25th Annual CCIM Real Estate Symposium
San Antonio / South Texas Chapter
SAN ANTONIO / SOUTH TEXAS CCIM CHAPTER
Shahid K. Abdulla, CCIM
Vice President
Symposium Chair
SAN ANTONIO / SOUTH TEXAS CCIM CHAPTER

Shahid K. Abdulla, CCIM

Vice President
Symposium Chair
DR. RICARDO ROMO
President
University of Texas at San Antonio
DR. RICARDO ROMO
President
University of Texas at San Antonio
MORE THAN DOWNTOWN
Dr. Tony Ciochetti, CCIM
Professor of Real Estate Finance and Development
University of Texas, San Antonio
CCIM Symposium

Dr. Tony Ciochetti
Embrey Real Estate Finance and Development Program
UTSA

November 8, 2016
Program Objectives

• Advance knowledge through scholarship, research and practice to develop future leaders of the real estate industry.

• To provide a forum for the exchange of ideas between UTSA and the real estate industry.

• Create differentiated product that will compete with top real estate programs in the US.

• Recruit motivated individuals who are interested in improving the quality of the built environment.

  • “real world, real learning, real impact”
REFD Programs - Undergraduate

• B.B.A. Degree in Real Estate Finance and Development
  • Principles of Real Estate
  • Mortgage Banking and Real Estate Finance
  • Real Estate Investment
  • Real Estate Law
  • Construction for Real Estate Professionals
  • Sustainable Real Estate Development
  • Special Studies: ARGUS/ Market Analysis

• Minor in Real Estate
REFD Programs - Graduate

• 2 Tracks - MBA or MS Finance - > Concentration in Real Estate
  – Principles of Real Estate
  – Real Estate Finance and Investment
  – Construction for Real Estate Professionals
  – Real Estate Development
  – Real Estate Decision Making

• Graduate Certificate
Current REFD Programs

• 54 declared undergraduate REFD majors

• 6 declared graduate REFD majors (2 MS, 4 MBA)

• 20 UG students graduated in May, 12 planned for December

• First graduate cohort, Spring ’17
Industry Involvement
Roundtables
Professional Panel and Speed Networking Event

RECSA
CREW
IREM
CCIM
BOMA
SAAA
ULI
STCAR
Site Visits
Event Volunteering
Community Service
CCIM Vogel Development Competition
Meet the Mentor

Alumni Mentors
Jazzel Aguirre
Juan Cano
Raelin Fontenot
Daniel Quezada

Resource Mentors
Laurie Griffith
Yvonne Fernandez
Larry Heimer
John Taylor
How Are We Doing?
Recent Job/Internship Placements

- USAA Realco
- Embrey Partners, Ltd.
- R.L. Worth & Associates
- Reata Real Estate Services
- Security Service Federal Credit Union
- Oldham Goodwin Group
- Brown Gibbons & Lang
- Metropolitan Contracting
- HemisFair
- Marcus & Millichap
- Magi Real Estate Services
- Frost Bank
- IBC Bank
- Jones Lang LaSalle
- Investment Realty Co.
- NAI REOC
- RE/MAX North
- CGC Consulting
- CST Brands
- Sutherland Communities
- Vision Works
- Investment Realty Company
- KB Home
- Meritage Homes
- New Western Acquisitions
- Retail Solutions
CREW Network Scholarship
Convention, Seattle, WA

Wharton – University of Pennsylvania
Columbia University
The University of Texas - Austin
Yale
Virginia Tech
The University of Florida

The University of Texas at San Antonio
National Investment Center Fall Conference
Washington, D.C.

Harvard University
Columbia University
Cornell University
George Washington University
University of Maryland
University of North Carolina
University of Pennsylvania
University of Southern California
University of Wisconsin at Madison
Washington State University

University of Texas at San Antonio
Texas Apartment Association Conference
Houston, TX

SMU
University of Texas
Texas A&M
University of Houston

University of Texas San Antonio
Real Estate Research Institute - RERI

- Industry Funded Research Grants
  - Academic Topics on the Minds of Industry

- 2016 Grants:
  - MIT
  - Penn State University
  - University of Virginia
  - University of Melbourne (Australia)
  - University of Maastricht (Netherlands)
  - University of Texas San Antonio (JMU)
How To Get Involved?

