

FIGURES | SAN ANTONIO OFFICE | Q4 2025

# Market fundamentals strengthen heading into 2026

▼ 18.6%  
Vacancy Rate

▲ 162,834  
SF Net Absorption

▼ 533,340  
Leasing Activity (SF)

▶ 0  
SF Under Construction

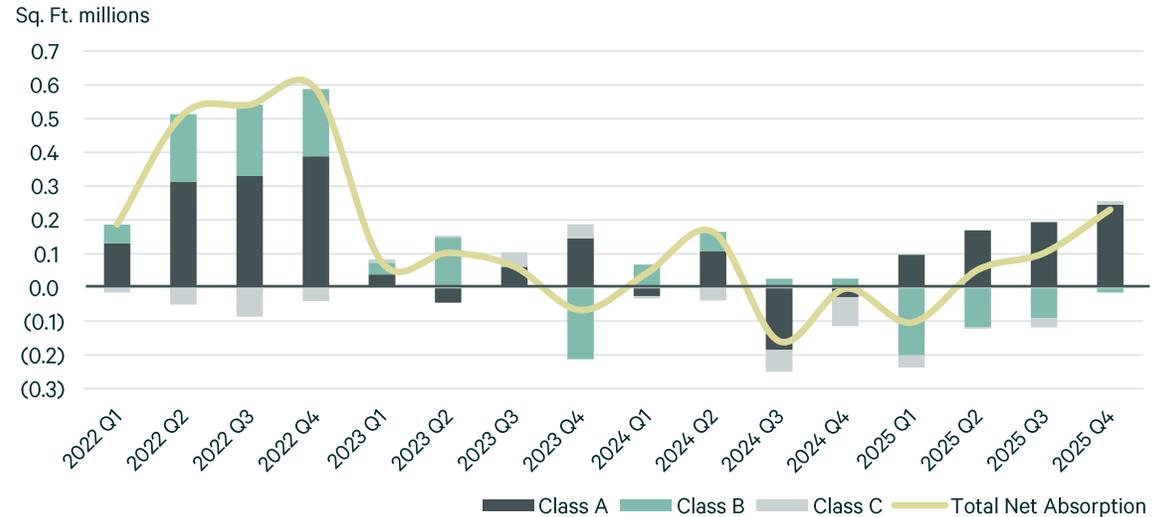
▲ \$29.04  
FSG/YR Lease Rate

Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

- Office market fundamentals strengthened steadily throughout 2025. Vacancy declined for the fourth consecutive quarter in Q4, falling to 18.6% in a 50-basis point drop from Q3. Meanwhile, net absorption climbed for the fourth consecutive quarter, reaching 162,834 sq. ft. Leasing activity was relatively flat quarter-over-quarter, dropping slightly to 533,340 sq. ft. after peaking in Q3 at 696,007 sq. ft.
- In an ongoing occupier flight to quality, absorption has been driven overwhelmingly by Class A space in 2025, while Class B and C space has consistently experienced minimal or negative net absorption. As in previous quarters, positive absorption was concentrated in the North Central and Northwest submarkets; a notable Q4 exception was Alamo Group's ±42,000 sq. ft. move-in in the Northeast submarket at Heritage Business Center.
- The Healthcare sector dominated leasing activity in the fourth quarter, comprising 33% of leasing activity by deal count. Healthcare was followed closely by Professional Services at 25% (including Legal Services, Accounting and Architecture/Engineering firms).

