

**Q1  
2024**

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# **REAL ESTATE MARKET REPORT**

**NEW BRAUNFELS  
CHAMBER OF COMMERCE**



**ECONOMIC DEVELOPMENT**



# INDUSTRIAL MARKET COMAL COUNTY

As one of the fastest-growing submarkets in the eight-county metro across a variety of real estate property types, developers plan to bring 1.6 million SF, which is equivalent to 8.3% of Comal County's inventory, to market over the next couple of years. Development has been encouraged by strong population and industrial job growth in the area, as well as rental rate increases that outpace those of the metro. As of the middle of fall 2023, average asking rents were growing 40 basis points faster in Comal County than they were throughout the eight-county metro. This is partly since Comal County is weighted towards higher-rent-growth property subtypes, such as logistics and flex space. High vacancies have been one notably pessimistic indicator for this submarket, however. The large amount of development here of late is likely to blame. Between mid-November 2022 and mid-November 2023, 700,000 SF was delivered: roughly 10% of all completions in the greater San Antonio area during this time. Still, with 14.4% of space available in this submarket, 160 basis points beyond that of the metro-wide average, construction starts are likely to slow in 2024 from their high-water marks last year.

*Source: CoStar, February 2024*

**944K**

**12-MONTH  
DELIVERIES  
IN SQFT.**

**8.5% VACANCY  
RATE**

**7.7%**

**12-MONTH  
RENT  
GROWTH**

# OFFICE MARKET COMAL COUNTY

Vacancy in the Comal County office submarket is 6.6% and has increased by 1.0% over the past 12 months. Meanwhile, the rate of increase in the broader San Antonio market was 1.0%. During this period, 99,000 SF has been delivered, and 58,000 SF has been absorbed. Total availability, which includes sublease space, is 8.2% of all inventory. Space rated 1 & 2 Star is the most dominant subtype, with 1.5 million SF in this category. There is 1.4 million SF of 3 Star space and 450,000 SF of 4 & 5 Star space. Rents are around \$35.00/SF, which is a 3.2% increase from where they were a year ago. In the past three years, rents have increased by a cumulative 13.6%. This is also a very expensive submarket, relative to San Antonio as a whole, where average rents are \$29.00/SF. About 140,000 SF is under construction, representing a 4.0% expansion of inventory. Moreover, the total inventory is 200,000 SF larger than it was three years ago. In the past 12 months, 14 sales have taken place. Sales have averaged \$310/SF, and the estimated value for the submarket as a whole is \$192/SF. The most frequent of these transactions have been those of 1 & 2 Star space, with 9 sales of this space type. This tracks with the overall mix in the submarket, as the subtype is the largest in Comal County. Over the past three years, there have been 87 sales, which have traded for approximately \$22.1 million. The market cap rate for Comal County is 9.6%, moderately above its trailing three-year average of 8.9%.

*Source: CoStar, February 2024*

**99K** 12-MONTH  
DELIVERIES  
IN SQFT.

**6.6%** VACANCY  
RATE

**3.2%** 12-MONTH  
RENT  
GROWTH

# MULTIFAMILY MARKET COMAL COUNTY

Home to the second-largest city in the San Antonio metro, New Braunfels, Comal County has become a developer- and renter-favorite in recent years. The most recent decennial census reported an increase of roughly 50% in the county's residential population. The last three years have only exacerbated this trend, as tenants sought spacious homes within driving distance of high-quality amenities. While trailing 12-month net absorption figures have pulled back over the past year, the New Braunfels area remains relatively popular with renters. Because it has some of the highest levels of construction of any submarket in Texas—relative to its size—it is not uncommon for vacancies to reach the double digits in Comal County. As of early November, vacancies were roughly 10.1% in the New Braunfels area, expanding 210 basis points on the year. This vacancy expansion failed to push the submarket's 12-month rent growth figure into firmly positive territory as well. Due to its status as an emerging node within Greater San Antonio, many remain optimistic about the long-term prospects of the I-35 corridor between San Antonio and Austin, providing Comal County with the boost it needs to keep development and investor interest alive and well.

*Source: CoStar, February 2024*

**1,024** 12-MONTH  
DELIVERED  
UNITS

**12.6%** VACANCY  
RATE

**-1.9%** 12-MONTH  
RENT  
GROWTH

# RETAIL MARKET COMAL COUNTY

Vacancy in the Comal County retail submarket is 2.3% and has increased by 0.3% over the past 12 months. During this period, 140,000 SF has been delivered, and 110,000 SF has been absorbed. Total availability, which includes sublease space, is 3.1% of all inventory. Within this submarket, General Retail is the largest subtype, with 6.0 million SF in this category. Rents are around \$23.00/SF, which is a 5.1% increase from where they were a year ago. In the past three years, rents have increased by a cumulative 14.6%. About 130,000 SF is under construction, representing a 1.4% expansion of inventory. In the past 12 months, 29 sales have taken place. Sales have averaged \$670/SF, and the estimated value for the submarket as a whole is \$337/SF. Over the past three years, there have been 146 sales, which have traded for approximately \$46.0 million. The market cap rate for Comal County is 5.6%, moderately below its trailing three-year average of 5.9%.

*Source: CoStar, February 2024*

**140K** 12-MONTH  
DELIVERIES  
IN SOFT.

**2.3%** VACANCY  
RATE

**5.1%** 12-MONTH  
RENT  
GROWTH

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