• Engagement
  – Class guest speaker
  – Case studies
  – Research
  – Panels
  – Case competition
  – Roundtable
  – Mentorships
  – Internships

• Help us recruit best students
• Share best industry practices
• Hire our students!
• Join our Founders Council!
Thank You
SAN ANTONIO / SOUTH TEXAS CCIM CHAPTER

Lucio J. Cantu, CCIM

President
NEW DESIGNEES

Mitchell Kirkpatrick, CCIM

Ferdinand S. Akabogu, CCIM

Valbridge Property Advisors

KW Commercial

Dr. Tony Ciochetti, CCIM

William G. Curtis, CCIM

UTSA Roadrunners

Welltower
2017 CCIM FOUNDATION COURSE SCHOLARSHIP

Jesse Baza
Lone Star Capital Bank
LOCAL MEMBERS ACTIVE IN THE INSTITUTE

1) Barbara Crane, CCIM
2) Phil Crane, CCIM
3) Ernest Brown, CCIM
4) Adrian Arriaga, CCIM
5) Silvia Gangel, CCIM
6) Lise Wineland, CCIM
### 2016 Board of Directors

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Lucio Cantu, CCIM</td>
</tr>
<tr>
<td>President Elect</td>
<td>Shahid Abdulla, CCIM</td>
</tr>
<tr>
<td>Secretary</td>
<td>Barbara Crane, CCIM</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Rob Burlingame, CCIM</td>
</tr>
<tr>
<td>Past President</td>
<td>Christi Griggs, CCIM</td>
</tr>
<tr>
<td>Programs Co-Chair</td>
<td>Ernest Brown, CCIM</td>
</tr>
<tr>
<td></td>
<td>Eric Duxstad, CCIM</td>
</tr>
<tr>
<td>Legislative Liaison</td>
<td>John T. Crone, CCIM</td>
</tr>
<tr>
<td>Education/Candidate Guidance</td>
<td>Travis Taylor, MAI, CCIM</td>
</tr>
<tr>
<td>Technology/Website Chair</td>
<td>Blake Lacy, CCIM</td>
</tr>
<tr>
<td>Sponsorship Co-Chair</td>
<td>Phil Crane, CCIM</td>
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<tr>
<td>UTSA Liaison</td>
<td>Laura Gilliland</td>
</tr>
<tr>
<td>Parliamentarian</td>
<td>Doug Becker</td>
</tr>
<tr>
<td>Membership Chair</td>
<td>David Wieder, CCIM</td>
</tr>
<tr>
<td>Administrator</td>
<td>Tracy Ballard</td>
</tr>
</tbody>
</table>
2016 SYMPOSIUM COMMITTEE

Shahid K. Abdulla, CCIM
Chair & Venue Logistics

Eric Duxstad, CCIM
Co-Chair

Lucio Cantu, CCIM
Chapter President

Blake Lacy, CCIM
Audio/Video/Website

Phil Crane, CCIM
Sponsorship

Cynthia Lee, CCIM
Sponsorship

Rav Singh, CCIM
Slide Sales

Mary Jonas
Slide Sales

Laura Gilliland
UTSA/Registration & Venue

Dawn Vernon
Speaker Assistance

Liz English
Publication/Sponsorship

Jimmy Holmes
Publication/Sponsorship
Signature Sponsor

Texas Capital Bank

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November 8, 2016
EXHIBITORS

BIG RED DOG

VICKREY & ASSOCIATES, INC.
CONSULTING ENGINEERS • SURVEYORS

Red Wing Aerials
MORE THAN DOWNTOWN
SIGNATURE SPONSOR

Texas Capital Bank®
SIGNATURE SPONSOR

TENXAS CAPITAL BANK

SHAWN KENNEDY
San Antonio Chairman
MORE THAN DOWNTOWN
MORE THAN DOWNTOWN
KEYNOTE SPEAKER
Mayor Ivy Taylor
City of San Antonio
KEYNOTE SPEAKER
Mayor Ivy Taylor
City of San Antonio
Villa de San Fernando de Bexar
Villa de San Fernando de Bexar?
Suburbanization
Freeway-Facilitated Growth: 1960