FIGURE 1: Net Absorption Trend



Source: CBRE Research, Q4 2025

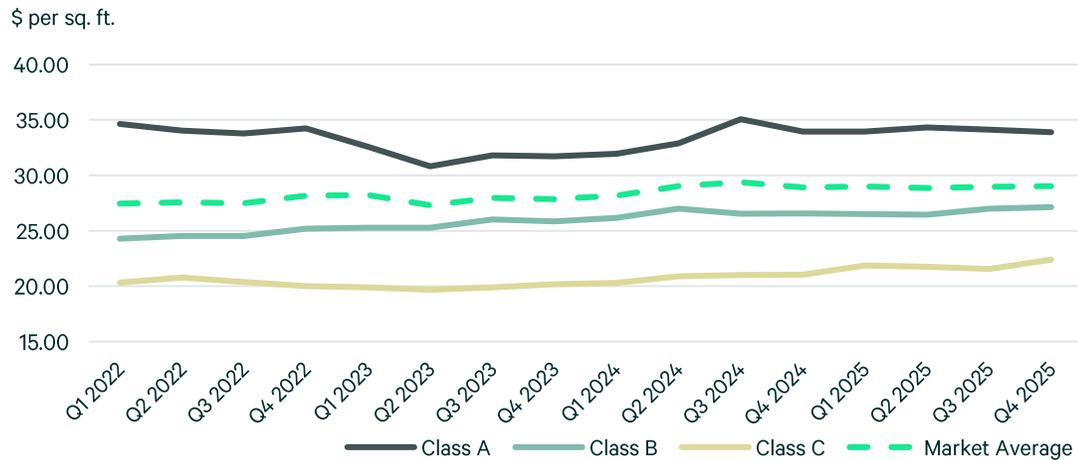
### ASKING RATES & ACTIVITY

Marketwide asking rents remained relatively flat in Q4; the overall market average rate increased by just \$0.06 to \$29.04 Full Service Gross (FSG). Class A asking rents dropped \$0.23 to \$33.90, while Class B rents climbed \$0.14 to \$27.13. Class C rents rose \$0.84 to \$22.39. As a result of asking rates being calculated based on available space, less desirable (and therefore more available) space is likely skewing overall average rents downward; in reality, trophy Class A+ assets in Midtown and the CBD are commanding maximum rates between \$60.00 and \$65.00 FSG/yr.

San Antonio has not seen any new office construction starts in the past six quarters. WatersEdge I & II, the market’s most recent delivery as of Q1 2024, is beginning to see leasing activity with a full-floor lease signed in Building I for Q2 2026 occupancy. Product built in the last five years is 21.2% vacant as of Q4.

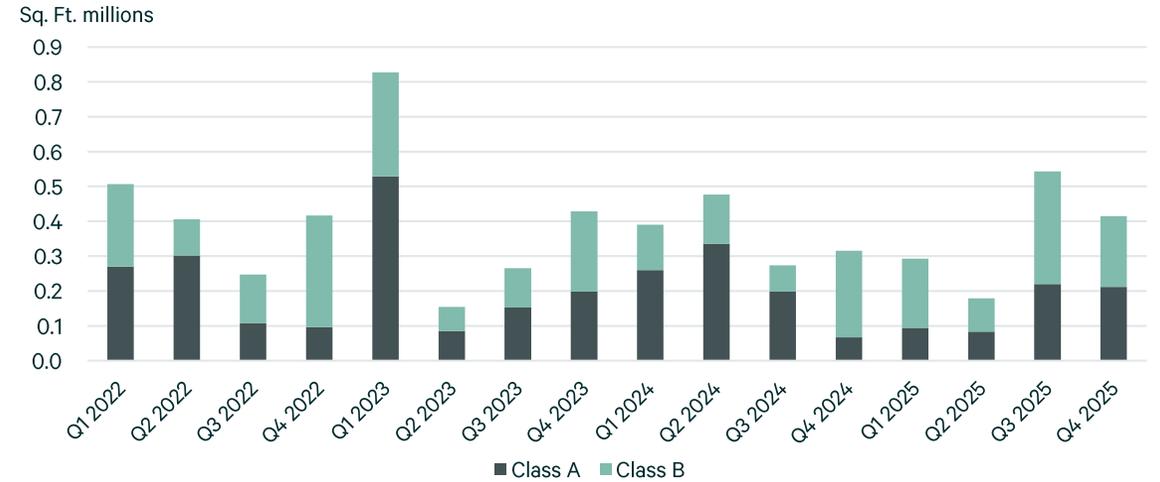
San Antonio’s increasingly diversified economy continues to grow steadily, in spite of recent challenges including tariffs on manufacturing and federal job cuts related to its military bases. The city’s year-to-date job growth rate of 1.7% significantly outpaced the US rate of 0.6%, and GDP growth also exceeded the national average, at 1.7% compared to 1.3%. Job growth and GDP growth were both driven by state and local government, ambulatory healthcare, retail trade, and real estate.

