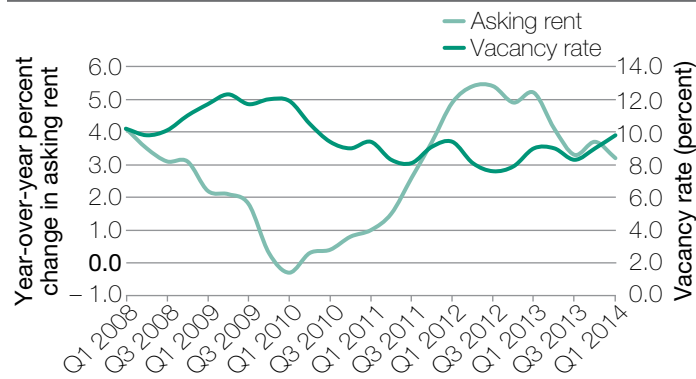
Note: Includes preliminary data from January 2013 through February 2014.  
Source: U.S. Census Bureau, Building Permits Survey

**Apartment Market Conditions**

Apartment market conditions in the San Antonio metropolitan area currently soft. The market softened during the past 12 months because of increased apartment completions during 2013.

- The apartment vacancy rate was 9.8 percent in the first quarter of 2014, up from 9.0 percent in the first quarter of 2013 (ALN Systems, Inc.). Apartments constitute an estimated 45 percent of the rental housing inventory.

**Rents and vacancy rates have generally increased in the San Antonio area since mid-2012.**

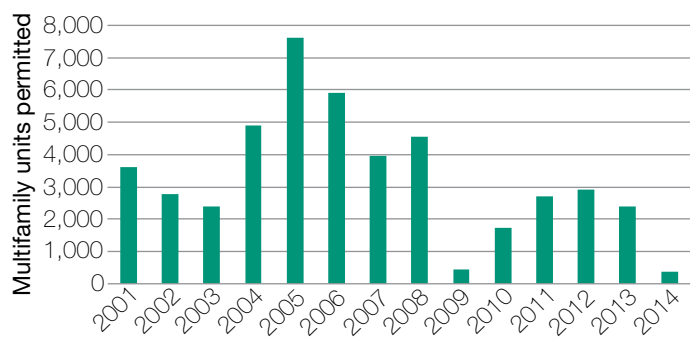


Source: ALN Systems, Inc.

- Asking rents for all apartment units averaged \$840 in the first quarter of 2014, a 3-percent increase compared with the average rents in the first quarter of 2013.
- The average asking apartment rents by number of bedrooms were \$730, \$940, and \$1,025 for one-, two-, and three-bedroom units, respectively.

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**Multifamily permitting activity in the San Antonio area increased after 2009 but declined in 2013 in response to softening apartment market conditions.**



Note: Includes preliminary data from January 2013 through February 2014.  
Source: U.S. Census Bureau, Building Permits Survey





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- During 2013, 14 properties totaling 4,200 units were completed, an increase from the 14 properties totaling 3,000 units completed in 2012 (MPF Research). The increase in completions contributed to softening apartment market conditions.

After increasing from 2011 through 2012, multifamily permitting activity in the San Antonio metropolitan area decreased during the past year in response to softening apartment market conditions.

- Permits were issued for approximately 2,400 multifamily units during the 12 months ending February 2014, a 24-percent decrease compared with the 3,175 units permitted during the previous 12 months (preliminary data).
- Multifamily permitting averaged 5,375 units a year from 2004 through 2008 before declining to an average of 1,075 units a year from 2009 through 2010, when builders responded to soft apartment market conditions by reducing multifamily construction activity.

- Despite the recent decrease in multifamily permitting activity, during the first quarter of 2014, 6,925 apartment units were under construction, a substantial increase from the 4,800 units under construction during the first quarter of 2013 (MPF Research).
- Rents at newly constructed market-rate properties in the metropolitan area averaged approximately \$920, \$1,225, and \$1,500 for one-, two-, and three-bedroom apartments, respectively, in February 2014 (ALN Systems, Inc.).
- Several apartment projects are under construction or in planning in the metropolitan area. The 350-unit Elán Riverwalk on the San Antonio River Walk is expected to be complete by the summer of 2015, and the 366-unit Firewheel in northwest San Antonio is expected to be complete by the first quarter of 2015.