People/SqMi

- <1,000
- 1,001 - 2,500
- 2,501 - 4,000
- 4,001 - 6,500
- 6,501 - 15,000
- 15,000 +

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Freeway-Facilitated Growth: 1970

People/SqMi

- <1,000
- 1,001 - 2,500
- 2,501 - 4,000
- 4,001 - 6,500
- 6,501 - 15,000
- 15,000 +

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Freeway-Facilitated Growth: 1980

People/SqMi

- <1,000
- 1,001 - 2,500
- 2,501 - 4,000
- 4,001 - 6,500
- 6,501 - 15,000
- 15,000 +

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Freeway-Facilitated Growth: 1990

People/SqMi

- <1,000
- 1,001 - 2,500
- 2,501 - 4,000
- 4,001 - 6,500
- 6,501 - 15,000
- 15,000 +

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Freeway-Facilitated Growth: 2000

People/SqMi
- <1,000
- 1,001 - 2,500
- 2,501 - 4,000
- 4,001 - 6,500
- 6,501 - 15,000
- 15,000 +

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Freeway-Facilitated Growth: 2010

People/SqMi

- <1,000
- 1,001 - 2,500
- 2,501 - 4,000
- 4,001 - 6,500
- 6,501 - 15,000
- 15,000 +
Regional Projected Growth

Past and Projected Population Growth (1990-2040)

Bexar Co
First Modern Comprehensive Plan

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SA Tomorrow: Multi-Nodal Growth

Legend
- City of San Antonio
- County
- Water
- Airport
- Military Land
- Major Highway
- Rail
- Rail Station
- Activity Center - Existing
- Activity Center - Emerging

Activity Center Names
1. Central Business District
2. Midtown
3. Fort Sam Houston
4. Brooks
5. Texas A&M - San Antonio
6. Lackland AFB/Port San Antonio
7. Highway 151 and 1604
8. Medical Center
9. University of Texas - San Antonio
10. Greater Airport Area
11. Stone Oak
12. Rolling Oaks
13. Northeast I-35 and I-410

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Creating Capacity in Transit Corridors
Creating Places to Improve Quality of Life
San Antonio’s Current Housing Stock

- Standard and Large Lot SF: 361,857 (51%)
- Multifamily: 167,599 (23%)
- Townhome: 17,216 (2%)
- Small Lot SF: 140,986 (20%)
- Mobile Home/Other: 29,582 (4%)
Future Housing Demand

- Mobile Home/Other: 2%
- Multifamily: 25%
- Standard Large Lot SF: 31%
- Small Lot SF: 29%
- Townhome: 13%
- Multifamily: 25%

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Housing Types

- Detached Single-Family Homes
- Duplex
- Triplex & Fourplex
- Courtyard Apartment
- Bungalow
- Townhouse
- Multiplex
- Live/Work

Missing Middle Housing

Illustration © 2015 Opticos Design, Inc.
School Districts and Housing Decisions
A City in Transition

The Pearl Brewery
(www.atpearl.com)
Affordable Housing Tools: Incentives

- Infrastructure Investment
- Fee Waivers
- Property Tax Freezes
- Income Tax Credits
- Bond Funds – State and Local
- Federal Block Grants
- Non-profit Participation
- Philanthropic Sector
Affordable Housing Tools: Regulations & Financing

- Zoning
- Building Codes
- Streamlining Development Process
- Financial Counseling
- Mortgage Assistance Programs
Lone Star
(http://lonestarbrewerydistrict.com/)
East Point
(http://eastpointsa.org/)

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Hemisfair
(http://hemisfair.org/)

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Sustaining Development

• Denser, mixed-use, mixed-income development has social, economic, environmental and equity advantages over more recent typical suburban development patterns
• Comprehensive plans including transportation, land use and sustainability elements help align efforts among local governments, agencies, non-profits and the private sector
• Incentives, regulatory and financing tools may have to be layered to produce greatest affordability
• Efficient land development processes support affordability
• Transportation costs must be considered when considering housing affordability

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Developing a Sustainable San Antonio

Mayor Ivy R. Taylor

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VISIT OUR SPONSORS

• Visit Sponsors & Get Stamped at Breaks

• Turn in Complete Entry for Drawing at Cocktail Reception

• Must be preset to win!
END OF BREAK DRAWINGS

4 Tickets for UTSA Football
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SAN ANTONIO / SOUTH TEXAS
CCIM CHAPTER
Shahid Abdulla, CCIM
MORE THAN DOWNTOWN
CRE MARKET UPDATE

Kimberly S. Gatley
Senior Vice President & Director of Research
REOC San Antonio
A Rising Tide Lifts All Boats!
A Rising Tide
Building an economy that lifts all boats
A Rising Tide
Building an economy that lifts all boats
WHAT’S DRIVING OUR RISING TIDE?