FIGURE 3: Asking Rates



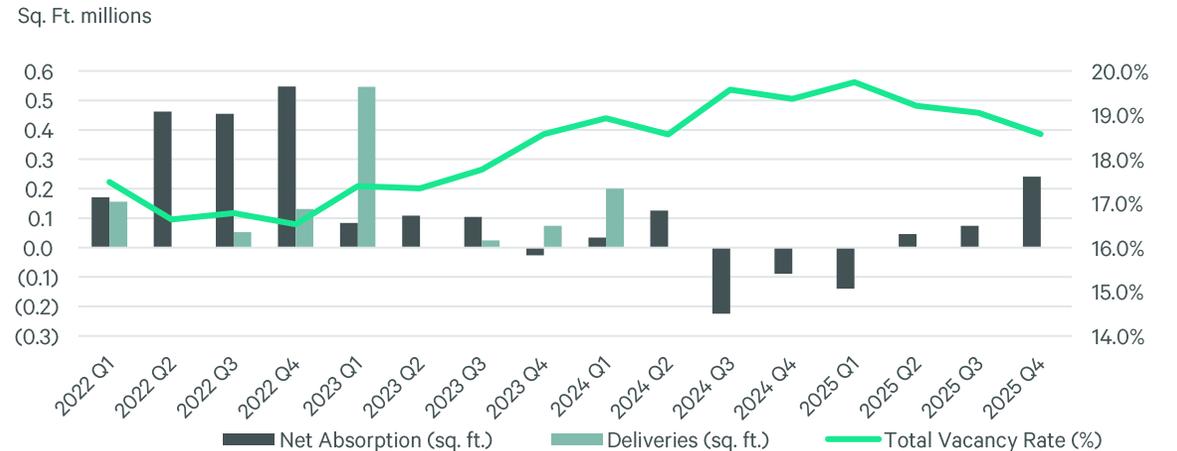
Source: CBRE Research, Q4 2025

FIGURE 2: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 4: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

FIGURE 5: San Antonio Office Market Statistics

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Average Asking Rate, Gross (\$/SF)	Under Construction (SF)	Q4 2025 Deliveries (SF)	Q4 2025 Net Absorption (SF)
<b>CBD</b>	<b>5,187,362</b>	<b>25.0</b>	<b>26.7</b>	<b>30.69</b>	-	-	<b>16,682</b>
Class A	2,154,173	40.4	45.5	31.05	-	-	2,634
Class B	2,566,607	16.0	15.1	30.82	-	-	14,048
<b>Far North Central</b>	<b>2,584,168</b>	<b>20.4</b>	<b>19.5</b>	<b>35.77</b>	-	-	<b>12,874</b>
Class A	1,529,626	15.5	13.7	40.75	-	-	4,399
Class B	1,037,696	27.9	28.2	30.04	-	-	8,475
<b>Far West</b>	<b>1,601,045</b>	<b>18.3</b>	<b>9.7</b>	<b>24.04</b>	-	-	<b>7,694</b>
Class A	886,646	23.1	7.5	30.67	-	-	1,094
Class B	655,728	13.5	13.5	16.50	-	-	6,600
<b>Midtown*</b>	<b>2,668,284</b>	<b>8.7</b>	<b>8.8</b>	<b>39.35</b>	-	-	<b>(28,113)</b>
Class A	2,177,928	8.0	8.0	42.75	-	-	(28,041)
Class B	365,872	15.1	16.0	33.53	-	-	-
<b>North Central</b>	<b>8,861,496</b>	<b>17.7</b>	<b>18.0</b>	<b>27.05</b>	-	-	<b>66,804</b>
Class A	2,475,469	14.4	17.5	30.95	-	-	34,616
Class B	5,004,777	21.6	20.6	26.01	-	-	25,192
<b>Northeast</b>	<b>2,123,184</b>	<b>26.9</b>	<b>25.9</b>	<b>26.66</b>	-	-	<b>29,290</b>
Class A	536,318	31.0	22.0	29.75	-	-	6,313
Class B	1,261,654	19.8	21.1	24.73	-	-	22,977
<b>Northwest</b>	<b>11,074,818</b>	<b>16.3</b>	<b>21.4</b>	<b>27.72</b>	-	-	<b>57,189</b>
Class A	2,682,932	7.6	19.0	39.97	-	-	26,628
Class B	7,038,441	20.1	23.5	27.06	-	-	(786)
<b>South</b>	<b>843,668</b>	<b>24.3</b>	<b>21.4</b>	<b>34.45</b>	-	-	<b>414</b>
Class A	455,029	41.0	35.5	34.45	-	-	-
Class B	324,030	5.7	5.7	-	-	-	414
<b>San Antonio Total</b>	<b>34,944,025</b>	<b>18.6</b>	<b>20.0</b>	<b>29.04</b>	-	-	<b>162,834</b>
Class A	12,898,121	18.6	20.6	33.90	-	-	47,643
Class B	18,254,805	19.8	20.8	27.13	-	-	76,920

\*CBRE's San Antonio Office dataset was modified in Q1 2025 to better reflect the market, resulting in changes to the total building counts and net rentable areas for each property class and submarket as compared to previous quarterly Figures reports.