Population Growth
Job Growth
Housing Growth
Quality of Life
Business-friendly
Bilingual Workforce
Central Time Zone
PEOPLE MOVING TO TEXAS

9.2% Increase in Population since 2010
2 million
365,000 per year
1,000 per day
## Ten Fastest Growing Counties with At Least 5,000 Residents

<table>
<thead>
<tr>
<th>County</th>
<th>2014 Population</th>
<th>2015 Population</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>McKenzie County, North Dakota</td>
<td>10,995</td>
<td>12,826</td>
<td>16.7%</td>
</tr>
<tr>
<td>Williams County, North Dakota</td>
<td>32,129</td>
<td>35,294</td>
<td>9.9%</td>
</tr>
<tr>
<td>Mountrail County, North Dakota</td>
<td>9,749</td>
<td>10,331</td>
<td>6.0%</td>
</tr>
<tr>
<td>Stark County, North Dakota</td>
<td>30,490</td>
<td>32,154</td>
<td>5.5%</td>
</tr>
<tr>
<td>Hays County, Texas</td>
<td>185,096</td>
<td>194,739</td>
<td>5.2%</td>
</tr>
<tr>
<td>Broomfield County, Colorado</td>
<td>61,875</td>
<td>65,065</td>
<td>5.2%</td>
</tr>
<tr>
<td>Wasatch County, Utah</td>
<td>27,785</td>
<td>29,161</td>
<td>5.0%</td>
</tr>
<tr>
<td>Comal County, Texas</td>
<td>123,439</td>
<td>129,048</td>
<td>4.5%</td>
</tr>
<tr>
<td>Sumter County, Florida</td>
<td>114,000</td>
<td>118,891</td>
<td>4.3%</td>
</tr>
<tr>
<td>Fort Bend County, Texas</td>
<td>686,650</td>
<td>716,087</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

*Source: US Census Bureau*
SAN ANTONIO-NEW BRAUNFELS MSA

2010 - 2015

150 per day

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Housing Market

New Homes

9,978 Starts
9,347 Closed

Source: Metrostudy, 2Q 2016

Existing Homes

Homes Sold (22,542)
Average Price = $239,519
Median Price = $204,300

Y-O-Y
5.6%
0.2%
7%
3%
5%

Source: SABOR, 3Q 2016

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JOB GROWTH

21,100 JOBS

2.1%

SOURCE: TEXAS WORKFORCE COMMISSION, SEPTEMBER 2016
Job Generators

CâRENET Healthcare Services
GM Financial
USAA
accenture
High performance. Delivered.
VMC
Charter Spectrum
alorica
Rev-Ignition

Passion • Performance • Possibilities

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IMPACT OF RISING TIDE ON CRE

Growth & Expansion

New Development

Attracting Businesses

Improving Fundamentals

Demand/Absorption

Increased Rental Rates
<table>
<thead>
<tr>
<th>Product Type</th>
<th>Dallas</th>
<th>Houston</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSF</td>
<td>252</td>
<td>483</td>
</tr>
<tr>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Costar 3Q 2016
COMPETITIVE MARKET – BY PRODUCT TYPE

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Size (MSF)</th>
<th>Occupancy (%)</th>
<th>Rent ($/SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>29.9</td>
<td>15.6%</td>
<td>$23.87</td>
</tr>
<tr>
<td>Medical</td>
<td>7.1</td>
<td>20%</td>
<td>$24.67</td>
</tr>
<tr>
<td>Retail</td>
<td>48</td>
<td>8.0%</td>
<td>$16.65</td>
</tr>
<tr>
<td>Industrial</td>
<td>37.7</td>
<td>8.3%</td>
<td>$5.86</td>
</tr>
<tr>
<td>Units</td>
<td>152.5K</td>
<td>7.3%</td>
<td>$1.10</td>
</tr>
</tbody>
</table>

Source: 3Q 2016 - Xceligent/REOC San Antonio; Multi-Family – Austin Investor Interests/JLL

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NEW DEVELOPMENT
ALL PROPERTY TYPES

- Industrial
- Office
- Medical
- Retail
- Multi-Family
6,282 Units Delivered
10,708 Units Under Construction
Citywide:
- Occupancy: 92.7%
- Avg Ask Rent: $1.10 psf

Class A
- 88.1% / $1.31

Class B
- 94.9% / $1.14

Average Mo Rent: $920
MULTI-FAMILY MARKET

7.3% Citywide Vacancy

$1.10 Avg Quoted Rental Rate

$84,488 Avg Sales Price/Unit

$108 Avg Sales Price/SF

Y-O-Y Change

-0.3 ppts

$0.03

Source: Austin Investor Interests/JLL 3Q 2016

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MULTI-FAMILY MARKET SUMMARY

- Healthy occupancy despite new construction
- New development slowing
- Demand outpacing new supply
- Rents up but growth slowing
- Investment activity dominated by Class C
623,563 SF Delivered + 735,554 SF Big Box
395,871 SF Under Construction
Citywide: Vacancy - 8.0% / Avg Ask Rent - $16.65 psf NNN

Power Centers
5.7% / $22.61

Community Centers
6.8% / $16.94

Neighborhood Ctrs
12.0% / $13.98

Strip Centers
14.5% / $15.57
**Retail Market**

- **Citywide Vacancy:** 8.0%
- **Avg Quoted Rental Rate:** $16.65 NNN
- **YTD Absorption:** 693,589 SF

Source: Xceligent/REOC San Antonio 3Q 2016
<table>
<thead>
<tr>
<th>Store Name</th>
<th>Square Feet (sf)</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Home</td>
<td>97,740</td>
<td>Concourse S/C</td>
</tr>
<tr>
<td>Floor Décor</td>
<td>65,000</td>
<td>La Plaza Del Norte</td>
</tr>
<tr>
<td>Hobby Lobby*</td>
<td>55,000</td>
<td>Brooks Crossing</td>
</tr>
<tr>
<td>Burlington Coat Factory*</td>
<td>50,000</td>
<td>Brooks Crossing</td>
</tr>
<tr>
<td>Mega Furniture</td>
<td>39,000</td>
<td>South Park Plaza</td>
</tr>
<tr>
<td>Mega Furniture</td>
<td>26,250</td>
<td>University Square</td>
</tr>
</tbody>
</table>

* Pre-leasing
Retail Market Summary

• Strong demand
• Spec development on the rise
• High cost of new construction impacts rents
• Lower gas prices fuel consumer spending
• Demand for self-storage properties
OFFICE DEVELOPMENT