^Class C stats not shown, but included in total

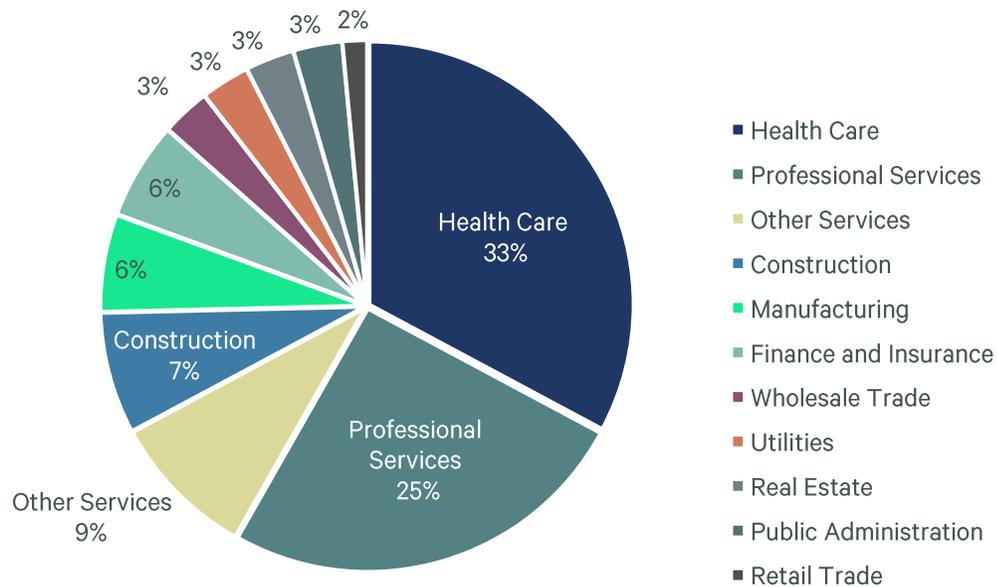
Source: CBRE Research, Q4 2025

## ECONOMIC OUTLOOK

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

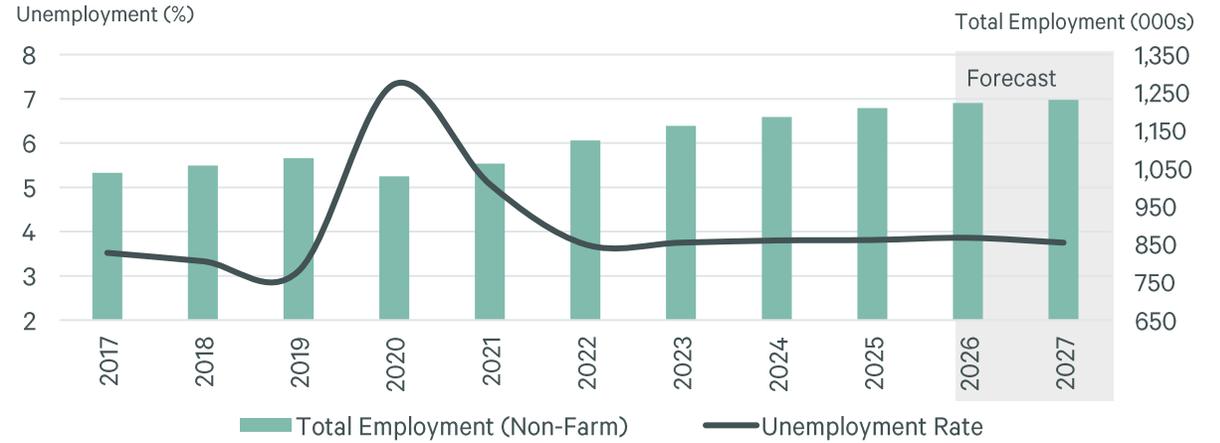
The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

FIGURE 7: Leasing Activity by Sector (by Deal Count)