299,025 SF Delivered
580,613 SF Under Construction
OFFICE – BY SUBMARKET

Citywide: Vacancy - 15.6% / Avg Ask Rent - $23.87 psf FS

- NORTH CENTRAL
  - 11.9% $24.84
  - 14.0% $28.09
  - 18.6% $23.57

- NORTH WEST
  - 9.1% $26.00

- NORTH EAST
  - 14.2% $18.47

- SOUTH
  - 18.6% $18.40

- FAR NORTH CENTRAL
  - 17.0% $21.92

- Class A
  - 11.7% / $27.86

- Class B
  - 17.0% / $21.92
Office Market

15.6% Citywide Vacancy

$23.87 Avg Quoted Rental Rate

Y-O-Y Change

-2.4 ppts

5.7%

Source: Xceligent/REOC San Antonio 3Q 2016
PROPERTY TAXES

7.5%

Operating Expense
15% - 40%
Office Market

15.6% Citywide Vacancy

$23.87 Avg Quoted Rental Rate

841,500 SF YTD Absorption

Source: Xceligent/REOC San Antonio 3Q 2016
LARGEST OFFICE LEASES

<table>
<thead>
<tr>
<th>Company</th>
<th>Square Feet</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>USAA</td>
<td>150,735 sf</td>
<td>Vista Corporate Center</td>
</tr>
<tr>
<td>USAA</td>
<td>129,015 sf</td>
<td>Westridge Two at La Cantera</td>
</tr>
<tr>
<td>Time Warner</td>
<td>51,298 sf</td>
<td>One51 Office Centre</td>
</tr>
<tr>
<td>Oracle</td>
<td>50,576 sf</td>
<td>Spectrum Office Building</td>
</tr>
<tr>
<td>Howard Energy</td>
<td>45,000 sf</td>
<td>Former SSFCU HQ</td>
</tr>
<tr>
<td>Grainger</td>
<td>43,223 sf</td>
<td>Fountainhead Office Park</td>
</tr>
</tbody>
</table>
## Largest Office Leases

<table>
<thead>
<tr>
<th>Company</th>
<th>SF</th>
<th>Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>USAA</td>
<td>150,735 sf</td>
<td>Vista Corporate Center</td>
</tr>
<tr>
<td>Nationwide</td>
<td>93,299 sf</td>
<td>4300 Centerview</td>
</tr>
<tr>
<td>USAA</td>
<td>129,015 sf</td>
<td>Westridge Two at La Cantera</td>
</tr>
<tr>
<td>NuStar</td>
<td>84,000 sf</td>
<td>Heritage Oaks</td>
</tr>
<tr>
<td>Time Warner</td>
<td>51,298 sf</td>
<td>One51 Office Centre</td>
</tr>
<tr>
<td>MCI</td>
<td>81,309 sf</td>
<td>The Forum</td>
</tr>
<tr>
<td>Oracle</td>
<td>50,576 sf</td>
<td>Spectrum Office Building</td>
</tr>
<tr>
<td>SAPD</td>
<td>46,817 sf</td>
<td>7461 Callaghan</td>
</tr>
<tr>
<td>Howard Energy</td>
<td>45,000 sf</td>
<td>Former SSFCU HQ</td>
</tr>
<tr>
<td>Grainger</td>
<td>43,223 sf</td>
<td>Fountainhead Office Park</td>
</tr>
</tbody>
</table>
OFFICE MARKET

• Bigger Deals
• Quality Tenants
• Expanding Businesses
• Supply – too much or too little?
• Incentives needed outside CBD
MEDICAL OFFICE DEVELOPMENT

111,931 SF Delivered
123,816 SF Under Construction
MEDICAL OFFICE – BY SUBMARKET

Citywide: Vacancy - 20.5% / Avg Ask Rent - $24.67 psf FS

Class A
19.2% / $28.15

Class B
20.4% / $23.04

Source: REOC San Antonio 3Q 2016
Medical Office Market

- 20.5% Citywide Vacancy
- $24.67 Avg Quoted Rental Rate
- 67,574 SF YTD Absorption

Y-O-Y Change:
- 1.0 ppts
- <1%

Source: Xceligent/REOC San Antonio 3Q 2016
MEDICAL OFFICE MARKET SUMMARY

• Anchored by a consolidated medical center
• Major hospital expansions underway
• “Retail-ization” trend
• Explosion of Urgent Care
• Development opportunity: stand-alone
INDUSTRIAL DEVELOPMENT