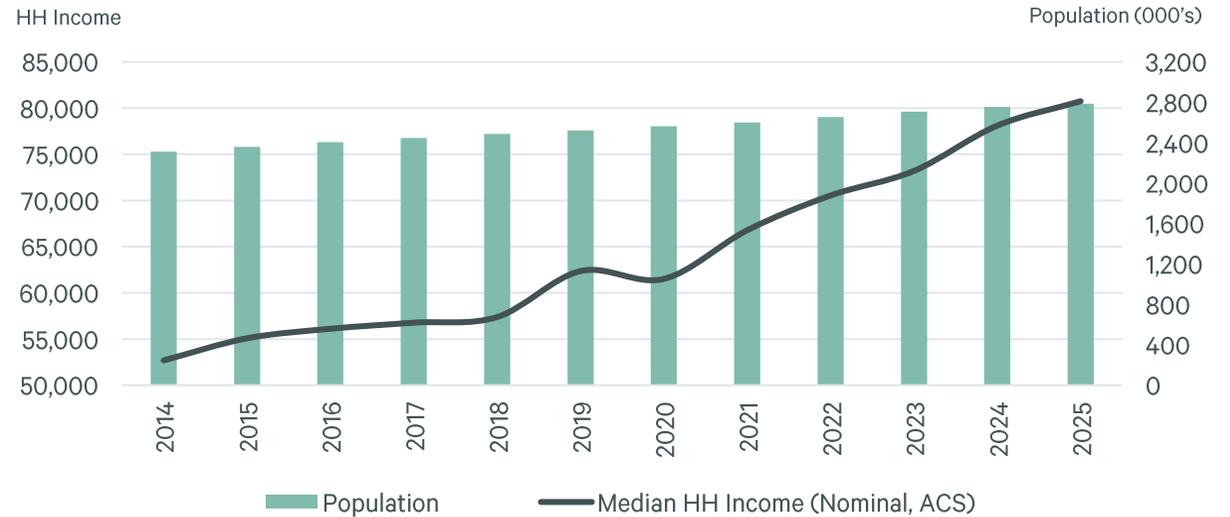
Source: CBRE Research Q4 2025

FIGURE 6: San Antonio Labor Force and Unemployment



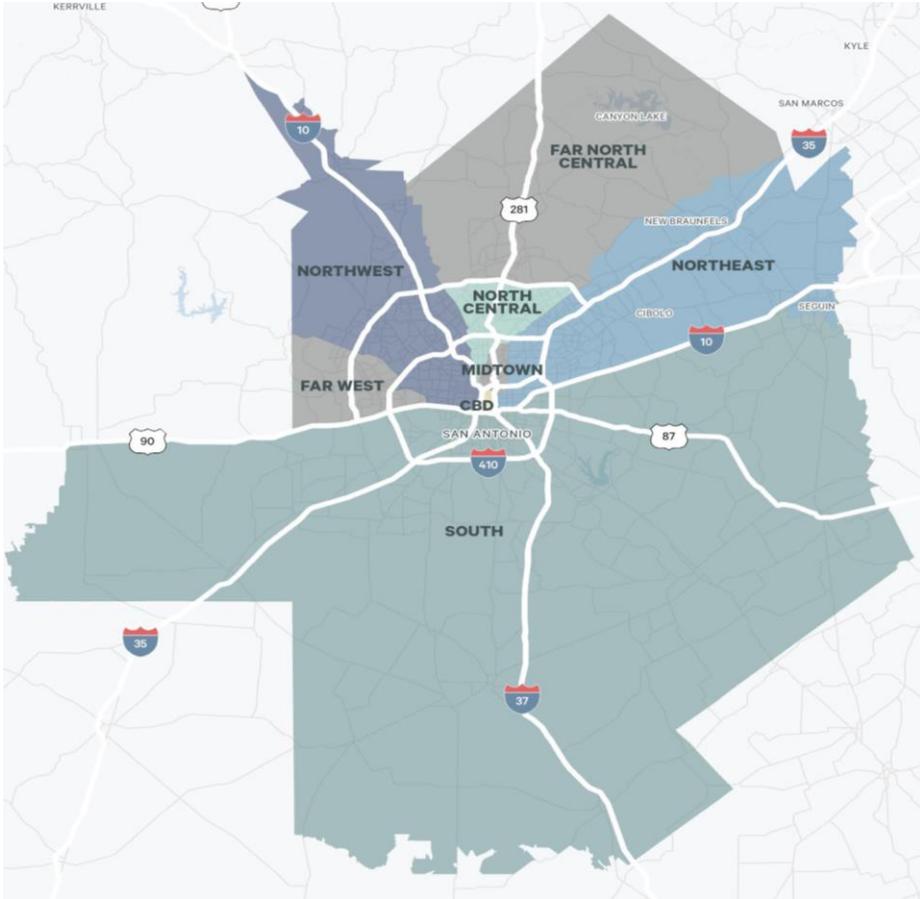
Source: Oxford Economics, Q4 2025

FIGURE 8: Population Growth & Household Purchasing Power



Source: Oxford Economics, Q4 2025

## Market Area Overview



### Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the Total Building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

### Survey Criteria

Includes all non-owner occupied, non-medical office buildings 20,000 sq. ft. and greater in size in the greater metropolitan area of San Antonio, TX. Buildings which have begun construction as evidenced by site excavation or foundation work.

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