1.48 MSF Delivered
935,742 SF Under Construction
INDUSTRIAL – BY SUBMARKET

Citywide: Vacancy – 8.3% / Avg Ask Rent - $5.86 psf NNN

- Warehouse: 8.5% / $4.82
- Service Center: 7.7% / $9.21
INDUSTRIAL MARKET

8.3%  Citywide Vacancy

$5.86  Avg Quoted Rental Rate

1.35 MSF  YTD Absorption

Y-O-Y Change

-0.8 ppt

-1.4%

Source: Xceligent/REOC San Antonio 3Q 2016
# Largest Industrial Leases

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEB Grocery</td>
<td>5711 FM 78</td>
<td>384,250 sf</td>
</tr>
<tr>
<td>CPS Energy</td>
<td>Green Mountain BP</td>
<td>266,802 sf</td>
</tr>
<tr>
<td>Goodwill</td>
<td>Eisenhauer BP D</td>
<td>196,800 sf</td>
</tr>
<tr>
<td>Resource Logistics</td>
<td>827 AT&amp;T Parkway</td>
<td>111,000 sf</td>
</tr>
<tr>
<td>Coastal Life Systems</td>
<td>Alamo Ridge BP II</td>
<td>134,750 sf</td>
</tr>
<tr>
<td>Fidelity National Title</td>
<td>Tri-County DC #3</td>
<td>110,050 sf</td>
</tr>
<tr>
<td>Berger Transport</td>
<td>Enterprise Industrial I</td>
<td>80,265 sf</td>
</tr>
<tr>
<td>Allenberg Cotton Co</td>
<td>Rittiman East #9</td>
<td>96,600 sf</td>
</tr>
<tr>
<td>Alliance Data</td>
<td>Green Mountain I</td>
<td>75,957 sf</td>
</tr>
<tr>
<td>International Paper</td>
<td>1910 Shipman</td>
<td>63,000 sf</td>
</tr>
<tr>
<td>Trane</td>
<td>Eisenhauer BP</td>
<td>62,320 sf</td>
</tr>
</tbody>
</table>

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November 8, 2016
INDUSTRIAL MARKET

• More big deals, more often
• Quality Tenants/Users
• Impact of Eagle Ford Shale
• Impact of City codes
REAL ESTATE CYCLE

Booming market ➔ Slowing market ➔ Stagnant or falling market ➔ Bottom or start of recovery ➔ Rising market

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WHAT COMES NEXT?

The diagram illustrates the progression from recovery to recession. Key points include:

- **Recovery**
- **Expansion**
- **Over-Supply**
- **Recession**

The categories include:
- Office
- Multi-Family
- Industrial
- Retail

The over-supply phase is highlighted, indicating a critical point in the economic cycle.
Tide Turning?

- Economy
- Infrastructure Demands/Costs
- Maintaining Affordability
- Supply Levels
POPULATION CHANGE, 2014-2015

CHANGE IN TOTAL POPULATION PER 1,000 2014 RESIDENTS

SOURCE: US Census Bureau

25th Annual Symposium November 8, 2016
Thank you!

CRE MARKET UPDATE

Kimberly S. Gatley
Senior Vice President &
Director of Research
REOC San Antonio
MORE THAN DOWNTOWN
M O R E  T H A N  D O W N T O W N
VISIT OUR SPONSORS

• Visit Sponsors & Get Stamped at Breaks

• Turn in Complete Entry for Drawing at Cocktail Reception

• Must be preset to win!
END OF BREAK DRAWINGS

2 Night Stay

Wyndham Garden
San Antonio Riverwalk / Museum Reach

&

$100 Gift Card to Ruth’s Chris
More Than Downtown
SAN ANTONIO / SOUTH TEXAS CCIM CHAPTER

Eric Duxstad, CCIM
Symposium Co-Chair
SAN ANTONIO / SOUTH TEXAS CCIM CHAPTER

Eric Duxstad, CCIM
Symposium Co-Chair
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Panel Moderator

Cynthia Lee, CCIM

25th Annual Symposium

November 8, 2016
Scott LaMontagne
Brokerage
Russell Yeager
Development
MORE THAN DOWNTOWN
# Multifamily New Construction Debt Comparison

<table>
<thead>
<tr>
<th>1st Qtr. 2016</th>
<th>Current (Oct 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan To Cost</strong></td>
<td><strong>50-55%</strong></td>
</tr>
<tr>
<td><strong>Mezzanine</strong></td>
<td><strong>Very Little - Available but Problematic for Senior Lenders</strong></td>
</tr>
<tr>
<td><strong>Recourse</strong></td>
<td><strong>Construction Completion</strong></td>
</tr>
<tr>
<td><strong>Interest Rates</strong></td>
<td><strong>Libor + 300 - 450 bps</strong></td>
</tr>
<tr>
<td>60-65%</td>
<td><strong>Loan To Cost</strong></td>
</tr>
<tr>
<td>Available</td>
<td><strong>Mezzanine</strong></td>
</tr>
<tr>
<td>Construction Completion</td>
<td><strong>Recourse</strong></td>
</tr>
<tr>
<td>Libor + 225 - 350 bps</td>
<td><strong>Interest Rates</strong></td>
</tr>
</tbody>
</table>
MORE THAN DOWNTOWN
MORE THAN DOWNTOWN
MORE THAN DOWNTOWN
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San Antonio / South Texas Chapter